



ANNUAL REPORT
2019



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FOREWORD



This annual report will be the last one as Information and Data Protection Commissioner. The year under review is almost one year after the entry into application of the General Data Protection Regulation (GDPR), and this annual report will reflect the impact that it had on our regulatory work.

The principal task of the Commissioner is to monitor and enforce the application of the provisions of the Data Protection Act and the General Data Protection Regulation, in order to protect the fundamental rights and freedoms of natural persons in relation to processing of personal data.

Indeed, we observed a significant increase in individuals' awareness of their data protection rights. Controllers also showed compliance with their obligations at law. The increase in the numbers of complaints and queries submitted by data subjects and the data breach reports filed by controllers is testament to this observation.

The GDPR introduced the obligation on controllers and processors, whose core activities consist of processing operations which require regular and systematic monitoring of data subjects on a large scale or of special categories of data, to appoint a data protection officer. I can say that both controllers and public authorities are adhering well to their obligations. During the year under review, we recorded an increase in the number of data protection officers registered with our Office.

This year, the Office applied for European funds and submitted a proposal to the European Commission for an EU project designed to raise data protection awareness

among data subjects and assist small and medium enterprises, in particular start-ups, to ensure compliance with data protection rules deriving from the GDPR.

To facilitate interaction of users with our website, in 2019 we introduced new functions, more notably, those aimed at providing better assistance to data subjects in the process of lodging a complaint with the Commissioner. In addition, website users can find relevant guidelines concerning various data protection topics. Improvement to the website are envisaged to continue during next year.

Finally, I would like to say a word of appreciation to the staff of my office for their dedication and professional effort demonstrated over the past years. They have shown integrity and flexibility in effectively dealing with the vast array of issues which my Office is required to deal with.

A blue ink signature of Saviour Cachia, written in a cursive style.

Saviour Cachia
Commissioner

2

2019 AT A GLANCE

115 Data Protection
Complaints

12 Members
of Staff

Budget of
€480,000

22 FOI
Complaints

126 Data
Breach
Notifications

795 DPOs
Private
Sector

€23,000
Administrative
Fines

335 DPOs
Public Sector
and Bodies

More than €200K
in EU Funds to Raise
Data Protection
Awareness
and Assist SMEs

A blurred crowd of people in a blue-tinted setting, with a red and white graphic overlay. The overlay consists of a white rounded rectangle containing the number '3' and a red rounded rectangle containing the text 'OUR OFFICE'.

3

OUR OFFICE

3.1 Our Mission and vision

Our mission is to afford individuals with their right to data protection against the violation of their privacy by the processing of personal data, as well as, to facilitate the right to access information held by public authorities to promote added transparency and accountability in government.

Our vision is to have an open society in which individuals feel confident that their right to personal data protection is safeguarded whilst also enjoying their right to freedom of information, to strengthen their rights and freedoms of the individuals and enhance democracy through the establishment of those human rights.

3.2 Our Strategic Objectives

- Introduce a culture where safeguarding data protection rights is not seen as a legal burden but a natural process that forms an integral part of organisations' operations.
- Increase the level of trust for the general public to be confident that their personal data is used in accordance with the requirements deriving from data protection law.
- Be a relevant and an effective regulatory body particularly in the enforcement of data protection rules by taking the appropriate corrective action against controllers and processors who infringe the provisions of the GDPR.
- Assist micro and small enterprises in complying with the GDPR.
- Strive to take initiatives to raise data protection awareness and use dedicated EU funds to achieve this objective.
- Contribute to the consistent application of the GDPR by cooperating with his European Counterparts through the consistency mechanism and participating as an active member to the European Data Protection Board.
- Ensure that every public authority upholds acceptable standards to ensure transparency and good governance in the conduct of their operations.

3.3 The laws we regulate

- As of the 28th May 2018, the 'Data Protection Act' (Chapter 586 of the Laws of Malta) was brought into force by virtue of Act XX of 2018. It implements and further specifies the relevant provisions of the General Data Protection Regulation -Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC. The Act also conforms to the Convention of the Council of Europe for the Protection of Individuals Regarding Automatic Processing of Personal Data (ETS NO. 108) ratified in 2003, which is the first legally binding international instrument which protects the individual against abuses which may accompany the collection and processing of personal data and which regulates at the same time, the trans-frontier flow of personal data.
- The 'Processing of Personal Data (Electronic Communications Sector) Regulations' (S.L. 586.01) on the processing of data and protection of privacy in the electronic communications sector which transpose the provisions of Directive 2002/58/EC.
- The 'Processing of Personal Data (Protection of Minors) Regulations' (S.L. 586.04) give any person acting in loco parentis or in a professional capacity in relation to a minor, to collect and in any other way process information in relation to that minor, without the need to request the parents' consent. These regulations provide for the best interest of minors to prevail over the right to privacy.
- The 'Processing of Personal Data (Education Sector) Regulations' (S.L. 586.07) regulate the data processing operations required by data controllers within the sector and consequently both the educational authorities and institutions.
- The 'Data Protection (Processing of Personal Data by Competent Authorities for the Purposes of the Prevention, Investigation, Detection or Prosecution of Criminal Offences or the Execution of Criminal Penalties) Regulations' (S.L. 586. 08), which transposed Directive (EU) 2016/680 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data by competent authorities for the purposes

of the prevention, investigation, detection or prosecution of criminal offences or the execution of criminal penalties, and on the free movement of such data, and repealing Council Framework Decision 2008/977/JHA. In terms of the Directive, these regulations aim at protecting the fundamental right to data protection whenever personal data is used by criminal law enforcement authorities. They seek to ensure in particular, that the personal data of victims, witnesses, and suspects of crime is duly protected and furthermore facilitate cross-border cooperation in the fight against crime and terrorism.

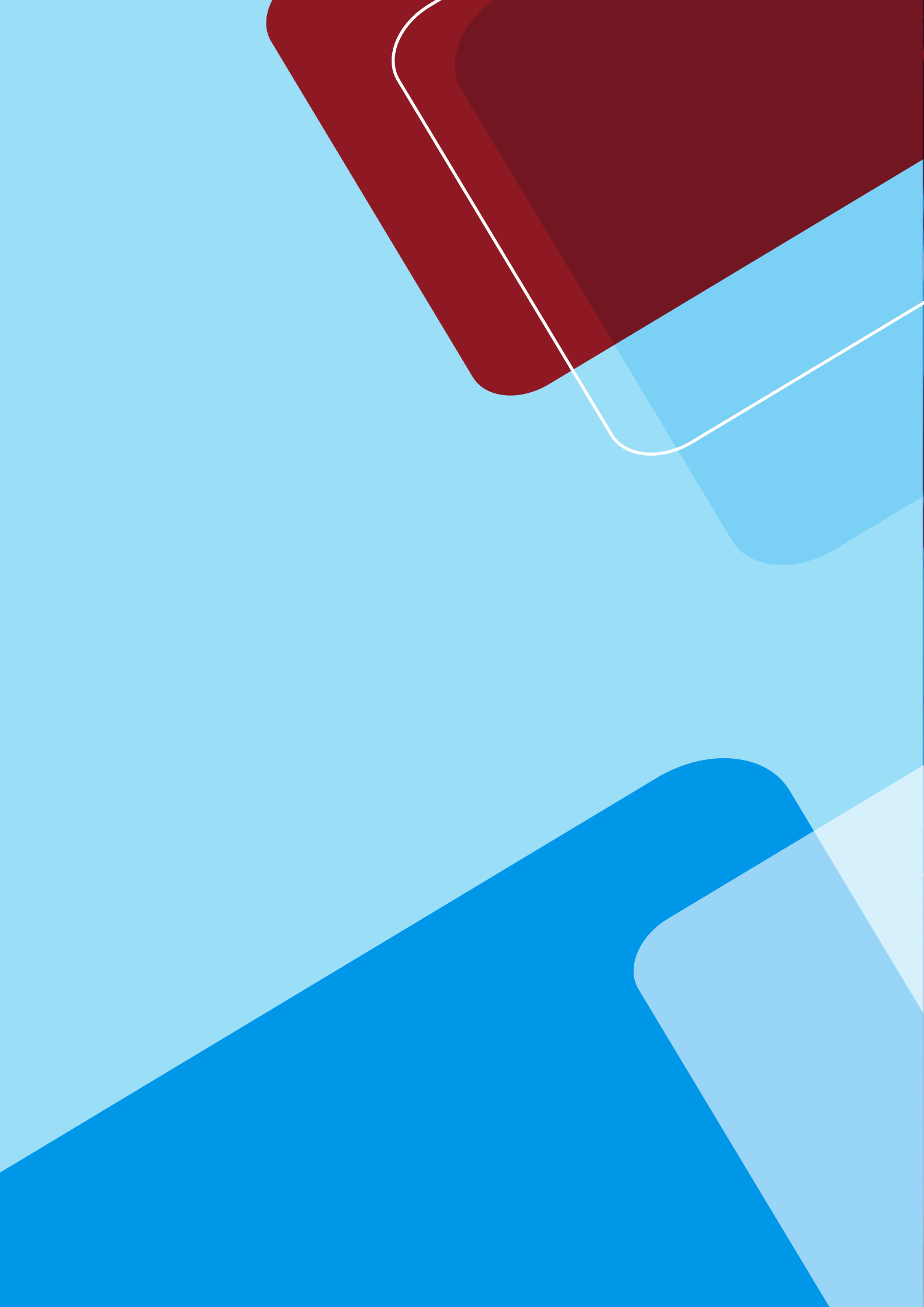
- The 'Restriction of the Data Protection (Obligations and Rights) Regulations' (S.L. 586.09) were introduced to provide for restrictions on the data protection rights pursuant to Article 23 of the General Data Protection Regulation.
- The 'Processing of Data concerning Health for Insurance Purposes Regulations' (S.L. 586.10) set out conditions on the processing of data concerning health for insurance business purposes.

