



ANNUAL
REPORT
2 0 2 3



Mission Statement

**HAVING A MARKET
WHERE FAIR TRADING
PREVAILS AND
CONSUMER WELFARE
IS ENHANCED**

Chairperson's Address

As Chairperson of the Malta Competition and Consumer Affairs Authority (MCCAA), it is my privilege to present the Annual Report for 2023, a year marked by a steadfast commitment and substantial investment of effort focused on our mission of safeguarding consumer rights, promoting fair competition and enhancing market standards.

It is challenging to create a balanced marketplace, one where consumers feel protected and informed, and where businesses thrive through fair and competitive practices. Public sentiment is also often driven by a limited knowledge of the complexities of market dynamics and the applicable regulations.

Within this scenario the Authority has continued to strive to provide effective regulatory input and decision making, and continues to be focused on achieving tangible results. These achievements are outlined in this report, and are a testament to the resilience and adaptability of our Authority as we continue to respond to the evolving needs of our society and economy.

We remain committed to supporting open and competitive markets for the benefit of consumers, businesses and the Maltese economy. This commitment is upheld through our various efforts directed towards, engagement, advocacy and enforcement.

Throughout the year the Office for Competition initiated and pursued investigations into several alleged instances of anti-competitive practices spanning various sectors of the economy, including entertainment, energy, transport, telecommunications and health. The Office also processed 14 merger applications in various economic sectors.

On the consumer front, we saw the enactment of legislation that increased the competence of the Consumer Claims Tribunal from €5,000 to €10,000. This milestone has facilitated access to justice for more consumers by enabling them to seek redress with the Consumer Claims Tribunal rather than having to petition in front of the Small Claims Tribunal. This increase was complemented by strengthening the Authority's mediation (ADR) services, which have

facilitated amicable resolutions between consumers and traders, preserving relationships while achieving timely solutions.

The Authority has also invested in enhancing its enforcement capabilities, including addressing new challenges brought about by a rapidly changing digital landscape. By intensifying our monitoring of unfair commercial practices, including in the area of legal metrology, product safety and addressing misleading advertisements, we have worked tirelessly to uphold consumer rights and promote good practices in the marketplace. These efforts have also been recognised in the 2023 Consumer Conditions Scoreboard published by the EU that registered a 5% increase on the EU average of the confidence of Maltese consumers in the safety of products available on the market.

Education and awareness have remained central to our strategy in 2023. Through targeted campaigns, workshops and digital resources, we strive to empower consumers to make informed choices and provide businesses with the tools and knowledge to meet their legal and ethical obligations.

We continue also to be actively engaged with representatives from industry, government, the academic sector and other stakeholders in the area of standards development, thereby ensuring that national experts can provide their input during the development of new standards and ensure that the national interest is taken into consideration. During 2023, Malta actively gave its input in technical committees that approved new standards for lifts, cultural heritage, blockchain technology and Eurocodes, among others.

We have also worked to strengthen our operational capacity, instilling a culture with a greater focus on efficiency, data-driven decision making and teamwork. We continue to foster better cohesion and communication between the various teams, along with ongoing investment in the digitalisation of work processes and the regular review of our procedures, leading to the adoption of more efficient, effective ways of working.

The efforts of the past years are leaving positive results, with increases in output across the board. In terms of product safety checks alone, we registered a 300% increase in the number of inspections and checks carried out – also thanks to the Digital Investigations Unit, co-funded by the EU, which is now fully set up.

Looking ahead, the MCCAA remains steadfast in its mission to protect and empower consumers, while fostering an environment in which businesses can innovate and grow responsibly. We will continue to strive to see that consumers are informed and empowered, and to work with market players to foster trust and encourage customer satisfaction.

None of these achievements would have been possible without the dedication of the MCCAA team and the collaborative spirit of our stakeholders.

A special mention goes to Ing. Francis Farrugia and Mr Godwin Mangion, who both retired in 2023. Both Ing. Farrugia, DG SMI, and Mr Mangion, DG Competition, had been with the organisation since its inception and were considered pillars of the Authority not only leading their respective entities but also acting as role models and mentors. I take this opportunity to thank them for their invaluable contribution over the years.

I also extend my heartfelt gratitude to our staff, whose expertise and commitment drive the Authority's success; to our partners in government, industry and civil society for their continued collaboration; and to the members of the Board for their contribution and support throughout the year.

Thank you.



Board of Governors



CHAIRPERSON
Ing. Helga Pizzuto



DEPUTY CHAIRPERSON
Mr Kevin Farrugia



MEMBER
Ms Taryn Darmanin



MEMBER
Mr Benny Borg Bonello



MEMBER
Mr Christian Buttigieg



MEMBER
Ing. Mark Anthony Guillaumier



MEMBER
Mr Reginald Fava



MEMBER
Ms Graziella Galdes



MEMBER
Mr Kris Grech



MEMBER
Dr Yvette Borg Tonna



MEMBER
Dr Lynn Faure

Directors General



FROM LEFT TO RIGHT:

Mr George Cutajar – DG Standards and Metrology Institute;
Mr Godwin Mangion – DG Office for Competition;
Ms Grace Stivala – DG Office for Consumer Affairs;
and Ing. Rudie Vella – DG Technical Regulations Division.

Table of contents



Page 4

CHAIRPERSON'S
ADDRESS



Page 8

TABLE OF CONTENTS



Page 11

OFFICE FOR
COMPETITION



Page 19

OFFICE FOR
CONSUMER AFFAIRS



Page 35

TECHNICAL
REGULATIONS
DIVISION



Page 53

STANDARDS AND
METROLOGY
INSTITUTE



Page 63

CORPORATE



Page 71

FINANCIAL
STATEMENTS

A person in a suit is shown from the chest down, sitting at a desk. They are holding a pen in their right hand and writing in a notebook. A laptop keyboard is visible in the foreground on the left. The background is a blurred office setting. The entire image has a warm, golden-brown color overlay.

OFFICE FOR COMPETITION

The primary legal responsibility of the Office for Competition (OC) is to foster competition. Through the promotion of fair and competitive practices, the Office enhances the welfare of consumers, businesses and the overall economy. The Office engages in enforcement, advocacy and oversight of concentrations, involving mergers, acquisitions and full-function joint ventures. Additionally, the Office plays a role in EU and international fora.

In 2023, the Office for Competition directed its primary attention to antitrust investigations. Throughout the year, the Office diligently addressed pending competition cases spanning various economic sectors. Alongside its role as an antitrust enforcer, the Office evaluated no fewer than 14 proposed concentrations.

The Office's merger review function ensures that competition, and thus consumers, are not negatively affected by economic concentrations in the marketplace. This review process ensures that transactions deemed to bring about a substantial lessening of competition are either approved with remedies or blocked since these market outcomes, without control, could lead to higher prices, limited choice, reduced innovation or lower quality goods and services.

Since its inception, the Office has remained steadfast in its commitment to cultivate open and competitive markets for the benefit of consumers, businesses and the Maltese economy. This commitment is upheld through the Office's continuous emphasis on enforcement, advocacy and merger control, contributing positively to the improved functioning of local markets for over 28 years. While acknowledging past achievements, the Office also contemplates future priorities and challenges.

Looking ahead to 2024, the Office's main priorities include that of maintaining a sustained effort to clear pending cases and enhance effectiveness by concluding investigations. Additionally, a focus on investigations to assist vulnerable consumers remains central to the Office's mission, aiming to produce impactful work and deliver concrete results for consumers.

Regulatory Activity

INVESTIGATIONS

The OC initiated and pursued investigations into several alleged instances of anti-competitive practices spanning various sectors of the economy, including entertainment, energy, transport, telecommunications and health. Throughout the year, the Office conducted several meetings and sent numerous requests for information, both in the context of ongoing formal investigations and to assess the possibility of initiating new ones.

Investigation in the transport sector

An online newspaper article claimed the existence of a *de facto* monopoly in the Y-plate insurance industry. In response to this article, the Office initiated a series of information requests targeting relevant market players to evaluate potential competition concerns within the Y-plate insurance sector.

The purpose was to determine the course of action, including the consideration of whether to launch a formal investigation into an alleged violation of competition rules. Following the responses received, the Office concluded, based on an initial assessment, that the assertion of a *de facto* monopoly in the Y-plate insurance industry or the dominance of a specific market player lacked substantiation.

The Office's preliminary assessment did not yield sufficient evidence to warrant further investigation. It is important to note that this evaluation does not preclude any future actions the Office might undertake under the Competition Act, including the possibility of initiating a formal investigation to scrutinise potential infringements of competition rules.

Investigation in the gaming sector

The OC received a complaint by an online gaming operator which is licensed and regulated in Malta. It was alleged that the overall regulatory and fiscal structure of gaming regulation of a foreign EU State has the effect of foreclosing gaming operators from effective competition within the European Internal Market. It was claimed that the alleged foreclosure effects allegedly lead to an abuse of market power

within the meaning of Article 102 of the Treaty on the Functioning of the European Union to the detriment of online gaming operators licensed and regulated in Malta.

The Office determined that the contested behaviour outlined in the complaint stemmed from the practices of a foreign EU State or foreign authorities, governed by laws and regulations, rather than arising from independent decisions of a business entity. Consequently, the Office deemed the competition rules are not applicable in this particular case.

Investigation in the health sector

In this case, the OC determined that a supplier's decision to refuse to supply products to a retailer in the vitamins and supplements market was unlikely to violate competition law.

Based on its evaluation, the Office found that the products from the concerned brand appeared to have readily available substitutes since numerous other brands offered similar vitamins, minerals and supplements, often with identical ingredients and dosage.

Consequently, the Office concluded that the retailer could seek the supply of alternative brands for vitamins and supplements, which the Office considered as viable options from other suppliers.

Investigations in the social sector

During 2023, the OC received complaints on the prices charged for wheelchair-accessible taxi services and fees charged by care agencies for carers and personal assistants.

After a comprehensive analysis, in relation to the prices charged for wheelchair-accessible taxi services, the Office deemed that there was no infringement of competition law. The taxi industry in Malta has seen new entrants, altering market dynamics. With varied prices, consumers have choices, allowing them to select providers with competitive rates and service quality.

In relation to the fees charged by care agencies for carers and personal assistants, the Office held several

meetings with the involved parties and concluded that there was no infringement of competition law given that clients possess the freedom to choose among various care agencies.

Thus, given the presence of suitable alternatives that offer uniform service offerings, the Office deems that barriers to entry are low, affording clients the opportunity to select care agencies offering more competitive pricing.

Investigation in the food sector

One evident challenge in 2023 was the global increase in inflation. Malta, like many other countries, experienced high inflation, particularly on essential food products. The MCCA diligently monitored the prices of 52 essential food products monthly to detect trends that might necessitate competition-related interventions.

The Office has over the past years conducted investigations of alleged excessive prices, with reported increases aligning with the current food inflation rate of around 8% to 12%. However, the Office found no infringements. This conclusion was also similar to the analysis undertaken by various European Union competition authorities that also concluded that the price increases seen in the grocery retail market were not due to anti-competitive practices in the form of excessive pricing.

In addition, in response to media reports of alleged anti-competitive practices in the grocery retail market, the Office issued over 180 voluntary requests for information to retailers and importers but, from the assessment of the replies received, the information gathered did not yield sufficient evidence to warrant further investigation.

However, the Office does not rule out investigating the matter in the future should it receive or gather evidence that may indicate the existence of anti-competitive practices.

CONCENTRATIONS

One of the primary responsibilities of the OC is to evaluate whether a proposed concentration is likely to result in a substantial lessening of competition (referred to as SLC) in the Maltese market, aiming to preserve competition and, ultimately, enhance consumer welfare.

Over the past three years, the Office has made 49 decisions spanning various sectors of the economy (refer to Figure 1). The principal concentration decisions made by the Office between 2020 and 2023 pertained to the Importation, wholesale and retail of food, as well as the Maritime sector, accounting for 25% and 21% of the concentrations, respectively. Concentrations in the Gaming and Information & Communications Technology sectors also played a significant role during this period, constituting 18% of the total concentrations.

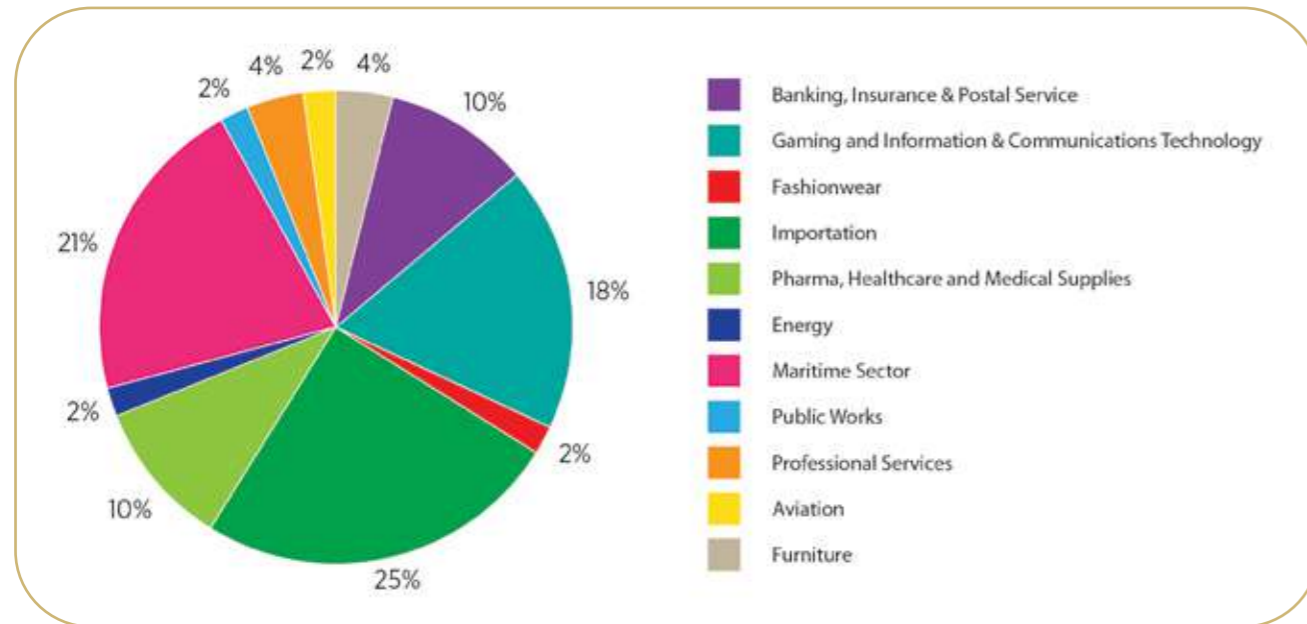


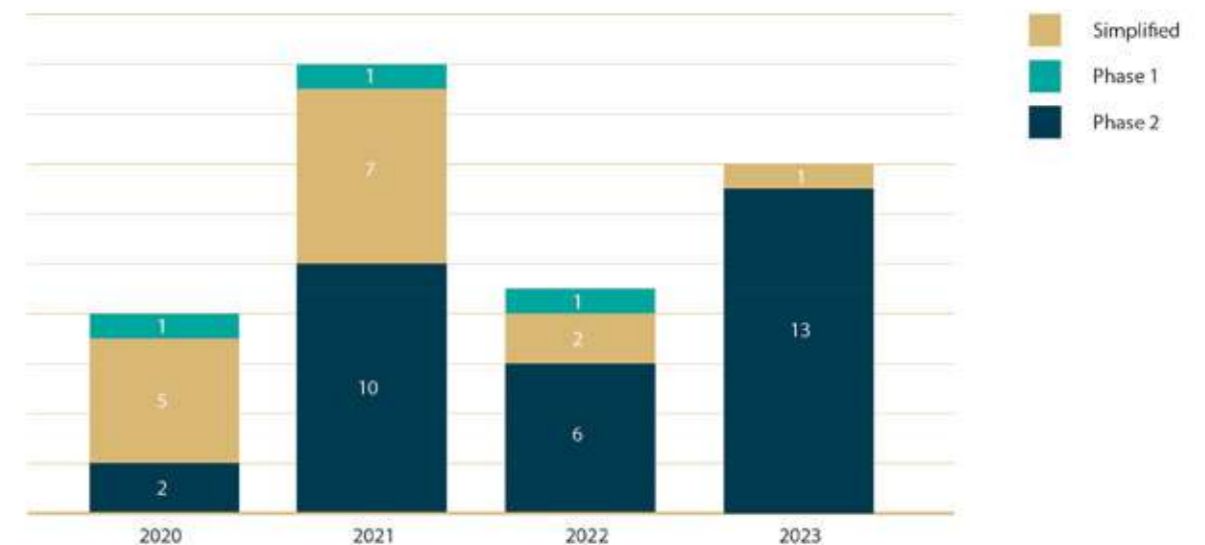
FIGURE 1: BREAKDOWN OF DECISIONS BY SECTOR FROM 2020-2023

During 2023, the Office assessed 14 concentration decisions. These decisions spanned services within the Maritime sector, Pharmaceuticals, Healthcare & Medical Supplies, and food products, among others. Table 1 provides a comprehensive breakdown of the concentration decisions made by the Office in 2023.

TABLE 1: 2023 CONCENTRATIONS EXAMINED BY THE OC AND THEIR RESPECTIVE MARKETS

DECISIONS	MARKET
1 Acquisition of Phixen SAS by Gland Pharma Limited	Pharmaceuticals
2 Acquisition of Emma Healthcare Holdings Ltd by L1 Health GP S.À.R.L.	Pharmaceuticals
3 Acquisition of TrioMed Holdings Limited by Prohealth Limited	Health Products & Medical Equipment
4 Acquisition of Princess Yachts (Holdings) Limited by KPS Capital Partners, LP.	Luxury Yachts
5 Acquisition of Kildare Chilling Company Unlimited Company by Dawn Meats Ireland Unlimited Company	Meat Products
6 Acquisition of AirExplore s.r.o. by Avia Solutions Group (ASG) PLC	Aviation
7 Assessment of Proposed Merger between Joinwell Limited/ F.X. Borg Furniture Limited / Econetique Limited / The Bath Concept Limited	Furniture
8 Acquisition of a number of entities from the Thomas Smith Group of companies by PB Group Limited	Freight Forwarding
9 Acquisition of Push Gaming Holding Limited by LeoVentures Limited	Gaming
10 Acquisition of Marina di Valletta Limited by D-Marin Malta Limited	Marinas
11 Acquisition of Rina S.p.A. by Registro Italiano Navale and Fondo Italiano d'Investimento SGR S.p.A	Naval Services
12 Acquisition by Lidl Immobiliare Malta Limited of property at Żabbar belonging to Said Investments Limited to operate a Lidl Supermarket	Retail
13 Acquisition of KaFe Rocks Ltd by Innovation Labs Limited	Gaming
14 Acquisition of Mortar Limited by BG Consumer & Healthcare Limited	Food products

NUMBER OF DECISIONS ISSUED FROM 2020-2023



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

FIGURE 2: CONCENTRATION DECISIONS BY TYPE OF PROCEDURE FROM 2020-2023

All the above concentrations were assessed within the time limits stipulated in the Control of Concentrations Regulations (hereinafter referred to as 'the Regulations'). Thirteen out of 14 merger decisions issued in 2023 were declared lawful after qualifying for the simplified procedure. In this instance, as stipulated in Regulation 12(4) of the Regulations, a decision was issued within a four-week period.

Phase I Decision

In 2023, one of the 14 notified concentrations qualified as a Phase 1 decision and, as stipulated in Regulation 9(1) of the Regulations, a decision was taken within six weeks of notification.

The proposed concentration was the acquisition by Lidl Immobiliare Malta Limited of properties at Żabbar belonging to Said Investments Limited and leases belonging to Scotts Limited. The Office opened an in-depth investigation to assess whether the proposed acquisition is in line with the Regulations.

In its assessment, the Office deemed that there are serious doubts on the compatibility of the proposed concentration with the Control of Concentrations Regulations and believes that 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.

For this reason, the Office opined that *prima facie* evidence did not support conclusive findings to be able to draw conclusions at this stage and there was a need for a thorough investigation to substantiate concerns arising from the proposed concentration.

In this regard, the Office considered that a deeper assessment was warranted and decided that it should initiate proceedings in respect of the proposed concentration in accordance with Regulation 6(1)(iii) of the Control of Concentrations Regulations and open a Phase II investigation since the proposed concentration raises serious doubts as to its lawfulness.

