



Cook Islands Government

Quarterly Financial Report

March 2014

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 accrual basis as far as practical and outlines income and expenses incurred which may not been necessarily received or paid. All figures are rounded to the nearest thousandth.

Key Points

The net operating balance of the General Government Sector as at 31 March 2014 was a surplus of \$3.4 million.

- Operating revenue was \$87.0 million; and
- Operating expenditure was \$83.6 million.

The overall fiscal balance which excludes depreciation, but includes capital expenditure was a deficit of \$1.6 million. These capital activities are government funded as well activities financed through the ADB-Economic Recovery Support Program (ERSP) loan and the Te Mato Vai China loan.

Table 1
Net Operating Balance General Government – March 2014 YTD

Actual 2012/13 ('000)		Budget 2013/14 ('000)	Actual 2013/14 ('000)	Variance	
				('000)	%
86,279	Operating Revenue	91,375	87,012	(4,363)	(5)
79,806	Operating Expenditure	90,464	83,628	(6,836)	(8)
6,473	Net Operating Balance	911	3,384	2,473	(271)

Table 2
Fiscal Balance of General Government – March 2014 YTD

Actual 2012/13 ('000)		Budget 2013/14 ('000)	Actual 2013/14 ('000)	Variance	
				('000)	%
6,473	Net Operating Balance	911	3,384	2,473	(271)
1,783	Add Depreciation	3,802	1,617	2,185	57
5,061	Less Capital Expenditure	11,610	6,561	5,049	43
3,195	Fiscal Balance	(6,897)	(1,560)	5,337	(77)

Total revenue collections for the March 2014 quarter were below the budget estimate. This was mainly attributable to lower than estimated income tax and import levies.

Total operating expenses for the March 2014 quarter were lower than the budget estimate and largely attributable to lower expenditure incurred by agencies and lower crown infrastructure depreciation as a result of lower than estimated asset transfers from agencies.

Table 3
Net Operating Balance as at 31 March 2014

Actual 2012/13 ('000)		Budget 2013/14 ('000)	Actual 2013/14 ('000)	Variance ('000)
	<u>Operating Revenue</u>			
73,825	Taxation Revenue	76,915	72,433	(4,482)
5,715	Other Crown Receipts	7,587	7,310	(277)
4,017	Trading Revenue	4,370	4,455	85
151	Interest on Loans to Subsidiaries	244	244	-
1,092	Dividends	900	900	-
1,479	Interest on Funds	1,359	1,670	311
86,279	Total Operating Revenue	91,375	87,012	(4,363)
	<u>Operating Expenditure</u>			
43,801	Ministry Expenditure Outputs	48,121	45,563	2,558
28,751	Payments on Behalf of the Crown	32,933	29,830	3,103
1,807	Airport Authority	1,536	1,536	-
136	Bank of Cook Islands	181	146	35
263	Te Aponga Uira	263	263	-
150	Ports Authority	833	833	-
1,680	Asset Management	1,572	1,572	-
138	Contingency Funds - Operating	125	129	(4)
2,609	Crown Infrastructure Depreciation	3,803	1,617	2,186
466	Debt Service Interest	1,072	1,056	16
5	Bank Fees	-	5	(5)
79,806	Total Operating Expenditure	90,464	83,628	(6,836)
6,473	Net Operating Balance	911	3,384	2,473

Key Balance Sheet Items in General Government:

Cash and Equivalents	58,175
Committed Cash	(39,891)
Net Cash Reserve	18,284
Gross General Government Borrowings	98,607
Net General Government Borrowings	55,458

The gross borrowings by the Crown were \$98.6 million, \$13.0 million more than the March 2014 quarter as a result of the drawdown of the Economic Restructuring Loan, net borrowings by the General Government Sector (excluding borrowings by SOEs) was \$55.5 million.

It should be noted that the New Zealand GSF Loan has now been fully paid and will no longer be included in the debt updates.

The net cash reserve which is essentially unencumbered cash declined from \$20.3 million in the December 2013 quarter to \$18.3 million at the end of March 2014 as a result of loan and other operational payment obligations.

General Government Revenue Analysis

General Government sector revenue as at 31 March 2014 was lower than the budget estimate by \$4.4 million or 5 per cent. This was mainly attributed to tax revenues and other crown revenues not performing to budget for respective reasons detailed below.

Table 4

General Government Revenue Summary – March 2014 YTD

2012-13 Actual ('000)		2013-14 Budget ('000)	2013-14 Actual ('000)	Variance ('000)	%
29,974	Value-added Tax	30,517	31,186	669	2
20,612	Income Tax	20,873	17,910	(2,963)	(14)
8,055	Company Tax	8,905	8,889	(16)	(0)
10,208	Import Levies	10,181	7,111	(3,070)	(30)
1,080	Withholding Tax	598	1,408	810	135
3,896	Departure Tax	5,841	5,929	88	2
4,017	Trading Revenue	4,370	4,455	85	2
8,437	Other Revenue	10,090	10,124	34	0
86,279	Total Revenue	91,375	87,012	(4,363)	(5)

Value Added Tax

Actual VAT revenue collected in March 2014 was \$0.669 million above budget estimate (2 per cent). This is close to budget and it is expected that budget forecasts will be exceeded at year end due to the increase in the rate of VAT to 15%.

Income Tax

Actual Income tax collected in March 2014 was \$2.963 million below the quarter budget estimate (-14 per cent). Budget estimates for the first nine months have not been met. It is expected that actual revenue will be below budget by the end of the financial year due to the reduction in personal tax rates on 1 January 2014.

