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# Cook Islands Government

## Quarterly Financial Report

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**September 2016**

**Prepared by the Ministry of Finance and Economic Management**  
**[www.mfem.gov.ck](http://www.mfem.gov.ck)**



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## Introduction

The statements contained in this report have been prepared on an accruals basis as far as practical and outline income and expenses incurred which may not be necessarily received or paid. All figures are rounded to the nearest thousand. In a change from past quarterly reporting, personnel expenses have been accrued for seven days ending September 2016 to give a more accurate picture of expenditure.

## Key Points

The net operating balance of the General Government Sector as at 30 September 2016 was a surplus of \$9.55 million.

- Operating revenue was \$39.71 million; and
- Operating expenditure was \$30.16 million.

The estimated overall fiscal balance for September 2016 was a surplus of \$9.29 million. The fiscal balance Adjusts the Net Operating Balance for the effects of depreciation and capital expenditure.

**Table 1**  
**Net Operating Balance General Government – September 2016**

<b>2015/16</b>		<b>2016/17</b>	<b>2016/17</b>	<b>Variance</b>	
<b>Actual</b>		<b>Budget</b>	<b>Actual</b>	<b>(‘000)</b>	<b>%</b>
<b>(‘000)</b>		<b>(‘000)</b>	<b>(‘000)</b>	<b>(‘000)</b>	
36,362	Operating Revenue	37,595	39,705	2,110	6
32,021	Operating Expenditure	32,472	30,155	2,317	7
<b>4,341</b>	<b>Net Operating Balance</b>	<b>5,123</b>	<b>9,550</b>	<b>4,427</b>	<b>86</b>

**Table 2**  
**Fiscal Balance of General Government – September 2016**

<b>2015/16</b>		<b>2016/17</b>	<b>2016/17</b>	<b>Variance</b>	
<b>Actual</b>		<b>Budget</b>	<b>Actual</b>	<b>(‘000)</b>	<b>%</b>
<b>(‘000)</b>		<b>(‘000)</b>	<b>(‘000)</b>	<b>(‘000)</b>	
4,341	Net Operating Balance	5,123	9,550	4,427	86
730	Add Crown Depreciation	921	921	-	-
520	Add Ministry Depreciation	750	665	(85)	(11)
210	Add Pa Enuu Depreciation	270	280	10	4
3,612	Less Capital Expenditure - CI Govt Funded	9,281	2,122	7,159	77
<b>2,190</b>	<b>Fiscal Balance</b>	<b>(2,217)</b>	<b>9,294</b>	<b>11,511</b>	<b>(519)</b>

Total revenue collections for the quarter ending September 2016/17 were higher than the Budget estimate and were mainly attributable to higher than estimated tax revenues for reasons detailed in the General Government Revenue Analysis section.

Total operating expenses for the quarter ending September 2016/17 were lower than the Budget estimate and are largely attributed to lower expenditure of payments on behalf of Crown.

Capital Expenditure was well below expectations due mainly to timing

## Summary of the Financial Position of the General Government

The net operating surplus of the General Government sector for the quarter ending September 2016 was \$8.13 million, representing an increase of \$2.87 million on the 2016/17 Budget estimates for the quarter.

Overall, revenue was \$2.11 million higher than the 2016/17 Budget estimates and operating expenditure was lower by \$0.76 million than the 2016/17 Budget estimates for the quarter. The under spend largely attributed to savings in the Air NZ airline subsidy payments. Further detail is provided in the appropriation analysis sections.

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

**Table 3**  
**Net Operating Balance as at 30 September 2016**

<b>Sept15 FY2015/16 Actual ('000)</b>		<b>2016/17 Budget ('000)</b>	<b>2016/17 Actual ('000)</b>	<b>Variance ('000)</b>
<b>Operating Revenue</b>				
29,916	Taxation Revenue	29,272	32,874	3,602
4,205	Other Crown Receipts	3,688	2,858	(830)
1,080	Trading Revenue	1,397	1,738	341
171	Interest on Loans to Subsidiaries	176	0	(176)
506	Dividends	447	35	(411)
484	Interest on Funds	471	323	(148)
-	Higher Modality Partnership NZ	1,894	1,877	(17)
-	Public Sector Strengthening -Process and Systems	250	0	(250)
<b>36,362</b>	<b>Total Operating Revenue</b>	<b>37,595</b>	<b>39,705</b>	<b>2,110</b>
<b>Operating Expenditure</b>				
16,397	Ministry/ Pa Enea Expenditure	16,975	16,264	711
12,776	Payments on Behalf of the Crown	13,205	12,184	1,021
793	Debt Service Interest	428	670	(243)
536	Asset Management	0	0	0
730	Crown Infrastructure Depreciation	921	921	(0)
-	Transfer to Emergency Reserve Trust Fund	151	0	151
129	Transfer to Reserve Trust Fund	137	0	-
606	Depreciation Contingency Fund	591	0	591
53	Contingency Funds - Operating	65	116	(51)
<b>32,021</b>	<b>Total Operating Expenditure</b>	<b>32,472</b>	<b>30,155</b>	<b>2,180</b>
<b>4,341 Net Operating Balance</b>		<b>5,123</b>	<b>9,550</b>	<b>4,290</b>
<b>June16 FY2015/16 Actual ('000)</b>				
<b>Key Balance Sheet Items in General Government:</b>				<b>2016/17 Actual ('000)</b>
56,535	Cash and Equivalents (Table 15)		69,675	
(27,289)	Committed Cash		(27,866)	
<b>29,246</b>	<b>Net Cash Reserve</b>		<b>41,809</b>	
104,098	Gross General Government Borrowings (Table 13)		100,605	
<b>62,831</b>	<b>Net General Government Borrowings</b>		<b>59,828</b>	
<b>Net Cash Gain/(Loss) in the period</b>			<b>15,566</b>	

The gross borrowings by the Crown were \$100.60 million; net borrowings by the General Government Sector (excluding loan reserves and borrowings by SOEs) were \$59.83 million.

The net cash reserve which is essentially unencumbered increased to \$41.81million for 30 September 2016 (up by \$12.56 million on June 2016) resulting from the Fiscal surplus in the first quarter plus the receipt of \$5.9 million in revenue from Fishing License fees accounted for in 2015/16 received after July.

### **Changes to Expenditure Authority**

Section 70 (3) (b) (i) of the Cook Islands Constitution allows for expenditure to exceed the appropriation provided that the total amount of all sums issued and paid shall not exceed one and one-half percent (1 ½ per cent) of the total amount of all sums appropriated by the Appropriation Act or Acts for that year.

No orders in Executive Council were passed in the first quarter of the year.

## General Government Revenue Analysis

General Government sector revenue as at 30 September 2016 was higher than the Budget estimate by \$2.11 million or 6 per cent. This was mainly attributed to tax revenues performing above budget for respective reasons detailed below.

**Table 4**

### General Government Revenue Summary – September 2016 YTD

2015-16 Actual ('000)		2016-17 Budget ('000)	2016-17 Actual ('000)	Variance ('000)	%
14,645	Value-added Tax	15,381	16,631	1,250	8
6,200	Income Tax	6,288	6,305	17	0
1,857	Company Tax	2,089	2,466	377	18
3,021	Import Levies	2,763	4,373	1,610	58
1,821	Withholding Tax	0	426	426	100
2,371	Departure Tax	2,751	2,673	(78)	(3)
1,080	Trading Revenue	1,397	1,738	341	24
5,366	Other Revenue	4,782	3,216	(1,565)	(33)
-	Higher Modality Partnership NZ	1,894	1,877	(17)	(1)
-	Public Sector Strengthening-Process & Systems	250	0	(250)	(100)
<b>36,362</b>	<b>Total Revenue</b>	<b>37,595</b>	<b>39,705</b>	<b>2,110</b>	<b>6</b>

#### Value Added Tax

Actual VAT revenue collected in the quarter ending September 2016 was \$1.25 million above Budget estimate (8 per cent) due to a growing number of tourists to the island compared to the same time last year.

#### Income Tax

Actual Income Tax revenue collected in the quarter ending September 2016 was \$0.02 million above Budget estimate (0 per cent).

#### Company Tax

Actual Company tax collected in the quarter ending September 2016 was \$0.38 million above the 2016/17 Budget estimate (18 per cent) as a result of heightened economic activities.

#### Import Levies

Actual Import levies collected in the quarter ending September 2016 was \$1.61 million above the Budget estimate (58 per cent). Increased economic activities as a result of increasing tourist numbers has resulted in increased imports.

#### Withholding Tax

Actual Withholding tax collections were \$0.42 million above the 2016/17 Q1 Budget estimate (100 per cent).

#### Departure Tax

Departure tax collections were \$0.78 million below the 2016/17 Budget estimate (-3 per cent).

#### Trading Revenue

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

#### Higher Modality Partnership Agreements

Agreement has not been reached with New Zealand. Consequently there has been timing issues with receipt of this revenue and only revenue received by 30 September 2016 has been accounted for as revenue. Associated

expenditure, particularly related to performance based funding has been managed lower accordingly. \$1.88 million is the remainder of the 2015/16 GFA.

Other Crown Revenue

Other Crown Revenue was \$1.56 million below the 2016/17 budget estimate (-33 per cent). This is predominantly due to revenue from numismatic, coin circulation and fishing licences revenue below budget as a result of timing.