Court Litigation

In June, the Court of Appeal confirmed the judgment of the Competition and Consumer Appeals Tribunal issued in 2017, which confirmed the decision of the Office for Competition issued in 2010. A licenced cargo clearance and forwarding agent, or *Burdnar*, had lodged a complaint against the Burdnara Bulk Cargo Group and/ or Central Cement Limited for excluding it from the activity of transporting cement – in breach of competition rules.

The Office had issued a decision in which it found a vertical agreement between Central Cement Ltd and the members of the Burdnara Bulk Cargo Group and a horizontal agreement between the same members of the Burdnara Bulk Cargo Group in breach of Article 5(1) of the Competition Act since they constituted agreements/ concerted practices having the object of preventing competition in the cement markets concerned.

In its decision, the Office had issued a cease-and-desist order so that Central Cement Ltd and the members of the Burdnara Bulk Cargo Group would, from date of notification of the decision, cease and desist from participating in the agreement/ concerted practice in the cement markets concerned.

The Office had also issued a compliance order whereby Central Cement Ltd, from date of notification, would not refuse to supply its cargo without objective justification and to commence the non-exclusive supply of its cargo to any cargo clearance and customs agent that may request it.

Legislation

INVESTIGATIONS IN SUPPORT OF THE EUROPEAN COMMISSION IN THE DIGITAL SECTOR REGULATIONS

Legal Notice 200 of 2023 introduced into Maltese legislation the Investigations in Support of the European Commission in the Digital Sector Regulations. The Regulations aim to support the European Commission in the effective enforcement of the Digital Markets Act (DMA) in Malta and to contribute to the effective enforcement of the DMA by the European Commission.

Regulation (EU) 2022/1925 of the European Parliament and of the Council of 14 September 2022 on contestable and fair markets in the digital sector and amending Directives (EU) 2019/1937 and (EU) 2020/1828, known as the DMA, created a set of rules which aim to secure contestable and fair markets in the digital sector with respect to the internal market.

Article 38(7) of the DMA requires national law to empower the national competition authority, in this case the OC, to carry out investigations into possible non-compliance of the DMA provisions. The Office would then have to forward the results to the European Commission.

Under the regulations, the Director General, as the person heading the national competent authority, shall have the power to carry out investigations on his own initiative in the case of alleged non-compliance with the provisions contained in Regulation (EU) 2022/1925 on the territory of Malta by an undertaking designated as a gatekeeper in accordance with Article 3 of this Regulation.

Before taking a first formal investigative measure in accordance with these regulations, the Director General is required to inform the European Commission in writing and to report on the findings of any investigations that will be carried out pursuant to Regulation 4 to support the European Commission in its role as sole enforcer of Regulation (EU) 2022/1925.

European and international participation

European and international meetings aim to enhance collaboration among competition authorities, serving as a platform for sharing best practices in combating anti-competitive behaviour.

These meetings facilitate the exchange of information and expertise in antitrust and merger cases among diverse competition authorities. The active engagement of the Office in these meetings allows it to continually enhance its knowledge and proficiency in applying competition law, staying abreast of the latest developments in other jurisdictions.

The Office took part in plenary meetings preceding the biannual Directors General meeting. Officers were actively involved in various expert working group meetings of the European Competition Network (ECN), addressing thematic issues, such as mergers, horizontal matters, co-operation issues, due process, vertical restraints and cartels.

Additionally, the Office took part in the Chief Economist working group meetings and various sectoral working groups, covering areas like food, telecommunications, healthcare, pharmaceuticals, environment, finance, digital markets and artificial intelligence. Officers also participated in *ad hoc* meetings on the market definition notice and the Digital Markets Act project.

The Office maintained its active involvement in meetings organised by the Committee within the Organisation for Economic Co-operation and Development (OECD). Discussions encompassed thematic issues, such as the digital economy, emerging technologies, mergers, sustainability and climate change, and artificial intelligence.

The Office collaborates daily with other national competition authorities within the ECN by providing responses to information requests from competition authorities in other EU member states.



OFFICE FOR CONSUMER AFFAIRS

The Office for Consumer Affairs (OCA) promotes consumers' best interests while fostering healthy relations with traders. Its dual approach ensures that the latest information on rights and obligations is reaching both consumers and traders. Market oversight monitoring is carried out both through on-site market inspections and digital inspections.

Highlights

Consumer outreach, involving dissemination of information on consumer rights, gathered pace in 2023. A variety of media channels were used, complemented by the direct provision of information to individual consumers. Requests for information increased by over 6%, reaching a total of 8,959.

Passenger claims against airlines, primarily related to delays and cancellations, saw an increase of over 20%. The Office's intervention resulted in over 500 passengers obtaining refunds.

The Office continued to provide assistance to consumers seeking redress from local sellers due to disputes over products and services they bought. In 2023, the Office assisted 1,188 consumers, resolving 39% of complaints amicably, while 26% were withdrawn, discontinued by the consumer or closed following the provision of the necessary information.

Inspections saw a slight increase in 2023, exceeding 19,500 compared to over 19,000 in the previous year. These inspections, primarily linked to specific exercises, such as price indication checks, played a crucial role in ensuring that traders adhere to their obligations, with action taken against those found in default. Online inspections were also carried out in collaboration with the EU Lab and the Digital Investigations Unit, further enhancing oversight and compliance.

The Office participated in the annual EU online sweep, conducted as part of its role as competent authority under the Consumer Protection Co-operation (CPC) Regulation. This year's sweep focused on influencers, with Malta's results aligning closely with the overall EU findings, mainly that most influencers reviewed failed to disclose trader details or adequately label posts as advertisements or paid promotions.

The Office's legal team was mainly engaged in several enforcement actions in relation to breaches to consumer protection legislation and in the transposition of the Representative Actions Directive that was enacted by virtue of Act XVII of 2023.

Another contribution is to submit regular, timely Malta positions on EU proposals. In 2023, these included positions on the green transition, consumer credit,

the right to repair, green claims and passenger rights. Extensive feedback was given on a number of other EU proposals, including on financial services contracts concluded at a distance, product liability and package travel.

The Digital Investigations Unit, now fully established thanks to an EU co-funded project, carries out monitoring on unfair commercial practices and unfair terms between traders and consumers. It monitors eCommerce websites and captures evidence in investigations against traders who are breaching consumer protection legislation.

RAISING AWARENESS AMONG CONSUMERS THROUGH INFORMATION DISSEMINATION

Consumer education and enquiries received by the Office are analysed for the most relevant topics of interest. These are then covered throughout the year in articles in the print media and participation in TV and radio programmes aired on the main local stations.

The main topics covered were:

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

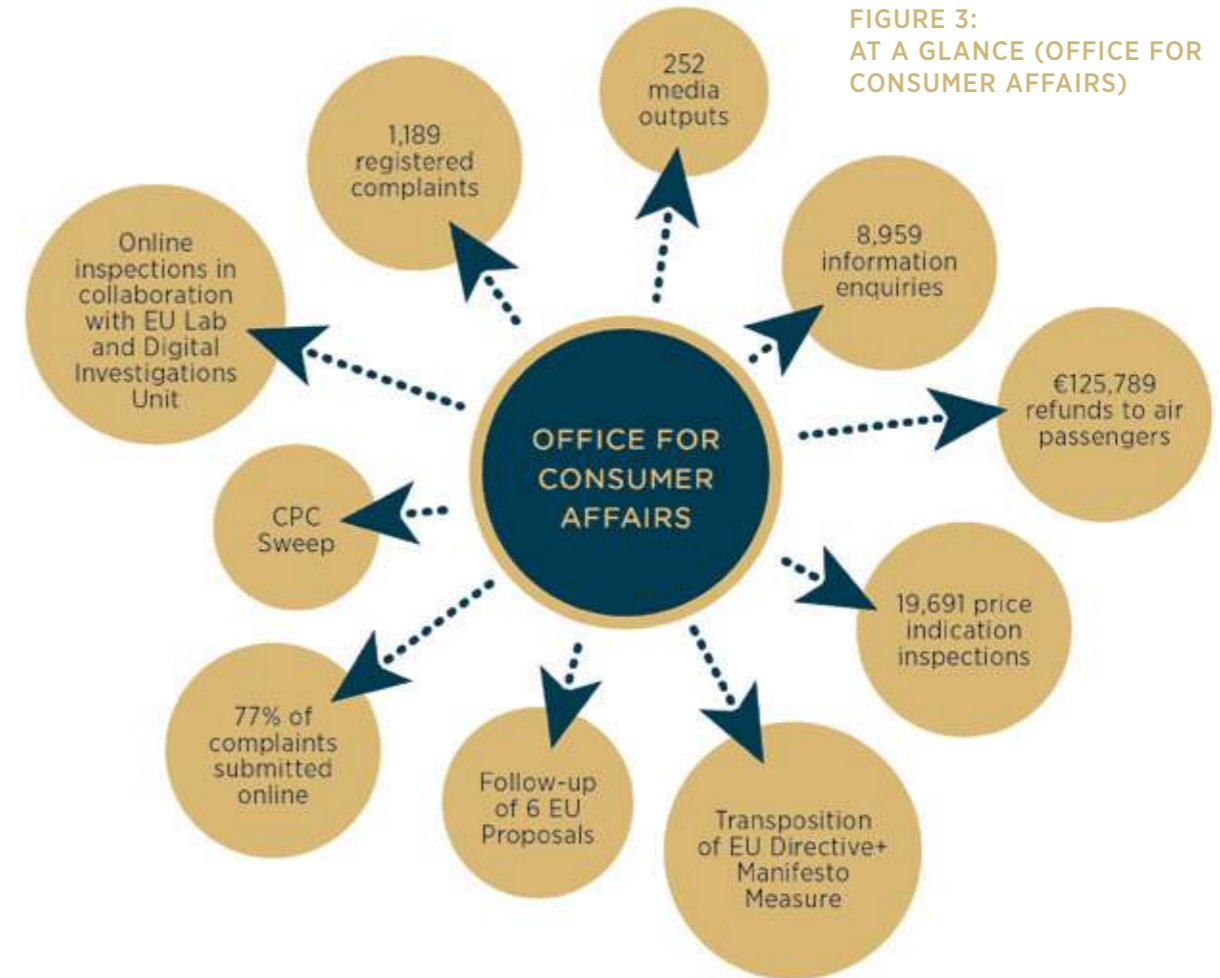


FIGURE 3: AT A GLANCE (OFFICE FOR CONSUMER AFFAIRS)

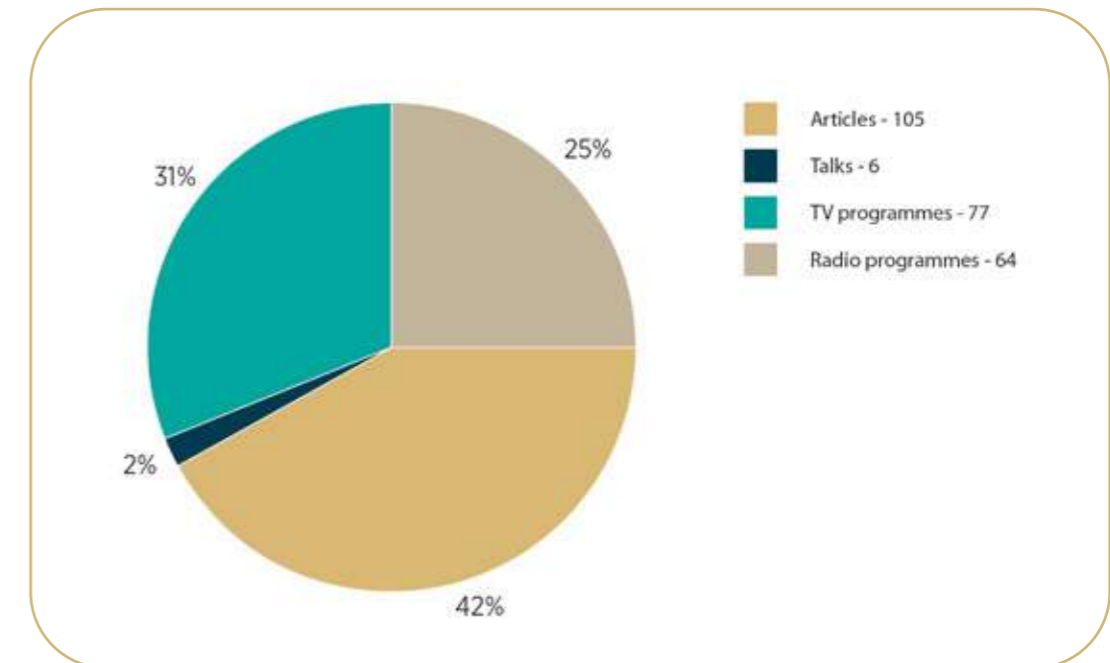


FIGURE 4: MEDIA OUTPUT (2023)

The number of requests for information in 2023 is similar to the previous year with 8,959 enquiries. These queries were received through multiple communication channels, with the Authority's Freephone service handling the majority of enquiries at 7,116 calls. Other channels included standard telephone lines, e-mail, in-person visits, the MCAA's website (via the Contact Us form and Flag a Concern feature) and its social media platforms.

World Consumer Rights Day

The Authority marked World Consumer Rights Day with a conference titled *Empowering consumers in the digital and green transition: Strengthening consumers' rights in today's dynamic markets*. Discussions centred on the Omnibus Directive that came into force on 26 December 2022 in all EU member states.

Distinguished speakers, featuring professionals representing consumer interests and the business community, discussed how the new legal framework would better equip consumers to meet challenges in evolving markets. Moreover, academics in marketing and consumer psychology delved into online shopping behaviour and the influence of digital marketing techniques on purchase choices. A panel discussion debated the impact of the new rules on consumers and businesses, featuring professionals representing consumer interests and the business community.

Premju Servizz bi Tbissima

In July, the 8th edition of *Premju Servizz bi Tbissima* was launched. Over 14,000 votes were cast by consumers for their favourite traders in six categories: online local sellers, travel and transport services, electronic products and household goods, supermarkets and mini markets, fashion and beauty, and pet shops and gardening products.

For the first time, a new category for pet shops and gardening products was included. The winners were announced in November.

Trust You Scheme

Seventeen traders applied to join the Trust You Scheme, now in its 12th year, taking the total amount of traders committed to abiding by a ten-point code of conduct to just under 150.

The scheme is intended to provide reassurance that participating traders safeguard consumers' interests.

The segments included in the scheme cover:

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

MARKET OVERSIGHT

Pricing and commercial practices

Inspectors carried out just under 20,000 inspections in retail outlets across Malta and Gozo to ensure that they complied with the Price Indication Regulations. Inspections continued to increase in the past three years (11,985 in 2021 and 19,005 in 2022).

There was a focus on the main shopping areas – Valletta, Birkirkara, Paola, Hamrun, Sliema, Mosta, St Julian's and Victoria (Gozo). Inspections were also carried out on fruit and vegetable hawkers and visited open air market stalls and beach kiosks.

The number of outlets found to be non-compliant was down by 31.42% at 179 compared to the previous year. This figure is equivalent to 0.91% of the total outlets inspected. Despite the increase in inspections, this was an improvement in percentage terms compared to the 1.37% non-compliant in 2022 and 1.94% non-compliant in 2021.



FIGURE 5: TOTAL NUMBER OF INSPECTIONS INDICATING COMPLIANT AND NON-COMPLIANT OUTLETS

Inspections in open-air markets continued to increase in 2023 to 3,502 (up 13.3%). Inspections continued on 914 vegetable hawkers, including at the Ta' Qali Farmers' Market. Thanks to the regular inspections being carried out, more were found to be compliant.

Inspections were also carried out at the book fair, the agricultural fair and the June trade fair. Other inspections, totalling 229, were carried out at Notte Bianca and on village feast kiosks during the summer festive season.

In addition, the Office conducted 131 primary inspections (up 59.76%) as part of cross government co-ordinated inspections. Sectors covered were ironmongeries, toy shops, plant protection products in non-agriculture, detergents and children's clothing. The Office also received 855 reports on price indications in retail outlets from other government entities in their role as primary inspectorates. Of these, 763 were compliant, 43 non-compliant and 49 not applicable¹.

¹ These figures are separate from the total number of inspections featuring in Figure 5

Specific market exercises

As in previous years, specific market exercises were undertaken to monitor the January Sales and the July Summer Sales. These two exercises covered the clothing, footwear and costume jewellery sectors. The criteria considered were:

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

Locality	No. of outlets visited	Final discounted price		Items on Sale clearly marked	
		Yes	No	Yes	No
Valletta	105	105	0	105	0
Birkirkara	85	84	1	84	1
Hamrun	61	59	2	59	2
Sliema	190	190	0	190	0
Mosta	62	62	0	62	0
Paola	67	67	0	67	0
Bay Street	50	50	0	50	0
Victoria (Gozo)	85	85	0	85	0
Total	705	702	3	702	3

TABLE 2: MARKET EXERCISES ON SALES IN 2023

Just three of the 705 outlets inspected were found to be non-compliant with either one or both criteria (2021 – 661 inspections with 16 non-compliant and 2022 – 620 inspections with 10 non-compliant). These outlets were found to have regularised their position by the second unannounced inspection.

Once again, an exercise on the authenticity of trade fair discounts on the price of white goods was carried out between March and July. This involved 136 inspections. Four exercises relative to price indication or price monitoring of bread, eggs, petrol stations and pharmacies were also carried out between March and November involving 72 inspections.

Complaints were received from consumers on price discrepancies between shelf price and cash point in supermarkets and mini markets. A new exercise was undertaken in which 46 random inspections were carried out. A basket of goods was collected and the shelf price compared with that at cash point. This resulted in five cases being flagged for further enforcement action.

The Digital Investigations Unit carried out price monitoring exercises to check for compliance with the price reduction obligations. This involves ensuring that any announcement of a price reduction must clearly indicate the prior price previously applied by the trader so that the prior price means the lowest price applied by the trader during a period of time not shorter than 30 days prior to the application of the price reduction.

These exercises were held during the Summer Sales, Black Friday and in preparation for the January 2024 Sales commencing from December 2023, where in total 88 websites were monitored, capturing 2,488 products that resulted in 130 non-compliant products.

Online supermarket prices were monitored, with over 240 inspections collecting data on a basket of goods of over 400 commodities. Online prices of household appliances and electronics websites were also monitored, involving 250 inspections. Physical price monitoring of supermarkets and mini markets was also carried out in 2023 via 506 inspections.

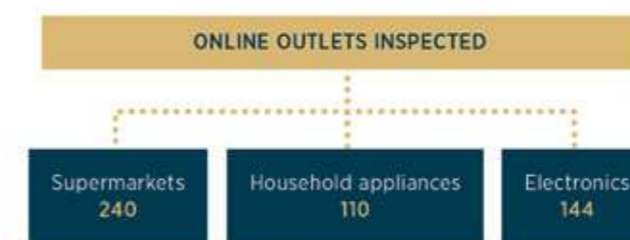


FIGURE 6: ONLINE OUTLETS INSPECTED

Consumer Protection Co-operation Regulation

In accordance with EC Regulation 2006/2004 of the European Parliament and of the Council of 27 October 2004, the OCA is the competent authority implementing the Consumer Protection Co-operation (CPC) Regulation. As such, it co-ordinates the co-operation between authorities responsible for the enforcement of consumer protection laws in line with a framework.

This enables national enforcement authorities to ensure laws on consumer rights are enforced equally across the European internal market, creating a level playing field for businesses operating both locally and transnationally.

The OCA is the Single Liaison Office for this Regulation, co-ordinating its application with national competent authorities. It receives requests through the Internal Market Information (IMI) system and has notification obligations.

The Office received one enforcement request and one information request from two EU member states on infringements of consumer protection rules by a trader registered in Malta. The company mentioned in the enforcement request is registered in Malta and the case was flagged for further action. The information request was closed after the requested information was supplied.

Twenty alerts were received linked to potential widespread infringements by traders operating in other member states. These breaches were followed up but were not identified at national level.

The Office also participated in a number of co-ordinated actions, including on airlines and airline intermediaries to ensure compliance with EU legislation, particularly regarding adherence to reimbursement timelines and obligations. These efforts resulted in operators and intermediaries fulfilling their commitments and implementing the necessary measures. In 2023, the subscription traps action was concluded, addressing cases where consumers unknowingly entered costly subscriptions when ordering low-cost products online. This resulted in major card schemes adopting new rules to enhance transparency and informed decision-making for consumers.

