



DECISION NOTICE

Review of GO plc's application for funding of the net cost claimed to have been incurred to provide universal service obligations during 2021

Response to Consultation and Decision

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1 Executive Summary

In March 2026, the Malta Communications Authority (hereinafter the "MCA") published a consultation and proposed decision on the review of GO plc's application for funding of the net cost claimed to have been incurred in providing universal service obligations (hereinafter "USOs") during the financial year 2021.¹

During 2021, the MCA published a decision on the provision of universal services in the electronic communications sector, entitled "Review of Universal Service Obligations on Electronic Communication Services" (MCA/D/21-4167, hereinafter the "2021 USO Decision"). The USOs are intended to ensure that all end-users, irrespective of location or social means, have access to electronic communications services. The universal service components applicable under the 2021 USO Decision are outlined in Section 2.

Undertakings responsible for providing all or part of the USOs may submit a claim for compensation in relation to any unfair burden they consider to have incurred in providing the respective USO, in accordance with the 2021 USO Decision. In this context, the MCA received a written request from GO plc (hereinafter "GO"), as the universal service provider (hereinafter "USP"), seeking compensation for the net cost it considered it had incurred during financial year 2021 in providing certain components of the universal services. The MCA commissioned Ernst & Young Limited (hereinafter "EY"), as an independent body, to review and verify GO's net cost calculations, taking into account any associated market benefits.

As established in the 2021 USO Decision, the USP is required to submit sufficient and detailed information to support its claim. The information and evidence provided by GO formed the basis for assessing whether the provision of the USOs resulted in an unfair burden. GO's funding application covered the following USO components: social tariffs and a comprehensive electronic directory. The application also included an intangible benefit, namely the brand enhancement element.

The evaluation process consisted of two phases, namely:

- a Reasonability Phase to evaluate the reasoning behind GO's claim; and
- a Calculation Accuracy Phase to review and verify the various calculations, including those related to the intangible benefits.

Following the review and verifications carried out by EY, it was established that GO had incurred an element of unfair burden in providing social tariffs during financial year 2021 which, after accounting for intangible benefits, amounted to a net cost of €117,604. The results of the cost calculations and the conclusions of the review for each USO component are presented in Section 4 ("Review and Assessment of the Net Cost") and in Annex 1.

¹ GO's financial year was from 1 January 2021 to 31 December 2021.

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The aforementioned consultation and proposed decision on the review of GO's funding application for the financial year 2021 was published on 20 March 2026 on the MCA website, and the consultation period ran until 20 April 2026. The MCA did not receive any feedback on its consultation and proposed decision.

The allocation of the source of USO funding will be addressed separately through a dedicated consultation process and subsequent Decision Notice.

2 Introduction

The Electronic Communications (Regulation) Act (Cap. 399 of the Laws of Malta, hereinafter the "Act") defines universal services as the minimum set of services of specified quality which is available to all users regardless of their geographical location and, in the light of specific national conditions, at an affordable price.²

In March 2021, the MCA published the 2021 USO Decision Notice, which supersedes the USO Decision Notice published in May 2015 (hereinafter the "2015 USO Decision"). The 2021 USO Decision Notice introduced updates to the universal service framework in the electronic communications sector to address evolving market and technological requirements. It established a number of universal services to be provided, in part or in full, by the USP, for a period of time as the MCA may specify.

In addition to establishing the updated universal service framework, the 2021 USO Decision also introduced several changes to the scope of the obligations. It no longer imposed the provision of public payphones, facsimile communications capability at a fixed location, and the requirement for the comprehensive electronic directory to include an interface catering specifically for smartphone-based users. It also broadened the means by which the USP may provide pre-payment services, extending these beyond fixed voice communications services.

The 2021 USO Decision maintained the same USP designations as stipulated in the 2015 USO Decision. The latter provided that the MCA may designate different undertakings or sets of undertakings to provide different elements of universal services and/or to cover different parts of the Maltese islands, and that, in default of an expression of interest from third parties, or where the established criteria are not satisfied, the MCA was required to designate an undertaking to be responsible for providing each of the universal services. Given that no undertaking expressed interest to provide one or more of the universal services defined in the 2015 USO Decision, the MCA designated GO to provide the universal services in question.

Following the entry into force of the 2021 USO Decision, GO provided the following universal services:

Access at a fixed location:

This universal service includes access to voice communications services and broadband internet access service at a fixed location. It applies only where no other public communications networks providers can offer a connection at a fixed location at an affordable price.

Comprehensive Electronic Directory:

The provision of a comprehensive, web-based electronic telephone directory.

² Cap. 399, article 2.

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Specific measures for disabled users including 'Telecare' type of service:

The 'Telecare' type of service comprises the provision of a service that allows easy access to emergency/assistance services.

Reduced tariff options:

The provision of a reduced tariff option to render the universal service affordable for eligible consumers, particularly vulnerable users on low incomes or with special social needs.

Measures ensuring users can control expenditure:

These measures comprise a free of charge selective call barring facility for outgoing calls and a pre-payment service.

Chronology of the current claim:

As outlined in the Electronic Communications Networks and Services (General) Regulations (SL 399.48 of the Laws of Malta, hereinafter "SL 399.48") and in the 2021 USO Decision, a USP has the right to seek funding for any net cost accrued in meeting USOs within eleven months following the end of the relevant financial year. Such a request must be made in writing and must be accompanied by sufficiently detailed supporting evidence to enable the MCA to determine whether the provision of the universal service(s) resulted in an unfair burden on the USP.³

In November 2022, GO submitted an application for the funding of the net cost it claimed to have incurred in providing universal services during 2021. This application was accompanied by a report outlining the methodology and calculations for each of the USO components included in the claim, as well as a cost model.

In this regard, the MCA commissioned EY to review this claim in order to assist the MCA in assessing the application and determining whether the information and evidence provided by GO was sufficiently detailed to support it. To expedite the process, the MCA sought GO's approval to make use of, and refer to, the information, explanations and documents previously provided by GO for earlier USO claim reviews. GO confirmed that the MCA and its consultants, EY, could make use of the information and documentation submitted for those previous claims.

The evaluation exercise followed the same process applied in previous USO claim reviews, comprising two main phases: a Reasonability Phase and a Calculation Accuracy Phase. Further details and the outcomes of these workstreams are described below.

³ SL 399.48, regulation 76.

2.1 Reasonability Phase

The goal of the Reasonability Phase was to analyse the validity of the reasoning GO used to support its claim. As part of this process, EY was asked to thoroughly investigate and assess the following elements for each universal service:

- the grounds on which the claim for funding are based;
- whether the claim is coherent with regulatory principles;
- the extent to which the claimed funding is attributed to USOs; and
- the approach used to quantify the intangible benefit aspect of the claim.

