



Malta Communications Authority Strategy Update for 2018 - 2020

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1. PURPOSE

This document represents a rolling update of the Malta Communications Authority's (MCA's) strategic direction for the period 2018 - 2020. It validates established strategic thrusts and factors in any new developments that are seen to have a significant impact during the plan period.

The key thrusts identified in this Strategic Update constitute the basis of the activities that are articulated in the Business Plan for the same time-period.

2. CONTEXTUAL BACKGROUND AND OUTLOOK

A number of events, both envisaged and unforeseen, have highlighted the challenging nature of the MCA's work programme during the current year. The impact of these events, all of which have as yet indeterminate outcomes, will quite likely spill over into 2018 and beyond. Meanwhile the MCA, as planned, has consolidated its direction in several policy areas, via the drawing up or updating of focused strategies.

Thus, the MCA's activities for the coming plan period present two distinct facets. On the one hand, a series of planned events that, both from a strategic and operational standpoint, present a continuation of the current direction. On the other hand, there are a number of events of an as-yet unclear direction. In these instances any resultant direction on the part of the MCA can only be known once the outcomes are clearly delineated.

The uncertainty being referred to is the product of unfolding developments that impact the MCA's regulatory role and, in particular, the electronic communications regulatory function, including spectrum management aspects. In the case of foreseen challenges, so far the MCA has addressed these in line with expectations, where conditions warranted. One unforeseen event, however, necessitates a cautious approach in the case of several work-streams being undertaken. The reference here is to the notification by Vodafone and Melita to the Malta Competition and Consumer Affairs Authority (MCCAA) of a proposed concentration between them. The amalgamation, in whatever form, of two out of three major players on the field inevitably makes for uncertainty, which can last several months, until matters are clarified.

Beyond the immediate implications on the MCA's ongoing work-plan, the proposed concentration brings with it new developments in the competitive environment, which the Authority would need to investigate comprehensively, with a view to deciding on whether it needs to review its current regulatory stance. Much depends on the outcome of the MCCAA investigation and eventual decision on the proposed concentration. At the time of writing of this Update, the investigation had gone to Phase II. A final ruling is expected in Quarter 4 of the current year, as a minimum. Thus, by the time this Strategy Update (and related Business Plan) is finalised, a clear direction on a host of regulatory measures that are work-in-progress, will still not have been established. These measures would need to be reviewed starting from 2018, with the nature of the direction taken depending on the outcome of the concentration proposal.

An issue that has been brought to the fore by the prospective concentration referred to above, is the lack of legal mandate on the part of the MCA, to formally participate in such an important exercise, given its resultant heavy impact on this Authority's work-schedule. The exercise of the MCA's powers in matters such as this should be an integral part of the formal concentration review process. The MCA should ideally also acquire a higher profile in ex-post competition and consumer regulation in the sectors where it has oversight, thereby maximising its sector expertise to provide a one-stop-shop experience to customers and undertakings.

Meanwhile the MCA has already been impacted by the proposed concentration in its efforts to assign spectrum in the 800MHz band. This first call had to be cancelled after all applicants withdrew their respective application, with a re-issue now slated to be held at the earliest possible. The setting of a date is now becoming a matter of priority. Mobile data quality of service would benefit substantially with the utilisation of this band, hence the importance of putting to market. The MCA's target remains for this band to be assigned by the end of 2017.

The focus now needs to turn to other spectrum-related targets, notably the laborious process of putting to market the 700MHz band by 2021. Given also the concomitant issues that are bound to arise, the MCA will frame this path to deployment in the ambit of a wider spectrum strategy that is being drawn up in the current year and that should be finalised and in implementation mode by 2018.

The strategic developments characterising spectrum policy and management emanate mostly from EU and ITU activity, given the international dimension of this resource as regards coordination of usage between neighbouring States, as well as the necessary global and regional technical standardisation requirements. The supranational dimension goes beyond spectrum, however, and spills over into practically all facets of electronic communications regulation. The ongoing review of the European Electronic Communications Code and the review of the relevant European institutional setup (BEREC Regulation) remains a major feature of the coming year's activity and the MCA will be at the centre of things both insofar as the continued provision of policy advice to Government in the making of the EU legislation as well as in the eventual transposition into Maltese Law. The latter exercise is expected to commence in earnest in the latter half of 2018 and is expected to spill over to a conclusion in 2019.

Developments on the postal front continue along the same lines evidenced in the past few years, with ongoing declines in local letter mail flows and increases in incoming international mail. Whilst the latter does not compensate for the former by way of volumes, it is a different story where values are concerned, given that most incoming mail is e-commerce related and therefore carries significantly more value on a piece-by-piece basis.

E-commerce thus becomes a main driver for postal services. The phenomenon is on the increase, as is the number of postal operators attracted to the business. The EU Commission, too, has taken stock of the e-commerce phenomenon insofar as it serves to shape the single market and intends to address any barriers to cross-border mail flows. The outcome of such action is as yet uncertain but there may be repercussions on postal incomes. The capability for remedial action needs to be available beforehand.

Meanwhile e-commerce continues to grow worldwide and Malta is no exception. What is particular in our case is that incoming e-commerce continues to handsomely outstrip outgoing e-commerce. Whilst the size of Malta (as in the case of other small jurisdictions) serves to explain this situation in part, there is still scope, from a national perspective, for a more balanced situation to prevail with e-commerce inflows and outflows.

On a related theme, the legislation relative to the registration of trusted sites is now in place and the first certification services providers have been assessed in terms of their eligibility for registration. This is a new process that is now in place and operational.

The MCA's mandate includes the promotion of the Information Society. This now longstanding set-up within the Authority presents an ideal marriage between the demand and supply sides of the Information Society. The resultant arrangement presents undoubted synergies. It also mirrors the institutional set-up within the EU Commission, as also reflected in the ongoing progress reporting with regard to Europe's Digital Agenda. With respect to interaction with the European Commission this wholesale set-up, therefore, additionally presents a clear one-stop-shop advantage.