organised by reputable European academies on the GDPR and the Law Enforcement Directive. In view of the increasing workload, the Commissioner is planning to increase the legal and technical staff complement during next year.

The budget allocated by the Government for 2019 to cover administrative expenses that are required for the running of the office was EUR 480,000. Detailed analysis and breakdown of such expenses are included in the financial statements annexed to this annual report. Revenue generated by this Office is periodically transferred to the line ministry and accrues to Government's consolidated fund. In the financial business plans for next year, the Commissioner is indicating to the Government that the budget must increase to address the challenges and realities of effectively enforcing the GDPR.

3.4 Staff Compliment and budget

The Office of the Commissioner has a staff compliment of 12 employees who are distributed among three main units; the legal, technical and administrative unit. Whereas professional staff have their own areas of specialisation, they have developed a certain degree of flexibility in handling cases relating to both data protection and freedom of information. The legal and technical units work closely with each other considering that the cases investigated by the Commissioner require both legal and technical expertise. During the year under review, members of staff attended dedicated courses



4

COMMUNICATION

4.1 Activities and Presentations

The Commissioner participated in several events, conferences, official meetings (at national and international level) and media interviews as one of our purposes is to bring to the knowledge of the general public the provisions of the General Data Protection Regulation as complemented by national data protection law, and promulgate data protection awareness for the benefit of the citizens and also controllers operating within different sectors.

This Office engaged proactively with the relevant stakeholders, including constituted bodies in order to promulgate awareness on the new regulation to a wide audience. In addition, various requests for meetings and presentations were also accommodated even on an individual basis, to ensure that a general level of awareness is imparted across the board.

During the year under review, the delivered presentations were part of dedicated information sessions or participation in conferences or seminars on data protection. These presentations were aimed at various stakeholders, including the following: Legal professionals, ICT professionals, The Judiciary, Engineers, Accountants, SMEs, Data Protection Officers, Retailers and Sole Traders, Trade Unions, Employers, Academics (University lecturers and staff), Students (post-secondary), Hoteliers and security personnel within hotels, Financial services professionals, Online gaming professionals.

Apart from convening one-to-one meetings with controllers, this Office also imparted advice through conference calls in those cases where one-to-one meetings were not possible given the busy schedule especially prior to the coming into effect of the GDPR. A number of conference calls were held with different controllers in order to answer specific questions concerning the implementation of the new regulation.

4.2 Data Protection Day and DPO forum

On the 28th January 2019, the Data Protection Commissioner joined other Data Protection authorities across the globe to celebrate Data Protection Day in order to promote and raise awareness on privacy and data protection best practices. This date corresponds to the anniversary of the opening for signature in 1981 of the Council of Europe's Convention 108. This year, the Office has participated in the DPO forum which is organised by the Data Protection Unit within the Ministry for Justice and delivered a presentation to data protection officers appointed within the public services highlighting

their obligations vis-à-vis to the role they place within their respective ministry or department. Furthermore, a member of staff participated as a guest during a radio programme on the national radio station during which he provided information about this important annual event and also took phone-in enquiries. The Commissioner also published information about this initiative on its official website.

4.3 Local TV, Radio and other media

During the year under review, the Commissioner performed proactively to bring knowledge to the general public participating in many activities included the input in a local, educational, radio programme with phone-ins highlighting developments occurring in the field of data protection. Most of the enquiries made by radio listeners related to the installation of CCTV cameras by their neighbours, the receipt of electronic marketing communications and the use of their personal data by political parties.

Much of the media engagement emanated from investigations regarding specific cases, however the Commissioner also engaged in interviews with journalists and editors of magazines who were mostly interested to report on his enforcement activities and the applicability of data protection rules in specific sectors, namely the gaming and financial services sector.

4.4 Website

The Office has continued to renovate its portal with dedicated sections concerning the GDPR, specially the deployment of an online platform where data subjects can easily lodge a complaint with this Office in those cases where they believe that their data protection rights have been infringed. Besides that, guidelines concerning critical topics of data protection were issued in relation to the relevant sectors, such as education, insurance, gaming industry and banking.

Furthermore, important tools were enhanced, including specific sections intended to guide controllers to notify data breaches and conduct data protection impact assessments. Apart from these sections, information on complaints, press releases, latest news and other issues are regularly posted. On other hand, the Freedom of Information separated page was created in order to compile the Legislation and the Code of Practice for Public Authorities.

During the year under review, this Office decided to select from among received enquiries the most frequently asked and developed a FAQ section on IDPC's website. One should highlight that individuals and institutions are able to find a didactic material there which includes either practical guides based on the everyday experiences (e.g. how to "report a data breach" or "how to handle a research") and also general guidance on recurrent matters (e.g. "What is the retention period to keep personal data records?" or "How can I use CCTV responsibly at my residence?").

4.5 Queries from the general public

As part of its functions, this Office regularly replies different stakeholders where they approach any kind of enquiry. This Office's replies are usually sent out within few business days and providing a customized guidance by means of a general consultation.

During the year under review, 239 general consultation enquiries were received by this Office. Besides those outside the scope of a Supervisory Authority's mandate also responded, the matters enquired most frequently were data subject rights, CCTV cameras, retention period to keep personal data, direct marketing rules, restrictions on international transfer among others.

4.6 EU funded project

During the first quarter of 2019, the IDPC submitted a project proposal under the action entitled 'Restricted call for proposals to national Data Protection Authorities on reaching out to stakeholders on the new data protection legislation', in order to be considered for EU funding. The European Commission eventually accepted the project proposal and the grant agreement was signed towards mid-December. The maximum grant amount in relation to this project is of EUR 202,572, whereas the estimated eligible cost is EUR 253,215.50.

The project has a duration of 24 (twenty-four) months and its main objectives are to strive to promote citizen's rights in relation to the General Data Protection Regulation (GDPR), with the aim to increase awareness amongst the Maltese general public. Moreover, the project shall also raise awareness amongst business stakeholders on GDPR obligations and general regulations in particular micro, small and medium sized enterprises with the aim to facilitate compliance and reply to their queries.

The project is phased in three distinct work packages which consist of:

- Multi-level Awareness Raising Campaign, targeting the general public to inform them of their rights under the GDPR;
- Development of a Compliance tool, to facilitate compliance by Small to Medium Enterprises and Data Protection Officers;
- Dissemination and exploitation tool, through conferences and seminars across Malta and Gozo.

