



# Malta Communications Authority

**Strategy Update 2019 – 2021**

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**Malta Communications Authority**

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## **1. Purpose**

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This document provides a rolling update of the Malta Communications Authority's (MCA's) strategic direction for the period 2019 – 2021. It contains a validation of established strategic thrusts and includes any new developments that are envisaged as having a significant impact during the plan period.

The key thrusts identified in this Strategic Update constitute the framework for the activities that are articulated in the Business Plan for the same time-period.

The contents of this Strategy Update are based on visibility of its official mandate as at date of presentation.

## 2. Contextual Background and Outlook

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### Background

The contextual background characterising the current year has stabilised in part, with the resolution of a number of emergent situations, late in 2017 and in the first semester of 2018. Foremost among these events were the outcome of the proposed Vodafone/Melita merger and the award of the 800MHz band. These two developments, both of which have a significant cascading effect on other MCA initiatives in hand, have progressed in a direction that bodes well for the future of competition and service quality in electronic communications services. The forthcoming plan period should therefore be more conducive to steady progress in the fulfilment of the Authority's agenda.

Meanwhile, the publication of a number of strategies relative to specific policy areas, has placed renewed focus on the way forward in these key areas. The strategies in question relate to spectrum, television transmission, 5G and the gigabit society. These strategies, together with other sub-strategies of a narrower, more technical scope, are expected to shape the MCA's activity for the coming years. Thus, overall, the way forward at this juncture is distinctly clearer than it was, as recently as a year ago.

Even so, the emergence of a series of developments of an institutional nature throughout 2018, have highlighted the need for flexibility and ongoing coordination in a situation where government policy review is ongoing. Notable among these developments is the creation of Tech.mt, announced in the Government budget exercise. Thus, the Authority will need to ensure, throughout the plan period, that the necessary synergies with other agencies and regulatory bodies - particularly new ones - subsist. Constant communication and coordination with other institutional players remain key to the successful execution of the Authority's mandate, as has been amply demonstrated in recent months. Timely consultation and discussion have ensured ongoing consistency in regulatory approaches, mainly through the resolution of potential overlap, to the ultimate benefit of all stakeholders.

The wider socio-economic scene deserves a mention, in that it is also expected to have an impact on activity during the forthcoming plan period. Rapid economic expansion over the last few years has produced classical outcomes in terms of cost-benefits. On the one hand the significant increase in the resident population is being manifested in incremented service uptake and consumption of digital services. On the other hand, ongoing building construction and road upgrades are exerting pressure on network infrastructures. Competition in the labour market is also exerting pressure on operators, both in the electronic communications and postal sectors. This latter aspect is also impacting the MCA's human resource capacity and the replacement of valuable knowledge workers presents an ongoing challenge. So far the Authority has managed to attract suitably qualified persons and, thanks mainly to robust internal processes, has rapidly inducted new recruits into the mainstream. Nimble and

efficient recruitment practices and processes are a necessary ingredient for the Authority to continue to carry out its mandate at desired levels, as has been the case to date.

Rapid technological and legal/institutional developments remain a constant feature of the contextual backdrop to this Strategy Update. The transition to 5G and ultra-high speed fixed and mobile broadband continue to feature prominently in this plan, as do issues relating to quality delivery, security and resiliency of networks and services. In this respect, it is felt that additional prominence needs to be given to the strategic importance of spectrum as a market-shaping tool, as well as to the safety and security requirements underlying robust electronic communications.

The transposition of the European Electronic Communications Code (EECC) dominates the scene on the policy front. The aim of the EECC is to drive investment in new high capacity networks, mainly 5G and new fibre networks, and create a level playing field between telecoms and over-the-top (OTT) providers. The sweeping update to European telecoms regulations is envisaged to be formally adopted towards the end of 2018, and Member States will then have two years to incorporate it into national law. The related legislative changes bring with them a number of new regulatory requirements that the MCA will need to dovetail into the operational set-up. The exercise will be quite extensive and will incorporate proposals of a national 'flavour', set at improving the legislative framework to the benefit of all stakeholders concerned.

In conjunction with the EECC, a new BEREC<sup>1</sup> regulation was adopted. In line with its new mandate, BEREC will play a significant role in helping EU countries to roll out very high capacity networks and contribute to the smooth application of regulatory measures laid down in the EECC. BEREC work, and the input of National Regulatory Authorities, including the MCA, within the BEREC's working groups, is set to intensify in the coming two years since BEREC will be required under the EECC to issue various guidelines and opinions aimed at ensuring a consistent application of the new rules.

Other events at an international and EU level also have a bearing on this update. Several of these have been on the radar for some time and the relative groundwork laid accordingly. In a number of cases the next step will be for the Authority to go into implementation mode. Planned milestones such as the attainment of the EU Gigabit Society, the launch of 5G and the clearing of the 700MHz band, the implementation of capped intra-EU calls, as well as upcoming ITU and WRC events, will necessitate the activation of the necessary resources in order to attain planned targets.

The situation with postal services presents known issues, which is not to say that their resolution will be any less complex. Foremost among these issues remain the sustainability of the universal service and prices for both inbound and outbound parcels and packets. Quality delivery is another topic that

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<sup>1</sup> The Body of European Regulators for Electronic Communications (BEREC), established by Regulation (EC) No 1211/2009 of the European Parliament and of the Council of 25 November 2009, as part of the Telecom Reform package. BEREC is composed of National Regulatory Authorities established in each EU member state with primary responsibility for overseeing the day-to-day operation of the markets for electronic communications networks and services.

retains centre stage. The situation is characterised by the ongoing profitability of the Universal Service Provider, although this has been in gradual decline over the past few years. It is also influenced by EU developments, mainly the recent regulation relative to cross-border parcel delivery services. There is also the possibility that the drive towards a new Postal Directive will commence next year.

