



**MCCAA**

MALTA COMPETITION AND  
CONSUMER AFFAIRS AUTHORITY

**20 ANNUAL  
20 REPORT**

## Mission Statement

- 

Having a market where fair trading prevails and consumer welfare is enhanced

## Chairperson's Address

What an exceptional year 2020 has been in every way. It has tested our operations like no other year and I am proud to say that each and every one of us at the Malta Competition and Consumer Affairs Authority has amply delivered.

The Business Continuity project we worked on in 2019 could not have been more timely. It was immediately put to the test – and we were prepared. Of particular note was our IT system and all the related software and hardware, that was fully functioning so that when, in March 2020, we entered the first lockdown, we were able to transition smoothly to remote working in no time at all.

This is also thanks to all our employees, who adjusted the way they worked and, even throughout the period when they could not go to the office, attended meetings online and continued to deliver the required results. In certain sectors, output even increased to cope with the greater workload.

Every effort was taken across the Authority to safeguard the health of all our employees. Everyone adhered to the health authority measures and there was self-respect such that we had no spread of the contagion among our employees from their place of work.

I also pay tribute to all those employees who had no choice but to go to work physically, working without complaint on the front line, carrying out inspections on site, manning our laboratories and ensuring that the MCCA offices remained open. In this way, we were fulfilling our mission enabling consumers to feel better protected from unsafe products and price abuse.

Consumer welfare remained at the centre of our activity with the Consumer Affairs office providing guidance and assistance in over 10,000 cases and acting as a bridge between traders and consumers, playing a key role in assisting consumers faced with cancellations of booked services, such as travel arrangements and events.

At the peak of the pandemic, we saw a spike in the regulatory activity related to the placing on the market of products such as hand sanitisers and protective masks with our teams working seven days a week to ensure that products met the required standards. We also saw an exponential increase in the requests for medical gas testing.

Both locally and internationally, we held numerous meetings with the relevant stakeholders, consistently adopting a collaborative approach. The times were tough for everyone, with all parties attempting to find solutions in the realisation that this was an extraordinary situation.

2020 also saw the deadline for the United Kingdom to exit the European Union. This brought an intensified focus to ensure various local industries and operators were fully prepared for this eventuality. Brexit was approached both from the regulatory and market surveillance aspects, with all the necessary information and updates being disseminated with business operators throughout the year.

In other sectors, operations continued without slowdowns. The Competition Office published its very first Phase II Concentration Decision, involving seven local supermarkets. This entailed several data collection exercises to assess the identified competition concerns, a demand-side survey with

active customers in the Maltese grocery retail market and a qualitative survey to collect information both from the parties involved and from all the grocery retail outlets operating in this sector in Malta.

The Standards and Metrology Institute organised an online conference to commemorate World Standards Day. This event proved to be a success and we now have a model for similar events in future, as we intend to integrate the virtual element in our forthcoming in-person events.

In the midst of the pandemic, it is worth noting that we finalised a scientific survey to measure economic operators' level of satisfaction and where they see the Authority can improve. Not only did no fewer than 83% of operators say they were aware of the MCCA but, those who used its services, were highly satisfied with the level of service received.

We also embarked on new projects and the Authority was successful in obtaining funding under the EU Commission's Consumer Programme. The project Strengthening Alternative Dispute Resolution will enable consumers and traders to solve disputes using a mediation mechanism.

Work was also undertaken to apply for a second EU-funded project to develop a digital investigations unit and to raise awareness on the aspects of Regulation (EU) 2017/2394 on consumer and trader rights in the digital marketplace.

In line with our strategy to realign the portfolio of services

with international and European best practice, the transfer of medical devices to the Malta Medicines Authority was completed and all the necessary legal amendments for the transfer of the regulation of goldsmiths and silversmiths from the Ministry of Finance to the MCCA was also completed. The actual transfer of this regulation will be completed in 2021.

The Authority now looks ahead with confidence as it celebrates its 10<sup>th</sup> anniversary in 2021. The past decade has been full of challenges, many of which have been overcome thanks to the dedication and hard work of all involved. I wish to express my gratitude to the members of the Board for their input and wise counsel, as well as all present and past employees for enabling us to get to where we are today.



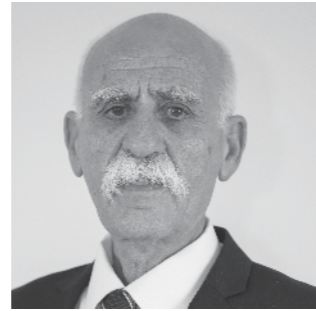
## Board of Governors



**Chairperson**  
Ing. Helga Pizzuto



**Deputy Chairperson**  
Mr John Abela



**Member**  
Mr Benny Borg Bonello



**Member**  
Dr Maria Briffa



**Member**  
Ing. Mario Cassar



**Member**  
Ms Sylvana Civelli



**Member**  
Prof. Joe Falzon



**Member**  
Mr Reginald Fava



**Member**  
Ms Mary Anne Micallef



**Member**  
Prof. Anthony Serracino Inglott



**Member**  
Dr Yvette Tonna Borg

## Directors General



**Office for Competition**  
Mr Godwin Mangion



**Office for Consumer Affairs**  
Ms Grace Stivala



**Technical Regulations Division**  
Mr Edward Xuereb



**Standards and Metrology Institute**  
Ing. Francis Farrugia

# Contents

**02**

Chairperson's  
Address



**08**

Office for  
Competition



**20**

Office for  
Consumer Affairs



**36**

Technical  
Regulations Division



**48**

Standards and  
Metrology Institute



**62**

Human  
Resources

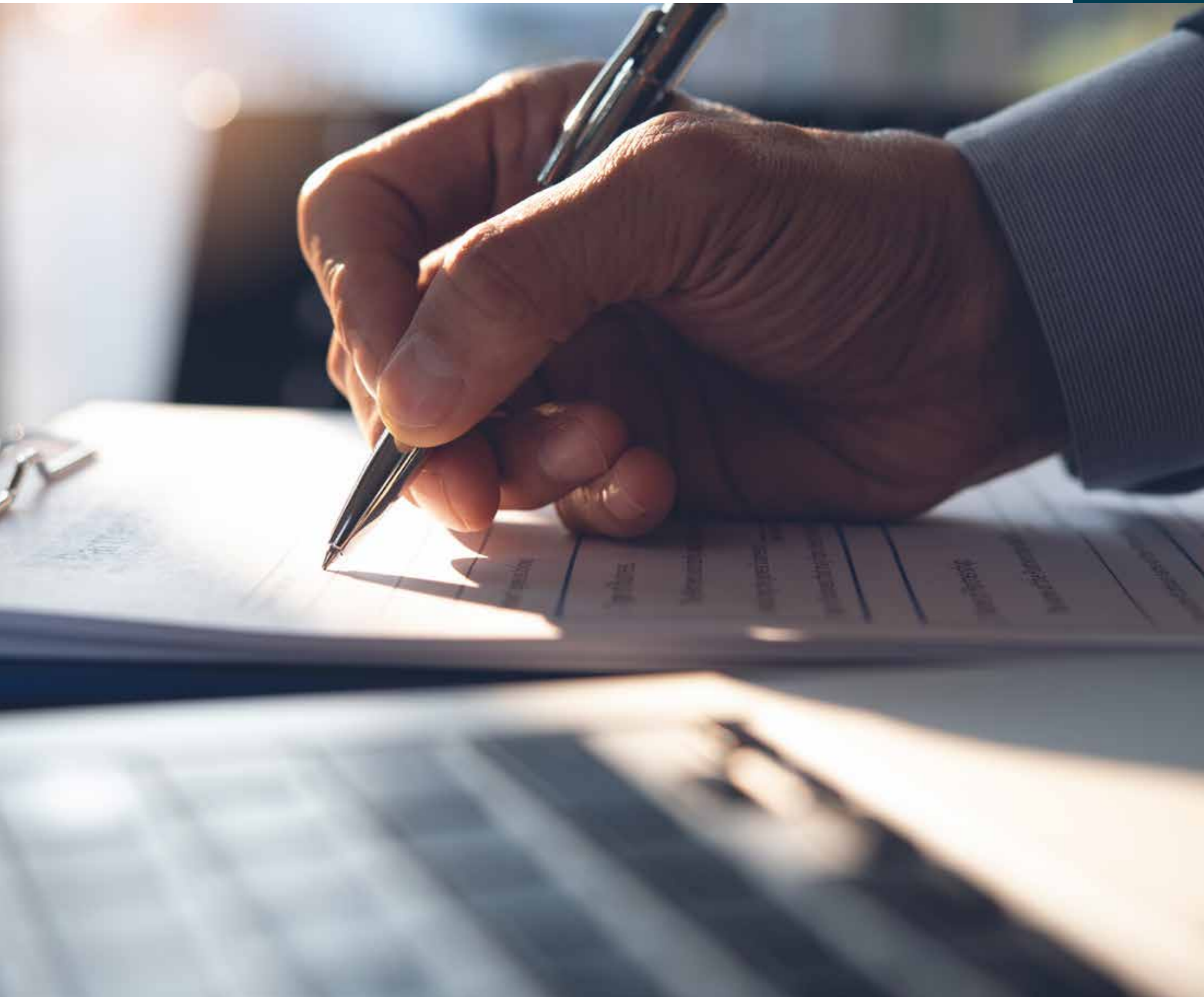


**68**

Corporate  
Achievements

**76**

Financial  
Statements



## Office for Competition

The Office for Competition (OC) statutorily promotes competition for consumers' benefit. It is active in enforcement, advocacy and control of concentrations through mergers, acquisitions and full-function joint ventures. It participates in EU and international fora. In facilitating the smooth operation of well-functioning markets, it promotes sound, competitive practices for the benefit of consumers, businesses and the economy at large.

# Office for Competition

2020 was a productive year for the OC, despite the unprecedented challenges brought about by the outbreak of the COVID-19 pandemic primarily linked to maintaining social distancing and remote working. The adjustment of working practices did not in any way hinder the work of the Office, whose staff rose to the occasion and even managed to achieve several milestones.

The year under review is marked by the publication of the first Phase II concentration decision since the Control of Concentrations Regulations came into force in 2003. In assessing both the demand side and the supply side of the Maltese grocery retail market, the Office gathered primary data by means of a population-based survey for the former and collected market data from every retail outlet operating in this sector to assess the latter.

The collection of primary data and the extensive data gathered from the supply side of the market are a milestone on their own and formed the Office's data mining process in particular towards unravelling consumer behaviour and perceptions in the Maltese grocery retail market.

The Office initiated a sector inquiry to study competition issues brought about by the procurement process adopted by the Central Procurement Supplies Unit at Mater Dei Hospital for the supply of infant formula.

Another significant development that marked the Office's activities in 2020 was the launch of a public consultation to transpose the ECN+ directive

into Maltese law. The proposed amendments aim to strengthen and enhance the efficiency of Malta's competition law enforcement system.

Finally, the Office successfully defended its investigations before the Maltese Courts, which upheld the OC's findings in two important judgments.

## Regulatory Activity

The OC investigated alleged infringements of the Competition Act in 2020 in the wholesale and retail trade, manufacturing, the arts, entertainment and recreation, financial and insurance activities, transportation and storage, and the professional, scientific and technical activities sectors, among others. The majority of these investigations were initiated following a complaint by an aggrieved party. While the OC has undertaken investigative work on a number of alleged breaches of the Competition Act, the Office is reporting only those allegations where the OC issued a decision in 2020.

## Decisions issued

### Ex-officio Investigation on the Prices of Benna Fresh Milk Products

On 23 July 2019, Malta Dairy Products Ltd (MDP) announced that, with effect from Monday 29 July 2019, it would be increasing the recommended

consumer prices of Benna fresh milk products. Following the publication of this news release, the OC initiated an ex-officio investigation on the same day of the actual price increase to verify whether the price increases of Benna fresh milk products announced were the result of an abuse of a dominant position in accordance with Article 9(2)(a) of the Competition Act and/or Article 102(a) of the Treaty on the Functioning of the European Union.

The OC undertook an exhaustive number of assessments to verify whether the price increases were excessive or not. It checked the entire supply chain, from the raw milk producer to the manufacturer, the distributor and, ultimately, the retailer - the four stages. It analysed their costs, saw their profit margins and then checked whether the new price was justified by these attributes.

Following the methodology used by the European Commission in the United Brands test case, which established the approach used to see whether a company in a dominant position is charging excessive prices, the OC concluded that the difference between the costs incurred and the price charged is not excessive. This conclusion was reached after determining that the excesses found are not material and/or sufficiently large to be deemed excessive.

Furthermore, based on a comparison between the price of Benna fresh milk products and the prices of other milk products found in the local market, the OC concluded that the price of Benna fresh milk products compare relatively well. The same conclusion was also

reached when comparing the price of the local fresh milk product with the price of fresh milk products sold in other Mediterranean and European countries.

The OC also acknowledged that the prices of Benna fresh milk products remained the same between 2012 and 2019, despite upward pressures in costs. These increases were all within the increases in the Food Inflation Index of the Harmonised Index of Consumer Prices as measured by Eurostat, which registered an increase of 14% between 2012 and 2018.

The OC also assigned high importance to the economic value of the local fresh milk product and noted that the risks involved in bringing the fresh milk product to the local market are substantial. The Office positively recognised that, throughout the years, MDP undertook significant investments to improve its operations and products quality, reduce costs, improve efficiency and widen its product portfolio.

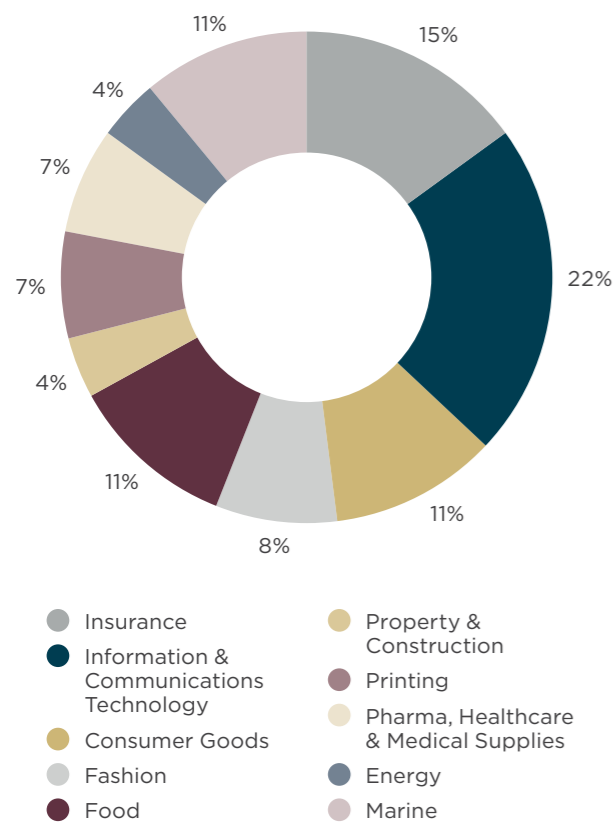
Going forward, MDP is planning another round of investments, which would put MDP in a position to continue meeting consumers' needs and expectations, and make the company more competitive. The OC noted that, even with the price increases, the profit margin of the company's fresh milk products is considered moderate and compares very well with business standards.

The Office concluded that MDP has not abused of its dominant position. Therefore, MDP has not infringed Article 9(2)(a) of the Competition Act and there are no grounds for action in relation to Article 102(a) of the Treaty on the Functioning of the European Union.

## Control of Concentrations

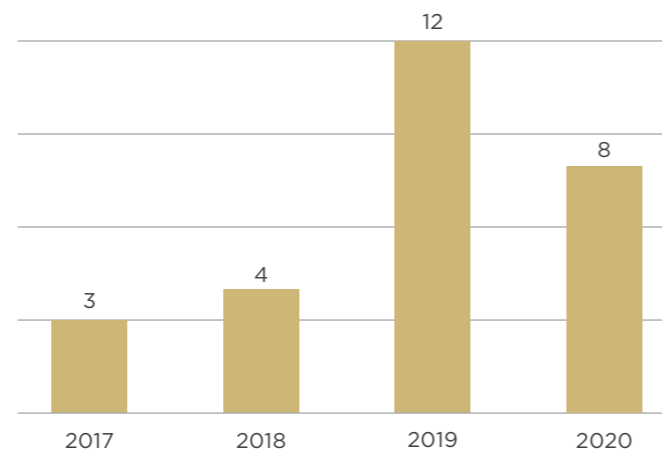
In the last four years, the Office has issued 27 decisions, which covered various sectors of the economy, as can be seen below:

**Figure 1:** Breakdown of decisions by sector



Due to the COVID-19 outbreak, the OC, like the majority of other authorities in EU member states, saw a decrease in the number of merger notifications over the previous year. To facilitate the work of the business community, the OC extended the facility already available for concentrations between foreign companies to present all legal documents and payments online to local companies or their local legal representatives.

**Figure 2:** Number of decisions issued from 2017-2020



\* Withdrawals are not counted in the total number of decisions issued by the Office

In 2020, the OC received seven notifications on proposed concentrations and issued eight decisions related to several markets, including insurance, online gaming, energy, naval repair, the wholesale and retail trade, and fashionwear. All concentrations were assessed within the time limits stipulated in the Control of Concentrations Regulations.

These were the concentrations examined by the OC:

- 1 acquisition of Power Plus Trading Limited by Daystar Holdings Limited;
- 2 acquisition by Francis Busuttill & Sons (Marketing) Limited of some brands and assets of Vivian Corporation Limited;
- 3 joint venture between Atlas Insurance PCC Limited, GasanMamo Insurance Limited, MaltaPost p.l.c. and APS Bank p.l.c.;
- 4 acquisition of the Stars Group Inc. by Flutter Entertainment plc;
- 5 acquisition of joint control by MSC Cruises SA of Palumbo Malta Shipyard Limited and Palumbo Shipyard Limited;
- 6 acquisition by Evolution Gaming Group AB (publ) of NetEnt AB (publ);
- 7 acquisition by Hudson Holdings Limited of Trilogy Limited; and
- 8 full-function joint venture between Retail Marketing Limited and Co-op Trading Company Limited, Polrem Limited, S. Borg & Sons Limited, Tower Supermarkets Complex Limited, Valyou Pendergardens Operations Ltd., Belleview Supermarkets Co. Ltd and Valyou Supermarket Limited

The first two concentrations were declared lawful after qualifying for the simplified procedure and were cleared within the four-week period, as stipulated in Regulation 12(4) of the Control of Concentrations Regulations.

For the next five concentrations, the decision was taken within six weeks of notification, as stipulated in Regulation 9(1), since these concentrations did not give rise to serious doubts or to substantial lessening of competition.

In the joint venture between Atlas Insurance PCC Limited, GasanMamo Insurance Limited, MaltaPost p.l.c. and APS Bank p.l.c., the OC concluded that, albeit two of the involved parties were already present in the provision of non-life insurance, together with other notifying parties, the joint venture being created out of this concentration would focus solely on life insurance products, in which the two main parties are not actively present.

Both the acquisition of the Stars Group Inc. by Flutter Entertainment plc and the acquisition by Evolution Gaming Group AB (publ) of NetEnt AB (publ), concerned online gaming. In the former, both parties operate in the remote gaming industry, in which they overlap in the provision of online gambling services. The OC concluded that, since online gaming and online betting can be seen as two different markets, post transaction this concentration will not give rise to substantial lessening of competition in the supply of online betting and online gaming.

In the second instance, both parties operate in the remote gaming industry at B2B Level. The parties' activities overlap in the development, production, marketing and licensing to gaming operators of online gaming content.

## Office for Competition publishes its first Phase II Concentration Decision

According to market estimates from H2 Gambling Capital, post transaction the combined market share would stand between 10-20%.

In the acquisition of joint control by MSC Cruises SA of Palumbo Malta Shipyard Limited and Palumbo Shipyard Limited, albeit not horizontally related, there exists a vertical relationship. In its assessment, the OC found that container ships managed by MSC Cruises that have undergone repairs in the last three years accounted on average to less than 1% of Palumbo's revenue, while shipyards in Malta do not have large dry docks to work on vessels of over 200 metres. Considering these factors, the OC concluded that the new vertical link between the involved parties will not give rise to foreclosure concerns for the provision of repairs and maintenance of large vessels.

Lasty, in the acquisition by Hudson Holdings Limited of Trilogy Limited, the OC delineated that both parties overlap in the fashionwear sector, since both parties represent leading international brands in clothing. After requesting information from leading clothing suppliers in Malta and classifying these clothing brands by category, price and intended use, it was found that a horizontal overlap between the parties is present in three markets, which are: middle class women's clothing, luxury women's clothing and luxury kids' clothing.

Post-transaction the market shares in these three markets were estimated to be equal to 5-10%, 25-35% and 20-30%, respectively. The OC concluded that, since the combined market shares in the markets for both luxury women's and kids' clothing is around 30%, the concentration is unlikely to lead to substantial lessening of competition since, apart from other suppliers found on the Maltese market, the fashionwear sector faces strong competition from online shopping.

In the initial market investigation of the joint venture between Retail Marketing Limited and the seven supermarkets mentioned previously, the OC identified possible competition concerns arising from the proposed concentration following the takeover by RML of the seven supermarkets' operations.

These concerns included the possibility of a substantial lessening of competition since the proposed concentration may have resulted in a reduction in the number of independent grocery retail stores in specific geographic areas.

According to its preliminary assessment, the OC identified the Sliema-St Julian's area and the Qawra-Mellieħa area to be relatively more concentrated in terms of the grocery stores involved in this concentration when compared to the other local geographic markets.

Given the lack of data available to assess these concerns, the OC noted that the above arguments were being submitted on a *prima facie* basis and, therefore, a detailed investigation was warranted to verify the concerns that the proposed concentration may bring about.

