

# Evaluating the role of the Malta Film Commission in promoting the Maltese film industry



November 2024



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in promoting the Maltese film industry

Report by the Auditor General  
November 2024

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## List of Abbreviations

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CIPFA	Chartered Institute of Public Finance and Accountancy
CRS	Cash Rebate Scheme
EU	European Union
FTE	Full-Time Equivalent
GVA	Gross Value Added
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
ISSAI	International Standards of Supreme Audit Institutions
IT	Information Technology
MCAST	Malta College of Arts, Science, and Technology
MFA	Malta Film Awards
MFC	Malta Film Commission
MFIN	Ministry for Finance
MFS	Malta Film Studios
MFW	Malta Film Week
MoU	Memorandum of Understanding
MTP	Ministry for Tourism and Public Cleanliness
NAO	National Audit Office
PAC	Public Accounts Committee
PBS	Public Broadcasting Services
PLM	Programme Logic Model
ROI	Return on Investment
UK	United Kingdom
VAT	Value Added Tax

## Executive Summary

### Why this study?

The National Audit Office (NAO) sought to determine the extent to which the Malta Film Commission (MFC) operations, including financial schemes and initiatives such as the 2022 Malta Film Week (MFW), could be considered to have embraced value for money and good governance principles.

The NAO carried out this Study as part of its performance audit programme, as well as to address two requests for further investigation by the Public Accounts Committee (PAC) and Prof Arnold Cassola.

### What the NAO recommends

The NAO recommends that the necessary resources and structures are made available to strengthen the MFC's corporate governance function. This would re-enforce internal control systems and enhance decision making transparency, business continuity as well as performance management.

Moreover, the strengthening of the corporate governance arm would lend further credibility to the Commission in attracting more film production business to Malta and to facilitate local and international stakeholder engagement whilst avoiding harmful controversies. MFC should also consider exploring different business models with the private sector to support and expand its operations.

### NAO's Key Observations

The Malta Film Commission (MFC) seeks to promote Malta as a world class film production venue in a dynamic and highly competitive global high value industry. To this end, during 2018 - 2022, the MFC incurred an operational expenditure of around €12.3 million – most of which relates to the Commission's administration, marketing and advertising costs as well as the staging of keynote events. In addition, between 2018 and 2023, the Commission awarded €3,432,561 to local film producers in relation to financial incentive schemes. Moreover, between 17 September 2018 to 8 August 2023 MFC awarded €143,833,464, in relation to the Cash Rebate Scheme. This figure considers only the grants awarded for undertakings that had a value higher than €500,000.

The Malta Film Week (MFW) held in 2022 was not supported with comprehensive documentation particularly feasibility studies, plans, and predetermined goals. While some basic documentation existed, such as budgetary requests templates, a formal strategy valid up to 2030 was not yet in place thus limiting the opportunity to place the event with Government's strategic vision and goals. MFC argued that high-level discussions with the Ministry for Tourism and Public Cleanliness (MTP) and the Ministry for Finance (MFIN) helped secure budget approvals and allocations, though no minutes about these meetings were provided. To enhance transparency, during 2025 budget discussions, Ministry for Tourism and Public Cleanliness (MTP) have recommended that any financial material events are to be presented in the central government budgetary estimates.

While recognising that the MFW event took place during the COVID-19 pandemic, which brought about restrictions to administrative operations, it is to be noted that the MFC did not maintain detailed records of several meetings held with other Ministries and the Commissions' Board. Considering the events and circumstances involved, MFC resorted to direct orders to procure services from renowned artists and for the hiring of technical equipment. Some of these direct orders lacked approvals while some others received a qualified approval by the Ministry of Finance. Given the governance concerns raised and to minimise the use of direct orders, during 2024, MFC in collaboration with MTP are working on the drafting of tender documentation relating to the organisation of events during 2025.

The above points to shortcomings in the MFC's corporate governance structures, especially when considering that the last audited financial statements presented to Parliament pertained to 2019. Based on the correspondence made available by the MFC to the National Audit Office (NAO), this Office recognises that MFC was consistently urging the accounting firm and the appointed auditors to expedite the presentation of the audited financial statements, however a significant delay to finalise the audited financial statements materialised. The audited financial statements for 2020 were finalised in October 2023, while those for 2021 and 2022 were concluded in October 2024.

It can be argued that the commercial environment within which the MFC operates does not always fit in adequately within the public service governance framework whose ultimate aim is to safeguard and optimise the use of public funds, in line with prevailing rules and regulations. Of note, however, is the notion that successful private or public sector companies are highly dependent on and driven by a robust corporate governance framework. Admittedly, such a set-up requires the appropriate level of human resources and organisational capacity – element which were chronically lacking at the MFC. To this end, during 2024, MTP is supporting MFC through the issue of calls to address vacant positions and the drafting of two tenders, namely that related to security and cleaning. Moreover, MTP is in discussions with MFIN to update existing circulars to facilitate MFC operations in this industry whilst ensuring the necessary corporate governance checks.

This review confirms the principal economic impacts emanating from the 40 per cent cash rebate scheme on eligible expenditure by film productions in Malta. These can be estimated in terms of expenditure, Gross Value Added, employment and tax revenue. Of note is that the employment figures do not necessarily relate to the creation of new jobs in the industry but comprises both new and previously held jobs which would have been potentially lost in the absence of new productions. It remains a matter for policy makers to decide the appropriate level of investment in film production, taking into account the opportunity cost of resources used, socio-economic priorities, as well as the potential for the industry to diversify and complement the overall make-up of economic activities in Malta.

# Chapter 1 | Terms of Reference

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## 1.1 Introduction

- 1.1.1 To a considerable extent, the film industry in Malta owes its reputation to the facilities at the Malta Film Studios (MFS), which fall under the management of the Malta Film Commission (MFC). These entities are funded through the national budget and revenue generated through film production initiatives.
- 1.1.2 Having serviced over 200 feature films, television movies, documentaries and commercials for the past 60 years<sup>1</sup>, the facilities are marketed by the MFC as having an outstanding track record as a reliable and efficient production studio. This implies, that the marketing initiatives as well as the use of the facilities at the Malta Film Studios generate socio-economic benefits and are conducive to the nurturing and growth of the film industry in Malta.
- 1.1.3 Against this backdrop, the National Audit Office (NAO) sought to determine the extent to which the activities and operations undertaken by the MFC were considered as value for money and embrace good governance principles. This Office started this audit with the aim of analysing the promotion of the film production industry in Malta. The scope of this exercise was extended to address the requests made to this Office by the Public Accounts Committee (PAC) as well as by Prof Arnold Cassola, to analyse specific areas relating to MFC initiatives and events. Consequently, this Report focused on MFC initiatives and operations during 2018 and 2022. Wherever possible, the Report makes references to any updates and developments to the issues under discussion.

## 1.2 Background

- 1.2.1 The Malta Film Commission was established by the Malta Film Commission Act in 2005 to strengthen the film industry in Malta. The Act establishes the Board, which is appointed by the Minister responsible for the Film Industry<sup>2</sup> and is composed of five members, including a chairperson. The Minister appoints also the Film Commissioner, as a Board member. The MFC Board generally assists the Commissioner with adoption of measures aimed at ensuring that the approved policies and initiatives are translated into concrete action plans. The Board also advises the Minister on policy matter, integration of local resources, international collaborations and the development of a comprehensive skills training strategy.

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<sup>1</sup> <https://www.pcpmalta.com/a-short-history-of-maltas-water-facility.html> accessed on 13 August 2024.  
<https://heritagemalta.mt/whats-on/members-malta-film-studios/#:~:text=Spanning%2060%20years%20of%20history,reliable%20and%20efficient%20production%20studio.> accessed on 13 August 2024.

<sup>2</sup> The Ministry currently responsible for the Film Industry is the Minister for Tourism and Public Cleanliness.

1.2.2 The Film Commissioner is entrusted to adopt and implement measures for the development, support, and promotion of the audio-visual and film servicing industry in Malta and in general, to implement Malta's audio-visual policy. The Commissioner is also to:

- i. assist and encourage the production of films and set-up of industries in Malta;
- ii. market the locations, facilities, skills, talent and expertise available;
- iii. analyse, assess and certifies the eligibility of projects and, or beneficiaries for tax or other incentives provided by the Government of Malta; and
- iv. exchange information amongst persons engaged within the film industry, the efficient use of available resources within the Maltese film servicing industry, and the co-operation with other interested stakeholders to encourage and promote employment in the Maltese audio-visual industry as well as the productivity of that industry.

1.2.3 As outlined in the preceding paragraphs, the MFC functions include the provisions of financial incentives and tax schemes that Maltese and international production companies can avail themselves of. Between 2018 and 2023, the MFC operated three funding schemes. These related to:

- i. The Malta Film Commission Cash Rebate Scheme – This is a production incentive in the form of a reimbursement available to both national and international qualifying companies. As of 2019 the cash rebate increased to 40 per cent from 27 per cent of eligible expenditure which were incurred on European Union (EU) procured services such as accommodation, daily subsistence allowances, transportation, hiring of equipment, vehicles and property, location fees, catering, office leasing and props. The cash rebate scheme would increase to 50 per cent of eligible expenditure in cases of a qualifying production considered as a 'Difficult Audiovisual Work'. Multiple types of productions can benefit from this rebate, provided that they are entirely or partially filmed in Malta. The minimum spend to qualify for this rebate scheme must be €100,000 in Malta with an overall budget exceeding €200,000. This rebate scheme is regulated by the State Aid Rules.
- ii. Creative Malta Fund / The Malta Film Fund – This fund, which at the time of the audit period under review was managed by the MFC, provided financial support<sup>3</sup> for fiction, animation and creative documentary projects as long as they contribute to Maltese or European culture, to the development of the film and TV industry in Malta or the EU or if they are considered cultural. The Creative Malta Fund covered 50 per cent of the eligible costs. However, there are instances where this percentage could go up to:
  - a. 60 per cent of co-productions which involve more than one EU Member State; and
  - b. 80 per cent in case the audiovisual works are determined to be difficult.

<sup>3</sup> Financial incentives were up to €600,000 annually until November 2023 and increased to €900,000 thereafter.

The aid intensity to schemes falling under pre-production may be of up to 100 per cent. Qualifying projects receive funding after ranking by merit following an evaluation procedure. As from November 2023, this fund was transferred under the remit of another entity to be more in line with MFC remit.

- iii. Co-production Fund – The co-production fund has also been established as an incentive to enhance collaboration between Maltese and foreign companies to jointly produce audiovisual productions primarily intended for cinema release or broadcast and suitable for international distribution. Upon determining the limits of the available budgetary resources as well as the cost and nature of each proposal, the Malta Co-Production Fund allows a maximum of €1 million per annum to be distributed amongst producers, with each beneficiary allowed a maximum equity finance of €350,000.

Qualifying projects must be predominantly filmed in Malta and incorporate Maltese talent. Supporting co-productions benefits Malta culturally and economically whilst strengthening existing partnerships between Maltese and international producers, allowing the Malta film industry to acquire and develop skills from international partners. Additionally, co-productions are treated as national productions in each respective partner country.

1.2.4 Production houses may also avail themselves from funds related to Co-Production Treaties. Malta is a signatory to the major conventions, which regulate the film industry, including the European Convention on Cinematographic Co-Production.

1.2.5 Figure 1 shows that the grants awarded by the MFC, and the respective budgets allocated to these initiatives between 2018 and 2023.

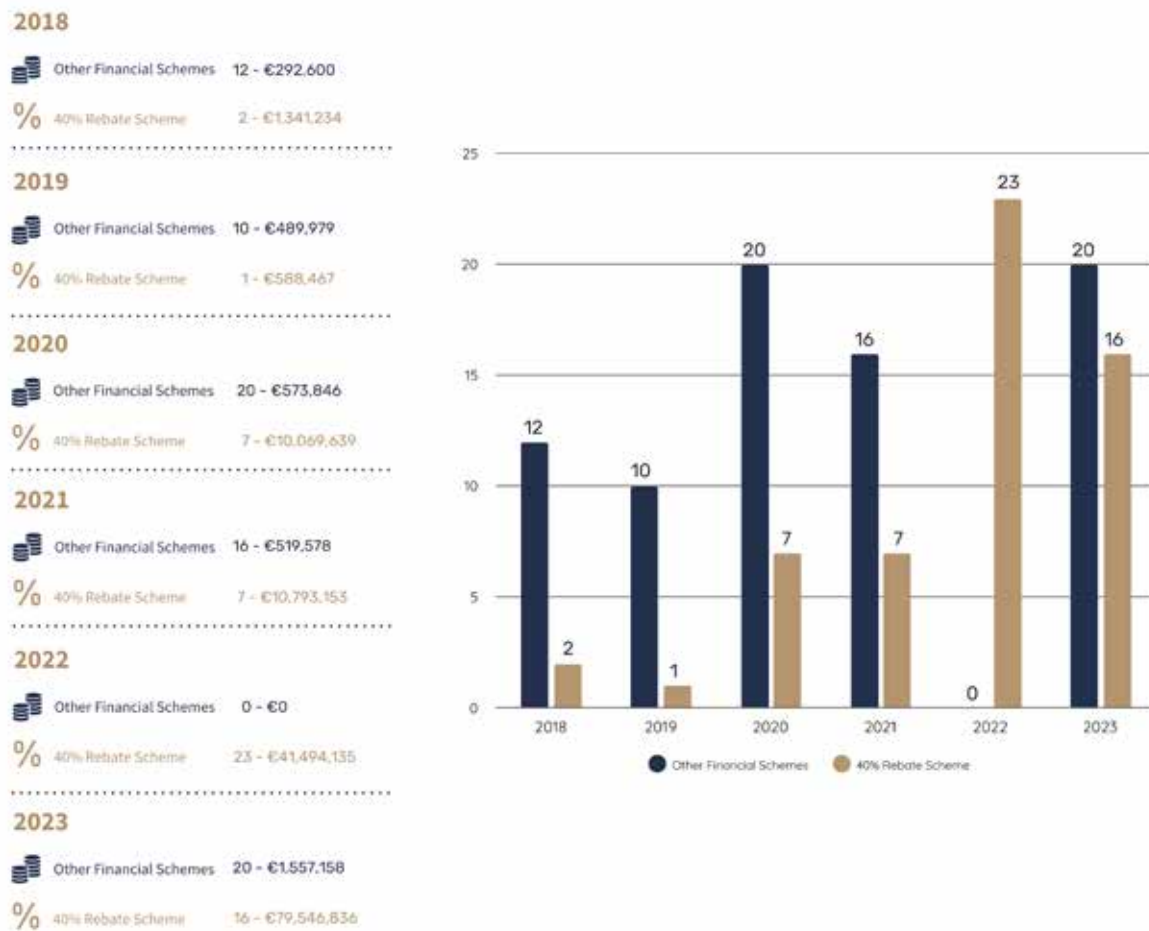
1.2.6 Figure 1 shows that the number of schemes awarded, and the funds allocated increased significantly over the years. The undertakings considered for the Cash Rebate Scheme relate to the period 17 September 2018 to 8 August 2023. This timeline reflects the Public Accounts Committee request. Moreover, the figures quoted in figure 1 in relation to the Cash Rebate Scheme relate only to undertakings over €500,000 based on data published by the European Commission. The website only shows state aid granted for projects in the excess of €500,000.<sup>4</sup>

1.2.7 Between September 2018 and August 2023, a significant increase was registered in the number of film productions benefitting from the 40 per cent cash rebate. At this juncture, it is to be noted that data relating to the cash rebate scheme reflects grants rewarded. Following this process, actual funding is carried out following the finalisation of the production, reflecting eligible expenditure and verification of cases through an independent audit. Thus, there can be a difference between amount granted and actual disbursement. In this regard, data made available by the MFC shows that productions taking place between January 2018 to December

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<sup>4</sup> The data was obtained from the EU Commission State Aid website <https://webgate.ec.europa.eu/competition/transparency/public?lang=en>, accessed on 30 August 2023.