The relationship between postal services and e-Commerce, both inbound and outbound, continues to strengthen as also evidenced by recent EU regulatory activity. Thus the sustainability of the universal service has to be balanced against the effectiveness of e-Commerce operations, of which postal activity constitutes a significant portion of the costs. Meanwhile, competition is emerging more decisively in certain segments of the postal sector. This activity is ongoing against a backdrop of dwindling letter-mail numbers, indicating the continued transition of postal services from letter-mail to packets and parcel mail.

The regulatory challenge remains substantial for both postal and e-Commerce sectors. Whilst the main issue for postal services remains sustainability of universal service provision, the question for e-Commerce has to do more with finding the right level of light-touch and at the same time effective regulation, mainly as regards ensuring adherence to the 'essential requirements' for Information Society Service Providers (ISSPs). A related regulatory field lies in the administration of e-IDAS, where the MCA has set up a regulatory regime that is felt to be both 'applicant friendly' as well as technically robust. The first year of operation has yielded a fruitful learning curve. The Authority expects to enhance the attractiveness of the framework via the introduction of rules that will facilitate remote identification.

Given the nature of the eCommerce regulatory framework, characterised by multiple non-registered players, the regulatory challenge for the Authority will be to make sure that the regulatory requirements will be adhered to by all concerned. The only way to reach the sizeable number of ISSPs is via widespread information and facilitation campaigns. It will also continue to be incumbent on the Authority to inform users of such services of their rights and the pitfalls in online ordering that they should be looking out for. The relevant activities to cater for these requirements will be updated in line with the ongoing increases in online trading supply and demand.

Given the inevitable synergies between eCommerce regulatory activities on the one hand and the promotion of the uptake in eCommerce activity on the other, there will need to be ongoing co-ordination between the MCA and the newly set-up Tech.mt, which has now take over the eCommerce promotional aspects from the MCA.

As regards the proliferation of the Information Society, progress in digital literacy has been manifest, as attested by published statistics. Activity along this front now goes beyond merely the achievement of digital literacy and into the ease and extent of use of digital tools. This function, together with the related tasks relating to the proliferation of the Information Society also been migrated to the newly set-up Tech.mt.

Meanwhile the MCA has recently (November 2018) been assigned by Government the task of administering Directive (EU) 2016/2102 of the European Parliament and of the Council of 26 October 2016. This Directive deals with the accessibility of the websites and mobile applications of public sector bodies. The MCA therefore will still be addressing Digital Inclusion, albeit from a relatively focused regulatory standpoint. In support of this new regulatory task, however, the Authority will also need embark on the relevant information and training programmes – as emphasised in the Directive - in order to ensure user uptake, thus maximising the outcome of the regulatory initiative.

The transposition of the Accessibility Directive into Maltese law will be carried out early in 2019. Meanwhile the Authority is planning the relevant roles, relationships and methodology leading up to successful implementation and ongoing monitoring thereafter.

The MCA has also recently been tasked with the oversight of two EU regulations, namely

1. Regulation (EU) 2018/302, which addresses unjustified online sales discrimination based on customers' nationality, place of residence or place of establishment within the internal market (also referred to as the Geo-blocking regulation), and
2. Regulation (EU) 2017/1128 on cross-border portability of online content services in the internal market. The objective of the portability rules is to broaden access to online content services for travellers in the European Union.

The Authority will build the necessary processes to address the effective implementation of the above regulations.

The promotion of innovation, research capacity and the development of new areas of operation are other priorities that the MCA will continue to address, with the benefit of experience gained in preceding years. This experience will enable better focus on areas that are of particular relevance to the MCA's legal mandate and can therefore produce better synergies with mainstream operations.

Progress in the various areas of the Authority's operations invariably depends on the central Government agencies' continued support in finance, human resource management, procurement and other fields of administration. These corporate elements are the lubricant that enables the Authority's machinery to function at its optimum and produce the required results.

## Outlook

### Electronic Communications

The opening statement last year, in relation to the MCA's regulatory mandate for Electronic Communications, read as follows:

“The MCA caters for the element of uncertainty that will inevitably characterise its work programme throughout any given year. The outlook for the coming plan year, however, looks to be susceptible to somewhat more diverse scenarios than the norm. The major imponderables are two, namely:

1. What will result from the ongoing discussions at Council, European Parliament, and ultimately between the two institutions, on the Commission's various proposals for a Digital Single Market, including the Electronic Communications Code.
2. The outcome of the exercise being undertaken by the MCCA in relation to the notice of concentration submitted by Melita and Vodafone.”

These two major imponderables have now been resolved. The EECC has been finalised. Meanwhile the proposed merger between Melita and Vodafone did not materialise, after the two parties dropped their proposal towards the end of 2017.

In the case of the EECC, the next step is transposition, now that the final text of the relevant Directive has published. It is to be mentioned that the MCA has participated in the making of the Directive by consistently reviewing updated versions of the draft and advising Government on these, proposing changes where necessary. The exercise, which involved quite a number of MCA human resources hailing from various professional disciplines, shall now serve in good stead in the course of the transposition, given the knowledge garnered along the way.