In line with the Control of Concentrations Regulations, an in-depth (phase II) investigation was officially initiated on 13 February. The objective of the investigation was for the OC to decide whether the proposed concentration, if implemented, would substantially lessen competition within any market or markets in Malta.

The OC conducted several data collection exercises to be able to assess the identified competition concerns. These included a representative demand-side survey with active customers in the Maltese grocery retail market and a quantitative survey to collect information both

from the parties involved and from all the grocery retail outlets operating in this sector in Malta.

The demand-side survey, which was subcontracted, addressed such issues as 'What does the Maltese person who goes to buy from these stores look out for? Are there any choice attributes that distinguish discounters from other supermarkets? Should I see discounters as being in the same market as these supermarkets?'

Although it emerged clearly, as was already known, that a particular discounter had the largest market share, this was not at the expense of other supermarkets but to complement them. This enabled the Office to define the ultimate market. It also emerged that the average Maltese consumer was prepared to travel 12.8 minutes by car to go to the supermarket for the main grocery shopping.

Within this time frame, no Maltese would be prepared to travel to Gozo and vice-versa for their main grocery shopping. In terms of the number of outlets in a specific geographic area, the Office concluded that indicators of the concentration continued to show that, even in those markets where there was a dominance from the numbers perspective, there was still going to be strong competition. Some 600 responses from over 360 chains of grocery stores were received. Information on price, quality and range of products was collected.

Following this extensive analysis of all the data, the OC declared on 5 June that the proposed full-function joint venture will not substantially lessen competition and, therefore, was lawful in terms of the provisions of the Control of Concentrations Regulations. This was a milestone for the OC since it is the first Phase II decision published since the Concentrations Regulations came into force in 2003.

## Sector Inquiry - Supply of Infant formula

In addition to the powers of the OC to investigate and institute proceedings in Court against undertakings to sanction specific anti-competitive agreements and behaviour, the OC has advocacy powers to investigate markets that do not appear to be working well for consumers.

In terms of Article 14 of the Malta Competition and Consumer Affairs Authority Act, the Office has the responsibility to keep markets and commercial activities relating to the supply of goods and services under review and to collect information and evidence to ascertain whether these markets and activities may adversely affect the interests of consumers and recommend action, where required.

In terms of article 11A(1) of the Competition Act: "Where the trend of trade, the rigidity of prices or other circumstances suggest that competition may be restricted or distorted within the Maltese market, the Director General may conduct an inquiry into a particular sector of the economy or into a particular type of agreement across various sectors."

In 2019, the OC received a letter from a supplier of infant formula, follow-on formula and other formula or milk products for older infants or toddlers in the private retail market in which it was alleged that the public contract for the supply of infant formula at Mater Dei Hospital was distorting competition in the supply of infant formula, follow-on formula and other formula or milk products for older infants or toddlers in the private retail market.

The Office, following an initiate review of the situation, decided to study the market in greater detail and to launch a sector inquiry. The importance of conducting a sector inquiry is also reflected at EU level. The European Commission carries out sector inquiries into sectors of the economy and into types of agreements across various sectors when it believes that a market is not functioning properly.

The Office intends to publish the results of the sector inquiry by the fourth quarter of 2021.

## Legislation and Litigation

### Transposition of Directive (EU) 2019/1

On 2 October 2020, the Office for Competition launched a public consultation on the draft legislation for the transposition of Directive 2019/01/EU, which empowers the competition authorities of member states to be more effective enforcers and to ensure the proper functioning of the internal market. The main aim of these proposed amendments is to transpose the ECN+ Directive (2019/1), which was published in the Official Journal of the European Union on 14 January 2019.

Although a number of requirements of the ECN+ directive was already incorporated in the new Competition Act, which entered into force on 29 July 2019, the proposed amendments aim to strengthen and enhance the efficiency of Malta's competition law enforcement system and further align Malta's competition rules with the EU's competition law.

Some notable key reforms for Malta, once the ECN+ directive is transposed, include:

- › the introduction of a leniency programme. The amendments will introduce a tool for cartel whistle-blowers. This tool will provide the possibility for total exemption or reduction in penalties for undertakings that disclose their participation in cartels;
- › priority setting. To ensure maximum efficacy and efficiency in the enforcement of competition law, the amendments will introduce the power of the Director General of the Office for Competition to reject complaints when these are not considered an enforcement priority;
- › an increase in the maximum penalty for competition law infringements. The upper limit on competition penalties for infringements of

the competition rules will be increased to 10% of a company's worldwide turnover. The upper limit of 10% is currently based on the turnover generated in Malta in the affected market; and

- › requests for information. Currently, requests for information can only be sent to undertakings and associations of undertakings. Under the new proposed amendments, the Office for Competition can require any person to provide information for the application of articles 5 and 9 of the Competition Act and/or Articles 101 and/or 102 of the Treaty on the Functioning of the European Union (TFEU). This means that the Office can send requests for information to persons who include individuals who are or were concerned in the management or control of the undertaking or associations of undertakings concerned but also includes, for example, any individual who previously worked for the undertaking under investigation, including temporary or permanent employees, consultants, volunteers and professional advisors.

### Litigation

#### Uffiċċju għall-Kompetizzjoni vs Korporazzjoni Enemalta wara l-ilment ta' Attard Services et

The then Office for Fair Competition received a complaint under the Competition Act from Attard Services Limited as agents of Shell Aviation Limited against Enemalta Corporation. Enemalta is the state-owned corporation established by the Enemalta Act 1977, which enjoys a concession, formerly a legal monopoly, to provide fuel and oil handling or 'into-plane' services to aircraft at Malta International Airport.



On 14 July 2004, Shell Aviation Limited was awarded the second concession to supply fuel and oil handling services at MIA. The complaint related to the terms offered by Enemalta Corporation for access to its storage tanks and the aviation fuel pipeline used for supplying Jet A1 to customer aircraft at the airport.

Attard Services maintained that it was essential that it had access to Enemalta Corporation's storage and throughput aviation fuel infrastructure from port to airport to provide refuelling services at the airport. Attard Services alleged that Enemalta Corporation had breached Article 9 of the Competition Act in the sense that the tariff rate for access to its facilities was tantamount to a constructive refusal to supply, it being excessive.

After carrying out an extensive investigation, the Office for Fair Competition found that Enemalta Corporation holds a dominant position and even a monopoly position on the upstream market for the provision of storage and throughput facilities for Jet A1, which is a necessary input for fuel and oil handling operators to be active on the downstream market for rendering refuelling services to aircraft.

It concluded that Enemalta Corporation did indeed abuse its dominant position in this market in refusing access to its infrastructure by employing a 'margin squeeze' for the period between 2004 and 2008. The Office found that the margin between Enemalta's prices to aircraft for its downstream refuelling services and the tariff rate to be charged to Attard Services for access to its storage and throughput infrastructure was clearly negative.

In a judgment delivered on 17 June 2020, the Civil Court (Commercial Section) upheld the findings of the Office for Competition, which in 2011 issued a report concluding that Enemalta abused its dominant position infringing Article 9 of the Competition Act and Article 102 of the Treaty on the Functioning of the European Union.

The judgment is not final since Enemalta plc has appealed the judgment.

### **Korporazzjoni Enemalta vs Direttur tal-Uffiċċju tal-Kompetizzjoni Ġusta et**

On 17 March 2009, the Office for Competition issued a decision whereby, besides other considerations, it concluded that Enemalta and the GRTU have infringed the provisions of the Competition Act by fixing trading conditions in the inland fuel market, limiting or controlling the inland fuel market and imposing the application of dissimilar conditions to equivalent transactions with other parties outside their agreement, thereby placing them at a competitive disadvantage.

The then Commission for Fair Trading upheld the findings of the Office and confirmed that the GRTU, which represented the petrol station owners, and Enemalta Corporation had concluded an anti-competitive agreement. This agreement facilitated a system of differentiated payment of commissions, whereby the increase in the commission on sales of fuel to service stations depended on the petrol stations installing automated pumps and providing a service during the times as stipulated in the agreement.

The decision of the Commission for Fair Trading was challenged before the Civil Court to no avail and subsequently before the Court of Appeal.

On 28 February 2020, the Court of Appeal upheld the judgment of the First Hall of the Civil Court.

### **Liquigas (Malta) Limited vs Uffiċċju għall-Kompetizzjoni**

On 8 October 2020, the Court of Appeal upheld the judgment of the Competition and Consumer Appeals Tribunal, which had annulled a cease-and-desist order issued by the then Office for Fair Competition against Liquigas Malta Ltd (Liquigas) since the Tribunal had found that the Office failed to comply with the principles of natural justice, particularly because it did not provide a copy of the complaint and access to the file to Liquigas.

The Office for Fair Competition had issued a cease-and-desist order after finding that Liquigas was abusing of its dominance when it imposed exclusive purchasing obligations on distributors of LPG gas cylinders by not permitting gas cylinders of its competitor to be loaded on the same trucks for distributors to sell door to door.

The Court of Appeal held that, irrespective of whether there was a statutory right of access to the file, it was still necessary that Liquigas be precisely cognizant of the contents of the complaint. Moreover, the Court held that Liquigas was not present for a number of meetings held with other third parties that were convened by the Office to gather information relevant to the case and that Liquigas was not given the faculty to answer to what was said during those meetings since they were held in its absence.

According to the Court of Appeal, this failure was certainly prejudicial to Liquigas's right to prepare a defence, and alone was sufficient to justify the Tribunal's decision to annul the decision of the Office of 24 December 2010.

## **European and International participation**

The OC played an active role in European and international fora aimed at increasing co-operation and coherence among competition authorities. The OC assigns high importance to international co-operation with other competition authorities since it provides a platform for sharing best practices on combating anti-competitive practices.

Furthermore, these meetings facilitate the exchange of information and experience in antitrust and merger cases among the various competition authorities. This information enables the OC to build its knowledge and expertise on the application of competition law and to keep abreast with the latest developments in the jurisdictions of the other competition authorities.

The COVID-19 pandemic has not impeded the organisation's attendance at meetings both at European and international levels. Since the meetings were held virtually, the OC participated in no fewer than 34 meetings, a far higher number when compared to the previous year.

The OC participated in the plenary meetings in anticipation of the Directors General meeting that are held twice a year. Officers of the OC actively participated in a number of experts working group meetings of the European Competition Network relating to thematic issues on abuse of dominance, mergers, horizontal issues, co-operation issues and due process, vertical restraints and cartels, among others.

The OC also participated in the Chief Economist working group meeting and in various sectoral working groups, including food, healthcare and pharmaceuticals, financial services, digital markets and artificial intelligence. Officers also participated in two *ad hoc* meetings on market definition and the New Competition Tool.

The OC remained an active participant in meetings organised by the Competition Committee within the Organisation for Economic Co-operation and Development (OECD). The OECD Global Forum on Competition, held between 7 and 10 December 2020, discussed whether there was a need to change the existing competition policy framework, abuses of dominance in digital markets, economic analysis in merger control and market studies to tackle energy competition issues.

It participated to the International Competition Network Conference, held between 14 and 17 September, which discussed the digital economy.

Meetings may have been spread on more than one or two working days and more than one officer may have participated in some meetings, which was an added benefit since travel time and accommodation were factored out. For some meetings, there was a time difference to also be factored in.

On a day-to-day basis, the OC also co-operated with other national competition authorities within the European Competition Network through 30 replies provided to the request for information by competition authorities from other member states.



## Office for Consumer Affairs

The Office for Consumer Affairs (OCA) focuses on promoting and protecting consumer interests, while also fostering a balanced relationship between consumer and trader to ensure ongoing consumer welfare. It adopts a two-pronged approach, educating both consumers and traders on their rights and obligations, and carrying out market inspections.

# Office for Consumer Affairs

## Main achievements in 2020

In the past year COVID-19 took centre stage and brought numerous challenges, with the Office seeing a steep increase in queries and complaints related to passenger rights, cancellation of events and misleading claims on COVID-19 products.

The Office stepped up its outreach to consumers by disseminating information on consumer rights, with a special focus on topics that were particularly affecting consumers in the wake of the pandemic. During this period the Office answered more than 10,000 enquiries for information, marking an increase of over 57% or more than 3,660 enquiries when compared to 2019; the increase was mainly attributed to COVID-19 pandemic-related requests. These queries were followed by an updating of the FAQs webpage to cater for the scenarios that were unprecedented.

Opening times for taking calls were extended to ensure that, despite the increased workload, the enquiries were still addressed within the set KPIs.

Walk-ins persisted and these were handled through the use of technology, with the consumer speaking directly to an officer at the call centre via a Teams meeting.

Furthermore, 376 passengers registered claims against airlines, which resulted in refunds for 912 passengers – another significant increase from previous years due to the pandemic.

A total of 1,270 consumers sought the assistance of this Office in obtaining redress from local

sellers in respect of disputes over products and services purchased. In relation to package travel and wedding events, no fewer than 98% of the requests were COVID-19 related.

The Office's inspectorate work continued with a focus on specific exercises, including price monitoring and data collection associated to COVID-19-related products, such as masks and hand sanitisers; price monitoring of essential goods; and online price monitoring.

### 'Extra' CPC online sweep

The Office for Consumer Affairs, as the Single Liaison Office for Malta for the Consumer Protection Co-operation (CPC) Regulation, participated in the annual EU online sweep, which in 2020 focused on sustainable claims, and on COVID-19-related consumer scams and unfair marketing.

The Office initiated work on the transposition of the Sale of Goods and Digital Content Directive, and the Modernisation Directive, which covers four different directives.

The Office also worked with stakeholders that were mostly affected by the COVID-19 pandemic in order to find equitable solutions in the face of the difficult and unprecedented situation faced by all parties.

The Office initiated the work related to the EU-funded project on Alternative Dispute Resolution, and also contributed to the EU grant application for the Digital Investigation Unit.

Credit notes	Consumer responsibilities	Guarantees	Complaining effectively
Consumer claims	Unwanted products	Tribunal	Consumer redress
Safe online shopping	Shopping during sales	Consumer contracts	Telecommunications services
World Consumer Rights Day	Travel	Air passenger rights	Problems with ordered goods
Unfair contract terms	Online purchases	Deposits	Car rental
Gift vouchers	Toy safety	Accommodation problems	Delayed delivery
Hidden charges	Product safety	Price indication	Misleading advertising
Consumer contracts	Private sales	Trust You Scheme	Unwanted gifts
Aggressive practices	Unsolicited goods	Traders' obligations	Digital content
Off-premises contracts	Cooling-off period	Purchase of services	Delivery problems

## Consumer awareness and information dissemination

Consumer education and protection remained a key focus throughout 2020, with regular participation in TV and radio programmes aired on the main local stations.

Topics covered included:

- › misleading commercial practices;
- › purchases from individuals as opposed to professional sellers;
- › unfair contract terms with a particular focus on non-refundable deposits;

- › precautions consumers should take when buying goods online; and
- › generating awareness on consumer rights with regard to air passenger rights and package travel regulations when flights or package holidays are cancelled because of an extraordinary situation, such as the COVID-19 pandemic.

The selection of these topics was based on an analysis of the most common consumer enquiries received by the Authority.

**Table 1:** Media output (2018-2020)

Media output (2018-2020)				
	Articles	Talks	TV Programmes	Radio Programmes
2018	117	29	138	84
2019	112	13	95	72
2020	101	4	85	60

The number of talks were sharply down because public events had to be suspended due to the pandemic.

Also, in the face of the considerable increase in consumer queries related to consumer issues linked to the effects of the pandemic, precedence was given to individual consumer support as against general information dissemination via media avenues.

Requests for information in 2020 amounted to

10,063, a significant increase when compared to the previous year's 6,400 enquiries.

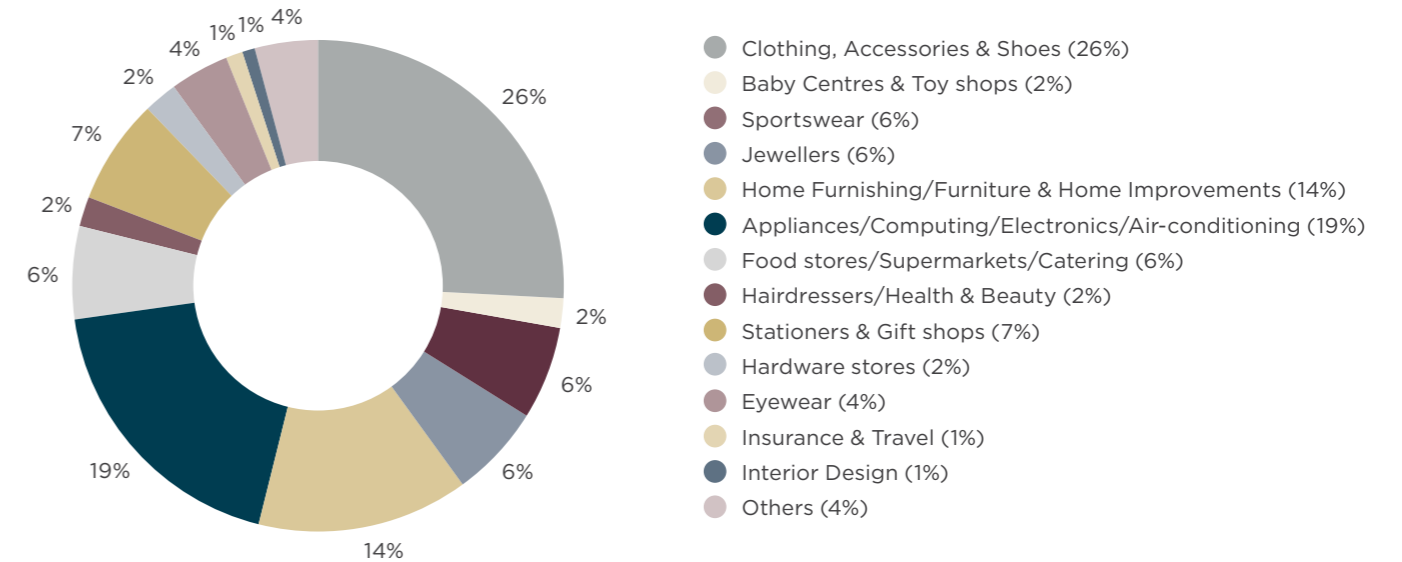
The most common enquiries were on cancellations of holidays, flights and events, such as concerts, weddings and private parties. These queries were received through a host of communication channels, including the Authority's Freephone, telephone, e-mail, walk-ins, the MCCAA's website (Contact Us Form and Flag a Concern) and its social media pages.

## Trust You Scheme

Traders participating in the Trust You Scheme abide by a ten-point code of conduct, which provides assurance that these traders safeguard consumers' interests.

A total of 131 certificate renewal inspection visits were conducted and six new applications to join this scheme were assessed. Among the segments embraced by the scheme were clothing and shoe stores, baby centres, accessories, sportswear, jewellers, gift shops, home furnishing and furniture, appliances/computing/electronics, food stores, air-conditioning retailers, home improvement stores, pet shops, hairdressers, medical centres, stationers, toy shops, hardware stores, eyewear outlets and insurance providers.

**Figure 3:** Trust You scheme



A 30-second animated advert to promote the Trust You Scheme was also developed. This was first aired in October.

# Market Oversight

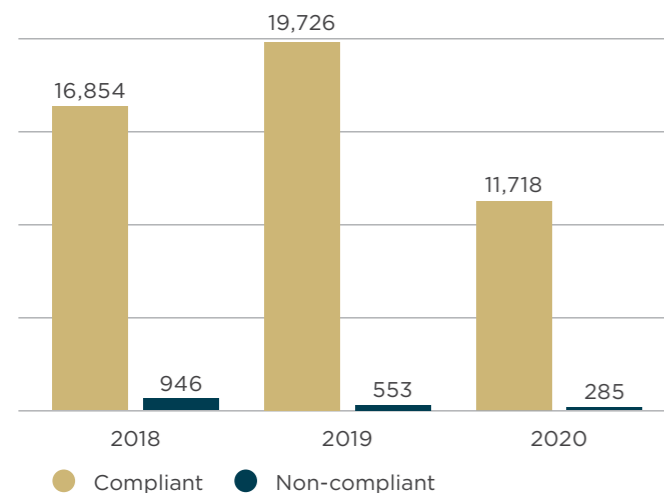
## Pricing and commercial practices

A total of 12,003 visits were carried out in retail outlets across Malta and Gozo to ensure compliance with the Price Indication Regulations. The significant drop in the number of visits when compared to previous years (17,800 in 2018 and 20,279 in 2019) is due to restrictions and measures in view of the COVID-19 pandemic.

The inspections included checks on fruit and vegetable hawkers, and checks at open-air market stalls and beach kiosks, with 15% of inspections being focused in the main shopping areas – Valletta, Birkirkara, Paola, Hamrun, Sliema, Mosta, St Julian's and Victoria (Gozo).

A total of 285 outlets, equivalent to 2.5%, were found to be non-compliant. This compares well with 5% non-compliant in 2018 and 2.7% in 2019.

**Figure 4:** Total number of inspections indicating compliant and non-compliant outlets



Throughout 2020, 696 inspections were conducted in open-air markets, Ta' Qali Farmers' market and on vegetable hawkers operating in the evenings, on weekends and on public holidays. Inspections on village feast kiosks, trade fairs and other special events did not take place due to COVID-19 restrictions. The number of non-compliant retailers totalled 28.

**Table 2:** Number of inspections after office hours

Type of Event	Number of inspections
Open-air markets	531
Ta' Qali vegetable market	150
Vegetable hawkers	15
<b>Total</b>	<b>696</b>

## Co-ordination with the Inspections Co-ordination Unit

Inspections continue to be carried out in line with the co-ordinated government inspections Act. During 2020 the system was further digitised with the launch of the Inspections Toolkit System that replaced the manual reporting of inspections with digitalised reporting.

