



Malta Communications Authority **Annual Plan 2007**

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1. Foreword

This document represents the Annual Plan for the Malta Communications Authority (MCA) and outlines the business priorities for the MCA during 2007. The business priorities have been identified based on an understanding of the MCA's mandate, mission and longer-term strategic objectives and on an assessment of ongoing and envisaged trends in the electronic communications sector, the postal sector and the e-commerce sector at both national and international levels.

The Annual Plan 2007 is reflective of the MCA's Strategic Plan Update covering the period 2007 – 2009.¹

1.1 Background

The MCA's mission, mandate and functions derive from the Malta Communications Authority Act (Cap 418).² The MCA is the National Regulatory Authority (NRA) responsible for the regulation of:

- electronic communications networks and services and the management and monitoring of the radio frequency spectrum as defined in the Electronic Communications (Regulations) Act (Cap 399);
- radiocommunications as defined in the Radio Communications Act (Cap 49);
- postal services as defined in the Postal Services Act (Cap 254); and of
- signature certification service providers as defined in the Electronic Commerce Act (Cap 426).

The primary role of the MCA is to enable choice and value for money for consumers. In addition, the MCA has a strategic role to create an environment that is conducive to the development of competitive business. The MCA therefore has the primary role in creating, and thereafter, maintaining the conditions for a competitive environment where its mission so requires.

1.1.1 Electronic Communications Sector

Over the past two years electronic communications markets have experienced a period of considerable change. New voice services such as commercial Voice over Internet Protocol (VoIP) services, digital broadcasting and third generation mobile networks (3G) are now offering consumers greater diversity, choice and value.

¹ MCA Strategic Plan Update 2007 – 2009 was published on the 12th December 2006 (<http://www.mca.org.mt/newsroom/openarticle.asp?id=446&source=2>).

² Refer to <http://www.mca.org.mt/corporateprofile/index.asp?id=11>.

Take-up of broadband has continued to expand. The continued promotion and rollout of wireless broadband technologies has a crucial role in ensuring that all Maltese consumers have access to some form of broadband. The MCA has promoted such alternative technologies by means of initiatives such as Broadband Wireless Access (BWA).

The replacement of legacy networks with next-generation networks offers the potential to deliver advanced services to consumers whilst allowing network operators to reap the benefit of more efficient platforms, which in turn can help drive down network operational costs and improve margins.

1.1.2 Postal Services Sector

With regard to the postal sector, the MCA's key statutory objective is to promote the development of the postal sector and in particular the availability of a universal postal service within Malta at an affordable price for the benefit of all users.

There have been a number of key developments during 2006. Further liberalisation has occurred as competitors to Maltapost are permitted to deliver letters, so long as the weight exceeds 50g. The EU also published its proposed Directive concerning the full accomplishment of the internal market of Community postal services in 2009.

1.1.3 e-Commerce Sector

e-Commerce services span a wide range of activities, including the online sale of goods and services, commercial communications, online information services, hosting services and on-line gaming. The conduct of business over electronic media, most commonly, over the Internet, has been identified by Government as having pivotal importance for national development in a globalised competitive scenario.

The deployment of wireless broadband infrastructures coupled with various government initiatives related to the widespread availability of access to information communication technologies (ICT) - such as investment in human capital through education and training - should be reflected in a parallel increment of electronic commerce activity over the coming years.

1.2 Mission Statement

The mission of the MCA is:

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

In carrying out its mission the MCA is committed to performing in a manner that is transparent, proportionate, non-discriminatory and objective.

The mission statement implies a number of principles which the MCA holds central to all the activities that it carries out:

- The realisation of a range of electronic communications services of high quality and competitive prices is best achieved through the development of fair and sustainable competition.
- In the absence of competition, regulation will seek to simulate the effects of competition.
- Regulation will cater for the interests of consumers but will also take into account the exigencies of service providers.
- Regulation will tend towards technological neutrality and be sufficiently flexible as to enable change and allow for technology convergence.
- Regulatory decisions will be transparent and accessible in order to facilitate decisions by market players, policy makers and other stakeholders.
- The MCA's regulatory activity should serve to overall contribute to Malta's transition to a knowledge based society and economy.
- The overall social and economic welfare should be another outcome of the MCA's regulatory activity.
- The wider implications at a European market level will be taken into account in the formulation of any decisions at the local level.

1.3 Strategic Objectives

For the MCA to achieve its mission and to meet its various operational requirements, the following are the identified strategic objectives covering the period 2007 - 2009.

