



*Your complimentary
use period has ended.
Thank you for using
PDF Complete.*

*Click Here to upgrade to
Unlimited Pages and Expanded Features*



Cook Islands Government

Quarterly Financial Report

March 2015

Prepared by the Ministry of Finance and Economic Management
www.mfem.gov.ck



*Your complimentary
use period has ended.
Thank you for using
PDF Complete.*

[Click Here to upgrade to
Unlimited Pages and Expanded Features](#)

Key Points	2
Summary of the Financial Position of the General Government	3
General Government Revenue Analysis.....	3
General Government Expenditure Analysis.....	8
Payments on Behalf of Crown (POBOCs)	8
State Owned Entities (SOEs) Quarterly Reporting.....	13
Crown Borrowings.....	14
The Crown Loan Reserve Fund (LRF).....	16
General Government Cash Reserves	17
Official Development Assistance	18
Glossary	24

been prepared on an accruals basis as far as practical and outlines
been necessarily received or paid. All figures are rounded to the

Key Points

The net operating balance of the General Government Sector as at 31 March 2015 was a surplus of \$8.6 million.

- Operating revenue was \$94.9 million; and
- Operating expenditure was \$86.3 million.

The overall fiscal balance which excludes the effects of depreciation, but includes capital expenditure was a surplus of \$6 million.

Table 1
Net Operating Balance General Government – March 2015

2013/14 Actual ('000)		2014/15 Budget ('000)	2014/15 Actual ('000)	Variance	
				('000)	%
85,438	Operating Revenue	91,668	94,903	3,235	4
80,405	Operating Expenditure	92,915	86,348	(6,567)	(7)
5,033	Net Operating Balance	(1,247)	8,555	(9,802)	786

Table 2
Fiscal Balance of General Government – March 2015

2013/14 Actual ('000)		2014/15 Budget ('000)	2014/15 Actual ('000)	Variance	
				('000)	%
5,033	Net Operating Balance	(1,247)	8,555	(9,802)	786
547	Add Crown Depreciation	2,190	2,190	-	-
1,409	Add Ministry Depreciation	1,976	1,794	(182)	(9)
583	Add Pa Enuā Depreciation	744	689	(55)	(7)
6,561	Less Capital Expenditure - CI Govt Funded	17,324	9,647	(7,678)	(44)
1,011	Fiscal Balance	(13,661)	3,582	(17,243)	126

Total revenue collections for the quarter ending March 2014/15 were slightly higher than the Budget estimate and were mainly attributable to higher than estimated fishing revenues as detailed in the General Government Revenue Analysis section.

Total operating expenses for the quarter ending March 2014/15 were lower than the Budget estimate and were mainly attributable to lower levels of spending by Agencies (4 per cent) due to the late passage of the 2014/15 Appropriation Bill and the subsequent constraints on expenditure resulting from the constitutional provision of three twelfths of the previous year's appropriation being provided for the period to mid November.

Note that all 2014/15 Budget figures are based on the phasing of the original budget passed by Parliament in October 2014.

Statement of the General Government

Operating expenditure of the General Government sector for the quarter ending March 2015 was 12.7 million, compared to 12.7 million in the 2014/15 Budget estimates.

Operating expenditure in the 2014/15 Budget estimates and operating expenditure was lower by \$6.726 million than the 2014/15 Budget estimates.

This statement has been prepared on an accruals basis as far as practical and outlines income and expenses incurred which may not been necessarily received or paid.

Table 3
Net Operating Balance as at March 2015

2013/14 Actual ('000)		2014/15 Budget ('000)	2014/15 Actual ('000)	Variance ('000)
	Operating Revenue			
72,433	Taxation Revenue	77,663	76,549	(1,115)
6,036	Other Crown Receipts	7,100	11,196	4,096
4,455	Trading Revenue	4,144	4,614	470
244	Interest on Loans to Subsidiaries	513	484	(29)
600	Dividends	863	863	-
1,670	Interest on Funds	1,386	1,198	(188)
85,438	Total Operating Revenue	91,668	94,903	3,235
	Operating Expenditure			
45,562	Ministry/ Pa Enea Expenditure	49,347	47,701	1,646
29,834	Payments on Behalf of the Crown	33,735	29,119	4,585
1,024	Airport Authority	1,536	1,536	-
146	Bank of Cook Islands	136	136	-
175	Te Aponga Uira	263	263	-
555	Ports Authority	-	-	-
648	Debt Service Interest	1,603	1,330	273
1,272	Asset Management	1,350	1,263	87
1,078	Crown Infrastructure Depreciation	2,191	2,190	-
-	Transfer to Reserve Trust Fund	387	387	-
-	Depreciation Contingency Fund	2,325	2,325	-
111	Contingency Funds - Operating	75	97	(22)
80,405	Total Operating Expenditure	92,915	86,348	(6,567)
5,033	Net Operating Balance	(1,247)	8,555	(9,802)

<u>Key Balance Sheet Items in General Government:</u>	
Cash and Equivalents	54,718
Committed Cash	(35,263)
Net Cash Reserve	19,455
Gross General Government Borrowings	97,782
Net General Government Borrowings	54,172

The gross borrowings of the Crown were \$97,782 million; net borrowings of the General Government Sector (excluding loan reserves and borrowings by SOEs) were \$54,172 million. The net cash reserve which is essentially unencumbered increased by \$3.237 million since December 2014 quarter to a total of \$19.455 million.

Analysis

March 2015 was higher than the Budget estimate by \$3.235 million or 4 per cent above than expected fishing revenue.

Table 4

General Government Revenue Summary – March 2015 YTD

2013-14 Actual ('000)		2014-15 Budget ('000)	2014-15 Actual ('000)	Variance ('000)	%
31,186	Value-added Tax	37,854	36,811	(1,043)	(3)
17,910	Income Tax	15,886	16,343	457	3
8,889	Company Tax	9,350	8,443	(907)	(10)
7,111	Import Levies	8,871	8,314	(557)	(6)
1,408	Withholding Tax	-	388	388	100
5,929	Departure Tax	5,702	6,250	548	10
2,868	Trading Revenue	4,144	4,614	470	11
8,550	Other Revenue	9,861	13,741	3,880	39
83,851	Total Revenue	91,668	94,903	3,235	4

Value Added Tax

Actual VAT revenue collected in the quarter ending March 2015 was \$1.043 million below the 2014/15 Budget estimate (-3 per cent) lower than expected economic activities.

Income Tax

Actual Income Tax revenue collected in the quarter ending March 2015 was \$0.457 million above the 2014/15 Budget estimate (3 per cent) due to continued compliance activities.

Company Tax

Actual Company tax collected in the quarter ending March 2015 was \$0.907 million below the 2014/15 Budget estimate (-10 per cent). Lower profitability is being experienced by the banks who are in the process of writing off some long standing debts during the 2015 year.

Import Levies

Actual Import levies collected in the quarter ending March 2015 were \$0.557 million below the 2014/15 Budget estimate (-6 per cent). The pre-purchasing of tobacco products has contributed to the drop in revenue in this financial year.

