

MALTA STATISTICS AUTHORITY

**REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD 1 MARCH 2001
TO 30 SEPTEMBER 2002**

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MALTA STATISTICS AUTHORITY BOARD

Chairman

Mr Reno Camilleri B.Sc.Econ.(Lond.),D.P.A.,M.B.I.M.

Members

Mr Alfred Camilleri B.A.(Hons.),M.Sc.(Econ.), Director General,NSO (*ex officio*)

Mr E.P.Delia M.A.(Econ.), M.Litt.(Oxon.)

Prof. Edward Zammit B.A.,M.Litt.,D.Phil

Mr B. Borg Bonello B.A.(Hons.),M.A.(Warwick)

Prof. Bernard Gauci Ph.D.(Econ.)

Prof. Joseph Falzon M.A.(Memphis), Ph.D.(Northwestern)

Mr Alfred Demarco B.Sc.(Econ.),A.C.I.B.

11 November, 2002

The Hon. Prof. Josef Bonnici MP
Minister for Economic Services

Minister,

In accordance with Section 29 of the Malta Statistics Authority Act 2000, I am transmitting a copy of a report by the Director General on the activities of the National Statistics Office to cover the period 1 March 2001 to 30 September 2002 as well as a copy of the financial accounts of the Authority, certified by the auditors, for the same period.

The Malta Statistical Authority was set up by Act XXIV of 2000 and came into force on 1 March 2001. Its functions are defined in section 7 of the said Act as follows:

- a) To examine and submit, for the approval of the Minister, the business plan and financial estimates drawn up by the Director General for the administration of the Office;
- b) To regulate and to generally supervise the production of official statistics in accordance with international requirements and standards;
- c) To discuss and advise on statistical matters, including methodologies, relating to the collection, compilation and dissemination of statistics;
- d) To establish priorities in responding to the demand for official statistics;
- e) To liaise between the Office and other public bodies concerning the supply of data and the coordination of activities with statistical implications;
- f) To publish the business plan after its approval by the Minister of Finance;

- g) To disseminate the knowledge of official statistics;
- h) To consider and comment on, where necessary, the yearly report submitted by the Director General on the work of the Office as required by article 9(5)(g).

The Board of the Malta Statistical Authority has a regulatory, supervisory and coordinating function as well as an advisory function which, in other countries, is assumed by a separate technical board.

The Board is required to meet at least twice every calendar quarter. However, the vast statistical programme of initiatives undertaken by the National Statistics Office necessitated more frequent meetings of the Board which has met eighteen times since March 2001.

Review

Throughout this period, the Authority continued to review its policies, monitored closely the restructuring of the National Statistics Office, discussed improvements in statistical methodologies for the better estimates of the main socio-economic aggregates and generally kept itself cognizant of the activities of the NSO.

The Authority kept in mind the changing nature of our economy which required the continuous reassessment of the relevance and extent of present statistical outputs in order to ensure that user needs are being met. Discussions focused on the need for efficiency, integration and coordination of the whole statistical system with a view to avoiding duplication of work and waste of resources. This objective will continue to be kept under constant review in the coming years.

Regional statistics

It was noted that the NSO has added a new dimension to its initiative by compiling statistical indicators on a regional basis. In addition to demographic and other data of a social nature, which were the only ones available, information on the Gross Domestic

Product for the island of Gozo has been worked out. It is hoped that more socio-economic statistics on a regional basis will be available in the coming year.

Methodology

It has been emphasized that more work on methodology within the NSO has to be undertaken. The research section will be further developed so that data quality, which requires a strong methodological back-up, will be improved. The Board has noted that during the past months, the ratio of graduates to non-graduates among the staff has improved considerably as a result of better work conditions. As of now, more than a third of the present staff hold academic qualifications.

Training

There has also been more contact with the University and plans are in hand to introduce a system of in-house training at various levels for the staff in conjunction with the University.

Collective Agreement

A first collective agreement between the Authority and the Unjoni Haddiema Maghqudin was concluded in August of this year. Negotiations with the Union were conducted by the Director General on behalf of the Authority. The Agreement was approved by the Ministry of Finance and became operative on 1 January, 2002. Most of the present staff are expected to opt to remain in employment with the Authority.