Figure 1: Number of initiatives awarded by MFC and respective allocated budgets (2018 - 2023)



2023 are estimated to benefit €148.1 million from the cash rebate scheme. This figure is still subject to change as expenditure related to these productions, is in some instances still subject to audit verification, prior to actual disbursement.

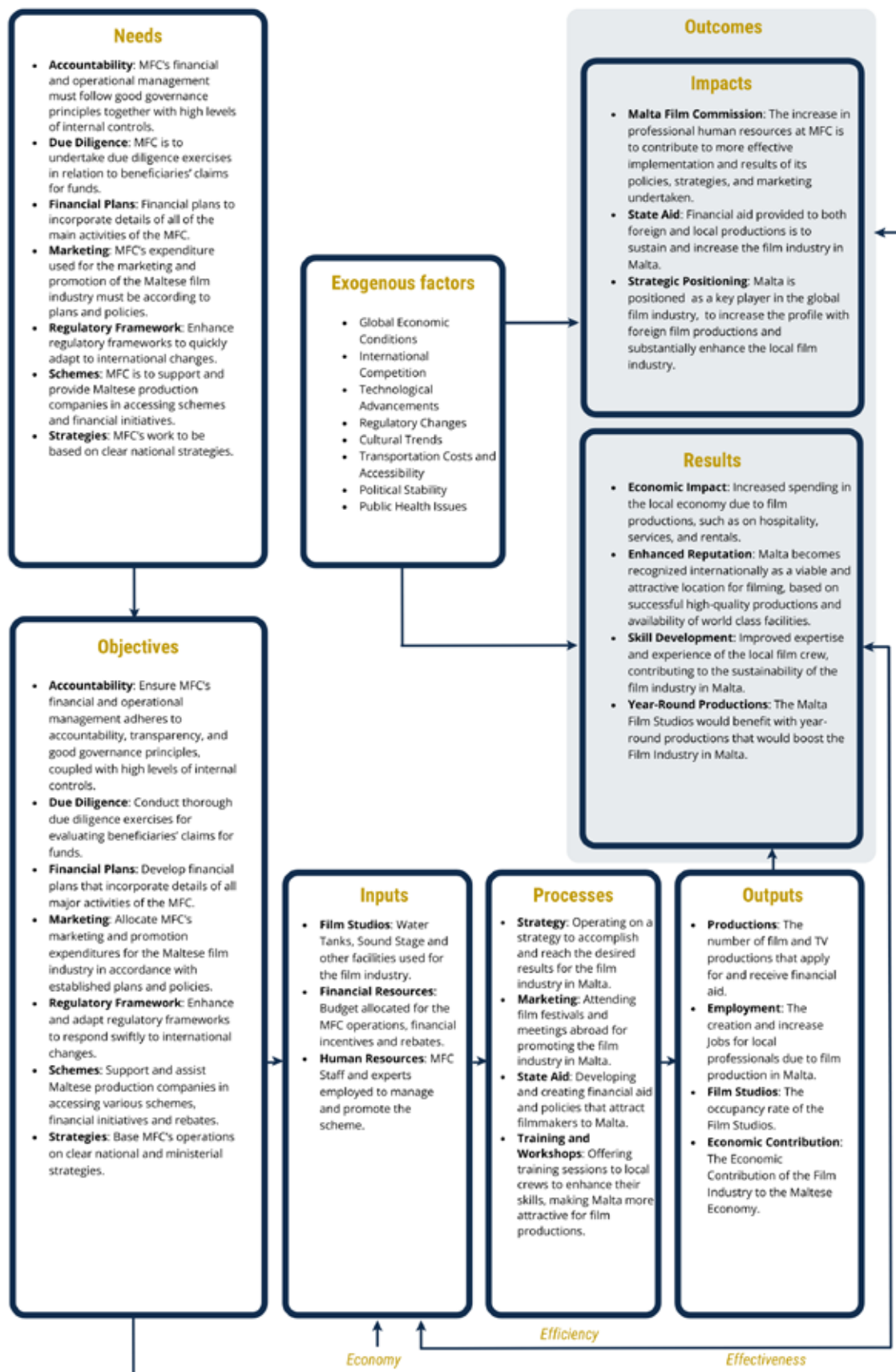
1.2.8 In addition to the incentives and funds managed by MFC, film makers can also benefit from tax credits, under various regulations. Such fiscal incentives include the following:

- i. investment tax credits for audiovisual facilities via the Malta Enterprise Act and Investment Aid Regulations;
- ii. effective Value Added Tax (VAT) system with efficient reimbursement timeframes; and
- iii. tax benefits for film distribution and holding structures- Malta offers one of the lowest effective corporate tax rates in the EU through favourable tax structures under the Business Promotion Act and Business Promotion Regulations.

### 1.3 Programme Logic Model

1.3.1 Based on the foregoing this Office utilised the Programme Logic Model (PLM) to determine this Review's audit objectives as well as MFC's envisaged results and impacts. Figure 2 refers.

Figure 2: Programme Logic Model



## 1.4 Audit Scope and Objectives

1.4.1 The NAO's annual performance audit programme for 2022 included the review of the promotional activities undertaken by the MFC. The Office's audit objectives for this Review were mainly derived through the elements portrayed in the programme logic model above. The PLM was modified following the NAO's acceptance to broaden the scope of this assignment after the receipt of the two specific requests, firstly by a private citizen and consequently by the PAC.

1.4.2 In February 2022, Prof Arnold Cassola brought to the attention of the NAO various concerns regarding the MFC's expenditure for the Malta Film Awards (MFA), which was held in January 2022. He also raised regulatory and corporate governance issues. This correspondence alluded that the Malta Film Commission under the Commissioner's direction, incurred substantial costs to organise the MFA and that these costs were subsidised from funds that should have originally been allocated to the support and development of local film making as opposed to a marketing event. Appendix I refers.

1.4.3 Additionally, in August 2023, the PAC Members representing the Opposition, and the Shadow Minister for National Heritage, Arts and Culture requested this Office to investigate the work of the Malta Film Commission. Appendix II reproduces this request. Through this correspondence, this Office was requested to investigate the internal procedures and controls as well as adherence to State Aid rules and good governance principles in relation to MFC's disbursement of financial aid through the various incentives between 17 September 2018 to 8 August 2023.

1.4.4 Thus, this audit sought to determine the extent to which the activities and operations undertaken by the MFC are considered as value for money and embrace good governance principles. Towards this end, this audit examined whether the:

- i. Commission's work was based on duly documented strategies;
- ii. financial plans incorporated details of all of the main activities of the MFC;
- iii. financial and operational management of the Commission upheld accountability, transparency and good governance principles;
- iv. internal controls were in place to ensure that the MFC's expenditure is contributing to the promotion and nurturing of the film industry in Malta;
- v. expenditure by the MFC for the marketing and promotion of the Maltese film industry embraces the Ministry's and Commission's policies and resulted in tangible benefits for the Maltese film industry and to Malta on a financial, economic and social level, such as the expenditure related to the Malta Film Week (MFW);
- vi. State Aid schemes and incentives administered by the MFC complied with the regulatory framework;
- vii. MFC carries out due diligence exercises in relation to the beneficiaries' claims for funds and their ability to deliver the projects in question; and
- viii. MFC is providing access to schemes and financial initiatives to Maltese production companies.

1.4.5 Within this context, unless otherwise indicated, this audit focused on the period 2018 to 2022.

## 1.5 Audit Methodology and Limitations

1.5.1 The attainment of the afore-mentioned objectives entailed the following methodological approaches:

- i. **Adherence to ISSAIs:** The audit was carried out in accordance with the Standard for Performance Auditing, International Standards of Supreme Audit Institutions (ISSAI) 3000, ensuring it conforms to international standards.
- ii. **Documentation review:** This Office aimed to ascertain whether Government's and stakeholders' interests were safeguarded appropriately. The NAO judiciously reviewed documented information related to international and local productions.
- iii. **Sampling undertaken:** The NAO sampled ten out of the 56 productions that were publicly listed on the European Commission State Aid Transparency website, within the period 17 September 2018 to 8 August 2023. The ten sampled productions were those that were allocated the highest budgeted aid. Another two productions were sampled from the list of productions receiving local funds. This sample enabled the NAO to review rebate schemes and grants afforded to local and international production houses through all three schemes which were operated by the MFC at the time.
- iv. **Financial analysis:** The NAO requested the MFC and MFS audited accounts for the period under review. The Office also requested the entities' management accounts for the period under review. The NAO's analysis in this respect was limited since during the audit period, the last available audited financial statements date back to 2019. During September and October 2024, this Office received the audited financial statements for the period 2020 to 2022. The latter audited financial statements were at the time of reporting, not yet tabled in Parliament.

With this limitation in mind, nonetheless the NAO requested all the financial documentation tied to the Malta Film Week including all expenses incurred and income received, a detailed list of all the income received. Substantial expenses incurred were highlighted and fieldwork was carried out through a review of the ten most material invoices which amounted to a total of €917,439.92. The NAO also reviewed supporting documentation, such as transaction listings from the Ministries involved in subsidising the Malta Film Week and all invoices received, to determine the completeness of the expense line items presented. Moreover, the NAO verified this exercise against the management accounts pertaining to 2022. This documentation was received in the concluding phase of the audit.

- v. **Semi-structured interviews:** This Office held meetings with the Permanent Secretary Ministry for Tourism and Public Cleanliness, the Film Commissioner and his representatives as well as MFC's Board Chairperson. The aim of these meetings was to obtain a general understanding of the aim and execution of film productions incentives and the MFW 2022. These meetings enabled the NAO to better understand the approach adopted by the MFC. These meetings provided qualitative information which served to corroborate evidence derived through other methodological approaches. Additionally, this Office also held a meeting with the State Aid Monitoring Board.
- vi. **Value for Money considerations:** This Office carried out a number of exercises relating to cost effectiveness. This Office analysed the extent to which the investment in this Sector rendered a satisfactory return on investment.

1.5.2 This audit encountered various limitations, some of which, notwithstanding various efforts by our audit team could not be adequately mitigated. Throughout this Report, reference will be made to the limitations encountered and, where relevant, the remedial action undertaken. The main limitations encountered related to the following:

- i. **Availability of MFC audited financial statements:** MFC audited financial statements for 2021 and 2022 were concluded in October 2024 and made available to this Office in the subsequent days. A similar situation materialised with respect to the audited accounts of 2020, which were finalised in October 2023 and made available to this office in September 2024. Correspondence made available to the NAO shows that MFC was consistently urging the accounting firm and the appointed auditors to expedite the presentation of the audited financial statements.
- ii. **Specific events transactions are not classified in a separate cost centre:** The Malta Film Awards was not treated as a cost centre where its income and expenses were treated separately from the rest of the Malta Film Week. This limitation resulted in costs for the whole week could not always be apportioned accordingly.
- iii. **Lack of audit trails:** The Malta Film Commission did not always document all decisions taken by the Management and Ministry approvals concerning certain expenditures. The lack of audit trail limited the NAO's review and subsequently, was reflected in some of the conclusions and recommendations presented in this Report.
- iv. **Lack of Key Performance Indicators:** The absence of formally approved strategies, policies and plans also placed auditing constraints on the NAO. This limited this Office when measuring progress registered in the Film Industry.

## 1.6 Structure of the Report

1.6.1 Following this Introductory Chapter the Report proceeds as follows:

- i. **Chapter 2** - Analyses the planning, expenditure and outcomes of The Malta Film Week.
- ii. **Chapter 3** - Discusses the governance framework, most notable the strategic documents, policies and budgets at the disposal of the MFC. Moreover, this Chapter reviews MFC's application of the main tenets of corporate governance, namely accountability, transparency, fairness and responsibility.
- iii. **Chapter 4** - Considers the MFC's marketing initiatives value for money aspect and the return on investment of the Commission's initiatives to attract film productions to Malta. The analysis considers two studies commissioned by MFC and determines the degree to which the Film Commission investment is rendering the desired outcomes.
- iv. **Chapter 5** - Outlines the conclusions emanating from this Review.

1.6.2 The main conclusions and recommendations related to this Study are also presented in this Report's Executive Summary on page 5.

## Chapter 2 | The 2022 Malta Film Week / Film Awards

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### 2.1 Introduction

2.1.1 The Malta Film Awards (MFA) was first officially mentioned in the budget speech of October 2021<sup>5</sup> and held in January 2022, as part of the Malta Film Week (MFW); a series of events spanning over six days, from the 24 to the 29 of January 2022. Malta has a history of organising film awards, including the 25<sup>th</sup> European Film Awards in 2012.

2.1.2 The main objective of the MFW was to recognise 100 years of film servicing in Malta. The event was also intended as a marketing tool aimed at increasing local and international awareness about Malta's film industry, facilities and locations.

2.1.3 The National Audit Office (NAO) was requested to investigate the extent to which expenditure incurred in conjunction with the MFA held in January 2022 complied with budgetary allocations, the regulatory framework and corporate governance principles.

2.1.4 Against this backdrop, this Chapter discusses:

- i. the extent to which the MFW embraced the Malta Film Commission's (MFC's) / Ministry for Tourism and Public Cleanliness's (MTP's) strategies, plans and budgets;
- ii. the expenses involved in the actualisation of the MFW/MFA;
- iii. whether the income that was generated and/or provided to meet the expenses incurred was separate from any funds specifically allocated for the development and support of local film makers;
- iv. whether the anticipated returns of such expenses in terms of the promotion of the local film industry were realised; and
- v. whether the implementation of the MFW/MFA adopted good corporate governance practices.