Beyond the immediate transposition exercise, which will commence towards the end of the current year and span the entire 2019 and slightly beyond, there will need to be reviews to extant regulatory operations that the new Code brings with it. Areas in relation to infrastructure access, end-user rights and universal service aspects, the scope of regulation vis-à-vis over-the-top (OTT) services and spectrum management, have all been subject to legal review. As a result, the regulatory regime on the ground will need to follow suit. While the relevant regulatory adjustments are likely to take place in 2020, coming into effect in 2021, the relevant groundwork is expected to commence in 2019, in tandem with the transposition process.

The transposition exercise will also provide the opportunity to rectify existing legislation that may not be strictly part of the transposition process, where this needs updating for improved effectiveness. It will also provide for the grounding in legislation of any recently-assigned policy areas to the MCA's mandate.

The missed merger between two of the three major operators has clarified somewhat the competitive situation in Malta. From a regulatory standpoint the conclusion of the attempted concentration has

meant that a number of work-streams that had to be shelved pending the outcome, could be resumed. The award of the 800MHz band and the update of the VULA<sup>2</sup> offer are two cases in point. From the consumer's perspective, the impact has not been late to materialise, with the smallest of the three mobile operators announcing a multi-million investment in a 4.5G network, shortly after the December 2017 merger renunciation announcement. Since the first quarter of 2018, prices for mobile services, notably broadband, have dipped in the right direction for consumers. These manifestations support the well-grounded opinion that a market should ideally be open to more than two players for competition dynamics to function in a satisfactory manner.

This opinion has been voiced by the MCA within BEREC during the assessment of the European Commission's then-draft SMP regulations, throughout the latter part of 2017 and the first semester of 2018. The Authority's call for clearer and more practical joint dominance criteria, together with a significant number of other NRAs, has been taken up in part by the European Commission. The MCA's programme for the coming plan period is a mix of new and 'catch-up' initiatives that had to be put on hold pending the outcome of the merger proposal. A number of these 'catch-up' items were already under way in 2018. A key initiative among these, namely the award of the 800MHz spectrum, has already been successfully concluded. Others, such as the analysis of SMP in markets 3a and 3b, and the continued development of VULA, commenced in the course of 2018 and spill over to 2019. The larger part of the programme will, however, be taken up by new initiatives, several of which reflect policy developments at an EU level as well as in a wider international context.

In the electronic communications regulatory sphere, a number of areas are deemed to assume particular prominence during the coming plan period. Spectrum policy and management, and quality of service delivery, whether at a wholesale or retail level, are at the forefront. Another issue of universal concern has to do with cyber security and service resilience, as growing numbers of domestic and business users rely increasingly on fixed and mobile online services for their daily requirements.

Meanwhile, a host of technological developments, already visible for some time now, continue to influence the MCA's market-shaping role, mainly through the judicious use of its regulatory toolkit. Initiatives relative to the introduction and show-casing of 5G, the development of Gigabit broadband, IOT and other infrastructure investment opportunities, are a direct consequence of such influence. These initiatives will be the second step in a process that commenced in 2018 via the drafting of relevant sector strategies.

The shaping of the TV transmission market continues to present a particular challenge in terms of complexity. Whilst key elements of this major initiative have already fallen in place, notably with the successful migration of the General Interest multiplex from Ch66 to Ch43 in 2017, as well as with the commencement of the wider TV transmission strategy, a significant body of work remains to be done. The migration of the 700MHz band from TV transmission to mobile broadband services by 2021,

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<sup>2</sup> VULA stands for *Virtual Unbundled Local Access*

coupled with rapid technology developments in this field, will necessitate a rethink of both commercial and General Interest TV transmissions.

The relevant roadmap, published in June, 2018, apart from establishing the 2021 deadline for availability of the 700MHz duplex band for commercial wireless broadband services, also caters for capacity for supplementary downlink (SDL) use and public protection and disaster relief (PPDR) services. Meanwhile the sub-700MHz band is being secured for DTT until 2030.

The wider Spectrum Strategy currently being drafted should pinpoint a number of requirements for the short and medium term. One such activity is expected to explore the various licensing frameworks and pricing of radio-communications equipment currently used for connecting sites. A review of this regime would contribute towards the establishment of a solid base for 5G backhaul and fixed wireless access.

Successful 5G deployment will necessitate widespread dispersion of passive and active infrastructure. It is envisaged that an assessment of potential facilitation measures for infrastructure roll-out and sharing will need to be carried out, if Malta is to successfully implement 5G swiftly and ubiquitously. Infrastructure sharing in fixed networks is also seen as increasingly necessary for the gigabit society to thrive.

Practically all the regulatory mandate of the MCA stems from EU and other International rules. Thus the Authority needs to be present and active on the relevant fora on an ongoing basis, both in its role of adviser to Government, as well as that of a BEREC member. Forecast key activities on this front are the forthcoming World Radio Communications Conference in 2019 (WRC19), which the MCA participates in on behalf of the Government of Malta and the organisation of the BEREC Plenary in Malta in December 2019.

E-Commerce transaction figures for both goods and services continue to grow rapidly, underscoring the need for more vigilance on quality and reliability of service delivery by Malta-located Information Society Services Providers (ISSPs), albeit on a light-touch basis. The application of this regulatory requirement is currently undergoing an internal review and any changes to the current framework will be implemented in the coming plan period.