There were 158 Primary inspections in sectors covering pet shops (non-animals), electronic goods, children's clothing and toys. In the Office's role conducting Secondary Inspections, where this Office receives reports relative to price indication in retail outlets from other entities carrying out Primary Inspections, a total of 542 reports were received, with 343 marked as compliant, 69 non-compliant and 130 not applicable. Follow-up action was taken with the 69 non-compliant retail outlets.

## Specific market exercises

Two specific market exercises were undertaken to monitor the January Sales and the July Summer Sales. These covered the clothing, footwear and costume jewellery sectors. Two criteria were considered: the presentation of the discounted price as the final price; and a clear indication of the original price.

**Table 3:** Market exercises on Sales in 2020

Locality	No. of outlets visited	Final discounted price		Items on Sale clearly marked	
		Yes	No	Yes	No
Valletta	123	122	1	122	1
Birkirkara	65	65	0	65	0
Hamrun	79	75	4	76	3
Sliema	191	190	1	191	0
Mosta	66	65	1	66	0
Paola	75	69	6	70	5
Bay Street	38	38	0	38	0
Victoria (Gozo)	67	58	9	58	9
<b>Total</b>	<b>704</b>	<b>682</b>	<b>22</b>	<b>686</b>	<b>18</b>

Of the 704 outlets inspected, 22 were found to be non-compliant with either one or both criteria (2018 – 830 inspections with 45 non-compliant; 2019 – 829 inspections with 24 non-compliant). These outlets were found to have regularised their position by the second unannounced inspection.

Between March and April, the Directorate conducted two price monitoring and data collection exercises on products related to the COVID-19 pandemic covering 175 outlets (mainly pharmacies). Products covered were hand sanitisers, masks, antiseptic wipes, surgical gloves, surgical spirit and disinfectants. Another exercise specifically on sanitisers was held in October collecting data on over 100 sanitiser brands in 50 retail outlets.

In April, the Directorate carried out price monitoring inspections in 101 retail outlets, ranging from corner shops and mini-markets to supermarkets on 28 essential goods. This was also an opportunity to collect more data on hand sanitisers. The scope of this exercise was to follow up on the number of complaints in the media and/or received at the Authority. During this period, the Authority launched

a 'Price Alert' application on its website to facilitate the reporting of any suspected unfair price increase.

Online price monitoring from supermarkets and mini-markets was also undertaken with over 650 inspections, collecting data on a basket of goods of over 400 commodities. Physical price monitoring from retail outlets was also carried out, totalling over 350 inspections.

## Consumer Protection Co-operation Regulation

The Office for Consumer Affairs is responsible for implementing EC Regulation 2006/2004 of the European Parliament and of the Council of 27 October 2004 on co-operation between authorities responsible for the enforcement of consumer protection laws (CPC Regulation). This Regulation lays down the general conditions and a framework for co-operation between national enforcement authorities to ensure that the laws establishing consumer rights are equally enforced across the internal market and to create a level playing field for businesses.

With the coming into force of the new CPC Regulation, namely Regulation (EU) 2017/2394, which repealed EC Regulation 2006/2004, as the Single Liaison Office, this Consumer Affairs Office co-ordinated the notification of competent authorities through the Internal Market Information (IMI) system and addressed the notification obligations emanating from this new Regulation.

As the competent authority, one enforcement request, two information requests, 10 notifications and 17 alerts linked to a potential widespread infringement were received in line with this Regulation. Other actions included the continuation of the Dual Quality of Food action undertaken in co-ordination with the Joint Research Centre of the European Commission. This Office sent a number of samples for testing, set subscription traps and monitored ticket reselling.

## CPC sweep on COVID-19-related consumer scams and unfair marketing

The COVID-19 pandemic resulted in a surge in COVID-19-related consumer scams and unfair online marketing practices across Europe. To fight these practices, the CPC Network adopted a common position in March 2020, outlining the most common breaches of EU consumer law.

CPC authorities agreed to rapidly carry out an online investigation exercise in a co-ordinated and simultaneous manner, and in April 2020 carried out a sweep on online platforms and traders' websites. The main scope of this sweep was to check which COVID-19-related product categories were available on the platforms and whether online publishers were advertising these products/offers. A second screening of platforms was held in June 2020.

Four high-level screenings of platforms and five in-depth analyses of traders' websites were carried out by this Office. The outcome was similar to other competent authorities within the Network, with a number of adverts directly linked to COVID-19 being identified. Following this common action, millions of coronavirus adverts globally were blocked or removed from online platforms.

## Annual CPC online sweep - misleading sustainability claims

In 2020, CPC authorities carried out checks on 344 claims on the environmental characteristics of a product or a service sold online. The scope of the sweep was to assess whether these claims were sufficiently clear and reliable, based on the information available online; and whether the information was easily available to consumers to check the claim, and how the claims were presented.

Follow-up actions on the results of the 2019 sweep were undertaken with seven service providers in 2020, and agreement was reached with five local service providers voluntarily committing to regularise their position by updating their websites to be in line with consumer protection legislation.

## Proceedings and investigations

Court hearings for three court cases related to the former article 25A of the Consumer Affairs Act were held in 2020, with all cases adjourned to 2021 for judgment.

Following the amendment of the Consumer Affairs Act in 2019, with regard to judicial proceedings that follow investigations, the analysis, research and study of relevant issues was ongoing.

A number of without-prejudice meetings were held with traders found to be infringing consumer protection legislation, followed by and in conjunction with other correspondence to reach voluntary compliance prior to taking any legal action. This included more than 10 traders/operators regularising their position in cases related to unfair contract terms, unfair commercial practices and pre-contractual information when selling online; and 285 cases related to non-compliance to the Price Indication Regulations.

## EU participation

Participation at EU level remained high with participation (mostly virtually) in:

- › the Consumer Protection Co-operation (CPC) Committee meetings;
- › the E-Enforcement Group;
- › the CPC Priorities Working Group;
- › CPC workshops;
- › Consumer Policy Network meetings;
- › National Enforcement Body meetings on passenger rights and consumer credit/mortgage credit;
- › Expert Group meetings on the transposition of the Modernisation Directive;
- › Expert Group meetings on the transposition of the Sale of Goods and Digital Content Directives;
- › EU Consumer Day on consumer policy in the service of the Sustainable Development Goals and the 2030 Agenda; and
- › Informal meetings of Consumer Protection Ministers to discuss the New Consumer Agenda.

Meetings in some areas increased because of the situation, including those of the NEBs (National Enforcement Bodies) related to transportation rights.

## Medicine pricing

Medicine prices are an important topic for consumers and the public in general. When people are unable to afford their medication, this negatively affects their health and their lives, and exacts a heavy toll on society. Without doubt, high medicine prices pose a continuous challenge to public healthcare systems or patients when an out-of-pocket cost is incurred.

Strategies to measure, monitor and manage prices are therefore essential to promote affordability and equity in access to medicines. A dual strategy to address the issue is adopted: monitoring and comparing pricing using external price referencing and consumer education.

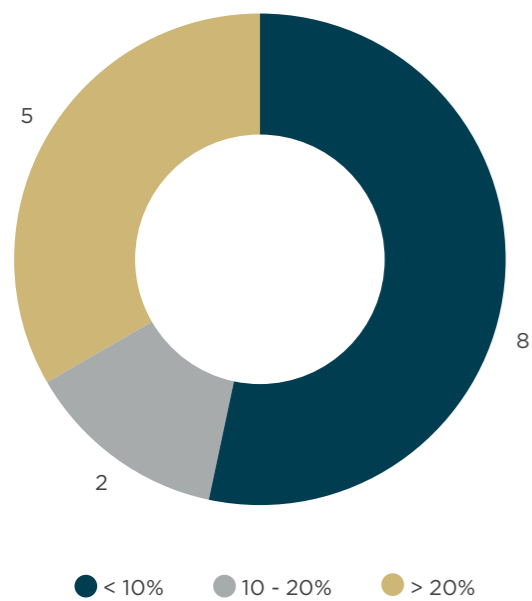
External price referencing, or international price comparison, is a tool used by most EU member states to monitor and control medicine prices. It is essentially a benchmarking exercise in which local prices of medicines are compared to prices in a reference 'basket' of countries. The comparison is then used to regulate medicine pricing.

The size and composition of the reference basket and the algorithms used vary between countries. The OCA sources data from 12 countries of reference and the data processing methodology used is established under the terms of a voluntary agreement between the Government and the local pharmaceutical stakeholders. The OCA compares domestic retail prices of medicines to benchmark values calculated from external retail prices in line with agreed parameters.

Although retail prices are compared, the OCA's interventions target upstream prices at manufacturer level and changes induced at this level invariably result in a cascade effect on wholesale and retail prices. Constructive dialogue and transparent engagement with the pharmaceutical stakeholders are the mainstays of the OCA's operational strategy.

The retail prices of more than 600 pharmaceutical preparations were monitored in 2020. Retail prices of 15 medicinal products prescribed to treat various medical conditions, including urge incontinence, major depressive episodes and cystitis, were marked down following this exercise. Markdowns exceeded 20% for five of the preparations (see Figure 5).

Figure 5: Medicine price markdowns by percentage



In parallel to pricing interventions, the OCA complements its drive to address affordability issues through the constant promotion of consumer interests in the choice and acquisition of medicines. The challenge lies in the dissemination of information and knowledge to bring about the necessary shift in mindset when buying medicines.

Generic competition is one of the most powerful tools that policymakers have to curb drug prices in a sustainable way. However, in and of itself, this is not enough. Educating the public and raising awareness about the efficacy and cost-effectiveness of generic substitution become key. This is a pivotal role that involves engaging with consumers to direct them to explore the possible use of generic alternatives under the guidance of their prescribers.

## Assistance to consumers

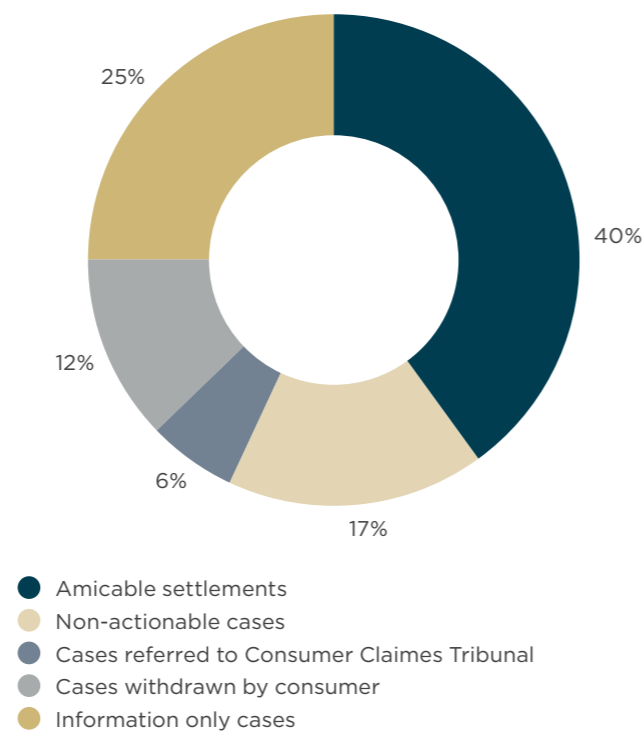
### National

Complaints registered for conciliation continued to increase in 2020, with 1,270 registered complaints (compared to 824 in 2018 and 963 in 2019). Of these complaints, 6% were closed since they were non-actionable or inadmissible due to the cases falling outside the Office's remit or due to a lack of documentation.

An additional 12% of cases were closed after the necessary required information was provided to the consumer. Of the remaining 1,012 cases, 40% were resolved through an amicable settlement following the conciliation procedure; 17% of cases were withdrawn or discontinued by the consumer; and 25% of cases were referred to the Consumer Claims Tribunal. The remaining cases were still undergoing conciliation as at the end of 2020.

Three public warning statements were issued against traders who failed to honour the Tribunal's decision.

Figure 6: Cases processed in 2020



## Air Passenger Rights

In its role as the National Enforcement Body (NEB) under the EC Regulation 261/2004 establishing common rules on compensation and assistance to passengers in the event of denied boarding, cancellation or long delay of flights, guidance and assistance was provided to consumers on refunds and compensation from airlines.

In 2020, 376 claims were registered, with 912 passengers refunded or compensated by the airline operator involved (see table below). A total of €96,773 were recovered through this Office's intervention on behalf of the claimants.

Table 4: Air Passenger Rights data 2018-2020

	2018	2019	2020
<b>No. of claims registered</b>	145	213	376
<b>No. of passengers refunded</b>	261	150	912
<b>Compensation</b>	€59,000	€43,412	€96,773

During the year under review, the majority of claims handled were in relation to refunds for flights cancelled due to COVID-19.

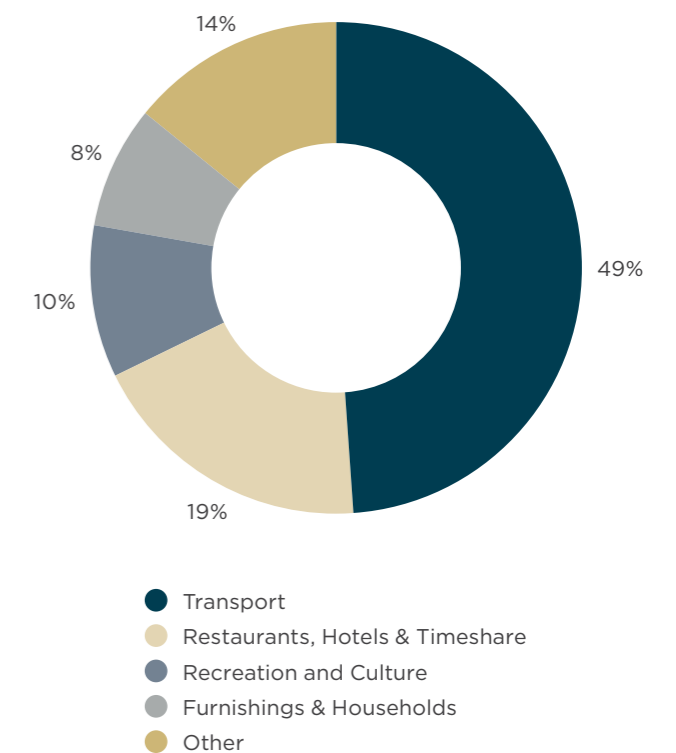
## EU-wide co-operation

The European Consumer Centre (ECC) Malta is part of a European network aimed at increasing consumer confidence in the European Single Market. The function of these offices, also found in Norway, Iceland and the United Kingdom, is to provide information to consumers on cross-border purchases and to assist them with any complaints they may have on businesses in other member states.

2020 proved to be a challenging year due to the increased workload resulting from the COVID-19 pandemic. The centre saw an 88% increase compared to the previous year: 835 requests for information and 395 registered complaints were received, compared to 420 requests for information and 233 complaints received in 2019.

Of the 395 registered complaints, 261 were received from Maltese consumers against a business based in the EU and 134 complaints were received from EU consumers against a business based in Malta. Of these 395 complaints, 175 were amicably resolved, 27 were found to be unfounded and the remaining 98 cases were closed without reaching an amicable agreement. The latter were advised to proceed with their complaint under the European Small Claims Procedure or with an Alternative Dispute Resolution Body.

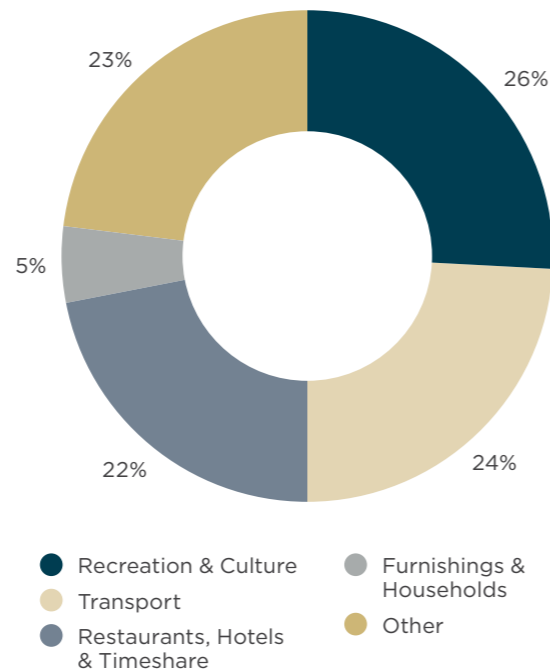
Figure 7: Cases by Sector - Maltese consumers against EU-based traders



The complaints raised by Maltese consumers against European-based traders related mostly to transport services, including air travel, car rental and car purchases. These were followed by complaints related to restaurants, hotels and accommodation, recreation and culture, and furnishings and households.

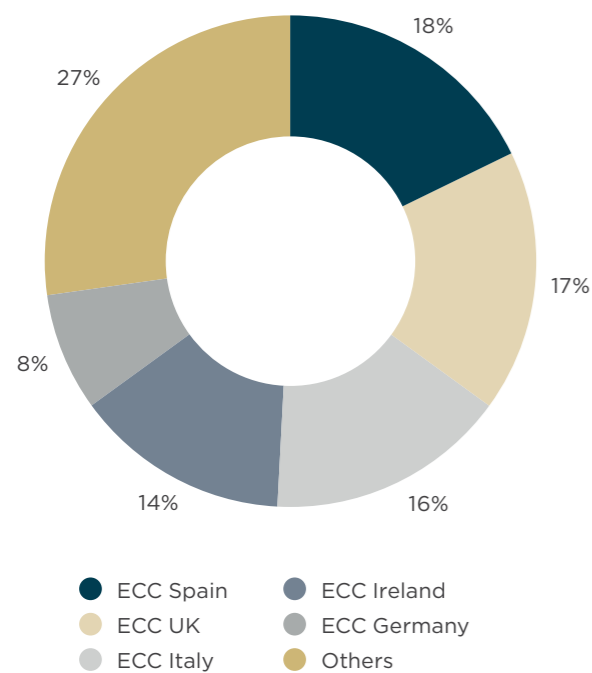
On the other hand, recreation and culture services, which include games of chance, transport and services related to restaurants, hotels and timeshare are featured as the top three categories of complaints raised by European consumers against Maltese-based traders.

**Figure 8:** Cases by Sector - European consumers against Maltese-based traders

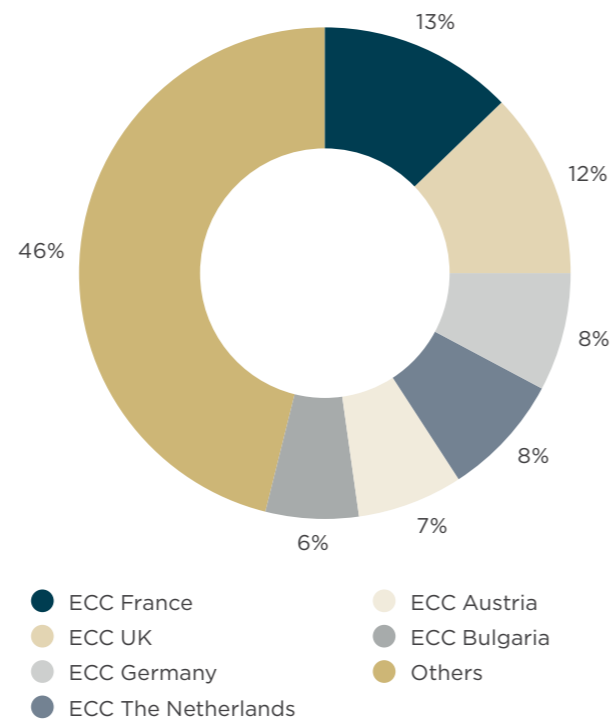


The two Figures below illustrate the cases by country for both Maltese and EU consumers.

**Figure 9:** Cases by country - Maltese consumers against EU-based traders



**Figure 10:** Cases by country - European consumers against Maltese-based traders



One of the network's main objectives is to provide information and increase awareness on European consumer legislation and policies. Thus, the Centre has concentrated on increasing its visibility with consumers. This was further highlighted in 2020, since this year marked the 15<sup>th</sup> anniversary of the ECC as a Network.

ECC Malta produced three e-newsletters, eight newspaper articles, a magazine article, and a new brochure on the European Small Claims Procedure. The e-newsletters were shared mainly through social media and sent to all EU information points to be distributed to their contacts.

Furthermore, weekly posts were uploaded on social media, mainly Facebook; and an Instagram account was created in the last quarter of 2020 to enhance the centre's visibility. ECC Malta also participated in four TV and radio programmes and in an online event organised for all EU information providers to increase awareness of the network.

In reaching its aims of working within the network and promoting the Centre's objectives, ECC Malta participated in all the meetings and joint activities organised within the network, which in 2020 were held virtually due to the COVID-19 measures. These meetings included the Communications Week and the ECC 15<sup>th</sup> anniversary event.

The centre maintained its commitment to give its feedback to surveys and queries launched by other centres, the European Commission and other stakeholders in consumer protection.

Although the increase in complaints and the nature of cases were more complex during the year under review, ECC Malta managed to close its complaints within the required time frame while increasing the success rate significantly from 45% in 2019 to 63.4% in 2020. This was reflected in the highly positive consumer satisfaction survey outcome of how ECC Malta handled their complaints.

### Consumer Claims Tribunal

In 2020, 212 claims were filed before the Consumer Claims Tribunal (CCT), and 86 cases were carried over from the previous year. The CCT resolved 66 cases, of which 53 were concluded in favour of the consumer and 13 decided in favour of the trader. There were 40 withdrawn cases, one dismissed *sine die* and three cases dismissed outright.

Due to COVID-19 measures, no sittings were held before the CCT between 12 March and 16 June 2020. As a result, 188 cases were carried over into 2021.