Electronic Communications	
T1	Consolidating an electronic communications environment that is capable of sustaining competition among existing providers whilst ensuring ease of entry to new undertakings.
T2	Ensuring that residential and business consumers of electronic communications services get the best value-for-money from Maltese electronic communications services providers, and that any social inclusion aspects as may be identified are addressed.
T3	Contributing to the ongoing discussion, at an international level, on the consistent implementation and ongoing development of the electronic

	communications regulatory framework at a pan-European level.
T4	Facilitating the proliferation of Broadband, in line with the e-Europe mission and objectives, via the development of the necessary regulatory environment.
E-Commerce	
E1	The consolidation of the institutional and organisational elements on a National scale, that are required for the achievement of a solid e-Commerce environment that inspires trust in all those who use it.
Postal Services	
P1	Attaining, within envisaged timeframes, a liberalised postal services environment that ensures ease of entry to new undertakings and sustainable competition.
P2	Ensuring that residential and business consumers of universal postal services get the best value-for-money from Maltese postal services providers.
P3	Contributing to the ongoing discussion, at an international level, on the consistent implementation and ongoing development of the postal regulatory framework and related issues.

2. Priorities

This section sets out the MCA's priorities for 2007. It is noted that the identified priorities highlight the MCA's wide-ranging responsibilities.

2.1 Electronic Communications

2.1.1 Strategic Objective T1

Consolidating an electronic communications environment that is capable of sustaining competition among existing providers whilst ensuung ease of entry to new undertakings.

The promotion of competition is a vital component of effective regulation. Competition is key to ensuring a sustainable electronic communications industry, which has the means and is willing to invest in developing innovative products. In a situation where competition is lacking, ex-ante regulation becomes vital to ensure that there exists a level playing field for both incumbents and new entrants, which in turn ensures the availability of a range of products and services to consumers, which offer them choice, quality and competitive prices.

A substantial amount of progress has been made in the past years in the liberalisation of the electronic communications sector and in opening up markets to competition. The focus of the MCA's work streams on the competitiveness front will be focused on consolidating the environment in order to ensure that lasting competition prevails.

Details of the key work streams during the annual plan period are described below.

Market Analysis and Implementation of Remedies

In 2006 the MCA completed the first wave of market reviews as stipulated in the EU regulatory framework. Due to the rapid transition of the Maltese markets to a competitive environment the MCA is expected to start a second wave of market reviews on specific markets towards the second half of 2007.

The MCA will also keep a vigilant watch over market developments and the impact of the regulatory measures imposed on operators having significant market power. In this context, the MCA will carry out impact assessments, where warranted, to ensure that undue regulatory burdens are not imposed on the industry.

'Ex-Post' Competition Regulatory Functions

The MCA has a strategic role to create an environment that is conducive to the development of competitive business. It is therefore empowered to intervene in order to avoid competition failure. On the other hand the Office of Fair Competition (OFC) has the remit to address breaches of competition law. Experience in the simultaneous

application of sector specific legislation and general competition law has brought to the fore issues that arise in cases where both the MCA and the OFC have concurrent jurisdiction. With the increase in competition these instances are occurring with increasing frequency.

This situation creates a degree of overlap between the powers of the two authorities. Consequently there have been a number of instances where undertakings have asked both authorities to intervene with respect to the same dispute. On the other hand the current situation does not grant any one of these authorities sufficient powers to comprehensively deal with certain competition issues that cut across both legislative frameworks.³

To ensure seamless interaction between ex-ante and ex-post regulation, in 2007 the MCA together with the Government and the OFC will explore the options relative to the migration of ex-post electronic communications regulation (including ex-post postal regulation) to the MCA.

In the event that ex-post competition regulation accrues to the MCA, the MCA will setup the appropriate structures and processes in order to cater effectively for these new responsibilities and ensure seamless dovetailing with its 'ex-ante' regulatory remit. In addition, the MCA will aim to make markets work better by tackling and deterring anti-competitive behaviour.

Access and Interconnection

The MCA will continue to promote competition by ensuring that rights to access and interconnection will, within the limits imposed by regulation, continue to be available to all service providers.

Reference Interconnection Offers (RIO) will continue to be required where necessary, and will be supplemented by mechanisms such as cost accounting, accounting separation and cost modelling aimed at achieving reasonable fixed and mobile interconnection rates.

The MCA's cost model for the fixed incumbent will undergo further refinement and will also be extended to services deemed as necessitating such in-dept analysis. Notable among these areas are leased lines, broadband services and the local loop.

A key consideration in this case is that wholesale line rental, call origination and termination rates, as well as other access conditions that operators having significant market power offer, do not constitute a barrier to competition. The MCA will continue to ensure that this is not the case.

³ Due to the above scenario and in response to a legal obligation on the MCA to consult with the OFC, a memorandum of understanding (MoU) was drawn up between the two authorities in May 2005. Nevertheless, there remains a concern relating to the effective resolution of competition issues.

A key issue that will need to be addressed in this context relates to the treatment of interconnection in the case of next-generation networks, whereby the 'traditional' modes of interconnection will be supplanted by new technological solutions.

