

ANNUAL REPORT AND FINANCIAL STATEMENTS

2021



MALTA COMMUNICATIONS AUTHORITY



MCA MISSION STATEMENT

“To promote and safeguard a communications environment that is conducive to investment, innovation, economic growth and social well-being.”





CONTENTS

FOREWORD	4
BOARD MEMBERS & MANAGEMENT COMMITTEE.....	8
ELECTRONIC COMMUNICATIONS.....	11
MARKET OVERVIEW	12
Fixed Line Telephony.....	13
Mobile Telephony	21
Pay-TV.....	37
REGULATION	41
Promoting and Safeguarding Competition.....	42
Ensuring Transparency, Value-for-Money and Quality of Service.....	45
Maintaining Open, Safe and Secure Electronic Communications	47
Maximising the Potential of the Radio Spectrum.....	50
POSTAL MARKET.....	61
MARKET OVERVIEW	62
REGULATION	65
DIGITAL SERVICES AND ECOMMERCE REGULATION.....	71
CONSUMERS	79
EU AND INTERNATIONAL ENGAGEMENT	87

CORPORATE ACTIVITY	95
LEGISLATION AND LITIGATION	103
CONSULTATIONS AND DECISIONS	109
FINANCIAL STATEMENTS.....	115





Mr Jesmond Bugeja
MCA Acting Chairman & CEO

FOREWORD

2021 was certainly a defining year for the MCA, notably marking 20 years since the Authority was first established. This milestone was marked by a reflection on our regulatory journey over the past 20 years, alongside a renewed commitment on communications and digital regulation fit for the future. The culmination of this exercise was a successful hybrid day-conference in November 2021, bringing together local and international industry leaders on the theme of “Unlocking Digital Value for Society”.

The conference served as an excellent platform for industry experts with a wide range of backgrounds to discuss the future of connectivity and digital services, as well as the underpinning policy and regulatory approaches. The day’s agenda tackled key topics revolving around technological opportunities and potential threats in the digital age, as well as contemporary facets of digital services as regulated by the MCA.

The theme of the conference – that of continuing to deliver value amidst the intensifying digital transformation – is very much tied to the core of our regulatory vision. How do we tap into new opportunities for connectivity while ensuring end-user protection? How do we navigate regulation across blurring sectoral boundaries? How do we promote a fully accessible and inclusive online environment? How can we safeguard the sustainability of the postal sector and adapt to global shifts in consumption patterns?

While COVID-19 still very much dominated the global narrative in 2021, there was a decisive shift in the past year to seek ways to thrive and make the most of this enhanced digital environment moving forward. In light of this, efficiency, robustness, ubiquity and future-proofing have taken on renewed importance across all industries under our purview.


By now it is common knowledge that faster, high-quality connectivity is in increasingly high demand. In 2021, the MCA finalised the regulatory framework for the deployment of next generation 5G wireless networks. With the help of an effective test and trial framework and a competitive market environment, Malta now has three operators licensed to use 5G technology, with one operator providing 100% 5G coverage of all populated areas across Malta and Gozo. The growth in supply has resulted in a spectacular increase in mobile data consumption, with a 30% increase in domestic mobile data usage in 2021.

Malta's digital communications infrastructure has consistently ranked amongst the highest-performing in the EU in the European Commission's Digital Economy and Society Index (DESI). The country boasts nationwide gigabit connectivity, already fulfilling one of the European Commission's 2025 Gigabit society objectives. While one network operator offers gigabit connectivity on a national basis, multiple players have continued to increase their capacity across both fixed and mobile networks. Thanks to these ongoing investments, by the end of 2021, more than 60% of Maltese fixed broadband consumers were subscribed to connections of 100Mbps or higher.

Amidst this growing competition and evolving market conditions, consumer interests have always remained at the centre of the MCA's regulatory activity. At the beginning of the year, the MCA re-launched Telecosts, a price comparison portal for all telecommunications plans including mobile telephony, fixed telephony, internet, as well as bundled services for telephony, internet and TV. The free-to-use portal has been extremely well received amongst local consumers, while also being commended by several other European regulatory counterparts.

Furthermore, it is also equally important to ensure that communications networks enjoy the necessary levels of security. In 2021, the Authority therefore devoted significant investment towards technical expertise and monitoring systems to maintain the highest possible security standards and keep abreast with new technologies. These included upgrades in EMF monitoring equipment, a national risk assessment of 5G network infrastructures, and the purchase of software for mapping of broadband infrastructure to track operators' broadband speeds across Malta.

We are also cognizant of communications' sector role in delivering solutions to tackle climate change challenges and control its own carbon footprint. In this regard, the MCA will continue closely following discussions and actively participating in EU and international fora, to shape our own strategic direction as relevant to our local context. Over the past year, it has been encouraging to see major local operators of both telecoms and postal services embarking on a number of initiatives to mitigate their respective carbon emissions.



Shifting the focus to our postal services remit, the local postal market is no exception to the structural shifts being experienced across postal markets globally. The ongoing decline in letter mail continues to be countered by the large increases in packets and parcels brought about by burgeoning eCommerce services. As our data shows, we experienced steeper declines especially in letter and bulk mail volumes, given the shift towards online services. With this being said, the same digital developments offer ample opportunities, and we will continue to support research and regulatory initiatives towards the sustainability of the postal sector.

With regards to our growing mandate in digital services, the outlook for this fast-growing policy area is exciting, to say the least. In 2021, the MCA was designated as the Digital Services Coordinator (DSC) for the Digital Services Act (DSA) by the Maltese government, following our active advisory role at EU-level interactions. This, amongst other new responsibilities, is indicative of the MCA's growing profile in digital services regulation and calls for due attention and continuing investment in the necessary internal expertise.

This newly assigned regulatory role complements other responsibilities that the MCA carries vis-à-vis eCommerce and other digital services. Last year, in partnership with the eSkills Malta Foundation, the MCA launched eBiznify Lite – a new online course under the eBiznify educational platform, catered to individuals who are seeking comprehensive, hands-on, yet flexible training on eCommerce practices. Furthermore, in its commitment to fostering greater digital inclusion, the MCA continued to diligently monitor levels of accessibility across public sector websites, while also extending this practice to cover public sector mobile applications.

All of our regulatory activities in the past year took place within an ever-relevant backdrop of global dialogue and international cooperation. While virtual meetings continued to be the standard in the first half of the year, as travel activity gradually resumed, we were once more able to meet in-person with our international regulatory counterparts. From my own personal experience, I had the privilege of acting as BEREC Vice-Chair for 2021 – an immensely gratifying experience and a chance to be exposed to the inner workings of BEREC’s decision-making. It has also served as an invaluable opportunity for the MCA – albeit being amongst the smaller authorities – to be deeper involved within this eminent international body, and better harmonise its own strategic vision to broader EU objectives.

As we are operating within an increasingly globalised and complex environment, consistent cooperation across national borders is essential. It allows us to share and learn from individual country insights, establish global standards, and forge a harmonised path ahead. This ties into what we see as a definitive way forward to effectively address new challenges and harness opportunities emerging from this digital transformation-collaboration.

Collaboration is absolutely key. “Going at it alone” is not an option. In the same way the impact of digitalisation is felt across all sectors of the economy, we need to work together and promote a holistic multi-sectoral regulatory approach to ensure consistent and aligned outcomes.

New digital technologies and digitally enabled services are critically re-shaping industries ranging from retail, postal services, manufacturing, transport, and even agriculture. Conversely, we also

cannot underplay the potential challenges especially in relation to security, resiliency, data protection, inclusion and sustainability.

The MCA has already instigated ample collaborative efforts, initiated dialogue and pursued channels for collaboration with respective government agencies for different sectors, including consumer protection, data protection, ICT, and transport services, amongst others. This need for greater collaboration was in fact one of the key takeaways emerging from our 20th Anniversary Conference – not solely with regards to intra-government engagement but also in relation to academia, industry and all other market stakeholders.

Having the necessary infrastructure and capabilities in place is critical for the diffusion of digital technology – to enable enhanced high-speed data connections, secure underpinning networks, guarantee a safe digital space, and so forth.

Simply put, connectivity is the linchpin for the ongoing digital transformation. It is our duty as the MCA to continue building sound, future-proof regulation to maximise the benefits for end-users, markets, and society as a whole.

BOARD MEMBERS & MANAGEMENT COMMITTEE

MCA Board

Appointed on 1st October 2020



Mr Jesmond Bugeja
Acting Chairman



Mr Kevin Abela



Ms Graziella Farrugia



Mr Mario Fava



Mr Mark Musù



Dr Alexandra Mizzi

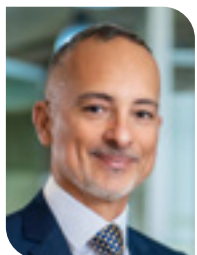


Mr Massimo Zammit



Ms Alison Beach
Board Secretary

MCA Management Committee



Mr Jesmond Bugeja
Chief Executive Officer



Mr Ian Agius
Chief of Operations



Dr Paul E. Micallef
Chief of Legal



Mr Robert Mifsud
*Chief of
External Relations*



Ing Antoine C. Sciberras
*Chief of Spectrum
Management & Technology*



Mr Patrick Vella
*Chief of Policy
& Planning*



Mr Jason Galea
*Senior Manager,
Finance*



Ms Nevis Borg Caligari
*Senior Manager,
Human Resources
& Administration*



Mr Joseph Seychell
*Senior Manager,
ICT & Technologies*



Ms Alison Beach
*Management
Committee Secretary*





ELECTRONIC
COMMUNICATIONS

MARKET OVERVIEW

Market developments in electronic communications

The electronic communications sector in Malta is characterised by ongoing investment and innovation. Citizens and businesses are served by multiple ultra-high speed fixed and mobile networks and deployment is ongoing with the latest fibre, hybrid fibre-coax (cable) and fifth generation mobile networks now on stream, either nationwide or on the way there. This state of affairs is reflected on an ongoing basis in the European Commission's Digital Economy and Society Index (DESI), which, throughout its various indicators, regularly ranks Malta's digital infrastructure at the highest level or amongst the top eight EU Member States.

Our annual outlook of the key trends shaping the telecommunications industry suggest that end-users are after high-quality communication and internet services from telecom providers, as confirmed by the stronger demand for faster connectivity.

The broadband segment's transition to ultra-fast speeds continued throughout the year under review, with a 10-percentage-point jump in the proportion of subscriptions to plans supporting headline download speeds of 100Mbps or more. By the end of the year, 62% of all broadband subscriptions were accounted for within this headline download speed category.

This change materialised against the backdrop of 5G deployment and a 30% increase in domestic mobile data use year-on-year.

Whilst this surging data consumption is partly attributed to a growing subscriber base, which flipped from a negative 0.2% in 2020 to a positive 1.9% in the year under review, much has to do with the connectivity requirements of the end-user. Mobile telephony voice minute volumes were also up by almost 3% year-on-year, compared to a 27% drop in the number of minutes originated via Malta's fixed telephone networks. Roaming traffic volumes also improved year-on-year, corresponding with the pick-up in outbound and inbound travel-related activities.

Meanwhile, headline growth was also positive for the TV segment as it grew 3.8%, with a subscription growth rate of 2.9%. The fixed telephony segment did not register any material change in take-up.

Fixed Line Telephony

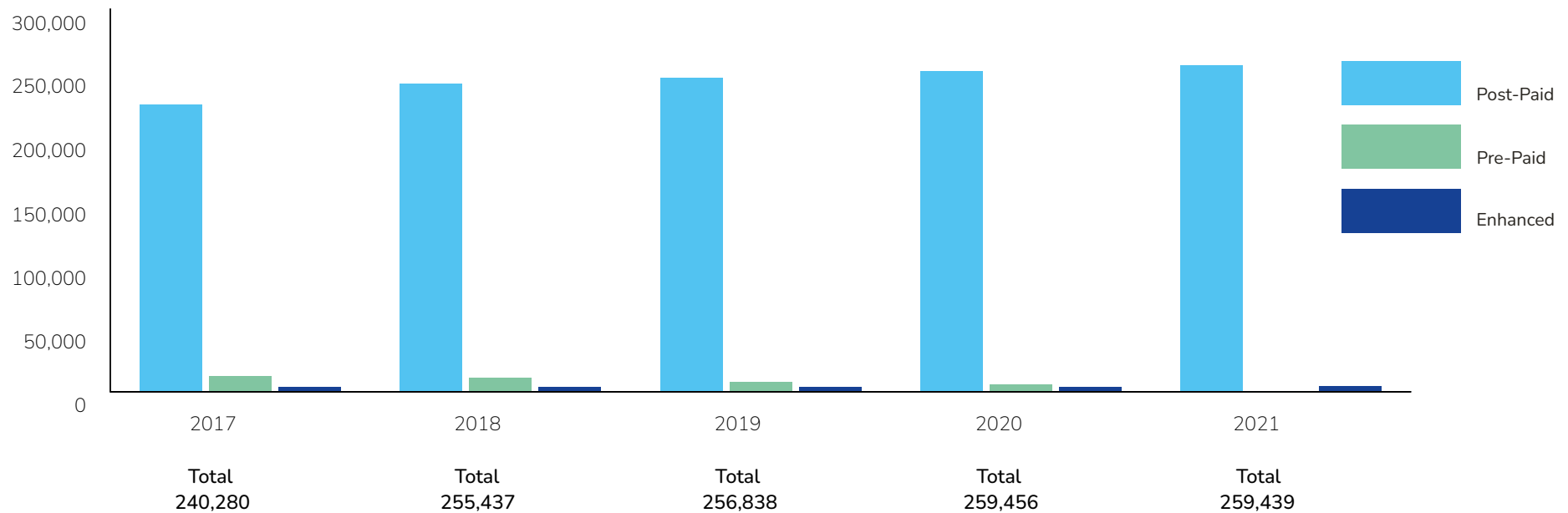
The fixed telephony service is widely adopted by households and businesses, but nonetheless much of the fixed line network voice traffic has been replaced by the mobile telephony segment. Of significance is that the pre-paid service has been largely phased out, which explains why this segment did not register any material change in subscription volumes. Year-on-year, call and minute volumes were each down by 27% and ARPU declined as a result.

Subscriptions

The fixed telephony segment did not see any material change when it comes to subscriptions, with these totalling 259,439 by the end of 2021, just 17 less than recorded twelve months earlier. Almost all subscriptions were purchased in a contract, as pre-paid plans have now been phased out by the two major operators. Several end-users, mainly from the business community, are subscribed to plans that classify under the 'enhanced' category¹. In this case, the number of subscriptions was up by almost 23% year-on-year, to reach 4,300 by the end of the current reporting period.

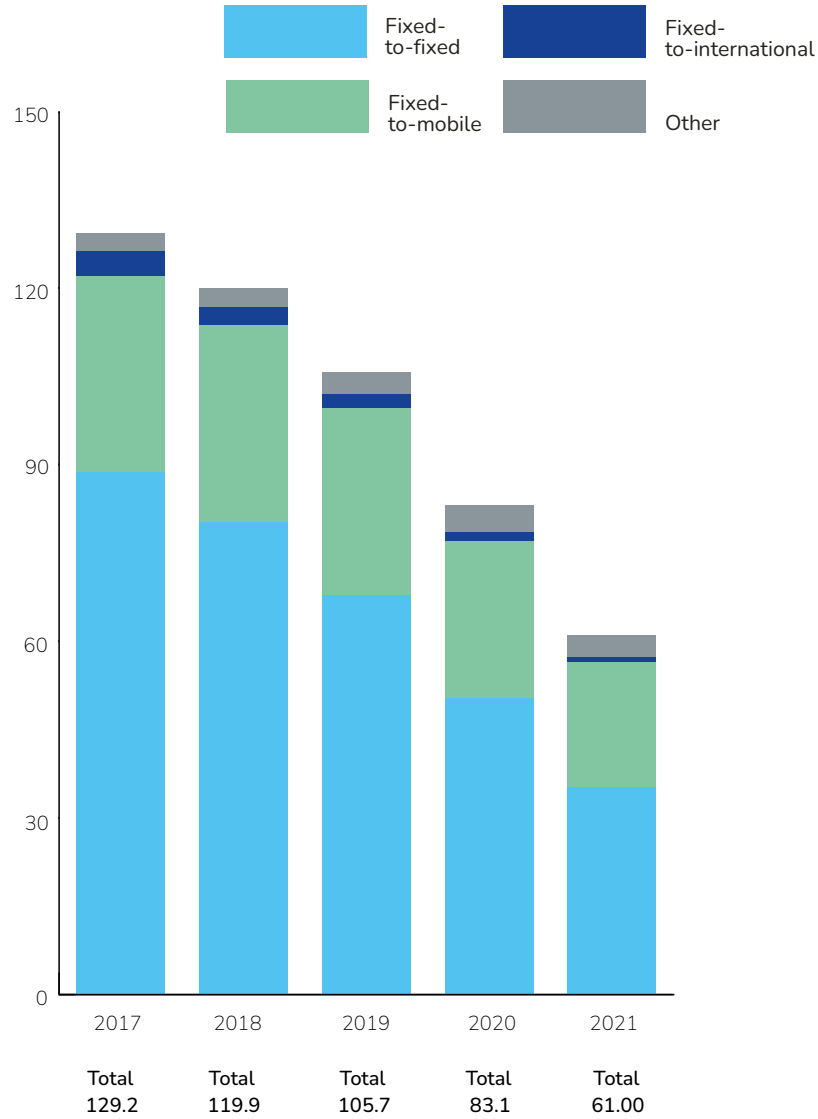
¹ The term 'enhanced' subscriptions encompasses subscribers on packages offering multiple (dual or more) channel connections. These are effectively post-paid subscriptions but earmarked to business users.

Fixed telephony subscriptions (as at end of period)

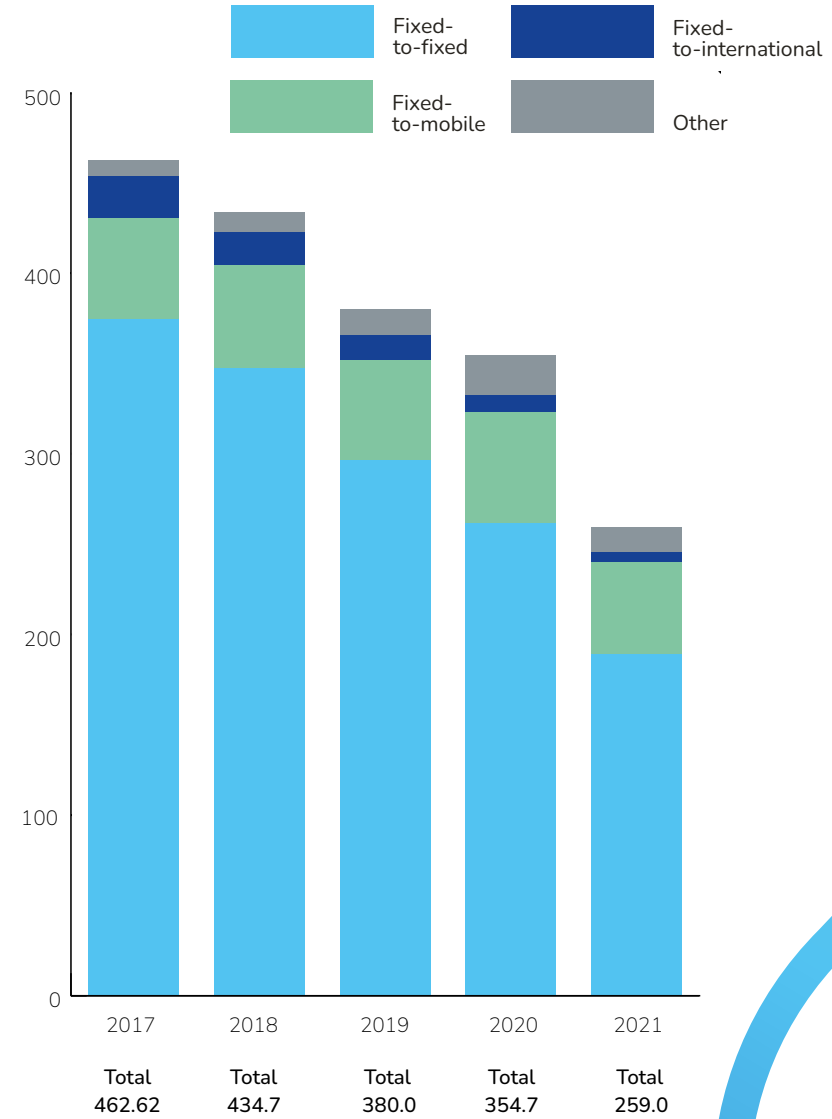




**Fixed telephony traffic volumes - number of voice calls
(in millions)**



**Fixed telephony traffic volumes - number of voice minutes
(in millions)**



Fixed telephony subscriptions in a bundle, as at end of period

Fixed telephony subscriptions in a bundle	2019	2020	2021
		192,520	207,967
Dual play	65,251	70,765	76,585
Fixed telephony + Mobile telephony	4,232	3,561	3,008
Fixed Telephony + Fixed Broadband	55,691	61,280	67,511
Fixed Telephony + Pay-TV	5,328	5,924	6,066
Triple play	76,382	81,232	83,136
Fixed Telephony + Mobile Telephony + Fixed Broadband	5,137	3,465	905
Fixed Telephony + Fixed Broadband + Pay-TV	71,250	77,767	82,231
Quad Play	53,887	55,970	57,973
Fixed Telephony + Mobile Telephony + Fixed Broadband + Pay-TV	53,887	55,970	57,973
Number of fixed line subscriptions (end of period)	256,838	259,456	259,439
as a percentage of fixed line subscriptions	74.96%	80.16%	83.91%



By the end of 2021, 84% of all fixed telephony subscriptions were purchased in a bundle, up from 80% twelve months earlier

Also, year-on-year, the number of fixed telephony subscriptions in a bundle exceeded the number of end-users that are new to the post-paid service. This means that a substantial number of existing clients transferred the service from a stand-alone set-up to one purchased in combination with other telecom services.



Market shares in terms of fixed telephony subscriptions (as at end of period)



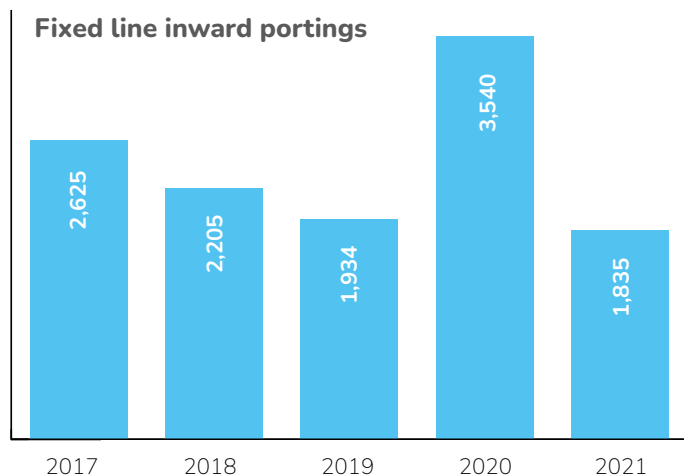
Market shares in Terms of Subscriptions

There are currently four telecoms providers offering fixed telephony services in Malta.

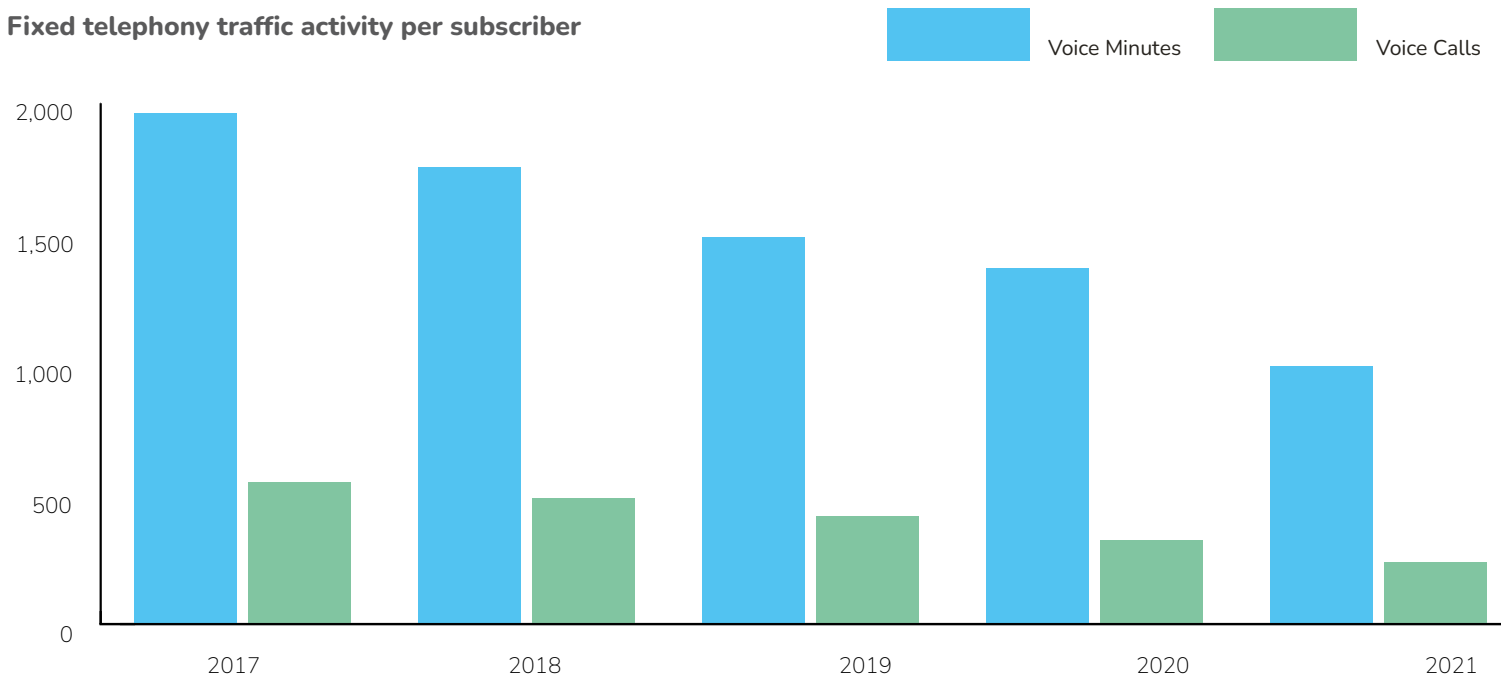
GO's established market position as the incumbent operator with the largest market share is being gradually trimmed. Just in the 12-month period ending December 2021, this operator lost two percentage points in its market share to slightly less than 50%. At the same time, Melita gained market share by the same margin to reach 46%. Epic's market share stood at 4% by the end of 2021, slightly down from 4.1% a year earlier. The market share of Vanilla Telecoms, which is only available in a few locations in Malta, was unchanged.

Fixed Line Inward Portability

The number of fixed line portings dropped significantly when compared to the previous year. The number of fixed line portings in 2021 at 1,835 is more aligned to what was observed in pre-COVID years and follows the long-term trend of decline, even though the number portability process is a seamless exercise.



Fixed telephony traffic activity per subscriber



Traffic Volumes

The volumes of fixed telephony voice calls and minutes each dipped by 27% year-on-year and constitute the biggest year-on-year decline observed since 2018. This again reflects the changing consumption patterns when it comes to voice calling, which is now predominantly occurring via the mobile telephony platform.