Media

The NSO has maintained close and constant good relations with the media. It is important that both the main users of statistical information as well as the general public are aware of socio-economic developments. Statistical information should be regarded as a public service and a prerequisite in the functioning of a democratic state. The statistical releases of the NSO which are issued, on average, every two or three days, are in the news and commented upon as soon as they are issued. The policy of the Authority is that the NSO should refrain from commenting on or from interpreting official

statistical data. At the same time, it will continue to make available a sizeable core set of statistical indicators.

COMPILATION AND DISSEMINATION

The Authority and the NSO have adopted policy guidelines based on the United Nations *Principles of Official Statistics* as well as on good international practices for the compilation and dissemination of official statistics. The Act establishing the Malta Statistics Authority makes provision for the compilation of official statistics based on the principles of reliability, objectivity, relevance, confidentiality, transparency, specificity and proportionality. The dissemination arrangements are based on the principles of equal opportunity and improved access to statistical information.

THE RETAIL PRICE INDEX ADVISORY COMMITTEE

The Retail Price Index Advisory Committee which was set up under section 33 of the new Act replaced the RPI Management Board. It is composed of representatives of the social partners and meets regularly every month to discuss the RPI prior to publication.

During the current year, the Committee monitored the work on the new RPI index which will be introduced in 2003. It also discussed the introduction of the new Harmonised Index of Consumer Prices which will be worked out as from January 2003. In the meantime, the NSO has been working concurrently on both indexes for comparison purposes in order to assess their validity.

The way ahead

- ❑ It is important that the NSO will endeavour to continue to uphold its commitments in the statistical field and in the same manner of excellence as required under the Quality Service Charter which was awarded to the Office in May 1999.
- ❑ Staff training in new methodologies for the compilation of the main social and economic accounts and in I.T. will be intensified and addressed to the staff.
- ❑ At the same time, the restructuring process of the National Statistics Office will continue and there will be further recruitment of personnel at several levels.

- ❑ Early next year, the NSO will decide upon and publish a calendar of publications in respect of the main socio-economic indicators like Population, the Retail Price Index, Trade data, the Gross Domestic Product, Tourism and others.
- ❑ The Authority and the NSO will take further initiatives to coordinate the activities of suppliers of official statistical information within the country's statistical system as provided for in the Act.
- ❑ New challenges will present themselves during 2003 mainly to maintain the impetus by way of new initiatives and a better quality product. In this respect, the NSO will resume its efforts towards the adoption of the European System of Accounts 1995 and endeavour to provide more data on a regional basis. It will continue to provide a high quality, objective and responsive national statistical service to the country.

ACKNOWLEDGEMENTS

In endorsing the report of the Director General of the NSO, the Board would like to thank the Minister for Economic Services and the Minister of Finance for their support as well as all the staff of the NSO for their hard work during the period covered by the report.

Yours sincerely,

Reno Camilleri
Chairman

MALTA STATISTICS AUTHORITY

STATEMENT OF RESPONSIBILITIES OF THE AUTHORITY

The Authority is governed by a Board consisting of 8 members. Among other responsibilities, the Authority is responsible for the production of official statistics in accordance with international requirements and standards.

The Authority is responsible for ensuring that:

- a. Proper accounting records are kept of all transactions entered into by the Authority, and of its assets and liabilities;
- b. Adequate controls and procedures are in place for safeguarding the assets of the Authority, and the prevention and detection of fraud and other irregularities.

In preparing the financial statements which give a true and fair view of the state of affairs as at the end of each financial period and of its surplus or deficit for that period, the Authority:

- selects suitable accounting policies and then applies them consistently;
- makes judgements and estimates that are reasonable and prudent;
- follows International Accounting Standards;
- prepares the financial statements on the going concern basis unless this is considered inappropriate.

MALTA STATISTICS AUTHORITY

AUDITORS' REPORT TO THE BOARD MEMBERS

We have audited the accompanying financial statements on pages 15 to 23. These financial statements are the responsibility of the Authority. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the state of affairs of the Authority as at 30 September 2002 and of its surplus and cash flows for the period then ended in accordance with International Accounting Standards and have been properly prepared in accordance with the Malta Statistics Authority Act, 2000.

