The President of
the Office of Electronic Communications

Regulatory Strategy until 2015

Warsaw, November 2012

Ladies and Gentlemen,

I took over the position of the President of the Office of Electronic Communications at a moment which is both important and interesting for the market.

At the time of changes in users' preferences and operators' capabilities. At the moment when the classic market model based on the pillars of fixed-line telephony, mobile telephony and the Internet clearly goes down in history, giving way to modern solutions based on broadband access and technological neutrality.

Today, mobility is a necessary but not sufficient condition for the consumer's satisfaction. The boundaries between telecommunications and media in a strict sense are increasingly blurred. The electronic communications market poses challenges to all its participants. Service providers are trying to meet growing expectations of consumers. Users are forced to keep up with technological advances. At the same time, both sides of the market are looking for solutions that ensure maximum benefits to each of them. The postal services market faces preparations for the liberalization process to be completed. This requires the Regulator to prepare the environment and market participants for operating in a new reality.

It is in this space that an effective Regulator must define its role.

While presenting to you the "Regulatory Strategy until 2015", I would like to describe the priority areas for further activity of the Regulator in the telecommunications and postal markets. I believe that this strategy will meet the needs of users, entrepreneurs and the industry alike. I am fully aware of the challenges faced by the Regulator and I believe that further actions of UKE will ensure stability and market balance, thus broadening the investment perspective of telecommunications undertakings, as well as improving the quality and performance of services available to customers.

I am convinced that the coming years of cooperation will be satisfying to all of us.

Magdalena Gaj

President of the Office of Electronic Communications

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1. INTRODUCTION

Pursuing an effective and efficient regulatory policy in the telecommunications and postal markets requires the regulator to identify overarching goals, define adequate strategic objectives for each of them and specify the ways for their successful implementation. At the same time, it is crucial to take into account market trends.

The purpose of this document is to set out the course of action for the President of the Office of Electronic Communications in the area of telecommunications and postal markets until 2015.

Polish membership of the European Union means that not only national, but also global and especially European perspective is an important point of reference in drafting the strategy for development of the telecommunications and postal markets in Poland.

The *Digital Agenda for Europe* entrusts the following tasks to the Member States:

- developing operational strategies for high-speed Internet and directing public funds, particularly structural funds, to areas not fully served by private investments,
- creating legal framework for the coordination of public actions to reduce the costs of Internet development process,
- promoting the use of modern on-line services (such as e-government, e-health, smart home, IT skills, security).

The challenges presented in this Strategy fit in with the above assumptions. The presented Strategy also refers to key documents defining the main directions of development of Poland and European Union, such as:

- *National Development Strategy 2020*, Ministry of Regional Development,
- *Strategy for the Development of Information Society in Poland until 2013*, Ministry of the Interior and Administration,
- *Poland 2030. The third wave of modernity.* Long-term Development Strategy. Ministry of Administration and Digitization,
- *EU Consumer Policy Strategy 2007-2013,*
- *Resolution of the European Parliament of 17 November 2011 on the open internet and net neutrality in Europe,*
- *Decision of the European Parliament and of the Council No. 243/2012/EU of 14 March 2012 on establishing a multi-annual radio spectrum policy programme,*
- *Universal service in e-communications: report on the outcome of the public consultation and the third periodic review*, Commission Communication,
- *EUROPE 2020 strategy for smart, sustainable and inclusive growth*, Commission Communication,
- *The Digital Agenda for Europe*, Commission Communication,
- *Draft four-year Rolling Operational Plan for the 2012 to 2015*, ITU.

2. ANALYSIS OF STRENGTHS AND WEAKNESSES, AS WELL AS OPPORTUNITIES AND THREATS FOR THE TELECOMMUNICATIONS AND POSTAL MARKETS IN POLAND

The starting point and the basis for designing the key strategic objectives is to conduct a SWOT analysis (*Strengths, Weaknesses, Opportunities, Threats*) of the telecommunications and postal markets.

It sets out the issues that may be helpful in the achievement of these objectives or may comprise an obstacle to be overcome or minimized in order to achieve a desired result.

The strengths that enhance effective development of the telecommunications and postal markets in Poland include in particular:

Strengths
• **Openness of market participants to new technologies and types of services** • **Implementation of LTE** • **The degree of markets' competitiveness** • **Comprehensive legislation** • **Advanced stage of preparations for the liberalization of the postal market** • **High number of postal operators** • **Even coverage of the country with the network of post offices**

The weaknesses that may inhibit its growth include:

Weaknesses
• **Limited development of telecommunications infrastructure** • **Uneven coverage of the country with infrastructure** • **Small proportion of lines with higher speeds** • **Low transparency of offers and tariffs** • **No guarantee for the required level of quality of service** • **Long legislative process** • **Late liberalization of the postal market in comparison to other EU countries** • **The degree of the public postal operator's preparedness to operate in a free market**

Opportunities are understood as conditions and factors that forecast a positive impact on the telecommunications and postal markets:

Opportunities
• **Awareness of the need to develop modern infrastructure** • **Clearly defined priorities for market development** • **Development of a digital state as priority for actions of public administration (creating the Ministry of Administration and Digitization)** • **Access to funds for infrastructure development** • **Available frequency resources to be distributed in the coming years** • **Strong position of the Regulator in the market** • **Improving standards of the public postal operator's functioning** • **Increasing the accessibility of postal services** • **Increased efficiency in the use of postal infrastructure elements** • **Development of "wholesale" postal services** • **Convergence of electronic and postal services** • **Development of e-commerce** • **Ability to use the experience of other Member States in the implementation of competition rules**

Risk factors (threats) to be taken into account in the implementation of the Strategy with a possible negative impact on its implementation:

Threats
• **Lack of capital for investments** • **Lack of interest in infrastructure investment on the part of undertakings** • **No account by the EC for specificities of the Polish market in terms of regulatory issues** • **Time-lag in the process of freeing up the frequencies** • **Uncertainty about the form of future postal regulations** • **Excessive fragmentation of the postal market** • **Poor knowledge of postal law among market participants** • **Lack of preparedness of new entities to ensure an adequate level of postal items' protection** • **Negative attitude of the designated operator toward cooperation with other operators** • **Replacement of postal services by electronic services** • **Inappropriate choice of regulatory tools**

- **Legislative delays versus market requirements**

Challenges

Based on the conducted analysis, it is possible to formulate the challenges facing the President of UKE in the coming years. These are:

- Developing incentives for investment in infrastructure, including development of Next Generation Networks,
- Ensuring technological neutrality,
- Effective sharing of spectrum to ensure the development of investment and services,
- Proper choice of the scope and regulatory tools in relation to the changing circumstances in the respective market segments,
- Improving the quality and affordability of services,
- Ensuring implementation of new regulatory solutions and competition rules,
- Analysis of market segments and designing appropriate regulatory tools,
- Ensuring transparency of regulation for all market participants.

These challenges allow us to define the role and the course of action of the President of UKE for the benefit of further development of the telecommunications and postal markets.

The mission of the President of the Office of Electronic Communications is to provide the Polish society with access to modern telecommunications and postal services while ensuring transparency and effective communication of UKE actions

Aiming to fulfil its mission, the President of UKE sets priority objectives by which it will be implemented:

1. **Introducing tools to stimulate telecommunications undertakings to invest in infrastructure based on modern technologies,**
2. **Stimulating growth of competition in the telecommunications market,**
3. **Strengthening the position of consumers and providing the required level of quality of service,**
4. **Increasing access to services through efficient management of spectrum,**
5. **Ensuring effective opening of the postal market to competition,**
6. **Increasing the effectiveness of UKE actions.**

The implementation of the Strategy and objectives defined by the President of UKE should lead to increased availability of services in the telecommunications and postal markets, as well as to better satisfaction of the consumers' growing demands. The achievement of assumed objectives will be evaluated using measures set for the end of 2015, unless otherwise stated.

While planning regulatory actions, in addition to determining their impact on the market, the role played by the President of UKE should also be defined in order to effectively achieve the objectives.

The vision of the President of the Office of Electronic Communications is to act as a professional regulator responding to the demands of changing markets, effectively communicating its objectives and tools necessary to achieve them

3. OBJECTIVES OF THE PRESIDENT OF UKE

3.1. AREA: INVESTMENT AND INFRASTRUCTURE DEVELOPMENT

Broadband access to the Internet has begun to play an increasingly important role. Technological advances in the field of digital content and data transfer require increased network capacity, including rapid development of next generation networks (NGN/NGA). Proper quality and availability of modern infrastructure is a prerequisite for dynamic development of the telecommunications market.

The *Digital Agenda for Europe*, which is one of the seven flagship projects of the *Europe 2020 Strategy*, underlines the importance of broadband Internet to promote social inclusion and competitiveness in the EU. It confirms the objective of ensuring access to broadband Internet for all Europeans by 2013. It is crucial to ensure that by 2020, all Europeans will have access to Internet of bandwidth above 30 Mb/s and that at least half of European households will have access to Internet of bandwidth above 100 Mb/s. To achieve these ambitious targets, it is necessary to develop a comprehensive policy focusing on two equally important goals:

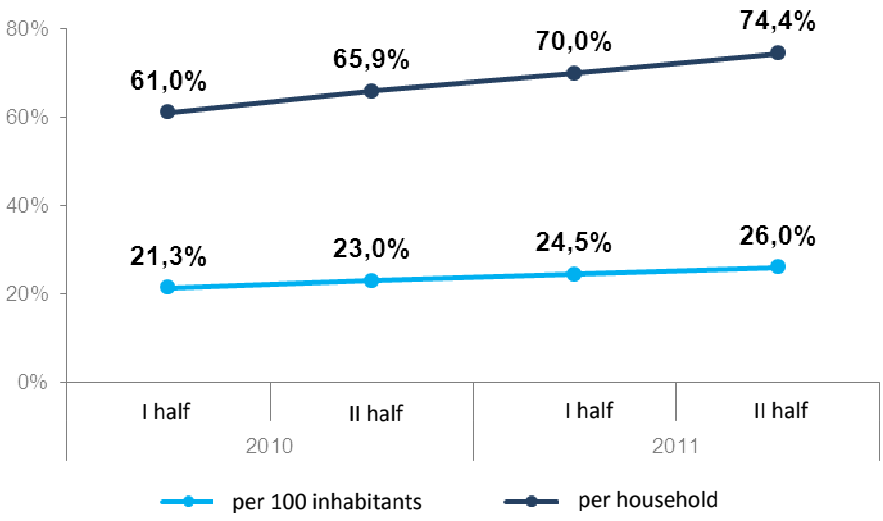
- ensuring universal access to broadband Internet (fixed-line and wireless) with a gradually increasing speed to 30 Mb/s and more,
- supporting gradual dissemination of next generation access networks in a substantial part of the EU, which will enable the use of high-speed connections of bandwidth exceeding 100 Mb/s.

The development of infrastructure is to be accompanied with a broadened and improved offer of public services, as well as the development and availability of information resources in public administration. A document of the Ministry of Administration and Digitization *Poland 2030, Long-term National Development Strategy* assumes access for all as a prerequisite for the implementation of the strategic objective. Access comprises coverage of the whole country with telecommunications infrastructure of parameters supporting the provision of advanced broadband services.

