

# 2022 ANNUAL REPORT



MCCAA


MALTA COMPETITION AND  
CONSUMER AFFAIRS AUTHORITY





# Mission Statement

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

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# Chairperson's Address

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2022 was a busy year, with the Authority actively engaged in strengthening consumer rights both through increased market oversight and extensive work on legislative reviews aimed at ensuring that national law continues to adequately protect consumers in the face of today's fast moving and dynamic markets.

As the threat of the Covid-19 pandemic receded, we could get back to conducting our work more serenely, with increases once again in our activities involving face-to-face contact with the public. We focused our efforts in those areas that had a direct and immediate effect on consumers – consumer rights at point of sale and product safety. We placed a particular focus on food, medicines and toys, since they are priority areas for consumers.

Onsite market monitoring to check for price indication increased by nearly 60% over 2021 figures and two specific market exercises were undertaken to check that 'Sales' were genuine and not misleading. In addition, the Digital Investigations Unit, set up in 2021, greatly facilitated automated online checks, with the new unit contributing to a 45% increase in our checks over previous years. These online sweeps have been carried out to check on adequate price monitoring, unfair commercial practices and unfair terms, and unsafe products.

We complemented our increased monitoring with a strengthening of our redress mechanisms and started work on an initiative to increase the Consumer Claims Tribunal's remit from €5,000 to €10,000, thereby reducing those cases where consumers are constrained to take their case to Court.

Throughout the year, the Authority invested substantially in enhancing its market oversight on product safety, a key consumer protection initiative, especially in view of the exponential increase of market players that online purchasing has brought about. The valid work undertaken in this field by the Technical Regulations Division was also recognised by the European Commission, which presented the Authority with a certificate of special recognition for the enforcement actions taken as part of a European co-ordinated activity on the safety of products that started in 2021.

Another facet of the Authority's work is that undertaken by the Office for Competition. The work of this Office, especially its review of concentrations, plays a key role in ensuring that consumers continue to be protected through a competitive market. During the past year, the Office issued nine concentration decisions touching various sectors of the economy, two of which were in the shipping sector.

In addition, for the first time in two decades, the Office approved a complex Phase II concentration, subject to commitments, including the appointment of a monitoring trustee. The office also sought to step up its enforcement activity, as another tool to encourage compliance with competition law, by issuing warning letters to undertakings that were suspected to have potentially infringed competition rules.

We invested our industry-focused support activities through the commissioning of state-of-the-art equipment at the Standards and Metrology Institute. This will support the Institute to continue to provide accredited testing and calibration services. In addition, the first inspections by the Office of Gold and Silversmiths started to be carried out since this office was integrated within the Authority.



In parallel to these efforts, substantial work went into introducing legislation to address the new challenges brought about primarily by the increase in online purchases. The Consumer Affairs Act was amended to provide for increased consumer protection, specifically through the transposition of the Omnibus Directive. This Directive aims to enhance online consumer protection through increased transparency, expansion of withdrawal rights to 'free' purchases and the banning of unfair practices, including fake reviews.

More legislative changes are in the pipeline to address new challenges, particularly to address the green transition and digitalisation. Besides the legislative work involved, this will require us, in the coming months, to focus our outreach on the relevant stakeholders so as to gain effective stakeholder involvement for the benefit of both traders and consumers.

Internally, we are focused on building capacity for proactive regulatory intervention in line with a holistic approach to innovation and implementation, driven by business intelligence, evidence-based decision-making and continuous improvement.

I cannot end this message without thanking the members of my Board for their support and valid contributions. I would also like to express my gratitude to all members of senior management and staff for their valued work throughout the year. I look forward to continue working together to ensure markets work well and consumers remain protected.

# Board of Governors

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**Chairperson**  
Ing. Helga Pizzuto



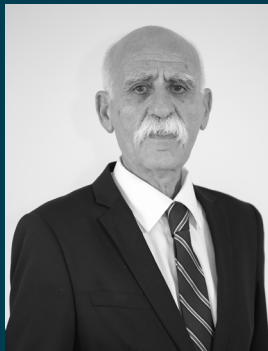
**Deputy Chairman**  
Mr Kevin Farrugia



**Member**  
Dr Lynn Faure



**Member**  
Dr Yvette Tonna Borg



**Member**  
Mr Benny Borg  
Bonello



**Member**  
Mr Kris Grech



**Member**  
Mr Reginald Fava



**Member**  
Mr Christian Buttigieg



**Member**  
Ms Graziella Galdes



**Member**  
Ing. Mark Anthony  
Gullaumier



**Member**  
Ms Taryn Darmanin

# Chairperson & Directors General



*From left to right:*

**Ing. Rudie Vella** – DG Technical Regulations Division; **Mr Godwin Mangion** – DG Office for Competition; **Ing. Helga Pizzuto** – Chairperson MCCA; **Ms Grace Stivala** – DG Office for Consumer Affairs; and **Ing. Francis Farrugia** – DG Standards and Metrology Institute

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# **Office for Competition**



The main statutory role of the Office for Competition (OC) is to promote competition. By promoting sound, competitive practices, the OC increases the benefit to consumers, businesses and the economy at large. The OC is active in enforcement, advocacy and control of concentrations through mergers, acquisitions and full-function joint ventures. It also participates in EU and international fora.

2022 was an important year for the OC. For the first time in two decades – since the entering into force of the Control of Concentrations Regulations in 2003 – the OC approved a complex Phase II concentration subject to commitments, including the appointment of a monitoring trustee who has the duty to monitor the compliance of the notifying parties with the conditions and obligations contained in the commitments.

Another first for the OC was to engage in active advocacy activities seeking to promote competition by intervening before the Public Contracts Review Board and the Court of Appeal to address competition distortions caused by public authorities. Furthermore, to step up its enforcement activity and as another tool to encourage compliance with competition law, the OC started issuing warning letters to undertakings that were suspected of having potentially infringed competition rules.

Towards the end of the year, two new Directors were appointed, responsible for the Communications, Energy, Transport and Financial Services Markets Directorate and the Primary, Manufacturing and Retail Markets Directorate.

## Regulatory Activity

### Investigations

In 2022, the OC initiated and continued several investigations into various alleged anti-competitive practices in different sectors of the economy, including the telecommunications, entertainment and recreational, maritime and transport, energy, financial and insurance sectors.

The OC dedicated several of its resources to investigate an alleged anti-competitive practice in the telecommunications sector. This investigation is ongoing. In this case, the OC received a request from the Minister responsible for Competition to investigate an alleged tariff increase announced by the three leading telecommunications companies in Malta.

Following discussions and various communications between the OC and the three telecom operators, the latter decided to reduce and roll back the prices of their subscription services to what they were before the price announcements for customers who do not use direct debit to pay for their services.

### Request for interim measures rejected

The OC received a request for the issuance of interim measures in the energy sector. After a careful assessment of all the facts and evidence of the case, the OC concluded that, in view of the considerations and developments that took place following the lodging of the request for interim measures with the OC, the legal conditions for requesting the Court to impose interim measures had not been met.

In its assessment, the OC found that there was no proven urgency to act to prevent significant and irreparable harm to competition and, thus, there was no requirement for the OC to establish whether a *prima facie* indication of an infringement of competition rules existed.

### Warning letters

Warning letters are an important tool to foster compliance with competition law. The OC enhanced its toolbox and started issuing warning letters to undertakings which the OC has reasonable grounds to suspect might be breaking competition law and to encourage them to comply.

Receipt of a warning letter does not mean that competition law has been infringed, since only after the conclusion of the investigation by the OC and a subsequent judgment has been handed down by the Civil Court (Commercial Section) can it be determined that competition law has been infringed.

Nevertheless, the failure of undertakings to comply with the OC's warning letters is considered a serious aggravating factor that could result in an increase of at least 25% in the penalty to be requested by the OC, should the OC institute Court proceedings after concluding its investigations.

In 2022, the OC issued two warning letters in two of its pending investigations.

## Concentration

One of the main roles of the OC is to assess whether any proposed concentration will bring about substantial lessening of competition (SLC) in the Maltese market, with the aim to safeguard competition and ultimately to maximise consumer welfare.

In the past four years, the OC has issued 47 decisions covering various sectors of the economy (see *Figure 1*). The main concentrations notified within the OC from 2019 to 2022 concerned the gaming and information & communications technology sector and the sector of importation, wholesale and retail of food, with each sector representing 21% of the concentrations. Concentrations related to the maritime sector also gained prominence over the past few years, constituting 15% of the concentrations.

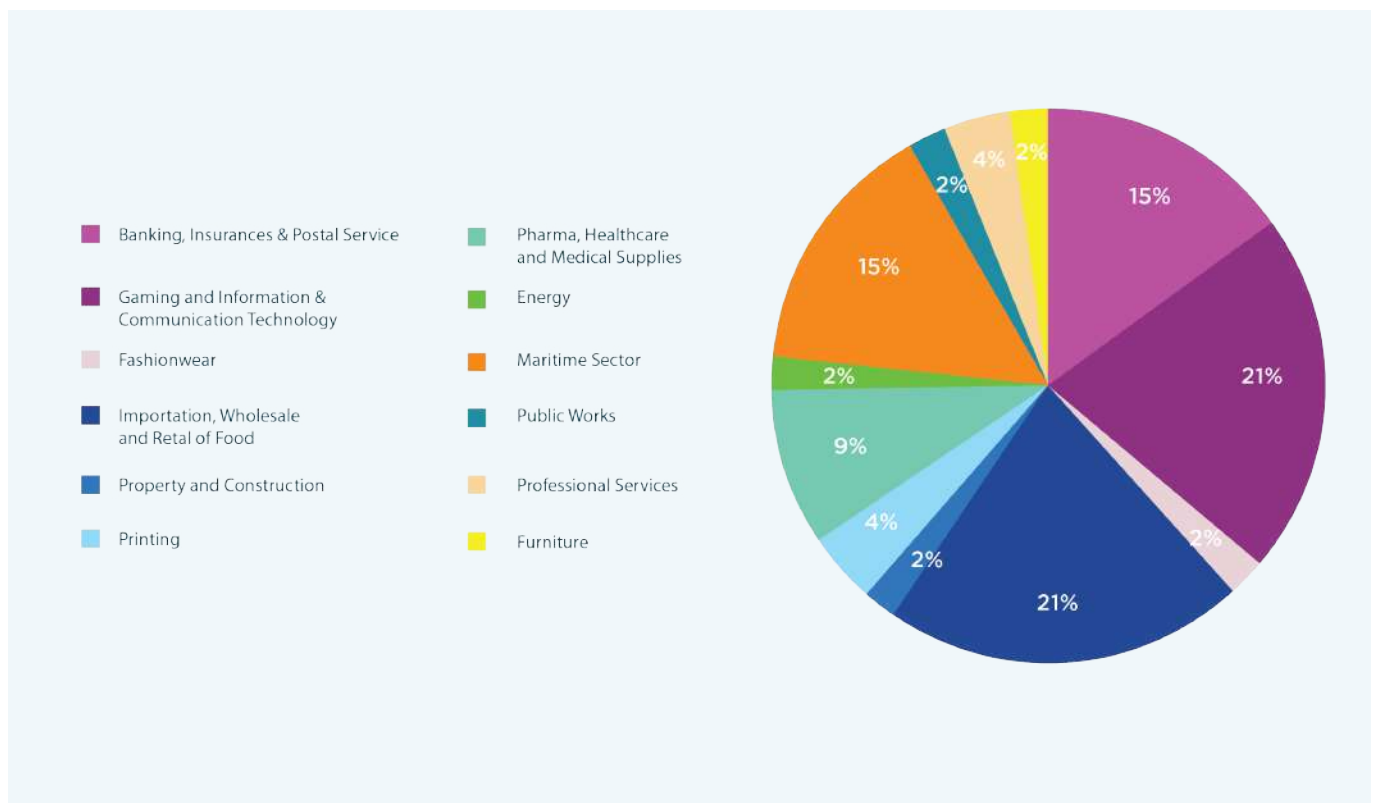


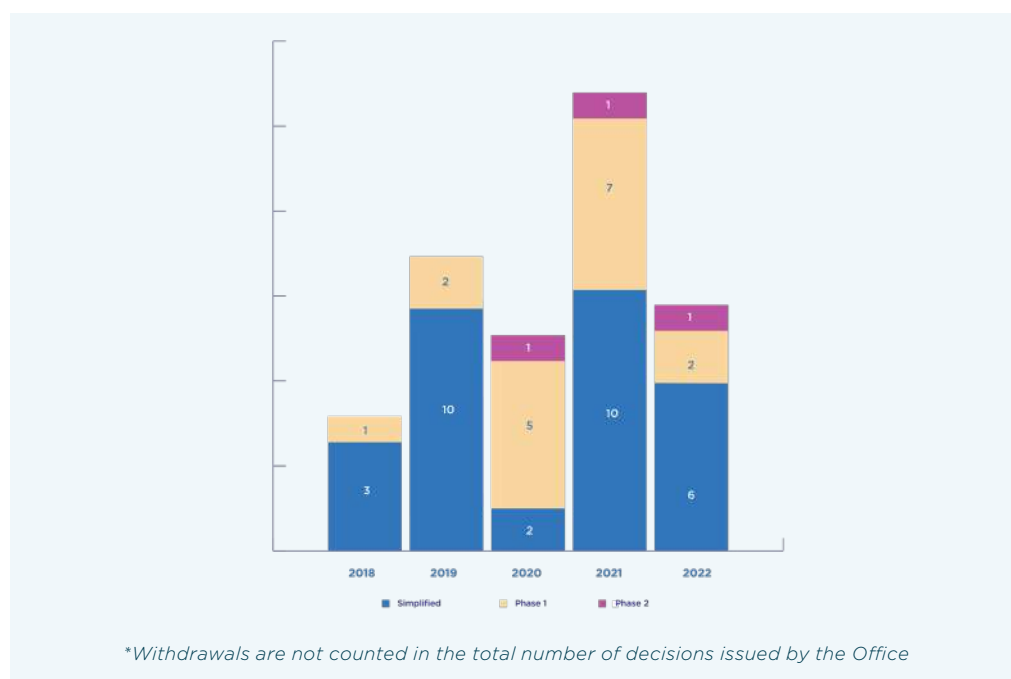
Figure 1: Breakdown of decisions by sector from 2019-2022

In 2022, the OC adopted nine concentration decisions. The decisions covered several diverse sectors, including stationery and office supplies, pharmaceuticals and shipping, among others.

	DECISIONS	MARKET
1	Acquisition of sole control over Toshiba Carrier Corporation by Carrier Corporation	HVAC systems for buildings
2	Acquisition of ZASMalta Limited by Apex Consolidation Entity Ltd	Regulatory Compliance
3	Acquisition of Parts of the Business of C. Boffa Ltd by John G. Cassar Limited	Stationery and office supplies, including arts and crafts products
4	Acquisition of D-Square Ltd's Injection Moulding business by Thermoplastics Ltd	Plastic Injection Moulding
5	Acquisition of part of Columbia Marlow Holding Limited by the Marlow Group on the demerger of the Joint Venture between the Marlow Group and the Schoeller Group	Shipping
6	Acquisition of the Business and Assets of Village Pets Limited by Piscopo Gardens Limited	Plants and Pet Supplies
7	Acquisition of Apotex Pharmaceutical Holdings Inc. by Artemis Parent Inc.	Pigments, Chemicals and FDFs
8	Acquisition of Rimorchiatori Mediterranei S.p.A. by SAS Shipping Agencies Services S.a.r.l., part of the MSC Group	Shipping
9	Full Joint Venture between Bianchi and Sons Limited, Merill Invest Limited and Ziti Technologies Limited	Passenger Fast Ferry Services

**Table 1:**

2022 Concentrations Examined by the OC and the Respective Market



**Figure 2:** Concentration Decisions by Type of Procedure from 2018-2022

In the cases assessed, the Office did not find any harm to competition and cleared the notified mergers. However, in two cases, the Office concluded that *prima facie* the proposed concentrations may lead to a substantial lessening of competition in the markets concerned at the national level.

In one case, the notifying parties abandoned the proposed concentration. In the second case, after having analysed the data collected, the Office cleared the acquisition subject to commitments, including the appointment of a monitoring trustee. Indeed, in relation to this second concentration, 2022 stood out for a complex notified concentration that required a detailed legal and economic analysis to assess its impact on competition in the market for passenger fast ferry services between Malta and Gozo.

All the mentioned concentrations were assessed within the time limits stipulated in the Control of Concentrations Regulations (hereinafter referred to as the Regulations). Six (from 2 to 7 in Table 1) of nine merger decisions issued in 2022 were declared lawful after qualifying for the simplified procedure. In this instance, as stipulated in Regulation 12(4) of the Regulations, a decision was issued within a four-week period.

In 2022, two (1 and 8 in Table 1) of nine notified concentrations qualified as a Phase 1 decision, as stipulated in Regulation 9(1) of the Regulations, and a decision was taken within six weeks of notification. The reason for this was that, albeit a vertical or horizontal overlap existed between the involved parties in the concentration, these concentrations did not give rise to serious doubts that they would lead to an SLC in the Maltese markets.

## Phase I Decisions

In the acquisition of sole control over Toshiba Carrier Corporation by Carrier Corporation, related to HVAC systems for buildings, the OC concluded that, in line with EU Guidelines on the assessment of horizontal mergers, considering that post-transaction the market shares would not exceed 25%, the parties would not be liable to impede effective competition. Moreover, in the assessment it emerged that the parties do not feature among the main market players in the supply of HVAC systems in Malta and, thus, the parties will continue to face strong competition from well established brands in the local market.

In the assessment of the proposed acquisition of Rimorchiatori Mediterranei S.p.A. by SAS Shipping Agencies Services S.a.r.l., part of the MSC Group, the OC in its conclusion stated that, albeit a vertical relationship is present between the parties' operations in the upstream market for harbour towage services and (i) the container liner shipping services and (ii) the oceanic cruise services, the concentration would not lead to a substantial lessening of competition and that the involved parties would continue to face strong competition in the relevant markets concerned. The reasons being that the OC in its investigation found that the merged entity would have neither the ability nor the incentive to engage in an input or customer foreclosure strategy.

### The importance of commitments and monitoring in merger control

In line with the Commission notice on remedies acceptable under Council Regulation (EC) No 139/2004 and under Commission Regulation (EC) No 802/2004, the Office, like the Commission, has the power to accept commitments that will prevent a substantial lessening of competition and that are thus deemed capable of rendering the concentration compatible with the Control of Concentrations Regulations.

The commitments must eliminate the competition concerns entirely and have to be comprehensive and effective from all points of view. Furthermore, commitments must be capable of being implemented effectively within a short period of time since the conditions of competition on the market will not be maintained until the commitments have been fulfilled.

The operational arrangements for carrying the commitments must be described in sufficient detail; their implementation must be swift since competition cannot be upheld until they have been implemented; and it must be possible to monitor the commitments. The notifying party must make provision for a monitoring system and, where necessary, appoint an independent trustee, which enables the Office to oversee their effective implementation.

## Phase II Concentration Decision

Assessment of Full-Function Joint Venture between Bianchi and Sons Limited, Merrill Invest Limited and Ziti Technologies Limited

On 21 October 2021, the OC initiated proceedings for an in-depth investigation to assess whether the proposed full-function joint venture between Bianchi and Sons Limited, Merrill Invest Limited and Ziti Technologies Limited (hereinafter jointly referred to as 'the Notifying Parties') was in line with the Control of Concentrations Regulations.

Following a preliminary market investigation of the concentration, the OC concluded in its Phase I decision that the proposed concentration could *prima facie* limit competition in the market for passenger fast ferry services between Valletta, Malta, and Mgarr, Gozo. The Office expressed concerns that the proposed concentration could lead to adverse non-horizontal competition effects arising through input foreclosure, harming competition and consumer welfare in the process.

For these reasons, the OC concluded that *prima facie* the proposed concentration may lead to a substantial lessening of competition in the market for passenger fast ferry services at the national level. To confirm these concerns, the OC was required to undertake a more in-depth quantitative and qualitative assessment on the effects of this joint venture on competition.

In this regard, the OC initiated its assessment to determine the effect that the proposed concentration would have on competition, here referred to as the process of rivalry between businesses seeking to win customers by offering them a better deal. A substantial lessening of competition occurs when rivalry is substantially less intense after a concentration than would have otherwise been the case, resulting in a worse outcome for customers, through for example higher prices, lower quality, worse after-sales service or reduced choice.

The OC considered whether the proposed concentration could engage in input foreclosure in relation to the provision of ticketing technology services to the downstream competitor. The OC applied the ability-incentive-effect analytical framework. The framework assesses the ability and incentive of the merged entity to foreclose access to inputs and harm rivals.

After establishing the ability and incentive, the framework analyses the effect on competition, specifically if any action of the merged entity would be sufficient to reduce competition in the affected market to the extent that it gives rise to a substantial lessening of competition in the affected market.

The OC assessed whether the proposed joint venture would have the ability and incentive to engage in any total or partial foreclosure strategies. Total input foreclosure means that the merged entity could stop supplying its rivals altogether. Partial input foreclosure would entail the merged entity harming its downstream rivals by, for example, (i) price increases of the input, or through non-price partial foreclosure, such as (ii) deterioration of ticketing technology services, and (iii) delays in the service or reduced access to future improvements or innovation in service, and/or reduced collaboration on future development affecting integration of the service.

The OC issued a Statement of Objections (hereinafter referred to as 'SO') to the Notifying Parties. An SO gives the notifying parties notice of the preliminary conclusions of the Director General, signifying the provisional intention of the Director General to declare unlawful the

notified concentration. An SO is only a provisional decision and does not necessarily lead to a prohibition decision.

