

Annex

Annual Report and Accounts 2018

Note from the Board of Directors

In 2018, ANACOM carried out its mission of regulating the communications sector with the objective of fully ensuring the sustained development of the sector, the promotion and defence of competition, and the protection of the rights and interests of consumers and other users.

ANACOM based its regulatory action on a rigorous analysis of the problems and challenges of postal and electronic communications in our country, and its decisions were preceded by a consultation of all interested parties. Thus, ANACOM carefully considered all the contributions received from communications services providers, from consumer organizations, and from all the users who participated in the public consultations promoted by ANACOM, in response to the appeal to make them more and more participatory, diversified and inclusive.

ANACOM also fostered frequent interaction with Parliament and the Government and has given particular attention to issues related to territorial cohesion, for which purpose it has established close links with regional governments and local authorities.

The complete coverage of the country with fixed and mobile broadband Internet, a substantial improvement in the quality of the universal postal service, overcoming difficulties in receiving DTT, strengthening the resilience and safety of networks in the event of fire, and replacing submarine cables linking mainland Portugal to the Autonomous Regions of the Azores and Madeira and the various islands, were among the stated priorities which justified concrete actions on the part of ANACOM.

As has been emphasized in several initiatives and decisions, striving for these objectives is essential to the modernization of the country and to the pursuit of balanced and inclusive development. This requires greater sharing of infrastructure and the encouragement of co-investment, which will help to create sustainable and resilient investments, to improve the quality of the services provided, and to provide competitive prices.

These options are involved in enabling communications to reach all locations, including those with very low population density, and are an important sustainability factor for the implementation of 5G.

The following five activities carried out by ANACOM in 2018 stand out for their importance to the development of communications in Portugal:

- The extensive work carried out within the postal sector, with a view to boosting the quality of the universal postal service and ensuring a better response to people's needs. In particular, the definition of new universal service quality indicators that CTT will have to meet in 2019 and 2020, a process which was accompanied by the introduction of changes to the system for measuring quality of service indicators, to make them more robust and reliable. ANACOM also approved the maximum change in the prices of the mail, parcels and newspaper services for the 2019-2020 period and went ahead with the analysis that allowed it to adopt a draft decision in early 2019 on the revision of the postal network density targets and minimum provision of services to be met by CTT.
- The coordination of the Working Group on "Forest Fires - Measures for the Protection and Resilience of Electronic Communications Infrastructure", which produced a detailed report that specified 27 measures designed to increase the protection and resilience of electronic communications infrastructure, particularly in the event of forest fire, while their implementation requires the involvement of several entities.
- A set of actions aimed at helping to solve problems of consumer dissatisfaction with electronic communications expressed in a large number of complaints. Accordingly, ANACOM advised operators not to charge their subscribers anything for the provision of non-detailed invoices or with a minimum of detail, either on paper or on any other medium, and defined the minimum level of detail and information to be included in the invoices that electronic communications operators must provide free of charge to subscribers requesting detailed billing, including information on the date on which the loyalty period ends and the charges to be borne by the customer if they wish to terminate the contract on the invoice issue date. ANACOM also defined the requirements that operators must meet regarding the complaints that their customers send via the physical or electronic complaints book and approved amendments to the Portability Regulation to solve the problem of high rejection of portability requests.

- To ensure users' free choice of content, applications and services available through Internet access, ANACOM has mandated operators to change one set of offers, known as zero rating offers and similar ones, which violated network neutrality and roaming rules.
- In addition, due to the impact it will have on the development of the sector in the coming years, work related to the preparation, approval and implementation of the roadmap for the clearance and assignment of the 700 MHz band, necessary for the development of the 5th generation mobile network under international agreements and European Parliament and Council decisions.

At the same time, ANACOM paid special attention to regular activities related to spectrum monitoring and management, the inspection and monitoring of postal and electronic communications, customer service and information, publication of statistics, litigation activity, and national and international cooperation, in particular with various regulators and regulator groups, with special emphasis on cooperation and dialogue with European counterparts and Portuguese-speaking countries.

It is worth mentioning that in 2018 the Chair of ANACOM was Vice-Chair of the European Regulators Group for Postal Services (ERGP), and he will be chair of this body in 2019.

By decision of the Government, ANACOM was temporarily granted the responsibility of Space Authority in the context of the approval of the regime of access and exercise of space activities based in Portugal.

ANACOM's activity in 2018 was only possible thanks to the high level of dedication and professionalism of its employees, which the Board of Directors sought to properly value and encourage. In 2018, a crucial factor was the approval of a new organizational model, which aims to make ANACOM work more efficiently and contribute to the greater motivation of its employees, underpinned by a human resources management policy based on criteria of justice, career opportunities and the rewarding of merit and performance.

Financial management in 2018

ANACOM conducted its operations in 2018 by pursuing strict management in terms of expenditure containment, particularly with respect to the purchase of goods and services. It should be noted that over the last seven years the value of these expenses has been reduced by approximately 4 million euros, or almost 33%.

The need to modernize the information and monitoring systems justified increasing investment in 2018, which stood at 2.5 million euros, a growth of 3% over the previous year.

ANACOM's revenues amounted to 98.4 million euros, which is 8% more than in the previous year, mainly due to an increase in fees for the use of frequencies and regulation fees, while expenditure amounted to 54.8 million euros, that is to say, in line with that of the previous year. However, if we ignore the increase in the provision for legal proceedings in progress, impairments and amortization/depreciation, the reduction in spending was 3%.

The Income Statement at the end of 2018 reported a profit of 43 529 000 euros, about 21% higher than in 2017.