Most of the fixed line traffic is carried out between users on the same network (i.e., on-net). In 2021, outgoing on-net traffic accounted for 39.8% of all voice calls and 46.3% of all voice minutes originated from local fixed networks.

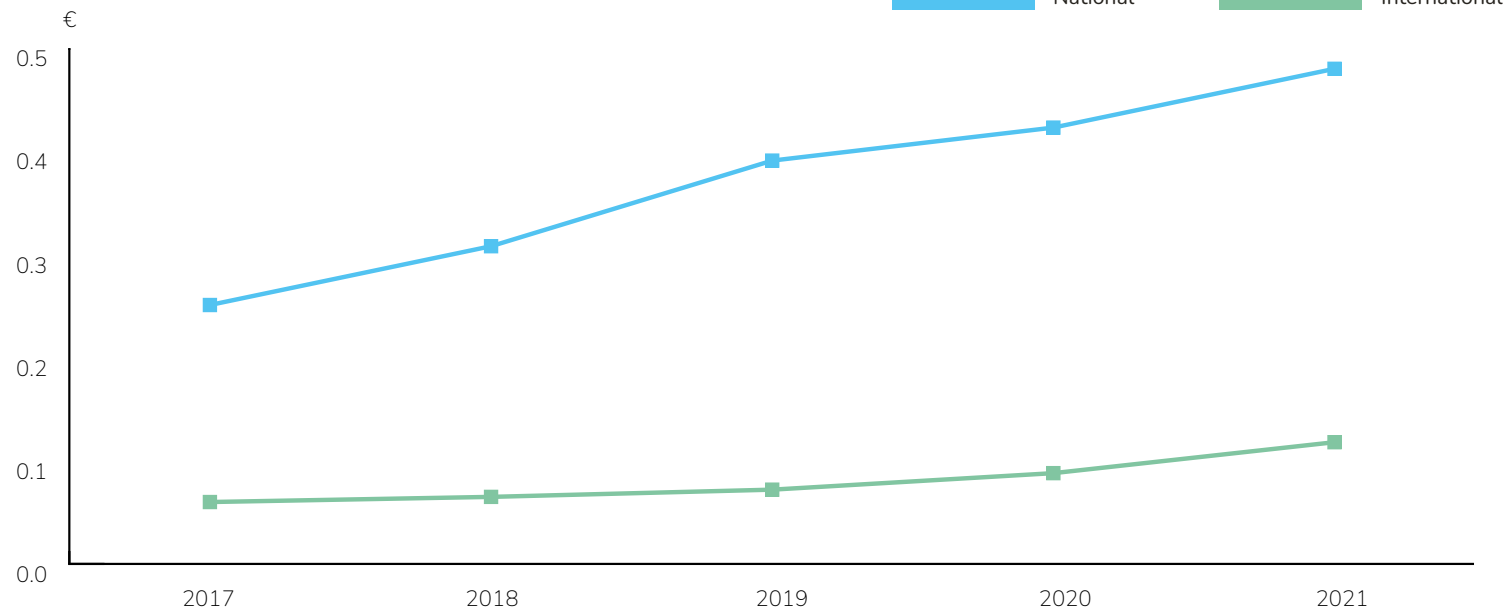
Price Movements

The Authority monitors fixed line telephony tariff trends through a revenue-based calculation, which is used to derive the Average Revenue per Minute (ARPM) of fixed line communications. Based on this metric, the MCA found that the ARPM for a national fixed call stood at €0.12 in 2021, up from €0.09 in 2020. The ARPM for an international call stood at €0.48 in 2021.

The methodology used to generate the average rate per minute figures now includes access fees that are also apportioned by each type of call. This explains why the average rate per minute of fixed communications has been rising, given that end-users are paying access revenues that have been relatively unchanged over the years but consuming less voice minutes year-on-year.



Average rate per minute of fixed communications

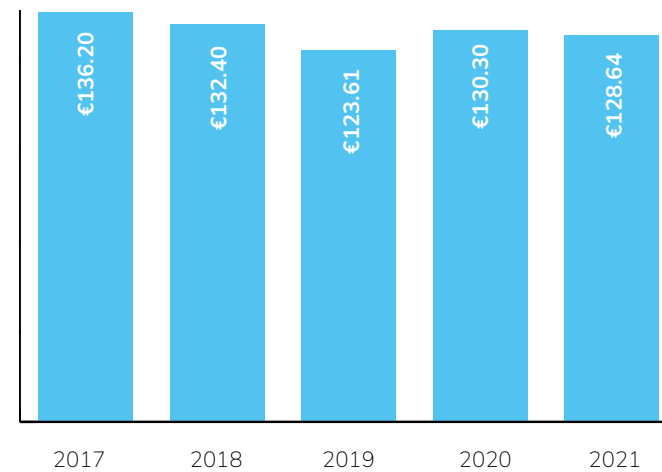


Average Revenue per Fixed Telephony User (ARPU)

The ARPU measure acts as an indicator of the average revenue for a particular electronic communications service, which providers report monthly on a per-user basis. Fixed ARPU data is measured by dividing the total revenue (from access and voice calls, including freephone and premium calls, excluding interconnection revenues) earned by the operator, by the average number of active subscriptions, for a specific period.²

² The average number of active subscriptions during the respective period is arrived at by adding the number of subscribers at the start of the period plus the number of subscribers at the end of the period, divided by 2.

Average revenue per fixed telephony user





The fixed telephony ARPU for 2021 was down by 0.8% year-on-year to €128.64, from €130.30 the previous year. This mainly reflects the drop in traffic volumes recorded for this segment.

Mobile Telephony

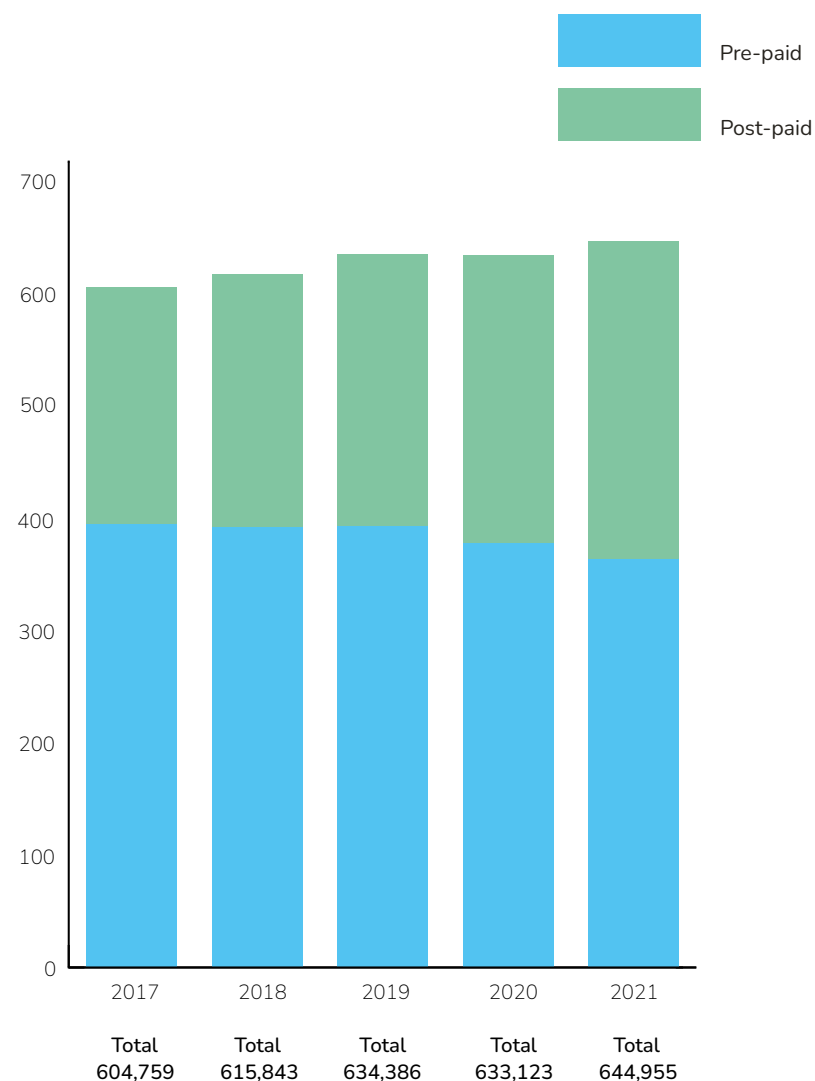
The mobile telephony segment bounced back in 2021 after experiencing significant uncertainties in 2020, with observed gains in subscriber take-up and usage year-on-year. Roaming traffic volumes were back to a growth trajectory as travel recovery began, although not yet reaching the levels seen before the pandemic.

Significantly, the sector added almost 12,000 new clients with growth in take-up marked by stronger uptake of post-paid plans, driven by the need for data connectivity on the move. The reliance on mobile networks to stay connected contributed to the increase in average data unit per subscription up to 76GB in 2021, from 53GB per month in 2020.

Mobile Subscriptions

Mobile telephony subscriptions were up by 1.9% year-on-year, reaching a total of 644,955 by the end of 2021. 56% of all subscriptions were on a pre-paid plan by the end of the current reporting period, although this share has been in decline for a number of years, including the one under review. The number of pre-paid subscriptions was down by almost 14,000 over a span of twelve months ending last December, whilst the number of post-paid subscriptions was up by around 25,600.

Mobile telephony subscriptions (as at end of period)



Mobile telephony subscriptions in a bundle (as at end of period)

Total subscriptions in a bundle	2019	2020	2021
		63,251	62,996
Dual play	4,232	3,561	3,008
Mobile telephony + Fixed telephony	4,232	3,561	3,008
Triple play	5,132	3,465	905
Mobile Telephony + Fixed Telephony + Fixed Broadband	5,132	3,465	905
Quad play	53,887	55,970	57,973
Mobile Telephony + Fixed Telephony + Mobile Broadband + Pay-TV	53,887	55,970	57,973
Number of mobile telephony subscriptions (as at end of period)	634,386	633,123	644,955
as a percentage of total mobile subscriptions	9.97%	9.95%	9.60%

Local service providers offer an array of electronic communications services in a bundle but most of their subscribers still purchase their mobile subscription on stand-alone contract terms rather than incorporating it in a bundle featuring fixed services. The number of mobile telephony subscriptions in a bundle effectively declined year-on-year, from 62,996 by the end of 2020 to 61,886 by the end of 2021.

Market Share

Epic held a leading market share position by the end of 2021, at 36.9%, slightly ahead of GO's 36.5% market share. Melita's market share stood at 25.6%.

Year-on-year, Melita registered a market share gain, whilst Epic and GO saw their market share decline by 0.9 and 0.5 percentage points respectively.

Mobile telephony market shares, by operator (on the basis of subscriptions as at end of period)



Average number of mobile call minutes, SMSs and data per subscriber

Average usage	2017	2018	2019	2020	2021
Voice calls	774	771	801	757	786
Voice minutes	1,463	1,528	1,621	1,822	1,855
SMSs	558	456	376	286	267
Domestic data (GB)	8	10	23	54	76

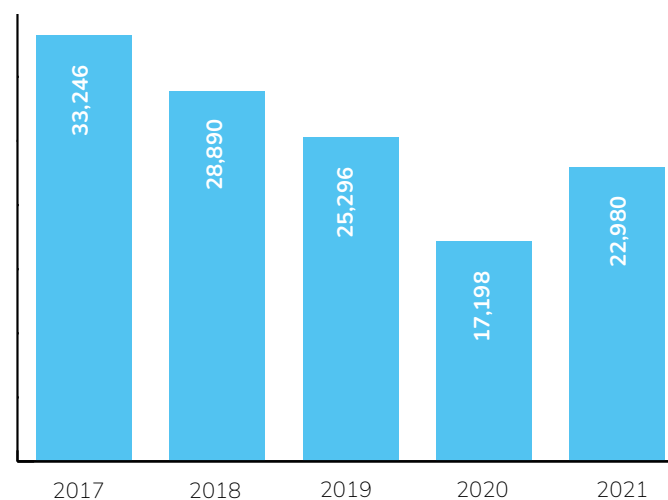
Mobile Inward Portability

The number of portings in 2021 exceeded those recorded in the previous year but remain in line with the declining trend observed prior to COVID. It seems that end-users were more reluctant to change provider during the height of COVID-related uncertainty in 2020.

Traffic Activity Levels

Mobile-driven traffic activity bounced back in 2021 after some minor setbacks experienced in 2020 because of the pandemic. Both call minutes and domestic data volumes were up year-on-year, with the former going up by 2.8% and the latter growing by 44.2%. The number of text messages that were sent decreased by almost 6.0%. In absolute terms, the number of mobile voice call minutes was up

Mobile telephony inward portings





by 32.4 million year-on-year and the number of SMSs down by 10.7 million. Data volumes were up by 15 billion Mb.

International Roaming

Local service providers have entered into international roaming agreements to provide their subscribers with international roaming voice, SMS, and data services.³

Roaming activity comprises of inbound and outbound roaming traffic volumes. The former encompasses calls, SMSs and data services operated on local mobile networks by foreign end-users when roaming in Malta, whereas the latter includes voice calls, SMSs and data services operated on foreign mobile networks by local users when roaming abroad.

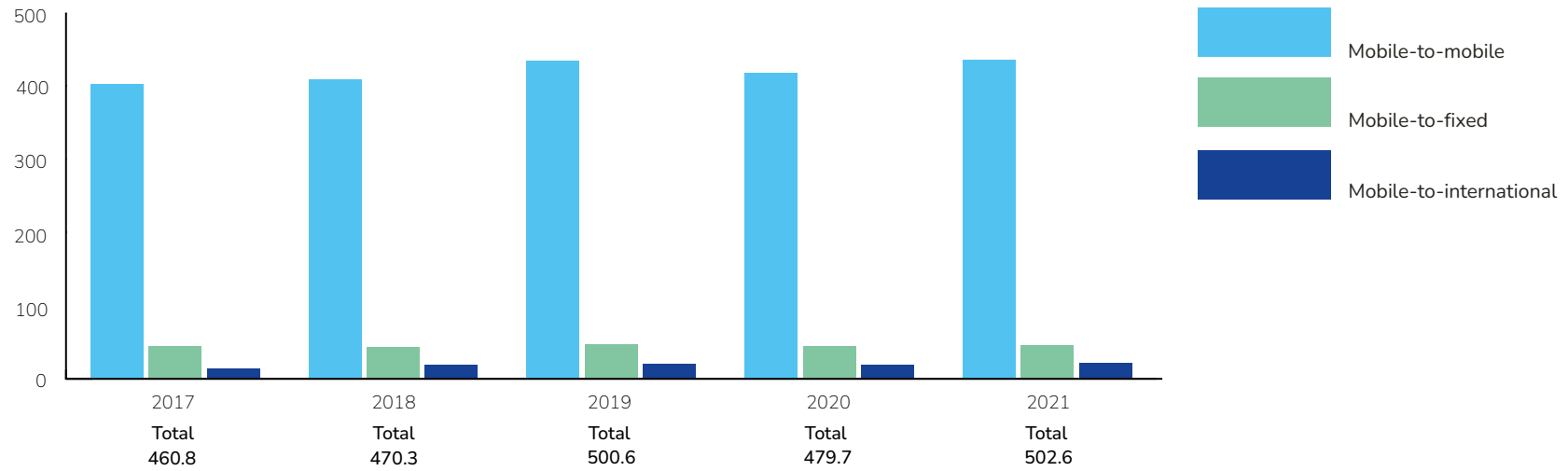
In 2021, the volume of inbound and outbound roaming calls rose by 23.5% and 8.3% respectively due to more buoyant travel activity compared to the previous year. Outbound roaming minutes were also up year-on-year, in this case by 4.6%. However, and in contrast to all other roaming activity segments, inbound roaming minutes were down by 3.4% year-on-year.

Pre-pandemic, the data trends for roaming activity were moving upwards drastically, especially for inbound roaming calls. As travel restrictions were first introduced globally, roaming took a hit and the figures for 2020 reflect this. In 2021 we can see that both inbound

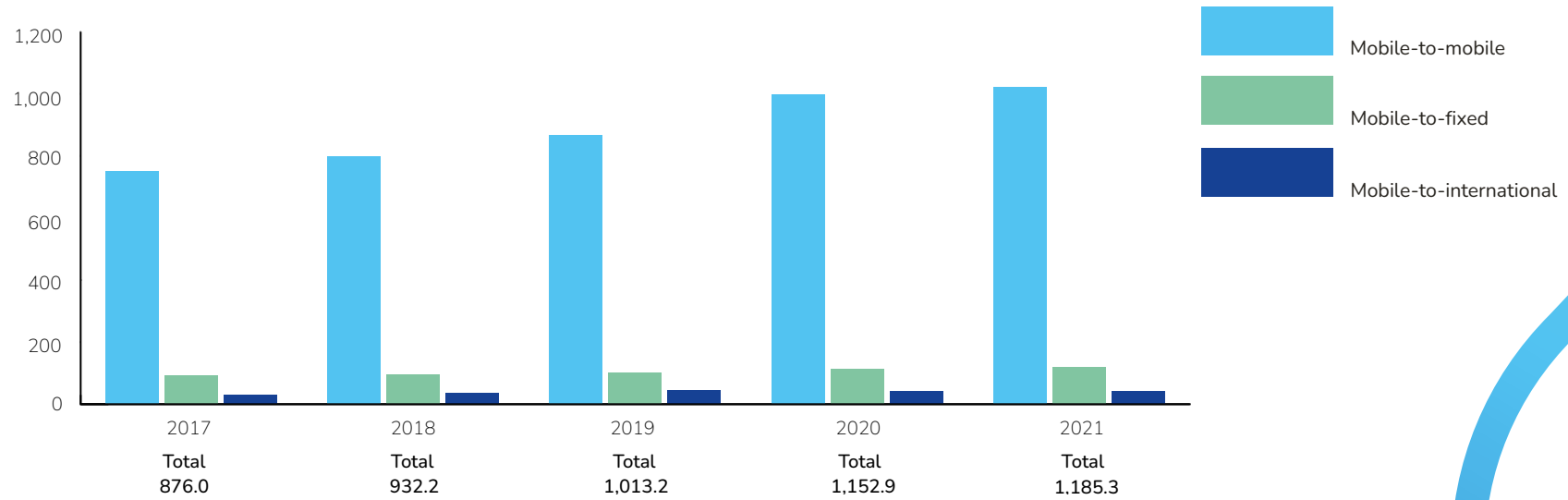
³ Operators effectively become a party to international roaming agreements to provide their subscribers with the aforementioned services through a foreign mobile network while simultaneously being charged by the chosen service provider in the domestic country.



Outgoing mobile voice traffic volumes - number of calls (in millions)



Outgoing mobile voice traffic volumes - number of minutes (in millions)



Mobile telephony market shares by operator - voice call minutes in 2021

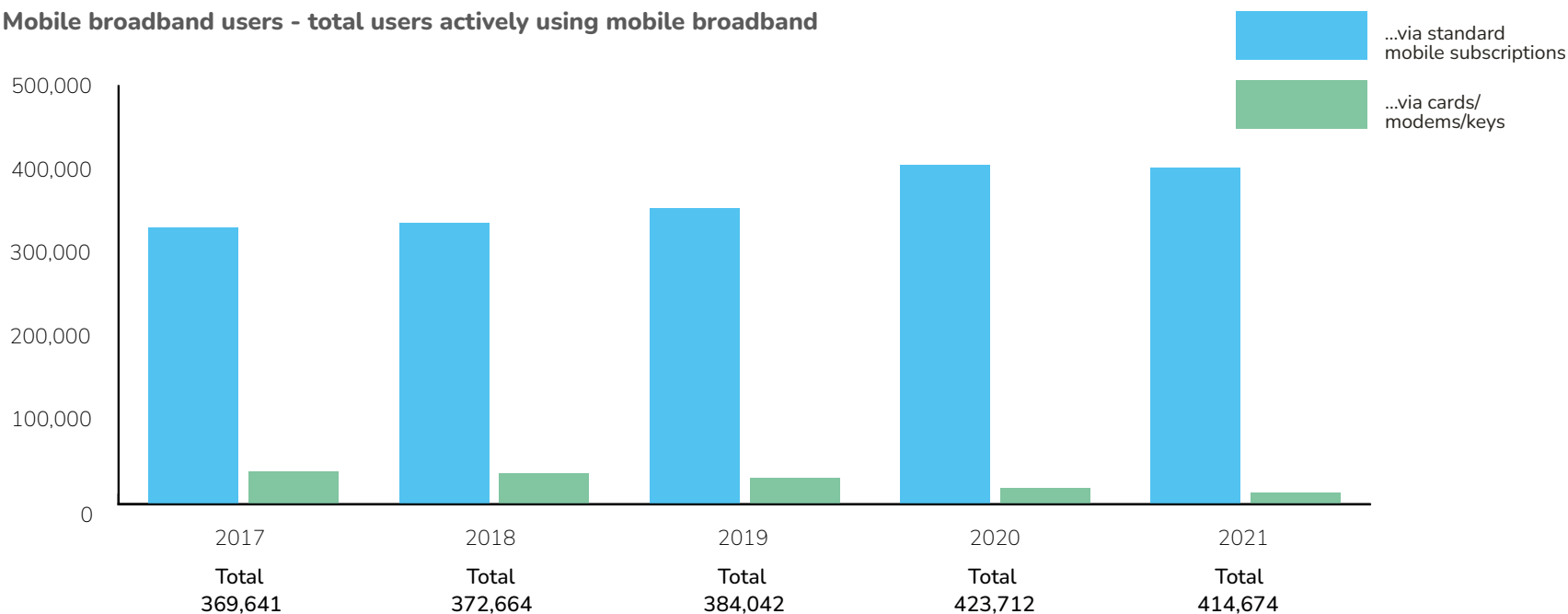


and outbound roaming have recovered from the effects, however not yet near the quantities reached in 2019.

Price Movements

Charges for mobile telephony calls, SMSs and data vary by communications provider and depend on a number of factors such as the chosen plan by the end-user (post-paid vs pre-paid) and type of activity (on-net vs off-net for example) amongst others. The extent of allowances included in the plan also impacts on the final price effectively paid by the end-user per unit of consumption, hence the relevance of the average rate per unit of consumption on the basis of dividing revenues reported by local service providers for a particular

Mobile broadband users - total users actively using mobile broadband

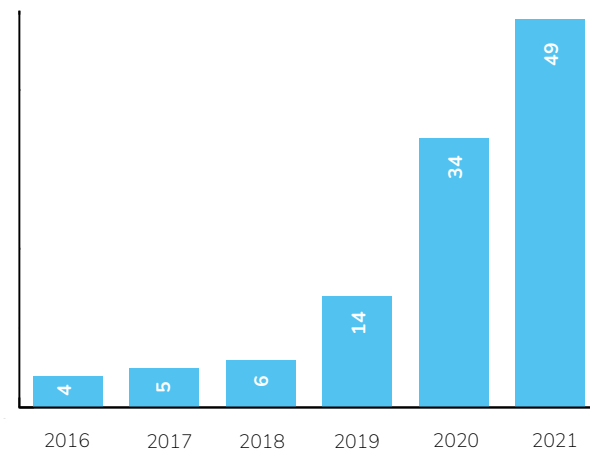


activity per unit of consumption (i.e. per voice call minute, per SMS and per Mb).⁴

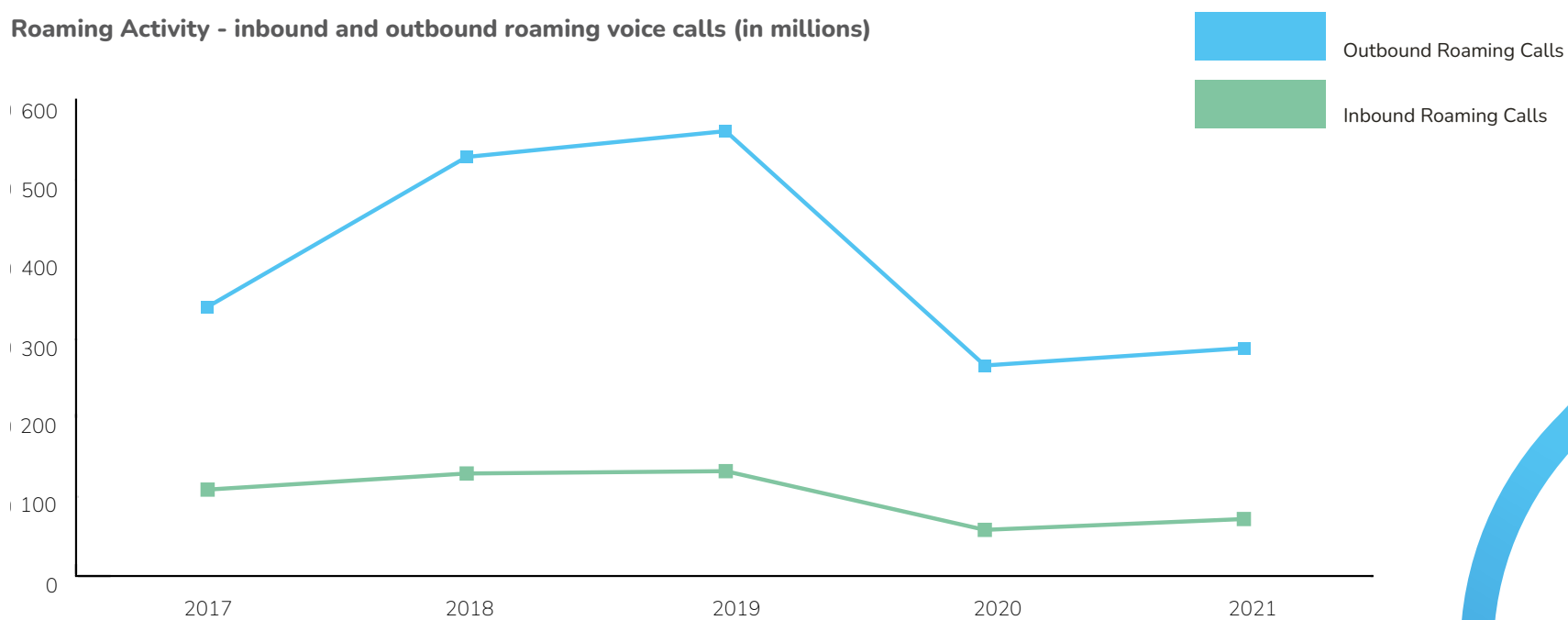
Taking into account access revenues and apportioning these revenues by the different mobile telephony services shows that the average rate per minute of mobile communications (ARPM) in Malta was down to €0.034 in 2021 compared to €0.038 in 2020, whilst the ARPM for

⁴ The methodology used has been revised, hence the change in figures compared to publications for previous years.

