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# **Cook Islands Government**

## **Quarterly Financial Report**

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**March 2012**

**Prepared by the Ministry of Finance and Economic Management**  
**[www.mfem.gov.ck](http://www.mfem.gov.ck)**

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## Key Points

- The Net Operating Balance of the General Government as at the end of March 2012 was a deficit of \$3,983,000 made up of:
  - operating revenue of \$78,122,000; and
  - operating expenditure of \$82,105,000.

**Table 1**  
**Net Operating Balance General Government – March Quarter 2012**

|                              | Budget        | Actuals       | Variance   |           |
|------------------------------|---------------|---------------|------------|-----------|
|                              | ('000)        | ('000)        | ('000)     | Per cent  |
| Operating Revenue            | 80,020        | 78,122        | -1,897     | -2%       |
| Operating Expenditure        | 84,319        | 82,105        | -2,214     | -3%       |
| <b>Net Operating Balance</b> | <b>-4,300</b> | <b>-3,983</b> | <b>317</b> | <b>7%</b> |

**Table 2**  
**Fiscal Balance of General Government – March Quarter 2012**

|                          | Budget        | Actuals       | Variance   |            |
|--------------------------|---------------|---------------|------------|------------|
|                          | ('000)        | ('000)        | ('000)     | Per cent   |
| Net Operating Balance    | -4,300        | -3,983        | 317        | 7%         |
| Add Depreciation         | 2438          | 2135          | -303       | -12%       |
| Less Capital Expenditure | 1,050         | 187           | -863       | -82%       |
| <b>Fiscal Balance</b>    | <b>-2,912</b> | <b>-2,035</b> | <b>877</b> | <b>30%</b> |

- The overall decrease in revenue compared to budget is mainly attributable to:
  - lower than anticipated VAT collections on the basis of the supplementary budget; and
  - motor vehicle registrations – Collection of these revenues by BCI which was due by 31 March on behalf of the Ministry of Police were not fully remitted at end of March quarter.
- The decrease in operating expenses to budget is largely attributed to decreases in :
  - payments on behalf of the Crown, particularly the timing of the Air New Zealand subsidy payments; and
  - in ministry expenditure outputs as a result of phasing issues and personnel savings from public service vacancies.
- Total fiscal balance shows a requirement of \$2,035,000 which will be financed from cash reserves.

## Summary of the Financial Position of the General Government

The Net Operating Balance of the General Government at the end of the March 2012 Quarter was a deficit of \$3,983,000. This represents an improvement of \$317,000 to the 2011-12 Budget (forecast to Mar 2012).

Overall, revenue is down by \$1,897,000 against budget (Mar Qtr) and operating expenditure is below budget (Mar Qtr) by \$2,214,000. This is represented by decreases in taxation revenue against a decrease in ministry expenditure of \$1,258,000.

All budget figures have been adjusted for the 2011/12 Supplementary Budget passed in February 2012. This outlined a \$2,652,921 (YTD) increase in taxation revenue and \$5,120,000 (YTD) increase in POBOCs.

This statement is based on an accruals basis as far as practical and outlines income and expenses incurred which may not be necessarily received or paid.

**Table 3**  
**Net Operating Balance as at 31 March 2012**

|  | Budget<br>('000) | Actuals<br>('000) | Variance<br>('000) |
|--|------------------|-------------------|--------------------|
| <u>Operating Revenue</u>                     |                  |                   |                    |
| Taxation Revenue                             | 69,335           | 66,784            | -2,551             |
| Other Crown Receipts                         | 3,975            | 5,532             | 1,557              |
| Trading Revenue                              | 3,907            | 4,036             | 128                |
| Interest on Loans to Subsidiaries            | 142              | 19                | -123               |
| Dividends                                    | 975              | 241               | -734               |
| Interest on Funds                            | 1,685            | 1,511             | -174               |
| <b>Total Operating Revenue</b>               | <b>80,020</b>    | <b>78,122</b>     | <b>-1,897</b>      |
| <u>Operating Expenditure</u>                 |                  |                   |                    |
| Ministry Expenditure Outputs                 | 48,825           | 47,567            | 1,258              |
| Air NZ Subsidy                               | 9,375            | 8,227             | 1,148              |
| TOA Guarantee                                | 1,168            | 906               | 262                |
| Other POBOCs                                 | 19,617           | 19,889            | -272               |
| Total POBOCS                                 | 30,160           | 29,022            | 1,138              |
| Airport Authority                            | 1,278            | 1,536             | -258               |
| Bank of Cook Islands                         | 136              | 162               | -27                |
| Te Aponga Uira                               | 263              | 0                 | 263                |
| Debt Servicing Interest                      | 727              | 618               | 108                |
| Building Maintenance<br>Crown Infrastructure | 975              | 1,239             | -264               |
| Depreciation                                 | 1,852            | 1,852             | 0                  |
| Disaster/Contingency                         | 105              | 100               | 5                  |
| Bank Fees                                    | 0                | 9                 | -9                 |
| Currency Purchases                           | 0                | 0                 | 0                  |
| <b>Total Operating Expenditure</b>           | <b>84,319</b>    | <b>82,105</b>     | <b>2,214</b>       |
| <b>Net Operating Balance</b>                 | <b>-4,300</b>    | <b>-3,983</b>     | <b>317</b>         |