Next-Generation Networks and Technology Convergence

Next-Generation Networks (NGNs) deployment and its related regulatory impact will continue to be investigated in 2007. Traditional circuit switched networks are gradually migrating to IP based networks. The regulatory treatment of so-called NGNs in the context of competition is a key issue that has emerged on the international scene in recent months. It still needs to be addressed in a wholesale fashion in terms of the policy and regulatory approach. The MCA will address this issue in conjunction with its European counterparts, the European Commission and other international bodies so as to ensure a consistent approach where necessary.

Key issues to be tackled in this area will be the treatment of IP based networks, the interconnection regimes and the implications arising from the accelerated convergence of services that can be delivered by fixed and wireless means.

The MCA will also consider the processes of convergence and the development towards a multi-play communications market. Convergence also impacts, relationships between communications and broadcasting markets. Assess to content (related to access to, not the content itself, which falls outside the scope of the electronic communications framework), interoperability, bundling of broadband services and consumer protection issues would also be investigated.

Implementation of the Spectrum Strategy

Frequency spectrum is a finite natural resource with immense potential value to the Maltese people and an essential component in the development of infrastructure-based competition.

In November 2006, the MCA published a consultation document entitled 'Policy Review and Strategic Framework of Radio Spectrum Management'.⁴ This document advises government, operators and the general public on the principles that should govern spectrum management, and what more needs to be done to ensure that all users, including non-commercial users, are focused on using their spectrum in the most efficient way possible. In doing so, it considers the use of spectrum management tools such as spectrum valuation, pricing and market-oriented approaches for the assignment of spectrum.

It is envisaged that over the coming years there will be a significant number of projects concerned with enabling a more market-led

⁴ Refer to <http://www.mca.org.mt/infocentre/openarticle.asp?id=890&pref=28>.

approach to spectrum management and making more spectrum available as detailed in the proposed strategic framework.

Numbering

In 2006 the MCA finalised a new strategic policy review of its work on numbering. The numbering policy was reviewed in order to ensure that numbering does not serve as a barrier to new technologies.

The MCA will continue to allocate numbers and maintain the national telephone numbering plan. The MCA will also ensure that electronic communication providers have access to sufficient and appropriate numbers and that they are used efficiently.

Legal Review

The MCA has now established the necessary experience to be in a position to assess the effectiveness of the empowering legislation and to identify areas for improvement. The MCA will continue reviewing existing laws and regulations with a view to making the necessary recommendations to Government on provisions that are either obsolete, ambiguous or restrictive on the MCA's regulatory or enforcement powers.

2.1.2 Strategic Objective T2

Ensuring that residential and business consumers of electronic communications services get the best value-for-money from Maltese service providers, and that any social inclusion aspects as may be identified are addressed.

Addressing important consumer issues is another key element of the MCA's work. Consumer interests are best served within a healthy competitive environment that offers benefits in terms of attractive and transparent pricing, a wide range of choice in terms of services and suppliers and high quality services and products.

The MCA will continue to carry out work to support widespread access to electronic communications services. This will encompass the following activities:

- Work on universal service to ensure that basic telephony services and Internet access are available to everybody on reasonable request and at an affordable price.
- The finalisation of a detailed review of the Universal Service Obligations in Malta in preparation for the European Commission's review of the Universal Service Directive.
- The continued review and monitoring of the universal service and must-carry obligations in the case of broadcasting. Such reviews will be made with a view to establishing universality of access to those services considered as being essential whilst ensuring that to the best possible extent the burden on the service provider

is minimised. The concept of what constitutes an essential service will also be periodically reviewed in line with EU principles and recommendations.

- The continued review and maintenance of quality of service (QoS) provision concepts in light of the changing technologies and a multiple operator environment. To the extent necessary the MCA will continue to enforce and monitor quality of service standards and measures particularly in those areas where market forces are inadequate. The MCA will provide information to the public relative to the performance of undertakings.
- The monitoring of retail telephony markets to ascertain whether consumer interests need to be safeguarded through such a form of regulation as competition gradually unfolds.
- The ongoing programming and execution of market surveillance in accordance with the Radio and Telecommunications Terminal Equipment (R&TTE) regulations.
- The ongoing monitoring of frequency spectrum with a view to ensuring that no harmful interference occurs.
- Continuing the work towards switchover to digital television in 2010 and the identification of the technical and commercial options for the use of any analogue spectrum that will be released following switchover.
- The assignment of the rights of use of frequencies for broadcasters meeting General Interest Objectives (GIOs).
- The ongoing monitoring of electronic magnetic emissions with view to ensuring levels of electromagnetic radiation in conformity with the International Commission on Non-Ionizing Radiation Protection (ICNIRP) guidelines.