Company Tax

Actual Company tax collected in March 2014 was \$0.016 million below the March quarter budget estimate (-0.18 per cent). Company tax is on target to meet the budget forecast.

Import Levies

Actual Import levies collected in March 2014 was \$3.070 million below the March quarter budget estimate (-30 per cent). The decrease of actual to budget figures is attributed to the phasing of quarterly budgets and it is expected that actual revenue will be closer to the budget forecast, but remain below, by the end of the financial year. The bulk importing of tobacco products by big importers in June 2013 (prior to the increase in levies in July) is also attributable to the decrease in levies received this quarter. The removal of the import levies on pork products, sea freighted eggs and ice cream on 1 April 2014 will also result in reduced levies from what was forecasted.

Withholding Tax

Actual Withholding tax collections in March 2014 were \$0.810 million above the March quarter budget estimate (135 per cent). This increase reflects withholding tax collected on interest, dividends and royalties on a number of tax audit cases and will be above the budget forecasted at the end of the financial year.

Departure Tax

Departure tax collections were \$0.088 million above the March quarter budget estimate (2 per cent). Departure tax is on target to meet the budget forecast.

Trading Revenue

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

Other Crown Revenue

Other Crown Revenue was \$0.034 million below the March quarter budget estimate (0.3 per cent). This is predominantly due to the decrease collection of a number of revenue items, namely Immigration Fees (\$0.224 million), Numismatics Revenue (\$0.149 million) and Drivers Licenses (\$0.118 million).

Immigration fees did not perform as a result of the Ministry of Foreign Affairs and Immigration not increasing their service charges as outlined in the budget; less numismatics revenue due to lower than anticipated sales in the China and European markets; and the decrease drivers licenses as a result of fewer visitors requiring Cook Islands licenses.

Table 5
General Government Other Revenue Summary – March 2014 YTD

2012-13 Actual ('000)		2013-14 Budget ('000)	2013-14 Actual ('000)	Variance ('000)	%
214	FSC Fees	218	140	(78)	(36)
390	Immigration Fees	726	502	(224)	(31)
59	Court Services	30	43	13	43
34	Instant Fines	44	29	(15)	(35)
3,684	Fishing Licences	2,880	2,880	-	-
-	Fisheries Catch Rev	1,275	1,275	-	-
-	Fisheries US Treaties	563	771	208	-
-	Research Fees	1	1	-	-
-	Permits	44	14	(30)	(68)
1,092	Telecom-Dividends	900	900	-	-
190	Numismatic Revenue	338	189	(149)	(44)
441	Drivers Licenses	519	401	(118)	(23)
397	Motor Vehicle Registrations	373	382	9	2
1,479	Interest on balances	1,359	1,670	311	23
151	Interest on loans to subsidiaries	244	244	-	-
14	Foreign Investment Fees	16	23	7	44
237	Upper Air Management Agreement	238	307	69	29
35	Shipping Reg/Licenses	80	35	(45)	(56)
15	Intl Shipping Licenses	15	5	(10)	(67)
7	Liquor Licensing	3	24	21	700
96	Tattslotto Grants	103	110	7	7
6	Censorship Fees	7	5	(2)	(33)
196	Circulating Currency- Coins	56	154	98	175
-	Employers Liability	56	14	(42)	(75)
-	Motor Vehicle Dealers	2	7	5	250
8,437		10,090	10,124	34	0.3

Figure 1
General Government Revenue – March 2014 YTD (\$'000)