Key Balance Sheet Items in General Government:

|                                     |         |
|-------------------------------------|---------|
| Cash and Equivalents                | 45,599  |
| Committed Cash                      | -38,773 |
| Net Cash Reserve                    | 6,826   |
| Gross General Government Borrowings | 78,213  |
| Net General Government Borrowings   | 60,832  |

*Note: the cash reserves detailed at the bottom of Table 3 do not include cash held with the Crown-funded Agencies.*

# General Government Revenue Analysis

General Government revenues are:

- down as at YTD March 2012 against budget (\$1,897,000 or -2%); and
- above March 2011 (\$1,585,000 or 2%).

**Table 4**  
**General Government Revenue Summary – March 2012 YTD**

|                      | 2010-11<br>Actuals | 2011-12<br>Budget | 2011-12<br>Actuals | Variance<br>vs 2010-<br>11 | Percent<br>Variance | Variance<br>vs<br>Budget | Percent<br>Variance |
|----------------------|--------------------|-------------------|--------------------|----------------------------|---------------------|--------------------------|---------------------|
|                      | ('000)             | ('000)            | ('000)             | ('000)                     |                     | ('000)                   |                     |
| Value-added Tax      | 25,973             | 28,253            | 26,174             | 201                        | 1%                  | (2,079)                  | -7%                 |
| Income Tax           | 18,350             | 19,512            | 18,799             | 449                        | 2%                  | (713)                    | -4%                 |
| Company Tax          | 7,664              | 7,718             | 7,704              | 40                         | 1%                  | (14)                     | 0%                  |
| Import Levies        | 8,426              | 9,098             | 9,071              | 645                        | 8%                  | (27)                     | 0%                  |
| Withholding Tax      | 0                  | 383               | 439                | 439                        | 0%                  | 56                       | 15%                 |
| Departure Tax        | 4,480              | 4,371             | 4,598              | 117                        | 3%                  | 227                      | 5%                  |
| Trading Revenue      | 3,348              | 3,907             | 4,036              | 688                        | 21%                 | 128                      | 3%                  |
| Other Revenue        | 8,297              | 6,777             | 7,303              | (994)                      | -12%                | 525                      | 8%                  |
| <b>Total Revenue</b> | <b>76,537</b>      | <b>80,020</b>     | <b>78,122</b>      | <b>1,585</b>               | <b>2%</b>           | <b>(1,897)</b>           | <b>-2%</b>          |

## Value Added Tax

VAT is down on budget (-7%) and up from the March quarter 2010-11 (1%). VAT is not expected to reach 2011/12 supplementary budget numbers due to a lower than anticipated slowdown in the quarter. This figure will be revised in the 2012/13 budget.

## Income Tax

Income tax is less than budget by (-4%) and up on the March quarter 2010-11 (2%). The variances here are minor and are expected to meet budget in the next quarter.

## Company Tax

Company tax performed consistently against budget and up by (1%) on the March quarter 2010-11. This reflects improvements in collections and improved efforts on compliance.

## Import Levies

Import levies also performed consistently against budget and are up on the March quarter 2010-11 (8%). The variances here are minor and are expected to meet budget expectations in 2011/12.

## Withholding Tax

Withholding tax is up on budget (15%). The supplementary budget for withholding tax was reduced to \$586,000. This was anticipated as banks were provided additional time to file returns to MFEM. The first two quarters reflected the of the transitional arrangements on the collection of withholding tax.

## Departure Tax

Departure tax is up on budget (5%) and up on the March quarter 2010-11 (3%) due to higher than anticipated visitor numbers during 2011/12.