EY finalised the Reasonability Phase in November 2025, and the findings were included in a report that was sent to GO. The findings arising from this phase can be found in Section 4 ("Review and Assessment of the Net Cost").

2.2 Calculation Accuracy Phase

The objective of the Calculation Accuracy Phase was to review and verify the various calculations, including those used to quantify the intangible benefits, that GO provided in its claim. Following a number of information and clarification requests on specific aspects of the claim, GO submitted the final revised cost model in December 2025. In January 2026, the MCA also reached out to the Ministry for Health and Active Ageing, being the Ministry responsible for social tariffs, regarding the number of eligible subscribers who benefitted from social tariffs during 2021. EY finalised the Calculation Accuracy Phase in February 2026.

The MCA requested EY to submit an abridged version of the review report covering the cost calculations and the conclusions of the review and verification exercise, prepared in a form suitable for publication without disclosing any commercially sensitive financial information. This abridged report is included in Annex 1 of this document, and a summary of its findings is provided in Section 4 ("Review and Assessment of the Net Cost").

3 Legal Basis

In accordance with the Act, the MCA shall be responsible for assessing the unfair burden and calculating the net cost of the provision of universal service.⁴ The fundamental aspects of the costing and financing of universal services are outlined in SL 399.48 and in Directive 2002/22/EC (as amended) and Directive (EU) 2018/1972 (hereinafter collectively referred to as the "USO Directives").⁵

Regulation 76 of SL 399.48 stipulates that where the MCA considers that the provision of an adequate broadband internet access service as defined in regulation 71(3), and of voice communications services, as set out in regulations 71, 72 and 73, or the continuation of the existing universal service under regulation 74, may represent an unfair burden on providers of such services that request compensation, the MCA shall calculate the net costs of such provision.

The net costs of the USOs shall be determined by the MCA either through calculating the net cost in accordance with the Seventh Schedule⁶, taking into account any market benefits accruing to the USP and ensuring that the USOs were provided in a cost-effective manner, or by relying on the net costs identified through a designation mechanism in accordance with regulation 73(4).

Providers requesting compensation must submit a detailed written request to the MCA, including the accounts and other information forming the basis for the calculation of the net cost of the USOs. The MCA, or an independent body approved by the MCA, determines whether the USO funding application submitted by the USP represents an unfair burden on that provider in respect of the claimed USO components. Regulation 76 also stipulates that an audit or verification exercise must be carried out on the calculations of any net cost claimed. Following that exercise, the results of the cost calculation and the conclusions shall be made publicly available.

⁴ Cap. 399, article 5A(1)(j).

⁵ As a result of the transposition of the Directive (EU) 2018/1972, Cap. 399 of the Laws of Malta was amended by Act Number LII of 2021, whereas SL 399.28 of the Laws of Malta was repealed by LN 379 of 2021 and replaced by SL 399.48. All these new laws came into effect as from 1 October 2021. As the USO provisions which were previously included in regulation 30 of SL 399.28 have been substantively retained in regulation 76 of SL 399.48, this Decision Notice refers throughout to SL 399.48, including in relation to periods prior to the entry into force of the new regulations, for consistency and clarity.

⁶ SL 399.48

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claimed to have been incurred to provide universal services during 2021

The financing of USOs is addressed in Regulation 77⁷ which stipulates that, based on the net cost calculation, where the MCA finds that a USP is subject to an unfair burden, the MCA shall, upon request from the provider concerned, decide to introduce a mechanism to compensate that provider from public funds and/or to share the net cost of the USOs between providers of electronic communications networks and services. The mechanism to compensate the provider from public funds shall be subject to the approval of the Minister responsible for communications, granted with the concurrence of the Minister responsible for finance.

The identification of the source of the USO funding, which may depend on the nature of the USO in question, shall be addressed separately by the MCA through a dedicated consultation process and a subsequent Decision Notice.

⁷ Regulation 77 of SL 399.48, as referred to in this Decision Notice, substantively retains the provisions previously found in regulation 31 of SL 399.28. SL 399.48 became effective on 1 October 2021, following the repeal of SL 399.28 by LN 379 of 2021.

4 Review and Assessment of the Net Cost

As noted earlier in this document, the MCA commissioned EY to evaluate the reasoning behind GO's claim and to review and verify the various calculations of the net cost that GO claimed to have incurred during 2021 in fulfilling its obligations by providing universal services on electronic communications services beyond normal commercial conditions. The net cost is calculated as the difference between the net cost for any undertaking operating with the USOs and the net cost when operating without such obligations.⁸

As outlined in Section 2, the evaluation exercise comprised two main phases, namely the Reasonability Phase and the Calculation Accuracy Phase. The MCA also requested EY to prepare an abridged version of its full report that would allow the results of the cost calculations and the conclusions of the review and verification exercise to be made publicly available, while safeguarding commercially sensitive financial information. The public version of EY's report, entitled "Review of GO plc's application for funding of the net cost claimed to have been incurred to provide universal service obligations during 2021", is provided in Annex 1.

For financial year 2021, GO included the following components in its claim:

- Social tariffs;
- Comprehensive electronic directory; and
- Intangible benefits.

GO's original request for compensation for 2021, submitted in 2022, amounted to a total net cost of €134,021. The claim was prepared using the same cost model applied in previous years.

In particular, GO's cost model and claim for 2021 were based on a current net cost approach, reflecting the actual line rental charged to its subscribers during the financial year under review, in line with MCA's previous decisions on USO claims. Furthermore, as in previous USO claims, GO's 2021 USO claim was based on a fully allocated cost approach, using a top-down cost model that factors in its operational data through a historical cost accounting methodology.

As part of its Calculation Accuracy Phase assessment, EY issued an information request list to obtain further details from GO. Following the feedback and clarifications provided on several elements of the cost model, GO submitted a final revised version in December 2025.

⁸ SL 399.48, the Seventh Schedule thereto.

The main updates incorporated in the final cost model are:

- Revised figure for the number of beneficiaries of the free fixed line rental service, together with an updated standard line rental rate reflecting the prevailing 2021 tariff. These revisions affect the social tariffs cost component;
- Removal of the depreciation costs included for the comprehensive electronic directory, given that the directory smartphone application launched in 2016 had been fully depreciated by 2020, and an updated opening net book value (hereinafter "NBV") for the comprehensive electronic directory aligned with the closing NBV reported in the 2020 claim; and
- An updated average population figure for Malta for 2021, based on the 2021 Census of Population and Housing, which affects the calculation of intangible benefits.