The OC was of the provisional view that the proposed joint venture may lead to a substantial lessening of competition as a result of vertical effects arising from input foreclosure, and other non-co-ordinated effects in the passenger fast ferry market between Valletta, Malta, and Mġarr, Gozo.

The Notifying Parties provided their written submissions on 5 May 2021 in response to the SO issued by the OC on 13 April 2021. Subsequently, a meeting was held with the Notifying Parties on 6 May 2021, whereby the Notifying Parties put forward their oral submissions.

To render the proposed full-function joint venture compatible with the Regulations, the Notifying Parties submitted a set of commitments.

The Initial Commitments submitted by the Notifying Parties were market tested and reviewed by the OC. Following a period of discussion with the Notifying Parties, the amended commitments were submitted to the OC on 14 June 2022.

The OC considered the commitments to be sufficient in scope and suitable to eliminate the serious doubts on the compatibility of the transaction with the Control of Concentrations Regulations in relation to the market for fast ferry service between Valletta, Malta, and Mġarr, Gozo.

The OC opined that the serious doubts raised in its competitive assessment of a possible SLC as a result of vertical effects, for both possible total and partial

foreclosure strategies, have been sufficiently eliminated through the provisions presented in the final commitments put forward by the Notifying Parties and agreed upon with the OC.

A Monitoring Trustee was appointed by Ziti Technologies Limited, and approved by the OC, to monitor the compliance of the Notifying Parties with the conditions and obligations contained in the Final Commitments that were set out in Annex 1 and Annex 2 of the OC's decision. Effectively, the monitoring trustee acts on behalf of the OC by monitoring Ziti's compliance with the conditions and obligations imposed by the Final Commitments and that all fast ferry operators are treated on equal, fair, reasonable and non-discriminatory terms, including pricing commitments.

## Abandonment of Proposed Acquisition by Lidl Immobiliare Malta Limited of property at Zabbar belonging to Said Investments Limited and leases belonging to Scotts Limited

On 30 September 2021, a notification of a proposed concentration between Lidl Immobiliare Malta Limited, Scotts Limited and Said Investments Limited was deemed complete by the OC. On 10 November 2021, the OC decided to initiate proceedings for an in-depth investigation. On 8 February 2022, based on statements by the parties to the proposed concentration and evidence in the file, the concentration, as notified, was considered to have been abandoned for the purposes of the application of the regulations.

## Advocacy

The OC's advocacy efforts in 2022 were directed at ensuring a level playing field for businesses operating in the private retail market of infant milk formula. The OC decided to step up its advocacy efforts to address the practice of the Central Procurement and Supplies Unit (CPSU) to award the tender for the procurement of infant formula in the public health service to one supplier. This practice was and continues to heavily distort the development of fair and healthy competition in the private retail market for infant milk formula.

To this effect, the OC intervened for the first time as a party before the Public Contracts Review Board (PCRB) in terms of the Public Procurement Regulations and presented its arguments. The OC made it clear that the policy of having a single supplier servicing the public health sector is restricting consumer choice for parents and is creating significant barriers to entry and expansion for suppliers in the private retail market for infant formula.

The OC argued *inter alia* that, in line with the sector inquiry conducted by the OC, the single supplier policy is distorting competition in the private retail market for infant formula by providing an unfair

advantage to the winning bidder by enabling it to gain significant market share. In addition, the OC submitted its written reply and provided its oral submissions before the Court of Appeal in a case instituted by one of the suppliers of infant formula.

Both before the PCRB and the Court, the OC argued that the sector inquiry conducted in terms of the Competition Act clearly demonstrated that the tendering process at Mater Dei Hospital is distorting competition in the private retail market of infant formula and that the CPSU should change its current procurement practices and adopt one of the recommendations of the OC as detailed in the sector inquiry to avoid harming competition.

The Court of Appeal argued *inter alia* that the fact that the contracting authority did not follow the recommendations of the OC does not mean that the tender should be cancelled. The Court also referred to local legislation and European Directive 2014/24/UE and held that, although avoiding anti-competitive consequences is desirable, both Maltese law and the Directive do not state that, if a tendering process may have an anti-competitive effect, then the tender should be cancelled.

The Court held that the anti-competitive effect was only one of the factors that had to be taken into account and the fact that the contracting authority chose to continue with the process does not mean that it did so with the intention of favouring one operator instead of another. The Court held that it did not find enough serious irregularities to justify the cancellation of the tender. The Court upheld the decision of the PCRB and rejected the appeal.

## European and International Participation

European and international meetings aim to increase co-operation and coherence among competition authorities since they provide a platform for sharing best practices on combating anti-competitive behaviour.

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

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

The OC also participated in the Chief Economist working group meetings and in various sectoral working groups, including on food, telecommunications, healthcare and pharmaceuticals, environment, financial, digital markets and artificial intelligence. Officers also participated in *ad hoc* meetings on the market definition notice and the Digital Markets Act project.

The OC acted as a case rapporteur for the 4 October 2022 oral hearing and presented the case summary to all member states present in the Advisory Committee that took place virtually on 25 October 2022.

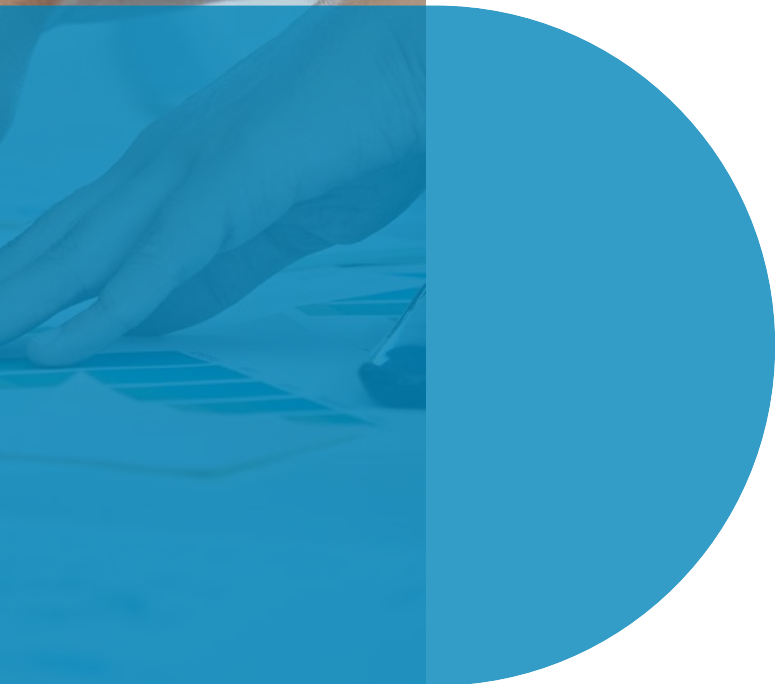
The OC remained an active participant in meetings organised by the Committee within the Organisation for Economic Co-operation and Development (OECD), especially when these meetings combined in-person with virtual participation. Among the thematic issues discussed were the goals of competition policy, interaction between competition authorities and sector regulators, remedies and commitments in abuse cases and subsidies, competition and trade.

Between 28 and 30 November 2022, the OC participated in the Competition Committee which, among others, discussed Competition and Inflation, Director disqualification and bidder exclusion, and Competition enforcement and policy in the digital sector.

On a day-to-day basis, the OC also co-operated with other national competition authorities within the ECN through 22 replies provided to requests for information by competition authorities from other EU member states.

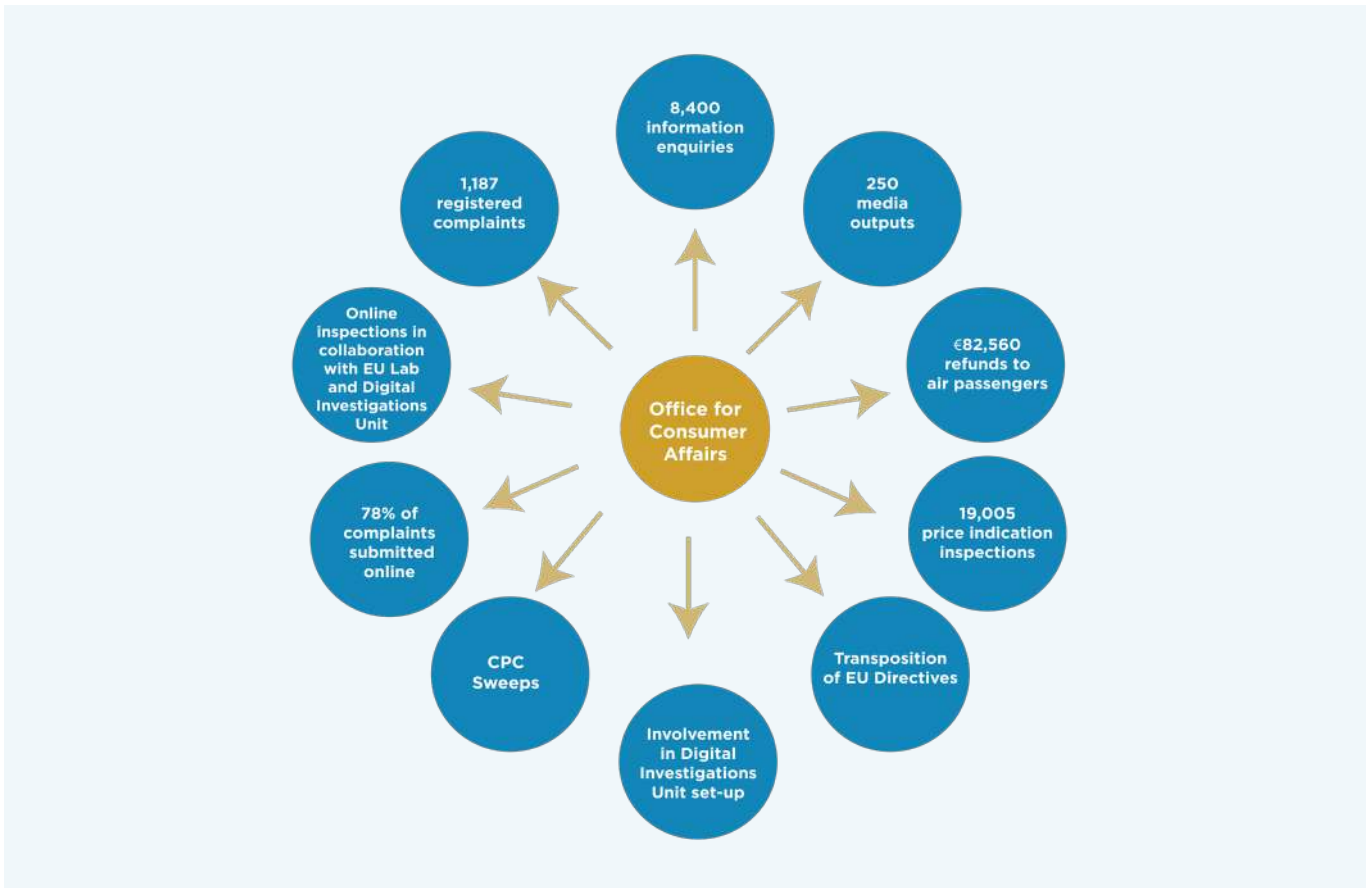
A blurred background image showing a meeting table with hands, papers, and charts. The scene is out of focus, emphasizing the collaborative nature of the work. A blue semi-transparent box is overlaid on the right side of the image, containing the text 'Office for Consumer Affairs' in white, bold, sans-serif font.

# Office for Consumer Affairs



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

## Main Achievements



In 2022, the Office resumed its consumer outreach, disseminating information on consumer rights through various media channels and answering over 8,400 requests for information.

Furthermore, 213 passenger claims registered against airlines were largely concluded positively, with 467 passengers obtaining refunds after being assisted by the Office.

An additional 1,187 consumers sought the assistance of this Office (up 8% on 2021) to obtain redress from local sellers on disputes over products and services purchased.

The Office's inspectorate work continued with a focus on specific exercises, including price monitoring – at over 19,000 up 45% on the previous year – and online inspections in collaboration with the EU Lab and the Digital Investigations Unit.

The OCA, as the Single Liaison Office for Malta for the Consumer Protection Co-operation (CPC) Regulation, participated in the annual EU online sweep, which in 2022 focused on dark patterns, and in a mini-sweep on car rental intermediaries.

The Office's legal team was mainly engaged in the transposition of two key EU directives and finalised the work on the Omnibus Directive (involving the amendments in four EU Directives) that was enacted by virtue of Act XIII of 2022. Work on the transposition of the Representative Actions Directive continued throughout 2022 and was published for public consultation.

The OCA submitted regular Malta positions for EU proposals in a timely manner, including on the Green transition and consumer credit, while also giving extensive feedback on a number of other EU proposals, including the financial services contracts concluded at a distance, and product liability.

The Office also continued to contribute fully to the work on the EU co-funded project to set up a Digital Investigations Unit. This Unit is already assisting the Office in monitoring unfair commercial practices and unfair terms between traders and consumers during online sweeps of websites, and in capturing evidence in investigations against traders breaching consumer protection legislation.

## Consumer Awareness and Information Dissemination

Consumer education and information dissemination remained a key focus throughout 2022, with regular participation in TV and radio programmes aired on the main local stations.

*Topics covered included:*

- product guarantees
- air passenger rights
- package holidays
- purchases from individuals as opposed to professional sellers
- purchases of second-hand goods
- price indication
- unfair contract terms and non-refundable deposits
- online shopping tips
- misleading commercial practices
- consumer rights during sales

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

Requests for information in 2022 returned to normal post Covid at 8,400, a slight drop compared to the previous year's 9,140 enquiries. These queries were received through a host of communication channels, including the Authority's Freephone, telephone, e-mail, walk-ins, the MCAA's website (Contact Us Form and Flag a Concern) and its social media pages.

	Articles	Talks	TV Programmes	Radio Programmes
<b>2020</b>	101	4	85	60
<b>2021</b>	104	2	84	70
<b>2022</b>	104	7	78	67

**Table 2:** Media output (2019-2022)

## World Consumer Rights Day

To mark this year's World Consumer Rights Day, on 15 March, a conference was organised themed 'Empowering consumers in the digital and green transition. During the conference, the new rules on the Sale of Goods and Digital Content and their implications on both consumers and the local industry were discussed.

A panel discussion on 'The challenges and opportunities of the digital transition' debated how business models had to be reshaped to adapt to new consumer needs. The discussion also explored the role online marketplaces play in the digital transition and the challenges they pose to consumers' right to make informed choices.

A second panel discussion on 'Environmentally conscious consumer behaviour' debated how consumers can be empowered to make green choices.

## Premju Servizz bi Tbissima

The 7<sup>th</sup> edition of Premju Servizz bi Tbissima was launched in June and the winners announced in November. A record number of votes were registered – over 18,000, a sharp increase of 10,000 votes more than the previous year.

## Trust You Scheme

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

A total of 139 certificate renewal inspection visits were conducted and seven new applications to join this scheme were received and accepted after being duly assessed.

### Among the segments embraced by the schemes are :

- › clothing and shoe stores
- › baby centres
- › accessories
- › sportswear
- › jewellers
- › gift shops
- › home furnishing and furniture
- › appliances/computing/electronics
- › food stores
- › air-conditioning retailers
- › home improvement stores
- › pet shops
- › hairdressers
- › medical centres
- › stationers
- › toy shops
- › hardware stores
- › eyewear outlets
- › insurance providers

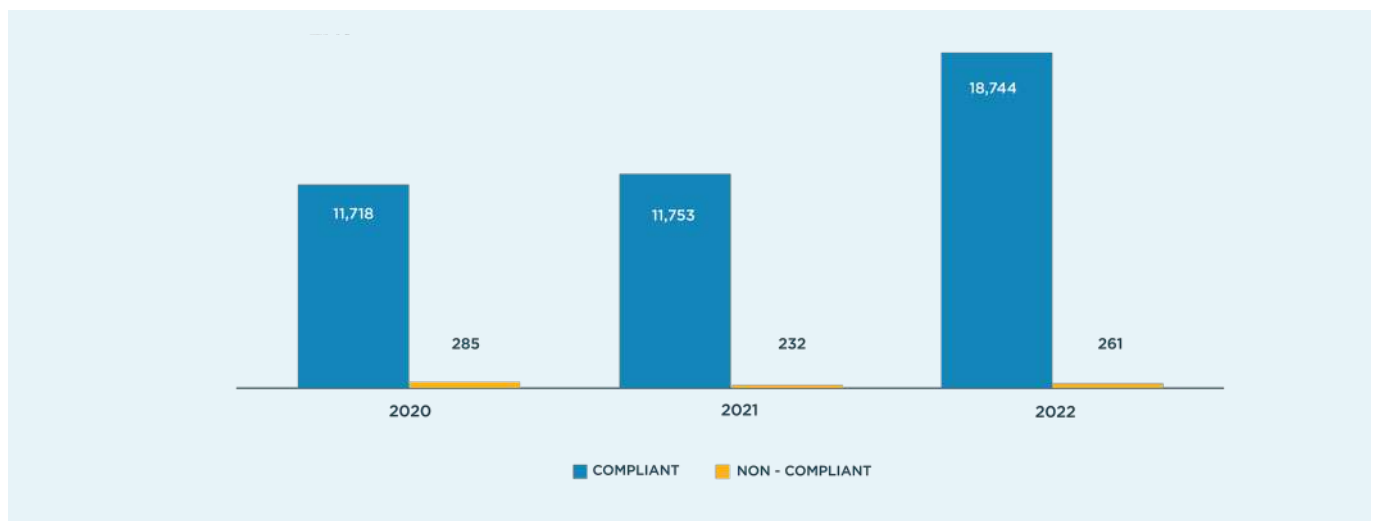
## Market Oversight

### Pricing and commercial practices

A total of 19,005 visits were carried out in retail outlets across Malta and Gozo to ensure compliance with the Price Indication Regulations. This is a significant increase when compared to previous years (12,003 in 2020 and 11,985 in 2021).

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

A total of 261 outlets, equivalent to 1.37%, were found to be non-compliant. Despite the increase in inspections, this was an improvement in percentage terms compared to the 1.94% non-compliant in 2021 and 2.4% in 2020.



**Figure 3:** Total number of inspections indicating compliant and non-compliant outlets

Throughout 2022, 3,092 inspections were conducted in open-air markets. Inspections were also conducted on 823 vegetable hawkers, including at the Ta’ Qali Farmers’ Market, which were found to be more compliant due to the regular inspections being carried out.

Trade fair inspections were carried out at the book fair, the agricultural fair and the June trade fair. Other inspections, totalling 228, were carried out at Notte Bianca and on village feast kiosks during the summer festive season.

Type of Event	No of Inspections
Trade Fair and others	148
Village Feast Kiosks	228
Open markets	1,171
Ta’ Qali vegetable market	56
<b>TOTAL</b>	<b>1,604</b>

**Table 3:** Number of inspections after office hours

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

Inspections continued in line with the Co-ordinated Government Inspections Act (Cap. 568).

There were 82 primary inspections in sectors covering pet shops (non-animals), ironmongeries, toy shops, plant protection products in non-agriculture, electronics, detergents and household goods.

In the Office's role in conducting secondary inspections, where this Office receives reports relative to price indications in retail outlets from other entities carrying out primary inspections, a total of 826 reports were received, with 543 marked as compliant, 68 non-compliant and 215 not applicable<sup>1</sup>.

### Specific market exercises

Two specific market exercises were undertaken to monitor the January Sales and the July Summer Sales. These covered the clothing, footwear and costume jewellery sectors.

Two criteria were considered:

1. the presentation of the discounted price as the final price; and
2. a clear indication of the original price.

Market Exercises on Sales in 2022					
LOCALITY	No. of outlets visited	Final discounted price		Items on Sales clearly marked	
		YES	NO	YES	NO
<b>Valletta</b>	107	106	1	107	0
<b>Birkirkara</b>	54	54	0	54	0
<b>Hamrun</b>	61	61	0	61	0
<b>Sliema</b>	152	148	4	148	4
<b>Mosta</b>	74	74	0	74	0
<b>Paola</b>	80	80	0	80	0
<b>Bay Street</b>	41	41	0	41	0
<b>Victoria (Gozo)</b>	51	46	5	51	0
<b>TOTAL</b>	<b>620</b>	<b>610</b>	<b>10</b>	<b>616</b>	<b>4</b>

**Table 4:** Market exercises on Sales in 2022 after office hours

<sup>1</sup> These figures are separate from the total number of inspections featuring in Figure 3.

Of the 620 outlets inspected, 10 were found to be non-compliant with either one or both criteria (2020 – 704 inspections with 22 non-compliant and 2021 – 661 inspections with 16 non-compliant). These outlets were found to have regularised their position by the second unannounced inspection.

An exercise on the authenticity of trade fair discounts on the price of white goods was carried out between March and July involving 116 inspections. Furthermore, two exercises on the price indication of bread were carried out in May and August involving 90 inspections.

Following a number of complaints received from consumers on price discrepancies between shelf price and cash point in supermarkets and mini markets, a new exercise was initiated where random inspections were carried out, collecting a basket of goods and comparing the price at the cash point. This resulted in four flagged cases for further enforcement action.

In collaboration with the EU Lab and MCCA's Digital Investigations Unit, 14 traders' websites were monitored, capturing 189 pages daily for a period of 30 days to check for compliance with new price reduction obligations, namely that any announcement of a price reduction must clearly indicate the prior price previously applied by the trader, where the prior price means the lowest price applied by the trader during a period of time not shorter than 30 days prior to the application of the price reduction.