Withholding Tax

Actual Withholding tax collections were \$0.388 million above the 2014/15 Budget estimate (100 per cent). This relates to withholding taxes collected on interest, dividends and royalties paid overseas. Payments made overseas are difficult to predict and therefore no estimate is made for them in the budget.

Departure Tax

Departure tax collections were \$0.548 million above the 2014/15 Budget estimate (10 per cent). While the numbers of visitor arrivals in the quarter were on target, the slight increase to budget is attributable to the mix of tourists containing more people who pay departure tax (persons below 12 years of age).

above the 2014/15 Budget estimate (39 per cent). This is predominantly due to the increase collection of both fishing licences (163 per cent) and fishing catch revenue (39 per cent). There have been sales of unutilised quota from within the total allowable catch limit (TACs), fishing revenue is expected to exceed \$12 million in 2015, well in excess of the \$4.30 million estimated at the time of the budget.

Table 5

General Government Other Revenue Summary - March 2015 YTD

2013-14 Actual ('000)		2014-15 Budget ('000)	2014-15 Actual ('000)	Variance ('000)	%
140	FSDA Levies	207	133	(74)	(36)
502	Immigration Fees	440	485	45	10
-	IMO Subscription - Maritime CI	48	0	(48)	(100)
43	Court Services	38	39	2	4
29	Instant Fines	49	21	(28)	(57)
2,880	Fishing Licenses	1,830	4,818	2,988	163
-	Fisheries Catch Rev	1,275	1,777	502	39
771	Fisheries US Treaties	585	1,046	461	79
-	Fishing Fines	613	1,225	612	100
1	Research Fees	1	2	-	-
14	Permits	42	13	(29)	(69)
600	Telecom-Dividends	863	863	0.50	0.06
189	Numismatic Revenue	375	203	(172)	(46)
401	Drivers Licenses	263	108	(155)	(59)
382	Motor Vehicle Registrations	581	374	(207)	(36)
1,670	Interest on balances	1,386	1,198	(188)	(14)
244	Interest on loans to subsidiaries	513	484	(29)	(6)
23	Foreign Investment Fees	15	19	4	26
307	Upper Air Management Agreement	373	592	219	59
35	Shipping Reg/Licenses	98	39	(59)	(60)
5	Intl Shipping Licenses	11	15	4	33
24	Liquor Licensing	20	14	(6)	(28)
110	Tattslotto Grants	107	109	2	2
5	Censorship Fees	9	4	(5)	(56)
154	Circulating Currency- Coins	103	157	55	53
14	Employers Liability	15	-	(15)	(100)
7	Motor Vehicle Dealers	4	3	-	-
8,550		9,861	13,741	3,880	39

Figure 1
013/14 Actual and March 2014/15 Budgets and Actual (\$'000)

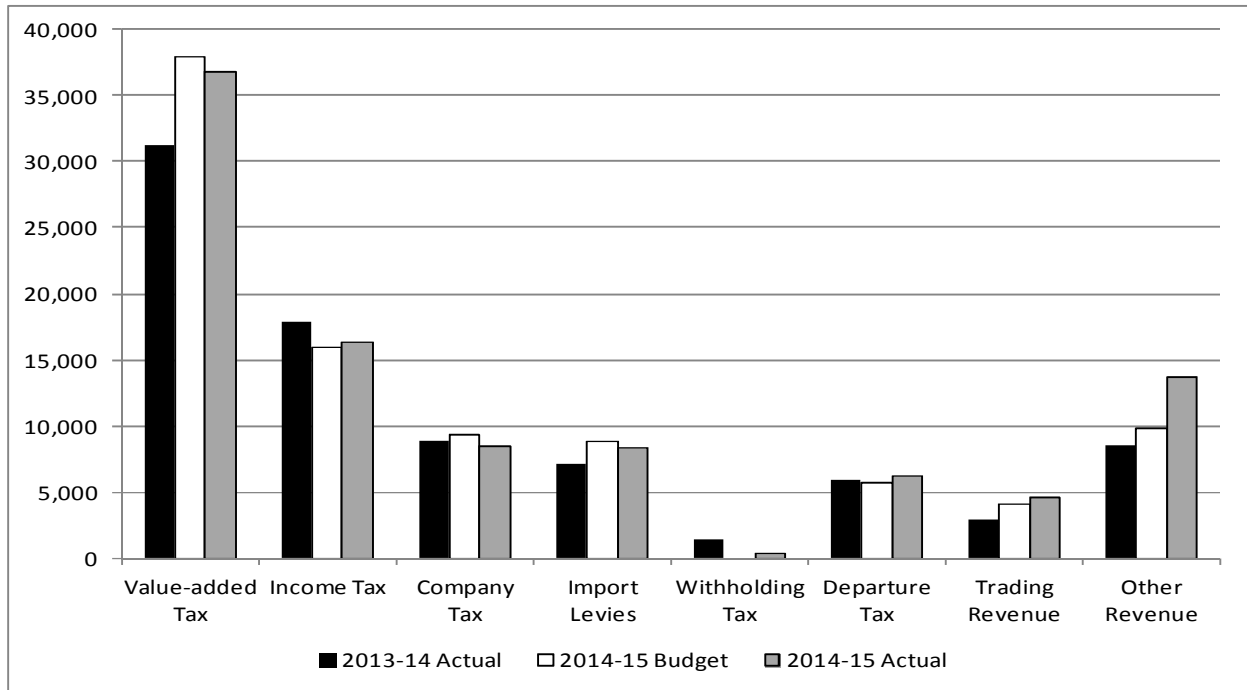
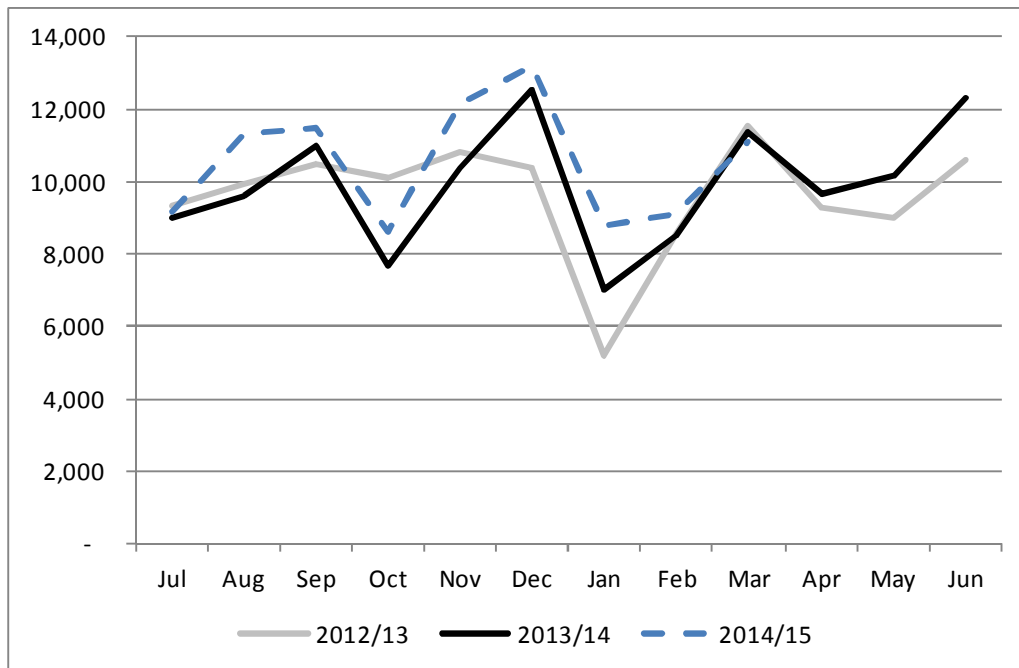


Figure 2
Net Operating Revenue Trends

Figure 2 demonstrate the trends over the previous two financial years of operating revenue.



