Strategic Plan 2002 – 2005 Update

September 2003

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01. Purpose of this exercise

The Strategic Plan 2002 – 2005 covers the period 1st July 2002 – 30th December 2005. The MCA shall be shortly submitting its three-year business plan for the period 2004-2006. In order to be able to submit this business plan the MCA needs to:

1. Review and validate its strategic direction.

2. Address the year 2006 as part of this Strategic review.

3. Cater for new initiatives that were identified and in some cases undertaken in the course of the past months.

02. Backdrop

The Strategic Plan 2002-2005 was the first document of its kind to be drawn up by the MCA. It has been significantly effective in providing the direction that has been followed by the MCA to date. A sizeable amount of ground has been covered in the space of a few months and the way forward today is clearer than it was at the time of the drawing of the Plan. Nevertheless the sector remains one that is subject to rapid and ongoing market and technological changes, hence the need to review and update as necessary.

Three milestones had been identified in the 2002 Strategic Plan Document in respect of the Telecommunications Sector. The first such milestone, that is the 1st of January 2003 – the date of full liberalisation of the telecommunications Sector, has now been surpassed. Liberalisation has formally taken place on the established date. The strategic thrust undertaken by the MCA during 2002 focused on the deliverables required to achieve this target. A substantial amount of work still remains to be done to bring about a fully competitive environment. The MCA will continue to concentrate its efforts, within the boundaries delineated by Government policy, on the objective of building a regulatory framework that caters for a 'de facto' competitive environment, as most of the regulatory building blocks come to fruition during this year.

The other two milestones, both of which are connected with Malta's forthcoming Accession to the European Union have shifted from the form those envisaged in the Plan. The first milestone, that is Accession date is now May 2004 as against the envisaged date of July 2004. This means a slight moving forward of the deadline for bringing into force the legislative provisions that reflect the *'New Acquis'* in Electronic Communications.

The third milestone – which highlights full compliance with the New EU Electronic Communications Framework - was envisaged as being attained in July 2005, when the Plan was being drawn up. Post-Plan developments have been such that this date has been moved forward to the end of 2004.

This forward movement of the two EU related milestones does not impinge directly on the other sectors which the MCA regulates, and namely Postal Services and Electronic Commerce.

03. Strategic Objectives

The MCA's Strategic Objectives for the 2002 - 2005 Plan Period are set out below:

Telecommunications

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.

T2 - Ensuring that residential and business consumers of telecommunications services get the best value-for-money from Maltese telecommunications services providers, and that any social inclusion aspects as may be identified are addressed.

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.

eCommerce

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

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.

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

Postal Services

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.

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

04. Validation of the Strategic Objectives and related outcome measures.

The Strategic Thrusts identified in the 2002 Strategic Plan remain valid for the period covered by the Update, that is 2004 to 2006. Clearly the tasks relating to objective T1, which entails the attainment of a fully liberalised and competitive environment, will be undertaken mainly in 2003. Nevertheless a significant amount of activity to address this outcome is still envisaged in 2004. Moreover, alignment with the '*New Acquis*' will entail effecting the necessary analyses of the new Markets that have recently been made official by the Commission and any other markets that the MCA may identify. This should also happen in 2004.

All the other strategic thrusts that have been identified in the 2002 Strategic Plan remain valid for the period that is tackled in this document.

There is one emergent priority in Europe – this is the development of Broadband. Europe is setting itself targets on this front, with the major one being the attainment of 50% broadband penetration (of all internet connections) by 2005.

It is premised that the individual tasks that have an impact on the development of Broadband are, with little exception, already catered for in the current strategic plan. The EU Commission is requesting, among others, that member states finalise a broadband strategy that should be built on three main thrusts:

01. The full effective and timely implementation of the new regulatory framework.

02. Encouraging the use of electronic communications technologies through broadband and multi-platform access, as outlined in the eEurope 2005 Action Plan.

03. Supporting and strengthening current research efforts at EU level.

The MCA considers that, given the increasingly high profile that the development of Broadband is attracting as a major EU objective, it should be included as an individual strategic thrust insofar as those aspects of the overall Broadband strategy are direct MCA responsibilities or require significant MCA input. The relevant strategic thrust has been identified as:

T4 -Facilitating the proliferation of Broadband, in line with the e-Europe mission and objectives, .via the development of the necessary regulatory environment

A number of tasks that are currently identified under other headings have been regrouped under this heading. Other emergent tasks have also been included. These tasks consist in:

o 3G roll out.

o IPV6/eNumbering policy.

o Input into National Broadband Policy.

o Infrastructure Sharing Policy.

o DTV Policy and Standards.

o Review of International Connectivity Options.

o Wireless LANs Policy.

o Powerline Communications Developments.

The redirection of these tasks under a Broadband-oriented strategic thrust will serve to provide the focus and the necessary co-ordination that this objective deserves.

Other tasks which impinge on the MCA's input into a Broadband policy and strategy are those related to the development of the regulatory regime. These tasks which fall mainly under Strategic Objective T1, are the following:

o   Licensing Regime Review and other liberalisation tasks

o   Local Loop unbundling (Consultation)

o   Implementing the New EU Regulatory Framework

o   Review of the SMP concept under the new EU Regulatory Framework

o   Spectrum Management Review – WTD Migration

05.   Envisaged activity in 2006

At this point in time it is not foreseen that any significant initiatives or projects beyond those already identified will emerge in 2006. Thus it is premised that the strategic direction established with respect to the period 2002-2005 holds good for 2006. It is plausible to expect that this year will be characterised by the review of a number of strategic elements that will have been established during 2002 - 2005.

The Authority's activity should, by 2006, centre more on the operational aspects of regulation and less on the setting-up project-type of work. There will, however be the strategic review aspects, as already indicated, to cater for.