



Cook Islands Government

Quarterly Financial Report

December 2015

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

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Introduction

The statements contained in this report have been prepared on an accruals basis as far as practical and outline income and expenses incurred which may not be necessarily received or paid. All figures are rounded to the nearest thousand. In a change from past quarterly reporting, personnel expenses have been accrued for four days ending December 2015 to give a more accurate picture of expenditure.

Key Points

The net operating balance of the General Government Sector as at 31 December 2015 was a surplus of \$6.9 million.

- Operating revenue was \$70.4 million; and
- Operating expenditure was \$63.5 million.

The estimated overall fiscal balance for December 2015 was a surplus of \$2.9 million. The fiscal balance excludes the effects of depreciation and incorporates capital expenditure.

Table 1
Net Operating Balance General Government – December 2015

2014/15		2015/16	2015/16	Variance	
Actual		Budget	Actual	(‘000)	%
(‘000)		(‘000)	(‘000)		
65,934	Operating Revenue	67,923	70,385	2,463	4
57,409	Operating Expenditure	69,615	63,468	6,147	9
8,525	Net Operating Balance	(1,692)	6,917	8,609	(509)

Table 2
Fiscal Balance of General Government – December 2015

2014/15		2015/16	2015/16	Variance	
Actual		Budget	Actual	(‘000)	%
(‘000)		(‘000)	(‘000)		
8,525	Net Operating Balance	(1,692)	6,917	8,609	(509)
1,460	Add Crown Depreciation	1,460	1,460	-	-
1,054	Add Ministry Depreciation	1,148	995	(153)	(13)
439	Add Pa Enuu Depreciation	479	155	(324)	(68)
5,479	Less Capital Expenditure - CI Govt Funded	11,808	6,673	5,135	43
5,999	Fiscal Balance	(10,413)	2,854	13,267	(127)

Total revenue collections for the quarter ending December 2015/16 were higher than the Budget estimate and were mainly attributable to higher than estimated tax revenues for reasons detailed in the General Government Revenue Analysis section.

Total operating expenses for the quarter ending December 2015/16 were lower than the Budget estimate and are largely attributed to lower expenditure by agencies.

Summary of the Financial Position of the General Government

The net operating surplus of the General Government sector for the quarter ending December 2015 was \$6.9 million, representing an increase of \$8.6 million on the 2015/16 Budget estimates for the quarter.

Overall, revenue was \$2.5 million higher than the 2014/15 Budget estimates and operating expenditure was lower by \$6.1 million than the 2015/16 Budget estimates for the quarter. The under spend is thought to be largely a timing issue together with savings in the Air NZ airline subsidy payments. Further detail is provided in the appropriation analysis sections.

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 31 December 2015

2014/15 Actual ('000)		2015/16 Budget ('000)	2015/16 Actual ('000)	Variance ('000)
<u>Operating Revenue</u>				
56,087	Taxation Revenue	55,370	60,415	5,045
5,072	Other Crown Receipts	8,363	5,985	(2,378)
2,787	Trading Revenue	1,894	2,516	622
484	Interest on Loans to Subsidiaries	342	537	-
575	Dividends	1,010	18	(992)
929	Interest on Funds	943	914	(29)
65,934	Total Operating Revenue	67,923	70,385	2,463
<u>Operating Expenditure</u>				
31,413	Ministry/ Pa Enea Expenditure	35,954	33,337	2,617
19,318	Payments on Behalf of the Crown	27,297	23,653	3,644
1,024	Airport Authority	1,024	1,024	-
91	Bank of Cook Islands	60	60	-
175	Te Aponga Uira	190	190	-
-	Ports Authority	55	55	-
1,220	Debt Service Interest	1,123	1,178	(55)
863	Asset Management	899	986	(87)
1,460	Crown Infrastructure Depreciation	1,461	1,460	-
258	Transfer to Reserve Trust Fund	257	257	-
1,550	Depreciation Contingency Fund	1,245	1,245	-
37	Contingency Funds - Operating	50	24	26
57,409	Total Operating Expenditure	69,615	63,468	6,146
8,525 Net Operating Balance		(1,692)	6,917	8,608

Key Balance Sheet Items in General Government:

Cash and Equivalents	53,827
Committed Cash	(28,092)
Net Cash Reserve	25,735
Gross General Government Borrowings	108,976
Net General Government Borrowings	92,110

The gross borrowings by the Crown were \$109.0million; net borrowings by the General Government Sector (excluding loan reserves and borrowings by SOEs) were \$92.1 million. The net cash reserve which is essentially unencumbered remains stable at \$25.7 million since last quarter.

General Government Revenue Analysis

General Government sector revenue as at 30 December 2015 was higher than the Budget estimate by \$2.5 million or 4 per cent. This was mainly attributed to tax revenues performing above budget for respective reasons detailed below.

Table 4

General Government Revenue Summary – December 2015 YTD

2014-15		2015-16	2015-16	Variance	
Actual		Budget	Actual		
('000)		('000)	('000)	('000)	%
28,085	Value-added Tax	26,790	28,947	2,157	8
11,510	Income Tax	12,608	12,495	(113)	(1)
6,703	Company Tax	5,907	6,451	543	9
5,176	Import Levies	5,832	5,846	15	0
243	Withholding Tax	-	2,112	2,112	100
4,370	Departure Tax	4,233	4,564	331	8
2,787	Trading Revenue	1,894	2,516	622	33
7,060	Other Revenue	10,658	7,454	(3,204)	(30)
65,934	Total Revenue	67,922	70,385	2,463	4

Value Added Tax

Actual VAT revenue collected in the quarter ending December 2015 was \$2.2 million above the 2015/16 Budget estimate (8 per cent) due to timing differences in the collection of tax compared to budget.

Income Tax

Actual Income Tax revenue collected in the quarter ending December 2015 was \$0.113 million below the 2015/16 Budget estimate (-1 per cent).

Company Tax

Actual Company tax collected in the quarter ending December 2015 was \$0.54 million above the 2015/16 Budget estimate (9 per cent). Evidence in October 2015 and November 2015 suggests that this trend may be continuing which will affect our full year projections.

Import Levies

Actual Import levies collected in the quarter ending December 2015 were \$0.15 million above the 2015/16 Budget estimate (0 per cent).

Withholding Tax

Actual Withholding tax collections were \$2.1 million above the 2015/16 Budget estimate (100 per cent).

Departure Tax

Departure tax collections were \$0.33 million above the 2015/16 Budget estimate (8 per cent). While visitor numbers were on target, the slight increase to budget is attributed to the mix of tourists containing less people who do not pay departure taxes (children 12 years and under)

Trading Revenue

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

Other Crown Revenue

Other Crown Revenue was \$3.2 million below the 2015/16 budget estimate (30 per cent). This is predominantly due to revenue from coin circulation and fisheries catch and treaties revenue below budget as a result of timing.

Table 5**General Government Other Revenue Summary – December 2015 YTD**

2014-15 Actual (‘000)		2015-16 Budget (‘000)	2015-16 Actual (‘000)	Variance	
				(‘000)	%
-	FSC Fees	131	130	(1)	(1)
-	Vested Assets-FSC	130	288	158	122
324	Immigration Fees	292	368	76	26
73	IMO Subscription - Maritime CI	32	-	(32)	(100)
22	Court Services	25	20	(5)	(21)
17	Instant Fines	10	7	(3)	(34)
550	Fishing Licences	1,904	3,727	1,824	96
1,777	Fisheries Catch Rev	850	-	(850)	(100)
-	Fisheries US Treaties	2,140	-	(2,140)	(100)
1,225	Fishing Fines	-	-	-	-
1	Research Fees	-	1	-	-
6	Permits	7	6	(1)	(14)
-	Banana Court -Dividends	5	-	(5)	(100)
-	Bank of the Cook Islands	241	-	(241)	(100)
-	Te Aponga - Dividends	160	-	(160)	(100)
-	Extraordinary SOE-Dividends	30	18	12	(40)
575	Telecom-Dividends	575	0	575	(100)
145	Numismatic Revenue	250	127	(123)	(49)
84	Drivers Licenses	90	31	(59)	(65)
319	Motor Vehicle Registrations	438	149	(288)	(66)
929	Interest on balances	943	914	(29)	(3)
484	Interest on loans to subsidiaries	342	537	-	-
14	Foreign Investment Fees	13	13	0	0
246	Upper Air Management Agreement	255	182	(74)	(29)
19	Shipping Reg/Licenses	116	75	(40)	(35)
-	Intl Shipping Licenses	5	15	10	200
4	Liquor Licensing	15	6	(9)	(57)
61	Tattslotto Grants	60	103	43	71
2	Censorship Fees	6	2	(4)	(69)
179	Circulating Currency- Coins	1,571	763	(808)	(51)
-	Employers Liability	22	-	(22)	(100)
3	Motor Vehicle Dealers	3	0	-	-
7,060		10,658	7,483	(3,174)	(30)

* In the 2015/16 budget a policy was established whereby CIG would seed the new sovereign wealth fund with extraordinary revenues that were not budgeted for. Revenue generated from fishing fines and vested assets in the table above will be set aside into this fund once legislative changes are in place.