The reduced price indicated on four single products in different websites was not in line with the regulations' obligations and the respective traders were contacted and notified that they needed to observe the latest amendments of the Omnibus Directive.

Online supermarket prices were monitored with over 100 inspections collecting data on a basket of goods of over 400 commodities. Online prices of household appliances and electronics websites were also monitored, involving 390 inspections. The intention is to widen the scope of goods that can be

inspected online to other products. Physical price monitoring of supermarkets and mini markets was also carried out in 2022 via 186 inspections.



Figure 4: Online Outlets Inspected

## Consumer protection co-operation regulation

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

As the Single Liaison Office for this Regulation, the OCA continued its role of co-ordinating the application of this Regulation with the national competent authorities, in particular in relation to requests received through the Internal Market Information (IMI) system and any other matters, including notification obligations emanating from this Regulation.

In its role as the competent authority, the Office received one information request from another member state in relation to infringements of consumer protection rules by a trader registered in Malta. On further investigation, it transpired that the trader's registered address was in another member state and the applicant authority was notified accordingly.

Eighteen alerts linked to potential widespread infringements by traders operating in other member states were received. These breaches were, however, not yet identified at national level. No enforcement requests were received, and two ongoing enforcement requests from 2021 were addressed and closed.

The Office participated in other CPC actions including, among others, in co-ordinated actions on airlines and airline intermediaries to ensure compliance with EU legislation, social media networks to review terms of service and commercial practices and policies, and subscription traps to address issues where consumers ordering low-cost products or services online later discover that they were lured into a costly monthly subscription.

Furthermore, the Office, in collaboration with the European Joint Research Centre, participated in the Dual Quality of Goods exercise on household care products and personal care products. This exercise entailed the collection of 98 products from local traders.

The Joint Research Centre will be evaluating the information received from all member states to check for any discrepancies that may result in the dual quality of products. Results are expected to be published in the fourth quarter of 2023.

## Annual CPC online sweep - dark patterns

The CPC authorities carried out checks on 339 online shops to detect potential manipulative online practices, also known as dark patterns. These practices can lead consumers to take rushed or mistaken decisions. The sweep focused on three categories of dark patterns: fake countdown timers; web interfaces designed to lead consumers to purchases, subscriptions

or other choices; and hidden information.

This exercise concluded that 40 per cent of the websites inspected across all member states contained at least one of the mentioned dark patterns, with 42 out of the 399 websites monitored using fake countdown timers, 54 websites directing consumers towards certain purchase choices, and 70 websites hiding important information from consumers. The OCA checked 11 national websites, of which one was flagged for further investigation in relation to a fake countdown timer.

The Office also participated in a CPC mini-sweep on car rental intermediaries to assess their compliance with provisions of the Unfair Commercial Practices Directive and the Consumer Rights Directive. The four local websites checked were all found to be compliant.

## Judicial proceedings and investigations

In 2022, the Court of Appeal appointed for hearing an appeal that had been filed by a telecommunications operator from a decision of the Competition and Consumer Appeals Tribunal in 2017. The Court of Appeal dismissed the telecommunications operator's appeal by means of a decision of 10 November 2022 that confirmed that the use of the term "unlimited" by the telecommunications operator is misleading when made in conjunction with the application of a fair usage policy since the latter is an actual limit to services advertised as unlimited.

In judicial proceedings before the Courts of Magistrates (Malta) as a Court of Criminal Judicature in the remaining pending case related to Article 25A of the former Consumer Affairs Act, the defendant has been given further time by the Court to settle the balance he owes to the consumer during 2022 and the case continues in 2023.

A number of without-prejudice correspondence and meetings were held with traders found to be infringing consumer protection legislation, followed by and in conjunction with other correspondence to reach voluntary compliance prior to taking any legal action. This included more than 33 traders/operators regularising their position in cases related to unfair contract terms, unfair commercial practices and pre-contractual information when

selling online; and 261 cases related to non-compliance with the Price Indication Regulations.

## EU participation

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

- › Consumer Protection Co-operation (CPC) Committee meetings;
- › The E-Enforcement Group;
- › The CPC Priorities Working Group;
- › CPC workshops;
- › CPC Action on Airlines' cancellation practices;
- › Consumer Financial Programme Committee;
- › Consumer Policy Network meetings;
- › National Enforcement Body meetings on passenger rights;
- › Expert Group meetings on the transposition of the Representative Actions Directive;
- › European Consumer Summit; and
- › Informal meetings of Consumer Protection Ministers.

## Medicine pricing

The Covid-19 crisis in China hit imports of raw materials used by pharmaceutical companies and the Russia-Ukraine conflict disrupted supply of aluminium foil/sheets that are used in packaging medicines. These led to increases in the prices of medicines worldwide in 2022. Other factors, like the rising price of fuel, further exacerbated the problem, particularly in island states like Malta where freight costs are typically higher.

In the prevailing economic scenario, the primary focus of the OCA was the containment, as far as possible, of the inevitable price hikes. To this end, there was a concerted effort, based on continuous and frank dialogue between the MCCAA and the

pharmaceutical stakeholders, to explore available avenues to mitigate the rising prices, especially of life-saving and important medicines. Particular end-user vulnerabilities, such as in instances of undue overpricing of expensive oncological preparations, were identified and addressed.

In 2022, the retail prices of some 700 pharmaceutical preparations were monitored and compared to prices abroad. Local retail prices are benchmarked against retail prices in a reference 'basket' of European countries and the comparison is then used in the Office's interventions with the economic operators in the private sector.

The size and composition of the reference basket and the algorithms used vary between countries. The OCA sources data repositories in 12 countries of reference. The data is then processed using methodology established under the terms of a voluntary agreement between the Government and the local pharmaceutical stakeholders.

Although retail prices are compared, the OCA's interventions target upstream prices at manufacturer level with the aim of translating changes at this level into revisions in wholesale and retail prices. Constructive dialogue and transparent engagement with the pharmaceutical stakeholders underpin the OCA's operational strategy.

Another mainstay of the Office's strategy is the fostering of consumer awareness and the importance of value-based spending. Naturally, it assumes more importance during periods of inflation. Price increases of medicines are always a cause for concern and, as expected, queries and complaints increased considerably during 2022.

Besides addressing the various concerns, the Office proactively performs a cost-minimisation analysis for all applicable cases. Generally, this involves the identification of the price of generic alternatives to the medication in question. In this respect, the Office leverages the ever-increasing number of marketing authorisations of these generic bioequivalents in Malta and the resulting competitive market.

From the Office's engagements with the public, it is encouraging to note that, lately, the general attitude towards generic medicines, as inferior in their therapeutic efficacy and quality to branded

products, seems to be improving. The Office believes this may be, at least in part, a result of it stepping up its efforts in the past few years to educate consumers about their buying choices.

During the year under review, the Office collaborated extensively with other entities, particularly the Department of Pharmaceutical Affairs within the Ministry for Health and the Malta Community Chest Fund Foundation, to support more informed decisions for the public procurement of medicines.

## Assistance to consumers

### National

The Complaints and Conciliation Directorate registered 1,187 official complaints in 2022. This number of complaints follows the trend of the past two years, with a total of 1,100 and 1,270 complaints registered in 2020 and 2021, respectively.

The main sectors that saw the highest number of complaints were consumer goods, general consumer services and leisure services. In the sector of general consumer goods, the main market sectors that generated most complaints were: furnishings and houseware; large domestic household appliances; and new and second-hand cars.

In the sector of general consumer services, the main market sectors that generated most complaints were mobile/fixed telephony; internet and television services; house maintenance and improvement of goods or services; and car rental services.

Within these categories, the majority of consumers complained about the quality of the goods or service; about delivery of the product or service; contract and sales issues; and unfair commercial practices.

In the category of leisure services, the three market services that generated the most complaints were: services related to package travel; travel agency services; and events. Other complaints were related to hotels and other holiday accommodation, and cultural and entertainment services. Within this category, cancellation, and contract and sales issues were the main causes for consumer complaints.

One public warning statement was issued against a trader who failed to honour the Tribunal's decision.

## Complaints overview

From the complaints registered and closed, an amicable settlement was obtained in 43% of the complaints handled; 29% of the cases were referred to the Consumer Claims Tribunal; 16% were withdrawn or discontinued by the consumer; and 11% of cases were closed after the necessary required information was provided to the consumer. Another 1% of cases were closed as non-actionable or inadmissible due to cases falling outside the Office's remit or due to lack of documentation.

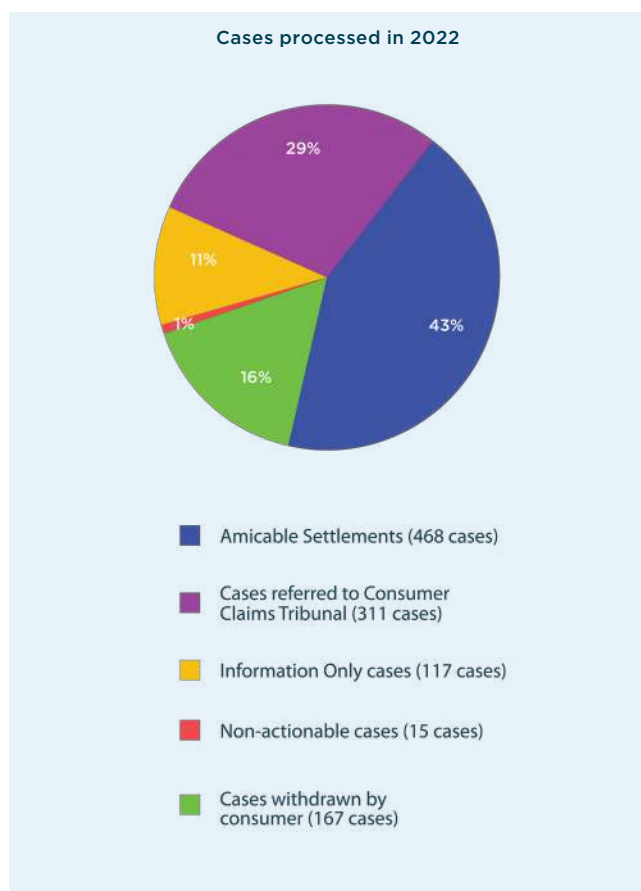


Figure 5: Cases processed in 2022

## Air Passenger Rights

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

In 2022, 213 claims were registered, with 467 passengers refunded by the airline operator involved (see table below). A total of €82,560 were recovered through this Office's intervention on behalf of the claimants.

	2020	2021	2022
No. of claims registered	376	207	213
No. of Passengers refunded	912	497	467
Compensation	€96,773	€88,248	€82,260

Table 5: Air Passenger Rights data 2020-2022

The majority of the claims handled in 2022 were related to refunds for cancelled flights due to Covid-19 from passengers who had not yet submitted their claims in the previous years. As air travel continued to recover, other claims concerned complaints regarding flight delays, cancellations and denied boarding that fall within the scope of the Air Passenger Rights Regulation.

## Alternative Dispute Resolution (ADR)

In its role as a residual ADR entity, the MCCA A addresses both domestic and cross-border disputes on contractual obligations resulting from sales contracts or service contracts between a trader established in the EU and a consumer resident in the EU, and where there are no sector-specific entities competent to provide redress. Towards the end of 2021, the MCCA A enhanced its role as an ADR body.

During 2022, more consumers expressed their interest in using this method as a means of redress for disputes with economic operators. A total of 22 cases were registered for ADR.

Of the disputes registered, five cases were concluded following the intervention of the ADR Officer, and in 11 cases the economic operator rejected participation in the ADR process. The remaining cases are ongoing.

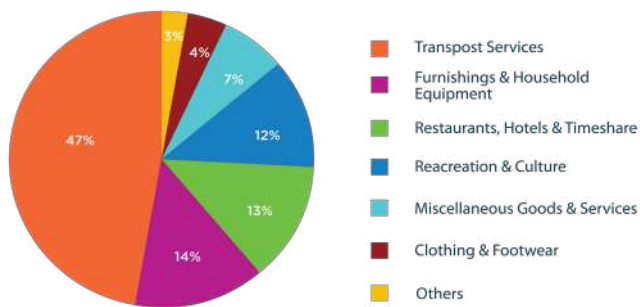
## EU-wide co-operation

The European Consumer Centre (ECC) Malta is part of a European network aimed at increasing consumer confidence in the European Single Market. The role of these offices, which are also found in Norway, Iceland and the United Kingdom, is to inform consumers about cross-border shopping and to help them with complaints about businesses in other member states.

The number of complaints received by the Centre increased in 2022 when compared to 2021. In 2021, the Centre received 497 requests for information and 264 registered complaints; in 2022, the Centre received 526 requests for information and 286 registered complaints.

Of these 286 complaints, 146 were from Maltese consumers against EU-based traders and 140 from European consumers against Malta-based traders. Of the registered complaints, including pending ones from 2021, 154 were amicably resolved, 24 were unfounded, 59 are still pending, and the remaining 95 were closed without reaching an amicable agreement. The latter consumers were advised to file their complaint under the European Small Claims Procedure or with an Alternative Dispute Resolution body.

**Cases by Sector**  
Maltese consumers against EU-based traders

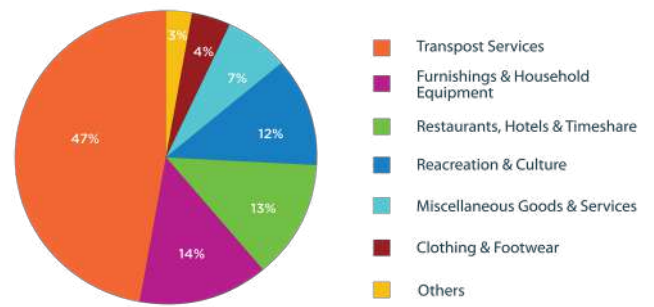


Total: 146 complaints

**Figure 6:**  
Cases by Sector -  
Maltese consumers against EU-based traders

Most complaints raised by Maltese consumers against EU-based traders concerned transport services, including air travel and car rental, accounting for 47% of all cases, followed by complaints related to furnishings and household goods, restaurants, hotels and accommodation, recreation and culture, miscellaneous goods and services and clothing/footwear.

**Cases by Sector**  
EU consumers against Malta-based traders



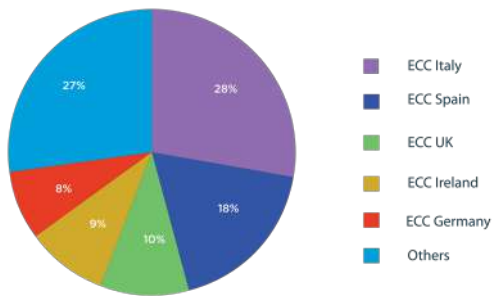
Total: 140 complaints

**Figure 7:**  
Cases by Sector -  
European consumers against Malta-based traders

55% of the total complaints lodged by European consumers against Maltese traders concerned transport services, including air travel and car rental. It is then followed by leisure and cultural services, which include gambling, miscellaneous goods and services, and services related to restaurants, hotels and timeshares.

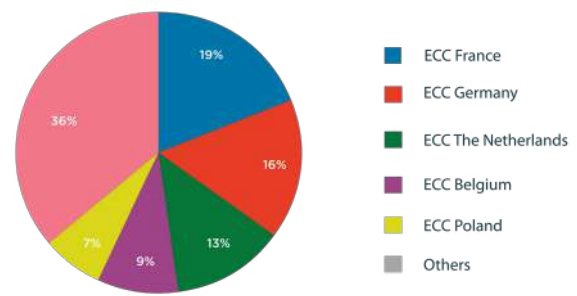
The two Figures below illustrate the cases by country for both Maltese and EU consumers.

**CASES BY COUNTRY**  
Maltese consumers against EU-based traders



**Figure 8** - Cases by country - Maltese consumers against EU-based traders

**CASES BY COUNTRY**  
EU consumers against Maltese-based traders



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

One of the network’s main objectives is to inform and raise awareness of European consumer legislation and policy. Therefore, the Centre continued its focus on increasing its visibility among consumers. ECC Malta published six e-newsletters, eight newspaper articles and two new brochures on car rental and safe online shopping.

The e-newsletters were published on the Centre’s newly launched website (see below), posted on the ECC’s social media and were distributed to e-newsletter subscribers, including all EU information points. In addition, weekly posts were uploaded on the Centre’s social media accounts, mainly on Facebook, Instagram and Twitter. ECC Malta also participated in five radio programmes.

ECC Malta staff members attended two courses organised by the European Consumer Organisation (BEUC) in collaboration with the Consumers’ Association Malta, and four meetings organised by SEM named Network of Networks. Furthermore, to achieve the Centre’s objectives, ECC Malta participated in all meetings and joint activities of the network, most of which took place online due to Covid-19 restrictions.

The Centre has remained committed to responding to surveys and enquiries from other ECC centres, the European Commission and other stakeholders in the field of consumer protection.

## Revamped website

In April, ECC Malta launched a new, revamped website: <https://eccnetmalta.gov.mt>. The new website features an improved, more accessible contact page and a more accessible, dedicated online complaint form in which consumers can fill all required information directly.

Although the number of complaints increased during the reporting year and the nature of the cases were more complex, ECC Malta managed to close its complaints within the prescribed timeframe and slightly increased the success rate to 61.8%, compared to 57.4% in 2021.

In 2022, ECC Malta sent 146 e-mails inviting consumers who had communicated with the Centre to participate in the online satisfaction survey. Apart from these consumers, this survey was also accessible via the link on the Centre's website. The customer satisfaction survey is available in Maltese and English, and consists of six questions.

ECC Malta received 44 responses in 2022, representing a response rate of 30.1%. Of the responses received, 75% were extremely satisfied, while the remaining 25% were very satisfied with the service offered.

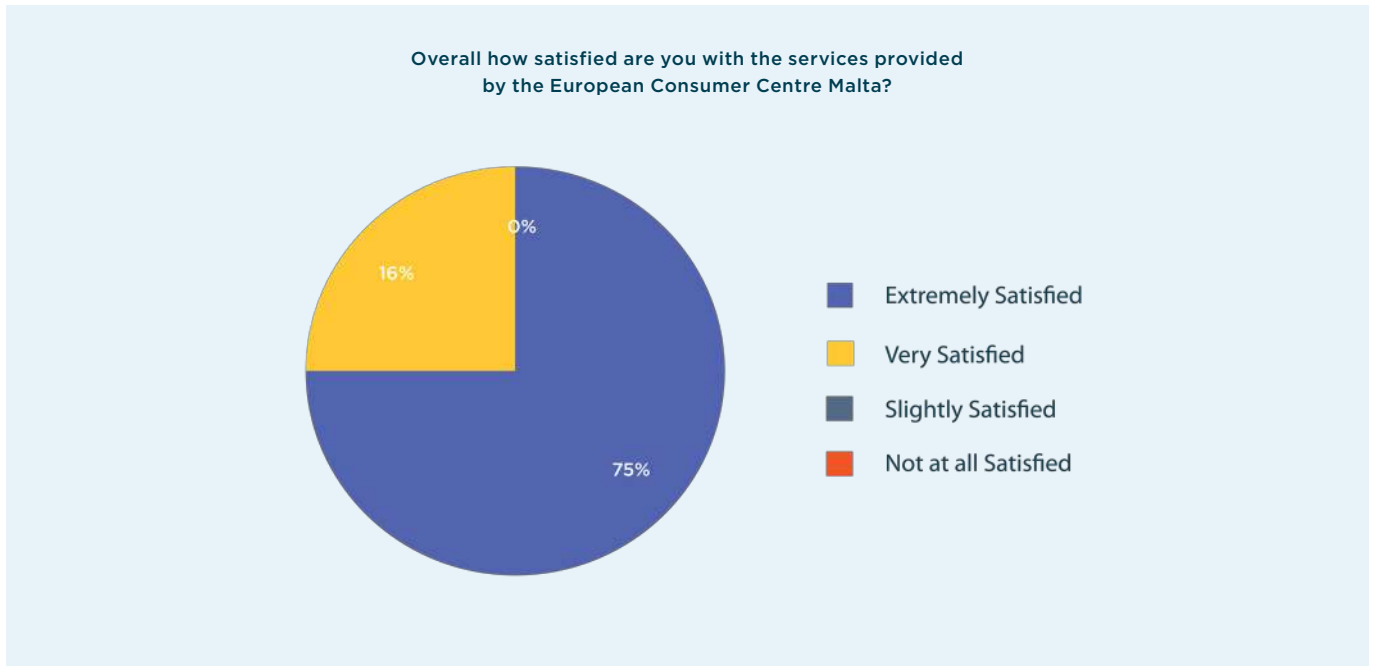


Figure 10: Overall consumers' satisfaction with the services provided by the ECC Malta

## Consumer Claims Tribunal

In 2022, 215 claims were filed before the Consumer Claims Tribunal (CCT), and 168 cases were carried over from the previous year. The CCT resolved 75 cases, of which 56 were concluded in favour of the consumer and 19 decided in favour of the trader. There were 68 withdrawn cases, 13 put off *sine die* and eight cases dismissed outright.

A person wearing a dark top is seated at a desk, pointing their right index finger at a document. A pen is held in their left hand. The desk is cluttered with papers and a laptop. A blue semi-transparent box is overlaid on the right side of the image, containing the text 'Technical Regulations Division' in white.

# Technical Regulations Division



The Malta Competition and Consumer Affairs Authority, through the Technical Regulations Division (TRD), monitors EU legislation, gives feedback and enforces safety legislation associated with a number of products placed on the market in the Maltese Islands.

