

Malta Standards Authority



Annual 2006
Report 2007

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Mission Statement

Our mission is to effectively co-ordinate standardization and related activities to meet the needs of the Maltese community in accordance with European and internationally recognized standards and practices, that enhance economic efficiency and international competitiveness, and fulfil the community's demand for consumer protection and for a safe and sustainable environment.



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Hon. Ċensu Galea

Message by the Minister for Competitiveness and Communications

There is no doubt that the hard work performed by the Malta Standards Authority and the resulting success stories justify the ever-increasing value it holds within the Ministry for Competitiveness and Communications.

Small businesses could claim to be the world's biggest business. It is estimated that more than 95 per cent of the world's businesses are small to medium sized. Thus, international standards need to provide as many benefits for small businesses as they do for global enterprises, governments and society at large. Small business owners and managers are hard-working people, sharply focused on the survival of their enterprises, and international standardization might seem far removed from their practical concerns. However, the Malta Standards Authority, which is also a member in the International Standards Organisation (ISO) and the International Electrotechnical Commission (IEC), provides various services to Maltese businesses in the area of standardization, with the aim to facilitate and help businesses in Malta with practical solutions to many of the challenges faced in today's globalizing markets.

International standards have been instrumental in the development of the electrical power grids and telecommunication/ICT networks and global supply chains, opening up more opportunities for small businesses. ICT standardization in particular allows small businesses to reach far beyond their physical location in search of new markets.

The beginning of this year also saw the presentation of the accreditation certificate to the Malta National Laboratory – an achievement following months of hard work by the laboratory and a thorough assessment by the National Accreditation Board.

As Minister responsible for Competitiveness I cannot stress enough the importance of accreditation not only at the mandatory level but also at the voluntary level. In today's highly competitive markets, accreditation is fast becoming an important factor. Accreditation is widely chosen by an organisation because of the competitive advantages it provides, resulting in a better access to its intended market. After all accreditation is all about demonstrating the competence of an organisation through an independent third-party assessment and is an attestation of compliance with internationally established standards and requirements.

Thanks to the Malta Standards Authority all of the above can be achieved, and thus providing our country with a more standardised and competitive market, which will definitely result in more success stories.



Ing. Francis E. Farrugia

Message from the Chairman

Tenth Anniversary of MSA

The Malta Standardization Act was approved by Parliament in late 1996 and the first meeting of the Council was held in February 2007. These ten years can be divided into two phases referred to as MSA One and MSA Two, we are entering (late 2007) phase MSA Three with Government's intention to rationalize activities in the area of free movement of goods as is being proposed in the Bill No.98 and presently before Parliament entitled 'An Act to amend the Malta Standards Authority Act and Various Laws'. My futuristic vision for phase MSA Four is also included.

My involvement with standardization in Malta goes before the setting up of the Malta Standardization Authority as for a number of years before 1996, I was a member of the Board of Standards which was set up for the first time in 1967 as a requirement of the Quality Control (Imports, Exports and Local Goods) Act and which was instrumental for paving the way for the Malta Standardization Authority. This puts me in a unique position as throughout this period I was involved in most of the strategic decisions concerning the Authority.

MSA One covers the period 1997 – 2000. During this period the Authority's main priority was the setting up of the Malta National Laboratory (MNL) and eventual consolidation of laboratory activities within the various government departments as part of the MNL following the report prepared by Cambridge-based organization 'Scientific Generics'. The report made it clear that the commercial viability of the MNL depended on this consolidation. This consolidation to date has not yet materialised. As the Maltese expert forming part of 'Scientific Generics', I still consider that the consolidation of laboratories is still today the only valid option for the survival of the MNL, this was also the advice given by KPMG in their reports of 2004 and 2005.

In October 1999, by way of a government cabinet decision, the National Laboratory was separated from the Malta Standards Authority (MSA) and subsequently MNL was registered as a limited liability company in December 1999. Another important role played by the technical staff of the Authority during this period was their participation during the screening process in conjunction with Malta's application to become an EU Member State in matters dealing with Chapter One of the *Acquis* – Free Movement of Goods. .

MSA Two covers the period 2000 – 2007, I was appointed Chairperson of the Authority in March 2000 just in time when new standardization legislation was being prepared to meet Malta's new role as a prospective EU Member State. The Malta Standards Authority Act was

“It is interesting to note that the ACCA which was specifically devised for Malta, it is now being applied to non-EU Mediterranean countries as a requirement for the completion of the Euro-Mediterranean Free Trade Agreement.”



MSA Chairperson Ing. Francis E. Farrugia signing CEN Membership during the 2002 CEN General Assembly in London.

published in July 2000 and laid down the foundation for a new quality and measurement infrastructure for Malta.

Between 2001 and 2004, pre-accession funds were made available to the Authority for capacity building. New staff were engaged and trained and metrological equipment purchased. In December 2001, the 1.35 million euros EU pre-accession funded-project "Capacity Building at MSA" was initiated by the signing of a technical assistance and training contract between MSA and CEN, the contractor appointed to manage this contract. January 2002 saw the kick-off of this project – the objective of this project was to establish the Malta Standards Authority as the focal point for quality issues in Malta and to build the necessary quality and metrological infrastructure required to support the local industrial and commercial sector needs in the areas of standardization, certification, accreditation and metrology and for Malta to be in a position to meet the requirements of Chapter I of the *Acquis* – Free Movement of Goods.

This project, which had a duration of twenty-four months, was later extended till April 2004. At the termination of the project, the Authority not only met all the set objectives before the target dates but new projects were undertaken from the money saved during the project duration which was the reason for the extended period. This project was crucial to the Authority as it gave the possibility for the officers to be trained within various institutions in other Member States.

The year 2001 was also of particular importance to MSA, the five directorates – standardization, accreditation, metrology, foodstuffs, chemical and cosmetics technical regulations, consumer and industrial goods technical regulations were all set up and functioning. By virtue of Legal Notice 213 of 2000, the Standardization Directorate was established. In October 2001, the Authority became the 20th member and only second member from candidate countries (at that time) of CENELEC; this was followed in January 2002 by admittance to full membership of CEN. CEN and CENELEC are responsible for

the harmonization of standards in Europe through mandates given by the Commission. Malta, through MSA has a voice during the preparation of European standards and can defend the interest of the local community – industrial, commercial, consumers, NGOs etc., where they can be adversely affected. MSA is also the national representative and full member of ETSI (European Telecommunication Standards Institute) since 2000. At international level, MSA is full member of ISO (International Standard Organization) and corresponding member in IEC (International Electrotechnical Commission). As Chairman of MSA, I sit on the Managing Board of both CEN and CENELEC and last year for the first time, Malta was elected to the General Council of ISO. In May 2002 we published the first-ever national standard – MSA 100:2002 – Specifications for Keyboard allocation of graphic characters for data processing. In 2004, under the Standardization Directorate, MSA introduced certification activities. At first, the emphasis was on MSA EN ISO 9001, but later certification was also introduced in the area of organic agricultural products based on EU Regulation (EU Regulation – EEC 2092/1991) and early this year on request from the Malta Insurance Association and GRTU in the area of Motor Vehicle Repair Garages.

The two Regulatory Directorates - Consumer and Industrial Goods (CIGD) and Foodstuff, Chemical and Cosmetics (FCCD) were officially established in October 2000 through Legal Notice 213 of 2000, and the first Heads appointed in March 2001, with effect as from 1st January 2001. The Regulatory Directorates are the technical advisory arm of the Ministry responsible for the Authority, as well as to other Government entities, for all matters related to the free movement and safety of products.

CIGD is responsible for new amendments to existing technical regulations issued by virtue of the Product Safety Act (Cap. 427) for all matters related to the free movement and safety of; motor vehicles, electrical equipment, radio equipment and telecommunications terminal equipment, machinery and mechanical devices, personal protective equipment, construction products, recreational craft, medical devices, pressure vessels, toys, pyrotechnic articles and gas appliances. It also is responsible for the designation and notification of Conformity Assessment Bodies (CABs).

The FCCD is responsible for the transposition and adoption of all foodstuffs, chemicals and cosmetics directives and legislation (even if autochthonous). Besides, it also provides a consultation service to all manufacturers and importers relating to the labelling of their foodstuffs products. The FCCD is represented

From left to right: The late CEN Secretary General Mr. Georg Hongler, Mr. Alan Bryden Secretary General of ISO and Ing. Francis E. Farrugia.

on the Food Safety Commission, which is the body in Malta responsible for the administration and decision-making in areas of food safety. The FCCD is also the competent authority in Malta in relation to (amongst other responsibilities) labelling of foodstuffs, detergents, cosmetics.

The active participation and contributions of the officers in these directorates in the various Commission and Council meetings has resulted in safeguarding the interest of SMEs on the island and also certain national traditions which otherwise could have had adverse effects.

The Metrology Directorate was established by Legal Notice 312 in December of 2001, and became operational as of January 2002. The primary objectives of the Metrology Directorate (MSA - NMS) are the establishment of the infrastructure for scientific, legal and industrial metrology. In June 2002, the Authority concluded an agreement with Malta Enterprise (IPSE at that time) for the allocation of two plots at Corradino Business Incubation Centre (KBIC). To date MSA has set up three state of the art laboratories in the areas of dimensional measurement, mass, thermometry and humidity. MSA – NMS has profited from both pre-accession and transition funding for the purchase of metrological equipment and staff training. Last June, the Hon. The Prime Minister inaugurated Phase Two of the MSA – NMS laboratories. This new section of the facilities at Corradino includes new equipment to the value of 439,000 euros, which will increase our competencies in the areas of large mass standard calibration and primary humidity measurements. With almost 500 calibration certificates issued per year, the facilities at Corradino are an asset to local industry and already new areas of utmost importance to industry have been identified for future expansion.

On 20 December 2001, Legal Notice 313 which lays down the establishment, organisation and operation of the Accreditation Directorate within the Malta Standards Authority was published. This legal notice came into force on 1st January 2002, this was followed in July 2002, with the accreditation service being officially launched by the then Minister for Economic Services, Prof. Josef Bonnici. Accreditation is the process by which an authoritative body gives formal recognition that a body or a person is competent to carry out specific tasks. In November 2002, NAB – MSA attained full membership of EA (European co-operation for Accreditation). The final months of 2006 and 2007 saw the creation of the National Accreditation Board – Malta (NAB – MALTA) which was established through Legal Notice 252 of 2006. As a result of this legal notice, the



Accreditation Directorate was detached from MSA in October 2006 and is now part of the Ministry.

In May 2002, MSA on behalf of the Government, initiated preparatory technical consultations with the European Commission in order for Malta to be in a position to sign a PECA-type (Protocol to the Europe Agreement on Conformity Assessment and Acceptance of Products) agreement with the Commission and the other Member States before full membership, this was referred to as ACCA (Agreements for Conformity Assessment and Acceptance of Industrial Products). An ACCA is defined as a key political and economic element in the EU's enlargement, enterprise, trade and internal market policies. An ACCA agreement creates an expanded single market for certain industrial products before candidate countries join the Union. It is interesting to note that the ACCA which was specifically devised for Malta, it is now being applied to non-EU Mediterranean countries as a requirement for the completion of the Euro-Mediterranean Free Trade Agreement. I have been to a number of such countries on the request of the Commission to explain the mechanics of an ACCA agreement.