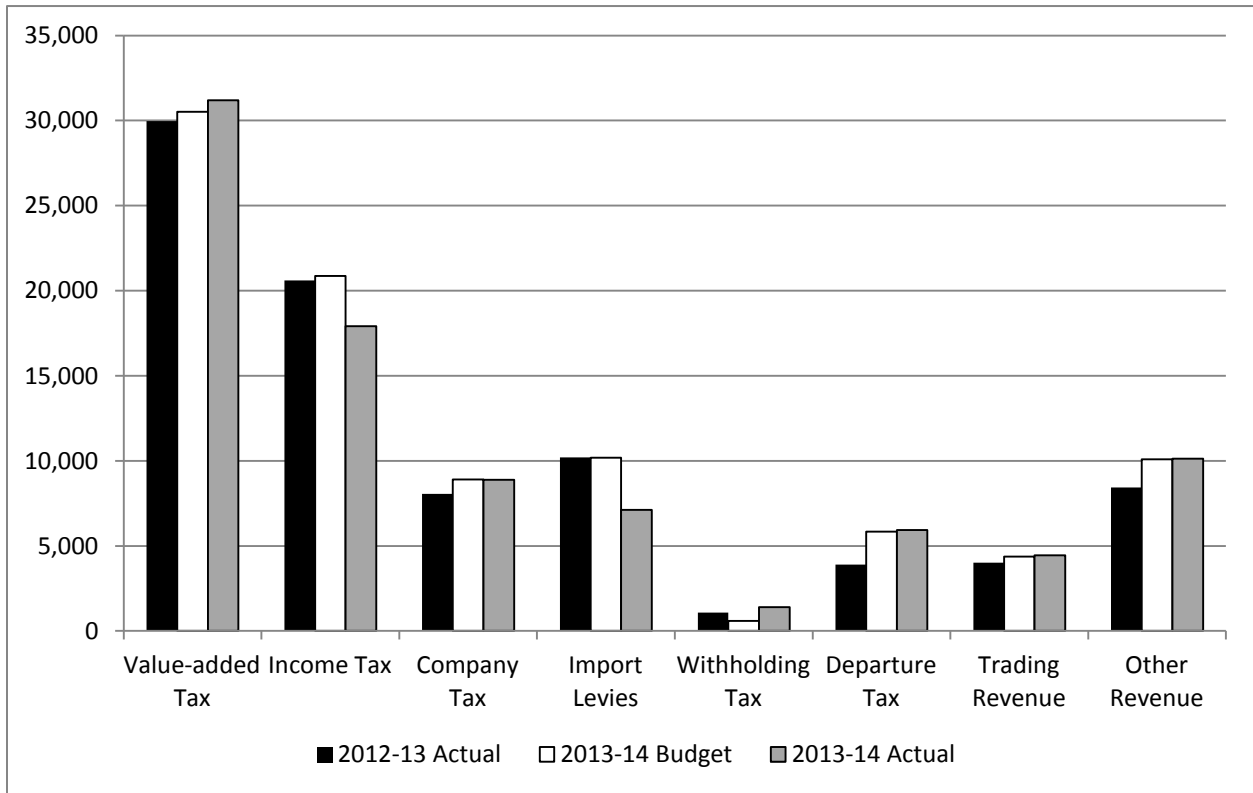
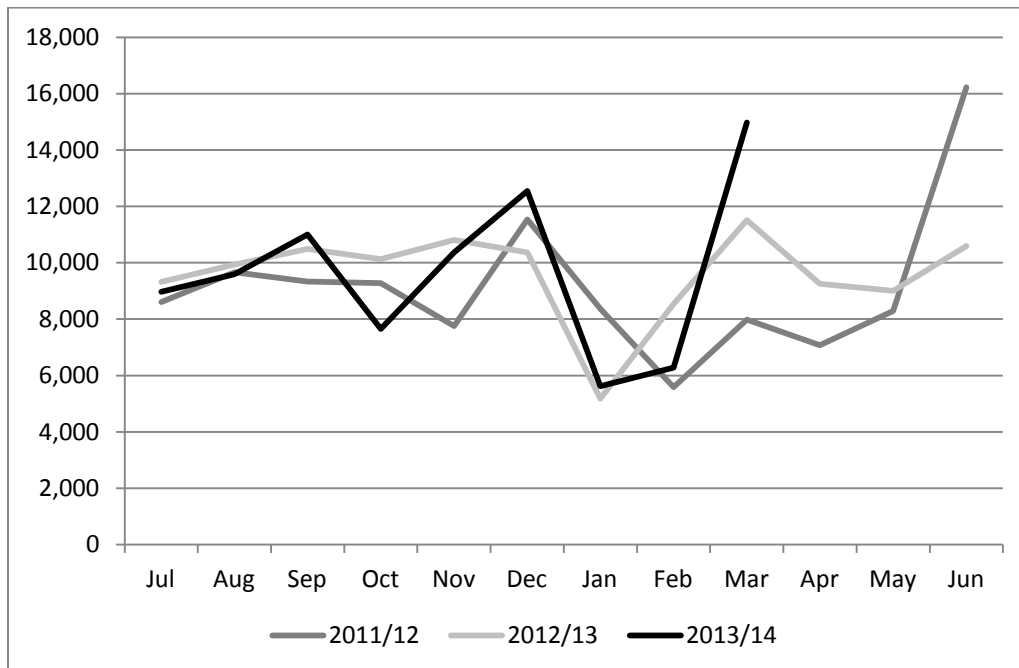


Figure 2
Net Operating Revenue Trends

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



General Government Expenditure Analysis

Payments on Behalf of Crown (POBOCs)

Table 6

Payments on Behalf of Crown – March 2014 YTD

Actual 2012/13 ('000)		Budget 2013/14 ('000)	Actual 2013/14 ('000)	Variance ('000)	%
6,885	Air New Zealand Underwrite	9,450	7,371	2,079	22
1,062	Apex (Toa) Profit Support	1,125	712	413	37
9,786	Welfare Payment	10,252	10,231	21	0.002
163	Social Responsibility Fund	165	165	-	-
1,804	Civil List	1,794	1,851	(57)	(3)
9,052	Other POBOCs	10,148	9,501	647	6
28,751	Total POBOCs	32,933	29,830	3,103	9

Overall POBOC expenditures were lower than the estimated March 2014 budget by \$3.1 million mainly attributable to the savings made on the Air New Zealand subsidy.

Table 7

Welfare Payments - March 2014 YTD

Actual 2012/13 ('000)		Budget 2013/14 ('000)	Actual 2013/14 ('000)	Variance ('000)	%
<i>Legislated Payments</i>					
1,964	Child Benefit	1,928	1,948	(20)	(1)
212	New Born Allowance	232	181	51	22
6,462	Old Age Pension	6,741	6,952	(211)	(3)
317	Destitute & Infirm Persons Payment	311	297	14	5
20	Maternity Leave	144	46	98	68
<i>Non-legislated Welfare Payments</i>					
234	Caregiver's Allowance	230	202	27	12
285	Christmas Bonus	300	280	20	7
117	Funeral Allowance	126	175	(49)	(39)
40	Power Subsidy	60	36	24	39
26	Special Assistance	72	13	59	81
109	BCI Transaction Fee	108	101	7	7
9,786	Total Welfare Payments	10,252	10,231	21	0.002

Appropriation Analysis

Table 8

Ministries, Agencies & Ministerial Office Appropriation Analysis – March 2014 YTD

Actual 2012/13 ('000)		Budget 2013/14 ('000)	Actual 2013/14 ('000)	Variance ('000)	%
27,857	Personnel	29,528	28,245	1,283	4
9,524	Operating	9,513	9,326	187	2
1,192	Depreciation	2,092	1,409	683	33
3,236	Trading Revenue	3,466	3,522	56	2
35,337	Net Appropriation	37,667	35,458	(2,209)	(6)

There was an overall savings of 6 per cent in the net appropriations of ministries and ministerial support offices at the March 2014 quarter, amounting to approximately \$2.2 million.

