

Communications Market Review

July to December 2010

<i>Document No:</i>	MCA/O/11-0312
<i>Date:</i>	9 May 2011

Table of Contents

1	Overview	4
2	Reporting parameters	5
3	Key market outcomes	6
4	Market shares of the local subscriber base	10
	Fixed line telephony	10
	Mobile telephony	10
	Fixed broadband Internet	11
	Pay TV	11
5	Fixed line telephony	12
5.1	Number of active fixed line subscriptions	12
5.2	Fixed line subscriptions on a bundled offer	13
5.3	Fixed line portings	13
5.4	National and international voice traffic levels	14
5.5	Activity levels per subscription	16
5.6	Average call duration	17
5.7	Average rate per minute of fixed line communications	18
6	Mobile telephony	19
6.1	Number of active mobile subscriptions	19
6.2	Mobile portings	20
6.3	Malta's mobile penetration rate ("MPR")	21
6.4	Voice activity	21
6.5	SMS and MMS activity	23
6.6	Activity levels per active mobile subscription	25
6.7	Average mobile call duration	27
6.8	International roaming activity	28
6.9	Average revenue per user ("ARPU")	33
6.10	Average rate per minute of mobile communications and average rate per SMS	34
7	Internet and eCommerce	35
7.1	Internet subscriptions	35
7.2	Broadband connection speeds	36
7.3	Fixed BB subscriptions on a bundled offer	39
7.4	Fixed broadband penetration rate	39
7.5	Mobile broadband	40
7.6	Average price of broadband per unit of download speed	41
7.7	The MCA e-Commerce Survey	44

8	Reception of TV broadcasts via Pay TV platforms	48
8.1	Number of Pay TV subscriptions	48
8.2	Digital Pay TV subscriptions on a bundled offer.....	49
8.3	Average Pay TV package rates.....	50
9	Post	52
9.1	Postal mail volumes	52
9.2	Quality of postal delivery service	55
10	Consumer affairs.....	57
10.1	Complaints filed with the MCA.....	57
10.2	Status of complaints	58
	Tables.....	59
	Figures	60
	Glossary of Terms.....	62
	Contact	65

1 Overview

The Malta Communications Authority (“MCA”) is hereby presenting a report outlining key trends and developments in the Maltese communications and postal sectors for the second half of 2010.

The document follows a series of publications issued by the MCA on a regular basis over the last two years. The first publication in the series was issued in September 2008, followed by four more publications, the latest of which being issued last November¹.

Report findings are presented under five main platforms and draw on a range of data provided by local operators. Occasionally, reference is made to research findings from publications in the areas of interest, which are not necessarily carried out by the MCA.

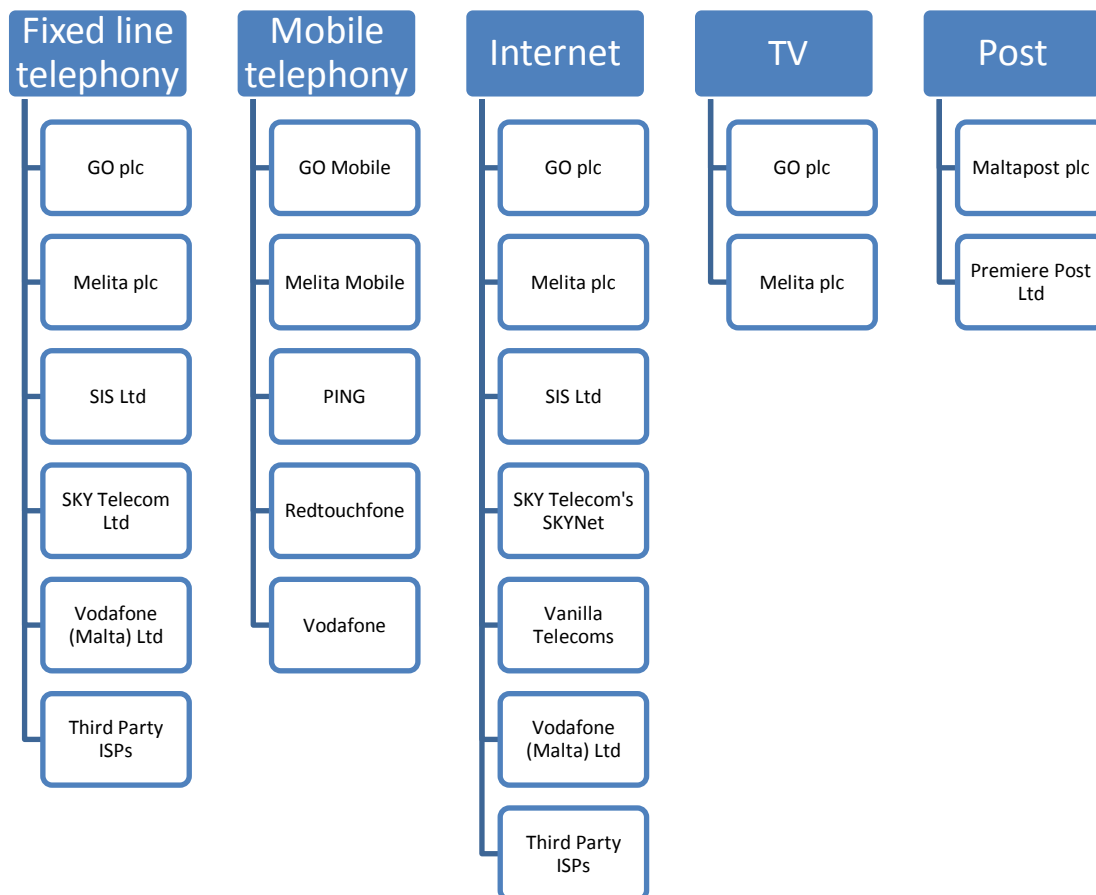


Figure 1: Operators providing quarterly data

¹ Link to the document: <http://www.mca.org.mt/infocentre/openarticle.asp?id=1468&pref=13>

The MCA also publishes a data report sheet ('DRS') on a regular basis on the MCA website. The DRS is available on the following link: <http://www.mca.org.mt/newsroom/openarticle.asp?id=959>

2 Reporting parameters

This report covers quarterly data for three whole calendar years, 2008 and 2009, and 2010². Quarterly developments in electronic communications and posts are captured by a set of key measures presented in Figure 2 below.

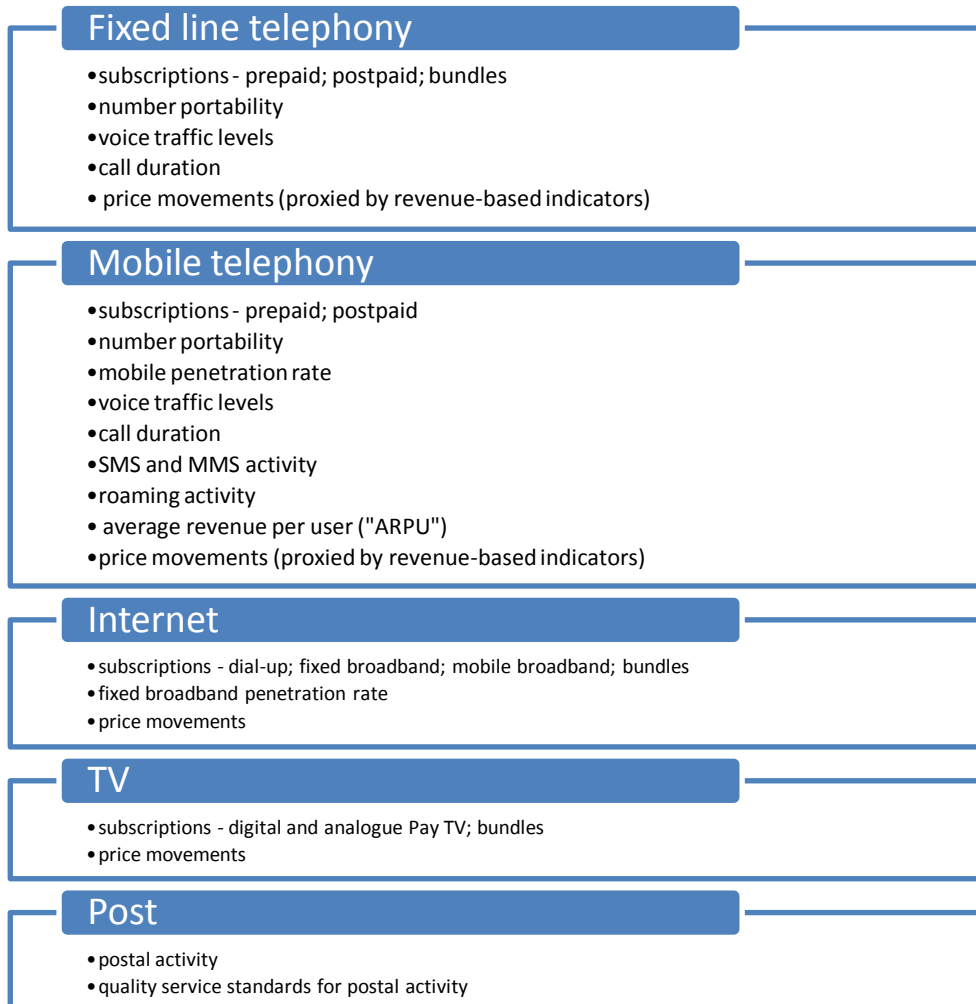


Figure 2: Key measures for electronic communications and post

² A report sheet publishing data for a number of electronic communications and postal indicators can be found at <http://www.mca.org.mt/newsroom/openarticle.asp?id=959>

3 Key market outcomes

Despite the recessionary spill-overs of the international economic downturn experienced a year earlier, Malta's electronic communications and postal markets proved resilient to an averse economic environment and on many occasions proved capable of recording growth in 2010 as consumer take-up remained strong and activity improved.

The following sections will provide a summary of key trends and developments in electronic communications and post in the second half of 2010 compared with the same period in 2009, following the generally positive market outcomes experienced in the previous six months.

Fixed line telephony

Subscriptions to fixed line telephony have grown by 0.6 percent, up from 245,848 as at the end of 2009 to 247,345 a year later. Most subscriptions, at 76.5 percent of the total subscriber base recorded at the end of the current review period, were on a postpaid plan.

Nearly 37 percent of all postpaid subscriptions were also bundled with some other electronic communications service.

On the downside, fixed line traffic volumes in the second half of 2010 were lower than those recorded in the corresponding period a year earlier. The number of outgoing calls declined by 4.6 percent and the number of outgoing call minutes declined by 3.2 percent.

The number of fixed line portings recorded in the second half of 2010 totalled 2,001. The corresponding figure in the second half of 2009 totalled 1,821.

The average rate per minute of fixed line communications in Q4 2010 was much similar to that prevailing in Q4 2009. The average cost of an on-net call was €0.013 per call minute and that for an off-net call stood €0.017 per call minute.

Mobile telephony

Mobile telephony subscriptions have grown by 7.9 percent to 455,414 in a twelve-month period ending December 2010. Most subscriptions, at 80.4 percent, continued to be prepaid.

In line with increases in the number of mobile subscriptions, the mobile penetration rate as at the end of the reporting period reached 110.3 percent, up from 102.2 percent as at the end of 2009.

In the second half of 2010, some 147.1 million mobile calls were made and some 206.2 million minutes recorded. Outgoing mobile traffic in the second half of 2009 was significantly lower, at 128.7 million calls and 161.7 million minutes.

SMS traffic volumes were also stronger, up from 266.1 million in the second half of 2009 to 302.1 million in the second half of 2010. Correspondingly, MMS traffic volumes maintained their downward trajectory, down from 129,987 to 67,489.

The number of mobile portings in the second half of 2010 totalled 29,456. The corresponding figure in the second half of 2009 stood at 23,453.

The average revenue per user (ARPU) of mobile communications in Q4 2010 stood at €54.03, down from €58.55 in Q4 2009.

The average rate per minute of mobile communications in Q4 2010 was lower than that reported in Q4 2009. The average rate for a domestic call stood at €0.139 per call minute, down from €0.170 in Q4 2009. The corresponding rate for an international call stood at €0.453 per call minute, which is also down from €0.575 a year earlier.

The average cost per domestic SMS in Q4 2010 stood at €0.029, down from €0.031 in Q4 2009.

Internet

Broadband take up remained strong throughout 2010, with fixed broadband subscriptions increasing by 7.7 percent, up from 110,849 as at the end of 2009 to 119,372 as at the end of the current review period.

The latter figure corresponds to a fixed broadband penetration rate of 28.9 percent.

Furthermore, nearly 54 percent of all fixed broadband subscriptions as at the end of 2010 were purchased with some other electronic communications service as bundle offers are increasingly popular with consumers.

As expected, dial-up subscriptions continued to decline in 2010 and by the end of the year only 50 active dial-up subscriptions were recorded.

In terms of broadband connection speeds, nearly 77 percent of all fixed broadband subscriptions recorded as at the end of 2010 had a connection speed equal to or exceeding 4Mbps but less than 6Mbps. This figure is up by 4.8 percent over the corresponding figure in 2009. A year-on-year increase to December 2010 was also reported in terms of broadband subscriptions with a connection speed equal to or exceeding 6Mbps. As at the end of 2010, 21.5 percent of all broadband subscriptions had such a connection speed, up from 20.7 percent as at the end of the previous year.

This review considers the average price of broadband per unit of download speed (Mbps) as a proxy measure of how pricing for fixed broadband developed over time. Findings for the different broadband product categories identified in this document suggest that price developments for the broadband market reflect a mixture of factors such as market consolidation, product upgrades, and adjustments in advertised prices.

For broadband products with a download speed less than 4Mbps and having a set download limit, the average price per Mbps declined from €6.69 in Q4 2009 to €4.75 in Q4 2010. Under this category, no products were advertised with unlimited download.

For products with a download speed equal to or greater than 4Mbps but less than 6Mbps and products with a download speed equal to or greater than 6Mbps but less than 8Mbps, no price changes have been recorded.

With respect to the former, the average price per Mbps in Q4 2010 stood at €3.12 for products with a download limit and €5.04 for products with unlimited download.

With respect to the latter, the average price per Mbps for products with a specified download limit stood at €2.26 as at Q4 2010, whilst that for products with unlimited download stood at €5.90.

The category featuring products with a download speed equal to or greater than 8Mbps but less than 10Mbps showed no significant change in the average price per Mbps. The average price per Mbps stood at €3.87 in Q4 2010. This category featured no products advertised with a specified download limit.

For the category featuring products with a download speed equal to or greater than 10Mbps but less than 20Mbps, the price per Mbps for products with a set download limit stood at €3.13 in Q4 2010. However, the price per Mbps for products with unlimited download increased from €5.63 in Q4 2009 to €6.54 in Q4 2010.

The average price per Mbps for broadband products with a download speed equal to or greater than 20Mbps but less than 30Mbps, went down from €4.13 in Q4 2009 to €2.82 in Q4 2010 for those products advertised with a set download limit. Those products advertised with unlimited download showed no decline in the average price per Mbps. The respective rate stood at €3.38 in Q4 2010.

Only Melita is active within the category referring to broadband products with a download limit of 30Mbps or more. In Q3 and Q4 2010, Melita offered a 50Mbps product, which was advertised at a price of €100 per month with unlimited download. This works out to an average price per Mbps of €2.

The current review also provides some data on mobile broadband. Latest data shows that annual growth in mobile broadband has been remarkable in 2010, with the number of available terminals/SIM cards/mobile broadband dedicated data service connections increasing from 72,835 in July 2009 to 119,266 in July 2010. Significant improvements in terms of mobile broadband usage were also reported for the respective period. However, usage of mobile broadband in Malta remains lower than that reported for the EU.

This review also provides some insight on the latest MCA e-Commerce Household Survey carried out in September 2010.

Survey results indicate an ever larger share of the Maltese population is making regular use of the Internet to carry out online purchases. Whilst in September 2006 only 68.7 percent of regular Internet users reported having made, at least, one online purchase in the previous six months, the figure has since increased to 73.7 percent as at September 2010.

The increase in the number of Maltese making online purchases is corroborated by figures published by Eurostat. Whilst in 2009 Eurostat reported that 34 percent of individuals in Malta, aged 16 to 74, ordered goods and services over the Internet, the figure increased to 38 percent in 2010, which is two percentage points lower than the EU27 average.

Reception of TV broadcasts via Pay TV platforms

Pay TV subscriptions were up by 3.5 percent over a twelve-month period ending in December 2010. In absolute terms, the number of Pay TV subscriptions as at the end of 2009 totalled 139,336. This figure went up to 144,203 by the end of the following year.

As at the end of the current review period, subscriptions on the digital Pay TV platform accounted for 90.7 percent of all Pay TV subscriptions. Those on the analogue Pay TV platform accounted for the remaining 9.3 percent.

A further look at Pay TV subscriptions by technological platform would show that the cable digital platform accounted for the largest share, at 58.1 percent, of the local Pay TV subscriber base. Cable digital subscriptions totalled 83,757 (13,391 analogue cable; 70,366 digital cable) by the end of 2010. The number of Pay TV subscriptions on the DTTV platform totalled 60,446 which represent 41.9 percent of the local Pay TV subscriber base.

Furthermore, 51.5 percent of all digital Pay TV subscriptions as at the end of 2010 were bundled with some other electronic communications product or service.

In terms of Pay TV package rates, developments in 2010 have been marked by a further realignment of packages offered by local service providers. Some packages had their channel line up updated and applicable rates adjusted to reflect such changes.

In Q4 2010, the average tariff for the category including Pay TV packages listing not more than 24 channels stood at €2.99. This reflects the rate charged by GO for its long-standing Free+ digital package, which was the only product featuring under this category in Q4 2010.

Melita's Medium Pay TV package was upgraded in Q4 2009, with the number of channels increasing from 24 to 38. The applicable rate as at Q4 2010 stood at €7.76. The category including Pay TV packages listing 25 to 49 channels also featured GO's Silver+ package, listing 37 channels and priced at €13.98. The average market rate for this channel category went down from around €12/€13 in Q4 2009 to €11.38 in Q4 2010.

On the other hand, the average market rate for the category including Pay-TV packages listing 50 to 74 channels went up, from €20.14 as at end 2009 to €24.99 as at end of 2010.

The category of Pay TV packages listing 75 to 99 channels has gone down to €19.99 in 2010 from €29.99 as at end 2009, mainly as Melita upgraded its Large package into this channel category and moved its Extra Large package, priced at €29.99, from this category to the one featuring 100 or more channels. Melita's offer under the 100 or more channel category included 150 digital TV channels.

Post

Total mail volumes handled in the second half of 2010 totalled 22.9 million items, 2.2 percentage points lower than in the second half of 2009.

This decline is attributable to lower bulk mail and parcel mail volumes which outweighed higher letter mail and registered mail volumes. Letter mail items and registered mail items were up by 1.2 percent and 15 percent respectively. Bulk mail items and parcel mail items were down by 4.9 percent and 19 percent respectively.

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.

4 Market shares of the local subscriber base

Fixed line telephony: As at the end of 2010, GO accounted for the largest share, at 77.1 percent, of the subscriber base for fixed line telephony. GO’s market share gained approximately 0.3 percentage points since the end of 2009. A slight gain of 0.03 percentage points was reported by SIS.

On the other hand, Melita, SKY Telecom and Vodafone registered declines. Melita’s market share declined marginally by approximately 0.3 percentage points, whilst both SKY Telecom and Vodafone reported a marginal decline of 0.02 percentage points each.

Market shares	GO	Melita	SIS	SKY Telecom	Vodafone
End of 2010	77.14%	22.22%	0.07%	0.41%	0.16%
End of 2009	76.88%	22.47%	0.04%	0.43%	0.18%
End of 2008	77.80%	21.01%		1.00%	0.18%

Figure 3: Market shares in terms of fixed line telephony subscriptions as at end of period

Mobile telephony: For the second year in a row, no operator held a market share exceeding the 50 percent mark of the mobile subscriber base. As at the end of the current review period, Vodafone still enjoyed a significant margin over GO Mobile, with the former holding 47.9 percent of the market against 41.9 percent of the latter. In both cases however the market share declined from that registered a year earlier.

On the other hand, Melita’s market share increased from 5.6 percent as at the end of 2009 to eight percent as at the end of 2010.

The market share of Redtouchfone also increased during the same period, up from approximately 1.7 percent to two percent. Ping’s market share as at the end of the review period stood at approximately 0.2 percent.

In December 2010, a new mobile service provider started operating under the name of YOM. Data for this operator was not available during this reporting period and will be available as from next publication.

Bay Mobile ceased operations in 2009.

Market shares	GO Mobile	Bay Mobile	Melita Mobile	Ping	Redtouchfone	Vodafone
End of 2010	41.93%	-	8.00%	0.16%	2.03%	47.88%
End of 2009	43.16%	-	5.62%		1.67%	49.55%
End of 2008	45.86%	0.22%			1.78%	52.14%

Figure 4: Market shares in terms of mobile telephony subscriptions as at end of period

Fixed broadband Internet: GO and Melita held the two largest market shares of the subscriber base for fixed broadband as at the end of the current review period. However, unlike the situation prevailing in previous years, GO held a leading market position with a share of 52.7 percent of the local subscriber base. Melita’s share stood at 43 percent, Vodafone held a further 3.5 percent, and the remaining share was split between SIS, SKYNet and third party ISPs.

Since the end of 2008, GO’s market share went up by 15.5 percentage points, whilst Melita’s share declined by 8.6 percentage points. During the same period, Vodafone’s share went up by 0.6 percentage points.

Fixed broadband subscriptions with third party ISPs declined significantly since 2008. As at the end of 2010, their respective market share stood at 0.3 percent, down from 8.3 percent as at the end of 2008.