Mobile broadband - data consumption (in million GB, excluding roaming activity)



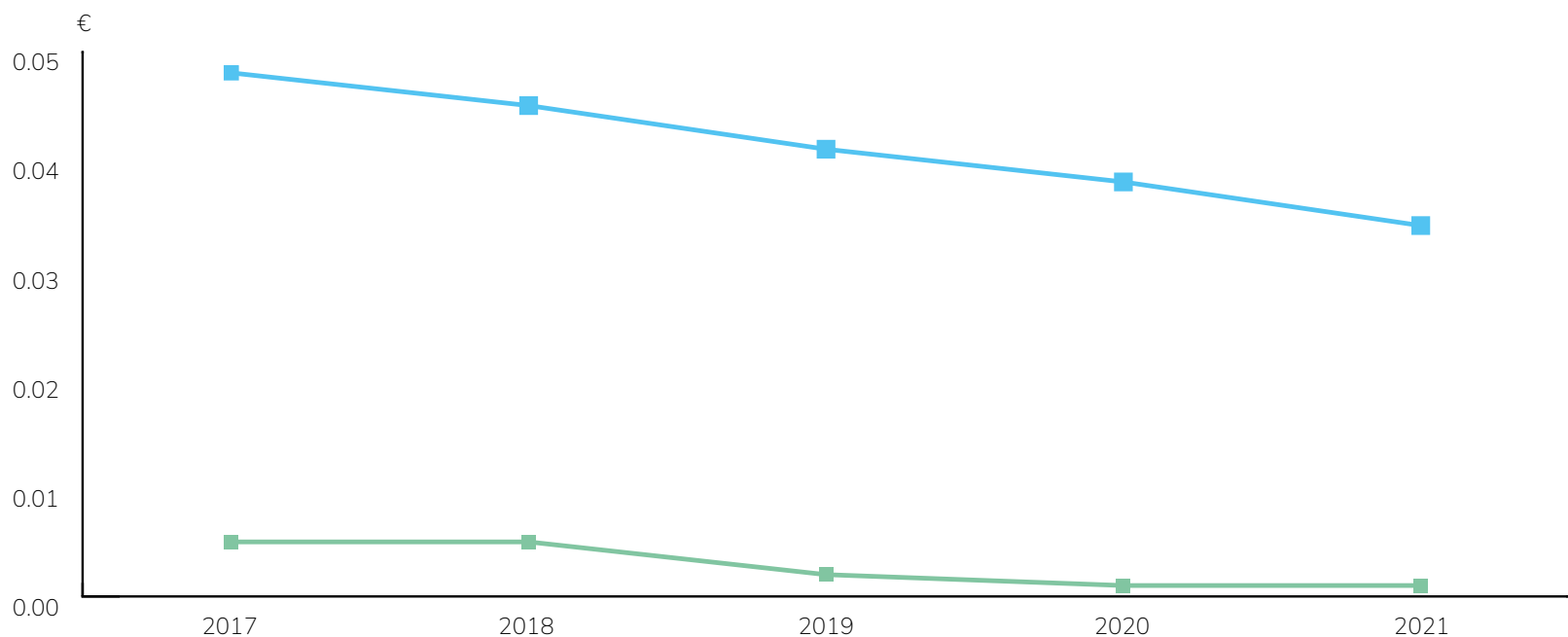
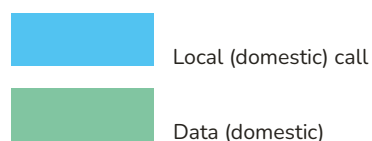
Roaming Activity - inbound and outbound roaming voice calls (in millions)



international calls was down to €0.193 from €0.212. Again, these declines largely reflect improved voice minute allowances.

The average rate per Mb was unchanged, at €0.001.

Average rate per unit of consumption for mobile voice call minutes and mobile data (Mb)



Average Revenue per Mobile User (ARPU)

The mobile telephony ARPU⁵ decreased from €177.74 in 2020 to €173.42 in 2021, representing a 2.4% year-on-year drop. These developments are mainly attributed to ongoing price competition based on allowances and a steady growth in take-up of the service.

⁵ Mobile ARPU figures are derived by dividing total revenues of the operator by the average number of active subscriptions, for a given period. The average number of active subscriptions during the respective period is arrived at by adding the number of subscribers at the start of the period plus the number of subscribers at the end of the period, divided by 2.

The revenue heading takes into account revenues from all outgoing voice activity (excluding interconnection revenues), revenues from SMS and MMS activity, revenues from monthly access fees, revenues from data services, revenues from outbound roaming activity but excluding revenues from inbound roaming activity.



Fixed Broadband

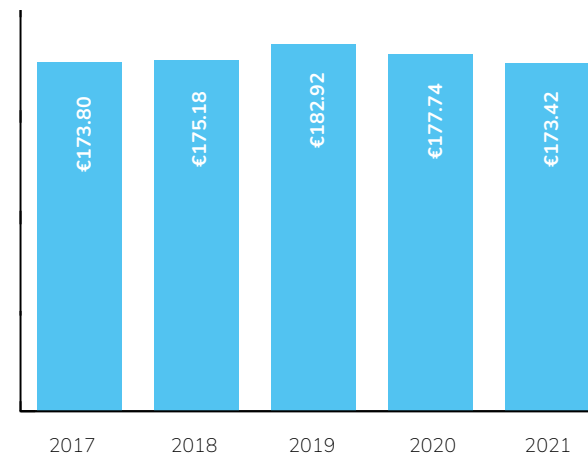
Demand for fast and ultra-fast internet keeps trending in the fixed broadband segment, with operators upselling the service in a bundle set-up. Just above 62% of the subscriber base now avail themselves of headline download speeds of 100Mbps or more, whilst 94% of all internet clients purchase the service in a bundle. Operators have also shown further commitment to invest in their network infrastructures and stepped-up adoption of fibre technology. There was also a new entrant in the provision of high-speed internet, rolling out FTTH infrastructure in the locality of Mosta and launching commercial offers. Operators' spending was backed up by strong promotional activity to bring in new users.

Fixed Broadband Subscriptions

The number of fixed broadband subscriptions reached 221,198 by the end of 2021, up by almost 4% year-on-year. This increase in take-up is made up of new users on plans supporting fast and ultra-fast headline download speeds. Thus, whilst the subscriber base grew by 8,166 clients in 2021, the number of subscriptions on plans with download speeds of 100Mbps or more was up by 26,314 during the same period.

Local operators offer fixed broadband over different technologies, namely the copper-based Digital Subscriber Line (DSL), Fibre-to-the-Home (FTTH), cable DOCSIS 3.1 and fixed wireless access (FWA). Regarding developments in take-up by technology platform, FTTH subscriptions were up by 12,365 in the 12-month period till the end of 2021. The operator that owns the DSL infrastructure is currently deploying an FTTH network and is switching clients to

Average revenue per fixed telephony user



the latter platform, hence the year-on-year drop of 8,812 copper-DSL subscriptions during the same period. The other platforms also performed positively in terms of take-up last year. The cable DOCSIS 3.1 network exhibited a 3.8% rise in subscriptions, corresponding to 3,906 new subscriptions. The number of fixed broadband subscriptions on fixed wireless technology was up by 5% year-on-year, to reach 14,752 subscribers by the end of 2021.



Just above 62% of the subscriber base now avail themselves of headline download speeds of 100Mbps or more, whilst 94% of all internet clients purchase the service in a bundle





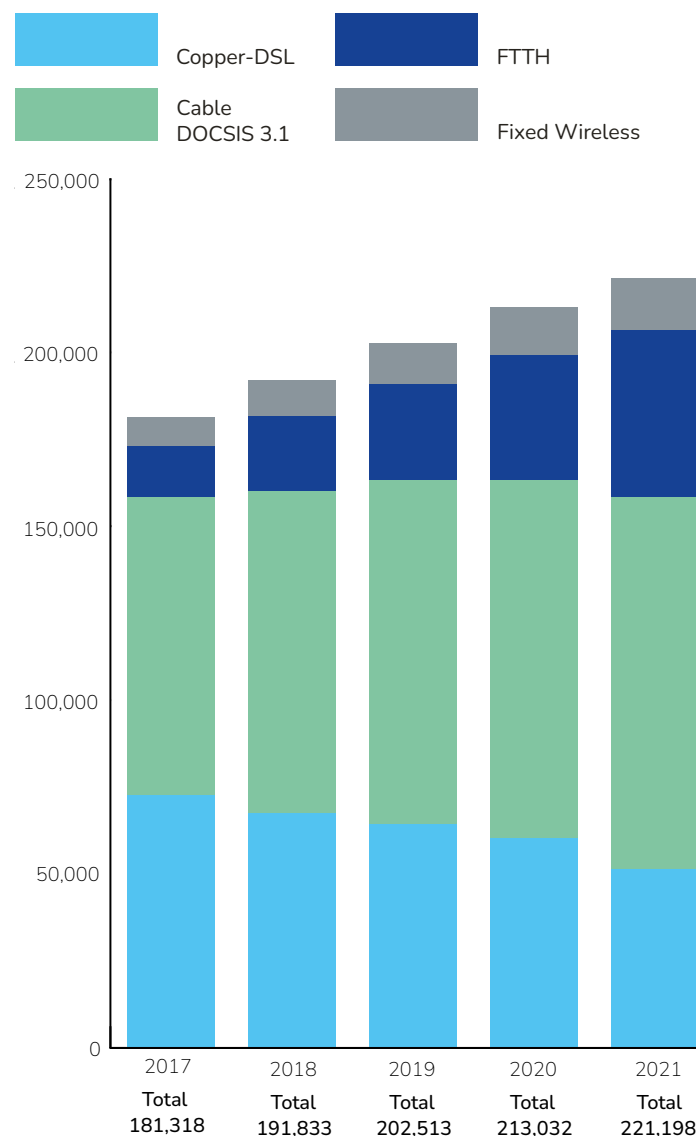
The rise in fixed broadband subscriptions materialised in the context of a more entrenched presence of the service in a multi-play setting. As at the end of 2021, 94.3% of all broadband subscriptions were included in a bundle, up by 1.1 percentage points year-on-year. Dual play experienced the largest year-on-year increase, with 6,231 new end-users, whereas triple play remains the package that is most sought after with 83,136 subscribers by the end of 2021.



The number of fixed broadband subscriptions on fixed wireless technology was up by 5% year-on-year, to reach 14,752 subscribers by the end of 2021



Fixed broadband subscriptions as at end of period - by type of platform



Fixed subscriptions as at end of period - by type of technology and download speed

Fixed broadband subscriptions	Cable DOCSIS 3.1 Platform	DSL Platform	FTTH Platform	Fixed Wireless
<5Mbps	-	66	27	115
≥ 5Mbps but < 10Mbps	-	3	-	55
≥ 10Mbps but < 20Mbps	-	1,433	853	102
≥20Mbps but < 30Mbps	-	306	178	33
≥ 30Mbps but < 50Mbps	3,062	2,632	1,115	14,447
≥ 50Mbps but < 100Mbps	10,813	46,893	1,057	-
≥ 100Mbps	93,122	-	44,886	-

Fixed broadband subscriptions in bundles (end of period)

Fixed broadband subscriptions in a bundle	2019	2020	2021
		185,960	198,482
Dual play	55,691	61,280	67,511
Fixed Telephony + Fixed Broadband	55,691	61,280	67,511
Triple play	76,387	81,232	83,136
Fixed Telephony + Mobile Telephony + Fixed Broadband	5,132	3,465	905
Fixed Telephony + Fixed Broadband + Pay-TV	71,250	77,767	82,231
Quad Play	53,887	55,970	57,973
Fixed Telephony + Mobile Telephony + Fixed Broadband + Pay-TV	53,887	55,970	57,973
Number Fixed Broadband subscriptions (end of period)	202,513	213,032	221,198
as a percentage of total Fixed Broadband subscriptions	91.8%	93.2%	94.3%



Market Share

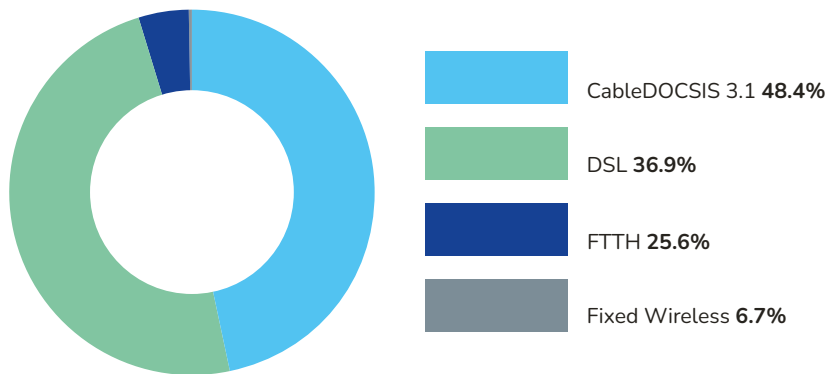
Three operators largely characterise the provision of fixed broadband services in Malta. These are GO, Melita and Epic. These operators only registered a marginal change in their market share year-on-year. At the end of 2021, Melita's market share stood at 48.4%, unchanged from twelve months earlier. During the same period, GO's market share was slightly down from 47.0% to 46.6%, whilst Epic's share was up from 4.4% to 4.6%.



The rise in fixed broadband subscriptions materialised in the context of a more entrenched presence of the service in a multi-play setting



Market shares – by technology platform (as at end of 2021)



Market Shares – by operator



Price Movements

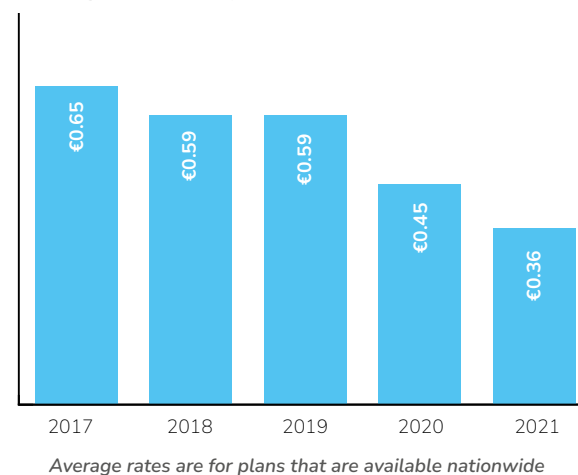
An evaluation of advertised prices for fixed broadband essentially rests on the monthly access fees charged by local operators for the service.⁶ A starting point for such an evaluation corresponds to the monthly access fee of entry-level plans in a product line-up. In this regard, the MCA considers that the relevant entry-level access fees for stand-alone and dual-play plans have not changed significantly in recent years.⁷ The MCA does note however that the long-term drop in the average rate per Mbps largely materialised as download speeds improved.

The average rate per Mbps paid by local end-users stood at €0.52 in 2021 down from €0.61 in the previous year. This drop in the average rate per Mbps is a result of a continued improvement in headline download speeds.

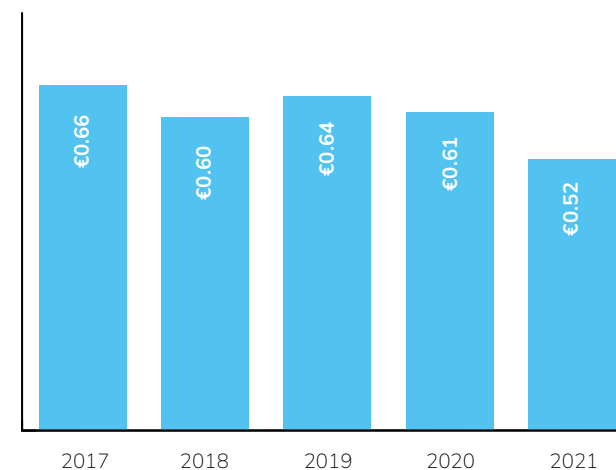
6 For the purposes of this exercise, the workings take into account residential and business plans that are offered in Malta on a national scale. Plans not available nationwide are excluded from the workings.

7 Triple-play plans including fixed broadband are not taken into account in this measurement, although even here monthly access fees have remained largely stable over time.

Average revenue per fixed broadband user



Average Rate per Mbps





In this regard, the MCA considers that the relevant entry-level access fees for stand-alone and dual-play plans have not changed significantly in recent years



Fixed Broadband ARPU

The ARPU measure functions as an indicator of the average revenue for a particular electronic communications service, which providers report monthly on a per-user basis. Fixed broadband ARPU is measured by dividing the total revenue gained (excluding revenues from one-time installation and connection fees) by the average number of active subscribers.⁸

In 2021, fixed broadband ARPU reached €224.06, which is slightly down by 0.4% from €224.97 a year earlier.

⁸ The average number of subscriptions is calculated by taking the sum of the total subscriptions at the start and the end of the period under consideration, divided by two.





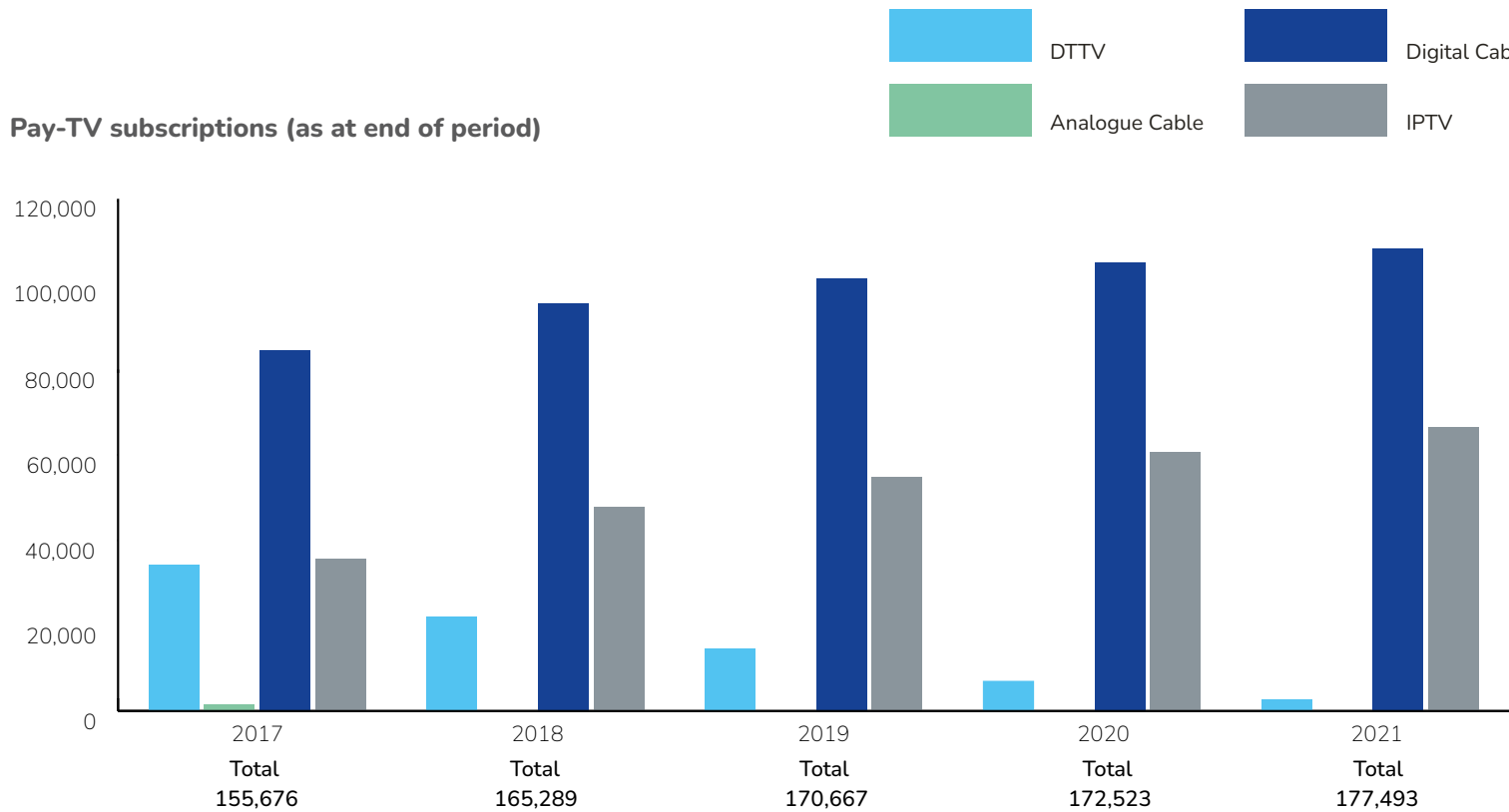
Pay-TV

Pay-TV services are mainly purchased the same way that fixed broadband and fixed telephony are acquired, in a bundle setting. Although typically purchased in a bundle with fixed broadband, subscriptions for Pay-TV services have gone up at a slower pace than for fixed broadband. In absolute terms, Pay-TV subscriptions were up

by 4,970 during 2021, compared to a rise of 8,166 fixed broadband subscriptions. This may indicate the potential for competition from online streaming platforms.

On a general level, the two main providers of Pay-TV services in Malta, namely Melita and GO, offer various customisable plans to end-users, particularly when it comes to the selection of content related to sports and movies. Services are offered via the set-top box set-up or via app-based solutions. The Pay-TV segment also sees a

Pay-TV subscriptions (as at end of period)



Analogue Cable TV transmission was discontinued by the end of 2017



Pay-TV subscriptions in a bundle (end of period)

Pay-TV subscriptions in a bundle	2019	2020	2021
		130,465	139,661
Dual play	5,328	5,924	6,066
Fixed Telephony + Pay-TV	5,328	5,924	6,066
Triple play	71,250	77,767	82,231
Fixed Telephony + Fixed Broadband + Pay-TV	71,250	77,767	82,231
Quad Play	53,887	55,970	57,973
Fixed Telephony + Mobile Telephony + Fixed Broadband + Pay-TV	53,887	55,970	57,973
Number of Pay-TV subscriptions (end of period)	170,667	172,523	177,493
as a percentage of pay-TV subscriptions	76.4%	81.0%	82.4%

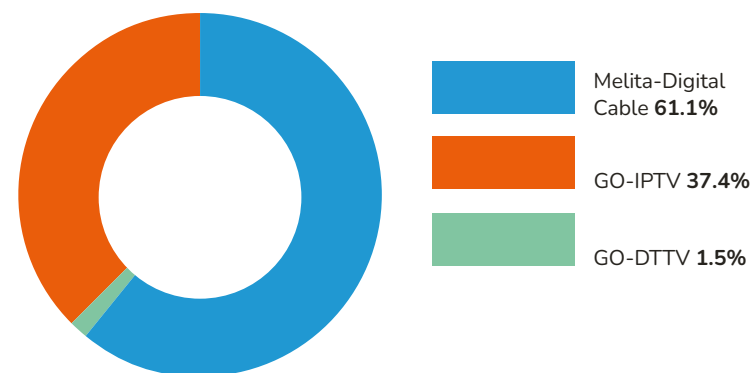
great deal of promotional activity, which also explains why ARPU is down year-on-year. However, there have been some increases in the access fees for the entry-level products.

Subscriptions

Pay-TV subscriptions were up by 2.9% year-on-year, reaching 177,493 by the end of 2021.

Looking at take-up based on the technology platform supporting the service, almost 63% of subscriptions rely on digital platforms supported by GO's and Melita's network infrastructures. The number of subscriptions based on Melita's cable technology totalled 108,389 by the end of the current review period, up by 3,347 (or by 3.2%)

Market share by operator in terms of all Pay-TV subscriptions (as at end of period)



year-on-year. At the same time, the number of subscriptions based on GO's IP platform were up by 5,863 (or by 9.7%) to reach 66,391. Subscriptions based on GO's digital terrestrial service (DDTV) were down by 4,240 (or by 61%), as this operator continues to migrate existing users to IPTV in view of its phase-out plans for DDTV.

Market Share Developments

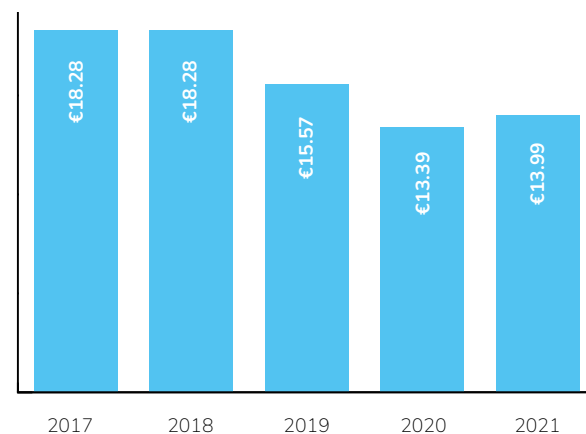
In terms of market presence by operator at the end of 2021, Melita recorded a market share of 61.1% compared to GO's market share of 38.9% (comprising DTTV and FTTH-based subscriptions). Year-on-year, Melita's market share improved by a 0.2 of a percentage point, whilst GO's market share retracted by the same margin.

Price Competition

An assessment of price movements for local Pay-TV packages is carried out based on observed advertised rates for stand-alone products.⁹ The assessment distinguishes between several categories of products depending on the number of channels featuring on the channel line-up. An average for the market is then calculated.

Overall, the average monthly advertised rate for local Pay-TV package at the end of 2021 stood at €13.99, up from €13.39 a year

Average advertised market rates for Pay-TV packages (as at end of period)



earlier. This is mainly a result of an increase in the monthly access fee of some entry-level products.¹⁰

Pay-TV ARPU

Pay-TV ARPU is a measure which evaluates the operators' revenues gain from the Pay-TV service per subscriber. This is calculated by dividing the total retail revenues that are generated by the average number of subscriptions.

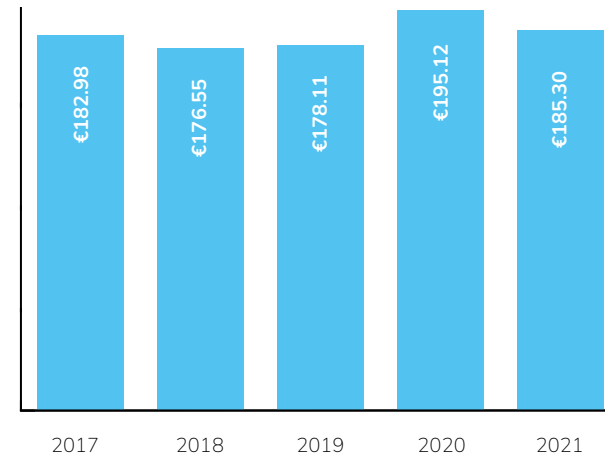
⁹ All Pay-TV rates featuring in this report are inclusive of the access charge per set-top box and VAT. These calculations exclude all products which can be acquired in a dual-play or triple-play bundle.

¹⁰ It is noted that billing and other charges (such as fees related to the use of direct debit) are not taken into account when arriving at the final figures, as it is considered that local service providers typically offer customers an opportunity to avoid such charges.



Notwithstanding the growing number of clients in a bundle subscription and the rising take-up of premium sports connections and HD viewing, Pay-TV ARPU for 2021 stood at €185.30, equivalent to a 5% year-on-year decline given several promotional offers that were launched.

Average revenue per Pay-TV user on an annual basis



REGULATION

The Malta Communications Authority (MCA), constituted by law under the Malta Communications Authority Act (Chapter 418 of the Laws of Malta), is the designated National Regulatory Authority (NRA) responsible for the electronic communications sector.

As the sector's regulator, the MCA has the responsibility to ensure that the electronic communications market operates effectively and offers the best possible choice, price, quality and safety standards. As defined in its strategic objectives, in 2021 the MCA's regulatory efforts pertaining to the electronic communications market have continued to focus around:

- ι) Promoting and safeguarding competition in the sector;
- ιι) Ensuring that electronic communications undertakings provide a transparent, quality service to users in line with incumbent social obligations; and
- ιιι) Maintaining open, safe and secure electronic communications.

In striving to meet these objectives, much of the Authority's regulatory work is ongoing from year to year – be it with regards to regular market monitoring exercises, overseeing the Universal Service, and efforts to ensure network security and open internet compliance.

