MALTA COMMUNICATIONS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS 2022

MCA MISSION STATEMENT

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

CONTENTS

FOREWORD 4

BOARD OF DIRECTORS & MANAGEMENT COMMITTEE 7

ELECTRONIC COMMUNICATIONS 10
- MARKET REVIEW 11
  - Fixed broadband 14
  - Mobile telephony 20
  - Fixed line telephony 29
  - Pay-TV 36
- REGULATION 40
  - Promoting and safeguarding competition in the electronic communications sector 40
  - Ensuring that undertakings of electronic communications services provide a transparent, quality service to users in line with incumbent social obligations 45
  - Maintaining open, safe, and secure electronic communications 49
  - Maximising the potential of radio spectrum 53

POSTAL MARKET 62
- MARKET REVIEW 63
- REGULATION 68
  - Providers of Postal Services in Malta 68
  - Monitoring Market Trends 69
  - Managing the postal compliance framework 71

DIGITAL SERVICES AND ECOMMERCE REGULATION 74

CONSUMERS 82

EU & INTERNATIONAL ENGAGEMENT 90
- ELECTRONIC COMMUNICATIONS 92
- THE POSTAL SECTOR 96
- DIGITAL SERVICES 98

CORPORATE ACTIVITY 100

LEGISLATION AND LITIGATION 104
- LEGISLATION 105
- LITIGATION 107

CONSULTATIONS AND DECISIONS 110
- CONSULTATIONS 111
- DECISIONS 114

FINANCIAL STATEMENTS 116

Mr Jesmond Bugeja
MCA Acting Chairman & CEO

FOREWORD

It is my great pleasure to present to you the Annual Report of the Malta Communications Authority (MCA) for the year 2022. This report reflects our commitment to transparency, accountability, and the pursuit of excellence in the telecommunications and postal services sectors in Malta.

This Annual Report serves as a comprehensive overview of our achievements, initiatives, and regulatory activities undertaken during the past year. It provides an in-depth analysis of the key developments in the telecommunications and postal sectors, highlights emerging trends, and presents our strategic goals for the future. It also emphasises the MCA's dedication to promoting fair competition, enhancing quality of service, and safeguarding the rights of consumers.

Furthermore, it showcases our efforts to foster innovation, drive the deployment of advanced networks, and support the digital transformation of businesses and public services in Malta.

In an era defined by rapid technological advancements and transformative digital innovation, the role of the MCA has become increasingly crucial. Our mandate to regulate and promote the communications sectors has never been more vital, and the MCA has remained at the forefront of shaping Malta's communications landscape. As the regulatory authority responsible for overseeing the electronic communications and postal services, we have embraced the challenges and opportunities presented by the digital age.

Whilst the telecommunications landscape has evolved significantly, our role in sustaining fair competition, safeguarding consumer interests, and ensuring a level playing field for all market players remains indispensable. We recognise the importance of reliable and high-speed internet access for both individuals and businesses. To this end, we have actively supported initiatives to improve broadband coverage and capacity and, together with industry stakeholders, we have worked to bridge the digital divide and bring the benefits of digital connectivity to all citizens.

In the past year, we have witnessed remarkable advancements in the telecommunications sector as the MCA has played a pivotal role in supporting businesses in leveraging technological advancements to drive economic growth. Our initiatives have encouraged the rollout of emerging technologies, such as 5G, artificial intelligence, and the Internet of Things. These technologies offer immense opportunities for innovation, economic growth, and societal development. However, they also bring new challenges that require proactive regulatory intervention. Together with other regulatory bodies, it is our responsibility to ensure that these technologies are deployed responsibly, ethically, and in a manner that benefits all stakeholders.

Consumer satisfaction is at the core of our efforts, and we are pleased to report that the communications market in Malta has received high levels of approval from both consumers and businesses. According to a recent study conducted by MISCO International on behalf of the MCA, 94% of the respondents expressed satisfaction with their experience when using internet, TV, mobile, and fixed telephony services. This positive feedback reaffirms the progress made in enhancing the quality of service and customer experience in the local telecommunications sector.

Furthermore, the telecommunications infrastructure in Malta has consistently been recognised as one of the country's strengths when attracting foreign direct investment. The Ernst & Young competitiveness survey consistently rates Malta's telecommunications infrastructure as a positive factor for investors, underscoring the crucial role played by the sector in promoting economic growth and attracting business opportunities.

While we celebrate these achievements, it is imperative to acknowledge the challenges that persist within the Maltese communications market. The postal sector, in particular, is facing significant hurdles in securing the sustainability of the universal service. The MCA is actively collaborating with industry operators, the Government, and other stakeholders to devise strategies that ensure the postal sector remains viable and sustainable in the face of evolving digital transformation. By fostering close cooperation and engaging in constructive dialogue, we aim to facilitate innovative solutions that maintain the universal service while adapting to the changing needs of consumers.

In recent years, we have witnessed a paradigm shift in the digital landscape, with the rise of digital services permeating various aspects of our lives. Acknowledging this shift, the MCA has expanded its strategic objectives to include the supervision of relevant digital services. Our experience as the competent body enforcing the eCommerce Directive has provided us with invaluable insights into regulating digital services effectively. However, the regulatory landscape for digital services in the European Union is currently undergoing a fundamental redefinition, with the introduction of new legislative initiatives.

As part of our commitment to enforcing digital rules and ensuring compliance, we have taken on the responsibility of auditing public sector websites to ensure accessibility for all citizens, including those with disabilities. Collaborating with organisations such as the Commission for Rights of Persons with Disabilities and the Foundation for Information Technology Accessibility, we have instigated significant improvements in the accessibility standards for website design. Our approach and methodology in enforcing these rules have been recognized as best practice by the International Association for Accessibility Professionals (IAAP).

Looking ahead, the implementation of the Digital Services Act (DSA) poses new challenges and opportunities for the MCA. The DSA, a landmark legislation recently adopted by the European Union, aims to tackle some of the most pressing issues facing the online world particularly in relation to illegal content and the protection of users' fundamental rights, such as the right to privacy, the right of freedom of expression and the right to protection from discrimination. It is still too early to say how effective the DSA will be, but it has the potential to make a real difference in creating a safer and more open online environment. As the Digital Services Coordinator for Malta, we are diligently preparing for the enforcement of the DSA by collaborating with various public bodies, signing Memoranda of Understanding with leading business representative bodies, and engaging in bilateral and multilateral discussions with our European counterparts. The DSA sets horizontal rules that cut across sectors and departments, necessitating a non-conventional approach to enforcement and systematic institutional collaboration.

Active participation in EU and international bodies is of paramount importance for the MCA. With most sectors falling under our remit subject to EU policy and rules, we must actively engage in discussions and influence decision-making processes to ensure positive outcomes for our local markets and end users. In this regard, I previously had the privilege to serve as a Vice-Chair in BEREC, the Body of European Regulators for Electronic Communications, where we were exposed to high-level decision-making and gained valuable insights into the complexities of the regulatory process. Our active participation and involvement in various expert groups heavily influence our own work program. Undoubtedly, this presents a considerable challenge for a regulatory authority of our size, but through the dedication and expertise of our highly specialised and multidisciplinary workforce, we have managed to make a significant impact punching beyond our weight.

As we reflect on the accomplishments of the past year, we also recognize the challenges that lie ahead. Our sector continues to evolve rapidly, presenting us with new opportunities and complexities. However, we are confident in our ability to adapt and navigate these waters, leveraging our collective expertise and partnerships to drive forward-thinking strategies that benefit all stakeholders.

I would like to express my heartfelt gratitude to the dedicated team at the MCA for their unwavering commitment, professionalism, and expertise in fulfilling our regulatory responsibilities. Their efforts have been instrumental in advancing our objectives and ensuring a fair and vibrant communications sector in Malta. Furthermore, I extend my deepest appreciation to our stakeholders, including our own Ministry, industry players, government entities, consumer advocacy groups, and the general public, for their invaluable support, engagement, and constructive feedback. Your contributions have played a pivotal role in shaping our regulatory policies and actions, driving positive change, and elevating Malta's digital landscape.

BOARD OF DIRECTORS & MANAGEMENT COMMITTEE

MALTA COMMUNICATIONS AUTHORITY BOARD OF DIRECTORS

MCA Board
Appointed on 1st October 2020

Mr Jesmond Bugeja,
Acting Chairperson

Mr Kevin Abela

Ms Graziella Farrugia

Mr Mario Fava

Mr Mark Musu

Dr Alexandra Mizzi

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 Patrick Vella,
Chief of Policy & Planning, until May 2023

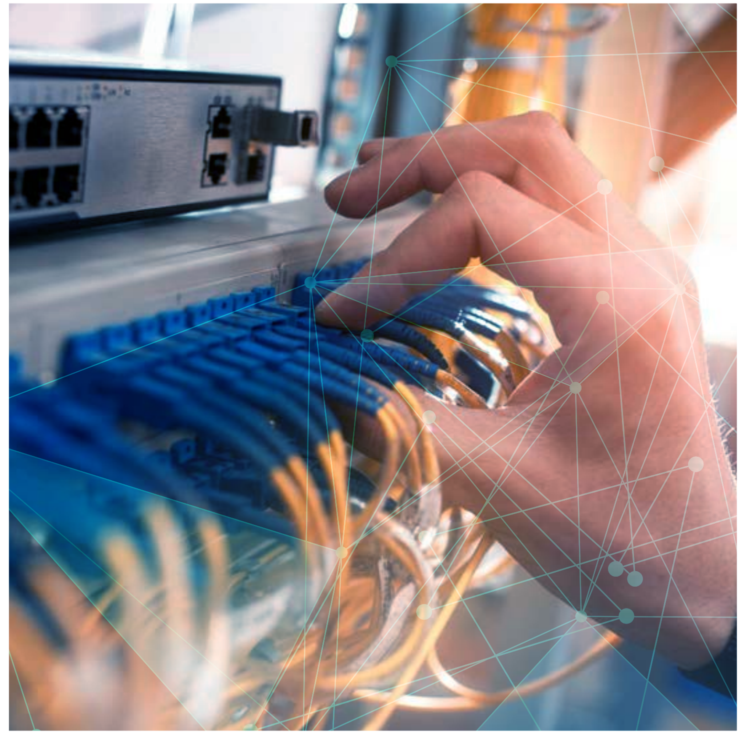
Mr Damian Gatt,
Chief of Policy & Planning, commencing May 2023

Mr Jason Galea,
Financial Controller

Ms Nevise Borg Caligari,
Senior Manager, Human Resources & Administration

Mr Joseph Seychell,
Senior Manager, ICT & Digital Services

ELECTRONIC COMMUNICATIONS



MARKET REVIEW

MARKET DEVELOPMENTS IN ELECTRONIC COMMUNICATIONS

Notable progress was observed in 2022 within the electronic communications segment, demonstrating the dynamic nature of the industry and shifting consumer preferences. The sector's progress can be attributed to various factors, including the continuous expansion of the Fibre-to-the-Home (FTTH) network coverage, the ongoing 5G deployment, as well as building upon previous achievements in accomplishing the goals set by the Digital Agenda for Europe. Additionally, the expansion of high-speed fibre optic infrastructure has played a pivotal role in satisfying the rising demand for faster and more dependable broadband services. Furthermore, the mobile data usage in Malta witnessed substantial growth, with data consumption per active mobile connection rising from 77 GB in 2021 to reach almost 120 GB per connection in 2022.

These developments materialised in light of the evolution of the macroeconomic context, particularly for Malta. The pace of employment creation has been notable, leading to an increased demand for foreign individuals to fill roles within the local workforce. As a result, there is an inherent rise in demand for the services offered by telecom operators. In such a scenario, access to high-quality communication and internet services becomes even more crucial to support the connectivity needs of both local and foreign employees.

Operators in Malta are also actively investing in their network infrastructure to meet the increasing demands of the market. The accelerated progress in network infrastructure has resulted in improved connectivity and enhanced service offerings. These enhancements have been observed for both standard retail services and advanced services like cloud computing, Internet of Things (IoT), and cybersecurity, which are now provided by all major operators in Malta. While network competition may precede stronger price competition dynamics, it is yet to be seen if this will materialize, especially considering that prices for fixed and mobile connectivity in Malta remain generally higher than in Europe, as indicated by reliable sources of pricing information, including international ones. Consequently, the MCA aims to implement a regulatory approach that strikes a balance between continued investment and the consolidation of retail competition, particularly in the fixed segment.

Our analysis of the sector's key trends highlights a growing demand for faster connectivity as end-users increasingly seek high-quality communication and internet services. Notably, the broadband sector continued its transition towards ultra-fast speeds, witnessing a noteworthy 12.4% surge in subscriptions to plans that support download speeds of 100Mbps or higher. By the end of 2022, a significant 68% of all broadband subscribers had opted for plans in this high-speed category.

Other notable trends concerned the mobile segment, with strong voice minute volumes partly propelled in part by workforce inflows that contributed to heightened communication needs. Additionally, roaming traffic volumes experienced an upward trajectory, reflecting the upswing in outbound and inbound travel-related activities.

Positive growth was also observed in the TV segment, with subscription rates witnessing a commendable 3.3% rise. Conversely, the fixed telephony segment did not undergo significant changes in adoption rates, whilst minute volumes in this segment were down. It is important to consider these observations in the context of the evolving competition, which is expected to intensify further with the consolidation of competition that is anticipated in the fixed segment.

"Notably, the broadband sector continued its transition towards ultra-fast speeds, witnessing a noteworthy 12.4% surge in subscriptions to plans that support download speeds of 100Mbps or higher

FIXED BROADBAND

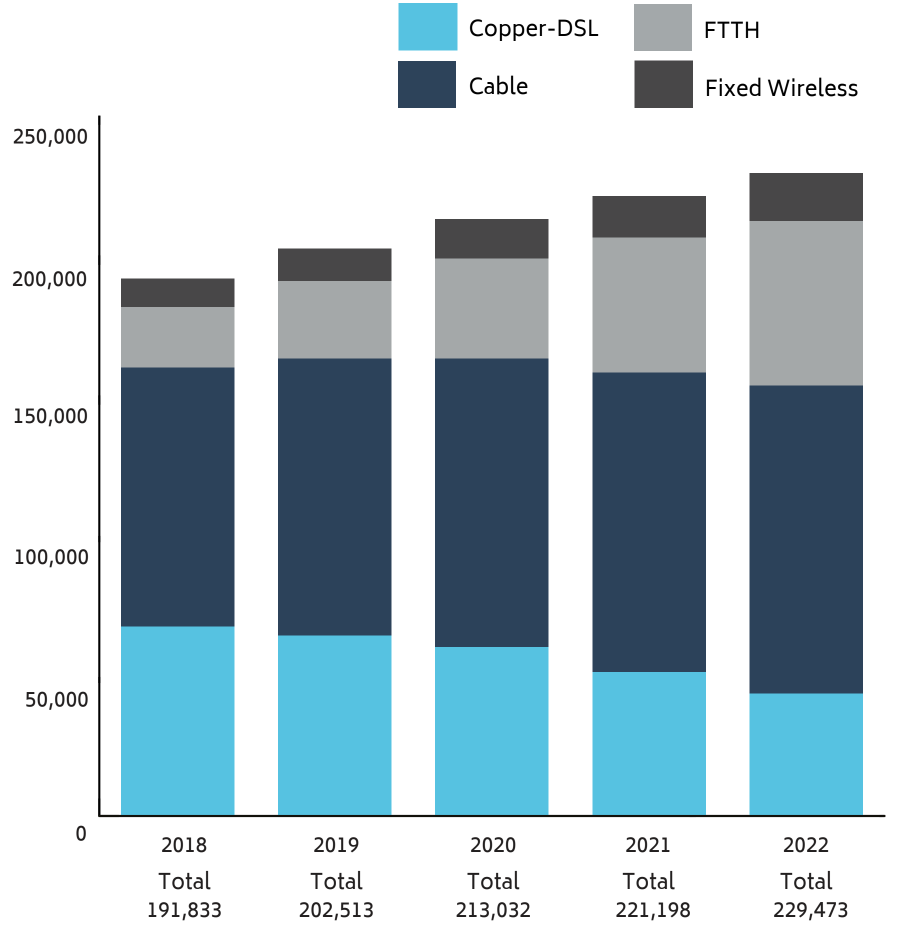
The fixed broadband market in Malta has shown steady growth over the past few years. Among the different technologies, cable and copper-DSL technologies currently hold the largest market share, accounting for nearly three-quarters of all subscriptions. However, it is important to highlight that a notable transition is taking place as the operator owning the copper infrastructure, as well as other operators, are actively future-proofing their network infrastructures by investing in the deployment of FTTH. This shift is driven by the increasing demand for high-speed broadband services in Malta, fuelled by bandwidth-intensive applications such as video streaming, online gaming, and cloud computing. Consumers in Malta are increasingly opting for faster and more reliable internet connections.

FIXED BROADBAND SUBSCRIPTIONS

In 2022, the total number of fixed broadband subscriptions reached 229,473, indicating a notable increase of 3.7% compared to the previous year and a significant 19.6% increase compared to 2018. This surge can be attributed to the growing number of customers opting for plans that provide high-speed and ultra-fast download speeds, but also to ongoing efforts by operators to upgrade existing clients to plans supporting fast and ultra-fast download speeds. Consequently, while the overall subscriber count witnessed a year-on-year rise of 8,275, the number of subscriptions for plans offering download speeds of 100Mbps or more experienced a bigger surge of 17,141 during the same period.

Local operators in Malta offer fixed broadband services using various technologies such as copper-based DSL, FTTH, cable DOCSIS 3.1, and fixed wireless access (FWA). The number of FTTH subscriptions increased by 10,627 during the 12-month period, reaching a total of 58,743 subscribers by the end of 2022. The cable DOCSIS 3.1 subscription base grew by 2,998, representing a 2.8% increase. The operator that owns the copper-based DSL infrastructure is deploying an FTTH network, leading to a year-on-year decline of 7,750 copper-DSL subscriptions in the same period. Meanwhile, fixed wireless technology saw a 16.3% increase in subscribers, reaching a total of 17,152 by the end of 2022.

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
< 5 Mbps	-	46	30	115
≥ 5 Mbps and < 10 Mbps	-	3	3	55
≥ 10 Mbps and < 20 Mbps	-	1,003	550	102
≥ 20 Mbps and < 30 Mbps	-	215	77	33
≥ 30 Mbps and < 50 Mbps	2,905	1,814	1,064	16,847
≥ 50 Mbps and < 100 Mbps	8,601	40,502	359	-
≥ 100 Mbps	98,489	-	56,660	-

Operators in Malta have embraced the trend of offering bundle services. These bundle plans have become the mainstream choice when it comes to broadband take-up, accounting for the majority of subscriptions at approximately 91.9% by the end of 2022. While there has been a slight decline in stand-alone or dual play subscriptions, the number of triple play subscriptions, combining fixed telephony, broadband, and TV services, has steadily increased from 141,109 to 146,451. It is worth noting that operators also provided discount offers within these bundles, showcasing the attractiveness and value they bring to customers. However, it is important to ensure that this emphasis on bundles does not overshadow further expansion and improvement in the stand-alone line-up, allowing customers to have diverse options that cater to their individual needs and preferences. The market should continue to evolve and provide a balanced choice for customers, both in terms of bundled services and stand-alone offerings.

MARKET SHARES IN TERMS OF SUBSCRIPTIONS

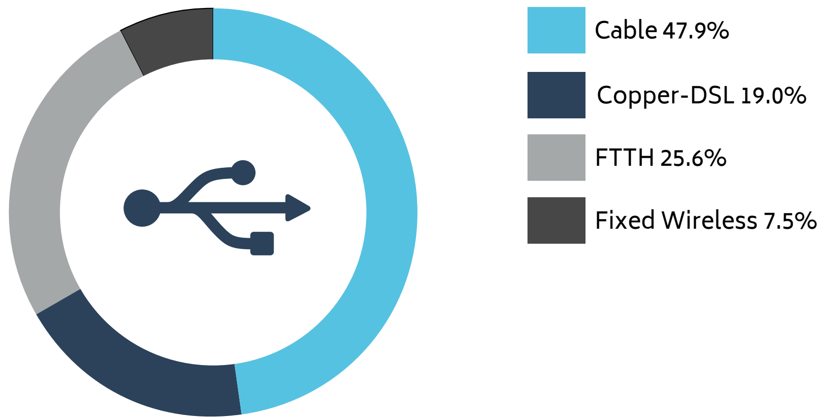
As of 2022, GO and Melita collectively captured a substantial share of the fixed broadband market. Melita accounted for 47.9% of the market whilst GO registered a market share of 46.9%, remaining consistent with the previous year. At the same time, Epic's market experienced a modest increase from 4.6% to 5.0%. Other operators, namely Vanilla Telecoms, held a marginal share of 0.1%.

> **The number of triple play subscriptions, combining fixed telephony, broadband, and TV services, has steadily increased from 141,109 to 146,451**

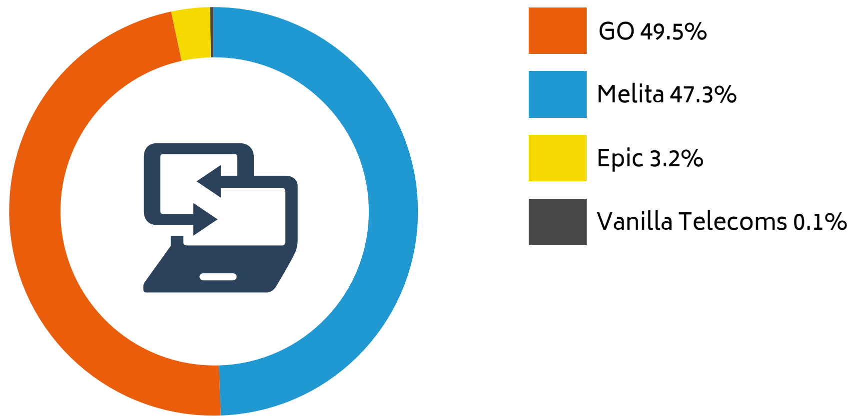
Number of fixed broadband subscriptions in a bundle, as at end of period

Fixed broadband subscriptions in a bundle	2020	2021	2022
	198,482	208,620	208,620
Dual play	**61,280**	**67,511**	**64,418**
FT + FBB	61,280	67,511	64,418
Triple play	**81,232**	**141,109**	**146,451**
FT + MT + FBB	3,465	-	-
FT + FBB + TV	77,767	141,109	146,451
Quad Play	**55,970**	-	-
FT + MT + FBB + TV	55,970	-	-
Number FBB subscriptions (end of period)	**213,032**	**221,198**	**229,473**
as a percentage of total FBB subscriptions	**93.2%**	**94.3%**	**91.9%**

Market shares by technology, as at end of 2022



Market shares by operator, as at end of 2022



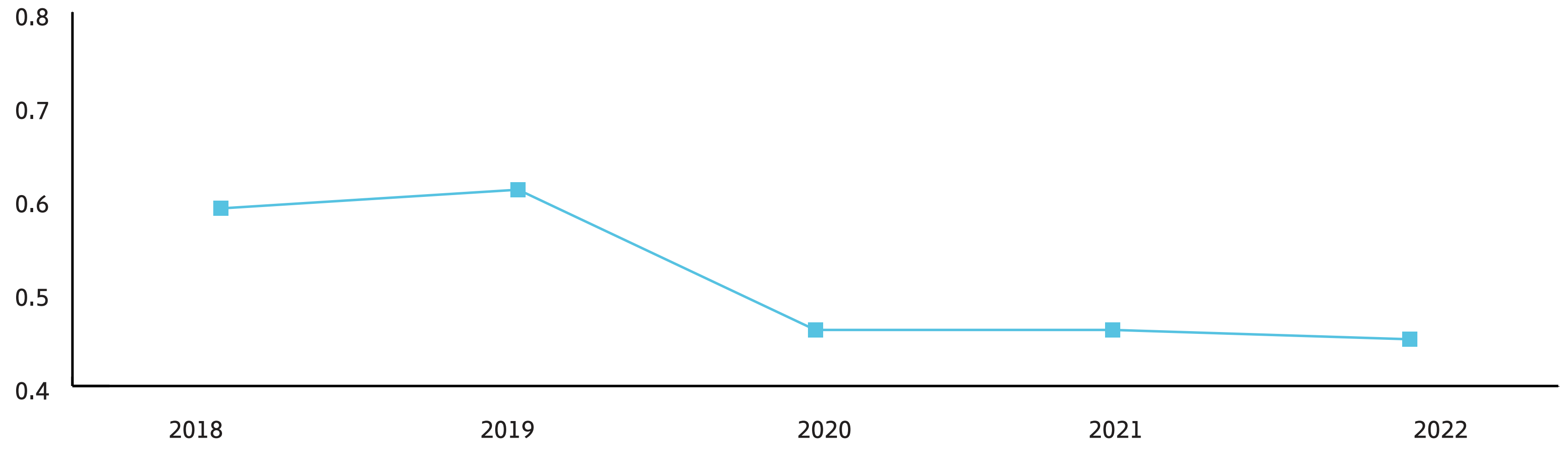
PRICE MOVEMENTS

When evaluating the advertised prices for fixed broadband services, the focus primarily revolves around the monthly access fees charged by local operators, particularly for entry-level plans within their product line-up.[1] The MCA recognizes that the entry-level access fees for stand-alone and dual-play plans have remained relatively stable in recent years.[2] However, the MCA also acknowledges that the long-term decrease in the average rate per Mbps can largely be attributed to improvements in download speeds.

In 2022, local end-users paid an average rate of €0.45 per Mbps, representing a decline from €0.46 in the previous year. This reduction in the average rate per Mbps reflects the growing adoption of fast and ultra-fast download speeds by consumers. This trend is positive as it signifies the availability and increasing popularity of higher-performance broadband services. It is worth noting that offers with the highest download speeds are often available when the service is bundled with other electronic communications services.

Despite these positive developments, it is important to acknowledge that fixed broadband prices in Malta have not yet reached a level lower than those observed in the European Union (EU). Reliable sources, including international comparisons, indicate that aggregate prices for both fixed and mobile connectivity in Malta generally remain higher than the EU average. To address this, the MCA remains committed to striking a balance between encouraging investment and promoting competition in the market, particularly within the fixed broadband segment. The ultimate aim is to ensure more competitive pricing for consumers in the future and further alignment with the competitive benchmarks set by countries with some of the most favourable pricing structures in the EU.

Average rate per Mbps



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

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

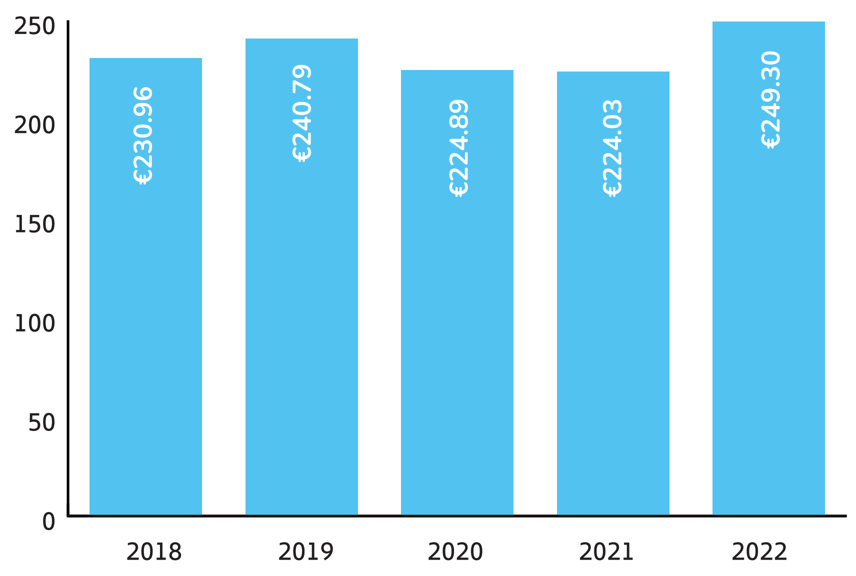
FIXED BROADBAND ARPU

The average revenue per user (ARPU) serves as an important indicator to assess the average revenue generated by electronic communications services per user. In the case of fixed broadband services, ARPU is calculated by dividing the total revenue (excluding one-time installation and connection fees) by the average number of active subscribers.[3]

During 2022, the ARPU for fixed broadband services experienced a substantial increase, reaching €249.30. This growth of 11.3% compared to the previous year's ARPU of €224.03 signifies a positive trend in revenue generation in this segment. The average revenue per user (ARPU) is a key metric used to gauge the average revenue generated by electronic communications services on a per-user basis.

It is important to note that each operator may have its own system for allocating bundle revenues among different services. This variation in methodology for allocating bundle revenues can influence the reported ARPU figures across different operators and ultimately on an overall level. Nevertheless, in today's interconnected world, fixed broadband has become a crucial component of the overall connectivity landscape. Given its significance, it would be reasonable to allocate a significant portion of revenues towards the provision of fixed broadband services. This recognizes the growing importance of fixed broadband in meeting the evolving needs and demands of consumers for reliable and high-speed internet connectivity.

Average revenue per fixed broadband user



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

MOBILE TELEPHONY

The mobile telephony segment continued its upward trajectory, building upon the recovery and growth observed in previous years. The industry witnessed a consistent surge in subscriber adoption and usage, indicating a robust demand for mobile services. As travel activities gradually returned to normal, there was a rebound in roaming traffic volumes, signalling the revival of international connectivity.

A notable trend in 2022 was the substantial increase in the adoption of post-paid plans. These plans accounted for 45.4% of total subscriptions by the end of the year, highlighting a growing preference for more stable and feature-rich options. This ongoing shift, with 37,000 new clients exclusively in the post-paid segment, contributes to a remarkable rise in average data units per subscription. The year under review is testament to the fact that users are increasingly seeking data connectivity on the go, in turn also fuelling overall demand for mobile telephony subscriptions.

