MALTA COMMUNICATIONS AUTHORITY

Source of Funding for the net cost incurred in providing universal service obligations for electronic communications services during 2020

Decision

MCA Reference: MCA/D/25-5755

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1 Background

In accordance with the applicable provisions of the Electronic Communications Networks and Services (General) Regulations[1] (hereafter the "Regulations"), the Malta Communications Authority (hereafter the "MCA") received from GO plc (hereafter "GO") a detailed application for funding in relation to the net cost GO claimed to have incurred in providing universal service obligations (hereafter "USOs") in the electronic communications sector during 2020.

The MCA commissioned Ernst & Young Limited (hereafter "EY") as an expert independent consultant to evaluate the reasoning behind this claim, and to review and verify the various calculations of the net cost that were used to enable the MCA to determine the net cost incurred by GO for the provision of USOs during financial year 2020.

Following the completion of the review and verification exercise by EY, in July 2025 the MCA published a consultation and proposed decision on the review of GO's funding application entitled "Review of GO plc's application for funding of the net cost claimed to have been incurred to provide universal service obligations during 2020". The MCA did not receive any feedback from stakeholders during the consultation period as mentioned in the Decision Notice[2] which was published in September 2025. Both documents included an annex with an abridged version of the Calculation Accuracy Phase Report on the findings of this exercise which was prepared by EY.

GO's funding application for financial year 2020 included the following USO components, namely: public payphones, social tariffs (including free Telecare service and free line rental service), and a comprehensive electronic directory. The final assessment of the calculated cost and reviewed result of the net cost incurred by GO for the provision of each element of the USOs were established as depicted in Table 1 overleaf.

[1] As a result of the transposition of the European Electronic Communications Code, Cap. 399 of the Laws of Malta was amended by Act Number LII of 2021, whereas SL 399.28 of the Laws of Malta was repealed by LN 379 of 2021 and replaced by SL 399.48.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**. The references to the legislation prior to the amendments to the applicable laws that came into force as on the 1 October 2021 have been retained in this Decision since the claim is related to a period (namely 2020) which is prior to the coming into force of the new legislation.** The provisions enabling the publication of this Decision which were previously included in regulations 30 and 31 of SL 399.28 have been substantively retained in regulations 76 and 77 of SL 399.48 respectively.

[2] https://www.mca.org.mt/decision-review-go-uso-2020

GO has also included the brand enhancement element as a component of intangible benefits in the funding application for 2020 and its reviewed value is deducted from the costs of the other components as shown in the following table. This results in a net cost amounting to a total of €158,892.

USO Component	Reviewed net cost €
Payphones	(22,128)
Social tariffs	(171,416)
Comprehensive electronic directory	(5,544)
Intangible benefits:	
- Brand Enhancement	40,196
Total	**(158,892)**

Table 1: Reviewed net cost for each USO component included in GO's funding application for 2020

2 Responses to Proposed Decision

In September 2025, the MCA issued a proposed decision entitled “Source of Funding for the net cost incurred in providing universal service obligations for electronic communications services during 2020”. This proposed decision focused on the source of funding to compensate the designated undertaking, GO, for the net cost incurred for the provision of the universal service obligations in the electronic communications sector during 2020. The unfair burden and the corresponding net cost incurred by GO during 2020 were determined following the analysis and verification exercise of GO’s application by EY, and the subsequent consultation process which resulted in the publication of the MCA Decision Notice[3] entitled “Review of GO plc's application for funding of the net cost claimed to have been incurred to provide universal service obligations during 2020” in September 2025.

The abovementioned proposed decision on the USO source of funding invited interested stakeholders to submit written feedback during a consultation period that ran until 10 October 2025. After taking into consideration that no feedback was received during this period, the MCA has decided to publish this decision along the same lines as its proposed decision.

[3] https://www.mca.org.mt/decision-review-go-uso-2020

3 Source of Funding

In the assessment process undertaken by EY, it was established that GO, as the universal service provider, has suffered an unfair burden for the provision of the public payphones, social tariffs including free Telecare service and free line rental service, and a comprehensive electronic directory during financial year 2020.

In accordance with applicable legislation as mentioned above, when the MCA establishes that a designated undertaking has suffered an unfair burden to provide a universal service, it shall:

- introduce a mechanism to compensate the universal service provider from public funds with the approval of the government; and/or
- establish a sharing mechanism between providers of electronic communications networks and services.

Following an analysis by the MCA on the final assessment of the claim for funding in relation to the USOs provided by GO during 2020 and in line with a decision by the Government of Malta, the established total amount of €158,892 may be financed from public funds. Such a decision by the Government of Malta solely refers to the analysed USO claim and is without prejudice to any position that Government may take on any future financing of USO related claims.

Decision

In line with a decision by the Government of Malta, the established total amount of €158,892 pertaining to the net cost incurred by GO plc to provide universal service obligations in the electronic communications sector during 2020 shall be financed from public funds.

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