2.1.5 This Office analysed the Malta Film Week activity against a Project Management cycle, as corroborated by best practices and identified by a spectrum of industries. While recognising that the MFW was held during COVID-19, where a number of health restrictions prevailed, this approach was conducive to review and analyse a project of this financial and logistical magnitude specifically:

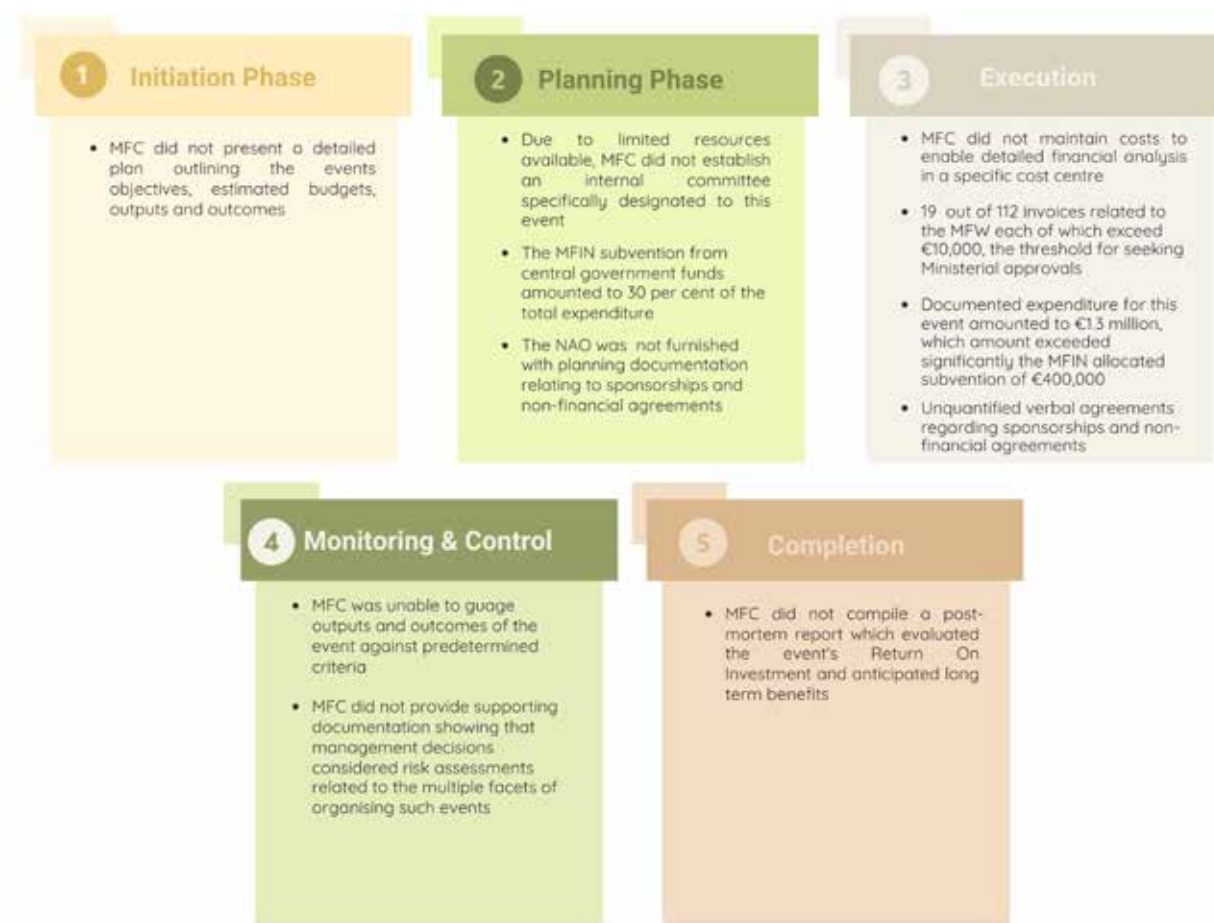
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<sup>5</sup> Minister for Finance and Employment, Budget Speech 2022, pages 53 and 54, 11 October 2021.

- i. internal and inter-ministerial approvals for the hosting of this event;
- ii. the different stages of planning; and
- iii. implementing and monitoring the MFW event and its outcomes.

2.1.6 Based on the documentation made available to this Office by the MFC up to the drafting of this Report, the NAO noted that the Malta Film Week project fell short of certain best practices and project management criteria. Figure 3 refers.

Figure 3: Benchmarking results of the Malta Film Week Events against best practices advocated by the Project Management Cycle criteria



## 2.2 The MFW event was not fully supported by strategic documents and business plans

2.2.1 Up to the time of drafting of this Report, the Ministry for Tourism and Public Cleanliness (MTP) / MFC was still in the process of finalising a strategic plan framework against which the Commission could provide the direction and support for Malta's film servicing industry. This situation implies that the Malta Film Week and Awards projects were undertaken outside an approved strategic framework and plans.

2.2.2 The first official reference to the event was the budget speech for financial year 2022.<sup>6</sup> The amount allocated to this event, from the central government budget was €400,000. The Ministry for Finance (MFIN) allocated these funds on the basis of the annual budgetary request through a business plan template where the MFC requested an initial financial allocation of €1.2 million. Nonetheless, the request was not supported with detailed workings and the expected returns from this event. To this end, the MFC contended that this submission was supported with various high-level discussions involving the MTA, MFIN and the Commission itself. On enquiry, the MFC contended that minutes of these meeting were not kept.

2.2.3 The Commission considered the MFW as the right vehicle to celebrate the success story of local cast and crew of the film and television industry throughout the years. Moreover, through this event, MFC contend that they aimed to further lay out the vision of the Commission to enhance visibility and growth of the industry. However, this event was not supported by comprehensive operational plans outlining the objectives, outputs and outcomes, responsibilities and the resources required to stage it. This is particularly important since such documentation would have enabled benchmarking to determine the extent to which the event achieved its intended purposes in terms of value for money as well as returns on the marketing expenditure. NAO was not presented with logistical plans or any cost benefit analysis supporting the prioritisation of this event on other MFC initiatives or responsibilities outlined in Chapter 478 relating to the Commission's functions.

## 2.3 MFC financed a third of MFW / MFA expenditure through a central government subvention

2.3.1 Documentation presented to the NAO shows that the cost of staging the Malta Film Week and the Malta Film Awards Events entailed an expenditure of around €1.3 million. Despite the methodological limitations brought about by the unavailability of audited accounts prior to October 2024 and the absence of a specific cost centre, the NAO identified the following sources of income in relation to the financing of these events:

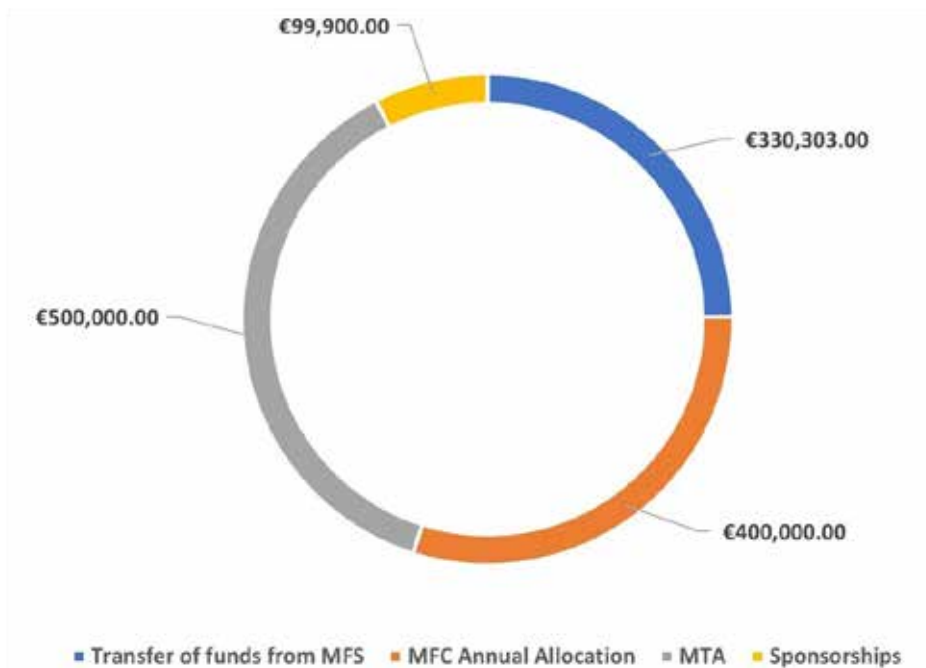
- i. the MFIN annual budget allocation to MFC;
- ii. income generated by the Malta Film Studios which falls under MFC (this Office was not provided with documentation detailing the takeover arrangements such as right of use, profits and assets between MFS and MFC); and
- iii. financial sponsorships from Malta Tourism Authority (MTA) and from private entities / individuals.

2.3.2 This analysis is excluding information of any non-financial agreements entered into by the Commission. Such a situation has materialised as the MFC has not established and documented the fair-value of these arrangements.

<sup>6</sup> Minister for Finance and Employment, Budget Speech 2022, pages 53 and 54, 11 October 2021.

2.3.3 Data made available to this Office shows that seven per cent (€99,900) of the income to cover the expenses related to MFC was generated through sponsorships. The remaining 93 per cent emanated from the annual subvention by MFIN to MFC, the Malta Film Studios<sup>7</sup> and MTA. Figure 4 refers.

Figure 4: Income to cover MFW activities



2.3.4 Figure 4 shows that MFC subvention dedicated for the MFW only covered slightly less than one third of the MFW budgeted and incurred expenditure. Figure 4 also shows that MFS, which is also managed by the MFC contributed financially to MFW.

2.3.5 The MFS generates revenue through its operations. While MFS management and operations were not within the scope of this audit, financial reports submitted to the Ministry for Finance for the year 2021 indicate that the MFS was in a financial position to finance its sponsorship of the Malta Film Week. While the Malta Film Studios had the financial capacity to back-up the MFW, this transaction was driven by the availability of funds to the Commission rather than being based on a thorough cost-benefit analysis of the advertising campaign.

2.3.6 In view that Central Government’s subvention for the event amounted to around €400,000, the Commission needed to find alternative sources of income and financial sponsorships to cover the circa €1.3 million expenditure incurred for the staging of this event. MFS sponsored €330,303 required for this event. The MFS sponsorship of the MFW was not undertaken at the detriment of budgets reserved for the support and financing of the film industry in Malta. Furthermore, the Commission’s grants are awarded under a different mechanism, that is State Aid.

<sup>7</sup> The Malta Film Studios is operated by MFC.

2.3.7 The NAO qualifies the comments in this Section with the limitations presented hereunder.

## 2.4 The non-availability of MFC's comprehensive accounting records to the NAO did not enable this Office to conclusively determine completeness of the costs involved in the MFW

2.4.1 MFC's audited accounts for 2019 were finalised in March 2021 and presented to Parliament in February 2023. The financial audited accounts for 2020 were signed in October 2023 while those for 2021 and 2022 were endorsed by the Commissioner and Board during October 2024. The financial audit statements for 2023 remain outstanding. The audited financial statements under review were delayed by a minimum of 13 months (2019) to a maximum of 32 months (2021). This situation deviates from the provisions of Article 23 of the Malta Film Commission Act (Cap. 478), which stipulate that a copy of the audited financial statements are to be submitted to the Minister not later than six weeks after the end of each financial year, that is, mid-February. Paragraph 1.5.2 makes reference to the correspondence exchanged between MFC and its engaged accounting and auditing firm to expedite the finalisation of the audited financial statements.

2.4.2 Consequently, the NAO requested a copy of all invoices relating to the MFW. Based on the documentation received, this evaluation resulted in the following:

- i. **MFC did not have contracts in place covering all sponsorships and non-financial agreements entered into** - The Commission sought non-financial sponsorships to support the hosting of the MFW and the MFA events in 2022. Services including those provided from local artists, entertainers, make-up artists, hotels, hairdressers, Public Broadcasting Services (PBS) advertising slots and others (as featured in the credits listed on the live television transmission on PBS of the MFA event).

These transactions, although non-monetary, must be disclosed under other events and conditions to comply with financial reporting standards, due to their materiality in enabling event organisers to execute the events. In addition, services provided by national or public institutions, such as the PBS, are to be disclosed as related party transactions.<sup>8</sup> It is to be noted that MFC audited financial statements for the period 2022, did not disclose such information.

The MFC did not furnish any relative documentation, including agreements for the purpose of this Review. The Commission contended that these services were generally provided against no financial remuneration as suppliers sought publicity and exposure from participation in this event. The absence of documentation detracts from establishing the fair value of services provided to determine the true value of this event.

<sup>8</sup> International Financial Reporting Standards (IFRS) 24 Related Party Transactions. Clause 26; <https://www.ifrs.org/content/dam/ifrs/publications/pdf-standards/english/2022/issued/part-a/ias-24-related-party-disclosures.pdf?bypass=on>, accessed on 2 September 2024.

- ii. **MFC did not always enter into documented agreements with suppliers** - A review of the invoices relating to the MFW showed that 19 of the 112 invoices exceeded €10,000. In view of their financial materiality, risk and film industry stakeholder feedback, this Office requested MFC to forward to the NAO documentation relating to the procurement procedure of ten of these invoices. In eight out of the ten cases under review, MFC did not enter into a contractual agreement regarding the procured services. Considering the financial materiality involved, such agreements are a means to safeguard both parties' interests. Moreover, these agreements enhance performance measurement and serve as a point of reference in cases of litigation.

## **2.5 MFC could not support its claim that the MFW constituted Value for Money**

2.5.1 Although not comprehensively documented in any policy document or plans, the MFW was part of MFC's marketing endeavours for 2022. There are various mechanisms to measure the performance of this event. One of these performance indicators relate to financial performance and sustainability. MFC did not carry out studies to evaluate the MFW in terms of return on investment and the degree to which this event reached any pre-set goals. This Office established a range of criteria to determine the extent to which this activity fulfils value for money principles. However, this Office was not in a position to undertake such an exercise in view that:

- i. MFC did not provide a detailed account of the services and service providers, which were not directly paid for through invoices but through non-financial arrangements;
- ii. the description from the invoices was in cases, somewhat limited as information presented did not attribute specific costs to particular events, such as specific master classes;
- iii. MFC did not provide this Office with the pre-determined outcomes and outputs, for example the cost per event against any set objectives. An example in this regard relate to new opportunities for the Malta Film Industry professionals (networking and collaboration with foreign production houses) and MFC (such as an increase in the use of available facilities); and
- iv. MFC is not in a position to determine the return on investment (ROI) resulting from such marketing efforts. Such a situation materialised as MFC did not make available a comprehensive database highlighting the number of participants / viewership of the MFA and for all the separate events. Moreover, MFC did not carry out any studies to determine the number of production houses that decided to invest in the Maltese Film Industry because of this event. MFC contended that the Commission's main aim was to celebrate the Maltese film professionals and increase the prominence of the sector on a national level. Nevertheless, the event was used to support MFC marketing campaigns in subsequent months.

2.5.2 The foregoing prohibited this Office from embarking on a cost-effectiveness exercise. Moreover, such a situation raises concerns relating to accountability and transparency related to provenance, spending and administration of public funds.