In 2003, Legal Notice 373 implementing Directive 98/34/EC as amended by Directive 98/48/EC, was published. This very important piece of legislation provides for a transparent procedure to guarantee the free movement of goods, and the free movement of information technology services between EU Member States. It established the MSA as the EU Notification point. Member States are obliged to inform and consult each other and the Commission before they adopt measures that may be deemed as creating barriers to trade. This legal notice came into force on 1 May 2004.

The period 2005 – 2006 was a period of consolidation and new commitments for MSA officers in the various EU Regulatory meetings. During this period particular effort was made for the preparation by the Accreditation Directorate to sign the MLA (Multi Lateral Agreement) and the Standardization Directorate to obtain accreditation for the

certification of quality management systems. As already indicated the Metrology Directorate has established itself as the main provider of calibration facilities on the island and we also ventured in the area of training/awareness providers. Early this year we signed a Memorandum of Understanding with the Libyan National Centre for Standardisation and Metrology (LNCSM) on co-operation and collaboration in the areas of technical regulations and standardization. As a result of this agreement already a number of Libyan officers have undergone specialised training within MSA. A similar MoU is presently under discussion with the Austrian Standards body.

MSA Three is the result of Bill 98 entitled "An Act to amend the Malta Standards Authority Act and Various Laws" which was published on 28 June 2007 in the Government Gazette and is presently before Parliament. The aim of the Bill is to amend various roles for the rationalization of the activities of Authorities involved in the free movement of goods. Today, the following entities are involved in the field of Free Movement of Goods in Malta:

- the Malta Standards Authority within the Ministry for Competitiveness and Communications;
- the Consumer and Competition Division within the Ministry for Competitiveness and Communications;
- the Market Surveillance Directorate within the Ministry for Competitiveness and Communications;
- the Medicines Authority within the Ministry for Health, the Elderly and Community Care;
- the Food Safety Commission within the Ministry for Health, the Elderly and Community Care;
- the Plant Health Department within the Food and Veterinary Regulatory Division of the Ministry for Rural Affairs and the Environment;
- the Malta National Laboratory Co. Ltd. within the Ministry for Competitiveness and Communications.

The new Bill proposes that the roles presently held by the seven listed entities in the field of Free Movement of Goods would be assumed by a restructured Malta Standards Authority. The role carried out by the Operations Directorate of the Consumer and Competition Division responsible for the enforcement of product safety shall be assumed by a new Market Surveillance Directorate within the restructured Authority in order to ensure that the necessary enforcement is carried out at the required level.

The present role carried out by the Market Surveillance Directorate within the Ministry for Competitiveness and Communications, that is, co-ordinating enforcement in the areas

of consumer goods shall be assumed by the Authority's already existing Consumer and Industrial Goods Directorate.

The amendment to the Medicines Act (Cap. 458) introduces the possibility to assign the present functions of the Medicines Authority to other authorities as the Prime Minister may by Order in the Gazette designate. In the area of medicines, if the Malta Standards Authority is eventually designated as the competent authority in terms of the Medicines Act (Cap. 458), the Malta Standards Authority would still act on behalf of the Minister responsible for Health.

The co-ordination role carried out by the Food Safety Commission will take place within the framework of the already existing Foodstuffs, Chemicals and Cosmetics Directorate of the Malta Standards Authority so as to ensure that the Food Safety Commission has the required administrative and scientific support in order to enhance a more efficient co-ordination of food safety in Malta in line with the provisions of the Food Safety Act (Cap. 449). The enforcement role carried out today by the Department of Public Health within the Ministry for Health, the Elderly and Community Care as well as the Food and Veterinary Regulatory Division within the Ministry for Rural Affairs and the Environment will, however, be maintained as is the case today, in order to ensure the required separation between the regulatory and enforcement functions in these specialised areas is kept.

The role presently carried out by the Plant Health Department within the Ministry for Rural Affairs and the Environment shall be assumed by the already existing Foodstuffs, Chemicals and Cosmetics Directorate given its acquired expertise in the area of chemical legislation. In this area, the restructured Authority would act, however, on behalf of the Minister responsible for agriculture in consultation with the Minister or Ministers responsible for health and the environment.

Building on the experience gained in establishing and managing the Malta Standard Authority's metrology laboratories, it is being proposed that the Restructured Authority further assumes the operational responsibility of the Malta National Laboratory Co. Ltd. as per Cabinet decision of 23 October 2006, which was re-confirmed by Cabinet on 20th March 2007.

During the last months we have been holding discussions with all those concerned including stakeholders clarifying and explaining the advantages of such a set up. In the case of public bodies, it was not always easy to convince them of the real value of such a rationalization mainly due to the fact that they



see lack of achievement from there side as the result of the exercise. On the other hand, it was however evident from the discussions held that stakeholders such as FOI, Chamber of Pharmacists etc. see advantages in this rationalization process. No conflicts where identified in the realization of this exercise and the only issues are that of perception of external interested parties in the case of the Medicines Authority and the eventual consolidation of laboratories on the island.

What is the future of MSA, what is at stake? Phase Three will see the Authority's remit covering the whole spectrum of the free movement of goods. This will take some time to materialise and we are anticipating some initial problems mostly due to the human element. The regulatory aspect presently is the main priority within the Authority, with the new responsibilities resulting from MSA Three, the regulatory function of the Authority will be five or more times from the voluntary function based on staff compliment. In the coming years, the main question that we will be facing is that of the co-existence within the same body of regulatory and voluntary activities. The Malta Standards Authority Act of 2000 included an innovative way of how a small state can bring under one umbrella all issues related to voluntary and regulatory matters dealing with the free movement of goods with the setting up of functionally independent directorates. This set up was ideal for a small country to set up from scratch its quality infrastructure, but can this set up be retained in the future? My personal view is that within four to five years, the regulatory and voluntary functions of the

Authority have to be separated. It is obvious that with more and new regulatory activities presently falling within MSA's remit and no increase in budget allocation, the voluntary activities will have to subsidize the regulatory activities. This in turn make it difficult for the voluntary directorates to invest in new equipment in the case of metrology and new conformity assessment schemes in the case of certification activities as training and accreditation cost money. So if government in future is not prepared to cover the cost of regulatory activities and part of the cost of voluntary activities where MSA represents the national interest as is the case with most EU Member States, then the only way forward would be MSA Phase Four – separation of voluntary and regulatory activities.

In conclusion, this year saw a number of changes within the Authority, Ing. Anthony Camilleri is now the new CEO of the Authority. Although the CEO of the Authority is involved with Administrative issues only and in no way involved in any technical work or decisions, the experience of Ing. Camilleri is an asset especially during this period. Mr. Tristan Camilleri is now the new Director responsible for Foodstuffs, Chemicals and Cosmetics, he is also covering the responsibilities of the Consumer and Industrial Goods Directorate. New staff has joined since last year and everyone has fitted well in the organization. Finally, I would like to thank all staff of the Authority and Council members for the collaboration and support found during the year.

Council of the Malta Standards Authority



Record of Attendance at Council Meetings

	2006					2007					
	3rd. Council Meeting 3rd. October	4th. Council Meeting 30th. October	5th. Council Meeting 18th. December	1st. Council Meeting 22nd. January	2nd. Council Meeting 26th. February	3rd. Council Meeting 2nd. April	4th. Council Meeting 8th. May	5th. Council Meeting 5th. June	6th. Council Meeting 24th. July	7th. Council Meeting 10th. September	
1. Ing. Francis E. Farrugia	P	P	P	P	P	P	P	P	P	P	
2. Mr. Godwin Warr	P	P	P	P	P	P	P	P	P	P	
3. Mr. Piju J. Camilleri	P	P	E	P	P	E	P	P	P	P	
4. Dr. Godwin Cassar	P	*	*	*	*	*	*	*	*	*	
5. Mr. Andrew W.J. Mamo	P	P	E	P	P	E	P	P	P	P	
6. Mr. Godwin C. Micallef	P	P	P	P	P	P	P	P	P	P	
7. Dr. Malcolm Micallef	P	P	E	P	P	P	E	P	P	E	
8. Profs. Ing. Paul Micallef	P	P	P	E	E	P	P	P	P	P	
9. Mr. Anthony Mifsud	P	P	P	E	P	P	P	P	E	E	
10. Mr. John Mifsud	P	E	P	P	P	P	E	P	E	**	
11. Mr. Marcel Pizzuto	E	E	E	E	E	E	***	***	***	***	
12. Perit. Nicholas Samut Tagliaferro	P	P	P	P	P	P	P	P	P	P	
13. Mrs. Marianne Sant Fournier	P	P	P	E	E	P	E	E	P	P	
14. Dr. Brian Warrington	P	P	P	P	P	E	P	E	P	P	
15. Dr. Louis Zammit Mangion	P	P	P	P	P	E	P	P	P	P	
16. * Mr. Martin Seychell replaced Dr. Godwin Cassar				P	P	P	E	P	P	E	
17. ** Mr. Paul Scerri replaced Mr. John Mifsud										P	
18. ***Dr. Mireille Vella replaced Mr. Marcel Pizzuto							P	E	P	E	

NB: E-Excused P-Present

Message from the Chief Executive Officer



Ing. Anthony Camilleri

“We delivered..... time to consolidate”

This is the motto chosen by the Authority for the year 2007, which marks the 10th. Anniversary since its establishment. It has been a great privilege for me to be present during this span of years at all the different critical phases of the development of the Authority: from its inception stages struggling to find its feet with the introduction of the first strategy for Standardization and Quality Infrastructure in Malta in 1997, to more recent times when the ever increasing importance and weighting of the MSA were translated into a corresponding dramatic increase in workload covering the major part of Chapter I (Free Movement of Goods) of the *Acquis Communautaire*. Furthermore, I am particularly honoured that the Chairman and Council Members entrusted me to serve as CEO of the Authority: the MSA is a very special place for me and I am pleased to be a part of this important institution at what I think is an especially exciting time in the Authority's brief history. Thus, in my first address in this Annual Report in this new capacity, allow me to formally thank the Chairman and Council Members for putting their trust in me and to my predecessor, Mr. Joseph Spiteri, for all his efforts over the past years. For their continuous support, special thanks also go to the Hon. Minister for Competitiveness and Communications, the Hon. Parliamentary Secretary for Small Business and the Self Employed, the Permanent Secretary within the Ministry for Competitiveness and Communications and all other past Ministers, Parliamentary Secretaries and Permanent Secretaries under whose remit the MSA fell over the past 10 years of its existence. The fact that today, one can look back and review the progress achieved in our country in the areas of product safety, standardization, metrology, accreditation, conformity assessment and certification is due thanks to the efforts of past and present Chairmen, Council Members, management team and MSA officials, who contributed and convinced that shall continue to give their utmost in order to implement MSA's overall mission.