In 2022, the MCCA was recognised by the European Commission for the enforcement work done by the Technical Regulations Division. The Authority was awarded a certificate of special recognition for the enforcement actions taken as part of a European co-ordinated activity on the safety of products that had started in 2021.



The Division focused on legislative proposals and enforcement on general product safety, lifts, construction products, machinery, pesticides, fluorinated gases and eco-design. Other areas were market surveillance activities where priorities included chemicals, electrical accessories, motor vehicles, olive oil, marine equipment, recreational craft and gaseous appliances.

The major challenges for the TRD remain the huge volume of new laws currently being discussed at EU level, the increased availability of products due to online selling and the complexity of the supply chains for making products available on the market.

Nevertheless, through careful planning, maximisation of its resources and the hard work of the people forming part of the TRD, the Division continued to be a leading regulator in its area of expertise, not only in Malta but also at EU level, as recognised by the European Commission.

## Sectors

### Pricing and commercial practices

The Regulatory Affairs Directorate (RAD) continued to actively follow the discussions on the EU proposal on the General Product Safety Regulation in 2022. The proposal is set to put forward various changes to the current legislation with the aim of improving the safety of non-food consumer products in the internal market.

Among the issues being tackled by the proposal are online shopping, emerging technologies and effective, cost-free and timely remedies to be offered to consumers in case of product recalls. In total, RAD contributed with 19 documents outlining Malta's position on this proposal, which has been influential in shaping key aspects of legislation, ensuring greater alignment with the country's national policy.

This includes advocating for consumer rights in product safety recalls, promoting proportionate sample testing requirements for businesses, and clarifying legal aspects on the safety of standalone software and market surveillance procedures. As a result, the legislation is now more aligned with Malta's policy objectives.

### Lifts

Product safety-related issues on lifts remain one of the primary areas on which the Market Surveillance Directorate (MSD) received enquires in 2022, with a total of 326. The MSD sent more than 430 requests for information to economic operators, responsible persons of lifts and other relevant parties to support its investigations.

A total of 179 investigations were finalised. The MSD required the relevant economic operators to take corrective actions in 93 instances with the aim of bringing non-compliant lifts into conformity and to prevent the use of those that do not fulfil the essential health and safety requirements stipulated by law unless they are brought into compliance.

After the MSD's intervention, 84 lifts were registered by the installers with the Authority, and enforcement actions were initiated against installers who failed to take adequate corrective action.

The monitoring and enforcement activities will continue to be strengthened through the systematic sharing of information with relevant stakeholders and digitalisation of the internal processes.

## Toys

The safety of toys remained one of the priority areas in 2022. An extensive array of tests was performed on 18 toys that have magnets and 11 toys for chemicals as part of the CASP joint action 2022. Additionally, comprehensive documentary and visual checks were performed on 50 toys as part of the proactive inspections. These tests were conducted to ensure that the toys comply with safety standards set by the EU and Malta.

A public notice was issued again, informing consumers to refrain from using unsafe flat-bottomed baby swimming floats with canopies. Retail shops and web shops were checked to ensure that these unsafe products were not being sold. Action was taken on one web shop to refrain from selling these products. This was done to prevent the sale of unsafe products to consumers.

An extensive surveillance exercise on mushroom teething rings, which were reported to be unsafe by other market surveillance authorities, was performed to establish whether these are available in Malta. A total of 104 retail outlets or web shops were screened and no such products were found to be made available here. This was done to ensure that any unsafe products are not available on the Maltese market.

## Pesticides

The Pesticides Unit evaluates and authorises applications for the authorisation of pesticides, on behalf of Malta, both for national and European registrations of pesticides. The Unit also follows the regulatory aspect of pesticides.

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

## Authorisation of plant protection products

The Unit acts as a zRMS (zonal Rapporteur Member State) for new plant protection products (PPPs) to be placed on the market within the European Union.

In 2022, five applications for evaluations related to active substances and a total of 102 applications related to products were received. The table below shows the continuous work performed on zonal evaluations, i.e., new products placed on the market in the southern EU Member States.

Year	Requests received for zonal authorisation of pesticides
2017	26
2018	32
2019	55
2020	39
2021	36
2022	43

**Table 6:** Pesticides zonal authorisations requests received (2017-2022)

The Authority also maintained its outreach with the farming community in 2022 and kept in contact with farmers' organisations, who regularly commented on the fact that in Malta the availability of different PPPs was limited. The MCCA contacted several manufacturers on this point with some manufacturers responding by authorising some new PPPs for the local market.

Following the outreach with the farming community and with farmers' organisations, the Unit set up a system to address situations when an authorisation holder refuses to place a product on the local market and it is deemed that the availability of such a product is of general interest for Malta. In such cases, official or scientific bodies involved in agricultural activities or professional agricultural organisations may apply for the authorisation to have the product on the market in Malta in line with Article 40(2) of Regulation (EC) No 1107/2009 as

implemented in Malta through SL 430.07. The setting up of this system was possible following several consultations with different stakeholders, including the European Commission.

A number of information sessions were subsequently held to disseminate knowledge on the new procedure with farmer representatives and importers of PPPs.

The Unit also successfully submitted an application for a fellowship programme with EFSA in 2022. Through this programme, staff within the Unit are being provided with thorough technical training on the evaluation process for zonal applications of PPPs. The training is ongoing and will continue in 2023.

In mid-2022, a new proposed EU Regulation on the Sustainable Use of Pesticides was presented. The Unit is closely following the discussions on the proposed regulation and engaged in regular consultations with different entities which would be impacted when the Regulation comes into force.

Within this context, the Unit is committed to promote the sustainable use of pesticides, while keeping in mind the realities of the local conditions in Malta, to ensure that the impacted local sectors can manage these requirements

To further continue promoting the sustainable use of pesticides in Malta, courses were organised for the certification of professional users and dealers of plant protection products. These courses provide adequate information for stakeholders to promote the protection of human and environmental health related to the handling of the products. 108 certificates were issued for professional use and 16 certificates were issued for dealers of PPPs in 2022.

## Tests for pesticide residues

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

A total of 169 samples were analysed for pesticide residues in 2022. These commodities included apples, strawberries, peaches including nectarines and similar hybrids, wine, lettuces, cabbages, tomatoes, spinach, oats, barley, food for infants and young children other than infant formulae, follow-on formulae and processed cereal-based baby food, cow milk, swine fat as part of the co-ordinated multiannual control programme established in Regulation (EU) 2021/601 and table grapes, melons, carrots, potatoes, bell peppers, cultivated fungi and chicken eggs as part of the National Control Programme based on previous MRL exceedances, local production and imports of commodities, and the amount of crops sold through organised markets.

One hundred and fifty-eight samples of the 169 analysed did not exceed the maximum residue limit. This means that 93.5% of the samples analysed were found to be compliant.

Additionally, the TRD conducted official controls based on data from the Agricultural and Rural Payments Agency (ARPA), which were collected during cross-compliance checks on PPPs. Identified non-compliances included: farmers using PPPs without valid certification, possession of unauthorised PPPs, misuse of authorised pesticides on specific fruits and vegetables, improper labelling and storage of PPPs, use of equipment for applying PPPs without the required inspections, and incorrect PPP storage.

Farmers not adhering to these regulations were required to comply and face penalties on financial aid received through relevant programmes. Furthermore, eight inspections targeted non-professional PPP users, revealing no non-compliances.

Furthermore, the TRD established a working relationship with the Belgian Federal Agency for the Safety of the Food Chain to make use of their laboratory facilities to analyse three PPP formulations. Products were tested and found to be compliant in terms of their formulation.

In addition, a total of 140 site inspections were completed in 2022. Inspections were carried out in line with MCCA procedures, which are based on Regulation (EC) 1107/2009 concerning the placing of PPPs on the market, as implemented in the Maltese legislation through the Plant Protection Products (Implementation) Regulations (S.L. 430.07 of the Laws of Malta).

Eighty-four individual pesticides were inspected, from a total of 140 business operators. A total of 18 non-compliances were found.

Of these non-compliances, 14 were related to PPPs that were not authorised in accordance with the provisions of the Plant Protection Products (Implementation) Regulations (S.L. 430.07 of the Laws of Malta), amounting to 17% of the total PPPs inspected. These cases of unauthorised PPPs are inclusive of products for which the authorisation was revoked and were available on the market beyond the grace period granted for each product.

The remaining four non-compliances were related to products that were found to have non-compliant labelling. Corrective action was taken in cases where non-compliances were found.

## Biocidal products

### Registrations

The Unit received two new applications for EU evaluation of biocidal products and their active ingredients where MT was designated as the evaluating Member State in 2022. Two hundred other applications for biocidal products to be made available on the local market were also received.

### Controls

In 2022, a total of 104 biocidal products were inspected, 72 of which were inspected through co-ordinated inspections under the Co-ordination

of Government Inspections Act (Cap. 568 of the Laws of Malta). The remaining number of biocides originated from cases referred to the MSD by the Customs Department, complaints and reports. Non-compliances either involved the lack of the necessary registration as biocidal products or issues with labelling. Seventeen orders were issued to economic operators to withdraw the products unless they brought them into compliance.

## F-gases

The MSD's close collaboration with the Customs Department continued to be strengthened in 2022 to monitor the compliance of F-gases imported from third countries. The number of shipments investigated at the border continued to increase to 341, a 135% increase compared to 2021.

The referral of these shipments to the MSD is a result of a review of risk profiles in this area aimed at ensuring that all types of equipment that may potentially contain F-gas are controlled.

A noticeable increase of imports by one-time importers was registered in 2022 - 22 such cases were received, with the shipped amount of F-gas in CO<sub>2</sub> being equivalent in one calendar year to under the 100-tonne threshold.

From the case referred to the MSD, a positive trend could be observed that some display refrigerating products commonly used for commercial purposes were filled with the cleaner R290 or R600, which are usually more commonly found in domestic refrigeration equipment. These gases replaced the R134a, which has a more adverse impact on global warming by approximately 475 times compared to R290 and R600.

In 2022, the MSD did not recommend the release of F-gas shipments of three different importers due to insufficient authorised quota, amounting to a total of 2,958 tonnes of CO<sub>2</sub> equivalent of F-gas. These importers were required to obtain sufficient authorised quota for them to be allowed to place the F-gas on the market, all of whom complied.

In total, the MSD ultimately recommended the release into free circulation of 56,826 tonnes of CO<sub>2</sub> equivalent F-gas, compared to 131,550 tonnes in 2021.

As a result of a joint investigation between the TRD and the Customs Department, 30 cylinders containing 10 kg of R410a, each (equivalent to 626 tonnes of CO<sub>2</sub> equivalent of F-gas), were sealed and placed under an order not to be used because these were non-refillable, thus infringing the F-gas Regulation.

A screening exercise to evaluate the current state of play on provisions related to record keeping obligations of undertakings supplying F-gases was performed. The TRD is seeking to improve compliance in this area. These findings are being analysed to help identify additional actions with a new way to improve compliance in this area.

During 2022, RAD contributed to the discussions on the review of the new regulations for F-gases and Ozone Depleting Substances. RAD organised a number of meetings with stakeholders and other Government entities to discuss the proposals and gather feedback relevant to the Maltese market. RAD also issued a number of press releases and posts on social media to encourage the public to come forward with feedback.

The discussions are ongoing with relevant stakeholders and entities like the Customs Department, Enemalta Plc, MCAST and WasteSERV Malta Ltd. RAD actively participates in the discussions organised by the Environment Working Party at Council level and puts forward feedback and suggestions in the national interest.

## Machinery regulation

Examination of the proposal at Council level started in April 2021 and was well under way during the course of 2022 on a new regulation on machinery that Malta effectively lobbied for support from other Member States to maintain the existing exclusion for “seagoing vessels and mobile offshore units and machinery installed on board such vessels or units”. This effort aimed at aligning with other legislation under the new legislative framework, enhancing legal clarity and consistency with sector-specific legislation, thereby ensuring a more streamlined regulatory approach.

The Permanent Representatives Committee adopted the Council’s mandate on 22 June 2022. Co-legislators reached a compromise on a number of political issues, such as:

- terminology;
- the main principles of digital and paper instructions that will have to be provided by manufacturers; and
- SME fees for conformity assessment.

Other issues, including transitional provisions, date of application, content of Annex I as well as Article 5 with the empowerment for Commission to amend Annex I, remained unsolved. A comprehensive market surveillance monitoring programme was implemented in 2022 to ensure that machinery placed on the market in Malta complies with relevant regulations and standards.

Activities focused on lifting machinery, particularly those intended to lift persons, and machinery used in the construction industry. This included heavy equipment, such as bulldozers, concrete pumping vehicles, piledrivers and excavators.

The strong collaborative relationship between the TRD and the Customs Department was pivotal to enhance the surveillance on these types of machinery entering Malta from countries outside the EU and thus enabling the Authority to detect and intercept non-compliant machinery before it enters the local market, thereby protecting consumers.

As a result of these efforts, the Authority has been able to assess a total of 109 cases involving machinery from third countries, two of which were not recommended for release due to identified non-compliances.

## Radio equipment

The discussions at Council level on the Radio Equipment Directive were well under way in 2022. A revision of Directive (EU) 2022/2380 was formally adopted by the co-legislators on 23 November and published on 7 December. The amended directive is a first step towards mandating a common charger for mobile phones, laptops and other small portable devices, which will have to be equipped with a USB Type-C receptacle and will have to incorporate the USB Power Delivery communication protocol.

## Pressure equipment

Market surveillance checks on Liquid Petroleum Gas (LPG) cylinders commonly used domestically were performed to verify their initial compliance at the time they were first made available to consumers. Twelve LPG cylinders were inspected and no non-compliances were identified.

## Motor vehicles

Market surveillance activities on motor vehicles have been strengthened through the adoption of an improved, predictive risk assessment method and through participation in the Forum for Exchange of Information on Enforcement of EU Legislation on Approval & Market Surveillance of Motor Vehicles, co-ordinated by the EU Commission.

The MSD participated in six Forum for Exchange of Information on Enforcement meetings in 2022. In addition, to fulfil Malta's market surveillance obligations as stipulated in the Regulation (EU) 2018/858, the Directorate conducted ten market surveillance checks on two motor vehicles. Five of these checks were tests conducted on a model available in the local market at an accredited laboratory in the Czech Republic. The other five checks on another make and model available on the market were documentary based.

Checks included tests on safety belts, braking systems, steering equipment, run-flat tyres/systems and sound levels, and were performed in line with the pan-European test plan. No non-conformities were identified.

## Electrical products, accessories and wires

Twenty-nine complaints and information requests on electrical equipment fitted with 2-pin plugs were handled by the MSD in 2022. Following complaints on the electrical accessories, two inspections were carried out under a cover identity. Economic operators found to be supplying electrical equipment fitted with a 2-pin plug without a compliant adaptor were ordered to refrain from supplying these products without making available a compliant adaptor.

No other complaints were received on the non-compliant economic operators after the intervention of the MSD. Follow-ups in this regard are planned for 2023.

Furthermore, 78 cases of electrical products were handled after these were referred to the MSD by the Customs Department. The products referred ranged from small appliances and lighting products to copper wires.

Eight wires were also sampled from the local market and tested. All products were found to be within the range stipulated in the corresponding standard.

## Marine equipment

No complaints were received on products related to marine equipment. As part of the MSD's proactive market surveillance efforts, seven retail shops were inspected for a variety of marine equipment products, including life jackets, life buoy lights, buoyant smoke signals, VHF radios, GPS plotters, GPS navigators, orange smoke signals, lifesaving rings, red flares, floating handheld marine VHF transceivers, rocket parachute flares and fire extinguishers.

The inspections found that all products were compliant with the necessary markings and documentation. This indicates that retailers

are taking the necessary steps to ensure that their products meet safety standards.

## Recreational craft

In addition to the enforcement following the findings from the JAHARP2018 joint action on recreational craft, mentioned above, the MSD co-operated, reviewed documentation required by the Recreational Craft Directive and provided feedback to Transport Malta on the compliance of 10 craft models prior to their registration. Other activities included guidance to three manufacturers on their obligations under the identified Directive and guidance to five boat owners or their representatives intending to import and register a recreational craft in Malta regarding CE marking requirements.

## Chemicals

Key activities in the field of chemicals included inspections, communication with the economic operators and participation in meetings seeking to harmonise the implementation of chemical regulations across the EU. Verification checks were performed against the requirements of the REACH Regulation, CLP Regulation, Detergents Regulation, Cosmetics Regulations, EU Fertilising Products Regulation and Explosives Precursors Regulation (with respect to placing on the market), among others. Some of these inspections focused on assessing the current state of play of the placing on the market of banned tattoo inks and the compliance of tyres with chemical regulations.

Through these inspections, 198 products were checked. Fewer than 2.5% of these products had non-compliances. All relevant economic operators were requested to take appropriate corrective action to address the non-compliances.

Moreover, 39 communications with economic operators and officers of the Customs Department in relation to chemical products took place.

In 2022, an economic operator supplying refillable detergents in non-compliant packaging and with labelling issues was required to enter into an Undertaking in terms of Article 29 of the Product Safety Act (Cap. 427 of the Laws of Malta). The economic operator was required

to undertake in writing that they will refrain from such illegal practice and that they will pay a cost recovery fee representing the cost incurred in connection with the investigation.

## Construction products

The discussions on the Construction Product Regulation (CPR) revision proposal were well under way during the course of 2022. TRD was particularly vocal during the Czech and the Swedish Presidencies, providing sound and expert opinion on the topic. The TRD represented the Maltese delegation in these meetings on the majority of occasions and has been the lead for the Maltese position throughout. The TRD also held bilateral meetings with the Swedish Presidency team during which the Maltese delegation raised Malta's main concerns with the current proposal.

The Maltese position gave focus at easing the administrative burden that such a proposal would bring about on national authorities and economic operators, particularly SMEs and microbusinesses alike. The ambitious proposal presented by the Commission has since been updated to reflect many concerns raised by Member States.

In view of the ever-increasing need for co-operation among entities from different ministries, the RAD, also a member of the Building Industry Consultative Council advisory board, kept the other members informed on the CPR proposal.

The RAD published an instructional video for the CE marking of Construction Products that was developed, produced and released by the RAD, and published on the MCCA website and on social media. The video aimed to raise awareness on the CE marking of construction products found in our homes.

According to the current CPR, the Declaration of Performance drawn up by the manufacturers should be presumed accurate and reliable unless objective indications to the contrary are available. Hence, proactive inspections on consumer construction products were documentary based.

In 2022, checks were carried out on the following products: gypsum boards and single-axis hinges.

Three gypsum plasterboard products from different economic operators were selected randomly and had their documentation inspected thoroughly. No non-compliances were identified in the CE marking of two of these products.

The third gypsum board was found to have minor administrative non-compliances, including minor deficiencies in the Declaration of Performance.

A notice on an EU-wide system was issued by the TRD to the attention of all concerned authorities in order to prevent the placing on the market of the non-compliant product in the EU.

Eight single-axis hinges from three economic operators had their documentation inspected thoroughly. No non-compliances were identified in three of these products. It transpired that one product was not relevant since it was not intended for use in access doors and windows and, as such, was outside the scope of the CPR. The remaining four single-axis hinges do not carry the CE mark on the hinge itself and are being investigated.

In addition, some products that were part of the 2021 national plan were followed up in 2022. These included ceramic tiles, panic exit devices and fire alarm sounders. Two ceramic tile products from different economic operators were investigated. Ultimately, no non-compliances were identified in one of the products and the case was closed.

The other ceramic tile product was found to be non-compliant. Following further investigations, it was determined that the economic operator, who made it available on the market for the first time in the EU, is established in another EU Member State. The MSD attempted to contact the responsible economic operator. However, the non-compliance persisted. To this effect, the safeguard procedure regarding this product will be initiated in Q1 of 2023.

Administrative non-compliances were identified in a case concerning a fire alarm sounder. The product was determined to be imported from third countries and the case was taken over by the Estonian market surveillance authorities where the importer is based. The MSD will continue following the investigations

of the Estonian authorities to consider any actions that may need to be enforced in Malta.

Two cases of panic exit devices from two different economic operators were closed in 2022 following remedial action taken by the respective EU-based manufacturers.

Besides proactive market surveillance activities, in 2022, a number of complaints by consumers and other interested parties were also addressed. One case concerned cement bags, which were flagged to the MSD in 2021. The identified non-compliances were resolved by the economic operator and the case was closed following remedial action by the economic operator.

Two other cases concerned two separate complaints on awnings. These were investigated and no non-compliances were identified in one of the cases – this case was closed. In the other case, a market surveillance measure was implemented in co-operation with the Customs Department to prohibit the placing on the market of this non-compliant product.

The MSD received a number of queries from economic operators in 2022. Two of these were related to insulation products. In both these cases, an evaluation of the documentation provided by the economic operators was carried out and the economic operators were informed accordingly – both cases were closed. Other queries received and tackled by the MSD related to general information on the CE marking requirements of construction products, internal doors and railings.

Throughout the market surveillance exercises, all economic operators were provided with all the information pertaining to the Construction Products Regulation to continue raising awareness about their obligations under that regulation.

## Explosive precursors

A webinar hosted by TRD on the regulation of explosive precursors was held on 20 July. The webinar was aimed at industry stakeholders and was open to the public. The TRD gave information about the application of the regulation and on the role of the Authority as a market surveillance authority. Additionally, a guest speaker from the Malta Police Force (MPF) elaborated on the involvement of the Police in suspicious transactions and on its role as national contact point within the meaning of the regulation.

