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MULTI-ANNUAL  
ACTIVITIES PLAN  
**2016-2018**  
AND BUDGET  
**2016**

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ANACOM



AUTORIDADE  
NACIONAL  
DE COMUNICAÇÕES



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NACIONAL  
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# EXECUTIVE SUMMARY

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## 1. Executive Summary

The Multi-Annual Activities Plan of Autoridade Nacional de Comunicações (ANACOM) incorporates the strategic priorities, lines of action and specific actions to be undertaken over the 2016-2018 three-year period, including activities carried out on a regular and ongoing basis that are essential to the proper performance of ANACOM's functions and which take up a significant portion of the regulator's human and financial resources.

The strategic guidelines and lines of action set out in the 2016-2018 Multi-Annual Activities Plan were submitted to public consultation in accordance with ANACOM's new statutes (Article 47, paragraph 1), as approved by Decree-Law no. 39/2015 of 16 March (in the previous year, a similar public consultation process was conducted based on a decision taken by ANACOM's Board of Directors). The present consultation resulted in an important set of inputs, the majority of which have been incorporated into this plan, as can be seen in the approved consultation report<sup>1</sup>.

This is also the first Multi-Annual Activities Plan prepared under ANACOM's new Statutes - these expressly enshrine ANACOM's status as national regulatory authority for communications and its mission to regulate the electronic and postal communications sector and, without prejudice to its nature, to assist the Government in the field of communications. The new Statutes set out, in particular, that ANACOM is not subject to government direction or supervision and make it ANACOM's task to protect the rights and interests of consumers and other end-users, and to promote the out-of-court settlement of disputes arising between regulated undertakings, with simple and expeditious procedures, and, as a rule, on a free of charge basis.

The strategic priorities, lines of action and activities which are set out in this document, and which will be implemented between 2016 and 2018, are those which ANACOM deems most necessary and appropriate to ensure a stable and predictable regulatory framework conducive to the promotion of competition, investment and innovation, as essential factors for the development of better offers for consumers.

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<sup>1</sup> Available at <http://www.anacom.pt/render.jsp?contentId=1362443&languageId=1>.

In a sector that is highly dynamic, the ability to be proactive and to anticipate future developments is crucial for the adoption of appropriate regulatory measures, which must always be enacted with minimum intrusion and with maximum transparency.

In the coming years, ANACOM will remain engaged with a range of issues, including: Strengthening competition in the sector by creating conditions which enable the emergence of more and better offers; guaranteeing the provision of universal service in electronic communications and postal services; improving and enhancing the information made available to consumers; increasing responsiveness to complaints; assessing the needs of spectrum use; and establishing new rules on the allocation, use and management of numbering. It should also be highlighted that the Chair of ANACOM's Board of Directors is currently Chair of the Body of European Regulators for Electronic Communications (BEREC) and will take over as Vice-chair in 2016; this gives ANACOM an opportunity to take a more active role in conducting and monitoring sector-relevant issues at a European level, especially as regards definition of the new regulatory framework.

To accomplish this mission, it is crucial that ANACOM has highly qualified, committed and motivated staff able to contribute to making ANACOM increasingly efficient.

ANACOM's Investment Plan for the 2016-2018 period will remain guided by a drive to rationalise expenses and by a careful evaluation of all expenditure, without undermining ANACOM's capability to act in terms of its regulatory and supervisory activity. The most significant investments in this three-year period result from the upgrade and modernisation of spectrum monitoring equipment, and the technological adaptation of information systems (hardware and software), including, in particular, the conclusion, in early 2016, of work to develop the geo-referenced platform supporting the SIC - Sistema de Informação Centralizado (Centralized Information System), in fulfilment of enshrined legal obligations.

Notwithstanding the necessity of these valuable assets, the investment forecast for 2016 is 1 percent lower than the investment envisaged in the 2015 budget, with a further reduction in investment expected over the following two years.

With regard to ANACOM's Financial Plan, in 2016, the main source of income continues to be derived from the application of specific fees to cover the costs of ANACOM's regulatory activity in the context of both electronic communications and postal services. These fees are paid by sector operators and are determined based on a criterion of allocation according

to the weight of relevant income of each operator as a proportion of total sector income. ANACOM also charges special fees that are incurred by operators in return for the use of scarce public resources (such as the radio spectrum and numbering).

It is estimated that, in 2016, income will be 84.436 million euros, exceeding income budgeted for 2015 (+8 percent). In the following years, 2017 and 2018, a decline in income is forecast to the order of 1.5% per year.

In terms of expenditure, the 2016 budget foresees total expenditure of around 53.203 million euros, representing an increase of 6 percent versus the 2015 budget. This increase is essentially due to increased provisions for legal cases and other items related to new responsibilities assigned to ANACOM and exogenous cost increases, which will be identified below.

In the 2017-2018 period, ANACOM will continue to take measures leading to a reduction in expenditure and a streamlined cost structure, which will accommodate specific spending increases associated with the accomplishment of new legal obligations.

Expected net profits for the periods covered by the Plan are: 31.2 million euros in 2016, 30 million euros in 2017 and 29.5 million euros in 2018.



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BACKGROUND -  
REGULATORY  
COMMITMENT

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## 2. Background - regulatory commitment

Autoridade Nacional de Comunicações (ANACOM) is a legal person governed by public law, construed as an independent administrative entity with administrative, financial and managerial autonomy and its own assets.

ANACOM has as its mission the regulation of the electronic and postal communications sector, and, without prejudice to its nature, the provision of assistance to the Government in this area under the terms of its present Statutes and under the law. In the accomplishment of its mission, ANACOM has sought to promote conditions which are favourable to the further openness of markets, in terms of stronger competition and expanding the range of choice available to end-users in line with their future and current needs.

The aim of regulation is to promote the proper functioning of markets, providing adequate fulfilment of consumer needs, in terms of diversity of offers and products, pricing and quality of service.

In pursuit of its activity, and in accordance with the law, it is incumbent upon ANACOM to control the exercise of positions of market dominance and monopolies, to promote competition and safeguard the rights and interests of consumers and other end-users. Consumer protection has been an area of growing intervention, with demands for increasing regulator involvement, not only in terms of ensuring the dissemination of information to consumers, but also in terms of complaints received in the sector and promoting alternative mechanisms for the mediation and resolution of consumer disputes.

The management of the radio spectrum is a fundamental task of the State in electronic communications markets, both in the exercise of regulatory functions and in terms of the management of public assets. In this sense, spectrum management remains a critical area of ANACOM's work, and it must take into account the significant change in the way spectrum is being used, with the continuous development of new networks and services and increased choice for users. ANACOM's consistent activity in the context of the spectrum is designed to contribute to increased competition in markets - ensuring the flexibility which network operators and electronic communications service providers require if they to adapt quickly to the technological change which characterises the sector and so that they can adopt new business models which fit the needs of their users - and, in parallel, increase sustained investment.

Also in the context of managing scarce public resources, ANACOM continues to promote the establishment of conducive conditions, in its management of the use of numbering, providing for the update of the main elements of the PNN - Plano Nacional de Numeração (National Numbering Plan).

The prevailing EU regulatory framework has given competent national regulatory authorities responsibilities with regard to the reliability and security of networks; as such ANACOM has been working extensively with a view to the adoption of appropriate measures to safeguard the security of electronic communication networks and services. This work is to be continued and consolidated with a process of security auditing, surveys of infrastructure suitable for carrying telecommunications networks and the activity of the notification reporting centre.

ANACOM also exercises important work in terms of market supervision and surveillance. ANACOM is responsible for enforcing compliance with laws and regulations, its own decisions, technical requirements and activity qualifying titles, as well as the obligations which are binding upon universal service providers. ANACOM also compiles and processes statistics which it disseminates on the electronic communications and postal sectors.

ANACOM's functions also include representation of the Portuguese State at various international bodies and organisations, and technical representation in countries outside the European Union (EU) and at various groupings of communications regulators, in pursuit of knowledge-sharing and the exchange of experience.

In this context, it is important to highlight the active role that ANACOM seeks to play, as part of its active participation in BEREC, in terms of negotiating the new regulatory framework for the electronic communications sector, as a crucial factor in the sector's future.

Finally, note should be made of ANACOM's work advising the Government. Under the terms of the law, ANACOM advises and assists the Government, upon its own initiative or upon the request of the Executive, in the definition of general policy for the communications sector and in the formulation of major strategy.

To carry out its mission successfully, ANACOM continually seeks to improve its performance and the quality of its decision-making. To be more agile, more efficient, to have the ability to anticipate developments facing the sector in the future, so that the regulatory

process is faster and is capable of keeping up with the rapid evolution of regulated markets - these are challenges that ANACOM faces on a daily basis.

ANACOM considers it essential to ensure a stable regulatory framework and predictability in decision-making, so that operators and service providers are able to develop and pursue their businesses and investments without fear of unwarranted regulatory disruption, in an environment conducive to innovation.

In exercising its powers, ANACOM seeks to deliver regulation that is proportionate, rigorous and as non-intrusive as possible, intervening only as necessary to remedy market failures and distortions to healthy competition or to safeguard end-user interests, the integrity and security of networks and electronic communications services and access to emergency communications.

Considering the impact that its decisions have on the sector's various participants and stakeholders - consumers and businesses - ANACOM always seeks to announce its draft decisions as early as possible and always seeks input from stakeholders, by submitting all decisions that have external impact to public consultation procedures. This procedure is used to accomplish the principle of transparency, a fundamental pillar of ANACOM's regulation.



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CURRENT FRAMEWORK  
OF THE  
COMMUNICATIONS  
SECTOR

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### 3. Current framework of the communications sector

In recent years, the strong dynamism of the Portuguese communications market has resulted in increasing uptake of the fixed and mobile broadband Internet access service and of the subscription television service. At the same time, there have been major structural changes, driven by a deterioration in economic conditions and significant technological developments.

Meanwhile, over the last three years, the Portuguese market has been the scene of a series of important mergers and acquisitions. After the merger between ZON and Optimus (which created NOS Comunicações) and the purchase of Onitelecom by Grupo Altice (which already controlled Cabovisão), in 2015, Grupo PT was acquired by Grupo Altice, with a commitment that Altice divest its other subsidiaries (Cabovisão and Oni).

These movements in the market have created conditions which accelerate convergence, especially between mobile and fixed infrastructure. As a result, a new dynamic has been instilled in the sector, with the strengthening of convergent offers and enabling the appearance of quadruple-play and quintuple-play bundles comprising mobile and fixed voice products, mobile and fixed broadband Internet, and subscription television. This has resulted in increased competition, which in turn has driven the appearance of offerings with increasingly competitive pricing, bringing benefits to consumers.

Portugal has high combined coverage of next generation access networks (NGA), which enable download speeds equal to or greater than 30 Mbps (89.1% of homes in 2014), whereas, in terms of mobile broadband, Long Term Evolution (LTE) networks provides coverage to 94.2% of homes (2014). These figures mean that Portugal is one of the European countries with the highest levels broadband network coverage.

The availability of these networks has driven the offer of bundles of different services and enabled new businesses such as cloud computing, representing a tangible business opportunity for telecom companies.

In the postal sector, the digitization of the economy and competition from electronic communications continue to have an impact. Overall traffic volumes continue to decline (falling 4.4% in 2014), largely due to the sustained substitution of traditional postage by electronic communications. Meanwhile, areas associated with e-commerce, such as

express mail and parcel traffic, despite reporting growth, are not yet large enough to compensate for the reduction in traditional businesses.

These pressures have led postal operators to seek new areas of activity and new opportunities for growth not currently offered by the Portuguese market, specifically through internationalisation and with the development of electronic commerce.

In this context, ANACOM will continue, with every effort, to create the right regulatory environment, so that the communications sector can continue to develop. This Plan is intended as an instrument in accomplishing this environment.



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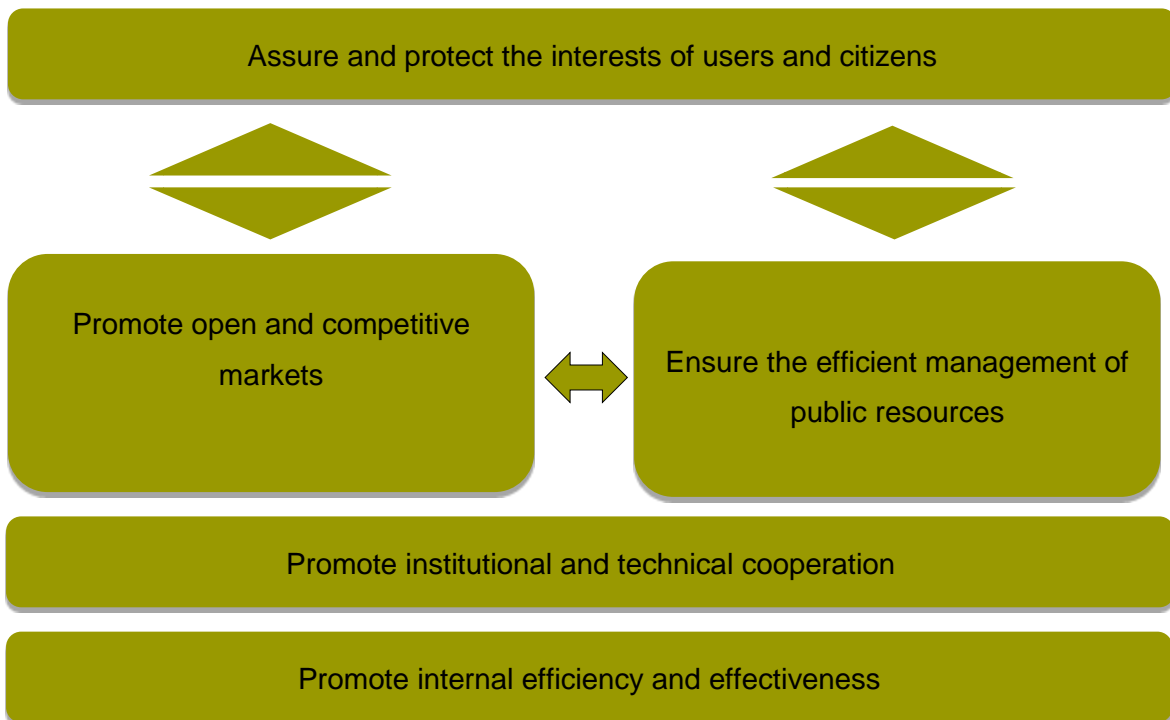
STRATEGIC PRIORITIES  
AND LINES OF ACTION TO  
BE PURSUED 2016-2018

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#### 4. Strategic priorities and lines of action to be pursued in 2016-2018

This Multi-Annual Plan sets out the strategic priorities and areas of action to be pursued in the 2016-2018 three-year period, as well as the actions which will contribute to accomplishing these priorities.