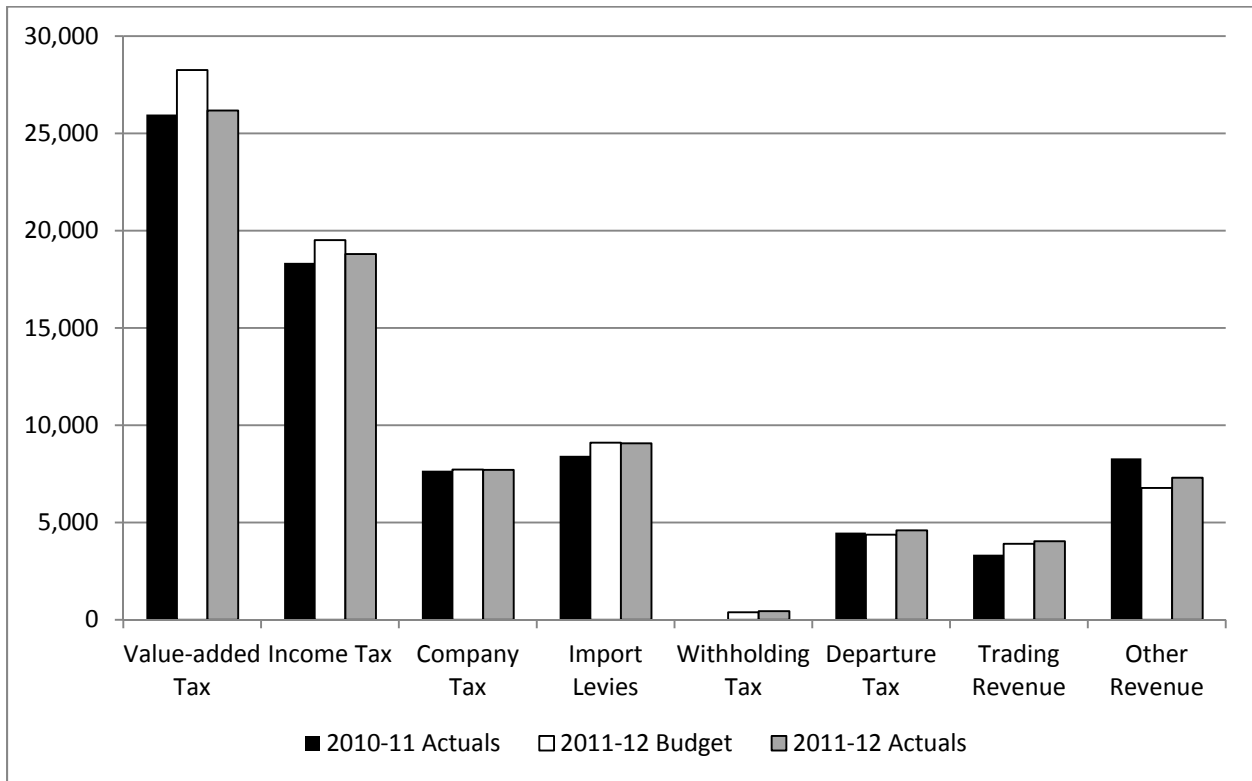
## Trading Revenue

This will be discussed in the next section (Appropriation Analysis).

Other Crown Revenue

Other Crown Revenue is up on budget (8%) and a decrease on the March quarter 2010-11 (-12%). The increase against budget is predominantly due to the increase in revenue collected from immigration fees (27%), fishing licenses (126%), drivers licenses (23%) and numismatic sales (323%).

**Figure 1**  
**General Government Revenue – March 2012 YTD (\$000)**



# General Government Operating Expenditure Analysis

## Payments on Behalf of Crown (POBOCs)

**Table 5**  
**Payments on Behalf of Crown – March 2012 YTD**

|                            | Budget        | Actuals       | Variance     |           |
|----------------------------|---------------|---------------|--------------|-----------|
|                            | ('000)        | ('000)        | ('000)       | Per cent  |
| Air New Zealand Underwrite | 9,375         | 8,227         | 1,148        | 12%       |
| Apex (Toa) Profit Support  | 1,168         | 906           | 262          | 22%       |
| Other POBOCs               | 19,617        | 19,889        | -272         | -1%       |
| <b>Total POBOCs</b>        | <b>30,160</b> | <b>29,022</b> | <b>1,138</b> | <b>4%</b> |

The passing of the Supplementary Budget 2011/2012 in February increased the Air NZ Underwrite POBOC by \$4,500,000, it is anticipated that the actual will be within budget at 30 June 2012.

Other POBOCs also increased in the supplementary budget by \$620,000 and are anticipated to be within budget by financial year end. The favourable variance is due mainly to timing issues.

## Appropriation Analysis

**Table 6**  
**Appropriation Analysis – March 2012 YTD**

|                          | 2010-11<br>Actuals | 2011-12<br>Budget | 2011-12<br>Actuals | Var vs<br>2010-11 | % Var      | Variance<br>vs Budget | % Var      |
|--------------------------|--------------------|-------------------|--------------------|-------------------|------------|-----------------------|------------|
| Personnel                | 23,655             | 33,559            | 32,831             | 9,176             | 39%        | -728                  | -2%        |
| Operating                | 10,542             | 12,828            | 12,601             | 2,059             | 20%        | -227                  | -2%        |
| Depreciation             | 1,591              | 2,438             | 2,135              | 544               | 34%        | -303                  | -12%       |
| Trading Revenue          | 3,348              | 3,907             | 4,036              | -688              | -21%       | -128                  | -3%        |
| <b>Net Appropriation</b> | <b>32,440</b>      | <b>44,918</b>     | <b>43,531</b>      | <b>11,091</b>     | <b>34%</b> | <b>-1,386</b>         | <b>-3%</b> |

After nine months of the financial year, there is an overall saving of three per cent in the net appropriations of Crown-funded agencies. This amounts to approximately \$1,386,000.

A number of agencies are well below their appropriation budgets to the end of March 2012. Some variances are timing issues while others have a more permanent cause (discussed below).

### Personnel

Personnel expenditure is down on budget (2%) and up from the March quarter 2010-11 (39%). The contributing factors to the budget variance are a number of vacancies which exist across the Public Sector.

