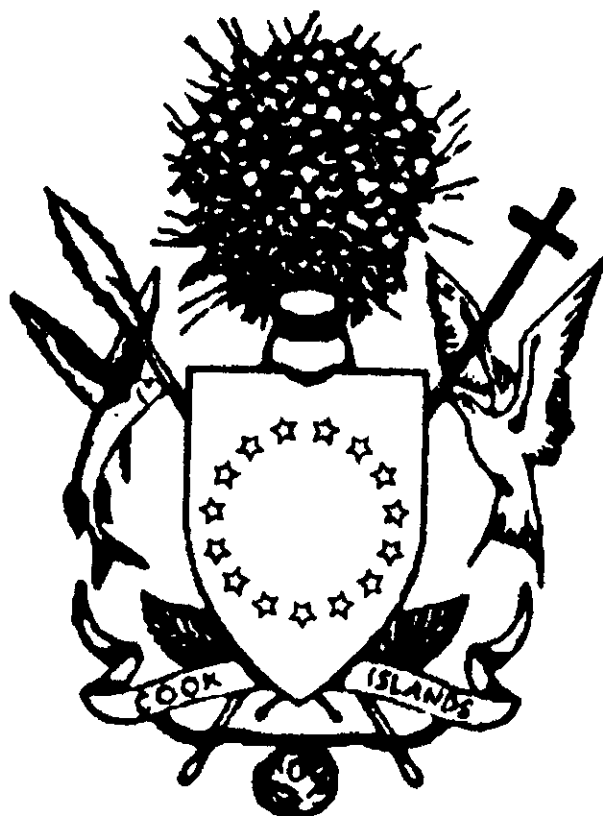

COOK ISLANDS GOVERNMENT
APPROPRIATION AMENDMENT
2011/2012



Hon. Mark Brown
Minister of Finance
February 2012

COOK ISLANDS GOVERNMENT
APPROPRIATION AMENDMENT BILL 2011-12
ESTIMATES

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MINISTER OF FINANCE
GOVERNMENT OF THE COOK ISLANDS

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20 February 2012

STATEMENT OF RESPONSIBILITY

I have read the Financial Secretary's Statement of Responsibility and concur with him regarding the preparation of the 2011-12 Appropriation Amendment. Section 23 of the *Ministry of Finance and Economic Management Act 1995-96* requires the Government to pursue its policy objectives in accordance with the principles of responsible fiscal management and specifies these principles in Section 23 (2).

Given the lawful requirement to maintain principles of responsible fiscal management, I hereby advise that the net operating balance for 2011-12 is a deficit of \$2.5 million and in accordance with Section 23 (4) of the Act, the departure from a balanced budget is temporary in nature so the Government can fund the Air New Zealand underwrite agreement for both the Sydney-Rarotonga and Los Angeles-Rarotonga routes. These are substantial costs which the Government has committed itself to.

The 2012-13 Budget Appropriation will see a return to the principles of responsible fiscal management through a demonstration of operating revenue exceeding operating expenses over the period of the budget and forward estimates.

This Budget document was produced based on the best professional judgment that we have at this time. I accept the overall responsibility for the integrity of the 2011-12 Appropriation Amendment in compliance with the *Ministry of Finance and Economic Management Act 1995-96*.

A handwritten signature in black ink, appearing to read 'Mark Brown'.

Honorable Mark Brown

Minister of Finance



MINISTRY OF FINANCE AND ECONOMIC MANAGEMENT
GOVERNMENT OF THE COOK ISLANDS

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20 February 2012

STATEMENT OF RESPONSIBILITY

The 2011/2012 Appropriation Amendment is produced in accordance with the *Ministry of Finance and Economic Management Act 1995-96 (MFEM Act)*.

In compliance with Section 24 (1) of the MFEM Act the Ministry provided Cabinet with the:

- a) Estimated revenue of the Crown;
- b) Details of each Government Department's bid for funds;
- c) Crown's debt management responsibilities;

Cabinet, as required under Section 24 (2) of the MFEM Act, are maintain the principles of responsible fiscal management set out in the Act.

The requirement to have a net operating deficit of \$2.5 million is predominantly the result of the increased cost of the underwrites of the Air New Zealand Sydney-Rarotonga and Los Angeles-Rarotonga routes.

The level of the underwrite is not expected to decline in the near to medium term. The estimates reflect the current circumstances and the Government has indicated that a strategy in relation to the underwrite will be developed during the formulation of the 2012-13 budget. The Government has continued to manage debt prudently and I believe they are managing the fiscal risks that the Crown faces prudently.

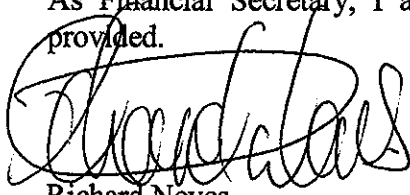
(4) The Government may depart from the principles of responsible fiscal management specified in subsection (2) of this section only in cases of exceptional circumstances, and when the Government does so –

- (a) any such departure shall be temporary; and*
- (b) the Minister shall, in accordance with this Act, specify –*
 - (i) the detailed reasons for the Government's departure from the principles including justification of those exceptional circumstances; and*
 - (ii) the approach the Government intends to take to return to those principles; and*
 - (iii) the period of time that the Government expects to take to return to those principles.*

(5) Should any such circumstances arise which forces departure from these principles during the financial year, these must be disclosed in accordance with the provisions of this Act.

The information in this document is comprehensive and includes a Statement of Fiscal Responsibility that clearly sets out the position in terms of fiscal responsibility as required in section 23 (2) (a) of the MFEM Act.

As Financial Secretary, I accept full responsibility for the integrity of the information provided.

A handwritten signature in black ink, appearing to read "Richard Neves", written over the printed name below.

Richard Neves

Financial Secretary



PARLIAMENT OF THE COOK ISLANDS

APPROPRIATION AMENDMENT BILL

EXPLANATORY NOTE

This note does not form part of the Bill but is intended to indicate its effect.

The purpose of the Bill is to make adjustments to the Appropriation Act 2011 (“the principal Act”) in order to fulfil Governments contractual agreements to the Air New Zealand underwrite guarantee appropriated and funded through general cash reserves. The Bill will also allow for the increase to Outer Island Capital Fund since the principal Act was passed.

The Constitution of the Cook Islands provides in Article 70 (1) that “... all expenditure from the Cook Islands Government Account or from any other public fund or account, shall be in accordance with an Appropriation Act...”

Clause 1 sets out the short title.

Clause 2 amends the current appropriation for the financial year 2011-12 to reflect the adjustments in expenditure.

Clause 3 amends the Schedules 1 (a), 1 (b), 2, 3 and 4 to the Principal Act by deleting Schedule 1 (a), 1 (b), 2, 3 and 4 substituting new Schedules reflecting the adjustments to expenditure undertaken by Government.

Schedules

HON. MARK BROWN
APPROPRIATION AMENDMENT

ANALYSIS

- | | |
|----------------|---|
| 1. Title | 3. Grant and appropriation out of the Cook Islands Government Account |
| 2. Short title | 4. New Schedules and Summary Schedules |
| Application | |
-

A BILL INTITULED

An Act to amend the Appropriation Act 2011

MOST GRACIOUS SOVEREIGN: We, Your Majesty's most dutiful and loyal subjects, the Parliament of the Cook Islands, towards making good the supply which we have cheerfully granted to Your Majesty in this year, have resolved to grant Your Majesty the sum specified in this Act and humbly ask Your Majesty to assent to the sum. And be it enacted by the Parliament of the Cook Islands in Session assembled, and by the authority of the same, as follows:

1. Short title – This Act is the Appropriation Amendment Act 2011-12 and shall be read together with and deemed part of the Appropriation Act 2011 (hereinafter referred to as “the principal Act”).
2. Application – This Act applies to the year ending on the thirtieth day of June 2012 (“the year”).
3. Grant and appropriation out of the Cook Islands Government Account – (1) Subsection (1) of section 3 of the principal Act is amended by omitting the amount “172,097,116”, and substituting the amount “\$178,337,477”.

Appropriation Amendment

4. New Schedules and Summary – The principal Act is amended by deleting Schedules 1(a), 1(b), 2, 3, 4, and the Summary, and substituting the Schedules and Summary set out in the Schedule to this Act.

This Act is administered in the Ministry of Finance and Economic Management

RAROTONGA, COOK ISLANDS: Printed by the Cook Islands Government – 2012

Schedule 1 (a)
Ministry Appropriation

Ministry	Gross Operating		Trading		Net Operating		POBOCS		Capital		Total Gross		Total Net	
	Appropriation	Revenue	Revenue	Appropriation	Appropriation	Expenditure	Expenditure	Appropriation	Appropriation	Appropriation	Appropriation	Appropriation	Appropriation	
Agriculture	999,986	90,535	0	909,451	36,000	0	1,035,986	945,451						
Audit (PERCA)	1,038,746	178,700	860,046	0	0	0	1,038,746	860,046						
Crown Law	644,197	0	644,197	70,000	0	0	714,197	714,197						
Cultural Development	937,705	150,000	787,705	980,000	75,000	0	1,992,705	1,842,705						
Business Trade & Investment Board	707,201	0	707,201	0	0	0	707,201	707,201						
Education	10,091,906	0	10,091,906	1,675,079	110,000	0	11,876,985	11,876,985						
Environment	1,061,589	16,000	1,045,589	0	0	0	1,061,589	1,045,589						
Finance & Economic Management	3,181,834	453,500	2,728,334	15,030,841	0	0	18,212,675	17,759,175						
Financial Intelligence Unit	307,598	0	307,598	0	0	0	307,598	307,598						
Financial Services Development Authority	443,178	0	443,178	0	0	0	443,178	443,178						
Foreign Affairs & Immigration	1,630,397	8,000	1,622,397	463,032	10,000	0	2,103,429	2,095,429						
Head Of State	217,881	0	217,881	15,000	0	0	232,881	232,881						
Health	10,428,378	400,000	10,028,378	1,142,800	880,000	0	12,451,178	12,051,178						
Human Resource Development	378,782	0	378,782	1,158,767	0	0	1,537,549	1,537,549						
Infrastructure and Planning	2,743,870	194,156	2,549,714	100,000	1,455,000	0	4,298,870	4,104,714						
Internal Affairs	1,283,910	2,000	1,281,910	13,479,360	0	0	14,763,270	14,763,270						
Justice	1,928,222	456,935	1,471,287	217,000	87,000	0	2,232,222	1,775,287						
Marine Resources	1,385,632	15,000	1,370,632	250,000	0	0	1,635,632	1,620,632						
Ombudsman	245,821	0	245,821	0	0	0	245,821	245,821						
Parliamentary Services	589,902	8,419	581,483	2,790,668	0	0	3,380,570	3,372,151						
Pearl Authority	502,387	0	502,387	0	0	0	502,387	502,387						
Police	3,628,697	49,360	3,579,337	210,000	10,000	0	3,848,697	3,799,337						
Prime Minister's Office	1,145,013	0	1,145,013	195,000	0	0	1,340,013	1,340,013						
Public Service Commission	473,809	0	473,809	30,000	0	0	503,809	503,809						
Tourism Corporation	4,296,425	50,000	4,246,425	2,040,000	0	0	6,336,425	6,286,425						
Transport	768,253	36,000	732,253	235,414	0	0	1,003,667	967,667						
CIIC	0	0	0	94,000	0	0	94,000	94,000						
Total Ministries	51,061,319	2,108,605	48,952,714	40,212,961	2,627,000	0	93,901,280	91,792,675						
Outer Islands (Refer Schedule 1 (b))	11,081,853	3,084,354	7,997,499	0	168,027	0	11,249,880	8,165,526						
Ministerial Support														
Prime Minister	370,000	0	370,000	0	0	0	370,000	370,000						
Deputy Prime Minister	310,000	0	310,000	0	0	0	310,000	310,000						
Minister Mark Brown	325,000	0	325,000	0	0	0	325,000	325,000						
Minister Teariki Heather	205,000	0	205,000	0	0	0	205,000	205,000						
Minister Nandi Glasie	205,000	0	205,000	0	0	0	205,000	205,000						
Minister Teina Bishop	205,000	0	205,000	0	0	0	205,000	205,000						
Leader Of Opposition	205,000	0	205,000	0	0	0	205,000	205,000						
Capital Distribution Fund - Administered by MFEM	21,420	0	21,420	0	270,000	0	291,420	291,420						
Gross Total	63,989,592	5,192,959	58,796,633	40,212,961	3,065,027	0	107,267,580	102,074,621						