## 2.6 Conclusion

- 2.6.1 This Section has discussed the MFW that was organised by the MFC in 2022. This Review has raised a number of good governance issues relating to the project management of this event, most saliently relating to accountability, transparency and financial management. To enhance transparency during 2025 budget discussions, MTP and MFC are recommending to MFIN that any financial material events are to be presented in the estimates as a separate budget line item. Furthermore, to minimise the use of direct orders, during 2024, MFC in collaboration with MTP are working on the drafting of tender documentation relating to the organisation of events.
- 2.6.2 This Office raises concerns on the business model employed by MFC to manage these events especially the generation of income, procurement of services and respective approval systems concerning expenditure of public funds, as well the checks and balances in place within the MFC. These concerns influence the level of transparency and audit trail embraced by MFC, especially in an event that had a significant financial magnitude. This situation is further compounded by the centralisation of decision-making to a single point of reference, namely the Commissioner of the MFC and subsequently by the lack of documentation to support budget prioritisation and selection of service providers rather than appointing a project management committee specifically set to deal with an event of this size at planning, implementation and post-mortem phases. Of note is that at the time of these events, the MFC faced staff shortages in various capacities, which to a great extent prohibited an appropriate corporate governance structure that included sound internal control systems. The MFW was organised during COVID-19 and consequently a number of public health restrictions prevailed that affected the Commission's operations. Nevertheless, this Office also questions the extent to which competition and procurement rules were adhered to due to the self-imposed time constraints by the MFC to stage these events.

## Chapter 3 | Corporate Governance

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### 3.1 Introduction

3.1.1 The International Federation of Accountants (IFAC) / Chartered Institute of Public Finance and Accountancy (CIPFA) International Framework: Good Governance in the Public Sector defines governance as *“the arrangements put in place to ensure that the intended outcomes from stakeholders are defined and achieved. The fundamental function of good governance in the public sector is to ensure that entities achieve their intended outcomes while acting in the public interest at all times.”* Similarly, corporate governance, which is intended to regulate the activities within a private or public entity, is essential to enable the management and / or the Board of Directors to foster effective relationships with shareholders or stakeholders. In turn, this ensures that organisational direction and performance embrace the fundamental principles of transparency, accountability and regularity.

3.1.2 Against this backdrop, this Chapter discusses:

- i. The Malta Film Commission (MFC) practices benchmarked against International Federation of Accountants (IFAC) / Chartered Institute of Public Finance and Accountancy (CIPFA) corporate governance principles;
- ii. The Commission’s strategic and operational planning; and
- iii. MFC’s organisation structure.

### 3.2 Certain MFC operations do not fulfil good corporate governance practices

3.2.1 The IFAC / CIPFA framework sets out the criteria required to achieve the intended outcomes while acting in the public interest. Table 1 benchmarks the Malta Film Commission’s (MFC) operational practices against the criteria set by IFAC / CIPFA and other corporate governance literature.

3.2.2 Table 1 shows that MFC operations did not always reflect the principles of good corporate governance. In part, these circumstances arose as a result of tensions stemming from operating in a commercial environment whilst seeking to adhere to public financial regulations including those relating to procurement – which in this particular line of business could at times be restrictive, lengthy and cumbersome. Nonetheless, sound corporate governance mechanisms need to be in place to safeguard the interests of stakeholders and shareholders, which in the case of public funds include citizens and taxpayers.

**Table 1: Criteria to implement good governance principles vs MFC practices**

IFAC / CIPFA criteria to implement good governance	MFC practices
<p>Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law</p>	<p>MFC did not carry out visibility studies prior to the implementation of the fiscal incentives schemes such as the 40 per cent cash rebate. In the interim, MFIN has carried out internal exercises regarding</p> <ul style="list-style-type: none"> <li>● the possible increase of the fiscal scheme to 30 per cent based on 2010 situation. Two studies, on the other hand, were conducted to determine the rate of return attainable through the implementation of the 40 per cent cash rebate scheme.</li> </ul> <p>During 2019, based on the criminal risks involved, the MFC carried out due diligence through the commissioning of reports on three</p> <ul style="list-style-type: none"> <li>● productions that benefited from a financial incentive from the Film Commission. The aim of these reports was to review budgets, scripts and the final product.</li> </ul> <p>MFC last published audited financial reports date to 2019. The finalisation of the financial statements for the period 2020 to 2022 was delayed due to issues with the service providers. The financial statements for 2020 were endorsed in October 2023 while those pertaining to 2021 and 2022 were approved by the MFC Board during October 2024. This is in breach of Chapter 478 of the Laws of Malta which define and regulate the operational framework of the Malta Film Commission. These regulations outline that the financial statements are to be tabled in Parliament within six weeks from the closing of the financial year.</p> <ul style="list-style-type: none"> <li>● The National Audit Office (NAO) Annual Audit Report 2020 outlined a lack of effective internal controls that were resulting in a concentration of authority with the Film Commissioner and absence of comprehensive independent oversight; a situation, which persists to this day due to lack of staff.</li> </ul>
<p>Ensuring openness</p>	<ul style="list-style-type: none"> <li>● The publication of MFC support to the film industry through the available fiscal incentives complies with openness-related criteria.</li> <li>● MFC contends that the Commission does not document meetings held with local stakeholders.</li> </ul>
<p>Comprehensive stakeholder engagement</p>	<ul style="list-style-type: none"> <li>● MFC published its draft strategy covering the period up to 2030 for public consultation. However, to date this draft strategy is still to be finalised and adopted. This implies that MFC operations and initiatives cannot be gauged or contextualised against a formally approved framework.</li> </ul>

Defining outcomes in terms of sustainable economic, social and environmental benefits

The MFC does not have an approved strategy in place covering the period from 2021 onwards, yet it organises various promotional events, has introduced a more generous rebate scheme for film productions in Malta and has undergone a range of infrastructural upgrades at its facilities. The implementation of these initiatives necessitated high level discussions, as well as ministerial and parliamentary intervention to enact legislative changes. Nonetheless most of these actions are not supported by documented studies highlighting predetermined outcomes in terms of sustainable economic, social and environmental benefits. MFC is carrying out studies to determine the ROI following the Mediterranean festivals, rather than prior to the planning of these initiatives.

Determining the interventions necessary to optimise the achievement of the intended outcomes

There were no formal feasibility studies to determine the adequacy of rebate schemes prior to their enactment into law and their subsequent implementation. The decision was based on high level discussions and the fact that the rebate level had to increase to match that being offered by competitors. It is however to be noted that subsequently MFC commissioned two studies to gauge the return on investment following the adoption of the new rates.

● MFC does not have a documented marketing plan.

Developing the entity's capacity, including the capability of its leadership and the individuals within it

As at end 2022, a number of key roles at MFC were vacant thus limiting the extent to which internal control mechanism, such as segregation of duties and financial approval levels could be implemented.

Managing risks and performance through robust internal control and strong public financial management

MFC last published audited financial reports date to 2019. The finalisation of the financial statements for the period 2020 to 2022 was delayed due to issues with the service providers.

● The financial statements for 2020 were endorsed in October 2023 while those pertaining to 2021 and 2022 were approved by the MFC Board during October 2024. This is in breach of Chapter 478 of the Laws of Malta which define and regulate the operational framework of the Malta Film Commission

MFC is working to enhance and strengthen the audit function in conjunction with the cash rebate scheme. In 2024, the MFC issued guidelines on the financial incentives as well as the audit guide and procedures for qualified and certified auditors involved in the final applications related to Screen Malta incentives.

### Implementing good practices in transparency, reporting and audit to deliver effective accountability

Industry based and political stakeholders raised concerns, citing the non-transparent approach of MFC's operational practices and related expenditure.

MFC last published audited financial reports date to 2019. The finalisation of the financial statements for the period 2020 to 2022 was delayed due to issues with the service providers. The financial statements for 2020 were endorsed in October 2023 while those pertaining to 2021 and 2022 were approved by the MFC Board during October 2024. This is in breach of Chapter 478 of the Laws of Malta which define and regulate the operational framework of the Malta Film Commission.

The strategic framework and ancillary documents such as the marketing plan are not adopted and not documented respectively.

MFC is working to enhance and strengthen its audit function in conjunction with the cash rebate scheme.

**3.2.3** Balance between executive and non-executive board members- Chapter 478 of the Laws of Malta stipulates that the MFC Board is to be composed of a Chairman, the Malta Film Commissioner and three non-executive members. With a few exceptions related to the endorsement of rebates, the MFC's Board role is mainly advisory as the non-executive directors are not legally empowered to approve or veto initiatives. Within this context, corporate governance literature highlights the importance of a balance between executive and non-executive directors. This comes about from the two distinct roles associated with each of these functions. Executive Directors are involved in the day-to-day management of the company and bring in-depth knowledge of the business operations, challenges, and opportunities – a role currently being represented on the Board by the Commissioner. On the other hand, non-executive directors provide an independent, external perspective, often bringing experience from other industries or companies. This helps avoid "groupthink" and ensures that decisions are made with a broader view.

**3.2.4** An imbalance of these roles is conducive to risks of a lack of operational insight, slower decision-making, weak strategic alignment, and communication gaps. The absence of executive directors can undermine the board's effectiveness in governance and its ability to respond swiftly and effectively to business challenges.

**3.2.5** **Staffing issues** - As at end of 2022, the MFC had ten vacant positions out of the planned 23 employee workforce, when the Commissioner and his secretariat are excluded from the calculation. A similar situation prevailed in 2024. As at September 2024, MFC had 17 vacancies

to address the increasing staff shortage it was experiencing. This high percentage of vacant positions within the MFC is not sustainable for a long period of time as it will influence both the short, medium and long-term operations of the Commission. This situation also translates itself in the Commissioner and other staff having to personally absorb a range of functions – for example the marketing function. To partially mitigate this situation, MFC contended that during September 2024, the Commission has engaged a consultant to deal with MFC marketing function. Apart from affecting MFC operations, staff shortages are also diminishing the Commission’s ability to implement and enforce sound corporate governance principles.

- 3.2.6 This is particularly evident in financial and administrative matters, where the appropriate mechanisms such as segregation of duties, approval levels and ensuring timely compliance with procurement regulations cannot be fully implemented. Table 2 highlights the vacancies and positions in place as per section within the MFC.

**Table 2: Vacancies and positions in place within the MFC as at end 2022**

<b>Sections within the MFC</b>	<b>Current staff complement</b>	<b>Vacancies not filled</b>
Commissioner / CEO	1	0
Private Secretary	1	0
Driver	1	0
Administration	2	1
Facilities	1	1
Funds Management and Accounts	0	4
Research and Policy	1	1
Screen Education and Tourism	1	0
Stakeholder Relations	1	1
Strategic Planning	3	1
Water Tanks Operations	1	1
<b>Total</b>	<b>13</b>	<b>10</b>

- 3.2.7 This situation becomes more complex when one considers that as at end of 2022, MFC was also experiencing shortage in service provision with respect to sub-contracted work relating to Information Technology (IT), cleaning and security services. Furthermore, MFC contends that some subcontracted services such as accounting and auditing were not delivering the anticipated results in a timely manner.

- 3.2.8 Conflation of roles- Chapter 478 mandates the Film Commissioner with a broad spectrum of functions. These range from a regulatory function to promote the Maltese film industry and nurture the local film servicing industry. While the conflation of roles within the Maltese public service is not uncommon, countries such as the United Kingdom (UK) have separated the aforementioned roles through the relevant legal framework to enhance good governance.

### 3.3 The MFC lacks documented plans, which outline the resources required, initiatives to be implemented and their anticipated outputs and outcomes

3.3.1 Within a governance framework, planning assumes a key management function. Within this context MFC's strategic and business planning is critical to manage the yearly funds allocated through Government subvention and the revenue generated through the Film Studios. This is especially relevant for MFC to reap opportunities and react to emerging risks within the dynamic environment of the film production industry.

3.3.2 The government's intended programme acknowledged the need to further strengthen the film industry through increased investment. In June 2023 the MFC published a draft strategy for public consultation. The draft sets out the MFC's strategic goals for the period 2023 – 2030. This draft has been complemented by a number of speeches by the Malta Film Commissioner at key-note events which generally include high ranking government officials, industry stakeholders and other distinguished guests. Moreover, these speeches are often published in the MFC's media platforms. These carry significant weight as they have been tacitly or otherwise approved by the Government. This statement considers that there were no retractions or contradictory positions portrayed by the competent authorities to the strategic vision presented at these events. In such a situation the MFC's business planning to implement its vision in the short, medium and long-term can only be limited in content.

3.3.3 Business planning tends to be limited to the budgetary exercise carried out annually to receive the central government subvention. A case in point relates to the business plan submitted to the Ministry for Finance regarding the funds to be voted for the Malta Film Week and Awards in 2022. Of note is that at the time the MFC was operating without an active strategy – which in any case did not refer to the event in question, since the validity period of this document expired in 2020.

3.3.4 Matters are further exacerbated since the MFC's business planning is not supported by a comprehensive marketing plan – where marketing constitutes one of the Commission's major activities to promote Malta as a film production destination. MFC's planning is limited to the preparation of a document highlighting the main advertising campaigns to secure Government's annual budgetary subvention rather than a detailed document listing the marketing activities, their potential benefits, costs and why such tasks were selected. Within this context, the lack of a documented and formally approved strategic framework detracts from transparency and accountability promoted by corporate governance principles. The absence of a formally approved strategic document:

- i. could detract from a transparent process related to stakeholder involvement as well as evaluation of MFC's vision and plans;
- ii. minimises opportunities in connection with promoting Malta as a film production destination since the availability of an approved document illustrates and emphasises the MFC's business intentions and direction;

- iii. renders it more difficult for the MFC to present a case for additional resources in a robust manner; and
- iv. hinders the compilation of a prolific business and marketing plan and activities to further promote the film production industry within Malta's economic portfolio.

3.3.5 The MFC acknowledges the importance of strategic planning in connection with its current operations and future direction. To this end, in April 2023, MFC resorted to a direct order to commission the drafting of the Strategy citing urgency.

## 3.4 Conclusion

3.4.1 The discussion in this Chapter focused on a number of areas where the opportunity exists for the MFC to strengthen its corporate governance function. Issues commented upon relate to the critical need of having documented and approved strategies as well as comprehensive operational and marketing plans. Shortcomings in this area, in turn influenced the MFC's budgeting, resource allocation, prioritisation of events and measuring of outcomes.

3.4.2 The acute shortage of resources at the MFC which prevailed during the period under review hindered the effective implementation and enforcement of internal control mechanisms. From a corporate governance point of view, the absence of reliable audit trails not only poses business continuity risks but also deviates from the principles of transparency, accountability, regularity and value for money.

3.4.3 This Chapter raised concerns regarding the monitoring mechanisms in place at the MFC and Ministry level to ensure the adequate application of good governance practices. Such a situation hinders the timely and adequate action to address the circumstances raised herein.

