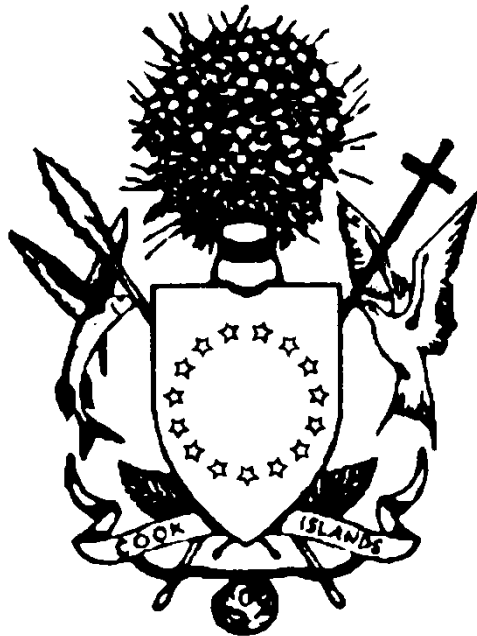

**COOK ISLANDS GOVERNMENT
APPROPRIATION
AMENDMENT
2012/2013**



**Hon. Mark Brown
Minister of Finance
February 2013**

**COOK ISLANDS GOVERNMENT
 APPROPRIATION AMENDMENT BILL 2012/13
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20th February 2013

STATEMENT OF RESPONSIBILITY

I have read the Financial Secretary's Statement of Responsibility and concur with him regarding the preparation of the 2012/13 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).

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 2012/13 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', written in a cursive style.

Honorable Mark Brown

Minister of Finance



**MINISTRY OF FINANCE AND ECONOMIC MANAGEMENT
GOVERNMENT OF THE COOK ISLANDS**

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STATEMENT OF RESPONSIBILITY

The 2012/2013 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 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.

Yours sincerely,

A large, stylized handwritten signature in black ink, which appears to be 'Richard Neves'. The signature is written over the text 'Yours sincerely,' and 'Richard Neves'.

Richard Neves

Financial Secretary

20th February 2013



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 2012 (“the principal Act”) in order to accommodate the necessary adjustments to the appropriation to ensure Government’s initiatives are sufficiently appropriated in addition to recognise and appropriate for increased revenue received by the Crown. The Bill will include a provision of capital funded through the general cash reserves 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** provides that, on enactment, the Bill will be called the Appropriation Amendment Act 2012/2013.
- Clause 2** this Act applies to the year ending on the thirtieth day of June 2013 (“the year”).
- Clause 3** makes it clear the Bill is to amend the Appropriation Act 2012/13.
- Clause 4** amends the current appropriation for the financial year 2012/13 to reflect the adjustments in expenditure.
- Clause 5** deletes Schedules 1(a), 1(b), 2, 3, 4 and the Summary and substitutes new Schedules and Summary reflecting the adjustments to expenditure undertaken by Government.
-

Hon. Mark Brown



Appropriation Amendment Bill 2013

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Ministry Appropriations

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Benefits and Other Unrequited Expenses

Schedule 3

Borrowing Expenses and Debt Repayment

Schedule 4

Other Expenses

Summary

An Act to amend the Appropriation Act 2012

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 Title
This Act is the Appropriation Amendment Act 2012/2013.

2 Application
This Act applies to the year ending on the thirtieth day of June 2012 ("the year").

3 Principal Act amended
This Act amends the Appropriation Act 2012.

4 Grant and appropriation out of the Cook Islands Government Account
Subsection (1) of section 3 is amended by omitting the amount “\$179,069,133”, and substituting the amount “\$190,117,869”.

5 New Schedules and Summary
Schedules 1(a), 1(b), 2, 3, 4, and the Summary are deleted and substituting the Schedules and Summary set out in the Schedule to this Act.

Schedule 1(a)
Ministry Appropriations

Ministry	Gross Operating Appropriation	Trading Revenue	Net Operating Appropriation	POBOCS	Capital Expenditure	Total Gross Appropriation	Total Net Appropriation
Agriculture	878,330	90,535	787,795	0	0	878,330	787,795
Audit (PERCA)	1,023,422	178,700	844,722	0	0	1,023,422	844,722
Crown Law	614,932	0	614,932	70,000	0	684,932	684,932
Cultural Development	861,683	175,000	686,683	960,500	0	1,822,183	1,647,183
Business Trade & Investment Board	679,002	0	679,002	0	0	679,002	679,002
Education	9,957,271	0	9,957,271	2,890,062	110,000	12,957,333	12,957,333
Environment	1,025,001	20,000	1,005,001	0	0	1,025,001	1,005,001
Finance & Economic Management	3,090,111	453,500	2,636,611	14,650,867	5,000	17,745,978	17,292,478
Financial Intelligence Unit	0	0	0	0	0	0	0
Financial Services Development Authority	433,415	0	433,415	0	0	433,415	433,415
Foreign Affairs	1,644,985	8,000	1,636,985	1,077,032	157,000	2,879,017	2,871,017
Head Of State	210,281	0	210,281	15,000	0	225,281	225,281
Health	10,092,313	400,000	9,692,313	1,142,800	645,000	11,880,113	11,480,113
Human Resource Development	0	0	0	0	0	0	0
Infrastructure and Planning	2,408,733	183,326	2,225,407	100,000	3,468,693	5,977,427	5,794,101
Internal Affairs	1,146,955	6,000	1,140,955	13,952,800	0	15,099,755	15,093,755
Justice	1,875,183	467,765	1,407,418	217,000	43,000	2,135,183	1,667,418
Marine Resources	1,264,748	15,000	1,249,748	200,000	0	1,464,748	1,449,748
Ombudsman	239,141	0	239,141	0	0	239,141	239,141
Parliamentary Services	599,345	8,419	590,926	2,807,602	0	3,406,947	3,398,528
Pearl Authority	482,026	0	482,026	0	0	482,026	482,026
Police	3,588,856	69,360	3,519,496	230,000	10,000	3,828,856	3,759,496
Prime Minister's Office	1,116,194	0	1,116,194	195,000	115,000	1,426,194	1,426,194
Public Service Commission	419,057	0	419,057	1,138,279	180,000	1,737,336	1,737,336
Tourism Corporation	4,179,446	0	4,179,446	2,000,000	0	6,179,446	6,179,446
Transport	675,626	36,000	639,626	352,273	0	1,027,899	991,899
CIIC	0	0	0	100,000	933,300	1,033,300	1,033,300
Cook Islands Seabed Minerals Authority	0	0	0	290,000	0	290,000	290,000
Total Ministries	48,506,056	2,111,605	46,394,451	42,389,215	5,666,993	96,562,265	94,450,660
Outer Islands (Refer Schedule 1 (b))	11,215,302	3,097,635	8,117,667	0	263,000	11,478,302	8,380,667

Ministerial Support								
Prime Minister	375,250	0	375,250	0	0	375,250	375,250	
Deputy Prime Minister	310,000	0	310,000	0	0	310,000	310,000	
Minister Mark Brown	285,000	0	285,000	0	0	285,000	285,000	
Minister Teariki Heather	205,000	0	205,000	0	0	205,000	205,000	
Minister Nandi Glassie	205,000	0	205,000	0	0	205,000	205,000	
Minister Teina Bishop	205,000	0	205,000	0	0	205,000	205,000	
Leader Of Opposition	205,000	0	205,000	0	0	205,000	205,000	
Capital Distribution Fund - Administered by MFEM	21,420	0	21,420	0	220,000	241,420	241,420	
Gross Total	61,533,028	5,209,240	56,323,788	42,389,215	6,068,994	110,072,237	104,822,997	

Schedule 1(b)
Ministry Appropriations

Island	Gross Operating Appropriation	Trading Revenue	Net Operating Appropriation	POBOCs	Capital Expenditure	Total Gross Appropriation	Total Net Appropriation
Aitutaki	1,517,774	48,250	1,469,524	0	0	1,517,774	1,469,524
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	821,912	119,200	702,712	0	0	821,912	702,712
Mauke	932,907	142,576	790,331	0	0	932,907	790,331
Mitiaro	577,032	65,650	511,382	0	0	577,032	511,382
Palmerston	348,773	22,100	326,673	0	0	348,773	326,673
Penrhyn	592,672	75,500	517,172	0	0	592,672	517,172
Pukapuka-Nassau	965,687	48,471	917,216	0	0	965,687	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	153,000	153,000	153,000
Gross Total	11,215,302	3,097,635	8,117,667	0	263,000	11,478,302	8,380,667

Schedule 2
Benefits and Other Unrequited Expenses

Category of Benefit	Budget Estimate	Supplementary Estimates
	2012/13	2012/13
Welfare Payments	13,095,800	13,095,800
Parliamentary Superannuation	180,000	180,000
Total Benefits and Other Unrequited Expenses	13,275,800	13,275,800

Schedule 3
Borrowing Expenses and Debt Repayment

	Budget Estimate	Supplementary Estimates
	2012/13	2012/13
Gross Debt Servicing (see Schedule 9)	4,409,642	4,784,433
Total Borrowing Expenses and Debt Repayment	4,409,642	4,784,433

Schedule 4
Other Expenses

Category of Expense	Budget Estimate	Supplementary Estimates
	2012/13	2012/13
Airport Authority	1,704,000	1,704,000
Airport Authority - Capital	343,997	343,997
Airport Authority - Outer Island Airport Upgrades - Feasibility Study	206,000	206,000
Airport Authority - Upgrade Government VIP Lounge	330,000	330,000
Bank of the Cook Islands	181,000	181,000
Ports Authority - Infrastructure	200,000	200,000
Te Aponga Uira	350,000	350,000
Te Aponga Uira - Capital	800,000	800,000
Building Maintenance	1,800,000	1,800,000
Contingency Funds - Capital Expenditure	50,000	50,000
Contingency Funds - Operating	100,000	184,300
Crown Infrastructure Depreciation	3,478,150	3,478,150
Expenditure of ADB Loan	7,550,000	7,550,000
Expenditure of Chinese Loans	0	8,848,519
Foreign Aid	47,498,150	48,465,680
ADB Share Capital	26,600	26,600
Emergency Response Trust Fund	0	268,096
Transfer to Reserve Trust Fund	474,857	474,857
Total Other Expenses	65,092,254	75,261,199

Summary

Category of Payment	Budget Estimate 2012/13	Supplementary Estimates 2012/13
Schedule 1 - Ministry Outputs (Gross), POBOCs and Capital Expenditure (Excluding Benefits and other Unrequited Expenses)	96,291,437	96,796,436
Schedule 2 - Benefits and Other Unrequited Expenses	13,275,800	13,275,800
Schedule 3 - Borrowing Expenses and Debt repayment	4,409,642	4,784,433
Schedule 4 - Other Expenses	65,092,254	75,261,199
TOTAL APPROPRIATION	179,069,133	190,117,869

This Act is administered by the Ministry of Finance and Economic Management.

Printed under the authority of the Cook Islands Parliament—2013.

