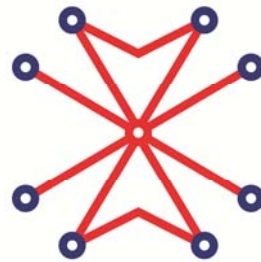
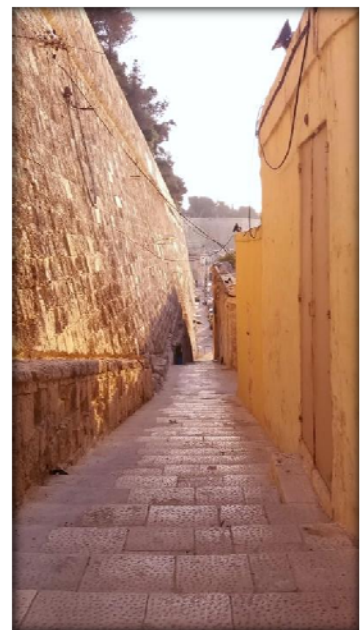
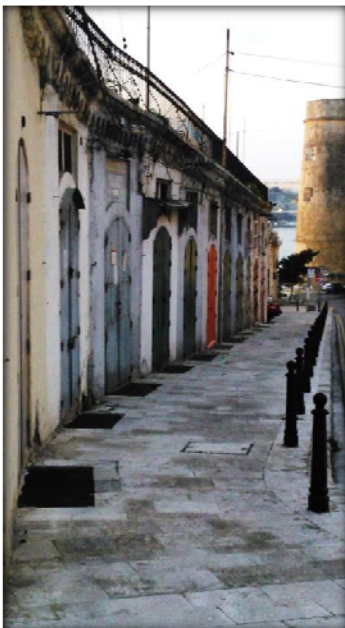


2017

Annual Report



MSA
MALTA STATISTICS AUTHORITY



Malta Statistics Authority

Annual Report

2017

Malta Statistics Authority Board

Prof Albert Leone Ganado
Chairman

Dr Aaron Grech
Deputy Chairman

Members

Mr Robert Borg
Mr Gianluca Cutajar
Mr. Etienne Caruana*
Mr Emanuel P.Delia
Dr Vincent Marmara
Mr Godwin Mifsud
Ms Fleur Vella

Secretary to the Board

Mr Joseph Bonello

Malta Statistics Authority Sub-Committees

Governance	Risk and Assurance	Monitoring and Assessment
Prof Albert Leone Ganado	Mr Robert Borg	Mr Godwin Mifsud
Mr Robert Borg	Prof Albert Leone Ganado	Dr Vincent Marmara
Mr Emanuel P.Delia	Dr Aaron Grech	Prof Albert Leone Ganado
Dr Aaron Grech	Ms Fleur Vella	Dr Aaron Grech

Malta Statistics Authority Secretariat

Mr Keith Grech
Ms Sarah Cachia

* Acting Director General from the 29th December, 2017.

** Mr Reuben Fenech served as Director General from the 4th May 2015 to the 26th December, 2017.

The Malta Statistics Authority Board



(left to right)

Mr Robert Borg, Mr Godwin Mifsud, Dr Vincent Marmara, Dr Aaron Grech, Mr Etienne Caruana, Prof. Albert Leone Ganado, Ms Fleur Vella, Mr Joseph Bonello, Mr Emmanuel P. Delia and Mr Gianluca Cutajar.

The Hon. Professor Edward Scicluna
Minister for Finance
Maison Demandols
South Street
Valletta VLT 1102

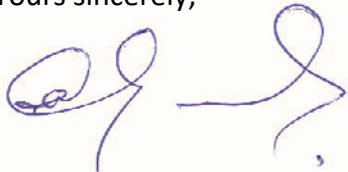
18 June 2018

Dear Minister,

Letter of Transmittal

In terms of article 23 (3) of the Malta Statistics Authority Act (Cap 422), I have the honour to transmit to you, in your capacity as Minister responsible for finance, a copy of the Annual Report of the Malta Statistics Authority for the financial year ended 31 December 2017.

Yours sincerely,

A handwritten signature in blue ink, consisting of a series of loops and a long horizontal stroke, followed by a comma.

Prof. Albert Leone Ganado
MSA Chairman

CHAIRMAN'S STATEMENT

Foreword

This is the 16th annual report of the Malta Statistics Authority since it was established in March, 2001. The past year was characterised by unique events. Malta held the Presidency of the European Council and the Office supported the Director General, Mr Reuben Fenech, in his role as Chairman of the Council Working Party on Statistics, where several statistical dossiers were covered and advanced. Mr Fenech resigned from Director General close to the end of his tenure to move on to new pastures within the government sector. Following his resignation the MSA appointed the most senior director as Acting Director General. Mr Etienne Caruana ensured business continuity and is expected to remain at the helm of the Office until a competitive call for applications is issued in 2018. The Household Budgetary Survey (HBS) was also completed as planned during 2017 with a much leaner budget, while ensuring that the quality remains of the highest standards. The savings were possible as the necessary expertise is now available within the National Statistics Office, therefore doing away with the need for foreign consultancies this time round. The Malta Statistics Authority understands that the key to maintaining standards is by investing in its workforce, especially in an era when society is driven by evidence based solutions.



