

Strategic Plan Update for 2012 - 2014

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01. Purpose

This document represents a rolling update of the Malta Communications Authority's (MCA's) strategic direction for the period 2012 – 2014 and thereby factors in any developments that are seen to have a significant impact on the Authority's established strategic direction.

02. Contextual Background and Outlook

In the course of 2011, the Malta Communications Authority (MCA), implemented its established programme across all the policy areas for which it is responsible. As in previous years, the extent of the activity involved in such implementation was substantial.

Whilst the large majority of the Authority's resources is now deployed on ongoing regulatory activity, the Authority still needs to retain substantial capacity in order to be able to deal proactively with new requirements that consistently arise.

Rather inevitably, a sizeable number of new requirements emanate from EU Directives as well as from other commitments, such as the EU's Vision 2020, that become incumbent on Malta in its capacity as a Member State. Ultimately however, these requirements reflect the tempo of global technological and social development. Thus the changing regulatory scenario is heavily conditioned by the rapid unfolding of events 'on the ground'.

Electronic Communications

Rising subscriptions for mobile telephony, commercial TV and broadband indicate a sector that is still in expansion, albeit at a diminishing rate, as take-up in established services edges towards saturation. On the other hand, the three major operators have been actively launching new services on the market.

The launching of high speed cable broadband, IP TV and an attractive mobile broadband offering during the course of 2011 constitute notable indicators.

The deployment of data services via mobile also continued to rise, in line with international trends. Nonetheless current statistics indicate that the overall take-up is still less than for the rest of Europe and there is substantial scope for improvement. It remains to be seen whether the more attractive offers recently launched on the market will have an impact.

Malta's adherence to the Vision 2020 precepts and targets will indeed depend on the extent to which NGA nationwide networks are deployed. No doubt the launching of a national high speed cable internet service was a significant development and bodes well for the future. Meanwhile the telephony incumbent is engaged in bringing about a nationwide Fibre-to-the-Curb (FTTC) environment.

To what extent the momentum towards a full Fibre-to-the-Home (FTTH) environment will be sustained depends on a host of variables. Foremost among these are the commercial viability of such an initiative and, in any event, the willingness of market players to embark on such a venture.

Always in the context of NGANs, maintaining the balance between encouraging investment and ensuring lasting competition remains a delicate task for the institutional players involved. Whether the current two-player arrangement in fixed access services ends up as a permanent state of affairs will depend on the outcome of forthcoming market analyses of the broadband and infrastructure access markets. The implications are quite far-reaching. The access question, therefore, remains among the priority items on the MCA agenda.

Any eventual regulation will need to be in place irrespective of any possible Government participation, in whatever form, in the deployment of NGANs.

Nonetheless the nature and extent of such regulation will be dependent on what shape Government's role in the deployment of NGAN's would eventually take and notably what conditions would be tied to such participation.

The manifest increase in broadband speeds and take-up raises the possibility of a market failure in this area. There may be scope to address the issue in the context of Universal Service Provision. Any MCA activity on this front needs to be synchronised with EU initiatives in the field such as to ensure consistency in scope and application.

The mobile telephony scene remains characterised by the presence of three operators, together with a number of Enhanced Service Providers (ESPs). While the two 'early movers' still dominate the scene, the third operator has been making some inroads, mainly in the post-paid area. Overall subscriptions are still on the increase and retail prices are on a downward path, although it remains to be seen whether price levels are at par with the European average.

The digital pay-TV scene is now characterised by two major commercial operators. A free-to-air digital terrestrial platform is now fully operational and carries six Maltese broadcasters meeting general interest objectives. Digital switch-over will be completed in 2011 with the switching off of analogue broadcast. Even as this event brings to a close a historical chapter in TV transmission, new transmission technologies will present further challenges to operators and regulator alike.

Interesting developments such as the launch of an IPTV service by GO and a VoD service by Melita, also over broadband are pointers as to future trends in the sector, although it will be some time yet before IP based platforms will constitute the mainstream distribution infrastructure of the respective operators service offerings.

