

ANNUAL REPORT
2016



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

MISSION STATEMENT

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CHAIRPERSON'S ADDRESS

I am pleased to present the 2016 Annual Report of the Malta Competition and Consumer Affairs Authority. 2016 marked five years since the establishment of the Authority that brought together four distinct entities, four entities that are now working in closer coordination with the overall objective of ensuring that consumers are well served and protected and that fair trading continues to prevail.

It has been an intense year marked by a constitutional court judgement that has questioned the Authority's powers and which has led to the launch of extensive legislative redrafting that will ensure that competition and consumer law can continue to be enforced in a timely and effective manner.

The Office for Competition has been particularly active in three key sectors that have a wide impact on society at large. The Office has concluded investigations on school transport fees and has obtained commitments from undertakings operating in the school uniform retail market. The Office also concluded investigations in the fuel distribution sector. Throughout the year it has also been working closely with the banking sector to encourage and oversee the implementation of the recommendations set out in its Financial Services Sector Inquiry Report.

2016 also saw the publication of the European Commission's Consumer Market Scoreboard with very positive results for Malta. Malta was ranked in the top three from the twenty-

eight EU Member States in eight goods and thirteen services markets. It also reported that the overall market performance score for Malta increased by 2.5 points since the year 2013. The scoreboard is based on consumer surveys and is an independent indicator that confirms that the Maltese consumer purchasing experience is a positive one.

The Office for Consumer Affairs is committed to continue building on these positive results working closely both with consumers and traders. It will also continue to promote and raise the profile of the Trust You Scheme and the Servizz bi Tbissima award in recognition of those traders that adopt good commercial practices.

The Technical Regulations Division continued to participate at EU level focusing its resources primarily on those sectors that have a substantial impact on the local market. Key areas of activity have been plant protection products and biocides; lifts; medical devices; motor vehicles; f-gases and chemicals. Market surveillance of products on the local market also resulted in 32 products being removed from the market and notified in the RAPEX EU rapid alert system. Cases varied from vehicles, toys, electrical equipment to clothes and cosmetics.

In the last few years, the Standards and Metrology Institute launched a number of national standards in support of the local industry and sector needs. These standards are intended to help support basic consumer rights, such as the



THE YEAR 2017

right to safety and the right to be informed, and support basic consumer protection by helping to raise level of quality, safety, reliability, efficiency and interchangeability of products or services. This year, four new Maltese standards were drafted in respect of solar photovoltaic installations, green roofs, safety management systems and participation of minors in political communication.

Extensive work has also been undertaken by the Office for Consumer Affairs, The Competition Office and the Technical Regulations Division in preparation to Malta's Presidency of the Council of the European Union.

These few months since I took on the executive chair position at the Authority have been dedicated to engagement with the Authority's stakeholders, the Board and with the various Divisions within the Authority. The Authority's remit is wide and has a direct impact on citizen wellbeing and the economy as a whole. It is my view that key areas requiring attention are better cross Division collaboration and sharing of information including procedural reviews with the aim of improving the operational efficiency and effectiveness of the Authority. The introduction of IT systems that can support internal operations and also facilitate the customers' interaction with the Authority will also be a key initiative going forward.

This will be complemented by a rebranding exercise and the introduction of a stronger outreach programme to strengthen the Authority's online presence through different social media platforms. An official MCCAA Facebook page has been set-up, Twitter and LinkedIn are next. We believe that these online platforms are today's means of connecting with the general public and have real-time feedback.

All this, along with capacity building both in terms of numbers and expertise should help provide the Authority with the capability and mind-set to be proactive within an ever evolving market dynamic.

BOARD
OF
GOVERNORS



Ing. Helga Pizzuto
CHAIRPERSON



Mr John Abela
DEPUTY CHAIRMAN

MEMBERS



Mr Reginald Fava



Prof. Joe Falzon



Ing. Mario Cassar



Mr Benny Borg
Bonello



Prof. Anthony Serracino
Inglott




Ms Anna Spiteri



Dr Bridget Sultana

COMPETITION

1



The Office for Competition (OC) strives to ensure a **competitive market structure** that operates as efficiently as possible thereby contributing to the welfare of both consumers as well as economic operators. Values enshrined by the Office such as accountability, reliability and independence serve to garner business and consumer trust which are key to the protection and development of a competitive environment.

We continued to prioritise our resources and efforts to investigate behaviour which poses the greatest threat to consumer welfare. The year 2016 was also marked by a landmark constitutional judgment affecting the procedures of the Office, which called for the commencement of necessary legislative changes.

REGULATORY ACTIVITY

DECISIONS

School Transport Investigation

In April 2016, the OC initiated an investigation regarding increased school transport fees for children attending church schools from a particular transport service provider. As part of its exercise for determining whether the tariffs charged were excessive, the OC analysed in particular the percentage increase in the price over a five-year period and the prices charged by other school transport providers in Malta. In September 2016, the OC issued a decision where it concluded that there were insufficient evidence to demonstrate that such prices were excessive, and therefore did not find that there was an abuse of a dominant position in breach of Article 9 of the Competition Act.

Diesel Investigation

On 4th October 2016, the OC issued a decision finding an infringement of Article 5 of the Competition Act. From an analysis of the totality of evidence, it was found that there was a demand by the fuel supplier through indirect means, for a particular line of conduct to be pursued by the fuel retailer. The OC gathered evidence which proves that the fuel supplier enforced resale price maintenance (RPM) through pressure by warning the fuel retailer that the increased profit margin promised to it would be withdrawn. The fuel retailer responded to this pressure by reverting to the maximum retail price. The OC concluded that the undertakings concerned have infringed Article 5(1)(a) of the Competition Act by entering into an RPM agreement, which has as its object the prevention, restriction or distortion of competition in Malta or parts of Malta, by indirectly fixing the selling price of diesel.

The decision is not final since one of the undertakings has lodged an appeal before the Competition and Consumer Appeals Tribunal and has concurrently filed an application before the First Hall, Civil Court in its Constitutional Jurisdiction.



CONTROL OF CONCENTRATIONS

Apart from its anti-trust investigations under the Competition Act, the OC also intervened in accordance with the Control of Concentrations Regulations, by examining and controlling concentrations between undertakings in terms of their effect on the structure of competition in the market. In 2016, the OC received eight notifications concerning several markets, including IT services, storage, flour distribution, flooring and furniture, investment services, sports betting, motor vehicles and insurance services.

**Acquisition by
GO Data Centre
Services Limited
of Kinetex IT
Solutions Limited**

**Acquisition by
Debono Storage
Systems Ltd of
Storage Systems
Limited**

**Acquisition by
Federated Mills
plc of Nomar
Distributors**

**Acquisition by
KKR & Co. L.P. Of
Välinge
International AB**

**Acquisition by
Calamatta
Cuschieri Group plc
of Crystal Finance
Investments
Limited**

**Acquisition by
Sportradar AG of
Sportsman Media
Holding GmbH**

**Joint Venture
between Pater
Holding Company
Limited, United
Group Limited
and Tum Invest
Limited**

**Acquisition by
Argus Group
Holdings Limited
of Island
Insurance Brokers
Limited**

Six of these concentrations were declared lawful after qualifying for the simplified procedure. Although notified to the OC, another notification concerning the acquisition of Storage Systems Limited by Debono Storage Systems Ltd was found not to fall within the scope of the Regulations, after the OC concluded that the turnover thresholds set out in the Regulations were not met by the undertakings concerned. Another concentration entailed a Phase I competitive assessment of the acquisition by Federated Mills plc of Nomar Distributors, whereby the OC declared the concentration between the undertakings concerned lawful, on the grounds that it would not substantially lessen competition, due to the low barriers to entry in the market for the transportation and distribution of flour, the presence of countervailing buyer power of its customers, the presence of strong competition from other leading market players, and the resulting efficiency gains that would outweigh any prima facie competitive concerns.

COMMUNICATION – COMMITMENTS

In December 2016, the OC published a communication pursuant to Article 12(C)(2)(a) and (b) of the Competition Act regarding proposed commitments offered by two undertakings operating in the school uniforms retail market. The proposed commitments were offered to meet the competition concerns identified by the OC. The communication, which consisted of a concise summary of the case and the main content of the commitments, was published in order for interested third parties to submit their observations on the proposed commitments within the time limit fixed by the Director General.

During this year, the OC has also issued a statement of objections in the entertainment sector provisionally finding that it should issue interim measures. The Statement of Objections does not bind the Director General and is without prejudice to his final decision, which is adopted after taking into consideration the written submissions and any oral observations made during the proceedings and following the review of the evidence. A Statement of Objections gives parties notice of a proposed infringement decision under the Competition Act. It is a provisional decision only and does not necessarily lead to an infringement decision. By the end of the year, a decision on the matter had not been taken yet.

LEGISLATION & LITIGATION

LEGISLATION

The OC drafted regulations and a bill to transpose the Antitrust Damages Directive. The Directive establishes the right of victims of competition law infringements to claim damages when harm is suffered as a result thereof. Claims for damages may be filed before any court in the EU, and subsequent to a decision of any competition authority in the EU concerning an infringement in any Member State(s), or of the European Commission. While the Competition Act already provides for such right and the manner of it being exercised, the Directive lays down such rights in much detail and increases the prescriptive period from two years to a minimum of five years. The draft bill would repeal Article 27A of the Competition Act, retaining only the establishment of the right of injured parties to claim damages because of infringements under the Act. The draft regulations are geared at establishing procedural rules, and rights and obligations of the parties and of the competition authority that has found an infringement, that apply to such claims for damages before the civil courts in Malta. These will come into force in 2017.

CONSTITUTIONAL JUDGEMENT – FEDERATION OF ESTATE AGENTS

On the 3rd May 2016, the Constitutional Court delivered a judgement upon an appeal lodged by the Director General (Competition) and the Attorney General in a case in the names Federation of Estate Agents v Direttur Ġenerali (Kompetizzjoni) u L-Onorevoli Prim Ministru u L-Avukat Ġenerali. The Constitutional Court confirmed that the procedure contemplated in the Competition Act in case of a finding of an infringement violates the right to a fair hearing as contemplated in Article 39 of the Constitution of Malta. This notwithstanding, the Constitutional Court still considered the said proceedings as compatible with Article 6 of the European Convention on Human Rights. The Court held, amongst other issues, that competition law serves as a deterrent to the behaviour contemplated in the Competition Act and the fines imposed by the Director General can be rather severe. As a result, the Court declared that the proceedings contemplated in the present Competition Act are of a criminal law nature and therefore fall within the parameters of Article 39 of the Constitution of Malta.

The Court also held that both the Director General and the Appeals Tribunal are not considered a “court” in terms of Article 39 of the Constitution of Malta even though the Constitutional Court deemed the Tribunal as being both independent and impartial and with full jurisdiction to hear appeals from decisions of the Director General.

LITIGATION

APPEALS BEFORE THE COMPETITION AND CONSUMER APPEALS TRIBUNAL

The OC also appeared before the Competition and Consumer Appeals Tribunal and before the Maltese civil courts to defend its pending antitrust cases. During this year, the Tribunal confirmed that, in one particular case, the OC had given fair hearing to the complainant while in another case, for the greater part, it upheld the report drawn up by the OC.

The OC also responded to a request from the First Hall of the Civil Court, consequent to an allegation concerning a violation of the Competition Act in the energy sector, and prepared a report in terms of Article 27 of the Act. This report could form the basis of the court's judgement in the dispute between the parties to the case, although the court is not obliged to agree with the findings of the OC.

