

Malta Communications Authority

Strategic Plan 2002-2005

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Overview

The Electronic Communications Sector in Malta is going through an exciting stage in its development. It is gearing up for a fully open market and an end to monopolies by the 1st of January 2003, as set out in the 2000 National Plan for the Reform of the Telecommunication Sector.

This Strategic Plan, which constitutes the Malta Communications Authority's (MCA) Plan of Action for the forthcoming three-year period, is anchored in the 2000 National Plan and the vision emerging from that. This strategy is about the means of attaining and sustaining that vision.

The scope of this Strategic Plan is reflective of the MCA's regulatory mandate, which, in addition to telecommunications, also embraces electronic commerce and postal services. The Plan sets out a series of Strategic Objectives for the respective policy sectors over the coming three years. The following are the essential thrusts of these objectives:

- Achieving liberalisation and sustainable competition in the telecommunications and postal sectors.
- Ensuring that customers get a 'best deal' by way of value for money services and social inclusion.
- Creating an environment conducive to investment in telecommunications infrastructure and services as the basis for the attraction and development of the information economy.
- Promoting and supporting the development of e-Commerce, and ensuring the consolidation of the institutional and organisational elements necessary for its proliferation.

The means of attaining these Strategic Objectives has been articulated by way of a series of tasks that are listed under the respective Objectives. The nature of these tasks consists in:

1. **Continuing the building of the regulatory infrastructure.** This exercise is an essential component in an environment that is moving from monopoly to open competition.

Unlike an openly competitive environment which is subject to 'ex post' regulation by the Competition Authority, Telecommunications and Postal Services demand 'ex ante' asymmetric regulation, targeted at ensuring that the incumbent operator/s, which have a substantial advantage over new entrants, are restrained from abusing of that advantage, while still being guaranteed a fair livelihood.

It is of primary importance that the MCA continues to build this regulatory environment – which is already taking shape - by implementing vital components, in line with the current Maltese and EU legal frameworks, such as:

- Designating Operators with Dominant Market Position
- Securing an effective licensing and General Authorisation regime
- Securing an effective interconnection regime
- Introducing Carrier Selection and Pre-selection
- Introducing number portability
- Designating Universal Service providers and any related funding mechanisms.
- Implementing Local Loop Unbundling.
- Reviewing tariffs via price caps and other rebalancing mechanisms
- Setting and ensuring adherence to quality of service and technical standards
- Ensuring accounting separation, cost-based accounting standards in designated operators.

The above are among the major components of asymmetric regulation in telecommunications and, in some instances, apply equally to postal services.

2. **Strengthening and refining the ongoing regulatory and support processes** within the MCA. Having, determined and built the regulatory environment it is equally important to ensure that operators play according to the rules. For this to come about the MCA will address various measures among which the most pertinent are listed hereunder:

- Reinforcing the legal advisory and enforcement aspects so as to ensure maximum effectiveness of, and compliance to the MCA's decisions and other obligations at law.
- Setting up monitoring mechanisms in respect of operator performance, competitive practices, quality of service etc.
- Ensuring timely collection and management of accurate statistical information to enable informed decision making.
- Strengthening mechanisms for Inter-operator dispute resolution, and customer complaints handling
- Enhancing the public relations and communications function as the means to ensure that the public is informed and fully aware of its rights and remedies.
- Strengthening the technical arm of the Authority, with a view to carrying out effective standards setting and review, monitoring and auditing of operators' performance, and providing advice to other MCA Units.

- 3. Contributing to the development of the Maltese socio-economic environment.** The MCA will implicitly be achieving this aim if it manages to bring about a competitive environment. There are, however, other areas such as e-commerce where the MCA can promote or act as catalyst in promoting e-commerce in Malta. The MCA will do this together with the other economic and social players that have a say in this sector.

On the telecommunications and postal fronts, ensuring a robust infrastructure and addressing any 'weak links', in partnership with the industry, also constitute a key element to ensuring continued economic and social prosperity.

- 4. Adopting as appropriate the new EU Framework in Electronic Communications,** targeted for implementation in member states in the third quarter of 2003. It is expected that accession countries would take the new Framework on board at a later stage.
- 5. Ensuring the MCA has adequate resources to implement its Strategy.** The MCA intends to maintain the right balance of in house capacity and outsourcing of services as appropriate.