Future earmarking of the 800 mhz band for purposes other than TV transmission remains dependent on the migration of the free-to-air platform from its current location. In turn, this will depend on the collaboration of neighbouring states in the international coordination of frequencies. It is hoped that Italy, in particular, will ultimately coordinate a number of frequencies with Malta in full respect of ITU policies and regulations. Discussions with Italy are ongoing and a resolution will hopefully be reached in fairly short order.

On a general plane, a number of basic indicators show that, overall, sector price/values were, in the main, either static or falling. On the quality side, however, there is still work to do. Quality issues are not a purely Maltese phenomenon and this is attested to by the fact that a significant number of new provisions introduced in the new EU Framework grant additional powers to the NRA vis-a-vis quality of service delivery.

The provision of policy advice to Government continues with respect to both the Government's role in NGA proliferation and the National Broadband Strategy for the coming years.

Electronic Commerce

On the e-Commerce front the MCA will continue with its monitoring of market developments and compliance on the part of market players. The MCA will also provide its input to any review to the e-Commerce framework that the EU Commission may embark upon.

Postal Services

The preparation for the full liberalisation of postal services remains the major objective for the MCA to pursue during 2012. The exercise goes beyond the mere 'de-regulation' of the remaining reserved area. It involves the implementation of the necessary mechanisms to deal with the regulation of competition as it materialises, concurrently with the setting up of price control regulation.

Quality of service in the postal sector is now mainly a question of monitoring and periodic review. However there may be scope for assessment of performance in retail outlets, bearing in mind the Universal Service Provider's obligations in this particular area.

On the international front the UPU plenary takes place during 2012 and needs to be followed through carefully, albeit with cost-benefit implications firmly in mind.

Information Society

This area of the MCA's operation effectively represents the demand side of the Digital Agenda.

It remains focused on two pillars, namely the proliferation of the information society and the encouragement of business to take up e-commerce.

While the overall thrust remains the same, there is the intention to intensify the efforts to make sure that citizens, particularly children, make it across the digital divide.

Increased collaboration with fellow EU Member States is another aspect that the MCA deems as being of strategic importance to the development of this policy area.

Summing up

Overall, the contextual backdrop to the MCA's envisaged activity envisaged during 2012, in the various policy areas, presents no major changes with respect to the current trend. As such, it is expected that activity during 2012 will reflect a continuation of the current strategic direction of the MCA.

03. Key Considerations

The contextual environment underlying the Strategic Plan period 2012 - 2014 provided in Section 02 remains broadly similar to that outlined in the previous Plan Update and effectively translates into the following key considerations:

- Opportunities for new market entrants in the longer term need to be safeguarded, whichever technology environment prevails.
- NGA regulation, whether symmetric or asymmetric, now has to be articulated in further detail.
- Operators' NGA deployment plans need to be made known to the regulator in line with its legal mandate, and updated on an ongoing basis.
- The need to ensure that networks and services are adequately safeguarded via the necessary security and resiliency measures, remains an ongoing requirement.
- Focus on matters to do with consumer protection will be ongoing, as competition drives the number and variety of offerings up, leading to increased complexity – and possibly lack of clarity – in choice for consumers.
- Working towards flexible and efficient utilisation of radio spectrum, within an overall context of sustainability is another ongoing objective.
- The opening up of the Postal Market in 2013 will bring a significant change in the way that the MCA regulates the sector.
- Overall, the upgrading of the legislative and regulatory framework will continue to be substantial, driven by EU-led initiatives as well as identified national requirements.
- The now established role of the MCA as the champion for the uptake of ICT in all facets of Maltese society and the economy will continue along established lines while ensuring that to the extent possible, nobody is left behind.

