



Malta Communications Authority

Annual Plan 2016

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1. Introduction

This document represents the Malta Communications Authority's (MCA) Annual Plan for 2016. It sets out the priority work-streams and related individual tasks that the MCA intends to undertake during the year. The Annual Plan is reflective of the MCA's Strategy Update covering the period 2016 - 2018. The Strategy Update validates the strategic direction and factors in new developments that are seen to have a significant impact during the period.

1.1 Mission Statement and Strategic Objectives

The mission of the MCA is:

'To promote and safeguard sustainable competition, customer choice and value for money in the electronic communications, e-commerce and postal sectors; and

To facilitate the development of an environment that is conducive to investment, innovation, social inclusion and economic growth.'

For the MCA to achieve its mission over the next three years, the following are the identified strategic objectives emerging from the strategy update for the period.

Electronic Communications Networks and Services	
T1	Promoting and safeguarding competition in the electronic communications sector
T2	Ensuring that electronic communications undertakings provide a transparent, value for money service to users whilst adhering to incumbent social obligations
T3	Contributing to the development and implementation of electronic communications regulatory policy
eCommerce and eTrust Services	
E1	Facilitating the development and uptake of eCommerce and other online services
E2	Supervising the provision of electronic signatures and trust services
Postal Services	
P1	Safeguarding sustainable competition in the postal sector
P2	Ensuring that postal undertakings provide a transparent, value for money service to users whilst adhering to incumbent social obligations
P3	Contributing to the development and implementation of postal regulatory policy
Information Society	
IS1	Achieving widespread e-literacy and digital inclusion
Business Development and Innovation	
IN1	Promoting and facilitating business development and innovation in the sectors under the MCA's purview

1.2 Legal Frameworks

The MCA's mission, mandate and functions derive from the Malta Communications Authority Act, Cap 418. The MCA is responsible for:

- the regulation of electronic communications networks and services, radiocommunications equipment and the management and use of the radio frequency spectrum and numbers as defined in the Electronic Communications (Regulation) Act, Cap 399;
- the regulation of postal services as determined by the Postal Services Act, Cap 254; and for
- ensuring compliance with the Electronic Commerce Act, Cap 426.

In addition, the MCA is responsible for promoting and facilitating the uptake of eCommerce and Information Communications Technologies (ICTs) amongst citizens and businesses¹ and in promoting Malta as a destination for high-value commercial users of communications services and ICTs.²

1.3 Accountability Framework

The MCA is accountable to the Minister responsible for Communications for the preparation and presentation of its financial estimates for approval, following an annual consultation by the responsible Minister with the Minister responsible for Finance. The MCA also presents its Annual Report to the Minister responsible for Communications and the Minister responsible for Finance for the preceding year.

The MCA is also held to account by the sectors it regulates and by the public on whose behalf it regulates. The MCA publishes its Strategy Update and Annual Plan, and its Annual Report on its website.

1.4 Measuring Performance

The MCA carefully monitors and reviews its performance and progress towards the achievement of its objectives through:

- performance management;
- the publication of an annual report; and
- feedback sought from stakeholders.

Progress towards the attainment of the MCA's strategic objectives is measured by a series of related activities. In this respect, and on an ongoing basis, the MCA:

- formally and informally, ascertains stakeholders' perceptions of the regulator;

¹ Article 4(3)(u) of the Malta Communications Authority Act.

² Article 4(3)(s) of the Malta Communications Authority Act.

- carries out bi-annual market reviews providing an overview of the trends in the sectors regulated by the MCA;³
- conducts performance measurement and monitoring in line with the KPIs identified in the MCA's Strategy Update; and
- monitors the achievement of its objectives and work programme, identifies any shortfalls and takes the necessary steps to remedy them.

1.5 Consultation and Communication

The MCA is committed to engaging with various stakeholders, including citizens, consumers, authorised entities, government departments and other regulators, larger corporations, small and medium enterprises, the EU, and various other international bodies.

A variety of communication channels, such as its website and social media, are used in order to effectively build greater awareness of the outcomes of the MCA's activities, its roles and responsibilities, its various initiatives and on general trends in the sectors it regulates. The MCA also uses these communication channels to empower consumers by providing information on their rights and in assisting them in making informed choices across all communications services, as well as in promoting the use of ICTs.

Effective stakeholder engagement to encourage innovation and business development opportunities that emerging communication technologies and infrastructures can generate also features on the MCA's agenda.

1.6 Future Challenges

The coming years are expected to be very interesting times for the digital economy. There is currently a great deal of activity happening in terms of technology development and its market deployment, changing market structures, innovative business models for the provision of services, and the ever-changing needs of consumers. In the wake of ongoing technological advancements and changing consumer expectations, the MCA remains committed to ensuring that the right conditions for sustained investment are maintained and that industry players continue on the path of rolling out new and better service offerings.

Two years after the European Commission put forward its proposal for a Telecoms Single Market the measures adopted on 27th October 2015 will see the end of roaming charges in June 2017 and strong net neutrality rules protecting the right of every European to access Internet content without discrimination.

In addition, on 6th May 2015 the European Commission launched a strategy for a European Digital Single Market which covers the various aspects characteristic of a digital economy. The Digital Single Market Strategy is proposing the review of a number of policy areas related to eCommerce, postal

³ <http://www.mca.org.mt/market-overview>

services and electronic communications and includes a set of targeted actions to be delivered by the end of 2016.

As part of the Digital Single Market Strategy, the European Commission has initiated a review of the current electronic communications regulatory framework. The review presents an ambitious overhaul of the current EU telecoms rules. This review will include proposals related to the common EU wide criteria for spectrum assignment at national level and more effective spectrum coordination; creating incentives for investment in high-speed broadband; ensuring a level playing field for all market players, traditional and new; and creating an effective institutional framework.

Within a few months' time, the Commission is also expected to make a number of proposals aimed at enabling cross-border eCommerce to flourish at a greater pace. It will also launch measures set to improve price transparency and enhance regulatory oversight of parcel delivery, one of the strongest drivers of cross-border eCommerce. Related to this drive is the initiative aimed at ending unjustified geo-blocking by online sellers that results in the denial of access to services provided on an EU-wide basis.

The MCA will continue working closely with all the relevant stakeholders at EU, national and provider levels in order to ensure that any future EU policies in the above-mentioned areas benefit the Maltese economy at large.

2. Work Programme and Priorities

What follows is an overview of the MCA's work-streams - including the MCA's major ongoing work areas - to be carried out during 2016 that will contribute to the achievement of the identified strategic objectives.

2.1 Electronic Communications

T1 - Promoting and safeguarding competition in the electronic communications sector.

Continued Transition to Access Regulation in Next Generation Access Networks

The MCA's activities over the past years have resulted in significant progress in the deployment of next generation high speed fixed and mobile broadband networks, providing consumers and businesses with improvements in choice and value of services. Appropriate regulatory measures have continued to support both infrastructure- and service-based competition in the new high speed environment.

In addition to the availability of a 100 Mbps fixed broadband service on a nationwide basis, Melita also offers a 250 Mbps fixed broadband service as well as access to high-speed Wi-Fi in an increasing number of localities. GO has continued the roll-out of its nationwide NGA infrastructure by extending its fibre-to-the-home (FTTH) network in a number of localities together with improvements to bandwidth on its existing copper network. GO has also recently launched its LTE mobile broadband network, supported by its fibre infrastructure. Furthermore, Vodafone's LTE high-speed mobile broadband network now covers 99% of the Maltese islands.

The MCA will continue to focus its work on promoting competition and creating a favourable climate for investment and innovation in high-speed broadband technologies. This will include developments in fixed and wireless high-speed broadband infrastructure, while simultaneously ensuring a competitive environment and a level playing field.

The roll-out of high-speed fixed and wireless broadband networks requires substantial investment. To support investment on such a scale it is important to have long-term and predictable regulation which gives market players an incentive to invest.

The publication of GO's virtual unbundled access (VULA) wholesale reference offer in the first quarter of 2016 will allow service providers wishing to access GO's FTTH network to enter the market without having to duplicate the fibre network deployed by GO. It would be premature to judge the development of retail competition based on the next generation VULA but successful adoption of such a VULA offering would support continued improvements in choice and value of high-speed broadband fixed retail services.

FTTH infrastructure is believed to be the most future-proof infrastructure, however, other technologies (such as hybrid copper/fibre - VDSL technologies, improvements in Data Over Cable

Service Interface Specification - DOCSIS standard and LTE) also create high capacity broadband access lines. A key challenge for the MCA is enabling infrastructure-based competition based on different high-speed broadband technologies. The MCA will monitor market developments in the deployment of different high-speed broadband technologies on the competitive environment and the impact that such technologies would have on the regulation of the wholesale infrastructure access market.

Facilitating the Deployment of Next Generation Access Networks

The EU Directive 2014/61/EU concerning measures for reducing the cost of deploying high-speed electronic communications networks has provided further strength to symmetric regulation as a means of facilitating and incentivising the roll-out of high speed electronic communication networks.

In 2015 the MCA embarked on an exercise, jointly with Transport Malta (TM), in order to transpose the Directive into Maltese Law. This requires legal amendments, primarily to the Utilities and Services (Regulation of Certain Works) Act (Cap. 81). Other laws requiring amendments, albeit to a significantly lesser extent are the Electronic Communications (Regulation) Act and new regulations under the Building Regulation Act (Cap. 513).⁴

The Directive is in the process of being transposed into Maltese Law. Once implemented under national law the measures provided for under this Directive will impact not only electronic communications network operators but all utility network operators, given that all utility network players will be required to facilitate high-speed broadband roll-out by providing access to, and coordinating civil works with, network infrastructures capable of providing high speed broadband.

Once transposed the subsequent administrative implementation of this Directive presents a greater challenge due to the inherent complexities involved in setting up and thereafter maintaining permanent structures and procedures that will co-ordinate the works of all utilities involved in line with the requirements of the Directive. Nonetheless it is recognised that one is not departing from a greenfield scenario and current processes and institutional players should serve as a solid basis for the successful execution of the transposition provisions.

In 2016 the MCA will provide the necessary support to TM and the Building Regulation Office (BRO) with respect to the implementation of the transposition of the Directive. Such assistance will address both the co-location aspects as well as the in-building infrastructure set-up that will need to be developed. The MCA will also start to formulate guidelines on pricing in connection with infrastructure access regulation. The MCA will continue to provide assistance to the Government Property Division (GPD) to facilitate the efficient use of Government's telecom towers for the provision of high-speed NGA networks.

⁴ Refer to the Consultation Document on the transposition Directive 2014/61/EU of the European Parliament and of the Council of 15 May 2014 on measures to reduce the cost of deploying high-speed electronic communications networks. Refer to:

<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0061&from=EN>

Ex-ante Regulation - Market Reviews and Analysis

The MCA will continue to monitor the implementation of existing *ex-ante* remedies resulting from the analysis of the relevant markets carried out during the past years. In addition, the MCA will continue to review and monitor the relevant electronic communications markets to ensure that market review decisions remain relevant and that remedies reflect any changes in the markets since the previous review.

