Communications Market Review

July – December 2009

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Executive Summary

The Malta Communications Authority ("MCA") communications market reviews published on a bi-annual basis provide up-to-date quarterly data on key areas of the Maltese electronic communications industry, the postal sector, and e-commerce. These reviews also provide data on MCA consumer affairs, with focus on complaints reported to the MCA regarding electronic communications.

This market review is also presenting some new indicators related to the provision of bundle offers, and the segmentation of Pay TV subscriptions by the number of channels under the respective Pay TV packages.

Two annexes are included in this market review. One annex outlines the main regulatory developments during the period under consideration. The other provides data in relation to key indicators for electronic communications, starting three years in advance up to the reference period of each review.

The reporting timeframe of this review covers the period July – December 2009.

Market update

Fixed line telephony

The fixed line telephony sector registered further growth in the second half of 2009, with increasing take-up and stronger traffic volumes. Indeed, fixed line subscriptions reached 244,916 as at the end of Q2 2009, up by approximately 1.6 percent over the corresponding 2008 figure. Fixed line traffic volumes increased both in terms of voice calls and voice call minutes, which increased by approximately 5 percent and 8.8 percent respectively.

In the period under review, a total of 1,821 fixed line portings were carried out, compared with 3,843 in the second half of 2008.

In terms of market shares, further gains were registered by Melita both in terms of subscriptions and traffic volumes. On the other hand, market share trends for newer market entrants, namely SKY Telecom Ltd, Solutions and Infrastructure Services ("SIS") Ltd, and Vodafone (Malta) Ltd were generally on the downside.

The largest operator, GO, also registered market share declines for both subscriptions and traffic levels.

Mobile telephony

Mobile telephony subscriptions reached 422,083 as at the end of December 2009, representing an increase of approximately 9.5 percent over the corresponding figure for 2008. Postpaid mobile subscriptions accounted for 18.6 percent of the total.

The increase in the number of mobile subscriptions translated into a higher mobile penetration rate for Malta, from 93.2 percent as at the end of 2008 to 102.1 percent at the end of 2009.

In terms of traffic volumes, a total of 127.5 million voice calls were reported in the second half of 2009, generating around 161.7 million voice call minutes, up from 129.3 million minutes in the second half of 2008.

During the same period, a total of 266.1 million text messages were also generated, which is again significantly higher than the number of text messages generated in the corresponding period a year earlier.

Market share developments in terms of subscriptions have been somewhat negative for the incumbents, with Vodafone (Malta) accounting for 49.6 percent of all mobile subscriptions as at the end 2009, compared with 52.2 percent as at the end of 2008, and with GO Mobile accounting for 43.2 percent of the total as at the end of last year, compared with 45.9 percent a year earlier. This change is mainly a result of Melita Mobile's entry into the market. Indeed, as at the end of 2009, Melita Mobile accounted to 5.6 percent of all mobile subscriptions registered at the time. Redtouch*fone* accounted for the remaining 1.7 percent.

In terms of mobile traffic, Vodafone's share of total outgoing mobile minutes as at the end of 2009 stood at 53.8 percent. GO Mobile's share stood at 38.1 percent, and Melita Mobile's share stood at 7.4 percent. Redtouchfone accounted for the remaining 0.7 percent.

Reception of TV broadcasts

In the last quarter of 2009, around 20.9 percent of local households had the possibility to access TV broadcasts via the analogue terrestrial platform, and a further 12.8 percent had access to TV broadcasts via the satellite platform.

Regarding local Pay TV platforms, this review shows that, as at the end of 2009, subscriptions with Melita amounted to 29,100 under the analogue cable platform and 65,265 under the digital cable platform. Subscriptions with GO, which operates the Digital Terrestrial Television ("DTTV") platform, amounted to 44,971.

As expected, the only decline in subscriptions was registered under the analogue cable platform, from 48,448 as at the end of 2008 to 29,100 as at the end of last year.

Internet

Internet subscriptions amounted to 111,543 by the end of Q4 2009, including 110,849 broadband subscriptions and 694 active dial-up subscriptions. Broadband subscriptions increased by 9.8 percent over the corresponding figure in 2008, with the broadband penetration rate reaching 26.8 percent.

A look at broadband speeds would indicate that whilst as at the end of 2008, 74.1 percent of all broadband subscriptions had a connection speed of 2Mbps or more but less than 4Mbps, the scenario has completely changed throughout the following year. Indeed, as at the end of December 2009, over 72 percent of all broadband subscriptions had a broadband connection speed of 4Mbps or more but less than 6Mbps.

In terms of market shares as at the end of 2009, Melita accounted for 48.9 percent of all broadband subscriptions, GO accounted for 44.6 percent, Vodafone to 3.1 percent, and the remaining 3.4 percent were accounted for by subscribers to third party ISPs, SKYNet, and Vanilla Telecoms.

Post

Total mail volumes handled in the second half of 2009 declined slightly when compared to the same period a year earlier, from 23.7 million items to 23.4 million items. This decline is mainly attributed to a fall in the number of letter post items which outweighed increases registered with respect to all other segments of handled mail.

During the period under review, all Quality of Service ("QoS") delivery targets set by the MCA for the delivery of postal items have been met.

e-Commerce

Based on the findings of the MCA's e-Commerce survey, this review underlines a stronger e-Commerce activity in the latest reporting period. As at September 2009, the extent of access and usage of the Internet has broadened as Internet access availability to respondents of the survey reached 68.5 percent, up from 60.6 percent in September 2007, and Internet usage stood at 86 percent of respondents claiming to have access to this medium.

With Internet usage on the increase, e-Commerce activity strengthened. Indeed, 69.3 percent of respondents claiming to having made regular use of the Internet also reported having made an online purchase in the previous six months to September 2009, up from 50.3 percent in September 2008 and 47.2 percent in September 2007.

Nearly 41 percent of respondents claiming at least one online purchase in the previous six months, reported having spent between €25 and €120 on their online purchase.

Consumer affairs

During the last six months of 2009, the MCA received 142 complaints on electronic communications, with these being predominantly linked to the mobile sector. Indicatively, 54 percent of all complaints reported to the MCA were related to this sector, up from 40 percent in the first half of 2009.

Other common complaints concerned the Internet, radio communications, fixed line telephony, and broadcasting.

Of all complaints reported to the MCA during this period, nearly 91 percent were resolved, and the remaining 9 percent were referred to government bodies that have the legal remit to deal with such cases.

Chapter 1 Fixed Line Telephony

1.1 Introduction

Key considerations when assessing the performance of the fixed line telephony sector include active subscriptions, which on average were higher in the second half of 2009 compared to the corresponding period a year earlier, and traffic volumes, which registered considerable growth in the period under review.

In terms of new service offerings, developments in the fixed line telephony sector were again sustained by a strong take-up of multiple play offers. In this regard, the current review is for the first time reporting on the number of fixed line subscriptions which are bundled with other electronic communications services (see in Section 1.3 below).

The assessment of the fixed line sector also highlights a number of indicators relating to the activity levels per active fixed line subscription, and developments in market shares for local operators, namely GO plc, Melita plc, Vodafone (Malta) Ltd, SKY Telecom Ltd and Solutions and Infrastructure Services (SIS) Ltd.

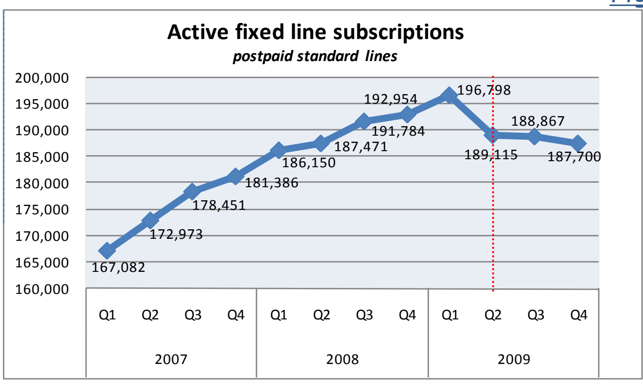
1.2 Subscriptions

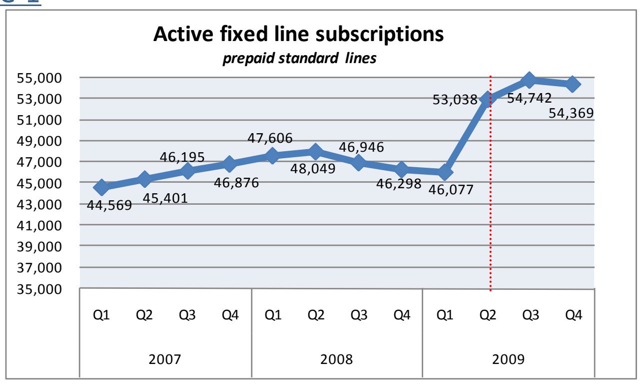
Active fixed line subscriptions[1] as at the end of Q4 2009 stood at 244,916 up from 241,115 as at the end of Q4 2008, representing an increase of 1.6 percent. As shown in Table 1, the overall increase in the number of active fixed line subscriptions is mainly attributable to an increase of 8,071 prepaid *standard* subscriptions and an increase of 977 *enhanced* subscriptions[2]; these increases were partially offset by a decline of 5,254 postpaid *standard* subscriptions.

Table 1[3]

Fixed line subscriptions	2007		2008				2009			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Active subscriptions as at end of period	226,976	230,433	235,880	237,434	240,582	241,122	245,774	245,014	246,498	244,916
Standard subscriptions	224,646	228,262	233,756	235,520	238,730	239,252	242,875	242,153	243,609	242,069
Postpaid	178,451	181,386	186,150	187,471	191,784	192,954	196,798	189,115	188,867	187,700
Prepaid	46,195	46,876	47,606	48,049	46,946	46,298	46,077	53,038	54,742	54,369
Enhanced subscriptions	2,330	2,171	2,124	1,914	1,852	1,870	2,899	2,861	2,889	2,847
ISDN BRA	2,055	1,928	1,892	1,713	1,665	1,671	2,539	2,503	2,529	2,505
ISDN PRA	275	243	232	201	187	199	360	358	360	342

Figure 1





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[1] Active subscriptions are defined as those subscriptions making or receiving a call within 90 days of the period stipulated.

[2] Standard fixed line subscriptions refer to those subscriptions offering a single fixed telephony connection. Enhanced fixed line subscriptions encompass those subscriptions offering multiple channel (dual or more) fixed telephony connections.

[3] As of Q2 2009, Melita started providing '*standard*' subscriber figures disaggregated by type of subscription, namely postpaid and prepaid subscriptions.

The red line in Figure 1 denotes the start of a new series for subscriptions of postpaid and prepaid *standard* lines, as Melita started disaggregating its subscription figures accordingly during this period.

Prior to Q2 2009, all of Melita's subscriptions featured under the postpaid heading. This explains the significant drop registered in Q2 2009 for postpaid *standard* line subscriptions and the corresponding increase for prepaid standard line subscriptions.

As at the end of Q4 2009, postpaid *standard* subscriptions accounted for 77.5 percent of total *standard* fixed line subscriptions, and for 76.6 percent of all active fixed line subscriptions registered as at the end of this period.

The number of *enhanced* fixed line subscriptions accounted for 1.1 percent of all active subscriptions.

1.3 Multiple play offers and postpaid fixed line subscriptions

An important development in the provision of local telecommunications services relates to the launch of multiple play offers. Multiple play offers are categorized under three main headings: two-play offers, three-play offers, and quadruple-play offers including a combination of two, three, and four electronic communications services respectively.

The number of users on a multiple play offer combining their fixed line subscription with other electronic communications services is shown in Table 2 below.

Table 2

Number of users on multiple play offers including a fixed line subscription	2009			
	Q1	Q2	Q3	Q4
Number of users on two-play offers including:	14,540	15,756	15,516	12,559
Postpaid telephone line + Pay TV	13,375	14,656	14,813	11,627
Postpaid telephone line + Internet	1,165	1,100	703	932
Number of users on triple-play offers including:	4,973	5,477	4,446	4,749
Postpaid telephone line + Pay TV + Internet	2,444	2,150	943	779
Postpaid telephone line + Internet + Mobile	2,529	3,327	3,503	3,970
Number of users on quadruple-play offers including:	15,369	21,002	26,706	30,639
Postpaid telephone line + Pay TV + Internet + Mobile	15,369	21,002	26,706	30,639
Number of users on multiple play offers including a postpaid telephone subscription	34,882	42,235	46,668	47,947
As a percentage of total postpaid subscriptions	17.72%	22.33%	24.71%	25.54%

As at the end of Q4 2009, 25.5 percent of all postpaid fixed line subscriptions were accounted for by users on a multiple play offer combining fixed line telephony and other telecommunications services, such as Internet access and Pay TV[4].

1.4 Fixed line number portability[5]

During the period under review, 1,821 fixed line inward portings have been reported by local fixed line operators, which is less than the number of inward portings registered in the corresponding period a year earlier.

[4] Local bundle offers combining fixed line telephony with other electronic communications services, currently bind the customer to take up a postpaid fixed line telephony service.

[5] Number portability is a service which allows customers to switch or transfer an existing fixed line number or mobile phone number from one operator to another. The figures quoted for number portability in this review include re-portings.

Figure 2

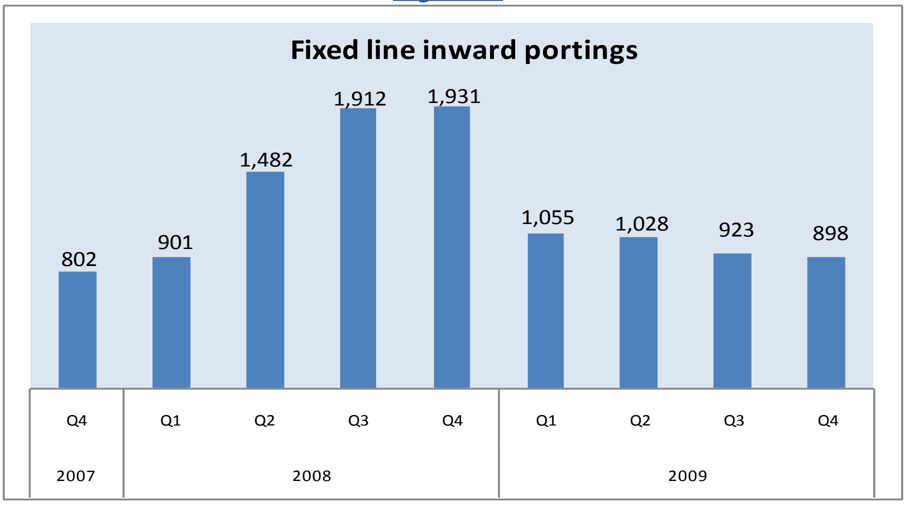


Figure 2 also shows that the number of fixed line inward portings has been slowing down quarter-on –quarter since Q4 2008.

1.5 Fixed line originating traffic

Voice traffic originating over local fixed line networks in the second half of 2009 has again experienced growth over 2008 levels. Significantly, outgoing traffic volumes in terms of voice calls and voice call minutes increased.

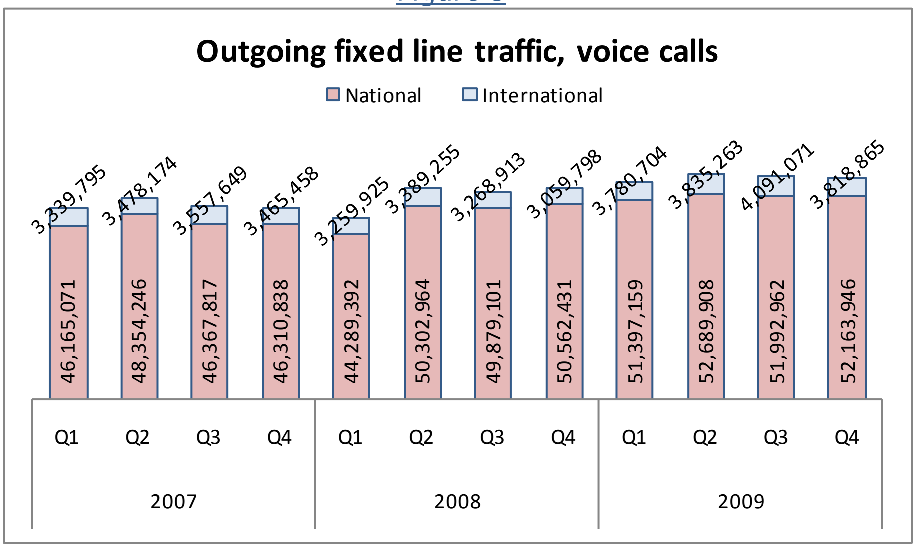
Outgoing fixed line traffic, voice calls

The total number of outgoing fixed line voice calls reported for the period under consideration reached 112.1 million, up from 106.8 million registered in the second half of 2008.

Both the number of local and international outgoing voice calls increased.

The number of national outgoing fixed line voice calls increased by 3.8 million, from 100.4 million in the second half of 2008 to 104.2 million in the second half of 2009, representing an increase of nearly 3.7 percentage points.