Figure 1
General Government Revenue – 2014/15 Actual and 2015/16 Budgets and Actual (\$000)

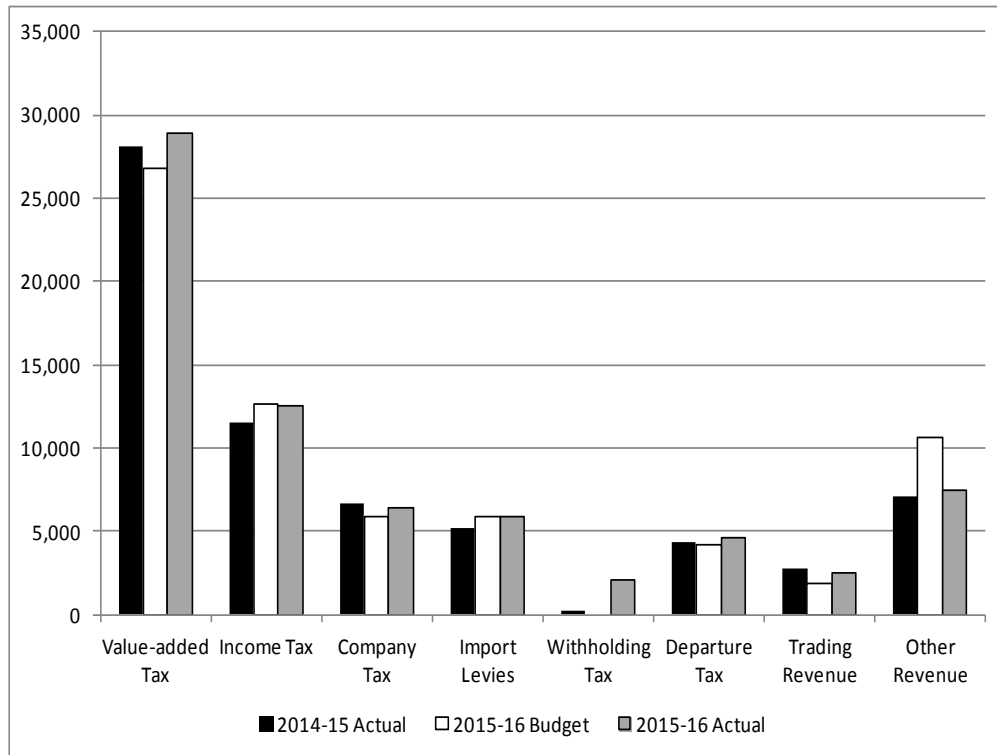


Figure 2
Net Operating Revenue Trends

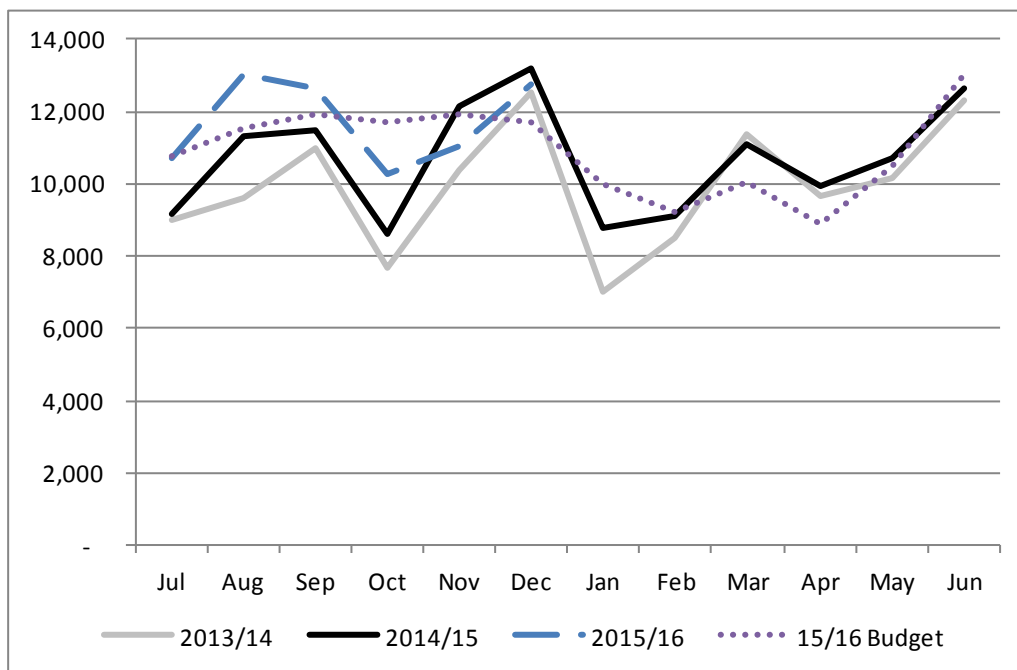


Figure 2 shows that the trends over the previous two financial years of operating revenue and against the 2015/16 budget are quite consistent and suggest a slight increase on prior years and budget, mainly from the one off withholding tax revenue, may be sustained through the year.

General Government Expenditure Analysis

Payments on Behalf of Crown (POBOCs)