The protection of consumer interests needs to be reinforced by a mix of regulatory requirements, consultations, complaints channels, public information and sector self-regulation. The MCA has recognised the need to draw together the various strands of our work which or focused on consumers. These areas of work will be reviewed with a view of identifying key priorities and setting out clearly the MCA's strategy vis-à-vis consumer interests. Alongside this review, the MCA will continue work to:

- strengthen the customer care, complaints handling and dispute resolution functions;
- improve the information available to citizens and consumers, primarily by encouraging communications providers to supply better information;

- ensuring that consumers are protected from a range of potential nuisances and that they are aware of their rights e.g. addressing the problem of miss-selling through codes-of-practice; and to
- inform consumers via end-user surveys and research on the consumer attitudes to and use of communications technologies, and to raise awareness of the options open to consumers with regard to communications services and products in the Maltese market.

2.1.3 Strategic Objective T3

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

Increasing focus on the international context that inevitably influences the local electronic communications sector will continue to be one of the key objectives of the MCA's work.

The regulatory framework within which the MCA operates has been set at a pan-European level by the EU. The implementation of this framework has enabled the MCA to apply a consistent and harmonised set of rules to the electronic communications market in Malta, which are based on the principles of technological neutrality, regulation only where necessary and the primacy of competition law.

It is recognised that the work of the MCA is facilitated by, and at times depends on, cooperation with regulatory counterparts in the other EU Member States, as well as the European Commission via the European Regulators' Group (ERG). In addition, the MCA participates in a number of other European fora to ensure that it follows best practice with regard to the regulation of the electronic communications sector.

The interactions of MCA staff on an international plane have constituted a precious investment in knowledge for this organisation. Such participation has also meant that Malta's viewpoints have been put forward in areas where an international dimension to Malta's interests exists. In addition, the MCA contributes towards shaping European regulatory policy at various levels. The extent and importance of such activity is such that the MCA needs to dedicate a sufficient amount of time and existing resources to cater for it.

The MCA's role of adviser to Government on the international dimension of the electronic communications regulatory framework is another key task that is incumbent on the MCA in achieving this objective.

The MCA will strive to achieve its objective by means of the following key tasks:

- The ongoing provision of advice to government on proposed EU legislative measures and other communications.
- The ongoing provision of advice to government on the interpretation and application of any new Directives, recommendations and other EU documents as well as any related issues and disputes arising.
- The active participation in EU organisations such as the Communications Committee (COCOM), the Radio Spectrum Committee (RSCOM), the Radio Spectrum Policy Group (RSPG), the European Regulators' Group (ERG), GALILEO and the European Network and Information Security Agency (ENISA).
- Active participation in other international fora such as the International Telecommunication Union (ITU), European Conference of Postal and Telecommunications Administrations (CEPT), the International Regulators' Group (IRG) and related workgroups. Of particular relevance is the MCA's participation in the IRG workgroup that has been set-up with the aim of providing input to the 2006 review of the electronic communications framework.
- The ongoing submission of accurate statistics and information to the EU and other international organisations thus allowing the MCA to be in a position to comment on the make up of sector information requirements with a view to providing valid information to the European Commission.
- The collaboration on a one-to-one basis with peer regulators on a regular or one-off basis.

The MCA's international work will also include promoting a more harmonised approach to the implementation of the EU regime governing electronic communications, contributing to the development of EU communications policy by strengthening our engagement with the ERG.

Furthermore, there will be a range of activity designed to achieve an international framework, both at European and international level, which provides the minimum level of harmonisation needed to facilitate the development of new and innovative services, together with the flexibility to maximise the benefits of spectrum trading and liberalisation.

Specifically, the MCA will be:

- monitoring and contributing to the review by the European Commission of the regulatory framework for electronic communications with respect to the following key areas:
 - the reduction in the procedural burden associated with the reviews of markets susceptible to ex-ante regulation;

- the consolidation of the internal market;
 - the application of a common EU approach to spectrum management which is less restrictive and more responsive to increasing demands for this critical resource; and
 - proposals related to consumer protection and security which are becoming increasingly more important due to the sophistication of the electronic communications markets.
- participating in the development of draft European proposals for the World Radio Conference 2007; and
 - contributing to pan-European initiatives on spectrum such as Wireless Access Platforms for Electronic Communications Services (WAPECS) by means of the MCA's participation in the COCOM, the RSPG and the RSCOM.

2.1.4 Strategic Objective T4

Facilitating the proliferation of Broadband, in line with the e-Europe mission and objectives, via the development of the necessary regulatory environment.

It is recognised worldwide that broadband has the potential to revolutionise commerce, education, healthcare, national security, entertainment and countless other areas. As such, broadband is a key to future economic growth for the electronic communications sector and the economy as a whole. Maintaining competition and nurturing its development is essential to ensuring choice and innovation at reasonable prices into the long term.