Following the revisions made by GO as outlined above, the net cost of GO's 2021 USO claim decreased from €134,021 to €117,604. The following sub-sections provide a more detailed explanation of the review work carried out on each USO component claimed by GO for funding. Further details are available in Annex 1.

4.1 Social Tariffs

The social tariffs USO component concerns the provision of reduced tariffs that ensure the affordability of the relevant electronic communications services for eligible end-users, as well as the specific measures available to disabled end-users. In line with the 2021 USO Decision, this component includes the reduced fixed line rental service and the Telecare type of service, both of which are offered to qualifying low-income earners or persons with special social needs included in a list issued by the competent Ministry or public entity.

During the Reasonability Phase, EY confirmed that, based on the USO Directives and the 2021 USO Decision, social tariffs can form part of the USO claim, as they constitute social obligations imposed on the USP.

GO applied the same methodology used in previous claims, adopting a current net cost approach. This approach ensures that the funding requirement for the social tariffs component is not overstated by preventing the inclusion of a charge higher than the actual rate applied to conventional GO subscribers in 2021. The net cost for social tariffs was calculated as the difference between the 2021 retail price and the amount charged to eligible subscribers, which in this case was zero.

As in previous years, GO claimed for two types of social tariffs provided free of charge in 2021, namely the free Telecare service and the free fixed line rental service. Consistent with the 2020 claim, GO distinguished between two sub-categories of Telecare subscribers, namely Standard Telecare subscribers and Telecare Plus subscribers, and applied a weighted average rate based on the respective number of subscribers.

During the Calculation Accuracy Phase, a request for clarifications was issued to GO regarding the number of subscribers included in the calculation for the free fixed line rental service. GO subsequently confirmed that subscribers who had been migrated to a bundled product had been erroneously included, and the number of beneficiaries of the free fixed line rental service was adjusted accordingly.

Information was also obtained from the Ministry for Health and Active Ageing, which is responsible for social tariffs, on the number of beneficiaries eligible for the free Telecare service (Standard Telecare and Telecare Plus) and the free fixed line rental service in 2021. The adjusted number of beneficiaries claimed in 2021 comprised of 1,668 free Telecare service users (222 Standard Telecare users and 1,446 Telecare Plus users) and 767 free fixed line rental users.

Moreover, in its original claim, GO incorrectly applied the standard line rental fee consistent with the 2020 claim, rather than the updated standard line rental following the price increase implemented in 2020. GO subsequently amended the cost model to reflect the correct tariff.

Taking both adjustments into account, namely the reduction in beneficiaries of the free fixed line rental service and the increase arising from the corrected standard line rental tariff, the overall effect was a decrease in the social tariffs USO cost component to €158,020.

As a result, the social tariffs USO component under the current net cost scenario comprised €64,498 for specific measures for disabled end-users and €93,522 for reduced tariff options, amounting to a net cost of €158,020. Further detail on this USO component is provided in Annex 1.

4.2 Comprehensive Electronic Directory

The 2015 USO Decision introduced an additional requirement for the designated undertaking to provide an interface suitable for smartphone users within the comprehensive electronic directory component. To meet this requirement, GO developed a directory smartphone application, which it made available free of charge to end-users. The application was launched in December 2016.

In preparation for the consultation process leading to the 2021 USO Decision, the MCA reassessed the continued need for a dedicated smartphone-specific interface in light of how end-users were accessing the directory service. By March 2020, usage data indicated that although several thousand users had initially downloaded GO's directory smartphone application, more than 80% had subsequently removed it from their devices. During the same period, GO informed the MCA that it had developed an online directory facility offering the same user experience as the application and optimised for mobile devices, at a time when websites had become universally accessible and functional across both large-screen and small-screen devices.

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In this context, the MCA considered that it was no longer necessary to require the USP to provide a separate interface specifically for smartphone users, provided that the online directory continued to deliver an equivalent user experience. As a result, the requirement for the comprehensive electronic directory to include an interface catering specifically for smartphone-based users was withdrawn in the 2021 USO Decision.

In its original 2021 claim, GO included a net cost associated with the provision of the directory smartphone application. The methodology used to calculate the net cost for the comprehensive electronic directory in the 2021 claim followed the approach established in the Decision Notices for the review of GO's USO claims for financial years 2016 to 2020.

During the Reasonability Phase, EY concluded that, since the directory smartphone application launched in 2016 had been fully depreciated by 2020, and the obligation to make available an interface suitable for smartphone users had been withdrawn by the 2021 USO Decision, no development or maintenance costs related to the application should be included under the comprehensive electronic directory component for the 2021 claim. EY therefore determined that the claimed cost component for the comprehensive electronic directory would be examined in further detail in the Calculation Accuracy Phase.

During the Calculation Accuracy Phase, it was identified that GO's claim applied an opening NBV for 2020 that exceeded the closing NBV of €0 recorded for 2019. GO was therefore requested to revise this figure, leading to a reduction in the net cost associated with the comprehensive electronic directory. Additional clarifications were requested regarding the depreciation value included in GO's original 2021 claim. In line with GO's accounting policy, under which a full year of depreciation was recognised in the year of acquisition of the directory smartphone application (2016), no capital depreciation should have been applied in the final year of the asset's estimated useful life (January-November 2021). The depreciation was accordingly updated to €0 in the final claim.

As a result of the Calculation Accuracy Phase assessment, the net cost for the comprehensive electronic directory component decreased to €0. Further information on this USO component is set out in Annex 1.

4.3 Intangible Benefits

In accordance with regulation 76 and the Seventh Schedule of SL 399.48, GO's USO claim for funding included intangible benefits arising from the provision of universal services, which are deducted from the net cost.⁹

As in previous claims, GO incorporated a brand enhancement element as part of these intangible benefits, while excluding the ubiquity, life cycle and marketing benefits elements. The brand enhancement is defined as the improvement to the USP's brand resulting from the provision of universal services and the associated effect on end-users' perception that may influence overall profitability. In its original 2021 USO claim, GO quantified this benefit using the same methodology first applied in its 2020 claim.

Under this approach, the mean benefit per inhabitant, derived from benchmarks of other European USPs, is multiplied by Malta's average population for the relevant year. This replaced the earlier methodology used in the claims for 2017 to 2019, which relied on the mean percentage share of total fixed line revenues derived from the benchmark percentages of other European USPs.

The benefit per inhabitant benchmark values used for the 2021 claim, as with the 2020 claim, reflect those set out in the report entitled "Assessment of the eir's calculation of intangible benefits for 2015/16 report", prepared by Oxera in 2021. Consistent with the 2020 claim, British Telecom (hereinafter "BT"), the USP in the United Kingdom, was excluded from the benchmark set for the 2021 claim due to the obsolescence of the underlying data (dating back to 2003). In addition, BT's benchmark was considered an outlier that would have materially distorted the mean value.