Mark A. Bugeja
f/Grant Thornton

Certified Public Accountants and Auditors

Ta' Xbiex
Malta

8 November 2002

MALTA STATISTICS AUTHORITY

INCOME AND EXPENDITURE ACCOUNT

For the period 1 March 2001 to 30 September 2002

	Note	Lm
Income	3	2,215,201
Expenditure		(2,200,978)
		<hr/>
Surplus for the period	4	Lm 14,223
		<hr/>

MALTA STATISTICS AUTHORITY

BALANCE SHEET

At 30 September 2002

	Notes	Lm
FIXED ASSETS		
Tangible assets	5	168,646
		<hr/>
CURRENT ASSETS		
Stocks	6	16,197
Debtors	7	72,198
Cash at bank and in hand		13,603
		<hr/>
		101,998
CREDITORS: Amounts falling due within one year	8	161,010
		<hr/>
NET CURRENT LIABILITIES		(59,012)
		<hr/>
Total Assets Less Current Liabilities		109,634
CREDITORS: Amounts falling due after more than one year	9	95,411
		<hr/>
NET ASSETS		Lm 14,223
		<hr/>
RESERVES		
Retained funds		Lm 14,223
		<hr/>

The financial statements on pages 15 to 23 were approved on 8 November 2002 and were signed by:

Reno Camilleri
Chairman

Alfred Demarco
Member

MALTA STATISTICS AUTHORITY

CASH FLOW STATEMENT

For the period 1 March 2001 to 30 September 2002

	Notes	Lm
OPERATING ACTIVITIES		
Cash generated from operations	10(a)	41,107
		<hr/>
INVESTING ACTIVITIES		
Payments to acquire tangible fixed assets	10(b)	(110,047)
		<hr/>
Cash and cash equivalents at end of period	10(c)	Lm (68,940)
		<hr/>

MALTA STATISTICS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

For the period 1 March 2001 to 30 September 2002

1 PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with International Accounting Standards (IAS).

These financial statements are presented in Maltese Liri (Lm).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foreign currency amounts

Assets and liabilities in foreign currencies are translated into Maltese Liri at the rate of exchange ruling at the balance sheet date.

Transactions during the period are translated into Maltese Liri at the rate of exchange ruling on the date of the transaction.

All profits and losses on exchange are dealt with through the income and expenditure account.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method, on the following bases:

	%
Improvements to premises	2
Computer equipment	33 1/3
Furniture and fittings	15
Office equipment	15
Motor vehicles	20

Government grant

Government grant represents the net book value of assets taken over from government. The grant is deferred and transferred to the income and expenditure account in equal parts over the expected useful lives of the related assets.

MALTA STATISTICS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 INCOME

	Lm
Government subvention	
- direct: paid to MSA	1,381,250
- indirect: expenses paid by Ministry	79,326
National Programme for the Adoption of the Acquis funds	667,566
Government grant	71,898
Sale of publications	8,831
Other income	6,330
	<hr/>
	Lm 2,215,201
	<hr/>

4 SURPLUS FOR THE PERIOD

	Lm
Surplus for the period is stated after charging:	
Board members' remuneration	13,500
RPI Board members' remuneration	5,890
Staff costs	1,248,950
Auditors' remuneration	230
Depreciation	108,710
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MALTA STATISTICS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 TANGIBLE FIXED ASSETS

	Improvements to premises Lm	Computer equipment Lm	Furniture and fittings Lm	Office equipment Lm	Motor vehicles Lm	Total Lm
<u>Cost</u>						
Assets taken over from government	58,210	98,809	72,049	49,122	7,620	285,810
Additions	10,377	55,430	9,958	28,490	5,792	110,047
	_____	_____	_____	_____	_____	_____
At 30 September 2002	68,587	154,239	82,007	77,612	13,412	395,857
	_____	_____	_____	_____	_____	_____
<u>Depreciation</u>						
On assets taken over from government	2,169	65,814	27,480	20,674	2,364	118,501
Charge for the period	2,536	60,612	21,710	18,488	5,364	108,710
	_____	_____	_____	_____	_____	_____
At 30 September 2002	4,705	126,426	49,190	39,162	7,728	227,211
	_____	_____	_____	_____	_____	_____
<u>Net book value</u>						
At 30 September 2002	Lm 63,882	Lm 27,813	Lm 32,817	Lm 38,450	Lm 5,684	Lm 168,646
	_____	_____	_____	_____	_____	_____

The Authority has a specialised library which has been built up over a number of years. The material was donated to the Authority by international institutions or else was taken over from Government. Apart from these, the Authority also acquires library material through the exchange of material with international organisations, and acquires books using own funds in which case the funds are charged to the income and expenditure account.