In 2016 the MCA will finalise the review of the wholesale fixed call origination market and the leased lines market. In addition the MCA will commence the review of the following wholesale electronic communications markets:

- Mobile call termination market
- Local access provided at a fixed location market
- Central access provided at a fixed location for mass-market products market

In the course of the last review of the EU's recommendation on relevant markets the Commission responded positively to the request, made by several Member States, that the *ex-ante* approach to oligopolies needed to be reviewed, particularly in instances where wholesale access is not provided voluntarily despite the existence of more than one network. During 2015 the MCA actively participated in the Body of European Regulators for Electronic Communications (BEREC) working group, as co-drafter, tasked in preparing a report on oligopoly analysis and regulation in order to assess whether the current regulatory toolkit and/or its practical application are adequate for tackling markets that have oligopolistic characteristics or bottlenecks. This report, adopted at the end of 2015, provides a basis for input to the European Commission on the review of the market analysis guidelines and as input to the review of the current electronic communications framework.

Ex-Post Regulation as part of the MCA mandate

Whereas the Malta Competition and Consumer Affairs Authority (MCCAA) has the remit to address breaches of competition law, the MCA has the strategic role of creating an environment that is conducive to the development of competition in the sectors that it regulates for the benefit of consumers and operators alike. It is therefore empowered to intervene in order to avoid competition failure.

This situation creates a degree of overlap between the powers of the two authorities in the case of electronic communications and postal service regulation. Consequently there have been a number of instances where undertakings have asked both authorities to intervene with respect to the same dispute. Current circumstances grant neither of these authorities sufficient powers to comprehensively deal with certain competition issues that cut across both legislative frameworks.

With the intention of ensuring seamless interaction between *ex-ante* and *ex-post* regulation, the MCA will continue to make the case with Government on the benefits of migration of *ex-post* regulation to the MCA. This would allow the MCA to provide a one-stop-shop in sector regulation, allow MCCAA resources to be put to alternative use, and maximise the MCA's expertise in sector

regulation. In the event that the mandate for *ex-post* competition regulation is awarded to the MCA, the Authority will set up the appropriate structures and processes in order to cater effectively for these new responsibilities and ensure seamless dovetailing with its *ex-ante* regulatory remit.

Development of the Radio Spectrum Potential

The MCA is responsible for ensuring the optimal use of the radio spectrum identified in the national radio frequency plan.⁵ Optimal use of the radio spectrum is a key factor in terms of delivery of services, competition, choice and widespread availability.

As the demand for mobile data grows, along with the speeds required for its proper delivery, radio spectrum needs to continue to be provided in sufficient quantities on a technology and service neutral basis, in order to facilitate the roll-out of new and innovative high speed mobile broadband services. Streaming video, social media, mobile apps, cloud computing - these capabilities are now integral to our lives, yet none of them existed a decade ago. All these factors are critical in enabling the development of platforms for the next generation of converged services and in creating opportunities for innovation and investment in the electronic communications sector.

The assigned spectrum in the 900MHz, 1800MHz and the 2.1GHz frequency bands has enabled improvements in the quality of existing 3G networks as well as investment in 4G (LTE) mobile broadband networks. Additional radio spectrum to further drive investment in high-speed electronic communications services is available in the 1800MHz, 2.6GHz frequency band and the 3.4-3.8GHz frequency band.

In addition, the clearance of the 800MHz frequency band through the migration of the multiplex reserved for Maltese General Interest (GI) TV transmission from Channel 66 to Channel 43, within the 470-694 MHz frequency band, will enable the use of the 800MHz frequency band by interested operators so as to further facilitate the development of high-speed mobile networks and related innovative services.⁶ Once the band is vacated, given the propagation characteristics of this band and the presence of 4G mobile operators, it is reasonable to assume that there will be demand for the frequency band in question.

In 2016 the MCA will finalise its review on the assignment policy of the 3.4 - 3.8 GHz frequency band in order to implement the European Commission's Decision on the harmonisation of this band for terrestrial systems capable of providing high-speed electronic communications services. In addition, the MCA will develop the assignment methodology and licence conditions to make additional harmonised spectrum in the 1.5GHz frequency band available for electronic communication services in accordance with Commission Decision 2015/750/EU.

⁵ The MCA regularly reviews the National Radio Frequency Plan (NFP) to reflect changes to the allocation of spectrum taking into account European and International regulations: <http://www.mca.org.mt/national-frequency-plan>.

⁶ The migration progress will take place once the relevant formal frequency co-ordination agreements and technical conditions for the use of Channel 43 are ascertained.

In 2016 the MCA will finalise a licensing framework for the establishment of Complementary Ground Components (CGCs) in the 2GHz frequency bands allocated to the Mobile Satellite-Service (MSS). The authorisation of the CGCs is subject to the common conditions established in the EU Decision 626/2008/EC on the selection and authorisation of systems providing MSS. CGC refers to ground-based stations used at fixed locations in order to, amongst other things, improve the availability of MSS in geographical areas within the footprint of the system's satellite(s) where communications with one or more space stations cannot be ensured with the required quality. The implementation of CGCs would also facilitate the development of new and innovative services such as the EU-wide roll-out of in-flight passenger broadband services.

Efficient Management and Use of Numbers

The MCA is responsible for the efficient management of Malta's numbering plan.⁷ Numbering is a key enabler of electronic communications services and the need to preserve this finite national resource must be balanced against the need to ensure an adequate supply of numbers to meet the demands of new and existing customers and service providers whilst enabling technological change.

The MCA has proposed changes to the numbering fee charges found in the Electronic Communications Networks and Services (General) Regulations in order to be more proportionate to resource usage and to encourage more efficient use of numbering resources. The proposed number usage fee structure is expected to positively affect those operators which implement a resource-efficient numbering plan.

The MCA will continue to manage the numbering plan by allocating numbers to service providers for new and existing services, and by monitoring their utilisation to ensure efficient use of numbers.

Maintaining Compliance Framework

Timely access to accurate and reliable information and data is vital in supporting the MCA's regulatory decisions. To this end, the MCA collects a wide range of data from electronic communication providers, in line with its statutory powers and publishes bi-annual market reviews. This activity is supplemented by public and business perception surveys. The results of these surveys serve as an additional source of information for regulatory decisions and indicate how consumers' needs are changing over time. The surveys also assess the level of satisfaction with the services provided by electronic communication operators and the extent to which they are addressing consumer needs. In 2016 the MCA will once again carry out a business perception survey to assess the changes in the level of satisfaction of business users in the use of electronic communications services, in the respective markets, over the past two years.

⁷ Refer to Malta's telephone numbering plan: <http://www.mca.org.mt/numbering>

Priority Programme of Works 2016 – Strategic Objective T1

The table below contains a listing of the priority work streams for 2016 that will contribute to the achievement of Strategic Objective T1.

Priority Programme of Works 2016 - Strategic Objective T1 (Electronic Communications)

Project / Activity

Planned Output

Continued Transition towards high-capacity Next Generation Access (NGA) networks

GO's VULA 'Reference Offer' for fibre networks	<ul style="list-style-type: none"> - Decision on GO's VULA Reference Offer - Consultation on the Key Performance Indicators (KPIs) and Service Level Guarantees (SLGs) - Report on consultation / Decision - Review of the first set of wholesale VULA charges
Review of leased lined / Ethernet prices	<ul style="list-style-type: none"> - Development of a price control framework - Public consultation / Decision (<i>planned for 2017</i>)

Facilitating the Deployment of Next Generation Access Networks

Transposition of the EU Directive on Reducing cost of broadband deployment	<ul style="list-style-type: none"> - Supporting TM and BRO with the implementation of the EU Directive on reducing the cost of broadband
Access to infrastructure pricing principles / rules	<ul style="list-style-type: none"> - Development of infrastructure access pricing rules in connection with the symmetric access regulation - Public consultation / Publication of guidance
In-building infrastructure set-up (technical specifications)	<ul style="list-style-type: none"> - Contribution to the BRO on publication of a consultation document on in-building infrastructure technical specifications - Assist BRO in the publication of decision/publication of technical specifications

Ex-Ante Regulation Market Reviews and Analysis, Remedies

Wholesale fixed call origination market review	<ul style="list-style-type: none"> - Public consultation on the market analysis review (<i>published in Q4/2015</i>) - Consideration of responses to consultation - Notification of draft Decision to the European Commission - Report on Consultation / Decision
Leased lines market review	<ul style="list-style-type: none"> - Public consultation on the market analysis review - Consideration of responses to consultation - Notification of draft Decision to the European

Priority Programme of Works 2016 - Strategic Objective T1 (Electronic Communications)

Project / Activity	Planned Output
	<ul style="list-style-type: none"> Commission - Report on Consultation / Decision
Wholesale mobile call termination market review	<ul style="list-style-type: none"> - Public consultation on the market analysis review - Consideration of response to consultation - Notification of draft Decision to the European Commission - Report on consultation / Decision
Wholesale local access provided at a fixed location (market 3a) / Wholesale central access provided at a fixed location for the mass market (market 3b)	<ul style="list-style-type: none"> - Market review and drafting of consultation document - Public consultation (<i>expected in 2017</i>)
Review of Regulatory Accounts (SMP Operators)	<ul style="list-style-type: none"> - Ongoing review of regulatory accounts - Development of Rate of Return to be used for regulatory accounting purposes / Public consultation
Ex-Post Competition Regulatory Function	
Development of a regulatory framework for ex-post competition <i>(in the event that ex-post competition regulation accrues to the MCA)</i>	<ul style="list-style-type: none"> - Development of a regulatory framework for ex-post competition analysis - Report outlining the framework for dealing with ex-post competition issues
Development of the Radio Spectrum Potential	
Harmonisation of 1.5 MHz frequency band in view of Commission Decision 2015/750/EU	<ul style="list-style-type: none"> - Public Consultation on the assignment methodology and licence conditions - Response to consultation / Decision
Licensing framework for the 2GHz Complementary Ground Components (CGCs)	<ul style="list-style-type: none"> - Recommendations to Government on proposed licensing framework for CGCs - Public consultation - Publication of relevant regulations
Review of National Frequency Plan (NFP)	<ul style="list-style-type: none"> - Review and updating of the NFP to reflect changes in spectrum allocations - Approval by Government and publication of the updated NFP - Notification to European Commission on changes to the NFP
Efficient Management and Use of Numbers	
Manage allocations from the national numbering plan	<ul style="list-style-type: none"> - Ongoing monitoring of operator numbering utilisation to ensure efficient use of resources
Maintaining Compliance Framework	

Priority Programme of Works 2016 - Strategic Objective T1 (Electronic Communications)

Project / Activity	Planned Output
Consumer perception surveys - Fixed Telephony, Mobile, Internet Services, TV Services, Bundled Offers	<ul style="list-style-type: none"> - Publish and disseminate results of surveys carried out in 2015
Business perception survey	<ul style="list-style-type: none"> - Development of business survey - Commission survey - Publication of results
Collection of relevant, accurate and timely information on the electronic communications markets	<ul style="list-style-type: none"> - Inclusion in bi-annual market review report and the quarterly data sheets - Monitoring of prices of electronic communications services

T2 - Ensuring that electronic communications undertakings provide a transparent, value-for-money service to users whilst adhering to incumbent social obligations.

Informing, Empowering and Protecting Consumers

The MCA will continue to focus its work on further empowering consumers by providing information on their rights and in assisting them in making informed choices in their use of electronic communication services. The MCA will especially focus on access to readily available, clear and relevant information, particularly about new services and new technologies. The MCA will continue to ensure that consumer rights are protected so that they can enjoy the benefits of competition and innovation to the fullest extent possible.