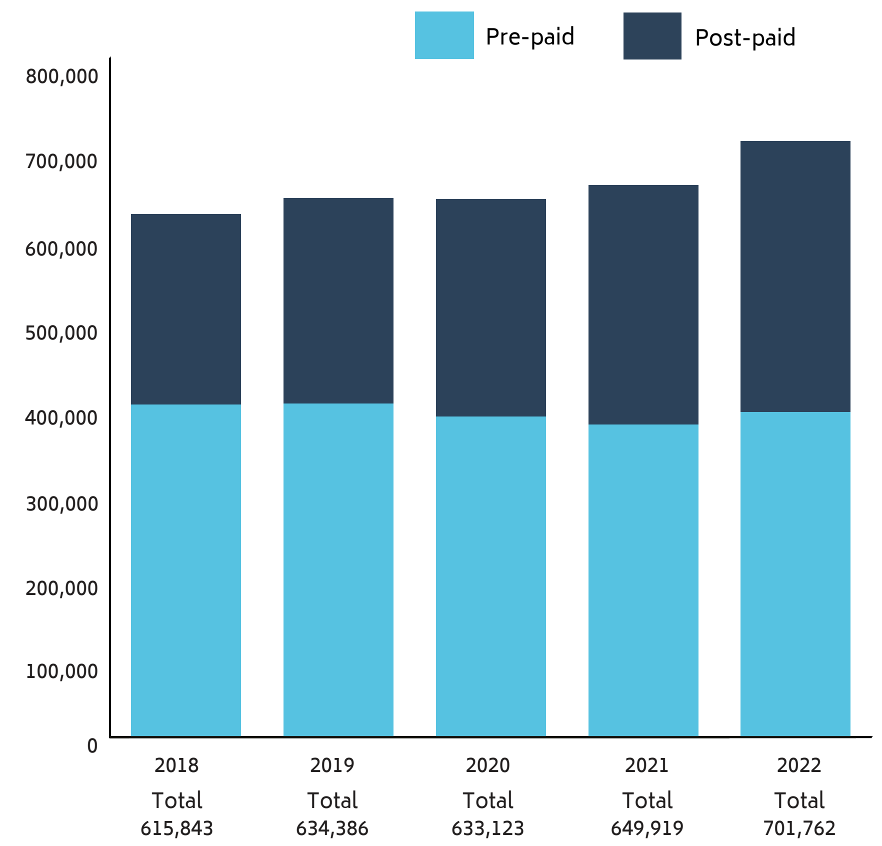
There is indeed a growing trend of increasing mobile data traffic per connection, which suggests a rising need for data-intensive tasks. This upsurge in data usage, coupled with the overall growth of revenues, is fuelling the expansion of the mobile telephony sector.

In spite of the potential competition posed by over-the-top (OTT) services, which is further linked to the increased utilization of mobile data, the industry is demonstrating its resilience by witnessing improved volumes in minutes. The impact of OTTs is certainly being cushioned, and the industry appears to remain focused on providing high-quality mobile services to meet customer demands and maintain competitiveness.

MOBILE SUBSCRIPTIONS

The mobile telephony subscriptions have exhibited a consistent upward trend, as evident from the figures. The total number of subscriptions grew by 8.0% from 2021 to 2022, reaching a total of 701,762. While pre-paid subscriptions, which constituted over half of the total, experienced a minor decline of 2.3% in both 2020 and 2021, they witnessed a recovery of 4.0% in 2022. In contrast, post-paid subscriptions have consistently shown growth, with a year-on-year increase of 13.1% leading up to 2022.

Number of mobile telephony subscriptions, as at end of period



Market share by operator, as at end of 2022

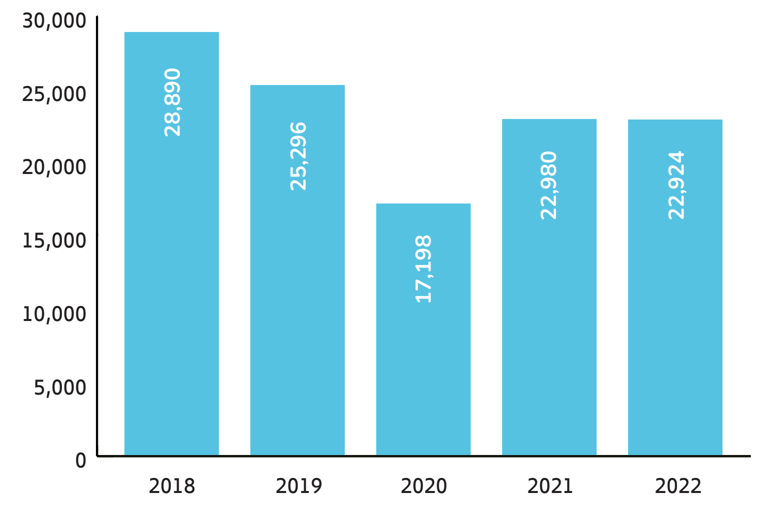
MARKET SHARES IN TERMS OF SUBSCRIPTIONS

In terms of subscriptions, the market share in the mobile telephony sector in Malta is divided among three major operators: Epic, GO, and Melita. Epic holds the largest share with 39.6% of the market, followed by GO with 35.7%. Melita maintains a significant presence with a market share of 24.6%. These figures indicate the distribution of subscribers among the operators and highlight the competitive nature of the mobile telephony market in Malta.

MOBILE INWARD PORTABILITY

Between 2018 and 2020, there was a decline in the number of mobile inward portings, with fluctuations observed during this period. However, starting from 2021, there was a noticeable increase in porting activities, indicating a growing trend of mobile users opting to switch their service providers while retaining their current numbers. The figures rebounded in 2021 after a decline in 2020 and remained at a similar level in 2022, further highlighting the sustained interest among mobile users in pursuing provider changes.

Number of mobile inward portings



TRAFFIC ACTIVITY LEVELS

In 2022, the traffic activity in the mobile telephony industry remained robust, with significant leaps in voice and data volumes. This growth can be attributed to both organic factors, such as evolving consumer preferences and consumption patterns, as well as population growth, which contributed to the expansion of services.

It is important to note that the decline in SMS usage should be understood in the context of users increasingly relying on messaging through over-the-top (OTT)-based services and traditional mobile voice calling, the latter having proven to be more resilient against competition from OTT services.

Usage per active subscription

A notable insight shows a preference for shorter but more frequent calls among users. The total number of calls increased by 1.4% year-on-year, reaching 510.51 million in 2022. However, there was a corresponding decrease in the duration of calls, as total minutes decreased by 1.4% year-on-year to reach 1,178.86 million.

In 2022, the average usage of call minutes per active mobile subscription in Malta was recorded at 1,744 minutes. This figure reflects a slight decrease compared to the previous year, indicating a potential shift in calling patterns among mobile users. It suggests that individuals may be relying more on alternative communication methods or utilising data-based services for voice communication. While the decline in call minutes indicates changing preferences, voice calls still play a significant role in mobile usage, serving as an essential means of communication for many individuals in Malta.

Furthermore, the number of SMSs sent per user experienced a significant decline of 12.8% to 232 messages. This decline could be attributed to the rising popularity of alternative communication methods, such as instant messaging and social media platforms.

Mobile data

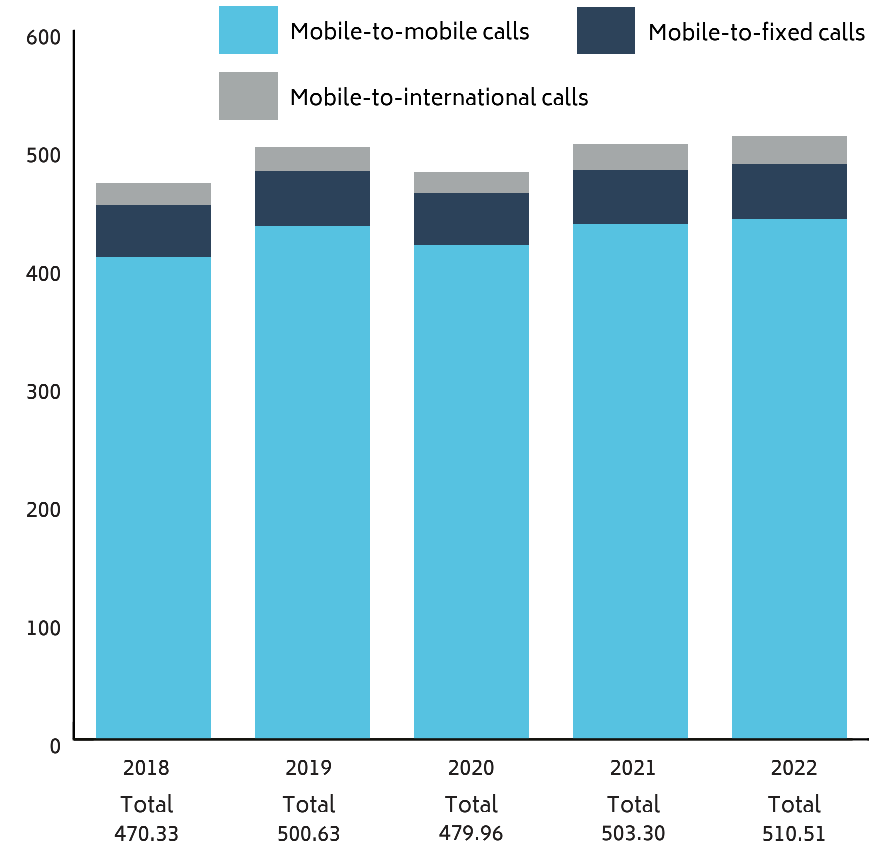
End-users in Malta are increasingly embracing mobile data usage, primarily driven by their desire to access video content, messaging apps, social media platforms, and news portals.

The rise in adoption of post-paid plans and the availability of improved monthly allowances have empowered consumers to make more extensive use of mobile data services. In 2022, the overall consumption of mobile broadband data reached 79 million GBs reflecting a significant year-on-year increase of almost 30 million GBs or 61%. On an individual subscriber level, the average usage of mobile broadband data escalated to 120GB per active connection in 2022, from 77GB in 2021.

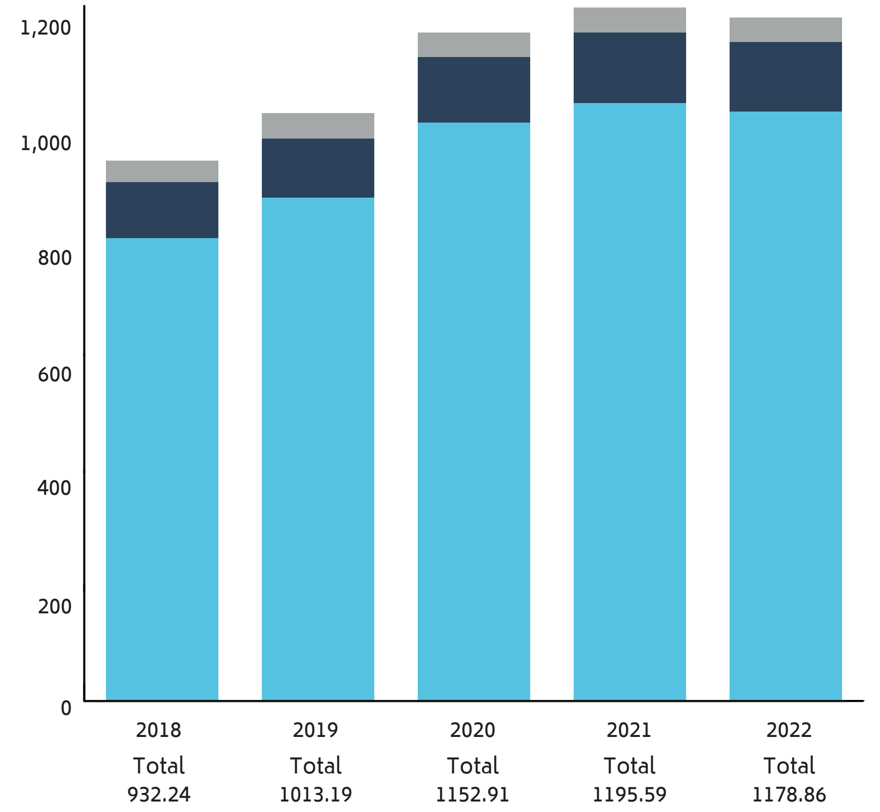
Traffic activity per active subscription

Average usage *(traffic per active mobile subscription)*	2018	2019	2020	2021	2022
Calls	771	801	757	785	755
Call minutes	1,528	1,621	1,819	1,864	1,744
SMSs	456	367	284	266	232
Data (MB)	10,185	22,661	54,313	77,135	119,807

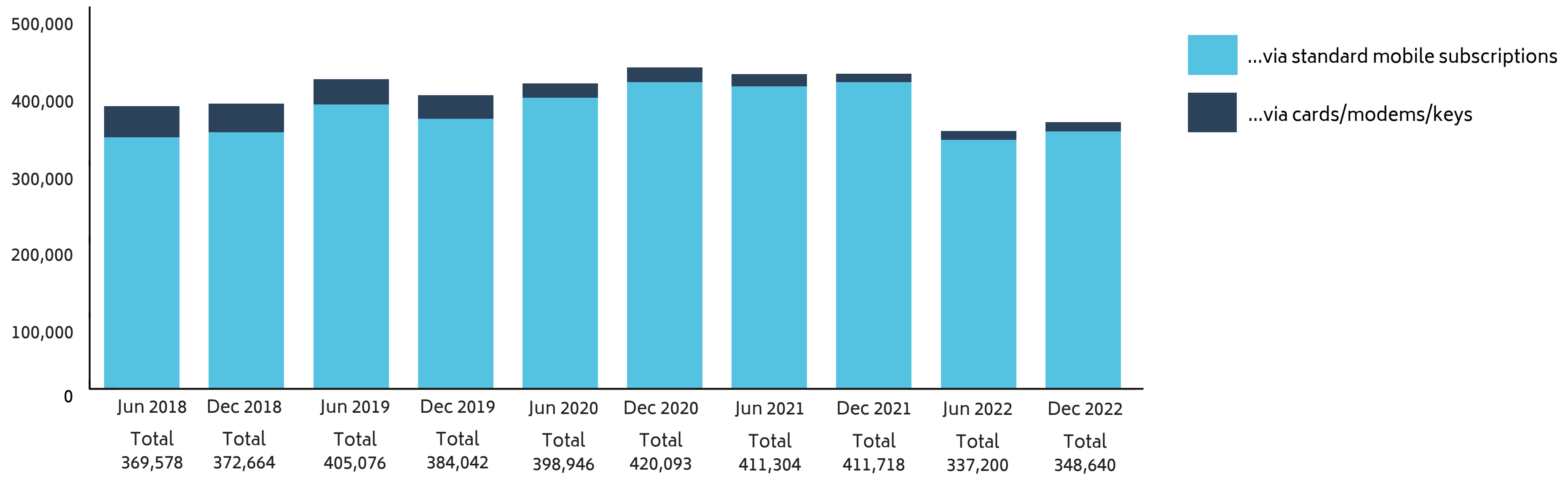
Number of outgoing voice calls (in millions)



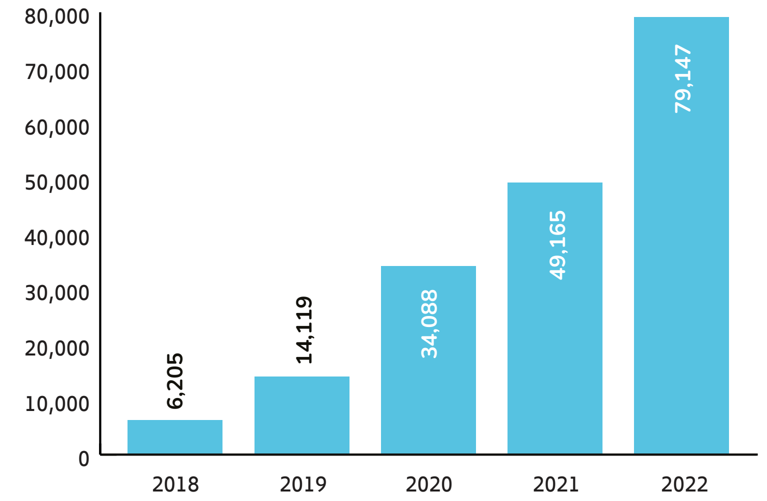
Number of outgoing voice call minutes (in millions)



Number of active mobile data users as at end of period



Mobile data consumption per year (in million Gigabytes)



International roaming

Local service providers have entered into international roaming agreements to provide their subscribers with international roaming voice, SMS, and data services.[4] Roaming activity comprises of inbound and outbound roaming traffic volumes. The former encompasses call, SMS and data services operated on local mobile networks by foreign end-users when roaming in Malta, whereas the latter includes voice call, SMS, and data services operated on foreign mobile networks by local users when roaming abroad.

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

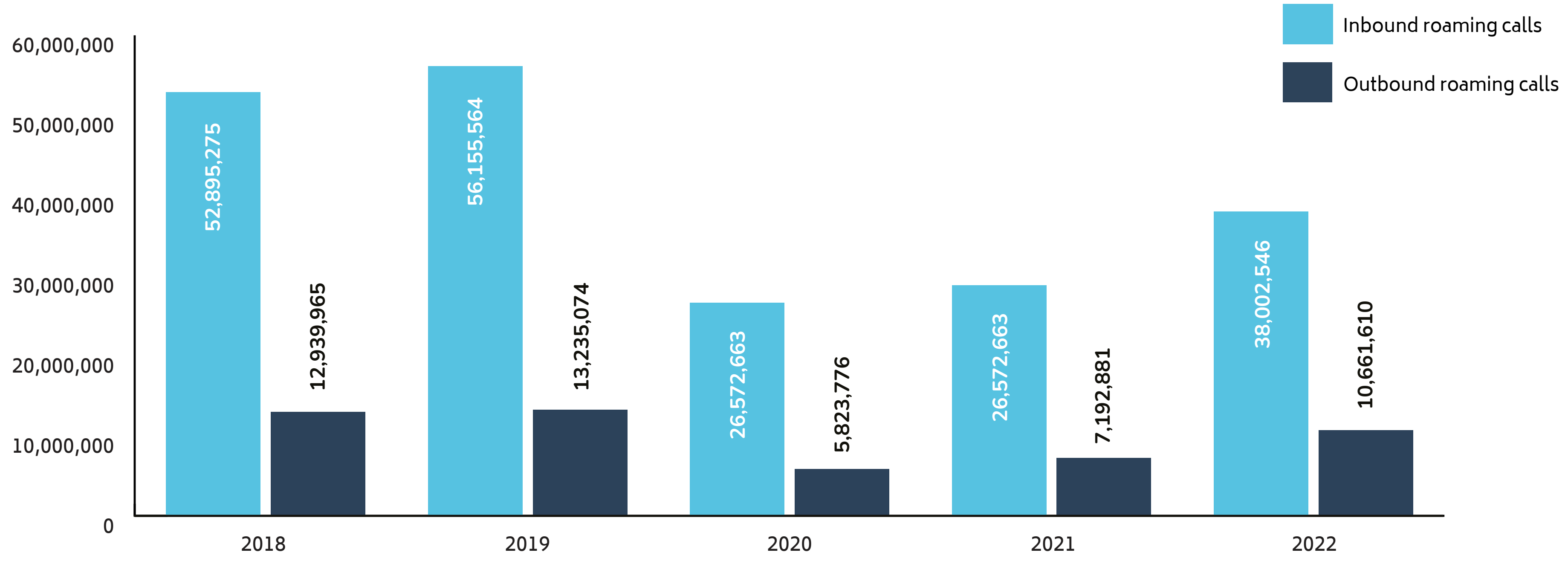
In recent years, the impact of the COVID-19 pandemic had a significant effect on international travel, leading to a decline in inbound and outbound roaming calls. However, a notable recovery was observed during the year under review.

Inbound roaming calls witnessed a remarkable rebound in 2022, with a notable year-on-year increase of 32.1%. The recorded number of approximately 38 million inbound roaming calls reflects the strong recovery in international communication within the country.

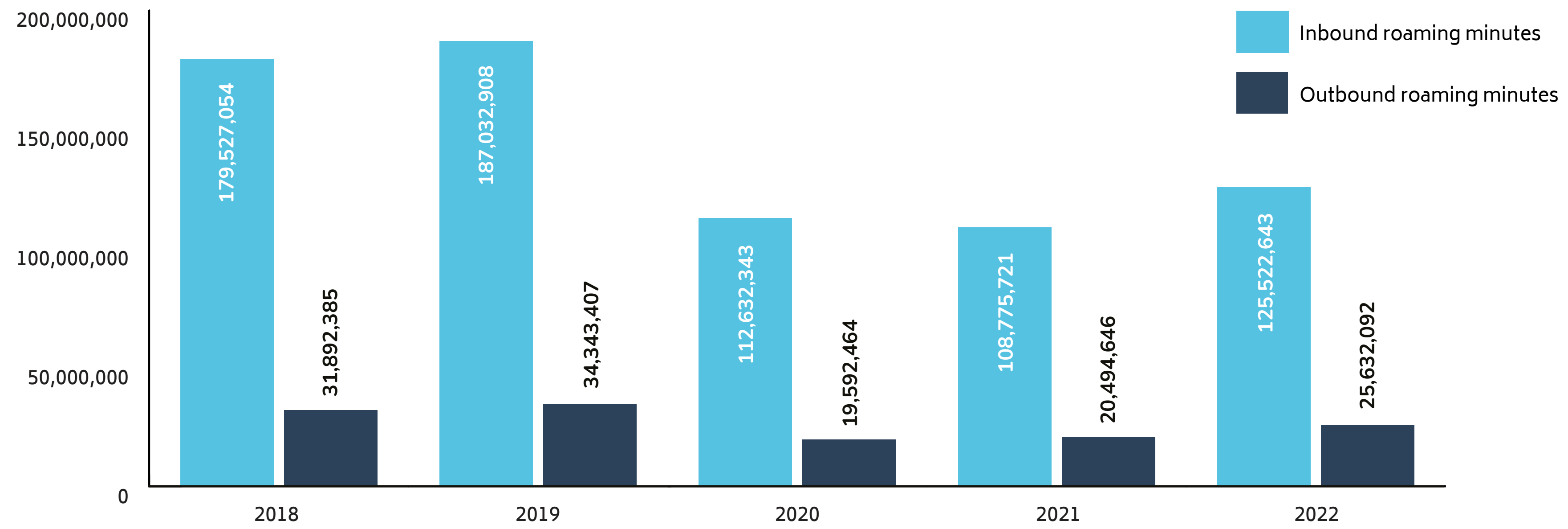
Similarly, outbound roaming calls demonstrated a consistent upward trajectory, culminating in a remarkable year-on-year surge of 48.2% in 2022. The total number of outbound roaming calls reached 10.7 million, underscoring the growing demand for communication while travelling internationally.

The figures for inbound and outbound roaming minutes confirm the compelling trends in international travel communication. The year under review shows a notable 15% increase in inbound roaming minutes over the previous one. Similarly, outbound roaming minutes displayed an increase of 25%.

Roaming traffic volumes: number of calls



Roaming traffic volumes: number of minutes



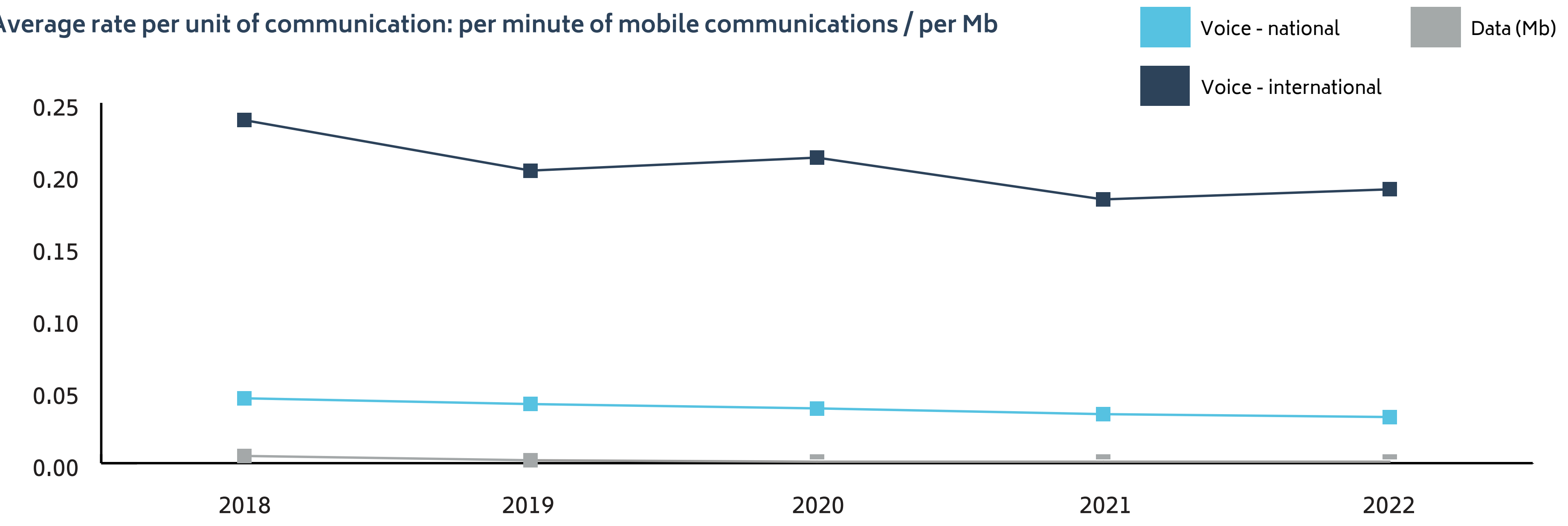
PRICE MOVEMENTS

Mobile telephony charges, encompassing calls, SMS, and data fees, can vary across communication providers due to various factors such as the chosen plan (post-paid or pre-paid), type of activity (on-net or off-net), and more. The allowances included in the selected plan directly influence the end-user's final price per unit of consumption. Therefore, determining the average rate per unit of consumption becomes crucial by dividing the reported revenues of local service providers for a specific activity by the corresponding unit (e.g., per voice call minute, per SMS, and per Mb).

Analysing access revenues and their allocation to different mobile telephony services, the average rate per minute of mobile communications (ARPM) in Malta decreased to €0.032 in 2022, compared to €0.034 in 2021. Conversely, the ARPM for international calls experienced a slight increase to €0.190 from €0.183. These results primarily reflect the enhancements in voice minute allowances provided to customers.

Meanwhile, the average rate per Mb remained stable at €0.001, indicating a consistent pricing structure for data charges.

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



AVERAGE REVENUE PER MOBILE USER (ARPU)

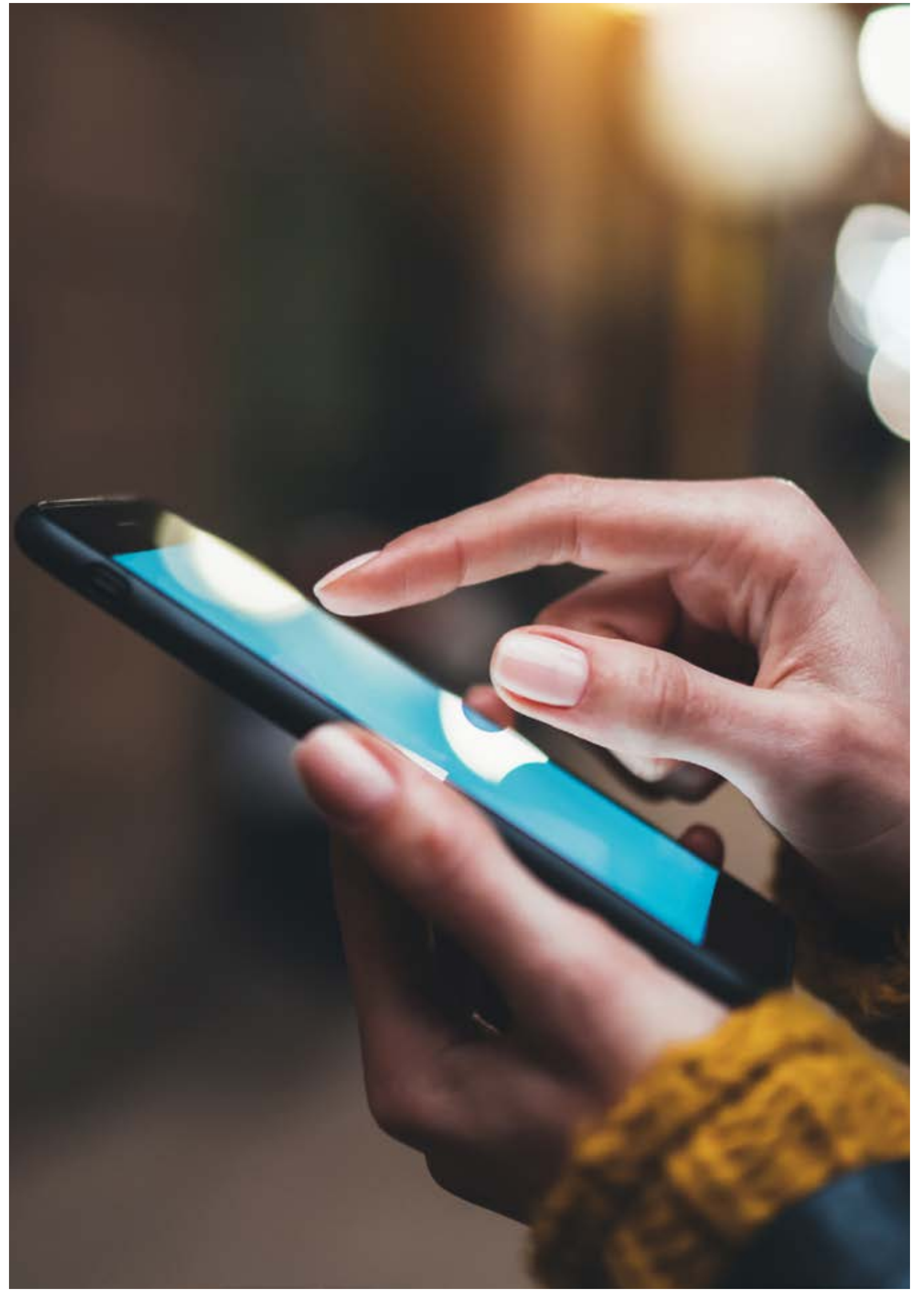
During the period from 2021 to 2022, the mobile telephony industry observed a notable upturn in overall revenues. However, the Average Revenue Per User (ARPU) for mobile telephony[5] experienced a significant downward trend, declining from €172.75 in 2021 to €156.10. This signifies a considerable year-on-year decrease of 9.6%.

The enhanced accessibility and growing uptake of post-paid plans may contribute to higher adoption rates among users. However, this surge in popularity also introduces some pricing pressures, which in turn leads to a decrease in ARPU. Consequently, the industry experiences a decline in the average revenue generated per user.

Moreover, the increasing adoption of mobile services, such as messaging apps, Voice over IP (VoIP) services, or Over-The-Top (OTT) platforms, is playing a role in softening the reliance on traditional voice calls and SMS. These alternative services provide users with more cost-effective communication options, further impacting the ARPU figures.

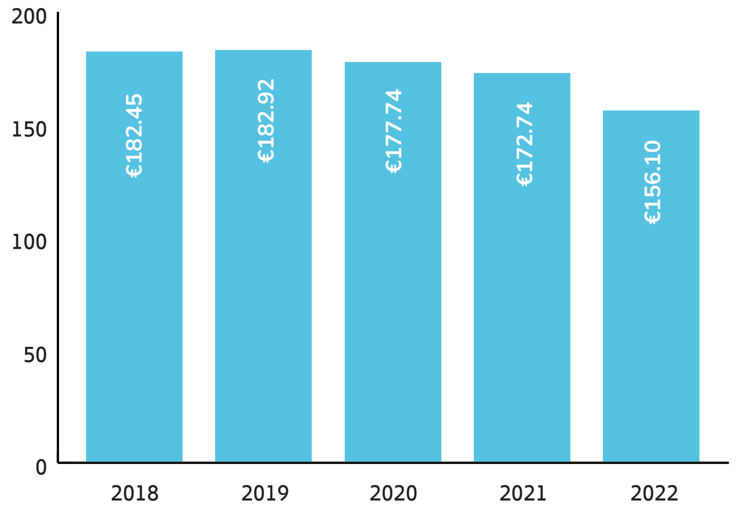
5 Mobile ARPU figures are derived by dividing total revenues of the operator by the average number of active subscriptions, for a given period. The average number of active subscriptions during the respective period is arrived at by adding the number of subscribers at the start of the period to the number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

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



Furthermore, improvements in minute and data allowances offered by mobile telephony providers have also played a part in this trend. As users gain access to larger allowances for voice calls and data usage, they are more inclined to utilize these services extensively, leading to a decrease in ARPU.