Beyond enforcement, an ongoing educational campaign on the regulatory requirements incumbent on e-Commerce service providers. Meanwhile activities related to the promotion of eCommerce have now migrated from MCA to Tech.mt. The MCA will explore to what extent promotional activities and information activities of a regulatory nature can be dovetailed into joint MCA/Tech.mt programmes to overall enhance the uptake of e-Commerce, particularly by the local business community. In essence, the regulatory oversight is meant to enhance security for the buyer and, by implication, increase the attractiveness of the online seller.

On a related regulatory front, namely that pertaining to electronic identification registration, the implementation of the eIDAS regulatory framework, via the setting up of the relevant registration process in 2017, served to provide the Authority with the necessary know-how on the management

of this sensitive activity. The learning curve has been rather steep and the incoming authorisation applications that have been processed have provided valuable input to the MCA's knowledge base.

The management of the eIDAS regulatory framework is now established as a standard process in the MCA's ongoing operations. Even so, this is a developmental area and the MCA will strive to create the necessary capacity in order to address the regulation of new and innovative services, such as remote identification and certification via the use of biometrics.

Two new elements that will be included in the MCA's work programme relative to eCommerce and online services have to do with managing the respective EU regulations on geo-blocking (Regulation (EU) 2018/302), and cross-border portability of online services (Regulation (EU) 2017/1128). The Authority will set up the necessary monitoring and enforcement structures such as to ensure that consumers enjoy the service levels that the respective regulations set out to achieve. In both cases the MCA deems that information to consumers of their respective rights will play a key role in ensuring that the desired results are achieved. The complementary nature of regulation and facilitation in the eCommerce arena is emphasized yet again in this instance.

The relationship between e-Commerce and postal services will be monitored such as to ensure that the conditions for a mutually fruitful relationship subsists.

As stated in the introductory part of this section, it is understood that the function pertaining to the promotion of the information society, together with the related tasks will be migrated to a newly set up entity, namely Tech.mt3. At the same time the Authority has been entrusted with managing the implementation and ongoing management of Directive (EU) 2016/2102, which deals with the accessibility of the websites and mobile applications of public sector bodies. This new role now places a regulatory dimension to the MCA's approach towards bridging the digital divide. The Authority has already embarked in earnest with bringing about transposition of this Directive and will commence implementation of the relevant requirements in the forthcoming year, following the necessary setting up of the organisational aspects.

The relevant strategic objective has been modified accordingly so as to reflect this emergent state of affairs.

### Postal Services

The postal sector in general continues to be characterized by the ongoing transformation in the nature of the business, namely lower letter mail volumes, countered by a sizeable increment in parcel and letter-packet mail, fuelled largely by e-Commerce. This widespread phenomenon is also evident on the local front.

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<sup>3</sup> In sect 6.7 of the 2019 budget speech it is stated that Tech.mt will be set up to "increase the promotion of disruptive technologies".

Overall the Universal Service Provider has been making good returns in line with its regulated rate of return. However, these have declined gently over time and adjustments to tariffs have been proposed by the USP. Meanwhile in the first half of 2018 the EU published the regulation on cross-border parcel delivery, which is an attempt to shed light on cross-border postal charges within the EU. It is not as yet clear how this regulation can affect the Maltese Universal Service Provider (USP) but the necessary vigilance needs to be maintained.

An overall review of universal service provision and the pricing of the different mail categories may be required in short order, if the sustainability of the USP is to be maintained on a sound long-term footing and if undue jolts in pricing and service levels are to be avoided further down the line.

On the EU front there is an indication that a review of the current Postal Directive is in the offing and the European Regulators' Group for Postal Services (ERGP) is expected to make its first submissions to the EU Commission in 2019. In such an event, the MCA will need to be active on the Group and provide the relevant inputs.

Incoming mail, mainly resulting from e-Commerce-related activity, continues to thrive and more enterprises are joining the fray to provide incoming services. For the moment however, outgoing e-Commerce services are not as vibrant. The competitive situation needs to be kept under observation, nonetheless.

The proliferation of postal operations, whether within or outside of the universal service area, also calls for a closer look at the sector dynamics and the situation in general as regards service quality standards.

The challenges facing the postal service continue to be those relating to longer-term sustainability, quality of service and operational efficiencies of the Universal Service Provider as well as the provision of an affordable service to citizens and businesses striving to compete in the e-Commerce arena on an equal footing with their overseas counterparts. These challenges are counter-balanced by the opportunities presented by the drastic ongoing increases in e-Commerce mail.

### Research, Business Development and Innovation

The MCA will, via this strategic thrust, continue to find new methods to create improved outcomes in the communications sectors over which it has oversight.

In 2016, the MCA began to focus on Innovation as a distinct strategic objective, in order to give it the necessary profile as a strategic pillar of the Authority's mission. The Authority remains committed to promoting and supporting research and innovation mainly at the level of the sectors that it regulates.

The consolidation of a telecom-oriented innovation initiative is thus another objective that has been identified for the forthcoming plan period. This initiative will focus primarily on three areas, namely the use of spectrum for innovation, mainly via testing and trials, the exploitation of new technologies for innovation, via research and discussion on the potential of Wi-Fi, 5G and IOT and the updating of the regulatory toolkit for the facilitation of their eventual rollout.

Space is another area where the MCA has an established role, via the mandate from Government to follow the Galileo programme and its offshoots. In the past couple of years the MCA has also striven to form a common front with other institutional players (notably MCST) in order to rationalise and co-ordinate all existent space-related activities and fill any resulting gaps.