At the beginning of next year this Office will start with the implementation of this project in line with the timelines set out in the agreement, where the first task will be to issue a public call for the engagement of a full-time project manager. The Commissioner is confident that this project will be highly beneficial for the public and that every stakeholder will benefit from the activities that have been planned.

4.7 Brexit

This Office took stock of the political situation concerning the withdrawal of the United Kingdom from the European Union and provided brief guidance to data controllers established in Malta who were currently transferring personal data to the UK and who, as part of their business operations, intended to continue doing so after the 29th of March 2019.

The guidelines covered the possible two scenarios where the UK would withdraw from the Union on the basis of the agreement negotiated with the European Commission or otherwise the UK would exit without a deal, a situation that would see the UK become a third country free data flows to the UK no longer be permissible. The Office advised controllers to rely on alternative tools ensuring appropriate safeguards to legitimise transfers of personal data to the UK.

Eventually, following votes on motions presented before the UK Parliament together with other developments that materialised in the negotiation process, a Withdrawal Agreement has been agreed on 17th October 2019, together with a political declaration laying down the framework of the future EU-UK partnership. The Agreement will enter into force on 1st February 2020 and provides that the UK will have a transition period until the end of the year to ensure an orderly withdrawal, during which, the European legislation, including the GDPR, will continue to apply.



5

ENFORCEMENT OF THE GDPR

5.1 Handling of complaints

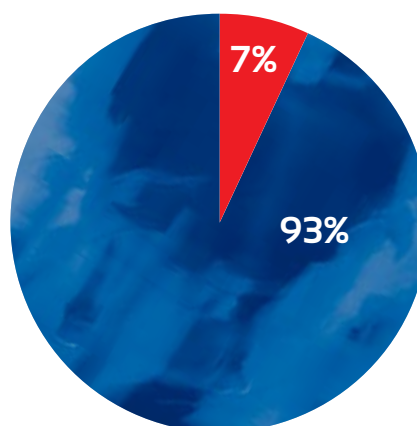
The Commissioner is vested with the task of monitoring and enforcing the application of the GDPR, and this encompasses the handling of complaints lodged by data subjects or by a not-for-profit body, organisation or association acting on behalf of data subjects.

Upon receipt of a complaint, a preliminary assessment of the complaint is carried out to determine the admissibility of the case. If the complaint is deemed admissible, the Commissioner investigates the complaint in terms of article 58(1) of the GDPR, to the extent appropriate to the subject matter of the complaint and inform the data subject of the progress and outcome of the investigation.

5.1.1 Local Cases

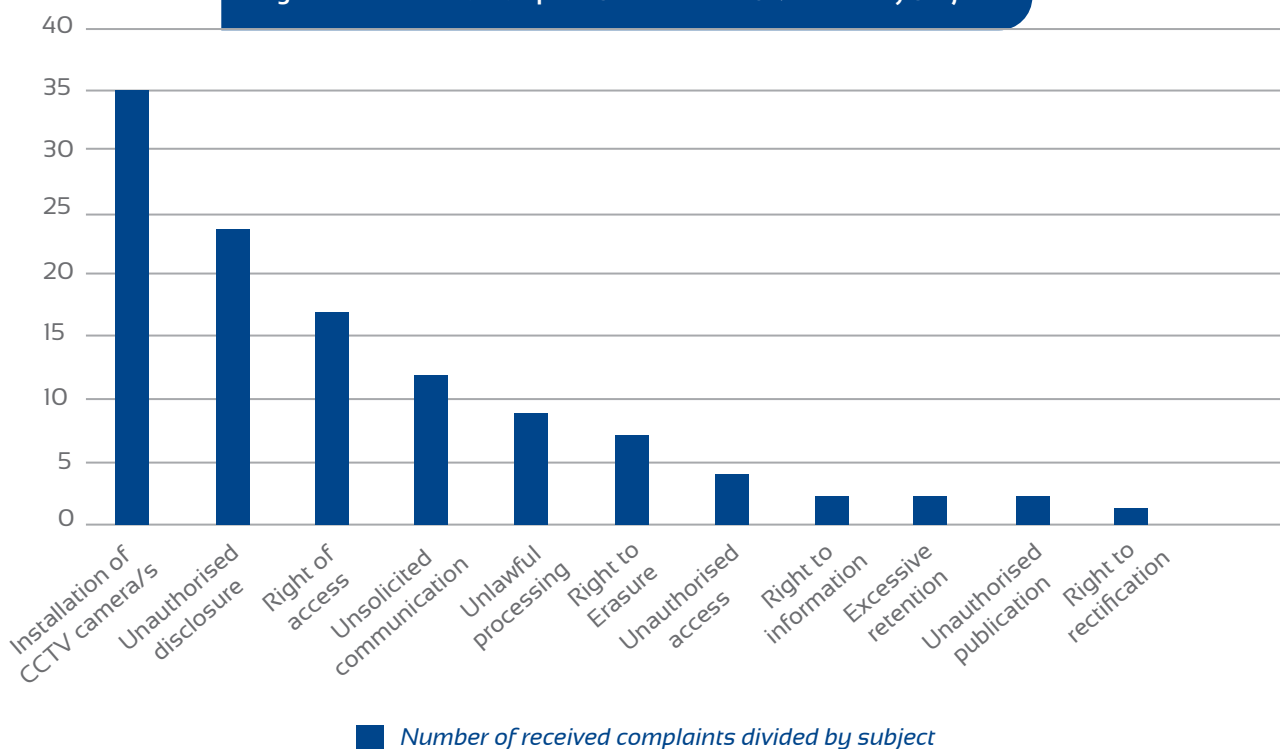
In 2019, the Commissioner received a total of 115 complaints. 8 of these complaints were either deemed to be inadmissible by the Commissioner at a preliminary stage or else withdrawn or abandoned by the data subject at a later stage during the investigation.

Figure 1 – Total number of complaints received in 2019



■ Admissible ■ Inadmissible, Withdrawn

Figure 2 – Number of complaints received in 2019 divided by subject

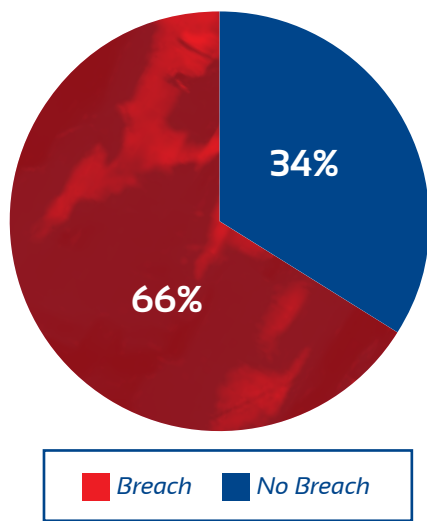


■ Number of received complaints divided by subject

Figure 2 represents the total number of lodged complaints divided by subject. This figure demonstrates that the unlawful installation of CCTV camera(s) by private individuals is the most common type of complaint received by the Commissioner during 2019.

During the year under review, the Commissioner investigated 77 complaints from a total of 107 admissible complaints received in 2019. In addition to this, the Commissioner investigated other 8 complaints which were carried forward from the year 2018. In total, the Commissioner investigated 85 complaints during the year 2019. 56 of these investigations resulted in an infringement of the data protection legislation.

Figure 3 – The outcome of the complaint investigated in 2019



5.1.2 Cross border complaints

In cases of cross-border processing, the supervisory authority in the territory of the main establishment of the data controller is the lead supervisory authority (LSA) for monitoring and ensuring compliance with the Regulation. At the same time, the supervisory authorities in other countries where that controller is established, or where data subjects are substantially affected, or authorities to whom a complaint has been made, are referred to as concerned supervisory authorities (CSAs). In terms of Article 60 of the GDPR the LSA is to cooperate with the other CSAs and to exchange all relevant information with each other as necessary.

In 2019, this Office was identified as LSA in 12 cross-border cases. All the cross-border cases originated from data subjects' complaints. This number remained unchanged comparing it to the year 2018.

As shown in the figure below, the cross-border cases are 1% of the total complaints that were received by this Office in 2019.