Schedule 1 (b)
Outer Island Appropriations

Island	Gross Operating Appropriation	Trading Revenue	Net Operating Appropriation	POBOCs	Capital Expenditure	Total Gross Appropriation	Total Net Appropriation
Aitutaki	1,415,493	48,250	1,367,243	0	0	1,415,493	1,367,243
Aitutaki Power Supply	2,213,333	1,864,293	349,040	0	0	2,213,333	349,040
Atiu	1,194,315	264,620	929,695	0	0	1,194,315	929,695
Mangaia	1,556,569	387,522	1,169,047	0	0	1,556,569	1,169,047
Manihiki	819,912	117,200	702,712	0	0	819,912	702,712
Mauke	932,907	142,576	790,331	0	0	932,907	790,331
Mitaro	573,082	61,700	511,382	0	0	573,082	511,382
Palmerston	330,886	22,100	308,786	0	0	330,886	308,786
Penrhyn	592,672	75,500	517,172	0	0	592,672	517,172
Pukapuka-Nassau	958,356	41,140	917,216	0	0	958,356	917,216
Rakahanga	480,578	59,453	421,125	0	0	480,578	421,125
Outer Island Capital Fund - Administered by MFEM	13,750	0	13,750	0	110,000	123,750	123,750
Outer Island Capital Fund - Administered by MOIP	0	0	0	0	58,027	58,027	58,027
Gross Total	11,081,853	3,084,354	7,997,499	0	168,027	11,249,880	8,165,526

Schedule 2
Benefits and Other Unrequited Expenses

Category of Benefit	Budget Estimate 2011-12	Supplementary Estimates 2011-12
Welfare Payments	12,495,360	12,495,360
Parliamentary Superannuation	220,000	220,000
Total Benefits and Other Unrequited Expenses	12,715,360	12,715,360

Schedule 3
Borrowing Expenses and Debt Repayment

Category of Benefit	Budget Estimate 2011-12	Supplementary Estimates 2011-12
Gross Debt Servicing	3,844,914	3,790,000
Total Borrowing Expenses and Debt Repayment	3,844,914	3,790,000

Schedule 4
Other Expenses

Category of Expense	Budget Estimate 2011-12	Supplementary Estimates 2011-12
Airport Authority	2,047,997	2,047,997
Bank of the Cook Islands	181,000	181,000
Te Aponga Uira	1,150,000	1,150,000
Building Maintenance	1,300,000	1,300,000
Crown Infrastructure Depreciation	2,469,000	2,469,000
Contingency Funds - Operating	100,000	140,000
Contingency Funds - Capital Expenditure	50,000	50,000
Expenditure of ADB Loan	8,037,500	8,037,500
On-Lending to Ports Authority	6,296,048	6,296,048
Foreign Aid	43,985,390	44,931,637
ADB Share Capital	26,600	26,600
Emergency Response Trust Funds	200,000	200,000
Reserve Trust Fund	450,115	450,115
Total Other Expenses	66,293,650	67,279,897

Summary

Category of Payment	Budget Estimate 2011-12	Supplementary Estimates 2011-12
Schedule 1 - Ministry Outputs (Gross), POBOCs and Capital Expenditure (Excluding Benefits and other Unrequited Expenses)	89,243,192	94,552,220
Schedule 2 - Benefits and Other Unrequited Expenses	12,715,360	12,715,360
Schedule 3 - Borrowing Expenses and Debt repayment	3,844,914	3,790,000
Schedule 4 - Other Expenses	66,293,650	67,279,897
TOTAL APPROPRIATION	172,097,116	178,337,477

STATEMENT OF FISCAL RESPONSIBILITY

Operating Revenue and Expenditure Statement for the year ended 30 June 2012

All Values (\$'000)

	2011-12 Budget Estimates	2011-12 Supplementary Estimates	Variance
Operating Revenue			
Taxation Revenue	90,023	92,676	2,653
Other Crown Revenue	5,407	5,407	0
Trading Revenue	5,193	5,193	0
Interest on Loans to Subsidiaries	190	175	-15
Dividends	3,051	3,051	0
Interest on Balances	2,247	2,247	0
Total Operating Revenue	106,110	108,749	2,638
Operating Expenditure			
Ministry Outputs	63,859	63,990	131
<i>Personnel</i>	44,056	44,113	57
<i>Operating</i>	16,518	16,592	74
<i>Depreciation</i>	3,284	3,284	0
Payments on Behalf of the Crown	35,093	40,213	5,120
Airport Authority	1,704	1,704	-0
Bank of the Cook Islands	181	181	0
Te Aponga Uira	350	350	-0
Debt Servicing Interest	1,023	969	-54
Building Maintenance	1,300	1,300	0
Crown Infrastructure Depreciation	2,469	2,469	0
Disaster/ Contingency Operating Expenses	100	140	40
Total Operating Expenses	106,079	111,315	5,236
Fiscal Operating Surplus/(Shortfall)	31	-2,566	-2,597

STATEMENT OF FISCAL RESPONSIBILITY

Financing and Applications Statement for the year ended 30 June 2012
All Values (\$'000)

	2011-12 Budget Estimates	2011-12 Supplementary Estimates	Variance
Reductions in Net Borrowings			
Loan Disbursements	-14,334	-14,334	0
Loan Repayments	2,821	2,821	0
Loan Repayments by Subsidiaries	-287	0	287
	-11,799	-11,513	286
Capital Expenditures			
Ministries and Outer Islands	3,007	3,065	58
Infrastructure Capital Investment in SOE's	1,144	1,144	0
<i>Airport Authority</i>	344	344	0
<i>Te Aponga Uira</i>	800	800	0
Contingency	50	50	0
	4,201	4,259	58
Foreign Aid			
Receipts	-43,985	-44,932	-946
Expenditure	43,985	44,932	946
	0	0	0
Other Committed Considerations			
Economic Recovery Support Program (Expenditure of ADB Loan)	8,038	8,038	0
Increase in Reserve Trust Fund	450	450	0
On-Lent Loans to Ports Authority	6,296	6,297	0
ADB Share Capital	27	27	0
EMCI Trust Funds	200	200	0
	15,010	15,011	0
Total	7,412	7,757	345
To be Funded by			
Operating Surplus	31	-2,566	-2,597
Depreciation	5,753	5,753	0
Loan Reserve Financing	1,429	1,429	0
Drawdown from Reserve Trust Fund	200	200	0
Aitutaki Recycling Fund	0	58	58
Total Funding Items	7,413	4,874	-2,539
Net Surplus/Shortfall	1	-2,883	-2,884

STATEMENT OF FISCAL RESPONSIBILITY

The fiscal responsibility statement sets out the operating revenue and expenditure so that it is clear that the budget is fiscally responsible in terms of the principles of responsible fiscal management as outlined in the *Ministry of Finance and Economic Management Act 1995-96* (MFEM Act).

The MFEM Act states in Section 23(2) (a) that when total Crown debt is not at prudent levels "... total operating expenses of the Crown in each financial year are [must be] less than its total operating revenue in the same financial year". Part II Section 23 (4) of the MFEM Act also stipulates that Government may depart from the principles of fiscal responsibility only in cases of exceptional circumstances:

- that are deemed temporary; and
- where the Minister of Finance specifies; the
 - the detailed reasons for the Government departure from these principles and justification of exceptional circumstances
 - approach Government intends to take to return to these principles; and
 - period of time the Government intends to take to return to those principles

The Minister of Finance will address the requirements of the MFEM Act in Parliament through his statement (budget speech) to reassure that Government is committed to returning a fiscally responsible budget in 2012-13.

Adjustments to Ministry votes listed in Schedule 1 combined with adjustments to available financing sources results in the following budget balances for the Appropriation Amendment 2011-12:

- operating deficit of \$2.5 million; and
- overall net balance deficit of \$2.8 million

Operating Revenue and Expenditure Statement

The operating revenue and expenditure statement shows a fiscal operating deficit of \$2.5 million compared with a surplus of \$0.03 million at the time of the original Budget in July 2011.

Total operating revenue had been revised for 2011-12 to \$108.7 million during the time of the Budget Policy Statement and Half Year Economic and Fiscal Update 2011-12. This is a \$2.6 million increase over the estimated operating revenue at the time of the original Budget. This increased revenue is predominantly due to more favourable forecasts in nominal GDP growth, which is due to higher than estimated tourism growth.

Total operating expenditure estimated for 2011-12 has increased to \$111.3 million, this is a \$5.2 million increase over the original appropriation for this financial year.

Gross operational expenditure by Ministries has increased by \$0.131 million from \$63.8 million to \$63.9 million. Schedule 2 (a) provides a comparative analysis of Ministry appropriations showing an overall increase of 0.2% in gross appropriation.

Government has committed to the establishment of the Select Committee Support Services Unit that will support Parliament in its scrutiny of public finances. The increase in the operational expenditure includes the setup cost and operation of the unit. Also contributing to the increase is the provision of an environment officer for the island of Manihiki and funds to support the renewable energy preparatory work in the Pa Enea.

Payments on Behalf of Crown (POBOCs) have increased by \$5.1 million to \$40.2 million.

Major increases in POBOCs include;

- \$4.5 million to support the Air New Zealand Underwrite POBOC, predominately due to increased fuel costs.
- \$0.130 million towards the Cook Island performing teams attendance to Queen Elizabeth's Diamond Jubilee celebrations.
- \$0.123 million towards CISNOC to support its operations and Cook Islands team attend the Olympic Games in London.
- \$0.095 million towards the hosting of the Pacific Islands Leaders Forum in August.
- \$0.060 million towards the prosecution cost associated with Operations Eagle that require external assistance from New Zealand.
- Other smaller adjustments include the increase towards the House of Ariki to support the Ui Ariki day, an increase to the operating cost of the Civil List to accommodate travel commitments by Ministers and the Queens Representative. The provision to the lease extension of Internal Affairs and the Office of the Public Service Commissioner, support towards the Suicide Prevention Forum, and funds to undertake an independent review of Apex Agencies Limited, CISNOC and the Banks.

Offsetting these increases is the slight reduction to debt servicing interest as result of a delay in drawing down some of the loans as originally forecasted.

These adjustments reflect a net operating budget deficit of \$2.5 million.

Non Operating Statement and Financing and Applications Statement

The primary purpose of this statement is to provide information on the Government's capital transactions and to demonstrate that these non-operating expenditures are within the financial capability of the Crown. They do not purport to be formal cash flow statements as they do not include such items as movements in creditors and debtors.

The Financing and Applications Statement reflect the following adjustments:

- Capital to Ministries and Outer Islands has increased by \$0.058 million to accommodate the purchase of septic tanks related to the Aitutaki Waste Facility and funded through revenue generated from the sale of recycled materials.
- Foreign Aid has increased by \$0.946 million to reflect AusAID and the United Nations Development Programme that have contributed additional funding outside of the

original budget. These funds are tagged to specific target programmes and aligned to the aspirations of the goals established in the National Sustainable Development Plan. In particular, to support Climate Change Adaptation Initiatives and Community centred Sustainable Development Planning.

The total outlay of \$7.8 million will be funded from a number of sources, including depreciation of \$5.7 million, loan reserve financing of \$1.4 million, \$0.200 million in draw down of Governments Reserve Trust Fund and \$0.058 million from Aitutaki Recycling Fund.

Overall, the Appropriation Amendment 2011-12 provides for a deficit of \$2.8 million in the overall Budget Balance.

Financial Statements

The financial statements published in the 2011-12 Budget (July 2011) have since been retrospectively updated by the Ministry of Finance and Economic Management. The bulk of the impact of these changes are reflected within the Statement of Financial Position. The basis of these updates are to reflect true and accurate valuations of various items such as borrowings, cash, and receivables to ensure the financial data published by the Government reflect the position that was actually in at the time.

Additionally, the detail in the financial statements has increased from past publications. The layout has been slightly adjusted as well in an effort to provide better quality information.

