



Strategic Plan Update for 2007 - 2009

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Strategic Plan Update for 2007- 2009

01. Purpose

The MCA is in the process of compiling its three-year Business Plan for the period 2007 - 2009. As a prelude to this the MCA needs to review and validate its strategic direction for the same period, taking into account updates carried out so far with respect to 2007 and 2008.

02. Background

The tasks undertaken by the MCA during the past years have focused on the deliverables required to achieve the strategic objectives identified in the original 2002 - 2005 Plan and updated in subsequent Plan updates. The 2006 - 2008 update carried out last year was of particular importance given that it represented a 3600 review of the MCA's strategic direction to date.

For all intents and purposes therefore, the 2006 - 2008 update is to be construed as a fresh plan in its own right rather than an update. The strategic objectives obtaining up until 2005 were duly revisited to be in line with what were perceived to be new requirements incumbent on the Authority. The revised objectives may be seen further on in this document.

As regards the electronic communications sector, it is gratifying to note that the work done up to the end of 2006 has resulted in significant progress towards the opening up of the various electronic communications markets to innovation and competition. These results were due to:

1. The coming into fruition of networks and services resulting from the assignment of frequency spectrum for key services in 2005. The first DTTV operator started transmission in the second half of 2005 and a mobile operator has started to provide 3G services.
2. The continued lowering of barriers to entry and the putting in place of various regulatory measures set at ensuring the proliferation of competition. This has resulted in the entry of market players in the fixed line sector.
3. The finalisation of market analyses concomitant with the imposition of remedies on operators with significant market power. This has provided sector players with further clarity as to their rights and obligations under the New Regulatory Framework, apart from contributing directly to the result mentioned in the previous point.

One important result of market opening has been the trend towards declining retail prices. Competition is expected to increase as more wireless access infrastructures come into place over the next three or so years.

From a demand perspective, public uptake of mobile, digital TV and broadband services continued to rise throughout 2006, whereas fixed telephony subscriptions remained more or less stable. From a consumption standpoint the key indicators showed an upward trend with few exceptions.

03. Environmental Considerations

The contextual environment underlying the Strategic Plan period 2007 - 2009 is characterised by the following key features or developments:

- The existence in Malta of multiple operational networks and services in practically all electronic communications markets.
- The accelerated pace of technological innovation that is resulting in convergence of networks and services.
- The evolution of mainly voice-oriented networks towards more versatile 'next generation' IP-based networks and the delayed development of a common European Union (EU) position vis-à-vis their regulation.
- The initial indications as to the direction that the EU intends to take in its proposed revision of the existing electronic communications Regulatory Framework and defined markets in 2006 / 2007.
- The ITU Regional Radio-communications Conference (RRC06) that duly took place in 2006, wherein Malta was guaranteed a minimum number of pre-coordinated frequencies, but during which Italy inexplicably fell short of re-confirming the co-ordinated use of further frequencies by Malta, which it had endorsed only some time before.
- A proposal by the EU Commission for a more flexible utilisation of radio spectrum, once assigned, and the gradual introduction of spectrum trading.
- Increasing international concern on the need to strengthen information security.
- An increment in the uptake of e-commerce services in Malta.
- The current revision by the EU Commission of the existing Postal Directive in 2006 characterised by a clear signal that the intended full market opening is likely to be 2009.
- The continued decline of volumes in the postal universal services area, countered to an extent by a perceived increase in courier and parcel operations, thanks also to heightened e-commerce business.

With respect to the 2006 - 2008 Strategy update a number of these environmental considerations no longer constitute an unknown. The RRC06 conference took place during May / June 2006, whereas the Commission made known its broad direction with respect to the reviews of the Electronic Communications and Postal regulatory frameworks respectively. Information security issues have been subject to an incessant escalation to the extent that they now constitute an environmental feature meriting focused attention. These developments are now to be factored in the 2007 strategy.

On the other hand a clear direction relative to a common EU position on the regulation of IP based networks did not take place. Meanwhile IP based networks in Malta are becoming a reality.

The outcomes of those environmental considerations on which the MCA now has visibility have been factored into this Strategy update accordingly.