Figure 3



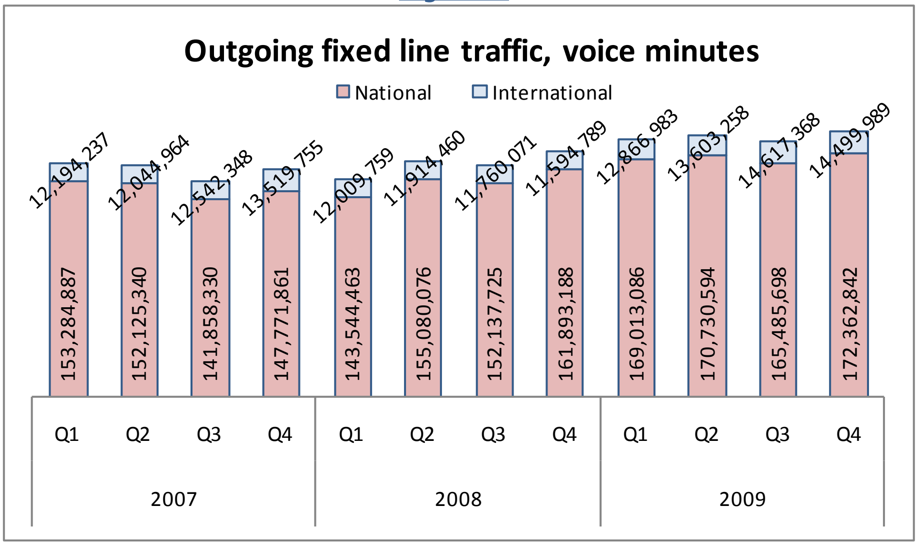
Correspondingly, the number of international outgoing fixed line voice calls increased from 6.3 million in the second half of 2008 to 7.9 million in the corresponding period a year later, representing an increase of around 25 percent.

Outgoing fixed line traffic, voice minutes

In terms of voice call minutes, Figure 4 shows that outgoing fixed line voice call minutes increased by 8.8 percent, from 337.4 million for the latter half of 2008 to approximately 367 million in the corresponding period of 2009.

During the same period, national outgoing fixed line traffic[6] increased from 314 million to 337.8 million minutes, thereby accounting for 92 percent of all outgoing voice call minutes reported for the second half of 2009.

Figure 4



International outgoing voice call minutes amounted to 29.1 million in the second half of 2009, an increase of 24.7 percent over the 23.4 million minutes registered in the corresponding period of 2008.

National outgoing voice call minutes

A further look at the individual elements comprising local outgoing fixed line traffic shows that fixed-to-fixed voice call minutes increased from 278.8 million in the second half of 2008 to 304.4 million in the second half of 2009, with operators reporting over 77.5 percent (or 235.9 million minutes) of the latter figure as on-net minutes.

[6] Figures quoted for national outgoing fixed line voice call minutes aggregate three main headings, namely fixed-to-fixed ("FTF") voice call minutes including on-net and off-net FTF minutes, fixed-to-mobile ("FTM") voice call minutes, and other voice call minutes including Internet minutes (dial-up minutes) and premium/free phone minutes.

Figure 5

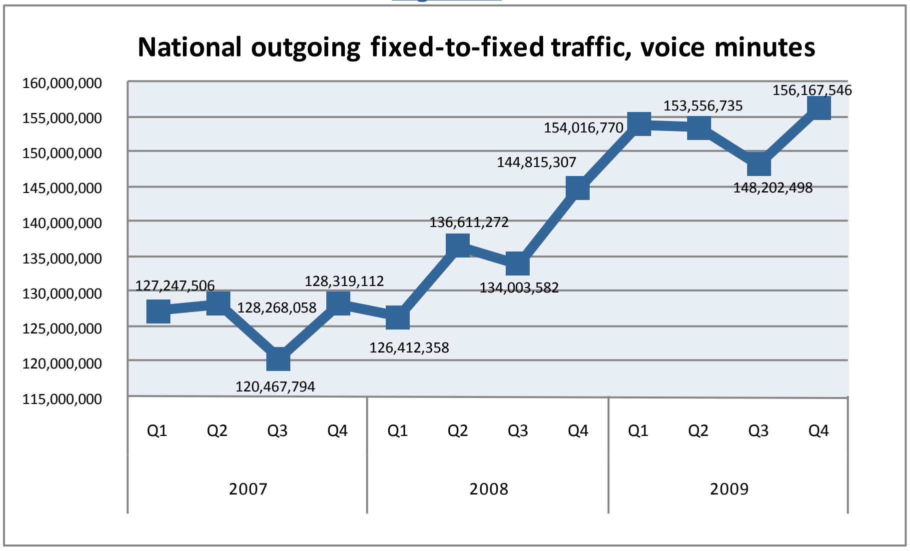
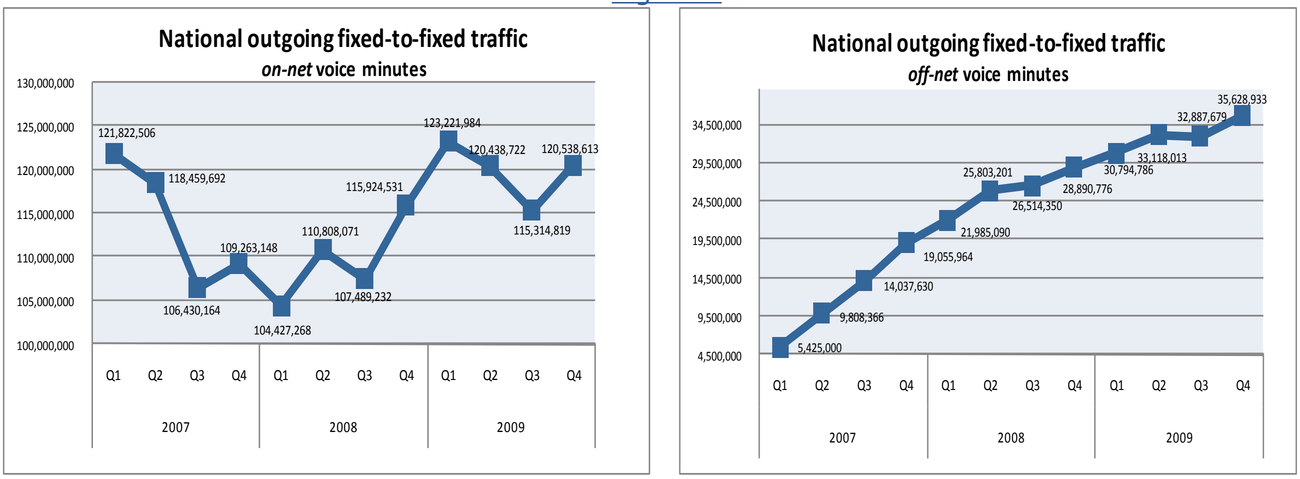


Figure 6 shows that national *on-net* FTF voice call minutes amounted to 235.8 million in the second half of 2009. This is significantly higher than the corresponding figure for the second half of 2008, at 223.4 million respectively.

National *off-net* FTF voice call minutes also increased from 55.4 million in the second half of 2008 to 68.5 million in the second half of 2009.

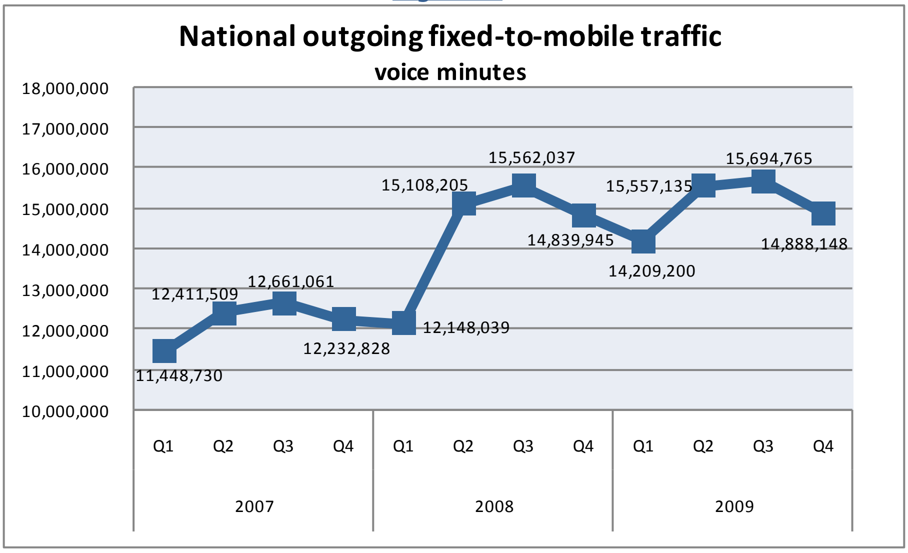
Figure 6



National outgoing fixed-to-mobile traffic peaks on Q3 of each year, subsequently reaching its lowest point in Q1 of the following year, probably as a result of a higher activity during the summer months.

Fixed-to-mobile traffic peaked at approximately 15.7 million voice call minutes in Q3 2009, slightly exceeding traffic levels for Q3 2008.

Figure 7



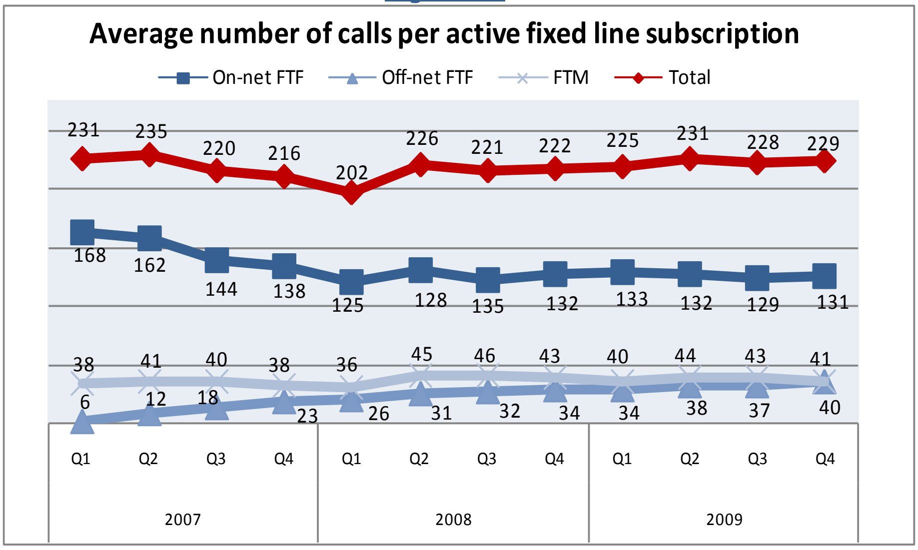
National outgoing fixed-to-mobile voice call minutes for the first half of 2009 amounted to 30.6 million, an increase of 0.2 million over the corresponding figure for 2008.

1.6 Activity per fixed line subscription

Average number of calls per active fixed line subscription

On average, the number of outgoing calls per active fixed line subscription in Q4 2009 reached 229, up from 228 in the previous quarter and 222 in Q4 2008.

Figure 8[7]



This result is mainly attributed to an increase in the average number of off-net FTF calls per active fixed line subscription, which went up from 32 in Q3 to 34 in Q4 of 2008, and from 37 in Q3 to 40 in Q4 of 2009.

On the other hand, the average number of FTM calls per active fixed line subscription registered during the same period declined.

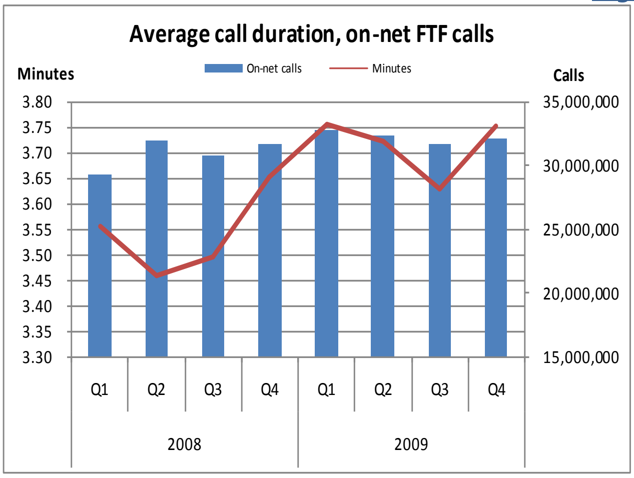
[7] Figure 8 does not depict the average number of fixed-to-international calls and the average number of other calls per active fixed line subscription. As at Q4 2009, the average number of other calls per active fixed line subscription was 2. That for fixed-to-international calls stood at 16. Figures are approximate.

Average fixed line call duration

As expected, those making a fixed line call spend more time on an on-net FTF call than on an off-net FTF call, mainly because an on-net FTF call is generally cheaper than an off-net FTF call.

In Q4 2009, the average call duration of an on-net FTF call was 3.75 minutes, slightly lengthier than 3.66 minutes for an off-net FTF call in the same quarter, and 3.65 minutes for an on-net FTF call in Q4 2008.

Figure 9



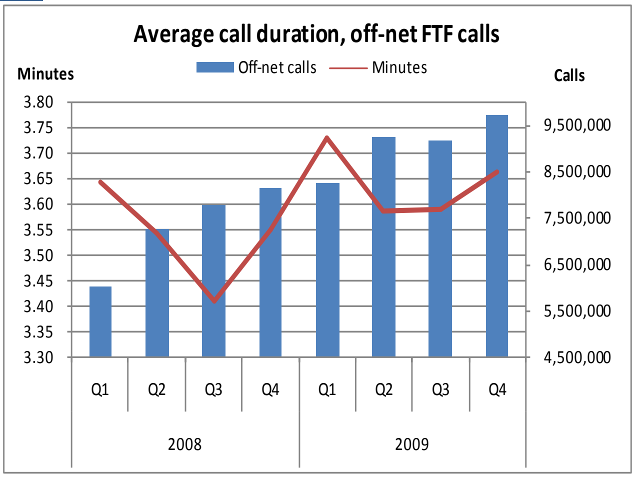
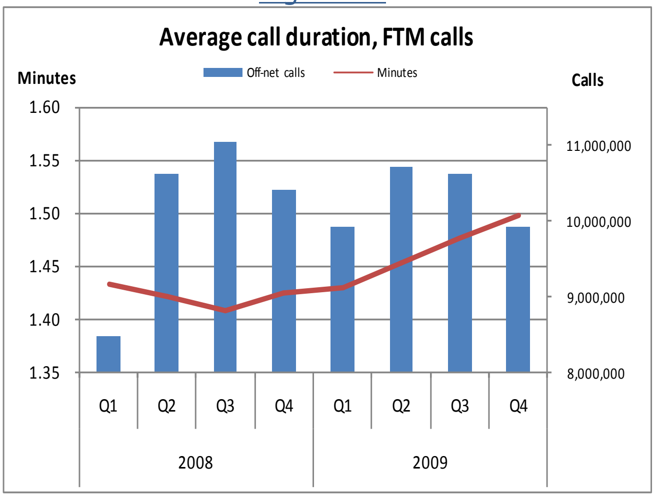


Figure 10



The average time spent on a FTM call in Q4 2009 was 1.50 minutes, compared with 1.48 minutes in the previous quarter, and 1.43 minutes in Q4 a year earlier.

1.7 Market shares

Developments for incumbents

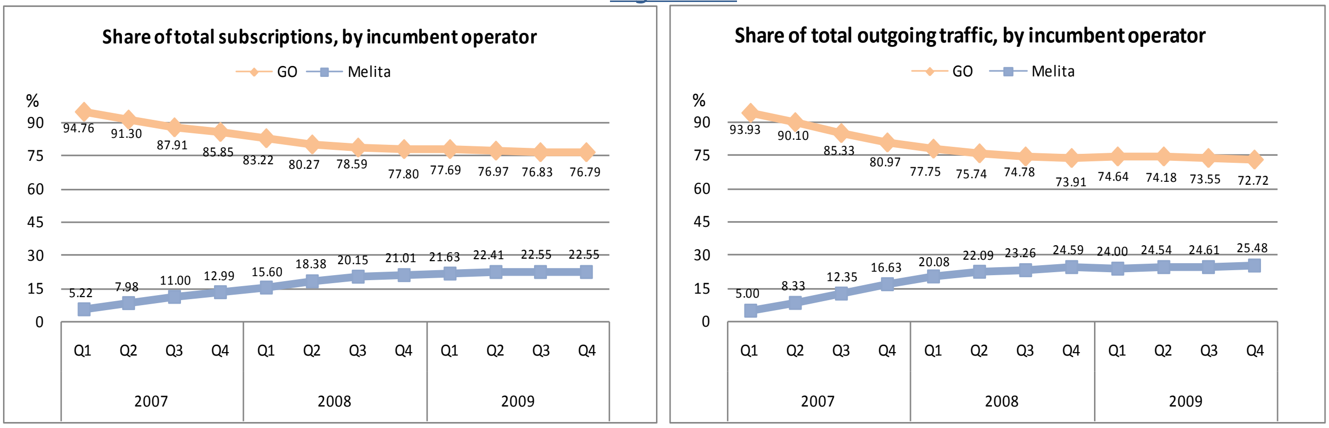
As at the end of Q4 2009, GO's fixed line subscriptions accounted for 76.8 percent of the total for the sector, down from 77.8 percent as at the end of the corresponding period in 2008. During the same period, Melita increased its share of total fixed line subscriptions from 21 percent to approximately 22.6 percent.

Melita's share of total outgoing fixed line traffic volumes also increased, from approximately 24.6 percent in Q4 2008 to approximately 25.5 percent in Q4 2009.

In the 12-month period ending June 2009, Melita reported 180.8 million minutes of outgoing fixed line traffic, up from 148.9 million minutes reported in the corresponding period ending December 2008.

A considerable increase in outgoing fixed line traffic was also registered by GO, from 498.2 million minutes in the 12-month period ending December 2009 to 540.8 million minutes in the 12-month period ending December 2009.

Figure 11



Developments for newer market entrants

Newer market entrants reported varying patterns in market shares. SKY Telecom's subscriber base shrank from approximately 1 percent of total fixed line subscriptions as at the end of Q4 2009 to 0.4 percent as at the end of Q4 2009. During the same period, SKY Telecom also registered declines in terms of outgoing fixed line traffic.

