

Strategic Plan Update for 2006 - 2008

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Strategic Plan Update for 2006 - 2008

01. Purpose

The MCA is in the process of compiling its three-year Business Plan for the period 2006 - 2008. 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 2006 and 2007.

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.

As regards the electronic communications sector, it is gratifying to note that the work done up to the end of 2005 will have resulted in significant progress towards the opening up of the various electronic communications markets to competition, thanks especially to the assignment of frequency spectrum for key services. This process is expected to consolidate during the forthcoming three-year period as the deployment of several network infrastructures is finalised.

One important result of market opening has been the trend towards declining retail broadband prices. Competition is expected to increase as broadband wireless access infrastructures come into place over the next three or so years. From a demand perspective the uptake of broadband has been rather encouraging, with usage consistently above the EU average.

The upward trend in broadband uptake is expected to continue and should be reflected in a parallel increment of electronic commerce activity if the right conditions subsist. The MCA has, particularly during the course of 2005, worked towards consolidating the e-commerce regulatory framework in anticipation of a lasting take-off in e-commerce activity during the forthcoming three-year period.

The introduction of Digital Terrestrial TV via the award of two frequency licences is another major development that has taken place during 2005, and has served not only to usher in the transition to Digital TV but also to introduce platform competition in the area of TV transmission and distribution.

The implementation of the obligations on the MCA emerging from the e-Commerce Act, including the development of internal structures, processes and procedures required to fulfil the regulatory functions associated with the supervision of Information Society Service Providers should therefore be well on the way to finalisation by the end of the current year.

The tasks required to fulfil the Postal Sector strategic objectives are well in hand. The build-up of the main elements of the postal service regulatory framework will be completed by the end of 2005, with consolidation of regulatory mechanisms following suit in 2006/7.

03. Environmental Considerations

The Strategic Plan 2002 - 2005 was drawn up against a backdrop of envisaged events that were deemed as potentially serving to influence the Plan. Several of these key events, such as Malta's entry into the European Union and the adoption of the new Electronic Communications Framework, have punctually occurred in the manner foreseen. Their impact on the Plan was therefore the envisaged one.

One consideration that was listed as a contextual backdrop to the Plan, and that is perhaps even more topical now given the pace of technological innovation, is the technological convergence that is taking place and that is resulting in multi-platform product offerings. Such developments may also be favouring a longer-term rethink of regulatory and institutional models.

The contextual environment with respect to the Strategic Plan period 2006 - 2008 may be summarised in the following envisaged developments:

- The existence in Malta of multiple networks and services in practically all electronic communications markets. The continued decline of 'traditional' fixed telephony
- The accelerated pace of technological innovation that is resulting in convergence of networks and services.
- The evolution towards 'next generation' IP-based networks and the development of a common EU position vis-à-vis their regulation.
- The forthcoming revision by the EU of the existing electronic communications Regulatory Framework and defined markets in 2006 / 2007.
- The ITU Regional Radio-communications Conference that is due to take place in 2006, wherein Malta will need to formalise the number of broadcasting frequencies to be utilised for a number of years to come.
- An increment in the uptake of e-commerce services in Malta.
- The forthcoming revision by the EU Commission of the existing Postal Directive in 2006.
- The continued reduction of the area reserved for the Postal Universal Services Provider.
- 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.

Whereas a number of these key environmental considerations pose 'givens' over which the MCA has no control but can only react to, others present possible outcomes that the MCA can – and will - work towards. The MCA will therefore cater, in the course of its work programme during the forthcoming Strategic Plan period, for the resultant work streams that need to be addressed in respect of a number of contextual issues listed above.

04. Mission and Underlying Principles

The MCA's Mission, as identified in 2002 is deemed as still holding valid for the timeframe of this Update, and is reiterated below, with minor rewording but no change in substance:

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, include a number that were laid out in the 2002 - 2005 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 produce the estimated effect 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 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 to Malta's transition to a knowledge society and economy.
- 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 Maltese level.

05. Validation of the Strategic Objectives

Following the review of the Strategic Plan 2002 - 2005 and its subsequent updates, it is held that the overall strategic direction remains largely valid for the period covered by this update (i.e. 2006 - 2008). However, in light of experience to date, it is deemed that a number of the individual objectives automatically fold into other stated objectives and therefore need not be explicitly laid out.