Operator Contracts - The MCA will continue to monitor the contractual obligations of all operators providing a connection to the public communications network and/or publicly available electronic communications services to ensure that they are providing subscribers with clear and comprehensive contracts in line with applicable legislation. As part of the Telecoms Single Market Regulation, as from 30th April 2016, electronic communications operators will need to be more transparent. They will have to inform customers of fixed internet access about the minimum, normally available, maximum and advertised internet speeds they can expect to get. In the case of mobile networks, operators will have to inform their customers of the estimated maximum and advertised speed. Operators will also have to explain the remedies consumers have if they do not get the speeds for which they have subscribed.

Ensuring Ease of Switching Providers for Consumers - The MCA will continue to monitor inter-operator porting, switching processes, service termination processes and the extent to which they promote good consumer and competition outcomes. The MCA will pay close attention to bundled services and their effects on consumer behaviour, whilst taking into consideration their convenience and potential cost savings but not ignoring the impact on transparency and the ability to switch provider.

Information on Products and Services - The MCA will, via its online price comparison portal, www.telecosts.com, continue to promote transparency by providing consumers with the necessary tools to ensure that they are aware of alternative suppliers and services so that they can easily compare information on prices, service features and quality. In addition the MCA will, via its website, consumer guides and the use of social media, continuously update information available to consumers on how to get the best from electronic communications services.

Ensuring Consumer Rights and Customer Service - The MCA will continue to ensure that service providers uphold the rights of their customers and deliver acceptable levels of customer service. The MCA will ensure that service providers continue to address their customers' complaints. In addition, the MCA will continue to handle and resolve complaints it receives from customers of service providers.

Other Consumer Related Work - The MCA will continue to work to strengthen its powers vis-à-vis consumer protection in order to be in a better position to safeguard consumers' interests and enhance their welfare.

Development of a Regulatory Framework for Net Neutrality

The Telecoms Single Market Regulation incorporates the principle of net neutrality into EU legislation: users will be free to access the content of their choice and will not be unfairly blocked or slowed down; and paid prioritisation will not be allowed. In the open Internet all traffic will be treated equally, subject to strict and clearly identified public-interest exceptions (such as network security or combating child pornography) and efficient day-to-day network management by Internet service providers. In parallel, Internet access providers will still be able to offer specialised services of higher quality, such as Internet TV and new innovative applications, so long as these services are not supplied at the expense of the quality of the open Internet. These rules will apply across all Member States as from the 30th April 2016.

The MCA will be responsible for ensuring that the net neutrality principles are upheld. This includes the ability to seek compliance from electronic communications service providers and online content providers with these principles. The MCA will have to ensure that the quality of the open Internet access service is not degraded by traffic discrimination through Internet service providers or by the provision of specialised or innovative services. The MCA is also empowered to set minimum quality of service requirements on Internet access providers and other appropriate measures to ensure that all end-users enjoy an open Internet access service of good quality.

In 2016 the MCA will actively contribute and participate in the BEREC working group tasked in developing guidelines on the obligations related to the supervision, enforcement and transparency measures for ensuring an open Internet access. BEREC will issue these guidelines by the end of August 2016.

Implementing Mobile Roaming Rules

The European roaming regulations set retail price caps and retail transparency measures that apply to mobile telephony subscribers from one Member State when travelling across EU Member States. They also set wholesale price caps and other access requirements that apply between different mobile service providers and introduced measures in relation to wholesale access between service providers.

As part of the Telecoms Single Market Regulation conventional roaming surcharges within the EU are planned to come to an end in June 2017. Users will be able to use their mobile devices when travelling in the EU while paying the same prices as when they are at home (domestic prices). In order to prevent any abusive or anomalous usage, as in the case of a permanent roaming scenario, a 'fair use policy' is being established.

The European Commission shall, after having consulted BEREC, adopt detailed rules of the application of this 'fair use policy' by December 2016. Once Roam Like At Home (RLAH), is implemented a set maximum surcharge could be applicable for consumers who surpass the

established limits. As a transitional measure, which is applicable from 30th April 2016 until 14th June 2017, roaming providers will be allowed to apply a surcharge in addition to the domestic price.

The MCA will actively contribute and participate in the BEREC working group tasked with the development of rules for the application of fair use of roaming services and on the methodology for assessing the sustainability of the abolition of retail roaming surcharges. In addition, the MCA shall continue to monitor mobile operators to ensure that they are adhering to the obligations set out in the roaming Regulations, and ensure that consumer protection measures and pricing structures are adequately set in place and adhered to. The MCA will continue to promote the roaming tariff reductions introduced by means of the EU roaming Regulations.

Monitoring Network Security and Resilience

Tolerance of outage in electronic communications networks is decreasing as more and more vital systems, services and work tasks require constant connection; for example transactions in the financial sector and eCommerce sector, the emergency services, public administration, etc; thus a major outage in electronic communications networks would have severe consequences for the economy and for society.

Operators are required to take appropriate measures to ensure the integrity of their networks and services in line with the technical guidelines issued by the European Network and Information Security Agency (ENISA)⁸ and are required report incidents to the MCA. On an annual basis the MCA then submits a summary report to the European Commission and ENISA on the notifications received and the action taken.

The MCA will follow up any incidents of concern in order to understand their cause, the appropriateness of the operator's response, and the steps that have been taken to minimise the risk of recurrence. Based on the submission of operators' incidence reports, the MCA will examine whether additional requirements need to be placed on operators in order to take appropriate measures that ensure the integrity of their networks.

Monitoring Service Quality

The MCA reviews quality of service (QoS) provision principles and policies on an ongoing basis, in light of technology evolution and a multiple operator environment. To the extent necessary the MCA will enforce and monitor QoS standards and measures, particularly in those areas where market forces may fall short of producing desired results.

In 2016 fixed broadband service providers will be required to publish, on a regular basis, the QoS indicators using a format which is easy to understand by consumers, and which renders the published information comparable between the different packages offered by the service provider. The objective is to further reduce the gap between the bandwidth offered in the contractual terms and the actual performance experienced by the user.

⁸ Refer to: <http://www.enisa.europa.eu/>

Continued Availability of the Universal Service

Monitoring GO's USO Performance - In 2015 the MCA completed a review of the Universal Service Obligation (USO) imposed on GO to reflect technological changes and market developments and that the services provided are appropriately aligned with consumers' basic needs. GO as the designated Universal Service Provider (USP) is required to provide a publicly available telephone network at a fixed location, capable of supporting voice, facsimile and data communications at broadband data rates⁹ (in areas where no other undertakings offer such a service at an affordable price). GO is also obliged to provide an electronic telephone directory (including a smartphone telephone directory app), public payphones, directory enquiry services and specific measures for users with disabilities. The MCA will continue to monitor the performance of GO's USO, including the quality of service delivered.

Assessment of Universal Service Funding Requests - The MCA will continue its work on universal service funding, including the assessment of applications for funding it receives from the USP. In order to determine whether an undertaking has suffered an unfair burden the MCA must calculate the net cost of the universal service. Net cost refers to the efficiently incurred costs arising from the provision of the service which the USP is unable to cover with the proceeds from the service, as against the cost of operating without the USO - taking into consideration the intangible benefits resulting from the provision of the service. At the request of the USP, it shall be reimbursed for the portion of the net cost of the universal service forming an unreasonable burden in line with legislation. In 2016 the MCA will finalise an assessment of GO's claim for funding for the year 2012 and begin reviewing the claim made for 2013.

General Interest (GI) TV transmission

Continued migration of General Interest TV transmission - As already mentioned earlier on, the use of the 800MHz band for electronic communications services necessitates the migration of Channel 66, currently used for terrestrial television meeting General Interest (GI) objectives, to an alternative channel (Channel 43) outside the 800MHz band. Once the relevant frequency coordination agreements and technical conditions for the use of Channel 43 are formally ascertained the migration of the multiplex reserved for GI TV channels can take place. The MCA has already begun drawing up a plan involving stakeholders to effectively migrate terrestrial television meeting GI objectives to an alternative channel. The MCA will ensure that consumers are appropriately informed and given guidance, if required, about retuning their TV sets or set-top-boxes at the opportune time in the course of the migration exercise.

Policy and Strategy Review for TV Transmission - A substantial portion of the 700MHz frequency band is currently used to deliver digital terrestrial television (DTT) services. As part of the review of the EU telecoms framework the European Commission will in the first quarter of 2016 publish a legislative proposal related to the 700MHz band. It is likely that the 700MHz band will be released for mobile broadband across the EU by 2020 with the possibility for Member States to decide, for duly justified

⁹ Currently at the discretion of the end-user, the designated universal service provider is required to provide a broadband connection at a guaranteed access line speed of 4Mbps (subject to certain conditions).

reasons, to delay the availability of the band by up to two years and without prejudice to constraints arising from cross-border frequency co-ordination with third countries. In return terrestrial broadcasters would be granted exclusive allocation in the UHF band below the 700MHz (470 - 694MHz) until 2030.

The redeployment of the 700MHz band will necessitate a review of the television transmission policy. The policy and strategy review will start in 2016 and will also serve to provide direction to the market in respect of spectrum availability for terrestrial TV transmissions. In addition, the review will also take into consideration the developments in high-definition (HD) broadcasting.

Review of must-carry obligations - Must-carry obligations require operators of certain TV broadcast networks, used by a significant number of end-users as the main means of receiving TV broadcasts, to reserve part of their network capacity for the retransmission of TV channels qualifying as meeting GI objectives. In 2016 the MCA will assess whether IPTV packages offered by GO should be subject to must-carry obligations. The MCA will review the must carry obligations in line with established guidelines.

Licensing Access to the Radiocommunications Equipment

The MCA manages the authorisation of radiocommunications equipment and, where necessary, makes frequency assignments and co-ordinates the use of radio spectrum internationally. The MCA will continue to enhance the radiocommunications equipment licensing regime and will examine the scope for applying further general authorisations where appropriate.

In 2016 the MCA will review the amateur radio licensing regime in order to regulate more effectively amateur radio licensees, taking into account recommended European harmonised arrangements. The MCA will also review the licensing regime with respect to the Private Mobile Radio (PMR) service in order to ensure the efficient use of spectrum rather than equipment installation.

In addition, the MCA will review the current arrangements with regard to the licensing of maritime ship stations.¹⁰ The MCA will also explore the possibility of facilitating a 'one-stop-shop' service for the licensing of aeronautical stations. In addition, the MCA will continue to support the Broadcasting Authority (BA) in the licensing of community radio (FM) stations.

Keeping the Radio Spectrum Free of Interference

Harmful interference complicates the task of making spectrum available for new uses in adjacent frequency bands, where the cost of solving these problems can be significant. The MCA monitors the radio spectrum and takes action to prevent harmful interference and unauthorised use of spectrum. The increasing demand for (and use of) radio spectrum leads to a corresponding increase in the risk of interference. The MCA will continue to take action to prevent harmful interference and to mitigate it when it occurs.

¹⁰ In 2004 the MCA signed a Memorandum of Understanding (MoU) with the then Malta Maritime Authority (MMA), now TM, whereby the MCA delegated the licensing of maritime ship stations to TM. Due to developments in regulatory aspects of radiocommunications over the past ten years it is necessary to review the MoU in order to ensure its continued relevance and effectiveness.

Monitoring Electronic Magnetic Field Emissions

The MCA will continue its routine monitoring of electronic magnetic field emissions (EMF) with a view to ensuring that levels of electromagnetic radiation do not exceed the levels established by the International Commission of non-Ionising Radiation Protection (ICNIRP), which are also endorsed by the World Health Organisation (WHO).