Personnel

Personnel expenditure for the March quarter was \$1.3 million lower than budget estimates (-4 per cent). Out of 32 ministries, agencies and ministerial offices, 28 had savings while 4 had overspent. The savings are caused by vacancies existing in agencies which remain to be filled or have only been filled in the current quarter.

Operating

Operating expenditure for the March quarter was \$0.187 million lower than the budget estimates (-2 per cent). A total of 22 ministries made savings while 10 overspent their respective budgets half way through the financial year. The main contributors to this savings are the Pearl Authority (planned activities to eventuate in the final quarter) and Ministry of Education (operating costs reimbursed through NZ Aid).

Depreciation

Depreciation expenditure was \$0.683 million lower than the March 2014 budget (-33 per cent). A number of ministries have fully depreciated assets which they have budgeted for that are still in working condition while other planned capital purchases are expected to happen in the next half of the financial year.

Trading Revenue

Trading revenue in the March 2014 quarter was \$0.056 million higher than the budget estimate (2 per cent). This continuous increase has been consistent with the ministries since the beginning of the financial year as they review their revenue policies and collect proper charges to their services.

Table 9
Pa Enuu (Outer Islands) Appropriation Analysis – March 2014 YTD

Actual 2012/13 (‘000)		Budget 2013/14 (‘000)	Actual 2013/14 (‘000)	Variance (‘000)	%
3,414	Personnel	4,416	4,348	68	2
1,223	Operating	1,809	1,652	157	9
591	Depreciation	763	583	180	24
781	Trading Revenue	904	933	29	3
4,447	Net Appropriation	6,084	5,650	(434)	(7)

Personnel

Personnel expenditure for the March 2014 quarter was \$0.068 million lower than budget estimates (-2 per cent) as a result of a number of vacant positions in the Administration Offices of Aitutaki (4), Mangaia (2) and Mitiaro (1).

Operating

Operating expenditure for the March 2014 quarter was \$0.157 million lower than the budget estimates (-9 per cent). These savings were attributed to decreases in fuel and oil expense of \$0.085 million due to delayed purchasing of fuel in Atiu, Pukapuka and Manihiki; and a decrease in plant and equipment as well as repairs and maintenance of \$0.051 million due to the late purchase of fixtures.

Depreciation

Depreciation expenditure was \$0.180 million lower than the March 2014 budget (-24 per cent). These savings were mainly caused by the use of inaccurate and incomplete fixed asset registers of Island Administrations to establish budget estimates - Pukapuka \$0.023 million, Mitiaro \$0.012 million, Atiu \$0.007 million, Mangaia \$0.008 million, Mauke \$0.006 million and Aitutaki on \$0.009 million. The Ministry of Finance in partnership with the Office of the Prime Minister has carried out a fixed asset stock take on all southern group islands in the months of February and March 2014. It is expected that this exercise will yield more accurate and complete asset registers for the southern group islands in their respective 30 June 2014 annual financial statements.

Trading Revenue

Trading revenue in the March 2014 quarter was \$0.029 million higher than the budget estimate (3 per cent). This was attributed to increased revenue in Aitutaki as a result of the Vaimaru Project \$0.028 million, proper power readings in Mauke \$0.047 million and the Harbour Project in Mangaia \$0.020 million.

Other General Government Operating Expenditure

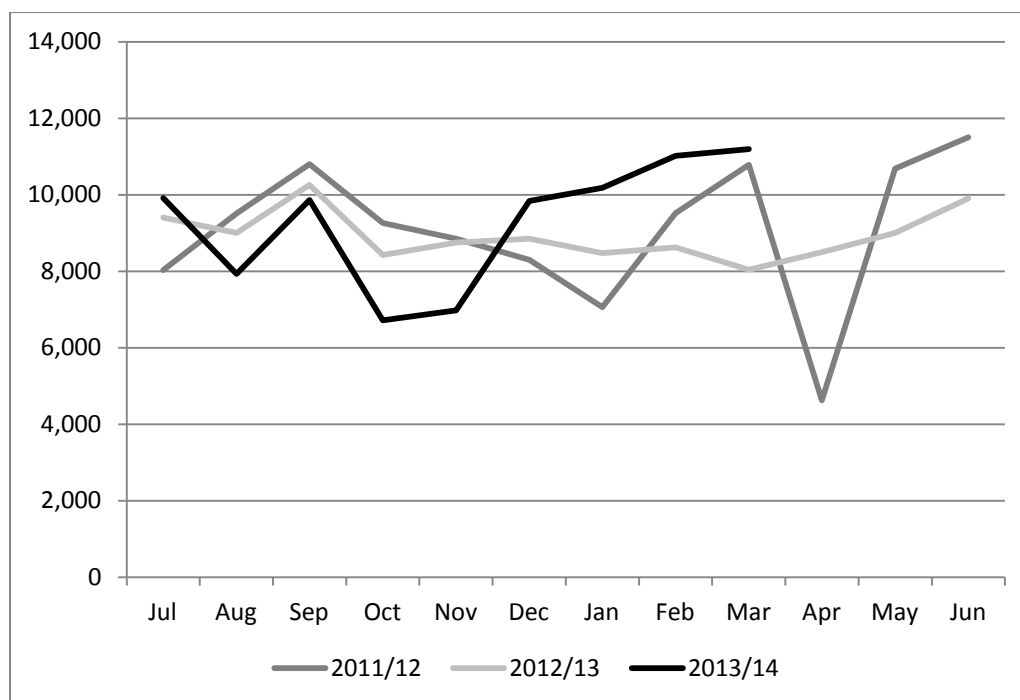
Other operating costs for the General Government sector are 26 per cent under the March 2014 budget estimates. The most significant variation contributing to this decrease is the crown infrastructure depreciation as a result of a higher number of asset transfers anticipated.

