

Malta Communications Authority

Annual Report and Financial Statements 2023



MALTA COMMUNICATIONS AUTHORITY



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MALTA COMMUNICATIONS AUTHORITY

MISSION STATEMENT

TO PROMOTE AND SAFEGUARD
A COMMUNICATIONS ENVIRONMENT
THAT IS CONDUCIVE TO INVESTMENT, INNOVATION,
ECONOMIC GROWTH AND SOCIAL WELL-BEING.

1

Promote and safeguard competition in electronic communications

2

Ensure transparent, quality electronic communications services

3

Maintain open, safe, and secure communications

4

Maximise radio spectrum potential

5

Supervise digital services provision

6

Safeguard sustainable postal competition

7

Ensure transparent, quality postal services

8

Contribute to policy development

9

Conduct research and develop policies

10

Maximise operational excellence

STRATEGIC OBJECTIVES



Malta Communications Authority
Annual Report and Financial Statements 2023

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CEO's Foreword

Mr Jesmond Bugeja
MCA Chief Executive Officer



As I reflect on our 2023 Annual Report, I am struck by the profound impact that policy, technological, and market developments continue to have on our work at the Malta Communications Authority (MCA) and more broadly on society.

Communications technologies and services remain a critical foundation underpinning economic and societal activity and our role continues to evolve to meet the demands of an increasingly diverse dimensions of modern communications.

Our responsibilities, once centred primarily on telecoms and postal services, have expanded significantly to encompass a wide range of digital challenges. These challenges often overlap with traditional communications and present formidable obstacles for national regulators, given their reach across different territories, technologies, and markets.

Apps and services like WhatsApp, FaceTime, Snapchat, and Netflix have revolutionised communications, gaining popularity across all demographics. However, these advancements also bring new risks, necessitating proactive intervention by policymakers and regulators to create a safer and fairer digital environment.

In this context, the MCA has now been officially designated as Malta's Digital Services Coordinator, in addition to our roles in enforcing EU digital rules on trust services, web accessibility, and geo-blocking, amongst others. This landmark legislation represents one of the most significant overhauls of EU digital regulation in two decades, setting

a comprehensive framework for governing online platforms and services. It aims to protect users' rights, curb illegal content, enhance accountability, and ensure a fair and open digital marketplace across the European Union.

While we are honoured to lead this vital area, this brings significant responsibility. Beyond our collaboration with the European Commission and our EU counterparts, particularly through the European Board for Digital Services, we have initiated formal agreements with various national stakeholders to DSA's effective implementation and enforcement of the Act. We have also launched initiatives to raise public awareness about the DSA, recognising that educating citizens about their rights is key to maximising the benefits of this legislation.

Despite our expanding remit in the digital domain, we remain focused on the importance of traditional communications infrastructure. Malta continues to make remarkable strides in gigabit-capable connectivity and the transition to 5G, positioning itself as a leader in digital infrastructure within the European Union.

Mobile data consumption in Malta has surged by around 38.4 % from the previous year, reflecting the essential role of mobile networks in supporting modern communication needs. The MCA's regulatory efforts have fostered a competitive environment that encourages innovation and investment, ensuring that Malta's mobile networks can meet the growing demand for data services. We are also actively studying the phased retirement of older technologies, such as 2G and 3G, in collaboration with industry stakeholders to minimise risks to users.

Fixed broadband connectivity has seen significant progress with the ongoing rollout of Fiber to the Home (FTTH) networks, resulting in a 63% year-on-year increase in gigabit subscriptions. These developments are underpinned by the MCA's commitment to fostering competitive dynamics through proportionate, pro-investment regulatory measures.

To this end, the re-assessment of the wholesale fixed access markets remains a critical initiative that the MCA has embarked upon following the withdrawal, earlier this year, of its previously notified draft measure. Alongside the views expressed by the EC, BEREC, and stakeholders, the new analysis will consider ongoing and emerging market developments. The MCA remains committed to fostering a fair and competitive regulatory landscape that truly benefits both consumers and industry stakeholders.

In addition to these efforts, the MCA remains actively engaged in guiding the industry through the implementation of the European Electronic Communications Code. Although our experience with the Code is still developing, our expertise is already sought by EU institutions as they begin to assess and review the legislation. The policy debate has already begun, and by next year, the Commission is expected to submit its assessment, potentially accompanied by new proposals to update the rules. We intend to remain an integral part of this process,

particularly through our active participation in international bodies such as BEREC. In the meantime, we will continue to remain vigilant, addressing emerging issues and challenges as we did last year when we issued a decision to regulate price indexation practices to minimise potential harm to end users.

The postal services sector also remains a key focus for the MCA. The universal postal service is still vital for many, yet declining letter volumes pose a challenge to its sustainability. Last year, we conducted postal perception surveys to better inform our policy and regulatory approach moving forward. We are engaged in ongoing dialogue with the government and stakeholders to develop solutions that ensure the continued availability of efficient and sustainable postal services for all citizens.

The breadth and complexity of our work are evident, but our commitment to making communications work for everyone in Malta remains unwavering. The MCA will continue to engage openly with all stakeholders, fostering collaboration to address the diverse needs of the market. Our dedicated team at the MCA is fully committed to meeting the challenges ahead, ensuring that our communications infrastructure and regulatory frameworks continue to evolve in step with the needs of our society.

03

Board of Directors & Management Committee

MALTA COMMUNICATIONS AUTHORITY BOARD OF DIRECTORS



Mr Mark Musu
Chairperson



Mr Jesmond Bugeja
*Acting Chairperson
until 16 August 2023*



Mr Kevin Abela



Ms Graziella Farrugia



Mr Mario Fava



Dr Alexandra Mizzi



Mr Brian Scicluna



Ms Thea Borg
Board Secretary

MALTA COMMUNICATIONS AUTHORITY 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 Damian Gatt
Chief of Policy & Planning



Mr Jason Galea
Financial Controller



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



Mr Joseph Seychell
*Senior Manager, ICT &
Digital Services*

04

Electronic Communications



4.1 Market Review

Market Developments in Electronic Communications

The expansion of gigabit-capable connectivity and the transition to 5G continue to drive significant change in the local telecom sector. In 2023, operators registered progress in the take-up of most services they offered. Additionally, operators achieved new milestones in their investment programmes, delivering faster connectivity services to a growing and increasingly data-centric subscriber base.

FTTH deployment progressed well, particularly for the operator owning the copper network, which is actively migrating clients away from copper at a fast pace. Interestingly, the cable operator initiated its FTTH rollout programme in the third quarter of the year. However, the extent of this deployment in the coming months remains unclear. Just two years ago, another operator began deploying fibre and is now actively providing fixed services over this network in various localities, in addition to its mobile telephony services. In this case, the operator initially reported that the planned fibre deployment would cover significantly less than the national footprint. Meanwhile, the operator's recent data shows that deployment has stalled in the past few months. Overall, demand for services has increased. This growth, driven by both organic market expansion and operators' efforts to upgrade customers to higher-speed plans, led to a 63% year-on-year rise in gigabit subscriptions, which made up 14% of all subscriptions by the year's end. Notably, Malta ranks seventh in the EU for the share of fixed broadband subscriptions with gigabit connections, slightly below the EU average. Operators also

continued to advance the goals set by Europe's Digital Decade: digital targets for 2030, which is related to the infrastructure supporting the provision of business retail services, such as in areas involving cloud computing, IoT, and cybersecurity.

The mobile segment solidified its position as the preferred platform for voice communication, significantly at the expense of the fixed telephony service in line with the long-term market trend. However, mobile data services remained its key growth area, with data consumption rising from an average of 117GB per user in 2022 to 167GB per user in 2023. This surge also reflects the ongoing shift towards app-based communication on mobile phones which materialised despite the widespread availability of fixed broadband. This shift in data consumption puts into perspective the increase in mobile telephony subscriptions, underscored by a growing preference for post-paid (or contract-based) mobile plans, which typically include a data allowance. By the end of the year, nearly half of the mobile subscriber base had a post-paid plan, up from 45% the previous year, indicating a strong alignment with the rising demand for mobile data.

Another positive development in the sector was the increase in TV service subscriptions provided by traditional operators, which grew by 3.5% year-on-year. The TV services segment welcomed a third operator and saw the full phase-out of digital terrestrial Pay-TV service. Meanwhile, all operators sharpened their focus on app-based and internet-based content delivery while continuing to offer traditional linear TV services.

Other pockets of growth are more specific to the business user segment, where there was increased adoption of high-end data connectivity services that encompass products with more advanced features than standard fixed broadband. Additionally, a 20% year-on-year increase in subscriptions was registered for enhanced fixed telephony services, which offer advanced telephony functionalities to businesses.

4.1.1 FIXED BROADBAND

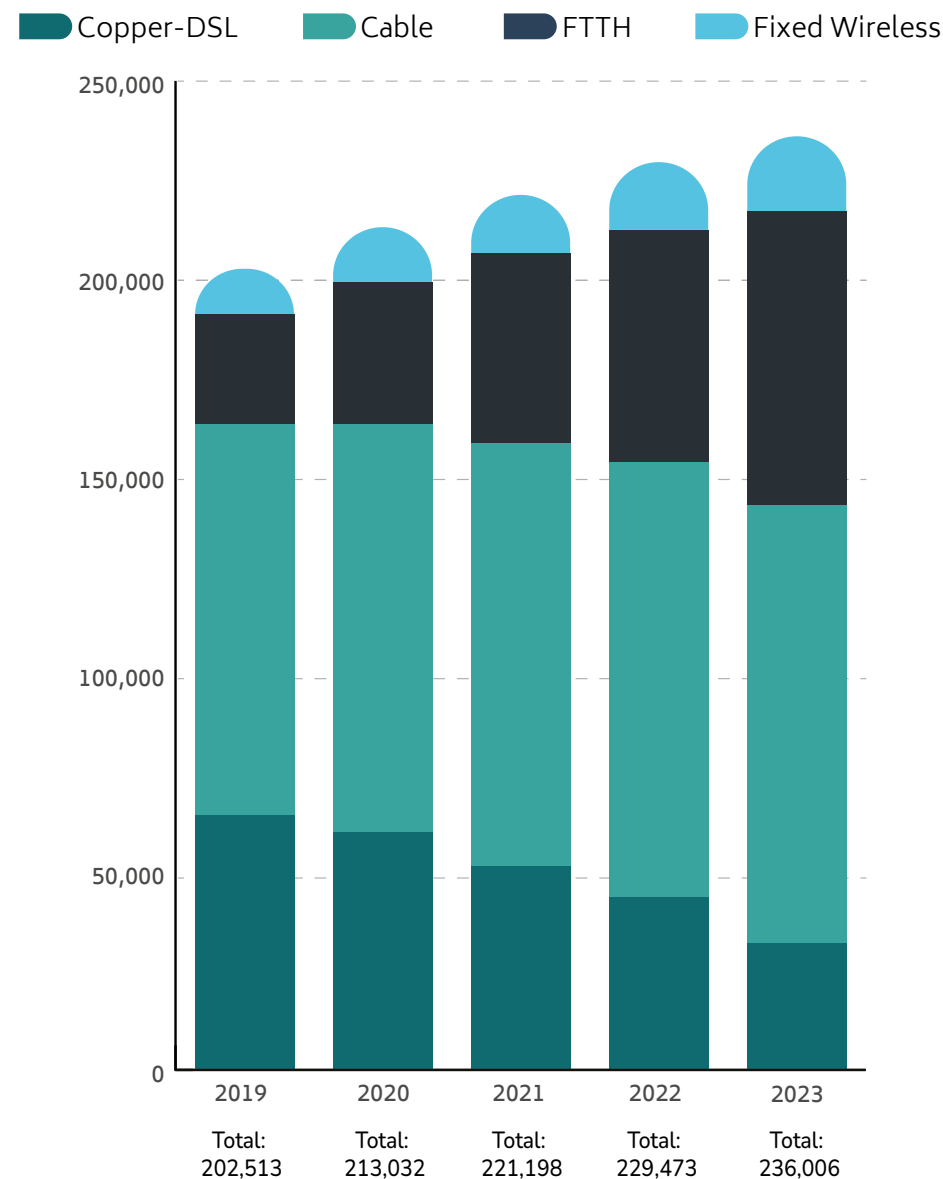
The fixed broadband segment in Malta has seen a growing demand for fast and ultra-fast broadband services. To ensure their network infrastructures can meet this demand at present and in the future, all local fixed broadband operators have been investing in their respective networks over the years. In 2023, all operators were actively deploying their own FTTH networks: GO plc (GO) began its project in 2013, Epic Communications Limited (Epic) in 2020, and Melita Limited (Melita) launched its initiative in the latter part of this year. These efforts reflect a broader transition as operators seek to future-proof their fixed networks to address market requirements.

Fixed Broadband Subscriptions

The fixed broadband subscriber base expanded by 2.8% in 2023, bringing the total number of subscriptions to 236,006 by the end of the year, corresponding to a fixed broadband penetration rate of 84%.¹

¹ The fixed broadband penetration rate is calculated based on the total number of Maltese households and the number of active registered business units.

Number of fixed broadband subscriptions by technology, as at end of period



Number of fixed broadband subscriptions by headline download speed, as at end of period

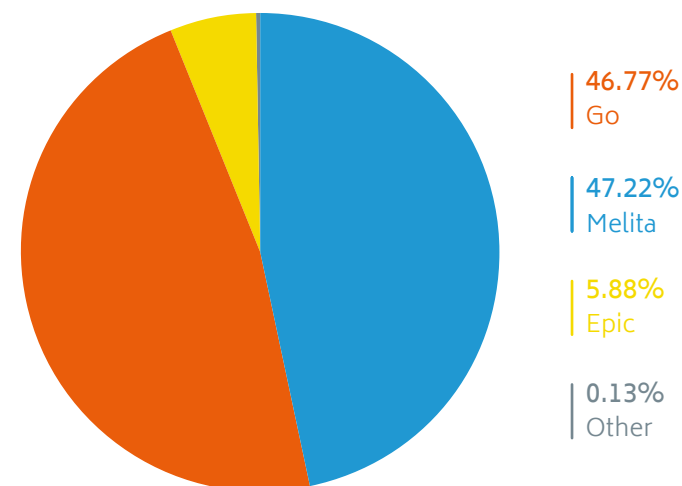
Fixed broadband subscriptions	Cable Platform	DSL Platform	FTTH Platform	Fixed Wireless	Total
< 30 Mbps	1,787	-	799	686	302
≥ 30 Mbps and < 100 Mbps	60,360	8,964	31,247	1,499	18,650
≥ 100 Mbps and < 500 Mbps	76,434	17,360	-	59,074	-
≥ 500 Mbps and < 1 Gbps	63,817	63,793	-	24	-
≥ 1 Gbps	33,608	20,551	-	13,057	-

These subscriptions utilise four technological platforms: cable DOCSIS 3.1, copper DSL, FTTH, and fixed wireless. By the end of the year, cable technology held the largest market share of fixed broadband subscriptions at 45.1%, followed by FTTH at 33.3%, copper DSL at 13.6%, and fixed wireless at 8%.

Market demand for fast and ultra-fast connectivity has grown organically. At the same time, operators have continued upgrading existing clients to higher-speed plans, generally without additional cost to the end user. Ultra-fast subscriptions (broadband with download speeds of 1Gbps or more) increased by 12,993 (63%) year-on-year. Approximately 58% of these ultra-fast subscriptions operate via the cable platform, while the remaining 42% utilise FTTH platforms.

The two long-standing operators in the provision of fixed broadband held very similar market shares, with Melita edging slightly ahead at 47.2% against GO's 46.8%. The latest entrant in the fixed broadband segment, namely Epic, held a market share of 5.9% by the end of the year. Vanilla Telecoms, which only serves a few localities in Malta, registered a market share of 0.1%.

Market shares by operator, as at end 2023



Fixed broadband subscriptions in a bundle	2019	2020	2021	2022	2023
		185,960	198,482	208,620	210,869
Dual play	55,691	61,280	67,511	64,418	63,238
Fixed Telephony (FT) + (Fixed Broadband) FBB	55,691	61,280	67,511	64,418	63,238
Triple play	130,269	137,202	141,109	146,451	152,074
FT + Mobile Telephony (MT) + FBB	59,019	59,435	-	-	-
FT + FBB + pay TV (TV)	71,250	77,767	141,109	146,451	152,074
Number of FBB subscriptions (end of period)	202,513	213,032	221,198	229,473	235,994
as a percentage of total FBB subscriptions	90.8%	93.2%	94.2%	91.9%	91.2%

Of further note in this context is the continued investment in the deployment of fibre in Malta. By the end of 2023, all major operators had deployed their FTTH infrastructure to reach residential and business dwellings across the national territory. GO led in this area, having reached 79.3% of dwellings by the end of the year. Epic also increased its dwelling coverage to 7.2% (up from 5.2% in 2022). Moreover, Melita initiated its FTTH deployment in 2023.

Subscriptions in a Bundle

Bundling services dominate the fixed broadband sector, with 91.2% of broadband subscribers opting for bundled packages. The popularity of triple-play bundles, which include fixed telephony and pay-TV along with broadband, is evident, with 152,074 subscribers in 2023, up from 146,451 a year earlier.

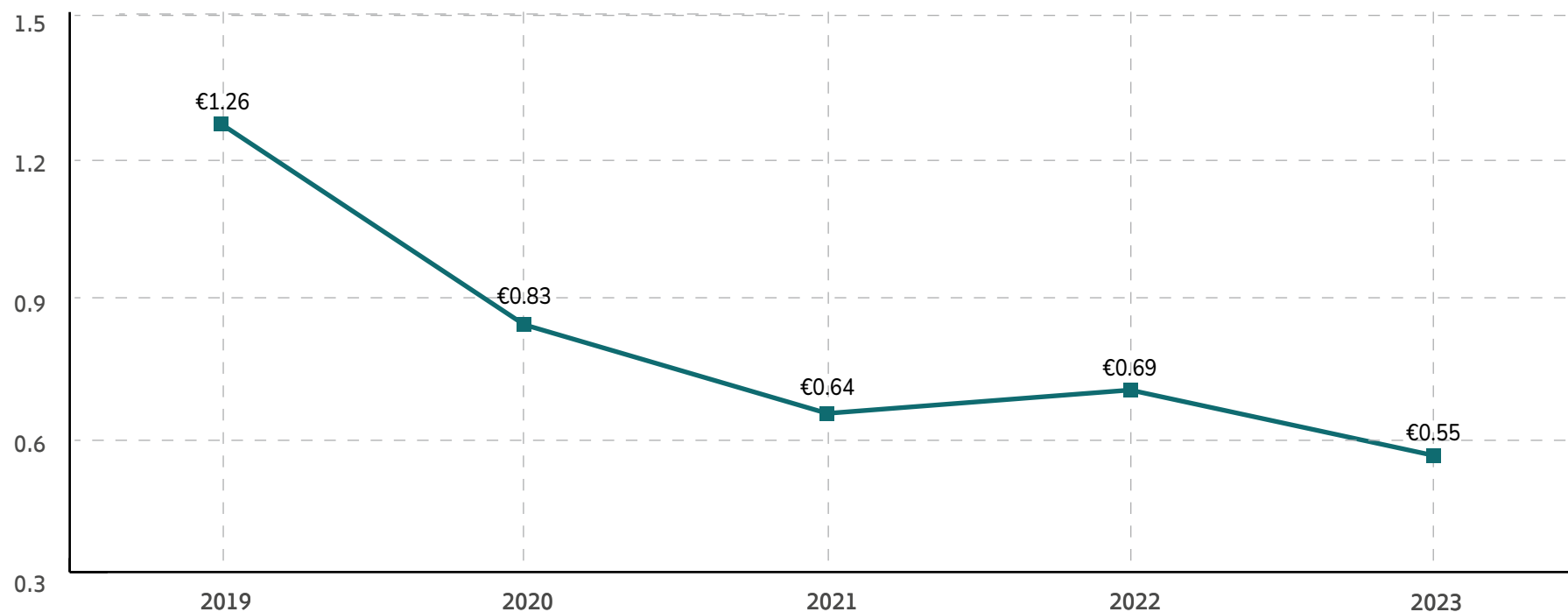
Meanwhile, the number of dual-play subscribers, where fixed broadband is typically paired in offer with fixed telephony services, decreased by 1.8% from 2022 to 2023, totalling 63,238 subscribers.

Price Development

The MCA developed a metric referred to as the average rate per Mbps² which tracks the movement of advertised prices over time. This metric considers both bundled³ and stand-alone subscriptions. In the case of bundles, the entry-level access fees are utilised for the estimation of the average rate per Mbps, and these have been decreasing steadily with time.

² The average rate per Mbps considers only those plans which are available nationwide, regardless of whether they are provided for residential or business use.

³ In the case of bundles, part of the monthly access fee is allocated to fixed broadband. The monthly access fee is taken without any discounts that may be applicable, such as Direct Debit Mandate (DDM), special offers, etc.

Average rate per unit of download speed (average for the period)⁴

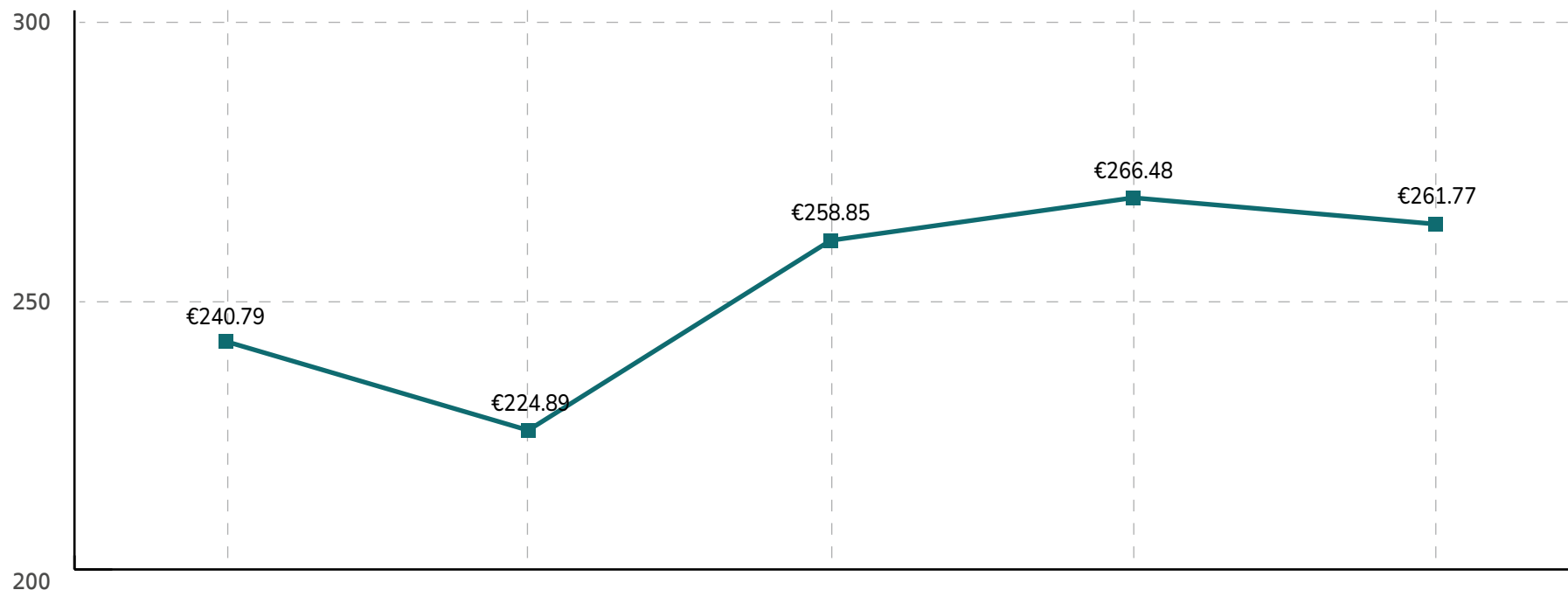
Fixed broadband consumers paid an average rate of €0.55 per Mbps in 2023, representing a decline from €0.69 in the previous year. This decline is likely due to the growing reliance on plans supporting fast and ultra-fast speeds. Indeed, the continued decline in the average rate per Mbps is a positive outcome, reflecting the popularity and consequently the availability of high-performing broadband services and the approach adopted by operators in pricing these services.

Fixed Broadband Average Revenue Per User

The fixed broadband average revenue per user (ARPU) has decreased from €266.48 to €261.77 between 2022 and 2023. This means that for 2023, each active fixed broadband subscriber generated an average revenue of €266.48. ARPU is calculated by dividing the total revenue generated by all operators, excluding one-time installation and connection fees, by the average number of active subscribers at the beginning and at the end of a specified period.

⁴ Figure may differ from the 2022 Annual Report, as the latter excludes fixed wireless access connections.

Average revenue per fixed broadband user on an annual basis



As previously discussed, fixed broadband is predominantly purchased alongside other electronic communications services. To disaggregate the bundle revenues by service, each operator has its own revenue allocation mechanism, and therefore the differing methodologies may impact the reported ARPUs. Nevertheless, given that 91% of all fixed broadband subscribers purchase this service in a bundle, a substantial portion of the operators' retail revenue is allocated to this service.

4.1.2 MOBILE TELEPHONY

The mobile telephony segment continued its upward trajectory, building upon the growth observed in previous years. This industry segment registered a surge in subscriptions, whilst usage was up significantly for mobile data services.

A notable trend in 2023 was the substantial increase in the take-up of post-paid plans, which accounted for nearly half of total subscriptions by the end of the year. This shift indicates a growing preference for more data-centric plans, driven largely by mobile data usage requirements.

In fact, during 2023, local and roaming mobile broadband data usage saw a remarkable year-on-year increase of 49%. This upsurge in data usage may underscore a rising need for data-intensive tasks, potentially driven by the uptake of apps for gaming, extended reality, and video. To meet this growing demand and ensure a consistent experience across locations, operators must continue evolving their mobile networks.

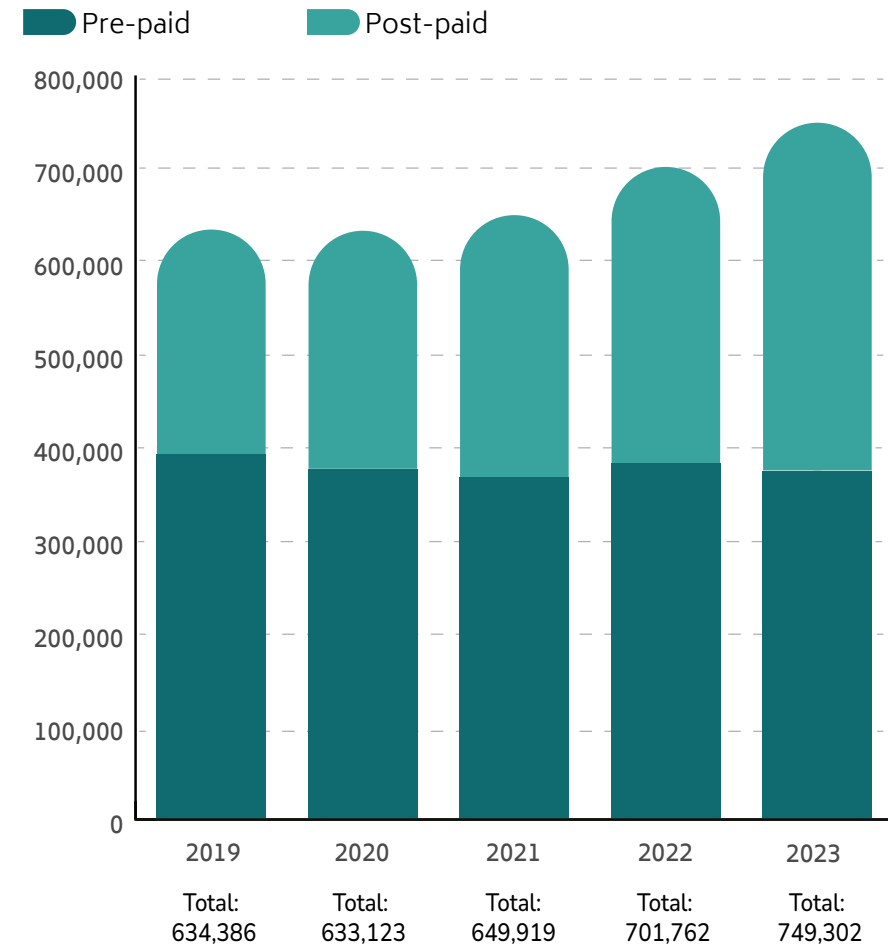
Despite the growing prevalence of post-paid plans, which typically also feature voice and SMS allowances, the market witnessed a decline in the number of calls and call minutes, along with a decrease in total SMS volumes. It appears, therefore, that the competitive edge within the mobile telephony segment remains in mobile broadband usage, as over-the-top (OTT) technologies and social networks influence the evolving preferences of end-users for traditional communication methods.

Mobile Subscriptions

The mobile telephony industry expanded its subscription base by 6.8% in 2023, bringing the total number of subscribers to 749,302. Unlike other electronic communication services, stand-alone subscriptions are prominent within the mobile telephony sector, with only 0.3% of subscribers obtaining this service as part of a bundle. As the subscription base grew, so did the penetration rate, reaching 135% of the Maltese population, up from 129.5% in 2022.