The Strategic Plan has been drawn up against a backdrop of events and situations, which serve to influence its direction, expectations and what is achievable. Some of these variables include:

- Current depressed markets in the telecommunications and dot.com sectors, coincident with a general lack of investment availability or enthusiasm.
- Malta's candidature for accession to the European Union, which should come about sometime in 2004/2005.
- The new EU Electronic Communications Directives called the New Framework required for Electronic Communications, which are to come into effect within Member States by the latter half of 2003.
- Aspects of technological convergence, which in turn are bringing about a re-ordering of traditional discrete licensing regimes and regulatory models.
- The forthcoming introduction of UMTS in Malta.
- The global trend relative to the separation of powers of Government, regulatory authorities and market operators and the continuing evolution of these relationships.

These variables will be monitored and, where necessary, changes to the Strategic Plan will be effected as developments unfold.

The Plan, geared towards ensuring that the Maltese people get the best deal in electronic communications and postal services. If these sectors thrive then this is to the overall lasting benefit of the entire Maltese economy and society in general.

Mission and Underlying Principles:

The scope of this Strategic Plan is reflective of the MCA's regulatory mandate and its Mission, which is:

To regulate the sectors of telecommunications, 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 a regulatory regime that operates on the basis of transparency, proportionality, non-discrimination and objectivity. The MCA, in fulfilling its Mission by way of this Plan, shall embrace the following principles:

- The realisation of a range of communication services of high quality and competitive prices is best achieved through the development of fair and sustainable competition.
- In the absence of competition, regulation will seek to produce the estimated effect of competition.
- Regulation will tend towards technology neutrality.
- Regulation will be sufficiently flexible as to enable change and allow for convergence.
- Regulation will cater for the interests of consumers but will also take into account the exigencies of service providers.

Strategic Plan Layout

What follows is a series of Strategic Objectives identified for the period covered by the Plan. Under each Strategic Objective there is an overview outlining the context and any salient issues, a rendering of the envisaged outputs required to achieve this, and a series of potential evaluation criteria that can serve as indicators in the measurement of progress against a desired outcome.

Finally the Strategic Plan gives an overview of the MCA's capacity building policy aimed at strengthening its regulatory capabilities.

Strategic Objective T1

Attaining the target, within established timeframes, of a fully liberalised and solid telecommunications environment that is capable of sustaining competition among existing providers while allowing new entrants to do so with relative ease.

Overview

A number of key tasks must be performed in order to secure this Strategic Objective. A series of activities have to be undertaken, throughout 2002 and 2003 that will basically shape the regulatory framework for the Plan period. There will, however be activity beyond 2003 to address the longer term aspects of this Strategic Objective. Such activity will be mainly directed at the eventual transposition, and adoption as local legislation, of the new Electronic Communications Directives.

The MCA will continue to build its regulatory framework throughout 2002/2003 on the basis of the current set of EU Directives. Mindful, however of the need to eventually adopt the new Directives, the MCA has already embarked on a review of these. It is participating in an inter-Governmental task force that has been set up to analyse the impact of the new Directives from a legal, regulatory and institutional standpoint. The outcome of the exercise will provide the direction that the MCA will take, within the wider ambit of Government Policy, in adopting the new Directives.

Outputs

The MCA will, in the course of the Plan Period address this Strategic Objective via a number of initiatives, the more significant being:

- **Reviewing the Telecommunications Licensing Regime**

This will entail an internal review of requirements in relation to those services, which are not presently covered by the existing licensing regime.

In the course of this exercise the MCA will be looking to the introduction of a General Authorisation Regime, which shall be gradually rolled out starting with a pilot in 2003.

Services such as international facilities, satellite transmission, Voice over IP and National/International Simple Voice Resale are among those services that have to be reviewed in terms of licensing/general authorisation.

The MCA intends going about with the new licensing regime following a round of consultation with stakeholders. The MCA is conscious of the fact that this review will also entail looking closely at the issue of licence fees as input to future Government Policy on the matter.