Now that the EU Commission has felt the need to rationalise its various space-related activities under one organisation, it would be worthwhile for Malta to do the same. This would ensure synergies from the relatively scarce resources available in this field without, however, overlapping with work programmes being undertaken by MCST and other players.

The feasibility study relative to an alternatively-routed fibre optic link to mainland Europe will continue. The study-phase is now at a relatively advanced stage and the articulation of the business model in tandem with a final cost/benefit assessment should be the targets for 2019. There is increasingly the likelihood that, given its strategic importance, the project will qualify for state-aid. The form that such aid will take is yet to be established.

### Next Steps

The plan outlook referred to above gives rise to a number of strategic objectives and the related tasks that are required to achieve them.

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### 3. Key Considerations

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The underlying context to the Strategy Update for the period 2019-21, provided in Section 02, effectively translates into a number of key considerations, a number of which are carried forward from the previous update, given their continued relevance. However, priorities may change. Moreover there are new considerations to address. The following are seen as the key drivers, for the period under review:

- The drive towards the gigabit society, of which 5G plays an integral part, remains high on Government's and the MCA's respective agendas.
- Facilitating the deployment of high speed electronic communications networks remains a priority.
- Increased dependence on the Internet, by citizens and businesses alike, raises the stakes for the maintenance of the necessary levels of network and information security.
- Reliable networks and services will, in turn, serve to attract international business, including communications-based activity, to Malta.
- Net Neutrality principles need to be upheld by the players concerned.
- Regulatory measures will continue to support both infrastructure- and service-based competition, in the new high speed environment.
- The Authority will strive to maintain competitive stimuli in the market via the right mix of asymmetric and symmetric regulation.
- The Authority will be at the centre of the transposition of the European Electronic Communications Code and other relevant legislative proposals to Government.
- Active participation in BEREC, EU and other international fora will remain high, in view of the need to consistently put forward Malta's position, particularly in areas which are of particular relevance to the domestic environment.
- The Authority will monitor sector developments on an ongoing basis and update its work programme accordingly.
- Synergies with fellow institutional players, notably ones that are newly set-up, need to be continuously fostered.
- Comprehensive consumer-related powers will render the Authority more effective in the execution of its mission and enable the application of a one-stop shop, to the benefit of end-users.
- Consumer protection will continue to be addressed through a mix of awareness-raising activities and enforcement.

- A thorough assessment of quality of consumer experience, with focus on fixed and mobile broadband, serves to give better all-round awareness of service delivery levels, leading to service improvements.
- Spectrum policy and management will serve as a key tool in ensuring efficiency, quality and safety in electronic communications service delivery.
- Spectrum policy and management will be exercised at the level of national jurisdiction, within an overall European and international strategic and high level policy framework.
- The 700MHz band will be cleared within required timeframes, in the ambit of a wholesale review of terrestrial television transmission policy.
- The main challenge in a liberalised postal market will be ensuring the sustainability and currency of the universal service in an openly competitive environment, in the face of changing mail dynamics.
- Postal products need to tend more towards efficient and capillary cost-recovery, reducing dependency on any one product or restricted group of products.
- The Authority will continue to develop the eIDAS regulatory regime in order to facilitate any type of electronic transaction between citizens, companies and public administrations.
- Providing the necessary assistance, in parallel with regulation, to Maltese SMEs and micro-enterprises to embrace ICT more, particularly in the e-Commerce sphere, means that disadvantages vis-à-vis incoming e-commerce can be mitigated.
- New regulatory tasks in relation to Geo-blocking and cross-border portability of Online services will be addressed through a mix of regulatory oversight and consumer information.
- Overall, the MCA's approach towards reaching its eCommerce mandate necessitates a mix of regulation and information.
- The Authority will create the necessary framework, in line with EU standards, to address the lack or absence of online accessibility that contributes to the exclusion or partial exclusion of disadvantaged segments of society.
- Connectivity is key and Malta's insularity presents a challenge that should be addressed.
- The Authority will leverage its expertise in the sectors on which it has oversight, in providing related policy advice to Government.
- The Authority will continue to enhance its internal support capabilities as the means to ensure resiliency, continuity and consistent quality in the services that it delivers, particularly in times when turnover in human resources is significant.

The above considerations effectively serve to shape the key activities that characterise this Strategy Update.

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## 4. Mission and Underlying Principles

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The MCA's updated mission statement is stated hereunder:

- **To promote and safeguard a communications environment that is conducive to investment, innovation, economic growth and social well-being.**

The Mission Statement reflects the MCA's commitment to bringing forward all forms of communication under its legal mandate, given also that all these constitute inter-related parts of the same eco-system.

The MCA's mission statement embodies a set of principles, which the Authority holds central to all the activities that it carries out, namely the following:

- The Authority views, in equal measure, all the communications sectors which it is mandated to regulate and/or promote, as essential for the attainment of its mission, given that the individual sectors form inter-related and inter-dependent parts of the same eco-system.
- In striving towards the fulfilment of its Mission the Authority identifies a raft of Strategic Objectives that it will update periodically in line with relevant developments.
- The relevant Strategic Objectives serve to provide the Authority with the necessary direction and focus in the fulfilment of its Mission.
- The MCA's activity should serve to overall contribute to Malta's transition to a knowledge society and economy and to the maximisation of social and economic welfare.
- The Authority will serve as a focal point for policy shaping and implementation.
- The Authority's decisions will be reasonably transparent in order to facilitate decisions by market players, policy makers and other stakeholders.

