

ANNUAL REPORT
2021



Mission Statement

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

Chairperson's Address

A significant milestone was marked in 2021 as the Malta Competition and Consumer Affairs Authority (MCCAA) celebrated its tenth anniversary. What was previously four individual entities were brought together with a primary focus – the interests of the consumer and the promotion of fair, equitable commerce that is of benefit to society.

Over the years, the Authority strived to maximise on the synergies between the four entities, and has come a long way thanks to the invaluable contribution of all those involved, some of whom are sadly no longer with us. The contribution of my predecessors, the members of its various boards over the years and the entire management team and staff, past and present, have been instrumental in making this Authority a forward-looking, sustainable entity focused on creating public value.

This important anniversary was marked with an international conference addressed by, among others, the European Commissioner for Justice. The event provided the opportunity to celebrate past achievements and to look ahead with a clear strategic vision aimed, among others, at creating a dynamic ecosystem for effective regulation and enhanced market surveillance. Throughout the year, we maintained focus on Covid-19-related work, while putting energy in new initiatives to ensure the ongoing transformation of our operations, in line with the needs and expectations of society.

During 2021, the Authority transposed or implemented 11 new EU directives and regulations covering technical areas from tyre labelling to toys, along with new consumer protection legal provisions. This is no mean feat when one considers that, behind every transposition, the Authority

undergoes a comprehensive process to ensure that the final legislative text provides for the effective achievement of the underlying policy objectives.

Across the board we have delivered more. The Office for Competition, besides carrying out the oversight of 18 concentrations and mergers, and continuing with its investigations, carried out a sector inquiry in the area of infant milk formula supply. Through such endeavours the Office provides recommendations in support of fair and healthy competition.

Towards the end of the year, work also commenced on the development of a prioritisation mechanism drawn up on a risk-based assessment that, going forward, will support the Office for Competition to focus its resources on those critical areas that will leave the larger impact on the competition landscape at a national level. It is anticipated that this new mechanism will start being used in 2023.

On the Consumer side, we continued handling complaints and cases linked to the impact of Covid and assisted just under 500 consumers to obtain refunds from airlines. We invested in improving our Alternative Dispute Resolution (ADR) set-up, with a view to providing consumers and traders an avenue to solve disputes outside the courts – ultimately to the benefit of both parties.

In parallel with the work undertaken by the Competition Office, the Technical Regulations Division also invested in the development of a risk assessment methodology to prioritise where we carry out our market surveillance. We revisited our internal procedures to ensure repeatability in approach, transparency and more accountability. This has helped

us to identify the most critical sectors and to substantially increase the effectiveness of our inspection activities.

We have also continued to invest in the authorisation process linked to plant protection products and biocides. There is much more potential in this area, but this can only be tapped into if the necessary expertise is developed and, in this regard, we will, in 2022, be looking at developing the necessary synergies with education institutions.

In 2021, we took over responsibility for the Office of the Consul for Goldsmiths and Silversmiths, in line with our commitment for a strategic approach to realign the regulatory portfolio. Several measures were taken to ensure the transition was as smooth as possible, while tangible improvements in service provision have already been implemented. During 2022, we aim to continue strengthening the surveillance on this market through co-ordinated inspections.

In order to ensure that we remain capable of carrying out laboratory tests to the latest standards, we have conducted an extensive exercise to identify any equipment which requires upgrading and we envisage to have the new equipment operational by 2023.

From a quality perspective, we continued to extend the scope of our ISO 9001:2015 certification. New activities related to the valuations of precious metal articles and authorisations of manufacturers, which were transferred to the Authority earlier in the year, were certified. Additionally, the process related to the assessment of notifications of concentrations has been included in the scope of the certification.

As part of our continuous improvement efforts, and in line with our strategy, we



also successfully obtained EU funding to develop a digital investigations function.

This project includes accredited training for MCCAA personnel, introduction of new processes and the development of an IT system that will support and facilitate market surveillance related to digital marketplaces.

No organisation can be effective without the right people, tools and internal processes, and we will continue investing in our people and leveraging technology to provide effective regulation in support of an economy that works for consumers.

All in all, it has been an intense year coming on the heels of the extraordinary times generated by the pandemic. This year's achievements are to the credit of all involved, my fellow members of the Board, senior management and all the employees, to whom I extend my gratitude.

Board of Governors



Chairperson
Ing. Helga Pizzuto



Deputy Chairman
Mr John Abela



Member
Dr Lynn Faure



Member
Dr Yvette Tonna Borg



Member
Ing. Mario Cassar



Member
Mr Benny Borg
Bonello



Member
Mr Reginald Fava



Member
Ms Mary Anne
Micallef



Member
Ms Silvana Civelli



Member
Prof. Anthony
Serracino Inglott



Member
Prof. Joe Falzon

Directors General



Left to right: **Ing. Francis Farrugia** DG Standards and Metrology Institute; **Ing. Helga Pizzuto** Acting DG Technical Regulations Division; **Ms Grace Stivala** DG Office for Consumer Affairs; and **Mr Godwin Mangion** DG Office for Competition.

Contents

8 Office for
competition

22 Office for
Consumer
Affairs

38 Technical
Regulations
Division

54 Standards &
Metrology
Institute

66 Human
Resources

72 Corporate
Achievements

78 Financial
Statements

Office for Competition

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



Office for Competition

2021 was marked with a series of amendments to the Maltese Competition Act, which aim to bolster the effectiveness of the investigations of the Office for Competition. A leniency programme was introduced to provide the OC with new powers to help uncover cartel conduct behaviour. The small size of the Maltese market permits easier conduct of parallel behaviour between market operators since they could easily get the required market knowledge of business offers and prices, and adjust their prices accordingly. In such circumstances, competition authorities may find it difficult to distinguish between concerted practices and independent action.

In 2021, the OC witnessed record-breaking growth in the number of merger notifications, with a total of 17 transactions analysed by the Office. The OC also saw a shift towards mergers of large companies and undertook an unprecedented number of in-depth Phase II investigations initiated in a single year.

The OC believes in the importance of proactive enforcement, particularly in markets where circumstances suggest that competition may be restricted or distorted. To this end, the OC undertook and published its findings on a sector inquiry related to the Supply of Infant Milk Formula in the Public Health Sector and the impact of that supply on the private retail market for infant formula and similar products.

Regulatory Activity

The OC examined and investigated alleged infringements of the Competition Act in various sectors, including the financial, maritime and transport, entertainment and recreational, energy and professional services sectors. These investigations are still ongoing. The process of assessing the alleged infringements included a literature review of cases in the European Union and other jurisdictions. The investigation also included a number of Requests for Information that were sent to the parties involved in the investigation, and to other undertakings within the sector being assessed with a view to better analyse and examine the alleged infringements. The majority of these investigations were initiated following a complaint by an aggrieved party.

Concentrations

In the last four years, the OC has issued 42 decisions, which covered various sectors of the economy, as can be seen below:

Breakdown of Decisions by Sector from 2018-2021

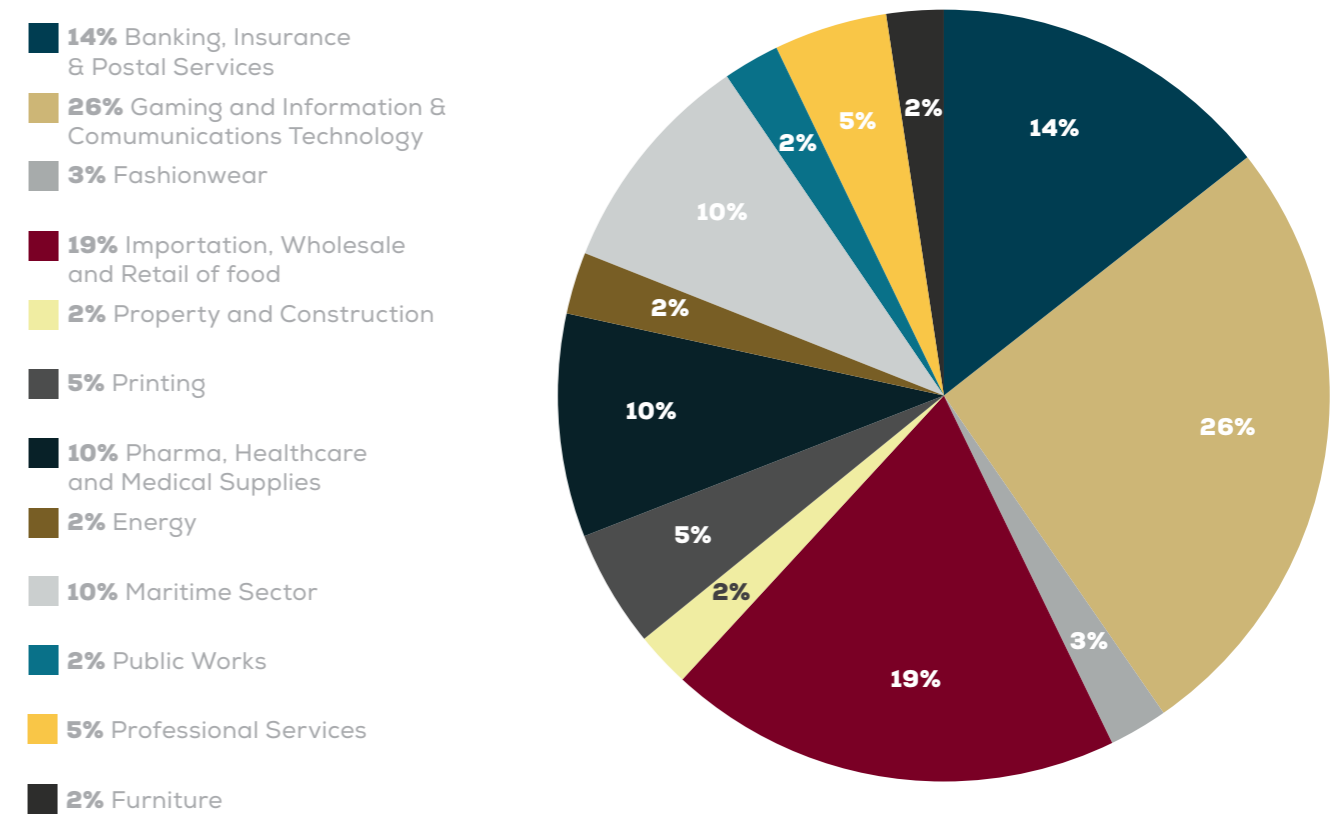


Figure 1: Breakdown of decisions by sector

In 2021, the OC mainly concentrated its resources on the assessment of concentrations notified to it. The OC issued 18 decisions on proposed concentrations that impacted both the local and foreign markets. Concentrations between foreign companies are referred to the OC since their turnover in Malta exceeds the threshold established in the Control of Concentrations Regulations and thus have still to be assessed on whether these concentrations lead to a substantial lessening of competition in the local market. This was the highest number of decisions issued since the inception of the Authority in 2011.

The decisions covered a wide variety of sectors, including the retail and grocery market, gaming, insurance and passenger fast ferry services. All concentrations were assessed within the time limits stipulated by the Control of Concentrations Regulations.

	Decisions	Market
1	Acquisition by Affiliates of Centerbridge Partners, L.P. of Speedcast International Limited	Satellite connection in the maritime sector
2	Acquisition by Fincantieri Infrastruttura S.p.A. of two going concerns of Inso - Sistemi per le Infrastrutture Sociali S.p.A. in Extraordinary Administration	Project and realisation of public works
3	Acquisition of sole control of Slack Technologies Inc. by salesforce.com inc.	Online provision of software, application hosting and application service provisioning
4	Acquisition by Phoenix Tower International Group of M.T. Mediterranean Towers Limited from Epic Communications Limited	Telecommunications
5	Acquisition of Certain Business Assets of Willis Towers Watson PLC by Arthur J. Gallagher & Co.	Insurance
6	Acquisition of Mint Finance Limited by Zampa Debattista Group	Professional Services
7	Acquisition of Willis Towers Watson PLC Treaty Reinsurance by Arthur J. Gallagher & Co.	Insurance
8	Acquisition of AlleyBe Group by Zedra Malta Limited	Corporate Service Provider Services
9	Acquisition of Scavolini Brand from Aplan Limited by onepercent Limited	Furniture
10	Acquisition of FourStop GmbH by Jumio Acquisition LLC	IT Services
11	Assessment of proposed acquisition by Lidl Immobiliare Malta Limited of some of the buildings belonging to Said Investments Limited and leases belonging to Scotts Limited to operate Lidl supermarkets from them (Phase I Decision)	Retail and Grocery Market
12	Acquisition of Enlabs AB by Entain plc	Gaming
13	Assessment of a proposed full-function joint venture between Bianchi and Sons Limited, Merrill Invest Limited and Ziti Technologies Limited (Phase I Decision)	Passenger Fast Ferry Services
14	Acquisition of Pharma-Cos Limited by Medina Healthcare Limited	Pharmaceuticals, Personal Care Products, Medical Equipment and Supplies
15	Acquisition of Sanne Group plc by Apex Acquisition Company Limited	Fund Administration
16	Acquisition of William Hill Cayman Holdings Limited by 888 Holdings plc	Online Gambling
17	Assessment of proposed acquisition by Lidl Immobiliare Malta Limited of a property in Żabbar belonging to Said Investments Limited to operate a Lidl Supermarket (Phase I Decision)	Retail and Grocery Market
18	Assessment of proposed acquisition by Lidl Immobiliare Malta Limited of some of the buildings belonging to Said Investments Limited and leases belonging to Scotts Limited to operate Lidl supermarkets from them (Phase II Decision)	Retail and Grocery Market

Table 1: Concentrations Examined by the OC and the Respective Concerned Market

The first ten concentration decisions 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 the four-week period.

For the next four concentrations, the decision was taken within six weeks of notification, as stipulated in Regulation 9(1). Albeit there was a horizontal overlap, these concentrations did not give rise to serious doubts that they would lead to a substantial lessening of competition in the Maltese markets.

Both the acquisition of Enlabs AB by Entain plc and the acquisition of William Hill Cayman Holdings Limited by 888 Holdings plc related to online gaming and, in both instances, the involved parties overlap in the provision of online gaming and online betting at B2C level in Malta.

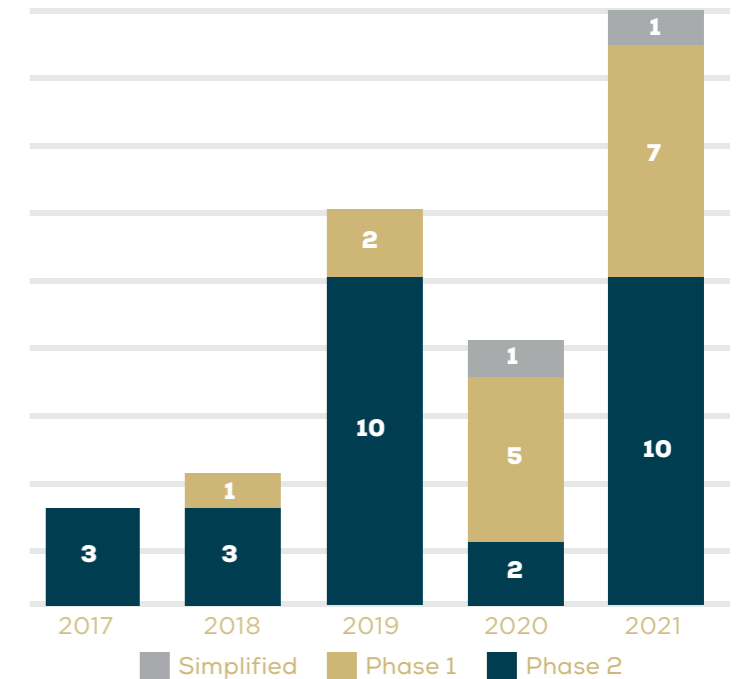
As in previous decisions, the OC concluded that, since online gaming and online betting constitute two separate markets, the concentration will not lead to a substantial lessening of competition and will continue to face strong competition in the B2C online gaming and online gambling markets.

In the acquisition of Pharma-Cos Limited by Medina Healthcare Limited, the OC concluded that, albeit the involved parties horizontally overlap in the provision of pharmaceutical products, personal care products and medical equipment and supplies, post-transaction their respective market share in the mentioned three product categories will stand at [0-5%], [10-15%] and [0-5%], respectively.

Similarly, in the acquisition of Sanne Group plc by Apex Acquisition Company Limited, both parties overlap in the provision of fund administration services to investment funds. In both merger decisions, the OC concluded that, in line with the EU Guidelines on the assessment of horizontal mergers, considering that post-transaction the market shares will

not exceed 25%, it would not be liable to impede effective competition.

Numbers Of Decisions for 2017-2021



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

Figure 2: Concentration Decisions by Type of Procedure from 2017-2021

Lastly, in the following Phase I decisions:

- assessment of proposed acquisition by Lidl Immobiliare Malta Limited of some of the buildings belonging to Said Investments Limited and leases belonging to Scotts Limited to operate Lidl supermarkets;
- assessment of proposed acquisition by Lidl Immobiliare Malta Limited of a property in Żabbar belonging to Said Investments Limited to operate a Lidl Supermarket; and
- assessment of a proposed full-function joint venture between Bianchi and Sons Limited, Merrill Invest Limited and Ziti Technologies Limited;

the OC concluded that the proposed concentrations may lead to a substantial lessening of competition in the concerned respective markets and initiated proceedings for an in-depth investigation in accordance with regulation 6(1)(iii) of the Control of Concentrations Regulations.

Phase II Concentration Decision

On 12 January 2021, the Office for Competition received notification of a proposed concentration for Lidl Immobiliare Malta Ltd (Purchaser) to acquire two divided portions of undeveloped land in Attard and the Burmarrad and Żabbar grocery retail outlets with operational permits and with vacant possession from Said Investments Ltd (Vendor) and Scotts Ltd (Tenant). The notification also covered a promise of assignment and transfer of leases for the portion of land situated near Scotts Supermarket in Burmarrad and leased by Scotts Ltd as a parking area and the Scotts Supermarket premises in Sliema also leased by Scotts Ltd.

The Office was informed that the parties' intention was for Lidl Immobiliare Malta Ltd to acquire the properties and leases from Scotts Ltd to operate Lidl supermarkets from them and that the purchaser will not acquire the business carried out by Scotts Ltd.

During the initial market investigation, the Office expressed serious doubts on the compatibility of the proposed concentration with the Control

of Concentrations Regulations. It stated that, on a *prima facie* basis, the proposed acquisition could substantially limit competition in the grocery retail market.

Primarily, the Office highlighted that the acquisition of the Żabbar grocery retail outlet could lead to horizontal unilateral effects, both existing and future constraints, relating to the elimination of a competitive constraint, thereby restricting customer choice. This would harm competition and consumer welfare in the process. In line with the Control of Concentrations Regulations, the Office for Competition initiated an in-depth (Phase II) investigation on 15 February.