On the other hand, in order to achieve the objectives of the civilization project *Poland 2030*, it is necessary to take a series of actions that lead to the creation of appropriate conditions for the development of digitization, including universal access and use of broadband Internet in 2015, the use of ICT in all sectors of the economy, as well as introduction of regulations that will enhance the development of digital networks.

In Poland, as of the end of 2011, over 10 million users used Internet access services, nearly 12% more than in 2010. This translated into penetration levels of 74.4% for households and 26% per 100 inhabitants.

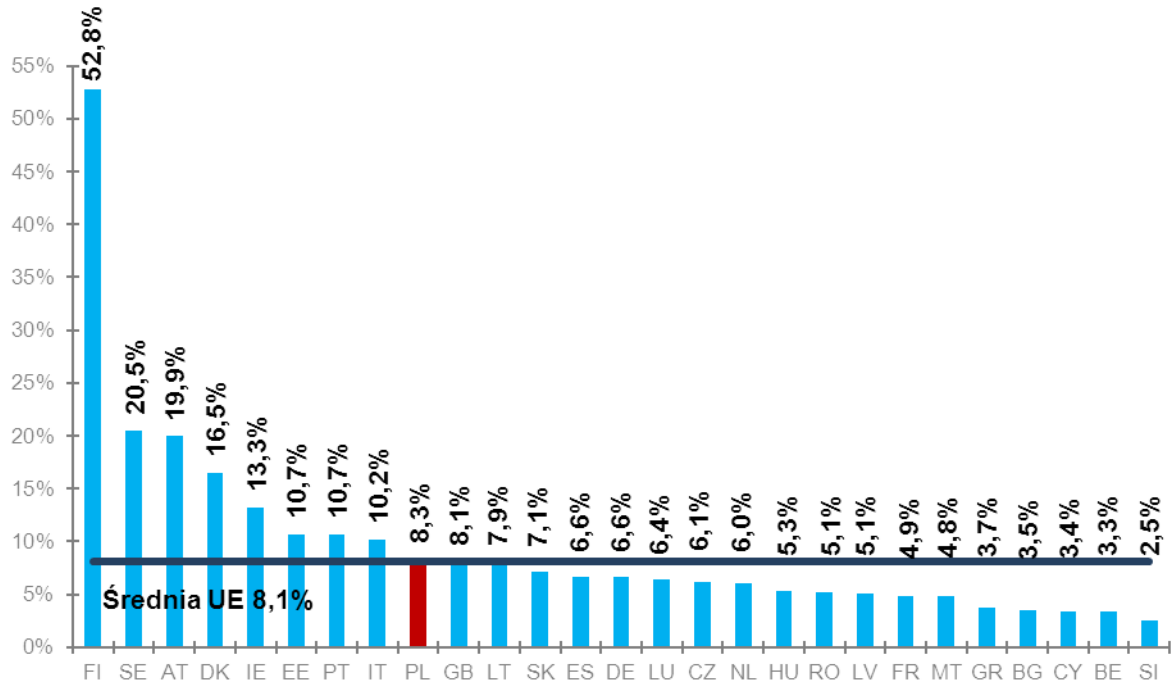
Chart 1. Broadband Internet penetration rates



Source: UKE

Huge popularity of mobile Internet meant that, at the end of 2011, Poland was one of the EU countries with the highest penetration rate in this service, exceeding the EU average by 0.2 percentage points.

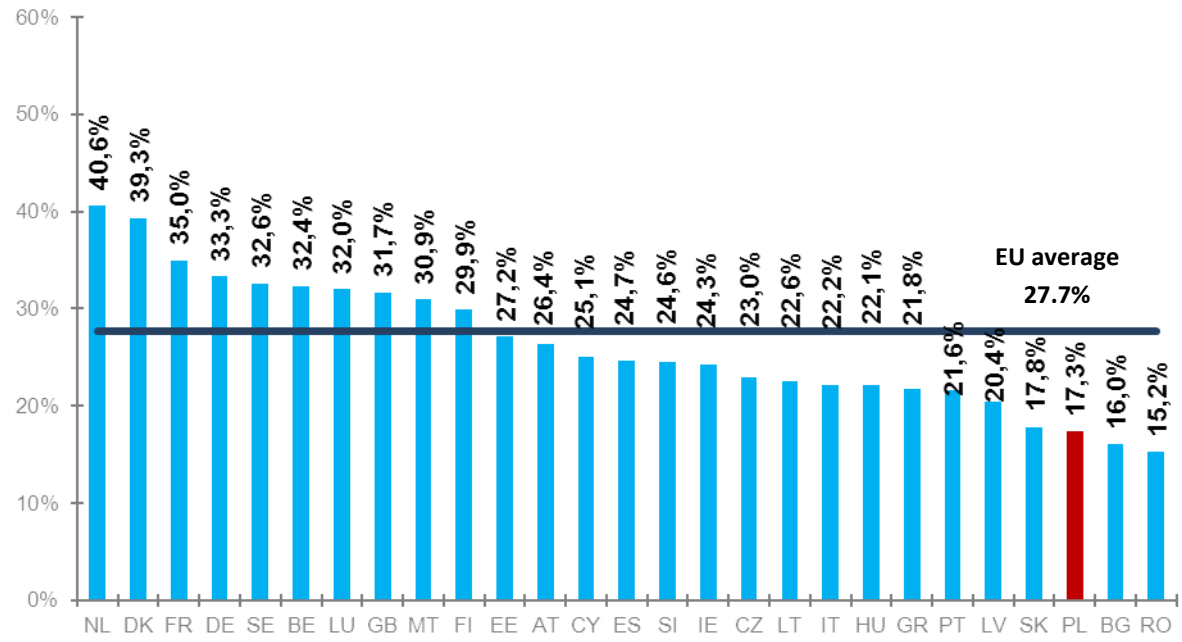
Chart 2. Penetration of mobile broadband Internet access per 100 inhabitants in the EU countries as of the end of 2011



Source: UKE based on Digital Agenda Scoreboard 2011

Unfortunately, fixed-line broadband Internet access in Poland remains at a lower level than in majority of the EU countries.

Chart 3. Penetration of fixed-line broadband Internet access per 100 inhabitants in the EU countries as of the end of 2011



Source: UKE based on Digital Agenda Scoreboard 2011

Thus, the primary strategic objective of the President of UKE is introducing tools to stimulate telecommunications undertakings and public entities to invest in infrastructure based on modern technologies.

TP-UKE Agreement

The aim of the TP-UKE Agreement, concluded in October 2009, was to create foundations for the development of fair and effective competition. Telekomunikacja Polska S.A. (TP) undertook to build or modernize 1.2 million broadband lines (including at least 1 million with bandwidth of not less than 6 Mb/s). On 30 January 2012, an additional protocol to the Agreement between the President of UKE and the President of TP was signed to build 220 thousand lines of 30 Mb/s bandwidth instead of 6 Mb/s bandwidth. These investments are to be completed by 31 March 2013, and the goal of their replacement is to comply with the requirements of the Digital Agenda.

One of the major changes in the telecommunications market achieved by the Agreement was the introduction of comprehensive solutions to ensure equal treatment of all its participants. These activities can be divided into systemic solutions changing the functioning of TP as an organization (including separation of the company's wholesale unit, introduction of the so-called Chinese walls preventing unauthorized flow of information between the wholesale and retail units of TP, changes in the area of human resources management, physical separation of IT systems of the retail and wholesale units), as well as solutions monitoring compliance with the introduced principles of equal treatment (including calculation and reporting of the so-called Key Performance Indicators - KPIs, Agreement implementation audits, organization's internal supervision over the proper execution of the aforementioned solutions). Evaluation of the level of execution of the Agreement's provisions, the performance and equivalence of business processes is provided by the KPI system. Comparison of results for individual indicators allows an objective look at the performance and quality of services provided to alternative operators, as well as at the compliance with non-discrimination rules.

Certain solutions from the Agreement were given the rank of regulatory obligations[1] imposed on the incumbent operator under administrative decisions. They were introduced as regulatory measures in key markets (from alternative operators' perspective) related to telecommunications access. In addition, the President of UKE incorporated a number of the Agreement's provisions[2] into the wording of reference offers in the course of the ongoing administrative proceedings on the proposed changes to the reference offers - decisions issued under Article 43 (1) of the Telecommunications Act of 16 July 2004, (Journal of Laws No. 171, item 1800, as amended).

Almost half of new investments (less in the case of modernization) made under the Agreement were implemented in rural areas, which contributes to counteracting digital exclusion of areas less attractive to investment. In the course of expansion and modernization of networks, old technologies are replaced with modern ones allowing the use of all available network services requiring broadband lines. A positive development is also the expansion of nodes in all layers of the network. It stimulates the development of the market by providing transmission capacity to other operators interested in the roll-out of access networks.

[1] Specific non-discrimination obligations (Article 36 of the Telecommunications Act), sharing or publication of information (Article 37 of the Telecommunications Act), and the extent of the obligation to apply a reference offer (Article 42 of the Telecommunications Act).

[2] Provisions: setting non-discriminatory rules for concluding agreements between TP and telecommunications undertakings; relating to the obligation of telecommunications undertakings to provide TP with a document specifying the expected number of subscriber lines, type of services, demand for streams of 2Mb/s; specifying interconnection rules for TP and telecommunications undertakings or the retail part of TP relating to the provision of regulated services; defining pricing rules in the event TP introduces new services in the telecommunications market; relating to the process used to prepare and implement the wholesale services offer by TP, taking into account the needs and expectations of market representatives.

Under the current law, a network built under the Agreement is available to other telecommunications operators. In view of the low usage level of the networks built to provide services, the President of UKE, while undertaking pro-investment actions, will pay attention to comprehensive and effective implementation of investment projects. With information gathered as part of infrastructure inventory, it will be possible to identify areas with infrastructure deficits. This type of action is currently used by the Implementing Authority for European Programmes for Action 8.4 - Providing access to the Internet at the "last mile".

In retrospect, however, the Agreement should promote fibre-based networks. For these reasons, the President of UKE, in July 2012, indicated that it expected at least 30% of the new investments implemented under the Agreement to be built in the FTTH[3] technology, which was approved by the Steering Committee. Further actions of the Regulator will aim to promote the construction of modern infrastructure.

The main objectives of the Agreement, such as promoting fair and effective competition in the provision of telecommunications services, including the provision of transparent information, fair conditions for provision of services and their adequate quality, as well as raising awareness and availability of telecommunications services for consumers, have been carried out sufficiently and in the opinion of the President UKE they should be continued.

The aim of the President of UKE is to maintain most of the projects implemented under the Agreement, also after its formal expiry. The President of UKE will continue, through the prism of evaluating the KPI results, to examine the quality of handling wholesale business processes by TP and check to see if and how TP implements the principle of non-discrimination of alternative operators. Given the above, as well as considering market changes (development of new technologies, especially wireless, changes in end-user preferences, emergence of new actors effectively competing with the incumbent operator), further definition of terms and conditions for accessing the incumbent's infrastructure will be carried out primarily by using the tools provided by the Telecommunications Act. They ensure stability and predictability of rules for conducting business activity by telecommunications undertakings.

[3] *Fibre to the home* - optical fibre architecture of access networks, in which the optical network termination point is located at the subscriber's premises.