STATEMENT OF FISCAL RESPONSIBILITY

Operating Revenue and Expenditure Statement for the year ended 30 June 2013

All Values (\$'000)

	2012-13 Budget Estimates	2012-13 Supplementary Estimates	Variance
Operating Revenue			
Taxation Revenue	94,871	94,971	100
Other Crown Revenue	6,601	6,780	179
Trading Revenue	5,209	5,209	0
Interest on Loans to Subsidiaries	203	203	-0
Dividends	2,100	2,240	140
Interest on Balances	1,824	1,824	0
Total Operating Revenue	110,808	111,227	419
Operating Expenditure			
Ministry Outputs	61,497	61,533	36
<i>Personnel</i>	42,545	42,545	-0
<i>Operating</i>	15,467	15,503	36
<i>Depreciation</i>	3,485	3,485	0
Payments on Behalf of the Crown (for Operating Expenses)	43,182	42,389	-793
Airport Authority	1,704	1,704	0
Airport Authority - Outer Island Airport Upgrades - Feasibility Study	206	206	0
Airport Authority - Upgrade Government VIP Lounge	330	330	0
Bank of the Cook Islands	181	181	0
Ports Authority - Infrastructure	200	200	0
Te Aponga Uira	350	350	0
Debt Servicing Interest	993	1,368	375
Building Maintenance	1,800	1,800	0
Crown Infrastructure Depreciation	3,478	3,478	0
Disaster/ Contingency Operating Expenses	100	184	84
Total Operating Expenses	114,021	113,724	-297
Fiscal Operating Surplus/(Shortfall)	-3,213	-2,496	717

STATEMENT OF FISCAL RESPONSIBILITY
Financing and Applications Statement for the year ended 30 June 2013
All Values (\$'000)

	2012-13 Budget Estimates	2012-13 Supplementary Estimates	Variance
Reductions in Net Borrowings			
Loan Disbursements	-7,550	-16,399	-8,849
Loan Repayments	3,416	3,416	0
Loan Repayments by Subsidiaries	0	0	0
	-4,134	-12,982	-8,848
Capital Expenditures			
Ministries and Outer Islands (Including CIIC Capital)	4,888	6,150	1,262
Infrastructure Capital Investment in SOEs			0
<i>Airport Authority</i>	344	344	0
<i>Te Aponga Uira</i>	800	800	0
POBOCs classified as Capital Expenditure	0	0	0
Contingency	50	50	0
	6,082	7,344	1,262
Foreign Aid			
Receipts	-47,498	-48,465	-967
Expenditure	47,498	48,465	967
	0	0	0
Other Committed Considerations			
Economic Restructure Package (Expenditure of ADB Loan)	7,550	7,550	0
Expenditure of China Loans	0	8,849	8,849
Expenditure of European Investment Bank Loans	0	0	0
Increase in Reserve Trust Fund	475	475	0
Emergency Response Trust Fund	0	268	268
On-Lent Loans to Ports Authority	0	0	0
Air New Zealand - Subsidy	0	0	0
ADB Share Capital	27	27	0
	8,051	17,168	9,117
Total	9,999	11,530	1,531
To be Funded by			
Operating Surplus	-3,213	-2,496	717
Depreciation	6,963	6,963	0
Loan Reserve Financing	1,529	1,529	0
Emergency Response Trust Fund	0	268	268
Drawdown from Government Reserves	0	513	513
Total Funding Items	5,279	6,777	1,498
Net Surplus/Shortfall	-	4,720	-
		4,753	33

STATEMENT OF FISCAL RESPONSIBILITY

The fiscal responsibility statement sets out the operating revenue and expenditure to clearly demonstrate that the Government 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”.

Operating Revenue and Expenditure Statement

The Statement of Government Operations statement shows an underlying operating balance of \$0.824 million compared to a surplus of \$0.098 million at the time of the original Budget in June 2012.

Total operating revenue had been revised and resulted in an upward revision for the estimate in 2012/13 to \$112.5 million during the time of the Budget Policy Statement and Half Year Economic and Fiscal Update 2012/13. This represents a \$1.4 million increase over the estimated total operating revenue at the time of the original Budget. This increased revenue is predominantly due to higher than anticipated visitor numbers.

Total operating expenditure estimated for 2012/13 has increased to \$113.9 million, this is a slight increase of \$0.700 million over the original appropriation for 2012/13.

Gross operational expenditure by Ministries has increased by a minor \$0.036 million from \$61.4 million to \$61.5 million.

- An additional \$0.020 million to MFEM for legal advice sought in relation to current financial obligations which was not envisaged at the time of the Budget.
- An additional \$0.016 million to the Ministry of Foreign Affairs and Immigration for protocol and other additional costs associated with officials travel.

Schedule 2 (a) provides a comparative analysis of Ministry appropriations showing an overall increase of 0.2 per cent in gross appropriation.

The financial changes to the operating expenditure can be seen in greater detail below.

1.1.1 PAYMENTS ON BEHALF OF CROWN (POBOC)

Payments on Behalf of Crown (POBOCs) have reduced by \$0.793 million to \$42.4 million. POBOC adjustments are included in table 1.1 and further explained below in detail.

Table 1.1 – POBOC Items

Ministry	POBOC Items	Supplementary 12/13	Budget 13/14	Budget 14/15
CULTURE	Overspend Te Maeva Nui POBOC	153,000	0	0
MARINE	Transfer Seabed Minerals POBOC	- 370,000	0	0
SBM	Transfer Seabed Minerals POBOC	290,000	0	0
PARLIAMENT	Increase Civil List	175,000	0	0
MFEM	Golf Club-Mini Games	50,000	0	0
MFEM	Reduction to Air NZ Subsidy	- 1,300,000	0	0
MFAI	Pacific Leaders Forum	209,000	0	0
Total POBOC Items		- 793,000	0	0

Overspend Te Maeva Nui POBOC

The Te Maeva Nui Constitution Celebrations Payment exceeded the (POBOC) appropriation in the 2012/13 Budget. This particular POBOC is administered by the Ministry of Culture. The major driver of the overspend was the requirement to transport additional people back to Penrhyn Island. A majority of passengers were expected to return to their respective islands via the Samoan vessel Lady Naomi. The vessel was unable to transport everyone back as it had reached maximum capacity. A number of passengers were provided with an alternative option of transportation. This involved the chartering of six planes with Air Rarotonga and utilising KWAI Shipping to transport cargo. This unforeseen event was not factored into the original budget.

Transfers between Organs of Government

The creation of the Seabed Mining Authority will require an appropriation, it is proposed to sequester the POBOC provided to the Ministry of Marine Resources and provide the Seabed Mining Authority with sufficient funds to operate until 30 June 2013. The budget will be sufficient for operational concerns. This will result in net savings of \$0.08 million.

Increase Civil List POBOC

An increase of \$0.175 million to the Civil List to cover expenditure constraints which have occurred through the Civil List. It should be noted that the final appropriation of \$2.447 million is below the actual expenditure for 2010/11 (\$2.585 million) and 2011/12 (\$2.591 million).

Cook Islands Golf Organisation

A one off payment of \$0.050 million to the Rarotonga Golf Club for a long standing claim on works undertaken by the club to prepare the greens to an agreed standard for the Pacific Mini Games in 2009.

Reduction to Air New Zealand Subsidy

A net saving of \$1.3 million has been identified in the Air New Zealand Subsidy POBOC as a result of higher than anticipated visitor numbers that in turn supported positive loadings. It is important to note that the net savings have only been reduced in the current financial year as there is uncertainty going forward as we continue to be exposed to volatile global fuel prices.

Pacific Forum Leaders meeting

A total of \$1.5 million was appropriated for the purposes of the Pacific island Leaders Forum. After the 2012/13 Budget the Government of New Zealand confirmed further assistance of \$0.209 million for the charter of planes to transport leaders to Aitutaki for the Leaders meeting.

1.2 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:

1.2.1 CAPITAL EXPENDITURE

Capital expenditure to ministries has increased by \$1.262 million to \$6.1 million in 2012/13 which will be partly funded by the cash reserves of Government, these include:

- the purchase of a new ambulance for Rarotonga;
- the purchase of a new cabinet to hold additional servers in MFEM as the consolidation of IT services within Government continues;
- measuring equipment associated with the Rarotonga water upgrade which is required now to enable master planning processes;
- immediate commencement of the Manihiki Harbours upgrade;
- commencement of work on the Vaimaru water intakes on Aitutaki – at the time of the Budget this was programmed against the UNFCC SRIC fund, but this has since changed;
- the purchase of new furniture for the new Immigration office that will be relocating next to the Public Service Commission; and
- the purchase of a Hino HIAB 6 ton Crane for Mauke.

Table 1.2 – Capital Expenditure Items

Ministry	Capital Item	Supplementary 12/13	Budget 13/14	Budget 14/15
Health	Ambulance	150,000	0	0
MFEM	Cabinet Server	5,000	0	0
MOIP	Water Equipment for Rarotonga Upgrade	260,000	0	0
MOIP	Manahiki Harbour Upgrade	500,000	2,000,000	300,000
MOIP	Vaimaru Water Upgrade	150,000	44,000	0
MFAI	Immigration Furniture	7,000	0	0
MAUKE	Hoist Hiab Crane for Mauke	190,000	0	0
Total Non Operating Items		1,262,000	2,044,000	300,000

The following narrative provides detailed information relating to the major capital projects that have been accounted for in the Supplementary Budget 2012/13 as follows:

Manihiki Harbour Upgrade

Tauhunu Harbour was severely damaged by Cyclone Martin in 1997. Both Tauhunu and Tukao Harbours are unprotected and the quays are in bad condition creating conditions of poor safety, delays in unloading lighters, and damage to vessels and cargoes.

This project will repair and improve both harbours to provide a greater degree of safety and protection for existing lighters and cargoes, and make provision for landing barge operations in future. Inter-island services from Rarotonga are infrequent (once every 2 months) and both harbours also serve boats operating to Rakahanga. It is impractical to open the lagoon to inter-island ships or to develop a larger harbour for Manihiki. The harbours are the lifeline for both Manihiki and Rakahanga, and the immediate need is to repair both harbours, provide better

protection for boats and improve the quays to increase efficiency of loading and unloading operations.

Ambulance

The Ministry of Health has requested the purchase urgent of a new ambulance. The two Ambulances currently used by the Rarotonga Hospital are old, being used for 11 and eight years respectively. The replacement of the 2001 Ambulance is high priority. The Ambulance is the first medical response vehicle to an emergency situation in the community and it is reassuring to have a new and well equipped Ambulance vehicle at any emergency scene. A new Ambulance also inspires confidence in the health services provided.

Vaimaru Water Upgrade

The Vaimaru pump station is located inland from the main harbour in Arutanga. The station was demolished by the cyclone in February last year. However this was quickly repaired into a workable state and was used as the main portable water supply for the island community after the cyclone. The project involves the construction of a new concrete pump station, the installation of a suitable pump in the gallery and the laying of water delivery line from Vaimaru to the 90,000 litre water tank located at the hospital ground in Takapora. The primary objective is to improve the water supply to the main Aitutaki Township, Arutanga, Reureu and Nikaupara.

Water Equipment for Rarotonga Water Upgrade

The Water Partnership project the total estimate cost of works and equipment purchase for network model building to cost \$0.26 million. The following works will be required to enable data collection for building network model as per AECOM Master Plan Scoping Report. This will include the preparation to field test for the network model. Other data to be collected for this project if not already obtained is raw water quality, this will enable decisions to be made regarding the most appropriate treatment.

Hoist HIAB Crane for Mauke

The Hoist HIAB Crane will serve to unload the cargo boat, and other services that require lifting of the 6 ton pieces. The current Hoist truck is 25 years old and is regularly breaking down. Maintenance is costly in both parts and time wasted.

1.2.2 OFFICIAL DEVELOPMENT ASSISTANCE (ODA)

Official Development Assistance has increased by \$0.967 million to \$48.5 million to reflect minor adjustments with development partners committing additional funds that were not appropriated at the time of the Budget.

Table 1.3 – ODA Items

Ministry	ODA Items	Supplementary 12/13	Budget 13/14	Budget 14/15
OPM	Secretariat of the Pacific Community (SPC) and EU climate change adaptation funds	300,000	0	0
EDUCATION	UNESCO funds for the Partnerships program	189,176	0	0
MFEM	Pacific Forum Secretariat Small Islands States development fund	68,096	0	0
MFAI	Pacific Forum leaders meeting	209,000	0	0
INTAFF	Australia Gender Equality Initiative	201,258	0	0
Total ODA Items		967,530	0	0

Secretariat of the Pacific Community (SPC) and EU climate change adaptation funds

The main goal of this project is to improve the environment in the atolls of the Cook Islands in which pearl farming and artisanal and small scale commercial fishing practices are undertaken. This will enhance the capacity of the vulnerable communities on these atolls to adapt to the impacts of a changing climate.

There are two other streams of work which will provide assistance for a Climate Change advisor at OPM and also technical assistance for MFEM to set up systems that will enable direct access to climate change finance. Allocation for 2012/13 is estimated at \$0.100 million.