Market shares	GO	Melita	SIS	SKYNet	Vanilla Telecoms	Vodafone	ISPs
End of 2010	52.72%	42.99%	0.09%	0.28%	0.17%	3.45%	0.30%
End of 2009	44.56%	48.91%	0.06%	0.19%	0.18%	3.07%	3.02%
End of 2008	37.26%	51.55%				2.86%	8.33%

Figure 5: Market shares in terms of fixed broadband subscriptions as at end of period

Pay TV: The Pay TV subscriber base is shared between two operators, GO (the DTTV operator) and Melita (the cable operator providing Pay TV services over analogue cable and digital cable).

As at the end of 2010, Melita held an overall market share of nearly 58.0 percent of all Pay TV subscriptions³, down from 67.7 percent a year earlier.

On the other hand, GO improved its overall market share, up from 32.3 percent as at the end of 2009 to 24.3 percent as at the end of 2010.

Market shares	GO	Melita
End of 2010	42.05%	57.95%
End of 2009	32.28%	67.72%
End of 2008	24.26%	75.74%

Figure 6: Market shares in terms of Pay TV subscriptions as at end of period

³ Melita’s analogue cable platform accounted for approximately nine percent of total Pay TV subscriptions, whilst Melita’s digital cable platform accounted for a further 48.9 percent.

Melita holds 100 percent of the local subscriber base for analogue Pay TV as it is the only operator providing analogue Pay TV services.

In absolute terms, Melita’s analogue cable subscriptions totalled 12,941 as at the end of 2010, a decline of 35,507 since the end of 2008. During the same period, Melita’s digital cable subscriptions increased by 18,354 to reach 70,366 by the end of last year.

5 Fixed line telephony

5.1 Number of active fixed line subscriptions

The number of active fixed line telephony subscriptions⁴ as at the end of 2010 stood at 247,345. Postpaid subscriptions accounted for 76.5 percent of the total, whilst prepaid subscriptions accounted for a further 22.3 percent. Other subscriptions, or enhanced subscriptions⁵, accounted for the remaining share, at 1.2 percent.

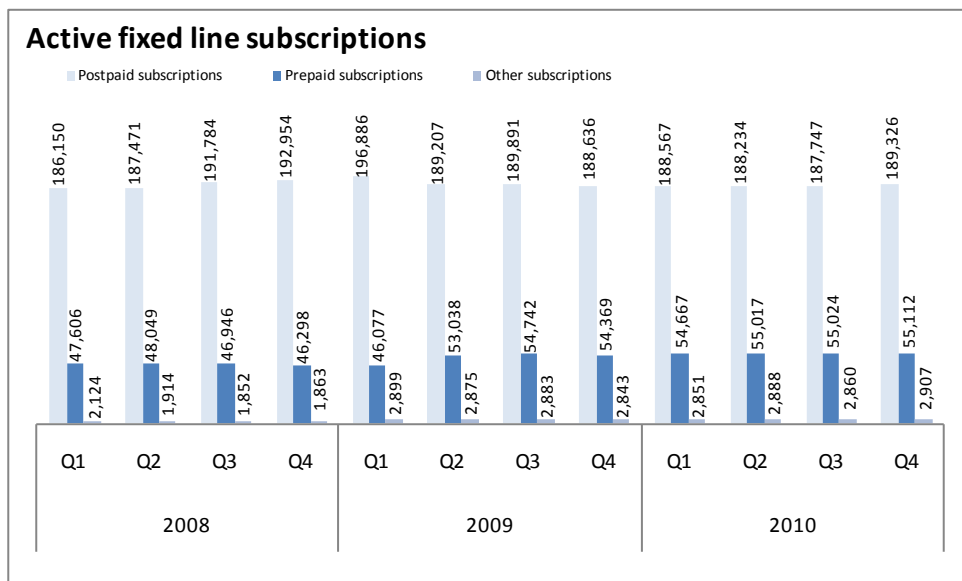


Figure 7: Fixed line telephony subscriptions as at end of period

In absolute terms, the number of active subscriptions increased by 1,497 over the corresponding period a year earlier. Postpaid subscriptions increased by 690, or 0.4 percent, prepaid subscriptions increased by 743, or 1.4 percent, and other subscriptions increased by 64, or 2.3 percent.

⁴ Active subscriptions are defined as those subscriptions making or receiving a call within 90 days of the period stipulated.

⁵ Standard fixed line subscriptions refer to subscriptions offering a single fixed line telephony connection. Enhanced fixed line subscriptions encompass those subscriptions offering multiple channel (dual or more) fixed telephony connections.

As from Q2 2009, all operators submitted figures for prepaid and postpaid subscriptions in a standard format. As from the said period, Melita started providing subscription figures disaggregated by type of subscriptions, namely postpaid and prepaid subscriptions. Previously all Melita connections were reported under the postpaid category.

5.2 Fixed line subscriptions on a bundled offer

In Malta, the number of those signing up to an offer bundling two or more electronic communications services increased significantly in 2009 and 2010.

In this regard, the number of consumers signing up to a bundle offer comprising fixed line telephony increased from 47,495 as at the end of Q4 2009 to 70,021 as at the end of 2010.

Fixed postpaid subscriptions on a bundled offer	2009				2010			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Fixed postpaid subscriptions on two-play bundled offers	14,740	15,756	15,516	12,559	11,327	8,062	8,360	6,952
Fixed postpaid subscriptions on triple-play bundled offers	4,973	5,477	4,446	4,448	4,757	5,098	5,444	5,934
Fixed postpaid subscriptions on quadruple-play bundled offers	15,369	21,002	26,706	30,488	37,812	43,044	49,657	57,135
Total number of fixed postpaid subscriptions bundled with other electronic communication services	35,082	42,235	46,668	47,495	53,896	56,204	63,461	70,021
as a percentage of total fixed postpaid subscriptions	17.82%	22.32%	24.58%	25.18%	28.58%	29.86%	33.80%	36.98%

Table 1: Fixed line postpaid subscriptions on a bundled offer as a percentage of total postpaid subscriptions

During the period under review, only fixed line postpaid plans could be bundled with some other electronic communications service.

Of all postpaid subscriptions reported as at the end of 2010, nearly 37 percent formed part of a bundle, compared to 25.2 percent as at the end of the previous year.

5.3 Fixed line portings

Over 4,000 portings have been reported in 2010. 2,094 fixed line portings⁶ were reported in the first half of the year, and another 2,001 portings were reported in the second half. The number of fixed line portings in the second half of 2010 was higher than the number reported in the corresponding period a year earlier.

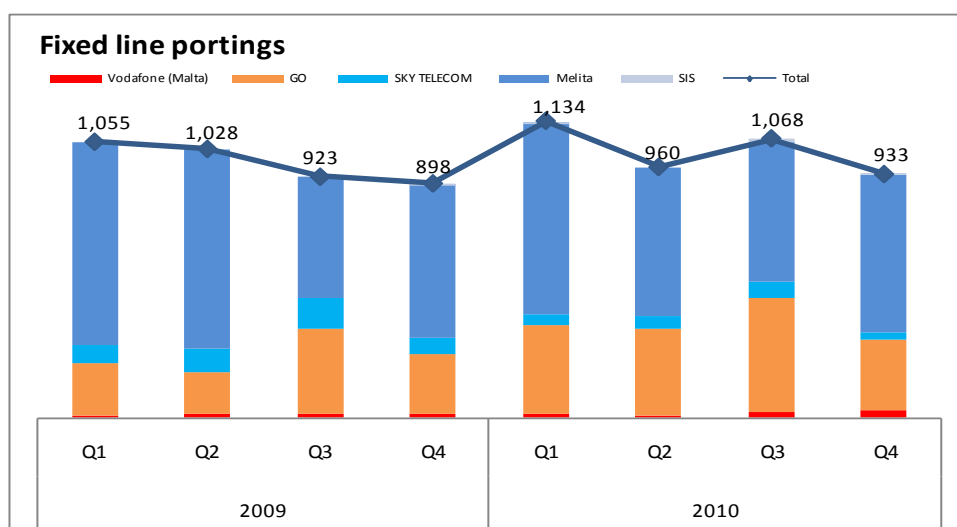


Figure 8: Fixed line number portability - number of portings

⁶ The total number of subscribers that switch from a fixed line operator to another whilst keeping the same number.

Melita reported the highest number of portings in 2010. With 2,450 portings, Melita accounted for 59.8 percent of all registered fixed line portings throughout the year. GO reported 1,388 portings, SKY Telecom reported 172 portings, Vodafone reported 64, and SIS reported 21.

5.4 National and international voice traffic levels

Originating fixed line traffic during the second half (hereafter, also referred to as “SH”) of 2010 was slower than that reported in the SH 2009.

In terms of the number of voice calls, traffic was 4.5 percent lower, whilst in terms of voice call minutes, traffic was 3.2 percent lower.

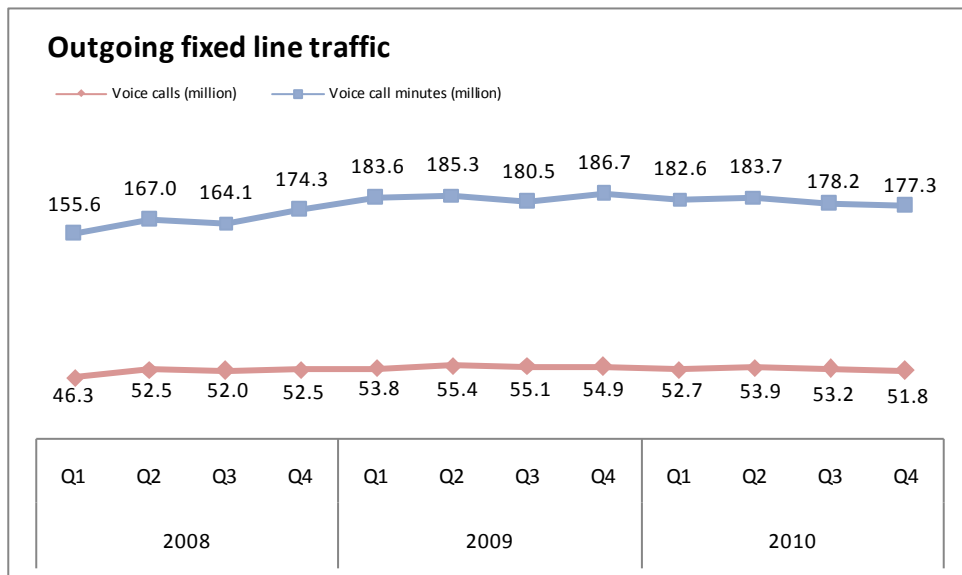


Figure 9: Voice traffic originating from local fixed line networks

Outgoing fixed line traffic encompasses two main traffic segments, namely the national segment and the international segment. In terms of the former, the number of voice calls reported in the second half of 2010 amounted to 100.5 million, which is 4.4 percent lower than that reported in the second half of 2009. In terms of the latter, traffic in the second half of 2010 was 9.3 percent lower than that reported in the corresponding period a year earlier.

Year	2009				2010			
Period	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
National voice calls	51,490,171	53,023,345	52,587,870	52,544,663	50,165,688	51,564,394	50,842,217	49,651,607
Fixed-to-fixed calls	41,046,249	41,585,272	40,939,533	41,847,028	40,082,919	40,812,166	39,834,602	39,360,855
on-net	32,796,875	32,350,814	31,779,966	32,116,047	30,767,912	31,171,676	30,365,574	29,850,119
off-net	8,249,374	9,234,458	9,159,567	9,730,981	9,315,007	9,640,490	9,469,028	9,510,736
Fixed-to-mobile calls	10,030,369	11,039,520	10,999,523	10,314,510	9,704,790	10,298,084	10,534,384	9,831,280
Other voice calls	413,553	398,553	648,814	383,125	377,979	454,144	473,231	459,472
International voice calls	2,318,498	2,369,225	2,550,266	2,392,860	2,489,422	2,357,754	2,347,701	2,135,832
originating from local network operators	2,253,059	2,317,593	2,407,784	2,308,045	2,414,422	2,306,548	2,250,951	2,051,250
originating from third party ISPs	65,439	51,632	142,482	84,815	75,000	51,206	96,750	84,582

Table 2: Outgoing fixed line traffic - number of voice calls

Disaggregating the national call traffic segment even further shows that the number of on-net fixed-to-fixed (hereafter, also referred to as “FTF”) calls went down by 3.7 million, or 5.8 percent. Other declines were reported under the fixed-to-mobile (hereafter, also referred to as “FTM”) heading and the fixed-to-international (hereafter, also referred to as “FTI”) heading. The number of FTM calls declined by 4.4 percent, down from 21.3 million in the SH of 2009 to 20.4 million in the SH 2010, whilst the number of FTI calls declined by 0.5 million, or 9.3 percent.

The number of other voice calls⁷ also declined from one million in SH 2009 to 0.9 million in SH 2010.

On the other hand, the number of off-net FTF calls increased by 0.1 million, or 0.5 percent.

Year	2009				2010			
Period	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
National voice call minutes	169,016,300	170,730,074	165,760,362	172,362,841	168,952,569	170,389,020	164,985,321	164,218,929
Fixed-to-fixed minutes	154,016,769	153,556,735	148,202,498	156,167,546	153,589,009	154,167,825	148,298,766	148,961,086
on-net	123,221,984	120,438,722	115,314,819	120,538,613	118,050,365	117,415,883	112,865,510	112,599,488
off-net	30,794,785	33,118,013	32,887,679	35,628,933	35,538,645	36,751,942	35,433,256	36,361,598
Fixed-to-mobile minutes	14,209,200	15,556,615	15,694,765	14,888,148	14,100,309	14,924,612	15,177,352	14,195,418
Other call minutes	790,331	1,616,724	1,863,099	1,307,148	1,263,250	1,296,582	1,509,203	1,062,425
International voice call minutes	14,588,288	14,584,223	14,694,354	14,347,071	13,606,951	13,351,691	13,493,772	13,062,390
originating from local network operators	13,600,666	13,637,051	13,701,743	13,602,302	12,953,951	12,919,746	12,736,948	12,335,672
originating from third party ISPs	987,622	947,172	992,611	744,769	653,000	431,945	756,824	726,718

Table 3: Outgoing fixed line traffic - number of voice call minutes

In terms of outgoing voice call minutes, Table 3 above shows that traffic volumes went down by 8.9 million in the SH 2010, or 2.6 percent, compared to the SH 2009. This is attributed to a drop of 10.4 million on-net FTF minutes, compounded by other drops under the FTM, FTI and ‘other fixed’ headings. Declines under these headings amounted to 1.2 million minutes, 2.5 million minutes and 0.5 million minutes respectively.

On the other hand, traffic volumes under the off-net FTF heading went up from 68.5 million minutes in the SH 2009 to 71.8 million in the SH 2010, representing an increase of 4.8 percent.

⁷ Includes *Internet calls*, *Freephone calls* and *Premium calls*.

5.5 Activity levels per subscription

Figure 10 indicates that the average number of calls per active fixed line subscription⁸ in 2010 went down to 855.3, from 891.9 a year earlier.

On a quarterly basis, the average number of calls per active subscription stood at 216.5 in Q3 2010, down from 222.8 in Q3 2009, and 209.4 in Q4 2010, down from 223.5 in Q4 2009.

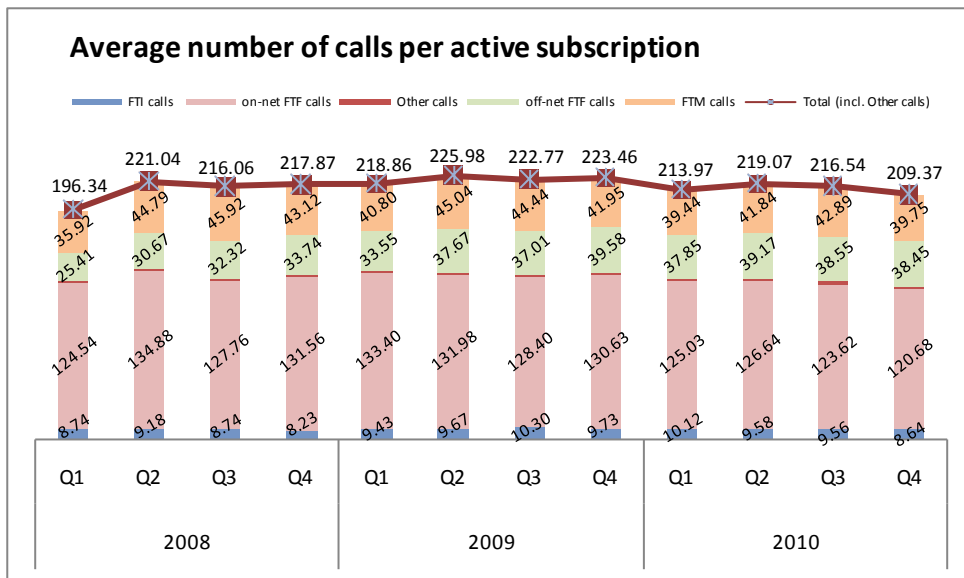


Figure 10: Average number of calls per active subscription

Disaggregating activity levels even further would show that the average number of on-net FTF calls, FTM calls, and FTI calls in the second half of 2010 was lower than in the corresponding period a year earlier.

Figure 10 shows that the picture was slightly different with respect to off-net FTF calls. In Q3 2010, the number of off-net FTF calls on average totalled 38.6 per active subscription, up from 37.0 in Q3 2009. However, their number was lower in Q4 2010, at an average of 38.5 per subscription, when compared with an average of 39.6 per subscription in Q4 2009.

⁸ Total depicted in Figure 10 includes the number of other calls (which encompasses premium, freephone, and Internet calls) per active subscription. The corresponding figure (not displayed) stood at 1.85 in Q2 2010, up from 1.63 in Q2 2009.

5.6 Average call duration

Whilst the number of fixed line calls in 2010 was lower than in 2009, Figure 11 shows that fixed line calls generally lasted longer in 2010. This was the case for on-net and off-net FTF calls, FTM calls and other fixed calls. On the other hand, a FTI call in 2010 was on average shorter than its 2009 counterpart.

In 2010, a fixed line call on average lasted 3.41 minutes, up from 3.36 minutes in 2009.

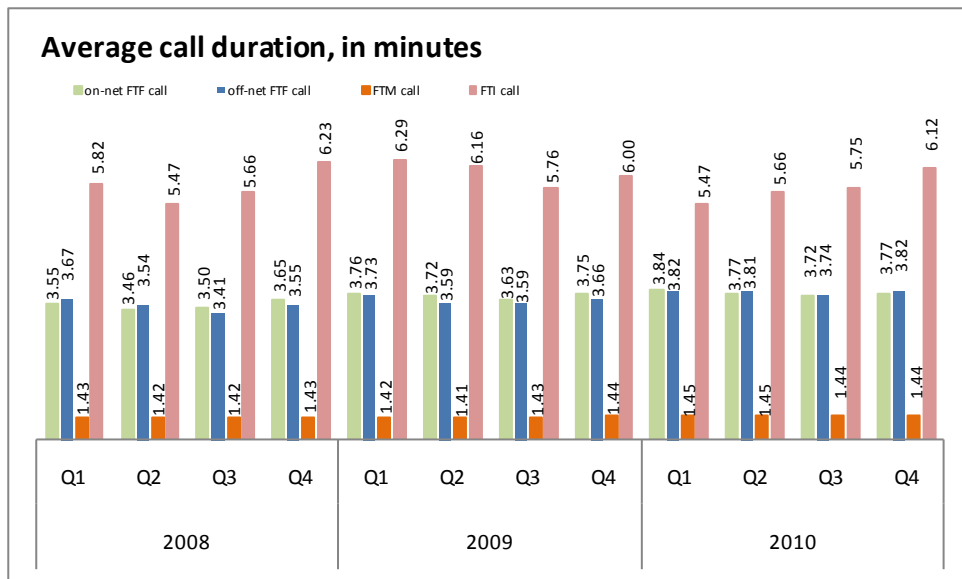


Figure 11: Average duration of an outgoing fixed line call

Figure 11 also indicates that, on average, all types of fixed line calls lasted longer in Q3 and Q4 2010 than in the corresponding quarters of 2009.

5.7 Average rate per minute of fixed line communications

Revenue-based⁹ figures for fixed line telephony show that, in Q3 and Q4 2010, the cost of an off-net and on-net FTF call was on average €0.014 and €0.017 per minute of communication respectively. The cost of a minute of FTI communication was on average €0.101.

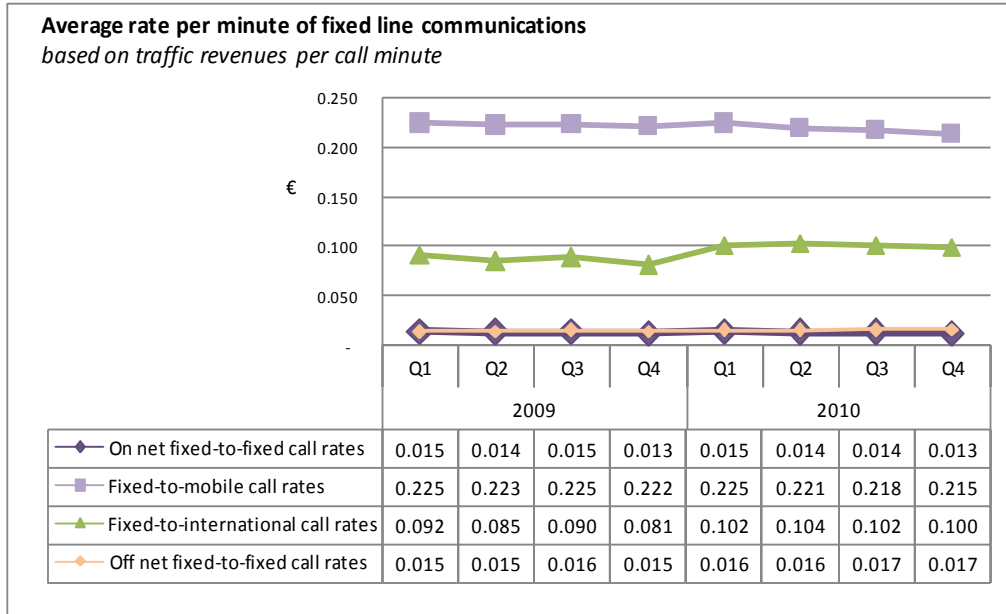


Figure 12: Average cost of a fixed line call derived from revenue-based workings

The cost of a FTM call was on average higher, at around €0.217 per minute of communication.