In order to achieve its mission the MCA will need to retain the necessary freedom to operate, whilst remaining accountable with respect to achieving Government's policy objectives. Thus the Authority will:

- Consistently strive to co-ordinate its actions with Governmental and other stakeholders in the pursuit of its mandate.
- Measure and review its performance on an ongoing basis.
- Ensure that it is sufficiently resourced with the right level and mix of expertise and sufficiently financed to carry out its mission and mandate at optimal levels.

## 5. Strategic Objectives

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The MCA's Strategic Objectives for the period covered by this Plan may be seen further on in this Section. As with the Mission Statement, these objectives are reviewed on an annual basis and fine-tuned or changed, if necessary, to maintain full consistency and currency with the MCA's Mission and Mandate, in the context of the fast-changing environment in which it operates.

Two new strategic objectives have now been added, respectively dealing with maintaining open, safe and secure electronic communications and maximizing the potential of frequency spectrum. Both these elements have gained a significantly higher profile in parallel with the advent of high-speed broadband and now ultra-high and gigabit broadband.

Overall, all communications policy areas that are entrusted to the oversight of this Authority are interdependent and, as previously highlighted, form part of the same eco-system.

The above considerations translate into the following strategic objectives:

1. Promoting and safeguarding competition in the electronic communications sector.
2. Ensuring that electronic communications undertakings provide a transparent, value-for-money service to users whilst adhering to incumbent social obligations.
3. Contributing to the development and implementation of electronic communications policy.
4. Maintaining open, safe and secure electronic communications.
5. Facilitating digital inclusion.
6. Maximising the potential of Radio Spectrum.
7. Facilitating the development of e-Commerce
8. Supervising the provision of electronic signatures and trust services.
9. Safeguarding sustainable competition in the postal sector.
10. Ensuring that postal undertakings provide a transparent, value-for-money service to users whilst adhering to incumbent social obligations.
11. Contributing to the development and implementation of Postal policy.
12. Conducting research and facilitating innovation in the sectors under the MCA's mandate.

The MCA's projects and ongoing tasks will all be targeted to address any one of the above strategic objectives, barring activities of a corporate or operations support nature.

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## 6. Individual Strategic Objectives – Outlook/Key Tasks/New Thrust

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The MCA's major thrusts for the period under review, categorised by Strategic Objective, are outlined below:

### Strategic Objective 1

Promoting and safeguarding competition in the electronic Communications Sector.

#### Outlook

- Securing ideal conditions for a multi-player scenario.

#### Key Tasks

- Maintaining the compliance framework set at safeguarding a competitive environment, mainly by finalising SMP analysis of markets 3a and 3b.
- Facilitating Infrastructure roll-out and sharing.
- Managing information as the means to promote competition.
- Managing the compliance framework.

#### New Thrusts

- Key thrusts remain the same.

#### Key Performance Indicators

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

### Strategic Objective 1 – Key Performance Indicators

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

## Strategic Objective 2

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

### Outlook

- Re-aligning the scope of the Universal Service.
- Maintaining focus on consumer empowerment and protection.
- Enhancing Quality of Service monitoring mechanisms.

### Key Tasks

- Reviewing operators' QoS delivery especially in data services.
- Improving the MCA's capabilities vis-à-vis consumer protection.
- Providing information to consumers via campaigns on relevant media and comparative reports along various fronts.
- Improving consumer awareness on quality and coverage, for both fixed and mobile services, particularly data.
- Addressing consumers vis-à-vis their contractual rights and obligations with regard to retail services.
- Reviewing the USO framework in the context of current and envisaged user needs
- Mapping broadband services as an information tool which clearly visualises the broadband capabilities in the various geographical areas across Malta and Gozo.

### New Thrusts

- Addressing broadband as a universal service.
- Mapping broadband services.

### Key Performance Indicators

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

#### Strategic Objective 2 – Key Performance Indicators

- Publicly available information relative to required QoS measures
- Stakeholders' perceptions of the overall value and quality of services provided
- Stakeholders' perceptions of the regulator
- % of complaints placed with MCA dealt with satisfactorily
- No. of ongoing inspections/site visits (interference, radiation, etc.) and outcomes

## Strategic Objective 3

Contributing to the development and implementation of electronic communications policy.

### Outlook

- Leading the transposition of the European Electronic Communications Code.
- Contributing to the establishment of positions within the EU, BEREC and other international fora on key matters such as termination rates for mobile roaming, intra EU and domestic calls.

### Key Tasks

- Transposing the European Electronic Communications Code into Maltese law.
- Providing expert policy advice to Government in establishing a Malta position for European Council discussions on relevant DSM dossiers and other European Commission proposals.
- Participating in the development of BEREC Guidelines and opinions on various aspects emanating from the new EECC.
- Establishing a Malta position for termination rates for mobile roaming within the EU, intra EU and domestic calls.
- Representing Government in WRC 19.
- In general, interacting at various EU, BEREC and International fora, highlighting the national perspective wherever necessary.
- Organising the BEREC Plenary in Malta on 5-6 December 2019.

### New Thrusts

- Focus remains on the European Electronic Communications Code and actions resulting from this and from the Digital Single Market Strategy.

### Key Performance Indicators

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

#### Strategic Objective 3 – Key Performance Indicators

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

## Strategic Objective 4

Maintaining open, safe and secure electronic communications.