Historically, end-users have subscribed in bigger numbers to pre-paid plans rather than post-paid plans. However, the gap between the two subscription categories has significantly narrowed, with the difference in subscriptions drastically decreasing from 63,972 in 2022 to just 938 in 2023. This shift towards post-paid plans is expected to continue, as customers increasingly prefer interconnectivity and data-centric options.

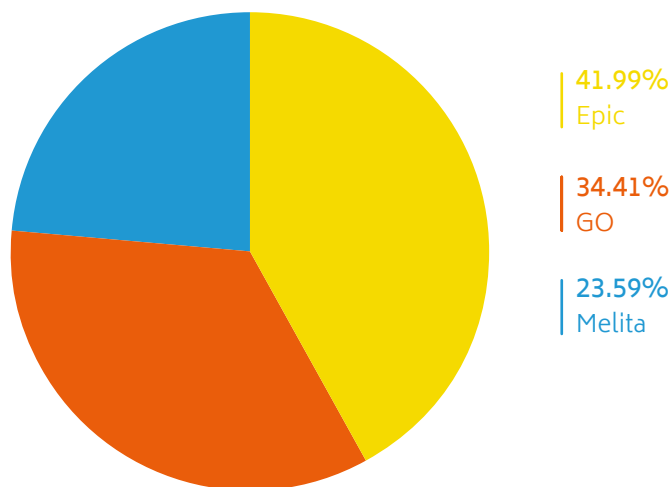
Number of mobile telephony subscriptions, as at end of period



Market Share in Terms of Subscriptions

Three operators actively provide mobile telephony services in Malta: Epic, GO, and Melita. Epic increased its market share from 39.7% in 2022 to 42.0% in 2023, maintaining the largest market share in the mobile telephony segment for the third consecutive year. Conversely, Melita and GO experienced slight declines year-on-year in their market shares, decreasing by one percentage point and 1.3 percentage points to 23.6% and 34.4%, respectively.

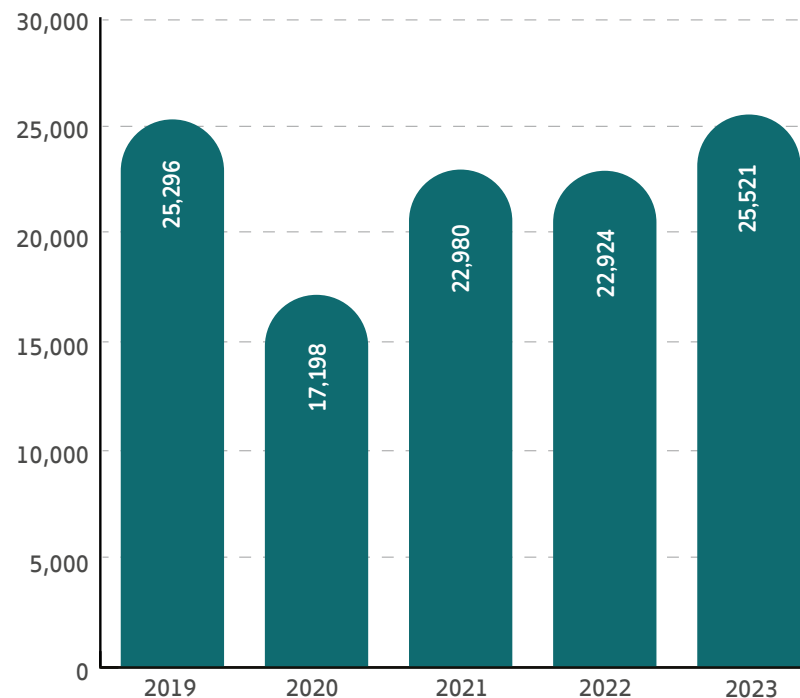
Market share by operator, as at end of 2023



Mobile Inward Portability

Mobile portability⁵ refers to the possibility of mobile telephony subscribers to change their operator while retaining their existing mobile telephony number. Despite the proliferation of subscriptions on a post-paid contract, which essentially ties customers to an operator for a pre-specified period, every operator recorded an increase in number portability. The total number of inward portings was 25,521 in 2023, up from 22,924 in 2022. 41.5% of these ports occurred on Epic's network, 34.4% occurred on GO's network, and 24.2% on Melita's network.

Number of mobile inward portings



⁵ The portability of mobile telephony numbers is a seamless exercise, with local service providers typically completing a mobile number porting within the same day.

Traffic Activity Levels

Usage trends within the mobile telephony segment have undergone significant changes over the years. In 2023, the industry experienced robust growth in data volumes, driven by evolving consumer preferences, consumption patterns, and population growth. Meanwhile, voice calls, call minutes, and SMS volumes declined. This shift reflects the market's continued transition to a digital environment and possibly the growing use of OTT-based communication services.

Usage per active subscription

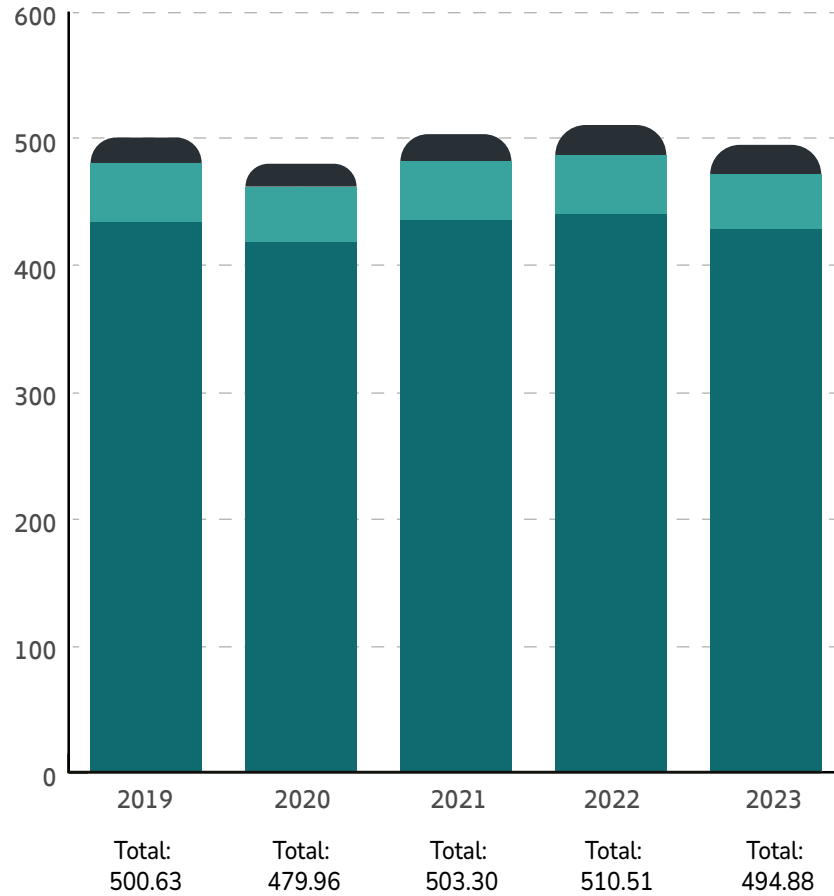
The total volume of originating voice calls decreased to 494.88 million calls in 2023, down by 3% year-on-year. With a total of 749,302 mobile users, the number of voice calls per active subscription in 2023 stood at 682, decreasing from 755 voice calls in 2022. Furthermore, in view of the decline in overall voice minutes, the average number of minutes that each subscriber spent on calls originating from a mobile network decreased from 1,744 minutes in 2022 to 1,573 minutes per active subscriber in 2023. On average, the duration of each mobile call remained unchanged from the previous year, at 2 minutes and 18 seconds per call.

SMS volumes witnessed the sharpest drop, with a 10.3% year-on-year decline, falling to 140.75 million SMSs in 2023. This resulted in an average of 194 messages sent per active mobile user in 2023, down from 232 messages in 2022.



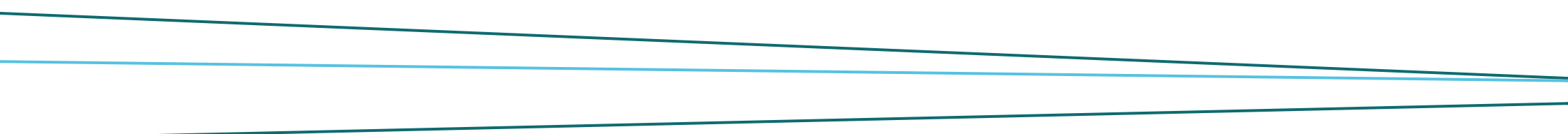
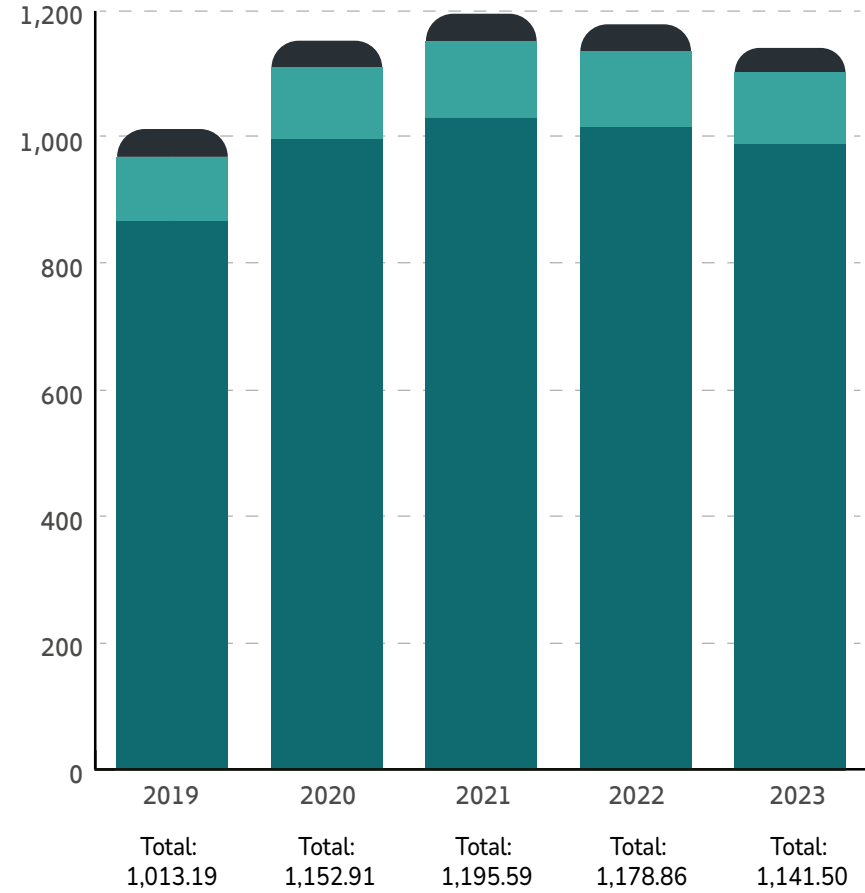
Number of outgoing voice calls in millions

■ Mobile-to-mobile calls
 ■ Mobile-to-fixed calls
 ■ Mobile-to-international calls



Number of outgoing voice call minutes in millions

■ Mobile-to-mobile (MTM)
 ■ Mobile-to-fixed (MTF)
 ■ Mobile-to-international (MTI)



Traffic activity per active subscription

Average usage (traffic per active mobile subscription)	2019	2020	2021	2022	2023
Voice Calls	801	757	785	755	682
Voice Minutes	1,621	1,819	1,864	1,744	1,573
SMSs	361	284	266	232	194
Data (MB)	22,586	53,786	76,638	117,109	162,454

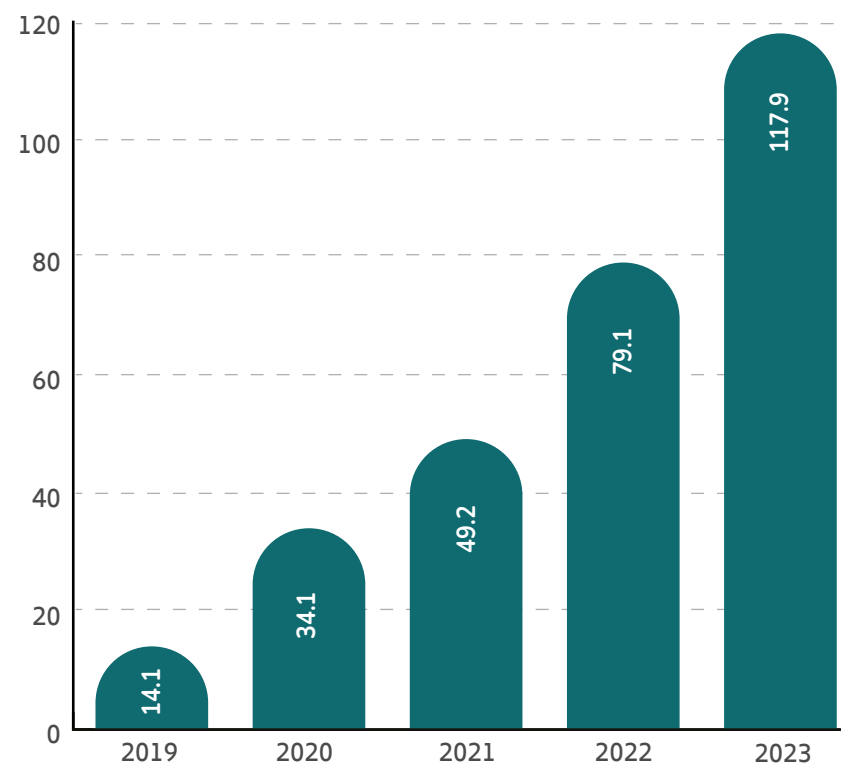
Conversely, total domestic data consumption increased from 79.15 billion MB in 2022 to 117.87 billion MB in 2023, reflecting a significant 49% year-on-year increase. As a result, data consumed per active mobile subscription has been on the rise, reaching 162,454 MB in 2023, up from 117,109MB per active subscriber in 2022.

International roaming

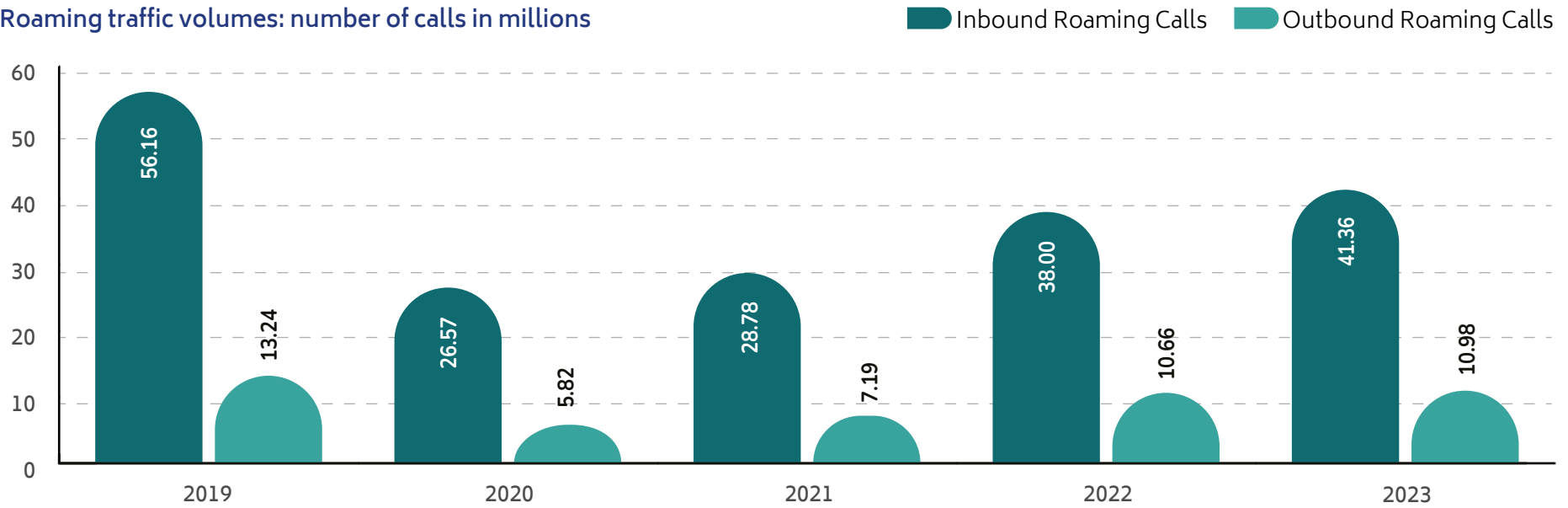
The 2017 'Roam-like-at-home' framework and the recast of the roaming regulation in 2022, which extends the principle of 'Roam-like-at home' until 2032, provides mobile users with the ability to roam while using voice, SMS, and data services with the same charges as they pay for their domestic consumption. Outbound roaming activity refers to the foreign mobile network services that local subscribers use when they are abroad, whereas inbound roaming activity refers to the use of local mobile network services made by tourists when they are in Malta.

Between 2022 and 2023, both inbound and outbound roaming calls and call minutes experienced growth. Inbound roaming calls increased by 8.8% year-on-year, reaching 41.4 million in 2023. Inbound roaming minutes increased by 2%, totalling 128.06 million. Outbound roaming calls and call minutes also experienced growth, albeit at a more modest

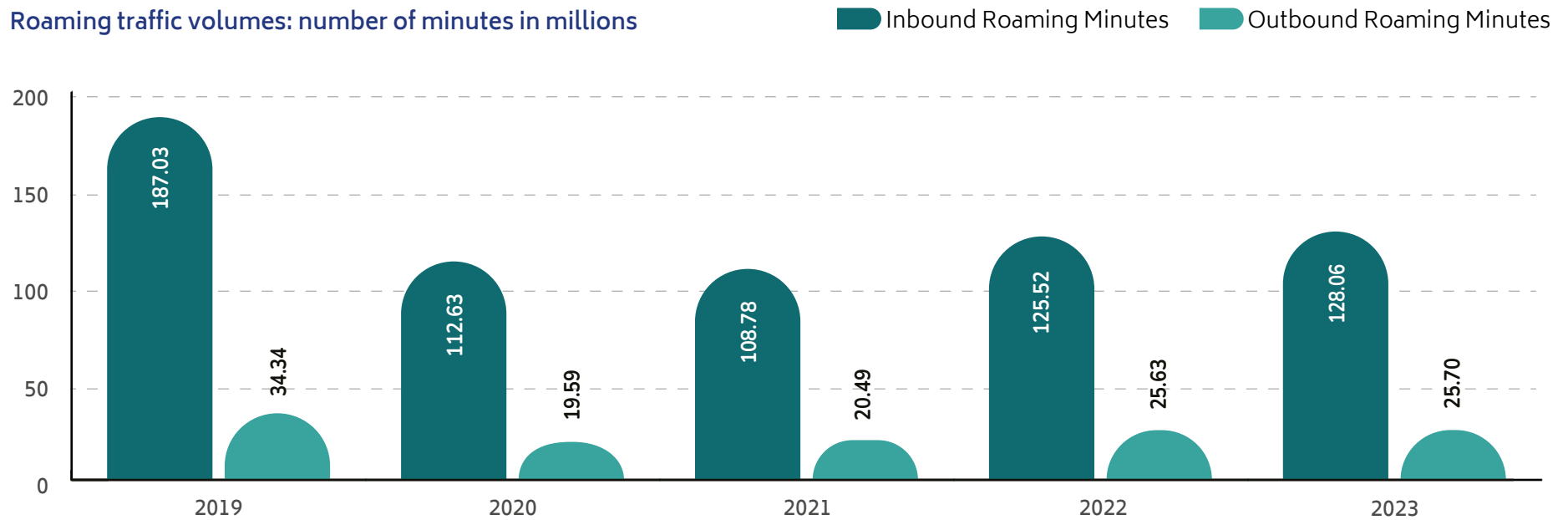
Mobile data consumption per year (billion MB)



Roaming traffic volumes: number of calls in millions



Roaming traffic volumes: number of minutes in millions



rate compared to inbound roaming figures. Outbound roaming calls grew by 3%, reaching almost 11.0 million in 2023, while outbound roaming minutes edged up by 0.3%, amounting to 25.7 million minutes.

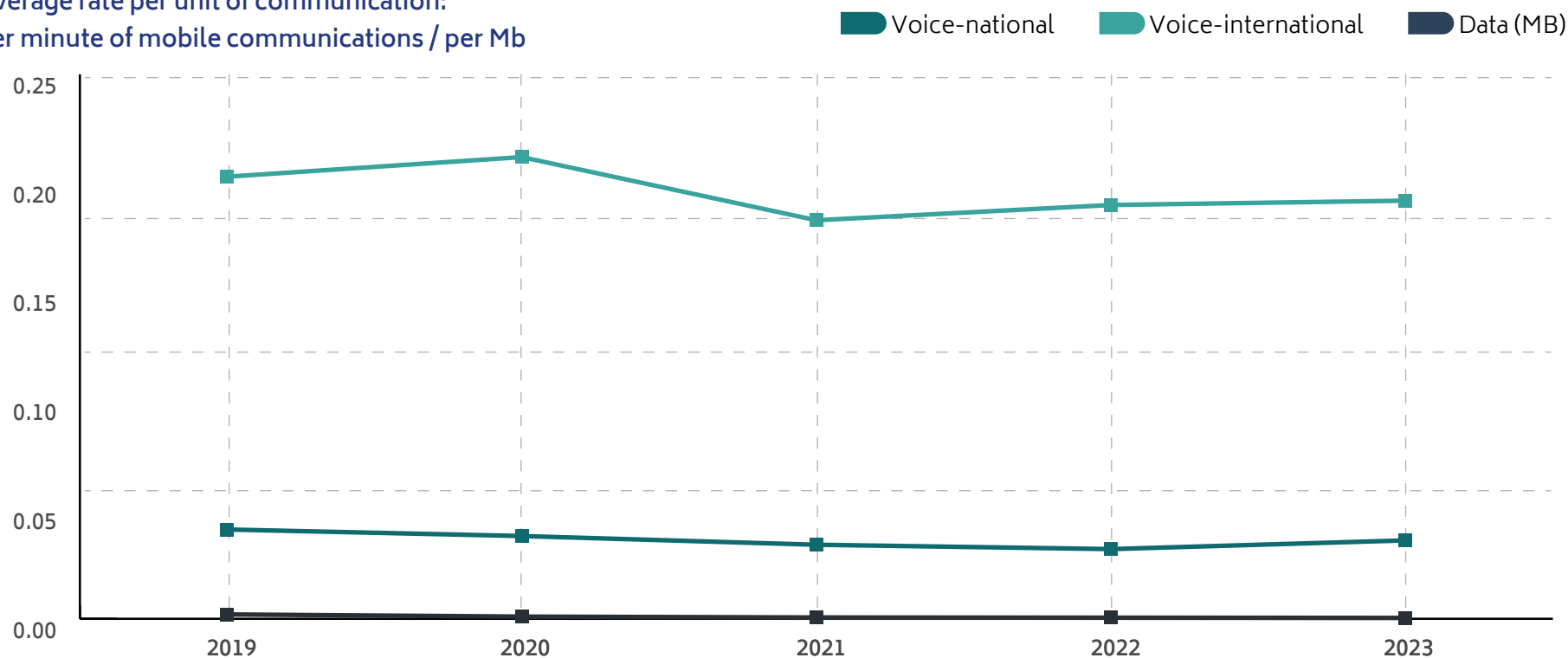
Price Movements

With the vast range of mobile telephony services (calls, SMS, data), the number of different plans offered by operators (bundle, stand-alone, post-paid or pre-paid) and different activities occurring on a mobile telephony network (on-net or off-net), it becomes challenging to determine the true price that mobile telephony subscribers are paying for the service in question. The average rate per unit of consumption is

therefore utilised, and it is calculated by dividing the service providers' total revenues for a specific service by the corresponding unit (such as voice call minutes, SMSs, data MB, etc.).

Following a number of years of decreasing average revenue per minute (ARPM), an increase was noted in the ARPM for national voice services, increasing from €0.032 in 2022 to €0.036 in 2023. Additionally, the ARPM for international voice services increased from €0.190 in 2022 to €0.192 in 2023. Whereas some fluctuations are recorded in the APRM for voice, the average rate per MB has remained stable, decreasing by €0.0001, down to €0.0004 in 2023.

**Average rate per unit of communication:
per minute of mobile communications / per Mb**

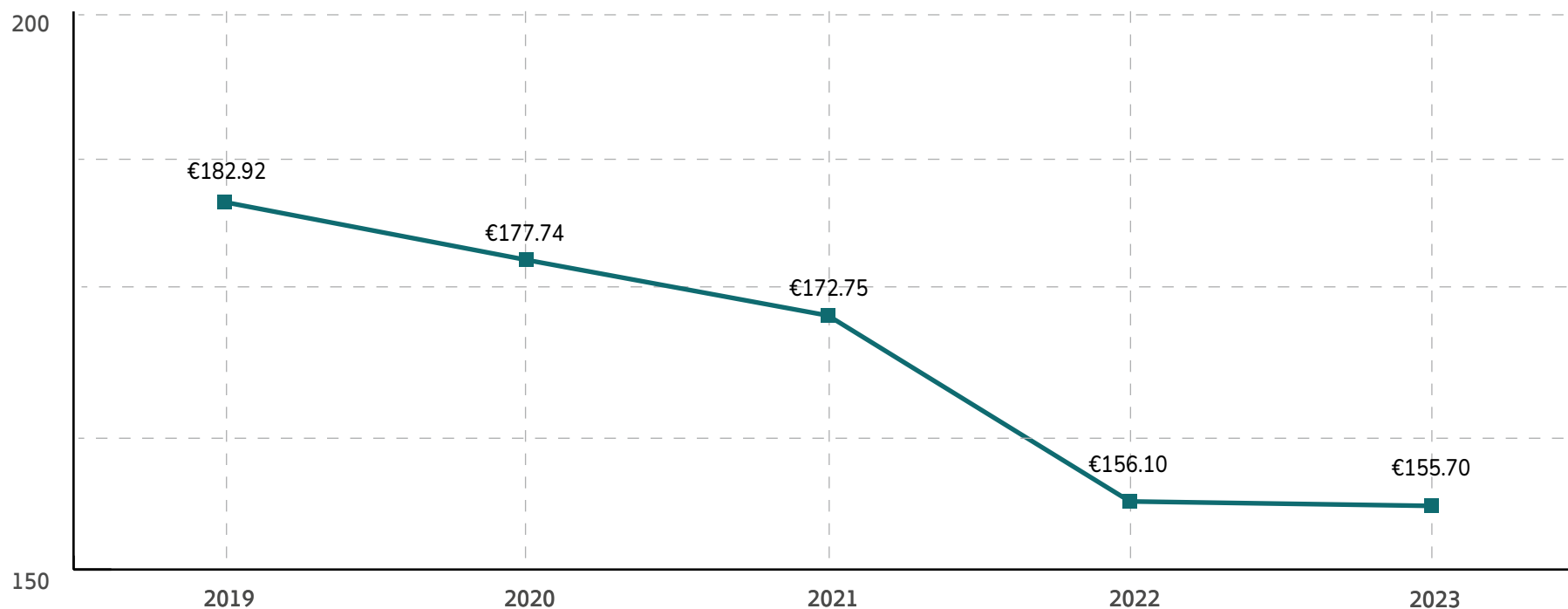


Mobile Average Revenue Per User

Mobile telephony ARPU is derived by dividing the total revenues by the average number of subscribers over the period in question. Notwithstanding the increase in post-paid subscriptions, which effectively guarantees a level of revenue to the operator per month,

mobile telephony ARPU declined from €156.10 in 2022 to €155.70 in 2023. A key factor likely leading to the decline in ARPU could be the assignment of better data and voice bundle allowances with the plans on offer. Meanwhile, the growing use of OTT platforms, Voice over IP (VoIP), and other free messaging apps, may reduce reliance on traditional mobile telephony and thereby further impact ARPU.