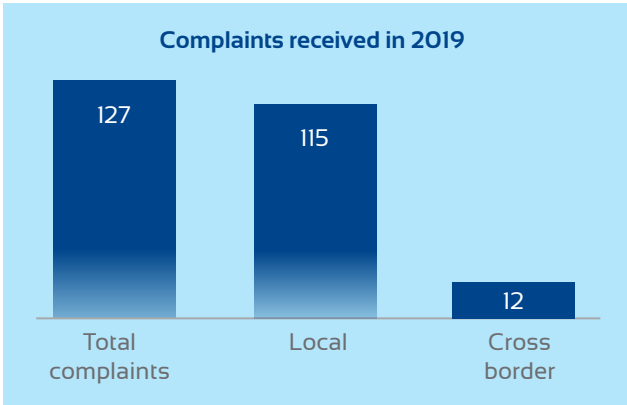
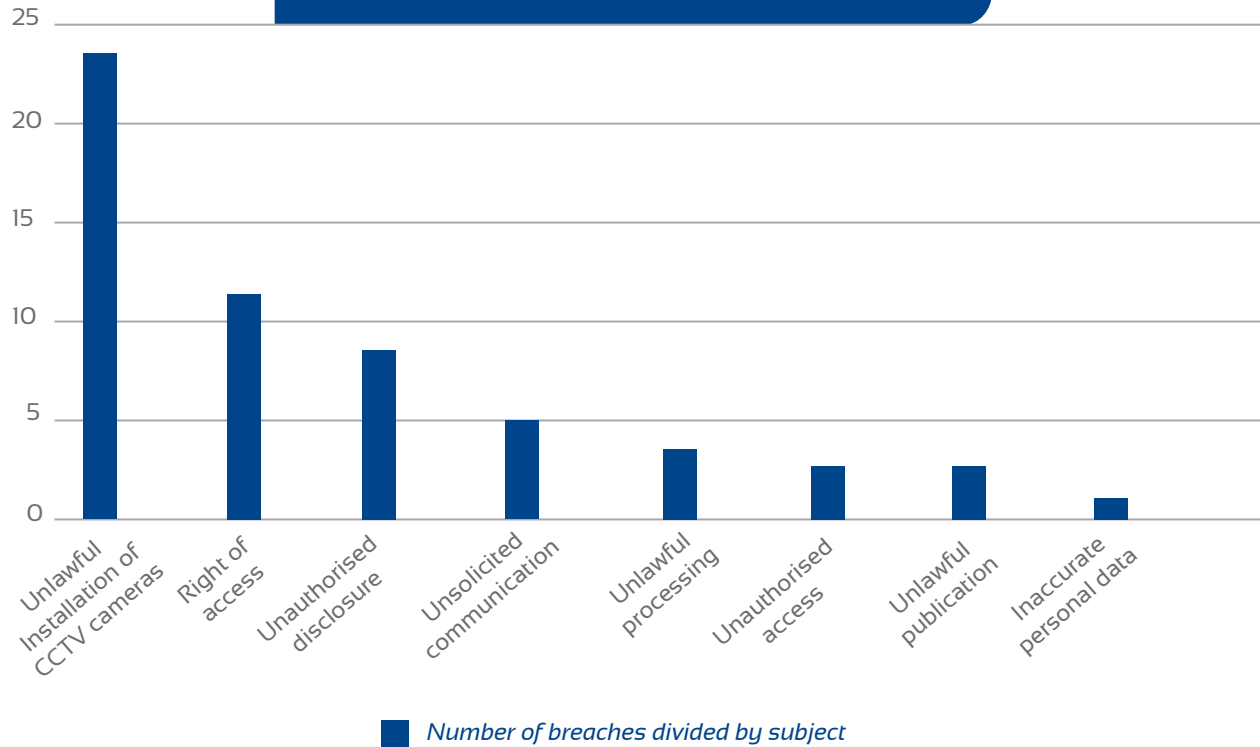
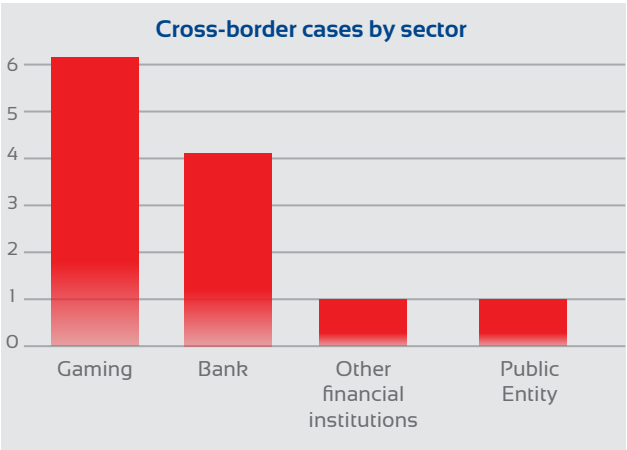


Figure 4 – The number of infringements divided by subject



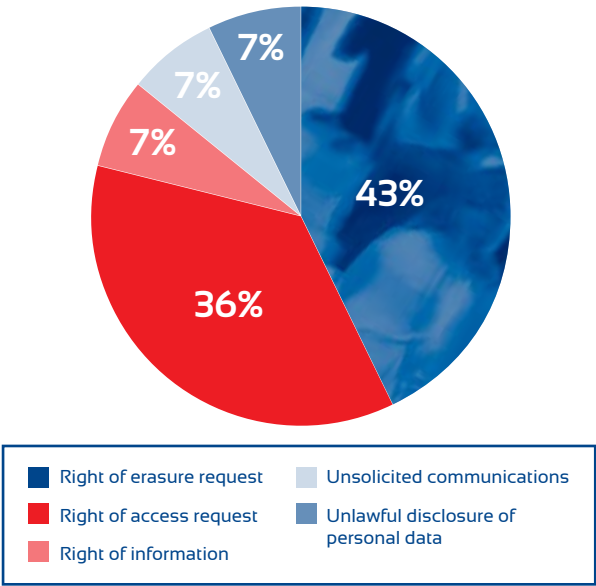
When considering the sectors more affected by cross-border cases one can find: gaming, banking, other financial institutions and public sectors entities, as per the below figure.



With reference to the nature of the complaints, most of them were related to right of erasure requests, followed by right of access requests, information to be provided to data subjects, unsolicited communications and unauthorised disclosure of personal data.

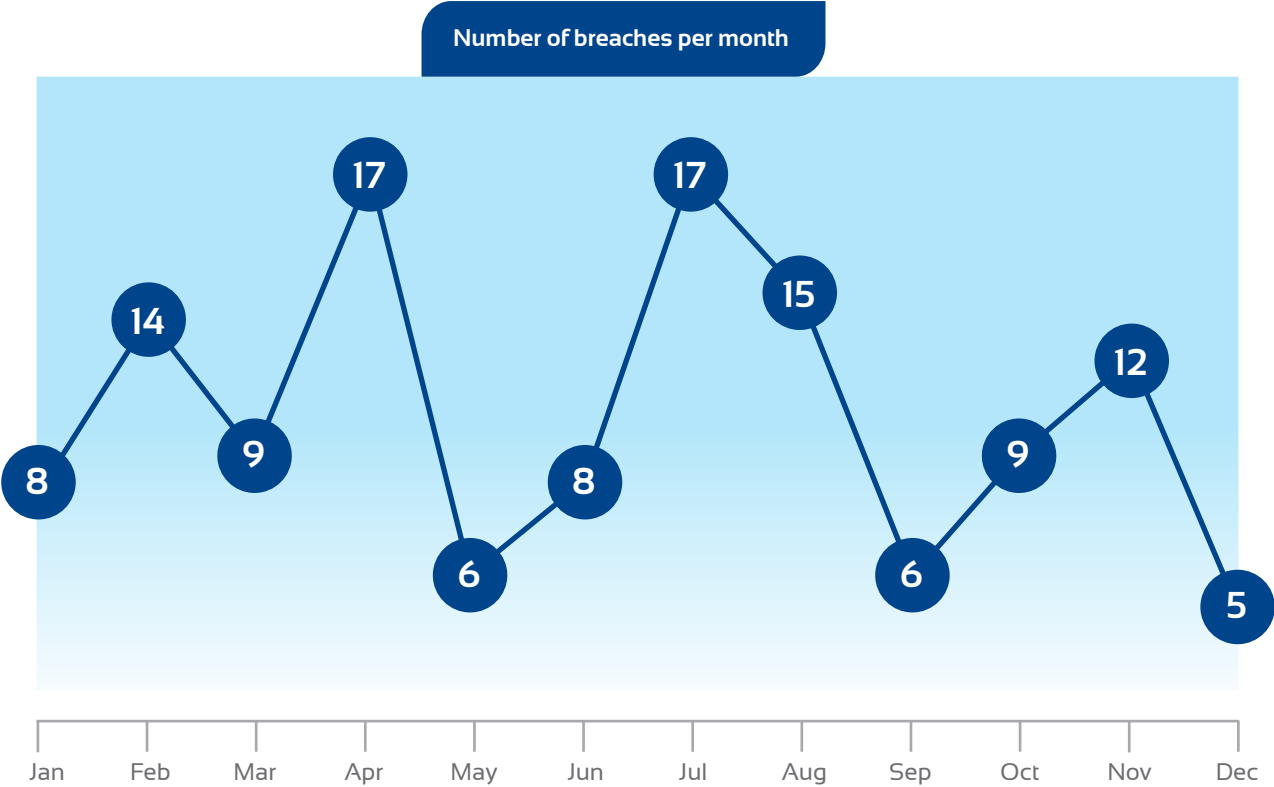
Article 60 of the GDPR also establishes that the LSA shall adopt final decisions in relation to cross-border cases. In 2019 this Office has adopted 5 final decisions. During the year under review this Office has cooperated as CSA in 9 cross-border cases.