Statistical Guidelines

In 2017 the Malta Statistics Authority Board met ten times, which exceeds the requirement for meetings as established by law. The Authority has also maintained the policy it established in 2013, by means of which its three sub-committees, covering Governance, Risk and Assurance, and Monitoring and Assessment, are assigned specific tasks to assist the MSA Board members to fulfil their diverse range of responsibilities.

(i) Adherence to the European Statistics Code of Practice

By June 2018, all governments of Member States forming part of the European Statistical System (ESS) are expected to sign a self-declaration of trust in Official Statistics. During 2017, the Office has engaged with Government to meet this obligation that originates from Article 11 (3) of the amended Regulation (EC) 223/2009 which states that

“Member States and the Commission shall take all the necessary measures to maintain confidence in European statistics. To this effect, ‘Commitments on Confidence in Statistics’

(the Commitments) by Member States and by the Commission shall further aim to ensure public trust in European statistics and progress in the implementation of the statistical principles contained in the Code of Practice. The Commitments shall include specific policy commitments to improve or maintain, as necessary, the conditions for the implementation of the Code of Practice and shall be published with a citizen's summary¹¹”.

(ii) General Data Protection Regulation

On the 14th of April 2016 the European Parliament enacted the General Data Protection Regulation (GDPR) which will become effective in all Members States two years after this date, on the 25 May 2018. With the introduction of GDPR, the Malta Statistics Authority has noted that the National Statistics Office needs to strengthen its relationship with its data subjects to ensure that the supply of data for official statistical production is not hindered, while ensuring that all aspects of confidentiality continue to be maintained.

The MSA Act, which predates the onerous GDPR by several years, already provides data subjects with a legal framework which ensures that their data will only be used for the production of official statistics and in accordance with the highest standards of confidentiality.

Furthermore, the Authority has secured resources from the European Union, as well as from the local Budget, to continue to invest in data transformation and security processes, ensuring that information provided by data providers is protected by the best technology possible. Furthermore, both NSO staff and others entrusted to collect data on behalf of the Office are made aware of the obligations arising from statistical confidentiality. To this effect, all officers of statistics take an oath of secrecy.

During 2017, the legal team of the NSO collaborated with the Data Protection Commissioner and with the Office of the Attorney General to amend the Data Protection Act to exempt the National Statistics Office, as compiler of official statistics, from certain obligations.

(iii) A more balanced outcome between local and international statistical outputs

As Chairman I note that the obligations on the Office emerging from the European Statistical Programme are extensive and require effort and dedication from NSO Staff. Unfortunately, the demand to produce statistics to satisfy international obligations has often eclipsed national statistical needs. In a concrete effort to gradually mitigate this problem, resources have been devoted to the creation of a Data Management Unit. In addition to other tasks, the Unit is entrusted to collect unofficial data to support policy makers in the drafting of national policy.

¹¹ I am pleased to note that the Commitment on Confidence in Statistics was signed by the Prime Minister on the 17th of May 2018 (prior to the European Commission's established deadline of the 9th of June, 2018).

On a positive note, the MSA Board observed that the NSO is employing its best abilities to find an equitable balance between serving specific national statistical requirements and fulfilling international statistical obligations.

On the matter, ESGAB has also made the following recommendation in their latest annual report for 2017/18:

“Member States should give further consideration to extending the coordination role of NSIs to include national statistics, in addition to European statistics, to support the credibility of official statistics in general”.

(iv) Use of administrative data

Administrative data sources and registers are considered to be principal sources of data for the statistical production cycle. With the ever-increasing reduction of time lags as a user-oriented strategy for the publication of news releases, the reliance on administrative data and the use of specialised technology are growing in importance.

The Malta Statistics Authority is in favour of the use of such data and supports the NSO in its efforts to secure potential data sources. The use of administrative data and registers has many advantages which have been discussed at Board level on several occasions.

Household Budgetary Survey

The Board noted with satisfaction that the Household Budgetary Survey (HBS) exercise was finalised as planned towards the end of December 2017. The results were officially launched in a dedicated event in January 2018.

The exercise was completed within planned budgets, thanks to the well-coordinated efforts of the former Director General Mr Reuben Fenech and the current Acting Director General Mr Etienne Caruana, who was responsible for the HBS project and its day-to-day operations. The HBS is the second largest operation carried out by any national statistical institute. The only statistical operation which outstrips the HBS in terms of human capacity, finance and logistical complexities is the traditional census executed every decade.