Table 10
Other General Government Operating Expenditure – March 2014 YTD

Actual 2012/13 ('000)		Budget 2013/14 ('000)	Actual 2013/14 ('000)	Variance ('000)	%
1,807	Airport Authority	1,536	1,536	-	-
136	Bank of Cook Islands	181	146	35	19
263	Te Aponga Uira	263	263	-	-
150	Ports Authority	-	-	-	-
1,680	Asset Management	1,572	1,572	-	-
466	Debt Servicing Interest	1,072	1,056	16	1
138	Contingency Funds - Operating	125	129	(4)	(3)
2,609	Crown Infrastructure Depreciation	3,802	1,617	2,185	57
-	ADB Share Capital	27	23	4	14
7,249	Total Other Operating	8,577	6,342	2,235	26

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

Figure 3
Net Operating Expenditure Trends



State Owned Entities (SOEs) Quarterly Reporting

All SOEs are now required to report financial performance to MFEM on a quarterly basis.

The table below summarises the March 2014 quarter performances of Cook Islands Investment Corporation (CIIC), Airport Authority, the 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 11
SOE Quarterly Reporting - March 2014

	Budget 2013/14	Actual 2013/14	Variance	
	('000)	('000)	('000)	%
Personnel	6,906	6,318	589	9
Operating	16,987	17,556	(569)	(3)
Depreciation	4,258	5,237	(978)	(23)
Trading Revenue	26,769	28,670	1,901	7
Net Activity	1,382	440	(942)	(68)

Personnel

Personnel expenditure for the March 2014 quarter was \$0.589 million lower than budget estimates (-9 per cent). This was mainly due to the delayed filling of new/ vacant positions and restructuring due to staff movements at Te Aponga Uira (\$0.396 million); and a new structure for the Airport Authority that has not as yet been fully incorporated although they were budgeted for 12 months (\$0.276 million).

Operating

Operating expenditure for the March 2014 quarter was \$0.569 million higher than the budget estimates (3 per cent). Significant overspends were reported by Te Aponga (\$0.246 million) as a result of unexpected engine failures and hiring of additional generators; and BCI as a result of unbudgeted costs associated with their new overseas board member and high provision for doubtful debts.

Depreciation

Depreciation expenditure was \$0.978 million higher than the March 2014 budget (23 per cent). This was mainly driven by Te Aponga Uira's assets revaluations and the adjustment of depreciation rates (\$1.6 million).

Trading Revenue

Trading revenue in the March 2014 quarter was \$1.9 million higher than the budget estimate (7 per cent). Te Aponga Uira reported \$0.948 million more than budget as a result of increases in energy consumption for the quarters and Airport Authority reported \$0.319 million more than budget as a result of extra flights and higher sale of concessionaires. The other SOEs reported increases against budget due to increase in commercial activity.

Crown Borrowings

The Crown's gross borrowing for the March 2014 quarter was \$98.6 million, an increase of \$13 million from the December 2013 quarter. This increase was attributable to:

- an unfavourable movement in exchange rates against the New Zealand Dollar (NZD) of \$2.2 million;
- offset by repayment of principal of \$1.1 million during the quarter;
- China – Rarotonga Water Ring Main Upgrade of \$16.3 million

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

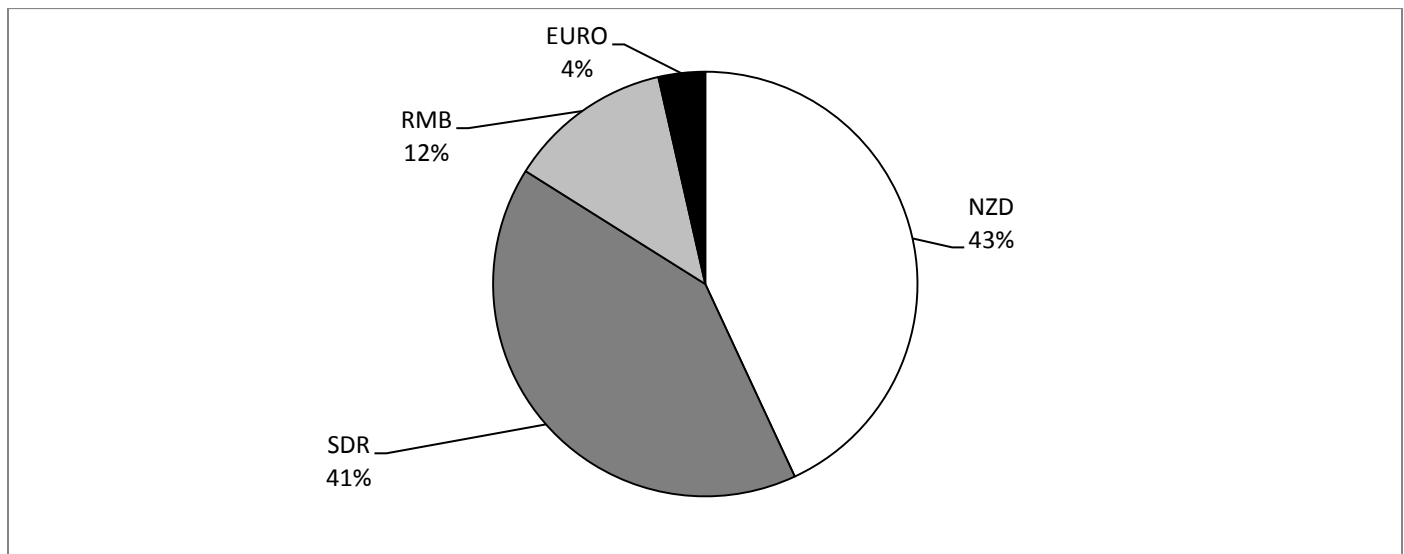
Table 12
Average Exchange Rates Used

Foreign Exchange Currency	31 Dec 2013 Average	31 March 2014 Average	Changes
EUR	0.5944	0.6160	-0.0216
USD	0.8202	0.8517	-0.0315
CNY	4.9718	5.2550	-0.2832
SDR	0.5301	0.5509	-0.0208