Financial Analysis

(Cs)

Table 6

Payments on Behalf of Crown – March 2015 YTD

2013/14 Actual	Administering Ministry	POBOC	Budget	Actual	Variance	
('000)			(000)	(000)	(000)	%
Compensation of Employees						
34	Cook Islands Investment Corporation	Infrastructure Committee	56	50	6	11
127	Finance & Economic Management	Parliamentary Superannuation	135	104	31	23
63	Finance & Economic Management	National Heritage Trust	62	58	4	6
26	Audit	PERC Salaries and Administration Costs	32	19	13	41
25	Internal Affairs	Price Tribunal	23	12	11	49
127	Justice	Judges Allowances	133	137	(5)	(3)
1,257	Parliamentary Services	Civil List - Personnel	1,383	1,569	(185)	(13)
58	Parliamentary Services	House of Ariki	132	94	38	29
873	Public Service Commission	HOMs Salaries	-	-	-	-
27	Transport	Director of Civil Aviation	42	34	8	20
2,617			1,998	2,077	(79)	(4)
Use of Goods and Services						
48	Audit	Audit Fees	72	72	-	-
30	Crown Law	Operation Eagle Defendants	-	-	-	-
195	Cultural Development	Te Maeva Nui Constitution Celebrations	228	228	-0	-0
623	Education	Tertiary Training Institutions	570	575	(5)	(1)
30	Finance & Economic Management	Audit of Crown Accounts	23	23	-	-
240	Finance & Economic Management	National Superannuation Fund	212	219	(6)	(3)
39	Finance & Economic Management	Standard and Poors Subscription	30	45	(15)	(50)
-	Justice	General Elections, Petitions and By-Elections	38	36	1	3
31	Head Of State	Domestic Hosting Entertainment	11	6	5	47
393	Health	Pharmaceuticals	501	516	(15)	(3)
42	Infrastructure and Planning	OI Unanticipated Breakdowns	75	68	7	9
281	Infrastructure and Planning	Waste Management	409	370	39	10
54	Internal Affairs	Lease extension	54	54	-	-
301	Internal Affairs	Vaka Maintenance	300	294	6	2
594	Parliamentary Services	Civil List - Operating Expenses	397	430	(33)	(8)
35	Parliamentary Services	PPAPD - FDOC Secretariat	26	33	(7)	(25)
165	Prime Minister's Office	Social Responsibility Fund	146	199	(53)	(36)
-	Prime Minister's Office	Self Government Golden Anniversary	188	111	76	41
-	Prime Minister's Office	Local Government Elections	26	26	0	1
3	Police	Search and Rescue	15	10	5.00	33.33
55	Police	Serious Crime Investigations	38	24	14	37
103	Police	Te Kukupa - Fuel Contribution	105	40	65	62
140	Police	Te Kukupa - Refit	-	-	-	-
1,500	Tourism Corporation	Marketing Resources - Tourism Growth Strategy	1,688	1,843	(155)	(9)
-	Prime Minister's Office	Returned Services Association	-	-	-	-
29	Prime Minister's Office	Cook Islands Marine Park	30	30	-	-
-	Prime Minister's Office	Community Development Fund	75	28	47	62
-	Foreign Affairs	IMO - Maritime Cook Islands	48	48	-	-
4,931			5,303	5,328	(25)	-
Subsidies						
180	Education	University of the South Pacific Contribution	214	137	77	36
7,371	Finance & Economic Management	Air New Zealand - Subsidies	9,263	5,952	3,311	36
712	Finance & Economic Management	Apex - Profit Guarantee	1,125	913	212	19
30	Finance & Economic Management	FSC - subsidy to meet depreciation expenses	26	30	(4)	(16)
-	Finance & Economic Management	Subsidy of audio/visual broadcasting in Pa Enua	34	34	-	-
8,293			10,661	7,066	3,596	34

			Budget	Actual	Variance	
			(000)	(000)	(000)	%
		Government Funded Scholarships	210	221	(11)	(5)
483	Health	Patient Referrals	413	426	(13)	(3)
97	Health	Nursing School	140	174	(34)	(24)
135	Health	NCD Fund	146	153	(7)	(5)
10,231	Internal Affairs	Welfare Payments	12,335	11,425	910	7
-	Justice	Legal Aid	30	30	-	-
11,124			13,274	12,428	846	6
	Other Expense					
1,659	Education	Private School Funding	1,487	1,602	(115)	(8)
-	Finance & Economic Management	Pacific Catastrophe Risk Insurance	91	68	23	25
276	Foreign Affairs	International Subscriptions	409	232	178	43
183	Marine Resources	Establishment of Fisheries Development Facility	150	121	-	-
286	CI Seabed Minerals Authority	Establishment of Seabed Minerals Authority	-	-	-	-
80	Internal Affairs	CISNOC Grant	165	117	48	29
78	Internal Affairs	CISNOC Support	-	-	-	-
61	Internal Affairs	NGO and Welfare Organisations	166	80	85	52
34	Internal Affairs	Gender Regional Triennial Meeting	-	-	-	-
51	Police	PICP	-	-	-	-
16	Education	Education Ministers Forum	-	-	-	-
51	MOIP	SOPAC Conference 2013	-	-	-	-
94	MOIP	PWWA conference 2013	-	-	-	-
2,869			2,468	2,220	219	9
29,834	Grand Total		33,703	29,119	4,556	14

* Expenditure items that have not been re-appropriated in the financial year 2014/15; # Appropriation has been moved to a Ministry/ Capital

The overall savings in POBOC expenditure (14 per cent) was mainly attributed to the Air New Zealand underwrite of the Sydney (\$2.15 million) and Los Angeles (\$3.80 million) routes and the TOA Apex Guarantee. Welfare payments were below budget by 7 per cent, however there are timing issues with the increase in rate of the pension for those aged 70 and over of \$15 a month.