The promotion of the Information Society remains a major pillar in the MCA's work programme albeit with shifting focus, in line with emergent needs, which need to be monitored on an ongoing basis.

On the innovation front, a series of initiatives launched last year are taking root and should see their consolidation throughout 2018. The reference here is mainly to promoting the growth of digital business activity in Malta and attracting foreign investment in related innovative services. However, there are other, diverse areas in the broader context of Innovation that are also under development, such as to the promotion of a Malta register for satellite filings and ongoing efforts in advancing cloud services.

Regulatory Mandate

Electronic Communications

The MCA caters for the element of uncertainty that will inevitably characterise its work programme throughout any given year. The outlook for the coming plan year, however, looks to be susceptible to somewhat more diverse scenarios than the norm. The major imponderables are two, namely:

1. What will result from the ongoing discussions at Council, European Parliament, and ultimately between the two institutions, on the Commission's various proposals for a Digital Single Market, including the Electronic Communications Code.
2. The outcome of the exercise being undertaken by the MCCA in relation to the notice of concentration submitted by Melita and Vodafone.

Whilst the first consideration is, to an extent, a known quantity in terms of the nature of the exercise and issues on the table, if not entirely the outcome, the second presents aspects that are difficult to assess at this point in time, if anything because the review of the proposal is being undertaken by the Malta Competition and Consumer Affairs Authority (MCCA) and is not currently visible to the MCA. To date, the proposed concentration has already had repercussions on the 2017 programme. It is envisaged that whatever the outcome of the MCCA's deliberations, there will also be repercussions on the MCA's 2018 programme.

An issue that emerged clearly from this exercise is that there is no legal power that in any way formally involves the sector National Regulatory Authority in a concentration exercise involving relevant sector players and therefore liable to condition heavily the sectors that it regulates. This is considered as constituting a lacuna and the MCA has made the necessary recommendations on the matter.

Beyond the immediate implications of an eventual concentration on the MCA's work-schedule, there remain concerns as to the level of competition that would subsist in a possible two player scenario. The MCA will need to take stock of the resultant market situation following the MCCA's decision, and adopt the necessary measures within its powers, to ensure that the level of competition remains sufficiently high, as to effectively benefit consumers in terms of value-for-money. Any such exercise is bound to necessitate substantial analysis and, depending on the outcome of the MCCA deliberation, may also go beyond 2018.

The MCA will continue pursuing the adoption, on the part of the EU Commission, of more 'user-friendly' SMP guidelines, as well as the inclusion in the Communications Code, of references to the regulation of SMP, in particular with respect to circumstances that may constitute a lacuna under the present methodology.

The MCA is due to carry out a raft of market analyses in the forthcoming plan year, notably the analysis of markets 3a and 3b. The outcome of the concentration exercise, as well as the exercise in relation to the review of the Commission's SMP guidelines may both have a sizeable impact on the market analysis programme in terms of both approach and possible outcome. One or more markets that were liberalized several years ago may need to be revisited. The cascading effect on current remedies being adopted cannot be ignored either and these, too, would need to be reviewed according to the outcome of the individual market analysis exercises eventually undertaken.

The national spectrum strategy has also been impacted by the domino effect resulting from the proposed concentration. The MCA has had to postpone assignment of the 800MHz band in March of this year, owing to legal complications brought about by the declared intention of the two parties concerned to form a concentration in the middle of the assignment process and consequent withdrawal by all applicants participating in the process. The 800MHz band is a key component in the delivery of 4G mobile data. Increased uptake of data usage without the utilisation of this resource can present distinct disadvantages in terms of efficiency and quality of service. The MCA intends to rectify the situation in the course of 2017, through to early 2018. In the meantime it will, by this time, have worked towards a lasting resolution of possible interference issues between mobile data and TV.

Concomitant with this raft of operational activities dictated partly by emergent situations¹, the MCA will also be continuing a series of longer term strategic exercises commenced in 2017. These are focused mainly in the spectrum policy area and consist in an overarching spectrum policy and strategy as well as sub-strategies in areas where the subject matter presents complexities as to warrant further drilling down.

The overarching spectrum strategy, which is planned for drafting in the current year, will quite likely be published early in 2018 and should present a number of work-streams that the MCA will embark upon immediately thereafter.

One such work-stream has to do with envisaged developments in the sphere of Digital Terrestrial TV (DTTV) broadcasting, moving forward. Given the as-yet substantial dependency of Maltese sector operators on DTTV broadcasting, it is inevitable that this area is impacted by the ongoing encroachment of mobile data services in spectrum traditionally utilised for television transmission. The existing nine DTTV multiplexes will be whittled down to six by 2020, as the 700MHz band becomes available for mobile data use. Measures set to address a way forward in such circumstances need to be explored well before the event. The exercise is under way and will culminate in the publication of a policy and strategy document in 2018, which should clearly indicate of the relevant work-streams that need to be embarked upon.

The impact of the reduction in multiplexes will only affect the commercial operator. The MCA earlier this year successfully migrated the multiplex carrying General Interest (GI) broadcasters from channel 66 to channel 43, thus guaranteeing continued GI broadcasting over terrestrial means for an appreciable time horizon.

¹ The interaction with the EU, mainly via BEREC, for changes to the SMP guidelines constitutes, on the other hand, a planned measure

The transition to IPTV is picking up speed, particularly at the expense of DTTV subscriptions. In this context it is not unreasonable to assume that, over the next four years, the bulk of transmissions will migrate to fixed-line platforms. With licence renewal for terrestrial frequencies due by 2021, there are strategic decisions to be made by the commercial operator concerned, as well as by the Authority. The transition to IP is an attractive solution as much as it is a practical one.

The multiple developments in TV transmission highlight the rationale for a comprehensive review (already under way) of the policy and strategy relative to TV transmission.