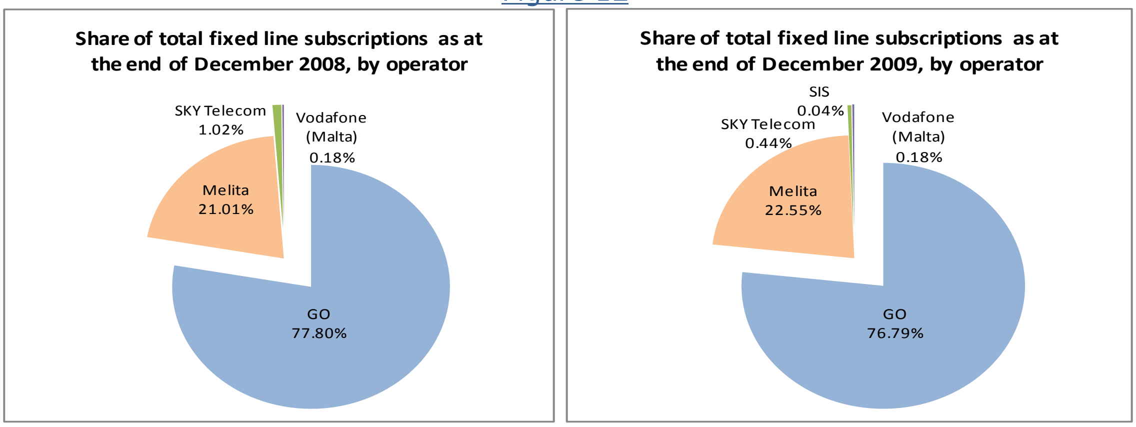
Vodafone's share of total subscriptions has been somewhat stable for four consecutive quarters, ending Q4 2009. However, total outgoing fixed line traffic volumes registered by this network operator increased, even though its market share in this regard remained practically unchanged.

As at the end of Q4 2009, SIS's market share of total fixed line subscriptions stood at 0.04 percent. Correspondingly, its share of total outgoing fixed line traffic stood at 0.1 percent[8].

Other developments

As already outlined in previous sections, GO's share of total fixed line subscriptions as at the end of Q4 2009 stood at 76.79 percent. Melita's share stood at 22.55 percent. Fixed line subscriptions with Vodafone (Malta), SKY Telecom and SIS together accounted for approximately 0.7 percent of the market.

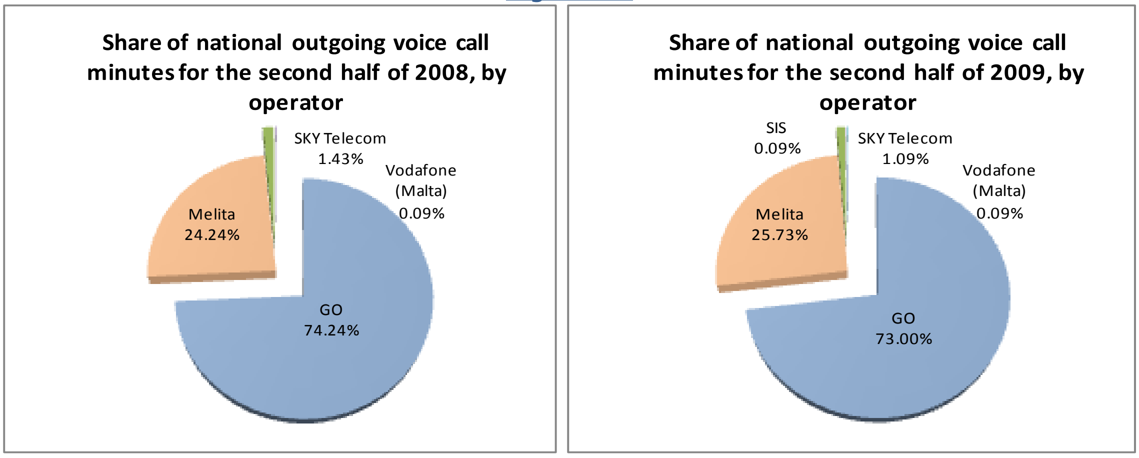
Figure 12



[8] SIS figures prior to Q1 2009 are not available.

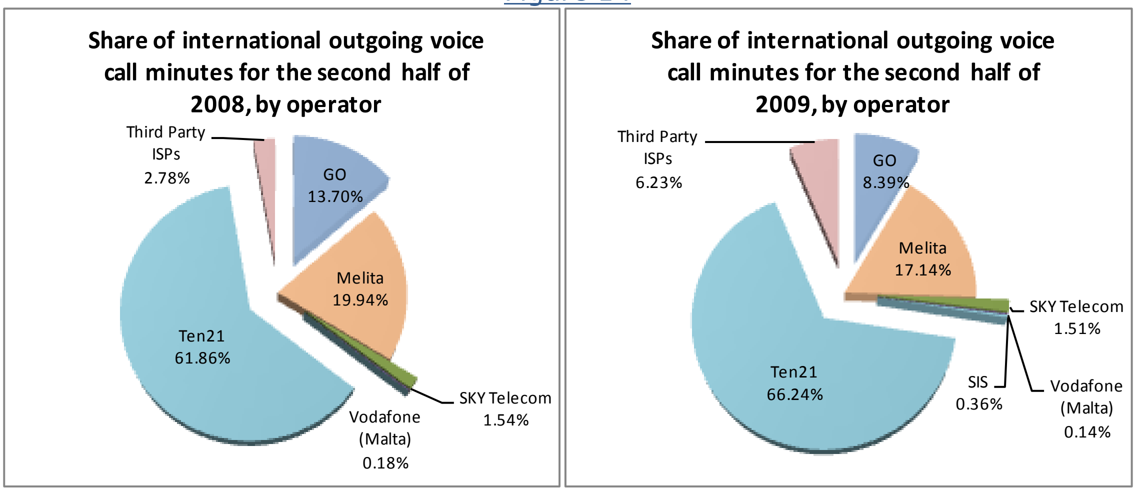
In terms of national outgoing voice call minutes in the second half of 2009, GO accounted for approximately 73 percent of the total recorded for the period, down from 74.2 percent registered in the same period in the previous year. Correspondingly, Melita managed to increase its share of national outgoing voice call minutes from 24.2 percent in 2008 to 25.7 percent in 2009. A loss in terms of market share for national outgoing voice call minutes was registered by SKY Telecom.

Figure 13



As regards international outgoing voice call minutes, traffic has increased from approximately 23.4 million minutes in the second half of 2008 to 29.1 million minutes in the second half of 2009.

Figure 14



The Ten21[9] service, which is also offered by GO, enhanced its lead over competitors, from 61.9 percent of total international outgoing voice call minutes recorded in the second half of 2008 to 66.2 percent of those recorded in the second half of 2009.

[9] The TEN21 service is a Voice over Internet Protocol ("VoIP") service, made using an IP routing, offered by GO plc.

Chapter 2 Mobile Telephony

2.1 Introduction

The mobile sector is probably one of the fastest growing segments of electronic communications in Malta, driven mainly by strong subscriber growth, with penetration rates exceeding the 100 percent mark, and other significantly positive trends in mobile traffic.

In the 12-month period ending December 2009, the local mobile sector experienced the launch of a new mobile network operator ("MNO"), Melita Mobile, and the demise of Bay Mobile, a mobile virtual network operator ("MVNO"), which ceased operations in July.

2.2 Subscriptions

The number of active mobile subscriptions[10] as at the end of Q4 2009 reached 422,083 thereby representing a significant increase over 385,636 active mobile subscriptions registered as at the end of the corresponding period a year earlier.

During this period, postpaid subscription growth was significantly healthier than that for prepaid. Postpaid subscriptions increased by 25,820 or 49.1 percent, whilst prepaid subscriptions increased by 10,627 or 3.2 percent. This result underpins the evidence of a shift from prepaid to postpaid schemes, with a growing proportion of end users now opting for postpaid (tariff) plans.

Table 3

Mobile subscriptions	2007				2008				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Active subscriptions as at end of period	344,390	353,495	369,513	368,530	372,009	374,507	382,255	385,636	385,419	404,461	418,341	422,083
Postpaid subscriptions	31,622	32,753	34,819	34,465	39,594	44,287	48,807	52,569	68,463	71,580	74,498	78,389
Vodafone	19,337	19,636	20,020	21,098	21,865	24,990	27,928	29,957	29,897	30,373	31,577	33,330
GO Mobile	12,285	13,117	14,799	13,367	17,729	19,297	20,879	22,612	23,219	24,113	25,324	27,466
Melita Mobile	-	-	-	-	-	-	-	-	15,347	17,094	17,597	17,593
Redtouch*fone*	-	-	-	-	-	-	-	-	-	-	-	-
Bay Mobile	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid subscriptions	312,768	320,742	334,694	334,065	332,415	330,220	333,448	333,067	316,956	332,881	343,843	343,694
Vodafone	159,695	165,279	174,908	174,612	173,484	171,097	171,825	171,141	157,327	171,138	177,473	175,827
GO Mobile	153,073	155,463	159,786	159,453	158,931	159,123	161,623	154,222	150,841	152,123	156,314	154,708
Melita Mobile	-	-	-	-	-	-	-	-	544	2,112	2,966	6,109
Redtouch*fone*	-	-	-	-	-	-	-	6,855	7,726	7,042	7,090	7,050
Bay Mobile	-	-	-	-	-	-	-	849	518	466	-	-

As at the end of Q4 2009, the number of active prepaid mobile subscriptions accounted for 81.4 percent of total active mobile subscriptions, down from 86.4 percent as at the end of Q4 2008.

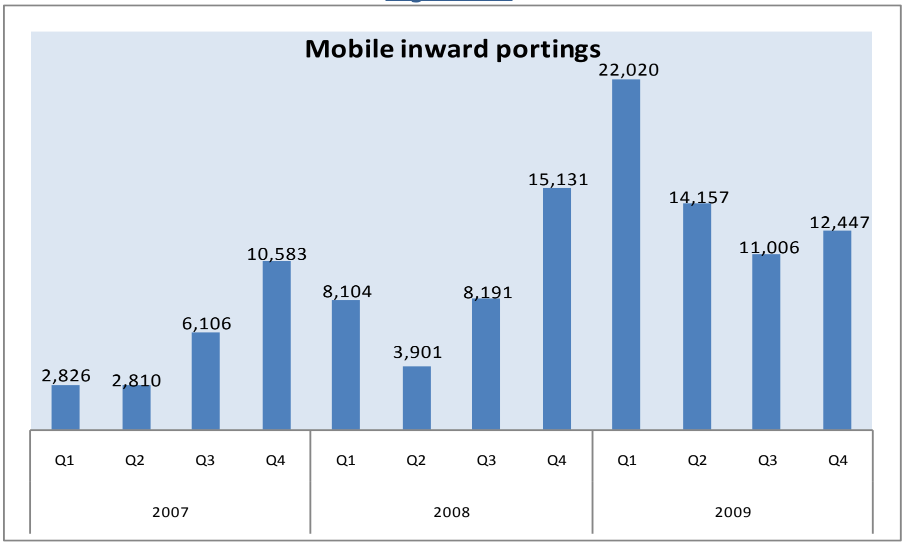
2.3 Mobile number portability[11]

The number of mobile inward portings executed by local MNOs and MVNOs during 2009 was significantly higher than that registered in 2007 and 2008.

Indeed, during the 12-month period ending December 2009, more than 59,500 mobile inward portings have been executed, 1.7 times as much the amount executed in 2008.

[10] Defined as those prepaid/postpaid subscriptions having a MSISDN with registered inbound or outbound activity within 90 days (for prepaid) and 30 days (for postpaid) of the period stipulated.
[11] Mobile number portability was introduced in April 2006, as a facility enabling mobile users to retain their telephone number when changing their mobile operator.

Figure 15

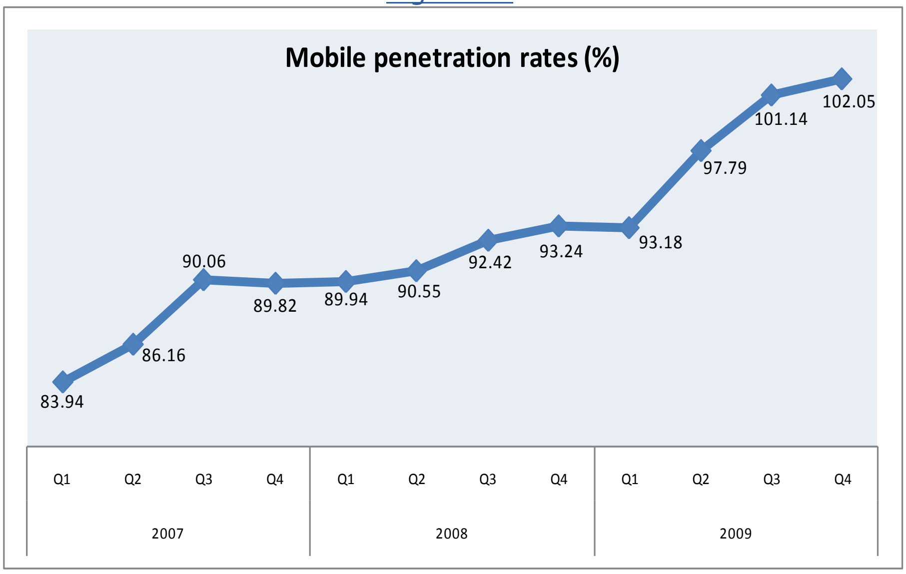


Nearly 37 percent of all mobile inward portings carried out in 2009 were executed in Q1 of the same year, mainly as a result of Melita's launch of its mobile network operations in this period. Thereafter, the number of mobile inward portings declined in Q2 and Q3, but increased again in Q4, as the last three months of each year are usually the busiest when it concerns mobile number portability.

2.4 Mobile penetration rates

Malta's mobile penetration rate has now exceeded the 100 percent mark. Mobile penetration increased from 93.2 percent as at the end of Q4 2008 to 102.1 as at the end of Q4 of 2009.

Figure 16



However, despite this increase, mobile penetration in Malta remains below that for the EU average[12]. The EU mobile penetration rate reached 119 percent in October 2008, whilst Malta's penetration rate then hovered around 91 percent.

[12] According to the 14th Implementation Report of the EU Commission, the EU average mobile penetration rate has reached 119 percent in October 2008.

2.5 Mobile traffic

Mobile voice call and SMS traffic maintained its steady growth path along 2009.

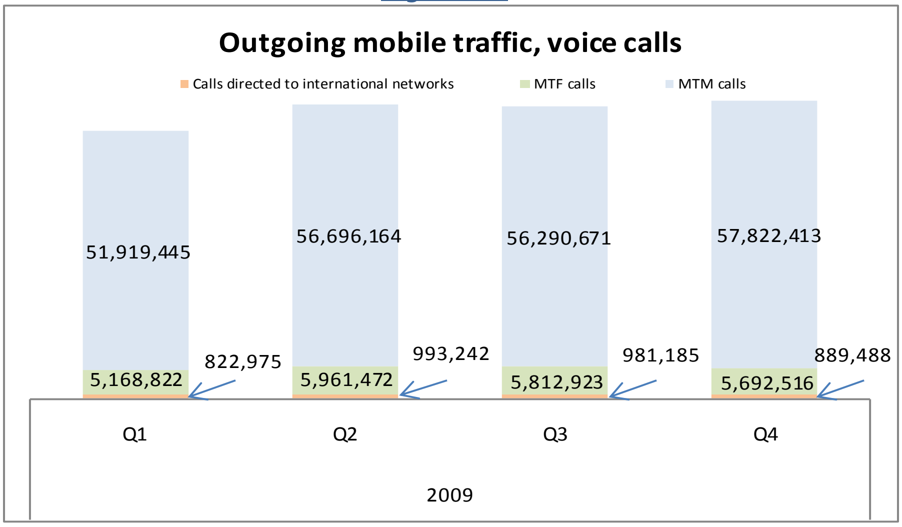
Outgoing mobile traffic, voice calls[13]

The number of outgoing mobile voice calls amounted to 127.5 million in the second half of 2009, up from 121.6 million registered in the first six months of the same year. On-net MTM voice calls accounted for the largest share, at approximately 52.3 percent in the first half of 2009 and 54 percent in the second half.

In both periods highlighted above, outgoing mobile-to-mobile ("MTM") voice calls accounted for approximately 89 percent of total voice calls originated by local mobile network operators.

Total outgoing mobile-to-fixed ("MTF") voice calls accounted for approximately 9 percent of all mobile originated calls in the first and second half of 2009.

Figure 17



In terms of outgoing mobile-to-international ("MTI") voice calls, traffic registered during the second half of 2009 was slightly higher than that registered in the first six months of the year.

Outgoing mobile traffic, voice minutes

Outgoing mobile voice call minutes were also on the increase in the second half of 2009, when compared to the first half of the same year and the corresponding period in 2008.

National outgoing mobile voice call minutes[14] increased from 126 million in the second half of 2008, to 142.3 million in the first half of 2009, to nearly 158 million in the second half of 2009. The bulk of these, up to 92 percent in the second half of 2009 (approximately 90 percent in the two preceding periods), was accounted for by MTM voice call minutes.

MTF voice call minutes increased from 11.6 million in the second half of 2008 to 13.4 million in the first half of the following year, representing a 15.8 percent increase in outgoing voice call minutes reported under this heading. 13.4 million MTF voice call minutes were also registered in the second half of 2009.