Table 7
Welfare Payments – March 2015 YTD

2013/14		2014/15	2014/15	Variance	
Actual		Budget	Actual	(000)	%
('000)		('000)	('000)		
	Legislated Payments				
1,948	Child Benefit	2,020	2,081	(61)	(3)
181	New Born Allowance	233	173	60	26
6,952	Old Age Pension	8,831	8,054	777	9
297	Destitute & Infirm Persons Payment	297	314	(17)	(6)
46	Maternity Leave	108	73	35	32
	Non-legislated Welfare Payments				
202	Caregiver's Allowance	260	206	54	21
280	Christmas Bonus	209	276	(67)	0.0
175	Funeral Allowance	128	112	15.2	0.0
36	Power Subsidy	65	7	59	90
13	Special Assistance	75	13	62	82
101	BCI Transaction Fee	110	116	(6)	(5)
10,231	Total Welfare Payments	12,335	11,425	910	7

Table 8

Office Appropriation Analysis – March 2015 YTD

Actual ('000)		Budget ('000)	Actual ('000)	Variance ('000)	%
28,245	Personnel	30,671	30,133	538	2
9,326	Operating	9,802	9,149	653	7
1,409	Depreciation	1,976	1,794	182	9
3,522	Trading Revenue	3,324	3,711	387	12
35,458	Net Appropriation	39,125	37,365	(1,760)	(4)

With only three months left in the financial year, there is currently an overall saving of two per cent in the Appropriation for Crown-funded ministries and agencies amounting to around \$1.7 million demonstrating that agencies are spending closely to their annual budgeted net appropriations. Of 32 ministries, agencies and ministerial offices, in total 29 offices were below budget while three were overspent for March 2015.

Personnel

Personnel expenditure for March 2015 quarter was \$0.53 million (2 per cent) under Budget, compared to the March 2014 quarter of \$1.2 million (4 per cent). Out of 32 agencies in total ; 27 agencies had savings with Ministry of Education having reimbursements for personnel from MFAT NZ while four agencies.

Operating

Operating expenditure for March 2015 quarter was \$0.65million (7 per cent) under Budget compared to the March 2014 quarter of \$0.18million (2 per cent). 26 agencies had savings with Pearl Authority having planned activities for the pearl Industry in the final quarter while six agencies overspent to this point in the financial year with Infrastructure Cook Islands incurring large costs in purchasing machinery and motor vehicle parts which had been urgently requested.

Depreciation

Depreciation expenditure for March 2015 has steadily decreased to \$0.18million (9 per cent) under Budget compared to the March 2014 quarter of \$0.68million (33 per cent) in the March 2014 quarter. 18 agencies had savings resulting from a no book value assets, fully depreciated or salvage value while 10 Ministries overspent with Ministry of Marine have gained new assets from Aid Projects.

Trading Revenue

Trading revenue for the March 2015 quarter was higher than budgeted by \$0.38million (12 per cent). This is an increase in comparison to March 2014 quarter of \$0.05 million (2 per cent). Nine agencies did not meet their budgeted trading revenue with the Audit Office having projected audits not completed and Agriculture not meeting its target., Eight agencies were ahead of budget including the Ministry of Finance and Economic Management with recoveries from airlines for border control services and Infrastructure Cook Islands with waste collection, electrical permit and road works hire fees..

Table 9

Appropriation Analysis – March 2015 YTD

Actual		Budget	Actual	Variance	
('000)		('000)	('000)	('000)	%
4,348	Personnel	4,493	4,206	287	6
1,652	Operating	1,661	1,730	(69)	(4)
583	Depreciation	744	689	55	7
933	Trading Revenue	820	903	83	10
5,649	Net Appropriation	6,079	5,723	(356)	(6)

Personnel

Personnel expenditure for the March 2015 quarter was \$0.287 million lower than the March 2015 quarter budget (6 per cent). Three outer island administrations had overspent while seven islands had savings. The savings are attributed to a number of vacant positions in Aitutaki, Mauke, Mangaia, Palmerston, and Manihiki.

Operating

Operating expenditure for the March 2015 quarter was \$0.069 million higher than the March 2015 quarter budget (-4 per cent). Out of the ten islands six had overspent total operating expenses by \$0.164 million while four islands had savings of \$0.096 million. The overspending of \$0.099 million is mainly due to emergency fuel required to power generators as well as freight expenses of \$0.020 million due fuel delivery requirements.

Depreciation

Depreciation expenditure was \$0.055 million lower than the March 2015 quarter budget (7 per cent). Three islands have overspent by \$0.015 million while seven islands have savings of \$0.069 million. These savings are a result of the use of inaccurate and incomplete fixed asset registers of Island administrations to establish budget estimates.

Trading Revenue

Trading revenue for the March 2015 quarter was \$0.083 million higher than the March 2015 quarter budget (10 per cent). Seven islands exceeded their budgets by \$0.102 million while three islands didn't meet their quarterly budgets by \$0.020 million. The increased revenue can be credited to an increase in plant hire, shore excursion fees charged to cruise ships visiting islands, increased gravel sale and increased energy related activities.

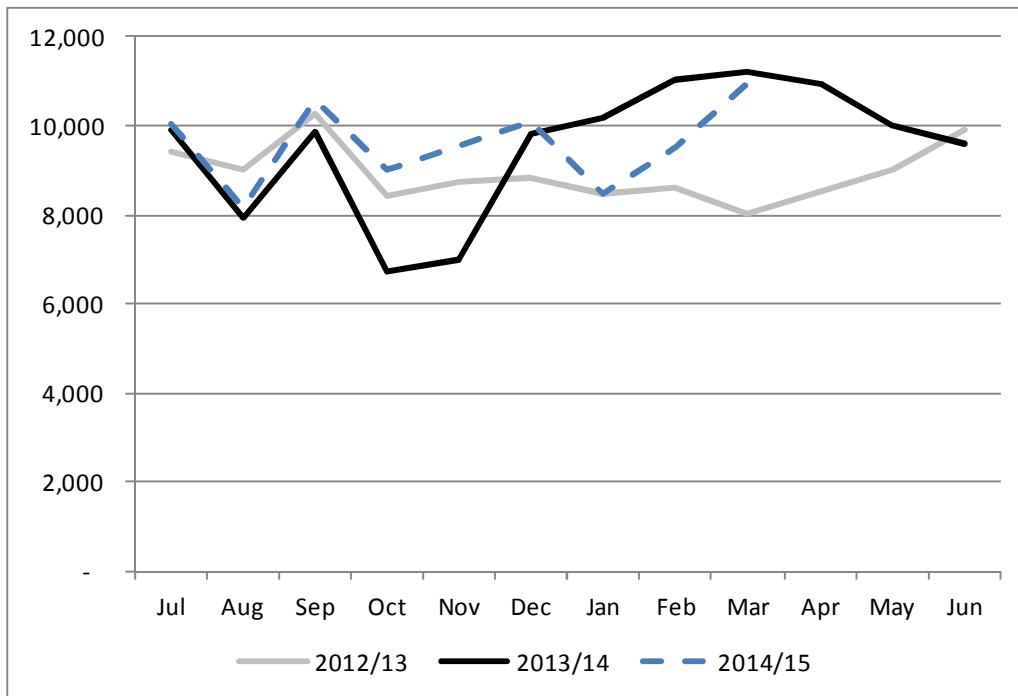
Table 10
Government Operating Expenditure

2013/14 Actual ('000)		2014/15 Budget ('000)	2014/15 Actual ('000)	Variance ('000)	%
1,024	Airport Authority	1,536	1,536	-	-
146	Bank of Cook Islands	136	136	-	-
175	Te Aponga Uira	263	263	(1)	(0)
1,272	Asset Management	1,350	1,263	87	6
648	Debt Servicing Interest	1,603	1,330	273	17
111	Contingency Funds - Operating	75	97	(22)	(29)
1,078	Crown Infrastructure Depreciation	2,190	2,190	(0)	(0)
-	Depreciation Contingency Reserve	2,325	2,325	0	0
-	Transfer to Reserve Trust Fund	387	387	(0)	(0)
4,454	Total Other Operating	9,864	9,528	336	3

Other operating costs for the General Government sector are three per cent under the 2014/15 Budget. The most significant variation contributing to this is the reduction in Debt Servicing Interest.