OBJECTIVE 1: Introducing tools to stimulate telecommunications undertakings to invest in infrastructure based on modern technologies,

- **Supporting implementation of legal mechanisms to encourage investment**
- **Monitoring and reporting on the state of infrastructure and services**
- **Creating financial incentives to investment**
- **Supporting creation of demand**

Supporting legislative changes

The achievement of the above mentioned objective requires legislative changes that will allow quick and efficient issuance of administrative decisions. Due to the fact that a large part of network roll-out costs is associated with construction works (digging, laying cables, internal wiring) and acquisition of rights of way, legislative facilitations should support the actions so that network operators coordinate their construction works or share part of their infrastructure.

At present, implementing the objectives related to the pro-investment process, the President of UKE, pursuant to Act of 7 May 2010 on supporting the development of telecommunications networks and services (Journal of Laws No. 106, item 675), issues for the requesting telecommunications undertakings:

1. decisions on access to buildings, locations in the buildings where the cables brought into the premises converge in that building, in order to provide telecommunications,

2. decisions on the availability of:

a) cable ducts located on the property or in the building,
b) all or part of the telecommunications cable incoming to the building or distributed in the building,

3. decisions to ensure shared use or access to technical infrastructure of entities performing public utility tasks,

4. decisions to amend the content of agreements on access to buildings, places in the buildings where cables brought to the premises converge in that building, cable ducts located on the property or in the building, telecommunications cable supplied to the building or distributed in the building.

However, pursuant to Article 4 (1) of the Act, the President of UKE, at the request of local authorities, issues an opinion on the activity in the field of telecommunications planned by this entity. Under the provisions of the Act, the President of UKE is a co-decision maker in the process of making the property available for the purposes related to telecommunications.

Pursuant to Article 139 of the Telecommunications Act, the President of UKE issues, at the request of a telecommunications undertaking, a decision on access to buildings and telecommunications infrastructure of another telecommunications undertaking or a local government unit in connection with its telecommunications activity.

Previous experience of the President of UKE in issuing decisions and opinions shows that the rules governing rights of way and the issues concerning the use of the existing telecommunications infrastructure need to be clarified because of interpreting difficulties which emerged in the process of their application. The intention of the President of UKE was to actively participate in the preparation and implementation of legislative changes in key legal acts, i.e. in the Telecommunications Act and in the Act on supporting the development of telecommunications networks and services. Efforts of the President of UKE in this regard led to amendment of Article 30 and Article 33 of the Act on supporting the development of telecommunications services and networks and the related Article 139 (1) of the Telecommunications Act. The amended provisions clearly and precisely define the responsibilities of different groups of actors by explicit wording of their scope: both in terms of the parties concerned and subject matter.

With the amendment, it was clearly indicated that Article 30 and 33 of the Act on supporting the development of telecommunications networks and services concerns the obligations of property owners or managers who are not telecommunications undertakings in respect of sharing the property (as opposed to Article 139 of the Telecommunications Act which relates to the obligations of telecommunications undertakings). Access for the purposes of ensuring telecommunications at a given property (Article 30) was delimited from access without ensuring telecommunications at the property. Amendment of Article 30 determined that access to property is free of charge, however, the undertaking has to pay certain costs related to, for example, availability of property (such as energy costs). On the other hand, Article 33 stipulates the principle of paid access, unless the agreement provides otherwise.

As a result of the amendment of Article 29, also the reporting obligation of telecommunications undertakings was rationalized. The data will be transmitted in electronic form, once a year, and it will be functionally related.

The amended Articles 39 and 40 of the Telecommunications Act allow the President of UKE, while regulating prices based on costs, to take into account the operator's investment, including in next generation networks. The operator is allowed to obtain a return of adequate amount of the capital employed, taking into account the risks typical of a new investment project.

Development of the Infrastructure Information System

Precise matching of regulatory tools, depending on the situation in local markets, will be fostered by information gathered in the Information System for Broadband Infrastructure. Supplementing this base with data on services and investment plans will provide information for the undertakings in order to make rational investment planning. The database will also be used for planning and construction of networks in areas where public intervention is necessary (in the areas with infrastructure deficits). Data collected by the President of UKE will be made available in the form of maps on the website of Polska Szerokopasmowa (Broadband Poland) and will be available to citizens, government agencies and undertakings in the form of sketches and extracts, also complying with the EU Directives on re-use of public sector information.

Roll-out of and access to the FTTH network

Backbone networks, built by local governments with the use of EU funds, will not meet their job if the end-customers are not connected. The biggest problem that the service providers are facing today is the roll-out of low-cost and high-speed Internet connections in areas with low population density.

It is therefore necessary to build access networks, both by large telecommunications operators and small and medium-sized enterprises. In this aspect, it is very important to develop common rules for co-financing and use of newly built infrastructure.

In order to implement the provisions of the Digital Agenda, the Regulator is obliged to create incentives to investment in infrastructure development. For this reason, the President of UKE will take actions to support co-investment in the development of NGN.

The President of UKE will take steps to encourage cooperation among the operators in the expansion of access infrastructure for fibre broadband networks. Thus, it will examine the possibility of using in Poland a model in which companies provide to one another their independently constructed fibre access infrastructure, under pre-established conditions and financial terms. A portal - "Database on broadband investments" will be launched on the UKE website, with information about currently developed networks. It will facilitate contacts with a prospective partner in order to submit a co-investment offer. The website will also improve communication among entities interested in co-operation and will enable them to better plan their investment strategies.

Regulations

The pro-investment measures on the part of the President of UKE also include adjustment of regulation of relevant markets related to infrastructure access (market 4) and wholesale broadband access (market 5) to the prevailing competition conditions. For the broadband access market, the President of UKE intends to use an approach based on geographic segmentation, which will allow less stringent regulation in competitive areas. It will also take into account the specificity of the Polish market, including the position of cable TV operators and other substitutable forms of broadband access to traditional DSL. With information from the infrastructure inventory at its disposal, the President of UKE, as early as in 2013, plans to re-examine the market and to precisely match the regulatory tools to the situation in the local markets of broadband data transmission.

Telecommunications Investment Centre

Implementation of telecommunications investments is a complex process, hence telecommunications undertakings operating on a smaller scale are not always in a position to overcome investment barriers on their own. In order to support actors developing local access networks, a Telecommunications Investment Centre (TIC) is to be established. It will be a competence centre comprising a team of experts who will support local operators in telecommunications investments. A dedicated helpline and an e-mail address will form the access channels. Certification of exemplary telecommunications investments will constitute a culmination of actions taken by CIT. The certificate will be mainly awarded to investments in modern telecommunications networks implemented in areas previously without access to high-speed Internet.

Funds for investment

Financing investments in the development of Internet access networks does not lie only with the EU resources, but also with private operators. The task of the President of UKE is to undertake measures aimed at supporting the process of obtaining EU funds, their proper use, selection of regulatory measures, and actions to provide ducts and cable infrastructure, including dark fibre[4]. An incentive for small and medium-sized enterprises (SMEs) to undertake investment activity, especially in the construction of the last mile, will be the development of credit and subsidy products, together with the National Economy Bank and the Subsidy Fund. These activities will be conducted jointly with the Ministry of Administration and Digitization. Another product supporting investment may be project bonds under the Europe 2020 Strategy.

The President of UKE will carry out activities to enable the creation of innovative financial instruments by large financial institutions or funds for operators developing broadband infrastructure. In addition, as part of meetings with investors and investment funds, it will promote Poland as a market-friendly and attractive place to invest in telecommunications infrastructure.

[4] Dark fibre - installed but not used optical fibre

Actions for the benefit of local government units

Lines built by local government units using the EU funds should be made available at a charge to all interested operators. The President of UKE, in support of local government units, will develop a universal offer to share the network built with the support of EU funds. It will cover, among other things, issues such as procedures for the conclusion, amendment and termination of contracts, dispute resolution policy, telecommunications conduits lease, optic fibre lease, lease of digital lines in a variety of technologies, "Lambda" lease, technical space lease, terms of service.

Supporting creation of demand

Regardless of pro-investment activities, it should be remembered that investments in network development will become viable only when digital technologies are widely used. While speaking about the use of digital gains, it should be considered that Poland holds one of the last places in the ranking, both in terms of availability of digital technologies and their practical usage by the public. As noted in the document *Poland 2030*, the most effective way to guarantee universal skills is to introduce digital learning at all levels of education. It is also necessary to conduct concurrent campaigns and training courses showing the methods and goals of using the Internet, creating profiled programmes for different age groups. The President of UKE will actively support the initiatives carried out by the Ministry of Administration and Digitization by participating in conferences and preparing opinions and expert analyses. It will also provide its patronage over the initiatives of telecommunications undertakings and non-governmental organizations combating digital exclusion.

MEASUREMENTS:

Measurement name	Measurement value
percentage of households with a specific throughput*	• mid 2014 – throughput of 2 Mb/s for 85% of households • end of 2015 – throughput of 30 Mb/s for 30% of households • end of 2020 – throughput of 30 Mb/s for 100% of households

***** implementation of these indicators will depend on the outcome of the tender for the frequencies in the 1800 MHz and 800 MHz bands, as well as timely usage of EU funds.

3.2. AREA: COMPETITIVENESS

Competitiveness is the potential, the possibilities, and the ability of a given market entity to meet competition, i.e. rivalry with other entities operating in the same industry in the market. Competitiveness is also the capability of a long-term and effective growth.

Competition Policy for 2011-2013 formulated by UOKiK (the Polish Office for Competition and Consumer Protection) stipulates that the primary and overarching objective of competition policy is to ensure the conditions for its functioning in the economy wherever it may increase efficiency of management and innovation, and thus - consumer welfare. Achieving this goal involves the implementation of three partial objectives, namely protecting competition, creating conditions and supporting its development.

Due to the infrastructural nature of the telecommunications market, the increase in competition may be difficult without effective regulatory action. Competition in Poland is highly variable in individual local markets (areas where numerous providers are active, and areas where there is one operator or no operator providing services). This primarily applies to fixed-line broadband Internet access.

The main objective of the Regulator is therefore striving to provide end-customers with telecommunications services of an operator of their choice at a fair price, corresponding to costs associated with the provision of broadband services.

OBJECTIVE 2: Stimulating growth of competition in the telecommunications market

- **Precise definition of the product and service markets**
- **Selection of optimal regulatory measures**
- **Striving to develop the principles of co-operation among operators, and between the Regulator and undertakings**
- **Predictability and transparency of market regulation**

Definition of the product and service markets

The starting point for achieving this objective is to define the relevant product and service markets in an appropriate manner. In relation to the telecommunications market, the President of UKE, as part of its tasks, conducts proceedings to determine whether effective competition can be found in various relevant markets, both wholesale and retail, covered by its analysis. In case of its absence, the President of UKE imposes appropriate regulatory obligations on market players. Detailed market analysis and determination of individual operators' position in a relevant market precedes the creation of rules for co-operation among operators. A requirement for competitiveness is that regulatory measures taken by the Regulator are adequate to the problems identified. Market definition is based on current assessment of substitution of the provided services which, for example, in the case of the broadband access market, will mean analysis of substitution for services provided based on xDSL, FTTx, mobile, including LTE, cable TV, and satellite technologies. Increasing the product scope of the relevant markets may require more sophisticated tools for finding services interchangeable at the level of demand and supply.