UNESCO funds for the Partnerships program

The Participation Programme complements UNESCO's planned activities by allowing Member States to analyse and evaluate their countries' needs in relation to the Organization's activities and to implement small projects. UNESCO is the specialized agency of the United Nations with specific responsibility for education, natural sciences, social and human sciences, culture and communication.

Projects approved under the Participation Programme are often a preparation for large-scale national projects, which are themselves funded by international funding agencies or the national budget of the Member State. The Ministry of Education is the National Commission and responsible for managing the Participation fund. Indicative project budget for 2012/13 is \$193,295.

Pacific Forum Secretariat Small Islands States development fund

The fund is administered by the SIS Program Unit of the Pacific Islands Forum Secretariat (PIFS). It was established in 1987, in recognition of the inability of the Smaller Island States (SIS) to take equal advantage of regional assistance, and the donors' wish to do extra to help the SIS. The Cook Islands is 1 of 7 members of the SIS, the others being Kiribati, Marshall Islands, Nauru, Niue, Palau and Tuvalu. Each member is entitled to their own share of the fund. The objective of the fund is to provide a quick and flexible response to crucial components of the SIS development programs which are not covered by other aid programs and that make an important contribution to improving the social and economic welfare of SIS.

The Cook Islands 2012/13 allocation of NZ\$0.057 million is earmarked for disaster relief initiatives and has been transferred into the Disaster Emergency Trust Fund (DE-TF).

Australia Gender Equality Initiative

Pacific Women Shaping Pacific Development is a 10-year regional initiative aiming to improve the political, economic and social opportunities of Pacific women. Between 2012 and 2022, the \$320 million initiative will support gender equality through partnerships with Pacific governments, civil society organisations, local advocacy groups, the private sector, and multilateral, regional and United Nations agencies. Work will be carried out across three key areas:

- Increasing the proportion of Pacific women in leadership and decision-making roles, both nationally and locally.
- Increasing economic opportunities for women through improved access to financial services and markets.
- Improving safety for women through better services for survivors of violence, preventing violence, and access to justice.

Internal affairs will be the focal point for the programme and AUD160,000 is allocated for 2012/13 to support the delivery of the *National Policy on Gender Equality and Women's Empowerment Implementation Plan 2011-2016*. Projects proposed for an initial two-year period are: (i) strengthening capacity for gender responsive development towards an enabling environment for the full participation of women in economic development; and (ii) strengthening capacity towards the elimination of violence against women.

1.2.3 OTHER FUNDS

Table 1.4 – Other Expenditure Items

Ministry	Other Funds	Supplementary 12/13	Budget 13/14	Budget 14/15
MFEM	Emergency Response Trust Fund	268,096	0	0
MFEM	Top up contingency fund	84,300	0	0
MFEM	Interest on Debt Servicing	374,791	0	0
MFEM	Chinese Loan	8,848,519	0	0
Total Other Funds		9,575,706	0	0

Emergency Response Trust Fund

A top up to the Emergency Response Trust Fund, this fund is to be used for an immediate response in the case of a natural disaster. The objective is to have a fund of \$1 million. Currently the fund is at \$0.2 million. There will be an addition of \$0.268 million to the fund, which comprises \$0.068 million from the Pacific Forum Secretariat Small Island States Development Fund, and a further \$0.2 million from the budget. The balance of in the fund will be \$0.468 million.

This Trust Fund will enable us to be responsive to the needs of our people in times of natural disasters through immediate access to resources. Though moderate, the commitment to be prepared at all times positions our country favourably among our people and development partners, and opens opportunities for attracting further international resources into this Trust Fund.

Contingency Fund

The Crown is committed to increasing the Contingency Fund to cover emergencies and unexpected crown obligations in the near future. Currently, \$0.094 million has been spent from the \$0.1 million which was budgeted for the Contingency Reserve; these expenditures should be appropriated and the Contingency Reserve replenished in order to pay for unforeseen and urgent

expenditures which may arise in the remainder of the financial year. Expenditures from by the Contingency Reserve approved by Cabinet are the following:

- cost associated with state funerals for Sir Geoff Henry and Sir Terepai Maoate;
- legal fees associated with the Health Ministry and St Mary's medical school;
- costs associated with the Toa mediation which were unpaid; and
- election costs associated with the Mangaia election.

Interest on Debt Servicing

A \$0.375 million debt servicing payment for the establishment of a loan from the Export Import Bank of China, this consists of the following payments:

- a management fee of 1 per cent on total amount of the loan \$0.226 million;
- Interest of 2.2 per cent on the disbursed amount \$0.097million and
- a commitment fee 0.75 per cent on the undrawn balance of \$0.052 million.

People's Republic of China Loan

The Crown has committed to new borrowings from the Peoples Republic of China. The first drawdown of \$8.848 million (from the total \$22 million) is to upgrade the Rarotonga water ring main. This part of the loan is expected to be drawn down in the second half of this fiscal year.

1.2.4 FINANCIAL STATEMENTS

The financial statements published in the Budget Policy Statement and Half Year Economic and Fiscal Update 2012/13 (December 2012) have been updated by the Ministry of Finance and Economic Management.

The bulk 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 is up-to-date.

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

Reconciliation of Operating Statement

Statement of Government Operations	2012/13	2013/14	2014/15
Net Underlying Operating balance Budget 2012/13 (June)	98	-1,191	1,149
Revenue			
<i>Parameter Changes</i>	344	908	826
<i>Decisions</i>	209	0	0
ODA - Pacific Leaders Forum	209	0	0
Total Revenue Changes	553	908	826
Expenditure			
<i>Parameter Changes</i>	-600	0	0
Air New Zealand - Underwrite subsidy	-600	0	0
<i>Decisions</i>	281	0	0
Contingency - State Funeral Cost	47	0	0
Contingency Legal Fees Ministry of Health	25	0	0
POBOC - Pacific Leaders Forum	209	0	0
Total Expenditure Changes	-319	0	0
FINAL UNDERLYING NET OPERATING BUDGET BALANCE at BPS (December 2012)	970	-283	1,975
<u>Adjustment via the Supplementary Budget</u>			
Revenue			
Parameter Changes	75	75	75
Decisions	759	0	0
Pacific Forum Secretariat SIS development fund ERTF	68	0	0
Secretariat of the Pacific Community (SPC) and EU climate change adaptation funds	300	0	0
UNESCO funds for the Partnerships program	189	0	0
Australia Gender Equality Initiative	201	0	0
Total Revenue Changes	834	0	0
TOTAL REVENUE	112,539	116,257	119,314
Expenditure			
Parameter Changes	0	0	0
Decisions	979	0	0
Air New Zealand - Underwrite subsidy	-700	0	0
Legal Assistance - MFEM	20	0	0
Joint Ministerial Forum - MFAI	16	0	0
Contingency - Government Mediation	3	0	0
Contingency - Mangaia Election	9	0	0
Overspend Te Maeva Nui POBOC	153	0	0
Emergency Response Trust Fund (ERTF)	268	0	0
Transfer Seabed Minerals POBOC - from MMR	-370	0	0
Transfer Seabed Minerals POBOC - to SMA	290	0	0
Increase Civil List	175	0	0

Statement of Government Operations	2012/13	2013/14	2014/15
Golf Club-Mini Games	50	0	0
Debt Service Interest - Chinese Loan	375	0	0
Committed Expenditure - Secretariat of the Pacific Community (SPC) and EU climate change adaptation funds	300	0	0
Committed Expenditure - UNESCO funds for the Partnerships program	189	0	0
Committed Expenditure - Australia Gender Equality Initiative	201	0	0
Total Expenditure Changes	979	0	0
TOTAL EXPENDITURE	113,968	115,632	116,513
Re-appropriated Capex Expenditure from previous years	2,253	0	0
FINAL UNDERLYING NET OPERATING BUDGET BALANCE as at Supplementary Estimates (February)	824	625	2,801

Schedule 1
Analysis of Adjustments to Ministry Votes

Ministry	Output	Capital	POBOC	ODA	OTHER	Total Adjustments to Vote Item
CULTURE Overspend Te Maeva Nui POBOC			153,000			153,000
MMR Transfer Seabed Mineral POBOC			-370,000			- 370,000
SEABED MINERALS AUTHORITY Transfer Seabed Mineral POBOC			290,000			290,000
Parliament Increase Civil List - Travel			175,000			175,000
MFEM Golf Club-Mini Games Legal Fees Reduction in Subsidy Server Cabinet Pacific Forum Secretariat small island states development fund	20,000	5,000	50,000 -1,300,000	68,096		- 1,156,904
MFAI Travel Costs Immigration Furniture Pacific Forum leaders meeting	16,000	7,000	209,000	209,000		23,000
MOIP Manihiki Harbour upgrade Water Equipment of Rarotonga Upgrade Vaimaru Water Upgrade		500,000 260,000 150,000				910,000
HEALTH Ambulance		150,000				150,000
MAUKE Capital and Equipment		190,000				190,000
OPM Secretariat of the Pacific Community (SPC) and EU Climate Change adaption funds				300,000		300,000

Ministry	Output	Capital	POBOC	ODA	OTHER	Total Adjustments to Vote Item
Education UNESCO funds for the partnerships program				189,176		189,176
INTAFF Australia Gender Equality Initiative				201,258		201,258
OTHER FUNDS Top up Contingency Fund Top up Natural Disaster Fund Interest on Debt Servicing Chinese Loan					84,300 268,096 374,791 8,848,519	9,575,706
Total Adjustments to Vote Item	36,000	1,262,000	-793,000	967,530	9,575,706	10,630,236

Schedule 2 (a)
Comparative Analysis of Ministry Operating Appropriations

Ministry	Budget Estimates 2012/13			Supplementary Estimate 2012/13			Gross Operating Variance	
	Gross Operating Appropriation	Trading Revenue	Net Operating Appropriation	Gross Operating Appropriation	Trading Revenue	Net Operating Appropriation	Amount	%
Agriculture	878,330	90,535	787,795	878,330	90,535	787,795	0	0.0%
Audit (PERCA)	1,023,422	178,700	844,722	1,023,422	178,700	844,722	0	0.0%
Crown Law	614,932	0	614,932	614,932	0	614,932	0	0.0%
Cultural Development	861,683	175,000	686,683	861,683	175,000	686,683	0	0.0%
Business Trade & Investment Board	679,002	0	679,002	679,002	0	679,002	0	0.0%
Education	9,957,271	0	9,957,271	9,957,271	0	9,957,271	0	0.0%
Environment	1,025,001	20,000	1,005,001	1,025,001	20,000	1,005,001	0	0.0%
Finance & Economic Management	3,070,111	453,500	2,616,611	3,090,111	453,500	2,636,611	20,000	0.8%
Financial Intelligence Unit	0	0	0	0	0	0	0	0.0%
Financial Services Development Authority	433,415	0	433,415	433,415	0	433,415	0	0.0%
Foreign Affairs	1,628,985	8,000	1,620,985	1,644,985	8,000	1,636,985	16,000	1.0%
Head Of State	210,281	0	210,281	210,281	0	210,281	0	0.0%
Health	10,092,313	400,000	9,692,313	10,092,313	400,000	9,692,313	0	0.0%
Human Resource Development	0	0	0	0	0	0	0	0.0%
Infrastructure and Planning	2,408,733	183,326	2,225,407	2,408,733	183,326	2,225,407	0	0.0%
Internal Affairs	1,146,955	6,000	1,140,955	1,146,955	6,000	1,140,955	0	0.0%
Justice	1,875,183	467,765	1,407,418	1,875,183	467,765	1,407,418	0	0.0%
Marine Resources	1,264,748	15,000	1,249,748	1,264,748	15,000	1,249,748	0	0.0%
Ombudsman	239,141	0	239,141	239,141	0	239,141	0	0.0%
Parliamentary Services	599,345	8,419	590,926	599,345	8,419	590,926	0	0.0%
Pearl Authority	482,026	0	482,026	482,026	0	482,026	0	0.0%
Police	3,588,856	69,360	3,519,496	3,588,856	69,360	3,519,496	0	0.0%
Prime Minister's Office	1,116,194	0	1,116,194	1,116,194	0	1,116,194	0	0.0%
Public Service Commission	419,057	0	419,057	419,057	0	419,057	0	0.0%
Tourism Corporation	4,179,446	0	4,179,446	4,179,446	0	4,179,446	0	0.0%
Transport	675,626	36,000	639,626	675,626	36,000	639,626	0	0.0%
CIIC	0	0	0	0	0	0	0	0.0%
Total Ministries	48,470,056	2,111,605	46,358,451	48,506,056	2,111,605	46,394,451	36,000	1.8%
Outer Islands (Refer Schedule 1 (b))	11,215,302	3,097,635	8,117,667	11,215,302	3,097,635	8,117,667	0	0.0%
MINISTERIAL SUPPORT								
Prime Minister	375,250	0	375,250	375,250	0	375,250	0	0.0%
Deputy Prime Minister	310,000	0	310,000	310,000	0	310,000	0	0.0%
Minister Mark Brown	285,000	0	285,000	285,000	0	285,000	0	0.0%
Minister Teariki 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		21,420	21,420	0	21,420	0	0.0%
Gross Total	61,497,028	5,209,240	56,287,788	61,533,028	5,209,240	56,323,788	0	0.0%