Average revenue per mobile telephony user on an annual basis



4.1.3 FIXED LINE TELEPHONY

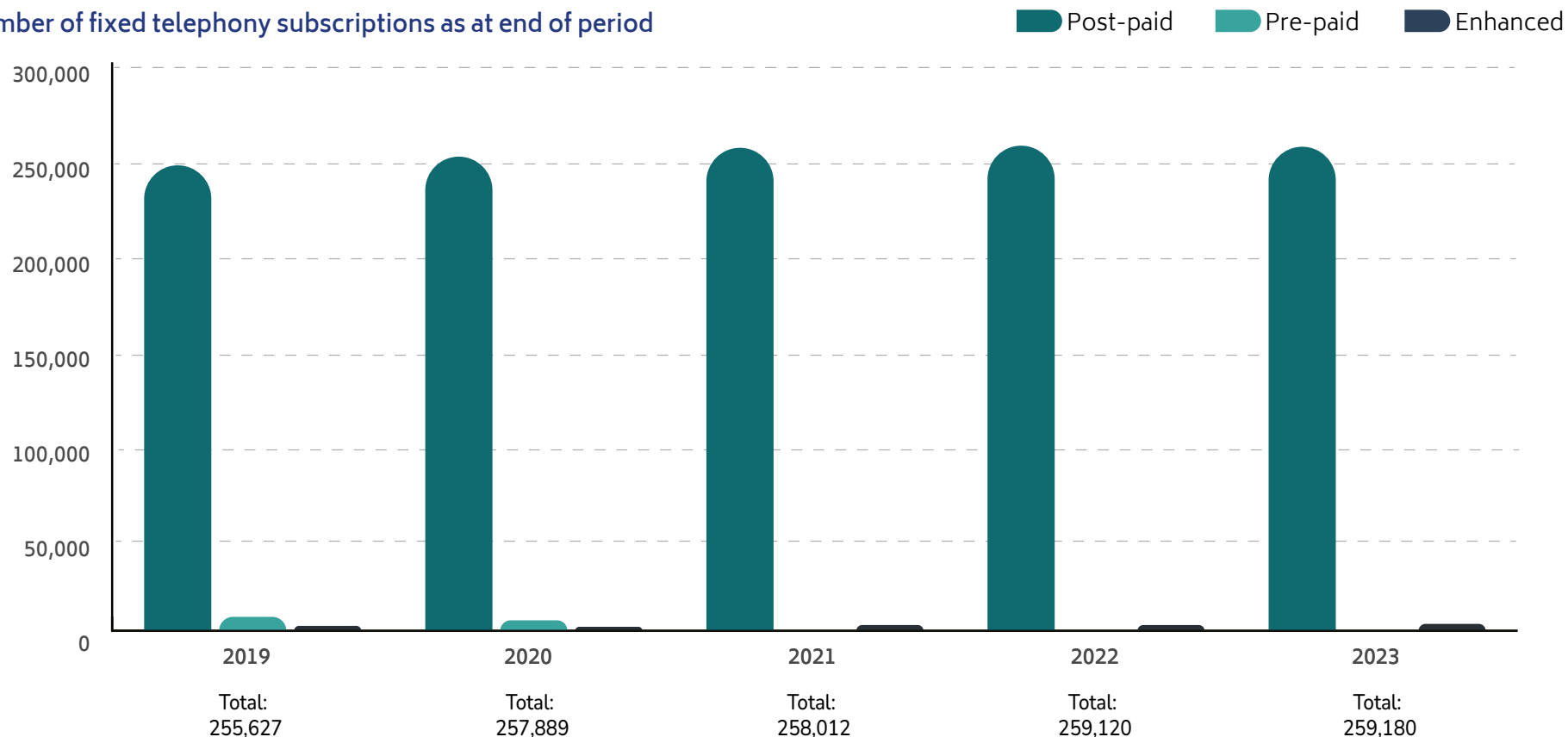
The fixed telephony segment has remained relatively unchanged over the last few years when it comes to the subscriber base. In fact, the service is widely accessible in households and businesses, despite a slight drop noted in the penetration rate, which is calculated on the number of households and active registered business units in Malta. Meanwhile, minute and call volumes have continued to decline as demand shifts

toward mobile telephony alongside OTT-based communications. Consequently, the ARPU for fixed telephony has also witnessed a decline due to the observed changes in communication preferences and the growing prominence of mobile telephony services.

Fixed Telephony Subscriptions

Subscriptions were up marginally year-on-year by just 60 subscribers (or 0.02%), to reach 259,180 by the end of the year. The penetration rate

Number of fixed telephony subscriptions as at end of period



	2019	2020	2021	2022	2023
Fixed telephony subscriptions in a bundle	195,477	207,967	217,694	219,210	222,982
Dual play	65,208	70,765	76,585	72,759	70,908
Fixed telephony (FT) + Mobile telephony (MT)	4,232	3,561	3,008	2,515	1,971
FT + Fixed broadband (FBB)	55,648	61,280	67,511	64,418	63,238
FT + pay TV (TV)	5,328	5,924	6,066	5,826	5,699
Triple play	130,269	137,202	141,109	146,451	152,074
FT + MT + FBB	59,019	59,435	-	-	-
FT + FBB + TV	71,250	77,767	141,109	146,451	152,074
Number of fixed telephony subscriptions (end of period)	255,627	257,889	258,012	259,120	259,180
as a percentage of fixed telephony subscriptions	76.5%	80.6%	84.2%	84.6%	86.0%

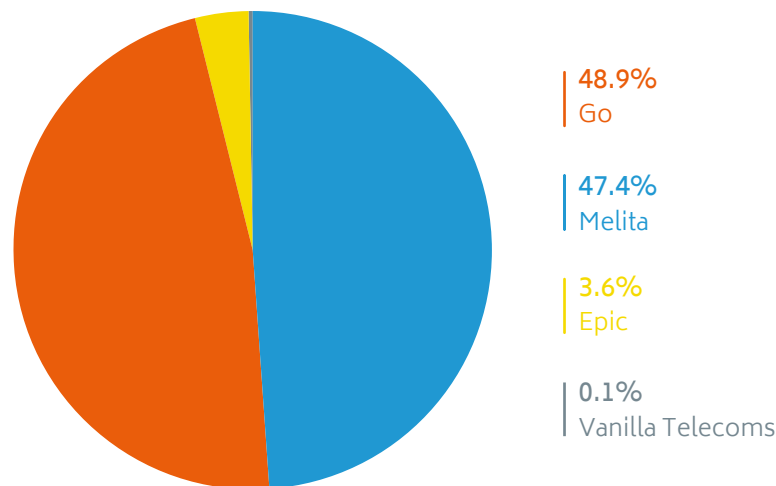
declined from 73.78% in 2022 to 72.35% in 2023, which may suggest that new dwellings are not adopting the service.

The number of subscriptions on standard post-paid plans accounted for 98.6% of all subscriptions, with this category seeing a decrease of 0.2% year-on-year. 86% of the standard post-paid plans are purchased in a bundle, up from 84.6% in 2022. Meanwhile, the number of subscriptions to enhanced plans, which are essentially plans earmarked to offer additional service features to businesses, registered a 20% year-on-year increase, to reach 3,631 by the end of the current reporting period.

Market Share in Terms of Subscription

In 2023, GO remained the market leader among fixed telephony subscriptions. However, the gap with its closest competitor, Melita, narrowed from 2.2% in 2022 to 1.5% in 2023. This trend reflects GO's declining market share and Melita's growth. GO and Melita largely characterise this market segment with shares of 48.9% and 47.4%, respectively. Epic slightly increased its market share to 3.6%, while Vanilla Telecoms, operating in a limited number of locations, held on to its 0.1% share.

Market share by operator, as at end of period

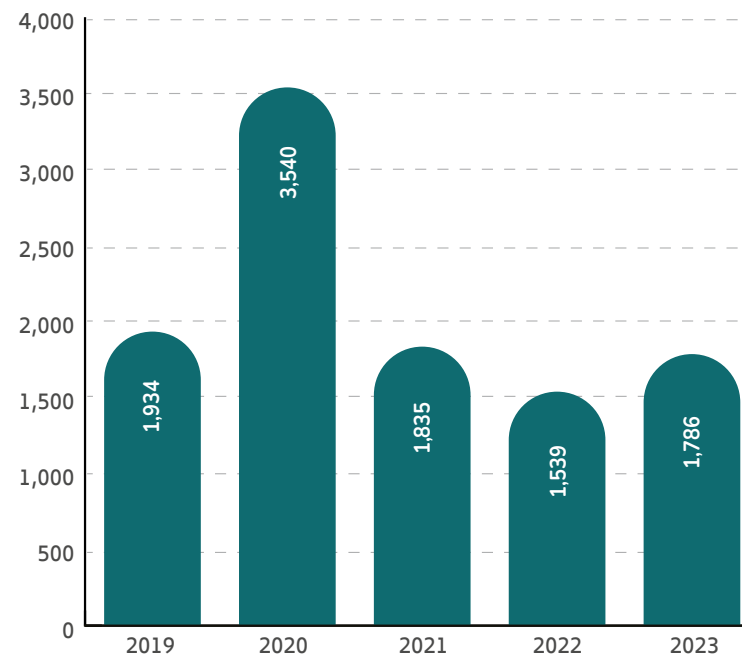


Fixed Line Inward Portability

Fixed line portability⁶ refers to the process in which customers can switch their fixed line service providers while retaining their original number. In 2023, the number of fixed line inward porting increased to 1,786, reflecting a 16% year-on-year increase. In other words, 0.7% of all subscribers in the fixed telephony industry have changed their fixed line service provider in 2023.

⁶ The portability of fixed telephony numbers is an ongoing seamless exercise conducted by local service providers when end-users switch to their network.

Number of fixed line inward portings



Traffic Activity Levels

Over the years, the fixed telephony sector has consistently seen a decrease in voice traffic volumes, driven by the rise in mobile telephony services. Societal changes, such as people spending more time at work or travelling, further contribute to this decline. Improved mobile calling rates and greater allowances make mobile phones more appealing to consumers. Even with bundled minute allowances, fixed telephony shows lower call and minute volumes. This trend of fixed-to-mobile substitution has persisted in 2023 as in previous years.

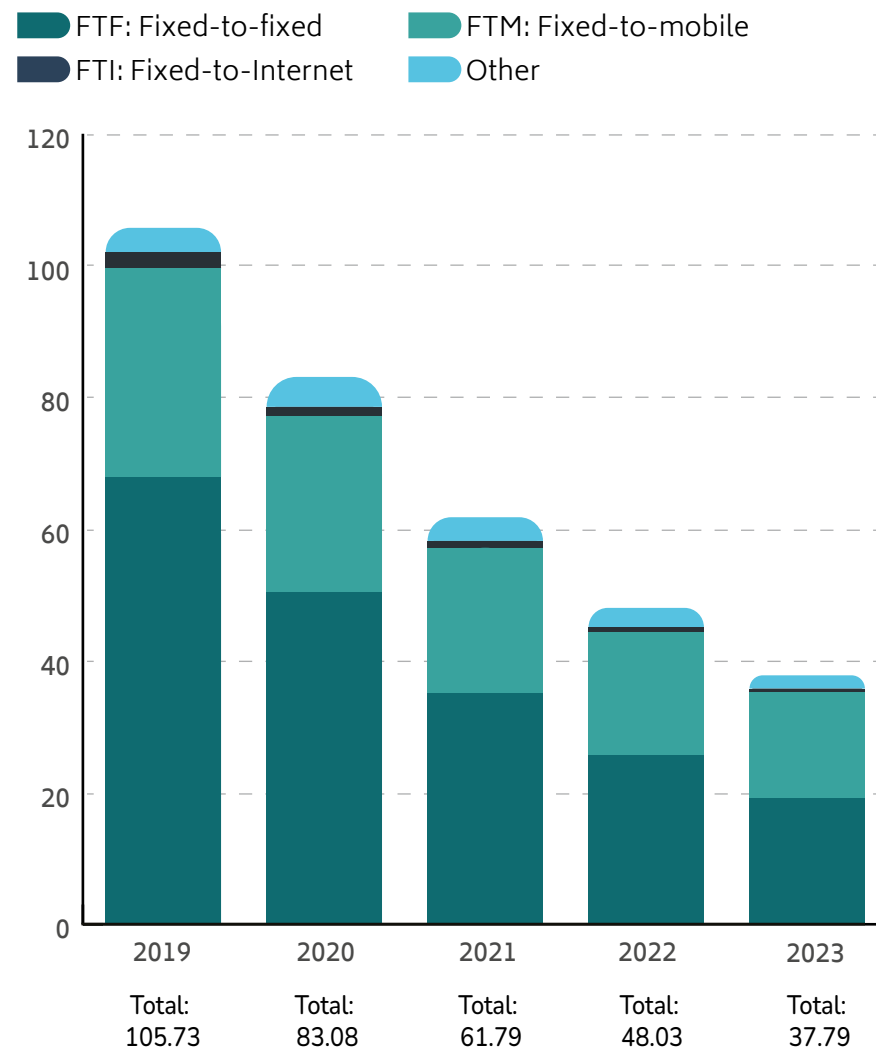
Voice traffic and minutes

In 2023, fixed telephony voice calls and voice call minutes decreased by approximately 10 million (or 21.3%) and 45 million (or 24.1%) year-on-year, respectively. National voice traffic encompasses fixed-to-fixed (FTF), fixed-to-mobile (FTM) and other national calls⁷. On the other hand, international voice traffic encompasses calls originating from a fixed line in Malta and terminating outside of the country. Declines in voice calls and voice call minutes were recorded in each of these categories.

Half of all fixed voice call traffic originated in 2023 was terminated on another fixed line, i.e. fixed-to-fixed (FTF), down by 3 percentage points compared to 2022. Meanwhile, 42.6% of all fixed-originating voice calls were terminated on a mobile network, i.e. fixed-to-mobile (FTM), increasing from 39% in 2022. The proportion of fixed voice call minutes exhibited a similar pattern, with 70% of all minutes occurring among FTF calls and 22% among FTM calls.

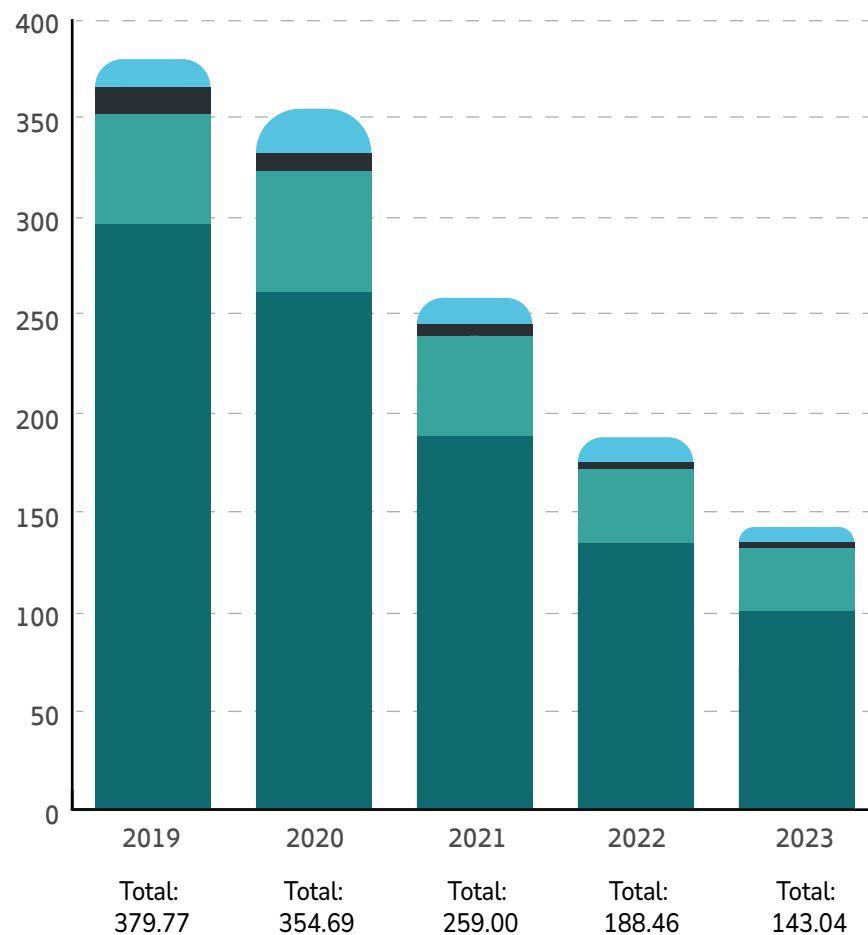
⁷ Other national calls refer to payphone calls (last figures recorded in 2021), premium calls, and/or freephone calls.

Number of outgoing voice calls in millions



Number of outgoing voice call minutes in millions

■ FTF: Fixed-to-fixed ■ FTM: Fixed-to-mobile
■ FTI: Fixed-to-Internet ■ Other



Usage per active subscriber

Between 2022 and 2023, the aggregate number of landline phone calls decreased by 21.3%, totalling 37.8 million phone calls in 2023. This decrease translates to an average of 146 phone calls per active subscriber via a fixed landline, down from 186 phone calls in the previous year. During this period, the number of originating minutes decreased by 24.1% and the average duration of each phone call decreased from 3 minutes and 56 seconds in 2022 to 3 minutes and 47 seconds in 2023.

The use of local fixed telephony for international calls decreased, but each phone call lasted longer than in the previous year. On average, each active fixed line telephony subscriber made 2.7 international calls in 2023, down from three international calls recorded in 2022. In 2023, each call lasted an average of 4 minutes and 54 seconds, up from 4 minutes and 41 seconds in the previous year.

Fixed telephony traffic activity per subscriber

Voice minutes Voice calls



Price Movements

The average revenue per minute of fixed line telephony is calculated by dividing the voice traffic revenues (excluding one-time installation revenues, VAT and excise tax) by the number of minutes reported under each respective heading.

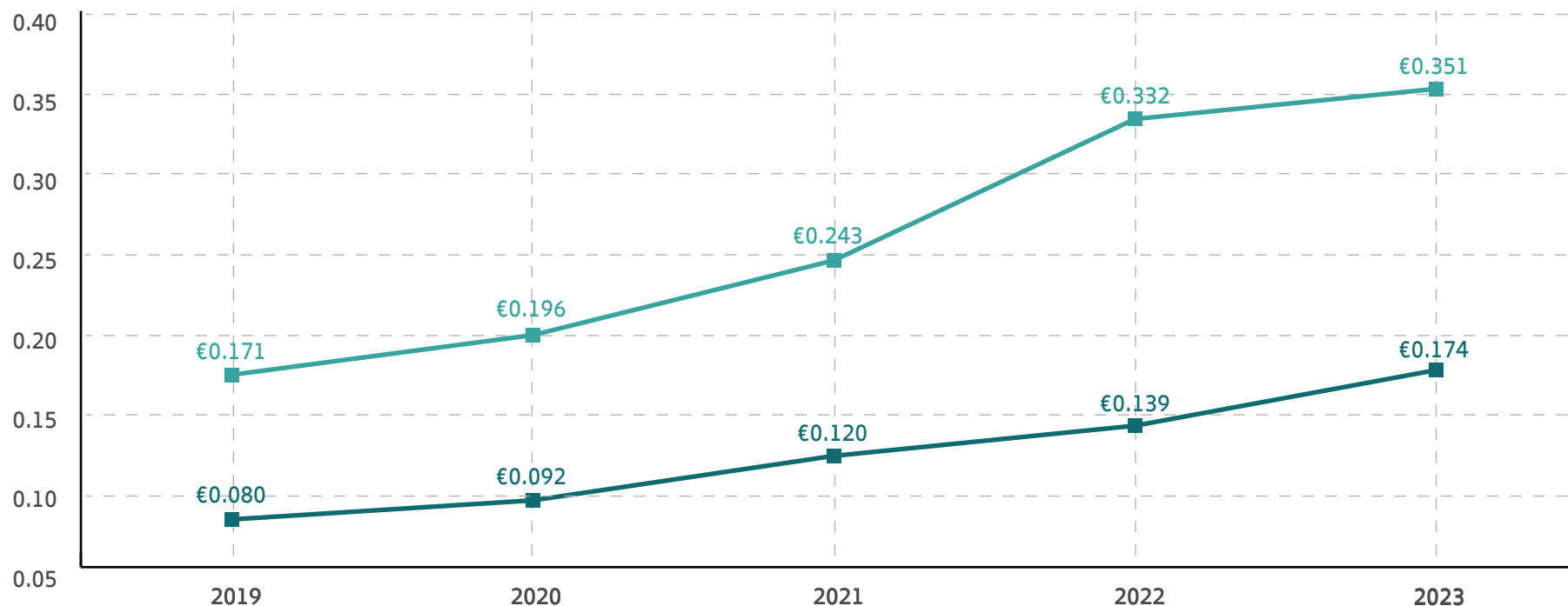
This methodology demonstrates a 22.5% year-on-year increase in the overall ARPM recorded for 2023, increasing to €0.187. The national ARPM increased from €0.139 in 2022 to €0.174 in 2023. Calculations for

on-net and off-net FTF calls are lower than those for FTM and FTI calls, as FTF services are often offered in a bundle at discounted rates, while FTM and FTI calls are not. The international ARPM remained relatively stable at €0.351 in 2023 (€0.332 in 2022).

The rise in average rates per minute is not due to an increase in call rates but rather stems from end-users not fully utilizing their minute allowances, despite paying a monthly access fee that entitles them to more minutes.

Average rate per minute of fixed-line communications

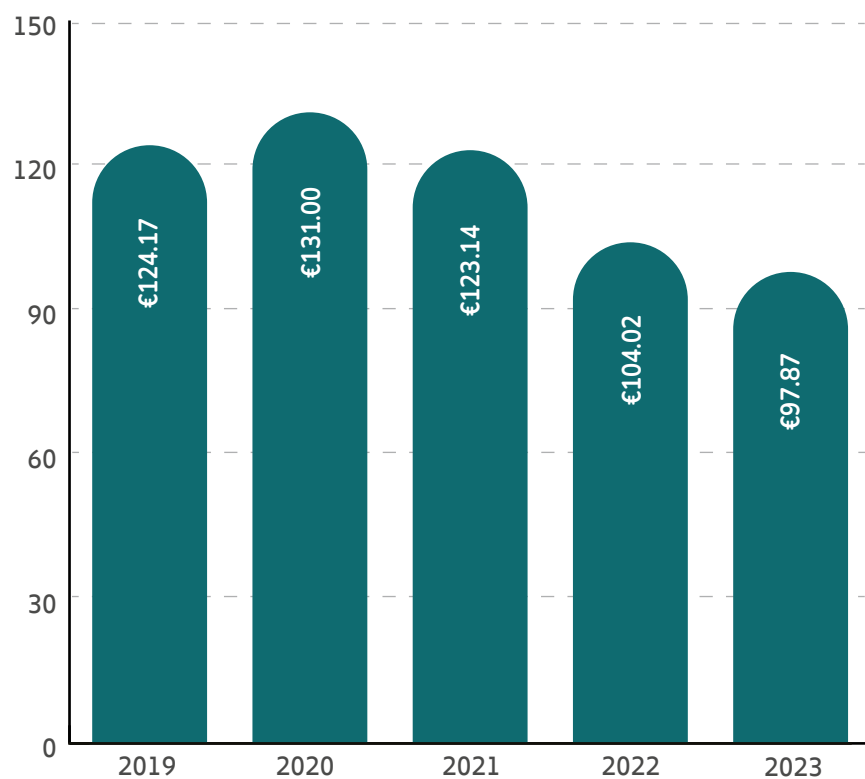
■ National ■ International



Fixed Telephony Average Revenue Per User

Fixed telephony ARPU is another metric which shows how much revenue a local operator receives on average from each active subscriber. The fixed telephony ARPU fell from €104.02 in 2022 to €97.87 in 2023, reflecting a 5.9% year-on-year decrease. This decline may be due to fixed telephony services being offered in a bundle, which

Average revenue per fixed telephony user



preserves subscription numbers but does not counteract declining usage. Consequently, the average revenue per subscriber continues to decrease.

4.1.4 PAY-TV

Over the years, consumer preferences for Pay-TV have shifted towards more personalised and on-demand entertainment. The rise of online streaming platforms has increased expectations for accessing content anytime, anywhere, and on any device. This shift has challenged traditional Pay-TV models.

By design and also in response to societal preferences, local pay-TV providers have adapted by enhancing their platforms with on-demand and IPTV services. As of 2023, all of GO's TV subscribers use IPTV, and other operators have also seen growth in their IPTV market share. Despite these changes, Pay-TV remains widely subscribed in a bundle, often with fixed telephony and broadband services.

The year-on-year growth in Pay-TV subscriptions reflects these technological adaptations and increased competition, including the entry of a new player, Epic, into the market. Providers now offer a blend of traditional channels, app-based TV features, and flexible bundles to meet evolving consumer demands and to compete within an online streaming environment.

Subscriptions

The Pay-TV segment saw a 3.5% year-on-year increase, reaching 189,975 subscribers by the end of 2023. The percentage of subscribers who receive pay-TV as part of a bundle remained steady at 83%. Among these, triple-play bundles are the most prevalent, serving 152,074 subscribers or 96% of the total pay-TV customer base. The remaining 4% receive pay-TV as part of a dual-play bundle with fixed telephony.

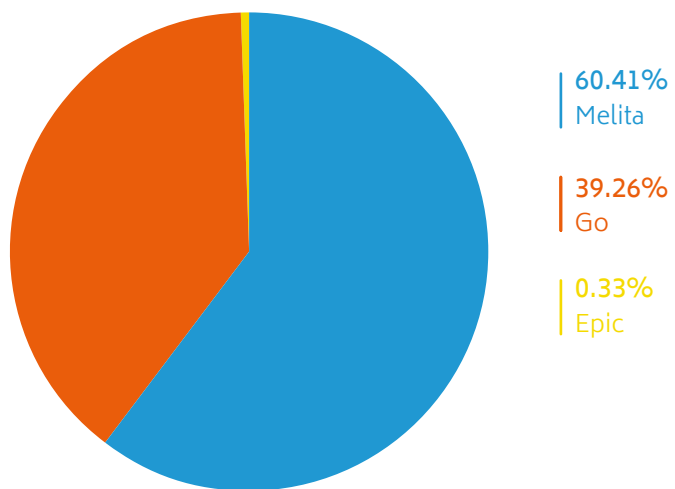
By the second quarter of 2023, Digital Terrestrial Television (DTTV) subscriptions were entirely phased out as GO completed migrating all DTTV customers to IPTV. IPTV experienced continued growth, representing 44% of all Pay-TV subscriptions by year-end. Meanwhile, digital cable saw a 1.3% decline in subscriptions, though it remains the leading platform, accounting for 56% of the Pay-TV subscriber base, down from 58.7% in 2022.



Providers now offer a blend of traditional channels, app-based TV features, and flexible bundles to meet evolving consumer demands and to compete within an online streaming environment

	2019	2020	2021	2022	2023
Pay-TV subscriptions in a bundle	130,465	139,661	147,175	152,277	157,773
Dual play	5,328	5,924	6,066	5,826	5,699
Fixed Telephony (FT) + pay-TV (TV)	5,328	5,924	6,066	5,826	5,699
Triple play	125,137	133,737	141,109	146,451	152,074
FT + Fixed Broadband (FBB) + TV	125,137	133,737	141,109	146,451	152,074
Number of Pay-TV subscriptions (end of period)	170,667	172,523	177,493	183,425	189,975
as a percentage of Pay-TV subscriptions	76.4%	81.0%	82.9%	83.0%	83.1%

Pay-TV market shares, by subscriptions as at end of period



Market Share in Terms of Subscriptions

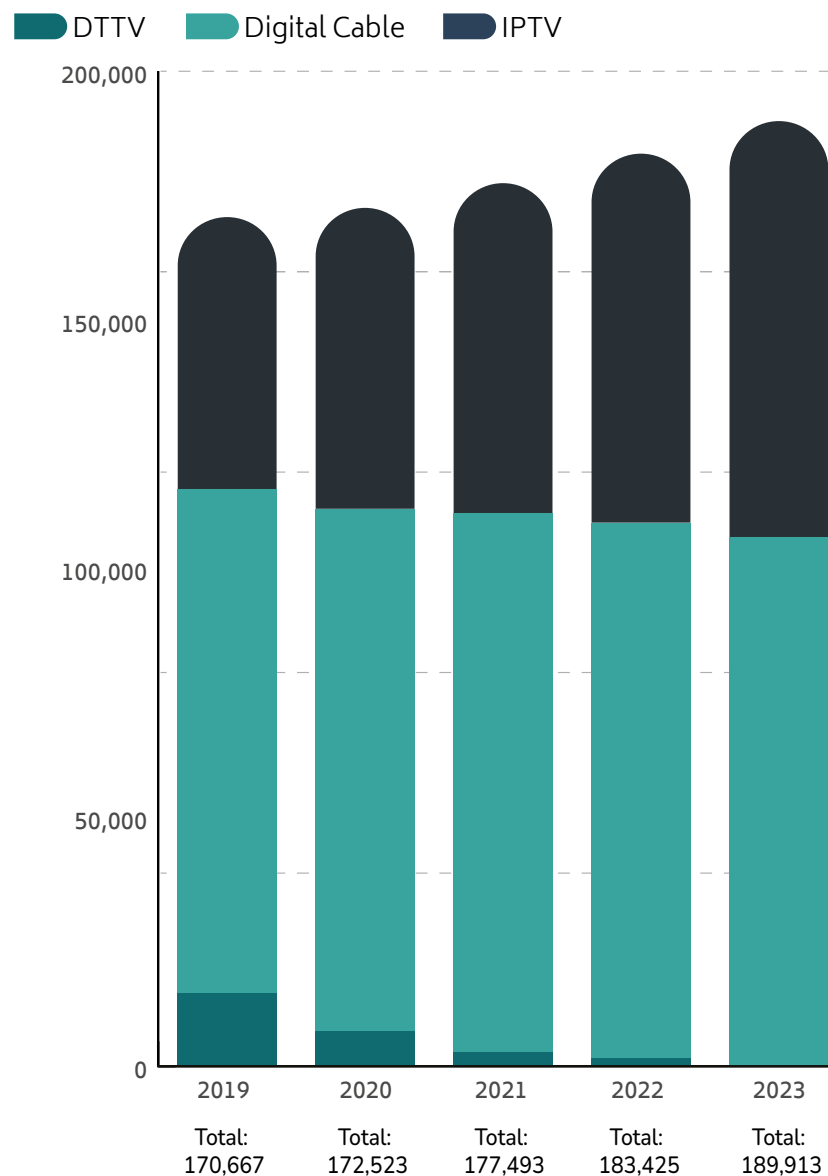
A significant development in 2023 was Epic’s launch of Pay-TV services in the first quarter. By the end of its first year, Epic had 632 subscribers, all using IPTV, capturing a market share of 0.3%.