The HBS is a rich data set that provides a detailed insight on the well-being of residents in Malta. It provides varied information on the income and expenditure of Maltese residents during a particular period. By means of data mining techniques and analysis, different socio-economic characteristics can be deduced.

Importantly, from the statistical viewpoint, the weights of all price indices are updated on the basis of the HBS.

As Chairman and on behalf of the Board, I would like to thank all households that participated in the survey, as well as the NSO officials, particularly the Living Conditions and Culture Statistics Unit, who were involved directly in all the processes of the project. I would also like to thank the Ministry for Finance which manifested its support by providing the necessary funds.

EU Presidency

The MSA Board noted with satisfaction that the delegated authority to Mr Reuben Fenech to serve as Chairman of the Council Working Party on Statistics (CWPS) during the 2017 EU Presidency reaped positive results. He was supported by a small but dedicated secretariat composed of senior officials within the NSO.

During the Maltese tenure, the CWPS significantly advanced:

1. Regulation on the extension of the European statistical programme (ESP) to 2018-2020
2. Amending Regulation to Regulation (EC) No 1059/2003 (NUTS Regulation) as regards the territorial typologies (TERCET)

Good progress was additionally made on the Framework Regulations on Social Statistics (IESS) and on Integrated Farm Statistics (IFS).

Structural Reform Support Programme

Following an open call across all the public sector, the Malta Statistics Authority applied for and was awarded a grant of €60,000. The objective of this grant is twofold: primarily, to amend the existing legal framework and secondly, to compile an operational manual on the ways by which the MSA can monitor statistical processes to ensure that these are aligned at every stage with the principles established in the European Statistics Code of Practice.

These objectives will be achieved with the co-operation of the European Commission, the Ministry for Finance, the National statistical institutes of Ireland and the Netherlands, and other local experts.

A Holistic Changeover Process

Towards the end of 2017 the MSA Secretariat supported the National Statistics Office to compile an application for financial support from the European Social Fund. The application was compiled under Axiom 4 of the Second Operational Programme (OPII) which is intended to improve the level of efficiency across the public administration. The prospective funds

are required to support the NSO redesign its operational structures and to redraw its operational management structures, which at times hinder the efficient cross-organisational communication.

Through investment in a data transformation system, data warehouse and in its professional staff within the IT Systems Unit, the changeover to more efficient business processes is plausible. The infrastructural and training investment through the European Social Fund is intended to:

- Create a central data depository to facilitate statistical coherence;
- Create shorter reporting lines thus reducing human errors;
- Establish decentralised cross-functional teams for executing one-time projects and ongoing operations;
- Improve job mobility by increasing the possibility of job shadowing;
- Develop a culture of openness and supportive management style driven by the senior management.

Labour Market Shortages

Labour market shortages continued to affect the recruitment drive at the National Statistics Office at all employment levels.

Over the recent past, the Board has noted the mismatch between the demand from both private and public sectors for graduates in statistics, information technology and economics, and the supply from tertiary education.

Part of the Authority's mandate is to support professional development in these areas. During 2018 it will be seeking partnerships with the private sector and other stakeholders to provide specific training.

New Head Office

Thanks to the collaboration between the Ministry for Finance and the Ministry for the Economy, Investment and Small Businesses, an agreement was reached whereby a wing within the Commerce Department at Lascaris, Valletta has been identified as the new Head Office for the Malta Statistics Authority.

An application has been submitted to the Lands Authority for the transfer to be sanctioned and thereafter to commence the necessary embellishment works.

Senior Management Changes

Towards the end of 2017, the National Statistics Office lost two of its most senior members. The Director General, Mr Reuben Fenech, and the Director for Economic and Business Statistics, Mr Mario Borg, resigned and currently occupy senior posts within the public sector. Eurostat was informed of this development and the Board unanimously appointed Mr Etienne Caruana as Acting Director General.

An open call to fill these positions will be issued in due course.

Changes to the Board Composition

On the 13th November, 2017 the Minister appointed a new Malta Statistics Authority Board which included two new Board Members, Ms Fleur Vella and Dr Vincent Marmara. The new members replaced Prof. Edward Zammit and Dr Mario Brincat. As Chairman and on behalf of the Board, I welcome both members and look forward to their contribution in both the MSA Board and its sub-committees.

I would also like to take the opportunity to express my sincere thanks to both Prof. Edward Zammit and Dr Mario Brincat for their contribution to the MSA Board and its sub-committees.

This is an opportune moment to single out my appreciation to Prof. Edward Zammit who had been a member of the MSA Board since its inception in 2001. Throughout the past sixteen years, he has contributed positively to the shaping of the Authority and always provided his valued recommendations, especially in the areas of good governance and social statistics.

Concluding Remarks

A pressing priority for the Board will involve dedicating its efforts to put forward recommendations leading to changes in the Malta Statistics Authority Act. The changes are especially intended to distinguish the advisory and regulatory role of the MSA Board from that of the National Statistics Office as the producer of official statistics. In doing so, the new legislative framework should bring forth the concept of developing a national statistical network in Malta, with the National Statistics Office taking a central role in its co-ordination.