Videos were recorded of the session and later uploaded to the TRD website for ease of reference and to give the opportunity to rewatch the webinar at a later date.

During 2022, a total of 22 economic operators were inspected for products containing explosive precursors. During these inspections, a total of 44 products made available in Malta were inspected. The main focus was on products containing hydrogen peroxide, nitromethane, ammonium nitrate and potassium chlorate. No non-compliances were identified from these inspections.

## Tyre labelling

Twenty-one physical inspection checks on distributors of tyres were performed to ensure the proper energy labelling of tyres made available in Malta. No non-compliances were identified.

## Food Safety

### EFSA Focal Point

The role of the Focal Point (FP) is to act as a collaborative contact point in Malta. The primary role of the FP is to support the Maltese representative of the Advisory Forum in gathering data and transferring information between EFSA and relevant bodies in Malta. These entities include risk managers, national authorities, stakeholders and research institutes in the fields of risk assessment on food and feed safety, animal and plant health, animal welfare and nutrition, and in communications in these areas.

In 2022, the FP continued developing the 2021 action plan to improve national data quality. The FP maintained constant communication with the national data providers to identify additional training requirements related to data collection and data submission.

Data is submitted to EFSA in the following domains by the Environmental Health Directorate (EHD), the Infectious Disease Prevention and Control Unit (IDCU) within the Health Promotion and Disease Prevention Directorate (HPDPD), the MCCA and the Veterinary Regulation Directorate (VRD):

- › Zoonoses, food-borne outbreaks (FBO) and antimicrobial resistance (AMR) - VRD [Data on FBOs is submitted by the IDCU within the HPDPD];
- › Transmissible spongiform encephalopathies (TSEs) - VRD;
- › Avian Influenza (AI) - VRD;
- › African Swine Fever (ASF) - VRD;
- › Pesticides - MCCA;
- › Veterinary Medicinal Product Residues (VMPR) - VRD;
- › Contaminants - EHD, VRD; and
- › Additives - EHD.

A training session on pesticide residues data reporting was subsequently organised with the input of EFSA experts so that national data providers can submit timely, good quality data.

After data submission to EFSA, feedback from national data providers was collected to assess the impact of the training sessions on the timely submission of good quality data. The feedback provided was positive.

The FP also worked as a knowledge broker between the scientific community and policy makers through the Food Safety Commission.

The FP supported incoming requests from EFSA for partner search, liaised with relevant national organisations interacting with national and EU research funders, and disseminated relevant information, including funding news and upcoming calls related to EFSA.

The FP participated in the *Festa Ikel Malti* (Maltese Food Festival), organised by the Ministry for Agriculture, Fisheries and Animal Rights (MAFA) and the Malta Food Agency (MFA), to promote and disseminate information regarding the work of EFSA and the role of the EFSA FP within the FP network.

The FP also contacted the Malta Council for Science and Technology (MCST) and the Research Support Services Directorate (RSSD) at the University of Malta (UoM) to discuss potential participation and collaboration in the EU Risk Assessment Agenda (EU RAA) catalogue of project ideas.

#### Food risk assessment

The RAD is designated as the entity responsible for food risk assessment as stipulated in the Food Safety Act (2002) Article 7(2)(c) and is represented by an RAD officer, also referred to in Article 5(1)(e), thereby fulfilling the risk assessment role by also being a member of Malta's Food Safety Commission (FSC).

The risk assessment function also means that the Directorate is the entity nominated to represent Malta on issues related to the European Food Safety Authority (EFSA). In fact, RAD officials represent Malta on various networks, including the Advisory Forum, the Focal Point Network and on the Management Board of EFSA.

As a result, the RAD is in constant liaison with Malta's Food Safety Commission (FSC) on a number of food safety issues in line with local legislation.

The Directorate also participates in European meetings at various levels, including European Commission working group meetings, on proposed legal measures and interpretation of current EU legislation dealing with food additives, fortified food, food labelling, food supplements, food for

special medical purposes, nutrition and health claims on food, novel foods, food enzymes, food flavourings, food contact materials and natural mineral waters.

RAD performed risk assessments and provided opinions on several Commission draft proposals, including the draft proposal regarding the maximum levels of delta-9-tetrahydrocannabinol ( $\Delta^9$ -THC) in hemp seeds and products derived therefrom, the placing on the market of the frozen, paste, dried and powder forms of *Alphitobius diaperinus* larvae (lesser mealworm) as a novel food, and the placing on the market of the freeze-dried powder form of *Antrodia camphorata mycelia* as a novel food.

## Food quality

RAD continues to work in the area related to food quality. In 2022, the directorate participated in the discussions on a new proposal issued by the European Commission dealing with protected designations of origin and protected geographic indications. It also held various meetings with stakeholders on the possible protection of various local traditional products.

#### Food Quality Schemes

Controls have been strengthened in the area of labelling of protected designations of origin, protected geographical indications and traditional specialities guaranteed. In 2022, 209 official controls on products within the scope of EU Food Quality Schemes were carried out at conventional markets and via e-commerce.

The product types targeted were cheese, chocolate, derived products and rum. Fourteen different operators were inspected. Through these controls, no infringements were identified.

## Olive oil

One complaint was received in 2022 on potentially non-compliant olive oil sold online. Following checks by the MSD that went beyond the applicable legislation, two olive oils were found non-compliant. Economic operators were ordered to withdraw the products from the market until these are brought into compliance. Follow-up inspections are planned for 2023.

For the purposes of Commission Implementing Regulation (EU) No 29/2012 of 13 January 2012 on marketing standards for olive oil, and Commission Regulation (EEC) No 2568/91 of 11 July 1991 on the characteristics of olive oil and olive-residue oil and on the relevant methods of analysis, two samples were selected on the basis of a risk assessment carried out and sent to an accredited laboratory that is recognised by the International Olive Council for testing in Q4, 2022. The results received at the end of the year will be evaluated in the beginning of 2023 and any action, if required, will be taken.

With regard to two olive oil samples sent for analysis in 2021, one local extra virgin olive oil was found non-complaint and withdrawn from the market in Q1 2022. The results of these tests were reported to the European Commission.

## Recognition for enforcement action

The performance of the Market Surveillance Directorate was recognised by the European Commission in 2022. The MCCA was awarded a certificate of special recognition for the enforcement actions taken as part of a European co-ordinated activity on the safety of products.

During 2022, consumers' well-being and ensuring a level playing field among competitors continued to guide the Directorate's strategic direction and activities. Market surveillance activity was strengthened further through the compliance-driven and proactive approach in strategic national priority areas, implementing digital tools and systems to facilitate and enhance the reliability of compliance checks, and improving co-operation with key national and European stakeholders.

More than 12,000 checks were performed (up from 6,891 in 2021). The checks included online screening of products, inspections co-ordinated by the Inspections Co-ordination Office within the Office of the Prime Minister, automated compliance cross-checks and screening of operators' documentary-based obligations.

Drill-through figures of the checks carried out in 2022, which are inclusive of 2,136 checks carried out digitally, are provided in Table 6. These figures vary from one year to the other since the prioritisation each year may differ.

In addition to the checks listed in Table 7 below, 1,307 checks were carried out through co-ordinated inspections. The remaining checks were carried out as part of screening exercises on energy labelling of household appliances sold online, the registration status of lifts, record keeping obligations of undertakings supplying F-gases, and the certification status of users of plant protection products in Malta.

Product Type	No of Checks (2022)
Toys	589
Lifts	129
Construction Products	24
F-gas	1
Machinery	64
Electrical Appliances and Electronics	296
Personal Protective Equipment	17
Motor Vehicles	224
Chemicals	135
Cosmetics	775
Detergents	187
Gas Appliances	18
Pressure Equipment	13
Marine Equipment	38
Textiles	116
Recreational Craft	39
Energy Labelling and Eco-Design	36
Explosive Precursors	44
Consumer Pyrotechnics	54
Spirit Drinks and Food Quality Schemes	209
Olive Oil	4
General Product Safety Directive	374
PPPs	375
Biocides	104
<b>TOTAL</b>	<b>3,865</b>

**Table 7:** Market Surveillance - Inspections in 2022

These checks do not only ensure that only compliant goods are available for sale, but also provide an assessment of the state of play in areas falling under the responsibility of the TRD, thus enabling the Entity to adopt an evidence-driven approach in devising its regulatory and market surveillance programmes in the following years.

Co-operation with the Customs Department also continued to be strengthened through the provision of technical assistance on product safety legislation and the effective implementation of measures on products imported from third countries found to be non-compliant. In 2022, the MSD received and responded to 441 requests from the Customs Department. Further collaboration took place on the confiscation of non-refillable fluorinated greenhouse gases, and the prohibition on the importation of models of unsafe recreational craft and non-compliant construction products.

	2020	2021	2022
<b>Customs Cases</b>	319	324	441
<b>Checks</b>	1,255	6,891	12,010

**Table 8:** Market Surveillance - Customs Cases; Inspections; Products checked (2020-2022)

## Joint actions

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

Joint actions organised by PROSAFE fall under JAHARP2018, JAHARP2020 and EEPLIANT3, and actions under DG-Just fall under the CASP heading. The general aim of these joint actions is to promote compliance, identify non-compliances, raise awareness and provide guidance on Union harmonisation legislation.

The products sampled and tested included: toys with magnets, chemicals in toys, childcare articles, recreational craft, air-conditioners, space heaters and other consumer products. Table 9 below provides further information and a summary of the findings of these activities.

Project Reference	Information and Findings
<p><b>JAHARP2018</b> – Space Heaters and Recreational Craft</p>	<p>Activities within the scope of this joint action in 2022 focused on recreational craft since checks on space heaters were finalised in 2021. Market surveillance measures on the four non-compliant recreational craft identified in the preceding year were implemented.</p> <p>Where non-compliances persisted, prohibitive measures were implemented to ensure that non-compliant and unsafe recreational craft are not made available in Malta. These measures were discussed with other market surveillance authorities in the EU and relevant information was made available to other concerned authorities to ensure a harmonised approach.</p> <p>Local economic operators found to be making available non-compliant and/or unsafe products in Malta were required to enter into an Undertaking in terms of Article 29 of the Product Safety Act (Cap. 427 of the Laws of Malta).</p>
<p><b>EEPLIANT3</b> – Local Space Heaters</p>	<p>The work started on local space heaters in 2021 continued last year. As planned, six samples of local space heaters were sent for testing, four of which operated using gas and the other two using electricity. Results are expected to be received in Q1, 2023.</p>
<p><b>CASP 2022</b> – Travel Adaptors</p>	<p>Nine different models of USB plug-in chargers were sampled and sent to the laboratory for testing to verify compliance with the Low Voltage Directive.</p>
<p><b>JAHARP2020</b> – Gaseous Appliances</p>	<p>The joint action on gaseous appliances launched in 2021 continued last year. Three domestic space gas heaters, one cooker hob and one portable cooker used for camping were sampled and sent for testing. Results are expected in 2023. Further to these laboratory tests, compliance documentation on six different appliances used for heating or cooking were checked and confirmed for their authenticity with certified bodies issuing them.</p>
<p><b>JAHARP2020</b> – USB plug-in chargers</p>	<p>Nine different models of USB plug-in chargers were sampled and sent to the laboratory for testing to verify compliance with the Low Voltage Directive.</p>
<p><b>EEPLIANT3</b> – Air-conditioners</p>	<p>Results for the three models of air-conditioners sampled in 2021 were received. No non-compliances were identified.</p>
<p><b>EEPLIANT3</b> – Tumble Dryers</p>	<p>The three chosen tumble driers were tested in accordance with SM EN 61121:2-13 – Tumble driers for household use – Methods for measuring the performance. The test results were verified against the declared values and no non-compliances were identified.</p>
<p><b>EEPLIANT3</b> – Water Heaters</p>	<p>Document inspections were carried out on 11 electric storage water heaters and two heat pump monobloc water heaters. Three models of electric water heaters were sampled and sent for testing in 2021. One water heater was found to have the smart mode error not functioning properly and was withdrawn from the market. The other water heaters were found to be compliant.</p>
<p><b>CASP 2022</b> – Toys with Magnets</p>	<p>Eighteen toys with magnets were sampled from local economic operators and sent for testing. Toys intended for both children above and below 36 months were sampled. The toys, consisting of fishing games, magnetic letters and magnetic balls, were tested according to SM EN 71-1:2014+A1: 2018 –Safety of toys Mechanical and physical properties standard. The laboratory results for the samples taken were received and evaluated.</p> <p>The results indicate that all products passed the evaluation and met the necessary safety requirements. However, two of the products were found to be lacking in proper labelling and warning information. These two products have been withdrawn from the market as a result of these findings.</p> <p>Overall, the testing demonstrates that these toys are safe for use by children of all ages, as long as they are labelled and used correctly. This contrasts with the testing on toys performed in 2021, which focused on toys bought directly online from third countries.</p>
<p><b>CASP 2022</b> – Chemicals in Toys</p>	<p>Eleven toys were selected from local shops and evaluated for chemical safety. The sample included toys intended for children both above and below 36 months, including bath toys. The chemical testing results indicated that all products met chemical safety requirements, including phthalates and formaldehyde migration.</p>
<p><b>CASP 2022</b> – Baby Strollers</p>	<p>Eight strollers intended to be used for babies weighing up to 15 kilograms were sampled from the local market and sent for testing.</p> <p>Results were received towards the end of 2022 and, on preliminary evaluation, it was found that non-compliances identified are not of a serious nature. Nevertheless, discussions about the risks are planned for January 2023 to ensure a harmonised approach in the EU among all those participating in this joint action. Market surveillance measures are expected to be taken by Q1, 2023.</p>
<p><b>CASP 2021</b> – Recliner Cradles/ Baby Swings</p>	<p>In Q1 of 2022, a notification under Article 11 was submitted on the rapid alert system for dangerous non-food products and the manufacturer was notified. In their reaction, the manufacturer contested the Authority's result by commissioning a new test result and their own test results. Following this development and considering the low risk originally detected, the Authority withdrew the result from the Safety Gate Rapid Alert System.</p>

**Table 9:**  
Market Surveillance –  
2022 Joint Actions  
and Findings

In addition to the tests conducted as part of EEPLIANT3, the MSD screened web shops for mandatory energy labels. Seven compliance orders were issued to online retailers selling white goods without the required labels on their websites. Subsequent follow-ups towards the end of 2022 revealed that these retailers had taken corrective actions.

European-wide Administrative Co-operation Groups (ADCs) were also followed. The groups followed are related to:

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

Other meetings in which the Market Surveillance Directorate participated included the Consumer Safety Network, the European Union Product Compliance Network, the European Chemical Agency's (ECHA) Forum, the Biocidal Products Regulation Subgroup of the ECHA Forum, the Forum for Exchange of Information on Enforcement on motor vehicles, and other meetings organised by EFSA on the transmission of pesticides occurrence data.

During these meetings, officers representing Malta seek to put on the agenda enforcement matters encountered during the activities performed by the Directorate to promote harmonised procedures across the EU to enhance consumer protection and ensure a level playing field.

## Rapid Public Alerts

As part of the effort to sustain robust co-ordination with the market surveillance authorities in the EU, a focal point of contact for Malta on the rapid alert system for dangerous non-food products ('Safety Gate') was established. Notifications of dangerous consumer products are issued on this rapid alert system to support the effective, speedy and accurate exchange of information among member states.

In 2022, 31 new notifications were issued for products found on the local market that were recalled or withdrawn. A further 13 follow-up actions on products found in Malta were taken, after notifications were received from other member states.

In addition, follow-up action was taken on several notifications issued by other member states or notifications/recall campaigns prompted by other sources. More than 800 such notifications, which included campaigns prompted by the European Commission's Information and Communication System on Market Surveillance (ICSMS), manufacturers and other consumer safety networks outside the EU, were followed up.

There were 187 complaints on product safety-related concerns, which were actioned.

Eighty-one per cent of these complaints were related to lifts and were received from various sources, including by consumers and following inspections performed by authorised conformity assessment bodies.

All complaints are investigated and a structured approach is established to determine the nature of the follow-up action required. The approach is risk-based and takes into consideration the product type involved, the severity of the case and the facts established during the investigation.

Communication with the importers, manufacturers and consumers is considered to be a key element of an effective market surveillance system in a supportive and forward-driven regulatory environment. Last year, more than 275 instances of communication with important market players

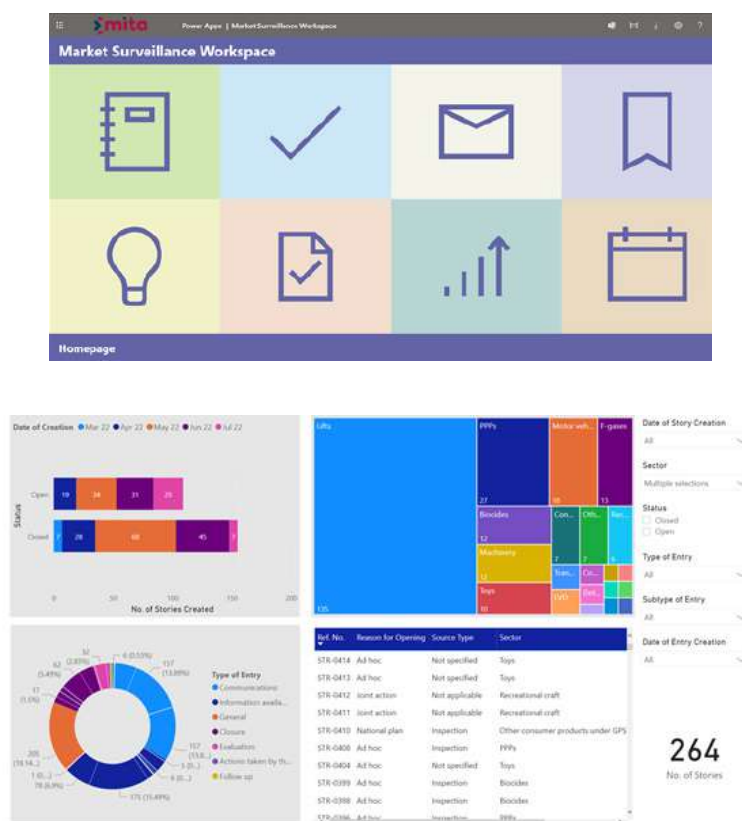
took place and on 52 occasions the Authority reached out to the public with the latest notifications – once a week through social media posts.

## Collaboration with other national market surveillance authorities

The MCCA has signed a memorandum of understanding where the MSD will offer guidance and support to the Commission for the Rights of Persons with Disability. This collaboration aims to help the Commission effectively plan, implement and communicate market surveillance activities related to its new role as a market surveillance authority under the European Accessibility Act.

## Market Surveillance Workspace

The MSD continued to renovate the tools and systems used during its activities to ensure that it is equipped to face new challenges by working smarter. A consolidated IT application was developed and is supported by a business intelligent performance dashboard that facilitates data-driven decisions to be made.



An improvement was also made to the database in which digital investigations are recorded so as to automate the communication of findings between the Digital Investigations Unit and the MSD.





**Standards and  
Metrology Inst**



# d Institute

The Standards and Metrology Institute (SMI) provides technical services to support a quality infrastructure in Malta. It develops and publishes technical standards, offers calibration services, legal metrology and laboratory testing, offers services previously falling under the Office of the Consul for Goldsmiths and Silversmiths, and certifies organisations according to European and international standards.

2022 saw the return of normal operations after the Covid-19 pandemic. In the area of certification and metrology, physical inspections and audits resumed. These were also supported by online verification to reap the benefits of both face-to-face and virtual assessment methodologies to increase the efficiency and effectiveness of the services provided.

New standards on recycling construction and demolition waste were published and a new director of Laboratory Services was appointed. SMI strived to reach the level of output in testing and calibration services registered in 2019 pre Covid and, in some areas, like construction and material testing (CMT) and medical gases, it even exceeded those figures. There has also been further investment in new equipment, both in metrology and in various laboratory testing areas.

In addition, the first inspections by the Office of Gold and Silversmiths started to be carried out since this office was integrated within the MCCA. These followed on from the educational outreach programme carried out in 2021 to appraise economic operators of their legal obligations.

## Development of standards

SMI continued to co-ordinate participation in several European standardisation fora in line with national stakeholder needs. Representatives from industry, government, the academic sector and other stakeholders give their valued input to ensure the national interest is taken on board in the approval of new standards that are acceptable to all the interested parties.

**Table 10** shows the number of European/international standards that have been adopted as national standards during the past three years.

European standardisation bodies	Number of European standards adopted (2020)	Number of European standards adopted (2021)	Number of European standards adopted (2022)
CEN - European committee for standardisation; CENELEC - European Committee for Electrotechnical Standardisation	1,603	1,542	1,619
ETSI - European Telecommunications Standards Institute	325	59	43

**Table 10:** European standards adopted as national standards in 2022 compared to the previous two years

Malta actively gave its input in technical committees that approved new standards for: lifts, cultural heritage, sustainability of construction work, ICT for learning, education and training, artificial intelligence, green financing, e-competences, e-procurement, online gambling, blockchain technology and Eurocodes.

Locally based technical experts showed greater interest in blockchain, and AI and quantum technology standardisation. The MCCA kept industry abreast with developments in standardisation at both European and international levels.

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## Recycling-oriented deconstruction, controlled excavation works and classification of waste

The development of this new standard (SM810:2022) was driven by a national need to classify waste to also help ensure the appropriate disposal of construction and demolition waste in support of the circular economy. Representatives of contractors, Wasteserv, the Environment and Resources Authority and other stakeholders were members on this committee.