Table 6

Payments on Behalf of Crown – December 2015 YTD

2014/15 Actual (000)	Administering Ministry	POBOC	Budget (000)	Actuals (000)	Variance (000)	%
Compensation of Employees						
15	Cook Islands Investment Corporation	Infrastructure Committee	38	0	38	100
	Cook Islands Investment Corporation	Est of an SOE to manage Consortia on Deep Sea				
0		Minerals Harvesting	88	0	88	100
76	Finance & Economic Management	Parliamentary Superannuation	90	76	14	15
36	Finance & Economic Management	National Heritage Trust	41	41	(0)	(0)
	Finance & Economic Management	Public Sector Strengthening -processes and				
0		systems MFEM	625	0	625	100
11	Audit	PERC Salaries and Administration Costs	21	20	2	8
3	Internal Affairs	Price Tribunal	15	21	(6)	(39)
111	Justice	Judges Allowances	89	108	(19)	(21)
1,200	Parliamentary Services	Civil List - Personnel	910	1,042	(133)	(15)
65	Parliamentary Services	House of Ariki	88	72	16	18
0	Cook Islands Investment Corporation	School Security	125	81	0	0
14	Transport	Director of Civil Aviation	28	28	0	0
1,530			2,157	1,490	623	29
Use of Goods and Services						
48	Audit	Audit Fees	48	24	0	0
195	Cultural Development	Te Maeva Nui Constitution Celebrations	100	555	(454)	(453)
0	Cook Islands Investment Corporation	Hosting Te Maeva Nui participants at schools	18	32	(15)	(84)
382	Education	Tertiary Training Institutions	380	457	(77)	(20)
15	Finance & Economic Management	Audit of Crown Accounts	15	0	16	0
147	Finance & Economic Management	National Superannuation Fund	134	134	0	0
20	Finance & Economic Management	Standard and Poors Subscription	20	0	20	100
0	Foreign Affairs	Cook Islands Student Association	3	5	(3)	(100)
27	Justice	General Elections, Petitions and By-Elections	0	0	0	0
2	Head Of State	Domestic Hosting Entertainment	8	9	(2)	(27)
352	Health	Pharmaceuticals	334	496	(162)	(49)
61	Infrastructure and Planning	OI Unanticipated Breakdowns	50	42	0	0
287	Infrastructure and Planning	Waste Management	273	206	67	24
36	Internal Affairs	Lease extension	36	30	6	17
194	Internal Affairs	Vaka Maintenance	200	196	4	2
250	Parliamentary Services	Civil List - Operating Expenses	265	311	(46)	(17)
13	Parliamentary Services	PPAPD - FDOC Secretariat	18	29	(11)	(63)
73	Prime Minister's Office	Social Responsibility Fund	98	195	(98)	(100)
33	Prime Minister's Office	Self Government Golden Anniversary	125	628	(503)	(403)
18	Prime Minister's Office	Local Government Elections	0	0	#DIV/0!	
10	Police	Search and Rescue	10	1	9	90
11	Police	Serious Crime Investigations	25	44	(19)	(78)
40	Police	Te Kukupa - Fuel Contribution	70	65	5	7
0	Police	Youth Program	23	0	23	100
987	Tourism Corporation	Marketing Resources - Tourism Growth Strategy	2,550	2,650	(100)	(4)
0	Prime Minister's Office	Returned Services Association	3	0	3	0
20	Prime Minister's Office	Cook Islands Marine Park	0	0	0	0
9	Prime Minister's Office	Community Development Fund	50	63	(13)	(25)
32	Foreign Affairs	IMO - Maritime Cook Islands	32	0	0	0
0	Environment	E-Waste Collection	25	46	0	0
3,261			4,909	6,218	(1,352)	(28)
Subsidies						
72	Education	University of the South Pacific Contribution	143	67	75	53
4,480	Finance & Economic Management	Air New Zealand - Subsidies	6,000	3,507	2,493	42
376	Finance & Economic Management	Apex - Profit Guarantee	750	453	297	40
20	Finance & Economic Management	FSC - subsidy to meet depreciation expenses	0	0	0	0
0	Finance & Economic Management	Provision for Inter Island Shipping	250	0	250	100
23	Finance & Economic Management	Subsidy of audio/visual broadcasting in Pa Eヌua	23	0	23	100
4,970			7,165	4,027	3,138	44
78	Education	Government Funded Scholarships	515	53	462	90
275	Health	Patient Referrals	275	441	(166)	(60)
154	Health	Nursing School	117	62	55	47
91	Health	NCD Fund	98	128	(31)	(31)
7,646	Internal Affairs	Welfare Payments	8,484	8,689	(205)	(2)
20	Justice	Legal Aid	20	0	20	100
8,265			9,508	9,373	135	1

2014/15 Actual ('000)	Administering Ministry	POBOC	Budget ('000)	Actuals ('000)	Variance ('000)	%
Other Expense						
1,007	Education	Private School Funding	1,074	1,213	(140)	(13)
68	Finance & Economic Management	Pacific Catastrophe Risk Insurance	60	0	60	100
36	Foreign Affairs	International Subscriptions	276	40	236	86
100	Marine Resources	Establishment of Fisheries Development Facility	100	0	100	100
0	Marine Resources	Fisheres Development Facility in the Pa Enea	50	0	50	100
0	CI Seabed Minerals Authority	Establishment of Seabed Minerals Authority	0	0	0	0
52	Internal Affairs	CISNOG Grant	110	170	(60)	(55)
0	Internal Affairs	SIF- Cook Islands Government Contribution	466	76	389	84
29	Internal Affairs	NGO and Welfare Organisations				
0	Finance & Economic Management	New coins production	1,423	506	917	64
	Prime Minister's Office	Temporary Structure Auditorium			0	0
0	Prime Minister's Office	Te Maeva Nui Transport Costs		519	(519)	0
0	Prime Minister's Office	Ui Ariki Day		20	(20)	0
1,292			3,558	2,544	1,013	28
19,318	Grand Total		27,297	23,653	3,558	13

The overall saving in POBOC expenditure (42 per cent) was mainly attributed to the Air New Zealand underwrite (\$2.5 million).

Welfare payments were above budget by 1 per cent due to increased child benefit payments in the Q2

Table 7

Welfare Payments – December 2015 YTD

2014/15 Actual ('000)		2015/16 Budget ('000)	2015/16 Actual ('000)	Variance ('000)	%
Legislated Payments					
1,388	Child Benefit	1,350	1,471	(121)	(9)
113	New Born Allowance	125	95	30	24
5,317	Old Age Pension	6,169	6,213	44	1
210	Destitute & Infirm Persons Payment	198	230	(32)	(16)
35	Maternity Leave	60	67	(7)	(12)
Non-legislated Welfare Payments					
142	Caregiver's Allowance	188	134	55	29
274	Christmas Bonus	280	273	7	2
84	Funeral Allowance	84	74	10	0
-	Power Subsidy	59	17	42	70
6	Special Assistance	48	48	(0)	(0)
77	BCI Transaction Fee	75	66	9	12
7,646	Total Welfare Payments	8,636	8,689	(52)	(1)

Appropriation Analysis

Table 8

Ministries, Agencies & Ministerial Office Appropriation Analysis – December 2015 YTD

Actual 2014/15 ('000)		Budget 2015/16 ('000)	Actual 2015/16 ('000)	Variance ('000)	%
19,684	Personnel	22,818	21,664	1,154	5
6,160	Operating	7,253	6,537	716	10
1,054	Depreciation	1,148	995	153	13
2,149	Trading Revenue	1,354	1,884	530	39
24,749	Net Appropriation	29,865	27,312	2,553	9

Personnel

Personnel Expenditure for December 2015 quarter was \$1.8 million lower than December 2015 budget estimates (8%). The contributing factor for the variance to budget estimates was a result of some vacant positions still not filled and most agencies in line with their personnel expenses with 30 Ministries under spent and only 2 Ministries overspent.

Operating

Operating Expenditure for December 2015 quarter was lower than budget estimates \$0.7 million (10%). This was mainly due to a long school holiday period for the month of December and less travel for the Ministries. Most Ministries were closely monitoring their phone and broadband usages as well as bulk purchasing. In addition, most staff were on holiday for the festive season with 29 Ministries under spent while 3 overspent.

Depreciation

Depreciation Expenditure was under budget for December 2015 by \$0.2 million (13%) mainly from Ministry of Health. This was offset slightly by the Ministry of Culture purchases of new equipment for the Te Maeva Nui celebrations. 23 Ministries have either underspent or in line with their depreciation costs while 9 were either slightly or moderately overspent with the highest being Education due to their high volume of assets in the schools.

Trading Revenue

Trading Revenue was \$0.5 million (39%) higher than budget estimates. Excess trading revenue was mainly from the Ministry of Culture and the recent 50th Constitution celebrations. ICI contributed through its road sealing contract with Te Mato Vai and machinery hireage by Triad for Project City 3. This is expected to be offset with higher expenditure through costs associated with the service. MFEM contributed through overtime recoveries which will be offset by RMD wages/salaries.

Table 9**Pa Enea (Outer Islands) Appropriation Analysis – December 2015 YTD**

2014/15 Actual ('000)		Budget 2015/16 ('000)	Actual 2015/16 ('000)	Variance ('000)	%
2,920	Personnel	3,090	2,907	183	6
1,156	Operating	1,166	1,079	87	7
439	Depreciation	479	155	324	68
638	Trading Revenue	540	632	92	17
3,877	Net Appropriation	4,195	3,509	686	16

Personnel

Personnel expenditure for the December 2015 quarter was \$0.278 million (9%) lower than Budgeted. In comparison with the 2014 December quarter (\$0.187mil - 6%), personnel savings is higher in this 2015 December quarter with Aitutaki and Pukapuka still having unfilled vacancies

Operating

Operating expenditure for December 2015 quarter was \$0.087mil (7%), slightly under Budgeted. 6 Islands had savings due to people going away during December Festivities in Rarotonga (particularly from Atiu) and Penrhyn savings on Fuel & Oil and Freight resulting from the Renewable Energy Project. Overspends were recorded on equipment and safety gear for Infrastructure on Manihiki and Agriculture expenses on Mauke.

Depreciation

Depreciation expenditure for the December 2015 quarter is \$0.324mil (68%) over than Budgeted. These are the result of the new Chinese Machineries being accounted by the Islands.