Competition and Consumer Appeals Tribunal

CASE	JUDGMENT ISSUED
<p>Onor. Joe Mizzi vs L-Uffiċċju għall-Kompetizzjoni</p> <p>The complainant alleged that the Office for Competition did not grant a right to a fair hearing. In delivering this judgement, the Appeals Tribunal referred to EU judgements and Commission Notices and amongst other things, it took into consideration the fact that the Office had examined the complaints in detail, held a meeting with the said Complainant and obtained the necessary clarifications from the complainant. The Appeals Tribunal did not find any breach of the principles of natural justice and no breach of the right to a fair hearing resulted.</p>	<p>Partial decision on 28 January 2016 regarding right to fair hearing. Case was definitively closed on the 16 June 2016.</p>
<p>Uffiċċju għall-Kompetizzjoni Ġusta vs Korporazzjoni Enemalta et</p> <p>On 4th October 2016, the Competition and Consumer Appeals Tribunal delivered a judgment where it upheld four of the five conclusions reached by the Office for Competition in its report. The report had concluded inter alia that a Standard Agreement between a number of gas distributors and Enemalta plc (then Enemalta Corporation) breached competition law and was ipso jure null and unenforceable in terms of Article 101(2) TFEU and Article 5(2) of the Competition Act. This agreement used to allocate an exclusive area for distribution to each gas distributor in Malta.</p>	<p>04 October 2016</p>

IN PROGRESS DURING 2016

<p>Uffiċċju għall-Kompetizzjoni vs Korporazzjoni Enemalta Wara l-Ilment ta' Attard Services Et</p>
<p>A.a.j.e. Abela Brothers Partnership Et vs Uffiċċju Għall-Kompetizzjoni Wara l-Ilment ta' Carmelo Meli L</p>
<p>Falzon Group Holdings Limited (C1731) Et vs Direttur Ġenerali (Kompetizzjoni)</p>
<p>Federated Association Of Travel And Tourism Agents vs Deutsche Lufthansa Ag (Malta) Et</p>

MARKET OVERSIGHT

SECTOR INQUIRY - FINANCIAL SERVICES

As a follow-up to the sector inquiry report on interest rates charged on loans to small and medium sized enterprises (SMEs), The OC held individual meetings with the core domestic banks to encourage them to implement the recommendations set out in its report. The banks presented the actions taken to implement the following recommendations:

- ◇ Further information on business loans to SMEs to be provided by banks
- ◇ The setting up of an SME loan calculator
- ◇ Examples of a typical SME loan and costs involved
- ◇ Frequently asked questions
- ◇ Information in the Maltese language on business loans to be provided
- ◇ Quotations on loans to SMEs free of charge to be provided by the bank

The recommendations were implemented by the banks, albeit in different degrees. One of the recommendations made reference to the fact that any financing packages supported by the government or the EU should if possible be awarded to more than one market player. In such respect, the Office was pleased to note that in 2016 the Government had taken steps to increase competition by having more than one bank providing loans to SMEs through such funded projects and thereby facilitating access to finance for Maltese SMEs.

INTERNATIONAL PARTICIPATION



21st January 2016

In late January, the OC hosted the 4th Euro-Med Competition Forum, bringing together high-level representatives of countries from across the Mediterranean region, under the auspices of the United Nations Conference on Trade and Development (UNCTAD). The Minister for Social Dialogue, Consumer Affairs and Civil Liberties, Hon. Helena Dalli, opened the meeting, citing increased support by Government for the essential role, which the OC plays in ensuring a level playing field. A number of interesting debates were held, to the benefit of participating countries and some very useful interventions were made by leading experts in the area from across the Euro-Med area. The scene was set for continued future cooperation between participant countries.

The OC played an active role in European and international fora aimed at increasing cooperation and coherence amongst competition authorities. The OC participated in

meetings organised by the European Competition Network (ECN), the Competition Committee within the Organisation for Economic Co-operation and Development (OECD) and the Euro Mediterranean Competition Forum (EMCF). Participation in such meetings is highly beneficial to the OC as experiences are shared with other national competition authorities thereby assimilating best practices including new economic methodologies and legal thinking. Besides participating in meetings, the OC also cooperated with other national competition authorities within the ECN through exchanges of information. The OC has also presented a paper on the sector inquiry carried out last year and participated actively in the discussion during the second session meeting of the 15th OECD Global forum on Competition, which focused on the role of market studies as a tool to promote competition.

2

CONSUMER AFFAIRS

The Office for Consumer Affairs' guiding principle is the promotion and protection of consumer interests and welfare. However, rather than adopting a one-sided approach, our experience in the sector has shown, time and again, that this can only be achieved when we foster a balanced relationship between consumer and trader.

Our strategy is therefore two-fold, namely the empowerment of consumers through the provision of information and education and the ongoing encouragement of traders and service providers to value healthy customer relationships.

One is the evolution of the activist consumer to a more engaged and informed one. For consumers to be empowered it is critical that they have information about their rights and obligations and are able to use this knowledge to prevent or sort out problems ideally at the point of sale. Presently, such information dissemination is being focused to leverage on the ubiquity of modern media technology.

With respect to traders and service providers these are encouraged to put consumer interests, expectations and even convenience at the centre of the traders' engagement with customers, with more possibilities to access important information, and flexible, integrated operations that make for seamless purchasing experiences.

INFORMATION AND EDUCATION

NATIONAL

Since information and education are crucial in ensuring that consumers are well-equipped when they shop for their needs.

29%

ARTICLES

36%

TELEVISION

35%

RADIO

In 2016, Information was disseminated through

100 television
and
86 radio programmes.

One hundred and twelve articles were also published in various local newspapers and other printed media and the eighth issue of the L-Għażla magazine was published and distributed in Malta and Gozo.

LIFETIME GUARANTEES
CONSUMER RESPONSIBILITIES
SAFE ONLINE SHOPPING
SUMMER SALES **Credit Notes**
MAKING A CONSUMER COMPLAINT
CONSUMER CLAIMS
BOOKING A HOLIDAY
CONSUMER CONTRACTS **TRIBUNAL**
TELECOMMUNICATIONS SERVICES
PROBLEMS WITH ORDERED GOODS
ONLINE PURCHASES
WORLD CONSUMER RIGHTS DAY UNFAIR CONTRACT TERMS
DEPOSITS ACCOMMODATION PROBLEMS
GIFT VOUCHERS
DELAYED DELIVERY
HIDDEN CHARGES
product safety
PRICE INDICATION
MISLEADING ADVERTISING
CONSUMER MARKET SCOREBOARD 2016
CONSUMER CONTRACTS **TOYS SAFETY**
JANUARY SALES
MAKING A CONSUMER COMPLAINT

In 2016, Information Desks were also set up to provide face-to-face guidance on consumer rights to both consumers and traders. Information desks were set up in four shopping centres namely Main Street, Paola; Daniels, Hamrun; The Plaza, Sliema; and The Embassy, Valletta. As from May 2016, in collaboration with Servizz.gov the Directorate started setting up information desks for consumers at Servizz.gov centres in Paola and Birkirkara.

Numerous information sessions on consumer protection legislation were offered to traders and their employees. Through these discussion-based talks, traders gathered information on their rights and obligations, thus enabling them to tackle better consumer complaints.



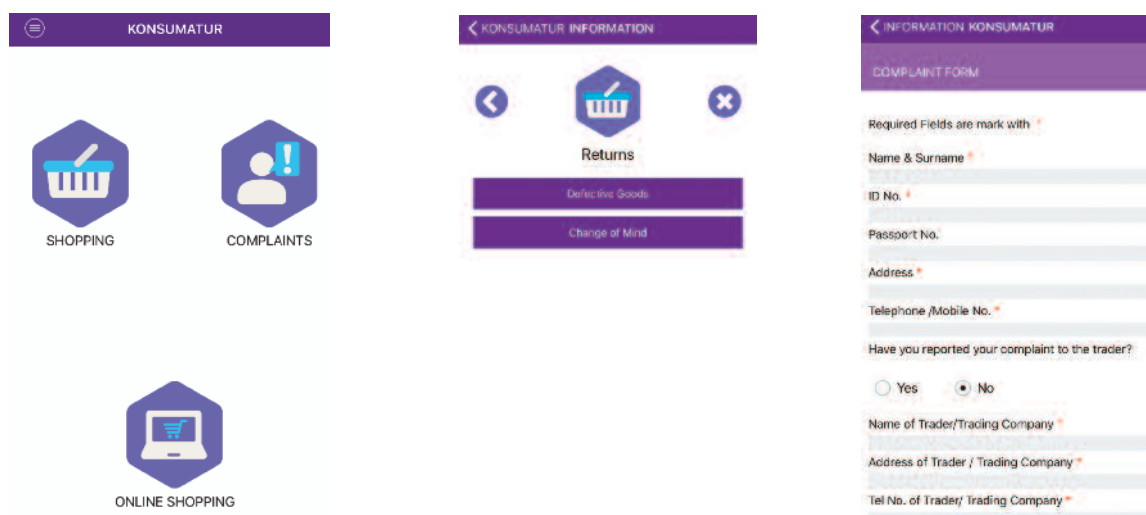
In addition, 17 educational talks were held to groups of consumers. Eight of these talks were held in different localities as part of the Għaqal id-Dar, Ħajja Aħjar courses, organised by the Ministry for the Family and Social Solidarity, the Parliamentary Secretariat for Local Government and the Home Economists in Action.

This Directorate also dealt with

800
email queries

from consumer and traders requesting information on consumer legislation.

In 2016, the MCCA Facebook page was set up and used to disseminate information on consumer rights and to provide immediate assistance to consumers as queries are usually replied to within 24 hours.



The OCA launched the work related to the development of a Mobile App for consumers. The main objective of this App is to provide simple and clear information to consumers at point of sale.

RECOGNISING CUSTOMER CENTRIC TRADERS

PREMJU SERVIZZ BI TBISSIMA



The second edition of Premju Servizz bi Tbissima was organised. Consumers voted online for the 2016 winners through the MCCA website and Facebook page. The winners were announced during an award giving ceremony held at the Palace Hotel in Sliema on 5th October 2016.

Smart Supermarket placed first; Pavi Supermarket second; and Pama Supermarket was awarded the third place.

The company eCabs won the GRTU's Special Award for the good service it offers to its customers.



TRUST YOU SCHEME



The aim of the Trust You scheme is to encourage good trading practices, thus enhancing a better relationship between traders and consumers. By the end of 2016, the scheme had

158
approved business

EU-LEVEL

One of the main objectives of the European Consumer Centres' Network (ECC-Net) is that of providing information and increasing awareness about European consumer legislation and policies. For this reason, the European Consumer Centre (ECC Malta) has concentrated its efforts to increase its visibility with consumers. In line with our strategy of reaching all categories of consumers, the Centre has identified various communication channels how to get across information to consumers in order to maximise the outreach.

Use of traditional media, as well as information technology has been made. During 2016, the Centre increased its participation in radio and television programmes as well as increased the articles published in newspapers. ECC Malta has also published 4 editions of its online newspaper which has been shared mainly through social media and sent to all EU information points to be distributed to their contacts. Additionally, the Centre published an online leaflet with information about Package Travel mentioning also the changes that the new Directive will bring about.

Public events are also another means of reaching out to the public with information. In this regard, the Centre has made use of a number of opportunities to distribute information. On 10th November 2016, ECC Malta organised a half-day conference entitled Consumer Means of Redress. This conference was open to consumers, traders and all stakeholders involved in the field of consumer

protection in Malta. The conference focused on the means of redress available to consumers in order to resolve consumer disputes both of a cross-border and local nature. The conference attracted around 90 participants and various stakeholders representing consumer associations and businesses were invited to give presentations.