From a corporate standpoint, the Malta Statistics Authority will give priority to ensure that the vacant posts at senior level will be filled during 2018, through an open call. The

Authority will support the Acting Director General so that this transition period will run as smoothly as possible to ensure business continuity and the wellbeing of all staff.

Other challenges will be the implementation of the data transformation programme, expected by NSO senior management and staff to deliver a means of facilitating and improving work processes. The implementation of the GDPR and its impact on statistical operations will be monitored closely by the Authority, and our close collaboration with the Data Protection Commissioner is expected to continue.

The Authority will also remain vigilant on all developments in statistics from both a local and international perspective. In this connection, a meeting took place between myself as Chairman and Ms Passerman, Deputy Head of Cabinet of Commissioner Marianne Thyssen (politically responsible for Eurostat), to explore possibilities for bodies with an advisory and regulatory role to gain further insights into ongoing statistical developments.

I would like to thank all data subjects for their contribution to making official statistics possible, to the staff at the NSO for their sterling work and to the Minister for Finance who, year on year, has increased the Office's financial resources for the improvement of operations.

My thanks are also due to my close collaborators, the members of the Board, for supporting my chairmanship throughout the past year, and to the staff members of the MSA Secretariat. My special appreciation goes to the Deputy Chairman, Dr Aaron Grech as my closest collaborator, for his support and assistance in governance, risk, monitoring and assessment functions in the most difficult of situations, all for a token remuneration.

Authority Board Report For the year ended 31st December 2017

The members of the Authority Board present their report, together with the Audited Financial Statements of the Authority, for the year ended 31st December 2017.

Authority

The persons responsible for these financial statements are

Prof. Albert Leone Ganado – Chairperson

Dr. Aaron George Grech – Deputy Chairperson

Mr. Etienne Caruana – Acting Director General (ex Ufficio) (appointed on the 29th December 2017)

Mr. Robert Borg

Dr. Vince Marmara’ – (appointed on the 13th November, 2017)

Mr. Emanuel P. Delia

Mr. Godwin Mifsud

Mr. Gianluca Cutajar

Ms Fleur Vella – (appointed on the 13th November 2017)

Mr. Joseph Bonello – Board Secretary

Principal activity

The Malta Statistics Authority (MSA) is a public corporate body with regulatory responsibility relating to the production of official statistics in accordance with internationally harmonised methodologies, for the benefit of the Government of Malta, the European Union, international organisations and the general public. The Authority was set up by the Maltese Parliament through the Malta Statistics Authority Act Chapter 422 and reports to Parliament on an annual basis.

Review of business development and financial position

The results for the year under review are disclosed on page 18, while the financial position of the authority as at 31st December 2017 is disclosed on page 19.

Events after the end of the reporting year

No significant events, having an effect on the financial results and position of Authority, have taken place after the end of the reporting year.

Future developments

No changes are envisaged in operations during the forthcoming year.

Surplus of Funds

The surplus for the year amounted to €357,118 is being carried forward to the next financial year.

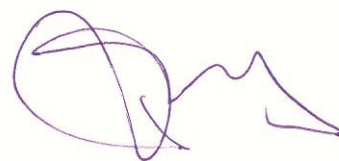
Auditor

The auditor, Mr. Charles Scerri, has intimated his willingness to continue in office. A resolution proposing his re-appointment will be put before the members at the next annual general meeting.

Approved by Authority's representatives on 16th April, 2018 and signed on its behalf by:



Prof. Albert Leone Ganado
Chairperson



Mr. Robert Borg
Director

Registered address:

Lascaris,
Valletta, VLT 2000
Malta.

Statement of responsibilities of the Authority

The Authority is governed by a Board consisting of Chairperson, the Director General ex Ufficio and seven members. Their responsibility is to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the European Union which give a true and fair view of the state of affairs of the Authority at the end of each financial year and of the gain or loss for the year then ended. In preparing the financial statements, the Authority:

- Selects suitable accounting policies and apply them consistently;
- Makes judgements and estimates that are reasonable and prudent; and
- Prepares the financial statements on a going concern basis, unless it is appropriate to presume that the Authority will continue in business.

The Authority is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority and to enable them to ensure that the financial statements have been properly prepared in accordance with the provisions of the Act.

The Authority is also responsible for safeguarding the assets of the Authority and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


The Authority is responsible to ensure that it establishes and maintains internal control to provide reasonable assurance with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

In determining which controls to implement to prevent and detect fraud, management considers the risks that the financial statements may be materially misstated as a result of fraud.

Approved by the Authority on 16th April, 2018 and signed on its behalf by:



Prof. Albert Leone Ganado
Chairperson



Mr. Robert Borg
Director

INDEPENDENT AUDITOR'S REPORT

To the members of the Malta Statistics Authority

Opinion

I have audited the financial statements of Malta Statistics Authority as set out on pages 18 to 21, which comprise the statement of financial position as at 31st December 2017, 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 statement, including a summary of the significant accounting policies and explanatory notes.