**Table 5**

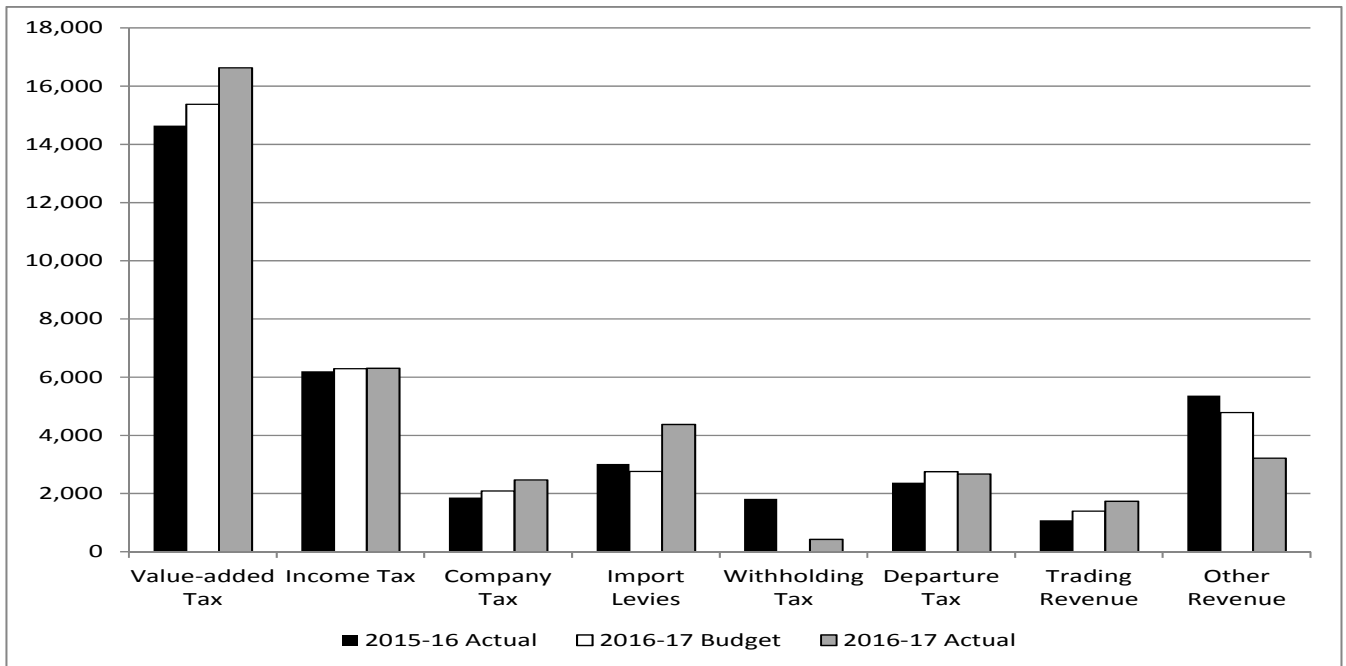
**General Government Other Revenue Summary – September 2016 YTD**

2015-16 Actual (‘000)		2016-17 Budget (‘000)	2016-17 Actual (‘000)	Variance (‘000)	%
-	FSC Fees	73	-	(73)	(100)
288	Vested Assets-FSC	0	0	0	0
183	Immigration Fees	147	220	73	50
0	IMO Subscription - Maritime CI	17	-	(17)	(100)
9	Court Services	13	11	(2)	(15)
3	Instant Fines	5	5	(0)	(4)
2,781	Fishing Licences	2,250	1,468	(782)	(35)
0	Fisheries Catch Rev	0	-	0	0
-	Fisheries US Treaties	300	928	628	209
0	Fishing Fines	-	-	0	0
0	Research Fees	0	-	-	-
4	Permits	6	10	4	59
-	Banana Court -Dividends	3	-	(3)	(100)
120.00	Bank of the Cook Islands	62	-	(62)	(100)
80.00	Te Aponga - Dividends	80	35	(44)	(56)
18	Extraordinary SOE-Dividends	15	-	(15)	(100)
288	Telecom-Dividends	288	-	(288)	(100)
57	Numismatic Revenue	88	7	(81)	(92)
16	Drivers Licenses	20	27	7	37
107	Motor Vehicle Registrations	219	80	(138)	(63)
484	Interest on balances	471	323	(148)	(31)
171	Interest on loans to subsidiaries	176	-	(176)	(100)
7	Foreign Investment Fees	7	6	(1)	(13)
221	Upper Air Management Agreement	187	-	(187)	(100)
55	Shipping Reg/Licenses	67	-	(67)	(100)
-	Intl Shipping Licenses	4	-	(4)	(100)
3	Liquor Licensing	8	2	(6)	(80)
17	Tattslotto Grants	30	39	9	31
0	Censorship Fees	3	0	(2)	(87)
453	Circulating Currency- Coins	227	55	(173)	(76)
0	Employers Liability	19	-	(19)	(100)
0	Motor Vehicle Dealers	1	0	(1)	(99)
<b>5,366</b>		<b>4,782</b>	<b>3,216</b>	<b>(1,565)</b>	<b>(33)</b>

\*In the 2016/17 budget a policy was established whereby CIG would seed the new sovereign wealth fund with extraordinary revenues that were not budgeted for. Revenue generated from fishing fines and vested assets in the table above will be set aside into this fund once legislative changes are in place.



**Figure 1**  
**General Government Revenue - 2015/16 Actual and 2016/17 Budgets and Actual (\$000)**



**Figure 2**  
**Net Operating Revenue Trends**

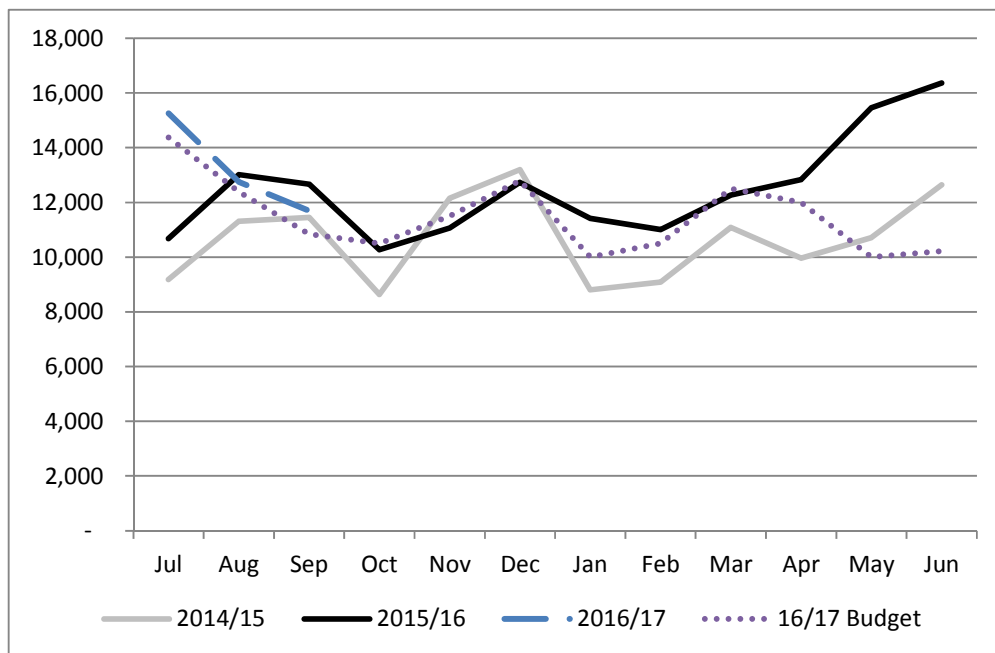


Figure 2 shows that the trends over the previous two financial years of operating revenue and against the 2016/17 budget are quite consistent and significant increase on prior years and budget, mainly from taxes revenues.

# General Government Expenditure Analysis

## Payments on Behalf of Crown (POBOCs)

Table 6

### Payments on Behalf of Crown – September 2016 YTD

2015/16 Actual (‘000)	Administering Ministry	POBOC	Budget (‘000)	Actuals (‘000)	Variance (‘000)	%
<b>Compensation of Employees</b>						
0	Cook Islands Investment Corporation	Infrastructure Committee	19	33	(14)	(74)
0	Cook Islands Investment Corporation	Est of an SOE to manage Consortia on Deep Sea Minerals Harvesting	33	69	(37)	(114)
42	Finance & Economic Management	Parliamentary Superannuation	45	36	9	21
21	Finance & Economic Management	National Heritage Trust	21	16	4	21
0	Finance & Economic Management	Public Sector Strengthening -processess and systems MFEM	82	0	82	100
10	Audit	PERC Salaries and Administration Costs	11	8	2	23
7	Internal Affairs	Price Tribunal	8	4	4	49
0	Justice	Projects to bring land records up to date	30	0	30	100
63	Justice	Judges Allowances	44	-1	45	102
520	Parliamentary Services	Civil List - Personnel	494	475	19	4
38	Parliamentary Services	House of Ariki	44	89	(45)	(102)
0	Public Service Commission	HOM's Salaries	307	275	32	10
0	Cook Islands Investment Corporation	School Security	25	28	(3)	(10)
14	Transport	Director of Civil Aviation	14	13	1	5
<b>715</b>			<b>1,175</b>	<b>1,045</b>	<b>131</b>	<b>11</b>
<b>Use of Goods and Services</b>						
24	Audit	Audit Fees	24	0	0	0
549	Cultural Development	Te Maeva Nui Constitution Celebrations	181	192	(12)	(6)
21	Cook Islands Investment Corporation	Hosting Te Maeva Nui participants at schools	0	0	0	0
261	Education	Tertiary Training Institutions	190	170	20	10
0	Finance & Economic Management	Audit of Crown Accounts	8	0	8	100
0	Finance & Economic Management	Border Management System Maintenance	34	0	34	100
90	Finance & Economic Management	National Superannuation Fund	64	45	19	30
0	Finance & Economic Management	Standard and Poors Subscription	10	0	10	100
5	Foreign Affairs	Cook Islands Student Association	1	0	1	70
8	Head Of State	Domestic Hosting Entertainment	4	14	(10)	(269)
216	Health	Pharmaceuticals	167	261	(95)	(57)
25	Infrastructure and Planning	OI Unanticipated Breakdowns	50	20	30	61
82	Infrastructure and Planning	Waste Management	136	82	54	40
18	Internal Affairs	Lease extension	18	18	0	0
99	Internal Affairs	Vaka Maintenance	100	98	2	2
215	Parliamentary Services	Civil List - Operating Expenses	0	0	0	#DIV/0!
-	Parliamentary Services	Civil List - Constituency Visits	43	61	(18)	(42)
-	Parliamentary Services	Parliamentary Sitting Expenses	30	6	24	80
-	Parliamentary Services	QR & MP Travel and Allowances (local and overseas)	38	140	(103)	(275)
10	Parliamentary Services	PPAPD - FDOC Secretariat	13	12	1	8
98	Prime Minister's Office	Social Responsibility Fund	49	195	(146)	(300)
565	Prime Minister's Office	Self Government Golden Anniversary	0	0	(0)	0
0	Police	Search and Rescue	5	0	5	100
29	Police	Serious Crime Investigations	13	50	(37)	(296)
-	Police	Te Kukupa - Biannual Slipping	38	0	38	100
19	Police	Te Kukupa - Fuel Contribution	35	24	11	32
0	Police	Youth Program	11	0	11	100
1,420	Tourism Corporation	Marketing Resources - Tourism Growth Strategy	1,375	1,975	(600)	(44)
-	Prime Minister's Office	Returned Services Association	1	0	1	100
51	Prime Minister's Office	Community Development Fund	25	32	(7)	(27)
0	Environment	E-Waste Collection	16	0	16	100
<b>3,803</b>			<b>2,676</b>	<b>3,396</b>	<b>(744)</b>	<b>(28)</b>