Cross-border cases by nature



5.2 Personal Data Breaches

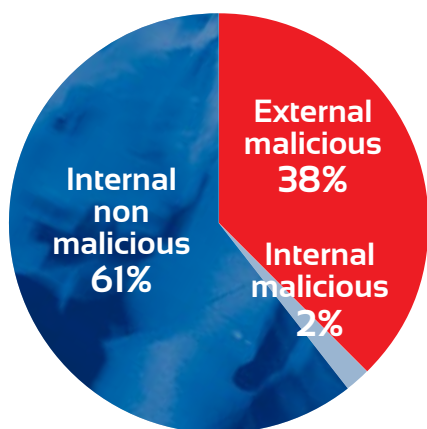
In 2019 this Office has received a total of 126 breach notifications. Compared to 2018, the increase in the number of breaches notified to this Office has been of 12%. All the breaches were duly assessed and depending on the outcome of such assessment, a formal investigation was initiated. The number of breaches received per month is shown in the below chart.



The main causes and nature of the breaches remained unchanged compared to year 2018 as shown in the figures below.

Also, the sectors that are more affected by personal data breaches remained unchanged compared to year 2018, as shown in the figure below.

Causes of the breaches - 2019



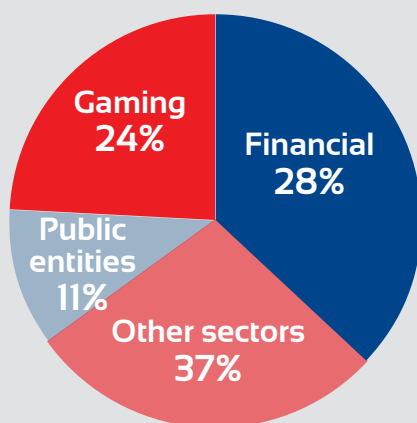
Internal non malicious
External malicious
Internal malicious

Nature of the breaches - 2019



Human error
Hacking attack
Phishing

Nature of the breaches - 2019



Financial
Gaming
Public entities
Other sectors

5.3 Administrative fines

The Commissioner has the power to issue a monetary penalty for an infringement of the provisions of the GDPR, and any administrative fine that is issued is intended to be effective, proportionate and dissuasive, and will be decided on a case by case basis.

During the year under review the Commissioner imposed nine fines, amounting in total to €23,000. Compared to the year 2018, the number of fines are less but the amount of the imposed fines is higher.

5.4 Appeals

Article 26 of the Data Protection Act establishes that any person to whom a legally binding decision of the Information and Data Protection Commissioner is addressed shall have the right to appeal to the

Information and Data Protection Appeals Tribunal. An appeal to this Tribunal may be made on any of the following grounds:

- a) material error as to the facts;
- b) material procedural error;
- c) error of law;
- d) material illegality, including unreasonableness or lack of proportionality.

Furthermore, article 29 establishes that any party to an appeal before the Tribunal who feels aggrieved by a decision of the Tribunal, or the Commissioner if he feels aggrieved by any such decision may appeal to the Court of Appeal.

In the year under review, out of the 95 decisions issued, 4 were appealed before the Information and Data Protection Appeals Tribunal. By the end of 2019, the outcome of these 4 decisions was not yet known.



6

EUROPEAN AND INTERNATIONAL ACTIVITIES

6.1 European Data Protection Board (EDPB) and Expert Subgroups

The key purpose of the consistency mechanism is to achieve coordinated and uniform application of the General Data Protection Regulation, and in this duty the European Data Protection Board plays the role of the coordinator and final decision-maker. According to Chapter VII of the GDPR, there must exist cooperation and consistency between the supervisory authorities of the Member States.

During the year under review, participation was ensured at the plenary sessions of the Board where the Commissioner could vote different guideline projects. Before these meetings, the Commissioner had to collect and analyze numerous documents and opinions forming on a wide variety of matters. At the plenary, the EDPB adopted Guidelines, Opinions, and other documents such as statements or informative notes to advise the European Commission, national Supervisory Authorities, and other stakeholders on GDPR matters.

In addition, aside from the plenary sessions, in 2019, 90 expert sub-group meetings were held both physically at the EDPB Secretariat in Brussels and remotely by the appropriate collaborative on-line platform. There are exactly 12 expert subgroups focused on strategic areas of data protection and their duty is to assist the EDPB in performing its tasks, namely: Borders, Travel and Law Enforcement; Cooperation; Compliance, eGovernment and Health; Enforcement; Financial Matters; Fining Taskforce; International Transfers; IT Users; Key Provisions; Social Media; Strategic Advisory; and Technology. Each subgroup is covered by at least one member of our staff who follows the updates and reports to the Commissioner, particularly regarding the written procedures which are subsequently submitted to the approval at the plenary sessions of the EDPB.

6.2 European Data Protection Conference

The Commissioner attended the 29th Edition of the European Conference of Data Protection Authorities which was held in Tbilisi, Georgia in May. During such annual meeting the European data protection authorities exchange information on a variety of common issues that they are currently facing. A session was dedicated to Convention 108+ whereby it analysed the developments since last year's Edition of the Conference, to look towards the entry into force of the modernised Convention: why is it crucially needed and what do to do

to get there. Other sessions focused on the "GDPR – one year – (g)old standard", on the protection of child's data, on data protection and international organisations as well as on the future of the Conference.

6.3 Council of Europe consultative committee (T-PD)

Malta, being a party to the Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data (Convention ETS no. 108), is a member of the consultative committee (T-PD) set up in terms of Chapter V of the Convention, which meets regularly in January and June, and is entrusted inter alia to make proposals to facilitate or improve the application of the Convention and to suggest amendments to the same Convention. During the year under review this Office gave its contribution to this international forum by participating to its plenary meetings which focused on the evaluation and follow-up mechanism under Convention 108 +, trans-border access to data in relation to the Budapest Convention on Cybercrime, facial recognition, profiling and data protection in the education systems among others.

6.4 Other European Activities

Throughout the year 2019, assigned members of the IDPC closely followed through direct attendance or through remote sessions by means of video-conference facilities the different areas and tasks of the EDPB. These areas consist of multiple sub-groups which aim is to focus on different data protection aspects, which the IDPC deem highly relevant and impactful to its work.

These subgroups include:

- Europol cooperation board;
- Schengen Information System II supervision coordination group;
- VISA Information System supervision coordination group;
- Eurodac supervision coordination group;
- Customs supervision subgroup.