- **Other important regulatory building blocks that are required by the beginning of, or throughout, 2003**

The MCA considers of primary importance the setting out of the rules of the game that will be played following the 1st of January 2003. It is premised that the MCA will be making consultations and/or decisions with a view to:

- **Establishing Dominant Market Position (DMP)** in the various markets currently identified. Subsequent to the first-time establishment of DMP's there will be annual reviews of the situation. Given the obligations that are subsequently incumbent on operators designated as having a DMP this is an exercise that is fundamental to the regulation of the telecommunications sector.
- **Securing an effective interconnection regime.** The MCA will do this by ensuring that Dominant market players issue a Reference Interconnection Offer, which effectively informs interested parties of the terms and conditions for interconnection.
- Establishing, as part of the interconnection exercise, the **cost of capital to the fixed telephony incumbent**, so as to come up with a reasonable return on Capital for this Operator, as the means to ensure its viability.
- **Numbering – Setting the conditions for Carrier Selection and Pre-Selection** via consultation and subsequent implementation of the related regulatory framework in 2003.
- **Introducing Number Portability** in mobile telephony and thereafter in fixed line telephony.
- Ensuring that Dominant Market Players set up **cost-based accounting (on the basis of Fully Allocated Historic Costs)** and accounting separation as the means to establish realistic costs for the various services that they provide.
- **Introducing Local Loop Unbundling** for prospective operators who will eventually be capable of seeking such a service from the incumbent, that is, Maltacom. This will be preceded by a detailed internal study and extensive consultation.
- **Ensuring cost-orientation** in the provision of leased lines and the provision of International facilities by Dominant Market players in these sectors.
- **Reassessing the boundaries of the video sector** in light of the competition that is bound to come on stream and grow in this field. Cable TV, Satellite TV, Video on Demand, which can be supplied via broadband connections, are facets of this market, which can be considered as competing elements. The concept of regulation of such services has to be reassessed with technology neutrality forming the basis of such rethinking.

Following the setting up of these regulatory framework components, the MCA will be conducting periodic reviews with the intention of addressing any changes to the prevailing situation.

- **Strengthening the means to enforce Regulation**

The MCA is committed to an environment that is largely self-regulated and competition brought about by the development of market conditions. It is nonetheless acknowledged that there will always have to be an element of intervention on the part of the Regulatory Authority. It is anticipated that this will be more frequent during the initial phase of liberalisation given the need to give competition an initial thrust. The MCA must build its capacity to enforce decisions and to ensure compliance by service providers.

The MCA will, as a matter of priority, strengthen its legal capacity and recommend the drafting of clear legislation and guidelines relative to non-compliance and related penalties. The MCA is committed to use such powers judiciously, fairly and unambiguously.

- **Reviewing the Current Legal Framework**

The MCA will maintain the present legal framework as the basis for the introduction of the regulatory regime during the Plan period. There will still be need for ongoing fine-tuning of this. The MCA, will be recommending to Government relevant changes to legislation where necessary. There are also aspects where legislation does not as yet address important areas or does not do so adequately. The relative regulations will be drawn up in order to fill the lacunae. Such new legislation will be in line with the existing Acquis, unless it is practicable to align it (or elements of it) with the new one. The MCA will therefore work on the introduction or strengthening of legislation relative to:

- Provision of lease line services
- Telecommunications Data Protection
- Local loop unbundling

Other legal provisions that will need looking into include those relating to local ownership obligations and stock exchange listing requirements. Legislative changes in relation to licensing will also come into force following the finalisation of the licensing review exercise referred to above.

- **Introduction of UMTS**

Sustainable competition will be encouraged in the ambit of the introduction of new technologies. As far as the award of UMTS licences is concerned, this is a matter of Government policy, although the MCA will be giving its input as part of an intergovernmental task force. On the basis of the outcome of this exercise licences will be awarded accordingly, and the MCA will work towards facilitating the successful transition to 3G telephony.

Network sharing and co-location will be considered, as will the feasibility of Mobile Virtual Network Operators (MVNO's).

Feasibility in this case is viewed not only from the purely financial/economic aspect but also in terms of environmental and aesthetic impact.

Meanwhile, with respect to commissioned mobile telephony base stations, the MCA is committed to an ongoing audit programme with a view to ensuring that electro-magnetic emissions remain well within established international health standards.

- **Formalising the mechanisms for inter-operator disputes**

The MCA is already carrying out substantial activity in this area and gaining precious experience in the process. What remains to be done is formalising the dispute investigation and resolution process following a 'pilot' phase during 2002. This will be ultimately to the benefit of the operators themselves.