ECC Malta also delivered a presentation during a conference organised on the occasion of World Consumer Rights Day. This conference was open to consumers and traders and it treated the subject of online shopping. ECC Malta's presentation gave a general overview of the ECC Net and its remit, the complaints that the Centre deals with and gave information and advice on the topic of shopping online safely.

Throughout the year, the Centre was active in promoting the Network and its work with various audiences. We conducted one information session with university home economics students and two information sessions with senior citizens.

During 2016, ECC Malta took an active part in promoting Alternative dispute resolution and the Online dispute resolution Platform. The Centre gave information about this topic in the various activities that it participated in, particularly during conferences. Additionally, ECC Malta supported the social media campaigns, promoting the ODR platform organised by the Commission.



**Half-day conference
on Consumer
Means of Redress**

CHANGING CONSUMER TRENDS

ONLINE SHOPPING

In 2014, according to the 11th Consumer conditions Scoreboard **47% of Maltese consumers shopped online** for the goods or services they needed¹. This percentage has more than doubled in 6 years¹.

According to this Scoreboard Malta has one of the highest scores for Intra-EU cross border purchases

In fact Malta places third, following Luxembourg and Austria in cross border purchases. The scoreboard factsheet shows that the percentage

of Maltese consumers having purchased or accessed a product cross-border within the EU is a staggering 94% of the 47% of Maltese consumers shopping online. It is also worth mentioning that Malta also placed first in online shopping outside the EU.

On the other hand, domestic online shopping is not so popular in Malta but this is understandable due to the short distances, as Maltese consumers prefer to actually purchase their products on premises.

In view of this significant increase in online shopping, the Information Directorate has focused its education campaign on consumer rights when they shop online.

World Consumer Rights Day



Xiri u Lmenti Onlajn - X'esperjenza għandek?

For the occasion of the World Consumer Rights Day 2016, the Directorate organised a half-day seminar on Online Shopping on 1st April 2016. This seminar, for which the general public and

interested stakeholders were invited to attend, discussed the advantages and challenges that both businesses and consumers face when they conclude contracts of sale online.

¹In 2008 the amount of Maltese consumers that bought goods and services online were 22%

MARKET OVERSIGHT

PRICING AND COMMERCIAL PRACTICES

12,585 inspections

were carried out in retail outlets, fruit and vegetable hawkers, open-air markets, village feast kiosks and beach kiosks to ensure compliance with the Price Indication Regulations. Retail outlets are visited at least once a year such as to cover all localities within Malta and Gozo, whilst specific areas or sectors are visited more regularly, such as open-air markets that are inspected every three months. Inspections are also focused in main shopping areas where bimonthly inspections are carried out in Valletta, Birkirkara, Paola, Ħamrun, Sliema, Mosta, St Julian's and Rabat (Gozo). In 2016, a total of 4,657 inspections were carried out in these localities.

A total of 695 outlets were found to be non-compliant with requirements and necessitated remedial action.

Pre-certification and certificate renewal inspections were also carried out in respect of the Trust You scheme. Additionally, 275 magazines and leaflets were checked for compliance with the Price Indication Regulations and the Unfair Commercial Practices Directive.

The Enforcement Directorate undertook two exercises to monitor the January and July sales in the clothing sector. The scope of these exercises is to ensure that the price indicated on the goods is the discounted price to be paid by the consumer and that all items, including non-sale items, have clear price indication. The total number of inspections conducted in this regard totals 838.

Locality	No. of outlets visited	Final discounted price on sale items		Price Indication (in general)	
		Yes	No	Yes	No
Valletta	241	208	33	241	0
Birkirkara	79	75	4	77	2
Ħamrun	83	83	0	82	1
Tigné Point	70	63	7	68	2
Sliema	103	94	9	100	3
Mosta	54	52	2	50	4
Paola	94	91	3	94	0
Baystreet	42	42	0	42	0
Victoria	72	71	1	72	0
TOTAL	838	779	59	826	12

The authenticity of trade fair discounts on the price of white goods was also ascertained during the course of 100 inspections. These inspections were held between March and July wherein 20 outlets were monitored every month on a number of specific basket of items. During the period under review, no misleading practices

were identified.

A number of complaints, mainly related to price indication, were received through emails and telephone calls. The Directorate commits itself to address such complaints within 5 working days and follow up accordingly.

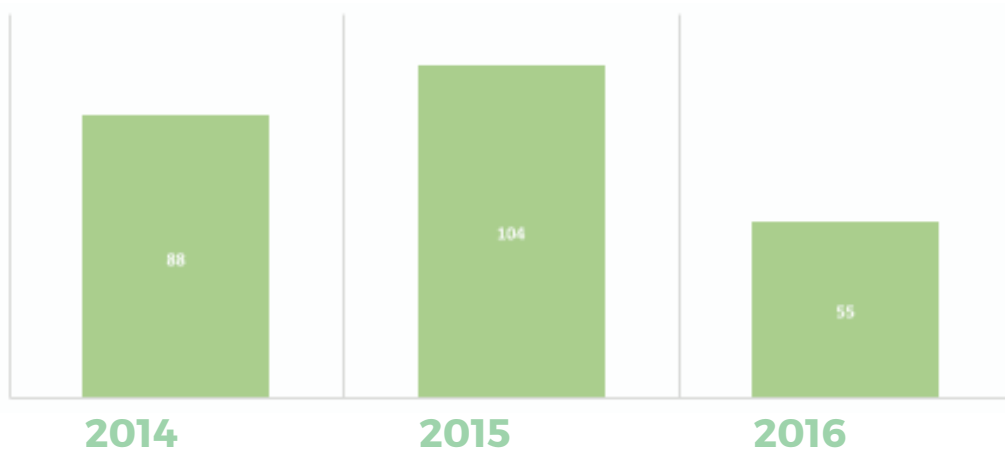


Figure 3: Total number of yearly complaints

Administrative proceedings were initiated against one service provider in relation to infringements of consumer protection legislation. Furthermore, the Directorate has engaged in correspondence with traders with a view of reaching a voluntary agreement prior to the initiation of administrative or criminal proceedings.

The Directorate is responsible for implementing the Consumer Protection Cooperation Regulation that mainly lays down the general conditions and a framework for cooperation between national enforcement authorities to ensure that the laws establishing consumer rights are equally enforced across the internal

market whilst creating a level playing field for businesses. Officials within the Directorate participated in a number of related activities, including the EU Sweep 2016*, an exchange of officials from the Consumer Protection Board of Estonia; and other common projects and actions, which focused on practices allegedly harming consumers within the European Union. During 2016, the Directorate followed up on the Sweep 2015 wherein traders voluntarily committed to regularise their position. Furthermore, the Directorate closely participated in the proposal for the Review of the Consumer Protection Cooperation Regulation published in May 2016 by the European Commission.

*An EU Sweep is an EU-wide coordinated action where a number of websites are checked simultaneously to identify breaches of consumer law. Following such investigation, national authorities then take proper enforcement actions such that websites found to be infringing consumer protection legislation are corrected.

MEDICINE PRICING

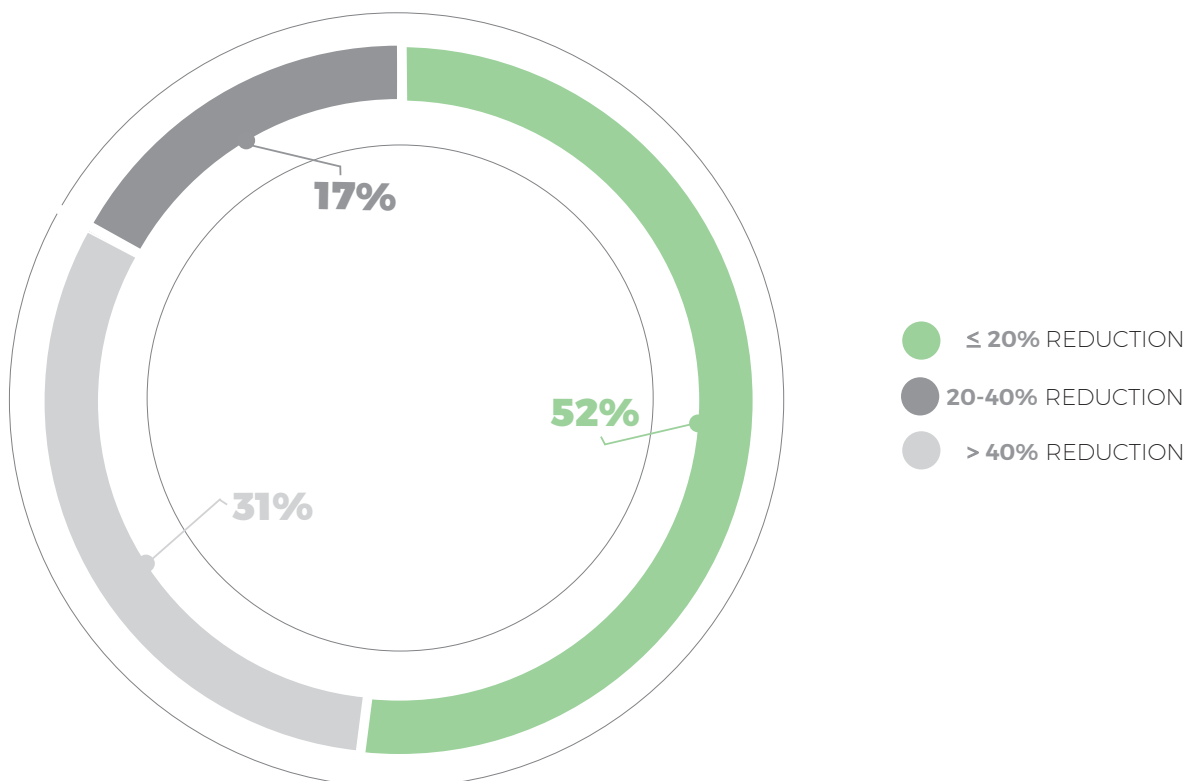
From its consumer-focused standpoint, the OCA adopts dichotomous yet complementary strategies to ensure accessibility to medicines; namely pricing interventions and consumer education.

Primarily, the Office is actively committed to ensure fair and affordable pricing of medicines on the market. Towards this end, pricing of medicines is kept under systematic review under the terms of a voluntary agreement between Government and the local pharmaceutical stakeholders.

Stakeholder engagement and cooperation is key and, in synergy with the pharma operators, the MCCA and the Medicines Authority regularly secure price revisions for a number of medicines. In 2016, the MCCA secured revisions of the recommended retail price of 29 medicines with **markdowns exceeding 40 per cent** for some of the drugs. As a result, prices were

lowered for preparations prescribed to treat a variety of disorders including prostatic hyperplasia, hypertension, osteoporosis, atherothrombotic events, skin conditions and asthma. The price revisions were closely monitored ex post facto by the Office and verification inspections in community pharmacies were carried out on a regular basis.

The OCA is also very active in promoting consumer interests in the choice and acquisition of medicines. As expected, the Office frequently receives requests for information and complaints on medicine pricing. Such instances provide scope for the Office to inform and advise consumers on pharmaco-economic matters and, in the process, educate and empower them to make better and more informed choices. For example, on engaging with consumers it is commonplace for the OCA to take the opportunity to inform consumers on the possibility of generic substitution of an expensive drug when available.