Priority Programme of Works 2016 – Strategic Objective T2

The table below contains a listing of the priority work streams for 2016 that will contribute to the achievement of Strategic Objective T2.

Priority Programme of Works 2016 - Strategic Objective T2 (Electronic Communications)

Project / Activity	Planned Output
Information, Empowering and Protecting Consumers	
Empowering consumers via the provision of information	- Ongoing provision of information to consumers via the MCA's website, consumer guides and other social media
Monitoring of operator contracts	- Ongoing monitoring of operators' contractual obligations
Implementing Net Neutrality and Mobile Roaming Rules	
Guidelines for the implementation of net neutrality provisions of the TSM regulation	- Participation and contribution to the BEREC working group on the development of guidelines - Analysis of national requirements for implementing net neutrality measures - Implementation of net neutrality measures and ongoing monitoring
Roaming management and monitoring	- Participation and contribution to the BEREC working group on the development of a 'fair use policy' and sustainability of RLAH - Monitoring to ensure that mobile operators are adhering to the obligations as set out in the roaming Regulations - Ensuring that consumer protection measures and pricing structures are adequately set in place
Measuring broadband quality of service	- Ongoing monitoring of broadband QoS measurements / publications requirements by operators
Continued Availability of the Universal Service / Financing of Universal Service	
Monitoring of Universal Service Obligations	- Ongoing monitoring of the USO by the designated operator and related reporting obligations
Review of USP's (GO Plc) claim for funding the universal service	- Decision on source of funding for 2012 - Proposed decision for 2013 funding request - Decision on 2013 funding request - Decision on 2013 source of funding

Priority Programme of Works 2016 - Strategic Objective T2 (Electronic Communications)

Project / Activity

Planned Output

General Interest TV transmission

Migration of terrestrial broadcasting meeting GI objectives (from Channel 66 to Channel 43)

- Submission of a request to the European Commission to extend the period of derogation granted to Malta concerning the availability of the 800 MHz band
- Update of the National Frequency Plan to allocate the 800 MHz to mobile services and implement Commission Decision 2010/267/EU
- Issuance of an amended licence to PBS to replace the licensed TV channel 66 with TV channel 43
- Monitor progress of the migration process with PBS / GO to ensure that the migration process is concluded within the agreed timeframes
- Provide support, as may be necessary, to facilitate the migration process of the GIO platform to TV channel 43
- Inform the European Commission upon completion of the migration process of GIO transmissions to TV channel 43 (expected in 2017)

Policy and Strategy Review for TV Transmission

- Launch review of TV transmission broadcasting policy / stakeholder meetings
- Drafting of policy and strategy review
- Policy proposal presented to Government (planned for 2017)

Review of Must Carry Obligations

- Public consultation
- Response to consultation / Decision

Licensing Access to the Radiocommunications Equipment

Facilitating a 'one-stop-shop' service for the licensing of specific radiocommunications equipment licences

- Discussions with TM (Merchants Shipping Directorate) on the revision of the current MoU concerning the licensing of maritime ship stations
- Discussions with TM (Civil Aviation Directorate) on the possibility of facilitating a one-stop-shop service for the licensing of aeronautical station.

Review of radiocommunications equipment licences

- Public consultation on a revised licensing framework for the amateur radio service
- Draft regulations and seek Government's approval on their implementation
- Public consultation on a revised regime for the PMR service

Priority Programme of Works 2016 - Strategic Objective T2 (Electronic Communications)

Project / Activity

Planned Output

	- Prepare draft regulations and seek Government's approval on their implementation
<i>Keeping the Radio Spectrum Free of Interference</i>	
Electromagnetic Field (EMF) audit and monitoring	- Ongoing EMF monitoring and publication of results

T3 - Contributing to the development and implementation of electronic communications regulatory policy.

European / International Dimension

The MCA's ability to deliver its objectives is influenced by decisions made at both national and international levels. Some of these decisions directly affect the MCA's mandate - for example by conferring additional responsibilities or powers. Other decisions have an important effect on the context within which the MCA operates, for instance decisions made about international harmonisation of spectrum allocation. At a national level, the MCA works with stakeholders so that it can be more effective in pursuing its objectives. At the international level, the MCA attends and participates in various EU and other international fora.

The EU Directive 2014/61/EU concerning measures for reducing the cost of deploying high-speed electronic communications network is currently in the process of transposition in Maltese law. Following the passage of the necessary legislation the implementation phase will follow (refer to [Strategic Objective T1](#)). The Telecoms Single Market measures adopted during the final semester of 2015 sets the scene for an end of roaming charges in June 2017 and strong net neutrality rules protecting the right of every European to access Internet content without discrimination.

In addition, on 6th May 2015 the European Commission launched a strategy for a European Digital Single Market which covers the various aspects of a digital economy. The Digital Single Market Strategy includes a set of targeted actions to be delivered by the end of 2016. It is built on three pillars: (1) better access for consumers and businesses to digital goods and services across Europe; (2) creating the right conditions and a level playing field for digital networks and innovative services to flourish; and (3) maximising the growth potential of the digital economy.

As part of the Digital Single Market Strategy, the European Commission has initiated a review of the current electronic communications regulatory framework. This review will include proposals related to the common EU-wide criteria for spectrum assignment at national level and more effective spectrum coordination; creating incentives for investment in high-speed broadband; ensuring a level playing field for all market players, traditional and new; and creating an effective institutional framework. The review of the Universal Service Directive will also form an integral part of the review of the electronic communications regulatory framework. The MCA will closely monitor the process for the preparation of the legislative proposals by the European Commission; once these have been made available the MCA will analyse them and prepare the necessary input for the European legislative process. In its role as adviser to Government on electronic communications policy and regulation, the MCA will provide advice to Government on the new electronic communications framework legislative proposals expected to be published in the second quarter of 2016.

The MCA's international obligations, first and foremost, entail participation in the following EU organisations:

- The **Body of European Regulators for Electronic Communications (BEREC)**, which sets out Common Positions and statements of Best Practice to foster regulatory consistency and excellence across the EU.

The MCA is an active member of BEREC and is involved in all of its working groups. During 2016 the MCA will continue to be actively involved, with a particular focus on the following issues: reviewing the telecoms regulatory framework; contributing to the common positions on remedies regarding wholesale products; potential regulatory implications of Network Function Virtualisation (NFV) and Software-Defined Networking (SDN); migration to all-IP in the access networks; challenges and drivers of NGA roll-out and infrastructure competition; and further analysis of issues related to oligopoly regulation, net neutrality and broadband QoS, international roaming, Over The Top (OTT) services and Machine to Machine (M2M) communications.

- The **Radio Spectrum Policy Group (RSPG)** which provides high-level strategic advice on spectrum policies to the European Commission.

The MCA is an active member of RSPG and is involved in a number of its working groups. During 2016 the MCA will continue to be actively involved, with a particular focus on the following issues: the review of telecoms regulatory framework, spectrum related aspects of next-generation wireless systems (5G), Internet-of-things (IoT), WRC-19 preparation (common policy objective for WRC-19) and 'Good Offices' to assist in bilateral negotiations between EU countries.

The MCA will continue to contribute and participate in other EU organisations such as:

- The **Communications Committee (COCOM)**, which assists the European Commission in carrying out its executive powers under the regulatory framework for electronic communications.
- The **Radio Spectrum Committee (RSCOM)**, responsible for the development of implementing decisions with respect to technical measures that ensure harmonised conditions across Europe for the availability and efficient use of radio spectrum.
- The **European Network and Information Security Agency (ENISA)**, in relation to incident reporting and security regulation.

The MCA will also continue to participate in other international fora such as:

- The ITU with regard to preparation for participation in the ITU World Radio Conferences.¹¹
- The **European Conference of Postal and Telecommunications Administrations (CEPT)**, the **International Regulators' Group (IRG)** and other related workgroups.

¹¹ WRC-15 was held over four weeks in November 2015. It addressed a number of agenda items that will have a direct impact on many users of spectrum across a range of sectors. The MCA ensures that Malta's views and positions are effectively developed in line with Malta's policies and priorities.

- The **Internet Corporation for Assigned Names and Numbers (ICANN)** and in the Commission's **High Level Internet Governance Group (HLIGG)**.

In addition, the MCA will continue to provide advice to Government:

- on proposed EU legislative measures, recommendations and other communications; and
- on the interpretation and application of any new Regulations, Directives, Recommendations, guidelines, advice and regulatory best practice and other EU documents as well as any related issues and disputes arising from them.

Pan-European Initiatives

The MCA will continue to actively contribute to pan-European initiatives in relation to:

- the harmonisation of spectrum for wireless broadband services - spectrum harmonisation brings many potential benefits including: economies of scale in equipment manufacturing leading to competitive services and products for consumers, and to greater technical efficiency and international mobility;
- the future of the UHF band (470 – 790MHz) for mobile broadband and the continued availability of Digital Terrestrial TV (DTT) services, in particular the 700MHz band with respect to its release for mobile broadband across the EU;
- the Digital Agenda for Europe which, amongst others, underlines the importance of broadband deployment to promote social inclusion and competitiveness;
- the ongoing submission of accurate statistics and information to the EU organisations;
- better access to emergency services - '112' - by extending the access requirements from traditional telephony to new technologies; and
- the common European-wide telephone services of social value via the harmonised numbering range beginning with '116'.

Contribution to Government Policy

Supporting Government's Broadband Policy Direction - In 2016 the MCA will continue to support Government's policy direction in facilitating broadband deployment to promote social inclusion and competitiveness, coupled with the adoption of high-speed communications and the rolling out of efficient NGA broadband networks. To achieve this, the MCA will continue to work towards the implementation of Digital Malta.¹²

Contribution to Malta's Critical Infrastructure Protection Unit - The MCA will continue to contribute to the Malta Critical Infrastructure Protection (CIP) Unit with regard to issues related to the

¹² The National Digital Strategy 2014-2020.

Refer to <https://www.mita.gov.mt/page.aspx?pageid=757>

telecommunications sector. The Malta CIP Unit is entrusted with a co-ordinating role of all Critical Infrastructure Protection and Emergency and Disaster Management issues on a national level.

Contribution to the development of a National Cyber Security Strategy - The MCA will continue to contribute to the MEIB steering committee tasked with the development of Malta's National Cyber Security Strategy emanating from Digital Malta.¹³ The National Cyber Security Strategy is planned for publication in July 2016.

Promoting Internet Governance - The MCA will continue to promote Internet Governance through the Malta Internet Governance Forum. The Malta Internet Governance Forum, chaired by the MCA, is a national multi-stakeholder forum where industry, government, academia and civil society meet to discuss key issues associated with the Internet. Its aim is to provide a local forum that engages interested stakeholders in debate on Internet Governance issues.

¹³ A Green Paper for a National Cyber Security Strategy was published on 30th October 2015 - refer to: <https://www.mita.gov.mt/en/cybersecuritygreenpaper/Documents/NCSS%20Green%20Paper.pdf>

Priority Programme of Works 2016 – Strategic Objective T3

The table below contains a listing of the priority work streams for 2016 that will contribute to the achievement of Strategic Objective T3.