The development of regulation for access to infrastructure difficult to be duplicated by alternative operators (AO) has the potential to increase competitiveness at the infrastructure level. The possibility of applying in Poland a cooperation model in which all operators provide to one another, under pre-established rules and financial terms, their independently developed fibre access infrastructure must be subject to in-depth analysis.

Geographical differentiation of regulation

It will be crucial for market development to adapt regulation of relevant markets related to infrastructure access and wholesale broadband services of the incumbent to the current conditions of competition and infrastructure development, as well as to introduce incentives to investment, not only for the incumbent, but also for alternative operators.

In the case of the broadband access market, the President of UKE intends to develop the concept of a geographically diverse regulation which allows the obligations to be adapted to the current competition conditions in certain areas and the market problems identified there, as well as to be limited to the minimum necessary for the improvement of the market situation. This means less stringent regulation in areas where identified market problems will be less severe in nature, and considering expenditures necessary for the roll-out of FTTx infrastructure.

While setting the fees for telecommunications access, the President of UKE will take into account the investment made by the operator, ensuring that the operator obtains a reasonable rate of return on capital employed in the construction of next-generation networks.

Such actions of the Regulator should have an impact on the greater willingness of telecommunications undertakings to invest, especially in the state-of-the-art solutions based mainly on fibre-optic infrastructure.

The amended Articles 39 and 40 of the Telecommunications Act should also have a positive impact on investment in NGA networks. Where the operator incurred expenditure on a new investment project, including next-generation networks roll-out, the President of UKE, while setting the fees for telecommunications access, will take account of investments made by that operator. This solution will allow the investing operators to obtain a reasonable rate of return on capital employed in the construction of next-generation networks, taking into account the risks specific to a new investment venture, and should form a big incentive to invest.

Ladder of investment

In the case of the market for access to network infrastructure, a ladder of investment concept will be implemented by means of applying regulation which should result in increased infrastructure competition and investment involvement of alternative operators in the construction of NGA networks. Providing access to network resources, such as cable ducts, dark fibre and in-house cabling enables minimization of investment costs. At the same time, it helps to increase the share of alternative operators' own infrastructure and their ability to compete for new network architecture based increasingly on optical fibres.

In the model of voluntary infrastructure sharing, also operators without significant market power will be able to make their own infrastructure available under the principles of reciprocity. This will allow, in a manner beneficial to all parties, diversification of an investment risk and avoidance of costly network duplication at the so called last mile segment. In order to introduce such solutions, however, it is necessary to change alternative operators' approach to investment in telecommunications infrastructure in such a way that they appreciate the benefits of investing and not just the opportunity to use the incumbent's network. In addition, for these investments to be profitable, it is necessary to stimulate demand for cutting-edge broadband services. Operators frequently, as the reason for the lack of investment, indicate the lack of sufficient demand from consumers, which would allow returns on investment in a reasonable period. Therefore, it will be also important to increase the subscribers' awareness of the type of services provided by fibre optic networks and to extend the retail offer of operators with services that require technological changes, i.e. transition to fibre optic networks.

With the change of Article 139 of the Telecommunications Act, telecommunications undertakings have easier access to property, including buildings and telecommunications infrastructure owned by other undertakings. This provision stipulates, among others, the premises for providing access to the existing telecommunications connections, or the existing telecommunications system in the buildings.

It is an effective tool that should prevent irrational duplication of telecommunications infrastructure and lead to the development of broadband access, as well as increase the competitiveness of the telecommunications market.

The symmetry of interconnection rates

In view of actual competition in the area of voice services between fixed-line and mobile operators, the challenge is to regulate MTRs[5] and FTRs[6].

The new regulation of the market for call termination on mobile networks will allow UKE to introduce symmetric wholesale rates (MTR) based on an efficient operator's costs and to significantly reduce their level. This approach is consistent with the Recommendation of the European Commission of 7 May 2009, which provides for the application of call termination rates at a symmetric and cost-effective level. The activities of the President of UKE will consist in the introduction of the obligation to apply symmetric wholesale rates for all mobile operators based on PURE LRIC methodology[7]. This should translate into further declines in retail prices, standardisation of offers and, consequently, competition of service providers in terms of quality.

The purpose of the review of markets for call termination on fixed-line networks will be to assess the current market situation and to decide on any changes to regulatory obligations, which in turn may lead to changes in accounting principles. The results of market analysis will form the basis for confirmation whether it is justified to introduce the symmetry in settlements for traffic termination on the networks of fixed-line operators, taking into account both the per-minute settlements and those based on the capacity of E1 (interconnection flat rate). In the event it is necessary to resolve disputes arising in connection with the change of regulatory obligations, the President of UKE will successively issue decisions to incorporate new accounting rules to interconnection agreements.

An assessment of the competitive situation in the markets for termination of short text messages (SMS) is also planned. At the moment, under the voluntary agreements concluded by operators, the fee for SMS termination is PLN 0.05 per message. Depending on the results of the analysis and assessment of problems existing in these markets, a decision will be made on further course and shape of the SMS regulation.

[5] *Mobile Termination Rate* – rates for call termination on mobile networks
[6] *Fixed Termination Rate* – rates for call termination on fixed-line networks
[7] *Pure Long Run Incremental Cost* – methodology taking into account the "pure" long-term incremental costs

Verification of wholesale costs and retail prices

Improvement of cooperation among operators and development of competition is fostered by the TTM process[8], which serves to prepare and implement the wholesale services offer by TP, taking into account the needs and expectations of market representatives. TP, planning to introduce a new retail service, an equivalent of which should be provided as part of telecommunications access in accordance with the regulatory obligations, is required to offer AO conditions for such telecommunications access that enable AO to offer competitive retail services at the same time as TP introduces its new retail service to the market. Currently, in order to achieve efficient operation of the TTM process, the President of UKE is conducing market consultations.

In addition, an important tool to study the state of market competitiveness is the MS/PS test[9]. The purpose of the MS test is to verify whether the fees for regulated wholesale services are at a level that allows AO to develop based on these inputs a competitive retail service in relation to the new retail service of TP. The purpose of the PS test is to verify whether the price for a new retail service of TP was set at a level that allows AO to develop a competitive retail service in relation to the new retail service of TP.

[8] *Time-to-Market*
[9] *Margin squeeze/price squeeze*

Modifications of reference offers

In Poland, there are reference offers for a wide range of wholesale services: ROI[10], RLLO[11], RIO[12], LLU[13], BSA[14], WLR[15]. The provision of these services by the incumbent to AOs is subject to control and supervision of the Regulator. The tasks of the Regulator in the area of appropriate selection of regulatory measures will also include modifications of the SOR[16] (the so called Super Reference Offer relating to the call origination market, call termination market, access to LLU network infrastructure, and broadband access market). The SOR reference offer was created as a result of extensive and long-term consultations of the President of UKE with the telecommunications market, so that its content takes into account the interconnection practice and meets the needs of the market. On the basis of the SOR reference offer, there were established uniform rules under which TP is to provide wholesale services, and new solutions for interconnection were introduced to improve competition in the fixed-line telephony market and the quality of retail services. These actions, in the short term, are to result primarily in the effective implementation of the SOR reference offer in the interconnection market. To this end, the President of UKE has taken measures to encourage operators to implement the SOR reference offer in the ongoing cooperation with TP. Due to the need to adapt to the changing market and the increasingly demanding conditions for cooperation in the field of telecommunications access with respect to cable ducts, the President of UKE will make changes to the ROI offer.

Telecommunications undertakings need to know the rules and the guidelines under which they may operate. Regulatory stability and transparency for entities operating in the market will be ensured, inter alia, through:

- regular meetings and consultations with telecommunication undertakings,
- developing the Regulator's position on cases qualified as disputes,
- applying the adopted position to resolve future disputes between operators,
- increasing awareness among operators,
- monitoring the performance of regulatory obligations imposed on the designated entities.

[10] *Reference Offer for Infrastructure* - offer on telecommunications access in the part of telecommunications infrastructure with respect to cable ducts

[11] *Reference Leased Lines Offer* - offer on telecommunications access for the provision of terminating segments of leased lines, trunk segments of leased lines and end-to-end lines

[12] *Reference Interconnection Offer* - offer on telecommunications access with respect to interconnection

[13] *Local Loop Unbundling*

[14] *Bitstream Access* - access to the local subscriber loop for the sale of broadband data transmission services

[15] *Wholesale Line Rental*

[16] the so-called Super Reference Offer - an offer setting the reference terms of telecommunications access with respect to origination and termination of calls, wholesale access to TP's network, access to subscriber lines in a way that ensures full or shared access, as well as bitstream access.

MEASUREMENTS:

Measurement name	Measurement value at the end of 2015
price range for fixed-line Internet services with the highest bandwidth *	increase by 25%
share of capital dedicated by the undertakings to the development of fibre-optic networks in total investments	increase up to 30%
number of communal areas where at least three fixed-line broadband providers operate	increase by 20%

*price range defined as the difference between the most expensive and the cheapest offer. Currently, few operators provide Internet access with high bandwidth (100 Mb/s and more), consumers have limited choice of providers, and the costs of services are at a similar, high level.

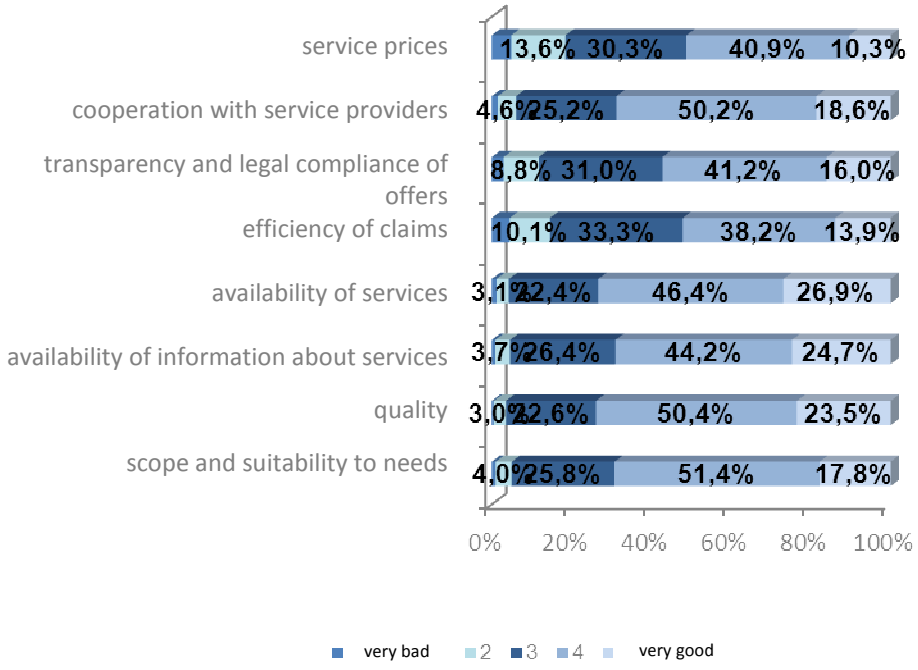
3.3. AREA: PRO-CONSUMER POLICY

Pro-consumer activity is one of the pillars of the EU Single Market Policy. It is fostered by numerous regulations and extensive consumer support tools. It is equally important to promote pro-consumer attitudes in information and education campaigns. The EU regulatory framework and the open access policy facilitate the development of competitive markets, providing consumers with more choice and lower prices.