In my opinion, the financial statements give a true and fair view of the financial position of the authority as at 31st December, 2017 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU and have been prepared in accordance with the requirements of the Malta Statistics Act (Cap. 422).

Basis for Opinion

I have conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described below in the Auditor's Responsibilities for the Audit of the financial statements section of my report. I am independent of the Authority in accordance with the international Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to my audit of the financial statements in accordance with the Accountancy Profession Act (Cap. 281) in Malta, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other matter

The previous audit was carried out by another auditor who expressed an unmodified opinion on the 21st March, 2017.

Other information

The representatives of the authority are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

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

I have nothing to report in this regard.

Responsibilities of the representatives of the authority and those charged with governance for the audit of the financial statements.

The representatives of the authority are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the representatives of the authority determines necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error. In preparing the financial statements the representatives of the authority are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the representatives either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibility for the audit of the financial statements

My objective is 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 auditor's report that includes my 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, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the representatives.
- Conclude on the appropriateness of the representatives' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the representatives of the authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Charles Scerri
Certified Public Accountant and Registered Auditor
The Penthouse, Carolina Court, Giuseppe Cali Street, Ta' Xbiex XBX 1425

Date: 16th April, 2018

Statement of comprehensive income
For the year ended 31st December 2017

	Note	2017	2016
		€	€
Income	4	6,376,377	5,539,163
		-----	-----
Administrative expenses		(6,019,417)	(5,147,258)
Finance income	5	158	102
		-----	-----
Surplus for the year	6	357,118	392,007
		=====	=====

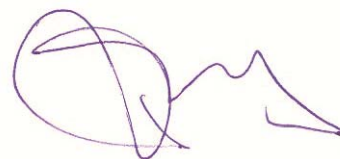
Statement of financial position
As at 31st December 2017

	Note	2017 €	2016 €
Assets			
Non-current assets			
Property, plant and equipment	8	249,037	238,341
		-----	-----
		249,037	238,341
		=====	=====
Current assets			
Inventories	9	58,589	59,414
Trade and other receivables	10	938,980	948,972
Cash at bank	13	1,329,809	979,226
		-----	-----
Total current assets		2,327,378	1,987,612
		-----	-----
Total assets		2,576,415	2,225,953
		=====	=====
Equity			
Retained funds		1,245,422	888,304
		-----	-----
Liabilities			
Non-current liabilities			
Deferred income	11	138,972	129,078
		-----	-----
Total non-current liabilities		138,972	129,078
		-----	-----
Current liabilities			
Trade and other payables	12	1,192,021	1,208,571
		-----	-----
Total current liabilities		1,192,021	1,208,571
		-----	-----
Total liabilities		1,330,993	1,337,649
		-----	-----
Total equity and liabilities		2,576,415	2,225,953
		=====	=====

The financial statements on pages 18 to 37 were approved by the Authority's representatives on 16th April, 2018 and signed on its behalf by:



Prof. Albert Leone Ganado
Chairperson



Mr. Robert Borg
Director

Statement of changes in equity
For the year ended 31st December 2017

	Accumulated fund €
At 1 st January 2016	496,297
Surplus for the year	392,007

At 31 st December 2016	888,304
	=====
At 1 st January 2017	888,304
Surplus for the year	357,118

At 31st December 2017	1,245,422
	=====

Statement of cash flows
For the year ended 31st December 2017

	2017	2016
	€	€
Cash flow from operating activities		
Surplus for the year	357,118	392,007
Adjustments for:		
Depreciation	56,043	53,442
Government grant transferred to Income & Expenditure Account	(46,412)	(34,568)
Movements in working capital for:		
Inventories	825	(1,445)
Trade and other receivables	9,992	(19,960)
Trade and other payables	(26,985)	10,071
	-----	-----
Net cash inflow before interest	350,581	399,547
Interest receivable	(158)	(102)
	-----	-----
Net cash inflow from operative activities	350,423	399,445
	-----	-----
Cash flow from investing activities		
Payments to acquire property, plant and equipment	(66,739)	(79,855)
Interest receivable	158	102
	-----	-----
Net cash outflow used in investing activities	(66,581)	(79,753)
	-----	-----
Cash flow from financing activities		
Government capital grants	66,741	77,060
	-----	-----
Net cash inflow from financing activities	66,741	77,060
	-----	-----
Movement in cash and cash equivalents	350,583	396,752
Cash and cash equivalents at the beginning of the year	979,226	582,474
	-----	-----
Cash and cash equivalents at the end of the year (Note 13)	1,329,809	979,226
	=====	=====

Notes to the financial statements

For the year ended 31st December 2017

1.1 Reporting Authority

The Malta Statistics Authority was set up by the Maltese Parliament through the Malta Statistics Authority Act Chapter 422 and reports to Parliament on an annual basis.