Trading Revenue

Trading Revenue have exceeded its December 2015 Quarter Budget by \$0.092 million (17%). 7 Islands exceeded their Trading Revenue Budget. Mauke Island generated positive Agriculture vegetable sales, and Aitutaki through gravel and machine hireage. 3 Islands did not meet their Budget in this Quarter due to reduction of electricity usage for Atiu and services in Manihiki believed to be due to offices being closed over the festive season.

Other General Government Operating Expenditure

Table 10
Other General Government Operating Expenditure

2014/15 Actual ('000)		2015/16 Budget ('000)	2015/16 Actual ('000)	Variance ('000)	%
1,024	Airport Authority	1,024	1,024	-	-
91	Bank of Cook Islands	60	60	-	-
175	Te Aponga Uira	190	190	-	-
-	Ports Authority	55	55	-	-
863	Asset Management	899	986	(87)	(10)
1,220	Debt Servicing Interest	1,123	1,178	(55)	(5)
37	Contingency Funds - Operating	50	24	26	51
-	Contingency Funds - Capital	25	0	25	100
1,460	Crown Infrastructure Depreciation	1,460	1,460	-	-
-	Cook Islands Primary Schools 50 year Sav	115	230	(115)	(100)
-	Transfer to Emergency Response Trust Fu	25	25	-	-
258	Transfer to Reserve Trust Fund	257	257	-	-
1,550	Depreciation Contingency Reserve	1,245	1,245	-	-
6,679	Total Other Operating	6,529	6,734	(205)	(3)

Other operating costs for the General Government sector are 3per cent below in quarter two budget. Greater than expected repairs and maintenance of General Government assets, unfavourable exchange rates and costs associate with the 50th anniversary were the main variances.

Figure 3
Net Operating Expenditure Trends

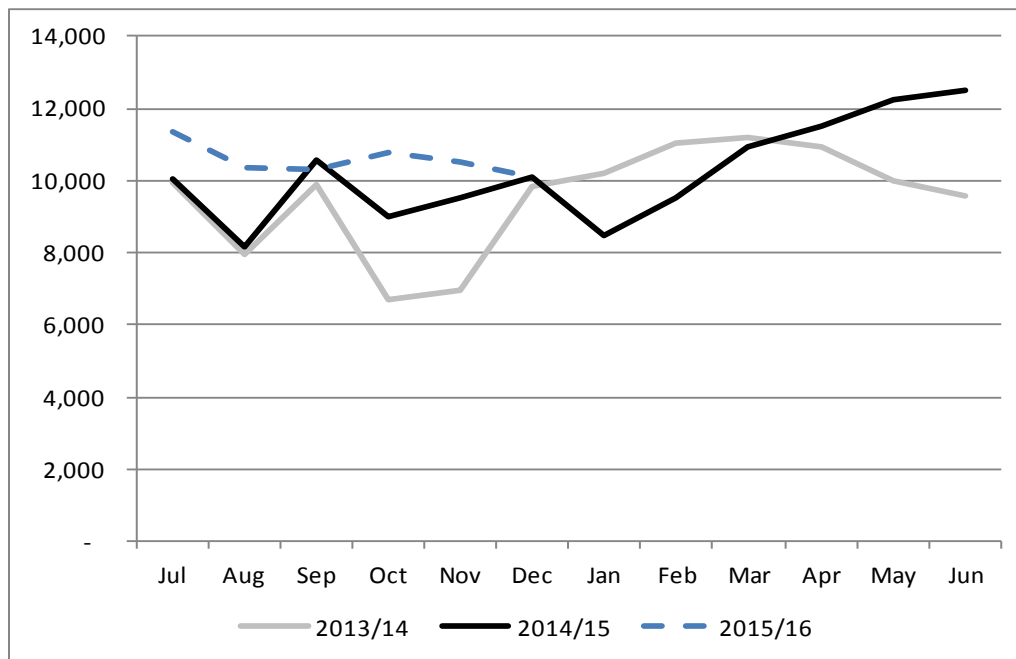


Figure 3 shows the trends over the previous two financial years of operating expenditure.

State Owned Entities (SOEs) Quarterly Reporting

The table below summarises the December 2015 quarter performances of Cook Islands Investment Corporation (CIIC), Airport Authority, Bank of the Cook Islands, Ports Authority and Te Aponga Uira. It should be noted that the budget figures below represent the respective internal budgets of the SOEs. The appropriations approved to SOEs by Parliament are the social responsibility contributions of government.

Table 12
SOEs Appropriation Analysis – December 2015 YTD

2014/15 Actuals ('000)		Budget 2015/16 ('000)	Actuals 2015/16 ('000)	Variance ('000) %	
3,982	Personnel	5,108	4,792	316	6
12,215	Operating	10,927	10,210	717	7
3,839	Depreciation	4,064	4,052	12	0
19,557	Trading Revenue	18,499	18,940	441	2
479 Net Activity Cost (Surplus)		1,600	114	1,486	93

Personnel

Personnel expenditure for the December 2015 quarter was \$0.6 million lower than Budget estimates (24 per cent). This was mainly due to the lateness and existing vacant positions not yet filled.

Operating

Operating expenditure for the December 2015 quarter was \$0.2 million lower than the Budget estimates (4 per cent). Savings in other SOE's were offset by higher than expected fuel and maintenance costs in Te Aponga Uira.

Depreciation

Depreciation expenditure was \$0.1 million higher than the budget (6 per cent). This was mainly driven by Airport Authority's previously impaired assets being reinstated to its previous valuation (\$0.4 million).

Trading Revenue

Trading revenue in the September 2014 quarter was \$0.2 million higher than the Budget estimate (0.2 per cent). Te Aponga Uira and BCI both reported better than budget trading.

Crown Borrowings

The Crown's gross borrowing at the December 2015 quarter was \$108.98 million, an increase of \$4.35 million from the September 2015 quarter. The increase was attributable to the further drawdown of the Rarotonga Water Ring Project of \$9.91 million and offset by unrealised favourable movement in exchange rates against the New Zealand Dollar (NZD) of \$5.17 million, and principal repayments of \$0.39 million.

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

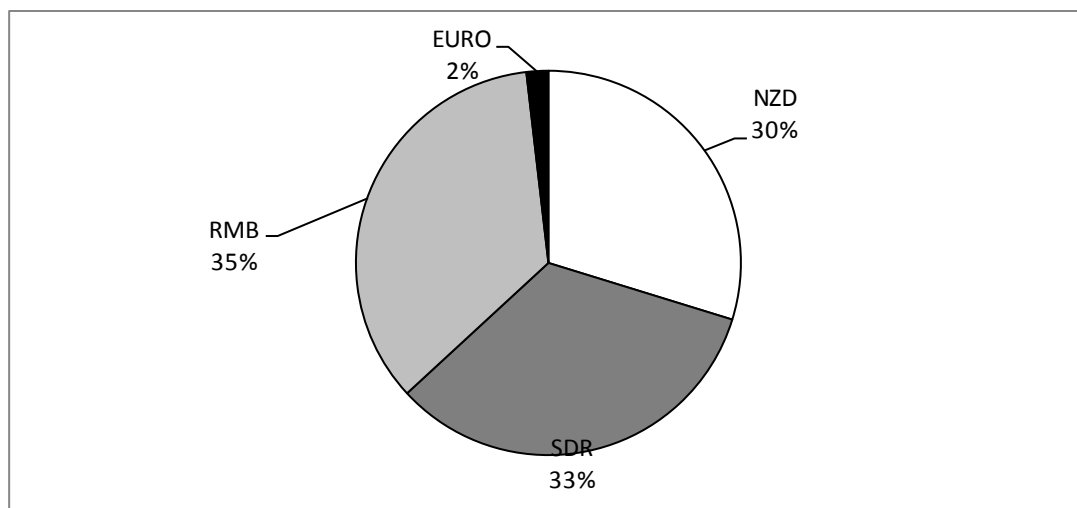
Table 12
Average Exchange Rates Used

Foreign Exchange Currency	30-Sep-15	31-Dec-15	Changes
	Average	Average	
EUR	0.5666	0.6261	0.0595
USD	0.6374	0.6848	0.0474
CNY	4.0562	4.4442	0.388
SDR	0.4541	0.4942	0.04008

The unrealised foreign exchange gain of \$5.17 million is largely the effect of the negative movement in the RMB of 35% and Special Drawing Rights (SDR) as about 33% per cent of the total government borrowing is denominated in SDR as illustrated in Figure 4.