During September 2022, the committee finalised the draft after a public consultation process, resulting in the publication of a national standard for the demolition of buildings and excavation works with a view to support the reuse or recycling of material generated.

The standard establishes a requirement for the identification of the waste that will be generated before starting any works – its classification and possible reuse in concrete, concrete products or for recycling in asphalt.

The committee is now finalising a second standard in this series dealing with the classification of recycled aggregates.

## Technical committees

National technical committees were active in the areas of lifts and cultural heritage.

### Standards on lifts

National experts participated in monthly European technical committee meetings on lifts to follow standardisation work at European level by CEN TC 10. The committee's proposals on safety rules for the construction and installation of lifts, service lifts, escalators and passenger conveyors were monitored.

Members from the local lifts industry and other stakeholders continuously provided feedback on the new and revised standards being considered. In 2022, local experts attended four virtual meetings, held every quarter, to contribute to the revision of lifts standards to address the changes brought about by the new EU Directive 2014/33/EU.

The major drive was to move away from the development of European standards to adopt global ISO standards as EN standards. These changes aim to further revise existing harmonised standards on lifts and safety components in the context of lift construction and installation, design rules, calculations, examinations and tests of lift components, presented risks, markings and instructions.

It also aims to ensure greater protection of health and safety, as well as taking into account usability and accessibility in line with the UN Convention on the Rights of Persons with Disabilities.

## Standards on cultural heritage

The MCCA, through the national technical committee set up to follow standardisation works carried out by CEN TC 346 on cultural heritage, continued to provide input on no fewer than 13 new draft standards and standards revisions, with the chairperson of the committee attending all meetings.

The areas covered ranged from a pest management system for the protection of cultural heritage to guidelines for showcasing and exhibiting the various cultural objects and included:

- › procurement of conservation services and works;
- › characterisation of mortars used in cultural heritage;
- › investigation and documentation used in finishes of built heritage; and
- › procedures for the analytical evaluation and selection of cleaning methods for porous inorganic materials used in cultural heritage.

Malta was in favour of having a standard that defines various environmental conditions for certain cultural heritage environments, and was supportive of guidelines and procedures for choosing appropriate lighting for indoor exhibitions.

This input is instrumental to ensure that the proposed standards published reflect best practices that are also applicable to local needs.

## National standards under revision

From time to time, the MCCA reviews domestic national standards, in line with international practice, to ensure they continue to reflect state-of-the-art developments and best practice. Table 11 below lists the national standards that are under review and/or under development.

Draft Standard
MSA 200:2009 - Maltese Data and Information Requirements on Information and Communication Technology
SM 1400:2013 - Motor Vehicle Repairs - Repairers' Management System - Requirements
SM 5100:2015 - Photovoltaic installations - Requirements for Electrical Safety of Single-Phase Systems
SM 5200:2017 - Solar Photovoltaic installations - General Requirements for PV Systems Installations
SM 820:20XX - Classification of Recycled Aggregates

Table 11: National standards that are under review and/or under development

## Revision of MSA 200:2009 standard 'Maltese Data and Information Requirements on ICT'

Since Maltese society is relying heavily on information and communication technologies (ICT), it is important to safeguard the use of the Maltese language in computer technology. Maltese standard MSA 200 was published in 2009. It specifies various cultural elements for computer use, such as alphabet classification, and time and date rendering.

In view of the recent updates in the Maltese language rules, the standard is being updated accordingly. The *Kunsill Nazzjonali tal-Ilsien Malti* (National Council for the Maltese Language) is leading the revision process.

## Revision of standards on motor vehicle repairs

The technical committee, set up in 2020 to revise the national standard on motor vehicle repairs, now extends beyond panel beating of cars to car repairs, with a focus on electric cars.

The MCCA has been working on the preparatory work of the main structure, in collaboration with an expert on repairs from the Malta Insurance Association. New modules in this area are being added each year, and certain modules to cover various areas of repairs can be added, with the committee's work currently ongoing.

## Revision of standards on PV installation

The revision on the standard for PV installations, dealing mainly with the competencies of installers, is ongoing.

Occupational standards are high on the agenda, and the standard will introduce a requirement for continuous training of installers in new technologies being developed and used in materials, components and assemblies to ensure high customer satisfaction.

## Support for SMEs

In 2022, the SMI continued to provide assistance to SMEs to improve their competitiveness through standardisation activities. These services include a standards reference library, help desk and free participation in local, European and international technical committees. Over 140 technical experts representing SME associations contributed to the development of standards.

## Certification

Economic operators can obtain international certification through the Authority. This enables them to demonstrate that they have become more efficient and effective, underlining their commitment to quality. The Authority supports and encourages these economic operators to attain certification in quality systems, environmental systems and management systems.

In 2022, work was undertaken to develop a group certification scheme for organic food products to reduce the burden on farmers' co-operatives and other groups, and the first application was submitted for the organic certification of livestock (sheep and poultry), which is expected to be successfully concluded in 2023.

A number of items coming from outside the EU claimed as organic were sampled in line with the requirement of the EU Organic Regulation. This to control the importation of non-compliant organic products, such as the presence of non-conforming pesticide residues.

**Table 12** below lists the certification and inspection services that were carried out in 2022.

<b>Certification and Inspection Services</b>	<b>Total number of certified entities</b>	<b>New Certificates in 2022</b>
SM EN ISO9001:2015 – Quality Management Systems	101	1
SM EN ISO14001:2015 – Environmental Management Systems	33	7
SM EN ISO45001 – Occupational Health and Safety Management Systems	4	0
SM EN ISO27001 – Information Security Management Systems	2	0
EC Regulation 834 of 2007 – Organic production and labelling of organic products	107	3
MSA 1400:2006 – Motor Vehicle Repair Garage Management Systems	430	17
SM EN 16636:2015 – Pest Management Services – Requirements and competences	6	1
MSA 3500:2010 – Public Playgrounds – Requirements for Public Playground Safety and their Management	7	7
SM 3600:2014 – Indoor Play Facilities – Safety – Requirements for Indoor Play Facilities and their Management	0	0
EU ECOLABEL – Tourist Accommodation Services	5	0
Physical Security Screening	6	1
Industrial Security Screening of personnel	760	131

**Table 12:** Certification and Inspection Services offered in 2022

## Metrology and Accurate Measurement

The majority of technical activities require accurate measurement.

National measurement standards for scientific metrology, linked to international standards, are maintained to ensure the highest level of accuracy. Each standard in Malta is periodically compared with its international counterpart, enabling local working standards to be established for users of all measurement services.

These are offered in mass, temperature, length, volume, electrical quantities, pressure and humidity, temperature, and time and frequency.

The Directorate continues to maintain national measurement standards for five physical quantities – mass, volume, temperature, humidity, and time and frequency – which helped provide traceability to the SI units, the globally agreed system of units at the centre of all modern science and technology.

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

Table 13: Physical Quantity - Highest National Measurement Standard

## Applied Metrology

The local business community finds the Directorate’s calibration services essential so that test/measurement equipment is accurate and well maintained. Accredited commercial calibration laboratories also provide these services.

The technical infrastructure of the Metrology Directorate was further upgraded in 2022 when more state-of-the-art equipment in the areas of temperature, and electrical and humidity metrology, was acquired. Notwithstanding the challenges, the level of performance of previous years was maintained, at least proportionally.

The National Accreditation Board (NAB-Malta) reconfirmed accreditation of the Directorate’s calibration services in 2022. Work is currently ongoing in the area of temperature, where the foundations were laid for accreditation to be obtained by end 2023.

A total of 327 calibrations were carried out in 2022 (see Table 14 below).

Physical Quantity	Metrological Application	Calibration of instruments carried out		
		2022	2021	2020
MASS	Calibration of non-automatic weighing instruments	48	44	85
	Calibration of weights and mass standards	140	176	496
TEMPERATURE	Calibration of thermometers and temperature measuring instruments	125	24	88
	Mapping of temperature/climatic controlled rooms/enclosures	12	21	45
VOLUME	Calibration of volumetric standards for verification of fuel dispensers	2	2	16
<b>TOTAL</b>		<b>327</b>	<b>267</b>	<b>730</b>

Table 14: Applied metrology data 2020-2022

## Legal metrology

Legal metrology guarantees correctness and equity in commercial transactions, protecting the population’s health and wellbeing, apart from safeguarding the environment. Metrological tests are carried out in line with a risk-based enforcement programme on measuring instruments, measurements, product quantities and pre-packages for trade purposes.

The programme focuses on areas that are potentially the most detrimental to consumers and society, checking traders’ measuring instruments.

These inspections ensure that accuracy and transparency in trade measures are upheld. Inspections of the E mark were negatively impacted.

Towards the end of 2021, as a result of a survey conducted by the European Commission with the objective of providing a legal analysis of the Member States' transposition and implementation of the directives on metrology, including those on measuring and non-automatic weighing instruments, a number of loopholes were identified in the local codifications, both in those of national and EU origin.

That triggered an extensive revision operation involving personnel from the Directorate, the DG and the MCCA's legal team. The activity was then put on hold, with the only new provision passed being the increase of the periodicity of submission of local speed cameras to the stipulated legal metrological controls. The exercise is set to resume and is expected to be completed in 2023.

The Legal Metrology Unit performed various inspections on weighing instruments in 2022 in retail shops, pharmacies, jewellers, construction sites, waste processing plants, Malta International Airport, supermarkets and open markets.

There were 268 inspections performed in 2022 on non-automatic weighing instruments (retail scales). This included the periodical checking of weighbridges and industrial weighing instruments for compliance with SOLAS (Safety Of Life At Sea)/Transport Malta requirements.

## Laboratory testing services

Testing services were provided primarily to public entities in chemistry and engineering, medical gases and road construction products and services. Keeping up with technological advancement by investing in the right equipment at the right time to meet clients' demands is deemed to be one of the main challenges for the directorate.

This is addressed through ongoing communication with clients, while the reputation of the laboratory is enhanced and the technical competence elevated. A new director was appointed following the retirement of the previous director. He has been working with MCCA for the past five years, four and a half of which as senior quality manager mainly responsible for the laboratories.

## Chemistry and engineering

A wide range of products, varying from cash registers to Energy Performance Certificate Audits and medical gases were tested in 2022.

The high demand for medical gases testing continued in 2022, which registered the second highest number of tests provided. The medical gases testing service was supplied to all government hospitals in Malta and Gozo, apart from 9.5% of tests provided to private entities.

There were tests for medical oxygen, medical air, surgical air, dental air, compressed air, nitrous oxide and partial testing mainly for particulate matter.

A total of 609 medical gas outlet points were tested in 2022, the second highest ever registered, with the trend on the number of tests provided shown in **Figure 11**.

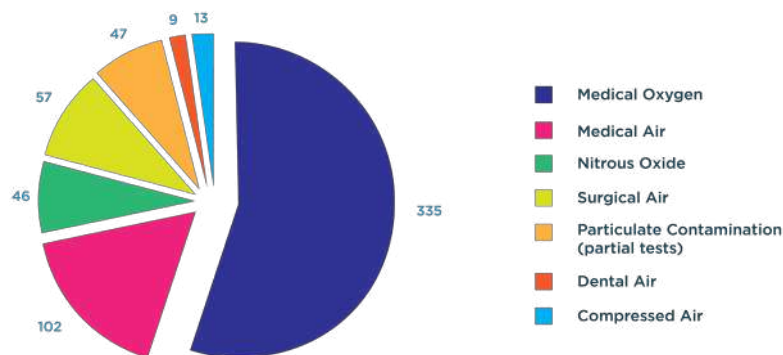
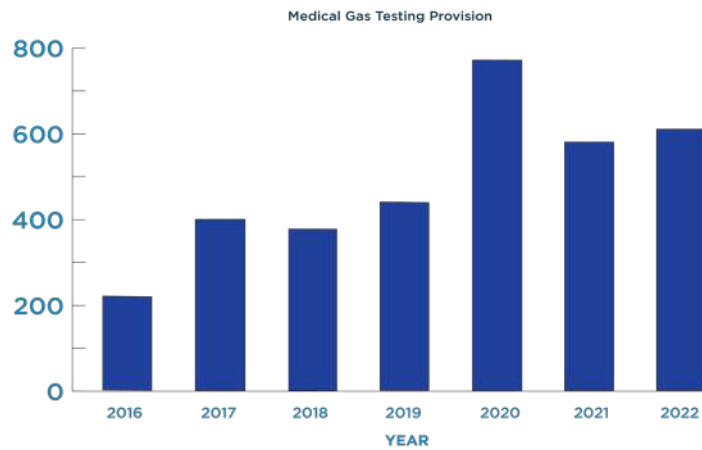


Figure 11: Medical gases data

## Construction material testing

The construction material division had its accreditation scope confirmed by NAB-Malta for its 37 construction material tests. It attended to 1,822 requests in 2022, up by 3% on the previous calendar year.

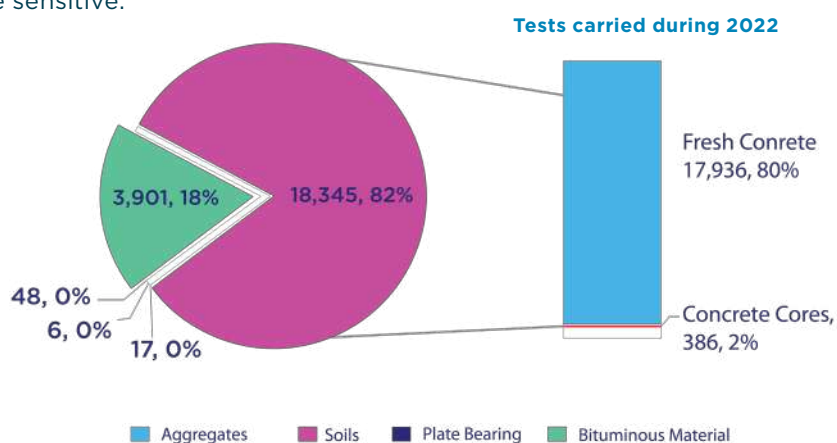
The division provided its services mostly to government entities. Apart from the 74.4% of requests attended to from Infrastructure Malta (IM), the remaining tests were rendered to EneMalta Corporation, the Water Services Corporation, the Grand Harbour Regeneration Project, WasteServ Corporation and the Valletta Gateway Terminal.

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

- › IM – MIA and Dinitrol Junction Projects at Vjal I-Avjazzjoni Ċivili, Triq I-Ewwel Titjira and Dawret il-Gudja, Luqa. This project includes the proposed grade separated junction at Node WA24, the widening of roads and the replacement of the existing grade roundabout next to the MIA, with a grade-separated junction consisting in general of underpasses and an overpass;
- › IM – testing of traffic signs, line markings and micro tests used for the Central Link Project;
- › IM – testing of construction material used during the reconstruction and upgrading of more than 74 country roads;
- › EneMalta – testing of construction material for works in 221 roads, ranging from fresh concrete, concrete cores and asphalt cores;

- › WasteServ – fresh concrete tests in Magħtab, the Marsa incinerator and the Tal-Kus facility in Gozo;
- › TM Maritime – testing of construction material used for quays at Cospicua (Bormla), Sliema, Pinto Warf, the Deep Water Quay, the North Quay at Marsascala and slipways in St Thomas Bay, Marsascala;
- › Water Services Corporation – testing of construction material related to works to improve the water and drainage systems in 109 country roads, including fresh concrete, concrete cores, asphalt cores and fresh bitumen laying tests;
- › Grand Harbour Regeneration Corporation – testing of construction material used during the renovation of housing blocks and open spaces in Valletta, Senglea – the Piazzetta Mitrovic Area, the Kalkara regeneration project, the new stand at the Marsa Sports Ground, the restoration and regeneration of Maglio (Mall) Gardens in Floriana, the Ta’ Xbiex promenade regeneration, and the Maghluq Project at Marsaxlokk; and
- › IM & TM Maritime – Grand Harbour Clean Air Project, consisting of a 49.9 million shoreside electricity project to cut over 90% of the air pollution that cruise liners and Ro-Ro ships produce when visiting Grand Harbour.

During 2022, the total number of onsite tests and those conducted at the CMT Division Laboratories in Mosta exceeded 22,000 for the second consecutive year. The high number of client requests for testing was one of the main challenges, since the CMT has to deal with multiple requests at a given time that are all time sensitive.



**Figure 12:**  
Tests conducted  
by the Construction Material  
Testing Division in 2020-2022

TESTS	2022	2021	2020
Aggregates	17	18	222
Soils	6	5	86
Plate Bearing	48	190	-
Bituminous Material	3,901	4,208	4,368
Fresh concrete	17,936	17,376	11,135
Concrete cores	386	207	828
Others (Including road markings, for water absorption and on earthworks materials)	23	38	51
	<b>22,317</b>	<b>22,042</b>	<b>16,690</b>

More than 18,300 tests were carried out on fresh and hard concrete – the highest ever, and close to 4,000 tests were conducted on bituminous mixtures and asphalt cores. In addition, 17 tests were performed on aggregates and another 23 tests were conducted on road markings (Luminance and Retro reflectivity), water absorption and earthwork materials (see Figure 12).

## Office of the Consul for Goldsmiths and Silversmiths

The Standards and Metrology Institute’s remit widened in 2021 to include the Office of the Consul for Goldsmiths and Silversmiths.

This Office is a best fit within the MCCA because it offers consumer protection, by ensuring that the precious metal articles that are placed on the market comply with the standards of fineness and labelling requirements according to the Goldsmiths and Silversmiths Act. It also ensures a level playing field among business operators. Thus, when consumers buy a precious item, there is less risk that what is being declared on the precious metal item is false.

Market surveillance is being enhanced, in line with international best practice, and the methodologies used in this Office’s laboratories are being constantly reviewed to facilitate trade in precious metal articles, while maintaining fair trade and consumer protection.

The Office of the Consul for Goldsmiths and Silversmiths within the MCCA provides these services:

1. Official valuations of gold and silver items;
2. Assaying gold and silver items to determine the purity of the precious metal;

3. Authorisation and registration of personal identification responsibility marks to suitable, qualified persons, who would be held responsible by the Authority for hallmarking precious metals; and
4. Information dissemination with goldsmiths and silversmiths.

**Table 15** below shows the work carried out in 2022.

Valuation of gold items	127
Valuation of silver items	4
Assaying of gold items	59
Assaying of silver items	52
Number of articles hallmarked	73
Number of Data collecting Inspections	144
Number of Joint Inspections	62

**Table 15:** Goldsmiths and Silversmiths output in 2022

The unit consists of two technical experts and two stampers who assist in the stamping of the hallmarking process, maintain the tools, assist the Consul and aid in the inspections.


In 2022, 144 educational visits were carried out among jewellers in Malta and Gozo to promote knowledge about the legislation and compliance with their legal obligations among shop owners.

It carried out 62 inspections under the Joint Inspection scheme with the Inspections Co-ordination Office of the OPM. With the exception of two instances, there were no other non-compliances with respect to the Goldsmiths and Silversmiths Act. A follow-up through a legal letter is undertaken with any non-compliant traders.



A hand is shown from the bottom, holding a glowing blue square. The square contains the text 'Human Resources' in white. The background is a dark blue gradient with a blurred image of a person in a suit. There are several white line-art icons of people in suits scattered across the background. A white line-art icon of a group of three people is also visible. The overall aesthetic is professional and modern.

# Human Resources



2022 was a very important year for the MCAA as it continued to strengthen its investment in its employees through improved conditions, training and empowerment, focused on service excellence.

## Collective Agreement



*MCCA Chairperson **Ing. Helga Pizzuto** with Minister for Inclusion, Voluntary Organisations and Consumer Rights **Julia Farrugia Portelli** (fifth and sixth from left) at the signing of the new collective agreement, valid up to 2025. Also seen are (from left) **Mr Paul Micallef**, GWU; **Mr Mario Sacco**, UHM; **Mr Josef Bugeja**, GWU; **Ms Riccarda Darmanin**, GWU; **Mr Tony Sultana**, Principal Permanent Secretary; **Dr Joyce Cassar**, Permanent Secretary, Office of the Prime Minister (People and Standards); **Ms Nancy Caruana**, Permanent Secretary, Ministry for Inclusion, Voluntary Organisations and Consumer Rights; **Mr Mario Grixti**, Deputy Head (Industrial Relations Unit); **Ms Antoinette Aquilina**, UHM; and **Ms Hannah Guarracino**, Manager 1 (Projects), Office of the Permanent Secretary (People and Standards).*

The Authority finalised negotiations with both the General Workers' Union (GWU) and the UHM – Voice of the Workers and signed a comprehensive collective agreement, valid up to 2025, covering employees falling within all non-managerial grades.

Apart from taking into account employee wellbeing, the agreement guarantees sustainable employment and provides clearly defined, family-friendly measures linked to measurable goals.

The Authority believes that work should be based on a set of targets and objectives that can be assessed and therefore leave room for the staff to plan and distribute the workload according to their exigencies, when permitted.

The agreement, signed on 3 October, also provides MCCA employees with the opportunity to invest in their careers by offering assistance for continuous professional development and opportunities to attend a number of courses on a regular basis to further expand their educational skills and knowledge. There is a continued emphasis on inclusive working methods resulting in the seamless continuity of service for stakeholders, both in person and virtually.

## Talent development

Despite the limitations faced during the Covid-19 pandemic, the Authority invested significantly in the development of its employees, namely through the enhancement of its in-house online sessions aimed at competence development and specialisation training.

An average of nine hours per employee of training was provided throughout the year.

The recording of training data was retained using the Authority's in-house training application, TRA, which was launched in 2021.