<b>Subsidies</b>						
67	Education	University of the South Pacific Contribution	71	63	9	12
1,737	Finance & Economic Management	Air New Zealand - Subsidies	2,375	1,784	591	25
314	Finance & Economic Management	Apex - Profit Guarantee	375	248	127	34
0	Finance & Economic Management	Provision for Inter Island Shipping	125	0	125	100
0	Finance & Economic Management	Subsidy of audio/visual broadcasting in Pa Eヌua	11	0	11	100
30	Cook Islands Investment Corporation	Bank of the Cook Islands - social assistance subsidy	30	0	30	100
512	Cook Islands Investment Corporation	Airport Authority subsidy	512	512	0	0
95	Cook Islands Investment Corporation	Ports Authority - subsidy	28	0	28	100
28	Cook Islands Investment Corporation	Te Aponga Uira - social assistance subsidy	95	0	95	100
<b>2,118</b>			<b>3,622</b>	<b>2,607</b>	<b>1,015</b>	<b>28</b>
25	Education	Government Funded Scholarships	185	87	98	53
197	Health	Patient Referrals	138	150	(13)	(9)
51	Health	Nursing School	59	64	(6)	(10)
49	Health	NCD Fund	49	53	(4)	(9)
3,840	Internal Affairs	Welfare Payments	4,196	4,031	165	4
0	Justice	Legal Aid	10	0	10	100
<b>4,162</b>			<b>4,636</b>	<b>4,385</b>	<b>251</b>	<b>5</b>
<b>Other Expense</b>						
	Cook Islands Investment Corporation	Establishment and implementation of a water utility for Rarotonga	25	0	25	100
733	Education	Private School Funding	537	556	(19)	(4)
0	Finance & Economic Management	Pacific Catastrophe Risk Insurance	30		30	100
0	Foreign Affairs	International Subscriptions	149	14	135	91
0	Marine Resources	Establishment of Fisheries Development Facility	50	0	50	100
-	Marine Resources	Fisheries Development Facility in the Pa Eヌua	25	0	25	100
50	Internal Affairs	CISNOG Grant	55	170	(115)	(209)
13	Internal Affairs	SIF- Cook Islands Government Contribution	0	0	0	0
	Internal Affairs	NGO and Welfare Organisations	70	11	59	84
355	Finance & Economic Management	New coins production	93		93	100
0	Finance & Economic Management	2017 Baseline Funding for National Census	63	2	61	0
141	Prime Minister's Office	Te Maeva Nui Transport Costs	0		0	0
20	Parliamentary Services	Ui Ariki Day	0	0	(0)	0
<b>1,312</b>			<b>1,096</b>	<b>752</b>	<b>319</b>	<b>29</b>
<b>12,111</b>	<b>Grand Total</b>		<b>13,205</b>	<b>12,184</b>	<b>972</b>	<b>7</b>

The overall saving in POBOC expenditure (6 per cent) was mainly attributed to the Air New Zealand underwrite (\$0.6 million).

Welfare payments were below budget by 4 per cent due to decreased old age pension and government paid maternity payments in the Q1

**Table 7**  
**Welfare Payments – September 2016 YTD**

2015/16 Actual ('000)		2016/17 Budget ('000)	2016/17 Actual ('000)	Variance ('000) %	
<b>Legislated Payments</b>					
682	Child Benefit	664	678	(14)	(2)
51	New Born Allowance	50	65	(15)	(30)
2,847	Old Age Pension	3,027	2,971	56	2
105	Destitute & Infirm Persons Payment	132	125	7	5
36	Government Paid-Maternity Leave	38	12	26	68
<b>Non-legislated Welfare Payments</b>					
60	Caregiver's Allowance	92	79	12	13
-	Christmas Bonus	69	0	69	100
26	Funeral Assistance	43	35	8	0
-	Power Subsidy	20	29	(9)	(45)
0	Special Assistance	25	4	21	85
33	BCI Transaction Fee	37	33	4	10
<b>3,840</b>	<b>Total Welfare Payments</b>	<b>4,196</b>	<b>4,031</b>	<b>165</b>	<b>4</b>

## Appropriation Analysis

Table 8

### Ministries, Agencies & Ministerial Office Appropriation Analysis – September 2016 YTD

<b>Actual 2015/16 ('000)</b>		<b>Budget 2016/17 ('000)</b>	<b>Actual 2016/17 ('000)</b>	<b>Variance ('000)</b>	<b>%</b>
10,759	Personnel	9,556	9,874	(318)	(3)
3,289	Operating	4,464	3,493	971	22
520	Depreciation	750	665	85	11
841	Trading Revenue	1,116	1,377	261	23
<b>13,727</b>	<b>Net Appropriation</b>	<b>13,654</b>	<b>12,655</b>	<b>999</b>	<b>7</b>

#### Personnel

Personnel Expenditure for September 2016 quarter was \$1.02 million higher than budget estimates (11%). Timing difference between actual paid payroll and budget is a contributing factor.

#### Operating

Operating Expenditure for September 2016 quarter was lower than budget estimates \$0.97 million (22%). Three months into the new financial year operating expenditures are steady and most Ministries are closely monitoring their expenses and taking advantage of bulk purchasing. 28 Ministries underspent and 5 overspent.

#### Depreciation

Depreciation expenditure was under budget for September 2016 by \$0.08 million (11%). 21 Ministries have underspent, 4 had gone over their budgeted amount and 8 is either within their means or slightly over.

#### Trading Revenue

Trading Revenue for September 2016 was \$0.26 million (23%) higher than budget estimates. Excess trading revenue was mainly from the Ministry of Finance through professional services provided. Health contributed mainly through its improved fee collection processes and a few receivables. Aitutaki Power Supply helped with its high number of power consumers. Of the 15 Ministries with trading revenue, 11 have exceeded and 4 were under.

**Table 9**

**Pa Enuu (Outer Islands) Appropriation Analysis - September 2016 YTD**

<b>2015/16 Actual ('000)</b>		<b>Budget 2016/17 ('000)</b>	<b>Actual 2016/17 ('000)</b>	<b>Variance</b>	
				<b>('000)</b>	<b>%</b>
1,173	Personnel	1,376	1,382	(6)	(0)
446	Operating	559	570	(11)	(2)
210	Depreciation	270	280	(10)	(4)
239	Trading Revenue	281	361	80	28
<b>1,591</b>	<b>Net Appropriation</b>	<b>1,924</b>	<b>1,871</b>	<b>53</b>	<b>3</b>

**Personnel**

Personnel Expenditure for September 2016 was \$0.006 million above Budget. Timing difference between actual paid payroll and budget is a contributing factor.

**Operating**

Operating Expenditure for September 2016 Quarter has increased to \$0.11mil (2%) over Budget compared to the September Quarter of \$0.02mil (0%). Out of 10 Islands - 6 Islands had savings with Atiu unable to purchase supplies due to the unavailability of stock and the Boat from Raro, while 4 Islands overspent in this quarter with Manihiki purchasing electrical materials to assist with street lighting on the island and renovating the Admin Offices.

**Depreciation**

Depreciation Expenditure for September 2016 is \$0.280mil (10%) over budget and should continue to exceed as the Islands are slowing accounting for the Chinese Machineries into their Fixed Asset Register without an increase in the Depreciation Budget.

**Trading Revenue**

Trading Revenue for September 2016 was \$0.08 million (10%) above budget. Increased trading activities in terms of equipment hire and power sales were contributing factors to this variance.

## Other General Government Operating Expenditure

**Table 10**  
**Other General Government Operating Expenditure**

2015/16 Actual ('000)		2016/17 Budget ('000)	2016/17 Actual ('000)	Variance ('000)	%
536	Asset Management	0	630	(630)	#DIV/0!
793	Debt Servicing Interest	428	670	(243)	(57)
53	Contingency Funds - Operating	65	116	(51)	(78)
790	Crown Infrastructure Depreciation	921	0	-	-
13	Transfer to Emergency Response Trust Fund	151	0	-	-
129	Transfer to Reserve Trust Fund	137	0	-	-
606	Depreciation Contingency Reserve	591	0	-	-
<b>2,921</b>	<b>Total Other Operating</b>	<b>2,292</b>	<b>2,337</b>	<b>(46)</b>	<b>(2)</b>

Other operating costs for the General Government sector are 2 per cent above in quarter one budget. Greater than expected repairs and maintenance of General Government assets, unfavourable exchange rates on debt servicing interest were main reasons for variances.

**Figure 3**  
**Net Operating Expenditure Trends**

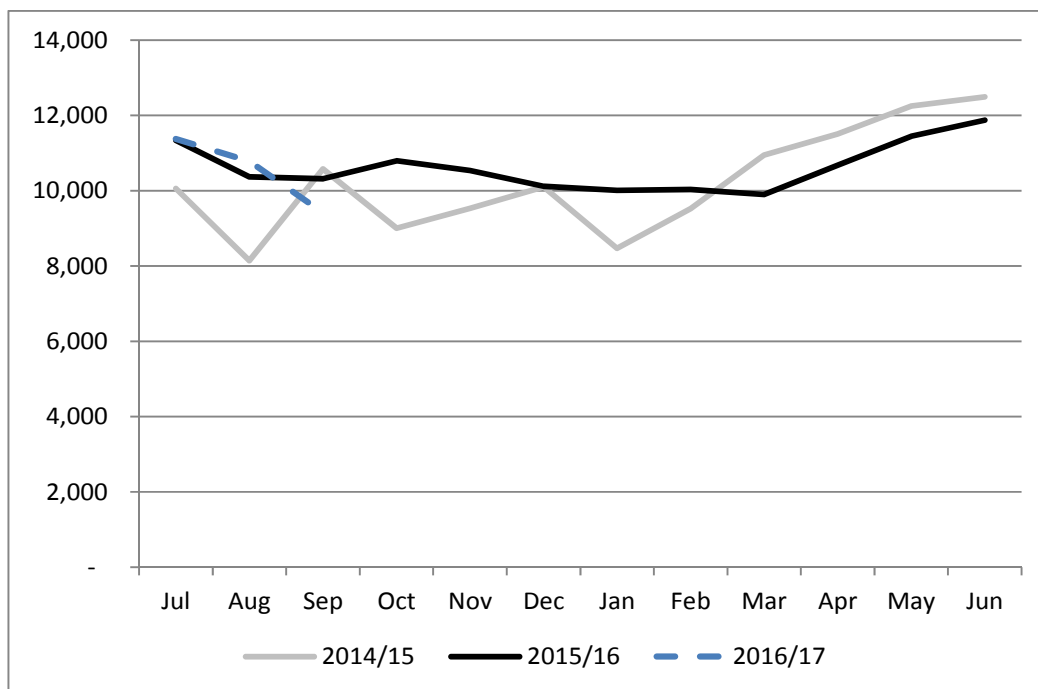


Figure 3 shows the trends over the previous two financial years of operating expenditure.