Corporate Governance

The Malta Standards Authority was established by virtue of Cap. 419 of the Revised Edition of the Laws of Malta. It has a legal personality distinct from that of government and its legal and judicial representation is vested in its Chairman. The Chairman is appointed by the Prime Minister every three years. The Chairman presides over the Board of Councillors which is made up of members some of whom are appointed *ex officio* (such as the Director Public Health, the Comptroller of Customs, etc...) while others are chosen by and from the private sectoral organisation they represent (GRTU, CoC, Fol, etc...). The term of office of the Council is three years.

During the period under review, the MSA Council was convened ten times. Regular items on the agenda included Administrative Reports, Approval of Quarterly Financial Statements and

“It's all about people: MSA must be a living organization, a breathing organism that could only succeed if based on the cumulative actions and passions of the people that bring it to life.”



The Management Team Committee.

Approval of Reports by Interviewing Boards regarding the filling of a number of posts.

The executive function of the Authority is vested in the Chief Executive Officer (CEO), who acts also as the Secretary of the Council, and the technical functions of the MSA are vested in the Heads of Directorates, namely the Consumer and Industrial Goods Directorate, the Foodstuffs, Chemicals and Cosmetics Directorate, the Standardization Directorate and the Metrology Directorate. Since 2006 the National Accreditation Board (NAB-MALTA) has taken over the technical functions of the Accreditation Directorate. However the MSA is still providing all the administrative and human resources support to the NAB-MALTA.

The process of decision-making and the process by which decisions were implemented within the MSA was one of the first agenda items of the Management Team Committee (MTC) meetings. The MTC, which is composed of the Heads of Directorates as members, was convened regularly by the undersigned in order to review continuously the Authority's activities and structure to achieve continual improvement in all areas of its operation, with action points followed up between meetings. At the core of the numerous administrative themes discussed was a central message that the MTC wanted to convey – It's all about people: MSA must be a living organization, a breathing organism that could only succeed if based on the cumulative actions and passions of the people that bring it to life. This viewpoint is reflected by a number of management decisions/resolutions that were/are being implemented:

1. Discussions on the first Collective Agreement for MSA officials were speeded up and it was signed on 31st. October 2006. All applicable provisions of this Agreement have been implemented and were subsequently supplemented by additional "family friendly measures";

2. The level of cross organizational working was always very impressive, but it was also recognized that more effort is needed so that this becomes the norm; there was always partnership working amongst the Directorates, but this needs to be more coordinated and linked to the overall goals of the MSA; the public face of the organisation has been slowly building up, but needs to be more consistent across all Directorates, the country and beyond;
3. All Directorates of the Authority have experienced major change in their work and relationships. The fact that they have not let the day-to-day important work suffer is a tribute to them. Over the past months, I also met many enthusiasts, both for the work and the new arrangements being gradually introduced. I am impressed with the new ideas being brought forward, and from individual initiatives. Management shall continue to encourage them as they are the ones that will take this Authority forward;
4. The freeze on the employment of new staff imposed on the Authority meant that no new recruitment was carried out prior to October 2006: at a certain point in time during the period under review, the MSA was operating with less than two-thirds of its normal staff complement. This limitation, compounded with the departure of key existing staff, placed a great burden on the administrative staff of the Authority who had to cover those positions that remain vacant. This situation was remedied during the first six months of 2007 with the filling of the posts of Head – Foodstuffs, Chemicals and Cosmetics Directorate, Legal Advisor, three Engineers, four Scientists and two secretaries. The present staff complement of the MSA is of 24, made up of a Chief Executive and four Directors (three of whom are engineers and the other a scientist), five engineers, one lawyer; one financial controller, seven scientists and one trading standard officer; together with four coordinating clerks/secretaries;
5. Apart from standard internal training programmes, both new and existing staff continued to be trained under the "Additional Support in Specific Technical Areas for the Continued Effective Implementation and Operation of the Market Surveillance System in Malta" twinning-light project:
 - Training Module (Toxicology), whereby three Scientists benefited from Training on Toxicology and respective Risk Assessment techniques in Austria;



- Training of National Metrology Services staff in Spain on Humidity measurement as well as supply tenders for Metrology Directorate;
- Technical "regulatory" support in the areas of Medical Devices, Recreational Crafts, Lifts, Radio and Telecommunications Terminal Equipment (R&TTE), Construction Products, Machinery, Personal Protective Equipment, Noise Emission and Chemicals for the continued effective implementation and operation of the Market Surveillance System in Malta.

Then, under the "Further Institutional Building, Consolidation and Strengthening of Malta Standards Authority" twinning-light project with BSI, the Authority is benefiting from technical assistance in:

- The peer evaluation of the National Accreditation Body of Malta (NAB-MALTA);
- Accreditation of Certification Services in Malta;
- Assessment and Notification of Maltese Conformity Assessment Bodies;
- Setting up of Certification Schemes in Malta for the implementation of EC Regulations.

Furthermore, during 2006, a Project Fiche to the tune of circa €170,000 was submitted to the Planning and Priorities Coordination Directorate for two Twinning Light projects:

- Capacity building of the Malta Standards Authority for REACH; and as a
- Maltese Type Approval Authority for Motor Vehicles;

6. MTC discussed in depth an update of the three-year strategy for the Malta Standards Authority for the period 2008-2010. This builds on the previous strategy prepared by MSA management for the period 2007 - 2009 but now taking into consideration the ongoing rationalisation exercise initiated recently by Government through the publication of Bill 98: An ACT to amend the Malta Standards Authority Act and Various Laws. MSA's core mission is the delivery of its services in such a way as to inspire confidence in trade, and while the activities are not always in the "public glare", they are becoming more and more essential for the smooth operation of the Maltese economy. Indeed, the quiet and efficient delivery of a high quality professional service is central to the Authority's ethos. The aim of this strategy is to ensure the continued delivery of high quality customer service to all users of the services of the MSA, in addition to guiding the MSA towards becoming a financially strong organisation with Government funding minimised to the extent necessary to deliver services in an effective and cost efficient manner once full capacity is achieved. The MSA has the goals of fulfilling its statutory and public service mandate, while operating as an efficient and commercially astute body. This strategy update aims to achieve these goals and on delivering value for money on the non-commercial areas of its activities and positive margins on commercial activities. Through these measures, MSA will continue to be a net contributor to the Maltese economy.

7. A new "Code of Behaviour" has been agreed upon in principle by the MTC which deems it appropriate in



order to underpin the delivery of its three-year strategy. The code is practically contained in this set of Values:

- Excellence that is reflected in our continuous search for new ways to improve the performance of our organisation and to inspire confidence in enterprise and trade in Malta;
- Integrity that embraces the very highest standards of honesty, independence, fairness and ethical behavior in everything we do;
- Competence that is demonstrated in our technical expertise, experience and professionalism;
- Accountability that recognises our obligation to serve enterprise, trade, consumers and government in a proactive and responsible way;
- Respect that is promoted in an environment of engagement and mutual respect for our employees, customers and stakeholders.

Central Administration (MSA-CA)

The Central Administration, headed directly by the undersigned, provides all the services related to administration, human resources finance and other support services to all the Directorates. Services related to communications and public relations, as well as legal advice is supported by the legal adviser attached to the MSA-CA. The legal adviser also contributes towards the formation of detailed opinions regarding regulations drafted by the Regulatory Directorates of MSA.

The year under review saw numerous changes being implemented to enhance the operations of the MSA-CA. The Finance office has a staff of two: a Financial Controller supported by a Co-ordinating Clerk, who are responsible for a range of administrative, reporting and financial control and financial planning activities. The Financial Controller has now been assigned the task to specifically provide financial and administrative support service to the Chairman, MSA Council, CEO and the other MSA Directorates. The function also has now a lead role in the development and

maintenance of the internal control environment of the organisation. The mission of the Finance office is "To support the MSA in achieving its objectives by providing timely, accurate and relevant financial information to all of its stakeholders in a controlled financial environment with a focus on efficient processes, financial planning and value for money". The management of EU projects and tendering procedures for all of the MSA is handled by the CEO and the Finance office.

Two Co-ordinating Clerks report directly to the undersigned who currently assumes the responsibility for the Corporate Services function, which is to provide a comprehensive service to the Chairman, MSA Council, CEO and the other Directorates of the MSA and external stakeholders in achieving the implementation of the objectives / policies of the Authority and in all matters pertaining to Corporate Governance / Services. The governance requirements for state bodies are defined within the Law establishing the same Authority together with a series of OPM/MFIN Directives and Regulations. The compliance with the Law, Directives/Regulations and best practice within the governance environment is a core objective for the Corporate Services function. The mission of the Corporate Services office is: "To provide the highest quality service that supports our internal / external clients and the activities of the Authority through the achievement of critical success factors and the incorporation of best practice in corporate governance and process development."

The CEO, supported by a Legal Advisor and a Co-ordinating Clerk is also currently directly responsible for HR function, by providing a human resource and health and safety support service to all Directorates of the MSA. The HR function provides a range of services, some of which are statutory. The mission of the HR office is: "To promote a human resources culture that meets the needs of the stakeholders by providing exceptional service and innovative solutions". As explained earlier, 2006 was a remarkable year for the HR office within MSA, with the signing of the first Collective Agreement with UHM. Industrial relations issues and individual employee cases require significant time input by the HR function in order to reduce the incidence of third party referral to bodies like the Department of Employment and Industrial Relations, the Ombudsman, Unions, and others.

The Notification Procedure system under Directive 98/34/EC falls under the MSA-CA by which all draft



national technical regulations relating to all products and draft national regulations relating to Information Society Services and standards originating from Ministries, Government Departments and other entities are notified by MSA to EU Member States through the European Commission. MSA is the notification point for Malta under this Directive.

Moving Forward

Government's initiative to restructure the "Free Movement of Goods" technical/administrative framework in Malta is expected to have a major impact on the operations of the MSA in the immediate future. Today, seven different government entities are involved in this framework in Malta. In order to better protect consumers, as well as more efficiently fulfil the State's obligations in this field, consolidation in this area has for long been felt required. To this effect, on the initiative of the Permanent Representative for Malta in Brussels and by Cabinet Decision taken on 16th April 2007, a Bill (No: 98) entitled "An ACT to amend the Malta Standards Authority Act and Various Laws" was published in Government Gazette No:18094 dated 28th June 2007. This Bill has been given a second reading in Parliament during July 2007 and is expected to be enacted during the last quarter of 2007. Although the final content of the legislation is still the subject of political debate, in its 2008-2010 Business Plan, the MSA has already taken key steps to ensure a speedy transition to the anticipated new roles and structures.