Figure 3
Net Operating Expenditure Trends

Figure 3 demonstrate the trends over the previous two financial years of operating expenditure.



Quarterly Reporting

Quarterly performances of Cook Islands Investment Corporation (CIIC), Ports Authority and Te Aponga Uira. It should be noted that the internal budgets of the SOEs. The appropriations approved to SOEs are funded from the Contributions of Government.

Table 11
SOE Quarterly Reporting – March 2015 YTD

Actual		Budget	Actual	Variance	
('000)		('000)	('000)	('000)	%
6,318	Personnel	7,326	6,536	789	11
17,556	Operating	18,639	16,839	1,800	10
5,237	Depreciation	4,947	5,764	(817)	(17)
28,670	Trading Revenue	29,202	29,618	416	1
441	Net Activity	1,710	(478)	(2,188)	(128)

Personnel

Personnel expenditure for the March 2015 quarter was \$0.789million lower than Budget estimates (-11 per cent). This was mainly due to the delayed filling of new and vacant positions and below budget salary increments.

Operating

Operating expenditure for the March 2015 quarter was \$1.8 million lower than the Budget estimates (-10 per cent). Four out of the five SOEs made savings totalling \$1.898 million while Ports Authority had unfavourable operating expenditure movements totalling \$0.98 million relating to electricity.

Depreciation

Depreciation expenditure was \$0.817 million higher than the budget (17 per cent). This was mainly driven by Airport Authority's previously impaired assets being reinstated to its previous valuation (\$1.1 million).

Trading Revenue

Trading revenue in the March 2015 quarter was \$0.416 million higher than the Budget estimate (1 per cent). Ports Authority reported \$1.2 million above budget as a result of increased tariffs and commercial activity (cargo activity, rental charge and space and realised gain arising from maturity of the existing Forward Exchange Contract (FEC)). The other SOEs in particular BCI (\$0.775 million) reported decreases against budget as a result of decreases in commercial activity and error in revenue budget estimates.

15 quarter was \$97.8 million, an increase of \$3.4 million from the quarter ended December 2014. This increase is attributable to the unfavourable movement in exchange rates against the New Zealand Dollar and the further drawdown of the Rarotonga Water Ring Project of \$1.8 million offset by principal repayments of \$1.2 million.

The exchange rates movement for this quarter are shown in the following table:

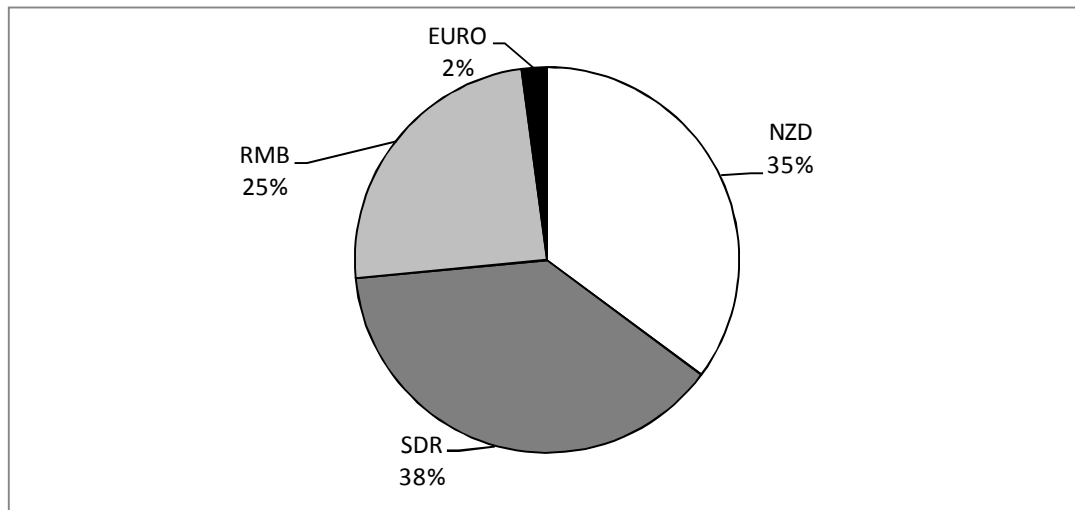
Table 12
Average Exchange Rates Used

Foreign Exchange Currency	31 December 2014 Average	31 March 2015 Average	Changes
EUR	0.6440	0.6918	0.0478
USD	0.7829	0.7490	(0.0339)
CNY	4.8555	4.6487	(0.2068)
SDR	0.5404	0.5430	0.0026

The unrealised foreign exchange loss of \$2.4 million is largely the effect of the positive movement in the Special Drawing Rights (SDR) as about 38 per cent of the total government borrowing is denominated in SDR as illustrated in Figure 4.

Net borrowings by the General Government for this quarter were \$54.7 million, a \$3.3 million increase from the December 2014 quarter. This increase is made up of \$2.4 million net foreign exchange adjustment, drawdown of the Rarotonga Water Ring Project of \$1.8 million and \$1.2 million in principal repayments.

Figure 4
Composition of Crown Debt by Currency



Managing the exchange risk is an ongoing task for the Crown. Working closely with local banks over the global exchange rates movement to accommodate its annual debt servicing plan is paramount to the Crown.

Table 13 below summarised Crown’s estimated debt position for March 2015 quarter.