During the Reasonability Phase, EY noted that the estimation methodology, inputs and calculations employed by GO would be subject to further assessment during the Calculation Accuracy Phase.

Since the calculation of intangible benefits is not an exact science and no single methodology is universally accepted, their estimation is inherently challenging. A range of approaches has been used across the industry for assessment purposes.

⁹ SL 399.48, regulation 76(2).

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During the Calculation Accuracy Phase, EY reviewed the methodology and calculations underlying the brand enhancement benefit. EY concluded that, in principle and in line with the 2020 USO Claim Decision Notice, the approach adopted by GO was based on more recent international estimates from a broader set of European USPs than those considered in the methodology used between 2017 and 2019, specifically the benchmarks in the aforementioned Oxera (2021) report. GO was requested to provide an updated average population figure to reflect the revisions following the 2021 Census of Population and Housing. This update was incorporated into the revised cost model and resulted in an increase in the brand enhancement benefit to €40,416.

Furthermore, as with other international benchmarking exercises of this nature, it is difficult to assess the extent to which the subject entity and the market environment in which it operates are comparable to those of the benchmark group. Consequently, the benchmark rate ultimately applied retains an element of subjectivity. To mitigate this, the mean value across all benchmarks was applied.

Following the Calculation Accuracy Phase, the value of the brand enhancement intangible benefit to be deducted from the total cost of the other USO components was €40,416. Further information on the intangible benefit components is provided in Annex 1.

5 Report on Consultation and Assessment

In March 2026, the MCA published on its website the consultation and proposed decision on the review of GO's application for funding of the net cost claimed to have been incurred in providing USOs during financial year 2021 and invited interested parties to submit written feedback during the consultation period ending on 20 April 2026.

No feedback was received from stakeholders.

In view of the foregoing, the MCA is publishing its decision in line with the proposal set out in the consultation document.

6 Summary of Reviewed Costs per USO Component, Net Cost, and Decision

The table below provides a summary of the reviewed calculated cost for each USO component:

USO Component	Reviewed cost / benefit (€)
Social tariffs	(158,020)
Free Telecare	(64,498)
Free fixed line rental	(93,522)
Comprehensive electronic directory	-
Intangible benefits	40,416
Brand Enhancement	40,416
Net Cost	(117,604)

Following the verification exercise of GO's funding application for 2021, the MCA determines that GO, as the USP for each of the USO components listed in the table above, is to be compensated for the net cost incurred in the provision of these USOs during financial year 2021, amounting to a total of €117,604.

7 Source of Funding

In the assessment process undertaken by EY, it was established that GO, as the USP, had incurred an unfair burden for the provision of social tariffs, including the free Telecare service and the free fixed line rental service, during financial year 2021.

In accordance with regulation 77(1) of SL 399.48, when the MCA establishes that a provider has incurred an unfair burden in providing a universal service, the provider shall be compensated by one of or a combination of the following:

- from public funds, with the approval of the government; and/or
- by means of a sharing mechanism between providers of electronic communications networks and services.¹⁰

Further detail on the allocation of the funding source for GO's claim for financial year 2021 will be addressed in a separate consultation process, scheduled for publication following the issuance of this Decision Notice.

¹⁰ SL 399.48, regulation 77(1).



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Malta Communications Authority

Review of GO plc's application for funding of the net cost claimed to have been incurred to provide Universal Service Obligations during 2021

Calculation Accuracy Phase

Abridged version of full report

February 2026

Disclaimer notice

This report was prepared by Ernst & Young Ltd. (“EY”) for the Malta Communications Authority (“MCA”), under the MCA’s instructions. This report is an abridged version of the full report addressed to the MCA which was prepared for MCA’s internal use only and is not suitable to be relied on by any other party or for any other purpose.

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Introduction and background information

Introduction (1)

This report relates to the review of GO plc's application for funding of the net cost claimed to have been incurred to provide Universal Service Obligations ("USOs") during 2021.

The Malta Communications Authority ("MCA"), as the National Regulatory Authority of the electronic communications sector in Malta, is responsible for the regulation of a minimum set of electronic communications services of specified quality which are to be made available to all end-users in the Maltese islands ("universal services"). As per the provisions of EC Directive 2002/22/EC and EC Directive 2018/1972 (collectively referred to as "EC Directives"), these universal services are to be made available at affordable prices with the objective of promoting social inclusion of electronic communications services. Universal Services Provider/s ("USP") designated by the MCA have USOs to provide a minimum set of services to all end-users, including persons on low income, residents in rural or high installation cost areas, persons with disabilities and other vulnerable groups. As mentioned above, Directive (EU) 2018/1972 of the European Parliament and of the Council of 11 December 2018, which established the European Electronic Communications Code (hereinafter referred to as 'EECC'), also includes provisions relating to USOs. Although the EECC was transposed into national law in October 2021, the provisions relating to USOs under national law prior to that date were already largely aligned with the EECC.

As the entity responsible for the regulation of the local electronic communications sector, the MCA is required to decide which electronic communications services are to be classified as universal services and which undertaking/s are designated as the USP. Accordingly, the MCA published a response to consultation and decision in March 2021 (MCA/D/21-4167) entitled "*Review of Universal Service Obligations on Electronic Communication Services*". This came into effect from 30 March 2021 and served as an interim measure to update the USOs provisions laid out in the preceding MCA USO Decision published in May 2015 (MCA-OPS/tf/15-2265) until their redefinition following the transposition of the EECC into national law. Any future reference to "MCA USO Decision" in this Report is made with respect to this 2021 Decision. The 2021 claim is the first claim being submitted by GO following the publication of this MCA USO Decision.

Under the MCA USO Decision, GO plc ("GO") is designated as the USP for a number of USOs. These obligations include:

- the provision of voice communications services and broadband internet access at a fixed location in cases of market failure,
- comprehensive electronic directory,
- specific measures for disabled users,
- reduced tariff options, and
- measures ensuring users can control expenditure.

Introduction (2)

As per the provisions of the EC Directives and the Electronic Communications Networks and Services (General) Regulations (October 2021¹; hereafter referred to as “the Regulations”), the USP can submit a claim related to USO funding. The MCA USO Decision delineates the key guiding principles and criteria for the evaluation of USO, the financing options and the designation processes. As per the EC Directives, Article 12 of EC Directive 2002/22/EC and Article 89 of EC Directive 2018/1972, and as per the Regulations (Regulation 76), the MCA or a body independent of the relevant parties appointed by the MCA shall verify the accounts and/ or other information serving as the basis for the calculation of the net cost of USO provided by the operator, with the results of the cost calculation and the conclusions of the review being made publicly available.