1.2 Basis of preparation

1.3 Statement of compliance

The financial statements have been prepared and presented in accordance with the provisions of the International Financial Reporting Standards as adopted by the EU (IFRSs) and the requirements of the Malta Statistics Act (Chapter 422).

2.2 Basis of measurement

The financial statements are prepared under the historical cost basis. The accounting policies set out below have been applied consistently to all years presented in these financial statements.

2.3 Functional and presentation currency

The financial statements are presented in Euro, which is the Authority's functional currency.

Transactions in foreign currencies are translated to the functional currency of the Authority at exchange rates at the dates of the transactions. 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.

2.4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the authority representatives, the accounting estimates and judgments made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

3.1 Property, plant and equipment

Property, plant and equipment, are initially recorded at cost and are subsequently stated at cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Income, during the financial year in which they are incurred.

Depreciation

Depreciation is calculated to write off the cost of fixed assets on a straight line basis over the expected useful lives of the assets concerned having regard to their residual value. The annual rates used for this purpose, which are applied consistently, are:

	%
Improvement to leasehold premises	2
Furniture and fixtures	15
Office equipment	15
Motor Vehicles	20
Computer software	20
Computer equipment	20 – 33.33

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each end of the reporting year.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gains or losses arising on the disposal or retirement of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the asset and are recognised in profit or loss within the other income or administrative and other expenses.

3.2 Inventories

Inventories are stated at the lower of cost and net realisable value. Stocks are determined by the weighted average basis. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

3.3 Trade receivables

Trade receivables are classified with current assets and are stated at their nominal value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

3.4 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

3.5 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.6 Revenue

Revenue is measured at the fair value of the consideration received or receivable by the Authority for services provided. Revenue is recognised to the extent that it is probable that future economic benefits will flow to the authority and these can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

- The Authority has transferred to the buyer the significant risks and rewards of ownership of the services provided. This is generally when the customer has approved the services that have been provided;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Authority; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income from government subvention is recognised on an accrual basis.

- Government grants and EU grants are not recognised until there is a reasonable assurance that the entity will comply with the conditions attaching to them and that the grants will be received.
- Government grants and EU grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.
- Government grants and EU grants related to assets are presented in the statement of financial position by setting up the grant as deferred income and is recognised in profit or loss on a systematic basis over the useful life of the asset.
- Government grants and EU grants that are receivable as compensation for expenses or losses already incurred or for the purposes of giving immediate financial support to the entity with no future related costs are recognised in profit or loss in the period in which they become receivable.

Interest income

Interest is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

3.7 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Authority becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Authority's contractual rights to the cash flows from the financial assets expire or if the Authority transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Authority commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Authority's obligations specified in the contract expire or are discharged or cancelled.

3.8 Financial assets

For the purpose of subsequent measurement, financial assets of the Authority are classified into loans and receivables upon recognition.

All income and expenses relating to loans and receivables are presented within 'finance cost', 'finance income', or 'other financial items', except for impairment of trade receivables which is presented within 'other expenses'.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Authority's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other available features of shared credit risk characteristics. The percentage of the write down is then based on recent historical default rates for each identified group.

3.9 Financial liabilities

The Authority's financial liabilities include trade and other payables. These are stated at their nominal amount which is a reasonable approximation of fair value.

All interest-related charges are included within 'finance costs' or 'finance income'.

3.10 Reserves

The retained fund includes all current and prior period retained surpluses and deficits.

3.11 Going concern

The financial statements have been prepared on the going concern basis, which assume that the Authority will continue in operational existence for the foreseeable future. With reference to the Malta Statistics Authority Act, 2000 Part 4 article 19 sub-article 3, the Government shall pay the Authority to meet any of its expenditure that cannot be met out of its revenue and the costs of specified works to be continued or otherwise carried out by the Authority, being works of infrastructure or of a similar capital nature.

4 Income

	2017	2016
	€	€
Government subvention:		
Direct: paid to MSA	4,600,000	4,349,997
Indirect: expenses paid by the Ministry of Finance	65,957	55,473
Programs and initiatives	1,032,906	593,487
Household budgetary survey	31,602	206,384
Household budgetary survey - expenditure	(31,602)	(206,384)
Refurbishment of premises paid by the		
Ministry for Finance	39,201	7,907
Government grant – Capital nature (Note 11)	46,412	34,568
EU Grant agreements	321,894	293,023
Sale of publications and surveys	206,186	140,996
Other income	63,821	63,712
	-----	-----
	6,376,377	5,539,163
	=====	=====

5 Finance income

	2017	2016
	€	€
Bank interest received	158	102
	=====	=====

6 Surplus for the year

6.1 The surplus for the year is stated after charging the following:

	2017	2016
	€	€
Audit fee	2,288	2,859
Depreciation (note8)	56,043	53,442
Staff costs:		
Board members remuneration	53,573	50,603
RPI Advisory Committee members' remuneration	8,817	9,328
Staff wages and salaries (excluding HBS wages)	4,595,302	4,200,262
	=====	=====

The average number of persons employed during the year was made up as follows:

	2017	2016
	Number	Number
Average number of MSA employees	170	169
Average number of casual survey interviewers	39	37
	=====	=====

7 Taxation

The Board as per previous practice, considers the Authority as tax exempt and did not provide for taxation at 35% in the financial statements. A request in terms of Article 12(2) of the Income Tax Act to obtain a tax exemption on its surplus will be made with the Ministry of Finance. To date, no such exemption has been received.