The variance against the prior year is due to the delay in the passage of the 2010-11 budget. Many agencies held off recruiting and filling positions until confirmation of the passage of the budget, this has been offset by a number of Ministries re-aligning their staff against the appropriate bands.

### Operating

Operating expenditure is down on budget (2%) and up from the March quarter 2010-11 (20%). The savings in operating expenditure are driven by some phasing issues. Some of the major contributors to this include:

- Ministry of Education (\$82,506) have expected school costs (allowances, texts, stationery) which will be incurred in the next quarter;
- Cook Islands Pearl Authority (\$56,685) planned activities will be carried out later on in the year; and
- Cook Islands Tourism (\$449,235) has marketing programs and initiatives which are to be implemented shortly.

### Depreciation

Depreciation expenditure is down on budget (12%) and down from the March quarter 2010-11 (34%), due to the delay in receiving and finalising some capital projects.

It should be noted that whilst depreciation is expensed according to the accrual principles of accounting and appropriated these funds are not provided to Ministries.

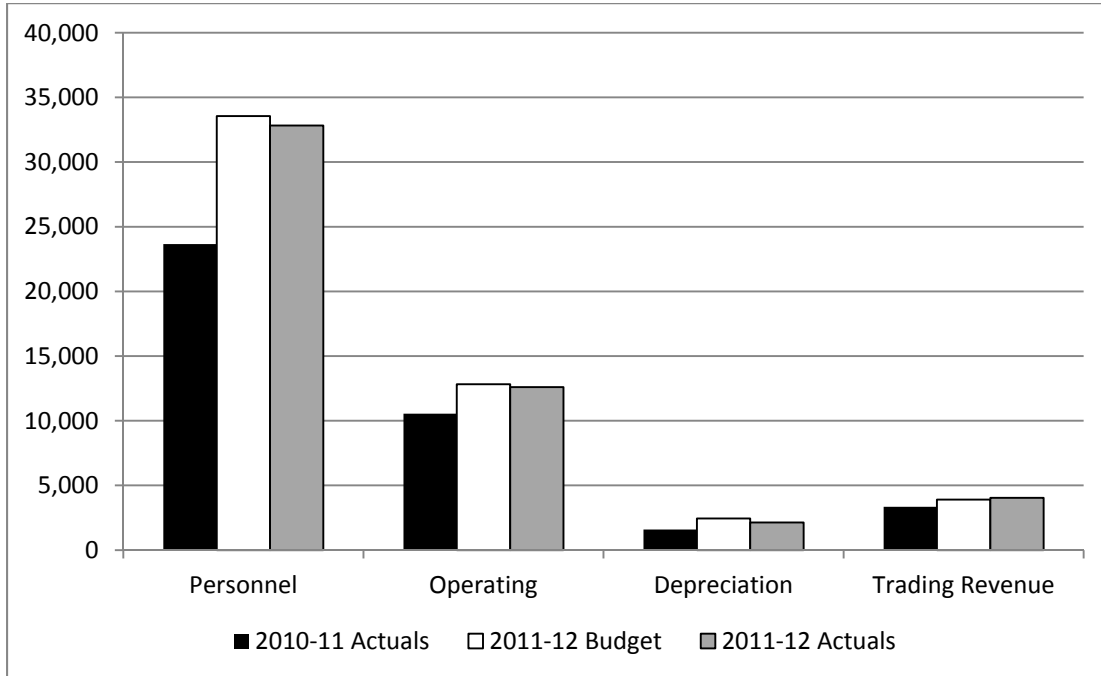
### Trading Revenue

Trading revenue exceeds budget by (3%) and exceeds actual revenue for the March quarter 2010-11 by (21%). The significant increases were noted for the following ministries that exceeded their quarterly budgets:

- Ministry of Culture – \$47,749;
- Ministry of Finance and Economic Management (customs boarder control) – \$110,816; and
- Ministry of Police – \$23,613.



**Figure 2**  
**Appropriation Analysis – March 2012 YTD**



### **Other General Government Operating Expenditure**

**Table 7**  
**Other General Government Operating Expenditure**

|                                  | Budget       | Actuals      | Variance    |            |
|----------------------------------|--------------|--------------|-------------|------------|
|                                  | ('000)       | ('000)       | ('000)      | Per cent   |
| Airport Authority                | 1,278        | 1,536        | -258        | -20%       |
| Bank of Cook Islands             | 136          | 162          | -27         | -20%       |
| Te Aponga Uira                   | 263          | 0            | 263         | 100%       |
| Debt Servicing Interest          | 727          | 618          | 108         | 15%        |
| Building Maintenance             | 975          | 1,239        | -264        | -27%       |
| Crown Infrastructure Depreciatio | 1,852        | 1,852        | 0           | 0%         |
| Disaster/Contingency             | 105          | 100          | 5           | 5%         |
| <b>Total Other Operating</b>     | <b>5,335</b> | <b>5,508</b> | <b>-173</b> | <b>-3%</b> |

Other operating costs for the General Government are 3% over what was budgeted as at March 2012.