Schedule 2 (b)
Comparative Analysis of Outer Island Appropriations

Ministry	Budget 2012-13			Supplementary Estimates 2012-13			Gross Operating Variance	
	Gross Operating Appropriation	Trading Revenue	Net Operating Appropriation	Gross Operating Appropriation	Trading Revenue	Net Operating Appropriation	Amount	%
Aitutaki	1,517,774	48,250	1,469,524	1,517,774	48,250	1,469,524	0	0.0%
Autitaki Power Supply	2,213,333	1,864,293	349,040	2,213,333	1,864,293	349,040	0	0.0%
Atiu	1,194,315	264,620	929,695	1,194,315	264,620	929,695	0	0.0%
Mangaia	1,556,569	387,522	1,169,047	1,556,569	387,522	1,169,047	0	0.0%
Manihiki	821,912	119,200	702,712	821,912	119,200	702,712	0	0.0%
Mauke	932,907	142,576	790,331	932,907	142,576	790,331	0	0.0%
Mitiaro	577,032	65,650	511,382	577,032	65,650	511,382	0	0.0%
Palmerston	348,773	22,100	326,673	348,773	22,100	326,673	0	0.0%
Penrhyn	592,672	75,500	517,172	592,672	75,500	517,172	0	0.0%
Pukapuka-Nassau	965,687	48,471	917,216	965,687	48,471	917,216	0	0.0%
Rakahanga	480,578	59,453	421,125	480,578	59,453	421,125	0	0.0%
Outer Island Capital Fund - Administered by MFEM	13,750	0	13,750	13,750	0	13,750	0	0.0%
Outer Island Capital Fund - Administered by MOIP	0	0	0	0	0	0	0	0.0%
Gross Total	11,215,302	3,097,635	8,117,667	11,215,302	3,097,635	8,117,667	0	0.0%

Schedule 3
Analysis of Ministries by Output

	Budget Estimate 2012/13			Supplementary Estimate 2012/13			Gross Change
	Gross Expenditure	Trading Revenue	Net Appropriation	Gross Expenditure	Trading Revenue	Net Appropriation	
AGRICULTURE							
Administration	108,292	0	108,292	108,292	0	108,292	0
Crop Research & Development	305,801	30,000	275,801	305,801	30,000	275,801	0
Bio-Security Management	328,454	59,535	268,919	328,454	59,535	268,919	0
Policy & Projects	74,790	0	74,790	74,790	0	74,790	0
Livestock Development	60,993	1,000	59,993	60,993	1,000	59,993	0
	878,330	90,535	787,795	878,330	90,535	787,795	0
AUDIT (PERCA)							
Crown Audit	159,302	15,000	144,302	159,302	15,000	144,302	0
Ministries, Crown Agencies and SOE Audits	493,296	148,700	344,596	493,296	148,700	344,596	0
Special Reviews and Investigations	332,912	15,000	317,912	332,912	15,000	317,912	0
Corporate Services	37,912	0	37,912	37,912	0	37,912	0
	1,023,422	178,700	844,722	1,023,422	178,700	844,722	0
CROWN LAW							
Legal Advisory	270,571	0	270,571	270,571	0	270,571	0
Litigation	202,927	0	202,927	202,927	0	202,927	0
Legislative Drafting	141,434	0	141,434	141,434	0	141,434	0
	614,932	0	614,932	614,932	0	614,932	0
CULTURAL DEVELOPMENT							
Corporate Services	322,790	6,000	316,790	322,790	6,000	316,790	0
Cultural National Identity	272,366	158,000	114,366	272,366	158,000	114,366	0
Cultural Heritage	132,168	6,000	126,168	132,168	6,000	126,168	0
Public Records & National Bibliography	134,359	5,000	129,359	134,359	5,000	129,359	0
	861,683	175,000	686,683	861,683	175,000	686,683	0
BUSINESS TRADE & INVESTMENT BOARD							
Business Support	159,451	0	159,451	159,451	0	159,451	0
Maximising Trade Opportunities	114,451	0	114,451	114,451	0	114,451	0
Foreign Direct Investment (FDI) Participation	98,451	0	98,451	98,451	0	98,451	0
Regulation & Compliance	46,237	0	46,237	46,237	0	46,237	0
Finance & Administration Support	260,410	0	260,410	260,410	0	260,410	0
	679,000	0	679,000	679,000	0	679,000	0

	Budget Estimate 2012/13			Supplementary Estimate 2012/13			Gross Change
	Gross Expenditure	Trading Revenue	Net Appropriation	Gross Expenditure	Trading Revenue	Net Appropriation	
EDUCATION							
Taku Ipukarea Kia Rangatira	290,108	0	290,108	290,108	0	290,108	0
Learning and Teaching	713,116	0	713,116	713,116	0	713,116	0
Learning and the Community	432,700	0	432,700	432,700	0	432,700	0
Infrastructure and Support	8,257,300	0	8,257,300	8,257,300	0	8,257,300	0
Corporate Services	264,046	0	264,046	264,046	0	264,046	0
	9,957,270	0	9,957,270	9,957,270	0	9,957,270	0
ENVIRONMENT (TU'ANGA TAPOROPORO)							
Advisory & Compliance	354,812	10,000	344,812	354,812	10,000	344,812	0
Island Futures	310,761	10,000	300,761	310,761	10,000	300,761	0
Corporate Services	359,429	0	359,429	359,429	0	359,429	0
	1,025,001	20,000	1,005,001	1,025,001	20,000	1,005,001	0
FINANCE AND ECONOMIC MANAGEMENT							
Fiscal Advice	113,754	0	113,754	133,754	0	133,754	20,000
Fiscal and Economic Management	808,509	3,500	805,009	808,509	3,500	805,009	0
Taxation	1,280,855	450,000	830,855	1,280,855	450,000	830,855	0
Statistics	282,532	0	282,532	282,532	0	282,532	0
Development Coordination	279,487	0	279,487	279,487	0	279,487	0
Corporate Services	304,974	0	304,974	304,974	0	304,974	0
	3,070,111	453,500	2,616,611	3,090,111	453,500	2,636,611	20,000
FOREIGN AFFAIRS AND IMMIGRATION							
Enchancing Cook Islands relations with New Zealand & the Pacific	129,193	0	129,193	132,393	0	132,393	3,200
Promoting Cook Islands interests in the Broader International community	129,376	0	129,376	132,576	0	132,576	3,200
Promoting Cook Island regional & International trade Policy Interests	82,693	0	82,693	85,893	0	85,893	3,200
Enhance Participation in Global Institutions	98,471	0	98,471	101,671	0	101,671	3,200
Responsible & Effective Management of Immigration Service	253,945	0	253,945	253,945	0	253,945	0
Administration, Protocol & Overseas Representation	935,308	8,000	927,308	938,508	8,000	930,508	3,200
	1,628,985	8,000	1,620,985	1,644,985	8,000	1,636,985	16,000

	Budget Estimate 2012/13			Supplementary Estimate 2012/13			Gross Change
	Gross Expenditure	Trading Revenue	Net Appropriation	Gross Expenditure	Trading Revenue	Net Appropriation	
HEAD OF STATE							
Administrative Support	210,281	0	210,281	210,281	0	210,281	0
	210,281	0	210,281	210,281	0	210,281	0
HEALTH							
Community Health Services	1,727,216	90,000	1,637,216	1,727,216	90,000	1,637,216	0
Hospital Health Services	5,608,747	300,000	5,308,747	5,608,747	300,000	5,308,747	0
Outer Islands Health Services	2,029,571	10,000	2,019,571	2,029,571	10,000	2,019,571	0
Funding & Planning	726,779	0	726,779	726,779	0	726,779	0
	10,092,313	400,000	9,692,313	10,092,313	400,000	9,692,313	0
INFRASTRUCTURE & PLANNING							
Policy & Programmes	449,565	0	449,565	449,565	0	449,565	0
Regulatory Services	141,907	36,010	105,897	141,907	36,010	105,897	0
Civil Works	1,389,992	147,316	1,242,676	1,389,992	147,316	1,242,676	0
Funding & Planning	427,269	0	427,269	427,269	0	427,269	0
	2,408,733	183,326	2,225,407	2,408,733	183,326	2,225,407	0
INTERNAL AFFAIRS							
Welfare Payments	285,197	0	285,197	285,197	0	285,197	0
Social Policy	262,121	0	262,121	262,121	0	262,121	0
Labour & Employment	117,783	6,000	111,783	117,783	6,000	111,783	0
Consumer	72,287	0	72,287	72,287	0	72,287	0
Civil	143,601	0	143,601	143,601	0	143,601	0
Censorship	68,493	0	68,493	68,493	0	68,493	0
Corporate Services	197,473	0	197,473	197,473	0	197,473	0
	1,146,955	6,000	1,140,955	1,146,955	6,000	1,140,955	0
JUSTICE							
Court & Tribunal Services	470,810	110,000	360,810	470,810	110,000	360,810	0
Land Administration	320,828	142,730	178,098	320,828	142,730	178,098	0
Registry Services	134,532	151,335	-16,804	134,532	151,335	-16,804	0
Prison Services	507,361	63,700	443,661	507,361	63,700	443,661	0
Probation Services	217,866	0	217,866	217,866	0	217,866	0
Corporate & ICT Services	223,788	0	223,788	223,788	0	223,788	0
	1,875,183	467,765	1,407,418	1,875,183	467,765	1,407,418	0

	Budget Estimate 2012/13			Supplementary Estimate 2012/13			Gross Change
	Gross Expenditure	Trading Revenue	Net Appropriation	Gross Expenditure	Trading Revenue	Net Appropriation	
MARINE RESOURCES							
Offshore Fisheries	198,578	0	198,578	198,578	0	198,578	0
Pearl Industry Support	271,579	5,000	266,579	271,579	5,000	266,579	0
Inshore Fisheries and Aquaculture	393,658	10,000	383,658	393,658	10,000	383,658	0
Policy and Legal Services	92,400	0	92,400	92,400	0	92,400	0
Corporate Services	308,533	0	308,533	308,533	0	308,533	0
	1,264,748	15,000	1,249,748	1,264,748	15,000	1,249,748	0
OMBUDSMAN							
Receipt and effective investigation of complaints received or instigated by Ombudsman under the Ombudsman Act 1984	71,161	0	71,161	71,161	0	71,161	0
Receipt and effective investigation of complaints received by the Ombudsman under the Official Information Act 2008	59,493	0	59,493	59,493	0	59,493	0
Receipt and effective investigation of complaints received under the Disability Act 2008	36,162	0	36,162	36,162	0	36,162	0
Education and Awareness of the Investigative Regime of the Ombudsman	36,162	0	36,162	36,162	0	36,162	0
Establishment of Human Rights Division	36,162		36,162	36,162		36,162	0
	239,141	0	239,141	239,141	0	239,141	0
PARLIAMENTARY SERVICES							
Financial Managements (Civil list, Legislative Service PLPG & HOA & Koutu Nui	359,608	8,419	351,189	359,608	8,419	351,189	0
Parliament Administration & Services	149,836	0	149,836	149,836	0	149,836	0
Inter-Parliamentary Development & PLPG	89,902	0	89,902	89,902	0	89,902	0
	599,345	8,419	590,926	599,345	8,419	590,926	0
PEARL AUTHORITY							
Farm Support	17,000	0	17,000	17,000	0	17,000	0
Pearl Standards & Quality Control	55,535	0	55,535	55,535	0	55,535	0
Marketing Strategy	108,000	0	108,000	108,000	0	108,000	0
Industry Reform & Development	10,500	0	10,500	10,500	0	10,500	0
Management & Support Services	290,992	0	290,992	290,992	0	290,992	0
	482,026	0	482,026	482,026	0	482,026	0