The unrealised foreign exchange gain of \$2.2 million is largely the effect of the negative movement in the Special Drawing Rights (SDR) as about 41 per cent of the total government borrowing is denominated in SDR as illustrated in Figure 4.

Net borrowings by the General Government for this quarter were \$55.5 million, a \$15.9 million increase from the December 2013 quarter. This increase is made up of \$2.2 million foreign exchange adjustment, \$1.1 in principal repayments and the drawdown of the China – Rarotonga Water Ring Main Upgrade of \$16.3 million.

Figure 4
Composition of Crown Debt by Currency



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

Table 13 below summarised Crown's estimated debt position for March 2014 quarter.

Table 13
Crown Borrowings – March 2014 YTD

Loan	Source (Currency)	Original Loan Amount in Currency ('000)	Loan Start Date	Loan Finalisation Date	Dec 13 Balance ('000)	Principal Payments ('000)	FOREX Adjustment ('000)	Loan Drawn Down	March 14 Balance ('000)	Change Dec 13 Qtr ('000)
New Zealand GSF Loan	NZD	5,849	Nov-80	Jun-13	0	-	-	-	-	-
Caisse Francais Development Loans	EURO	5,413	Jan-99	Sep-18	3,043	(30)	(106)	-	2,907	(136)
Import-Export Bank of China	CNY	67,260	Aug-08	Aug-28	10,734	-	(578)	-	10,156	(578)
China - Rarotonga Water Ring Project	CNY	118,000	Dec-12	Dec-13				16,274	16,274	16,274
ADB 461 Multi Project Loan	SDR	1,000	Nov-80	Aug-20	700	(49)	(25)	-	626	(74)
ADB 567 01st CIDB Loan	SDR	1,500	Jul-82	Apr-22	622	(3)	(23)	-	596	(26)
ADB 849 2nd Multi-Project Loan	SDR	2,067	Dec-87	Aug-27	2,116	(74)	(76)	-	1,966	(150)
ADB 1031 TCI Loan	SDR	3,541	Oct-90	Aug-30	4,910	(141)	(178)	-	4,591	(319)
ADB 1155 2nd CIDB Loan	SDR	939	Mar-92	Dec-31	1,228	-	(45)	-	1,183	(45)
ADB 1171 TCI Emergency Loan	SDR	291	Aug-92	Jun-32	423	-	(16)	-	407	(16)
ADB 1309 Pearl Loan	SDR	336	Dec-94	Aug-34	458	(6)	(16)	-	436	(22)
ADB 1317 Education Loan	SDR	1,836	Feb-95	Aug-34	2,787	(33)	(103)	-	2,651	(136)
ADB 1380 3rd CIDB Loan	SDR	1,538	Jan-96	Sep-35	2,305	(27)	(84)	-	2,194	(111)
ADB 1466 Economic Restructuring Loan	SDR	3,430	Sep-96	Sep-36	5,090	(58)	(187)	-	4,845	(245)
ADB 1588 Cyclone Emergency Rehab Loan	SDR	1,895	Jun-05	Jun-45	852	(9)	(32)	-	811	(41)
ADB 1832 Waste Management Loan	SDR	1,695	Dec-01	Jun-33	2,424	-	(90)	-	2,334	(90)
ADB 2174 Cyclone Emergency Assist Loan	SDR	1,895	Jun-05	Jun-45	3,349	-	(124)	-	3,225	(124)
ADB 2472 Avatiu Port Development	NZD	10,309	Sep-09	Nov-33	10,309	-	-	-	10,309	-
ADB 2473 Avatiu Port Development	SDR	4,524	Sep-09	Nov-40	7,769	-	(287)	-	7,482	(287)
ADB 2739 Amend Avatiu Port Development	USD	4,700	Dec-11	Nov-35	5,614	-	(208)	-	5,406	(208)
ADB 29 Economic Restructuring Loan 2	NZD	7,250	Dec-12	Dec-28	7,250	-	-	-	7,250	0
ADB 2565 Economic Restructuring Loan 1	NZD	11,053	Jan-10	Oct-24	10,374	(502)	-	-	9,872	(502)
ANZ - Airport Authority	NZD	8,100	Apr-11	Apr-16	3,243	(158)	-	-	3,085	(158)
Total Gross Borrowings					85,600	(1,090)	(2,178)	16,274	98,607	13,006
<i>Total Loans with ADB</i>					68,580	(901)	(1,494)	-	66,185	(2,395)
<i>Total Loans with Other Sources</i>					17,020	(188)	(684)	16,274	32,422	15,402
Total Gross Borrowings					85,600	(1,090)	(2,178)	16,274	98,607	13,006
Less Loan Reserve					19,076	(2,210)	-	-	16,866	-
Net Borrowing by the Crown					66,524	1,120	(2,178)	16,274	81,741	15,216
Less Avatiu Port Development					23,692	-	(495)	-	23,197	(495)
Less ANZ - Airport Authority					3,243	(158)	-	-	3,085	(158)
Net Borrowing by the General Government					39,589	1,278	(1,683)	16,274	55,458	15,869

General Government Cash Reserves

General government cash reserves at the March 2014 quarter were \$18.3 million, an decrease of \$1 million from the Dec 2013 quarter.