The Office gathered and used a broad range of information and evidence to delineate the relevant markets and conduct its competitive assessment, including:

a. a representative survey of grocery shoppers covering in-store groceries was conducted in 2020 for COMP/MCCA/01/2020. This survey helped the Office to properly capture and delineate the demand side of the grocery market in Malta;

- b. a request for information was sent to the main supermarkets in Malta to obtain the necessary information to assess the supply side of the market. The information requested covered turnover, sales area, average spend per customer visit, percentage of sales related to food and beverages, product substitutability, price, range, quality, service and online shopping, among others; and
- c. in the same correspondence, the Office invited the interested parties to submit their views on the impact that the proposed concentration could have on competition in the grocery market in Malta.

The analysis of this data formed the basis of the Office's definition of the relevant product and geographical markets, and the competitive assessment conducted in this concentration.

Following its competitive assessment, the Office for Competition concluded that the acquisition of the Burmarrad outlet and the leases of the Sliema outlet and Burmarrad's parking area by Lidl Immobiliare Malta Ltd from

Said Investments Ltd and Scotts Ltd are not expected to lead to a substantial lessening of competition in the grocery retail market in Malta.

On the other hand, following several meetings convened between the Office and the notifying party, it was agreed by the parties that they would modify the original notified transaction and terminate the promise of sale agreement insofar only as it concerns the Żabbar properties. The parties duly signed the modified agreement on 10 May.

As a result, since the serious doubts referred to in the initiation of proceedings decision were removed, the Office for Competition declared the modified concentration lawful on 9 June.

Ongoing Phase II investigations

In the assessment of the proposed acquisition by Lidl Immobiliare Malta Limited of a property in Żabbar belonging to Said Investments Limited to operate a Lidl Supermarket, the OC had serious doubts on the compatibility of the proposed concentration with the Control of Concentrations Regulations since it may limit competition in the grocery retail market, especially at the local level.

This is primarily because the proposed concentration could lead to horizontal unilateral effects, both existing and future constraints, harming competition and consumer welfare in the process. As a result of this, the OC required detailed market data to be able to carry out its assessment and quantify the effects of this acquisition on competition, including through the outcome of an exit store survey.

This survey would provide data for the OC to be able to compute diversion ratios and to better gauge customers' responsiveness to the occurrence of this concentration, and thus obtain a greater understanding of the effects on the grocery market following this acquisition by Lidl Immobiliare Malta Limited.

In the proposed full-function joint venture between Bianchi and Sons Limited, Merill Invest Limited and Ziti Technologies Limited (Phase I Decision), the OC assessed that the concentration could limit competition in the market for passenger fast ferry services between Valletta, Malta, and Mġarr, Gozo.

A priori, the OC opined that this concentration could lead to adverse non-horizontal competition effects, arising through input foreclosure whereby the undertakings forming part of this

concentration may have the ability and incentive to engage in an input foreclosure strategy related to the supply of tallinja ticketing technology services to competitors in the downstream Valetta to Mġarr fast ferry market.

These practices could result in harming competition and consumer welfare. However, the OC concluded that, at that stage of the assessment, a more detailed investigation was warranted to verify any concerns that this concentration may lead to a substantial lessening of competition in the aforementioned market.

The Phase II decisions for both concentrations were ongoing at the end of 2021.

Sector Inquiry

In September 2021 the Office published the final report of the Sector Inquiry on the Supply of Infant Milk Formula in the Public Health Sector and the Impact of that Supply on the Private Retail Market. The sector inquiry assessed whether the procurement process for the supply of infant milk formula for new-born babies adopted by the Central Procurement and Suppliers Unit (CPSU) in the public health sector between 2013 and 2019 distorted competition in the secondary markets of infant milk formula products.

On 28 April, the Office published a preliminary report outlining the findings of the inquiry. In accordance with article 11A(3) of the Competition Act, the Office invited interested third parties to submit their views and feedback on the inquiry before publishing the final report. The Office received feedback from the various market players operating in the secondary markets of infant milk formula products and from the CPSU.

The Office considered it of vital importance to study the market of infant milk formula since, through the Office's intervention, it wanted to ensure that, through fair and healthy competition, consumers are not exploited and their rights both in terms of quality and prices are protected, especially for goods and services that are considered essential, such as infant formula milk.

Following the investigation, the Office concluded that the procurement process adopted by the CPSU at the state hospital gave the winning bidder an unfair advantage in the secondary markets, creating barriers to entry for new companies and barriers to expansion for established businesses. This was also evidenced by the considerable increase in the winning bidder's market share, the decrease in the market shares of the other brands or the modest to negligible gain in the market shares of the other brands.

The Office considered that the state hospital's procurement process clearly distorted secondary market competition and caused foreclosure consequences in an already highly concentrated market. Indeed, having a single supplier serving the state hospital causes unnecessary supply security risks, and creates considerable barriers to entrance and expansion in secondary markets.

As a result of the findings, the Office put forward recommendations to the CPSU to better its procurement process for the well-functioning of the secondary markets. The Office formulated specific

recommendations that it considered necessary, appropriate and in accordance with the principle of proportionality to create conditions of effective competition.

After the publication of the sector inquiry, the Office noted with utter disappointment that the CPSU, notwithstanding the findings and recommendations of the Office in the final report, proceeded with awarding the full tender for the supply of readymade feeds for newborn babies to only one supplier, with the result that the procurement process adopted by the CPSU at Mater Dei Hospital is distorting competition in the private retail market.

As a result, in November, the Office decided to intervene in appeal proceedings before the Public Contracts Review Board (PCRB) and filed a reply. In its reply, the Office made it clear that the interest of the Office in the proceedings before the PCRB stems from the Office's continuous efforts in the past two years to promulgate a fair and open market by creating a level playing field for suppliers of infant formula to fairly compete in a number of secondary markets in the private retail market (i.e., retail shops and pharmacies selling infant formula, follow on formula and other formula or milk products for older infants or toddlers).

Moreover, the Office underlined that, as guardian of competition in the Maltese market, it has an interest to intervene in the proceedings because the practices adopted by the CPSU seriously disrupt the competitive structure or functioning of the market, affecting the public interest protected by the Office.

Legislation

Amendments to the Maltese Competition Act: New tools for the Office for Competition

The latest amendments to the Maltese Competition Act entered into force in 2021. The changes were mostly based on Directive 2019/1 (the “ECN+ Directive”), which aims to guarantee that competition law is enforced more effectively across EU member states. The ECN+ Directive, which amends principally the provisions of the Competition Act, has now been transposed into national law and provides the Office with further enforcement tools to investigate alleged competition breaches and introduces tougher penalties for undertakings that infringe the Competition rules.

These are some highlights of the amendments.

The investigation powers of the Office have been strengthened by giving it the power to conduct interviews

The Office may request an interview with anyone who may possess information relevant to the application of Articles 5 and, or 9 of the Competition Act and, or Articles 101 and, or 102 of the Treaty on the Functioning of the European Union (TFEU) to appear for an interview at a place and time specified by the Director General to answer questions with respect to any matter relevant to the investigation.

The interviewees are obliged to appear at the interview and must refrain from providing any false, misleading, incomplete or incorrect information in response to any question asked. Otherwise, the Office shall request the Court to impose a penalty. Moreover, the law provides that the Director General may record the interview in any manner and form deemed appropriate by him,

which means that, besides having the interview carried out in person, the Office may for instance carry out the interview through digital means. The interviewee has the right not to self-incriminate and may be assisted by a legal counsel.

The Office for Competition has the power to reject complaints based on its enforcement priorities

Until the amendments which transposed the ECN+ Directive came into force, the Office was – in theory – compelled to investigate all complaints lodged before it. The Office may now reject complaints that are not considered an enforcement priority, such as when the potential market impact of the alleged anti-competitive conduct is small or modest, or when the Office is unlikely to prove the infringement even if it investigates it.

As a result, the Office will now be able to better allocate its resources since it can decide on priority grounds whether to investigate the complaints submitted to it.

The maximum penalty that may be imposed on infringing undertakings has increased

The maximum penalty for infringing the substantive competition rules has increased to 10% of a company’s total worldwide turnover from the previous upper limit of 10% of the turnover generated in Malta in the affected market. Regarding penalties for breaches of procedural rules, the previous provisions of the Competition Act provided for maximum penalties of €30,000 and €50,000, according to the type of procedural infringement.

In conformity with the requirements set out in Article 13(2) of the ECN+ Directive, that the penalty must be effective, proportionate and dissuasive, the maximum amount of the penalty that can be imposed for procedural infringements under the Competition Act is now set at €50,000 or a penalty not exceeding 1% of the total worldwide turnover of the undertaking in the business year preceding the judgment imposing the penalty.

Independence

The new dispositions reinforce the OC’s autonomy and independence that were already enshrined in the Malta Competition and Consumer Affairs Authority Act and which expressly provides that the OC must act independently from political and external influence when exercising its powers and enforcing competition law.

The amendments introduced also strengthen the independence of the Office for Competition through safeguards of the criteria regulating the dismissal of the persons who take decisions under the Competition Act by explicitly providing for clear grounds for dismissal.

Inspections

The Competition Act already provided that the Office may access any technological device to seize evidence of competition infringements. It is now codified in the law that this includes also external servers and cloud services that are accessible from the premises, land or means of transport of the undertaking being inspected.

In addition, to minimise the unnecessary prolongation of inspections, searches for information can continue at the premises of the Office or in other designated premises.

Leniency Programme

Under the leniency programme, which was introduced on 18 June 2021 through Legal Notice 264 of 2021 – Immunity from Penalties and Reduction of Penalties in Cartel Investigations Regulations, potential applicants can submit a leniency application to the Director General of the Office for Competition to seek immunity or a reduction of the penalties. The Office may grant immunity from penalties by refraining from requesting the Court to impose a penalty on an applicant for leniency following the disclosure of participation in a secret cartel to the Office.

Alternatively, the Office may request the Court to impose a reduced penalty on the leniency applicant who submits evidence of the alleged secret cartel that, in the view of the Director General, represents significant added value to the evidence already in the possession of the Office at the time of the leniency application.

The applicant undertaking has to co-operate genuinely, fully, on a continuous basis and expeditiously with the Office during the entire duration of the investigation before the Office and during Court proceedings. If the undertaking does not fulfil these requirements fully and unconditionally, the leniency programme will not be applicable.

Another requirement to be met for immunity from penalties to be granted is the fact that the applicant undertaking must not have coerced other undertakings to participate in an infringement.

The Competition Act has been amended to include a new Article 16, which provides immunity or reduces penalties for violations (other than secret cartels) of Article 5 of the Competition Act and/or Article 101 of the TFEU. Pursuant to the article, the provisions of the Immunity from Penalties and Reduction of Penalties

in Cartel Investigations Regulations shall also apply to any undertaking and, or an association of undertakings that co-operates with the Office to uncover agreements between undertakings and, or decisions of an association of undertakings and, or a concerted practice that infringes Article 5 of the Competition Act and/or Article 101 of the TFEU.

Enhanced co-operation between Maltese and other EU competition authorities

European co-operation between national competition authorities has been bolstered through the introduction of the Mutual Assistance between National Competition Authorities Regulations 2021. The Maltese competition authority can actively assist other competition authorities in the EU when, among other things, the new rules enable the Office for Competition to notify procedural documents and enforce cross-border decisions on fines taken by other European competition authorities in Malta.

The changes brought about by the transposition of the ECN+ Directive have strengthened the Office's investigation powers and have increased the deterrent effect of penalties for violations of competition law in Malta. This new legal framework has enhanced the Office's enforcement toolbox to apply competition law more effectively.

Negative Priorities guidelines

Within the context of these amendments, the OC initiated a project to develop guidelines for negative priorities focus (i.e., to reject complaints not considered an enforcement priority for the Office). This would ensure that the OC would use its limited available resources as efficiently and effectively as possible to address meaningful competition problematic areas having the most

detrimental impact on consumers and the economic sectors concerned. These guidelines aim to improve the elements of accountability and transparency of the OC while safeguarding its independence in case selection.

Advocacy

As part of its responsibilities, the Office plays an important role as an advocate of competition by providing expert competition law advice to public authorities to promote the elimination of restrictive public restraints through drafting legislation, regulations and policies. The Malta Competition and Consumer Affairs Authority Act (Chapter 510 of the Laws of Malta) empowers the Office to provide advocacy on competition law.

Articles 14(1)(g)-(h) states that the Office for Competition shall:

- "provide advice to public authorities about the competition implications of proposals for legislation";
- "provide advice to public authorities on the competition issues which may arise in the performance of their functions"; and
- "provide advice on the competition constraints imposed either by legislation, policy or administrative practices".

Advocacy refers to "those activities conducted by the competition authority related to the promotion of a competitive environment for economic activities by means of non-enforcement mechanisms, mainly through its relationship with other governmental entities by increasing public awareness on the benefits of competition".

https://www.internationalcompetitionnetwork.org/wp-content/uploads/2018/09/AWG_AdvocacyReport2002.pdf

Meetings were convened with both the Environment and Resources Authority and Circular Economy Malta in which the Office provided advice on

competition matters concerning the draft Waste Management Regulations on Tyres and End-of-Life Tyres.

European and international participation

The OC played an active role in European and international fora aimed at increasing co-operation and coherence among competition authorities since it provides 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. This information enables the OC to build its knowledge and expertise on the application of competition law and to keep abreast with the latest developments in the jurisdictions of the other competition authorities.

The 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 relating to the thematic issues on mergers, horizontal issues, co-operation issues and due process vertical restraints and cartels, among others.

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

The OC remained an active participant in meetings organised by the Committee within the Organisation for Economic Co-operation and Development (OECD).

The OECD Global Forum on Competition, held between 6 and 8 December 2021, discussed topics on economic analysis and evidence in investigations regarding abuse by dominant firms and the promotion, by Competition Authorities, of competitive neutrality, whereby state-owned and private businesses compete on a level playing field and the role of competition as a powerful force for economic development, growth and productivity. The OC also participated in February in a workshop organised by the OECD on 'Methodologies to measure market competition'.

It participated in the International Competition Network Conference, held between 13 and 15 October, in which discussions were held, among others, on: sustainable development and competition law, international co-operation in fighting cross-border cartels, defining dominance and anti-cartel enforcement in the digital era. The OC also participated in the ICN cartel workshop, held between 17 and 19 November.

Online participation has facilitated the OC's participation to a series of workshops on the implementation of strategies for digital markets between 29 and 31 March, organised by the Competition Commission of South Africa in partnership with the Director General for Competition in the European Commission.

On a day-to-day basis, the OC also co-operated with other national competition authorities within the European Competition Network through 25 replies provided to requests for information by competition authorities from other EU member states.

Office for Consumer Affairs

The Office for Consumer Affairs (OCA) focuses on promoting and protecting consumer interests, while 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.



Office for Consumer Affairs

Main achievements

The pandemic continued to play a central role, with queries and complaints related to passenger rights, cancellation of events and matters related to the Covid-19 measures experienced in the previous year, again taking up considerable effort in 2021.

The Office resumed its consumer outreach, disseminating information on consumer rights with a particular focus on issues affecting consumers in the aftermath of the pandemic. The Office answered more than 9,000 enquiries for information in 2021.

Furthermore, 207 passenger claims registered against airlines were largely concluded positively with 497 passengers obtaining refunds after being assisted by the Office.

An additional 1,100 consumers sought the assistance of this Office to obtain redress from local sellers on disputes over products and services purchased.

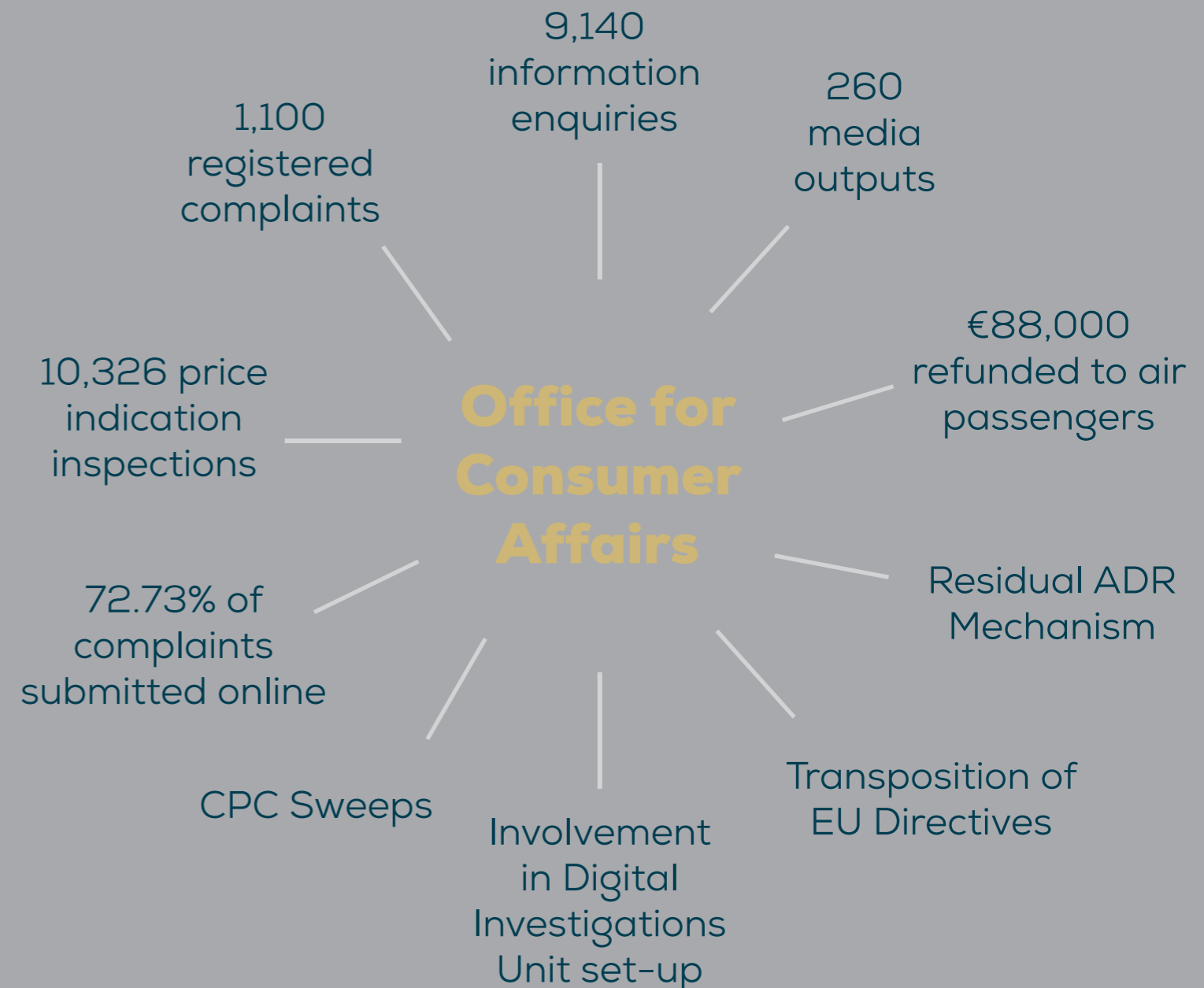
The Office's inspectorate work continued with a focus on specific exercises, including price monitoring and the uptake of more primary inspections in line with the Co-ordinated Government Inspections Act.