Reconciliation of Operating Statement

	2011-12 ('000)	2012-13 ('000)	2013-14 ('000)
Net Operating Balance as per Budget	31	593	2,639
Adjustments via the Budget Policy Statement (BPS)			
<i>Adjustments to Operating Revenue</i>			
Increase/(Decrease) in taxation revenue	2,654	2,966	3,855
Increase/(Decrease) in interest on subsidiary loan:	-15		
Total Increase/(Decrease) in Operating Revenue	2,639	2,966	3,855
<i>Adjustments to Operating Expenditure</i>			
Increase/(Decrease) in ministry output appropriat	-52	-5	-15
Total Increase/(Decrease) in Operating Expenditure	-52	-5	-15
Net Operating Balance as per BPS	2,722	3,564	6,509
Adjustments via the Supplementary Budget			
<i>Adjustments to Operating Revenue</i>			
Increase/(Decrease) in interest on subsidiary loan:	0	15	-15
Total Increase/(Decrease) in Operating Revenue	0	15	-15
<i>Adjustments to Operating Expenditure</i>			
Increase/(Decrease) in ministry output appropriations			
Establishment of the Governance and Oversight	40	60	60
Salary reimbursement for the Governance Unit I	40	0	0
Operations reimbursement for the Governance	4	0	0
Recruitment costs for new Audit Office Director	2	0	0
New Manihiki Environment Officer	17	17	17
Renewable energy expenses	28	0	0
Increase/(Decrease) in payments on behalf of Crown			
Youth Suicide Forum	30	0	0
Civil List Top-up	50	0	0
House of Ariki	65	65	0
Pacific Leader Forum	95	0	0
CISNOC Olympic Games Attendance	93	-93	0
CISNOC Operations Assistance	30	0	0
Lease Extension PSC/Interanal Affairs Offices	14	28	28
Queen Elizabeth II Diamond Jubilee Celebrations	130	0	0
Banking Review	25	0	0
Air NZ Underwrite Top-up*	4,500	5,600	3,600
TOA Team Review	20	0	0
CISNOC Accounts Preparation	8	0	0
Operation Eagle Court Case	60	70	0
Increase/(Decrease) in contingency costs	40	0	0
Total Increase/(Decrease) in Operating Expenditure	5,291	5,747	3,705
Net Operating Balance as per Supplementary Budget	-2,569	-2,168	2,789

Notes:

* The Air NZ Underwrite is expected to increase further in the 2012-13 financial year due to further increasing costs (such as fuel). The estimate increase for 2013-14 factors in the ceasing of the agreement for the LAX-RAR route at the end of the March 2014 quarter. In this regard, only 3 of 4 quarters have impacted that financial year. The SYD-RAR route agreement is in force until the end of June 2014 and therefore has been fully factored into the calculations.

Reconciliation of Non Operating Statement

	2011-12 ('000)	2012-13 ('000)	2013-14 ('000)
Net Overall Budget Balance as per Budget	2	-693	1,404
Adjustments via the Budget Policy Statement (BPS)			
Increase/(Decrease) in Non-Operating Revenues	-287	-287	-76
(Increase)/Decrease in Non-Operating Expenses	428	336	-605
(Increase)/Decrease in Funding Items	2,692	2,867	3,766
Net Non-Operating Balance as per BPS	2,835	2,223	4,489
Adjustments via the Supplementary Budget			
Adjustments to Non-Operating Revenue			
Increase/(Decrease) in Aid Revenues	947	0	0
Total Increase/(Decrease) in Non-Operating Revenue	947	0	0
Adjustments to Non-Operating Expenditure			
Increase/(Decrease) in Loan Repayments	441	0	0
Increase/(Decrease) in Capital Expenditure	58	0	0
Increase/(Decrease) in Aid Expenditure	947	0	0
Increase/(Decrease) in Trust Account Transfers	-13	0	0
Increase/(Decrease) in Other Non-Operating Payr	0	0	0
Total Increase/(Decrease) in Non-Operating Expend	1,433	0	0
Adjustments to Funding Items			
Increase/(Decrease) in Operating Balance	-5,291	-5,732	-3,720
Increase/(Decrease) in Depreciation	0	0	0
Increase/(Decrease) in Loan Reserve Financing	0	0	0
Increase/(Decrease) in Drawdown from Reserve 1	0	0	0
Increase/(Decrease) in Other Financing	58	0	0
Total Increase/(Decrease) in Funding Items	-5,233	-5,732	-3,720
Net Budget Surplus/(Deficit)	-2,884	-3,509	769
Effect on Government Cash Reserves			
Cash Reserves available	5,042	2,158	-1,351
Less Budget Deficit (above if applicable)	-2,884	-3,509	0
Add Budget Surplus (above if applicable)	0	0	769
Balance of Government Cash Reserves	2,158	-1,351	-582
Reconciliation Between Operating and Budget Balances:			
Estimates published via Budget:			
Net Operating Balance	31	593	2,639
Non-Operating Revenue	58,606	39,800	39,800
Non-Operating Expenses	-66,018	-48,488	-48,590
Funding Items	7,382	7,402	7,555
Total Budget Balance	2	-693	1,404
Estimates published via Budget Policy Statement:			
Net Operating Balance	2,723	3,564	6,509
Non-Operating Revenue	58,319	39,513	39,724
Non-Operating Expenses	-65,590	-48,152	-49,195
Funding Items	7,382	7,298	7,451
Total Budget Balance	2,834	2,223	4,489
Estimates published via Supplementary Budget:			
Net Operating Balance	-2,566	-2,168	2,786
Non-Operating Revenue	59,266	39,513	39,724
Non-Operating Expenses	-67,023	-48,152	-49,195
Funding Items	7,440	7,298	7,451
Total Budget Balance	-2,883	-3,509	766

Schedule 1
Analysis of Adjustments to Ministry Votes

Ministry	Output	Capital	POBOC	OTHER	Total Adjustments to Vote Item
AUDIT (PERCA)					
Reimbursement of Governance and Oversight Unit Cost	44,000				
Cost associated with recruitment of current Audit Director	2,000				46,000
CIIC					
Lease extension OPSC/Intaff			14,000		14,000
CROWN LAW					
Operation Eagle Defendants			60,000		60,000
CULTURE					
Queen Elizabeth's Diamond Jubilee celebrations			130,000		130,000
EDUCATION					
Youth Suicide Prevention Forum			30,000		30,000
ENVIRONMENT					
Manihiki Environment Officer	17,000				17,000
FOREIGN AFFAIRS & IMMIGRATION					
Pacific Leaders Forum			95,000		95,000
INTERNAL AFFAIRS					
CISNOC-Olympic Games			93,000		
CISNOC-Operations			30,000		123,000
MINISTRY OF FINANCE AND ECONOMIC MANAGEMENT					
Banking Review			25,000		
Topup to Air New Zealand Subsidies			4,500,000		
Independent review of CISNOC Accounts			8,000		
Review of Apex Agencies Limited			20,000		4,553,000
OFFICE OF THE PRIME MINISTER					
Renewable Energy preparatory work to Outer Islands	28,000				28,000
PARLIAMENT					
Increase in Civil List			50,000		
House of Ariki-Support the Ui Ariki Day			65,000		
Select Committee Support Services Unit	40,000				155,000
OTHER FUNDS					
Topup to Contingency Fund (Operating)				40,000	
Increase to Aid Estimates				946,247	
Increase Outer Islands Capital Fund		58,027			
Loan Repayments by Subsidiaries				286,800	
Reduction in Debt Servicing Interest				-54,443	1,276,631
TOTAL ADJUSTMENTS TO VOTE ITEM	131,000	58,027	5,120,000	1,218,604	6,527,631

Schedule 2 (a) Comparative Analysis of Ministry Operating Appropriations

Ministry	Budget Estimates 2011-12			Supplementary Estimates 2011-12			Gross Operating Variance	
	Gross Operating Appropriation	Trading Revenue	Net Operating Appropriation	Gross Operating Appropriation	Trading Revenue	Net Operating Appropriation	Amount	%
Agriculture	999,986	90,535	909,451	999,986	90,535	909,451	0	0.0%
Audit (PERCA)	992,746	178,700	814,046	1,038,746	178,700	860,046	46,000	5.7%
Crown Law	644,197	0	644,197	644,197	0	644,197	0	0.0%
Cultural Development	937,705	150,000	787,705	937,705	150,000	787,705	0	0.0%
Business Trade & Investment Board	707,201	0	707,201	707,201	0	707,201	0	0.0%
Education	10,091,906	0	10,091,906	10,091,906	0	10,091,906	0	0.0%
Environment	1,044,589	16,000	1,028,589	1,061,589	16,000	1,045,589	17,000	1.7%
Finance & Economic Management	3,181,834	453,500	2,728,334	3,181,834	453,500	2,728,334	0	0.0%
Financial Intelligence Unit	307,598	0	307,598	307,598	0	307,598	0	0.0%
Financial Services Development Authority	443,178	0	443,178	443,178	0	443,178	0	0.0%
Foreign Affairs & Immigration	1,630,397	8,000	1,622,397	1,630,397	8,000	1,622,397	0	0.0%
Head Of State	217,881	0	217,881	217,881	0	217,881	0	0.0%
Health	10,428,378	400,000	10,028,378	10,428,378	400,000	10,028,378	0	0.0%
Human Resource Development	378,782	0	378,782	378,782	0	378,782	0	0.0%
Infrastructure and Planning	2,743,870	194,156	2,549,714	2,743,870	194,156	2,549,714	0	0.0%
Internal Affairs	1,283,910	2,000	1,281,910	1,283,910	2,000	1,281,910	0	0.0%
Justice	1,928,222	456,935	1,471,287	1,928,222	456,935	1,471,287	0	0.0%
Marine Resources	1,385,632	15,000	1,370,632	1,385,632	15,000	1,370,632	0	0.0%
Ombudsman	245,821	0	245,821	245,821	0	245,821	0	0.0%
Parliamentary Services	549,902	8,419	541,483	589,902	8,419	581,483	40,000	7.4%
Pearl Authority	502,387	0	502,387	502,387	0	502,387	0	0.0%
Police	3,628,697	49,360	3,579,337	3,628,697	49,360	3,579,337	0	0.0%
Prime Minister's Office	1,117,013	0	1,117,013	1,145,013	0	1,145,013	28,000	2.5%
Public Service Commission	473,809	0	473,809	473,809	0	473,809	0	0.0%
Tourism Corporation	4,296,425	50,000	4,246,425	4,296,425	50,000	4,246,425	0	0.0%
Transport	768,253	36,000	732,253	768,253	36,000	732,253	0	0.0%
Total Ministries	50,930,318	2,108,605	48,821,713	51,061,319	2,108,605	48,952,714	131,000	26.8%
Outer Islands (Refer Schedule 1 (b))	11,081,853	3,084,354	7,997,499	11,081,853	3,084,354	7,997,499	0	0.0%
Ministerial Support								
Prime Minister	370,000	0	370,000	370,000	0	370,000	0	0.0%
Deputy Prime Minister	310,000	0	310,000	310,000	0	310,000	0	0.0%
Minister Mark Brown	325,000	0	325,000	325,000	0	325,000	0	0.0%
Minister Teriki Heather	205,000	0	205,000	205,000	0	205,000	0	0.0%
Minister Nandi Glassie	205,000	0	205,000	205,000	0	205,000	0	0.0%
Minister Teina Bishop	205,000	0	205,000	205,000	0	205,000	0	0.0%
Leader Of Opposition	205,000	0	205,000	205,000	0	205,000	0	0.0%
Capital Distribution Fund - Administered by MFEM	21,420	0	21,420	21,420	0	21,420	0	0.0%
Gross Total	63,958,591	5,192,959	58,665,632	63,989,592	5,192,959	58,796,633	131,000	0.2%

Schedule 2 (b)
Comparative Analysis of Outer Island Appropriations

Island	Budget Estimates 2011-12			Supplementary Estimates 2011-12			Gross Operating Variance	
	Gross Operating	Trading	Net Operating	Gross Operating	Trading	Net Operating	Amount	%
	Appropriation	Revenue	Appropriation	Appropriation	Revenue	Appropriation		
Aitutaki	1,415,493	48,250	1,367,243	1,415,493	48,250	1,367,243	0	0%
Aitutaki Power Supply	2,213,333	1,864,293	349,040	2,213,333	1,864,293	349,040	0	0%
Atiu	1,194,315	264,620	929,695	1,194,315	264,620	929,695	0	0%
Mangala	1,556,569	387,522	1,169,047	1,556,569	387,522	1,169,047	0	0%
Manihiki	819,912	117,200	702,712	819,912	117,200	702,712	0	0%
Mauke	932,907	142,576	790,331	932,907	142,576	790,331	0	0%
Mitiaro	573,082	61,700	511,382	573,082	61,700	511,382	0	0%
Palmerston	330,886	22,100	308,786	330,886	22,100	308,786	0	0%
Penrhyn	592,672	75,500	517,172	592,672	75,500	517,172	0	0%
Pukapuka-Nassau	958,356	41,140	917,216	958,356	41,140	917,216	0	0%
Rakahanga	480,578	59,453	421,125	480,578	59,453	421,125	0	0%
Outer Island Capital Fund - Administered by MIFEM	13,750	0	13,750	13,750	0	13,750	0	0%
Gross Total	11,081,853	3,084,354	7,997,499	11,081,853	3,084,354	7,997,499	0	0%