INFLUENCERS TARGETED IN ANNUAL CPC ONLINE SWEEP

CPC authorities from 22 member states took part in a sweep of 576 influencers' posts to ensure compliance with EU consumer law on the disclosure of advertising activities. This requires transparent commercial communications, and prohibits practices that mislead consumers in taking transactional decisions based on misleading, omissive or false information.

This exercise concluded that 78% of the influencers checked were involved in commercial activities. Yet only 47% were registered as traders. Additionally, 30% of influencers did not include company details in their posts. As many as 97% of influencers' posts contained commercial content. Yet only 20% consistently indicated it.

Only 40% of influencers ensured that disclosure was visible throughout their communication, and 34% made it immediately visible. Notably, 40% endorsed their own products but 60% did not consistently disclose advertising. Finally, 44% of influencers had websites, with a majority having the capability to sell products directly.

The OCA checked 20 local influencers and all were flagged for further investigation either due to failure to disclose trader details or failure to properly label posts as adverts/ paid promotions.

Judicial proceedings and investigations

Two investigations were initiated in 2023 in terms of Article 12(2) of the Consumer Affairs Act. Judicial proceedings followed for one case before the Civil Court (Commercial Section) in terms of Article 12(5) of the same Act, and the other case is pending.

Five cases were also initiated by means of the Director General's requests to the Police to institute proceedings in Court in terms of the Price Indication Regulations, with judicial proceedings instituted before the Courts of Magistrates (Criminal Judicature) for four cases. The remaining case is pending before the Police to notify the parties.

Judicial proceedings before the Courts of Magistrates (Malta) as a Court of Criminal Judicature in the remaining pending case related to Article 25A of the former Consumer Affairs Act, the defendant has been given further time by the Court to settle the balance he owes to the consumer during 2023 and the case continues in 2024.

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 44 traders/ operators regularising their position in cases related to unfair contract terms, unfair commercial practices and pre-contractual information when selling online; and 179 cases related to non-compliance with the Price Indication Regulations.

EU PARTICIPATION

Participation at EU level remained high with attendance in:

- Consumer Protection Co-operation (CPC) Committee meetings;
- the E-Enforcement Group;
- the CPC Priorities Working Group;
- CPC workshops;
- CPC Action on Airlines' cancellation practices;
- Consumer Financial Programme Committee;

- Consumer Policy Network meetings;
- National Enforcement Body meetings on passenger rights;
- Expert Group meetings on the transposition of the Representative Actions Directive;
- European Consumer Summit; and
- informal meetings of Consumer Protection Ministers.

MEDICINE PRICING

The increase in medicine retail prices over recent years can be attributed to a confluence of international challenges, such as disruptions in supply chains and escalating costs across various sectors. These challenges have significantly impacted the local landscape, prompting a proactive response from the OCA.

The primary objective of the Office is to address and mitigate the impact of price hikes as effectively as possible, given the prevailing economic conditions. To achieve this goal, the Office has been engaged in ongoing and transparent discussions with pharmaceutical stakeholders. The aim is to develop strategies that can help curb the escalating prices, particularly for critical medications that are vital for saving lives.

The Office closely monitored retail prices of more than 900 pharmaceutical products in the local market in 2023. To inform interventions with private sector operators, local retail prices are compared against a selected 'basket' of European countries.

Data is drawn from repositories of 12 reference countries and analysed using established methodologies under a voluntary agreement between the Government and local pharmaceutical stakeholders. Though retail prices are scrutinised, interventions primarily target upstream manufacturer prices which, in turn, influence revisions in both wholesale and retail pricing structures.

Collaborative efforts between the Office and the Malta Medicines Authority resulted in the successful negotiation of 52 price reductions ranging from 18% to 54%. These reductions represent a significant achievement in the Office's efforts to mitigate

price increases and ensure affordability of essential medications for consumers.

Much like in the previous year, in 2023 the Office responded to a growing number of queries and complaints from concerned consumers about the affordability of medications. To address these concerns, the Office conducted detailed evaluations specifically tailored to identify more cost-effective options for consumers.

One key aspect of this strategy is advocating for the use of generic bioequivalents, emphasising their cost-effectiveness compared to branded medications that have the same chemical composition. While respecting prescriber discretion, the Office actively encourages consumers to consider these generic alternatives, which can offer substantial savings without compromising efficacy or quality.

Through targeted initiatives, the Office is successfully shifting perceptions among consumers on the effectiveness and reliability of generic medicines compared to their branded counterparts. By providing accurate information about the equivalence and quality standards of generics, consumers are more informed and empowered to make cost-effective choices when it comes to their healthcare.

This consumer-centric approach not only helps individuals manage healthcare costs but also contributes to broader efforts in promoting sustainability and efficiency within the healthcare system. By fostering awareness and understanding of value-based options like generic medications, the Office plays a critical role in ensuring access to affordable, high-quality healthcare for all.

The Office engaged in extensive collaboration with various entities, including the Department of Pharmaceutical Affairs within the Ministry for Health and the Malta Community Chest Fund Foundation. By working closely with the Department of Pharmaceutical Affairs, the Office contributes valuable insights and expertise to the public procurement process. This collaboration helps identify cost-effective medication options and ensures that public funds are used efficiently to meet the healthcare needs of the population.

The Office's active participation in the Ministry of Health's Advisory Committee for Healthcare Benefits is also significant. Providing perspectives from a consumer standpoint, the Office helps shape policies and decisions related to healthcare benefits, ensuring that the needs and interests of the Maltese public are well represented.

Overall, through these concerted efforts and collaborations, the Office is working towards a holistic approach to address challenges posed by rising medicine prices and to facilitate access to affordable healthcare solutions for the people of Malta. This collaborative framework strengthens the healthcare system's resilience and responsiveness to evolving needs, ultimately improving health outcomes and enhancing public well-being.

ASSISTANCE TO CONSUMERS

National

In 2023, the Complaints and Conciliation Directorate (CCD) handled 1,188 official complaints through its conciliation procedure, maintaining a consistent trend with previous years – 1,187 complaints in 2022 and 1,270 in 2021. Notably, this procedure is solely initiated by the consumer, highlighting their active role in seeking redress.

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

In the sector of general consumer services, the main market sectors that generated most complaints were mobile/ fixed telephony; internet and television services; house maintenance and home improvements; and cosmetics for personal care and personal care services.

Within these categories, the majority of consumers complained about:

- the quality of the goods or service;
- delivery of the product or service;
- contract and sales issues;
- invoice and billing matters; and
- commercial or statutory guarantees.

In the category of leisure services, the three market services that generated the most complaints were:

- services related to package travel;
- hotels and other holiday accommodation; and
- events.

Other complaints were related to cultural and entertainment services. Within this category, contract and sales issues and quality of the provision of the service were the main causes for consumer complaints.

Six public warning statements in terms of Article 8 of the Consumer Affairs Act were issued against traders who failed to honour the Consumer Claims Tribunal's decisions. Additionally, the Office for Consumer Affairs, in line with its duty outlined in Article 25A of the Consumer Affairs Act to monitor closely the decisions of the Tribunal to identify non-compliant traders, facilitated the resolution of 54 decisions in favour of consumers, resulting in refunds totalling €55,950 to consumers.

COMPLAINTS OVERVIEW

From the complaints registered and closed, an amicable settlement was obtained in 39% of the complaints handled; 34% of the cases were referred to the Consumer Claims Tribunal; 15% were withdrawn or discontinued by the consumer; and 11% of cases were closed after the necessary required information was provided to the consumer. Another 1% of cases were closed as non-actionable or inadmissible due to cases falling outside the Office's remit or due to lack of documentation.

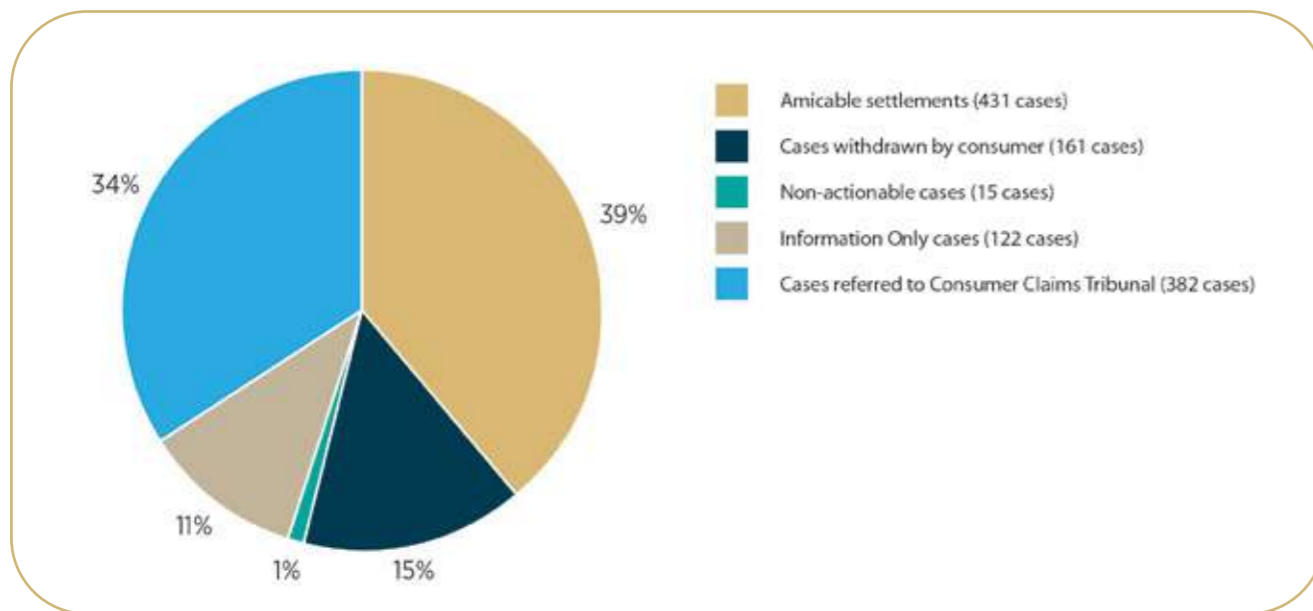


FIGURE 7: CASES PROCESSED IN 2023



Air Passenger Rights

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

The number of claims in 2023 increased to 256, with 521 passengers refunded by the airline operator involved (see table below). A total of €125,789 was recovered through this Office's intervention on behalf of the claimants.

	2021	2022	2023
No. of Claims registered	207	213	256
No. of Passengers refunded	497	467	521
Compensation	€88,248	€82,560	€125,789

TABLE 3: AIR PASSENGER RIGHTS DATA 2021-2023

The majority of the claims handled in 2023 were related to refunds and/ or compensation for delayed or cancelled flights that fall within the scope of the Air Passenger Rights Regulation.

ALTERNATIVE DISPUTE RESOLUTION (ADR)

The MCAA addresses both domestic and cross-border disputes in its role as a residual ADR entity. These may relate to contractual obligations emanating 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.

The number of cases remains relatively low, partly because consumers have alternative mechanisms to seek redress that yield similar outcomes, such as the CCD's conciliation procedure. Unlike the conciliation process, where the consumer can independently initiate a claim, an ADR dispute requires the trader's voluntary agreement to participate, which may limit its use.

Eleven consumers expressed their interest to use ADR as a means of redress for disputes with economic operators in 2023. Five of these cases were concluded following the intervention of the ADR Officer, with the economic operator rejecting participation in the ADR process in three cases. The remaining cases are ongoing.

EU-WIDE CO-OPERATION

Strengthening consumer confidence in the European Single Market is the primary goal of the European Consumer Centre (ECC) Malta, which is part of a European-wide network of offices. Apart from informing consumers about cross-border shopping, the network, which also exists in Norway, Iceland and the United Kingdom, aims to help with consumer complaints about businesses in other member states.

There was a noticeable increase in the number of registered complaints in 2023 compared to the two previous years – 519 (286 in 2022 and 395 in 2021). This trend is also reflected in the number of requests for information – 630 (526 in 2022 and 497 in 2021).

Of the 519 registered complaints, ECC Malta received 186 complaints from Maltese consumers against EU-based traders and 333 complaints from European consumers against Malta-based traders. During 2023, 395 complaints were closed: 254 were amicably settled, 98 were closed without an amicable settlement, 41 were unfounded and two complaints were forwarded to another body. When complaints are closed without a solution, consumers are advised to file their complaint under the European Small Claims Procedure or with an Alternative Dispute Resolution body.

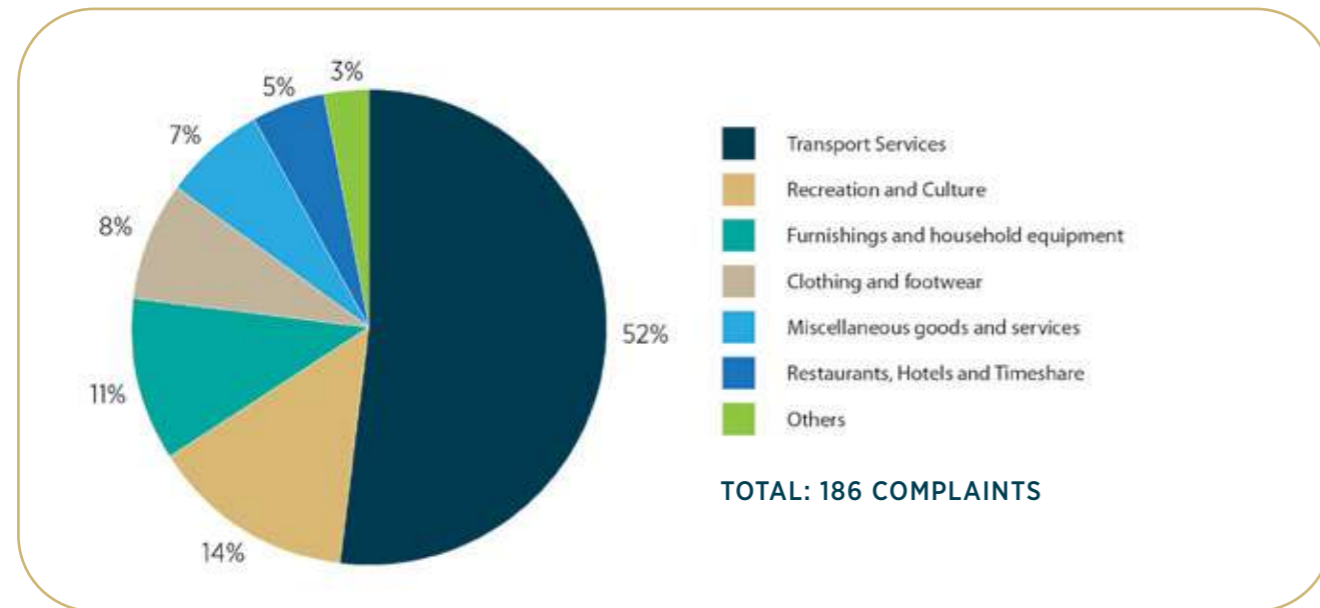


FIGURE 8: CASES BY SECTOR - MALTESE CONSUMERS AGAINST EU-BASED TRADERS

Most complaints raised by Maltese consumers against EU-based traders concerned transport services, including air travel and car rental, accounting for 52% of all cases, followed by recreation and culture; furnishings and household equipment; clothing and footwear; miscellaneous goods and services; and restaurants, hotels and timeshare.

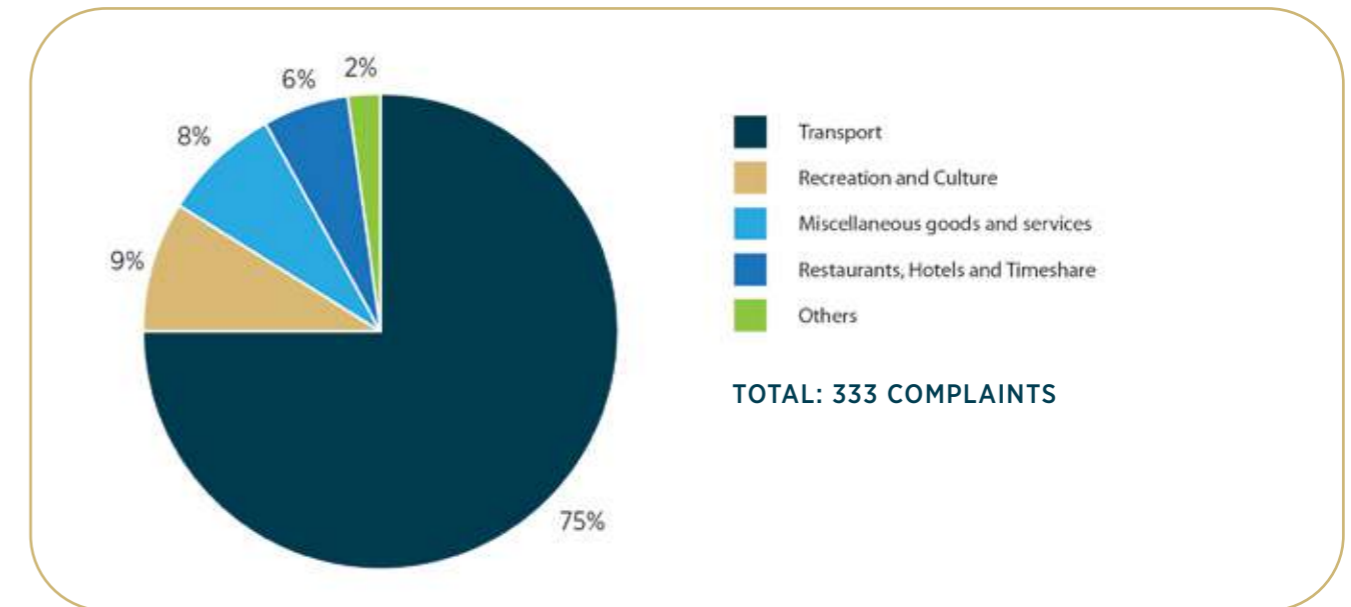


FIGURE 9: CASES BY SECTOR - EUROPEAN CONSUMERS AGAINST MALTESE-BASED TRADERS

The bulk (75%) of complaints lodged by European consumers against Maltese traders concerned transport services, including air travel and car rental. It is then followed by recreation and cultural services which include gambling; miscellaneous goods and services; and services related to restaurants, hotels and timeshare.

The next two Figures (10 and 11) illustrate the cases by country for both Maltese and EU consumers.