Nonetheless, Melita remained the leading operator in the Pay-TV segment, accounting for 60.4% of all Pay-TV subscribers (60.8% in 2022). On the other hand, GO expanded its subscription base by 0.3%, reaching a market share of 39.3%.

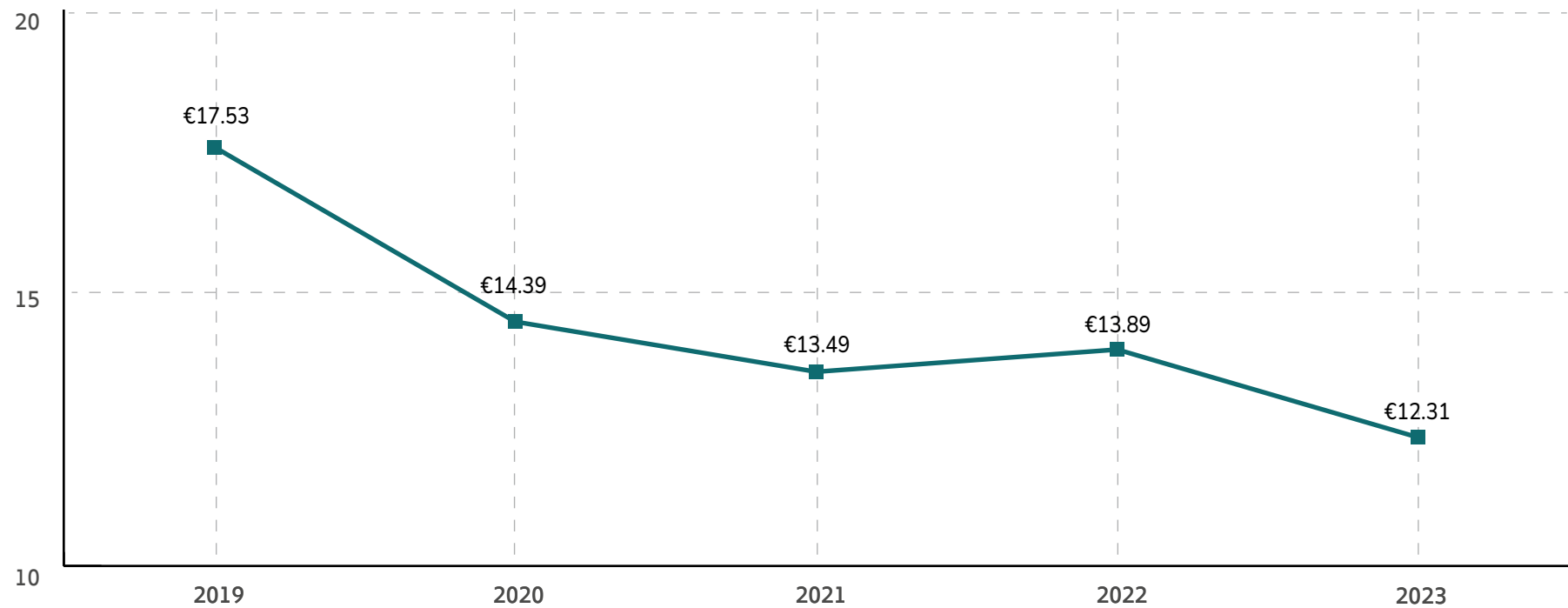
Price Competition

The average advertised market rate is a metric utilised by the MCA to analyse the price movements for local stand-alone Pay-TV packages for

Number of Pay TV subscriptions by platform, end of period



Average advertised rate for TV plans offered stand-alone to households (incl. VAT)



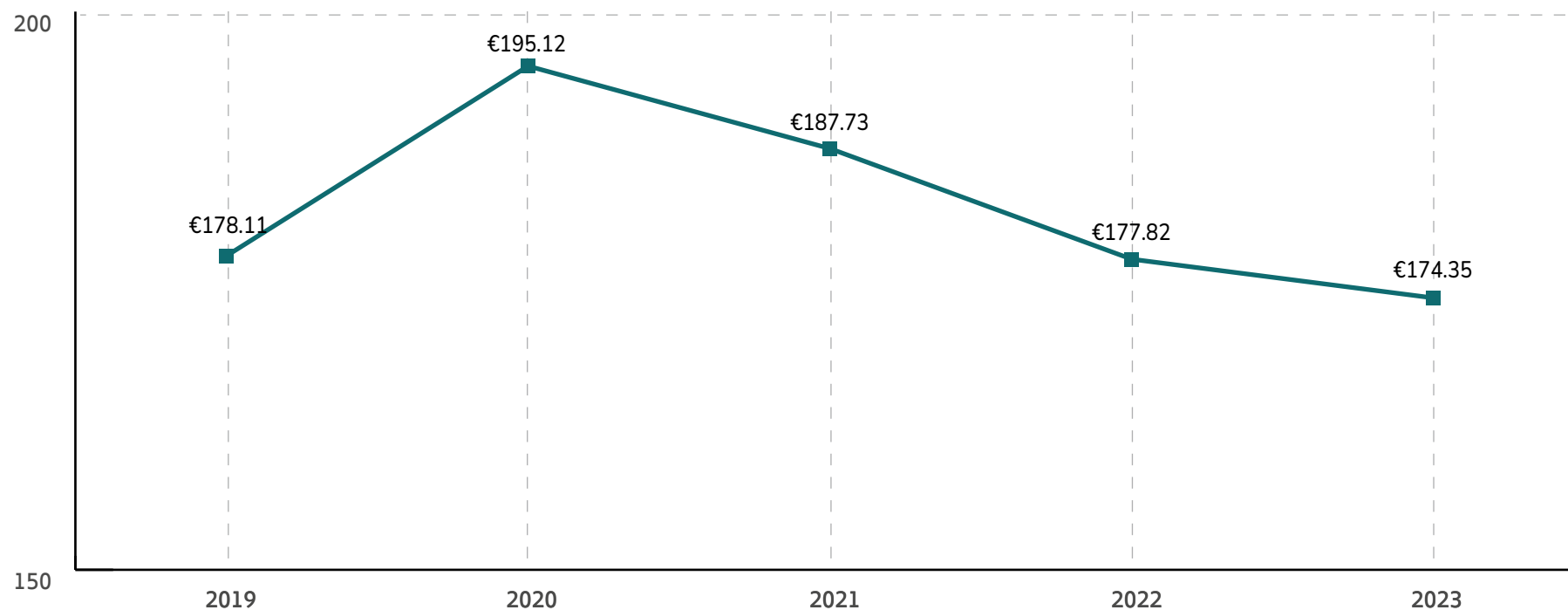
residential use.⁸ This rate is estimated by dividing the sum of all available monthly subscription fees by the total number of available packages,⁹ as advertised on the operators' websites. The assessment categorises products based on the number of channels included in the channel line-up. An overall market average is then calculated.

⁸ 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.

⁹ Billing and other charges (such as fees related to the use of direct debit) are not included in the calculation of the average advertised market rate for stand-alone pay-TV services, as local operators provide end-users with the possibility to avoid such charges.

“ The average advertised market rate is a metric utilised by the MCA to analyse the price movements for local stand-alone Pay-TV packages for residential use

Average revenue per pay-TV user on an annual basis



The average monthly advertised rate for a local Pay-TV package at the end of 2023 was €12.31, down from €13.89 in 2022. This change suggests operators continue realigning their line-ups to better address evolving consumer preferences, leading to a lower average rate.

Pay-TV Average Revenue Per User

Pay-TV ARPU analyses the revenue generated by local pay-TV operators from each subscriber. The ARPU is calculated by dividing the total revenue generated by all operators by the average number of subscriptions at the beginning and at the end of a given period.

The Pay-TV ARPU has decreased by 2% between 2022 and 2023, dropping from €177.82 in 2022 to €174.35 in 2023.

4.2 Regulation

4.2.1 PROMOTING AND SAFEGUARDING COMPETITION IN THE ELECTRONIC COMMUNICATIONS SECTOR

In 2023, the MCA undertook significant efforts to ensure a competitive electronic communications market. This included a detailed market analysis and significant market power (SMP) assessment for wholesale physical and virtual infrastructure access (PVIA) in Malta. The MCA proposed regulatory updates to improve access and stimulate investment in high-speed broadband networks, aligning with the latest Gigabit recommendations. In addition, the MCA conducted consumer perception surveys on mobile telephony, Pay-TV, and fixed telephony services, providing crucial insights into consumer behaviour and satisfaction. These surveys inform regulatory strategies aimed at enhancing competition and meeting consumer needs. The MCA also implemented enhancements to the number portability framework, making it easier for users to switch providers while retaining their phone numbers, thereby promoting fairness and competition among service providers.

The following sections will delve into the detailed findings of the consumer perception surveys and the improvements made to the number portability framework.

MCA analysis of the market for the provision of wholesale physical and virtual infrastructure access in Malta

In 2023, the MCA conducted a thorough market analysis and significant market power (SMP) assessment for wholesale physical and virtual infrastructure access (PVIA) in Malta. The analysis identified relevant retail and wholesale markets for fixed broadband services and evaluated competition at the retail level to inform the wholesale market definition, considering all operators and service providers. Epic, a minor player in this market, relies heavily on regulated Virtual Unbundled Local Access (VULA). To maintain fair competition and stimulate investment in high-speed broadband networks, the MCA proposed regulatory updates to VULA to align with market developments and new Gigabit recommendations, along with measures for Physical Infrastructure Access (PIA) to enhance competition by opening GO's ducts to other operators. The MCA encouraged commercial agreements and joint investments to foster competition and decrease reliance on SMP regulation. This analysis followed EU guidelines, including the 2020 EC Recommendation and the 2018 EC SMP Guidelines, employing a three-stage approach: market definition, SMP assessment, and imposition of necessary remedies.

The findings were published for consultation on 28th April 2023, receiving feedback from three operators: GO, Melita, and Epic. The MCA's draft measure, which identified GO as holding significant market power (SMP) in the PVIA market and proposed active and passive access regulation on GO's infrastructure, was notified to the European Commission (EC) on 28th December 2023. The MCA's actions in 2023 were aimed at maintaining a competitive market environment and encouraging further investment in Malta's broadband infrastructure.

Managing information as the means to promote competition

In line with its strategic goals, the MCA remains committed to collecting data from communications service providers. This information is crucial for making regulatory decisions, enhancing competition, and helping users make informed choices. Moreover, the MCA carried out three distinct consumer perception surveys focused on mobile telephony, Pay-TV, and fixed telephony. These surveys will be discussed in greater detail below.

Consumer Perception Survey – Mobile Telephony

The MCA published a survey in January 2023 assessing consumer perceptions of mobile telephony services in Malta. Conducted by EMCS through telephone interviews with 963 respondents, the survey highlights a few key findings:

- There is a nearly universal subscription rate, with 98% of households using mobile telephony. Smartphone ownership has risen to 85%, and there is a notable shift towards post-paid subscriptions, now at 58%, up from 41% in 2019.
- Monthly expenditures on mobile services vary, with 76% of households aware of their costs; 58% find these costs acceptable, though 30% consider them expensive, up from 22% in 2019.

“ This information is crucial for making regulatory decisions, enhancing competition, and helping users make informed choices ”

- Mobile data usage has increased, with 70% of subscribers utilising mobile internet, primarily for social networking and work. While 75% stay within their data limits, those exceeding them use data add-ons.
- Customer satisfaction remains high, with 80% satisfied, although this is a decrease from 2019. Despite dissatisfaction, 92% of users have not switched providers in the last two years. Half of mobile internet users view it as a viable alternative to fixed broadband.
- OTT (over-the-top) services are popular, with 70% of respondents using them over mobile broadband, mainly for messaging and content consumption. Among non-users, the primary reason is a lack of necessity.
- Environmental considerations are significant for 59% of users, with many holding onto their old phones or passing them on.

The MCA has been conducting these surveys since 2008; these findings provide a comprehensive view of consumer preferences and behaviours in Malta’s mobile telephony market, influencing regulatory strategies aimed at promoting sustainable competition and meeting evolving consumer demands.

Consumer Perceptions Survey - Pay-TV

In October 2023, the MCA released findings from its Consumer Perceptions Survey on Pay-TV services in Malta. Conducted by EMCS via telephone interviews with 808 randomly selected respondents, the survey aimed to assess consumer satisfaction and behaviour regarding Pay-TV and related services.

The survey revealed several key findings:

- 74% of respondents own a smart TV, primarily used for TV content. The distribution of TV sets shows 26% have one, 47% have two, 19% have three, and 7% have four or more sets.



- 89% of respondents subscribe to Pay-TV services, with 99% opting for one subscription. Additionally, 90% purchase Pay-TV in bundles with other services, up from 77% in 2020.
- 76% of Pay-TV subscribers use the service regularly, while 21% use it less frequently, and 3% no longer use it.
- Monthly spending on Pay-TV has shifted, with 20% spending €30 to €50, down from 26% in 2020. However, 55% perceive costs as 'expensive' or 'very expensive', up from 39% in 2020.
- Satisfaction with Pay-TV services has declined to 72% from 94% in 2020. Satisfaction levels varied among providers, with Melita and GO showing distinct rates. Among dissatisfied respondents, 22% are considering changing operators, while 57% prefer to stay with their current provider.
- 50% of respondents reported no disruptions in Pay-TV service over the past year, down from 67% in 2020. Instances of occasional issues decreased slightly to 19%, while multiple problems rose to 23%.
- 69% of respondents use platforms like YouTube and Netflix for their audio-visual content needs, up from 14% in 2020. However, there is a shift in perception regarding the substitutability of streaming services compared to traditional Pay-TV options.
- The adoption of "digital audio broadcast plus" (DAB+) radios remains steady at 19%.

These insights provide a comprehensive view of consumer attitudes and behaviours towards Pay-TV services in Malta, guiding regulatory strategies to enhance competition and meet evolving consumer expectations.

Consumer Perceptions Survey - Fixed Telephony

In October 2023, the MCA released findings from its Fixed Telephony Usage Perception Survey, conducted by EMCS Consulting via telephone interviews with 802 randomly selected households. The survey aimed to assess consumer perceptions and behaviours regarding fixed telephony services in Malta. Here are the key findings:

- 80% of households have a fixed telephone subscription, down 19% from 2019.
- 18% of non-subscribers expressed no intention to acquire a fixed telephone, a significant increase from less than 1% in 2019.
- 76% of current subscribers do not plan to discontinue their service, up from 48% in 2019.
- 87% of subscribers bundle fixed telephony with other services.
- 60% of respondents were unaware of their monthly spending on fixed telephony, often due to bundled services.
- Most subscribers reported spending within the '€0 - €9.99' monthly category.
- 30% found fixed-to-mobile call rates expensive, while 31% considered them reasonable.
- Overall satisfaction with fixed telephony services declined to 73%, down by 10% from 2019.
- 34% of subscribers cited bundling as the primary reason for staying with their current provider.
- 58% reported no service disruptions in the past year, but satisfaction with fault response decreased significantly by 22% compared to 2019.
- 51% often use OTT platforms as an alternative to fixed telephony, up from 41% in 2019.
- 36% of non-OTT users cited lack of knowledge about these platforms as the main barrier, down from 51% in 2019.

The survey employed Computer Assisted Telephone Interviewing (CATI) across all regions of Malta, ensuring demographic and socio-economic diversity. These insights guide regulatory decisions to enhance competition and service quality in Malta's telecommunications sector.

Enhanced Number Portability Framework

The MCA implemented significant enhancements to the number portability framework, effective 1st June 2023, as detailed in the MCA Decision Notice 'Number Portability in Malta,' published in November 2022. These updates mainly stemmed from the transposition of European Electronic Communications Code provisions into national legislation, albeit some further updates were introduced to better align the framework with observed market trends and developments. Key updates included changes necessary to facilitate end-users' access to new rights emanating from the new regulations. For instance, end-users gained the right to request porting or reactivation of recently terminated numbers within one month from the date of termination. Moreover, the updates also established the parameters within which consumers on hybrid or pre-paid plans could avail of their right to seek refunds of unused monetary credit from the donor operator within two weeks of porting. Besides changes dealing with new rights, the updates also provided further clarity on automatic contract termination by the donor operator, and corresponding obligations on the recipient operator to inform end-users requesting porting that there may be service implications following porting (such as on bundles), and the extension of the prohibition of charges related to number portability to apply also to the recipient operator besides the donor operator. These updates aimed to simplify processes, safeguard end-user rights, and promote fairness across service providers.

Framework for the Migration from TDM-based to IP-based Voice Interconnection

In the context of its remit to regulate and secure interconnectivity in the electronic communications sector, the MCA developed a Specification Document comprising a framework to manage the migration of national voice interconnections from a TDM-based approach to one based on IP (i.e. IPvIC). The primary purpose of the Specification Document is to ensure that such migrations to IPvIC take place in a harmonised and concerted manner and, accordingly, to mitigate the risks that would materialise in the absence of such coordination in the process. Ultimately, the Specification Document drives towards lifting the existing obligation on providers of voice communications services (VCS) to offer, as a minimum, a TDM-based voice interconnection to any locally authorised third-party requesting access.

The MCA adopted an incremental approach to the development of the Specification Document, comprising various interactions with local VCS providers during which feedback was obtained and reflected in updates to the draft specifications. An updated Specification Document was circulated amongst local VCS providers in December 2023, with an effective date of 15th January 2024. It sets a commitment to lift the TDMvIC obligation on 1st December 2025 and provides both technical and procedural specifications to be followed by VCS providers when testing and establishing IP-based voice interconnections.

4.2.2 ENSURING THAT ELECTRONIC COMMUNICATIONS UNDERTAKINGS PROVIDE A TRANSPARENT, QUALITY SERVICE TO USERS IN LINE WITH INCUMBENT SOCIAL OBLIGATIONS

The MCA is dedicated to ensuring that electronic communications providers offer transparent and high-quality services, adhering to social obligations and protecting consumer interests. In 2023, the MCA implemented several significant regulatory changes and initiatives aimed at enhancing consumer protection, service transparency, and overall quality of service. Through rigorous consultations with stakeholders, including major telecom operators and consumer groups, the MCA developed comprehensive frameworks and regulations that address key issues in contracts, pricing, and service termination processes. These measures not only aim to empower consumers with clear and accurate information but also promote fair competition and investment within the communications sector. The following sections detail the various initiatives and regulatory changes undertaken by the MCA to achieve these objectives.

Enhancing the MCA's consumer protection

Contracts, Transparency, and Termination of Services

In February 2023, the MCA issued a Decision Notice titled 'Contracts, Transparency and Termination' establishing a set of rules for electronic communications service providers to enhance consumer protection in the telecoms sector. These changes stemmed from a comprehensive public consultation in 2022 with key stakeholders like Epic, GO, Melita, and Vanilla Telecoms.

These rules mandate new obligations regarding the consent that consumers need to provide before being bound by a contract and enforce transparency by making terms and conditions easily accessible. The decision also introduces measures to protect consumers when providers make contractual modifications to their services.

This decision sets requirements to ensure that early termination fees for consumers are fair and mandates the facilitation of refunds for unused advance payments or refundable deposits upon termination of a subscription or tariff plan change. Additionally, it introduces measures to ensure that any actions taken by providers in response to consumer bill payment failures are fair and just.

The 2022 consultation played a crucial role in these changes. Feedback from consumer groups emphasised the need for clearer information, and fairer practises and contract terms. Service providers highlighted operational challenges and feasible implementation timelines, while regulatory experts shared best practices from other jurisdictions to align the MCA's approach with international standards.

These measures demonstrate the MCA's commitment to consumer rights and fair practices in the communications sector, marking a significant step forward in service transparency and fairness in Malta.

Price Indexation Clauses in Telecoms Contracts

In 2023, the MCA addressed the issue of price indexation clauses in telecoms contracts following a comprehensive consultation process. These clauses allow telecom providers to adjust fees based on changes in a publicly available consumer price index. However, this adjustment mechanism often leaves consumers unable to terminate their contracts without facing penalties.

The consultation, initiated on 25th August 2023, was a response to growing concerns about the impact of these clauses on consumers, including lack of awareness and understanding of the clauses, as well as the potential for unpredictable cost increases throughout the contract period. These clauses also risk distorting market competition and hindering consumers' ability to effectively compare different tariff plans. The MCA received feedback from several key stakeholders, including the Consumer Association Malta, Consumer Affairs Council, the Office for Consumer Affairs (OCA) within the Malta Competition and Consumer Affairs Authority, and major telecom providers such as Epic, GO, and Melita.

After careful consideration of the submissions, the MCA issued a Decision Notice on 7th December 2023. The decision mandates specific requirements for telecom providers, particularly those offering publicly available electronic communications services. These requirements aim to enhance transparency and consumer protection by ensuring that consumers are fully informed about any potential price adjustments and their implications.

The MCA's decision aligns with a ruling by the Court of Justice of the European Union, which stated that price adjustments due to indexation clauses do not constitute contractual modifications that would otherwise allow consumers to withdraw from their contracts without penalties. The MCA's proactive approach seeks to mitigate the negative impacts on consumers and maintain fair competition within the telecom market in Malta.

Preventative Measures to mitigate CLI spoofing and vishing scams

In 2023, the MCA initiated a significant public consultation focusing on preventative measures to combat CLI (Calling Line Identification)

spoofing and vishing scams. This consultation, which commenced on 29th September 2023, and concluded on 15th November 2023, sought feedback from various stakeholders on proposed interventions aimed at tackling such voice scams based on spoofed Maltese phone numbers. CLI spoofing involves the manipulation of caller ID information, with malicious intent, in order to display a different number than the one actually being used by the caller, often to perpetrate vishing scams where fraudsters impersonate legitimate entities to extract sensitive information from victims. It is worth noting that the majority of such vishing scam calls with spoofed Maltese CLIs are found to have been received in Malta from abroad, reflecting the global nature of this threat. Thus, the MCA's proposed framework mandates the implementation of technical measures at the network level to identify and block potential scam calls entering Malta through international links.

Throughout the consultation period, six respondents provided valuable insights, helping to shape the final decision notice. Key aspects of the proposed measures include the mandatory implementation of call blocking 'rule-based filters' by local operators of international network interfaces. These filters would target calls with Maltese CLI from specific numbering ranges, aiming to identify and block malicious calls while simultaneously mitigating the impact on legitimate communications.

The MCA also emphasised the importance of transparency and public awareness, ensuring that both end-users and service providers understand the implications of these new measures. The decision, which was issued in April 2024, underscores the MCA's commitment to safeguarding trust in Maltese numbers, networks and services, whilst protecting end-users from fraudulent activities.

Ensuring universal access to communications services

The MCA is responsible for regularly overseeing and collecting data on the quality of services (QoS) offered by internet access providers and publicly accessible interpersonal communication services. As part of this commitment, the MCA initiated a consultative process to identify critical QoS metrics for providers to evaluate.

By offering current and comparable QoS information, the MCA aims to empower end-users to make informed decisions and enhance the Authority's capacity to monitor industry trends. This effort also promotes competition and encourages investment by benchmarking service providers based on their quality.

Although the decision to establish the QoS framework was originally anticipated for publication in 2022, the MCA decided to extend discussions with operators to address their feedback on measuring technical indicators. This collaborative approach seeks to refine the decision-making process by integrating insights from market research and stakeholder input. Ultimately, the MCA's decision will act as a benchmark for the industry, encouraging high-quality standards and fostering robust competition among service providers.

In further fulfilment of its legal obligations to monitor Quality of Service, the MCA embarked on developing a Mobile Benchmarking Quality of Service programme. This initiative began with comprehensive market research, followed by stakeholder engagement to understand local market needs and assess available mobile benchmarking products and services. After evaluating various benchmarking solutions for their suitability in meeting these needs, the MCA drafted a tender for procuring the necessary solution to implement the benchmarking

programme. The tender is slated for publication in Q2 2024, with the first benchmarking exercise anticipated by the end of 2024.

4.2.3 MAINTAINING OPEN, SAFE AND SECURE ELECTRONIC COMMUNICATIONS

The MCA is dedicated to ensuring that electronic communications networks and services are open, safe, and secure for all users. This commitment encompasses rigorous oversight of net neutrality practices, vigilant monitoring of network security, and the strategic mapping of broadband services. Through these efforts, the MCA not only enforces regulatory compliance but also fosters an environment conducive to innovation and development. By leveraging comprehensive guidelines and engaging with key stakeholders, the MCA continuously adapts to evolving challenges and advancements in the communications sector. The following sections detail the specific actions and initiatives undertaken by the MCA in 2023 to uphold these critical standards.

Oversight of net neutrality practices

The MCA is responsible for enforcing and supervising the Open Internet Regulation (EU) 2015/2120, known as the OIR Regulation, which governs rules for Open Internet access. This regulation provides the MCA with the necessary tools to evaluate traffic management and commercial practices, ensuring that Internet Access Services for end-users are free from discrimination. This, in turn, supports the open internet as a platform for innovation and development.

In its oversight role, the MCA closely adheres to the BEREC guidelines on implementing the Open Internet Access Regulation by National



Regulatory Authorities (NRAs), with the latest update issued in June 2022.

As part of its ongoing assessment and monitoring of practices applied in the provisioning of Internet Access Service, the MCA engages with major fixed and mobile Internet Access Service (IAS) providers through a self-assessment questionnaire. This questionnaire assesses commercial and technical practices related to their IAS offerings. The results confirmed that none of the IAS providers engage in traffic management practices that breach the EU regulation. Furthermore, in 2023, the MCA did not receive any customer complaints citing discriminatory practices by IAS providers.

In June 2023, in line with the OIR, the MCA published its annual report covering the period from 1st May 2022 to 30th April 2023. The report focused on the MCA's efforts in supervising and monitoring the implementation of open internet access rules as stated in the EU Regulation, effective since 30th April 2016. The MCA concluded that Internet Access Service providers in Malta were generally compliant with the EU regulation, with no major concerns. The report also highlighted the MCA's efforts to conclude processes related to phasing out existing zero-rated offers in the market.

The latest report indicates no significant issues in the market. Nevertheless, the MCA will continue to assess any new IAS products, policies, and other activities that may be regulated by the OIR to ensure compliance with the EU Regulation's requirements.

In addition to its reporting activities, the MCA actively collaborates with other EU regulatory authorities within BEREC on matters concerning OIR, particularly through BEREC's Expert Working Group on the Open Internet. The Authority continues its ongoing monitoring and review of the open internet due to the ever-changing nature of this industry.

Furthermore, the MCA has also provided support to the Sanctions Monitoring Board regarding the implementation of EU sanctions against Russia by locally authorised ECS providers.

Monitoring security, safety and integrity of public fixed and mobile networks

The MCA recognises the paramount importance of the security and integrity of electronic communication networks and services. In the first quarter of 2023, the MCA published a consultation document outlining several proposals to establish a comprehensive security framework applicable to electronic communication networks and services in Malta. This framework is designed to interpret national laws that transpose Articles 40 and 41 of the European Electronic Communications Code (EECC), detailing the specifics of its implementation. These proposals also acknowledge the inherent security risks associated with advanced and globalised communication systems and the necessity of addressing these complexities.

The security landscape for electronic communication networks and services is evolving rapidly at both European and global levels, resulting in significant legislative changes. One of the pivotal changes is the publication of the NIS2 Directive in December 2022, which will introduce a new legal framework for security requirements and supervisory tools for electronic communication networks (ECN) and

electronic communication services (ECS). The NIS2 Directive will focus exclusively on the security aspects of networks and services within its scope, including ECS and ECN. Consequently, the security provisions for ECS and ECN within the EECC Directive will be repealed by October 2024.

In anticipation of these forthcoming changes, the MCA decided to place on hold the publication of the security framework that was consulted upon in 2023 until further clarity is obtained regarding the transposition of the NIS2 Directive. This decision aims to minimise regulatory changes and uncertainty within the sector.

Throughout 2023, the MCA has actively engaged in continuous discussions and feedback sessions with the Critical Infrastructure Protection Directorate (CIPD) under the Ministry for Home Affairs, Security, Reforms and Equality (MHSE), which is responsible for the national transposition of the NIS2 Directive. These efforts were aimed at ensuring that, while fulfilling all obligations emanating from the NIS2 Directive, the transposition process will have minimal impact on the established ECS and ECN markets.

As the National Regulatory Authority (NRA) responsible for the supervision of the security and integrity of Electronic Communications Networks and Electronic Communication Services, the MCA actively participates in the European Competent Authorities for Secure Electronic Communications (ECASEC). The MCA regularly engages in forums and workshops alongside other European NRAs and competent authorities. Furthermore, the MCA is entrusted with leading discussions within ECASEC, which will culminate in the publication of guidelines on security measures that ECN and ECS providers will be required to implement under the NIS2 Directive.

Mapping broadband services as an information tool relative to broadband network capabilities

To ensure optimal service for end users, the MCA continued its project, launched in 2021, to map the local broadband infrastructure. This initiative, which is mandated by the EECC, aims at mapping the extent of electronic communications networks capable of delivering broadband services.