⁹ The average price per minute of fixed line communications is derived by subdividing voice traffic revenues, but excluding revenues from VAT and excise tax, by the number of minutes reported under each respective heading. Figures are to be interpreted with caution, as these are not the actual rates quoted on the market.

It must also be noted that local fixed line operators may offer free calls or discounted call rates, such as free on-net calls with bundled offers and cheaper call rates on weekends. This would affect the final outcome for the average rate per minute of fixed line communications.

6 Mobile telephony

6.1 Number of active mobile subscriptions

The number of active mobile subscriptions¹⁰ totalled 455,414 as at the end of 2010, nearly an eight percent increase over a 12-month period. In absolute terms, the number of mobile subscriptions increased by 33,331 with prepaid subscriptions accounting for 67.4 percent of this figure, which is equivalent to an increase of 22,475 prepaid subscriptions, and postpaid subscriptions accounting for the remaining 32.6 percent, which is equivalent to an increase of 10,856 postpaid subscriptions.

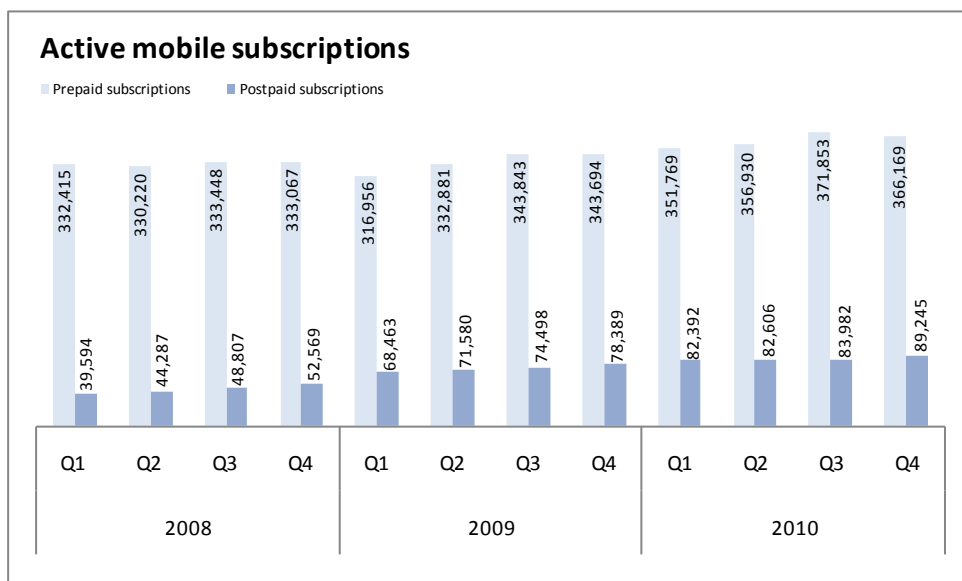


Figure 13: Mobile telephony subscriptions as at end of period

As at the end of the current review period, prepaid subscriptions totalled 366,169 (80.4 percent of the total) and postpaid subscriptions totalled 89,245 (19.6 percent of the total)¹¹.

¹⁰ Active mobile subscriptions refer to subscribers having a MSISDN with registered inbound or outbound activity within 90 days of the period stipulated for prepaid connections and within 30 days of the period stipulated for postpaid connections.

¹¹ Preliminary figures indicate that 53.6 percent of all postpaid subscriptions and 23.3 percent of all prepaid subscriptions were active over the 3G network during the period, having made at least one call, SMS, MMS or data activity over the said network. The corresponding figures as at the end of 2009 stood at 52.7 percent and 13.7 percent respectively.

6.2 Mobile portings

The number of mobile portings¹² totalled 29,456 in the second half of 2010, over and above 23,592 portings reported in the first half of the same year.

The number of portings reported in the SH 2010 was also 25.6 percentage points higher than the number of portings reported in the corresponding period a year earlier.

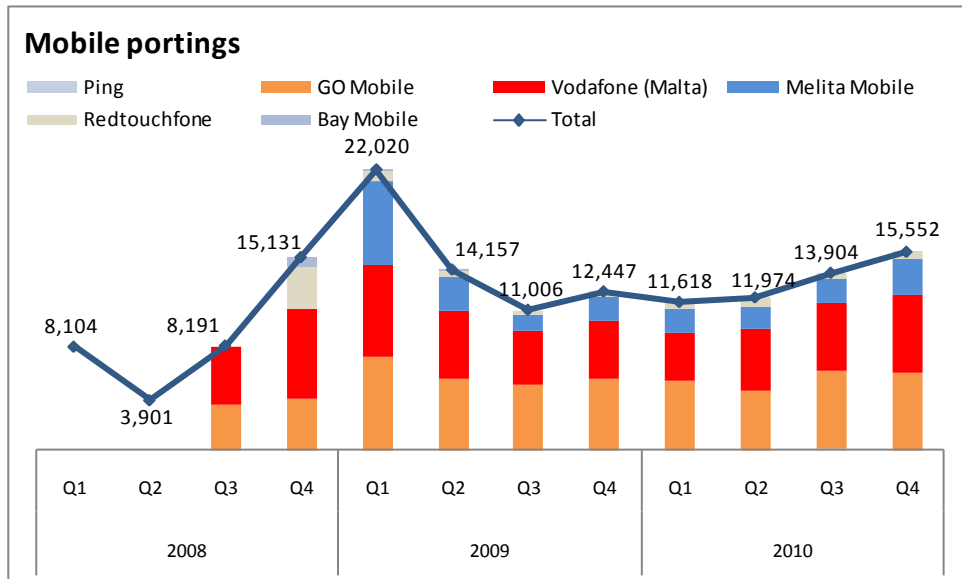


Figure 14: Mobile number portability - number of mobile portings

Overall, the number of mobile portings in 2010 totalled 53,048 compared to 59,630 portings in the previous year. This decline is however mainly attributable to the launch of Melita Mobile in Q1 2009, an event which brought about a significant increase in the churn rate during that period.

¹² The total number of mobile subscribers that switch their subscription from one operator to another, whilst keeping the same number.

6.3 Malta’s mobile penetration rate (“MPR”)

The mobile penetration rate increased steadily to 110.3 percent as at the end of 2010, up from 102.2 percent as at the end of 2009.

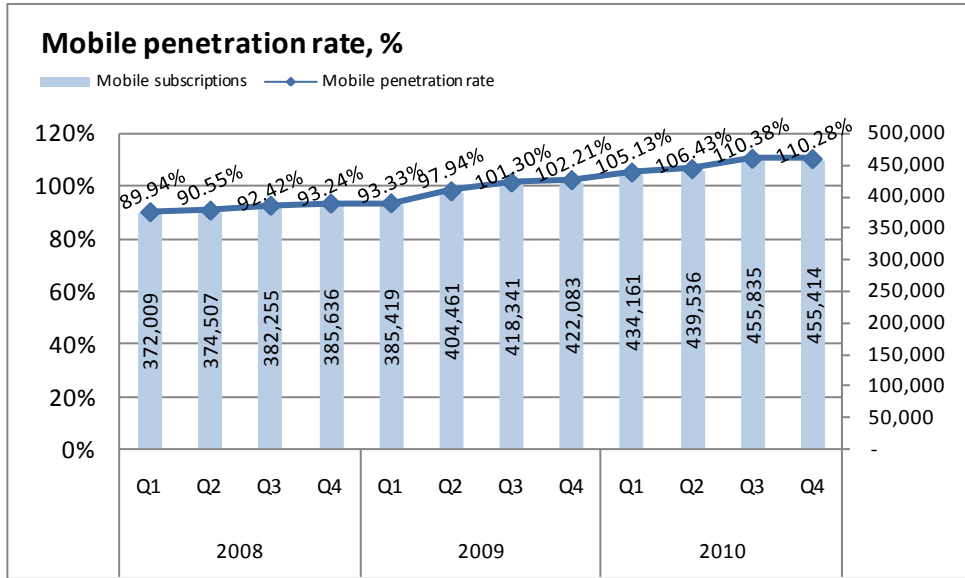


Figure 15: Mobile penetration in Malta

6.4 Voice activity

Outgoing mobile voice traffic in the second half of 2010 was notably stronger than that reported in the second half of 2009.

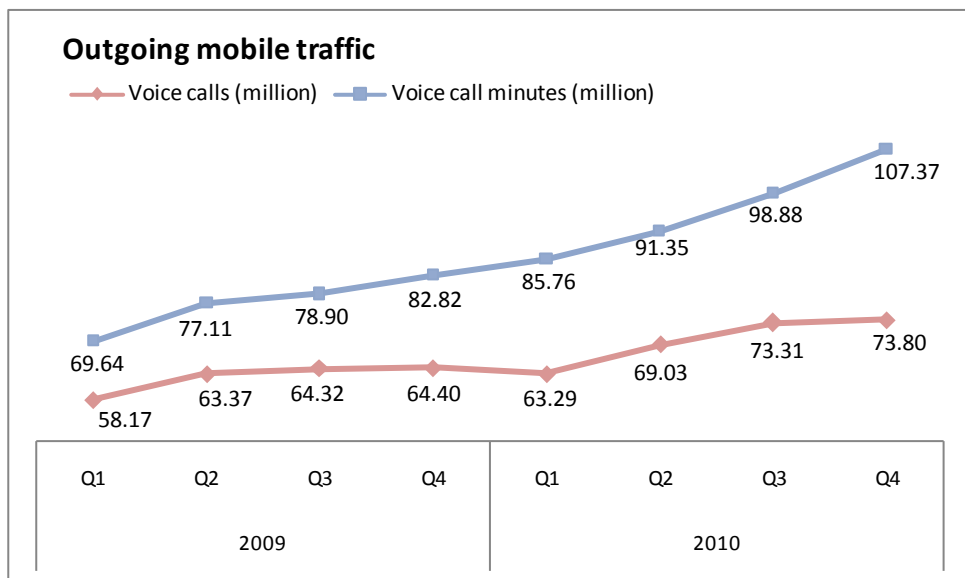


Figure 16: Voice traffic originating from mobile networks

The number of outgoing mobile voice calls reported in the SH 2010 totalled 147.1 million, up by 14.3 percent over the corresponding period a year earlier. In absolute terms, this translates into an increase of 18.4 million calls.

88.8 percent of this increase is attributed to a rise in the number of mobile-to-mobile calls (hereafter, also referred to as “MTM calls”), a further 9.8 percent is attributed to a rise in the number of mobile-to-fixed calls (hereafter, also referred to as “MTF calls”), and the remaining share of the increase is attributed to a rise in the number of mobile-to-international calls (hereafter, also referred to as “MTI calls”).

The number of outgoing MTM calls went up by 16.3 million, or by 14.2 percent, from 115.3 million in the SH 2009 to 131.7 million in the SH 2010. Correspondingly, the number of MTF calls went up by 1.8 million, or by 15.6 percent, from 11.5 million to 13.3 million. The number of MTI calls increased by approximately 0.3 million, or 13.9 percent, from nearly 1.9 million in the SH 2009 to 2.1 million in the SH 2010.

Year	2009				2010			
Period	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
National voice calls	57,347,260	62,371,969	63,339,344	63,514,929	62,441,525	68,046,164	72,167,006	72,812,103
Mobile-to-mobile calls	51,919,445	56,696,164	57,526,421	57,822,413	57,034,584	62,046,431	65,638,485	66,041,143
on-net	31,075,651	32,934,019	34,060,938	34,890,186	34,646,448	37,816,763	40,650,916	41,490,571
off-net	20,843,794	23,762,145	23,465,483	22,932,227	22,388,136	24,229,668	24,987,569	24,550,572
Mobile-to-fixed calls	5,427,815	5,675,805	5,812,923	5,692,516	5,406,941	5,999,733	6,528,521	6,770,960
International voice calls	823,015	993,242	981,185	889,488	850,244	981,830	1,140,997	989,678

Table 4: Outgoing mobile traffic - number of voice calls¹³

In terms of voice call minutes, outgoing mobile traffic increased by 44.5 million or 27.5 percent, up from 161.7 million in the SH 2009 to 206.2 million in the SH 2010. This increase is mainly attributed to developments in outgoing MTM traffic, which increased by 36.3 million minutes or 25.1 percent. In absolute terms, the increase in outgoing MTM traffic is made up of 25.8 million on-net MTM minutes and 10.5 million off-net MTM minutes.

Outgoing MTF traffic increased by 7.7 million minutes or 57.8 percent, up from 13.4 million minutes in the SH 2009 to 21.1 million in the SH 2010. Correspondingly, the number of FTI minutes increased by approximately 0.5 million or 12.5 percent.

Year	2008				2009				2010			
Period	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
National voice call minutes	57,869,647	59,307,558	63,174,195	62,917,747	67,783,648	74,531,027	76,989,142	80,992,613	83,947,478	89,311,425	96,839,736	105,198,064
Mobile-to-mobile minutes	52,480,023	53,756,359	57,406,081	57,128,689	61,616,755	67,270,190	70,277,667	74,305,474	77,155,099	80,960,786	86,974,765	93,914,704
on-net	35,498,933	35,783,596	39,094,590	39,451,999	40,688,058	43,526,375	46,867,978	51,072,699	53,703,650	54,700,758	59,592,074	64,197,393
off-net	16,981,090	17,972,763	18,311,491	17,676,690	20,928,697	23,743,815	23,409,689	23,232,775	23,451,449	26,260,028	27,382,691	29,717,311
Mobile-to-fixed minutes	5,389,624	5,551,199	5,768,114	5,789,058	6,166,893	7,260,837	6,711,475	6,687,139	6,792,380	8,350,639	9,864,971	11,283,360
International voice call minutes	1,374,999	1,651,611	1,757,428	1,517,266	1,856,990	2,578,302	1,912,216	1,824,548	1,809,934	2,038,406	2,037,549	2,167,452

Table 5: Outgoing mobile traffic - number of voice call minutes

¹³ Figures not available prior to 2009.

6.5 SMS and MMS activity

SMS traffic

SMS activity during the second half of 2010 was significantly stronger than that reported in the corresponding period a year earlier. The number of outgoing text messages totalled 302.1 million in the SH 2010, up from 266.1 million in the SH 2009, representing a 13.5 percent increase in terms of outgoing SMS traffic volumes.

This increase in outgoing SMS traffic¹⁴ is a result of on-net SMSs increasing by 39.5 million and SMSs to foreign mobile networks increasing by 1.7 million. These increases outweighed declines in the number of outgoing off-net SMSs, SMSs sent from Internet portal and Premium SMSs. In absolute terms, traffic volumes under these headings declined by 1.8 million, 1.9 million, and 0.03 million text messages respectively.

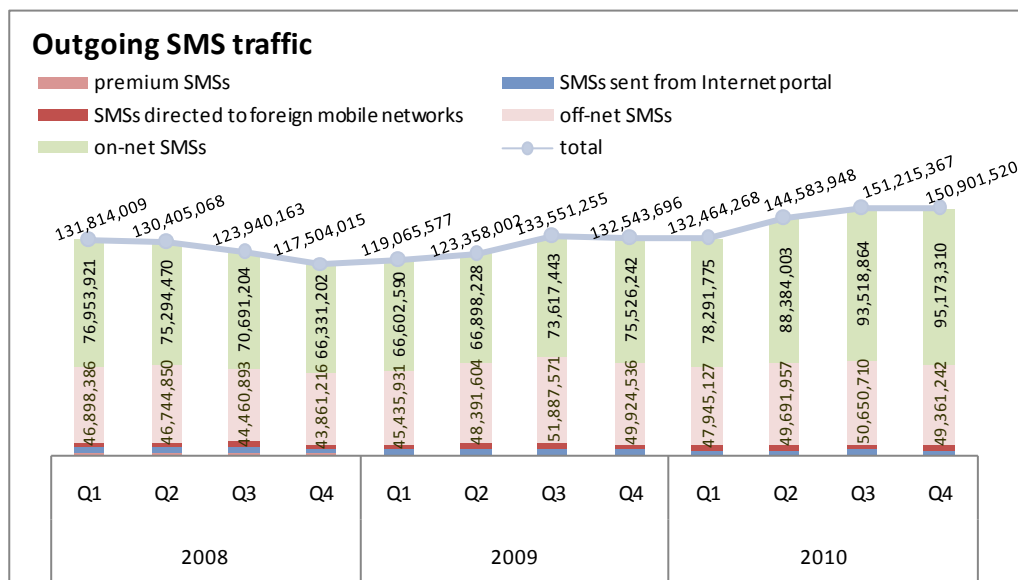


Figure 17: SMS activity - number of outgoing SMSs

Year	2008				2009				2010			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total	7,961,702	8,365,748	8,788,066	7,311,597	7,027,056	8,068,170	8,046,241	7,092,918	6,227,366	6,507,988	7,045,793	6,366,968
Premium SMSs	1,444,204	1,446,942	1,414,369	1,512,272	965,785	910,748	927,362	874,385	847,008	761,326	975,366	800,475
SMSs sent from Internet portal	3,689,003	3,970,714	3,999,020	3,182,437	3,704,565	3,736,794	3,752,427	3,642,730	2,835,249	2,867,593	2,861,077	2,660,656
SMSs directed to foreign mobile networks	2,828,495	2,948,092	3,374,677	2,616,888	2,356,706	3,420,628	3,366,452	2,575,803	2,545,109	2,879,069	3,209,350	2,905,837

Table 6: Premium SMSs, SMSs sent from Internet portal, SMSs directed to foreign mobile networks

¹⁴ Including on-net SMSs, off-net SMSs, SMSs sent to foreign mobile networks, SMSs sent from Internet portal, and premium SMSs.

MMS activity

MMS activity in the second half of 2010 was significantly lower than that reported in the corresponding period a year earlier. The number of outgoing MMSs totalled 67,489 in the SH of 2010, down 48.1 percent from 129,987 outgoing MMSs reported in the SH 2009.

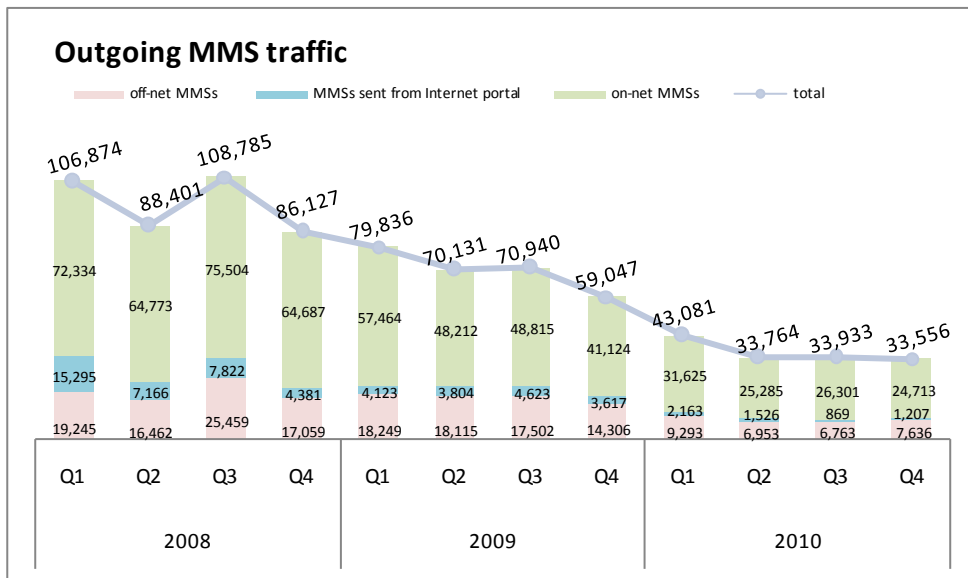


Figure 18: MMS activity - number of outgoing MMSs

During the second half of 2010, on-net MMSs accounted for nearly 75.6 percent of total traffic for the period. Off-net SMSs accounted for another 21.3 percent of the total. The remaining 3.1 percent were accounted for MMSs sent from Internet portal.

6.6 Activity levels per active mobile subscription

This section provides information on average voice call, SMS and MMS activity levels. Figures are reported on a per user basis (wherein the ‘per user’ term refers to an active mobile subscription).

Figure 19 shows that voice call and SMS activity levels in the SH 2010 were stronger than those reported in the SH 2009.

Whilst the average number of calls per active mobile subscription totalled 154 in Q3 2009 and 153 in Q4 2009, the average number of calls per active mobile subscription in Q3 and Q4 2010 increased to 161 and 162 respectively.

The average number of SMSs per active mobile subscription also increased from 319 in Q3 2009 and 314 in Q4 2009 to 332 and 331 in Q3 and Q4 of 2010 respectively.