# Assistance to consumers

Consumer complaints



1,270

registered complaints

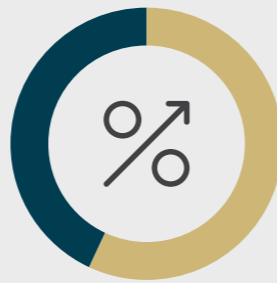
Requests for information



10,000+

enquiries for information

Enquiries



Increase of over 57%

CCT



212 claims filed before the Consumer Claims Tribunal

Air Passenger Rights



Refunds for 912 passengers

Air Passenger Rights



€96,773

recovered





## Technical Regulations Division

The Malta Competition and Consumer Affairs Authority, through the Technical Regulations Division (TRD), is vested with the legal remit to implement and enforce safety legislation associated with a number of products placed on the market in the Maltese Islands.

# Technical Regulations Division

The Technical Regulations Division's main focus in 2020 was targeted at products used for protection against COVID-19. Special emphasis was given to sanitisers, protective wear and to devices used by the medical sector. In addition, the Division ensured, through planning and maximisation of its resources, that it could deliver its day-to-day tasks related to registration/authorisation of products, follow EU proposals, implement safety legislation and conduct surveillance of the market.

## Brexit preparedness

Brexit was a topic that was given great importance by TRD in 2020, given the impact it will have on various industries and local operators. To assist the sector, the Regulatory Affairs Directorate (RAD) kept stakeholders (importers/manufacturers/EU representatives) updated through e-mail notifications and notices on the MCCA website. All official communication issued by the Commission on Brexit was distributed.

The information that was disseminated included communication aimed at informing/warning stakeholders on the far-reaching repercussions Brexit will have on the EU-28 single market at the end of the transition period, when the UK becomes a third country, and thus prepare them in advance so that they could make the necessary arrangements.

It also contained a clear overview of the main areas of change that were to take place from 1 January 2021 (irrespective of whether a trade deal was going to be reached).

The RAD participated in the following online seminars when the main impacts of Brexit and a possible way forward were discussed:

- › Readiness and Contingency Plan on 24 November 2020, organised by the EUCD and the Chamber of Commerce;
- › Annual Suppliers Conference 2020 on 11 December 2020, organised by the CPSU; and
- › A practical Guide to Brexit on 16 December 2020, organised by the Malta Chamber of SMEs.

The Market Surveillance Directorate (MSD), on its part, ensured that it was prepared for every Brexit eventuality. In 2020, the Directorate continued to plan for and implement the necessary updates in the national market surveillance processes in anticipation of the withdrawal of the UK from the EU.

Key initiatives included knowledge sharing within the Directorate in relation to market surveillance and conformity assessments, and the evaluation and establishment of an internal implementing procedure on how to handle products imported into Malta and had been placed on the UK market before the end of the transition period.

## Pesticide authorisations

The Pesticides Authorisations Unit evaluates and authorises pesticides, on behalf of Malta, both for national and European registrations of pesticides.

The Unit evaluates both plant protection products, which are used to protect plants and their products from harmful pests and diseases, as well as biocidal products intended to protect against any harmful organism.

## Plant protection products

The Pesticides Authorisation Unit continues to act as a zRMS (zonal rapporteur member state) for new plant protection products to be placed on the market within the European Union. In 2020, there was an increase in the requests for Malta to act as an RMS (rapporteur member state) for the evaluation of active substances (including technical equivalence), especially due to Brexit.

In 2019 there were seven evaluations of active substances; in 2020 these increased to nine. Also, in 2020, the Unit extended its range of services. An example of such a service is the evaluations of applications concerning a change in the maximum residue level of a particular active substance. The unit evaluated a total of 132 product applications in 2020.

The table below shows the continuous work performed on zonal evaluations, i.e., new products placed on the market in the southern member states of the European Union. The decrease in the requests during 2020 relates to the fact that priority was given to evaluations of biocidal products due to the increase in the demands for disinfectant products and sanitisers during the public health emergency in Malta as a result of the COVID-19 pandemic.

**Table 5:** Pesticides zonal authorisations - requests received (2016-2020)

Year	Requests received for zonal authorisation of pesticides
2016	23
2017	26
2018	32
2019	55
2020	39

Besides the authorisation of PPPs, the TRD oversees the proper use of pesticides, both at a national level and on food products imported into Malta.

A key action under the 2019-2023 National Action Plan for the Sustainable Use of Pesticides is the implementation of checks on Pesticides Application Equipment (PAEs) as a requisite to ensure that the equipment used to apply Plant Protection Products (PPPs) is functioning correctly, in a reliable manner, guaranteeing that PPPs are accurately dosed and distributed during their application.

2020 saw the ongoing implementation of the inspection system, in parallel with discussions and liaison with field matter experts and inspectors to support the implementation of the inspection system for PAEs. A total of 31 PAEs were inspected in 2020.

Discussion meetings with stakeholders remain ongoing to support their progressive needs and the implementation of the inspection system.

In 2020, over 200 samples of food commodities were taken from the market and tested for pesticide residues. There was an overall increase in the number of samples analysed with no residue detection for 2020 when compared to 2019. Whereas the number of samples with residues detection (below the Maximal Residue Limit (MRL) permissible or exceeding the MRL) were overall reduced in comparison to the previous year.

These commodities included: various infant and follow-on formulae, oranges, pears, kiwis, cauliflower, onions, carrots, potatoes, beans, rye grain, brown rice, poultry fat, bovine liver, strawberries, tomatoes, cabbages, grapes, melons and spinach. The collection and testing of samples were conducted in line with the requirements of the Multi-Annual National Plan for Residue Monitoring in and on produce of plant and animal origin.

## Biocidal products

The Unit further expanded the different types of evaluation services offered for new biocidal products and their active substance in the EU market to stakeholders following a call for evaluators for biocidal products and their active substances. In 2020 Malta acted as an evaluating member state for eight biocidal products and one active substance. Five of these products were taken over from the UK due to Brexit.

There was a large increase in the requests for applications of notifications to make products available on the market in Malta in 2020. Biocidal products include disinfection products, such as sanitisers, and, due to the COVID-19 outbreak in Malta in March, these requests increased exponentially. A total of 480 applications for notifications were evaluated, compared to 156 in 2019. Additional staff was deployed internally to cope with this increased workload without incurring delays in the processing of applications.

In addition, due to the entry into force of the Legal Notice on the Public Health Emergency in Malta, the Unit set up an abridged system for the evaluation of notifications of biocidal products. The system was set up in line with the derogations permitted by Regulation (EU) No. 528/2012 to hasten the process of evaluation of products and ensure the availability of these products on the market without undue delay.

## General product safety

### Lifts

The in-depth analysis of the internal system and legal framework related to the registration and inspection of lifts was finalised in 2020. The draft legal text is intended to be published for consultation by the end of 2021. The changes being

put forward will result in a more streamlined legal text, improved safety provisions and greater clarity on the obligations of the different players involved.

Thirty-three lifts covered by provisional orders issued to installers of unregistered lifts in the preceding year continued to be brought into compliance. At the same time, further market surveillance actions and measures were taken for newly identified non-compliant lifts. The monitoring and enforcement roles will continue to be strengthened in the coming months and results from monitoring are being taken into consideration in the draft legal text.

### Ozone depleting substances – F-gases

Data was collected from aircraft companies on halon use, an Ozone Depleting Substance (ODS). This information was used to compile and submit reports to the European Commission, as stipulated in the legislation related to these substances. The RAD also participated in the Montreal Protocol meetings, which deal with the management of ODSes at an international level.

The TRD collaborated with MCAST and Jobsplus in 2020 to draw up a guidance document to harmonise training courses, examination structures and marking schemes related to F-gases. A number of press releases, as well as content on social media, were published to communicate the licence requirement for personnel working in the relevant sector and to keep the public abreast with the bans coming into force on refrigerating equipment containing F-gases with a Global Warming Potential of 150 or more.

The RAD also delivered content during the training courses carried out by MCAST and Jobsplus to ensure that new personnel working in the sector are informed of the applicable Regulation.

To aid F-gas distributors to abide by their obligation to keep records, these operators were provided with a logbook to record all F-gas sales in terms

of quantities and the technicians/companies who purchase the gas. The aim of the record keeping is to enhance traceability to ensure that the F-gas is being disposed of legitimately. No fewer than 20 technicians and one company came forward to apply for a licence card. All F-gas distributors were also reminded of their obligation to sell F-gases to licence holders only.

The MSD, in turn, continued to adopt its proactive approach, in line with its market surveillance plan and in close collaboration with the Customs Department. In addition to the ongoing monitoring, a data collection system was put in place to support technicians and distributors to comply with their legal reporting obligations.

## Food safety

### EFSA Focal Point

In its role as the European Food Safety Authority (EFSA) Focal Point (FP), the RAD liaised with EFSA experts and organised several training sessions for the national data providers to improve the data quality and timeliness of data submission to EFSA. A number of virtual events were organised by the EFSA FP to promote and disseminate the work it is currently performing.

Virtual presentations were organised with the:

- › Department of Clinical Pharmacology & Therapeutics at the University of Malta (UoM) to promote the use of Knowledge Junction (KJ);
- › Department of Food Science and Nutrition at the UoM to provide information on the EU Risk Assessment Agenda (EU-RAA) Database;
- › Food Safety Commission (FSC) to provide information on the Dietary Reference Values (DRV) Finder; and with the
- › Malta Council for Science and Technology

(MCST) to discuss funding opportunities offered by EFSA and by the MCST in the area of food and feed safety risk assessment.

The EFSA FP contacted current national organisations which fulfil the criteria established in view of Article 36 in Regulation (EC) No 178/2002 and which have been designated as such by EFSA. These organisations were asked to update any changes in information in their profiles and checks were performed to ensure that they still met the criteria set in the Regulation.

### Food risk assessment

In the area of food risk assessment, the RAD is designated as the entity responsible for food risk assessment as per the Food Safety Act. This also means that RAD is the entity nominated to represent Malta in issues related to the European Food Safety Authority. As a result, the RAD is in constant liaison with Malta's Food Safety Commission (FSC) on a number of food safety issues in line with local legislation (the Food Safety Act (FSA) 2002).

The RAD also participates in European fora, including European Commission Working Group meetings on proposed legal measures and interpretation of current EU legislation dealing with: food additives, fortified food, food labelling, food supplements, food for special medical purposes, nutrition and health claims on food, novel foods, food enzymes, food flavourings, food contact materials and natural mineral waters.

### Food supplements

In line with RAD's responsibility in food risk assessment, the Directorate was designated by the FSC as the entity responsible to oversee the notification procedure for food supplements before these are placed on the Maltese market. Manufacturers and importers made 398 food supplement notifications in 2020.

## Sector specific safety

### Construction products

In 2020, the construction industry was placed front and centre in discussions on sustainability and environmental goals at EU level. Talks on legislative change, both nationally and Europe-wide, to accommodate and include provisions for a green construction economy have been on the rise, just as the Commission kicked off the Construction Product Regulation (CPR) *Acquis* process in March 2020.

The RAD was present and vocal at these discussions on many occasions, including during Council meetings, Commission Expert Groups, as well as during several locally held virtual meetings. The RAD also held an *ad hoc* one-on-one meeting with the Commission, inviting SMI and NAB to join in to discuss some concerns and doubts on the possibilities for the future of the CPR as proposed by the Commission.

A local awareness raising plan on the regulation is envisaged in 2021.

The monitoring of construction products falling under Area Codes 2 and 10 continued in 2020. MSD identified more than 25 economic operators and contacted them in relation to smoke detectors and fire alarms available on the market. The Declaration of Performance (DOP) and the Declaration of Conformity, where applicable, were collected and assessed as part of this holistic exercise. Economic operators were made aware of their obligations on CE marking and the availability of the DOP, in line with information published by the European Commission.

In the second half of 2020, construction products falling under Area Code 11 were targeted, which includes domestic sanitaryware like shower enclosures, shower trays and sinks. Sixteen checks were also carried out in this regard.



### Medical devices and personal protective equipment

As expected, due to the COVID-19 pandemic, there was a huge increase in the workload related to medical devices and protective equipment. The RAD worked in close collaboration with the health authorities and with the Central Procurement and Supplies Unit (CPSU) within Mater Dei Hospital to ensure that masks, gloves, overalls, ventilators and products used during the pandemic were up to standard. All applications received were processed in a timely manner.

Resources were focused in this area, which resulted in all queries and products being cleared/registered in less than 24 hours seven days a week, including on public holidays. This ensured that the CPSU did not have any shortage of products.

In August, the responsibility for Medical Devices was transferred from the MCCA to the Medicines Authority. In preparation for the transfer, the RAD conducted high intensity training for Medicines Authority staff as part of the hand-over. This ensured a seamless transfer with minimal interruptions to the services provided to the industry.

## Market Surveillance

The MSD continued to strengthen its operations in 2020, covering a wide range of areas to protect the public interest. The risk-based process the MSD has adopted was reinforced to target a comprehensive range of product types as part of the national market surveillance programme.

Part of this risk-based process involved increased surveillance of hand sanitisers and face masks, two product types at the forefront of the fight against the spread of the COVID-19 virus. While targeting the surveillance of these products, the MSD continued to reaffirm its position as a leading directorate in a supportive, forward-driven regulatory environment to ensure consumers' well-being and promote a level playing field among competitors.

A total of 1,390 inspections, including follow-ups, were carried out in 2020 compared to 307 in 2019. The increase is due to new business sectors rolled out on the co-ordinated inspections system, led by the OPM, and the targeting of more products made available online.

As shown in Table 6, these inspections covered 1,255 products (up from 736 in 2019). Other activities carried out by the MSD in 2020 included co-operation with the Customs Department on 319 cases, providing technical assistance on product safety legislation.

**Table 6:** Market Surveillance - Customs Cases; Inspections; Products inspected (2019-2020)

	2019	2020
Customs Cases	155	319
Inspections	307	1,390
Products inspected	736	1,255

The 106% increase in customs cases is attributed to the shift in market trends brought about by the pandemic and the new measures taken to enforce the F-gas Regulations. The latter measure enabled the identification of non-compliances prior to the placing of bulk F-gas and prefilled equipment on the market, reducing the risk of non-compliant F-gas products finding their way onto the local market.

Further enhanced collaboration with the Customs Department in other areas will be put in place in the coming months adopting proactive measures, subject to the availability of the necessary instruments in the applicable legislation. Drill-through figures of the inspections carried out in 2020 are provided in Table 7 below. These figures vary from one year to the other since the focus each year may differ. The big focus in 2020 related to pandemic-related products.

**Table 7:** Market Surveillance - 2020 Inspections

Product Type	No. of Inspections (2020)
Toys	104
Lifts	60
Construction Products	30
Machinery	33
Electrical Appliances	115
Appliances and Machinery	-
Motor Vehicles	4
Chemicals	5
Cosmetics	218
Detergents	77
Gas Appliances	26
Energy Labelling & Eco Design	18
General Product Safety Directive	217
Personal Protective Equipment	94
Pesticides (Plant Protection Products and biocides)	81
Other products	-
Inspections targeting pesticides subset 'hand sanitisers and disinfectants' (refer to the Biocides section)	308
<b>Total</b>	<b>1,390</b>

## Joint actions

Market surveillance was also undertaken in collaboration with other Member States through participation in the Co-ordinated Activities on the Safety of Products (CASP) project and PROSAFE Concerted Efforts. These actions were funded by the Commission's Directorates-General.

Joint actions organised by PROSAFE fall under JAHARP2018 and EEPLIANT3, and actions under

DG-Just fall under the CASP heading. The general aim of these joint actions is to promote compliance, identify non-compliance, raise awareness and provide guidance on Union harmonisation legislation.

The products sampled and tested included: space heaters, air-conditioners, extension cables, toys, childcare articles, small kitchen appliances, personal protective equipment (face masks) and hand sanitisers. Table 8 provides further information and a summary of the findings of these activities:

**Table 8:** Market Surveillance - 2020 Projects and Findings

Project Reference	Information and Findings
JAHARP2018 - space heaters and recreational craft	In 2020, the joint action on space heaters was launched. Samples of nine heaters were collected and test results are to be provided in the first quarter of 2021. The joint action will continue in 2021, during which three open boats and two inflatable craft of less than 6 metres are planned to be sampled and sent for testing.
EEPLIANT3 - air-conditioners	Administrative inspections were conducted at 15 businesses. The documentation requested from the economic operators was vetted and products for sale were cross-referenced with the EPREL database. Further to this, three products were identified for sampling, to be carried out in 2021.
CASP - cables	Ten extension cables were sampled and sent for testing, five of which failed the test. One product was recalled due to serious risks, another was withdrawn from the market due to less than serious risk, two were stopped from further placing on the market due to a lesser risk. The other extension cable did not have any significant risk.
CASP - baby nests, co-sleepers and sleeping bags	One baby nest, one co-sleeper and three sleeping bags were sampled and sent for testing as part of this work package. The evaluation of the results has begun and will be further discussed in a laboratory meeting to determine the risks involved. This will support the determination of the necessary action(s) to be taken for products failing standard requirements against which they were tested.
CASP - nitrosamines in toys and childcare articles	Seven balloons, seven squeeze toys and six finger paints were sampled and tested. One of the sampled set of balloons was withdrawn from the market due to the high levels of chemicals released from them. The squeeze toys failed in labelling requirements and necessary action was taken to bring the products in compliance.
CASP - small kitchen appliances	Eight small kitchen appliances were sampled from the local market and tested, three toaster ovens, three sandwich makers and two deep fryers. The samples were tested according to electrical safety, overheating safety and overall design safety requirements, as per standard SM EN 60335. Three products were found to be non-compliant and action is being taken by the MSD on these products.
CASP - Corona2020	The planning for the sampling and testing of three different PPE face masks and three hand sanitisers was undertaken in 2020 as part of a joint action on a European scale.
CASP - horizontal actions	Joint actions involved targeting horizontal activities intended to seek a more harmonised approach between market surveillance authorities in the different member states. Methodologies related to the risk assessment, communication, co-operation with customs authorities, online market surveillance and product recall effectiveness were tackled.

European-wide Administrative Co-operation Groups (ADCOs) were also followed through online meetings. The groups followed are related to:

- › Construction products;
- › Eco design;
- › Energy labelling;
- › Gas appliances;
- › Labelling of tyres;
- › Lifts and safety components of lifts;
- › Low voltage;
- › Machinery;
- › Marine equipment;
- › Personal protective equipment;
- › Pressure equipment;
- › Radio equipment;
- › Recreational craft and personal watercraft; and
- › Restriction of the use of certain hazardous substances.

## Rapid Public Alerts

As part of the MSD's efforts to sustain robust co-ordination with the market surveillance authorities in the EU, the Directorate acts as the point of contact for Malta on the Rapid Exchange of Information System ('RAPEX'). Notifications of dangerous consumer products are issued on this rapid alert system to support the effective, speedy and accurate exchange of information among member states.

In 2020, five new notifications were issued in respect of products found on the local market, which were recalled or withdrawn. A further 22 actions on products found in Malta were taken following notification by other member states.

In addition, follow-up action was taken on several notifications issued by other member states

or notifications/recall campaigns prompted by other sources. More than 1,950 of such notifications, which include campaigns prompted by the European Commission's Information and Communication System on Market Surveillance (ICSMS), manufacturers and other consumer safety networks outside the EU, were followed up.

155 complaints received from consumers on product safety-related concerns were also actioned. All complaints are investigated, and a structured approach is established to determine the nature of the follow-up action required. The approach is risk-based and takes into consideration the product type involved, the severity of the case and the facts established during the investigation.

Communication with the importers, manufacturers and consumers is considered to be a key element of an effective market surveillance system in a supportive and forward-driven regulatory environment. Last year, more than 425 instances of communication with important market players took place.

## NAO follow-up audit

In October 2020, the National Audit Office published a follow-up audit report on the *Performance Audit: Protecting Consumers through the Market Surveillance Directorate's Monitoring Role*, which was issued in May 2017. In its conclusions, the NAO noted that the MSD "made good strides forward in its quest to further product safety".

It was noted that concrete action had been taken on more than 90% of the recommendations made in the previous performance audit. The main areas where advancements were noted include the improved administrative capacity through the provision of training, increased consumer and stakeholder awareness, strengthened mechanisms for better co-operation and co-ordination with national and European institutions, and operational improvements.

## Personal Protective Equipment

As anticipated above, the market surveillance of face masks, which is a type of personal protective equipment, was targeted in 2020 in view of the COVID-19 pandemic. An increase in the number of cases referred by the Customs Department of these product types was experienced, as 89 such cases were received and investigated.

Furthermore, support was provided to local importers and distributors on documentation required for compliance with the applicable legislation in 80 instances. In 2020, 94 physical and online inspections were carried out on face masks to determine their compliance.

## Biocidal products

As also anticipated above, the market surveillance of biocidal products, which includes hand sanitisers and disinfectant-type products, was targeted in 2020 due to the COVID-19 pandemic.

No fewer than 308 inspections were carried out to determine compliance of hand sanitisers and disinfectants made available on the market. Of the 218 products inspected, which included hand sanitisers and disinfectant-type products, 140 products were found to contain non-compliances. Non-compliances included attributes such as non-approval of the product available on the market. Furthermore, the Directorate supported local importers and distributors on the applicable regulatory provisions to meet the huge increase in demand in the market in view of the pandemic.

Additionally, in the 81 inspections carried out to cover the pesticides remit, more biocidal product types were targeted, with 71 non-compliances identified. Non-compliances identified included attributes such as non-approval of the product available on the market. Further inspections and market surveillance actions are envisaged in this sector during 2021.

## Motor vehicles

The MSD continued to enhance and consolidate its processes related to the enforcement of EU legislation on the market surveillance of motor vehicles and their trailers in 2020, including their systems, components and separate technical units, with a focus on the vehicles' tyres.

Market surveillance activities on motor vehicles has been strengthened through improved risk-based processes adopted and through the participation in the Forum for Exchange of Information on Enforcement of EU Legislation on Approval & Market Surveillance of Motor Vehicles co-ordinated by the Commission.