Consumer policy is closely linked to other areas, in particular to the development of competition. It is not possible to provide a high level of satisfaction of consumer needs and high legal standards for consumer protection without a competitive market and the resulting efficiency mechanisms.

As evidenced by the annual survey of consumer preferences, the majority of Polish users positively view the offered telecommunications services.

Chart 4. Scope and correspondence of offered services to the customers' needs (in %, average of the responses 1-5, n = 1600)



Source: UKE based on a consumer survey "Telecommunications market in Poland in 2011," conducted by PBS DGA and INDICATOR

Still, Poles expect primarily price declines (over 81%), better suitability of services to meet their needs (33%) and improvement of their quality (32.6%).

Chart 5. Proposed changes for the development of the Polish telecommunications market (in %, n = 1600)

Source: UKE based on a consumer survey "Telecommunications market in Poland in 2011", conducted by PBS DGA and INDICATOR

OBJECTIVE 3: Strengthening the position of consumers and providing a required level of quality of service,

- **Increasing consumer awareness of their rights and obligations**
- **Supporting quality, transparency and security of services**
- **Identifying and monitoring the needs of service users**
- **Improving Poles' skills at using new technologies**

Raising consumer awareness

European consumer policy assumes that the position of the customer is always weaker compared to the service/product provider. The primary function of consumer protection is therefore to provide consumers with an adequate information base. Increasing users' awareness and education by developing a guidance system for subscribers and enhancing possibilities to exercise one's rights, promoting the concept of out-of-court settlement of disputes and preparation of TV spots on those consumer rights which are most often infringed upon by suppliers will contribute to strengthening the users' position in their relations with telecommunications undertakings. The initiatives implemented under the pro-consumer policy will take into account the objectives set out in an official document of the European Union, *Consumer Policy Strategy for 2007-2013*, and provide consumer protection equal to that of other EU citizens.

Resolution of the European Parliament on the open internet and net neutrality in Europe calls for transparency in the management of information flow, including providing users with information of better quality. It emphasizes the need to allow consumers to make informed decisions and to enable them to enjoy a genuine switch to a new provider of services that best suits their needs and tastes. Therefore, it is important to provide consumers with access to clearly formulated, effective, meaningful and comparable information on the quality of services. The resolution also calls on the Commission to publish guidelines on the right to switch operators, so as to comply with the requirements of transparency and to promote equal rights for consumers across the EU.

In order to promote fair and effective competition, as well as to provide users with the best protection against abuse, including cybercrime, the President of UKE has taken measures related to certification of telecommunications services. It is equally important to handle incoming complaints and to increase the effectiveness of exercising consumer rights in disputes with providers of telecommunications services.

Safeguards for consumer rights protection

Past experience confirms the continuing need to support the development of effective consumer counselling and the possibility to assert one's rights. Persons having problems with pursuing their rights related to inadequate provision of services can obtain help in UKE through mediation, as well as before the Permanent Consumer Arbitration Court of the President of UKE. The President of UKE will continue its educational activities by, among others, participating in the European Village open-air event, consumer meetings in the regional offices of UKE and meetings with local consumer advocates.

Action aimed at notifying the European Commission of mediation as an out-of-court mechanism to resolve consumer disputes will be essential. The goal of the President of UKE will be to ensure compliance of ADR[17] mechanisms with standards and norms of the mechanisms operating in the Member States of the European Union.

The compliance with consumer rights is also affected by the ex-ante and ex-post control of compliance with regulatory obligations on the part of an operator with significant market power (SMP) in a given retail market, including evaluation of tariffs and rules and regulation for service provision. Transparency of contracts and rules for the provision of services is subject of common interest and close cooperation with the Office for Competition and Consumer Protection.

Improved quality of services

Together with the provision of access to telecommunications services and affordable prices, the Regulator undertook steps to ensure adequate quality of telecommunication services. *Memorandum on cooperation for improving the quality of services in the telecommunications market provided to users,* proposed in May by the President of UKE and eventually signed with other entities on 26 October 2012, in accordance with the provisions of the Universal Service Directive, stipulates that:

- contracts for services should be structured in a clear, understandable, easily accessible form,
- published information on the quality of services provided by telecommunications undertakings should be comparable, relevant and up to date,
- the user shall have access to comprehensive, comparable, reliable information presented in a friendly form,
- measurable indicators of quality of service shall be identified, as well as the content, form and method of providing information to be published,
- minimum quality requirements shall be identified in order to prevent deterioration of the quality of service in public networks.

[17] *ADR* - alternative dispute resolution

In addition, under the proposed changes to the Telecommunications Act, the service provider shall be required under the contract for services to include data on the quality of services, in particular the minimum levels offered, including the time of the initial connection, as well as other parameters, if specified by the President of UKE. In the case of the Internet access services provided in public mobile telecommunications network, the service provider shall be required under the contract to determine ways to inform the subscriber about running out of their data transmission package and the possibility of monitoring the current state of such a package by the subscriber.

The President of UKE will have the right to require the undertaking to present information on the quality of service provided by suppliers of publicly available telecommunications services and information on the method used for measuring Internet data transmission speed. It will be able to submit an objection to the measurement methods used by telecommunications undertakings, if they do not guarantee that the end-users are provided with transparent information about the service quality parameters or sound measurement. This objection will be reported in the form of a decision, in which the President of UKE will simultaneously oblige the telecommunications undertaking to use a particular method. The President of UKE will also be able to test whether the actual speed of data transfer at the end-user's premises is not less than the speed of data measured by a method to which the President of UKE has not objected. In order to prevent deterioration of the quality of service and hindering or slowing down of traffic in telecommunications networks, the President of UKE will determine in its decision minimum service requirements for a given telecommunications undertaking.

Availability of mobile networks

In order to eliminate areas excluded from the use of mobile services and areas of low-quality calls, the President of UKE will increase the frequency of mobile network testing. The tests will be conducted on the run-through roads, in large cities and suburban areas, and the results will be published on the UKE website. One of the most optimal bands to provide coverage over large areas is the 800 MHz band. In its Decisions assigning the frequencies in this band, the President of UKE will oblige operators to invest in non-urbanized areas.

Almost every planned deployment of a mobile base station raises concerns about its negative impact on people and the environment. Therefore, the task of the President of UKE will be to conduct campaigns providing reliable knowledge on the effects of electromagnetic field.

The KPIs for monitoring the quality of services, developed under the signed Memorandum, will also increase the availability of mobile telephony.

Net neutrality

The Universal Service Directive (USD) introduces a number of regulations on the provision of information about the quality of service and traffic management. One of its objectives is to secure the principle of net neutrality, i.e. equal treatment of electronic communication, regardless of its content, application, service, device, as well as sender address or receiver address. The Directive permits traffic management by operators, so as to prevent network congestion. At the same time, however, it undertakes to provide end-users with reliable information on the applied measures. Currently, the President of UKE is involved in legislative work aiming to transpose the Directive to the Polish legal framework. EU rules will form the basis for effective implementation of the transparency policy providing consumers with full information upon choosing a service provider.

Net neutrality, which is a new challenge in the market, is an important issue not only from the perspective of the end-user. It also applies to the relationships among the remaining players in the Internet value chain: content owners, on-line service providers and access providers, as well as operators providing connectivity. The actions of the President of UKE will focus on developing a model ensuring that the principles of consumers' liberty and freedom in the network are respected, business viability and interests of telecommunications undertakings taken into account and stable growth of broadband services secured. To this end, a dialogue will be held with the interested entities in the domestic market representing particular links in the value chain. It must be remembered that most participants in the value chain are not subject to regulation (neither due to their position in the telecommunications market, nor the position outside the market). The President of UKE is involved in the legislative process aimed at transposing the provisions of EU directives to the Polish legal framework.

Measurements of Internet speed

Each Internet user will be able to measure the parameters of his/her services at the UKE website, and each operator will have the right to join the programme to monitor and report its test server. This will allow to build a tool to measure the speed of Internet access, which is planned under the SIPS project[18].

Control measures

Improvement in the quality of services will be supported by control measures, including verification of telecommunications undertakings' compliance with obligations set out in the decisions of the President of UKE and provisions of the Telecommunications Act, including in particular controls of agreements, rules and regulations, procedures for dealing with complaints, as well as the rights of subscribers and users. At the same time, the President of UKE constantly monitors the telecommunications equipment market, controlling whether offered products meet legal and technical requirements, so that users can safely use them. The scope of tests includes aspects such as efficient use of spectrum, electromagnetic compatibility, health and safety of users and energy efficiency. The range of devices controlled by UKE is broad and includes, among others: GSM signal amplifiers (repeaters), telephones, wireless transmitters, CB radios, antenna amplifiers, TV sets, radios, DVD players, computers, set-top-boxes, decoders, modems, power supplies for computing devices, mobile phone chargers, electronic transformers and household goods.

[18] SIPS - Information System for Broadband Infrastructure and the Broadband Poland website

The President of UKE is working closely in this regard with the customs authorities, thanks to which a large number of goods non-compliant with European regulations is stopped already at the border of our country and prevented from commercial launch.

Controls to ensure compliance with the relevant requirements are designed to protect the interests of product users, as well as their producers, by creating equal and fair conditions for operating in the market. In order to ensure continuity of services by operators, it is essential to detect and eliminate devices generating harmful electromagnetic interference.

A new model of universal service

According to the *Digital Agenda for Europe*, the benefits of the information society should be available to everyone. For this purpose, the European Commission launched an examination on how to meet best the demand for basic telecommunications services in competitive markets, what role can be played by universal service in achieving the goal of broadband access for all, and how it should be funded. The results of the analysis presented in the Commission Communication indicated that the inclusion of broadband access in the scope of universal service obligations at the EU level would not, at this stage, satisfy the second criterion of the Universal Service Directive, i.e. it would not provide a general net benefit to all consumers in Europe.

Polish regulatory experience has shown that the universal service obligation (USO) formed in the current Act does not fulfil its role, i.e. it does not ensure that all users in the country have access to basic telecommunications services. The amended Telecommunications Act changes the model of universal service provision, which will be adapted to the changing market conditions. In place of an obligation to designate an undertaking obliged to provide universal service, the Regulator is entitled to designate such an undertaking in a situation where the actual users' needs are not being met by the market. Each of the services included in universal service will be separately analysed and evaluated in terms of determining whether it is justified to designate an undertaking with universal service obligation at the regional level (with the exception of facilities for people with disabilities, which will be provided by all providers of publicly available telephone services). In case of any irregularities in their functioning, the President of UKE, in order to comply with the obligation of effective provision of these services and having regard to the welfare of users, will designate the undertaking(s) obliged to provide universal service or individual services forming its part in the entire country or in particular regions. It is clear that mobile services are becoming a substitute for the classic public service. It is important that under the Polish law (both existing and proposed), and the EU law, universal service (network connection service) is technologically neutral, i.e. it can be offered in any wired or wireless technology provided there is a fixed location of the network termination point. The President of UKE will therefore examine local markets to cater for the needs of users for services included in universal service in a given area through fixed-line networks, as well as substitutes for these services provided over mobile networks.