This being said, consumer and business needs are always giving rise to new regulatory developments, with calls for enhanced quality of service, greater reliability and security, faster speeds, and additional bandwidth on both fixed and wireless electronic

communications networks. The transposition of the European Electronic Communications Code (EECC) heavily influenced last year's regulatory activity, from the MCA's efforts to guarantee the provision of broadband as a universal service to launching a new reliable online price comparison platform, and reviewing the number portability regime. Other market developments, such as new commercial offerings for fixed line broadband and 5G deployments, also called for respective regulatory action.

In consideration of these market realities, effective communications regulation is crucial in order to safeguard end-users and achieve maximum benefits, while laying down the path for continual growth and innovation within a secure environment.

Transposition of the European Electronic Communications Code

The European Electronic Communications Code (EECC) is the newly revised EU regulatory framework for electronic communications, and a milestone for the formulation of a Digital Single Market in Europe. The EECC replaces the EU Common Regulatory Framework adopted in 2002 (and amended in 2009) under which the MCA has regulated the Maltese electronic communications sector since 2004.

The EECC was developed to better reflect evolving technologies and key developments in the electronic communications market over recent years, including the demand for Very High Capacity Networks (VHCN) and the need for efficient spectrum management to support next generation mobile connectivity (such as 5G). A revision of the existing framework was therefore necessary to encourage future investment through sustainable competition, promote efficient and effective use of radio spectrum, maintain security of networks and services, and enhance consumer protection.

Following the MCA's continuous support and guidance to the Government in the adoption of the EECC over the past couple years, the Code was fully transposed into Maltese law on the 1st October 2021.

In line with the new regulatory framework, the MCA published a Consultation and consequent Decision on the Modalities of Payment for General Authorisations and Rights of Use under the Electronic Communications (Regulation) Act, detailing the manner in which fees are paid to the MCA, particularly in relation to administrative charges, fees for the rights of use for radio spectrum), conditions attached to individual rights of use for radio spectrum and fees for rights of use for numbering resources.

The MCA's focus has now shifted to ensuring that the new rules are effectively implemented and adhered to by market operators. In doing so, the Authority will proceed as per the way forward endorsed by the Body of European Regulators for Electronic Communications (BEREC), which is responsible for the articulation of detailed rules and best practice guidelines in several areas of the EECC.

Promoting and Safeguarding Competition

Competition stimulates markets growth, investment and innovation, and encourages the delivery of quality services to users at lower prices. While allowing markets to work freely is conducive to growth, regulatory intervention is often necessary in order to ascertain a fair and beneficial truly competitive market environment.

One of the regulatory tools through which the MCA promotes competition and consumer choice in electronic communications markets is through the Significant Market Power (SMP) Framework. This is a process whereby the MCA reviews a pre-determined set of electronic communications markets and assesses whether or not they are, or are likely to become, effectively competitive. If this is not the case, remedies or obligations can be imposed to mitigate the likely effect of market dominance. The process is carried out in line with Law and European Commission Guidelines.

In 2021, the MCA continued to support the existence of multi-player competition in ultra-high speed electronic communications by closely monitoring movements related to market players, pricing, profitability, new service offerings and other sector indicators, and undertaking regulatory measures as necessary.

Re-assessment of the Wholesale Fixed Broadband Market

Following the MCA's commencement of the market analysis of the wholesale fixed broadband market, new developments materialised in 2021 which compelled the MCA to re-assess its stance on the subject. At the time of the consultation published in May 2020, the MCA had not foreseen any imminent market entry based on the responses received. However, soon after the closure of the consultation, one of the market players – Epic – announced plans for a trial fibre-based network, and in April 2021 then proceeded to launch its own retail commercial offers for fixed broadband. Therefore, in light of this, in June 2021 the MCA published a notice that it had to pause and re-assess the state and potential future development of infrastructure-based competition, with the intention of drafting a new consultation document.

The MCA consequently initiated preparatory work for the new market analysis exercise concerning wholesale fixed broadband access, that is, wholesale local access provided at a fixed location (Market 3a) and wholesale central access provided at a fixed location for mass-market products (Market 3b). Overall, the MCA stressed that infrastructure-based competition can be instrumental in ensuring investment in Very High Capacity (VHC) infrastructure and guaranteeing greater choice to consumers, both in terms of quality and price.

In December 2021, the Authority published a notification outlining the next steps and highlighting preliminary considerations on market potential and regulatory aspects in view of the provision of VHC broadband in Malta. The MCA will continue to evaluate all the necessary evidence to determine what regulatory approach to pursue for the relevant Maltese market(s).

GO's VULA agreement – Monitoring Wholesale Price Reviews

As the operator designated with Significant Market Power (SMP) in the broadband Wholesale Unbundled Infrastructure Access Market, GO plc is obliged to, among other things, provide Virtual Unbundled Local Access (VULA) over its FTTH infrastructure to alternative operators.

The MCA continues to monitor the implementation of the VULA agreement, including wholesale charges, Key Performance Indicators and Service Level Agreements. To date the agreement is being used by Epic to provide some of its retail services.

Implementation of EU-Wide Fixed and Mobile Termination Rates

The Delegated Act regarding Union-wide fixed voice termination rates and Union-wide mobile voice termination rates was adopted

by the Commission in December 2020, and subsequently became applicable on the 1st July 2021. The intention of the measure is to benefit European consumers through lower prices and more varied offers for fixed and mobile calls.

Following its adoption, the MCA responded to queries raised by local telephony operators regarding the implementation of the rates, and also released a public notice on the MCA website.

Proposals for a report monitoring the Union-wide fixed and mobile termination rates were put forward by BEREC, with the project planned for implementation in 2022. The MCA continues to monitor implementation of the Delegated Act, and to participate in the BEREC discussions.

Reviewing the Number Portability regime

Number portability allows end-users subscribed to voice communications services to retain their telephone number when they change their service provider, or switch to another location or service. Should subscribers have to change their telephone number, for instance, they would be more reluctant to change their service provider due to this inconvenience. Thus, number portability is essential to maximise the benefits of a competitive telecommunications market and promote end-user choice, especially by preventing an unfair competitive advantage by established providers over their competitors.

In anticipation of the transposition of the EECC in 2021, the MCA had sought public input on several proposed legal amendments, including those related to number portability. In order to pre-empt any technical or commercial difficulties which may arise with the

implementation of the resulting updates, the MCA communicated all areas of the existing Number Portability Decision and Specifications that would require updating with the local providers of voice communications services.

Following the transposition of the EEC in Malta in October 2021, the MCA published its Consultation and Proposed Decision on Number Portability, with proposed updates drawing on the preliminary industry feedback. In its proposals, the MCA took into consideration that elements of its 2005 Decision on Number Portability are no longer applicable, while other amendments that had been issued since that time continue to be relevant. New principles were also included to ensure clarity on end-users' eligibility, numbering implications, and the principle that number portability should be recipient-driven. Further sections addressed authorised providers' obligations to adhere with the provisions in the proposed Decision and Specifications, as well as considerations on number portability databases. The final decision on this consultation process is projected for 2022.

Market Monitoring and Data Collection

The MCA regularly collects and analyses data gathered from electronic communications service providers, surveys, and several other research initiatives so as to effectively monitor market trends, developments, and consumer preferences.

The data collected from the electronic communications services providers is published in bi-annual market reviews, quarterly market data updates and retail price movements updates. Maintaining an up-to-date analysis of the electronic communications market

allows the Authority to make the appropriate regulatory decisions to better safeguard and promote sustainable competition. The data-sharing exercise is also key in keeping consumers updated on new market developments thereby empowering them to make informed decisions.

Over 2021, the MCA published four updates as part of its Data Report Sheets (DRS) series, covering Quarter 1 2016 to Quarter 2 2021. These publications highlight key developments and indicators in the electronic communications sector on a quarterly basis.

One Communications Market Review was also published, covering the periods from July 2019 to June 2021. This report draws on quarterly and half-yearly data compiled by the MCA from network operators and service providers, in order to develop Key Performance Indicators (KPIs) for the sector.

The MCA also published two Product and Price Developments publications – covering January to August 2021 – outlining the main changes in prices and product line-up for electronic communications.

Other sources of data for the Authority include consumer and business surveys. These offer additional input to regulatory decisions by helping indicate how end-users' preferences, behaviours and perceptions of electronic communications services are changing over time, and the extent to which service providers are meeting these changing demands. In 2021, the MCA published one such Consumer Perception Survey on Bundles, and also carried out fieldwork for a series of other household and business surveys for the postal sector, the findings of which will be published in 2022.

Updates on all the Authority's publications (reports, surveys, consultations, decisions and other), as well as other relevant developments, are published in the MCA's monthly online newsletters.

Ensuring Transparency, Value-for-Money and Quality of Service

Healthy competition encourages greater value, better prices, and high quality communication services, however measures to encourage competition must also be complemented by regulatory efforts specifically aimed at ensuring that end-users can shop around with confidence, switch services/service providers easily, and are treated fairly. In this regard, the MCA is committed to empowering consumers and engendering an environment wherein they are able to make well-informed choices in their use of electronic communication services.

Throughout 2021, the MCA's work with regards to this strategic objective focused heavily around enhancing quality of service monitoring mechanisms, re-aligning the scope of the Universal Service, and generally implementing new consumer empowerment and protection powers under the newly-transposed EECC.

Establishing a Quality of Service Framework

In accordance with Article 104 of the EECC, the MCA is responsible for monitoring and collecting systematic information about the quality of the services offered by providers of internet access services and publicly available interpersonal communications services. The

MCA had therefore embarked on a consultative process to determine a minimum set of quality of service parameters to be measured by providers.


Providing comparable and updated information on the Quality of Service (QoS) provided not only allows end-users to make more informed decisions, but also enables the Authority to more accurately monitor sector trends, and promote competition and investment through quality benchmarking amongst service providers.

Following the publication of an initial consultation in 2020, the MCA revised aspects of the consultation pertaining to customer care parameters, and proceeded to carry out market research in relation to the potential procurement by tender of a mobile QoS monitoring solution. A Decision on a General Quality of Service framework is expected for publication in 2022.

Broadband as a Universal Service – Review of Functional Internet Access

It is nowadays considered essential that people and businesses are able to access an adequate and reliable broadband internet access service, regardless of where they live or work. This is all the more crucial today for unhindered, equal participation within a digital economy and society.

Upon the adoption of the EECC, the scope of the universal service was changed to incorporate the availability of an adequate broadband internet access service, including the underlying connection, at a fixed location. In 2020, in anticipation of the transposition of the EECC, the MCA had set out a consultation proposing the minimum functional characteristics of an adequate broadband internet access service



for Malta. Following submissions from the three national electronic communications service providers, in June 2021 the MCA published the responses to the consultation and its proposed decision based on the feedback received.

With the coming into force of the EECC, the MCA issued its final decision which took effect from the 1st December 2021. The MCA's Decision mandates that everyone is entitled – irrespective of location – to a download speed of at least 30 Mbps; an upload speed of at least 1.5 Mbps; latency that is capable of allowing the end-user to make and receive voice and video calls effectively; and an unlimited data usage cap. The Decision superseded the MCA's 2011 Decision Notice entitled "Provision of access at a fixed location - Requirements to be compiled with by the Universal Service Provider (USP) in relation to Functional Internet Access".

While these requirements were deemed to be sufficient to meet the digital needs of a typical household and the needs of small-sized enterprises, the MCA recognises that over time the functional characteristics will need to be revisited as end-user needs continue to evolve, and more users take up higher internet speeds.

Interim Universal Service Obligation (USO) Review

In accordance with its responsibility to monitor and ensure the availability of a Universal Service, the MCA had in 2020 initiated a process reviewing Universal Service Obligations (USO) which were last revised in 2015, to take into account changing market realities and end-user needs. While this review took into consideration new provisions as set in the EECC, it was only intended as an interim measure until the transposition of the Code, upon which a fully

revised version of the Universal Service Obligations on Electronic Communication Services Decision Notice would take place.

Following the publication of a consultation and after taking due account of the resultant feedback, in 2021 the MCA published its interim decision which no longer imposed the obligatory provision of certain services including public payphones, facsimile communications services and the provision of fixed prepaid telephony services from a fixed location, subject to a number of conditions.

Following the interim decision, GO plc, as the designated undertaking, phased out some of the aforementioned services. In particular, GO had informed the MCA of its plans to phase out its fixed Easyline service and to remove public phone booths that are not protected by the Planning Authority by June 2021, subject to compliance with conditions by the relevant authorities. As regards to the facsimile service, GO confirmed that it is still supporting fax and any arising major issues would be addressed on a case-by-case basis.

With the transposition of the EECC, the MCA proceeded to work on finalising another consultation document to put forward for review a further redefinition of the universal services. Concurrently, the MCA has continued to monitor the provision of all aspects of the universal service, especially with regards to the provision of a network connection at a fixed location.

Universal Service Obligations (USO) Maintenance: Claims for Funding

As the designated undertaking providing universal services in the electronic communications sector, GO plc has the right to request

compensation for the net costs it considers to have incurred in providing part or all of the universal services.

In 2018, the MCA had received an application from GO plc claiming funding for the net costs it believed to have incurred during the financial year 2017. As was the case in previous claims, the MCA commissioned an independent body to analyse, audit and verify the application received. Following this review, which was carried out by Ernst & Young Limited (EY), the total net costs after deducting intangible benefits for providing universal services amounted to €76,659.

In 2021 the MCA published a consultation and decision on GO plc's application for funding on the determined net costs incurred in 2017. A further consultation and decision were subsequently published on the source of funding of the net costs, wherein it was established that the total amount of €76,659 may be financed from public funds budget by Government for this purpose.

Maintaining Open, Safe and Secure Electronic Communications

The maintenance of open, safe and secure communications necessitates certain levels of security to be met by the underlying individual networks. In this regard, the Authority carries out varied efforts to support the long-term objective of ensuring – as much as

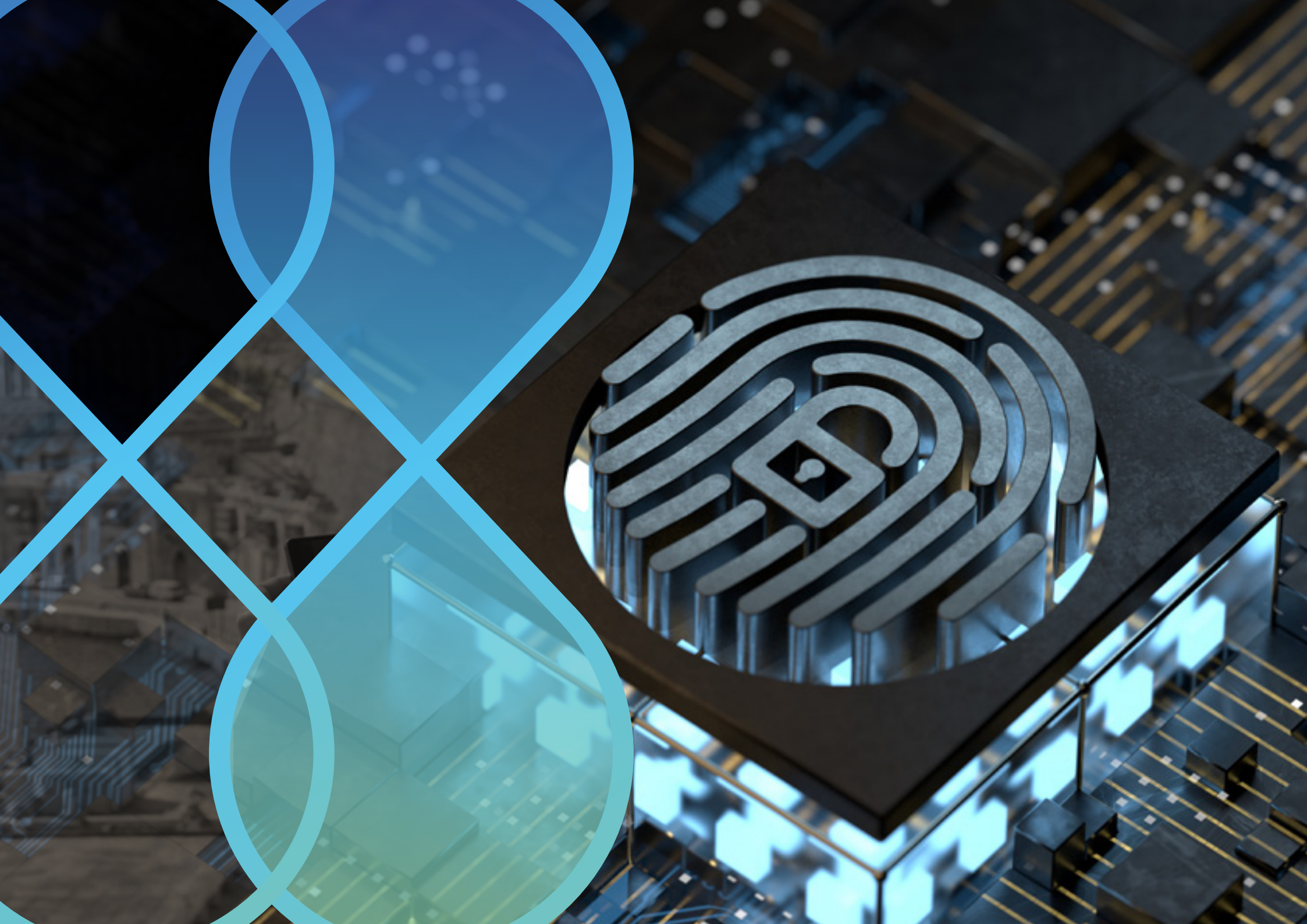
possible – the existence of robust networks and services. With the COVID-19 pandemic intensifying the reliance on communications networks, this activity has become all the more pertinent.

Over the years, the Authority has undertaken a significant level of investment in technical expertise and monitoring systems in order to maintain the highest possible standards of oversight and keep abreast of ongoing developments. In 2021, the MCA made headway on several such investments including the upgrading of EMF monitoring equipment (see Maximising the Potential of Radio Spectrum) and the procurement of software for the mapping of broadband infrastructure.

Cyber Security of 5G networks

As part of its remit in monitoring the security of electronic communications, the MCA works to ensure that electronic communications networks and services are robust and resilient enough to manage and mitigate cybersecurity risks.

In 2021, the MCA finalised a review of the minimum security and integrity requirements and reporting obligations of public electronic communications network and service providers in line with the provisions of the EEC as transposed into national law, which will provide further clarity on what is expected of the electronic communications providers. Moreover, the establishment of the security and reporting measures will facilitate future actions that the MCA may need to take in case of operators who are not compliant with the legal requirements. The MCA plans to publish the review of the minimum security and integrity requirements and reporting obligations for consultation during 2022.



Furthermore, the MCA has also continued to work with the European Commission and the European Union Agency for Cybersecurity (ENISA) to implement mitigating measures to address 5G cybersecurity risks, namely through the EU toolbox of risk-mitigating measures. This Toolbox sets out a comprehensive and objective risk-based framework, in an effort to ensure a coordinated approach to 5G Cybersecurity across the EU. The Authority, in ensuring the security and integrity of networks and services, including those enabled by 5G technologies, is the entrusted entity in Malta to pursue the Commission's recommendation regarding national risk assessment on the cybersecurity of 5G. Further work with regards to 5G risk assessment and mitigation measures is also scheduled for the coming year.

Mapping of Broadband Infrastructure and Services

In its efforts to ensure the highest level of a quality service to end-users, in 2021 the MCA embarked on a process to map the local broadband infrastructure. This is a required initiative emerging from the EECC on the mapping of the reach of electronic communications networks capable of delivering broadband services.

The project entails the establishment of a database that is capable of providing operator broadband speeds available across households in Malta. Through the mapping of broadband networks, the MCA will also be in a better position to ascertain that both physical and spectrum-related infrastructure is effective, robust, resilient and future-proof. Amongst other things, the platform will also enable consumers to compare coverage and availability of fixed and wireless broadband infrastructures, information on the operators, service and technology availability, available bandwidths and quality of public electronic communications networks and services.

In the process of scoping the underlying platforms necessary for the implementation of such a tool, the MCA has been engaged in discussions with providers of geographic information system (GIS) software, web GIS and geodatabase management applications. Procurement activities are planned to be launched in 2022, with the project scheduled for completion in 2023.

Monitoring Open Internet Compliance

As the Authority responsible for enforcing Regulation (EU) 2015/2120 (the 'EU Regulation') concerning Open Internet access rules, the MCA supervises and monitors Internet Access Services (IAS) providers to ensure they abide by the open internet access rules as laid down in the EU Regulation. As a keystone achievement of the EU's Digital Strategy, the Regulation introduced rules to safeguard equal and non-discriminatory treatment of internet traffic by IAS, granting end-users the directly applicable right to access and distribute lawful content and services of their choice.

In enforcing these rules, the MCA also takes into utmost consideration the BEREC guidelines on the Implementation of the Open Internet Access Regulation by National Regulatory Authorities (NRAs) adopted in 2020. The MCA also actively collaborates with The Office of the Information and Data Protection Commissioner (IDPC), which is the entity responsible for enforcing the data protection obligations arising from the EU Regulation.

As part of these obligations, the MCA is required to publish an annual report on its monitoring and findings in ensuring the availability of open internet access services in Malta. In June 2021 the MCA published its annual report, covering the period between 1st May 2020 and 30th April 2021, wherein it concluded that all IAS

providers in Malta were compliant with the requirements of the EU Regulation.

The MCA recorded thirteen (13) complaints regarding discrepancies between the contracted speed and the actual speed performance of the service. Three of these complaints related to internet speed issues arising from the configuration and setup at the end-users' end.

In addition to its own monitoring activity, the MCA also requested all fixed and mobile IAS providers to complete a self-assessment questionnaire concerning commercial and technical practices in relation to the products on offer. It emerged that none of the operators engaged in traffic management practices that are in breach of the EU Regulation, albeit an investigation on the blocking of some IP addresses is ongoing. Furthermore, none of the operators engaged in commercial practices that may restrict end-users' rights to choose and transmit content of their choice.

Furthermore, in line with the BEREC guidelines, the MCA has also maintained an ongoing assessment of IAS offerings with zero-rated elements. Since the launch of three products with zero-rated offers by GO plc in 2018, the MCA has not noted any detrimental impact to market competition, neither has it deemed the offers to be discriminatory with respect to end-user rights and other IAS providers.

Whilst the results of the latest report indicate that there are no significant issues in the market, the MCA will continue to assess any new IAS products on the market to compliance with the requirements of the EU Regulation.

In addition to its reporting activity, the MCA actively participates and collaborates with other EU regulatory authorities within BEREC on matters concerning open internet access regulation, namely through BEREC's Expert Working Group on the Open Internet.

Maximising the Potential of the Radio Spectrum

The delivery of electronic communication services, a competitive market, high-quality services, and secure networks – in essence, all of the aforementioned MCA strategic priorities for the electronic communications sector – could not come to fruition were it not for the efficient use of radio spectrum.

Maximising the potential of radio spectrum is in itself one of the MCA's key strategic objectives. The Authority is responsible for managing the wider radio spectrum on behalf of the Government of Malta as defined in the National Frequency Plan, and it is also responsible for establishing the rules for the assignment of radio spectrum for electronic communications in line with national legislation and the European Regulatory Framework.

In striving to maximise the potential of this finite resource, the MCA ensures the availability of sufficient radio spectrum for all types of radiocommunications services – including those intended to provide innovative wireless connectivity solutions – within the principle of technology neutrality. In facilitating the deployment of new and innovative services, the Authority is able to address the rapidly-evolving demand for wireless connectivity. However,

just as we continue to witness an increase in the demand for radio spectrum with the surge of data being transmitted over wireless networks, so does the corresponding risk of interference increase. Therefore, monitoring spectrum usage and enforcing compliance with established authorisation conditions is of utmost priority for the sustainable future development of the electronic communications sector.

In 2021, the Authority continued to develop spectrum management frameworks for various terrestrial services, including digital broadcasting and wireless broadband. In particular, this work led to the successful deployment of multiple next generation (5G) wireless networks in Malta. Concurrently, the MCA has been able to fine-tune its radio spectrum monitoring processes thanks to upgrades to its radio monitoring facilities over recent years and regular re-assessment of its monitoring programme.

Furthermore, in compliment to its routine spectrum management and compliance activities as aforesaid, the MCA also promotes spectrum innovation through its test and trial licensing framework, and supports research and development in fixed and wireless broadband particularly in relation to Internet of Things (IoT), 5G, cybersecurity, and new wireless opportunities associated with space communications.

As part of the Authority's commitment and interest in research and development, the MCA continued participating actively as a consortium partner within 5GZorro,¹¹ an EU Horizon 2020

¹¹ <https://www.5gzorro.eu/> - This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 871533.



(H2020) funded project composed of 13 partners from seven countries. The MCA has contributed its regulatory expertise to the development of a use case focusing on spectrum trading using the 5GZorro marketplace. This marketplace relies on Distributed Ledger Technology to automate the spectrum trading process while still attaining the necessary trust between the entities involved and the agreed Service Level Agreements.

EMF Monitoring

In line with its strategic objective to maintain open, safe and secure electronic communications, the MCA routinely monitors Electro Magnetic Field (EMF) emissions to ensure that radiation levels do not exceed the limits established by the International Commission of non-ionising Radiation Protection (ICNIRP) – which are also endorsed by the World Health Organisation (WHO) – or as otherwise prescribed by law.

In addition, the MCA operates an EMF auditing programme around Malta and Gozo and maintains ongoing liaison with the government department responsible for environmental health on EMF-related issues, communicating the findings of the EMF audits for the authorities to take any action deemed necessary. Over the last few years, significant progress has been made in the articulation of related policy for EMF oversight, along with the upgrading of equipment and processes to monitor harmful interference and EMF radiation.

In recent years, COVID-19 restrictions had slightly hindered the number of audits the MCA was able to perform. However, in 2021 the Authority made significant headway in the number of on-site EMF measurements, successfully carrying out 260 audits.

Furthermore, in 2021 the MCA also published a report on an extensive nationwide EMF measurement campaign undertaken in 2020. The

exercise comprised of measurements along all carriageways around the towns and villages of the Maltese Islands, with the use of a mobile multi-band EMF Area Monitor. The audit focused on real-time levels of EMF emanating from all radio transmitting apparatus operating during the interval of the measurement activity, including transmissions from mobile base stations, radio and TV broadcast, PMR and radars, amongst other sources. The results presented in the report demonstrated that the EMF levels in publicly accessible areas are very low (with a mean value less than 1%), within the safe EMF reference levels. The full set of real-time EMF measurement data was also made available in open data format via the MCA's website.¹²

Spectrum Compliance Activities

In managing the radio spectrum, the MCA ensures that radio systems can operate in an interference-free environment. In this regard, during 2021 the MCA continued to monitor the radio spectrum to ensure that this scarce resource is being used as authorised, i.e. in the most efficient and effective manner. A total number of 24 harmful interference reports were processed, but only 7 were deemed to constitute 'actual' interference. In their majority, this interference affected the provision of mobile services. Cross-border harmful interference affecting the availability of the radio navigation satellite services was detected and the most appropriate action has been taken.

Apart from dedicated EMF monitoring, the MCA also undertakes several other initiatives to ensure compliance in relation to EMF

¹² EMF measurements in carriage ways around the towns and villages across the Islands of Malta and Gozo. <https://bit.ly/3cmVtGj>

radiation limits. In an effort to instil greater harmonisation in the procedures followed by licensees when installing or modifying radio transmitting apparatus, the MCA has also been working on a set of EMF guidelines, based on the International Standard IEC62232:2017.

The guidelines, published in 2021 following a private consultation, detail the basic procedures and obligations to be followed by licensees, clearly outlining base station-related information and technical parameters, including reporting format, measurement methodology and compliance processes. Licensees are required to follow the guidelines and forward the required information to the Authority prior to installation or after carrying out modifications to existing installations.