ASSISTANCE TO CONSUMERS

NATIONAL

During the year under review, the Directorate

**addressed
12,901 telephone
queries**

at the Authority's offices and on the Freephone service operated from Gozo. Additionally,

**799 queries and
complaints reached
the Directorate
through the generic
email accounts.**

While the majority of queries addressed were initiated by consumers, the Directorate also dealt with correspondence from traders enquiring about their obligations under the applicable consumer legislation.

In 2016, the number of consumer complaints registered for conciliation was 1,205. Of the total processed,

**an amicable
settlement was
reached in 537 cases**

following the intervention of the Directorate's complaints handlers. A further 166 cases were withdrawn by the complainants concerned. The percentage of cases settled amicably in 2016 was 44.5%, which reflected a marked decrease of 3.5% on the 48% registered in 2015.

Despite the Directorate's intervention, no settlement was reached in 381 cases and complainants proceeded to pursue their claim with the Consumer Claims Tribunal. In collaboration with the other Directorates of the Office, 8 public warning statements were issued against those traders who failed to honour the Tribunal's decision.

As National Enforcement Body (NEB) under the EC Regulation 261/2004 on cancellation and delay of flights, the Directorate's staff offer guidance to consumers and communicate with the airline operators in an attempt to resolve the issue amicably. In 2016,

**154 claims were
registered on behalf of
280 consumers.**

Nine claims were referred to the European Consumer Centre (Malta) and 14 claims were referred to other NEBs. Through the intervention of this Office,

**228 consumers were
compensated**

by the airline operator involved in their dispute. In total, these passengers received

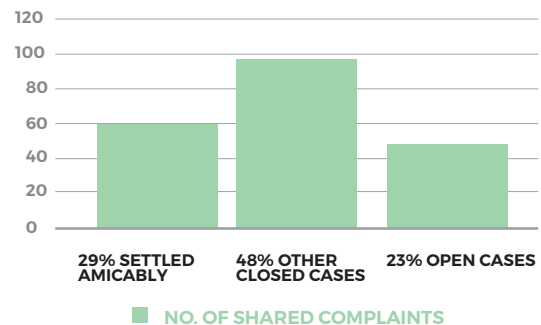
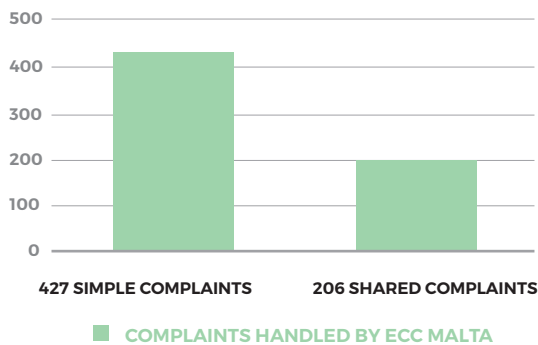
€75,913

in compensation.

EU-WIDE COOPERATION

The European Consumer Centres' Network (ECC-Net) is a joint action by the European Commission and the Member States. The aim of the Network is that of increasing consumer confidence in the European Internal Market. An ECC office is found in all 28 Member States of the EU and in Norway and Iceland. The main

functions of these offices are to provide information to consumers on cross-border purchases and to assist them with any complaints they may have with a business in another Member State. ECC Malta is hosted by the MCCA.



ASSISTING CONSUMERS

In 2016, ECC Malta dealt with 1049 contacts, comprising 416 requests for information and 663 complaints made by Maltese consumers against a business based in the EU or by EU consumers against a business based in Malta. This shows an increase of 6% in contacts with the Centre over the previous year. In fact, in 2016, ECC Malta dealt with over 100 more complaints over the previous year. From the number of complaints received,

427 were resolved

without the need for referral to another ECC for their intervention whilst 206 were shared with the Centre where the trader is based.

Following mediation, a total of 158 cases were closed with 60 reaching amicable settlement. From these cases, a total of 34 complaints involved Maltese consumers against businesses based in another EU Member State whilst 26 complaints involved European consumers against Maltese based traders.

Tied to this objective is another aim to promote and encourage the use of Alternative Dispute Resolution (ADR) Mechanisms. Thus, whilst the aim of the ECC is that of obtaining an amicable outcome to an issue, if relevant the ECC guides consumers through the appropriate tools and mechanisms, to find an out of court settlement to their complaint.

NETWORKING AND CONTRIBUTING TO CONSUMER POLICY

In reaching its objectives of working within the Network and promoting the Centre's objectives, ECC Malta participated in all of the joint research projects undertaken by the Network and disseminated the results. The joint projects undertaken by the Network covering different cross-border consumer issues. Throughout 2016, the ECC Net launched two joint projects entitled Do Invisible Borders Still Restrict Consumer Access to Services in the EU? and Cross Border Car Purchases. The results of these joint projects were published in two reports. The European Consumer Centre Network's (ECC-Net) report, titled Do Invisible Borders Still Restrict Consumer Access to Services in the EU? is an analysis of cases of different treatment of customers across Europe, potentially relevant pursuant to Article 20.2 of the Services Directive, which outlines the principle of non-discrimination on the basis of nationality and place of residence. The report found that consumers continue to face restrictions and are regularly confronted with

refusal to deliver or higher prices based on their nationality or place of residence. The complaints show that some traders have created artificial barriers and the reasons given for the restrictions applied are often unjustified.

The joint project about cross border car purchases coordinated by ECC France studied the hurdles faced by consumers when buying a car across borders. As a result of this project the ECCs have produced a series of guidance documents in the form of fact sheets in order to give practical advice on every step of the process to consumers buying a car in another EU Member State from the initial transaction to the completion of the registration procedure.

Moreover, the Centre maintained its commitment in giving its feedback to surveys and queries launched by other Centres, the European Commission and other stakeholders in the field of consumer protection.

PLANS FOR THE COMING YEAR

The Centre plans to carry on with its activities of providing assistance to consumers and disseminating information. These activities in fact make part of the implementation strategy of the Centre for the coming year. The need for increasing the success rate in resolving consumer handling complaints effectively as well as increasing the number of contacts with the Centre remain a priority for ECC Malta.

It must be submitted also, that during 2017, ECC Malta will take on the role of organizing the ECC Net Cooperation Day. This is an annual event of the Network, in which the Centres meet to discuss ongoing issues and exchange best practices. The Centre is committed to make the

most of this networking opportunity to drive discussions within the Network for the benefit of consumers.

Ultimately, the main aim of the ECC remains that of

providing effective redress to consumers in case of problems arising from cross-border transactions.

3

REGULATIONS DIVISION

The Authority, through the Technical Regulations Division, is also vested with the legal remit to establish technical requirements for a wide spectrum of products available on the market and for providing a market surveillance function to ensure that economic operators abide by their responsibility to place only safe products on the market.

TECHNICAL REGULATORY AFFAIRS

In order to fulfil its mandate effectively, the Regulatory Affairs Directorate (RAD) actively participates in various meetings both internationally and nationally to keep up to date with the latest developments and to contribute to the decision making process. It is also a member of the European Food Safety Authority and the European Chemicals Agency, which are entrusted, with risk assessment of food and chemicals respectively.

During 2016 the RAD performed a number of changes to its operations and put forward a strategy to overcome these challenges. The first step was to identify the main issues, which were impacting the local scenario and concentrated the majority of the Directorate's efforts towards these issues. Moreover, internal operations were streamlined to reduce any administrative burdens within the Directorate thus allowing more resources for the implementation of the legislation and the performance of risk assessment. A gap analysis was also performed on the human resources required for the correct functioning of the Directorate and to identify the areas, which need further strengthening.

Following the analysis mentioned above the following topics were identified as those having the main impact on the local market:

- ◆ Plant protection products and biocides
- ◆ Lifts
- ◆ Medical Devices
- ◆ Motor Vehicles
- ◆ F-gases
- ◆ Chemicals

The RAD consequently concentrated its resources and efforts on these issues by improving the internal operations in these sectors, **strengthening the internal technical knowledge** in these areas, performing various types of **consultations and meetings with operators, issuing press releases and guiding the industry in fulfilling its obligations.**

In addition to the above, the day-to-day operations concerning all the different sectors under the RAD's remit continued to be covered in a timely and effective manner. Some of these operations include:

Food supplement notifications

Biocides notifications and mutual recognitions

Authorisations of plant protection products

Acting as rapporteur for plant protection products zonal applications

Registration of Medical Devices

Providing instructions and preparing documents for issues being discussed at EU and international level

Assisting other entities and Ministries e.g., Customs and Ministry for Health and Ministry for Sustainable Development, The Environment and Climate Change

Transposition and implementation of EU legislation into national law under the Product Safety Act, the Food Safety Act and the Pesticides Control Act e.g.,

▶ Toys Regulations [S.L. 427.40]

▶ Radio Equipment Regulations [S.L. 427.41]

▶ Electromagnetic Compatibility Regulations [S.L. 427.35]

▶ Honey Regulations [S.L. 449.38]

▶ Caseins and Caseinates Regulations [S.L. 449.30]

▶ EC Type-Approval of Motor Vehicles and their Trailers Regulations [S.L. 427.23]

▶ Restriction of Use of Hazardous Substances in Electrical and Electronic Equipment Regulations [S.L. 427.57]

The RAD was also preparing for the incoming Maltese Presidency of the Council of the EU. A number of proposals are envisaged to be ongoing during the Maltese Presidency, which fall under the RAD's remit. The RAD will also be chairing a number of EU Council meetings and participating, as the Presidency, to various meetings both nationally and internationally.

MARKET SURVEILLANCE

Operations during 2016 targeted primarily products used by vulnerable consumers, where **children and senior citizens were placed at the forefront of our operations.**

Within this context, priority was given to enforcement of products falling under **Toys, Low Voltage Directive (LVD)*, Medical Devices, Pesticides, Lifts, Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)**, Cosmetics, Recreational Craft Directive (RCD)*** and Machinery.** Checks on pesticides were also increased.

A total of **234 inspections** were carried out. During these inspections, products were inspected for European Conformity (CE) marking as applicable and other labelling requirements as required by law. Other operations undertaken in 2016 included co-operation with customs, providing technical input, regarding product safety legislation.

A total of 341 such cases were handled.

In addition to market inspections, a number of samples were elevated and tests carried out as part of **Joint Actions** taken at European level. Products included childcare articles, child safety barriers, vehicle servicing lifts and angle grinders for machinery, acoustic toys and Light-Emitting Diode (LED) bulbs. All samples were subject to extensive tests in accredited laboratories.

Other testing carried out include the monitoring of Maximum Residue Levels of pesticides in foodstuff. In 2016, around 150 samples of foodstuffs were taken from the local market. Samples included swine fat, milk, wine, tomatoes, strawberries, peaches, cabbage and apples.

As an enforcement authority, the MSD again took legal actions when infringements resulting in the use of unsafe products were identified. To this effect, legal action was taken against a lift installer that refused to comply with the measures ordered by the Authority, whilst court proceedings are in hand for 20 farmers found to have placed on the market food commodities with high levels of pesticides.

RAPID PUBLIC ALERTS

As the RAPEX point of contact for Malta (Rapid Exchange of Information System, EU rapid alert system for dangerous consumer products), a total of 26 new notifications for products found unsafe on the local market were made. The products involved in such RAPEX cases varied from vehicles and toys to electrical equipment, clothes and cosmetics. Other notifications about unsafe products reported by all EU Member States can be found on https://ec.europa.eu/consumers/consumers_safety/safety_products/rapex/alerts/repository/content/pages/rapex/index_en.htm.

