

Source of Funding for the net cost incurred in providing universal service obligations for electronic communications services during 2021

Decision

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1 Background

In accordance with the applicable provisions of the Electronic Communications Networks and Services (General) Regulations¹ (S.L. 399.48 of the Laws of Malta), the Malta Communications Authority (hereafter the “MCA”) received from GO plc (hereafter “GO”) a detailed application for funding in relation to the net cost which GO claimed to have incurred in providing universal service obligations (hereafter “USOs”) in the electronic communications sector during the financial year 2021.

The MCA commissioned Ernst & Young Limited (hereafter “EY”), acting as an independent expert consultant, to evaluate the reasoning behind this claim, and to review and verify the various calculations of the net cost submitted by GO, which were used to enable the MCA to determine the net cost incurred by GO for the provision of USOs during the financial year 2021.

Following the completion of the review and verification exercise by EY, in March 2026 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 2021”. The MCA did not receive any feedback from stakeholders during the consultation period as mentioned in the Decision Notice² which was published in April 2026. Both documents included an annex with an abridged version of the Calculation Accuracy Phase Report setting out the findings of this exercise, which was prepared by EY.

GO’s funding application for the financial year 2021 included the following USO components, namely: social tariffs (including the free Telecare service and the free line rental service) and a comprehensive electronic directory. The net cost assessment outcome for the provision of each USO component was established as presented in Table 1 overleaf.

¹ 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Cap. 399 of the Laws of Malta was amended by Act Number LII of 2021, whereas S.L. 399.28 of the Laws of Malta was repealed by L.N. 379 of 2021 and replaced by S.L. 399.48. All these new laws came into effect as from 1 October 2021. As the USO provisions enabling the publication of this Decision which were previously included in regulations 30 and 31 of S.L. 399.28 have been substantively retained in regulations 76 and 77 of S.L. 399.48 respectively, this Decision 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.

² <https://www.mca.org.mt/decision-review-go-uso-2021>

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GO has also included the brand enhancement element as a component of intangible benefits in its funding application for 2021. The reviewed value of this element is deducted from the costs of the other components, as reflected in Table 1. This results in a net cost amounting to a total of €117,604.

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)

Table 1: Reviewed net cost for each USO component included in GO's funding application for 2021

2 Outcome of Public Consultation

In May 2026, 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 2021”. This proposed decision focused on the source of funding to compensate the universal service provider, GO, for the net cost incurred in providing universal service obligations in the electronic communications sector during 2021. The unfair burden and the corresponding net cost incurred by GO during 2021 were determined following the analysis and verification of GO’s application by EY, and the subsequent consultation process which resulted in the publication of the MCA Decision Notice³ 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” in April 2026.

The abovementioned proposed decision on the USO source of funding invited interested stakeholders to submit written feedback during a consultation period running from 22 May 2026 to 22 June 2026. Given that no feedback was received during this period, the MCA has decided to publish this decision in line with the proposed decision.

³ <https://www.mca.org.mt/decision-review-go-uso-2021>

3 Source of Funding

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

In accordance with applicable legislation as mentioned above, when the MCA establishes that a provider has suffered an unfair burden to provide a universal service, the MCA 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 of the final assessment of the claim for funding in relation to the USOs provided by GO during 2021 and in line with a decision by the Government of Malta, the established total amount of €117,604 may be financed from public funds. Such a decision by the Government of Malta solely refers to the USO claim analysed and is without prejudice to any position that the 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 €117,604 pertaining to the net cost incurred by GO plc to provide universal service obligations in the electronic communications sector during 2021 shall be financed from public funds.



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