## Capital Expenditure

The table below summarises the September 2016 quarter Capital Expenditure

**Table 11**  
**Capital Expenditure**

Ministry/Island	PROJECT/PROGRAMME	2016/17 (000)	Actual (000)	Variance (000)	%
<b>AITUTAKI ISLAND GOVERNMENT</b>					
Aitutaki	Aitutaki pickup truck replacement	0	0	0	
Aitutaki	Aitutaki road sealing	0	9	-9	
Aitutaki	Aitutaki rock hammer	0	0	0	
Aitutaki	Establishing new water galleries	120	0	120	100
Aitutaki	Aitutaki Water Pumps (Vaiepeka, Tautu, Vaipae)	0	0	0	
		120	9	110	92
<b>AITUTAKI POWER SUPPLY</b>					
Aitutaki	Streetlights for Aitutaki	16	0	16	100
		16	0	16	100
<b>COOK ISLANDS INVESTMENT CORPORATION</b>					
Rarotonga	Apii Nikao design, demolition, construction supervision and quality assurance	96	87	9	10
National	Provision for land rent reviews	161	0	161	100
Aitutaki	Orongo Development Master Plan and Centre reconstruction (Ports Authority)	63	13	49	79
Pa Enua	Pa Enua Renewable Energy Projects-Land Acquisition	13	462	-449	-
					3,595
Pukapuka	Pukapuka Hospital Reconstruction	75	0	75	100
Pukapuka	Government House	7	0	7	100
Rarotonga	Vaikapuangi Government Building - design	45	0	45	100
Rarotonga	Vaikapuangi Government Building - construction	480	0	480	100
Rarotonga	Te Mato Vai - Stage 1: road & pipeline easement & Stage 2 land acquisition for water intakes	188	0	188	100
		1,126	562	564	50
<b>EDUCATION</b>					
National	Fund to be Prioritised by Education	90	0	90	100
National	ICT upgrades (computers & laptops)	22	0	22	100
		112	0	112	100
<b>HEALTH</b>					
National	Fund to be Prioritised by Health for Technical Equipment	69	0	69	100
Rarotonga	Haematology Instrument	0	0	0	
Rarotonga	Ultrasound Machine	40	0	40	100
Rarotonga	Medical Service Bed End Panels	77	0	77	100
Rarotonga	Theatre bed	0	0	0	
		186	0	186	100

Ministry/Island	PROJECT/PROGRAMME	2016/17	Actual (000)	Variance (000)	%
<b>INFRASTRUCTURE COOK ISLANDS</b>					
Atiu	Atiu Airport Runway Stabilisation	191	0	191	100
Atiu	Atiu Crusher	0	0	0	
Atiu	Atiu Road Sealing	0	0	0	
Atiu	Atiu Tipper Truck	0	0	0	
National	Bitumen Truck	0	0	0	
Rarotonga	Bridges & Drainage	337	10	327	97
Mangaia and Palmerston	Cargo barge repair program for Palmerston & Mangaia	25	0	25	100
Various	Outboard Motor replacement program	18	20	-3	-17
Various	Cyclone Centre Program	100	0	100	100
Rarotonga	Avatiu Valley Stream embankment	90	0	90	100
Rarotonga	Rarotonga Road Sealing Programme	500	0	500	100
Mangaia	Mangaia Road Sealing	63	2	60	97
Mangaia, Atiu, Mauke	HV Transport Trailer	45	0	45	100
Mangaia	HIAB (includes man cage & fork)	38	0	38	100
Mangaia	Central water project	31	2	29	92
Manihiki	Manihiki Island Airport Terminal - construction	15	0	15	100
Mauke	Medium Genset (42kVA)	5	0	5	100
Mitiaro	Manea Games Upgrade	25	14	11	42
Mitiaro	Water Upgrade	20	0	20	100
Penrhyn	Slasher	1	4	-3	-
					299
Penrhyn	Omoka Harbour Upgrade	63	0	63	100
Pukapuka	Upgrade of Airport terminal buildings	5	0	5	100
Pukapuka	Yato Cargo Shed Upgrade	2	0	2	100
Rakahanga	Large boat & outboard motor	25	20	5	18
Mangaia	Mangaia Water and Roads	0	0	0	
Manihiki	Manihiki Harbours	0	0	0	
Rarotonga	National Incinerator Feasibility Study	30	24	6	21
Pa Enea	Pa Enea Machinery Shelters	0	5	-5	
Rarotonga	Project City Project Management Unit	0	0	0	
Rarotonga	Project City Stage 3 - ADB ERSP	0	0	0	
Rarotonga	Project City Stage 3 - Retention fund	51	0	51	100
Rarotonga	Road Network Maintenance	158	200	-42	-27
Rarotonga	RSA Cemetery Rock Wall	0	20	-20	
Rarotonga	Rutaki Foreshore Rock Revetment	30	0	30	100
National	Sanitation Upgrade Programme	445	603	-158	-36
Rarotonga	TMV Titikaveka backroad ringmain pipeline	32	0	32	100
Rarotonga	Water Network Maintenance	125	30	95	76
		2,468	956	1,512	61
<b>INTERNAL AFFAIRS</b>					
Rarotonga	Internal Affairs Tipper Truck	0	0	0	
Rarotonga	Vaka Maintenance Capital Projects	13	0	13	100
		13	0	13	100
<b>MARINE RESOURCES</b>					
Rarotonga	Central Laboratory	125	0	125	100
		125	0	125	100



Ministry/Island	PROJECT/PROGRAMME	2016/17	Actual (000)	Variance (000)	%
<b>MINISTRY OF FINANCE AND ECONOMIC MANAGEMENT</b>					
Pa Enea	China Grant Heavy Machinery & Pearl Equipment Freight, Training & Inspections	0	0	0	
Rarotonga	CIGov Procurement Website - ADB ERSP	0	0	0	
Rarotonga	Government IT Network	0	0	0	
National	Banking payments system	150	0	150	100
Rarotonga	FMIS purchase and implementation	0	0	0	
Rarotonga	AEOI IT System	0	0	0	
Rarotonga	Rarotonga Watertank Subsidy - ADB ERSP	0	20	-20	
Rarotonga	RMS Web Lodgement System	0	0	0	
Rarotonga	Te Mato Vai - Rarotonga Water Upgrade	1,577	234	1,343	85
		<u>1,727</u>	<u>255</u>	<u>1,472</u>	<u>85</u>
<b>JUSTICE</b>					
National	Online business registry	0	0	0	
		<u>0</u>	<u>0</u>	<u>0</u>	
<b>OFFICE OF THE PRIME MINISTER</b>					
Atiu	Atiu Power Distribution	99	25	74	75
Atiu	Atiu water distribution mains	70	200	-130	-186
Pa Enea	Renewable Energy - Capital works	2,946	0	2,946	100
National	Government IT Network	10	5	5	49
National	Computers and Printers	13	7	5	43
National	Renewable Management Project Management and Support	50	27	23	46
		<u>3,187</u>	<u>264</u>	<u>2,923</u>	<u>92</u>
<b>MINISTRY TOTAL</b>					
	Capital Funds Administered BY MFEM	87	42	45	52
National	Capital Distribution Fund	60	0	60	100
Pa Enea	Outer Islands Small Capital Fund	28	17	10	37
	<i>Aitutaki</i>	4	0	4	100
	<i>Atiu</i>	3	3	0	2
	<i>Mangaia</i>	3	0	3	100
	<i>Manihiki</i>	3	0	3	100
	<i>Mauke</i>	3	0	3	100
	<i>Mitiaro</i>	2	3	-1	-59
	<i>Palmerston</i>	3	1	2	73
	<i>Penrhyn</i>	3	7	-4	-137
	<i>Pukapuka-Nassau</i>	3	4	-1	-18
	<i>Rakahanga</i>	2	0	2	100
		<u>202</u>	<u>77</u>	<u>126</u>	<u>62</u>
<b>GRAND TOTAL</b>		<u><u>9,281</u></u>	<u><u>2,122</u></u>	<u><u>7,159</u></u>	<u><u>77</u></u>

The variance in capital expenditure is thought to be mainly due to timing of spend and the ability to contract for services in the early part of the financial year.

## State Owned Entities (SOEs) Quarterly Reporting

The table below summarises the September 2016 quarter performances of Cook Islands Investment Corporation (CIIC), Airport Authority, Bank of the Cook Islands, Ports Authority and Te Aponga Uira. It should be noted that the budget figures below represent the respective internal budgets of the SOEs. The appropriations approved to SOEs by Parliament are the social responsibility contributions of government.

**Table 12**  
**SOEs Appropriation Analysis – September 2016 YTD**

2015/16 Actuals (‘000)		Budget 2016/17 (‘000)	Actuals 2016/17 (‘000)	Variance (‘000)	%
1,893	Personnel	4,186	3,709	477	11
5,507	Operating	6,362	6,509	(147)	(2)
2,138	Depreciation	1,683	1,727	(44)	(3)
9,392	Trading Revenue	9,674	10,692	1,019	11
<b>146 Net Activity Cost (Surplus)</b>		<b>2,558</b>	<b>1,253</b>	<b>1,305</b>	<b>51</b>

### Personnel

Personnel expenditure for the September 2016 quarter was \$0.48 million lower than Budget estimates (11 per cent).