Further to the notifications, the MSD followed up 828 notifications from other countries and found 29 of these products on the Maltese market. Apart from following RAPEX notifications, the MSD also followed a total of 98 recall campaigns instigated by other sources such as

manufacturers or other consumer safety agencies outside the EU.

The number of complaints received and investigated by the MSD during 2016 amounted to 149.

All complaints received are investigated, but the pursuance of such investigations depends on the product type involved, the severity of the case and the facts established during the investigation. The number of complaints have been on the increase over the years and these emanate either from consumers who report their products for investigation following an incident, or economic operators to ensure that the market maintains a level playing field. These cases are given priority over random market inspections as these emanate from existent problem areas.

	2015	2016
Inspections	1332	886
RAPEX Alerts	25	26
Communication¹	396	517
Complaints²	127	149

1. Number of Communications with various stakeholders
 2. Complaints related to potentially hazardous products that are placed on the market

INTERNATIONAL PARTICIPATION

Malta, through the MSD, together with the TAIEX programme of the EU Commission (TAIEX is the Technical Assistance and Information Exchange instrument of the European Commission), hosted a Seminar on Market Surveillance for market surveillance officers from regional, non-European countries such as the non-EU Balkan states, North African and Near Eastern countries. Officers from the MSD explained to around 100 delegates from these countries their ways of operation, including communication with stakeholders and enforcement. Malta also hosted the spring EMC (Electro-Magnetic Compatibility) ADCO (Administrative Cooperation Group. Representatives of Member States meet to exchange information and discuss about issues regarding the implementation of the directive(s)

followed by the working group) meeting for 2016. The ADCO meeting discussed enforcement issues with regards the electromagnetic compatibility directive in the European market.

The MSD also takes part in other European-wide ADCOs such as ADCOs for LVD, Radio Equipment Directive (RED), Energy Labelling Directive, Eco-design Directive, Personal Protective Equipment (PPE), Construction Products Regulation (CPR), Pyrotechnical Articles Directive, Machinery Directive, Lifts Directive, ATEX and Restriction of Hazardous Substances (RoHS). Other European-wide market surveillance fora attended by the MSD are the ECHA and EFSA fora. In these fora, enforcement of chemicals and pesticides are discussed.

ACTIVITIES FOR 2017

During 2017 the RAD will continue to focus on the main sectors identified during 2016. Special interest will be given to the Maltese Presidency. This will represent a large challenge for the RAD, which will have to manage the increased workload due to the Presidency whilst still ensuring the smooth functioning of the day-to-day work and obligations.

The RAD's efforts will also be concentrated on the medical devices new framework regulation, which is envisaged to be published early next year. This will be strengthened by the MSD's launch of an information campaign. Further work is also envisaged in the motor vehicles sector, especially within the Type Approval sector, where a revamp of all the procedures is envisaged. 2017 will also see a strengthening of the Directorate with regard to human resources,

which will enable RAD to continue its effective contribution for the protection of the consumer and to ensure that safe products are placed on the market.

The vision of the MSD for 2017 is to focus the inspections on cosmetics, toys, personal protection equipment, electrical consumer products, construction products, lifts, detergents, biocides and plant protection products. The MSD also plans to fulfil its regular tasks, such as the testing of samples of food, plant and animal origin for pesticide levels, whilst following up the RAPEX notifications. In addition to this, other plans for 2017 include the participation in the Prosafe Joint Actions on Acoustic Toys, Child safety barriers, EEPLIANT, Power tools, CIMS and Risk Assessment.

* The Low Voltage Directive (LVD) 2014/35/EU ensures that electrical equipment within certain voltage limits provides a high level of protection for European citizens, and benefits fully from the Single Market. Electrical equipment under the LVD covers a wide range of consumer and professional products e.g. household appliances, cables, power supply units, laser equipment and some components such as fuses.

** REACH is a regulation of the EU, adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals, while enhancing the competitiveness of the EU chemicals industry. It also promotes alternative methods for the hazard assessment of substances in order to reduce the number of tests on animals.

*** Recreational Craft Directive (RCD) Directive 94/25/EC on recreational craft, as amended by Directive 2003/44/EC, is a European Union directive which sets out minimum technical, safety and environmental standards for the trade of boats, personal watercraft, marine engines and components in Europe. It covers boats between 2.5 and 24m, personal watercraft, engines and a number of components. It ensures their suitability for sale and use in Europe.

STANDARDISATION ACTIVITIES

4

The Standards and Metrology Institute (SMI) has the remit to sustain and enhance the quality infrastructure of Malta as we continue to see the increasing demand for higher quality, safer, reliable and interoperable products and services. The three Directorates of SMI provide the basis of an effective quality infrastructure for the Maltese community through the delivery of relevant standards, metrology and calibration services, testing, certification, inspection and other quality-related services to industry, public institutions and private enterprises.

The Standardisation Directorate, established within the Authority, acts as the National Standards Body and prepares, adopts, issues and maintains national standards. National standards are developed through two streams of activities. The first is via participation in the three European Standardisation Organisations (CEN, CENELEC and ETSI), that develop European standards and which are subsequently implemented as Maltese standards. The second is through the drawing up of standards that are only applicable to the Maltese islands. These are drawn up in consultation with relevant stakeholders and are adopted following a public consultation process.

Figure 1 shows the number of European standards adopted as Maltese standards during 2016 together with the total number of standards adopted since it became a member of the three European organisations since the year 2000.

During 2016, the Directorate drafted four new Maltese standards, namely:

- ◆ SM 5200:2017 - Solar Photovoltaic (PV) Installations - General requirements for PV systems installations”.
- ◆ DSM 3700:2017 - “Green Roofs - Criteria for the planning, construction, control and maintenance of Green Roofs”
- ◆ DSM 6000:2017 “Safety management systems - requirements for combat sports practised by minors in a ring”
- ◆ DSM 6200:2017 The participation of minors in political communication, election campaigns and referenda and all poll-related matters - Requirements

The Directorate offers a number of services that include a standards reference library and helpdesk, free participation in local technical committees, access to European and international technical committees, and training courses on standards that are of interest to standards users. The drafting of these standards will be completed in 2017 and following a public consultation process, it is expected that these standards will be published by mid-2017.

Other published Maltese standards can be found on MCCAA website.

mccaa.org.mt/en/development-of-standards



Figure 1: Adoption of European Standards as Maltese Standards during 2016

CONFORMITY ASSESSMENT

The Directorate also provides a number of conformity assessment schemes so as to assist the Maltese enterprise/ organisation in undertaking high quality activities, which finally lead to greater consumer protection and a more

effective quality infrastructure. Table 1 lists the number of certificates in the different inspection schemes being offered.

	NO. OF CERTIFICATES AS AT 2015	NO. OF CERTIFICATES AS AT 2016
Quality Management System to MSA EN ISO 9001	75	83
Environmental Management System to MSA EN ISO 14001	10	12
Occupational Health & Safety Management System to OHSAS 18001	2	2
Organic Farming to Council Regulation (EEC) No. 834/2007	27	44
Motor Vehicle Garages to MSA 1400:2006	392	403
Language Study Tour Provider to MSA EN 14804:2005	2	2
Pest Management Control to MSA 2000:2009	2	3
Security Clearance of Personnel to Security Council	667	754

Table 1 lists the number of certificates in the different certification and inspection schemes being offered.

The number of certificates has increased indicating a

positive disposition of local enterprises

to become more competitive and commit to quality system.

NATIONAL MEASUREMENT STANDARDS

Accurate measurement forms the backbone of technical regulations and standards. It is the prerequisite for free and fair trade nationally and internationally. Metrology is often an important function in most organisations to

ensure safety, quality, security, efficiency, reliability and precision of its products and services.

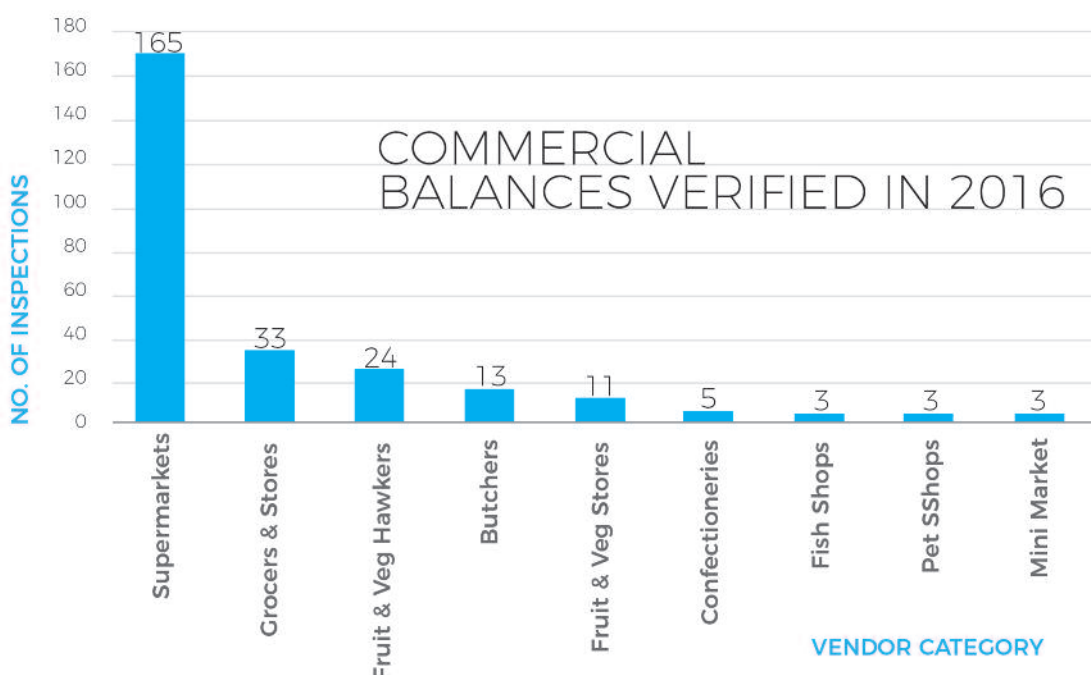
Accurate and widely accepted measurements are important in ensuring that market transactions can take place and that consumers feel confident that the goods they buy are of the quality they expect.

LEGAL METROLOGY

A programme of monitoring and verification of commercial balances and petrol pumps is undertaken to provide peace of mind to consumers. The process ensures that the right tools, which are correctly calibrated, are in fact being used to service clients. The programme includes the verification of gas-filling plants and the monitoring of gas cylinders and speed

camera calibration verification.