The exercise focuses on mapping broadband coverage across the Maltese islands, encompassing both fixed and mobile broadband. For fixed broadband, maximum and peak-time speeds are also considered. Mapping broadband networks further strengthens the MCA's ability to determine the effectiveness, resilience, and future viability of both physical and spectrum-related infrastructures. In January 2023, the MCA signed an agreement with MITA for the provision of a Geographic Information System (GIS) by ESRI. The MCA then engaged in numerous discussions with service providers to agree on the type and format of data to be collected. For mobile broadband, where signal level thresholds were not harmonised across all service providers, the MCA took the initiative to define and harmonise these thresholds to ensure a unified approach when presenting the data.

The datasets collected from all mobile and fixed broadband service providers were used to map broadband coverage as required by the EECC. These maps, along with the conclusions drawn, were summarised in a report finalised in December 2023.

Beyond meeting the requirements for geographical coverage surveys, the broadband maps have been employed by the MCA to enhance its work in various fields, including market analysis. In 2023, the MCA also attended several training sessions related to GIS platforms and their use.



4.2.4 MAXIMISING THE POTENTIAL OF RADIO SPECTRUM

To effectively harness the full potential of radio spectrum, it is essential for regulatory bodies to continuously adapt and refine their strategies. The radio spectrum is a finite and valuable resource, and its optimal use underpins the advancement of various communication technologies and services. In 2023, the MCA undertook several initiatives to maximise spectrum efficiency and support the evolving needs of the telecommunications sector. These activities included reassessing spectrum rights, updating management frameworks, and engaging in comprehensive monitoring and compliance efforts.

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

Terrestrial Digital Audio Broadcasting (T-DAB) is a wireless service that enables the digital transmission of audio content. In 2006, Digi B Network Ltd received a 16-year spectrum license for four frequency blocks in the VHF band, which are essential for creating a nationwide T-DAB network. During 2022, the MCA outlined the conditions and process for a prospective spectrum award in its Decision MCA/D/21-4460. This Decision also extended Digi B Network's licence until March 2023 to meet cross-border frequency coordination requirements.

After this extension, Digi B Network Ltd expressed interest in securing the T-DAB spectrum to continue operating and expanding its network. In response, the MCA issued an Expression of Interest to invite other potential stakeholders in the T-DAB market to participate in the spectrum assignment process. However, no other candidates came forward.

Consequently, the MCA proceeded with a Direct Assignment procedure for the six VHF spectrum blocks designated for T-DAB transmission, as per the published Decision. This direct assignment process was completed in the first quarter of 2023.

The MCA continues to monitor the deployment of the spectrum to ensure it is used efficiently and effectively by the network operator.

Updating the Spectrum Management Frameworks for the 900 MHz, 1800 MHz, and 2.5 GHz Bands

In 2023, the Authority sought to amend the spectrum management frameworks for the 900 MHz, 1800 MHz, and 2.5 GHz bands, including the associated rights of use for these radio frequencies. These bands are designated for terrestrial systems that provide electronic communication services and must comply with European regulations that harmonise their use, ensuring service and technology neutrality.

The Authority's proposals had two main goals. First, the MCA aimed to align certain provisions in the national spectrum management frameworks (i.e., Decision Nos. MCA/10/44/D and MCA/D/17-2971) with legal standards. This alignment was intended to provide legal clarity and ensure consistent interpretation of the frameworks. Second, the MCA sought to update the technical conditions for the 900 MHz and 1800 MHz bands to support the rollout of next-generation (5G) terrestrial wireless systems, in line with Commission Implementing Decision (EU) 2022/173.

During the public consultation process, three responses were received. The MCA plans to publish the updated spectrum management frameworks after the second half of 2024.

Re-assignment of Rights for the 900 MHz, 1800 MHz, and 2100 MHz Bands

In 2023, the MCA continued its efforts to refine the management of spectrum bands nearing the end of their licensing periods, specifically the 900 MHz, 1800 MHz and 2100 MHz spectrum bands. Building on the 2022 consultation document titled 'Extension of Terrestrial 2 GHz Spectrum Rights of Use and Complementary Work Programme' (MCA/C/22-4646), which addressed the extension of 2 GHz band licenses and proposed framework revisions, the MCA aimed to develop a clear roadmap for these expiring spectrum rights.

To enhance the data and insights available, the MCA issued a questionnaire to local stakeholders in 2023. This questionnaire sought to address the challenges highlighted by the European Digital Decade Policy Programme 2030 and focused on three main areas: (i) identifying viable options to meet these challenges, (ii) exploring potential deployment strategies, and (iii) estimating the capital and operational costs associated with these strategies.

The feedback collected through this questionnaire is instrumental in shaping the approach towards a prospective multi-band spectrum assignment process meeting the 2030 targets, whilst catering to the needs of local Mobile Network Operators, and ensuring a fair return for the Government. The MCA plans to publish further details during the second quarter of 2024.

EMF Monitoring

In line with its strategic goal of ensuring open, safe, and secure electronic communications, the MCA consistently monitors Electro Magnetic Field (EMF) emissions to ensure they remain within the limits established by the International Commission of Non-Ionizing Radiation

Protection (ICNIRP) and endorsed by the World Health Organization (WHO), as well as other legal requirements.

In response to updates in ICNIRP's EMF exposure recommendations and European EMF Measurement Standards, the MCA conducted a thorough review to align its processes with the latest standards. Following detailed discussions with the Superintendent of Public Health, the Department of Health Regulation recommended: (i) adopting the EMF exposure evaluation guidelines outlined in ICNIRP 2020, and (ii) implementing the EN62232 European Standard for EMF exposure assessment processes.

The MCA has since updated its EMF monitoring processes and procedures to comply with these updated guidelines and standards. As a leader in adopting the latest EMF exposure recommendations, the MCA was invited by the GSMA to present its case studies at the 12th GSMA EMF Forum, which took place on 26th September in Brussels.

The MCA operates a comprehensive EMF monitoring programme across Malta and Gozo, which includes National Wideband EMF Audits, Pre-Demarcated Locations EMF Audits, and Customer EMF Audits. The MCA maintains regular communication with the government department responsible for environmental health, sharing the results of these audits to inform any necessary actions.

In 2023, the MCA undertook a detailed review of its methodology and reporting format for the EMF Monitoring Programme. The findings from EMF audits conducted at pre-determined locations are now published in a more graphical and user-friendly format on a quarterly basis,

enhancing public understanding. All EMF audit results are also available as open data on the MCA's website. Throughout 2023, a total of 244 audits were completed.

Additionally, the MCA participated in the GSMA 2023 event, furthering its engagement with relevant international stakeholders.

Spectrum Compliance Activities

Radio spectrum is a finite resource that requires effective management to ensure various radiocommunication services operate without interference. In 2023, the MCA focused on enhancing its capabilities to manage the spectrum more efficiently. This involved investing approximately €300,000 in capacity building and procuring additional test and measurement equipment to comply with legal requirements.

Additionally, the MCA explored the feasibility of using airborne solutions for spectrum compliance activities. A preliminary market consultation document was published in July 2023, and meetings with potential solution providers were subsequently conducted. Work in this area will continue into 2024. As part of its proactive approach to spectrum management, the MCA implemented a national radio spectrum monitoring plan for 2023. This plan identified key frequency bands and radiocommunications services to be monitored. Following the plan and adhering to international monitoring procedures, the MCA completed over 350 monitoring tasks and took appropriate action to address any irregular spectrum use.

Throughout 2023, the MCA processed 27 reports of harmful interference. Of these, 12 cases were confirmed as actual interference. Notably,

investigating cross-border harmful interference affecting mobile electronic communications services presented significant challenges.

Ongoing Spectrum Management Activities

The MCA is responsible for the effective management of the radio spectrum and supports the introduction of innovative radio-based services.

In 2023, the MCA handled numerous requests for radio spectrum allocation related to a wide range of terrestrial and satellite applications. In managing these requests, the MCA ensured that spectrum use was efficient and did not cause harmful interference.

The MCA also provided technical assistance to the Broadcasting Authority on two occasions, primarily focusing on processing applications for community sound stations operating in the VHF FM band. Additionally, the MCA processed over 70 requests from foreign naval vessels visiting Malta, coordinating with the Ministry for Foreign and European Affairs and Trade to facilitate these operations.

Furthermore, the MCA addressed requests from international spectrum management entities seeking approval for the establishment of satellite and terrestrial stations. Through these efforts, the MCA ensured the integrity of radio-base stations operating under its licensing framework.

International Spectrum Management Activities

In accordance with the European Electronic Communications Code, the MCA, as the national spectrum management authority, is required to collaborate with other Member States and the European Commission on the strategic planning, coordination, and harmonisation of radio spectrum use.

In 2023, the MCA participated in a variety of international meetings addressing different aspects of spectrum management. These meetings included:

Organisation	Name of meeting
European Union	<ul style="list-style-type: none"> Radio Spectrum Committee Radio Spectrum Policy Group (RSPG), including sub-group meetings established in accordance with the work programme RSPG Peer Review events
CEPT	<ul style="list-style-type: none"> Electronic Communications Committee (ECC) Plenary Conference Preparatory Group for WRC-23 (CPG23) Working Group on Frequency Management ECC PT1 on IMT matters FM 22 on spectrum monitoring and enforcement FM58 on maritime communications
ITU	<ul style="list-style-type: none"> 2nd Conference Preparatory Meeting for WRC-23 (CPM23-2) Multilateral meeting on interference affecting broadcasting services 3rd Inter-regional workshop on WRC-23 preparation

In addition to these meetings, the MCA contributed to the work of the RSPG by co-chairing the “Good Offices” sub-group, which facilitates bilateral negotiations between Member States. This sub-group held six meetings in 2023.

Review of the National Frequency Plan

The National Frequency Plan (NFP) specifies the allocation of radio spectrum within Malta, organising the spectrum into various sub-bands and designating the permissible radiocommunication services for each sub-band. The NFP is aligned with the ITU’s Radio Regulations, and the European table of frequency allocations and applications set by the Electronic Communications Committee within the European Conference for Postal and Telecommunications Administrations (CEPT/ECC).

The MCA is responsible for drafting, adopting, and publishing the NFP, with regular updates to reflect changes in spectrum usage and to comply with European Union legislation harmonising spectrum use. In line with this process, the MCA published a revised version of the NFP in October 2023.

“The MCA is responsible for drafting, adopting, and publishing the NFP, with regular updates to reflect changes in spectrum usage

Radiocommunications Equipment Licensing

Under Part IV of the Electronic Communications (Regulation) Act (Chapter 399), the MCA is tasked with administering radiocommunications equipment licences. This includes granting the right to install or use radiocommunications equipment and the associated radio frequencies.

As of the end of 2023, the total number of active radiocommunications individual licences was 1,602. The number of active licences has increased over the years, as shown below:

Year	Total No. of licenses (active)
2019	1,099
2020	1,251
2021	1,334
2022	1,524
2023	1,602

The increase in active licenses for 2023 is primarily due to a rise in aircraft station licenses, which grew by 78 from the previous year. However, there was a slight decrease in licences for private mobile radio, broadcasting apparatus, and coast radio stations. During 2023, the MCA also issued 40 temporary licenses.

The distribution of active licences as of the end of 2023 is as follows:

Licence type	No. of active licences as at end 2023
Aircraft	907
Aircraft-ground station	9
Aircraft portable station	3
Broadcasting (national, community, repeaters)	52
Links	21
Maritime coast stations	34
Private Mobile Radio and other land-mobile systems	100
Amateur radio	464
Satellite earth stations	2
Other licence types	9

Additionally, in 2023, the MCA processed requests for maritime identities, including call signs and maritime mobile service identities (MMSI). A total of 155 maritime identities were assigned.

Licence type	No. of active licences as at end 2023
Satellite earth stations	2
Other licence types	9

General Authorisation Framework for Radiocommunications Apparatus

In 2022, the MCA established a new general authorisation framework for radiocommunications apparatus through Decision No. MCA/D/22-4662. This framework outlines the rights and obligations of individuals installing, using, or dealing with radiocommunications apparatus, as detailed in the Schedules to the Decision. This framework, adopted under Article 30A of the Electronic Communications (Regulation) Act (Cap. 399), complements the General Authorisations (Radiocommunications Apparatus) Regulations (S.L.399.40) while these Regulations remain in effect.

In 2023, the MCA updated several Schedules within the Decision to align with European legislation on radio spectrum use and recent CEPT deliverables. The updated schedules cover areas such as wireless access systems, non-specific short-range devices, model control apparatus, radiodetermination applications, radio frequency identification devices (RFIDs), mobile communication services on aircraft, earth stations on vessels, and very small aperture terminals (VSATs).

Participating in Research and Development

In 2023, the MCA continued its investment in research and development across fixed and wireless broadband, with a focus on emerging technologies such as the Internet of Things (IoT), 5G, cybersecurity, and new opportunities in space communications.

This year, the MCA joined a consortium led by the University of Malta to apply for the SINO-MALTA 2023 call managed by the Malta Council for Science and Technology. The project, titled 'Theory and Key Technologies for AI-Driven 6G Broadband Communication Systems'

(TEKAID6G), aims to advance 6G network technologies with an emphasis on sustainability. It includes developing methodologies to monitor energy efficiency in 5G-Advanced and 6G systems and examining the impact of regulatory policies, particularly those related to spectrum and artificial intelligence.

4.2.5 CONTRIBUTING TO THE ONGOING DEVELOPMENT AND IMPLEMENTATION OF SECTOR POLICY

The MCA plays a crucial role in shaping and implementing sector policies that align with European Union directives and support national interests. By actively engaging in the development of key regulatory frameworks, the MCA ensures that Malta remains at the forefront of technological advancement and cybersecurity. This section highlights the MCA's involvement in two significant initiatives: the review of the EU Broadband Cost Reduction Directive (BCRD) and the implementation of the revised Directive on the Security of Network and Information Systems (NIS2). These efforts demonstrate the MCA's commitment to fostering a robust digital infrastructure and enhancing cybersecurity resilience in Malta.

Review of the EU Broadband Cost Reduction Directive (BCRD) 2014/61

In 2020, the European Commission began evaluating the Broadband Cost Reduction Directive (BCRD), Directive 2014/61/EU, to improve the deployment of high-capacity networks like fibre and 5G, align with the

European Electronic Communications Code (EECC), and incorporate environmental safeguards.

In February 2023, the Commission proposed the Gigabit Infrastructure Act (GIA) to replace the BCRD, aiming to reduce broadband deployment costs through better access provisions, civil works coordination, and a streamlined permit process. The GIA, expected to be adopted in early 2024, will support the EU's digital goals.

The MCA is actively involved in shaping this proposal, working with Transport Malta (TM) and other stakeholders to provide essential input to the Government. This collaboration ensures that Malta's interests are considered, facilitating faster and more efficient network deployment. The MCA's contributions are pivotal in positioning Malta to benefit from the upcoming legislative changes.

Revised Directive on the Security of Network and Information Systems (NIS2)

The NIS2 Directive addresses the limitations of the current NIS Directive and adapts to the advanced cybersecurity landscape. It expands the list of sectors under cybersecurity obligations, introduces enforcement measures, and enhances cooperation among EU member state authorities. The MCA is closely monitoring the transposition of NIS2, which came into force on 16th January 2023 and must be implemented nationally by 17th October 2024. The Ministry for Home Affairs, Security, Reforms and Equality (MHSE) is responsible for this transposition.

NIS2 replaces the security provisions for trust service providers in the eIDAS Regulation and those in the European Electronic Communications Code (EECC).

4.2.6 CONDUCTING RELEVANT RESEARCH, EXPLORING AND DEVELOPING EMERGENT POLICY AREAS

In an era of rapid technological advancement and environmental concerns, regulatory bodies must proactively conduct research and explore new policy areas. This means understanding current trends and anticipating future developments to create forward-thinking, responsive policies.

Addressing the implications of the European Green Deal on relevant sectors and the MCA's regulatory mandate

In 2023, the MCA took significant strides in addressing the implications of the European Green Deal on the communications sector. This effort aligns with the European Union's overarching goals of environmental sustainability and carbon neutrality by 2050. The MCA published a comprehensive discussion paper titled 'The Contribution of the Communications Sector and the MCA's Potential Role towards Achieving Malta's Environmental Sustainability Goals'. This paper highlights the potential contributions of the communications sector to Malta's sustainability targets and explores the MCA's regulatory mandate in facilitating these objectives.

The discussion paper underscores the critical role of the communications sector in reducing carbon footprints through the adoption of green technologies and sustainable practices. It proposes several initiatives, including the promotion of energy-efficient network infrastructure and the advancement of digital solutions that reduce the need for physical travel.

Moreover, the paper calls for collaborative efforts between the MCA, industry stakeholders, and other governmental bodies to ensure that environmental sustainability is integrated into the sector's strategic planning. By leveraging the capabilities of the communications sector, Malta can make substantial progress toward its environmental goals, ultimately contributing to the broader objectives of the European Green Deal.

The MCA's proactive approach in engaging stakeholders through consultations and feedback has been instrumental in shaping a regulatory environment conducive to sustainability. This initiative reinforces the MCA's commitment to environmental stewardship, demonstrating leadership in the transition towards a greener economy.

In an era of rapid technological advancement and environmental concerns, regulatory bodies must proactively conduct research and explore new policy areas

05

Postal Market



5.1 Market Review

Market developments in postal services

The postal mail segment is undergoing a significant transformation in response to changing social dynamics and the rise of digital service platforms (DSPs). The growing use of digital communication methods, such as email and instant messaging, has led to a decline in traditional mail volumes, including single letter, registered, and bulk mail.

In contrast, the surge in e-commerce has driven an increase in parcel mail, both within and beyond the universal service scope. This shift presents both opportunities and challenges for postal operators.

To address these changes, postal service providers are adapting by incorporating digital advancements into their operations. Innovations like online tracking, e-commerce integration, and digital payment options aim to improve service efficiency and meet evolving customer needs.

Despite the decline in traditional mail volumes, the rise in parcel mail highlights the sector's ability to adapt and capitalise on new opportunities. Postal operators continue to adjust their strategies to navigate the evolving market landscape and address the challenges posed by declining traditional mail while leveraging growth in parcel services.

Mail Items by Type of Postal Activity

In 2023, postal data showed a reduction of 1.7 million delivered mail items, decreasing to 27.2 million mail items. This decrease was largely attributed to the 9.7% year-on-year decline in mail items sent within the universal service scope. This decline affected single-piece letter mail,



bulk mail, and registered mail, with these categories of mail activity experiencing a decline of 12.2%, 8.5% and 16.9% in terms of volume, respectively. Parcel mail within the universal service increased slightly by 0.01 million, reaching 0.2 million parcels.

Conversely, mail items outside the universal service scope grew by 0.85 million, reaching 3.4 million items. A 0.9 million increase in mail items weighing 2 kilograms or less, which now make up 67.5% of all mail outside the universal service scope, up from 53.3% in 2022. Meanwhile, heavier mail items (up to 31.5 kilograms) saw a decrease of 0.09 million items year-on-year.

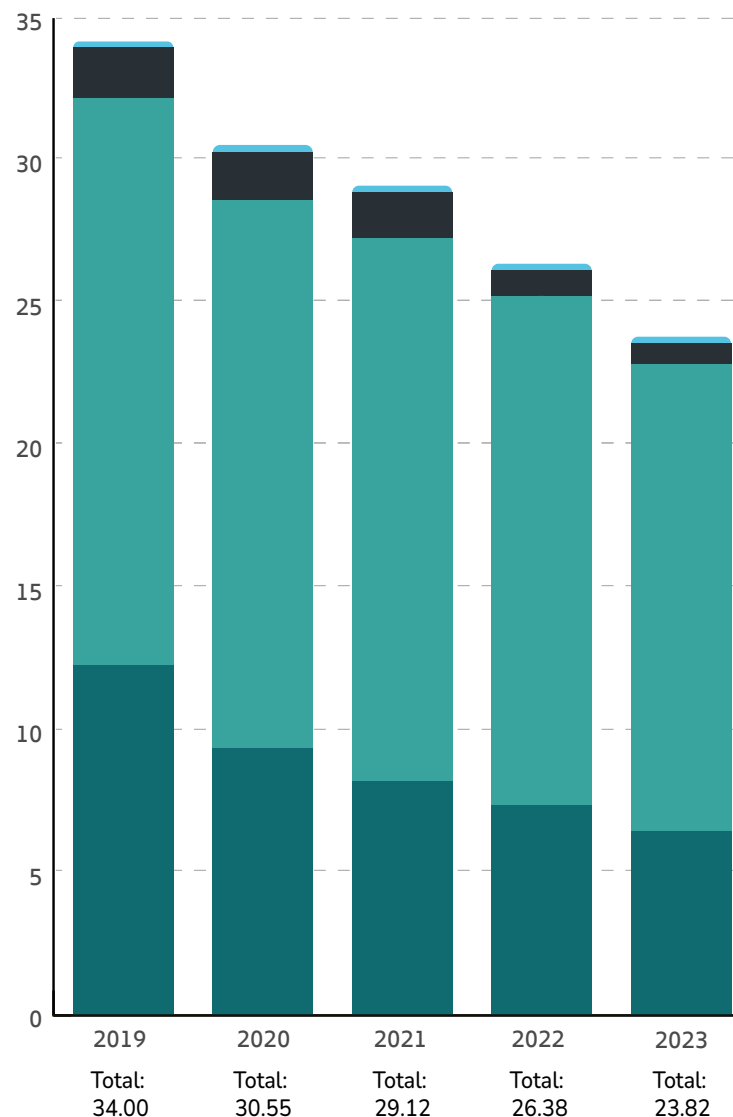
Mail Items by Destination

In 2023, the total volume of postal mail, i.e. global volumes encompassing mail within or beyond scope of the universal service, decreased from 28.9 million items in 2022 to 27.2 million, marking a 5.9% year-over-year decline. The domestic mail and outbound cross-border mail categories registered year-on-year declines of 9.6% and 10.3% respectively. On the other hand, inbound cross-border mail increased by 13.5%, mainly as a result of the increase in parcel mail outside the scope of the universal service.

Domestic mail constitutes the majority of the universal service, representing 85.6% of all mail items within this scope. Inbound cross-border mail follows at 10.8%, with outbound cross-border mail making up 3.5%. Outside the universal service scope, postal services focus mainly on inbound cross-border mail, which accounts for 80.9% of this category, totalling 2.8 million items by the end of 2023. Domestic mail and outbound cross-border mail outside the universal service scope represent 13.1% and 6.0% of the total, respectively.

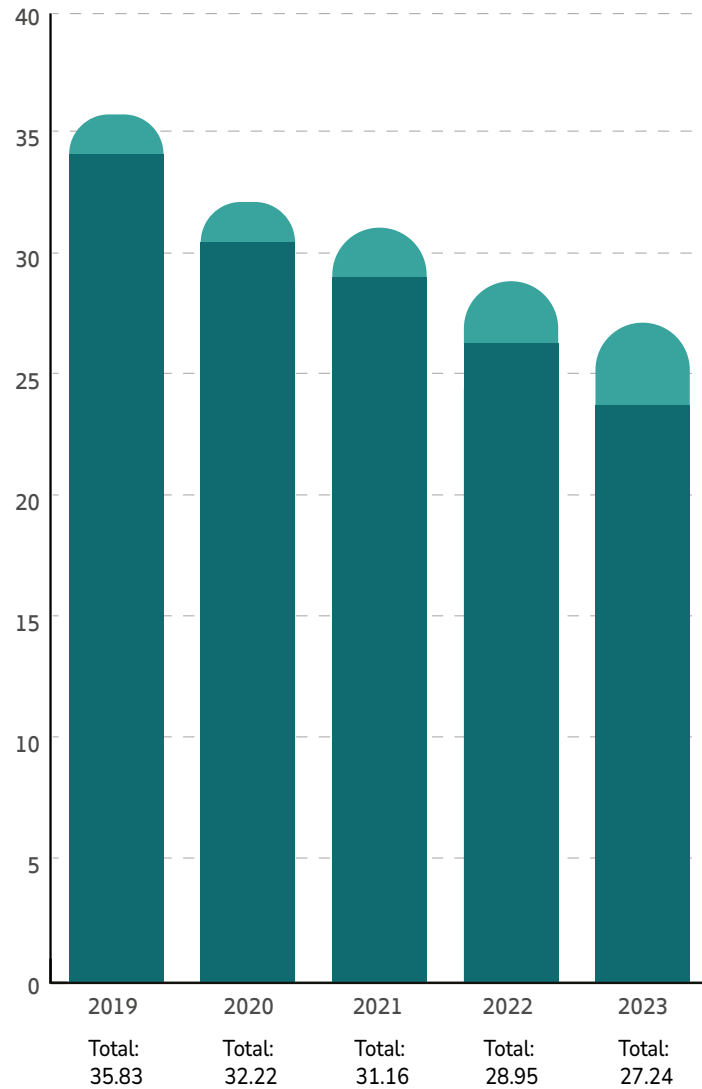
Within scope of the US postal mail volumes, by type of mail item in millions

Letter mail Bulk mail Registered mail Parcel mail



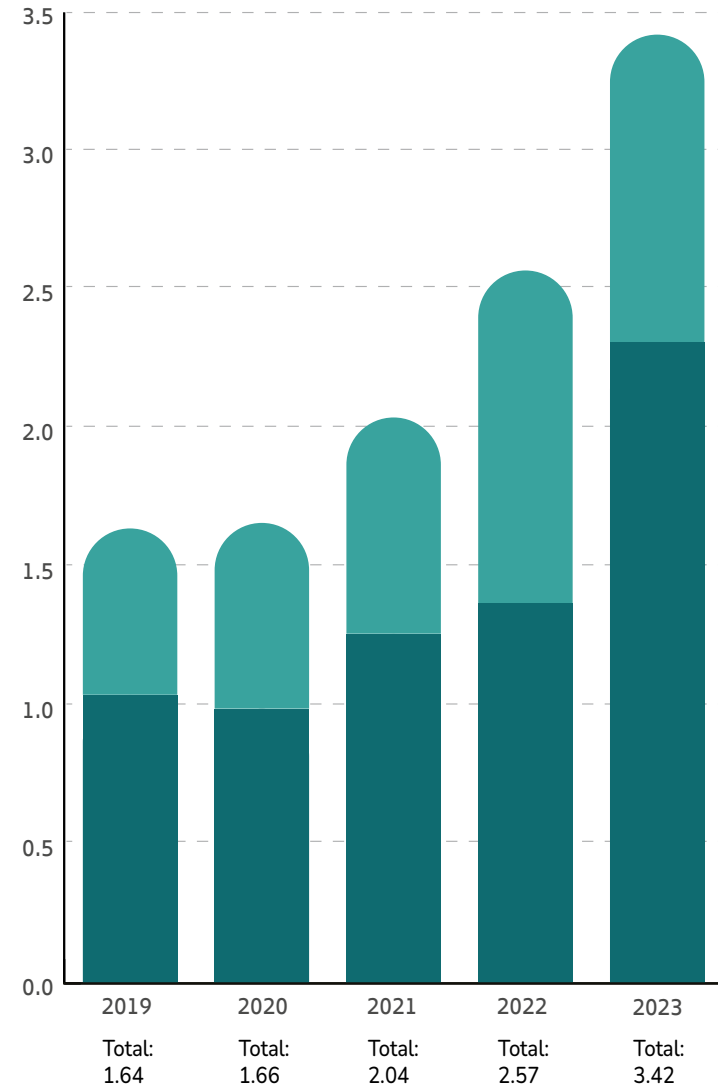
Postal mail volumes: within the scope vs outside the scope of the universal service (US) area in millions

■ Within the scope ■ Outside the scope



Outside scope of the US postal mail volumes, by weight of mail item in millions

■ Mail items (less than or equal to 2kg)
 ■ Mail items (greater than 2kg up to 31.5kg)



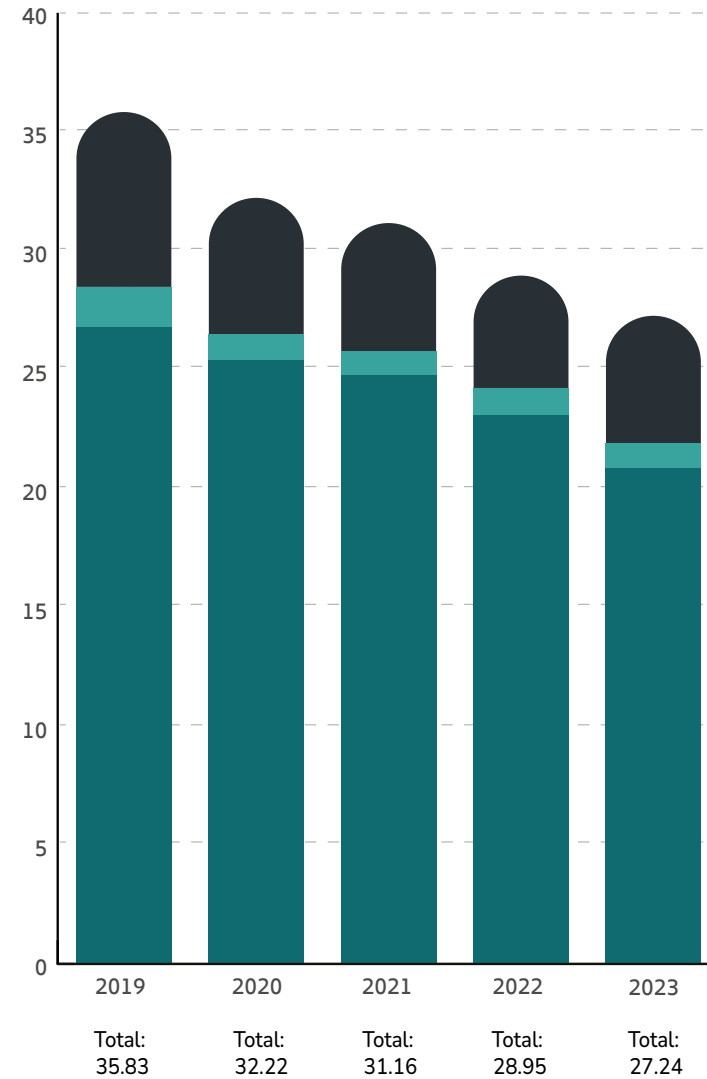
In 2023, 76.5% of all mail items, considering both those within and outside the scope of the universal service, were sent domestically. Inbound cross-border mail accounted for 19.7%, while outbound cross-border mail represented 3.8%.