04. Mission and Underlying Principles

The MCA's Mission is deemed as still holding valid for the timeframe of this Update, and is reiterated hereunder:

To regulate the electronic communications, e-commerce and postal sectors 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 above mission statement implies a number of principles, which the MCA needs to hold central to all the activities that it carries out. These principles, which are listed below, were articulated in the 2006 Plan and are still deemed to hold good for the forthcoming three-year period:

- 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 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 such as to enable change and allow for technology convergence.
- Regulatory decisions will be transparent and accessible to all and sundry in order to facilitate decisions by market players, policy makers and other stakeholders.
- The MCA's regulatory activity should serve to overall contribute, from a supply standpoint, to Malta's transition to a knowledge society and economy.
- Overall social and economic welfare should be another objective of the MCA's regulatory activity.
- The wider implications at a European level will be taken into account in the formulation of any decisions at the Maltese level.

05. Validation of the Strategic Objectives

The MCA's Strategic Objectives were updated in the 2006 - 2008 Plan. It is deemed that there is no need to effect any changes to these Objectives for the period 2007 - 2009. The MCA's Strategic Objectives for the period covered by this Plan update are reiterated below:

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 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 development of the electronic communications regulatory framework and related issues.
- 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.

06. Strategic Objectives

What follows is a high level rendering of activities envisaged under each Strategic Objective. These envisaged activities have been split into two sub-categories, namely those that are confirmed as the established direction under the 2006 - 2008 Strategic Plan (and which are reproduced in this update for ease of reference) and those that represent a variation to this Plan. These new strategic thrusts represent the 2007 Plan update.

Strategic Objective T1

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

Outlook

In relation to the 2006 Strategic Direction and related tasks, it is envisaged that 2007 will, by and large, entail a continuation of 2006. However, a number of thrusts that entail a variation to the 2006 Plan are also envisaged.

Established Tasks

Access and Interconnection

The MCA will continue to ensure that rights to access and interconnection will, within the boundaries delineated by regulation, be available to all service providers and that the MCA will have the necessary enforcement tools to ensure 'de facto' interconnection.

Reference Interconnection Offers will continue to be required where necessary, and will be supplemented by mechanisms such as regulatory accounting, accounting separation, cost-modelling and interconnection rate glide paths.

Where this is already not the case, access conditions characterising the various types of electronic communications networks and services falling under the MCA's regulatory remit will also be clarified so as to ensure the transparency that is a necessary pre-condition to the adoption of such business models.

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

A forward-looking issue that will need to be addressed in this context relates to the treatment of interconnection in the case of next generation networks, where the 'traditional' modes of interconnection will be supplanted by new technological solutions. This is dealt with under the subsequent heading.

Next Generation Networks and Technology Convergence

The regulatory treatment of so-called next generation networks in the context of competition is a key issue that has emerged on the international arena in recent months. It still needs to be addressed in a wholesale fashion in terms of a policy and regulatory approach.

The articulation of a policy relative to the regulatory treatment of Next Generation networks was originally slated for 2006. This was premised on the provision of a

clearer overall direction being charted by the EU. Such direction was deemed as being an ideal one, in that any policy ultimately formulated by the MCA would be in line with the overall Europe-wide umbrella policy.

Unfortunately a concerted EU direction on this sensitive matter has not as yet materialised. Whereas the MCA will, to the extent possible, address this issue in conjunction with its European counterparts, so as to ensure a consistent approach where necessary, the likelihood is that the MCA will be required to move before most Member States.

Key issues to be tackled in this area will be the treatment of IP based networks and the implications arising from the accelerated convergence of services that can be delivered by wired and wireless means, with the concomitant implications on bundling at the retail level.

Developing the Potential of Frequency Spectrum

Frequency Spectrum has become an essential component in the development of infrastructure-based competition, thanks also to technology improvements that have come about in recent years. The MCA has already assigned frequency spectrum with respect to digital terrestrial TV and radio broadcasting, 3G mobile telephony and Broadband wireless access.

The resultant new networks and services should contribute to significant opening of markets to infrastructure competition.

The MCA has published a spectrum strategy dealing with maximising the potential of available frequency spectrum. Following the adoption of the spectrum strategy the MCA will embark on a service-by-service review with the objective of realigning frequency usage requirements with respect to existing and prospective assignments.