The EMF guidelines also list out the methodology to be abided by licensees, following installation or modification, so as to self-certify such radio transmitting apparatus installations. It is only once compliance with the relevant radio frequency exposure limits and regulations is ensured that the radio base stations may commence to operate.

Implementing the Framework for 5G Deployment

In 2021, the MCA finalised the regulatory framework for the deployment of next generation 5G wireless networks. In a consultation process, the MCA outlined a proposed methodology for the assignment of additional spectrum for wireless broadband in the 700 MHz, 3.6 GHz and 26 GHz bands, and the conditions attached to the resulting rights of use. Following the various feedback received, the MCA published a final Decision entitled 'Assignment Process for Additional Spectrum for Wireless Broadband' in April 2021.

In line with the Decision, the Authority published a Call for Expression of Interest to determine the demand for spectrum in the 3.6 GHz band. Three service providers – GO plc, Melita Limited, and Epic Communications Limited – expressed their interest to obtain access to the rights of use for radio frequencies in this band. Given that the demand for this spectrum did not exceed the amount of spectrum available, the MCA proceeded to assign the 3.6 GHz spectrum directly to the interested operators through the established assignment process. After assessing the candidates' qualification, the Authority verified their suitability and granted technology-neutral licenses in the 3.6 GHz band to all three operators.

The Authority is now looking to revise and lay down framework to make available additional radio spectrum for next generation wireless systems, in line with the relevant European Union legislation. In doing so, the MCA will continue to assess any risks posed by innovative wireless technologies and will put in place any necessary mitigation measures. While the market has so far not expressed interest for the provision of wireless broadband services in the 700 MHz band and the 26 GHz band, radio spectrum in the 700 MHz band has been licensed for the purpose of carrying out 5G trials.

On the research front, the MCA, through its participation in 5GZorro continued to explore solutions for cognitive network management with minimal manual intervention, making use of Smart contracts based on Distributed Ledgers Technologies to enhance agility and flexibility across various business agents coexisting on a highly pervasive and shared 5G network infrastructure.

5G EMF Measurement Campaign

In view of these aforementioned 5G deployments, the MCA carried out a 5G EMF measurement campaign to further certify compliance of 5G-enabled mobile base stations in line with the existing EMF thresholds. Apart from ensuring compliance, the exercise was also intended to address any concerns from the general public and provide assurance on 5G EMF exposure.

The monitoring exercise commenced in May 2021, prior to the launch of any commercial 5G services. For the scope of the measurement campaign, the 5G radio base stations were configured to portray the maximum possible EMF exposure generated by this type of wireless transmitting technology. EMF measurements were carried out *in situ* as well as drive tests along the carriage ways in Malta using both broadband as well as frequency-selective EMF measurement equipment. The findings of the country-wide EMF audit in 2020 were used to analyse the EMF contribution by the deployment of 5G technology for the purpose of this campaign. The resulting measurements confirmed that the cumulative EMF emission levels remain within the safety limits as per the ICNIRP Guidelines' exposure limit for the general public. In fact, almost all real-time EMF measurements were recorded at well below 1% of the limits in the ICNIRP Guidelines. The highest EMF level recorded at specific points was 5.35% of the ICNIRP exposure limit.

The results of the 5G EMF measurements along with the details on the monitoring process were published in a report on the MCA website.¹³ Furthermore, the methodologies employed as well as the

¹³ Assessment of the exposure of the general public to 5G electromagnetic waves – MCA.
<https://bit.ly/3OuJHr8>



outcomes of the 5G EMF measurement campaigns were scrutinised by the GSMA and eventually also published on their website.

Assignment of Additional Radio Spectrum

Following a formal request by a locally registered company for the assignment of radio spectrum in the 2.5 GHz band to be used for the provision of electronic communications networks and services, the MCA published a Call for Expression of Interest to determine the demand for spectrum in the 1800 MHz and 2.5 GHz. Mob5g.net Malta Limited expressed its interest to obtain access to the rights of use for radio frequencies in these bands. The MCA then proceeded with the assignment of radio spectrum in the respective bands directly to the interested candidate through the assignment process defined in the relevant Decision entitled 'Assignment Process for Additional Spectrum for Wireless Broadband', published by the Authority in October 2017.

The MCA also received an application for the grant of rights of use of radio spectrum for fixed radio links within the 7 GHz frequency band. Further to this request, the Authority granted the rights of use of radio frequency in this band to the applicant.

Re-assignment of Rights for Terrestrial Digital Audio Broadcasting Services (T-DAB)

Terrestrial Digital Audio Broadcasting (T-DAB) is a wireless terrestrial service that enables broadcasting audio content in digital format. In 2006, Digi B Network Ltd was awarded a spectrum licence granting it the rights of use for four spectrum channels in both the VHF and the L-Band, both suitable for setting up a T-DAB network with nationwide coverage. With this license expiring in 2022, the MCA published a consultation paper in August 2021, putting forward its

proposals on an updated spectrum award process and the conditions associated with the rights of use spectrum for 2022 and beyond.

Amongst other aspects, the consultation document considered the spectrum being made available for commercial use, the use of auction as the spectrum assignment mechanism in case of demand exceeding supply, and the choice of the DAB standard as the transmission technology.

Review of National Frequency Plan

The National Frequency Plan (NFP) outlines the radio frequency spectrum allocations within the Maltese territory, designating the type of radiocommunications that are permissible within a particular band. In order to ensure greater harmonisation with the European frequency spectrum, the frequency plan for Malta is based on ERC Report 025 of the CEPT/ECC as well as the Radio Regulations of the International Telecommunication Union (ITU).

As frequency allocations need to take into account developments on how the radio should be used, the NFP is regularly updated to reflect agreements on spectrum utilisation at an international level or any national requirements. In October 2021, following Government's approval, the MCA published a revised version of the NFP to align the frequency allocations of Malta with the latest edition of the ITU Radio Regulations as well as to designate new spectrum bands for specific applications in accordance with EU law harmonising the use of radio spectrum.

Radiocommunications Equipment Licensing

In accordance with Part IV of the Electronic Communications (Regulation) Act (Chapter 399), the MCA administers

radiocommunications equipment licences regulating the installation or use of radiocommunications equipment as well as the use of the associated radio frequencies.

As at end 2021, the total number of active radiocommunications individual licences stood at 1,248.

Year	Total No. Of Licenses (active)
2017	995
2018	1022
2019	1099
2020	1251
2021	1248

During the year, the total number of active aircraft station licenses increased by 90. A reduction to the active number of the other licence types was noted when compared to the 2020 figures.

Licence Type	Year	No. of active licenses
Aircraft	2021	631
Aircraft ground station	2021	9
Aircraft portable station	2021	3
Broadcasting (national, community, repeaters)	2021	57
Maritime coast stations	2021	35

Links	2021	22
Miscellaneous	2021	9
On-site paging	2021	0
PMR	2021	117
PMSE	2021	1
Amateur Radio	2021	362
Satellite Earth stations	2021	2

In 2021, the Authority also processed requests for the assignment of maritime identities, that is, call signs and maritime mobile service identities (MMSI). A total number of 234 assignments of such identities was given.

Licence Type	2017	2018	2019	2020	2021
Assignment of maritime identities	143	154	146	184	234


Amendments to the General Authorisations (Radiocommunications Apparatus) Regulations

The General Authorisations (Radiocommunications Apparatus) Regulations (S.L. 399.40) is a light-licensing framework for radiocommunications apparatus that does not need to be licensed individually due to limited risks of causing harmful interference. It generally regulates apparatus to be used without any regulatory barriers in accordance with EU law or within the framework of the Electronic Communications Committee (ECC) of the European

Conference for Postal and Telecommunications Administrations (CEPT). During 2021 these Regulations were amended once, for the following main reasons:

- a. To amend the spectrum management arrangement for Intelligent Transport Systems operating in the 5.9 GHz band in accordance with Commission Implementing Decision 2020/1426;
- b. To make available radio spectrum in the 6 GHz band for wireless access systems including radio local area networks, in accordance with Commission Implementing Decision 2021/1067;
- c. To update the arrangement for the use of radio spectrum in the 5 GHz band for wireless access systems, including radio local area networks;
- d. To revise the list of VHF maritime frequencies, in line with the latest edition of the Radio Regulations of the ITU;
- e. To allow the use of autonomous maritime radio devices (AMRD), in line with ITU instruments.

In addition, upon having assessed the various spectrum management deliverables of the ECC pertaining to the licensing of radiocommunications apparatus, the MCA consulted on proposed revisions to the apparatus general authorisation framework. On the basis of a technical and regulatory assessment undertaken during 2021, the MCA saw it necessary to amend this framework for the purpose of: a) aligning current provisions with those included in the most recent version of ECC deliverables; b) implementing new ECC deliverables and by doing so regulating new radio systems on a light licensing framework; and c) achieving better harmonisation of the radio spectrum for certain radiocommunications apparatus which are currently allowed to operate on non-harmonised radio spectrum.



Furthermore, in line with similar approaches adopted in other European jurisdictions, the MCA also published a separate consultation proposing a lightweight oversight regime to regulate radiocommunications apparatus operating below 9 kHz under the General Authorisations (Radiocommunications Apparatus) Regulations. Examples of apparatus operating below 9 kHz include metal detectors, autonomous ‘robot-like’ applications, and inductive loop systems such as hearing aids. While such radiocommunications apparatus is extensive and has existed for decades, no instances of harmful interference problems have been reported to the Authority. In this regard, the Consultation proposed changes to the Regulations taking into account harmonisation measures adopted under the framework of the CEPT/ECC.

A revised framework for the apparatus general authorisation is expected to be published in the form of a decision of the Authority, pursuant to Article 31A of the Electronic Communications (Regulation) Act.

Test and Trial Licenses

In support of innovative use of spectrum, the MCA operates a test and trial licensing framework for local and foreign entities wishing to carry out tests and trials of wireless systems on a non-commercial basis. Malta’s geographic location and population density make it an ideal location for pilot studies on wireless technologies. In addition, Malta boasts several other appealing socio-economic factors, including long-standing political and economic stability, strong ICT infrastructure, and a multi-lingual skilled workforce.

The availability of high-demand spectrum bands and low license fee permits make it possible for interested parties to test and/or trial radio equipment or any type of wireless technology, including 5G and IoT, on a nationwide basis with minimum investment.

All applications for pilot studies are processed in an open, transparent and non-discriminatory manner. To this end, during 2021, the MCA issued a total of 6 trial licenses.

Space Communications Initiatives

The Malta Communications Authority has continued following various initiatives both at National and European Level related to Space Communications with the intent of ensuring that spectrum is used efficiently and effectively. The Authority was an active participant on the National Space Task Force which has been mandated with the drafting of a National Space Strategy, published for Consultation in early 2022.¹⁴

On a European Level, the MCA represented the Government of Malta on various European fora that focus on relevant components from the European Space Programme. These included the European Union (EU) Space Programme Committee – Horizontal Configuration, Galileo and EGNOS configuration and the EU Governmental Satellite (GOVSATCOM) configuration, other working groups set up under this comitology, such as Working Group EGNSS Evolution and the EU GNSS Interference Task Force and the Administrative Board of the European Union Agency for the Space Programme. In forming part of the Maltese delegation appointed to represent the Government of

Malta on these fora, the Authority has advised the Government on various policy matters related to space communications.

The Authority is also a consortium member of the EU H2020-funded project – ENTRUSTED – one of the preparatory activities for EU GOVSATCOM.

¹⁴ Malta National Space Strategy – Consultation. Ministry for Equality, Research and Innovation. <https://bit.ly/3v3gqgo>





POSTAL MARKET

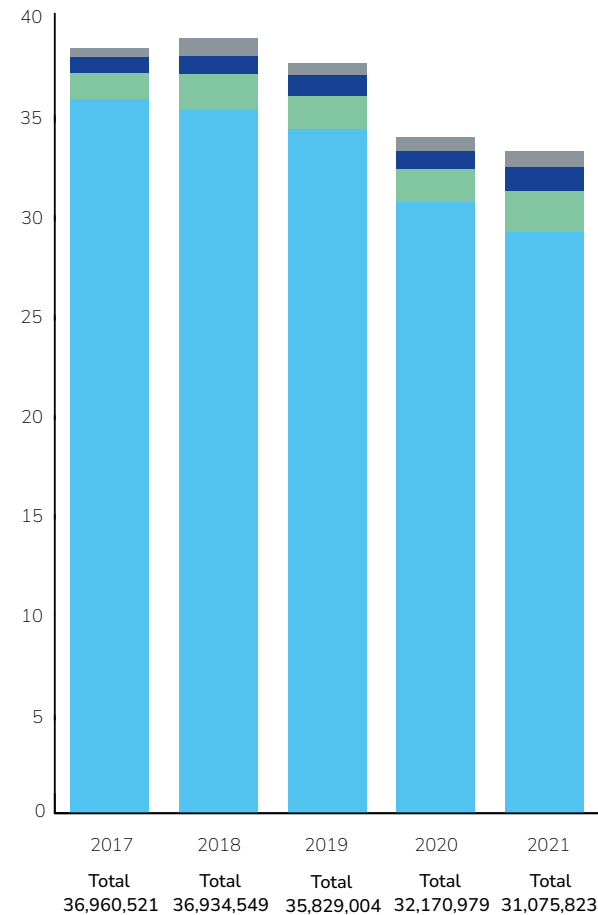
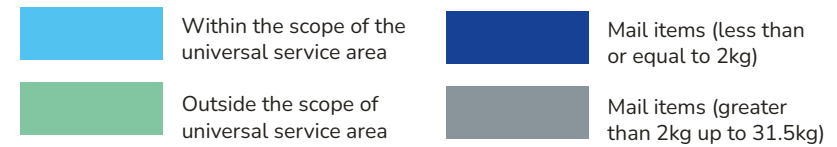
MARKET OVERVIEW

Market Developments in Postal Services

The postal mail segment remains negatively impacted by the effects of the pandemic, which has accelerated the shift towards online services. The decline in mail volumes for 2021 was more predominant for letter mail and bulk mail items, mainly because of the ongoing transition from a paper to a digital environment. There were also other factors that impinged negatively on postal mail activity, including inbound cross-border mail, such as the adjustments in the customs clearance processes for items originating in the UK and China.

Overall, postal mail volumes in 2021 were down by 3.4% compared to the previous year. Specifically for postal mail volumes within the scope of the universal service, a year-on-year comparison shows that single-piece letter mail, registered mail and bulk mail volumes all declined. The outcomes obtained correspond with the postal sector's growing competition to the opportunities presented by digital developments.

Postal mail volumes: within the scope vs outside the scope of the universal service area (in millions)



Mail Volumes

Postal mail volumes¹⁵ went down from 32.2 million mail items to 31.1 million mail items in the year under review. These figures encompass both segments of postal activity.

Year-on-year, the largest drops noted are in letter mail and parcel mail, which decreased by 13% and 8.4%, respectively. Furthermore, this trend is displayed in registered mail and bulk mail which also contracted in yearly volumes from 2020 to 2021, by 5.8% and 0.8% respectively.

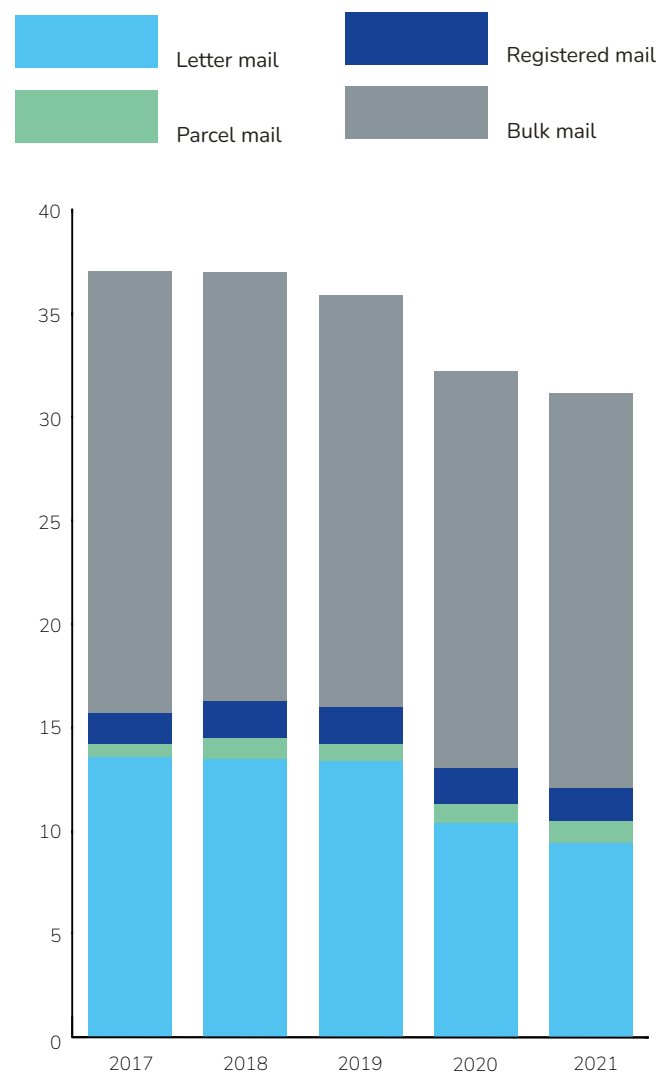
Looking at mail volumes that fall outside scope of the universal service, a rise of 24.8% year-on-year in mail volumes has been reported. This uptick is accounted for by both letter mail and parcel mail that fall under this segment. Upon comparing 2021 with the previous year, volumes for the former were up by 223,605 (or by 24.1%) whereas mail volumes for the latter increased by 101,786 (or by 16.2%).

Developments by Type of Postal Activity

The universal postal service covers both inland and cross-border services. In 2021, the former accounted for 79.6% of all mail volumes, whereas the latter accounted for the remaining 20.4%.

¹⁵ Postal mail encompasses both within the scope of the universal service and outside the scope. A postal service may be regarded as falling within the scope of the universal postal service if, from a user's perspective, it displays interchangeability to a sufficient degree with the universal postal service. The universal postal service includes one delivery on every working day to each postal address or other delivery point and at least one clearance from each access point. The delivery and clearance apply to all postal articles which weigh up to 20 kilograms. The universal postal service in Malta is provided by MaltaPost as the designated universal service provider.

Postal mail volumes by type of mail item (in millions)





Domestic postal mail items totalled 24.8 million in the year under review, down from 25.4 million items in the year prior.

Cross-border distribution includes the incoming postal articles originating from a postal operator in a foreign country for delivery in Malta and the handing over of outgoing postal articles to the postal provider in the foreign country for delivery. Cross-border items including outbound and inbound mail both displayed a decline. In absolute terms outbound cross-border mail fell by 160,143 items (or 15%), whereas inbound mail items decreased by 275,380 (or 4.8%).

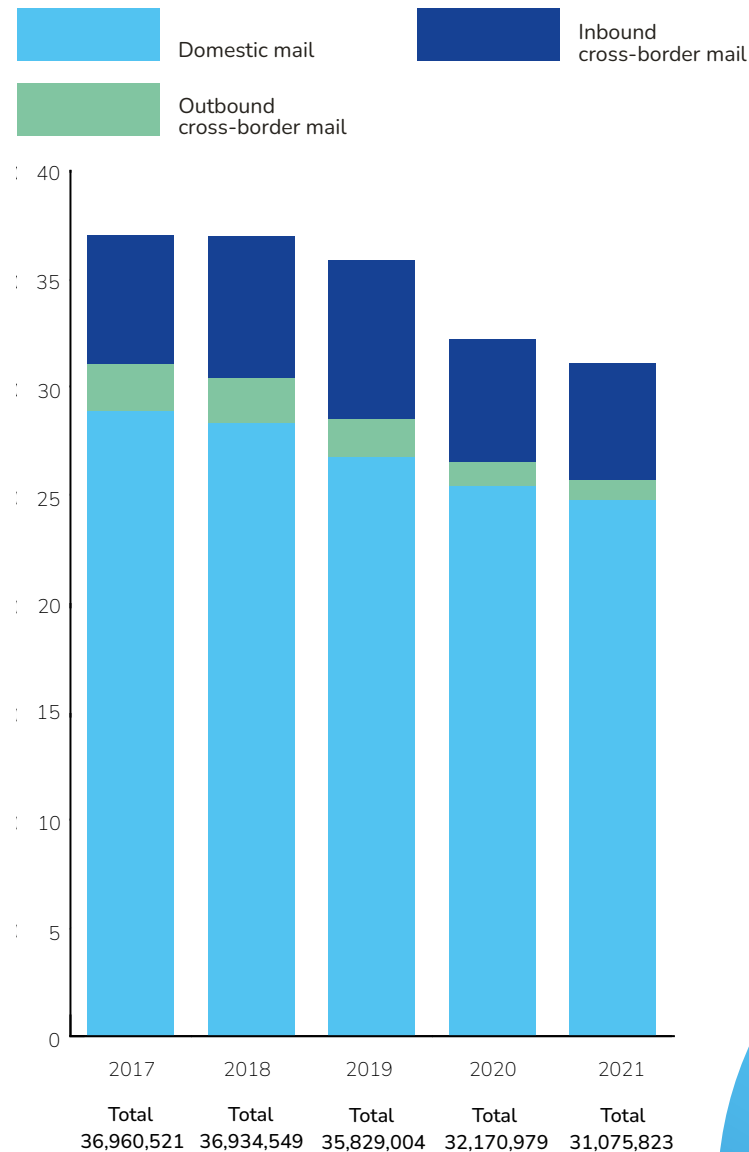
REGULATION

In regulating the provision of postal services, the MCA aims to strike a balance between two equally important objectives – on the one hand, that of encouraging sustainable competition in the market, and on the other, ensuring the availability of affordable and high-quality postal services, especially with regards to the universal postal service.

The postal service has developed especially with the surge in online shopping and parcel delivery brought about by the COVID-19 pandemic, which reinforced its importance. At the same time, the digital transformation and other international factors such as Brexit have brought several challenges to the sector, including the decline in postal letter volumes and evolving consumer requirements. In addition, there is also the environmental sustainability of parcel deliveries to consider.

These trends are not unique to Malta but are impacting postal service providers around the world, with many operators reconfiguring operations to accommodate parcel delivery and offset falling revenue from declining postal letter volumes.

Postal mail volumes (in millions)



In this context, the MCA remains committed to monitoring the market and reviewing its regulatory measures where and when necessary.

Safeguarding Sustainable Competition and Sustaining the Universal Postal Service

Postal service providers need to be quick to innovate and adapt to the rapidly-changing market realities. However, the MCA has a key role in helping the sector evolve by monitoring sector developments and employing appropriate regulatory measures.

Furthermore, as the designated Universal Service Provider (USP), MaltaPost is responsible for providing a series of universal postal services domestically and internationally as defined in the Postal Services Act. The Authority is therefore also responsible for ensuring that the universal postal service adequately meets the needs of everyday users by imposing certain standards and targets on the USP in relation to the quality of service, including the regularity, affordability, and reliability of mail delivery.

Managing the Postal Compliance Framework

Apart from the Universal Service Provider, other postal service providers require a license to provide services within the scope of the Universal Service. Furthermore, any service providers intending to provide postal services outside the scope of the Universal Service are also required to notify the MCA for a general authorisation.

In ensuring service providers comply by a set of standards, the MCA is able to uphold the integrity and security of mail, safeguard complaints quality of service standards, as well as encourage sustained consumer confidence in the market.

In 2021, the number of authorised undertakings providing postal services amounted to 24, two of which are licensed to provide services within the scope of the universal postal service. The register of authorised undertakings¹⁶ is published on the Authority's website.

Review of Tariffs for Postal Services

MaltaPost is the Universal Service Provider and, given the mentioned challenges that the postal market is encountering, the operator requested a review of certain postal services. Following MCA analysis and various correspondences with the operator, the Authority published its decision in June 2021,¹⁷ which states to which postal services the new rates and conditions were applicable.

The following is an overview of the MCA decisions:

- **Decision 1:** MaltaPost may adopt the tariffs listed in the following table as from 1st July 2021. The MCA is to keep reviewing the financial performance of the universal postal service and of the individual mail services.
- **Decision 2:** MaltaPost may implement the following changes for domestic bulk mail:
 - a. MaltaPost may establish daily bulk-mailer thresholds (of not less than 2,000 articles) whereby mail posted by a single bulk-mailer above those daily thresholds would be liable to massive-posting surcharges (of up to 2 cents so that the effective tariff remains lower than the single-piece tariff).
 - b. MaltaPost may establish daily bulk-mailer thresholds (of not less than 2,000 articles) whereby all mail posted by a single bulk-mailer when it exceeds those daily thresholds may

¹⁶ Register of Authorised Undertakings – Postal Services, MCA. <https://bit.ly/3Bao78y>

¹⁷ New Prices for Certain Postal Services, Decision – MCA. <https://bit.ly/3cx3fxQ>

Mail Type	Weight Category	MCA Decision
Cross-Border Postcards (Flat Rate - All Zones)		€0.86
Outbound Mail (Zone A1 Europe)	31-60g	€1.35
Outbound Mail (Zone A1 Europe)	61-100g	€1.65 - €1.95
Outbound Mail (Zone A1 Europe)	101-250g	€2.25 - €4.35
Outbound Mail (Zone A1 Europe)	251-500g	€4.35 - €7.35
Outbound Mail (Zone A1 Europe)	501g-2Kg	€8.25 - €30.45
Outbound Mail (All other Zones)		
<i>The €0.10 increase for Outbound mail is applicable for all other Zones from the second weight step upwards.</i>		
Domestic Mail Registration	not applicable	€2.50
Domestic Advice of Delivery	not applicable	€2.50
Outbound Mail Registration	not applicable	€5.50
Outbound Advice of Delivery	not applicable	€3.50

be subject to delayed induction (hence the mail in question delivered with a corresponding time lag) of up to two days.

- **Decision 3:** MaltaPost is to continue providing a full postcode database free of charge to large bulk-mail senders for the purpose of updating their mailing lists.

Monitoring Market Trends

To better inform its regulatory decisions and analyse competition dynamics within the postal sector, the Authority regularly collects and publishes market information directly from postal service providers while periodically carrying out public and business perception surveys.

These publications also keep the public informed of key trends and developments shaping the postal sector.

Quarterly, the MCA published its Data Report Sheets (DRS), highlighting key developments and indicators in the postal sector. In addition, one Communications Market Review was also published, covering the periods from July 2019 to June 2021. These reports draw on half-yearly data to develop Key Performance Indicators (KPIs) for the sector.

In 2021, the MCA also started compiling responses for three Postal Perception Surveys about Consumers, Businesses, and the Bulk-Mail



Service. Such surveys give valuable insight into how consumers' and businesses' needs evolve over time and whether the sector is adapting accordingly to these changing demands, particularly regarding the growth in online shopping and continued decline in the traditional letters markets. The survey results also serve as a key source of information for the MCA in making regulatory decisions on the future of the postal sector. The dissemination of results for these three surveys will take place in 2022.

Ensuring Transparency and Quality in Postal Services

The MCA ensures that postal undertakings provide transparent and high-quality postal services to users while also ascertaining that the universal postal service meets the reasonable needs of postal service users through an affordable price and a sufficient level of quality. Promoting transparency and quality encourages a consistent level of efficiency in postal service delivery and allows users to choose and use the services with confidence.