3.4.4 It can be argued that the commercial and highly competitive environment within which the MFC operates does not always readily dovetail with the public service governance framework whose ultimate aim is to safeguard public funds, ensuring compliance to prevailing rules and regulations. Nonetheless, through more comprehensive planning and, where possible anticipating lead times, the opportunity exists for operating in the industry's dynamic environment while still upholding public governance principles. Of note is also the notion that successful private or public sectors are highly dependent on having a robust corporate governance framework in place. Admittedly, such a set-up requires the resources and organisational capacity.

# Chapter 4 | The MFC's promotion of the film industry in Malta

## 4.1 Introduction

4.1.1 In the last years the number of film productions making use of the Malta Film Commission (MFC) support and the facilities at the Malta Film Studios (MFS) have been on an increasing trend. This can be attributed to the quality of the facilities themselves, Malta's and Gozo's unique features which readily lend themselves to a wide range of productions, MFC's promotion and marketing initiatives, as well as the local rebate scheme on the expenditure incurred in connection with productions shot in Malta. Of note is the operational and administrative expenditure incurred by MFC in attracting film productions to Maltese facilities.

4.1.2 This Chapter discusses the extent to which the expenditure incurred by the MFC to promote Malta as a world-class venue to host film productions constitutes cost effectiveness. Based on research undertaken, the National Audit Office (NAO) established a range of criteria upon which to evaluate the benefits reaped through the expenditure incurred by the MFC to attract film productions to Malta. The ensuing discussion focuses on the:

- i. MFS appropriateness of facilities;
- ii. MFC's marketing and promotion of Malta as a venue for film productions;
- iii. MFC's performance in alluring films to Malta; and
- iv. rate of return in connection with the rebate scheme on the expenditure incurred in Malta by film productions.

## 4.2 Substantial investment is required to further upgrade the film-production facilities and to complement the world-class water tanks

4.2.1 Over the past years, the facilities at the Malta Film Studios have been undergoing a programme of continuous upgrading. This investment is considered key if the film production industry in Malta is to sustain its current level of competitiveness and attractiveness for producers and to continue with its expansion in the long-term. This is especially relevant if government's policy deems it appropriate that the films industry assumes a more important role in Malta's economic portfolio.

4.2.2 In 2019, the MFC outlined its vision through three dimensional images of future infrastructural upgrades, which included the first soundstages in Malta. This presentation also referred to the upgrading or construction of offices, warehouses, conference rooms and other amenities to create world-class filming facilities. This document, however, did not quote any timeframes and costs associated with the implementation of these projects. Between 2019 and 2023, MFC undertook

other studies to evaluate the technical and financial feasibility of these projects. Moreover, between 2019 and 2022, central government has allocated €7.2 million to upgrade MFC infrastructures. However, based on the audited financial statements, this Office notes the following:

- i. €4.8 million on this expenditure remained outstanding as deferred income on MFC accounts, and
- ii. Current assets amounting to €1.2 million.

The aforementioned situation merits further analysis. However, time limitations constrained this Office from further analysis as the audited financial statements were received in October 2024.

4.2.3 The MFC contends that since 2018, a series of infrastructure works commenced at the Malta Film Studios, including a pumphouse, the creation of new spaces, maintenance of existing areas and building of new facilities. An MFC commissioned report in 2020 acknowledged the importance of the need to upgrade the Studios' facilities to maintain its competitiveness in the industry. The report proposed a 'regeneration plan' which featured a total development cost of over €24 million over a three-phase plan spanning up to 2024 in two-year increments. This includes the construction of:

- i. Three sound stages, varying in size (small, medium and large);
- ii. Hub Office Buildings;
- iii. Deep and Shallow tank Offices and ancillary amenities; and
- iv. Workshops and amenities for further service offerings

4.2.4 An MFC commissioned study, which was carried out in 2020, showed that a sound stage ranked as the top factor that influences foreign producers' interest in Malta as a production shooting destination. This infrastructure is a large warehouse-like building that is used primarily for shooting films. A soundstage *"is a large, soundproofed and acoustically treated space used for the production of films, television shows, commercials, and other forms of visual media. It is a controlled environment where filmmakers can create and capture scenes without the interference of external noise or distractions. Soundstages are typically located within film studios and are equipped with various amenities and equipment to facilitate the production process"*.<sup>9</sup> The National Film Industry Policy document covering the period 2016-2020, outlined the MFC intention to set-up a soundstage. This document states that: *"... the lack of adequate studio space, sound stages and post-production facilities has led to Malta being perceived principally as just an exterior location."*

4.2.5 A report commissioned by the MFC and published in 2023, to determine the economic feasibility discussed various business models in connection with the sound stage project. These included private sector involvement. In January 2024, MFC engaged a legal team to support the

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<sup>9</sup> Soundstage - Definition & Detailed Explanation - Special Effects Glossary Terms - chaplinfilmfestival.com as at 18 October 2024.

Commission in the tendering work relating to this capital project. However, the input of the legal team is dependent on the finalisation of the technical and financial teams engaged to carry out studies relating to the required capital investment. Of note is that the Malta Film Commission's planning application for the construction of a sound stage was approved in September 2022.

4.2.6 Most of the initiatives discussed in this Section of the Report have been announced at various events. Moreover, the capital budget for the Film Studios infrastructural upgrading has been increasing through the annual government subvention. Since 2018 the capital allocation has increased from €0 in 2018 to €3,000,000 in 2024.<sup>10</sup> In 2023, a study by a private firm engaged by MFC confirmed the Commission's intention to renovate its existing water tanks and the development of a soundstage, workshops, serviced offices and other ancillary facilities.

### 4.3 MFC's marketing and promotion of Malta as a venue for film productions generally follows industry norms

4.3.1 Through research of industry norms, the NAO elicited a range of criteria against which to benchmark the MFC's initiatives in connection with the marketing and promotion of Malta and the Film studios facilities. Despite the absence of a comprehensive marketing plan, a qualitative analysis undertaken by the NAO showed that the MFC's marketing and promotion approach embraces a range of industry best-practices. The following refers:

1. **Showcase Successful Productions:** The MFC's website as well as other promotional material highlight the success of film productions shot in Malta. Moreover, references and comments by reputable producers in the film industry remarked positively on their respective experiences of doing business in Malta.
2. **Offer Competitive Financial and Logistical Benefits:** There is no doubt that the fiscal incentives offered to lure and support film productions increase Malta's competitiveness in this dynamic and highly competitive industry – a discussion focusing on the extent to which these schemes constitute value for money will follow later in this Chapter. A study commissioned by the MFC and published in 2021 showed that, when taking in consideration the stiff competitive environment of the film producing industry, foreign producers interested in Malta as a potential shooting destination noted that they ranked the incentives as the second most important attribute they consider before committing to bring their business to Malta.
3. **Develop a Strong Online Presence:** The MFC generally maintains an up-to-date website showcasing its facilities, services, and past work. The MFC's portal has also undergone considerable rebranding through the Screen Malta initiative. Moreover, MFC is utilising various media platforms to showcase the attractiveness of the local film servicing industry in terms of skills and facilities availability.

<sup>10</sup> The figure for 2018 relates to actual costs while the figure for 2024 relates to the estimate presented in Government's Budget for the same year.

4. **Leverage Industry Trends and Innovations:** Similarly to the previous comment, it is evident that the MFC endeavours to keep abreast of industry innovations. However, documented evidence as to the extent to which this is happening is not available. Additionally, given the MFC's staffing limitations, such research can be rendered more problematic as it has to be balanced with the day-to-day operations and administration. As MFC does not document most of its work in this regard, this raises business continuity issues and precludes the commission from having a centralised point of reference concerning industry developments.
5. **Innovations:** As noted earlier in this Chapter, the NAO acknowledges recent initiatives to upgrade the three water tanks at the Film Studios as well as efforts to construct a sound stage – although this project appears to have experienced some delays when considering the various official public statements delivered over recent years.
6. **Create Strategic Partnerships:** MFC's marketing and promotion activities generally invokes initiatives through national and international strategic partnerships. From a local perspective, during the course of this Review, the MFC signed Memorandum of Understanding (MoU) with the Malta Tourism Authority (2022), Malta Enterprise (2023) and Heritage Malta (2024). The strategic importance of these agreements relates to the promotional material regarding the Maltese film production industry which these entities publish regularly through various mediums. In this context, the NAO considers that a MoU with local film producers or houses would be another useful initiative.

Additionally, MFC has recently entered into agreements with the British Film Commission (2023). Complementing these recent initiatives, there is the Treaty between the Governments of Malta and Canada (1997). A recent initiative emanating from the Malta – Canada Treaty is the production of the film Carmen.

Other strategic partners include Malta College of Arts, Science, and Technology (MCAST), the University of Malta (UM), Foundation for Educational Services and Aġenzija Żgħażaġħ. Together with lecturers, faculties, and experts, the Malta Film Commission is working towards building a solid and sustainable foundation that would eventually nurture children from their early years in primary schools to start considering film-related careers.

7. **Focus on Networking and Industry Events:** Over a number of years, the MFC has embarked on a range of networking initiatives and hosted as well as engaged regularly in industry events. These include both local and international events.

To this end, one of the reasons for embarking on this review related to the impact of the Malta Film Week and Malta Film awards which was hosted by the MFC in 2022. While such an event would fulfil the Networking and Industry events criteria, within this Report and in discussions with MFC, the NAO voiced its concerns that the MFC was not able to do a reliable and scientific assessment on the impact of the €1.3 million event. MFC has taken

this advice on board and commissioned an auditing firm to evaluate the impact of the Mediterranean Film Festival in 2023.

The MFC also regularly attends film festivals, trade shows, and industry events to network with potential clients and to showcase the Maltese film production facilities and capabilities. Industry specific literature notes that personal connections can often lead to new business opportunities. As noted in other parts of this Report, while appreciating the effort in time and financial resources expended to engage in networking activities, the MFC does not maintain comprehensive records of these initiatives. MFC contends that during 2019, 2020, 2021 and 2022 the Commission held more than 436 meetings abroad with key people in the industry. The Commission holds daily meetings with various local stakeholders. However, the Commission, due to limited available resources, does not document these meetings.

8. **Market Unique Selling Points:** In general, most of the marketing and promotion materials aim to sell the exclusive offerings that Malta and the film studios facilities can provide to potential productions in Malta. The NAO observed this approach through Screen Malta online presence, in-flight magazines and billboards.

#### 4.4 Over a span of five years, Malta hosted productions that generated a total Malta spend of over €231.5 million

- 4.4.1 MFC's total expenditure with respect to administrative, marketing and operational costs amounted to around €12.3 million during the period 2018 to 2022. Table 3 refers.

**Table 3: Total expenditure incurred by MFC between 2018 and 2022**

Year	MFC's recurrent expenditure sourced from the Annual government Subvention (€)	MFC's recurrent expenditure sourced from MFC held accounts / sponsorships (€)	Total MFC Expenditure (€)
2018	837,517	676,057	1,513,574
2019	1,171,172	1,206,534	2,377,706
2020	1,300,000	347,311	1,647,311
2021	1,400,000	1,206,477	2,606,477
2022	1,899,837	2,299,739	4,199,576
<b>Total</b>	<b>6,608,526</b>	<b>5,736,118</b>	<b>12,344,644</b>

- 4.4.2 Table 3 provides a strong indication of an upward trend in the MFC's expenditure with respect to administrative, marketing and operational costs during the period 2018 to 2022. An evaluation of MFC costs against the grants awarded to national and international film productions is shown in Table 4.

**Table 4: MFC recurrent and operational expenses, as well as total grants awarded against the Malta spend<sup>11</sup>**

<b>Total</b>	<b>MFC operational and promotion related expenditure</b>	<b>Grants Awarded (productions affecting total Malta spend)</b>	<b>Total Expenditure MFC</b>	<b>Total Malta spend (considering only the eligible expenditure under the 40% cash rebate scheme)</b>	<b>Total Direct Expenditure relating to the Cash Rebate Scheme (circulated in Malta)</b>
	<b>(€)</b>	<b>(€)</b>	<b>(€)</b>	<b>(€)</b>	<b>(€)</b>
2019	2,377,706	12,941,016	15,318,722	37,248,868	25,509,932
2020	1,647,311	15,245,659	16,892,970	32,002,616	16,553,767
2021	2,606,477	21,018,185	23,624,662	67,974,629	77,963,568
2022	4,199,576	26,196,474	30,396,050	81,203,738	53,600,766
<b>Total</b>	<b>10,831,070</b>	<b>75,401,334</b>	<b>86,232,404</b>	<b>218,429,851</b>	<b>173,628,033</b>

4.4.3 A range of MFC performance-related information can be elicited from Table 4. Building on the NAO's comments in paragraph 4.4.2 whereby reference was made to the upward trend of MFC's annual recurrent and operational budget, it is evident that the number of productions and the amount that Malta spends in conjunction with the film-making industry is also showing an increasing trend.

4.4.4 While there are still some gaps where the MFC's facilities are not utilised to their capacity, the number of productions handled is generally increasing – an occurrence which to varying levels also materialised during the COVID-19 pandemic. Although subject to some methodological limitations – namely due to the absence of documented information at the MFC – the return on investment of the MFC's operational and promotional expenditure is on an increasing trend.

4.4.5 Of note, however, is that the MFC operational and promotional expenditure increased by over 62 per cent in 2022 over the previous year, that is from €2.6 million to €4.2 million. In part, this increase can be attributed to the €1.3 million expenditure incurred to host the Malta Film Week. It can also be argued that MFC had to invest more time and effort to attract productions to Malta and the Studio Facilities. The absence of documentation, however, limited the NAO from delving deeper on this phenomenon.

### Disbursement of cash rebate grants complied with state aid protocols

4.4.6 To partially address the Public Accounts Committee's (PAC's) request of the 24 August 2023, the NAO conducted a review of the procedures relating to the initiatives funded through the State Aid mechanism. To benefit from State Aid funds, MFC and beneficiaries must follow the regulations established by the European Commission. Between 2018 and 2022, Malta was

<sup>11</sup> The Malta spend for 2021 and 2022 includes also taxation from screen tourism.

awarded state aid clearance in relation to the Cash Rebate Scheme as well as the Malta Film Fund.

- 4.4.7 In order to determine compliance with the state aid rules governing the cash rebate schemes operated by MFC, the NAO sampled 10 out of the 56 productions that were publicly listed on the European Commission State Aid Transparency website between 17 September 2018 and 8 August 2023. The sampled criteria related to the productions that were allocated the highest budgeted aid. The State Aid Board acts as the liaison office between the MFC and the European Commission with regards to the State Aid applications and when the European Commission carries out audits. Based on discussions held with State Aid Monitoring Board and a review of documentation pertaining to the sampled productions, the NAO is satisfied that the state aid protocols were adhered to.