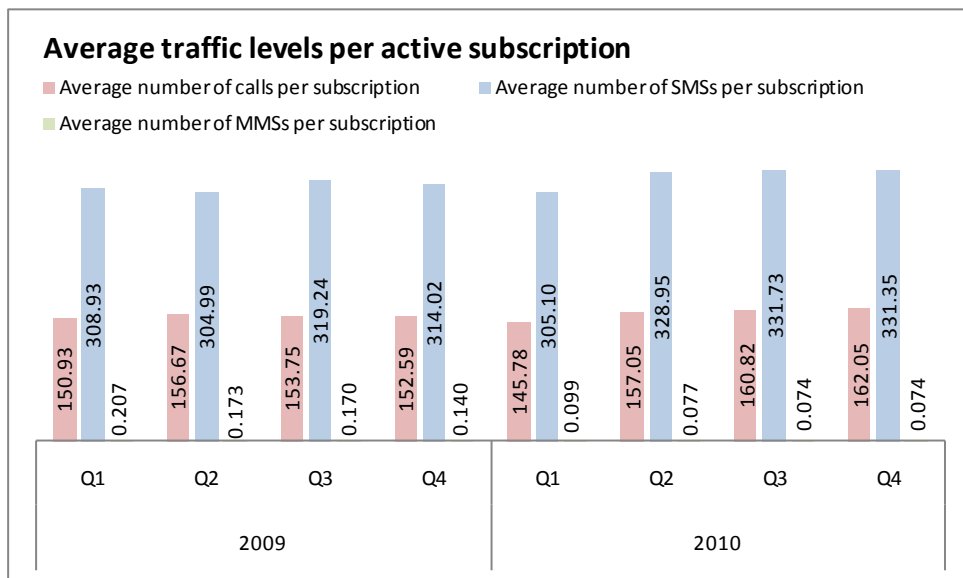


Figure 19: Subscriber activity - average traffic levels per active subscription

The average number of MMSs per active subscription in the second half of 2010 was also negligible.

In terms of the average number of calls per active mobile subscription, on-net MTM calls represent the largest segment of voice call activity by a mobile subscriber. In this regard, the average number of on-net MTM calls per active mobile subscription totalled 89 in Q3 2010 and 91 in Q4 of the same year (in both instances representing approximately 55 percent of all voice call activity reported during the period on a per user basis). The corresponding figure as at Q3 and Q4 2009 stood at 81 and 83 respectively.

The average number of off-net MTM calls per active mobile subscription stood at approximately 55 in Q3 2010 and 54 in Q4 2010.

On comparing Q3 and Q4 2010 with the corresponding figures in 2009, stronger activity levels were also registered in terms of the average number of MTF and MTI calls per active mobile subscription.

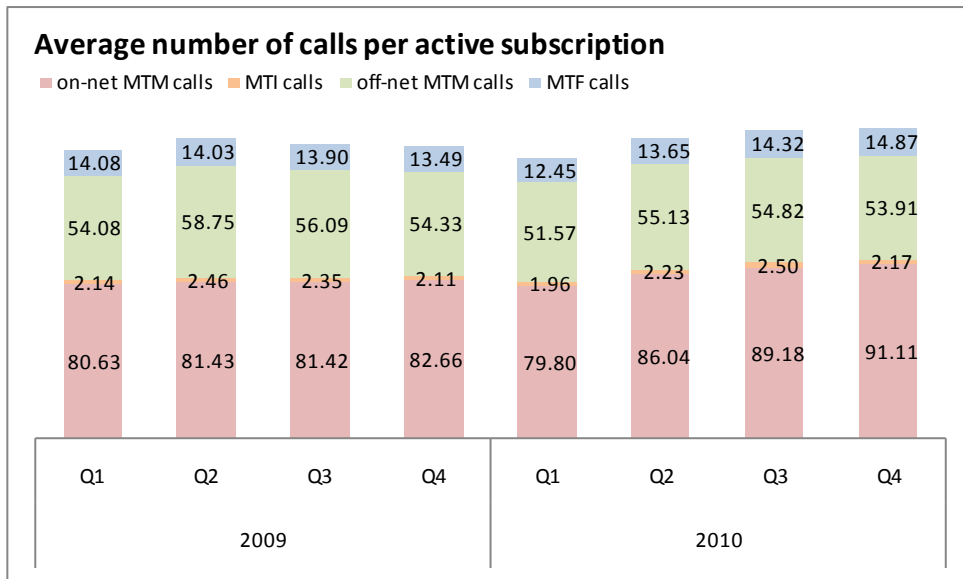


Figure 20: Subscriber activity - average number of calls per active subscription

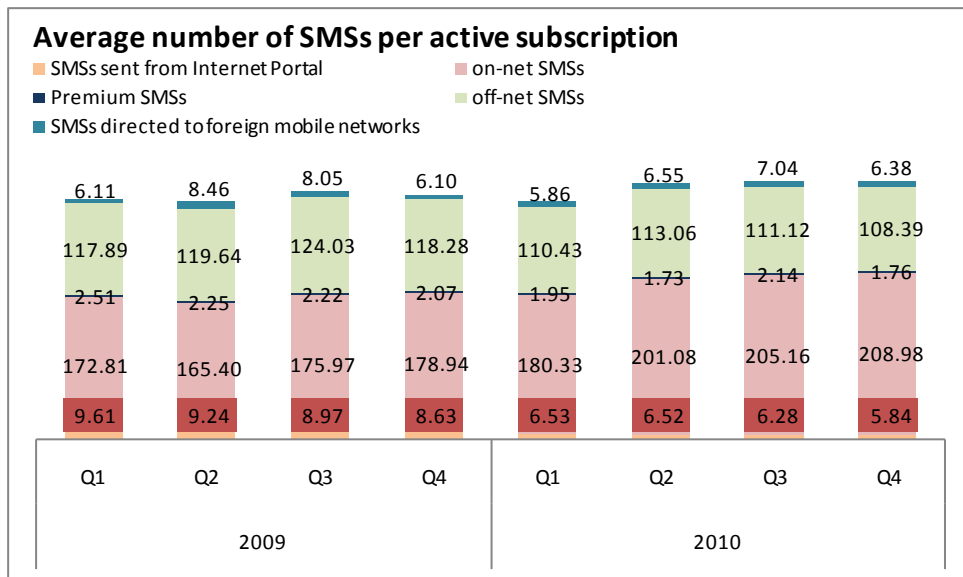


Figure 21: Subscriber activity - average number of SMSs per active subscription

In terms of the average number of SMSs per active mobile subscription, on-net SMS traffic was stronger in the second half of 2010 compared to the corresponding period a year earlier. At an average of 205 and 209 on-net SMSs per active mobile subscription in Q3 and Q4 2010, the two figures represent 62 to 63 percent of all outgoing SMS traffic per active subscription during the two quarters under consideration respectively.

On the other hand, off-net SMS traffic was weaker in Q3 and Q4 2010 compared to Q3 and Q4 2009.

6.7 Average mobile call duration

On average, an on-net MTM call lasted around 1.5 minutes in Q3 and Q4 2010, up from around 1.4 minutes in Q3 and Q4 2009.

Off-net MTM calls and MTF calls were also on average lengthier in the last two quarters of 2010, when compared to the same two quarters in 2009.

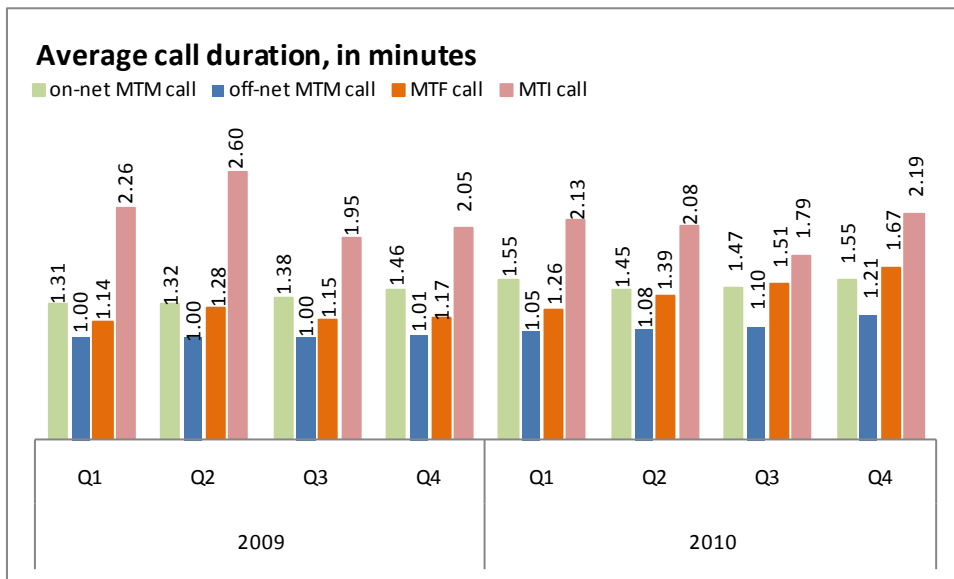


Figure 22: Average duration of an outgoing mobile call

6.8 International roaming activity¹⁵

International roaming encompasses any activity registered by mobile subscribers whilst travelling abroad. When making or receiving calls while abroad, mobile subscribers would be using voice roaming services. When sending or receiving an SMS while abroad, mobile subscribers would be using SMS roaming services. Mobile subscribers can also send or receive data while abroad. These services are referred to as data roaming services.

When reporting on international roaming activity, local operators distinguish between inbound and outbound roaming activity. Outbound roaming activity refers to call, SMS, and data services operated on foreign mobile networks for local subscribers when roaming abroad.

Inbound roaming activity refers to call, SMS and data services operated on local mobile networks for foreign subscribers when roaming in Malta.

This document outlines developments in voice and SMS roaming activity but no information is yet available with respect to data roaming activity.

In this regard, international roaming activity as reported by local mobile operators showed a rebound in both the first half and second half of 2010 as traffic volumes surpassed those reported in the previous year.

Outbound roaming activity

The number of outbound roaming calls totalled 2.2 million in the second half of 2010, up by 21.7 percent over the corresponding figure in 2009. Traffic volumes were also stronger in terms of outbound roaming minutes. Their number increased by 16.7 percent, up from 5.1 million minutes in the SH 2009 to 5.9 million minutes in the SH 2010.

¹⁵ Data for inbound and outbound roaming calls is currently under review and should therefore be interpreted with caution.

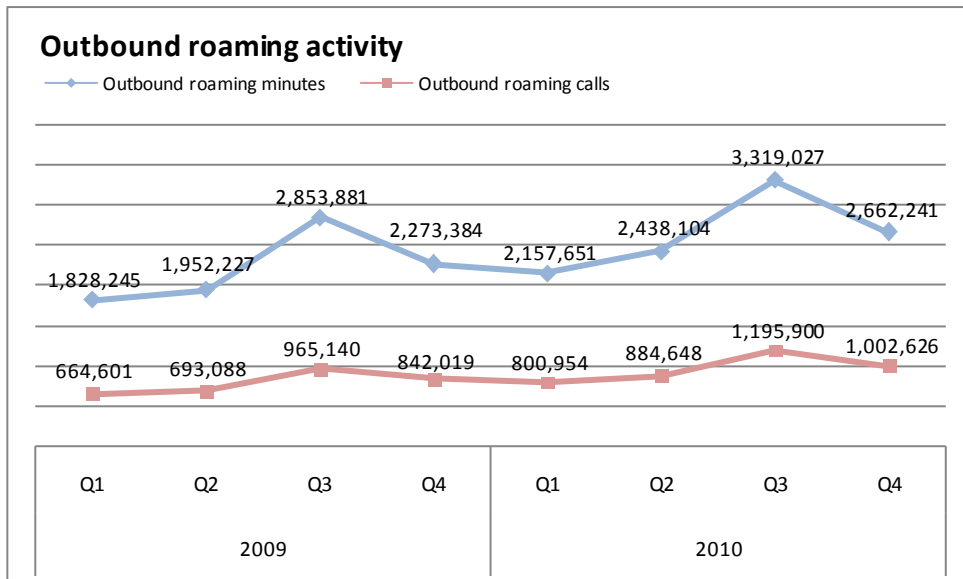


Figure 23: Outbound roaming activity

A more detailed look at developments in outbound roaming activity would show that, during the period under review, an increase was recorded under all sub headings of the said indicator.

In absolute terms, the number of calls made by local subscribers whilst roaming abroad went up from 1.1 million in the SH 2009 to 1.3 million in the SH 2010. Correspondingly, the number of calls received by local subscribers whilst roaming abroad increased from 0.7 million in the SH 2009 to 0.9 million in the SH 2010.

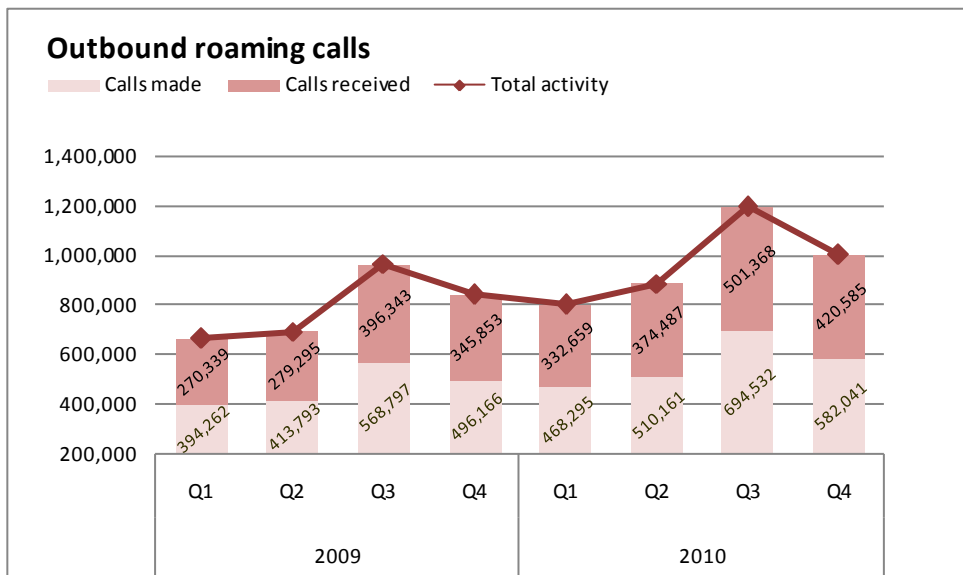


Figure 24: Outbound roaming activity - number of voice calls

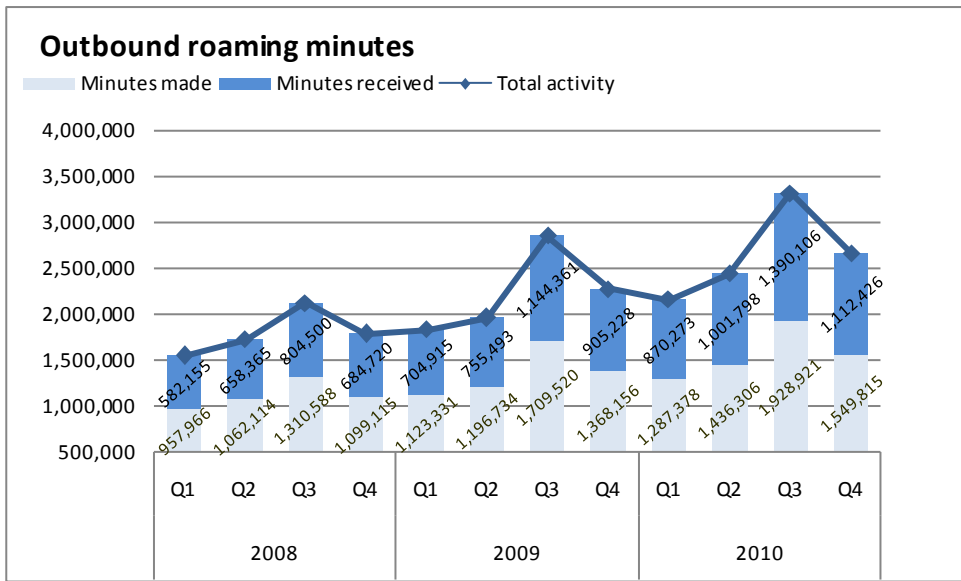


Figure 25: Outbound roaming activity - number of voice call minutes

In terms of outbound roaming minutes, the number received by local subscribers whilst roaming abroad increased from two million in the SH 2009 to 2.5 million in SH 2010, representing a 22.1 percent increase in traffic levels.

Minutes made also increased by 13.0 percent during the same period, up from 3.1 million to 3.5 million.

Inbound roaming activity

The number of inbound roaming calls totalled nearly seven million in the second half of 2010, representing an increase of 3.6 percent over the corresponding figure in the second half of 2009.

Another increase was also reported in terms of inbound roaming minutes, which increased from 20.3 million in the SH 2009 to 22.1 million in the SH 2010, representing an increase of nine percent in traffic volumes.

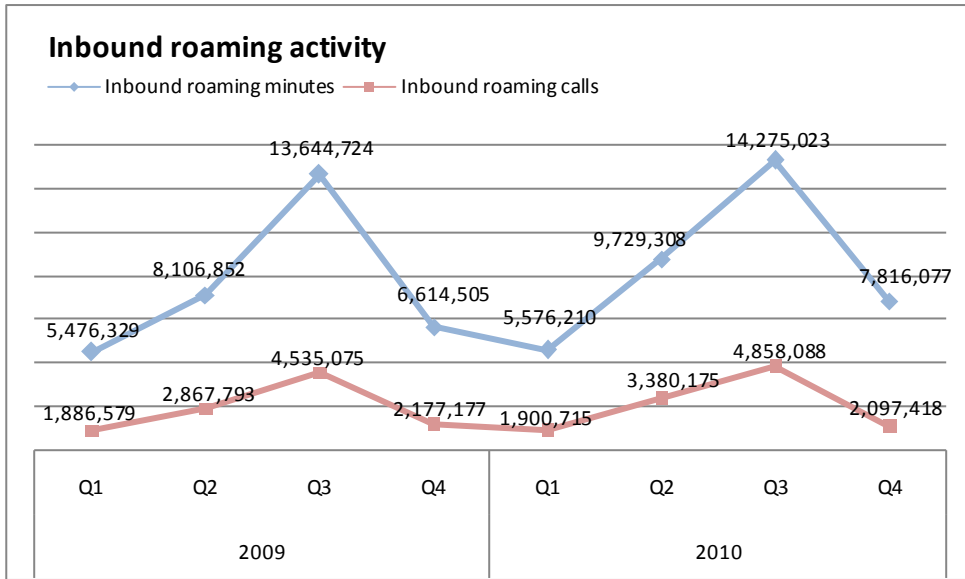


Figure 26: Inbound roaming activity

Disaggregating inbound roaming call figures would show that the number of calls received by foreign mobile subscribers whilst roaming in Malta increased from 1.9 million in the SH 2009 to 2.1 million in the SH 2010.

The number of calls made by foreign mobile subscribers whilst roaming in Malta also increased from nearly 4.8 million in the SH 2009 to 4.9 million in the SH 2010.

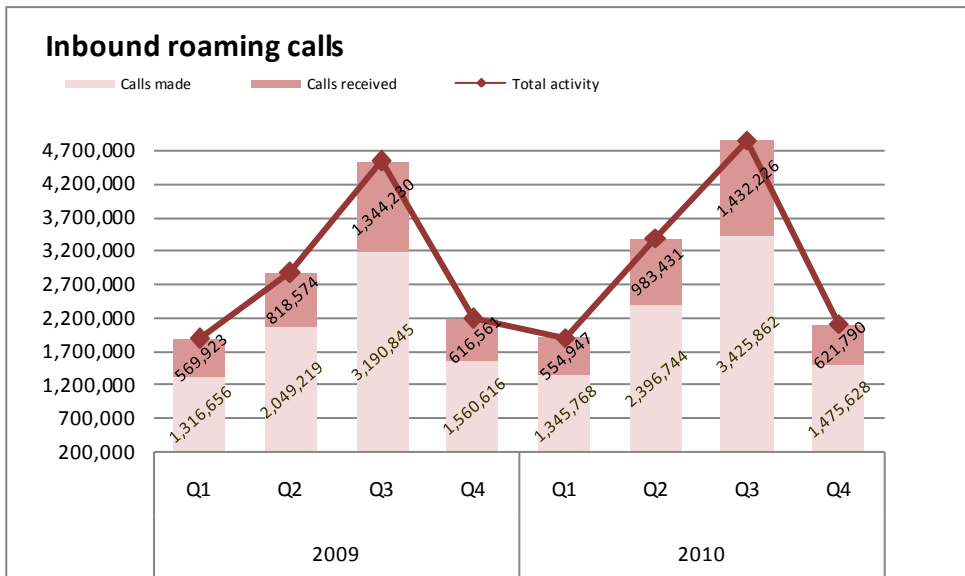


Figure 27: Inbound roaming activity - number of voice calls

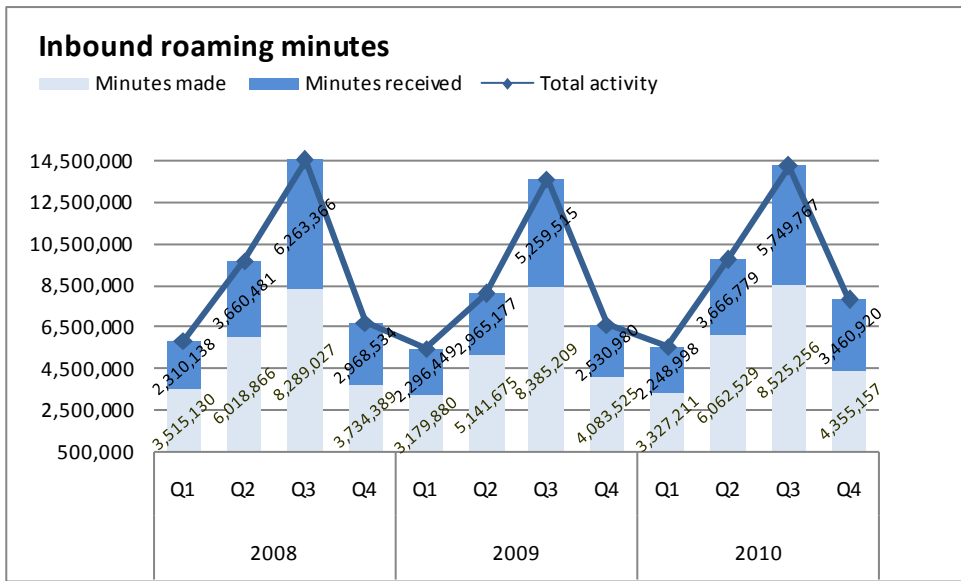


Figure 28: Inbound roaming activity - number of voice call minutes

In terms of inbound roaming minutes, minutes received by foreign mobile subscribers whilst roaming in Malta increased from 7.8 million in the SH 2009 to 9.2 million in the SH 2010. Another much smaller increase was recorded for minutes made by foreign mobile subscribers whilst roaming in Malta, from a total of 12.5 million in the SH 2009 to 12.9 million in the SH 2010.