### Operating

Operating expenditure for the September 2016 quarter was \$0.14 million higher than the Budget estimates (-2 per cent). Savings in fuel and maintenance costs resulted in favourable variance.

### Depreciation

Depreciation expenditure was \$0.04 million higher than the budget (3 per cent). This was mainly driven by Airport Authority’s previously impaired assets being reinstated to its previous valuation.

### Trading Revenue

Trading revenue in the September 2016 quarter was \$1.02 million higher than the Budget estimate (11 per cent). Te Aponga Uira and Airport Authority both reported better than budget trading revenue.

## Crown Borrowings

The Crown's gross borrowing at the September 2016 quarter was \$100.61 million, a decrease of \$3.49 million from the June 2016 quarter. The decrease was attributable to the favourable movement in exchange rates against the New Zealand Dollar (NZD) of \$2.57 million, principal repayments of \$1.96 and offset by the drawdown of the Renewable Energy Project of \$1.04.

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

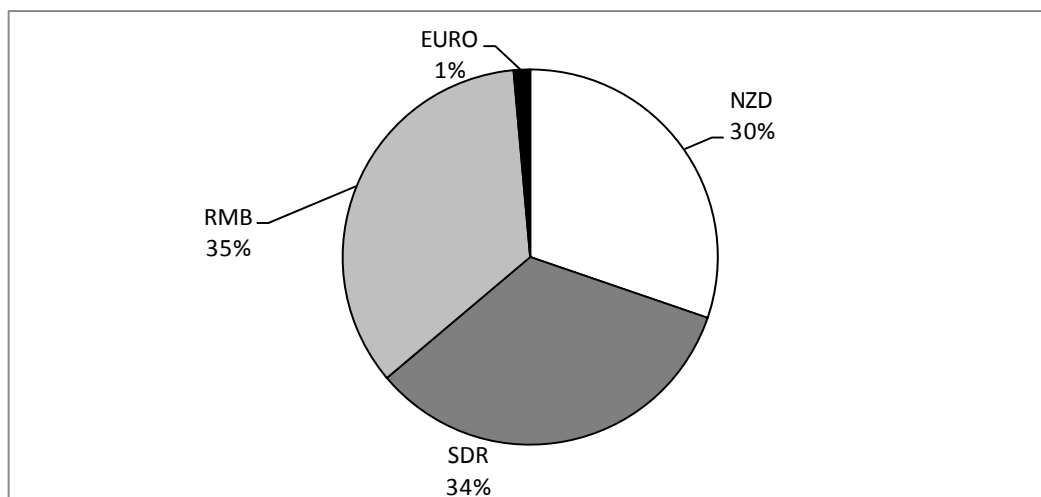
**Table 13**  
**Average Exchange Rates Used**

Foreign Exchange Currency	30-Jun-16 Average	30-Sep-16 Average	Changes
EUR	0.6391	0.6453	0.0062
USD	0.71	0.7231	0.0131
CNY	4.715	4.8225	0.1075
SDR	0.5076	0.5180	0.01045

The unrealised foreign exchange gain of \$2.57 million is largely the effect of the positive movement in the RMB of 35% and Special Drawing Rights (SDR) as about 34% per cent of the total government borrowing is denominated in SDR as illustrated in Figure 4.

Net borrowings by the General Government at this quarter were \$59.83 million, a \$3.00 million decrease from the June 2016 quarter.

**Figure 4**  
**Composition of Crown Debt by Currency**



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

Table 13 below summarised Crown's estimated debt position at September 2016 quarter.

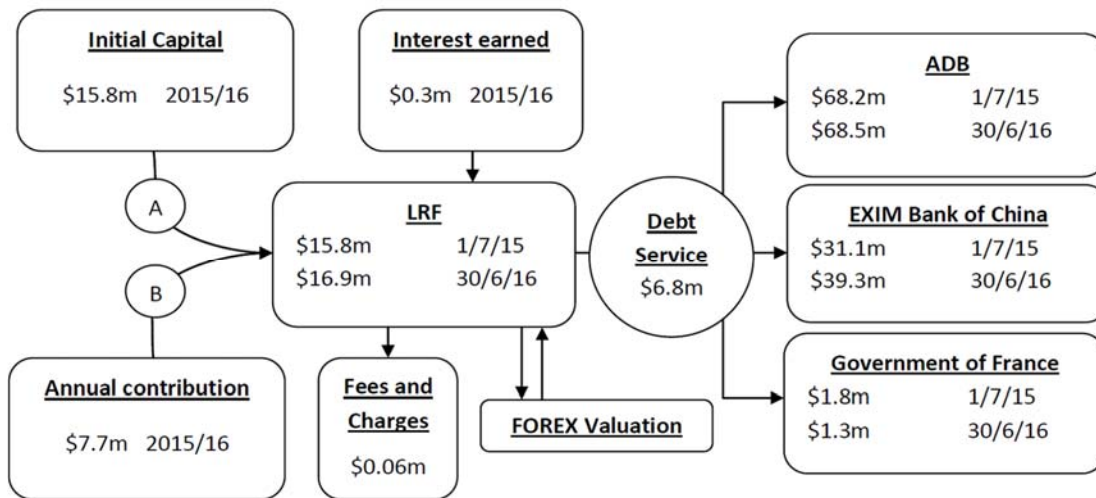
**Table 14**  
**Crown Borrowings – September 2016 YTD**

Loan	Source (Currency)	Original Loan Amount in Currency (‘000)	Loan Start Date	Loan Finalisation Date	June 15 Balance (‘000)	Principal Payments (‘000)	FOREX Adjustment (‘000)	Revaluation/ Draw Down Adjustments	Sept 2016 Balance (‘000)	Change June 16 Qtr (‘000)
Caisse Francais Development Loans	EURO	5,413	Jan-99	Sep-18	1,477	(28)	(44)	-	1,405	(72)
Import-Export Bank of China	CNY	67,260	Aug-08	Aug-28	11,696	(445)	(453)	-	10,798	(898)
China - Rarotonga Water Ring Project	CNY	118,000	Dec-12	Dec-13	24,700	-	(947)	-	23,753	(947)
ADB 461 Multi Project Loan	SDR	1,000	Nov-80	Aug-20	475	(52)	(17)	-	406	(69)
ADB 567 01st CIDB Loan	SDR	1,500	Jul-82	Apr-22	503	-	(55)	-	448	(55)
ADB 849 2nd Multi-Project Loan	SDR	2,067	Dec-87	Aug-27	1,839	(79)	(61)	-	1,699	(140)
ADB 1031 TCI Loan	SDR	3,541	Oct-90	Aug-30	4,430	(151)	(146)	-	4,133	(297)
ADB 1155 2nd CIDB Loan	SDR	939	Mar-92	Dec-31	1,119	-	(35)	-	1,084	(35)
ADB 1171 TCI Emergency Loan	SDR	291	Aug-92	Jun-32	386	-	(12)	-	374	(12)
ADB 1309 Pearl Loan	SDR	336	Dec-94	Aug-34	436	(12)	(14)	-	410	(26)
ADB 1317 Education Loan	SDR	1,836	Feb-95	Aug-34	2,661	(71)	(88)	-	2,502	(159)
ADB 1380 3rd CIDB Loan	SDR	1,538	Jan-96	Sep-35	2,226	(56)	(36)	-	2,134	(92)
ADB 1466 Economic Restructuring Loan	SDR	3,430	Sep-96	Sep-36	5,069	(62)	(163)	-	4,844	(225)
ADB 1588 Cyclone Emergency Rehab Loan	SDR	1,895	Jun-05	Jun-45	840	-	(26)	-	814	(26)
ADB 1832 Waste Management Loan	SDR	1,695	Dec-01	Jun-33	2,237	-	(73)	-	2,164	(73)
ADB 2174 Cyclone Emergency Assist Loan	SDR	1,895	Jun-05	Jun-45	3,470	-	(112)	-	3,358	(112)
ADB 2472 Avatiu Port Development	NZD	10,309	Sep-09	Nov-33	9,599	-	-	-	9,599	-
ADB 2473 Avatiu Port Development	SDR	4,524	Sep-09	Nov-40	9,015	-	(292)	-	8,723	(292)
ADB 2739 Amend Avatiu Port Development	NZD	5,322	Dec-11	Nov-35	5,278	-	-	-	5,278	-
ADB 2946 Economic Restructuring Loan 2	NZD	7,250	Dec-12	Dec-28	6,948	(302)	-	-	6,646	(302)
ADB 2565 Economic Restructuring Loan 1	NZD	11,053	Jan-10	Oct-24	8,542	(502)	-	-	8,040	(502)
ADB 3913 Renewable Energy	NZD	12,980	Jan-15	Jun-36	643	-	-	1,039	1,682	1,039
ANZ - Airport Authority	NZD	8,100	Apr-11	Apr-16	509	(198)	-	-	311	(198)
<b>Total Gross Borrowings</b>					<b>104,098</b>	<b>(1,958)</b>	<b>(2,574)</b>	<b>1,039</b>	<b>100,605</b>	<b>(3,493)</b>
<i>Total Loans with ADB</i>					<b>65,716</b>	<b>(1,287)</b>	<b>(1,130)</b>	<b>1,039</b>	<b>64,338</b>	<b>(1,378)</b>
<i>Total Loans with Other Sources</i>					<b>38,382</b>	<b>(671)</b>	<b>(1,444)</b>	<b>-</b>	<b>36,267</b>	<b>(2,115)</b>
<b>Total Gross Borrowings</b>					<b>104,098</b>	<b>(1,958)</b>	<b>(2,574)</b>	<b>1,039</b>	<b>100,605</b>	<b>(3,493)</b>
Less Loan Reserve					16,866	-	-	-	16,866	-
<b>Net Borrowing by the Crown</b>					<b>87,232</b>	<b>(1,958)</b>	<b>(2,574)</b>	<b>1,039</b>	<b>83,739</b>	<b>(3,493)</b>
Less Avatiu Port Development					23,892	-	(292)	-	23,600	(292)
Less ANZ - Airport Authority					509	(198)	-	-	311	(198)
<b>Net Borrowing by the General Government</b>					<b>62,831</b>	<b>(1,760)</b>	<b>(2,282)</b>	<b>1,039</b>	<b>59,828</b>	<b>(3,003)</b>

## The Crown Loan Reserve Fund (LRF)

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

**Figure 5 - Loan Reserve Fund movements 2016/17**



The LRF currently has sufficient funds to fully cover all debts owed by on behalf of SOEs to lenders. These SOEs include the Bank of the Cook Islands, Te Aponga Uira, and Telecom Cook Islands Limited.