6.5 International Conference (ICDPPC)

The Commissioner attended the International Conference of Data Protection and Privacy Commissioners (ICDPPC), in Tirana, Albania, which took place in October. The ICDPPC brings together around 120 data protection authorities across the world. This year's theme of the conference was "Convergence and connectivity raising global data protection standards in the digital age". The following six documents were adopted during the closed session, which is attended by accredited members and observers:

- Resolution on the conference's strategic direction (2019-2021);
- Resolution on privacy as a fundamental human right and precondition for democracy;
- Resolution on the promotion of new and long-term practical instruments and continued legal efforts for effective cooperation in cross-border enforcement;
- Resolution on social media and violent extremist content online;
- Resolution to support and facilitate regulatory co-operation between data protection authorities and consumer protection and competition authorities to achieve clear and consistently high standards of data protection in the digital economy;
- Resolution to address the role of human error in personal data breaches.

Following the conference, the name of the ICDPPC forum was renamed to the Global Privacy Assembly (GPA). This change is the landmark of a thorough reform in terms of its internal organization, functioning and coordination in the future.



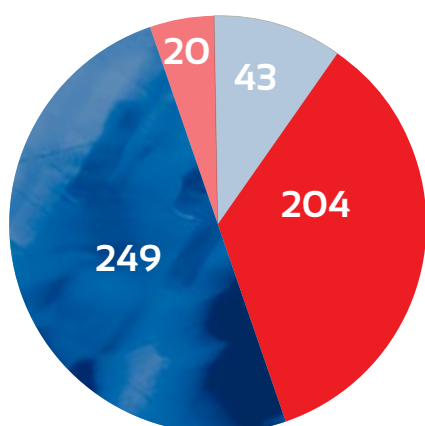


7

FREEDOM OF INFORMATION

As part of his regulatory functions, the Commissioner is responsible for the enforcement of the legislation concerning Freedom of Information (FOI). Although the workload in relation to FOI has significantly increased over the last years in view of the number of complaints lodged by applicants who, in their majority, had their requests for information declined by the public authority, the percentage of such work compared with data protection cases is still on the low side. This notwithstanding, the Commissioner recognises the fact that freedom of information is an important piece of legislation which merits all the necessary attention, from a regulatory viewpoint, as it promotes added transparency and accountability in government operations, this being an integral part of a democratic society built on the rule of law.

Requests for information
received by Public Authorities



Accepted in full or in part
Rejected
Still being proceed
Abandoned

During the year under review, public authorities received a total number of 486 requests for information pursuant to the Freedom of Information Act (Chapter 496 of the Laws of Malta) A further 31 requests have been carried forward from 2018.

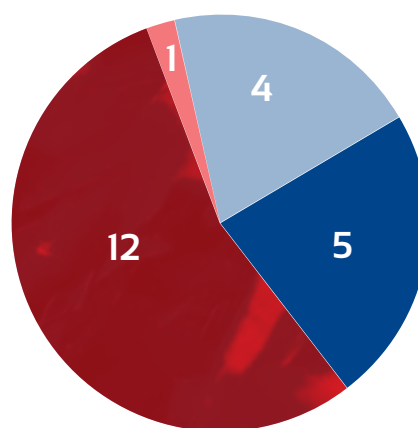
The main reasons invoked by public authorities for rejecting the applicants' requests generally included:

- Document is excluded from the scope of the Freedom of Information Act by virtue of Article 5;
- Document is withheld in terms of Part V or Part VI of the Act;

- Resources required to identify, locate or collate the document or documents would substantially and unreasonably divert the resources of the authority for its operations;
- The document is not held by the Public Authority, or connected more closely with the functions of, another public authority.

The Commissioner independently reviews decisions made by public authorities about requests for information under the Freedom of Information Act, and the Freedom of Access to Information on the Environment Regulations. During the year under review, this Office received 22 complaints. The majority of these cases were filed by applicants who were denied access by public authorities to the requested documents or information on the grounds of one or more exemptions contemplated under the law.

Outcome of Complaints



Commissioner found against PA
Commissioner found in favour of PA
Pending investigation
Amicable settlement between parties

In relation to such complaints, during 2019, the Commissioner issued 22 Information Notices and 9 Decision Notices¹. The Commissioner did not issue any enforcement notice in 2019. Although this Office did not experience any significant change in the number of complaints received when compared to 2018, there was a reduction in the number of appeals lodged to challenge the Commissioner's decision notices. One appeal was filed with the Information and Data Protection Appeals Tribunal. During 2019, the Tribunal issued 3 rulings but these do not necessarily refer to decisions taken by the Commissioner during the year under review.

¹ The decision notices issued during 2019 do not necessarily refer to complaints that were only received during the years under review.



FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2019



COMMISSIONER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The Commissioner presents this report and the audited financial statements of the Office of the Information and Data Protection Commissioner (hereunder referred to as "the Office") for the year ended 31 December 2019.

General Information

The Office of the Information and Data Protection Commissioner was set up by the Data Protection Act, Cap. 440 which came into force on 22 March 2002. As of 28 May 2018, this Act was replaced by Chapter 586.

Principal Activities

The principal activity of the Office of the Information and Data Protection Commissioner is to ensure respect for the individual's right to privacy with regard to personal information, which constitutes the fundamental pursuits for every democratic society and also to administer the provisions of the Freedom of Information Act.

Results

During the year, the Office registered a deficit of €6,923 (2018: a surplus of €36,991) before taking into account the result from the collection of notification fees. The Office received Government subvention amounting to €480,000 in 2019, representing an increase of 6.7% compared to 2018. Total administrative expenditure incurred amounts to €485,488, resulting in an increase of 18% compared to 2018. As from 1 January 2016, the Government and the Office have agreed that notification fees received by the Office, and any administrative fines shall be reimbursed back to the Government. This agreement is still in force as at today. In 2019, the Office has incurred an overall loss of €30,504 from the collection of notification fees, when taking into consideration the downward movement in the provision for doubtful debts by €559.

The results for the year are set out on in the Statement of Comprehensive Income on page 5.

Going Concern

The Office has considered the potential impact of the recent COVID-19 outbreak on the Office's business. Taking into consideration that the Office's main revenue stream is the government subvention, it was concluded that there will not be a significant impact on operational performance. Therefore, the financial statements have been prepared on the going concern basis which assumes that the Office will continue in operational existence for the foreseeable future and that adequate support will continue to be made available by the Government of Malta through the subventions to enable the Office to meet its commitments as and when they fall due.

Events after the balance sheet date and future developments

The Office has considered the potential impact of the recent COVID-19 outbreak on the Office's business. Taking into consideration that the Office's main revenue stream is the government subvention, it was concluded that there will not be any significant impact on operational performance. There were no other material events affecting the Office which occurred after the reporting date.

Commissioner

The present Commissioner who held office during the year was: **Mr. Saviour Cachia**

The present Commissioner shall continue in office.



STATEMENT OF THE COMMISSIONER'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

The Commissioner is required to prepare financial statements that give a true and fair view of the financial position of the Office as at the end of each reporting period and of the surplus or deficit for that year.

In preparing the financial statements, the Commissioner is responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the European Union;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Office will continue in business as a going concern.

The Commissioner is also responsible for designing, implementing and maintaining internal control as the Commissioner determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Commissioner is also responsible for safeguarding the assets of the Office and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

PKF Malta Limited, Certified Public Accountants and 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 Commissioner on 08 June 2020 and signed on its behalf by:



Mr. Saviour Cachia
Commissioner

Registered Address:
2, Airways House,
High Street,
Sliema SLM 1549,
Malta



INDEPENDENT AUDIT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

Qualified Opinion

We have audited the accompanying financial statements of the Office of the Information and Data Protection Commissioner set out on pages 5 to 19 which comprise the statement of financial position as at 31 December 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Office as at 31 December 2019, and its financial performance for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Qualified Opinion

On the 25 May 2018, the General Data Protection Regulation (GDPR) has been enacted. As a result of this new regulation, there is no longer an obligation on individuals and body of persons to pay an annual notification fee to the Office. Using an accounting package, the Office recorded notification fees based on manual applications submitted by controllers, as in terms of Article 29 of the Data Protection Act, Chapter 440, "the controller shall notify the Commissioner before carrying out any wholly or partially automated or manual processing operation or set of such operations intended to serve a single purpose or several related purposes". The notification fees are immediately passed to the Central Government when collected by the Office. As a result of this system, we were unable to confirm or verify by alternative means the accounts receivable included in the statement of financial position which has been fully provided for as at 31 December 2018. This position remained unchanged as at 31 December 2019. As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded accounts receivable, and, the consequential adjustments, if any, arising out of these are not quantifiable.