It is acknowledged that the most sensitive and onerous aspect of this exercise will be whether and how to realign the scope of existing rights of use, in light of present and future competition. There is a limit to full liberalisation of spectrum use.

Market Analyses

The MCA will, in the course of 2007, concentrate on the application of remedies resulting from the wave of market analyses carried out during 2005 / 2006. The MCA will also be monitoring market developments with a view to deciding whether certain markets need to be analysed before the envisaged timeframes.

Legal Review

The MCA has now established several years experience and can thus better assess the effectiveness of the empowering legislation and 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.

Variations to the 2006 - 2008 Plan

Competition Law

Events during 2006 have pointed to the need to consolidate the relationship between the MCA and the Office of Fair Competition (OFC) with a view to ensuring a seamless intervention on the market by the two entities where such

intervention is required. The MCA will also be exploring, together with Government and the OFC, the options relative to the migration of ex-post electronic communications regulations to the MCA.

In the event that ex-post competition regulation accrues to the MCA, the Authority will set up the apposite structures and processes in order to cater effectively for these new responsibilities and ensure seamless dovetailing with its 'ex ante' regulatory remit.

Emergent Competition Issues

The past year has been characterised by a number of issues that merit closer scrutiny by the MCA with a view to charting a way forward, possibly in conjunction with counterpart NRAs, on the regulatory treatment of elements such as bundling, and potential duopoly situations. The MCA deems that such issues merit a distinct thrust.

Key Performance Indicators

The MCA will continue to monitor progress relative to the attainment of this objective via a series of key performance indicators. Thanks also to the benefit of past experience the indicators that are deemed to be best suited for an assessment of progress with regard to the attainment of this strategic objective, are the following:

Strategic Objective T1 – Key Performance Indicators

- Movements in number and variety of market players, as well as relative market shares.
- Price movements
- Availability of updated interconnection agreements, Reference Interconnection Offers and cost orientated charges where these are required.
- New service offerings
- Overall Sector volume and financial indicators

Strategic Objective T2

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

Outlook

The onset of lasting competition will ultimately provide the greatest benefit to the consumer. The MCA will, however continue to directly address consumer issues in line with the general direction established in the 2006 Plan with some variations to the direction established therein. The established activities as well as the envisaged changes to the 2006 strategic direction are as follows:

Established Tasks

- Continued development of the customer care, complaints handling and dispute resolution functions within this organisation. The MCA will ensure adequate capacity to deal with consumer enquiries, complaints and disputes.
- Ensuring tariff transparency where competitive forces are not yet established or absent.
- The continued review and monitoring of the universal service. The concept of what constitutes an essential service will also be periodically reviewed in line with EU principles and recommendations.
- The provision of comprehensive consumer information on relevant aspects of electronic communications.
- The monitoring of progress towards digital migration in broadcasting and the assignment of frequencies earmarked for broadcasting meeting General Interest Objectives.
- Ongoing monitoring of electromagnetic emissions with a view to ensuring levels of electromagnetic radiation in conformity with ICNIRP guidelines.
- The monitoring of electronic communications networks integrity
- The ongoing programming and execution of market surveillance in accordance with the R&TTE regulations.
- Ongoing monitoring of frequency spectrum with a view to ensuring that no harmful interference occurs.

Variations to the 2006 - 2008 Plan

- The gradual rolling back of retail price controls will be applied where warranted. The MCA has already rolled back the RPI-X mechanism, as well price control in the international fixed telephony retail markets. The MCA will keep monitoring retail telephony markets to ascertain whether consumer interests need to be safeguarded through such a form of regulation as competition gradually unfolds.

- A review of extant Quality of Service (QoS) policy direction, in light of changing technologies and a multiple operator environment, is seen as being required.

Key Performance Indicators

The MCA will continue to monitor progress with respect to the attainment of this objective via a series of key performance indicators:

Strategic Objective T2 – Key Performance Indicators

- Movements in the electronic communications price index
- Publicly available information relative to QoS parameters in particular line connection and fault repair
- Quality of Service Improvements
- Stakeholders' perceptions of overall quality of services provided
- Stakeholders' perceptions of the regulator
- % of complaints dealt with satisfactorily

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.