Average revenue per mobile telephony user



FIXED LINE TELEPHONY

The fixed telephony service continues to be widely available to households and businesses, although call and minute volumes dwindle as demand shifts towards the mobile telephony segment. In fact, fixed telephony minute volumes were down by 27% year-on-year, as people increasingly rely on mobile voice calling services. Consequently, the average revenue per user (ARPU) for fixed telephony has been affected due to changing communication preferences and the growing prominence of mobile telephony services.

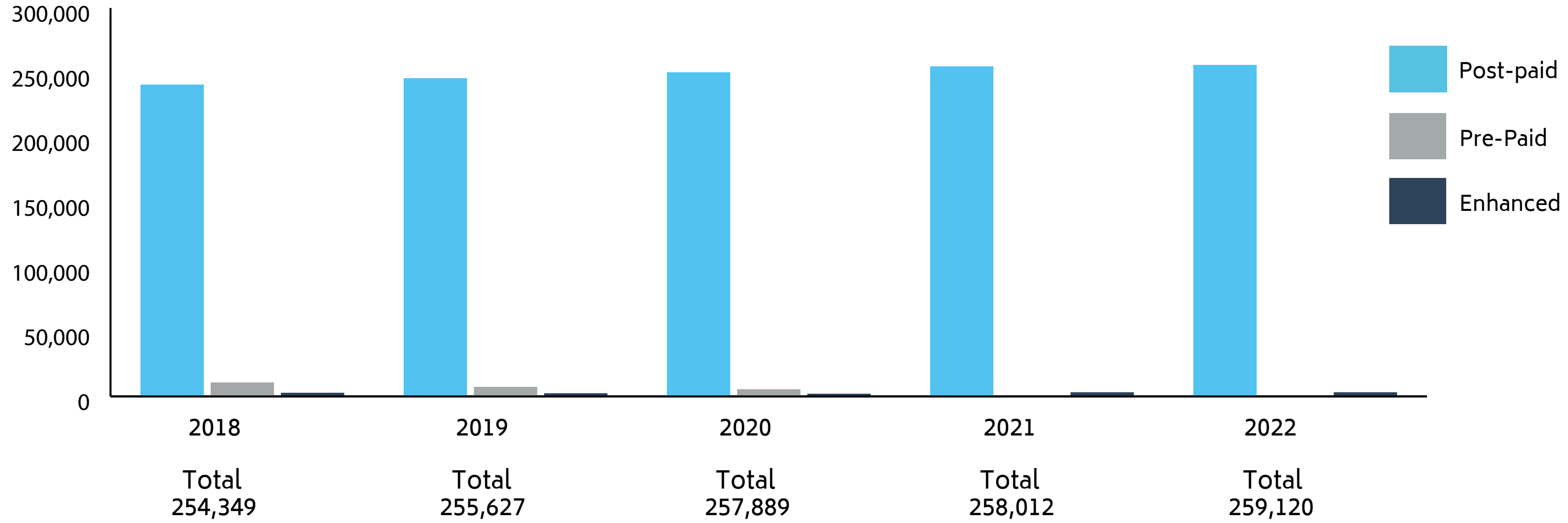
> **"By the end of 2022, there were a total of 259,120 subscriptions, showing an increase of 1,108 compared to the previous year"**

SUBSCRIPTIONS

In terms of subscriptions, the fixed telephony segment has experienced minimal changes in the number of available lines. By the end of 2022, there were a total of 259,120 subscriptions, showing an increase of 1,108 compared to the previous year. Nearly all of these subscriptions were obtained through post-paid contracts, as pre-paid plans have been phased out by the major operators. Notably, there has been a growing preference for enhanced plans[6] among users, particularly from the business community, leading to nearly a 0.4% year-on-year increase in enhanced subscriptions. By the end of the current reporting period, there were 3,022 enhanced subscriptions available.

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

Number of fixed telephony subscriptions, as at end of period



By the end of 2022, approximately 85% of the total fixed telephony subscriptions were acquired as part of a bundle, demonstrating a consistent upward trend compared to the previous year. This indicates a significant shift among end-users who have chosen to combine their fixed telephony service with other telecom services. The most sought-after bundles consisted of triple play packages, which encompassed fixed telephony, mobile telephony, fixed broadband, and pay TV services. On the other hand, dual play bundles, comprising of fixed telephony and mobile telephony, as well as fixed telephony combined with fixed broadband, experienced a slight decrease in popularity. Nonetheless, overall these statistics underscore the growing inclination towards bundled fixed services, providing customers with a comprehensive and integrated solution.

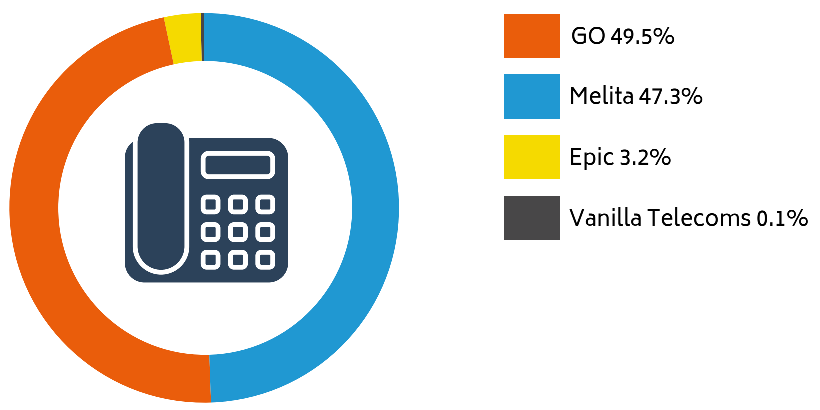
MARKET SHARES IN TERMS OF SUBSCRIPTIONS

Market share dynamics during 2022 show that GO managed to maintain its position as the leading player, albeit by a narrow margin ahead of the second major player in this segment. Despite experiencing a slight decrease compared to the previous year, GO's market share stood at 49.5% by the end of the reporting period. This further signifies the continuation of the consistent decline observed in this operator's market share over the past years. On the other hand, Melita demonstrated a consistent upward trend, further strengthening its presence in the market and securing a market share of 47.3%. Meanwhile, Epic, although holding a smaller portion of the market, maintained a steady and consistent presence, accounting for a 3.2% market share by the end of the reporting period. As for Vanilla Telecoms, which operates limitedly in just a few locations within Malta, no change has been observed.

Number of fixed telephony subscriptions in a bundle, as at end of period

Fixed telephony subscriptions in a bundle	2020	2021	2022
	207,967	217,694	219,210
Dual play	**70,765**	**76,585**	**72,759**
Fixed telephony + Mobile telephony	3,561	3,008	2,515
Fixed Telephony + Fixed Broadband	61,280	67,511	64,418
Fixed Telephony + Pay-TV	5,924	6,066	5,826
Triple play	**81,232**	**141,109**	**146,451**
Fixed Telephony + Mobile Telephony + Fixed Broadband	3,465	-	-
Fixed Telephony + Fixed Broadband + Pay-TV	77,767	141,109	146,451
Quad Play	**55,970**	**-**	**-**
Fixed Telephony + Mobile Telephony + Fixed Broadband + Pay-TV	55,970	-	-
Number of fixed line subscriptions (end of period)	**257,889**	**258,012**	**259,120**
as a percentage of fixed line subscriptions	**80.64%**	**84.37%**	**84.60%**

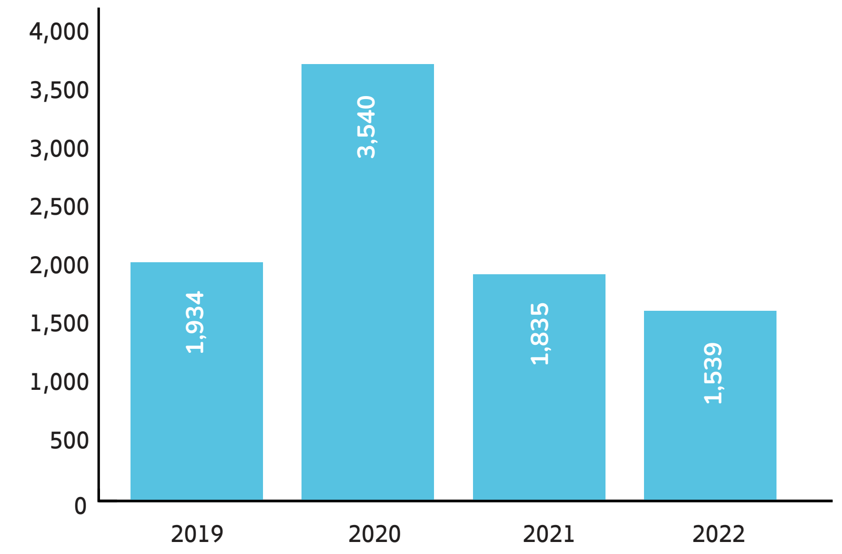
Market share by operator, as at end of period



FIXED LINE INWARD PORTABILITY

Over the years, the fixed line inward portings, referring to the process of customers switching their fixed line service providers, have shown fluctuations. Notably, there was a significant increase in 2020, followed by a subsequent decline in the following years. In 2022, the number of fixed line inward portings amounted to 1,539, indicating a downward trend when compared to the previous year. These figures imply a relatively stable market environment, where a moderate number of customers opted to change their fixed line service providers.

Number of fixed line inward portings



TRAFFIC ACTIVITY LEVELS

The fixed telephony sector has witnessed a consistent decrease in voice traffic volumes, ever since mobile telephony services were launched. This decline can also be attributed to various societal changes, including people spending less time at home and more time at their workplace or travelling between different locations. Additionally, the availability of improved calling rates and greater allowances has rendered mobile phones a more appealing choice for consumers.

It is noteworthy that lower call and minute volumes stem from fixed telephony, even when considering the minute allowances offered when it is bundled with other electronic communication services. This indicates a continued and strong trend of fixed-to-mobile substitution that has persisted for many years.

Voice and minute volumes

Throughout 2022, there was a continued downward trend in fixed voice traffic volumes, characterised by a notable decline of 22% in total fixed voice calls. This decrease was observed across all categories, encompassing fixed-to-fixed (FTF), fixed-to-mobile (FTM), and fixed-to-international (FTI) calls. Additionally, fixed voice minutes experienced a significant drop of 27%, indicating reduced usage across the board. These statistics highlight a substantial shift in communication patterns, where subscribers are making fewer voice calls and utilising fewer voice minutes per subscriber.

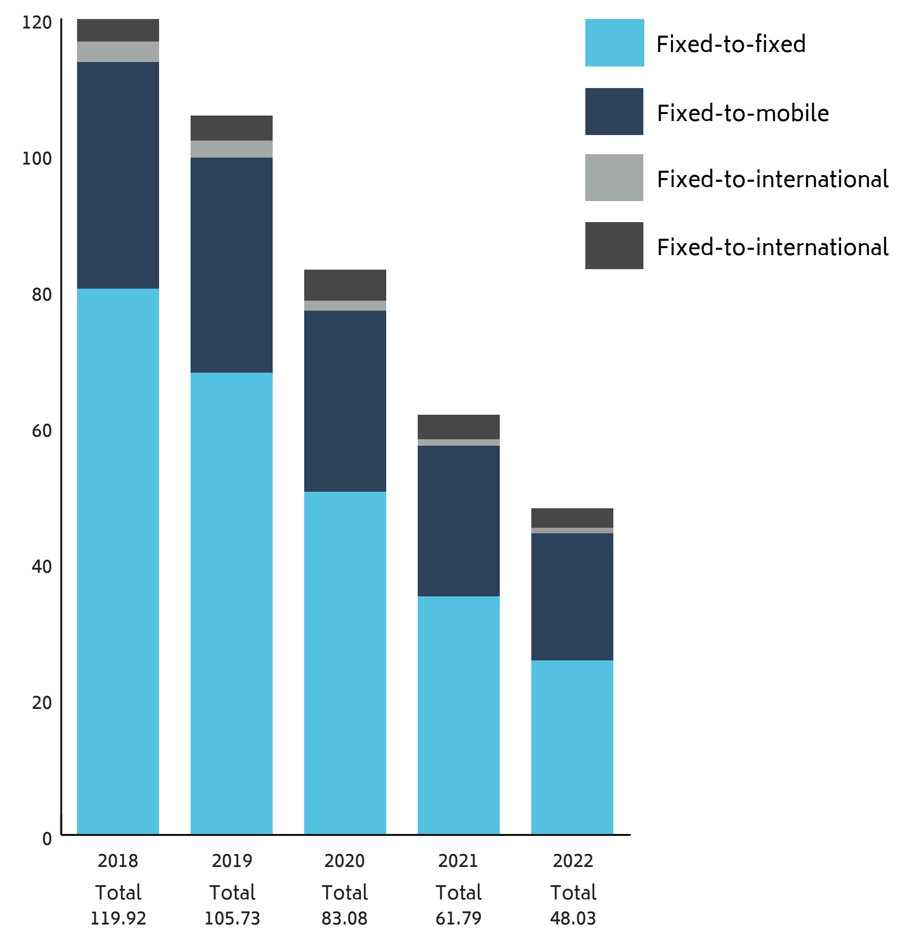
This trend can be attributed to multiple factors. Firstly, the rise in alternative communication channels, including both mobile telephony and over-the-top (OTT) platforms, has offered users diverse alternatives for communication, reducing their reliance on traditional fixed voice calls. Secondly, the increasing dependence on data-based services for communication purposes, such as video calls and instant messaging, has resulted in a decreased emphasis on fixed voice calls. It is worth noting, however, that mobile voice calling has demonstrated resilience in contrast to the declining trend of fixed voice calling.

Moreover, societal changes and evolving lifestyles may also play a role. Factors such as busy work schedules, increased mobility, and changing social dynamics have led individuals to spend less time at home and more time on the go, further diminishing the need for traditional fixed-line voice calls.

Usage per active subscription

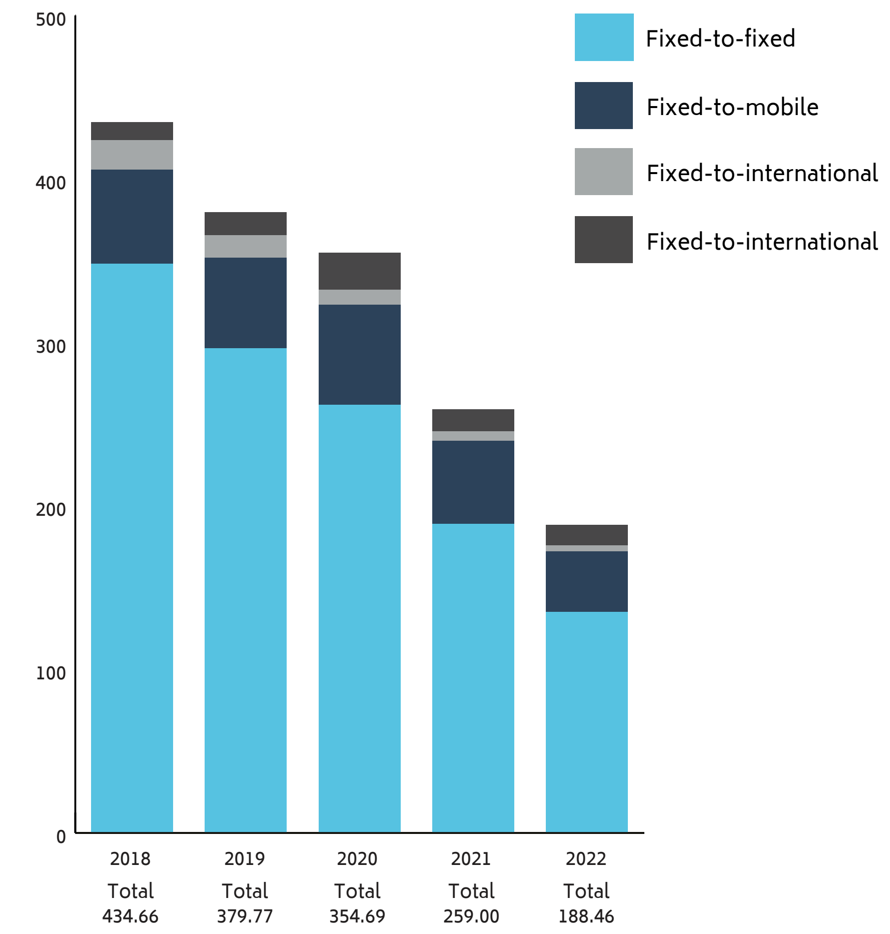
Clearly, as a consequence of the aforementioned factors, the usage levels of calls per subscription witnessed a year-on-year decrease, declining from an average of 62 calls in 2021 to 48 calls in 2022. Similarly, there was a notable drop in minute volume per subscription, decreasing from 259 minutes to 189 minutes year-on-year. These declines encompass all types of calls and minute volumes considered in this analysis, highlighting the overall decrease in usage across the board.

Number of outgoing voice calls (in millions)

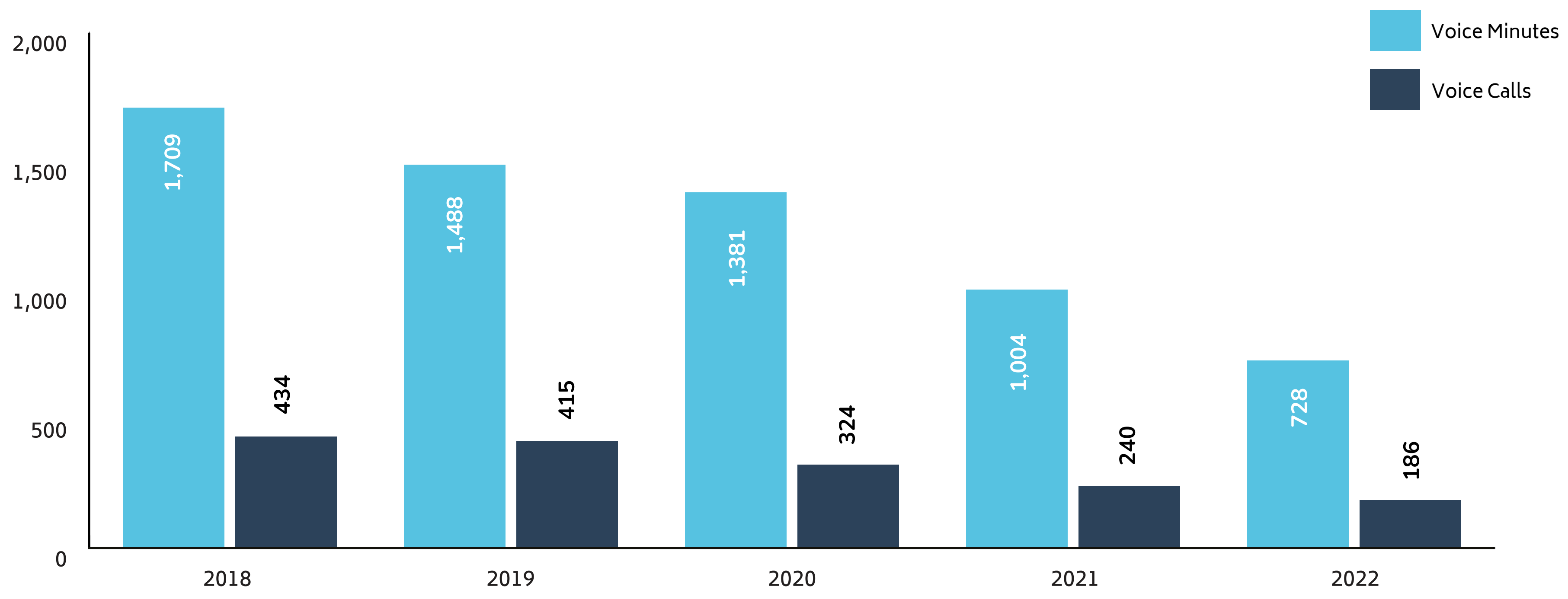


> **The increasing dependence on data-based services for communication purposes has resulted in a decreased emphasis on fixed voice calls**

Number of outgoing voice call minutes (in millions)



Fixed telephony traffic activity per subscriber

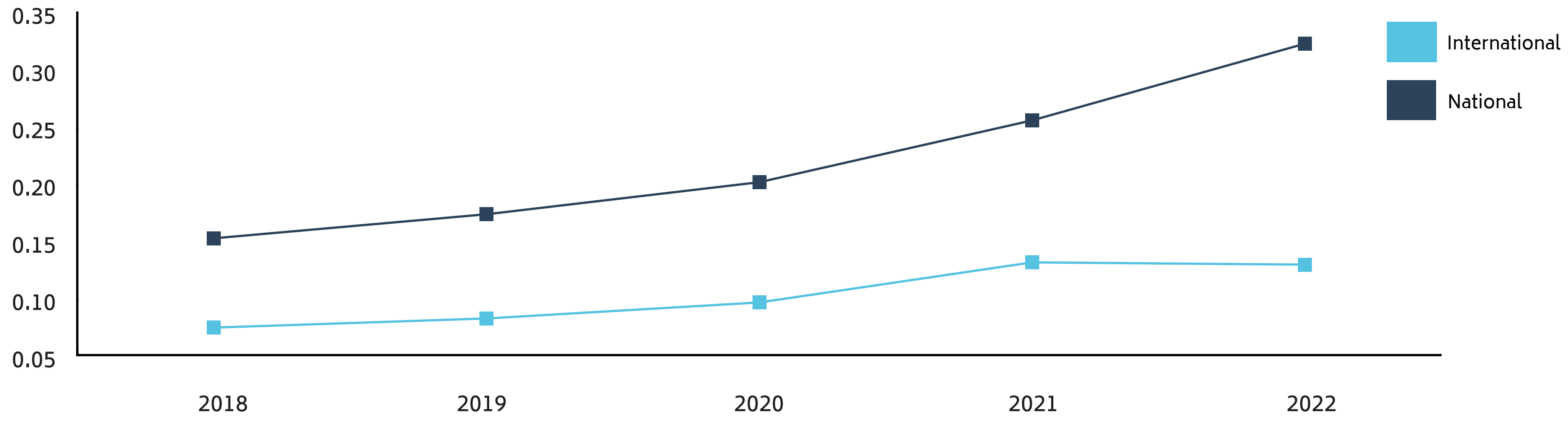


PRICE MOVEMENTS

The MCA closely monitors the trends in fixed line telephony tariffs through a revenue-based calculation method. This calculation helps derive the Average Revenue per Minute (ARPM) for fixed line communications. According to the data analysed by the MCA, the ARPM for a national fixed call was relatively unchanged at €0.136 year-on-year, while the ARPM for an international call was recorded at €0.32 in 2022.

To generate these average rate-per-minute figures, the methodology now incorporates access fees that are allocated to each type of call. This adjustment accounts for the rising trend in the average rate per minute of fixed communications. It is important to note that end-users are paying access fees that have remained relatively unchanged over the years while consuming fewer voice minutes year-on-year. This combination of factors explains the observed increase in the average rate per minute for fixed communications.

Average rate per minute of fixed line communications

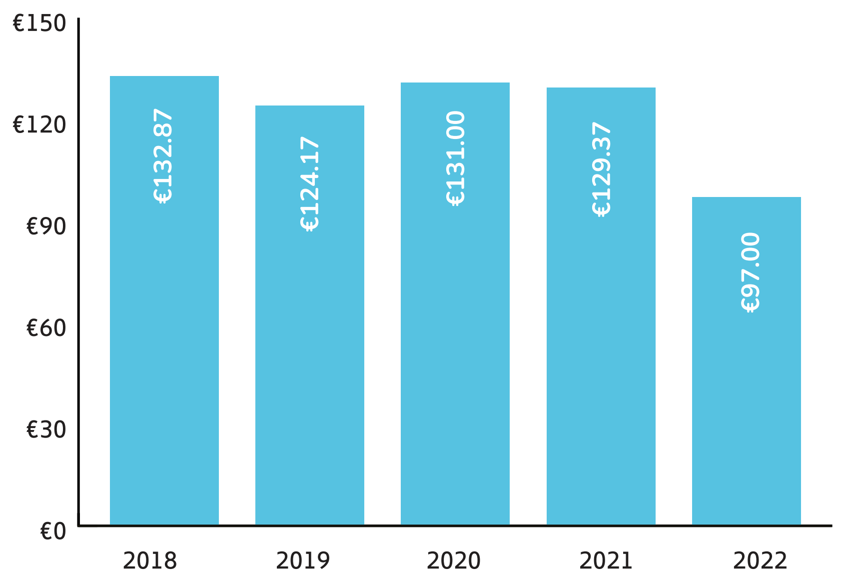


Average Revenue per Fixed User (ARPU)

The ARPU measure acts as an indicator of the average revenue for a particular electronic communications service, which providers report monthly on a per-user basis. Fixed ARPU data is measured by dividing the total revenue earned by the operator by the average number of active subscriptions for a specific period.[7]

In 2022, the average revenue per user (ARPU) for fixed telephony services experienced a significant decline, dropping to €97.00 from €129.37. This downward trend in ARPU continued from the previous year, reflecting the ongoing competitive landscape and evolving consumer preferences. The decrease in ARPU suggests that customers largely reduce usage of traditional fixed telephony services in favour of alternative communication methods.

Average revenue per fixed telephony user



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

PAY-TV

Pay-TV services have become an integral and indispensable part of the electronic communications services landscape, with an increasing number of consumers opting for bundled packages that combine pay-TV, fixed broadband, and fixed telephony.

There was a notable rise of 5,932 pay-TV subscriptions in 2022. This growth was primarily driven by the surging popularity of IPTV services, signifying a gradual transition towards digital and internet-based pay-TV offerings. In contrast, digital cable subscriptions, which have traditionally accounted for the largest share of the market, experienced a slight decline of 0.7% from the previous year. These contrasting trends reflect the evolving preferences and viewing habits of consumers, as they seek more personalized and on-demand entertainment options.

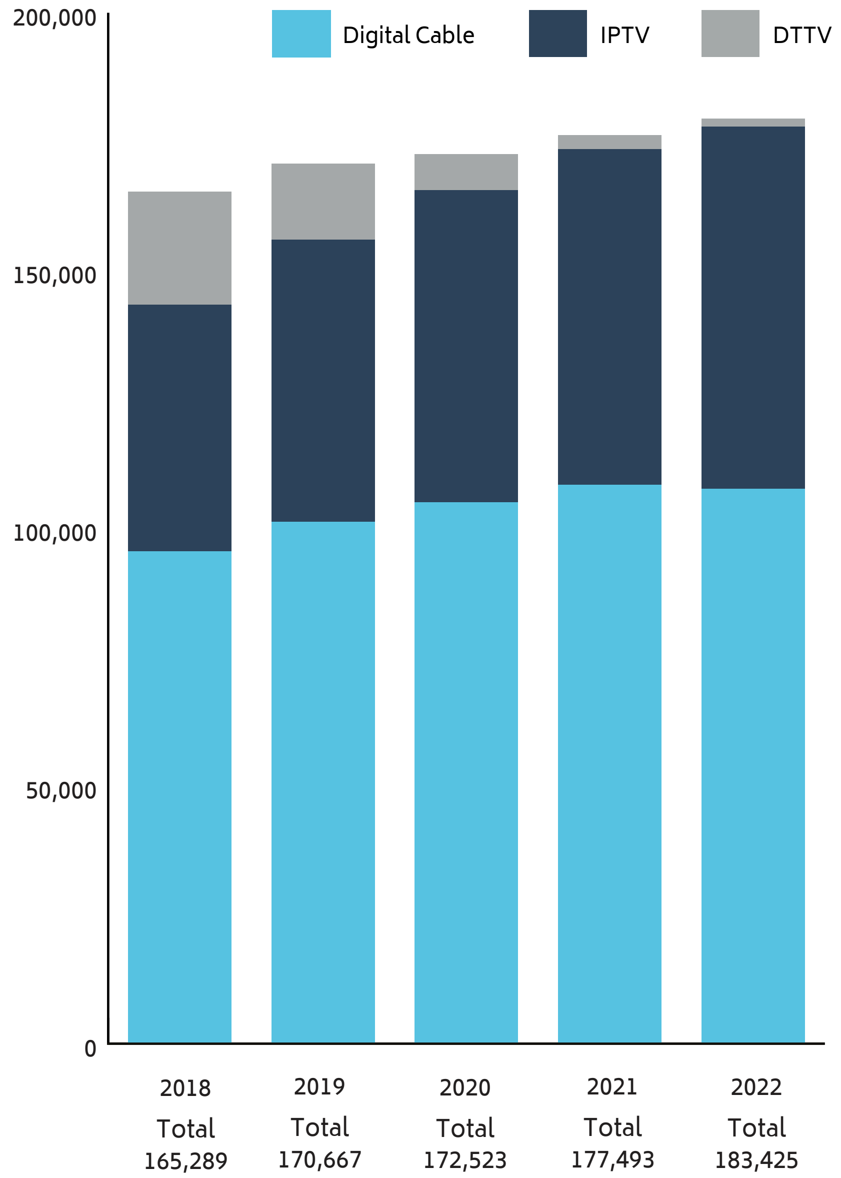
The emergence of online streaming platforms and over-the-top (OTT) services has also contributed to an evolving competitive landscape for traditional pay-TV providers, compelling industry players to adapt their strategies. These providers now offer flexible plans that cater to a diverse range of content preferences, encompassing sports, movies, and international channels. Additionally, pay-TV services have evolved to be accessible through various platforms, including traditional set-top boxes and application-based solutions. This allows end-users to enjoy their favourite content on multiple devices, enhancing convenience and choice. Of significance to mention is the interest outlined by a third operator, Epic, in 2022 to start offering TV services, with a notification submitted to the MCA, with plans to launch its TV service in 2023.

SUBSCRIPTIONS

The total number of pay-TV subscriptions continued its upward trajectory in 2022, reaching 183,425 by the end of the year and thus indicating a consistent growth trend for this segment. Although digital cable subscriptions maintained their lead when it comes to take-up by the end-user, there was a slight decline of 0.7% for this platform compared to the previous year, totalling 107,667 subscriptions by end December. Conversely, IPTV subscriptions experienced a substantial growth of 7.9%, surpassing the 70,000 mark. Meanwhile, GO's digital terrestrial service (DTTV) subscriptions witnessed a significant decline, plummeting to just 1,534 subscriptions (a decline of 43.5%), attributed to the migration of existing users to IPTV by the operator. GO notified its clients and the MCA of its plans to switch-off its DTTV platform by the end of February 2023.