6.9 Average revenue per user (“ARPU”)

ARPU statistics include total revenues of the operator divided by the average number of active subscriptions 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.

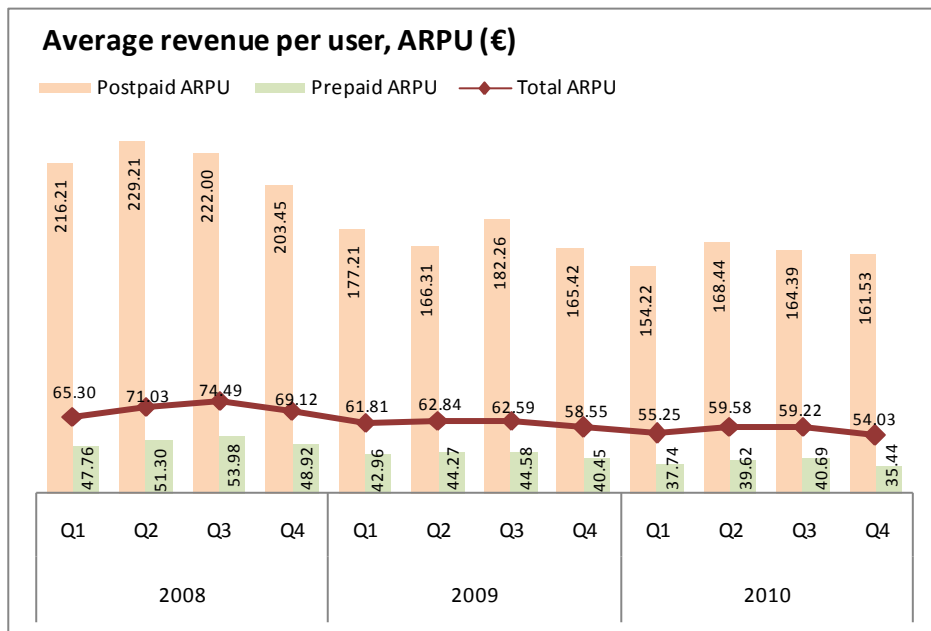


Figure 29: Average revenue per mobile user¹⁶

Total ARPU in Q3 and Q4 2010 stood at €59.22 and €54.03 respectively. In both instances, the figure is lower than that recorded in the same period a year earlier.

As at Q4 2010 prepaid ARPU stood at €35.44, compared to €40.45 as at Q4 2009, whilst postpaid ARPU stood at €161.53, compared to €165.42 as at Q4 2009.

¹⁶ Figures are currently under review and are therefore subject to change.

6.10 Average rate per minute of mobile communications and average rate per SMS

Revenue-based market indicators¹⁷ show that, as at Q4 2010, the average cost of a minute of mobile communications for a domestic call over the mobile network stood at €0.139, which is lower than €0.17 as at Q4 2009.

The average cost of a minute of mobile communications for an international call stood at €0.453 as at Q4 2010, which is again lower than €0.575 as at Q4 2009.

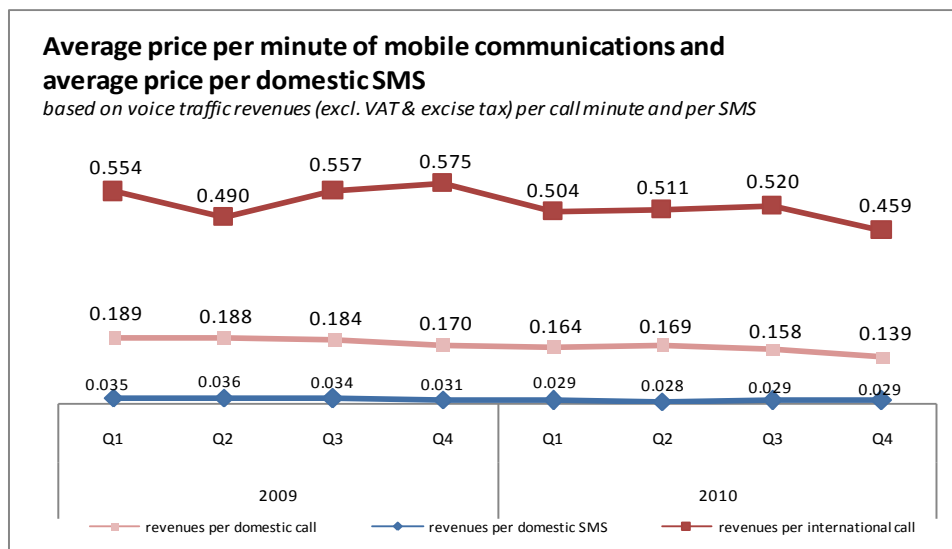


Figure 30: Average cost of a mobile call derived from revenue-based workings¹⁸

The average cost per domestic SMS stood €0.029 as at Q4 2010, again down from €0.031 as at Q4 2009.

¹⁷ The average price per minute of mobile communications is derived by subdividing domestic mobile voice traffic revenues (including access revenues), by the number of minutes reported under each respective heading. Revenues from VAT, excise tax, retail roamings services and contract line rental fees are excluded from the workings. Figures are to be interpreted with caution, as these are not the actual rates quoted on the market.

It must also be noted that local mobile operators may offer free calls or discounted call rates, such as on weekends and evenings, and also in the case of particular schemes for closed user groups and bundled products. This would affect the final outcome for the average rate per minute of mobile communications.

¹⁸ Figures are preliminary and therefore subject to change.

7 Internet and eCommerce

7.1 Internet subscriptions

Subscriptions to the Internet have grown by seven percent¹⁹, up from 111,543 as at the end of 2009 to 119,422 twelve months later.

Of the latter figure only 50 were dial-up²⁰ subscriptions. Effectively, this means that year-on-year the number of dial-up subscriptions went down by over 600.

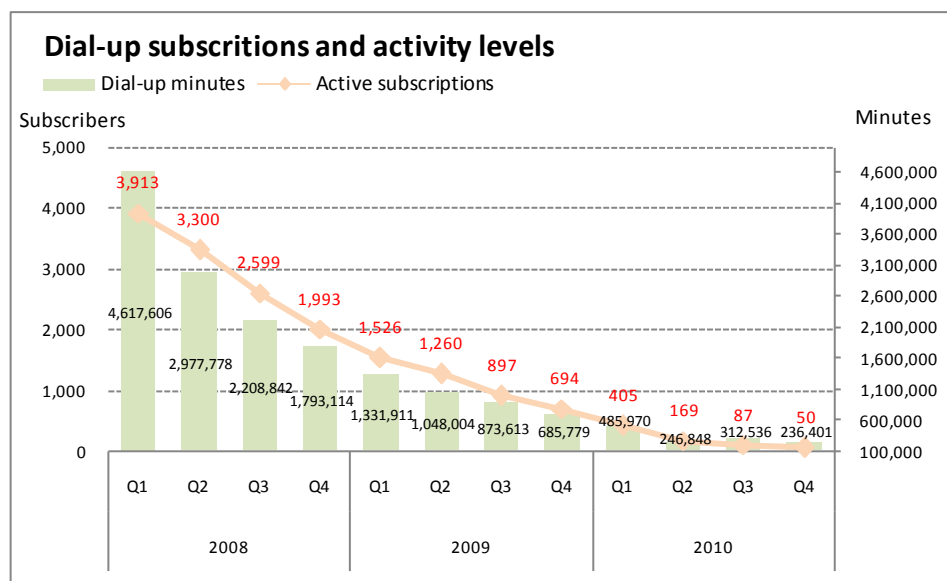


Figure 31: Dial-up Internet subscriptions as at end of period

On the other hand, there was a year-on-year increase of 7.7 percent for fixed broadband subscriptions (hereafter, “fixed BB subscriptions”), which increased from 110,849 as at the end of 2009 to 119,372 as at the end of 2010²¹.

This review distinguishes between three different platforms, each with national coverage, over which fixed broadband is currently offered. These include the Digital Subscriber Line platform (hereafter, “DSL platform”), the cable platform, and the wireless platform.

Latest figures indicate that, year-on-year, the different platforms showed opposing trends in terms of annual growth.

¹⁹ This figure refers to the number of fixed broadband subscriptions and does not include mobile broadband subscriptions. Mobile broadband is being dealt with in a separate section.

²⁰ Active dial-up subscriptions refer to subscriptions with at least one registered call to any Internet number (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.

²¹ 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. Figures for Q4 2010 are currently under review and therefore subject to change.

Over a twelve-month period ending 2010, the DSL platform saw a 20 percent increase in subscriptions and the wireless platform saw an increase of 22.2 percent. On the other hand, the cable platform experienced a 5.4 percent decline in subscriptions.

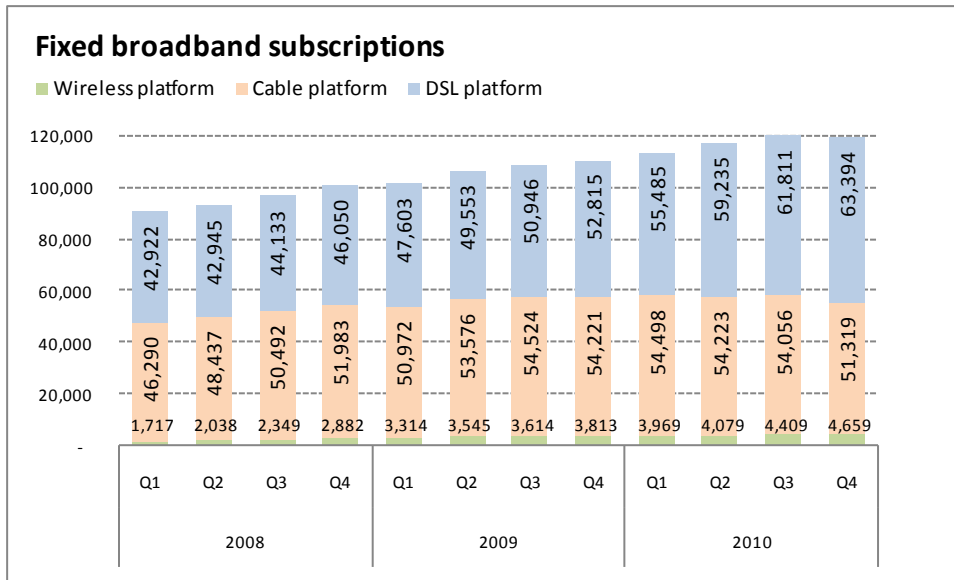


Figure 32: Broadband Internet subscriptions as at end of period - by technology

In absolute terms, DSL subscriptions increased by slightly over 10,500 in the current review period and wireless subscriptions increased by 846. Overall, these increases outweighed a decline of 2,902 cable subscriptions.

As at the end 2010, the DSL platform accounted for 53.1 percent of the local subscriber base for fixed broadband. The cable platform accounted for another 43 percent, and the wireless platform accounted for the remaining share, at 3.9 percent.

7.2 Broadband connection speeds²²

As at the end of the current review period, 76.9 percent of all fixed BB subscriptions had a connection speed equal to or exceeding 4Mbps but less than 6Mbps, up from 72.1 percent as at the end of 2009.

Correspondingly, the number of fixed BB subscriptions with a connection speed less than 4Mbps went down even further and accounted for just 1.5 percent of all active subscriptions. Their number declined from 8,024 as at the end of 2009 to 1,823 as at the end of 2010.

Figure 33 also shows that the number of broadband connections with speeds of 6Mbps or more continued to show annual growth.

²² Although fixed broadband in 2009 and 2010 has been characterised by communications service providers upgrading broadband connection speeds, quoted figures does not indicate whether such higher speeds have been actually realised.

The year-on-year increase to December 2010 was 11.3 percent for broadband connections with a speed equal to or exceeding 6Mbps but less than 10Mbps and 12.6 percent for broadband connections with a speed equal to or exceeding 10Mbps.

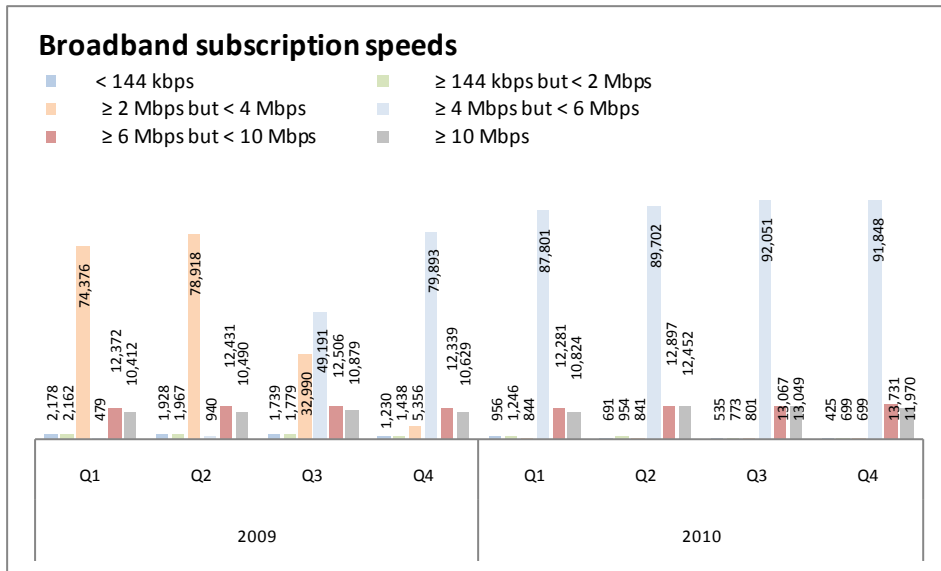


Figure 33: Broadband Internet subscriptions as at end of period - by connection speed

The number of fixed BB subscriptions in the former category totalled 13,731 as at the end of 2010, representing 11.5 percent of all broadband subscriptions.

The number of broadband connections with a speed of 10Mbps or more totalled 11,970. This figure is equivalent to ten percent of all broadband subscriptions as at the end of the current review period.

Categorising broadband subscriptions recorded under each technological platform by connection speed shows that 46.3 percent of all cable broadband subscriptions have a connection speed equal to or exceeding 4Mbps but less than 6Mbps. Another 15 percent have a connection speed equal to or exceeding 6Mbps. Just two percent have a connection speed lower than 4Mbps.

Regarding DSL broadband subscriptions, nearly 72 percent have a connection speed equal to or exceeding 4Mbps but less than 6Mbps and another 28 percent have a connection speed which is equal to or exceeds 6Mbps. The number of DSL subscriptions with a broadband speed less than 4Mbps is negligible at 0.1 percent.

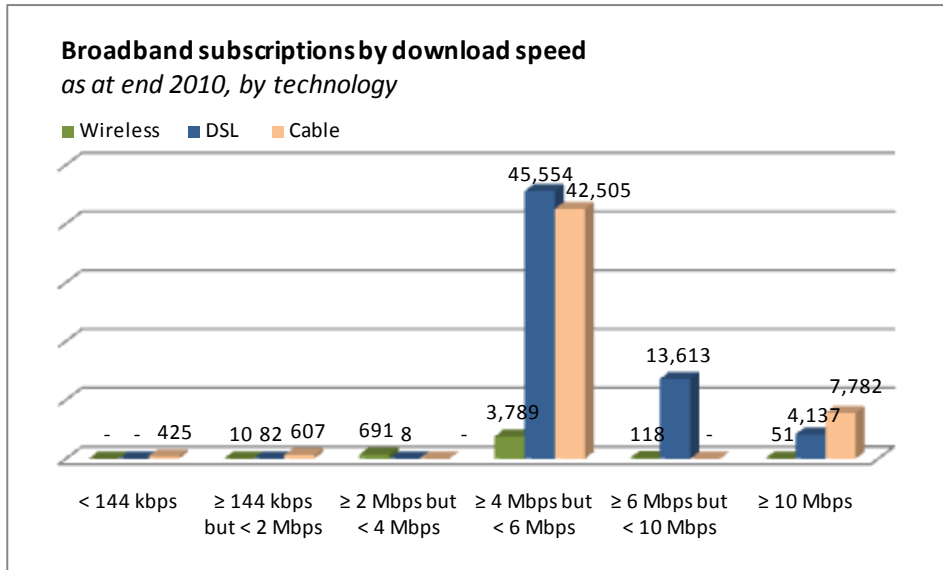


Figure 34: Broadband Internet subscriptions as at end of period - by connection speed

Figure 34 also indicates that, as at the end of 2010, 81 percent of all broadband connections recorded under the wireless platform had a connection speed equal to or exceeding 4Mbps but less than 6Mbps. Another 3.6 percent had a connection speed equal to or exceeding 6Mbps. The remaining 15 percent had a broadband connection speed of less than 4Mbps, a significantly higher percentage than that reported for the cable and DSL platforms.

7.3 Fixed BB subscriptions on a bundled offer

The number of fixed BB subscriptions on a bundled offer increased by 78.8 percent over a twelve-month period, from 35,868 as at the end of 2009 to 64,115 as at the end of 2010. The latter figure accounts for 53.6 percent of all active fixed BB subscriptions recorded at the time.

Fixed broadband (BB) subscriptions on a bundled offer	2009				2010			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Fixed BB subscriptions on two-play bundled offers	1,165	1,100	703	932	861	641	865	1,046
Fixed BB subscriptions on triple-play bundled offers	4,973	5,477	4,446	4,448	4,757	5,098	5,444	5,934
Fixed BB subscriptions on quadruple-play bundled offers	15,369	21,002	26,706	30,488	37,812	43,044	49,657	57,135
Total number of fixed BB subscriptions bundled with other electronic communication services	21,507	27,579	31,855	35,868	43,430	48,783	55,966	64,115
as a percentage of total broadband Internet subscriptions	21.09%	25.85%	29.20%	32.36%	38.13%	41.50%	46.53%	53.71%

Table 7: Fixed broadband subscriptions on a bundled offer as a percentage of total broadband subscriptions

7.4 Fixed broadband penetration rate

Malta’s fixed broadband penetration (per population) stood at 28.9 percent as at the end of 2010, up by two percentage points over the corresponding period a year earlier.

According to the latest CoCom figures released for July 2010, Malta’s fixed broadband penetration rate stood above the the EU average rate of 25.6 percent²³.

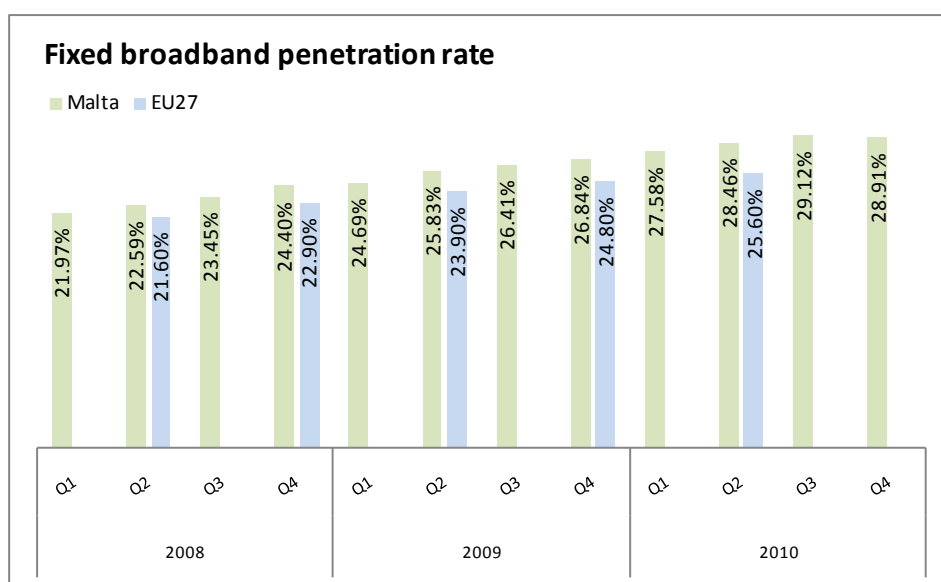


Figure 35: Fixed broadband penetration rate as at end of period

²³ According to the latest CoCom Report on 'Broadband Access in the EU: situation at 1 July 2010', the EU fixed broadband penetration rate is measured as the total number of fixed broadband lines per 100 habitants.

Link to CoCom Report: http://ec.europa.eu/information_society/newsroom/cf/itemlongdetail.cfm?item_id=6502

7.5 Mobile broadband

Mobile broadband take-up has been encouraging over the last three years, especially as GO, Melita and Vodafone upgraded their networks and started offering 3.5G HSDPA on a nationwide basis.

The current CMR outlines developments for mobile broadband in Malta by making use of data published by the EU Communications Committee (hereafter, “CoCom”).

Latest available data shows that annual growth in mobile broadband²⁴ has been remarkable year-on-year to July 2010. In terms of availability, the number of *Subscriber Identity Module (hereafter “SIM”)/Universal Subscriber Identity Module (hereafter “USIM”) cards*²⁵ which work under 3G equivalent or higher standards to enable access to data services in wireless networks went up by 63.7 percent between July 2009 and July 2010.