- The Airport Authority variance is due to a phasing issue in funding and is expected to diminish over the balance of the financial year.
- The unfavourable variance in building maintenance costs of \$264,000 are due to the full payment of insurance premiums earlier in the financial year. As the year progresses, the variance will reduce.
- The Bank of the Cook Islands and Te Aponga Uira expenses are budgeted evenly across the financial year. The payment relating to these items are to support each entity in providing social obligations. Only \$162,000 has been incurred by the General Government while nothing has been incurred for Te Aponga as Government has not yet confirmed the latest costs.

## ***Crown Borrowings***

Total gross borrowings as shown in Table 9 decreased by \$3,869,000 from \$82,082,000 to \$78,213,000 in the March 2012 quarter.

- This was due primarily to the updating of the foreign exchange conversions rates on foreign-sourced loans. A small portion of the change related to the payments of principal (\$435,000).
- In the prior report (Sep 11) the rates were as at 30 June 2009. The March 2013 figures displayed above have been updated with rates as at 31 March 2012.

Net borrowings of the General Government are \$60,832,000. These are made up of gross borrowing of \$78,213,000 offset by 17,381,000 in advances to the Avatiu Port Development.

**Table 9**  
**General Government Borrowings – March 2012 YTD**

| Loan  | Source<br>(Currency) | Original<br>Loan<br>Amount in<br>Currency<br>('000) | Loan Start<br>Date | Loan<br>Finalisation<br>Date | Dec 11<br>Balance*<br>('000) | Principal<br>Payments<br>('000) | FOREX<br>Adjustment<br>('000) | Mar 12<br>Balance*<br>('000) | Change<br>Mar 12<br>Qtr ('000) |
|---|----------------------|---|--------------------|------------------------------|------------------------------|---------------------------------|-------------------------------|------------------------------|--------------------------------|
| Economic Restructuring Loan                   | ADB (SDR)            | 3,430   | Sep-96             | Sep-36                       | 5,848                        | -57                             | -331                          | 5,460                        | -388                           |
| Cyclone Emergency Rehab Loan                  | ADB (SDR)            | 1,895   | Jun-05             | Jun-45                       | 978                          | -10                             | -55                           | 913                          | -65                            |
| 3rd CIDB Loan (1380)                          | ADB (SDR)            | 1,538   | Jan-96             | Sep-35                       | 2,650                        | -27                             | -150                          | 2,474                        | -177                           |
| CIDB Loan (567)                               | ADB (USD)            | 1,500   | Jul-82             | Apr-22                       | 842                          | 0                               | -47                           | 795                          | -47                            |
| 2nd CIDB Loan (1155)                          | ADB (SDR)            | 939   | Mar-92             | Dec-31                       | 1,500                        | 0                               | -84                           | 1,416                        | -84                            |
| CIDB Multi-Project Loan (849)                 | ADB (SDR)            | 2,067   | Dec-87             | Aug-27                       | 2,652                        | -76                             | -149                          | 2,427                        | -225                           |
| TCI Emergency Loan                            | ADB (SDR)            | 291   | Aug-92             | Jun-32                       | 508                          | 0                               | -28                           | 480                          | -28                            |
| Multi Project Loan (461)                      | ADB (USD)            | 1,000   | Nov-80             | Aug-20                       | 986                          | -50                             | -55                           | 880                          | -105                           |
| Pearl Loan (1309)                             | ADB (SDR)            | 336   | Dec-94             | Aug-34                       | 526                          | -6                              | -30                           | 491                          | -36                            |
| TCI Loan (1031)                               | ADB (SDR)            | 3,541   | Oct-90             | Aug-30                       | 6,020                        | -145                            | -339                          | 5,535                        | -484                           |
| Education Loan                                | ADB (SDR)            | 1,836   | Feb-95             | Aug-34                       | 3,207                        | -34                             | -180                          | 2,992                        | -214                           |
| Waste Management Loan (1832)                  | ADB (SDR)            | 1,695   | Dec-01             | Jun-33                       | 2,938                        | 0                               | -165                          | 2,773                        | -165                           |
| CEAL (2174)                                   | ADB (SDR)            | 1,895   | Jun-05             | Jun-45                       | 3,676                        | 0                               | -207                          | 3,469                        | -207                           |
| Economic Restructuring Loan (2565)            | ADB (USD)            | 10,000  | Jan-10             | Oct-24                       | 12,965                       | 0                               | -730                          | 12,235                       | -730                           |
| Avatiu Port Development (2472)                | ADB (USD)            | 8,630   | Sep-09             | Nov-33                       | 8,145                        | 0                               | 0                             | 8,145                        | 0                              |
| Avatiu Port Development (2473)                | ADB (SDR)            | 4,524   | Sep-09             | Nov-40                       | 9,236                        | 0                               | 0                             | 9,236                        | 0                              |
| Caisse Francais Development Loans             | France<br>(EUR)      | 5,413   | Jan-99             | Sep-18                       | 4,245                        | -29                             | -135                          | 4,081                        | -164                           |
| Import-Export Bank of China                   | China (CNY)          | 67,260  | Aug-08             | Aug-28                       | 13,800                       | 0                               | -749                          | 13,051                       | -749                           |
| New Zealand GSF Loan                          | NZ GSF<br>(NZD)      | 5,849   | Nov-80             | Jun-13                       | 1,359                        | 0                               | 0                             | 1,359                        | 0                              |
| <i>Total Gross Borrowings</i>                 |                      |   |                    |                              | 82,082                       | -435                            | -3,434                        | 78,213                       | -3,869                         |
| <i>Total Loans with ADB</i>                   |                      |   |                    |                              | 62,678                       |                                 |                               | 59,722                       | -2,956                         |
| <i>Total Loans with Other Sources</i>         |                      |   |                    |                              | 19,404                       |                                 |                               | 18,491                       | -913                           |
|   |                      |   |                    |                              | 82,082                       |                                 |                               | 78,213                       | -3,869                         |
| <i>Less Advances to other entities:</i>       |                      |   |                    |                              |                              |                                 |                               |                              |                                |
| Avatiu Port Development                       |                      |   |                    |                              | 17,381                       |                                 |                               | 17,381                       | 0                              |
| Bank of the Cook Islands                      |                      |   |                    |                              | 0                            |                                 |                               | 0                            | 0                              |
| <i>Total Loans Advanced to Other Entities</i> |                      |   |                    |                              | 17,381                       |                                 |                               | 17,381                       | 0                              |
| <i>Net Borrowing by the Government</i>        |                      |   |                    |                              | 64,701                       |                                 |                               | 60,832                       | -3,869                         |