Schedule 3 Analysis of Ministries by Output

MINISTRY	Budget Estimate 2011-12			Supplementary Estimate 2011-12			Gross Change	Gross Expenditure	Trading Revenue	Net Appropriation	Gross Change	Gross Expenditure	Trading Revenue	Net Appropriation	Gross Change
	Gross Expenditure	Trading Revenue	Net Appropriation	Gross Expenditure	Trading Revenue	Net Appropriation									
AGRICULTURE															
Crop Research & Development	329,511	30,000	299,511	77,960	329,511	30,000	299,511	30,000	30,000	299,511	299,511	30,000	299,511	0	0
Biosecurity Management	307,982	59,535	248,447	-17,947	307,982	59,535	248,447	59,535	59,535	248,447	248,447	59,535	248,447	0	0
Project & Policy Development	58,136	1,000	57,136	-237,622	58,136	1,000	57,136	1,000	1,000	57,136	57,136	1,000	57,136	0	0
Livestock Management	100,509	0	100,509	1,003	100,509	0	100,509	0	0	100,509	100,509	0	100,509	0	0
Administration & Finance	203,848	0	203,848		203,848	0	203,848	0	0	203,848	203,848	0	203,848	0	0
	999,986	90,535	909,451	27,242	999,986	90,535	909,451	90,535	90,535	909,451	909,451	90,535	909,451	0	0
AUDIT (PERCA)															
Crown Audit	165,692	30,000	135,692	10,000	174,892	30,000	144,892	30,000	30,000	144,892	144,892	30,000	144,892	9,200	9,200
Ministries, Crown Agencies and SOE Audits	549,036	143,700	405,336	10,000	558,236	143,700	414,536	143,700	143,700	414,536	414,536	143,700	414,536	9,200	9,200
Special Reviews and Investigations	243,018	5,000	238,018	-19,974	252,218	5,000	247,218	5,000	5,000	247,218	247,218	5,000	247,218	9,200	9,200
Audit Commissioner	20,000	0	20,000	0	29,200	0	29,200	0	0	29,200	29,200	0	29,200	9,200	9,200
Audit Awareness & Training	15,000	0	15,000	-5,000	24,200	0	24,200	0	0	24,200	24,200	0	24,200	9,200	9,200
	992,746	178,700	814,046	-4,974	1,038,746	178,700	860,046	178,700	178,700	860,046	860,046	178,700	860,046	46,000	46,000
CROWN LAW															
Legal Advice	283,447	0	283,447	1,940	283,447	0	283,447	0	0	283,447	283,447	0	283,447	0	0
Litigation	212,585	0	212,585	2,023	212,585	0	212,585	0	0	212,585	212,585	0	212,585	0	0
Legislative Drafting	148,165	0	148,165	2,096	148,165	0	148,165	0	0	148,165	148,165	0	148,165	0	0
	644,197	0	644,197	6,059	644,197	0	644,197	0	0	644,197	644,197	0	644,197	0	0
CULTURAL DEVELOPMENT															
Cultural Development	413,238	7,500	405,738	-79,599	413,238	7,500	405,738	7,500	7,500	405,738	405,738	7,500	405,738	0	0
Cultural Activities	264,267	117,500	146,767	-75,276	264,267	117,500	146,767	117,500	117,500	146,767	146,767	117,500	146,767	1	1
Cultural Heritage	127,665	10,000	117,665	11,114	127,665	10,000	117,665	10,000	10,000	117,665	117,665	10,000	117,665	0	0
National Records and Information	132,536	15,000	117,536	11,521	132,536	15,000	117,536	15,000	15,000	117,536	117,536	15,000	117,536	0	0
	937,705	150,000	787,705	-132,239	937,705	150,000	787,705	150,000	150,000	787,705	787,705	150,000	787,705	0	0
BUSINESS TRADE & INVESTMENT BOARD															
Business Support	158,000	0	158,000	-126,532	158,000	0	158,000	0	0	158,000	158,000	0	158,000	0	0
Maximising Trade Opportunities	125,000	0	125,000	-23,637	125,000	0	125,000	0	0	125,000	125,000	0	125,000	0	0
Finance & Administration Support	103,000	0	103,000	-16,637	103,000	0	103,000	0	0	103,000	103,000	0	103,000	0	0
Regulation & Compliance	41,000	0	41,000	-58,637	41,000	0	41,000	0	0	41,000	41,000	0	41,000	0	0
Foreign Direct Investment (FDI) Participation	280,201	0	280,201	244,564	280,201	0	280,201	0	0	280,201	280,201	0	280,201	0	0
	707,201	0	707,201	19,121	707,201	0	707,201	0	0	707,201	707,201	0	707,201	0	0
EDUCATION															
Taku Ipukarea Kia Rangatira	240,145	0	240,145	-2,500	240,145	0	240,145	0	0	240,145	240,145	0	240,145	0	0
Learning and Teaching	816,660	0	816,660	-9,751	816,660	0	816,660	0	0	816,660	816,660	0	816,660	0	0
Learning and the Community	423,080	0	423,080	-2,500	423,080	0	423,080	0	0	423,080	423,080	0	423,080	0	0
Infrastructure and Support	8,612,021	0	8,612,021	-22,792	8,612,021	0	8,612,021	0	0	8,612,021	8,612,021	0	8,612,021	0	0
	10,091,906	0	10,091,906	-37,543	10,091,906	0	10,091,906	0	0	10,091,906	10,091,906	0	10,091,906	0	0
ENVIRONMENT (TU'ANGA TAPOPOPORO)															
Puna Akoako e te Arapaki Ture – Advisory and Compliance Division	306,033	16,000	290,033	-49,716	306,033	16,000	290,033	16,000	16,000	290,033	290,033	16,000	290,033	0	0
Puna Orama – Island Futures Division	372,917	0	372,917	-2,346	389,917	0	389,917	0	0	389,917	389,917	0	389,917	17,000	17,000
Puna Akatereau – Corporate Services Division	365,639	0	365,639	60,398	365,639	0	365,639	0	0	365,639	365,639	0	365,639	0	0
	1,044,589	16,000	1,028,589	8,336	1,061,589	16,000	1,045,589	16,000	16,000	1,045,589	1,045,589	16,000	1,045,589	17,000	17,000

Schedule 3 Analysis of Ministries by Output

MINISTRY	Budget Estimate 2011-12				Supplementary Estimate 2011-12			
	Gross Expenditure	Trading Revenue	Net Appropriation	Gross Change	Gross Expenditure	Trading Revenue	Net Appropriation	Gross Change
FINANCE AND ECONOMIC MANAGEMENT								
Responsible Fiscal & Economic Advice	272,484	0	272,484	2,000	272,484	0	272,484	0
Responsible & Effective Fiscal & Economic Management	826,875	3,500	823,375	5,110	826,875	3,500	823,375	0
Efficient Administration of Taxes Duties & Border Security	1,446,834	450,000	996,834	128,676	1,446,834	450,000	996,834	0
Production and Dissemination of Relevant Statistics	309,034	0	309,034	-2,942	309,034	0	309,034	0
Effective & Efficient Coordination of Development Assistance	326,607	0	326,607	1,735	326,607	0	326,607	0
	3,181,834	453,500	2,728,334	134,579	3,181,834	453,500	2,728,334	0
FINANCIAL INTELLIGENCE UNIT								
Policy Advice, National and International Coordination of the Cook Islands AML/CFT regime.	114,875	0	114,875	-3,635	114,875	0	114,875	0
Provision of Intelligence Services & Products	96,262	0	96,262	-282	96,262	0	96,262	0
Compliance Examination & Enforcement	96,461	0	96,461	-6,228	96,461	0	96,461	0
Investigation & Prosecution	0	0	0	0	0	0	0	0
	307,598	0	307,598	-10,145	307,598	0	307,598	0
FINANCIAL SERVICES DEVELOPMENT AUTHORITY								
A Globally recognised, respected and represented finance industry provided both significant direct revenue and broader macro economic benefits to the Cook Islands economy	443,178	0	443,178	15,600	443,178	0	443,178	0
	443,178	0	443,178	15,600	443,178	0	443,178	0
FOREIGN AFFAIRS AND IMMIGRATION								
Enhancing the Cook Islands - New Zealand Relationship	606,500	0	606,500	32,987	606,500	0	606,500	0
Pursing Cook Islands interest through regional relationships and co-operation	266,569	0	266,569	10,509	266,569	0	266,569	0
Promoting Cook Islands interest in the broader international community	387,210	0	387,210	-1,128	387,210	0	387,210	0
Enhance participation in global institutions and the rules - based system of international governance	131,275	8,000	123,275	5,000	131,275	8,000	123,275	0
Responsible and effective management of the Cook Islands immigration service	238,843	0	238,843	219	238,843	0	238,843	0
	1,630,397	8,000	1,622,397	47,587	1,630,397	8,000	1,622,397	0
HEAD OF STATE								
Administrative and Support Services to the Head Of State	217,881	0	217,881	2,576	217,881	0	217,881	0
	217,881	0	217,881	2,576	217,881	0	217,881	0
HEALTH								
Community Health Services	1,829,727	90,000	1,739,727	66,599	1,829,727	90,000	1,739,727	0
Hospital Health Services	5,675,741	300,000	5,375,741	-363,612	5,675,741	300,000	5,375,741	0

Schedule 3 Analysis of Ministries by Output

MINISTRY	Budget Estimate 2011-12			Supplementary Estimate 2011-12		
	Gross Expenditure	Trading Revenue	Net Appropriation	Gross Expenditure	Trading Revenue	Net Appropriation
Outer Islands Health Services	1,954,183	10,000	1,944,183	1,954,183	10,000	1,944,183
Funding & Planning	968,727	0	968,727	968,727	0	968,727
	10,428,378	400,000	10,028,378	10,428,378	400,000	10,028,378
HUMAN RESOURCE DEVELOPMENT						
Taku Ipukeara Kia Rangatira	30,244	0	30,244	30,244	0	30,244
Learning & Teaching	100,898	0	100,898	100,898	0	100,898
Learning & the Community	59,095	0	59,095	59,095	0	59,095
Infrastructure & Support	188,545	0	188,545	188,545	0	188,545
	378,782	0	378,782	378,782	0	378,782
INFRASTRUCTURE & PLANNING						
Corporate Services	448,481	0	448,481	448,481	0	448,481
Regulatory Services	439,906	46,840	393,066	439,906	46,840	393,066
Policy Planning & Asset Management Services	447,774	0	447,774	447,774	0	447,774
Civil Works - Operation & Maintenance	1,407,709	147,316	1,260,393	1,407,709	147,316	1,260,393
	2,743,870	194,156	2,549,714	2,743,870	194,156	2,549,714
INTERNAL AFFAIRS						
Social Welfare - providing a safety net for people in need, and security for parents and older people	286,935	0	286,935	286,935	0	286,935
Social Policy - ensuring that Government legislations and policies are appropriately designed to protect the rights and improve the capacity of people and communities to participate fully in society	285,506	0	285,506	285,506	0	285,506
Labour - promoting and ensuring equity and safety in the work place for workers and employers	121,030	2,000	119,030	121,030	2,000	119,030
Improving the Welfare of the Community by protecting the rights of Consumers	79,370	0	79,370	79,370	0	79,370
Ensure Clean and Beautiful Rarotonga Roads and Central Business Areas	153,061	0	153,061	153,061	0	153,061
Ensure that all media forms of communication are censored appropriately	63,019	0	63,019	63,019	0	63,019
Effective and efficient management of resources to achieve ministry outputs	294,989	0	294,989	294,989	0	294,989
	1,283,910	2,000	1,281,910	1,283,910	2,000	1,281,910
JUSTICE						
Court & Tribunal Services	347,803	110,000	237,803	347,803	110,000	237,803
Land Administration	357,791	131,900	225,891	357,791	131,900	225,891
Registry Services	126,705	151,335	-24,630	126,705	151,335	-24,630
Prison Services	529,450	63,700	465,750	529,450	63,700	465,750
Probation Services	214,285	0	214,285	214,285	0	214,285
Corporate & ICT Services	352,188	0	352,188	352,188	0	352,188
Outer Island Services	0	0	0	0	0	0
	1,928,222	456,935	1,471,287	1,928,222	456,935	1,471,287