In 2012, GO submitted its first written request to the MCA for the funding of the net cost claimed to have been incurred to provide USO for the year 2010. GO has since then submitted an annual USO claim request, including the claim for the year 2021 being reviewed in this Report. The MCA has commissioned EY to review the claims before publishing its final decision with the final refund entitlement.

GO’s claim for the year 2021 was submitted on 30 November 2022, with a funding request of €134,021. Following clarifications requested during this Calculation Accuracy Phase review, GO submitted a revised USO Model on 18 November 2025. After follow-up queries were presented, GO submitted a further updated USO Model on 11 December 2025, with a net USO cost claim of €117,604. This revised claim submission is the subject of this review.

The scope of this engagement is to assist the MCA in its assessment of this (revised) funding application, and to assess whether the evidence provided is sufficient and detailed enough to support this claim.

¹ As a result of the transposition of EC Directive 2018/1972 on 1 October 2021, Legal Notice 379 of 2021 repealed the Electronic Communications Networks and Services (General) Regulations of July 2011 (S.L. 399.28) and introduced S.L. 399.48. As the Universal Service Obligation provisions which were previously included in Regulation 30 of S.L. 399.28 have been substantively retained in Regulation 76 of S.L. 399.48, this review refers throughout to S.L. 399.48, including in relation to periods prior to the entry into force of the new regulations, for consistency and clarity.

Scope of work

Scope of our work

The scope of this engagement is to assist the MCA in its assessment of the funding application of the net cost claimed to have been incurred to provide USO during the year 2021 submitted by GO in November 2022 (updated on 11 December 2025), and whether the evidence provided is sufficient and detailed enough to support this claim (“the Purpose”).

The assignment is split into two phases:

- **Reasonability Phase:** assessment of the grounds on which the claim is based, whether it is coherent with regulatory principles, and the extent to which the claimed funding can be attributed to USO.
- **Calculation Accuracy Phase:** verify and review the various net cost and intangible benefit calculations GO provided in their USO claim submissions.

This report relates to the Calculation Accuracy Phase only. This Calculation Accuracy Phase follows on the conclusions of the Reasonability Phase which was finalised in November 2025. An overview of the conclusions of the Reasonability Phase is provided on pgs. 12-13 of this Report.

Use of report

This report provides a summarised overview of the Reasonability Phase and details of the Calculation Accuracy Phase review of GO’s application for funding of the net cost claimed to have been incurred to provide USOs during 2021. This report is an abridged version of the full report addressed to the MCA. This abridged report forms part of a public communication process to be undertaken by the MCA with stakeholders, including a public consultation document which is scheduled to be issued following the completion of both the Reasonability Phase and the Calculation Accuracy Phase. The public consultation document shall provide stakeholders with the opportunity to comment on the conclusions of the Reasonability and Calculation Accuracy Phase.

Sources of information and data (1)

Throughout the course of this engagement, we have been provided with/ referred to a number of information sources and documents:

Reasonability Phase

For the Reasonability Phase we have been provided with the following information and documents received in:

- August 2025: GO's USO claim submission ("GO's USO claim"), comprising:
 - Covering e-mail related to GO's 2021 USO funding application;
 - Evaluation of Universal Service Obligations costs in Malta in 2021: Methodology and Results ("USO Methodology and Results");
 - Cost Evaluation of 2021 Universal Service Obligation for GO: Cost Model ("USO Model");
- August 2025: Email communication related to GO's increase in fixed line rental during 2020;
- October 2023: Email related to GO's confirmation on the validity of the 2013 Telecare agreement for Social tariffs USO component for the period under review.

Calculation Accuracy Phase

During the Calculation Accuracy Phase information and clarifications on the claim components have been requested from GO. Information requests and clarifications were sent on 4 November 2025, and 3 December 2025 to which GO provided replies and adjusted USO Model calculations on 18 November 2025 and 11 December 2025, respectively.

In the Calculation Accuracy phase review, reference has also been made to information received from the Ministry for Health and Active Ageing (Ministry responsible for social benefits and telecare services) on the number of subscribers that benefitted from social tariffs over 2021, obtained by the MCA on 7 January 2026.

Sources of information and data (2)

During the compilation of this Report, reference has and will be made to information, discussions, principles and decisions related to previous USO claims. The MCA has requested the approval of GO to make use of such information, discussions, principles and decisions related to the previous claims for the exercise being undertaken and GO has found no objection to such a request. The MCA Claim Decision Notices related to these previous claims are:

- MCA-OPS/tf/14-2006 related to the 2010 claim
- MCA-OPS/tf/15-2450 related to the 2012 claim
- MCA-OPS/tf/16-2719 related to the 2013 claim
- MCA/D/18-3076 related to the 2014 claim
- MCA/D/19-3540 related to the 2015 claim
- MCA-OPS/tf/20-3991 related to the 2016 claim (“2016 USO Claim Decision Notice”)
- MCA/D/21-4414 related to the 2017 claim (“2017 USO Claim Decision Notice”)
- MCA/D/23-5114 related to the 2018 claim (“2018 USO Claim Decision Notice”)
- MCA/D/24-5417 related to the 2019 claim (“2019 USO Claim Decision Notice”)
- MCA/D/25-5703 related to the 2020 claim (“2020 USO Claim Decision Notice”)

The key conclusions of the above decisions (including those impacting the calculation of USO net costs based on the USOs delineated in the applicable MCA USO Decision and EC Directives) are referred to in this Report’s respective claim component reviews.

Overview of GO's 2021 USO claim

- GO's 2021 claim includes the same components included in the preceding claim for the year 2020, with the exception of Public Payphones given that the 2021 MCA USO Decision removed the obligation for the provision of payphones. An overview of the updated USO obligations is provided on pg.11. The net USO cost for 2021 has been calculated on the basis of the following cost-benefit components: *Social Tariffs, Comprehensive Electronic Directory Services, less Intangible Benefits.*
- The table below compares the funding request by USO claim component for the:
 - GO's original claim for 2021, provided in November 2022
 - GO's revised claim, dated December 2025
 - The final review outcome following the conclusions of this Calculation Accuracy phase review, more information on the rationale behind these conclusions is provided over the next Report sections.