Broadband empowers by providing increased access to information and applications, and increasingly affordable means to communicate within communities and around the world. Broadband is an enabling technology that allows businesses to transform processes through Internet business solutions, and to realise significant returns on investment.

The MCA will continue to encourage and promote broadband development, deployment and availability across multiple platforms to ensure that there are no access barriers to the adoption of affordable broadband technologies as they become available.

To meet this objective the MCA will concentrate on the following key tasks:

- monitoring the rollout of wireless broadband infrastructures and services with a view to ensuring timely implementation in line with licence conditions;
- facilitating such rollout via co-ordination with other government bodies where necessary;

- reviewing broadband quality, pricing and bundling;
- informing consumers of the various broadband solutions on the market;
- promoting availability and access to communication services, such as broadband and digital TV.
- continuing to identify appropriate spectrum allocations, both licensed and licence-exempt, for wireless broadband services which are supported, or likely to be supported, by ready availability of choice of equipment;
- ensuring that operators adhere to their regulatory obligations e.g. local loop unbundling and third party wholesale access, with respect to matters affecting the provision of broadband; and
- ensuring technology neutrality in the application of regulation for all broadband networks and services.

2.2 e-Commerce

2.2.1 Strategic Objective E1

The consolidation of the institutional and organisational elements, on a National scale, that are required for the achievement of a solid e-Commerce environment that inspires thrust in all those who use it.

The MCA will continue to work towards the implementation of the necessary regulatory structures that are required to achieve a solid e-Commerce environment. Notable among the tasks required to attain this strategic objective, are:

- the formulation and implementation of a National e-security policy and strategy with a view to, among others, creating increased awareness of the advantages inherent in e-security at various levels;
- ensuring adequate awareness at a service provider level of obligations arising out of the e-Commerce Act;
- ensuring that customers are aware of their rights and avenues of redress;
- implementation of a tailored complaints handling system;
- encouraging and facilitation the adoption of industry led codes of practice and/or trust mark schemes;
- providing adequate and up-to-date information to service providers regarding requirements relative to the take up and pursuit of such services;

- securing the notification of Certification Services Providers with the MCA;
- setting up and maintaining an e-signatures audit and supervision function;
- carrying out e-signatures technical and security audits;
- supporting the development of a voluntary accreditation scheme for Certificate Service Providers; and
- coordination with government and other institutional bodies with a view to ensuring a seamless service to the public.

2.3 Postal Services

2.3.1 Strategic Objective P1

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

The postal sector has, for a number of years, been characterised by a monopoly in the universal service area and competition in the courier service sector.

In the MCA's view, the availability of competing postal services, as envisaged in European and National legislation, is the best way of ensuring that the universal service provided by Maltapost plc is fully reflective of customer needs. It is therefore necessary for the MCA to continue to create the environment that is conducive to the onset of competition within the limits imposed by the currently available reserved area.

2007 should be characterised by the implementation and ongoing review of the regulatory policies and remedies that have been built by the MCA. These should ensure the continued high quality provision of the universal service assessable to all and at affordable prices.

Further issues that will need to be addressed relate to VAT on postal services and cross-border mail agreements. This issue with respect to VAT is still under scrutiny at an EU level and it is not expected that Malta will take a position in advance of such a decision. The situation will, nonetheless, be monitored. The key task in this case will be that of striking a balance between a level of competitive playing field and affordability of service.

With regard to cross-border mail agreements the MCA needs to ensure that terminal dues are fixed in relation to the costs of processing and delivering incoming cross-border mail, the levels of remuneration are related to the quality of service achieved and that they are transparent and non-discriminatory.

It is noted that the MCA will retain light touch regulation in the wider competitive area. Courier services will only be required to provide

assurance as to their adherence to the essential requirements relating to mail integrity and to respect the area that is reserved for Maltapost.

The MCA may, from time to time, test activity in any area of the postal sector that falls within its remit in order to ensure the proper functioning of market forces.

2.3.2 Strategic Objective P2

Ensuring that residential and business consumers of universal postal services get the best value-for-money from Maltese postal services providers.

The MCA's activity will be mainly concerned with monitoring and review exercises in order to ensure that the USP meets its regulatory obligations. Such exercises will focus mainly on cost-orientation, tariff controls, mail integrity, access obligations as well as on the quality of service targets.

The main challenge in relation to this strategic objective will be the continued supply of a sustainable service in line with established quality standards on the part of the USP.

As in the case of the electronic communications sector, the MCA will also continue to update its complaints handling mechanisms in order to meet public requirements and expectations. The MCA will also ensure that the public is kept informed of regulatory and market developments that are taking place.