Speed in deployment of IPTV therefore becomes a major variable in the equation. The rate of change is steady and GO's IPTV connections now stand at around 36% of its total subscriber base². IPTV depends on robust and high-speed connectivity. Thus the migration of fixed line electronic communications networks from traditional to next-generation is another important link in the envisaged chain of events.

Malta is well-served with high-speed (30Mbps+) broadband networks. Even at the level of 'ultra-high speed' broadband, that is, 100Mbps or more, the picture remains a positive one. Melita has a nationwide offer for 250Mbps fixed broadband and is in the process of further upgrading the network to DOCSIS 3.1. GO advertises a 500Mbps product for those areas covered with FTTH. The deployment of FTTH is, however, currently limited to over fifty-thousand houses passed³.

The rate of network deployment remains the prerogative of the sector, as long as demand for ultra-high speed broadband is reasonably met. On its part, government, through its various institutions, can facilitate deployment without disrupting competition. At the same time, one cannot exclude the possibility that Government might eventually resort to demand-side measures to encourage subscribers to switch to higher speeds, in order to reach Europe 2020 uptake targets, that is, 50% of the population on 100Mbps.

Speed is merely one key factor that characterises a broadband service. Quality, reliability and ubiquity are the other supports on which a robust broadband environment, whether fixed or mobile, stands solidly. In the current year substantial progress has been made in tackling the complex matter of quality in service delivery. Whilst local fixed broadband delivery is overall rather robust, the fact that Maltese customers access content that is mainly located overseas makes for a quality of experience that is dependent on the quality of international connectivity. The MCA is in the process of finalising a measurement system that can provide a tangible picture of this rather elusive parameter. The measurement system will be applicable for both fixed and mobile data and will permit users to compare across providers. The coming year should see the system in operational mode.

Resilience in the international link is relatively good but can be further strengthened with a cable leading to an alternative jurisdiction to the current one, where all Malta's existing cables land. The studies for such an important project are ongoing. The discussion is on whether a second link from Malta to North Africa (thus linking mainland Europe with North Africa via Malta) would make the project overall a viable proposition from a business perspective as well from a resiliency one. All avenues and options need to be addressed carefully prior to a final decision as to the way forward.

² Data as at end December 2016. Interestingly, the end-2016 IPTV figures represent a 32% increase over the corresponding figures as at end 2015, indicating a rapid rate of migration.

³ As per GO statement reported in the media on August 4th 2017.

Ubiquity in fixed broadband cannot be considered as being an issue in Malta. The same can be said of mobile broadband. However, rising demand can strain network capacity, hence the need to bring to market the necessary spectrum for sustained quality of service. The MCA intends to pursue this strategy in a co-ordinated fashion and beyond measurement and information, will also explore the setting of standards in service provision as part of spectrum licence conditions.

Last, but not least, the MCA will ensure that a competitive environment is upheld, not only by means of market analysis and regulatory remedies but also via the provision of the necessary stock of frequencies required for a competitive operation.

The MCA's role as advisor to Government will continue to be sustained in 2018, following the current, rather busy year on this front. This had to do mainly with the input to the Maltese Presidency on the successful closure of the Roaming Regulation dossier and in achieving considerable progress in the Electronic Communications Code. The latter is still some way from conclusion and it is envisaged that activity on this front will be intense, starting with the ongoing discussion at Council Working Party level and thereafter with transposition. The MCA will also continue to participate, along with the other BEREC members, in providing its input to the EU Commission relative to the Code at the regulatory level.

Another notable deliverable to address will be the upgrading of the National Broadband plan, in order to factor in envisaged developments in relation to the deployment of 5G and the gigabit society. Beyond commitments made at EU level relative to the attainment of these targets it is premised that the achievement of these milestones would put Malta in the ideal position to tap the socio-economic benefits that derive from advanced infrastructures. Further reference to this aspect can be found in the section dedicated to Innovation below.

Network security remains at the top of the agenda and it is envisaged that following the fact-finding carried out this year a rolling audit will be established thereafter. The setting up of such an ongoing arrangement is to be considered as a win-win for operators and users alike. Partly in this context the MCA will also launch an initiative set at collecting infrastructure mapping information from available sources.

Postal Services

Despite the ongoing decline in letter mail volumes, which are only partially offset by incoming registered mail and parcels, Maltapost's income and profits remain sustained. Even so, the MCA's priority to follow closely possible developments in the market, expressed last year, remains valid. One such development may be the EU regulation for more transparency in cross-border terminal dues, which moves closer towards agreement and formalisation.

The MCA will continue to press for quality of service delivery at the established efficiency targets, whilst exploring options available in affording the incumbent the necessary flexibility to seek a right-sized Universal Service Obligation, in order to secure the necessary efficiencies in its operation.

Maltapost's quality of service delivery – currently set at 95% next-day service – hit a snag throughout 2016 and is a cause of some concern given the sustained drop. Maltapost's performance has since

improved but the situation will be monitored. The inclusion of postcodes in the standard legal address should contribute to improving the situation on this front.

Meanwhile the wider phenomenon of incoming mail and the competition scenario will continue to be monitored in order to ensure that existing asymmetric regulation continues to be effective and of benefit to operators and consumers alike.

There are therefore no particular changes envisaged in the MCA's strategy for Postal services, which retain a high level of importance in the overall socio-economic fabric and increasingly play a lead role in the development of a vibrant eCommerce sector.

E-Signatures

Following the successful transposition and implementation of the necessary processes and procedures, the MCA is now in ongoing operations mode. So far two applications are being processed, one of which the Government IT agency. These are providing the necessary 'proof of concept' and should attest to the solidity of the established processes and procedures. Other queries from possible applicants are being addressed. The intention is to offer a registration framework that is robust and at the same time lightweight enough to attract applicants to register in Malta.

The MCA will monitor the situation and make the necessary ameliorations to the registration and subsequent monitoring processes in a cycle of continuous improvement.