Outlook

The international dimension of the MCA's operations has continued to increase throughout 2006, essentially due to:

1. The finalisation of the bulk of market analysis exercises.
2. An acceleration in EU activities concerning spectrum policy and e-Commerce regulatory policy.
3. The review on the part of the European Commission of the extant Electronic Communications Framework with a view to the issuance of a new set of Directives in 2009.
4. Active participation in the RRC06, which demanded heavy involvement in terms of time and resources, followed by protracted negotiations with neighbouring countries relative to broadcasting frequency co-ordination.
5. The assumption by MCA of new responsibilities on the international front relative to information security and Galileo.

Following the experience of 2006 it is clear that interactions on an international plane are set to continue in 2007 at least on a par with the preceding year. There is, nonetheless, no variation to the nature of tasks required during 2007, vis-à-vis 2006. In this respect therefore it is not expected that there will be any fine-tuning to the nature of tasks required in achieving this Strategic Objective.

One needs to ensure that the right amount of resources is dedicated towards the achievement of this Strategic Objective.

Established Tasks

As indicated above, the MCA's activities targeted towards the achievement of this Strategic Objective remain the same as those indicated last year. These activities are reproduced hereunder for ease of reference:

- Ongoing provision of advice to Government on proposed EU legislative measures and other communications.
- 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.
- Active participation in EU organisations such as COCOM, RSCOM, RSPG, ERG, ENISA and Galileo as well as in other international fora such as CEPT, NNA and the ITU. The MCA will continue striving to make a valid contribution to these fora now that this organisation has reached a stage of maturity where participation can make a valid impact.

- Continued participation in IRG and its various sub-groups, with a view to contributing to the output of the workgroups, to the extent that its resources will allow. Of particular relevance is the MCA participation in the IRG workgroup that has been appositely set up with the aim of providing input to the 2006 review of the Electronic Communications Framework.
- 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 Commission.
- Collaboration on a one-to-one basis with peer regulators on a regular or one-off basis.

Key Performance Indicators

The MCA will continue to monitor progress with respect to the attainment of this objective.

Strategic Objective T3 – Key Performance Indicators

- The MCA will evaluate, on a periodic basis, the effectiveness of participation in such international fora particularly in relation to issues concerning Malta's interests.

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.

Outlook

The MCA's activities throughout 2006 were in line with the tasks identified as being required for the period in order to achieve this Strategic Objective. It is not envisaged that there will be significant variations during the forthcoming three-year period.

There was nonetheless one particular activity on which the MCA placed more focus than anticipated. This had to do with ensuring that a multi-player environment in broadband provision can subsist beyond the current two-player scenario. It is expected that this focus will continue to subsist in the forthcoming plan period.

Established Tasks

The Strategic Direction established in the 2006 - 2008 Plan is confirmed. It is expected that during the forthcoming three-year period the MCA will continue to ensure that the various broadband technology platforms will be available to the Maltese public. By way of key tasks the MCA will:

- Monitor the rollout of wireless broadband infrastructures and services with a view to ensuring timely implementation in line with licence conditions.
- Facilitate such rollout via co-ordination with other Government bodies where necessary.
- Inform consumers of the various broadband solutions on the market.
- Periodically review and update the 'supply side' of the National Broadband Strategy and publish for consultation in collaboration with the Ministry of Investment, Industry and Technology (MIIIT).
- Ensure 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.
- Ensure technology neutrality in the application of regulation for all broadband networks and services.

Key Performance Indicators

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

Strategic Objective T4 – Key Performance Indicators

- Change in broadband penetration in terms of subscriber numbers and % of population

- Number of broadband infrastructures and service providers
- Variety of technology platforms on which broadband services are offered
- Assessment of Malta's performance in this area vis-à-vis the Lisbon objectives

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 trust in all those who use it.

Outlook

The outlook in respect of this Strategic Objective is expected to remain the same for the period 2007 - 2009, with one notable exception, that is, the formulation and implementation of an e-security policy and strategy, which represents a new thrust in respect of this Objective.