The tender for the analytical services of the LRF was awarded to the New Zealand Company Bancorp, with transactional services and account management being awarded to ANZ in a competitive tender process. Bancorp's fees are outlined in the table below.

**Table 15 Loan Reserve Fund Statement**

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

Table 14 illustrates the movement in the LRF in the next five years. The transfers into the LRF have increased from \$6.23 million during the time of the 2014/15 Budget to \$7.670 million due to the new loan from the ADB for the Southern Group renewable energy project and to compensate for unfavourable movements in exchange rates. For accounting purposes, this transfer is divided into two components: a debt interest obligation (\$2.246 million) and a debt principle repayment (\$5.424 million); these are the estimated required payments into the LRF. The transfers out of the LRF for principle and interest are the estimated debt servicing requirements at the time of the Budget and are subject to exchange and drawdown variations.

## General Government Cash Reserves

General government cash reserves at the September 2016 quarter were \$26.19 million, an increase of \$7.39 million from the June 2016 quarter resulting from increased government Revenue.

**Table 16**  
**Cash Reserves –September 2016 YTD**

	March 15 Qtr ('000)	June 16 Qtr ('000)	Sept 16 Qtr ('000)	Change Sept 16 Qtr ('000)
Total Term Deposit at the Bank				
Westpac	3,267	7,992	14,011	6,019
ANZ	32,171	21,050	20,615	- 435
BCI	13,839	18,141	19,434	1,293
Total Term Deposit at the Bank *	49,277	47,183	54,060	6,877
Operating Capital -Public Account	6,709	9,352	15,615	6,263
Total Cash Reserves	55,986	56,535	69,675	13,140
Committed:				
Trust Fund General Reserve	2,911	2,911	2,911	-
Disaster Response Trust 1	896	901	1,663	762
Loan Reserve Fund 2	17,820	16,903	16,718	- 185
Project City - Multi year funding	13	-	-	-
Trust Account Deposit 4	3,039	3,074	3,074	-
Carry Forward Contingency – OPEX 5	500	500	500	-
Working Capital 6	3,000	3,000	3,000	-
Total Commitment at balance date	28,179	27,289	27,866	577
Estimated Uncommitted Cash Reserves	27,807	29,246	41,809	12,563

\* - This does not include cash balances on the Ministry Operating Bank Accounts or Crown cash operating accounts.

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

<sup>2</sup> Loan Reserve Fund – established in 2001 to hold SOE loan repayments to the Crown

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

<sup>4</sup> Trust Account Deposit – funds held on behalf of Land Trust and Workers Compensation Trust

<sup>5</sup> Carry Forward Contingency – funds tagged for any carry forwards of operating expenditure

<sup>6</sup> Working Capital – funds tagged to cover overall Government cash flow requirements

## **OFFICIAL DEVELOPMENT ASSISTANCE (ODA)**

Official Development Assistance budgeted for 2016/17 appropriated the annual ODA expenditure at the value of \$60 million compared to the budget in 2015/16 of \$49 million reflecting new ODA programmes and the carry forward of some existing programmes from the 2015/16 financial year to 2016/17. As per publication of Budget 2016/17 in parliament, the estimated spend for the first quarter July-September 2016 is reported at \$2 million representing a 14% spend against the quarterly portion of the total budget for 2016/17 of \$15 million. As at 30 June 2016, the ODA conversion rate is a 56% spend for 2015/16. Note delays in significant capital projects such as Te Mato Vai, Apii Nikao, Sanitation Programme have resulted in lower ODA spends in 2015/16 which is beyond the control of the Development Coordination Division however we should see an increased spend in 2016/17 as a result of this. The following are updates only on development partner programmes with annual budgets of \$100,000 and over.

### **NEW ZEALAND PROGRAMMES**

#### **Consolidated Sector Investments New Zealand (Formerly Performance Based Budget Support)**

The Government of the Cook Islands and New Zealand have completed the first trial of the Performance Based Budget Support (PBBS) programme which ended in June 2016. The Cook Islands Government have just recently received a new GFA which will replace the PBBS GFA. The new GFA is titled Consolidated Sector Investments and is budgeted for two financial years 2016/18 to 2018/19 at a total value of up to **\$21 million**. This GFA is expected to commence in November 2016.

The GFA still focuses on support towards key sectors such as improving the quality of health and education services, support towards the Tourism Industry and Public Sector capacity and capability development.

#### **Manihiki Lagoon Clean-Up**

For the July – September 2016 quarter, the main activity was focused on the tender process for a contractor to implement the lagoon clean-up operations. DCD engaged a Project Manager to coordinate the procurement process, specifically compiling tender documents were submitted to the Tender Committee in July with approval to proceed on 11 August. Tender advertisement for the lagoon clean up resumed on the date of approval for this work with a required advertising period up to 7th September.

Received bids were evaluated by the Tender Panel with a tender report and recommendation for preferred bid submitted to the Tender Committee for approval on 20 September 2016. Delays from required advertising period and seeking Tender Committee approval for preferred bid meant not being able to meet the target deadline for procurement of a lagoon clean up contractor by end of August. A contract is now expected to be signed by November 2016 to commence the cleanup operations in Manihiki immediately.

The Manihiki Islands Government have signed up to an agreement to conduct the land-based disposal of the materials removed from the lagoon as part of this project with preparations for this work to happen just as soon as lagoon clean up contractor is signed up.

Spend for this quarter is less than \$10,000 reflecting costings associated to prepare the tender process.

#### **Pacific Maritime Technical Assistance**

Work continued as per the agreed project plan and time lines. Some key work items completed in the July - September quarter included the following;

- a) Revision of MoT (Maritime) job descriptions, including provision of key administration items into the revision of the Finance Manager's position following her retirement was completed. The positions were transferred to the



new format. The position for Senior Operations Officer, Maritime, will be advertised once the salary level and funding is confirmed.

- b) The oversight policy for the open registry of the Cook Islands, provided by Maritime Cook Islands, was completed. The procedures for the oversight were completed, and are being implemented from 1 September 2016. Implementation will be reviewed after 4 months.
- c) Following agreement from Cabinet for the establishment of the Cook Islands Hydrographic Service, the inaugural CINHCC (Cook Islands National Hydrographic Coordination Committee) was held 6 September. The work on this item as per the action table for the Voluntary IMO Member State Audit Scheme (VIMSAS) is now complete.

Work continues on updating the action plans for the VIMSAS and the Strategic Plan (Maritime). In addition, the MoT website is nearing completion, with expected launch date in Q4 2016. To promote ongoing capacity building, an International Obligations Oversight Committee (IMOOC) has been implemented, with participation from MoT, MCI and MFAI. The IMOOC has resulted in opportunities to share experiences and learnings with regards to a number of areas related to obligations resulting from various IMO conventions and codes.

Total spend for this quarter was \$96,960.

### **Social Impact Fund**

The Social Impact Fund Grant Funding Arrangements the jointly funded Social Impact Fund (SIF) Grant Funding Arrangements (GFA) with the New Zealand Government ended in June 2016. An independent evaluation of the SIF was undertaken from April 2016 to June 2016 and supported the continuation of SIF. The New Zealand Government has shifted its funding arrangements away from individual project related GFA to direct budget support, the procurement process for the continuation of the SIF has ended. New Zealand contribution of \$600,000 annually to the SIF has been programmed into the new Consolidated Sector Investments GFA supporting direct budget support.

The Cook Islands Government is providing the following funding arrangements to continue the programme, approve an additional appropriation of \$260,000 to the existing SIF POBOC in 2016-17, \$600,000 in 2017-18, \$600,000 in 2019-20 and \$340,000 in 2020-21 and to enable the procurement process for multi-year contracts under the Social Impact Fund to commence in November 2016. The Social Impact Fund (SIF) represents the Cook Islands Government's key mechanism to support CSOs in providing services that meet the needs of society's most vulnerable people.

### **Tereora College Redevelopment (Phase 1)**

Phase 1 of the Tereora College Redevelopment Project funded by NZGovt was tendered in the July-September quarter. The contract was awarded to Landholdings Ltd in October 2016. Two new buildings will be constructed in the 2017 calendar year, comprising of a Technology Centre and a Student Support & Administration Centre.

Of the 10.85m grant from NZ, CIGov has received 4.05M. This was received in 2015/16. A further 4.75million will be received in 2016/17, with the remaining 2.05million to be received in 2017/18.

CIIC has expended \$10,000 million to date. The 2016/17 allocation and balance remaining from 2015/16 will be expended in 2016/17.

With regard to ODA spending to date, \$200,000 has been spent and it is anticipated a contract will be signed in the next quarter in November where most funds are allocated towards the construction phase. The contract for construction is valued at \$11 million.

### **NZ Third Party Spends**

There has been a total spend of \$131,311.27 in third party spends for the below New Zealand funded programmes.

<b>Programme</b>	<b>Quarter Spend July - September</b>
Targeted Sector Support	12,997.00
Tertiary Scholarships NZ	47,476.60
Tertiary Scholarships Pacific Regional	35,179.56
Commonwealth Scholars	3,360.00
Cook Islands Emergency Response Ambulance	11,779.67
Head of Mission Fund: Cook Islands	20,518.44
<b>TOTAL</b>	<b>131,311.27</b>

### ***SECRETARIAT OF THE PACIFIC COMMUNITIES (SPC) PROGRAMMES***

#### **Cook Islands Household Income & Expenditure Survey**

The Statistics Office is on track with field work data collection activities since the start of this one year survey in November 2015. For this quarter training of fieldworkers including data collection have been conducted for Manihiki to represent the Northern Group Islands. Trained data collection personnel conducted rounds 10-13 of the staggered two weeks survey periods for the selected household in Rarotonga and Aitutaki, Mangaia, Atiu in the South. At the same time data entry and verification of data collected is also in process and in collaboration with the Statistics Programme at SPC.

Total spend for this quarter was \$30,588.

### ***UNITED NATIONS ADMINISTERED PROGRAMMES***

#### **FAO Improved production, processing and marketing of agricultural produce**

For 2013-2017, this is the focus under the Pacific Multi Country Programming Framework (CPF) with the aim to improve agriculture produce supply chain and increase in households engaged in agriculture for own use and for sale. **To date, no monies have been spent** nor direct payment to suppliers from this grant. In the pipeline will be negotiations for priority areas for CPF funding for the next 5 years.