2.3.3 Strategic Objective P3

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

As in the case of the electronic communications sector, the MCA will, during the coming years, strive to achieve its objective by means of the following main tasks:

- Ongoing provision of advice to the government on the interpretation and application of any new Directives, recommendations and other EU documents as well as any related issues and disputes arising.
- Active participation in EU fora, European Committee for Postal Regulation (CERP) as well as in other international organisations. The MCA will strive to make a valid contribution to the discussion now that this organisation has reached a stage of maturity, where participation can make a valid impact.
- Monitoring and contributing to the European Commission's developments leading to a new regulatory framework appropriate once the liberalisation of internal market for postal services is fully accomplished by 2009.

- Ongoing submission of accurate statistics and information to the EU and other international organisations. The MCA will also be in a position to comment on the make up of sector information requirements with a view to providing valid information to the European Commission.
- Collaboration on a one-to-one basis with peer regulators on a regular or one-off basis.

3. Work Programme

In line with the objectives mentioned in the previous section the key projects envisaged to be performed during 2007 are as shown in the table overleaf.

It is noted that the major outputs represent the MCA's current best view of the work that the MCA will be undertaking during 2007. These are presented to provide as much clarity as possible. However, please note that there is necessarily some uncertainty because:

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

Projects / Initiatives	Summary of Objectives and Activities
Electronic Communications – Strategic Objective T1	
Bottom-Up Cost Modelling – Maltacom plc	Bottom-up core network cost model (BUCM) based on Current Cost Accounting (CCA) and Long Run Incremental Costs (LRIC) used to establish an appropriate fixed interconnection rate Ongoing Refinement and Maintenance of BUCM
Leased Lines and Local Loop Unbundling – Maltacom plc	Review of leased line and local loop unbundling prices / terms and conditions in line with best practice Publication of Consultation Paper / Response to Consultation / Decision Notice
Margin Squeeze and Bundling Guidelines	Guidelines providing regulatory information regarding bundling and criteria that leads to margin squeeze Development of Regulatory Guidelines
Mobile Virtual Network Operator (MVNO)	Minimum requirements for the acquisition of MVNO status Development and Publication of Regulatory Guidelines and Processes
Reference Interconnection Offer (RIO)	Review of SMP operators’ cost models for interconnection rates with the objective of achieving efficient and cost-oriented rates Publication of Consultation Paper / Response to Consultation / Decision Notice
Single Billing for Fixed Carrier Pre Select (CPS) and Wholesale Line Rental (WLR)	Identification of an appropriate single billing solution / wholesale line rental for the fixed CPS service providers Publication of Consultation Paper / Response to Consultation / Decision Notice
Carrier Selection (CS) / Carrier Pre-Selection Specifications	Specifications to ensure procedural integrity in the implementation of CS / CPS Publication of Specifications
Accounting Separation Decision	Review of Accounting Separation Decision in line with the European Commission Recommendation and the results of the market analysis Publication of Consultation Paper / Response to Consultation / Decision Notice
Current Cost Accounting	The transition from historical cost accounting to current cost accounting to provide a sounder basis for the calculation of efficient cost-oriented wholesale rates and preparation of regulatory accounts Publication of Decision Notice
Operators’ Annual Regulatory Accounts	Annual regulatory accounts of electronic communication operators having significant market power (SMP) Yearly Review of Regulatory Accounts / Statement of Compliance

WACC Methodology Guidelines	Methodology on the calculation of the Weighted Average Cost of Capital (WACC) for all SMP operators Publication of Regulatory WACC Methodology Guidelines
WACC Calculations	Calculation of the WACC for all operators having SMP Review of Submissions / Publication of Decision Notice
Accounting Methodologies Guidelines	Review of regulatory accounting methodology guidelines Publication of Regulatory Guidelines
Market Analysis / Market Reviews	Ongoing Market Analysis / Reviews of the eighteen (18) identified markets (inc. the application of remedies) Market Reviews / Publication of Decision Notices
Market Data Collection and Consumer Surveys	Data Collection / Consumer Surveys to be in a position to assess the electronic communications markets Consumer Surveys of all Markets / Publication of Results
Dealing with Ex-post Competition	Assessment of MCA's ability to deal with ex-post competition problems in a competitive market Drafting of Issue Paper / Recommendations to Government / Publication of Consultation Document
Duopolistic Market Structures	Monitoring duopolistic market structures Drafting of an Issue Paper / Development of Regulatory Guidelines
Impact Assessment of Remedies	Monitoring the impact of remedies imposed on operators having significant market power Ongoing Monitoring / Publication of Impact Assessment Reports
Framework of Special Tariffs	Establishment of a revised framework for special tariff numbers including premium rate and free phone services Publication of Response to Consultation / Decision Notice
Roaming Regulations	Evaluation of EU Commission stance on Roaming Regulations and assessment of impact on the Maltese mobile telephony market Drafting of an Issue Paper / Implementation of Directive / Ongoing Monitoring of the Impact on Operators
Spectrum Management - Policy and Strategic Review and Implementation	Implementation of Policy and Strategic Review of Radio Spectrum Policy Publication of Response to Consultation / Publication of Work Programme / Implementation of Strategy