(in €)	2021		
	GO's Original Claim	GO's revised claim (December 2025)	Final Review Outcome
Payphones	-	-	-
Social tariffs	(€168,725)	(€158,020)	(€158,020)
<i>Free fixed line rental</i>	(€104,227)	(€93,522)	(€93,522)
<i>Free Telecare</i>	(€64,498)	(€64,498)	(€64,498)
Comprehensive electronic directory	(€5,544)	-	-
Intangible benefits	€40,248	€40,416	€40,416
Total	(€134,021)	(€117,604)	(€117,604)

Summary of updates in the 2021 MCA USO Decision

The previous years' claim, 2020, was based on the 2015 MCA USO Decision, and thus the USP had the below obligations:

- the provision of access at a fixed location and functional internet access in cases of market failure,
- comprehensive electronic directory,
- public payphones,
- specific measures for disabled users,
- reduced tariff options, and
- measures ensuring users can control expenditure.

The primary updates arising from the 2021 MCA decision which supersedes the 2015 MCA USO Decision delineating the obligations of the USP concerning the calculation of GO's claim for funding in 2021 include:

- Withdrawal of the provision of public payphones as a USO service;
- Removal of the requirement for a connection at a fixed location to support facsimile communications capability;
- Withdrawal of the requirement to include an interface that caters specifically for smartphone-based users under the comprehensive electronic directory;
- Means for USP to provide pre-payment services broadened beyond fixed services.

Reasonability Phase: Conclusions (1)

The Reasonability Phase dealt with the following areas:

- the grounds on which the claims for funding are based;
- whether the claim/s is/are coherent with regulatory principles;
- the extent to which the claimed funding can be attributed to USO; and
- the approach used to quantify the intangible benefit aspect.

The following tables present the summarised conclusions for each claimed USO components and intangible benefits from the Reasonability Phase review, based upon GO's claim submission (USO claim and Model received in November 2022) as at this phase's review. During the Calculation Accuracy Phase, further information and clarification questions were requested from GO on USO components.

Component	Reasonability Assessment
Social Tariffs	<ul style="list-style-type: none">▪ Based on the EC Directives and the 2021 MCA USO Decision, social tariffs can form part of the USO claim given that they represent a social obligation imposed on GO by the regulator.▪ In line with previous MCA USO Claim Decision Notices, the social tariff computation should be based on standard tariffs to ensure that those funding the social benefits are not burdened by higher cost than "normal" consumers.▪ GO have based their claim on standard tariffs and the claim for this component is considered as reasonable. The next review phase will assess the accuracy of the social tariff component calculation and cross-check the number of users claimed by GO to have benefited from social tariffs in 2021 against figures held by the responsible Ministry.

Reasonability Phase: Conclusions (2)

Component	Reasonability Assessment
Comprehensive Electronic Directory (CED)	<ul style="list-style-type: none">▪ The 2015 MCA USO Decision established that the universal service shall include the provision of a free electronic telephone directory which is web-based and includes an interface that allows smartphone users to look up directory related data. This obligation replaced the withdrawn obligations for the provision of a printed telephone directory and a telephone directory enquiry service (with the exception of telephone directory enquiry service for visually impaired persons).▪ In connection with the above obligation, GO has launched a directory smartphone app in December 2016. The 2021 CED component (like previous claims) claims funding for the operating costs of servicing this directory app.▪ However, given that the directory smartphone app launched in 2016 was fully depreciated by 2020 and the obligation for the smartphone app has been withdrawn by the 2021 MCA USO Decision, there should be no costs related to the development or maintenance of the directory smartphone app under the CED component for the 2021 claim.▪ In the Calculation Accuracy phase, the claimed CED cost component for 2021 will be analysed in further detail.
Intangible Benefits	<ul style="list-style-type: none">▪ Intangible benefits should form part of the USO computation. Though inherently difficult to quantify, international research shows that a number of claims in other countries have also included intangible benefits, with the main benefits relating to ubiquity, brand enhancement, life-cycle and marketing.▪ In their USO application for funding, GO have claimed to have insufficient data to estimate the lifecycle benefit, and they claim that the marketing benefit is irrelevant locally since payphones are not commonly used by consumers or utilised to advertise. This claim is supported by the fact that payphones are no longer in scope as a USO for the 2021 claim and thus GO no longer derives any benefits from the provision of payphone services. GO also claim that the ubiquity benefit is no longer relevant given the withdrawal of the fixed line access obligation (except for cases of market failure) as from the 2015 MCA USO Decision and given that all geographical areas are economically profitable.▪ The methodology employed by GO for the estimation of the brand enhancement benefit for the 2021 claim is based upon a benchmark comparison with the benefit estimation results of a number of other European USPs, following the same methodology employed in the 2020 claim. The estimation methodology, inputs and calculations employed by GO will be further assessed in the Calculation Accuracy phase.

GO's USO claim approach and methodology

Methodology and approach (1)

GO has submitted a written request to receive funding for the net costs claimed to have been incurred in providing USO for the year 2021. The claim is based on a methodology previously developed for GO by a third party.

Cost accounting basis

- The 2021 claim follows the same approach used in previous claims and is based on historic cost accounting (HCA), taking a fully allocated cost (FAC) approach.

Approach and data sources

- Net costs have been calculated on the basis of a top-down model based on GO operational data. Specifically, GO explains that the following sources have been used:
 - Accounting data: GO's management accounts and regulatory accounts
 - Technical data: GO's Technical Department reporting
 - Revenues and traffic: IT data warehouse

Data approximation

- For the first 2010 claim, GO had also explained that since customers can change their tariff plan at any time during the year, theoretically GO should have based their computation on monthly data (in terms of number of subscribers and tariff plans). For practical reasons, however, GO opted for the mid-year (i.e. June) as an approximation.

Methodology and approach (2)

Efficiency factor

- When asked whether an efficiency factor has been included in the USO calculations, GO confirmed that similar to previous claims, no efficiency factor has been included in the 2021 claim. In previous claims GO had explained that “GO is subject to intense competition in the markets that encompass USO and as such cannot afford not to be efficient. In fact, in the past years it shed a considerable number of employees and has revised many of its procedures and operational practices. All these have for a time been at levels commensurate to a company subject to competition in the market”. Had an efficiency factor been included, this could have possibly resulted in a lower cost and a lower claim.

Return on Capital Employed (ROCE)

- The calculation includes a Return on Capital Employed (“ROCE”), which is based on the MCA’s Decision (MCA/D/19-3697) on the Weighted Average Cost of Capital (“WACC”) of 6.98% (fixed market) for regulatory accounting periods ending on or after 31 December 2019. As of the date of this review, this remains the most recent MCA Decision on the WACC rates applicable to periods ending on or after 31 December 2019.

Access deficit

- The USO Model and the formal claim put forward by GO do not take into account access deficit, in line with MCA Decisions on previous claims.