## Detergents

Key activities in the field of detergents and detergent refillable stations included inspections, communication with the economic operators and a number of market surveillance actions. Seventy-seven inspections were carried out to determine compliance of detergents made available on the market in line with the applicable legislation, one of them being the Classification, Labelling and Packaging Regulation.

This sector will continue to form part of the market surveillance actions envisaged for 2021.

## Online market surveillance

In view of the increase in online sales experienced in recent years, which were further supplemented by the shift in the consumer preference trends brought about by the COVID-19 pandemic, the online monitoring of products was enhanced. Joint actions on the development and adoption of consistent procedures across the EU for online market surveillance played an important part in this initiative.



## Standards and Metrology Institute

The Standards and Metrology Institute (SMI) develops and publishes technical standards, offers calibration services, legal metrology and laboratory testing, and certifies organisations according to European and international standards.

## Standards and Metrology Institute

COVID-19 hit the SMI particularly hard, with all directorates having to address specific challenges, whether it was inspections, testing and certification. Even committee meetings, where consensus is a prerequisite for the development of standards, were held virtually. When all sides have different positions, face-to-face interaction is essential to negotiate a mutually acceptable agreement and virtual meetings are much more challenging to achieve the desired results.

Extra care was taken to ensure staff were fully protected when conducting tests on medical gases in hospitals. When audits had to be conducted on manufacturing processes, these were done remotely with the co-operation of the auditee. There were some initial delays between March and the beginning of summer when the necessary adjustments to current processes were made and for the new systems to be approved but, once there was the proof of concept, the work programme proceeded as normal.

## Development of standards

The SMI continued to participate actively in 2020 in various European standardisation fora, as needed, to address stakeholder needs. The work is carried out in conjunction with representatives from industry, government, the academic sector and other stakeholders to ensure a high level of acceptance of standards among the interested parties. Table 9 shows the number of European/international standards that have been adopted as national standards during the past two years.

**Table 9:** European standards adopted as national standards in 2020 compared to 2019

European standardisation bodies	Number of European standards adopted (2020)	Number of European standards adopted (2019)
CEN - European committee for standardisation;		
CENELEC - European Committee for Electrotechnical Standardisation	1,603	1,840
ETSI - European Telecommunications Standards Institute	325	81

From March, the Commission requested Standards Bodies to provide for free certain European standards related to medical masks and medical devices. One of the reasons for this was because the Commission wanted to encourage manufacturers to devote business lines or production lines to producing medical devices, like filters and ventilators. These were made freely available and by the end of 2020 over 1,200 of these standards were downloaded from the MCAA website, not just from Malta but from as far afield as India.

Malta continues to contribute on the technical committees entrusted with the development of standards in sectors that have a direct impact at a national level through its technical representatives. These included: lifts, cultural heritage, sustainability of construction work, ICT for learning, education and training, Artificial Intelligence, Green Financing, beauty salons, e-Competences, e-Procurement, online gambling, blockchain technology and Eurocodes. Particular progress was made in the following sectors.

## Standards on online gambling

The MCCA and the Malta Gaming Authority continued to monitor the development of European standards under CEN TC 456 on online gambling. The first standard in this field, identifying common core data for reporting purposes to the regulatory authorities in the member states, focusing especially on information relevant to establish compliance, was drafted and published in 2020. It will aim at improving efficiency of reporting and supervision, as well as at enabling online gambling data exchange and the comparison of this data throughout Europe.

## Standards on lifts

The MCCA hosted a national technical committee to follow standardisation work at European level by CEN TC 10. The committee met on average monthly to draw up safety rules for the construction and installation of lifts, service lifts, escalators and passenger conveyors.

The national committee is made up of members from the lifts industry and other stakeholders, who continuously provide feedback on new and revised standards in this sector. In 2020, members of the committee attended virtual meetings of CEN TC 10 to contribute to the revision of lifts standards to address the changes brought about by the new EU Directive 2014/33/EU on lifts.

These changes aim to revise existing harmonised standards on lifts and safety components for lifts to make them fit for purpose in the context of construction and installation of the lifts, design rules, calculations, examinations and tests of lift components, presented risks, markings and instructions. It also ensured a high level of protection of health and safety of persons, as well as taking into account usability and accessibility in line with the United Nations Convention on the Rights of Persons with Disabilities.

## Cultural heritage standards

The MCCA, through the national technical committee set up to follow standardisation works carried out by CEN TC 346 on cultural heritage, continued to provide input on a considerable number of draft new standards and standards revisions.

The areas covered include: procurement of conservation services and works; characterisation of mortars used in cultural heritage; investigation and documentation used in finishes of built heritage; and procedures for the analytical evaluation and selection of cleaning methods for porous inorganic materials used in cultural heritage. This input is instrumental to ensure that the proposed standards published reflect best practices that are also applicable to local needs.

## Draft on playground standards

In 2020 the national standard on public playgrounds underwent a process of updating to include a greater focus on children's physical and mental development, making the playgrounds more play oriented through the use of playground equipment that, for example, stimulates curiosity to explore an unknown play environment in a safe manner.

Following a two-month public consultation on the draft standard during which no adverse comments were received, the standard is now being finalised ahead of its publication.

## Revision of standard on Motor Vehicle Repairs

The revision of the national standard on Motor Vehicle Repairs started in 2020. One of the issues being addressed is the market for electric vehicles repairs, which is constantly on the increase. An immediate concern is the danger of electrocution when mechanics carry out repairs on these vehicles.

The MCCA is working in collaboration with Transport Malta, the Education Department, MCAST, the Malta Insurance Association, associations representing repairers and other stakeholders to update this standard.

## National Standards under revision

In line with international practice, the MCCA periodically reviews existing national standards to ensure they are state of the art and reflect best practice. Table 10 below lists the national standards that are under review and/or under development.

**Table 10:** National standards that are under review and/or under development

### Draft Standard

MSA 200:2009 - Maltese Data and Information Requirements on Information and Communication Technology

SM 1400:2013 - Motor Vehicle Repairs - Repairers' management system - Requirements

MSA 3500:2010 - Public playgrounds - Requirements for public playground safety and their management

SM 9000 - 'Methods for Noise Measurement'

## Certification

Certification to international standards supports local industry by enabling economic operators to become more efficient and effective, and demonstrating their commitment to quality. The Authority continues to support and encourage the attainment of certification in areas like quality systems, environmental systems and management systems.

Table 11 on the following page lists the certification and inspection services that were made available in 2020.

**Table 11:** Certification and Inspection Services offered in 2020

<b>Certification and Inspection Services</b>	<b>Total number of certified clients</b>	<b>New Clients in 2020</b>
SM EN ISO9001:2015 - Quality Management Systems	93	2
SM EN ISO14001:2015 - Environmental Management Systems	20	2
SM EN ISO45001 - Occupational Health and Safety Management Systems	3	0
EC Regulation 834 of 2007 - Organic production and labelling of organic products	76	10
MSA EN 14804:2005 - Language study tour providers	2	0
MSA 1400:2006 - Motor Vehicle Repair Garage Management Systems	430	6
SM EN 16636:2015 - Pest Management Services - Requirements and competences	5	1
MSA 3500:2010 - Public Playgrounds - Requirements for Public Playground Safety and their Management	8	2
SM 3600:2014 - Indoor Play Facilities - Safety - Requirements for Indoor Play Facilities and their Management	1	1
EU ECOLABEL - Tourist Accommodation Services	6	0

Some 130 of the 180 quality and environmental management system and organic certification audits in 2020 were carried out remotely. Procedures relating to remote auditing were already developed and were used in these cases.

One of the biggest challenges was that, just as the Authority's staff were teleworking, companies being audited had their administrative staff also working remotely. So, the logistics of when the audits were scheduled and how they were done took up more resources.

Between March and June, all physical audits were rescheduled and towards the end of 2020 the directorate caught up with the backlog.

## Support to SMEs

In 2020, the SMI provided assistance to SMEs to improve their competitiveness through standardisation activities. Table 12 below quantifies this support.

**Table 12:** Activities supporting SMEs in 2020

<b>SME supporting activities</b>	<b>Number of SMEs that benefited in 2019 and 2020</b>	
	<b>2019</b>	<b>2020</b>
Use of Standards library facilities	109	120
Training services provided to individuals	50	70
Certification audits carried out	620	638
Free participation in technical committees	137 experts and representatives of SME associations	145 experts and representatives of SME associations

## World Standards Day

World Standards Day celebrates the work of the standardisers and the importance of standards in our daily life. To mark this occasion, the Authority organised an online event on 14 October with the theme 'Protecting the Planet with Standards'.

The event focused on how standards can support sustainability by helping reduce the environmental impact of production and processes, facilitate the reuse of limited resources and improve energy efficiency. It was the first time that the Authority organised such a conference virtually and over 100 people attended.

As part of the Authority's efforts to raise awareness on the topic of sustainability, a competition with secondary school students was launched and three Young Sustainability Ambassadors were selected. These were Krista Mercieca, Faye Galea and Francesca Fabri, who were invited to give their views during the conference on climate change, gender equality and education, and how standards help us to have a better quality of life.

## Metrology and Accurate measurement

Measurement activities are essential to practically all technical activities.

In the area of scientific metrology, national measurement standards are maintained, linked to international standards, to ensure the highest level of accuracy. This involves periodically comparing each standard in Malta with its international counterpart and then creating working standards locally to be made available to users of any measurement service.

Accurate working standards are available in the areas of mass, temperature, length, volume, electrical quantities, pressure and humidity, temperature, and time and frequency.

The Directorate maintained national measurement standards for five physical quantities in 2020 – mass, volume, temperature, humidity, and time and frequency – which helped provide traceability to the *Système international* (International system) units, the globally agreed system of units at the centre of all modern science and technology.

**Table 13:** Metrology national measurement standards

Physical Quantity	Highest National Measurement Standard
<b>Mass</b>	Set of 29 OIML R111 class E1 mass standards, ranging from 1 mg to 10 kg nominal value
	Set of 5 OIML class E2 mass standards of 10 kg nominal value
	Set of 10 OIML R111 class F1 mass standards of 50 kg nominal value
	Set of 2 OIML R111 class F2 mass standards of 500 kg nominal value
	Set of 30 OIML R111 class M1 mass standards of 1,000 kg nominal value
<b>Volume</b>	Set of 4 volume standards, 2L, 5L, 10L and 20L nominal value
<b>Temperature</b>	Triple-Point-of-Water Cell
	Melting Point of Gallium Cell
	Set of 3 ITS 90-compliant Standard Platinum Resistance Thermometers
<b>Humidity</b>	Humidity Generator ranging from 10%RH to 95%RH
	Dew-point Mirror Hygrometer ranging from -40°C dp to 70°C dp
<b>Time and Frequency</b>	Rubidium Atomic Clock

## Applied metrology

Calibration services ensure the accuracy of the test/measurement equipment and is an essential part of their upkeep. These services support the local business community and are delivered either directly to users or through accredited commercial calibration laboratories.

During 2020 the technical infrastructure of the Metrology Directorate continued to be upgraded with the procurement of state-of-the-art equipment that measures temperature, resistance and humidity.

More than 700 calibrations were carried out in 2020 (see Table 14).

**Table 14:** Applied metrology data 2019-2020

Physical Quantity	Metrological Application	Calibration of instruments carried out	
		2019	2020
Mass	Calibration of non-automatic weighing instruments	86	85
	Calibration of weights and mass standards	517	496
Temperature	Calibration of thermometers and temperature measuring instruments	198	88
	Mapping of temperature/climatic controlled rooms/enclosures	8	45
Volume	Calibration of volumetric standards for verification of fuel dispensers	3	16
Humidity	Calibration of thermo-hygrometers and humidity measuring instruments	18	28
Time and Frequency	Calibration of stopwatches/timers	0	5
	Calibration of rotational speed measuring instruments	0	5
<b>Total</b>		<b>830</b>	<b>768</b>

Accreditation of calibration services was confirmed in 2020 by the National Accreditation Board (NAB-Malta).

The current scope covers a considerable number of weighing systems, ranging from micro-analytical

balances to weighbridges, covering a range from 1 mg to 60,000 kg; and weights and mass standards of nominal value ranging from 1 mg to 1,000 kg at OIML R111 E2 accuracy class level. These initiatives aim to support local public and private laboratories to provide accredited calibration results.

## Legal metrology

Legal metrology is fundamental to guaranteeing correctness and equity in commercial transactions and to protect the health and well-being of members of society, as well as the environment.

This is achieved through metrological control of measuring instruments, measurements, product quantities and pre-packages for trade purposes.

The monitoring of compliance with metrological requirements is conducted through a risk-based enforcement programme. The programme focuses on areas that are potentially the most detrimental to consumers and society, and consists of the surveillance of measuring instruments used by traders. These inspections ensure that accuracy and transparency in trade measures are upheld.

During 2020, the Legal Metrology Unit performed various inspections on weighing instruments in

retail shops, pharmacies, jewellers, construction sites, waste processing plants, Malta International Airport, supermarkets and open markets. Other inspections were carried out on fuel dispensers, LPG bottling plants, speed cameras, and on pre-packed products as shown in Table 15.

The service is constantly on the alert for information on doubts about measurements and quantities, and conducts, where appropriate, investigations on alleged breaches of the Act as part of its enforcement role.

More than 700 inspections were performed in 2020 on non-automatic weighing instruments (retail scales), fuel dispensers, LPG bottling plants, speed cameras and e-marked pre-packaged products (see Table 15). This includes the periodical checking of weighbridges and industrial weighing instruments for compliance with SOLAS (Safety of Life at Sea)/Transport Malta requirements.

**Table 15:** Legal metrology data 2019-2020

Area	Operator	Number of inspections carried out	
		2019	2020
Non-automatic weighing instruments (retail scales)	Supermarkets	130	19
	Jewellers	0	16
	Other Retail	2	9
Fuel dispensers	Fuel Stations	115	207
Speed cameras	Local Enforcement Systems Agency	1	20
Pre-packaged goods	Packers of e-marked products	0	396
Gas cylinders	Gas bottling plants	175	70
<b>Total</b>		<b>423</b>	<b>737</b>

## Laboratory testing

Testing facilities are available in the areas of chemistry and engineering, medical gases and road construction products and services, which are provided primarily to public entities.

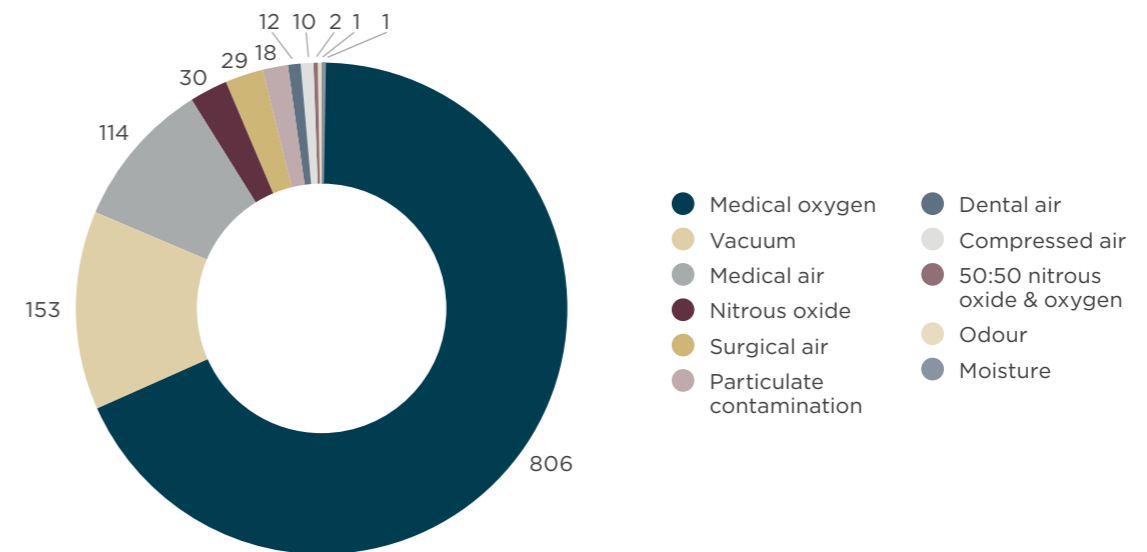
## Chemistry and engineering

During 2020, tests were carried out on the quality of a wide range of products, varying from clothing to metals and medical gases. Checks related to hydrostatic pressure testing were carried out on PPPs and surgical gowns and apparel worn by surgeons in operating theatres.

The pandemic, brought with it an unprecedented demand for testing of medical gases being supplied to all the government hospitals in Malta and Gozo, St Vincent de Paul Home and local health centres and polyclinics. An all-time high of 1,176 medical gas outlet points were tested in 2020. A record total of 10,544 tests were conducted (see Figure 11 below).

Medical gases tested included medical oxygen, medical air, surgical air, dental air, compressed air, nitrous oxide, a 50:50 mixture of nitrous oxide and oxygen, and nitrogen. This is an increase of nearly 119% on the number of tests conducted in 2019.

**Figure 11:** Medical gases data



## Testing of Pesticide Application Equipment

Although most of the activities planned for 2020 related to inspections of pesticide equipment had to be temporarily halted, the Laboratory continued its collaboration with the University of Bari on pesticide sprayers. This included advice on whether to invest in high-cost testing

equipment or to sub-contract certain tests to approved testing laboratories/stations.

Conditions permitting, inspections are planned to be resumed in 2021 and also extended to orchard and boom equipment.

## Construction material testing

Accreditation of 41 Construction Material Tests (CMT) was confirmed by NAB-Malta.

Although in 2020 the CMT laboratory faced logistical problems caused by the rotation of employees due to the COVID-19 pandemic, it continued to provide its services to most government entities, including Infrastructure Malta, even if the total number of tests had to be reduced.

The key projects in which the largest number of tests were undertaken were:

- › the seven flyovers of the Marsa Junction Project that will facilitate direct, uninterrupted connections between the major routes converging at the busiest intersection of the Maltese road network;
- › the construction of the Santa Lucija Underpass. Now that the Santa Lucija project is concluded, it will improve the safety and efficiency of the principal route to several localities in the southern part of Malta; and
- › the Central Link Project, planned to be completed over a two-year period, that will improve the entire

route between the Mrieħel bypass in the direction of Birkirkara, Balzan and Attard, going on until the Saqqajja Hill roundabout, which connects Ta' Qali, Attard, Rabat, Żebbuġ and Mosta;

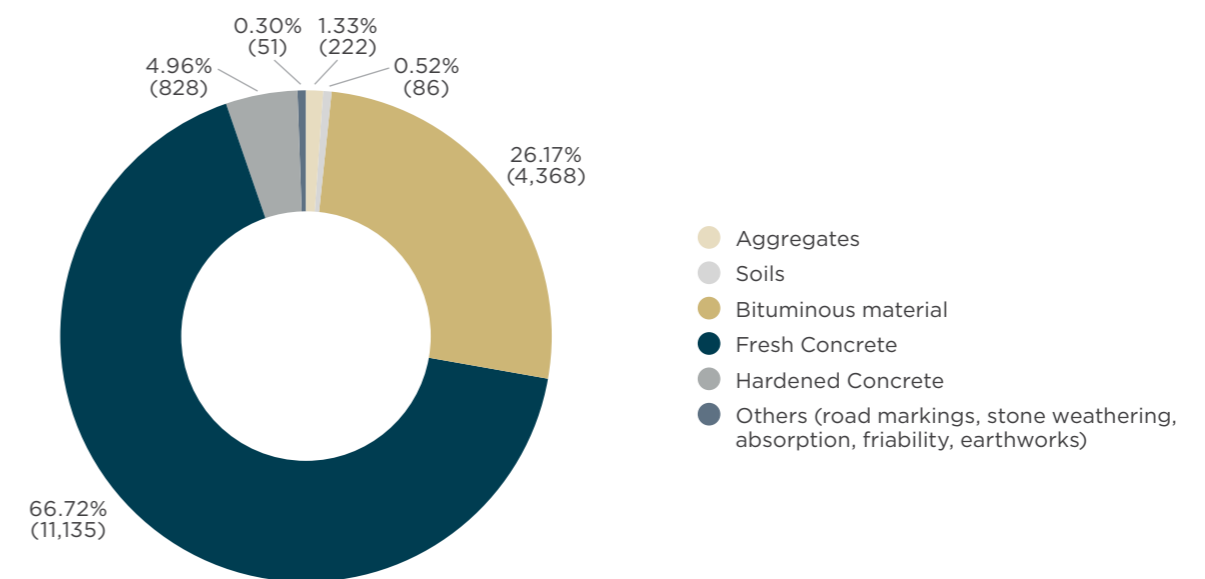
- › services to the Ministry for Gozo on the roads in Gozo, Enemalta for its project to maintain or replace cables across the country, and the Water Services Corporation for its national project to maintain or replace water pipes;
- › construction material used during road construction works by Malta Industrial Parks; and
- › the Grand Harbour Regeneration Corporation to test construction material used during the renovation of housing blocks in Valletta.

Despite the difficulties faced by the CMT Division during the COVID-19 pandemic, it managed to conduct more than 16,600 tests on work sites and at the Mosta laboratory (over 47,000 in 2019). More than 11,900 tests (over 27,400 in 2019) were carried out on fresh and hard concrete, and more than 4,360 tests (over 18,500 in 2019) were conducted on bituminous mixtures and asphalt cores.



A total of 222 tests were performed on aggregates and another 45 tests were conducted on road markings, stone weathering and water absorption plus stone fragmentation (see Figure 12 below). A total of 27.8 km of roads were tested (250 km in 2019) with the rolling straight-edge to measure their surface regularity.