Although much progress has been made towards implementing our strategic plan, given this new restructuring

exercise, two areas still need special attention: strengthening and expanding further our technical competencies and developing a robust and sustainable financial plan for the future. MSA senior staff and the undersigned have been analyzing the financial strengths and weaknesses of the Authority's various operations; both those emanating from our (mandatory) statutory obligations as well as those purely of voluntary nature. It is clear from this analysis that we need to build our endowment in all areas, increase our revenues where appropriate, and explore ways our already lean Authority can further streamline expenses. Finding opportunities to leverage the strengths of our operations in both fields to create new, differentiable, and exciting areas of expertise at the MSA are critical as is developing other regulatory areas that can be done uniquely or to special advantage by the Authority. As we all know, assuming further responsibility, recruiting and retaining the best technical people is a difficult and costly endeavor. And building vital endowment for existing as well as new roles is a challenge. Success in these areas will require, apart from additional Government's support, a major collective effort over the next months: and I'm more than convinced that, once again, the MSA will "rise to the occasion".

The Authority, with all its limitations, has enjoyed a celebrated past and I believe that even greater things lie ahead. The path forward will be challenging, but with a commitment from everyone who believes in the potential of our dedicated and professional staff, we can reach our set targets and continue to serve generations to come with a commitment to excel.



Ing. Francis Farrugia

Standardization Directorate

By virtue of Legal Notice 213 of 2000, the Standardization Directorate of the MSA has been entrusted with the business of standards. Standards make life safer, healthier and easier for people, organisations and businesses. They enable communication and trade, and allow businesses to make the best of their resources. Hence, all businesses whatever their size and nature can benefit from standards. However, many lack sufficient information to make effective use of standardization. This is one of key roles of the Standardization Directorate - to show and help industry and other sectors of the Maltese economy make better use of standardization.

What are standards?

One can distinguish between two different types of standards. Businesses, associations and other institutions can develop their own informal standards to meet their particular needs. These can simply be guidelines on how to run the business or a code of practice for the members of a trade association.

Formal standards are published documents that are established by a broad consensus of industry experts, representatives of government/public entities, businesses, consumers, academia, etc. The Standardization Directorate deals with formal standards and operates the Maltese standards body.

National standards are readily made available to everyone in the public domain. They are created when a genuine market need is identified by interest groups. They are created by technical committees established by MSA consisting of a balanced representation from the interest groups. The Directorate is responsible for facilitating, drafting and publishing the standard. Draft standards are established after considering the views of all interested parties and then agrees with the details of the new standard. The draft is released for public comments so that others can also influence the standard's content. When all feedback has been received and considered, the final standard is published. So far the Directorate has published 8 home grown national standards as shown in Table 1. Also shown in this Table are three draft standards that are currently being developed.

In a similar way, the Directorate also provides access to Maltese stakeholders to influence European and international standards when matters that they affect their business are being standardised. Mirror technical committees are established to monitor the work of European or international technical work. The mirror technical committee provides comments to the European/international work to reflect Maltese interests. They also guide MSA to express its vote when it comes to vote on the European/international standards.

“Standards make life safer, healthier and easier for people, organisations and businesses.”

Table 1 – Maltese home grown standards

Reference	Title	Status
MSA 100:2002	Specification for keyboard allocation of graphic characters for data processing	Published
MSA 200:2003	Maltese Data and Information Requirements on Information and Communication Technology	Published
MSA 400:2003	Hand-made Maltese Lace- Characteristics and Identification Parameters	Published
MSA 600:2003	Traditional hand-made Maltese filigree- General Characteristics and identification parameters	Published
MSA 800:2006	Colour coding of containers for the separate collection of wastes Public enquiry	Published
MSA TS 900:2007	Degradable Plastic Carrier Bags – Test Method	Published
MSA TS 1200:2004	Indoor Air Quality - Reduction of effects of smoking on nonsmokers- Requirements	Published
MSA 1400:2006	Motor Vehicle Repairs – Repairers Management system – Requirements	Published
DMS 1600	Remote Gaming – Operators Management System - Requirements	Final Draft
DMS 1800	Fish Hawkers (Code of Practice)	Draft
DMS 2000	Public Health Pest Management	Draft

One important function of the Standardization Directorate is to adopt European standards as Maltese standards. This is in view of the need to adhere to the Free Movement of Goods principle of the European Union. Malta forms an integral part of the EU internal market and in principle it must have the same standards as the other European countries. Being a member of international standards

Table 2 – MSA Catalogue of standards

	Number
European standards (MSA EN) adopted from:	
CEN	13308
CENELEC	9397
ETSI	2442
International Standards (MSA ISO/IEC) adopted from:	
ISO	90
ISO / IEC	68

organisations (ISO and IEC), MSA can also adopt international standards when need be. Table 2 gives some statistical information on the number of European and international standards Malta has adopted.

Key business benefits

Published standards offer a wealth of information to

businesses, thus reducing time, effort and money in research and development of new products and put the saved effort in following best-practices and improving their processes to increase efficiency and become more profitable.

While standards remain voluntary (that is they are not legally binding on any business) it is often the case that the use of standards is a reliable way to meet regulatory obligations. This is the case with harmonised standards used within the European Union. Behind every CE-marked product, there are a number of standards that the manufacturer uses to make sure that products are safe for consumers.

Standards provide a reliable benchmark against which performance can be judged, enabling businesses to demonstrate product performance. The quality of goods, services and processes might already be high, but customers need proof of such claims. Demonstrating the use of widely accepted standards is an effective way of demonstrating compliance. Therefore, introducing standards can help organisations to retain existing clients and generate more sales from new customers. Today, in a global business environment, most customers will only buy from suppliers that comply with certain standards. This is often



Table 3 - Certification Services

	Number of clients
Quality Management System (to MSA EN ISO 9001:2000)	12
Organic Farming (to Council Regulation (EEC) No. 2092/91)	11
Motor Vehicle Garages to MSA 1400:2006	80

the case with public procurement contracts. Showing compliance can provide competitive advantage as it is an important deciding factor for buyers in a competitive environment.

MSA Certification

So as to help businesses demonstrate compliance, the Standardization Directorate has set up MSA Certification. The aim of this unit is to provide internationally accepted certification services to industry and other businesses. Table 3 shows the number of clients MSA Certification has and the type of certification services it is offering.

The future objectives of MSA Certification is to expand into new fields such as Environmental Management Systems to ISO 14001:2004, to Food Safety Management Systems (ISO 22000:2005) and possibly more areas of product certification. For this purpose, MSA Certification has applied to UKAS (which is the largest accreditation body in the world) so as to obtain international recognition of its certification services. MSA Certification will be attaining this prestigious recognition by the end of 2007. This would be of benefit to businesses when seeking to demonstrate compliance to standards in their effort to increase their export potential.



Metrology Directorate

Ing. Joseph Bartolo

12th. June 2007 marked another milestone achievement for MSA-NMS. In three years from initial start up on 29th. April 2004, the National Metrology labs. increased their footprint by 30 %, absorbed new equipment to the value of 439,000€, and increased competencies in the areas of large mass standard calibration and primary humidity measurements. This has been no mean feat while maintaining an increasing business core and increasing volume output to 497 calibration certificates in one year. The new extension was inaugurated by the Hon. Prime Minister who was impressed by the work that MSA-NMS does and the dedication of its staff.

The demands for better measurement uncertainties and improved measurements is increasing as a result of the knowledge transfer related to measurements and measuring instruments that MSA-NMS has initiated with its clients. The pharmaceutical companies have continually increased their service requirements as have a growing number of service providers and government departments. Accredited labs. have a point of referral on which to depend for a variety of calibration requirements. MSA-NMS plans to seek further funding to enhance its calibration portfolio through the introduction of services in the area of electrical measurement, pressure measurement and provision of Malta Standard time. The augmentation of these services will be essential in maintaining readily available traceable standards and calibration capabilities of the highest order to sustain Malta's continued infrastructural developments in the form of the Mater Dei hospital and the rolling out of the Smart City project.

MSA sees itself as competent in providing the services that will be needed, it requires some space to ensure that ERDF funding can in some way be made available. The conditional deliverables attached to this first launch have made it impossible for MSA to submit a funding request as the required deliverables could never be relinquished within MSA's current remit and capabilities. MSA will continue to seek all potential funding sources.

Heritage Malta and MSA have signed the MOU whereby MSA will act as the technical advisor for measurement equipment to be used in the preservation of heritage sites. The first project for which funding has been acquired through EEA funding will make available 350,000€ worth of equipment for the Hal Saflieni Hypogeum, a UNESCO World Heritage site. Tendering for this equipment will be underway in 2008.

On the international scene MSA-NMS is still contributing its part within the EURAMET, WELMEC and MEDA phora. MSA's Head of Metrology has been elected by the Euramet General assembly held this June in Teddington, to stand for a position on the Board of Directors of this now legal entity representing the whole of European

“The key to advancement in this sector is education.”



metrology. Malta also contributes towards hosting meetings for the various technical committees which help to showcase Malta's potential.

In the area of intercomparisons, MSA-NMS is to participate in MEDA organized exercises in the area of mass and dimension, and through bi-lateral comparisons with INTA the Spanish designated lab. in the area of humidity to undertake comparisons in the areas of humidity and temperature with this NMI.

The resource bottlenecks have as yet not been resolved; however the present restructuring exercise being undertaken by MSA may be the key for resolution. Provided with the right resources MSA-NMS will seek to become accredited in the areas of on site calibration work which today form a large segment of its core business.

To date MSA-NMS strength has been the ability to take on new challenges and to find the right technical solutions. With our increased measurement capabilities and subject specific training the right mix of capability and competence are to be found. However the finite limit of staff resources is now a real bottleneck and MSA-NMS will be unable to undertake further initiatives if the right sustenance in manpower is not made available.

Efforts are also being made in educating new customers in the benefits to be gained from the calibration of large





weighing systems, particularly today with MSA's available traceable measure. In the last decade no calibrated and traceable large mass standards were available in Malta to service industry needs, to ensure correct measure and safeguard competitiveness.

With its 1 Tonne mass calibration capability, MSA-NMS is now able to disseminate traceable measure from the National Kilogram retained at the Kordin labs. to the 1 Tonne mass standard, all this being done locally. Large industrial establishments must clearly identify the benefits to be gleaned. However the philosophy related to calibration practices still has eons to grow in certain sectors, prior to its complete acceptance by both certain industries and service providers. In too many instances calibration is still perceived as unnecessary or simply a non-value added cost. Others are trying creative calibration procedures which hold little basis in science or economics.

However as cited earlier niche areas differ considerably from this dire picture of doom and gloom. Even government departments and labs. are slowly improving their understanding with those vying for accreditation showing the highest progress in understanding. The key to advancement in this sector is education, and this at all levels, to ensure that our future generations have an understanding of concepts that effect their daily lives.



Mr. Tristan Camilleri

“It is important to maintain the current momentum in the further building-up of our core expertise and further improve our role as link between industry and the European Institutions.”