The bundling of pay-TV subscriptions remained a mainstay among consumers in 2022, with 83% of total TV subscriptions being sold as part of a bundle. The dual play category, consisting of fixed telephony and TV, experienced a slight decrease of 4.0%, while triple play packages, combining fixed telephony, fixed broadband, and TV, saw a steady growth of 3.8% year-on-year. This highlights the enduring popularity and continued demand for bundled telecom services, as consumers value the convenience and comprehensive offerings provided by these package deals.

Number of pay TV subscriptions by platform, as at end of period



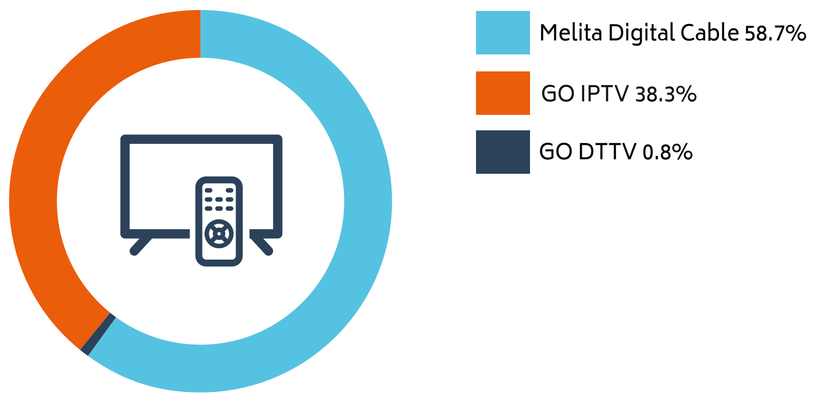
Number of pay TV subscriptions in a bundle, as at end of period

Pay-TV subscriptions in a bundle	2020	2021	2022
	139,661	147,175	152,277
Dual play	**5,924**	**6,066**	**5,826**
FT + TV	5,924	6,066	5,826
Triple play	**77,767**	**141,109**	**146,451**
FT + FBB + TV	77,767	141,109	146,451
Quad Play	**55,970**	-	-
FT + MT + FBB + TV	55,970	-	-
Number of Pay-TV subscriptions (end of period)	172,523	177,493	183,425
as a percentage of pay-TV subscriptions	**81.0%**	**82.9%**	**83.0%**

MARKET SHARES IN TERMS OF SUBSCRIPTIONS

Melita's Digital Cable service continued to maintain a leading market position in 2022, with a substantial market share of 58.7% by the end of the year. Meanwhile, GO's DTTV service held a modest share of 0.8%, while GO's IPTV captured a significant portion of the market with 38.3%.

Pay TV market shares by platform, as at end of period



PRICE COMPETITION

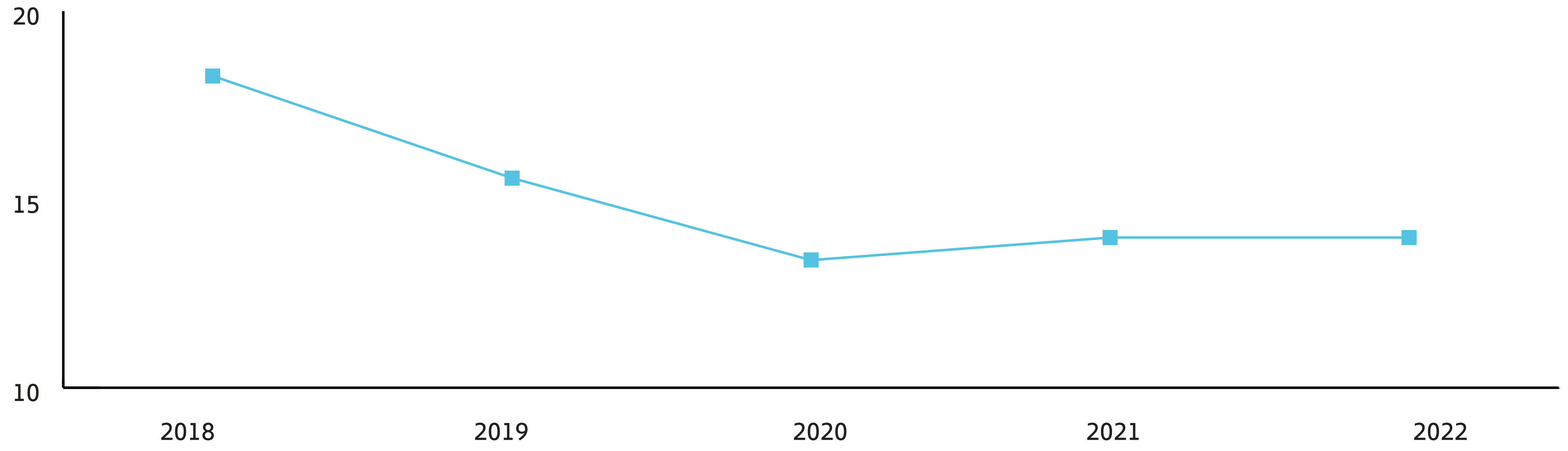
An assessment of price movements for local Pay-TV packages is carried out based on observed advertised rates for stand-alone products.[8] The assessment distinguishes between several categories of products depending on the number of channels featuring on the channel line-up. An average for the market is then calculated.

Overall, the average monthly advertised rate for local pay-TV package at the end of 2022 stood at €13.99, unchanged from a year earlier.[9]

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

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



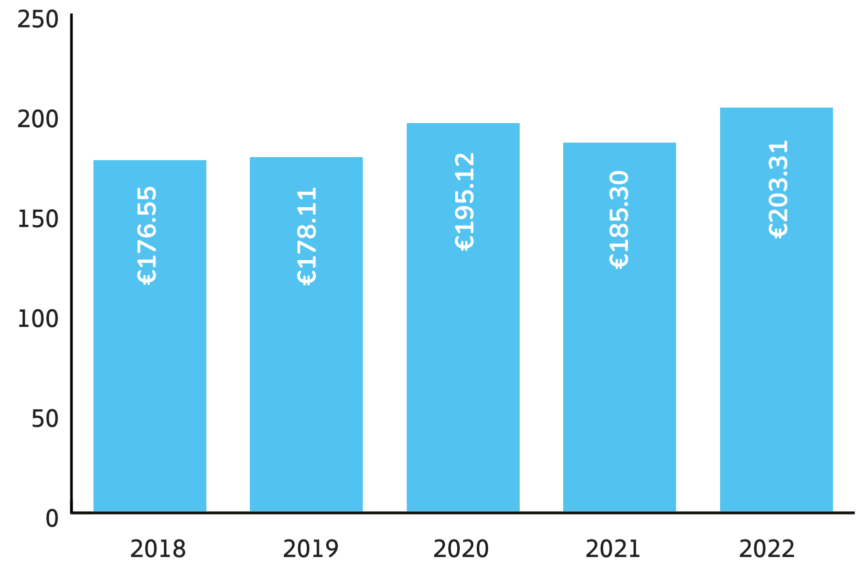
PAY-TV ARPU

Pay-TV Average Revenue Per User (ARPU) serves as a key metric for assessing the revenue generated by operators from each pay-TV subscriber. It is calculated by dividing the total retail revenues by the average number of subscriptions. ARPU plays a vital role in evaluating pricing strategies, tracking revenue trends, and identifying avenues for growth.

In 2022, the ARPU for pay-TV demonstrated a steady growth, reaching €203.31, which represents an annual increase of 9.7%. The growth in ARPU has varied over the years, reflecting the dynamic nature of the industry and the evolving preferences of subscribers.[10]

10 It is important to exercise caution in interpreting these figures. It should be noted that there has been a change in the allocation mechanism adopted by operators for access revenues generated from bundled services. This change impacts how the revenues are distributed among the services included in the bundle.

Average revenue per pay TV user



REGULATION

PROMOTING AND SAFEGUARDING COMPETITION IN THE ELECTRONIC COMMUNICATIONS SECTOR

The MCA plays an important role in maximizing the benefits for consumers and businesses in terms of electronic communications services. By promoting effective market functioning through regulation, the MCA ensures choice, price, quality, and safety. Regulatory measures have successfully supported competition in both infrastructure and service sectors. Evolving consumer and business needs drive the demand for improved service quality, reliability, security, faster speeds, and expanded bandwidth across fixed and wireless networks.

The MCA remains committed to fostering competition, and facilitating investment and innovation, particularly in high-speed broadband networks. While continuing to liaise and consult with the industry, the MCA strives to maintain the safety, security, and resilience of Malta's essential electronic communications networks.

Safeguarding a competitive environment via appropriate SMP and other regulatory measures

The MCA is committed to fostering competition and consumer choice in electronic communications markets. Aligned with the European Commission's Guidelines, the MCA conducts market analyses of predetermined sectors to determine the extent of competition dynamics and the scope of regulatory intervention. If deemed necessary, the MCA enforces *ex ante* obligations, such as access, pricing, non-discrimination, and transparency, thus ensuring a fair playing field for all operators. When the MCA determines that competition dynamics are effective and regulation is no longer warranted, it removes applicable retail or wholesale regulations.

The following are salient activities undertaken during the year under review.

Market Analysis concerning the provision of wholesale dedicated capacity

In December 2022, the MCA published its decision concerning the wholesale market for the provision of dedicated capacity in Malta. This market is listed as Market 2 in the Annex to the Commission Recommendation of 18th December 2020 on relevant product and service markets within the electronic communications sector susceptible to *ex ante* regulation.

The decision followed a consultation exercise with stakeholders, launched in September 2022, and the review of feedback received from five parties, including the Office for Competition, GO plc., Melita Ltd., Epic Communications Ltd, and Vanilla Telecoms Ltd.

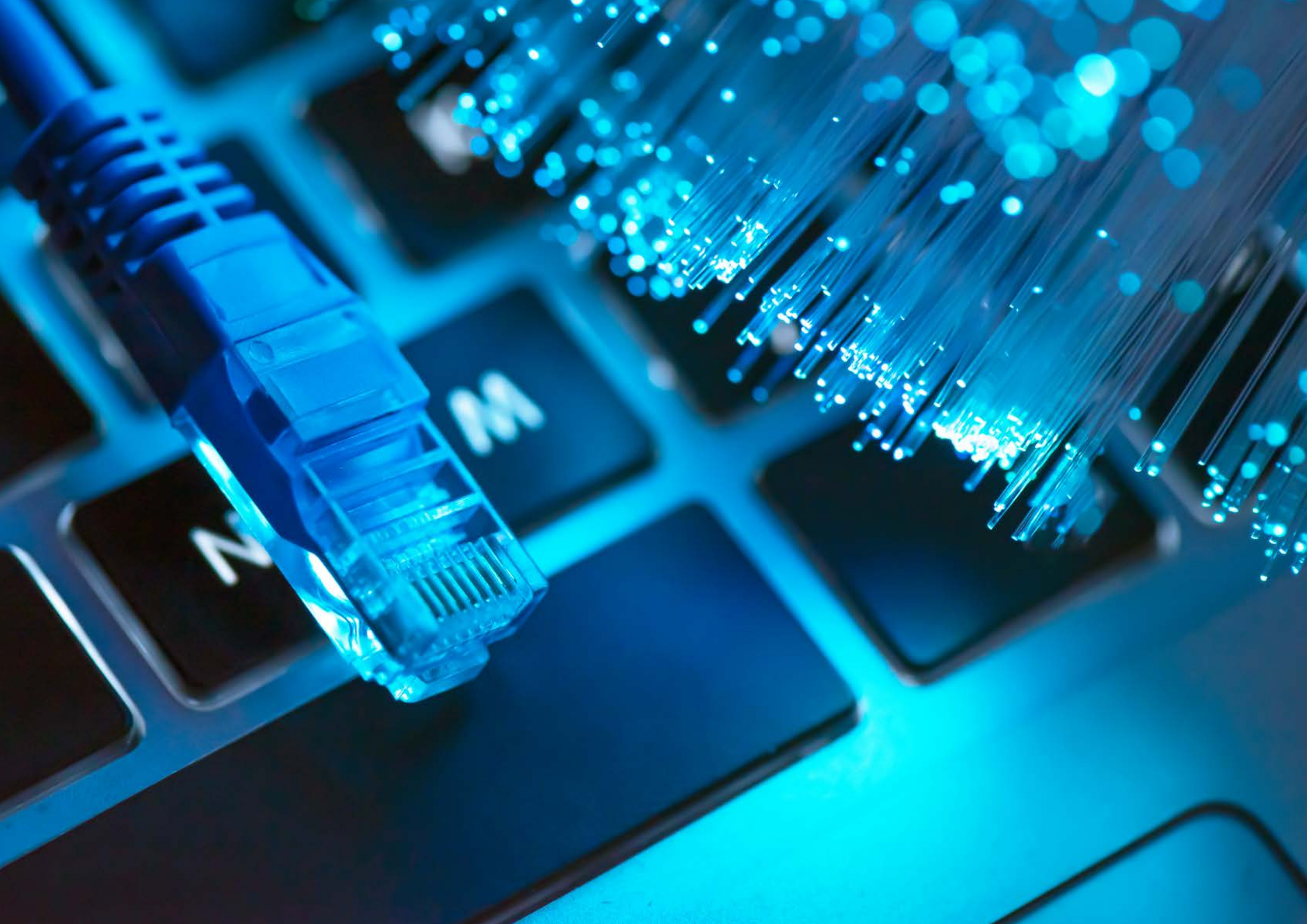
The MCA reiterated its commitment to conducting market analyses to ensure appropriate regulation in the evolving landscape. In this context, the MCA defined the wholesale market for dedicated capacity in Malta by considering demand-side and supply-side substitutability. The market included five active economic operators: three network operators (GO, Melita, Epic) and two value-added resellers (Space Hellas, BMIT). These operators provide dedicated capacity services at both the wholesale and retail levels.

The MCA's market analysis revealed that the wholesale market for dedicated capacity in Malta is effectively competitive, eliminating the need for *ex ante* regulatory intervention. The presence of three network operators competing at the wholesale level, coupled with reduced barriers to entry, indicates a healthy competitive environment. All operators and service providers are actively present in commercial centres and business districts, accommodating new demands for dedicated capacity services. Additionally, commercial resale agreements between network operators and value-added resellers contribute to competitive dynamics in the retail market.

Based on the competition assessment, the MCA notified the Commission of its intention to withdraw the existing regulatory remedies imposed on GO. The European Commission examined the draft measure and provided no comments, enabling the MCA to proceed with publishing the decision to deregulate the market within 90 calendar days after publication.

Market review of the wholesale local access provided at fixed locations

Following the publication in December 2021 of its preliminary considerations on the market potential and regulatory aspects in relation to the provision of Very High Capacity (VHC) broadband, the MCA continued to gather more comprehensive evidence to determine its regulatory approach in its assessment of the market. Fact-finding focused on multiple aspects including the progress on the rate of network deployment and re-use of physical infrastructure as a facilitator to such deployments; the suitability and progress on commercial arrangements/agreements; and a continued assessment from an SMP-based point-of-view. The MCA also commissioned



WIK-Consult GmbH to conduct a study examining the regulatory parameters and options that could contribute to infrastructure-based competition in Gigabit broadband.

A new consultation document concerning Market 1, which has been identified by the EU Commission as a market potentially requiring *ex ante* regulation as per its Recommendation on relevant markets released in 2020, is scheduled for publication in the first half of 2023.

Updating the number portability regime

In November 2022, the MCA published its Decision Notice 'Number Portability in Malta', which effectively replaces the 2005 Decision Notice 'Introducing Number Portability in Malta'. The new Decision Notice takes into account the significant developments in this area and aligns the national regulatory framework with the national legislation, whereby the latter reflects the transposition of Directive 2018/1972 establishing the European Electronic Communications Code (EECC).

Following the coming into force of the national legislation in Malta on 1 October 2021, the MCA published a consultation paper entitled 'Number Portability in Malta' with the aim of providing interested parties the opportunity to contribute towards the updating of the number portability regime. During the consultation period, which ran between 15 December 2021 and 15 February 2022, the Authority received feedback from three local providers of voice communications services, namely: Epic Communications Ltd., GO p.l.c., and Melita Ltd.

The MCA's new Decision Notice provides eighteen specific Decisions that comprehensively mandate the rules that are to be complied with by providers of voice communications services. These Decisions deal with multiple aspects, including:

- mandating an obligation to support number portability on providers of voice communications services who serve fixed numbers, mobile numbers, and special tariff numbers, specifically freephone numbers or premium rate numbers;
- network solutions and charging solutions for number portability;
- the porting process (comprising initiation of porting, closure of previous accounts and bundled offers, porting requests following contract termination, timing of the porting process, reasons for refusal of porting, continuity of service, and other general aspects);
- refunding, upon the request of a consumer who was subscribed to a pre-paid or hybrid tariff plan, any remaining monetary credit;
- prohibitions on winback;
- tariff transparency; and
- information to be provided to the MCA on the performance of the number portability process.

With a view to allowing sufficient time to align internal systems and operations with its Decision Notice, providers were given a further opportunity to provide feedback on the revised Number Portability Specification documents which were sent to the local providers of voice communications services. These Specification documents, that govern specific aspects of the number portability process, were published in their final form on the Authority's website in Q1 2023, prior to the coming into force of all new requirements emanating from the Decision Notice as from 1 June 2023.

Managing information as the means to promote competition

In pursuit of its strategic objectives, the MCA continues its data collection efforts, gathering information from communications service providers. This data supports regulatory decisions, promotes competition, and empowers users to make informed choices.

To this end, in 2022 the Authority published a series of Data Report Sheets (DRSs) on the main trends and developments concerning communications markets, using a number of indicators such as number of subscriptions for different ECS services, mobile data volumes and average revenue per user. Data is presented on a quarterly basis. The DRSs were published in January, April, July, and December of 2022.

The MCA also published three Product and Price Developments publications, covering the period September 2021 to September 2022. These publications outline the main changes in prices and product line-up for electronic communications offered in Malta.

Additionally, the MCA conducts surveys to gauge public and business perception on electronic communications, gathering insight on consumer choices, expenditure, and service experience. These surveys also serve to inform the MCA on future regulatory decisions by keeping a constant track of market evolution from the side of the end-user. The following are the salient survey results published during the year under review.

Consumer Perception Survey on Fixed Broadband

The MCA conducted a survey among 800 randomly selected households in Malta to understand consumer behaviour and satisfaction towards internet services. The survey period was between June and August. The main insights from this survey are presented hereunder:

- 95% of households have an internet connection, thus surpassing the EU average. Whilst this represents a slight decrease from the previous survey in 2019, 81% of surveyed households reported having an ultra-fast internet connection, showing an improvement from 2019.
- 34% of households considered download speed the most important factor impacting their choice of service, followed by price and upload speed.
- 81% of households considered their connection speeds adequate for their day-to-day needs. Moreover, among the smaller percentage of households that tested their download speeds regularly, 44% reported speeds equal to the advertised rates.
- 74% of households expressed satisfaction, and 19% were indifferent to the quality of their service. However, dissatisfaction with the service slightly increased to 7% compared to 2019.
- 66% of households experienced performance issues with their internet service in the previous 12 months. However, 62% of those who reported faults expressed satisfaction with the solutions provided by their service providers.
- 86% of surveyed households were aware of their monthly costs on fixed internet services, with 42% spending more than €50 per month for the service.
- 59% perceived their internet service as neither expensive nor cheap, while 40% considered it expensive or very expensive.

Business Perception Survey on Electronic Communications Services

In December 2022, the MCA published the results of a survey conducted between April and June 2021. This survey focused on the views and perceptions of medium and large businesses in order to shed light on the changing preferences and experiences of these businesses with electronic communications services, particularly with regards to telephony and internet services. The main findings of this survey, involving 150 businesses from various economic activities, are as follows:

- Take-up of fixed telephony by medium and large enterprises decreased by 6 percentage points compared to 2016, with 84% of respondents using the service. This decrease may be attributed to a shift towards mobile voice telephony services.
- The COVID-19 pandemic contributed to a decline in businesses providing mobile telephony connections to their employees.
- Take-up of standard fixed internet services remained unchanged. On the other hand, high-end connectivity services like Ethernet and IP VPNs saw an increase from 19% in 2016 to 22% in 2021.
- Monthly expenditures for fixed voice telephony services increased, primarily driven by heavy users, as businesses that didn't require the service discontinued their subscriptions. As for fixed internet services, businesses reported higher expenditures, potentially due to a shift towards higher data speeds.
- Approximately 90% of respondents expressed satisfaction with the quality of fixed internet services, representing a 4-percentage-point improvement compared to 2016.
- In the niche market segment of high-end connectivity products, there was a significant increase in the number of businesses spending less per month than was the case in the previous survey (i.e., spending up to €99 per month). This indicates a positive impact of competition in this market.

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

Regulatory initiatives are essential in promoting healthy competition which leads to improved value, competitive prices, and superior communication services. These measures are crucial to ensure that end-users have the confidence to explore different options, switch providers effortlessly, and receive fair treatment. The MCA is dedicated to empowering consumers and creating an environment where they can make well-informed decisions regarding electronic communications services.

In 2022, the MCA's efforts primarily focused on quality of service and experience, redefining the Universal Service and must-carry obligations imposed on service providers, and updating its rules and guidance to industry to ensure smooth introduction and implementation of the enhanced consumer protection safeguards laid down in the EECC.

Enhancing quality in the provision of publicly available electronic communications services via effective monitoring tools

Quality of Service Framework

In accordance with Article 104 of the EECC, the MCA is responsible for monitoring and collecting systematic information regarding the quality of services (QoS) provided by internet access service providers and publicly available interpersonal communications services. To fulfil this responsibility, the MCA initiated a consultative process aimed at identifying a minimum set of QoS parameters to be measured by providers.

By providing comparable and up-to-date information on the QoS offered, not only do end-users gain the ability to make more informed decisions, but it also empowers the Authority to effectively monitor sector trends and foster competition and investment by benchmarking service providers based on quality.

While the publication of the decision on establishing the QoS framework was initially expected in 2022, the MCA has extended the timeline to 2023. This is due to the fact that the MCA felt the need to engage in further discussions with operators to address their feedback on the measurement of the technical indicators. This collaborative approach aims to enhance the decision-making process by incorporating valuable insights from market research and stakeholder engagement. Ultimately, the MCA's decision will serve as a guiding reference for the industry, promoting a high standard of quality and fostering healthy competition among service providers.

Study on the Quality of Experience of Electronic Communications

In November 2022, the MCA released the findings of a study conducted by MISCO International on its behalf, evaluating the quality of experience in the telecoms sector. The report reveals that 94% of respondents in a survey expressed satisfaction with their internet, TV, mobile, and fixed telephony services.

The study involved 500 randomly selected respondents aged 16 and over, and examined various aspects of the consumer journey, from subscribing to services to terminating them. Key areas assessed included satisfaction with service during subscription and complaint handling, clarity of contract information, frequency of service faults, internet speeds and mobile reception, billing, and service termination process.

Comparisons were made with a similar study conducted in 2019. The main findings of the report are as follows:

- 94% of respondents found service providers' agents knowledgeable about telecoms service plans when obtaining information.
- Only 43% of respondents read the applicable terms and conditions before subscribing, but most of them found the clauses understandable.
- 63% found a contract summary very/extremely useful.
- Customer care channels for telecommunications received higher ratings (3.1 on a scale of 1-4) compared to other sectors (2.9).
- The telephone remained the most preferred customer care contact channel (58%), though it decreased from 71% in 2019.
- Online chat/website usage remained low at 15%, but it was more preferred among those aged 25-34.
- 89% of respondents reported that when seeking support, the solutions provided by service providers addressed their issues.
- 41% experienced a fault in the past 12 months, with the majority (54%) having the issue resolved on the same day and 29% within one to three working days.
- 69% of internet users experienced slower speeds than advertised, but two-thirds were not aware of their download speeds. Only 29% conducted an internet speed test in the past 12 months.
- 90% of respondents considered outdoor mobile service reception good, while 84% rated indoor reception as good.
- 15% requested a bill correction, and the majority of these requests were granted and handled satisfactorily (85% satisfaction rate).

- Only 5% terminated their service in the last 12 months, and 75% found the termination process information easily accessible.

These findings were officially presented and discussed during the MCA's conference, The Digital Juncture. The insights gathered will inform the Authority's plans and actions in strengthening end-user protection.

Improving the MCA's capabilities vis-à-vis end-user protection

Contracts, Transparency and Termination of Services

In February 2022, the MCA issued a public consultation on its proposals to update its decisions on "Modifications to the Terms and Conditions of Subscriber Contracts" (2011 Decision) and "Subscriber Contracts" (2012 Decision) to align with the new rules outlined in the revised Electronic Communications (Regulations) Act and the Electronic Communications Networks and Services (General) Regulations that transposed the provisions of the European Electronic Communications Code in October 2021.

The MCA aims to ensure that any requirements in its previous decisions are consistent with and complement the new regulations and proposed new measures to enhance the protection of end-users of electronic communications services. The MCA sought input from interested parties to determine which measures from the existing decisions should be maintained, reviewed, or repealed. Following the publication of the Consultation, the MCA engaged in dialogue with interested parties including the Consumer Office within the Malta Competition and Consumer Affairs Authority to explain its proposals.

The consultation covers several topics, including additional information requirements for contracts offered by providers, contract conclusion between service providers and end-users, modifications to contractual conditions by providers, transparency measures for publishing information on services offered by providers, refunds of advance payments or deposits to end-users, calculation of maximum early termination fees, provision of facilities for continued access to emails after terminating an internet access service, and measures to be implemented by providers in instances of non-payment of bills by end-users.

The MCA intends to issue a consolidated decision that replaces both the 2011 and 2012 decisions, early in 2023.

Guidance on Contracts

In February 2022, the MCA also issued a guidance note to local service providers on information provided by these to end-users. A review carried out by the Authority had discovered practices that were deemed to potentially violate the requirements regarding "pre-contractual information" and "contract summaries" which are to be provided to end-users before the contract becomes effective. These practices involved the inclusion of multiple tariff plans or options in the provided documents, such as recurring fees, internet access speeds, and contract durations. The MCA believes that such practices were not only misleading end-users but also failing to meet the regulations outlined in Regulation 87 of the Electronic Communications Networks and Services (General) Regulations.

Prior to publishing this Guidance Note, the MCA sought the opinion of the European Commission who in turn confirmed the MCA's interpretation of the relevant EU legal provisions.

Ensuring universal access to voice communications services and an adequate broadband internet access service

In June 2022, the MCA released a consultation paper discussing the redefinition of universal service obligations (USOs). The consultation analyses and identifies services that should be considered as universal service, assesses whether existing USOs need updating or waiving, and determines changes in service providers responsible for these services.

The MCA is responsible for establishing USOs to protect consumers. They must ensure that all consumers in Malta have access to adequate broadband internet access service and voice communications services at a fixed location, regardless of geographic location, and at affordable prices. The MCA is also tasked with maintaining the availability and affordability of existing universal services as needed based on national circumstances.

The MCA proposed several updates to the USOs, such that the new USO regime would include providing adequate broadband internet access service and voice communications services at fixed locations, offering reduced tariff options, implementing measures for vulnerable users, controlling user expenditure, and providing a comprehensive electronic directory. Service providers fulfilling USOs can claim compensation if they believe they have faced an unfair burden. The MCA will evaluate these claims to determine their validity.

Interested stakeholders were invited to share their views on the proposed changes during the consultation period which ran between 24 June 2023 and 5 August 2023. The MCA considered the submissions received in its Decision Notice 'Universal Service Obligations on Electronic Communications Services' which was published in April 2023.

Updating 'Must-Carry' rules for TV channels qualified as meeting General Interest Objectives

In December 2022, the MCA published a public consultation carrying its review and proposed way forward to update the 'must-carry' rules on the basis of its 2017 decision which mandated obligations on GO's Internet Protocol TV (IPTV) platform in addition to retaining 'must-carry' obligations on Melita's Cable TV platform. Since 2017 the number of subscribers of these two pay-tv platforms has continued to increase.

'Must-carry' obligations are subject to periodic review to keep them up to date with technological and market evolution, and to ensure that they continue to be proportionate to the objectives to be achieved.

In its assessment the MCA concluded that 'must carry' obligations mandated on Melita's Cable TV platform and GO's IPTV platform continue to be necessary to safeguard the carriage of the identified GI TV broadcast channels. These two pay-TV platforms continue to be used by a significant number of end-users as their principal means to receive TV broadcasts. As part of the 'must carry' obligations, the undertakings of these two TV platforms would be required to: 1. reserve sufficient network capacity for the transmission of the identified General Interest (GI) TV broadcast channels and the related complementary services; 2. ensure that the audio-visual quality of the GI TV broadcast channel is retained at the same level of quality provided by the GI TV broadcaster to the undertaking, this provided that 'must-carry' obligations shall not extend to TV broadcasts in a video-resolution format higher than HD; and 3. transmit the GI TV broadcast channel tale quale, as provided by the GI TV broadcaster, and shall in no way alter the format and content of the transmission.

A final decision is expected to be issued early in 2023 following the closure of the consultation period.

Roaming management and monitoring

Conventional roaming charges within the EU came to an end in June 2017, following a series of Regulations which led to the introduction of the roam-like-at-home regime. Prior to the expiration of the Roaming Regulation in June 2022, the European Commission published the recast of the Roaming Regulation in April 2022 to extend the roam-like-at-home regime until June 2032. Moreover, the recast of the Roaming Regulation resulted in lower caps for wholesale roaming charges and better safeguards to protect roaming customers, including extending the roam-like-at-home principle to quality of service, improved transparency measures, enhanced safeguard mechanism for data roaming, and measures to better ensure access to emergency services whilst roaming.

During Q1 2022, the MCA maintained close contact with all local mobile service providers, exchanging information and providing expertise and clarifications on various aspects introduced in the recast of the Roaming Regulation.

Following the coming into force of the recast of the Roaming Regulation on 1 July 2022, the MCA actively conducted compliance monitoring by means of specific testing in various foreign EU and non-EU countries, and verification and checking of information made publicly available by local mobile service providers to the end-users.

Only minor compliance matters were highlighted by the MCA to local mobile service providers, and these were rectified within a short timeframe.