04. Mission and Underlying Principles

The MCA's mission statement is reiterated hereunder:

- **To regulate the electronic communications, e commerce and postal sectors with a view to achieving sustainable competition, enabling customer choice and value for money, and**
- **To facilitate the development of an environment that is conducive to investment, innovation and continued social and economic growth.**

In carrying out its mission the MCA is committed to performing in a manner that is transparent, proportionate, non-discriminatory and objective. The MCA's mission statement implies a number of principles, which the Authority needs to hold central to all the activities that it carries out. The updated list may be seen below:

- The realisation of a range of communication services of high quality and competitive prices is best achieved through the development of fair and sustainable competition.
- In the absence of competition, regulation will seek to simulate the effects of competition.
- Regulation will cater for the interests of consumers but will also take into account the exigencies of service providers.
- Regulation will tend towards technological neutrality and be sufficiently flexible such as to facilitate change and innovation.
- The Authority's decisions will be reasonably transparent and accessible to all and sundry in order to facilitate decisions by market players, policy makers and other stakeholders.
- Network security and resiliency, as well as other less critical quality of service aspects will be a service-delivery requirement for market players in all MCA-regulated sectors.
- The MCA's activity should serve to overall contribute to Malta's transition to a knowledge society and economy and the maximisation of social and economic welfare.
- Individual citizens and businesses will be encouraged to embrace ICT as a key enabler.
- The MCA will contribute, at an international level, to the discussion on the development of the regulatory framework relative to the sectors within its remit and, in so doing, ensure Malta's interests are adequately represented in such fora.
- The MCA will, on an ongoing basis, measure its outputs and assess the effectiveness of the outcomes of its activities.
- In order to achieve its mission the MCA needs to have the necessary freedom to operate, whilst remaining accountable in the achievement of Government's policy objectives.

05. Strategic Objectives

The MCA's Strategic Objectives for the period covered by this Plan update present no changes. They may be seen below:

Electronic Communications

- T1 - Regulating an electronic communications environment that is capable of sustaining competition among existing providers whilst ensuring ease of entry to new undertakings.
- 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 ongoing discussion, at an international level, on the consistent development of the electronic communications regulatory framework and related issues.
- T4 - Facilitating innovation in the provision of broadband and other services, via ongoing research and the continued development of the policy and regulatory environment.

e-Commerce

- E1 - Facilitating e-commerce uptake and the use of electronic signatures, via the ongoing development of the legal, institutional and regulatory frameworks, and related public awareness-raising.

Postal Services

- P1 - Attaining, within envisaged timeframes, a liberalised postal services environment that ensures ease of entry to new undertakings and sustainable competition.
- P2 - Ensuring that postal undertakings provide a transparent, value-for-money service to users whilst adhering to incumbent social obligations.
- P3 - Contributing to the ongoing discussion, at an international level, on the consistent implementation and ongoing development of the postal regulatory framework and related issues.

Information Society

- IS1 - Achieving widespread e-literacy, digital inclusion and the use of ICTs as a tool to improve quality of life for all citizens in particular, disadvantaged groups.
- IS2 - Encouraging the use of e-Business models by local enterprises as a means to improve competitiveness.

The MCA's projects and ongoing tasks will all be targeted to address the above strategic objectives.

06. Individual Strategic Objectives – Outlook/Key Tasks/New Thrusts

The MCA's major thrusts for 2012, categorised by Strategic Objective, may be seen below:

Strategic Objective T1

Regulating an electronic communications environment that is capable of sustaining competition among existing providers while ensuring ease of entry to new undertakings

Outlook 2012

- Ensuring that competition dynamics, especially in the area of broadband provision, function well, with overall long-term benefit to the sector
- Implementation of an NGA regulatory framework as a priority for long term continuity

Key Tasks 2012

- Continuation of NGA work-strands with a view to providing further regulatory clarity to market and institutional players
- Finalisation of market 4 (infrastructure access) and market 5 (Wholesale Broadband Access) market analyses (commenced in 2011), along with the remainder of the 'second wave' of market analyses
- Commencement of work on fixed and mobile cost models in line with EU requirements

New Thrusts

- Key thrusts to remain the same as for 2011.