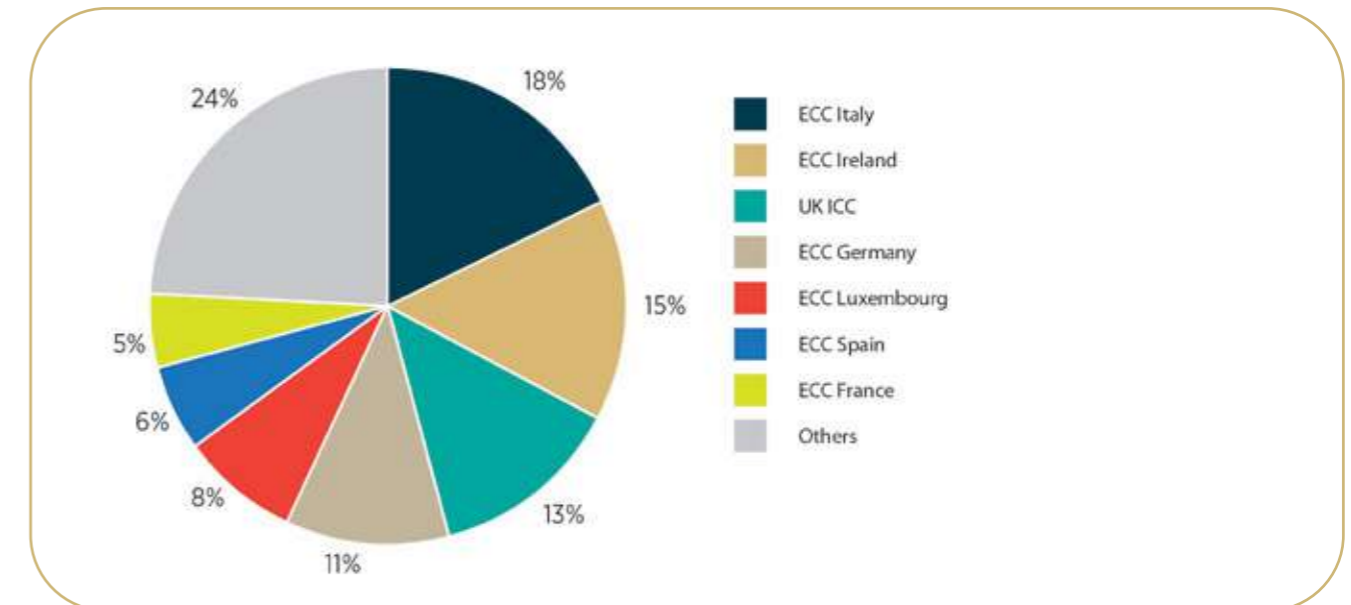


FIGURE 10: CASES BY COUNTRY - MALTESE CONSUMERS AGAINST EU-BASED TRADERS

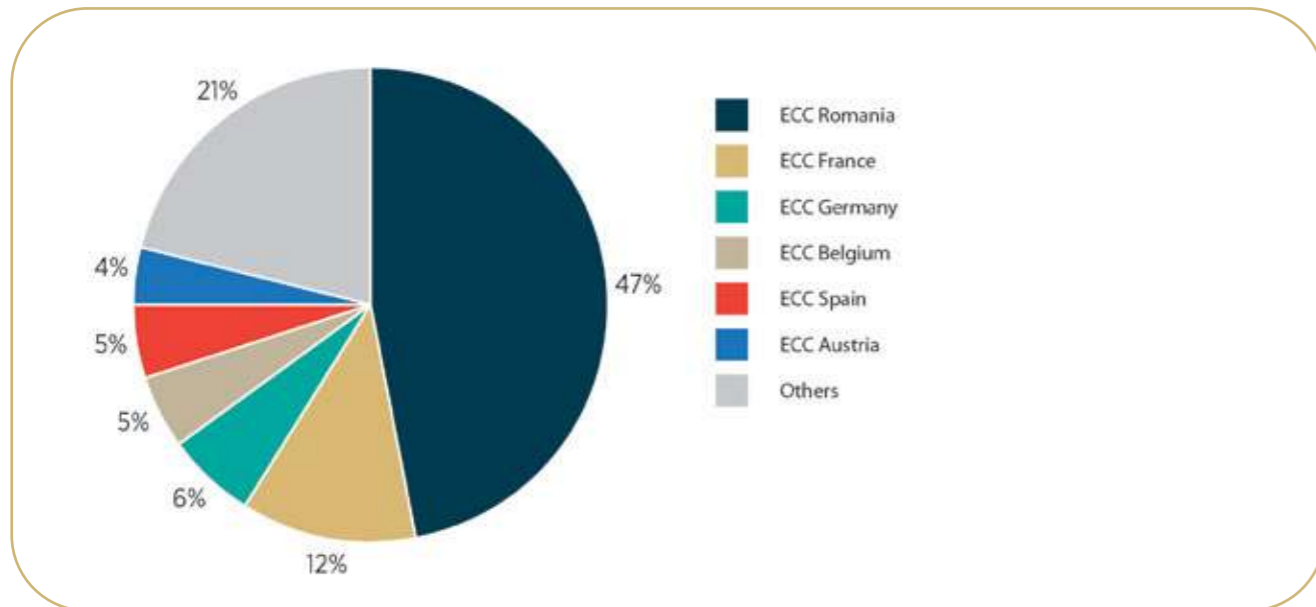


FIGURE 11: CASES BY COUNTRY – EUROPEAN CONSUMERS AGAINST MALTESE-BASED TRADERS

The Centre continued its focus on increasing its visibility among consumers. ECC Malta published a quarterly e-newsletter and seven newspaper articles. The e-newsletters were published on the MCCA website, posted on its social media pages and distributed to its e-newsletter subscribers, including all EU information points. In addition, weekly posts were uploaded on its social media accounts, mainly on Facebook, Instagram and Twitter. ECC Malta also participated in five radio programmes.

ECC staff members attended two European Consumer Organisation (BEUC) courses in collaboration with the Consumers Association Malta and four meetings organised by SEM named Network of Networks. To achieve the Centre’s objectives, ECC Malta participated in all meetings and joint activities of the network, most of which took place online. The Centre has remained committed to responding to surveys and enquiries from other ECC centres, the European Commission and other stakeholders in the field of consumer protection.

Although the number of complaints increased during the reporting year and the nature of the cases was more complex, the ECC Malta managed to close its complaints within the prescribed timeframe and increased the success rate to 71.8%, compared to 61.8% in 2022.

ECC Malta sent 186 e-mails in 2023 inviting consumers whose complaint was shared with other ECCs to participate in its online satisfaction survey. Apart from these consumers, members of the public can access the survey via the link on their website.

ECC Malta received 66 responses in 2023, representing a response rate of 35.5%. These results are carefully analysed and used to enhance the services provided, ensuring continuous improvement in addressing consumer concerns.

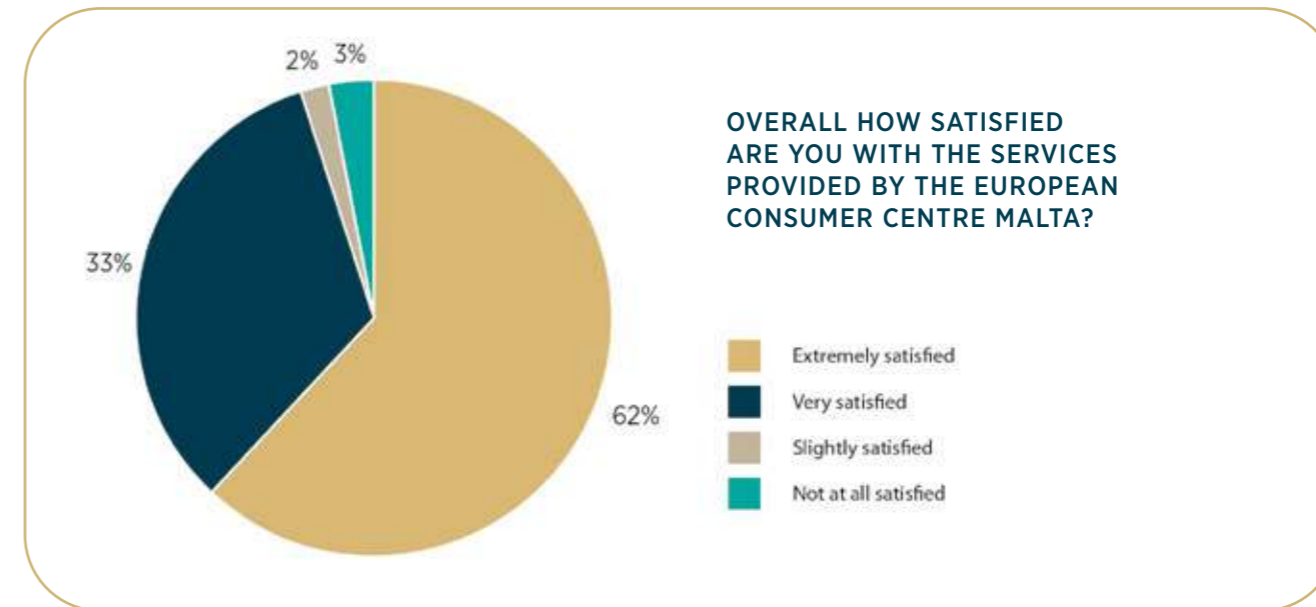


FIGURE 12: OVERALL CONSUMERS’ SATISFACTION WITH THE SERVICES PROVIDED BY THE ECC MALTA

CONSUMER CLAIMS TRIBUNAL

There was a considerable increase in cases resolved by the CCT in 2023 – 224 cases – compared to the previous two years (75 in 2022 and 66 in 2021). The workload remains high since 256 claims were filed and a further 236 cases were carried over from 2022.

Of the 224 cases resolved in 2023, 180 cases were concluded in favour of the consumer and 44 decided in favour of the trader. Seventy-five cases were withdrawn, four were put off *sine die* and 17 cases were dismissed outright.

The claims threshold for the CCT was increased from €5,000 to €10,000, following amendments to the Consumer Affairs Act and the Consumer Claims Tribunal Rules through Act XXIV of 2023, published on 14 July 2023. The Rules were also updated to allow virtual hearings and the digital submission of cases.

Following these amendments in July 2023, there were 12 cases with claims between €5,001 and €10,000, four virtual sittings and 25 claims that were submitted online.

A man in a white shirt and checkered tie is holding a rolled-up blueprint. The image is overlaid with a semi-transparent yellow filter. The background is a solid light yellow color.

TECHNICAL REGULATIONS DIVISION

The Technical Regulations Division (TRD) plays a pivotal role in the national implementation of European Union legislation, contributing insights and upholding safety standards for a wide array of products available in the Maltese market.

In 2023, the Technical Regulations Division's support extended to crucial sectors in Malta. It actively participated in discussions at European level putting forward a national perspective. Specifically, the Division was actively engaged in an unprecedented series of 16 EU legislative proposals, encompassing a range of sectors, from chemicals to product safety.

The Division was particularly active in areas linked to chemicals. A derogation for the temporary use of specific biocidal products in the High Degree Isolation Unit at Mater Dei Hospital was secured and the authorisation process for pesticides in Malta was enhanced, ensuring the agricultural sector's swift access to plant protection products (PPPs) while safeguarding environmental and public health standards.

The TRD also played a key role, leading discussions to cultivate a mutual understanding of essential technical harmonisation principles, especially regarding lifts. Its active participation in these dialogues is pivotal in shaping the future of regulatory frameworks, which are crucial to ensuring consumer safety and fostering equitable industry standards.

The Division's dedication to preserving Malta's culinary heritage and promoting local products are highlighted by its co-ordination and submission of the application to the European Commission for the protection of the *Ġbejna tan-nagħaġ*. This initiative not only aims to protect this traditional Maltese cheese but also champions the island's culinary heritage, offering local producers a platform for wider recognition and competitive advantage in the European marketplace.

The Division also affirmed its pivotal role by being appointed Malta's Single Liaison Office in line with the EU's Market Surveillance Regulation. This appointment underscores its commitment to co-ordinate the efforts of all national market surveillance authorities overseeing the enforcement of EU legislation on non-food products throughout Malta and Gozo.

The significant boost in Maltese consumer confidence in product safety, as reported by the 2023 Consumer Conditions Scoreboard and exceeding the EU-27 average by 5 percentage points, indicates the substantial advancements made by the Division in recent years. These encouraging results underscore the Authority's commitment to consumer protection and to providing a level playing field for businesses.



Sectors

GENERAL PRODUCT SAFETY

In a significant development within the regulatory landscape, the General Product Safety Regulation was adopted by the European Parliament and the Council on 10 May 2023.

The Division played a crucial role in shaping this Regulation, advocating for consumer rights during product safety recalls, promoting proportionate sample testing requirements for businesses, and providing clarity on the legal aspects concerning the safety of standalone software and market surveillance procedures. These efforts ensured that the new legislation is more closely aligned with Malta's policy objectives, reflecting the specific needs and concerns of our national context.

This approach contributes to the enhanced effectiveness and relevance of the General Product Safety Regulation in the Maltese setting.

TOYS AND CHILDREN'S PRODUCTS

The European Commission proposed new regulations aiming to enhance child safety, particularly against hazardous chemicals, by extending prohibitions to additional categories of harmful substances. The objective is to diminish the prevalence of unsafe toys within the EU market, notably those sold online, and to foster a level playing field between EU-produced toys and those imported from non-EU countries.

Concurrently, these measures are designed to safeguard the seamless circulation of toys within the EU's Single Market.

In its response to the proposal, the TRD raised concerns on the practicality of implementing some of the suggested requirements. A particular challenge is ensuring enough laboratory capacity for testing under the new chemical restrictions, which could affect both the availability and the quality of testing, ultimately impacting the effectiveness and intended benefits of the proposed legislation.

Additionally, the Division questioned whether the proposed timelines for businesses to adapt their

operations and comply with the new mandates are sufficient to fulfil the Regulation's objectives effectively. This feedback was partially considered. While the application date remains 30 months, the compliance period for toys placed on the market within those 30 months has been extended from 42 to 50 months.

In 2023, the TRD maintained its commitment to safeguard Maltese consumers by ensuring the safety of toys and children's products available on the market. This included conducting online inspections of 102 products, with a focus on items such as playdough, childcare articles and blades.

These inspections revealed instances of non-compliance with the Toy Safety Directive, particularly in locally manufactured playdough, leading to two formal undertakings under Article 29 of the Product Safety Act (Cap. 427 of the Laws of Malta) to rectify the identified issues.

Furthermore, comprehensive testing on 13 toys sourced from feast stalls, including plastic dolls, slime toys, toy guns and soft toys, was carried out. This resulted in the withdrawal of seven items from the market due to failure to meet the established safety standards.

LIFTS

At European level, the TRD has been significantly engaged in shaping key aspects of technical harmonisation in the regulatory framework on lifts. The Division focused on several important areas:

1. Defining the technical requirements that apply based on when lifts were first made available for use.
2. Clarifying how standards apply to installed lifts that undergo significant modifications.
3. Streamlining the processes for granting prior approval.

The TRD also worked on adapting regulations to ensure safety, especially in cases where traditional solutions to mitigate the risk of crushing at the lift's extreme positions are not possible due to space constraints. This involvement highlights the TRD's commitment

to improve consumer safety, updating regulatory standards and supporting innovative safety measures in the lift industry.

In addition to its proactive engagement at the EU level, the TRD has been diligently addressing various concerns and enforcing regulations within the lift sector domestically. Throughout the year, the TRD received a total of 178 complaints related to lifts, a large proportion of which were then passed on to the Consumer Division for action. This demonstrates its crucial role as a regulatory body in ensuring public safety and compliance.

The TRD successfully completed 236 investigations in 2023, encompassing checks initiated both within the year and carried over from previous years. These investigations led to the TRD mandating corrective actions from the relevant economic operators in 156 cases, underscoring the Division's effectiveness in maintaining high safety and compliance standards.

Additionally, the TRD has engaged in a formal undertaking with a local installer, in accordance with Article 29 of the Product Safety Act (Cap. 427 of the Laws of Malta), paying the Authority a cost-recovery fee and rectifying the non-compliance, with further undertakings being planned.

PESTICIDES

The Pesticides Unit is responsible for assessing and approving pesticide authorisation applications on behalf of Malta, encompassing both national and European pesticide registrations. This Unit oversees the regulatory dimensions of pesticides, ensuring compliance with relevant standards.

It conducts evaluations of plant protection products and biocidal products, which are designed to protect public health by neutralising harmful organisms.

Authorisation of plant protection products (PPPs)

Plant protection products are pesticides that help protect crops and useful plants from pests and diseases. They are mainly used in farming but can also be found in gardens and parks.

These products contain active ingredients that protect plants from pests and diseases, help plants grow (excluding nutrients), preserve plant products and destroy or stop the growth of unwanted plants. They also include other ingredients, called co-formulants and sometimes safeners or synergists, to enhance their effectiveness.

EU member states authorise these products on their territory and ensure they are in line with EU regulations.

In 2023, 90 applications pertaining to various products were processed. Of these, 49 were associated with Mutual Recognition applications and 19 were associated with the zonal procedure, for which the Unit served as a zRMS.

In addition, the Unit also serves as a Rapporteur Member State (RMS) for the approval of new active substances in the EU to be used in PPPs and for the technical equivalence of active substance sources. In 2023, the Unit served as an RMS for four technical equivalence applications of active substances.

The table below illustrates the ongoing efforts to conduct zonal and active substances evaluations:

Year	Requests accepted as Reference Member State (zRMS/RMS) for plant protection product applications and their active substances
2018	32
2019	55
2020	42
2021	36
2022	43
2023	23

TABLE 4: PESTICIDES ZONAL AND ACTIVE SUBSTANCE REQUESTS RECEIVED (2018-2023)

In 2023, the Authority continued to engage with the farming community, focusing on the constrained availability of various PPPs, while further streamlining the authorisation process. This enhanced procedure now more effectively facilitates the market introduction of PPPs that are of general interest to Malta.

Moreover, 283 certifications to professional users of PPPs were issued out of 284 applications received. Certification is required for any professional user of plant protection products, which includes operators, technicians, employers and self-employed individuals working in farming and other sectors.

According to the regulations, a professional user is defined as any person who uses pesticides in the course of their professional activities. To obtain certification, these professional users must undergo training.

One applicant did not undergo an examination, resulting in no certification being issued for that application. Eight certifications to distributors of PPPs were issued in the same year.

Tests for pesticide residues

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

A total of 170 samples were analysed for pesticide residues in 2023, 79 of which were locally grown, with the remaining imported from other countries. Of the 170 samples analysed, 162 either did not contain any pesticide residues or did not exceed the maximum residue limit, indicating that 95.3% of the samples were compliant. Conversely, eight samples identified exceeded the limit, with only one of these being locally produced.

Additionally, the TRD conducted 89 official control checks based on data from the Agricultural and Rural Payments Agency, which were collected during cross-compliance checks on PPPs. In 45 beneficiaries of the 89 total users inspected, non-compliances were detected.

Thirty-eight per cent of the total users inspected were found to be using PPPs without valid certification. Other identified non-compliances included: the authorisation

of PPPs found on site, and the treatments and dose rates as recommended by the label.

Farmers not adhering to these regulations were required to comply and faced penalties on financial aid received through relevant programmes. Two additional control checks on farmers that were not receiving common agricultural policy funds were carried out by the MCCA. No non-compliances were found.

Two hundred letters were sent to farmers reminding them about their legal obligations if they are professional users of PPPs while providing them with the necessary guidance.

Inspections also ensued on professional users of PPPs in non-agricultural areas, with all 12 economic operators being found to be compliant.

Furthermore, the TRD entered into a scientific co-operation agreement with the Service Commun des Laboratoires of the Ministère de l'Economie, des Finances et de la Souveraineté Industrielle et Numérique of France to analyse PPP formulations as part of the Division's surveillance activities. Three products were tested and found to be compliant in terms of their formulation.

A total of 88 site inspections were completed in 2023. Inspections were carried out on the basis of Regulation (EC) 1107/2009 concerning the placing of PPPs on the market, as implemented in the Maltese legislation through the Plant Protection Products (Implementation) Regulations (S.L. 430.07 of the Laws of Malta).

One-hundred and thirteen individual pesticides were inspected from 88 business operators. A total of 13 non-compliances were found. The most common non-compliance remained the availability for sale of unauthorised PPPs. Other non-compliances were related to products not having the correct labelling.

Corrective action was taken in cases where non-compliances were found, with follow-up inspections being carried out on these traders.

Biocidal products

REGISTRATIONS

An application for EU evaluation of biocidal products and their active ingredients was received in 2023.

The Unit's efforts also significantly supported essential sectors in Malta, particularly the healthcare sector. It led pivotal discussions with the European Commission and effectively obtained a derogation allowing the temporary use of certain biocidal products in the High Degree Isolation Unit at Mater Dei Hospital, demonstrating a proactive approach to addressing important public health needs.

OZONE DEPLETING SUBSTANCES

The Division monitored developments on the proposed update to the Regulation on Ozone Depleting Substances (ODS). This proposed regulation aims to align with the European Green Deal, advocating for achievable additional emission reductions at proportionate costs.

Additionally, concerning the current regulations in force, the TRD identified 12 reporting non-compliances by economic operators on the use of halons in fire suppression, all of whom complied following the Division's intervention.

F-GASES

The TRD closely followed developments to revise legislation on fluorinated greenhouse gases (F-gases).

The proposal was intended to significantly enhance F-gas emission reductions, aligning with the EU's ambitious target to cut emissions by 55% by 2030 and to reach net zero carbon emissions by 2050.

While adhering fully to the Kigali Amendment, it aimed to improve enforcement and implementation mechanisms, particularly related to illegal trade, the efficiency of the quota system and training on alternatives to F-gases.

The monitoring and reporting systems were refined to rectify current shortcomings and boost the quality and reliability of compliance data.

While supporting the objectives of the updated Regulation, the Division provided feedback to ensure that these are not achieved to the detriment of important stakeholders, including consumers, while

CONTROL CHECKS

In 2023, 158 checks on biocidal products were carried out, which included visual, on-site checks, referrals from the Customs Department, and responses to complaints and reports. This figure excludes products screened from co-ordinated inspections. Subsequent to these inspections, 45 notifications were sent to economic operators instructing them to withdraw the products or rectify them to meet compliance standards.