##### ANACOM's strategic priorities for 2016-2018



The Plan also covers activities which, while not priority activities, are essential to the proper performance of ANACOM's functions, involving the allocation of significant human and financial resources.

As with the strategic guidelines for the 2015-2017 Plan, but now in fulfilment of a statutory requirement, ANACOM again submitted its proposed strategic guidelines for the Multi-Annual Activities Plan 2016-2018 to public consultation.

By following this procedure, ANACOM is enhancing transparency and regulatory predictability; by providing all stakeholders with an opportunity to express their views on the strategic guidelines which ANACOM proposes to pursue over the coming years and to



suggest new priorities and lines of action, ANACOM is ensuring that the Plan provides a response that is line with market needs.

Contributions were received in response to this public consultation from ten undertakings and the proposals received have been carefully reviewed and considered.

From the proposals received, the majority were accepted and incorporated into the 2016-2018 Plan, as detailed in the consultation report, which has been approved and is published on ANACOM's website.

The principal lines of action to be pursued by ANACOM in the 2016-2018 period are detailed below, with the specific work tasks that will be undertaken to accomplish them, grouped according to strategic priority for the three-year period.



## **Strategic Priority 1: Assure and protect the interests of users and citizens**

### Lines of action:

- 1.1** Oversee and review, on a timely basis, application of the conditions governing universal service provision (electronic communications and postal services) in its various components.
- 1.2** Assess the appropriateness of quality of service levels provided.
- 1.3** Monitor and report on the evolution of retail prices in the markets.
- 1.4** Define and implement actions in the field of security and integrity of electronic communications networks and services.
- 1.5** Contribute to the definition and updating of emergency civil planning policies in the communications sector.
- 1.6** Strengthen effective complaint management mechanisms.
- 1.7** Promote out-of-court dispute resolution in cooperation with relevant authorities.
- 1.8** Improve information provided to users, giving support to their choices, and enabling them to take more informed decisions and resolve problems with service providers.
- 1.9** Monitor and ensure compliance with the obligations of the operator of the digital terrestrial television (DTT) platform.

**1.1   Oversee and review, on a timely basis, application of the conditions governing universal service provision (electronic communications and postal services) in its various components;**

This work involves a number of actions which include the preparation and launch of a public consultation on the review of the conditions applicable to provision of the universal service of electronic communications in its various components, the issue of a draft decision on the specifications governing provision of the universal service and provision of advice to the Government in the context of the launch of the universal service tender procedures. This work also involves an evaluation of levels of compliance with the quality of service parameters and indicators imposed on universal service providers in electronic communications and postal sectors, and auditing the quality indicators reported for the universal postal service. In addition ANACOM will define the quality parameters of the universal postal service to be imposed in 2018-2020, the rules governing pricing of the universal postal service during this period and the postal network density targets to be imposed from 2017.

This line of action also involves an evaluation of levels of compliance with price-cap rules, as determined for the universal service provider of electronic communications (fixed service, public pay-telephones and directory enquiry services) and for the provider of the universal postal service.

**1.2   Assess the appropriateness of quality of service levels provided (taking into account transparency and technological neutrality)**

This line of action will be accomplished through a series of activities designed to assess the need to define minimum requirements or quality of service indicators in the context of net neutrality, ensuring market transparency.

This line of action also entails work on the development and provision of tools for gauging the quality of access to fixed and mobile Internet services, notably through the *NET.mede* and *NET.mede Pro* Tools.

**1.3   Monitor the evolution of retail prices in the markets**

This line of action covers the oversight of retail prices in relation to the various electronic communications services provided to users, monitoring trends in pricing and updating analyses and reports.

#### **1.4 Define and implement actions in the field of security and integrity of electronic communications networks and services**

With regard to network security and integrity, ANACOM plans to undertake identification and characterization of the first exceptional audit to be conducted by ANACOM based on received notifications of security breaches and losses of integrity. In this way, ANACOM will proceed to build a base for the future definition of audit procedures and reinforce relationships with electronic communications service providers.

During the year, ANACOM will take stock of the activity of the notification reporting centre in order to identify measures which consolidate this assigned responsibility of ANACOM.

#### **1.5 Contribute to the definition and updating of emergency civil planning policies in the communications sector**

Taking into account the new responsibilities assigned to ANACOM in inheriting the assignments and powers conferred on CPEC - Comissão de Planeamento de Emergência das Comunicações (Emergency Communications Planning Committee), it is now a responsibility of ANACOM to contribute to the definition and updating of emergency civil planning policies in the communications sector. In this context, ANACOM will undertake an evaluation of the present situation, both with regard to the guidelines of the Government and in regard to the needs envisaged by organisations and competent authorities, thereby characterising the sector's contribution to this matter of public interest.

This will include an assessment of the sector's readiness, mapping out an action plan for submission to the Government.

#### **1.6 Strengthen effective complaint management mechanisms.**

The electronic communications sector is marked by a high level of complaints and of litigation between consumers and operators, resulting from the competitive market situation and certain aggressive commercial practices. To improve its capacity for the management of complaints, in 2016, the software tool supporting the handling of complaints will be replaced with a new information system to support this process.

### **1.7 Promote out-of-court dispute resolution in cooperation with relevant authorities.**

Under its new statutes, it is ANACOM's responsibility to develop steps to promote solutions and mechanisms enabling the out-of-court settlement of consumer disputes.

In recognition of their importance for the sector, ANACOM is working on the development of solutions and mechanisms that will help to resolve disputes. In this respect, ANACOM plans to implement a solution in 2016 (to be defined in 2015).

### **1.8 Improve information provided to users, giving support to their choices, and enabling them to take more informed decisions and resolve problems with service providers.**

In principle, better informed consumers make more informed choices, safeguarding their interests and rights. With this in mind, ANACOM publishes a wide range of information on its institutional website and on its consumers' website, which it set up specifically to strengthen its relationship with the consumer public. To this end, both the institutional website and the consumers' website have been improved in terms of content and layout, and will continue to be enriched with useful information and features for different sections of the public, including consumers, so that they can interact with the regulator more easily and quickly.

The information disclosed covers the different products and services, tariffs, sector legislation, ANACOM decisions, statistics on services, trends in complaints, etc.

Meanwhile, and also with a view to protecting the interests of users, ANACOM carries out studies which seek to anticipate user needs, in support of its decision-making. For 2016, ANACOM plans to conduct a study on the needs of users in terms of postal services and another study on the costs of switching operator.

### **1.9 Monitor and ensure compliance with the obligations of the operator of the digital terrestrial television platform**

This line of action will be accomplished through a range of actions. ANACOM will continue to enforce the obligations of providing national coverage with digital terrestrial television and to ascertain the accuracy of the information provided by the network operator, MEO, in particular by using the network of DTT probes. ANACOM will also undertake a quality of service study

of digital terrestrial television based on the readings obtained from the network of 386 probes that it has installed across mainland Portugal. Considering the results of this study, ANACOM will assess the need to adapt this probe network.

## **Strategic Priority 2: Promote open and competitive markets**

### Lines of action:

- 2.1** Analyse/review relevant electronic communications markets, taking into account the rules adopted at European level, specifically as regards the promotion of competition and giving an incentive to efficient investment.
- 2.2** Review wholesale offers arising from obligations imposed on undertakings with significant market power in the various relevant markets
- 2.3** Develop and improve regulatory costing systems and audit their results
- 2.4** Undertake actions associated with the provision of the universal service with market impact, particularly associated with the determination of net costs and the financing of its provision.
- 2.5** Oversee and monitor the development of next generation access networks (NGA).
- 2.6** Develop/consolidate the application of rules on access to infrastructure under Decree-Law no. 132/2009 of 21 May, as amended and republished by Law no. 47/2013 of 10 July, and implement the SIC - sistema de informação centralizado (centralized information system).
- 2.7** Define and monitor indicators for market analysis and supervision.
- 2.8** Monitor and supervise the activities pursued by various agents, enforcing compliance with prevailing rules.

## **2.1 Analyse/review relevant electronic communications markets, taking into account the rules adopted at European level**

Analysis of the various relevant markets defined by the European Commission (EC) is vital in order to make a diagnosis of the competitive situation in the electronic communications sector. These analyses entail the review and update of previous analyses, taking into account evolution occurring in the markets concerned; they include definition of relevant markets, identification of any providers with significant market power (SMP) and the maintenance, imposition, amendment or withdrawal of regulatory obligations to which these providers are subject.

As a result of these analyses, there may be: situations where certain markets are fully or partially deregulated; situations of geographic differentiation due to the prevalence of distinct competitive conditions in different regions of the national territory; and/or situations which warrant the withdrawal, modification or enhancement of regulatory measures.

The market analyses planned for the 2016-2018 three-year period include analysis of market 1<sup>2</sup> (former market 3), market 2<sup>3</sup> (former market 7) and former market 2<sup>4</sup> (origination). Analyses of the following markets are scheduled for completion in 1st quarter 2016: market 3a<sup>5</sup> and 3b<sup>6</sup>, and market 4<sup>7</sup>.

## **2.2 Review wholesale offers arising from obligations imposed on undertakings with significant market power in the various relevant markets**

The conclusions which result from market analyses may determine a review of relevant wholesale offers (reference offers). These offers govern conditions of access to networks and services of providers with significant market power by alternative providers in circumstances that enable sustained competition in retail markets. This activity seeks to ensure transparency in technical and commercial information, and to achieve non-discrimination and price control.

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<sup>2</sup> Wholesale market of voice call termination on public telephone networks at a fixed location.

<sup>3</sup> Market of wholesale termination of voice calls on individual mobile networks.

<sup>4</sup> Market of call origination on the public telephone network provided at a fixed location

<sup>5</sup> Market of wholesale local access provided at a fixed location

<sup>6</sup> Market of wholesale central access provided at a fixed location for mass-market products

<sup>7</sup> Market of wholesale high-quality access provided at a fixed location



Every year, ANACOM reviews a number of reference offers in the light of current data, particularly in terms of costing and quality of service, of experience gained and of contributions received from the market. In 2016, reviews will be conducted of the Subscriber line resale offer (SLRO), the Reference Interconnection Offer (RIO), analysis of a possible fibre access offer and re-examination of the pricing of Mainland-Azores-Madeira (CAM) and inter-island circuits. The review of wholesale broadband offers - leased lines reference offer (LLRO), Ethernet leased lines (RELLO), access to ducts (RDAO) and ADSL network - should be completed in 2017, even though the corresponding draft decisions are envisaged for 2016.

### **2.3 Develop and improve regulatory costing systems and audit their results**

Over the period of this activity plan, ANACOM intends to review the SCA - Sistema de Contabilidade Analítica (Analytical Accounting System) employed by CTT and to audit the system for the years 2014, 2015 and 2016/2017.

Auditing will also be conducted with respect to the SCA employed by MEO for the 2015/2016 period and a process instigated to develop an SCA for next generation networks.

Other planned actions are focused on updating MEO's (2016, 2017 and 2018) and CTT's (2016 and 2017) cost of capital as well as updating fixed and mobile termination tariff models, scheduled for 2018.

### **2.4 Undertake actions associated with the provision of the universal service with market impact, particularly associated with the determination of net costs and the financing of its provision**

In 2016, audits will be carried out on the SCA/CLSU - Custos Líquidos do Serviço Universal (Net Costs of Universal Service) submitted by MEO in respect of 2014 and any re-submissions.

ANACOM will carry out auditing in the context of the provision of telephone directories and directory enquiry services, with audits of the figures on retirees and pensioners in the period subsequent to the designation of the universal service provider by public tender and of the operator turnover data used in respect of the universal service compensation fund.

Provision is also made for compensation of net costs incurred by MEO in the period prior to designation of the universal service provider by public tender and the reimbursement of costs incurred by the provider designated by public tender.

Various actions are still under consideration with regard to the assessment and reimbursement of the postal CLSU, should they apply.

## **2.5 Oversee and monitor the development of next generation access networks (NGA)**

In pursuit of this line of action, ANACOM plans to carry out an audit on the equivalence of access to the infrastructure of MEO, particularly with regard to ducts and poles. All the work prior to the choice of auditor and the auditor selection process will take place in 2016, but auditing won't be completed and the final decision taken as regards actions to be undertaken won't take place until 2017.

## **2.6 Develop/consolidate the application of rules on access to infrastructure under Decree-Law no. 132/2009 of 21 May, as amended and republished by Law no. 47/2013 of 10 July, and implement the SIC - sistema de informação centralizado (centralized information system)**

During 2016, ANACOM will seek to define the methodology to be used in determining the remuneration applicable for access to and use of infrastructure suitable for carrying electronic communications networks.

Work will commence at the beginning of the year, and the final decision on the methodology is due to be adopted in the 3rd quarter.

## **2.7 Define and monitor indicators for market analysis and supervision**

ANACOM regularly asks providers for a set of information, defining and monitoring the evolution of a set of indicators that allow it to oversee the market, check compliance with the obligations of providers and produce various analyses. As part of this monitoring activity, and due to the market's evolution, it is sometimes found that there are indicators which are no longer appropriate and which should be discontinued. Furthermore, new indicators may be created whenever deemed necessary (in consultation with stakeholders).

## **2.8 Monitor and supervise the activities pursued by various agents, enforcing compliance with prevailing rules**

In terms of supervision, a wide range of market enforcement actions are carried out every year, in order to check compliance with prevailing laws and determinations. Some of these actions are scheduled on an annual basis, while in other cases they stem from specific needs ascertained following analysis of complaints received by ANACOM. In 2016, 1,018 enforcement actions are planned, focusing on electronic communications operators and postal operators, in addition to checks on compliance with the rules governing telecommunications infrastructure in buildings and urban settlements (ITED/ITUR). In addition to these actions, ANACOM also undertakes spectrum monitoring actions, as referred to below.

In pursuit of this line of action, with conclusion in 3rd quarter 2016, ANACOM also plans work associated with the transposition of Directive 2014/53/EU of the European Parliament and of the Council of 16 April relating to the making available on the market of radio equipment and repealing Directive 1999/5/EC.