Established Tasks

During the Plan period the MCA will continue working 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:

- Ensuring adequate awareness at a service provider level of obligations arising out of the eCommerce Act.
- Ensuring that consumers are aware of their rights and avenues of redress.
- Implementing a tailored complaints handling system.
- Encouraging and facilitating 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 as necessary.
- Supporting the development of a voluntary accreditation scheme for Certification Service Providers.

Variations to the 2006 - 2008 Plan

The MCA will, in conjunction with other stakeholders, embark on the development 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.

The strategy will seek to put in place all the prerequisites necessary for effective network and information security as well as effective protection against criminal activity conducted on-line. These include, amongst others, effective computer misuse legislation, effective enforcement capability, adequate awareness raising and education, as well as national measures to ensure effective critical information infrastructure protection.

The implementation of national eID programmes, as well efforts that need to be made at an international level, in order to ensure the interoperability of the models adopted at a national level (this, with a view to securing cross-border availability of public services), constitutes another key thrust. This will also be addressed in the strategy and links directly with the supervisory role of the MCA with regard to electronic signature certification services.

Key Performance Indicators

The following KPI's have been identified for measurement of progress with regard to the attainment of this strategic objective:

Strategic Objective E1 – Key Performance Indicators

- Trusted third parties are operating in Malta
- Public awareness of the existence and implications of TTP's and the regulatory role of the MCA
- Public perception with regard to the security of e-commerce transactions

Strategic Objective P1

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

Outlook

It is envisaged that the outlook relative to the attainment of this Strategic Objective will remain the same for the period 2007 - 2009.

In the universal services area there has so far been no push towards competition by any alternative operator. This is partly due to the reserved area, which is now down to 50g. The EU is proposing the total removal of the reserved area by 2009, as already mooted in the current Directive. If this were to occur it would be quite an important development vis-à-vis this Strategic Objective, although it is by no means a foregone conclusion that full liberalisation would automatically bring about competition.

Established Tasks

It is not envisaged that there will be a strong competitive push in the universal service area, certainly for as long as the reserved area subsists, and possibly even in the event that this is removed. It is nonetheless necessary for the MCA to continue creating the conditions for an environment that is conducive to the onset of competition within the limits imposed by the reserved area.

One task that is related to the achievement of this strategic objective is the MCA's contribution to the debate leading up to the launching of the amendments to the Postal Directive, with the highlight being a decision as to whether or not to fully liberalise the sector by 2009.

The MCA will retain light touch regulation in the wider competitive area. Express 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.

Key Performance Indicators

The following key performance indicators have been identified in the measurement of progress vis-à-vis this strategic objective:

Strategic Objective P1 – Key Performance Indicators

- Number of postal services providers in the various postal 'areas'
- Ease of entry to market
- Postal volume trends in the various 'areas' of the postal sector
- New service offerings
- Universal Service Provider making reasonable return on capital

Strategic Objective P2

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

Outlook

As in the case of the first Postal Strategic Objective, the outlook for Postal Strategic Objective P2 is expected to remain the same for the period 2007 - 2009.

Established Tasks

It is expected that MCA activity will be mainly concerned with monitoring and review exercises in order to ensure that the Universal Services Provider, as well as other operators, meet their regulatory obligations. Such exercises will focus mainly on cost-orientation, tariff controls, quality of service performance, universal service obligations and mail integrity.

Ongoing review of regulatory policy will take place with a view to refining regulatory tools in the abovementioned areas on the basis of experience gained, as well as in response to sector evolution.

The MCA will 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. Regular public perception surveys will be undertaken and published.

Key Performance Indicators

The following key performance indicators will be taken into account in an assessment as to the level of success in achieving this strategic objective.

Strategic Objective P2 – Key Performance Indicators

- Movement in postal prices
- QoS performance statistics in relation to set targets
- USP and MCA Complaints statistics
- Financial status of the USP

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.

Outlook

The thrusts of this Strategic Objective are confirmed for the period 2007 - 2009. The MCA is committed to keeping abreast with international developments in postal sector regulation, given also the international dimension of the postal service, at an EU level as well as on the wider international plane.

Established Tasks

As in the case of the electronic communications sector, the MCA will, during the Plan period, 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 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.
- Input to the EU exercise on the revision of the Postal Directive.
- 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 nature of EU sector information requirements and provide input as necessary.
- Collaboration on a one-to-one basis with peer regulators on a regular or one-off basis.