The identified non-compliances predominantly pertained either to the absence of required registration for the biocidal products or discrepancies in labelling.

seeking to advocate for proportionate obligations on small and medium-sized enterprises (SMEs).

At the same time, provisions seeking to regulate further the operations of businesses in the sector cannot be expected to have the same effect on both small and medium-sized, as well as larger ones. In particular, the Division expressed concerns on the requirement for economic operators to submit and finance quota declarations three years ahead, highlighting the need for a regulatory framework that is equitable and considers the operational realities of businesses of varying sizes. These, however, were not taken on board.

The TRD continued to enhance its collaborative efforts with the Customs Department, focusing on monitoring the compliance of F-gases imported from non-EU countries. The scrutiny at the border intensified, with 397 shipments inspected, a 16% increase on the previous year.

An ongoing trend was the steady increase in imports by one-time importers, with 35 cases reported in 2023, up from 22 in the previous year. These importers brought in F-gas in quantities below the 100-tonne CO₂ equivalent annual threshold.

Among the cases referred to the TRD, the notable shift observed in 2022 continued in 2023, with commercial refrigeration products using environmentally friendlier gases like R290 or R600 instead of R134a, which has a significantly higher global warming potential.

The TRD withheld the release of 16 shipments containing equipment pre-filled with F-gases, which

amounted to 2,735.4 tonnes of CO₂ equivalent, due to issues such as insufficient authorised quotas or unresolved compliance matters. All concerned importers later regularised their position to meet the regulatory requirements, enabling the subsequent recommendation to release their products onto the market.

The TRD recommended the release into free circulation of 49,539.2 tonnes of CO₂ equivalent F-gas, compared to 56,072.6 tonnes in 2022. Additionally, the Division handled and closed two reports on F-gases, and verified the reporting compliance of 32 economic operators, all of whom met the applicable obligation.

MACHINERY

On the publication of the new machinery Regulation on 29 June 2023, the TRD promptly started planning to draft national implementing legislation to adopt the Regulation into Maltese law. During this preparatory phase, it was determined that the TRD should continue its role as the notifying authority within the machinery sector. This entails the responsibility to establish and implement the requisite procedures for the evaluation and notification of conformity assessment bodies, as well as overseeing the activities of notified bodies.

The emphasis of the activities was on lifting machinery, particularly apparatus designed to elevate persons, along with machinery employed in the construction industry, encompassing heavy equipment, such as bulldozers, concrete pumping vehicles, pile drivers and excavators.

The strong partnership between the TRD and the Customs Department was key in augmenting surveillance on these categories of machinery imported into Malta from non-EU countries, enabling the Authority to detect and intercept non-compliant machinery before its integration into the local market, safeguarding consumers.

Thanks to these concerted efforts, the Authority successfully checked 220 cases of machinery from third countries, representing a significant 102% increase compared to the previous year.

RADIO EQUIPMENT

In late 2023, the Division supported the transposition of Directive (EU) 2022/2380, which mandates the adoption of uniform regulations for a common charger for mobile phones, laptops and other compact portable devices. This Directive stipulates that these devices must be fitted with a USB Type-C port, supporting the USB Power Delivery communication protocol.

This standardisation aims to accommodate ongoing advancements in science and technology, as well as future market trends, with the European Commission responsible for ongoing monitoring to ensure the directive remains relevant and effective.

PRESSURE EQUIPMENT

Market surveillance inspections were conducted on liquid petroleum gas (LPG) cylinders, which are widely used in households, to ensure their compliance with regulatory standards at the point of their initial availability to consumers.

During these inspections, eight LPG cylinders from the two main suppliers were checked, and all were found to comply with the relevant requirements, with no instances of non-compliance detected.

MOTOR VEHICLES

The TRD reviewed and provided insights on the proposed Euro 7 emissions legislation and the non-road mobile machinery proposal. The Euro 7 initiative aims to unify vehicle emission regulations, addressing areas such as battery longevity and particulate emissions. The non-road mobile machinery proposal seeks to harmonise EU legislation, facilitating the movement of machinery between work sites. It includes technical, administrative and procedural criteria for EU type approval. The Division did not identify any significant issues with these proposals.

To fulfil its market surveillance responsibilities, as mandated by Article 8 of Regulation (EC) 2018/858, the TRD collaborated with the European Commission to ensure the selected vehicle sample for testing was representative of the Maltese consumer market. Following productive negotiations, a sampling plan was established, allowing the Division to proceed with market surveillance inspections on two motor vehicle models.

As part of a pan-European test plan, five tests were conducted on a vehicle model available locally, carried out at an accredited laboratory in the Czech Republic. These evaluations focused on various components, including steering equipment, daytime running lamps, tyre characteristics, like rolling sound and adhesion on wet surfaces, emissions, safety belts, restraint systems, child restraint systems, isofix fittings and sound levels.

All tests were concluded without identifying any non-conformities. In addition to these tests, the Division conducted five documentary verification checks on another vehicle make and model available in the local market, ensuring compliance with the relevant EU regulations.

The TRD participated in five Forum for Exchange of Information on Enforcement of EU Legislation on Approval & Market Surveillance of Motor Vehicles (including the Type Approval Authority and the Market Surveillance Authority subgroups), co-ordinated by the EU Commission, meetings in 2023.

Clarification on various aspects of the type approval legislation was provided by the Commission within the framework of the FORUM meetings. Among the

topics discussed were the scope of application of the provisions on repair and maintenance information, and defeat devices.

Discussions on possible common guidelines on national individual vehicle approval procedures were also debated during these meetings. This FORUM is also used by member states to discuss 'grey areas' in the legislation where products are not fully harmonised by current EU legislation.

A case in point are the personal mobility devices, where it is not fully clear which legislation should be applied for these vehicles. The member states shared their experiences on how they are treating these personal mobility devices in their countries and pushed forward the need to have harmonised requirements for these products.

ELECTRICAL PRODUCTS, ACCESSORIES AND WIRES

Twenty-four complaints and information requests on electrical equipment fitted with 2-pin plugs were handled by the Market Surveillance Directorate in 2023. Following complaints on the electrical accessories, eight inspections were carried out under a cover identity.

Economic operators found to be supplying electrical equipment fitted with a 2-pin plug without a compliant adaptor were ordered to refrain from supplying these products without making available a compliant adaptor.

No other complaints were received on the non-compliant economic operators after the intervention of the MSD. Follow-ups in this area are planned for 2024.

Furthermore, 78 cases of electrical products were handled after these were referred to the MSD by the Customs Department. These included products related to electromagnetic capability, low voltage and radio equipment.

Eight wires were also sampled from the local market and tested. One product was found to be non-compliant and was withdrawn from the market. Since the non-compliant product was of an Italian brand, the Italian counterparts were also informed for any further actions deemed necessary from their end.

RECREATIONAL CRAFT

Following the testing on recreational craft in 2022 through JAHARP2018, follow-ups of the enforcement actions taken on the non-compliant recreational craft ensued in 2023. This involved communication with Transport Malta on the models withdrawn so that it would refrain from registering them under the Small Ships Registry.

CHEMICALS

The TRD prioritised legislative proposals in the chemical sector in 2023, closely monitoring and providing technical feedback on various significant proposals. These included the classification, labelling and packaging of substances and mixtures; EU fertilising products; and regulations on mercury usage, particularly in dental amalgam and other mercury-added products.

The revision of the Classification, Labelling and Packaging (CLP) Regulation aligns with the European Chemical Strategy, aiming to enhance the identification, classification and communication of chemical hazards, complementing the REACH regulation.

Specifically, the proposals sought to modernise and streamline regulations, introducing measures like digital labels and product passports, while ensuring comprehensive, accessible labelling practices. Malta engaged constructively in these discussions, successfully addressing its concerns on labelling requirements, particularly the adoption of digital labels in various sectors.

The Division's input was instrumental in advocating for balanced measures that consider technological advancements, the need for clear information and the practicalities of regulatory compliance, ensuring that any proposed changes would serve both the industry's and consumers' best interests.

Additionally, Malta supported the harmonised phase-out of mercury usage in dental amalgam by 2025, ensuring that exemptions for specific medical needs are maintained and that manufacturing and import provisions align with the practical usage needs post phase-out.

Key activities in the field of chemicals included inspections, online monitoring, checking of chemicals referred to the TRD by the Customs Department, communication with the economic operators and participation in meetings seeking to harmonise the implementation of chemical regulations across the EU.

Verification checks were performed against the requirements of the REACH Regulation, CLP Regulation, Detergents Regulation, Cosmetics Regulations, EU Fertilising Products Regulation and Explosives Precursors Regulation (with respect to placing on the market), among others. Priority was given to checks for products containing the ingredient 2-(4-tert-butylbenzyl) propionaldehyde (BMHCA).

Through inspections and online monitoring, 4,727 products were checked. Less than 1% of these products had non-compliances. All relevant economic operators were requested to take appropriate corrective action to address the non-compliances.

CONSTRUCTION PRODUCTS

After evaluating the existing Construction Products Regulation (CPR), the European Commission issued a proposal to mitigate deficiencies in the current CPR. Additionally, policy goals, like the green and digital transitions, have been included in a comprehensive proposal.

The revision aims to rectify the technical harmonisation system, diminish national trade barriers, enhance enforcement and market surveillance, and simplify regulatory frameworks. This includes clarifying legislation intersections, streamlining administrative procedures and integrating digital solutions like digital product passports – all while ensuring product safety and reducing environmental impacts.

The TRD continued to actively engage in the dialogue on the CPR revision in 2023, providing expert insights. The Division's input was crucial in shaping discussions to mitigate the regulatory impact on national authorities and economic operators, particularly focusing on the needs of SMEs and microbusinesses.

The Commission's ambitious initial proposal has been adjusted to incorporate feedback from various member states, reflecting a collective effort to refine

the Regulation. The TRD's participation in the Building Industry Consultative Council's advisory board facilitated ongoing collaboration and information exchange with relevant national entities, ensuring a co-ordinated approach to the evolving CPR framework.

CE marking on construction products, indicating that they have been assessed by the manufacturer or a third-party notified body according to a harmonised European standard or a European Technical Assessment, were issued.

It is crucial to clarify that, contrary to common misconceptions, the CE marking on construction products is not an indicator of quality, nor does it certify the safety of the product or its suitability for use in construction works, but enables these products to move across all EU member states, avoiding new assessments and certifications.

Furthermore, in accordance with the CPR, the Declaration of Performance provided by manufacturers should be considered accurate, barring any indications suggesting otherwise. Therefore, the proactive inspections conducted on construction products primarily focused on checking documentation.

Checks were carried out in 2023 on the following products: smoke detectors, single-axis hinges and shower enclosures. Some of these products were referred from Customs.

In the last quarter of 2023, the focus shifted towards verifying the documentary requirements applicable at the product's marketing stage of aggregate concrete masonry units. The Division contacted 27 economic operators within this sector, of which five indicated that they do not sell these products. Of the remaining 22, seven submitted the required documentation by the end of the year.

During interactions with these operators, it emerged that they routinely conducted tests on bricks in accredited laboratories prior to distribution. The Division has gathered evidence suggesting that most of the economic operators have initiated steps to declare their product performance in accordance with the EU's harmonised standards.

Further checks and follow-ups on aggregate concrete masonry units against the requirements of the CPR are envisaged to continue during 2024.

Throughout the market surveillance exercises, all economic operators were provided with comprehensive information on the CPR to continue raising awareness about their obligations under that Regulation.

PRODUCT ECODESIGN

The European Commission's legislative proposal for a Regulation on Ecodesign for Sustainable Products encompassed a broad array of products within the EU internal market, with specific exceptions like food and motor vehicles. This proposal was designed to enhance product sustainability across their lifecycle, promoting durability, reusability, reparability and recyclability.

It also includes measures to counteract premature obsolescence and introduces Digital Product Passports to provide detailed product information, promoting informed consumer choices.

Feedback from the Division influenced Malta's position on several aspects of the Regulation, and were taken on board by the Presidency, notably securing exclusions for micro and small enterprises from certain requirements, and advocating for a cautious approach to implement new obligations, ensuring they are backed by thorough studies to truly realise the policy objectives.

The proposal set significant new responsibilities and potential costs, especially for SMEs, in areas like compliance with circular economy requirements and the adoption of Digital Product Passports, highlighting the need for diverse skills and resources across product lifespans. The real impact of the regulation will largely depend on future delegated acts, which will detail specific obligations for different products and sectors.

FOOD SAFETY

EFSA Focal Point

The role of the Focal Point (FP) is to act as a collaborative contact point in Malta, primarily to support the Maltese representative of the Advisory Forum in gathering data and transferring information between EFSA and relevant bodies in Malta.

These entities include risk managers, national authorities, stakeholders and research institutes in the fields of risk assessment on food and feed safety, animal and plant health, animal welfare and nutrition, and in communications in these areas.

In 2023, the FP continued developing the 2021 action plan to improve national data quality. The FP maintained constant communication with the national data providers to identify additional training requirements related to data collection and data submission.

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

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

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

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

The FP also worked as a knowledge broker between the scientific community and policy makers through the Food Safety Commission (FSC). The FP supported incoming requests from EFSA for partner search, liaised with relevant national organisations interacting with national and EU research funders, and disseminated relevant information, including funding news and upcoming calls related to EFSA.

The FP participated in Freshers' Week, organised by the University of Malta, to promote and disseminate information on EFSA's work and the role of the EFSA FP within the FP network.

The FP also participated in promoting the BfR World Food Safety Almanac, collecting feedback and identifying bottlenecks on the use of the almanac.

Food risk assessment

The TRD is designated as the entity responsible for food risk assessment as stipulated in Article 7(2)(c) of the Food Safety Act (Cap. 449 of the Laws of Malta) and is represented by an MCCA officer, thereby fulfilling the risk assessment role by also being a member of the FSC.

The risk assessment function also means that the entity is nominated to represent Malta on issues related to the EFSA. In fact, TRD officers represent Malta on various networks, including the Advisory Forum, the Focal Point Network and on the EFSA Management Board.

As a result, the MCCA is in constant liaison with the FSC on a number of food safety issues in line with local legislation.

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

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

The Division performed risk assessments and provided opinions on several Commission draft proposals, including draft proposals authorising the placing on the market of several novel foods, and draft proposals on the use of several food additives and flavouring substances.

FOOD QUALITY AND MARKETING STANDARDS

Food quality schemes

In 2023, the MCCA submitted an application to the European Commission for the protection of the *Ġbejna tan-nagħaġ* and engaged in discussion with the Commission to ensure its smooth processing. The TRD also received an application for the protection of the product 'Mazzit' under the Protected Geographic Indication scheme. The Division is assisted and received advice from the appointed Standing Committee on geographical indications and designations.

Alongside these applications, the Division focused on scrutinising and providing feedback on the European Commission's legislative proposal seeking to streamline the registration of geographical indications (GIs) for spirits and agricultural products into one legal document to enhance clarity and enforcement.

The proposal focuses on empowering producer groups, advocating voluntary sustainability practices and strengthening online protection for GI products. Despite initial concerns raised in the Division's feedback, the final draft maintains the Commission's control over GIs, aligning with Malta's preference for the Commission's continued oversight and voluntary sustainability measures, and accommodates Malta's concerns by ensuring that the recognition system for producer groups remains optional for member states.

Control checks have continued to be strengthened in the area of labelling of protected designations of origin, protected geographical indications and traditional specialities. In 2023, 206 official control checks were carried out on products within the scope

of EU Food Quality Schemes at conventional markets and via e-commerce.

The product types targeted were bread, biscuits, essential oils and gin. Twenty-one different operators were inspected. Through these controls, no infringements were identified.

The TRD also assisted the European Commission in organising a conference about EU geographical indications and quality schemes in June at Dar l-Ewropa in Valletta.

Olive oil

Action was taken on the results of the olive oil samples taken in 2022, which were received at the end of that year. They were evaluated and, at the beginning of 2023, an undertaking was made with the economic operator for the detected non-compliances.

Additionally, two samples were selected in 2023 on the basis of a risk assessment and in Q4 of 2023 sent to an accredited laboratory that is recognised by the International Olive Council for testing against the requirements of Commission Delegated Regulation (EU) 2022/2104 on marketing standards for olive oil. This resulted in another undertaking with a different economic operator in view of the detected non-compliances.

The results of these tests were reported to the European Commission.



Market monitoring and enforcement

More than 13,000 checks were performed. The checks included online screening of products, inspections co-ordinated by the Inspections Co-ordination Office (these amount to 1,639 of the total number of checks performed, equivalent to 12% of the total), automated compliance cross-checks and screening of operators' documentary-based obligations.

The breakdown of these checks, excluding co-ordinated inspections, can be found in Table 5 below. These are inclusive of 8,150 checks carried out digitally. These figures vary from year to year since the prioritisation each year may differ.

Main Product Type	No. of Checks (2023)
Toys	733
Lifts	236
Construction products	60
F-gas	408
Electrical appliances and electronics	846
Chemicals, including cosmetics, detergents, consumer pyrotechnics and explosive precursors	4,727
Pressure equipment	30
Textiles and footwear	105
Recreational craft	8
Other product groups (including machinery, gaseous appliances, personal protective equipment, motor vehicles, marine equipment and products falling under the General Product Safety Directive)	3,843
PPPs	388
Biocidal products	158
Total	11,542

TABLE 5: MARKET SURVEILLANCE - CHECKS IN 2023

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

Co-operation with the Customs Department also continued to be strengthened through the provision of technical assistance on product safety legislation and the effective implementation of measures on products imported from third countries found to be non-compliant.

The MSD received and responded to 1,392 requests from the Customs Department in 2023. Further collaboration took place on the confiscation of non-refillable fluorinated greenhouse gases, and the prohibition on the importation of models of unsafe recreational craft and non-compliant construction products.

	2021	2022	2023
Customs cases	324	441	1,392
Checks	6,891	12,010	13,181

TABLE 6: MARKET SURVEILLANCE - CUSTOMS CASES; PRODUCTS CHECKED (2021-2023)

JOINT ACTIONS

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

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

Table 7 below provides an update on these joint actions, considering that some had the results published in 2022.

Project reference	Information and findings
EEPLAINT3 – local space heaters	The work started on local space heaters in 2021 continued last year. Six samples of local space heaters had been sent for testing, four of which operated using gas and the other two using electricity. Results received in 2023 showed no non-compliances in terms of eco-design.
CASP 2022 – travel adaptors	Nine travel adaptors were sampled and sent for testing. Test results were received towards the end of 2022. Risk assessments were carried out in 2023 and two non-compliant products, which related to lack of thermal resistance, were withdrawn from the market.
JAHARP2020 – gaseous appliances	The joint action on gaseous appliances was launched in 2021 and continued in the following years. Three domestic space gas heaters, one cooker hob and one portable cooker used for camping were sampled and sent for testing. Results received in 2023 revealed that all the products were found to be non-compliant and were withdrawn from the market. A local importer entered into an Undertaking in terms of Article 29 of the Product Safety Act (Cap. 427 of the Laws of Malta) for the non-compliant product placed on the market. Further to these laboratory tests, compliance documentation on six different appliances used for heating or cooking were checked and confirmed for their authenticity with certified bodies issuing them.
JAHARP2020 – USB plug-in chargers	Nine different models of USB plug-in chargers were sampled and sent for testing to verify compliance with the Low Voltage Directive (LVD). Two plug-in-chargers failed tests for LVD. One product was withdrawn and the other recalled.
CASP 2022 – baby strollers	Eight strollers intended to be used for babies weighing up to 15 kg were sampled from the local market and sent for testing. Results were received towards the end of 2022 and, on preliminary evaluation, it was found that non-compliances identified are not of a serious nature. Nevertheless, discussions about the risks ensued in 2023 to ensure a harmonised approach in the EU among all those participating in this joint action. Two baby strollers were found to be non-compliant and were both withdrawn from the market. Another sample which was determined to pose low risk following the risk assessment, was followed-up with the respective manufacturer where it emerged that the product was no longer in production and no stocks were available. Therefore, no further action was required.

European-wide Administrative Co-operation Groups (ADCOs) were also followed. These are related to:

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

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

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

RAPID PUBLIC ALERTS

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

In 2023, 20 new notifications were issued for products found on the local market that were recalled or withdrawn. A further seven follow-up actions on products found in Malta were taken after notifications were received from other member states. Additional products were withdrawn from the local market. However, not all products withdrawn would satisfy all the criteria required for publication on the Safety Gate platform.