\*Note: borrowings figures from Sep 11 are valued as at 30 June 2009 rates

## General Government Cash Reserves

The cash reserve of the General Government, as at March 2012 was \$6,826,000, consisting of \$45,599,000 in cash and term deposits held at local banks offset by \$38,773,000 in committed funds.

The capital carry-forward outlined in Table 10 relates mainly to the Ministry of Infrastructure and Planning.

It should be noted that every time a carry-forward is approved, it will reduce the general cash reserve detailed in Table 10.

**Table 10**  
**Cash Reserves – March 2012 YTD**

|   | Sep 11 Qtr<br>(‘000) | Dec 11 Qtr<br>(‘000) | Mar 12 Qtr<br>(‘000) | Change<br>Dec 11 Qtr<br>(‘000) |
|---|----------------------|----------------------|----------------------|--------------------------------|
| <b>Total Term Deposit at the Bank</b>       |                      |                      |                      |                                |
| Westpac                                     | 14,567               | 14,978               | 15,121               | 143                            |
| ANZ   | 14,160               | 14,189               | 13,122               | - 1,067                        |
| BCI   | 9,842                | 9,973                | 9,985                | 12                             |
| ANZ - ADB USD \$10 million                  | 14,237               | 14,237               | 7,371                | - 6,866                        |
| <b>Total Term Deposit at the Bank</b>       | <b>* 52,805</b>      | <b>53,377</b>        | <b>45,599</b>        | <b>- 7,778</b>                 |
| <b>Committed</b>                            |                      |                      |                      |                                |
| Trust Fund General Reserve                  | 2,935                | 2,935                | 2,935                | -                              |
| Disaster Response Trust                     | 200                  | 200                  | 200                  | -                              |
| Debt/Loan Reserve                           | 19,076               | 19,076               | 19,076               | -                              |
| ADB USD \$10 million loan - Project pending | 14,237               | 14,237               | 7,371                | - 6,866                        |
| Trust Account Deposit                       | 3,939                | 3,939                | 2,425                | - 1,514                        |
| Carry Forward Approved - CAPEX              | 4,860                | 4,448                | 3,266                | - 1,182                        |
| Carry Forward Contingency - OPEX            | 500                  | 500                  | 500                  | -                              |
| Working Capital                             | # 3,000              | 3,000                | 3,000                | -                              |
| <b>Total Commitment for this year</b>       | <b>48,747</b>        | <b>48,335</b>        | <b>38,773</b>        | <b>- 9,562</b>                 |
| <b>Estimated General Cash Reserve</b>       | <b>4,058</b>         | <b>5,042</b>         | <b>6,826</b>         | <b>1,784</b>                   |

\* - This does not include cash on the Government Operating Bank Account of about \$2 million

# - This is a buffer contingency Reserve

## Overseas Development Assistance

The Development Coordination Division (DCD) of MFEM administers all foreign aid. This is the first quarter that the activity and balances of aid funds have been included in this report.