### **Strategic Priority 3: Ensure the efficient management of public resources**

#### Lines of action:

- 3.1** Define and implement a national strategic plan for use of the radio spectrum.
- 3.2** Analyze trends in the use of the digital dividend in anticipation of evolutionary scenarios.
- 3.3** Evaluate, on a prospective basis, the development of various radiocommunications services and applications and associated spectrum needs, including new mobile broadband services.
- 3.4** Establish appropriate conditions as regards the management of numbering and conditions governing its use.

#### **3.1 Define and implement a national strategic plan on use of the radio spectrum**

ANACOM intends to develop and adopt a national strategic plan to cover use of the radio spectrum which, taking into account the international context, establishes medium and long-term guidelines for use of the spectrum.

Albeit on a provisional basis, the plan will be systemised and comprehensive for the entire spectrum and all bands in use, contributing to more transparent and efficient management of public resources.

### **3.2 Analyze trends in the use of the digital dividend in anticipation of evolutionary scenarios**

In pursuit of this line of action, ANACOM will start evaluating prospects for the development of the UHF broadcasting band, considering the national market, the European and national regulatory framework and the most relevant aspects related to the development of services, networks and technologies. This action involves the definition of a strategic framework for the 700 MHz band and its implementation, as well as the elaboration of scenarios as to the future use of the 470-694 MHz band and their implementation.

### **3.3 Evaluate, on a prospective basis, the development of various radiocommunications services and applications and associated spectrum needs, including new mobile broadband services**

In 2016, ANACOM intends to adopt a set of decisions on spectrum allocation, particularly taking into account the development of the different radiocommunications services. First, in late 2016, a decision is planned on the allocation of spectrum designated for fixed wireless access (BWA) and applications, with the definition of an action framework for the spectrum remaining from multiband auction and its implementation.

### **3.4 Establish appropriate conditions as regards the management of numbering and conditions governing its use**

In the 2016-2018 Plan, actions are planned in relation to the PNN - Plano Nacional de Numeração (National Numbering Plan) starting with the formulation of a numbering regulation which updates the main elements of the PNN and defines the services associated with the use of different numbers that comprise this plan.

ANACOM also plans to establish scenarios with regard to the evolution of Mobile Network Codes (MNC) and the definition of rules for the allocation of these codes.

## Strategic Priority 4: Promote institutional and technical cooperation

### Lines of action:

- 4.1 Ensure active participation at international forum with relevance to the sector (electronic communications and postal services).
- 4.2 Maintain involvement in the Body of European Regulators for Electronic Communications (BEREC).
- 4.3 Promote the sector at a national and international level and promote cooperation with other regulators.
- 4.4 Actively participate in the platforms of collaboration between Portuguese-speaking countries.
- 4.5 Promote cooperation with national and international organisations and ensure coordination of activities in relevant areas.
- 4.6 Promote the dissemination of legal and regulatory regimes applicable to the sector.
- 4.7 Promote the ITED/ITUR regime.
- 4.8 Promote coordination of the entities involved in the planning, construction and maintenance of infrastructure, including management of the SIC.
- 4.9 Develop communication with society/stakeholders, through seminars, workshops and presentations on specific topics.

#### **4.1 Ensure active participation at international forums with relevance to the sector (electronic communications and postal services).**

ANACOM provides representation of the Portuguese State at international bodies of the communications sector and on international committees and working groups, where it is charged with advancing Portuguese interests and positions.

For 2016, ANACOM remains committed to making this more participation more efficient in terms of the allocation of human and financial resources by reducing the fees incurred wherever feasible.

#### **4.2 Maintain involvement in the Body of European Regulators for Electronic Communications (BEREC).**

In 2016, ANACOM will maintain its involvement in the Body of European Regulators for Electronic Communications (BEREC), while the Chair of ANACOM's Board of Directors, Fátima Barros, will take over as vice-chair of the Body. In 2016, ANACOM will take part in all BEREC Expert Working Groups (EWG) and ad-hoc groups and should take over as chair of two EWGs (End Users and Benchmark) while continuing to hold the chair of one of these groups in 2017 and 2018.

At European level, ANACOM will also be engaged in the negotiation/revision of the new regulatory framework, which will be decisive for the sector in coming years.

#### **4.3 Promote the sector at a national and international level and promote cooperation with other regulators**

It is a goal of ANACOM to foster the transfer of knowledge and experiences with other organisations, through groups which work in the field of internationalisation.

In the period covered by this Plan, ANACOM will continue to pursue this objective while maintaining efforts to participate in organisations that bring regulators together in Europe and elsewhere. As such, ANACOM intends to maintain efforts to participate in the working groups of the European Regulators Group for Postal Services (ERGP) and the Radio Spectrum Policy Group (RSPG), the Euro-Mediterranean Regulators Group (EMERG) and the Latin-American Forum of Telecommunications Regulatory Authorities (REGULATEL).

#### **4.4 Actively participate in the platforms of collaboration between Portuguese-speaking countries**

In the context of its participation in ARCTEL-CPLP - Associação de Reguladores de Comunicações e Telecomunicações da Comunidade dos Países de Língua Portuguesa (Association of Communications and Telecommunications Regulators of the Community of Portuguese Language Countries), ANACOM will provide the secretariat of this Association until 2018 and will continue to play an active part in its working groups. ANACOM also plans to support the realisation of workshops and seminars of the ARCTEL training centre and contribute to the completion of studies. At the same time, ANACOM will remain engaged in an important set of activities aimed at bilateral cooperation with CPLP countries.

#### **4.5 Promote cooperation with national and international organisations and ensure coordination of activities in relevant areas**

ANACOM continues cooperation activities with other relevant sector bodies on a regular basis, particularly in areas such as spectrum management, consumer protection and communications security. ANACOM engages frequently in collaboration with the Portuguese Armed Forces, Gabinete Nacional de Segurança (National Security Office), CNPD - Comissão Nacional de Proteção de Dados (National Data Protection Commission), ANAC - Autoridade Nacional de Aviação Civil (National Civil Aviation Authority), FCT - Fundação para a Ciência e Tecnologia (Foundation for Science and Technology), DGC - Direção-Geral do Consumidor (Directorate General for the Consumer) and AICEP - Associação dos Operadores de Correios e Telecomunicações dos Países e Territórios de Língua Oficial Portuguesa (Association of Postal and Telecommunications Operators of the Portuguese-speaking Countries and Territories), as well as other bodies.

For the period of this Plan, cooperation activities are planned with FCT and other entities with a view to clarifying the national position on Internet governance, as well as with AICEP-Global with a view to promoting the sector and the transfer of knowledge.

#### **4.6 Promote the dissemination of legal and regulatory regimes applicable to the sector**

During the period covered by this Plan, ANACOM plans to be engaged in a range of dissemination activities arising from regulatory changes.



Firstly, ANACOM will update the regulation of amateur and amateur satellite services, to comply with the new legal framework. This will result in new procedures associated with these radiocommunications services which will require subsequent dissemination.

It will also be necessary to conduct an internal strategic reflection on the regulation of spectrum management, with a view to the future regulatory framework. This process will entail a survey of all relevant rules on radiocommunications that will require adaptation in light of the new legal framework, either because they have become outdated or because they give rise to duplications which cause problems in terms of practical application. ANACOM's objective is to formulate proposals for revision which enable a coherent legal framework. This process will involve the participation of relevant stakeholders.

#### **4.7 Promote the ITED/ITUR regime**

Over the course of 2016, ANACOM will conduct a series of initiatives to disseminate the regime established by the new ITED manual (telecommunications infrastructure in buildings) and ITUR manual (telecommunications infrastructure in housing developments, urban settlements and concentrations of buildings). A series of seminars and workshops will be held.

#### **4.8 Promote coordination of the entities involved in the planning, construction and maintenance of infrastructure, including management of the SIC**

In 2016, ANACOM intends to implement a pilot project involving parties with access to and use of the SIC. Upon completion of the design, development and testing phase of the SIC in 2015, the operational phase will commence in 2016, fulfilling the provisions of Decree-Law no. 123/2009 of 21 May (as amended and republished by Law no. 47/2013 of 10 July). The SIC was established as a platform with the capacity and availability to serve a community of users.

As such, in light of the lessons learned during the design phase, especially in initial contacts with future users, ANACOM intends to establish a launch and implementation plan for the SIC, during which it will set up and develop the community of groups with access and full use of the system. Simultaneously, its use with real data will enable enhancement of its features.

The management of the SIC begins with the initial acceptance record and should have a duration of one year. In 4th quarter 2016, an assessment will be made of the results obtained and lessons learned.

#### **4.9 Develop communication with society /stakeholders, through seminars, workshops and presentations on specific topics**

In pursuit of this line of action, aimed at strengthening ANACOM's relationships with society/stakeholders, ANACOM will hold seminars, workshops and other initiatives that provide opportunity for the exchange of knowledge and experience, and which enable the compilation of input on various relevant topics in a context of greater sector involvement.

For 2016, ANACOM plans to carry out initiatives to disseminate and promote awareness of the law that will transpose the Radio Equipment Directive on the harmonisation of the laws of the Member States relating to the making available on the market of radio equipment.

## **Strategic Priority 5: Promote internal efficiency and effectiveness**

### Lines of action:

- 5.1** Implement measures to rationalize expenditure, guaranteeing efficiency.
- 5.2** Improve/de-materialize/simplify internal processes.
- 5.3** Automate procedures and expand the provision of services online.
- 5.4** Improve the efficiency of the data collection process, including through the restructuring of the instruments used.
- 5.5** Implement a training plan structured to ensure the development and excellence of human resources.
- 5.6** Promote an organizational culture that is more open to change.

### **5.1 Implement measures to rationalize expenditure with guarantee of efficiency.**

Cost reduction will remain a goal to be pursued by ANACOM. This objective can be achieved in several ways, including: the renegotiation of contracts, reduction in consumption, behaviour change, review and de-materialisation of processes.

The 2016-2018 period will be marked by the implementation of the strategic plan for information systems, which will improve the capacity of ANACOM's existing information systems, increasing their efficiency and significantly reducing associated costs.

## **5.2 Improve/de-materialize/simplify internal processes**

ANACOM is set on achieving further increases in its efficiency, whereby it will continue to launch projects which enable it to streamline processes and procedures and reduce the administrative burden associated with certain work practices. This may result in the release of funds to more added-value functions, while at the same time improving ANACOM's ability to respond to external requests - this will achieve an improvement in quality and response times.

For this purpose, ANACOM plans to set up a system of litigation management indicators and improve the system as it relates to offences. There are also plans in 2016 to update the process management system at ANACOM, which will be continued in subsequent years.

## **5.3 Automate procedures and expand the provision of services online**

In 2016, ANACOM will continue efforts to automate services and expand provision of services online, in particular through the development of new features in computer application to support spectrum management, in terms of electronic licensing. ANACOM will continue the process of making the reports of the annual monitoring plans available to the Direção-Geral da Saúde (General Directorate of Health) and municipalities.

## **5.4 Improve the efficiency of the data collection process, including through the restructuring of the instruments used**

This line of action includes plans to extend the scope of the extranet to encompass all quarterly surveys of the various services, the annual questionnaire and the twice-annual portability survey.

## **5.5 Implement a training plan structured to ensure the development and excellence of human resources**

ANACOM recognises how important it is to have staff who are committed to the organisation and its goals, and will make use of the most modern management techniques to promote excellence among its people. Accordingly, it will continue to invest in the quality of its human resources, with a focus on training that will improve and develop behavioural, technical and management skills, providing staff with tools that will enhance performance, helping to overcome the challenges that ANACOM is facing. With this objective, the implementation of the

new model for employee training will be consolidated and structured to promote the development of skills in a manner more aligned with the needs of the organisation, with a view to the personal development of employees over the course of their careers at ANACOM.

#### **5.6 Promote an organizational culture that is more open to change.**

During the period of this Plan, ANACOM will continue to promote a culture of dialogue at all levels of the organisation, in order to facilitate the promotion of change.

At the same time, a talent management programme will be launched, entailing a diagnosis of organisational potential with a view to the establishment of a management succession plan.

Meanwhile, ANACOM will continue actions aimed at consolidating an "ANACOM culture" which is more open to society; these actions include social responsibility initiatives, such as actions in support of Social Solidarity Institutions and the development of an internship programme, facilitating the entry of young graduates with high potential into the labour market.



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ONGOING ACTIVITIES

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## 5. Ongoing activities

Full pursuit of ANACOM's mission involves carrying out a wide range of activities on a regular basis, requiring a major allocation of human and financial resources; this warrants their inclusion in the context of the Plan.

These activities are detailed below, grouped according to the strategic priorities defined for the 2016-2018 three-year period.

### **Strategic Priority 1: Assure and protect the interests of users and citizens**

- **Respond to complaints and enquiries from consumers**

Besides the information it makes public generally, ANACOM also provides specific information to individual consumers upon request. It receives tens of thousands of requests every year, including complaints (more than 78 thousand in 2014) and requests for information about the sector (more than 2,700 in 2014); all of these are analyzed, classified and answered. ANACOM's target is to provide responses to 95 percent of the requests addressed to it in 2016 during the year. By responding to complaints, when situations that give rise to them fall within its remit, ANACOM is contributing to the resolution of many of the problems faced by consumers. Where matters otherwise fall outside ANACOM's remit, consumers are given information about their rights and about which entity is best placed to help them resolve the problem they have reported.

ANACOM produces regular reports on the complaints it receives, detailing trends and giving information about which sectors, services and operators are most commonly cited in complaints. Given the importance of this information when consumers are choosing between services and operators, these reports are published.

Whenever analysis of complaints gives indication that an offence has been committed, processes are referred directly to litigation. When there are indications of non-compliance with sector legislation or regulatory decisions, processes are submitted to investigation.

The analysis of complaints may also result in regulatory measures being drawn up where there is a need to put an end to inappropriate practices.

- **Monitor information disclosed by service providers**

The information which providers disclose to consumers is monitored on a regular basis, in order to ascertain whether it complies with sector legislation and with ANACOM's determinations. ANACOM also periodically reviews provider contracts to check that their clauses comply with the legal requirements and obligations of disclosure and transparency.