Regulatory Directorates

Regulatory

The period between October 2006 and September 2007 has been a very busy one in terms of regulatory affairs falling within the remit of the Directorates, with several new legal proposals being tabled for discussion at Council level and others being formally adopted by Council and European Parliament and transposed into Maltese Legislation. This has also been complimented with an increase of four members of staff working directly with the Directorates, in order to be able to better follow the areas of remit of the Directorates. One of the main aims of the Directorates is to act as a bridge between the local stakeholders and the EU institutions with respect to product and food related legislation. In order for us to be able to defend the interests of Malta it is pivotal for the Directorates to have as much of a clear picture of the local necessities and concerns as possible. We aimed to achieve this through our efforts in reaching all the relevant stakeholders through consultations, visits and information dissemination events.

Medical Devices

Medical devices are currently regulated under three main Directives covering respectively active implantable medical devices (AIMD), medical devices (MD) and in vitro diagnostic medical devices (IVDMD). As highlighted by last year's Annual Report the proposal to amend these legal instruments will result in better regulation through regulatory clarifications in order to ensure consistency of interpretation and implementation of the Directives.

The proposal, mainly aimed at clarifying the existing legislation and increasing transparency and trust in relation to the placing on the market and putting into use of medical devices, was first presented in the European Council in January 2006 under the Austrian EU Presidency. Discussions continued also under the subsequent Finnish EU Presidency until both discussions within the Council and negotiations with the European Parliament were closed under the German EU Presidency in the first half of 2007.

In March 2007, both the European Council Working Party on Medical Devices and the European Parliament were asked to vote on the compromise text for the revision of the directives. The last remaining issues to be settled were the reprocessing of single-use medical devices, restrictions on the use of carcinogenic, mutagenic and substances toxic for reproduction (CMRs) and the delineation with the Advanced Therapies and Medicinal Products Regulations. The compromise package was approved during the COREPER I meeting of 21 March 2007 and soon after by the European Parliament in its first reading session on 29 March 2007. The proposal is in its final stage awaiting publication.

Goods Package

On 14 February 2007, the European Commission proposed a new package of measures which are intended to boost the intra-community trade in industrial goods. These measures will ensure that the internal market does indeed become a reality for all manufacturers and producers, and will make it easier for companies, especially SMEs, to trade their products in the Union. High quality safe products will continue to be the goal, whilst ensuring market access for goods.

Industrial products such as electrical products, machinery, pressure equipment etc, are already subject to Community legislation, but the new proposal will strengthen the framework within which the goods are manufactured and traded, building upon existing mechanisms, to ensure that safe products benefit from free circulation. However the Commission presented two complementary measures, a Regulation and a Decision. The Regulation introduces strengthened rules on market surveillance to protect citizens from unsafe products, including imports into the Community coming from outside the Union. The objective is also to enhance confidence in conformity assessments of products by strengthening the role of accreditation for conformity assessment bodies. The Decision sets out a common legal framework for industrial products, which will work as a toolbox for future sectoral legislation, to create coherent, simple common definitions and procedures for the marketing of industrial products. It also clarifies the role and meaning of the CE marking and gives the marking the protection it deserves. These measures form a complementary package, which together will improve confidence and trust in products marketed within the EU.

It is of relevance to note that not all goods fall under Community legislation and today approximately one quarter of all intra-Community trade is not covered by harmonised rules but are still subject to national technical regulations which may have considerable practical implications for the production, distribution and day-to-day use of products. Due to this lack of harmonisation of technical regulations many companies find it very difficult to sell their products in a Member State other than their own, and are discouraged from venturing outside their domestic market. This leads to extra administrative costs and heavy testing requirements, as manufacturers must prove that their products comply with the rules applicable in the Member State of destination. The Commission therefore has proposed a Regulation that will make it easier for



manufacturers to access the full Community market. Currently the proposals are being discussed by the European Parliament as well as by the Council at working party level, where the staff of the Directorate are actively participating in the discussions in order to ensure that the best package for Malta and its industry is achieved.

Food Improvement Agents Package

The Regulatory Affairs Directorate has been attentively following the legislative package of proposals adopted by the European Commission which would for the first time introduce harmonised EU legislation on food enzymes and upgrade current rules for flavourings and additives. The texts aim to clarify and update current legislation in this area and to create a simplified common approval procedure for food additives, flavourings and enzymes, based on scientific opinions from the European Food Safety Authority (EFSA). For additives and flavourings, which are already covered by EU legislation, the proposals bring the rules into line with the latest scientific and technological developments and aim at improving the clarity of the legislation. With regard to food enzymes, the draft Regulation proposes replacing divergent national legislation with new, harmonised EU rules.

Clear, harmonised rules on the safety approval and marketing of these substances serve to protect the consumer and boost public confidence in the food produced with them. Today's proposal ensures that these rules are based on sound scientific advice and that consumers are afforded the same level of safety wherever they are in the EU.

Enzymes play an increasingly important role in food production and can be used as alternatives to chemicals in improving the texture, appearance, nutritional value and flavour of food, as well as helping in certain food production processes (e.g. helping bread to rise). Currently



food enzymes used as processing aids are not covered by EU legislation. Member States' legislation on food enzymes differs significantly. This can lead to problems for the internal market and an unclear situation for the EU consumer:

A key aspect of the draft legislation is the introduction of a single common procedure for the approval of food additives, flavourings and enzymes. This approval procedure includes a safety evaluation by the European Food Safety Authority (EFSA). The benefits of this common approach include simplified legislation and more consistency in the procedures used to approve additives, flavourings and enzymes, which is expected to facilitate the operations of the food industry.

Lifts

Lifts today provide an essential means of comfortable and safe access to both old and modern buildings. The provision of lifts in new buildings and the installation of lifts in many existing buildings have an increasingly important role to play in an ageing society giving growing priority to the social integration of people with special needs. The harmonised European legislation governing the design, manufacture and installation of new lifts has been fully in force across the EU since the 1st. of July 1999 with the aim of permitting the free circulation of lifts within the internal EU market and ensuring a high level of safety for lift users and maintenance staff. However the "in-use" aspect of lift installations is a non-harmonised area and is therefore subject to national legislation.

After intensive consultations and technical preparations, the Malta Standards Authority (MSA), in close collaboration with the Occupational Health and Safety Authority (OHSA), have developed a set of regulations that apply to all existing and new lifts installed in workplaces, condominiums or domestic residences, and have the aim of ensuring that lifts are inspected and maintained to an adequate level of safety.

The Inspection of Lifts Regulations introduces a "one-stop-shop" principle for this emerging sector by obliging the registration of all Lifts with the Consumer and Industrial Goods Directorate, irrespective of their location. Depending on whether the lift has been put into service before or after 1st. July 2002 (i.e. before or after the introduction of the CE marking requirements), the registration is to be performed by the responsible person or installer, respectively. The registration of lifts put into service after 1st. July 2002 is required as from 1st. January 2008. On the other hand, the registration of lifts put into service before 1st. July 2002, is required as from 1st. January 2009.

Once that a lift is successfully registered, the responsible person will be given a list of Authorised Conformity Assessment Bodies (ACABs), which have been designated to carry out thorough examinations and preventive inspections on lifts. The responsible person will be required to choose one of these ACABs, which will be responsible in assessing, inspecting and reporting the registered lift. This assessment will be carried out by means of periodic preventive inspections and thorough examinations.

During the month of October 2007 the Consumer and Industrial Goods Directorate will be holding specific training sessions for lift inspectors/installers whereby both the technical and operational aspects of this new legislation will be explained.

The main drive behind these regulations remains enhanced safety. Through specific provisions in LN 231 of 2007, the present number of lift installations in Malta, both those installed before the Lifts Regulations, 2002, and those installed as from 1st. July, 2002, shall be identified and quantified. The regulations are also introducing requirements for upgrading existing lifts (i.e. lifts installed prior to 1st. July, 2002) to ensure their continued safe use. For the first time in Malta, it will be a legal requirement for lifts installed in domestic premises to be subjected to periodic inspections. By establishing a regulatory framework within which lift inspectors will be operating, the OHSA and the MSA are thus creating a transparent and traceable system based on European/International "accreditation" tools.

REACH

The new European law on chemicals, REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals), entered into force on 1st. June 2007.

The aim of REACH is to improve the protection of human health and the environment through the better and earlier identification of the properties of chemical substances. The REACH Regulation gives greater responsibility to industry to manage the risks from chemicals and to provide safety information on the substances. Manufacturers and importers are required to gather information on the properties of their substances and to register the information in a central database. The setting up of the European Chemicals Agency is part of the first stage of provisions that came into force on the 1st. of June, including the first meeting of the Management Board, Malta being represented by Ing. Francis Farrugia, Chairman of the MSA. The next stage will be the so-called pre-registration of phase-in substances (1st. June 2008 till 1st. December 2008) and the registration of non-phase-in substances as from 1st. June 2008.

In Malta the E-REACH committee, composed of the key members involved in the implementation of REACH in Malta has started the necessary co-ordination work for a smooth implementation with minimum business impact to the local industry. Extensive training and information dissemination activities have been carried out during the past year and preparations are being made to train our members of staff as well as the stakeholders involved.

In the pipeline ...

At the moment the Directorate is following the proposal that will be implementing the United Nations Globally Harmonised System for the classification and labelling of substances and mixtures which will be aligning the existing system of classification, labelling and packaging of substances and preparations to the United Nations Globally Harmonised System (GHS). This system is expected to facilitate global trade and harmonised communication of



information regarding the hazardous nature of chemicals and to promote regulatory efficiency whilst ensuring the protection of workers, consumers and the environment by means of labelling which reflects possible hazardous effects of a particular chemical. It will complement the new REACH Regulation on the registration, evaluation, authorisation and restriction of chemicals. During these initial discussions Malta has already tabled detailed comments in order to minimise the impact on industry, especially that for SMEs.

Way Forward

Our experts have already successfully benefited significantly from many training projects over the recent past, as well as from extensive training on the job through the tackling of numerous technical and practical issues that inevitably arise. The coming year will be a continuation of the current year with respect to capacity building with a significant amount of training in the fields of type approval of motor vehicles and technical training on the evaluation of substances with respect to the new chemicals legislation. It is important to maintain the current momentum in the further building-up of our core expertise and further improve our role as link between industry and the European Institutions.