Priority Programme of Works 2016 - Strategic Objective T3 (Electronic Communications)

Project / Activity

Planned Output

European / International Dimension / Pan-European Initiatives

Digital Single Market Strategy	- Assessment of the developments relating to the Digital Market Strategy
Review of the Electronic Communications Framework	<ul style="list-style-type: none"> - Analysis of legislative proposal (including proposals on ensuring a level playing field for market players traditional and new) - Drawing up an internal position and advice Government - Informal consultation with local stakeholders - (Adoption of measures expected in 2017)
EU and International policy and regulatory initiatives	<ul style="list-style-type: none"> - Ongoing participation and contribution in the following fora and related working groups: <ul style="list-style-type: none"> ▪ BEREC, RSPG, RSCOM, COCOM, IRG, ENISA, CEPT, ITU, ICANN and HLIGG

Supporting Contribution to Government Policy

Supporting Government's work in facilitating high-speed broadband deployment across Malta	- Implementation of actions emerging from the Digital Malta Strategy
Contribution to the Malta CIP initiative	- Contribution on issues related to the telecommunications sector
Contribution to the development of a National Cyber Security Strategy	- Contribute, together with MITA, to the development of a National Cyber Security strategy

2.2 eCommerce and eTrust Services

E1 - Facilitating the development and uptake of eCommerce and other online services.

Implementation of relevant eCommerce Strategy initiatives

As broadband and mobile Internet penetration rates continue to increase, eCommerce continues to flourish and grow at a much faster rate than traditional retail channels. eCommerce is radically changing the way business is conducted and is impacting all areas of economic activity in one way or another. In line with the National eCommerce Strategy¹⁴ facilitating uptake of eCommerce and other online services remains a main objective for the MCA.

During 2016 the MCA will focus its work on the following key tasks:

Online Directory of eCommerce Service Providers (Blink) and eCommerce Guides for Business - The MCA will focus on widening business sector awareness of its now-established online directory of eCommerce Service Providers (Blink). Blink is a practical resource that provides easy access to information required by businesses who wish to take their operations online. It is a directory specialising in eCommerce service provision and has been purposely designed around the different phases of setting up an online shop. In addition Blink provides online guides aimed at businesses who sell goods and/or services online and those who intend to set up their own online business. The MCA will carry out a marketing campaign on the benefits of using Blink in order to increase visibility and usage.

Training in Digital Marketing to Industry - The MCA will continue to provide courses on digital marketing to different sectors, free of charge, following the success of the sessions held for the tourism/hospitality industry. The aim of this activity is to ensure that businesses across various industries fully appreciate and harness the economic opportunities made possible by online technology.

eCommerce Training for SMEs - The MCA has this year submitted an EU funded application for a 3 year project which focuses on the delivery of an accredited eCommerce training programme for individuals – covering the entire range of the eCommerce value chain from planning a business to delivering products and ensuring customer retention.

Public and Service Provider Awareness / Confidence - The MCA will continue to address a number of tasks in its ongoing thrust to increase public confidence in eCommerce and facilitate the proliferation of eCommerce activity. Such initiatives will include:

- Ensuring adequate awareness at a service provider level of obligations arising out of the eCommerce Act.

¹⁴ Refer to: <http://www.mca.org.mt/general/national-ecommerce-strategy-2014-2020>

- Monitoring processes in order to ensure that traders selling goods and services online make the required information available on their website as established by the e-Commerce Regulations.
- Regularly conducting spot checks of local eCommerce websites in order to assess their compliance with the applicable legal provisions.
- Ensuring that customers are aware of their rights as well as avenues of redress.
- Providing adequate and up-to-date information to service providers regarding requirements relative to the take-up and pursuit of such services.
- Organising a bi-annual eCommerce forum to keep interested parties informed of regulatory and technical developments. The forum seeks to create an eCommerce community where industry players and other stakeholders can meet on a regular basis to discuss topics of mutual interest and to share experiences and knowledge.
- Carrying out an e-commerce survey within the business community. The survey amongst businesses will serve to assess the adoption of eCommerce and ICT by local businesses and to gain a better understanding of barriers that certain business/industries are facing in implementing eCommerce services.
- Carrying out an eCommerce survey amongst households. The survey amongst households will serve to assess the extent of Internet and eCommerce use in Malta and to gain a better understanding of the public's perception of e-commerce, including any difficulties, barriers, etc. The results will further assist the MCA in identifying initiatives that could increase confidence amongst consumers and businesses in using eCommerce.
- Participating and contributing to fora targeting the uptake of eCommerce amongst SMEs.

Priority Programme of Works 2016 – Strategic Objective E1

The table below contains a listing of the priority work streams for 2016 that will contribute to the achievement of Strategic Objective E1.

Priority Programme of Works 2016 – Strategic Objective E1 (e-Commerce)

Project / Activity	Planned Output
Public and Service Provider Awareness / Confidence	
Ensuring compliance with the eCommerce Act	- Ongoing monitoring and enforcement via spot checks and any necessary action to ensure compliance
Online Directory of eCommerce Service Providers (Blink)	- Maintenance of Blink - Development and implementation of a marketing campaign for promoting the use of Blink
Training in Digital Marketing	- Ongoing training sessions on digital marketing for various sectors
eCommerce business survey	- Design and commission an eCommerce business survey - Fieldwork carried out by supplier - Publication and dissemination of results
eCommerce household survey	- Design and commission an eCommerce household survey - Fieldwork carried out by supplier - Publication and dissemination of results
eCommerce Stakeholder Fora	- Hold bi-annual eCommerce fora

EU eIDAS Regulation - Legal Drafting and Implementation

The EU Regulation 910/2014 on electronic identification and trust services for electronic transactions in the internal market (referred to as the 'eIDAS Regulation'¹⁵) adopted on 23rd July 2014 provides the framework for a predictable regulatory environment to enable secure and seamless electronic interactions between businesses, citizens and public authorities. In this regard, the eIDAS Regulation:

- ensures that people and businesses can use their own national electronic identification schemes (eIDs) to access public services in other EU countries where eIDs are available; and
- creates an European internal market for electronic trust services (eTS) - namely electronic signatures, electronic seals, time stamp, electronic delivery service and website authentication - by ensuring that they will work across borders and have the same legal status as traditional paper-based processes.

The implementation of eIDAS means higher security and more convenience for any online activity. The eIDAS regulation entered into force on 17th September 2014. EU Member States may voluntarily recognise notified eID schemes of other Member States. The rules for trust services will apply as from 1st July 2016. The mandatory mutual recognition of eIDs will apply from mid-2018.

The MCA is tasked with providing proposals to Government on the required changes to existing national legislation on e-commerce and e-signatures¹⁶ in order to ensure legal consistency and clarity - primarily the Electronic Commerce Act, Cap 426 and the Electronic Commerce (General) Regulations, SL426.02 - in line with requirements of the eIDAS Regulation. Concurrently the MCA is also tasked with the preparation of any legislation as is necessary for ensuring the effective implementation of the eIDAS Regulation under national law. A public consultation process on the proposed changes to legislation and on the implementation of the eIDAS Regulation is expected to take place in the first quarter of 2016. This is to be followed by approval by Government on the proposed changes to legislation.

The MCA's participation in the Forum of European Supervisory Authorities for Electronic Signatures (FESA) is highly beneficial and important for the implementation of the Regulation. Regulatory bodies from all EU countries are members of this forum which meets twice a year to develop common points of view for the dialogue with political or technical institutions.

The MCA will be responsible for maintaining and publishing a trusted list of certified service providers using qualified trust services and their status. Trusted lists are essential elements in the building of trust among market operators as they indicate the qualified status of the service provider at the time of supervision. Currently there are no qualified trust service providers in Malta.

¹⁵ <http://ec.europa.eu/digital-agenda/en/trust-services-and-eid>

¹⁶ The e-Signature rules have been integrated into the eIDAS rules.

As the supervisory body tasked with the supervision of qualified trust service providers the MCA will, as required, grant qualified status to trust service providers and the services they provide, or withdraw this status. The MCA will supervise qualified trust service providers to ensure that the qualified trust services they provide meet the requirements of the eIDAS Regulation. The MCA will take action in relation to non-qualified trust service providers, when such providers do not meet the requirements laid down in the eIDAS Regulation.

Apart from ensuring that qualified trust service providers are audited at their own expense at least every 24 months by an accredited conformity assessment body (CAB), the MCA may at any time audit or request a CAB to perform a conformity assessment of the qualified trust service providers. The MCA will also be required to inform other supervisory bodies and the public about breaches of security or loss of integrity in accordance with legislation.

Priority Programme of Works 2016 – Strategic Objective E2

The table below contains a listing of the priority work streams for 2016 that will contribute to the achievement of Strategic Objective E2.

Priority Programme of Works 2016 – Strategic Objective E2 (e-Trust Services)

Project / Activity

Planned Output

Implementation of eIDAS Regulation

Implementing eIDAS Regulation

- Propose amendments to applicable national legislation factoring effective compliance with the eIDAS Regulation
- Public consultation factoring in amendments to legislation
- Response to consultation / Publication of Bill
- Implement amendments to legislation and implementation of eIDAS Regulation
- Implementation of a framework to monitor trust service providers

2.3 Postal Services

P1 – Safeguarding sustainable competition in the postal sector.

Developments in Postal Service Markets

The most important development trends in the postal services market right now are, on the one hand, the continuous decline in letter mail volumes (primarily as a result of digital substitution) and the powerful growth in the field of eCommerce which generates increasing volumes of parcels and small packets. As a result the postal services market is facing both challenges and new opportunities. From a regulatory perspective, ensuring long-term sustainable competition and simultaneously safeguarding the provision of an efficient, affordable, high quality universal postal service, presents a significant challenge.

MaltaPost is currently classified as having Significant Market Power (SMP) in all the markets falling within the scope of the universal service (letter mail, parcel post, registered mail, etc) and is thereby liable to the continued application of cost-orientation and tariff approval, among others. These *ex-ante* remedies imposed on MaltaPost aim to prevent anti-competitive practices and to safeguard the interests of users and operators alike.

In 2016 the MCA will enhance its current price control model used to monitor MaltaPost's tariffs and price change requests raised by MaltaPost. In assessing claims for changes in tariffs the MCA considers whether the universal postal service is provided at prices which relate to cost and give incentives for efficient universal service provision. The obligation for MaltaPost to keep separate accounts for each postal service it provides, as part of the universal services or otherwise, allows the MCA to assess compliance with the tariff principles of the Postal Services Act.

The MCA will continue to monitor the application of the current *ex-ante* remedies as well as the relevant postal service markets, the aim being to ensure that market review decisions remain relevant and that remedies reflect any changes in the markets. In particular, the MCA will initiate an internal study to gain a better understanding of the parcel delivery markets and the impact on the competitive scenario.

Maintaining Compliance Framework

The MCA will ensure compliance of both licensed operators providing services within the scope of the universal postal service and operators subject to a general authorisation providing only services that fall outside the scope of the universal postal service.

The MCA will continue to ensure that operators that offer services that fall within the scope of the universal postal service are appropriately licensed to carry out such activities. This is particularly important for safeguarding the provision of the universal postal service.

It is essential that effective regulation is applied to ensure that universal postal services are provided and are readily available. In this respect, the MCA will continue to monitor the USP's compliance with its regulatory obligations. In addition, the MCA will continue to:

- promote the development of the postal sector and facilitate the development of sustainable competition and innovation in the market of postal service provision;
- provide information regarding the provision of postal services in Malta; and
- collect relevant, accurate and timely information on the postal market in an efficient and effective manner and include this in published bi-annual market reviews.

This activity is supplemented with public and business perception surveys as necessary. The results of these surveys serve as an additional source of information of regulatory decisions, as well as an indication of how postal users' needs are changing over time. In 2016 the MCA will once again carry out consumer and business perception surveys of the postal sector.