- **Conduct studies on the sector**

ANACOM regularly conducts studies on the electronic communications and postal sectors. In many cases, these studies make comparisons with situations internationally, providing ANACOM with thorough knowledge of the Portuguese regulatory situation compared to other countries. From this point of view, studies serve as an important tool in support of ANACOM's regulatory activity and decision-making process.

## **Strategic Priority 2: Promote open and competitive markets**

- **Grant and revoke licences for the exercise of activity, allocate numbering and frequencies**

Pursuit of activity in the electronic communications sector is subject to the general authorisation regime. Likewise in the postal sector, although in some cases access to the activity is subject to licensing, and it is ANACOM responsible for issuing these licences.

Where pursuit of an activity involves the use of numbering resources, these are allocated by ANACOM, which also holds responsibility for the allocation of rights of use of frequencies, when applicable.

ANACOM has powers to revoke issued titles, at the request of operators or, in the event of confirmed non-compliance with their provisions, upon its own initiative.

- **Verify compliance with obligations and instigate breach proceedings**

As part of its supervisory activity, ANACOM is responsible for enforcing compliance with the prevailing regulatory framework, sector legislation and with its own determinations, as well as with the obligations which stem from allocated rights of use of frequencies and titles



governing exercise of provider activities. ANACOM also oversees the conditions associated with the operation of networks and provision of services.

When it detects prohibited practice, the processes are referred to litigation in order that the offender might be sanctioned and the behaviour in question remedied.

- **Compile and disseminate statistical information about the communications sector to evaluate market trends and support decision-making**

ANACOM regularly compiles and analyses a wide range of statistical information on the sector, thereby obtaining a detailed understanding of the market and enabling quality decision-making. These analyses are then published, enhancing transparency and ensuring that all stakeholders have access to information that may be relevant in defining their strategies and market positioning.

With the statistical information it compiles, ANACOM prepares and publishes an annual report on the state of the communications sector, which provides a highly detailed snapshot of the sector, as well as a set of regular quarterly reports detailing the trends and dynamics of the various services.

### **Strategic Priority 3: Ensure the efficient management of scarce resources**

- **Management and allocation of numbering resources**

ANACOM is responsible for managing the PNN - Plano Nacional de Numeração (National Numbering Plan), including its guidelines and general principles, and for providing the efficient management of numbering and addressing resources, including the allocation of resources and the definition of allocation conditions.

Use of numbering is subject to the allocation of rights of use; these may be allocated to companies providing publicly available electronic communications networks and services and also to companies which make use of these networks or services.

In the management of numbering resources, ANACOM may recover allocated numbering in the event that the respective conditions are not respected.

- **Licensing of telecommunications networks and stations**

ANACOM issues station and network licences for the different radiocommunications services, which, in practical terms, is equivalent to authorising operation of the networks and stations in question; as such, ANACOM is responsible for examining and processing the respective licensing procedures, including the assignment of frequencies.

- **Monitoring control of the spectrum**

In addition to its enforcement activities with regard to the conduct of operators, ANACOM regularly engages in important activities to monitor the radio spectrum. This activity includes two types of actions: reactive, in response to requests put to it; and preventive actions which ANACOM undertakes on its own initiative, on a scheduled basis. In 2014, 2,827 preventive actions were undertaken with about 1,500 reactive actions.

- **Laboratory activities**

ANACOM undertakes important laboratory work, performed at LEC - Laboratório de Ensaios e Calibração (Testing and Calibration Laboratory), which conducts electromagnetic compatibility tests, radioelectric testing and equipment calibration. This area of activity complements ANACOM's enforcement work, since in many cases equipment seized during investigations needs to be analysed at the LEC to verify compliance with the technical requirements in force. In addition to its work in support of enforcement activities, LEC performs work for third parties.

#### **Strategic Priority 4: Promote institutional and technical cooperation**

- **Cooperate with national entities**

Fulfilment of ANACOM's remit entails cooperation with other authorities and organisations from Portugal and abroad. At a national level, ANACOM cooperates frequently with other national regulatory authorities, especially with AdC - Autoridade da Concorrência (Portuguese Competition Authority) and ERC - Entidade Reguladora para a Comunicação Social (Media Regulatory Authority). When these entities work on issues that require the opinion of the sector regulator, ANACOM is called on to give such opinions. ANACOM also

works in collaboration with the Assembleia da República (Assembly of the Republic), offering information and providing explanations upon request.

ANACOM's work also involves frequent cooperation with Direcção-Geral do Consumidor (Directorate General for the Consumer) and consumer organisations, as well as organisations involved in spectrum management for aeronautical purposes, the armed forces and national security/emergency services.

- **Cooperate with international entities**

In addition to international cooperation of a strategic nature, specifically cooperation with the European Union and PALOP countries, ANACOM also maintains relations with regulators and regulator associations in other geographical areas. The aim of this cooperation is to exchange knowledge and experience which might enrich regulatory practice in the countries involved, in electronic communications and in the postal sector.

#### **Strategic Priority 5: Promote effectiveness and internal efficiency**

- **Continuously modify procedures, de-materialise processes and expand range of services provided online**

In order to improve its performance, ANACOM continually seeks to become more efficient, more agile and faster in providing responses to requests put to it. In this sense, ANACOM uses the simplification of procedures to reduce the bureaucratic burden associated with many tasks and de-materialize processes. In its relations with third parties, consumers and providers, ANACOM seeks, wherever possible, to facilitate interaction, making services available online whenever deemed appropriate.

- **Promote excellence in human resources**

ANACOM has a policy of adding value to its human resources based on the development of competencies. For this purpose, ANACOM is engaged in a range of different human resource management processes, including performance evaluation and internal mobility.



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# GLOBAL INDICATORS

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## **6. Global indicators**

ANACOM has implemented a system to appraise its activities and monitor the evolution of its performance, taking into account objectives of continuous improvement. This system includes global indicators, which extend across the entire organisation, and specific indicators to monitor performance in individual areas.

With this set of indicators, ANACOM is able to evaluate its responsiveness to enquiries, specifically its performance in providing a timely response to consumers and external entities and also to internal requests from its own departments.

Under Article 40, paragraph 3, of ANACOM's Statutes, it is incumbent upon the Sole Auditor to assess the quality of systems of performance indicators in force at ANACOM.

The defined global indicators will be maintained throughout the period of the 2016-2018 Plan. The targets associated with global indicators are presented in Annex V.



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# HUMAN RESOURCES PLAN

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## 7. Human resources plan

In terms of human resources, ANACOM's primary focus in the 2016-2018 three-year period will be to align and develop its people and strengthen its organizational culture. This entails critical factors which are key to the accomplishment of a strategy based on excellence, innovation and change.

In the context in which the communications sector will develop in the coming years, knowledge management and organizational flexibility will play a key role, both as regards ANACOM's capacity to respond to requests of an increasingly demanding market, and in terms of the motivation and retention of human capital.

To this end, in the 2016-2018 period, ANACOM aims to continue and consolidate the initiatives launched in previous years in terms of the strategic management of human resources and leverage other priority activities for its present and future sustainability. In this context, the following objectives are underlined:

- streamline ANACOM's training and development programmes aimed at learning and permanent development according to transversal and specific needs of the functions and management of the different areas, in alignment with ANACOM's values and with the organization's strategic performance objectives;
- promote staff alignment with change, by creating internal communication platforms and channels and initiatives to provide interaction at all organizational levels, enabling access to information, sharing of ideas and knowledge, as well as individual and team participation in the change process;
- implement improvement and motivation action plans based on the results obtained in the diagnosis of the organizational climate conducted in 2015, with a view to better management of ANACOM's commitments and staff expectations, enhancing internal satisfaction and the affiliation of human resources;
- initiate a talent management programme to ensure the continuity of critical ANACOM functions, through the implementation of diagnostic tools that enable the development and retention of potential successors, as well as knowledge and preparation of the structure for the future;

- continue to promote the regulator's engagement with the academic community through implementation of the annual programme of vocational and academic internships, seeking the development and enhancement of skills of young people as they transition into the job market.

In 2016, ANACOM intends to maintain its participation in citizen initiatives with a social and environmental focus. Meanwhile, giving impetus to internal mobility will retain an important role as a factor in the acquisition of knowledge through varied experience and in increasing ANACOM's capacity for response. Diversity management and the creation of a model to reconcile professional, family and personal life are also areas of expertise which ANACOM will seek to develop over the next three years.

The people plan for the 2016-2018 three-year period will be constrained to the forecast complement of 403 employees. The need to ensure ongoing rejuvenation and ensure that ANACOM's resources are more closely aligned with its present and future needs is one of the critical factors which govern ANACOM's management of human resources.

Annex II presents tables with the forecast variations in the human resources plan, both in terms of the number of employees and in terms of the number of hours worked and corresponding allocation of financial resources.

In this regard, use of overtime will remain limited and applied only in properly justified and exceptional situations.

As regards personnel costs, it is expected that 40% of the remuneration reduction imposed previously will be restored in 2016, pursuant to the Lei do Orçamento do Estado (State Budget Law), with full restoration of salary cuts estimated in 2017.





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# FINANCIAL PLAN

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## 8. Financial Plan

The present multi-annual financial plan remains closely aligned with Portugal's current phase of economic and financial recovery.

It is in this context that ANACOM is committed to the continued promotion of efficiency in its activities and the continued rationalisation of expenditure and investment, leading to further reductions in the regulatory fees charged to the sector. However, because of the efforts already made in recent years to reduce outgoings, the scope for additional expenditure cuts is more limited. Meanwhile, it is essential that ANACOM also retains its capacity to act effectively as an independent regulator, in a scenario of increasingly demanding and complex regulation and given its increased powers and responsibilities as a result of European directives and national legislation.

In 2015, ANACOM's new Statutes were approved, conferring new powers and responsibilities, so that the present budget and Plan are the first to be prepared under their scope.

Under these Statutes, it is set out that ANACOM is financially independent, endowed with resources as are necessary and appropriate for the accomplishment of its functions and with autonomy as regards the management of its finances and assets.

ANACOM is not subject to the public accounting rules or to the regime of autonomous funds and services, except in respect of net income resulting from the use of assets of the public domain (for example, the radio spectrum), which income shall revert to the Portuguese State under terms defined by Administrative Rule of the Government.

The new Statutes also make ANACOM subject to the State Treasury regime, whereby, since the end of 2014, ANACOM has employed the services of IGCP - Agência de Gestão da Tesouraria e da Dívida Pública (Portuguese Treasury and Government Debt Agency) in the majority of its treasury activities.

It should be further noted that in June 2015, by Resolution of the Council of Ministers, net income was distributed in respect of 2010, 2011, 2012, and 2013, amounting to 60.376 million euros. These transfers reduced the amount of available cash, resulting in a reduction in income derived from its application (financial interest).

In accordance with its statutes, ANACOM's accounting is organized in accordance with the SNC - Sistema de Normalização Contabilística (National Accounting System). The 2016 Budget and the 2016-2018 Financial Plan have been prepared in accordance with the rules of the SNC and reflect the financial quantification as is appropriate and necessary for the execution of activities set out in the multi-annual plan, as presented above.

## **8.1 2016 Budget**

### **Investment**

The 2016 investment budget (Annex III - Table 5) is focused on the continued modernisation and re-equipping of ANACOM's monitoring and inspection activities and on the necessity of bringing ANACOM's information systems up-to-date, to ensure it retains the necessary means to keep pace with the transformations of the communications industry and to fulfil its assigned functions and responsibilities.

Total investment planned for 2013 is 3.201 million euros, representing a reduction of 1 percent compared to the 2015 budget. The most important projects/investments planned in 2016 include:

- upgrade and modernisation of spectrum monitoring equipment, specifically: improvements to metallic towers, hardware upgrades in equipment supporting the SINCRER network (stations not yet upgraded), upgrade of existing spectrum monitoring and control infrastructure and acquisition of equipment for new radiocommunications systems;
- conclusion, in early 2016, of the last phase of the development of the geo-referenced platform supporting the SIC, accomplishing legal compliance with Decree-Law no. 123/2009, with subsequent amendments;
- renewal and upgrade of the computer system, both in terms of hardware (servers), and in terms of developing new applications to support ANACOM's core activities.

### **Income**

The 2016 income budget (Annex III - Table 6) results from the application of fees pursuant to prevailing legislation. The final figures also took into account each one of the characteristics of service; the income budget comprises the following situations:

(1) administrative regulation fees associated with electronic communications; these are based on the principle of cost orientation, and to this extent vary depending on the level of costs incurred by ANACOM in regulating electronic communications activities (these fees represent around one third percent of total income);

(2) fees associated with the use of spectrum frequencies (representing 61.6 percent of total income), which stem from the occupation/use of a scarce public resource - use of the spectrum must be marked by efficiency, with fees charged on a "user pays" basis;

(3) fees associated with the use of numbering (representing 2 percent of total income);

(4) administrative fees associated with the regulation of postal services; these are based on the principle of cost orientation, and to this extent vary depending on the level of costs incurred by ANACOM in regulating postal services (these fees represent 2.3 percent of total income);

(5) interest earned from the application of available financial resources (0.5 percent of total income);

(6) other fees and revenues that constitute residual income.

The legal framework governing the fees provided for in the 2016 Budget is as follows:

- fees arising from the law of electronic communications - Current legislation is as follows:
  - LCE - Lei das Comunicações Eletrónicas (Electronic Communications Law - Law no. 5/2004 of 10 February)<sup>8</sup>, which establishes the legal regime applicable to electronic communications networks and services and to associated resources and services; and Decree-Law no. 264/2009 of 28 September, which establishes the regime applicable to the licensing of radiocommunications networks and stations, supervision of the installation of said stations and use of the radio spectrum, together with the sharing of radiocommunications infrastructure;

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<sup>8</sup> Law no. 5/2004 of 10 February, as amended by Law no. 51/2011 of 13 September and as amended by Law no. 10/2013 of 28 January, Law no. 42/2013 of 3 July, Decree-Law no. 35/2014 of 7 March, and Law no. 82-B/2014 of 31 December.

- Administrative Rule no. 1473-B/2008 of 17 December, as amended by Administrative Rule no. 96-A/2013 of 2 October and Administrative Rule no. 378-D/2013 of 31 December, supporting the new fee model, with basis in article 105 of the LCE.