Postal mail volumes for the period 2019 to 2023, by destination

in millions

Domestic mail Outbound cross-border mail Inbound cross-border mail



5.2 Regulation

5.2.1 SAFEGUARDING SUSTAINABLE COMPETITION IN THE POSTAL SECTOR

In the dynamic landscape of the postal sector, maintaining robust and sustainable competition is essential to ensuring the delivery of high-quality services while adapting to ongoing market changes. Effective regulation and oversight play a pivotal role in fostering a competitive environment with the preservation of universal service obligations.

This section delves into the recent initiatives and regulatory actions taken by the MCA to promote sustainable competition, from evaluating service providers' proposals to incorporating feedback from the business community. By setting clear guidelines and fostering an environment of healthy competition, the MCA aims to safeguard the integrity and efficiency of postal services in Malta, ensuring they remain responsive to the needs of all stakeholders.

Providing Sustainable Universal Postal Services

In 2023, the MCA took crucial steps to ensure the sustainability of universal postal services, vital for adapting to the evolving needs of the Maltese public and a rapidly changing market.

MaltaPost plc (MaltaPost) faced significant financial difficulties in 2022 and 2023 due to market shifts worsened by COVID-19, Brexit, VAT on low-value items from non-EU countries, and growing digitalisation. These factors led to a €0.5 million loss for the Universal Postal Service during the financial year 2022. In response, MaltaPost and the MCA discussed several proposed changes; next-day delivery targets for single-piece

and bulk mail were adjusted to better meet user needs. Earlier cut-off times for letterbox collections and bulk mail were introduced to boost efficiency. The number of free months for the Redirection Mail service was reduced, and some services, like the PO Box Mail and Newspaper Post Services, were removed from the Universal Service. However, the Registered Mail service remains as required by the EU Postal Service Directive.

A new pricing structure for outbound parcels was also proposed, introducing a zone-based tariff system to better reflect international delivery costs and address losses from these services.

The MCA conducted detailed evaluations to ensure that the proposed changes maintained affordability, efficiency, and reliability while supporting the Universal Postal Service's financial sustainability. A public consultation process, in line with Article 4A of the Malta Communications Authority Act, gathered stakeholder feedback to inform these revisions. The MCA published its Decision in August 2023 regarding revisions to specific postal service characteristics and tariffs.

The MCA will continue to review and consult on further measures to enhance service sustainability, including potential adjustments to delivery targets and parcel weight thresholds. These strategic actions aim to ensure Malta's universal postal services remain resilient, adaptable, and capable of meeting diverse user needs. For more information, visit the MCA website.

Application for a Licence and Authorisation to provide Postal Services

In 2023, the MCA received an application from FastDrop Limited (Company No. C103074). The application sought a licence and



authorisation to offer postal services both within and beyond the Universal Service Area. This application reflected the ongoing developments in the postal sector and the MCA's role in regulating and overseeing new entrants to ensure a diverse and competitive market. Following its review of this application, the MCA issued a licence to FastDrop Limited in May 2023.

2023 MCA Business Perception Survey: Postal Services

In 2023, the MCA undertook a comprehensive Business Perception Survey to gain deeper insights into the perspectives of businesses on postal services within Malta. This survey marks a significant step in the MCA's ongoing efforts to evaluate and enhance the quality and efficiency of postal services across the nation. Conducted through a robust methodology, including direct engagement with a broad spectrum of business entities, the survey aimed to capture a representative snapshot of the current business climate and expectations concerning postal services.

The findings from this year's survey reveal a mixed but overall positive perception among businesses. 59% of respondents reported satisfaction with the general quality of postal services. The survey also explored the difficulties faced by businesses in sending parcels during the post COVID period compared to the pre-COVID period. 25% reported difficulties. Among those that faced challenges, the most frequent difficulties mentioned were excessive delays and higher shipping costs.

These insights are invaluable for the MCA, as they underscore specific areas where further enhancements could be made to better align with business needs and expectations. Overall, the 2023 MCA Business Perception Survey underscores the Authority's commitment to

understanding and addressing the needs of the business community. The feedback collected will serve as crucial input for shaping future policies and initiatives aimed at improving the overall postal service experience in Malta. The MCA remains dedicated to leveraging these insights to drive continuous improvement and ensure that postal services meet the evolving demands of businesses across the country.

5.2.2 ENSURING THAT POSTAL UNDERTAKINGS PROVIDE A TRANSPARENT, QUALITY SERVICE TO USERS IN LINE WITH INCUMBENT SOCIAL OBLIGATIONS

The MCA is committed to ensuring that postal services in Malta are transparent, reliable, and meet high-quality standards. This involves rigorous oversight to ensure that users receive clear information about services, have effective channels for addressing complaints, and know how to resolve unresolved issues.

In 2023, the MCA focused on maintaining and improving the quality of service (QoS) provided by MaltaPost, particularly for universal postal services. This included monitoring performance and ensuring transparency in service standards, such as delivery times and reliability. The MCA also engaged in key initiatives, including a public consultation on amendments to the Postal Service Act to enhance service flexibility, and ongoing management of the EU regulation on cross-border parcel delivery. These efforts reflect the MCA's dedication to upholding high standards of service and transparency, ensuring that postal services meet the needs of all users effectively.

MEFL Public Consultation: Proposed Amendments to the Postal Service Act, Cap. 254

Between October and November 2023, the Ministry for the Economy, European Funds and Lands ran a public consultation on the proposed amendments to the Postal Service Act, Cap. 254: Enhancing flexibility in defining universal postal services. This consultation considered the revisions in relation to MaltaPost's services approved by the MCA to the market developments faced by the postal sector, following the public consultation detailed earlier on in this same report under the heading 'Providing Sustainable Universal Postal Services'.

Review of Quality of Service to be achieved by MaltaPost for the Universal Postal Service

In 2023, the MCA remained steadfast in its commitment to ensuring that postal service users are well-informed about the services they purchase, understand how to address complaints, and know the steps to take if their issues are unresolved. The MCA actively engaged with postal service providers, ensuring that relevant and accurate information is available to empower consumers to make informed decisions regarding their postal needs.

The MCA's focus extends to keeping the public updated on developments and trends within the postal sector. This year, significant attention was given to monitoring and improving the quality of service (QoS) provided by MaltaPost, particularly concerning the universal postal service. The universal postal service's quality standards are crucial, as they guarantee that users receive the reliable and timely service they expect, whether for single piece or bulk letter mail.

In its oversight role, the MCA ensures that the terms and conditions for universal postal services meet user needs and that MaltaPost transparently publishes its annual QoS performance results. Compliance with these QoS standards, which emphasize routing times and the regularity and reliability of services, is rigorously monitored by the MCA. Should MaltaPost fail to meet the established standards, the MCA is prepared to direct corrective actions to uphold service quality.

A key activity in 2023 was the MCA's public consultation on proposed changes to the QoS targets for MaltaPost. Launched in October, the consultation sought feedback from stakeholders to refine and enhance the performance targets for the universal postal service. These revisions aim to balance user satisfaction with the financial sustainability of the service. The consultation process included comprehensive evaluations and stakeholder engagement, ensuring that diverse perspectives were considered.

The MCA plans to publish its final decision on the revised QoS performance targets in early 2024. This decision will mark a significant step towards ensuring high-quality postal services for all users, aligning service performance with user expectations and industry standards.

Ongoing management of the EU regulation on cross-border parcel delivery

The EU regulation on cross-border parcel delivery services aims to enhance transparency in single-piece tariffs, improve regulatory oversight of the parcel delivery market, and ensure that citizens and small businesses have access to reasonably priced cross-border parcel delivery services.

To support these goals, the MCA continues to gather data from parcel delivery service providers, including those handling small packets, regarding their services and public tariffs for single-piece postal items. The European Commission publishes information on services and public tariffs from all EU Member States on a dedicated website.

The MCA assesses whether MaltaPost's cross-border parcel tariffs are unreasonably high and reports these findings to the European Commission. The assessments, including those from all EU Member States, are published on the European Commission's website, providing public access and transparency.¹⁰

Through these efforts, the MCA remains committed to maintaining fair and transparent practices in the cross-border parcel delivery market, benefiting both consumers and small businesses across the EU.

MCA Discussion paper on the European Green Deal

During 2023, the Malta Communication Authority published a paper on the European Green Deal, which is covered in further detail in the Electronic Communications Regulations Chapter in this same publication under the heading 'Addressing the implications of the European Green Deal on relevant sectors and the MCA's regulatory mandate'.

¹⁰ https://single-market-economy.ec.europa.eu/sectors/postal-services/parcel-delivery-eu/assessment-cross-border-single-piece-parcel-tariffs_en





06

Digital Services & eCommerce Regulation

The Digital Services function of the MCA is tasked with the essential role of enforcing a series of EU regulations designed to safeguard and regulate the digital services. This enforcement ensures that such services operate within a framework that promotes security, accessibility, and fairness for all users. Key regulations enforced by the DS function include the eCommerce Directive (Directive 2000/31/EC), the eIDAS Regulation (EU 910/2014), the Web Accessibility Directive (WAD) (EU 2016/2102), the Geo-Blocking Regulation (EU 2018/302), the Cross-Border Parcel Delivery Regulation (EU 2018/644), the Platform-to-Business Regulation (P2B) (EU 2019/1150), and the Digital Services Act (DSA) (EU 2022/2065).

6.1 Digital Services Act

In 2023, the MCA dedicated significant efforts to the implementation of the EU Digital Services Act ('DSA'), which was issued by the EU on 16th November 2022. The DSA requires Member States to designate and empower a national Digital Services Coordinator ('DSC') by the 17th February 2024. The DSC's role is to enforce the DSA in its territory and actively participate in the European Board of Digital Services.

The DSA is an ambitious European regulatory framework aimed at creating a safer and more accountable online environment. It introduces comprehensive rules for providers of intermediary services, such as social media platforms and online marketplaces, demanding greater transparency and responsibility in handling illegal content. By enforcing these provisions, the DSA aims to protect users and their rights online, ensuring digital spaces across the European Union operate under a uniform framework.

Draft Legislation

The Maltese Government nominated the MCA as the prospective DSC for Malta. In preparation for this role, the MCA's Legal Unit supported Government in the drafting of key legislative provisions to align Maltese law with the DSA and to designate and empower the MCA as the DSC. A Legal Notice titled 'The Digital Services (Designation and Enforcement) Order, 2023', was drafted and issued as part of a public consultation undertaken between June and July. Separately, a bill titled the 'Communications Laws (Amendment) Act, 2023', proposing amendments to Cap 418 and Cap 426, was published in December.

Capacity Building

The MCA prioritised enhancing its operational capabilities to meet the demands of the DSA. Business planning sessions ensured the availability of necessary resources, and staff participated in multiple training opportunities to increase their expertise in digital service regulation. The MCA also developed, refined, and tested standard operational procedures related to complaint handling mechanisms and responding to public queries. Memoranda of Understanding were signed with the Malta Police Force, the Information and Data Protection Commissioner (IDPC), the Commissioner for Children, and the Malta Competition and Consumer Affairs Authority (MCCAA) to establish procedures for joint investigations or collaborations under the DSA. Additionally, preparations were made to compile and maintain a list of hosting providers in Malta to support compliance education and monitoring activities.

Stakeholder Outreach

In 2023, the MCA conducted a thorough outreach programme to enhance understanding and compliance with the DSA. This included

meetings, seminars, and educational outreach through articles and social media, targeting authorities, civil society, and businesses. The MCA engaged in extensive discussions with the Government to ensure a unified approach to the DSA implementation. A seminar for the judiciary clarified the DSA's implications for court orders, and meetings with the Malta Police Force strengthened enforcement collaboration.

In October, the MCA partnered with The Malta Chamber of Commerce, Enterprise and Industry to host an information session titled 'Preparing for the Digital Services Act: What Businesses Need to Know', providing essential compliance knowledge to local businesses. Additionally, the MCA collaborated with the BeSmartOnline project, Malta's Safer Internet Hotline, to assess the DSA's implications for protecting minors and the feasibility of establishing a trusted flagger system under the DSA.

EU Participation and Proto-DSC Collaboration

As the prospective DSC for Malta, the MCA participated in various preparatory meetings and activities organised by the European Commission. These sessions laid the groundwork for the eventual DSC designation, the regulatory structures, and the workings of the European Board of Digital Services.

Throughout the year, the MCA was also requested by the Government to provide feedback on EU policy developments concerning the implementation of the DSA and directly related regulations in development. This ongoing dialogue ensured that Malta's perspectives and needs were effectively represented in broader EU digital policymaking. Furthermore, the MCA actively participated in an informal group of proto-DSCs, building a network of prospective DSCs.



6.2 Digital Services Forum

Launched in 2023, the Digital Services Forum is a new initiative chaired by the MCA, bringing together government representatives, regulatory authorities, the private sector, and civil society. Its primary objective is to discuss developments in digital services policy, ensuring that policy adaptations meet the specific needs and challenges of the Maltese digital landscape.

The MCA facilitated two key meetings as part of the DSA implementation process. The first meeting in May, titled 'Implementing the Digital Services Act: Opportunities and Challenges for Social Welfare in Malta', explored the DSA's relevance to social welfare. The second meeting in July, 'Regulating the Digital Era: A Strategic Dialogue on the Implementation of the Digital Services Act in Malta', focused on the Act's impact on business and economic implications, discussing strategic implementation approaches alongside potential challenges and opportunities.

6.3 eCommerce

Amid the surge in digital transactions in Malta, eCommerce remains a central regulatory function for the MCA. Throughout 2023, the MCA prioritised raising awareness and ensuring compliance with eCommerce regulations, gathering insights from key stakeholders to understand the dynamic and rapidly evolving local market.

Monitoring

Under the eCommerce Act, the MCA undertook a comprehensive review of its eCommerce monitoring activity to enhance interactions with information society service providers, particularly given the increase in such providers in recent years. The review focused on eCommerce websites and online marketplaces operating on a remunerative basis. Beyond assessing compliance with the eCommerce Act and recommending necessary remedial actions, this initiative also

enables the Authority to observe and capture trends in online selling within the local market. Of the 230 tests conducted in 2023, 10% were already compliant with the eCommerce Act, while the remaining had to implement modifications to their online interfaces.

Qualitative Study on Business Users' Attitudes and Perceptions Towards eCommerce

The MCA commissioned a qualitative study to understand business users' attitudes and perceptions towards eCommerce. Conducted primarily through online focus groups with participants from various industries and business sizes, the study investigated key areas critical to eCommerce adoption. These included the impact of eCommerce on operations, competitiveness, profitability, and growth opportunities, as well as businesses' willingness to invest in eCommerce technology and their capacity to engage in eCommerce activities. The findings provide valuable insights into eCommerce adoption among business users, highlighting opportunities and challenges.



6.4 Trust Services

2023 has been a pivotal year for trust services as the European Commission moved closer to revising the Regulation (EU) 910/2014 on electronic identification and trust services for electronic transactions in the internal market (eIDAS). The revision aims to introduce significant changes, including the European Digital Identity Wallet, allowing EU citizens, residents, and businesses to securely identify themselves and provide confirmation of personal information, thus enhancing the online experience.

The revision process has involved extensive discussions among EU member states. Throughout 2023, the MCA contributed valuable feedback to the Government, particularly concerning its area of expertise: eIDAS trust services. Proposed updates to eIDAS include enhancements to existing trust services and the introduction of new services aimed at further improving the reliability and trustworthiness of the internal market

Regulatory work

The MCA continued its regulatory work on trust services, supervising qualified trust services providers (QTSPs) listed on the Malta Trusted List (MTTL). This involves regulatory oversight, including annual conformity assessment reports produced by accredited bodies. The MCA also acts as Trusted List Service Operator (TLSO) for Malta, routinely updating the MTTL to maintain the trust chain across the EU trust list.

FESA

The Forum for European Supervisory Authorities (FESA) brings together representatives of eIDAS Supervisory Bodies from European member states to support cooperation, information exchange, and agreement on good practices. FESA members meet regularly, at least two times a year, to exchange information and discuss matters of cooperation between supervisory authorities. Sessions held in 2023 focused on the eIDAS regulation revision, discussing proposed changes to trust services, mandatory eID notification, and the European Digital Identity Wallet. Other topics included new methods for certificate management, the impact of the NIS 2 Directive on eIDAS, the security reporting process, and updates to European technical norms and standards.



6.5 Digital Accessibility

The Web Accessibility Directive (WAD) is a directive issued by the European Union designed to ensure that public sector websites and mobile applications are accessible to all users, particularly individuals with disabilities. This directive applies to public sector bodies, including government agencies, local authorities, and other entities performing public functions, aiming to enhance digital inclusivity for people with disabilities across both websites and mobile apps. Under the directive, EU member states are required to regularly monitor and report on the accessibility of public sector digital platforms. They must also implement feedback mechanisms to address any accessibility issues reported by users. In 2019, the Government of Malta designated the MCA to oversee the monitoring, reporting, and enforcement tasks in accordance with the Directive's norms. Following this designation, the MCA undertook various initiatives related to the transposition of the Directive into Maltese national law, the development of internal policies and procedures to support this new mandate, and the establishment of a network of stakeholders with an interest in digital accessibility. To effectively monitor and enforce the WAD, the MCA has established a transparent process to facilitate the effective monitoring and enforcement of the WAD. This process involves ensuring that all relevant parties, including Ministry Chief Information Officers, heads of various public sector entities, and the general public, are informed about the aims and benefits of this initiative, as well as the associated responsibilities they bear.

Monitoring and Reporting

The number of websites to be monitored annually is based on the population of each member state. In accordance with Malta's population, a minimum of 85 public sector websites are evaluated annually using

the simplified method. Additionally, 14 public sector websites and 7 public sector mobile applications are assessed annually using the in-depth method. The simplified method combines automated tools with manual checks, while the in-depth method relies primarily on manual checks conducted by individuals with disabilities. The MCA collaborates annually with a specialised focus group, including the Commission for the Rights of Persons with Disability (CRPD), the Foundation for Information Technology Accessibility (FITA), and various disability-related NGOs, to select the websites for assessment. This collaborative approach ensures that the monitoring sample aligns with the interests and needs of persons with disabilities. The procedure is meticulously designed to systematically select a diverse array of websites and applications for monitoring across all ministries, with careful consideration given to the needs and priorities of individuals with disabilities.

Training Courses and Awareness Initiatives

In 2023, the MCA partnered with the University of Malta and the eSkills Malta Foundation to create a course titled 'Web Accessibility in the Private Sector', which was delivered to Government ICT Officials. The course provided a comprehensive view of web accessibility, including practices for various stages of an online service's lifecycle. Plans are underway to repeat the course in 2024, with improvements, including a more hands-on component.

Awareness

The MCA conducts multiple awareness-raising activities, including a notable social media campaign in 2023 that provided practical tips for improving website accessibility. The MCA also participated in national and international seminars, conferences, and forums, including events organized by CRPD, ACTU, WADEX, and others, to promote digital accessibility awareness.

07

Consumers



The MCA is charged with the responsibility of overseeing a broad spectrum of communications and digital services markets, prioritising the protection of end-users and providing them with current information about their rights and relevant market developments. This commitment equips both consumers and businesses with the knowledge needed to make well-informed decisions.

As the commercial environment and the technologies underpinning retail services grow increasingly complex, consumers face greater challenges in selecting the plans that best meet their needs and in ensuring they receive the value they are promised. To address these challenges, the MCA employs a range of measures to effectively monitor the sectors under its jurisdiction and implement regulatory actions to resolve identified issues.



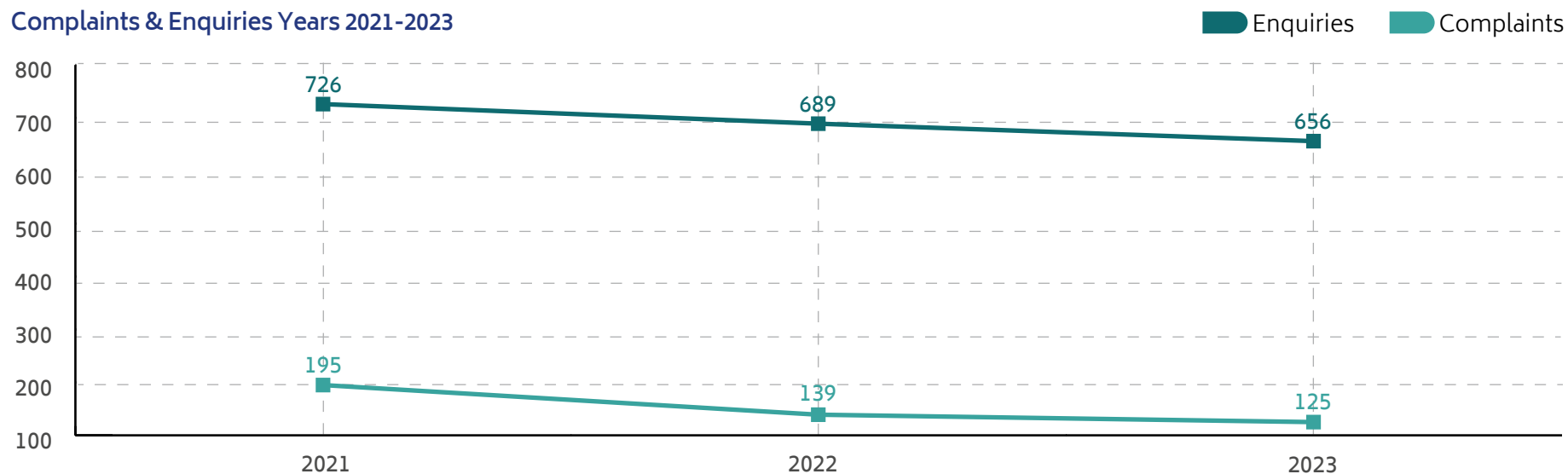
7.1 Complaint Handling & Support

The MCA provides a comprehensive complaint and enquiry handling service to assist end-users, including consumers and users of services regulated by the Authority, with any questions or challenges they may encounter concerning communications, postal, eCommerce, and digital services. Should consumers have concerns or issues related to these services, they are encouraged to directly contact the MCA. It is crucial to note that the MCA can only intervene if the consumer has previously lodged a formal complaint with the relevant service provider and remains dissatisfied with the outcome or response, as permitted by law.

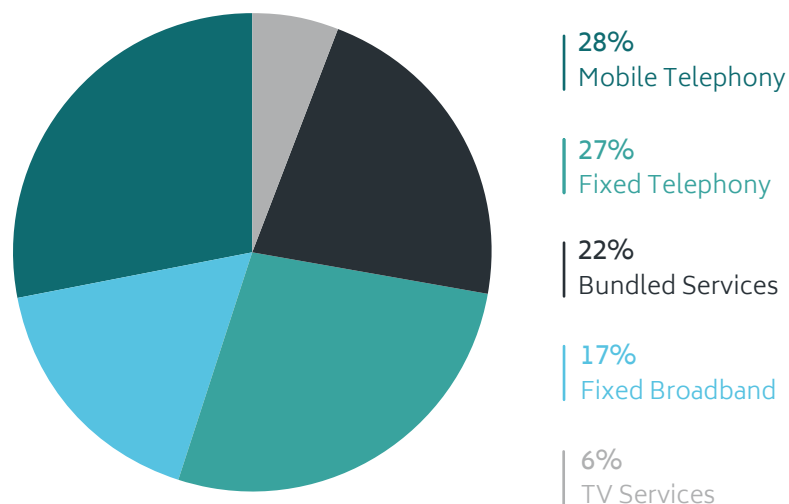
To ensure transparency, the MCA publishes 'End-User Reports' biannually, providing an analysis of the complaints and enquiries it receives. These reports not only provide insights into the volume and nature of the complaints but also highlight any enforcement actions or monitoring activities undertaken by the MCA. In 2023, two such reports were published.

In 2023, the MCA received a total of 125 complaints, marking a decrease of approximately 10% from the previous year. Additionally, the end-user team handled a total of 656 inquiries in 2023, which is consistent with the number received during the previous twelve months. The table below provides an overview of the trend in consumer complaints and inquiries over the three-year period from 2021 to 2023.

Complaints & Enquiries Years 2021-2023



Complaint received classified by ECS service Year 2023



In 2023, the vast majority of complaints received, specifically 87%, pertained to electronic communications services. Only 13% of complaints were related to postal services. Among the 109 complaints concerning electronic communication services, 55% were related to both fixed and mobile telephony services. The chart below provides a detailed breakdown of complaints by type of service.

Of all complaints received regarding electronic communications services, 67% were categorised as quality-of-service issues. The most prevalent issue reported to the MCA was faults, with a total of 35 complaints received in 2023. In the vast majority of these cases, specifically 28, the faults were repaired by the service providers, and end-users were compensated in accordance with their operators' compensation schemes. In instances where faults could not be repaired

within a short timeframe, end-users were provided with a temporary solution until the services were fully restored.

Additionally, 13 complaints were received concerning the customer care services offered by service providers, 8 complaints related to internet speeds, and 7 complaints regarding the installation of services.

A total of 21 complaints were received regarding billing issues, with 86% of these pertaining to claims of incorrect billing or overcharging by service providers.

Of the 16 postal complaints received in 2023, half related to undelivered mail. The other eight complaints concerned mail redirection, registered mail, mis-delivery, and customer care services of postal operators. In general, the number of complaints related to the postal sector continues to decrease, especially when compared to previous years. For example, in 2021, the number of complaints received was more than double, totalling 42.



7.2 Monitoring Service Delivery

Ensuring the quality and legality of services remains crucial to fostering a culture of compliance among service providers. The MCA diligently oversees the delivery of services as well as customer satisfaction through various methods. These methods include conducting surveys of consumers and businesses, collecting data from service providers, and actively monitoring complaints and social media activity. These platforms offer valuable insights into evolving consumer preferences, behaviours, and perceptions of electronic communications services over time. When issues or concerns arise, the MCA takes appropriate regulatory actions within its legal authority.

In addition, the MCA's End User team carries out a range of mystery shopping exercises to pinpoint areas of concern, particularly with respect to the quality of customer care provided by different operators. The results of these exercises are published in the MCA. These tests assess the response times of customer care agents from major communications service providers during telephone calls. If no agent responds within five minutes, the test call is terminated.

Throughout 2023, the MCA conducted 2,235 test calls to the call centres of the main communications service providers (namely, Epic, GO, Melita, and MaltaPost). An average of 9 calls per day was made by the MCA End User team, and the call response times were recorded accordingly.

The main findings of these tests, summarising the percentage of calls answered within five minutes and within two minutes by each service provider, are as follows:

	Epic	GO	Melita	Maltapost
Calls answered within 5 minutes				
Period: Jan-June 2023	99%	65%	87%	83%
Period: July-December 2023	98%	83%	79%	81%
Calls answered within 2 minutes				
Period: Jan-June 2023	88%	42%	68%	51%
Period: July-December 2023	90%	64%	64%	45%

The MCA has escalated the matter with the provider whose performance fell below the industry average and continued to monitor developments until it was satisfied that the shortcomings were addressed. This is particularly important, as the most recent survey conducted by the MCA on this topic indicates that the telephone remains the preferred customer care contact channel.

In addition to monitoring call centre performance, the MCA initiated another specific mystery shopping exercise in the first half of 2023. This exercise aimed to assess the proper implementation by ECS

several shortcomings were identified, which the MCA brought to the attention of the respective mobile service providers for necessary action

providers of end-user protection measures as outlined in S.L. 399.48 of the Electronic Communications Services and Networks (Regulations) 'ECNSR' and other MCA decisions.