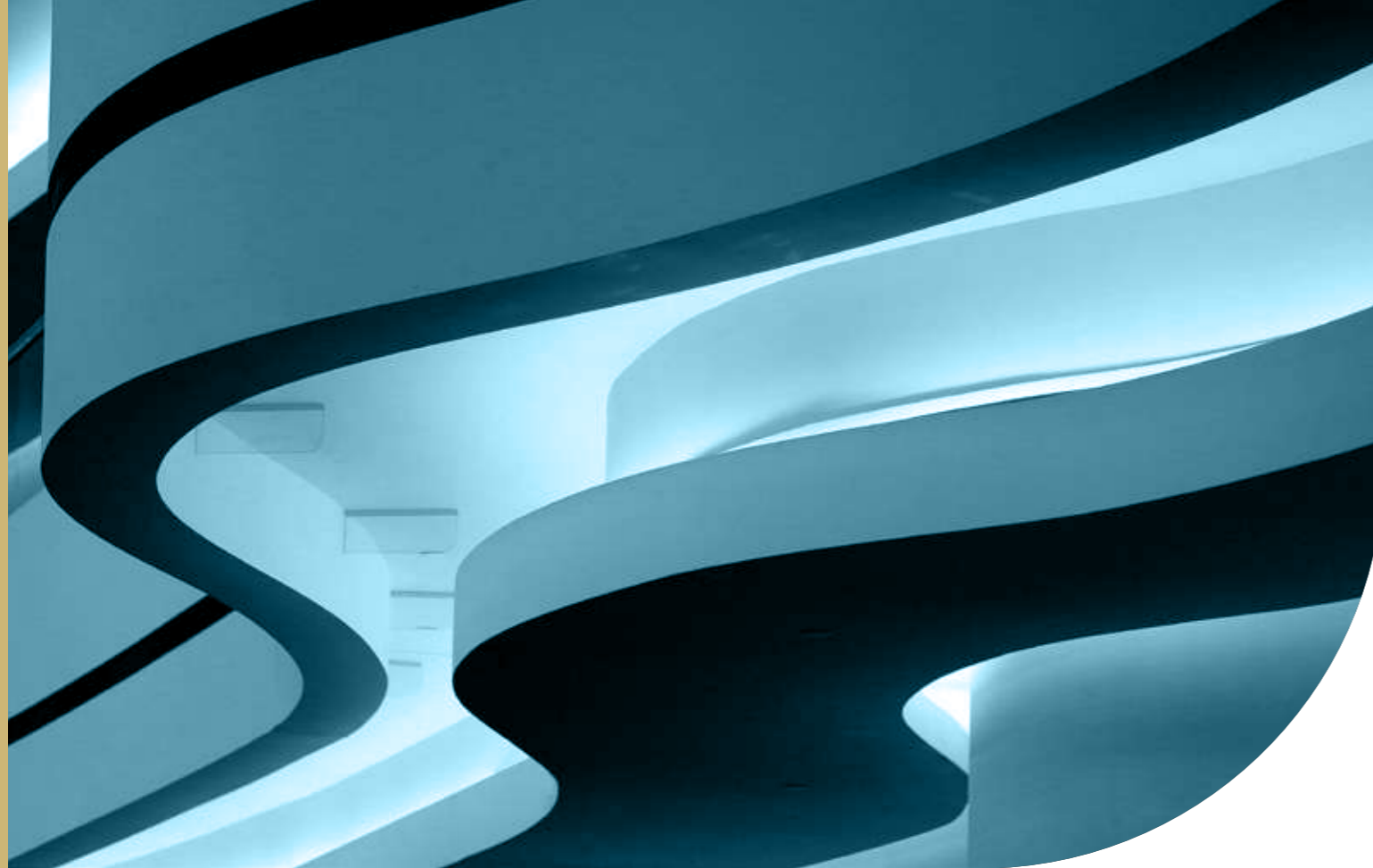
There were 437 complaints on product safety-related concerns, which were investigated and actioned.

Most of these complaints were related to lifts, followed by energy-related products.

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

Communication with the importers, manufacturers and consumers is considered to be a key element of an effective market surveillance system in a supportive and forward-driven regulatory environment. Last year, more than 275 instances of communication with important market players took place and, on some 50 occasions, the Authority reached out to the public with the latest notifications through the MCCA's social media posts.

TABLE 7: MARKET SURVEILLANCE – UPDATE TO THE ONGOING JOINT ACTIONS AND FINDINGS



Single Liaison Office

The TRD continued to solidify its central role by being the designated Malta's Single Liaison Office (SLO) in accordance with the EU's Market Surveillance Regulation, Regulation (EU) 2019/1020. This role is pivotal, highlighting the Division's commitment to orchestrate the collaborative efforts of all national market surveillance authorities tasked with the enforcing EU legislation on non-food products throughout Malta and Gozo.

As the SLO, the Division is entrusted with presenting the co-ordinated position of the relevant national authorities and Customs Department on the oversight of products covered by legislation referred to in Regulation (EU) 2019/1020. The TRD is also responsible with communicating the national market surveillance strategy formulated by these authorities to the European Commission.

The SLO also plays a crucial role in facilitating co-operation among market surveillance authorities across various EU member states, ensuring a cohesive, effective regulatory enforcement landscape.

Consumer Conditions Scoreboard

The 2023 Consumer Conditions Scoreboard, building on data collected for the first time in 2022, presents positive insights for Malta on product safety-related statistics. Malta achieved a confidence score of 77 in product safety among consumers, which is 5 percentage points higher than the EU-27 average.

It was also noted that, while 53% of consumers in Malta saw or received notices about product recalls, 11 percentage points higher than the EU-27 average, only a small number of consumers in Malta reported accidents, injuries or health issues resulting from product use, consistently below the EU-27 average.

This suggests that the MCCA's active role in publishing and promoting recall notices has resulted in more effective communication efforts compared to other member states.

Single Market Emergency Instrument

The TRD was actively involved in monitoring and providing feedback on two legislative acts focused on emergency procedures for the conformity assessment, adoption of common specifications and enhanced market surveillance in response to single market emergencies involving products requiring conformity assessment procedures.

These measures are designed to safeguard the seamless operation of the single market, ensuring the continuous availability of strategically important products during crises, which is vital for citizens, businesses and public authorities.

The necessity for these legislative updates stems from past crisis situations, mainly the Covid-19 pandemic, which revealed that existing procedures in sectoral legal frameworks were not adequately equipped to meet the demands of rapid crisis response, lacking the required regulatory flexibility.

The proposed adjustments target specific EU directives and regulations to better equip them to handle the challenges presented by crisis-relevant products during these emergencies.

Significant contributions from the Division shaped Malta's position, which in turn influenced these legislative developments, particularly the successful inclusion of a provision allowing member states to recognise national authorisations from other member states during crises, thereby promoting an efficient, unified response during emergencies, and ensuring cross-border co-ordination.



STANDARDS AND METROLOGY INSTITUTE

The Standards and Metrology Institute (SMI) enables the development of technical standards, which it then publishes, offers calibration services, legal metrology laboratory testing and services previously falling under the Office of the Consul for Goldsmiths and Silversmiths. It certifies organisations – both local entities and public service bodies – according to European and international standards. All these specialised services are geared towards supporting a quality infrastructure in Malta and Gozo.

2023 saw an increase in requests for services in the area of certification related to the Occupational Health and Safety Standard and to organic farming.

Increases were also registered in the number of requests for tests related to medical gas points, which increased by 75%, and also for tests related to construction material, which saw a 7% increase.

Calibration services were extended to weights in the lower range (1 mg-10 kg).

Standardisation

TWO NEW STANDARDS IN DEVELOPMENT

The SMI consistently followed the membership requirements of the three main European standardisation bodies, CEN, CENELEC and ETSI (see table below), along with the international standardisation body, ISO. The Institute also continued to fulfil its obligations to transpose all European standards into national standards.

Representatives from industry, government, the academic sector and other stakeholders gave their input to ensure a focus on the national interest is maintained in the approval of new standards that are acceptable to all interested parties.

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

Every product on the European market is soon to have its own passport, with a QR code and other codes that consumers can scan. These will give them access to all the information related to the product: its material composition, uses, certifications and origins.

TECHNICAL COMMITTEES

National mirror technical committees were active in the areas of lifts, cultural heritage, AI and quantum technologies. Table 8 shows the number of European/international standards that have been adopted as national standards during the past three years.

European standardisation bodies	Number of European standards adopted (2021)	Number of European standards adopted (2022)	Number of European standards adopted (2023)
CEN – European Committee for Standardisation; CENELEC – European Committee for Electrotechnical Standardisation	1,542	1,619	1,448
ETSI – European Telecommunications Standards Institute	59	43	22

TABLE 8: EUROPEAN STANDARDS ADOPTED AS NATIONAL STANDARDS IN 2023 COMPARED TO THE PREVIOUS TWO YEARS

PROPOSALS FOR NEW NATIONAL STANDARDS

Proposal	Requesting Entity	Timeframe
Methods for the construction and installation of manholes	Infrastructure Malta	1 year
Classification of Recycled Aggregates	University of Malta	1 year

NATIONAL STANDARDS UNDER REVISION

From time to time, the MCAA reviews domestic national standards, in line with international practice, to ensure they continue to reflect state-of-the-art developments and best practice. Table 9 below lists the national standards that are under review and/ or under development.

National Standards under Review
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

TABLE 9: NATIONAL STANDARDS THAT ARE UNDER REVIEW AND/ OR UNDER DEVELOPMENT

REVISION OF STANDARDS ON MOTOR VEHICLE REPAIRS

The technical committee, set up in 2020 to revise the national standard on motor vehicle repairs, is developing new modules that cover various areas of the repair of electric cars since its remit was extended beyond panel beating of cars to this new, developing area.

The MCAA worked on the preparatory work of the main structure, in collaboration with an expert on repairs from the Malta Insurance Association. New modules in this area are being added each year. The committee’s work is currently ongoing.

Certification

There was an increase in the client base for international certification, especially from those seeking ISO 45001 certification, the Occupational Health and Safety Standard. One of the factors that may have caused the increased interest in this certification was a clause in government tenders stipulating that certain industries should go beyond the quality management system certification, ISO 9001 and ISO 14001.

There was also a 10-15% increase in organic farming certification, whereas normally the increase would be less than 1%. Producers of organic crops and fruit in Malta and Gozo were attracted to the certification after government launched an incentive scheme to facilitate its target of converting 5% of all agricultural land to be organic by 2030.

Up to the end of 2023, just under 85 hectares – a little over 0.9% of all agricultural land (up from 0.6%) – had been certified. SMI also conducted certain risk assessments on the location of the fields to see whether there was any cross-contamination of pesticides from neighbouring fields. No such contamination was found from the sample products that are collected regularly and sent to an accredited laboratory in Spain.

In 2022, work was undertaken to develop a group certification scheme for organic food products to reduce the burden on farmers' co-operatives and other groups, and the first application was submitted for the organic certification of livestock (sheep and poultry), which is expected to be successfully concluded in 2024.

Table 10 below lists the certification and inspection services that were carried out in 2023.

Certification and Inspection Services	Total number of certified entities 2022	New Certificates in 2022	Total number of certified entities 2023	New Certificates in 2023
SM EN ISO 9001:2015 – Quality Management Systems	101	1	94	7
SM EN ISO 14001:2015 – Environmental Management Systems	33	7	33	3
SM EN ISO 45001 – Occupational Health and Safety Management Systems	4	0	6	2
EC Regulation 834 of 2007 – Organic production and labelling of organic products	107	3	110	13
MSA 1400:2006 – Motor Vehicle Repair Garage Management Systems	430	17	432	13
SM 3500:2010 – Public Playgrounds – Requirements for Public Playground Safety and their Management	7	7	16	16
EU ECOLABEL – Tourist Accommodation Services	5	0	5	5
Industrial Security Screening of personnel	760	131	504	143

TABLE 10: CERTIFICATION AND INSPECTION SERVICES OFFERED IN 2023

Metrology and accurate measurement

The MCAA maintains national measurement standards for scientific metrology. These are linked to international standards and are maintained to ensure the highest level of accuracy on which the majority of technical activities depend.

Measurement standards cover mass, temperature, length, volume, electrical quantities, pressure and humidity, temperature, 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.

The range of calibration of weights (mass) for non-automatic weighing instruments (NAWIs) was extended in the lower range from the previous 10kg down to 1mg. A team continued working on the application for another quantity, temperature, in 2024.

PHYSICAL QUANTITY	HIGHEST NATIONAL MEASUREMENT STANDARD
Mass	Set of 29 OIML R111 class E1 mass standards, ranging from 1mg to 10kg nominal value Set of 5 OIML class E2 mass standards of 10kg nominal value Set of 10 OIML R111 class F1 mass standards of 50kg nominal value Set of 2 OIML R111 class F2 mass standards of 500kg nominal value Set of 30 OIML R111 class M1 mass standards of 1,000kg 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 Set of 3 ITS 90-compliant Standard Platinum Resistance Thermometers
Humidity	Humidity Generator ranging from 10% RH to 95% RH Dew-point Mirror Hygrometer ranging from -40°C dp to 70°C dp
Time and Frequency	Rubidium Atomic Clock

APPLIED METROLOGY

The main service to the local business community is the calibration of equipment using the three main physical quantities – mass, temperature and volume.

The National Accreditation Board (NAB-Malta) reconfirmed accreditation of the calibration services in 2023.

A total of 374 calibrations were carried out in 2023 (see Table 11 below).

Physical Quantity	Metrological Application	Calibration of instruments carried out			
		2023	2022	2021	2020
Mass	Calibration of non-automatic weighing instruments	55	48	44	85
	Calibration of weights and mass standards	148	140	176	496
Temperature	Calibration of thermometers and temperature measuring instruments	82	125	24	88
	Mapping of temperature/ climatic controlled rooms/ enclosures	85	12	21	45
Volume	Calibration of volumetric standards for verification of fuel dispensers	4	2	2	16
Total		374	327	267	730

TABLE 11: APPLIED METROLOGY DATA 2020-2023

LEGAL METROLOGY

A monitoring plan was drawn up for legal metrology inspections on a risk-based approach. This programme covers measuring instruments, product quantities and pre-packages for trade purposes.

The monitoring programme is aimed at ensuring correctness and equity in commercial transactions, protecting consumers and traders alike.

The number of inspections on the E mark on packaging increased. The E mark is a guarantee from packagers that they have an internal system to ensure that the volume, weight and/ or mass does not fluctuate beyond a certain tolerance, and that accuracy and transparency in trade measures are upheld.

Various inspections on weighing instruments were carried out in retail shops, pharmacies, jewellers, construction sites, waste processing plants, Malta International Airport, supermarkets and open markets.

There were 586 inspections performed in 2023 on non-automatic weighing instruments (retail scales). This included the periodical checking of weighbridges and industrial weighing instruments for compliance with SOLAS (Safety Of Life At Sea)/ Transport Malta requirements.

Laboratory testing services

The major job in 2023 for the Engineering Division was the conclusion of the Energy Performance Certificate Audit for the BCA covering the previous calendar year. This involved the sampling and auditing of the EPCs that were issued in 2022 to check for authenticity and correctness.

TESTING OF MEDICAL GAS POINTS

There was an exponential increase in medical gas points testing to 1,063 (from 609 in 2022 – +75%). Of these, 244 (23%) were for the private sector, whereas in 2022 58 points (9.5%) were tested.

The number of sites increased from seven in 2022 to over 20 – new locations where medical gas points testing had not been carried out in recent years, including five Primary Health Care centres and the Paola Hub.

The points tested were for medical oxygen (the most popular, with 635 points tested), medical air, surgical air, dental air, compressed air, nitrous oxide and partial testing mainly for particulate matter. The number of tests provided is shown in Figure 13.

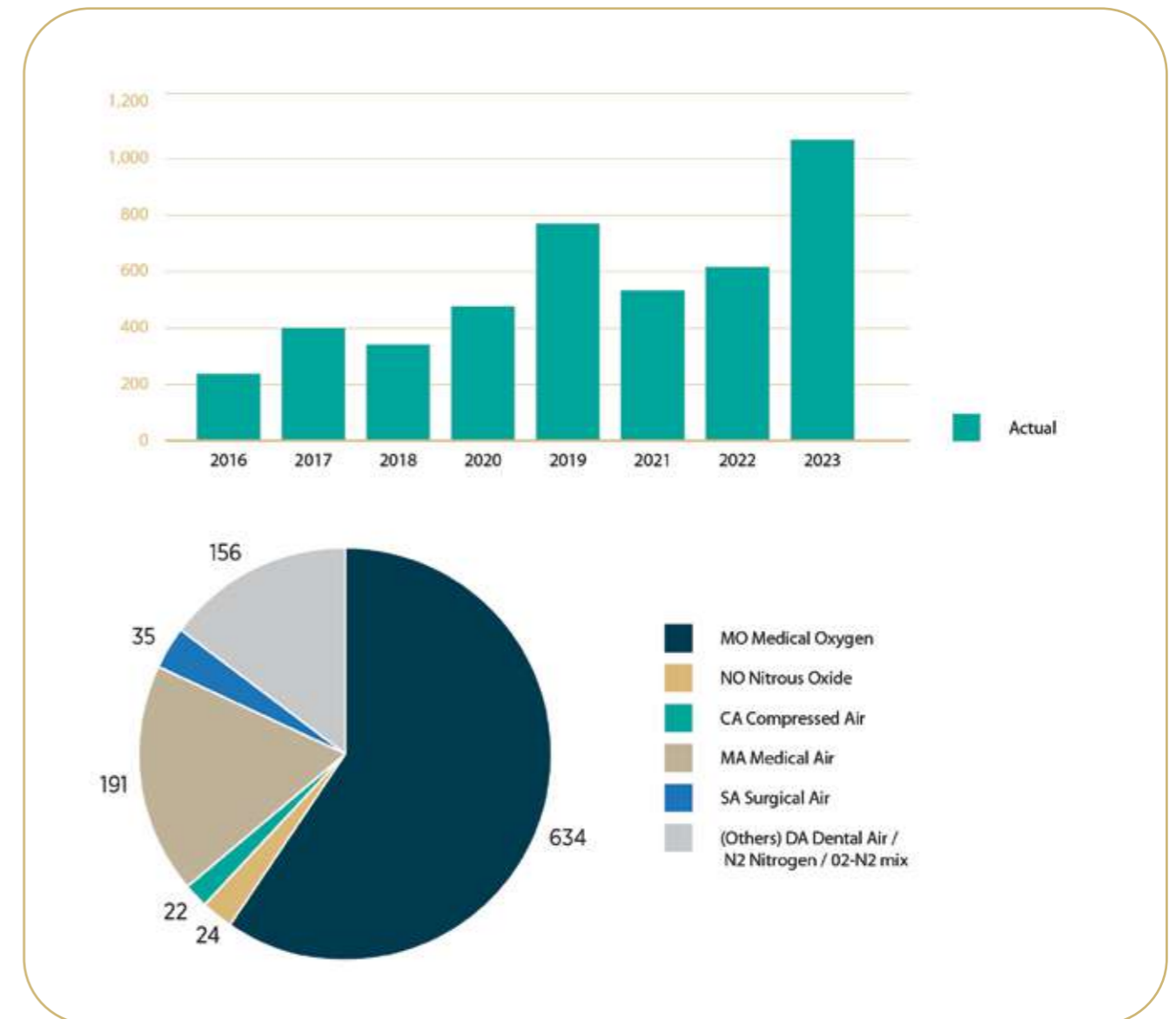


FIGURE 13: MEDICAL GASES DATA

CONSTRUCTION MATERIAL TESTING

The Construction Material Testing service maintained its accreditation scope with NAB-Malta for its 37 construction material tests. It attended to 2,009 requests in 2023, an increase of over 10% on the previous calendar year.

Infrastructure Malta (IM) made 74.4% of the requests, with the remaining tests rendered to EneMalta Corporation, the Water Services Corporation, the Grand Harbour Regeneration Project, WasteSERV Corporation and the Valletta Gateway Terminal.