## Safeguarding employee wellbeing

Covid-19 measures to ensure the safety and wellbeing of both employees and stakeholders were retained in 2022. Apart from ensuring that employee desks were separated by the recommended distances and employees worked by rotation, teleworking was also supported.

Clients who preferred to visit the offices in person, rather than access a host of services offered by the MCCA online, were greeted with all the required safety measures.

As a result of all this effort, there were no Covid-19 transmissions at work. The Authority learned a lot from the pandemic. Hybrid models of work were implemented, supported by a flexible, family friendly working environment that continues to deliver results.

## Fellowships and Apprenticeships

The Advanced Fellowship Programme adopted by the MCCA continues to reap dividends. It promotes academic research and expertise around innovation, seeks to lower skills mismatches, increases research, innovation and development nationally and the Framework for Education Strategy for Malta 2014-2024.

Among the programme's priority areas are competition, consumer interests and welfare, voluntary standards and standardisation-related services, national metrology and technical regulations.

The MCCA Internship Programme, launched in 2019, has similar key objectives and priority areas to those of the Advanced Fellowship Programme, apart from the first and primary objective, to provide an environment for candidates to gain work exposure.

Each intern is assigned a mentor to help better adapt to the working environment related to their studies.

The number of Fellows and apprentices following various streams focused on courses that were relevant to the Authority's core operations, including engineers, scientists, economists and lawyers.

## Employment

The following is a breakdown of the MCCA complement, as split between Managerial, Professional & Technical, and Administrative Support staff:

POSITION	2020	2021	2022
Managerial	27	29	29
Professional & Technical	69	71	72
Administrative Support	60	66	61
<b>TOTAL</b>	<b>156</b>	<b>166</b>	<b>162</b>

Table 16 : Employment Positions (2020-2022)

## Gender balance

The MCCA A stayed true to its commitment to hold its status of employer of choice for all by providing equal opportunities, both in terms of employment and development, across all tiers of the hierarchy.

### Employees by Gender (2020-2022)

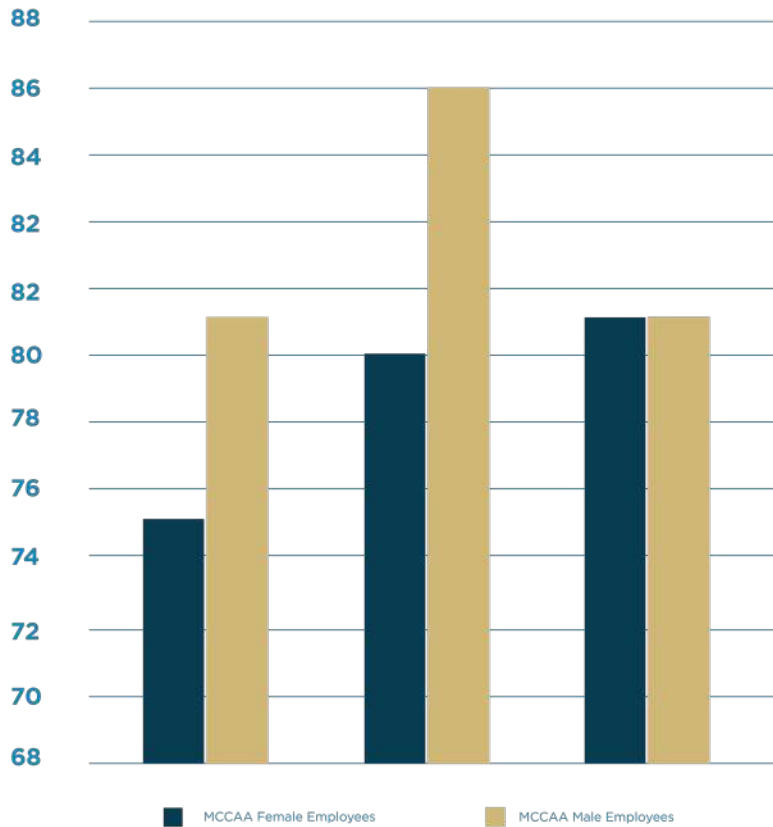


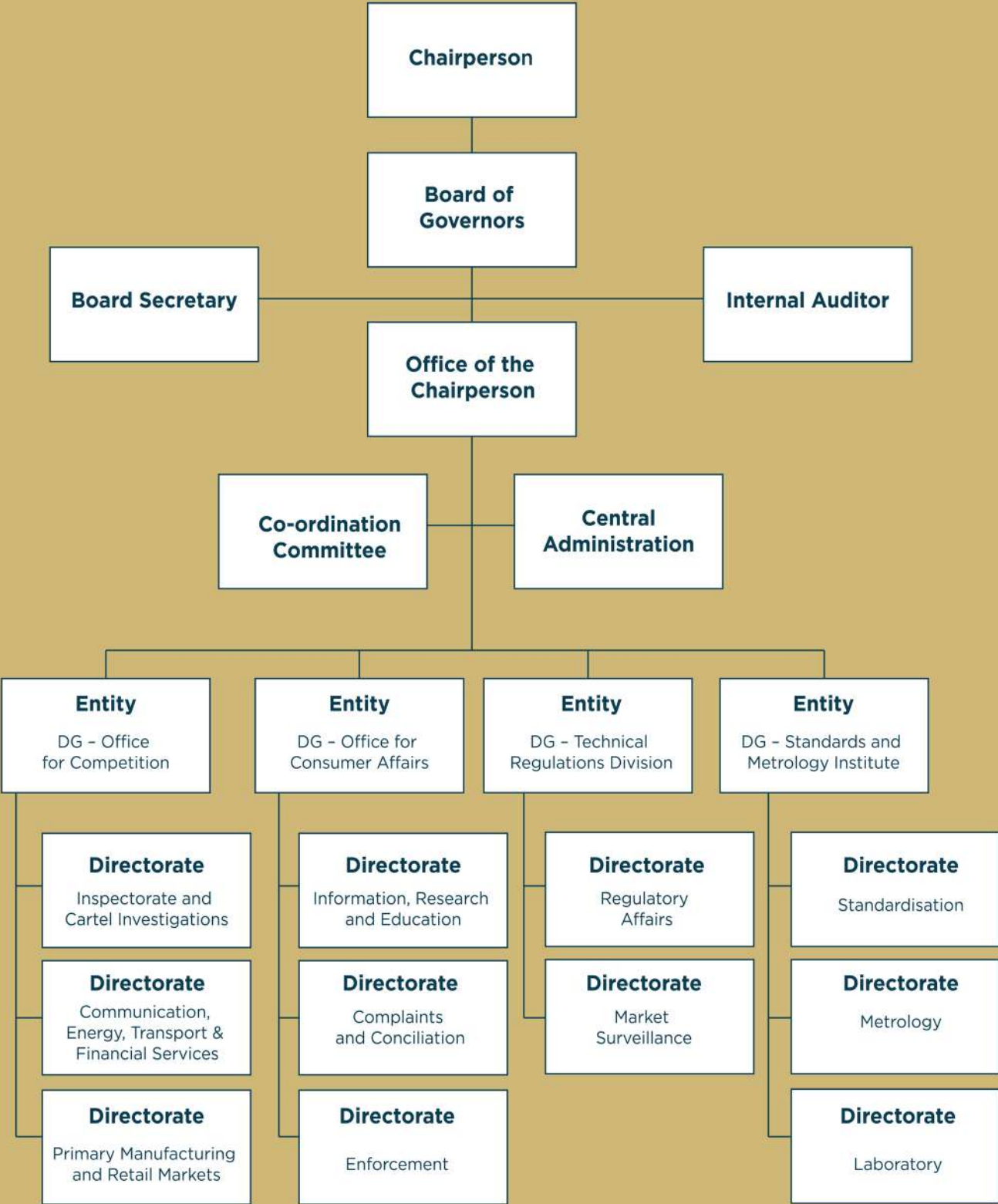
Figure 13: Employees by gender (2020-2022)

## HR Information System

The Human Resources Department strived to increase its administrative efficiency by maximising on the HR Information System. During 2022, the Authority commenced a holistic process review with a view to automating its overtime calculation system to ensure enhanced accountability and accuracy.

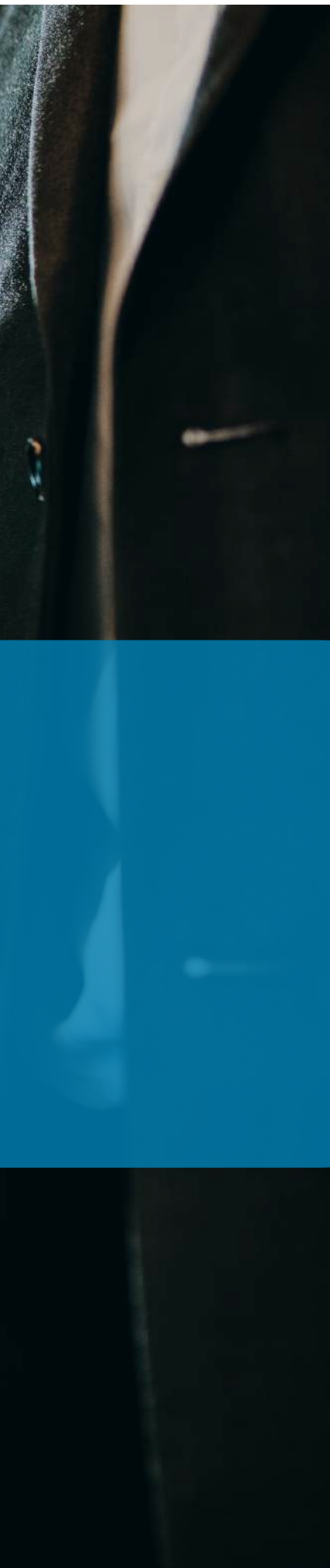
The MCCA A also envisages the overhaul of its performance management system during 2023 with the implementation of an automated system. Through this automated system, the Authority seeks to capture both employee and departmental performance, through measurable goals, as well as having an effective Training Needs Analysis system.

# Organisation Chart





# **Corporate Achievements**



The MCCA continued to strengthen its management team, supported by a clear delineation of roles and optimised procedures.

Timelines of core processes were monitored, and targeted actions were taken to address improvement opportunities.

The insights garnered from performance measurement activities and other strategic tools, including customer and stakeholder feedback, and freephone data analysis, helped the MCCA continue to provide quality services on time by providing it with a clear understanding of performance in terms of efficiency and effectiveness.

## Customer feedback

The MCCA is committed to continually enhance its ability to consistently provide services that meet its customers' requirements, covering both consumers and economic operators.

The Quality Unit was revamped in 2022 into Quality and Improvement to further emphasise the importance of continual improvement within the Authority.

The MCCA welcomes any feedback from all interested parties to continually enhance the implementation of its mission and vision for "the excellent performance of well-functioning markets, through the provision of state-of-the-art services that empower consumers and economic operators". Any feedback and complaints received are investigated thoroughly within the stipulated timeframes to ensure that improvement actions are implemented and integrated in the Authority's operating processes.

In addition, the voice of consumers and economic operators is pivotal for an organisation like the MCCA. It serves as one of the main elements underpinning the effectiveness of the continual improvement process led by the Authority to ensure that its services meet the ever-changing demands of industry and the stakeholders across the various spheres. For this reason, in 2022 the Authority conducted two surveys through third parties among consumers and economic operators.

The scientific results obtained from these surveys demonstrate that the average level of satisfaction with the services provided to the public and economic operators was satisfactory. An in-depth analysis of the results was conducted

and an action plan was drawn up to tackle areas for improvement while maintaining the quality level of high performing areas.

An overhaul of the internal quality documents and procedures is envisaged for 2023. The continual improvement culture embedded in the Authority's operations is key to the efficient and effective implementation and maintenance of the quality management system. The Authority is driven by the knowledge that sustained success is achieved when an organisation attracts and retains the confidence of its customers.

## Performance measurement

The MCCA believes that performance measurement is a critical component of its ongoing efforts to achieve its strategic goals for more competitive and well-functioning markets – to the benefit of both consumers and economic operators. The Authority's performance measurement framework is based on the activities and services carried out by the individual entities, and provides it with the information and insights necessary to make evidence-based decisions and to drive continuous improvement.

Monthly performance reporting has been introduced and this supports ongoing, dynamic analysis of operational strengths and weaknesses, and enables it to adjust its processes as needed. These insights, combined with other strategic tools, are critical due to the Authority's vast remit and various operational challenges.

The MCCA is also committed to leveraging the power of performance measurement to drive continuous improvement and achieve its strategic objectives. Through a focus on building a data-driven decision-making culture and its commitment to excellence, it is confident in its ability to maintain and improve its activities and services, and deliver value to its stakeholders.

Within this context, the function related to Performance Measurement has continued to be optimised and improved through dedicated

resources and, in view of the MCCAAs commitment to strengthen the Gozo Office, this function has been transferred to its sister island's Office.

## Planning future strategy

In 2022, work started on updating the Authority's strategy to optimise its outreach, strengthening its stakeholder engagement and instilling a capacity for proactive regulatory intervention in line with a holistic approach towards innovation and implementation, driven by business intelligence, evidence-based decision-making and continuous improvement.

The results of the two surveys conducted will be analysed to better understand the needs and expectations of the stakeholders, and, along with the implementation of the government's electoral manifesto, will be key projects.

A number of measures were taken to support consumers, primarily in the digital and Green transition, including:

- › working closely with consumer associations and business chambers to enhance market monitoring;
- › enhancing the consumer interface through more effective, user-friendly platforms;
- › continually working to provide consumers with the necessary digital tools to make informed decisions based on available market information;
- › enhanced market surveillance through a more robust, digitised approach; and
- › working towards enhancing consumer redress when products are recalled from the market.

In that context, the MCCAAs prepared the necessary plans to ensure that its work is in line with the new Government policies.

## Sustained investment in quality and improvement

The MCCAAs once again had the effectiveness of its Quality Management System confirmed through re-certification by independent third parties.

Through this re-certification, the ability to consistently provide services that meet the applicable requirements and to enhance customer satisfaction were strengthened. The re-certification was obtained in July 2022, without a single non-conformity, thanks to the commitment of all its employees.

The organisation has continued to follow its internal audit programme. These internal audits are used to assess the conformity, compliance and effectiveness of MCCAAs processes. The full programme of internal audits planned for 2022 – 20 in total – were completed.

These process-based audits were planned by taking into consideration the importance of the relevant processes, any changes, as well as the results of previous audits. A risk-based approach was adopted. These internal audits add value to the Authority by determining improvements to service provision and highlight how the MCCAAs can enhance its ability to meet customer expectations.

The Authority continued to work on the digitalisation of relevant quality processes in 2022. These improvements related to the priority areas, including documented information, communication and planning of changes. Implementation was carried out in line with analysis of the Internal Corrective Actions/Change Requests (ICACRs) that were issued.

## EU-funded projects

Key deliverables related to the ongoing EU-funded projects were achieved. Most of the essential parts leading to the establishment of the Digital Investigations Unit were closed and the related IT system requirements established.

## PR initiatives

The Authority saw a vast growth in communications received through social media platforms, including over 270 messages via Facebook. Every effort is made to reply to each message within 24 hours.

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

YEAR	Facebook	Instagram	Twitter	LinkedIn
2021	6K	525	226	406
2022	6.7K	668	245	514

**Table 17:** The number of followers of the MCCA's social media platforms (2021-2022)

Facebook continues to be the go-to social media page for consumers who wish to communicate with the Authority. There was a growth of around 700 followers, gained organically through various social media campaigns targeted at a different audience.

In 2022, the Authority uploaded over 1,250 posts on its social media pages, with the majority of the designs and videos created in-house.



Three yellow stars



Five yellow stars



One yellow star



A photograph of a business meeting in an office. In the foreground, a person's hands are holding a tablet displaying a bar chart with blue and orange bars. In the background, another person in a white shirt and tie is sitting at a desk with a laptop, keyboard, and calculator. The scene is brightly lit, suggesting a professional environment.

# Financial Statements



**MALTA COMPETITION AND CONSUMER  
AFFAIRS AUTHORITY**

Annual Report and Financial Statements  
For the Year Ended 31 December 2022

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# Governors' Report

The Board presents their report and the audited financial statements of Malta Competition and Consumer Affairs Authority "the Authority" for the year ended 31 December 2022.

## Principal Activities

The Malta Competition and Consumer Affairs Authority was established on 23 May 2011 with the coming into force of the Malta Competition and Consumer Affairs Authority Act, Chapter 510 of the Laws of Malta. The said Act 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 there to or connected there with.

## Performance Review

The Authority's main source of income is from the subvention received from the Government of Malta amounting to €6,600,000 (2021: €5,250,000), which is utilised to cover recurrent expenditure. The Authority also receives government grants to be utilised for capital expenditure. Income relating to capital expenditures amounted to €102,728 (2021: €51,122). Additionally, the Authority also earns income from its commercial operations. During the year ended 31 December 2022, these amounted to €1,317,959 (2021: €1,694,368). As a result, the Authority registered a surplus before tax of €467,429 (2021: €121,391).

## Events after Balance Sheet Date

No significant events have occurred after the balance sheet date which require mention in this report.

## Future Developments

The Authority is not envisaging any changes in the operating activities for the forthcoming year.

## Governors

The following are the details of individuals who have served as Governors of the Authority during the year under review and up to date of authorisation of these financial statements:

### Appointed on 08 July 2022 :

Ing. Helga Pizzuto  
Ms. Taryn Darmanin  
Mr. Kevin Farrugia  
Mr. Benny Borg Bonello  
Mr. Christian Buttigieg  
Ing. Mark Anthony Gullaumier  
Mr. Reginald Fava  
Ms. Graziella Galdes  
Mr. Kris Grech  
Dr. Yvette Borg Tonna  
Dr. Lynn Faure

### Resigned on 08 July 2022:

Mr. John Abela  
Ing. Mario Cassar  
Ms. Sylvana Civelli  
Mr. Joe Falzon  
Prof. Anthony Serracino Inglott  
Ms. Mary Anne Micallef

## Auditors

Capstone Assurance Ltd, Registered Auditors, have expressed their willingness to continue in office and a resolution for their reappointment will be proposed at the Annual General Meeting. Approved by the Board on 28 February 2023.



**Ing. Helga Pizzuto**  
Chairperson



**Mr. Kevin Farrugia**  
Deputy Chairperson

### Registered Address

Mizzi House, National Road, Blata l-Bajda, HMR 9010, Malta

# Statement of Governors' Responsibilities

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With reference to Article 11(1)(e) and (f) of Chapter 510, the Malta Competition and Consumer Affairs Authority Act ('the Act'), the 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:

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

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

- Selects suitable accounting policies and then applies them consistently;
- Makes judgments and estimates that are reasonable and prudent;
- Complies with International Financial Reporting Standards as adopted by the EU; and
- Prepares the annual financial statements on a going concern basis unless it 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 will be incorporated in the Authority's annual report as required in terms of Article 58 of the Malta Competition and Consumer Affairs Authority Act.

# Statement of Comprehensive Income

		2022	2021
	Note	€	€
Government subventions		6,600,000	5,520,000
Grants		102,728	51,122
<b>Total Government Contributions</b>		<b>6,702,728</b>	<b>5,301,122</b>
Administrative and other expenses		(7,548,303)	(6,861,022)
Finance costs		(4,955)	(13,077)
Income from other activities	4	1,317,959	1,694,368
<b>Surplus before taxation</b>	<b>6</b>	<b>467,429</b>	<b>121,391</b>
Taxation	7	(112,101)	(3,665)
<b>Surplus for the year</b>		<b>355,328</b>	<b>117,726</b>

There were no transactions to be reported as 'Other Comprehensive Income' during the year.  
The notes on pages 85 to 107 form an integral part of these financial statements.

# Statement of Financial Position

		2022	2021
	Note	€	€
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	8	535,156	1,030,687
<b>Current Assets</b>			
Trade and other receivables	9	555,464	524,911
Current tax receivable		171,117	171,117
Cash and cash equivalents	10	4,592,783	3,902,457
<b>Total Current Assets</b>		<b>5,319,364</b>	<b>4,598,485</b>
<b>Total Assets</b>		<b>5,854,520</b>	<b>5,629,172</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Capital reserve		11,493	11,493
Retained earnings		2,902,945	2,547,617
<b>Total Equity</b>		<b>2,914,438</b>	<b>2,559,110</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Deferred government grants	11	437,783	435,235
<b>Current Liabilities</b>			
Lease liability		-	612,357
Current tax payable	12	115,688	3,626
Trade and other payables	13	1,678,398	1,617,478
Provisions	14	708,213	401,366
<b>Total Current Liabilities</b>		<b>2,502,299</b>	<b>2,634,827</b>
<b>Total Liabilities</b>		<b>2,940,082</b>	<b>3,070,062</b>
<b>Total Equity &amp; Liabilities</b>		<b>5,854,520</b>	<b>5,629,172</b>

The notes on pages 85 to 107 form an integral part of these financial statements.

These financial statements on pages 81 to 107 were approved by the Board of Governors on 28 February 2023:



**Ing. Helga Pizzuto**  
Chairperson



**Mr. Kevin Farrugia**  
Deputy Chairperson

# Statement of Changes in Equity

	<b>Total Equity</b>	<b>Retained Earnings</b>	<b>Capital Reserve</b>
	€	€	€
<b>Balance as at 01 January 2021</b>	11,493	2,429,891	2,441,384
Surplus of the year	-	117,726	117,726
<b>Balance as at 01 January 2021</b>	11,493	2,547,617	2,559,110
Surplus of the year	-	355,328	355,328
<b>Balance as at 31 December 2022</b>	11,493	2,902,945	2,914,438

The notes on pages 85 to 107 form an integral part of these financial statements.