Promotional Mandate

Information Society and Economy Initiatives

Article 4(3)(u) of the MCA Act (Cap 418) provides the MCA with the mandate to "perform such other functions, including functions aimed at promoting the information society". The Information Management and Development function is now embedded as a core activity of the Authority and constitutes a logical continuity with its regulatory mandate, bringing supply of, and demand for, electronic communications together under one coordinated activity. The EU Commission's DG Connect follows the same logical structure, as also reflected in the Digital Society and Economy Index (DESI), which is the Commission's measuring tool for progress within this policy area by the individual Member States.

Malta enjoys an overall 12th place within the DESI and is among the front runners on a number of sub-indices relating to infrastructure deployment. On the 'demand side' the going has been more difficult, with digital literacy still in catch-up mode, in relation to equivalent statistics in other Member States. Even so, results in the past few years have been very encouraging and progress has been tangible, providing the impetus for further progress.

The Authority is well aware of the literacy issues and which cohorts lie on the wrong side of the digital divide. Drives to bring literacy to over 50's and senior citizens will therefore continue with added emphasis. At the same time, fresh emphasis is being placed on training that goes beyond mere literacy and into applied use, that is, training people to maximise the benefits of online tools, which can make internet usage a much more meaningful - and productive - proposition.

The MCA has this year embarked on a focused strategy in the area of the Information society such as to validate and review its direction in this area. The strategy is in the process of finalisation.

The strategy, whilst validating the thrusts currently under way, has also identified a number of areas where focus should be placed. Notably it advocates a shift from encouraging the first steps in digital accessibility to encompass digital facilitation in a number of areas, such as eCommerce, coding and safety among others. Already, a number of measures to address this emerging gap are in place, but the intention is to increase the tempo of related project activity, in order to cater for what is perceived as being a new divide. This is identified as consisting of those persons who have basic skills and the means to access technology but for various reasons may be falling behind in the ability to realise the full benefits of ICTs.

The awareness of this new divide does not dilute the importance of catering for those who may not yet have even the basic skills, possibly due to the expense involved. Notable among the training scheduled for citizens is a scheme that is set to provide not just the training but also reconditioned hardware and subsidised Internet subscriptions for a determinate time-period. In this way pensioners who may be discouraged by the added expense will be encouraged to take the plunge.

Training schemes in the applied use of the Internet and data-enabled smart phones and tablets will be ramped up, on the basis that this is a second essential step to improving literacy. Once the basic Internet needs have been satisfied people need to remain fired up with the knowledge that they can reap tangible benefits out of their new-found skill. Enabling them to make the best use of useful applications is one such way.

The issue of literacy does not stop with private citizens but spills over into the business sphere and here, perhaps, the issue is of greater concern, as bricks and mortar outlets are increasingly challenged by online alternatives. Beyond the immediate crisis-management arguments, however, the opportunities open to businesses that embrace online trading are undoubted and substantial. Hence the push by the Authority to encourage the business community to increasingly make use of online solutions, via the continuation of multi-year initiatives commenced this year.

The younger generation does not have problems with getting online, with practically a 100% Internet presence. In this case the emphasis continues to be on coding at an early age in order to encourage the younger generation to become enablers rather than users. The coding programme has been expanded and will continue in earnest.

The extent to which the outcome of this function will be of significance will also depend on the financing that will be made available. Apart from government financing other sources are actively sought, including funds of EU provenience. In the latter case funding normally comes with a requirement for cross-country collaboration and therefore presents the added advantage of cross-fertilization of ideas with corresponding entities in other Member States.

Innovation and Investment

This strategic objective embraces various work-streams and initiatives, spanning both 'traditional' sectors that essentially fall under the MCA's regulatory mandate and other business sectors in the wider ICT sphere, that do not.

In 2016, the MCA began to focus on Innovation as a distinct strategic objective, in order to give it the necessary profile as a mainstay of the Authority activity. A five-pronged plan was launched, with implementation of related strands commencing during the same year.

The current year sees a more mature phase in the plan, with the related strands now entering a consolidation phase. Notably, ZEST, the annual event intended promote and facilitate digital business, is now in its second edition. A repeat of last year's success, or better, will consecrate it as a staple, key to Malta's digital business start-up scene.

To further advance market intelligence and foresight that will contribute to further development in the Maltese start-up ecosystem, last year the MCA partnered with Startup Genome. The aim of this partnership was that of securing that Malta's inclusion in their report, which examines and benchmarks start-up ecosystems globally. The Report revealed that Malta shows significant growth potential as a start-up ecosystem, scoring particularly highly in talent and market reach. Despite having the smallest ecosystem in terms of value, which currently stands at €770 million, Malta's growth rate is significantly higher than the regional average. This indicator reveals positive prospects for the ecosystem's ability to increase the density and valuation of Malta-based start-ups in the near future. Collaboration with Startup Genome is envisaged to continue during next year.

Other activities that commenced in 2016 will run through the current year and into 2018. This will be the third year of the Innovation initiative and should see its emerging maturity, partly through signs of a consolidation in outcomes.

Throughout the first two years' experience it has emerged more clearly that Malta needs a focal point in order to build a lasting tech start-up culture. A fresh thrust is therefore envisaged with a view to establishing a co-ordinated institutional approach. The consolidation of digital economy and innovation under a Parliamentary Secretariat within the Office of the Prime Minister can facilitate the development of more holistic policy frameworks and programmes for new digital sectors. Taking note of Government's pledge to set up a dedicated body in line with its vision to position Malta as a hub for start-ups, the MCA aims to be a lead partner to Government in this front. To this effect, drawing on its technical expertise and experience, the MCA has presented a series of proposals for Government's consideration.

As regards, the pursuit of innovation in those areas deemed as making up the MCA's established mandate, this has to do primarily with the technology component, and in particular with spectrum policy and management. On this front, the MCA will be reviewing its spectrum policy and strategy. It will also be proposing updates to Government relative to the national broadband plan, in line with agreements made at EU Council level. These updates are set at incorporating the necessary plans for the introduction and eventual launch of 5G on a national scale as well as with respect to the undertakings made relative to the Gigabit society.