Key Performance Indicators

The MCA will continue to monitor progress with respect to the attainment of this objective via a series of key performance indicators:

Strategic Objective P3 – Key Performance Indicators

- The MCA will constantly evaluate the effectiveness of participation in such international fora particularly in relation to issues concerning Malta's interests

07. Ensuring Continued Regulatory Capacity

In order to ensure continuity in the carrying out of its mandate the MCA focuses on a number of fundamental aspects:

Human Resources

The MCA has built a team of professionals capable of handling the many projects and ongoing tasks that this organisation has to undertake in line with its mission and mandate. This interdisciplinary team has been built painstakingly over the course of the past years and has now reached an appreciable stage of maturity and efficiency.

The MCA is committed to ensuring that it retains an organisation that is adequately staffed and structured in order to be able to optimally address its mission and mandate. The MCA will do this by first and foremost reviewing its activities on an ongoing basis and assessing whether outputs and outcomes are being reached. The MCA will, on the basis of this information, review its organisational requirements accordingly.

Performance based activity permeates down to individual level by means of individual performance based assessments, which tie in to the achievement of organisational goals. Staff motivation is considered a key element for the success of the MCA's mission. The MCA is committed to maintaining an environment that brings out the best in the people it employs.

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 internal mentoring and training, which can take the form of attendance at specialised fora or through secondments with established overseas regulatory authorities and other organisations.

During the forthcoming three-year period it is expected that ongoing regulatory work will be the mainstream, given that a multi-player scenario exists in practically all electronic communications markets and that the postal sector and e-commerce regulatory frameworks have been established. Existing legal and economic in-house capacity will need to be reassessed in light of the envisaged increase in these activities.

Overall, this organisation will have to cater for a sector that should, during the strategic plan period, present a growing challenge, both in terms of overall activity, as well as with regard to the number of market players. It will therefore review its organisational structure and numbers accordingly should the need arise.

In the course of 2006 the MCA managed to recruit a number of additional staff members as planned. This posed more than the usual challenge, since procedures have been introduced by government, which require clearance from government on all matters of recruitment. The measures are the result of government's priority to harness the deficit and for Malta to join the Eurozone with effect from 1st January 2008. Nevertheless delays resulting from this procedure have impacted somewhat on the operational efficiency of the Authority and seen to interfere with the independence of the MCA. It is hoped that

following satisfactory Euro convergence in 2008, these processes will be reviewed in the interest of efficiency and accountability.

Another issue that has manifested itself during 2006 is an increase in turnover in staff at all levels despite the MCA's ongoing initiatives aimed at providing attractive work conditions. The MCA will need to ensure that it is able to maintain an environment that is stimulating and serving to retain staff members who have been so painstakingly trained, at significant time and cost, to make the MCA into the credible and respected organisation it is today.

Outsourcing of Expertise

In those instances where it is feasible to do so, the MCA will outsource requirements for services whenever 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. Such flexibility in organisational design continues to be necessary in the face of new functions that the MCA may take over in the course of 2007.

The MCA is also committed to maintaining an efficient and effective Strategic and business planning function together with the monitoring of actual performance against set targets. As indicated previously 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 seen as creating pressure for regulatory convergence. The MCA will ensure that it is responsive to any developments in this direction, in line with Government policy decisions.

Financial and Other Resources

If it is to function at desired levels and get the best possible outputs from its staff, the MCA will ensure that they are adequately equipped to carry out the job. In this respect this organisation is committed to providing the environment that is most conducive to productivity. It will do this by committing to provide adequate premises, IT resources by way of hardware and software and other logistical support as required.

The MCA will follow principles of good governance ensuring that it has adequate finances to meet its regulatory mandate and that it delivers the best possible service to stakeholders. In so doing this organisation will also ensure that it will provide full accountability of its activities and disbursements as required by law. Financial autonomy represents another important pillar in the maintenance of the MCA's status as an independent regulator.

The MCA also deems information management as being a fundamental resource to this organisation. This key resource will be maximised via the enhancement of the existing tools into a comprehensive Information management system.