### Balance of Funds on Hand

This represents the bank accounts that are held by DCD for various donors. These take the following form:

- NZ dollar accounts \$2,948,750
- US dollar accounts \$116,958

**Table 11**

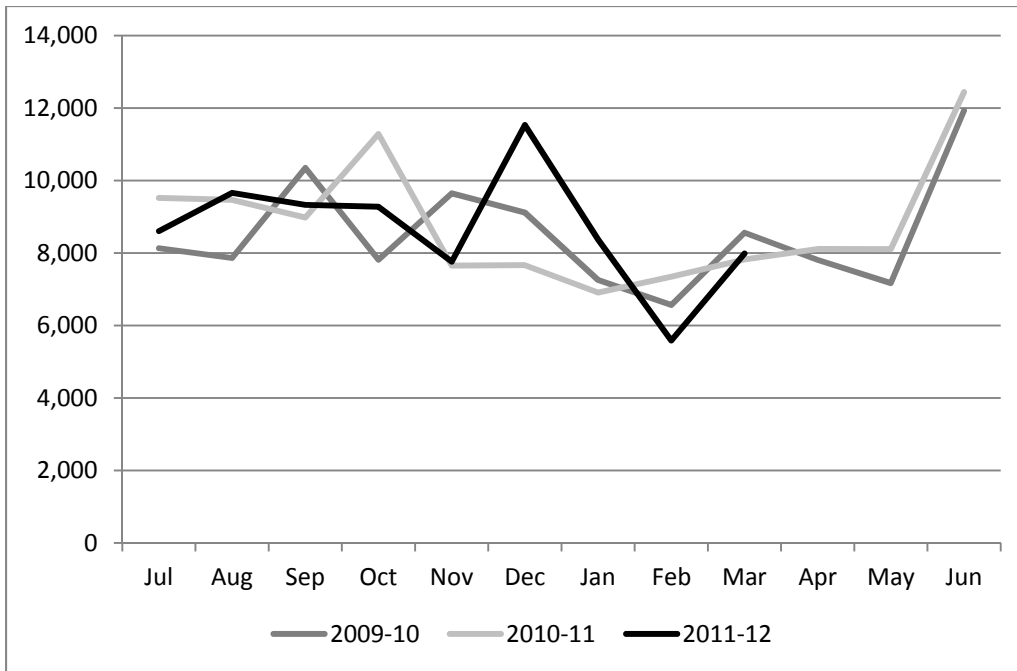
### ODA Expenditure for the quarters ending Sept, Dec and March 2012 (\$)

|                                     | Sept 2012        | Dec 2012         | Mar 2012         | Total             |
|-------------------------------------|------------------|------------------|------------------|-------------------|
| NZ Aid current year Program         | 1,669,463        | 1,571,899        | 2,947,506        | 6,188,867         |
| NZ Aid prior year Program           | 4,256,480        | 427,705          | 83,762           | 4,767,948         |
| UNDP                                | 54,792           | 117,719          | 12,440           | 184,951           |
| India                               | 1,328            | -                | -                | 1,328             |
| Paris Declaration                   | -                | 1,000            | 1,250            | 2,250             |
| CI Government                       | 39,409           | 6,341            | -                | 45,749            |
| AusAid                              | -                | 31,948           | 39,216           | 71,164            |
| Cook Island Red Cross               | -                | 239,512          | 17,399           | 256,911           |
| Outer Island Development Grant Fund | 1,247            | -                | -                | 1,247             |
| European Union                      | 19,175           | 62,762           | 67,141           | 149,078           |
| Pacific Is Forum                    | -                | -                | 3,369            | 3,369             |
| <b>TOTAL</b>                        | <b>6,041,894</b> | <b>2,458,886</b> | <b>3,172,083</b> | <b>11,672,863</b> |

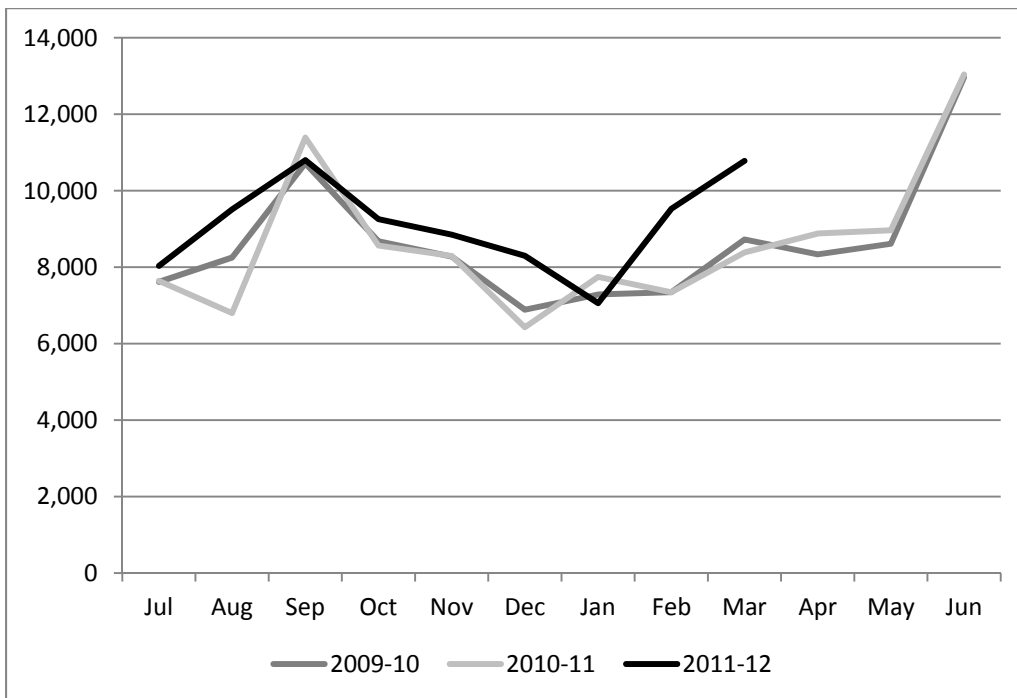
# Appendix – Key Operating Trends

Figures 3 and 4 below demonstrate the trends over the previous two financial years of operating revenue, expenditure.