The spectrum test and trial licence framework should hopefully see more applicants in 2018, thanks to the reframing of the licensing regime and the launch of a communications campaign. Work on the development of satellite communications services is now focusing on the development of a framework for satellite filings and work continues in earnest.

The study on an alternatively-routed international data gateway to Europe is ongoing. It is now at a cross-road, with the EIB recommending that the Malta-Europe route is also linked to North Africa, for the consolidation of the project's economic feasibility, over and above its strategic value.

In all instances, work on areas entailing innovation is painstaking and results take time to materialise. Focus and perseverance are key virtues that need to provide the necessary inspiration in the delivery of the tasks involved.

As in the case of Information Society strategic objectives, initiatives undertaken in the innovation arena are based on a clear legal mandate that is provided under Article 4(3) of the Malta Communications Authority Act (Cap 418).

3. KEY CONSIDERATIONS

The underlying context to the Strategy Update for the period 2018-20, provided in Section 02, effectively translates into the following key considerations, most of which have been identified in the previous update but nonetheless remain relevant for the period under review:

- An adequate variety of consumer choice and value for money need to subsist.
- The Authority will strive to maintain competitive stimuli in the market via the right mix of asymmetric and symmetric obligations.
- The Authority will continue to support a review of the ex-ante concept of Significant Market Power (SMP) in light of the potential issue of joint dominance.
- Regulatory measures will continue to support both infrastructure- and service-based competition, in the new high speed environment.
- Facilitating the deployment of high speed electronic communications networks remains a priority.
- The International dimension of the Authority's work, especially with regard to electronic communications, will remain significant in the foreseen plan period.
- The Authority will continue to be actively involved in advising Government on, and thereafter in assisting with transposition of the European Electronic Communications Code.
- Active participation in BEREC and EU fora carries renewed importance in view of the need to consistently put forward Malta's position, particularly in areas which are of particular relevance to the local scene.
- The proposal by the Authority for assumption of ex-post powers, for the sectors that it regulates, assumes renewed importance in light of market developments.
- In the meantime, the Authority will continue to monitor market developments on an ongoing basis and update its work programme accordingly
- Additional consumer-related powers would also render the Authority more effective in the execution of its mission and enable the application of a one-stop shop concept to the benefit of end-users.
- Consumer protection will continue to be addressed through a mix of awareness raising activities and enforcement.

- Wider public awareness of the MCA means better dissemination of information to users as to their rights.
- Overall, the continued development of the Authority's communications strategy remains a priority.
- An assessment of quality of consumer experience, with focus on fixed and mobile broadband, serves to give a more comprehensive picture of service delivery.
- Spectrum management will serve as a key tool in ensuring efficiency and quality in service delivery.
- Spectrum policy and management are best exercised at the level of national jurisdiction, within an overall European and international strategic and high level policy framework.
- The 700MHz band will be cleared within required timeframes, in the ambit of a wholesale review of terrestrial television transmission policy
- Services will be delivered within required levels of network security and resiliency.
- ICT user-oriented training programmes will be targeted specifically at the most vulnerable groups and individuals in order to bridge the digital divide, but will also serve to encourage youngsters to eventually take up IT as a profession.
- The main challenge in a liberalised postal market will be ensuring the sustainability and currency of the universal service in an openly competitive environment, in the face of declining letter mail volumes.
- The Authority will provide the necessary assistance to Maltese SMEs and micro-enterprises to embrace ICT more, particularly eCommerce.
- Connectivity is key and Malta's insularity presents a singular dimension in this respect.
- The attraction of communications activity to Malta should ultimately be of direct benefit to operators in that it increases demand for networks and services.
- Home-grown innovation in the ICT sector will be encouraged and assisted.

The above considerations effectively serve to shape this Strategy Update.

4. MISSION AND UNDERLYING PRINCIPLES

The MCA's mission statement is stated hereunder:

- **To promote and safeguard sustainable competition, customer choice and value for money in the electronic communications, e-commerce and postal sectors, and**
- **To facilitate the development of an environment that is conducive to investment, innovation, social inclusion and economic growth.**

The Mission Statement is reviewed annually and amended from time to time in order to maintain its currency vis-à-vis the MCA's evolving mandate.

In carrying out its mission the MCA is committed to performing in a manner that is transparent, proportionate, non-discriminatory and objective. The MCA's mission statement embodies a set of principles, which the Authority holds central to all the activities that it carries out, and namely that:

- The objective of competition regulation is the attainment of a range of communication services of high quality, at competitive prices, provided by multiple sector players.
- In the absence of competition, regulation will seek to simulate the effects of competition.
- Competition regulation should ideally consist of a co-ordinated raft of ex-ante and ex-post tools.
- In reaching its regulatory objectives the Authority shall make use of both asymmetrical and symmetrical regulatory tools.
- Regulation will cater for the interests of consumers but will also take into account the exigencies of service providers.
- Regulation will respect the principle of technological neutrality and be sufficiently flexible as to facilitate change and innovation.
- Beyond regulation, timely and relevant information to stakeholders is another important means of safeguarding consumer interests as well as stimulating competition.
- The Authority's decisions will be reasonably transparent and accessible to all in order to facilitate decisions by market players, policy makers and other stakeholders.
- The need for consultation with all stakeholders concerned remains a cornerstone of transparency, particularly in situations where significant changes are foreseen.

- The MCA's activity should serve to overall contribute to Malta's transition to a knowledge society and economy and to the maximisation of social and economic welfare.
- The MCA will advise Government on all aspects in relation to its mandate and in the provision of such advice will give due weighting to local sector circumstances.
- Any MCA advice to Government regarding rights of use will be based on criteria that balance the need for Government to maximise the economic value of its assets with the impact of their utilisation on society and the wider economy.
- The Authority will be proactive in promoting Malta as an ideal venue for investment in communications intensive activities.
- The pursuit of innovation shall be treated both as a culture (inspiring, facilitating and concerting discussion and foresight) and as a function (stimulating, facilitating and promoting the growth of digital business activity in Malta).
- In order to achieve its mission the MCA will continue to retain the necessary freedom to operate, whilst remaining accountable with respect to achieving Government's policy objectives.
- The MCA will consistently seek collaboration from Governmental and other stakeholders in the pursuit of its mandate.
- The MCA's performance will be measured and reviewed on an ongoing basis.
- The Authority will maintain the right level and mix of expertise in order to fulfil its mission.
- The MCA will ensure that it is sufficiently resourced to carry out its mission and mandate at optimal levels.