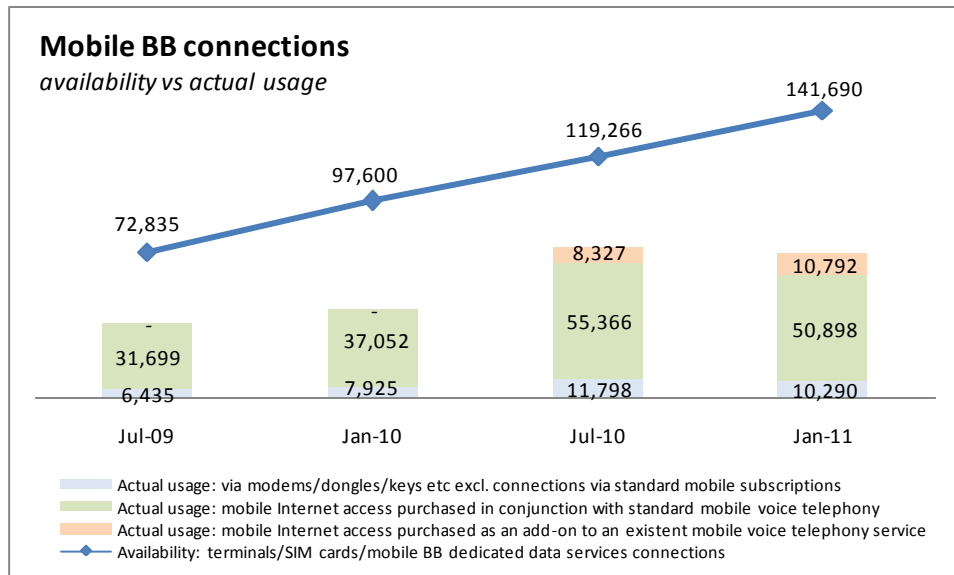


Figure 36: Mobile broadband connections as at end of period

In terms of actual usage, Figure 36 shows that mobile broadband access was stronger in July 2010 compared to activity reported in July 2009. Indeed, the number of subscriptions which recorded mobile broadband activity in the previous 90 days increased from 38,134 in July 2009 to 75,491 in July 2010.

²⁴ Refers to the number of subscriptions which have made an Internet mobile connection (using IP) in the previous 90 days through a standard mobile subscription (i.e. requiring a mobile handset) and through modems/dongles/keys purchased on a stand alone basis (i.e. not requiring a mobile handset). The total therefore includes the number of subscriptions bundling mobile Internet access and standard mobile voice telephony, the number of subscriptions to dedicated data services purchased as an add-on to standard mobile voice telephony against an additional fee and the number of subscriptions to dedicated data services purchased on a stand alone basis via modems or dongles/keys.

²⁵ This is the official term provided by CoCom. In the case of UMTS the unit of reference is SIM/USIM cards (including modem/dongles).

In July 2010, the number of standard mobile subscriptions (with Internet access incorporated in the price or else Internet access purchased as an add on to the voice service against an additional fee) accessing broadband data services in the previous 90 days totalled 63,693. This figure is double that reported 12 months earlier.

Correspondingly, the number of dedicated data service connections purchased on a stand alone basis via modems or dongles/keys etc which accessed high speed advanced data services in the previous 90 days totalled 11,798. This figure is 83.3 percent higher than that reported 12 months earlier²⁶.

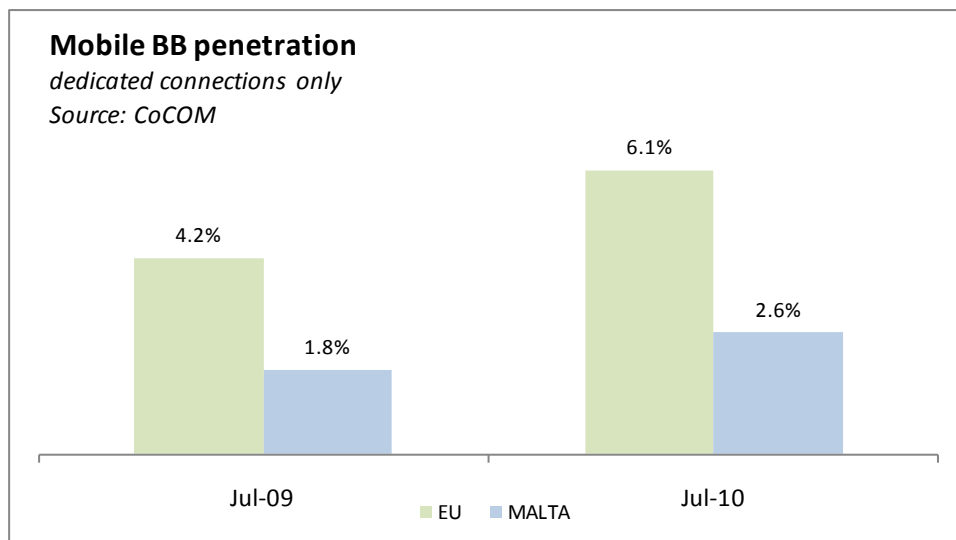


Figure 37: Mobile broadband penetration rate as at end of period

Figure 37 shows that, in July 2010, Malta’s penetration rate of mobile broadband as measured by dedicated data service cards/keys only was 2.6 percent compared to an EU average of 6.1 percent.

7.6 Average price of broadband per unit of download speed

The MCA considers the average price of broadband per unit of download speed (Mbps) as a proxy measure of how pricing for fixed broadband developed over time. Workings are undertaken on the basis of an evaluation of the price of a broadband product, as advertised by the service provider, against the advertised download speed.

The assessment identifies two types of fixed BB products, those having a specified (or fixed) download limit and others for which no download limit is set (i.e. products with an unlimited download).

²⁶ The EU Commission states that, for the sake of clarity, what is measured for mobile BB is the number of users, and not the number of transactions, since the overall objective is to measure a penetration/100 population. For example, in country X, there are ten 3G equivalent phone users (mainly used for voice communication), but only two out of these ten users actually accessed advanced data services in the last 90 days. In addition there are four users who use their modems/USB keys/cards provided by a mobile operator to access BB data via their laptops, since there is, for example, no wired connection available to them.

For each type of fixed BB product, different categories are set according to the download speed advertised with each product.

Seven different categories were identified as follows:

- products with a download speed equal to or greater than 2Mbps but less than 4Mbps;
- products with a download speed equal to or greater than 4Mbps but less than 6Mbps;
- products with a download speed equal to or greater than 6Mbps but less than 8Mbps;
- products with a download speed equal to or greater than 8Mbps but less than 10Mbps;
- products with a download speed equal to or greater than 10Mbps but less than 20Mbps;
- products with a download speed equal to or greater than 20Mbps but less than 30Mbps;
- and
- products equal to or greater than 30Mbps.

With respect to broadband products with a download speed less than 4Mbps and having a set download limit, the average price per Mbps declined from €6.69 in Q4 2009 to €4.75 in Q4 2010. This is mainly a result of the ceasing of operations by Waldonet as from Q4 2010, thereby leaving only one product advertised by Vodafone in this broadband category. No broadband products having a download speed less than 4Mbps were advertised with unlimited download in this review period.

With regard to products with a download speed equal to or greater than 4Mbps but less than 6Mbps, no price changes have been recorded, thus the average price per Mbps in Q4 2010 stood at €3.12 for those products with a specified download limit and €5.04 for those with unlimited download.

The same applies for products having a download speed equal to or greater than 6Mbps but less than 8Mbps. In this regard, the average price per Mbps for products with a specified download limit remained at €2.26 as at Q4 2010, whilst that for products with unlimited download remained constant at €5.90.

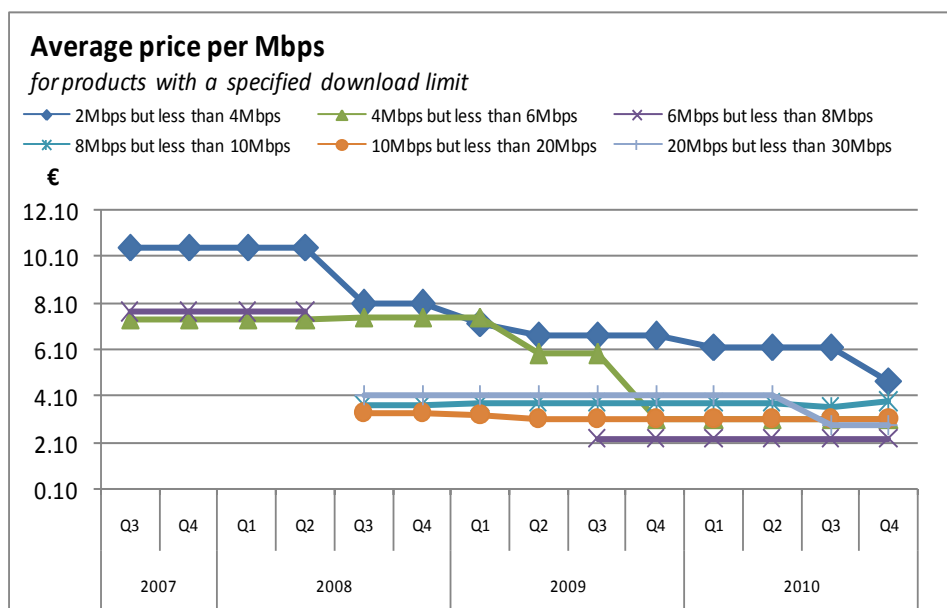


Figure 38: Average price per Mbps of fixed broadband for packages with a specified download limit

The category featuring products with a download speed equal to or greater than 8Mbps but less than 10Mbps showed no significant change in the average price per Mbps. The average price per Mbps stood at €3.87 in Q4 2010, just slightly above €3.83 in Q4 2009. All broadband products in this category were advertised with a specified download limit.

Developments for the category featuring products with a download speed equal to or greater than 10Mbps but less than 20Mbps were somewhat varied. For those products with a set download limit the price per Mbps in Q4 2010 stood at €3.13, as in Q4 2009. However, the price per Mbps for products with unlimited download increased from €5.63 in Q4 2009 to €6.54 in Q4 2010. Again, this is a result of Waldonet’s termination of its ADSL and internet services, as this operator advertised products that were on the lower end of the price scale of the said category.

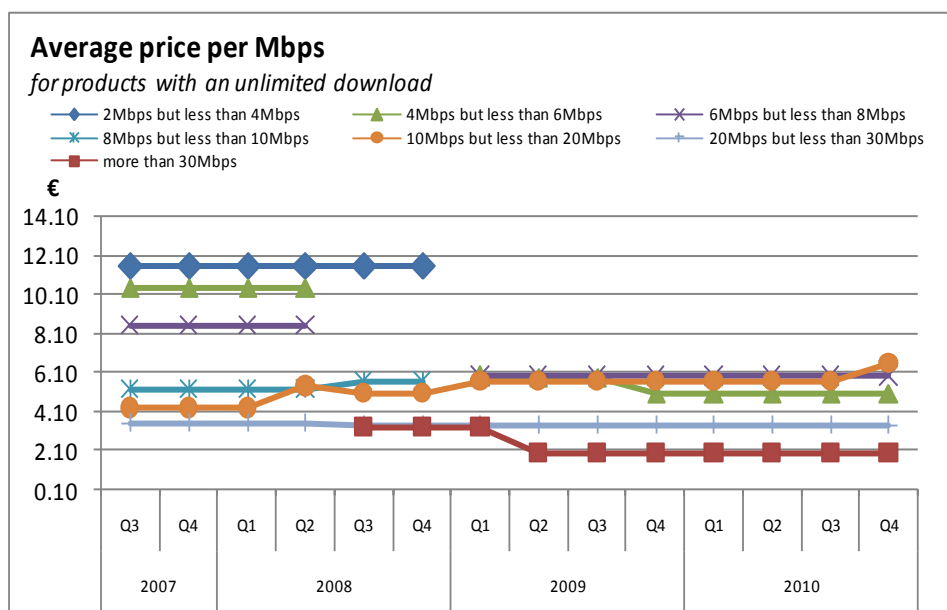


Figure 39: Average per Mbps of fixed broadband for packages with an unlimited download

The average price per Mbps for broadband products with a download speed equal to or greater than 20Mbps but less than 30Mbps, went down from €4.13 in Q4 2009 to €2.82 in Q4 2010 for those products advertised with a set download limit. Those products advertised with unlimited download showed no decline in the average price per Mbps. The respective rate stood at €3.38 in Q4 2010.

The latest category under consideration refers to those broadband products with a download limit of 30Mbps or more. Only Melita is active within this broadband category as it offers a 50Mbps product at a price of €100 per month with unlimited download. This works out to an average price per Mbps of €2 for this broadband category. Melita’s 50Mbps package has been advertised at the rate quoted above since 2009.

7.7 The MCA e-Commerce Survey

The MCA carries out an e-Commerce survey on a regular basis, the latest being held in September 2010. The aim of the survey is to obtain an indication of Internet access and usage and the level of e-Commerce activity across the Maltese islands.

The survey was based on responses from 1,600 individuals²⁷ aged 18 years and over.

Internet access and usage

e-Commerce activity depends on the extent of access to and usage of the Internet. This explains the importance given to having feedback from respondents about their accessibility to the Internet, their usage of this electronic communications platform, and the purposes of such usage.

Slightly more than 72 percent of all respondents to the September 2010 survey (or 1,157 respondents) claimed having access to the Internet. This figure is 3.6 percentage points higher than that reported in September 2009.

63.6 percent of all respondents claiming to have Internet access also reported that access is available at home. Other popular access points are the workplace and academic institutions.

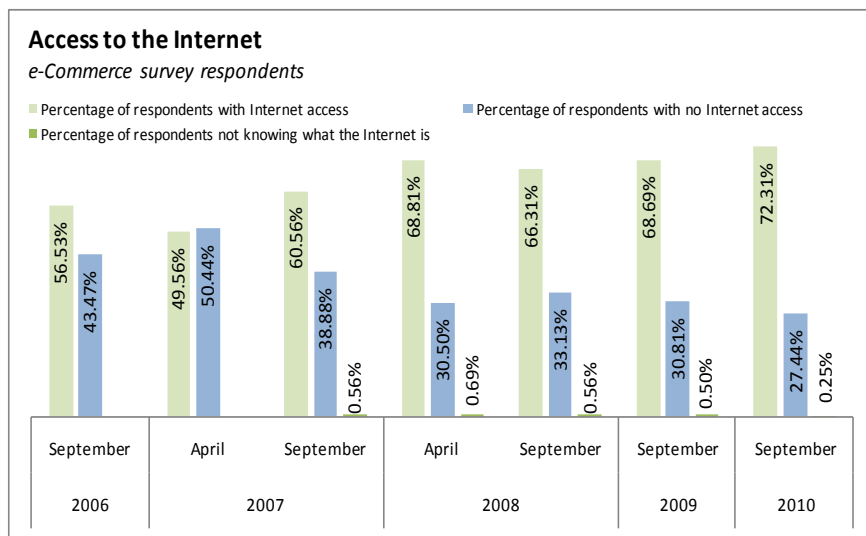


Figure 40: Access to the Internet

27.4 percent claimed having no Internet access and another 0.3 percent claimed not knowing what the Internet is.

²⁷ Targeted population stratified according to Malta’s demographic parameters. Not more than one person per household was interviewed.

Interviews were carried out by telephone using the Computer Aided Telephone Interviewing (“CATI”) technique.

In terms of Internet usage, 64.6 percent of all survey respondents (or 1,033 respondents from a total of 1,600) report having access to the Internet and making use of this medium on a regular basis.

The percentage of respondents claiming to make regular use of the Internet goes up to 89.3 percent when only those respondents claiming to have Internet access are considered.

Respondents claiming to make regular use of the Internet were also questioned on the time they spend using this medium. Figure 41 suggests that, as years go by, individuals with Internet access are spending more time using this medium.

In September 2010, nearly 28 percent claimed having made use of the Internet for 7 to 12 hours per week, up from 25 percent in September 2009. Another 23 percent claimed spending 13 to 20 hours per week surfing the Internet, again up from 19 percent reported in the previous survey.

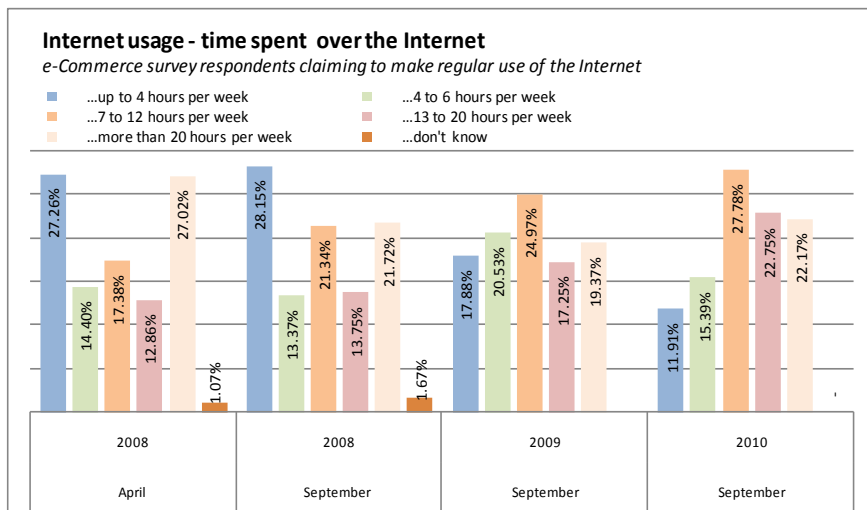


Figure 41: Access to the Internet

Those claiming to spend more than 20 hours per week on the Internet also went up, from 19.4 percent in September 2009 to 22.2 percent in September 2010.

eCommerce activity

Survey results indicate an ever larger share of survey respondents making regular use of the Internet to carry out online purchases. Whilst in September 2008 only 61.2 percent of regular Internet users reported having made, at least, one online purchase in the previous six months, the figure has since increased to 79.1 percent in September 2010²⁸.

²⁸ The increase in the number of Maltese making online purchases is also confirmed by figures published by Eurostat. Whilst in 2009 Eurostat reported that 34 percent of individuals in Malta, aged 16 to 74, ordered goods and services over the Internet, the figure increased to 38% in 2010, which is two percentage points lower than the EU27 average.

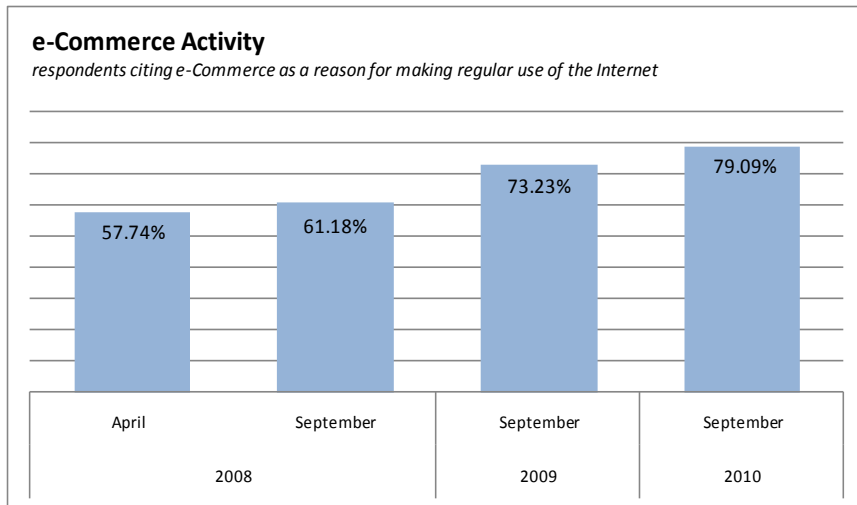


Figure 42: e-Commerce activity

Of those respondents in September 2010 claiming to having made use of the Internet with the intention of making an online purchase, approximately 93.1 percent (or 761 out of 817) did actually register one online purchase in the previous six months.

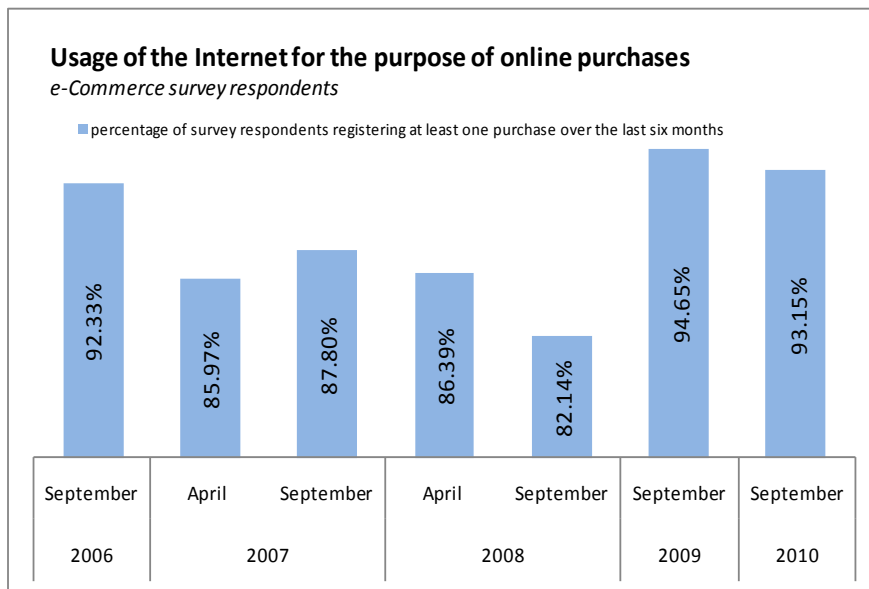


Figure 43: Usage of the Internet for the purpose of making an online purchase

In this regard, 71.5 percent of those respondents claiming to having made at least one online purchase actually reported that they made from one to five online purchases in the previous six months. Correspondingly, 19.8 percent reported from six to ten purchases, and the remaining 8.7 percent reported more than 10 online purchases.

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

The amounts spent when buying online also varied, with 37.2 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.