	Budget Estimate 2012/13			Supplementary Estimate 2012/13			Gross Change
	Gross Expenditure	Trading Revenue	Net Appropriation	Gross Expenditure	Trading Revenue	Net Appropriation	
POLICE							
Proactive multi agency & community approach to problem solving	575,946	0	575,946	575,946	0	575,946	0
Intelligence led approach to Crime & Crash reduction	1,098,246	69,360	1,028,886	1,098,246	69,360	1,028,886	0
Quality investigations & prosecutions	591,337	0	591,337	591,337	0	591,337	0
Corporate Services	798,668	0	798,668	798,668	0	798,668	0
Maritime Policing	524,659	0	524,659	524,659	0	524,659	0
	3,588,856	69,360	3,519,496	3,588,856	69,360	3,519,496	0
PRIME MINISTER'S OFFICE							
Central Policy & Planning Office	204,532	0	204,532	204,532	0	204,532	0
Cabinet Services & Government Representative	267,603	0	267,603	267,603	0	267,603	0
Renewable Energy Development Division	95,809	0	95,809	95,809	0	95,809	0
Corporate Services	177,735	0	177,735	177,735	0	177,735	0
Information & Communication Technology	141,748	0	141,748	141,748	0	141,748	0
Emergency Management Cook Islands	105,542	0	105,542	105,542	0	105,542	0
Climate Change Cook Islands	65,500	0	65,500	65,500	0	65,500	0
Outer Islands Local Government	57,726	0	57,726	57,726	0	57,726	0
	1,116,194	0	1,116,194	1,116,194	0	1,116,194	0
PUBLIC SERVICE COMMISSION							
Good Governance	185,252	0	185,252	185,252	0	185,252	0
Human Resources	50,281	0	50,281	50,281	0	50,281	0
Performance Management	116,522	0	116,522	116,522	0	116,522	0
Corporate Services	67,002	0	67,002	67,002	0	67,002	0
	419,057	0	419,057	419,057	0	419,057	0
TOURISM CORPORATION							
Head Office	1,699,909	0	1,699,909	1,699,909	0	1,699,909	0
Destination Market	2,151,180	0	2,151,180	2,151,180	0	2,151,180	0
Destination Development	328,357	0	328,357	328,357	0	328,357	0
	4,179,446	0	4,179,446	4,179,446	0	4,179,446	0

	Budget Estimate 2012/13			Supplementary Estimate 2012/13			Gross Change
	Gross Expenditure	Trading Revenue	Net Appropriation	Gross Expenditure	Trading Revenue	Net Appropriation	
TRANSPORT							
Civil Aviation	84,052	0	84,052	84,052	0	84,052	0
Maritime Transport	122,387	0	122,387	122,387	0	122,387	0
Meteorological Service	327,408	36,000	291,408	327,408	36,000	291,408	0
Finance & Administration	141,779	0	141,779	141,779	0	141,779	0
	675,626	36,000	639,626	675,626	36,000	639,626	0
FINANCIAL SERVICES DEVELOPMENT AUTHORITY							
Develop Cook islands financial Service Industry	433,415	0	433,415	433,415	0	433,415	0
	433,415	0	433,415	433,415	0	433,415	0
OUTER ISLANDS							
Aitutaki							
Infrastructure	58,978	0	58,978	58,978	0	58,978	0
Energy	233,374	0	233,374	233,374	0	233,374	0
Finance & Administration	933,003	43,250	889,753	933,003	43,250	889,753	0
Island Council	82,435	3,000	79,435	82,435	3,000	79,435	0
Women,Youth,Sport, Culture	57,145	0	57,145	57,145	0	57,145	0
Agriculture	152,839	2,000	150,839	152,839	2,000	150,839	0
	1,517,774	48,250	1,469,524	1,517,774	48,250	1,469,524	0
Aitutaki Power Supply							
Electricity Supply	2,213,333	1,864,293	349,040	2,213,333	1,864,293	349,040	0
	2,213,333	1,864,293	349,040	2,213,333	1,864,293	349,040	0
Atiu							
Agriculture	88,353	11,000	77,353	88,353	11,000	77,353	0
Infrastructure	532,322	18,000	514,322	532,322	18,000	514,322	0
Energy	330,815	197,120	133,695	330,815	197,120	133,695	0
Corporate	184,624	3,500	181,124	184,624	3,500	181,124	0
Island Council	58,201	35,000	23,201	58,201	35,000	23,201	0
	1,194,315	264,620	929,695	1,194,315	264,620	929,695	0

	Budget Estimate 2012/13			Supplementary Estimate 2012/13			Gross Change
	Gross Expenditure	Trading Revenue	Net Appropriation	Gross Expenditure	Trading Revenue	Net Appropriation	
Mangaia							
Agriculture	178,098	6,400	171,698	178,098	6,400	171,698	0
Tourism & Community Development	56,012	7,779	48,233	56,012	7,779	48,233	0
Infrastructure Amenities	585,809	96,530	489,279	585,809	96,530	489,279	0
Public Utilities	541,760	272,200	269,560	541,760	272,200	269,560	0
Finance & Administration	140,724	1,000	139,724	140,724	1,000	139,724	0
Island Council	54,166	3,613	50,553	54,166	3,613	50,553	0
	1,556,569	387,522	1,169,047	1,556,569	387,522	1,169,047	0
Manihiki							0
Gender, Youth & Sports	16,518	200	16,318	16,518	200	16,318	0
Infrastructure	282,855	5,000	277,855	282,855	5,000	277,855	0
Energy	294,905	102,000	192,905	294,905	102,000	192,905	0
Finance and Administration	160,246	5,000	155,246	160,246	5,000	155,246	0
Island Council	42,290	5,000	37,290	42,290	5,000	37,290	0
Agriculture	25,098	2,000	23,098	25,098	2,000	23,098	0
	821,912	119,200	702,712	821,912	119,200	702,712	0
Mauke							
Infrastructure	289,008	13,500	275,508	289,008	13,500	275,508	0
Energy	306,183	112,500	193,683	306,183	112,500	193,683	0
Water	67,406	0	67,406	67,406	0	67,406	0
Finance & Administration	123,230	12,500	110,730	123,230	12,500	110,730	0
Agriculture	79,348	0	79,348	79,348	0	79,348	0
Gender & Development	17,328	0	17,328	17,328	0	17,328	0
Island Council	50,404	4,076	46,328	50,404	4,076	46,328	0
	932,907	142,576	790,331	932,907	142,576	790,331	0
Mitiaro							
Island Administration	124,723	350	124,373	124,723	350	124,373	0
Island Council	50,233	200	50,033	50,233	200	50,033	0
Social & Economic Growth	5,674	100	5,574	5,674	100	5,574	0
Infrastructure	242,782	9,500	233,282	242,782	9,500	233,282	0
Energy	115,433	52,000	63,433	115,433	52,000	63,433	0
Agriculture	38,187	3,500	34,687	38,187	3,500	34,687	0
	577,032	65,650	511,382	577,032	65,650	511,382	0

	Budget Estimate 2012/13			Supplementary Estimate 2012/13			Gross Change
	Gross Expenditure	Trading Revenue	Net Appropriation	Gross Expenditure	Trading Revenue	Net Appropriation	
Palmerston							
Island Administration	90,855	1,000	89,855	90,855	1,000	89,855	0
Agriculture	12,193	0	12,193	12,193	0	12,193	0
Education	97,152	0	97,152	97,152	0	97,152	0
Energy	62,061	20,000	42,061	62,061	20,000	42,061	0
Infrastructure	55,712	300	55,412	55,712	300	55,412	0
Island Council	30,800	800	30,000	30,800	800	30,000	0
	348,773	22,100	326,673	348,773	22,100	326,673	0
Penrhyn							
Gender, Youth & Sport	14,200	0	14,200	14,200	0	14,200	0
Infrastructure	127,462	6,000	121,462	127,462	6,000	121,462	0
Energy	232,680	69,500	163,180	232,680	69,500	163,180	0
Island Administration & Island Council	192,880	0	192,880	192,880	0	192,880	0
Agriculture	25,450	0	25,450	25,450	0	25,450	0
	592,672	75,500	517,172	592,672	75,500	517,172	0
Pukapuka and Nassau							
Infrastructure	530,411	10,300	520,111	530,411	10,300	520,111	0
Energy	91,142	16,000	75,142	91,142	16,000	75,142	0
Island Administration	161,067	5,431	155,636	161,067	5,431	155,636	0
Island Council	95,674	16,240	79,434	95,674	16,240	79,434	0
Women, Culture, Youth & Sport	34,090	0	34,090	34,090	0	34,090	0
Agriculture	53,304	500	52,804	53,304	500	52,804	0
	965,687	48,471	917,216	965,687	48,471	917,216	0
Rakahanga							
Agriculture	31,267	1,500	29,767	31,267	1,500	29,767	0
Marine	87,257	27,000	60,257	87,257	27,000	60,257	0
Beautification	45,432	1,000	44,432	45,432	1,000	44,432	0
Infrastructure	121,342	3,000	118,342	121,342	3,000	118,342	0
Energy	73,976	20,000	53,976	73,976	20,000	53,976	0
Island Administration	76,415	1,500	74,916	76,415	1,500	74,916	0
Island Council	44,888	5,453	39,436	44,888	5,453	39,436	0
	480,577	59,452	421,125	480,577	59,452	421,125	0

	Budget Estimate 2012/13			Supplementary Estimate 2012/13			Gross Change
	Gross Expenditure	Trading Revenue	Net Appropriation	Gross Expenditure	Trading Revenue	Net Appropriation	
MINISTERIAL SUPPORT							
Prime Minister	375,250	0	375,250	375,250	0	375,250	0
Deputy Prime Minister	310,000	0	310,000	310,000	0	310,000	0
Minister Mark Brown	285,000	0	285,000	285,000	0	285,000	0
Minister Teariki Heather	205,000	0	205,000	205,000	0	205,000	0
Minister Nandi Glassie	205,000	0	205,000	205,000	0	205,000	0
Minister Teina Bishop	205,000	0	205,000	205,000	0	205,000	0
Leader of the Opposition	205,000	0	205,000	205,000	0	205,000	0
	1,790,250	0	1,790,250	1,790,250	0	1,790,250	0
OTHER FUNDING - ADMINISTERED BY MFEM							0
Capital distribution fund - depreciation only	21,420	0	21,420	21,420	0	21,420	0
Outer islands small capital fund - depreciation only	13,750	0	13,750	13,750	0	13,750	0
	35,170	0	35,170	35,170	0	35,170	0
TOTAL APPROPRIATIONS	61,497,022	5,209,239	56,287,783	61,533,022	5,209,239	56,323,783	36,000

Schedule 4
Benefits and Other Unrequited Expenses

Category of Benefit	Budget Estimate	Supplementary Estimates	Variance	
	2012-13	2012-13	Amount	%
Welfare Payments	13,095,800	13,095,800	0	0.0%
Parliamentary Superannuation	180,000	180,000	0	0.0%
Total Benefits and Other Unrequited Expenses	13,275,800	13,275,800	0	0.0%