Net borrowings by the General Government at this quarter were \$66.82 million, a \$5.44 million increase from the September 2015 quarter. This increase was attributable to the further drawdown of the Rarotonga Water Ring Project of \$9.91 million and offset by the favourable movement in exchange rates against the New Zealand Dollar (NZD) of \$4.27 million, and principal repayments of \$0.20.

Figure 4
Composition of Crown Debt by Currency



The Loan Reserve Fund has been established and legislated to ensure prudent management of all sovereign public debt. Timely allocation of money from the budget for debt servicing and minimisation of exchange rates variations costs is a primary focus of the Loan Reserve Fund. Table 13 below summarised Crown's estimated debt position for September 2015 quarter.

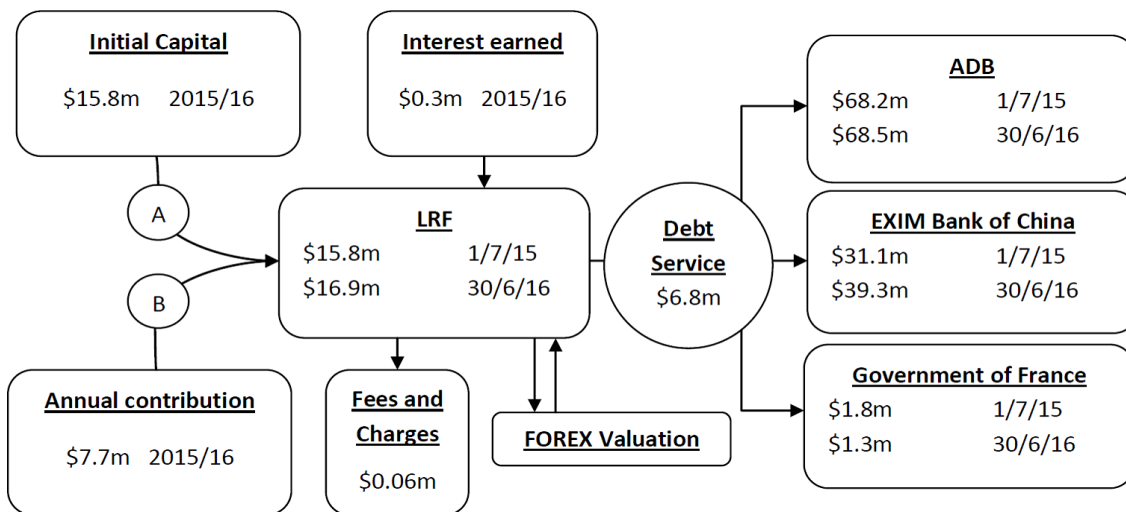
Table 13
Crown Borrowings – December 2015 YTD

Loan	Source (Currency)	Original Loan Amount in Currency ('000)	Loan Start Date	Loan Finalisation Date	September 15 Balance ('000)	Principal Payments ('000)	FOREX Adjustment ('000)	Revaluation/ Draw Down Adjustments	December 15 Balance ('000)	Change September 15 Qtr ('000)
Caisse Francais Development Loans	EURO	5,413	Jan-99	Sep-18	2,199	-	(209)	-	1,990	(209)
Import-Export Bank of China	CNY	67,260	Aug-08	Aug-28	13,907	-	(1,214)	-	12,693	(1,214)
China - Rarotonga Water Ring Project	CNY	118,000	Dec-12	Dec-13	16,527	-	(833)	9,914	25,608	9,081
ADB 461 Multi Project Loan	SDR	1,000	Nov-80	Aug-20	581	-	(40)	-	541	(40)
ADB 567 01st CIDB Loan	SDR	1,500	Jul-82	Apr-22	597	-	(41)	-	556	(41)
ADB 849 2nd Multi-Project Loan	SDR	2,067	Dec-87	Aug-27	2,115	-	(146)	-	1,969	(146)
ADB 1031 TCI Loan	SDR	3,541	Oct-90	Aug-30	5,058	-	(355)	-	4,703	(355)
ADB 1155 2nd CIDB Loan	SDR	939	Mar-92	Dec-31	1,315	(38)	(90)	-	1,187	(128)
ADB 1171 TCI Emergency Loan	SDR	291	Aug-92	Jun-32	453	(13)	(31)	-	409	(44)
ADB 1309 Pearl Loan	SDR	336	Dec-94	Aug-34	494	-	(34)	-	460	(34)
ADB 1317 Education Loan	SDR	1,836	Feb-95	Aug-34	3,013	-	(208)	-	2,805	(208)
ADB 1380 3rd CIDB Loan	SDR	1,538	Jan-96	Sep-35	2,562	(42)	(175)	-	2,345	(217)
ADB 1466 Economic Restructuring Loan	SDR	3,430	Sep-96	Sep-36	5,657	-	(386)	-	5,271	(386)
ADB 1588 Cyclone Emergency Rehab Loan	SDR	1,895	Jun-05	Jun-45	950	-	(66)	-	884	(66)
ADB 1832 Waste Management Loan	SDR	1,695	Dec-01	Jun-33	2,613	(72)	(176)	-	2,365	(248)
ADB 2174 Cyclone Emergency Assist Loan	SDR	1,895	Jun-05	Jun-45	3,908	(38)	(269)	-	3,601	(307)
ADB 2472 Avatiu Port Development	NZD	10,309	Sep-09	Nov-33	9,796	-	(96)	-	9,700	(96)
ADB 2473 Avatiu Port Development	SDR	4,524	Sep-09	Nov-40	9,949	-	(689)	-	9,260	(689)
ADB 2739 Amend Avatiu Port Development	NZD	5,322	Dec-11	Nov-35	5,322	-	(109)	-	5,213	(109)
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	9,044	-	-	-	9,044	-
ANZ - Airport Authority	NZD	8,100	Apr-11	Apr-16	1,310	(188)	-	-	1,122	(188)
Total Gross Borrowings					104,620	(391)	(5,167)	9,914	108,976	4,356
<i>Total Loans with ADB</i>					70,677	(203)	(2,911)	-	67,563	(3,114)
<i>Total Loans with Other Sources</i>					33,943	(188)	(2,256)	9,914	41,413	7,470
Total Gross Borrowings					104,620	(391)	(5,167)	9,914	108,976	4,356
Less Loan Reserve					16,866	-	-	-	16,866	-
Net Borrowing by the Crown					87,754	(391)	(5,167)	9,914	92,110	4,356
Less Avatiu Port Development					25,067	-	(894)	-	24,173	(894)
Less ANZ - Airport Authority					1,310	(188)	-	-	1,122	(188)
Net Borrowing by the General Government					61,377	(203)	(4,273)	9,914	66,815	5,438

The Crown Loan Reserve Fund (LRF)

In February 2014, the Parliament of the Cook Islands passed the Cook Islands Loan Repayment Fund Act 2014 formally creating an LRF. The aim of the LRF is to quarantine funds previously accumulated for loan repayments and to prevent them from being utilised for anything outside of debt servicing requirements. The LRF Act also ensures a framework for the prudential management of all sovereign public debt and ensures the timely allocation of money from the Budget for debt servicing.

Figure 5
Loan Reserve Fund movements 2015/16



The LRF currently 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, and Telecom Cook Islands Limited.

Table 14
Loan Reserve Fund Statement

	2014/15	2015/16	2016/17	2017/18	2018/19
Opening LRF balance	16,211	15,770	16,903	17,066	14,702
Contribution to LRF principle	4,743	5,424	5,424	5,424	5,424
Contribution to LRF interest	2,227	2,246	2,246	2,246	2,246
Interest earned (avg 2 percent)	324	315	338	341	294
Total transfer into the LRF	6,111	7,986	8,008	8,011	7,964
Repayment of SOE loans					
Principal	1,207	1,236	1,265	1,265	1,007
Interest	133	122	111	100	88
Total repayment from LRF	1,340	1,358	1,376	1,365	1,095
Repayment of other debt					
Principal	3,289	3,272	3,894	6,601	6,657
Interest	1,923	2,162	2,515	2,351	2,185
Total repayment other debt	5,212	5,435	6,409	8,952	8,842
Other service fees	-	60	60	60	60
LRF stock balance	15,770	16,903	17,066	14,702	12,669

Table 14 illustrates the movement in the LRF in the next five years. The transfers into the LRF have increased from \$6.2 million during the time of the 2014/15 Budget to \$7.7 million due to the new loan from the ADB for the Southern Group renewable energy project and to compensate for unfavourable movements in exchange rates. For accounting purposes, this transfer is divided into two components: a debt interest obligation (\$2.3 million) and a debt principle repayment (\$5.4 million); these are the estimated required payments into the LRF. The transfers out of the LRF for principle and interest are the estimated debt servicing requirements at the time of the Budget and are subject to exchange and drawdown variations.