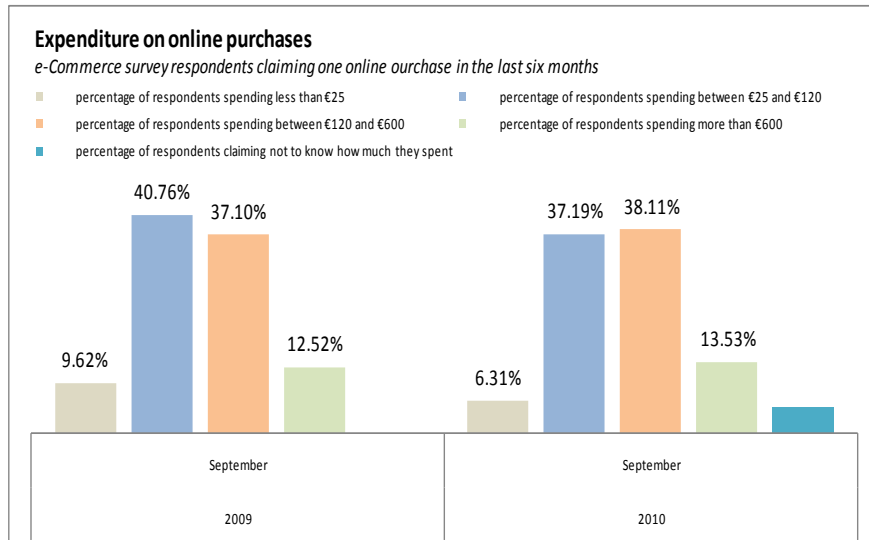


Figure 44: Expenditure on online purchases

38 percent reported having spent between €120 and €600 and a further 13.5 percent reported an online expenditure exceeding €600.

Nearly five percent did not know how much they spent on their online purchase(s).

Payment by PayPal and credit card are the most popular online payment methods highlighted by respondents. In September 2010, around 66.5 percent of respondents making regular use of the Internet and having made at least an online purchase in the previous six months reported Pay Pal as one of their preferred means of payment when buying online.

8 Reception of TV broadcasts via Pay TV platforms

8.1 Number of Pay TV subscriptions

TV broadcasts are available via three main Pay TV platforms in Malta, namely via GO’s Digital Terrestrial Television (“DTTV”) platform, Melita’s analogue cable platform, and Melita’s digital cable platform²⁹.

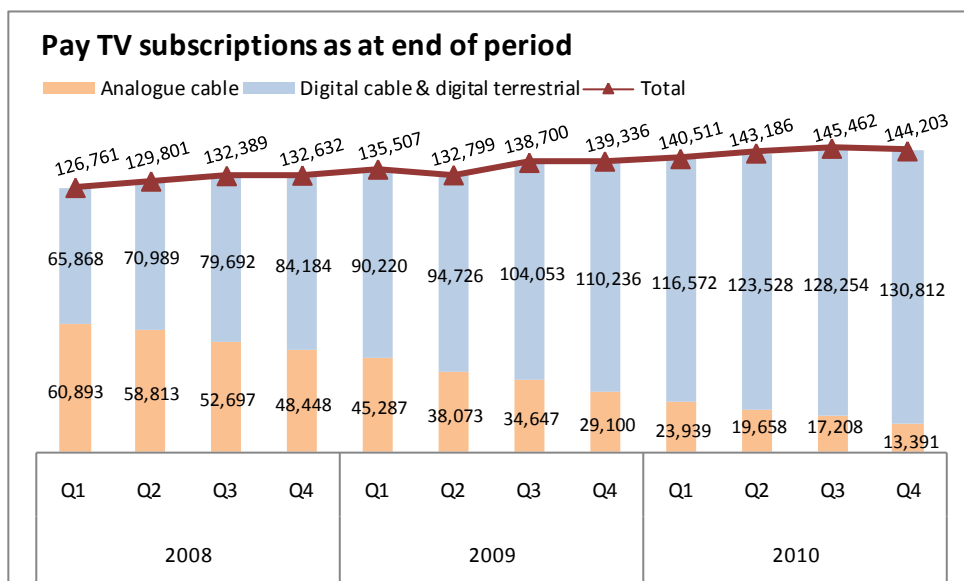


Figure 45: Pay TV subscriptions as at end of period

Pay TV subscriptions continued to grow steadily over the twelve-month period ending December 2010. Their number increased by 3.5 percent, up from 139,336 as at the end 2009 to 144,203 as at the end of the current review period.

This change is attributable to substantial gains reported under the digital Pay TV heading, with digital Pay TV subscriptions increasing by 20,576 to reach 130,812 by the end of 2010. This increase outweighed a corresponding decline of 15,709 analogue Pay TV subscriptions.

As at the end of 2010, 90.7 percent of all Pay TV subscriptions were subscribed to a digital Pay TV platform (cable or DTTV). The remaining 9.3 percent were subscribed to the analogue Pay TV cable platform.

A further look at the landscape of the local digital Pay TV subscriber base shows that, as at the end of the reporting period, the number of Pay TV subscriptions on Melita’s digital cable platform totalled 70,366. The number of subscriptions on GO’s DTTV platform totalled 60,446.

In the former case, the number of subscriptions increased by 5,101 over the corresponding period a year earlier, representing an increase of 28.5 percent in the digital cable subscriber base. The number of digital terrestrial subscriptions increased by 34.4 percent, or 15,475.

²⁹ There are to date no registered satellite broadcasters or platforms in Malta.

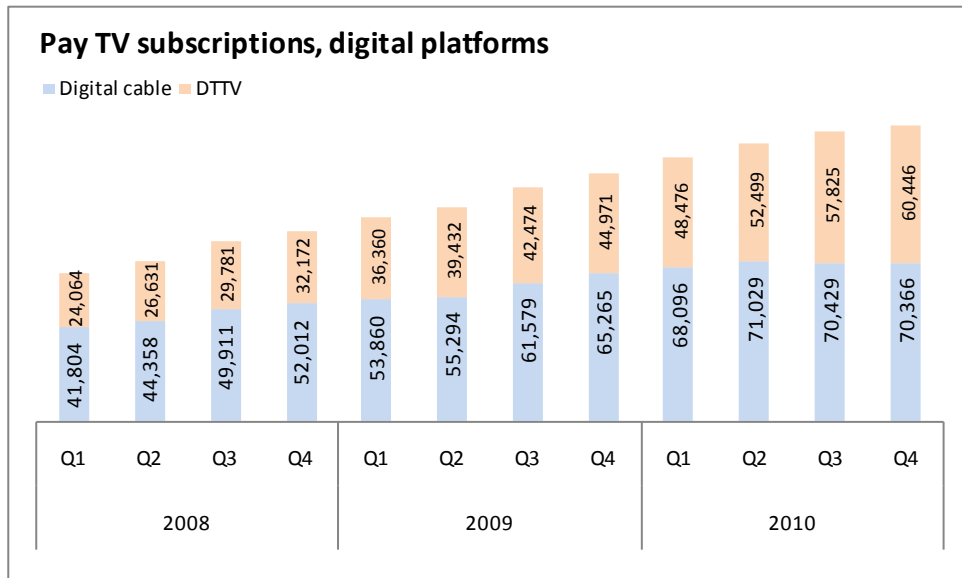


Figure 46: Digital Pay TV subscriptions as at end of period - by platform

8.2 Digital Pay TV subscriptions on a bundled offer

The number of digital Pay TV subscriptions on a bundled offer increased from 46,031 as at the end of 2009 to 67,387 as at the end of the following year. The latter figure accounts for 51.5 percent of all digital Pay TV subscriptions at the time.

Digital Pay TV subscriptions on a bundled offer	2009				2010			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Digital Pay TV subscriptions on two-play bundled offers	15,933	17,156	17,827	15,065	14,258	11,307	11,578	10,207
Digital Pay TV subscriptions on triple-play bundled offers	2,444	2,150	943	478	402	279	128	45
Digital Pay TV subscriptions on quadruple-play bundled offers	15,369	21,002	26,706	30,488	37,812	43,044	49,657	57,135
Total number of digital Pay TV subscriptions bundled with other electronic communication services	33,746	40,308	45,476	46,031	52,472	54,630	61,363	67,387
as a percentage of total digital Pay TV subscriptions	37.40%	42.55%	43.70%	41.76%	45.01%	44.22%	47.84%	51.51%

Table 8: Digital Pay TV subscriptions on a bundled offer as a percentage of total digital Pay TV subscriptions

8.3 Average Pay TV package rates

Figure 40 outlines five Pay TV packages, structured according to the number of channels listed under each respective package.

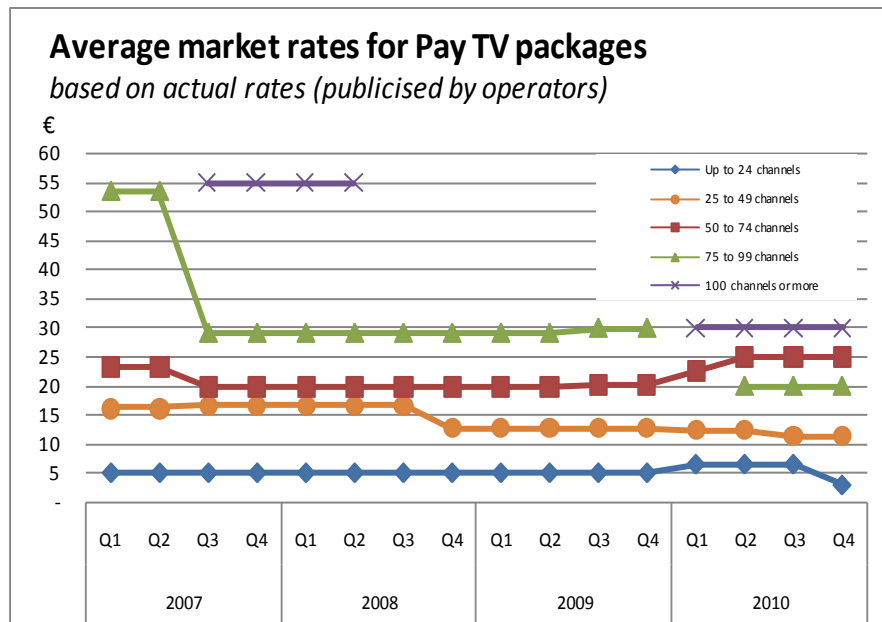


Figure 47: Average market rates for Pay TV packages

In Q4 2010, the average tariff for Pay TV packages listing not more than 24 channels stood at €2.99. This reflects the rate³⁰ charged by GO for its long-standing Free+ digital package, which was the only product featuring under this category in Q4 2010.

Some months earlier however, Melita was also present in the Pay TV category featuring products listing not more than 24 channels. In Q4 2009, Melita advertised a Reception package, which was offered over the analogue cable platform and listed 24 channels. It also offered a Medium package, which was offered over the digital cable platform and again listed 24 channels.

Melita’s analogue Pay TV package was priced at €7.76 prior to 2010 and at €9.99 as from January 2010. As from Q4 2010, this product was no longer advertised. Melita’s Medium Pay TV package was upgraded in Q4 2009, with the number of channels increasing to 38.

Throughout 2010, downward price movements were observed for the category including Pay TV packages listing 25 to 49 channels. This category was originally characterised by GO’s Silver+ package, including 37 channels and priced at €13.98³¹. However, as from Q1 of 2010, Melita

³⁰ Tariff is inclusive of network access fee. Until Q4 2009, the Free+ package was available at €2.33 per month. The rate increased to €2.99 in Q1 2010.

³¹ Tariff is inclusive of network access fee. This package was available at €13.98 in 2009. However, the rate was increased to €14.99 as from Q1 2010. GO also implemented a rate increase for its Free+ and Gold+ packages, up from €2.33 to €2.99 in the former case, and up from €23.29 to €24.99 in the latter.

Rate increases were also implemented in 2009 and 2010 by Melita, as was the case with the Large and Extra Large packages. However, in most instances the said rate increases were also accompanied by changes and upgrades in the channel line up.

started offering its own product in this category, the Medium package, including 38 channels and priced at €7.76. This pushed the average market rate for this channel category downwards, from around €12/€13 to €11.38 by the end of 2010.

On the other hand, the average market rate for the category including Pay-TV packages listing 50 to 74 channels went up, from €20.14 as at end 2009 to €24.99 as at end of 2010. This increase is mainly a result of Melita upgrading its Large package, which originally featured under this category, to the category including 75 to 99 channels, thereby leaving GO's Gold+ Package standing alone in this channel bracket.

In 2009 and 2010, only one offer featured under the category of Pay TV packages listing 75 to 99 channels. In this regard, the average tariff rate has gone down to €19.99 in 2010 from €29.99 as at end 2009 as Melita upgraded its Large package into this channel category and moved its Extra Large package, priced at €29.99, from this category to the one featuring 100 or more channels. Melita's offer under the 100 or more channel category included 150 digital TV channels.

9 Post

9.1 Postal mail volumes

Total mail volumes handled

Postal mail volumes handled by local operators³² were down 2.2 percent in the second half of 2010 compared to the corresponding period a year earlier. In absolute terms, total mail volumes handled in the SH 2010 totalled 22.9 million items, down from 23.4 million items in the SH 2009.

Figure 41 shows that mail volumes peak in Q4 of each respective year as a result of higher activity registered during the Christmas period. A change to this trend is observed in 2008, with increased mail volumes reported in Q1 of this year as a result of local general elections.

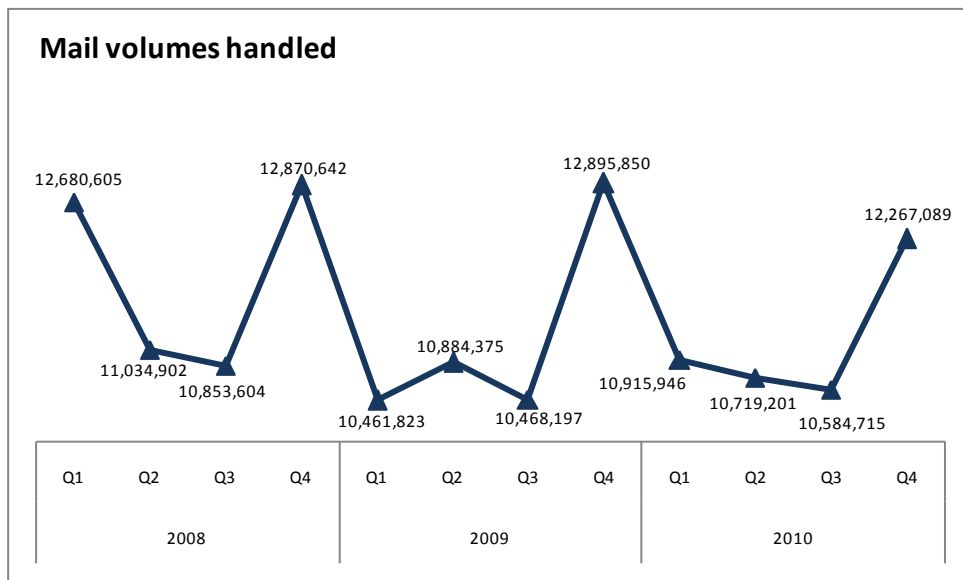


Figure 48: Postal activity - number of handled mail items

Mail volumes classified by postal mail item

This section outlines mail activity registered under four main headings including letter post items, parcel mail items, bulk mail items and registered mail items.

Letter post mail volumes were up 1.2 percent in the second half of 2010 to reach 9.2 million items, up from 9.1 million items in the second half of the previous year. The number of letter post items handled in the SH 2010 accounted for 40.2 percent of all mail items handled during the period.

³² Maltapost plc (the designated Universal Service Provider) and Premiere Post Ltd. provide services within the universal service area. As part of its universal service obligation Maltapost is obliged to provide a set of services, outside the reserved area.

Another 16 registered postal operators (courier and express services) provide services outside the scope of the universal service area. Data submitted by these operators is currently under review and shall be published as from the forthcoming CMR covering the period January to June 2011.

Volumes were also up by 15 percent for registered mail, with the number of delivered items increasing from 0.4 million in the SH 2009 to 0.5 million in the SH 2010.

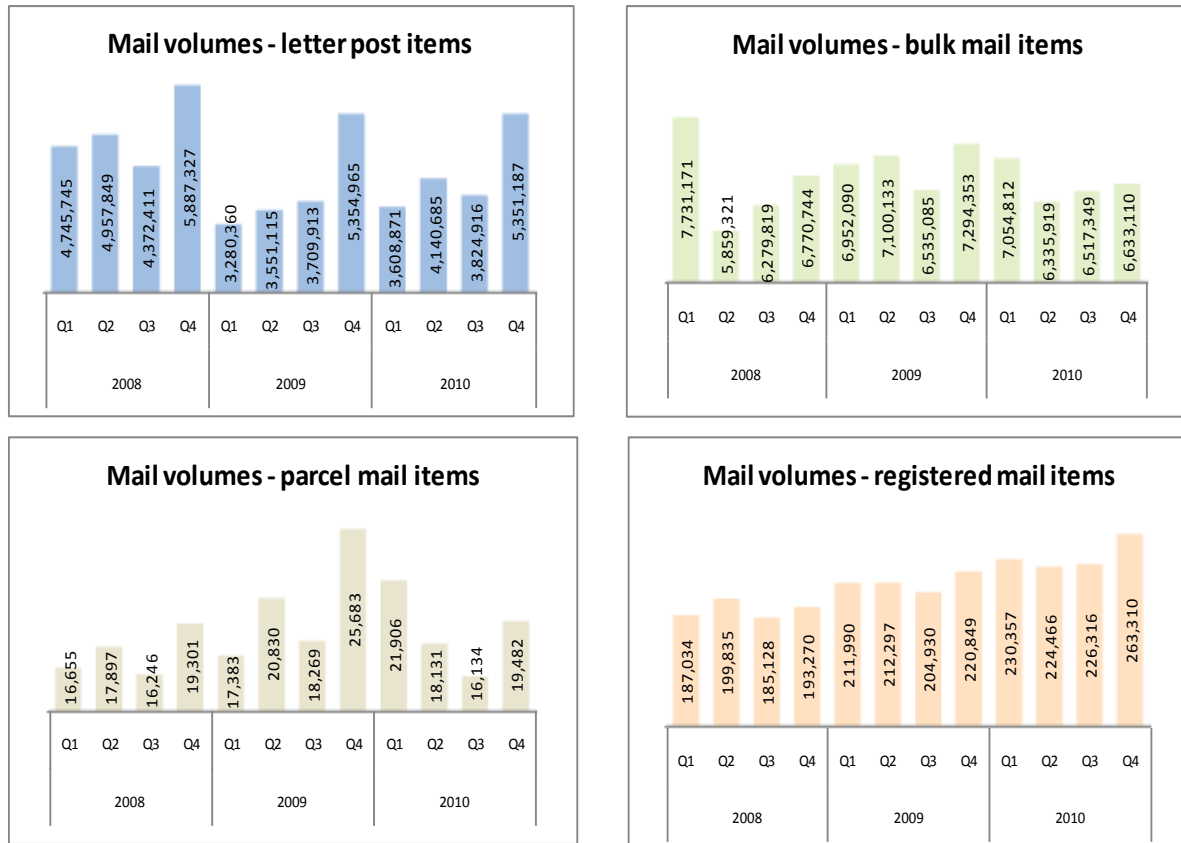


Figure 49: Postal activity – mail volumes by item

Bulk mail and parcel mail volumes were however down in the SH 2010 compared to the SH 2009.

The number of bulk mail items handled in the SH 2010 totalled 13.2 million, down by 4.9 percent from 13.8 million in the SH 2009.

In turn, parcel mail volumes totalled 0.04 million items in the SH 2010, down by 19 percent from the corresponding figure in the SH 2009.

Mail volumes classified by postal service type

Mail volumes are also assessed on the basis of the type of postal mail. In this regard, available market data currently distinguishes between three mail headings: domestic mail; outbound cross border mail³³; and inbound cross border mail³⁴.

³³ Domestically-originated mail forwarded to foreign destinations.

³⁴ Foreign-originated mail forwarded to Malta.

Domestic mail volumes in the SH 2010 totalled 18.2 million items, down from 18.6 million items in the SH 2009. This mail category accounted for 79.5 percent of all mail items handled during the second half of 2010.

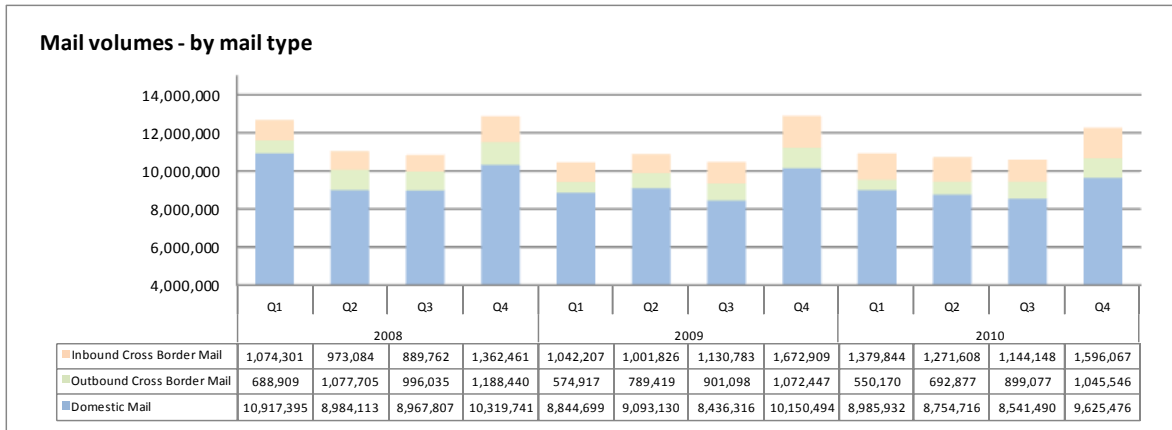


Figure 50: Postal activity - number of handled mail items by type of mail

Outbound and inbound cross border mail volumes totalled 1.9 million items and 2.7 million items respectively in the SH 2010. In both instances, mail volumes were lower than those recorded in the SH 2009. In the former case, volumes went down by 1.5 percent, and in the latter by 2.3 percent.

9.2 Quality of postal delivery service

The MCA has established a series of Quality of Service (“QoS”) targets to ensure that universal service obligations are achieved in the delivery of different mail items.