Schedule 5
Borrowing Expenses and Debt Repayment

Category of Benefit	Budget Estimate	Supplementary Estimates	Variance	
	2012-13	2012-13	Amount	%
Gross Debt Servicing (see Schedule 9)	4,409,642	4,784,433	374,791	8.5%
Total Borrowing Expenses and Debt Repayment	4,409,642	4,784,433	374,791	8.5%

Schedule 6
Other Expenses

Category of Expense	Budget Estimates	Supplementary Estimates	Variance	
	2012-13	2012-13	Amount	%
Airport Authority	1,704,000	1,704,000	0	0.0%
Airport Authority - Capital	343,997	343,997	0	0.0%
Airport Authority - Outer Island Airport Upgrades Feasibility Study	206,000	206,000	0	0.0%
Airport Authority - Upgrade Government VIP Lounge	330,000	330,000	0	0.0%
Bank of the Cook Islands	181,000	181,000	0	0.0%
Ports Authority - Infrastructure	200,000	200,000	0	0.0%
Te Aponga Uira	350,000	350,000	0	0.0%
Te Aponga Uira - Capital	800,000	800,000	0	0.0%
Building Maintenance	1,800,000	1,800,000	0	0.0%
Contingency Funds - Capital Expenditure	50,000	50,000	0	0.0%
Contingency Funds - Operating	100,000	184,300	84,300	84.3%
Crown Infrastructure Depreciation	3,478,150	3,478,150	0	0.0%
Expenditure of ADB Loan	7,550,000	7,550,000	0	0.0%
Expenditure of Chinese Loans	0	8,848,519	8,848,519	0.0%
Foreign Aid	47,498,150	48,465,680	967,530	2.0%
ADB Share Capital	26,600	26,600	0	0.0%
Transfer to Emergency Response Trust Fund	0	268,096	268,096	0.0%
Transfer to Reserve Trust Fund	474,857	474,857	0	0.0%
Total Other Expenses	65,092,754	75,261,199	10,168,445	15.6%

Summary

Category of Payment	Budget Estimates	Supplementary Estimates	Variance	
	2012-13	2012-13	Amount	%
Schedule 1 - Ministry Outputs (Gross), POBOCs and Capital Expenditure (Excluding Benefits and other Unrequited Expenses)	96,291,437	96,425,437	134,000	0.1%
Schedule 2 - Benefits and Other Unrequited Expenses	13,275,800	13,275,800	0	0.0%
Schedule 3 - Borrowing Expenses and Debt repayment	4,409,642	4,784,433	374,791	8.5%
Schedule 4 - Other Expenses	65,092,254	75,261,199	10,168,945	15.6%
TOTAL APPROPRIATIONS	179,069,133	189,746,869	10,677,736	24.3%

**Schedule 7
Capital Expenditure**

MINISTRY	Budget 2012-13		Supplementary	Variance
	Purchase Price	Net Cost	2012-13	
EDUCATION				
Fund to be Prioritised by Educaiton	110,000	110,000	110,000	0
TOTAL	110,000	110,000	110,000	0
FOREIGN AFFAIRS				
Furniture for Immigration Office	0	0	7,000	7,000
Equipment for Forum Leaders	150,000	150,000	150,000	0
TOTAL	150,000	150,000	157,000	7,000
HEALTH				
Fund to be Prioritised by Health for Technical Equipment	275,000	275,000	275,000	0
Biochemistry Analyser	130,000	130,000	130,000	0
Xray Unit	90,000	90,000	90,000	0
Ambulance	0	0	150,000	150,000
TOTAL	495,000	495,000	645,000	150,000
INFRASTRUCTURE & PLANNING				
Mangaia Harbour completion	212,000	212,000	212,000	0
ICT upgrades	40,000	40,000	40,000	0
Nassau Outboard Motor Procurement	24,000	24,000	24,000	0
Penrhyn Barge	48,000	48,000	48,000	0
Atiu Power Generators	480,000	480,000	480,000	0
Manihiki Generators	78,489	78,489	78,489	0
Nassau Power Generators (Lister March 2012)	42,507	42,507	42,507	0
Aitutaki Tip Truck	161,499	161,499	161,499	0
Mangaia Quarry Machine upgrade	18,000	18,000	18,000	0
Mitiaro Tractor & Back Blade Tractor	9,199	9,199	9,199	0
Bridges & Drainage	775,000	775,000	775,000	0
Road Network maintenance	680,000	680,000	680,000	0
Contribution from home owners to Sanitation Upgrades	-200,000	-200,000	-200,000	0
Manihiki Harbour	0	0	500,000	500,000
Water Equipment for Rarotonga Upgrade	0	0	260,000	260,000
Vaimaru Water Upgrade	0	0	150,000	150,000
Capital and Equipment for Mauke Island	0	0	109,000	190,000
TOTAL	2,368,694	2,368,694	3,387,694	1,100,000
JUSTICE				
Computers and IT Equipment	43,000	43,000	43,000	0
TOTAL	43,000	43,000	43,000	0
POLICE				
Life Rafts	10,000	10,000	10,000	0
TOTAL	10,000	10,000	10,000	0

OFFICE OF THE PRIME MINISTER

Rakahanga generator control panels and powerhouse	95,000	95,000	95,000	0
Computer Equipment	20,000	20,000	20,000	0
TOTAL	115,000	115,000	115,000	0

OFFICE OF THE PRIME MINISTER

Human Resources Information Management System	180,000	180,000	180,000	0
TOTAL	180,000	180,000	180,000	0

COOK ISLANDS INVESTMENT CORPORATION

National Education Renewal Programme	373,000	373,000	373,000	0
National Health Renewal Program	540,300	540,300	540,300	0
Parliament Building	20,000	20,000	20,000	0
TOTAL	933,300	933,300	933,300	0

MINISTRY OF FINANCE AND ECONOMIC MANAGEMENT

Cabinet Server	0	0	5,000	5,000
TOTAL	0	0	5,000	5,000

MINISTRY TOTAL

4,404,994	4,404,994	5,585,994	1,262,000
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CAPITAL FUNDS ADMINISTERED BY MOIP

Outer Islands Capital Fund	0	153,000	153,000	0
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CAPITAL FUNDS ADMINISTERED BY MFEM

Capital Distribution Fund	220,000	220,000	220,000	0
Outer Islands Small Capital Fund	110,000	110,000	110,000	0
TOTAL	380,000	483,000	483,000	0

GRAND TOTAL

4,784,994	4,887,994	6,068,994	1,262,000
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Schedule 8
Revenue on Behalf of Crown (ROBOC)

	2012-13 Budget Estimates	2012-13 Supplementary Estimates	Variance
Taxation Revenue			
VAT	36,625,423	37,350,423	725,000
Income tax	26,825,768	26,200,768	-625,000
Company tax	11,000,864	11,000,864	0
Import levies	13,038,251	13,038,251	0
Departure tax	6,481,006	6,481,006	0
Withholding tax	899,992	899,992	0
Total	94,871,303	94,971,303	100,000
Other Crown Revenue			
Foreign Investment Fees	17,250	17,250	0
Tattslotto Grants	120,000	120,000	0
Employer Liabilities	0	75,000	75,000
Censorship Fees	10,000	10,000	0
CISNOC Reimbursement Olympic Cost	93,000	93,000	0
Immigration Fees	540,000	540,000	0
Court Services	40,000	40,000	0
Fisheries - US Treaties	486,250	486,250	0
Fishing Licences	2,440,000	2,440,000	0
Fishing Fines	0	0	0
Financial Services Commission	292,630	292,630	0
Drivers Licences	630,000	700,000	70,000
Instant Fines	65,000	65,000	0
Motor Vehicle Registration	600,000	620,000	20,000
Research Fee	700	700	0
Permits	25,816	25,816	0
Shipping Registration	70,000	70,000	0
International Shipping Licence	10,000	15,000	5,000
Liquor Licencing	26,000	26,000	0
Motor Vehicle Dealers	5,000	5,000	0
Upper Air Management Agreement	454,800	464,000	9,200
Circulating Currency - Coins	100,000	100,000	0
Numismatics	500,000	500,000	0
Telecom Cook Islands - dividend	1,150,000	1,150,000	0
Banana Court - dividend	10,000	150,000	140,000
Bank of the Cook Islands - dividend	439,950	439,950	0
Te Aponga Uira - dividend	500,000	500,000	0
Interest on loans to subsidiaries	202,567	202,567	0
Interest on balances	1,824,000	1,824,000	0
Total Other	10,652,963	10,972,163	319,200
Total Crown Receipts	105,524,266	105,943,466	419,200

Schedule 9
Payments on Behalf of Crown (POBOC)

Administering Ministry	POBOC	Budget Estimates 2012-13	Supplementary Estimates 2012-13	Variance
Compensation of Employees				
CIIC	Infrastructure Committee	50,000	50,000	0
Finance & Economic Management	Parliamentary Superannuation	180,000	180,000	0
	National Heritage Trust	82,241	82,241	0
	PERC Salaries and Administration Costs	45,000	45,000	0
Internal Affairs	Price Tribunal	30,000	30,000	0
Justice	Judges Allowances	177,000	177,000	0
Marine Resources	Establishment of Seabed Minerals Commission	370,000	0	-370,000
Cook Islands Seabed Minerals Authority	Establishment of Seabed Minerals Commission	0	290,000	290,000
Parliamentary Services	Civil List - Personnel	1,743,127	1,743,127	0
	House of Ariki	175,000	175,000	0
Public Service Commission	HOM Salaries	1,138,279	1,138,279	0
Transport	Director of Civil Aviation	56,000	56,000	0
		4,046,647	3,966,647	-80,000
Use of Goods and Services				
Crown Law	Operation Eagle Defendants	70,000	70,000	0
	Te Maeva Nui Constitution Celebrations	807,500	960,500	153,000
	Tertiary Training Institutions	493,767	493,767	0
Finance & Economic Management	Audit of Crown Accounts	30,000	30,000	0
	National Superannuation Fund	313,626	313,626	0
	Standard and Poors Subscription	35,000	35,000	0
Foreign Affairs	Pacific Forum Leaders Forum	500,000	709,000	209,000
Head Of State	Domestic Hosting Entertainment	15,000	15,000	0
Health	Pharmaceuticals	642,800	642,800	0
	Outer Islands Equipment Repairs of			
Infrastructure and Planning	Unanticipated Breakdowns	100,000	100,000	0
Internal Affairs	Lease extension	36,000	36,000	0
	Vaka Maintenance	450,000	450,000	0
	Civil List - Operating Expenses	529,475	704,475	175,000
Parliamentary Services	Commonwealth Forum	150,000	150,000	0
	PPAPD - FDOC Secretariat	35,000	35,000	0
Prime Minister's Office	Social Responsibility Fund	195,000	195,000	0
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
	Te Kukupa Slippage	20,000	20,000	0
	Marketing Resources - Tourism Growth			
Tourism Corporation	Strategy	2,000,000	2,000,000	0
Transport	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	79,191	79,191	0
		6,829,441	7,366,441	537,000
Subsidies				
Education	University of the South Pacific Contribution	285,000	285,000	0
Finance & Economic Management	Air New Zealand - Subsidies	13,600,000	12,300,000	1,300,000
	Apex - Profit Guarantee	1,500,000	1,500,000	0
	FSC - subsidy to meet depreciation expenses	50,000	50,000	0
	Subsidy of audio/visual broadcasting in Pa Enea	25,000	25,000	0
Transport	Outer Island Shipping and Freight Subsidy	100,000	100,000	0
		15,560,000	14,260,000	1,300,000

Social Assistance				
CIIC	Te Aponga Uria - uneconomic power connections	50,000	50,000	0
Education	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
Health	Patient Referrals	500,000	500,000	0
Internal Affairs	Welfare Payments	13,095,800	13,095,800	0
Justice	Legal Aid	40,000	40,000	0
		14,065,800	14,065,800	0
Other Expense				
Education	Private School Funding	1,731,295	1,731,295	0
Finance & Economic Management	Insurance	40,000	40,000	0
	Cook Islands Golf Organization	0	50,000	50,000
Foreign Affairs	International Subscriptions	368,032	368,032	0
	Establishment of Fisheries Development Facility	200,000	200,000	0
Marine Resources	CISNOC Grant	120,000	120,000	0
Internal Affairs	NGO and Welfare Organisations	221,000	221,000	0
		2,680,327	2,730,327	50,000
Grand Total		43,182,215	42,389,215	-793,000