General Government Cash Reserves

General government cash reserves at the end of December 2015 were \$11.72 million, a decrease of \$3.09 million from the June 2015 quarter resulting from increased outward cash flow payments for general government expenses. Refer Crown Borrowings section for further details. The June 2015 figure did however contain a balance for accrued payroll for ten working days which was spent in July 2015.

Table 14
Cash Reserves – December 2015

	June 15 Qtr ('000)	September 15 Qtr ('000)	December 15 Qtr ('000)	Change Dec 15 Qtr ('000)
Total Term Deposit at the Bank				
Westpac	3,293	3,297	3,355	58
ANZ	30,696	24,788	29,959	5,170
BCI	15,562	15,625	13,805	-1,820
Total Term Deposit at the Bank *	49,551	43,710	47,118	3,408
Committed:				
Trust Fund General Reserve	2,911	2,911	2,911	-
Disaster Response Trust (1)	879	882	891	9
Loan Reserve Fund (2)	16,866	17,010	17,010	-
Project City - Multi year funding	4,025	755	755	0
Trust Account Deposit (3)	2,969	2,984	3,025	41
Carry Forward Contingency – OPEX (4)	500	500	500	-
Working Capital (5)	3,000	3,000	3,000	-
Total Commitment for this year	31,150	28,042	28,092	50
Estimated General Cash Reserve	18,401	15,669	19,026	3,357
Operating Accts Cook Islands Government (6)	5780	7096	6709	-387
Estimated General Cash Reserve	24,181	22,765	25,735	2,970

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

⁴ Carry Forward Contingency – funds tagged for any carry forwards of operating expenditure

⁵ Working Capital – funds tagged to cover overall Government cash flow requirements

⁶ Operating Bank Accounts – Current Account bank account balance held by Crown for funding Cashflow

The table above has been adjusted from Q4 2015 to account for confirmed commitments on the Project City (roading) project that were unclear at the time of completing the 2014/15 quarterly financial reports. In addition the balance of operating accounts held by Crown was considered to be significant and has consequently been included in the estimation of total cash reserves. Cash reserves remain stable throughout the period reported in this table. ANZ term deposits were used to pay for costs associated with the Project City project due primarily to term deposit maturity dates coinciding with payment requirements of the project.

Official Development Assistance

The Development Coordination Division (DCD) of MFEM administers all international development assistance. Budget 2015/16 published in June 2015 included an annual ODA estimate of \$49.1 million, actual spend was \$13.2 million at the end of the second quarter.

New Zealand

The Minister of Finance signed the Performance Based Budget Support Grant Funding Agreement (PBBS-GFA) of \$7.5 million with New Zealand in early November 2015, which marks a shift to a new modality in delivering official development assistance with New Zealand. The PBBS-GFA commits the Cook Islands to achieving performance milestones in tourism, health, education and provides technical assistance tagged to public sector strengthening and public financial management reforms. A high level policy dialogue (HLPD) between the Governments of the Cook Islands and New Zealand took place in November 2015 to discuss priority activities for improving economic governance. A payment of \$5 million was transferred to Treasury upon signing, and the remaining amount is to be paid based on achievement of performance milestones.

The third round of the Social Impact Fund (SIF) for community projects was fully disbursed in December 2015. About \$0.366 million was 10 projects, and two ongoing programmes. Up to \$0.68 million was for two project funding initiatives in the Pa Enea. An evaluation of SIF is scheduled to be completed at the end March 2016. The purpose of the evaluation is to inform decision making for future development interventions. The SIF GFA will come to a close at June 2015 when it is expected to be incorporated into the performance based budget support GFA.

Sanitation Upgrade Programme delivery continues to track slowly. New Zealand has suspended funding for the programme until progress is seen in addressing the option of reticulation in the Muri area, and structural and process issues with the project. Currently, the next payment is scheduled for February 2016. WATSAN and MFEM have been working together with New Zealand to get the programme back on track.

Spending on Te Mato Vai (TMV) relates to PMU payments, and is currently on track. Stage one -upgrade of ring mains, is nearly complete. The tender for material supply for the commissioning of the new ring main has been awarded and work will commence in the third quarter (Jan-Mar 2016). Stage two involving upgrading of water intakes, laying of trunk mains, and water treatment is on schedule to commence in the third quarter, and the installation of customer meters is to commence in May 2016.

Aid effectiveness is showing quarterly spend of \$0.095 million compared to an annual budget of \$0.100 million. Spending is due to a reimbursement payout for MFEM accounts catch-up (salary) dispersed in July 2015 but related to 2014/15. In addition, \$0.029 million was spent on Dynamics project management software training, and supporting government travel to the International Conference on Financing for Development in Ethiopia.

Australia

The Disability program is on track, Convention on the Rights of Persons with Disabilities (CRPD) training was completed for the 4 remaining islands of Palmerston, Rakahanga, Manihiki and Pukapuka/Nassau. Advocacy support has been provided for newly established Disability NGO's, and the Multi-Disciplinary Team has been established. The focus going forward will be the completion of a disability database, monitoring and evaluating the DID National Action Plan and the Island Action Plans, and the review of legislative policies to align with the CRPD.

A costed workplan for the Gender Programme has been approved, no spend has been recorded this year, however, reconciliation is underway as this programme was delivered together with SIF funding. An MOU between INTAFF and MFEM has been signed for allocating \$0.035 to the Statistics Division to support a gender statistician.

UN Agencies

Environment spending under the Global Environment Fund (GEF) is generally on track. The National Environment Services/UNDP Ridge to Reef project hosted a national inception workshop in October 2015 which included

representatives from the southern group islands, council representatives and Ui Ariki. The objective of the inception workshop was to bring out a few key issues namely;

- Endorsement of the Indicator Framework
- Provide guidance on the Annual work plan 2016 for the Ridge to Reef team
- Establish a Ridge to Reef 'network' of key stakeholders

The ridge to reef project is also in the process of recruiting a marine officer as a key component of supporting the project. Other activities included key staff from the project attend a GIS training workshop in Suva Fiji.

The UNOPS/Red Cross GEF Small Grants Programme is on track and has allocated \$.105 million for projects by the following organisations: Aitutaki Growers Association – Enviroloo, Te Ipukarea Society – Waste management and Recycling, Tapere Avatiu Central Committee – Water Station, Tamarua Oire Association, Muri Environment Care Group.

Strengthening Resilience of Island Communities (SRIC) spending is on track and work on climate change mainstreaming is continuing to progress. Key activities in the second quarter include the following;

- Logical framework approach training completed. Training attended by 28 participants from Government, Private sector businesses and civil societies. Purpose of training was to assist participants in strengthening project development.
- Automated weather stations for all Pa Enea project – final draft of tender report prepared for tender committee approval.
- SRIC-CC focal Point staff for Manihiki traveled to Rarotonga in December to progress coconut oil project.
- Tamarua water project in implementation is now at the procurement stage, tender documentation for Northern Water project (NWP) now in development. The tender will be advertised in the public domain throughout December and aiming to have a signing with successful tendered by late January 2016.

Youth and Labour Monographs have been completed through the UNFPA programme and were launched at the National Auditorium in November 2015 by INTAFF. All remaining programme funds were spent through the Cook Islands Family and Welfare Association (CIFWA) in the second quarter. The UNFPA biennial program will conclude in December 2015 the next programme for 2016/17 will be scaled down, only providing TA support.

FAO has not provided reports and progress updates are being sought regarding the new agriculture policy and strategy. The Chamber of Commerce agribusiness grant fund supported by FAO is also now operational, and requests for reporting have been made.

Improvements are expected in UN Programme delivery and reporting with a decision made between UNDP and the Development Coordination Division to establish a UN Programmes Coordinator in the Cook Islands. The recruitment process will commence in the third quarter.