# Statement of Cash Flows

		2022	2021
	Note	€	€
<b>Cash flows from operating activities</b>			
Surplus before taxation		467,429	121,391
<b>Adjustments for:</b>			
Depreciation		704,535	683,015
Increase/(decrease) in provision for doubtful debts		1,673	(23,818)
Government grants transferred to the statement of comprehensive income		(102,728)	(51,122)
<b>Profit from operations</b>		<b>1,070,909</b>	<b>729,466</b>
Movement in trade and other receivables		(30,553)	(4,216)
Movement in trade and other payables		366,094	(72,399)
Payments of income taxes		(39)	(259,359)
<b>Net cash flows from operating activities</b>		<b>1,406,411</b>	<b>393,492</b>
<b>Cash flows from investing activities</b>			
Payments to acquire property, plant and equipment		(209,004)	(170,854)
Grants received		105,276	299,116
<b>Net cash flows (used in)/from investing activities</b>		<b>(103,728)</b>	<b>128,262</b>
<b>Cash flows from financing activities</b>			
Lease liability payments		(612,357)	(622,069)
<b>Net cash flows used in financing activities</b>		<b>(612,357)</b>	<b>(622,069)</b>
<b>Net cash from cash and cash equivalents</b>		<b>690,326</b>	<b>(100,315)</b>
Cash and cash equivalents at beginning of year		3,902,457	4,002,772
<b>Cash and cash equivalents at end of year</b>	<b>10</b>	<b>4,592,783</b>	<b>3,902,457</b>

The notes on pages 85 to 107 form an integral part of these financial statements.

# Notes of the Financial Statements

## 1. General Information

The Malta Competition and Consumer Affairs Authority ('the Authority') was established on 23 May 2011 with the coming into force of the Malta Competition and Consumer Affairs Authority Act, Chapter 510 of the Laws of Malta. Section 3(6) of the said Act states that the Authority shall assume the persona previously vested in the Consumer and Competition Department, the Malta Standards Authority and the Malta National Laboratory Company Limited and, from the entry into force of this Act, shall assume responsibility for all assets, liabilities and obligations previously entered into by the said Department, Authority and Company or by other bodies on their behalf.

## 2. Basis of Preparation

### 2.1 Basis of measurement

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The principal accounting policies are set out below.

### 2.2 Statement of compliance

The financial statements have been prepared and presented in accordance with the requirements of the International Financial Reporting Standards (IFRS) as adopted by the EU and Second Schedule to the Civil Code, Chapter 16 of the Laws of Malta.

### 2.3 Functional and presentation Currency

The financial statements are presented in Euro (€), which is the Authority's functional currency and presentation currency.

### 2.4 Critical accounting judgements and key sources of estimation uncertainty

In applying the Authority's accounting policies, which are described in Note 3, the Governors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### 2.4.1 Critical judgements in applying the Authority's accounting policies

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 13: lease term: whether the Authority is reasonably certain to exercise termination options.

#### 2.4.2 Key sources of estimation uncertainty

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes:

- Note 15: recognition and measurement of provisions: key assumptions about the likelihood and magnitude of an outflow of resources;

### 2.5 Standards, interpretations and amendments to published standards effective in 2022

In 2022, the Authority has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

#### **Amendments to IAS 16 property, plant and equipment - Proceeds before intended use**

The Authority has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

#### **Annual improvements to IFRS accounting standards 2018-2020 cycle**

The Authority has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year.

#### IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment removes the illustration of the reimbursement of leasehold improvements.

## 2.6 Standards, interpretations and amendments to published standards that are not yet effective

At the date of authorisation of these financial statements, the Authority has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective.

- Amendments to IAS 1 - Classification of liabilities as current or non-current
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of accounting policies
- Amendments to IAS 8 - Definition of accounting estimates
- Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction

The Governors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Authority in future periods.

## 3. Significant accounting policies

### 3.1 Property, plant and equipment

Plant, machinery, fixtures and fittings are stated at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Equipment, furniture and fixtures	6.7 years
Motor vehicles	5 years
Computer equipment	3 years
Improvements to premises	1-50 years
Air-conditioning equipment	6 years
Metrology equipment	3-10 years

Improvements to premises held at Mizzi House, Blata l-Bajda, are depreciated over the term of the lease.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Authority expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

## 3.2 Leases

### 3.2.1 Authority as lessee

The Authority assesses whether a contract is, or contains, a lease, at inception of the contract. The Authority recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Authority recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Authority uses its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment and a credit risk adjustment based on bond yields.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date. The amount expected to be payable by the lessee under residual value guarantee
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line in the the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Authority remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used)
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Authority did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Authority incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Authority expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in Property, Plant and Equipment line in the statement of financial position.

The Authority applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Authority has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Authority allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

### 3.3 Impairment of non-financial assets

At each reporting date, the Authority reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of the impairment loss (if any).

Where the asset does not generate cash flows that are independent from other assets, the Authority estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

### 3.4 Financial instruments

Financial assets and financial liabilities are recognised in the Authority's statement of financial position when the Authority becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### 3.5 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### **Classification of financial assets**

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cashflows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Authority may make the following irrevocable election/designation at initial recognition of a financial asset:

- The Authority may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met and
- The Authority may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

#### **3.5.1 Amortised and effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transactions costs and other premiums or discounts) excluding expected credit losses, through the expected

life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Authority recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improved so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the 'finance income – interest income' line item.

### 3.5.2 Impairment of financial assets

The Authority recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For all other financial instruments, the Authority recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Authority measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represent the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

### Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Authority compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Authority considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Authority's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Authority's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected deterioration in the financial instrument's external (if available) or internal credit rating
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations
- An actual or expected significant deterioration in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Authority presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Authority has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Authority assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily reduce the ability of the borrower to fulfil its contractual cash flow obligations.

### 3.5.2 Impairment of financial assets (cont.)

The Authority considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

For financial guarantee contracts, the date that the Authority becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Authority considers the changes in the risk that the specified debtor will default on the contract.

The Authority regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

#### **Credit-impaired financial assets**

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- The disappearance of an active market for that financial asset because of financial difficulties

#### **Definition of default**

The Authority considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Authority, in full (without taking into account any collateral held by the Authority).

Irrespective of the above analysis, the Authority considers that default has occurred when a financial asset is more than 90 days past due unless the Authority has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

### **Write-off policy**

The Authority writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Authority's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

### **Measurement and recognition of expected credit losses**

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount of guaranteed debt that has been drawn down as at the reporting date, together with any additional guaranteed amounts expected to be drawn down by the borrower in the future by default date determined based on historical trend, the Authority's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Authority in accordance with the contract and all the cash flows that the Authority expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

For a financial guarantee contract, as the Authority is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Authority expects to receive from the holder, the debtor or any other party.

If the Authority has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Authority measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Authority recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

### 3.5.3 Derecognition of financial assets

The Authority derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Authority neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Authority recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Authority retains substantially all the risks and rewards of ownership of a transferred financial asset, the Authority continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument which the Authority has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

## 3.6 Financial liabilities and equity

### Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Authority are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Authority's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Authority's own equity instruments.

#### 3.6.1 Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Authority, are measured in accordance with the specific accounting policies set out below.

#### Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest

fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

### **3.6.2 Derecognition of financial liabilities**

The Authority derecognises financial liabilities when, and only when, the Authority's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Authority exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Authority accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: the carrying amount of the liability before the modification; and the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

## **3.7 Cash and cash equivalents**

In the statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

Bank balances for which use by the Authority is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in notes. If the contractual restrictions to use the cash extend beyond 12 months after the end of the reporting period, the related amounts are classified as non-current in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Authority's cash management. Such overdrafts are presented as short-term borrowings in the statement of financial position.

## 3.8 Revenue

### 3.8.1 Government subvention

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

### 3.8.2 EU projects

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

### 3.8.3 Capital grants

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

### 3.8.3 Capital grants

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

### 3.8.4 Income from other activities

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.

Revenue from the provision of services is recognised in the period in which the services

are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Interest income is accrued on a time basis, by referencing to the principal outstanding and the interest rate applicable.

### 3.9 Provisions

Provisions are recognised when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that the Authority will be required settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### 3.10 Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

#### 3.10.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Authority's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Authority supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

#### 3.10.2 Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Authority expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Authority intends to settle its current tax assets and liabilities on a net basis.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Governors reviewed the Authority's investment property portfolios and concluded that none of the Authority's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the Governors have determined that the 'sale' presumption set out in the amendments to IAS 12 is not rebutted. As a result, the Authority has not recognised any deferred taxes on changes in fair value of the investment properties as the Authority is not subject to any income taxes on the fair value changes of the investment properties on disposal.

### **3.10.3 Current tax and deferred tax for the year**

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

#### 4. Income From Other Activities

	2022	2021
	€	€
Bank and other interest	257	257
Calibration and legal metrology	56,418	55,356
Certification services	274,557	259,221
Net income from EC type approval certifications	1,000	6,200
Agreement with European Food Safety Authority	46,875	50,000
General income	17,331	32,044
Net income from translations	-	61,689
Net income from plant protection services	321,510	426,075
Net income from active substances	54,956	98,570
Net income from biocidal evaluations	-	60,378
Regulatory fees	84,146	96,372
Sale of standards	27,127	43,131
Seminars	2,000	16,219
Testing services	427,122	483,192
Tribunal fees	4,660	5,664
	<hr/> 1,317,959	<hr/> 1,694,368

## 5. Wages and Salaries

Wages and salaries for the year comprise of the following:

	<b>2022</b>	2021
	<b>€</b>	<b>€</b>
Wages and salaries	<b>5,304,788</b>	4,827,326
Employer's share of social security contributions	<b>346,150</b>	344,846
	<b>5,650,938</b>	5,172,172

On 3 October 2022, the Authority signed new collective agreement which impacted wages, performance bonuses and other allowances payable to non-managerial staff, part of which relates to prior reporting period. In addition, the Authority agreed new remuneration package for the Board of Governors.

Finally, as further explained in note 14, The Authority has ongoing negotiations in relation to the new remuneration packages for managerial staff.

### 5.1 Average number of employees

The average number of persons employed by the Authority during the year was as follows 2022:

	<b>2022</b>	<b>2021</b>
	<b>No</b>	<b>No</b>
Managerial	<b>29</b>	<b>29</b>
Professional and technical	<b>72</b>	<b>71</b>
Administrative	<b>61</b>	<b>66</b>
	<b>162</b>	<b>166</b>

## 6. Surplus Before Taxation

Surplus before taxation is stated after charging the following:

	<b>2022</b>	2021
	<b>€</b>	<b>€</b>
Depreciation of property, plant and equipment	<b>704,130</b>	683,014
Board of Governors' remuneration	<b>103,644</b>	27,951
Key management personnel remuneration	<b>313,536</b>	250,968
Audit fee	<b>3,600</b>	3,600

During the reporting period, the Authority filled a previously vacant role within its key management personnel. Further information on new remuneration packages is available in notes 5 and 14.

## 7.2 Taxation

### 7.1 Income tax expense

	<b>2022</b>	2021
	<b>€</b>	<b>€</b>
Current taxation expense	<b>112,101</b>	3,665

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### 7.2 Tax reconciliation

The tax on the Authority's surplus before tax differs from the theoretical amount that would arise using the rate applicable to profits as follows:

	<b>2022</b>	2021
	<b>€</b>	<b>€</b>
Profit for the year	<b>467,429</b>	121,391
Tax at 35%	<b>163,600</b>	42,487
<b>Tax effect of:</b>		
Expenses disallowed for tax purposes	<b>247,031</b>	243,632
Absorbed capital allowances	<b>(46,980)</b>	(39,325)
Other deductions	<b>(251,550)</b>	(243,129)
	<b>112,101</b>	3,665

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## 8. Property, Plant and Equipment

	Equipment, Furniture and Fixtures	Motor Vehicles	Metrology Equipment	Computer Equipment	Air-conditioning Equipment	Improvements to Premises	Right of use assets	<b>TOTAL</b>
	€	€	€	€	€	€	€	€
Cost	871,370	283,300	2,516,573	502,546	21,384	372,341	2,052,052	6,574,566
Opening Balance	17,273	47,741	55,843	41,777	-	8,221	-	170,855
Additions	-	(32,610)	-	-	-	-	-	(32,610)
<b>Balance at 31 December 2022</b>	888,643	253,431	2,572,416	544,323	21,384	380,562	2,052,052	6,712,811
<b>Accumulated depreciation and impairment</b>								
Opening Balance	(837,250)	(140,88)	(2,460,550)	(472,634)	(21,384)	(164,783)	(934,430)	(5,882,124)
Disposals		32,610						32,610
Depreciation	(12,286)	(46,914)	(19,817)	(29,688)	-	(15,520)	(558,810)	(683,015)
<b>Balance at 31 December 2021</b>	(849,536)	(154,992)	(2,480,367)	(502,302)	(21,384)	(180,303)	(1,493,240)	(5,682,124)
Carrying amount								
At 01 January 2021	34,120	97,621	56,023	29,912	-	207,558	1,117,622	1,542,847
At 31 December 2021	39,107	98,439	92,049	42,201	-	200,259	558,812	1,030,687

## 8. Property, Plant and Equipment (cont.)

	Equipment, Furniture and Fixtures	Motor Vehicles	Metrology Equipment	Computer Equipment	Air-conditioning Equipment	Improvements to Premises	Right of use assets	TOTAL
	€	€	€	€	€	€	€	€
Cost	888,643	253,431	2,572,416	544,323	21,384	380,562	2,049,600	6,710,359
Opening Balance	5,122	43,777	113,147	45,917	-	1,041	-	209,004
Additions	-	-	-	-	-	-	(2,049,600)	(2,049,600)
<b>Balance at 31 December 2022</b>	893,765	297,208	2,685,563	590,240	21,384	381,603	-	4,869,763
<b>Accumulated depreciation and impairment</b>								
Opening Balance	(849,536)	(154,992)	(2,480,367)	(502,302)	(21,384)	(180,303)	(1,493,240)	(5,682,124)
Disposals	-	-	-	-	-	-	2,052,052	2,052,052
Depreciation	(11,721)	(44,719)	(33,150)	(43,913)	-	(12,220)	(558,812)	(704,535)
<b>Balance at 31 December 2021</b>	(861,257)	(199,711)	(2,513,517)	(546,215)	(21,384)	(192,523)	-	(4,334,607)
Carrying amount								
At 01 January 2021	39,107	98,439	92,049	42,021	-	202,259	556,360	1,028,235
At 31 December 2021	32,508	97,497	172,046	44,025	-	189,080	-	535,156

## Notes to the Financial Statements

### 9. Trade and Other Receivables

	2022 €	2021 €
Trade receivables	464,592	376,967
Provision for doubtful debts	(72,329)	(70,656)
Prepayments	87,232	179,676
Indirect taxation	75,969	38,924
	<b>555,464</b>	<b>524,911</b>

### 10. Cash and bank balances

Cash and bank balances for the purpose of the cash flow statement are as follows:

	2022 €	2021 €
Cash in hand and at bank resulting from operations	2,678,199	1,883,613
Cash in hand and at bank in relation to committed projects	1,914,584	2,018,844
	<b>4,592,783</b>	<b>3,902,457</b>

### 11. Deferred Government Grants

Cash and bank balances for the purpose of the cash flow statement are as follows:

	2022 €	2021 €
<b>Non-current</b>		
Deferred government grants	<b>437,783</b>	435,235

Government grants relate to capital vote allocated by the Government of Malta in terms of annual Central Government Budget and European Commission grant awarded for the action 'Establishing a Digital Investigations Unit'.

## 12. Lease liability

	2022 €	2021 €
<b>Current</b>		
Lease liability	-	612,357

The Authority leases its office at Mizzi House, Blata I-Bajda, Il-Hamrun. On 31 December 2022, lease agreement was automatically extended for four further periods of six months each, however with respect to each extension period, the Authority has an option to terminate the lease with advance notice. Management is reasonably certain to exercise its termination option within 12 months period and therefore on 31 December 2022 lease was classified as short-term.

## 13. Trade and Other Payables

	2022 €	2021 €
Trade payables	143,750	162,867
Accruals	486,665	473,137
Deferred income	941,089	878,416
Other payables	106,894	103,058
	<b>1,678,398</b>	<b>1,617,478</b>

## 14. Provisions

	2022 €	2021 €
As at 1 January	401,366	315,468
Additional provisions	708,213	401,366
Provisions utilised	(331,244)	(315,468)
Unused provisions reversed	(70,122)	-
	<b>708,213</b>	<b>401,366</b>

## 14. Provisions (cont.)

During the year ended 31 December 2022, the Authority recognised a provision amounting to €330,170 in relation to employee performance bonuses. Estimate was based on the collective agreement provisions. At the authorisation date of these financial statements, performance appraisals were not yet completed.

In addition, the Authority recognised a provision amounting to €378,043 in relation to new remuneration packages for managerial staff. At the authorisation date of these financial statements, remuneration packages were not yet fully endorsed.

## 15. Financial Risk Management

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

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

### 15.1 Market risk

#### 15.1.1 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Authority is not exposed to currency risk.

#### 15.1.2 Interest rate risk

The Authority is not exposed to interest rate risk since it has no significant interest-bearing assets.

### 15.2 Credit risk

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

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

	<b>2022</b>	<b>2021</b>
	<b>€</b>	<b>€</b>
Trade and other receivables	<b>555,464</b>	524,911
Cash and cash equivalents	<b>4,592,783</b>	3,902,457
	<b>5,148,247</b>	4,427,368

## 15.2 Credit risk (cont.)

The Authority continuously monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Authority's policy is to deal with only creditworthy counterparties. The Authority considers that the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due. Neither of the Authority's financial assets are secured by collateral or other credit enhancements. The credit risk for liquid funds is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

## 15.3 Liquidity risk

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

## 15.4 Capital risk management

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

## 15.5 Fair value estimation

At 31 December 2022 and 31 December 2021, the carrying amounts of receivables and payables reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period time between the origination of the instruments and their expected realisation.

# Report on the Audit of the Financial Statements

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## Opinion

We have audited the accompanying financial statements of Malta Competition and Consumer Affairs Authority set out on pages 83 - 109 which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and cash flows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the balance sheet of the Authority as at 31 December 2022, and of its financial performance for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and have been properly prepared in accordance with the requirements of the Malta Competition and Consumer Affairs Authority Act, 2011 of the Laws of Malta.

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the 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.

## Other Information

The Governors are responsible for the other information. The other information comprises the Governors Report. Our opinion on the financial statements does not cover this information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In addition, in light of the knowledge and understanding of the Authority and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Governors' report and other information. We have nothing to report in this regard.

## Responsibilities of the Governors

The Governors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

## 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 scepticism 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 Governors.

- » Conclude on the appropriateness of the 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.
- » 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 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

We communicate with the 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.

We are required to report to you if, in our opinion:

- » We have not received all the information and explanations we require for our audit.
- » Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- » The financial statements are not in agreement with the accounting records and returns. We have nothing to report to you in respect of these responsibilities.

We have nothing to report to you in respect of these responsibilities.



**Kris Baron**

for and on behalf of Capstone Assurance Ltd Registered Auditors

**28 February 2023**

## Schedules

### Schedule of Income from Other Activities

	2022	2021
	€	€
Bank and other interest	257	257
Calibration and legal metrology	56,418	55,356
Certification services	274,557	259,221
Net income from EC type approval certification	1,000	6,200
Agreement with European Food Safety Authority	46,875	50,000
General income	17,331	32,044
Net income from translations	-	61,689
Net income from plant protection services	321,510	426,075
Net income from active substances	54,956	98,570
Net income from biocidal evaluations	-	60,378
Regulatory fees	84,146	96,372
Sale of standards	27,127	43,131
Seminars	2,000	16,219
Testing services	427,122	483,192
Tribunal fees	4,660	5,664
	<hr/>	<hr/>
	1,317,959	1,694,368
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## Schedules

### Schedule of Income from Other Activities

	2022	2021
<b>Administrative expenses</b>	€	€
Accreditation costs	31,828	18,283
Advertising	19,776	25,107
Audit fee	3,600	3,600
Audit of quality assurance system	-	11,056
Bank charges and interest	2,470	3,018
Board of Governors' remuneration	103,644	27,951
Certification expenses	14,850	14,688
Cleaning	50,380	46,236
Depreciation	704,130	683,014
Fellowship expenses	31,063	37,661
General expenses	31,882	20,343
Hospitality and entertainment	39,643	17,442
Increase/(decrease) in provision for bad debts	1,673	(23,818)
Information technology expenses	104,456	86,024
Insurance	19,284	18,846
Legal and professional fees	21,883	58,492
Loss on disposal of fixed assets	359	-
Membership fees	113,494	110,878
National laboratory expenses	97,145	80,879
Postage and couriers	23,574	15,197
Printing and stationery	20,172	25,596
Realised loss on exchange	952	3,143
Rent	67,274	58,063
Repairs and maintenance	43,616	24,557
Salaries	5,650,938	5,172,172
Support services	58,420	39,927
Seminar costs	4,658	37,491
Telecommunications	21,797	21,703
Testing of pesticides	101,899	89,553
Training and professional development	46,533	48,889
Transport	29,813	28,452
Travelling	39,236	6,219
Water and electricity	47,861	50,360
<b>Total</b>	<b>7,548,303</b>	<b>6,861,022</b>



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