The fees governed by these texts are as follows:

- the issue of declarations supporting rights issued by ANACOM with regard to the exercise of the activity of supplier of electronic communication networks and services, allocation of rights of use of frequencies and allocation of numbering;
  - exercise of activity of provider of publicly available electronic communication networks and services;
  - use of frequencies;
  - use of numbering.
- Fees in respect of the activity of postal service operator - the regulations which govern this activity are as follows:
    - Law no. 17/2012 of 26 April, establishing the regime governing access to and pursuit of the activity of provider of postal services in competition;
    - Administrative Rule no. 1473-B/2008 of 17 December, as amended by Administrative Rule no. 296-A/2013 of 2 October - giving basis to the collection of fees due in this context.
  - ITED/ITUR fees, Fees of this category are governed by the following
    - Decree-Law no. 47/2013 of 16 July, which defines the regime governing the construction of infrastructure which is suitable for carrying electronic communications networks, the installation of electronic communications networks and construction of telecommunications in housing developments, urban settlements and concentrations of buildings and in buildings; the associated fees are set in Administrative Rule no. 1473-B/2008 of 17 December, as amended by Administrative Rule no. 296-A/2013 of 2 October.

- Remaining provisions of service - due to their importance, reference is made to the following rules:
  - Fees payable for use of the amateur radio service - Decree-Law no. 53/2009 of 2 March lays down the rules that apply to use of the amateur radiocommunications service, and Administrative Rule no. 1473-B/2008 of 17 December (as amended by Administrative Rule no. 296-A/2013 of 2 October) establishes the fees which are applicable in respect of this service;
  - Fees of the citizen's band (CB) service - Decree-Law no. 47/2000 of 24 March establishes the legal regime governing use of the Personal Radio Service - Citizen's Band (PRS-CB), which fees are set by Administrative Rule no. 1473-B/2008 of 17 December (as amended by Administrative Rule no. 296-A/2013 of 2 October);
  - Decree-Law no. 177/1999 of 21 May, which establishes the rules governing access to and exercise of the activity of provider of audiotext services, the fees for which were approved by Administrative Rule no 567/2009 of 27 May;
  - Testing and calibration of equipment - the amounts included under this item refer to services provided by ANACOM in the context of the tasks assigned to it and result from the application of a specific tariff, as determined by its Board of Directors;
  - Enforcement actions - this heading item comprises revenues resulting from enforcement actions, including applied fines and inspections.
- Interest and other similar income - sums recorded under this item essentially result from the gains obtained from interest on investments planned during the year.
- Other income and gains - this item includes the following income and gains:
  - Subsidies obtained from the European Union (EU) - these amounts relate to expenses incurred in travel to meetings and conferences within the EU, in accordance with the tasks assigned to ANACOM, in cases where travel expenses are reimbursed by the EU;
  - Other income - this item covers income and gains of low value or of an occasional nature, including as arising from the sale of tender specifications, scrap, sale of goods, etc, as well as extraordinary items and accounting adjustments.

In the 2016 budget, income is expected to reach 84.436 million euros, an amount which exceeds expected income in the 2015 budget (by 6.2 million euros). This increase in income stems from the following effects:

- Conclusion of the transitional arrangements provided for in Administrative Rule no. 291-A/2011 of 4 November, with respect to amounts payable on Terrestrial Electronic Communications Services (TECS), related to existing geographic restrictions on the operation of the 800 MHz band and consequently the withdrawal of the 50% discount on the amount of fees payable (in force until 2015). The end of this discount provides an additional 2.4 million euros.
- Increase in administrative electronic communications regulation fees, caused by the increase in litigation provisions; the amount forecast for 2016 is higher than expected for 2015, generating an increase of 3.4 million euros in administrative fees.
- Gradual growth in postal services regulation fees, due to the progressive adjustment mechanism (transition period of five years), as laid down in Administrative Rule no. 1473-B/2008 (amended by Administrative Rule no. 296-A/2013 of 2 October), with a positive impact of 0.4 million euros.
- Reduction of interest generated by financial investments, due to the assumption of a scenario of lower cash availability and persistence of low interest rates, according to market forecasts, determining a reduction of 0.5 million euros.
- Increased licensing associated with national DTT coverage and increased fixed service licensing will contribute to an increase of 0.5 million euros.

## **Expenses**

In 2016, ANACOM will continue to pursue measures of internal efficiency and expenditure rationalisation. However, because of the reductions in costs achieved in recent years, the potential for further reductions has become more limited. The expenditure budget is presented in Annex III - Table 7.

In its 2016 budget, ANACOM continued to apply the more adjusted criteria introduced in the previous plan in terms of estimating provisions for ongoing cases of litigation. As such the

value of all the provisions in respect of legal processes which were ongoing at the end of 2014 are included in the 2016 budget, representing an increase in provisions of 1.9 million euros, from 5.3 million euros (2015 budget) to 7.2 million euros (2016 budget).

In 2016, external supplies and services are seen at 11.466 million euros, which represents an increase (273 thousand euros) compared to the budgeted amount in 2015 (Annex III - Table 7). This item is one that generally most reflects the savings derived from the cost-cutting measures that ANACOM has been implementing. Despite the decrease in expenditure across a range of items, stemming from additional measures to reduce costs, there are other items where an increase in expenditure cannot be avoided, specifically building rents, which are subject to legally-imposed automatic updates. Meanwhile, new spending commitments have arisen as a result of legal obligations of various kinds to which ANACOM is bound, including, in particular, the monitoring of quality of service (QoS) on the Internet (*NET.mede* and *NET.mede Pro*) and the development of the SIC, whose implementation costs also explain the increase in the remaining sub-headings of supplies and services.

As regards personnel costs, the amount forecast in the 2016 budget (Annex III -Table 7) reflects approved staffing levels, which, in 2016, remain in line with 2015 levels. The main resource of a regulatory authority such as ANACOM is its people, so that it is natural that personnel costs constitute the largest part of its cost structure. The major components of these costs are as follows:

- Remuneration of ANACOM's permanent staff and additional remunerations, including application of the salary reduction stipulated under *Lei do Orçamento de Estado* (State Budget Law); this translates into a temporary and progressive salary reduction of between 3.5 percent and 10 percent, as follows: 3.5 percent for monthly salaries of more than 1,500 euros and less than 2,000 euros; 3.5 percent on the value of 2,000 euros with a further 16% on the total amount of salary exceeding 2,000 euros, in the case of salaries of 2,000 euros and above up to 4,165 euros (giving an overall rate of reduction ranging between 3.5 percent and 10 percent); 10 percent for values greater than 4,165 euros. On the other hand, a gradual reversal of the temporary salary reduction is expected, to the tune of 20 percent/year from 1 January 2015; For 2016, a gradual reversal of the temporary salary reduction is expected from 01 January 2016, as occurred in 2015, with an additional reversal of 40% considered for 2016.



- Post-employment benefits include ANACOM's contribution to a Pension Fund, covering the payment of retirement pensions to a group of employees from CTT and also health care liabilities as regards retired ANACOM staff who came from CTT.
- Charges on remunerations paid by ANACOM reflect Social Security Contributions made by application of the TSU - Taxa Social Única (Single Social Tax).
- Work accident insurance is extended to cover all employees.
- Social action expenditure results from the agreement concluded with CTT, S.A. and Portugal Telecom, S.A., with regard to sickness prevention, hygiene and safety at work, and health insurance which extends to all ANACOM employees.
- The sums needed to cover the various types of training activities as deemed essential for the development of staff competencies and to achieve stipulated levels of qualification among ANACOM staff operating in a sector that is increasing complex and demanding.

In 2016, personnel costs are seen at 23.696 million euros, an increase of 633 thousand euros compared to the 2015 budget. This increase reflects the assumptions on the restoration of salaries and the increase in expenditure stemming from the resource optimisation programme, whereas other items remain in line with 2015 levels.

In the 2016 budget, depreciation and amortization costs are seen at 3.261 million euros, reflecting the depreciation and amortisation of equipment held by ANACOM, calculated based on specific rates as laid down in legally approved rules.

A further 60 thousand euros is included under impairment losses, in respect of net changes relating to impairments that affect receivables, primarily to cover possible difficulties in collecting sums due with regard to issued invoices.

Finally, the other expenses and losses item in the 2016 budget is seen at 7.5 million euros, increasing 0.3 million euros from the sum budgeted in 2015 (Annex III - Table 7). This increase mainly results from a legal obligation of ANACOM, whereby it is bound to contribute 6.25% of total fees to the financing of AdC - Autoridade da Concorrência (Portuguese Competition Authority); this contribution has increased between the 2015 budget and the 2016 budget by 0.4 million euros, given the increase in revenues detailed

above. The remaining sub-headings show reductions in expenditure.

This item includes sums allocated for the payment of contributions to international telecommunications and postal organisations, as well as expenses in respect of meetings and conferences related to ANACOM's assigned functions at an international level.

This item also includes the costs incurred in the pursuit of: cooperation activities with Portuguese-speaking African countries (PALOP) and other cooperation activities with countries in Europe, Brazil and Macau; the contribution to FPC - Fundação Portuguesa das Comunicações (Portuguese Communications Foundation) in the context of ANACOM's participation as founding entity; and various sponsorships awarded to public and private entities, associations, etc. The budget also includes some low-value sums designated for the payment of certain taxes, fees, financial expenses and losses and other extraordinary costs and losses as ANACOM may incur in the course of its activity.

In terms of overall spending, it should be emphasised that, in 2016, further measures will be taken to cut expenditure and to adjust ANACOM's cost structure. Total expenditure planned for 2016 is 53.203 million euros. This level of total expenditure represents an overall increase compared to the 2015 budget (+6 percent). However, excluding provisions for ongoing litigation, the increase in 2016, as compared to the 2015 budget, would fall to 3 percent. Also excluding other exogenous factors that have been explained above - wage restoration assumptions for 2016, increased contribution to AdC and new spending on legal obligations (e.g. *NET.mede*, *NET.mede Pro*, and the SIC, etc.) - expenditure would fall below 2015 budget levels.

## **Profits**

Based on the above estimates, Net Profit in the 2016 budget is forecast at 31.233 million euros (+11.2 percent versus the 2015 budget), as set out in Annex III - Table 8.

### **8.2 2016-2018 Financial plan**

The components of ANACOM's financial plan for the 2016-2018 period are listed in Annex IV and are as follows:

- Investment plan (for projects).

- Income plan.
- Expenses plan.
- Income statement by nature.
- Cash Budget.
- Balance statement.
- Cash flow statement.

The Investment plan for 2017 and 2018 is reduced compared to 2016, with a decrease in investments associated with the SIC (which enters the operational phase and therefore incurs expenses under supplies and services) and a reduction in investment related to technical equipment and, as a result of measures set out in the 2015-2017 Strategic Plan for Information Systems, investment in IT equipment.

The Income plan remains based on proceeds from the settlement and collection of all fees payable to ANACOM by providers of electronic communications networks and services, depending on the regulatory costs incurred by the respective regulatory activities, and fees charged for the use of frequencies and the use of numbering, which together represent about 96 percent of total income. It also comprises regulatory fees in respect of postal services and other revenues, which account for the remaining 4 percent.

In the period covered by the 2016-2018 Plan, overall income levels are expected to stabilise, with a tendency towards a slight reduction to the order of 1.5 percent in 2017 and 2018, due to an expected decrease in regulation fees applied to electronic communication operators given the estimated reduction in regulation costs and due to the reduction of licensing in the land mobile service market.

Meanwhile, the Plan sets out a gradual reduction in overall expenditure levels in nominal terms. Under personnel costs, ANACOM expects to maintain staff numbers over the period, with full restoration of the temporary salary reduction in 2017 and no additional change in personnel costs in 2018.

The remaining accounting and financial statements are also presented - these were prepared based on the income, expenditure and investments, as already explained, and

were prepared also according to the accounting criteria of the SNC, as is ANACOM's practice and as is accepted by ANACOM's auditors.

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# ANNEXES

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## Annex I – List of actions

DIRECTIONS													
Priority no.	Actions 2016	TIMETABLE											
		2016				2017				2018			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Assure and protect the interests of users and citizens													
Action line - Oversee and review, on a timely basis, application of the conditions governing universal service provision (electronic communications and postal services) in its various components													
1.1	Prepare and launch a public consultation on the universal service (review of conditions of service provision in relation to current components and any future components)					X Start	X End						
1.2	Approve draft decision on the specifications governing provision of the universal service (these specifications will constitute the specifications of future tendering procedures)						X Start	X End					
1.3	Advising the Government with respect to the launch of the universal service tender procedures							X	X	X	X	X	X
	PP Tender (1 month completion of Tender Specifications, plus 8 for tender, plus 2.5 award and Court of Auditors, plus 9 months commence activity - will terminate in April 2019)							X Start					
	FTS Tender (1 month completion of Tender Specifications, plus 8 for tender, plus 2.5 award and Court of Auditors, plus 6 months commence activity - will terminate in January 2019)							X Start					
	Tender for directories and directory enquiry services (1 month completion of Tender Specifications, plus 8 for tender, plus 2.5 award and Court of Auditors, plus 1 month commence activity - will terminate in August 2018)							X Start				X End	

1.4	Prepare report on compliance with the QoS parameters and indicators imposed on the universal service providers of electronic communications				X				X				X
1.5	Prepare analysis of compliance with price-cap established for the electronic communications universal service provider (FTS)				X				X				X
1.6	Prepare analysis of compliance with price-cap established for the universal service provider (public pay-telephones)				X				X				X
1.7	Prepare analysis of compliance with price-cap established for the electronic communications universal service provider (directories and directory enquiry services)				X				X				X
1.8	Audit the values of the universal postal service quality indicators of year (years 2014 and 2015)												
	Draft decision on 2014 audit findings and subsequent actions.	X											
	Final decision on 2014 audit findings and subsequent actions.		X										
	Audit of 2015		X	X									
	Draft decision on audit findings and subsequent actions.			X									
	Final decision on audit findings and subsequent actions.				X								
1.9	Audit the values of the universal postal service quality indicators of year (years 2016 and 2017)												
	Definition of technical specifications and definition of type of procedure to used in formulation of the provision of services contract			X									