Priority Programme of Works 2016 – Strategic Objective P1

The table below contains a listing of the priority work streams for 2016 that will contribute to the achievement of Strategic Objective P1.

Priority Programme of Works 2016 – Strategic Objective P1 (Postal)	
Project / Activity	Planned Output
Development in the Postal Services Markets	
Monitoring the postal service markets	- Ongoing monitoring of sector competition developments to ensure a competitive and sustainable postal services market
Regulation of parcel post services markets	- Study on the review of the regulation of the parcel post services markets
Monitoring MaltaPost’s volumes	- Ongoing monitoring of postal volumes (in particular letter mail volumes) and the impact on the cost of providing the universal postal service
MaltaPost’s Price Control Framework	
Review of price control framework to ensure sustainability of the USO provision	- Enhancement of the price control framework - Monitoring price change requests to ensure compliance with requirements of the Postal Services Act
Regulatory financial reporting	- Ensuring MaltaPost’s compliance with the regulatory financial reporting requirements - Ongoing monitoring of MaltaPost’s financial performance with regard to the universal postal service
Maintaining Compliance Framework	
Management of Postal Service Licensing / General Authorisation Notification process	- Ongoing management of postal service licensing / notifications
Collection of relevant, accurate and timely information on the postal markets	- Inclusion in bi-annual market review report and the quarterly data sheets

Priority Programme of Works 2016 – Strategic Objective P1 (Postal)

Project / Activity	Planned Output
Post perception surveys (households and businesses)	<ul style="list-style-type: none"> - Identification of information requirements to be included in survey - Carrying out of postal survey fieldwork - Publish postal survey
Compliance, enforcement and investigations	<ul style="list-style-type: none"> - Ongoing monitoring and enforcement of operators licensed to provide services within the scope of the universal postal service and operators subject to a general authorisation providing only services that fall outside the scope of the universal postal service

P2 - Ensuring that postal undertakings provide a transparent, value-for-money service to users whilst adhering to incumbent social obligations.

Continued Availability of Universal Postal Service

The universal service obligation requires MaltaPost to, among other things, collect and deliver letters six days a week at an affordable and geographically uniform price to every address in Malta. In this respect the MCA has the duty of ensuring the stable provision of the universal postal service, whilst considering the need for the universal postal service to be financially sustainable and to be provided in a cost-efficient manner.

Letter mail volumes have continued to decline both in Malta and abroad. MaltaPost is responding to the decline in letter mail volumes through a combination of cost savings and the development of new revenue streams. Furthermore MaltaPost has necessarily increased postage rates in order to continue to ensure the sustainable provision of the universal postal service. Although financial improvements have been registered by MaltaPost in the provision of the USO, mainly due to price adjustments, ongoing challenges persist as letter mail volumes continue to decline as more users switch to electronic alternatives.

With decreasing letter mail volumes, further price increases to boost revenues and cover additional costs are unlikely to prove effective given the alternative methods of communications - increasing prices may simply hasten the move to greater use of electronic alternatives, therefore making the scope of raising prices limited.

The MCA will carry out an exercise to review potential changes to the minimum set of universal postal services, within the limitation of the EU Postal Directive, whilst maintaining the reasonable needs of postal service users. The MCA will consult with Government on the potential changes to the universal postal service. The objective is to, where justified, provide MaltaPost with additional flexibility in the provision of the universal postal service in order to be in a position to adapt its structure and cost-base to reflect new realities.

The availability of an efficient, high quality service on par with the best in Europe is a key objective for a modern competitive society. The MCA sees quality of service as being crucial in building consumer confidence in postal services and central to enabling business in Malta to better operate. In 2016 the MCA will review the existing universal postal service quality of service targets for the coming three years.

Maintaining Compliance Framework

The MCA will continue to keep the public informed of the regulatory and market developments that are taking place within the postal sector. In addition, the MCA will continue to empower postal service users by providing information regarding the provision of postal services in Malta.

Every postal service provider must set out procedures, standards, and policies with respect to the handling of complaints from postal service users; these in particular relating to loss, theft, damage, or quality of service. The MCA will continue to ensure that procedures set by the respective postal

service providers are sufficient and contain appropriate information to secure effective protection of postal service users.

The MCA will continue to monitor compliance by the USP and other service providers in relation to protecting the integrity and security of mail, access to universal postal services, complaints handling and compensation schemes, as well as quality of service.

Priority Programme of Works 2016 – Strategic Objective P2

The table below contains a listing of the priority work streams for 2016 that will contribute to the achievement of Strategic Objective P2.

Priority Programme of Works 2016 – Strategic Objective P2 (Postal)

Project / Activity

Planned Output

Continued Availability of the Universal Service

Review of universal service obligation	- Consultation with Government on potential changes to the minimum set of universal postal services
Review of USPs QoS requirements	- Review of current QoS requirements and obligations on designated USP, MaltaPost - Public consultation - Report on consultation / Decision
Monitoring of the USP's activities and other service providers	- Ongoing monitoring of mail integrity, postal service schemes, QoS and complaints handling

Policy Development and Implementation

The MCA will continue to contribute to the development and implementation of postal regulatory policy. The MCA will continue to achieve this objective by means of the following key activities:

- Ongoing provision of advice to government on proposed EU legislative measures and other communications.
- Ongoing provision of advice to Government on the interpretation and application of any new Regulations, Directives, Recommendations and other EU documents as well as any related issues and disputes which may arise.
- Active participation and contribution to the **European Regulators Group for Postal Services (ERGP)** responsible for advising and assisting the European Commission in consolidating the internal market for postal services and ensuring the consistent application of the European postal regulatory framework for postal services.

During 2016 the MCA will continue to be actively involved in all of the ERGP working groups with a particular focus on the following issues: tariff regulation in the context of the declining mail volumes, the implementation of the universal postal service and the effects of potential changes on the scope of the USO, and on the functioning of competition on European cross-border e-commerce parcels delivery market(s).

- Participation in the European Commission's **Postal Directive Committee** and the **European Committee for Postal Regulation (CERP)**.
- Ongoing submission of detailed statistics and information to the EU and other international organisations.
- Collaboration with peer regulators on a one-to-one basis or collectively in the relevant organisations.
- Participation and contribution to the **Universal Postal Union (UPU) Congress**¹⁷ - the next UPU Congress will be held in Istanbul from 20th September to 7th October 2016.

Enhancing regulatory oversight of cross-border parcel delivery

In the first half of 2016, as part of the Digital Single Market Strategy, the European Commission will launch measures to improve price transparency and enhance regulatory oversight of cross-border parcel delivery, while supporting innovation and ensuring a level playing field for all operators. The MCA will examine the measures proposed by the Commission and advice Government on the MCA's position, as necessary.

¹⁷ Held every four years, this is the highest-level event of the UPU where the strategic futures of the postal sector and the UPU for the following four years are negotiated.

Priority Programme of Works 2016 – Strategic Objective P3

The table below contains a listing of the priority work streams for 2016 that will contribute to the achievement of Strategic Objective P3.

Priority Programme of Works 2016 - Strategic Objective P3 (Postal)

Project / Activity

Planned Output

European / International Dimension

EU / International policy and regulatory initiatives	<ul style="list-style-type: none"> - Ongoing participation and contribution in the following fora and related working groups: <ul style="list-style-type: none"> ▪ ERGP and the Postal Directive Committee
Cross-border parcel regulatory oversight	<ul style="list-style-type: none"> - Contribution to the work being carried out by the European Commission aimed at improving information and transparency along the whole eCommerce value chain - Examine proposed measures to improve price transparency and regulatory oversight of cross-border parcel delivery - Advise Government on proposed measures as required
Contribution and participation in the UPU Congress	<ul style="list-style-type: none"> - Liaison with MaltaPost as the USP, Government - Participation in EU and CERP working groups - Assessment of Congress proposals - Participation in Congress

2.4 Information Society

IS1 - Achieving widespread eLiteracy and digital inclusion.

Digital Inclusion

The Maltese communications sector has made significant strides over the past years in bringing the widespread availability of high-quality and high-speed products and services of the latest technology to the market. Whilst such progress is important because of its significant positive impact on social and economic development, it is equally important to ensure that every individual has the necessary skills to engage effectively with the digital economy, on both a personal and professional level. The take-up of such products and services is certainly encouraging, however Malta still lags behind other European countries with regard technology usage, particularly amongst older generations.

Over the past five-or-so years the MCA has established itself as a key player in promoting the information society to both citizens and businesses. The MCA will continue with the implementation of a number of actions aimed at facilitating and supporting the development of a digital society that capitalises on the opportunities brought about by ICTs for social cohesion and economic development.

The MCA will continue to focus its work on initiatives targeted specifically at growing the ICT capabilities of both citizens and businesses. Initiatives will also target the most vulnerable and disadvantaged groups and individuals not only to bridge the digital divide, but also to encourage youngsters to eventually take up ICT as a profession.

During 2016 the MCA will focus its work on the following key tasks:

(a) Inspiring Everyone to Get Online

- **Digital Inclusion Programmes** - The MCA will continue to focus its efforts towards motivating more individuals of all ages to harness technology and apply it to their daily activities via the provision of targeted training programmes. The MCA has also recently submitted a new funding request to EU for the carrying out of these programmes.
- **'CoderDojo Malta'** - Following the successful completion of the pilot phase in 2015, the MCA in collaboration with local development companies will in 2016 continue to promote ICT coding skills amongst children and youths between the ages of 5 and 17. CoderDojo offers a learning environment where young people can learn a variety of coding languages at no cost. This will enable them to develop websites, apps, programs and games, and will also encourage youngsters to open up to the possibility of ICT as a profession.

(b) Facilitating Access and Opportunity

- **Further Proliferation and Upgrading of Free Wi-Fi hotspots** - The MCA will continue providing free Wi-Fi access in all public libraries and key public spaces together with local wireless

broadband players. In 2016 the MCA will provide a wider, more reliable and resilient service for free Wi-Fi access; the MCA is planning to increase the number of free Wi-Fi access points from 191 to 300 across various open spaces and public buildings across Malta and Gozo by the end of 2016.

- **WebCheck Initiative** - The WebCheck initiative is intended to improve the online presence of small sector-specific organisations. In 2016 the MCA will continue working with local councils to further develop their online strategy with an emphasis on the use of social media platforms.

(c) Building Digital Skills and Competencies for a Networked Society

- **BeSmartOnline! Project** - In conjunction with key local stakeholders, the MCA will continue participating in the EU Safer Internet Programme. This will include a series of media campaigns, publications, school campaigns and information days targeting children, their parents/carers, and educators. In addition the MCA will continue promoting tips and guidelines on how to enjoy the benefits of the Internet safely.

(d) Encouraging e-Business Solutions

- **eBusiness Awards** - The MCA will in March 2016 hold the fifth edition of the *eBusiness Awards* aimed at acknowledging unique and innovative local ideas and initiatives in the use of web-based technologies and eBusiness for businesses and society at large. The *eBusiness Awards* complement the MCA's efforts to facilitate the take-up of ICT and promote eBusiness, whilst at the same time offer a platform for participants to showcase their innovative solutions to the business community and the general public.
- **CRUCIAL CrowdFunding** - CRUCIAL CrowdFunding is a project designed to better inform all the different stakeholders who can potentially benefit from this innovative means of funding business ventures. The MCA together with participants from other countries will contribute to the development of a European e-learning platform and handbook for crowdfunding opportunities.