Determining the Feasibility of Existing Universal Postal Obligations

In the face of ever-evolving market realities and the long-standing structural repercussions of the COVID-19 pandemic, Brexit and the introduction of VAT for non-EU low-value parcels, safeguarding the universal postal service is a priority for the MCA.

Therefore, adapting the regulatory framework to nowadays and future circumstances would help ensure that postal operators and users can better innovate and reap the benefits of digitisation and eCommerce while simultaneously providing the future of the universal postal service.

The European Commission's report on the application of the Postal Services Directive (PSD), published in November 2021, considers the need for a change to the requirements of the universal postal service so that it may continue playing an influential role in the economy. Through its involvement in the European Regulators Group for Postal Services (ERGP), the MCA will be contributing its views on the Commission's report and continue to follow any related developments at an EU level.

Monitoring Quality of Service Performance

The Universal Service Provider (USP), MaltaPost, must follow certain obligations to ensure that mail delivery is of certain standards. Hence, MaltaPost abides by a set of Quality of Service (QoS) standards and performance targets for providing the universal postal service as established by law to ensure that postal service users continue to receive the appropriate value-for-money for the services offered. The J+1 target requires 95% of mail posted before 12:30pm (Malta) and 12:00pm (Gozo) to be delivered the following working day.

In this respect, the MCA monitors compliance with the QoS standards and engages with MaltaPost on an ongoing basis in order to ensure that the established targets for QoS performance are being attained. The MCA also keeps a record of any complaints and enquiries received with regards of postal services, with an End-User Report published on a bi-annual basis highlighting an analysis of these complaints/enquiries, as well as any enforcement actions or related monitoring activities undertaken. More information on this reporting exercise can be found in the Consumers chapter.





DIGITAL SERVICES
AND ECOMMERCE
REGULATION

Recent years have seen a renewed European debate on digital services and digital markets, especially as large players garner market powers with potential impacts on competition and innovation. These discussions have become all the more relevant with the growth of digital platforms and the onset of the COVID-19 pandemic.

In light of these recent developments, businesses have had to rethink their approach towards digital, as many set out on exploring online platforms or stepping up their eCommerce activity to remain competitive. With this being said, implementing an online sales channel requires strategic planning and sufficient industry knowledge. Therefore, business owners and marketers need to be equipped with the essential digital skillset and know-how to adequately streamline business activity with other channels and back-end operations, providing a seamless customer experience. In such a context, the MCA has a key role in supporting the uptake of eCommerce and adoption of innovative online business solutions.

Over 2021, the MCA worked on several initiatives with the goal of fostering an open, fair, and inclusive digital environment. These range from regulatory oversight, promoting the uptake of technology



In June 2021, the Government designated the MCA as the Digital Services Coordinator (DSC) for the DSA, entrusting the Authority with the overall coordination of the DSA upon its coming into force ”

by business users, supporting digital skilling, and advancing digital accessibility, amongst other things.

With new mandates in the regulation of digital services being designated to the MCA last year, supervising the provision of digital services is set to remain a core strategic objective for the Authority. Coordinating and proactively laying out the necessary policy and regulatory foundations will be imperative in ensuring a sound digital environment for businesses to thrive in and consumers to navigate safely.

An Enhanced Role in Digital Services Regulation

The Authority has long been following international discussions on the topic of digital regulation, maintaining an active participation within the Body of the European Regulators for Electronic Communications (BEREC), the eCommerce Expert Group, and various other fora.

Among the legislative initiatives set to shape the future of digital services and eCommerce, the upcoming EU Digital Services Act (DSA) package, comprising the Digital Services Act and the Digital Markets Act, will be indisputably pivotal.

Building on the rules of the eCommerce Directive, the DSA aims at creating a safer, fairer and more trusted digital space. In addressing the security and legality of the digital environment, the new legislation will also attract more users by instilling greater confidence and peace of mind. Once adopted, the DSA package will modernise the current European legal framework for digital services, laying down clear rules in the provision of digital services to mitigate online risks and protect user rights, and establishing ex-ante rules governing large online platforms acting as gatekeepers.

Throughout 2021, the MCA actively advised the Maltese Government in its interactions at EU level. In June 2021, the Government designated the MCA as the Digital Services Coordinator (DSC) for the DSA, entrusting the Authority with the overall coordination of the DSA upon its coming into force. This will also require the MCA to liaise with the European Commission and the European DSA Board in relation to enforcement and policy advice. Moving forward, the MCA will now continue to support Government in EU Council discussions relative to the DSA, as well as in the eventual implementation within Maltese Law.

In 2021 the Government also assigned the MCA the mandate to implement the Platform to Business (P2B) Regulation, which came into effect in 2020. The P2B regulation addresses the imbalance of power and the potential for online intermediation services and search engines to act unilaterally. It contributes towards a fair, transparent and predictable business environment for smaller businesses and traders relying on search engines and online platforms for their activities whilst protecting the online platforms' innovative potential. The Regulation also lays down rules for terms and conditions, ranking and redress. Over the past year, the MCA brought this Regulation into force within the Maltese legislative framework, entrusting its enforcement to the Civil Court of Malta. In addition, the MCA also attended EU meetings related to the P2B Regulation and will continue to actively participate in future EU fora.

Furthermore, in addition to the aforementioned widening of responsibilities, in 2021 the Malta Communications Authority Act was amended as per Act No. XXXIII of 2021 whereby the MCA was given new enforcement tools in adherence to the EU Consumer Protection

Cooperation (CPS) Regulation¹⁸ on cooperation between national authorities responsible for the enforcement of consumer protection laws. The new enforcement tools include purchasing of goods or services as test purchases (where necessary under a cover identity), and seeking court orders to remove content on online interface in so far as these relate to the communications sectors regulated by the MCA.


The inclusion of these tools places the MCA in a stronger position to ensure compliance with the laws it enforces, including addressing unlawful practices and identifying rogue online traders dealing in various areas that fall under its remit.

Supporting Digital Skills Through eBiznify

In helping society adjust to an increasingly digitised economy, a cornerstone initiative for the MCA over the past few years has been the eBiznify online training platform, first launched in 2018. Now offered in partnership with the eSkills Malta Foundation and fully funded by both entities, eBiznify offers comprehensive, hands-on training to individuals wishing to familiarise themselves with essential online skills required to carry out eCommerce operations.

Through the online platform, individuals can choose between the nationally accredited course offered annually – eBiznify Certified – as well as a more flexible unaccredited course – eBiznify Lite. The most recently completed intake for eBiznify Certified saw 41 individuals successfully completing the course, with the graduation ceremony

¹⁸ See Regulation (EU) 2017/2394 of the European Parliament and of the Council of 12 December 2017 on cooperation between national authorities responsible for the enforcement of consumer protection laws and repealing Regulation(EC) No 2006/2004.



being held in July 2021. Furthermore, a new intake for eBiznify Certified was launched in December, for which 30 individuals successfully registered.

Following the success and feedback of the yearly intakes for eBiznify Certified, eBiznify Lite was then launched in 2021. This new course, open for registration all year round, was introduced to cater to individuals, in particular business professionals, who require more flexibility in their schedule. While following the same modules as eBiznify Certified, eBiznify Lite has no fixed timetable for tutorials, assignments or deadlines, allowing participants to study completely at their own pace.

Each module offered on the eBiznify platform includes access to a series of resources including an online library and interviews with industry leaders sharing best practices and local expertise. With more businesses prompted to set up an online presence as a result of the COVID-19 pandemic, eBiznify has proven to be a valuable resource for many seeking to navigate eCommerce, or simply looking to upskill in an ever-digital world.

Website Accessibility Directive – Monitoring & Awareness

The MCA is the national supervisory authority responsible for monitoring, reporting and enforcing the European Website Accessibility Directive (WAD) – Directive (EU) 2016/2102. The Directive ensures that all public sector organisations' websites and mobile apps are accessible to people with disabilities. In this respect, the WAD establishes a set of unified standards for web accessibility across all EU member states with the goal of fostering a socially inclusive European Union, wherein all citizens can fully and actively participate in a digital economy and society.

In optimising compliance with the WAD, the MCA has established collaboration with two national expert bodies – the Commission for the Rights of Persons with Disability (CRPD) and the Foundation for Information Technology Accessibility (FITA) – seeking their input on a continuous basis. In August 2021, the MCA and FITA signed a Memorandum of Understanding (MoU) reaffirming their commitment to work cohesively towards ensuring an appropriate level of accessibility across public sector websites, while also extending this practice to cover the monitoring of public sector mobile applications.

The MCA also maintains ongoing communication with all relevant third parties including Ministry CIOs and heads of the various public sector entities to make them aware of their responsibilities and the benefits they stand to gain by optimising accessibility.

In enforcing the WAD, the MCA has a transparent monitoring and reporting process in place whereby it assesses public sector websites and applications on an ongoing basis. Two types of website monitoring assessments are utilised, referred to as 'Simplified Monitoring' and 'In-Depth Monitoring'. 'Simplified Monitoring' covers basic website accessibility requirements and is carried out mostly in an automated manner by the MCA, while 'In-Depth Monitoring' involves a substantially more thorough monitoring process and is carried out in a manual manner by technical personnel.

Based on Malta's population, a minimum of 85 public sector websites are assessed on a yearly basis through the simplified method, whilst 14 public sector websites are assessed on a yearly basis through the in-depth method. Since June 2021, seven public sector mobile apps are also being assessed on a yearly basis through the in-depth method.

In December 2021, the MCA published a report covering the monitoring period from January 2020 to December 2021. In 2021 alone, the MCA carried 87 simplified website assessments, 14 in-depth website assessments and 4 in-depth mobile app assessments. Moreover, all websites and applications were assessed against four key principles as set in the Directive – whether or not a platform is Perceivable, Operable, Understandable, and Robust.

Most websites assessed did not have issues which rendered the websites totally inaccessible, with compliance issues being observed across some common Web Content Accessibility Guidelines (WCAG) criteria, such as Colour Contrast, and Info & Relationships. Moreover, whilst a number of public sector websites did not have an accessibility statement, many successfully implemented a compliant accessibility statement following the MCA's assessment.

Most mobile applications assessed were also relatively accessible with the help of various assistive technologies, with some highlighted recurring issues including inadequate naming/numbering of lists, loading screens without proper descriptions, and misleading icons and buttons.

Following the assessment process, a notable improvement in the accessibility of public sector websites was observed. The Authority also welcomed feedback from public sector bodies with regards to the monitoring processes and outcome reports, adjusting and refining WAD implementation accordingly to facilitate and improve monitoring processes.

In complement to its monitoring mechanism, the MCA also continues to engage in a number of initiatives, including panel discussions or



social media campaigns. These efforts assist in increasing general public awareness of the needs of persons with disability in relation to digital accessibility, as well as the benefits offered to users and owners of websites and mobile apps which comply with accessibility requirements.

Monitoring Local Trends in eCommerce

In order to better support local eCommerce activity, the MCA carries out periodic surveys to gauge the level of adoption of eCommerce and gather insight on the dominant trends and developments shaping the local market. In 2021, the MCA published the results of two different surveys, looking at Internet and eCommerce use by consumers and businesses respectively.

The Consumer Survey explored attitudes and buying behaviour preferences amongst consumers in Malta & Gozo, analysing how these online consumption patterns are evolving. The results were based on a sample audience of 772 potential customers across Malta and Gozo, interviewed between August and September 2020. Amongst the most dominant trends, the study clearly showed an increasing preference for Maltese consumers to purchase from local websites, with 53% of digital buyers purchasing from online suppliers based in Malta in 2020, as opposed to the 31% recorded in the previous survey for 2016. The study also registered an uptake in digital payments as well as a notable growth in online grocery shopping.

On the other hand, the Business Survey corroborated the increasing digitalisation amongst the local business community, especially with the onset of the COVID-19 pandemic. A total of 431 businesses across Malta and Gozo were interviewed from December 2020 to

January 2021. Amongst the main trends observed, the study reported 23% of businesses offering products/services through their corporate eCommerce website and/or local/foreign marketplaces – almost double the amount registered in an earlier MCA study. Meanwhile, the proportion of businesses having invested in a corporate website stood at 61% – with three-quarters of these businesses also investing in a mobile-friendly version. All in all, it is clear there is a growing shift towards online selling as businesses strive to remain relevant and competitive in a digitised economy.

Maintaining Regulatory Oversight over Information Society Service Providers

The MCA maintains regulatory oversight on the activities of the local business community to ensure that established websites adhere to the essential requirements of the Electronic Commerce Act. This is primarily done with the aim of ensuring that local businesses selling online display specific information to instil trust and facilitate consumer redress, while keeping consumers informed on their respective rights and limitations – where applicable – when shopping online.

With the increasing adoption of eCommerce practices, the MCA continued to inform service providers regarding the requirements for the take-up and pursuit of eCommerce services, while also maintaining its active participation in local and international fora on topics relating to eCommerce and digital services.

Furthermore, the MCA also compiled its eCommerce strategy for the upcoming three years laying down its work plan for empowering an open, fair and sustainable eCommerce-enabled ecosystem.

Supervising and Promoting Innovative Trust Services

The MCA is responsible for supervising qualified trust service providers and granting the qualified status to trust services providers and the services they offer, in line with the EU Regulation 910/2014 on electronic identification and trust services for electronic transactions in the internal market, also known as the eIDAS Regulation.

In addition to its supervisory activity, the MCA also works at encouraging the deployment and use of innovative trust services in Malta, providing on-going supervision and assistance in relation to queries on trust services and particularly on electronic signatures by various third parties. The Authority is also continuously developing the eIDAS Regulatory regime to facilitate any type of electronic transactions between citizens, companies, and public administrations. There has been substantial progress with regards to the setting up of necessary notification processes under the eIDAS Regulation, which are now fully operational. Simultaneously, the Authority has been preparing for the review of the eIDAS Regulation at EU level, assisting the Government in reviewing the EU Commission proposals as they unfold.

Furthermore, the MCA will continue to participate in the Forum of European Supervisory Authorities for Electronic Signatures (FESA), comprising of regulatory bodies from all EU countries. The FESA discusses, amongst others, best practices for trusted list management and conformity assessment methods.





CONSUMERS



In regulating the different markets for communications and digital services, the MCA is firmly committed to safeguarding end-users and keeping them well-informed on their rights and relevant market developments. This allows end-users – both consumers and business users – to make decisions with confidence and benefit from a varied choice of high-quality, reliable, and affordable services.

As both the commercial environment and the technologies underlying retail offerings become respectively more complex, it has become increasingly challenging for consumers to select the plans which most suit their needs and to ensure that they are getting what they pay for. To address these challenges, the MCA employs a mix of tools which enable it to monitor the sectors it regulates and undertake any necessary regulatory action to address identified areas of concern.

Safeguarding Consumer Interests

As part of its efforts to safeguard and support consumers, the MCA's Consumer team operates an ongoing complaints and enquiry handling procedure, in addition to carrying out various mystery shopping exercises. This is done to ensure that service providers are indeed delivering on their promises and abiding by their obligations at law, particularly in relation to transparency of information, contract obligations, and quality of service. In the case of any issues, the MCA then takes the necessary regulatory action depending on the nature of the complaint.

These activities compliment other regulatory efforts aimed at protecting consumers and maintaining a certain level of transparency. In 2021, the MCA initiated the process of reviewing two decisions titled 'Modifications to the Terms and Conditions of Subscriber Contracts' published in 2011 and 'Subscriber Contracts' published

in 2012 in order to propose a new set of rules which would provide greater protection in line with the principles and obligations set out in the European Electronic Communications Code (EECC) and address new emerging areas of concern.

Consumer Support and Complaint Handling

Through its complaint and enquiry handling service, the MCA provides direct support to end-users who have any queries or encounter difficulties related to communications, postal, and eCommerce services. Consumers can therefore contact the MCA directly should they have a query or an issue related to these services. Albeit, according to the powers granted to the MCA at law, intervention on the part of the Authority is only possible if the consumer has already lodged a formal complaint with the respective service provider, the outcome or response to which is found to be unsatisfactory.

To engender greater transparency, the MCA analyses the complaints and enquiries received in a series of 'End-User Reports' published on a half-yearly basis. The reports also highlight any enforcement actions or related monitoring activities undertaken.

Throughout 2021, the MCA received a total of 195 complaints – an increase of 9% over the previous year. The MCA also handled 726 requests for information – a 23% decrease over 2020. With regards to complaints pertaining to electronic communication services, the main issues continued to concern quality of service, namely in relation to faults, customer care, internet speed, and mobile reception. Other complaints lodged with the Authority were related to billing issues and termination or switching of services.

Furthermore, during 2021 the MCA did not receive any complaints related to eCommerce services. The Authority did however register 42 complaints concerning postal services – a substantial decrease of 26% from those received in 2020. The postal complaints received related namely to customer care (23) and undelivered mail (10), with other complaints related to redirection of mail, delayed delivery, mis-delivered mail, refunds, and charges.

As regards to what action the MCA can take in relation to a complaint, this varies depending on the issue involved, and the MCA's powers at law. In cases of consumer protection, the MCA's role is limited to regulatory intervention. Legally, the MCA cannot regulate unfair commercial practices or the use of unfair contract terms undertaken in the communications sector as, under Maltese legislation, these areas are exclusively regulated by the Director General (Consumer Affairs) within the Malta Competition and Consumer Affairs Authority (MCCAA). Therefore, although a received complaint may relate to the provision of a service regulated by the MCA, the MCA may still not be legally able to intervene and would therefore have to refer consumers to other competent entities.

Monitoring Service Delivery

Monitoring the quality and legality of services offered is necessary to safeguard a culture of compliance amongst service providers. The MCA monitors product/service delivery and customer satisfaction through a variety of means, including consumer/business surveys, data collection from service providers, and daily monitoring of complaints and social media activity. These platforms also serve as an indicator as to how consumers' preferences, behaviours and perceptions of electronic communications services are changing

over time. Consequently, should any issues or areas of concern be identified, the MCA then takes whatever regulatory action is necessary – always depending on the capabilities granted to the Authority by law.

Furthermore, the MCA's Consumer team carries out various mystery shopping exercises to identify any areas of concern, particularly with regards to the quality of customer care service provided by the different operators. Within its aforementioned bi-annual 'End-User Reports', the MCA publishes the results of its mystery shopping exercises conducted throughout the year, measuring the time taken for a telephone call to be answered by a customer care agent of the main communications service providers. These test calls are terminated after a lapse of 5 minutes if no customer care agent attends to the call.

Throughout 2021, the MCA stepped up its mystery shopping exercise, making 1,510 test calls to the call centre of three Electronic Communications Service (ECS) Providers (namely Epic Communications Ltd, GO plc and Melita Ltd) throughout different times of the day. The records gathered from these test calls showed that in 2021, 56% of calls were answered within five minutes, and 52% of the calls made were answered within 2 minutes. While on the surface it may appear that the level of customer service from ECS providers had slightly regressed when compared to 2020, upon further analysis the MCA observed that one provider was experiencing difficulties with providing telephony customer care services in accordance with the quality of levels generally provided in the sector thus affecting the overall average response time of all the providers combined together. The MCA escalated this matter with the respective service provider and will keep monitoring developments until it is satisfied that any shortcomings have been addressed.



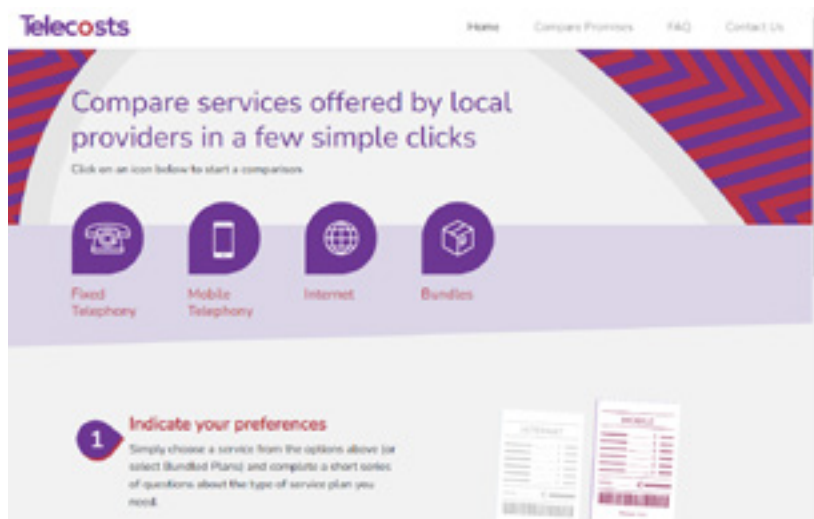
Throughout 2021, the MCA stepped up its mystery shopping exercise, making 1,510 test calls to the call centre of three Electronic Communications Service Providers



Furthermore, the MCA also carried out a total of 549 test calls to the Postal Universal Service Provider (MaltaPost), noting a substantial improvement in customer service, both as the year went on and also when compared to the previous year. In fact, across 2021, 90% of the test calls were answered within 5 minutes, compared to only 32% of calls in 2020. Moreover, 67% of the calls made in 2021 were answered within 2 minutes.

Consumer Awareness

Information is key to enabling consumers to make confident choices, and it is a core strategic tool employed by the Authority across its consumer-centric activities. With new products, services, and offers continuously introduced onto the market, it becomes progressively difficult for consumers to navigate the market and make informed decisions. Hence, the Authority employs a mix of strategic tools to empower consumers through information, ranging from efforts to educate consumers on their rights to keep them up to speed with the latest market developments.



Revamp of Telecosts – MCA’s Price Comparison Portal

In January 2021, the MCA relaunched *Telecosts*, a price comparison portal for all telecommunications plans, including mobile telephony, fixed telephony, internet, as well as bundled services for telephony, internet and TV.

The free-to-use platform allows consumers to conveniently filter all the available local tariff plans and find the one which best suits their preferences. When visiting www.telecosts.com, users simply need to fill out a short series of questions on their electronic communication needs, and they are provided with a filtered list of available plans and bundles which best suit their preferences.

The re-vamped portal has been received exceedingly well among local consumers, with more than 120 different types of plans



The highest number of searches by type of service have been on mobile telephony at 35%, following bundled services at 29%, and broadband services at 27%



available for comparison. In the section ‘Compare Promises’, the portal also provides useful information about aspects that end-users should consider before subscribing to a service/s. These include, amongst others, charges that could apply (e.g. installation charges), fault repair timeframes, compensation schemes offered by different service providers, and different available customer care support channels offered by service providers.

Over 2021, more than 12,400 users visited the website in search for their ideal plan. The highest number of searches by type of service has been on mobile telephony at 35%, following bundled services at 29%, and broadband services at 27%, with fixed telephony searches stirring the least proportional interest at 9%.

Initiatives such as *Telecosts* are key to empowering consumers by providing them with clear information on communications services, allowing them to make informed choices, shop around confidently, and switch between different plans or service providers easily. This enhanced platform will be regularly updated under newly developed standard operating procedures to reflect any developments in service offerings, maintaining an optimum level of transparency with consumers.





Furthermore, *Telecosts* has also attracted considerable interest from other European countries. Various public authorities have indeed reached out to the MCA commending the professionalism and ease of usability of the platform, seeking to develop similar solutions in their jurisdiction.

Empowering Consumers - Ongoing Activities

The MCA maintains a variety of information-awareness initiatives across several communication channels to empower consumers with relevant, up-to-date information, educate them on their rights and obligations, and discuss topics of interest.


As part of these awareness-raising activities, the MCA regularly participates in different TV and radio programmes to discuss matters which fall under its remit which are of interest to consumers. In 2021, the MCA Consumer team participated in 12 TV and radio programmes, discussing a variety of topics, including internet user experience, roaming, termination rates, postal charges, as well as in general raising awareness on how the MCA can be of help to consumers, particularly in the case of service issues. The Authority also posts regular updates and useful advice on its website and social media platforms, in an effort to reach as wide an audience as possible. Several consumer-centred digital marketing campaigns were carried out in 2021, namely with regards to *Telecosts*, roaming, scamming, the new EU VAT rules on imported goods, and best practices for using communications and eCommerce services.





EU AND
INTERNATIONAL
ENGAGEMENT





Given the cross-border nature of digital technologies and modern communications, it is absolutely vital to maintain an open global dialogue and a close network of international cooperation. The international nature of challenges and opportunities we face in these industries merits an appropriate international response.

The MCA participates in various international fora both as an independent national regulatory authority and on behalf of the Maltese government. Several MCA experts occupy highly respected positions across international bodies responsible for the electronic communications and postal sectors. This is indicative of the Authority's increasingly active international involvement, and of the trust in the regulatory work of the MCA, both in the national and international spheres. Through this active participation, along with other respective national regulatory authorities from across the world, we are able to uphold robust and responsive sectoral regulatory frameworks fit for the digital age.



Ongoing discussions with foreign counterparts allow us to learn and share regulatory experiences and best practices as we aim to tackle challenges and encourage users to take advantage of emerging opportunities brought about by new technologies



In every sector regulated by the MCA, we are seeing that market and regulatory dynamics are becoming increasingly complex and changing at a faster pace than ever, with unrelenting growth in digitalisation, connectivity and usage. In light of this, the MCA has continued to expand its resources and invest in its external relations unit so as to maintain an appropriate expert knowledge base.

In helping to shape the broader international agenda, the MCA is responsible for representing Malta's vision, thereby ensuring that any new international policies bode well for the future development of communications and digital services. Ongoing discussions with foreign counterparts allow us to learn and share regulatory experiences and best practices as we aim to tackle challenges and encourage users to take advantage of emerging opportunities brought about by new technologies. Working at the forefront of these international and European bodies therefore enables the MCA to derive indispensable knowledge which can then be applied to the local regulatory scenario.

At a European level, there is an ever-growing thrust towards fostering full connectivity. This is no small part, thanks to the implementation of the new European Electronic Communications Code and through EU-wide harmonisation initiatives by EU bodies, such as the Body of European Regulators for Electronic Communications (BEREC).

With regards to the postal sector, international fora act as an invaluable platform whereby regulatory authorities can engage together, exchange insights, and work cohesively towards the sustainable development of the postal sector and facilitating its assimilation to technological developments and changes in consumer needs, especially in relation to the proliferation of eCommerce.

The Body of European Regulators for Electronic Communications (BEREC)

The Body of European Regulators for Electronic Communications (BEREC) is responsible for the development of independent, high-quality and harmonised regulation of telecoms and digital markets across the EU by providing a platform for regulatory exchange amongst National Regulatory Authorities (NRAs) on topics related to electronic communications. BEREC is progressively occupying a key advisory role to the European Commission, Parliament and Council with regards to electronic communications and digital dossiers, and acts as a crucial point of reference for NRAs in establishing common positions and statements of best practice.

The MCA is an active member within BEREC, with several staff members regularly participating in high-level meetings and contributing to the work of the expert working groups, including taking the leading role in drafting several documents.

2021 marked a new milestone in relation to our involvement within BEREC, with MCA CEO Jesmond Bugeja acting as Vice-Chair for 2021 – the first time the MCA has occupied a leadership position within this esteemed body established in 2010. Mr Bugeja was responsible



2021 marked a new milestone in relation to our involvement within BEREC, with MCA CEO Jesmond Bugeja acting as Vice-Chair for 2021



for overseeing a number of BEREC deliverables and tasks, working alongside other elected Vice-Chairs in directing BEREC's work and implementing the Work Programme for the year. This experience has been invaluable in enriching MCA's expertise and credentials at both a local and international level, in the long-run enabling the Authority to better align its strategies and actions to the wider EU programmes and objectives.