### Outlook

- Emphasis on consolidation of MCA's role.

### Key Tasks

- Building necessary capacity in the network and cyber-security domain.
- Analysing net neutrality practices and establishing an industry code of practice on zero rating.
- Addressing ENISA security incidents reporting requirements.
- Participation in the EU Internet Governance Forum.

### New Thrusts

- Focus on network and cyber-security.

### Key Performance Indicators

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

#### Strategic Objective 4 – Key Performance Indicators

- Public Confidence in the Internet
- Incident reporting to ENISA
- Reports re Net Neutrality practices

## Strategic Objective 5

Facilitating digital inclusion.

### Outlook

- Transposing the provisions of Directive (EU) 2016/2102 of the European Parliament and of the Council of 26 October 2016 on the accessibility of the websites and mobile applications of public sector bodies.
- Setting up the necessary operational capacity in relation to the implementation of the above Directive.

### Key Tasks

- Transposing the provisions of Directive (EU) 2016/2102 of the European Parliament and of the Council of 26 October 2016.
- Drafting an implementation plan detailing organisational and operational set-up and mode of regulation.
- Implementing and commencing the monitoring process.

### New Thrusts

- The above initiative is a new one.

### Key Performance Indicators

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

## Strategic Objective 5 – Key Performance Indicators

- Completion of Transposition
- Completion of organisation and implementation process
- Commencement of monitoring process

## Strategic Objective 6

Maximizing the potential of Radio Spectrum.

### Outlook

- Strengthening the utilisation of Spectrum for mobile data.
- Working towards 5G.
- Implementation of commercial broadcasting strategy.

### Key tasks

- Continuing the process to clear the 700MHz band.
- Establishing the respective assignment frameworks and license conditions for the three pioneer bands identified for 5G (700 MHz, 3.4 GHz and 26 GHz).
- Exploring solutions to potential infrastructural issues posed by 5G deployment.
- Showcasing 5G use via targeted initiatives, among which consulting on PPDR services as a tangible use case for 5G.
- Implementing the National Spectrum Management Strategy.
- Implementing the TV transmission strategy for Commercial transmissions and contributing to the way forward on General Interest transmissions, with emphasis on the future of DTT.
- Ensuring continued balance between EMF thresholds and the roll-out of new infrastructure.
- Ensuring efficient & effective use of spectrum and associated radio-communications equipment.
- Procuring key equipment for the purpose of managing the spectrum compliance framework.

### New thrusts

- Mitigating the infrastructural impact of 5G.
- Exploring new PPDR opportunities presented by 5G.

### Key Performance Indicators

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

#### Strategic Objective 6 – Key Performance Indicators

- Progress toward 5G deployments
- Improved mobile broadband speeds and penetration
- Progress towards clearance of spectrum bands designated for high speed mobile broadband
- An average of 30 EMF sources per month tested

## Strategic Objective 7

Facilitating the development of e-Commerce.

### Outlook

- Increasing focus on e-Commerce uptake by informing ISSPs of their responsibilities at law.
- Increasing public awareness of their rights.

### Key Tasks

- Implementing Regulation (EU) 2018/302, which addresses unjustified online sales discrimination based on customers' nationality, place of residence or place of establishment within the internal market.
- Implementing Regulation (EU) 2017/1128 on cross-border portability of online content services in the internal market.
- Organising stakeholder fora, commissioning of surveys of public usage and perceptions of e-Commerce, implementing targeted public information campaigns, participating in conferences and events targeting SMEs and micros.
- Maintaining regulatory oversight on the activities of Information Society Services Providers (ISSPs).

### New Thrusts

- New regulatory tasks incumbent on the MCA

### Key Performance Indicators

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

#### Strategic Objective 7 – Key Performance Indicators

- e-Commerce uptake figures – in % of individuals
- Cross-border e-Commerce – in % of individuals
- Enterprises selling online – in % of enterprises (SMEs)
- Public awareness of the regulatory role of the MCA
- Public awareness of their rights with respect to e-Commerce
- Service provider awareness of their legal obligations
- Public perception with regard to the security of e-Commerce transactions

## Strategic Objective 8

Supervising the provision of electronic signatures and trust services.

### Outlook

- Fine tuning the operational phase of e-IDAS.
- Exploring new authentication features.

### Key Tasks

- Streamlining the existing supervision process in order to make the process more effective, following a first year's full operation.
- Establishing a new regulation that focuses on remote identification for e-IDAS.

### New Thrusts

- Extending the scope of the e-IDAS licensing framework.
- Promoting implementation scenarios for the use of e-IDAS.

### Key Performance Indicators

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

#### Strategic Objective 8 – Key Performance Indicators

- Number of entities on the Malta register
- Registration process extended to remote identification

## Strategic Objective 9

Safeguarding sustainable competition in the postal sector.

### Outlook

- Management of the competition regulatory framework.

### Key Tasks

- Continuing enhancements to the MaltaPost economic control model.
- Analysing competition dynamics in specific postal markets.
- Managing the Postal compliance framework.
- Addressing cost-recovery issues in the ambit of universal service provision.
- Maximizing efficiencies in collection and analysis of data.

### New Thrusts

- Key thrusts remain the same. Cost recovery across postal activities assumes priority.