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 Office 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 qualified opinion.

Other Information

The Commissioner is responsible for the other information. The other information comprises the Commissioner's report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, in light of the knowledge and understanding of the Office and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Commissioner's report and other information. We have nothing to report in this regard.

Responsibilities of the Commissioner

The Commissioner is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS, and for such internal control as the Commissioner determines 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 Commissioner is responsible for assessing the Office'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 Commissioner either intends to liquidate the Office or to cease operations, or has no realistic alternative but to do so.



AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioner.
- Conclude on the appropriateness of the Commissioner's 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 Office'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 auditor's report. However, future events or conditions may cause the Office 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 Commissioner 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.



Mr. George Mangion
for and on behalf of
PKF Malta Limited
Certified Public Accountants
and Registered Auditors

08 June 2020

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 €	2018 €
Government subvention		480,000	450,000
Administrative expenses		(485,488)	(410,923)
Finance costs		(1,435)	(2,121)
Other income		-	35
(Deficit) / Surplus for the year	4	(6,923)	36,991
Result from collection of notification fees	3	(30,504)	(7,445)
Total result transferred to retained funds		(37,427)	29,546

The notes on pages 9 to 19 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	2019 €	2018 €
ASSETS			
Non-current assets			
Property, plant and equipment	7	42,500	57,483
Intangible assets	8	-	-
Total non-current assets		42,500	57,483
Current assets			
Trade and other receivables	9	-	7,922
Cash and cash equivalents	10	234,141	90,536
Total current assets		234,141	98,458
TOTAL ASSETS		276,641	155,941
EQUITY AND LIABILITIES			
Equity			
Retained Funds		40,236	77,663
Total equity		40,236	77,663
Liabilities			
Non-current liabilities			
Deferred income		12. 77,506	-
Total non-current liabilities		77,506	-
Current liabilities			
Trade and other payables	11	74,347	78,278
Deferred income	12	84,552	-
Total current liabilities		158,899	78,278
TOTAL EQUITY AND LIABILITIES		276,641	155,941

The notes on pages 9 to 19 form an integral part of these financial statements.

These financial statements on pages 5 to 19 were approved by the Commissioner on 08 June 2020 and were signed by:



Mr. Saviour Cachia
Commissioner



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Retained Funds €	Total Equity €
Balance as at 01 January 2019	77,663	77,663
Deficit for the year	(37,427)	(37,427)
Balance as at 31 December 2019	40,236	40,236
Balance as at 01 January 2018	48,117	48,117
Surplus for the year	29,546	29,546
Balance at 31 December 2018	77,663	77,663

The notes on pages 9 to 19 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 €	2018 €
Cash from operating activities:			
Profit from operations		(37,427)	29,546
Interest on lease liability		1,435	2,121
Depreciation		26,195	27,890
Decapitalisation of assets		729	-
(Loss)/profit from operations		(9,068)	59,557
Movement in trade and other receivables		7,922	121,248
Movement in trade and other payables		158,126	(134,038)
Net cash flows from operating activities		156,980	46,767
Cash flows from investing activities:			
Payments to acquire property, plant and equipment		(11,940)	(10,040)
Net cash flows used in investing activities		(11,940)	(10,040)
Cash flows from financing activities:			
Payments of interest classified as financing		(1,435)	(2,121)
Net cash from in cash and cash equivalents		143,605	34,606
Cash and cash equivalents at beginning of year		90,536	55,930
Cash and cash equivalents at end of year	10	234,141	90,536

The notes on pages 9 to 19 form an integral part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. Basis of Preparation

a. Statement of compliance

The financial statements have been prepared and presented in accordance with the requirements of the International Financial Reporting Standards as adopted by the European Union.

b. Basis of measurement

The financial statements have been prepared on the historical cost basis.

c. Functional and presentation currency

The financial statements are presented in euro (€), which is the Office's functional currency.

Transactions denominated in foreign currencies are converted to the functional currency at the rates of exchange ruling on the dates on which the transactions first qualify for recognition. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on retranslation are recognised in profit or loss.

d. Use of estimates and assumptions

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

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

e. Changes in accounting policies and disclosures

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

The Office has adopted the following new and amended IFRS and IFRIC interpretations:

- IFRS 16 - Leases (effective for annual reporting periods beginning on or after 1 January 2019). This standard introduces a comprehensive model for the identification of lease arrangement and accounting treatments for both lessors and lessees. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised, with the exception of short-term and low-value leases. IFRS 16 superseded the lease guidance of IAS 17 and the related interpretations. The standard is mandatory for periods commencing on or after 1 January 2019.

The Office has applied IFRS 16 using the full retrospective approach and therefore the comparative information has also been restated. On adoption of IFRS 16, the Office recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3%. The Office also recognised the right of use asset, taking into consideration the cost and depreciation element.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE YEAR ENDED 31 DECEMBER 2019

1. Basis of Preparation *(Continued)*

e. Changes in accounting policies and disclosures (Continued)

- IFRIC 23 - Uncertainty over Income Tax Treatments (effective for annual reporting periods beginning on or after 1 January 2019)
- IFRS 9 (Amendments) - Prepayment Features with Negative Compensation (effective for annual reporting periods beginning on or after 1 January 2019)
- IAS 28 (Amendments) - Long-term interests in associates and joint ventures (effective for annual reporting periods beginning on or after 1 January 2019)
- Annual Improvements to IFRS Standards 2015-2017 Cycle (effective for annual reporting periods beginning on or after 1 January 2019)
- IAS 19 (Amendments) - Plan Amendment, Curtailment or Settlement (effective for annual reporting periods beginning on or after 1 January 2019)

The Office has assessed the effects of these standards and interpretations and is of the opinion that these did not have a material impact on the financial statements.

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

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

- Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual reporting periods beginning on or after 1 January 2020)
- IAS 1 and IAS 8 (Amendments) - Definition of Material (effective for annual reporting periods beginning on or after 1 January 2020)

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

- IFRS 17 - Insurance Contracts (effective for annual reporting periods beginning on or after 1 January 2021)
- IFRS 3 (Amendments) - Definition of a Business ??effective for annual reporting periods beginning on or after 1 January 2020)
- IFRS 9, IAS 39 and IFRS 7 (Amendments) - Interest Rate Benchmark Reform (effective for annual reporting periods beginning on or after 1 January 2020)

The Office is still assessing the effect of these changes on the financial statements.



NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE YEAR ENDED 31 DECEMBER 2019

2. Significant Accounting Policies

a. Going concern

The Office has considered the potential impact of the recent COVID-19 outbreak on the Office's business. Taking into consideration that the Office's main revenue stream is the government subvention, it was concluded that there will not be a significant impact on the Office's business. Therefore, the financial statements have been prepared on the going concern basis which assumes that the Office will continue in operational existence for the foreseeable future and that adequate support will continue to be made available by the Government of Malta through the subventions to enable the Office to meet its commitments as and when they fall due.

b. Right of use asset

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

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

c. Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Office's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

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

d. Property, plant and equipment

i. Value method

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE YEAR ENDED 31 DECEMBER 2019

2. Significant Accounting Policies *(continued)*

d. Property, plant and equipment *(Continued)*

ii. Depreciation

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of items of property, plant and equipment, and major components are accounted for separately. The estimated useful lives are as follows:

Furniture and fixtures	10%
Motor vehicles	20%
Office equipment	15%
Computer software	25%
Air conditioners	25%

Gains and losses on the disposal or retirement of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount at the date of disposal. The gains or losses are recognised in the statement of comprehensive income as other operating income or other operating costs, respectively.