- **Implementing the new EU Framework Directives**

On the 7th of March 2002 the EU issued a new electronic communications Framework that will become operative across member states fifteen months following the abovementioned date. Basically the new framework is meant to rationalise the existing regime by drastically reducing the number of directives, and cater for a situation of increased competition in the sector.

The MCA is currently participating in an 'ad hoc' task force that has been set up by the Government to assess the implications of the New Framework and chart a way forward for its eventual implementation, which should take place sometime in 2005. The groundwork for such an implementation should, however, be finalised prior to this date.

In the meantime the MCA will build its regulatory regime, unless exceptional circumstances warrant otherwise, on the current set of EU Directives.

Strategic Objective T1 - Potential Evaluation Criteria:

- New entrants in the market;
- Degree of visible advertising of telecommunications services;
- Ease of entry to market:
- Licensing procedures operational in timely manner;
- Availability of general authorisations;
- Improvements in telephony prices
- Availability on request by new entrant of interconnection agreement, Reference Interconnection Offer and cost orientated charges;
- Availability in a timely manner of numbers to new entrants;
- New service offerings;
- Universal Service Provider making reasonable return on capital;
- Viability of other operators;
- Overall Sector financial indicators.

Strategic Objective T2

Ensuring that residential and business consumers of telecommunications services get the best value for money from Maltese telecommunications services providers, and that relevant social inclusion aspects are addressed.

Overview

In the first instance it is the introduction of effective and sustainable competition that will reap the best benefits to the consumer. The application of asymmetric regulation and other measures articulated in Strategic Objective T1 above are intended to create such an environment and are considered as having the foremost priority in the Authority's Strategic Plan.

It is recognised that the introduction of competition will take time to come about in a manner that will result in tangible benefits to users and in some areas may not come about sufficiently, if at all. This notwithstanding, value for money in service provision has to be guaranteed in these instances as well.

Operators having a dominant market position may have universal service obligations to meet, such as services for the disabled, the provision of directory enquiry services and public payphones. Whereas these pertain to the social sphere, and are essentially a component of Government policy there is the responsibility on the part of the National Regulatory Authority to ensure that they are implemented equitably.

The individual also has to be guaranteed a clear and swift mechanism for redress in case of disputes with operators.

Outputs

• Tariff Review – Price Cap and Tariff Rebalancing

The MCA will consider the implementation of price capping, effective 2003, as a means of rebalancing tariffs for fixed telephony prices. A consultation document on the matter has been published. A one-off exercise in price adjustment may also be considered prior to initiating the operation of the price cap mechanism. The MCA does not consider it a foregone conclusion that if tariffs for foreign calls have to come down, these are to be compensated for by a rise in local tariffs.

The price cap mechanism will remain effective until such time as cost-based accounting kicks in and the fixed telephony incumbent can justify its prices on the basis of accurate cost-based accounts. The creation of a competitive environment is another reason for removal of the price cap.

• Application of Quality of Service (QoS) Standards

Operators designated as having a dominant market position are obliged at law to observe a series of quality of service standards and to submit relative statistics to the MCA. The following are some examples of such standards:

- Supply time for initial connection;
- Fault rate per access line;
- Unsuccessful call ratio.

QoS standards are applicable to both fixed and mobile telephony Dominant Market Players. They are set out according to established international (ETSI) standards.

The MCA will publish these standards. It will monitor adherence to them by the respective operators, and will periodically publish the relative performance statistics.

- **Information Management**

Apart from QoS standards there is a host of other information that the MCA will need to gather from operators, interpret and act upon. These statistics will be essential to the MCA so that it may be able to take informed decisions on matters such as the determination of DMP status, adherence to licence conditions, fair pricing etc. To the extent that this information is not commercially confidential, the MCA will periodically publish the relevant data.

- **Consumer Protection**

Insofar as the more direct interaction with the consumer is concerned, the MCA will put into effect a series of measures. A number of these measures are already at the stage where they are being implemented. These measures are summed up as follows:

- **Investigation of Complaints:**

The MCA will continue to develop and formalise an efficient and effective complaints mechanism that will enhance the status of consumers, protect their interests, provide them with a cost-effective alternative to the courts, redress the balance between monopoly providers and consumers and improve service provision of operators.

- **Telecommunications Data Protection Legislation:**

The MCA will recommend the strengthening and rationalisation, in a specific Legal Notice, of legislation relating to Data Protection in Telecommunications. The MCA will establish the relationships to be adopted with the Data Protection Commissioner in order to ensure collaboration in the best interests of service providers and consumers. In recommending the introduction of new subsidiary legislation on Data Protection, the MCA will consider the feasibility of doing so in compatibility with the new EU Directive on Data Protection on Electronic Communications.