The fair value of this material is estimated at around Lm 30,000, which amount has not been recognised in these financial statements as the recognition criteria set out in International Accounting Standard No. 16, Property, Plant and Equipment are not met.

MALTA STATISTICS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 STOCKS

	Lm
Books and publications	8,570
Stationery	7,627
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	Lm 16,197
	<hr/>

7 DEBTORS

	Lm
Amounts falling due within one year:	
Trade debtors	4,459
Accrued income	67,718
Other debtors	21
	<hr/>
	Lm 72,198
	<hr/>

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Lm
Bank overdraft	82,543
Trade creditors	36,316
Other creditor	591
Accruals	41,560
	<hr/>
	Lm 161,010
	<hr/>

MALTA STATISTICS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Lm
Deferred Government grant	167,309
Less: amounts transferred to income and expenditure account	(71,898)
	<hr/>
	Lm 95,411
	<hr/>

10 NOTES TO THE CASH FLOW STATEMENT

(a) Cash generated from operations

	Lm
Surplus for the period	14,223
Adjustments for:	
Depreciation	108,710
Government grant transferred to income and expenditure account	(71,898)
	<hr/>
Surplus before working capital changes	51,035
Stocks	(16,197)
Debtors	(72,198)
Creditors	78,467
	<hr/>
	Lm 41,107
	<hr/>

(b) Tangible fixed assets

During the year, the Authority acquired fixed assets with an aggregate cost of Lm 110,047. Lm 39,240 were financed by means of a government grant. Cash payments of Lm 70,807 were made during the year.

MALTA STATISTICS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (continued)

10 NOTES TO THE CASH FLOW STATEMENT (continued)

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	Lm
Cash at bank and in hand	13,603
Bank overdraft	(82,543)
	—————
	Lm (68,940)
	—————

MALTA STATISTICS AUTHORITY

INCOME AND EXPENDITURE ACCOUNT

For the period 1 March 2001 to 30 September 2002

	Page	Lm
INCOME		
Government subvention		
- direct: paid to MSA		1,381,250
- indirect: expenses paid by ministry		79,326
Government grant		71,898
National Programme for the Adoption of the acquis funds		667,566
Income from sale of publications		8,831
Other income		6,330
		<hr/>
		2,215,201
EXPENDITURE		
Administrative and other expenses	29	(2,200,978)
		<hr/>
SURPLUS FOR THE PERIOD		Lm 14,223
		<hr/>

MALTA STATISTICS AUTHORITY

INCOME AND EXPENDITURE ACCOUNT SCHEDULE

For the period 1 March 2001 to 30 September 2002

	Lm
ADMINISTRATIVE AND OTHER EXPENSES	
Board members' remuneration	13,500
RPI Board members' remuneration	5,890
Salaries	1,248,950
Surveys and interviews	53,616
IT Support - paid by MSA	148,105
- paid by Ministry	79,326
Training costs	12,815
Telecommunications	27,021
Water and electricity	14,673
Books and publications	3,399
Rent	13,300
Printing and stationery	56,894
Postage and couriers	24,520
Publicity	3,510
Repairs and maintenance	12,047
Cleaning expenses	11,243
Accountancy fee	518
Legal and professional fees	157,186
Auditors' remuneration	230
General expenses	107,092
Depreciation	108,710
Hire of equipment	4,067
Travelling	77,510
Transport	1,504
Hospitality and entertainment	3,164
Bank interest and charges	350
Uniforms	1,505
Realised loss on exchange	954
Licences, memberships and subscriptions	5,823
Motor vehicle running expenses	3,106
Computer maintenance	450

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Lm 2,200,978