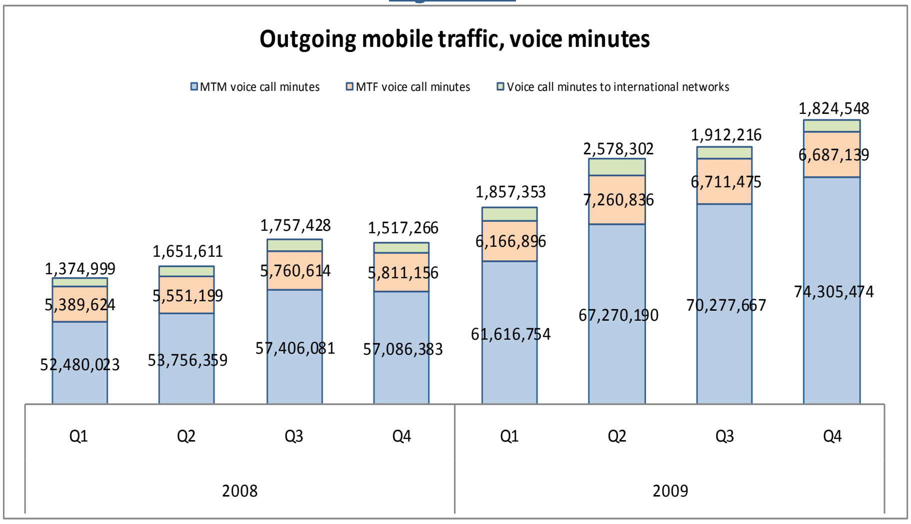
---

[13] Figures for outgoing mobile voice calls are only available for the period January – December 2009.

[14] Figures quoted for this indicator aggregate two main headings, namely mobile-to-mobile ("MTM") voice call minutes including *on-net* and *off-net* MTM minutes, mobile-to-fixed ("MTF") voice call minutes. Roaming minutes are not included.

In the latter period, outgoing MTF traffic accounted for 8.5 percent of national outgoing voice call minutes for the mobile sector.

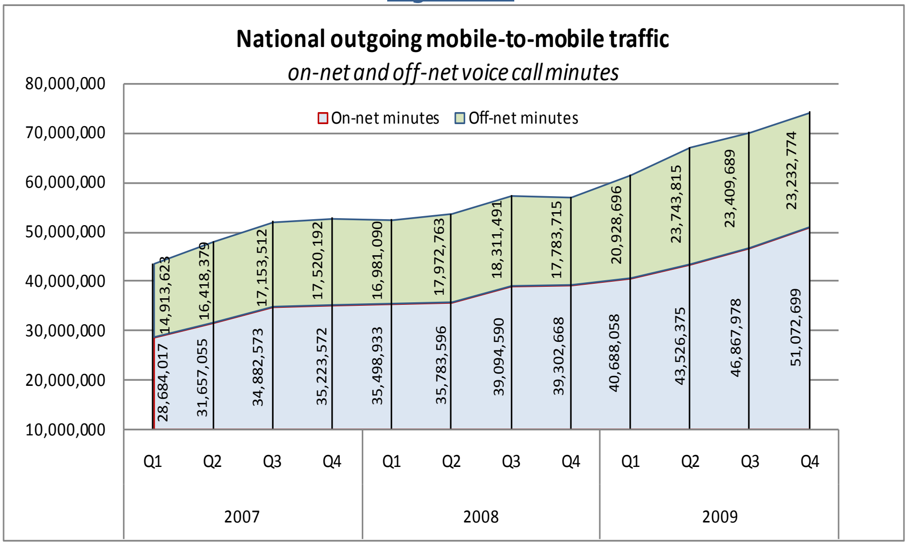
Figure 18



International outgoing mobile voice call minutes, increased from 3.3 million in the second half of 2008 to 3.7 million in the second half of 2009.

Figure 19 shows that national outgoing *on-net* MTM voice call minutes amounted to 97.9 million in the second half of 2009. Year-on-year, outgoing *on-net* MTM voice call minutes increased by 19.5 million, or 24.9 percent.

Figure 19



National outgoing *off-net* voice call MTM minutes increased from 36.1 million in the second half of 2008 to 46.6 million in the second half of the following year. This represents an increase of 29.2 percentage points.

Outgoing mobile traffic, SMSs

Outgoing SMS traffic[15] for the second half of 2009 amounted to 266.1 million text messages. *On-net* SMS traffic accounted for 56 percent of total outgoing SMS traffic, whilst *off-net* SMS traffic accounted for another 38.3 percent.

[15] The figures quoted for SMS traffic refer to on-net SMSs, off-net SMSs, and SMSs sent to foreign mobile networks. SMSs sent from Internet portals, and Premium SMSs does not feature.

The remaining 5.7 percent is accounted for by SMSs sent over an operator's Internet portal (7.4 million SMSs), Premium SMSs (1.8 million SMSs), and SMSs to foreign mobile networks (5.9 million SMSs).

Figure 20

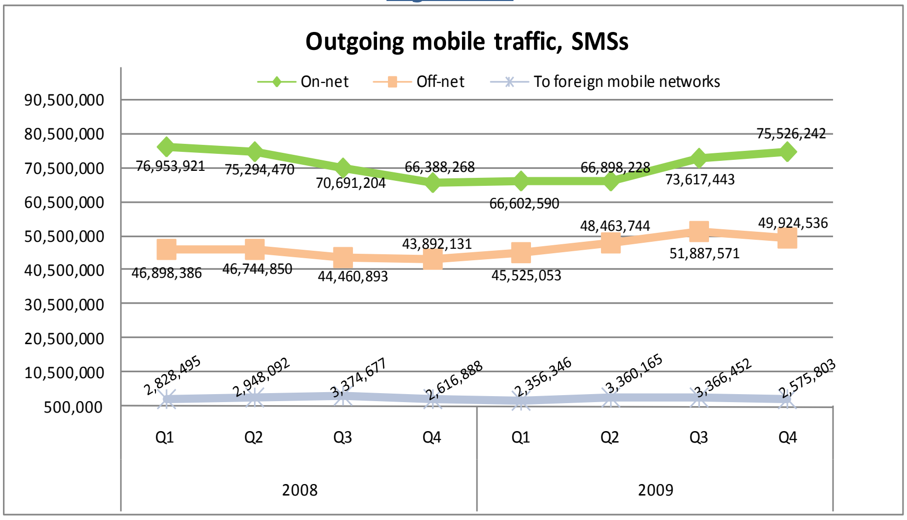


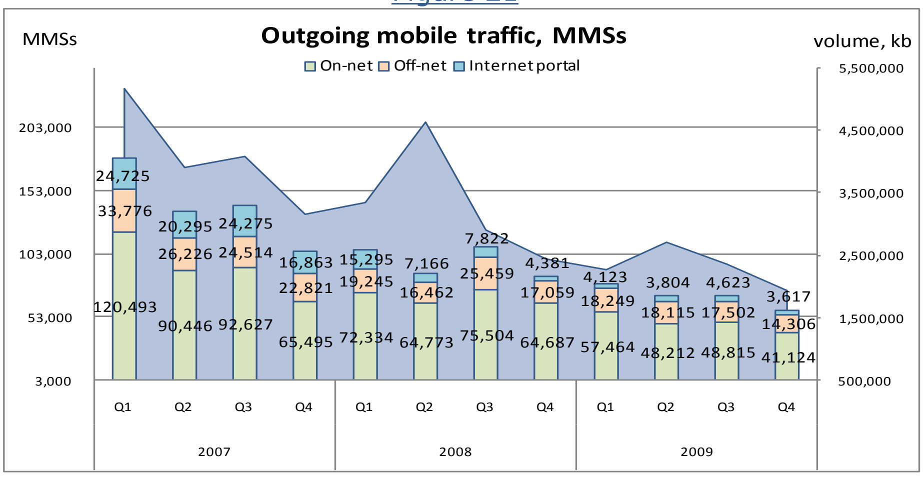
Figure 19 shows that, contrary to the trends observed in 2008, outgoing SMS traffic in 2009 has actually registered a quarter-on-quarter increase. *On-net* SMS traffic increased from 66.6 million text messages in Q1 2009 to 75.5 million text messages in Q4 2009. Correspondingly, *off-net* SMS traffic also increased from 45.5 million to 49.9 million text messages.

On the other hand, outgoing SMS traffic to international networks during 2009 maintained the same levels registered in the previous year.

Outgoing mobile traffic, MMS traffic

The number of outgoing MMSs in the second half of 2009 amounted to 129,987 down from 149,967 multimedia messages (MMSs) that were sent in the first half of the same year. During the same period, *on-net* MMSs declined by 14.9 percent, whilst *off-net* MMSs declined by 12.5 percent.

Figure 21



The total volume of MMS data sent in the second half of 2009 reached 4224.8Mb[16], compared with approximately 5251.5Mb in the corresponding period in 2008.

[16] 1 megabit (Mb) = 1024 kilobits (kb)

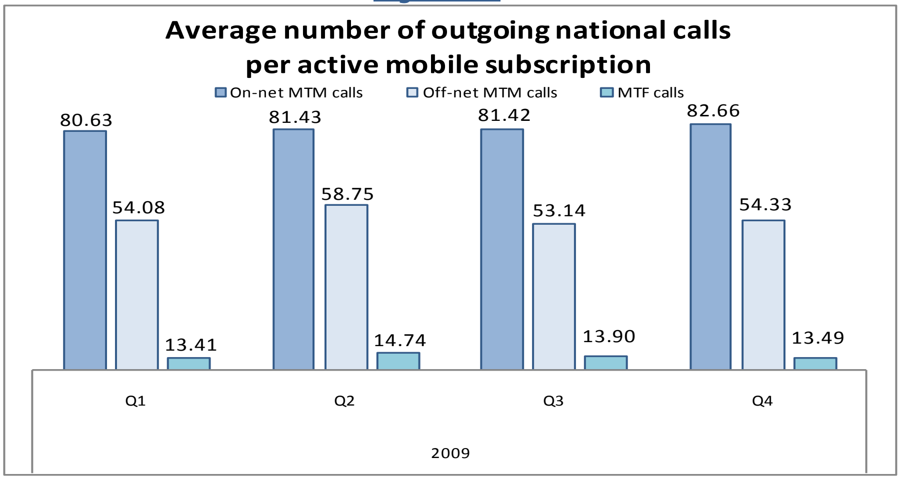
The average size of an MMS was 33kb in Q4 2009 compared with 27kb in Q4 2008.

2.6 Activity per mobile subscription

Outgoing mobile traffic, average per active mobile subscription

On average, the number of outgoing national calls per active mobile subscription reached 152.6 in Q4 2009 up from 150.8 in the previous quarter.

Figure 22

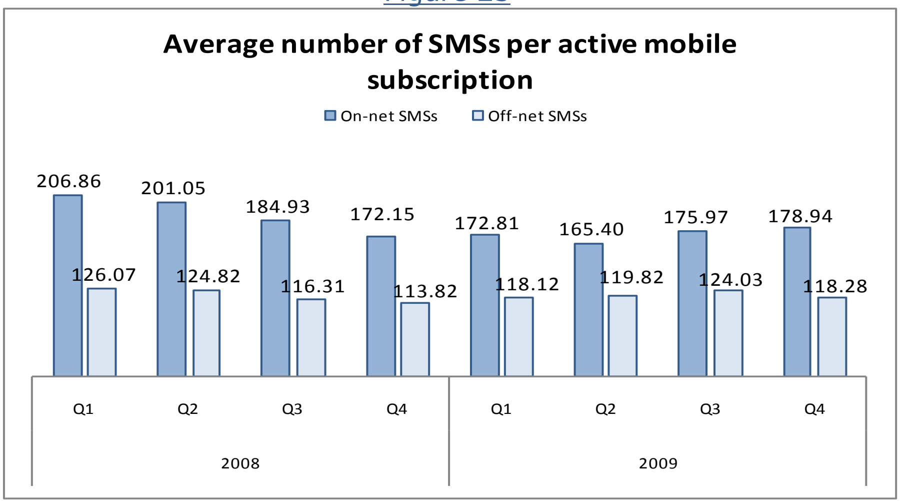


In Q 2009, the average number of outgoing on-net MTM calls per active mobile subscription reached 82.7, the highest since Q1 of the same year. The average number of off-net MTM calls reached 54.3. On the other hand, the average number of outgoing MTF calls declined from 14.7 in Q2 2009 to 13.5 in Q4 2009.

Outgoing SMS traffic, average per active mobile subscription

The average number of national outgoing SMSs per active mobile subscription[17] amounted 297.2 in Q4 2009, up from 286 in Q4 2008. The number of on-net SMSs accounted for the largest share of outgoing SMSs, with nearly 179 on-net text messages sent per active mobile subscription in Q4 2009 compared with 118 off-net text messages per active mobile subscription.

Figure 23



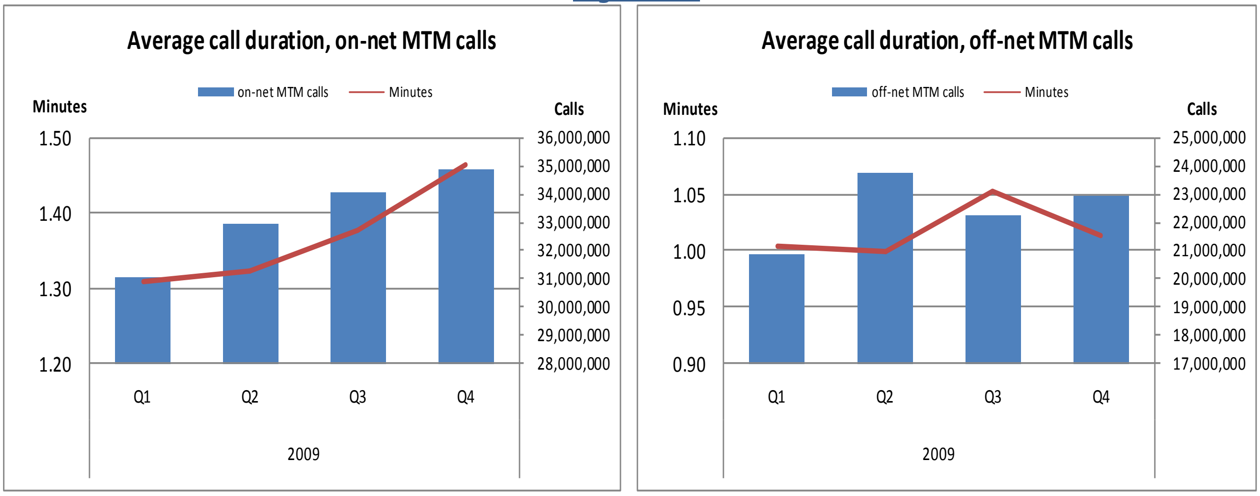
[17] Excluding SMSs sent from Internet portal, SMSs sent to foreign mobile networks and Premium SMSs.

On a six monthly basis, the average number of outgoing SMSs per active mobile subscription amounted to 594.5 in the second half of 2009, up from 562.5 in the first half of 2009, and more than 584.6 registered in the corresponding period a year earlier.

Average call duration of a mobile originated call

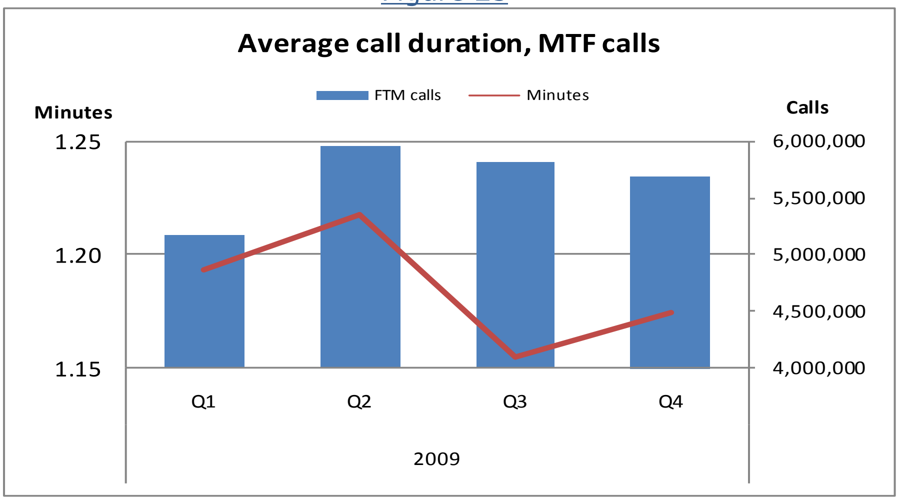
In Q4 2009, a mobile originated call on average lasted 1.28 minutes, up from 1.24 minutes in the previous quarter, and 1.19 minutes in Q1 and Q2 2009. As expected, the average time spent[18] by mobile subscribers on an on-net MTM call was longer than that spent on an off-net MTM call, or a MTF call.

Figure 24



In Q4 2009, the average time spent on an on-net MTM was 1.46 minutes, compared with an average of 1 minute spent on an off-net MTM call.

Figure 25



During the same quarter, the average time spent on a MTF call was approximately 1.2 minutes, which is longer than the average time spent on an off-net MTM. This is because the largest network operators in Malta currently offer both mobile and fixed line telephony services, thereby offering subscribers lower rates for calls within different segments of their own network.

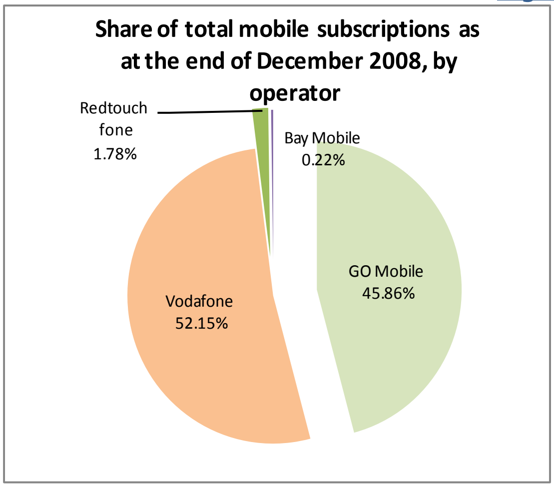
[19] The average active postpaid and prepaid subscribers during the period (i.e. subscribers at the start of the period plus subscribers at the end of the period, divided by 2).