8 Property plant and equipment

	Improvement to premises	Computer equipment	Furniture & Fittings	Office Equipment	Motor vehicles	Total
	€	€	€	€	€	€
Cost						
At 1st January 2017	225,908	765,852	294,299	216,421	40,384	1,542,864
Additions	6,387	18,236	15,490	4,328	22,298	66,739
Disposals	-	-	-	-	(12,858)	(12,858)
At 31st December 2017	232,295	784,088	309,789	220,749	49,824	1,596,745
	=====	=====	=====	=====	=====	=====
Depreciation						
At 1st January 2017	74,176	713,080	274,740	202,143	40,384	1,304,523
Charge for the year	4,518	32,354	8,295	6,416	4,460	56,043
Disposals	-	-	-	-	(12,858)	(12,858)
At 31st December 2017	78,694	745,434	283,035	208,559	31,986	1,347,708
	=====	=====	=====	=====	=====	=====
Net book value						
At 31st December 2017	153,601	38,654	26,754	12,190	17,838	249,037
	=====	=====	=====	=====	=====	=====
Net book value						
At 31st December 2016	151,732	52,772	19,559	14,278	-	238,341
	=====	=====	=====	=====	=====	=====

9 Inventories

	2017	2016
	€	€
Books and publications	43,416	43,426
Stationery	15,173	15,988
	-----	-----
	58,589	59,414
	=====	=====

Publications which are given for free are valued at their original cost.

10 Trade and other receivables

	Note	2017	2016
		€	€
Trade receivables	10.1	276,858	89,264
Accrued income		646,156	843,205
		-----	-----
Financial assets		923,014	932,469
Prepayments		15,966	16,503
		-----	-----
		938,980	948,972
		=====	=====

10.1 The Authority does not have any credit terms with its trade debtors. The age of trade debtors is as follows:

	2017	2016
	€	€
Month than 1 month	73,474	65,081
More than 1 month but not more than 3 months	199,037	6,844
More than 3 month but not more than 6 months	4,344	17,339
	-----	-----
	276,858	89,264
	=====	=====

10.2 Accrued income includes €643,594 as of 31st December 2017 (2016: €838,921) representing a sum payables by the National Statistics Office to ex-public officers in respect to retiring service pension which sum shall be compensated in full by the Government of Malta in the event that the National Statistics Office is unable to meet this expenditure out of its annual budgetary allocation. The members of the Authority Board are of the options that it shall not be possible for the National Statistics Office to meet this expenditure out of its annual budgetary allocation. A corresponding amount is recognised as accrued expense (Note 12).

11 Deferred income

	2017	2016
	€	€
Government grants		
At 1 st January	161,980	119,488
Additions	66,741	77,060
Amounts transferred to income and expenditure account	(46,412)	(34,568)
	-----	-----
At December	182,309	161,980
	=====	=====
	2017	2016
	€	€
Comprising		
Current deferred income	43,337	32,902
	=====	=====
Non-current deferred income		
Between 2 and 5 years	59,960	49,823
After more than 5 years	79,012	79,255
	-----	-----
	138,972	129,078
	=====	=====

This refers to government grants with respect to computer equipment, improvements to premises, furniture, fixtures and fittings and office equipment, which are deferred over the assets' useful lives.

Government grants	2017	2016
	€	€
Cost		
At 1 st January	870,325	793,265
Amounts transferred to income and expenditure account	66,741	77,060
	-----	-----
At December	937,066	870,325
	=====	=====
Amortisation		
At 1 st January	708,345	673,777
Amounts transferred to income and expenditure account	46,412	34,568
	-----	-----
At December	754,757	708,345
	=====	=====
Balance	182,309	161,980
	=====	=====

12 Trade and other payables

		2017	2016
	Note	€	€
Trade payables		32,101	97,312
Accruals		918,283	881,339
		-----	-----
Financial liabilities		950,384	978,651
Deferred income from Government grants	11	43,337	32,902
Other payables		198,300	197,018
		-----	-----
		1,192,021	1,208,571
		=====	=====

Short term financial liabilities are carried at their nominal value which is considered a reasonable approximation fair value.