Table 13
Crown Borrowings – March 2015 YTD

Loan	Source (Currency)	Original Loan Amount in Currency ('000)	Loan Start Date	Loan Finalisation Date	Dec 14 Balance ('000)	Principal Payments ('000)	FOREX Adjustment ('000)	Revaluation/ Draw Down Adjustments	Mar 15 Balance ('000)	Change Mar 15 Qtr ('000)
Caisse Francais Development Loans	EURO	5,413	Jan-99	Sep-18	2,275	(26)	(157)	-	2,091	(184)
Import-Export Bank of China	CNY	67,260	Aug-08	Aug-28	12,512	-	557	-	13,069	557
China - Rarotonga Water Ring Project	CNY	118,000	Dec-12	Dec-13	8,684	-	386	1,794	10,865	2,180
ADB 461 Multi Project Loan	SDR	1,000	Nov-80	Aug-20	625	(52)	29	-	602	(24)
ADB 567 01st CIDB Loan	SDR	1,500	Jul-82	Apr-22	573	-	26	-	599	26
ADB 849 2nd Multi-Project Loan	SDR	2,067	Dec-87	Aug-27	2,052	(79)	94	-	2,067	15
ADB 1031 TCI Loan	SDR	3,541	Oct-90	Aug-30	4,828	(151)	220	-	4,896	69
ADB 1155 2nd CIDB Loan	SDR	939	Mar-92	Dec-31	1,250	-	57	-	1,306	57
ADB 1171 TCI Emergency Loan	SDR	291	Aug-92	Jun-32	429	-	19	-	449	19
ADB 1309 Pearl Loan	SDR	336	Dec-94	Aug-34	465	(12)	21	-	475	10
ADB 1317 Education Loan	SDR	1,836	Feb-95	Aug-34	2,841	(71)	129	-	2,899	58
ADB 1380 3rd CIDB Loan	SDR	1,538	Jan-96	Sep-35	2,352	(11)	106	-	2,448	96
ADB 1466 Economic Restructuring Loan	SDR	3,430	Sep-96	Sep-36	5,198	(60)	235	-	5,373	175
ADB 1588 Cyclone Emergency Rehab Loan	SDR	1,895	Jun-05	Jun-45	871	(10)	39	-	900	29
ADB 1832 Waste Management Loan	SDR	1,695	Dec-01	Jun-33	2,471	-	112	-	2,583	112
ADB 2174 Cyclone Emergency Assist Loan	SDR	1,895	Jun-05	Jun-45	3,501	-	158	-	3,659	158
ADB 2472 Avatiu Port Development	NZD	10,309	Sep-09	Nov-33	9,888	-	-	-	9,888	-
ADB 2473 Avatiu Port Development	SDR	4,524	Sep-09	Nov-40	8,913	-	403	-	9,316	403
ADB 2739 Amend Avatiu Port Development	NZD	5,322	Dec-11	Nov-35	5,322	-	-	-	5,322	-
ADB 2946 Economic Restructuring Loan 2	NZD	7,250	Dec-12	Dec-28	7,250	-	-	-	7,250	-
ADB 2565 Economic Restructuring Loan 1	NZD	11,053	Jan-10	Oct-24	10,048	-	-	-	10,048	-
ANZ - Airport Authority	NZD	8,100	Apr-11	Apr-16	2,057	(782)	-	403	1,678	(379)
Total Gross Borrowings					94,403	(1,254)	2,435	2,197	97,782	3,379
<i>Total Loans with ADB</i>					68,876	(446)	1,650	-	70,079	1,204
<i>Total Loans with Other Sources</i>					25,527	(808)	786	1,794	27,702	2,175
Total Gross Borrowings					94,403	(1,254)	2,435	1,794	97,782	3,379
Less Loan Reserve					16,866	-	-	-	16,866	-
Net Borrowing by the Crown					77,537	(1,254)	2,435	1,794	80,916	3,379
Less Avatiu Port Development					24,122	-	403	-	24,526	403
Less ANZ - Airport Authority					2,057	(782)	-	403	1,678	-
Net Borrowing by the General Government					51,358	(472)	2,032	1,391	54,712	2,975

to enable the Crown to access and subsequently on lend concessional payment terms with the external lenders included a grace period (of normally five years) that was not extended to the SOEs. SOEs were required to service the average debt servicing cost at the initial point of drawing down the loan. These funds were subsequently set aside into a debt reserve.

In February 2014, the Parliament of the Cook Islands passed *the Cook Islands Loan Repayment Fund Act 2014* formally creating a Loan Reserve Fund (LRF). The effect of the LRF is to quarantine those monies previously accumulated from being utilised for anything outside of debt servicing requirements. It also legislated a framework for management of all sovereign public debt and ensuring the timely allocation of money from the budget and repayment as required of all sovereign debt held by the Crown.

At the time of this publication, the LRF has sufficient funds to fully cover all debts owed by on behalf of SOEs to lenders. These SOEs include the Bank of the Cook Islands, Te Aponga Uira as well as Telecom Cook Islands Limited.

MFEM has the tender with the ANZ Bank and Bancorp Treasury Services.

Table 14 Loan Repayment Fund Statement 2014/15

	2014/15	2015/16	2016/17	2017/18	2018/19
Opening LRF balance	16,211	16,272	16,250	15,659	13,318
Transfer in	6,107	6,107	6,107	6,107	6,107
Interest earned (avg 2%)	324	325	325	313	266
Total transfer in	6,431	6,433	6,432	6,420	6,374
Repayment from LRF balance					
Principal	1,207	1,234	1,261	1,261	980
Interest	127	116	105	94	82
Total repayment from LRF	1,334	1,350	1,366	1,355	1,063
Repayment of other debt					
Principal	3,175	3,151	3,756	5,636	5,691
Interest	1,861	1,954	1,902	1,771	1,639
Total repayment other debt	5,037	5,105	5,658	7,407	7,330
Other service fees *	-	-	-	-	-
LRF stock balance	16,272	16,250	15,659	13,318	11,299

*Other service fees is the management cost of the fund, this will be determined and paid to the successful bidder.

Table 14 estimates the movement of the LRF over the next four years. The amount of \$6.1 million transferred in annually is the total average amortised debt repayment for the Crown over a period of five years. This is different from the actual debt service which is the total amount transferred out of the LRF.

2015 quarter were \$19.5 million, an increase of \$3.2 million from the

Table 14
Cash Reserves –March 2015 YTD

	Sept 14 Qtr (‘000)	Dec 14 Qtr (‘000)	March 15 Qtr (‘000)	Change Dec 14 Qtr (‘000)
Total Term Deposit at the Bank				
Westpac	3,151	3,236	3,236	-
ANZ	28,534	28,841	32,024	3,183
ANZ - ADB USD 10 million	3,939	3,945	3,959	14
BCI	16,142	16,357	15,499	- 858
Total Term Deposit at the Bank *	51,766	52,379	54,718	2,339
Committed:				
Trust Fund General Reserve	2,911	2,911	2,911	-
Disaster Response Trust ¹	536	536	536	-
Loan Reserve Fund ²	16,866	16,866	16,866	-
ADB USD 10 million loan - Project pending ³	9,189	9,476	8,564	- 912
Trust Account Deposit ⁴	2,801	2,872	2,886	14
Carry Forward Contingency – OPEX ⁵	500	500	500	-
Working Capital ⁶	3,000	3,000	3,000	-
Total Commitment for this year	35,803	36,161	35,263	- 898
Estimated General Cash Reserve	15,963	16,218	19,455	3,237

* - This does not include cash balances on the Ministry Operating Bank Accounts.

¹ Disaster Response Trust – funds set aside for emergency response in the event of disasters

² Loan Reserve Fund – established in 2001 to hold SOE loan repayments to the Crown

³ ADB USD 10 million loan – ADB Economic Recovery Support Program loan funds used to fund Project City

⁴ Trust Account Deposit – funds held on behalf of Land Trust and Workers Compensation Trust

⁵ Carry Forward Contingency – funds tagged for any carry forwards of operating expenditure

⁶ Working Capital – funds tagged to cover overall Government cash flow requirements

of MFEM administers all international development assistance. It is of the national economy and 28 per cent of the national budget in 2014/15.