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

- IM – MIA and Dinitrol Junction Projects at Vjal I-Avjazzjoni Ċivili, Triq I-Ewwel Titjira and Dawret il-Gudja, Luqa.
- IM – testing of traffic signs, line markings and micro tests used for the Central Link Project;
- IM – testing of construction material used during the reconstruction and upgrading of more than 74 country roads;
- MIA – testing of road traffic signs for the reconstruction of the old airport runway;
- EneMalta – testing of construction material for works in various roads, ranging from fresh concrete, fresh asphalt, concrete cores and asphalt cores;
- WasteSERV – fresh concrete tests in Magħtab, the Marsa incinerator and the Tal-Kus facility in Gozo;
- WasteSERV – Plate bearing tests at the Magħtab landfill area;

- TM Maritime – testing of construction material used for quays at Cospicua, Sliema, Pinto Wharf, the Deep Water Quay, the North Quay at Marsascalea and slipways in St Thomas Bay, Marsascalea;
- Water Services Corporation – testing of construction material related to works to improve the water and drainage systems in various country roads, including fresh concrete, concrete cores, asphalt cores and fresh bitumen laying tests;
- Grand Harbour Regeneration Corporation – testing of construction material used during the renovation of housing blocks and open spaces in Senglea – the Piazzetta Mitrovic Area, the Kalkara regeneration project, the Pietà promenade regeneration, and the Magħluq Project and Pitch area in Marsaxlokk; and
- IM & TM Maritime – Grand Harbour Clean Air Project, consisting of a €49.9 million shoreside electricity project to cut over 90% of the air pollution that cruise liners and Ro-Ro ships produce when visiting Grand Harbour.

During 2023, the total number of on-site tests and those conducted at the CMT Laboratories in Mosta was just under 24,000.

More than 19,200 tests were carried out on fresh and hard concrete, and over 4,000 tests were conducted on bituminous mixtures and asphalt cores. In addition, 13 tests were performed on aggregates and another 34 tests were conducted on road markings (Luminance and Retro reflectivity), water absorption and earthwork materials (see Figure 14).

TESTS	2023	2022	2021	2020
Aggregates	13	17	18	222
Soils	5	6	5	86
Plate bearing	133	48	190	-
Bituminous material	4,176	3,901	4,208	4,368
Fresh concrete	19,232	17,936	17,376	11,135
Concrete cores	269	386	207	828
Others (road markings, stone weathering, absorption, friability, earthworks)	34	23	38	51
	23,862	22,317	22,042	16,690

FIGURE 14: TESTS CONDUCTED BY THE CONSTRUCTION MATERIAL TESTING DIVISION IN 2020-2023

Office of the Consul for Goldsmiths and Silversmiths

With the Office of the Consul for Goldsmiths and Silversmiths now fully integrated within the Standards and Metrology Institute, a strong market surveillance unit has been put in place.

The Office of the Consul for Goldsmiths and Silversmiths provided the below services.

	2023	2022
Valuation of gold items	475	127
Valuation of silver items	16	4
Assaying of gold items	76	59
Assaying of silver items	62	52
Number of articles hallmarked	56	73
Number of Data collecting Inspections	257	144
Number of Joint Inspections	36	62

TABLE 12: GOLDSMITHS AND SILVERSMITHS OUTPUT IN 2022 AND 2023

The large increase in the valuation of gold items in Table 12 above, which shows the work carried out in 2023, compared to 2022, is due to the incorporation of unofficial, verbal valuations in the figures. Assaying of gold and silver items also increased due to a demand from importers to check their consignments for purity.

In 2023, 257 educational visits were carried out among jewellers in Malta and Gozo to promote knowledge about the legislation and compliance with their legal obligations among shop owners.



CORPORATE

Corporate services of the Authority continued to be strengthened to enable all those vital services that support the different entities meet their regulatory responsibilities.

During 2023, the Authority focused primarily on performance metrics and project management with a view to ensuring data driven, effective and efficient operations.

2024-2028 Strategy

2023 saw the finalisation of the strategy review launched in 2022. The strategy is designed to shape the landscape for the next four years and is based on the following strategic themes:

- Awareness, Trust and Customer Satisfaction;
- Compliance and Enforcement;
- Proactive, Evidence-Based Management; and
- Organisational Excellence.

At the core of this strategic plan is a commitment to foster robust partnerships with consumer associations and business chambers. Through nurturing these collaborative relationships, the MCCA A endeavours to foster an ecosystem characterised by a level playing field within a dynamic market. Such an environment not only fosters the growth and prosperity of businesses but also safeguards the interests of consumers, ensuring they have access to high-quality products and services.

The MCCA A is also dedicated to maintaining proportionate and timely decision-making processes through a proactive and forward-looking approach.

Through these strategic initiatives and proactive engagement, the MCCA A aims to uphold a marketplace where integrity, transparency and fairness prevail, fostering sustainable economic development and bolstering consumer confidence.

Additionally, the Authority remains committed to supporting consumers through ongoing initiatives, including:

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

Performance measurement

In the past year, a series of comprehensive studies were conducted by the Performance Measurement Unit across various key processes within the organisation. These studies provided valuable insights into promoting operational efficiencies, resource allocation and service delivery performance.

Based on the findings, management was presented with a number of recommendations, including on staffing levels, service availability during peak hours and the infrastructure necessary to support growing demands. These measures are aimed to enhance overall productivity and ensure that resources are aligned with current and anticipated future organisational needs.

Further analysis revealed specific areas where service delivery had slowed down over time. In response, targeted improvements were made to these services to restore optimal performance levels. An iterative review and adjustment process ensured that the organisation remains responsive and agile in addressing any emerging inefficiencies.

Throughout the year, the Performance Measurement Unit and the Quality Unit collaborated extensively to ensure that process improvements were well informed and effectively implemented.

Together, they provided detailed feedback on certain processes, identifying areas for enhancement and ensuring alignment with organisational goals.

Meetings were also held with Directors General, directors and employees, fostering a culture of continuous improvement. These sessions were designed to communicate findings, share best practice and empower staff to contribute actively to the refinement of processes. This collaborative approach ensured that improvements were both practical and sustainable, enhancing the overall efficiency and quality of services provided.

Additionally, the Performance Measurement Unit was actively involved in supporting the Strategy Unit, ensuring that the insights gained from performance measurement were integrated into broader strategic plans. The Performance Measurement Unit's involvement in strategy formulation ensured that key operational needs, service levels and infrastructure requirements were embedded in the long-term planning process. This close alignment between performance measurement and strategy development has strengthened the organisation's ability to meet its objectives efficiently.

Quality Management System

Once again, the Authority's Quality Management System was confirmed to be compliant with ISO 9001:2015 by the independent international certification body, BSI. This certification covers the most important services the Authority offers, demonstrating that they are provided consistently.

The ultimate aim of this ISO certification is to ensure customer satisfaction. The surveillance certification audit was performed through an on-site audit in March, which achieved an excellent result, with only one opportunity for improvement and no non-conformities being identified.

The organisation has continued to follow its internal audit programme. These internal audits are used to assess the conformity, compliance and effectiveness of MCCA A processes. The full programme of internal audits planned for 2023 – 22 in total – were completed.

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

In 2023, the Authority continued to work on the digitalisation of relevant processes. These improvements related to priority areas, including documented information, communication and planning of changes.



More customer centric

The Authority proactively seeks to keep in touch with stakeholders to enable it to improve its service offering.

All feedback and complaints received in relation to the MCCAAs processes were thoroughly investigated and actioned in a timely manner to ensure that the required improvement actions were implemented and integrated in the Authority's operating processes.

Following the feedback gathered in 2022, the Authority took action to enhance the public awareness of the MCCAAs through active participation in social media. In 2023, the MCCAAs Quality and Improvement Unit launched an initiative geared towards gathering feedback and bolstering Quality Awareness within its workforce.

The unit facilitated 12 internal sessions designed to deepen employees' understanding of quality processes, gather valuable feedback and cultivate a culture centred around quality excellence.

In 2024, the MCCAAs Quality and Improvement unit will be conducting two surveys through third parties among consumers and economic operators to continue to understand the demands of industry and the stakeholders across the various spheres.

EU-funded projects

Key deliverables related to the ongoing EU-funded projects were met as the MCCAAs achieved its goal of implementing the Digital Investigations Unit project, in collaboration with the European Union. At the end of the project, the resources within the DIU were doubled.

Human Resources

Guided by the Authority's core values, HR ensures the alignment of people management strategies with the MCCAAs mission focusing on talent acquisition, employee relations, stakeholder engagement and developing HR systems that empower employees to provide sustainable and client-centred regulatory services.

This year several areas of the HR function were reinforced with such initiatives as team building activities, the setting up of a Social Committee and the launch of an in-house newsletter. Health and safety were further enhanced through the recruitment of volunteer First Aiders, Fire Officers and a Health and Safety Officer. Fire drills were held and training in the use of defibrillators given.

The primary focus for 2023 included a comprehensive evaluation of the current state of HR, which enabled the development of an HR roadmap aligning the HR

strategy with the Authority's vision and mission, and strengthening employee relations and engagement by implementing an open-door policy and enhancing the internal communication strategy.

Another key goal for 2023 was to foster a culture of continuous learning within the Authority. This involves a blended learning journey that includes traditional learning, such as training and digital courses, with non-traditional methods, including enhanced peer coaching and learning networks. Additionally, the value in participating and networking in conferences and industry associations to stay abreast of the latest trends and technologies is recognised.

The commitment to continuous development and engagement reflects the Authority's dedication to nurturing its talent and fostering a collaborative and innovative workplace environment.

DEMOGRAPHICS AND DIVERSITY

Employment

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

Position	2021	2022	2023
Managerial	29	29	31
Professional & Technical	71	72	70
Administrative Support	66	61	58
Total	166	162	159

TABLE 13: EMPLOYMENT POSITIONS (2021-2023)

The MCCAAs firmly upholds its status as an Equal Opportunities Employer. Staying true to its commitment, it provides equal opportunities, both in terms of employment and professional development, across all tiers of the hierarchy. From workspaces to recruitment processes, the Authority exceeds mere legal compliance, reflecting its dedication to fostering a workplace that is more inclusive by design, ensuring a positive and equitable workplace for all.

Gender balance

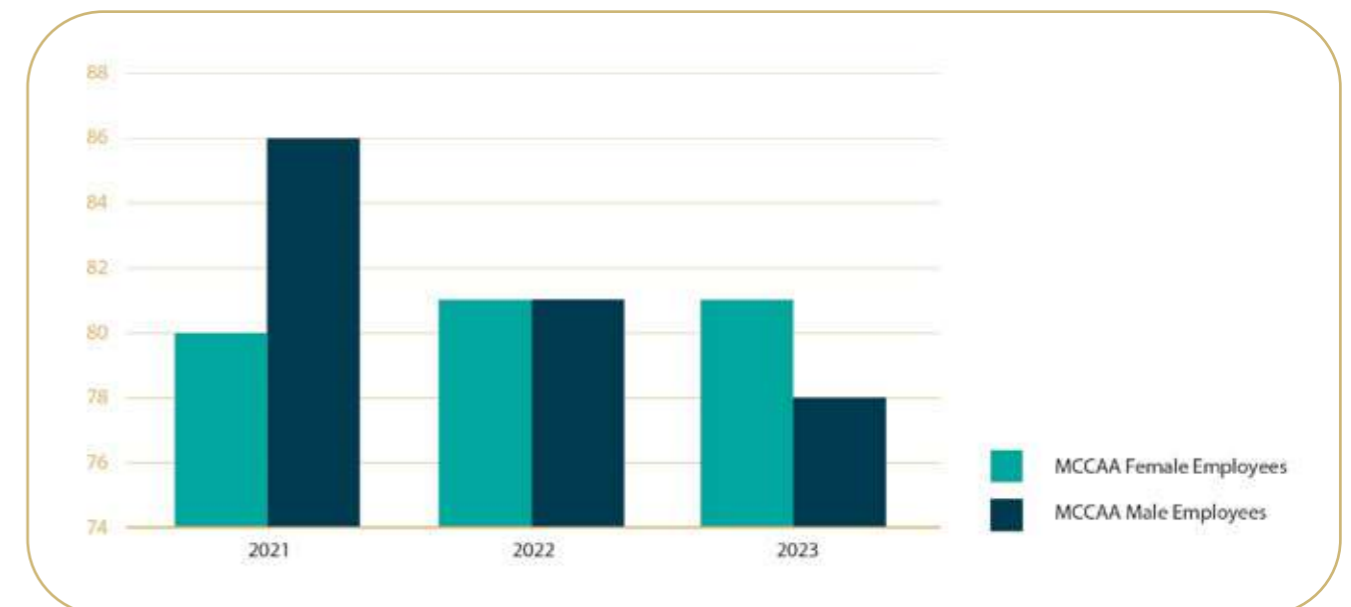


FIGURE 15: EMPLOYEES BY GENDER 2021-2023

Persons with disabilities/ Diversity, Equity and Inclusion

The MCCAAs is committed to actively cater for persons with disabilities and ensure that its services are accessible to all. The Authority employs three employees with disabilities (2% of the entire workforce).

The Authority also ensures that all its services are easily accessible to disabled persons. While these services are inclusive, they are not exclusively intended for any specific demographic. The MCCAAs firmly believes in creating an inclusive environment where everyone can benefit from its services equally.



TRAINING AND DEVELOPMENT

On average, each employee attended eight hours of training in 2023. This included:

- Leadership training for management – all members of the management team attended a Transformative Leadership Seminar, specifically tailored to address the challenges they are currently facing;
- Training for HR staff on the new Overtime module;
- Training for HR staff on the new Digitalised Performance Appraisal System;
- Quality and awareness sessions to all MCCA employees to ensure the obligations of ISO 9001 are met;
- First Aid training (8) and firefighting (9) – included employees from different MCCA premises. Certification is valid for three years;
- Specialised technical training and networking for 17 employees across different divisions/directorates at national, EU and international levels. This training included a pharmaceutical and medical gas testing programme, EURAMET temperature and humidity measurements course, practical temperature measurement and calibration course, recreational craft and marine equipment course, evaluation and authorisation procedures for plant protection products course and health and safety awareness course.
- Participation in EU working groups and Council meetings, and participation in both local and international conferences;

In addition, a comprehensive training and development needs analysis for MCCA employees for 2024 was conducted taking in all the relevant areas.

HEALTH AND SAFETY

The MCCA has eight First Aiders and nine fire wardens across the different premises of the MCCA. There is also one health and safety officer and the intention is to increase the number of health and safety officers in the coming years.

Fire drills started to be held in 2023, which ensured that when there was one smoke incident, the main office building was evacuated within minutes and a fire engine and other authorities were rapidly on site.

Five defibrillators were installed across all MCCA premises (Head office, Mosta, Valletta, Paola and Gozo). Two dummies for training purposes were acquired. Training in the use of the defibrillators is ongoing.

DIGITALISATION OF HR PROCESSES

Cognizant that technology can be game changing for an HR department, efforts were made to tap into those time-consuming HR processes and streamline the HR function to enable it to become more efficient. The following digitalised processes were all completed in 2023:

1. following an analysis of the digitalised system of the absent management module, necessary upgrades were implemented to make the system more effective and efficient; and
2. Performance Management System Overtime module, both for pre-approval and post-approval.

FAMILY FRIENDLY MEASURES

The MCCA employees continued to benefit from a number of family friendly measures, including telework, flexitime, working on reduced hours, maternity leave, parental leave, career break, marriage/ civil union leave, leave for a special reason, bereavement leave and urgent family leave.

STUDENT INITIATIVES

The MCCA actively engages in initiatives to nurture talent while addressing skill shortages in critical sectors, such as engineering, law and IT/ AI. These initiatives provided students with opportunities to gain hands-on experience and develop practical skills.

To enhance visibility and attract future talent, the Authority participated in a number of career exposure activities.

Through these initiatives, the MCCA not only addresses skill gaps but also strengthens its talent pipeline, ensuring a well-prepared workforce for the future.

Communications and Outreach

The Authority participated in various community outreach events, including for the first time the Public Service Week – Expo 2023, Ġenna ta' Ġonna, organised by the Floriana Local Council, the Potato & Agrarian Festival, and KSU Freshers Week.

Information sessions were organised for specific stakeholders, including the first edition of the World Standards Day Conference, which targeted people in the industry. The annual World Consumer Rights Day conference, open to the public, was held on 15 March and the Servizz bi Tbissima award ceremony on 30 November.

There was continued growth in communications received through social media platforms, including over 280 messages via Facebook. Every effort is made to reply to each message within 24 hours.

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

Year	Facebook	Instagram	Twitter	LinkedIn
2021	6K	525	226	406
2022	6.7K	668	245	514
2023	7.1K	782	254	583

TABLE 14: THE NUMBER OF FOLLOWERS OF THE MCCA'S SOCIAL MEDIA PLATFORMS (2021-2023)

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 400 followers, gained organically through various social media campaigns targeted at a different audience.

In 2023, the Authority uploaded over 1,450 posts on its social media pages, with the majority of the designs and videos created in-house.

In collaboration with the Chamber of Engineers, three articles were published in their *Engineering Today* publication. Another article was published in *Il-Pulizija* magazine.



A person wearing a white lab coat is shown from the chest down, sitting at a desk. They are using a calculator with their right hand. The background is blurred, showing what appears to be a computer monitor and other office equipment. The lighting is warm and golden. A dark blue horizontal bar is overlaid on the right side of the image, containing the title and subtitle in white text.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



Governors' Report

The Board presents their report and the audited financial statements of Malta Competition and Consumer Affairs Authority "the Authority" for the year ended 31 December 2023.

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 interests of consumers and enhance their welfare, to promote sound business practices, to adopt and co-ordinate standards in relation to products or services, to regulate such activities and to provide for such matters ancillary or incidental thereto or connected therewith.

PERFORMANCE REVIEW

The Authority's primary income source is the subventions received from the Government of Malta, which funds both recurrent and capital expenditure. Recurrent subventions decreased to €6,100,000 (2022: €6,600,000), while income related to capital subventions increased to €116,220 (2022: €102,728). The Authority did not fully utilise the allocated funds as per Public Budget 2023.

Additionally, the Authority earns income from its commercial operations, which increased to €1,350,849 (2022: €1,317,959). Administrative and other expenses increased to €8,108,561 (2022: €7,548,303) due to increase in payroll costs. As a result, the Authority registered a deficit before tax of €541,572 (2022: surplus of €467,429). After taxation, the Authority recorded a deficit of €356,203 (2022: surplus of €355,328).

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 Kevin Farrugia
- Ms Taryn Darmanin
- Mr Benny Borg Bonello
- Mr Christian Buttigieg
- Ing. Mark Anthony Guillaumier
- Mr Reginald Fava
- Ms Graziella Galdes
- Mr Kris Grech
- Dr Lynn Faure
- Dr Yvette Borg Tonna
(Resigned on 12 December 2023)

Board of Governors are appointed for three year period by the Minister responsible for competition, consumer affairs, standardisation, 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 27 February 2024.

Ing. Helga Pizzuto
Chairperson

Mr Kevin Farrugia
Deputy Chairperson

Registered address:
National Road, Il-Hamrun, 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'), the Board of Governors is responsible amongst other things to publish an annual report on the work of the Authority during the preceding year. This entails responsibility to ensure that, through the Office of the Chairperson:

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

In preparing the financial statements which give 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 judgements and estimates that are reasonable and prudent;
- Complies with International Financial Reporting Standards as adopted by the EU; and
- Prepares the annual financial statements on a going concern basis unless it is considered inappropriate.

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



Statement of Comprehensive Income

	Notes	2023 €	2022 €
Government subventions		6,100,000	6,600,000
Grants		116,220	102,728
Total government contributions		6,216,220	6,702,728
Administrative and other expenses		(8,108,561)	(7,548,303)
Finance costs		(41)	(4,955)
Income from other activities	4	1,350,849	1,317,959
(Deficit)/surplus before taxation	6	(541,533)	467,429
Taxation	7	185,330	(112,101)
(Deficit)/surplus for the year		(356,203)	355,328

There were no transactions to be reported as 'Other Comprehensive Income' during the year. The notes on pages 79 to 104 form an integral part of these financial statements.