The Office for Consumer Affairs, as the Single Liaison Office for Malta for the Consumer Protection Co-operation (CPC) Regulation, participated in the annual EU online sweep, which in 2021 focused on misleading online reviews, and on a mini sweep on consumer credit.

The Office's legal team was mainly engaged in the transposition of two key EU directives. These were the Sale of Goods and Digital Content directives, enacted by virtue of Act I of 2022 and through Legal Notice 406 of 2021, respectively. Transposition work on the Modernisation Directive, which amends four directives, was completed by December, and was published for public consultation; and work on the transposition of the Representative Actions Directive was initiated.

The Office finalised the work on the EU co-funded project on Alternative Dispute Resolution (ADR), in which its role as the residual ADR entity was enhanced by means of the MCCA ADR Solution IT System. This project also entailed the creation of new processes and the provision of accredited training. A full-fledged information campaign was held through TV commercials and video clips on the MCCA's social media, participation in radio and TV programmes, and a conference on ADR titled 'An effective means of redress for consumers and traders', held on 30 September.

The Office also contributed fully to the work on the EU-funded project to set up a Digital Investigation Unit. This Unit will be assisting the Office in monitoring unfair commercial practices and unfair terms between traders and consumers, and in capturing evidence in investigations against traders breaching consumer protection legislation.



CREDIT NOTES	CONSUMER CONTRACTS	GIFT VOUCHERS	TRUST YOU SCHEME
CONSUMER RESPONSIBILITIES	TELECOMMUNICATIONS SERVICES	TOY SAFETY	UNWANTED GIFTS
GUARANTEES	WORLD CONSUMER RIGHTS DAY	ACCOMMODATION PROBLEMS	AGGRESSIVE PRACTICES
COMPLAINING EFFECTIVELY	TRAVEL	DELAYED DELIVERY	UNSOLICITED GOODS
CONSUMER CLAIMS	AIR PASSENGER RIGHTS	HIDDEN CHARGES	TRADERS' OBLIGATIONS
UNWANTED PRODUCTS	PROBLEMS WITH ORDERED GOODS	PRODUCT SAFETY	DIGITAL CONTENT
TRIBUNAL	UNFAIR CONTRACT TERMS	PRICE INDICATION	OFF-PREMISES CONTRACTS
CONSUMER REDRESS	ONLINE PURCHASES	MISLEADING ADVERTISING	COOLING OFF PERIOD
SAFE ONLINE SHOPPING	DEPOSITS	CONSUMER CONTRACTS	PURCHASE OF SERVICES
SHOPPING DURING SALES	CAR RENTAL	PRIVATE SALES	DELIVERY PROBLEMS

Consumer awareness and information dissemination

Consumer education and information dissemination remained a key focus throughout 2021, with regular participation in TV and radio programmes aired on the main local stations.

Topics covered included:

- consumer rights during Covid-19, including information on cancelled holidays, air passenger rights, and cancelled weddings and events;
- purchases from individuals as opposed to professional sellers;
- unfair contract terms and non-refundable deposits;
- online shopping tips;
- misleading commercial practices; and
- product guarantees.

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

	Media output (2019-2021)			
	Articles	Talks	TV programmes	Radio programmes
2019	112	13	95	72
2020	101	4	85	60
2021	104	2	84	70

Table 2: Media output (2019-2021)

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

Requests for information in 2021 amounted to 9,140, a slight drop compared to the previous year's 10,063 enquiries. These queries were received through a host of communication channels, including the Authority's Freephone, telephone, e-mail, walk-ins, the MCCA's website (Contact Us Form and Flag a Concern) and its social media pages.

Although no events were held around World Consumer Rights Day in March due to the restrictions, a feature article was submitted to the print media and there was an awareness campaign on social media.

A fully fledged awareness campaign was carried out on Alternative Dispute Resolution as a means of addressing consumer complaints. This included print media articles, TV adverts aired on local TV stations, interviews on TV and radio, and a physical conference that was also streamed online.

The 12th edition of the *Għażla* magazine was published in the first quarter of the year. The Konsumatur mobile app was taken down and its content reproduced in a Consumer Handbook, which is available as a downloadable PDF document on the main MCCA website.

Trust You Scheme

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

A total of 137 certificate renewal inspection visits were conducted and 11 new applications to join this scheme were received and assessed.

Among the segments embraced by the scheme are clothing and shoe stores, baby centres, accessories, sportswear, jewellers, gift shops, home furnishings and furniture, appliances/computing/electronics, food stores, air-conditioning retailers, home improvement stores, pet shops, hairdressers, medical centres, stationers, toy shops, hardware stores, eyewear outlets and insurance providers.

Market oversight

Pricing and commercial practices

A total of 11,985 visits were carried out in retail outlets across Malta and Gozo to ensure compliance with the Price Indication Regulations. The significant drop in the number of visits when compared to previous years (20,279 in 2019 and 12,003 in 2020) is due to restrictions and measures related to the Covid-19 pandemic.

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 232 outlets, equivalent to 1.94%, were found to be non-compliant. This was an improvement compared to the 2.7% non-compliant in 2019 and 2.4% in 2020.

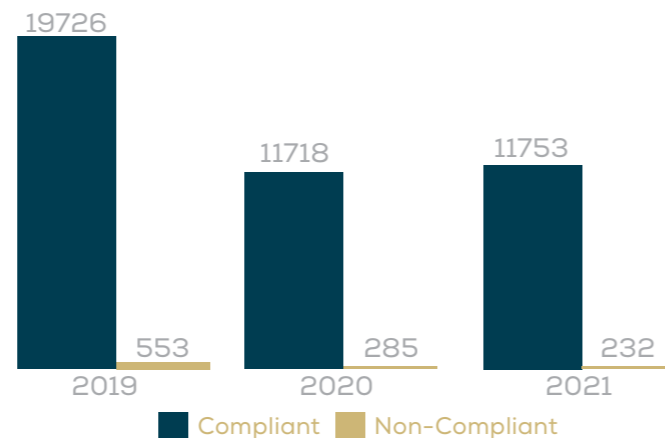


Figure 3: Total number of inspections indicating compliant and non-compliant outlets (2019-2021)

Throughout 2021, 91 inspections were conducted in open-air markets, namely the Ta' Qali Farmers' Market, wherein two hawkers were found to be non-compliant.

Trade fair inspections were also conducted. All exhibitors of home decorations were found to be compliant.

Type of Event	Number of inspections
Trade Fair	32
Ta' Qali vegetable market	59
Total	91

Table 3: Number of inspections after office hours

These figures are separate from the total number of inspections featuring in Figure 3.

Co-ordination with the Inspections Co-ordination Unit

Inspections continued to be carried out in line with the Co-ordinated Government Inspections Act (Chapter 568). A great deal of preparatory work is done ahead of these inspections, advising traders on the required documentation and setting up appointments. Primary inspections are time consuming since each visit entails the collection of data relative to both the MCCA and other governmental entities.

There were 189 Primary inspections in sectors covering pet shops (non-animals), electronic goods, household appliances, industrial equipment and detergents. In the Office's role in conducting Secondary inspections, where this Office receives reports relative to price indication in retail outlets from other entities carrying out Primary inspections, a total of 1,068 reports were received, with 630 marked as compliant, 234 non-compliant and 204 not applicable.

It is planned to double the number of Primary inspections in 2022.

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 2021

Locality	No. of outlets visited	Final discounted price		Items on Sale clearly marked	
		Yes	No	Yes	No
Valletta	112	122	0	112	0
Birkirkara	66	66	0	66	0
Hamrun	99	97	2	97	2
Sliema	144	144	0	144	0
Mosta	65	65	0	65	0
Paola	68	68	0	68	0
Bay Street	37	37	0	37	0
Victoria (Gozo)	70	66	4	62	8
Total	661	655	6	651	10

Table 4: Market exercises on Sales in 2021

Of the 661 outlets inspected, 16 were found to be non-compliant with either one or both criteria (2019 – 829 inspections with 24 non-compliant and 2020 – 704 inspections with 22 non-compliant). These outlets were found to have regularised their position by the second unannounced inspection.

Two exercises on the authenticity of trade fair discounts on the price of white goods were carried out between March and July 2021, totalling 124 inspections.

Online price monitoring from supermarkets and mini markets was also undertaken, with over 985 inspections, collecting data on a basket of goods of over 400 commodities. Physical price monitoring from retail outlets was also carried out during 167 inspections.

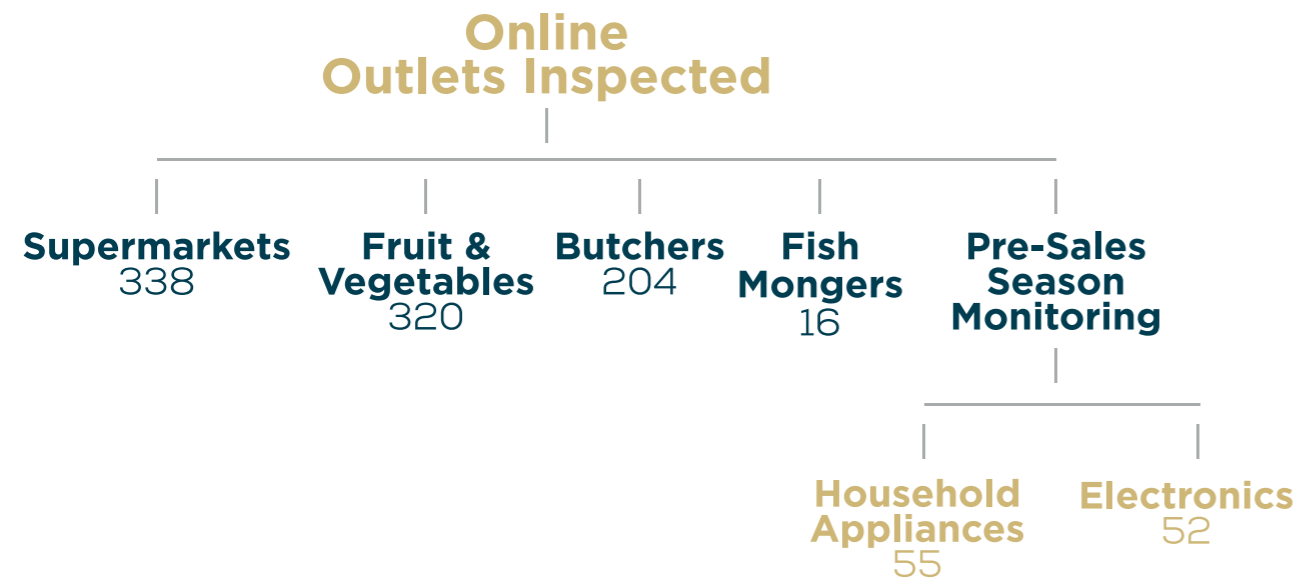


Figure 4: Online Outlets Inspected

Consumer Protection Co-operation Regulation

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

As the Single Liaison Office for this Regulation, the Consumer Affairs Office 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 competent authority, the Office received three enforcement requests from other member

states in relation to infringements of consumer protection rules by traders registered in Malta.

One has since been closed following voluntary compliance prior to taking legal action and the other two are under investigation. 33 alerts linked to potential widespread infringements by traders operating in other Member States were received. Such breaches were, however, not yet identified at national level. No information requests were received.

The Office participated in other CPC actions including, among others, in co-ordinated actions on airlines following the mass cancellation of flights in the wake of the pandemic, and social media networks to review terms of service and commercial practices and policies.

Other co-ordinated actions included the accommodation sector to ensure that offers, discounts and prices to consumers are genuine, 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.

Annual CPC online sweep – misleading online reviews

The CPC authorities carried out checks on 223 websites for misleading consumer reviews in 2021. The scope of the sweep was to identify whether there was a review policy, and any misleading practices in the collection and presentation of consumer reviews, in particular to detect fake and undisclosed sponsored consumer reviews.

This exercise concluded that the majority of the websites checked were potentially infringing the Unfair Commercial Practices Directive that requires that information is clearly presented to consumers in order to make an informed decision. The OCA checked 11 national websites, of which nine were flagged for further investigation. This was in line with what was found across the EU.

The Office also participated in a CPC mini-sweep on consumer credit to check whether traders comply with EU consumer rules on standard information in online advertising of consumer credit. Overall, 118 checks were carried out by 13 CPC authorities and 2 EEA countries where 36% of the websites were flagged for potential irregularities. The five local websites checked by the Malta Office were all found to be fully compliant.

Proceedings and investigations

Court hearings on the three court cases related to Article 25A of the former Consumer Affairs Act were held in 2021. Two were eventually settled between the parties to the satisfaction of the consumers, where the Court was accordingly informed, and proceedings were closed. The third was decided by the Court. Another case that had been adjourned *sine die* in 2018 was re-appointed for a hearing in 2022.

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 20 traders/operators regularising their position in cases related to unfair contract terms, unfair commercial practices and pre-contractual information when selling online; and 232 cases related to non-compliance with the Price Indication Regulations.

EU participation

Participation at EU level remained high, with participation (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 Policy Network meetings;
- National Enforcement Body meetings on passenger rights and consumer credit/mortgage credit;
- Expert Group meetings on the transposition of the Modernisation Directive, the Sale of Goods and Digital Content Directives, and the Representative Actions Directive;
- European Consumer Summit – Making the Consumer Agenda Happen; and
- informal meetings of Consumer Protection Ministers.

Medicine pricing

Society attaches great importance to better health and has witnessed a rising demand for health care. We are also living in times when breakthrough science and novel drugs are transforming patient care. However, the rapid growth of expenditure on medicines is always of particular concern and, notwithstanding scientific advances, access to affordable

medicines is still a bottleneck and will always pose a challenge.

Globally, the Covid-19 pandemic exacerbated this phenomenon, causing a rise in drug prices, particularly those of proprietary drugs that are still under patent and, therefore, cannot be substituted with generic alternatives.

The MCCA employs a two-pronged strategy to improve the affordability and accessibility of medicines – monitoring and regulation of pricing; and consumer education.

External price referencing, or international price comparison, is a tool used by most EU member states to monitor and control medicine prices. Local retail prices are benchmarked against retail prices in a reference ‘basket’ of European countries and the comparison then informs the OCA’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 of 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.

The retail prices of more than 650 pharmaceutical preparations were monitored and benchmarked in 2021. A synergistic effort between the OCA, the Malta Medicines Authority and

the various economic operators led to the reduction of the retail prices of 45 medicines prescribed to treat various conditions, including hypertension, hypercholesterolaemia, osteoporosis, cardiovascular disease and neurological disorders. Markdowns exceeded 50% for ten of the preparations (see Figure 5).

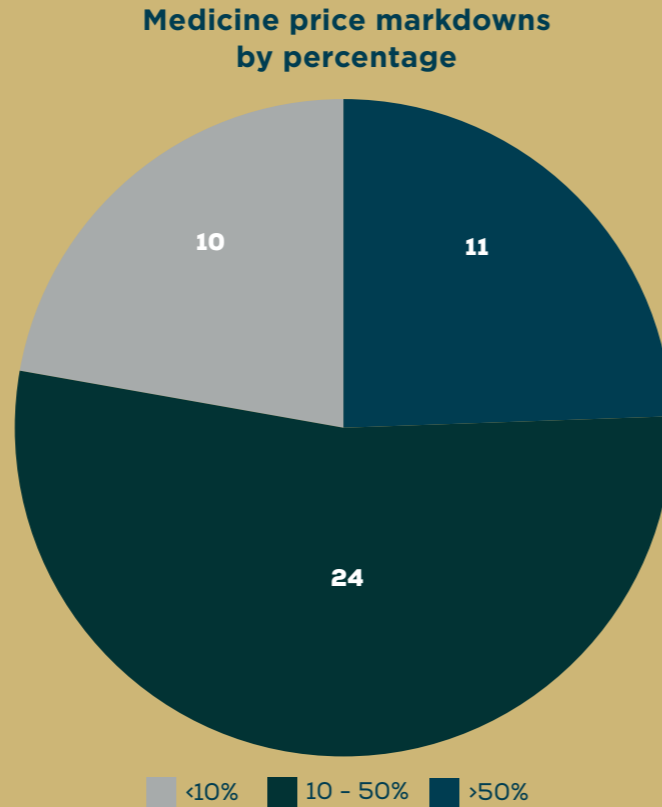


Figure 5: Medicine price markdowns by percentage

The OCA complements its pricing interventions with the incessant promotion of consumer interests in the choice and acquisition of medicines. The drive focuses on the dissemination of targeted information and knowledge to bring about the necessary awareness when consumers are procuring their medicines.

To this end, by way of example, the OCA strives to educate the public about the efficacy and cost-effectiveness of generic substitution. In the ongoing effort to contain escalating healthcare costs, educating consumers to switch from brand-name to generic drugs, under the guidance of their prescribers, can help them to significantly reduce their out-of-pocket expenses.

The OCA also supports the work of other Government entities, particularly the Malta Medicines Authority and the Directorate for Pharmaceutical Affairs within the Ministry for Health, with pharmaco-economic data and insight as required.

Assistance to consumers

National

The Complaints and Conciliation Directorate registered 1,100 official complaints in 2021. The trend from the previous year continued, with a total of 1,270 complaints registered for conciliation (compared to 963 complaints in 2019). This followed the effects of Covid-19 on consumer related issues.

The main sectors that saw the highest number of complaints were those of general consumer goods, general consumer services and leisure services. In the categories of general consumer goods and services, the main market sectors that generated most complaints were those of furnishings and houseware; large domestic appliances; house maintenance and improvement goods or services; mobile/fixed telephone, internet and television services; and energy sources.

Other market sectors within both categories include complaints related to electronic goods; new or second-hand cars; small domestic appliances; clothing and footwear; ICT goods; electricity, gas and water services; maintenance and repair of vehicles; postal services and other services. Within these categories, the majority of consumers complained about the quality of goods or service; about delivery of the product or service; and contract and sales issues.

In the category of leisure services, services related to events, package travel and travel agency services

were the three market services that generated most of the complaints. Other complaints were related to hotels and other holiday accommodation, restaurants and bars, followed by cultural and entertainment services.

Within this category, cancellation, and contract and sales issues were the main causes for consumer complaints.

Complaints Overview

From the complaints registered and closed, an amicable settlement was obtained in 43% of the complaints handled; 33% of the cases were referred to the Consumer Claims Tribunal; 16% were withdrawn or discontinued by the consumer; and 7% 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.