13 Cash and cash equivalents

Cash and cash equivalents consist of the following:

	2017	2016	Movement
	€	€	€
Cash at bank	1,329,809	979,226	350,583
	=====	=====	=====

14 Related party transactions

The Malta Statistics Authority is an autonomous public institution and reports to Parliament on an annual basis. The Board members of the Authority are appointed by the Government of Malta.

During the year under review, the Authority entered into transactions with a number of Government-related entities. As at 31st December 2017, the Authority had an outstanding receivable balance owned by other governmental entities amounting to €83,534 (2016: €73,836), and an outstanding payable owed to other governmental entities amounting to €148 (2016: €63,499).

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantee was given or received. Transactions with related entities are unsecured and interest free. Outstanding balances are usually settled in cash.

Income recognised for the year under review relating to subventions received from the Government of Malta are disclosed in note 4.

15 Financial risk management

The Authority is exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The Authority's risk management is coordinated by the Board members and focuses on actively securing the Authority's short to medium term cash flows by minimising the exposure to financial risk.

15.1 Foreign currency risk

The Authority is not significantly exposed to foreign currency risk since most of its transactions are carried out in Euro.

15.2 Interest risk

The Authority is not exposed to interest risk on its payables since these are all interest free.

15.3 Credit risk

The Authority's exposure to credit risk is limited to the carrying amount of financial assets recognized at the end of the reporting period, as summarized below;

		2017	2016
	Note	€	€
Classes of financial assets – carrying amounts			
Trade and other receivables	10	938,980	948,972
Cash and cash equivalents	13	1,329,809	979,226
		-----	-----
		2,268,789	1,928,198
		=====	=====

The Authority's Board members consider that all the above financial assets for each of the reporting dates under review are of good credit quality.

None of the Authority's financial assets is secured by collateral or other credit enhancements.

In respect of trade and other receivables, the Authority is not exposed to any significant credit risk exposure to any single counterparty. The credit risk for liquid funds is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

15.4 Liquidity risk

The Authority's exposure to liquidity risk arises from its obligations to meet its financial liabilities, which comprise of trade and other payables. Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount of funding to meet the Authority's obligations when they become due.

The Authority ensures a steady and healthy cash flow through persistent chasing up debtors on a weekly basis to ensure that target inflows are received monthly. Targets are set by the management, who monitors cash flow regularly together with the accountant.

The Authority's financial liabilities at the reporting date under review are all short term and their contractual maturities fall within one year.

16 Comparative information

Where necessary, comparative figures have been adjusted to conform to the current year's disclosure for the purpose of fairer presentation.

17 Statutory information

The Malta Statistics Authority (MSA) ("the Authority") is the Authority which ensures that official statistics produced independently by its executive arm, the National Statistics Office, are reliable, robust, timely and impartial. The Authority is enacted by the virtue of the Malta Statistics Authority Act XXIV, and reports to Maltese Parliament.

	2017	2016
	€	€
Income	6,407,979	5,745,547
	-----	-----
Administrative and other expenses		
Air conditioning running costs	1,876	1,129
Allowances	-	127,961
Auditor's remuneration	2,288	2,859
Bank interest and charges	770	743
Board members' remuneration	53,573	50,603
Cleaning expenses	35,050	38,834
Conference expenditure	9,226	614
Donations and miscellaneous expenses	200	35
Depreciation	56,043	53,442
General expenses	4,721	2,581
Hire of equipment	13,057	10,095
Hospitality and entertainment	11,936	8,314
Insurance fees	14,958	4,223
IT Support – paid by the Ministry	39,850	125,432
Consultancy and professional fees	170,116	76,805
Licences, memberships and subscriptions	41,544	44,803
Medical services	1,076	50
Motor vehicles running expenses	9,945	12,793
Pensions payable to ex government employees	300,000	-
Postage and couriers	20,899	27,115
Print and stationery fees	34,009	21,470
Publicity fees	6,326	2,058
Rental fees	19,338	19,242
Repair and maintenance	15,998	22,943
RPI Advisory Committee members' remuneration	8,817	9,328
Salaries	4,595,302	4,115,744
Surveys and interviews	307,485	138,343
Training costs	45,639	42,845
Telecommunication costs	20,589	21,338
Travelling expenses	137,049	131,578
Uniform expenses	4,623	4,138
Water and electricity fees	31,197	24,309
Premises maintenance	5,917	5,491
	-----	-----
	6,019,417	5,147,258
	-----	-----

	2017	2016
	€	€
Household budgetary survey expenditure		
Surveys and interviews	-	113,732
Salaries and overtime	27,238	84,518
Consultancy fees	-	7,246
Printing and stationery fees	4,364	161
Postage and couriers	-	508
Telecommunication costs	-	30
Travelling expenses	-	189
	-----	-----
	31,602	206,384
	-----	-----

Household budgetary survey expenditures are netted with income in note 4.

Total operating expenses	6,051,019	5,353,642
	-----	-----
Finance income	158	102
	-----	-----
Surplus for the year	357,118	392,007
	=====	=====