**Figure 12:** Tests conducted by the Construction Material Testing Division in 2020



## Activities in 2021

With the expected return of normality, SMI will resume its plans to promote the importance of having a well-functioning quality infrastructure in Maltese society and businesses to improve the well-being of citizens and competitiveness of all businesses.

The outlook is positive, with a lot of lessons learned. Some tasks will from now on be a hybrid of on-site and remote working since this enables the Institute to be more efficient and effective in its work.



## Human Resources

2020 was a challenging year, mainly dominated by the COVID-19 pandemic, which forced most organisations to adapt to new realities. This was also true of the Authority, as it sought to ensure the continued provision of a seamless service, while protecting stakeholders and employees alike.

# Human Resources

Among the measures introduced were the adoption of a proactive approach with a focus on digitalisation of day-to-day operations, employees worked on a rotational basis within bubbles and training was given to potential replacements to ensure there would be no gaps in service. The Human Resources team took it upon themselves to ensure that the Authority did everything within its power to look out for the mental well-being of its employees. Whenever possible, employees were given access to work from home, including clocking in and out, use of related software on their laptops and facilities for teamwork.

A revised framework for individual Key Performance Indicators (KPIs) was introduced, enabling the monitoring of employee performance when working off-site, with the new procedures being included in the Authority's telework policy. This enabled the Authority to pursue its goal of enhancing employee competence through continued guidance and investment in its people.

Line managers were responsible for monitoring the daily logs being kept by the staff working from home, with creative systems being devised to ensure the Authority remained in line with collective agreements and the respect of employees' rights.

## Talent development

Despite the limitations related to the attendance of training courses, conferences and international meetings faced in 2020, the Authority still invested significantly in the development of its employees, namely through in-house online sessions aimed at competence development and specialisation training.

This was possible thanks to the Authority's prior investments, namely in the Training Live Streaming System implemented in 2019. This infrastructural advancement resulted in a major leap in the quality of in-house training offered by the Authority since the system allows employees to stream training sessions in real time, as well as view recorded sessions at their convenience.

The two-way nature of the live sessions resulted in improved employee involvement, and an increase in the active participation since both trainers and trainees engaged in discussions, leading to active interactions.

Employees benefited from the following training in 2020, compared to 2019:

**Table 16:** Training in 2020, compared to 2019

	2020 (hours)	2019 (hours)
Competence Development Training	3,915	158
Specialisation Training Abroad		576
Local Specialisation Training		3,080
Specialised Individual Training	585	
Local Grouped Training	624	
<b>Total</b>	<b>5,124</b>	<b>3,814</b>

A majority of the training sessions were delivered on Microsoft Teams. There were sessions on how to use Teams, OneDrive and SharePoint, setting up your home workstation and how to use Personal Protective Equipment (PPEs).

Training Needs Analysis (TNA) continued from 2019 and a wide spectrum of regulatory topics were covered by individual employees. In a small country, with limited human capital at entity level, the importance of sector prioritisation on those areas of national relevance was underscored. As a result, the Authority's training programme will be focused on the areas of most need and the constant refreshing of interpersonal skills to ensure the continued effectiveness of employee performance from year to year.

To facilitate the administrative work related to training, during 2020 work started on the development of an in-house application, with the acronym TRA, which facilitates and streamlines the application for training, while providing the administration with a central source for data collation. The application is planned to be launched early in 2021.

## Safeguarding employee well-being

Following the first confirmed local case of COVID-19, the Authority carried out an internal assessment, aimed at safeguarding employees and stakeholders alike. Distancing of employee desks was introduced along with the introduction of a rotation system for employees supported by teleworking to ensure business continuity.

While a multitude of services were already accessible online without the need for consumers or business operators to physically come to the office, the Authority was cognizant that not everyone is comfortable with interacting online. Appropriate, physically separated facilities were set up to welcome walk-in visitors, primarily individuals lodging consumer complaints.

Partitioning was installed in strategic locations to reduce the risk of transmission. Perspex panels were erected at reception desks and on desks where there was interaction with the public, and all public health protocols were strictly adhered to at all times, including the closure of the offices as directed by the health authorities.

The strict protocols put in place bore fruit since the Authority had no transmissions from the workplace. The Authority will continue following the protocols issued by the Public Health Department from time to time.

## When work from home was not possible

Some members of staff, including Enforcement Officers and Inspectors whose main tasks entail field inspections, and those needing access to laboratory testing equipment, could not work from home. Nevertheless, a number of precautionary measures were taken to ensure employee safety, namely the:

- › installation of virtual encounter systems, in order to ensure continued service without direct contact with stakeholders;
- › provision and use of Protective Personal Equipment, such as masks, visors and gloves;
- › installation of perspex partitions and sanitising dispensers, wherever necessary;
- › temperature control checks at all entry points; and
- › routine sanitisation of the Authority's premises and vehicles.

The operations of the Consumer Claims Tribunal continued. However, no sittings were held during the period that the Law Courts were closed between 12 March and 16 June 2020.

## Fellowships and Apprenticeships

The MCCA Advanced Fellowship Programme is ongoing. The programme's key objectives are to:

- › assist participants to pursue further levels of academic research;
- › reduce skills mismatches, particularly in the relevant sectors covered by the Authority;
- › contribute to the consolidation of expertise on emerging and challenging topics relevant to innovation in the MCCA's remit;
- › increase the capacity and level of research, innovation and development activity in Malta; and
- › support the Framework for Education Strategy for Malta 2014-2024.

The programme's priority areas are the:

- › promotion and enhancement of competition;
- › safeguarding of consumers' interests and enhancement of their welfare;
- › voluntary standards and standardisation related services;

- › national metrology strategy;
- › transposition and adoption of technical regulations within the MCCA's remit; and
- › other areas that may be prioritised, based on the entity's needs.

The MCCA Internship Programme, launched in mid-2019, has similar key objectives and priority areas to those of the Advanced Fellowship Programme, with the exception of the first and primary objective, to:

- › provide a learning and supportive environment for candidates to gain work exposure.

The selected candidates in the MCCA Internship Programme are assigned a mentor to enable them to better adapt to working environments related to their studies.

Fellows and apprentices are following areas in the legal, scientific and communication streams. This is all part of the Authority's efforts to invest in tomorrow's generation while attracting young talent and expanding the general knowledge of the Authority's work.

## Employment

By the end of 2020, the MCCA had an employee complement of 156:

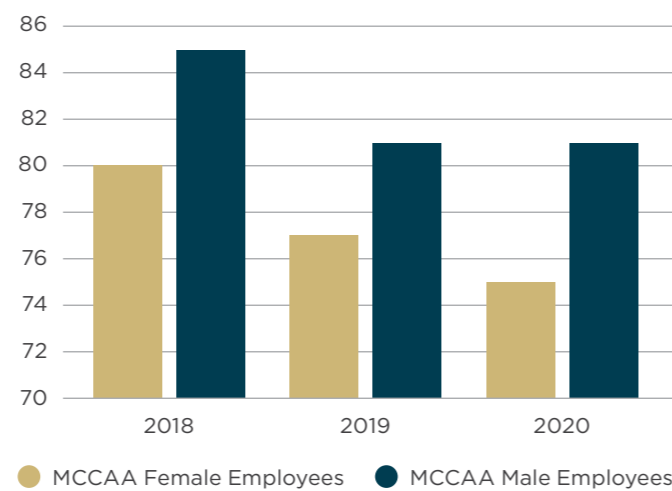
**Table 17:** Employment Positions (2018-2020)

Position	2018	2019	2020
Managerial	27	25	27
Professional and Technical	72	74	69
Administrative Support	66	59	60
<b>Total</b>	<b>165</b>	<b>158</b>	<b>156</b>

## Gender balance

The MCCA was consistent in its efforts to be an employer of choice for all by providing equal opportunities, both in terms of employment and development, across all tiers of the hierarchy.

**Figure 13:** Employees by gender (2018-2020)



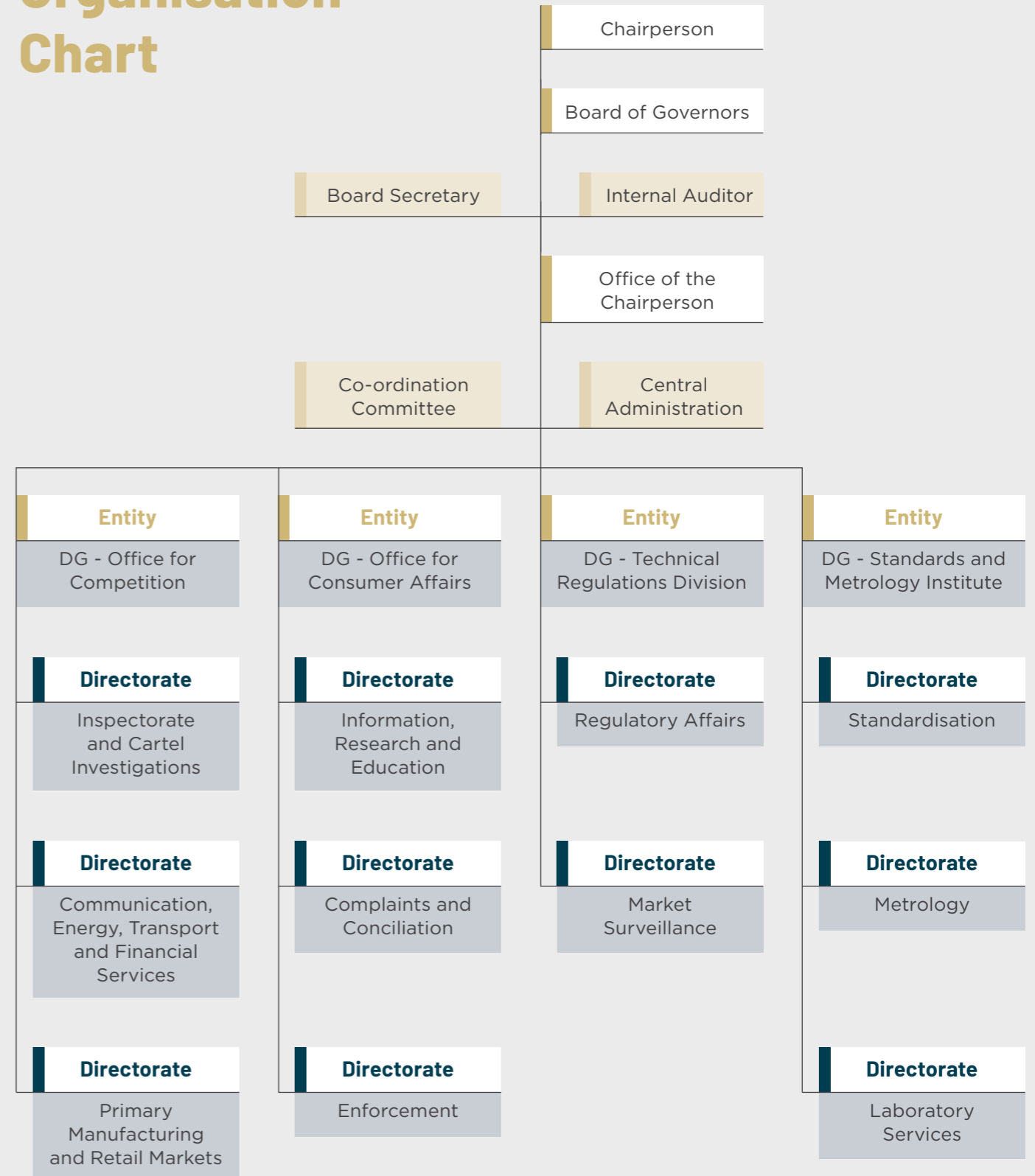
## HR Information System

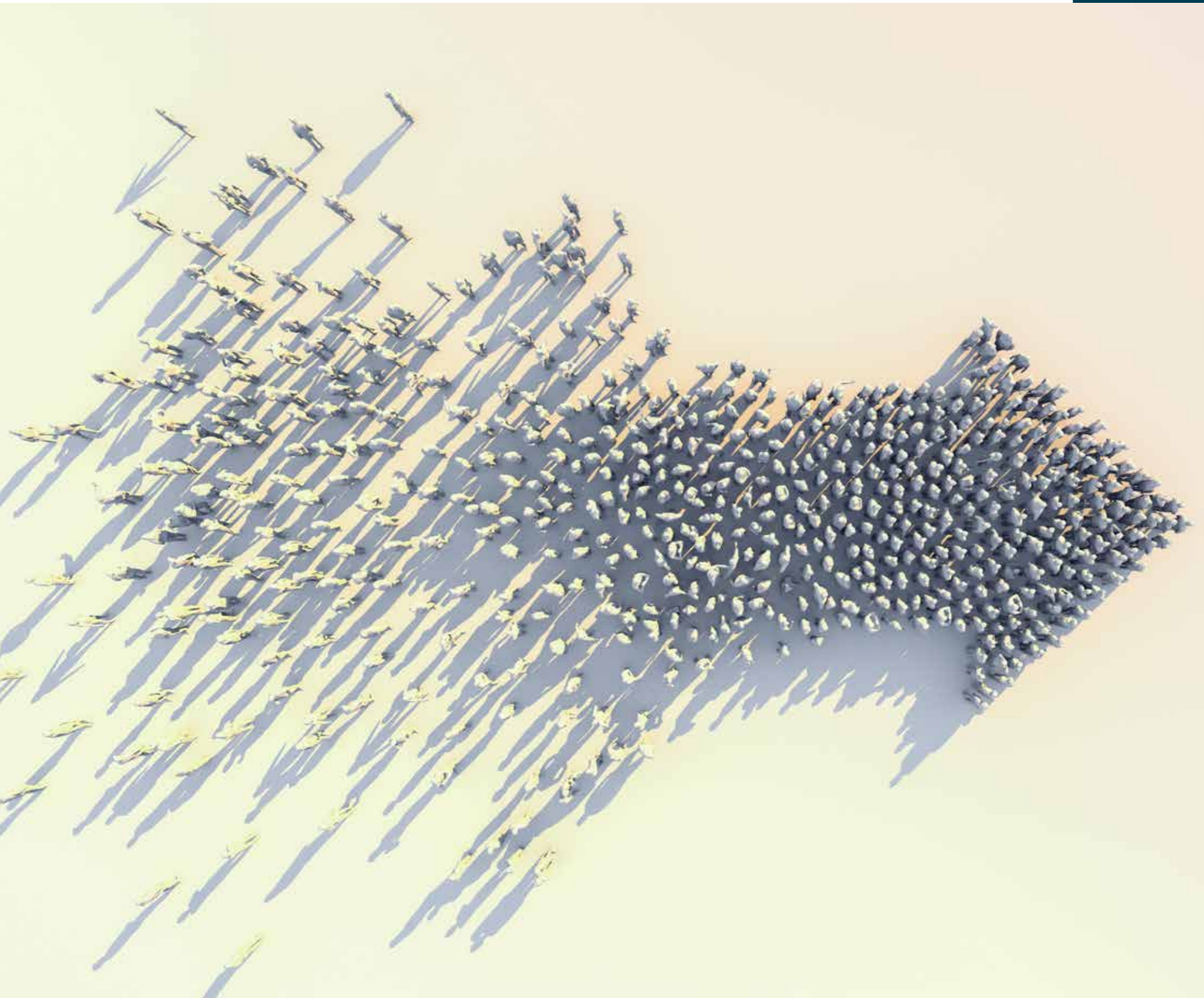
The digitisation of processes relating to Human Resources continued. Despite the many challenges faced in 2020, the Authority embarked on a project with the objective of automating its reporting obligations. Although still in its early stages, this initiative, in which reports are generated automatically by the system, is expected to yield significant benefits, namely enhanced accuracy and efficiency in the reporting generated through the HR Information System. This exercise is expected to be concluded in 2021.

## Gozo office

The MCCA offices in Xewkija, Gozo, which were only opened in 2019, provided Gozitan employees with the opportunity to create a better work-life balance, especially due to the decreased need for these employees to travel to Malta. It is estimated that over 7,000 hours of travel were saved during the year.

# Organisation Chart





## Corporate Achievements

In 2020, the Malta Competition and Consumer Affairs Authority effectively implemented the second year of its 2019-2023 Strategic Plan. The Authority focused on delivering smooth operations during the COVID-19 pandemic, while spearheading change initiatives to strengthen the MCCAA's ecosystem for the benefit of all its stakeholders.

# Corporate Achievements

## MCCAA strategic objectives 2019-2023

The MCCA strategic plan has four pillars:

- 1 awareness, trust and satisfaction;
- 2 compliance and enforcement;
- 3 market performance; and
- 4 sustainability, people and innovation.

The strategy has 49 key performance indicators, one of which was successfully completed with the others ongoing and on schedule.

## Service delivery during COVID-19

The investment undertaken in 2019 and in the preceding years to develop a robust IT and business continuity infrastructure reaped its benefit during the COVID-19 pandemic. The Authority continued to deliver all its services through a flexible approach to continue meeting the needs and expectations of its stakeholders.

The strengthening of targeted systems and the introduction of documented processes enabled service consistency, integrated traceability and enhanced efficiency, among others. Internally, the Authority's resources were mobilised in three regulatory areas:

- › medical devices;
- › sanitisers; and
- › personnel protective equipment.

Responsibility for medical devices was transferred to the Malta Medicines Authority in August (see *also below*) and throughout the process both authorities ensured a smooth handover. At the peak of the pandemic all the necessary resources were deployed, working continuously with the Health Ministry, in terms of regulatory advice, review of documentation and a faster notification process.

In line with market demand for sanitisers, specialised focus teams were set up within the Authority to analyse the scenario at an international level and provide effective market surveillance in line with best practices. The Authority worked with Malta Enterprise to facilitate the manufacture of sanitisers in Malta and with the Customs Department to ensure that the sanitisers imported met the regulatory requirements.

Guidelines were issued jointly with the Health Ministry and an agreement was made with the University of Malta to test sampled sanitisers to confirm that they had the required amount of alcohol strength. Inspections were also carried out on products sold online to ensure efficacious protection independent of the purchasing route.

Guidelines on community masks were also issued jointly with the Health Ministry and these were disseminated free of charge.

In the consumer area, there was an unprecedented increase in workload following the cancellation of services like weddings, public and private events, and overseas travel. The Authority monitored what was happening in the rest of Europe to support a quality approach while providing the required services at national level.

## Customer feedback

The MCCA is committed to providing an efficient and effective service to meet the needs and expectations of its customers and stakeholders. The Authority enhanced customer satisfaction through the effective application of its systems, including process improvement and assurance of conformity to applicable statutory and regulatory requirements.

The MCCA is committed to deliver quality services:

- › reaching standards defined by the voice and understanding of the customer;
- › with policies designed and implemented to meet customer expectations;
- › delivered in a timely and easily accessible manner; and
- › through accountable systems that are supported by regular, independent reviews.

Sustained success is achieved when an organisation attracts and retains the confidence of its customers. Every aspect of customer interaction provides an opportunity to create more value for the customer. Understanding current and future needs of customers and other interested parties contributed to the MCCA's sustained success.

The voice of consumers and economic operators is pivotal for an organisation like the MCCA. It serves as one of the main elements underpinning the effectiveness of the continual improvement process led by the Authority. In 2020, a scientific survey was conducted among economic operators to measure their level of satisfaction and to identify focus areas for a better equipped Authority.

The survey was conducted among service users, as well as economic operators who are impacted by the MCCA's work, even though they may have never used the Authority's services before. Results show that the vast majority (83%) of Malta's economic operators are aware of the MCCA, and, of those who used its services, are also highly satisfied with the level of service received. Very positive ratings for ease of communication with the MCCA and trust were also achieved.

While welcoming these results with great satisfaction, the Authority recognises that the satisfaction rating and trust shown by economic operators raises their level of expectations. Still, it remains committed to driving a continual improvement approach to be able to raise standards and meet customer requirements consistently. Targeted actions will continue to be identified and implemented to enrich further the built-in quality practices for a more agile MCCA prepared for the world of tomorrow.

## Portfolio realignment

The Authority continued implementing a strategic approach to realign its portfolio of services in line with international and European best practice.

During 2020, the MCCA completed the transfer of medical devices to the Malta Medicines Authority (MMA). There was an open communication with the MMA both before, during and after the entity's transfer. Several measures were taken to ensure the transition was as smooth as possible and there was not a single complaint about how the transfer took place.

The Authority completed the necessary legal amendments for the transfer of the regulation of goldsmiths and silversmiths from the Ministry of Finance to the Authority, which is envisaged to be carried out in 2021. A preliminary analysis of the resources that would be needed was undertaken.

Extensive research was conducted on best practices at a European level, especially on the Convention on the Control and Marking of Articles of Precious Metals (1972) relating to silversmiths and goldsmiths. Talks were held with international and European entities that have similar functions to the Authority to ensure that what it is doing is in line with best practice. The London Assay Office was also consulted to ensure there was a smooth implementation.

With education being a significant sector, talks were held with MCAST to create a specialised course for the goldsmiths and silversmiths industry, to encourage new blood.

## Improving business inspections

The MCCA continued to strengthen its capacity to provide business inspections in 2020, in close co-operation with the Inspections Co-ordination Office, established in the Office of the Prime Minister by virtue of Chapter 595 of the Laws of Malta.

Primary inspections for pet shop non animals, electronics stores, children's clothing, toy shops and petrol stations were launched or continued. For each inspection, the data collection was implemented,

along with an internal analysis of the gathered documentation and approval in line with a process established. Follow-up action was taken as required.

Analysis and follow-up of operators in business sectors where the MCCA is a secondary inspectorate were executed. The necessary preparations to launch more business sectors in 2021 were made in liaison with the Inspection Co-ordination Office.

## Sustained investment in quality

The Authority continued to invest in strengthening the quality of its operations through development of employee competence, the strengthening of procedures and the provision of consistent services.

The internal audit programme was used to assess conformity, compliance and effectiveness of the MCCA processes. Eight-five quality internal audits were conducted in 2020. These process-based audits were planned by taking into consideration the importance of the relevant processes, any changes, as well as the results of previous audits.