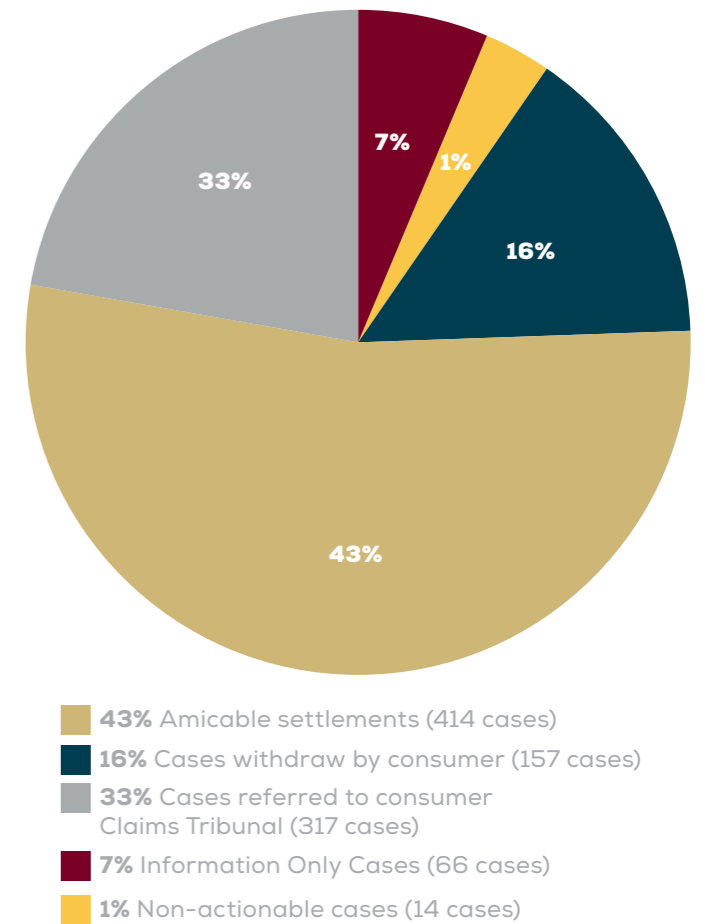


Figure 6: Cases processed in 2021

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 2021, 207 claims were registered, with 497 passengers refunded by the airline operator involved (see table below). A total of €88,248 were recovered through this Office's intervention on behalf of the claimants.

	2019	2020	2021
No. of Claims registered	213	376	207
No. of Passengers refunded	150	912	497
Compensation	€43,412	€96,773	€88,248

Table 5: Air Passenger Rights data 2019-2021

As in the previous year, the claims handled in 2021 were in relation to refunds for flights cancelled due to Covid-19. A number of cases were carried over from the previous year.

Alternative Dispute Resolution

The MCCA enhanced its role as a residual ADR entity that addresses both domestic and cross-border disputes concerning 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.

Two new ADR Officers were recruited following an amendment in the Consumer Alternative Dispute Resolution (Residual ADR Regulations – Subsidiary Legislation 378.19). The scope of these new regulations is to strengthen the required expertise, independence and impartiality of these Officers in line with the ADR Directive.

In the last three months of 2021, the MCCA launched the ADR redress mechanism and started registering disputes that were referred by consumers for mediation. A total of six disputes were submitted: one case was concluded following the intervention of the ADR Officer; and the other five cases were not followed by the economic operator, or the economic operator rejected participation in the ADR process.

EU-wide co-operation

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

The number of complaints received by the Centre in 2021 decreased significantly compared to 2020 when the Centre received 835 requests and 395 registered complaints. This was attributed to the fact that 2020 marked the beginning of the Covid-19 pandemic, and its impact on travel. In 2021, 497 requests for information and 264 registered complaints were received.

Of the 264 registered complaints, 158 were received from Maltese consumers against a business based in the EU and 106 complaints were received from EU consumers against a business based in Malta. Of the registered complaints, including pending ones from 2020, 178 were amicably resolved, 29 were found to be unfounded, 35 are still pending and the remaining 132 cases were closed without reaching an amicable agreement. The latter were advised to proceed with their complaint under the European Small Claims Procedure or with an Alternative Dispute Resolution body.

Cases by Sector – Maltese consumers against EU-based traders

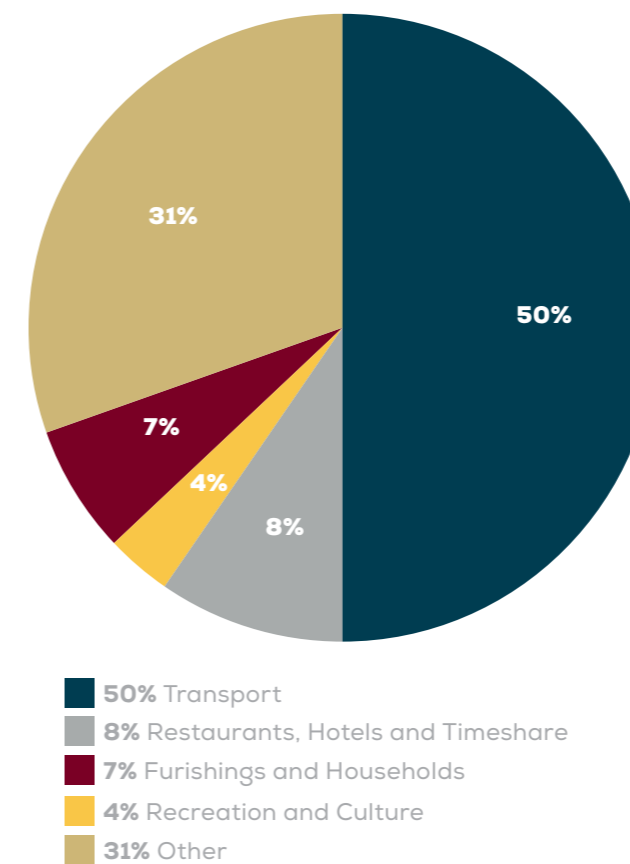


Figure 7: Cases by Sector – Maltese consumers against EU-based traders

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

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

Cases by Sector – European Consumers against Maltese-based traders

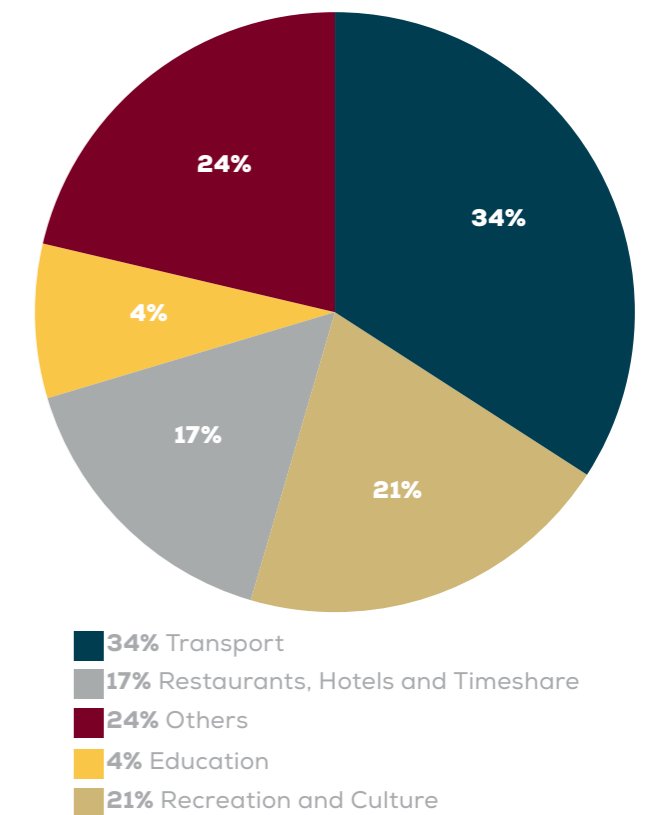


Figure 8: Cases by Sector – European consumers against Maltese-based traders

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

Cases by Country - Maltese consumers against EU-based traders

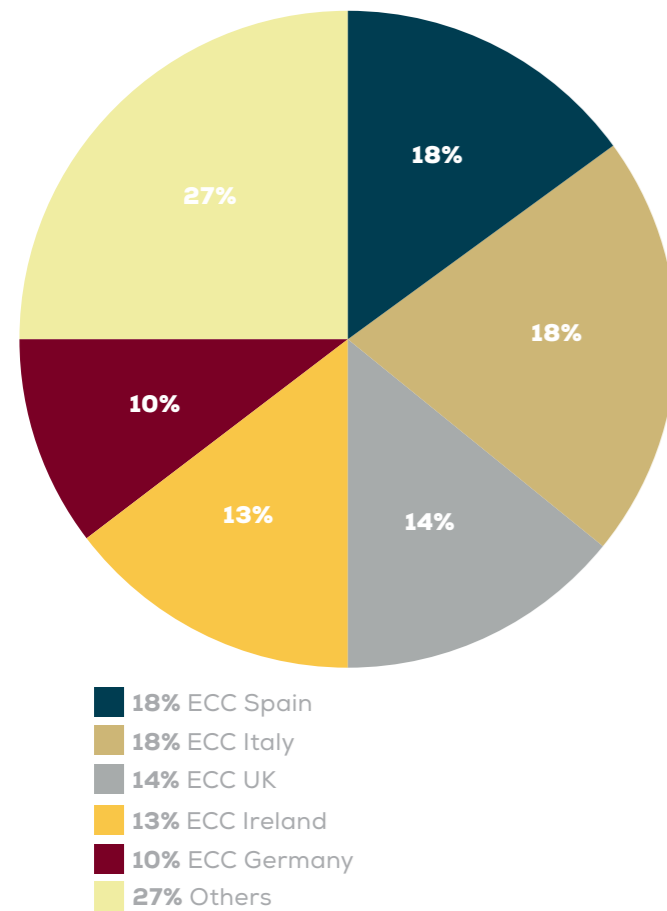


Figure 9: Cases by Country - Maltese consumers against EU-based traders

Cases by Country - European consumers against Maltese-based traders

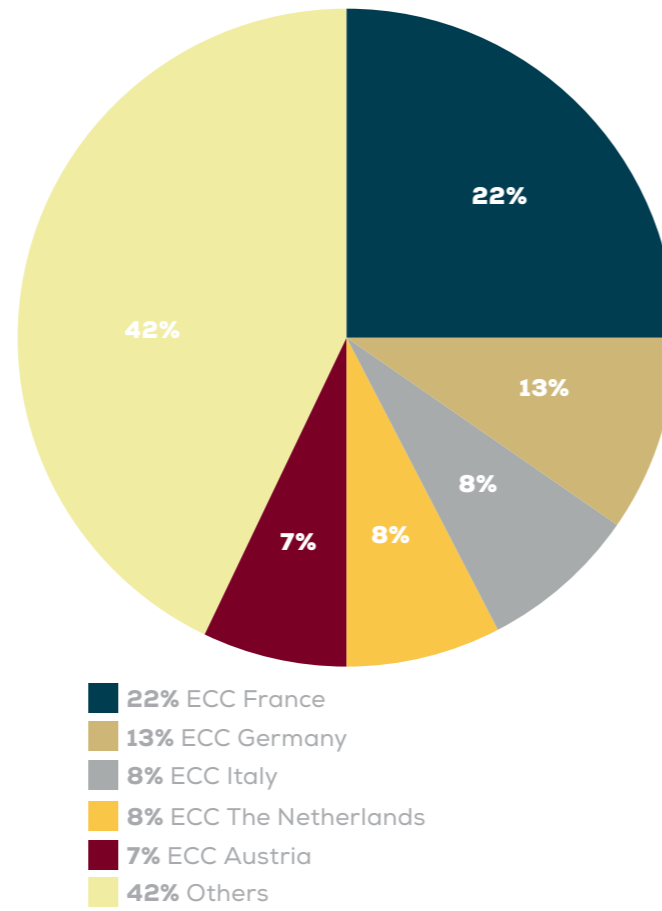


Figure 10: Cases by Country - European consumers against Maltese-based traders

One of the network’s main objectives is to provide information and increase awareness on European consumer legislation and policies. Thus, the Centre has concentrated on increasing its visibility with consumers. This was further highlighted in 2021.

ECC Malta produced three e-newsletters, seven newspaper articles and a new brochure on Air Passenger Rights. The e-newsletters were shared mainly through social media and sent to all EU information points to be distributed to their contacts.

Furthermore, weekly posts were uploaded on social media, mainly Facebook and Instagram. ECC Malta also

participated in five radio programmes and in an online event organised for all EU information providers to increase awareness of the network.

In reaching its aims of working within the network and promoting the Centre’s objectives, ECC Malta participated in all the meetings and joint activities organised within the network, which in 2021 were held virtually due to the Covid-19 measures.

ECC Malta had to issue a tendering process for a new website following its take-down due to a fire outbreak at the website host’s premises in mid-2021. The new website is envisaged to go live in early 2022, targeting also to translate all website material to Maltese by mid-2022.

Consumer Claims Tribunal

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

Although the increase in complaints and the nature of cases were more complex during the year under review, ECC Malta managed to close its complaints within the required time frame and managed to retain a success rate of 57.4% when compared to 45% in 2019 and 63.4% in 2020.

In 2021, 240 claims were filed before the Consumer Claims Tribunal (CCT), and 188 cases were carried over from the previous year. The CCT resolved 80 cases, of which 62 were concluded in favour of the consumer and 18 decided in favour of the trader. There were 71 withdrawn cases, 11 put off *sine die* and six cases dismissed outright.

Due to Covid-19 measures, no sittings were held before the CCT between 7 March and 11 April 2021. As a result, 260 cases were carried over into 2022.

In August 2021, after Act XLIV of 2021 came into force, the maximum value of Consumer Claims Tribunal’s claims increased from €3,500 to €5,000.



Technical Regulations Division

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



Technical Regulations Division

The Technical Regulations Division's main focus in 2021 shifted away from products used for protection against Covid-19 and focused primarily on construction products, pesticides and energy labelling. Market surveillance activity also prioritised lifts, toys, fluorinated gases, energy products and seacraft.

The Division ensured, through planning and maximisation of its resources, that it could deliver its day-to-day tasks related to registration/authorisation of products, follow EU proposals, implement safety legislation and conduct surveillance and enforcement of the market.

The major challenges for regulation included the huge volume of new laws currently being discussed at EU level.

In terms of enforcement, the challenge is to cope with the vast number of products on the market. Products originating in the UK, now considered a third country outside the EU, have also generated additional control requirements.

A number of new proposals were published at European level on products falling under the MCCA's remit. Of these, three are of national interest:

- Proposal on a regulation on general safety of products;
- Proposal on a regulation on machinery products; and
- Proposal for the amendment of the Radio Equipment Directive with regard to a common charger.

The Regulatory Affairs Directorate (RAD) closely followed the discussions held at EU level, which will continue in 2022, and was very active in providing the national position and suggestions for the improvement of the text.

Consultation with the stakeholders involved were also held to ensure that the proposed changes are easily implementable and that they result in the minimum burden on the sectors impacted, while still ensuring a high level of product safety.

General product safety

Lifts

Following the in-depth analysis of the internal system and legal framework related to the registration and inspection of lifts, finalised in 2020, a draft legal text was published for consultation in the first quarter of 2021. The changes being put forward will result in a more streamlined legal text, improved safety provisions and greater clarity on the obligations of the different players involved.

A number of meetings were held with the different stakeholders involved, namely lift installers and accredited conformity assessment bodies (ACABs), to ensure that the legal text addresses the concerns and realities of the sector.

Product safety-related issues on lifts remained one of the primary areas on which the Market Surveillance Directorate (MSD) received enquires in 2021, with a total of 395. At the same time, further market surveillance actions and measures were taken for newly identified non-compliant lifts, which include official requests for information from six lift installers and the issuing of five provisional orders for the installers to prevent the use of lifts that do not fulfil the essential health and safety requirements stipulated by law, unless they are brought into compliance. These orders were followed up by inspections and resulted in economic operators bringing 94 lifts installed in Malta and Gozo into compliance – to the benefit of lift users and consumers.

The revision of the Inspection of Lifts Regulations (S.L427.63) is planned to

be published by mid-2022, and 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.

Ozone depleting substances – F-gases

Monitoring activity in close collaboration with the Customs Department ensured that quota targets for F-gases imported from third countries were met. The system for ongoing monitoring was further strengthened after analysing import data, including more product groups prefilled with F-gas. As a result, the number of shipments investigated at the border increased by 150%, from 58 in 2020 to 145 in 2021.

As a result of these interventions, 62.3% of bulk F-gas imports were refused entry into Malta. F-gas for which the identified issues were not resolved and therefore the decision to refuse entry into Malta was upheld amounted to 81,956,000 kg of CO₂ equivalent, which is approximately equal to driving a car 14,369 times around the globe.

The RAD collaborated with MCAST in 2021 to design a refresher course related to the use of F-gases to be launched in early 2022. In particular, the refresher course has been designed to include the relevant updated standards that will be reviewed, together with a basic introduction to alternative refrigerants and their related potential hazards.

Plant protection products

The content of this course was designed in particular for the participants to be able to

- recognise the contents held within EN 378: 2016 (Refrigerating systems and Heat pumps – Safety and environmental requirements);
- identify the relative EU directives and legal notices related to F-gas handling; and compile data logs related to Refrigerant
- Handling, Refrigerant Disposal (Waste Transfer Note) and Inspection Logbook.

A number of press releases, as well as content on social media, were issued to encourage personnel to apply for a licence card and to keep the public abreast with the bans coming into force. RAD personnel participated in TV programmes to inform the public about the work carried out in the refrigerant sector.

Pesticide authorisations

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

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

The PAU continues to act as a zRMS (zonal rapporteur member state) for new plant protection products (PPPs) to be placed on the market within the European Union. In 2021, there was an increase in the requests for Malta to act as an RMS for the evaluation of active substances (including technical equivalence), taking on some of the responsibilities formerly borne by the UK, especially following Brexit.

In 2021, there were ten evaluations of active substances, up from nine the previous year. The unit evaluated a total of 110 product applications. 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. The decrease in the requests during 2020 and 2021 relates to the fact that priority was given to evaluations of biocidal products due to the increase in the demands for disinfectant products and sanitisers during the public health emergency in Malta as a result of the Covid-19 pandemic.

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

Table 6: Pesticides zonal authorisations – requests received (2017-2021)

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.

Tests for pesticide residues

Over 130 samples of food commodities were tested for pesticide residues in 2021. These commodities included: table grapes, bananas, grapefruit, aubergines, broccoli, melons, cultivated fungi, sweet/bell peppers, wheat grain, virgin olive oil, bovine fat, chicken eggs, processed cereal-based baby food, strawberries, tomatoes, cabbages, grapes, melons, spinach, oranges, beans, carrots and potatoes.

97.1% of the samples analysed were found to be within the maximum residue limit for pesticides.

Biocidal products

In 2021 dossier evaluation services in respect of new biocidal products and their active substance were expanded, with Malta acting as an evaluating member state for three biocidal products in 2021.

This positive trend is expected to continue in 2022, with Malta taking over more product evaluations from the UK as a result of Brexit.