The strategic objectives, which were stated in previous iterations and that are now considered as no longer requiring explicit reference, are the following:

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.

E1 - The expansion of e-Commerce in Malta both in terms of the supply and demand sides of the equation.

E3 - The attraction of the e-Commerce industry to Malta via the creation of the appropriate business and technical infrastructure environment.

The strategic objectives for 2006 - 2008 have been renumbered accordingly and, where necessary, amended slightly. Notably, the attainment of a fully liberalised environment having been achieved, the reference to this has now been dropped from Objective T1, which now refers to consolidation of the environment, rather than its attainment, as was previously the case.

As far as new strategic objectives are concerned, one area has been identified as now requiring specific focus, that is, the wider European dimension to the MCA's role. This dimension emanates directly from accession to the European Union in May 2004. Malta can, through its institutions provide a contribution to the continued development of the European socio-economic environment. There is also the need to safeguard its national interest where such a course of action is necessary. The MCA therefore deems the development of its European dimension as a key objective.

The MCA's Strategic Objectives for the period covered by this Plan update, in light of the above considerations, are set out 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

- E1¹ - 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.

¹ This strategic objective has been renumbered. It was previously strategic objective E2.

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 list of activities envisaged under each Strategic Objective together with the related evaluation criteria:

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.

Overview

Significant progress was registered towards achieving a de facto liberalised and competitive environment during 2002 - 2005. The MCA has carried out the bulk of the key activities that had been foreseen in the original plan. In the initial phase these had mainly to do with setting up the policy foundations required for effective regulation of the electronic communications sector. Notable among these were:

- the determination of dominance under the 'old' framework;
- the implementation of the new regulatory framework;
- the implementation of a general authorisation framework together with a review of authorisation fees;
- the establishment of an interconnection regime;
- a framework for carrier selection and pre-selection; and
- decisions in connection with local loop unbundling and number portability.

During the course of 2005, there has been a significant thrust aimed at opening up opportunities for infrastructure-based competition. This has been made possible by the assignment of frequency spectrum for Digital Terrestrial Television and Radio, 3G Mobile Telephony and Broadband Wireless Access. All assignment processes have been finalised.

It is therefore reasonable to expect a substantial increment in competitive activity in the sector during the forthcoming three-year period and elements of such activity are already evident thanks to the launching of a DTTV public offering in June of this year.

With this context in mind the focus of the MCA is now expected to be more towards the managing the ongoing transition of the sector to a competitive environment.

Key Tasks

The following are deemed to be the key activity areas with respect to strategic objective T1:

Analysing Markets

The MCA should, by the end of 2005, be close to concluding the first wave of market reviews as stipulated in the New Regulatory Framework. It is envisaged that the market reviews should hold good for two years. It is therefore premised that a

second wave of market reviews will take place in 2007. However, given the rapid transition of the sector to a competitive environment the MCA will, during the intervening period keep a vigilant watch over market developments and implement market review exercises ahead of the envisaged review date, if deemed necessary.

Ensuring Access and Interconnection

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

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

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, where the 'traditional' modes of interconnection will be supplanted by new technological solutions.

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 scene in recent months. It still needs to be addressed in a wholesale fashion in terms of 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 and the implications arising from the accelerated convergence of services that can be delivered by wired and wireless means.

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 will contribute to significant opening of markets to infrastructure competition.

In the establishment of a spectrum strategy account needs to be taken of the potential of available frequency spectrum. This potential needs to be developed to the full and therefore due consideration has to be made as to the different service delivery options that the same frequency spectrum can offer in light of the convergence of technology and the resultant multi-platform service delivery potential.

A spectrum strategy that takes due account of technology convergence needs to be articulated accordingly.

Numbering

Numbering policy will be reviewed in order to ensure, among others, that numbering does not pose a barrier to the rollout of new technologies. Numbering policy will also take into account the upcoming requirement for e-numbering. Internal Market harmonisation of certain numbering resources will be taken into account.

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.