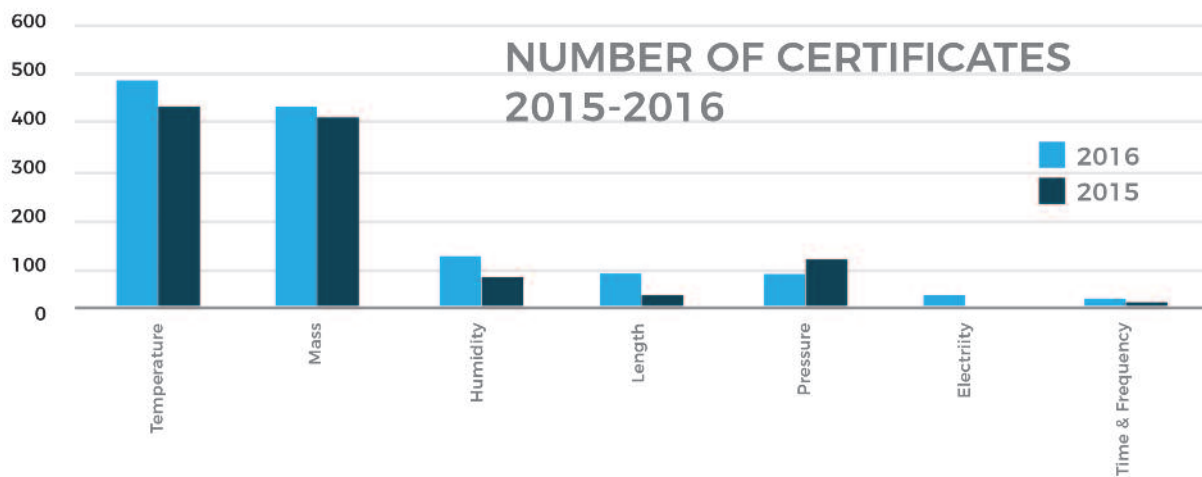
Figures 2 and 3 show the number of verifications and calibration certificates issued. Approximately 4% of verifications resulted in some non-conformities that had to be rectified by the concerned operators.



CALIBRATION SERVICES

The Metrology Directorate in 2016 has continued to provide **calibration services in the areas of mechanical and electrical metrology.**

A massive calibration and verification campaign of new, or never tested, weighbridges has been completed following the increased demand after the introduction of new regulations in the SOLAS (Safety-Of-Life-At-Sea) International Convention in July.



LABORATORY SERVICES

The MCCAA testing facilities are established in the Mosta technopark and provide services to Government entities as well as to the private sector.

In view of the extensive road works carried out in Malta during 2016, the Construction Material Testing Section of the Laboratory Services continued to receive high demands for construction material testing (Figure 4). The laboratory proved to be efficient in meeting these requests whilst at the same time adhering to the rigorous requirements of the offered accredited tests.

During the year, the Directorate also participated in a number of inter-laboratory comparison programmes whereby same samples are tested in different European laboratories to ensure that the test results obtained from MCCAA laboratories compare well with those of other laboratories.

In fact,
the results obtained ranks highly in comparison to other European accredited laboratories.



Figure 4: Road testing carried out by the Construction Material Testing during 2016

The year was also characterised by a further increase, over the previous year, in the quality assurance testing of medical gases (Figure 5). This was mainly due to an increased demand from newly set up wards

at Mater Dei Hospital and Sir Anthony Mamo Oncology Centre. Medical gases testing was also carried out at the Karen Grech Hospital.



MATER DEI HOSPITAL



KAREN GRECH HOSPITAL

CARRIED OUT MORE THAN
200 TESTS
ON MEDICAL GASES

Figure 5: Medical gases testing by the Chemistry Division within the Laboratory Services during 2016

ACTIVITIES FOR 2017

A number of standards are currently in the process of being drafted – refer to Table 3. To address the increasing demand from industry to further support their needs, it is expected that new certification schemes will be launched during 2017 in the areas of:

Food Safety Management Systems (based on the international standard ISO 22000), Occupational Health and Safety (based on the new ISO 45001) and on Social Responsibility (based on the principles of ISO 26000).

	DEVELOPMENT STAGE	EXPECTED PUBLICATION STAGE
Photovoltaic Installations General Safety Requirements of PV panel installations	Final Draft	March 2017
Combat Sport	Drafting	March 2017
National Annexes of Structural Building Eurocodes	Drafting	September 2017
Participation of minors in marketing communication	Initial Proposal	March 2017

Table 3: Standardisation work programme 2016-2017

In the area of legal metrology, the existing legislation covering the Non-Automated Weighing Instruments and the Measuring Instruments Directives will be updated to be in line with the revised European regulation in the field.

During 2017, the Laboratory Services Directorate will continue to expand its services mainly as a quality controller in construction works for public entities. It will also be exploring opportunities to collaborate with private laboratories to extend its testing facilities in new area such as toxicology and pesticide residue testing that are in demand for greater consumer protection.

5

HUMAN RESOURCES

HR MISSION

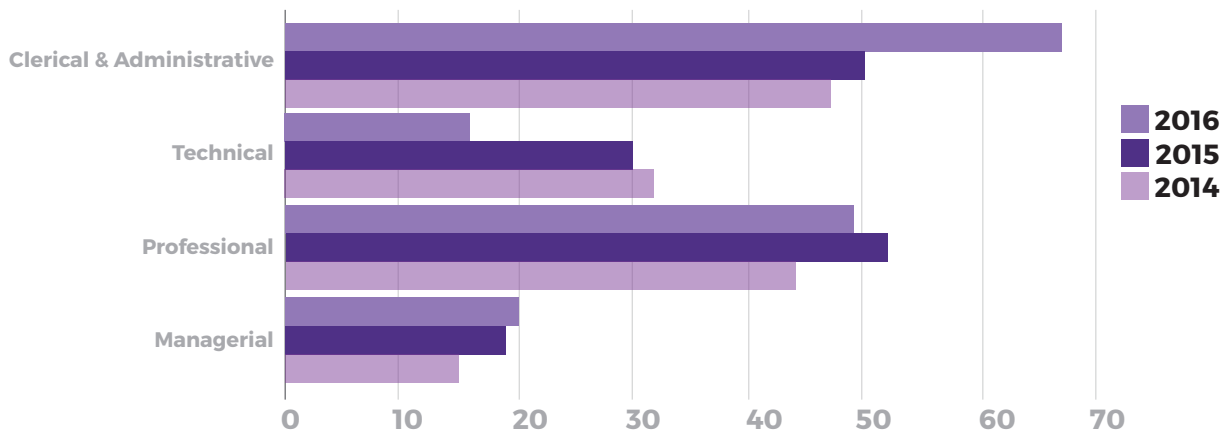
To foster a culture of excellence, learning, fairness and inclusion. HR supports MCCA in successfully filling its mission.

HUMAN RESOURCES

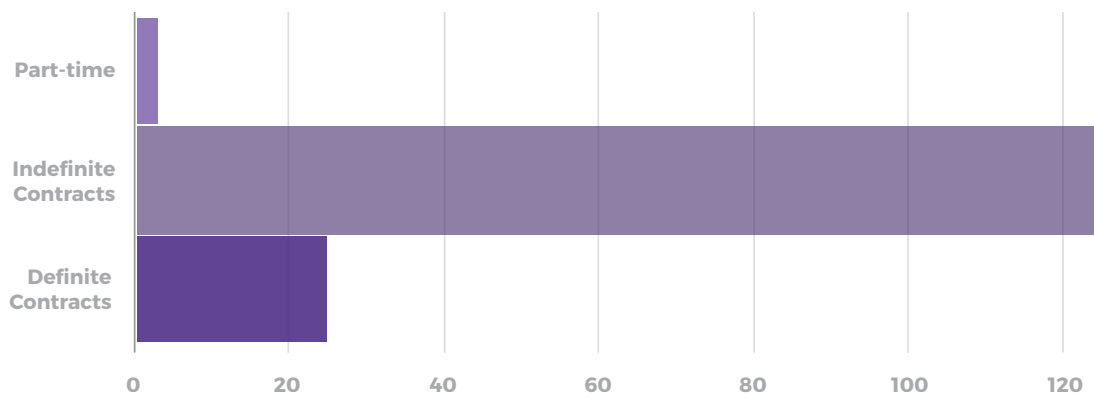
Adequate resourcing, both in numbers and capability is critical for the proper functioning of the Authority. During the year under review,

the Authority was successful in strengthening its inspectorate function thereby allowing for more market surveillance.

Unfortunately, it suffered a loss of technical and professional employees due to a very competitive labour market for qualified employees. The Authority is working on a holistic recruitment package to address this issue.



MCCAA currently employs **152** employees (Including employees on part-time and on definite contracts) within our premises, which are situated in Kordin, Mosta, Blata L-Bajda and Gozo.



FAMILY-FRIENDLY MEASURES

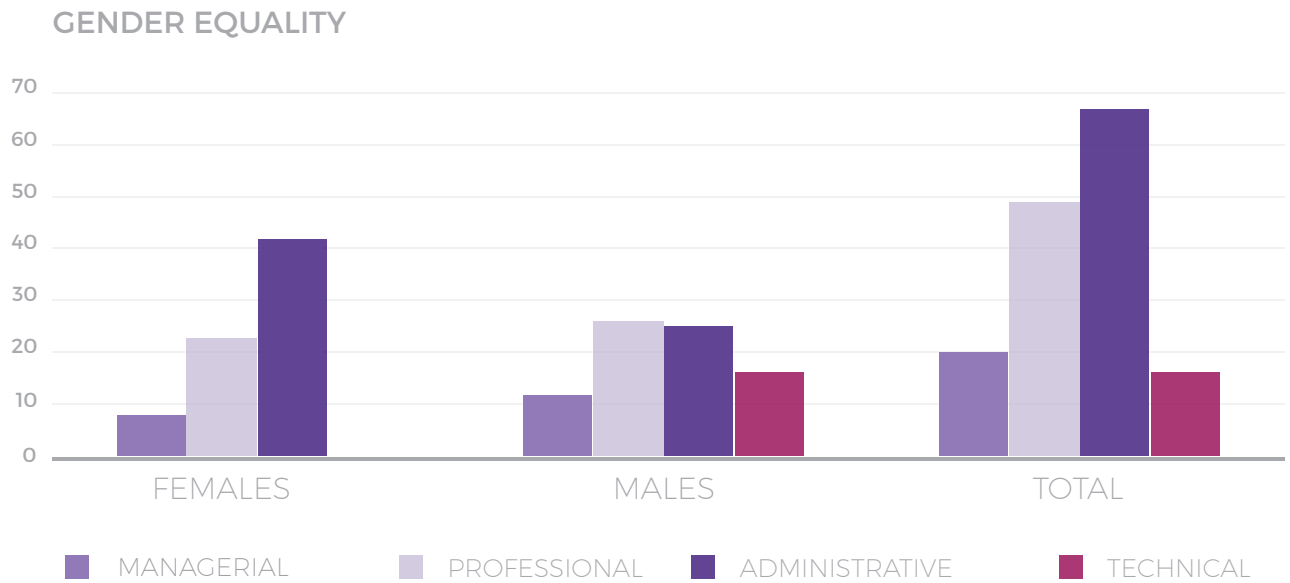
The Authority places value on work-life balance and has a number of family-friendly measures in place namely:

- **Flexitime**
- **Parental Leave**
- **Reduced Hours**
- **Career Break**
- **Part-Time Work**
- **Telework**



GENDER EQUALITY

The Authority is committed to achieving gender equality at all levels. This goal is supported through the strengthening of family-friendly measures.







MALTA COMPETITION AND
CONSUMER AFFAIRS AUTHORITY

ANNUAL REPORT

For the year ended 31 December 2016

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MALTA COMPETITION AND CONSUMER AFFAIRS AUTHORITY

REPORT OF THE BOARD OF GOVERNORS

Principal Activity

The Malta Competition and Consumer Affairs Authority (MCCAA) was established on 23rd 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, to provide for the establishment, jurisdiction and procedure of an appeals tribunal and to make amendments to other laws.

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 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 account 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.

MALTA COMPETITION AND CONSUMER AFFAIRS AUTHORITY

REPORT OF THE BOARD OF GOVERNORS (continued)

Reporting Responsibilities of the Board of Governors (continued)

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 ongoing 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 MCCA Act.

Business Review

The results for the year under review show a deficit of € (604,948) (2015 – surplus of € 274,316).