#### **Green Climate Fund Readiness**

The Green Climate Readiness support focuses on strengthening the National Designated Authority and effectively managing climate finance within the Ministry of Finance and Economic Management.

The Green Climate Fund team have been working on two submissions to the Green Climate Fund, one to develop a country programme readiness proposal which will include national prioritised climate change project proposal ideas and the other is to develop a proposal to the GCF board on direct access to the Green Climate Fund. The Cook Islands have recently been approved by the Green Climate Fund to apply for accreditation under the fast-tracked method as a result of the Cook Islands gaining accreditation to the Adaptation Fund in Washington DC on

July 14th 2016 under the streamlined approach. The Fast-track approach is an achievement for the Cook Islands as it means we can apply under special conditions as highlighted in the Fast-track application process.

Total spend for this quarter was \$31,248.

### **UNDP Ridge to Reef**

Key Activities that led to this were the consultations conducted with various stakeholders that led to more support to these stakeholders in the quarter as well as continued support for both resources and activities. Training (capacity building) was a big component during the quarter with the provision of technical and compliance activities within the PRODOC. Both NES and MMR conducted training with their staff to strengthen

education and awareness. Resources during this quarter included signage for Protected Natural Areas identified such as Takitumu Conservation Area including materials that led to their installation during the quarter.

Other achievements during Quarter 3 were the purchase of satellite maps for planning purposes during the project lifetime, participation in the 51st Constitution Celebrations float parade, showcasing Ridge to Reef, working with the Department of Conservation from New Zealand on tagging of the Kakerori within TC as well as completion of mooring buoys that will be deployed in Q4 to Manuae and Takutea. A key outcome was the continuous support to the P3DM (Participatory 3Dimensional Modelling) exercise that was held for Mangaia. This is the second demonstration of such a modelling exercise and the first island wide modelling exercise. Supported by SRI CC project, this is envisaged to take up more time by the team to continuously support the rest of the islands P3DM in future. Equipment and building resources were purchased to begin the renovation of Pa enua office spaces and this exercise will carry on from Q4 also.

The Ridge to reef project has accomplished to spend a total amount of \$55,000 for this quarter.

### **UNDP GEF Strengthening the Resilience of our Islands and Communities to Climate Change (SRIC)**

The SRIC programme has been progressing extremely well. For the quarter, a total of 33 projects have been reported, of these projects 7 are new, 18 are continuing and 8 have been completed as listed below:

- a) Aitutaki – Fertilizer
- b) Atiu - Fishing Boat
- c) Manihiki Hydroponic
- d) Mitiaro - Maroro Tu Paiere & Shelter
- e) Palmerston - Worm Fams & Brush Chipper
- f) Pukapuka – Fishing Boat

The SRIC team have carried out a total of x4 workshops. Workshops in this quarter have seen a huge interest of participation in the Pa Enea. Negotiation Workshop – 24 (Women-22 & Men-2) participants in Rarotonga, Maroro Tu Workshop 57 (Women-26 & Men-31) participants in Mitiaro, Raurau Akamatutu in Mitiaro 57 (Women -29 & Men-28) participants, P3D Modelling 67 (Women-46 & Men-21) participants. Typically workshops in the Pa Enea participants range from 20 to 30 people. There is a huge interest and support from the community for SRIC-CC related workshops and projects in the Pa Enea as they have seen many SRIC-CC projects in their communities.

The communications component of SRIC has been extremely active through Media and Print, specifically via the Cook Islands Radio, Cook Islands TV and the Cook Islands News Paper. Our reach on social media has been huge this quarter compared to previous quarters. The summary to date of Social Media activity on Facebook is 1st Quarter - people reach of 6,201, 2nd Quarter of 45,644 people reach and in the 3rd Quarter of 273,796 people reached.

Our total likes are now currently 2,165 which is a great achievement.

The total spends for this quarter was \$554,215.

#### **UNDP Nagoya Protocol**

Contractor services to review and draft the appropriate Access and Benefit Sharing legal framework has been reprogrammed from this 3rd quarter to the next quarter pending further gap analysis of the current legal instruments by Crown Law. CIMTECH-Parnell technology transfer program has also been extended and reprogrammed to the 4th quarter.

Main spends for this quarter includes the 1st instalment of reimbursement for the payment of the Project Coordinator's salary and the costs of the Coordinator's attendance at the Samoa UNDP GEF Project Management Workshop. Total spend for this quarter was \$13,180.

#### **UNDP National Biodiversity Planning to Support the implementation of the CBD 2011-2020 Strategic Plan in the Cook Islands**

After the successful staging of the 1st NBSAP National Workshop by the International Consultant and the Project Coordinator, follow up stakeholder meetings were held throughout the quarter. The Mayor and Island Council of Aitutaki warmly welcomed Dr Dave Butler and the PC on a one-day field trip visit to Aitutaki to review the status of the Island's biodiversity.

The quarter's Biodiversity Project Steering Committee meeting was held on 5 July 2016. All UNDP-GEF Project Coordinators presented their various reports and these were endorsed by the Committee. An in-house Communications Workshop was conducted by Ms Nannette Woonton of SPREP on 12 July 2016.

Final short-listed interviews for the NBSAP Technical Assistance was carried out under group A for Environmental economics, finance and biodiversity mainstreaming on 27th September & group B for Capacity needs assessment for biodiversity management on 13th September 2016. It is planned that final selection and contracts be completed by 10th October 2016.

The draft 5th National Report to the CBD was provided by Dr Dave Butler to the Project Coordinator on Monday 26th September 2016. This was duly in accordance to the Contract award. Copies were submitted to the IFD Manager and to UNDP. The PC is working with the Lead Consultant to complete the final parts to the Report. It is planned that this will be completed by the end of Q4 or early Q1 2017.

Total spend for this quarter was \$16,579.

#### **UNDP Preparation of the Third National Communication under UN Framework Convention on Climate Change (UNFCCC)**

The National Communications work program picked up after the Brilliant Resilient initiation workshop generated a lot of interest and awareness both in government and the public. The 3rd quarter kicked off to a great start, but unfortunately this did not transpire into concrete actions with the sudden passing away of one of the technical working group team leaders and the resignation of the National Project Coordinator.

However, technical working groups were established, the recruitment processes to outsource the greenhouse gas and mitigation components was 90% completed. Appointment has been held off till the new coordinator is on board. There was active participation at the IPCC guidelines training workshop in South Korea. Recruitment process for the vacant National Communications Coordinator position was conducted and completed with the successful applicant appointed and due to commence in January 2017. Presentation was made to the Climate Change and Disaster Risk Platform meeting in September on the IPCC workshop.

Total spend for this quarter was \$18,818.

### **World Health Organisation Technical Cooperation Biennium Budget Support**

Biannual funding to the Cook Islands is about US\$400,000 for 2016-17 calendar years. Human resources development including fellowships aligned to the Clinical Workforce Development Plan. Ongoing focus is also on activities towards non communicable diseases action plans, health promotion, nutrition and tobacco control towards implementation of National Health Strategy and the National Strategy and action plan for NCDs.

A review of the National Health Strategy is in the pipeline with emphasis on avoiding duplication of effort especially in the water and sanitation areas with WHO identified to provide technical assistance.

Despite competing priorities MOH has confidence in full implementation of existing programmes with at least 70% targets to be reached by December for 2016. SPC provides technical service towards implementation of health programmes.

Ministry of Health September 2016 month financial report show a year to date spend at \$82,034.

### **INDIA GRANT FUND**

To date USD \$700,000 (NZD \$975,000) has been spent on projects funded by the Government of India. A further USD \$710,000 (NZD966,000) grant fund request has been submitted to the Government of India for the 2016/2017 round for consideration and is expected to be disbursed in early 2017.

The 2016/2017 process was open for proposals in March 2016, with shortlisted final applications submitted to the National Sustainable Development Committee (NSDC) for prioritisation before submission to the Government of India in August 2016. A few projects from the previous 2013/2014 round were recently completed in 2016 or have yet to be completed due to delays in receiving the funds (disbursed mid 2015), shortage of supplies on island, and other commitments by both project implementers and suppliers towards the 50th Constitution Celebrations.

The 2016/2017 grant round has yet to be approved and the Ministry along with MFAI, is working with the India High Commission to ensure timely disbursement and finalise a set timeframe for submissions.

To date, there have been no spends, however a delegation will be in Rarotonga in November to discuss programmes in the Cook Islands.

### **KOREA GRANT FUND**

In 2014/2015 the Republic of Korea approved a grant application for USD200,000 to the Ministry of Cultural Development for Audio Visual Equipment and Operating Room allocating in July 2015 and completed in November 2015. The proposed upgrades would go towards supporting cultural projects for the Cook Islands 50<sup>th</sup> Constitution Celebrations. The funds were requested and provided as a cash grant with national systems used to procure the equipment.

The grant is open for applications annually up to the value of USD200,000, a proposal for utility vehicles for the Pa Enua was submitted in 2015/2016 round however missed the deadline and has been resubmitted for the 2016/2017 Round. To date, a final decision on whether the proposal has been accepted is expected in early 2017.

To date, there have been no spends as DCD is still awaiting final confirmation from the Korean Embassy.

### **CHINA PROGRAMMES**

From the 29 May to 18 June 2016, the CIG hosted a Chinese delegation who conducted on-site inspections and

feasibility study for maintenance and repairs work on the Ministry of Justice building, National Police Headquarters and Bluesky Sports Arena (formerly Telecom Sports Arena) that were constructed in 2004, 2006 and 2009 respectively by way of grant and concessional loans from the People's Republic of China (PRC). The team was led by Mr. Yuan Wei which comprised of structural, architectural, electrical, heat & ventilation/air conditioning, water and sanitation experts and engineers accompanied by an interpreter.

The outcome of the visit saw the signing of the comprehensive list of contents for repairs and maintenance works on the three buildings by CEO Tutangata and team leader Wei on Friday 17 June 2016. The Minutes of Talks relating to the renovations of the said buildings were subsequently signed by Financial Secretary Garth Henderson on behalf of CIG and Counselor Zhang on behalf of the PRC at a signing ceremony held on Wednesday 22 June 2016.

The CIG and PRC will continue to work closely to finalise details of project scope before implementation into the outer years.