	Selection of auditor			X									
	Perform 2016 auditing				X Start	X End							
	Draft decision on 2016 audit findings and subsequent actions.						X						
	Final decision on 2016 audit findings and subsequent actions.						X						
	Perform 2017 auditing								X				
	Draft decision on 2017 audit findings and subsequent actions.								X				
	Final decision on 2017 audit findings and subsequent actions									X			
<b>1.10</b>	<b>Set parameters and quality levels of the universal postal service, to be imposed on universal service provider in 2018-2020</b>												
	Draft decision						X						
	Final decision							X					
<b>1.11</b>	<b>Audit the values of the universal postal service quality indicators of year (years 2018 and 2019)</b>												
	Definition of technical specifications and definition of type of procedure to used in formulation of the provision of services contract									X			
	Selection of auditor										X		
<b>1.12</b>	<b>Prepare analysis of compliance with price-caps of the universal postal service practised by universal service provider</b>				X						X		
<b>1.13</b>	<b>Define rules governing pricing in the universal postal service to be applied in 2018-2020</b>												
	Draft decision						X						
	Final decision							X					



<b>1.14</b>	<b>Monitor accomplishment of postal network density objectives and minimum offers of service, as imposed on universal postal service provider</b>	X	X	X	X	X	X	X	X	X	X	X	X
	Renegotiation of software contract to calculate distances /routes					X	X						
<b>1.15</b>	<b>Define postal network density objectives and minimum offers of service, to be imposed on universal service provider from 01 Oct. 2017</b>												
	Analysis of communication (proposal) from universal service provider and draft decision					X							
	Final decision						X						
<b>1.16</b>	<b>Audit inventory of assets attached to CTT concession (2014 and 2015)</b>												
	Presentation of 2014 inventory by universal service provider	X											
	Selection of auditor	X											
	Perform 2014 auditing			X									
	Draft decision on 2014 audit findings and subsequent actions.				X								
	Final decision on 2014 audit findings and subsequent actions.					X							
	Presentation of 2015 inventory by universal service provider			X									
	Perform 2015 auditing					X							
	Draft decision on 2015 audit findings and subsequent actions.					X							
	Final decision on 2015 audit findings and subsequent actions.						X						

<b>1.17</b>	<b>Audit inventory of assets attached to CTT concession (2016 and 2017)</b>												
	Presentation of 2016 inventory by universal service provider							X					
	Perform 2016 auditing									X			
	Draft decision on 2016 audit findings and subsequent actions.									X			
	Final decision on 2016 audit findings and subsequent actions.										X		
	Presentation of 2017 inventory by universal service provider											X	
	Perform 2017 auditing												X
<b>1.18</b>	<b>Contribute to Government re-evaluation of the conditions governing provision of the universal postal service</b>					X	X						
Line of Action - Assess the appropriateness of quality of service levels provided taking into account transparency and technological neutrality													
<b>1.19</b>	<b>Evaluate and implement measures on net neutrality</b>												
	Examine, in the light of proposals to develop the regulatory framework, application scenarios of the BEREC guide as regards QoS in the context of NN, defining quality indicators or minimum requirements and the establishment of corresponding metrics		X Start				X End						
<b>1.20</b>	<b>Develop and make available tools to measure QoS tools in fixed and mobile Internet access (Netmede and NetmedePro)</b>	X Start			X End	X Start			X End	X Start			X End
Line of action - Monitor and report on the evolution of retail prices in the markets													
<b>1.21</b>	<b>Update and improve monitoring report of retail prices of various services</b>	X Start			X End	X Start			X End	X Start			X End

Line of action - Define and implement actions in the field of security and integrity of electronic communications networks and services													
1.22	Identify, characterise and perform exceptional auditing	X Start			X End								
1.23	Take stock of CRN activity and identify measures to consolidate ANACOM's assigned responsibilities in this regard	X Start			X End								
Line of action - Contribute to the definition and updating of emergency civil planning policies in the communications sector													
1.24	Conduct study on the preparation and readiness of the sector in the face of emergency situations		X Start		X End								
Line of action - Strengthen effective complaint management mechanisms													
1.25	Review the handling of enquiries/complaints from end-users of communications services												
	Implement new Complaints Management System	»» 2015			X								
Line of action - Promote out-of-court dispute resolution in cooperation with relevant authorities													
1.26	Implement solution to be adopted for out-of-court conflict resolution	»» 2015			X								
Line of action - Improve information provided to users, giving support to their choices, and enabling them to take more informed decisions and resolve problems with service providers													
1.27	Carry out continuous evaluation of content provided on ANACOM's Consumers' Website and make improvements	X	X	X	X								
1.28	Conduct study on user needs in terms of postal services		X Start		X End								
1.29	Conduct study on the costs of operator switching in the context of the changing offer structure		X Start		X End								

Line of action - Monitor and ensure compliance with the obligations of the operator of the digital terrestrial television (DTT) platform.

<b>1.30</b>	<b>Oversee the evolution of the DTT network and adaptation of probe network</b>												
	Develop annual study on DTT QoS	X Start			X End	X Start			X End	X Start			X End
	Formulate opinion on the possible need to adapt the probe network, in light of the results of the DTT QoS study				X				X				X
<b>1.31</b>	<b>Verify DTT coverage obligations</b>	X Start			X End	X Start			X End	X Start			X End

## Promote open and competitive markets

Acting axis - Analyse/review relevant electronic communications markets, taking into account the rules adopted at European level, specifically as regards the promotion of competition and giving an incentive to efficient investment

<b>2.1</b>	<b>Analyze relevant markets</b>												
	Review market 1 (ex-market 3)							X Start			X End		
	Review market 2 (ex-market 7)							X Start			X End		
	Review ex-market 1 (origination)							X Start			X End		
	Analyze markets 3a and 3b	X End								X End			X End
	Analyze market 4	X End								X End			X End

Line of action - Review wholesale offers arising from obligations imposed on undertakings with significant market power in the various relevant markets

<b>2.2</b>	<b>Review the SLRO</b>	X End						X Start			X End		
<b>2.3</b>	<b>Review the RIO</b>	»» 2015	X End					X Start			X End		
<b>2.4</b>	<b>Review the broadband wholesale offers (LLRO, RELLO, RDAO and rede ADSL)</b>												

	Draft decision			X									
	Final decision					X							
<b>2.5</b>	Analyze possible fibre access offer												
	Draft decision				X								
	Final decision						X						
<b>2.6</b>	Re-evaluate DTT pricing												
	Draft decision				X				X				X
	Final decision						X				X		
<b>2.7</b>	Re-evaluate pricing of CAM circuits and inter-island circuits												
	Draft decision				X				X				X
	Final decision						X				X		
Line of action - Develop and improve regulatory costing systems and audit their results													
<b>2.8</b>	Audit of CTT's SCA 2014												
	Develop audit	X End											
<b>2.9</b>	Audit of CTT's SCA 2015												
	Develop audit			X Start		X End							
<b>2.10</b>	Audit of CTT's SCA 2016/2017												
	Launch tender						X						
	Award audit							X					
	Develop audit - 2016							X Start		X End			
	Develop audit - 2017											X Start	»» 2019

<b>2.11</b>	<b>Review of SCA used by CTT</b>												
	Select consultant		X										
	Develop work		X Start		X End								
<b>2.12</b>	<b>Update FTR model (market 1)</b>												
	Launch tender					X							
	Select consultant						X						
	Develop work							X Start			X End		
<b>2.13</b>	<b>Update MTR model (market 2)</b>												
	Launch tender					X							
	Select consultant						X						
	Develop work							X Start			X End		
<b>2.14</b>	<b>Develop SCA for NGN</b>												
	Launch tender		X										
	Select consultant			X									
	Develop work			X Start				X End					
<b>2.15</b>	<b>Update WACC MEO and CTT 2016</b>												
	Select consultant		X										
	Develop work		X										
<b>2.16</b>	<b>Update WACC MEO and CTT 2017</b>												
	Select consultant						X						
	Develop work						X						
<b>2.17</b>	<b>Update WACC MEO 2018</b>												
	Select consultant										X		
	Develop work										X		

<b>2.18</b>	<b>Audit SCA used by MEO 2015/2016</b>												
	Launch tender	X											
	Select auditor		X										
	Develop audit - 2015			X Start		X End							
	Develop audit - 2016						X Start		X End				
Line of action - Undertake actions associated with the provision of the universal service with market impact, particularly associated with the determination of net costs and the financing of its provision													
<b>2.19</b>	<b>Arrange audits in respect of the universal service provision of directories and directory enquiry services</b>												
	- Select the auditor and monitor the development of the auditing; prepare draft and final decision (determine no. of directories 2015)	X											
	- Select the auditor and monitor the development of the auditing; prepare draft and final decision (determine no. of directories 2016)	X Start				X End							
	- Select the auditor and monitor the development of the auditing; prepare draft and final decision (determine no. of directories 2017)					X Start			X End				
	- Select the auditor and monitor the development of the auditing; prepare draft and final decision (determine no. of directories 2018)								X Start				»» 2019
<b>2.20</b>	<b>Arrange auditing of SCA/CLSU estimates presented by MEO (2014) and of any re-submission</b>												
	- Monitor the development of the auditing; prepare draft and final decision on SCA		X										
	- Monitor the development of the auditing; prepare draft and final decision on CLSU		X										

	Award audit of the resubmitted SCA - Monitor the development of the auditing and final decision on SCA		X Start	X End									
	- Selection of auditor for CLSU resubmission - Monitor the development of the auditing; and final decision on CLSU			X Start	X End								
<b>2.21</b>	<b>Arrange audits of values related to Retirees and Pensioners in the period following designation of the universal service provider by public tender</b>												
	- As regards 2015	X Start	X End										
	- As regards 2016					X Start	X End						
	- As regards 2017								X Start	X End			
<b>2.22</b>	<b>Arrange audits of turnover values used in context of universal service compensation fund</b>												
	Audit the figures provided by operators on 30 June 2016 (as regards 2015)			X Start	X End								
	- Audit the figures provided by operators on 30 June 2017 (as regards 2016)							X Start	X End				
	- Audit the figures provided by operators on 30 June 2018 (as regards 2017)										X Start	X End	
<b>2.23</b>	<b>Develop processes for reimbursement of CLSU to MEO (period preceding designation of the universal service provider by public tender)</b>												
	- Reimbursement of CLSU as regards 2010 - 2011	X											
	- Reimbursement of CLSU as regards 2012 - 2013			X Start		X End							
	- Reimbursement of CLSU as regards 2014							X Start		X End			



<b>2.24</b>	<b>Undertake CLSU compensation process for the period subsequent to the designation of the universal service provider by public tender</b>												
	- 2014 CLSU	X											
	- 2015 CLSU			X Start		X End							
	- 2016 CLSU						X Start		X End				
	- 2017 CLSU										X Start	»» 2019	
<b>2.25</b>	<b>Evaluate the CLSU (if applicable) submitted by postal universal service provider in respect of previous calendar year (year n-1)</b>												
	Define the technical specifications and the type of procedure for the formulation of the contract with the auditor governing provision of services		X				X			X			
	Presentation of CLSU by universal service provider (by end of Q2 of year n)		X				X			X			
	Auditor selection procedure		X Start	X End			X Start	X End		X Start	X End		
	Perform CLSU audit			X Start	X End			X Start	X End			X Start	X End
	Draft decision on CLSU				X				X				X
	Final decision (up to 120 working days following universal service provider's submission of CLSU)				X Start	X End			X Start	X End			X Start
<b>2.26</b>	<b>Undertake CLSU compensation process (if applicable)</b>												
	2015 CLSU				X Start			X End					
	2016 CLSU								X Start		X End		
	2017 CLSU												X Start

<b>2.27</b>	<b>Arrange auditing of turnover values used in context of the Universal service compensation fund (if applicable)</b>												
	Audit the values presented by operators with respect to 2015							X Start		X End			
	Audit the values presented by operators with respect to 2016									X Start		X End	
Line of action - Oversee and monitor the development of next generation access networks (NGA)													
<b>2.28</b>	<b>Conduct audit on the equivalence of access to the infrastructure of MEO (RDAO and RPAO)</b>												
	Definition of technical specifications and definition of type of procedure to used in formulation of the provision of services contract			X									
	Selection of auditor			X Start	X End								
	Perform auditing				X Start		X End						
	Draft decision on audit findings and subsequent actions.						X						
	Final decision on audit findings and subsequent actions.							X					
Line of action - Develop/consolidate the application of rules on access to infrastructure under Decree-Law no. 132/2009 of 21 May, as amended and republished by Law no. 47/2013 of 10 July, and implement the SIC - sistema de informação centralizado (centralized information system)													
<b>2.29</b>	<b>Define the methodology to be used in determining the remuneration applicable for access to and use of infrastructure</b>												
	Draft decision on the methodology	X											
	Final decision on the methodology			X									
Line of action - Define and monitor indicators for market analysis and supervision													
<b>2.30</b>	<b>Carry out continuous assessment of statistical indicators and the need to maintain/create indicators</b>	X Start			X End	X Start			X End	X Start			X End

Line of action - Monitor and supervise the activities pursued by various agents, enforcing compliance with prevailing rules

2.31	Prepare draft transposition of Directive 2014/53/EU of 16.04.2014	»» 2015		X End									
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Ensure the efficient management of scarce resources

Line of action - Define and implement a national strategic plan on use of the radio spectrum

3.1	Develop and adopt a national strategic plan for the use of the radio spectrum which, taking into account the international context, establishes medium and long-term guidelines for use of the spectrum	»» 2015	X End										
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Line of action - Analyze trends in the use of the digital dividend in anticipation of evolutionary scenarios

3.2	Evaluate the prospects of development of the UHF broadcasting band, considering the national market, the European and national regulatory framework and the most relevant aspects related to the development of services, networks and technologies												
	Definition of a strategic framework for the 700 MHz band and its implementation			X				X					
	Elaboration of scenarios as to the future use of the 470-694 MHz band and implementation			X				X					

Line of action - Evaluate, on a prospective basis, the development of various radiocommunications services and applications and associated spectrum needs, including new mobile broadband services.