Key Performance Indicators

The MCA will continue to monitor progress vis-a'-vis this objective via the following key performance indicators:

Strategic Objective T1 – Key Performance Indicators

- Movements in number and variety of market players, as well as relative market shares
- Price movements
- Availability of updated interconnection agreements, Reference Interconnection Offers and cost oriented charges where these are required
- New service offerings

- Overall sector volume and financial movements

Strategic Objective T2

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

Outlook 2012

- Stepping up consumer protection and information initiatives
- Effecting further network security and resiliency measures

Key Tasks 2012

- Implementing a price observatory and other public information initiatives
- Establishing current level of security and Integrity of Networks with a view to ensuring that all appropriate measures are in place
- Implementing a mechanism to measure Broadband QoS
- Continued monitoring of harmful interference/radiation patterns and market surveillance in accordance with R&TTE

New Thrusts

- Key thrusts remain the same as for 2011

Key Performance Indicators

The MCA will continue to monitor progress with respect to the attainment of this objective via a series of key performance indicators:

Strategic Objective T2 – Key Performance Indicators

- Publicly available information relative to existing QoS parameters
- Quality of Service variations
- Stakeholders' perceptions of the overall quality of services provided
- Stakeholders' perceptions of the regulator
- % of complaints placed with MCA dealt with satisfactorily
- No. of ongoing inspections/site visits (interference, radiation, market surveillance etc.) and outcomes

Strategic Objective T3

Contributing to the ongoing discussion, at an international level, on the consistent implementation and ongoing development of the electronic communications regulatory framework and related issues

Outlook 2012

- USO Directive review by the EU Commission, was not carried out in 2011 and may now be due in 2012
- The ITU-organised World Radio-Communications Conference (WRC) takes place in 2012

Key Tasks 2012

- Providing advice to Govt on EU and other international matters
- Participating, on an ongoing basis, in EU meetings and in other fora
- Interacting with EU on policy matters
- Submitting required statistics and information to international fora of which Malta is a member
- Meeting with peer regulators on a one-to-one basis, both formally via BEREC, as well as at the working level, via exchange of information and best practice
- Contributing to the development of a revised EU USO directive
- Cooperating at IRG and BEREC level in establishing a common position on EU regulatory proposals
- Providing input to the EU Review of Spectrum Policy and continue preparations for the 2012 WRC
- Addressing other telecom-related international commitments incumbent on the MCA, such as Galileo, both on an ongoing basis as well as in relation to one-off projects involving Malta

New Thrusts

- Key thrusts remain the same as for 2011

Key Performance Indicators

The MCA will continue to monitor progress in relation to this objective:

Strategic Objective T3 – Key Performance Indicators

- The MCA will, on an ongoing basis, evaluate the effectiveness of participation in EU and international fora, as well as the provision of related advice to Government

Strategic Objective T4

Facilitating innovation in the provision of broadband and other services, via ongoing research and the continued development of the policy and regulatory environment

Outlook 2012

- Promotion and support of Government's policies towards innovation
- Ongoing research and monitoring of technology developments

Established Tasks 2012

- Continuing with the monitoring of international technology developments, and assessing their implications vis-a-vis the Maltese regulatory context
- Promoting test & trial licences for operators who wish to use designated spectrum for test and trial purposes
- Supporting Government in NGA and broadband policy direction

New Thrusts

- Key thrusts remain the same as for 2011

Key Performance Indicators

The following are the envisaged key performance indicators relative to this strategic objective:

Strategic Objective T4 – Key Performance Indicators

- Change in broadband penetration in terms of subscriber numbers and % of population
- Number of broadband infrastructures and service providers and variety of technology platforms on which broadband services are offered
- New and innovative services, or improvements on existing services deployed or trialled on the market
- Assessment of Malta's performance in this area vis-à-vis comparable benchmarks

Strategic Objective E1

Facilitating e-commerce uptake and the use of electronic signatures, via the ongoing development of the legal, institutional and regulatory frameworks, and related public awareness-raising

Outlook 2012

- Ensuring continued adherence to the rules on the part of Information Society Service Providers and securing increased public confidence in e-commerce

Key Tasks 2012

- Setting up of a local trust mark
- Operating sector monitoring mechanisms
- Raising public awareness via targeted events
- Providing advice to Government on any review to the e-Commerce framework by the EU Commission

New Thrusts

- Key thrusts remain the same as for 2011

Key Performance Indicators

The following KPI's have been identified for measurement of progress with regard to the attainment of this strategic objective:

Strategic Objective E1 – Key Performance Indicators

- e-Commerce uptake figures
- Public awareness of the regulatory role of the MCA
- Public awareness of their rights with respect to e-commerce
- Service provider awareness of their legal obligations
- Public perception with regard to the security of e-commerce transactions
- Uptake of electronic signatures

Strategic Objective P1

Attaining, within envisaged timeframes, a liberalised postal services environment that ensures ease of entry to new undertakings and sustainable competition

Outlook 2012

- Putting into place, by the end of 2012, a regulatory framework catering for a fully liberalised environment, after the necessary consultations with stakeholders (including Government)

Key tasks 2012

- Putting into place the legislative framework necessary for a fully liberalised environment
- Setting up a process to carry out analysis of competition in postal markets
- Continuing with tariff realignment requirements commenced in 2011
- Putting in place a price control mechanism

New thrusts

- Key thrusts remain the same as for 2011

Key Performance Indicators

The following key performance indicators have been identified in the measurement of progress vis-à-vis this strategic objective:

Strategic Objective P1 – Key Performance Indicators

- Number of postal services providers in the various postal 'areas'
- Ease of entry to market
- Postal volume trends in the various 'areas' of the postal sector
- New service offerings
- Universal Service Provider making reasonable return on capital

Strategic Objective P2

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

Outlook 2012

- Continued operation and consolidation of Quality of Service and Mail Integrity mechanisms with respect to both the USP and other postal operators

Key Tasks 2012

- Monitoring, on an ongoing basis, the USP's QoS requirements and establishing the relevant obligations of other postal operators
- Review of retail outlets' services

New Thrusts

- Review of retail outlets will extend the current scope of QoS monitoring by the MCA

Key Performance Indicators

The following key performance indicators will be taken into account in an assessment as to the degree of success to which this strategic objective has been achieved

Strategic Objective P2 – Key Performance Indicators

- Movement in postal prices
- QoS performance statistics in relation to set targets
- USP and MCA Complaints statistics
- Financial status of the USP

Strategic Objective P3

Contributing to the ongoing discussion, at an international level, on the consistent implementation and ongoing development of the Postal regulatory framework and related issues

Outlook 2012

- Ongoing participation at relevant international fora
- Coverage of UPU plenary

Key Tasks 2012

- Providing ongoing advice to Govt. on EU directives, recommendations etc
- Active participation in EU and other international fora in representation of the Maltese Government or in the capacity of National Regulatory Authority for postal services
- Providing sector statistical and other qualitative information as required, to international fora to which the MCA is affiliated
- Collaborating with peer regulators on one-to-one basis or collectively in the relevant organisations
- Preparing for, and participating in the UPU plenary, subject to availability of resources

New Thrusts

- Key thrusts remain the same as for 2011

Key Performance Indicators

The MCA will continue to monitor progress with respect to the attainment of this objective via a series of key performance indicators:

Strategic Objective P3 – Key Performance Indicators

- The MCA will, on an ongoing basis, evaluate the effectiveness of participation in such international fora and the quality of its advice to Government on international matters

Strategic Objective IS1

Achieving widespread e-literacy, digital inclusion and the use of ICTs as a tool to improve quality of life for all citizens, in particular, disadvantaged groups

Outlook 2012

- Continued implementation of public initiatives set at promoting and supporting the widespread use of Information and Communication throughout Maltese society

Key Tasks 2012

- The Authority will concentrate its efforts on the continued roll-out of Wi-Fi in public places, the ICT for all and e-Ageing project along with a host of other initiatives set at promoting digital literacy

New Thrusts

- Whilst the overall thrust for 2012 remains fundamentally unchanged, the MCA intends to launch an initiative set at ensuring that, to the extent possible, all children actually benefit from the information society

Key Performance Indicators

The following performance indicators have been established as a measure of the progress of this initiative:

Strategic Objective IS1 – Key Performance Indicators

- Internet uptake figures
- Level of e-literacy
- Public perceptions on the benefits of ICT for domestic and business use

Strategic Objective IS 2

Encouraging the use of e-Business models by local enterprises as a means to improve competitiveness