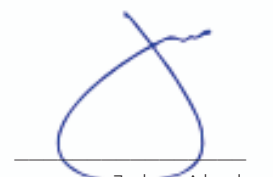
Auditors

Parker Randall Turner have intimated their willingness to continue in office as auditors of the Authority.

By Order of the Board of Governors



Ing Helga Pizzuto
Chairperson



John Abela
Deputy Chairman

28 March 2017

MALTA COMPETITION AND CONSUMER AFFAIRS AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2016 €	2015 €
INCOME			
Government Subvention		3,366,375	3,490,000
Grants		88,447	100,944
		<hr/>	<hr/>
Total government contributions		3,454,822	3,590,944
Administrative and other expenses		(5,543,853)	(4,938,409)
		<hr/>	<hr/>
(DEFICIT) ON OPERATIONS		(2,089,031)	(1,347,465)
Other income from other activities	4	1,484,083	1,621,781
		<hr/>	<hr/>
(DEFICIT)/ SURPLUS FOR THE YEAR BEFORE TAXATION	5	(604,948)	274,316
Taxation	6	-	-
		<hr/>	<hr/>
(DEFICIT)/ SURPLUS FOR THE YEAR AFTER TAXATION		(604,948)	274,316
		<hr/>	<hr/>

MALTA COMPETITION AND CONSUMER AFFAIRS AUTHORITY
STATEMENT OF FINANCIAL POSITION
At 31 December 2016

ASSETS	Notes	2016 €	2015 €
Non-Current Assets			
Property, plant and equipment	7	627,783	729,889
Current Assets			
Trade and other receivables	8	741,629	1,009,162
Cash at bank and in hand	11	893,976	945,944
		1,635,605	1,955,106
Current Liabilities			
Trade and other payables	9	(1,437,533)	(1,192,783)
		198,072	762,323
Total assets less current liabilities		825,855	1,492,212
Non-Current Liabilities			
Deferred government grants	10	(222,103)	(283,512)
Total Net Assets		603,752	1,208,700
Reserves			
Capital reserve		11,493	11,493
Retained Funds		592,259	1,197,207
Total Reserves		603,752	1,208,700

The financial statements on pages 56 to 76 were approved by the Board of Governors on 28 March 2017.



Ing Helga Pizzuto
Chairperson



John Abela
Deputy Chairman

MALTA COMPETITION AND CONSUMER AFFAIRS AUTHORITY

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2016

	Retained Funds €	Capital Reserve €	Total €
At 31 December 2014	922,891	11,493	934,384
FINANCIAL YEAR ENDED 31 DECEMBER 2015			
Surplus for the year	274,316	-	274,316
At 31 December 2015	<u>1,197,207</u>	<u>11,493</u>	<u>1,208,700</u>
FINANCIAL YEAR ENDED 31 DECEMBER 2016			
Deficit for the year	(604,948)	-	(604,948)
At 31 December 2016	<u>592,259</u>	<u>11,493</u>	<u>603,752</u>

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.

MALTA COMPETITION AND CONSUMER AFFAIRS AUTHORITY
STATEMENT OF CASHFLOWS

For the year ended 31 December 2016

	Notes	2016 €	2015 €
NET CASH GENERATED FROM OPERATING ACTIVITIES	11 (a)	19,661	360,538
CASH (OUTFLOW) FROM INVESTING ACTIVITIES			
Payments to acquire property, plant and equipment	11 (b)	(71,629)	(64,009)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		(51,968)	296,529
Cash and cash equivalents at end of year	11 (c)	945,944	649,415
	11 (c)	893,976	945,944

Note:

	2016 €	2015 €
Cash and cash equivalents are made up of the following balances:		
Cash in hand and at bank resulting from operations	200,915	539,884
Outstanding liabilities in relation to specific projects	665,261	378,060
Bank guarantees	27,800	28,000
	893,976	945,944

MALTA COMPETITION AND CONSUMER AFFAIRS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. TRANSFER OF THE AUTHORITY ASSETS AND LIABILITIES

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

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU. 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.

2.1 Standards, interpretations and amendments to published standards effective in 2016.

The Authority adopted new standards, amendments and interpretations to existing standards that are mandatory for the Authority's accounting period beginning on or after 1 January 2016. The adoption of these revisions to the requirements of the IFRSs as adopted by the EU did not result in substantial changes to the Authority's accounting policies.

(a) IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 'Revenue from Contracts with Customers' establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

MALTA COMPETITION AND CONSUMER AFFAIRS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

2) BASIS OF PREPARATION (continued)

(b) IFRS 16 'Leases'

IFRS 16 presents new requirements for the recognition of leases replacing IAS 17 'Leases, and some lease-related Interpretations. The new standard requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value leases. The standard also provides new guidelines on the application of the definition of lease and on sale and lease back accounting. IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019. The Authority has started to assess the impact of IFRS 16 but is not yet in a position to provide quantified information.

(c) IFRS 9 'Financial Instruments' (2014)

The IASB recently released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting. At this stage the main areas of expected impact are as follows:

- the classification and measurement of financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed;
- an expected credit loss-based impairment will need to be recognised on trade receivables;
- The new requirements in relation to financial liabilities address the problem of volatility in profit or loss arising from an issuer to measure its own debt at fair value. With the new requirements, any entity choosing to measure the liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within the profit or loss.

This standard is applicable for annual periods beginning on or after 1 January 2018.

The Board of Governors do not anticipate that the application of these amendments will have a material impact on the Authority's financial statements.

3. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with International Financial Reporting Standards, as adopted by the EU. The particular accounting policies which have been applied consistently are described below:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

3. PRINCIPAL ACCOUNTING POLICIES (continued)

(b) 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

(c) Intangible assets

Intangible assets represent library publications. These are measured initially at purchase cost and amortised on a straight line basis over their estimated useful life.

(d) Website costs

Website costs have been accounted for in the statement of comprehensive income in view of the fact that it will be mainly for advertising and information purposes.

(e) Impairment

At each statement of financial position date, the Authority reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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 recognized 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 recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

MALTA COMPETITION AND CONSUMER AFFAIRS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

3. PRINCIPAL ACCOUNTING POLICIES (continued)

(f) Financial instruments

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

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

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit and loss, which are measured initially at fair value. They are subsequently measured as described below.

For the purpose of subsequent measurement, financial assets of the Authority are classified into loans and receivables upon initial recognition. The category determines subsequent measurement and whether any resulting income and expense is recognized in the statement of comprehensive income. Loans and receivables are subject to review for impairment at least at each reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted when the effect of discounting is immaterial. The Authority's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other available features or shared credit risk characteristics. The percentage of the write down value is then based on recent historical counterparty default rates for each identified group.

The Authority's financial liabilities include bank borrowings, long term payables, and trade and other payables. These are stated at their nominal amount which is a reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

3. PRINCIPAL ACCOUNTING POLICIES (continued)

(g) 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.

(h) Deferred Grants

Deferred grants availed of by the Authority are disclosed as per International Accounting Standard 20.ove. These have been disclosed under financial liabilities and will be amortised over the useful life of the assets. here the original grant related to an asset, the repayment should be treated as increasing the carrying amount of the asset or reducing the deferred income balance. The cumulative depreciation which would have been charged had the grant not been received should be charged as an expense

(i) 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.

MALTA COMPETITION AND CONSUMER AFFAIRS AUTHORITY**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2016**

3. PRINCIPAL ACCOUNTING POLICIES (continued)

(j) Government contributions

Government contributions are recognized as income when received. Government grants represent amounts received in terms of capital votes. Government grants received in respect of expenditure charged to the income and expenditure account during the year have been included in the income and expenditure account. The remainder is deferred and is included in the income and expenditure account by installments over the expected useful lives of the related assets.

Pre-accession funds, ERDF and other grants represent income received in accordance with the 'project fiche' agreement signed between the Government of Malta and the European Union. Funds received or paid on behalf of the Authority arising from the government vote in relation to operational expenditure are charged to the income and expenditure account as they arise and are reflected in the statement of comprehensive income. Funds paid on behalf of the Authority in respect of capital expenditure are deferred and included in the income and expenditure by installments over the expected useful lives of the related assets.

(k) 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.

(l) Significant judgement in applying accounting policies (continued)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

3. PRINCIPAL ACCOUNTING POLICIES (continued)

(l) Significant judgement in applying accounting policies (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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).

(m) 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.

MALTA COMPETITION AND CONSUMER AFFAIRS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

4. OTHER INCOME	2016	2015
	€	€
Accreditation fees	-	50,257
Bank interest	53	124
Calibration and Legal Metrology	108,680	93,161
Certification services	151,740	130,266
EC Type approval certification	144,524	218,401
EFSA agreement	25,000	25,000
General income	6,872	38,582
GHRC contract	22,590	-
NAB Income	-	15,995
Net income from translations	8,854	25,028
Plant protection	547,333	490,834
Regulatory fees	58,250	73,305
Refund ESF Project	-	41,780
Sale of standards	24,498	12,082
Seminars	12,042	4,743
Transport Malta Agreement	250,981	270,034
Tribunal fees	4,850	4,990
Testing services	32,552	39,253
Travel refunds	85,264	87,946
	1,484,083	1,621,781

5. (DEFICIT)/ SURPLUS FOR THE YEAR	2016	2015
	€	€
Is stated after charging:		
Board of Governors' remuneration	28,825	28,592
Depreciation of plant and equipment	173,735	181,970
Staff costs (note)	3,264,572	2,947,475
Audit fees	6,100	5,500

MALTA COMPETITION AND CONSUMER AFFAIRS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

5. (DEFICIT)/ SURPLUS FOR THE YEAR (continued)

Note:

Staff costs	2016 €	2015 €
Wages and salaries	3,025,411	2,735,899
Social security costs	239,161	211,576
	3,264,572	2,947,475
Full-time Employees	144	129
Part-time Employees	8	22
Average number of employees:	152	151

6. TAXATION

No taxation is provided for on statutory income in view of unabsorbed capital allowances and unabsorbed statutory losses brought forward from previous years. During the year, the Authority had unabsorbed capital allowances of € 1,978,786 (2015 - € 1,746,523).

Deferred taxation is not reflected in the financial statements, since from a review of taxable income it is anticipated that the substantial tax losses and capital allowances will not be crystallized in the foreseeable future.