**Figure 3**  
**Net Operating Revenue Trends**



**Figure 4**  
**Net Operating Expenditure Trends**



# Glossary

Below are a list of terms which are mentioned at various points in this report and what they are for the purposes of this report:

## *Appropriation*

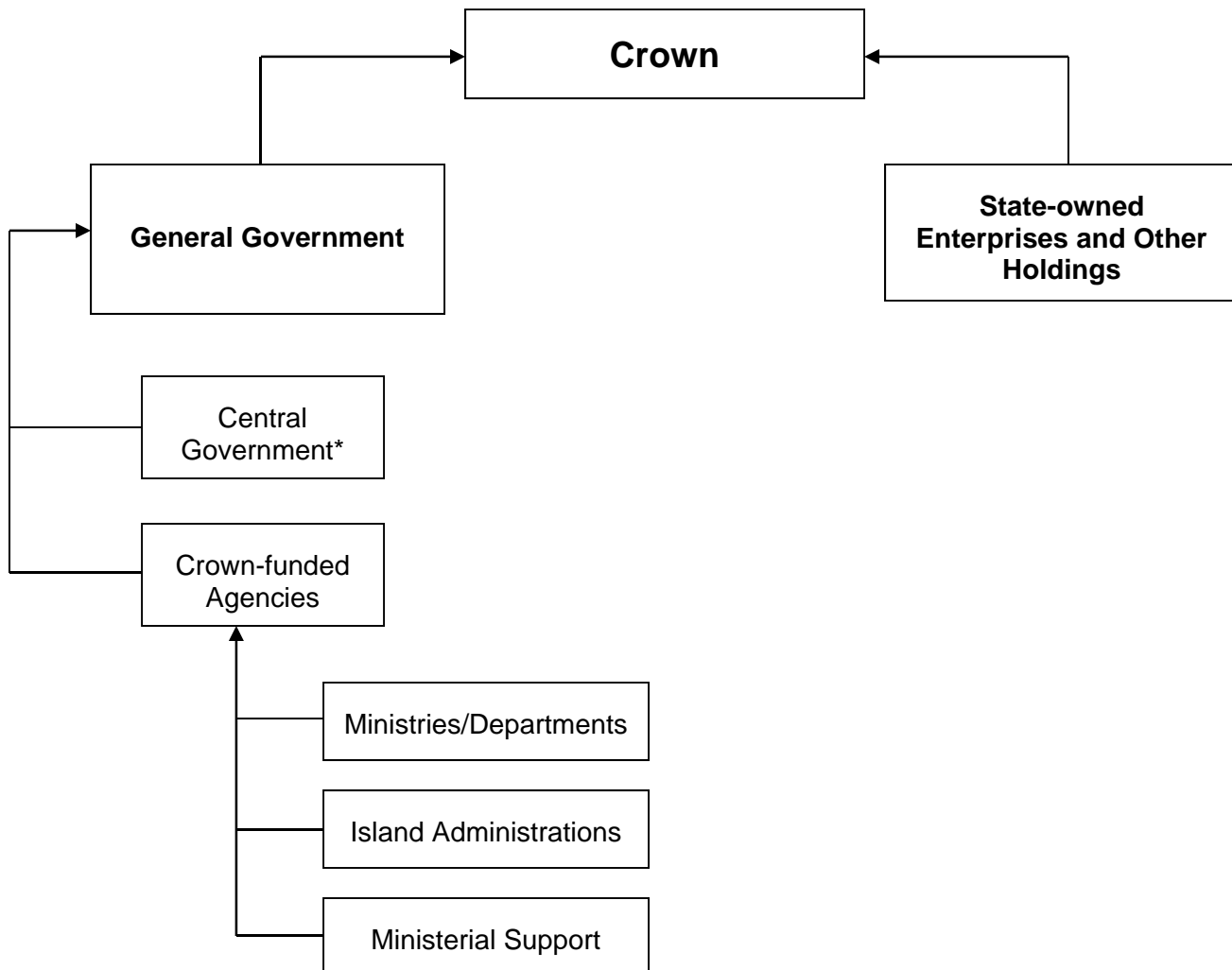
Appropriations are the funding-source provided by the Crown (as a Central Government entity) to allow the recipients (Crown-funded Agencies – see term below) to carry out their purposed operations.

## *Crown-funded Agencies/Agencies*

These are recipients of funding via an appropriation. Crown-funded Agencies refer to ministries/departments, island administrations, and ministerial support offices.

## *General Government*

General Government consists of Central Government and Crown-funded Agencies. It does not include State-Owned Enterprises or holdings in other entities (eg.Telecom). The diagram below shows how all relate.



\* Parliament and the Head of State are included in the Central Government section