A risk-based approach was adopted. These internal audits add value to the MCCA by determining improvements to service provision and highlight how the MCCA can enhance its ability to meet customer expectations.

Accreditation and certification for a number of services was maintained.

**Table 18:** Summary of the certification and accreditations of the MCCA

Certification	Area
SM EN ISO 9001:2015	Administration, Office for Consumer Affairs, Standards and Metrology Institute, and Technical Regulations Division
Accreditation	Service
SM EN ISO/IEC 17025:2017	Laboratory CMT <sup>1</sup>
SM EN ISO/IEC 17025:2017	Metrology NAWI <sup>2</sup> and Mass Standards
SM EN ISO/IEC 17021-1:2015	Certification

**Table 19:** List of quality recognitions of the MCCA

Service	Accreditation
Metrology NAWI	SM EN ISO/IEC 17025:2017
Laboratory CMT	SM EN ISO/IEC 17025:2017
Certification	SM EN ISO/IEC 17021-1:2015

<sup>1</sup> Construction Material Testing.

<sup>2</sup> Non-automatic Weighing Instruments.

## EU-funded projects

The MCCA is committed to ensure a high level of consumer protection, to empower consumers and to place the consumer at the heart of the economy. The Authority successfully obtained funding in 2020 through the EU Commission's Consumer Programme, Strengthening Alternative Dispute Resolution (ADR).

Through ADR, consumers and traders can solve disputes using an effective alternative mechanism. The funding will support capacity building and training, the introduction of a new IT system, the introduction of processes within the certified quality management system and communication endeavours.

The value of the project is c. €120,000 and the implementation period, via four work packages, is 2020-2021. The project has a 50% co-financing and have been developed in close co-operation with MEUSAC (since rebranded as *Servizzi Ewropej f' Malta - SEM*).

The Authority also submitted an application for an EU-funded project to develop a digital investigations unit and produce an awareness campaign on the digital aspects of Regulation (EU) 2017/2394 on consumer and trader rights in the digital marketplace. In this way the Authority will further fulfil its tasks under this regulation while providing effective consumer protection.

## PR initiatives

The MCCA worked with experts from the University of Malta in 2020 to conduct a Communications Review and draw up a Communications Strategy. The new strategy aims to optimise TV participation through a

benchmarking exercise with the Broadcasting Authority Radio/TV audience assessment and also capitalise on the social media of the MCCA.

Training was delivered to staff on social media and methods to strengthen the impact on social media were identified. In line with the theme of the pandemic, 'Closer to the people', weekly video productions were uploaded on the Authority's social media.

The Authority saw a huge growth in communications through social media platforms. In 2020, 517 messages were received on Facebook, more than double those received in 2019. A large proportion related to cancellations of weddings, travel abroad, events, baptisms and gym memberships. Every effort is made to reply to each message within 24 hours, with information supplied by the Office for Consumer Affairs.

The table below shows the number of followers of the MCCA's social media platforms:

**Table 20:** The number of followers of the MCCA's social media platforms (2019-2020)

Year	Facebook	Twitter	LinkedIn
2019	3,447	149	223
2020	4,699	187	320

Twitter impressions, the total tally of all the times a Tweet has been seen, including not only the times it appears in a follower's timeline but also the times it has appeared in search or as a result of someone liking the Tweet, amounted to 129,786. The Authority had over 400 followers on Instagram by the end of 2020.





## Financial Statements

### 78-80

Report of the Board of Governors

### 81

Statement of Comprehensive Income

### 82

Statement of Financial Position

### 83

Statement of Changes in Equity

### 84

Statement of Cashflows

### 85-107

Notes to the Financial Statements

### 108-110

Independent Auditor's Report to the Board of Governors

### Supplimentary Schedules

### 111

Income Statement (Schedule I)

### 112

Income from Other Activities (Schedule II)

### 113

Administrative and Other Expenses (Schedule III)

# Report of the Board of Governors

## Principal Activity

The Malta Competition and Consumer Affairs Authority (MCCAA) was established on 23<sup>rd</sup> May 2011 with the coming into force of Chapter 510.

The law provides for the establishment of an Authority to promote, maintain and encourage competition, to safeguard the interests of consumers and enhance their welfare, to promote sound business practices, to adopt and co-ordinate standards in relation to products or services, to regulate such activities and to provide for such matters ancillary or incidental thereto or connected therewith.

## The Board of Governors

The Board of Governors is the main governance body of the Authority. The Board is to be composed of not less than seven and not more than ten other members, to be appointed by the Minister. The following were the Board of Governors who served during the year under review and who were reappointed on 13<sup>th</sup> April 2020.

Ing. Helga Pizzuto - Chairperson  
 Mr John Abela – Deputy Chairperson  
 Ms Maryanne Micallef  
 Prof. Joseph Falzon  
 Prof. Anthony Serracino Inglott  
 Mr Reginald Fava  
 Ing. Mario Cassar  
 Ms Sylvana Civelli  
 Dr Maria Briffa  
 Mr Benny Borg Bonello  
 Dr Yvette Tonna Borg

The executive function of the Authority is vested in the Chairperson. The functions of the Authority are as follows:

- › to promote and enhance competition;
- › to safeguard consumers' interests and enhance their welfare;
- › to promote voluntary standards and provide standardization related services;
- › to promote the national metrology strategy;
- › to promote the smooth transposition and adoption of technical regulations; and
- › to perform such other function that may be assigned to it under this or any other law or regulations.

## Reporting Responsibilities of the Board of Governors

With reference to Article 11 (1) (e) and (f) of Chapter 510, the MCCAA's Board of Governors is responsible amongst other things to publish an annual report on the work of the Authority during the preceding year. This entails responsibility to ensure that, through the office of the Chairperson:

- (a) Proper accounting records are kept of all transactions entered into by the Authority and of its assets and liabilities in terms of Article 55 (1) of the Act;
- (b) Adequate controls and procedures are in place for safeguarding the assets of the Authority, and prevention and detection of fraud and other irregularities.

In preparing the financial statements which give a true and fair view of the state of affairs as at the end of each financial year and of its surplus or deficit for that year, the Board of Governors, through the office of the Chairperson:

- › selects suitable accounting policies and then applies them consistently;
- › makes judgments and estimates that are reasonable and prudent;
- › follows International Financial Reporting Standards, as adopted by the EU;
- › prepares the financial statements on the going concern basis unless this is considered inappropriate.

The Authority is required to present its audited financial statements and a copy of the report made by the auditor in those statements which financial statements will be incorporated in the Authority's annual report as required in terms of Article 58 of the MCCAA Act.

## Financial Reporting Framework

The Board of Governors have resolved to prepare the financial statements of the Authority for the year ended 31 December 2020 prepared in accordance with the requirements of International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union, and in accordance with the Second Schedule to the Civil Code, (Chapter 16) of the Laws of Malta.

## Performance Review

The Authority's main source of income is from the subvention received from the Government of Malta amounting to €6,080,000 (2019: €5,700,000) which is utilised to cover recurrent expenditure. The Authority also receives government grants to be utilized for capital expenditure, which are credited to the Statement of Comprehensive Income over the expected useful lives of the related assets. Income relating to the capital expenditures amounted to €53,153 during the year under review (2019: €75,851). Additionally, the Authority also earns income from its business operations. During the year ended 31 December 2020, these amounted to €1,481,158 (2019: €1,415,873). As a result, the Authority registered a surplus before tax of €1,001,094 for the year ended 31 December 2020 (2019: €578,327) as shown in the statement of comprehensive income on page 81.

On 10 March 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organisation. Many Governments around the world introduced unprecedented measures to contain and control this outbreak. In Malta, the measures included quarantine, self-isolation and travel restrictions, amongst others. Social distancing and stay-at-home regulations were also enacted to control the outbreak of this pandemic. Notwithstanding the events brought about by COVID-19, the Authority recorded a 4.6% increase from income generated through its own operations. No adjustments have been made to the financial statements as at 31 December 2020 for the impacts of COVID-19.

## Post Balance Sheet Events

There were no significant events affecting the Authority which occurred since the end of the reporting period.

## Future Developments

The Board members intend to continue to operate in line with their current plan of operations.

## Auditors

PKF Malta Limited, Registered Auditors, have intimated their willingness to continue in office as auditors of the Authority.

Approved by the Board on 22 February 2021 and signed on its behalf by:



Ing. Helga Pizzuto  
Chairperson



Mr John Abela  
Deputy Chairperson

# Statement of Comprehensive Income

For the year ended 31 December 2020

	Notes	2020 €	2019 €
<b>INCOME</b>			
Government Subvention		6,080,000	5,700,000
Grants		53,153	75,851
<b>Total government contributions</b>		6,133,153	5,775,851
Administrative and other expenses		(6,601,793)	(6,594,987)
<b>DEFICIT ON OPERATIONS</b>			
Income from other activities	4	1,481,158	1,415,873
Finance costs		(11,424)	(18,410)
<b>SURPLUS FOR THE YEAR BEFORE TAXATION</b>			
Taxation	6	(259,398)	(39)
<b>SURPLUS FOR THE YEAR AFTER TAXATION</b>			
		<b>741,696</b>	<b>578,288</b>

## Statement of Financial Position

At 31 December 2020

	Notes	2020 €	2019 €
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	7	1,542,847	1,269,484
<b>Current Assets</b>			
Trade and other receivables	8	520,695	408,449
Cash at bank and in hand	9	4,002,772	3,165,856
		4,523,467	3,574,305
<b>TOTAL ASSETS</b>		<b>6,066,314</b>	<b>4,843,789</b>
<b>EQUITY AND LIABILITIES</b>			
Capital reserve		11,493	11,493
Retained Funds		2,258,774	1,517,078
<b>Total Reserves</b>		<b>2,270,267</b>	<b>1,528,571</b>
<b>Non-Current Liabilities</b>			
Lease liability	10	616,968	458,309
Deferred government grants	11	149,960	48,519
		766,928	506,828
<b>Current Liabilities</b>			
Lease liability	10	604,381	428,465
Deferred government grants	11	73,262	17,204
Taxation payable	6	259,359	-
Trade and other payables	12	2,092,117	2,362,721
		3,029,119	2,808,390
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,066,314</b>	<b>4,843,789</b>

The financial statements on pages 81 to 107 were approved by the Board of Governors on 22 February 2021 and signed on its behalf by:



Ing. Helga Pizzuto  
Chairperson



Mr John Abela Deputy  
Chairperson

## Statement of Changes In Equity

For the year ended 31 December 2020

	Retained Funds €	Capital Reserve €	Total €
At 31 December 2018	938,790	11,493	950,283
<b>FINANCIAL YEAR ENDED 31 DECEMBER 2019</b>			
Surplus for the year	578,288	-	578,288
At 31 December 2019	<b>1,517,078</b>	<b>11,493</b>	<b>1,528,571</b>
<b>FINANCIAL YEAR ENDED 31 DECEMBER 2020</b>			
Surplus for the year	741,696	-	741,696
<b>At 31 December 2020</b>	<b>2,258,774</b>	<b>11,493</b>	<b>2,270,267</b>

Note:

The capital reserve represents an allocation of funds due to government in relation to a claim originating from Malta Government Grant on defective works carried out by third parties.

## Statement of Cashflows

For the year ended 31 December 2020

	Notes	2020 €	2019 €
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	13 (a)	1,570,185	2,351,409
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payments to acquire property, plant and equipment	13 (b)	(947,875)	(1,415,650)
Proceeds from disposal of fixed assets	13 (b)	3,954	9,558
Additions in grants received	11	210,652	-
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>		836,916	945,317
Cash and cash equivalents at beginning of year	13 (c)	3,165,856	2,220,539
Cash and cash equivalents at end of year	13 (c)	<b>4,002,772</b>	<b>3,165,856</b>

## Notes to the Financial Statements

For the year ended 31 December 2020

### 1 General Information

The Malta Competition and Consumer Affairs Authority began to operate on 23 May 2011 as enacted in the Malta Competition and Consumer Affairs Authority Act. Section 3(6) of the said Act states that the Authority shall assume the persona previously vested in the Consumer and Competition Department, the Malta Standards Authority and the Malta National Laboratory Company Limited and, from the entry into force of this Act, shall assume responsibility for all assets, liabilities and obligations previously entered into by the said Department, Authority and Company or by other bodies on their behalf.

### 2 Basis of Preparation

#### 2.1 Basis of Accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union, and in accordance with the Second Schedule to the Civil Code, (Chapter 16) of the Laws of Malta. These financial statements are presented in Euro (€).

The preparation of the financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates.

It also requires management to exercise its judgement in the process of applying the Authority's accounting policies. However, in the opinion of the Board of Governors, there are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

#### 2.2 Functional and Presentation Currency

Items included in the financial statements of the Malta Competition and Consumers Affairs Authority are measured using the currency of the primary economic environment in which the Authority operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Authority's presentation currency which is also the functional currency.

#### 2.3 Changes in Accounting Policies and Disclosures

**Standards, interpretations and amendments to published standards as endorsed by the EU effective in the current year**

In the current year, the Authority has applied new and amended IFRS Standards issued by the International Accounting Standards Board (IASB) and adopted by the EU that are mandatorily effective in the EU for an accounting period that begins on or after 1 January 2020. The adoption of new and amended standards did not have a material impact on the Authority's financial statements.

- › Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual reporting periods beginning on or after 1 January 2020)
- › Amendments to IFRS 3: Definition of a Business (effective for annual reporting periods beginning on or after 1 January 2020)
- › Amendments to IAS 1 and IAS 8: Definition of Material (effective for annual reporting periods beginning on or after 1 January 2020)
- › Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (effective for annual reporting periods beginning on or after 1 January 2020)
- › Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions (effective for annual reporting periods beginning on or after 1 June 2020)

#### Standards, interpretations and amendments to published standards as endorsed by the EU that are not yet effective

Up to date of approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but which are not yet effective for the current reporting year and which the Authority has not early adopted, but plans to adopt upon their effective date. The Authority is still assessing the effect of these changes on the financial statements. The new and amended standards are as follows:

- › Amendments to IFRS 4: Extension of the Temporary Exemption from Applying IFRS 9 (effective for annual reporting periods beginning on or after 1 January 2023)
- › Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform - Phase 2 (effective for annual reporting periods beginning on or after 1 January 2021)

#### Standards, interpretations and amendments to published standards that are not yet endorsed by the EU

- › IFRS 17 Insurance Contracts (effective for annual reporting periods beginning on or after 1 January 2023)
- › Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current (effective for annual reporting periods beginning on or after 1 January 2023)
- › Amendments to IFRS 3: Reference to the Conceptual Framework (effective for annual reporting periods beginning on or after 1 January 2022)
- › Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (effective for annual reporting periods beginning on or after 1 January 2022)
- › Amendments to IAS 37 Onerous Contracts: Cost of Fulfilling a Contract (effective for annual reporting periods beginning on or after 1 January 2022)
- › Annual Improvements to IFRS Standards 2018-2020 (effective for annual reporting periods beginning on or after 1 January 2022)

The Authority is of the opinion that the adoption of these standards and interpretations did not have a material impact on the financial statements.

## 3 Principal Accounting Policies

### 3.1 Going Concern

The financial statements have been prepared on the going concern basis which assumes that the Government of Malta will continue to provide the necessary funding to the Authority to enable it to continue with its activities.

### 3.2 Right-of-use Asset

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Authority expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Authority has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

### 3.3 Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Authority's incremental borrowing rate. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2020 was 1.75%. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index

or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

### 3.4 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is charged so as to write off the cost of assets over the estimated useful lives, using the straight-line method, on the following bases:

	%
Improvements to premises	2
Computer equipment	33.3
Equipment, furniture and fittings	15
Air-conditioning equipment	16.67
Metrology equipment	10 - 33.3
Motor vehicles	20

Improvements to premises held at Mizzi House, Blata I-Bajda, are depreciated over the term of the lease, being September 2021. On 17 December 2020, the term of the lease was extended to 31 December 2022.

Depreciation begins when the asset is available for use and continues until the asset is derecognised. Depreciation charge is recognised within 'administrative expenses' in the statement of comprehensive income. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. The residual values and useful lives of the assets are reviewed and adjusted as appropriate, at each financial reporting date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. The residual values and useful lives of the assets are reviewed and adjusted as appropriate, at each financial reporting date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

### 3.5 Impairment

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in

circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

### 3.6 Surplus and Deficits

Only surpluses that were realised at the date of the Statement of Financial Position are recognised in these Financial Statements. All foreseeable liabilities and potential deficits arising up to the said date are accounted for even if they become apparent between the said date and the date on which the Financial Statements are approved.

### 3.7 Financial Instruments

#### RECOGNITION AND DERECOGNITION

Financial assets and financial liabilities are recognised when the Authority becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

#### CLASSIFICATION AND INITIAL MEASUREMENT OF FINANCIAL ASSETS

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- › amortised cost;
- › fair value through profit or loss (FVTPL); or
- › fair value through other comprehensive income (FVOCI)

In the period presented, the Authority does not have any financial assets categorised as FVPTL and FVOCI.

The classification is determined by both:

- › the entity's business model for managing the financial asset; and
- › the contractual cash flow characteristics of the financial asset

#### SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- › they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- › the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Authority's cash and cash equivalents and receivables fall into this category of financial instruments.

#### IMPAIRMENT OF FINANCIAL ASSETS

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses - the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Corporation's first identifying a credit loss event. Instead the Corporation considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- › financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- › financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

#### **CLASSIFICATION AND MEASUREMENT OF FINANCIAL LIABILITIES**

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Authority's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Authority's financial liabilities include trade and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Authority designated a financial liability at FVTPL.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in statement of income and expenditure are included within finance costs.

### **3.8 Cash and Cash Equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months.

### **3.9 Foreign Currency Amounts**

Assets and liabilities in foreign currencies are translated into Euro at the rate of exchange ruling at the statement of financial position date.

Transactions in foreign currency during the period are translated into Euro at the rate of exchange ruling on the date of the transaction.

All profits and losses on exchange are dealt with through the income and expenditure account.

### **3.10 Income Taxes**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that the tax arises from a transaction or event which is recognised directly in equity, in which case it is recognised in equity. Current tax is based on the taxable profit for the year, as determined in accordance with tax laws, and measured using tax rates, which have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to the investment in subsidiary to the extent

that the Authority is able to control the timing of the reversal of temporary differences and it is probable that those temporary differences will not reverse in the foreseeable future. Deferred tax assets for the carry-forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

### **3.11 Revenue and Expenditure Recognition GOVERNMENT SUBVENTION**

Government subvention represents the funds allocated by the Government after the annual Central Government budget is approved by Parliament. The funds are transferred directly to the Authority's designated bank accounts at the beginning of each quarter. The funds are allocated to the Ministry for Justice, Culture and Local Government, which are in turn transferred to the Authority. The Authority does not have control on the amount of this income stream or the timing of its actual transfer to the Authority's bank account. The income under this heading accounts for major income stream to the Authority and is primarily tied up to the specific expenditure headings on which the Authority is bound to allocate. The income derived from the subvention from Government is recognised as it accrues.

### **EU PROJECTS AND GOVERNMENT GRANTS**

EU projects and government grants are recognised only when there is reasonable assurance that the Authority will comply with the conditions attached to the grant and that it will be received. Grants are accounted for on the Income Approach. They are accounted for on a systematic and rational basis in the Statement of Comprehensive Income over the years necessary to match them with the related costs which they are intended to compensate.

### **CAPITAL GRANTS**

The Authority is funded by Central Government grants which are voted separately for recurring and capital expenditure. Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and that the Authority will comply with all conditions. Government grants relating to property, plant and equipment are included as deferred grants. Grants are credited to the Statement of Comprehensive Income on a straight-line basis over the expected useful lives of the related assets. Government grants of a capital nature are taken to the Statement of Comprehensive Income and recognised both as income and corresponding expenditure in the year when the commitment or expense becomes an obligating event.

### **OTHER INCOME**

Other income is recognised when the amount of revenue and the associated costs can be measured reliably. Other income represents income arising from various commercial activities carried out by the Authority which are accounted for as they arise, in line with the provision of services rendered, and the underlying contractual obligations. Interest income is accrued on a time basis, by referencing to the principal outstanding and the interest rate applicable.

### **ADMINISTRATIVE AND FINANCE EXPENSES**

Operating expenses are recognised in the statement of comprehensive income upon utilisation of the service or at the date of their origin.

Finance costs are the interest charged on the outstanding lease liability at the end of the accounting period. These are recognised in the statement of comprehensive income in the period in which they are incurred.

### 3.12 Capital Management Policies and Procedures

The Authority's capital consists of its net assets, including working capital, presented by its retained funds. The Authority's management objectives are to ensure that the Authority's ability to continue as a going concern is still valid and that the Authority maintains a positive working capital ratio. The Authority uses budgets and business plans to set its strategy to optimise its use of available funds and implement its commitments to the public.

### 3.13 Significant Judgement in Applying Accounting Policies

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable and reliable in the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Authority uses its judgement in determining whether an arrangement contains a lease, based on the substance of the agreement, and makes an assessment whether it is dependent on the use of a specific asset or assets, conveys a right to use the asset and transfers substantially all the risks and rewards incidental to ownership to/from the Authority.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in

the period in which estimates is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In the opinion of the Board of Governors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their descriptions as critical in terms of the requirements of IAS 1 (revised).

### 3.14 Provisions

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Authority and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, product warranties granted, legal disputes or onerous contracts. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it.