Spectrum Management - Radio Spectrum / Radiocommunications Licensing Regime	Review of radio spectrum and radiocommunications licensing regime Drafting of Policy Papers / Publication of Consultation Documents / Response to Consultations / Decision Notices / Revision of Radiocommunications Licence Processes and Procedures
Spectrum Management – Audit of Radio Spectrum Assignments	Validation of all current assignments contained in the Radio Frequency Register Update and Validate data in the Frequency Information Management System
Spectrum Management – Participation in ITU WRC – 07	Preparation and participation in the ITU World Radio Conference Examining ITU Documentation and European Proposals / Participation in Conference / Report on the Outcome
Assignment of Rights of User of Frequencies for GIO broadcasters	Assignment of rights of use of frequencies to GIO broadcasters Publication of Consultation Paper / Response to Consultation / Decision Notice / Assignment of Rights of Use of Frequencies to GIOs
Digital Broadcasting Strategy	Review of Digital Broadcasting Strategy Review and Update of Digital Broadcasting Strategy / Publication of Digital Broadcasting Strategy Update
General Authorisation Framework	Review of Electronic Communications General Authorisation Framework Drafting of Policy Paper / Publication of Consultation Paper / Response to Consultation / Decision Notice
Next Generation Networks (NGNs)	Policy review on the effects that the evolution of NGNs have on interconnection regimes and general principles with regard to the regulatory treatment of NGNs Drafting of an Issue Paper / Publication of Consultation Paper / Response to Consultation / Regulatory Guidelines
Access and Interconnection	A study on the definition of access and interconnection with respect to the rights and obligations of undertakings and the power and responsibilities of the MCA Drafting of an Issue Paper / Development of Regulatory Guidelines
Electronic Communications – Strategic Objective T2	
Electronic Communications Price Index	Review of the Electronic Communications Price Index used as a tool for future price changes and to measure inflation attributable to electronic communications services. Ongoing Update of the Electronic Communications Price Index / Publication of Electronic Communications Price Index
Electronic Communications - QoS Review	Review of QoS requirements for current operators and new market entrants Drafting of an Issue Paper / Publication of a Consultation Paper / Decision Notice

Electronic Communications - Universal Service Obligations	Review of existing USOs in light of the current regulatory framework Publication of Consultation Paper / Response to Consultation / Decision Notice
Network Security and Integrity	Development of a network security and integrity policy with respect to electronic communications networks. Drafting of an Issue Paper / Publication of a Consultation Paper / Response to Consultation / Decision Notice
EMF Monitoring and Auditing	Ongoing EMF (Electromagnetic Fields) Monitoring and Auditing Requirements Publication of EMF Audit Results on the MCA website
Electronic Communications – Strategic Objective T3	
Review of the Regulatory Framework for Electronic Communications	Review of electronic communications regulatory framework (including review of the current electronic communications markets and management of the radio spectrum) Drafting of Issue Papers / Ongoing Discussions with Stakeholders
Electronic Communications Framework Implementation Report	Participation in the 13 th report on the implementation of the EU Electronic Communications Regulatory package Collection of necessary information / Preparation of Malta's position / Meetings with European Commission
Electronic Communications – Strategic Objective T4	
Spectrum Management – Deployment of Broadband Wireless Access Technologies	Identification of frequency bands for the deployment of Broadband Wireless Access technologies Drafting of a Policy Paper / Publication of Consultation Paper / Response to Consultation
IPv6 Workshop / Test Bed	Migration to the new Internet Protocol Seminar / Participation in Task Force meetings
Review of New Wireless Technologies	Policy on authorisation and regulatory treatment of new wireless technologies Policy Review Paper / Publication of Consultation Paper / Response to Consultation / Decision Notice
Review of Broadband Strategy	Review and updating of the broadband strategy Analysis of Broadband Market / Publication of Strategic Review
Broadband quality, pricing and bundling	Review of broadband quality, pricing and bundling Drafting of an Issue Paper / Publication of Consumer Guidelines
Review of Powerline Communications	Review of Power Line Communications Drafting of an Issue Paper / Publication of Consultation Paper / Response to Consultation / Decision Notice / Discussion with Stakeholders