### The prolonged finalisation of audit reports is hindering the timely disbursement of State Aid approved funds

- 4.4.8 During the course of this exercise, the NAO noted that significant delays materialised in concluding audit reports related to grants which had been previously approved by the State Aid Monitoring Board. The MFC's engages private audit firms to verify that the expenditure incurred by the film producers is eligible for rebates. Consequently, these delays held up MFC from affecting the relative disbursement to film producers. Based on information available for three out of the ten productions under review, this analysis showed that the external auditors engaged by MFC to audit the documentation submitted by the production houses are taking longer than planned to finalise the audit reports due to various reasons. These range from the presentation of incomplete documentation to the auditors' workload. Table 5 refers.

**Table 5: Delays to finalise the audit report**

<b>Production</b>	<b>Agreed date between MFC and its subcontractor to complete the audit report</b>	<b>Date when the audit report was finalised</b>	<b>Delay (days)</b>
Carmen	29 March 2020	3 July 2020	96
Foundation	14 November 2021	17 February 2022	95
Demeter	12 September 2022	17 April 2023	217

## 4.5 The economic impact of the 2019 cash rebate scheme

- 4.5.1 The primary fiscal incentive operated by the Malta Film Commission (MFC) is the Cash Rebate Scheme (CRS). The minimum spend by companies to qualify for this rebate scheme is €100,000 in Malta with an overall production budget exceeding €200,000. This rebate scheme is compliant with State Aid Rules. This Office sought to evaluate the economic impacts of this scheme. At this

junction, the NAO points out that the extent to which the resultant impacts can be considered to be satisfactory is a matter of actual outcomes as can be compared to the expectations and objectives set by Government Policy. These are aspects which by law the NAO is precluded from commenting on. Moreover, these impacts need to be placed within the overall context of the diversification and synergies which Government would be aiming for within the distribution of economic activity in the Maltese economy.

4.5.2 The MFC published two reports which aim to assess the economic impacts of the cash rebate scheme, namely:

- i. Economic Impact Assessment: Revised Cash Rebate Effect, December 2021, hereafter referred to as the “2021 report”, and;
- ii. Economic Impact Study on the Impact of the Film and Production Industry on Malta's Economy, September 2023, hereafter referred to as the “2023 report”.

4.5.3 The 2021 report provides an assessment of the economic impact arising from the increase in the grant rate on eligible expenditure on film productions from 27 per cent to 40 per cent effected in 2019. The assessment undertaken considered the direct expenditure by film productions in Malta and the subsequent input-output multiplier effects on the economy. To carry out this assessment, the 2021 report utilised data pertaining to the period running from 2010 to 2021. The 2023 report provides a similar economic impact analysis, extended in some respects, in relation to film productions which took place in 2022.

4.5.4 Both the 2021 and 2023 report mainly take into account:

- i. **Economic value** - added as determined by the input-output multiplier effects emanating from the film production expenditure in Malta enabled by the cash rebate scheme – this a standard tool of economic impact assessment in this type of analysis;
- ii. **Employment** - expressed in full-time equivalents, covering jobs sustained and newly created through film production expenditure, directly within the industry itself as well as in supporting sectors of activity; and
- iii. **Tax revenue generation** - derived from the expenditure in connection with film production in Malta. Typically, these would include personal income tax, social contributions, corporate income tax, Value Added Tax (VAT), other indirect taxes and other direct taxes.

4.5.5 In the course of these estimations undertaken in both MFC commissioned reports, there would need to be a number of assumptions embedded in the process affecting elements such as:

- i. the estimation of the original expenditure injection;
- ii. the sectors affected by such injection, as this would then determine the multiplier values to be used;

- iii. the stability and suitability of the multiplier values, as these are typically published by the National Statistics Office with a five-year time lag, following the compilation of Supply and Use Tables based on business surveys; and
- iv. the interpretation to be placed on the results obtained.

4.5.6 Against this backdrop, this Office analysed these two reports in terms of the:

- i. methodology used and the extent to which it is relevant and correctly applied to the economic transactions being considered;
- ii. data inputs in terms of suitability of the sources; and
- iii. interpretation of the results.

4.5.7 In order to determine and verify the return on investment of the cash rebate scheme discussed in the two reports commissioned by MFC and to satisfy the PAC's request in this regard, the NAO reviewed and applied alternative methodologies to validate the results presented therein. To this end, the NAO engaged an expert consultant to assist it in its deliberations.

The NAO's analysis of the benefits reaped through the cash rebate scheme of film productions shot in Malta generally replicates the results portrayed in the MFC commissioned reports.

4.5.8 Economic impact assessment studies can be undertaken through a variety of methodologies. The one utilised in the MFC commissioned reports, which were reviewed by the NAO, involved the consideration of an initial expenditure injection in the economy, which, through input-output multiplier effects, is translated into the estimation of final effects on economic expenditure, value added, employment and possibly other variables, among which taxation revenue.

4.5.9 Of note is that economic assessments and evaluations are not amenable to precise audit verification in search of a single and undisputable result. Indeed, there may be more than one methodological approach which would be professionally correct, and which would ideally yield similar, if not exactly identical conclusions.

4.5.10 The foregoing implies that the reports can be assessed in terms of the adequacy and correctness of the methodology used, the suitability of the data utilised, the correctness of the application of the methodology, and the reasonableness of the interpretation of the results. Such an assessment would also however carry a degree of subjectivity and possible difference based on professional opinion and judgement, rather than fully carry the strength of indisputable results.

4.5.11 It is furthermore important to highlight that often, the results of economic impact assessments are not binary: they do not yield undisputable conclusions on whether the economic activity is desirable or otherwise, or whether it is to be pursued or not. Rather, the results are to be noted and the policymaker would consider these within a broader context of the formulation and implementation of economic policy.

4.5.12 The results of the NAO's reviews were very similar to the evaluations presented in the MFC commissioned reports of 2021 and 2023. Despite some differences in the methodological approaches, the results obtained by the NAO's review and those presented in the MFC reports are close, since there were instances where issues cancelled each other out and secondly, while remaining differences were not of significant economic materiality. The most important considerations influencing the variations between the NAO review and the MFC's results include:

**The average expenditure by film productions in Malta** - The methodology to calculate the average increase in expenditure in the MFC's 2021 report reflected an average year on-year increase in the expenditure value per year (as a moving average) extrapolated from historical data prior to the cash rebate increase. The NAO used an alternative approach, whereby the average expenditure by the film industry between 2010 and 2018 was considered. However, data pertaining to 2013 and 2015 period was excluded from the analysis in view that these years were outliers with the lowest and highest expenditure. This review then considered the average expenditure between 2019 and 2021.

**Gross Value Added** - The 2021 report uses Type II multiplier values rather than an average of Type I and Type II.

**Foreign Crew and Tourism** - There are also two important methodological differences in the evaluation of the impacts of expenditure by the film industry:

- i. **Assumption 1** - In the 2023 report, the income earned by foreign crews is not assumed that have any multiplier effect in Malta; and
- ii. **Assumption 2** - In the 2023 report, the direct expenditure made by the film industry is augmented by the expenditure made by 2.8 per cent of tourists visiting Malta, whose visit is assumed to be motivated by the presence of the film industry.

These two assumptions reflect the professional opinions made by the author of the 2023 report. The effects of these two assumptions are two-fold:

- i. Assumption 1 may be overly conservative, as foreign crews would exercise an element of second round expenditures in the Maltese economy, if it were to be the case it would be probably encompassed by the official multiplier estimates without there being a need to remove them altogether.
- ii. With respect to assumption (2), it may be commented that the extent to which any tourist visits would be completely dependent on the existence of a film industry in Malta is potentially overly optimistic, although there exists no strong basis for and against assumptions made in this regard.

Overall, these two assumptions operate in contrast to each other in terms of the final effects on the economy of the activity of the film industry and tend to offset each other.

The 2021 MFC report shows that an increase in the cash rebate scheme yielded varying benefits on the economic activity

4.5.13 The MFC commissioned report: Economic Impact Assessment: Revised Cash Rebate Effect (December 2021) evaluated the economic impact of the increase from 27 per cent to 40 per cent in the grant rate of eligible expenditure to be refunded pursuant to the cash rebate scheme run by the MFC.

4.5.14 To validate the conclusions of the 2021 report, this Office reviewed the methodology and where necessary undertook alternative evaluation methods. The following refers:

i. **Annual average increase in the film production expenditure eligible for cash rebate**

To derive the average increase in the film production expenditure eligible for a rebate for the period 2019 to 2021, the 2021 report considered this variable and deducted it from values obtained for the period 2010 to 2018 – the period that the cash rebate scheme was set at up to 27 per cent prior to its increase to 40 per cent in 2019. The 2021 report calculated the year-on-year average increase by extrapolating the relevant values from historical data prior to the cash rebate increase in 2019. In accordance with the prudence concept, the 2021 report excluded from this moving average information related to 2015 in view of the extraordinary expenditure in Malta involved in the shooting of *13 Hours: The Secret Soldiers of Benghazi and Assassin's Creed*. This report took this approach to avoid skewing the moving average upwards as outlier figures will distort results by providing a more positive overall portrayal than was the case. Barring some qualifiers, the NAO endorsed this approach which yielded a result where the annual average increase in the film production expenditure eligible for cash rebate was estimated at €23.4 million annually.

To assess the validity of this estimation, the NAO adopted an alternative approach, whereby the average expenditure by the film industry in Malta eligible for a rebate between 2010 and 2018 was considered. The NAO excluded data pertaining to 2013 and 2015 from this estimation in view that these years were considered as outliers with the lowest and highest expenditure. This review then considered the average expenditure between 2019 and 2021. Thus, to derive the average increase in expenditure, the average expenditure between 2010 and 2018 was deducted from the average expenditure between 2019 and 2021. The NAO's approach estimated the annual average increase in the film production expenditure eligible for cash rebate at €21.76 million.

Both the MFC commissioned report of 2021, and the NAO approaches consider the *ceteris paribus* simplifying assumption that there were no other factors leading to the increase in expenditures.

ii. **Average Annual Gross Value Added in the economy**

The MFC commissioned report of 2021 assessed the annual Gross Value Added of the

expenditure eligible for a rebate by film productions, and which was actually spent in Malta. The Gross Value Added (GVA) measures the value of goods and services produced in an economy or a sector, minus the cost of inputs and raw materials used in production. The report drew on the Leontief demand model<sup>12</sup> which gives rise to Type I and Type II multipliers. Type I captures the direct and indirect effects on the economy while Type II multiplier extends to include also the induced effects. However, the NAO review of this estimate notes that the MFC's commissioned report of 2021 report considers only the Type II multiplier values rather than an average of Type I and Type II. The NAO notes that the latter estimate is a more conservative and possibly more reflective of the uncertainties inherent in studies of this type. Nonetheless, the estimates derived through both approaches fall within the same range since the MFC commissioned report estimated the GVA at €16.6 million while the NAO's estimate amounted to €13.4 million.

**iii. Economic contribution**

The economic contribution as considered in the 2021 report is a broader term than the GVA since it refers to the total impact an industry, sector, or activity has on the economy. This can include direct, indirect, and induced effects. The computation of a rate of return on a sectoral basis presented in the 2021 report is, however, a somewhat unorthodox presentation of results. It defines the addition to value added over the base level excluding the effects of the increase in the grant rate as a rate of return to the sector. In effect, the approach is computing a value which can be better explained as an incremental increase in sectoral value added rather than as a rate of return, with the latter being more suitably used in the context of a capital investment, which in this case would not be relevant. This said, this MFC commissioned report is correct in concluding that the film industry in Malta very probably had an important effect on the recovery of certain sectors which were negatively affected by the COVID-19 pandemic.

**iv. Tax revenue generation**

The MFC commissioned report, published in 2021 estimated that the tax revenue generation from the expenditure by film productions in Malta at €9.5 million per annum for the three years under review. This figure was corroborated by the approach taken by this Office, which gives a close estimate of €8.8 million per annum for the same period. Of note is that tax revenue discussed in this paragraph forms part of the overall economic contribution discussed in the preceding paragraph.

**v. Jobs creation**

The 2021 report estimated that an increase in the rebate rate resulted in the maintenance of existing and the generation of new jobs. The calculation to this effect was derived by applying the average of Type I and Type II employment multipliers. These jobs do not necessarily

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<sup>12</sup> The Leontief model is a model for the economics of a whole country or region. In the model there are  $n$  industries producing  $n$  different products such that the input equals the output or, in other words, consumption equals production. Source: <https://www.math.ksu.edu/~gerald/leontief.pdf> accessed on 27 August 2024.

represent the creation of new employment but could also be jobs saved which would be lost in the absence of such expenditure. It also to be pointed out that the calculation is expressed in terms of full-time equivalents.

The NAO review, however noted that applying the annual average of Type I and Type II employment multipliers related to the eligible expenditure by film producers spent in Malta during 2019 and 2021, it is here estimated that the enhancement in the grant rate would have led to the creation and / or sustaining over 650 full-time equivalent (FTE's) jobs. These do not necessarily represent new jobs created but could also be jobs saved which would be lost in the absence of such expenditure. The report presents this result in terms of an aggregation over a three-year period of over 2,060 FTE's, which is again not to be interpreted as the number of jobs having been created on a net basis from one point in time to another.

4.5.15 The figures presented in Table 6 show a positive overall effect on economic activity and reflect the discussion in this Section. This effect, nonetheless, has to consider that the:

- i. overall economic strategy for diversification into niche activities, and
- ii. efficiency and effectiveness with which resources are being deployed in the sector.

**Table 6: Difference in calculations between 2021 report and NAO computations**

	2021 Report	NAO validation methodology
<b>Average increase in expenditure in Malta by film productions (€)</b>	23.43 million	21.8 million
<b>Gross Value Added (€)</b>	16.6 million	13.4 million
<b>Tax (€)</b>	9.5 million	8.8 million
<b>Full time job equivalents sustained and created</b>	2,060 reported as a three-year total	2,060 FTE jobs sustained over a three-year period

4.5.16 Table 6 shows that there has been an overall positive impact on the Maltese economy through the increase in the cash rebate scheme from 27 per cent to 40 per cent in 2019. The next section discusses further the economic impact of the cash rebate scheme in 2022.

**Economic and financial data in connection with 2022 productions show that the cash rebate scheme provided economic impacts to Malta**

4.5.17 The report commissioned by the MFC and published in 2023, titled: *“Economic Impact Study on the Impact of the Film and Production Industry on Malta’s Economy”* provided an economic impact analysis determining and assessing the direct, indirect and induced effects generated by the value added of the domestic film and motion picture industry during 2022. The report determined the overall contribution to Malta’s economic growth rather than just the incremental effects of the enhancement of the grant rate – as was the case in the previous report.

4.5.18 The NAO validated the results presented in the 2023 report by using the same methodology adopted to verify the results presented in the 2021 report. At this juncture, it is to be noted that the 2023 report reviews expenditure effected by the film industry in Malta in 2022, reported by the MFC to have amounted to €81.2 million, with a grant expenditure of just over €31 million. Table 7 reports the outcome of the validation check undertaken.