**Schedule 10
Debt Servicing Schedule**

	Total Loans			On-Lent Loans			
	Principal	Interest	Gross	Principal	Interest	Gross	Net
Creditors							
France	581	28	609	0	0	0	609
New Zealand	929	21	949	0	0	0	949
Asian Development Bank	812	273	1,085	0	118	118	967
Bank Of Cook Islands	1,095	387	1,482	0	85	85	1,397
China	0	660	660	0	0	0	660
Total Debt Servicing	3,417	1,369	4,785	0	203	203	4,582

Notes

1. All estimates are based on average exchange rate over the December 2012 period.
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	Development Partner	Budget 2012/13	Supplementary Estimates 2012/13	Variance	Budget 2013/14	Budget 2014/15	Total Life span activity cost
		263,000	263,000	0	291,000	0	3,031,000
Pearl Industry Revitalisation	New Zealand Aid	263,000	263,000	0	291,000	0	3,031,000
Ministry of Marine Resources		758,000	758,000	0	457,000	382,000	2,120,000
CI Fisheries Initiative (CIFI)	Australia Regional	226,000	226,000	0	0	0	402,000
Fisheries Project Development Fund	FFA	362,000	362,000	0	362,000	362,000	1,288,000
Commissioner, legislation, TA	Commonwealth Secretariat	170,000	170,000	0	95,000	20,000	430,000
CI Tourism Corporation		3,000,000	3,000,000	0	3,000,000	3,000,000	15,000,000
Tourism Sector Support	New Zealand Aid	3,000,000	3,000,000	0	3,000,000	3,000,000	15,000,000
Ports Authority		0	0	0	0	0	1,760,000
Alternative Jetty at Arorangi	New Zealand Aid	0	0	0	0	0	1,760,000
Ministry of Education		3,853,000	3,853,000	0	3,883,000	3,988,000	16,763,000
Education Sector Partnership	New Zealand Aid	3,240,000	3,240,000	0	3,270,000	3,375,000	14,311,000
Scholarships, Training Awards	New Zealand Aid	613,000	613,000	0	613,000	613,000	2,452,000
Partnerships Programme	UNESCO	0	189,176	189,176	0	0	0
Ministry of Health		1,324,112	1,324,112	0	1,175,700	1,285,700	5,192,143
Health Specialist Visits Programme	New Zealand Aid	540,000	540,000	0	390,000	500,000	2,010,000
Strengthening Reproductive Health	WHO	150,000	150,000	0	150,000	150,000	600,000
Strengthening the management of TB	Global Fund	93,212	93,212	0	78,000	78,000	320,712
Management and prevention of HIV and STI	Global Fund	79,200	79,200	0	96,000	96,000	409,800
Establish multi-sectorial approach to combat NCDs and associated risk factors	SPC	190,500	190,500	0	190,500	190,500	762,000
Human resources development (fellowships)	WHO	271,200	271,200	0	271,200	271,200	1,084,000

Administering Ministry/Agency	Development Partner	Budget 2012/13	Supplementary Estimates 2012/13	Variance	Budget 2013/14	Budget 2014/15	Total Life span activity cost
General support	UNAIDS	0	0	0	0	0	5,631
Ministry of Agriculture		223,200	223,200	0	223,200	0	670,800
The Agriculture Census and Statistics project	FAO	223,200	223,200	0	223,200	0	670,800
CI Police Service		260,000	260,000	0	120,000	120,000	1,843,000
Police Development Programme	New Zealand Aid	0	0	0	0	0	1,200,000
CI Police Service HR development	Australian Federal Police	60,000	60,000	0			60,000
Te Kukupa TA, operations	NZDF	200,000	200,000	0	120,000	120,000	583,000
Other			0	0	0	0	
Program carry forward previous years			0	0	0	0	
Ministry of Foreign Affairs and Immigration		7,220,000	7,220,000	0	6,000,000	0	14,131,200
China grants in kind	China	7,220,000	7,220,000	0	6,000,000	0	14,000,000
Korea Grant in kind	Korea		0	0			131,200
Pacific Leaders Forum Meeting	New Zealand Aid	0	209,000	209,000	0	0	
Ministry of Finance and Economic Management		5,658,838	5,658,838	0	8,285,000	4,365,000	22,860,000
Automated Border Management System	New Zealand Aid	735,838	735,838	0	135,000	135,000	1,026,000
India Grant Fund	India	558,000	558,000	0	150,000	150,000	810,000
Water and Sanitation General Budget Support	EU	4,080,000	4,080,000	0		4,080,000	8,160,000
Water Facility Grant	EU	0	0	0	8,000,000		8,000,000
Mitiaro Water upgrade	EU	0	0	0	0	0	
Pukapuka Cyclone Centre	EU	0	0	0	0	0	4,400,000
MFEM systems improvements	EU	80,000	80,000	0	0	0	229,000
Web tax lodgement System Revenue Management system enhancements	New Zealand Aid	205,000	205,000	0	0	0	205,000
Accounting software for aid management	New Zealand Aid	0	0	0	0	0	30,000
Small Islands States Development Fund	Pacific Forum Secretariat	0	68,096	68,096	0	0	

Administering Ministry/Agency	Development Partner	Budget 2012/13	Supplementary Estimates 2012/13	Variance	Budget 2013/14	Budget 2014/15	Total Life span activity cost
Ministry of Infrastructure and Planning		13,599,000	13,599,000	0	5,850,000	5,650,000	60,630,000
Aitutaki Recovery and Reconstruction plan	New Zealand Aid	0	0	0	0	0	6,000,000
Mauke and Mitiaro Harbours	New Zealand Aid	0	0	0	0	0	5,800,000
Northern Water Improvement program. Household supply	New Zealand Aid	0	0	0	0	0	2,200,000
Red Cross National Centre	New Zealand Aid	0	0	0	0	0	1,000,000
Renewable Energy program support		0	0	0	650,000	0	1,300,000
Technical Assistance	New Zealand Aid	0	0	0	0	0	60,000
Water sector support NZ	New Zealand Aid	5,000,000	5,000,000	0	0	0	5,000,000
Waste Management and Sanitation improvement program	New Zealand Aid	3,000,000	3,000,000	0	3,000,000	5,000,000	27,920,000
Integrated Water Resources Management (IWRM)	SOPAC	200,000	200,000	0	200,000	0	500,000
Pacific Adaptation to Climate Change (PACC) Cook Islands	UNDP	835,000	835,000	0	0	0	3,180,000
Water Supply (FAP)	New Zealand Aid	3,000,000	3,000,000	0	2,000,000	0	5,000,000
Improved infrastructure service delivery technical assistance	ADB	264,000	264,000	0	0	0	720,000
Northern Water Improvement program - Community water tank upgrades (2011 carry fwd)	Australia Adaptation	650,000	650,000	0	0	0	650,000
Mangaia water upgrades	Australia Adaptation	650,000	650,000	0	0	0	650,000
Penrhyn Coastal Harbour upgrade	Australia Adaptation		0	0	0	650,000	650,000
Office of the Prime Minister		7,349,500	7,349,500	0	11,489,000	5,151,560	26,035,500
Energy Transformation	SIDS-DOCK		0	0	2,330,000	0	2,330,000
PV Ministry grids	PEC(JAPAN)	1,260,000	1,260,000	0	3,390,000	0	4,850,000
Renewable Energy program support	New Zealand	2,500,000	2,500,000	0	4,000,000	4,000,000	11,500,000

Administering Ministry/Agency	Development Partner	Budget 2012/13	Supplementary Estimates 2012/13	Variance	Budget 2013/14	Budget 2014/15	Total Life span activity cost
	Aid						
Strengthening Resilience of Island Communities	UNFCCC	2,660,000	2,660,000	0	1,692,000	1,151,560	5,952,000
Community Centred Sustainable Development plans	UNDP	40,000	40,000	0	0	0	190,000
Power sector study, EIA, verifications. (PIGGAREP)	SPREP	244,000	244,000	0	77,000	0	427,000
Climate change office, coastal adaptation needs analysis, planning and policy	New Zealand Aid	645,500	645,500	0	0	0	745,500
Aitutaki Early Recovery	UNDP		0	0	0	0	41,000
Climate Change Adaptation Funds	SPC/EU	0	300,000	300,000	0	0	
Te Aponga Uira		540,000	540,000	0	520,000	520,000	2,100,000
Promoting Energy Efficiency in the Pacific	ADB	540,000	540,000	0	520,000	520,000	2,100,000
Financial Services Commissioner		0	0	0	0	0	550,000
	New Zealand Aid						
Online Companies Registry		0	0	0	0	0	550,000
Public Service Commissioner		1,600,000	1,600,000	0	1,600,000	1,000,000	5,960,000
	New Zealand Aid						
CI Technical Assistance Facility (PSTAF)		1,300,000	1,300,000	0	1,300,000	1,000,000	5,000,000
Public Sector Functional Review	ADB	300,000	300,000	0	300,000	0	960,000
Ministry of Internal Affairs		1,504,000	1,504,000	0	750,000	650,000	3,645,000
Social welfare review, protection of the vulnerable	ADB	854,000	854,000	0	100,000	0	1,060,000
Social Impact Fund (replaces NGO and community initiatives scheme)	New Zealand Aid	650,000	650,000	0	650,000	650,000	2,585,000
Australia Gender Equality Initiative	AusAid	0	201,258	201,258			
National Environment Service		345,500	345,500	0	235,000	139,000	1,801,428
	Global Environment Fund (GEF)						
Conservation Management of Island Biodiversity		168,000	168,000	0	96,000	0	408,000
	Global Environment Fund (GEF)						
Prevention, control and management Building Capacity for Sustainable Land management		126,000	126,000	0	139,000	139,000	404,000
	UNDP	30,000	30,000	0	-30,000	-30,000	500,000
Institutional Strengthening for Ozone depletion	UNDP	0	0	0	0	0	46,428

Administering Ministry/Agency	Development Partner	Budget 2012/13	Supplementary Estimates 2012/13	Variance	Budget 2013/14	Budget 2014/15	Total Life span activity cost
Preparation for national adaptation to climate change (2nd Nat Com and 3/4 national report)	ITALY	0	0	0	0	0	85,000
Persistent Organic Pollutants POPs	UNDP	21,500	21,500	0	0	0	358,000
Grand Total		47,498,150	48,465,680	967,530	43,878,900	26,251,260	184,093,071

Financial Statements
As at 28 February 2013

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 28 February 2013

	Actual 2009-10	Actual 2010-11	Budget 2011-12	Supp Bud 2011-12	BPS Estimate 2012-13	Supp Bud 2012-13	Projected 2013-14	Projected 2014-15
	('000)	('000)	('000)	('000)	('000)	('000)	('000)	('000)
Revenue								
Taxation revenues	85,587	86,052	87,001	89,555	92,042	92,042	94,450	97,150
<u>Other revenue</u>								
Revenue on behalf of the								
Crown	7,859	8,286	8,429	8,528	9,635	9,710	11,493	11,830
Sale of goods and services	5,413	5,155	5,193	5,193	5,209	5,209	5,209	5,234
Interest	2,065	2,652	2,437	2,422	2,027	2,027	2,027	2,027
Dividends	2,510	3,213	3,051	3,051	2,240	2,240	2,170	2,247
Total Revenue	103,434	105,358	106,111	108,749	111,153	111,228	115,349	118,488
Expenditure								
Appropriations to agencies	63,615	64,095	63,859	63,989	61,498	61,534	61,760	61,996
Payments on behalf of								
Crown	23,115	30,274	35,093	40,213	42,791	42,389	42,615	42,558
Debt-servicing interest	947	879	1,023	969	993	1,368	938	839
Building maintenance	1,957	1,800	1,300	1,300	1,800	1,800	1,800	1,800
Infrastructure depreciation	2,397	2,950	2,469	2,469	3,478	3,478	5,074	6,935
Other expenditure	10,712	2,841	2,335	2,375	3,143	3,155	3,445	2,385
Total Expenditure	102,743	102,839	106,079	111,315	113,703	113,724	115,632	116,513
NET OPERATING SURPLUS / (DEFICIT)	691	2,519	32	-2,566	-2,550	-2,496	-283	1,975