Analysis by component

Social tariffs

Social tariffs (1)

GO's methodology

- Under its current USP status, GO provides social tariff options to a number of users identified by the responsible Ministry (the Ministry for Health and Active Ageing). In turn, GO can claim back the net cost of providing such services, similar to what is done in a number of other European countries.
- As the designated USP, GO provides two types of social tariffs free of charge to eligible end users: free fixed line rental and free Telecare service (Standard Telecare or Telecare Plus).

Findings

- It was observed that, in the initial submission, GO incorrectly applied the standard line rental fee consistent with the 2020 claim, instead of the updated standard line rental following the price increase implemented in 2020. GO subsequently amended the model to reflect the correct tariff resulting in an increase in the total cost.
- A clarification was also sent to GO on the number of subscribers included in the calculation of the free fixed line rental service. Following these clarifications, GO confirmed that it had erroneously included subscribers that were migrated to a bundled product and therefore the number of subscribers benefiting from free fixed line rental service was reduced accordingly.
- Since a number of users under the free Telecare service are being provided with Telecare Plus (as per the agreement between GO and the responsible Ministry), in their claim, GO has used a weighted average based on the number of subscribers using the Standard Telecare and Telecare Plus rates respectively. During the 2020 claim review, clarifications were sought from GO since the Telecare Plus service was included in the USO claim for the first time. It was subsequently established that in the agreement signed between GO and the responsible Ministry, new customers could be provided with the Telecare Plus service. In this regard, GO explained that new customers could be provided with the Telecare Plus services in line with what is being advertised on the website servizz.gov.
- As part of the review, the MCA has obtained information from the Ministry for Health and Active Ageing on the number of subscribers that benefited from free fixed line rental service, Standard Telecare service and Telecare Plus service during 2021. The social tariff claim, on the basis of current costs and subscriber numbers, results in a net cost of €158,020 based on 767 free fixed line rental users (2020: 900) and 1,668 free Telecare service users (2020: 1,742) used by GO in the calculation.

Social tariffs (2)

Conclusion

Conclusion

- Following Calculation Accuracy clarification requests made to GO and information received from the Ministry, subscriber numbers included in the USO Model calculations were confirmed.
- The social tariff component has been calculated by GO as the difference between the current retail tariffs and the amount actually charged to subscribers, which in this case is free. This net cost calculation, based on the current net cost scenario, is aligned with the MCA's decisions of previous claims that access deficit should not form part of the USO claim.
- The social tariff claim, on the basis of current costs and updated subscriber numbers, results in a net cost of €158,020 (i.e. €93,522 for reduced tariff options; and €64,498 for specific disability measures)

Final review outcome	Reduced Tariff Options for Users	Specific Measures for Disabled Users
Total number of users	767	1,668
Line rental per user per month (€; excl. VAT)	€10.16	€3.22
Total annual cost (€)	€93,522	€64,498

Analysis by component Comprehensive Electronic Directory (CED)

Comprehensive Electronic Directory (1)

GO's methodology

- In relation to the comprehensive electronic directory (CED) obligation, the 2015 MCA USO Decision established that the universal service shall include the provision of a comprehensive electronic telephone directory which is web-based and effectively provides the opportunity to easily and promptly look up the subscribers of voice communications services in Malta regardless of technology and provider and includes an interface that allows smartphone users to look up directory related data. This service is to be free of charge and directory data is to be updated in real-time, whenever technically possible.
 - This obligation (effective as from 1 July 2015) effectively replaced the obligations for the provision of a printed telephone directory and a telephone directory enquiry service (with the exception of telephone directory enquiry service for visually impaired persons) which were withdrawn in the same 2015 MCA USO Decision.
 - In connection to the above obligation, GO launched a free telephone directory app in December 2016.
- Like in the preceding 2020 claim, the CED component included in the 2021 USO Model calculates the costs claimed to have been incurred by GO in the operation of the directory smartphone app in 2021.
- In the USO Claim Decision Notices for years 2016 to 2020, given the CED obligations set out by the 2015 MCA USO Decision, it was considered reasonable that the operating costs incurred by the USP in providing the universal smartphone-based CED were included in the provider's calculation of the net USO cost incurred over the financial year.
- However, the 2021 MCA USO Decision removed the obligation to provide a free telephone directory app, as the web-based directory is now easily accessible via mobile devices.
- Moreover, for the costs associated with the telephone directory app launched in 2016, GO had considered a straight-line depreciation method with an estimated useful life for the app of 5 years, starting from the year 2016 (year of app launch). Given GO's applied accounting policy of taking a full-year depreciation in the first year of acquisition (2016), no capital depreciation should have been charged in the claim for 2021 for the mobile directory app.
- As a result, the CED component of the USO claim should no longer include costs related to the development or maintenance of the mobile directory app.

Comprehensive Electronic Directory (2)

Review work

Although there should be no claim under the CED for the 2021 claim, we have prepared a high-level summary of the 2021 claim, and the inputs utilised in the computation:

Net Book Value

- For the 2021 claim, it was found that GO considered a higher opening NBV in their original claim. GO revised this calculation, resulting in a decrease in the expense claimed.

Depreciation

- Depreciation cost and cost of capital have been calculated on the basis of the capital expenditure costs. In view that these costs had been incurred in 2016 prior to the smartphone app launch (launched in December 2016), the costs reported in the 2021 USO Model are the same costs which had been reported also in the models from 2016 to 2020. These relate to:
 - The charges invoiced by a third-party software development company for the works on the design and development of the smartphone app.
 - GO's internal human resources cost in connection with the development of the CED application.
- The depreciation on capital expenditure is being calculated on the basis of a straight-line depreciation method with an estimated useful life for the app of 5 years, starting from the year 2016 (year of app launch). Given GO's applied accounting policy of taking a full-year depreciation in the first year of acquisition (2016), no capital depreciation would have to be charged on the final year of the capital's estimated useful life (Jan-Nov 2021). However, GO considered a depreciation expense in the original 2021 claim. The depreciation was subsequently updated to €0 in the final claim.

Comprehensive Electronic Directory (3)

Review work and conclusion

Cost of Capital

- Cost of capital has been estimated by GO based on the MCA's Decision (MCA/D/19-3697) on the Weighted Average Cost of Capital ("WACC") of 6.98% for regulatory accounting periods ending on or after 31 December 2019.
- In line with the MCA USO Decisions from 2016 to 2020, the rate is applied upon the average capital employed over the year, which has been calculated based on the mean of the assets' net book values as at beginning and end of 2021.
- The approach adopted in the 2021 USO Model is consistent with the MCA Guidance on the accounting methodologies and treatments to be applied in the preparation of separated accounts for telecommunications sectors in Malta ("Guidance on Accounting Methodologies for Regulatory Accounting Purposes", dated March 2003). The Guidance outlines that the average capital employed during any period should be referred to for cost of capital calculations, rather than capital employed at a single point in time.
- The Guidance specifies that there must be consistency between the measure of capital employed on which the cost of capital is based and the measure of capital employed reported in the regulatory accounts. It is also noted that this is consistent with GO's regulatory accounts' reporting, where 'mean capital employed' is used for financial reporting purposes. The mean is calculated as the mathematical average of the start and end values of the financial reporting period.