China

Agriculture equipment worth \$1.2 million arrived in October 2015. Progress was made with signing of the Letters of Exchange with China in October 2015 for allocation of the China grant fund to support the Apii Nikao rebuild project. However, construction of Apii Nikao and building repairs by PRC will likely not commence until 2016/17. The Cook Islands Government is awaiting confirmation from PRC on when the procurement of designs will be finalised.

India

India grant fund disbursement is behind schedule due to delays in receiving funding. All project applicants received funding in February 2015, and there are no longer any pending projects. MFEM submitted a proposal for the Grant Fund to be administered through the Social Impact Fund, however, India was unable to accommodate the request. The Development Coordination Division will now be preparing to run the next round of project funding.

EU

The budget support payment of €1.0 million tagged to macroeconomic stability, public financial management, transparency and accountability, and sanitation sector progress was expected in the second quarter, but will not arrive until the third quarter. The variable tranche payment of €0.500 million will be reprogrammed for technical assistance to the sector, focusing on a sanitation master plan. The tender to be run by the EU is expected to commence in the third quarter.

Other EU regional programs are third party spend (via SPC, PIFS, SPREP, etc.) in which data is not yet available.

ADB

The Southern Renewable Energy Programme (which includes EU, PEC and GEF 6 grants) is progressing to plan. The project overall is tracking well, though some challenges were experienced through the initial stages of establishing the PMU, resulting in target dates slightly shifting back. Solutions to resolve these matters are being implemented to keep the project on track.

The funding via JFPR to Internal Affairs has now closed and post completion reporting is being finalised. Additionally, a private sector assessment report was launched at the FEMM alongside the CI NIIP and Asset Maintenance Reports. Work also continues on finalizing the Public Sector Strategy which will inform the ADB TA support required for the remainder of the financial year.

Japan

Utilising government's procurement process, three tenders were submitted for the purchase of solar panels for the Southern Renewable Energy Programme through the Japan funded PEC programme. Shinyo Koeki Co. Ltd and Mitsubishi Electric Asia Pte Ltd were the successful bidders and were awarded the contract to supply the Japanese manufactured solar panels, with the first milestone completed and paid (30%-contract signing).

The Non-Project Grant Aid (NPGA) program recorded \$1million spend, which was paid over to Japan's procurement agent (JICS) for fuel delivery to Te Aponga Uira (TAU). The first shipment arrived in November 2015, and the second and final shipment is expected in the third quarter. Once all documentation has been submitted, TAU is to transfer \$1million to a counterpart fund for development projects, which the CIG can allocate to priority activities.

SPC, FFA, FAO, WHO, WPC, Commonwealth Secretariat- No Partner reporting

Water Tank Subsidy Programme

Cabinet has approved a second extension of the Water Tank Subsidy Programme to 30 June 2016 in order to complete installation and processing of applications. Just over 1,500 water tanks have been installed on Rarotonga, out of a target of 2,000 tanks expected to be recorded by the end of the programme. Applications closed in November 2015 as project funds have been fully committed to complete processing of over 800 pending applications.

Other

Korea spending relates to AV equipment, fitting out an AV room, and training for the Ministry of Culture that was completed in the 2nd quarter. Public service vehicles from Korea were expected this year, but the request to Korea arrived past the deadline and CIG has been requested to resubmit a proposal.

The provision of computers funded by Turkey was expected last year, but the CI proposal submitted to the Turkey is still being processed.

Table 15 ODA Expenditure – December 2015 YTD

	General Public Service	Defense	Public Order & Safety	Economic Affairs	Environmen t Protection	Housing & Community Amenities	Health	Recreation, Culture & Religion	Education	Social Protection	TOTAL DONOR
<u>Asian Development Bank</u>											
YTD Budget	250,000	0	0	0	0	0	0	0	0	0	250,000
YTD Actual	0	0	0	0	0	0	0	0	0	0	0
\$ Variance	250,000	0	0	0	0	0	0	0	0	0	250,000
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<u>Australia</u>											
YTD Budget	0	147,500	0	0	0	117,500	0	0	0	108,500	373,500
YTD Actual	0	0	0	0	0	0	0	0	0	39,169	39,169
\$ Variance	0	147,500	0	0	0	117,500	0	0	0	69,331	334,331
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	100%	64%	90%
<u>Australia Department of Defence</u>											
YTD Budget	0	147,500	0	0	0	0	0	0	0	0	147,500
YTD Actual	0	0	0	0	0	0	0	0	0	0	0
\$ Variance	0	147,500	0	0	0	0	0	0	0	0	147,500
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<u>China</u>											
YTD Budget	200,000	0	0	3,781,200	0	0	0	0	2,500,000	0	6,481,200
YTD Actual	0	0	0	1,243,842	0	0	0	0	0	0	1,243,842
\$ Variance	200,000	0	0	2,537,358	0	0	0	0	2,500,000	0	5,237,358
% Variance	100%	100%	100%	67%	100%	100%	100%	100%	100%	100%	81%
<u>Commonwealth Secretariat</u>											
YTD Budget	0	0	0	36,500	0	0	0	0	0	0	36,500
YTD Actual	0	0	0	0	0	0	0	0	0	0	0
\$ Variance	0	0	0	36,500	0	0	0	0	0	0	36,500
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<u>EU/German Development Cooperat</u>											
YTD Budget	0	0	0	0	0	210,000	0	0	0	0	210,000
YTD Actual	0	0	0	0	0	0	0	0	0	0	0
\$ Variance	0	0	0	0	0	210,000	0	0	0	0	210,000
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<u>European Union</u>											
YTD Budget	1,103,500	0	147,500	2,884,650	232,000	0	0	0	0	0	4,367,650
YTD Actual	10,000	0	0	0	5,000	0	0	0	0	0	15,000
\$ Variance	1,093,500	0	147,500	2,884,650	227,000	0	0	0	0	0	4,352,650
% Variance	99%	100%	100%	100%	98%	100%	100%	100%	100%	100%	100%

	General Public Service	Defense	Public Order & Safety	Economic Affairs	Environmen t Protection	Housing & Community Amenities	Health	Recreation, Culture & Religion	Education	Social Protection	TOTAL DONOR
<u>Food & Agriculture Organisation (U)</u>											
YTD Budget	0	0	0	269,900	7,250	0	0	0	0	0	277,150
YTD Actual	0	0	0	0	0	0	0	0	0	0	0
\$ Variance	0	0	0	269,900	7,250	0	0	0	0	0	277,150
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<u>Forum Fisheries Agency</u>											
YTD Budget	0	0	0	200,000	0	0	0	0	0	0	200,000
YTD Actual	0	0	0	0	0	0	0	0	0	0	0
\$ Variance	0	0	0	200,000	0	0	0	0	0	0	200,000
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<u>Global Environment Fund (GEF)</u>											
YTD Budget	0	0	0	91,500	1,764,350	0	0	0	0	0	1,855,850
YTD Actual	0	0	0	0	204,754	0	0	0	0	0	204,754
\$ Variance	0	0	0	91,500	1,559,596	0	0	0	0	0	1,651,096
% Variance	100%	100%	100%	100%	88%	100%	100%	100%	100%	100%	89%
<u>Green Climate Fund</u>											
YTD Budget	0	0	0	0	0	75,000	0	0	0	0	75,000
YTD Actual	0	0	0	0	0	0	0	0	0	0	0
\$ Variance	0	0	0	0	0	75,000	0	0	0	0	75,000
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<u>India</u>											
YTD Budget	0	0	0	0	0	130,000	0	0	0	0	130,000
YTD Actual	0	0	0	0	0	0	0	0	0	0	0
\$ Variance	0	0	0	0	0	130,000	0	0	0	0	130,000
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<u>Japan</u>											
YTD Budget	0	0	0	3,116,000	0	0	0	0	0	0	3,116,000
YTD Actual	0	0	0	2,604,672	0	0	0	0	0	0	2,604,672
\$ Variance	0	0	0	511,328	0	0	0	0	0	0	511,328
% Variance	100%	100%	100%	16%	100%	100%	100%	100%	100%	100%	16%