Reducing digital exclusion

The *Digital Agenda for Europe* also implies the need for joint action to ensure full access to new electronic content for people with disabilities. In particular, public websites and on-line services in the EU, which are essential for full participation in public life, should be brought into line with international web accessibility standards. The United Nations Convention on the rights of persons with disabilities contains obligations regarding accessibility. Thus, an important element of the pro-consumer policy pursued by UKE is to identify and monitor the needs of users. Particular emphasis must be placed on the needs of disabled people and the conditions in which they use services.

Under the pro-consumer policy, it is necessary to continually stimulate growth of availability of telecommunications services in non-urbanized areas, and increasing the operator's choice in urbanized areas. The key issue is to identify areas where there is demand for fixed-line telephony services and fixed-line broadband Internet access, and to incorporate the collected information into demand maps developed by UKE.

The activities of the President of UKE in the area of pro-consumer measures and combating the phenomenon of digital exclusion also involve commenting on the plans of local government units to provide free Internet services using hotspots or public access points (PIAP), and to issue decisions specifying the conditions under which local government units may provide Internet access services to their local community for free or at a price lower than a market price. This activity provides digitally excluded people with the opportunity to use Internet access services and increases interest in ICT.

Anti-spam policy

The development and availability of Internet also entails risks for users of electronic services. One of the main problems is unsolicited correspondence sent electronically, the so called spam. The amendment of the Telecommunications Act introduces an obligation to take action to protect networks and services, and thus all end-users, from spam and malware.

The President of UKE, noting that the current regulation provides insufficient tools in the fight against spam, will develop its anti-spam policy, with the main purpose to:

- review existing national legislation and international law with regard to counteracting spam and to present specific proposals to amend national legislation,
- conduct proactive information and education policy targeted at consumers to protect them against spam,
- organize a scientific conference on "Internet Safety, "Anti-spam features",
- establish a "fighting spam day",
- engage in a dialogue and cooperation with consumer organizations and industry actors on the development of desired practices applied by Internet access service providers in terms of increasing the level of consumer awareness about the legal options for combating spam and methods to provide protection from receiving spam.

Improving skills at using the Internet

As indicated previously, in addition to investment in broadband networks, it is also important to raise the skills of Poles at using new technologies. According to a study conducted by the Central Statistical Office[19], in 2011, a regular Internet use was reported by 30% of people in the age group of 55-64 and only 10% in the age group of 65-74. The President of UKE, while providing its patronage over the Digital Inclusion Coalition for Generation 50+ "M@turity in the network", is working to encourage mature people to increase their competence in the use of new technologies.

[19] Information Society in Poland, Results of statistical research for 2007-2011, Warsaw 2012

MEASUREMENTS:

Measurement name	Measurement value at the end of 2015
number of issued manuals/booklets	7
number of entries on the Consumer Information Centre website	increase by 20%
number of helpline callers	increase by 20%
development of an anti-spam policy	1*
production of a TV spot	1*
percentage of cases effectively handled as part of intervention or mediation procedures	65%
percentage of consumers satisfied with the level of quality of service	80%

*indicator value 1 - goal achieved
indicator value 0 - goal not achieved

3.4. AREA: USE OF FREQUENCY RESOURCES

As stated in the recital 3 of the *Decision of the European Parliament and of the Council No. 243/2012/EU on establishing a multi-annual radio spectrum policy programme* "radio spectrum is a key public resource for essential sectors and services, including mobile, wireless broadband and satellite communications, television and radio broadcasting, transport, radiolocation, and applications such as alarms, remote controls, hearing aids, microphones, and medical equipment. It supports public services, such as security and safety services including civil protection, and scientific activities, such as meteorology, Earth observation, radio astronomy and space research. Easy access to spectrum also plays a role in the provision of electronic communications, in particular for citizens and businesses located in remote and sparsely populated areas, such as rural areas or islands. Regulatory measures on spectrum therefore have economic, safety, health, public interest, cultural, scientific, social, environmental and technical implications."

Effective management of frequency resources determines the number of service providers and their products, contributes to the development of new products and their competitiveness and affects the quality of services. It is necessary to create new opportunities for innovation and employment, which in turn should translate into improvement in the country's economic situation and social integration. It also allows the implementation of goals outlined in the Commission Communication on the *Europe 2020 Strategy* and the *Digital Agenda for Europe*.

ITU Strategic Plan, "*Draft four-year Rolling Operational Plan for the 2012 to 2015*" indicates seeking ways and means to ensure rational, efficient and cost-effective management of radio spectrum as one of the strategic objectives, including the management of orbital resources, and promoting flexibility for future growth and technological development.

As highlighted in the *Digital Agenda for Europe*, wireless Internet forms important means of enhancing competition, increasing consumer choice and Internet access in rural and other areas where deployment of wired Internet broadband is difficult or economically unprofitable.

The growing demand for wireless services, especially using smart phones, makes the efforts for timely allocation of sufficient and adequate spectrum important in order to support the strategic objectives of the Union and meet this demand in the best way. This will allow the development of commercial and public services, taking into account important objectives of general interest, such as cultural diversity and media pluralism. To this end, activities are carried out at the European Commission level to identify and make available in each Member State at least 1200 MHz spectrum in appropriate bands until 2015, whereas the value takes into account the spectrum already in use. The 800 MHz band, as one of the most optimal to provide wireless broadband coverage over large areas, is one of the key bands for that purpose. In Poland, distribution of frequencies of the 800 MHz band, due to internal circumstances, will take place at the turn of 2013/2014.

OBJECTIVE 4: Increasing access to services through efficient management of spectrum

- **Determining market needs for spectrum**
- **Control of rules and efficiency of spectrum use**
- **Acquiring and making frequency resources available**
- **Harmonization of spectrum use, the second digital dividend**
- **Refarming**

Global harmonization of radio spectrum takes place mainly under the ITU, whereas regional harmonization is the domain of the European Union and the CEPT. These bodies define broad regulatory framework, within which all spectrum users must operate, define a harmonized approach to the use of radio spectrum in order to facilitate the development of services, open markets and minimize the risk of interference among users.

Radio Spectrum Policy Programme

Policy orientations and objectives for strategic planning and harmonization of spectrum is defined in the Radio Spectrum Policy Programme (RSPP)[20]. Initiatives under this policy are also crucial for the Digital Agenda for Europe and the *Europe 2020 Strategy* for smart and sustainable development. Poland, presiding the EU Council, played a key role in the approval process of this document. At the same time, our country developed a number of bilateral agreements (in particular with Belarus, the Russian Federation and Ukraine), which will allow more efficient fulfilment of the obligations imposed on Member States under the RSPP.

[20] Decision of the European Parliament and of the Council No. 243/2012/EU of 14 March 2012 on establishing a multi-annual radio spectrum policy programme

The adopted programme forms the framework for the use of radio spectrum. It is particularly important in the context of the 800 MHz band, which is freed up by replacement of analogue TV signal with digital signal, and by release of its significant part by the Polish Armed Forces, which partly withdrew and continues to withdraw obsolete radio navigation systems operating in this frequency band.

Changes in the National Table of Frequency Allocations

The National Table of Frequency Allocations (NTFA) is a basic document in the process of frequency management in each country of the ITU. It will be subject to changes resulting primarily from the need to ensure conditions for harmonious development of radio services, implementation of new, more efficient radio technologies and provision of defence and state security, as well as public order and safety. The NTFA will be subject to update at least once every four years, which is dictated by the fact that every 4-5 years the World Radiocommunication Conference (WRC) takes place, which amends the "world" table of frequency allocations. These changes require then implementation in individual Member States by updating the national tables of frequency allocations.

Acquiring new frequency bands for civil use

Conclusion of agreements with the Ministry of Defence (until the end of 2014) on the transfer of frequencies operating in the 410 - 412 MHz/420 - 422 MHz band to civil use, and changes in the status of use of the 2300 - 2350 MHz band from government to civil, will increase resources for civil broadband systems and improve the quality of provided services. Depending on the approach taken regarding distribution of frequencies obtained from the 420 MHz band, it will be possible to separate even two duplex channels of 1.25 MHz bandwidth to distribute them in a tender or extend the resources of an operator holding the frequency licence in that band. So far, in the 410 - 415 MHz/420-425 MHz band, only part of the resource 2x2,5 MHz was made available. Provision of the remaining part will increase spectrum resources for PMR[21]/PAMR[22].

Allocation of the 2300 - 2350 MHz band for civil use will allow harmonized use of the 2300 - 2400 MHz band in the future, which, in accordance with the provisions of the WRC-12 and the CEPT[23] proposals is expected to be used by the family of IMT[24] systems. In this case, it will be possible to offer the market a whole range of the 2300 - 2400 MHz band, and not just its portion.

In August 2012, the President of the Office of Electronic Communications announced commencement of a tender procedure for five frequency licences in the 1800 MHz spectrum band designated to provide mobile telecommunications services in the entire country. The most important criterion of offers evaluation in this tender will be the criterion of assurance of conditions for competition. In addition, the amount declared and financial credibility of the Bidder will be assessed, as well as the commitments regarding the pace of network deployment.

[21] *Private Mobile Radio* – private mobile land radiocommunication networks
[22] *Public Access Mobile Radio* – public mobile land radiocommunication networks
[23] CEPT - *European Conference of Postal and Telecommunications Administrations*
[24] *International Mobile Telecommunications* - mobile telecommunications standard

Each of the available frequency licences will be awarded to the winners of the tender procedure by 31 December 2027.

Assignment of the remaining frequencies in the 800 MHz band (791-821 MHz and 832-862 MHz) and the 2.6 GHz band (2500-2570 MHz and 2620-2690 MHz) is scheduled for 2013/2014 through an auction. The 800 MHz band, due to its propagation characteristics, is perceived as one of the best bands to ensure optimal availability of wireless broadband services over large areas with low population density, such as rural areas. The 2600 MHz band, on the other hand, is most appropriate to ensure adequate network capacity in areas of high population density where there is a need to handle large numbers of users and/or to provide high data rate.

Refarming

Pursuant to the ECC Decision[25] *(11) 06 of 9 December 2011*[26] the primary and the only permissible channel bandwidth in the frequency arrangement plan for the 3400-3800 GHz is 5 MHz. Entities with the right to use frequencies in this range use channels with a bandwidth of 3.5 MHz (and sometimes of multiples or sub-multiples of the value). The planned refarming of the 3600-3800 MHz band (and possibly the 3400-3600 MHz) will allow harmonized use of frequency resources of these bands in Poland and Europe. Changes to frequency licences or withdrawal of rights in case of inefficiently used frequencies will complement these activities.

In order to facilitate the implementation of provisions of the Commission Executive Decision on the harmonization of the 900 and 1800 MHz frequency bands, it is necessary to change the arrangement of frequency resources in the frequency licences issued in such a way that all operators, within the number of radio channels obtained in a frequency licence, should receive continuous radio-frequency blocks, allowing future use of newer and more efficient broadband radio technologies.

Liberalization process of issuing radio licences

The process of granting radio licences is to be liberalized in a way that allows exemption from the obligation to obtain a radio licence for an operator having a frequency licence which specifies the conditions of frequency use. In such a case, instead of issuing a radio licence, the President of UKE will only enter a device in a relevant registry, after receiving a request. This change will be beneficial to telecommunications operators with frequency licences as it will significantly shorten the time to launch the devices.