MALTA COMPETITION AND CONSUMER AFFAIRS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2016

7. PROPERTY, PLANT AND EQUIPMENT

	Improvements to Premises €	Computer Equipment €	Equipment Furniture and Fittings €	Metrology equipment €	Air Conditioning Equipment €	Motor Vehicles €	Total €
Cost							
At 1 January 2015	302,179	282,301	803,983	2,449,288	21,384	237,922	4,097,057
Additions	10,840	44,287	8,139	743	-	-	64,009
Released on disposal	-	-	-	-	-	(19,800)	(19,800)
At 31 December 2015	313,019	326,588	812,122	2,450,031	21,384	218,122	4,141,266
Depreciation							
At 1 January 2015	35,233	267,823	769,232	1,917,613	21,384	237,922	3,249,207
Charge for the year	6,262	18,636	16,638	140,434	-	-	181,970
Released on disposal	-	-	-	-	-	(19,800)	(19,800)
At 31 December 2015	41,495	286,459	785,870	2,058,047	21,384	218,122	3,411,377
Net Book value							
At 31 December 2015	271,524	40,129	26,252	391,984	-	-	729,889
At 31 December 2014	266,946	14,478	34,751	531,675	-	-	847,850

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2016

7. PROPERTY, PLANT AND EQUIPMENT (continued)

	Improvements to Premises €	Computer Equipment €	Equipment Furniture and Fittings €	Metrology equipment €	Air Conditioning Equipment €	Motor Vehicles €	Total €
Cost							
At 1 January 2016	313,019	326,588	812,122	2,450,031	21,384	218,122	4,141,266
Additions	5,993	30,169	13,340	1,525	-	20,602	71,629
At 31 December 2016	319,012	356,757	825,462	2,451,556	21,384	238,724	4,212,895
Depreciation							
At 1 January 2016	41,495	286,459	785,870	2,058,047	21,384	218,122	3,411,377
Charge for the year	6,382	31,309	14,827	117,097	-	4,120	173,735
At 31 December 2016	47,877	317,768	800,697	2,175,144	21,384	222,242	3,585,112
Net Book value							
At 31 December 2016	271,135	38,989	24,765	276,412	-	16,482	627,783
At 31 December 2015	271,524	40,129	26,252	391,984	-	-	729,889

MALTA COMPETITION AND CONSUMER AFFAIRS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

8. TRADE AND OTHER RECEIVABLES	2016	2015
	€	€
Trade debtors – Public entities	224,177	481,224
Trade debtors – Private entities	374,330	355,811
Vat recoverable	47,514	19,315
Prepayments and accrued income	95,608	152,812
	741,629	1,009,162

9. CURRENT LIABILITIES	2016	2015
	€	€
Current portion on deferred government grants (note 10)	80,509	83,671
Trade creditors	237,204	264,493
Deferred income (note)	419,500	428,833
Accruals and other creditors	700,320	415,786
	1,437,533	1,192,783

Note:

Deferred income represents income from plant protection services which will crystallize during 2017.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2016

10. NON-CURRENT LIABILITIES (continued)

	European Union Grant	National Laboratory Vote	Equipment Vote	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
	€	€	€	€	€	€	€	€	€	€	€	€
Grants received												
At 1/01/2015 and 31/12/2015	168,686	-	-	498,297	1,735	451,689	66,402	587,464	129,551	213,277	909,201	3,026,302
Grants utilization												
At 01/01/2015	168,686	-	-	498,297	1,735	360,620	9,891	294,285	102,183	213,277	909,201	2,558,175
Transferred to income	-	-	-	-	-	23,196	1,332	56,988	19,428	-	-	100,944
At 31/12/2015	168,686	-	-	498,297	1,735	383,816	11,223	351,273	121,611	213,277	909,201	2,659,119
Balance												
At 31/12/2015	-	-	-	-	-	67,873	55,179	236,191	7,940	-	-	367,183
At 31/12/2014	-	-	-	-	-	91,069	56,511	293,179	27,368	-	-	468,127

MALTA COMPETITION AND CONSUMER AFFAIRS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2016

10. NON-CURRENT LIABILITIES (continued)

	European Union Grant	National Laboratory Vote	Equipment Vote	Metrology Laboratory Grants	Operations Allocation	ICT Operations	Transition Facility Grant	Refurbish Works Vote	ERDF Grant	Mater Dei Grant	Consumer Division Grant	Malta National Lab Grant	Total
	€	€	€	€	€	€	€	€	€	€	€	€	€
Grants received													
At 1/01/2016	168,686	-	-	498,297	1,735	1,735	451,689	66,402	587,464	129,551	213,277	909,201	3,026,302
Additions	-	-	-	23,880	-	-	-	-	-	-	-	-	23,880
At 31/12/2016	168,686	-	-	522,177	1,735	1,735	451,689	66,402	587,464	129,551	213,277	909,201	3,050,182
Grants utilization													
At 01/01/2016	168,686	-	-	498,297	1,735	1,735	383,816	11,223	351,273	121,611	213,277	909,201	2,659,119
Transferred to income	-	-	-	4,776	-	-	18,133	1,332	56,274	7,936	-	-	88,451
At 31/12/2016	168,686	-	-	503,073	1,735	1,735	401,949	12,555	407,547	129,547	213,277	909,201	2,747,570
Balance													
At 31/12/2016	-	-	-	19,104	-	-	49,740	53,847	179,917	4	-	-	302,612
At 31/12/2015	-	-	-	-	-	-	67,873	55,179	236,191	7,940	-	-	367,183

MALTA COMPETITION AND CONSUMER AFFAIRS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

10. NON-CURRENT LIABILITIES (continued)	2016 €	2015 €
Deferred Government Grants	302,612	367,183
Less: Amounts to be transferred to income and expenditure account within one year (note 9)	(80,509)	(83,671)
	222,103	283,512

11. NOTES TO THE CASH FLOW STATEMENT

(a) Cash generated from operations	2016 €	2015 €
(Deficit)/ surplus for the year	(604,948)	274,316
Adjustment for :		
Depreciation	173,735	181,970
Increase in provision for doubtful debtors	228,164	26,026
Government Grants transferred to the statement of comprehensive income	(88,447)	(100,944)
(DEFICIT)/ SURPLUS BEFORE WORKING CAPITAL CHANGES	(291,496)	381,368
Decrease/ (increase) in debtors	39,369	(245,492)
Increase in creditors	271,788	224,662
Net cash generated from operations	19,661	360,538

(b) Plant and equipment

During the period, the Authority acquired plant and equipment with an aggregate cost of € 71,629 and which were paid for in cash.

MALTA COMPETITION AND CONSUMER AFFAIRS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

11. NOTES TO THE CASH FLOW STATEMENT

(c) Cash and cash equivalents

Cash and cash equivalents consists 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.

	2016 €	2015 €
Cash at bank and in hand (note)	893,976	945,944

Note:

The cash in hand and at bank of € 893,976 (2015: € 945,944) represent year-end cash and cash equivalents which will be applied as follows:

Cash at bank and in hand	893,976	945,944
Less: Bank Guarantee	(27,800)	(28,000)
Available funds for utilization	866,176	917,944
Less: Outstanding liabilities in relation to specific projects	(665,261)	(378,060)
Available for other operations	200,915	539,884

12. FINANCIAL INSTRUMENTS

Financial assets of the Authority are cash and cash equivalents, trade and other receivables and financial derivate instruments.

The main risks arising from the Authority's financial instruments are credit risk, market risk and liquidity risk. The Board of Governors reviews and agrees policies for managing each of these risks which are summarized 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 with the result that the Authority exposure to bad debts is not significant. The necessary provisions and impairments are provided for and reviewed on an ongoing basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

12. FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

The Authority has no 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

(b) Liquidity risk

The Authority policy is to maintain a balance between continuity of funding and flexibility through the use of banks overdrafts, loans and finance leases. 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.

(c) Market Risk

Market risk includes interest and currency risk.

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or fair values of financial instruments. The Authority exposure to risk relates primarily to bank balances held.

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

The Authority monitors all exposures on a real time basis and uses a variety of hedging techniques to bring all exposures within agreed limits.

13. CONTINGENT LIABILITIES

	2016	2015
Guarantees given in the course of business	€ 27,800	€ 28,000
	<hr/>	<hr/>

14. COMPARATIVE FIGURES

Comparative figures in the income statement have been changed to comply with this year's presentation of balances.

MALTA COMPETITION AND CONSUMER AFFAIRS AUTHORITY

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GOVERNORS

To the Board of Governors of Malta Competition and Consumer Affairs Authority - Report on Audit of the Financial Statements.

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of Malta Competition and Consumer Affairs Authority from pages 3 to 23, which comprise the balance sheet as at 31 December 2016 and the income statement, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Malta Competition and Consumer Affairs Authority, 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 EU.

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 Auditors' 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.

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.

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GOVERNORS (continued)

Auditors' 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 auditors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

MALTA COMPETITION AND CONSUMER AFFAIRS AUTHORITY

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GOVERNORS (continued)

- 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.

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.



Arthur Douglas Turner - Partner
For and on behalf of Parker Randall Turner

'Parker Randall Turner'
13, Curate Fenech Street,
Birzebbugia BBC 2032
Malta

29 March 2017

The Schedules and Appendices on the pages that follow do not
form part of the financial statements

MALTA COMPETITION AND CONSUMER AFFAIRS AUTHORITY
SCHEDULE I - INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 December 2016

	Pages	2016 €	2015 €
INCOME			
Government subvention		3,366,375	3,490,000
Grants		88,447	100,944
Total government contributions		<u>3,454,822</u>	<u>3,590,944</u>
Other income	82	1,484,083	1,621,781
TOTAL INCOME		<u>4,938,905</u>	<u>5,212,725</u>
Administrative and other expenses	83	(5,543,853)	(4,938,409)
(DEFICIT)/ SURPLUS FOR THE YEAR		<u>(604,948)</u>	<u>274,316</u>

MALTA COMPETITION AND CONSUMER AFFAIRS AUTHORITY

SCHEDULE II - INCOME AND EXPENDITURE ACCOUNT SCHEDULES

For the year ended 31 December 2016

OTHER INCOME

	2016	2015
	€	€
Accreditation fees	-	50,257
Bank interest	53	124
Calibration and Legal Metrology	108,680	93,161
Certification services	151,740	130,266
EC Type approval certification	144,524	218,401
EFSA agreement	25,000	25,000
General income	6,872	38,582
GHRC contract	22,590	-
NAB Income	-	15,995
Net income from translations	8,854	25,028
Plant protection	547,333	490,834
Regulatory fees	58,250	73,305
Refund ESF Project	-	41,780
Sale of standards	24,498	12,082
Seminars	12,042	4,743
Transport Malta Agreement	250,981	270,034
Tribunal fees	4,850	4,990
Testing services	32,552	39,253
Travel refunds	85,264	87,946
- to page 81	1,484,083	1,621,781

MALTA COMPETITION AND CONSUMER AFFAIRS AUTHORITY

SCHEDULE II - INCOME AND EXPENDITURE ACCOUNT SCHEDULES

For the year ended 31 December 2016

	2016	2015
	€	€
ADMINISTRATIVE AND OTHER EXPENSES		
Accreditation costs	35,955	24,161
Advertising and Public Relations	30,112	12,438
Audit fees	6,100	5,500
Audit of Quality Assurance System	4,611	5,480
Bank Charges and interest	886	3,029
Board of Governors' fees	28,825	28,592
Certification expenses	9,271	17,800
Cleaning expenses	24,253	24,306
Depreciation	173,735	181,970
General Expenses	8,427	11,851
Hospitality and Entertainment	16,524	14,040
Information Technology expenses	27,044	31,004
Insurance	17,632	15,516
Irrecoverable VAT	14,340	10,765
Legal and Professional fees	56,631	23,268
Membership fees	113,410	105,895
Metrology Laboratory expenses	-	3,718
National Accreditation Board Expenses	-	33,473
National Laboratory expenses	68,565	115,935
Plant Protection Evaluation services	424,046	416,548
Postage and Couriers	9,647	7,987
Printing and Stationery	24,340	26,821
Provision for Doubtful Debts	228,164	26,026
Realised Loss on exchange	3,396	8,567
Rent	425,558	409,807
Repairs and Maintenance	18,582	18,349
Salaries	3,264,572	2,947,475
Support services	56,485	15,630
Seminar Costs	8,961	4,909
Telecommunications	25,965	40,004
Testing of Pesticides	57,069	7,890
Training and Professional Development	49,897	31,182
Transport	40,339	50,837
Travelling	200,104	181,449
Water and Electricity	70,407	76,187
- to page 81	5,543,853	4,938,409