**Table 7: A comparison between the MFC’s 2023 report and the NAO’s validation methodology**

	<b>2023 Report</b>	<b>NAO’s validation methodology</b>
Gross Value Added (€m)	53.6	49.9
Employment	1,772	2,436
Tax generated (€m)	35.7	32.8

4.5.19 These results are broadly comparable to each other and indicate that the 2023 report may actually be underestimating the employment effects of the 2022 film industry expenditure through the assumptions that it used. It is to be pointed out that the employment effects may represent jobs sustained rather than new ones actually created in 2022.

## **4.6 Conclusion**

4.6.1 This Chapter has discussed MFC’s initiatives to promote the film industry in Malta. These initiatives are mainly related to the promotion of the facilities at the Malta Film Studios, marketing activities and promotional events as well as the cash rebate schemes for eligible expenditure for productions shot in Malta. The combination at play of the various elements to promote and attract film productions to Malta has led to positive outcomes.

4.6.2 This Review has shown that there is no basis to dispute the broad conclusions of the MFC’s commissioned reports of 2021 and 2023 and the implications with regards to the economic role of the film sector in Malta. While the results are to be noted, it is the policy-maker’s responsibility to evaluate if the return that the Scheme is yielding from the film industry is deemed to be sufficient. The policy-maker’s analysis should consider the above within a broader context of the formulation and implementation of the overall Maltese economic policy.

4.6.3 This point raises two issues of policy. Firstly, the extent to which Government considers the return on investment through the film production industry as adequate is a key consideration when deciding on future financial injections in the sector. This would be necessary to retain and improve upon Malta’s status as a top film producing destination. Secondly, the strengthening of corporate governance structures at the MFC, which also come at considerable investment, remains a priority to support and further Malta’s credentials as a world class film producing country.

## Chapter 5 | Concluding Remarks

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- 5.1 The range of objectives and scope of this assignment can be categorised into three main areas. When presented in the chronology that events shaping this assignment were addressed by the National Audit Office (NAO), the main issues discussed in this Report related to the:
- i. costs and related benefits of the Malta Film Week (MFW) 2022;
  - ii. extent to which the Malta Film Commission (MFC) embraces and enforces a framework of corporate governance to regulate its range of activities; and
  - iii. return on investment and the ensuing value for money of the various financial schemes and operations conducted by MFC to promote Malta as a film production.
- 5.2 At the very outset, it became apparent that the film industry operates in a dynamic and highly competitive environment. Moreover, the industry is renowned for its glamour and world-famous film producers and film stars – which although considered synonymous with various areas of the industry, the expense on which remains a point of contention with others citing some aspects as extravagant.
- 5.3 A case in point relates to the events held during the Malta Film Week in January 2022. These types of events were first mentioned in the now expired MFC policy 2016 – 2020. Therein it was stated that although a Film Festival was (at the time) still a novel initiative, it undoubtedly has the potential to draw in a range of audiences and become an effective screen tourism tool. In addition, the Government’s intended programme, as proposed in the Partit Laburista’s Electoral Manifesto 2022, further acknowledged the need for further strengthening this industry through increased investment.
- 5.4 While it is not within the NAO’s mandate to discuss or question this policy position, the implementation of this event was not supported by comprehensive documentation. While there was some rudimentary documentation, especially related to the annual budgetary templates which were submitted to the Ministry of Finance, feasibility studies, planning and predetermined goals were generally lacking. Moreover, apart from keynote speeches by the Commissioner outlining the MFC’s vision for the film industry, the adoption of a comprehensive film strategy, duly endorsed by Government, for the period up to 2030 remains outstanding.
- 5.5 The MFC contends that these lacunae were mitigated through high level discussions involving the Ministry for Tourism and Public Cleanliness and the Ministry for Finance for budgetary allocation approval purposes. To varying degrees this can be collaborated as ultimately budgets from central government were approved and allocated for this event.

- 5.6 Nonetheless, this Office points out that the MFC did not have available the relative minutes of these discussions. Similarly, the MFC's Board minutes forwarded to the NAO did not provide in-depth details regarding the MFW event held in 2022. While by law this Board's remit is mostly advisory, the absence of detailed minutes pertaining to a keynote initiatives precludes determining the extent to which the Board was able to advice on the notion of holding these events as well as specific technical and operational elements associated with it, such as the choice of renowned artists and stakeholders to participate in the events as well as the cost involved in its staging. The latter became critical since central government's budgetary allocation for the event had to be supplemented with funds earned through the use of the facilities at the Malta Film Studios and held in accounts under the MFC's name.
- 5.7 The above points to shortcomings in the MFC's corporate governance structures. It can be argued that the commercial environment within which the MFC operates is not always readily catered for within the public service governance framework. Nonetheless, through more comprehensive planning and, where possible anticipating lead times associated with the regulatory framework governing public funds, the opportunity exists for operating in the industry's dynamic environment while still upholding public governance principles. Of note is also the notion that successful private or public sector organisations are highly dependent on having a robust corporate governance framework in place- a criterion which reverberated throughout the discussion presented in this Report. Admittedly, such a set-up requires the appropriate level of human resources and organisational capacity.
- 5.8 This Study also entailed determining the return on investment of expenditure incurred by the MFC over the five-year period under review. This evaluation can be discussed through two pivotal aspects, which however cannot be treated as mutually exclusive. Firstly, the operational expenditure incurred by the Malta Film Commission to promote film production in Malta. This expense includes marketing activities, direct negotiations with potential clients and the Commission's administration. Between 2018 and 2022, national and international filmmakers used Malta for their productions, with the total amount of money spend by these companies in Malta amounting to over €231.5 million. The foregoing implies that the Malta Film Commission was largely successful in attracting film producers – some of which were highly reputable – to Malta.
- 5.9 At this point, however, the return on investment discussion concerning the expenditure incurred by the Malta Film Commission to attract film production business to Malta needs to consider another important element- the various financial incentive schemes. In recent years, the main financial rebate scheme, the 40 per cent cash rebate scheme, was increased from 27 per cent to 40 per cent of the total amount of money spent by productions in Malta. The MFC contended that the increase in this rate was to ascertain Malta's competitiveness in this industry. In 2023, the current rebate scheme was at par with the six countries worldwide that were offering the highest financial incentive for the film industry.<sup>14</sup>

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<sup>14</sup> Economic Impact Study on the Impact of the Film Production Industry on Malta's economy.

5.10 Another important matter relates to whether the actual return on investment obtained from the cash rebate scheme is considered adequate by policy makers. Barring some minor qualifications, the NAO agrees with the figures reported by MFC-commissioned reports regarding the impacts on the Maltese economy from the film production industry in terms of expenditure, employment, Gross Value Added and taxation. Of note is that the employment figures do not necessarily relate to the creation of new jobs in the industry but consider new and previously held jobs which would have been lost without attracting new productions. Ultimately, it remains a matter of government policy to decide whether this return on investment is acceptable or constitutes value for money. Within this vein, policy makers must consider the opportunity cost and socio-economic variables as well as the make-up of Malta's economic portfolio when considering investment levels into the Maltese film production industry.

## Appendix I: Correspondence from Prof Arnold Cassola

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In February 2022, the National Audit Office (NAO) received correspondence to investigate the extent to which the management of the amounts spent for the Malta Film Awards (MFA) held in January 2022 complied with the regulatory framework and corporate governance principles. Below refers to the correspondence received by the NAO.

From: Arnold Cassola  
Sent: 01 February 2022 08:35  
To: Deguara Charles at NAO; NAO at NAO  
Subject: Talba investigazzjoni spiza Malta Film Awards

Ghaziz Sur Deguara,

Qieghed nitlobok tinvestiga l-ispiza għall-organizzazzjoni tal-Malta Film Awards, li nżammet fid-29 ta' Jannar 2022. Is-somma dikjaratament allokata kienet ta' 400,000 ewro, li hija ga somma fenomenali meta tqis li l- Malta Film Commission għandha bagit totali annwali ta' 600,000 ewro.

Madanakolu, jidhol is-suspett li anki din is-somma ta' 400,000 ewro setgħet inqabzet billi il-Kummissarju tal-films, Johann Grech, irrifjuta jgħid jekk is-somma nqabzix. Ara hawn:

<https://timesofmalta.com/articles/view/watch-film-commissioner-refuses-to-say-if-awards-show-busts-400000.9301>

Fatturi differenti, bħalma huma l-hlas tal-prezentatur, l-ammont ta' flus minfuqa għall-importazzjoni tal-apparat, il-fatt li l-Kummissarju tal-Films kien reticenti li jtkellem u li jkun trasparenti dwar l-ispiza, isahhu s-suspett li l-bagit kien aktar minn dak iddikjarat.

Wiehed ukoll jistaqsi jekk kienx cost effective li jithallsu eluf ta' ewro lill-prezentatur Dawvid Walliams, biex huwa jistqarr lill-platea internazzjonali fatti veri imma ga maghrufa, jigifieri li Malta għandha hafna knejjes, li naqlu l-fniek u li hija pajjiz ta' evazuri fiskali.

Din l-ahhar affermazzjoni, li tumiljana bhala poplu u bhala pajjiz, kemm hsara għamlet lir-reputazzjoni ta' pajjizna u konsegwentement kemm-il miljuni ta' ewro tellfet lill-pajjiz bhala dhul barrani?

Nirringrazzjak tal-attenzjoni u nistenna li nisma' minghandek.

Tislijiet,

Arnold Cassola

# Appendix II: Request from the 2023 PAC Opposition Members and the Shadow Minister for National Heritage, Arts and Culture<sup>15</sup>

☐ ☐

Illum, 24 ta' Awwissu 2023

Lis-Sur Charles Deguara  
Awditur Ġenerali  
Uffiċju tal-Awditur Ġenerali,  
Il-Floriana

Sur Deguara,

Peress illi:

1. Miċ-ċifri ppubblikati mill-Kummissjoni Ewropea dwar l-Għajnuna mill-Istat (*State Aid*), jirriżulta illi l-Kummissjoni Maltija tal-Films ħalset, jew obligat ruħha li tħallas, l-ammont globali ta' mija u tlieta u erbgħin miljun, tmien mija u tlieta u tletin elf, erba' mija u erbgħa u sittin Ewro (€143,833,464) minn fondi pubbliċi, f'ħames snin, a favur diversi benefiċċjarji privati;
2. Illi jirriżulta li minn dawn il-fondi pubbliċi, il-Kummissjoni Maltija tal-Films ħalset f'numru ta' pagamenti diversi s-somma globali ta' mija u sitta u tletin miljun, seba' mija u tlieta u disgħin elf, ħames mija u tlieta u tletin Ewro (€136,793,533) lill-benefiċċjarji li huma soċjetajiet rreġistrati barra minn pajjiżna liema somom ġew deskritti bħala nfieq li jaqa' taht skema ta' għajnuna għal produzzjonijiet awdjo-viżwali;
3. Illi l-ammont globali ta' mija u sitta u tletin miljun, seba' mija u tlieta u disgħin elf, ħames mija u tlieta u tletin Ewro (€136,793,533), li jkopri l-perjodu ta' bejn is-17 Settembru tas-sena 2018 u 8 ta' Awwissu tas-sena 2023, huwa spjegat ahjar fit-tabella mahruġa mill-Kummissjoni Ewropea permezz tas-sit elettroniku<sup>1</sup> li fiha jiġu ppubblikati l-infieq tal-Istati Membri mill-fondi pubbliċi bħala Għajnuna mill-Istat, kopja ta' liema tabella ta' informazzjoni qiegħda tiġi hawn annessa u mmarkata Dok. A.

Il-punti ssolevati hawn fuq fir-rigward tal-għotja u/jew tal-assenjazzjoni tal-kuntratt fuq imsemmija għandhom jinqraw u jiġu kkunsidrati fl-isfond ta' dak li ġie żvelat fl-aħħar xhur:

4. Illi fl-estimi tal-baġit għas-sena 2023, b'mod partikolari fl-allokazzjoni kapitali tal-Ministru għat-Turiżmu, il-Kummissjoni Maltija tal-Films giet allokata s-somma globali ta' erbatax-il miljun Ewro (€14,000,000) rappreżentanti tliet miljun Ewro (€3,000,000) għal titjeb fil-faċilitajiet tal-istess Kummissjoni u kif ukoll f'dax-il miljun Ewro (€11,000,000) għall-inċentivi għall-industrija tal-films – liema ammont allokat huwa ferm iżgħar minn dak ippubblikat mill-Kummissjoni Ewropea;
5. Illi għalhekk mhuxwix ċar b'liema proċeduri u mod dawn l-ammonti li jaqbzu sew l-allokazzjoni finanzjarja qegħdin jiġu approvati u minn min qegħdin jingħataw;
6. Illi fir-rapport tal-Uffiċju tiegħek, l-Uffiċju Nazzjonali tal-Verifika, dwar il-kontijiet pubbliċi għas-sena 2020 ippubblikat f'Diċembru tas-sena 2021, l-istess Kummissjoni Maltija tal-Films

<sup>1</sup> European Commission, aċċessata nhar it-22 ta' Awwissu 2023, "Results Aid Award" <[www.webgate.ec.europa.eu](http://www.webgate.ec.europa.eu)>

<sup>15</sup> Table referred to as Doc A is being reproduced for ease of reference.

digà kien instab illi hemm numru ta' nuqqasijiet interni li qed iwassal għall-koncentrazzjoni ta' awtorità f'idejn il-Kummissarju għall-Films mingħajr sorveljanza fuqu – spjegata aħjar b'ha: "This contributed to a disregard to budgetary controls and standing regulations, as well as extravagance in the use of public funds, which in turn translated into a negative working capital of over €1 million in 2020". Iżda, liema riżultanza u konklużjoni tal-Uffiċju tiegħek jidher illi waqgħet fuq widnejn torox;

7. Illi dan fid-dawl ukoll ta' infieq irresponsabbli fir-rigward ta' statwi ta' dinosawri li swew eluf ta' Ewro mill-fondi pubbliċi, eluf ta' Ewro imħallsa għall-prezentaturi li jingiebu minn barra biex jipprezentaw lejla ta' għotja ta' premji, u kif ukoll spejjeż oħra li jleħqu l-miljuni ta' Ewro minn fondi pubbliċi li ntefqu biex jittellgħu l-Malta Film Awards u Malta Film Week;
8. Fuq kollox, dan l-infieq irresponsabbli ma jixraqx lil numru ta' persuni li jaħdmu jew jaspiraw illi jaħdmu f'din l-industrija u niċċa ekonomika importanti għall-pajjiżna, tant illi jista' jtebba' isem pajjiżna jekk ma jkunx hemm l-osservanza ta' principju ta' governanza tajba użat fl-infieq ta' dan is-settur.