BEREC holds Contact Network meetings and Plenary sessions four times a year in the members' countries, whereby a number of Work Programme deliverables are presented and adopted. In 2021 MCA representatives also continued to act as co-chairs for two separate workgroups – the BEREC Expert Group on 'Planning and Future Trends' and the BEREC Expert Networking Group on 'Communications'.

The focus of the past year revolved around promoting connectivity and access to high capacity networks, supporting sustainable and open digital markets, and empowering end-users. The topic of digital markets and services featured prominently in the discussions taking place at BEREC. Amendments to the Roaming Regulation were also discussed, whereby BEREC assessed new proposals from the European Commission with regards to quality of service, value-added services, wholesale caps and emergency services. Other key areas addressed throughout the year included the revised guidelines on the open internet regulations, challenges faced by regulators in the shift towards digital markets, the promotion of high-quality connectivity, and the role of communications technology in contributing towards green growth.

In September 2021, BEREC also notably brought together regulators from various world regions by hosting the Four-lateral Summit, with representatives of BEREC, EaPeReg, REGULATEL and EMERG. The Summit focused on the different experiences of regulators in dealing with an increasingly interconnected world facing an exponential growing demand for high-quality digital connections, especially due to the COVID-19 pandemic, which put connectivity as a top priority in the agendas of many countries. In particular, the European Commission presented its Digital Decade programme policy, highlighting the digital principles and the need for future national strategic roadmaps to pursue the digital targets at the national level.

European Regulators Group for Postal Services (ERGP)

The European Regulators Group for Postal Services (ERGP) is an advisory group to the European Commission composed of the independent NRAs of the EU member states. It is responsible for consolidating the internal market for postal services and ensuring the consistent application of the European regulatory framework for postal services by facilitating consultation and cooperation between the NRAs.



With regards to the postal sector, international fora act as an invaluable platform whereby regulatory authorities can engage together, exchange insights, and work cohesively towards the sustainable development of the postal sector





In 2021, the MCA maintained active participation within the ERGP, with several of the Authority's officials participating in various working groups and high-level meetings, including the Contact Network and Plenary meetings. The Work Programme for the year involved various discussions on the review of the current European postal services legislation, which needs to be addressed to take better stock of the changing postal markets, in particular, the exponential growth of eCommerce over the past years. Other areas addressed included the promotion of the EU as a competitive postal single market, the empowerment of postal end-users and safeguarding of quality of service, as well as more generally ensuring a user-oriented universal service.

During 2021, an MCA representative continued to act as co-chair for the Consumer and Market Indicators Working Group while a number of other MCA experts acted as drafters to several Work Programme deliverables.

MCA Active Participation in Other EU and International Fora

- **The Independent Regulators Group (IRG)** is a European group which promotes exchange of best practices, benchmarking, knowledge management, education and in-depth and forward-looking discussions on current and future regulatory challenges in electronic communications. The MCA maintained active participation and cooperation within the IRG, attending its Contact Network meetings and General Assemblies throughout the year.
- **The Radio Spectrum Policy Group (RSPG)** is a high-level advisory group which adopts opinions, position papers, and reports to deliver high-level strategic advice on radio spectrum policies to the European Commission. It includes the participation of representatives from both the regulatory authorities and responsible ministries for radio spectrum-related matters in each Member State. The group undergoes extensive forward-looking consultations on a variety of technological, market and regulatory developments relating to the use of radio spectrum in the context of relevant EU policies. Apart from attending its plenary meetings, the MCA also participated in a number of RSPG working groups, including its 'Good Office' working group which the MCA co-chairs. This working group investigates co-ordination issues and harmful interference between European Member States, and proposes appropriate solutions.
- **The Radio Spectrum Committee (RSCOM)** is responsible for the development of implementing decisions with respect to technical measures that ensure harmonised conditions across Europe for the availability and efficient use of radio spectrum. Key agenda items throughout the year revolved around the harmonisation of the use of radio spectrum within the EU.
- **The Communications Committee (COCOM)** assists the European Commission in carrying out its executive powers under the regulatory framework for electronic communications.
- **The International Telecommunication Union (ITU)** has an established history of facilitating international connectivity through communications networks. The MCA maintained its participation in the ITU with regards to various matters.
- **The Universal Postal Union (UPU)** is a specialised agency of the United Nations which aims to secure the organisation and improvement of global postal services. During August and September 2021, the Union held its main Congress, which takes place every four years. The Congress is the supreme authority of the Union and is composed of the plenipotentiary representatives of its member countries. The main function of the Congress is legislative with a focus on strategic issues. The MCA represented Malta during the negotiations within committee and

Plenary meetings. MaltaPost, as the designated Maltese postal operator, also participated. The Congress made good progress on a number of issues that will see improvements to the postal industry. Moreover, the Congress approved the next World Postal Strategy and Business Plan, tools that will see the UPU continuing to be a forum for postal development, a provider of innovative solutions and an industry knowledge centre.

- **The European Commission's Postal Directive Committee (PDC)** consists of representatives from EU countries' national ministries and serves as a scrutiny body for the application of postal legislation and for the improvement of quality of service, namely with regards to the establishment of quality standards for intra-EU cross-border services.
- **The European Committee for Postal Regulation (CERP)** brings together 46 European countries to discuss postal regulation and coordinates European preparations and positions for Universal Postal Union meetings.
- **The European Conference of Postal and Telecommunications Administrations (CEPT)** comprises policy makers and regulators from 46 countries across Europe who collaborate on postal, telecommunication, and radio spectrum regulations, to foster harmonised and efficient markets. The MCA participated in the Electronic Communications Committee's 100th Working Group on Frequency Management (WG FM) within CEPT, which is responsible for developing strategies, plans and implementation advice for radio spectrum management. This allowed Malta to be involved in the process leading to the adoption of European spectrum management and licensing deliverables which will feed into the review process of legal instruments, in particular Malta's National Frequency Plan (NFP) and general authorisation (radiocommunications apparatus) frameworks. Within CEPT, the MCA acts as vice-chair of the Working Group on Numbering

and Networks (WG NaN). The working group is responsible for developing policies in numbering, naming and addressing, and advising on technical regulatory matters to promote and support telecom innovation and competition within a European context in order to address market and technological developments.

- **The European Union Agency for Cybersecurity (ENISA)** actively contributes to European cybersecurity policy through knowledge sharing, capacity building and awareness raising. In a meeting open to all eIDAS Supervisory Bodies, the European Commission presented the new Unified Portal for Trust Services, making it easier to access relevant information and online resources related to trust services.
- **The Forum for European Supervisory Authorities (FESA)** brings together representatives of eIDAS Supervisory Bodies from the European member states. Sessions held in 2021 tackled the ongoing review of the eIDAS regulation, focusing on proposed changes related to trust services and new areas that are being proposed such as mandatory eID notification and the European Digital Identity Wallet.
- **The Web Accessibility Directive Expert Group (WADEX)** is a European Commission expert group set up to support the implementation of the Directive (EU) 2016/2102 of the European Parliament and of the Council of 26 October 2016 on the accessibility of the websites and mobile applications of public sector bodies (the "Web Accessibility Directive) and to exchange best practices amongst website and mobile apps accessibility experts across the EU. The MCA participated in scheduled meetings throughout the year, discussing amongst others the various Web Accessibility monitoring tools and technologies available on the market and the processes that are being adopted to perform the monitoring and reporting process emanating from the Web Accessibility Directive.



mc 20

MALTA COMMUNICATIONS
AUTHORITY
CELEBRATING
TWENTY YEARS
2001 - 2021

CREATING DIGITAL VALUE

mc 20

MALTA COMMUNICATIONS AUTHORITY
CELEBRATING
TWENTY YEARS
2001 - 2021

CREATING DIGITAL VALUE FOR SOCIETY



CORPORATE
ACTIVITY



MALTA COMMUNICATIONS AUTHORITY

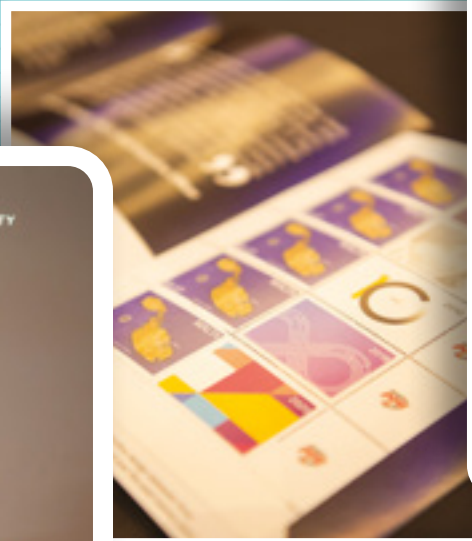
CELEBRATING
TWENTY YEARS
1991 - 2021

SOCIETY

The MCA's 20th Anniversary Conference:

UNLOCKING DIGITAL VALUE FOR SOCIETY





20th Anniversary Conference

In celebration of its 20th year anniversary in 2021, the MCA organised a hybrid day conference on the 25th November, bringing together influential local and international industry experts on the theme of “Unlocking Digital Value for Society”.

The conference bore fruitful discussions on the future of connectivity and digital services against a backdrop of policy and regulatory solutions, serving to cultivate and refine the MCA’s vision for the communications industry. It featured live and remote participation of over 20 speakers hailing from European institutions, other National Regulatory Authorities (NRAs), global digital corporations, local institutions and businesses, as well as academia. The discussions of the day were structured around panels, keynote speeches, and presentations, with several opportunities for networking and exchanging of insights. Separate interviews were also held with key speakers and shared on the MCA’s social media channels to encourage further salient conversations with stakeholders.

MCA’s CEO Jesmond Bugeja opened the conference with a strong statement on the MCA’s 20-year journey and its vision towards the future:

“20 years full of challenges transformed into opportunities have nurtured investment and placed Malta as one of the leaders in connectivity in Europe. A journey marked by so many developments and accomplishments for the sector, the country, and the MCA and which promises to become even more exciting with the advent of transformative technologies such as 5G that are poised to unlock a new world of connected opportunity.”

In a video message on the occasion, Minister for the Economy and Industry, Hon. Silvio Schembri — expressed that, “Malta prides itself on a strong regulatory framework in the electronic communications sector – a framework which is inspired by the EU and international rules. A framework that fosters competition and drives private investment.”

The Chair of the Body of European Regulators for Electronic Communications (BEREC) for 2021, Michel Van Bellinghen, also dedicated a special video message for the event, praising the active role Malta plays in BEREC, saying that albeit the MCA is a small regulator, it is “definitely punching above its weight in terms of influence within BEREC.”

The conference’s morning session focused on technological opportunities for enhanced connectivity and strategies to mitigate potential threats in the digital age. On the opportunities front, the panels explored initiatives that encourage investment in technological innovation and deliver real value to citizens. Direct reference was made to Europe’s plan to achieve the digital transformation of society and economy by 2030 through best practices centred on 5G and enhanced connectivity across Europe. The need for joint cooperation between the industry, academia and policy makers was in fact a prevalent theme across all panel discussions.

With regards to challenges, the morning panels agreed that protecting both the economy and society is of top priority for the EU. Setting in motion regulatory initiatives such as the Digital Services Act – planned for adoption in 2022 – is crucial in fostering a safer digital space for all EU citizens, while encouraging innovation, growth, and competitiveness within a harmonised single market. This is a particularly relevant topic for the MCA as it takes on new

responsibilities such as its recent designation as Digital Services Coordinator for the EU's Digital Services Act (DSA), advancing the MCA's journey in the field of digital regulation.

The afternoon session then focused on contemporary areas related to digital services as regulated by the MCA. A presentation was delivered on MCA's strategic vision for local eCommerce in the upcoming years, addressing the most pertinent questions identified through survey results and trends. This was followed by a panel discussion made up of speakers from different business environments, giving practical insights on adding value for society through digital services, whether in relation to successful eCommerce operations, online trust systems or forward-looking regulation.

Given the shifts in consumer expectations and the increasing complexity of digital systems, there was consensus on the need for regulators such as the MCA to maintain open communication with industry players and support businesses' digitisation journeys.

The final panel of the day was preceded by a detailed presentation on the technical aspects of developing websites to meet the requirements of the Web Accessibility Directive, which the MCA also implements and enforces locally. The panel was made up of accessibility experts from relevant bodies and organisations, discussing how digital technologies can address the current needs and challenges of people with disability within the online space.

Aptly rounding off the day's discussion, Roberto Viola, Director-General of the European Commission's department for Communications Networks, Content and Technology (DG CONNECT), joined the conference remotely with an impactful keynote address on behalf of the European Commission. Mr Viola expressed his appreciation and

thanks for the MCA's work over the past 20 years as an independent regulator, and in continuing to contribute towards the common goal of forging a green and digital European society.

Making reference to Malta's consistent high rankings with the European Commission's Digital Economy and Society Index, Mr Viola commended Malta's significant progress over the years in the field of connectivity, being one of the most digitised member states in the EU today – a testament to the competitive communications infrastructure fostered by the MCA.

In commemoration of this 20th Anniversary milestone, the MCA also commissioned a set of five specially curated postage stamps issued by MaltaPost and officially presented during the Conference to mark this milestone. Each stamp was inspired by a distinctive design element from five different editions of the MCA's Annual Report published over the past twenty years, echoing the MCA's continuous innovation in its efforts to adapt to an increasingly modern and digitally-oriented world.



Mr Viola expressed his appreciation and thanks for the MCA's work over the past 20 years as an independent regulator, and in continuing to contribute towards the common goal of forging a green and digital European society



Furthermore, the CEO presented a gift to four MCA staff members who have been with the Authority for more than 20 years, as a token of appreciation to commemorate their individual achievement.

For better inclusivity, the full day proceedings were translated into sign language by *Aġenzija Sapport*, and recordings of all discussions and presentations are available on the MCA's YouTube channel.¹⁹

Human Resources

As a knowledge-based organisation operating across a dynamic and international environment, maintaining and empowering a multi-disciplinary staff equipped with the relevant expertise is necessary to optimise organisational performance.

In 2021, the MCA recruited 2 new employees, and continued to invest in training of staff, both in relation to soft and hard skills as relevant to the areas under the MCA's remit. Training was structured in a way to enhance staff accomplishments, focusing on the needs and recommendations outlined from yearly individual performance measurement results. Particular attention was given to training offered by the Institute for Public Services in 2021, whereby most of the MCA's staff were enrolled for procurement training so that they may act as chairpersons or evaluators on MCA-issued tenders. In-house training by various departments was also organised on a regular basis.

Ongoing participation in working groups of international bodies, such as BEREC and ERGP, also served in enhancing the Authority's expertise and knowledge base. The MCA's CEO took up the seat of

BEREC Vice-Chair in 2021, while various MCA representatives have also been nominated and considered as co-chairs of expert working groups. In 2021 two MCA representatives served as co-chairs in BEREC Expert Working Groups, while another MCA officer served as co-chair within ERGRP, and another within CEPT.

Furthermore, the MCA continued to offer the On-the-job Learning Programme for students wishing to gain workplace experience, whereby participating students were given an opportunity to apply their education through practical work assignments and guidance from an overseeing manager.

Staff motivation is a valued essential component for the fulfilment of the MCA's mission and the overall productivity of the organisation. The MCA is therefore committed to maintaining a stimulating environment that brings out the best in its staff. In line with Covid-19 policies, the MCA continued to implement the appropriate protocols and procedures to ensure the health and safety of its staff. Remote working arrangements continued throughout 2021 with a virtually seamless continuation of the Authority's operations. Furthermore, the annual MCA teambuilding event was successfully held in October at the historic city of Mdina, where cross-functional teams had the opportunity to strengthen collaboration and foster stronger working relationships.

Furthermore, the MCA operates a staff performance measurement and reward system through individual performance assessments, which tie into the achievement of organisational goals. In an effort to motivate stronger interactions within the respective teams with an emphasis on continuous mentoring and personal development, the organisation updated the performance appraisal system from a yearly to a bi-monthly assessment for the first and second half of the

¹⁹ <https://www.youtube.com/channel/UC1a4Z9w48K0BgDqVbHMQ90Q>

year, with the respective six-month performance bonus paid in these intervals.

Information Technology

The Authority's mode of operation is one that cuts across formal organisational boundaries and brings together staff from various units and disciplines together to work on specific assignments.

In order to efficiently adapt to fast-changing circumstances, the organisation needs to have the adequate flexibility in its information systems and processes. In this respect, it is crucial to not only provide the sufficient ICT resources and logistical support, but also to invest in new processes as deemed appropriate.

In 2021, the MCA continued to invest in its information systems to both sustain the running of its current operations and also to implement new functionalities and further enhance the staff's working environment. Information systems continued to support the organisation's remote-working arrangement, entailing little to no disruption in the Authority's work programme. This remote-working model included the use of secure VPN clients for all staff members and cloud-based collaboration solutions mainly in the form of Microsoft Office365. Other core systems related to data collection for statistical purposes from operators and the Authority's Intranet

were also upgraded as per schedule to support the MCA's changing requirements.

Governance and Performance Planning

Financial autonomy is an important pillar in the maintenance of the MCA's status as an independent and effective regulator as well as to achieve desired targets in the case of other mandated non-regulatory activities. The Authority is therefore committed to maintaining its accountability framework to the highest standards by ensuring that its financial reporting accurately reflects the activities carried out, and the related incomes and expenditures. In doing so, the MCA upholds principles of good governance, ensuring that it has adequate finances to meet its mandate. Thereby the MCA can deliver the best possible service to stakeholders while ensuring it remains fully accountable for its activities.

The MCA is committed to maintaining an efficient and effective strategic and business planning function together with the monitoring of actual performance against set targets. The MCA consistently reviews its activities on an ongoing basis, assessing whether outputs and outcomes are being attained and re-evaluating its plans accordingly. Performance planning cascades from the strategic and business planning tier to individual staff performance assessments.





LEGISLATION
AND LITIGATION

LEGISLATION

The following is a list of laws enacted or made during 2021.

Primary legislation

The following Acts were enacted:

- Act XXXIII of 2021, entitled 'Communications Laws (Amendment) Act, 2021', amended the Malta Communications Authority Act (Chapter 418) and the Electronic Commerce Act (Chapter 426), implementing various enforcement measures required under the Regulation (EU) 2017/2394 of the European Parliament and of the Council of 12 December 2017 on cooperation between national authorities responsible for the enforcement of consumer protection laws and repealing Regulation (EC) No 2006/2004 ('CPC Regulation) in so far as these relate to the various laws administered by the MCA. The aforesaid Act introduced amendments relating to the role of the Chief Executive Office of the MCA and some changes to Electronic Commerce Act in line with applicable EU norms as provided for in Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 (Directive on electronic commerce).
- Act LII of 2021, entitled 'Communications Laws (Amendment No. 2) Act, 2021', amended three laws partly implementing Directive (EU) 2018/1972 of the European Parliament and of the Council of 11 December 2018 establishing the European Electronic Communications Code ('EECC'). The laws amended were respectively the Utilities and Services (Regulation of Certain Works) Act (Chapter 81), the Electronic

Communications (Regulation) Act (Chapter 399), and the Malta Communications Authority Act (Chapter 418). The amendments factored primarily high-level amendments relating to the structural regulatory set-up, the enforcement powers and the role of the MCA, with the more detailed norms made under separate subsidiary legislation through L.N. 378 of 2021 and L.N. 379 of 2021.

Subsidiary legislation

Legal Notices published in 2021:

- L.N. 10 of 2021, entitled 'Electronic Communications Networks and Services (General) (Amendment) Regulations, 2021', provided for a clarification in line with EU norms on interoperability of car radio receivers.
- L.N. 68 of 2021, entitled 'Radiocommunications (Certificates of Operators) (Revocation) Regulations, 2021', revoked the Radiocommunications (Certificates of Operators).
- L.N. 103 of 2021, entitled 'Electronic Trust Services (Remote Identification Procedures) Regulations, 2021', regulates the use of remote identification procedures in relation to the provision of electronic trust services.
- L.N. 164 of 2021, entitled 'Electronic Communications Networks and Services (General) (Amendment No. 2) Regulations, 2021', amended the fees applicable in relation to the rights of use of various radio frequencies.
- L.N. 296 of 2021, entitled 'Commencement Notice in relation to the Communications Laws (Amendment) Act 2021 as per

Act No. XXXIII of 2021', brought into force the amendments to various communications laws following the enactment of the Communications Laws (Amendment) Act, 2021.

- L.N. 377 of 2021, Commencement Notice in relation to the Communications Laws (Amendment No. 2) Act 2021 as per Act No. LII of 2021), brought into force the amendments to various communications laws following the enactment of the Communications Laws (Amendment No.2) Act, 2021.
- L.N. 378 of 2021, entitled 'Emergency Communications, the Single European Emergency Call Service ("112" Number) and the European Harmonised Services of Social Value ("116" Numbering Range) Regulations, 2021', provided for the transposition of Articles 96, 109 and 110 of the EECC whilst repealing 'The Single European Emergency Call service ('112' number) the European Harmonised Services of Social Value ("116" Numbering Range) Regulations' as per S.L. 399.43.
- L.N. 378 of 2021 regulates the use of the single European Emergency Call Service ('112' Number), the European Harmonised Services of Social Value ('116' Numbering range) and the public warning system in the case of major emergencies.
- L.N. 379 of 2021, entitled 'Electronic Communications Networks and Services (General) Regulations, 2021', complements the amendments made to primary legislation as per Act LII of 2021 in relation to the transposition of the EECC. Subjects dealt with include competition, general authorisation, provision of information, surveys and consultation mechanism, internal market procedures, security of networks and services, market entry and deployment, access, universal service obligations, numbering resources, end-user rights, and protection of privacy. In doing so, the aforesaid L.N. provides for the revocation of L.N.

273 of 2011 entitled 'Electronic Communications Networks and Services (General) Regulations, 2011'.

- L.N. 381 of 2021, entitled 'General Authorisations (Radiocommunications Apparatus) (Amendment) Regulations, 2021', provided for the amendment to the General Authorisations (Radiocommunications Apparatus) Regulation in order to comply with EU onerous requirements.
- L.N. 405 of 2021, entitled 'Online Intermediation Services for Business Users (Enforcement Measures) Regulations, 2021', provided for enforcement measures in compliance with Regulation (EU) 2019/1150 of the European Parliament and of the Council of 20 June 2019, on promoting fairness and transparency for business users of online intermediation services.

LITIGATION

Appeals before the Administrative Review Tribunal (ART)

Whilst no new appeals were filed before ART during 2021, there were two outstanding appeals at the end of the year, namely:

- Contestation by MaltaPost plc of a regulatory decision by the MCA dated 3rd August 2020 whereby MaltaPost were required to pay the sum of €10,159 under the collective compensation scheme for having failed to comply with the quality of service measurement targets for 2019.
- Contestation by Vodafone (Malta) Ltd (now EPIC Communications Ltd) of a regulatory decision (issued February 2016) on virtual unbundled access to fibre-to-the home (VULA).



Litigation before the First Hall of the Civil Court

In 2021 there was no pending litigation.

Appeals before the Court of Appeal

In 2021 there was no pending litigation before the Court of Appeal (Inferior).

In 2021 the following cases were pending before the Court of Appeal (Superior):

- An appeal filed by Melita contesting a ruling by the Director General (DG) (Consumer Affairs) within the Malta Competition and Consumer Affairs Authority (MCCAA) whereby the DG (Consumer Affairs) had, after a complaint by the MCA, determined that Melita had acted in breach of the Consumer Affairs Act (Cap. 378 of the Laws of Malta) in relation to advertising using the word 'unlimited' to promote certain products. In doing so, the DG imposed both a daily and a one-off fine on Melita. Subsequently, Melita contested this decision before the Competition and Consumer Appeals Tribunal. The MCA had, during the proceedings before the aforesaid Tribunal, intervened as a party interested in the outcome having originally submitted the complaint which gave rise to the subject matter of the proceedings. In February 2016, the Tribunal confirmed

the DG's ruling. Melita subsequently appealed this decision before the Court of Appeal (Superior). The case is awaiting a first appointment before the aforesaid Court of Appeal.

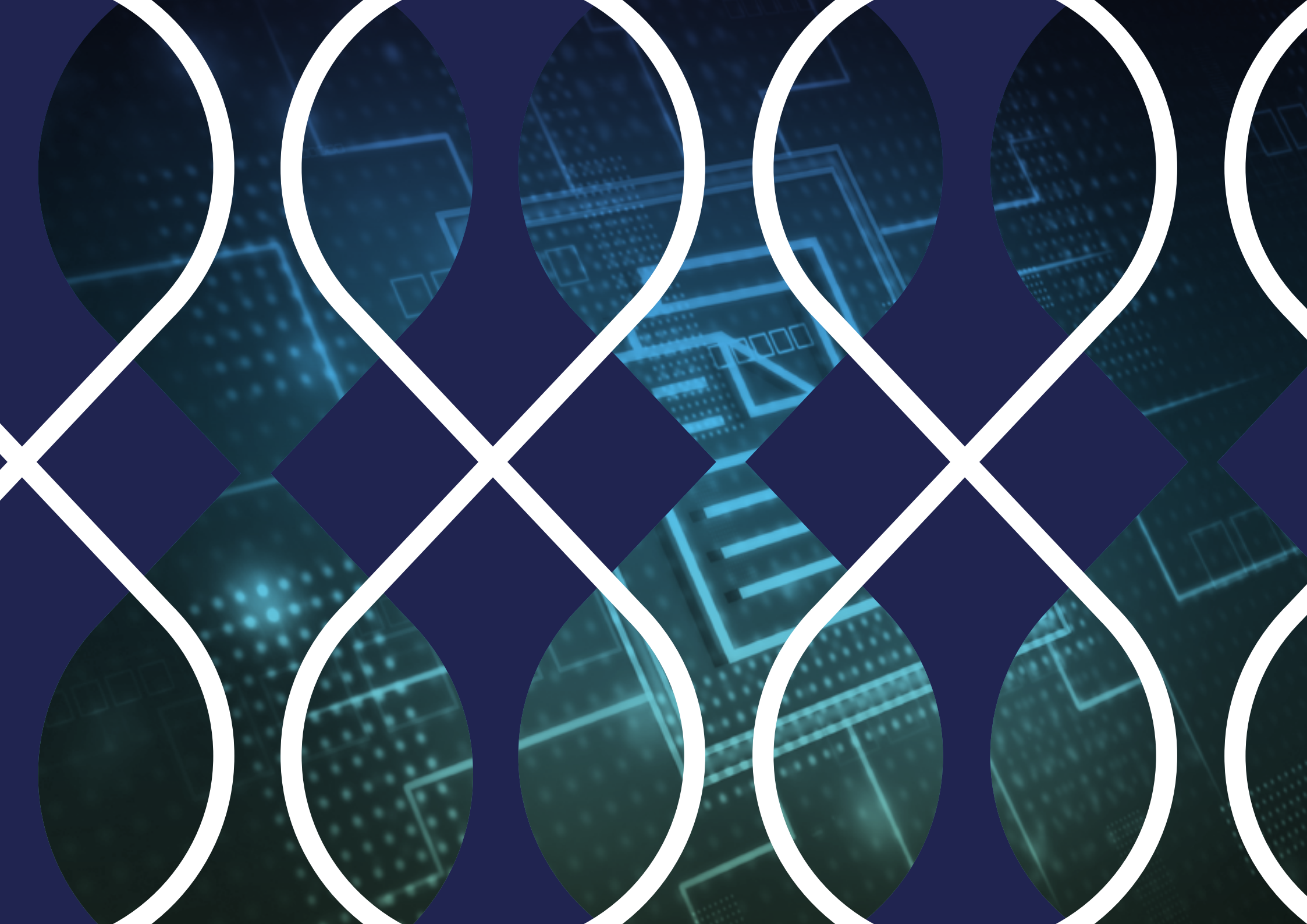
- An appeal filed jointly by Vodafone and GO contesting a judgment by the First Hall concerning legal interception fees collected by MCA on behalf of Government and of the Security Service (see above under 'Litigation before the First Hall of the Civil Court'). This appeal is waiting for a first appointment before the Court of Appeal (Superior Competence).