[25] ECC - *Electronic Communications Committee*
[26] Harmonised frequency arrangements for mobile/fixed communications networks (MFCN) operating in the 3400-3600 MHz and 3600-3800 MHz bands.

Technological and service neutrality

Rapid development of communications technology, which allows the use of frequencies for the provision of services of different characteristics, responding to the changing needs of their users, will be facilitated by implementing the concept of technology and service neutrality indicated in the *Decision of the European Parliament and of the Council on establishing a multi-annual radio spectrum policy programme*.

The purpose of actions at the administrative level will be to issue technologically neutral decisions on frequency licences and to review the already granted licences in view of legitimacy to maintain restrictions on the manner of use of frequencies covered by a decision, consisting in identification of radio networks or the types of radio access techniques that can be used, a telecommunications service which should be provided, a telecommunications service prohibited to be provided on the basis of licensed frequencies.

Monitoring the digitization process

The already begun process of transition to digital television will allow more efficient use of radio frequencies, making it possible to expand the programming offer and to lower transmission costs. According to the concept of "simulcasting", analogue switch-off must be preceded by launching terrestrial digital TV. The President of UKE will monitor analogue switch-off and control the coverage of areas (the so called allotments) with digital signal multiplexes. In the event it is necessary to complete the area coverage with the digital transmission, the President of UKE will set, in consultation with broadcasters, technical parameters for new DVB-T transmissions and, if necessary, will coordinate them with the neighbouring countries.

Under the Act of 26 July 2011 on the implementation of digital terrestrial TV[27], Telewizja Polska S.A. may distribute programmes in Multiplex I (MUX1) only until 27 April 2014. Ultimately, multiplex III (MUX3) is designated for the TVP programmes. Distributing programmes in MUX3 will only be possible after analogue switch-off takes place. It is therefore important for the President of UKE to monitor the pace of analogue switch-off, so that target allocation of frequency resources in the digital multiplexes is possible. In particular, this will apply to launching a digital multiplex, the coverage of which carries the concept of regionalization of DVB-T transmissions within the region and increasing the reception of programmes of public broadcasters.

The second digital dividend

According to the findings of the World Radiocommunication Conference WRC-12, from 2015, the 694-790 MHz band (known as the second digital dividend) will be available for allocation to mobile telecommunications systems that conform to IMT on the same footing as for broadcasting systems.

[27] Journal of Laws No. 153 of 26 July 2011, item 903

After analogue switch-off, frequency resources will be freed up to enable the launch of two multiplexes. The President of UKE will consider the way to manage released spectrum after full transition to digital broadcasting, in the context of the possibility of using the second digital dividend in Poland. Any implementation of the second dividend will require changes to the GE-06 digital television plan, as well as additional bi- and multilateral agreements.

MEASUREMENTS:

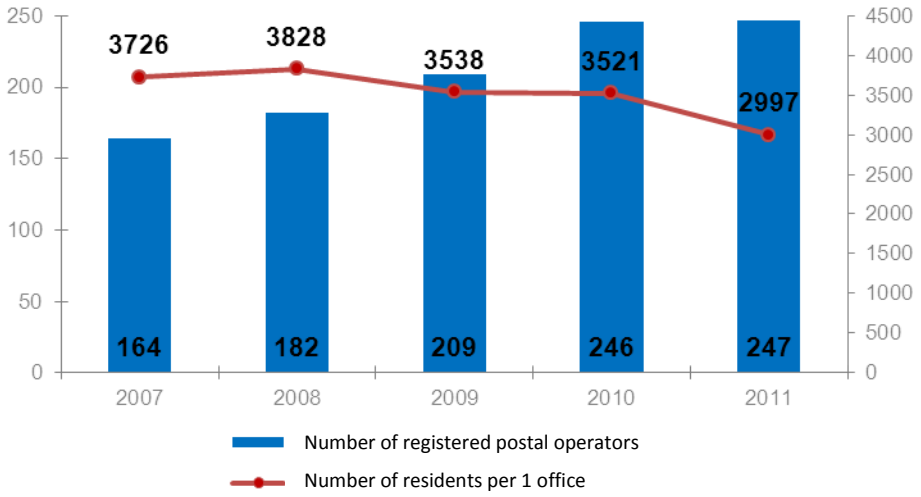
Measurement name	Indicator values over the years
resources made available (number of MHz)	2012 - 50 MHz in the 1800 MHz band 2013 - 60 MHz in the 800 MHz band 140 MHz in the 2600 MHz band 15 MHz in the 2010-2025 MHz band 2014/2015 - 100 MHz in the 2300-2400 MHz band[28]

[28] Dependent on resources made available by Ministry of Defence

3.5. AREA: LIBERALIZATION OF THE POSTAL MARKET

For years now, the Polish postal services market has been subject to gradual liberalisation. The number of entities conducting postal activity has been steadily increasing, which results in increased availability of services for consumers. At the end of 2011, postal services were offered by 247 operators with a total of almost 12,700 post offices across the country. On average there were 2,997 consumers per one post office, nearly 20% less than five years ago.

Chart 6. Number of registered postal operators and number of residents per 1 office of postal operators



Source: UKE.

The year 2012 faces preparations for the completion of the liberalization process on the postal services market. Liberalization of the postal market in 2013 requires the Regulator to prepare the environment and market participants for operation in a new reality resulting from the implementation of the Third Postal Directive[29].

The key provisions of the Directive which must be transposed to national legislation are:

- ability to determine the most effective mechanism to guarantee the availability of universal service,
- eliminating the reserved area of universal service,
- adopting the optimal method of universal service financing,
- resolving the issue of access to the public operator's postal infrastructure,
- enhancing and strengthening the powers of the regulatory body.

[29] Directive 2008/6/EC of the European Parliament and of the Council of 20 February 2008 amending Directive 97/67/EC with regard to the full accomplishment of the internal market of Community postal services (Official Journal EU L 52/3 of 27.02.2008).

The most significant change is deprivation of Member States of the possibility to grant and maintain exclusive or special rights for the establishment and provision of postal services.

Completion of the liberalization process, which will take place on 1 January 2013, will contribute to further development of the market and will increase the availability of postal services. Due to the ongoing government work on the draft Postal Law Act, the time horizon for the Strategy for the postal market is provided by the end of 2012. At the moment, the final shape of the new postal act is not known, thus the President of UKE may not determine the legal environment in which it will operate since 2013. After the law is adopted by the Parliament, the strategy will be complemented with new tasks arising from it and covering subsequent years.

OBJECTIVE 5: Ensuring effective opening of the postal market to competition

- **Preparing for the introduction of competition rules under the new legal framework**
- **Ensuring a mechanism for a proper method of net cost calculation**
- **Strengthening the protection of consumer interests and their rights**
- **Ensuring affordability of universal service**
- **Stimulating postal operators to improve the quality of services**

In view of transition to the stage of full market liberalization, it will be necessary to introduce to the Postal Law Act new regulatory arrangements for access to elements of postal infrastructure in order to promote competition.

Access to elements of postal infrastructure

One of the solutions may be a statutory obligation to allow such access by a designated operator at the request made by another operator. In the absence of agreement between the operators negotiating the terms and scope of access, an intervention of the Regulator is to be expected with the right to issue a decision determining the individual terms and conditions of access. It is also possible to adopt a model in which the designated operator will determine the conditions and amount of fees for access to its elements of postal infrastructure, in the rules of access and tariffs, as appropriate, which would be inspected and approved by the President of UKE prior to their implementation. In the event the proposals would be contrary to the provisions of the Act, the President of UKE could object and block, in this respect, their entry into force, at the same time requiring the operator to submit a revised proposal.

Introduction of competition rules

The analytical works commenced in 2012, aim to isolate segments of the postal market and obtain the knowledge needed to design activities and appropriate regulatory tools to prepare for the introduction of competition.

Competitiveness will also be enhanced by promoting the principles of cooperation between postal operators. In view of the changes, one of the priority tasks will be to monitor and report on the status and conditions of the postal market, both before and after its opening.

Universal service subsidy

In the event it is found that the obligations to provide universal postal services entail a net cost and represent an unfair financial burden on the operator providing universal service pursuant to the provisions of the *Third Postal Directive*, a compensation mechanism for such an undertaking from public funds or the net cost-sharing mechanism between service providers and users may be introduced to the national legal framework. The net cost associated with the provision of universal postal services will be an important issue at the time of full opening of the postal market. UKE will be thus responsible for developing an appropriate methodology for the calculation of the net cost.

Enforcing quality of postal services

In its activities, the President of UKE will focus on protecting the interests of consumers and improving their legal protection in relations with postal operators. The aim of the Regulator is to create an effective mechanism to enforce quality of service required by law on postal providers.

The President of UKE will use the available procedures to control postal operators. The spectrum of interest will comprise, in addition to compliance with consumer rights by service providers, the detection of postal activity without appropriate authorisations. Information about the results of inspections will be made available to all interested parties.

Raising awareness and monitoring consumer needs

It is also essential to increase knowledge and awareness of consumers about their rights. To meet these needs, UKE will prepare and make available to all interested parties the necessary information on responsibilities of the operator and the Regulator, user rights and the principles of universal service.

An important element of pro-consumer policy will be to identify and monitor the needs of users. Specific attention of the President of UKE will focus on people with disabilities and the conditions in which they use postal services. Therefore, regular tests will be continued in the scope of adaptation of post offices to the needs of this consumer group.

It will be equally important to find out the opinion and evaluation of consumers themselves. With the use of a survey, made available on the UKE website, they will be able to express their views on the operation and the quality of postal services.

The President of UKE will also seek to ensure affordability of universal postal services and to develop an effective model for their financing. In addition to the cost issues, the quality is important as well. Ongoing regular analysis of the timeliness of mail delivery will be carried out with the use of new testing technologies (ZST[30], RFID[31]).

[30] Integrated computer system
[31] *Radio-frequency identification* - a technique that uses radio waves to transmit data

MEASUREMENTS:

Measurement name	Measurement value at the end of 2015
developing a "price cap" mechanism	1*
share of private operators in the current reserved area	20%
level of timeliness of mail delivery	• Priority letter items: D+1 - 82% D+2 - 90 % D+3 - 94% • Economic letter items D+3 - 85%, D+5 - 97% • Priority parcels D+1 - 80% • Economy parcels D+3 - 90%.

*indicator value 1 - goal achieved
indicator value 0 - goal not achieved

3.6. AREA: EFFICIENT AND EFFECTIVE ORGANISATION

Regulating fast-growing telecommunications and postal markets requires having the most current expert knowledge about trends occurring in them, as well as organizational efficiency.

OBJECTIVE 6: Increasing the effectiveness of UKE actions

- **Improving standards of human capital management**
- **Promoting initiatives to increase the efficiency of operation and dealing with stakeholders**
- **Using international experience**

Increase in UKE's effectiveness aims to improve the efficiency of operations and processes in order to achieve additional benefits for both the organisation and its clients. The effectiveness of UKE is related to employees' adaptation to the requirements of a modern economy, which can be achieved through a strategic approach to the management of this area.