5. STRATEGIC OBJECTIVES

The MCA's Strategic Objectives for the period covered by this Plan may be seen below. As with the Mission Statement, these objectives are reviewed on an annual basis and changed or fine-tuned to maintain full consistency and currency with the MCA's mandate in the context of the fast-changing environment in which it operates.

Thus the Authority's objectives change over time according to the priorities that it sets in line with emerging sector trends. In the course of drafting of the 2016 Strategy Update, the Authority effected significant changes to its objectives, in order to emphasise developments taking place on the Innovation and eCommerce fronts. These changes have been tracked for the past two plan periods.

In light of recent and forthcoming developments, no changes to the Authority's current raft of strategic objectives are seen as being necessary in this update. The forthcoming year is seen as representing continuity at the strategic level.

Meanwhile, a number of focused sector reviews' slated for the current year' are in the process of being finalised for public consultation, prior to adoption. The forthcoming plan year should witness the commencement (or the continuation) of the implementation phase of these various sector strategic reviews, which have served mainly to provide fresh focus but overall no change in direction to strategic thrusts.

The MCA's Strategic Objectives are therefore unchanged, and read as follows:

Electronic Communications

- T1 - Promoting and safeguarding competition in the electronic communications sector.
- T2 - Ensuring that electronic communications undertakings provide a transparent, value-for-money service to users whilst adhering to incumbent social obligations.
- T3 - Contributing to the development and implementation of electronic communications regulatory policy.

e-Commerce

- E1 - Facilitating the development and uptake of eCommerce and other online services.
- E2 - Supervising the provision of electronic signatures and trust services.

Postal Services

- P1 - Safeguarding sustainable competition in the Postal Sector.
- P2 - Ensuring that postal undertakings provide a transparent, value-for-money service to users whilst adhering to incumbent social obligations.
- P3 - Contributing to the development and implementation of Postal regulatory policy.

Information Society

IS1 - Achieving widespread e-literacy and digital inclusion.

Business Development and Innovation

IN1 – Promoting and facilitating business development and innovation in the sectors under the MCA's purview.

The MCA's projects and ongoing tasks will all be targeted to address any one of the above strategic objectives, barring activities of an internal or operations support nature.

6. INDIVIDUAL STRATEGIC OBJECTIVES – OUTLOOK/KEY TASKS/NEW THRUSTS

The MCA's major thrusts for the period under review, categorised by Strategic Objective, are outlined below:

Strategic Objective T1

Promoting and safeguarding competition in the electronic Communications Sector.

Outlook

- Maintaining conditions for a multi-player scenario.
- Catering for potential oligopoly situations.

Key Tasks

- Awarding 800Mhz and continuing process to clear 700Mhz band.
- Publishing and commencing implementation of the National Spectrum Management Strategy.
- Continuing scoping work on spectrum earmarked for 5G.
- Managing information as the means to promote competition.
- Continue making the case for assumption of ex-post competition regulation powers.
- Maintaining the compliance framework set at safeguarding a competitive environment.

New Thrusts

- Key thrust will be in respect of maintaining a suitably competitive environment and retaining the capability to intervene effectively if competition regulation is deemed necessary.

Key Performance Indicators

The MCA will continue to monitor progress vis-a'-vis this objective via the following key performance indicators:

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 wholesale agreements, Reference Offers and cost oriented charges, where these are required.
- New service offerings.
- Overall sector volume indicators.

Strategic Objective T2

Ensuring that electronic communications undertakings provide a transparent, value-for-money service to users whilst adhering to incumbent social obligations.

Outlook

- Consolidating quality in fixed and mobile data service delivery.
- Establishing a long-term way forward for commercial and General Interest TV transmissions.
- Confirming resiliency and security of networks.
- Maintaining focus on consumer empowerment and protection.

Key Tasks

- Reviewing operators' QoS delivery especially in data services.
- Strengthening the MCA's powers vis-à-vis consumer protection.
- Reviewing network integrity and resiliency.
- Kicking off the implementation of the strategy for TV transmission for both Commercial and General Interest transmissions.
- Providing information to consumers via campaigns on relevant media and comparative reports.
- Managing the compliance framework in electronic communications and spectrum activities, including the procurement of key equipment for the purpose.

New Thrusts

- Renewed focus on security and resiliency of networks.

Key Performance Indicators

The MCA will continue to monitor progress vis-à-vis this objective via the following key performance indicators:

Strategic Objective T2 – Key Performance Indicators

- Publicly available information relative to required QoS measures.
- Stakeholders' perceptions of the overall value and quality of services provided.
- Stakeholders' perceptions of the regulator.
- % of complaints placed with MCA dealt with satisfactorily.
- No. of ongoing inspections/site visits (interference, radiation, etc.) and outcomes.

Strategic Objective T3

Contributing to the development and implementation of electronic communications regulatory policy

Outlook

- Contributing to the articulation of the European Electronic Communications Code and transposition of relevant aspects.
- Contributing to the establishment of positions within BEREC and other international fora on key matters such as the EU SMP guidelines.

Key Tasks

- Continuing provision of input to Government on the various strands of the EU's Digital Single Market Strategy.
- Transposing the European Electronic Communications Code into Maltese law.
- Contributing to the review and amendment of the EU SMP guidelines.
- Interacting at various EU, BEREC and International fora, pushing forward the MCA and Malta perspectives on relevant matters arising.
- Ensuring Malta's participation in ITU 2018 plenipotentiary conference.