Table 14
Cash Reserves – March 2013 YTD

	Sept 13 Qtr ('000)	Dec 13 Qtr ('000)	March 14 Qtr ('000)	Change Dec 13 Qtr ('000)
Total Term Deposit at the Bank				
Westpac	3,067	3,120	3,126	6
ANZ	33,667	35,374	33,119	(2,255)
ANZ - ADB USD 10 million	3,900	3,907	3,920	13
BCI	10,502	17,752	18,010	258
Total Term Deposit at the Bank	51,136	60,153	58,175	(1,978)
Committed:				
Trust Fund General Reserve	2,911	2,911	2,911	-
Disaster Response Trust ¹	468	468	468	-
Loan Reserve Fund ²	19,076	19,076	19,076	-
ADB Economic Recovery loan - Project pending ³	3,900	11,157	11,170	13
Trust Account Deposit ⁴	2,766	2,766	2,766	-
Carry Forward Contingency – OPEX ⁵	500	500	500	-
Working Capital ⁶	3,000	3,000	3,000	-
Total Commitment for this year	32,621	39,878	39,891	13
Estimated General Cash Reserve	18,515	20,275	18,284	1,991

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

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

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

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

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

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

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

Official Development Assistance (ODA)

The Development Coordination Division (DCD) of MFEM administers all international development assistance. It is estimated that ODA accounts for 14 per cent of the national economy and 30 per cent of the national budget in 2013/14.

This chapter has been amended to incorporate the COFOG classifications required for GFS reporting purposes.

The Education Sector is funded by NZ Aid twice per financial year. The 2nd and Last Tranche of funds were disbursed in the 3rd quarter for the full financial year

The Economic Affairs variance relates to good spending in the Tourism Industry and the Pearl Revitalisation programmes funded by NZ Aid including Funds from European Union for TCF PE3, the Public Sector Reform TA and the Asset Management TA funded by ADB however there are delays in the spend for the FAO projects

The General Public Service under expenditure is due to delays contracting the renewable energy installation in the Northern Cook Islands, delay to the payment of the EU Budget Support and to a lesser extent delays to contracting in regards to Te Mato Vai.

The Environmental Protection variance is due to 3rd party expenses under the PAC project (Mangaia Harbour) not being included in this report and to lesser extent expenditure on SRIC is also slow than expected (Southern Group Water Tanks).

Community Activities are over budget due to timing differences in the approval and expenditure on India Funded projects.

The Health variance is due to 3rd party expenses under the WHO (TA) projects not being included in this report and the UNFPA (HIV Aids) project delayed due to contracts just being signed.

The variance to Social Protection is due to delays in the social welfare review.

Table 15

ODA Expenditure - March 2014 YTD

	General Public Service	Defence	Public Order & Safety	Economic Affairs	Environ Protection	Housing & Community Amenities	Health	Recreation, Culture & Religion	Education	Social Protection	TOTAL DONOR
<u>ADB</u>											
YTD Budget	735	-	-	825	-	-	-	-	-	293	1,852
YTD Actual	620	-	-	86	-	-	-	-	-	154	859
\$ Variance	115	-	-	739	-	-	-	-	-	139	993
% Variance	16	-	-	90	-	-	-	-	-	47	54
<u>NZAID</u>											
YTD Budget	16,856	551	-	4,335	-	-	375	-	2,453	574	25,143
YTD Actual	2,203	-	-	3,947	-	70	241	-	3,325	160	9,946
\$ Variance	14,652	551	-	388	-	(70)	134	-	(872)	414	15,197
% Variance	87	100	-	9	-	-	36	-	(36)	72	60
<u>UNDP</u>											
YTD Budget	-	-	-	182	2,031	-	461	-	-	-	2,674
YTD Actual	-	-	-	0	492	15	-	-	-	-	506
\$ Variance	-	-	-	182	1,540	(15)	461	-	-	-	2,168
% Variance	-	-	-	100	76	(100)	100	-	-	-	100
<u>AusAID</u>											
YTD Budget	945	-	-	-	67	-	-	-	-	131	1,142
YTD Actual	-	-	-	-	190	-	-	-	-	38	228
\$ Variance	945	-	-	-	(124)	-	-	-	-	93	914
% Variance	100	-	-	-	(100)	-	-	-	-	-	80
<u>China</u>											
YTD Budget	8,265	-	-	771	-	-	-	-	-	-	9,036
YTD Actual	-	-	-	-	-	-	-	-	-	-	-
\$ Variance	8,265	-	-	771	-	-	-	-	-	-	9,036
% Variance	100	-	-	100	-	-	-	-	-	-	100
<u>India</u>											
YTD Budget	-	-	-	-	-	113	-	-	-	-	113
YTD Actual	0	-	-	-	-	241	-	-	-	-	242
\$ Variance	(0)	-	-	-	-	(129)	-	-	-	-	(129)
% Variance	-	-	-	-	-	(115)	-	-	-	-	(115)