- **Other measures:**

The MCA will ensure that any other measures aimed at addressing consumer interests, among which those listed below, are implemented and adhered to:

- Provisions for specific and clear terms and conditions of contract between operators and their customers
- Regular publishing of updated tariffs

- Codes of Practice
- Use of high precision metering devices.

- **Establishing Universal Service Provision**

The MCA will designate the Universal Service Provider in the telecommunications sector and establish the related Universal Service obligations. The MCA will also assess any requests for funding on the part of the Universal Services Provider and establish the necessary funding mechanism, if circumstances warrant.

- **Call Back**

In principle International Call Back services may be possible after the 1st of January 2003 in light of liberalisation. The timing of such a decision will be weighted on the basis of several factors, relating mainly to developments in the international calls segment of the fixed telephony market.

Strategic Objective T2 – Potential Evaluation Criteria:

- Improvements in telephony prices
- Publicly available information relative to QoS parameters in particular line connection and fault repair.
- Quality of Service Improvements
- Clear and up to date tariff information available to the public
- Leased circuits made available within stated time limits;
- Stakeholders' perceptions of the regulator;
- Complaints dealt with satisfactorily;
- Schemes are available for socially disadvantaged;
- Improvements in fixed line household penetration.

Strategic Objective T3

Achieving the proliferation and development of telecommunications-related industry via the creation of the appropriate business and technical infrastructure environment that is capable of attracting such an industry.

Overview

A key requirement for attracting telecommunications-related industry, in particular the financial services sector, leisure and tourist business, is through the provision of top quality telecommunications infrastructure and services. Virtually all industries depend upon telecommunications but there are some sectors that rely on telecommunications more than others e.g. international financial services: on-line banking and call centres.

The critical players in such developments are the operators. It is in their interest to maximise these business opportunities.

The mandate for this Strategic Objective emanates from the Malta Communications Authority Act, which, among others, places responsibility on the MCA to “encourage users of communications services to establish places of business in Malta” (Art 3(q)).

It is acknowledged that this is an aspect of the MCA’s mandate that can come about mainly as an offshoot of the Authority’s efforts to bring about a solid and competitive telecommunications sector that, in turn, offers high-quality services to the other sectors of the economy. There are, however, other areas where, in collaboration with the respective Government entities, the MCA can serve as a catalyst in promoting initiatives aimed at attracting such investment.

Outputs

- **Ensuring that the availability of a high quality Infrastructure**

The MCA will ensure that a high quality infrastructure is available for anyone wishing to invest in Malta, particularly in telecommunications-intensive industry and services. This will entail ensuring a range of high quality services that will be in adequate supply at competitive prices. Major features will include:

- Availability of carrier selection and pre-selection
- A choice of National and International Leased circuits
- A choice of broadband Internet options
- An efficient local Internet Exchange
- An efficient and unbundled local loop

- **Securing International Connectivity Resilience**

The MCA considers the availability of multiple international links as one of the cornerstones of international connectivity resilience and the development of competition in the telecommunications sector. Such a situation would also

contribute to the development of Malta as an electronic communications hub, and enhance its potential as a prime location for inward investment by ICT-intensive firms. The MCA intends to commission a feasibility study that should serve to establish the status and explore various options that may be open to the Country in terms of enhancing connectivity and expanding the potential for electronic communications.

The MCA, in collaboration with the Malta Enterprise Board, will encourage and facilitate investment targeted at the development of international links.

- **Setting Technical Standards and Conducting Network Audits**

The MCA will set technical standards where these are required, and conduct technical audits on a regular basis, in order to ascertain the resilience of the national communications infrastructure. The MCA will build the necessary capacity to deal with this important aspect.

- **Creating the business environment**

The MCA will promote and co-ordinate, where appropriate, activities with the local Information Society, in order to:

- Advise on and assist in the creation and promotion of investment incentives for companies that make significant use of telecommunications services.
- Encourage measures to ensure that there is an adequate supply of trained human resources that will be available to companies wishing to invest in Malta.

Local organisations that the MCA would partner with in such initiatives would include the Malta Enterprise Board, the e-Malta Commission, the Education Division and the Employment and Training Corporation.