Schedule 3 Analysis of Ministries by Output

MINISTRY	Budget Estimate 2011-12			Supplementary Estimate 2011-12			
	Gross Expenditure	Trading Revenue	Net Appropriation	Gross Expenditure	Trading Revenue	Net Appropriation	Gross Change
MARINE RESOURCES							
Offshore Fisheries	189,560	0	189,560	189,560	0	189,560	0
Pearl Industry Support	286,339	5,000	281,339	286,339	5,000	281,339	0
Inshore Fisheries and Aquaculture	415,261	10,000	405,261	415,261	10,000	405,261	0
Policy and Legal Services	171,550	0	171,550	171,550	0	171,550	0
Corporate Services	322,922	0	322,922	322,922	0	322,922	0
	1,385,632	15,000	1,370,632	1,385,632	15,000	1,370,632	0
OMBUDSMAN							
Receipt and effective investigation of complaints received or instigated by Ombudsman under the Ombudsman Act 1984	97,386	0	97,386	97,386	0	97,386	0
Receipt and effective investigation of complaints received by the Ombudsman under the Official Information Act 2008	86,586	0	86,586	86,586	0	86,586	0
Receipt and effective investigation of complaints received under the Disability Act 2008	6,186	0	6,186	6,186	0	6,186	0
Education and Awareness of the Investigative Regime of the Ombudsman	49,477	0	49,477	49,477	0	49,477	0
Establishment of Human Rights Division	6,186	0	6,186	6,186	0	6,186	0
	245,821	0	245,821	245,821	0	245,821	0
PARLIAMENTARY SERVICES							
Administrative and Support Services	339,899	8,419	331,480	339,899	8,419	331,480	0
Inter-Parliamentary Relations	137,182	0	137,182	137,182	0	137,182	0
Privileges and Entitlements of Members	72,821	0	72,821	72,821	0	72,821	0
Select Committee Support Services Unit	0	0	0	40,000	0	40,000	40,000
	549,902	8,419	541,483	589,902	8,419	581,483	40,000
PEARL AUTHORITY							
Farm Support	21,147	0	21,147	21,147	0	21,147	0
Pearl Standards & Quality Control	64,400	0	64,400	64,400	0	64,400	0
Marketing Strategy	115,000	0	115,000	115,000	0	115,000	0
Industry Reform & Development	10,500	0	10,500	10,500	0	10,500	0
Management & Support Services	291,340	0	291,340	291,340	0	291,340	0
	502,387	0	502,387	502,387	0	502,387	0
POLICE							
A Joint approach towards crime and crash (Community Relations Group)	612,072	0	612,072	612,072	0	612,072	0
An intelligence led approach to crime and crash reduction (General Policing & Traffic Division & Intelligence, Operational Policing & Training Division)	1,103,343	49,360	1,053,983	1,103,343	49,360	1,053,983	0
Thorough and effective investigations and prosecutions (Investigations and Prosecutions)	594,023	0	594,023	594,023	0	594,023	0
Planning, Performance and Organisation Development (Corporate Service)	808,252	0	808,252	808,252	0	808,252	0
Maritime Policing	511,007	0	511,007	511,007	0	511,007	0

Schedule 3

Analysis of Ministries by Output

MINISTRY	Budget Estimate 2011-12			Supplementary Estimate 2011-12				
	Gross Expenditure	Trading Revenue	Net Appropriation	Gross Expenditure	Trading Revenue	Net Appropriation		
			Gross Change			Gross Change		
Cook Islands Meteorological Services	3,628,697	49,360	3,579,337	-312,525	3,628,697	49,360	3,579,337	0
PRIME MINISTER'S OFFICE								
Central Policy & Planning	215,783	0	215,783	-19,227	215,783	0	215,783	0
Cabinet Services & Executive Council & Outer Islands	280,101	0	280,101	151,664	280,101	0	280,101	0
Government Representative	80,977	0	80,977	80,977	108,977	0	108,977	28,000
Renewable Energy Development Division	282,630	0	282,630	12,354	282,630	0	282,630	0
Corporate Services	151,367	0	151,367	6,559	151,367	0	151,367	0
Information & Communication Technology	106,155	0	106,155	13,600	106,155	0	106,155	0
Emergency Management Cook Islands	0	0	0	0	0	0	0	0
Climate Change Coordination	0	0	0	0	0	0	0	0
Outer Islands Government Representatives	1,117,013	0	1,117,013	117,558	1,145,013	0	1,145,013	28,000
PUBLIC SERVICE COMMISSION								
Good Governance	237,346	0	237,346	21,701	237,346	0	237,346	0
Human Resources	56,608	0	56,608	1,269	56,608	0	56,608	0
Performance Management	114,501	0	114,501	4,784	114,501	0	114,501	0
Finance and Administration	65,354	0	65,354	-482	65,354	0	65,354	0
	473,809	0	473,809	27,272	473,809	0	473,809	0
TOURISM CORPORATION								
Head Office	3,188,757	50,000	3,138,757	1,780,231	3,188,757	50,000	3,138,757	0
Destination Market	990,077	0	990,077	-1,836,135	990,077	0	990,077	0
Destination Development	117,591	0	117,591	-139,865	117,591	0	117,591	0
	4,296,425	50,000	4,246,425	-195,769	4,296,425	50,000	4,246,425	0
TRANSPORT								
Safe, Secure and Compliant Aviation Systems	156,974	0	156,974	-5,953	156,974	0	156,974	0
Safe, Secure and Compliant Maritime Systems	129,660	0	129,660	-1,685	129,660	0	129,660	0
Management, Co-ordination and Support	142,241	0	142,241	-1,122	142,241	0	142,241	0
Cook Islands Meteorological Services	339,378	36,000	303,378	339,378	339,378	36,000	303,378	0
	768,253	36,000	732,253	330,618	768,253	36,000	732,253	0
OUTER ISLANDS								
Aitutaki								
Island Council	59,394	0	59,394	0	59,394	0	59,394	0
Island Administration	233,790	0	233,790	-10,504	233,790	0	233,790	0
Infrastructure	829,589	43,250	786,339	-148,007	829,589	43,250	786,339	0
Agriculture	81,908	3,000	78,908	-8,254	81,908	3,000	78,908	0
Women, Culture, Youth & Sports	57,561	0	57,561	-749	57,561	0	57,561	0
Waste Facility	153,251	2,000	151,251	-989	153,251	2,000	151,251	0
	1,415,493	48,250	1,367,243	-168,503	1,415,493	48,250	1,367,243	0
Aitutaki Power Supply								
Aitutaki Power Supply	2,213,333	1,864,293	349,040	138,500	2,213,333	1,864,293	349,040	0
	2,213,333	1,864,293	349,040	138,500	2,213,333	1,864,293	349,040	0

Schedule 3 Analysis of Ministries by Output

MINISTRY	Budget Estimate 2011-12				Supplementary Estimate 2011-12			
	Gross Expenditure	Trading Revenue	Net Appropriation	Gross Change	Gross Expenditure	Trading Revenue	Net Appropriation	Gross Change
Atiu								
Agriculture	92,100	11,000	81,100	0	92,100	11,000	81,100	0
Infrastructure	540,370	18,000	522,370	7,050	540,370	18,000	522,370	0
Energy	330,089	197,120	132,969	2,276	330,089	197,120	132,969	0
Corporate	178,031	3,500	174,531	-1,089	178,031	3,500	174,531	0
Island Council	53,725	35,000	18,725	-4,474	53,725	35,000	18,725	0
	1,194,315	264,620	929,695	8,510	1,194,315	264,620	929,695	0
Mangala								
Agriculture Development	177,868	6,400	171,468	64,669	177,868	6,400	171,468	0
Tourism & Community Development	56,012	7,779	48,233	20,063	56,012	7,779	48,233	0
Infrastructure Amenities	585,546	116,530	469,016	-20,033	585,546	116,530	469,016	0
Public Utilities	538,268	252,200	286,068	-608	538,268	252,200	286,068	0
Finance & Administration	144,709	1,000	143,709	-5,338	144,709	1,000	143,709	0
Island Council Management	54,166	3,613	50,553	1,247	54,166	3,613	50,553	0
	1,556,569	387,522	1,169,047	60,000	1,556,569	387,522	1,169,047	0
Manihiki								
Gender, Youth & Sports	16,518	200	16,318	2,153	16,518	200	16,318	0
Infrastructure	282,855	5,000	277,855	16,457	282,855	5,000	277,855	0
Energy	292,905	100,000	192,905	-49,390	292,905	100,000	192,905	0
Finance and Administration	160,246	5,000	155,246	26,483	160,246	5,000	155,246	0
Island Council	42,290	5,000	37,290	998	42,290	5,000	37,290	0
Agriculture	25,098	2,000	23,098	1,000	25,098	2,000	23,098	0
	819,912	117,200	702,712	-2,299	819,912	117,200	702,712	0
Mauke								
Infrastructure	289,008	13,500	275,508	6,000	289,008	13,500	275,508	0
Energy	306,183	112,500	193,683	-61,406	306,183	112,500	193,683	0
Water	67,406	0	67,406	67,406	67,406	0	67,406	0
Island Administration	123,230	12,500	110,730	-3,659	123,230	12,500	110,730	0
Agriculture	79,348	0	79,348	2,000	79,348	0	79,348	0
Gender & Development	17,328	0	17,328	1,659	17,328	0	17,328	0
Island Council	50,404	4,076	46,328	0	50,404	4,076	46,328	0
	932,907	142,576	790,331	12,000	932,907	142,576	790,331	0
Mitiaro								
Island Administration	121,473	350	121,123	-8,864	121,473	350	121,123	0
Island Council	46,983	200	46,783	-500	46,983	200	46,783	0
Social & Economic Growth	21,924	100	21,824	0	21,924	100	21,824	0
Infrastructure	239,542	9,500	230,042	-16,875	239,542	9,500	230,042	0
Energy	108,233	48,050	60,183	5,000	108,233	48,050	60,183	0
Agriculture	34,927	3,500	31,427	-500	34,927	3,500	31,427	0
	573,082	61,700	511,382	-21,739	573,082	61,700	511,382	0

Schedule 3 Analysis of Ministries by Output

MINISTRY	Budget Estimate 2011-12				Supplementary Estimate 2011-12			
	Gross Expenditure	Trading Revenue	Net Appropriation	Gross Change	Gross Expenditure	Trading Revenue	Net Appropriation	Gross Change
Palmerston								
Island Administration	99,571	1,000	92,571	-6,793	93,571	1,000	92,571	0
Agriculture	12,193	0	12,193	-1,307	12,193	0	12,193	0
Education	78,631	0	78,631	901	78,631	0	78,631	0
Energy	63,409	20,000	43,409	8,245	63,409	20,000	43,409	0
Infrastructure	53,082	300	52,782	2,245	53,082	300	52,782	0
Island Council	30,000	800	29,200	0	30,000	800	29,200	0
	330,886	22,100	308,786	3,291	330,886	22,100	308,786	0
Penthyon								
Gender, Youth & Sport	14,200	0	14,200	822	14,200	0	14,200	0
Infrastructure	127,462	6,000	121,462	-44,130	127,462	6,000	121,462	0
Energy	232,680	69,500	163,180	3,829	232,680	69,500	163,180	0
Island Administration	126,480	0	126,480	-2,143	126,480	0	126,480	0
Island Council	66,400	0	66,400	3,942	66,400	0	66,400	0
Agriculture	25,450	0	25,450	4,180	25,450	0	25,450	0
	592,672	75,500	517,172	-33,500	592,672	75,500	517,172	0
Pukapuka and Nassau								
Infrastructure	529,189	8,300	520,889	55,235	529,189	8,300	520,889	0
Energy	89,920	16,000	73,920	-9,005	89,920	16,000	73,920	0
Island Administration	159,845	2,500	157,345	-14,720	159,845	2,500	157,345	0
Island Council	94,452	14,240	80,212	8,820	94,452	14,240	80,212	0
Women, Culture, Youth & Sport	32,868	0	32,868	608	32,868	0	32,868	0
Agriculture	52,082	100	51,982	-538	52,082	100	51,982	0
	958,356	41,140	917,216	40,400	958,356	41,140	917,216	0
Rakahanga								
Agriculture	31,737	5,000	26,737	-552	31,737	5,000	26,737	0
Marine	43,728	8,000	35,728	2,775	43,728	8,000	35,728	0
Women, Culture, Youth & Sport	23,112	5,000	18,112	-1,018	23,112	5,000	18,112	0
Infrastructure	173,802	15,000	158,802	1,496	173,802	15,000	158,802	0
Energy	85,615	25,253	60,362	-7,089	85,615	25,253	60,362	0
Island Administration	85,361	1,200	84,161	-381	85,361	1,200	84,161	0
Island Council	37,223	0	37,223	-373	37,223	0	37,223	0
	480,578	59,453	421,125	-5,142	480,578	59,453	421,125	0
MINISTERIAL SUPPORT								
Prime Minister	370,000	0	370,000	-25,653	370,000	0	370,000	0
Deputy Prime Minister	310,000	0	310,000	-8,920	310,000	0	310,000	0
Minister Mark Brown	325,000	0	325,000	120,797	325,000	0	325,000	0
Minister Teariki Heather	205,000	0	205,000	-13,232	205,000	0	205,000	0
Minister Nandji Glassie	205,000	0	205,000	-17,170	205,000	0	205,000	0
Minister Teina Bishop	205,000	0	205,000	-3,025	205,000	0	205,000	0
Leader of the Opposition	205,000	0	205,000	-24,109	205,000	0	205,000	0
	1,825,000	0	1,825,000	28,688	1,825,000	0	1,825,000	0
OTHER FUNDING - ADMINISTERED BY MFEM								
Capital distribution fund - depreciation only	21,420	0	21,420	0	21,420	0	21,420	0
Outer islands small capital fund - depreciation only	13,750	0	13,750	0	13,750	0	13,750	0
	35,170	0	35,170	0	35,170	0	35,170	0
TOTAL APPROPRIATIONS	63,858,592	5,192,959	58,665,633	-274,216	63,989,592	5,192,959	58,796,633	131,000