	General Public Service	Defence	Public Order & Safety	Economic Affairs	Environ Protection	Housing & Community Amenities	Health	Recreation, Culture & Religion	Education	Social Protection	TOTAL DONOR
<u>EU</u>											
YTD Budget	1,200	-	-	60	368	-	-	-	-	-	1,628
YTD Actual	285	-	-	84	12	-	-	-	-	-	381
\$ Variance	915	-	-	(24)	356	-	-	-	-	-	1,246
% Variance	76	-	-	(40)	97	-	-	-	-	-	77
<u>PEC (Japan)</u>											
YTD Budget	2,543	-	-	-	-	-	-	-	-	-	2,543
YTD Actual	48	-	-	-	-	-	-	-	-	-	48
\$ Variance	2,495	-	-	-	-	-	-	-	-	-	2,495
% Variance	98	-	-	-	-	-	-	-	-	-	(100)
<u>GEF</u>											
YTD Budget	-	-	-	43	1,016	-	146	-	-	-	1,204
YTD Actual	-	-	-	-	189	-	-	-	-	-	189
\$ Variance	-	-	-	43	827	-	146	-	-	-	1,016
% Variance	-	-	-	100	81	-	-	-	-	-	84
<u>UNESCO</u>											
YTD Budget	-	-	-	-	-	-	-	-	64	-	64
YTD Actual	-	-	-	-	-	-	-	-	79	-	79
\$ Variance	-	-	-	-	-	-	-	-	(16)	-	(16)
% Variance	-	-	-	-	-	-	-	-	(25)	-	(25)
<u>TOTAL COFOG</u>											
YTD Budget	30,543	551	-	6,215	3,481	113	983	-	2,516	997	45,398
YTD Actual	3,156	-	-	4,117	883	327	241	-	3,404	351	12,479
\$ Variance	27,386	551	-	2,098	2,598	(214)	742	-	(888)	646	32,919
% Variance	90	100	-	34	75	(190)	76	-	(35)	65	73

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

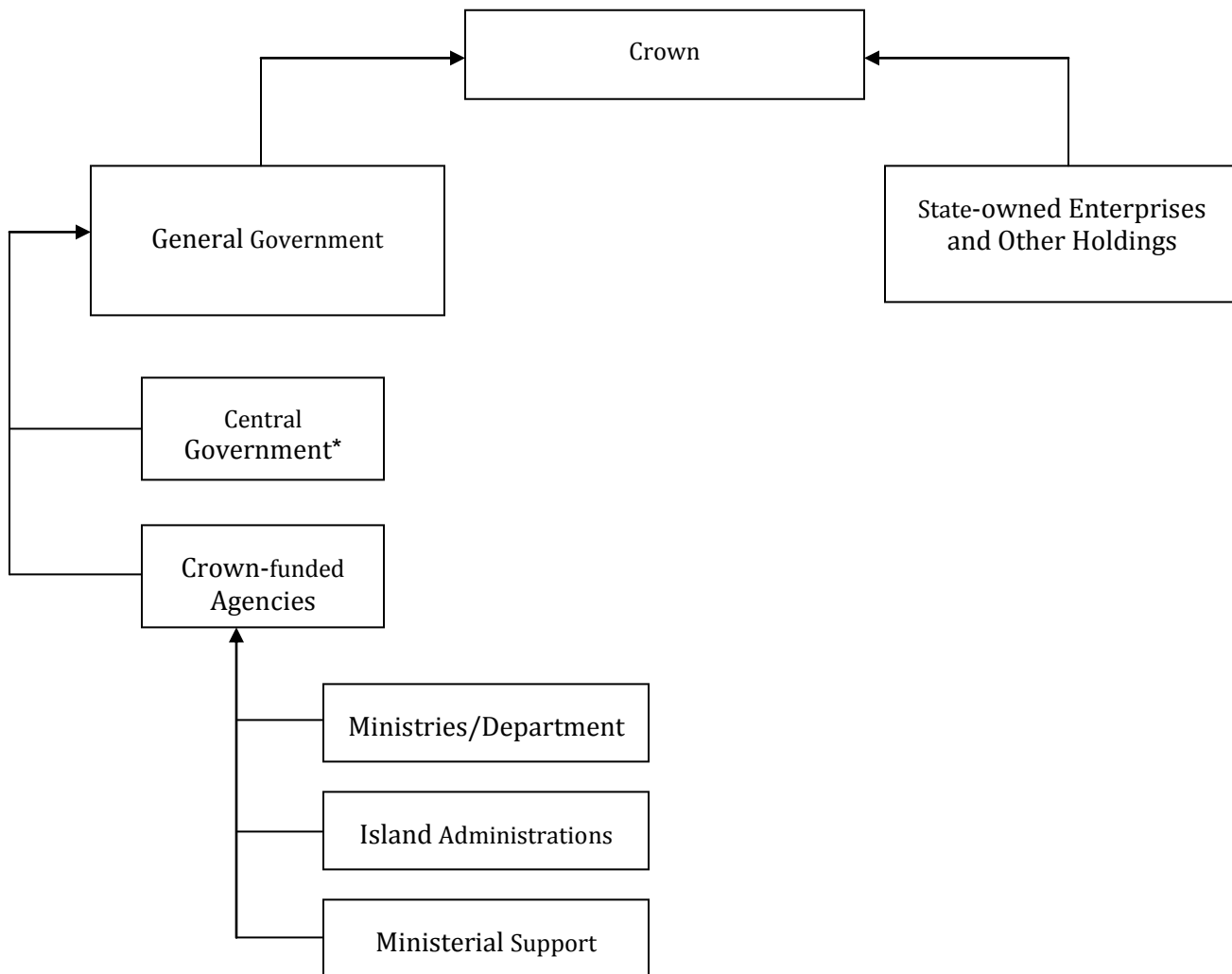
Appropriations are the funding-source provided by the Crown (as a Central Government entity) to allow the recipients (Crown-funded Agencies – see term below) to carry out their purposed operations.

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