Strategic Objective T3 – Potential Evaluation Criteria:

- Increase in number of telecommunications operators and service providers offering services in Malta;
- Extent of advertising (TV/hoardings);
- Operators, set line connection times for businesses and adhere to them;
- List of available leased lines at published prices;
- Major operators offering services on a par with other European countries;
- Increase in take-up of broadband services, and comparison with international benchmarks;
- Telecommunications inadequacies no longer a deterrent to business development opportunities;
- Improvement in employment opportunities in the ICT sector.

Strategic Objective E1

The expansion of e-commerce in Malta both in terms of the supply and demand sides of the equation.

Overview

Whilst it is not the role of MCA to sell Malta as a location for e-commerce business – the Authority will work alongside the responsible entities to achieve this aim. In promoting the expansion of e-commerce on the island, MCA will be guided in its actions by the following principle:

There should be available on the Island the most modern infrastructure and services capable of promoting e-commerce activities.

MCA has a statutory obligation to ensure the availability of a reliable, secure, efficient and affordable network [Section (4)(3)(f) of Malta Communications Authority Act].

Elements of this Strategic Objective are complementary to those relating to telecommunications insofar as the infrastructure is common to telephony and electronic data.

Outputs

During the Plan Period the MCA will:

- **Address the regulatory aspects that can enhance e-Commerce uptake** via the regulation of access tariffs, and the promotion of greater competition in local access networks.
- **Ensure that Internet Service Providers supply an excellent product** that supports a thriving e-commerce environment, mainly through competition and self-regulation. One fundamental feature in the provision of quality Internet services is a robust Malta Internet Exchange that can enhance the quality of local Internet traffic.
- **Bring about the ideal conditions for the availability of the most modern and resilient infrastructure** to cater for the proliferation of e-commerce (this aspect is complementary to telecommunications and has been addressed in the preceding pages).
- **Work alongside organisations such as the e-Malta Commission and the Employment and Training Corporation (ETC)** to help bring about the proliferation of the Information Society, and resultant fallout in terms of enhanced social inclusion, as the means to eventually stimulate the demand for e-Commerce services. Measures in this direction will include schemes for uptake of ICT by the general public as well as for the development and provision of enriched local content.
- **Work alongside the education authorities** on the proliferation of broadband networks in schools. In this respect the MCA will study the implications of

designating a Universal Service Provider for Internet provision. It is premised that the concept is novel and within the EU, internet access has not been included in the universal service obligation.

- Work alongside investment promotion authorities to encourage the take-up of e-Commerce solutions by local industry and raise the ICT knowledge potential of local workers.

Strategic Objective E1- Potential Evaluation Criteria:

- A wide choice of ISPs on Island offering quality services
- An increase in the number of websites on the Island;
- An increase in the uptake of broadband;
- The delivery time of a broadband connection;
- Improvement in prices for Internet access;
- improvement in the overall revenues of ISPs;
- Increase in the number of computers installed in households;
- Improvement in the number of internet accounts and usage;
- take-up of e-commerce and e-Government transactions by the public.

Strategic Objective E2

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.

Overview

An essential component for the uptake of e-Commerce is trust on the part of those who utilise such services, in the providers of such services, be they content providers or those who host such content providers. This is one area where the Malta Communications Authority has distinct regulatory responsibilities with respect to e-Commerce. These regulatory responsibilities straddle other organisations with which the MCA will work hand in hand in order to ensure as secure as possible a service provision environment.

Mechanisms for the provision of secure transactions, such as Public Key Infrastructure, and the related registration and certification services that provide the proof of identity of an individual or a body corporate, are a must in the e-commerce scenario of today.

Another vital aspect of security and trust in e-Commerce is public awareness on its pros and cons. This will enable the public to make educated choices as to whether or not to embark on e-Commerce transactions on the basis of the supplier's credentials.