3.3	<b>Designation and provision of spectrum for electronic communications services, taking into account the objectives of regulation established by law, in particular the radio spectrum policy programme, WRC-15 and national interest in the use of spectrum remaining after the BWA auction, from the multi-band auction and other relevant bands of spectrum</b>												
	Decision on the availability of spectrum designated for BWA applications	»» 2015			X End								
	Definition and implementation of a framework for action with regard to spectrum remaining from multi-band auction	X Start			X End								
	Definition and implementation of a framework for action in relation to spectrum which is available and harmonized at a European level	X Start			X End								

Line of action - Establish appropriate conditions as regards the management of numbering and conditions governing its use

3.4	<b>Develop numbering regulation updating the main elements of the PNN and defining the services associated with the use of E.164 numbering</b>												
	Analysis and identification of options/scenarios to be considered, taking into account the standardisation, including at international level, and any technical, administrative and operational constraints	X											
	Public Consultation		X Start		X End								
3.5	<b>Analyze and decide on MNC management - Mobile Network Code - PNN</b>												

	Establishment of scenarios for the evolution of MNC, taking into account demand for codes, existing M2M solutions on the ground (including at international level), normative limitations and technical, administrative and operational constraints	X Start	X End										
	Define rules MNC allocation			X Start		X End							

**Promote institutional and technical cooperation**

Line of action - Ensure active participation at international forum with relevance to the sector (electronic communications and postal services)

<b>4.1</b>	<b>Participate in international organizations/agencies</b>												
	Reduce the quota payable to UPU (2016)			X Start	X End								
	Analyze the quota reduction for UPAEP (2017)			X Start	X End								
	Reduce the quota for UPAEP (2017)							X Start	X End				
	Analyze the quota reduction for the ITU (2018)							X Start	X End				
	Reduce the quota to the ITU (2018)										X Start	X End	
	Promote improvements in ITU and UPU, in terms of efficiency and resource management	X Start			X End	X Start			X End	X Start			X End

Line of action - Maintain involvement in the Body of European Regulators for Electronic Communications (BEREC)

<b>4.2</b>	<b>Take part in BEREC</b>												
	Active participation in all Expert Working Groups (EWG) and <i>ad hoc groups</i>	X Start			X End	X Start			X End	X Start			X End
	Participation of 3 <i>drafters</i> in EWGs	X Start			X End	X Start			X End	X Start			X End
	Chair the EWG	X Start			X End	X Start			X End	X Start			X End
	Vice Chair 2016	X Start			X End								

<b>4.3</b>	<b>Contribute to the review/negotiation of the new regulatory framework</b>											
	Internal coordination	X Start			X End	X Start			X End			
	Negotiation	X Start			X End	X Start			X End			
Line of action - Promote the sector at a national and international level and promote cooperation with other regulators												
<b>4.4</b>	<b>Participate in ERGP</b>											
	Maintenance of participation effort in working groups	X Start			X End	X Start			X End	X Start		X End
<b>4.5</b>	<b>Participate in the RSPG</b>											
	Maintenance of participation effort in working groups	X Start			X End	X Start			X End	X Start		X End
<b>4.6</b>	<b>Participate in EMERG</b>											
	Maintenance of participation effort in working groups	X Start			X End	X Start			X End	X Start		X End
<b>4.7</b>	<b>Participate in REGULATEL</b>											
	Maintenance of participation effort in working groups	X Start			X End	X Start			X End	X Start		X End
Line of action - Actively participate in the platforms of collaboration between Portuguese-speaking countries, especially ARCTEL - Associação de Reguladores de Comunicações e Telecomunicações da Comunidade de Países de Língua Portuguesa (Association of Communications and Telecommunications Regulators of the Community of Portuguese Speaking Countries)												
<b>4.8</b>	<b>Participate in ARCTEL</b>											
	Provide the Secretariat	X Start			X End	X Start			X End	X Start		X End
	Maintain active participation in Working Groups	X Start			X End	X Start			X End	X Start		X End
	Annual support to the realization of CFA workshops/seminars	X Start			X End	X Start			X End	X Start		X End
	Active contribution to the performance of studies	X Start			X End	X Start			X End	X Start		X End
<b>4.9</b>	<b>Develop bilateral cooperation programs</b>											

	Prioritization of actions of existing and future bilateral cooperation	X Start			X End	X Start			X End	X Start			X End
	Strategic redefinition of bilateral cooperation protocols	X Start			X End	X Start			X End	X Start			X End
	Entry of bilateral cooperation protocols into operation effect	X Start			X End	X Start			X End	X Start			X End
Line of action - Promote cooperation with national and international organisations and ensure coordination of activities in relevant areas (spectrum management, consumer protection, communications security)													
<b>4.10</b>	<b>Cooperate in clarifying the national position on Internet governance</b>												
	Collaboration with the FCT and others	X Start			X End	X Start			X End	X Start			X End
	Strengthen ANACOM' involvement in Internet governance	X Start			X End	X Start			X End	X Start			X End
<b>4.11</b>	<b>International promotion of sector and of knowledge transfer</b>												
	Collaboration with AICEP-global	X Start			X End	X Start			X End	X Start			X End
Line of action - Promote the dissemination of legal and regulatory regimes applicable to the sector													
<b>4.12</b>	<b>Conduct a strategic reflection on the regulation of spectrum management with a view to the future regulatory framework</b>	X Start			X End								
<b>4.13</b>	<b>Adapt the regulations associated with the amateur service amateur satellite services - completing the process initiated in 2015</b>	X											
Line of action - Promote ITED/ITUR as integral to the urban rehabilitation process													
<b>4.14</b>	<b>Disseminate the ITED and ITUR regimes</b>												
	Undertake initiatives to promote and disseminate the legal framework and applicable technical standard (seminars, <i>workshops</i> , leaflets, etc).	X Start			X End	X Start			X End	X Start			X End

Line of action - Promote coordination of the entities involved in the planning, construction and maintenance of infrastructure, including management of the SIC													
4.15	Carry out pilot project with parties with access to and use of the SIC	X Start			X End								
Line of action - Develop communication with society /stakeholders, through seminars, workshops and presentations on specific topics													
4.16	Disclose RED Directive (formerly R & TTE)												
	Carry out initiatives to disseminate and promote awareness of the law that will transpose the Radio Equipment Directive (seminars workshops, leaflets, etc.)	X				X Start			X End			X Start	X End
Promote internal efficiency and effectiveness													
Line of action - Implement measures to rationalize expenditure, guaranteeing efficiency													
5.1	implementation of the strategic plan for information systems (2016-2018)	X Start			X End	X Start			X End	X Start			X End
Line of action - Improve/de-materialize/simplify internal processes													
5.2	Establish indicators for the litigation and offences management system (IGCC)												
	Improvement of IGCC, as regards offences	X	X	X	X								
	Creation of IGCC as regards litigation			X	X								
	Improvement of IGCC as regards litigation					X	X	X	X				
5.3	Analyze and identify the current situation and update the process management system (SGQT) (inserted into the EFQM European recognition scheme)	X Start			X End	X Start			X End	X Start			X End



Line of actions - Automate procedures and expand the provision of services *online*

5.4	Develop new features to be implemented in computer applications supporting spectrum management, including electronic licensing												
		X Start			X End								
	Prepare proposal for the implementation of new features (as identified) and monitor their development	X Start			X End								
	Review e-QNAF Frequencies Website	X Start			X End								
5.5	Conclude process of making reports of the annual monitoring plans available to the Direção-Geral da Saúde (General Directorate of Health) and municipalities - amendment of regulation	X											

Line of action - Improve the efficiency of the data collection process, including through the restructuring of the instruments used

5.6	Expand the current Extranet and optimize information compilation												
		»» 2015			X End								
	Extend Extranet to encompass all quarterly surveys of the various services, the annual questionnaire and the twice-annual portability survey.	»» 2015			X End								

Line of action - Implement a training plan structured to ensure the development and excellence of human resources

5.7	Give impetus to plan to develop behavioural, technical and management competencies												
		X Start			X End	X Start			X End	X Start			X End
	Consolidate implementation of the new training model of technical-functional and behavioural skills	X Start			X End	X Start			X End	X Start			X End

Line of action - Promote an organizational culture that is more open to change.

5.8	<b>Implement talent management program</b>												
	Organizational diagnosis of potential	X Start			X Start								
	Succession management plan				X Start				X End				
	Consolidation of ANACOM culture	X Start			X End	X Start			X End	X Start			X End

## Annex II – Strategic People Plan (tables)

**Table 1 - Evolution in ANACOM human resources**

Category	2016	2017	2018
1 – Managerial staff	255	255	255
2 – Non managerial staff	148	148	148
<b>Total permanent staff (1+2)</b>	<b>403</b>	<b>403</b>	<b>403</b>

Unit: number of staff.

**Table 2 - Evolution in types of complementary work**

2016/2018 Plan			
Category	2016	2017	2018
Supplementary work	4 966	4 718	4 482
<b>Total</b>	<b>4 966</b>	<b>4 718</b>	<b>4 482</b>

Unit: hours.

**Table 3 - Evolution in personnel costs**

2016/2018 Plan			
Category	2016	2017	2018
Wages and expenses	21 323 500	21 898 800	21 898 800
Other Personnel Costs	2 372 300	2 395 700	2 395 700
<b>Total</b>	<b>23 695 800</b>	<b>24 294 500</b>	<b>24 294 500</b>

Unit: Euros.

**Table 4 - Personnel costs plan**

<b>Category</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
1. Permanent contracts (year-end)	403	403	403
2. Permanent staff potential (1800 hours/year)	725 400	725 400	725 400
3 Supplementary work (hours)	4 966	4 718	4 482
<b>4. Potential work (2 to 4)</b>	<b>730 366</b>	<b>730 118</b>	<b>729 882</b>
5. Management Remuneration	998 016	1 037 200	1 037 200
6. Staff remuneration	13 893 858	14 269 000	14 269 000
7. Additional remuneration	3 028 339	3 084 400	3 084 400
8. Post-employment benefits	742 177	763 000	763 000
9. Salary expenses	3 403 287	3 508 200	3 508 200
10. Work accident insurance	94 132	96 800	96 800
11. Social action costs	746 772	746 700	746 700
12. Other personnel costs	789 219	789 200	789 200
<b>13. Total (5 to 12)</b>	<b>23 695 800</b>	<b>24 294 500</b>	<b>24 294 500</b>

Unit: euros.

## Annex III – 2016 Budget

**Table 5 - Investment budget**

Category	2015 Budget	2016 Budget	2016/2015 Variation	
			Value	%
Land and Buildings	160 000	45 000	-115 000	-71.9%
Basic radio Equipment	790 500	1 025 900	235 400	29.8%
Transport Equipment	24 000	24 000	0	0.0%
Administrative Equipment				
* IT Equipment (Hardware)	1 150 000	1 035 000	-115.000	-10.0%
* Miscellaneous Equipment	25 000	26 000	1.000	4.0%
Computer programmes (Software)	1 020 000	985 500	-34.500	-3.4%
Work to premises	60 000	60 000	0	
<b>Total</b>	<b>3 229 500</b>	<b>3 201 400</b>	<b>-28 100</b>	<b>-0.9%</b>

Unit: euros.

**Table 6 - Income Budget**

Category	2015 Budget	2016 Budget	2016/2015 Variation	
			value	%
<b>Regulation of electronic communications</b>	<b>75 226 200</b>	<b>81 593 100</b>	<b>6 366 900</b>	<b>8.5%</b>
* Statements of rights	14 000	14 000	0	0.0%
* Exercise of electronic communications activity	24 480 000	27 831 000	3 351 000	13.7%
* Use of frequencies - TECS	37 933 200	40 393 200	2 460 000	6.5%
* Use of frequencies - other	11 042 800	11 644 900	602 100	5.5%
* Use of numbering	1 756 200	1 710 000	-46 200	-2.6%
<b>Regulation of postal services</b>	<b>1 500 000</b>	<b>1 911 600</b>	<b>411 600</b>	<b>27.4%</b>
<b>ITED/ITUR</b>	<b>43 100</b>	<b>3 900</b>	<b>-39 200</b>	<b>-91.0%</b>
<b>Remaining provisions of service</b>	<b>405 000</b>	<b>364 600</b>	<b>-40 400</b>	<b>-10.0%</b>
<b>Interest and other similar income</b>	<b>863 000</b>	<b>399 000</b>	<b>-464 000</b>	<b>-53.8%</b>
<b>Other income and gains</b>	<b>155 400</b>	<b>163 800</b>	<b>8 400</b>	<b>5.4%</b>
<b>Total</b>	<b>78 192 700</b>	<b>84 436 000</b>	<b>6 243 300</b>	<b>8.0%</b>

Unit: euros.

**Table 7 - Expenditure budget**

Category	2015 Budget	2016 Budget	2016/2015 Variation	
			value	%
<b>External Supplies and Services</b>	<b>11 193 000</b>	<b>11 466 300</b>	<b>273 300</b>	<b>2.4%</b>
* Specialized work	3 408 800	3 649 200	240 400	7.1%
* Advertising and promotion	122 300	77 500	-44 800	-36.6%
* Surveillance and Security	441 000	441 000	0	0.0%
* Maintenance and repairs	2 685 200	2 755 500	70 300	2.6%
* Books and technical documents	250 000	250 000	0	0.0%
* Energy and liquids	537 900	530 400	-7 500	-1.4%
* Travel, accommodation and transport	595 500	602 700	7 200	1.2%
* Rents and leasing	1 669 800	1 719 200	49 400	3.0%
* Communication	435 000	381 000	-54 000	-12.4%
* Insurance	132 000	123 800	-8 200	-6.2%
* Cleanliness, hygiene and comfort	291 500	290 000	-1 500	-0.5%
* Other supplies and services	624 000	646 000	22 000	3.5%
<b>Personnel costs</b>	<b>23 062 400</b>	<b>23 695 800</b>	<b>633 400</b>	<b>2.7%</b>
* Wages and wage expenses	20 900 610	21 323 500	422 890	2.0%
* Other personnel expenses	2 161 790	2 372 300	210 510	9.7%
<b>Depreciation and amortisation</b>	<b>3 207 500</b>	<b>3 260 700</b>	<b>53 200</b>	<b>1.7%</b>
<b>Impairment losses</b>	<b>90 000</b>	<b>60 000</b>	<b>-30 000</b>	<b>-33.3%</b>
<b>Provisions for period</b>	<b>5 338 800</b>	<b>7 200 000</b>	<b>1 861 200</b>	<b>34.9%</b>
<b>Other expenses and losses</b>	<b>7 211 700</b>	<b>7 520 500</b>	<b>308 800</b>	<b>4.3%</b>
* Contributions	963 100	954 600	-8 500	-0.9%
* Meetings and conferences	313 400	236 600	-76 800	-24.5%
* Sponsorships	185 000	154 100	-30 900	-16.7%
* Payments/Transfers	5 526 100	5 898 300	372 200	6.7%
* Cooperation	173 100	173 800	700	0.4%
* Other expenses and losses	51 000	103 100	52 100	102.2%
<b>Total</b>	<b>50 103 400</b>	<b>53 203 300</b>	<b>3 099 900</b>	<b>6.2%</b>

Unit: euros.