Improving consumer awareness

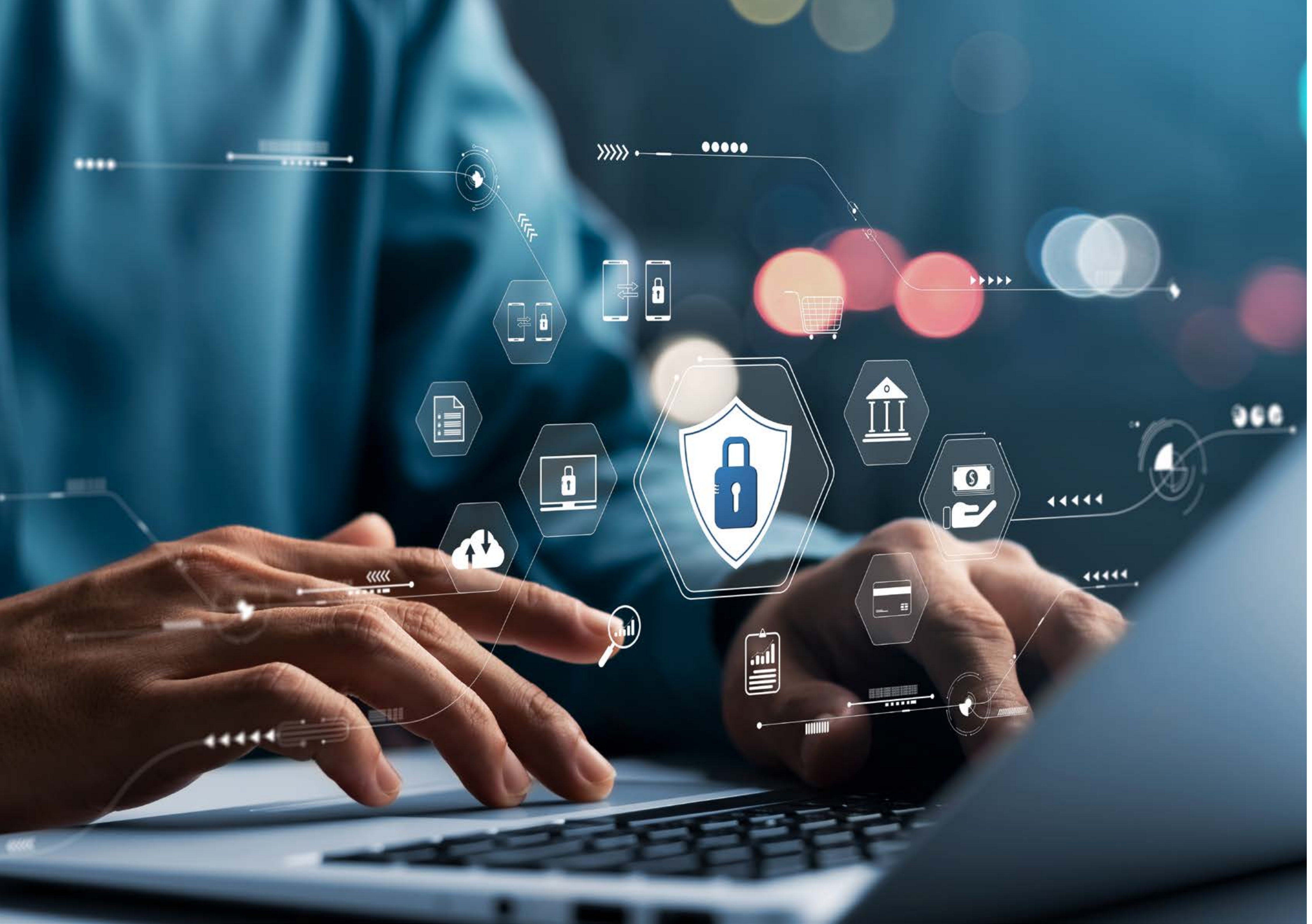
The MCA's initiatives undertaken during 2022 to promote consumer awareness are covered under the 'Consumers' chapter of this report.

MAINTAINING OPEN, SAFE, AND SECURE ELECTRONIC COMMUNICATIONS

Having multiple ultra-high-speed networks is advantageous in terms of resilience and backup. However, it is essential to ensure the security of each individual network to maintain open, safe, and secure communications. To guarantee the utmost secure and quality service to users, the MCA has undertaken various regulatory measures and continued investing in its technical expertise and monitoring systems to uphold rigorous oversight and stay updated with ongoing advancements.

Building necessary network and cyber-security capacity

Electronic communication networks and services (ECNS) play a vital role in today's digital society, where they have become essential for various aspects of our daily lives. During the pandemic, ECNS proved their importance by providing necessary connectivity for businesses, schools, and entertainment services to operate, enabling different sectors of the economy to continue functioning. However, the global



and interconnected nature of ECNS also exposes them to security risks and integrity issues.

Recognizing the significance of communication networks in advancing society and the economy, the European Commission has invested resources in regulating the security of networks and services. Key legislative instruments include the European Electronic Communications Code (EECC), which safeguards consumer interests, and the Recommendation on Cybersecurity of 5G networks, which addresses threats specific to 5G networks. The Network and Information Systems Directive (NIS) focuses on the security of critical sectors, and the Cybersecurity Act assigns important roles to the European Union Agency for Cybersecurity (ENISA).

In response to the security challenges, the MCA initiated a project that foresees the publication of a consultation paper that proposes a security framework for ECNS. While it provides an interpretation of national law transposing the EECC, the primary motivation is to recognize the instrumental role of reliable and secure electronic communications in modern society. The framework aims to establish a baseline for all operators of ECNS, promoting a technology-neutral approach applicable to all types of networks and services, and to build a foundation for future regulatory incentives and ensure the trust and integrity of ECNS in an increasingly digital world.

The launch of the public consultation with the MCA's proposals is planned early in 2023.

Analysing net neutrality practices

The MCA is the Authority responsible for the enforcement and supervision of the Open Internet Regulation (EU) 2015/2120 (the 'OIR Regulation') concerning Open Internet access rules. The OIR provides the MCA with the regulatory tools necessary to assess traffic management and commercial practices. Such assessment ensures that the Internet Access Service available to end-users is free from discrimination, hence ensuring the functioning of the open internet as an eco-system for development and innovation.

In its supervisory role, the MCA also takes into utmost consideration the BEREC guidelines on the Implementation of the Open Internet Access Regulation by National Regulatory Authorities (NRAs), which were last updated in June 2022 following the publication of three judgements by the ECJ concerning the admissibility of zero-rating within the context of the OIR.

The ECJ rulings concluded that any zero-rating that is not applied in a traffic-agnostic manner is incompatible with the OIR regulation. The conclusion reached by the ECJ was eventually reflected in the latest update to the BEREC Guidelines. These judgements have brought to light the fact that zero-rated offers, which were available in various member states across the Union, including Malta, were not compatible with the OIR regulation. Consequently, the MCA took the necessary actions and instructed undertakings to discontinue the marketing and sales of the zero-rating elements in their service subscription plans.

In view of the zero-tariff options that existed in some of GO's offers, the MCA requested the company to take the appropriate remedial measures, including the discontinuation of its zero-tariff offers and the withdrawal of existing offers from active contracts setting the following timeframes:

- Stopping advertising of zero-rated offers by 30th June 2022;
- Terminating zero-rated traffic from all active subscriptions by 30th September 2022;
- Notifying all eligible subscribers that all zero-rated offers will be terminated by 30th September 2022; and
- Requiring GO to ensure that its subscribers have adequate clarity by providing them with clear written information on the phasing-out of the zero-rated tariffs and the established termination date.

In its assessment and in laying out the measures to ensure compliance, the MCA took utmost account of BEREC's Guidelines on the implementation of the open internet regulation, that were updated in June 2022 reflecting the new interpretation provided by the ECJ judgements.

As part of the Traffic Management assessment and monitoring activities for 2022, the MCA requested all fixed and mobile Internet Access Service (IAS) providers to complete a self-assessment questionnaire to assess commercial and technical practices in relation to their IAS offerings. The outcome of the questionnaire confirmed that none of the IAS providers engage in traffic management practices that are in breach of the EU Regulation. This is further corroborated by the fact that during 2022, the MCA did not receive any customer complaints citing discriminatory practices by the IAS providers.

In line with the OIR in June 2022, the MCA published its annual report, covering the period between 1st May 2021 and 30th April 2022. 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, which became effective on 30th April, 2016. The MCA concluded that the Internet Access Services providers in Malta were generally compliant with the requirements of the EU Regulation, and there were no major concerns. The report also highlighted the MCA's ongoing activity aiming toward the phasing out of the existing zero-rated offers in the market.

The results of the latest report indicate that there were 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 requirements of the EU Regulation.

In addition to its reporting activity, the MCA actively participates and collaborates with other EU regulatory authorities within BEREC on matters concerning OIR, namely 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.

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

Cybersecurity of 5G networks

In preparation for the development of the second progress report on the implementation of the 5G Security Toolbox, which is published by the European Commission, in July 2022 the MCA submitted the updated country fiche with respect to the implementation status. The country fiche provides implementation details on strategic and technical measures arising from the Toolbox, and in response to a standard set of questions put forward by the EU to Member States.

Strategic measures include measures concerning increased regulatory powers for authorities to scrutinise network procurement and deployment, specific measures to address risks related to non-technical vulnerabilities, as well as possible initiatives to promote a sustainable and diverse 5G supply and value chain in order to avoid systemic, long-term dependency risks. Technical measures include measures to strengthen the security of 5G networks and equipment by addressing the risks arising from technologies, processes, human and physical factors.

Following the submission, further discussions were held between the MCA and the European Commission. The EU's second progress report is envisaged to be published in 2023.

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

In order to ensure optimal service for end users, the MCA continued its project, launched in 2021, to map the local broadband infrastructure. This endeavour is a mandated initiative resulting from the EECC on mapping the extent of electronic communications networks capable of delivering broadband services which has to be carried out by December 2023.

The undertaking involves the creation of a database capable of presenting broadband speeds offered by various operators across households in Malta. Through the mapping of broadband networks, the MCA will enhance its ability to verify the effectiveness, strength, resilience, and future viability of both physical and spectrum-related infrastructure. Additionally, the platform will empower consumers to compare the coverage and availability of fixed and wireless broadband infrastructures. It will provide information on operators, service and technology availability, available bandwidths, and the quality of public electronic communications networks and services.

During 2022, most efforts were directed towards the procurement of an IT solution. Following a careful technical and financial evaluation of various options, the MCA decided to participate in the Government's central project coordinated by the Malta Information and Technology Agency (MITA) which anticipates an agreement with ESRI, the world's leading supplier of GIS solutions and geodatabase management applications. The project was delayed due to procurement issues beyond the control of the MCA, but it is expected that the final agreement with MITA be signed in January 2023 and relevant training be launched shortly after the signing.

MAXIMISING THE POTENTIAL OF RADIO SPECTRUM

Radio spectrum is a limited but highly useful resource that is fundamental for the provision of electronic communications. Its efficient use ensures the provision of high-quality services and stimulates competition within the sector, which are fundamental elements for a healthy and continuously flourishing telecommunications market. This resource is also a key enabler and promoter of safe, innovative, and efficient systems for various sectors, such as transport, public safety, and environment protection.

Maximising the potential of radio spectrum is in itself one of the MCA's key strategic objectives. The Authority is responsible for managing the wider radio spectrum on behalf of the Government of Malta as defined in the National Frequency Plan. It is also responsible for establishing the rules for making available radio spectrum in line with national legislation and the relevant international regulatory frameworks, including European Union legislation harmonising the use of radio spectrum.

Modern society is becoming increasingly dependent on ubiquitous connectivity. As a result, data transmission over wireless networks is continuously on the rise. Securing dedicated spectrum within certain bands is at times becoming increasingly complex, leading to the sharing of bands between different applications or technologies. In turn, the risk of interference is thus increasing. Therefore, monitoring spectrum usage and enforcing compliance with established authorisation conditions has become an important priority to sustain the future development of the electronic communications sector.

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

Terrestrial Digital Audio Broadcasting (T-DAB) is a wireless terrestrial service that enables broadcasting audio content in digital format. In 2006, Digi B Network Ltd was awarded a spectrum licence granting it the rights of use for four frequency blocks in the VHF band, which is suitable for setting up a T-DAB network with nationwide coverage. With this licence expiring in 2022, the MCA published a consultation paper in August 2021, putting forward its proposals on an updated spectrum award process and the conditions associated with the rights of use of spectrum for 2022 and beyond. Decision MCA/D/21-4460 governing the spectrum award process and the conditions associated with the rights of use of spectrum was published in 2022. The publication of the Decision also extended the licence held by Digi B Network Ltd under the same conditions until March 2023 to address cross-border frequency coordination requirements.

Following the publication of this Decision, Digi B Network Ltd expressed an interest for the relevant T-DAB spectrum. The MCA subsequently published an Expression of Interest whereby any other potential stakeholders in the T-DAB market were invited to participate in the spectrum assignment process. In view that no further interest was expressed by any other potential candidates, the MCA proceeded with the assignment process through a Direct Assignment procedure. In line with the Decision, the Qualification Process of Digi B Network Ltd ensued during the rest of 2022 and was eventually concluded with the successful award of the respective grants for the rights of use in the first quarter of 2023.

Assignment of Additional Radio Spectrum for wireless broadband communications

In 2021, the MCA received a formal request by a new undertaking for radio spectrum in the 2.5 GHz band to be used for the provision of electronic communications services. Following a thorough qualification process undertaken pursuant to Decision MCA/D/17-2971, the MCA deemed that the applicant was not fit to hold a licence granting the rights of use of the requested radio spectrum. The MCA's decision was not contested.

Extension of the term of the rights of use of radio spectrum in the 2 GHz band for terrestrial systems capable of providing electronic communications services

In 2022, the MCA engaged in discussions with terrestrial mobile electronic communication providers enjoying rights of use of radio spectrum in the 2 GHz band to present its proposals for regulating the 2 GHz band as well as to exchange preliminary views in relation to the technology and radio spectrum roadmaps for their electronic communications networks and services. Subsequent to this process, a formal consultation procedure was launched, and as a result, the MCA extended the term of the grants of rights of use until the 16th August 2025. The conditions attached to such rights were not altered.

Implementing the Framework for 5G Deployment

In 2021, GO plc, Melita Limited, and Epic Communications Limited were all assigned radio spectrum in the 3.6 GHz band. During 2022, the service providers continued rolling out their 5G networks in earnest, utilising spectrum in this band for the provision of 5G services. No market interest has been expressed for spectrum in the 700 MHz and the 26 GHz bands, despite these bands being made available to the market and one operator having undertaken 5G trials in the 700 MHz band through the MCA's test and trial licensing regime.

As part of its longer-term work programme, the Authority started evaluating options for the renewal of rights of use in the 900 MHz, 1800 MHz, and 2 GHz bands as well as any additional radio spectrum which the MCA may deem necessary for the next generation wireless systems in line with the relevant European Union legislation.

EMF Monitoring

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

In addition, the MCA operates an EMF auditing programme around Malta and Gozo and maintains ongoing liaison with the government department responsible for environmental health on EMF-related issues, communicating the findings of the EMF audits for the authorities to take any action deemed necessary. Over the last few years, significant progress has been made in the articulation of related policy for EMF oversight, along with the upgrading of equipment and processes to monitor harmful interference and EMF radiation. In 2022, the MCA reviewed its fixed audit points to also include schools and places of public interest. Such a revision further confirmed the safety of the base stations operating in these frequently populated spaces. It, therefore, served to give greater peace of mind to the general public.

The MCA also continued its internal project of streamlining its EMF monitoring activities. All EMF data available since 2014 was compiled into a single indexed structure to enable further in-depth analysis of the information at hand.

The Authority has also undertaken a significant level of investment in technical expertise to maintain the highest standards of oversight and keep abreast of ongoing developments. Theoretical and practical

training on EMF was held in November 2022 by Prof Wuscheck, a leading figure in the topic matter of EMF worldwide. The training shall ensure that the processes and procedures as adopted by the MCA with regard to the EMF measurements are in line with the latest industry standards. The MCA also held bilateral exchanges and best practice sharing with RATEL, the Serbian national regulatory authority responsible for EMF oversight.

In 2022, the Authority returned to its pre-COVID 19 status, carrying out all onsite audits. In total, the MCA performed 243 such audits.

5G EMF Measurement Campaign

The MCA carried out a 5G EMF measurement campaign to further certify compliance of 5G-enabled mobile base stations in line with the existing EMF thresholds. For the scope of the measurement campaign, the 5G radio base stations were configured to emit the maximum possible EMF exposure generated by this type of wireless transmitting technology. EMF measurements were carried out in situ as well as through drive tests along the carriage ways in Malta using both broadband as well as frequency-selective EMF measurement equipment. A similar exercise was carried out in 2021.

In line with the previous year's results, the measurements confirmed that the cumulative EMF emission levels remain within the safety limits as per the ICNIRP Guidelines' exposure limit for the general public. In fact, almost all real-time EMF measurements were recorded at well below 1% of the limits in the ICNIRP Guidelines.

Apart from ensuring compliance, the exercise was also intended to address any concerns from the general public and provide assurance on 5G EMF exposure.

Spectrum Compliance Activities

Radio spectrum is a finite and limited resource that needs to be managed effectively to ensure that the various radiocommunication services can operate in an interference free environment. To this end, during 2022 the MCA continued investing to strengthen its competences through capacity building initiatives and procurement of additional test and measuring equipment, with a view of safeguarding the efficient utilisation of the radio spectrum more effectively as required at law.

In 2022, the MCA further invested in its radio spectrum monitoring capabilities thanks to upgrades to its nation-wide radio monitoring facilities and the regular assessment of its monitoring programme.

As part of its pro-active spectrum management approach towards the spectrum compliance function, the MCA adopted a national radio spectrum monitoring plan which highlighted the key frequency bands which need to be monitored during 2022. Pursuant to this plan and in line with the applicable international spectrum monitoring procedures, more than 100 monitoring tasks were undertaken, and action was taken to address any irregular use of the radio spectrum, as appropriate.

During 2022, a total number of 25 reports claiming harmful interference were processed, but only 4 were deemed to constitute 'actual' interference. Of relevance, cross-border harmful interference affecting the availability of sound broadcasting, mobile electronic communications, and radio navigation satellite services were the most challenging interference cases to investigate. Where appropriate, reports were filed with the International Telecommunication Union (ITU) and the relevant European Union institutions to assist in the resolution of these cases.

The MCA also continued to enhance its EMF guidelines, as based on the International Standard IEC62232:2017. The guidelines detail the basic procedures and obligations to be followed by licensees, clearly outlining base station-related information and technical parameters, including reporting format, measurement methodology and compliance processes. 5G-specific methodologies were discussed in detail and various field-trials were undertaken with the service providers.

Ongoing Spectrum Management Activities

The MCA is the entity responsible for the effective management of the radio spectrum and facilitates the introduction of innovative radio-based services. Based on activities in this area, society was provided with opportunities of using radio spectrum for various wireless solutions, such as IoTs, RFIDs, and wireless access networks, generally under a lightweight licensing arrangement.

In 2022, the MCA processed several requests for the use of radio spectrum in relation to a diverse range of terrestrial and satellite-based applications, including those for unmanned aircraft vehicles (UAVs) and innovative satellite solutions. In doing so the MCA ensured the efficient use of radio spectrum, without causing harmful interference.

Furthermore, the MCA provided technical assistance to the Broadcasting Authority on 13 occasions. In general, this assistance focused on the processing of applications for the grant of radio spectrum for community sound stations operating in the VHF FM band. Moreover, more than 50 requests were processed for the use of radio spectrum by foreign naval vessels visiting Malta. In this process, the MCA liaised with the Ministry responsible for foreign affairs.

During the same period the MCA also processed requests submitted by foreign spectrum management entities seeking agreement for the establishment of satellite and terrestrial (more than 6,200) satellite stations. Through this process the MCA safeguarded the integrity of radio-based stations operating under a licensing framework managed by the MCA.

International spectrum management activities

Pursuant to the European Electronic Communications Code, the MCA, as the national spectrum management entity, is required to cooperate with other Member States and with the European Commission in the strategic planning, coordination, and harmonisation of the use of radio spectrum.

In this context, during 2022 the MCA participated in the following meetings addressing various aspects of the spectrum management function:

Organisation	Name of meeting
European Union	• Radio Spectrum Committee • Radio Spectrum Policy Group (RSPG), including sub-group meetings established in accordance with the work programme • RSPG Peer Review events • European GNSS Interference Task Force to the Space Programme Committee
CEPT	• 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	• Multilateral meeting on interference affecting broadcasting services • 2nd Inter-regional workshop on WRC-23 preparation
ANFR	• 23rd International space radio monitoring meeting

With regard to the MCA's contribution to the work of the RSPG, the MCA co-chairs the sub-group of the "Good offices" to assist in bilateral negotiations between Member States. This sub-group met four times during 2022.

Review of the National Frequency Plan

The National Frequency Plan (NFP) outlines the radio spectrum allocations within the Maltese territory by dividing the radio spectrum in a collection of sub-bands and designates the type of radiocommunication service or services that are permissible within each sub-band. The NFP is based on the Radio Regulations of the ITU as well as the European table of frequency allocations and applications of the Electronic Communications Committee within the European Conference for Postal and Telecommunications Administrations (CEPT/ECC).

The MCA is responsible for the drawing up, adoption, and publication of the NFP, which shall be revised regularly to consider developments on how the radio spectrum should be used. In particular, revisions to the NFP are required to implement European Union legislation harmonising the use of radio spectrum. In this context, during the year under review the MCA identified the revisions which are necessary to the NFP with a revised NFP earmarked to be adopted and published in 2023.

Radiocommunications Equipment Licensing

In accordance with Part IV of the Electronic Communications (Regulation) Act (Chapter 399), the MCA is responsible for the administration of radiocommunications equipment licences granting the right to install or use radiocommunications equipment, including the grant of the right of use of the associated radio frequencies.

As at end 2022, the total number of active radiocommunications individual licences stood at 1,402.

Year	Total No. of licenses (active)
2018	1,022
2019	1,099
2020	1,251
2021	1,248
2022	1,402

The variance in the number of active licenses is attributed to an increase in the number of active aircraft station licences – an increase of 176 licenses over the previous year. In 2022 the MCA issued 220 new or amended aircraft station licenses and 20 licenses of a provisional nature. However, a decrease in the number of active private mobile radio, broadcasting apparatus, and amateur radio licenses was registered – a negative variance of 21 licenses.

Licence type	No. of active licenses as at end 2022
Aircraft	807
Aircraft-ground station	9
Aircraft-portable station	3
Broadcasting (national, community, repeaters)	53
Links	21
Maritime coast stations	35
Private Mobile Radio and other land-mobile systems	107
Amateur radio	356
Satellite earth stations	2
Other licence types	9

As part of the radiocommunications licensing activity, in 2022 the MCA also processed requests for the assignment of maritime identities, that is, call signs and maritime mobile service identities (MMSI) for use in the maritime environment. A total number of 147 assignments of such identities were granted.

Service	2018	2019	2020	2020	2022
Assignment of maritime identities	143	154	184	234	147

New general authorisation framework for radiocommunications apparatus

The Electronic Communications (Regulation) Act (Cap. 399) offers the possibility to regulate certain types of radiocommunications apparatus via a light-licensing framework, referred to as apparatus general authorisation. Article 30A of the Act establishes that a general authorisation shall be issued as a decision of the Authority.

In this regard, on 22 July 2022, the MCA adopted Decision No. MCA/D/22-4662, establishing the new general authorisation framework for radiocommunications apparatus, laying down the rights and obligations of persons installing, making use of or dealing in any such radiocommunications apparatus as set out in the Schedules to the Decision, namely, satellite terminals operating in frequency bands designated for satellite-related services in accordance with the NFP. These Schedules were adopted following a public consultation procedure undertaken in October 2021 (consultation reference MCA/C/21-4319) which, *inter alia*, proposed to regulate new types of radiocommunications apparatus by an apparatus general authorisation. This approach is in accordance with the applicable decisions of the Electronic Communications Committee, adopted within the framework of CEPT.

The Decision complements the General Authorisations (Radiocommunications Apparatus) Regulations (S.L.399.40) until such time as these Regulations remain into effect.

Participating in research and development

The MCA continued to invest in research and development on fixed and wireless broadband, particularly in relation to Internet of Things (IoT), 5G, cybersecurity, and new wireless opportunities associated with space communications.

The Authority continued to participate actively as a consortium partner within 5GZORRO,[11] a project funded by the European Union through Horizon 2020 and composed of 13 partners from seven countries. The MCA has contributed its regulatory expertise to the development of a use case focusing on spectrum trading using the 5GZORRO marketplace. This marketplace relies on Distributed Ledger Technology to automate the spectrum trading process while still attaining the necessary trust between the entities involved.

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

Space Communications Initiatives

The Malta Communications Authority has continued following various initiatives both at National and European Level related to Space Communications with the intent of ensuring that the spectrum is used efficiently and effectively. The Authority was an active participant on the National Space Task Force which has been mandated with the drafting of a National Space Strategy, published in 2022.[12]

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

The Authority also continued its engagement as part of the ENTRUSTED[13] consortium, a research initiative led by the European Union Agency for the Space Programme and focusing on secure satellite connectivity.

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

13 ENTRUSTED has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No. 870330.

POSTAL MARKET

MARKET REVIEW

MARKET DEVELOPMENTS IN POSTAL SERVICES

The postal mail segment is undergoing a significant transformation to adapt to the changing digital landscape and seize new opportunities. In 2022, there was a noticeable decline of 7.1% in mail volumes, primarily driven by decreases in letter mail and bulk mail items. This decline reflects the ongoing shift from traditional paper-based communication to digital alternatives, aligning with the growing reliance on digital means for communication.

However, despite the overall decline in mail volumes, the postal sector remains proactive in addressing these challenges and exploring avenues for growth. Recognizing the changing preferences and behaviours of consumers, postal service providers have embraced digital advancements to enhance their services and compete in the digital era. Online tracking, e-commerce integration, and online payment options are among the innovations adopted by the postal sector to provide customers with a more efficient and customer-centric experience.

While there has been a contraction in various types of mail within the scope of the universal postal service, it is important to note the rise in parcel mail volumes. The increasing popularity of e-commerce and evolving competition dynamics in this area have contributed to the growth of parcel mail. This shift signifies the postal sector's ability to adapt to changing market dynamics and leverage emerging opportunities.

Overall, however, the decline in traditional mail volumes necessitates strategic adjustments and a focus on expanding services that cater to the changing needs of customers. It is important to acknowledge that market conditions may not always be favourable to the incumbent postal service provider, MaltaPost. The ongoing discussions within the industry aim to address these challenges and find viable solutions.

It is crucial for all stakeholders to be aware that there are no easy solutions to the complex issues faced by the postal sector. The transformation and adaptation processes require careful consideration, collaboration, and continuous innovation. The industry must navigate through evolving market dynamics, changing consumer preferences, and technological advancements while ensuring the provision of a reliable universal service.

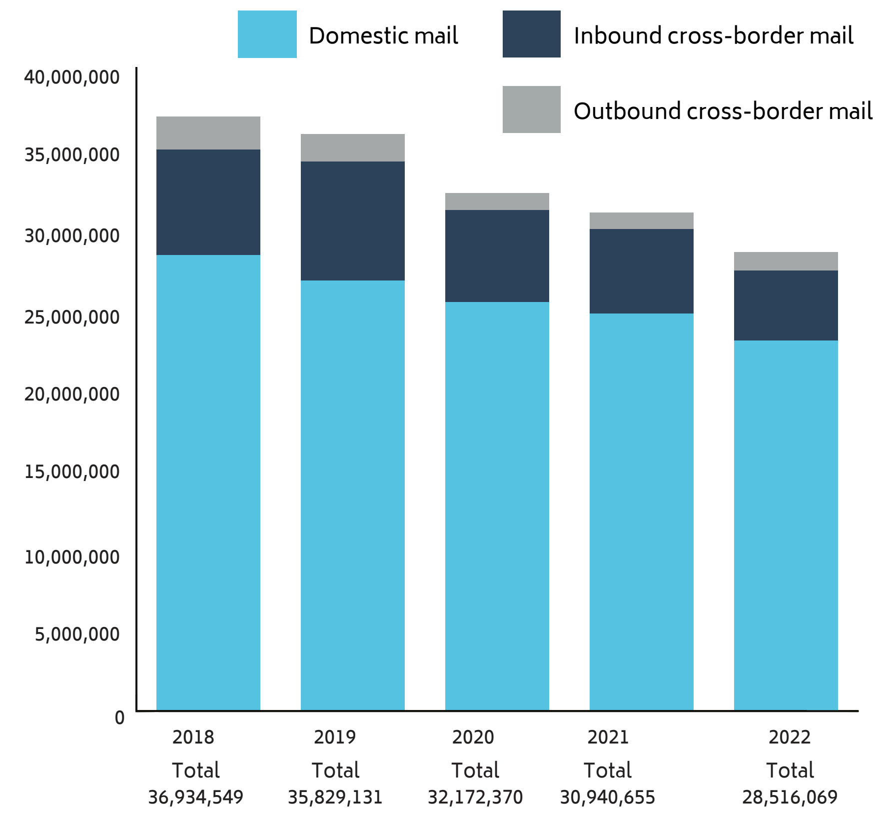
By recognizing the challenges and engaging in constructive discussions, the postal sector can work towards finding effective strategies to maintain its relevance and competitiveness in the face of the digital revolution.

Mail Volumes

The figures reveal that postal mail volumes[14] experienced a decline, decreasing from 31.1 million items in the previous year to 28.9 million mail items in the year under review.

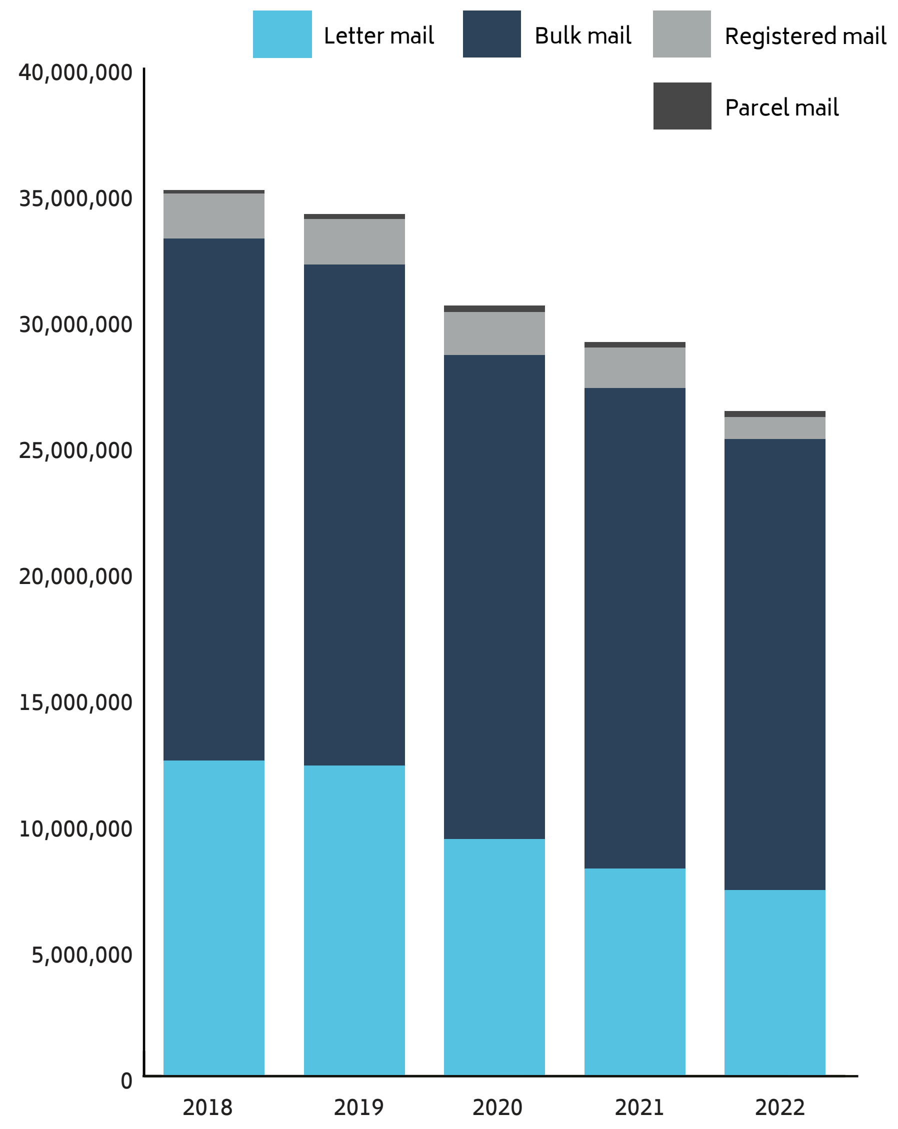
14 Postal mail encompasses both within the scope of the universal service and outside the scope. A postal service may be regarded as falling within the scope of the universal postal service if, from a user's perspective, it displays interchangeability to a sufficient degree with the universal postal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

Postal mail volumes for the period 2018 to 2022, by destination



Year-on-year, there were significant drops in bulk mail and letter mail, which in 2022 decreased by 6.1% and 10.5% respectively compared to the previous year. This downward trend is also evident in registered mail and parcel mail (within the universal service area), with registered mail experiencing a substantial decline of 44.6% and parcel mail experiencing a modest decrease of 1.0% in yearly volumes from 2021 to 2022. These figures demonstrate a general contraction in the volume of various types of mail within the scope of the universal postal service.