Specifically with regard to notifications related to the making available of products on the market in Malta, the number of notifications in 2021 remained high due to the ongoing Covid-19 pandemic and a total of 438 notifications were evaluated.

During 2021, the Authority continued with a review of its operations with a view to simplify the burden on importers and to support the increased availability of products without reducing the necessary safety controls. Parallel importation of products can now take place without any additional checks being required.

Malta also requested the EU Commission's authorisation in 2021 to

Following consultations with the Office of the Commission for Animal Welfare, in 2021 the MCCA launched a public consultation for the limitation of metaldehyde-based products to professional users only. These products can also only be placed on the market by dealers certified by the Authority, who need to maintain updated records of relevant stocks.

A guidance document for non-professional users was updated to ensure that these users have information available on alternative methods to control molluscs. In addition, the MCCA also liaised with manufacturers of molluscicides, which are considered low-risk products, to have these products available on the local market to ensure that non-professional users of PPPs would have alternative chemical products to control molluscs in situations where non-chemical means would not be viable.

During 2021, the Authority also maintained its outreach with the farming community 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, some of which have authorised a few new PPPs to be imported in the local market.

The MCCA is committed to improve access to a wide spectrum of pesticides that should allow for better targeted use, lower utilisation of pesticides and use of lower toxicity products. The MCCA has, in this regard, contacted the European Commission with a view to clarifying and addressing regulatory barriers.

make the product 'Biobor' available on the market. This product is used for the control of microbiological contamination of aircraft fuel tanks and fuel systems, and was required as a result of numerous aircraft being temporarily parked for long periods of time due to the Covid-19 pandemic and the related flight restrictions leading to an increased risk of microbiological contamination within the fuel tanks.

Following a request from Mater Dei Hospital (MDH), Malta also authorised the use of the product 'Wofasteril', in line with Article 55 of Regulation EU (No.) 528/2012. Wofasteril is a biocidal product containing the active substance paracetic acid, which is used in equipment intended to be used for PPE decontamination showering. MDH uses this product to decontaminate PPE within the newly set up High-degree Isolation Unit.

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.

One of the key activities of the FP during 2021 was to contribute to the development of an action plan to improve national data quality. A key element that was identified was the need for additional training 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 Malta Competition & Consumer Affairs Authority (MCCAA) 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 food-borne outbreaks was subsequently organised with the input of EFSA experts so that national data providers can submit timely, good quality data. The IDCU within the HPDPD attended the session.

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, since the knowledge acquired during the training session was applied during the data submission process.

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.

Assessment in food safety areas.

The FP also contacted the Malta Council for Science and Technology (MCST), the Research Support Services Directorate (RSSD) at the UoM, Funds and Programmes Division (FPD) and Planning & Priorities Co-ordination Division (PPCD) to map national funding opportunities currently being offered in food sciences, and conducted a risk assessment in food safety areas.

Food risk assessment

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

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

RAD performed risk assessments and provided opinions on several Commission draft proposals, including the draft proposal regarding monacolins from red yeast rice, the food additive titanium dioxide (E 171), the placing on the market of frozen, dried and powder forms of *Locusta migratoria* as a novel food, and the placing on the market of dried *Tenebrio molitor* larva as a novel food.

Sector specific safety

Construction products

Various meetings were held during 2021 with the Building and Construction Agency and the Building Industry Consultative Council (BICC). These included bilateral meetings, one-on-one meetings as well as active contributions during BICC advisory board meetings. Discussions occurred in the wake of developing national building codes during which the TRD supported the BCA by staying in touch and giving feedback on discussions related to harmonised regulations.

Most talks dealt with the alignment of national building codes with the Construction Products Regulation. Expert opinion was also shared on the optimisation of use of Declarations of Performance (DoP) for Construction Products in order to align national building requirements with CE marking certification.

In the first half of 2021 proactive market surveillance was carried out on the CE mark of ceramic tiles available from 13 economic operators. When the DoP was not available online, the economic operators were asked to submit the documentation, along with photos of the CE mark fixed to the product packaging. Most cases have been resolved and closed, and four cases are ongoing and being followed up.

During the second half of 2021, the focus shifted to fire alarm sounders. Four economic operators were randomly selected via an online search and were requested to submit a list of the models they sell or trade. A random model was selected from each of the economic operators, who were requested to submit a DoP and a Declaration of Conformity (DoC) pertaining to the model chosen.

Where the DoP and/or the DoC were either not submitted or involved non-compliances, documentation about the CE mark was also requested. In those instances where non-compliances were identified, an official letter was sent to the economic operator to take the necessary action and to provide information within a given timeframe. Three cases have been resolved and closed, and one case is being followed up with a non-local, EU-based supplier. Market surveillance checks on these requirements are planned for 2022.

Panic exit devices operated by a horizontal bar for use in escape routes were also monitored during the second half of 2021. The same procedure used for fire alarm sounders was employed for the selection of the economic operators and the products to be inspected.

A total of four products, i.e., one from each of the four economic operators selected, were checked. Non-compliances were also followed up in the same manner. Two cases have been resolved and closed and two cases are being followed up with non-local, EU-based suppliers.

Monitoring also included checks on cement bags. Four economic operators, who sell cement bags from three different local economic operators who pack the cement in bags, were inspected. Administrative non-conformities in the CE mark of one of the cement brands were identified and the economic operator was requested to take immediate remedial action. A corrective action was taken by the economic operator and follow-ups are scheduled for 2022.

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.

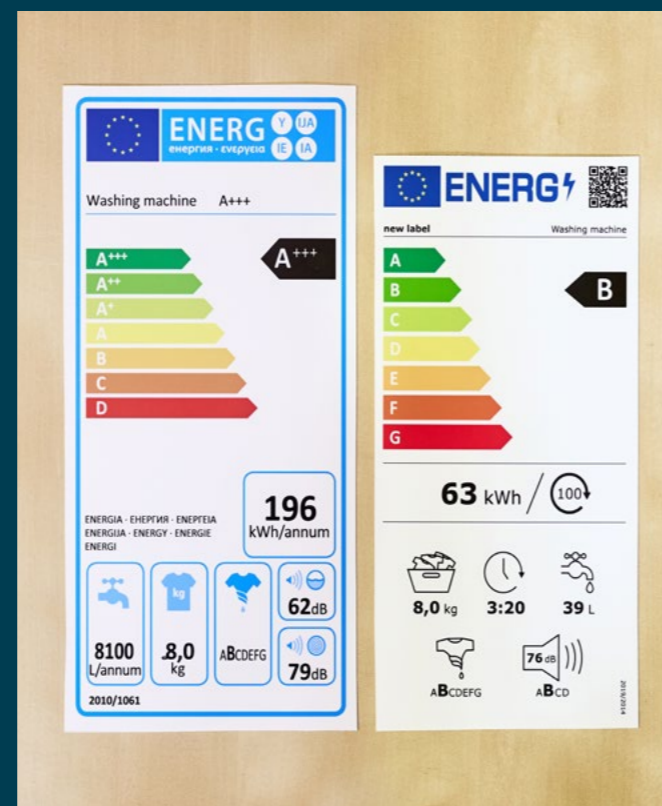
Explosive precursors

In view of the updated EU legislation on explosives precursors, several meetings were held with the Malta Police Force to discuss the best way forward to implement the regulation. This also entailed a public consultation on the new regulation and the updating of a stakeholder list that will be used to disseminate information on the new requirements.

So as to help operators in this area, a social media campaign was launched providing information about the new regulation.

Energy labelling

2021 saw the coming into force of the new energy labelling rules related to white goods. In view of this, two media campaigns were held in March and September on the introduction of the new energy labels. This included TV interviews, articles in newspapers and magazines, and information on the MCCA website and on its social media channels.



Market Surveillance

Market surveillance activities continued to be strengthened in 2021, covering a wide range of areas to protect the public interest. The risk-based process adopted was reinforced to target a comprehensive range of product types as part of the national market surveillance programme.

Through this compliance-driven approach and the introduction of robust closed-loop processes, consumers' well-being continued to take centre stage in the goals of this leading directorate in a supportive and forward-driven regulatory environment, while ensuring and promoting a level playing field among competitors.

A total of 1,186 inspections were carried out in 2021, including data collected from co-ordinated inspections and follow-ups. Through these inspections, 3,410 products were inspected, since more than one product could be checked during a given inspection in an outlet or a web shop, which may take place physically or online, as applicable.

Moreover, an extensive data collection exercise was carried out, in which 3,481 chemicals sold online in Malta were targeted to assess the state of play of compliance with requirements on making safety information available online. Data collected from this exercise is being evaluated to determine any enforcement needs and the related strategy.

As shown in Table 7 below, 6,891 product checks were performed in 2021 (up from 1,255 in 2020). The increase is due to new business sectors rolled out on the co-ordinated inspections system, led by the OPM, and the use of automated tools to target products made available online in collaboration with the Authority's Digital Investigations Unit. This enabled

a considerable increase in the number of products checked, despite the slight drop in the number of inspections carried out when compared to 2020.

Other activities carried out by the MSD in 2021 included co-operation with the Customs Department on 324 cases, providing technical assistance on product safety legislation. Despite the drop in the number of face masks referred to the MSD from the Customs Department, an increase in the Customs cases was still observed, which is mainly attributed to increased checks on product groups prefilled with F-gas.

	2019	2020	2021
Customs cases	155	319	324
Inspections	307	1,390	1,186
Product checks	736	1,255	6,891

Table 7: Market Surveillance – Customs Cases; Inspections; Products checked (2019-2021)

The 109% increase in Customs cases is attributed to the shift in market trends brought about by the pandemic and the new measures taken to enforce the F-gas Regulations. The latter measure enabled the identification of non-compliances prior to the placing of bulk F-gas and prefilled equipment on the market, reducing the risk of non-compliant F-gas products finding their way onto the local market.

The MSD is committed to continue to collaborate with the Customs Department, as one of its main partners, and to identify other areas for which proactive measures may be adopted to enhance the effectiveness of checks performed. These areas are identified based on the availability of the necessary instruments in the applicable legislation and priorities identified in the national plan.

Drill-through figures of the inspections carried out in 2021 are provided in Table 8 below. These figures vary from one year to the other since the focus each year may differ.

Product Type	No. of Inspections (2021)
Toys	103
Lifts	40
Construction products	37
F-gas	4
Machinery	151
Electrical appliances and electronics	177
Personal protective equipment	27
Motor vehicles	1
Chemicals	10
Cosmetics	135
Detergents	201
Gas appliances	14
Marine equipment	27
Recreational craft	4
Energy labelling & eco design	1
Explosive precursors	12
Spirit drinks and food quality schemes	63
Olive oil	1
General Product Safety Directive	99
Pesticides (PPPs and biocides)	79
Total	1,186

Table 8: Market Surveillance – Inspections in 2021

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

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

The products sampled and tested included: extension cables, toys, childcare articles, recreational craft, air-conditioners, space heaters and other home appliances. Table 9 below provides further information and a summary of the findings of these activities.

Project Reference	Information and Findings
JAHARP2018 – space heaters and recreational craft	As planned in 2020, nine space heaters were tested. No major deficiencies were identified. Economic operators were required to align themselves with the applicable provisions of the relevant legislation. The project will be completed by the first half of 2022. With respect to recreational craft, three open boats and two inflatable craft were sampled and tested in 2021, according to the plan. Deficiencies with the open boats were found. The MSD ordered retailers in Malta to stop selling these open boats until adequate corrective action is taken by the manufacturers. Counterparts of the MSD were informed through information uploaded in the EU-wide information system and the adequateness of actions taken by the manufacturers will be evaluated in 2022. Based on the outcome of the evaluation exercise, additional prohibitive measures having a pan-European effect will also be considered in liaison with the market surveillance authorities of other member states.
EEPLIANT2 – local space heaters	In the last quarter of 2021, a working party on local space heaters was established under EEPLIANT2. The MSD is taking a leading role in this working party. Product types to be targeted under this work package have been identified, with gas heaters and electrical heaters being sampled in 2022.
GA-ADCO – 3rd co-ordinated action	The third co-ordinated action by the Administrative Co-operation Groups of Gas Appliances (GA-ADCO) was presented to the members of this ADCO during the meeting of 30 and 31 October 2019, held in Malta. The products targeted through this co-ordinated action were barbecues, single-burner table cookers and hobs. Checks on the products' markings and documentation were carried out, targeting increased product compliance, reduction in unfair competition, strengthening of knowledge sharing between member states and building a more harmonised market surveillance approach across the EU. Of the 18 products targeted by the MSD, nine were withdrawn from the market mainly due to insufficient labelling and/or lack of adequate documentation supporting product compliance.
JAHARP2020 – Gaseous appliances	A joint action on gaseous appliances was launched in 2021. This involves the sampling and testing of two space heaters and one cooker hob. The compliance of these appliances against the requirements laid down in the Gas Appliances Regulations will be checked.
EEPLIANT3 – air-conditioners	Three models of air-conditioners were sampled and sent for testing in 2021. Test results are expected in 2022.
EEPLIANT3 – tumble driers	A total of 30 products from 11 economic operators were inspected for online labelling. A screening process was then carried out on these 30 products, with ten products being singled out for more detailed checks. Following these checks, three models were selected for testing. Results are expected by Q1 2022.
EEPLIANT3 – water heaters	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. Test results are expected in 2022.
CASP 2021 – electric toys	Twenty-four electric toys were sampled and tested. The toys tested were 12 battery-operated toys, four ride-on toys, three lithium battery/button cell operated toys and five remote-controlled toys. Following testing, four of these toys were recalled due to the presence of prohibited chemicals for consumer products. Moreover, three of the toys tested were withdrawn from the market due to hazardous chemicals detected exceeding the maximum permissible limits.
CASP 2021 – Toys from Non-EU Web Shops	Between Q2 and Q4 of 2021, 20 toys were sampled and collected from two major online platforms and sent for testing. Nineteen of these toys had non-compliances classified as posing a serious risk to children. Deficiencies identified include the presence of small parts that can be swallowed, blocking the child's flow of air, prohibited chemicals for consumer products and/or packaging presenting a risk of strangulation or asphyxiation to children, among others. In early Q1 2022, these toys will be notified through the rapid alert system for dangerous non-food products (Safety Gate).
CASP 2021 – Recliner cradles/ baby swings	Between Q2 and Q4 of 2021, three baby swings and three recliner cradles were sampled and collected from local retail outlets. These were sent for testing, of which one baby swing's locking mechanism failed, resulting in a medium risk. This will be communicated to the economic operator in Q1 of 2022 and a notification submitted on the rapid alert system for dangerous non-food products.
CASP – horizontal actions	Joint actions involved targeting horizontal activities intended to seek a more harmonised approach among market surveillance authorities in the different member states. Methodologies related to the risk assessment and management, online market surveillance, and crisis preparedness and management were tackled.

Table 9: Market Surveillance – 2021 Projects and Findings

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

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

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 2021, 11 new notifications were issued for products found on the local market that were recalled or withdrawn. A further 40 follow-up actions on products found in Malta were taken, following notifications by other member states.

In addition, follow-up action was undertaken on several notifications issued by other member states or notifications/recall campaigns

prompted by other sources. More than 1,500 such notifications, which include campaigns prompted by the European Commission's Information and Communication System on Market Surveillance (ICSMS), manufacturers and other consumer safety networks outside the EU, were followed up.

There were 187 complaints on product safety-related concerns, which were actioned. All complaints are investigated and a structured approach is established to determine the nature of the follow-up action required. The approach is risk-based and takes into consideration the product type involved, the severity of the case and the facts established during the investigation. 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.

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 general public with the latest notifications – once a week through social media posts.

Gaseous appliances

Results from an accredited laboratory in Europe on dimensional checks and performance tests on gas regulators and cylinder valves were evaluated. The testing regime consisted of nine gas regulators and three cylinder valves widely available to Maltese consumers. No significant issues were identified following the evaluation.

Toys

The safety of toys remained one of the priority areas throughout 2021. Apart from the extensive array of tests performed on electric toys and toys from non-EU web shops, as indicated above, 13 follow-up comprehensive checks were performed to ensure that toys found to be dangerous by other member states are not available to Maltese consumers.

Investigations on two of these checks are ongoing. No infringements were identified regarding the remaining checks.

Machinery

The Authority continued to strengthen its market surveillance processes related to machinery in 2021, particularly lifting machinery, through the revisiting of its procedures to consider different types of products available on the local market. The key activities undertaken included co-operating with the Customs Department on 32 cases of machinery imported from third countries and physical inspections at 21 sites.

Fourteen such inspections were on lifting platforms and were ordered for closure due to lack of information provided on non-conformities. Complaints received on machinery used in the construction industry were also investigated and the non-conformities found for one case are expected to be resolved in Q1 2022.

Biocidal products

In 2021, a risk-based approach was adopted aimed to increase the rate of compliance of biocidal products available in Malta with the provisions of the Biocidal Products Regulation (BPR).

During the first round of inspections, the percentage of non-compliances stood at around 55%. Necessary actions were taken by the TRD and, during subsequent rounds of inspections, the percentage of non-compliances dropped to 34% of the products inspected.

Results showed that, out of 254 products elevated from 58 points of sale across different localities in Malta (including but not exhaustive of groceries, small and large supermarkets, open markets, detergent shops, ironmongeries and pet shops), 87 products (over 34%) were biocidal and non-compliant.

More than half the non-compliant products fell under PT18, i.e., insecticides, acaricides and products to control other arthropods, followed by PT2, i.e., disinfectants and algicides not intended for direct application to humans or animals.

On the other hand, 94 of 254 products (37%) were found to be biocidal and either registered in line with the BPR, withdrawn by the economic operator or no longer made available on the market. Consequently, no further action was required.

The remaining 73 products were found not to be biocidal, making up 29% of the inspected products as part of this project. These products – detergents, cosmetics, veterinary products or plant protection products – were not evaluated further since they were not part of the scope of this project and do not require to be registered under the BPR.

Motor vehicles

Processes related to the enforcement of EU legislation on the market surveillance of motor vehicles and their trailers continued to be enhanced and consolidated, with a particular focus being placed on vehicles' tyres.

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 15 Forum for Exchange of Information on Enforcement meetings in 2021. In addition, to fulfil Malta's Market Surveillance obligations as stipulated in the Regulation (EU) 2018/858, the Directorate conducted 10 market surveillance checks on motor vehicles. Five of these checks were tests conducted in an accredited laboratory.

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.

Detergents

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

Labelling and Packaging Regulation.

Through these inspections, 122 products were checked. Non-compliances were identified and economic operators were requested to take appropriate corrective action to address the non-compliances.

Food Quality Schemes

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

The product types targeted were pasta, salt and brandy. Thirty-one different operators were inspected. Through these controls, no infringements have been identified.

Online market surveillance

In 2021 an automated tool developed by the Danish Safety Technology Authority was launched and will be used to identify unsafe or non-compliant products online. This tool now forms part of an EU-wide toolbox available to support effective online market surveillance.

Brexit

In order to ensure that products imported from the UK continue to be in line with EU harmonised standards, there was a particular focus on recreational craft, and systems, components and separate technical units intended for motor vehicles and their trailers imported from the UK.