Overview

Consumer interests are best served within a healthy competitive environment. In addition to this, however, it is recognised that the protection of consumer interests should be reinforced by a mix of regulatory remedies, complaints channels, public information and sector self-regulation.

Where markets are non-competitive remedies are applied accordingly. Regulatory remedies are deemed to be to the benefit of non-dominant competing undertakings and end consumers alike.

In the first instance, therefore, in situations where competition is still lacking, the tailoring of appropriate remedies that will serve to bring this about, while catering for consumer requirements in the interim, is deemed to be the ideal way forward.

Beyond remedial action where competition is lacking, several other initiatives are indicated with a view to protecting consumer interests.

The MCA has to date been proactive on several fronts. Notable among the tasks that have been undertaken in this area are the following:

- Tariff Review - The MCA has identified the necessity for a price cap in the case of fixed telephony and is in the process of implementing this.
- Tariff rebalancing - The fixed telephony incumbent has partially undertaken this exercise in 2004. It is premised that by the end of 2005 another, possibly conclusive, exercise will have taken place.
- Quality of Service - The MCA has determined QoS standards incumbent on Maltacom and mobile operators.
- Designation of the Universal Service Provider - The MCA has defined the nature and scope of the universal service in electronic communications and nominated the Universal Service providers.
- Tariff transparency - Tariff transparency is a cornerstone of competition and the MCA has been active on this front in requesting the publication of wholesale and retail prices for electronic communications services where this remedy was deemed necessary.
- Codes of Practice - The MCA has brokered the introduction of a code of practice for internet Service providers.
- Monitoring of emission levels - The MCA has, in the course of the past three years carried out emission testing in around 150 mobile telephony base stations in order to assess whether the resultant electro-magnetic emissions are in line with the UN ICNIRP guidelines.

- Market reporting - The MCA has introduced a quarterly market survey report which serves to inform stakeholders of developments in the sectors that it regulates.
- Price Index - The introduction of a Telecoms price index has been another key information tool that has been introduced in the course of the past year.
- IHMS - The internet health monitoring site has served to inform people as to the actual bandwidth that ISP's are supplying them with.
- MCA Website - All MCA consultation documents, decisions, laws and regulations and other relevant material are regularly published on the MCA Website.
- Surveys - Consumer perception surveys have been carried out and the results have been published.

Key Tasks

The onset of lasting competition will ultimately provide the greatest benefit to the consumer. The MCA will, however continue to directly address consumer issues via:

- The strengthening of the customer care, complaints handling and dispute resolution functions within this organisation. The MCA will ensure that it has adequate capacity to deal with an envisaged increase in consumer enquiries, complaints and disputes as the Authority gains more visibility with the public and the number of service providers increases.
- The enforcement of price controls where these are still warranted. The MCA is at the point of finalizing an RPI-X mechanism that will control the prices of a number of the incumbent's services. It is expected that this mechanism will be introduced in 2006 and remain in place until such time as competitive forces are brought to bear on the price-controlled services.
- The requirement for tariff transparency where competitive forces are weak or absent. The publication of transparent tariffs is one of the remedies that is applicable to undertakings having significant market power.
- 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 minimized. 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 MCA will ensure that comprehensive communications strategies are implemented with respect to any item of information that needs to be conveyed to the consumer.
- The continued review and maintenance of quality of service provision concepts under the New Framework. 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 promotion of sector codes of practice as a means of sector self-regulation vis-à-vis the consumer where these are warranted. The MCA will continue to promote such industry codes of practice as long as they provide a serious proposition in terms of industry self-regulation. In so doing the MCA will not, however, abdicate any of its regulatory powers at law.
- The monitoring of progress towards digital migration in broadcasting. The MCA will ensure that digital terrestrial operators abide by their licence conditions and monitor developments towards digital migration, set to take place in December 2010. Closer to the migration date, an increase in the tempo of public information will take place with a view to ensuring universal awareness of the event.
- Ongoing monitoring of electromagnetic emissions with a view to ensuring levels of electromagnetic radiation in conformity with ICNIRP guidelines. The MCA will continue with the large-scale monitoring of electromagnetic emissions from mobile telephony base stations. The MCA will, in addition, also monitor TV transmitters and repeaters.
- 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.