Postal mail volumes by type of mail item

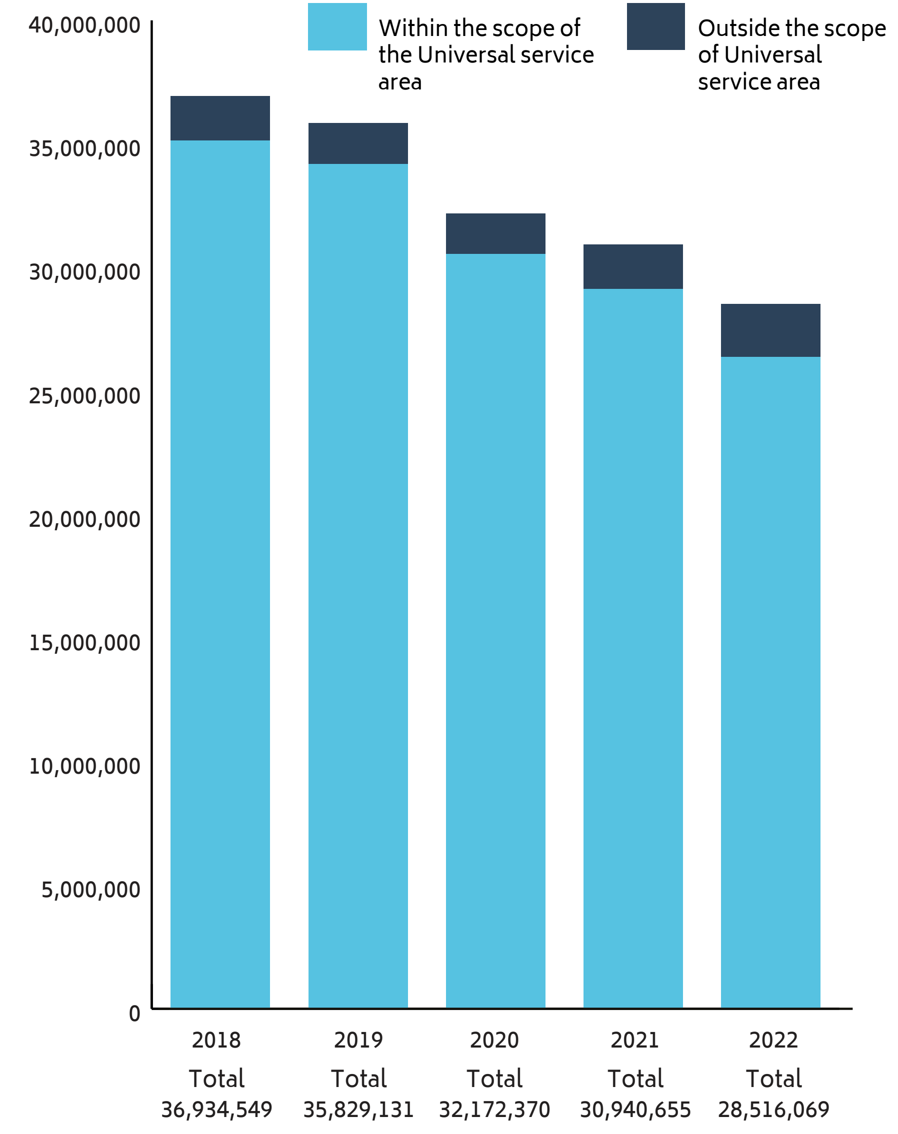


Analysing mail volumes outside the scope of the universal postal service, such as courier or express-based services, there was a notable increase in mail volumes of 27.2% year-on-year. This rise can be attributed to both parcel mail and letter mail within this category. When comparing 2022 with the previous year, volumes for mail items weighing greater than 2kgs up to 31.5kgs showed a substantial growth of 417,418 items, representing a significant year-on-year increase of 52.6%. Similarly, volumes for mail items weighing less than 2kgs experienced an increase of 112,946 items, reflecting a year-on-year growth of 9.8%. These figures highlight the positive trend in mail volumes for these specific types of postal services that fall outside the scope of the universal postal service, indicating a potential shift or demand in these segments.

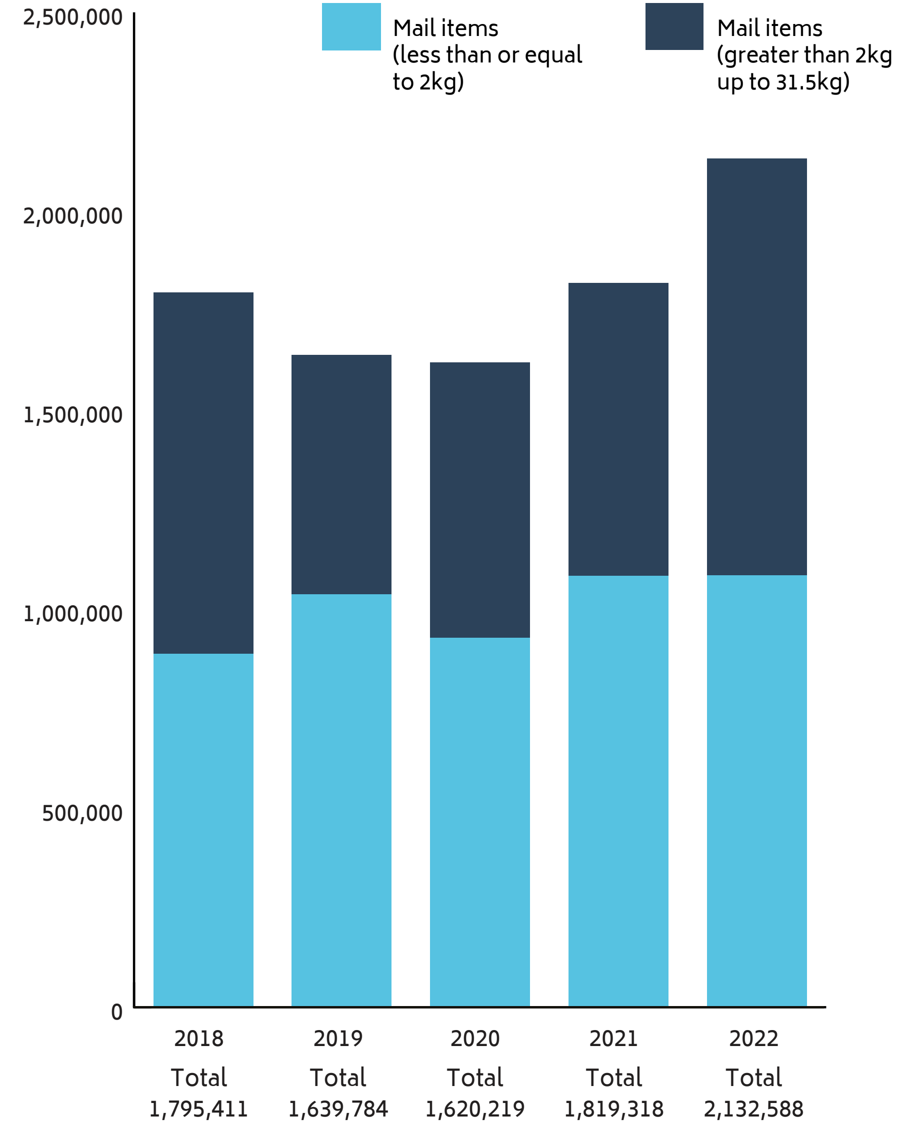
Developments by type of postal activity

In 2022, the total volume of postal mail decreased to 28.9 million items, representing a percentage volume decrease of 7.1% from the previous year. Within the domestic mail category, the volume decreased to almost 23 million items, with a year-on-year decline of 6.8%. On the other hand, outbound cross-border mail experienced an increase to 1.1 million items in 2022, indicating a growth of 15.2%. In contrast, inbound cross-border mail declined to 4.6 million items, a year-on-year volume decrease of 12.8%. These figures provide insights into the changing patterns and volumes of domestic and international postal mail.

Postal Mail Volumes: Within vs. Outside Universal Service Area



Postal Mail Items: Outside Universal Service Area



REGULATION

The Authority's regulatory remit in the postal sector includes safeguarding competition, facilitating choice, quality and innovation offered by a liberalised market, and ensuring a sustainable provision of the universal postal service. In doing so, it uses the legislative tools at its disposal and employs appropriate regulatory measures to address any competition issues that arise. The major disruptions related to the Covid-19 pandemic have confirmed and reinforced the importance of postal services as an essential service. Simultaneously, the pandemic has accelerated digital transformation in the postal sector itself and parallel sectors, stepped up the use of digital communications, and boosted online shopping.

The declining number of letters being sent continues to pose challenges for the postal sector, while conversely, the developments in the demand for packets and parcels presents both opportunities and challenges. Against this backdrop, delivery operations are still expected to be carried out efficiently and sustainably. Postal service providers are therefore led by market conditions to being increasingly adaptable and innovative in responding to a changing postal market and simultaneously exploring potential opportunities. In particular, the focus remains on ensuring that a postal universal service is provided at an affordable price in a sustainable manner for the benefit of all users.

PROVIDERS OF POSTAL SERVICES IN MALTA

Under the Postal Services Act (Cap. 254), an individual licence is required to be granted by the Authority in respect of services within the scope of the universal service in order to guarantee compliance

with the essential requirements and to ensure the provision of such service. On the other hand, undertakings providing postal services outside the scope of the universal services need to be covered by a general authorisation notified to the Authority in order to guarantee compliance with the essential requirements under the above Act.

Two operators, namely MaltaPost plc and Premiere Post Ltd, were licensed to provide services both within and outside of the universal postal service. Twenty-five other undertakings were authorised to provide service outside the scope of the universal postal service.

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

Overall, the MCA monitors compliance by the USP and other service providers in relation to protecting the integrity and security of mail, complaints handling procedures and compensation schemes, and the quality of services. Regulatory compliance by the providers lead to sustained consumer confidence in the market.

MONITORING MARKET TRENDS

The MCA consistently gathers market information and statistics, obtaining these directly from market players or relevant stakeholders on a regular basis.

As a result, the Authority regularly releases reports on important developments and indicators in the sector. These reports examine quarterly and half-yearly data from service providers engaged in postal services in Malta. In 2022, the reports were published in January, April, July, and December.

To complement this effort, the MCA conducts periodic surveys to gauge public and business perceptions. The results of these surveys not only provide additional information for regulatory decision-making but also offer insights into the evolving needs of postal users, be it businesses or consumers, over time.

The results of two such surveys were published in 2022. The Household Survey on Postal Services was released in February, while the Postal Perception Survey regarding bulk mail was published in April.

Postal Perceptions Survey – Households

On February, the MCA released findings from a survey focusing on household perspectives regarding postal services in Malta. The survey gathered the views of 500 participant households, reached via phone between August and October 2021.

- Maltese households expressed general satisfaction with the postal services provided. However, compared to 2018, there was a 5 percentage point decrease in the number of respondents saying they were satisfied to very satisfied with the service, from 74% to 69%.
- Approximately 62% of respondents reported no change in the number of letter mail items received in the previous 12 months, compared to 59% in 2018. Meanwhile, 31% of respondents noted a decline in received letter mail, compared to 34% in 2018.

- 40% of households in 2021 stated they did not send any letter mail, compared to 43% in 2018.
- 70% of respondents stated they include post codes in their mail addresses, compared to 45% in 2018.
- 31% of household respondents reported an increase in received parcel mail items, compared to 27% in 2018. The main reason for this upswing was attributed to the prevalence of online shopping, which became more frequent due to the pandemic.
- Local online shopping also saw significant engagement, with 70% of household respondents confirming they received goods from orders placed on local websites in the past 12 months.
- Various providers were involved in delivering parcel mail items, with MaltaPost and DHL being the most mentioned operators. 73% of respondents referred to MaltaPost, while 57% mentioned DHL.
- Regarding expenditure on postal services, there was no significant change in households' reliance on the postal service for sending mail items since 2018. 41% of respondents reported spending less than €5 on posting articles in the preceding twelve months.
- 48% of respondents considered a two-day lead-time (D+2) acceptable for the delivery of letter mail. When comparing next day delivery (D+1) to deferred delivery (D+2) at a cheaper price, 43% of respondents would not consider deferral, while 29% would consider it based on the urgency of the postal mail item.

Postal Perception Survey on Bulk Mail

The MCA conducted a survey involving 40 Maltese businesses utilizing the postal bulk mailing service for their marketing campaigns, as well as distributing printed bills and periodical documents. Bulk mail refers to the delivery of 50 or more items with identical dimensions, and MaltaPost is responsible for the postal delivery as part of its role as the Universal Service provider. The survey was carried out through video calls using Microsoft Teams between October and December 2021.

- Most participating businesses expressed satisfaction with the service, but reported a decrease in its usage compared to previous years, whilst anticipating this trend to persist due to the prevailing digitally-oriented business environment.
- Heavy users of bulk mail (10,001 to 100,000 items) decreased significantly from 2019 to 2021, by 9%. On the other hand, the number of respondents sending between 1,000 and 10,000 bulk mail items increased from 37% in 2019 to 45% in 2021.
- 53% of businesses using the bulk mail service indicated that the number of letters sent remained the same, whilst 30% reported a decrease in bulk mail volumes.
- 17% of respondents saw an increase in bulk mail volumes, primarily driven by the circulation of printed bills.
- 83% of respondents expressed their intention to continue using the bulk mail service in the following 12 months.
- Daily usage decreased significantly from 2019, while weekly usage decreased from 37% to 20%. Monthly usage increased from 10% in 2019 to 25% in 2021, while bi-weekly usage remained stable at 10%. There was an increase in respondents using the service every 4 to 6 months, from 20% to 24%.
- 45% of bulk mailers regularly included postcodes when sending out bulk mail items, while 40% used them occasionally.
- 10% of bulk mailers reported an annual expenditure ranging from €1,000 to €5,000 on the bulk mail service, while 7% spent an amount in the region of €25,000 to €50,000.

- The price charged for the service, which is currently regulated by the MCA, was perceived differently by bulk mailers. 55% could not determine whether the prices were reasonable or not (neutral stance), an increase from 41% in 2019. On the other hand, 20% found the prices unreasonable, up from 10% in 2019. Within the latter group, slightly over half indicated they would not seek an alternative if the regulated price were to increase by 5-10%, suggesting a level of dependency on the bulk mail service.
- The number of respondents who would not consider shifting to an alternative non-postal service in the event of a 5-10% price hike for bulk mail increased from 44% in 2019 to 53% in 2021.
- 68% of respondents expressed satisfaction with the overall quality of MaltaPost's bulk mail postal services, while 25% remained neutral, and 7% were dissatisfied.
- 90% of respondents stated they have never filed a formal complaint with MaltaPost regarding the bulk mail service.

MANAGING THE POSTAL COMPLIANCE FRAMEWORK

Decision updating the Directive on Modalities of Payment for Authorisations under the Postal Services Act

The purpose of the MCA "Directive on the Modalities of Payment for Authorisations under Postal Services Act" is to regulate the way authorisation fees established are charged.

An amendment to the provisions of the MCA Directive was proposed stating that if an authorised postal services operator fails to provide the required information within the prescribed timeframes, then the MCA may proceed to act on the basis of information provided in the previous year.

Following a public consultation, the MCA issued the amended version of the Directive which became effective on 5 January 2022.

Price Revisions for Certain Postal Services

Between the end of 2021 and the first half of 2022, MaltaPost presented two separate proposals to the MCA regarding the pricing of various services. One proposal concerned the tariffs for domestic single-piece and domestic bulk mail services. The other proposal related to the tariffs for foreign outbound single-piece mail.

MaltaPost based its requests on several factors that it submitted were affecting the sustainability of the universal postal service. MaltaPost argued that increasing the prices was necessary for these reasons. Specifically, the COVID-19 pandemic accelerated the shift towards digitalization, while Brexit and the introduction of VAT on non-EU low-value purchases had a negative impact on inbound packets and parcels. These developments resulted in negative effects on revenue flows. Additionally, the postal market experienced increased external and internal costs.

In June, the Authority took the decision to allow a number of price increases starting from July 1, 2022.

Regulatory financial reporting and price control model

As part of the SMP obligations, MaltaPost is required to submit its regulatory accounts, and in 2022, the MCA continued employing its economic regulation model, which is used to monitor tariffs and review price change requests from MaltaPost. The MCA ensures that accurate cost allocations are made between the universal postal services and other services. When evaluating requests for tariff changes, the MCA considers whether the pricing of the universal postal service aligns with costs and encourages efficient provision of the universal service.

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

The EU Regulation on cross-border parcel delivery services of 2018 aims to increase the level of transparency of certain single-piece tariffs; enhance regulatory oversight of the parcel delivery market; and ensure that citizens and small businesses have access to reasonably priced cross-border parcel delivery services. As directed by the EU Regulation, the MCA gathers information from service providers about their postal services and public tariffs applicable for specific postal items. Information on the services and public tariffs of all EU Member States are published on a dedicated website hosted by the European Commission.[15] During 2022, the MCA reassessed whether MaltaPost's cross-border parcel tariffs are 'unreasonably high' and passed that assessment to the European Commission. The European Commission publishes the non-confidential versions of the assessments carried out by the individual EU Member States on its website.[16]

15 Find the best price for your EU parcel delivery: https://single-market-economy.ec.europa.eu/sectors/postal-services/parcel-delivery-eu/find-best-price-your-eu-parcel-delivery_en

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

DIGITAL SERVICES AND ECOMMERCE REGULATION

REGULATING THE DIGITAL WORLD

In 2022, the European Union's ambitious digital policies reached a critical juncture. During her annual State of the Union speech in September 2021, European Commission President Ursula von der Leyen emphasized the significance of the digital realm, stating that it is a "make or break" issue for the EU. Undoubtedly, the European Union set high reaching goals in this policy area, and the agenda for 2022 was filled with numerous important initiatives.

The MCA has played a key role in Malta when it comes to digital regulation and particularly in platform regulation. Having had its remit widened further, with the planned designation to become Digital Service Coordinator (DSC) for the Digital Services Act (DSA)[17] in Malta, the Authority sustained its existing regulatory remit of other crucial digital services including eCommerce and trust services. This positions the Authority squarely in the middle of the action being taken to establish a fair and trustworthy digital environment.

DIGITAL SERVICES ACT

In 2022, the Authority initiated the implementation of the DSA, a central component of the EU's Digital Services Package. The DSA aims to institute stringent regulatory measures for providers of intermediary services, enhancing transparency and user safety across the EU's digital landscape.

These measures oblige providers to take prompt action against reported illegal content and maintain effective complaint and

17 Regulation (EU) 2022/2065 of the European Parliament and of the Council of 19 October 2022 on a Single Market For Digital Services and amending Directive 2000/31/EC (Digital Services Act)

redress mechanisms. The MCA has been integral in supporting and representing the Maltese government during the development and roll-out of this pivotal EU regulation.

Following the publication of the Act in the EU Official Journal in October 2022, the DSA is poised to become directly applicable in all EU member states, including Malta, as from 17th February 2024.

With Malta adhering to the EU's regulatory frameworks, the DSA's introduction will significantly impact the nation's digital environment. Recognising this, the Maltese Government is due to designate the MCA as the country's official Digital Services Coordinator. This role assigns the MCA with the critical responsibility of ensuring providers of intermediary services established in Malta comply with the DSA's regulations. Furthermore, as the Digital Services Coordinator, the MCA is expected to actively liaise with European counterparts, promoting a harmonised approach to the DSA's implementation.

To prepare for this role, the MCA held preliminary stakeholder meetings and has begun contributing to the drafting of the requisite legislative measures. This proactive approach will ensure Malta's smooth transition to the DSA's new regulatory paradigm.

A STRATEGY FOR DIGITAL SERVICES

The MCA eCommerce Strategy 2022-2025 published in late 2022, introduced a fresh approach that builds upon previous efforts and provides policy guidance to further enhance eCommerce in terms of both quantity and quality of services. This strategy recognizes the continuous growth of global eCommerce and the significant technological advancements spurred by the COVID-19 pandemic in various industries. It also aims to leverage the Government's Digital Malta Strategy to reinforce the digital economy.

The Strategy includes an action plan that outlines the MCA's commitment to developing a regulatory framework that supports the growth of an inclusive, fair, and sustainable eCommerce ecosystem. To achieve this, the MCA will implement several initiatives that aim to accelerate adoption, foster capacity building, and promote excellence.

The Strategy also takes into account the Authority's ever widening remit that branches into digital services besides more traditional eCommerce. Various initiatives planned for the coming years in fact address the needs and requirements of overarching digital services that include eCommerce but also other related matters including trust services and intermediary platforms.

In summary, the MCA eCommerce Strategy 2022-2025 sets the stage for a dynamic and thriving eCommerce landscape in Malta by capitalizing on previous achievements and incorporating innovative policies and measures.

COLLABORATION

The MCA collaborates with various entities and organisations both locally and internationally. The Authority understands the value that collaboration brings for the benefit of all parties involved and most importantly for the benefit of the respective audiences.

In view of this scenario, the MCA sought to formalise this cooperation by signing a series of Memoranda of Understanding (MoUs) with the three major business representative organisations in Malta, namely the Malta Chamber of Commerce, the Malta Chamber of SMEs, and the Malta Employers Association.

Through these MoUs, the MCA aims to address the members of these organisations particularly in relation to the Authority's remit when it comes to digital services regulation. Various initiatives revolving around education and awareness are being planned for the coming years to ensure the industry and the market in general are aware of the new regulations that are being developed and the effect these may have.

THE DIGITAL JUNCTURE CONFERENCE

Aligned with the MCA's responsibilities in regulating electronic communications services and emerging digital services, the Digital Juncture Conference aimed to bridge the gap between these two distinct yet interconnected sectors.

During the conference, the discussion focused on the emerging digital challenges that have surfaced more than two decades after the adoption of the eCommerce Directive, which serves as the primary legal framework governing online services. Online platforms have undeniably brought significant benefits to end-users by facilitating cross-border trade within and beyond the European Union, while also creating new avenues for growth and innovation. However, these platforms also pose risks to users, such as the dissemination of illegal content and the sale of illicit goods or services online. Furthermore, a few dominant players have gained control over online trade and content space.

The conference delved into the complexities of digital regulation by drawing lessons from the regulation of more traditional sectors. It explored the potential role of social partners in supporting European and national bodies in effective enforcement. Additionally, the conference emphasized the importance of coordination and dialogue to achieve positive policy and regulatory outcomes in the digital landscape.

DIGITAL ACCESSIBILITY

Work on digital accessibility and particularly on the accessibility of public sector websites and mobile apps continued in 2022 with the MCA as the national supervisory authority responsible for monitoring, reporting, and enforcing the European Website Accessibility Directive (WAD).[18]

In collaboration with the Foundation for Information Technology Accessibility (FITA), the Authority analysed and reported on 99 public sector websites and 7 mobile apps. During this exercise, these websites and apps were analysed on different levels of detail to ensure they met the WAD's requirements.

The work done by the Authority through the WAD is yet another link in the chain of digitally oriented initiatives that are carried out by the MCA, in this case focusing on ensuring equal access to the digital world.

The MCA also participated and co-sponsored the conference titled "Digital Technology for Independent Living". Together with FITA and the Commission for the Rights of Persons with Disability (CRPD), the MCA gathered various stakeholders and discussed novel ways how readily available technology may be used by persons with disabilities to lead a more comfortable and independent life.

18 Directive (EU) 2016/2102 of the European Parliament and of the Council of 26 October 2016 on the accessibility of the websites and mobile applications of public sector bodies

TRUST SERVICES

During 2022, the review of the EU Regulation 910/2014 on electronic identification and trust services for electronic transactions in the internal market, also known as the eIDAS Regulation, gathered significant pace.

New and novel trust services are being proposed whilst the proposal for an EU Identity Wallet was further developed and strengthened. The MCA followed the discussion within the European fora and participated as required.

In parallel, the MCA also proceeded with its supervisory activities whereby it maintains regulatory oversight over Trust Services Providers that are listed on the Malta Trusted List. The MCA in fact also has the role of Trusted List Scheme Operator (TLSO), which lists the qualified trust services providers that are regulated under the MCA's regulatory regime.

The MCA also provided support to the public in relation to awareness on the use and benefits of trust services. This culminated in a panel discussion during the aforementioned Digital Juncture Conference that discussed amongst others the role of regulation for sustainable market growth and where trust services may play a part in this endeavour.

CONSUMERS

CONSUMERS

The MCA is entrusted with a mandate of overseeing diverse markets of communications and digital services with a strong focus on protecting end-users and providing them with up-to-date information regarding their rights and pertinent market advancements. This empowers both consumers and business users to make informed decisions.

As the commercial landscape and the underlying technologies supporting retail offerings become increasingly intricate, it has become more difficult for consumers to choose the most suitable plans for their requirements and ensure they receive the promised value. To tackle these difficulties, the MCA employs a combination of measures that enable it to monitor the sectors it regulates and take appropriate regulatory actions to address identified areas of concern.

UPDATING RULES ON CONTRACTS, TRANSPARENCY, AND TERMINATION OF SERVICES

The MCA is in the process of updating its decisions on subscribers' contracts and dealing with other end-user protection measures which were originally adopted in 2011 and 2012. A public consultation process was undertaken between February and April 2022 seeking stakeholders' feedback on the MCA's proposed decisions. The Authority received extensive feedback which has been carefully reviewed, and several follow-up discussions were held with stakeholders on points which required clarification. It is envisaged that the MCA's response to the consultation and final decision notice be published early in 2023.

This initiative is covered in more detail under the Electronic Communications chapter.

END-USER SUPPORT AND COMPLAINT HANDLING

The MCA offers a complaint and inquiry handling service to assist end-users, including consumers and users of services regulated by the Authority, with any questions or difficulties they may have regarding communications, postal, and eCommerce services. If consumers have any concerns or issues related to these services, they can directly contact the MCA. However, it is important to note that the MCA can only intervene if the consumer has already filed a formal complaint with the relevant service provider and is unsatisfied with the outcome or response, as permitted by law.

To promote transparency, the MCA examines the complaints and inquiries it receives and publishes "End-User Reports" every six months. These reports not only provide insight into the number and nature of the complaints but also highlight any enforcement actions or monitoring activities undertaken by the MCA. Two reports were published during 2022.

Throughout 2022, the MCA received a total of 139 complaints – a decrease of approximately 29% over the previous year. The MCA also handled 689 requests for information – a 5% decrease over 2021. With regards to complaints pertaining to electronic communication services, the main issues continued to concern quality of service (44% of all complaints received), namely in relation to customer care, and faults. Other complaints lodged with the Authority were related to billing issues (15%), termination or switching of services (9%), and contractual issues (less than 1%).

The Authority also received a substantial number of complaints (19%) and enquiries in relation to problems with the provision of the free-to-air television service. It is worth noting that this type of service is not regulated under rules enforced by the MCA. Notwithstanding, the Authority continued to provide support to end-users experiencing issues with this service, which in some cases involved guiding complainants to redirect their television aerial to an alternative transmitting station. In those instances where problems persisted, the MCA advised end-users to seek redress from the Public Broadcasting Services or the Ministry responsible for broadcasting. The MCA was constantly keeping the respective competent bodies informed of the complaints being received and, in view of its technical expertise, it continued to provide advice to these bodies in finding a reliable solution.

No complaints were received by the MCA during this reporting period related to eCommerce services. The Authority did however register 17 complaints concerning postal services – a considerable decrease of 60% from those received in 2021, confirming the trend of the previous year. The postal complaints received related namely to undelivered mail (10), with other complaints related to customer care, redirection of mail, delayed delivery, and mis-delivered mail.

As regards what actions the MCA can take in relation to a complaint, this varies depending on the issue involved, and the MCA's powers at law. In cases of consumer protection, the MCA's role is limited to regulatory intervention. Legally, the MCA cannot regulate certain practices that are adopted by undertakings, such as unfair commercial practices or the use of unfair contract terms undertaken in the communications sector as, under Maltese legislation, these areas are exclusively

regulated by the Director General (Consumer Affairs) within the Malta Competition and Consumer Affairs Authority (MCCAA). Therefore, although a complaint may relate to the provision of a service regulated by the MCA, the MCA may still not be legally able to intervene and would therefore have to refer consumers to other competent entities.

It is worth noting that the Authority received multiple queries during 2022 in relation to the application of charges and discounts by service providers in relation to methods of payment. This matter had been raised following developments related to the implementation of the Payment Services Directive 2 by the Central Bank of Malta, in conjunction with the Consumer Office within the MCCAA. Even though the specific issues on the legality or otherwise of these charges falls outside the scope of MCA's regulatory remit, the Authority afforded its support to these once it became aware of the issue, including providing relevant information to the Competition Office within the MCCAA after it opened a sector inquiry.

MONITORING SERVICE DELIVERY

Ensuring the quality and legality of services is essential to promote a culture of compliance among service providers. The MCA oversees the delivery of products/services and customer satisfaction using various methods, including surveys of consumers and businesses, gathering data from service providers, and actively monitoring complaints and social media activity. These platforms also provide insights into changing consumer preferences, behaviours, and perceptions of electronic communications services over time. If any issues or concerns arise, the MCA takes appropriate regulatory action within the bounds granted by law.