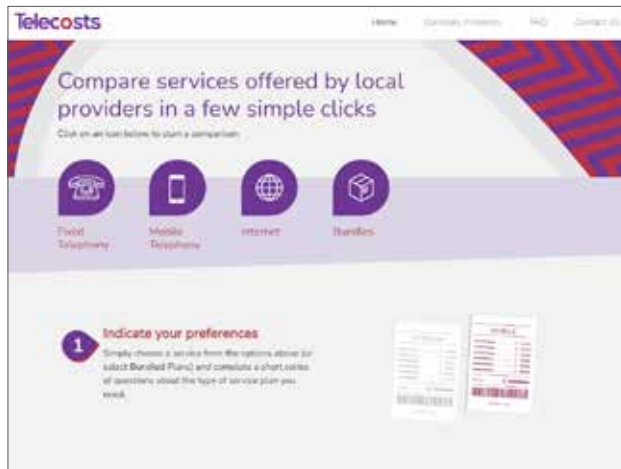
For this exercise, in February 2023, the MCA subscribed to mobile post-paid plans from the three local mobile providers. This initiative was conducted in accordance with Article 29 (1) (i) of the Malta Communications Authority Act, which empowers the MCA to purchase services to detect infringements of any provisions of this Act or any other law enforced by the Authority, or any decisions taken by the Authority.

During this exercise, several shortcomings were identified, which the MCA brought to the attention of the respective mobile service providers for necessary action. In 2024, the MCA plans to conduct a new mystery shopping exercise. The findings, along with any remedial actions taken by the providers, will be included in a report that the MCA intends to publish in due course.

7.3 Telecosts

Telecosts is a price comparison tool designed to assist consumers in selecting the most suitable service plans for their electronic communications needs by comparing the prices of various services offered by all local service providers. Throughout the review period, the MCA ensured that the portal was updated with the latest service plans from different providers.

When visiting the portal, consumers first choose the type of service they wish to compare (fixed telephony, mobile telephony, internet, and bundles). They then complete a short series of questions to filter the options based on their preferences. The portal subsequently provides a list of service plans that match the indicated preferences, sorted by the calculated monthly cost, starting with the most affordable option. The portal can be accessed at the following link: <https://www.telecosts.com/>.

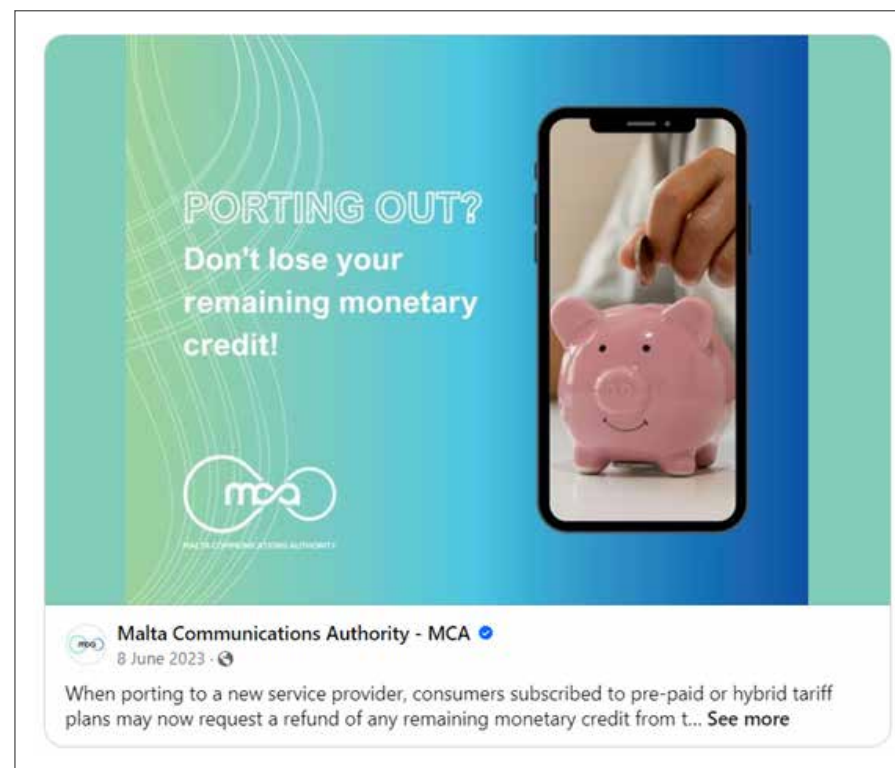


7.4 Consumer Awareness

The MCA is dedicated to leveraging its expertise to assist consumers in making informed decisions while ensuring they are fully aware of their rights under the relevant laws. To achieve this, the MCA engages with consumers through various methods and strategies, such as targeted campaigns to enhance consumer awareness and knowledge and bridge information gaps.

To enhance awareness, the MCA actively participates in various TV and radio programmes to discuss topics relevant to consumer interests within its jurisdiction. In 2023, MCA officers took part in 11 TV and 7 radio programmes, a significant increase from the previous year. These programmes covered a wide range of subjects, including improving internet user experience and maximizing WiFi connections, understanding rights under roaming regulations, the ability to port phone numbers when switching service providers, utilising the price comparison portal (www.telecosts.com), staying vigilant against electronic communications scams, and how to avoid becoming a victim. They also aimed to raise overall awareness of how the MCA supports consumers, especially with service-related issues.

Furthermore, the Authority regularly shares updates and helpful advice on its website and social media platforms. To reach a wider audience, the Authority creates original content, including visual resources such as infographics and videos, which serve as effective tools for delivering key messages.



 **Malta Communications Authority - MCA**  8 August 2023  ...

Buying something and want it delivered to your house? Make sure to include a correct and valid postcode when giving out your address!

[#postalservices](#) [#postcodes](#) [#address](#)

Se tixtri xi haġa u tixtieq li tasallek id-dar? Kun ċert li tinkludi kodiċi postali korrett u validu meta tagħti l-indirizz tiegħek.



When asked for your home address, always make sure to include the postcode.



MALTA COMMUNICATIONS AUTHORITY

 **Malta Communications Authority - MCA**  15 November 2023  ...

Try not to place the Wi-Fi enabled modem in an area surrounded by metal objects. This is because they can interact with your signal.

[#WIFI](#) [#modem](#) [#connection](#) [#tips](#)

Ipprova tpoġġix il-modem f'post fejn ikun imdawwar b'oġġetti tal-metall. Dan għaliex il-metall jista' jinteraġixxi mas-sinjtal tal-Wi-Fi tiegħek.



Tip 5:

Try not to place the Wi-Fi enabled modem in an area surrounded by metal objects.



MALTA COMMUNICATIONS AUTHORITY

EU and International Engagement



In today's fast-moving digital age, the MCA operates within a complex regulatory environment shaped by European and international frameworks. The cross-border nature of modern communications and digital technologies necessitates an open global dialogue and robust international cooperation. Over the past year, the MCA has been a pivotal player in shaping the communications regulatory landscape through its active involvement in various EU initiatives and international fora.

As an independent national regulatory authority, an advisor to the Maltese Government, and occasionally acting on behalf of the Government, the MCA contributes significantly to the development of sectoral regulations. This multifaceted role enables the MCA to represent Malta's vision effectively in international discussions, ensuring that new policies align with national interests and foster the growth of communications and digital services.

The MCA's experts occupy respected positions in European bodies. Its participation helps maintain robust and responsive regulatory frameworks that support the rapid digitalisation and evolving market dynamics. By sharing best practices and regulatory experiences with foreign counterparts, the MCA helps shape policies that encourage innovation and sustainable competition.

In recent years, technological advancements, new digital services legislation, and sustainable sector initiatives have demanded the MCA to extend its regulatory role beyond traditional telecom oversight. The Authority continuously adapts to these changes by investing in resources. This ensures that the MCA remains at the forefront of international policy development, contributing to Malta's progress in the digital economy and society.

8.1 Electronic Communications

Body of European Regulators for Electronic Communications (BEREC)

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

In 2023, the MCA actively participated in BEREC by attending high-level meetings—the Board of Regulators, the BEREC Office Management Committee and the Contact Network—and contributing to various expert working groups. BEREC held four Contact Network meetings and Plenary sessions throughout the year, allowing MCA representatives to discuss numerous deliverables under the 2023 Work Programme.

BEREC's 2023 work focused on three main priorities: promoting full connectivity, supporting sustainable and open digital markets, and empowering end-users. MCA experts drafted a number of reports, especially those related to the independence of National Regulatory Authorities (NRAs) and the environmental sustainability of digital services and products.

Other MCA experts monitored BEREC activities on sector evolution, including the dynamics of tower and access infrastructure companies, updates to Very High-Capacity Networks (VHCN) Guidelines, environmental impact indicators, and General Authorisation of submarine connectivity. Regarding end-users' protection, MCA experts contributed to updating the Guidelines for Quality of Service (QoS) parameters. They also addressed key areas such as BEREC's input to the Commission's exploratory consultation on the future of the telecom sector, legislative proposals for a Gigabit Infrastructure Act, and the Gigabit Recommendation. Additionally, the MCA participated in several internal and external workshops held by BEREC with various stakeholders, discussing topics like the migration to VHCN, copper switch-off, and international submarine connectivity within the EU.

The Independent Regulators Group (IRG)

The Independent Regulators Group is a European electronic communications regulatory forum established in 1997. The group has 37 national regulatory authorities as members and 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 MCA also attended IRG training workshops and webinars.

Euro-Mediterranean Regulators Group (EMERG)

The Euro-Mediterranean Regulators Group is the organisation of the Euro-Mediterranean national regulators authorities and consists of the regulators for the electronic communications sector from Austria, Bosnia and Herzegovina, Croatia, Cyprus, Egypt, France, Germany, Greece, Israel, Italy, Jordan, Lebanon, Libya, Malta, Morocco, Palestine, Portugal, Spain, Slovenia, Switzerland, Tunisia, and Turkey.

This network aims to share experiences and ensure better consolidation and harmonisation of regulatory principles. EMERG co-operation recognises the existence of similar challenges and opportunities which through a common approach may encourage competition and stability in electronic communication markets, the development of new technologies and the overcoming of the digital divide, thus making information society benefits available to all. During the year, MCA officials participated in the group's Contact Network and Plenary meetings.

The Communications Committee (COCOM)

The Communications Committee (COCOM) assists the European Commission in carrying out its executive powers under the regulatory framework for electronic communications. During the two meetings held during the year, the implementing regulation on small-area wireless access points, and the delegated regulation on measures to ensure effective access to emergency services through emergency communications to the single European emergency number '112' were discussed.

The Radio Spectrum Policy Group (RSPG)

The Radio Spectrum Policy Group is a high-level advisory group that provides strategic advice on radio spectrum policies to the European Commission. It consists of representatives from the regulatory authorities and ministries responsible for radio spectrum in each Member State. The group engages in forward-looking consultations on technological, market, and regulatory developments related to radio spectrum within the context of EU policies. The MCA participates in RSPG plenary meetings and various sub-groups, including the 'Good Office' working group, which the MCA has actively co-chaired since November 2021. This sub-group addresses coordination issues and harmful interference between European Member States and proposes appropriate solutions. Some of the matters discussed during the year were the group's work programme, the 5G pioneer bands, peer reviews, UHF beyond 2030, climate change, the development of 6G mobile technology, mobile satellite services, and the Union's Digital Decade Programme.

The Radio Spectrum Committee (RSCOM)

The Radio Spectrum Committee 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. During 2023, the MCA participated in all the committee meetings. The RSCOM, discussed a number of matters including the 40.5-43.5 GHz frequency band for terrestrial systems capable of providing wireless broadband electronic communications services, harmonised conditions of use of radio spectrum for mobile communication services on board vessels, the harmonisation of radio spectrum for equipment using ultra-wideband technology, the harmonised technical conditions for the usage of aerial terminal stations in EU-harmonised frequency bands, and the state of play of the Radio Equipment Directive.

Expert Group on Emergency Communications (EG112)

The European Electronic Communications Code requires the Commission to adopt delegated acts with regard to caller location information solutions, access for end-users with disabilities, and routing to the most appropriate Public Safety Answering Point. In 2020, the Commission established the Expert Group on Emergency Communications. The aim of the expert group is to assist the Commission in the preparation of the delegated acts. The group consists of the Member States' competent authorities responsible for the functioning of the national PSAP system and the national regulatory authorities in the field of electronic communications. The MCA, together with government officials responsible for the 112 emergency service in Malta, participate in the group.

The International Telecommunication Union (ITU)

The International Telecommunication Union (ITU) is the United Nations's specialised agency which promotes global use of the radio spectrum, facilitates international cooperation in assigning satellite orbits, develops and coordinates worldwide technical standards, and works to improve telecommunication infrastructure.

The MCA maintained its participation in the ITU with regard to various matters. In particular, the MCA represented the country during the 2023 World Radiocommunication Conference (WRC-23). The Conference took important decisions on the use of radio spectrum and satellite orbits, which resulted in changes to the ITU Radio Regulations, the international treaty governing the use of the radio-frequency spectrum and the geostationary-satellite and non-geostationary-satellite orbits.

The European Conference of Postal and Telecommunications Administrations (CEPT)

The European Conference of Postal and Telecommunications Administrations is an organisation established in 1959 within which policymakers and regulators from 46 countries across Europe collaborate on postal, telecommunication, and radio spectrum regulations to foster harmonised and efficient markets. CEPT's Electronic Communications Committee considers and develops policies on electronic communications and radio spectrum in the broad European context.

During 2023, the MCA participated actively in the Electronic Communications Committee (ECC) Plenary, Conference Preparatory Group for WRC-23 (CPG23), the Working Group on Frequency Management, ECC PT1 on IMT matters, FM 22 on spectrum monitoring

and enforcement, FM58 on maritime communications, and the Working Group on Numbering and Networks (WG NaN). The MCA also acts as Vice-Chair of WG NaN. This working group is responsible for developing policies in numbering, naming and addressing, and advising on related technical regulatory matters.

European Competent Authorities for Secure Electronic Communications (ECASEC)

ECASEC serves as a platform for collaboration and exchange of information among the national authorities supervising telecom security in Europe. The ECASEC group also develops and endorses guidelines for telecom security authorities on how to implement different aspects of EU telecom security policy and works in conjunction with and alongside ENISA, the EU's agency for cybersecurity.

During 2023, the MCA's experts attended the ECASEC plenary as well as various working group meetings. In particular, the MCA assumed a lead role within the working group responsible for the drafting of revisions to the minimum security guidelines applicable to providers of electronic communications and services.

EU Space communications

The MCA represents the Government on various European fora that focus on space communications. These include the Horizontal Configuration of the European Union Space Programme Committee, Galileo, EGNOS, the working group on GNSS Evolution, the Task Force on EU GNSS Interference, the EU governmental satellite communications (GOVSATCOM), and the Administrative Board of the European Union Agency for the Space Programme.



8.2 Postal Services

European Regulators Group for Postal Services (ERGP)

The European Regulators Group for Postal Services 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.

During 2023, the MCA maintained active participation within the ERGP, with several of the Authority's officials participating actively in various working groups and high-level meetings, including the Contact Network and Plenary meetings. Both Contact Network representatives and their Heads met twice during 2023. The group discussed various postal matters themed under the three pillars of the current ERGP Strategy, which are revisiting the postal sector and its regulatory framework in the light of environmental sustainability and digitalisation, promoting a competitive EU postal single market in the context of rising e-commerce deliveries, and empowering end-users and ensuring a user-oriented universal service. The specific topics discussed varied, from environmental sustainability in the sector, to the modernisation of the universal service to cross-border parcel regulation. Since March 2021, one of the Authority's postal experts continues to co-chair the Consumer and Market Indicators Working Group, while other MCA officials contributed to the drafting of the work programme deliverables.

The European Commission's Postal Directive Committee (PDC)

The European Commission's Postal Directive Committee consists of representatives from EU countries and serves as a scrutiny body for the

application of postal legislation and for the improvement of quality of service, namely with regard to the establishment of quality standards for cross-border services within the European Union.

The Committee was called twice during 2023. Matters discussed during the two meetings included recent main developments in the postal sector, discussions on changes to national postal laws, a study on the future of the postal sector, EU customs issues, the Extraordinary UPU Congress, postal standardisation, and discussion with ERGP.

The Universal Postal Union (UPU)

The Universal Postal Union is a specialised agency of the United Nations which aims to secure the organisation and improvement of global postal services. It is founded upon the principle of a single postal territory amongst its 192 member countries where freedom of transit for postal items is guaranteed.

During the year, the MCA continued to monitor the Union's work, remotely attending meetings of the Council of Administration and the Postal Operations Council.

Moreover, the MCA represented the country at the Union's 4th Extraordinary Congress which determined the approach for opening up the Union to wider postal sector players and discussed other urgent postal sector issues. The previous Congress had tasked a working group to explore opening the UPU to wider postal sector players through three workstreams: institutional framework, products and services, and ongoing reform. The first workstream recommended minor adjustments to the UPU Consultative Committee. The second workstream identified five packages, with key approvals including interoperability models, climate action initiatives, and expanded postal

financial services access—this was also passed by Congress with some adjustments. The third workstream proposed establishing a standing body for continuous reform, aiming to keep the UPU relevant, with initial proposals due at the next Congress in 2025—this was also approved by Congress after deferring discussions related to funding. Overall, the Congress endorsed gradual UPU opening while addressing member concerns and ensuring future readiness. Hon. Minister Sivio Schembri, H.E. Ambassador to Saudi Arabia, and the Permanent Secretary and Director Strategy and Support attended the UPU Strategy Summit which was hosted at the end of the Congress.

The European Committee for Postal Regulation (CERP)

The European Committee for Postal Regulation is a structure within CEPT which brings together 46 European countries to discuss postal regulation and coordinates European preparations and positions, in particular for Universal Postal Union meetings.

During 2023, the MCA continued to participate remotely in the activities of the group. Most of the work carried out by the group related to the Universal Postal Unions Extraordinary Congress which was held during the last quarter of the year.



The EU has consistently upheld the concept of a unified and non-fragmented internet, where users and providers can access resources

8.3 Digital Services

In view of the foreseen designation of the MCA as the Digital Services Coordinator under the Digital Services Act, the Authority participated actively in a number of international meetings. Amongst these meetings were the DSA Committee, the Digital Services Expert Group, and informal meetings with prospective Digital Services Coordinators.

High-Level Group on Internet Governance (HLIG)

The High-Level Group on Internet Governance is a European Commission-led group that ensures coordination at the European level and shares expertise on internet governance-related matters. The power of the internet lies in its open and decentralised nature, built on non-proprietary standards that facilitate easy access for all. The European Union has consistently upheld the concept of a unified and non-fragmented internet, where users and providers can access resources in a uniform manner regardless of their location. To facilitate this concept amongst the European member states, the HLIG brings together high-level representatives from the different member states and discusses ongoing issues on the matter. The MCA attends these meetings as a representative of the Maltese Government. During 2023, matters related to the UN Global Digital Compact, global internet governance events, and DNS were discussed.

The Forum for European Supervisory Authorities (FESA)

The Forum for European Supervisory Authorities brings together representatives of eIDAS Supervisory Bodies from the European member states. FESA is a forum open to national bodies responsible for supervision of trust services and/or management of trusted lists

in accordance with the eIDAS Regulation. The purpose of FESA is to support cooperation, information, and assistance among the members and to facilitate the exchange of views and agreement on good practices. FESA members meet regularly, at least twice a year, exchange information and discuss matters of cooperation between supervisory authorities.

Sessions held in 2023 tackled the revision 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. Other topics included discussion on new methods for the management of certificate, the impact of the NIS 2 Directive on eIDAS, the security reporting process that is in place, the ongoing updates to European technical norms and standards, and other relevant matters related to trust services supervision.

The Web Accessibility Directive Expert Group (WADEX)

The Web Accessibility Directive Expert Group is a European Commission expert group set up to support the implementation of the Directive (EU) 2016/2102 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 WADEX advises the Commission on technical matters regarding the implementation of the Directive including coordination and cooperation with Member States and stakeholders. When required, the expert group also has the mandate to advise the Commission in relation to the preparation of delegated and implementing acts. The MCA continued its participation in scheduled meetings discussing accessibility-related matters.



European Union Agency for Cybersecurity (ENISA)

ENISA actively contributes to European cybersecurity policy through knowledge sharing, capacity building and awareness raising. It also includes a structure of expert groups that focus on specific matters related to cybersecurity. Originally called Article 19 Expert Group and formed in 2015, the ENISA ECATS Expert Group is an informal group focusing on trust services such as the creation, verification, and validation of electronic signatures, electronic seals, electronic timestamps, certificates for website authentication and related services. In 2023, the MCA attended the two scheduled ENISA ECATS group meetings. The focus of the meetings was mostly related to the ongoing review of the eIDAS Regulation and to the repeal of Article 19 from the said regulation and its inclusion in the NIS 2 Directive. Other matters of discussion included updates to relevant trust services related European standards and discussion on security in remote identification methods employed in the different member states.

09

Corporate Activity



9.1 Human Resources

Recruitment

In 2023, the MCA welcomed four new employees to its team. These additions are part of our ongoing commitment to attract and retain top talent to enhance our capabilities and service delivery. The new recruits bring a diverse set of skills and experiences, further strengthening the MCA's ability to meet its strategic objectives.

Teambuilding Activities

In May 2023, the MCA organised a teambuilding event; this activity was designed to strengthen teamwork, enhance communication skills, and foster camaraderie among employees, contributing to a more cohesive and motivated team.

Training and Development

MCA places a high value on continuous professional development, ensuring that all employees have access to a wide range of training opportunities. In 2023, our training initiatives were particularly robust, encompassing a variety of topics aimed at enhancing both technical and soft skills.

In-House Information Sessions

- Spectrum Management & Technology (SMT): SMT conducted an informative session on Geographic Information Systems (GIS) tools. This session aimed to improve employees' understanding and application of GIS in managing spectrum-related activities, enhancing operational efficiency and decision-making processes.

- External Relations (ER): The ER team held an insightful session on EU and international affairs, focusing on the safeguarding of end users and reinforcing the MCA's brand. This session provided employees with a deeper understanding of the international regulatory landscape and the importance of protecting consumer rights.





External Training and Workshops

- National Commission for the Promotion of Equality (NCPE): An information session on sexual harassment was organised to foster a safer and more inclusive workplace environment. This session covered the identification, prevention, and handling of sexual harassment cases, ensuring compliance with national regulations and promoting a respectful workplace culture.
- Employee Support Programme (ESP): A mental health awareness session was conducted under the ESP. This session highlighted the importance of mental well-being, offering strategies for managing stress and maintaining mental health in the workplace.
- MISCO Workshop: Employees participated in a workshop on bullying and ostracism at the workplace. This workshop addressed the negative impacts of these behaviours and provided tools for creating a more supportive and collaborative work environment.

Sector-Specific Training

As part of its ongoing training strategy, the MCA published a tender for sector-specific training services in the telecommunications sector. The objective of this training is to ensure that the MCA employees possess a thorough understanding of the parameters and intricacies of the telecommunications industry. This tender was awarded to Cullen International in August 2023, with training scheduled to commence in February 2024. This initiative underscores the MCA's commitment to maintaining high standards of knowledge and expertise within the organization. By investing in these comprehensive training programmes, the MCA ensures that its employees are well-equipped to meet the challenges of a rapidly evolving telecommunications landscape, while also promoting a positive and supportive workplace culture.

9.2 Information Technology

The Authority's information systems continued to play a pivotal role in successfully implementing its work program in 2023. The MCA continued with its systems consolidation and optimisation effort that it began in 2022. By doing so, the Authority maximised the value from its core systems while minimising additional IT procurement costs.

Recognising the critical role of data analysis in its operations, the Authority allocated resources to maintain its data analysis systems up-to-date with the latest advancements. Moreover, further investment was directed towards the Authority's systems availability solutions to further strengthen the underlying infrastructure that powers the core systems the Authority depends on.

By prioritising the consolidation and optimisation of existing systems and investing in its core infrastructure, the Authority continued to demonstrate its commitment to maximising the value derived from its IT infrastructure into 2023. These efforts contributed to increased operational efficiency, cost savings, and informed decision-making based on reliable data. They also helped the MCA's workforce to deliver on the Authority's work programme through best-in-class information systems that can scale as required.

9.3 Governance & Performance Planning

The MCA's financial independence is vital for maintaining its autonomy and effectiveness as a regulator, as well as for achieving its objectives in non-regulatory areas. To uphold high standards of accountability, the MCA commits to a robust accountability framework that ensures transparent financial reporting of all activities, including income and expenditures. This commitment to financial transparency supports good governance principles and secures the necessary funding to accomplish the MCA's mission. As a result, the MCA can continue to fulfil its mandate and execute its work programme while remaining fully accountable for its actions.

Additionally, the MCA prioritizes efficient strategic and business planning, along with ongoing performance monitoring against set targets. Regular reviews of activities are conducted to evaluate if goals and outcomes are being met, and plans are adjusted as needed. Performance planning encompasses both organisational strategies and individual staff assessments, ensuring coherence and efficiency throughout the MCA.



MCA prioritizes efficient strategic and business planning, along with ongoing performance monitoring against set targets

10

Legislation & Litigation



10.1 Legislation

The following is a list of laws made or enacted during 2023.

Primary Legislation

- Act no. XVII of 2023, entitled 'An Act to provide for representative actions for the protection of the collective interests of consumers, and to carry out other consequential amendments'. Parts IV and V of this Act factored various amendments to the Malta Communications Authority Act (Chapter 418 of the Laws of Malta) and to the Electronic Commerce Act (Chapter 426 of the Laws of Malta) thereby implementing Directive (EU) 2020/1828 on representative actions for the protection of the collective interests of consumers, and to repeal Directive 2009/22/EC in relation to such representative actions undertaken in the context of the laws administered by the MCA.

Subsidiary Legislation

Legal Notices published in 2023.

- L.N. 30 of 2023 entitled 'Malta Communications Authority Act (Extension of Jurisdiction) Order, 2023'. This Order was made in accordance with article 37(1) of the Malta Communications Authority Act (Cap. 418 of the Laws of Malta), whereby the Prime Minister extended the jurisdiction of the Administrative Review Tribunal to appeals of any decision that the competent public body responsible for public warning systems may take in accordance with regulation 10(2) of 'the Emergency Communications, the Single European Emergency Call Service ("112" Number) and the European Harmonised Services of Social Value ("116" Numbering Range) Regulations'.

- L.N. 80 of 2023 entitled 'Emergency Communications, the Single European Emergency Call Service ("112" Number) and the European Harmonised Services of Social Value ("116" Numbering Range) (Amendment) Regulations 2023'. L.N. 80 of 2023 substitutes the Schedule to the Emergency Communications, the Single European Emergency Call Service ("112" Number) and the European Harmonised Services of Social Value ("116" Numbering Range) Regulations (S.L. 399.47), providing an updated version of the list of various competent public bodies, the provisions of S.L. 399.47 which each public body is responsible for, the service name, and the number.





10.2 Litigation

Appeals before the Administrative Review Tribunal (ART)

No new appeals were filed before the ART during 2023. 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 was 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 Limited) 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 2023 there was no pending litigation.

Litigation before the Court of Appeal

Court of Appeal (Inferior)

In 2023 there was no pending litigation before the Court of Appeal (Inferior).

Court of Appeal (Superior)

In 2023, in relation to litigation before the Court of Appeal (Superior), there was one pending lawsuit, namely:

An appeal filed jointly by Vodafone Malta Limited (subsequently EPIC Communications Limited) and by GO plc contesting a judgment given on the 18th June 2018 by the First Hall of the Civil Court contesting the payment of legal interception fees collected by MCA on behalf of the Government and of the Security Service from the aforesaid telecoms operators.

In substance, Vodafone and GO were contesting the aforesaid judgement whereby the First Hall held that the collection of such fees by the MCA was not in breach of the (former) EU Authorisation Directive 2002/21/EC. The MCA filed a cross appeal contesting a preliminary judgement by the First Hall where, amongst other matters, that Court did not uphold a preliminary plea of the MCA contending that the lawsuit should have been filed by Vodafone before the (former) Communications Appeals Board and not before the First Hall of the Civil Court. Vodafone and GO argued before the Court of Appeal that the MCA's cross appeal was null and void. The Court of Appeal, as per its judgement dated 15th November 2023, did not uphold Vodafone and GO's objection, determining that the MCA's cross appeal was valid. The case was adjourned for continuation on the respective appeals of the parties to the lawsuit.

Inter-operator Disputes or Complaints

In 2023 there were no pending or new inter-operator disputes or complaints.

Due diligence procedures undertaken by the MCA

In 2023 there were no instances where a due diligence process was undertaken.

11

Consultations & Decisions



11.1 Consultations

Measures towards enhancing the security and integrity of Electronic Communication Networks and Services

A consultation regarding a number of proposals that collectively establish a security framework applicable to the electronic communication networks and services in Malta.

<https://www.mca.org.mt/consultations-decisions/measures-towards-enhancing-security-and-integrity-electronic-communication>

Analysis of the market for the provision of wholesale physical and virtual infrastructure access in Malta

A consultation exercise on the MCA's market analysis concerning the provision of wholesale physical and virtual infrastructure access in Malta.

<https://www.mca.org.mt/consultations-decisions/mca-analysis-market-provision-wholesale-physical-and-virtual-infrastructure>

Contracts which include clauses whereby providers may increase charge/s and/or fee/s, however so described according to changes in an objective consumer price index compiled by a public institution

A consultation proposing a set of consumer protection measures to be adhered to by providers when offering contracts which enables them to increase any charge by an amount which corresponds to an objective consumer price index compiled by a public institution.