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.

Overview

The international dimension of the MCA's operations has increased significantly in profile as a result of two distinct events, namely:

1. Malta's entry into the EU; and
2. the assumption of responsibility by the MCA for the spectrum management function.

These two events have meant increased activity at an international level via:

- The ongoing participation in EU fora such as the Communications Committee (COCOM), the Radio Spectrum Committee (RSCOM), the Radio Spectrum Policy Group (RSPG), the European Regulators' Group (ERG) and the European Network and Information Security Agency (ENISA).
- Active participation in other international fora such as the ITU, CEPT, the International Regulators' Group and the related workgroups.
- Market Reviews pre-notification meetings with the joint DG Information Society and DG Competition team
- Ongoing interaction with the DG Information Society relative to the Commission's oversight activities, annual progress reports on the implementation of the Acquis and any other specific issues that may arise.
- Regular submission of information and statistics to the EU, ITU and other international organisations.

Key Tasks

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. One moot example is frequency co-ordination that needs to take place between all neighbouring countries.

It is now felt that the MCA, five years after its inception, can make a more lasting contribution 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 Authority in achieving this objective.

The MCA will, during the Plan period, strive to achieve its objective by means of the following main tasks:

- 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 and ERG as well as in other international fora such as CEPT, NNA and the ITU. 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.
- 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 constantly evaluate 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.

Overview

This strategic objective has been included in recognition of the great importance that broadband has in the country's economic and social development, and hence the need for a focused drive to ensure an adequate supply of infrastructures and services.

Such a state of affairs will not only ensure competition and hence attractive prices and quality. It will also translate into a multi-platform broadband environment, thereby making take-up, on the part of economic operators and private citizens, more attractive and thus creating a condition that is necessary for the attainment of the Lisbon Agenda.

The MCA's activities on this front have come to the fore in the past two years, thanks to the articulation and implementation of wireless policies and strategies. All relevant assignments will have been made by 2005, thereby ensuring the conditions for potential supply of broadband-capable networks via a variety of technological platforms.

Key Tasks

It is expected that during the forthcoming three-year period the MCA will ensure that the various broadband technology platforms will be available to the Maltese public. By way of key tasks the MCA will:

- Monitor the roll-out 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 (MIIT).
- 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.

Overview

During 2002 - 2005 progress on the attainment of this strategic objective was more or less in line with the level of progress Malta's peers have been making in this new environment. The MCA has to date assisted Government in updating the legislative framework with regard to e-Commerce regulation via the proposal of amendments to the Parent Act as well as in the articulation of draft regulations on the subject.

The proposed regulations, which have recently been put out for public consultation, aim at establishing a light but effective supervisory regime that will serve to ensure that regulatory obligations are complied with, whilst reinforcing the consumer rights already enshrined in the Act. The regulations also seek to complete the transposition of the e-Commerce and e-Signatures Directives.

As a result of this exercise the Ministry of Competitiveness and Communications (MCMP) has designated the MCA as the Authority responsible for ensuring compliance with the e-Commerce Act and Regulations issued under it. This is in line with the requirement under EU legislation for Member States to have adequate means of supervision and investigation necessary to ensure compliance with EU rules related to Information Society Service provision.

The draft regulations require information society service providers to provide basic information to their clients in order to ensure that customers know who the service provider they are dealing with is. They also introduce obligations aimed at achieving an appropriate level of transparency with respect to commercial communications provided on-line.

Following the bringing into force of the regulations the MCA will be in a better position to fulfil this strategic objective.

Key tasks

During the Plan period the MCA will 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:

- 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
- Supporting the development of a voluntary accreditation scheme for Certification Service Providers

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.

Overview

The postal sector has, for a number of years, been characterised by the monopoly of Maltapost in the Universal Service area and an element of competition in the courier services sector. The incumbent is to an extent not new to a competitive environment, at least in the so-called wider competitive area.

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 and which will go down even further in 2007 in line with the provisions of the EU Postal Directive.

It is not, however, a foregone conclusion that competition will occur once the reserved area is removed given the dwindling volumes of post in this area.