Implementation of objectives of this Strategy will be financed from public funds, i.e. the state budget and public EU funds. It is estimated that in order to implement the strategic projects, the budget of the Office must be at the level of the draft budget for 2013.

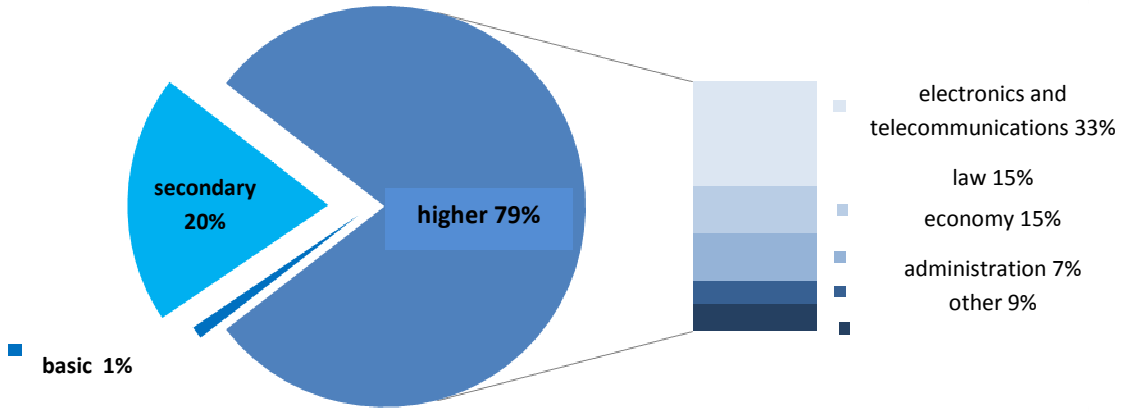
Human capital management

A strategic purpose of human capital management is to provide UKE with skilled, committed, loyal and highly motivated employees. UKE HR policy provides for activities that contribute to increasing the competence of the staff, establishing individual career paths for employees, improvement of incentive systems/mechanisms, increased involvement in the performance of duties, as well as improved communication and transfer of information to customers.

Offering appropriate professional support to staff and maintaining a high level of competence is a prerequisite for ensuring that public tasks are delivered in the most efficient and effective way. It is therefore necessary to enable employees to constantly improve their qualifications, especially with the use of properly constructed training policy and appropriate involvement of managerial staff in the advancement and development of employees.

At the end of 2011, UKE employed 666 employees, of which more than 79% had a university degree.

Chart 7. Education of UKE's employees



Training strategies

UKE's priority is to have competent and highly skilled employees. This can be achieved through development of an appropriate training strategy, which will also serve as a tool for motivation. A previously conducted study of the training needs of UKE's employees and experience in the scope of undertaken development activities indicate that the range of issues that they cover is very broad, in particular: economic, legal and technical aspects of market regulation, language and IT courses, management and interpersonal skills.

Table 1. Sample training courses to improve professional skills in 2011

Subject matter of training courses	Number of participants
Advanced elements of communications networks and services	24
Technical and economic aspects of NGA/NGN and selected aspects of mobile networks	21
Selected practical aspects of Tax Ordinance - tax liability, arrears, overpayment, and recent developments in the Code of Administrative Procedure	27
Managing projects according to the Prince 2 methodology - Prince 2 Foundation	12
Techniques for coping with stress	40
Work organization and time management	21

Source: UKE.

Competence models and career paths

Utilization of employees' knowledge, as well as continued improvement of their skills enables the whole organization to grow. An important factor in the development of UKE is human resources management through the use of a competence model and career paths, having a direct impact on the training policy of UKE. For example, employees who choose the coaching path will also enhance their knowledge and skills necessary to conduct internal training sessions for co-workers. Covering all employees with the Individual Professional Development Programme will allow to optimally tailor training opportunities to meet the needs of their engaged and chosen career paths, as well as to achieve the objectives of the President of UKE. An effective knowledge management system in the organization is also an important issue. Its aim is to create a system for sharing knowledge and experience among employees, as well as encouraging effective collaboration.

Continuous improvement is required for processes and tools of Human Capital Management, as well as their use. It will be facilitated through building the competence of managers, properly undertaking challenges associated with employees management, particularly in terms of motivating them, as well as creation of appropriate incentive systems. Measures will be taken, among others, to increase transparency and efficiency criteria for granting awards. After completion of UKE priority projects, meetings will be organized to summarize their implementation and to honour the outstanding employees.

An important part of UKE's activity will be to attract new employees. The undertaken promotional activities are aimed at creating an image of UKE as a desirable employer. They will result in raising the interest of competent and highly skilled people in working for UKE. The implementation of this task will include active participation in industry events, job fairs and meetings organized at universities.

Electronisation of official processes

A necessary condition for the implementation of strategic objectives is the effectiveness of UKE's actions as a stakeholder-friendly institution. Thus, an important instrument for effective management of UKE is - in the era of information society - widespread use of modern information and communication technologies (e-administration).

The project *Construction of e-services platform of the Office of Electronic Communications* will adjust UKE to the requirements of a modern economy and changes in law, which introduce mandatory handling of cases submitted by customers in electronic form. Thanks to the project, undertakings and consumers will be provided with a long-distance, fast and convenient administrative service within the scope of UKE's activities. The electronic service platform will provide a variety of transactional and informational services, ultimately covering the entire range of UKE's tasks. It will also enable the undertakings to deliver remotely on their information duties towards UKE. The project's component will also be the development of a "*Business Intelligence*" class module to assist internal decision making processes and to find the necessary information, as well as a module responsible for integration of internal systems (domain-specific) supporting and promoting the implementation of statutory tasks of the President of UKE.

Ultimately, the system will:

- receive applications, complaints and reports in the form of electronic documents,
- automatically follow on progress of the cases and inform applicants thereof,
- automatically provide documentation - in the scope of unclassified information,
- automatically provide public information,
- handle processes associated with increasing competition and supporting consumer policy in the telecommunications and postal services markets, through more efficient and faster introduction of new players on the Polish market, and settlement of disputes among undertakings and between undertakings and consumers,
- handle processes related to the exchange and processing of technical and coordination data in the scope of radiocommunication and spectrum management,
- handle processes related to the exchange and processing of economic data for the analysis of the telecommunications and postal markets,
- issue decisions, licences and certificates in the form of electronic documents,
- handle processes related to the Act on supporting the development of telecommunications networks and services, including collection of data on projects, issuing opinions and administrative decisions, keeping a register of local government units conducting activities in the field of telecommunications.

Activity on the international forum

An important element in the development of national regulation is the use of international experience and strengthening the position of UKE in the structures of the European Union and the countries of the ITU C region (Eastern Europe and North Asia). In the whole range of matters falling within the scope of UKE activities, it is necessary to be fully involved in the works within the EU structures, as well as on other international forums.

Creating such cooperation forums as the Body of European Regulators for Electronic Communications (BEREC) and the European Committee for Postal Regulation (CERP) confirms the trend observed for several years to strengthen regulatory cooperation and to harmonize the rules and procedures.

Under BEREC, it is planned to increase the involvement and activity of UKE in the works of selected expert working groups (EWGs, e.g. International Roaming EWG, Net Neutrality EWG, or ad hoc groups on Article 7 of the Framework Directive). To a greater extent than before, UKE will be involved in the work of decision-making bodies of IRG/BEREC. Through a series of bilateral meetings started in 2012, common interests of UKE and regulatory authorities of other Member States will be identified, and long-term cooperation in the most important areas will be established.

The President of UKE will actively participate in the works on documents prepared by the EU, the ITU and other international organizations, so as to ensure that the objectives contained in this Strategy are achieved to the maximum extent.

During meetings with consumer organizations such as BEUC[32], with operators at international conferences, during panel discussions or workshops, etc., activities of the President of UKE as a consumer-friendly body, open to collaboration with the market, will also be presented, which will help to improve the image of UKE internationally.

Activity at the international arena means not only learning from others' experience but also providing knowledge to other countries. This task will be carried out both at the ITU forum and through bilateral cooperation projects with selected Regulators.

[32] *The European Consumer Organisation*

MEASUREMENTS:

Measurement name	Measurement value at the end of 2015
cases of telecommunications and postal undertakings handled with the use of electronic communication channels	40%
complaints and requests for mediation submitted electronically	55%
percentage of consumers positively evaluating activities of UKE	60%
proportion of employees trained to total employment	85%
proportion of employees trained as part of internal training courses in relation to the total number of trained employees	10%

4. CONCLUSION

The Strategy of the President of UKE until 2015 promotes balance between market competitiveness focused on users' welfare and the need to ensure high level of regulatory certainty, as well as to create conditions for investment. The task of the Regulator is to apply appropriate legal, economic and administrative mechanisms to ensure fair competition, consumer protection and to allow stakeholders to invest in infrastructure.

One of the principles of good regulation should be co-regulation understood as supplementing regulatory decisions with agreements concluded with market participants in order to complement the effectiveness of actions taken by the President of UKE.

The implementation of the Strategy will lead to increased availability and innovation of services, changes in consumers' daily lives, as well as in operation of telecommunications and postal service providers. It is expected that the development of both markets in Poland will follow the trends observed in other European Union countries.

The challenge for the telecommunications industry will be primarily to ensure the availability of broadband infrastructure in line with the *Digital Agenda for Europe*, while the development of services based on this infrastructure will be in accordance with the needs of users. Expanding coverage, increasing penetration and network bandwidth will require providers to make significant capital expenditures and to prepare affordable offers for subscribers. Alignment of access to broadband Internet in different geographic regions of the country should also take place. Broadband Internet access will become a mass good, reaching a growing part of the population. The resulting benefits should indirectly translate into the entire economy, including the development of information society and continued growth of employment prospects, easier and more effective participation in education, increased revenues and increased social activity. Communication with administration will improve, while time and processes management will be more efficient.

Market competitiveness will increase and, consequently, the emphasis on comprehensiveness of services, their quality and matching to financial capabilities of consumers will be higher. In view of a steadily growing market penetration, the accessibility barrier is becoming smaller, while the demands of our customers are ever growing. Non-price factors of offer selection, such as service satisfaction and high quality of service, are of key importance. In the next few years, the providers' approach to customers should change towards a more personalized service. The consumers in 2015 will be fully aware of their rights and treated as partners in their relationship with an operator. They will also be better protected against fraud or the risk of paying inflated bills.

Predictability and clear rules will allow operators to undertake strategic planning and make decisions based on economic criteria. Stability of the regulatory environment will lead to a reduction of investment risks, and thus to growth in expenditure on modern, innovative services.

Efficient use of frequency resources will increase competitiveness, improve the quality of services and allow new technologies to be implemented.

With the introduction of digital TV, users who have not yet been customers of digital platforms and cable television will have access to more programmes of much better quality.

The development of LTE services will allow for replacement of fixed-line Internet access with mobile access, particularly affecting non-urbanized areas.

Completion of the full liberalization process of the postal market will contribute to its further harmonious development and will increase the availability of high quality postal services at affordable prices. Undertaken regulatory and information measures will allow the market environment to adapt to functioning in conditions of full competition.

Telecommunications and postal markets in Poland have a huge potential for growth, creating the prospect of levelling the differences in development as compared to the most developed countries of the European Union. The role of the Regulator is to create conditions for optimal use of this potential.

5. LIST OF CHARTS