All targets are set for a period of one year, covering Maltapost’s financial year from October to September.

The QoS targets for the delivery to destination of local ordinary mail and bulk mail³⁵ on the next day (D+1) has been set at 93 percent.

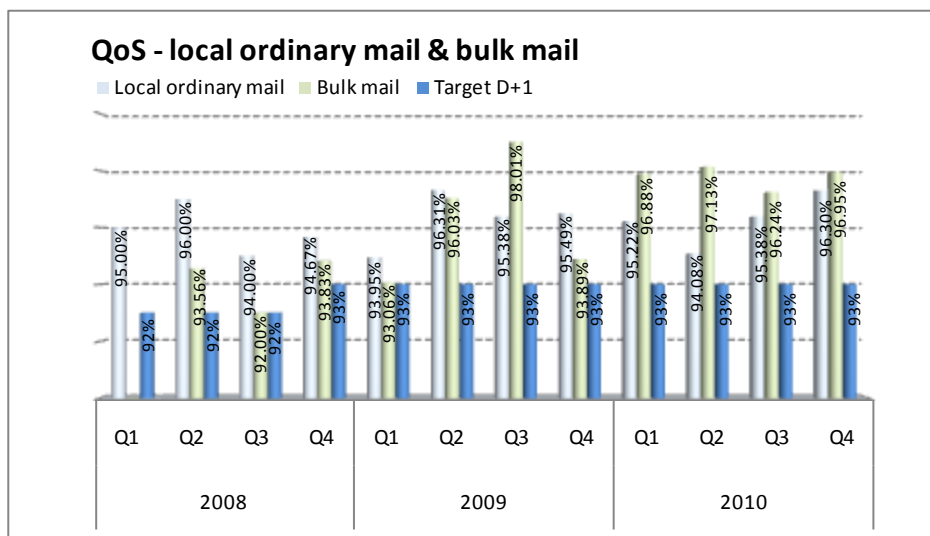


Figure 51: Quality of service - local ordinary and bulk mail

In Q1 and Q2 2010, Maltapost exceeded this delivery target both in the case of local ordinary mail and bulk mail.

In 95 percent of mail handling recorded in Q3 2010 and 96 percent of mail handling recorded in Q4 2010, Maltapost managed to deliver local ordinary mail to destination on the next day. This percentage went up to 96 percent in Q3 2010 and 97 percent in Q4 2010 percent for the delivery of bulk mail.

³⁵ Data for this indicator has been compiled since April 2008.

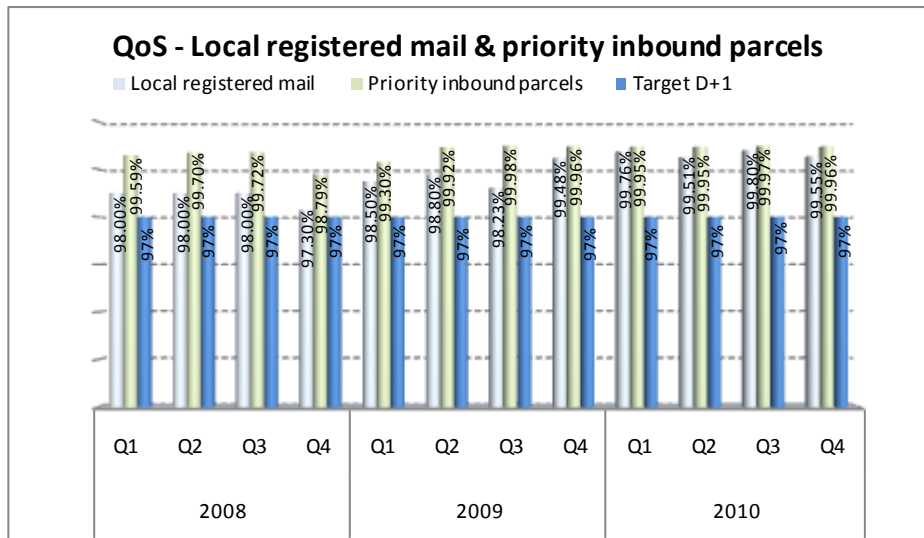


Figure 52: Quality of service - local registered mail and priority inbound parcels

QoS D+1 targets have also been met in the delivery to destination of both local registered mail and priority inbound parcels³⁶ in Q3 and Q4 2010. The D+1 target for the delivery of such mail has been set at 97 percent.

In Q3 and Q4 2010, the delivery to destination in D+1 has been achieved in more than 99 percent of mail handling for local registered mail, and in 99.9 percent of mail handling for inbound priority parcels.

³⁶ All inbound cross border mail, including parcels, arriving at Maltapost’s office of exchange before 19:00hrs between Monday to Friday, and 16:30hrs 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 identified under local ordinary mail.

10 Consumer affairs

The MCA Consumer Affairs Team deals with complaints raised by consumers on services provided by communications service providers (hereafter “CSPs”). The extent of action that can be undertaken in relation to a complaint³⁷ filed with the Authority depends on the nature of the complaint and the MCA’s relevant legal powers.

If the complaint involves issues that have a direct regulatory bearing, such as a breach of a regulatory obligation under a law the MCA is empowered to enforce, then the MCA can intervene.

In those instances where the MCA is not empowered to enforce legal action against the relevant CSP, the MCA may try to mediate between the complainant and the service provider involved or alternatively forward the complaint to other relevant authorities.

10.1 Complaints filed with the MCA

During the second half of 2010, the number of complaints filed with the MCA amounted to 104³⁸.

These complaints are classified under the following headings: Internet, mobile telephony, fixed line telephony, Pay TV, postal services, e-commerce, and bundle offers³⁹.

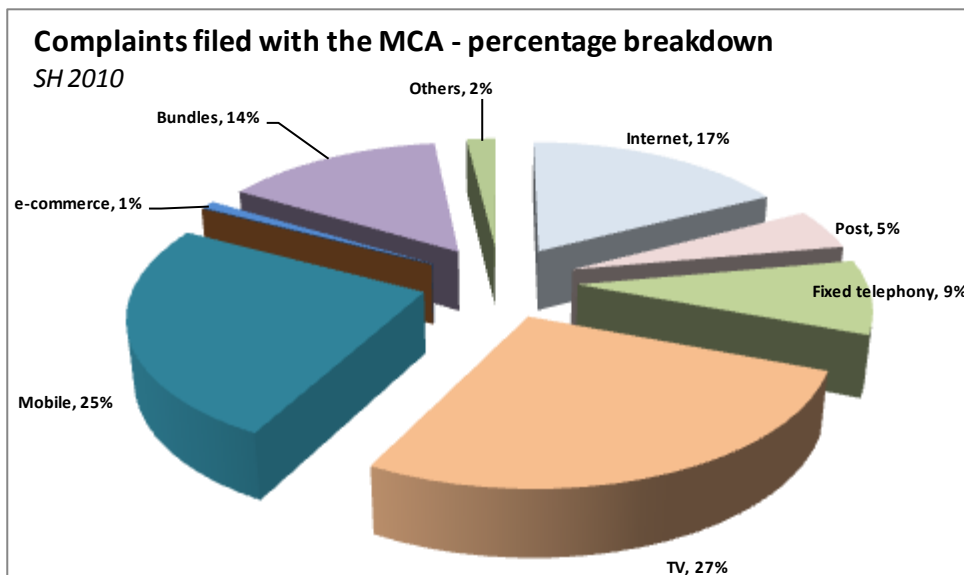


Figure 53: Percentage breakdown of complaints filed with the MCA in SH 2010

³⁷ More detailed information on the procedures for filing a complaint with the MCA can be found at the following link: <http://www.mca.org.mt/consumercorner/openprocedure.asp>

³⁸ This number does not include complaints related to radiocommunications (mainly EMF and interference issues). Figures under this heading are currently under review and shall be included in the forthcoming CMR.

³⁹ Complaints not falling under any of the above-mentioned categories feature under the *Others* heading.

34 percent of all complaints (excluding radiocommunications complaints) filed with the MCA in the SH 2010 concerned fixed and mobile telephony. In this regard, mobile telephony accounted for 25 percent of all complaints filed with the MCA during the said period, whilst fixed line telephony accounted for the remaining 9 percent.

Another 27 percent of all complaints filed with the MCA during the period under review concerned TV broadcasting, and a further 17 percent concerned the Internet.

Disaggregating the complaints filed with the MCA by issue shows that 29 percent of all concerns raised by complainants in the SH 2010 were related to billing activities of electronic communications services. Another 28 percent were related to contractual obligations, and a further 20 percent were related to the quality of service offered by CSPs.

Migration and portability concerns also account for a notable share of all complaints filed with the Authority.

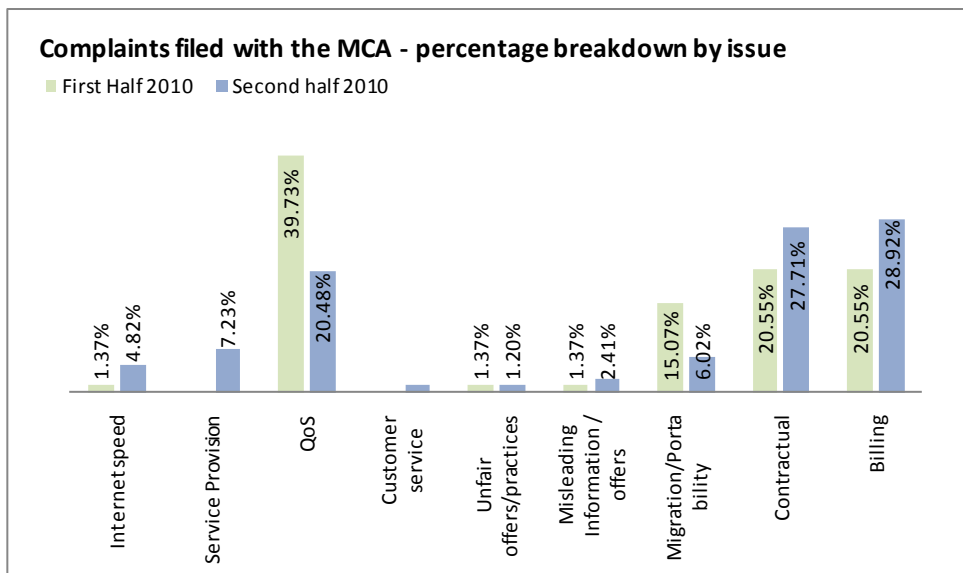


Figure 54: Percentage breakdown of complaints filed with the MCA in FH & SH 2010, by issue

10.2 Status of complaints

Of all complaints reported to the MCA in 2010, nearly 75 percent were solved, and 7 percent were referred to other entities.

In 15 percent of the cases, the MCA provided all the necessary information required by complainants to address their concerns.

2 percent of all complaints remained pending.

Tables

TABLE 1: FIXED LINE POSTPAID SUBSCRIPTIONS ON A BUNDLED OFFER AS A PERCENTAGE OF TOTAL POSTPAID SUBSCRIPTIONS.....	13
TABLE 2: OUTGOING FIXED LINE TRAFFIC - NUMBER OF VOICE CALLS.....	15
TABLE 3: OUTGOING FIXED LINE TRAFFIC - NUMBER OF VOICE CALL MINUTES.....	15
TABLE 4: OUTGOING MOBILE TRAFFIC - NUMBER OF VOICE CALLS	22
TABLE 5: OUTGOING MOBILE TRAFFIC - NUMBER OF VOICE CALL MINUTES	22
TABLE 6: PREMIUM SMSs, SMSs SENT FROM INTERNET PORTAL, SMSs DIRECTED TO FOREIGN MOBILE NETWORKS.....	23
TABLE 7: FIXED BROADBAND SUBSCRIPTIONS ON A BUNDLED OFFER AS A PERCENTAGE OF TOTAL BROADBAND SUBSCRIPTIONS	39
TABLE 8: DIGITAL PAY TV SUBSCRIPTIONS ON A BUNDLED OFFER AS A PERCENTAGE OF TOTAL DIGITAL PAY TV SUBSCRIPTIONS ...	49

Figures

FIGURE 1: OPERATORS PROVIDING QUARTERLY DATA 4

FIGURE 2: KEY MEASURES FOR ELECTRONIC COMMUNICATIONS AND POST 5

FIGURE 3: MARKET SHARES IN TERMS OF FIXED LINE TELEPHONY SUBSCRIPTIONS AS AT END OF PERIOD 10

FIGURE 4: MARKET SHARES IN TERMS OF MOBILE TELEPHONY SUBSCRIPTIONS AS AT END OF PERIOD 10

FIGURE 5: MARKET SHARES IN TERMS OF FIXED BROADBAND SUBSCRIPTIONS AS AT END OF PERIOD 11

FIGURE 6: MARKET SHARES IN TERMS OF PAY TV SUBSCRIPTIONS AS AT END OF PERIOD 11

FIGURE 7: FIXED LINE TELEPHONY SUBSCRIPTIONS AS AT END OF PERIOD 12

FIGURE 8: FIXED LINE NUMBER PORTABILITY - NUMBER OF PORTINGS 13

FIGURE 9: VOICE TRAFFIC ORIGINATING FROM LOCAL FIXED LINE NETWORKS 14

FIGURE 10: AVERAGE NUMBER OF CALLS PER ACTIVE SUBSCRIPTION 16

FIGURE 11: AVERAGE DURATION OF AN OUTGOING FIXED LINE CALL 17

FIGURE 12: AVERAGE COST OF A FIXED LINE CALL DERIVED FROM REVENUE-BASED WORKINGS 18

FIGURE 13: MOBILE TELEPHONY SUBSCRIPTIONS AS AT END OF PERIOD 19

FIGURE 14: MOBILE NUMBER PORTABILITY - NUMBER OF MOBILE PORTINGS 20

FIGURE 15: MOBILE PENETRATION IN MALTA 21

FIGURE 16: VOICE TRAFFIC ORIGINATING FROM MOBILE NETWORKS 21

FIGURE 17: SMS ACTIVITY - NUMBER OF OUTGOING SMSS 23

FIGURE 18: MMS ACTIVITY - NUMBER OF OUTGOING MMSs 24

FIGURE 19: SUBSCRIBER ACTIVITY - AVERAGE TRAFFIC LEVELS PER ACTIVE SUBSCRIPTION 25

FIGURE 20: SUBSCRIBER ACTIVITY - AVERAGE NUMBER OF CALLS PER ACTIVE SUBSCRIPTION 26

FIGURE 21: SUBSCRIBER ACTIVITY - AVERAGE NUMBER OF SMSS PER ACTIVE SUBSCRIPTION 26

FIGURE 22: AVERAGE DURATION OF AN OUTGOING MOBILE CALL 27

FIGURE 23: OUTBOUND ROAMING ACTIVITY 29

FIGURE 24: OUTBOUND ROAMING ACTIVITY - NUMBER OF VOICE CALLS 29

FIGURE 25: OUTBOUND ROAMING ACTIVITY - NUMBER OF VOICE CALL MINUTES 30

FIGURE 26: INBOUND ROAMING ACTIVITY 31

FIGURE 27: INBOUND ROAMING ACTIVITY - NUMBER OF VOICE CALLS 31

FIGURE 28: INBOUND ROAMING ACTIVITY - NUMBER OF VOICE CALL MINUTES 32

FIGURE 29: AVERAGE REVENUE PER MOBILE USER 33

FIGURE 30: AVERAGE COST OF A MOBILE CALL DERIVED FROM REVENUE-BASED WORKINGS 34

FIGURE 31: DIAL-UP INTERNET SUBSCRIPTIONS AS AT END OF PERIOD 35

FIGURE 32: BROADBAND INTERNET SUBSCRIPTIONS AS AT END OF PERIOD - BY TECHNOLOGY 36

FIGURE 33: BROADBAND INTERNET SUBSCRIPTIONS AS AT END OF PERIOD - BY CONNECTION SPEED 37

FIGURE 34: BROADBAND INTERNET SUBSCRIPTIONS AS AT END OF PERIOD - BY CONNECTION SPEED 38

FIGURE 35: FIXED BROADBAND PENETRATION RATE AS AT END OF PERIOD 39

FIGURE 36: MOBILE BROADBAND CONNECTIONS AS AT END OF PERIOD 40

FIGURE 37: MOBILE BROADBAND PENETRATION RATE AS AT END OF PERIOD 41

FIGURE 38: AVERAGE PRICE PER MBPS OF FIXED BROADBAND FOR PACKAGES WITH A SPECIFIED DOWNLOAD LIMIT 42

FIGURE 39: AVERAGE PER MBPS OF FIXED BROADBAND FOR PACKAGES WITH AN UNLIMITED DOWNLOAD 43

FIGURE 40: ACCESS TO THE INTERNET 44

FIGURE 41: ACCESS TO THE INTERNET 45

FIGURE 42: E-COMMERCE ACTIVITY 46

FIGURE 43: USAGE OF THE INTERNET FOR THE PURPOSE OF MAKING AN ONLINE PURCHASE 46

FIGURE 44: EXPENDITURE ON ONLINE PURCHASES 47

FIGURE 45: PAY TV SUBSCRIPTIONS AS AT END OF PERIOD 48

FIGURE 46: DIGITAL PAY TV SUBSCRIPTIONS AS AT END OF PERIOD - BY PLATFORM 49

FIGURE 47: AVERAGE MARKET RATES FOR PAY TV PACKAGES 50

FIGURE 48: POSTAL ACTIVITY - NUMBER OF HANDLED MAIL ITEMS 52

FIGURE 49: POSTAL ACTIVITY - MAIL VOLUMES BY ITEM 53

FIGURE 50: POSTAL ACTIVITY - NUMBER OF HANDLED MAIL ITEMS BY TYPE OF MAIL 54

FIGURE 51: QUALITY OF SERVICE - LOCAL ORDINARY AND BULK MAIL 55

FIGURE 52: QUALITY OF SERVICE - LOCAL REGISTERED MAIL AND PRIORITY INBOUND PARCELS.....	56
FIGURE 53: PERCENTAGE BREAKDOWN OF COMPLAINTS FILED WITH THE MCA IN SH 2010	57
FIGURE 54: PERCENTAGE BREAKDOWN OF COMPLAINTS FILED WITH THE MCA IN FH & SH 2010, BY ISSUE.....	58

Glossary of Terms⁴⁰

ARPU	Average revenue per user. Total revenues of the operator divided by the average number of active subscribers during the period. Revenues include the total revenues from all outgoing and incoming activity registered by all active prepaid and postpaid subscribers, including outbound roaming revenues and interconnection revenues, but excluding inbound roaming revenues.
Broadband	A service or connection to the Internet which is 'always on' and has a speed of more than 128kbps. The number of active broadband subscriptions refers to subscriptions/connections having recorded a transaction within 90 days of the period stipulated.
Dial-up	The number of active dial-up subscriptions refers to those subscriptions/connections which made a call to an Internet number (2188, or 2186) within the last 90 days.
DSL	Digital Subscriber Line. A high-speed transmission technology mainly applied for Internet and video file access service. DSL services allow voice and data to share the same infrastructure and usually require a splitter at the customer's premises to separate voice and data traffic from the line. Forms of DSL include ADSL, HDSL, and VDSL.
DTTV	Digital Terrestrial Television. The term refers to a delivery platform primarily for television programmes in digital format, using the DVB-T standard.
FH	First half of the year, referring to the period January to June.
FNO	Fixed network operator. A provider which owns a fixed line network.
FTF	Fixed-to-fixed traffic.
FTI	Fixed-to-international traffic.
FTM	Fixed-to-mobile traffic.
ISPs	Internet Service Providers. An ISP is a point of access to the Internet for small business and individual users. The ISP provides its customers with access to its router which relays traffic to web servers on the Internet.
Mbps	Megabits per second ("MBit/s") or millions of bits per second. Unit applied to measure the transmission speed of digital information.
MCA	Malta Communications Authority.

⁴⁰ An MCA glossary of terms can be found at <http://www.mca.org.mt/consumercorner/listterms.asp?keys=number>

MMS	Multimedia Messaging Service. MMS extends the short messaging service (“SMS”) to include longer text, graphics, photos, audio clips, video clips, or any combination of the above, within certain size limits.
MNO	Mobile network operator. A provider which owns a mobile network.
MPR	Mobile penetration rate. The MPR is a term used to describe the number of active mobile subscriptions as a percentage of total population.
MTM	Mobile-to-mobile traffic.
MTF	Mobile-to-fixed traffic.
MTI	Mobile-to-international traffic.
Multiple-play offer	A multiple-play offering comprises two (dual-play), three (triple-play), and four (quadruple-play) electronic communication services.
MVNO	Mobile Virtual Network Operator. An MVNO is a mobile operator that usually would not have a licence to use radio spectrum but would have access to the radio networks of one or more of the current mobile operators and would be able to offer services using that spectrum.
Off-net activity	Activity between two or more connections on different networks.
On-net activity	Activity between two or more connections on the same network.
Pay TV	Television services (generally a channel or set of channels) paid for by the user, by means of subscription or other ways of service payment.
Q	Quarter of the year. Q1 refers to first quarter (January to March), Q2 refers to second quarter (April to June), Q3 refers to third quarter (July to September), Q4 refers to fourth quarter (October to December).
QoS	Quality of Service. A statistical measure of a system or service. May also be used to set varying priorities for traffic.
Service provider	A supplier of electronic communications and postal services, to third parties, either through its own network or through a network of another operator.
SH	Second half of the year, referring to the period July to December.
SMS	Short message service. This refers to short text messages which can be sent from one mobile phone to another, usually up to 160 characters. Such messages can also be sent from the Internet to a mobile phone.
Subscriber churn	The turnover within a subscriber base of new customers balanced by those leaving the network in a given period.

Universal service	The basic level of telecommunications services which should be available to all customers.
USO	Universal Service Obligations. A provision in Maltese law requiring certain operators to provide certain services to all specified persons who may reasonably request them.
VAT	Value Added Tax.

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