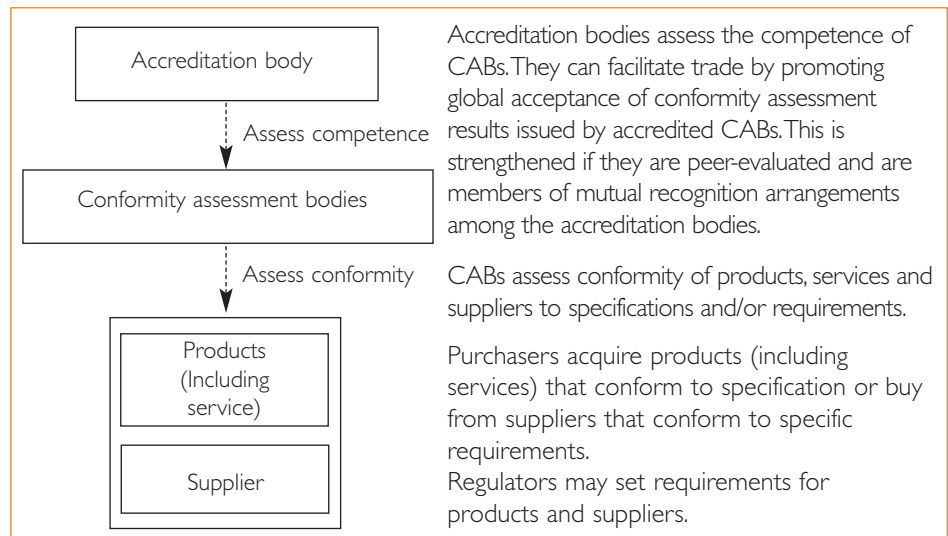


Ing. Claudio Boffa

NAB - MALTA

INTRODUCTION

Accreditation is *third party attestation related to a conformity assessment body conveying **formal demonstration of its competence** to carry out specific conformity assessment tasks.*



“Accreditation is third party attestation related to a conformity assessment body conveying formal demonstration of its competence to carry out specific conformity assessment tasks.”

MISSION AND VISION STATEMENT

The mission of the **National Accreditation Board (NAB-MALTA)** is to effectively and efficiently carry out accreditation of Conformity Assessment Bodies in a professional and competent manner in accordance with the relevant normative documents. The NAB-MALTA will strive to ensure that each assessment is a value-adding exercise for all applicant and accredited conformity assessment bodies. The NAB-MALTA will ensure this by having highly trained and competent personnel.

The NAB-MALTA also has the mission of increasing awareness about the importance of accreditation and to provide advice to the public and private stakeholders on issues related to conformity assessment.

2007 – A YEAR OF CHANGES AND CONSOLIDATION

The final months of 2006 and the year 2007 saw the creation of the National Accreditation Board – MALTA which was established through Legal Notice 252 of 2006. This took over the functions of the former National Accreditation Body of the Malta Standards Authority. This necessitated a number of changes in the Board, including changes to the Accreditation Committee and the management system. Some further changes to the structure of the Board will be taking effect during the end of 2007.

The Creation of the NAB-MALTA

The carrying out of certification activities by the Malta Standards Authority necessitated some structural changes and reorganisation to the National Accreditation Board. Further separation of the NAB from MSA was needed to ensure that the NAB continued to meet the requirements of the International Standard for accreditation bodies, namely ISO17011.

Work on the development of a new legal notice started in June 2006 and this resulted in the publication of Legal Notice 252 in November 2006. Following a deep internal review, it was found out that this LN required further clarifications especially in relation to the functions of the Chairman and the Accreditation Committee. A new and final draft was prepared and submitted for approval by the Cabinet of Ministers in July 2007. Legal Notice 306 has in effect been published and comes into force on 19th. October 2007.

Through the new structure the Board is now under the direct responsibility of the Ministry for Competitiveness and Communications. The Malta Standards Authority will only be responsible for providing administrative support to the NAB-MALTA. The technical operations related to accreditation will be completely under the responsibility of the Board which will keep the Ministry informed of the progress being made. This will assure the impartiality required by the NAB.

Progress towards signing of the EA MLA

In September 2006 the NAB submitted its application to sign the EA MLA (European Co-operation of Accreditation Multi Lateral Agreement) in the area of testing laboratories. This followed an in-depth internal audit of the current operation of the NAB who was assisted by Irish accreditation expert Mr. John Hussey.

EA set up the peer evaluation team by end December 2006 and the pre-evaluation visit took place in end March 2007. During this pre-evaluation the EA peer evaluators witnessed the technical operations of the NAB-MALTA and also checked its management system. No particular major concerns were raised at the end of the visit and the EA MLA process could continue. In fact the final evaluation took place between 17th. and 20th. September 2007 and the result was very positive with no nonconformities being raised. The report has now been forwarded to the EA MAC for the final decision which should be made by March 2008.



The Multilateral agreement (MLA) facilitates free movement of products and services within Europe and the rest of the World. The MLA eliminates the need for suppliers of goods or services to be certified in each country where they sell their products or services. In other words, any product or service that have the accreditation body's mark on the certificate or test report that are exported to another country will be accepted, and not subject to additional tests or inspection.

The MLA supports accreditation by being a "passport" which facilitates access to the EU and international markets through co-operation with ILAC (International Laboratory Accreditation Co-operation) and IAF (International Accreditation Forum).

All EA members that are signatories to the EA MLA are subject to regular and stringent peer evaluations conducted by the other EA members. The purpose of these evaluations is to verify the signatories' continuing conformity with the internationally accepted criteria. These peer evaluations ensure consistent, harmonized accreditation practices and also facilitate the exchange of information and experiences between the signatories.

EU-Malta Co-funded Transitional Facility Project

The NAB-MALTA is one of the main beneficiaries of the contract with the British Standards Institution, which is funded through the 2004 Transition Facility funds. This project, which shall be finalised by end December 2007, is providing technical assistance to the NAB in the following areas:

- peer evaluation by the EA which should lead the NAB to sign the EA MLA;
- accreditation of EMAS verifiers;
- accreditation scheme for electronic signatures;
- assessment of Notified Bodies and Conformity Assessment



- Bodies working in relation to local legislation;
- monitoring of GLP facilities.

Accreditation Activity

An increase in applications for accreditation was registered during the period of this report.

Laboratories

The area of laboratory accreditation continues to be the leading accreditation scheme. The NAB carried out a joint surveillance visit with the United Kingdom Accreditation Service (UKAS) of the Institute of Water Technology. Three new applications from laboratories were received and processed. All the three applicants, namely Malta National Laboratory (MNL), Vehicle Technical Service (V.T.S.) and MLS Bio DNA attained accreditation during the course of 2006 and the first surveillance visits on two of these labs have already been carried out. One of these laboratories has in fact also applied for an extension to the scope of accredited tests, the visit has been carried out and the final report is being prepared for the Accreditation Committee to take a decision. Two other applications on laboratory testing are being processed. Unfortunately the year 2006 also saw the withdrawal of one accreditation certificate – that of Synergene Technologies Limited.

It must be noted here that when compared to countries with an economy with a scale similar to that of Malta the number of laboratories accredited in Malta is still very low. Malta is also one of the few countries in which there is no association of laboratories which could represent this sector of the Maltese economy in various fora and committees. Such an association would also enhance the networking of Maltese laboratories not only on a national scale but also on a European and international scale. Networking on a local scene would help to synergise better the limited resources available whereas networking on an international scale would help to increase the knowledge, expertise as well as the competitiveness of the Maltese laboratories. Such an association could also become a

member of Eurolab which formulates and voices the opinion of European laboratories regarding political and technical issues having a direct impact on their activity, both on the European scene and worldwide; coordinates laboratory work by interfacing with partner organisations having activities of interest to the laboratory community, and striving to avoid duplication of efforts and activities.

On the other hand it is encouraging to see that some of the interested parties understood the importance of basing their decisions on test results produced by accredited laboratories. One of these is the Law Courts which now has a policy of using only accredited laboratories for tests related to forensic cases.

There is currently a need for accredited testing laboratories in the fields of food testing, construction and environmental testing. Once these are available the reliability of the testing services in Malta will be on a new level.

Inspection Bodies

During 2007 the NAB-MALTA also received the first application from an Inspection Body. This is currently being processed. Activity in this area is expected to increase especially in fields related to the regulatory sector such as the inspection of lifts.

Good Laboratory Practice (GLP)

The NAB-MALTA is also the Competent Body in Malta responsible for the monitoring of GLP facilities in the areas of pesticides and chemicals not for human use. The NAB-MALTA has signed a co-operation agreement with INAB which is the Competent Body responsible for GLP monitoring in Ireland. Unfortunately at present there are no such facilities in Malta. Maltese laboratories have not tried to tap this activity which may turn out to be a niche especially for the smaller labs. Major companies involved in research sometimes require the services of a small laboratory to carry out a small part of research on its behalf as long as that laboratory is GLP-compliant.

EMAS

As the accreditation body in Malta responsible for EMAS Verifiers, the NAB has also carried out two supervisions on the Verifiers currently responsible for the only EMAS site in Malta, namely ST Microelectronics. The EMAS Regulation establishes that Reports of these visits were sent to the Verifiers and to the MSA, which is the EMAS Competent Body in Malta.

Assessors

An essential resource of any Accreditation Body is the

availability of competent and reliable technical assessors. The NAB always strives to update its pool of Assessors. Whilst the NAB internal personnel is trained to carry out the functions of Lead Assessors and for assessing the management system of Conformity Assessment Bodies, it relies on contracted assessors for the assessment of technical competence. So far most of the contracted assessors were foreign and the NAB would like to have more local experts on its database. For this reason a call of expression of interest will soon be issued for those wishing to become technical assessors or technical experts. All technical assessors and experts contracted with the NAB must undergo an evaluation process.

Training of NAB-MALTA Personnel

Training of NAB-MALTA personnel has always been on top of the agenda of the NAB-MALTA. The NAB internal staff attended a course on ISO 17021 (the standard for bodies providing certification in management systems) and will soon be attending training in Lead Auditing of ISO 14001. Detailed briefing sessions were held with all the contracted active technical assessors.

The Accreditation Committee

The NAB set up the new Accreditation Committee in December and this committee has been convened 3 times during the period covered by this report. Committee members are selected by the organisations they represent. The current composition of the Accreditation Committee is:

Board Member	Organisation
Mr. Noel Toledo	Ministry of Competitiveness and Communications (Chairing Person)
Ing. Joseph Bartolo	National Metrology Services – Malta Standards Authority
Ing. Claudio Boffa	National Accreditation Board – MALTA (Secretary)
Ing. Anthony Camilleri	Designating Authority for Notified Bodies
Mr. Martin Seychell	Malta Environment and Planning Authority
Mr. Charles M. Mercieca	Chamber of Commerce and Enterprise
Ms. Moira Pace	Ministry for Rural Affairs and the Environments
Ing. Stephen Rizzo	Federation of Industry
Mr. Stefan Xuereb	Consumers Association
Ms. Rose Schembri	Ministry of Health, Elderly and Community Care

The Accreditation Committee is responsible for taking decisions on the granting and withdrawal of accreditation certificates. Output from Committee meetings is improving and most of the members attend meetings regularly. Their input is turning out to be a very valuable source of feedback and suggestions for the NAB-MALTA.

The European Co-operation for Accreditation - EA



During 2007 the NAB had the opportunity to attend the EA General Assemblies, the EA Multilateral Agreement Committee meetings and some EA technical meetings. Through this participation the NAB continued to foster its relationship with the members of EA which are vital for its operations. In fact the NAB has very good relationships with UKAS, INAB, SINAL, SINCERT, SIT and SWEDAC. Through its participation the NAB could also defend the interest of the Maltese conformity assessment bodies. For example lately the NAB-MALTA has opposed a document published by EA which can harm small economies. Malta in fact managed to obtain the support of Luxembourg and Cyprus as well as of other countries such as Italy and Ireland.