Outlook 2012

- Promotion of the use of e-Commerce in Malta on the part of businesses and consumers

Key tasks 2012

- Raising awareness on the benefits of e-Commerce, and seeding e-Commerce activity in various sectors such as banking, business or mobile communications services
- Promotion of ICT usage by SME's
- Continued participation in EU funded projects

New Thrusts

- Key thrusts remain the same as for 2011

Key Performance Indicators

The following performance indicators have been established as a measure of the progress of this initiative:

Strategic Objective IS 2 – Key Performance Indicators

- e-Commerce consumption uptake figures
- No. of Businesses using e-Commerce service delivery channels
- Public/Business perceptions on the benefits of e-Commerce

07. Ensuring Continued Regulatory Capacity

In order to ensure continuity in the execution of its mandate the MCA focuses on a number of fundamental components, which it reviews in a process of continuous improvement:

Performance Planning and Review

The MCA is committed to maintaining an efficient and effective strategic and business planning function together with the monitoring of actual performance against set targets. Performance planning cascades from the strategic and business planning tier to individual staff performance planning programmes. All these components are co-ordinated and regularly reviewed and updated in a process of continuous improvement.

The MCA will assess the validity of its performance by reviewing its activities on an ongoing basis, assessing whether outputs and outcomes are being attained and reviewing its plans accordingly.

Human Resources

The MCA is committed to ensuring that it retains a knowledge-based organisation that is adequately staffed and structured in order to be able to optimally address its mission and mandate.

Performance-based activity permeates down to the individual level by means of individual performance assessments, which tie in to the achievement of organisational goals.

Staff motivation is considered a key element for the success of the MCA's mission. The MCA is committed to maintaining an environment that brings out the best in the people it employs.

The MCA places high value on ongoing training of staff in both soft and hard skills. In this respect, the Authority will carry out a structured programme across the entire organisation in the coming year. This is over and above the 'on the job' knowledge gathering that takes place on an ongoing basis.

Outsourcing of Expertise

In those instances where it is feasible to do so, the MCA will outsource requirements for services whenever these involve the need for specific expertise that is not available within the Authority. The MCA will also consider outsourcing where the need for such services is short-term, and mainly serves to address a pressing need. The MCA is committed to dedicating the necessary resources in managing contractors with a view to obtaining the best possible value in services received and knowledge transfer.

Organisation

An organisation that operates in a highly dynamic environment needs to have the inbuilt flexibility to adapt to changing circumstances. The MCA retains such flexibility via a matrix mode of operation that cuts across formal organisational boundaries and brings together staff from various units and disciplines together to work on specific assignments.

As new functions are assumed the MCA will dovetail these with its business in as seamless a manner as possible. The MCA mission, strategic and business objectives, organisation structure, policies and procedures will be updated to reflect the new reality.

Physical Resources

If it is to function at desired levels and empower its staff to achieve optimal performance, the MCA will ensure that they are adequately equipped to carry out the job. In this respect this organisation is committed to providing the environment that is most conducive to productivity. It will do this by providing adequate premises and ICT resources as well as other logistical support as required.

The MCA also deems information management as being a fundamental resource to this organisation, and will see to setting up the necessary information systems, as well as maximising the potential of existing ones. A substantial number of internal processes has now been automated. Work on the development of a number of on-line services, took place during 2011. The coming year should see the launch of a number of such applications.

Financial autonomy represents another important pillar in the maintenance of the MCA's status as an independent regulator. The MCA will follow 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 organisation will also ensure that it will provide full accountability of its activities and disbursements as required by law.

As the MCA is increasingly tasked with functions that do not flow directly from its regulatory mandate, the need for funding, from sources other than administrative charges, increases proportionately. The main source of such alternative funding is Government. The MCA ensures that financial reporting reflects the activities carried out and the related sources of funding. The MCA will dedicate the necessary resources towards ensuring that its accountability framework is maintained to the highest standards.

In order to be able to deliver its programme the MCA requires the collaboration and timely input of other institutional players, not only in the areas of HR and Finance but also in the case of tendering requirements and in instances where projects span a number of government bodies.