New Thrusts

- Focus remains on the European Electronic Communications Code and other actions resulting from the Digital Single Market Strategy that fall within the MCA's remit.

Key Performance Indicators

The MCA will continue to monitor progress vis-à-vis this objective via the following key performance indicators:

Strategic Objective T3 – Key Performance Indicators

- The MCA will, on an ongoing basis, evaluate the effectiveness of participation in EU and international fora, as well as the provision of related advice to Government.

Strategic Objective E1

Facilitating the development and uptake of eCommerce and other online services.

Outlook

- Implementing work-streams emerging from the mid-term evaluation of the eCommerce Strategy.
- Increasing public confidence in e-commerce.

Key Tasks

- Increasing focus on eCommerce uptake by business.
- Putting into operation the (EU funded) eLearning portal for SMEs.
- Addressing other identified work-streams in the mid-term evaluation set at incrementing outgoing eCommerce.
- Continuing awareness-raising of digital markets and the Cloud in the business community.
- Providing free training on online transactions to individual citizens.
- Maintaining an updated information database on e-Commerce activity, organising stakeholder fora and commissioning of surveys of public usage and perceptions of eCommerce.

New Thrusts

- Increased emphasis on outgoing eCommerce.

Key Performance Indicators

The MCA will continue to monitor progress vis-a'-vis this objective via the following key performance indicators:

Strategic Objective E1 – Key Performance Indicators

- e-Commerce uptake figures – in % of individuals.
- Cross-border eCommerce - in % of individuals.
- Enterprises Selling Online - in % of enterprises (SMEs).
- Public awareness of the regulatory role of the MCA.
- Public awareness of their rights with respect to e-commerce.
- Service provider awareness of their legal obligations.
- Public perception with regard to the security of e-commerce transactions.

Strategic Objective E2

Supervising the provision of electronic signatures and trust services.

Outlook

- Operational phase of e-IDAS.

Key Tasks

- e-IDAS: promotion and management of related processes.
- Addressing other legal requirements of Information Society Services Providers (ISSPs).

New Thrusts

- Focus shifts to the promotion of the e-IDAS licensing framework.

Key Performance Indicators

The MCA will monitor progress vis-a'-vis this objective via the following key performance indicators:

Strategic Objective E2 – Key Performance Indicators

- The attainment of a registration process for CSPs and the relevant monitoring mechanism will be the KPI for this strategic objective.
- Other KPIs for E1 as may be relevant for this objective as well.
- Number of entities on the Malta register.

Strategic Objective P1

Safeguarding sustainable competition in the postal sector.

Outlook

- Management of the competition regulatory framework.

Key tasks

- Continuing enhancements to the MaltaPost economic control model.
- Reviewing competition dynamics in specific areas.
- Managing the Postal compliance framework.
- Monitoring of postal market activity via collection and analysis of data.

New thrusts

- Key thrusts remain the same.

Key Performance Indicators

The MCA will continue to monitor progress vis-à-vis this objective via the following key performance indicators:

Strategic Objective P1 – Key Performance Indicators

- Number of postal services providers in the various postal markets.
- Postal volumes, prices and other relevant trends.
- New service offerings.
- Universal Service Provider making reasonable return on capital.

Strategic Objective P2

Ensuring that postal undertakings provide a transparent, value-for-money service to users whilst adhering to incumbent social obligations.

Outlook

- Ensuring continued sustainability and quality of the Universal Service.

Key Tasks

- Contributing to the articulation of regulation on cross-border parcel delivery services based on the European Commission's proposal and ensuring its implementation once adopted.
- Determining way forward vis-a'-vis universal postal service obligations.
- Managing the compliance framework.

New Thrusts

- Key thrusts remain the same.

Key Performance Indicators

The MCA will continue to monitor progress vis-à-vis this objective via the following key performance indicators:

Strategic Objective P2 – Key Performance Indicators

- QoS performance statistics in relation to set targets.
- USP and MCA Complaints statistics.
- Postal volumes, prices and other relevant trends.
- Public and business perceptions (biennial).

Strategic Objective P3

Contributing to the development and implementation of Postal regulatory policy.

Outlook

- Providing input to Government on EU proposals, as well as on national matters.
- Contributing to the establishment of positions within ERGP and other international fora.

Key Tasks

- Providing policy advice to Govt on EU and other international matters as well as on aspects that are national in scope.
- Contributing to fora and related working groups of the ERGP, Postal Directive Committee and other related bodies.
- Providing statistical and other relevant information to EU and other international fora to which the MCA is affiliated.

New Thrusts

- Key thrusts remain the same.

Key Performance Indicators

The MCA will continue to monitor progress vis-a'-vis this objective via the following key performance indicators:

Strategic Objective P3 – Key Performance Indicators

- The MCA will, on an ongoing basis, evaluate the effectiveness of participation in EU and international fora, and the quality of its advice to Government on international matters.

Strategic Objective IS1

Achieving widespread e-literacy and digital inclusion.

Outlook

- Implementing new strands identified in the Strategic re-alignment.
- Focus on applied use of ICT learning, ie towards practical day-to-day online solutions.
- Incentivizing digital inclusion.

Key Tasks

- Incentivizing digital inclusion via a hardware/connectivity scheme for senior citizens (as from 2019).
- Incrementing schemes for applied ICT learning.
- Managing (and possibly expanding) free wi-fi hotspots initiative.
- Establishing a coding vision for Malta.
- Encouraging e-Business solutions.

New Thrusts

- Focus on applied use of ICT learning.

Key Performance Indicators

The MCA will continue to monitor progress vis-a'-vis this objective via the following key performance indicators:

Strategic Objective IS1 – Key Performance Indicators

- Internet uptake figures:
 - No. of Maltese households connected;
 - No. of individuals using Internet frequently;
 - No. of individuals in employment using Internet frequently;
 - No. of individuals aged between 60 and 75 using Internet frequently;
 - No. of persons who have never used the Internet.
- Public perceptions on the benefits of ICT for domestic and business use:
 - No. of Businesses using ICT;
 - No. of businesses using the Internet.