Standards and Metrology Institute

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



Standards and Metrology Institute

The Standards and Metrology Institute's remit widened in 2021. Apart from developing and publishing technical standards, offering calibration services, legal metrology and laboratory testing, and certifying organisations according to European and international standards, it took on the Office of the Consul for Goldsmiths and Silversmiths.

This Office is a best fit within the MCCA because it offers consumer protection and its focus is on ensuring the right standards of finesse of precious metal. Thus, when consumers buy a precious item, they will be guaranteed that what is being declared on the item is accurate. On 1 July 2021, the Goldsmiths and Silversmiths office that receives the public moved from Valletta to the MCCA offices in Blata I-Bajda.

Throughout 2021, Covid-19 continued to impact SMI, with all directorates having to address specific challenges brought about by the difficulty to hold physical inspections.

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

European standardisation bodies	Number of European standards adopted (2019)	Number of European standards adopted (2020)	Number of European standards adopted (2021)
CEN – European committee for standardisation; CENELEC – European Committee for Electrotechnical Standardisation	1,840	1,603	1,542
ETSI – European Telecommunications Standards Institute	81	325	59

Table 10: European standards adopted as national standards in 2021, compared to previous years

Development of standards

“Standards are the silent foundation of the EU Single Market and global competitiveness. They help manufacturers ensure the interoperability of products and services, reduce costs, improve safety and foster innovation. Standards are an invisible but fundamental part of our daily life: from Wi-Fi frequencies, to connected toys or ski bindings, just to mention a few. Standards give confidence that a product or a service is fit for purpose, is safe and will not harm people or the environment. Compliance with harmonised standards guarantees that products are in line with EU law.”

Source: European Commission, Press Release on the new EU Standardisation Strategy, Brussels, 2 February 2022

SMI continued to participate actively in 2021 in various European standardisation fora to address national stakeholder needs. The work is carried out in conjunction with representatives from industry, government, the academic sector and other stakeholders to ensure a high-quality standard that is well received by the interested parties.

The technical committees that have a direct impact at a national level, and in which Malta actively participated through its technical representatives, included: 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.

There was an increase in interest in blockchain and AI standardisation from technical experts in Malta. The Authority also received a number of requests to keep the industry informed of what is happening in this area of standardisation at both European and international level.

Standards on lifts

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

The national committee is made up of members from the lifts industry and other stakeholders, who continuously provide feedback on new and revised standards in this sector. In 2021, members of the local expert committee attended four virtual meetings, held every quarter, of CEN TC 10 to contribute to the revision of lifts standards to address the changes brought about by the new EU Directive 2014/33/EU on lifts.

These changes aim to revise existing harmonised standards on lifts and safety components for lifts to make them fit for purpose in the context of construction and installation of the lifts, design rules, calculations, examinations and tests of lift components, presented risks, markings and instructions.

It also ensured a high level of protection of health and safety of persons, as well as taking into account usability and accessibility in line with the United Nations Convention on the Rights of Persons with Disabilities.

National Standards under revision

In line with international practice, the MCCA periodically reviews existing national standards to ensure they continue to reflect the state of the art and reflect 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 800:20XX – Classification of Construction and Demolition Waste

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

Draft on playground standards

In 2021 the national standard on public playgrounds underwent a process of updating to include a greater focus on children's physical and mental development, making the playgrounds more play oriented through the use of playground equipment that, for example, stimulates curiosity to explore an unknown play environment in a safe manner.

Following a two-month public consultation on the draft standard during which no adverse comments were received, the standard was finalised and published. This standard is a voluntary standard.

Revision of standard MSA 200:2009 “Maltese Data and Information Requirements on Information and Communication Technology”

Since Maltese society is relying heavily on Information and Communication Technologies, 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 ordering, character classification, and time and date rendering.

In view of the recent updates in the Maltese language rules, the standard is being updated accordingly. Il-Kunsill Nazzjonali tal-Ilsien Malti 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 agreed to adopt a modular framework for the standard, based on that in the United Kingdom. The standard revision will be covering more than just panel beating of cars, but also the repairs of cars with a focus on electric cars.

The MCCA worked on the preparatory work of the main structure in collaboration with an expert on repairs from the Malta Insurance Association.

The main decision taken was that this standard will be modular and, each year, certain modules to cover various areas of repairs can be added.

The main body of the standard has been finalised and it is anticipated that, by mid-2022, the draft document will be published for public consultation.

Revision of standards on PV installation

These are being finalised, with the main highlight being the competencies of installers. As with motor vehicle repair standards, 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.

Classification of Construction and Demolition Waste

This new standard is driven by a national need for a classification of waste that will also help ensure appropriate disposal of such waste. Representatives of contractors, Wasteserv and the Environment and Resources Authority are members on this committee.

Certification

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

There was a huge demand in 2021 for the certification of traders in organic food products. This increase was mainly due to Brexit, with importers who trade with the UK no longer being able to rely on UK certification documentation.

Work was also undertaken to develop a group certification scheme for organic food products, which is being introduced in 2022 to reduce the burden on farmers' co-operatives and other groups.

Table 12 below lists the certification and inspection services that were made available in 2021.

Certification and Inspection Services	Total number of certificates	New Certificates in 2021
SM EN ISO9001:2015 – Quality Management Systems	101	2
SM EN ISO14001:2015 – Environmental Management Systems	27	6
SM EN ISO45001 – Occupational Health and Safety Management Systems	5	1
SM EN ISO27001 – Information Security Management System	2	0
EC Regulation 834 of 2007 – Organic production and labelling of organic products	113	45
MSA 1400:2006 – Motor Vehicle Repair Garage Management Systems	429	10
SM EN 16636:2015 – Pest Management Services – Requirements and competences	5	0
MSA 3500:2010 – Public Playgrounds – Requirements for Public Playground Safety and their Management	2	2
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	5	4
Industrial Security Screening of personnel	680	160

Table 12: Certification and Inspection Services offered in 2021

Support to SMEs

In 2021, the SMI provided assistance to SMEs to improve their competitiveness through standardisation activities. Table 13 below quantifies this support.

SME supporting activities	Number of SMEs that benefited in 2020 and 2021	
	2021	2020
Use of Standards library facilities	145	120
Training services provided to individuals	90	70
Certification audits carried out	694	638
Free participation in technical committees	160 experts and representatives of SME associations	145 experts and representatives of SME associations

Table 13: Activities supporting SMEs in 2020-2021

Metrology and accurate measurement

Measurement activities are essential to practically all technical activities.

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

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

The Directorate maintained national measurement standards for five physical quantities in 2021 – 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
Mass	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
Volume	Set of 4 volume standards, 2L, 5L, 10L and 20L nominal value
Temperature	Triple-Point-of-Water Cell
	Melting Point of Gallium Cell
Humidity	Set of 3 ITS 90-compliant Standard Platinum Resistance Thermometers
	Humidity Generator ranging from 10%RH to 95%RH
Time and Frequency	Dew-point Mirror Hygrometer ranging from -40°C dp to 70°C dp
	Rubidium Atomic Clock

Applied metrology

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

During 2021 the technical infrastructure of the Metrology Directorate continued to be upgraded with the procurement of state-of-the-art equipment that measures temperature, resistance and humidity.

Accreditation of calibration services was reconfirmed in 2021 by the National Accreditation Board (NAB-Malta).

The current scope covers a considerable number of weighing systems, ranging from micro-analytical balances to weighbridges, covering a range from 1 mg to 60,000 kg; and weights and mass standards of nominal value ranging from 1 mg to 1,000 kg at OIML R111 E2 accuracy class level. These initiatives aim to support local public and private laboratories to provide accredited calibration results.

A total of 267 calibrations were carried out in 2021 (see Table 14 below).

Physical Quantity	Metrological Application	Calibration of instruments carried out	
		2021	2020
Mass	Calibration of non-automatic weighing instruments	44	85
	Calibration of weights and mass standards	176	496
Temperature	Calibration of thermometers and temperature measuring instruments	24	88
	Mapping of temperature/climatic controlled rooms/enclosures	21	45
Volume	Calibration of volumetric standards for verification of fuel dispensers	2	16
Total		267	730

Table 14: Applied metrology data 2020-2021

Legal metrology

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

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

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

ensure that accuracy and transparency in trade measures are upheld.

The Legal Metrology Unit performed various inspections on weighing instruments in 2021 in retail shops, pharmacies, jewellers, construction sites, waste processing plants, Malta International Airport, supermarkets and open markets. Other inspections were carried out on fuel dispensers, LPG bottling plants, speed cameras and on pre-packed products, as shown in Table 15 below.

Area	Operator	Number inspection carried out in:	
		2021	2020
Non-automatic weighing instruments (retail scales)	Supermarkets	2	19
	Jewellers	0	16
	Other Retail	158	9
Fuel dispensers	Fuel Stations	4	207
Speed cameras	Local Enforcement Systems Agency	20	20
Pre-packaged goods	Packers of e-marked products	1,130	396
Fuel dispensers	Gas bottling plants	100	70
Total		1,414	737

Table 15: Legal metrology data 2020-2021

Laboratory testing

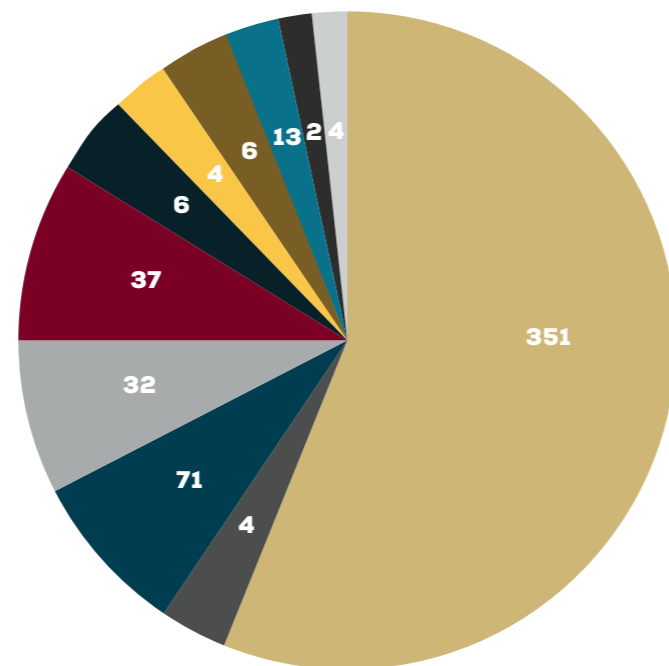
Testing facilities are available in the areas of chemistry and engineering, medical gases and road construction products and services, which are provided primarily to public entities.

Chemistry and engineering

Tests were carried out in 2021 on the quality of a wide range of products, varying from clothing to metals and medical gases. Checks related to hydro static pressure testing were carried out on PPPs, and surgical gowns and apparel worn by surgeons in operating theatres.

The high demand for medical gases testing continued in 2021. The testing of gases service was supplied to all government hospitals in Malta and Gozo, St Vincent de Paul Home and local health centres and polyclinics. A total of 530 medical gas outlet points were tested in 2021. A total of 4,571 tests were conducted (see Figure 11 below).

Medical gases testing included medical oxygen, medical air, surgical air, dental air, compressed air, nitrous oxide, a 50:50 mixture of nitrous oxide and oxygen, a 50:50 mixture of helium and oxygen, particulate matter and moisture. Although the number of medical gases tests conducted in 2021 was lower than in 2020, there was still an increase of nearly 22.5% in the number of tests conducted when compared to 2019.



- 351 medical Oxygen
- 4 50:50 helium and oxygen
- 71 medical air
- 32 nitrous oxide
- 37 surgical air
- 6 particulate contamination
- 4 dental air
- 6 50:50 nitrous oxide and oxygen
- 13 compressed air
- 2 particulate matter tests
- 4 moisture

Figure 11: Medical gases data

Construction material testing

Accreditation of 41 construction material tests were confirmed by NAB-Malta.

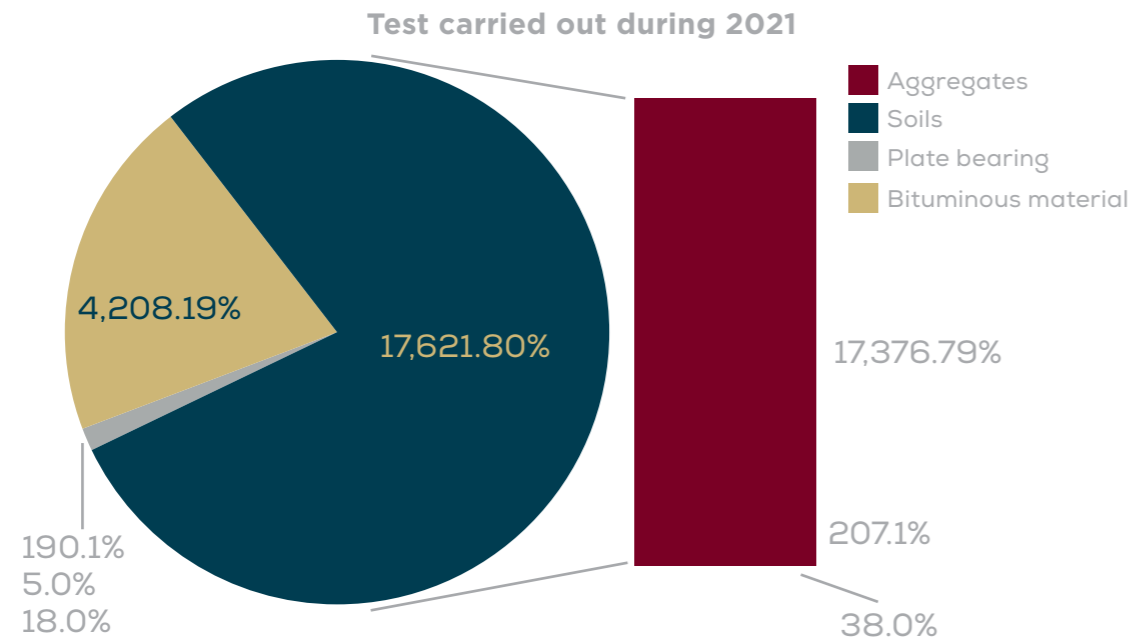
Although in 2021 the CMT laboratory continued to face logistical problems caused by the rotation of employees due to the Covid-19 pandemic, it continued to provide its services to most government entities, including Infrastructure Malta (IM), and managed to increase the total number of tests when compared to 2020.

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

- IM – testing of construction material used for the Central Link Project. The Central Link Project will improve the entire route between the Mrieħel bypass, Balzan and Attard, up to the Saqqajja Hill roundabout, which connects Ta' Qali, Attard, Rabat, Żebbuġ and Mosta;
- IM – testing of construction material used during the reconstruction and upgrading of 102 country roads;
- IM – testing of construction material used during the reconstruction of the Ċirkewwa quay, used by the Gozo ferries. More than 4,000 tonnes of reinforced concrete were required to form the quay's new structures;
- Ministry for Gozo – testing of construction material used for roads in Gozo;
- TM Maritime – testing continued of construction material used for quays at Cospicua (Bormla), Sliema, and those of the fast ferry in Valletta and Mġarr, Gozo;
- Water Services Corporation – testing of construction material related to works to improve the water and drainage systems; and
- Grand Harbour Regeneration Corporation – testing of construction material used during the renovation of housing blocks and open spaces in Valletta; the restoration and regeneration of Maglio (Mall) Garden in Floriana; and the Magħluq Project at Marsaxlokk. The €5 million Magħluq Project aims to improve the area's infrastructure and aesthetics. The project is funded by the Tourism Ministry and overseen by the GHRC.

During 2021, more than 22,000 tests were conducted on work sites and at the Mosta laboratory. More than 19,400 tests were carried out on fresh and hard concrete, and more than 4,200 tests were conducted on bituminous mixtures and asphalt cores.

A total of 18 tests were performed on aggregates and another 38 tests were conducted on road markings, stone weathering and water absorption, plus stone fragmentation (see Figure 12 on the opposite page). A total of 52 km of roads in 18 locations were tested (27.8 km in 2020) with the rolling straight-edge to measure their surface regularity.



TESTS	2021	2020
Aggregates	18	222
Soils	5	86
Plate bearing	190	-
Bituminous material	4,208	4,368
Fresh concrete	17,376	11,135
Hardened concrete	207	828
Others (road markings, stone weathering, absorption, friability, earthworks)	38	51
Total	22,042	16,690

Figure 12: Tests conducted by the Construction Material Testing Division in 2020 and 2021

Office of the Consul for Goldsmiths and Silversmiths

The Goldsmiths and Silversmiths Ordinance, now the Goldsmiths and Silversmiths Act (Cap. 46 of the Laws of Malta), was first enacted in 1920 to regulate goldsmiths and silversmiths. Until June 2021, this function was under the remit of the Commissioner for Revenue.

A decision was taken in 2017 to assign the relevant responsibility for the Office of the Consul for Goldsmiths and Silversmiths from the Ministry for Finance to the MCCA since it was felt that the function of this Office better fits the MCCA's functions. These include the safeguarding of the interests of consumers, and the adoption and co-ordination of standards in relation to products and services.

The MCCA is committed to enhancing market surveillance in line with international best practice and to reviewing the methodologies used in this Office's laboratories, facilitating trade in precious metal articles, while maintaining fair trade and consumer protection.

In 2021, the necessary amendments were made to the Goldsmiths and Silversmiths Act (Cap. 46), the Malta Competition and Consumer Affairs Authority Act (Cap. 510), the Commissioner for Revenue Act (Cap. 517) and the relative subsidiary legislation in order for the responsibilities under Cap. 46 to be assigned to the MCCA as from 1 July 2021.

Under the MCCA's remit, the Office of the Consul for Goldsmiths and Silversmiths provides the following 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 16 below shows the work carried out between July and December 2021.

Valuation of gold items	109
Assaying of gold items	64
Assaying of silver items	2
Number of articles hallmarked	66
Number of educational visits to goldsmiths and silversmiths on their obligations towards consumers	87

Table 16: Goldsmiths and Silversmiths output July-December 2021

The team within this unit is composed of two technical experts, who followed courses abroad, and two stampers who assist in the stamping of the hallmarking process, maintain the tools, assist the Consul and aid in the inspections.

The focus in 2021 was more on educational visits to promote knowledge about the legislation and compliance among shop owners. It is planned that in 2022, while educational visits will be ongoing, effective and transparent inspections will be launched in collaboration with the Inspection Co-ordination Office within the Office of the Prime Minister and other regulators. This market surveillance will ensure fair trade and high consumer protection.

Also, through ongoing co-operation between MCAST and the MCCA, a recognised programme on Jewellery Making will be launched to strengthen the Goldsmiths and Silversmiths sector.

Human Resources

Amid the global pandemic, the MCCA continued to invest in its employees with a view to enhancing engagement while ensuring continuity of service. The precautionary measures introduced in the previous year were invariably maintained, enabling operational employees to focus on their deliverables.