**Statement of Financial Position
As at 28 February 2013**

	Actual 2009-10 ('000)	Estimate 2010-11 ('000)	Budget 2011-12 ('000)	Supp Bud 2011-12 ('000)	BPS Estimate 2012-13 ('000)	Supp Bud 2012-13 ('000)	Projected 2013-14 ('000)	Projected 2014-15 ('000)
Assets								
Cash and equivalents	38,225	41,052	40,895	39,254	36,182	40,483	40,999	46,441
Loan reserves	22,034	20,505	19,076	19,076	17,839	16,602	15,365	14,128
Trust accounts	5,716	6,146	6,781	6,796	7,270	8,012	8,504	9,016
Inventory	1,509	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	22,507	21,382	20,313
Debtors and other receivables	4,181	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	27,492	27,405	27,218
Investment in SOEs	146,733	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	115,441	128,219	138,928	167,493
Total Assets	352,204	360,631	376,574	374,071	380,405	395,738	405,006	437,032
Liabilities								
Creditors and other payables	13,683	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	5,239
Borrowings	110,747	95,836	107,349	107,349	88,981	79,462	84,659	112,976
Total Liabilities	129,669	114,758	126,271	126,271	107,903	98,384	103,581	131,898
Net Crown Balance	222,535	245,873	250,303	247,800	272,502	297,354	301,425	305,134

Statement of Cashflows
For the years ending 28 February 2013

	Actual 2009-10	Estimate 2010-11	Budget 2011-12	Supp Bud 2011-12	BPS Estimate 2012-13	Supp Bud 2012-13	Projected 2013-14	Projected 2014-15
	('000)	('000)	('000)	('000)	('000)	('000)	('000)	('000)
Cashflows from Operating Activities								
<u>Cash provided from:</u>								
Taxation and levies	85,587	86,052	87,001	89,555	92,042	92,042	94,450	97,150
Collection of tax arrears	0	0	0	1,316	1,250	1,250	1,125	1,069
Sale of goods and services	5,413	5,155	5,193	5,193	5,209	5,209	5,209	5,234
Interest	2,065	2,652	2,437	2,422	2,027	2,027	2,027	2,027
Dividends	2,510	3,213	3,051	3,051	2,240	2,240	2,170	2,247
Other income	7,859	8,286	8,429	8,528	9,635	9,710	11,493	11,830
	103,434	105,358	106,111	110,065	112,403	112,478	116,474	119,557
<u>Cash applied to:</u>								
Appropriations to agencies (less depn)	60,704	60,903	60,575	60,705	58,013	58,049	57,935	58,031
Payments on behalf of Crown	23,115	30,274	35,093	40,213	42,791	42,389	42,615	42,558
Debt-servicing interest	947	879	1,023	969	993	1,368	938	839
Building maintenance	1,957	1,800	1,300	1,300	1,800	1,800	1,800	1,800
Other expenditure	10,712	2,841	2,335	2,375	3,143	3,155	3,445	2,385
	97,435	96,697	100,326	105,562	106,740	106,761	106,733	105,613
Net Operating Activity Cashflows	5,999	8,661	5,785	4,503	5,663	5,717	9,741	13,944
Cashflows from Investing Activities								
<u>Cash provided from:</u>								
Subsidiary loan repayments	143	287	287	0	0	0	87	187
	143	287	287	0	0	0	87	187
<u>Cash applied to:</u>								
Capital expenditure	20,072	4,709	12,239	12,297	13,632	14,894	15,220	36,840
Advances to Subsidiaries	20,523	0	6,296	6,296	0	0	0	0
	40,595	4,709	18,535	18,593	13,632	14,894	15,220	36,840
Net Investing Activity Cashflows	-40,452	-4,422	-18,248	-18,593	-13,632	-14,894	-15,133	-36,653
Cashflows from Financing Activities								
<u>Cash provided from:</u>								
Loans drawn down	38,724	0	14,334	14,334	7,550	16,399	9,500	32,000
Cash drawn from loan reserves	0	1,529	1,429	1,429	1,237	1,237	1,237	1,237
	38,724	1,529	15,763	15,763	8,787	17,636	10,737	33,237
<u>Cash applied to:</u>								
Loan repayments	3,227	2,511	2,821	2,821	3,416	3,416	4,337	4,574
Loan reserves	1,100	0	0	0	0	0	0	0
Other reserves	448	430	635	650	474	742	492	512
	4,775	2,941	3,456	3,471	3,890	4,158	4,829	5,086
Net Financing Activity Cashflows	33,949	-1,412	12,307	12,292	4,897	13,478	5,908	28,151
Net cash movements	-504	2,827	-156	-1,798	-3,072	4,301	516	5,442
Add: Opening Cash and Equivalents	38,729	38,225	41,052	41,052	39,254	36,182	40,483	40,999
Closing Cash and Equivalents	38,225	41,052	40,895	39,254	36,182	40,483	40,999	46,441

**Statement of Borrowings
As at 28 February 2013**

	Actual 2009-10 ('000)	Estimate 2010-11 ('000)	Budget 2011-12 ('000)	Supp Bud 2011-12 ('000)	BPS Estimate 2012-13 ('000)	Supp Bud 2012-13 ('000)	Projected 2013-14 ('000)	Projected 2014-15 ('000)
<i>Total Gross Borrowings</i>	110,747	95,836	107,349	107,349	88,981	79,462	84,659	112,976
Assets Held Against Borrowings:								
Advances to subsidiaries	21,483	21,196	27,205	27,492	27,492	27,492	27,405	27,218
Loan reserves	22,034	20,505	19,076	19,076	17,839	16,602	15,365	14,128
<i>Total Assets Held Against Borrowings</i>	43,517	41,701	46,281	46,568	45,331	44,094	42,770	41,346
<i>Net Borrowings of the Government</i>	67,230	54,135	61,068	60,781	43,650	35,368	41,889	71,630

**Revenue Levied on Behalf of the Crown
For the years ending 28 February 2013**

	Actual 2009-10 ('000)	Estimate 2010-11 ('000)	Budget 2011-12 ('000)	Supp Bud 2011-12 ('000)	BPS Estimate 2012-13 ('000)	Supp Bud 2012-13 ('000)	Projected 2013-14 ('000)	Projected 2014-15 ('000)
<u>Taxation</u>								
Income tax	26,400	25,155	25,926	26,572	26,826	26,826	27,079	28,027
Company tax	9,895	9,942	9,245	10,308	10,376	10,376	10,904	11,285
Import levies	10,183	11,066	11,381	12,030	13,038	13,038	13,607	14,083
VAT	35,229	34,979	36,400	37,010	37,350	37,350	38,309	39,203
Withholding tax	0	0	1,000	586	900	900	1,000	1,000
Other	3,880	4,910	3,049	3,049	3,552	3,552	3,551	3,552
<i>Total Revenue Levied on Behalf of the Crown</i>	85,587	86,052	87,001	89,555	92,042	92,042	94,450	97,150

**Statement of Fiscal Risks
As at 28 February 2013**

	('000)
Quantifiable Contingent Liabilities	
Guarantees and indemnities	500
Uncalled capital	1,562
Legal proceedings and disputes	17,700
Total Quantifiable Contingent Liabilities	19,762

Guarantees and indemnities relate to the following:

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.

Uncalled capital relates to shares in the Asian Development Bank - Cook Islands Government Property Corporation owns 88 uncalled shares with a par value of US\$13,500 each.

Legal proceedings and disputes relate to current cases against the Crown.

STATEMENT OF ACCOUNTING POLICIES

Basis of Preparation

Reporting Entity

These financial statements are for the Government of the Cook Islands. These consist of:

- Ministers of the Crown
- Ministries
- Island Administrations
- Offices of Parliament
- Public Enterprises and Other Authorities

A schedule of the entities included in these financial statements is detailed on page 23.

Statement of Compliance

These financial statements have been prepared in accordance with *the Ministry of Finance and Economic Management Act 1995-96* and with the International Public Sector Accounting Standards issued by the International Public Sector Accounting Standards Board (IPSASB).

Measurement Base

The financial statements have 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.

These financial statements have been prepared using the historical cost method to report results, cash flows and the financial position of the Crown. The financial statements have been prepared under the accrual basis of accounting and are presented in New Zealand dollars rounded to the nearest thousand dollars.

Significant Accounting Policies

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

Recent Standards

Of significant relevance to the Crown is the recent development of new standards at the IPSASB. These include:

	<u>STANDARDS</u>	<u>EFFECTIVE DATE</u>
A.	IPSAS 25 Employee Benefits	1/01/2011
B.	IPSAS 26 Impairment of Cash Generating Assets	1/04/2009
C.	IPSAS 27 Agriculture	1/04/2011
D.	IPSAS 28 Financial Instruments: Recognition and Measurement	1/01/2013 1/01/2011
E.	IPSAS 29 Financial Instruments: Presentation	
F.	IPSAS 30 Financial Instruments: Disclosure	1/01/2013
G.	IPSAS 31 Intangible Assets	1/04/2011

These new standards have been issued but are not yet effective for the consolidated Crown accounts as the preparation of the 30 June 2010 accounts are currently in progress – the 30 June 2009 consolidated

accounts were completed and audited on 24 May 2012. The Crown will have to consider these new standards in future years. Crown has not yet determined the effect of these new standards.

Basis of Consolidation

The Government Ministries, Public Enterprises and Other Authorities (including State Owned Enterprises (SOEs)) comprising the reporting entity are consolidated involving addition of like items of assets, liabilities, revenues and expenses on a line by line basis.

The effect of all material inter-entity transactions and balances are eliminated on consolidation.

Commitments and contingent liabilities of Public Enterprises and Other Authorities are reported in the Statements of Commitments and of Contingent Liabilities.

Associate

An associate is an entity over which the Crown has significant influence where the entity is neither a subsidiary nor an interest in a joint venture. Investment in an associate is recognised at cost and the carrying amount is increased or decreased to recognise the Crown's share of the surplus or deficit after the date of acquisition. When the Crown transacts with an associate, all surplus and deficits related to the Crown are eliminated. Distributions received from an associate reduce the carrying value of the investment in the Crown Financial Statements.

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.

Revenue Type	Revenue Recognition Point
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 departure tax coupons are purchased.
Other Revenue	When the debt to the Crown arises.

Revenue Earned Through Operations

Revenue from sales of goods is recognised when the product is sold to the customer.

Fines

Fines are economic benefits or services potential received by the Crown 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.

Investment Income

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

Gains

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

Dividends

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

Aid Revenue

Revenue is recognised when donor funds are expensed on approved projects.

Expenses

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
Plant and Equipment	5 – 15 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.

Disposals

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.

Additions

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

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 and waste management and airport assets.

IPSAS 17 allows a choice of accounting model for an entire class of property, plant and equipment. The Crown has changed the accounting policy from the cost to revaluation model for the following classes of assets:

- Power network
- Harbors & ports
- Airports

These assets are now carried at revalued amounts which are the fair value at revaluation date less subsequent depreciation and impairment losses.

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.

Intangible Assets (continued)

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 is 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.

Leases

Finance leases transfer, to the Crown as lessee, substantially all the risks and rewards incidental on the ownership of a leased asset. The obligations under such leases are capitalised at the present value of minimum lease payments. The capitalised values are amortised over the period in which the Crown expects to receive benefits from their use.

Operating leases, where the lessors substantially retain the risks and rewards of ownership, are recognised in a systematic manner over the term of the lease.

The cost of leasehold improvements is capitalised and amortised over the lesser of the leasehold improvements useful life or the original lease term.

Commitments

The Statement of Commitments discloses those operating and capital commitments arising from non-cancellable contractual or statutory obligations. Interest commitments on debts and commitments relating to employment contracts are not included.

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.