**Schedule 4
Benefits and Other Unrequited Expenses**

Category of Benefit	Budget Estimate	Supplementary Estimate	Variance	
	2011-12	2011-12	Amount	%
Welfare Payments	12,495,360	12,495,360	0	0.0%
Parliamentary Superannuation	220,000	220,000	0	0.0%
Total Benefits and Other Unrequited Expenses	12,715,360	12,715,360	0	0

**Schedule 5
Borrowing Expenses and Debt Repayment**

	Budget Estimate	Supplementary Estimate	Variance	
	2011-12	2011-12	Amount	%
Gross Debt Servicing	3,844,914	3,790,000	-54,914	-1.4%
Total Borrowing Expenses and Debt Repayment	3,844,914	3,790,000	-54,914	-1.4%

**Schedule 6
Other Expenses**

Category of Expense	Budget Estimate	Supplementary Estimate	Variance	
	2011-12	2011-12	Amount	%
Airport Authority	2,047,997	2,047,997	0	0.0%
Bank of the Cook Islands	181,000	181,000	0	0.0%
Te Aponga Uira	1,150,000	1,150,000	0	0.0%
Building Maintenance	1,300,000	1,300,000	0	0.0%
Crown Infrastructure Depreciation	2,469,000	2,469,000	0	0.0%
Contingency Funds - Operating	100,000	140,000	40,000	40.0%
Contingency Funds - Capital Expenditure	50,000	50,000	0	0.0%
Expenditure of ADB Loan	8,037,500	8,037,500	0	0.0%
On-Lending to Ports Authority	6,296,048	6,296,048	0	0.0%
Foreign Aid	43,985,390	44,931,637	946,247	2.2%
ADB Share Capital	26,600	26,600	0	0.0%
Emergency Response Trust Funds	200,000	200,000	0	0.0%
Reserve Trust Fund	450,115	450,115	0	0.0%
Total Other Expenses	66,293,650	67,279,897	986,247	1.5%

Summary

Category of Payment	Budget Estimate	Supplementary Estimate	Variance	
	2011-12	2011-12	Amount	%
Schedule 1 - Ministry Outputs (Gross), POBOCs and Capital Expenditure (Excluding Benefits and other Unrequited Expenses)	89,243,192	94,552,220	5,309,028	5.9%
Schedule 2 - Benefits and Other Unrequited Expenses	12,715,360	12,715,360	0	0.0%
Schedule 3 - Borrowing Expenses and Debt repayment	3,844,914	3,790,000	-54,914	-1.4%
Schedule 4 - Other Expenses	66,293,650	67,279,897	986,247	1.5%
TOTAL APPROPRIATIONS	172,097,116	178,337,477	6,240,361	3.6%

Schedule 7
Capital Expenditure

MINISTRY	Supplementary Estimates 2011-12			
	Purchase Price	Trade In	Net Cost	Total
CULTURE				
Auditorium Technical Equipment	75,000	0	75,000	
TOTAL	75,000	0	75,000	75,000
EDUCATION				
Fund to be Prioritised by Educaiton	110,000	0	110,000	
TOTAL	110,000	0	110,000	110,000
FOREIGN AFFAIRS				
Customs Security Equipment	10,000	0	10,000	
TOTAL	10,000	0	10,000	10,000
HEALTH				
Fund to be Prioritised by Health for Technical Equipment	275,000	0	275,000	
Telephone System	55,000	0	55,000	
X-ray Machine	550,000	0	550,000	
TOTAL	880,000	0	880,000	880,000
INFRASTRUCTURE & PLANNING				
Water Works	775,000	0	775,000	
Road Works	680,000	0	680,000	
TOTAL	1,455,000	0	1,455,000	1,455,000
JUSTICE				
Scanner	87,000	0	87,000	
TOTAL	87,000	0	87,000	87,000
POLICE				
Life Raft	10,000	0	10,000	
TOTAL	10,000	0	10,000	10,000
CAPITAL FUNDS ADMINISTERED BY MFEM				
Capital Distribution Fund	270,000	0	270,000	
Outer Islands Small Capital Fund	110,000	0	110,000	
TOTAL	380,000	0	380,000	380,000
CAPITAL FUNDS ADMINISTERED BY MOIP				
Outer Islands Capital Fund	58,027	0	58,027	58,027
GROSS TOTAL	3,065,027	0	3,065,027	3,065,027

Schedule 8
Revenue on Behalf of Crown (ROBOC)

	Budget Estimates 2011-12	Supplementary Estimates 2011-12	Variance
Taxation Revenue			
VAT	36,400,458	37,010,000	609,542
Income Tax	25,926,363	26,572,000	645,637
Company Tax	9,244,554	10,308,000	1,063,446
Import Levies	11,380,812	12,030,000	649,188
Departure tax	6,070,892	6,170,000	99,108
Withholding tax	1,000,000	586,000	-414,000
Total	90,023,079	92,676,000	2,652,921
Other Crown Revenue			
Sundry Fees	61,516	61,516	0
Foreign Investment Fees	17,250	17,250	0
Tattslotto Grants	160,000	160,000	0
Employer Liabilities	75,000	75,000	0
Censorship Fees	24,000	24,000	0
Immigration	468,000	468,000	0
Court Services	46,899	46,899	0
Fisheries-US Treaties	286,411	286,411	0
Fishing Licences	1,540,000	1,540,000	0
Financial Services Commission	487,133	487,133	0
Road Safety	1,223,000	1,223,000	0
Shipping Registration	65,000	65,000	0
International Shipping License	10,000	10,000	0
Liquor Licensing	26,000	26,000	0
Upper Air Space Mgt Agmt	416,480	416,480	0
Circulating Currency - Coins	100,000	100,000	0
Numismatic	400,000	400,000	0
Telecom Dividends	1,300,000	1,300,000	0
CIIC - SOE Dividends	1,751,000	1,751,000	0
Total Other	8,457,689	8,457,689	0
Total Crown Receipts	98,480,768	101,133,689	2,652,921

Schedule 9
Payments on Behalf of the Crown (POBOC's)

Administering Ministry	POBOC	Budget Estimates 2011-12	Supplementary Estimates 2011-12	Variance
Legislative/Contractual				
Finance & Economic Management	Parliamentary Superannuation	220,000	220,000	0
Internal Affairs	Welfare Payments	12,495,360	12,495,360	0
Parliamentary Services	Civil List - Operating Expenses	695,798	745,798	50,000
	Civil List - Personnel	1,834,870	1,834,870	0
		15,246,028	15,296,028	50,000
Apex Agencies Ltd (Operating as TOA) Litigation Expenses				
Finance & Economic Management	Apex - Profit Guarantee	1,556,823	1,556,823	0
		1,556,823	1,556,823	0
Subscriptions & Other Crown Commitments				
Crown Law	Law Commission	10,000	10,000	0
	Operation Eagle Defendents	0	60,000	60,000
Education	Private School Funding	1,620,079	1,620,079	0
	Temporary Premises Rental Costs	25,000	25,000	0
Finance & Economic Management	Audit of Crown Accounts	30,000	30,000	0
	Insurance	40,000	40,000	0
	National Heritage Trust	84,350	84,350	0
	National Superannuation Fund	321,668	321,668	0
	Outer Islands TV	25,000	25,000	0
	PERC Salaries and Administration Costs	45,000	45,000	0
	Standard and Poors Subscription	35,000	35,000	0
Foreign Affairs	International Subscriptions	368,032	368,032	0
Health	Patient Referrals	500,000	500,000	0
Human Resource Development	Foundation Basic Skills Training	100,000	100,000	0
	Government Funded Scholarships	120,000	120,000	0
	Student Assistance Fund (In-Country & Overseas)	160,000	160,000	0
	Tertiary Training Institutions	493,767	493,767	0
	University of the South Pacific Contribution	285,000	285,000	0
Justice	Judges Allowances	177,000	177,000	0
	Legal Aid	40,000	40,000	0
	Establishment of Seabed Minerals Commission	50,000	50,000	0
	Establishment of Fisheries Development Facility	200,000	200,000	0
Parliamentary Services	House of Ariki	110,000	175,000	65,000
Police	Search and Rescue	20,000	20,000	0
	Serious Crime Investigations	50,000	50,000	0
	Te Kukupa - Fuel Contribution	140,000	140,000	0
Transport	Director of Civil Aviation	56,000	56,000	0
	International Civil Aviation Organisation	72,000	72,000	0
	International Maritime Organisation	22,600	22,600	0
	Pacific Aviation Safety Office	22,482	22,482	0
	TCI - Maritime Shipping Service	62,332	62,332	0
		5,285,310	5,410,310	125,000
Grants & Other Funds				
Agriculture	Agriculture Census	36,000	36,000	0
CIIC	Te Aponga - uneconomic power connections	80,000	80,000	0
	Lease extension OPSC/intaff	0	14,000	14,000
Cultural Development	Te Maeva Nui Constitution Celebrations	850,000	850,000	0
	Queen Elizabeth's Diamond Jubilee celebrations	0	130,000	130,000
Education	Youth Suicide Prevention Forum	0	30,000	30,000
Finance & Economic Management	Air New Zealand - Subsidies	8,000,000	12,500,000	4,500,000
	Census	120,000	120,000	0
	Independent review of CISNOC Accounts	0	8,000	8,000
	Banking Review	0	25,000	25,000
	Review of Apex Agencies Limited	0	20,000	20,000
Foreign Affairs & Immigration	Pacific Leaders Forum	0	95,000	95,000
Head Of State	Domestic Hosting Entertainment	15,000	15,000	0
Health	Pharmaceuticals	642,800	642,800	0
Infrastructure and Planning	Outer Islands Equipment Repairs of Unanticipated Breakdowns	100,000	100,000	0
Internal Affairs	CISNOC Grant	160,000	190,000	30,000
	CISNOC-Olympic Games	0	93,000	93,000
	NGO and Welfare Organisations	221,000	221,000	0
	Vaka Maintenance	450,000	450,000	0
	Price Tribunal	30,000	30,000	0
Parliamentary Services	PPAPD - FDOC Secretariat	35,000	35,000	0
Prime Minister's Office	Social Responsibility Fund	195,000	195,000	0
Public Service Commission	HOM's Appointments	30,000	30,000	0
Tourism Corporation	Marketing Resources - Tourism Growth Strategy	2,000,000	2,000,000	0
	Events Management - Kiwi League	40,000	40,000	0
		13,004,800	17,949,800	4,945,000
Grand Total		35,092,961	40,212,961	5,120,000

Schedule 10
Debt Servicing Schedule

	Total Loans			On-Lent Loans			Net
	Principal	Interest	Gross	Principal	Interest	Gross	
Creditors							
France	589	31	620	0	0	0	620
New Zealand	792	42	834	0	0	0	834
Asian Development Bank	1,440	625	2,065	0	190	190	1,875
Bank Of Cook Islands	0	0	0	0	0	0	0
China	0	271	271	0	0	0	271
Total Debt Servicing	2,821	969	3,790	0	190	190	3,600

Notes

1. All estimates are based on 12 month average exchange rate over the period from Dec 2010 to Dec 2011.
2. Subsidiary loans are funds from Asian Development Bank and have been onlent to Cook Islands Ports Authority.