Human Resources

Apart from the consistent drive for social distancing, physical precautions and PPE supply, the measures taken by the Authority extended to the provision of vital resources, together with the necessary upgrades and controls for employees whose role permitted them to work from home.

Particular attention was paid in 2021 to the mental wellbeing of MCCA employees. Apart from the ongoing efforts to provide the necessary services to those who required it, the Authority emphasised the need for inclusive working methods. This was done in an attempt to avoid having employees working in silos and the consequent isolation.

The revised framework for individual Key Performance Indicators (KPIs), introduced in 2021, enabling the monitoring of employee performance when working off-site, continued to work well during the pandemic.

Talent development

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

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

The two-way nature of the live sessions resulted in improved employee involvement, and an increase in their active participation, since both trainers and trainees engaged in discussions, leading to active interactions. This was reflected in the exponential increase of grouped training received by the Authority's employees:

	2021 (hours)	2020 (hours)
Competence Development Training	1,011	3,915
Specialisation Training Abroad	-	-
Local Specialisation Training	-	585
Specialised Individual Training	-	-
Grouped Training	2,321	624
Total	3,332	5,124

Table 17: Training in 2021, compared to 2020

To facilitate the administrative work related to training, an in-house application, with the acronym TRA, was launched – the first application of its type – which facilitates and streamlines the application for training. While providing the administration with a central source for data collation and record keeping.

Safeguarding employee well being

The measures adopted by the Authority following the first confirmed local case of Covid-19, aimed at safeguarding employees and stakeholders alike, remained in place in 2021. This included distancing of employee desks and a rotation system for employees, supported by teleworking to ensure business continuity.

While a multitude of services were already accessible online without the need for consumers or business operators to physically come to the office, the Authority was cognisant of the fact

that not everyone is comfortable with interacting online. Appropriate, physically separated facilities remained in place to welcome walk-in visitors, primarily individuals lodging consumer complaints.

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

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

When work from home was not possible

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

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

The operations of the Consumer Claims Tribunal continued. However, no sittings were held during the period that the Law Courts were closed between 7 March and 11 April 2021.

Fellowships and Apprenticeships

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

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

The programme's priority areas are the:

- promotion and enhancement of competition;
- safeguarding of consumers' interests and enhancement of their welfare;
- voluntary standards and standardisation related services; national metrology strategy;
- transposition and adoption of technical regulations within the MCCA's remit; and
- other areas that may be prioritised, based on the entity's needs.

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

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

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

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

Employment

The Authority pursued its efforts to strengthen its expertise by investing in its complement. By the end of 2021, the MCCA had a complement of 166 employees. This is their breakdown by position:

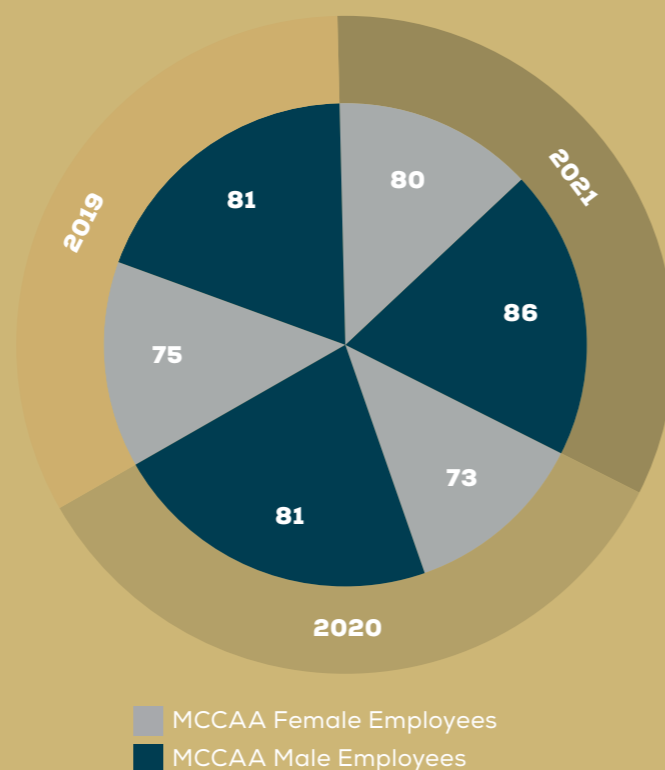
Position	2019	2020	2021
Managerial	25	27	29
Professional and Technical	74	69	71
Administrative Support	59	60	66
Total	158	156	166

Table 18: Employment Positions (2019-2021)

Gender balance

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

Employees by Gender (2019-2021)



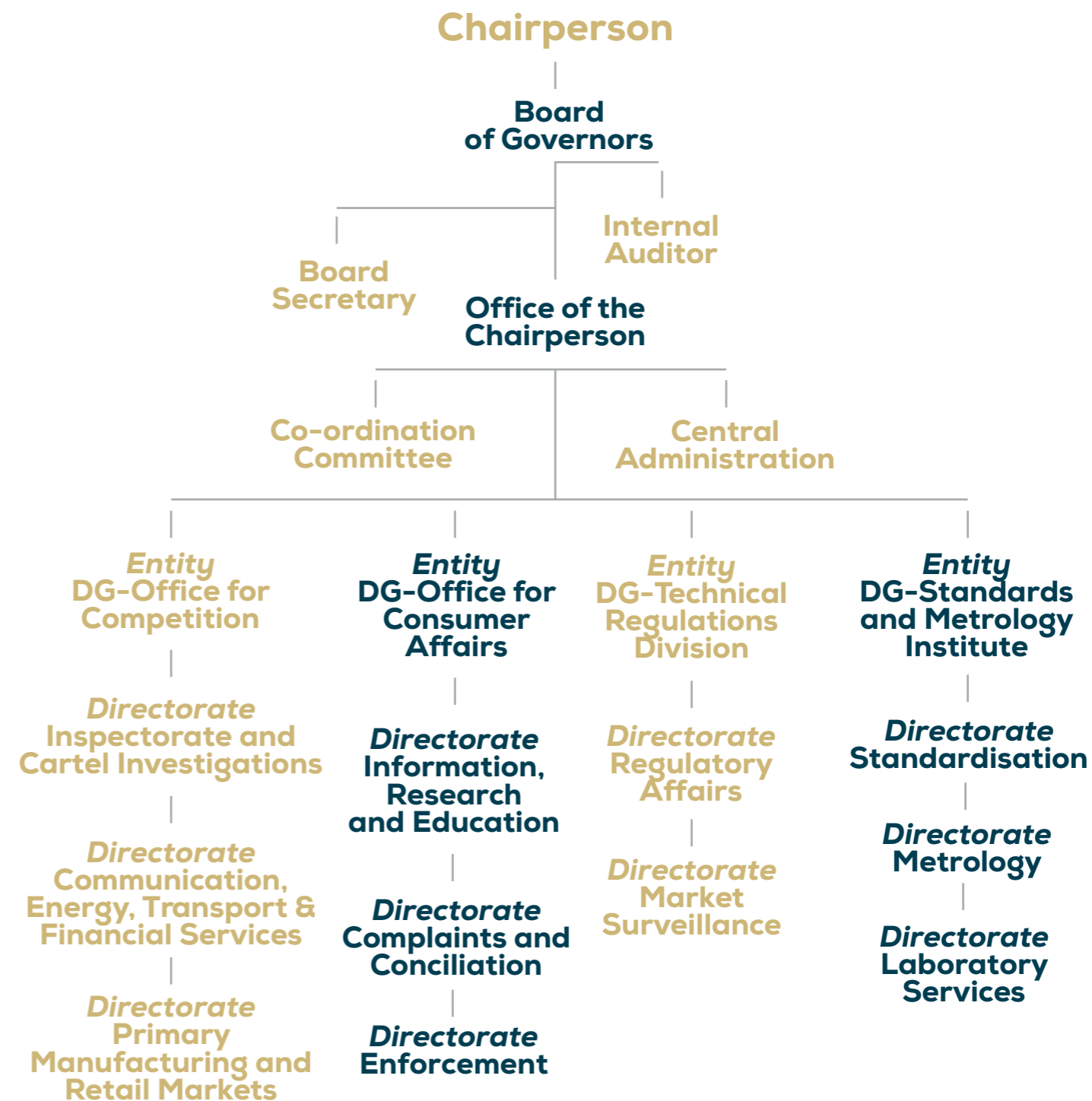
HR Information System

The Human Resources Department strived to increase its administrative efficiency by maximising on the HR Information System. During 2021, the Authority finalised an upgrade which introduced automation of no fewer than 16 reports, as opposed to the previous laborious manual reporting system.

Gozo office

The MCCA offices in Xewkija, Gozo, were also put to good use, with Gozitan employees benefiting significantly on time otherwise spent travelling to the Malta offices. There was a drive on Health and Safety to ensure that the offices are aligned with the relative regulations and the Authority's standards.

Organisation chart



Corporate Achievements

During 2021 the Authority proudly celebrated its tenth anniversary by looking back at its many milestones and achievements, with a keen focus on the execution of its future vision. This was carried out within a continuously evolving and challenging landscape, and with a commitment to be at the forefront of a future-proof economy for the benefit of consumers and stakeholders.



Corporate achievements

MCCAA strategic objectives 2019-2023

The MCCAA strategic plan continues to be based on four pillars:

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

The strategy currently has 49 performance measures. Forty-seven measures are ongoing/on track and two measures related to certificate extension and extending capacity to cater for training and audits of ISO 27001 have been completed and were verified effective during the period under review.

Tenth anniversary

The Authority celebrated its tenth anniversary with a holistic programme, culminating in an international digital conference focusing on the needs and expectations of tomorrow's consumers with a view to enabling the MCCAA to proactively shape market regulation.

The conference included a keynote speech by European Commissioner for Justice Didier Reynders, who thanked the MCCAA for its contribution at EU level during the pandemic, particularly by identifying unsafe products on the market and taking the necessary action.

A group of economists from the Authority and the University of Malta conducted research to examine the local scenario and how it is changing. The outcome was that the Authority's strategy continues to be effective and that it is moving in the right direction. It was noted that during its first decade the MCCAA conducted around 125,000

inspections focusing on product safety and price indications, it also adopted over 18,000 standards, and performed just under 200,000 tests and calibrations.

The MCCAA's work continues to be driven by a commitment to raise awareness and build trust through an evidenced-based approach, to strengthen compliance and risk management, and introduce digital tools, while continuing to invest in organisational capacity.

Service delivery during Covid-19

The Authority continued to operate in 2021 within the context of a pandemic and adapted continually throughout the year to ensure compliance with guidelines issued periodically by the Superintendence of Public Health. No cases of transmission of the virus from the MCCAA sites were reported, reflecting the effective approach adopted by the Authority to ensure a safe environment for employees and stakeholders.

A new business continuity plan was developed, taking into consideration the lessons learnt from the pandemic. The IT infrastructure proved to be reliable and robust, ensuring a flexible approach that meets stakeholders' needs and expectations.

The MCCAA continued to provide the necessary regulatory support and information to consumers and economic operators, with a quality-oriented approach and in line with best practices identified.

Customer feedback

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

The Authority continued to enhance the quality of its service delivery through ongoing process improvement and the assurance of conformity to applicable statutory and regulatory requirements.

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.

In 2021, the Authority focused on implementing the actions and improvements that emerged from three key exercises that were conducted in earlier years:

- surveys among economic operators and consumers;
- mystery shopping; and
- its business continuity plan.

The voice of consumers and economic operators is pivotal for an organisation like the MCCAA. It serves as one of the main elements underpinning the effectiveness of the continual improvement process led by the Authority. During 2021, the Authority carried out preliminary work to launch stakeholder satisfaction surveys it intended to carry out in 2022 to enable the MCCAA to continuously strengthen service provision.

Sustained investment in quality

In 2021, the Authority continued to strengthen the quality of its operations by extending the scope of its ISO 9001:2015 certification to three new areas:

- valuations of precious metal articles and authorisations of manufacturers and sponsors to mark and/or hallmark their precious metal articles in accordance with the Goldsmiths and Silversmiths Act (Cap 46);

- -digital investigations and electronic enforcement; and
- -assessment of notifications of concentrations in line with the Control of Concentrations Regulations, 2002 (Subsidiary Legislation 379.08).

Through this certification, a major achievement, the ability to consistently provide services that meet the applicable requirements and to enhance customer satisfaction was strengthened. The certification was obtained in December 2021 and was obtained without a single non-conformity thanks to the commitment of management and staff.

A new three-year quality internal audit programme was drawn up. The programme comprises of new activities that were included in the extension of scope of certification, together with other improvements. These internal audits are used to assess conformity, compliance and effectiveness of the MCCAA processes. Fifty quality internal audits were conducted in 2021.

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 MCCAA can enhance its ability to meet customer expectations.

During 2021, the Authority worked to digitalise relevant quality processes. 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. Training was also offered to all employees on the use of the new digital quality system.

A key deliverable was the simplification measure related to the reporting, analysis and evaluation of the performance of the Authority's activities. Through the measure, performance data is being presented in a clear, interactive, visual way, supported by business intelligent tools, leading to an efficient, effective and evidence-based approach. A new system procedure, as well as templates for the gathering and analysis of performance data, were prepared and training was provided to relevant employees.

Risk management

One of the main pillars of any system and entity, that strives to improve from year to year, is the capability to self-analyse, diagnose and take the necessary actions to improve and change. Since its inception, the MCCA continued to build strong procedures over the years and to identify areas for timely improvements that, among other actions, included the strengthening of the Internal Audit function and the implementation of an effective risk management framework.

Over the past years, substantial investment has been undertaken in support of the implementation of a sound risk management system. During 2021, the MCCA continued implementing a project started in 2020 that undertook a revision of its risk management framework, focusing and including a review of and subsequent updating of risk registers and the drawing up of time-based action plans to address the identified risks.

In 2022 the assignment will be completed with the establishment of the Authority's risk appetite.

Portfolio realignment

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

The MCCA completed the transfer of the regulation of goldsmiths and silversmiths from the Commissioner for Revenue to the Authority. The Office of the Consul for Goldsmiths and Silversmiths was assigned under the legal remit of the Standards and Metrology Institute. A detailed planning process was implemented for the migration, and this ensured that the transition was as smooth as possible.

The process, including assessment of current infrastructure and capacity, was in line with studies carried out in 2020 to identify best practices. A new valuation office was opened in Blata l-Bajda and new systems procedures were drafted and approved to ensure process optimisation.

The Authority completed the process of co-operation with MCAST to strengthen the national capacity related to goldsmiths and silversmiths, and a new accredited programme was agreed to.

Improving business inspections

The MCCA continued to strengthen its capacity to provide business inspections in 2021, in close co-operation with the Inspections Co-ordination Office, established in the Office of the Prime Minister by virtue of Chapter 595 of the Laws of Malta.

Primary inspections for shops related to pet shop (non animals), electronics, children's clothing and toy shops were continued. New business types with the MCCA as primary inspectorate were launched during 2021. The new business types are detergent shops, industrial equipment shops and household equipment (appliances) shops.

For each inspection, data collection was implemented, along with an internal analysis of the gathered documentation and approval in line with an established process. Follow-up action was taken as required. Analysis and follow-up of operators in business sectors in which the MCCA is a secondary inspectorate were executed.

During 2021, the MCCA co-led along with the Inspection Co-ordination Office within the OPM, a pilot project focused on recognising businesses that are found to have a high standard of compliance with the legislative requirements, through the award of the "High Standard of Compliance" certificate.

To be eligible for the certificate, a business operator must be regulated and inspected by one or more inspectorates listed in the Schedule in Cap. 568 of the Laws of Malta. The rolling out of this initiative has started with businesses that sell household appliances. More business types are being rolled out gradually.

EU-funded projects

The Authority successfully completed an EU co-funded project focused on strengthening Alternative Dispute Resolution in 2021. Through this initiative, consumers and traders can solve disputes using an effective alternative mechanism. The project included an accredited training programme targeting employees in the area, the introduction of new quality documentation and an IT portal to facilitate redress.

A communications campaign on ADR, incorporating traditional and social media, the largest in the past five years, was successfully executed. This project was a key budget measure for the MCCA and was eventually selected as a flagship project in view of its timely and on-budget implementation.

EU funding was also successfully obtained to develop a digital investigations unit and produce an awareness campaign on the digital aspects related to consumer and trader rights in the digital marketplace. The project includes the development of a new IT system, training of employees and the establishment of co-operation with another entity involved in digital investigations.

The value of both projects was c. €270,000, with 50% co-financing, and were developed in close co-operation with *Servizzi Ewropej f'Malta* – SEM.

The Authority also participated in several joint actions in 2021, which focused on market surveillance and consumer protection.

PR initiatives

The Authority saw a vast growth in communications through social media platforms, including over 380 messages received on 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	Twitter	LinkedIn
2020	4.7k	187	320
2021	6k	226	406

Table 19: The number of followers of the MCCA's social media platforms (2020-2021)

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 1,300 followers, gained organically through various social media campaigns targeted at a different audience. The Authority continues to grow its followers on Instagram as well, with over 525 followers by the end of 2021.

In 2021, the Authority uploaded over 1,600 posts on its social media pages.

Financial Statements

80 Report of the Board of Governors

82 Statement of Governors' Responsibilities

83 Statement of Comprehensive Income

84 Statement of Financial Position

85 Statement of Changes in Equity

86 Statement of Cash Flows

87 Notes to the Financial Statements

109 Independent Auditors' Report



Report of the Board of Governors

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 2021.

Principal activities

The Malta Competition and Consumer Affairs Authority was established on 23 May 2011 with the coming into force of 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 interest of consumers and enhance their welfare, to promote sound business practices, to adopt and coordinate standards in relation to products or services, to regulate such activities and to promote for such matters ancillary or incidental thereto or connected therewith.

Performance review

The Authority's main source of income is from the subvention received from the Government of Malta amounting to €5,250,000 (2020: €6,080,000) which is utilised to cover recurrent expenditure. The Authority also receives government grants to be utilised for capital expenditure. Income relating to the capital expenditures amounted to €51,122 during the year under review (2020: €53,153).

Additionally, the Authority also earns income from its commercial operations. During the year ended 31 December 2021, these amounted to €1,694,368 (2020: €1,481,158). As a result, the Authority registered a surplus before tax of €121,391 (2020: €1,001,094).

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:

Ing. Helga Pizzuto
Mr. John Abela
Mr. Benny Borg Bonello Dr. Yvette Borg Tonna
Ing. Mario Cassar
Ms. Sylvana Civelli Prof. Joe Falzon
Dr. Lynn Faure
Mr. Reginald Fava
Prof. Anthony Serracino Inglott
Ms. Mary Anne Micallef

Board of Governors are re-appointed every year by the Minister responsible for competition, consumer affairs, standardization, metrology and technical regulations.

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 16 June 2022.