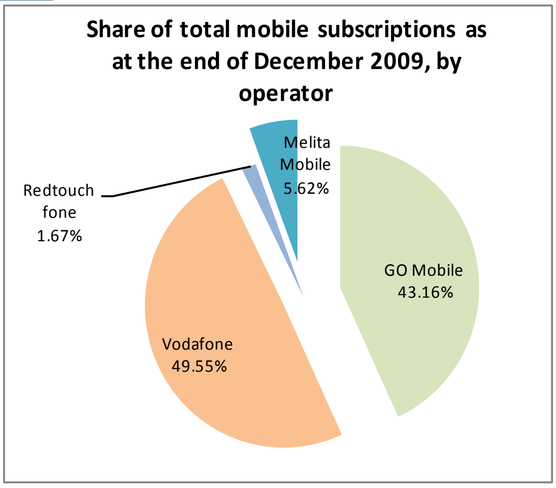
2.7 Market shares

Developments for incumbents and newer market entrants

As at the end of December 2009, Vodafone (Malta) held a market share slightly exceeding 49.5 percent of all mobile subscribers, down from approximately 52.2 percent a year earlier. Similarly, GO Mobile also lost some of its market share, from 45.9 percent as at the end of December 2008 to 43.2 percent as at the end of December 2009.

Figure 26



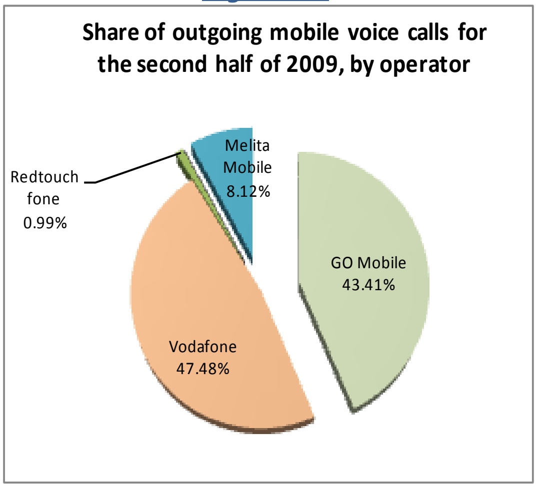


Another decline in market share in terms of subscriptions was registered by Redtouchfone, which lost a slight 0.1 percent of its standing.

These losses were however registered as gains by the latest arrival on the scene, Melita Mobile, which got 5.6 percent of the market share as at the end of last year.

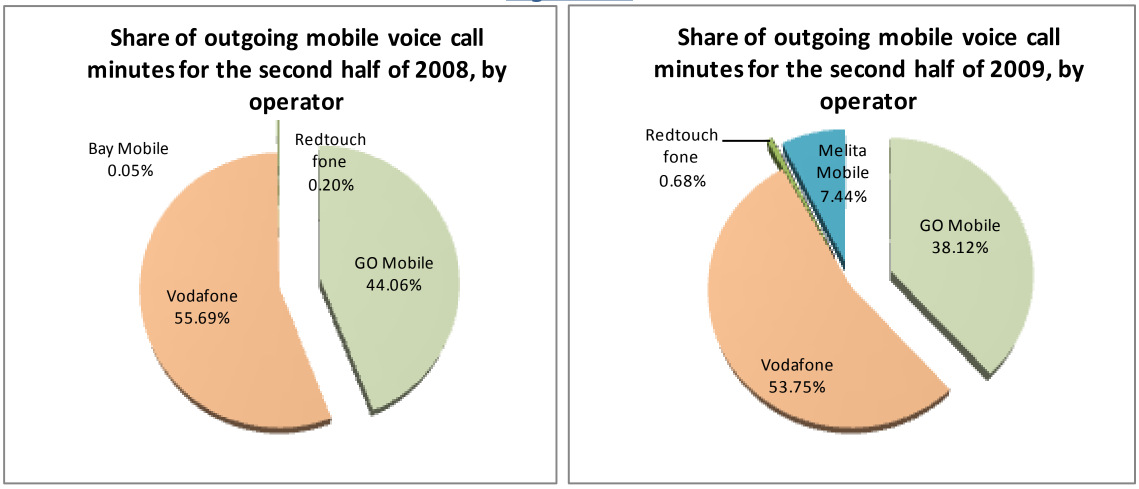
Regarding mobile usage, Figures 27 and 28 depict developments in market shares for mobile traffic volumes, in terms of outgoing mobile voice calls and outgoing mobile voice call minutes.

Figure 27



In the second half of 2009, nearly 127.5 million mobile voice calls were made. Vodafone accounted for the largest share, at 47.5 percent, and GO Mobile followed, at 43.4 percent. Melita accounted for 8.1 percent and Redtouchfone to approximately 1 percent.

Figure 28



In terms of the number of voice call minutes undertaken in the second half of 2009, Vodafone accounted for 53.8 percent of the total recorded for the period, down from 55.7 percent in the corresponding period a year earlier. Correspondingly, GO Mobile's share also declined from approximately 44.1 percent of the total to 38.1 percent.

Gains in market shares were registered by Redtouchfone, by nearly 0.5 percent, and Melita, by 7.4 percent.

2.8 Average revenue per user ("ARPU")

ARPU statistics include total revenues of the operator divided by the average number of active subscribers[19] during the period. Total revenues include income from all incoming and outgoing activity registered by all postpaid and prepaid subscribers, including outbound roaming revenues and interconnection revenues, but excluding inbound roaming revenues.

Figure 29

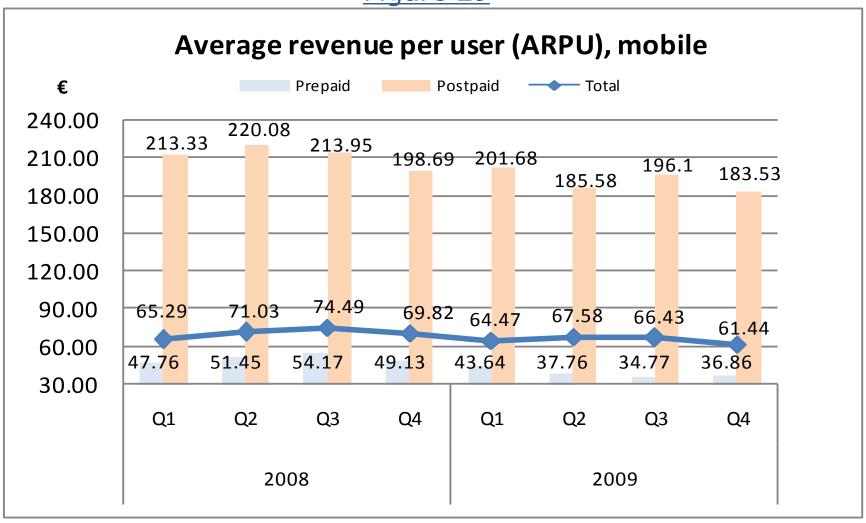


Figure 29 depicts the total ARPU per quarter for the period 2008 – 2009 taking into account both prepaid and postpaid subscribers. In line with seasonal fluctuations observed over the years, total

[19] The average active postpaid and prepaid subscribers during the period (i.e. subscribers at the start of the period plus subscribers at the end of the period, divided by 2).

ARPU average experienced a decline in Q4 2009 when compared to Q4 2008, from €69.82 to €61.44 respectively.

Postpaid ARPU as at Q4 2009 stood at €183.53, whereas prepaid ARPU was €36.86. Both figures are lower than those registered in the corresponding period a year earlier.

2.9 Roaming activity

International roaming enables a customer to use the mobile phone when abroad. Developments in roaming activity are determined by the movement of people across borders, and activity rates also depend on the tariffs charged for calls made by mobile users when these are travelling abroad.

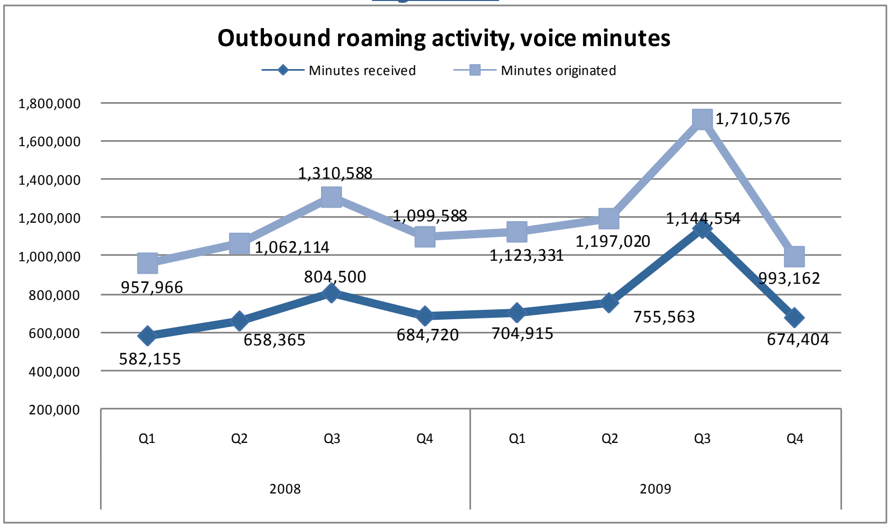
It is expected that much of the roaming activity reported by local operators will peak during the summer months, when both the number of tourists visiting the island (inbound roaming activity) and the number of local residents travelling abroad (outbound roaming activity) increase.

Outbound roaming activity[20], voice minutes

Outbound roaming activity is generated by Maltese residents travelling abroad. During the second half of 2009, the total number of call minutes originating from Maltese residents whilst roaming reached 2.7 million, representing a 12.1 percent increase over the figure registered in the second half of 2008.

An increase was also registered in terms of minutes received by Maltese residents whilst roaming abroad, up from 1.5 million minutes in the second half of 2008 to 1.8 million minutes in the second half of 2009. As depicted below, outbound roaming activity exhibits an upward underlying trend with seasonal spikes in Q3 (the summer months) of each year.

Figure 30



Inbound roaming activity[21], voice minutes

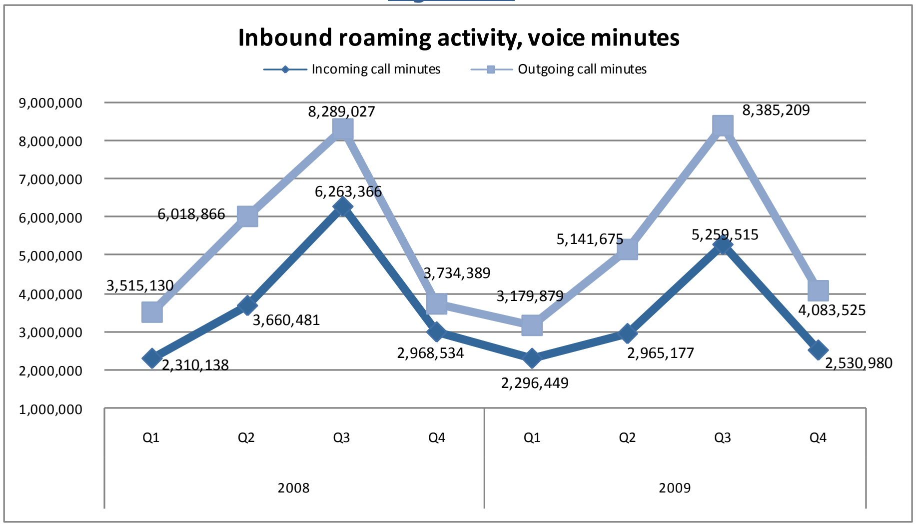
Inbound roaming activity is generated by foreigners visiting Malta. Voice traffic originated by foreigners roaming on domestic mobile networks exhibits similar seasonal fluctuations to those observed for outbound roaming activity, with spikes featuring in Q3 each year.

[20] Refers to activity by domestic subscribers generated on foreign networks.

[21] This refers to activity by foreign mobile telephony subscribers (also referred to as visitors), generated on domestic networks.

In the second half of 2009, local mobile network operators reported 12.5 million outgoing call minutes originating from visitors roaming in Malta, hgher than 12 million minutes in the second half of 2008.

Figure 31



A decline was however registered in terms of minutes received by visitors roaming in Malta, down from 9.2 million in the second half of 2008 to 7.8 million in the corresponding period for 2009.

Chapter 3 Reception of TV Broadcasts

3.1 Introduction

TV broadcasts in Malta are characterized by five main TV reception platforms, namely analogue terrestrial (aerial, free-to-air), analogue cable, digital cable, digital terrestrial and satellite.

This chapter provides a review of the trends in subscriber numbers in relation to the Pay TV sector as a whole. In relation to the usage of analogue aerial and satellite TV, reference is made to the *Radio and Television Audience Assessment* carried out by the Broadcasting Authority.

3.2 Usage and take-up of TV reception platforms

Reception of TV broadcasts via analogue terrestrial and satellite

According to the *Radio and Television Audience Assessment* carried out by the Broadcasting Authority[22] for the period October – December 2009, 20.9 percent of local households could receive their television broadcasts via the analogue terrestrial platform[23].

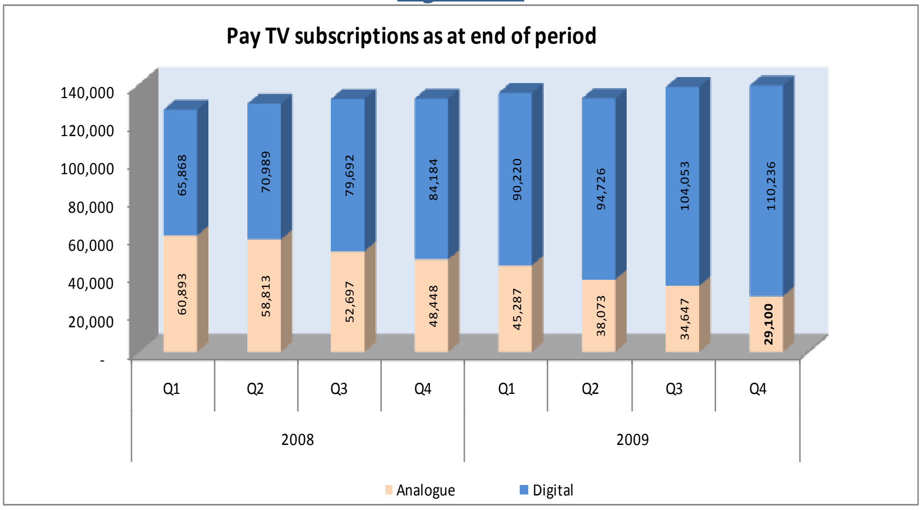
In the case of satellite, the same survey indicates that this platform was accessible to 12.8 percent of local households in Q4 2009.

Reception of TV broadcasts via Pay TV platforms

TV broadcasts are also available via two Pay TV platforms, namely via GO's Digital Terrestrial Television ("DTTV") platform, and/or via Melita's cable platform. Melita's infrastructure allows for both analogue and digital reception of TV broadcasts. There are to date no registered satellite broadcasters or platforms in Malta.

Pay TV subscriptions during 2009 continued to grow, reaching 139,336 as at the end of the year. This represents an increase of 6,704 (or 5.1 percent) over the number of Pay TV subscriptions registered as at the end of the previous year.

Figure 32



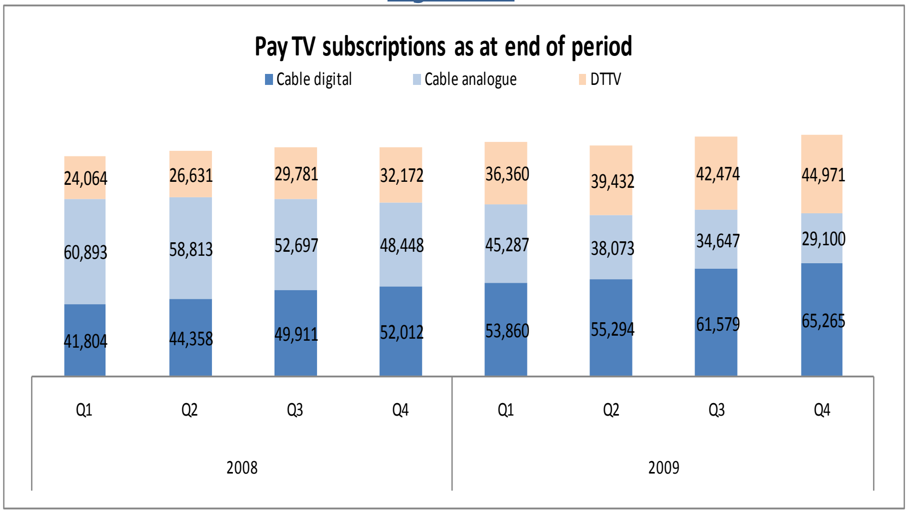
[22] Link to survey results: http://www.ba-malta.org/prdetails?id=178

[23] The latest MCA Consumer Perceptions Survey regarding broadcasting has been carried out in June 2009. According to this survey, 18.8 percent of all Maltese households could access TV broadcasts via the analogue terrestrial platform.

As at the end of Q4 2009, 79.1 percent of all Pay TV subscriptions were on a digital platform, with the remaining 20.9 percent being analogue-based. As expected, the number of Pay TV subscriptions on an analogue platform have been declining steadily over the last few years as is shown in Figure 32. As at the end of Q1 2008, analogue Pay TV subscriptions amounted to 60,893. By the end of Q4 2009, this figure went down by more than half.