Priority Programme of Works 2016 – Strategic Objective IS1

The table below contains a listing of the priority work streams for 2016 that will contribute to the achievement of *Strategic Objective IS1*.

Priority Programme of Works 2016 – Strategic Objective IS1 (Information Society)	
Project / Activity	Planned Output
Inspiring Everyone to Get Online	
Digital Inclusion Programmes	<ul style="list-style-type: none"> - Identification of new training programmes targeted specifically at the most vulnerable and disadvantaged groups and individuals - Development of training programmes and content - Planning of training sessions and recruitment of trainers - Commence training programmes
CoderDojo Malta	<ul style="list-style-type: none"> - Recruit trainers and develop training plan to promote ICT software coding skills to children between the ages of 5 to 17 - Commence training programmes
Facilitating Access and Opportunity	
Free Wi-Fi in public places	<ul style="list-style-type: none"> - Transition process from the current set-up to a new more resilient service (<i>completed in 2015</i>) - Rollout of additional Wi-Fi hotspots (a total of 300 free Wi-Fi locations across Malta and Gozo by the end of 2016) - Ongoing monitoring of free Wi-Fi access points
WebCheck – Local Councils	<ul style="list-style-type: none"> - Ongoing support to local councils in the development their online strategies
Building Digital Skills and Competencies for a Networked Society	
Be Smart Online! Project - Safer Internet for Children	<ul style="list-style-type: none"> - Information day for parents and children to mark Safer Internet Day / Media campaign - Development of workbooks with PSCD teachers - Closing conference
Encouraging eBusiness Solutions	
eBusiness Awards	<ul style="list-style-type: none"> - Conduct eBusiness awards event in March 2016 and disseminate winning solutions - Recommendations for the next round of awards (<i>planned for March 2017</i>)

Priority Programme of Works 2016 – Strategic Objective IS1 (Information Society)

Project / Activity

Planned Output

CRUCIAL CrowdFunding – EU Funded Initiative

- Launch meeting with all stakeholders
- Survey and report on state of play of national crowdfunding
- Survey and report on state of play European / Global crowdfunding
- Define specifications for the e-learning platform
Final version of platform and handbook (*planned for 2017*)

2.5 Business Development and Innovation

IN1 - Promoting and facilitating business development and innovation in the sectors under the MCA's purview.

Promoting and facilitating business development and innovation

With the extension of the MCA's mandate in 2014 to promote Malta as a destination for high-value commercial users of communications services and ICTs, the MCA has began looking closer at identifying potential areas of growth that would place Malta on the global map as the country of choice for investors. The objective is to promote and facilitate business development and innovation in the sectors under the MCA's purview, on two fronts.

On the one hand, the MCA is looking at supporting home-grown innovation and entrepreneurship, by focusing its efforts on stimulating and encouraging business ventures that capitalise on the disruptive nature of ICT. On the other hand, the MCA is also focusing on promoting Malta and its technology readiness in order to attract more businesses to its shores, in particular those that are in some way or another, geared to operate in a convergent European and Global communications market.

The main activity undertaken during 2015 was primarily focused on identifying and scoping Malta's value proposition in view of the technology developments that are disrupting traditional business models and impacting the communications sector in general.

In 2016, the MCA will continue to focus its work on the following key thrusts:

Building an innovation stakeholder network - The MCA will continue sustaining the development of an innovation stakeholder network with a view to promoting and facilitating dialogue on innovation in communications amongst a diverse representation of stakeholders. The network will bring together a representation from industry, academia and competent public authorities to discuss market and technology developments, the framework conditions and their adequacy for attracting investment, and to obtain feedback on the MCA's own programme of initiatives. The network will also serve as a channel through which information and intelligence can be shared between stakeholders.

Building Innovation Intelligence - The MCA plans to undertake a series of intelligence-building activities that will serve to guide future public policy by presenting Malta's value proposition to investors and to guide local industry in seeking new business opportunities. The activities will be determined based on the outcome of an Innovation Readiness Study which commenced in 2015 and is planned to be concluded in the first quarter of 2016. The thrust will focus on identifying and exploring niche opportunities for the Maltese economy specifically related to the developments in the communications sector. The knowledge generated will be disseminated through the MCA Innovation Observatory and stakeholder meetings. In addition, the MCA will undertake a series of thematic research initiatives outlining potential economic opportunities brought about by technology development and disruption.

Facilitating enterprise - The MCA, jointly with key stakeholders, will continue to attract and assist foreign communications players, namely those operating in the technology, telecommunications, and media sectors, that are willing to invest and base operations in Malta. This will be achieved through:

- **A Business Help Desk:** The MCA will continue to engage and support business with potential to base their operations in Malta. The help desk will liaise with the necessary public and private local entities to facilitate such investment and/or establishment to take place.
- **Malta Promotion Resources:** The MCA will develop and maintain a promotional package about Malta that will include information about Malta's value propositions and which includes testimonials.
- **International Presence:** The MCA will continue to take part in international networks, associations and events where Malta can be promoted. The MCA will take part and contribute to secure better awareness about the Maltese economy and to enable potential investments to be pursued.

Fostering communications enabled innovation and entrepreneurship - The MCA will continue promoting and supporting business innovation and entrepreneurship through the application of ICTs by local start-ups. This will be achieved by:

- contributing and complementing national initiatives aimed at educating young people and future entrepreneurs about tech innovation and disruption;
- promoting a culture of technology innovation and entrepreneurship; and by
- contributing to initiatives aimed at providing support and guidance to early stages start-ups.

Development of space communications and satellite services

As part of its function to promote Malta as a destination for high-value commercial users of communications services and ICTs, in 2014 Government mandated the MCA with the task of making the ITU-allotted orbital slots available to interested entities, and developing the satellite and space communication sector in Malta. During 2015 the MCA embarked on a number of initiatives aimed at increasing the country's participation in the satellite communications industry in order to attract interested international entities to its shores.

Earth Stations - In 2015 the MCA finalised the process for the licensing of satellite earth stations, the details of which have been made available on the MCA's website. The MCA has also identified and documented possible site options for locating earth stations. Details of these sites have been shared with Malta Enterprise (ME), with whom the MCA is actively engaged to promote Malta's attractiveness for this industry.

Framework to facilitate the registration of ‘unplanned’ satellite filings - From a telecommunications point of view, the use of space resources¹⁸ is subject to the international regulations of the ITU. These regulations establish the framework which needs to be followed by ITU member states in order to register new space resources. In this regard the MCA has prepared procedures which are intended to guide satellite operators interested in registering space resources with the ITU through Malta.

Galileo GNSS and PRS programme - In 2015 the MCA embarked on building capacity to be able to actively participate in the Galileo Global Navigation Satellite System (GNSS) and Public Related Service (PRS) programme. In this respect the MCA is currently identifying those key areas that could be of national interest and representatives for the relevant GNSS meetings have been nominated. The MCA’s view is that Malta’s main focus should be on supporting local industry and academia participating in Galileo projects.

Building towards the development of a Space Communications Strategy - The evolution of the global satellite communications industry is generating new commercial opportunities for businesses operating within the space sector. This opens up prospects where Malta may be able to create its own niche. In order to assess the potential of this economic sector and build towards a space communications strategy, the MCA will in the first quarter of 2016 engage experts to assist it in:

- identifying Malta’s potential to exploit the research, technological and commercial opportunities offered by the space domain; and
- establishing the proper governance and regulatory framework for Malta.

Liaison with other Entities - The MCA will continue working with ME to identify existing incentives and develop new incentives, as may be necessary and feasible, targeted at facilitating the establishment of a space industry in Malta.

Making Spectrum Available to Enable New and Innovative Services

Radio spectrum is an asset that enables innovation and investment. During the business plan period the MCA will continue to make spectrum available to enable new and innovative technologies and services.

Test and Trial Radio Spectrum Licences - In order to encourage innovative technologies and services the MCA will continue to promote the uptake of test and trial radio spectrum licences to encourage the development of innovative spectrum usage in a safe and technology-neutral environment. Malta’s location offers local and international companies a unique opportunity to test innovative technologies and service implementations on a national scale and at minimal costs. In 2016 the MCA will validate and review the current test and trial licensing framework for innovative services, taking into account industry’s needs. The review is intended to further facilitate the carriage of tests and trials for new innovative wireless services.

Developments in 5G mobile technologies - The MCA will continue to follow developments across the world on defining what constitutes 5G - from technologies and networks to applications, markets

¹⁸ Space resources are considered to comprise the satellite orbit.

and business models. The MCA will also follow the approaches being taken at a European and international level on the standardisation of 5G, with the aim of introducing its availability from 2020. The MCA will also consider the possibility of 5G technology trials being held locally. 5G is expected to be a key enabler for Machine to Machine (M2M) communications and for the Internet of Things (IoT). M2M represents one of the fastest growing segments of the wireless communications market where other types of identifiers may be considered in the future, in addition to ordinary forms of numbering identification, facilitating pan-European or global services.

Developments in "Software Defined Networks" (SDN) and "Network Function Virtualisation" (NFV) - The MCA will monitor the developments towards the "virtualisation" of network functions through various approaches such as SDN and NFV. Virtualisation results from the implementation of network functions in the "cloud". This means that functions are based on software servers, instead of locally-distributed and dedicated hardware equipment run by the operators. Network virtualisation should facilitate the emergence of new and innovative pan-European electronic communications services.

Priority Programme of Works 2016 – Strategic Objective IN1

The table below contains a listing of the priority work streams for 2016 that will contribute to the achievement of Strategic Objective IN1.

Priority Programme of Works 2016 - Strategic Objective IN1 (Business Development and Innovation)

Project / Activity

Planned Output

Facilitating Business Development and Innovation

Fostering communications enabled innovation and entrepreneurship

- Future Leader Innovation and Entrepreneurship Event – MCAST / Secondary Schools
- Disrupt, Start-up, Malta Conference 2016 / Start-up Event
- Training/mentorship programme to support future start-ups

Building innovation intelligence

- Conduct two thematic research study initiatives outlining potential economic opportunities brought about by technology development and disruption

(Focus themes for 2016 intelligence building initiatives will be determined based on the outcome of the Preliminary Innovation Readiness Study).

Facilitating and promoting enterprise

- Maintaining a business help desk
- Production of promotional materials available through digital and print channels
- Participation in relevant international fora
- Active support of new businesses seeking to establish operations in Malta

Building and innovation stakeholder network

- Maintenance of the Innovation Observatory to reflect developments and interests of the network
- A series of stakeholder meetings to discuss developments
- Further development of the platform

Development of satellite and space communications services

Strategy relating to space communications and satellite services

- Feasibility analysis in preparation for the development of a national space strategy
- Feasibility study results and strategy recommendation

Galileo GNSS and PRS programme

- Consolidation of pilot project activities and widening its scope by involving different stakeholders

Priority Programme of Works 2016 - Strategic Objective IN1 (Business Development and Innovation)

Project / Activity

Planned Output

	<ul style="list-style-type: none"> - Increase public awareness, visibility and interest in Galileo and support dissemination of project results - Stimulation of collaborative research across industry and academia, and development of skills and knowledge transfer - Assisting government, industry and academia to foster academia-industry relationships that benefit both parties
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Making Spectrum Available to Enable New and Innovative Services

<p>Review of test and trial licence</p>	<ul style="list-style-type: none"> - Validate the current test and trial licensing regime for innovative wireless services - Public consultation on the revised framework - Response to consultation / Decision Notice / Revised guidelines - Marketing campaign to promote Malta's test and trial licensing regime with industry
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2.6 Organisational

The MCA is committed to maintaining an efficient and effective strategic and business planning function, supported by the monitoring of actual performance against set targets. In order to optimise its performance, the MCA is also committed to ensuring that its employees possess the necessary expertise to contribute fully towards the achievement of the MCA's objectives. The MCA will ensure that their knowledge remains up-to-date through ongoing investment in training and continuous learning.