Statement of Financial Position

	Note	2023 €	2022 €
ASSETS			
Non-current assets			
Property, plant and equipment	8	472,508	535,156
Intangible assets	9	15,560	-
Deferred tax	10	185,369	-
Total non-current assets		673,437	535,156
Current assets			
Trade and other receivables	11	686,229	555,464
Current tax receivable		4,456	171,117
Cash and cash equivalents	12	3,281,404	4,592,783
Total current assets		3,972,089	5,319,364
TOTAL ASSETS		4,645,526	5,854,520
EQUITY AND LIABILITIES			
Equity			
Capital reserve		11,493	11,493
Retained earnings		2,546,742	2,902,945
Total equity		2,558,235	2,914,438
Liabilities			
Non-current liabilities			
Lease liability		8,229	-
Deferred government grants	13	437,499	437,783
Total non-current liabilities		445,728	437,783
Current liabilities			
Current tax payable		-	115,688
Trade and other payables	14	1,292,889	1,678,398
Provisions	15	348,674	708,213
Total current liabilities		1,641,563	2,502,299
Total liabilities		2,087,291	2,940,082
TOTAL EQUITY AND LIABILITIES		4,645,526	5,854,520

The notes on pages 79 to 104 are an integral part of these financial statements.
These financial statements on pages 75 to 104 were approved by the Board of Governors on 27 February 2024:



Ing. Helga Pizzuto | Chairperson



Mr. Kevin Farrugia | Deputy Chairperson

Statement of Changes in Equity

	Capital reserve €	Retained earnings €	Total equity €
Balance as at 01 January 2022	11,493	2,547,617	2,559,110
Surplus for the year	-	355,328	355,328
Balance as at 01 January 2023	11,493	2,902,945	2,914,438
Deficit for the year	-	(356,203)	(356,203)
Balance as at 31 December 2023	11,493	2,546,742	2,558,235

The notes on pages 79 to 104 form an integral part of these financial statements.

Statement of Cash Flows

	2023 €	2022 €
Cash flows from operating activities		
(Deficit)/Surplus before taxation	(541,572)	467,429
Adjustments for:		
Depreciation	136,131	704,535
Gain on disposal of property, plant and equipment	(2,536)	-
(Decrease)/increase in provision for doubtful debts	(35,687)	1,673
Government grants transferred to the statement of comprehensive income	(116,220)	(102,728)
(Deficit)/surplus from operations	(559,884)	1,070,909
Movement in trade and other receivables	(130,766)	(30,553)
Movement in trade and other payables	(709,361)	366,094
Payments of income taxes	(115,688)	(39)
Refunds of income taxes	166,661	-
Net cash flows (used in)/from operating activities	(1,349,038)	1,406,411
Cash flows from investing activities		
Payments to acquire property, plant and equipment	(64,482)	(209,004)
Payments to acquire intangible assets	(15,560)	-
Proceeds from disposal of property, plant and equipment	2,536	-
Capital grants received	115,935	105,276
Net cash flows from/(used in) investing activities	38,429	(103,728)
Cash flows from financing activities		
Lease liability payments	(770)	(612,357)
Net cash flows used in financing activities	(770)	(612,357)
Net cash used in cash and cash equivalents	(1,311,379)	690,326
Cash and cash equivalents at beginning of year	4,592,783	3,902,457
	12	
Cash and cash equivalents at end of year	3,281,404	4,592,783

The notes on pages 79 to 104 form an integral part of these financial statements.



Notes to the Financial Statements

1. GENERAL INFORMATION

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

2. BASIS OF PREPARATION

2.1 Basis of measurement

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

The Governors have, at the time of approving the financial statements, a reasonable expectation that the Authority has adequate resources to continue in operational existence for the foreseeable future. Thus, the Governors continue to adopt the going concern basis of accounting in preparing the financial statements.

The material accounting policy information is set out below.

2.2 Statement of compliance

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

2.3 Functional and presentation currency

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

2.4 Critical accounting judgements and key sources of estimation uncertainty

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

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

2.4.1 KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

2.5 Standards, interpretations and amendments to published standards effective in 2023

In 2023, the Authority has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosure of accounting policies

The Authority has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in the Authority's financial statements, it can reasonably be expected to influence decisions that the primary users of general- purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four- step materiality process' described in IFRS Practice Statement 2.

Amendments to IAS 12 Income Taxes - Deferred Tax related to assets and liabilities arising from a single transaction

The Authority has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, the Authority does not apply the initial recognition exemption

for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

Following the amendments to IAS 12, the Authority is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of accounting estimates

The Authority has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

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

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

- Amendments to IAS 1 - Classification of liabilities as current or non-current
- Amendments to IAS 1 - Non-current liabilities with covenants
- Amendments to IAS 7 and IFRS 7 - Supplier finance arrangements
- Amendments to IFRS 16 - Lease liability in a sale and leaseback

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

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Property, plant and equipment

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

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

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

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

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

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

3.2 Intangible assets

3.2.1 INTERNALLY GENERATED INTANGIBLE ASSETS

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset, arising from the development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- the intention to complete the intangible asset and use or sell it
- the ability to use or sell the intangible asset
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. When the intangible asset will become available for use, it will be amortised on a straight-line basis over its estimated useful life which is assumed to be 3 years.

3.2.2 DERECOGNITION OF INTANGIBLE ASSETS

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of intangible asset, measured as the difference between the net proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.



3.3 Leases

3.3.1 AUTHORITY AS LESSEE

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

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

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

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

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

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

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

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

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

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

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

Whenever the Authority incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset

to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

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

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

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

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

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

3.4 Impairment of non-financial assets

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

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

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating

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

3.5 Financial instruments

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

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

3.6 Financial assets

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

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

Classification of financial assets

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

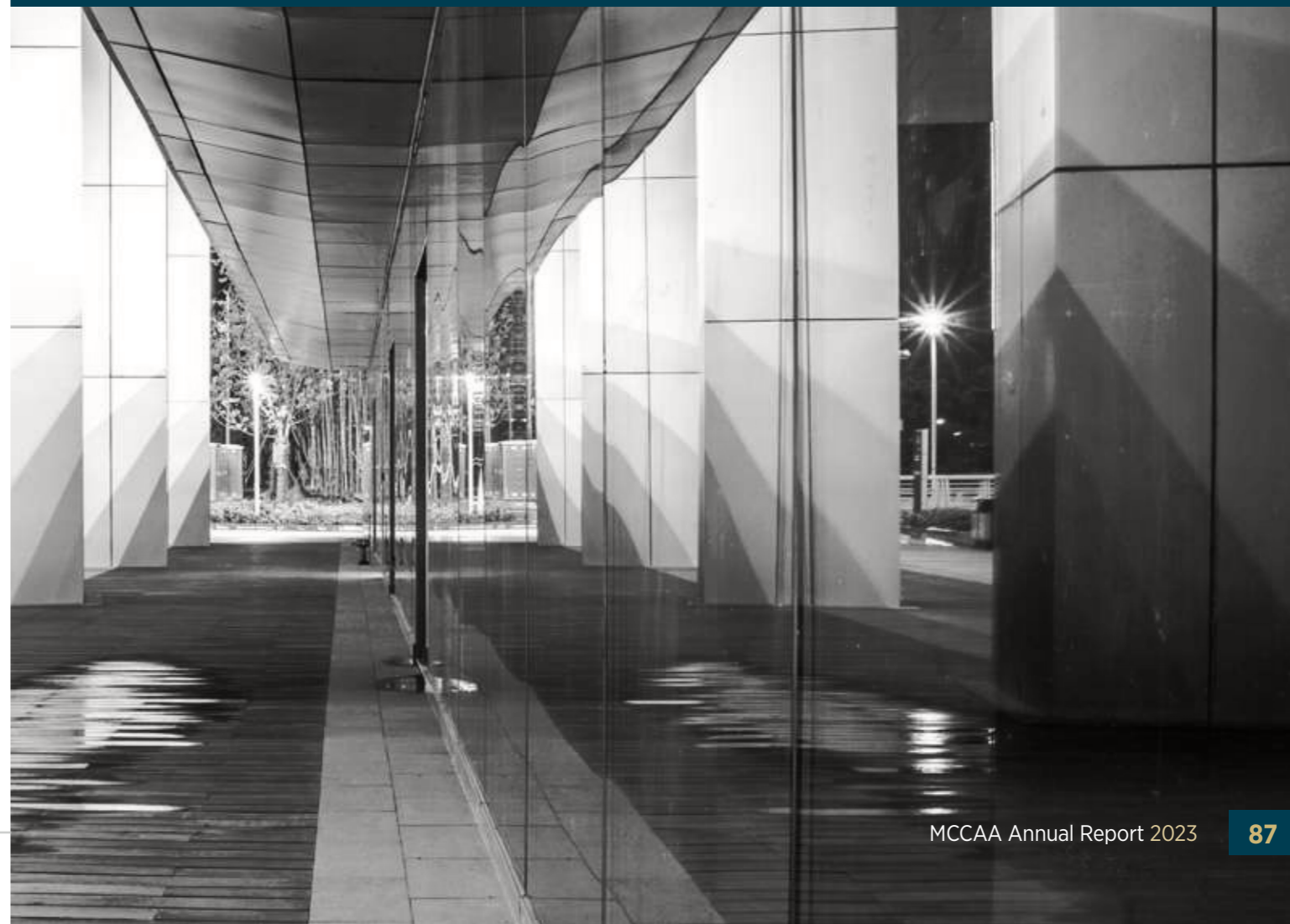
- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cashflows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal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

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

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

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Authority may make the following irrevocable election/designation at initial recognition of a financial asset:

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



3.6.1 AMORTISED AND EFFECTIVE INTEREST METHOD

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

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

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

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

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

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

3.6.2 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 expected credit losses (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, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

► Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Authority compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Authority considers both quantitative and qualitative information that is reasonable and supportable, including historical

experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Authority's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Authority's core operations.

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

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

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



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

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

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

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

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

► Credit-impaired financial assets

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

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

► Definition of default

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

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

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

► Write-off policy

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

► Measurement and recognition of expected credit losses

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

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

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

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

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

3.6.3 DERECOGNITION OF FINANCIAL ASSETS

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

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

3.7 Financial liabilities and equity

► Classification as debt or equity

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

► Equity instruments

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

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

3.7.1 FINANCIAL LIABILITIES

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

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

► Financial liabilities measured subsequently at amortised cost

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

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

3.7.2 DERECOGNITION OF FINANCIAL LIABILITIES

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

When the Authority exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Authority accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that

the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: the carrying amount of the liability before the modification; and the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

3.8 Cash and cash equivalents

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

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

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



3.9 Revenue

3.9.1 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.

3.9.2 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.

3.9.3 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.

3.9.4 INCOME FROM OTHER ACTIVITIES

Other income is recognised when the amount of revenue and the associated costs can be measured reliably. Other income represents income arising from various commercial activities carried out by the Authority which are accounted for as they arise, in line with the provision of services rendered, and the underlying contractual obligations.

Revenue from the provision of services is recognised in the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

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

3.10 Provisions

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

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

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



3.11 Taxation

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

3.11.1 CURRENT TAX

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

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

3.11.2 DEFERRED TAX

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities

are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Authority expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Authority intends to settle its current tax assets and liabilities on a net basis.

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

the Authority has not recognised any deferred taxes on changes in fair value of the investment properties as the Authority is not subject to any income taxes on the fair value changes of the investment properties on disposal.

3.11.3 CURRENT TAX AND DEFERRED TAX FOR THE YEAR

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

4. INCOME FROM OTHER ACTIVITIES

	2023 €	2022 €
Bank and other interest	257	257
Calibration and legal metrology	58,689	56,418
Certification services	289,430	274,557
Net income from EC type approval certifications	22,845	1,000
Agreement with European Food Safety Authority	81,485	46,875
General income	10,434	17,331
Net income from translations	38,912	-
Net income from plant protection services	225,076	321,510
Net income from active substances	19,908	54,956
Regulatory fees	76,045	84,146
Sale of standards	29,373	27,127
Seminars	6,000	2,000
Testing services	487,166	427,122
Tribunal fees	5,229	4,660
	1,350,849	1,317,959

5. WAGES AND SALARIES

Wages and salaries for the year comprise of the following:

	2023 €	2022 €
Wages and salaries	5,660,699	5,304,788
Employer's share of social security contributions	387,846	346,150
	6,048,545	5,650,938

On 6 June 2023, the Authority signed a new management remuneration package which impacted wages, performance bonuses and other allowances payable to managerial staff, part of which relates to prior reporting periods.

5.1 Average number of employees

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

	2023 No.	2022 No.
Managerial	31	29
Professional and technical	70	72
Administrative	58	61
	159	162

6. (DEFICIT)/SURPLUS BEFORE TAXATION

(Deficit)/surplus before taxation is stated after charging the following:

	2023 €	2022 €
Depreciation of property, plant and equipment	136,131	704,130
Board of Governors' remuneration	105,573	103,644
Key management personnel remuneration	471,983	313,536
Audit fee	3,600	3,600

7. TAXATION

7.1 Income tax expense

	2023	2022
	€	€
Current taxation expense	39	112,101
Deferred taxation benefit	(185,369)	-
	(185,330)	112,101

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:

	2023	2022
	€	€
(Deficit)/surplus for the year	(541,533)	467,429
Tax at 35%	(189,537)	163,600
Tax effect of:		
Expenses disallowed for tax purposes	48,988	247,031
Absorbed capital allowances	-	(46,980)
Other deductions	(44,820)	(251,550)
	(185,369)	112,101

8. PROPERTY, PLANT AND EQUIPMENT (2022)

	Equipment, furniture and fixtures	Motor vehicles	Metrology equipment	Computer equipment	Air-conditioning equipment	Improvements to premises	Right of use assets	Total
	€	€	€	€	€	€	€	€
COST								
Opening balance	888,643	253,431	2,572,416	544,323	21,384	380,562	2,049,600	6,710,359
Additions	5,122	43,777	113,147	45,917	-	1,041	-	209,004
Disposals	-	-	-	-	-	-	(2,049,600)	(2,049,600)
Balance at 31 December 2022	893,765	297,208	2,685,563	590,240	21,384	381,603	-	4,869,763
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES								
Opening balance	(849,536)	(154,992)	(2,480,367)	(502,302)	(21,384)	(180,303)	(1,493,240)	(5,682,124)
Disposals	-	-	-	-	-	-	2,052,052	2,052,052
Depreciation	(11,721)	(44,719)	(33,150)	(43,913)	-	(12,220)	(558,812)	(704,535)
Balance at 31 December 2022	(861,257)	(199,711)	(2,513,517)	(546,215)	(21,384)	(192,523)	-	(4,334,607)
CARRYING AMOUNT								
At 01 January 2022	39,107	98,439	92,049	42,021	-	200,259	556,360	1,028,235
At 31 December 2022	32,508	97,497	172,046	44,025	-	189,080	-	535,156

8. PROPERTY, PLANT AND EQUIPMENT (2023)

	Equipment, furniture and fixtures	Motor vehicles	Metrology equipment	Computer equipment	Air-conditioning equipment	Improvements to premises	Right of use assets	Total
	€	€	€	€	€	€	€	€
Opening balance	893,765	297,208	2,685,563	590,240	21,384	381,603	-	4,869,763
Additions	14,125	-	37,279	13,079	-	-	9,000	73,483
Disposals	-	(19,000)	-	-	-	-	-	(19,000)
Balance at 31 December 2023	907,890	278,208	2,722,842	603,319	21,384	381,603	9,000	4,924,246
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES								
Opening balance	(861,257)	(199,711)	(2,513,517)	(546,215)	(21,384)	(192,523)	-	(4,334,607)
Disposals	-	19,000	-	-	-	-	-	19,000
Depreciation	(12,205)	(47,980)	(37,110)	(32,756)	-	(5,283)	(797)	(136,131)
Balance at 31 December 2023	(873,462)	(228,691)	(2,550,627)	(578,971)	(21,384)	(197,806)	(797)	(4,451,738)
CARRYING AMOUNT								
At 01 January 2023	32,508	97,497	172,046	44,025	-	189,080	-	535,156
At 31 December 2023	34,428	49,517	172,215	24,348	-	183,797	8,203	472,508

9. INTANGIBLE ASSETS

Cost	Software
€	€
Additions	15,560

10. DEFERRED TAX

	2023	2022
	€	€
Movement for the year in the income statement	185,369	-
The balance at 31 December is composed of the tax effect of:		
Trading losses carried forward	134,353	-
Unabsorbed capital allowances carried forward	51,016	-
	185,369	-

11. TRADE AND OTHER RECEIVABLES

	2023	2022
	€	€
Trade receivables	591,390	464,592
Provision for doubtful debts	(36,522)	(72,329)
Prepayments	99,003	87,232
Indirect taxation	32,358	75,969
	686,229	555,464

12. CASH AND BANK BALANCES

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

	2023	2022
	€	€
Cash in hand and at bank resulting from operations	2,325,366	2,678,199
Cash in hand and at bank in relation to committed projects	956,038	1,914,584
	3,281,404	4,592,783

13. DEFERRED GOVERNMENT GRANTS

	2023	2022
	€	€
Non-current		
Deferred government grants	437,499	437,783

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

	2023	2022
	€	€
Trade payables	214,588	143,750
Accruals	376,726	486,665
Deferred income	610,073	941,089
Other payables	91,502	106,894
	1,292,889	1,678,398

15. PROVISIONS

	2023	2022
	€	€
As at 1 January	708,213	401,366
Additional provisions	348,674	708,213
Provisions utilised	(708,213)	(331,244)
Unused provisions reversed	-	(70,122)
As at 31 December	348,674	708,213

During the year ended 31 December 2023, the Authority recognised a provision amounting to €348,674 related to employee performance bonuses. Estimate was based on the collective agreement provisions. At the authorisation date of these financial statements, performance appraisals were not yet completed.

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 Market risk

16.1.1 CURRENCY RISK

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

16.1.2 INTEREST RATE RISK

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

16.2 Credit risk

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

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

	2023	2022
	€	€
Trade and other receivables	686,229	555,464
Cash and cash equivalents	3,281,404	4,592,783
	3,967,633	5,148,247

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.

16.3 Liquidity risk

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

16.4 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.

16.5 Fair value estimation

At 31 December 2023 and 31 December 2022, 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 of time between the origination of the instruments and their expected realisation.

Independent Auditors' Report 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 accompanying financial statements of Malta Competition and Consumer Affairs Authority set out on pages 74 - 104 which comprise the statement of financial position as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and cash flows statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the balance sheet of the Authority as at 31 December 2023, and of its financial performance for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and have been properly prepared in accordance with the requirements of the Malta Competition and Consumer Affairs Authority Act, 2011 of the Laws of Malta.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Authority in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

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

Responsibilities of the Governors

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

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



Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Governors.
- Conclude on the appropriateness of the Governors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors'

report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

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



KRIS BARON
for and on behalf of **Capstone Assurance Ltd**
Registered Auditors

27 February 2024



SCHEDULES


Schedule of income from other activities

	2023 €	2022 €
Bank and other interest	257	257
Calibration and legal metrology	58,689	56,418
Certification services	289,430	274,557
Net income from EC type approval certification	22,845	1,000
Agreement with European Food Safety Authority	81,485	46,875
General income	10,434	17,331
Net income from translations	38,912	-
Net income from plant protection services	225,076	321,510
Net income from active substances	19,908	54,956
Regulatory fees	76,045	84,146
Sale of standards	29,373	27,127
Seminars	6,000	2,000
Testing services	487,166	427,122
Tribunal fees	5,229	4,660
	1,350,849	1,317,959

Schedule of Administrative Expenses

Notes

	2023	2022
	€	€
Administrative expenses		
Accreditation costs	40,540	31,828
Advertising	28,867	19,776
Audit fee	3,600	3,600
Bank charges and interest	2,115	2,470
Board of Governors' remuneration	105,573	103,644
Certification expenses	23,227	14,850
Cleaning	51,400	50,380
Depreciation	136,131	704,130
Fellowship expenses	11,987	31,063
General expenses	54,525	31,882
Hospitality and entertainment	44,359	39,643
(Decrease)/increase in provision for bad debts	(35,807)	1,673
Information technology expenses	133,294	104,456
Insurance	22,780	19,284
Legal and professional fees	27,597	21,883
Gain on disposal of fixed assets	(2,741)	359
Membership fees	128,688	113,494
National laboratory expenses	104,305	97,145
Postage and couriers	33,982	23,574
Printing and stationery	33,854	20,172
Realised loss on exchange	1,937	952
Rent	681,851	67,274
Repairs and maintenance	46,299	43,616
Salaries	6,048,545	5,650,938
Support services	65,795	58,420
Telecommunications	18,031	21,797
Testing of pesticides	94,747	101,899
Training and professional development	70,669	51,191
Transport	31,020	29,813
Travelling	58,485	39,236
Water and electricity	42,906	47,861
	8,108,561	7,548,303



+356 2395 2000
Mizzi House, National Road, Blata l-Bajda, Malta

mccaa.org.mt