A further look at the landscape of Pay TV subscriptions shows that, as at the end of Q4 2009, the cable analogue and the cable digital Pay TV platforms which are owned by Melita accounted for 67.7 percent of all Pay TV subscriptions, down from 75.7 percent as at the end of Q4 2008. GO's DTTV platform accounted for the remaining 32.3 percent of all Pay TV subscriptions registered as at the end of last year.

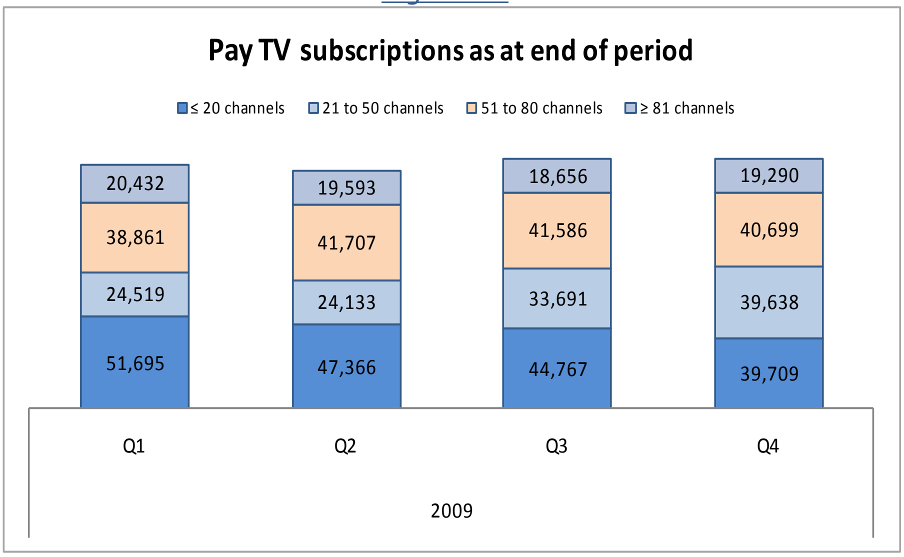
Figure 32



Pay TV subscriptions, by number of channels

During 2009, the number of Pay TV subscriptions on packages with 20 or less TV channels declined from 51,695 as at the Q1, to 39,709 as at the end of Q4. On the other hand, Pay TV subscriptions increased substantially on packages with 21 to 50 channels.

Figure 33



Developments were somewhat less clear for Pay TV subscriptions on packages with 51 to 80 channels and packages with 81 or more channels. In the former case, these increased in Q2 when compared to the previous quarter, but then declined thereafter. On the other hand, PAY TV subscriptions on the latter type of packages declined for two consecutive quarters (in Q2 and Q3) but then increased in the last quarter of the reference year.

Chapter 4 Internet

4.1 Introduction

This report distinguishes between two main types of Internet subscriptions, namely dial-up[24] and broadband. For the first time, a section in this chapter has also been dedicated to the number of broadband subscriptions bundled with other electronic communications services.

For the purpose of this report, broadband Internet subscriptions refer to those connections which are *always on* and have a speed of 128kbps or more, whilst active dial-up subscriptions include those connections which are not *always on* but require a call to an Internet number.

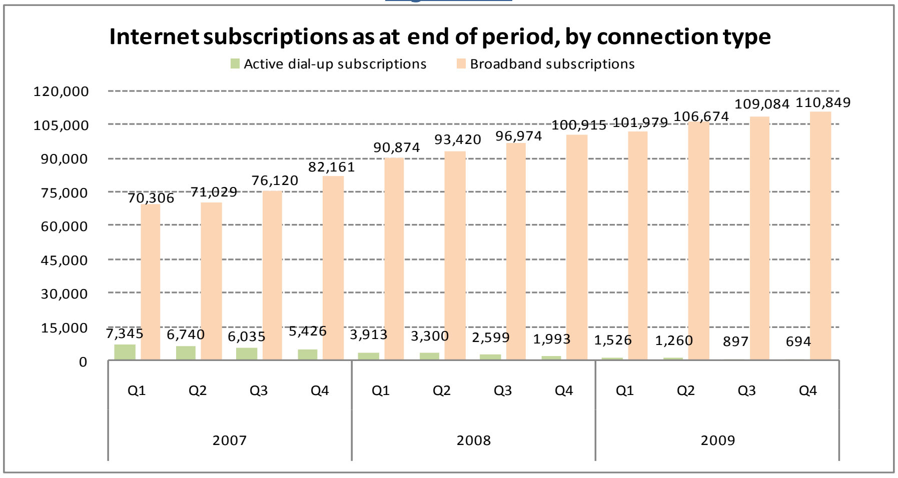
4.2 Internet take-up

Subscriptions by type of Internet connection

As at the end of Q4 2009, the total number of Internet subscriptions amounted to 111,543 of which over 99 percent (or 110,849) were broadband. Since the end of Q4 2008, broadband subscriptions increased by 9,934 which is equivalent to a 9.8 percent growth rate.

The number of active dial-up subscriptions as at the end of 2009 amounted to 694, down from 1,993 as at the end of the previous year.

Figure 34



Based on the figures quoted above, the Internet penetration rate per population as at the end of Q4 2009 stood at 26.8 percent[25].

Dial-up Internet subscriptions

The steady decline in the number of active dial-up subscriptions is also reflected in the sharp decline for dial-up Internet minutes.

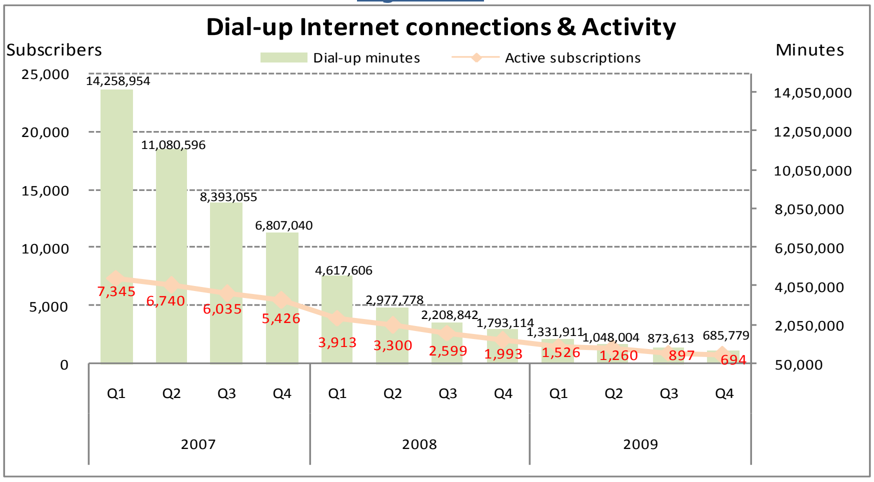
Based on the number of dial-up Internet minutes and active subscriptions in Q4 2009, each active dial-up subscription on average accounted for 5.5 dial-up hours per month, up from an average of 5

[24] Dial-up statistics only take into account 'active' subscriptions i.e. subscriptions with at least one registered call to any Internet number (20188, 2188 or 2186) during the preceding three months. This definition is not based on any official definition of narrowband services. It is only intended to provide a more accurate figure of active Internet subscriptions in Malta.

[25] This figure does not necessarily correspond to the number of Internet users. An Internet connection is most of the time accessed, possibly simultaneously, by several users.

dial-up hours per month in Q4 2008 possibly as a result of the most heavy users of dial-up Internet not having switched to broadband.

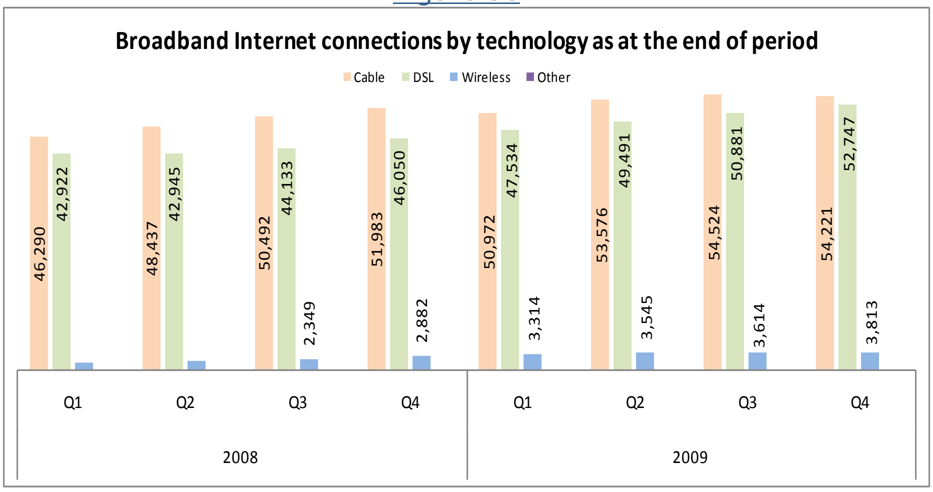
Figure 35



Broadband Internet subscriptions, by technology

As at the end of December 2009, a total of 110,849 broadband Internet subscriptions were registered with local service providers. Of these, 48.9 percent were cable-based subscriptions, down from 51.5 percent as at the end of Q4 2008 (even though in absolute terms these subscriptions have actually increased).

Figure 36



DSL subscriptions as at the end of last year accounted for 47.6 percent of total broadband subscriptions, compared with 45.6 percent as at the end of 2008.

The remaining 3.5 percent of broadband Internet subscriptions were accounted for by BWA and other technology, up from 2.9 percent as at the end of the corresponding period in 2008.

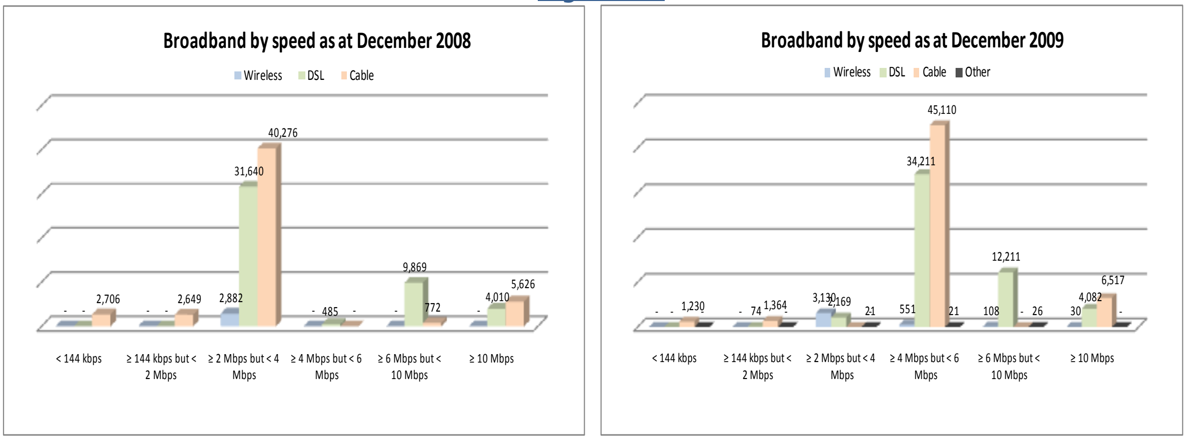
Broadband Internet subscriptions, by speed

As at the end of Q4 2009, around 72 percent (or 79,893) of all broadband subscriptions had a connection speed of more than or equal to 4Mbps but less than 6Mbps. DSL subscriptions falling under this category accounted to 42.8 percent of the total, whilst cable subscriptions accounted to 56.5 percent.

Figure 37 shows that the landscape of broadband connections by speed changed significantly in the 12-month period ending December 2009. As at December 2008, 74.1 percent of all broadband subscriptions had a connection speed of 2Mbps or more but less than 4Mbps. However, during 2009, most service providers upgraded their broadband speeds, generally at no extra cost. In fact, as at the end of December 2009 only 4.8 percent of all broadband subscriptions fell under the above-mentioned category.

The number of broadband connections having a speed of less than 2Mbps declined from 5,355 as at December 2008 to 2,668 as at the end of December 2009.

Figure 37



During the same period, the number of broadband subscriptions with a connection speed of 10Mbps or more increased from 9,636 to 10,629 representing an increase of 10.3 percent.

4.3 Multiple play offers and Internet subscriptions

As at the end of 2009, over 36,000 of all broadband subscriptions, or 32.8 percent, were bundled with some other telecommunications service, including fixed line telephony, Pay TV, and mobile.

Table 4

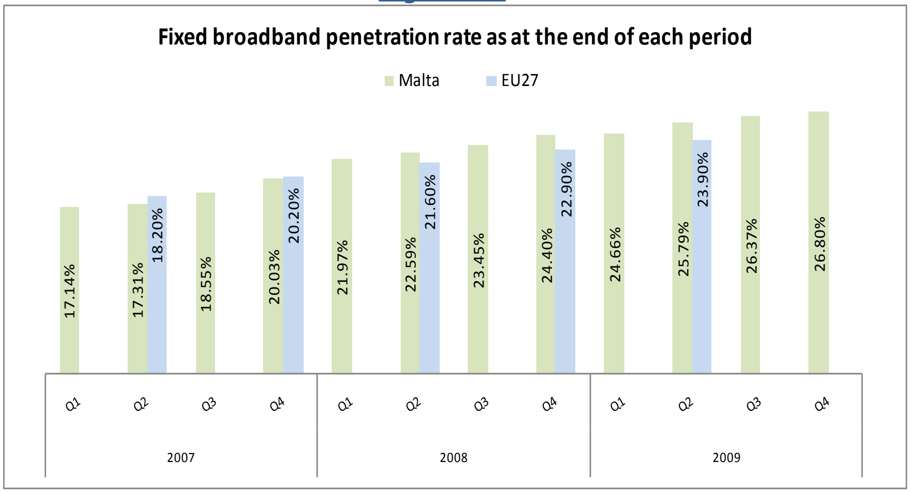
Number of users on multiple play offers including a broadband Internet subscription	2009 Q1	Q2	Q3	Q4
Number of users on two-play offers including:	1,165	1,100	703	932
Internet + Postpaid telephone line	1,165	1,100	703	932
Number of users on triple-play offers including:	4,973	5,477	4,446	4,749
Internet + Postpaid telephone line + Pay TV	2,444	2,150	943	779
Internet + Postpaid telephone line + Mobile	2,529	3,327	3,503	3,970
Number of users on quadruple-play offers including:	15,369	21,002	26,706	30,639
Internet + Postpaid telephone line + Pay TV + Mobile	15,369	21,002	26,706	30,639
Number of users on multiple play offers including an Internet subscription	21,507	27,579	31,855	36,320
As a percentage of total broadband Internet subscriptions	21.09%	25.85%	29.20%	32.77%

Furthermore, 84 percent of all multiple play offers with broadband Internet were quadruple play offers. Over a 9-month period ending December 2009, those opting for a quadruple play offer including broadband Internet doubled from 15,369 as at the end of Q1 2009 to 30,639 as at the end of Q4 2009.

4.4 Fixed broadband penetration rate

As at the end of Q4 2009, the fixed broadband penetration rate per population stood at 26.8 percent, compared with a broadband penetration rate of approximately 24.4 percent as at the end of Q4 2008.

Figure 38

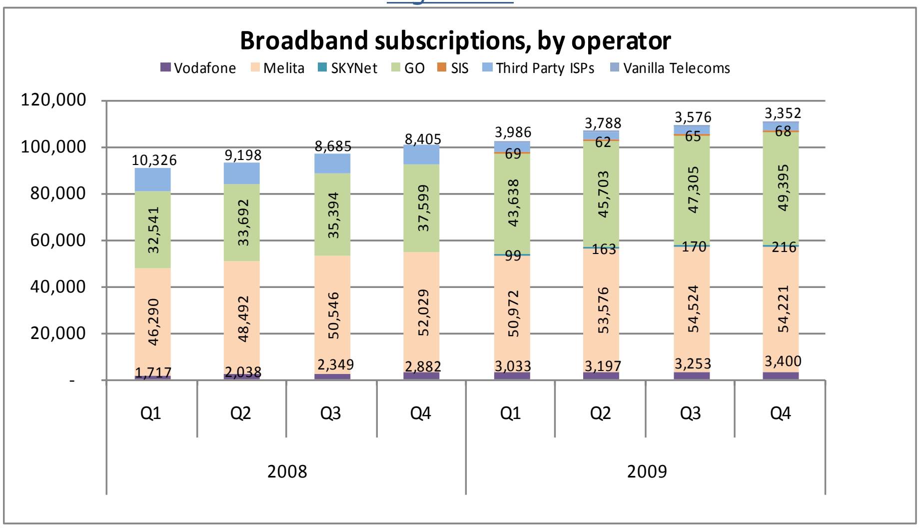


According to the latest figures available[26], the EU broadband penetration rate (broadband lines per 100 population) as at the end of Q2 2009 stood at 23.9 percent. Malta's fixed broadband penetration rate in Q2 2009 exceeded the EU's average by nearly 1.9 percentage points, as shown in Figure 38.

4.5 Market shares, by operator

The number of broadband Internet subscriptions as at the end of Q4 2009 stood at 110,849. Melita's share accounted for 48.9 percent of the total (at 54,221), down from approximately 51.6 percent as at the end of Q4 2008. On the other hand, GO's share increased from 37.3 percent (or 37,599) as at the end of December 2008 to 44.6 percent (or 49,395) as at the end of 2009.

Figure 39



As at the end of December 2009, Vodafone reported 3,400 broadband Internet subscriptions, representing approximately 3.1 percent of the total.