New Zealand

New Zealand funded activities in education, health, renewable energy, and the social impact fund programs are progressing well.

Sanitation upgrade and gender programme delivery is behind schedule. The Ministry of Internal Affairs and the WATSAN division of ICI are required to submit work plans to funds. The INTAFF disability programme is delayed, e.g. visits to Pa Enua are delayed due to competing priorities by Disability Division staff.

The next tranche of New Zealand Aid funding for Te Mato Vai (TMV) has not yet been received as this is tagged to the submission of a progress report to be approved at the governance group meeting on 15 May 2015. Spending on TMV this quarter relates to funding received from the Cook Islands Government appropriation.

Renewable energy spending is scheduled in next quarter with completion expected in May 2015. The health budget represents the full annual allocation from the NZ GFA (HSV Program) paid over to Ministry of Health, so appears as overspend, but will be in line at 30 June 2015

Aid effectiveness will be increased by \$50,000 to \$200,000 for 2014/15 to accommodate for additional approved Development Partners Meetings costs (55,000) and support to crown accounts for national accounting catch up (78,000), DCD accounting software and project data upgrades, training (30,000) plus usual activities supporting development programs.

Defence spending relates to the Te Kukupa refit, funded by Australia. The refit is complete and over budget, but financial reporting has not been provided by Australian Defence Force.

UN Agencies

UNDP TRAC funds have not yet been received this year nor has there been any indication from UNDP about spending on behalf of CKI. These funds will be carried over to next year.

Under spend in the environment area is due to no spending on UNOPS/Red Cross GEF small grants as the coordination is behind schedule. Some spending is anticipated in the fourth quarter.. No spend is to be made in NES/UNDP Ridge to Reef project as the project is behind is schedule and only likely to begin next financial year. These two projects amount to \$400,000 which will remain unspent.

FAO support for the agriculture sector strategy is in progress. Following the UN programmes review after the development partners meeting, a UN reporting system is being established with UNDP “delivery as one” as of the mechanisms.

The majority of UNFPA local activities related to the Family Health and Safety Study are complete. UNFPA is to submit information on spend on behalf (which is 80% of the grant). WHO have not yet received spending reports from MOH.

FAO (and FFA) have not provided reports. However, progress has been made with FAO on a new agriculture policy and strategy. The draft vision was launched at the Development Partners Meeting February 2015. The Chamber of Commerce agribusiness grant fund is now operational.

PRC officials.

on 23 December and heavy machinery in January 2015. Spending of
expected to arrive during 2015/16; Chinese building repairs were not
project start is currently behind schedule. MFEM is following up with

India

Indian projects are behind schedule due to delays in receiving funding. Funds for the 13/14 funds arrived in early February 2015. MFEM is likely to run combined two year round now when 14/15 funds are received.

EU

The EDF10 TCF is now closed. All EU support is now direct to Treasury through a sector reform contract. Other support is by way of regional programs and DCD is corresponding with EU to ascertain program spending amounts for the Cook Islands.

ADB

ADB spending is progressing to expectation. There has been some shift in focus in line with CIGov request for TA.

Japan

PEC funds have been programmed for the southern group renewable energy program with spend expected 2015 or early 2016. No spend is anticipated this financial year.

SIDS, SOPAC & SPC - No Partner reporting

Other

Provision of computers funded by Turkey is expected in Q4, as well as AV equipment funded by Korea.

The ODA conversion ratio is currently at 49 per cent compared with 54 per cent for 2013/14. The annual rate is expected to be higher once partner reporting is complete.

Table 16 ODA Expenditure – March 2015 YTD

	(000)	Public Order & Safety (000)	Economic Affairs (000)	Environ Protection (000)	Housing & Community Amenities (000)	Health (000)	Recreation, Culture & Religion (000)	Education (000)	Social Protection (000)	TOTAL DONOR (000)
ADB										
YTD Budget	513		383						100	996
YTD Actual	148		385						154	687
\$ Variance	365		(2)						(54)	309
% Variance	71%		0%						-54%	31%
NZAID										
YTD Budget	1,032	50	10,191	1,631	3,175	422		3,388	870	20,758
YTD Actual	819	4	10,113	106	792	566		3,691	509	16,599
\$ Variance	213	46	78	1,526	2,382	-		-	362	4,158
% Variance	21%	92%	1%	94%	75%	-34%		303	42%	20%
UNDP										
YTD Budget			182							182
YTD Actual			-							-
\$ Variance			182							182
% Variance			100%							100%
AusAID										
YTD Budget		5,070.00		147		8			103	5,329
YTD Actual		-		-		-			45	45
\$ Variance		5,070.00		147		8			59	5,284
% Variance		100%		100%		100%			57%	99%
China										
YTD Budget			13,464							13,464
YTD Actual			8,972							8,972
\$ Variance			4,492							4,492
% Variance			33%							33%



Your complimentary
use period has ended.
Thank you for using
PDF Complete.

[Click Here to upgrade to
Unlimited Pages and Expanded Features](#)

	Public Order & Safety (000)	Economic Affairs (000)	Environ Protection (000)	Housing & Community Amenities (000)	Health (000)	Recreation, Culture & Religion (000)	Education (000)	Social Protection (000)	TOTAL DONOR (000)
<u>FAO&FFA</u>									
YTD Budget		86							86
YTD Actual		-							-
\$ Variance		86							86
% Variance		100%							100%
<u>India</u>									
YTD Budget				113					113
YTD Actual				43					43
\$ Variance				70					70
% Variance				62%					62%
<u>EU</u>									
YTD Budget	74		27	158					258
YTD Actual	74		33	-					107
\$ Variance	0		(7)	158					151
% Variance	0%		-24%	100%					58%
<u>EIB</u>									
YTD Budget		450							450
YTD Actual		-							0
\$ Variance		450							450
% Variance		100%							100%
<u>PEC (Japan)</u>									
YTD Budget		70							70
YTD Actual		-							-
\$ Variance		70							70
% Variance		100%							100%

	General Public Service (000)	Defense (000)	Public Order & Safety (000)	Economic Affairs (000)	Environ Protection (000)	Housing & Community Amenities (000)	Health (000)	Recreation, Culture & Religion (000)	Education (000)	Social Protection (000)	TOTAL DONOR (000)
<u>SIDS,SPC,SOPAC,SPREP</u>											
YTD Budget				822							822
YTD Actual				-							-
\$ Variance				822							822
% Variance				100%							100%
<u>UN(UNFPA,UNADAPT,WHO)</u>											
YTD Budget	2,260						379				2,63946
YTD Actual	441						19			8	8
\$ Variance	1,819						359			-8	2,171
% Variance	81%						95%				82%
<u>GLOBAL</u>											
YTD Budget							70				70
YTD Actual											-
\$ Variance							70				70
% Variance							100%				100%
<u>GEF</u>											
YTD Budget				566							566
YTD Actual				155							155
\$ Variance				411							411
% Variance				73%							73%



Your complimentary
use period has ended.
Thank you for using
PDF Complete.