**Table 8 - Personnel expenditure budget**

Category	2015 Budget	2016 Budget	2016/2015 Variation	
			value	%
1. Permanent staff (year-end)	403	403	0	0.0%
2. Permanent staff potential (1800 hours/year)	725 400	725 400	0	0.0%
3. Supplementary work (hours)	4 960	4 966	6	0.1%
<b>4. Potential work (2 to 3)</b>	<b>730 360</b>	<b>730 366</b>	6	0.0%
5. Management Remuneration	952 668	998 016	45 348	4.8%
6. Staff remuneration	13 711 705	13 893 858	182 153	1.3%
7. Additional remuneration	2 886 156	3 028 339	142 183	4.9%
8. Post-employment benefits	724 636	742 177	17 541	2.4%
9. Salary expenses	3 350 081	3 403 287	53 206	1.6%
10. Work accident insurance	67 319	94 132	26 813	39.8%
11. Social action costs	694 892	746 772	51 880	7.5%
12. Other personnel costs	674 943	789 219	114 276	16.9%
<b>Total (5 to 12)</b>	<b>23 062 400</b>	<b>23 695 800</b>	<b>633 400</b>	<b>2.7%</b>

Unit: euros.



**Table 9 - Income and expenses budget**

Category	2015 Budget	2016 Budget	2016/2015 Variation value	
<b>INCOME</b>				
* Fees - regulation of electronic communications	24 480 000	27 831 000	3 351 000	13.7%
Fees - use of frequencies	48 976.000	52 038 100	3 062 100	6.3%
* Fees - use of numbering	1 756 200	1 710 000	-46 200	-2.6%
* Fees - regulation of postal services	1 500 000	1 911 600	411 600	27.4%
* Remaining provisions of service	462 100	382 500	-79 600	-17.2%
* Interest and other similar income	863 000	399 000	-464 000	-53.8%
* Other income and gains	155 400	163 800	8 400	5.4%
<b>Total income</b>	<b>78 192 700</b>	<b>84 436 000</b>	<b>6 243 300</b>	<b>8.0%</b>
<b>EXPENSES</b>				
* External supplies and services	11 193 000	11 466 300	273 300	2.4%
* Personnel costs	23 062 400	23 695 800	633 400	2.7%
* Depreciation and amortisation	3 207 500	3 260 700	53 200	1.7%
* Impairment losses	90 000	60 000	-30 000	-33.3%
* Provisions for period	5 338 800	7 200 000	1 861 200	34.9%
* Other expenses and losses	7 211 700	7 520 500	308 800	4.3%
<b>Total expenses</b>	<b>50 103 400</b>	<b>53 203 300</b>	<b>3 099 900</b>	<b>6.2%</b>
<b>Net profit for period</b>	<b>28 089 300</b>	<b>31 232 700</b>	<b>3 143 400</b>	<b>11.2%</b>

Unit: euros.

## Annex IV –2016-2018 Financial Plan (Tables)

**Table 10 – Investment Plan (by project)**

Category	Objectives	2016	2017	2018
Modernisation of laboratories	Acquisition of equipment in light of evolution in technology and regulatory framework; and update of software	115 000	100 000	100 000
Technological refurbishment of spectrum monitoring	Upgrade of existing MCE (spectrum monitoring and control) facilities and acquisition of equipment for the new communications systems	233 500	250 000	200 000
Major repairs and hardware updates to SINCRER	Improvements to metallic towers, earth network and air conditioning. Hardware updates to network support equipment.	182 400	100 000	100 000
SIC	Adaptation of the terms of availability and information on access to ducts, poles, other installations and sites by the public communication service concessionaire for coordination with SIC	225 000		
Technological adaptation -architecture and technology platforms	Adaptation of infrastructural technological strongpoints through the acquisition of necessary hardware and software	1 900 500	1 300 000	1 000 000
Acquisition of various basic radioelectric equipment	Acquisition of basic equipment for inspection actions	270 000	400 000	350 000
Acquisition of various IT equipment	Acquisition of current hardware and software	120 000	100 000	100 000
Miscellaneous day-to-day acquisitions	Acquisition of administrative equipment and performance of works in building	155 000	155 000	155 000
<b>Total</b>		<b>3 201 400</b>	<b>2 405 000</b>	<b>2 005 000</b>

Unit: Euros.

**Table 11 - Income plan**

<b>Category</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Electronic communications</b>	<b>81 593 100</b>	<b>79 793 700</b>	<b>78 507 900</b>
* Statements of rights	14 000	14 000	14 000
* Exercise of electronic communications activity	27 831 000	26 800 000	25 800 000
* Use of frequencies - TECS <sup>9</sup>	40 393 200	40 393 200	40 393 200
* Use of frequencies - other	11 644 900	10 876 500	10 590 700
* Use of numbering	1 710 000	1 710 000	1 710 000
<b>Exercise of postal activity</b>	<b>1 911 600</b>	<b>2 389 200</b>	<b>2 389 200</b>
<b>ITED-ITUR</b>	<b>3 900</b>	<b>3 900</b>	<b>3 900</b>
<b>Remaining provisions of service</b>	<b>364 600</b>	<b>364 600</b>	<b>364 600</b>
<b>Interest and other similar income</b>	<b>399 000</b>	<b>399 000</b>	<b>399 000</b>
<b>Other income and gains</b>	<b>163 800</b>	<b>163 800</b>	<b>163 800</b>
<b>TOTAL</b>	<b>84 436 000</b>	<b>83 114 200</b>	<b>81 828 400</b>

Unit: euros.

<sup>9</sup> TECS – Terrestrial electronic communication services.

**Table 12 - Expenditure plan**

<b>Category</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>External Supplies and Services</b>	<b>11 466 300</b>	<b>11 271 900</b>	<b>10 994 000</b>
* Specialized work	3 649 200	3 580 500	3 534 800
* Advertising and promotion	77 500	77 500	77 500
* Surveillance and Security	441 000	441 000	441 000
* Maintenance and repairs	2 755 500	2 628 100	2 400 000
* Books and technical documents	250 000	250 000	250 000
* Energy and liquids	530 400	530 400	530 400
* Travel, accommodation and transport	602 700	580 000	550 000
* Rents and leasing	1 719 200	1 744 700	1 770 600
* Communication	381 000	381 000	381 000
* Insurance	123 800	122 700	122 700
* Cleanliness, hygiene and comfort	290 000	290 000	290 000
* Other supplies and services	646 000	646 000	646 000
<b>Personnel costs</b>	<b>23 695 800</b>	<b>24 180 200</b>	<b>24 180 200</b>
* Wages and wage expenses	21 323 500	21 898 800	21 898 800
* Other personnel expenses	2 372 300	2 281 400	2 281 400
<b>Depreciation and amortisation</b>	<b>3 260 700</b>	<b>3 067 600</b>	<b>3 013 400</b>
<b>Impairment losses</b>	<b>60 000</b>	<b>60 000</b>	<b>60 000</b>
<b>Provisions for period</b>	<b>7 200 000</b>	<b>6 912 000</b>	<b>6 636 000</b>
<b>Other expenses and losses</b>	<b>7 520 500</b>	<b>7 572 400</b>	<b>7 489 800</b>
* Contributions	954 600	949 900	949 900
* Meetings and conferences	236 600	236 600	236 600
* Sponsorships	154 100	154 100	154 100
* Payments/Transfers	5 898 300	5 954 900	5 872 300
* Cooperation	173 800	173 800	173 800
* Other expenses and losses	103 100	103 100	103 100
<b>TOTAL</b>	<b>53 203 300</b>	<b>53 064 100</b>	<b>52 373 400</b>

Unit: euros.

**Table 13 - Financial Statements by nature**

<b>Category</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Income and expenses</b>			
* Fees for exercise of activity of electronic communications	27 831 000	26 800 000	25 800 000
* Fees for use of frequencies	52 038 100	51 269 700	50 983 900
* Fees for use of numbering	1 710 000	1 710 000	1 710 000
* Fees for exercise of activity of postal services	1 911 600	2 389 200	2 389 200
* Remaining provisions of service	382 500	382 500	382 500
* External Supplies and Services	-11 466 300	-11 271 900	-10 994 000
* Personnel costs	-23 695 800	-24 180 200	-24 180 200
* Impairment losses	-60 000	-60 000	-60 000
* Provisions for the period	-7 200 000	-6 912 000	-6 636 000
* Other income and gains	163 800	163 800	163 800
* Other expenses and losses	-7 520 500	-7 572 400	-7 489 800
<b>Profit before depreciation and amortisation</b>	<b>34 094 400</b>	<b>32 718 700</b>	<b>32 069 400</b>
* Expenses/Reversals of depreciation and amortisation	-3 260 700	-3 067 600	-3 013 400
<b>Operating profit</b>	<b>30 833 700</b>	<b>29 651 100</b>	<b>29 056 000</b>
* Interest and similar income earned	399 000	399 000	399 000
<b>NET PROFIT FOR PERIOD</b>	<b>31 232 700</b>	<b>30 050 100</b>	<b>29 455 000</b>

Unit: euros

**Table 14 - Cash budget**

<b>Category</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Balance brought forward</b>	<b>131 165 500</b>	<b>141 680 700</b>	<b>152 283 900</b>
<b>Receipts</b>			
* Income from operations	84 037 000	82 715 200	81 429 400
* Interest and other similar income	399 000	399 000	399 000
<b>Total receipts</b>	<b>84 436 000</b>	<b>83 114 200</b>	<b>81 828 400</b>
<b>Payments</b>			
* Investment	3 201 400	2 455 000	2 405 000
* Operations	42 682 600	43 024 500	42 664 000
* Transfer to the State	28 036 800	27 031 500	26 525 700
<b>Total payments</b>	<b>73 920 800</b>	<b>72 511 000</b>	<b>71 594 700</b>
<b>Cash available</b>	<b>141 680 700</b>	<b>152 283 900</b>	<b>162 517 600</b>

Unit: euros.

**Table 15 – Balance statement**

Category	2016	2017	2018
<b>Assets</b>			
<b>Non-current assets</b>	<b>18 176 200</b>	<b>17 503 600</b>	<b>16 835 200</b>
* Tangible Assets	16 191 000	16 052 200	16 090 500
* Intangible Assets	1 885 200	1 351 400	644 700
* Other receivables	100 000	100 000	100 000
<b>Current assets</b>	<b>150 380 700</b>	<b>161 083 900</b>	<b>171 417 600</b>
* Customers	4 900 000	5 000 000	5 100 000
* Other receivables	1 700 000	1 700 000	1 700 000
* Deferrals	2 100 000	2 100 000	2 100 000
* Bank deposits and cash at hand	141 680 700	152 283 900	162 517 600
<b>Total assets</b>	<b>168 556 900</b>	<b>178 587 500</b>	<b>188 252 800</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>96 355 500</b>	<b>99 857 800</b>	<b>103 770 200</b>
* Other reserves	65 122 800	69 807 700	74 315 200
* Net result for period	31 232 700	30 050 100	29 455 000
<b>Liabilities</b>	<b>72 201 400</b>	<b>78 729 700</b>	<b>84 482 600</b>
* Debts and provisions post-employment benefits	68 972 000	75 944 000	82 640 000
* Other account payables	3 229 400	2 785 700	1 842 600
<b>Total liabilities + equity</b>	<b>168 556 900</b>	<b>178 587 500</b>	<b>188 252 800</b>

Unit: Euros.

**Table 16 – Cash flow Statement**

<b>Category</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Cash Flows - Operating Activities</b>			
* Receipts from customers	83 873 200	82 551 400	81 265 600
* Payments to suppliers	-11 526 300	-11 331 900	-11 054 000
* Payments to employees	-23 695 800	-24 180 200	-24 180 200
<b>Cash generated from operations</b>	<b>48 651 100</b>	<b>47 039 300</b>	<b>46 031 400</b>
* Other receipts/payments	-35 394 500	-34 441 100	-33 852 700
<b>Cash flows from operating activities</b>	<b>13 256 600</b>	<b>12 598 200</b>	<b>12 178 700</b>
<b>Cash Flows - Investment Activities</b>			
<b>Payments with reference to</b>			
* Tangible Assets	- 2 155 900	-1 395 000	-1 545 000
* Intangible assets	-985 500	-1 000 000	-800 000
<b>Receipts from</b>			
* Tangible Assets	1 000	1 000	1 000
* Interest and similar income	399 000	399 000	399 000
<b>Cash flows from investment activities</b>	<b>-2 741 400</b>	<b>-1 995 000</b>	<b>-1 945 000</b>
<b>Change in cash and cash equivalents</b>	<b>10 515 200</b>	<b>10 603 200</b>	<b>10 233 700</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>131 165 500</b>	<b>141 680 700</b>	<b>152 283 900</b>
<b>Cash and cash equivalents at end of period</b>	<b>141 680 700</b>	<b>152 283 900</b>	<b>162 517 600</b>

Unit: euros.



## Annex V – Global indicators for 2016-2018 three-year period

Category	2016		2017		2018	
	Target	Actual	Target	Actual	Target	Actual
<b>Percentage of prior hearing reports and final decisions released within a maximum period of (n+15), where n is the number of working days provided for the prior hearing of interested parties</b>	90%		90%		90%	
<b>Rate of implementation of actions under 2015-2017 Plan</b> (Percentage of actions included in the Strategic Plan executed according to approved timetable)	95%		95%		95%	
<b>Average time taken for the allocation of numbering resources</b> (working days)	5		5		5	
<b>Maximum time taken for the allocation of numbering resources</b> (working days)	15		15		15	
<b>Average response time to radio licensing requests</b> (working days)	5		5		5	
<b>Enquiries regarding the market processed during the period / Total enquiries received on the market in the period</b>	95%		95%		95%	
<b>Number of inspections conducted –</b>	1018		1018		1018	
- Electronic communications services	260		260		260	
- Postal services	100		100		100	
- ITED Infrastructure	428		428		428	
- ITUR Infrastructure	18		18		18	
- Equipment market (R&TTE/CEM)	180		180		180	
- Training providers	16		16		16	
<b>Reduction in number of breach proceeding with administrative decisions</b>	10%		10%		10%	
<b>Increase in number of final decisions in respect of breach proceedings</b>	5%		5%		5%	