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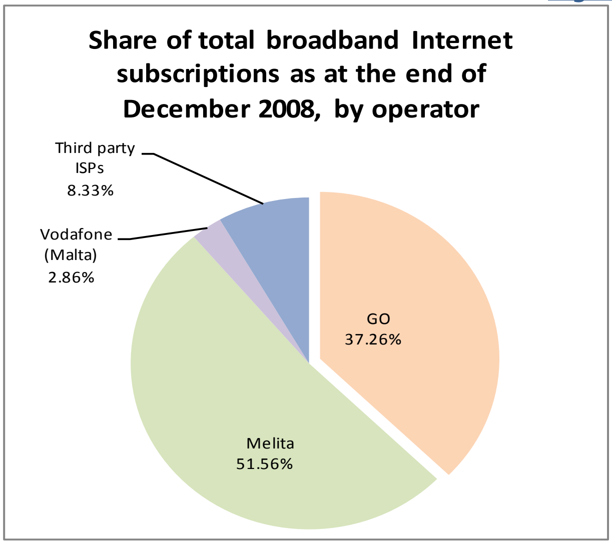
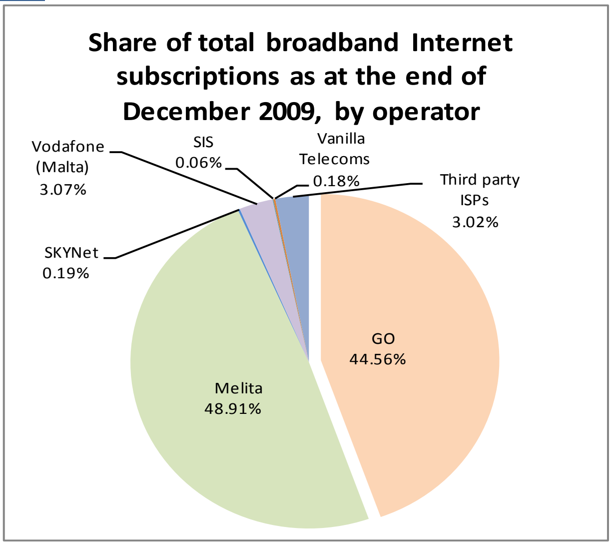
[26] EU Implementation Report, 2008, published in March 2009: http://ec.europa.eu/information_society/policy/ecomm/library/communications_reports/annualreports/14th/index_en.htm

Figure 40





Correspondingly, the remaining 3.4 percent of the total was accounted for by third party ISPs (approx. 3 percent), SKYNet (approx. 0.2 percent), Vanilla Telecoms (approx. 0.2 percent), and SIS.

Chapter 5 Postal Services

5.1 Introduction

In 2009, Maltapost (the designated Universal Service Provider) and Premiere Post Ltd provided services within the scope of the universal service area.

As part of its universal service obligation Maltapost is also obliged to provide a set of services, outside the reserved area. These are listed in the annex to Maltapost's licence.

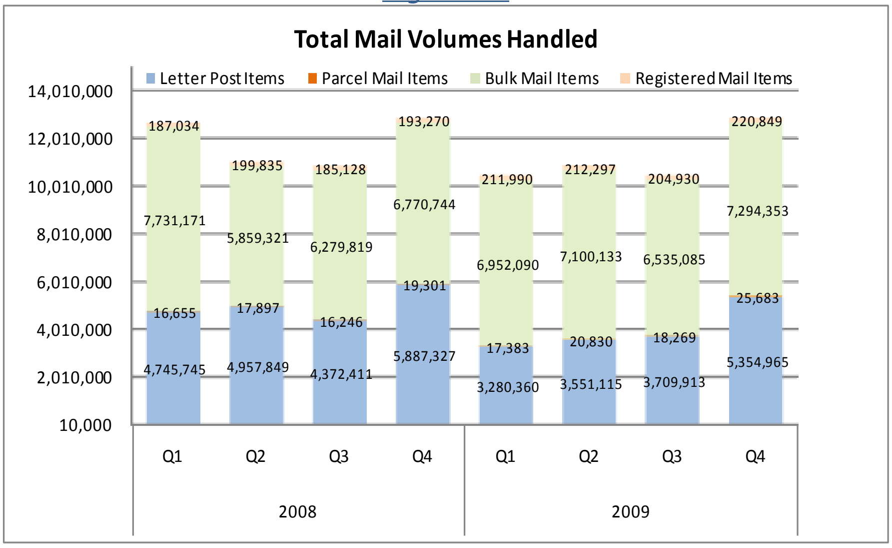
Another 16 registered postal operators (courier and express services) provided services outside the scope of the universal service area.

5.2 Postal volumes

Total mail volumes handled, by classification of item

In terms of total mail items delivered by local postal operators, postal activity was slightly lower in the second half of 2009 compared to the same period a year earlier. The total number of mail items delivered in the former period amounted to 23.4 million, slightly down from 23.7 million in the latter period. This decline is mainly attributed to a fall in the number of letter post items, a decline which outweighed the increases registered with respect to all the other segments of handled mail.

Figure 41



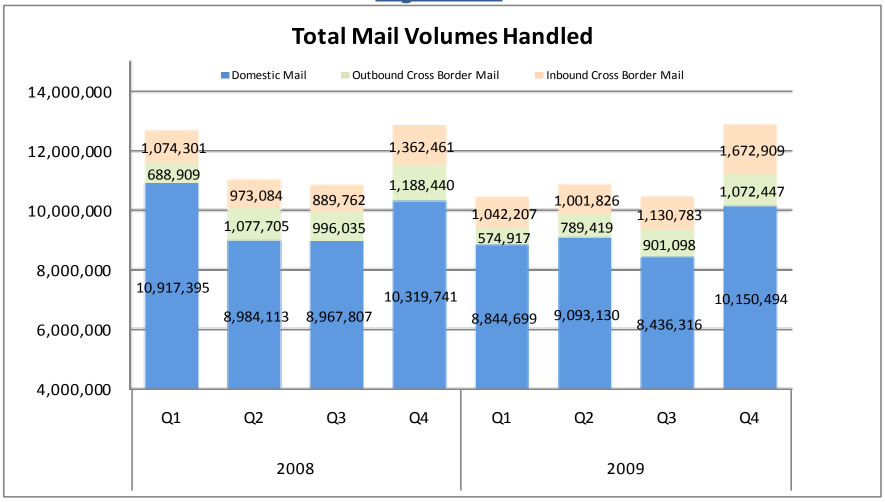
The number of delivered letter post items declined by 1.2 million, representing a decline of 11.6 percent, whilst the number of delivered bulk mail items and registered mail items increased by approximately 0.8 million and 0.05 million respectively. Parcel mail items also registered a slight gain.

Total mail volumes handled, by classification of service

During the second half of 2009, around 18.6 million *Domestic Mail* items, 2.8 million *Inbound Cross Border Mail* items, and over 1.9 million *Outbound Cross Border Mail* items have been delivered.

Compared with the corresponding period a year earlier, Domestic Mail declined by 0.7 million items (or 3.6 percent) and Outbound Cross Border Mail declined by 0.2 million items (or approximately 9.7 percent).

Figure 42



On the other hand, Inbound Cross Border Mail increased by nearly 0.6 million items (or 24.5 percent).

5.3 Quality of service

Under universal service obligations, the MCA has established a number of Quality of Service (QoS) targets that have to be achieved in the delivery of local ordinary and registered mail. All targets are set for a period of one year (actually covering Maltapost's financial year from October to September).

The QoS level for the delivery of *Local Ordinary Mail* and *Bulk Mail*[27] on the next day (D+1) has been set at 93% (since Q4 2008), whilst the target delivery rate for *Registered Mail* on the next day has been set at 97%.

Figure 43

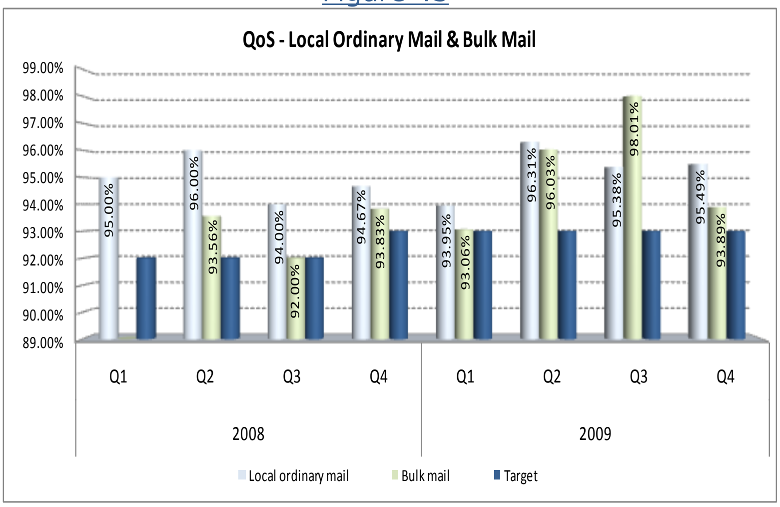


Figure 43 shows that target delivery levels have been met and exceeded in Q3 and Q4 2009 in relation to the delivery of *Local Ordinary Mail* and *Local Registered Mail*.

[27] Data compilation for this indicator started in April 2008.

Figure 44

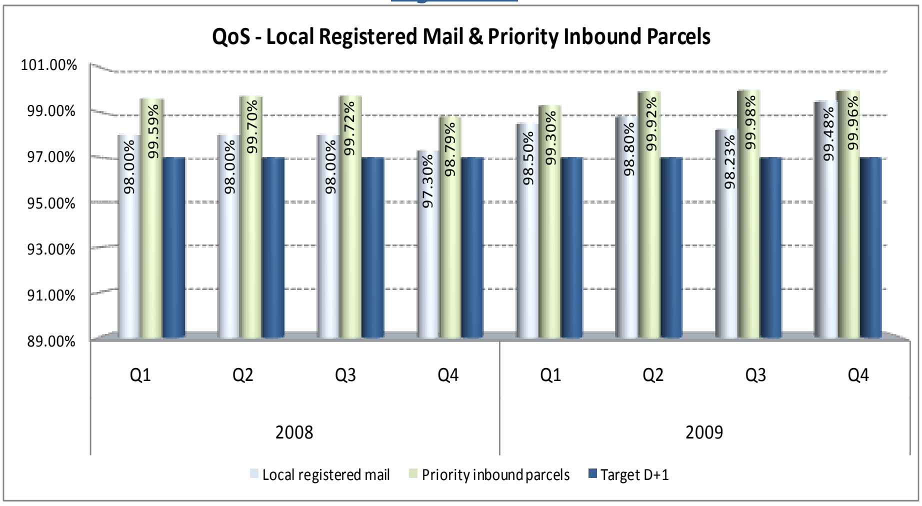


Figure 44 also shows that the QoS target levels for the delivery of *Domestic and Foreign Inbound Priority Parcels*[28] and *Local Registered Mail* on the next day (D+1) have also been met and exceeded in the last two quarters of 2009.

[28] All inbound cross border mail (including parcels) arriving at Maltapost's office of exchange before 19:00hrs between Monday to Friday and 16:30 hrs on Saturdays is to be processed on the same day (i.e. when unloaded from airline in Malta) and delivered within the standards and exceptions as those identified under local ordinary mail.

Chapter 6 e-Commerce

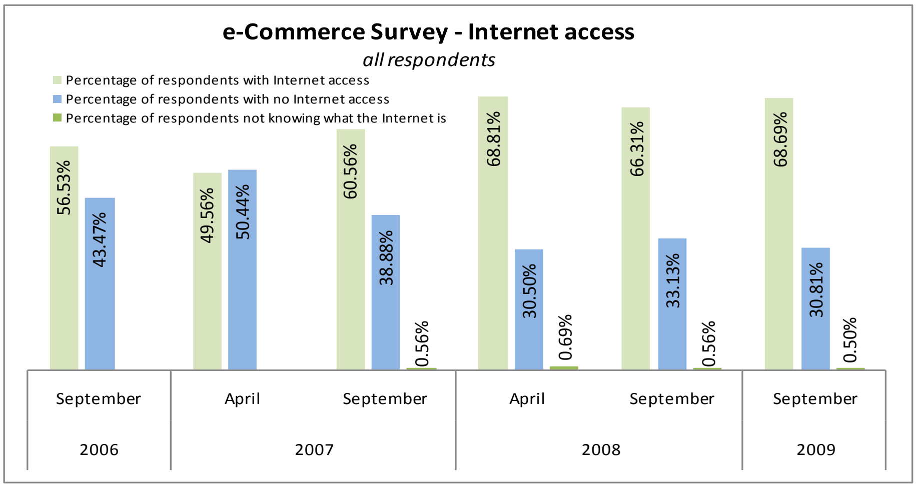
6.1 The MCA's e-Commerce Survey

The MCA carries out an e-Commerce survey on a regular basis, the latest being held in September 2009. The aim of the survey is to obtain an indication of the level of e-Commerce usage across the Maltese islands and the sector's potential for growth.

6.2 Internet access and usage

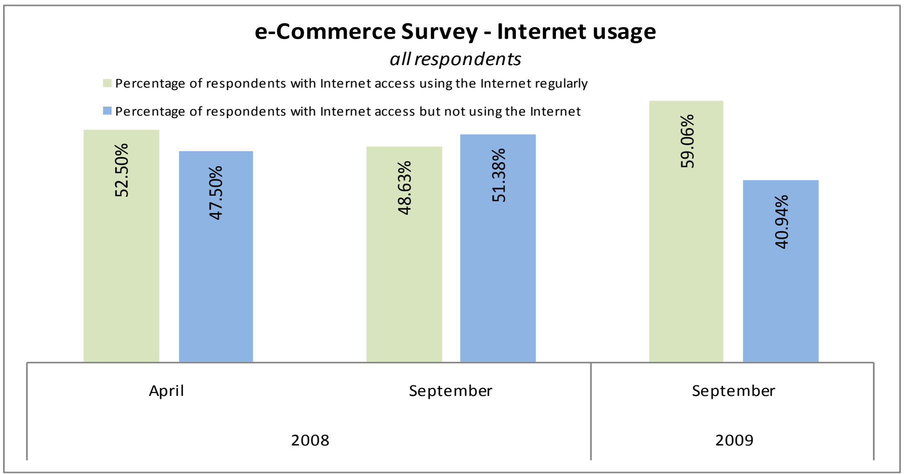
e-Commerce activity depends on the extent of access and usage of the Internet. More than 68.5 percent of all respondents to the September 2009 survey (or 1,099 respondents from a sample of 1,600) reported that they have access to the Internet, up from 66.1 percent in September 2008 and 60.6 percent in September 2007.

Figure 45



30.8 percent of all respondents however reported that they have no access to the Internet. The remaining 0.5 percent also reported that they do not understand what the Internet is.

Figure 46



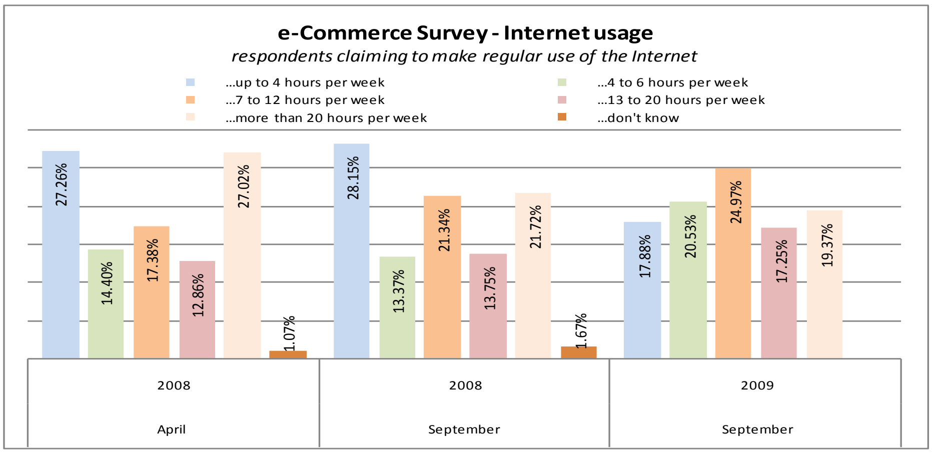
Of all respondents to the latest e-Commerce survey, only 59.1 percent (or 945 respondents from a sample of 1,600) reported regular use of the Internet. This percentage however increases to nearly 86 percent of 1,099 respondents claiming to have access to this medium.

As expected, the survey confirmed that the Internet is usually accessed from home, as 98.5 percent of those claiming to make regular use of the Internet reported that they accessed this medium from home.

25.7 percent of those respondents claiming to make regular use of the Internet also reported that they have access to the Internet from their workplace.

Respondents claiming to make regular use of the Internet were also questioned on the time they spend using this medium. Nearly 25 percent claimed that they made use of this medium from 7 to 12 hours per week.

Figure 47

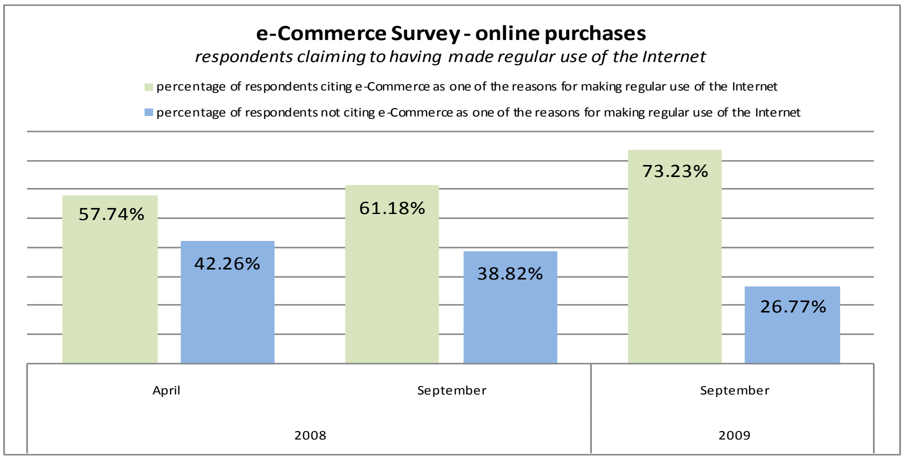


Those claiming to spend more than 20 hours per week on the Internet stood at 19.4 percent of the said respondents.