[Click Here to upgrade to
Unlimited Pages and Expanded Features](#)

	Public Order & Safety (000)	Economic Affairs (000)	Environ Protection (000)	Housing & Community Amenities (000)	Health (000)	Recreation, Culture & Religion (000)	Education (000)	Social Protection (000)	TOTAL DONOR (000)		
<u>ROBEN</u>											
YTD Budget						177			177		
YTD Actual						-			-		
\$ Variance						177			177		
% Variance						100%			100%		
<u>TURKEY</u>											
YTD Budget							45		45		
YTD Actual							-		-		
\$ Variance							45		45		
% Variance							100%		100%		
<u>UNESCO</u>											
YTD Budget						85			85		
YTD Actual						93			93		
\$ Variance						-	8		(8)		
% Variance						-9%			-9%		
<u>TOTAL COFOG</u>											
YTD Budget	3,879	5,120	0	25,648	2,370	3,445	878	262	3,433	1,073	46,108
YTD Actual	1,482	4	0	19,470	294	835	585	0	3,691	715	27,076
\$ Variance	2,397	5,116	0	6,178	2,076	2,609	293	262	(258)	358	19,031
% Variance	62%	0%	0%	24%	88%	76%	33%	100%	-8%	33%	41%



PDF Complete
 Your complimentary use period has ended.
 Thank you for using PDF Complete.

[Click Here to upgrade to Unlimited Pages and Expanded Features](#)

at various points in this report and what they are for the purposes of

Revenue

Revenue is measured at fair value of the consideration received or receivable.

Revenue Levied Through the Crown's Sovereign Power

Payment of tax does not of itself entitle a taxpayer to an equivalent value of services or benefits; such revenue is received through the exercise of the Crown's sovereign power. Revenue arising through taxes is recognised when the taxable event occurs and when the criteria for recognition of an asset are met.

<i>Revenue Type</i>	<i>Revenue Recognition Point</i>
Individual Income Tax	When an individual earns income that is subject to PAYE or provisional tax. This also includes withholding taxes.
Company Income Tax	When the corporate community earns taxable income.
Value Added Tax	When the liability to the Crown is incurred. For example, the liability arising from sales in June being paid in July however recognised as revenue in June.
Customs levies	When goods liable to duty are assessed, except for Oil Companies which are accounted for when the liability to the Crown is incurred.
Departure Tax	When airlines remit the departure tax component of tickets sold.
Other Revenue	When the debt to the Crown arises.

Expenses

Expenses are recognised when incurred and are reported in the financial period to which they relate.

Foreign Currencies

Transactions in foreign currencies are translated into New Zealand dollar using the exchange rate on the date of the transaction. Foreign exchange gain and losses arising from these transactions are included in the Statement of Financial Performance.

Any monetary assets and monetary liabilities held at year end are translated at the exchange rate at the balance sheet date.

Aid Expenses

Expenses are recognised when incurred on approved projects and are reported in the financial period to which they relate.

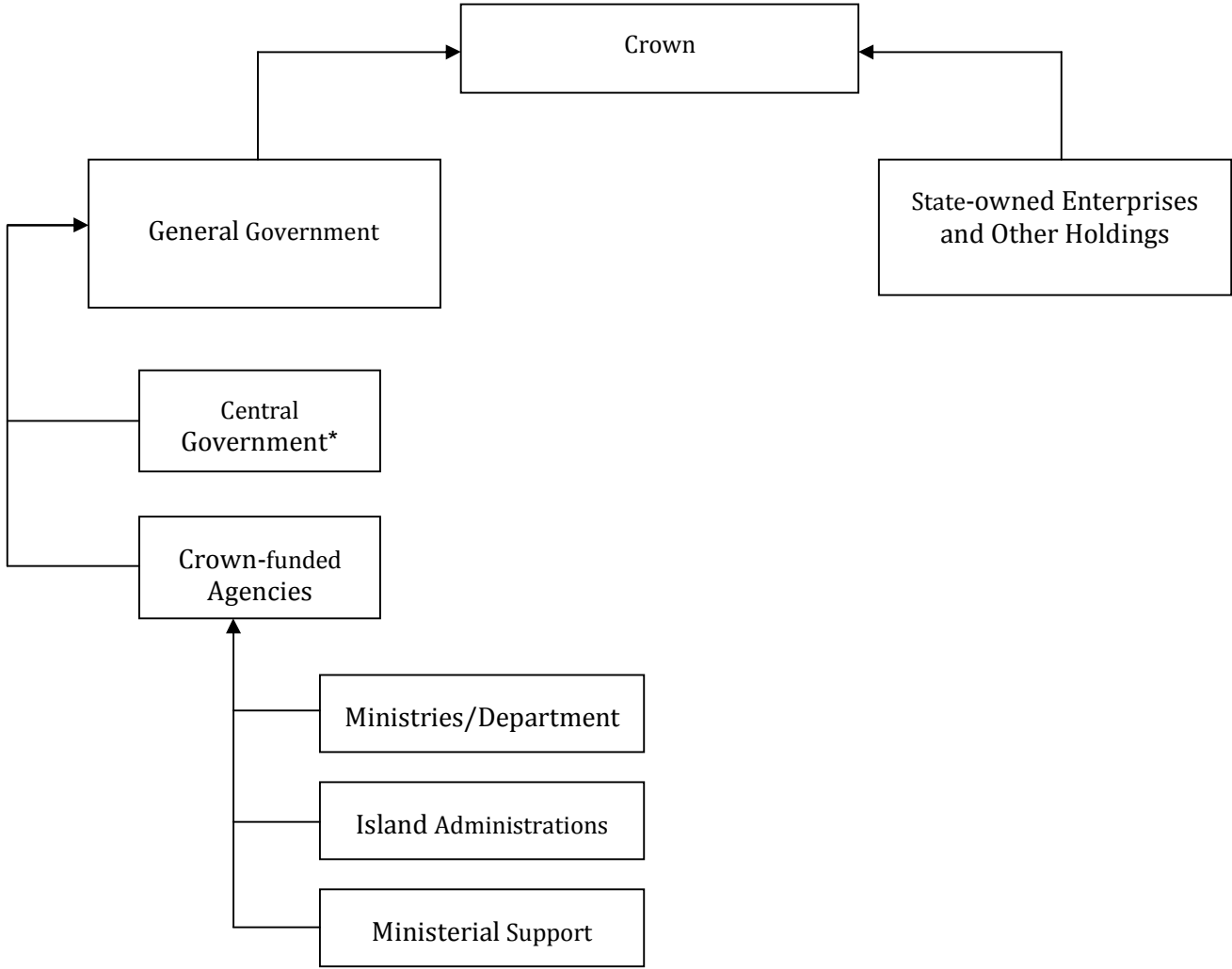
Appropriation

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.

Government and Crown-funded Agencies. It does not include State-Owned Enterprises (SOEs) (e.g. Telecom). The diagram below shows how all relate.



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