Moreover, the MCA's Consumer team conducts different mystery shopping exercises to identify areas of concern, particularly regarding the quality of customer care provided by different operators. In its bi-annual 'End-User Reports', the MCA publishes the results of these mystery shopping exercises carried out throughout the year. These tests measure the time it takes for a customer care agent of major communications service providers to answer a telephone call. If no agent attends to the call within 5 minutes, the test call is terminated.

Throughout 2022, the MCA made an average of 5 to 7 test calls per working day to the call centres of three main electronic communications service providers (namely Epic Communications Ltd, GO plc and Melita Ltd) throughout different times of the day. The records gathered were published in MCA's End-User Affairs Reports that covered the periods January to June 2022, and July to December 2022.

In summary these were the main findings of the percentage of calls answered within five (5) minutes and within two (2) minutes by the respective service provider:

	GO	Epic	Melita
Calls answered within 5 minutes			
Period: Jan-June 2022	23%	92%	95%
Period: July-December 2022	22%	99%	87%
Calls answered within 2 minutes			
Period: Jan-June 2022	11%	78%	76%
Period: July-December 2022	9%	90%	65%

The MCA escalated the matter with the provider whose performance falls below the industry average and shall keep monitoring developments until it is satisfied that shortcomings are addressed. This is particularly important since the telephone remains the preferred customer care contact channel as revealed earlier in this report.

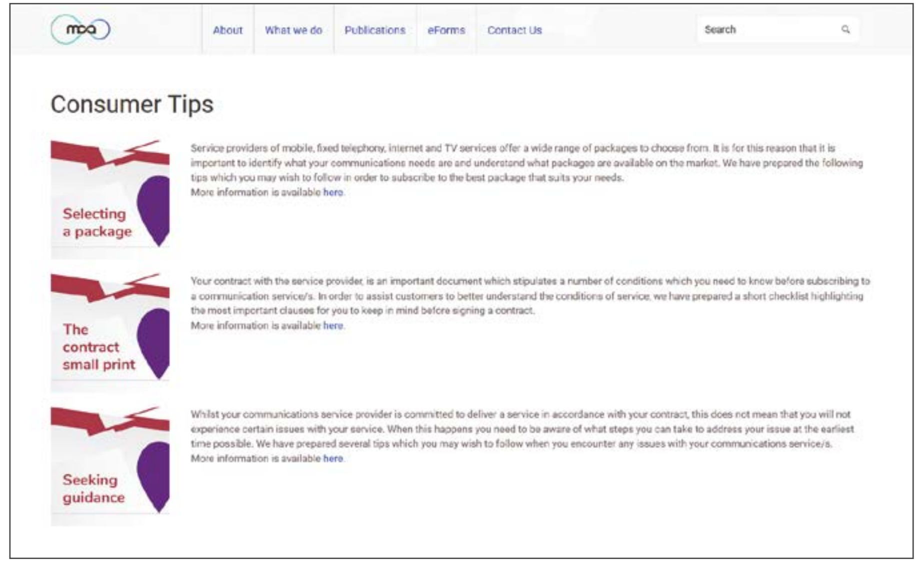
442 test calls were also made throughout the course of the year to the postal universal service provider (MaltaPost)'s customer care telephony service. 81% of these test calls were answered within 2 minutes, and 95% were answered within 5 minutes. This confirms the positive trend, improving on the previous year's performance, which measured 67% and 90% respectively for these two indicators.

CONSUMER AWARENESS

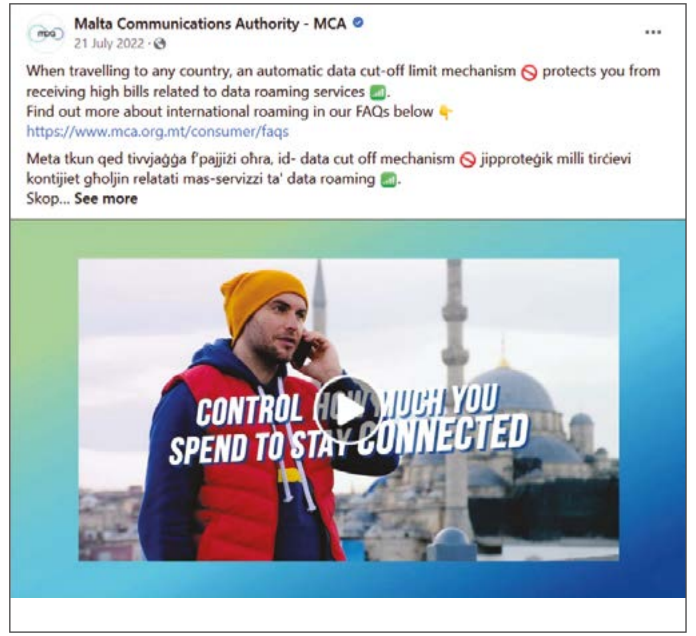
The MCA adopts a strategic approach when engaging with consumers, employing various methods and strategies, such as targeted campaigns, to improve consumer awareness, knowledge, and bridge information gaps. The Authority acknowledges the impact of behavioural bias and similar factors that can misinform consumers or lead them to make poor decisions. The MCA is committed to leveraging its expertise, to help consumers make informed decisions whilst at the same time be fully aware of their rights as provided under the relevant laws.

As part of their efforts to raise awareness, the MCA actively participates in various TV and radio programmes to discuss topics related to consumer interests within its jurisdiction. In 2022, the MCA Consumer team took part in 7 TV and radio programs, covering a range of subjects such as internet user experience, rights emanating from the roaming regulations, the use of the price comparison portal (www.telecosts.com), the importance of being vigilant of any scams when making use of electronic communications services and how to avoid becoming a victim, and overall awareness about how the MCA can assist consumers, particularly regarding service issues.

Additionally, the Authority regularly shares updates and helpful advice on its website and social media platforms. In its efforts to reach a wider audience, the Authority developed its own original content also by making use of visual resources such as infographics and videos that are useful tools to deliver key messages.



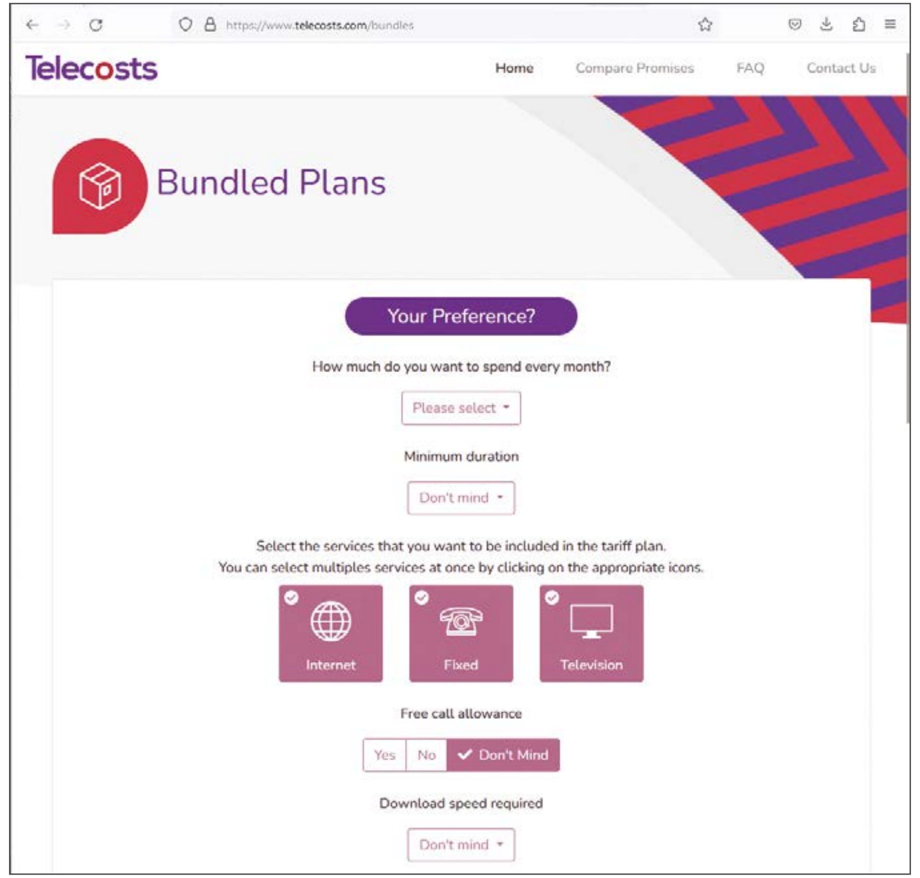
Annual Report and Financial Statements 2022 | Consumers



MANAGING THE PRICE COMPARISON PORTAL

Telecosts (https://www.telecosts.com/) is a tool specifically developed by the MCA to assist consumers with selecting the most suitable electronic communications service plan. It compares prices and other key characteristics of the products offered by local service providers, helping users make informed choices. The portal, maintained by the MCA, is regularly updated with the latest service plans from various providers.

When users visit the portal, they can select their desired service (such as fixed telephony, mobile telephony, internet, or bundles) and answer a brief set of questions to refine their options based on personal preferences. Based on these inputs, Telecosts generates a list of service plans that align with the user's preferences, sorted by monthly cost from lowest to highest. During 2022, approximately 3,000 users made use of the service, with 62% of these accessing the portal through a link published on MCA's social media channels.



OTHER INITIATIVES

Consumer aspects were covered under various other initiatives undertaken by the Authority during 2022. Of particular relevance is the Study on Quality of Experience published by the MCA in November following its presentation by MISCO International during the Digital Juncture Conference held on 10th November. The Conference also served as a good basis for discussion on consumer protection in electronic communications and the digital world, with the participation amongst others of expert speakers from BEUC – The European Consumer Association, and from Cullen International.

Both the Study and the Conference are dealt with in more detail in other parts of this Annual Report.

EU & INTERNATIONAL ENGAGEMENT

EU & INTERNATIONAL ENGAGEMENT

The regulatory role of the Authority is expected to extend beyond the traditional role of a telecom regulator and keep evolving to align with new policy areas that are emerging such as legislation governing digital services, digital markets, and more sustainable sectors. In recent years, the world has witnessed substantial developments in technology, the deployment of more advanced networks, evolving market structures, innovative business models, and the continuously changing demands of consumers and businesses.

In this scenario, policy directions taken at international level have direct impact on the shaping of national rules governing the communications markets. Primarily, these rules stem from legislation taken at European Union level and directions taken by international organisations such as the International Telecommunication Union and the Universal Postal Union.

Consequently, the MCA continuously endeavours to provide technical input in the policy debates taking place. The work in this regard is undertaken through different channels and in fulfilment of the Authority's different roles: as a national regulatory authority, as an advisor to the Government or, when designated to do so, acting on behalf of the Government.

The MCA acknowledges the significance of active participation in discussions taking place in the various international fora. In practice, such engagement ensures the protection of national interests, favourable market conditions and adequate protection for end-users.

ELECTRONIC COMMUNICATIONS

THE BODY OF EUROPEAN REGULATORS FOR ELECTRONIC COMMUNICATIONS (BEREC)

The Body of European Regulators for Electronic Communications (BEREC) set up by EU Regulation 2018/1971 brings together the European Union's national regulatory authorities. The Regulation also established the BEREC Office, an agency which supports BEREC by providing all necessary administrative, financial, organisational and ICT support.

The main focus of this group is to contribute to the development of independent, high-quality and harmonised electronic communications regulation by providing a platform for regulatory exchange amongst NRAs on matter related to electronic communications. It also acts as a crucial point of reference for NRAs in establishing common positions and statements of best practice. In recent years, BEREC has been progressively occupying a key advisory role to the European Commission, the European Parliament, and the Council of Ministers.

The MCA is an active member within BEREC, with several staff members regularly participating in high-level meetings and contributing to the work of the expert working groups, including chairing, and taking leading roles in the drafting of documents. Following the election of MCA CEO Jesmond Bugeja as Vice-Chair of BEREC during 2021, in 2022, the Management Board designated Mr Bugeja as one of the two Reporting Officers entrusted to carry out the appraisal of the BEREC Office Director. The appraisal process was completed successfully and, in its December meeting, the MCA CEO was once again nominated and appointed by the BEREC Management Board as one of the Reporting Officers for 2023, appraising the period January to December 2022.

THE INDEPENDENT REGULATORS GROUP (IRG)

The Independent Regulators Group (IRG) 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 continued its active participation and cooperation within the IRG, attending its Contact Network meetings and General Assemblies throughout the year. In addition, during 2022 the MCA issued 8 questionnaires and responded to 52 questionnaires which are circulated amongst the 37 members. The main topics covered were 'Broadband', 'NRA Competencies', 'Legislation/Regulatory Policy', 'Spectrum', and 'Consumers'.

THE RADIO SPECTRUM POLICY GROUP (RSPG)

The Radio Spectrum Policy Group (RSPG) is a high-level advisory group which adopts opinions, position papers, and reports to deliver high-level strategic advice on radio spectrum policies to the European Commission. It includes the participation of representatives from both the regulatory authorities and ministries responsible for radio spectrum in each Member State. The group undergoes extensive forward-looking consultations on a variety of technological, market and regulatory developments relating to the use of radio spectrum in the context of relevant EU policies. Apart from attending the plenary meetings of the group, the MCA participated in a number of RSPG sub-groups, including its 'Good Office' working group which the MCA has been actively co-chairing since November 2021. This sub-group investigates co-ordination issues and harmful interference between European Member States and proposes appropriate solutions. Some of the matters discussed during 2022 were the group's work programme, climate change, peer reviews, the World Radiocommunication Conference, UHF beyond 2030 and the development of 6G mobile technology.

THE RADIO SPECTRUM COMMITTEE (RSCOM)

The Radio Spectrum Committee (RSCOM) is responsible for the development of implementing decisions with respect to technical measures that ensure harmonised conditions across Europe for the availability and efficient use of radio spectrum. Key agenda items throughout the year under review revolved around the harmonisation of the use of radio spectrum within the EU. During 2022, the MCA participated in four meetings. Based on the work of the RSCOM, during 2022, the Commission adopted six decisions concerning 5 GHz wireless access systems including radio local area networks, short range devices, mobile communications services on aircraft and the 900 MHz/1800 MHz bands. In addition, the RSCOM continued its work on the harmonisation of the 40.5-43.5 GHz frequency band for wireless broadband electronic communications services as well as to revise the framework concerning the use of radio spectrum for mobile communications services on board vessels.

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. Two meetings were held via videoconference. The implementing regulation on specifying the characteristics of small-area wireless access points, .eu second level domain names, and the introduction of additional harmonised helpline numbers were among the matters discussed.

THE EUROPEAN UNION AGENCY FOR CYBERSECURITY (ENISA)

The European Union Agency for Cybersecurity (ENISA) actively contributes to EU cyber policy, enhances the trustworthiness of ICT products, services and processes with cybersecurity certification schemes, cooperates with Member States and EU bodies, and helps Europe prepare for the cyber challenges of tomorrow. Through knowledge sharing, capacity building, and awareness raising, the Agency works together with its key stakeholders to strengthen trust in the connected economy, to boost resilience of the Union's infrastructure, and, ultimately, to keep Europe's society and citizens digitally secure.

EUROPEAN COMMISSION MONITORING MISSION

The European Commission holds annual meetings with the competent ministry responsible for electronic communications, the MCA, the electronic communications networks and service providers, and other relevant stakeholders. The aim of the meetings is for the Commission to evaluate the implementation of the regulatory framework, discuss issues with the relevant parties, and collect the necessary data that will form part of its Digital Economy and Society Index (DESI) Report. In particular, the Authority is the main contributor of data related to the electronic communications sector.

INTERNATIONAL TELECOMMUNICATION UNION (ITU)

The International Telecommunication Union (ITU) is the United Nations 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. During 2022, MCA officials prepared for and joined the rest of the countries of the world in the three-week ITU Plenipotentiary Conference. This Conference is the top policymaking body of the ITU and the key event at which member countries agree on the future role and work plan

of the organisation, thereby determining the organisation's ability to influence and affect the development of electronic communications on a global level. The MCA also participated in other ITU meetings such as the multilateral meeting on interference affecting broadcasting services and the Inter-regional workshop on WRC-23 preparation.

THE EUROPEAN CONFERENCE OF POSTAL AND TELECOMMUNICATIONS ADMINISTRATIONS (CEPT)

The European Conference of Postal and Telecommunications Administrations (CEPT) is an organisation established in 1959 within which policy makers 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 2022, 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, and FM58 on maritime communications. the MCA also acts as Vice-Chair of the Working Group on Numbering and Networks (WG NaN). The working group is responsible for developing policies in numbering, naming and addressing, and advising on related technical regulatory matters.

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 (EG112). 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 EUROPEAN UNION AGENCY FOR THE SPACE PROGRAMME (EUSPA) ADMINISTRATIVE BOARD

EUSPA is the operational European Union Agency responsible for its Space Programme. As defined in the EU Space Programme Regulation, EUSPA's administrative and management structure is overseen by an administrative board. This board is composed of one representative from each Member State, representatives from the Commission, and one representative from the European Parliament. The main aim of the board is to ensure that EUSPA carries out the work entrusted to it. Experts from the MCA have been designated as members of the EUSPA Administrative Board and follow its regular meetings as part of the Authority's space activities.

THE POSTAL SECTOR

EUROPEAN REGULATORS GROUP FOR POSTAL SERVICES (ERGP)

The European Regulators Group for Postal Services (ERGP) is an advisory group to the European Commission composed of the independent NRAs of the EU member states. It is responsible for consolidating the internal market for postal services and ensuring the consistent application of the European regulatory framework for postal services by facilitating consultation and cooperation between the NRAs. During 2022, 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. Items of the year 2022's Work Programme included an update to the group's Medium Term Strategy, the collection of statistics and postal indicators, cross-border parcel delivery services, access to postal networks, sustainability in the postal sector, and the future needs of the universal service. An MCA official continued to act as co-chair for the Consumer and Market Indicators Working Group while MCA experts acted as drafters in the Work Programme deliverables. Through the work of this working group, ERGP continued its monitoring of consumer protection and quality of service in Europe.

THE UNIVERSAL POSTAL UNION (UPU)

The Universal Postal Union (UPU) is a specialised agency of the United Nations which aims to secure the organisation and improvement of global postal services. 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 under review, the MCA continued to monitor the Union's work arising from the 2021 Congress. It also remotely attended the meetings of the Council of Administration and the Postal Operations Council.

THE EUROPEAN COMMISSION'S POSTAL DIRECTIVE COMMITTEE (PDC)

The European Commission's Postal Directive Committee (PDC) 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 regards to the establishment of quality standards for intra-EU cross-border services. The Committee was called twice during 2022. Matters discussed during the two meetings included recent main developments in the postal sector, environmental sustainability, customs fees, postal standardisation, UPU-related issues and state aid.

THE EUROPEAN COMMITTEE FOR POSTAL REGULATION (CERP)

The European Committee for Postal Regulation (CERP) 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 2022, the MCA continued to participate remotely in the activities of the group.

DIGITAL SERVICES

HIGH-LEVEL GROUP ON INTERNET GOVERNANCE (HLIG)

The High-Level Group on Internet Governance (HLIG) 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. In 2022, matters related to DNS abuse, new and revised Internet standards, and collaboration on Internet governance matters with other world regions were discussed.

EXPERT GROUP ON ELECTRONIC COMMERCE

The Expert Group on Electronic Commerce advises the Commission on issues relating to electronic commerce and related services, and facilitates the exchange of information, experiences and good practices in the area of electronic commerce. It brings together experts from the different Member States for the purpose of discussing and advising on recent policy developments in the Member States and at Community level in the area of eCommerce. The group aims to contribute its knowledge and insights to help shape policies, regulations, and initiatives aimed at fostering a fair, secure, and competitive digital environment for eCommerce within the European Union.

THE FORUM FOR EUROPEAN SUPERVISORY AUTHORITIES (FESA)

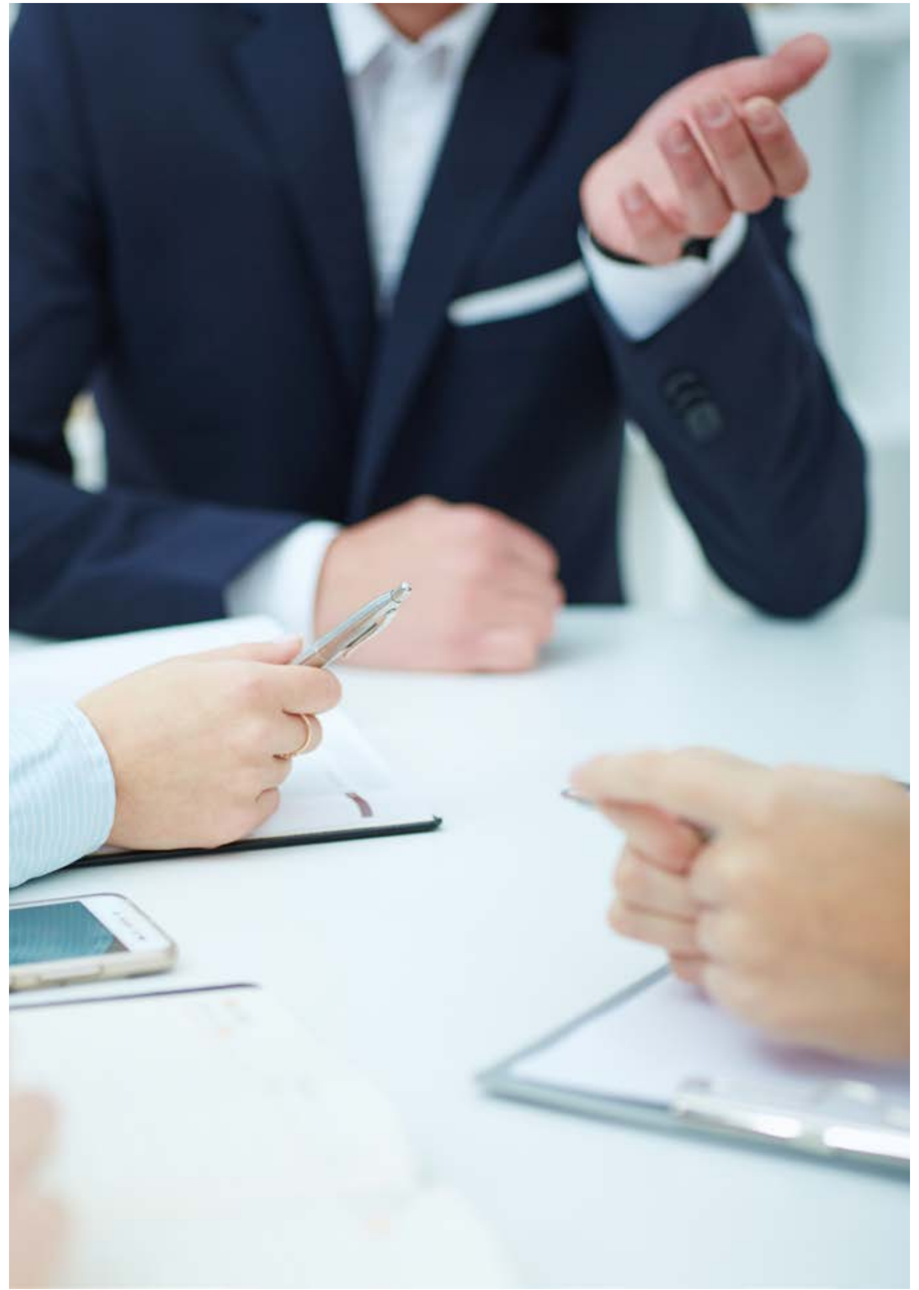
The Forum for European Supervisory Authorities (FESA) brings together representatives of eIDAS Supervisory Bodies from the European member states. FESA is a forum open to national bodies responsible for supervision of trust services and/or management of trusted lists in accordance with the eIDAS Regulation. The scope of FESA is to support the 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 two times a year, exchange information and discuss matters of cooperation between supervisory authorities. Sessions held in 2022 tackled the ongoing review of the eIDAS regulation, focusing on proposed changes related to trust services and new areas that are being proposed such as mandatory eID notification and the European Digital Identity Wallet. Other topics included discussion on identification methods and the process of conformity assessment of trust service providers employed in the European member states.

THE WEB ACCESSIBILITY DIRECTIVE EXPERT GROUP (WADEX)

The Web Accessibility Directive Expert Group (WADEX) is a European Commission expert group set up to support the implementation of the Directive (EU) 2016/2102 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 participated in scheduled meetings throughout the year, discussing amongst others the various Web Accessibility monitoring tools and technologies available on the market, challenges, and possible solutions around website and mobile apps accessibility, and how industry players are addressing accessibility in their products and services.

P2B INFORMAL NETWORKS MEETINGS

The P2B Informal Networks group brings together national platform-to-business (P2B) experts with the purpose of discussing issues, challenges and share their experience with the implementation and enforcement of the P2B Regulation. It also considers initiatives that could be undertaken jointly such as the P2B Wiki and coordinated activities. The former is a non-public collaborative space that facilitates informal cooperation and information-sharing between authorities from different Member States with responsibility for policy development, compliance monitoring and/or enforcement of the P2B Regulation. The MCA participated in the group's meetings across the whole year.



CORPORATE ACTIVITY

CORPORATE ACTIVITY

HUMAN RESOURCES

Being a knowledge-driven organisation functioning in a constantly changing and global environment, it is essential for the MCA to uphold and empower a diverse workforce with the necessary expertise to optimise its overall performance.

In 2022, the MCA expanded its team by recruiting 2 new employees, and continued to invest in staff training, both in relation to technical and workplace skills. This gives the employees an opportunity to enhance their specialised knowledge, while developing a positive and productive approach towards their work. In fact, the training programmes were designed in a particular manner to focus on the recommendations outlined in the annual individual performance measurement results. Apart from the organisation of in-house training by various departments on regular basis, several employees were also enrolled for continuous development training offered by the Institute of Public Services.

To enhance its expertise, the MCA ongoingly participates in working groups of European Union and international bodies. Amongst others, these include BEREC, ERGP and CEPT. In 2022, one MCA representative served as Co-Chair in a BEREC Expert Working Group, another MCA official served as Co-Chair within the ERGP, and another as Vice-Chair within CEPT.

In collaboration with the Ministry of Education, the MCA provided a total of eight students with the opportunity of gaining workplace experience throughout the summer period. The participating students had a chance to put into practice their academic knowledge, while being supervised and constantly guided by an overseeing manager.

The MCA recognises that staff motivation plays a crucial role in fulfilling its mission and ensuring overall productivity. Thus, the Authority remains committed to maintaining an environment that brings out the best in each employee. After the successful transition to remote working during the Covid-19 pandemic without any hindrance to the Authority's operations, the employees were offered the opportunity of a hybrid working system. Moreover, two team building events were held in 2022. One was held in May at the Limestone Heritage, while the other one was held in December in Vittoriosa. These events provide the opportunity to foster unity and strengthen collaboration.

In addition, the MCA has continued to implement a staff performance measurement and reward system through individual performance assessments. In the previous year, the Authority updated its performance appraisal system from a yearly assessment to a bi-annual assessment and such approach has been maintained for year 2022.

INFORMATION TECHNOLOGY

The Authority's information systems played a crucial role in facilitating the successful implementation of its work programme in 2022. Building upon the significant investments made in IT systems in previous years, the focus during this period was on consolidating and optimising existing infrastructure, rather than investing in new systems from scratch. This approach allowed the Authority to extract the maximum possible value from its core systems while minimising additional procurement costs. To achieve this, the Authority conducted a thorough review and mapping of existing processes to ensure optimal utilisation of its systems. Where necessary, adjustments and enhancements were made to streamline and improve these processes.

Recognising the importance of data analysis in its operations, the Authority also allocated resources to keep its data analysis systems up to date with the latest advancements. This included upgrading the MCA's business intelligence solutions, resulting in a more efficient and user-friendly platform for both internal users and external operators. The upgraded system provided enhanced capabilities for data analysis, enabling the Authority to derive valuable insights and make well-informed decisions based on comprehensive and accurate information.

By prioritizing the consolidation and optimisation of existing systems and investing in improved data analysis capabilities, the Authority demonstrated its commitment to maximising the value derived from its IT infrastructure in 2022. These efforts contributed to increased operational efficiency, cost savings, and the ability to make informed decisions based on reliable data.

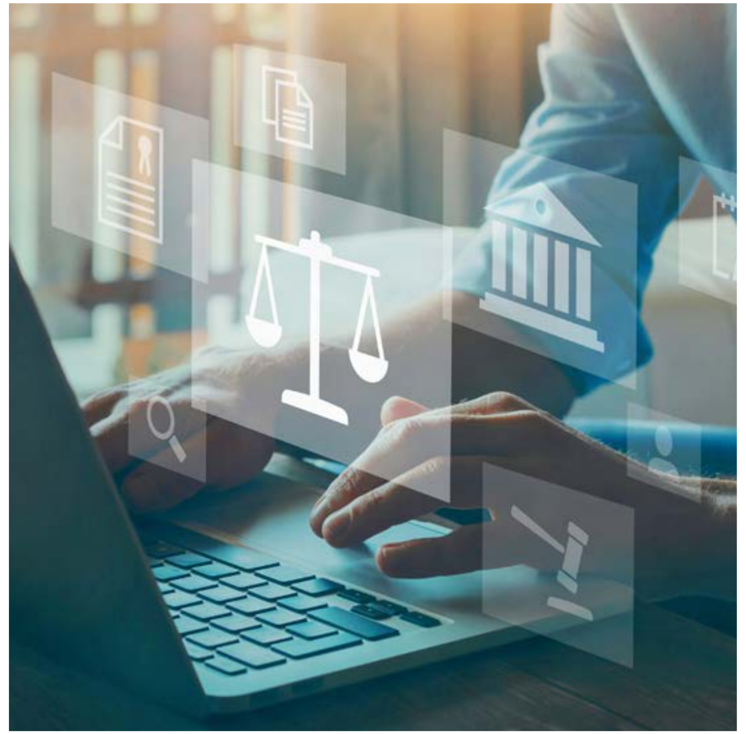
GOVERNANCE AND PERFORMANCE PLANNING

Financial independence plays a crucial role in preserving the MCA's status as an autonomous and efficient regulator, as well as in achieving desired goals for non-regulatory activities assigned to the Authority. To uphold the highest standards of accountability, the MCA is dedicated to maintaining its accountability framework that ensures accurate financial reporting of its activities, including income and expenses.

By doing so, the MCA upholds principles of good governance and secures adequate funding to fulfil its mandate. This enables the MCA to provide excellent service to stakeholders while remaining fully accountable for its actions.

Furthermore, the MCA is committed to maintaining a streamlined and effective strategic and business planning function, alongside regular monitoring of performance against established targets. The MCA reviews its activities on a regular basis and assesses whether the outputs and outcomes are being achieved, and plans are re-evaluated accordingly. Performance planning extends from the strategic and business planning level to individual staff assessments, ensuring alignment and effectiveness throughout the organisation.

LEGISLATION AND LITIGATION



LEGISLATION

The following is a list of laws made or enacted during 2022.