In 2016 the MCA will finalise a full review of its website in order to better reflect its new functions and to ensure that information available to stakeholders and consumers is easily accessible. In this respect, the MCA aims to assist the public and consumers in getting the information they need, when they need it. The MCA will also review its other information channels, including consumer guides, to ensure that they appropriately meet the needs of the public and consumers and support the MCA in providing information in the most effective ways.

In 2016 the MCA will host its biennial conference. The conference provides the MCA with an opportunity to contribute to industry fora and knowledge by bringing together international and local experts on matters of interest to the industry. The conference will mark the MCA's 15-year anniversary.

Malta will be assuming the role of Presidency of the EU Council in the first six months of 2017. On the basis of information currently in hand, the MCA is expected to primarily play a supporting role by providing technical expertise to the Presidency, such as drafting of Council Proposals and Conclusions, reviewing feedback, and possibly attending some meetings on behalf of Government. This will inevitably place additional demands on the MCA's resources and it is important to secure organisational agility during this period. As part of Malta's Presidency of the EU Council in 2017 the MCA will, together with MITA, make the necessary preparations to host the Digital Assembly in Malta during the Presidency period.

Priority Programme of Works 2016 – Organisational

The table below contains a listing of the priority work streams for 2016 that will contribute to working effectively.

Priority Programme of Works 2016 – Organisational	
Project / Activity	Planned Output
Organisational	
Strategy and business plan	<ul style="list-style-type: none"> - Publication of Strategy Update 2016 - 2018 - Publication of Annual Plan 2016 - Strategy Update 2017 - 2019 - Development of MCA's Business Plan 2017 – 2019
Annual report and financial statements	<ul style="list-style-type: none"> - Publication of MCA's Annual Report 2015
Performance management review	<ul style="list-style-type: none"> - Ongoing quarterly organisational performance management reviews
MCA's website review	<ul style="list-style-type: none"> - Revamp of the MCA's website to better reflect the MCA's new functions and improve usability and access to information
MCA's Conference	<ul style="list-style-type: none"> - Preparations for conference - Hold conference - Round up and follow up
Digital Assembly during the Malta Presidency of the Council of the European Union	<ul style="list-style-type: none"> - Preparation together with MITA to host a Digital Assembly conference during the Presidency
Public Relations and Communications	<ul style="list-style-type: none"> - Ongoing engagement with stakeholders in order to increase awareness on the MCA, its roles and responsibilities, as well as ongoing consumer issues
Monitoring Information Management Systems	<ul style="list-style-type: none"> - Ongoing monitoring and upgrading of the MCA's information management systems
Review of processes and procedures	<ul style="list-style-type: none"> - Ongoing review of the MCA's business processes and procedures
Staff training	<ul style="list-style-type: none"> - Ongoing staff training in both soft and hard skills

2.7 Delivery of the Work Programme

Delivering on all areas of its work programme is vital for the MCA to meet its statutory duties towards citizens and consumers. The MCA will work to ensure that the priority work streams identified for 2016 are adequately resourced to ensure delivery of its planned objectives.

Where additional resource requirements arise during the course of the year due to unexpected developments, these priority areas will take precedence over other areas of activity. In those instances where it is feasible to do so, the MCA will continue to outsource requirements for services when this involves the need for specific expertise that is not available within the MCA or where it needs such services in the short-term. At the same time the MCA is committed to effectively managing contractors with a view to achieving the best possible results.

The planned priority work streams and outputs envisaged to be performed in 2016 are shown under each of the above strategic objectives. The major outputs listed under each strategic objective represent the MCA's current best view of the priority work streams that will be undertaken during 2016. These are presented to provide as much clarity as possible, however, there are a number of factors that are beyond the MCA's control which could impinge on the successful delivery of its work programme, namely:

- external dependencies that may affect our timing;
- interdependencies between work-streams, that may entail knock-on effects in the event of delays; and
- external events that are difficult to predict and which the MCA is required to respond to.

The MCA's experience over the past years has shown that, while its Strategic Update enables the identification of key areas to be addressed in the medium- to long-term future, the complexity and fast-paced nature of innovation and developments in the communications sector means that unexpected issues will inevitably arise. The MCA may have to adjust its plans in a variety of areas due to unplanned external developments (for example in light of ongoing market, legislative and regulatory developments, appeals to the MCA's decisions, and disputes between operators). In addition, the MCA's short-term plans are often affected by unforeseen circumstances, which may require the shifting of resources from planned activities and the rescheduling of planned work.

The MCA therefore intends to retain flexibility within the 2016 work programme, in order to respond to changes and new issues arising during the course of the year. The MCA will update its plans every quarter and make adjustments to its 2016 work programme when necessary to make sure it keeps pace with the rate of market change and any critical issues affecting citizens and consumers at any one time.

3. Financial Projections

The MCA follows principles of good governance, ensuring that it has adequate finances to meet its mandate and that it delivers the best possible service to stakeholders. In so doing this the MCA ensures that it provides a full accounting of its activities as required by law.

From a financing perspective, the MCA operates in accordance with a framework which is partly based on European Union (EU) legislation. The EU directives are very clear on the principles and practical implications of independence on the part of National Regulatory Authorities (NRAs). These should be endowed with all the necessary resources, in terms of staffing, expertise and financial means, all of which are required for achieving optimal performance in their regulatory role.

3.1 Financing the MCA's Activity

Electronic Communications Networks and Services

The regulation of the electronic communications sector is funded on a self-financing basis via the levying of administrative fees collected from the sector players. These administrative fees are used solely to cover the administrative costs incurred in managing the authorisation system and for the granting of rights of use in line with Article 18 the Electronic Communications (Regulation) Act.

The MCA is required to account for its activities and related expenditures to the industry through a published statement of expenditure which reconciles its expenditure with charges collected from the sector. Furthermore, pursuant to EU Directives, the MCA is legally obliged to return any surplus funds remaining at the end of the year to the industry, or request additional funds if required.

General authorisation revenues from the electronic communications sector are calculated on the basis of the obligations emerging from the Electronic Communications Networks and Services (General) Regulations (SL 399.28).¹⁹

The MCA has proposed changes to the electronic communications administrative charges which arise from the general authorisation obligations found in the Electronic Communications Networks and Services (General) Regulations. The changes are required in order to minimise the impact on the annual administrative charges receivable by the MCA, resulting from changes in the corporate structures of large operators. With the proposed administrative charges structure the MCA is expected to be in a position to retain its current annual revenue levels and continue to have an adequate cashflow in order to cover its annual costs in carrying out its tasks relating to the regulation of the electronic communications sector.

Administrative charges collected from the sector are mainly based on the operators' projected revenues for 2016 submitted to the MCA in September 2015. These revenues will be reconciled in

¹⁹ Refer to Regulation 70 and Part A of the Eight Schedules of the Electronic Communications Networks and Services (General) Regulations.

2017 when the actual revenues for 2016 are submitted to the MCA. Therefore the projected income from the administrative charges may vary depending on changes in the electronic communications market.

In 2016 the recurrent cost for the regulation of the electronic communication sector is expected to be €3,176,622.

Postal

The regulation of the postal sector is funded via the levying of administrative fees collected from the sector players. The administrative fees are used solely to cover the administrative costs incurred in regulating the postal sector.

Authorisation revenues from the postal sector are calculated on the basis of the obligations emerging from the Postal Services (General) Regulations (SL 254.01).²⁰

The postal licence fees collected from the sector are mainly based on the operators' projected revenues for 2016 submitted to the MCA in September 2015. These revenues will be reconciled in 2017 when actual revenues for 2016 are submitted to the MCA. Therefore the projected income from such fees may vary depending on the changes in the postal services market.

In 2016 the recurrent cost for the regulation of the postal sector is expected to be €253,353.

Management of the Radio Spectrum

The financial requirements related to the management of the radio spectrum that do not effectively pertain to the rights of use by electronic communications operators are financed via the deduction of the necessary amounts from fees collected on behalf of Government.²¹

In 2016 the recurrent cost for the management of the radio spectrum is expected to be €277,639. Furthermore, the capital expenditure in relation to spectrum monitoring equipment is expected to amount to €25,000.

Management of Radiocommunications Equipment Licences

The financial requirements with respect to the management of radiocommunications equipment licences are catered for via the deduction of the necessary amounts collected from the licence fees that are payable to Government.

In 2016 the recurrent cost for the management of licensing of radiocommunications equipment is expected to be €117,465.

²⁰ Refer to Regulation 46 and 47 and the First Schedule of the Postal Services (General) Regulations.

²¹ The MCA collects fees on behalf of the Government for the rights of use for radio frequencies and numbers in line with the Electronic Communications Networks and Services (General) Regulations.

eCommerce and eTrust Services

The financial requirements with respect to promoting and facilitating the uptake of eCommerce and ensuring compliance with the Electronic Commerce Act are catered for via the deduction of the necessary amounts from fees that are payable to Government.

In 2016 the recurrent cost with regard to promoting and facilitating the uptake of eCommerce and ensuring compliance with the Electronic Commerce Act is expected to be €138,915.

Information Society Initiatives

The activities carried out by the MCA in relation to the IS initiatives are financed by Government via a yearly Government subvention.²²

In 2016 the recurrent cost related to the IS initiatives is estimated to amount to €483,753.²³

Innovation and Business Development

The activities carried out by the MCA in relation to encouraging innovation and promoting Malta as a destination for high-value commercial users of communications services and ICTs are catered for via the deduction of the necessary amounts from fees that are payable to Government.

In 2016 the recurrent cost with regard to these activities is expected to be €244,563. The activities related to the development of a satellite and space communications industry in Malta are catered for via the deduction of the necessary amounts from fees that are payable to Government. In 2016 the recurrent cost with regard to these activities is expected to be €215,000.

3.2 Projected Income and Expenditure

The MCA's projected expenditure for 2016 for each of the above-mentioned activities is expected to be as shown in the table overleaf.

²² Government's 2016 budget subvention amounts to €450,000.

²³ This excludes EU grants receivable to cover recurrent expenditure and income generated and expenditure incurred in relation to the free Wi-Fi initiative.

MCA's Projected Expenditure – 2016

	Staff Costs (€)	Administrative Expenditure (€)	Operational Expenditure (€)	Project Expenditure (€)	Depreciation Charge (€)	Total Expenditure (€)
Electronic Communications Networks and Services	1,942,616	374,771	511,468	177,389	170,378	3,176,622
Postal Services	132,359	13,342	23,105	84,547	-	253,353
Radio Spectrum Management	144,765	35,769	72,969	24,136	-	277,639
Radiocommunications Equipment Licences	92,511	14,842	5,165	4,947	-	117,465
eCommerce and eTrust Services	75,760	8,894	19,763	34,498	-	138,915
Information Society	365,170	56,322	26,847	10,507	24,907	483,753
Information Society - EU Funding	27,050	-	-	15,465	-	42,515
Innovation and Business Development	121,509	13,342	82,965	26,747	-	244,563
Space Communications Related Activity	-	-	-	215,000	-	215,000