Ing. Helga Pizzuto
Chairperson



Mr. John Abela
Deputy Chairperson

Registered address:

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

Statement of Governors' Responsibilities

With reference to Article 11 (1) (e) and (f) of Chapter 510, the Malta Competition and Consumer Affairs Authority Act ('the Act'), 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;
- Comply with International Financial Reporting Standards as adopted by the EU; and
- Prepare 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 financial statements 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

		2021	Restated 2020
	NOTES	€	€
Government subventions		5,250,000	6,080,000
Grants		51,122	53,153
Total government contributions		5,301,122	6,133,153
Administrative and other expenses		(6,861,022)	(6,601,793)
Income from other activities	4	1,694,368	1,481,158
Finance costs		(13,077)	(11,424)
Surplus before taxation	6	121,391	1,001,094
Taxation	7	(3,665)	(88,281)
(Deficit)/surplus for the year		117,726	912,813

There were no transactions to be reported as 'Other Comprehensive Income' during the year.

The notes on pages 87 to 108 form an integral part of these financial statements.

Statement of Financial Position

		2021	Restated 2020
	NOTES	€	€
ASSETS			
Non-current assets			
Property, plant and equipment	8	1,030,687	1,542,847
CURRENT ASSETS			
Trade and other receivables	9	524,911	520,695
Current tax receivable		171,117	-
Cash and cash equivalents	10	3,902,457	4,002,772
Total current assets		4,598,485	4,523,467
Total assets		5,629,172	6,066,314
EQUITY AND LIABILITIES			
Equity			
Capital reserve	11	11,493	11,493
Retained funds		2,547,617	2,429,891
Total equity		2,559,110	2,441,384
LIABILITIES			
Non-current liabilities			
Lease liability	12	-	616,968
Deferred government grants	13	435,235	149,960
Total non-current liabilities		435,235	766,928
CURRENT LIABILITIES			
Lease liability	12	612,357	604,381
Deferred government grants	13	-	73,262
Current tax payable		3,626	88,242
Trade and other payables	14	1,617,478	1,776,649
Provisions	15	401,366	315,468
Total current liabilities		2,634,827	2,858,002
Total liabilities		3,070,062	3,624,930
Total equity and liabilities		5,629,172	6,066,314

The notes on pages 87 to 108 are an integral part of these financial statements.

The financial statements on pages 78 to 108 were approved by the Board of Governors on 16 June 2022:



Ing. Helga Pizzuto
Chairperson



Mr. John Abela
Deputy Chairperson

Statement of Changes in Equity

	Capital reserve	Retained funds	Total
	€	€	€
Balance as at 01 January 2020	11,493	1,517,078	1,528,571
Surplus for the year (as restated)	-	912,813	912,813
Balance as at 01 January 2021 (as restated)	11,493	2,429,891	2,441,384
Deficit for the year	-	117,726	117,726
Balance at 31 December 2021	11,493	2,547,617	2,559,110

The notes on pages 87 to 108 form an integral part of these financial statements.

Statement of Cash Flows

		Restated	
		2021	2020
	NOTES	€	€
Cash flows from operating activities:			
Surplus for the year before taxation		121,391	741,696
ADJUSTMENTS FOR:			
Depreciation	8	683,015	668,112
(Decrease)/increase in provision for doubtful debts		(23,818)	6,754
Government grants transferred to the statement of comprehensive income		(51,122)	(53,153)
Loss on disposal of fixed assets		-	2,446
Profit from operations		729,466	1,365,855
Movement in trade and other receivables	9	(4,216)	(119,000)
Movement in trade and other payables	14	(72,399)	323,330
Payments of income taxes	7	(259,359)	-
Net cash flows from operating activities		393,492	1,570,185
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments to acquire property, plant and equipment	8	(170,854)	(947,875)
Proceeds from disposal of property, plant and equipment	8	-	3,954
Grants received	13	299,116	210,652
Net cash flows from/(used in) investing activities		128,262	(733,269)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Lease liability payments	12	(622,069)	-
Net cash flows used in financing activities		(622,069)	-
Net cash (used in)/from cash and cash equivalents		(100,315)	836,916
Cash and cash equivalents at beginning of year		4,002,772	3,165,856
Cash and cash equivalents at end of year	10	3,902,457	4,002,772

The notes on pages 87 to 108 form an integral part of these financial statements.

Notes to the Financial Statements

1 General Information

The Malta Competition and Consumer Affairs Authority was established on 23 May 2011 with the coming into force of 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 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 Use of Estimates and Assumptions

The preparation of financial statements in conformity with International Financial Reporting Standards as adopted by the EU requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2.5 Standards, interpretations and amendments to published standards effective in 2021

In 2021, the Authority adopted new standards, amendments and interpretations to existing standards that are mandatory for the Authority's accounting period beginning on 2021. The adoption of these revisions to the requirements of IFRSs as adopted by the EU, did not result in substantial changes to the Authority's accounting policies.

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

Certain new standards, amendments and interpretations to existing standards have been published by the date of the authorisation for issue of these financial statements, that are mandatory for the Authority's accounting periods beginning after 01

January 2022 or later periods. The Governors have not early adopted these revisions to the requirements of IFRSs and the Authority's Governors are of the opinion that there are no requirements that will have a possible significant impact on the Authority's financial statements in the year of initial application.

3 Significant Accounting Policies

3.1 Revenue

3.1.1 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.

3.1.2 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.

3.1.3 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.

3.1.4 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.

Interest income is accrued on a time basis, by referencing to the principal outstanding and the interest rate applicable.

3.2 Property, plant and equipment

3.2.1 Measurement

Cost of an item of property, plant and equipment shall be recognised as an asset if and only if it is probable that

future economic benefits associated with the item will flow to the entity and if the costs of the item can be measured reliably. Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the assets to a working condition for their intended use, and the initial estimate of costs of dismantling and removing the items and restoring the site on which they are located. 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. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

3.2.2 Depreciation

Depreciation is recognised so as to write-off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. 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. The estimated useful lives of property, plant and equipment are as follows:

Equipment, furniture and fixtures	6.7 years
Motor vehicles	5 years
Computer equipment	3 years
Improvements to premises	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, being 31 December 2022.

3.3 Impairment of non financial assets

At each reporting date, the Authority reviews the carrying amounts of its non-financial 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).

When it is not possible to estimate the recoverable amount of an individual asset, 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.

The recoverable amount is the higher of fair value less costs of disposal and value in use. Value in use is based on 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.

When 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, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.4 Leases

3.4.1 The 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 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 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 reporting period.

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 presented as a separate 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.

3.5 Taxation

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

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.

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 goodwill or 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.

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.

3.6 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 to 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 end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimate 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.

3.7 Financial Instruments

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

Financial assets and financial liabilities are initially measured at fair value. 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. Financial assets and financial liabilities are recognised when the Authority becomes a party to the contractual provisions of the instruments.

3.8 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 cash flows; 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.

3.8.1 Amortised cost 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, 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.

3.8.2 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.

The Authority always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Authority's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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, 1-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

3.8.3 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 forwardlooking information that is available without undue cost or effort. Forwardlooking 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 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

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; and
- 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.

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 is 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.

3.8.4 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 forwardlooking 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 drawn down as at the reporting date, together with any additional amounts expected to be drawn down 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 forwardlooking 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 IAS 17 Leases.

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 12month 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.

3.8.5 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.

3.8.6 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.

3.9 Financial Liabilities and Equity

Classification of 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.

3.10 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.

3.10.1 Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not held-for-trading, or 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 rate is the rate that exactly discounts estimated future cash payments (including all 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.

3.10.2 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 per cent 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 should be recognised in profit or loss as the modification gain or loss within other gains and losses. within other gains and losses.

4 Income from other activities

	2021	2020
	€	€
Bank and other interest	257	283
Calibration and legal metrology	55,356	68,304
Certification services	259,221	244,566
Net income/(costs) from EC type approval certification	6,200	(11,128)
EFSA agreement	50,000	42,500
General income	32,044	13,975
Net income from translations	61,689	2,080
Net income from plant protection services	426,075	555,090
Net income from active substances	98,570	39,600
Net income from biocidal evaluations	60,378	6,830
Regulatory fees	96,372	127,851
Sale of standards	43,131	29,009
Seminars	16,219	2,681
Testing services	483,192	355,700
Tribunal fees	5,664	3,817
	1,694,368	1,481,158

5 Wages and salaries

Wages and salaries for the year comprise of the following:

	2021	2020
	€	€
Wages and salaries	4,827,326	4,547,525
Employer's share of social security contributions	344,846	338,976
	5,172,172	4,886,501

5.1 Average number of employees

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

	2021	2020
	No.	No.
Managerial	29	27
Professional and technical	71	69
Administrative	66	60
	166	156

6 Surplus before taxation

Surplus before taxation is stated after charging the following:

	2021	2020
	€	€
Depreciation of property, plant and equipment	683,014	668,112
Board of Governors' remuneration	27,951	13,499
Key management personnel remuneration	250,968	299,272
Audit fee	3,600	5,000

7 Taxation

7.1 Income tax expense

Restated

	2021	2020
	€	€
Current taxation expense	3,665	88,281

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:

Restated

	2021	2020
	€	€
Profit for the year	121,391	1,001,094
Tax at 35%	42,487	350,383

Tax effect of:

	2021	2020
	€	€
Expenses disallowed for tax purposes	243,632	241,058
Absorbed capital allowances	(39,325)	(329,580)
Other deductions	(243,129)	(173,580)
	3,665	88,281

Property, plant and equipment

31 DECEMBER 2020

	Equipment, furniture and Fixtures	Motor vehicles	Metrology equipment	Computer equipment	Air- conditioning equipment	Improvements to premises	Right of use assets	Total
	€	€	€	€	€	€	€	€
Cost								
Opening balance	866,645	222,466	2,490,376	466,797	21,384	369,948	1,289,012	5,726,628
Additions	4,725	115,771	26,197	35,749	-	2,393	763,040	947,875
Disposals	-	(99,937)	-	-	-	-	-	(99,937)
Balance at 31 December 2020	871,370	238,300	2,516,573	502,546	21,384	372,341	2,052,052	6,574,566
Accumulated depreciation and impairment losses								
Opening balance	(826,809)	(178,590)	(2,418,351)	(425,734)	(21,384)	(120,743)	(465,533)	(4,457,144)
Disposals	-	93,537	-	-	-	-	-	93,537
Depreciation	(10,441)	(55,635)	(42,199)	(46,900)	-	(44,040)	(468,897)	(668,112)
Balance at 31 December 2020	(837,250)	(140,688)	(2,460,550)	(472,634)	(21,384)	(164,783)	(934,430)	(5,031,719)
Carrying amount								
At 01 January 2020	39,836	43,876	72,025	41,063	-	249,205	823,479	1,269,484
At 31 December 2020	34,120	97,612	56,023	29,912	-	207,558	1,117,622	1,542,847

31 DECEMBER 2021

	Equipment, furniture and Fixtures	Motor vehicles	Metrology equipment	Computer equipment	Air- conditioning equipment	Improvements to premises	Right of use assets	Total
	€	€	€	€	€	€	€	€
Cost								
Opening balance	871,370	238,300	2,516,573	502,546	21,384	372,341	2,052,052	6,574,566
Additions	17,273	47,741	55,843	41,777	-	8,221	-	170,855
Disposals	-	(32,610)	-	-	-	-	-	(32,610)
Balance at 31 December 2021	888,643	253,431	2,572,416	544,323	21,384	380,562	2,052,052	6,712,811
Accumulated depreciation and impairment losses								
Opening balance	(837,250)	(140,688)	(2,460,550)	(472,634)	(21,384)	(164,783)	(934,430)	(5,031,719)
Disposals	-	32,610	-	-	-	-	-	32,610
Depreciation	(12,286)	(46,914)	(19,817)	(29,668)	-	(15,520)	(558,810)	(683,015)
	(849,536)	(154,992)	(2,480,367)	(502,302)	(21,384)	(180,303)	(1,493,240)	(5,682,124)
Balance at 31 December 2021	(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	97,612	56,023	29,912	-	207,558	1,117,622	1,542,847
At 31 December 2021	39,107	98,439	92,049	42,021	-	200,259	558,812	1,030,687

9 Trade and other receivables

	2021	2020
	€	€
Trade receivables	376,967	492,116
Provision for doubtful debts	(70,656)	(94,474)
Prepayments	179,676	76,373
Indirect taxation	38,924	42,080
Other receivables	-	4,600
	524,911	520,695

10 Cash and cash equivalents

CASH AND BANK BALANCES FOR THE PURPOSE OF THE CASH FLOW STATEMENT ARE AS FOLLOWS:

	2021	2020
	€	€
Cash in hand and at bank resulting from operations	1,883,613	2,328,182
Balances in relation to committed projects	2,018,844	1,674,590
	3,902,457	4,002,772

11 Capital reserve

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

12 Lease liability

	2021	2020
	€	€
Non-current:		
Lease liability	-	616,968
Current:		
Lease liability	612,357	604,381

13 Deferred government grants

	2021	2020
	€	€
Non-current:		
Deferred government grants	435,235	149,960
Current:		
Deferred government grants	-	73,262
	435,235	223,222

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'.

14 Trade and other payables

	2021	2020
	€	€
Trade payables	162,867	120,168
Accruals	473,137	470,342
Deferred income	878,416	1,081,031
Other payables	103,058	105,108
	1,617,478	1,776,649

Payable balance amounting to €96,000 was reclassified from trade payables to other payables for the purpose of fairer presentation.

15 Provisions

	2021	2020
	€	€
Provisions	401,366	315,468

During the year ended 31 December 2021, the Authority recognised provision amounting to €401,366 in relation to employee performance bonuses. Estimate was based on the collective agreement provisions as applicable to the year ended 31 December 2020. At the authorisation date of these financial statements, performance appraisals were not yet completed.

Provision relating to performance bonuses for the year ended 31 December 2020 and amounting to €315,468 was reclassified from accruals to provisions for the purposes of fairer presentation. Amount was fully utilised in the reporting period.

16 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.

16.1 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:

	2021	2020
	€	€
Trade and other receivables	524,911	520,695
Cash and cash equivalents	3,902,457	4,002,772
	4,427,368	4,523,467

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.

16.2 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.

16.3 Capital risk management

The Authority's objectives when managing capital are to safeguard the Authority's ability to continue as a going concern so that it can continue to provide a service to the public by maintaining an optimal capital structure to reduce cost of capital. The Authority's capital structure is monitored by the Board with appropriate reference to its financial obligations and commitments arising from operational requirements

16.4 Market risk

Market risk includes interest and currency risk.

Interest risk

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

Currency risk

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

16.5 Summary of the financial assets and financial liabilities by category

	2021	2020
	€	€
Current assets:		
Trade and other receivables	524,911	520,695
Cash and cash equivalents	3,902,457	4,002,772
	4,427,368	4,523,467
Current liabilities:		
Lease liability	612,357	604,381
Deferred government grants	-	73,262
Current tax payable	3,626	88,242
Trade and other payables	1,617,478	1,776,649
	2,233,461	2,542,534

17 Contingent liabilities

At the authorisation date of these financial statements, the Authority has ongoing negotiations in relation to the new collective agreement for non-managerial staff and remuneration packages for managerial staff. New agreements may impact wages, performance bonuses and other allowances paid to non-managerial and managerial staff for the year ended 31 December 2021. In view of uncertainties surrounding the timing and amount, a provision for such impact on the amount already provided for in the financial statements has not been recognised in these financial statements.

18 Fair value estimation 19 Comparative figures

At 31 December 2021 and 31 December 2020, 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.

During the reporting period, the Authority identified a misstatement in the tax charge calculated for the year ended 31 December 2020. Comparative figures relating to tax charge, tax payable, surplus for the year and retained funds were restated accordingly.

The following adjustments have been made to tax payable balance as at year ended 31 December 2020 and tax charge for the year then ended:

	2020
Tax charge:	€
As previously reported	259,398
Prior year adjustment	(171,117)
As restated	88,281
Tax payable:	
As previously reported	259,359
Prior year adjustment	(171,117)
As restated	88,242

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Malta Competition and Consumer Affairs Authority set out on pages 87 to 108, which comprise the statement of financial position as at 31 December 2021, and the statement of cash flows, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Authority as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and have been prepared in accordance with the requirements of the Malta Competition and Consumer Affairs Authority Act, 2011 of the Laws of Malta.

Basis for Opinion

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

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 19 in these financial statements which indicates misstatement identified in the financial statements of the Authority as at and for the year ended 31 December 2020. Comparative figures have been restated accordingly.

Other Matter

The financial statements of the Authority for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 22 February 2021.

Other Information

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

Responsibilities of the Governors

Board of Governors is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS as adopted by the EU, 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' to a going concern. 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 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 in terms of Article 55(1) of the Malta Competition and Consumer Affairs Authority Act, 2011.
- 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.



Kris Baron
for and on behalf of
Capstone Assurance Ltd
Registered Auditors

16 June 2022

Schedule A Schedule of Income from Other Activities

	2021	2020
	€	€
Bank and other interest	257	283
Calibration and legal metrology	55,356	68,304
Certification services	259,221	244,566
Net income/(costs) from EC type approval certification	6,200	(11,128)
EFSA agreement	50,000	42,500
General income	32,044	13,975
Net income from translations	61,689	2,080
Net income from plant protection services	426,075	555,090
Net income from active substances	98,570	39,600
Net income from biocidal evaluations	60,378	6,830
Regulatory fees	96,372	127,851
Sale of standards	43,131	29,009
Seminars	16,219	2,681
Testing services	483,192	355,700
Tribunal fees	5,664	3,817
Total	1,694,368	1,481,158

Schedule B Schedule of Administrative and Other Expenses

	2021	2020
	€	€
Accreditation costs	18,283	15,362
Advertising	25,107	23,431
Audit fee	3,600	5,000
Audit of quality assurance system	11,056	4,118
Bank charges and interest	3,018	2,659
Board of Governors' remuneration	27,951	13,499
Certification expenses	14,688	7,187
Cleaning	46,236	44,684
(Decrease)/increase in provision for bad debts	(23,818)	6,754
Depreciation	683,014	668,112
Fellowship expenses	37,661	55,514
General expenses	20,343	24,320
Hospitality and entertainment	17,442	12,549
Information technology expenses	86,024	91,072
Insurance	18,846	19,920
Irrecoverable VAT	-	1,771
Legal and professional fees	58,492	56,047
Loss on disposal of fixed assets	-	2,446
Membership fees	110,878	103,760
National laboratory expenses	80,879	87,919
Postage and couriers	15,197	13,996
Printing and stationery	25,596	14,105
Realised loss on exchange	3,143	805
Rent	58,063	60,034
Repairs and maintenance	24,557	44,512
Salaries	5,172,172	4,886,501
Support services	39,927	39,820
Seminar costs	37,491	23,716
Telecommunications	21,703	31,685
Testing of pesticides	89,553	103,421
Training and professional development	48,889	48,686
Transport	28,452	25,564
Travelling	6,219	7,267
Water and electricity	50,360	55,557
Total	6,861,022	6,601,793

mcaa.org.mt