Relations with Stakeholders having an interest in accreditation

During the year the NAB-MALTA held a number of meetings with other public and private organisations. It has prepared a report for the Transport Authority (ADT) on the use of accreditation in the recognition of Approved Speed Limiter Workshops.

The NAB-MALTA would like to strengthen its links with the regulatory and private sectors. For this reason in the coming months the NAB-MALTA has the intention of holding meetings with identified stakeholders coming from sectors where accreditation may be used as a tool.

ACCREDITATION IN EUROPE

Accreditation in Europe is poised to take a stronger role with the publishing of an EU Regulation and Directive. The drafts of these two documents are currently being discussed by the European Council and will soon be passed for approval by the European Parliament. These documents explain the set up of accreditation bodies in Member States. It also outlines the role of accreditation in the appointment of notified bodies for the European New-Approach regulations and in the appointment of other conformity assessment bodies working according to a

number of other Directives and Regulations (such as Directive EEC/882/2003 and EEC/761/2001).

SUPPORT TO GOVERNMENT VISION AND POLICY

The pre-budget document issued in July 2007 by the Government has highlighted its vision by outlining the main sectors of interest for the continual economic development of Malta. Accreditation may be used as a tool to support this vision as follows:

Environment and Sustainability

The NAB-MALTA is the accreditation body for EMAS Verifiers. EMAS is an environmental management and audit scheme developed by the European Commission. The NAB-MALTA, with the aid of Government and EU funding, held a number of courses and workshops related to environmental management systems for the public and private industry. Organisations opting to achieve EMAS status undergo a third party verification by specialised verifiers to ensure that they are meeting all the local environmental legislation and that within their management system they have a pro-active system to minimise the impacts of their operations on the environment. EMAS registered organisations, in fact, are obliged to publish an environmental statement in which they should clearly describe their environmental initiatives to reduce such impacts. The Government may wish to consider financial incentives, such as reduced taxation, for organisation adopting an EMAS system.

EMAS may also be adopted by Local Councils. Such a scheme would assist the National Commission for Sustainable Development to reach some of its objectives.

The NAB-MALTA can also accredit laboratories involved in environmental testing (such as testing of sea water) and sampling activities (such as air sampling).

Health

The completion of the Mater Dei Hospital has signalled the beginning of a new era for the quality of health services in Malta. A crucial support for the health services is the availability of medical laboratories which can demonstrate that they meet the requirements established in the ISO 15189

which is the international standard establishing requirements for quality and competence for such laboratories. This may only be achieved through the accreditation of such laboratories according to this international standard. This would support the Government's policy to strengthen the health sector and to promote Malta as a centre of excellence in health care services.

Tourism

Tourism has shown a steadfast increase during 2007. A hidden aspect of the tourism industry is the work done by testing laboratories to check that food is not contaminated. Accreditation of such laboratories would enhance the services provided to the tourists.

Tourist accommodation may also become EMAS-registered and this would help in promoting Malta even more as an environmentally-friendly country.

Research and Innovation:

A solid and competent laboratory base will help Malta's strategy to increase its R&I activities. Accredited laboratories offer this competence. It is encouraging to see that in its "National Strategic Plan for Research and Innovation: 2007-2010 – Building and Sustaining the R&I Enabling Framework" the Malta Council for Science and Technology has identified the need for accredited laboratories.

Accredited Laboratory	Sector <i>(Note: For exact scope of accreditation please consult the NAB-MALTA website at http://www.nabmalta.org.mt.)</i>
Malta National Laboratory	Chemistry, Mechanical Engineering
Vehicle Technical Service (V.T.S.)	Motor Vehicle Testing
MLS Bio DNA	DNA, Forensic, Food Microbiology Testing
Institute of Water Technology	Chemical Testing of Water

REPORT AND FINANCIAL STATEMENTS

For the year ended 30 September 2007

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REPORT OF THE COUNCIL MEMBERS

Principal Activity

The Malta Standards Authority (MSA) is an autonomous institution established by virtue of the Malta Standards Authority Act (Cap. 419 of the Laws of Malta).

The Authority is governed by a Council consisting of a Chairman and fourteen members. The Authority is entrusted with the coordination of standardization and related activities in Malta. It also promotes the adoption and application of metrology and accreditation and offers technological advice and consultancy services to government agencies as well as private sector organizations.

Responsibilities of the Council Members

The Council is responsible amongst others to prepare an annual report on the work of the Authority during the preceding year. This entails responsibility to ensure 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.

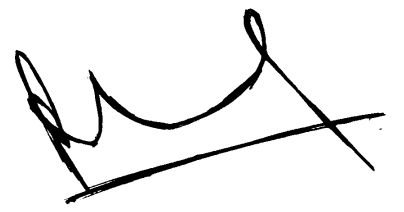
In preparing the financial statements which give a true and fair view of the state of affairs as at the end of each financial year and of its surplus or deficit for that year, the Council:

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

The results for the year under review show a surplus of Lm 18,084 after taxation of Lm 12,050.



Chairman



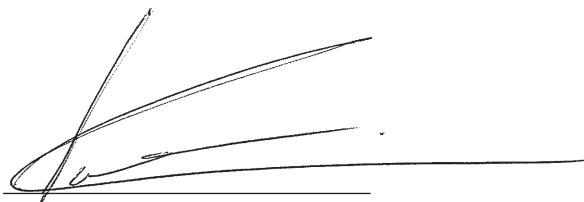
Council Member

AUDITOR'S REPORT TO THE COUNCIL MEMBERS

We have audited the accompanying financial statements on pages 5 to 18. 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 includes assessing the accounting principles used and significant estimates made by the Council, as well as evaluating the overall financial statements 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 2007 and of its surplus, changes in net assets/equity and cashflows for the year then ended in accordance with the Malta Standards Authority Act, 2000.



Arthur Douglas Turner
B.A. (Hons.) Acctcy., F.C.C.A., F.I.A., A.M.I.T., C.P.A.
Chartered Public Accountant and Registered Auditor

Turner & Associates
Birzebbugia
Malta

INCOME AND EXPENDITURE ACCOUNT

For the year ended 30 September 2007

	Note	2007 Lm	2006 Lm
Income			
Government contribution		296,350	285,650
Government grant		55,259	56,041
Other	3	178,748	204,232
		<hr/>	<hr/>
		530,357	545,923
Expenditure			
Administrative and other expenses		(500,223)	(577,040)
		<hr/>	<hr/>
SURPLUS / (DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION	4	30,134	(31,117)
Taxation	5	(12,050)	-
		<hr/>	<hr/>
SURPLUS / (DEFICIT) ON ORDINARY ACTIVITIES AFTER TAXATION		Lm 18,084	Lm (31,117)

BALANCE SHEET

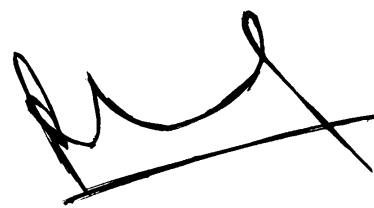
At 30 September 2007

	Note	2007 Lm	2006 Lm
ASSETS			
Non-Current Assets			
Plant and equipment	6	576,102	459,582
Intangible asset	7	9,250	13,875
		<u>585,352</u>	<u>473,457</u>
Current Assets			
Trade and other receivables	8	25,486	18,481
Cash at bank and in hand		48,044	12,133
		<u>73,530</u>	<u>30,614</u>
Current Liabilities			
Trade and other payables	9	(97,961)	(81,425)
		<u>(24,431)</u>	<u>(50,811)</u>
Total assets less current liabilities		<u>560,921</u>	<u>422,646</u>
Non-Current Liabilities			
Trade and other payables	10	(501,375)	(386,118)
Total Net Assets		<u>Lm 59,546</u>	<u>Lm 36,528</u>
Reserves			
Capital reserve		4,934	-
Retained Funds		54,612	36,528
		<u>Lm 59,546</u>	<u>Lm 36,528</u>

The financial statements on pages 32 to 38 were approved by Council on, and signed on its behalf by:



Chairman



Council Member

STATEMENT OF CHANGES IN NET ASSETS / EQUITY

For the year ended 30 September 2007

	Retained Funds Lm	Capital Reserve Lm	Total Lm
At 30 September 2005	67,645	-	67,645
FINANCIAL YEAR ENDED 30 SEPTEMBER 2006			
Deficit for the year	(31,117)	-	(31,117)
At 30 September 2006	<u>36,528</u>	<u>-</u>	<u>36,528</u>
FINANCIAL YEAR ENDED 30 SEPTEMBER 2007			
Capital reserve (note)	-	4,934	4,934
Surplus for the year	18,084	-	18,084
At 30 September 2007	<u>Lm 54,612</u>	<u>Lm 4,934</u>	<u>Lm 59,546</u>

Note: The capital reserve represents a capital claim originating from Malta Government Grant on defective works carried out by third parties.

CASH FLOW STATEMENT

For the year ended 30 September 2007

	Note	2007 Lm	2006 Lm
OPERATING ACTIVITIES			
Cash generated from operating activities	11 (a)	<u>32,791</u>	<u>1,758</u>
INVESTING ACTIVITIES			
Payments to acquire plant and equipment	11 (b)	(174,826)	(71,614)
Proceeds from sale of fixed asset		2,071	-
Interest received		207	184
NET CASH USED IN INVESTING ACTIVITIES		<u>(172,548)</u>	<u>(71,430)</u>
FINANCING ACTIVITIES			
Proceeds from Government and EU Grants		169,734	71,614
Proceeds from Capital claim		4,934	-
NET CASH GENERATED FROM FINANCING ACTIVITIES		<u>174,668</u>	<u>71,614</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year	11 (c)	12,133	10,191
Cash and cash equivalents at end of year	11 (c)	<u>Lm 48,044</u>	<u>Lm 12,133</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2007

I. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

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

2. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with International Financial Reporting Standards. The particular accounting policies which have been applied consistently are described below:

(b) 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 the estimated useful lives, using the straight line method, on the following bases:

	%
Improvements to premises	2
Computer equipment	33.3
Equipment, furniture and fittings	15
Metrology equipment	10 - 33.3
Motor vehicles	20

No depreciation is provided on assets that are not yet brought into use.

(c) Intangible asset

Intangible assets are measured initially at purchase cost and amortised on a straight line basis over the estimated useful lives which is an average of 8 years.

(d) Impairment

At each balance sheet date, the Authority reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

Trade and other debtors

Trade and other debtors are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Trade and other creditors

Trade and other creditors are stated at their nominal value.

(e) Financial instruments

Financial assets and financial liabilities are recognized on the balance sheet when the Authority has become a party to the contractual provision of the instruments.

(f) 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.

(g) Revenue recognition

Government contributions are recognized as income when received.

Government grants represent amounts received in terms of capital votes. Government grants received in respect of expenditure charged to the income and expenditure account during the year have been included in the income and expenditure account. The remainder are deferred and are included in the income and expenditure account by instalments over the expected useful lives of the related assets.