Outputs

During the Plan Period the MCA will establish its obligations in supervising 'the activities of signature services providers (also known as Trusted Third Parties) in terms of the Electronic Commerce Act (Cap 426). This will entail four main tasks that have to be undertaken, namely:

- **Securing the registration of Certification Services Providers** with the MCA. This will entail setting up the necessary processes and procedures to ensure that all such entities register accordingly.
- **Reviewing and verifying the credentials of Signature Certification Services Providers established in Malta** – the third Schedule of the e-Commerce Act sets out the requirements for Trusted Third Parties issuing qualified certificates. The requirements in the Schedule are substantial and both the service provider as well as the MCA will have to dedicate substantial time and resources to adequately cater for this requirement.
- **Make recommendations to the Minister with respect to establishing a Voluntary Accreditation Scheme for Signature Certification Service Providers and implement accordingly.** This process will also involve the Malta Standards Authority as the entity setting the standards and assessing for compliance. The accreditation scheme will involve the award of trust marks which certified providers would display on their material.
- **Supervising the activities of Signature Certification Services Providers and Information Society Service Providers.** The MCA, following in-depth

requirements analysis, will build the necessary processes, procedures and capacity to cater for this legal requirement.

Strategic Objective E2 – Potential Evaluation Criteria:

- Trusted third parties are operating on Island;
- MCA has defined and is operating a supervisory role;
- The public and businesses are aware of the existence and implications of TTP's and the regulatory role of MCA on this front;
- Improved public perception with regard to security of e-commerce transactions.
- Compliance by Signature Certification Services Providers and Information Society service providers with legal provisions

Strategic Objective E3

The attraction of the e-commerce industry to Malta via the creation of the appropriate business and technical infrastructure environment.

Overview

The MCA's remit spans beyond the purely regulatory and, especially in the case of e-Commerce goes into the attraction of inward investment, as distinct from the take-up of e-Commerce by Maltese firms. This is another important Objective of the MCA addressed under Strategic Objective E1.

The attraction of the so-called e-business industries is conditioned by the depressed markets in which several of these industries operate. Nonetheless there are several types of e-business, which can be attracted to Malta.

It is reiterated that the MCA does not deem direct marketing to be within its remit, and shall address this objective in close collaboration with the entity or entities entrusted with such a marketing and investment promotion role.

Outputs

- The MCA will ensure that a high quality electronic communications infrastructure is available for anyone wishing to invest in Malta. This will entail ensuring a range of high quality network and data services that will be in adequate supply at competitive prices. It also entails having in place the relevant regulatory framework as outlined in Strategic Objective E2.
- The MCA will work closely with the entities involved in attracting such inward investment so as to ensure that there is synergy between all the parties involved.
- Other innovative features in e-commerce such as e-numbering shall be researched in terms of their potential of placing Malta at the forefront of e-commerce.

Strategic Objective E3 – Potential Evaluation Criteria:

- Number of e-commerce businesses in Malta;
- Priced leased lines are readily available;
- Services on a par with best practice in Europe are available to the e-commerce industry in Malta;
- Offshore resilience is satisfactory to international standards
- Increase in the overall employment level in e-commerce activities.

Strategic Objective P1

Attaining the target, within established timeframes, of a liberalised postal services environment that is capable of sustaining competition among the respective players, while allowing new entrants to do so with relative ease.

Overview

Under the MCA Act the Authority is responsible for regulation of the Postal Sector. This responsibility will be officially assumed when the relative amendments to the Postal Services Act are passed later in 2002. While the exact date of formal assumption of responsibilities by MCA has yet to be established, it is feasible to expect that formal regulatory responsibility for Posts will be assumed during the course of the Plan Period.

The MCA needs to be proactive in building the necessary regulatory capacity and processes in order to be able to cater for postal services regulation when these eventually fall within remit.

The prime focus of current EU postal legislation is for users of the service “to enjoy the right of a universal service involving the permanent provision of a postal service of specified quality at all points in their territory at affordable prices for all users.”

It is envisaged that there will be a gradual alignment of the postal services regulatory regime in Malta with the requirements set out in EU Directive 2002/39/EC. The liberalisation of Postal Services is taken in the current context, that is, excluding those services that are reserved for the incumbent. A competitive environment exists beyond the reserved services threshold and it will be the responsibility of the MCA to ensure a sustainable and controlled environment, mainly through the implementation of authorisation procedures, including individual licences.

Outputs

- **Establishing the Capacity:**

The MCA will establish the necessary internal capacity and processes to deal with Postal regulation. This will include any human resources requirements to cater for this new regulatory area.

- **Preparation of Sector Policy:**

In order to cater for the creation of a competitive environment, Sector Policy shall be prepared and adopted during the Plan period. Expert assistance will be sought in devising Policy and related regulatory requirements in the Postal Sector. Such policy and related regulations will, among others, deal with:

- Establishment of Licensing Regime, which will embrace:
 - Individual licences;
 - General authorisation.