<https://www.mca.org.mt/consultation-indexation-retail-prices-telecoms>

Providing Sustainable Universal Postal Services

A consultation regarding revisions to specific postal service characteristics and tariffs.

<https://www.mca.org.mt/consultations-decisions/providing-sustainable-universal-postal-services>

Preventative measures to mitigate CLI spoofing and vishing scams

A Consultation Paper which proposes a framework of interventions at the electronic communications network (ECN) level to identify and block potential scam calls received in Malta via international networks.

<https://www.mca.org.mt/consultations-decisions/consultation-and-proposed-decisions-preventative-measures-mitigate-cli>

Review of GO plc's application for funding relating to the provision of universal service obligations on electronic communications services during 2018

A consultation regarding the review of GO plc's request for compensation of the net cost claimed to have been incurred during 2018 for the provision of specific universal services in the electronic communications sector.

<https://www.mca.org.mt/consultations-decisions/consultation-and-proposed-decision-review-go-plcs-application-funding>

Updating the spectrum management frameworks for the 900 MHz, 1800 MHz and 2.5 GHz bands designated for terrestrial systems capable of providing electronic communications services

Consultation proposals to amend Decision Nos. MCA/10/44/D and MCA/D/17-2971 which establish the national spectrum management framework for the 900 MHz, 1800 MHz and 2.5 GHz bands. The MCA

is also proposing amending grants of rights of use of radio spectrum in the 900 MHz and 1800 MHz bands for terrestrial systems capable of providing electronic communications services.

<https://www.mca.org.mt/consultations-decisions/updating-spectrum-management-frameworks-900-mhz-1800-mhz-and-25-ghz-bands>

MEFL Public Consultation: Proposed Amendments to the Postal Service Act, Cap. 254

A consultation published by the Ministry for the Economy, European Funds and Lands on the proposed amendments to the Postal Service Act, Cap. 254: Enhancing flexibility in defining universal postal services. <https://www.mca.org.mt/articles/mefl-public-consultation-proposed-amendments-postal-service-act-cap-254>

Review of Quality of Service to be achieved by MaltaPost for the Universal Postal Service

A consultation on the QoS standards to be achieved by MaltaPost for the Universal Postal Service. <https://www.mca.org.mt/articles/review-quality-service-be-achieved-maltapost-universal-postal-service>

Proposed Decision on Source of Funding for the net cost incurred in providing universal service obligations during 2018

Consultation for the proposed decision on the source of funding of the net cost found to have been incurred by GO plc for providing specific universal services during 2018. <https://www.mca.org.mt/consultations-decisions/proposed-decision-source-funding-net-cost-incurred-providing-universal-4>

11.2 Decisions

Contracts, Transparency and Termination of Services

The Decision Notice establishing a set of rules on contracts, transparency, and termination of services to be complied with by electronic communications service ('ECS') providers which are intended to enhance end-user protection.

<https://www.mca.org.mt/consultations-decisions/decision-notice-contracts-transparency-and-termination-services>

Review of 'Must Carry' Obligations

Decision on the review of 'must carry' obligations. 'Must carry' obligations will continue to apply to Melita's Cable TV Platform and GO's IPTV Platform.

<https://www.mca.org.mt/consultations-decisions/review-%E2%80%98must-carry%E2%80%99-obligations-%E2%80%93-decision-notice>

Universal Service Obligations on Electronic Communications Services

Decision Notice redefining USOs following the transposition of the European Electronic Communications Code into national legislation and identifying resulting changes in providers of services responsible to provide these USOs.

<https://www.mca.org.mt/consultations-decisions/decision-notice-universal-service-obligations-electronic-communications>

Extension to Consultation Period for MCA Market Analysis of Wholesale Physical and Virtual Infrastructure Access in Malta

Decision to extend the consultation period for the document titled 'MCA analysis of the market for the provision of wholesale physical and virtual infrastructure access in Malta'.

<https://www.mca.org.mt/consultations-decisions/mca-decision-extension-consultation-period-mca-market-analysis-wholesale>

Providing Sustainable Universal Postal Services

Response to consultation and decision notice regarding revisions to specific postal service characteristics and tariffs.

<https://www.mca.org.mt/consultations-decisions/providing-sustainable-universal-postal-services-report-consultation-and>

Review of GO plc's application for funding of the net cost claimed to have been incurred to provide universal service obligations during 2018

Decision Notice on the review of GO plc's request for compensation of the net cost claimed to have been incurred during 2018 for the provision of specific universal services in the electronic communications sector.

<https://www.mca.org.mt/consultations-decisions/decision-review-go-plcs-application-funding-net-cost-claimed-have-been>

Source of funding for the net cost incurred in providing universal service obligations during 2018

Decision on the source of funding for the net cost incurred by GO plc for the provision of specific universal services in the electronic communications sector during 2018.

<https://www.mca.org.mt/consultations-decisions/decision-source-funding-net-cost-incurred-providing-universal-service-5>

Contracts which include 'Price Indexation Clauses'

Decision on consumer protection measures regarding price indexation clauses.

<https://www.mca.org.mt/consultations-decisions/decision-notice-contracts-which-include-%E2%80%98price-indexation-clauses%E2%80%99>



12

Financial Statements





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Malta Communications Authority**General Information****For the Year Ended 31 December 2023**

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

Members of the Authority

Mr. Jesmond Bugeja (Acting Chairman until 16 August 2023)
 Mr. Mark Musu (Deputy Chairman until 25 December 2023, Acting Chairman from 26 December 2023)
 Mr. Kevin Abela
 Ms. Graziella Farrugia
 Mr. Mario Fava
 Dr. Alexandra Mizzi
 Mr. Brian Scicluna (Appointed 14 June 2023)

The Malta Communications Authority Act, Cap. 418 of the Laws of Malta provides under Article 3(3) of Part II of the same Act, that the Minister shall designate one of the other members of the Board as Deputy Chairman and the member so designated shall have all the powers and perform all the functions of the Chairman during his absence or inability to act as Chairman, or while the Chairman is on vacation or during any vacancy in the post of the Chairman. Therefore, for the period covering 17 August 2023 to 25 December 2023, Mr. Mark Musu performed the functions of the Chairman in his position of Deputy Chairman.

Head office

Malta Communications Authority
 Valletta Waterfront
 Pinto Wharf
 Floriana FRN1913
 Malta

Bankers

Bank of Valletta plc
 Merchant Street
 Valletta
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APS Bank Ltd.
 APS Centre
 Tower Street
 Birkirkara BKR 4012
 Malta

Auditor

PKF Malta Limited
 15, Level 3,
 Mannarino Road,
 Birkirkara BKR 9080
 Malta

Malta Communications Authority**Report of the Members of the Authority****For the Year Ended 31 December 2023**

The Members of the Authority submit their annual report together with the audited financial statements for the year ended 31 December 2023.

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 of 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 €12,718,290 (2022: €12,828,480) out of which licensing and usage fees for scarce resources, amounting to €8,341,045 (2022: €8,432,911) were transferred to the Government of Malta. After meeting all expenditure of €4,374,558 (2022: €4,304,770) the Authority closed off the year with a surplus, net of taxation, of €4,338 (2022: €70,073).

Expenditure incurred by the Authority not in connection with electronic communications, amounting to €1,250,299 (2022: €1,001,418) has been deducted from usage fees for scarce resources forwarded to the Government of Malta.

Members of the Authority

The Members of the Authority who served during the year under review were as noted on page 1.

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.

Malta Communications Authority**Report of the Members of the Authority (continued)****For the Year Ended 31 December 2023****Auditor**

PKF Malta Limited, Registered Auditors, have expressed their willingness to continue in office and a resolution for their reappointment will be proposed at the board members' meeting.

Approved on behalf of the Members of the Authority on 05 April 2024 and signed on its behalf by:



Mr. Mark Musu
Acting Chairman



Mr. Jesmond Bugeja
Chief Executive Officer

Malta Communications Authority**Statement by Board Members****For the year ended 31 December 2023**

Section 21 of the Malta Communications Authority Act, Cap. 418 of the Laws of Malta 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. In preparing these financial statements, the Members are required to:

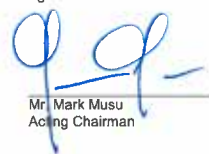
- select and apply appropriate accounting policies;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting year on the accruals basis;
- value separately the components of asset and liability items on a prudent basis; and
- prepare the annual financial statements on a going concern basis unless it is inappropriate to presume that the Authority will continue in operation.

The Board Members of the Authority are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Authority and to enable them to ensure that the financial statements comply with the Malta Communications Authority Act, Cap. 418 of the Laws of Malta. They are also responsible for safeguarding the assets of the Authority and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board Members are also responsible for ensuring that an appropriate system of internal control is in operation to provide them with reasonable assurance with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

After reviewing the Authority's results and plans for the coming financial year, the Board Members are satisfied that at the time of approving these financial statements, the information provided in this report is a true reflection of the position of the Malta Communications Authority.

Signed on behalf of the Members of the Authority on 05 April 2024 by:



Mr. Mark Musu
Acting Chairman



Mr. Jesmond Bugeja
Chief Executive Officer



PKF Malta Limited

Independent Auditor's Report

To the Board Members of Malta Communications Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Malta Communications Authority set out on pages 8 to 23 to which comprise the balance sheet as at 31 December 2023, the income statement, statement of changes in equity and 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 balance sheet of the Authority as at 31 December 2023, and of its financial performance 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 have been properly prepared in accordance with 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 Ethics Standards Board for Accountants' Code of Ethics for Professional 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) in 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 Board Members are responsible for the other information. The other information comprises the Report of the Board Members but does not include 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.

With respect to the Report of the Board Members, we also considered whether the report includes the disclosures required by the Malta Communications Authority Act (Cap. 418) of the Laws of Malta.

Based on the work we have performed, in our opinion:

- the information given in the Report of the Board Members for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Board Members has been prepared in accordance with the Malta Communications Authority Act Cap.418 of the Laws of Malta.

In addition, in light of the knowledge and understanding of the Authority and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Report of the Board Members and other information. We have nothing to report in this regard.

PKF Malta Limited • Co. Reg. C 83908 • Registered Auditor • Accountancy Board Reg: AB/2/19/01 • VAT: MT25858012
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PKF Malta Limited

Independent Auditor's Report (continued)

To the Board Members of Malta Communications Authority

Report on the Audit of the Financial Statements

Responsibilities of the Board Members for the financial statements

The Board Members are responsible for the preparation of the financial statements that give a true and fair view 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 scepticism 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 Board Members.
- Conclude on the appropriateness of the Board 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 auditors' 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 Company 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.

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PKF Malta Limited

Independent Auditor's Report (continued)

To the Board Members of Malta Communications Authority

Report on the Audit of the Financial Statements

We communicate with the Board 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The principal in charge of the audit resulting in the independent auditor's report is Mr. George Mangion for and on behalf of

PKF Malta Limited
Registered Auditors
15, Level 3, Mannarino Road
Birkirkara BKR 9080
Malta

05 April 2024

Malta Communications Authority

Income Statement

For the Year Ended 31 December 2023

		2023	2022
	Note	€	€
Revenue	3.	12,718,290	12,828,030
Other income	4.	-	450
		12,718,290	12,828,480
Wages and salaries	6.	(2,671,409)	(2,769,879)
Operating and administrative expenses	7.	(1,329,069)	(1,257,686)
Depreciation	10.	(374,080)	(277,205)
Operating surplus		8,343,732	8,523,710
Finance income/ expense	5.	1,761	(20,688)
Loss on disposal of assets		(71)	-
		8,345,422	8,503,022
Transfers to Government	8.	(8,341,045)	(8,432,911)
Surplus before taxation		4,377	70,111
Taxation	9.	(39)	(38)
Surplus for the year		4,338	70,073

The notes on pages 12 to 23 form an integral part of these financial statements.

Malta Communications Authority**Balance Sheet**

As At 31 December 2023

	Note	2023 €	2022 €
ASSETS			
Non-current assets			
Property, plant and equipment	10.	1,011,910	802,918
Current assets			
Trade and other receivables	11.	3,581,614	2,251,217
Income tax receivable		-	18,186
Cash and cash equivalents	13.	1,110,483	2,498,087
Total current assets		4,692,097	4,767,490
TOTAL ASSETS		5,704,007	5,570,408
EQUITY AND LIABILITIES			
Equity			
Retained earnings	12.	949,176	944,838
Liabilities			
Current liabilities			
Trade and other payables	14.	4,754,826	4,625,570
Bank overdraft	13.	5	-
Total current liabilities		4,754,831	4,625,570
TOTAL EQUITY AND LIABILITIES		5,704,007	5,570,408

The notes on pages 12 to 23 form an integral part of these financial statements.

The financial statements set out on pages 8 to 23 were approved and authorised for issue by the Board of the Malta Communications Authority on 05 April 2024 and signed on its behalf by:



Mr. Mark Musu
Acting Chairman



Mr. Jesmond Bugeja
Chief Executive Officer

Malta Communications Authority**Statement of Changes in Equity**

For the Year Ended 31 December 2023

	2022	Retained earnings €
Balance as at 01 January 2022		874,765
Surplus for the year		70,073
Balance as at 31 December 2022		944,838
2023		
Balance as at 1 January 2023		944,838
Surplus for the year		4,338
Balance as at 31 December 2023		949,176

The notes on pages 12 to 23 form an integral part of these financial statements.

Malta Communications Authority
Statement of Cash Flows
For the Year Ended 31 December 2023

	2023	2022
Note	€	€
Cash from operating activities:		
Surplus for the year	4,338	70,073
Depreciation of property, plant and equipment	374,080	278,095
Loss on disposal of property, plant and equipment	71	-
Transfers to Government	9,591,344	9,434,327
Finance income/ expense	(1,761)	20,688
	9,968,072	9,803,183
Movement in receivables	(1,254,839)	(224,762)
Movement in payables	129,259	31,864
Interest received/ paid	1,761	(20,688)
Income tax paid	(39)	(38)
Income tax refunded	18,186	-
Net cash flows from operating activities	8,862,400	9,589,559
Cash flows from investing activities:		
Purchase of property, plant and equipment	(583,241)	(463,368)
WDV on disposal of property, plant and equipment	133	-
Net cash flows used in investing activities	(583,108)	(463,368)
Cash flows from financing activities:		
Funds paid to Government	(9,666,901)	(9,602,882)
Net cash flows used in financing activities	(9,666,901)	(9,602,882)
Net cash used in in cash and cash equivalents	(1,387,609)	(476,491)
Cash and cash equivalents at beginning of year	2,498,087	2,974,578
Cash and cash equivalents at end of year 13.	1,110,478	2,498,087

The notes on pages 12 to 23 form an integral part of these financial statements.

Malta Communications Authority
Notes to the Financial Statements
For the Year Ended 31 December 2023

General Notes

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.

1. Basis of preparation

a. Basis of measurement and statement of compliance

The financial statements of the Malta Communications Authority ("the Authority") 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 the historical cost basis.

b. Functional and presentation currency

The financial statements are presented in euro (€), which is the Authority's functional currency and presentation currency.

Transactions denominated in foreign currencies are converted to the functional currency at the rates of exchange ruling on the dates on which the transactions first qualify for recognition. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on retranslation are recognised in the income and expenditure account.

c. Use of estimated and assumptions

The preparation of financial statements in conformity with International Financial Reporting Standards as adopted by the EU requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Malta Communications Authority

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2023

2. Significant accounting policies

a. 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 III 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.

b. Property, plant and equipment

i. Recognition and measurement

Property, plant and equipment are initially measured 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. Expenditure incurred after 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 they are incurred. In situations where it can be clearly demonstrated that the expenditure 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 performance, the expenditures are capitalised as an additional cost.

ii. Depreciation

Depreciation is calculated to write down the carrying amount of the asset on a systematic basis over its expected useful life. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) or the date that the asset is derecognised. The depreciation charge for each period is recognised in the income and expenditure account.

The rates of depreciation used for items of property, plant and equipment are the following:

Building improvements	20%
Fixture, fitting and equipment	10%-20%
Motor vehicles	20%
IT equipment	16.67%-33.33%

Depreciation method, useful life and residual value

The depreciation method applied, the residual value and the useful life are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic

Malta Communications Authority

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2023

2. Significant accounting policies (continued)

b. Property, plant and equipment (continued)

ii. Depreciation (continued)

benefits from items of tangible assets and when necessary, revised with the effect of any changes in estimate being accounted for prospectively. Collectibles and antiques are not depreciated.

Derecognition of property, plant and equipment

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains and losses arising from derecognition represent the difference between the net proceeds (if any) and the carrying amount and are included in the income and expenditure account in the period of derecognition.

c. Impairment of assets

The carrying amounts of the Authority's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised and the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised immediately in the income and expenditure account, unless they relate to an asset which is carried at revalued amount, in which case they are treated as a revaluation decrease to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that asset. 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.

The carrying amounts of Authority's assets are also reviewed at each balance sheet date to determine whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss previously recognised 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. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Impairment reversals are recognised immediately in the income and expenditure account, unless they relate to an asset which is carried at revalued amount, in which case they are treated as a revaluation increase unless an impairment loss on the same asset was previously recognised in the income and expenditure account. Following such 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.

d. 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 receivables are derecognised when they are assessed as unrecoverable.

Malta Communications Authority**Notes to the Financial Statements (continued)**

For the Year Ended 31 December 2023

2. Significant accounting policies (continued)**e. 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 separately disclosed in the respective accounting policies found in these notes.

A financial instrument, or its component parts, is classified as a financial liability, financial asset or an equity instrument in accordance with the substance of the contractual arrangement rather than its legal form. 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.

Financial assets and financial liabilities are derecognised if and to the extent that, it is no longer probable that any future economic benefits associated with the item will flow to or from the entity. This is normally when the instrument is either sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

Cash includes short-term deposits, which are all highly marketable securities with a maturity of three months or less when purchased. Short-term deposits are held to maturity and valued at cost.

f. Cash and cash equivalents

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 purpose 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.

g. Trade and other payables

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

h. Bank borrowings

Subsequent to initial recognition, interest bearing bank overdrafts are carried at their face value due to their short term maturities

Malta Communications Authority**Notes to the Financial Statements (continued)**

For the Year Ended 31 December 2023

2. Significant accounting policies (continued)**i. 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. The tax charge is calculated using tax rates that were applicable at the date of the statement of financial position.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Recognition of a deferred tax asset is however limited to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. 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. The Authority re-assesses any unrecognised deferred tax asset at each balance sheet date to determine whether future taxable profit has become probable that allows the deferred tax asset to be recovered.

j. Foreign currencies

Transactions denominated in foreign currencies are converted to the functional currency at the rates of exchange ruling on the dates on which the transactions first qualify for recognition. Monetary assets and monetary liabilities denominated in foreign currencies at balance sheet date are translated at year end closing rates of exchange. Any exchange differences arising on the settlement of monetary assets and monetary liabilities, or on translating foreign denominated monetary assets and liabilities at the balance sheet date at rates different from those at which they were previously translated, are recognised in profit or loss.

k. Related parties

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

l. Cost apportionment methodology

In 2011, the Authority revised its cost apportionment methodology with respect to the appointment 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.

In preparing the financial statements, the members are required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement 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 judgements 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 GAPSME.

Malta Communications Authority**Notes to the Financial Statements (continued)**

For the Year Ended 31 December 2023

2. Significant accounting policies (continued)**m. Government grants**

Government grants are assistance by government, inter-governmental agencies and similar bodies whether local, national or international, in the form of cash or transfers of assets to the Authority in return for past or future compliance with certain conditions relating to operating activities of the Authority. Government grants are recognised when there is reasonable assurance that the Authority will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in the income statement so as to match them with the expenditure towards which they are intended to contribute. Any grants relating to future periods are recognised as deferred income.

Government grants related to assets are presented in the statement of financial position as deferred income, which is recognised as income on a systematic basis over the useful life of the asset.

n. Borrowing costs

Borrowing costs, including those costs that are directly attributable to the acquisition, construction or production of qualifying assets, are recognised as an expense in profit or loss in the period in which they are incurred.

o. Employee benefits

The Authority contributes towards the state pension in accordance with local legislation. The only obligation of the Authority is to make the required contributions. Costs are expensed in the period in which they are incurred.

3. Revenue

Revenue derived by the Authority is analysed as follows:

	2023	2022
	€	€
Administrative charges	2,721,763	3,056,392
Rights of way income and postal licensing (note i)	1,070,176	949,311
Usage fees for scarce resources (note i)	7,363,461	7,385,668
Application fees and other operating income (note i)	1,562,890	1,436,659
Total	12,718,290	12,828,030

i. All revenue generated from rights of way income and postal licensing, usage of fees for scarce resources and application fees, is transferred to the Government of Malta (note 9), except for an amount of €1,250,299 (2022: €1,001,418) intended to finance expenses incurred by the Authority not in connection with electronic communications.

Malta Communications Authority**Notes to the Financial Statements (continued)**

For the Year Ended 31 December 2023

4. Other income

	2023	2022
	€	€
Sales of goods	-	450

During the year under review, the Authority did not generate other income. The other income for year ending 2022 relates to sales of commemorative stamps.

5. Finance income/ (expense)

	2023	2022
	€	€
On cash and short-term deposits	257	253
On amounts due from debtors	1,504	2,709
Fair Value movement on short-term deposits	-	(23,650)
Total	1,761	(20,688)

6. Wages and salaries**a. Staff costs**

Payroll costs for the year comprise the following:

	2023	2022
	€	€
Members' emoluments	48,809	44,513
Wages and salaries	2,468,193	2,568,723
Social security costs	154,407	156,643
Total	2,671,409	2,769,879

b. Average number of employees

The average number of persons employed by the Authority during the year was as follows:

	2023	2022
	No.	No.
Members of the board	6	6
Employees	62	66
Total	68	72

Malta Communications Authority**Notes to the Financial Statements (continued)****For the Year Ended 31 December 2023****7. Operating and administrative expenses**

	2023	2022
	€	€
The Authority		
Outsourced project costs	255,492	215,995
Corporate administrative expenses	663,084	623,936
Public relations and communications	97,438	120,407
Travelling expenses	119,628	58,478
Auditor's remuneration	12,342	11,564
Rental expenses	165,387	157,621
Administrative Services rendered by the Ministry for Infrastructure, Transport and Communications	15,698	67,677
	<u>1,329,069</u>	<u>1,255,678</u>
EU funded projects		
Outsourced project costs	-	2,008
Total operating and administrative expenses	<u>1,329,069</u>	<u>1,257,686</u>

8. Transfers to Government

The amounts of transfers to Government 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 €1,250,299 (2022: €1,001,418).

9. Taxation

	2023	2022
	€	€
Current tax expense	39	38
Deferred tax expense	-	-
Total	<u>39</u>	<u>38</u>

Malta Communications Authority**Notes to the Financial Statements (continued)****For the Year Ended 31 December 2023****9. Taxation (continued)**

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% (2022: 35%) as following:

a. Tax reconciliation

	2023	2022
	€	€
Profit for the year	8,345,422	8,503,022
Tax at 35%	2,920,898	2,976,058
Tax effect of:		
Expenses disallowed for tax purposes	130,953	-
Capital allowances absorbed	(132,395)	-
Income not subject to tax	(2,919,366)	(2,943,241)
Difference between capital allowances and depreciation	-	(32,728)
Income subject to tax at different rates	(90)	(51)
Income taxed under other articles of the ITA	39	-
	<u>39</u>	<u>38</u>

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 €73,253 (2022: €70,911) has not been accounted for in these financial statements.

10. Property, plant and equipment

	Fixture, fitting and equipment				Total
	Building improvements	equipment	Motor vehicles	IT equipment	
	€	€	€	€	€
Cost					
At 01 January 2023	374,490	485,153	89,693	2,718,870	3,668,206
Additions	-	4,411	90,129	488,701	583,241
Disposals	-	(29,276)	(15,840)	(20,379)	(65,495)
Balance at Sunday, 31 December 2023	<u>374,490</u>	<u>460,288</u>	<u>163,982</u>	<u>3,187,192</u>	<u>4,185,952</u>
Depreciation					
At 01 January 2023	(373,999)	(449,395)	(89,660)	(1,952,234)	(2,865,288)
Depreciation charge	(491)	(10,260)	(18,051)	(345,279)	(374,081)
Depreciation released on disposal	-	29,108	15,840	20,379	65,327
Balance at Sunday, 31 December 2023	<u>(374,490)</u>	<u>(430,547)</u>	<u>(91,871)</u>	<u>(2,277,134)</u>	<u>(3,174,042)</u>
Carrying amount					
At Sunday, 1 January 2023	491	35,758	33	766,636	802,918
At Sunday, 31 December 2023	<u>-</u>	<u>29,741</u>	<u>72,111</u>	<u>910,058</u>	<u>1,011,910</u>

Malta Communications Authority**Notes to the Financial Statements (continued)****For the Year Ended 31 December 2023****10. Property, plant and equipment (continued)**

Total additions of Spectrum Management Equipment and Software amounting to €376,759 (2022: €442,255) are included with IT Equipment. The carrying amount of this category as at 31 December 2023 amounted to €827,551 (2022: €729,175)

11. Trade and other receivables

	2023	2022
	€	€
Trade receivables (note i)	2,992,653	1,717,188
Prepayments	290,967	311,593
Amount due from Government	297,994	222,436
Total	3,581,614	2,251,217

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 €0 (2022: €0).

Trade receivables that are past due but not impaired are analysed as following:

	0-29 days	30-59 days	60-89 days	>90 days	Total
	€	€	€	€	€
2023	2,928,729	20,449	695	42,780	2,992,653
2022	1,659,827	30,665	3,235	23,461	1,717,188

12. Reserves

The balance on the retained earnings in the balance sheet as at 31 December 2023 represents the resulting net accumulated surplus over the years.

13. Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement are as follows:

	2023	2022
	€	€
Cash in hand	501	501
Cash at bank	1,109,982	2,497,586
	1,110,483	2,498,087
Bank overdraft	(5)	-
Total cash and cash equivalents in the statement of cash flows and balance sheet	1,110,478	2,498,087

Malta Communications Authority**Notes to the Financial Statements (continued)****For the Year Ended 31 December 2023****14. Trade and other payables**

	2023	2022
	€	€
Trade and other payables (note i)	52,973	262,208
Accruals	311,522	405,508
Social security contributions and other taxes	56,264	56,267
Deferred income (note ii)	4,334,067	3,901,587
Total	4,754,826	4,625,570

i. Trade and other payables consist of trade payables which are non-interest bearing and are normally settled within a 60-day term.

ii. Deferred income comprises of the unexpired portion of annual fees billed in advance together with the surplus of administrative charges, amounting to €482,084 (2022: €42,772) paid by undertakings authorised to provide electronic communications 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.

15. Related party disclosures**a. Transactions with key management personnel**

During the year ended 31 December 2023, short-term employee benefits to key management personnel amounted to €403,119 (2022: €413,755). This amount represents the gross salaries including fringe benefits to the Chief Officers of the Authority.

b. Other related party transactions

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

	2023	2022
	€	€
Payments to Government of Malta	8,066,199	8,159,099

Related party balances

Outstanding balances with related parties as at 31 December 2023 are disclosed in note 12 and note 15 respectively.

16. Contingent liabilities**a. Legal claims**

The Authority has a pending arbitration case filed against it by a third party, relating to a traffic accident involving a vehicle driven by one of the Authority's employees, which is used for the Authority's work. If the claim is decided against the defendant, the Authority may be required to pay damages which, under the claim, are in the amount of €2,325, together with expenses and legal interest as from 20 August 2015. This claim is still pending judgmental.

Malta Communications Authority

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2023

17. Post balance sheet events

There are no post balance sheet events which require adjustment or disclosure in the financial statements.

18. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation of the financial statements for the purpose of fairer presentation.

**The Schedules and Appendices on the pages that follow do not form part
of the financial statements**

Malta Communications Authority
For the Year Ended 31 December 2023

Schedules

Operating Account

	2023	2022
	€	€
Income		
Revenue	12,718,290	12,828,030
Other income	-	450
Direct costs		
Wages and salaries	2,671,409	2,769,879
Operating and administrative expenses	1,329,069	1,257,686
Depreciation	374,080	277,205
Gross Surplus	8,343,732	8,523,710

Malta Communications Authority
For the Year Ended 31 December 2023

Schedules

Schedule of Administrative Expenses

	2023	2022
	€	€
Administrative expenses		
Administrative services rendered by the Ministry	15,698	67,677
Audit fee	12,342	11,564
Bad debts	-	1,808
Bank charges	2,268	3,917
Cleaning	2,602	6,629
Commission	4	7
Consumables	5,595	1,981
Insurance	60,713	56,774
IT expenses	162,649	141,466
Rent	165,387	157,621
Loss on foreign exchange	277	2,228
Motor vehicle expenses	9,015	6,332
Printing and stationery	5,790	7,328
Repairs and maintenance	14,438	20,770
Transport and freight	12,485	8,942
Training	30,137	26,729
Travelling	119,628	58,478
Public relations and communications	97,438	120,407
Utilities	56,011	61,391
Uniforms	584	632
Memberships and subscriptions	185,071	171,522
Technical support	96,185	80,431
Professional fees	3,484	4,935
Website expenses	9,681	8,526
Outsourced projects costs	255,492	218,003
Office expenses	5,775	6,043
Other expenses	320	5,545
Total	1,329,069	1,257,686