Strategic Objective IN1

Promoting and facilitating business development and innovation in the sectors under the MCA's purview

Outlook

- Promoting and facilitating business development in relevant communication niches.
- Updating the National Broadband Plan.

Key Tasks

- Consolidating the function – and related activities - tasked with promoting and facilitating innovation and digital business growth.
- Promoting institutional co-ordination in assistance to start-ups.
- Developing untapped potential of spectrum and any related activities.
- Supporting wireless research and development.
- Updating feasibility study on the international connectivity project.
- Updating the National Broadband Plan with implementation strands in relation to 5G and Gigabit Society commitments taken at EU Council level.
- Review IPv6 and other numbering limitations that might impair the deployment of new and innovative services.

New Thrusts

- Promoting institutional coordination for start-up assistance.
- Planning for 5G and Gigabit Society.

Key Performance Indicators

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

Strategic Objective IN1 – Key Performance Indicators

- Level of activity / number of hits on the MCA Innovation Observatory:
 - No. of member organisations in the innovation stakeholder network;
 - No. of studies conducted as a result of intelligence building activities.
- Level of participation (attendees and representation) in MCA organised events:
 - No. of times Malta digital business ecosystems promoted at international events;
 - Malta's ranking in international reports on digital businesses.
- New and innovative services, or improvements on existing services deployed, trialled in or offered from Malta.
- Assessment of Malta's performance in this area vis-à-vis any comparable benchmarks.

7. EXPECTED OUTCOMES

The MCA's activity should result in a series of envisaged outcomes. It is accepted that a particular year's results are not necessarily a direct consequence of that year's activity. Nonetheless the measurement of these outcomes serves to provide focus and direction to the organisation. The main envisaged outcomes are the following:

Electronic Communications

- Progress towards deployment of multiple NGA fixed and mobile networks.
- Continued improvements in choice and value of retail services especially in broadband.
- Uptake of existing and new technologies and services.

eCommerce

- Increased volume of inward- and outward-bound eCommerce and narrowing of the related gap.
- Increased number of enterprises selling online.

Postal

- Postal USP making reasonable returns and in line with QoS targets.
- Postal sector competition in one or more areas, and/or e-substitution exerting pressure on prices.

Information Society

- Increased participation (whether in terms of number of users or extent of individual usage) of citizens and businesses in the information society.
- Increased use of the cloud as an enabling technology for SME transformation.

Business Development

- Increased digital business activity in Malta.
- Higher level of appeal for start-ups to set up in Malta through improved international rankings.

In carrying out its assessment on outcomes, the MCA will also measure against comparable international benchmarks as may be available, mainly those relating to other EU Member States.

8. ENSURING QUALITY AND CONTINUITY IN DELIVERY

In order to ensure quality and continuity in the execution of its mandate the MCA focuses on a number of fundamental components, which it reviews in a process of continuous improvement:

Performance Planning and Review

The MCA is committed to maintaining an efficient and effective strategic and business planning function together with the monitoring of actual performance against set targets. Performance planning cascades from the strategic and business planning tier to individual staff performance planning programmes. All these components are co-ordinated and regularly reviewed and updated in a process of continuous improvement.

The MCA consistently ascertains the validity of its performance by reviewing its activities on an ongoing basis, assessing whether outputs and outcomes are being attained and reviewing its plans accordingly.

Human Resources

The MCA is committed to ensuring that it retains a knowledge-based organisation that is adequately staffed and structured in order to be able to optimally address its mission and mandate.

Performance-based activity permeates down to the individual level by means of individual performance assessments, which tie in to the achievement of organisational goals. The MCA extends its staff performance measurement and reward system to include outcome indicators that are a reflection of the organisation's progress in meeting its strategic objectives.

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.

The MCA places high value on the ongoing training of staff in both soft and hard skills and is committed to periodically carry out a structured programme across the entire organisation as the basis for its training schedule. Such structured training is over and above the 'on the job' knowledge gathering that takes place on an ongoing basis.

Outsourcing of Expertise

In those instances where it is feasible to do so, the MCA will outsource requirements for services whenever these 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 dedicating the necessary resources towards the management of contractors, with a view to obtaining the best possible value in services received both in terms of contracted outputs as well as via knowledge transfer.

Organisation

An organisation that operates in a highly dynamic environment needs to have the in-built flexibility to adapt to changing circumstances. The MCA retains 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.

As new functions are assumed the MCA will dovetail these with its business in as seamless a manner as possible. The MCA mission, strategic and business objectives, organisation structure, policies and procedures will be updated to reflect the new state of affairs.

Resources

If it is to function at desired levels and empower its staff members to achieve optimal performance, the MCA will ensure that they are adequately equipped to carry out the task. In this respect this organisation is committed to providing the environment that is most conducive to productivity. It will do this by providing adequate premises and ICT resources as well as other logistical support as required.

The MCA also deems information management as being a fundamental resource to this organisation, and will see to setting up new information systems and processes as necessary, as well as maximising the potential of existing ones. The Authority considers keeping staff updated on developments on an ongoing basis as a fundamental component of its information management activity.

Financial autonomy represents another important pillar in the maintenance of the MCA's status as an independent and effective regulator as well as to achieve desired targets in the case of other mandated non-regulatory activities. The MCA will follow principles of good governance, ensuring that it has adequate finances to meet its mandate and that it delivers the best possible service to stakeholders. In so doing this organisation will also ensure that it is fully accountable for its activities and related incomes and expenditures.

The MCA will continue to ensure that financial reporting reflects the activities carried out and the related sources of funding. The Authority will dedicate the necessary resources towards maintaining its accountability framework to the highest standards.

In order to be able to deliver its programme the MCA requires the collaboration and timely input of other institutional players, not only in the areas of HR and Finance but also in the case of tendering requirements and in instances where projects span a number of government bodies. In the same spirit the MCA will provide timely and quality input to institutional players whenever such is reasonably required.