- Establishing Accounting Separation
- Designation of a Universal Service Provider;
- Reviewing extent or otherwise of USP support;
- Reviewing the extent of reserved services and their future;
- Establishment of tariff regime;
- Establishment of Quality Service targets.

- **Developing the Licensing Regime:**

This will be a major first step that will be undertaken by the MCA following the articulation of the policy framework for the sector. The scope of the licensing regime will embrace both individual licences as well as general authorisations.

- **Consultation and Implementation:**

In the case of Postal regulation as well, the MCA will resort to the consultation process prior to issuing decisions with respect to the regulatory regime.

If the sector does not fall within the confines of reserved services the MCA will, through the appropriate regulatory mechanisms, promote the development of sustainable and fair competition.

Strategic Objective P1 – Potential Evaluation Criteria:

- Bringing under regulatory control postal services providers
- Degree of visible postal advertising;
- Ease of entry to market:
 - Timely availability of Licences
 - Availability of general authorisation.
- New service offerings;
- Continued existence of Universal Service Provider making reasonable return on capital.

Strategic Objective P2

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

Overview

The MCA will work towards ensuring that users of postal services get value for money via the establishment of a tariff regime and quality of service standards. The Universal Services Provider will also be established together with the related obligations and responsibilities.

Outputs

- **Establishing Universal Service Provision:**

A Universal Service Provider/s shall be established and any related obligations and rights shall be defined.

- **Development of a Tariff Regime:**

MCA will regulate a tariff control policy which will bind on the US provider on the basis of policy set by Government.

The principles of this policy will be:

- Tariff will be affordable such that all users have access to such services as are provided by US provider;
- Tariff will be cost orientated;
- Tariff will be transparent and non discriminatory.

The tariff control policy should be linked to inflation and to pricing indicators.

It may be covered by an RPI-X formula, which is a “basket of services” approach, or by control of prices of individual services.

- **Quality of Service Targets:**

Quality of Service targets for the US providers shall be set. These QoS standards will be monitored and targets set for ensuing years.

- **Complaints handling:**

A complaints handling mechanism will be set up. It will, to the extent that is feasible dovetail with the telecommunications complaints handling mechanism for the purpose of achieving economies.

Strategic Objective P2 – Potential Evaluation Criteria:

- Movement in postal prices;
- Availability to public information that QoS are in operation and improving in particular in line with collection and delivery tariffs;
- Complaints are dealt with to the satisfaction of the customer.

Building the Regulatory Capacity

Human Resources

The MCA deems its human resources as the key means to achieve its Strategic Objectives and related outputs. The MCA is committed to ensuring that it has the requisite staff to be able to carry out its mission efficiently and effectively.

Quality of staff is a matter on which the MCA places a high priority. Starting with recruitment, the MCA is committed to selecting the people who bring with them the potential to achieve. The MCA undertakes to fulfil this potential to the maximum possible extent via the appropriate exposure to training, which can take the form of attendance at specialised fora or through secondments with established overseas regulatory authorities and other organisations.

The MCA is committed to creating an environment that is conducive to bringing out the best in the people it employs. Motivation is key in this respect. Staff are expected to achieve clearly defined goals with performance based on both individual and team achievement.

All staff are retained on term contracts. The MCA has thus an incentive to retain staff by maintaining competitive terms and conditions of employment.

Outsourcing of Expertise

In those instances where it is feasible to do so, the MCA will outsource any requirement for services wherever they 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 managing contractors with a view to achieving the best possible results.

Organisation

An organisation that operates in a highly dynamic environment has to have the inbuilt flexibility to adapt to changing circumstances. The MCA will maintain 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.

The MCA is also committed to consolidating the mechanisms relative to Strategic and business planning as well as monitoring actual performance against set targets. Such performance monitoring will go beyond the Strategic and business planning aspects and include also individual staff performance planning programmes. All these components will be co-ordinated and regularly updated.

Key developments that may affect the MCA's organisational set-up will be monitored. Notable among these is the evolution of technology towards convergence, which is reflected in parallel movements on the institutional side in several other countries. Convergence aspects are also addressed in the new Directives. The MCA will ensure that it is responsive to any developments in this direction, in line with Government policy decisions.