e. Intangible Assets

Intangible asset is stated at cost less accumulated amortisation and accumulated impairment losses. Intangible asset recognised in the Statement of Financial Position represents the cost of the new portal developed as part of the E-Government program in conjunction with the Ministry of Information Technology and Investments. Amortisation is recognised on a straight-line basis over the estimated useful life of the portal. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The intangible asset is amortised over the rate of 15%.

f. Impairment of non-financial assets

The carrying amount of the office's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are 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.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

g. Financial instruments

i. Recognition and derecognition

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

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE YEAR ENDED 31 DECEMBER 2019

2. Significant Accounting Policies *(continued)*

g. Financial instruments (Continued)

i. Recognition and derecognition (Continued)

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

ii. Classification and initial measurement of financial assets

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

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

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

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

The classification is determined by both:

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

iii. Subsequent measurement of financial assets

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

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

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

iv. Impairment of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE YEAR ENDED 31 DECEMBER 2019

2. Significant Accounting Policies *(continued)*

g. Financial instruments (Continued)

iv. Impairment of financial assets *(Continued)*

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

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

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

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

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

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

v. Classification and measurement of financial liabilities

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

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

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

Interest-related charges and changes in an instrument's fair value (if applicable) are recognised as finance costs in the statement of income and expenditure.

h. Cash and cash equivalents

Cash and cash equivalents comprises of cash in hand and bank balances. Bank overdrafts are presented as current liabilities in the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE YEAR ENDED 31 DECEMBER 2019

2. Significant Accounting Policies *(continued)*

i. Revenue recognition

i. Government grants

The Office of the Information and Data Protection Commissioner is funded by Government grants which are voted separately for recurrent 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 Office will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the Statement of Comprehensive Income over the period necessary to match them with the costs that they are intended to compensate.

ii. Notification fees

Notification fees relating to the current financial year are recognised as revenue on accruals basis. Fees received in advance are accounted for as deferred income.

iii. Interest income

Interest income from investments is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

j. Financial risk management

The exposures to risk and the way risks arise, together with the Office's objectives, policies and processes for managing and measuring these risks are disclosed in more detail below. The objectives, policies and processes for managing financial risks and the methods used to measure such risks are subject to continual improvement and development.

i. Liquidity risk

The Office monitors and manages its risk to a shortage of funds by maintaining sufficient cash and by monitoring the availability of raising funds to meet commitments associated with financial instruments and by maintaining adequate banking facilities.

ii. Fair values

The fair values of financial assets and liabilities were not materially different from their carrying amounts as at year end.

iii. Capital risk management

The Office's objectives when managing capital are to safeguard its ability to continue as a going concern. The capital structure of the Office consists of cash and cash equivalents as disclosed in note 10. and items presented within the retained funds in the statement of financial position.

3. Result from collection of notification fees

	2019 €	2018 €
Revenue from Notifications	443	85,455
Income from Fines for Late Payment of Notification Fees	42,000	38,553
Reimbursement of Notification Fees to Government (note 1)	(73,506)	(33,320)
Provision for doubtful debts	559	(98,133)
Total	(30,504)	(7,445)

Note 1: The Office of the Information and Data Protection Commissioner reached an agreement with the Government of Malta that as from 1 January 2016, any income received from the payment of notification fees will be reimbursed back to the Government in return for an increase in Government subvention. This agreement is still in force as of today.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE YEAR ENDED 31 DECEMBER 2019

4. Surplus/(Deficit)

a. Surplus/(Deficit)

Surplus/(Deficit) is charged after charging the following:

	2019 €	2018 €
Auditors remuneration	2,065	2,065
Depreciation expense	26,194	27,890
Total	28,259	29,955

b. Auditors' remuneration

Total remuneration paid to the auditors during the year amounted to:

	2019 €	2018 €
Audit Fees	2,065	2,065
Total	2,065	2,065

5. Taxation

The Commissioner as per previous practice, considers the Office is tax exempt and did not provide for tax at 35% in the financial statements. A request in terms of Article 12(2) of the Income Tax Act will be made with the Ministry of Finance to obtain a tax exemption on its surplus.

6. Wages and Salaries

a. Wages and salaries

Payroll costs for the year comprise of the following:

	2019 €	2018 €
Gross Wages and Salaries	326,460	285,529
Social Security Contributions	21,096	19,440
Total	347,556	304,969

b. Average number of employees

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

	2019	2018
Commissioner	1	1
Directly Employed by the Office	9	8
Total	10	9

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

7. Property, plant and equipment

	Right of use assets €	Furniture and fixtures €	Motor vehicles €	Office equipment €	Computer software €	Air conditioners €	Total €
Cost							
Opening balance 303,188	169,917	42,381	18,129	57,768	13,117	1,876	
Additions	-	9,234	-	2,062	-	644	11,940
Disposals	-	-	-	-	-	-	-
Decapitalisation of assets	-	-	(729)	-	-	-	(729)
Balance at 31 December 2019	169,917	51,615	17,400	59,830	13,117	2,520	314,399
Depreciation							
Opening balance	(127,438)	(38,811)	(17,400)	(47,063)	(13,117)	(1,876)	(245,705)
Depreciation	(21,240)	(1,786)	-	(3,008)	-	(160)	(26,194)
Disposals	-	-	-	-	-	-	-
Balance at 31 December 2019	(148,678)	(40,597)	(17,400)	(50,071)	(13,117)	(2,036)	(271,899)
Net Book Value							
At 31 December 2018	42,479	3,570	729	10,705	-	-	57,483
At 31 December 2019	21,239	11,018	-	9,759	-	484	42,500

8. Intangible Assets

E-Government Portal with a cost value of €29,932 is fully depreciated as at 31 December 2019.

9. Trade and other receivables

	2019 €	2018 €
Notification fee receivables	222,374	222,933
Provision for doubtful debts for notification fees	(222,374)	(222,933)
Prepayments	-	7,922
Total	-	7,922

10. Cash and cash equivalents

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

	2019 €	2018 €
Cash on hand	516	4
Bank balances	233,625	90,532
Total cash and cash equivalents	234,141	90,536
Total cash and cash equivalents in the statement of cash flows	234,141	90,536

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE YEAR ENDED 31 DECEMBER 2019

11. Trade and other payables

	2019 €	2018 €
Trade payables	2,884	26,642
Amount payable to related parties (note 13.)	42,000	-
Accruals	5,192	3,800
Lease liability	24,271	47,836
Total	74,347	78,278

12. Deferred income

	2019 €	2018 €
Current liabilities		
Deferred grants from EU funds	84,552	-
Non-current liabilities		
Deferred grants from EU funds	77,506	-
Total	162,058	-

13. Related Party Transactions

The Office of the Information and Data Protection Commissioner is an independent Office and reports to Parliament on an annual basis. The Commissioner is appointed by the Government of Malta. In terms of the Freedom of Information Act, the Commissioner will not seek or receive instructions from public authorities or from any other institution or authority.

Year end balances payable to related parties are included in note 11.

14. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's financial statements presentation.

15. Events after the reporting period

The Office has considered the potential impact of the recent COVID-19 outbreak on the Office's business. Taking into consideration that the Office's main revenue stream is the government subvention, it was concluded that there will not be any significant impact on operational performance. There were no other material events affecting the Office which occurred after the reporting date.

SCHEDULES OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 €	2018 €
Wages and Salaries	326,460	285,529
Social Security Contributions	21,096	19,440
Accountancy Fees	10,283	12,107
Auditors remuneration	2,065	2,065
Advertising Fees	2,297	1,547
Cleaning of premises	2,598	1,842
Consumables	3,519	2,843
Water and Electricity Fees	1,589	2,283
Car Hire Expenses	5,844	4,383
Insurance	133	307
Fuel Expenses	4,087	4,913
Legal Fees	1,151	(15)
Printing, Postage and Stationery Fees	6,740	4,817
Repairs and Maintenance Fees	6,857	1,414
Internet Subscription Fees	1,876	1,224
Telephone Fees	5,961	6,050
Travelling Fees	42,254	25,423
Parking Fees	5,790	3,610
Registration Fees	3,234	-
Hospitality Costs	-	140
General and Incidental Expenses	4,948	2,693
Bank charges	512	418
Depreciation and Amortisation	26,194	27,890
Total	485,488	410,923





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