Inter-operator Disputes or Complaints

During 2021 no inter-operator disputes or complaints were filed.

Due diligence procedures undertaken by the MCA

During 2021 no such procedures were undertaken by the MCA.





CONSULTATIONS
AND DECISIONS



CONSULTATIONS

- **Additional spectrum for wireless broadband electronic communications services**

Published 5th February 2021

A consultation in relation to the assignment process for spectrum in the 700 MHz, 3.6 GHz and 26 GHz bands and the conditions attached to the resulting rights of use.

- **New Prices for Certain Postal Services**

Published 31st May 2021

A consultation on revisions to postal tariffs proposed by MaltaPost plc.

- **Licensing regime for short-range radiocommunications apparatus operating below 9 kHz**

Published 22nd June 2021

Proposed revisions to the General Authorisations (Radiocommunications Apparatus) Regulations.

- **Consultation on the assignment process of radio spectrum in the VHF band for Terrestrial Digital Audio Broadcasting Services in Malta**

Published 20th August 2021

A consultation paper putting forward proposals about the spectrum award process and the conditions associated with the rights of use spectrum.

- Consultation and Proposed Decision on GO plc's application for funding relating to universal service obligations on electronic communications services during 2017**
Published 2nd September 2021
 Consultation paper on the review of GO plc's application for funding of the net costs claimed to have been incurred during 2017 for the provision of universal service obligations in the electronic communications sector.
- Modalities of Payment for General Authorisations and Rights of Use under the Electronic Communications (Regulation) Act**
Published 26th October 2021
 A consultation proposing a new Directive on the Modalities of Payment for General Authorisations and Rights of Use under the Electronic Communications (Regulation) Act.
- Consultation on proposed amendments to the general authorisation regime for radiocommunications apparatus**
Published 29th October 2021
 A consultation paper describing proposed amendments to the general authorisation regime for radiocommunications apparatus.
- Source of Funding for the net cost incurred in providing universal service obligations during 2017**
Published 2nd November 2021
 A proposed decision on the source of funding of the net cost found to be incurred by GO plc for providing specific universal services during 2017.
- Modalities of Payment for Authorisations under the Postal Services Act - Consultation on proposed amendment to the Directive**
Published 10th December 2021
 A consultation on amendments to the Directive on the Modalities of Payment for Authorisations under Postal Act.
- Number Portability in Malta - Consultation and Proposed Decision**
Published 15th December 2021
 A consultation document putting forward various proposed updates to the number portability regime in Malta that are required following the transposition of the European Electronic Communications Code into national legislation.

DECISIONS

- **Review of Universal Service Obligations on Electronic Communication Services, Response to Consultation and Decision**

Published 30th March 2021

An interim decision on Universal Service Obligations on Electronic Communication Services taking into consideration evolving market and technological needs.

- **Additional spectrum for wireless broadband electronic communications services**

Published 7th April 2021

A decision establishing the assignment process in respect of spectrum in the 700 MHz, 3.6 GHz and 26 GHz bands and the conditions attached to the resulting rights of use.

- **New Prices for Certain Postal Services**

Published 23rd June 2021

Following formal requests by MaltaPost to review tariffs for certain postal services, the Malta Communications Authority (MCA) reviewed the proposals and published its Decision.

- **Review of GO plc's application for funding of the net cost claimed to have been incurred to provide universal service obligations during during 2017 — Decision Notice**

Published 8th October 2021

Decision notice on the review of GO plc's USO claim for funding of the net cost it incurred during financial year 2017 for the provision of universal service obligations.

- **Broadband as a Universal Service: Ensuring the availability of an adequate broadband internet access service, including the underlying connection, at a fixed location – Decision Notice**

Published 22nd October 2021

Decision notice on the availability of an adequate broadband internet access service, including the underlying connection at a fixed location, as a universal service.

- **Decision on the Source of Funding for the net cost incurred in providing universal service obligations during 2017**

Published 22nd November 2021

Decision on the source of funding for the net cost incurred by GO plc for the provision of universal service obligations in the electronic communications sector during 2017.

- **Modalities of Payment for General Authorisations and Rights of Use under the Electronic Communications (Regulation) Act**

Published 14th December 2021

This Directive replaces (MCA) Directive Number 1 on the Modalities of Payment for General Authorisations and Rights of Use issued on the 4th November 2004 and subsequently amended by (MCA) Directives No. 1 of 2007 and No. 2 of 2017. The purpose of this new Directive is to regulate the manner in which fees established under the Twelfth Schedule of the Electronic Communications Networks and Services (General) Regulations (as per SL. 399.48 of the Laws of Malta) are paid to the MCA.





FINANCIAL
STATEMENTS

GENERAL INFORMATION

The Malta Communications Authority (“the Authority”) was established by virtue of the Malta Communications Authority Act, Cap. 418 of the Laws of Malta.

Board Members of the Authority

Mr J. Bugeja (Acting Chairman)

Ms G. Farrugia

Mr M. Musu

Mr K. Abela

Mr M. Fava

Dr. A. Mizzi

Mr. M. Zammit

Bankers

Bank of Valletta plc

St. Anne’s Square

Floriana

MALTA

APS Bank Ltd.

APS Centre

Tower Street

Birkirkara BKR 4012

MALTA

Head Office

Malta Communications Authority

Valletta Waterfront

Pinto Wharf

Floriana FRN 1913

MALTA

Auditor

Ernst & Young Malta Limited

Certified Public Accountants

Regional Business Centre

Achille Ferris Street

Msida MSD 1751

MALTA

Report of The Board Members of the Authority

The Board Members of the Authority submit their annual report together with the audited financial statements for the year ended 31 December 2021.

Principal activity

The Malta Communications Authority was established by virtue of the Malta Communications Authority Act, Cap. 418 of the Laws of Malta, for the purposes of carrying out the functions defined in the said Act. By virtue of Legal Notice 280 of 2000 the Minister for Transport and Communications nominated the Malta Communications Authority to be the Competent Authority to regulate communications services in Malta with effect from 1 January 2001.

Furthermore, by virtue of Legal Notice 835 of 2004, the Minister for Competitiveness and Communications nominated the Malta Communications Authority to fulfil the functions for the management of authorisations in respect of apparatus for which a frequency assignment is required, or used by merchant ships or other seagoing vessels, with effect from 30 July 2004. The Malta Communications Authority was nominated as the competent entity under the E-Commerce Act as from 10 May 2002 as per L.N. 110 of 2002.

The Malta Communications Authority became responsible for the Postal Services Act, Cap. 259 of the Laws of Malta, as from 1 June 2003 as per L.N. 129 of 2003.

Results

By virtue of the Electronic Communications (Regulation) Act, Cap. 399 of the Laws of Malta, authorised undertakings shall pay the Authority administrative charges to cover the costs of Regulating Electronic Communications incurred by the Authority and fees for rights of use of scarce resources.

The total net operating income generated by the Authority during the year amounted to EUR12,119,672 (2020: EUR11,309,930) out of which licensing and usage fees for scarce resources, amounting to EUR8,173,132 (2020: EUR7,340,460) were transferred to the Government of Malta. After meeting all expenditure of EUR3,902,240 (2020: EUR3,959,651) the Authority closed off the year with a surplus, net of taxation, of EUR41,737 (2020: EUR23,812).

Expenditure incurred by the Authority not in connection with electronic communications, amounting to EUR917,153 (2020: EUR989,248), has been deducted from usage fees for scarce resources forwarded to the Government of Malta.

Board Members of the Authority

The Board Members who served during the year under review were as noted on page 2.

In accordance with Part II, Section 3 of the Malta Communications Authority Act, Cap. 418 of the Laws of Malta, the Chairman and the other Members of the Authority are appointed by the Minister responsible for communications. The Members of the Authority are appointed by the Ministry for a maximum period of three years but may be re-appointed on the expiration of their term of office.



Statement of responsibilities of the Board Members of the Authority

The Malta Communications Authority Act, Cap. 418 of the Laws of Malta section 20, requires the Authority to keep proper books of accounts and other records in respect of its operations and to prepare a statement of accounts in respect of each financial year.


Auditor

Ernst & Young Malta Limited have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the board members' meeting.

The report of the Members was approved and signed on their behalf by:



MR. J. BUGEJA
Acting Chairman



DR. A. MIZZI
Member

12 April 2022

Independent Auditor's Report to the Board Members of the Malta Communications Authority

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Malta Communications Authority ("the Authority") set on pages 8 to 21, which comprise the balance sheet as at 31 December 2021 and the income statement, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Authority as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-sized Entities) Regulations 2015 and the Schedule accompanying and forming an integral part of those regulations ("GAPSME"), and the requirements of the Malta Communications Authority Act, Cap. 418 of the Laws of Malta.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Authority in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) as issued by the International Ethics Standards Board of Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 of the Laws of Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The members are responsible for the other information. The other information, which we obtained at the date of the auditor's report, comprises the General Information and the Report of the Members of the Authority, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent

with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the members for the financial statements

The members are responsible for the preparation and fair presentation of the financial statements in accordance with GAPSME and the requirements of the Malta Communications Authority Act, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is the intention to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members.
- conclude on the appropriateness of the members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future

events or conditions may cause the Authority to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



The partner in charge of the audit resulting in this independent auditor's report is Christopher Balzan for and on behalf of

Ernst & Young Malta Limited
Certified Public Accountants

12 April 2022

Income Statement For the year ended 31 December 2021

	Notes	2021 EUR	2020 EUR
Income			
Revenue	3	12,119,442	11,300,261
Other income	4	230	9,669
		12,119,672	11,309,930
Expenditure			
Staff costs	5	(2,708,325)	(2,715,889)
Operating and administrative expenses	6	(967,456)	(1,806,107)
Depreciation	10	(226,459)	(160,204)
		8,217,432	7,350,279
Operating surplus			
Finance (expense) / income	7	(2,461)	14,010
		8,214,971	7,364,289
Transfers to Government	8	(8,173,132)	(7,340,460)
		41,839	23,829
Surplus before taxation			
Taxation	9	(102)	(17)
Surplus for the financial year		41,737	23,812

The accounting policies and explanatory notes on pages 12 to 21 form an integral part of the financial statements.

Balance Sheet As at 31 December 2021

	Notes	2020 EUR	2019 EUR
ASSETS			
Non-current assets			
Property, plant and equipment	10	<u>617,645</u>	769,712
Current assets			
Trade and other receivables	11	<u>2,114,726</u>	1,278,368
Income tax receivable		<u>18,186</u>	24,459
Cash and short-term deposits	15	<u>2,974,578</u>	4,084,981
Total current assets		<u>5,107,490</u>	5,387,808
TOTAL ASSETS		<u>5,725,135</u>	6,157,520
EQUITY AND LIABILITIES			
Reserve			
Retained earnings	12	<u>874,765</u>	833,028
Current liabilities			
Trade and other payables	13	<u>4,850,370</u>	5,324,492
Total liabilities		<u>4,850,370</u>	5,324,924
TOTAL EQUITY AND LIABILITIES		<u>5,725,135</u>	6,157,520

The accounting policies and explanatory notes on pages 12 to 21 form an integral part of the financial statements.

The financial statements on pages 8 to 21 have been authorised for issue by the Members on 12th April 2022 and were signed on their behalf by:



MR. J. BUGEJA
Acting Chairman



DR. A. MIZZI
Member

Statement of Changes in Equity for the year ended 31 December 2021

	Retained earnings EUR
FINANCIAL YEAR ENDED 31 DECEMBER 2021	
Balance at 1 January 2021	833,028
Surplus for the year	41,737
Total comprehensive income	41,737
Balance at 31 December 2021	874,765
FINANCIAL YEAR ENDED 31 DECEMBER 2020	
Balance at 1 January 2020	809,216
Surplus for the year	23,812
Total comprehensive income	23,812
Balance at 31 December 2020	833,028

The accounting policies and explanatory notes on pages 12 to 21 form an integral part of the financial statements.

Statement of Cash Flows for the year ended 31 December 2021

	Note	2020 EUR	2019 EUR
Operating activities		41,839	23,812
Surplus before taxation			
Non-cash adjustment to reconcile surplus before tax to net cash flows:			
Depreciation of property, plant and equipment		226,459	224,893
Loss on disposal of property, plant and equipment		114	-
Movement in provision for doubtful debts		-	(2,492)
Transfers to Government		8,165,108	7,208,653
Finance expense / (income)		2,461	(14,010)
Working capital adjustments:			
Movement in trade and other receivables		(1,212,407)	521,286
Movement in trade and other payables		(474,122)	465,920
		6,749,452	8,428,062
Interest (paid) / received		(2,461)	14,010
Income tax paid		(102)	(19,523)
Income tax refunded		6,273	-
Net cash flows from operating activities		6,753,162	8,422,549
Investing activities			
Purchase of property, plant and equipment		(74,506)	(494,349)
Net cash flows used in investing activities		(74,506)	(494,349)
Financing activities			
Funds paid to Government		(7,789,059)	(7,909,664)
Net cash flows used in financing activities		(7,789,059)	(7,909,664)
Net (decrease) / increase in cash and cash equivalents		(1,110,403)	18,536
Cash and cash equivalents at 1 January		4,084,981	4,066,445
Cash and cash equivalents at 31 December	15	2,974,578	4,084,981

The accounting policies and explanatory notes on pages 12 to 21 form an integral part of the financial statements.

Notes to the Financial Statements

1. General Information

The Malta Communications Authority (“the Authority”) was established on 1 January 2001 by virtue of the Malta Communications Authority Act Cap. 418 of the Laws of Malta. The Authority is a body corporate having a distinct legal personality with its legal representation jointly vested in the Chairman and the Director General.

The purpose of the Authority is to ensure freedom of communication and that communication shall not be limited except when this is necessary for any of the reasons set out in Section 4 (1)(a) of the Malta Communications Authority Act, Cap. 418 of the Laws of Malta, and to ensure non-discrimination and equality of treatment in matters related to communications. It shall in particular be the duty of the Authority to exercise such regulatory function in the field of communications under the provisions of the Electronic Communications (Regulation) Act, Cap. 399 of the Laws of Malta, and as may from time to time be assigned to the Authority by or under an Act of Parliament. The Authority shall also carry out various other related functions and duties as set out in Section 4 (3) of the Act.

2.1 Basis of Preparation and Statement of Compliance

The financial statements have been prepared under the historical cost convention and are presented in Euro. These financial statements have been prepared in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations 2015 and the Schedule accompanying and forming an

integral part of those Regulations (“GAPSME”) and comply with the provisions of the Malta Communications Authority Act, Cap. 418 of the Laws of Malta.

The financial statements have been prepared on a going concern basis. Covid-19 had minimal impact on the financial performance and position of the Authority during 2021 and is not expected to have a significant impact on its going concern.

2.2 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Authority and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised.

Revenue from licences is recognised on the issue of a new licence or on the renewal date. Such revenue is recognised in the statement of comprehensive income over the year to which the licence relates. The unexpired portion of annual fees billed in advance is recognised as deferred income in the statement of financial position.

Administration charges consist of amounts receivable from operators in respect of costs incurred by the Authority in ensuring compliance with the regulatory framework. Such revenue is recognised in the statement of comprehensive income over the year in which the related charges are incurred.

Usage fees consist of amounts collected by the Authority for rights of use of scarce resources as established under Part B of the Eighth Schedule of the Electronic Communications Networks and Services (General) Regulations, 2013 (SL399.28) and Part B of the Twelfth Schedule of the Electronic Communications Networks and Services (General) Regulations, 2021 (SL399.48). Revenue is recognised in the statement of comprehensive income over the year during which the respective scarce resources were being utilised.

Postal licensing fees consist of licences collected by the Authority in accordance with the First Schedule to the Postal Services General Regulations of 2005 (LN328/05). Such revenue is recognised in the statements of comprehensive income over the year to which the license relates.

Government subvention contributed to the Authority through a vote in parliament is accrued for in accordance with the Authority's approved budget for the year.

Interest income is recognised as the interest accrues using the effective interest method.

Retirement benefit costs

The Authority contributes towards the state pension in accordance with local legislation and does not provide for other contributions

or retirement benefit plans or pensions. Related costs are expensed during the period in which they are incurred.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhead costs, are normally charged to the statement of comprehensive income in the period when they are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalised as an additional cost.

Depreciation is calculated using the straight-line method to write off the cost of the assets to their residual values over their estimated useful lives as follows:

	%
Building improvements	20
Computer equipment	16.67 – 33.33
Fixtures, fittings and equipment	10 – 20
Motor vehicles	20

The useful life and depreciation method is reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of tangible assets.

Collectables and antiques are not depreciated.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of comprehensive income in the year the asset is derecognised.

Impairment of assets

The Authority assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Authority makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised

impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Trade and other receivables

Trade receivables are recognised and carried at original invoice amount. A provision for impairment is made when there is objective evidence that the Authority will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectable.

Financial instruments

Financial assets and financial liabilities carried on the statement of financial position include cash and cash equivalents, trade and other accounts receivable and payable. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in this note.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement.

Interest, dividends, gains, and losses relating to a financial instrument classified as a liability are reported as expense or income as incurred. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Authority has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

The de-recognition of a financial instrument takes place when the Authority no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Trade and other payables

Liabilities for amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received. Trade and other payables are recognised when the Authority has a present obligation whether or not billed to the Authority.

Taxation

The charge for current taxation is based on the results for the year as adjusted for items which are non-assessable to or disallowed for tax. It is calculated using tax rates that were applicable at the date of the statement of financial position.

Deferred taxation

Deferred taxation is determined under the liability method in respect of all material temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised as income or expense and included in the statement of comprehensive income for the period, except to the extent that the tax arises from a transaction or event which is recognised directly in equity.

Deferred tax assets are recognised only to the extent that future taxable profits will be available such that realisation of the related tax benefit is probable.

Foreign currencies

The Authority's financial statements are presented in Euro, which is the Authority's functional and presentation currency. Transactions in foreign currencies have been converted into Euro at the rates of

exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated into Euro at the rates of exchange ruling at the statement of financial position date. All resulting differences are taken to the statement of comprehensive income.

Related parties

The term 'related party' refers to other Government-controlled entities.

Cost Apportionment Methodology

In 2011, the Authority revised its cost apportionment methodology with respect to the apportionment of indirect costs levied on the Authority's various activities. Indirect costs are being allocated on various activities other than Electronic Communication Activities using a modified incremental cost model which utilises staff time recordings based on monthly time sheets as its main cost driver. All remaining direct related costs are directly apportioned to the activity to which they pertain.

2.3 Significant Accounting Judgements, Estimates and Assumptions

In preparing the financial statements, the members are required to make judgments, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements. These estimates are reviewed

on a regular basis and, if a change is needed, it is accounted in the period the changes become known.

In the opinion of the members, the accounting estimates, assumptions and judgments made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised) - 'Presentation of financial statements'.

3. Revenue

The revenue generated by the Authority is made up of:

	2021	2020
	EUR	EUR
Administrative charges	2,817,216	2,794,239
Rights of way income and postal licensing (note i)	1,056,149	1,115,418
Usage fees for scarce resources (note i)	7,043,920	6,148,374
Application fees and other operating income (note i)	1,202,157	1,242,230
	12,119,442	11,300,261

i) All revenue generated from rights of way income, postal licensing, usage fees for scarce resources and application fees is transferred to the Government of Malta (note 8), except for an amount of EUR

917,153 (2020: EUR 989,248) intended to finance expenses incurred by the Authority not in connection with electronic communications.

4. Other Income

Other income relates to fines imposed by the Authority amounting to EUR 230 (2020: EUR9,669).

5. Employee Information

a. Staff costs

The total employment costs were as follows:

The Authority:

	2021	2020
	EUR	EUR
Members' emoluments	98,858	105,403
Wages and salaries	2,452,419	2,243,230
Social security costs	157,048	141,331
	<u>2,708,325</u>	<u>2,489,964</u>

b. Staff numbers

The average number of persons employed full time by the Authority during the year amounted to 74 (2020: 67).

6. Operating and Administrative Expenses

	2021	2020
	EUR	EUR
The Authority		
Outsourced project costs	11,472	268,711
Corporate administrative expenses	548,612	575,044
Public relations and communications	140,343	137,009
Travelling expenses	14,308	14,312
Auditor's remuneration	11,446	11,446
Rental expenses	157,621	154,805
Administrative Services rendered by the Ministry for Infrastructure, Transport and Communications	83,654	66,663
	<u>967,456</u>	<u>1,227,990</u>
EU-funded projects		
Travelling expenses	-	222
Outsourced project costs	-	16,582
	<u>-</u>	<u>16,804</u>
Total operating and administrative expenses	967,456	1,244,794

7. Finance (Expense) / Income

	2021	2020
	EUR	EUR
On cash and short-term deposits	680	116
On amounts due from debtors	2,539	4,729
Fair Value movement on short-term deposits	(5,680)	9,165
	<u>(2,461)</u>	<u>14,010</u>

8. Transfers to Government

These amounts represent the gross rights of way income, postal licensing, usage fees for scarce resources and radio communication licences (included as part of application fees and other income) which are being transferred to the Government as provided by section 14 (4) of the Malta Communications Authority Act, Cap. 418 of the Laws of Malta.

This amount is net of expenses incurred by the Authority which were not in connection with Electronic Communications amounting to EUR 917,153 (2020: EUR 989,248).

9. Taxation

	2021	2020
	EUR	EUR
Current tax	102	17
Deferred tax (note i)	-	-
	<u>102</u>	<u>17</u>

The taxation on surplus on ordinary activities differs from the theoretical taxation expense that would apply on the Authority's surplus before transfers to Government and taxation using the applicable tax rate in Malta of 35% (2020: 35%) as follows:

	2021	2020
	EUR	EUR
Surplus before transfers to Government and taxation	8,214,971	7,364,289
Theoretical taxation expense at 35%	2,875,240	2,577,501
Tax effect of		
• income not subject to tax	(2,858,608)	(2,572,369)
• difference between capital allowances and depreciation	(16,394)	(5,092)
• income subject to different tax rates	(136)	(23)
	<u>102</u>	<u>17</u>

i) Under the legislation in force governing the operations of the Authority, the Authority charges administrative fees to the service providers equivalent to its cost. Moreover, all the license fees collected are transferred to the Government. Since the Authority is not expected to generate any taxable profits, management is of the opinion that no deferred tax asset should be accounted for. In view of this fact, the potential deferred tax asset amounting to EUR 108,387 (2020: EUR 36,721) has not been accounted for in these financial statements.

10. Property, Plant And Equipment

	Building improvements EUR	Computer equipment (i) EUR	Fixture, fitting and equipment EUR	Motor vehicle EUR	Total EUR
Cost					
At 1 January 2020	374,490	1,788,436	487,425	89,682	2,740,033
Additions	-	480,853	13,496	-	494,349
Disposals	-	(80,472)	(14,519)	-	(94,991)
At 31 December 2020	374,490	2,188,817	486,402	89,682	3,139,391
Additions	-	73,303	1,203	-	74,506
Disposals	-	-	(2,523)	-	(2,523)
At 31 December 2021	374,490	2,262,120	485,082	89,682	3,211,374
Depreciation					
At 1 January 2020	354,550	1,375,211	436,017	74,000	2,239,778
Depreciation charge for the year	10,222	197,187	12,264	5,219	224,893
Depreciation released on disposal	-	(80,472)	(14,519)	-	(94,991)
At 31 December 2020	364,772	1,491,926	433,762	79,219	2,369,679
Depreciation charge for the year	7,891	201,452	11,897	5,219	226,459
Depreciation released on disposal	-	-	(2,409)	-	(2,409)
At 31 December 2021	372,663	1,693,378	443,250	84,438	2,593,729
Net book value					
At 31 December 2021	1,827	568,742	41,832	5,244	617,645
At 31 December 2020	9,718	696,891	52,640	10,463	769,712

i. Total additions of Spectrum Management Equipment and Software amounting to EUR 17,842 (2020: EUR460,954) are included with Computer equipment. The total net book value of this category as at 31 December 2021 amounted to EUR 517,941 (2020: EUR 656,836).

11. Trade And Other Receivables

	2021 EUR	2020 EUR
Trade receivables (note i)	1,731,127	672,889
Prepayments	329,518	174,292
Amount due from Government	54,081	430,130
Other receivables	-	1,057
	<u>2,114,726</u>	<u>1,278,368</u>

i. Trade receivables are non-interest bearing and are generally on a 30-day term. Trade receivables are stated net of provision for doubtful debts of nil amount (2020: Nil).

Past due but not impaired

	Total EUR	Neither past due nor impaired EUR	30-60 days EUR	60-90 days EUR	>90 days EUR
2021	1,731,127	1,626,496	33,818	2,910	67,903
2020	672,889	582,888	10,837	1,867	77,296

12. Reserve

The balance on the retained earnings in the statement of financial position as at 31 December 2021 represents the resulting net accumulated surplus over the years.

13. Trade And Other Payables

	2021 EUR	2020 EUR
Deferred income (note i)	4,343,674	4,377,927
Accruals	273,685	648,894
Social security contributions and other taxes	56,828	56,048
Trade and other payables (note ii)	<u>176,183</u>	<u>241,623</u>
	<u>4,850,370</u>	<u>5,324,492</u>

i. Deferred income comprises of the unexpired portion of annual fees billed in advance together with the surplus of administrative charges, amounting to EUR 330,092 (2020: EUR 526,599) paid by undertakings authorised to provide electronic communication services and/or operate electronic communications networks, over the administrative expenses incurred by the Authority in the discharge of its functions. The Authority shall make appropriate repayments or compensation in relation to such surplus in accordance with the Electronic Communications (Regulation) Act and the Directive of 2004, as amended by Directive No. 1 of 2007, on modalities of payment for general authorisations and rights of use.

ii. Trade and other payables consist of trade payables which are non-interest bearing and are normally settled on 60-day terms.

14. Related party disclosures

Transactions with key management personnel

During the year ended 31 December 2021, short-term employee benefits to key management personnel amounted to EUR 409,995 (2020: EUR 398,643).

Other related party transactions

The Authority has undertaken the following transactions with the Government of Malta as follows:

	2021	2020
	EUR	EUR
Payments to Government of Malta	<u>7,789,059</u>	<u>7,909,664</u>

Related party balances

Outstanding balances with related parties as at 31 December 2021 are disclosed in note 11 and note 13.

15. Cash And Short-Term Deposits

	2021	2020
	EUR	EUR
Cash at bank and in hand	2,451,725	3,556,447
Short-term deposits	<u>522,853</u>	<u>528,534</u>
	<u>2,974,578</u>	<u>4,084,981</u>

16. Contingent Liabilities

Legal claims

The Authority has a pending arbitration case filed by a third party, relating to a traffic accident involving a vehicle driven by one of the Authority's employees and used for Authority work. If the claim is decided against the defendant, then the Authority may be required to pay the awarded damages which, under the claim, are in an amount of EUR 2,325 (2020: EUR 2,325) together with legal interest as from 20 August 2015 and expenses. Outcome of such claim is still unknown.

17. Subsequent Events

There are no events after reporting date which require adjustment or disclosure in the financial statements.