Provisions are not recognised for future operating losses. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

## 4 Income from Other Activities

	2020 €	2019 €
Bank and other interest	283	422
Calibration and Legal Metrology	68,304	57,623
Certification services	244,566	228,134
Net (costs) / income from EC Type approval certification	(11,128)	13,425
EFSA agreement	42,500	17,500
Gain from disposal of fixed assets	-	1,328
General income	13,975	16,352
Net income from translations	2,080	28,070
Net income from plant protection services	555,090	367,281
Net income from active substances	39,600	90,000
Net income from biocidal evaluations	6,830	20,982
Regulatory fees	127,851	88,888
Sale of standards	29,009	47,031
Seminars	2,681	7,178
Testing services	355,700	427,839
Tribunal fees	3,817	3,820
	<b>1,481,158</b>	<b>1,415,873</b>

## 5 Surplus for the Year

	2020 €	2019 €
Is stated after charging:		
Board of Governors' remuneration	13,499	33,705
Depreciation	668,112	638,788
Staff costs (note)	4,886,501	4,717,428
Audit fees	5,000	5,000

Note:  
Staff costs

	2020 €	2019 €
Wages and salaries	4,547,525	4,398,915
Social security costs	338,976	318,513
	<b>4,886,501</b>	<b>4,717,428</b>
Professional and technical	69	74
Managerial	27	25
Administrative	60	59
	<b>156</b>	<b>158</b>
Full-time	152	150
Part-time	4	8
Average number of employees:	<b>156</b>	<b>158</b>

## 6 Taxation

No taxation was provided for on statutory income during the year ended 31 December 2019, in view of unabsorbed capital allowances and unabsorbed statutory losses brought forward from previous years. During the year ended 31 December 2019, the Authority had unabsorbed capital allowances of €557,875. As at 31 December 2020, the capital allowances were fully absorbed, resulting in a chargeable income of €741,025.

### a. Income tax expense

	2020 €	2019 €
Current tax expense	259,359	-
Deferred tax expense	-	-
	<b>259,359</b>	<b>-</b>
<b>b. Tax reconciliation</b>		
Surplus for the year	1,001,094	578,327
Expenses disallowed for tax purposes	670,558	638,788
Income not subject to tax	(53,153)	(77,179)
Income before capital allowances	1,618,499	1,139,936
Absorbed capital allowances	(877,474)	(1,139,936)
Chargeable income after absorbed capital allowances	<b>741,025</b>	<b>-</b>
Tax at 35%	259,359	-

A final withholding tax amounting to €39 was also incurred during the year ended 31 December 2020 (2019: €39). This is included in the taxation balance in the Statement of Comprehensive Income.

## 7 Property, Plant and Equipment

	Right of use Assets	Improvements to Premises	Computer Equipment	Equipment Furniture and Fittings	Metrology Equipment	Air-Conditioning Equipment	Motor Vehicles	Total
	€	€	€	€	€	€	€	€
<b>Cost</b>								
At 1 January 2020	1,289,012	369,948	466,797	866,645	2,490,376	21,384	222,466	5,726,628
Additions (note i)	763,040	2,393	35,749	4,725	26,197	-	115,771	947,875
Disposal	-	-	-	-	-	-	(99,937)	(99,937)
At 31 December 2020	<b>2,052,052</b>	<b>372,341</b>	<b>502,546</b>	<b>871,370</b>	<b>2,516,573</b>	<b>21,384</b>	<b>238,300</b>	<b>6,574,566</b>
<b>Depreciation</b>								
At 1 January 2020	465,533	120,743	425,734	826,809	2,418,351	21,384	178,590	4,457,144
Charge for the year	468,897	44,040	46,900	10,441	42,199	-	55,635	668,112
Released on disposal	-	-	-	-	-	-	(93,537)	(93,537)
At 31 December 2020	<b>934,430</b>	<b>164,783</b>	<b>472,634</b>	<b>837,250</b>	<b>2,460,550</b>	<b>21,384</b>	<b>140,688</b>	<b>5,031,719</b>
<b>Net Book value</b>								
At 31 December 2020	<b>1,117,622</b>	<b>207,558</b>	<b>29,912</b>	<b>34,120</b>	<b>56,023</b>	<b>-</b>	<b>97,612</b>	<b>1,542,847</b>
At 31 December 2019	823,479	249,205	41,063	39,836	72,025	-	43,876	1,269,484

Note (i): The Authority's contract for the leasing of premises was extended to 31 December 2022. The increase in the value of the right-of-use asset amounting to €763,040 represents the extension in the lease term in accordance with IFRS 16. This increase has also been reflected in the lease liability (note 10).

## 7 Property, Plant and Equipment (continued)

	Right of use Assets	Improvements to Premises	Computer Equipment	Equipment Furniture and Fittings	Metrology Equipment	Air-Conditioning Equipment	Motor Vehicles	Total
	€	€	€	€	€	€	€	€
<b>Cost</b>								
At 1 January 2019	-	338,302	445,388	840,721	2,459,023	21,384	260,855	<b>4,365,673</b>
Additions	1,289,012	31,646	21,409	25,924	31,353	-	16,306	<b>1,415,650</b>
Disposal	-	-	-	-	-	-	(54,695)	(54,695)
At 31 December 2019	<b>1,289,012</b>	<b>369,948</b>	<b>466,797</b>	<b>866,645</b>	<b>2,490,376</b>	<b>21,384</b>	<b>222,466</b>	<b>5,726,628</b>
<b>Depreciation</b>								
At 1 January 2019	-	85,001	385,456	817,124	2,342,607	21,384	213,248	3,864,820
Charge for the year	465,533	35,742	40,278	9,685	75,744	-	11,806	<b>638,788</b>
Released on disposal	-	-	-	-	-	-	(46,464)	(46,464)
At 31 December 2019	<b>465,533</b>	<b>120,743</b>	<b>425,734</b>	<b>826,809</b>	<b>2,418,351</b>	<b>21,384</b>	<b>178,590</b>	<b>4,457,144</b>
<b>Net Book value</b>								
At 31 December 2019	<b>823,479</b>	<b>249,205</b>	<b>41,063</b>	<b>39,836</b>	<b>72,025</b>	<b>-</b>	<b>43,876</b>	<b>1,269,484</b>
At 31 December 2018	-	253,301	59,932	23,597	116,416	-	47,607	500,853

## 8 Trade and Other Receivables

	2020	2019
	€	€
Trade debtors - Public entities (Note I)	297,360	216,754
Trade debtors - Private entities (Note I)	100,282	68,185
Accrued income	4,600	-
Vat recoverable	42,080	30,223
Prepayments	76,373	75,359
Other receivables	-	17,928
<b>Financial assets</b>	<b>520,695</b>	<b>408,449</b>

The carrying value of short-term financial assets is considered a reasonable approximation of fair value.

Note I - Trade receivables are non-interest bearing and are generally on a 60-day term. At 31<sup>st</sup> December 2020, trade receivables of a nominal value of €492,116 (2019: €372,660) were impaired and fully provided for. Movements in the provision for impairment of trade receivables were an increase of €6,754 in 2020 (2019: €10,289).

## 9 Cash at Bank and In Hand

	2020	2019
	€	€
Cash and cash equivalents are made up of the following balances:		
Cash in hand and at bank resulting from operations	2,328,182	665,996
Balances in relation to specific projects	1,674,590	2,472,060
Bank guarantees	-	27,800
	<b>4,002,772</b>	<b>3,165,856</b>

## 10 Lease Liability

	2020	2019
	€	€
Lease liability (note i)	1,221,349	886,774
Non-current	616,968	458,309
Current	604,381	428,465
<b>Total</b>	<b>1,221,349</b>	<b>886,774</b>

	Less than one year	One to two years	Two to five years	Total
	€	€	€	€
<b>Maturity Analysis</b>				
Lease liability	604,381	616,520	448	1,221,349
Lease of premises	599,149	614,175	-	1,213,324
Lease of vehicle	3,542	1,795	-	5,337
Lease of photocopiers	1,689	550	448	2,687
Total	604,381	616,520	448	1,221,349

Note i: The increase in the lease liability represents the extension in the lease term of the Authority's contract for the leasing of premises which was extended to 31 December 2022. The increase has also been recognised in the right-of-use asset (note 7).

## 11 Deferred Government Grants

	Capital Vote 2020	ERADR Grant	European Union Grant	Metrology Laboratory Grants	ICT Operations Allocation	Transition Facility Grant	Refurbish Works Vote	ERDF Grant	Mater Dei Grant	Consumer Division Grant	Malta National Lab Grant	Total
	€	€	€	€	€	€	€	€	€	€	€	€
<b>Grants received</b>												
At 1 January 2020	-	-	168,686	522,177	1,735	451,689	66,402	587,464	129,551	213,277	909,201	3,050,182
Additions	174,667	35,985	-	-	-	-	-	-	-	-	-	210,652
At 31 December 2020	<b>174,667</b>	<b>35,985</b>	<b>168,686</b>	<b>522,177</b>	<b>1,735</b>	<b>451,689</b>	<b>66,402</b>	<b>587,464</b>	<b>129,551</b>	<b>213,277</b>	<b>909,201</b>	<b>3,260,834</b>
<b>Grants utilisation</b>												
At 1 January 2020	-	-	168,686	517,401	1,735	451,689	16,551	576,368	129,551	213,277	909,201	2,984,459
Transferred to income	35,946	-	-	4,776	-	-	1,335	11,096	-	-	-	53,153
At 31 December 2020	<b>35,946</b>	<b>-</b>	<b>168,686</b>	<b>522,177</b>	<b>1,735</b>	<b>451,689</b>	<b>17,886</b>	<b>587,464</b>	<b>129,551</b>	<b>213,277</b>	<b>909,201</b>	<b>3,037,612</b>
<b>Balance</b>												
At 31 December 2020	<b>138,721</b>	<b>35,985</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,516</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>223,222</b>
At 31 December 2019	-	-	-	4,776	-	-	49,851	11,096	-	-	-	65,723

## 11 Deferred Government Grants (continued)

	European Union Grant	Metrology Laboratory Grants	ICT Operations Allocation	Transition Facility Grant	Refurbish Works Vote	ERDF Grant	Mater Dei Grant	Consumer Division Grant	Malta National Lab Grant	Total
	€	€	€	€	€	€	€	€	€	€
<b>Grants received</b>										
At 1 January 2019	168,686	522,177	1,735	451,689	66,402	587,464	129,551	213,277	909,201	3,050,182
Additions	-	-	-	-	-	-	-	-	-	-
At 31 December 2019	<b>168,686</b>	<b>522,177</b>	<b>1,735</b>	<b>451,689</b>	<b>66,402</b>	<b>587,464</b>	<b>129,551</b>	<b>213,277</b>	<b>909,201</b>	<b>3,050,182</b>
<b>Grants utilisation</b>										
At 1 January 2019	168,686	512,625	1,735	438,219	15,219	520,095	129,551	213,277	909,201	2,908,608
Transferred to income	-	4,776	-	13,470	1,332	56,273	-	-	-	75,851
At 31 December 2019	<b>168,686</b>	<b>517,401</b>	<b>1,735</b>	<b>451,689</b>	<b>16,551</b>	<b>576,368</b>	<b>129,551</b>	<b>213,277</b>	<b>909,201</b>	<b>2,984,459</b>
<b>Balance</b>										
At 31 December 2019	<b>-</b>	<b>4,776</b>	<b>-</b>	<b>-</b>	<b>49,851</b>	<b>11,096</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65,723</b>
At 31 December 2018	-	9,552	-	13,470	51,183	67,369	-	-	-	141,574

## 11 Deferred Government Grants (continued)

	2020 €	2019 €
Deferred Government Grants	223,222	65,723
Less: Amounts to be transferred to income and expenditure account within one year	(73,262)	(17,204)
	<b>149,960</b>	<b>48,519</b>

## 12 Trade and Other Payables

	2020 €	2019 €
Trade creditors	216,168	299,085
Deferred income (note i)	1,081,031	1,187,043
Accruals and other creditors	794,918	876,593
	<b>2,092,117</b>	<b>2,362,721</b>

Note i: Deferred income represents income from plant protection services, biocidal evaluations and active substances which will crystallise during the coming years.

## 13 Notes to the Cash Flow Statement

### (a) Cash generated from operations

	2020 €	2019 €
Surplus for the year	741,696	578,288
Adjustment for:		
Depreciation	668,112	638,788
Increase in provision for doubtful debtors	6,754	10,289
Government Grants transferred to the statement of comprehensive income	(53,153)	(75,851)
Loss/(Gain) on disposal of fixed assets	2,446	(1,328)
<b>SURPLUS BEFORE WORKING CAPITAL CHANGES</b>	<b>1,365,855</b>	<b>1,150,186</b>
(Increase)/Decrease in debtors	(119,000)	57,206
Increase in creditors	323,330	1,144,017
<b>Net cash generated from operations</b>	<b>1,570,185</b>	<b>2,351,409</b>

### (b) Plant and equipment

During the year, the Authority acquired plant and equipment with an aggregate cost of €184,835. The Authority has also recognised an increase in the value of right-of-use assets amounting to €763,040 during the year under review. This represents the extension in the lease term of the contract for the leasing of premises (refer to note 7). Proceeds from disposals during the year amounted to €3,954, resulting in a loss on disposal of fixed assets of €2,446.

### (c) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and balances with bank. A cash flow is an increase or decrease in amount of cash or cash equivalents resulting from a transaction.

	2020 €	2019 €
Cash at bank and in hand (note i)	4,002,772	3,165,856

Note i:

The cash in hand and at bank of €4,002,772 (2019: €3,165,856) represent year-end cash and cash equivalents which will be applied as follows:

	2020 €	2019 €
Cash at bank and in hand	4,002,772	3,165,856
Less: Bank Guarantee	-	(27,800)
Available funds for utilisation	4,002,772	3,138,056
Less: Balances in relation to specific projects	(1,674,590)	(2,472,060)
Available for other operations	<b>2,328,182</b>	<b>665,996</b>

## 14 Risk Management Objectives and Policies

The Authority's risk management is co-ordinated by the Board of Governors and focuses on actively securing the Authority's short to medium term cash flow by minimising exposure to financial risks.

The most significant financial risks to which the Authority is exposed are described below.

### (a) Credit risk

The Authority monitors credit risk closely and the policy is that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables balances are monitored on an on-going basis. The necessary provisions and impairments are provided for and reviewed on an ongoing basis.

The Authority has no other significant concentration of credit risk. Amounts in the statement of financial position best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments as summarised below:

	2020 €	2019 €
Trade and other receivables	520,695	408,449
Cash at bank and in hand	4,002,772	3,165,856
	<b>4,523,467</b>	<b>3,574,305</b>

The Authority continuously monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Authority's policy is to deal with only creditworthy counterparties.

The Authority considers that the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

Neither of the Authority's financial assets are secured by collateral or other credit enhancements

The credit risk for liquid funds is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

### (b) Liquidity risk

The Authority's exposure to liquidity risk arises from its obligations to meet its financial liabilities which comprise payables. Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate funds to meet the Authority's obligations when they become due. It is the Authority's policy to ensure that resources are available at all times to enable the Authority to meet its liquidity risk obligations. Specific projects funding is kept for the purpose of the projects.

### (c) Capital risk management

The Authority's objectives when managing capital are to safeguard the Authority's ability to continue as a going concern so that it can continue to provide a service to the public by maintaining an optimal capital structure to reduce cost of capital.

The Authority's capital structure is monitored by the Board with appropriate reference to its financial obligations and commitments arising from operational requirements.

### (d) Market Risk

Market risk includes interest and currency risk.

### INTEREST RISK

The Authority has no significant interest-bearing assets other than cash and cash equivalents (Note 9), issued at variable rates. Cash and cash equivalents issued at variable rates expose the Authority to cash flow interest rate risk. Management monitors the level of floating rate bank balances as a measure of cash flow risk taken on. Based on this analysis, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial. The Authority monitors all exposures on a real time basis and uses a variety of hedging techniques to bring all exposures within agreed limits.

### CURRENCY RISK

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

### (e) Summary of the financial assets and liabilities by category

The carrying amounts of the Authority's financial assets and liabilities as recognised at the reporting dates under review are categorised as follows:

	2020	2019
	€	€
<b>Current Assets</b>		
Trade and other receivables	520,695	408,449
Cash at bank and in hand	4,002,772	3,165,856
	4,523,467	3,574,305

	2020	2019
	€	€
<b>Current Liabilities</b>		
Trade and other payables	3,029,119	2,808,390

## 15 Contingent Liabilities

The Authority presently has court cases pending against it, for which no provision has been made in the financial statements since the outcome of such claims and damages is unknown as at year end. During January 2021, the Authority agreed to an out-of-court settlement for one of its cases amounting to €25,000. Based on the information available to date, the Authority is not expecting any significant damages to be borne by the Authority and accordingly no provision is deemed necessary by the Board. The guarantees given in the course of business are as follows:

	2020	2019
	€	€
Guarantees given in the course of business	-	27,800

## 16 Fair Value Estimation

At 31 December 2020 and 31 December 2019, the carrying amounts of cash at bank, receivables and payables reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period time between the origination of the instruments and their expected realisation.

# Independent Auditor's Report

To the Board of Governors of Malta Competition and Consumer Affairs Authority

Report on Audit of the Financial Statements

## Opinion

We have audited the accompanying financial statements of Malta Competition and Consumer Affairs Authority from pages 81 to 107, which comprise the statement of financial position as at 31 December 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Authority as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and have been properly prepared in accordance with the requirements of the Malta Competition and Consumer Affairs Authority Act, 2011 of the Laws of Malta.

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Authority in accordance with the International

Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other information

The Board of Governors are responsible for the other information. The other information comprises the report of the Board of Governors. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Board of Governors' Responsibility for the Financial Statements

The Board of Governors of the Malta Competition and Consumer Affairs Authority is responsible for ensuring that the Authority keeps proper accounting and other records in respect of its operations in order to enable it to prepare and fairly present its financial statements in accordance with International Financial Reporting Standards, as adopted by the EU. Through the Executive Chairperson's office, the Authority is also responsible to ensure that adequate control procedures are in place to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- › Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- › Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- › Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Governors.
- › Conclude on the appropriateness of the Board of Governors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern. In particular, it is difficult to evaluate all of the potential implications that COVID-19 will have on the Authority's operations and the overall economy.

- › Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- › Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

## Report on Other Legal and Regulatory Requirements

In our opinion, proper accounting records in respect of the operations of the Authority have been kept in terms of Article 55 (1) of the Malta Competition and Consumer Affairs Authority Act, 2011.

The partner in charge of the audit resulting in the independent auditor's report is Mr George Mangion for and on behalf of



**PKF Malta Limited**  
Registered Auditors

15, Level 3, Mannarino Road  
Birkirkara BKR 9080  
Malta

22 February 2021

# Schedule I - Detailed Income Statement

For the year ended 31 December 2020

	Pages	2020 €	2019 €
<b>INCOME</b>			
Government subvention		6,080,000	5,700,000
Grants		53,153	75,851
<b>Total government contributions</b>		6,133,153	5,775,851
Other income	112	1,481,158	1,415,873
<b>TOTAL INCOME</b>		7,614,311	7,191,724
Administrative and other expenses	113	(6,601,793)	(6,594,987)
Finance costs		(11,424)	(18,410)
<b>SURPLUS FOR THE YEAR BEFORE TAXATION</b>		<b>1,001,094</b>	<b>578,327</b>
Taxation		(259,398)	(39)
<b>SURPLUS FOR THE YEAR</b>		<b>741,696</b>	<b>578,288</b>

## Schedule II - Detailed Income Statement Schedules

For the year ended 31 December 2020

### INCOME FROM OTHER ACTIVITIES

	2020	2019
	€	€
Bank and other interest	283	422
Calibration and Legal Metrology	68,304	57,623
Certification services	244,566	228,134
EC Type approval certification - net income	(11,128)	13,425
EFSA agreement	42,500	17,500
Gain from disposal of fixed assets	-	1,328
General income	13,975	16,352
Net income from Translations	2,080	28,070
Net income from Plant Protection services	555,090	367,281
Net income from Biocidal evaluations	39,600	90,000
Net income from Active Substances	6,830	20,982
Regulatory fees	127,851	88,888
Sale of Standards	29,009	47,031
Seminars	2,681	7,178
Testing services	355,700	427,839
Tribunal fees	3,817	3,820
	<b>1,481,158</b>	<b>1,415,873</b>

## Schedule III - Detailed Income Statement Schedules

For the year ended 31 December 2020

	2020	2019
	€	€
<b>ADMINISTRATIVE AND OTHER EXPENSES</b>		
Accreditation costs	15,362	22,163
Advertising and Public Relations	23,431	33,360
Audit fees	5,000	5,000
Audit of Quality Assurance System	4,118	11,074
Bank charges and interest	2,659	3,201
Board of Governors' fees	13,499	33,705
Certification expenses	7,187	3,282
Cleaning expenses	44,684	47,032
Depreciation	668,112	638,788
Fellowship expenses	55,514	31,206
General expenses	24,320	21,954
Hospitality and Entertainment	12,549	33,103
Information Technology expenses	91,072	85,047
Insurance	19,920	16,527
Increase in Provision for Bad Debts	6,754	10,289
Irrecoverable VAT	1,771	13,945
Legal and Professional fees	56,047	47,199
Membership fees	103,760	98,337
National Laboratory expenses	87,919	80,781
Postage and Couriers	13,996	16,232
Printing and Stationery	14,105	23,733
Realised Loss on Exchange	805	1,641
Rent	60,034	42,145
Repairs and Maintenance	44,512	29,657
Salaries	4,886,501	4,717,428
Support services	39,820	46,358
Seminar costs	23,716	46,644
Telecommunications	31,685	24,324
Testing of Pesticides	103,421	107,488
Training and Professional Development	48,686	44,841
Transport	25,564	68,408
Travelling	7,267	122,953
Water and Electricity	55,557	67,142
Loss from Disposal of Fixed Assets	2,446	-
	<b>6,601,793</b>	<b>6,594,987</b>



[mcaa.org.mt](http://mcaa.org.mt)