### Key Performance Indicators

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

#### Strategic Objective 9 – Key Performance Indicators

- Number of postal services providers in the various postal markets
- Postal volumes, prices and other relevant trends
- New service offerings
- Universal Service Provider making reasonable return on capital

## Strategic Objective 10

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

### Outlook

- Ensuring continued sustainability and quality of the Universal Service.

### Key Tasks

- Implementing the EU regulation on cross-border parcel delivery.
- Determining the feasibility of existing universal postal service obligations.
- Managing the compliance framework.

### New Thrusts

- Key thrusts remain the same.

### Key Performance Indicators

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

#### Strategic Objective 10 – Key Performance Indicators

- QoS performance statistics in relation to set targets
- USP and MCA Complaints statistics
- Postal volumes, prices and other relevant trends
- Public and business perceptions (biennial)

## Strategic Objective 11

Contributing to the development and implementation of Postal policy.

### Outlook

- Providing input to Government on EU proposals, as well as on national matters.
- Contributing to the establishment of positions within ERGP, UPU and other international fora.

### Key Tasks

- Providing policy advice to Government on EU and other international matters as well as on aspects that are national in scope.
- Contributing to fora and related working groups of the ERGP, Postal Directive Committee and other related bodies.
- Providing statistical and other relevant information to EU and other international fora to which the MCA is affiliated.
- Participating in ERGP discussion on the new EU postal Directive, envisaged to commence in 2019.

### New Thrusts

- Commencing discussion on the new Postal Directive.

### Key Performance Indicators

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

#### Strategic Objective 11 – Key Performance Indicators

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

## Strategic Objective 12

Conducting research and facilitating innovation in the sectors under the MCA's mandate.

### Outlook

- Promoting and facilitating development in relevant communication niches.
- Consolidating the Authority's space communications portfolio.

### Key Tasks

- Developing untapped potential of spectrum and any related activities.
- Supporting wireless research and development.
- Updating feasibility study on the international connectivity project.
- Updating the National Broadband Plan with implementation strands in relation to 5G and Gigabit Society commitments taken at EU Council level.
- Reviewing IPv6 and other numbering limitations that might impair the deployment of new and innovative services.
- Stepping up space communications initiatives, primarily by assuming Govsatcom responsibilities in addition to the existing role in Galileo.
- Shaping the ecosystem through Intelligence reports.

### New Thrusts

- Planning for 5G and Gigabit Society.
- Stepping up Space communications initiatives

### Key Performance Indicators

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

#### Strategic Objective 12 – Key Performance Indicators

- New and innovative services, or improvements on existing services deployed, trialled in or offered from Malta
- Assessment of Malta's performance in this area vis-à-vis any comparable benchmarks

## 7. Expected Outcomes

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The MCA's concerted activity should result in a series of envisaged outcomes. It is accepted that a particular year's results are not necessarily a direct consequence of that year's activity. Nonetheless the measurement of these outcomes serves to provide focus and direction to the organisation. The main envisaged outcomes are the following:

- Progress in deployment of multiple NGA fixed and mobile networks, through MCA mediation and facilitation.
- Continued improvements in choice and value of retail services especially in fixed and mobile broadband and other digital services.
- Progress towards 5G deployment.
- Increased uptake of existing and new technologies and services.
- Enhanced safety and security of networks.
- Holistic spectrum management and re-assignment frameworks in place.
- Postal USP making reasonable returns and in line with QoS targets.
- Postal operations supporting enlarged e-Commerce business, both incoming and outgoing.
- Continued improvements in choice and value of retail postal services.

In carrying out its assessment on outcomes, the MCA will also measure against comparable international benchmarks as may be available, mainly those relating to other EU Member States.

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## 8. Ensuring Quality and continuity in Delivery

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

### Performance Planning and Review

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

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

### Human Resources

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

Performance-based activity permeates down to the individual level by means of individual performance assessments, which tie in to the achievement of organisational goals. The MCA extends its staff performance measurement and reward system to include outcome indicators that are a reflection of the organisation's progress in meeting its strategic objectives.

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

The MCA places high value on the ongoing training of staff in both soft and hard skills and is committed to periodically carry out a structured programme across the entire organisation as the basis for its training schedule. Such structured training is over and above the 'on the job' knowledge gathering that takes place on an ongoing basis.

### Outsourcing of Expertise

In those instances where it is feasible to do so, the MCA will outsource requirements for services whenever these involve the need for specific expertise that is not available within the Authority. The MCA will also consider outsourcing where the need for such services is short-term, and mainly serves to address a pressing need. The MCA is committed to dedicating the necessary resources towards the

management of contractors, with a view to obtaining the best possible value in services received both in terms of contracted outputs as well as via knowledge transfer.

## Organisation

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

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

## Resources

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

The MCA also deems information management as being a fundamental resource to this organisation, and will see to setting up new information systems and processes as necessary, as well as maximising the potential of existing ones. The Authority considers keeping staff updated on developments on an ongoing basis as a fundamental component of its information management activity.

Financial autonomy represents another important pillar in the maintenance of the MCA's status as an independent and effective regulator as well as to achieve desired targets in the case of other mandated non-regulatory activities. The MCA will follow principles of good governance, ensuring that it has adequate finances to meet its mandate and that it delivers the best possible service to stakeholders. In so doing this organisation will also ensure that it is fully accountable for its activities and related incomes and expenditures.

The MCA will continue to ensure that financial reporting reflects the activities carried out and the related sources of funding. The Authority will dedicate the necessary resources towards maintaining its accountability framework to the highest standards.

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