The MCA's activities on the postal front registered substantial progress during the course of 2004 and 2005, mainly in the building of the regulatory framework. The following tasks were undertaken during this period in relation to the attainment of this Strategic Objective:

- The provision of advice and assistance to the MCMP in the drafting of the Postal Regulations, in line with the Postal Directive.
- The modelling of a licensing/general authorisation framework that minimises barriers to entry.
- The revision of Maltapost's licence.

The main regulatory building blocks leading to a potentially competitive environment (excluding the reserved area) have therefore been built. In several instances it is now a question of continued implementation and review of regulatory policy.

Key Tasks

It is not envisaged that there will be a strong competitive push in the universal service area. It is nonetheless necessary for the MCA to continue to create the environment that is conducive to the onset of competition within the limits imposed by the reserved area.

The period 2006 / 2008 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.

The Universal Service Provider needs to take into account its viability in a potentially competitive environment. This is an undeniable right, but one which needs to be exercised within the confines of the regulatory framework. The MCA will be

monitoring the development of rationalisation measures, which Maltapost may need to take. This aspect links to Strategic Objective P2.

It is not envisaged that there will be an overriding requirement to articulate wholesale access obligations - although the requirement for third party access at certain points of the infrastructure may arise - given also the fact that Malta's size and population density probably makes the duplication of an access infrastructure such as Maltapost's a feasible proposition.

Another issue that will need to be addressed is the one relating to VAT on postal services. This matter 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 competitive playing field and affordability of the service.

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.

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.

Overview

A sizeable amount of work has been done during 2004 / 2005 in relation to this strategic objective, and namely:

- The publication of an MCA decision on accounting separation and the commencement of the exercise on the part of Maltapost in consultation with the MCA.
- Public consultation and an MCA decision on Maltapost's quality of service obligations.
- The commencement of an exercise that will produce a price-control mechanism as the means to control tariffs.
- The formulation of mail integrity requirements for Maltapost and other operators who may eventually provide services within the universal service area.
- The identification of statistical information that postal operators need to submit to the Authority.

Key Tasks

It is envisaged that key tasks to be undertaken by the Authority towards the attainment of this objective will relate mainly to finalising the implementation of the framework established to date.

Thereafter it is expected that MCA activity will be mainly concerned with monitoring and review exercises in order to ensure that the Universal Services Provider meets its regulatory obligations. Such exercises will focus mainly on cost-orientation and tariff controls as well as on the quality of service targets that are set.

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 Universal Service Provider.

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.

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.

Overview

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. The following are deemed as being activities of particular relevance:

- The ongoing participation in the EU Postal Committee
- Active participation in other international fora such as the CERP and related working groups
- Other interaction with the EU or EU-assigned reporting organisations relative to the progress in the implementation of the Postal Directive.
- Regular submission of information and statistics to the EU, CERP and other international organisations.

A key event that will take place during 2006 is the review of the Postal Directive on the part of the European Commission. It is envisaged that this rather complex exercise will require substantial input from all Member States.

Key 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, which should take place during 2006.
- 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 from scratch over the course of the past four 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 has now been established in practically all electronic communications markets. It is reasonable to expect that intervention in inter-operator disputes and market reviews will register a substantial increase in activity. Existing legal and economic in-house capacity will need to be reassessed in light of the envisaged increase in these activities.

Increased activity is also envisaged in spectrum management as increasingly wireless networks and services are rolled out. Adequate technical capacity on this front is another essential requirement.

The international dimension has been identified as another inevitable growth area where the MCA will need to dedicate resources.

Another area where the MCA will need to dedicate additional human resources is in the interface with the general public, be it by way of information provision or complaints handling. It is envisaged that, now that there is substantial public awareness of the MCA, requests for information or redress will continue to increase.

Regulatory Policy formulation and review will retain a high profile, given especially issues posed by next generation networks and resultant convergence aspects in electronic communications.

Overall, this organisation will have to cater for a sector that should, during the strategic plan period, be in a state of significant expansion, 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.

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.

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 reflected in parallel movements on the institutional side in several other countries. 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 ensure that it has adequate finances to meet its regulatory mandate and will make sure that it delivers the best possible service to 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 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.