Schedule 11 Aid Contributions by Ministry

Administering Ministry/ Agency	Sector	Aid Donor	Initiatives	Budget Estimate 2011-12	Supplementary Budget 2011-12	Variance
Agriculture	Economic	FAO	Food Security (3,071,000 over 3 years)	1,126,100	1,126,100	0
Agriculture	Economic	FAO	Telefood Projects	37,077	37,077	0
Agriculture	Economic	FAO	Technical Cooperation Fund	69,593	69,593	0
				1,232,770	1,232,770	0
Aid Management	Infrastructure	European Union	Pukapuka Project (Top up)	939,300	939,300	0
Aid Management	Other	New Zealand/Australia Harmonisation Programme	Total Programme Support	18,000,000	18,250,000	250,000
				18,939,300	19,189,300	250,000
Environment	Infrastructure	Italy	Preparation of the National Adaptation Prioritisation for Climate Change	87,000	87,000	0
Environment	Infrastructure	UNDP	Capacity Building for Sustainable Land Management in the Cook Islands	286,000	286,000	0
Environment	Infrastructure	SPREP	Various projects and Technical Assistance	119,367	119,367	0
Environment	Infrastructure	GEF Pacific Alliance for Sustainability	Prevention, control and management of invasive species	176,889	176,889	0
Environment	Infrastructure	GEF Pacific Alliance for Sustainability	Island Biodiversity Programme	121,071	121,071	0
Environment	Infrastructure	UNDP	Institutional Strengthening for Ozone Depletion	46,428	46,428	0
				836,755	836,755	0
Finance & Economic Management	Social	India	Indian Grant Fund	112,610	112,610	0
Finance & Economic Management	Infrastructure	Pacific Islands Forum Secretariat	Japan Funded Pacific Environment Community (PEC) Fund - Solar & Water	2,252,200	2,252,200	0
Finance & Economic Management	Governance	European Union	Technical Cooperation Fund	313,100	313,100	0
Finance & Economic Management	Infrastructure	European Union	Millennium Development Goal Fund	469,650	469,650	0
Finance & Economic Management	Governance	European Union	European Development Fund 10 (EDF10)	1,001,920	1,001,920	0
				4,149,480	4,149,480	0
Health	Social	SPC	National HIV and STI Programme Round 7, Phase II	114,321	114,321	0
Health	Social	UNFPA	Strengthening Reproductive Health	171,139	171,139	0
Health	Social	WHO	Human Resources for Health, Technical Assistance, & Special Projects	314,719	314,719	0
Health	Social	SPC	Multi Country Fight against TB Round 7, Phase II	88,650	88,650	0
Health	Social	SPC	Prevention and Control of non-communicable diseases	208,885	208,885	0
Health	Social	UNAIDS	General Support	5,631	5,631	0
				903,345	903,345	0
Infrastructure & Planning	Infrastructure	ADB	Proposed PPTA in Infrastructure	563,050	563,050	0
Infrastructure & Planning	Infrastructure	AUSAID - Part of Northern Waters Project	Climate Change Adaptation Funds - directed to the repairs of Manihiki community water tanks	0	652,061	652,061
				563,050	1,215,111	652,061
Internal Affairs	Social	ADB Japan Fund For Poverty Reduction (JFPR)	Social Protection of the Vulnerable in the Pacific (Regional Project)	560,769	560,769	0
				560,769	560,769	0
Marine Resources	Economic	FAO	Fisheries resource profiles, harvest quotas & trade controls	96,845	96,845	0
Marine Resources	Economic	FAO	Legislative enforcement of traditional marine reserves	37,161	37,161	0
Marine Resources	Economic	FAO	Post harvest program in support of EU market access	170,041	170,041	0
Marine Resources	Economic	FAO	Enhanced supply to Rarotonga of small scale fisheries/reef gleaning	132,880	132,880	0
Marine Resources	Economic	FAO	Aquaculture as alternative source of food security/livelihoods	78,827	78,827	0
Marine Resources	Economic	FAO	Support of Fish Aggregate Devices (FAD) programme	87,836	87,836	0
				603,590	603,590	0
Prime Ministers Office	Governance	UNDP	Community Centred Sustainable Development Planning	0	44,186	44,186
				0	44,186	44,186
Police	Law & Order	Australia Defence	Aus Defence - Patrol Boat Support	120,000	120,000	0
Police	Law & Order	NZ Defence	NZ Defence - TA Patrol Boat	120,000	120,000	0
				240,000	240,000	0

Schedule 11
Aid Contributions by Ministry

Administering Ministry/ Agency	Sector	Aid Donor	Initiatives	Budget Estimate 2011-12	Supplementary Budget 2011-12	Variance
Public Service Commission	Governance	ADB	Public Sector Functional Review	450,440	450,440	0
				450,440	450,440	0
Other	Other	China	Grant Funding	14,000,000	14,000,000	0
Other	Other	SOPAC	General Project Support	379,791	379,791	0
Other	Other	UNDP	Adaptation Fund	1,126,100	1,126,100	0
				15,505,891	15,505,891	0
TOTAL AID				43,985,390	44,931,637	946,247

Financial Statements

As at 30 June 2011

The forecasted financial estimates of the Crown are set out on the following pages.

- (1) Statement of Financial Performance
- (2) Statement of Financial Position
- (3) Statement of Cashflows
- (4) Statement of Borrowings
- (5) Summary of Revenue Levied on Behalf of the Crown
- (6) Statement of Financial Risks

Statement of Financial Performance
For the years ending 30 June

	Actual 2009-10 ('000)	Actual 2010-11 ('000)	Budget 2011-12 ('000)	Supp Bud 2011-12 ('000)	Projected 2012-13 ('000)	Projected 2013-14 ('000)	Projected 2014-15 ('000)
Revenue							
Taxation revenues	87,125	87,045	90,022	92,676	95,399	99,376	102,726
Sale of goods and services	5,413	5,155	5,193	5,193	5,193	5,193	5,193
Interest	2,065	2,652	2,437	2,422	2,059	2,057	2,055
Dividends	2,510	3,213	3,051	3,051	2,483	2,483	2,483
Other revenue	6,321	7,293	5,407	5,407	5,447	5,162	5,162
Total Revenue	103,434	105,358	106,110	108,749	110,581	114,271	117,619
Expenditure							
Appropriations to agencies	63,615	64,095	63,859	63,989	63,487	64,014	64,014
Payments on behalf of Crown	23,115	30,274	35,093	40,213	41,428	39,598	27,998
Debt-servicing interest	947	879	1,023	969	1,128	1,070	1,012
Building maintenance	1,957	1,800	1,300	1,300	1,800	1,800	1,800
Infrastructure depreciation	2,397	2,950	2,469	2,469	2,659	2,756	2,756
Other expenditure	10,712	2,841	2,335	2,375	2,247	2,247	2,247
Total Expenditure	102,743	102,839	106,079	111,315	112,749	111,485	99,827
NET OPERATING SURPLUS / (DEFICIT)	691	2,519	31	-2,566	-2,168	2,786	17,792

Statement of Financial Position

As at 30 June

	Actual 2009-10 ('000)	Estimate 2010-11 ('000)	Budget 2011-12 ('000)	Supp Bud 2011-12 ('000)	Projected 2012-13 ('000)	Projected 2013-14 ('000)	Projected 2014-15 ('000)
Assets							
Cash and equivalents	38,200	41,021	40,850	39,223	36,991	38,946	54,758
Loan reserves	22,034	20,505	19,076	19,076	17,641	16,216	14,791
Trust accounts	5,741	6,177	6,827	6,827	7,304	7,800	8,314
Inventory	1,509	1,509	1,509	1,509	1,509	1,509	1,509
Tax receivables	21,361	26,324	26,324	25,008	23,757	22,570	21,441
Debtors and other receivables	4,181	4,181	4,181	4,181	4,181	4,181	4,181
Advances to SOEs	21,483	21,196	27,205	27,492	27,492	27,281	27,048
Investment in SOEs	146,733	146,733	146,733	146,733	146,733	146,733	146,733
Plant, property, and equipment	90,962	92,985	103,870	104,023	106,925	109,664	112,403
Total Assets	352,204	360,631	376,574	374,071	372,533	374,900	391,179
Liabilities							
Creditors and other payables	13,683	13,683	13,683	13,683	13,683	13,683	13,683
Trust liabilities	5,239	5,239	5,239	5,239	5,239	5,239	5,239
Borrowings	110,747	95,836	107,349	107,349	104,028	99,657	94,193
Total Liabilities	129,669	114,758	126,271	126,271	122,950	118,579	113,115
Net Crown Balance	222,535	245,873	250,303	247,800	249,583	256,321	278,064

Statement of Cashflows
For the years ending 30 June

	Actual 2009-10 ('000)	Estimate 2010-11 ('000)	Budget 2011-12 ('000)	Supp Bud 2011-12 ('000)	Projected 2012-13 ('000)	Projected 2013-14 ('000)	Projected 2014-15 ('000)
Cashflows from Operating Activities							
<u>Cash provided from:</u>							
Taxation and levies	87,125	87,045	90,022	92,676	95,399	99,376	102,726
Collection of tax arrears	0	0	0	0	500	500	500
Sale of goods and services	5,413	5,155	5,193	5,193	5,193	5,193	5,193
Interest	2,065	2,652	2,437	2,422	2,059	2,057	2,055
Dividends	2,510	3,213	3,051	3,051	2,483	2,483	2,483
Other income	6,321	7,293	5,407	5,407	5,447	5,162	5,162
	<u>103,434</u>	<u>105,358</u>	<u>106,110</u>	<u>108,749</u>	<u>111,081</u>	<u>114,771</u>	<u>118,119</u>
<u>Cash applied to:</u>							
Appropriations to agencies (less depn)	60,704	60,903	60,575	60,705	60,283	60,744	60,744
Payments on behalf of Crown	23,115	30,274	35,093	40,213	41,428	39,598	27,998
Debt-servicing interest	947	879	1,023	969	1,128	1,070	1,012
Building maintenance	1,957	1,800	1,300	1,300	1,800	1,800	1,800
Other expenditure	10,712	2,841	2,335	2,375	2,247	2,247	2,247
	<u>97,435</u>	<u>96,697</u>	<u>100,326</u>	<u>105,562</u>	<u>106,886</u>	<u>105,459</u>	<u>93,801</u>
Net Operating Activity Cashflows	5,999	8,661	5,784	3,187	4,195	9,312	24,318
Cashflows from Investing Activities							
<u>Cash provided from:</u>							
Subsidiary loan repayments	143	287	287	0	0	211	233
	<u>143</u>	<u>287</u>	<u>287</u>	<u>0</u>	<u>0</u>	<u>211</u>	<u>233</u>
<u>Cash applied to:</u>							
Capital expenditure	20,072	4,709	12,239	12,297	4,814	4,814	4,814
Advances to Subsidiaries	20,523	0	6,296	6,296	0	0	0
	<u>40,595</u>	<u>4,709</u>	<u>18,535</u>	<u>18,593</u>	<u>4,814</u>	<u>4,814</u>	<u>4,814</u>
Net Investing Activity Cashflows	-40,452	-4,422	-18,248	-18,593	-4,814	-4,603	-4,581
Cashflows from Financing Activities							
<u>Cash provided from:</u>							
Loans drawn down	38,724	0	14,334	14,334	0	0	0
Cash drawn from loan reserves	0	1,529	1,429	1,429	1,435	1,425	1,425
	<u>38,724</u>	<u>1,529</u>	<u>15,763</u>	<u>15,763</u>	<u>1,435</u>	<u>1,425</u>	<u>1,425</u>
<u>Cash applied to:</u>							
Loan repayments	3,227	2,511	2,821	2,821	3,321	4,371	5,464
Loan reserves	1,100	0	0	0	0	0	0
Other reserves	456	435	650	650	477	497	514
	<u>4,783</u>	<u>2,946</u>	<u>3,471</u>	<u>3,471</u>	<u>3,798</u>	<u>4,868</u>	<u>5,978</u>
Net Financing Activity Cashflows	33,941	-1,417	12,292	12,292	-2,363	-3,443	-4,553
Net cash movements	-512	2,822	-172	-3,114	-2,982	1,266	15,184
Add: Opening Cash and Equivalents	38,711	38,200	41,021	41,021	37,907	34,925	36,192
Closing Cash and Equivalents	38,200	41,021	40,850	37,907	34,925	36,192	51,376