6.3 e-Commerce activity

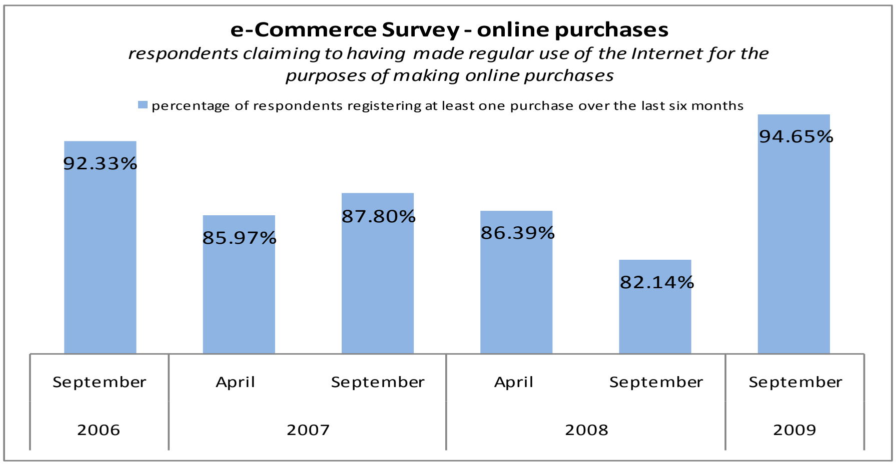
In September 2009, around 73.2 percent of respondents making regular use of the Internet (or 692 respondents out of 945) also claimed that one of the reasons for using this medium is to make online purchases. The corresponding figure for September 2008 stood at 61.2 percent.

Figure 48



Of those respondents claiming to having made use of the Internet for the purposes of making an online purchase in September 2009, approximately 94.7 percent (or 655 out of 692) did actually register one online purchase in the previous six months.

Figure 49

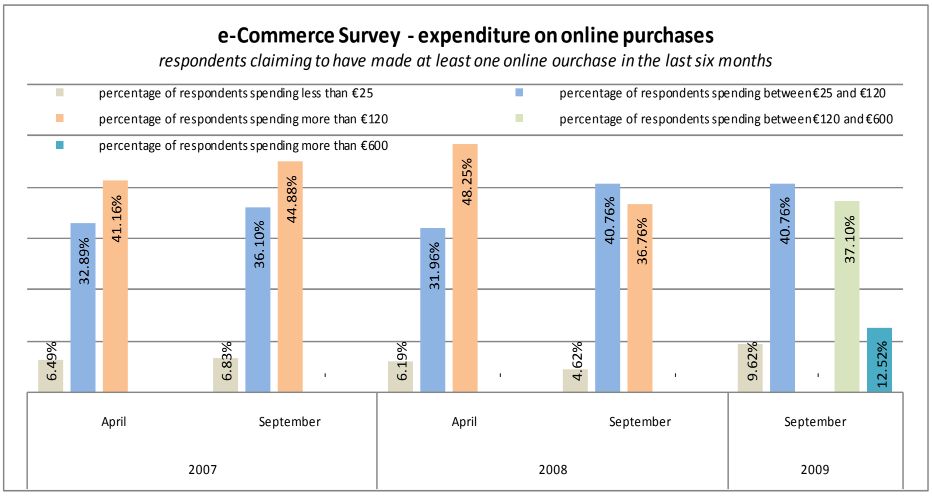


In this regard, 70.7 percent of those respondents claiming to having made use of the Internet for the purposes of making an online purchase reported that they actually made from one to five online purchases in the previous six months. Correspondingly, 17.9 percent reported from six to ten purchases, and the remaining 11.5 percent reported more than 10 online purchases.

When asked on which type of products have been bought online, clothing and IT and electronic related goods remained the most popular, with books and CDs/DVDs following in the list. Hotel accommodation and flight reservations were also quite popular.

The amounts spent when buying online also varied, with 40.8 percent of those respondents claiming at least one online purchase in the previous six months to September 2009, reporting an online expenditure varying between €25 and €120.

Figure 50



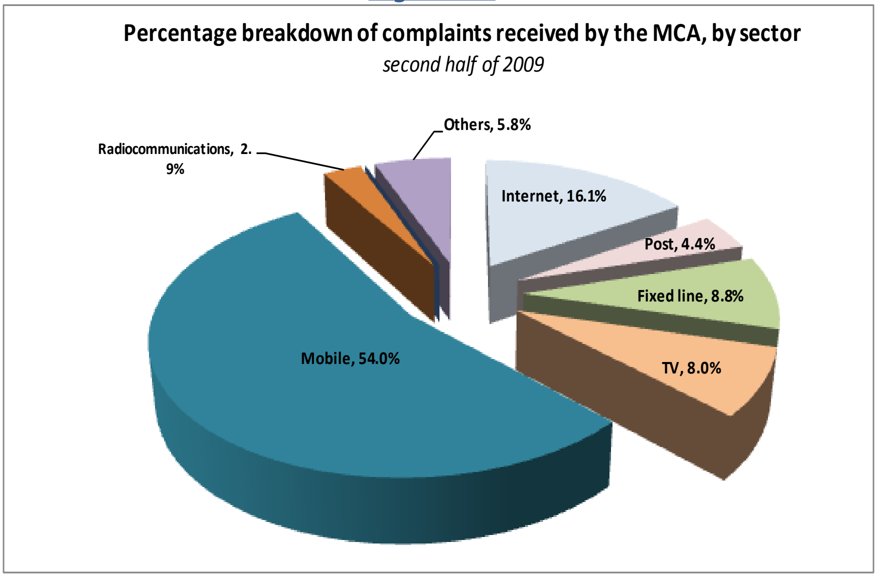
37.1 percent claimed to having spent between €120 and €600 in online purchases in the previous six months, and 12.5 percent claimed to having spent more than €600.

Chapter 7 Consumer affairs

7.1 Complaints reported to the MCA

In the second half of 2009, 142 complaints were reported to the MCA in relation to the electronic communications sector.

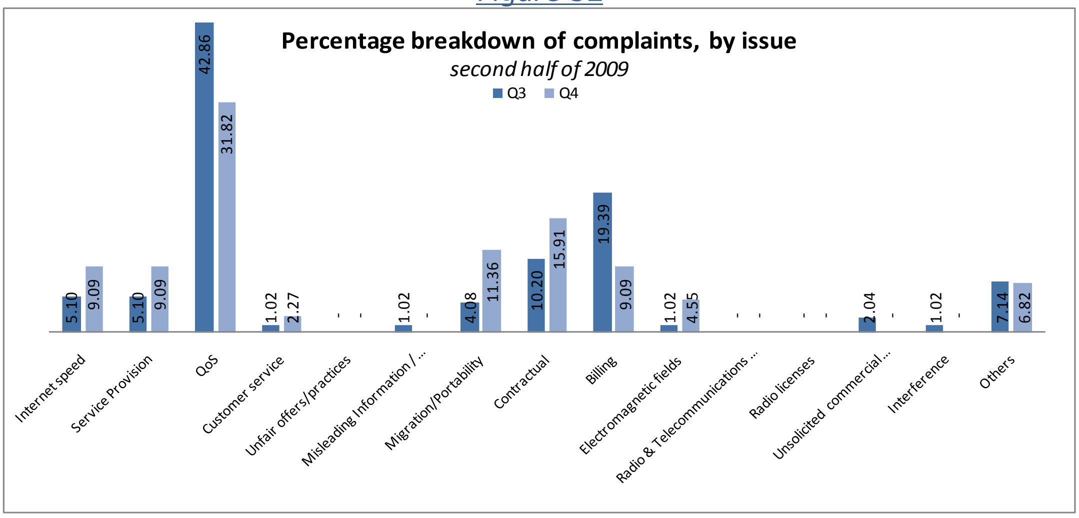
Figure 51



Complaints were again predominantly related to the mobile sector, which accounted for 54 percent of all complaints reported to the MCA, up from 40 percent in the first half of 2009. It must be pointed out, however, that the number of complaints related to this sector actually peaked in Q3 2009, but then went down substantially during the following quarter.

Figure 45 also illustrates amongst others that, during the period under review, 16.1 percent of all complaints concerned the Internet, followed by 9 percent of complaints concerning radio communications, and 8.8 percent concerning fixed line telephony. 8 percent of all complaints concerned broadcasting.

Figure 52



On disaggregating consumer complaints reported in the second half of 2009 by issue, the MCA identified the following categories:

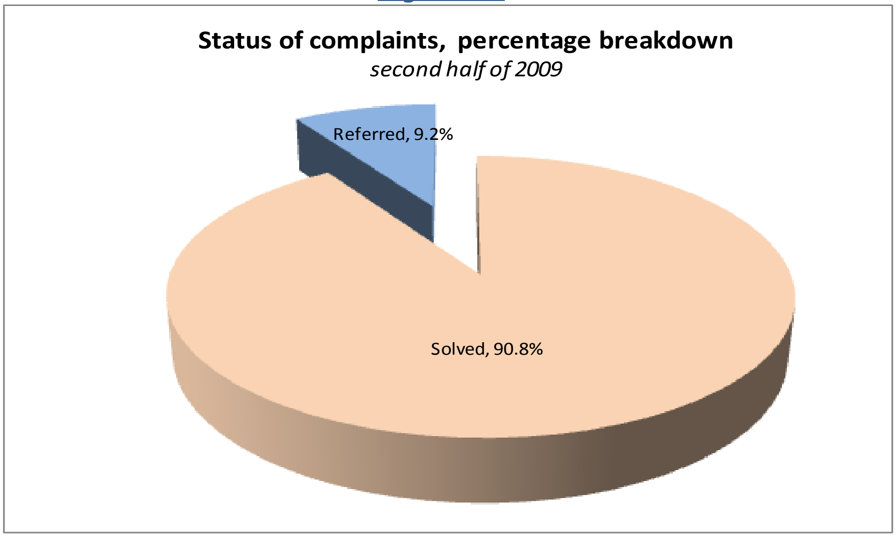
- Internet speed;
- Service provision;
- Quality of service ("QoS");
- Customer service;
- Migration (or portability) from one service provider to another;
- Contractual;
- Billing;
- Electromagnetic fields;
- Unsolicited commercial communications; and
- Others

In both quarters under review, a significant number of complaints were in fact also related to quality of service, billing and contractual arrangements.

7.2 Status of complaints

Of all complaints reported to the MCA during the period under review, nearly 91 percent were solved, and approximately 9 percent were referred to other entities.

Figure 53



No complaints remained pending.

Consultation notices

1. **Launch of consultation on the EC's proposals towards an EU approach to the digital dividend**
   Publish date: 13.07.09

2. **Managing common operational issues in a multi-operator environment (postal sector)**
   Publish date: 19.08.09

3. **Test and trial licenses for radio frequency spectrum**
   Publish date: 27.08.09

4. **Review of radio links licensing regime**
   Publish date: 04.09.09

5. **The grant of right of use of spectrum for test and trial purposes**
   Publish date: 15.10.09

6. **Review of radio links licensing regime**
   Publish date: 18.11.09

7. **Interconnection pricing strategy for electronic communications – November 2009**
   Publish date: 30.11.09

8. **Wholesale call termination on individual public telephone networks provided at a fixed location**
   Publish date: 14.12.09

9. **Number portability wholesale charges**
   Publish date: 30.12.09

Decision notices

1. **Accounting separation and publication of financial information by undertakings having SMP in the ECS**
   Publish date: 20.07.09

2. **Fixed interconnection pricing review 2009**
   Publish date: 30.07.09

3. **Accounting separation and publication of financial information by Maltapost plc**
   Publish date: 17.08.09

4. **National numbering conventions**
   Publish date: 23.10.09

5. **Review of GO's reference unbundled offer**
   Publish date: 12.11.09

6. **Updated notice on wholesale mobile voice call termination rates**
   Publish date: 16.11.09

7. **Mobile voice call termination rates – November 2009**
   Publish date: 16.11.09

8. **Managing common operational issues in a multi-operator environment**
   Publish date: 01.12.09

Statistical Annex

Key Indicators	2006				2007				2008				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Mobile Telephony																
Active subscriptions	325,614	334,221	345,486	346,771	344,390	353,495	369,513	368,530	372,009	374,507	382,255	385,636	385,419	404,461	418,341	422,083
Outgoing voice calls	-	-	-	-	-	-	-	-	-	-	-	-	57,911,242	63,650,878	63,084,779	64,404,417
Outgoing voice call minutes	43,574,147	47,217,516	50,954,267	50,462,937	49,482,710	54,561,745	58,997,434	59,729,744	59,244,646	60,959,169	64,924,123	64,414,805	69,641,003	77,109,328	78,901,358	82,817,160
Outgoing SMSs	102,620,254	109,299,065	116,981,451	119,051,162	121,335,783	125,846,231	132,641,400	131,565,126	131,814,009	130,405,068	123,940,163	117,591,996	119,160,367	123,375,103	133,551,255	132,543,696
Average revenue per user (€)	63.14	68.72	71.89	67.00	63.47	69.52	71.54	68.64	65.29	71.03	74.49	69.82	64.47	67.58	66.43	61.44
Mobile penetration rate (%)	79.84	81.96	84.72	85.03	83.94	86.16	90.06	89.82	89.94	90.55	92.42	93.24	93.18	97.79	101.14	102.05
Roaming																
Outbound roaming - minutes made	705,775	740,110	915,945	851,991	783,642	887,486	1,083,184	1,003,875	957,966	1,062,114	1,310,588	1,099,588	1,123,331	1,197,020	1,710,576	993,162
Outbound roamng - minutes received	345,212	402,398	514,246	434,907	420,265	490,881	638,337	575,245	582,155	658,365	804,500	684,720	704,915	755,563	1,144,554	674,404
Inbound roaming - minutes made	1,599,135	3,925,371	6,077,096	3,123,418	2,361,897	4,593,102	7,537,100	4,179,213	3,515,130	6,018,866	8,289,027	3,734,389	3,179,879	5,141,675	8,385,209	4,083,525
Inbound roaming - minutes received	1,762,936	2,036,684	3,524,875	1,716,281	1,361,894	2,712,601	5,295,007	2,798,887	2,310,138	3,660,481	6,263,366	2,968,534	2,296,449	2,965,177	5,259,515	2,530,980
Fixed Line Telephony																
Active subscriptions	208,029	208,815	208,077	210,696	214,099	220,899	226,976	230,433	235,880	237,434	240,582	241,122	245,774	245,014	246,498	244,916
Outgoing voice calls	-	-	-	-	49,504,866	51,832,420	49,925,466	49,776,296	47,549,317	53,692,219	53,148,014	53,622,229	55,177,863	56,525,171	56,084,033	55,982,811
Outgoing voice call minutes	194,397,535	185,863,030	167,208,054	164,917,470	165,479,124	164,170,304	154,400,678	161,291,616	155,554,222	166,994,536	163,897,796	173,487,977	181,880,068	184,333,852	180,103,066	186,862,831
Internet																
Active dial-up subscriptions	38,884	38,195	35,374	29,436	7,345	6,740	6,035	5,426	3,913	3,300	2,599	1,993	1,526	1,260	897	694
Broadband subscriptions	51,087	53,143	59,862	66,301	70,306	71,029	76,120	82,161	90,874	93,420	96,974	100,915	101,979	106,674	109,084	110,849
Broadband penetration rate (%)	12.53%	13.03%	14.68%	16.26%	17.14%	17.31%	18.55%	20.03%	21.97%	22.59%	23.45%	24.40%	24.66%	25.79%	26.37%	26.80%
Pay TV																
Analogue subscriptions	87,667	77,347	75,464	72,753	72,472	72,121	69,815	65,305	60,893	58,813	52,697	48,448	45,287	38,073	34,647	29,100
Melita	87,667	77,347	75,464	72,753	72,472	72,121	69,815	65,305	60,893	58,813	52,697	48,448	45,287	38,073	34,647	29,100
GO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Digital subscriptions	25,687	30,503	32,740	36,634	42,609	47,385	52,602	58,969	65,868	70,989	79,692	84,184	90,220	94,726	104,053	110,236
Melita	19,210	22,176	23,762	25,673	29,665	30,585	34,060	37,475	41,804	44,358	49,911	52,012	53,860	55,294	61,579	65,265
GO	6,477	8,327	8,978	10,961	12,944	16,800	18,542	21,494	24,064	26,631	29,781	32,172	36,360	39,432	42,474	44,971
Post																
Total Mail Volumes Handled	13,081,018	13,283,354	12,766,818	20,646,833	13,485,581	11,252,440	12,293,749	14,065,970	12,680,605	11,034,902	10,853,604	12,870,642	10,461,823	10,884,375	10,468,197	12,895,850
D+1 QoS Local Ordinary Mail (%)	-	-	-	93.02%	94.29%	95.37%	96.66%	94.00%	95.00%	96.00%	94.00%	94.67%	93.95%	96.31%	95.38%	95.49%
D+1 QoS Local Registered Mail (%)	-	-	-	97.69%	97.94%	90.48%	98.44%	98.00%	98.00%	98.00%	98.00%	97.30%	98.50%	98.80%	98.23%	99.48%
D+1 QoS Bulk Mail (%)	-	-	-	-	-	-	-	-	-	93.56%	92.00%	93.83%	93.06%	96.03%	98.01%	93.89%
D+1 QoS Priority Inbound Parcels (%)	-	-	-	-	-	-	-	99.38%	99.59%	99.70%	99.72%	98.79%	99.30%	99.92%	99.98%	99.96%
Population	407,810				410,290				413,609				413,609			