Pre-accession / Transition facility funds represent income received in accordance with the 'project fiche' agreement signed between the Government of Malta and the European Union. Funds received or paid on behalf of the Authority in respect of expenditure charged to the income and expenditure account during the year have been included in the income and expenditure account. Funds paid on behalf of the Authority in respect of capital expenditure are deferred and included in the income and expenditure by instalments over the expected useful lives of the related assets.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2007

3. OTHER INCOME	2007 Lm	2006 Lm
Gross profit on sale of standards	13,171	16,050
Bank interest	741	184
Income from seminars	1,463	1,465
Income from translation of standards	1,154	2,897
Income from CEN contracts	-	9,275
Income from Libyan technical agreement	4,989	-
Membership fees	1,690	1,805
Miscellaneous	3,525	1,878
Calibration services	27,438	17,907
Certification services	13,331	6,210
Accreditation fees	20,258	10,394
Income re EU Project financed by Government	8,586	17,172
Income re EU Project financed by EU	88,331	118,995
Income from sale of fixed asset	2,071	-
	<u>Lm 178,748</u>	<u>Lm 204,232</u>

4. SURPLUS / (DEFICIT) FOR THE YEAR	2007 Lm	2006 Lm
Surplus/(deficit) for the year is stated after charging :		
Council members' remuneration	15,600	10,500
Staff costs	191,259	194,345
Auditors' remuneration	400	300
Depreciation of plant and equipment	58,306	86,255
Amortisation of intangible fixed asset	4,625	4,625

5. TAXATION	2007 Lm	2006 Lm
Under-provision of Income tax in respect of previous years (note)	<u>Lm 12,050</u>	<u>Lm -</u>

Represents under provision for Income Tax not provided for in the financial statements for basis year 1997.

6. TANGIBLE FIXED ASSETS	Improvements to Premises	Computer Equipment	Equipment Furniture & Fittings	Metrology Equipment	Motor Vehicles	Total
	Lm	Lm	Lm	Lm	Lm	Lm
Cost						
At 1 October 2006	272,073	67,275	196,268	275,170	43,513	854,299
Additions	47,991	1,657	1,002	124,176	-	174,826
Disposal	-	-	-	-	(8,500)	(8,500)
At 30 September 2007	<u>Lm 320,064</u>	<u>Lm 68,932</u>	<u>Lm 197,270</u>	<u>Lm 399,346</u>	<u>Lm 35,013</u>	<u>Lm 1,020,625</u>
Depreciation						
At 1 October 2006	38,533	59,826	167,991	86,254	42,113	394,717
Charge for the year	5,841	4,518	8,789	37,758	1,400	58,306
Released on disposal	-	-	-	-	(8,500)	(8,500)
At 30 September 2007	<u>Lm 44,374</u>	<u>Lm 64,344</u>	<u>Lm 176,780</u>	<u>Lm 124,012</u>	<u>Lm 35,013</u>	<u>Lm 444,523</u>
Net Book value						
At 30 September 2007	<u>Lm 275,690</u>	<u>Lm 4,588</u>	<u>Lm 20,490</u>	<u>Lm 275,334</u>	<u>Lm -</u>	<u>Lm 576,102</u>
At 30 September 2006	<u>Lm 233,540</u>	<u>Lm 7,499</u>	<u>Lm 28,277</u>	<u>Lm 188,916</u>	<u>Lm 1,400</u>	<u>Lm 459,582</u>

The cost of fully depreciated assets still in use as at year end amounted to Lm 202,319 on which depreciation otherwise chargeable would have amounted to Lm 44,291.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2007

7. INTANGIBLE ASSETS

	Library Publications Lm
Cost	
At 01 October 2006/ 30 September 2007	Lm 37,000
Amortisation	
At 01 October 2006	23,125
Charge for the year	4,625
At 30 September 2007	Lm 27,750
Net Book Value	
At 30 September 2007	Lm 9,250
At 30 September 2006	Lm 13,875

8. TRADE AND OTHER RECEIVABLES

	2007 Lm	2006 Lm
Trade debtors	14,948	8,713
Other debtors	-	296
Prepayments and accrued income	10,538	9,472
	<u>Lm 25,486</u>	<u>Lm 18,481</u>

9. CURRENT LIABILITIES

	2007 Lm	2006 Lm
Trade creditors	6,668	14,565
Deferred Government Grants (note 10)	55,259	56,041
Taxation (note)	12,050	-
Vat payable	7,893	764
National insurance contributions payable	4,481	4,417
Accruals	11,610	5,638
	<u>Lm 97,961</u>	<u>Lm 81,425</u>

	2007	2006
Note: Taxation	Lm 12,050	Lm -
Under-provisional tax in respect of previous years	<u>Lm 12,050</u>	<u>Lm -</u>

10. NON-CURRENT LIABILITIES

	2007 Lm	2006 Lm
Deferred Government Grants (note)	556,634	442,159
Less: Amounts to be transferred to income and expenditure account within one year (note 9)	(55,259)	(56,041)
	<u>Lm 501,375</u>	<u>Lm 386,118</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2007

	European Union Grant Lm	National Laboratory Vote Lm	Equipment Vote Lm	Metrology Laboratory Grants Lm	ICT Operational Allocation Lm	Transition Facility Grant Lm	Refurbishment Works Vote Lm	Total Lm
Cost								
At 1 October 2006	72,417	360,565	161,184	213,919	745	70,869	-	879,699
Amounts granted during the year	-	-	-	-	-	123,041	46,693	169,734
At 30 September 2007	Lm 72,417	Lm 360,565	Lm 161,184	Lm 213,919	Lm 745	Lm 193,910	Lm 46,693	Lm 1,049,433
Amortisation								
At 1 October 2006	71,787	163,411	119,908	78,923	186	3,325	-	437,540
Amounts transferred to income and expenditure account during the year	504	6,219	5,463	22,384	252	20,054	383	55,259
At 30 September 2007	Lm 72,291	Lm 169,630	Lm 125,371	Lm 101,307	Lm 438	Lm 23,379	Lm 383	Lm 492,799
Balance								
At 30 September 2007	Lm 126	Lm 190,935	Lm 35,813	Lm 112,612	Lm 307	Lm 170,531	Lm 46,310	Lm 556,634
At 30 September 2006	Lm 630	Lm 197,154	Lm 41,276	Lm 134,996	Lm 559	Lm 67,544	Lm -	Lm 442,159

11. NOTES TO THE CASH FLOW STATEMENT

(a) Cash generated from operations

	2007 Lm	2006 Lm
Surplus/(deficit) for the year	30,134	(31,117)
Adjustment for :		
Depreciation	58,306	86,255
Amortisation	4,625	4,625
Government Grants transferred to Income and Expenditure account	(55,259)	(56,041)
Interest receivable	(741)	(184)
Income from sale of fixed assets	(2,071)	-
SURPLUS BEFORE WORKING CAPITAL CHANGES	34,994	3,538
(Increase)/ decrease in debtors	(6,471)	2,126
Increase/ (decrease) in creditors	2,183	(3,906)
	Lm 33,791	Lm 1,758

(b) Tangible fixed assets

During the year, the Authority acquired plant and equipment with an aggregate cost of Lm 174,826. Plant and equipment of Lm 169,734 were paid through government and EU grant while the remaining Lm 5,092 were financed by the Authority.

(c) Cash and cash equivalents

Cash and cash equivalents consists of cash in hand and balances with bank. A cash flow is an increase or decrease in amount of cash or cash equivalents resulting from a transaction. The net cash flow movement of Lm 48,044 / (2006 – Lm 12,133) is reflected in the balance sheet as follows:

	2007	2006
Cash at bank and in hand	Lm 48,044	Lm 12,133
12. CONTINGENT LIABILITIES		
Invoices in dispute	Lm 3,516	Lm 3,516

13. COMPARATIVE FIGURES

Comparative figures in the financial statements have been changed to comply with this years' presentation of balances. Balances under non-current liabilities under note 10 in relation to Metrology Laboratory grant and Transition Facility Grant have been segregated under their respective grants.

INCOME AND EXPENDITURE ACCOUNT SCHEDULES

For the year ended 30 September 2007

	Page	2007 Lm	2006 Lm
INCOME			
Government contributions		296,350	285,650
Government grant		55,259	56,041
Gross profit on sale of standards	39	13,171	16,050
Bank interest		741	184
Income from seminars		1,463	1,465
Income from translation of standards		1,154	2,898
EU Projects financed by Government		8,586	17,172
EU Projects financed by EU		83,331	118,995
Other income	39	71,231	47,468
Income from sale of fixed assets		2,071	-
		<u>530,357</u>	<u>545,923</u>
Administrative and other expenses	40	(500,223)	(577,040)
Surplus/ (deficit) for the year		<u>Lm 33,134</u>	<u>Lm (31,117)</u>
 SALE OF STANDARDS			
		2007 Lm	2006 Lm
Sale of standards		15,190	18,515
Cost of sales			
Purchases of standards		(2,019)	(2,465)
Gross profit - to page 39		<u>Lm 13,171</u>	<u>Lm 16,050</u>
 OTHER INCOME			
		2007 Lm	2006 Lm
Income from CEN contracts		-	9,275
Income from Libyan technical agreement		4,989	-
Membership fees		1,690	1,805
Miscellaneous		3,525	1,878
Calibration services		27,438	17,907
Certification services		13,331	6,210
Accreditation fees		20,258	10,394
- to page 39		<u>Lm 71,231</u>	<u>Lm 47,468</u>

INCOME AND EXPENDITURE ACCOUNT SCHEDULES

For the year ended 30 September 2007

ADMINISTRATIVE AND OTHER EXPENSES	2007 Lm	2006 Lm
Accreditation cost	9,264	4,209
Advertising	1,851	1,755
Amortisation	4,625	4,625
Audit fees	400	300
Bad debts	296	-
Bank charges and interest	333	63
Certification costs	2,439	330
Cleaning expenses	1,761	1,389
Council members' remuneration	15,600	10,500
Depreciation	58,306	86,255
EU Project costs	25,754	51,355
Fines and penalties	3,085	-
General expenses	811	487
Irrecoverable vat	3,228	-
Insurance	4,095	3,224
Hire of equipment	979	896
Hospitality and entertainment	649	367
Costs in respect of Libyan technical agreement	668	-
Legal and professional fees	6,375	6,975
Local training	366	351
Membership fees	30,748	46,327
Calibration expenses	3,275	949
Printing and stationery	1,382	1,629
Postage and couriers	1,183	677
Publications	318	330
Realised loss on exchange	-	8
Rent	14,304	11,932
Repairs and maintenance	2,800	1,426
Salaries	191,259	194,345
Seminar costs	1,046	482
Subscriptions	-	660
Training funded by transition facility 2004 project	80,529	92,933
Telecommunications	3,894	5,129
Transport	2,953	5,072
Travelling	16,034	34,080
Water and electricity	9,613	7,980
- to page 39	<u>Lm 500,223</u>	<u>Lm 577,040</u>

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