Statement of Borrowings
As at 30 June

	Actual 2009-10 ('000)	Estimate 2010-11 ('000)	Budget 2011-12 ('000)	Supp Bud 2011-12 ('000)	Projected 2012-13 ('000)	Projected 2013-14 ('000)	Projected 2014-15 ('000)
Total Gross Borrowings	110,747	95,836	107,349	107,349	104,028	99,657	94,193
Assets Held Against Borrowings:							
Advances to subsidiaries	21,483	21,196	27,205	27,492	27,492	27,281	27,048
Loan reserves	22,034	20,505	19,076	19,076	17,641	16,216	14,791
Total Assets Held Against Borrowings	43,517	41,701	46,281	46,568	45,133	43,497	41,839
Net Borrowings of the Government	67,230	54,135	61,068	60,781	58,895	56,160	52,354

Revenue Levied on Behalf of the Crown
For the years ending 30 June

	Actual 2009-10 ('000)	Estimate 2010-11 ('000)	Budget 2011-12 ('000)	Supp Bud 2011-12 ('000)	Projected 2012-13 ('000)	Projected 2013-14 ('000)	Projected 2014-15 ('000)
Revenue Levied on Behalf of the Crown							
Income tax	26,400	25,155	25,926	26,572	27,454	28,328	29,319
Company tax	9,895	9,942	9,245	10,308	10,753	11,129	11,519
Import levies	10,183	11,066	11,381	12,030	12,549	12,988	13,443
VAT	35,229	34,979	36,400	37,010	37,310	39,455	40,836
Departure tax	5,418	5,903	6,071	6,170	6,333	6,476	6,609
Withholding Tax	0	0	1,000	586	1,000	1,000	1,000
Total Revenue Levied on Behalf of the Crown	87,125	87,045	90,022	92,676	95,399	99,376	102,726

Statement of Fiscal Risks
As at 30 June 2011

	('000)
Quantifiable Contingent Liabilities	
Guarantees and indemnities	3,300
Uncalled capital	4,500
Legal proceedings and disputes	15,213
<u>Total Quantifiable Contingent Liabilities</u>	<u>23,013</u>

Guarantees and indemnities relate to the following:

The Government of the Cook Islands has accepted the commercial risk such that any losses incurred by Air New Zealand in respect to the service provided on the direct flights from Sydney to Rarotonga and Los Angeles to Rarotonga returned during the term of the existing agreements shall be met by the Government of the Cook Islands. The best information available at the present time is that any loss will be \$12.5 million for 2011-12. This has been appropriated in the supplementary budget at \$12.5 million. The expected costs for the underwrite for 2012-13 are estimated at \$13.6 million, and for 2013-14, \$11.6 million. As it currently stands, the agreements do not cover the 2014-15 years and beyond.

The settlement with Apex Agencies Limited (operating as TOA Petroleum, TOA) dated 11 December 2009 provided a guaranteed minimum EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) of \$1,200,000 per annum for a period of 8 years. Thus if TOA makes a profit of less than \$1.2million in a given year (or even a loss) the Crown will make a top up payment to ensure TOA makes a profit of \$1.2million. The Crown's potential liability could exceed \$1.2million in a given year. An estimate of the potential liability has been estimated at \$1,560,000 and is appropriated and therefore not recognised as a contingent liability.

Government has entered into a program under the New Zealand Aid Programme focused on Pearl Sector Support run through the Cook Islands Pearl Authority. Through the program the Government has agreed to guarantee upto \$0.5million as security for loans associated with the Pearl Production Credit Scheme. The full guarantee has been included as a contingent liability.

The Cook Islands Government (CIG) awarded a works contract of NZ\$2.9m on 15 March 2011 to construct the Pukapuka cyclone shelter. The \$2.9m contract is funded by the EU (\$1.8m, 60.25%) and CIG (\$1.1m, 39.75%). The EU do not pre-finance projects and only disburse their funding portion once the project is complete. As part of the contract award, CIG has agreed to provide up to \$1.8m Limited Government Guarantee to enable the contractor to pre-finance the project and be used as security to mobilise equipment and personnel. The guarantee is only on the EU financing portion and is included as a contingent liability.

Uncalled capital relates to shares in the Asian Development Bank and in the Bank of the Cook Islands.

Legal Proceedings and Disputes relates to the Shipping Case and other smaller cases against the Crown

STATEMENT OF ACCOUNTING POLICIES

BASIS OF PREPARATION

Reporting Entity

This budget document is for the Central Government of the Cook Islands.

Statement of Compliance

This budget document has been prepared in accordance with the Ministry of Finance and Economic Management Act 1995-96 and, where possible and practicable, with the International Public Sector Accounting Standards issued by the International Public Sector Accounting Standards Board (IPSASB).

Measurement Base

This budget document has been prepared on the going concern assumption and the accounting policies have been applied consistently throughout the period except where stated elsewhere in this Statement of Accounting Policies.

The historical cost method has been used to report results, cash flows and the financial position of the Central Government. The budget document has been prepared with a combination of cash-basis accounting and accruals-basis accounting.

SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies, which significantly affect the measurement of financial performance, financial position and cash flows, have been applied:

Basis of Consolidation

This budget document is prepared from the perspective and operations of the Central Government and thus records the outflows and inflows accordingly. It does not assume the consolidation of Ministerial Support Offices, Ministries, Island Administrations, or State-Owned Enterprises. It records expected revenues from them and to them respectively.

Revenue

Taxation and Levy Revenue

Revenue arising through taxes is recognised when the tax is paid to the Government.

Revenue Earned Through Operations

Revenue from sales of goods is recognised when the product is sold to the customer and not necessarily when payment is made.

Fines

Fines are economic benefits or services potential received by the Government from an individual or other entity, as determined by a court or other law enforcement body, as consequence of the individual or other entity breaching the requirements of laws and regulations. These are recognised as they are paid.

Investment Income

Investment income is recognised in the period in which it is earned.

Dividends

Dividends are recognised when the right to receive the payment has been established.

Aid Revenue

Aid revenue is recognised when donor funds are expensed on approved projects.

Expenses

Ministry Appropriations

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

Welfare Benefits

Welfare benefits are recognised in the period which the payment of these benefits relates to.

Grants and Subsidies

Where grants and subsidies are discretionary until payment, the expense is recognised when the payment is made. Otherwise, the expense is recognised when the specified criteria have been fulfilled and notice has been given to the Crown.

Losses

Realised losses arising from sales of assets or the early settlement of a liability are recognised in the Statement of Financial Performance in the period in which the transaction is concluded.

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.

Depreciation

Each part of an item of plant, property, and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

Depreciation of plant, property, and equipment is provided on a straight line basis so as to allocate the cost of assets to their estimated residual value over their estimated useful lives. Typically, the estimated useful lives are:

Office and computer equipment	3 – 4 years
Motor vehicles	5 years
Furniture and fittings	4 – 10 years
Buildings and improvements	10 years
Coastal protection	25 years
Power distribution network	20 years
Roading network	30 years
Water network	15 years
Airport runways	15 – 100 years
Harbour and ports structures	10 – 20 years
Waste management facilities	15 years

Non-Current Assets

Plant, Property, and Equipment

Plant, property and equipment are recorded at cost less accumulated depreciation.

The cost of purchased plant, property, and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

The cost of assets constructed by the Crown includes the cost of all materials used in construction, direct labour on the project, financing costs that are directly attributable to the project and an appropriate proportion of variable and fixed overheads. Costs cease to be capitalised as soon as the asset is ready for productive use and do not include any inefficiency costs.

When an item of plant, property and equipment is disposed, the gain or loss (disposal proceeds less carrying value) associated with that item will be recognised in the Statement of Financial Performance.

The cost of an item of plant, property and equipment is recognised as an asset if, and only if, there will be future economic benefits evident and where these benefits will flow to the Crown and the cost of the item can be measured reliably.

Work in Progress is recognised as cost less impairment and is not depreciated.

Infrastructure Assets

Infrastructure assets are recorded at cost less accumulated depreciation.

The cost of purchased infrastructure assets is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

The cost of assets constructed by the Crown includes the cost of all materials used in construction, direct labour on the project, financing costs that are directly attributable to the project and an appropriate proportion of variable and fixed overheads. Costs cease to be capitalised as soon as the asset is ready for productive use and do not include any inefficiency costs.

Infrastructure assets include: roading networks, water networks, power distribution networks, coastal protection systems, harbour and ports structures, waste management and airport assets.

When an infrastructure asset is disposed of, the gain or loss (disposal proceeds less carrying value) associated with that item will be recognised in the Statement of Financial Performance.

Work in Progress is recognised as cost less impairment and is not depreciated.

Intangible Assets

Intangible assets are software acquisition costs.

Intangible assets are recorded at cost less accumulated amortisation.

The cost of purchased intangible assets is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

Intangible assets might include: databases, software purchased, or software developed.

When an intangible asset is disposed of, the gain or loss (disposal proceeds less carrying value) associated with that item will be recognised in the Statement of Financial Performance.

Amortisation of intangible assets is on a straight line basis so as to allocate the cost of assets to their estimated residual value over their estimated useful lives. Typically, the estimated useful lives are:

Software, databases

3 - 5 years

Cash and Cash Equivalents

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

Receivables and Advances including Debtors and Other Receivables

Receivables and advances are recorded at cost.

After initial recognition, loans and receivables are measured at amortised cost less any provision for impairment. Gains and losses when assets are impaired or derecognised are recognised in the statement of financial performance.

Inventories

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost. Where inventories are acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value.

Investments

Investments in associate are accounted in the consolidated financial statements using the equity method. That is, investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the Crown's share of the surplus or deficit of the associate after the day of acquisition.

Banking portfolio investments

Loans are valued at net realisable value after provisions.

Applicable security is obtained depending on the size and nature of loans.

Non-performing loans are reviewed monthly on a case by case basis.

Provision for doubtful debts

Provision is made for taxation debt where recovery is considered doubtful. There is no general provision against taxation debt.

Provision is made for banking portfolio Investments (specific loans) where recovery is considered doubtful or they have become non-performing. There is no general provision against banking portfolio Investments.

Provision for doubtful debts (continued)

All bad debts are written off against specific provisions in the period in which they become classified as irrecoverable.

Aid Assets

Donor funds are deposited into bank accounts until expensed on approved assets.

Liabilities

Borrowings

Borrowing liabilities are accounted for at amortised cost. Any changes are recognised in the Statement of Financial Performance.

Pension Liabilities

Pension liabilities, in respect of the contributory service of current and past Members of Parliament, are recorded at the latest (30th June 1997) actuarial value of the Crown's liability for pension payments. There are no pension liabilities accruing to the Crown as a result of Government employees' membership of the Government Superannuation Fund (New Zealand).

Employee Entitlements

These include salaries and wages accrued up to balance date, annual level earned but not yet taken at balance date. A long service bonus is paid out on the completion of 3 years continuous service within the Government. The bonus is equivalent to a fortnight pay of the employee.

Other Liabilities

All other liabilities are recorded at the estimated obligation to pay. No liability for ongoing welfare payments has been recognised because no legal entitlement is considered to exist beyond the end of the current financial year until a new Appropriation Act is passed.

Aid Liabilities

Funds received from various donors are treated as liabilities until expensed on approved projects at which stage the funding is included within the Statement of Financial Performance as revenue.

Cash Flow

A cash flow statement identifies the sources of cash inflow, the items on which cash was utilised and the cash balance at the reporting date for Crown. Included in the cash flow statements are financing activities which are activities that result in the change of size and composition of the contributed capital and borrowings of the Crown. Investing activities are the acquisition and disposal of long term assets and other investments and operating activities identifies how much the Crown received from its actual operations.

Cash flow information allows users to ascertain how the Crown raised the cash it required to fund its activities and the manner in which that cash was utilised.

Contingent Liabilities

Contingent liabilities are recorded when a possible obligation has arisen from an event in the past and which the existence will only be confirmed through the occurrence or non-occurrence of future events. Such liabilities will be disclosed if they are deemed to materially affect the reading of the presented financial statements.