PRIMARY LEGISLATION

No primary legislation was enacted in 2022.

SUBSIDIARY LEGISLATION

Legal Notices published in 2022.

- L.N. 18 of 2022 entitled 'Radiocommunications Apparatus Exemption (Amendment) Order, 2022'. This legal notice amended regulations 2 and 4, and the Annex to S.L. 399.42.
- L.N. 19 of 2022 entitled 'Radiocommunications (Penalties and Voluntary Settlement of Disputes Procedures) (Amendment Regulations) 2022'. This legal notice amended regulations 1 to 5 and the Schedule to S.L. 399.37.
- L.N. 191 of 2022 entitled 'Malta Communications Authority Act (Second Schedule) (Amendment) Order, 2022'. This legal notice amended the Second Schedule to the Malta Communications Authority Act, Chapter 418 whereby Regulation (EU) 2022/612 on roaming on public mobile communications networks within the Union was added to the list of EU laws enforced by the MCA.
- L.N 192 of 2022 entitled 'Roaming on Public Mobile Network (Repeal) Regulations, 2022'. This legal notice repealed the Roaming on Public Mobile Networks Regulations as per S.L. 399.29.

LITIGATION

APPEALS BEFORE THE ADMINISTRATIVE REVIEW TRIBUNAL (ART)

No new appeals were filed before the ART during 2022. There were two outstanding appeals at the end of the year, namely:

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

LITIGATION BEFORE THE FIRST HALL OF THE CIVIL COURT

In 2022, there was no pending litigation.

LITIGATION BEFORE THE COURT OF APPEAL

In 2022, there was no pending litigation before the Court of Appeal (Inferior).

In 2022, in relation to litigation before the Court of Appeal (Superior) there were two pending lawsuits namely:

- An appeal filed by Melita contesting a ruling by the Director General (DG) (Consumer Affairs) within the Malta Competition and

Consumer Affairs Authority (MCCAA) whereby the DG (Consumer Affairs) had, after a complaint by the MCA, determined that Melita had acted in breach of the Consumer Affairs Act (Cap. 378 of the Laws of Malta) in relation to advertising using the word 'unlimited' to promote certain products. In doing so, the DG imposed both a daily and a one-off fine on Melita. Subsequently, Melita contested this decision before the Competition and Consumer Appeals Tribunal. The MCA had, during the proceedings before the aforesaid Tribunal, intervened as a party interested in the outcome having originally submitted the complaint which gave rise to the subject matter of the proceedings. In February 2016, the Tribunal confirmed the DG's ruling. Melita subsequently appealed this decision before the Court of Appeal (Superior). The case was decided by the Court of Appeal on the 11 November 2022, whereby the Court did not uphold Melita's appeal.

- An appeal filed jointly by Vodafone (now Epic Communications Limited) and GO contesting a judgment by the First Hall concerning legal interception fees collected by the MCA on behalf of Government and of the Security Service (see above under 'Litigation before the First Hall of the Civil Court'). This appeal was as on the 31 December 2022 pending for a first appointment before the Court of Appeal (Superior Competence).

INTER-OPERATOR DISPUTES OR COMPLAINTS

In 2022, there were no pending disputes or inter-operator complaints.

DUE DILIGENCE PROCEDURES UNDERTAKEN BY THE MCA

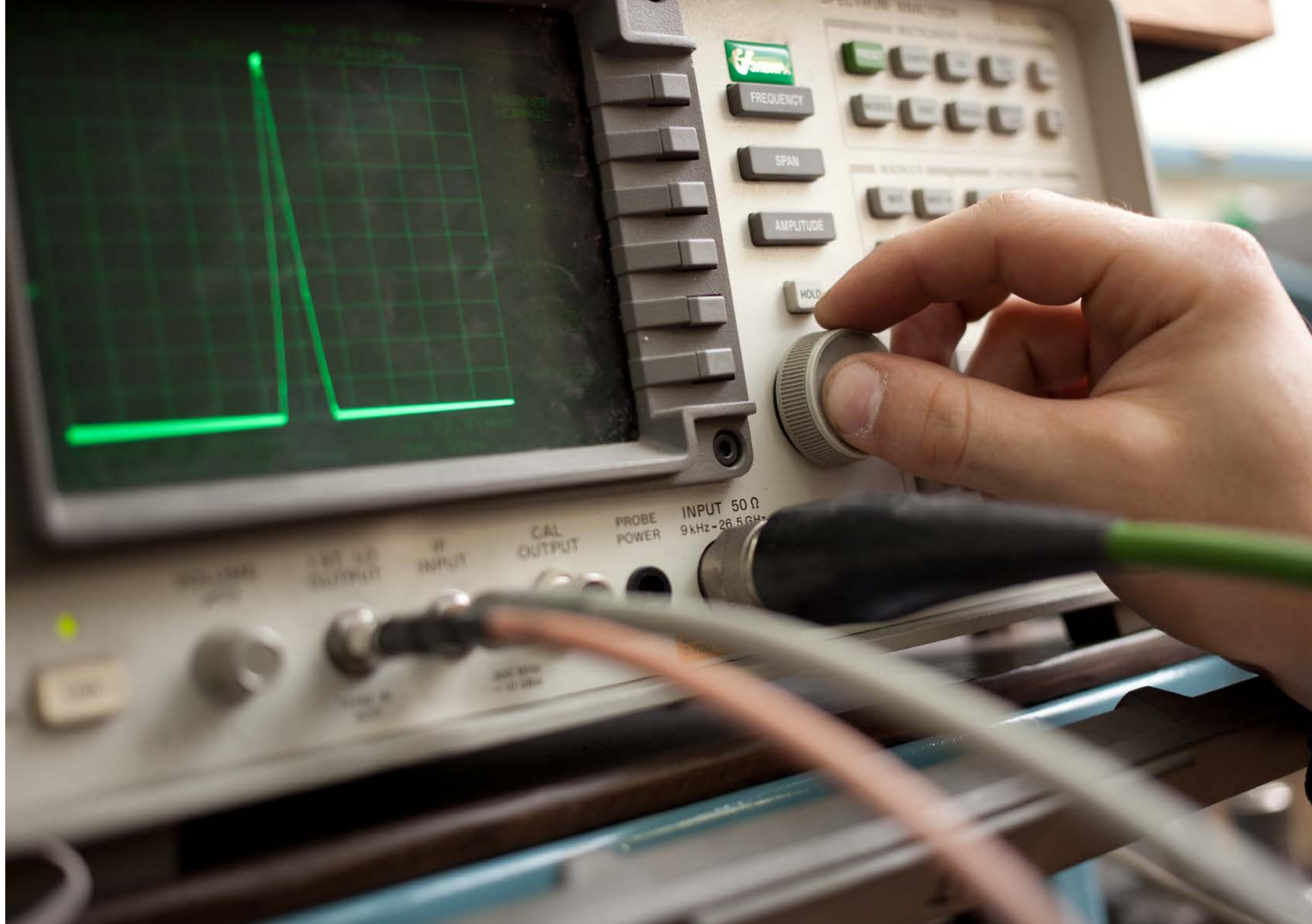
In 2022, there were two instances where a due diligence process was undertaken namely:

Due diligence with regard to a change of ownership of Inmarsat Ventures SE ('Inmarsat')

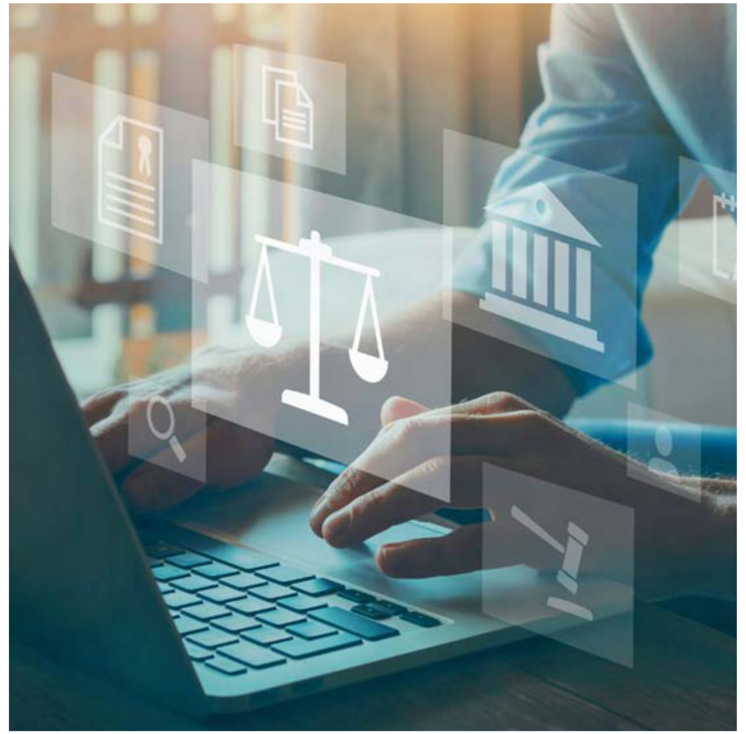
Inmarsat, holders of the rights of use of radio frequency spectrum for the provision of mobile satellite services in Malta, as per its communication dated 8 February 2022 informed the MCA that VIASAT Inc ('Viasat') was acquiring the entire share capital of Inmarsat, effectively leading to a change in ownership. Subsequently Inmarsat were directed by the MCA that it must undergo a due diligence process in accordance with article 34A of the Malta Communications Authority Act (Cap. 418 of the Laws of Malta). Following the submission by Inmarsat of the required information and documentation, the MCA issued a letter of no objection to the proposed change in ownership.

Due diligence in relation following an application by Mob5g.net Malta Limited ('Mob5g') for a 2.5GHz frequency spectrum for the 4th Mobile network

Mob5g, as per a revised application dated 22 April 2022 for 2.5Ghz frequency spectrum for a 4th Mobile network, were directed by the MCA in the first instance to undertake a due diligence process in accordance with the applicable norms, notably article 34A of the Malta Communications Authority Act (Cap. 418 of the Laws of Malta). Mob5g submitted the required documentation and information relating to the due diligence process. As per communication dated 22 June 2022, Mob5g were informed that the due diligence process was concluded successfully. This was without prejudice to the subsequent technical and financial assessment of Mob5g's application by the MCA. On the 5 December 2022 the MCA decided not to uphold Mob5g's application, this in accordance with a report by MCA's Evaluation Committee on the qualification assessment of Mob5g's application.



CONSULTATIONS AND DECISIONS



CONSULTATIONS

- **Consultation on Contracts, Transparency and Termination of Services** - https://www.mca.org.mt/consultations-decisions/consultation-contracts-transparency-and-termination-services
  Published 21st February 2022

  A consultation proposing that the MCA's decisions titled 'Modifications to the Terms and Conditions of Subscriber Contracts' published in 2011 and 'Subscriber Contracts' published in 2012 are updated and consolidated into one final decision.

- **Price Revisions for Certain Postal Services** - https://www.mca.org.mt/consultations-decisions/price-revisions-certain-postal-services
  Published 14th June 2022

  A consultation on revisions to postal tariffs proposed by MaltaPost p.l.c.

- **Universal Service Obligations on Electronic Communications Services - Consultation and Proposed Decision** - https://www.mca.org.mt/consultations-decisions/universal-service-obligations-electronic-communications-services
  Published 24th June 2022

  A consultation paper on the redefinition of the universal service obligations (USOs).

- **Extension of terrestrial 2 GHz spectrum rights of use and complementary work programme** - https://www.mca.org.mt/consultations-decisions/extension-terrestrial-2-ghz-spectrum-rights-use-and-complementary-work
  Published 7th July 2022

  A process initialisation towards formulating the framework for the reassignment of radio spectrum in the paired 2 GHz band.

- **Consultation - MCA Market Analysis concerning the provision of wholesale dedicated capacity in Malta** - https://www.mca.org.mt/consultations-decisions/consultation-mca-market-analysis-concerning-provision-wholesale-dedicated
  Published 30th September 2022

  A consultation on market analysis concerning the provision of wholesale dedicated capacity in Malta.

- **Review of 'Must-Carry' Obligations** - https://www.mca.org.mt/consultations-decisions/review-must-carry-obligations-0
  Published 6th December 2022

  'Must-carry' obligations are subject to periodic review to keep them up to date with technological and market evolution, and to ensure that they continue to be proportionate to the objectives to be achieved.

DECISIONS

- **Decision updating the Directive on Modalities of Payment for Authorisations under the Postal Services Act**
  https://www.mca.org.mt/consultations-decisions/decision-updating-directive-modalities-payment-authorisations-under-postal
  5th January 2022

  The purpose of this Directive is to regulate the manner in which the fees established in the First Schedule to the Postal Services (General) Regulations are paid to the Malta Communications Authority (MCA) and to ensure compliance with regulations 46 and 47 of the aforesaid Regulations.

- **The Assignment Process of Radio Spectrum in VHF Band for Terrestrial Digital Audio Broadcasting (T-DAB) Services in Malta**
  https://www.mca.org.mt/consultations-decisions/assignment-process-radio-spectrum-vhf-band-terrestrial-digital-audio
  7th February 2022
  4th August 2022 (1st Revision)

  This Decision details the assignment process and the relevant licence conditions concerning spectrum channels in the VHF band that are suitable for Terrestrial Digital Audio Broadcasting (T-DAB).

- **Price Revisions for Certain Postal Services**
  https://www.mca.org.mt/consultations-decisions/price-revisions-certain-postal-services-0
  27th June 2022

  Following proposals by MaltaPost p.l.c. for revisions in the price of certain postal services, the Malta Communications Authority (MCA) published its Decision allowing a limited release from price control up to specific price caps.

- **Apparatus General Authorisation established pursuant to Article 30A of the Electronic Communications (Regulation) Act (Cap. 399)** - https://www.mca.org.mt/consultations-decisions/apparatus-general-authorisation-established-pursuant-article-30a-electronic
  22nd July 2022

  This Decision establishes the framework for the installation or use of radiocommunications apparatus regulated by an apparatus general authorisation.

- **Decision Notice - Rights of Use of Radio Spectrum in the 2GHz Band for Terrestrial Systems Capable of Providing Electronic Communications Services** - https://www.mca.org.mt/consultations-decisions/decision-notice-rights-use-radio-spectrum-2ghz-band-terrestrial-systems
  16th August 2022

  Decision Notice on granting of extensions to existing rights of use in the 2 Ghz band.

- **Decision Notice 'Number Portability in Malta'** - https://www.mca.org.mt/consultations-decisions/decision-notice-number-portability-malta
  15th November 2022

  This Decision establishes the new framework for number portability in Malta.

- **MCA Decision concerning the wholesale market for the provision of dedicated capacity in Malta** - https://www.mca.org.mt/consultations-decisions/mca-decision-concerning-wholesale-market-provision-dedicated-capacity-malta
  23rd December 2022

  The MCA's Decision concerning the definition and competitive assessment of the wholesale market concerning the provision of dedicated capacity in Malta.

FINANCIAL STATEMENTS

CONTENTS

GENERAL INFORMATION.. 118

REPORT OF THE MEMBERS OF THE AUTHORITY 118

INDEPENDENT AUDITOR'S REPORT.. 119

INCOME STATEMENT 121

BALANCE SHEET 121

STATEMENT OF CHANGES IN EQUITY... 122

STATEMENT OF CASH FLOWS... 122

NOTES TO THE FINANCIAL STATEMENTS 123

GENERAL INFORMATION

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

MEMBERS OF THE AUTHORITY

Mr J. Bugeja (Acting Chairman)
Ms G. Farrugia
Mr M. Musu (Deputy Chairman)
Mr K. Abela
Mr M. Fava
Dr. A. Mizzi
Mr. M. Zammit (resigned 9 November 2022)

BANKERS

Bank of Valletta plc
Merchant Street
Valletta
MALTA

APS Bank Ltd.
APS Centre
Tower Street
Birkirkara BKR 4012
MALTA

HEAD OFFICE

Malta Communications Authority
Valletta Waterfront
Pinto Wharf
Floriana FRN 1913
MALTA

AUDITOR

Ernst & Young Malta Limited
Certified Public Accountants
Regional Business Centre
Achille Ferris Street
Msida MSD 1751
MALTA

REPORT OF THE MEMBERS OF THE AUTHORITY

The Members of the Authority submit their annual report together with the audited financial statements for the year ended 31 December 2022.

Principal activity

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

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

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

Results

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

The total net operating income generated by the Authority during the year amounted to EUR12,828,480 (2021: EUR12,119,672) out of which licensing and usage fees for scarce resources, amounting to EUR8,432,911 (2021: EUR8,173,132) were transferred to the Government of Malta. After meeting all expenditure of EUR4,304,770 (2021: EUR3,902,240) the Authority closed off the year with a surplus, net of taxation, of EUR70,073 (2021: EUR41,737).

Expenditure incurred by the Authority not in connection with electronic communications, amounting to EUR1,001,418 (2021: EUR917,153) has been deducted from usage fees for scarce resources forwarded to the Government of Malta.

Members of the Authority

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

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

Statement of responsibilities of the Members of the Authority

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

REPORT OF THE MEMBERS OF THE AUTHORITY - continued

Auditor

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

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

MR. J. BUGEJA
Acting Chairman

MR. M. MUSU
Deputy Chairman

20 April 2023

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Malta Communications Authority ("the Authority") set on pages 8 to 21, which comprise the balance sheet as at 31 December 2022 and the income statement, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Authority as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-sized Entities) Regulations 2015 and the Schedule accompanying and forming an integral part of those regulations ("GAPSME"), and the requirements of the Malta Communications Authority Act, Cap. 418 of the Laws of Malta.

Basis for opinion

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

Other information

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

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

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

Report on the audit of the financial statements - continued

Responsibilities of the members for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members.

- conclude on the appropriateness of the members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

Report on the audit of the financial statements - continued

Auditor's responsibilities for the audit of the financial statements – continued

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

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

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

Ernst & Young Malta Limited
Certified Public Accountants

20 April 2023

INCOME STATEMENT
for the year ended 31 December 2022

	Notes	2022 EUR	2021 EUR
Income			
Revenue	3	**12,828,030**	12,119,442
Other income	4	**450**	230
		12,828,480	12,119,672
Expenditure			
Staff costs	5	**(2,769,879)**	(2,708,325)
Operating and administrative expenses	6	**(1,257,686)**	(967,456)
Depreciation	10	**(277,205)**	(226,459)
Operating surplus		**8,523,710**	8,217,432
Net finance expense	7	**(20,688)**	(2,461)
		8,503,022	8,214,971
Transfers to Government	8	**(8,432,911)**	(8,173,132)
Surplus before taxation		**70,111**	41,839
Taxation	9	**(38)**	(102)
Surplus for the financial year		**70,073**	41,737

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

BALANCE SHEET
as at 31 December 2022

	Notes	2022 EUR	2021 EUR
ASSETS			
Non-current assets			
Property, plant and equipment	10	**802,918**	617,645
Current assets			
Trade and other receivables	11	**2,251,217**	2,114,726
Income tax receivable		**18,186**	18,186
Cash and short-term deposits	15	**2,498,087**	2,974,578
Total current assets		**4,767,490**	5,107,490
TOTAL ASSETS		**5,570,408**	5,725,135
EQUITY AND LIABILITIES			
Reserve			
Retained earnings	12	**944,838**	874,765
Current liabilities			
Trade and other payables	13	**4,625,570**	4.850.370
Total liabilities		**4,625,570**	4.850.370
TOTAL EQUITY AND LIABILITIES		**5,570,408**	5.725.135

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

The financial statements on pages 8 to 21 have been authorised for issue by the Members on 20th April 2023 and were signed on their behalf by:

MR. J. BUGEJA
Acting Chairman

MR. M. MUSU
Deputy Chairman

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2022

	Retained earnings EUR
FINANCIAL YEAR ENDED 31 DECEMBER 2022	
Balance at 1 January 2022	**874,765**
Surplus for the year	**70,073**
Total comprehensive income	**70,073**
Balance at 31 December 2022	**944,838**
FINANCIAL YEAR ENDED 31 DECEMBER 2021	
Balance at 1 January 2021	833,028
Surplus for the year	41,737
Total comprehensive income	41,737
Balance at 31 December 2021	874,765

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

STATEMENT OF CASH FLOWS
for the year ended 31 December 2022

	Note	2022 EUR	2021 EUR
Operating activities			
Surplus before taxation		**70,073**	41,839
Non-cash adjustment to reconcile surplus before tax to net cash flows:			
Depreciation of property, plant and equipment		**278,095**	226,459
Loss on disposal of property, plant and equipment		**-**	114
Transfers to Government		**9,434,327**	8,165,108
Finance expense		**20,688**	2,461
Working capital adjustments:			
Movement in trade and other receivables		**31,864**	(1,212,407)
Movement in trade and other payables		**(224,762)**	(474,122)
		9,610,285	6,749,452
Interest paid		**(20,688)**	(2,461)
Income tax paid		**(38)**	(102)
Income tax refunded		**-**	6,273
Net cash flows from operating activities		**9,589,559**	6,753,162
Investing activities			
Purchase of property, plant and equipment		**(463,368)**	(74,506)
Net cash flows used in investing activities		**(463,368)**	(74,506)
Financing activities			
Funds paid to Government		**(9,602,682)**	(7,789,059)
Net cash flows used in financing activities		**(9,602,682)**	(7,789,059)
Net decrease in cash and cash equivalents		**(476,491)**	(1,110,403)
Cash and cash equivalents at 1 January		**2,974,578**	4,084,981
Cash and cash equivalents at 31 December	15	**2,498,087**	2,974,578

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

2.1 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

The financial statements have been prepared under the historical cost convention and are presented in Euro. These financial statements have been prepared in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations 2015 and the Schedule accompanying and forming an integral part of those Regulations ("GAPSME") and comply with the provisions of the Malta Communications Authority Act, Cap. 418 of the Laws of Malta.

The financial statements have been prepared on a going concern basis.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Revenue recognition

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

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

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

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

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

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue recognition – continued

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

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

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

Retirement benefit costs

The Authority contributes towards the state pension in accordance with local legislation and does not provide for other contributions or retirement benefit plans or pensions. Related costs are expensed during the period in which they are incurred.

Property, plant and equipment

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

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

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

The useful life and depreciation method is reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of tangible assets. Collectables and antiques are not depreciated.

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

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Impairment of assets

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

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

Trade and other receivables

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

Financial instruments

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

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

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

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Cash and short-term deposits

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

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

Trade and other payables

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

Taxation

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

Deferred taxation

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

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

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

Foreign currencies

The Authority's financial statements are presented in Euro, which is the Authority's functional and presentation currency. Transactions in foreign currencies have been converted into Euro at the rates of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated into Euro at the rates of exchange ruling at the statement of financial position date. All resulting differences are taken to the statement of comprehensive income.

Related parties

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

Cost Apportionment Methodology

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

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In preparing the financial statements, the members are required to make judgments, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements. These estimates are reviewed on a regular basis and if a change is needed, it is accounted in the period the changes become known.

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

3. REVENUE

The revenue generated by the Authority is made up of:

	2022 EUR	2021 EUR
Administrative charges	**3,056,392**	2,817,216
Rights of way income and postal licensing (note i)	**949,311**	1,056,149
Usage fees for scarce resources (note i)	**7,385,668**	7,043,920
Application fees and other operating income (note i)	**1,436,659**	1,202,157
	12,828,030	12,119,442

i) All revenue generated from rights of way income, postal licensing, usage fees for scarce resources and application fees is transferred to the Government of Malta (note 8), except for an amount of EUR1,001,418 (2021: EUR917,153) intended to finance expenses incurred by the Authority not in connection with electronic communications.

4. OTHER INCOME

Other income relates to sales of commemorative stamps amounting to EUR450. The other income of 2021 related to fines imposed by the Authority amounting to EUR230.

5. EMPLOYEE INFORMATION

a. Staff costs

The total employment costs were as follows:

The Authority:

	2022 EUR	2021 EUR
Members' emoluments	**109,966**	98,858
Wages and salaries	**2,503,270**	2,452,419
Social security costs	**156,643**	157,048
	2,769,879	2,708,325

b. Staff numbers

The average number of persons employed full time by the Authority during the year amounted to 72 (2021: 74).

6. OPERATING AND ADMINISTRATIVE EXPENSES

	2022 EUR	2021 EUR
The Authority		
Outsourced project costs	**215,995**	11,472
Corporate administrative expenses	**624,054**	548,612
Public relations and communications	**120,407**	140,343
Travelling expenses	**58,478**	14,308
Auditor's remuneration	**11,446**	11,446
Rental expenses	**157,621**	157,621
Administrative Services rendered by the Ministry for Infrastructure, Transport and Communications	**67,677**	83,654
	1,255,678	967,456
EU funded projects		
Outsourced project costs	**2,008**	-
	2,008	-
Total operating and administrative expenses	**1,257,686**	967,456

7. NET FINANCE (EXPENSE) / INCOME

	2022 EUR	2021 EUR
On cash and short-term deposits	**253**	680
On amounts due from debtors	**2,709**	2,539
Fair Value movement on short-term deposits	**(23,650)**	(5,680)
Net Finance Expense	**(20,688)**	(2,461)

8. TRANSFERS TO GOVERNMENT

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

This amount is net of expenses incurred by the Authority which were not in connection with Electronic Communications amounting to EUR1,001,418 (2021: EUR917,153).

9. TAXATION

	2022 EUR	2021 EUR
Current tax	**38**	102
Deferred tax (note i)	**-**	-
	38	102

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% (2021: 35%) as follows:

	2022 EUR	2021 EUR
Surplus before transfers to Government and taxation	**8,503,022**	8,214,971
Theoretical taxation expense at 35%	**2,976,058**	2,875,240
Tax effect of		
- income not subject to tax	**(2,943,241)**	(2,858,608)
- difference between capital allowances and depreciation	**(32,728)**	(16,394)
- income subject to different tax rates	**(51)**	(136)
	38	102

9. TAXATION - continued

i) Under the legislation in force governing the operations of the Authority, the Authority charges administrative fees to the service providers equivalent to its cost. Moreover, all the license fees collected are transferred to the Government. Since the Authority is not expected to generate any taxable profits, management is of the opinion that no deferred tax asset should be accounted for. In view this fact, the potential deferred tax asset amounting to EUR70,911 (2021: EUR108,387) has not been accounted for in these financial statements.

10. PROPERTY, PLANT AND EQUIPMENT

	Building improvements EUR	**Computer equipment(i) EUR**	**Fixture, fitting and equipment EUR**	**Motor vehicle EUR**	**Total EUR**
Cost					
At 1 January 2021	374,490	2,188,817	486,402	89,682	3,139,391
Additions	-	73,303	1,203	-	74,506
Disposals	-	-	(2,523)	-	(2,523)
At 31 December 2021	**374,490**	**2,262,120**	**485,082**	**89,682**	**3,211,374**
Additions	**-**	**454,586**	**8,783**	**-**	**463,369**
Disposals	**-**	**-**	**(5,676)**	**-**	**(5,676)**
At 31 December 2022	**374,490**	**2,716,706**	**488,189**	**89,682**	**3,669,067**
Depreciation					
At 1 January 2021	364,772	1,491,926	433,762	79,219	2,369,679
Depreciation charge for the year	7,891	201,452	11,897	5,219	226,459
Depreciation released on disposal	-	-	(2,409)	-	(2,409)
At 31 December 2021	**372,663**	**1,693,378**	**443,250**	**84,438**	**2,593,729**
Depreciation charge for the year	**1,335**	**258,845**	**12,697**	**5,219**	**278,096**
Depreciation released on disposal	**-**	**-**	**(5,676)**	**-**	**(5,676)**
At 31 December 2022	**373,998**	**1,952,223**	**450,271**	**89,657**	**2,866,149**
Net book value					
At 31 December 2022	**492**	**764,483**	**37,918**	**25**	**802,918**
At 31 December 2021	1,827	568,742	41,832	5,244	617,645

(i) Total additions of Spectrum Management Equipment and Software amounting to EUR442,255(2021: EUR17,842) are included with Computer equipment. The total net book value of this category as at 31 December 2022 amounted to EUR729,175 (2021: EUR517,941).

NOTES TO THE FINANCIAL STATEMENTS – continued

11. TRADE AND OTHER RECEIVABLES

	2022 EUR	2021 EUR
Trade receivables (note i)	**1,717,188**	1,731,127
Prepayments	**311,593**	329,518
Amount due from Government	**222,436**	54,081
	2,251,217	2,114,726

i) Trade receivables are non-interest bearing and are generally on a 30-day term. Trade receivables are stated net of provision for doubtful debts of Nil (2021: Nil).

			Past due but not impaired		
	Total EUR	Neither past due nor impaired EUR	30-60 days EUR	60-90 days EUR	>90 days EUR
2022	**1,717,188**	**1,659,827**	**30,665**	**3,235**	**23,461**
2021	1,731,127	1,626,496	33,818	2,910	67,903

12. RESERVE

The balance on the retained earnings in the statement of financial position as at 31 December 2022 represents the resulting net accumulated surplus over the years.

13. TRADE AND OTHER PAYABLES

	2022 EUR	2021 EUR
Deferred income (note i)	**3,901,588**	4,343,674
Accruals	**405,508**	273,685
Social security contributions and other taxes	**56,267**	56,828
Trade and other payables (note ii)	**262,207**	176,183
	4,625,570	4,850,370

i) Deferred income comprises of the unexpired portion of annual fees billed in advance together with the surplus of administrative charges, amounting to EUR42,772 (2021: EUR330,092) paid by undertakings authorised to provide electronic communication services and/or operate electronic communications networks, over the administrative expenses incurred by the Authority in the discharge of its functions. The Authority shall make appropriate repayments or compensation in relation to such surplus in accordance with the Electronic Communications (Regulation) Act and the Directive of 2004, as amended by Directive No. 1 of 2007, on modalities of payment for general authorisations and rights of use.

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

Annual Report and Financial Statements 2022 | Financial Statements

NOTES TO THE FINANCIAL STATEMENTS - continued

14. RELATED PARTY DISCLOSURES

Transactions with key management personnel

During the year ended 31 December 2022, short term employee benefits to key management personnel amounted to EUR413,755 (2021: EUR409,995).

Other related party transactions

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

	2022 EUR	2021 EUR
Payments to Government of Malta	**8,159,099**	7,789,059

Related party balances

Outstanding balances with related parties as at 31 December 2022 are disclosed in note 11 and note 13.

15. CASH AND SHORT-TERM DEPOSITS

	2022 EUR	2021 EUR
Cash at bank and in hand	**2,498,087**	2,451,725
Short-term deposits	**-**	522,853
	2,498,087	2,974,578

16. CONTINGENT LIABILITIES

Legal claims

The Authority has a pending arbitration case filed by a third party, relating to a traffic accident involving a vehicle driven by one of the Authority's employees and used of for Authority work. If the claim is decided against the defendant, then the Authority may be required to pay the awarded damages which, under the claim, are in an amount of EUR2,325 (2021: EUR2,325) together with legal interest as from 20 August 2015 and expenses. Outcome of such claim is still unknown.

17. SUBSEQUENT EVENTS

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

NOTES