Fid-dawl ukoll peress illi:

9. Hemm numru ta' persuni u soċjetajiet Maltin f'dan is-settur illi jiddependu fuq din it-tip ta' għajnunna minn fondi pubbliċi, kemm sabiex insaħħu l-kultura Maltija u kif ukoll intejbu r-riżorsi biex ikompli jiżviluppa t-talent lokali, huwa fl-interess pubbliku li nassiguraw illi dan it-tip ta' infieq ta' fondi pubbliċi mhuwiex qiegħed iċaħħad, jiddiskrimina, u/jew iżomm lura b'xi mod meta kkumparat mal-infieq li qed isir biex nakkomodaw soċjetajiet esteri.

Peress illi:

10. Skont artikolu 9 tal-Att dwar l-Awditur Ġenerali u l-Uffiċju Nazzjonali tal-Verifika – Kapitolu 396 tal-Liġijiet ta' Malta, l-Awditur Ġenerali jista' sew personalment sew permezz tal-Uffiċju Nazzjonali tal-Verifika bl-inzizzjattiva ta' mill-anqas tliet membri tal-Kumitat dwar il-Kontijiet Pubbliċi jagħmel inkjesta u jirrapporta dwar kull haġa li jkollha x'tqasam mal-finanzi tal-Gvern, proprjetà jew fondi amministrati mill-Gvern jew taħt xi dipartiment jew uffiċju tal-Gvern jew ta' xi korp li l-kontijiet tiegħu ikunu suġġetti għall-verifika tiegħu, u kif ukoll dwar il-kontijiet ta' daww l-awtoritajiet pubbliċi jew korpi li jamministraw, ikollhom f'idejhom jew jużaw fondi li jappartjenu direttament jew indirettament lill-Gvern ta' Malta.

Għaldaqstant, fid-dawl tas-suespost, aħna t-tliet membri sottofirmati tal-Kumitat Permanenti dwar il-Kontijiet Pubbliċi, flimkien mal-Kelliema rispettiva, qegħdin nitolbu lill-Uffiċju tal-Awditur Ġenerali sabiex jinwestiga s-segwenti:

1. Jekk il-Kummissjoni Maltija tal-Films użatx id-diligenza mistennija u osservatx il-principju ta' governanza tajba meta ħallset, jew obbligat ruħha li tħallas, in-numru ta' pagamenti rispettivi li kumplessivament jammontaw għall-għotja tas-somma globali ta' mija u sitta u tletin miljun, seba' mija u tlieta u disgħin elf, ħames mija u tlieta u tletin Ewro (€136,793,533) minn fondi pubbliċi a favur id-diversi benefiċjarji kumpaniji ta' produzzjonijiet tal-films, fil-perjodu

rilevanti ta' bejn is-17 Settembru tas-sena 2018 u 8 ta' Awwissu tas-sena 2023, u sabiex jiġi stabbilit mill-Uffiċju Nazzjonali tal-Verifika jekk sarx proċess ġust, koerenti u/jew diligenti, ibbażat fuq prinċipju ta' governanza tajba, kontabilità u trasparenza;

2. Jekk il-Ministeru tat-Turiżmu, u/jew il-Kabinett, u/jew kwalunkwe entita governattiva responsabbli oħra, fis-sorveljanza tiegħu/tagħhom, jekk dejjem saret sorveljanza, użax id-diligenza mistennija u osservax il-prinċipju ta' governanza tajba meta l-Kummissjoni nediet u kienet qiegħda tagħmel il-proċess, in-negozjati, u in-numru ta' pagamenti rispettivi li kumplessivament jammontaw għall-għotja tas-somma globali ta' mija u sitta u tletin miljun, seba' mija u tlieta u disghin elf, hames mija u tlieta u tletin Ewro (€136,793,533) minn fondi pubbliċi a favur id-diversi benefiċċjarji kumpaniji ta' produzzjonijiet tal-films rreġistrati f'pajjiżi esteri, fil-perjodu rilevanti ta' bejn is-17 Settembru tas-sena 2018 u 8 ta' Awwissu tas-sena 2023, u sabiex jiġi stabbilit mill-Uffiċju Nazzjonali tal-Verifika jekk sarx proċess ġust, koerenti u/jew diligenti, ibbażat fuq prinċipju ta' governanza tajba, kontabilità u trasparenza;
3. Jekk il-Kummissjoni Maltija tal-Films, il-Ministeru tat-Turiżmu, u/jew il-Kabinett, u/jew kwalunkwe entita governattiva responsabbli oħra, użawx id-diligenza mistennija, kienux ġusti, koerenti u osservawx il-prinċipju ta' governanza tajba, u kif ukoll jekk tali infieq kienx wieħed meqjus proporzjonat meta kkumparati mal-ispiza minfuqa lokalment, meta l-Kummissjoni Maltija tal-Films għażlet illi tonfoq dawn l-ammonti kbar ta' fondi pubbliċi fuq soċjetajiet esteri ta' produzzjoni tal-films minflok f'soċjetajiet u persuni lokali.
4. Jekk il-Kummissjoni Maltija tal-Films addottatx proċedura partikolari ta' skrutinizzar ta' dokumentazzjoni sabiex jinharġu dawn il-pagamenti u jekk din il-proċedura kienet in linea mal-prinċipju ta' governanza tajba, u sabiex jiġi stabbilit liema proċedura qiegħda tiġi addottata, x'inhuma r-rekwiżiti mill-Kummissjoni sabiex jiġu approvati dawn il-pagamenti mill-fondi pubbliċi u jekk sarx eżerċizzju diligenti u studjajt ta' x'benefiċċji se jkun qed jiehfu lura l-pajjiż għal kull nefqa mill-fondi pubbliċi.
5. Jekk, minbarra l-proċess fl-infieq tas-somma fuq imsemmija ta' mija u sitta u tletin miljun, seba' mija u tlieta u disghin elf, hames mija u tlieta u tletin Ewro (€136,793,533), il-Kummissjoni Maltija tal-Films hijiex qiegħda tkun ġusta, koerenti u/jew diligenti, ibbażat fuq prinċipju ta' governanza tajba, kontabilità u trasparenza fl-infieq tal-fondi pubbliċi fil-qadi tal-funzjonijiet tagħha skont il-liġi.

  
Darren Carabott MP

President tal-Kumitat Permanenti  
dwar il-Kontijiet Pubbliċi

  
Julie Zahra MP

Kelliema għall-Wirt Nazzjonali u l-Kultura

  
David Agius MP

Membri tal-Kumitat Permanenti  
dwar il-Kontijiet Pubbliċi

  
Graham Bencini MP

Membri tal-Kumitat Permanenti dwar il-Kontijiet

Evaluating the role of the Malta Film Commission in promoting the Maltese film industry

Country	SA.Number	Ref.no.	National ID	Name of the beneficiary	Beneficiary Type	Sect
Malta	SA.39706	TM-10153970	HRB141809	Bavaria Fernsehproduktion Gmbh	Only large enterprises	Motion picture, video and
Malta	SA.53289	TM-10198084	12057916	Turnlet (Doc) Films Ltd	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.53289	TM-10494426	3068324	Lime Pictures Ltd.	Only large enterprises	Motion picture, video and
Malta	SA.53289	TM-10570665	B88122874	Dreamlight International Productions S.L	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.53289	TM-10494425	8747881004	Taodue Srl	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.53289	TM-10198090	7618090	Project Icon LLC	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.53289	TM-10198085	IT13097601002	Groenlandia srl	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.53289	TM-10198087	11999353	Lake Waco Productions UK Ltd	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.60707	TM-10570658	2728942	Destination Mysteries 1 Productions Inc.	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.53289	TM-10198088	2304733	Darlow Smithson Productions Ltd	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.53289	TM-10570664	C11305808	Arcadia Pictures Ltd.	Only large enterprises	Motion picture, video and
Malta	SA.53289	TM-10570660	12334025	Checkluck Films (Jetski) Ltd.	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.60707	TM-10570656	13025115	The Holiday Productions Ltd.	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.53289	TM-10570659	12469632	Clapperboard Madam Blanc Ltd.	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.60707	TM-10570657	556402-597001	Mastiff AB	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.53289	TM-10570661	660031	Terminus Series 1 DAV	Only large enterprises	Motion picture, video and
Malta	SA.53289	TM-10570662	141809	Bavaria Fiction GmbH	Only large enterprises	Motion picture, video and
Malta	SA.102237	TM-11776780	519024442	IT Studios France	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.102237	TM-11776783	12405751	SDTA Productions Limited	Only large enterprises	Motion picture, video and
Malta	SA.102237	TM-11776785	14016800	ClapperBoard Studios SPV 6	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.60707	TM-11776819	10400387	1803 Films Ltd	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.60707	TM-10844713	11856397	Accident Man 2 Ltd	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.102237	TM-11776788	13770283	ClapperBoard Studios SPV 5 Ltd.	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.102237	TM-11776789	HRB 141809	Bavaria Fiction GmbH	Only large enterprises	Motion picture, video and
Malta	SA.60707	TM-10844719	3068324	Lime Pictures Limited	Only large enterprises	Motion picture, video and
Malta	SA.60707	TM-10844706	3068324	Lime Pictures Limited	Only large enterprises	Motion picture, video and
Malta	SA.102237	TM-11776790	825347992	Cinenord AS	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.102237	TM-11776824	825347992	Cinenord AS	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.102237	TM-11776826	2.02251E+11	GRIT Picture LLC	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.60707	TM-10844728	22-3393662	Mountain View Productions LLC	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.102237	TM-11776827	98588	Wave Studio Art Production LLC	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.102237	TM-11776828	80-0508623	King Street Production Inc.	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.102237	TM-11776829	14263764	Gaumont (Lolly) Ltd	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.102237	TM-11776841	11462339	EHF (Alex Rider) 3	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.60707	TM-10844722	RM 1489486	Fenix Entertainment SPA	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.60707	TM-10844708	556703-5901	FLX TV AB	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.102237	TM-11776830	FED EIN 88-4337683	Silent Hour Financing and Distribution LLC	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.102237	TM-11776842	UDYAM-MN-18-0034787	Almighty Motion Picture	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.102237	TM-11776831	UDYAM-MN-18-0034787	Almighty Motion Picture	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.102237	TM-11776843	EIN 92-0547120	WM Film Holdings LLC	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.102237	TM-11776832	14646108	LB 2023 Ltd	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.102237	TM-11776833	14613181	Perserverance 2 Ltd	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.60707	TM-10844710	9837639	Storyworks Production Ltd	Only large enterprises	Motion picture, video and
Malta	SA.102237	TM-11777860	22024038	Not Without Hope LLC.	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.102237	TM-11782220	14016634	CPS SPV 9 Ltd (Madam Blanc S3)	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.102237	TM-11812201	HRA 28466	U5 Filmproduktion GmbH & Co.KG	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.102237	TM-11776759	13713941	Dark Shark Film Ltd.	Small and medium-sized enterprises	Motion picture, video and
Malta	SA.102237	TM-11877627	8114844	August Street Films Limited	Only large enterprises	Motion picture, video and

information exported from : <https://webgate.ec.europa.eu/competition/transparency/public/search/results?sort=dateGranted&order=asc>

Code (NACE)	Aid Instrument	Objectives of the Aid	Aid element, expressed as full amount	Date of granting	Granting Authority Name	Published Date
television programme activities	Direct grant	Aid schemes for audio-visual works (Art. 54)	594,869	12/11/2018	Malta Film Commission	26/02/2019
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	588,467	19/07/2019	Malta Film Commission	11/06/2020
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	708,287	03/03/2020	Malta Film Commission	05/06/2021
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	1,742,655	25/08/2020	Malta Film Commission	11/08/2021
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	518,270	23/10/2020	Malta Film Commission	05/06/2021
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	4,001,728	24/11/2020	Malta Film Commission	11/06/2020
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	1,596,370	30/11/2020	Malta Film Commission	11/06/2020
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	923,338	28/01/2021	Malta Film Commission	11/06/2020
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	692,616	24/03/2021	Malta Film Commission	11/08/2021
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	821,192	25/06/2021	Malta Film Commission	11/06/2020
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	5,030,548	01/12/2021	Malta Film Commission	11/08/2021
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	762,886	06/12/2021	Malta Film Commission	11/08/2021
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	636,094	07/02/2022	Malta Film Commission	11/08/2021
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	920,801	17/02/2022	Malta Film Commission	11/08/2021
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	511,272	14/04/2022	Malta Film Commission	11/08/2021
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	3,984,528	21/04/2022	Malta Film Commission	11/08/2021
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	2,685,808	06/05/2022	Malta Film Commission	11/08/2021
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	2,178,240	19/05/2022	Malta Film Commission	08/05/2023
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	12,792,917	14/06/2022	Malta Film Commission	08/05/2023
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	1,424,313	27/06/2022	Malta Film Commission	08/05/2023
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	766,231	30/06/2022	Malta Film Commission	08/05/2023
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	733,452	12/07/2022	Malta Film Commission	28/12/2021
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	934,483	17/08/2022	Malta Film Commission	08/05/2023
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	1,419,047	30/08/2022	Malta Film Commission	08/05/2023
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	962,568	30/08/2022	Malta Film Commission	28/12/2021
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	980,041	30/08/2022	Malta Film Commission	28/12/2021
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	868,976	13/09/2022	Malta Film Commission	08/05/2023
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	535,658	19/09/2022	Malta Film Commission	08/05/2023
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	1,508,160	28/09/2022	Malta Film Commission	08/05/2023
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	703,649	18/10/2022	Malta Film Commission	28/12/2021
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	1,066,648	02/11/2022	Malta Film Commission	08/05/2023
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	3,498,995	16/11/2022	Malta Film Commission	08/05/2023
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	725,182	22/11/2022	Malta Film Commission	08/05/2023
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	822,964	21/01/2023	Malta Film Commission	08/05/2023
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	586,204	31/01/2023	Malta Film Commission	28/12/2021
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	664,550	06/02/2023	Malta Film Commission	28/12/2021
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	3,620,595	21/02/2023	Malta Film Commission	08/05/2023
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	691,038	23/02/2023	Malta Film Commission	08/05/2023
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	514,035	13/03/2023	Malta Film Commission	08/05/2023
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	2,215,058	16/03/2023	Malta Film Commission	08/05/2023
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	5,344,247	30/03/2023	Malta Film Commission	08/05/2023
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	1,024,045	06/04/2023	Malta Film Commission	08/05/2023
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	8,174,970	18/04/2023	Malta Film Commission	28/12/2021
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	5,339,061	15/05/2023	Malta Film Commission	18/05/2023
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	1,696,546	19/05/2023	Malta Film Commission	29/05/2023
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	512,666	30/05/2023	Malta Film Commission	05/06/2023
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	1,115,304	30/06/2023	Malta Film Commission	08/05/2023
television programme activities	Other	Aid schemes for audio-visual works (Art. 54)	46,653,961	08/08/2023	Malta Film Commission	17/08/2023

**136,793,533**

## 2023-2024 (to date) Reports issued by NAO

### NAO Annual Report and Financial Statements

July 2024 National Audit Office Annual Report and Financial Statements 2023

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