Conclusion

- The net cost components and calculations included in the (revised) 2021 USO Model provided by GO are consistent with the 2021 MCA USO Decision. Based upon this assessment, the net CED costs for 2021 amount to €0.

Analysis by component

Intangible benefits

Intangible benefits (1)

GO's methodology

- Revenues related to intangible benefits that the operator derives from the provision of the USO need to be deducted from the costs of the USO components in order to arrive at the final net USO cost.
- Despite the difficulty in monetising such benefits due to their 'intangible' nature, USPs in other European countries still include them in their USO calculation.
- A number of intangible benefits could apply. The following were not considered applicable/ quantified by GO (as in previous claims):
 - **Life cycle:** evaluation in terms of the evolution of the average telephone bill, and the increase of the telephone bill through the evolution of the familial structure.
 - **Marketing/ access to customers' database:** benefit associated with the savings in acquisition costs and operational costs of a customer's database.
 - **Ubiquity benefit:** benefits associated with the extended network of customers gained by the USP as a result of its USOs, for example comparatively lower costs (compared to competitors) in extending its customer network or profit gains as a result of customer moves from uneconomic to economic geographical areas. In the 2016 claim review process, GO had argued that such benefit is no longer relevant from 2016 onwards given the withdrawal of the fixed line access obligation (except in the case of market failure) in the 2015 MCA USO Decision and given that all geographical areas are economically profitable. On the basis of the obligations set out by the 2015 MCA USO Decision and observed international practice, the 2016 USO Claim Decision Notice had deemed the exclusion of the ubiquity benefit from the USO claim to be reasonable.

Intangible benefits (2)

GO's methodology

Brand enhancement

- The brand enhancement benefit relates to any improvement in the USP brand image that results from the provision of USOs. There is no standard methodology to estimate this benefit, with varying approaches being used to estimate the enhanced brand benefit across different jurisdictions.
- GO annually revises the estimate based on the most recent country benchmarks available for other European USPs. It was noted that the Oxera (2021), *Assessment of eir's calculation of intangible benefits for 2015/16 report* ("2021 Oxera Report") was revised to show the benefit per inhabitant rather than the benefit as a percentage share of total fixed-line revenues. Utilising this approach using the updated country benchmarks GO estimated a brand enhancement benefit of €40,248 in their original claim.

Review work

- The approach adopted by GO for the estimation of the brand enhancement benefit in the original USO Model is deemed acceptable, as it follows the methodology adopted by GO in the 2020 claim. It is acknowledged that the approach adopted is based on a comparison with a wider European benchmarking group than the one considered in the methodology used to estimate this benefit between 2017 and 2019, and that it also includes international estimates (obtained via different quantification methods).
- As in other international benchmarking exercises of this form, the extent to which the subject entity and the market environment in which it operates are comparable to those of the benchmark group is difficult to evaluate, and hence the final rate selection remains a subjective element. In this regard, the application of the mean value across all benchmarks reduces such subjective element.
- The choice of USPs from the wider European Benchmarking group included in the computation of the 2021 claim followed that employed in the 2020 claim. Similar to the approach adopted in the 2020 claim, the value of the brand enhancement benefit attributed to BT (the UK USP) was excluded, given that the figure provided for BT is outdated and based on a simplified approach when compared to the other benchmarks provided in Oxera's 2021 report.

Intangible benefits (5)

Review work and conclusion

Review work (cont.)

- In our review, we have also cross-checked the data for the benefit per inhabitant to the original source to confirm that this is the most relevant data available and is taken from the Oxera 2021 report almost in its entirety. Clarifications were requested from GO regarding the population figure, as their initial claim relied on an estimate that has since been updated by NSO following the 2021 Census of Population and Housing. Pursuant to clarification requests, GO submitted a revised calculation using the end-of-year population estimate. However, the methodology applied in the 2020 claim utilised the average population over the year. Following further clarification requests, GO has provided an updated model reflecting this adjustment in its final claim, with a brand enhancement benefit of €40,416.

Conclusion

- We note that the calculation of intangible benefits is not an exact science and therefore there is no one defined estimation methodology or correct answer.
- The methodology employed in the 2021 claim is in line with the methodology utilised in the 2020 claim and thus it is acceptable, mainly given that it aligns with more recent international benchmarks of USPs in other EU countries and is based on the mean value across all benchmarks, which is then multiplied by the average population in Malta in 2021.
- Based on the analysis and reasoning presented in the previous slides, the value of the brand enhancement benefit to be deducted from the cost of the other components is estimated at **€40,416**.

Calculation Phase: Summary of conclusions

Calculation Phase: summary of conclusions

Based on the considerations contained in this report, the following table summarises the conclusions of the Calculation Accuracy phase. The resulting USO net cost following adjustments to USO Model calculations based on verifications and conclusions of this Calculation Accuracy Phase amounts to **€117,604** as shown in the table below.

Component	€	Summary of review work / conclusion
Social tariffs	(€158,020)	As per GO's latest updated USO Model. This component has been adjusted to reflect the eligible subscriber numbers for the free fixed line rental service and the free Telecare service, and the prevalent standard line rental charge in 2021. The Ministry for Health and Active Ageing has provided information on the number of eligible subscribers. As a result of these adjustments, the total net cost decreased.
Comprehensive electronic directory (CED)	-	As per GO's latest updated USO Model. The 2021 MCA USO Decision removed the obligation to provide a free telephone directory app, and the app launched in 2016 was fully depreciated by 2020. As a result, the CED component of the 2021 claim should no longer include costs related to the development or maintenance of the mobile directory app.
Intangible benefits	€40,416	As per GO's latest updated USO Model. The approach adopted by GO for the estimation of the brand enhancement benefit is in line with the methodology employed in the 2020 claim, referring to the latest benchmarks from other European operators, as published by Oxera in 2021. GO's submission is based on the mean percentage of this benefit per inhabitant across the benchmarked USP results, which is an acceptable method of calculation. This component has been adjusted to reflect the average population in Malta in 2021.
Total	(€117,604)	

List of references

List of References (1)

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