	General Public Service	Defense	Public Order & Safety	Economic Affairs	Environmen t Protection	Housing & Community Amenities	Health	Recreation, Culture & Religion	Education	Social Protection	TOTAL DONOR
<u>New Zealand Aid Programme</u>											
YTD Budget	4,980,000	0	233,500	297,250	1,995,000	1,719,000	0	0	0	117,500	9,342,250
YTD Actual	5,283,828	0	0	222,389	616,000	1,279,031	0	0	0	534,365	7,935,614
\$ Variance	-303,828	0	233,500	74,861	1,379,000	439,969	0	0	0	-416,865	1,406,636
% Variance	-6%	100%	100%	25%	69%	26%	100%	100%	100%	-355%	15%
<u>Secretariat of the Pacific Communi</u>											
YTD Budget	0	0	0	25,000	0	0	0	0	0	0	25,000
YTD Actual	0	0	0	75,077	0	0	0	0	0	0	75,077
\$ Variance	0	0	0	-50,077	0	0	0	0	0	0	-50,077
% Variance	100%	100%	100%	-200%	100%	100%	100%	100%	100%	100%	-200%
<u>South Korea</u>											
YTD Budget	134,000	0	0	0	0	0	0	0	0	0	134,000
YTD Actual	0	0	0	0	0	0	0	174,618	0	0	174,618
\$ Variance	134,000	0	0	0	0	0	0	-174,618	0	0	-40,618
% Variance	100%	100%	100%	100%	100%	100%	100%	0%	100%	100%	-30%
<u>Turkey</u>											
YTD Budget	0	0	0	0	0	0	0	0	30,000	0	30,000
YTD Actual	0	0	0	0	0	0	0	0	0	0	0
\$ Variance	0	0	0	0	0	0	0	0	30,000	0	30,000
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<u>United Nations Adaptation Fund</u>											
YTD Budget	0	0	0	0	685,000	0	0	0	0	0	685,000
YTD Actual	0	0	0	0	859,264	0	0	0	0	0	859,264
\$ Variance	0	0	0	0	-174,264	0	0	0	0	0	-174,264
% Variance	100%	100%	100%	100%	-25%	100%	100%	100%	100%	100%	-25%
<u>United Nations Development Progr.</u>											
YTD Budget	64,250	0	0	0	0	0	0	0	0	0	64,250
YTD Actual	0	0	0	0	0	0	0	0	0	0	0
\$ Variance	64,250	0	0	0	0	0	0	0	0	0	64,250
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

	General Public Service	Defense	Public Order & Safety	Economic Affairs	Environmen t Protection	Housing & Community Amenities	Health	Recreation, Culture & Religion	Education	Social Protection	TOTAL DONOR
<u>United Nations Educational, Scientific</u>											
YTD Budget	0	0	0	0	0	0	0	0	71,000	0	71,000
YTD Actual	0	0	0	0	0	0	0	0	68,757	0	68,757
\$ Variance	0	0	0	0	0	0	0	0	2,243	0	2,243
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	3%	100%	3%
<u>United Nations Population Fund</u>											
YTD Budget	0	0	0	0	0	0	56,000	0	0	0	56,000
YTD Actual	0	0	0	0	0	0	44,826	0	0	0	44,826
\$ Variance	0	0	0	0	0	0	11,174	0	0	0	11,174
% Variance	100%	100%	100%	100%	100%	100%	20%	100%	100%	100%	20%
<u>United States</u>											
YTD Budget	0	0	0	15,000	0	0	0	0	0	0	15,000
YTD Actual	0	0	0	0	0	0	0	0	0	0	0
\$ Variance	0	0	0	15,000	0	0	0	0	0	0	15,000
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<u>World Health Organisation</u>											
YTD Budget	0	0	0	0	0	0	155,850	0	0	0	155,850
YTD Actual	0	0	0	0	0	0	0	0	0	0	0
\$ Variance	0	0	0	0	0	0	155,850	0	0	0	155,850
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Totals for Report											
YTD Budget	6,731,750	295,000	381,000	10,717,000	4,683,600	2,251,500	211,850	0	2,601,000	226,000	28,098,700
YTD Actual	5,293,828	0	0	4,145,981	1,685,018	1,279,031	44,826	174,618	68,757	573,533	13,265,593
\$ Variance	1,437,922	295,000	381,000	6,571,019	2,998,582	972,469	167,024	-174,618	2,532,243	-347,533	14,833,107
% Variance	21%	100%	100%	61%	64%	43%	79%	0%	97%	-154%	53%

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:

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

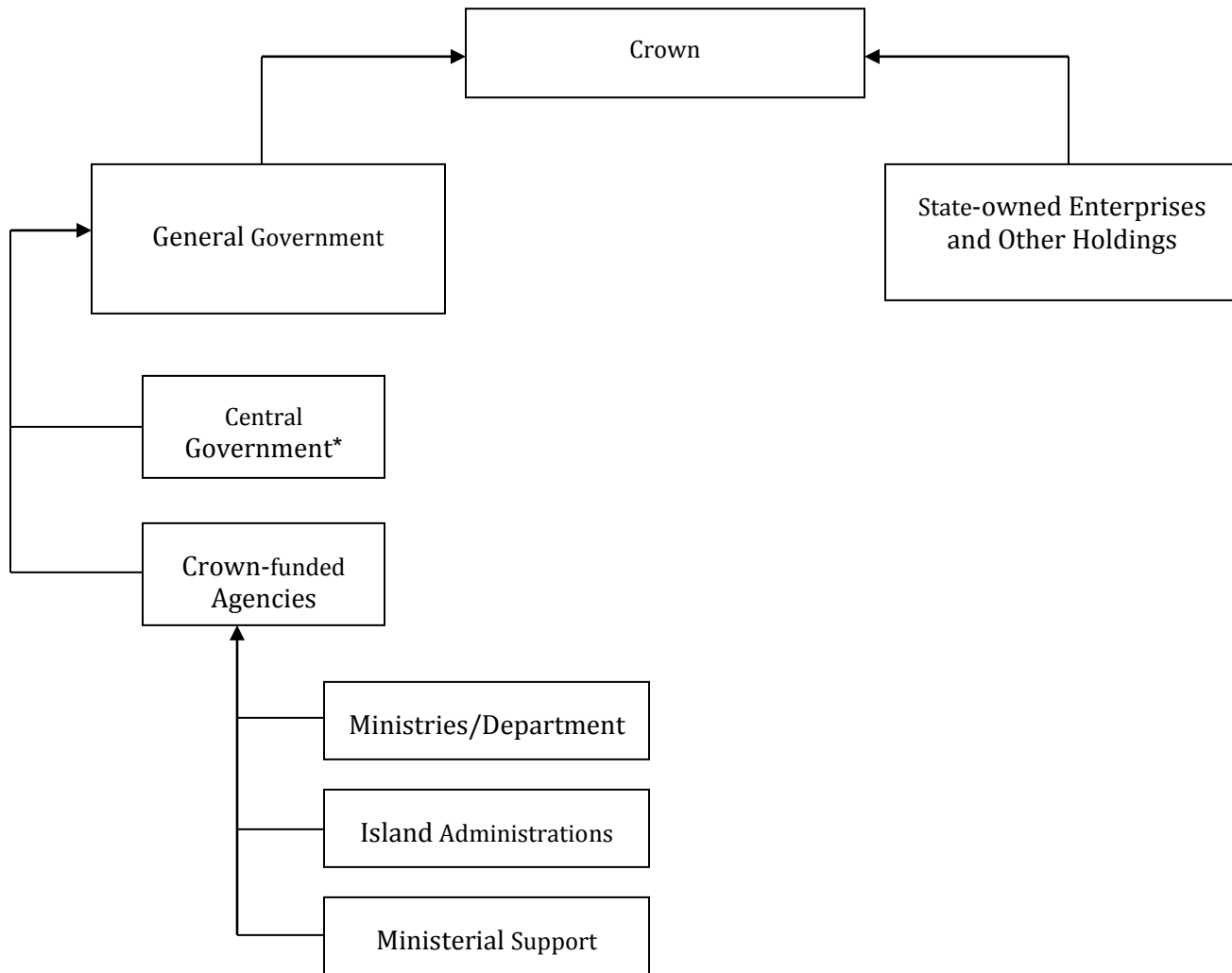
Appropriations are the funding-source provided by the Crown (as a Central Government entity) to allow the recipients (Crown-funded Agencies – see term below) to carry out their purposed operations.

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.

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