e-Commerce – Strategic Objective E1	
E-Commerce Dispute Resolution Exercise	Creation of a dispute resolution process in line with the requirements in the e-Commerce Regulations Development of a Dispute Resolution Process / Publication of Consultation Paper / Response to Consultation / Decision Notice
Review of Legal Barriers to e-commerce	Review of local legislative framework to identify any legal barriers to the take up of e-commerce in Malta Review of Legislation / Submission of Proposals to Government
E-Commerce Awareness / Educational Campaign	Increase awareness amongst the general public / businesses with regard to the informed use of e-Commerce applications Analysis of Response to Surveys / Development and Implementation of a Strategy to Address Identified Gaps
Survey - Internet Banking / E-Gov Services / Purchasing and Selling on-line	To gain awareness of e-Commerce use in Malta, so as to build an awareness campaign and target the right audience Survey on e-Commerce Use in Malta
E-Commerce Survey – Interviews to Enablers/ Drivers	Analysis and understanding the Enablers’ and Drivers’ role in e-Commerce in Malta as well as their experiences to enhance the e-Commerce Market Interview sessions / Analysis and Publication of Results
e-Signatures Regulation – Implementation	Establishment of internal working structures, processes and procedures necessary to fulfil the e-signature regulatory responsibilities Publication of Consultation Document / Response to Consultation / Decision Notice / Implementation of working structures
e-Security Policy and Strategy	Development of an e-security policy and strategy Publication of Consultation Document / Response to Consultation / / Implementation Strategy
Postal Services – Strategic Objective P1	
Maltapost Plc Tariffs	Monitoring of retail prices of postal services within the universal service Ongoing monitoring of the USP's postal retail prices
Cross-border Terminal Dues	Review of issues related to cross-boarder mail agreements Drafting of an Issue Paper / Discussions with Stakeholders
Review of the Annual Regulatory Accounts	Review of the Annual Regulatory Accounts (USP / Licensed Operators) Review of Regulatory Accounts / Statement of Compliance

Protecting the Integrity of Mail	Monitoring minimum standards related to protecting the integrity of mail and enforcement measures. Ongoing monitoring of mail integrity requirements by licensed and authorised postal operators
Postal Services – Strategic Objective P2	
Universal Obligations / Access Points – Maltapost Plc	Review of Universal Service Obligations and Access Points Drafting of an Issue Paper / Publication of Consultation Document / Response to Consultation / Decision Notice
USP’s Quality of Service Measurements – Maltapost Plc	Ongoing monitoring and review of Maltapost’s Quality of Service measurements and targets Review and Monitoring of QoS obligations and Targets / Publication of Quarterly Reports on QoS Performance
USP’s Bulk Mail Service	Review of Maltapost’s Quality of Service with respect to Bulk Mail Drafting of an Issue Paper / Publication of Consultation Paper / Response to Consultation / Decision Notice
Maltapost’s Postal Service Schemes	Review of Maltapost’s postal service schemes Ongoing Review of Maltapost’s postal service terms and conditions (referred to as postal service schemes)
Postal Services – Strategic Objective P3	
Regulatory Framework for Postal Services	Policy review of the regulatory framework for postal services Drafting of an Issue Paper / Publication of Regulatory Guidelines / Ongoing Discussions with Stakeholders
Corporate Initiatives	
Consumer Affairs Regulatory Structures	Establishment of processes and procedures related to consumer related activities of the MCA Drafting of an Issue Paper / Drafting of Processes and Procedures / Publication of Consumer Information Guidelines
Dispute Resolution Process	Review of MCA’s dispute resolution processes (operators / consumers) Publication of a Consultation Paper / Response to Consultation / Decision Notice
Radio Spectrum Training Activities	Spectrum Management Technical Training to increase the knowledge of the technical staff Development of a Training Programme / Implementation of Training Programme

4. Finance and Effectiveness

This section provides an overview of the MCA's budget for 2007 and how MCA intends to evaluate its performance.

4.1 Finance

The MCA's intention is to be an effective and professional regulator and to provide value for money for our stakeholders. The MCA will ensure that it has adequate finances to meet its regulatory mandate and will make sure that it delivers the best possible service to its stakeholders. In so doing this organisation will also ensure that it will provide a full accounting of its activities as required by law.

The MCA's income derives, mainly, from three sources: electronic communications general authorisation fees; postal licence and authorisation fees; and fees from scarce resources (radio spectrum and numbering). Postal fees and fees for scarce resources are fees payable to Government, after deduction of the MCA's administrative requirements with respect to regulating the postal and e-commerce sectors.

For 2007, the MCA's expenditure is expected to be Lm1.448 million. Of the Lm1.448 million budget it is envisaged that:

- o Lm 182k related to capital expenditure;
- o Lm 273k related to operational expenditure;
- o Lm 158k related to administrative expenses;
- o Lm 599k payroll related costs; and
- o Lm 236k related to projects and regulatory activities.

4.2 Evaluating our Effectiveness

To exercise the MCA's accountability and reporting requirements to the respective stakeholders, the MCA will continue to carefully evaluate its effectiveness and progress towards the achievement of its objectives through:

- o performance measurement and monitoring;
- o publication of an annual report on its operations for the preceding year; and
- o through feedback which it seeks from stakeholders.