### **Apii Nikao Construction**

The Cook Islands Investment Corporation (CIIC) are expecting the PRC design team to arrive in Rarotonga next month to finalise the preliminary designs. CIIC received draft preliminary designs in September, comments were sent to PRCs design team last month, and they have responded to most. According to the timelines in the Implementation Agreement for Apii Nikao Rebuild, once the preliminary designs are approved by the Cook Island Government, it will take 4 months for the PRC design team to prepare the construction drawings. A further month has been allowed for approving these drawings, before mobilisation begins.

It is anticipated that the Cook Islands and PRC will sign an agreement in November 2016 to support the maintenance works at the value of RMB Yuan 20 million (approx. NZD \$4.2 million) which will be used for the renovations of the Ministry of Justice but not limited to this project.

There has been ongoing discussions between CIIC and the Chinese delegation who conducted on-site inspections and feasibility studies for maintenance and repairs work on the Ministry of Justice building, National Police headquarters and Bluesky Sports Arena.

## ***EUROPEAN UNION PROGRAMMES***

### **Deep Seabed Minerals**

This is 3rd Party spend through SPC. The EU reports and signs off upon DCD request. This programme is coming to close in 2016 and can be made inactive after 2015/16 budget reporting. Future funding may be available for consideration at the negotiations of EDF 11. Officials from MFEM and MFAI will be attending the high level consultations to discuss regional prioritise and also reflecting the Cook Islands National priorities.

### **EU Budget Support**

The European Union (EU) continues its Official Development Assistance via the budget support modality. With the 10th cycle (EDF10) approaching its conclusion, focus now moves to the 11th cycle (EDF11) of funding to continue with its incentivized budget support to allocate funding using national systems up until the year 2020. The unfortunate delay in the implementation of sanitation upgrades resulted in the absence of funds in 2014/15, however it is expected that the final tranche of the EDF 10 budget will be received in the 2nd quarter for 2016.

There have been no spends for the Cook Islands under the Pacific Island Integration Technical Assistance Project (PITAP) for the quarter. This funding is accessed from the regional indicative package under the 10th EDF, so there is no specific country allocation. It is organized so that funds are expended on regional initiatives as EU recognizes that National Indicative Packages are available to Member States for national specific priorities.

Under the 11th EDF, this may change however this is still being discussed as programming is ongoing.

## **EU Partnership Multiyear Fisheries Policy Support**

This agreement for sustainable fisheries partnership includes an annual fisheries sector contribution of EU350,000 by the European Commission under the 4 year protocol.

To date, the Ministry of Marine Resources reports no spend.

### ***FORUM FISHERIES AGENCY (FFA)***

#### **Project Development Fund – US Fisheries Treaty**

The US Multilateral Treaty for fisheries includes an annual allocation of US\$150,000 per Pacific Island party development fisheries projects. Funds are held in trust by the treaty with FFA with direct administration by Ministry of Marine Resources.

To date, the Ministry of Marine Resources reports no spend.

### ***MULTILATERAL PROGRAMMES***

#### **Renewable Energy**

It is Government's ambition to increase power generation from renewable sources and enhance the government's institutional capacity for implementing the Cook Islands Renewable Energy Chart Implementation Plan (CIRECIP), 2012–2020, which sets a target of supplying electricity from renewable energy sources on all inhabited islands by 2020.

The goal of the Renewable Energy Programme Support is to establish a solid foundation for renewable energy sector development and operations in the Cook Islands.

New Zealand funding has been used for the construction of renewable energy infrastructure on Rarotonga and islands of the Northern Group and involves the installation of following renewable energy generation infrastructure.

This project is now completed.

#### **The focus now moves to the Southern Group.**

The Renewable Energy Programme is in progress with the Cook Islands Renewable Energy Sector Project (CO046453-002) Phase 1 contract for Atiu, Mauke, Mitiaro, Mangaia, signed during this period with NETCON Limited of New Zealand. This is the major component of this project valued at NZ\$7.7 million and EU1 million.

The civil work component for all islands will be tendered once the design is completed by NETCON. Tender documents will be reviewed and advertised in the next quarter. As part of the whole project, the rehabilitation of the power upgrade network for two islands of Mitiaro and Mauke will be upgraded. Feasibility study completed last quarter and tender documents approved and tendered during this period. Contract will be signed and effective by end of next quarter.

The Phase 2 projects for Aitutaki and Rarotonga: the draft pre-feasibility study for the Aitutaki phase 1 turn-key project was presented to the Aitutaki Island Council and Aitutaki Power Supply with approval to be sorted next quarter. Once approval is declared, then tender documents will be processed and released in the next quarter. The Aitutaki Phase 1 will cost between NZ\$3.5 – 4.5million.

The feasibility study for the Rarotonga Battery Energy Storage (BESS) project was completed this quarter. Tender for this project was released and contract should be signed by end next quarter. This Project will be funded under the GEF6 for about NZ\$5.5 million.

During this quarter the TA for the Governance and Management of the Outer Islands Power Supply was undertaken. A consultation workshop was carried and draft cabinet paper was circulated for comments. It is envisaged that a paper will be submitted for Cabinet decision in the next quarter. This TA is funded by New Zealand for \$85,000.

With regard to ODA spending for the quarter July-September 2016, there has been no spend.

### **Sanitation Upgrade Programme**

The Sanitation Upgrade Programme (SUP), which commenced following completion of the WMI, was designed to install up to a further 1,000 on-site systems on Rarotonga and Aitutaki. The SUP grant arrangement between the Governments of New Zealand and the Cook Islands was signed in June 2014, and the programme was expected to end on 30 June 2018. This \$18million programme includes funding from New Zealand (\$10 million), the European Union (\$4million), and the Cook Islands (\$4million).

The Sanitation Upgrade Programme was a continuation from the Muri Pilot Waste Management Initiative (WMI). The intention of the SUP was to continue with the installation of on-site effluent treatment systems beyond the Muri area. This work has continued but progress was slow.

The slow progress, and doubts about the impact of the programme led New Zealand to suspend its funding towards SUP from September 2015 and the EU to withhold a \$500,000 Euro payment. These issues and an extensive outbreak of algae and seaweed growth in Muri Lagoon in late 2015, led to a review the Muri Pilot Waste Management Initiative.

This review was commissioned and conducted in December 2015. The recommendations of this review were largely in accord with other reports and suggested that a reticulated collection, treatment and disposal system was the only effective way to completely remove domestic and commercial wastewater from the Muri lagoon environment. The report highlighted gaps in the on-site Sanitation Upgrade Programme which may be a

contributor to the slow delivery of the programme. Cabinet accepted this report's findings and recommendation and directed MFEM to negotiate the redirection of funds with the development partners towards this end.

Following a request received from of the Cook Islands Government, NZ MFAT engaged Calibre Consulting in June 2016 to develop a plan to achieve Cabinets directives. Calibre has completed this work and broadly itemised two parallel work streams, (1) an institutional/organizational work stream, and (2) a technical work stream.

For the technical work stream, as a first step, Calibre identified that essential Project Preparatory Technical Assistance (PPTA) is required to be in a position to provide Cabinet with the additional information it has previously requested. Work to be carried out will includes site investigations, full assessment of collection, treatment disposal options, cost benefit analysis and consultation with relevant stakeholders. This work will require a multi-disciplinary technical assistance package of support. It may be provided by one or multiple consultancies. The 500K Euro technical assistance will be used to complete some of these activities. The work may take up to eighteen months to complete. A specific task to be completed in the PPTA phase is the development of an On-site Effluent Treatment Plan for Rarotonga and Aitutaki. Once this plan is completed, it will be possible to resume with a revised SUP programme if this is delivers an acceptable impact on achieving the long term goal of the protection of public health and the environment.



Calibre recommended that work on the institutional/organisational work stream be completed in parallel but separate to the technical work stream. This work was considered equally important to ensure that there is a viable and sustainable institutional framework in place beyond the life of the project (technical work stream). The clear delineation of the work streams allows specific focus onto each one. The technical work can be continued under the guidance of an expanded TMV PSG/PMU, while the essential institutional/organisational work is driven independently by the Cook Islands Government.

With regard to ODA spending for the quarter July-September 2016, no funds have been spent. All expenses came from Government shared costs budgets for this project.

### **Te Mato Vai (TMV)**

The TMV project is the largest single infrastructure project in the Cook Islands since the construction of the international airport in Rarotonga in 1974. The project is broadly divided into two stages – Stage 1, the replacement of the ring main; and Stage 2, refurbishment of intakes and provision of storage, filtration and trunk mains. Stage 1 was delivered by the China Civil Engineering Construction Corporation (CCECC) and is practically near complete.

Implementation of the TMV project is being managed by the Project Management Unit (TMV PMU) now led by GHD Ltd. The TMV PMU is currently working with the Stage 1 ring main contractor CCECC to remedy any quality control issues (snags list). The defects liability period will commence when all obvious quality control matters have all been addressed. This defects liability period is expected to commence in November 2016.

A preferred contractor for the Stage 2 has been identified. The PMU is actively working to attain land access to the intake valleys in order to allow the preferred contractor to commence working on the surveys. It is envisaged that this survey work will commence late 2016. Should this timetable be achieved, the detailed designs for intakes, pipelines, treatment works and reservoirs can then be completed in mid-2017, with the physical works able to commence soon after.

Staff of the GHD led TMV PMU are seconded from government ministries. These staff are paid from the project account. It is intended that these staff will become the core of the soon to be established SOE. The TMV PMU is now functioning competently and has achieved considerable progress since the change in leadership from June of this year.

With regard to ODA spending for the quarter July-September 2016, no funds have been spent. All expenses came from Government budgets.

### **Aid Effectiveness**

The Aid Effectiveness budget is drawn from the interest earned on development partner trust accounts and is used by the MFEM to support the implementation of the official development assistance policy. The programme currently contributes to several projects including the following: annual meeting of development partners, development of Te Tarai Vaka, surge capacity to catch up and standardise Crown financial statements, training and set-up of project financial management software. The Aid Effectiveness funds was also utilised to commission a national consultant to prepare completion reports for programmes and the Islands submission of the Cook Islands assessment in accordance to the Global Partnership for Effective Development Co-operation Monitoring Framework. The framework assesses our country systems and measuring aid effectiveness principals as outlined in the ODA Policy 2015 of the Cook Islands in accordance to international standards.

An increased budget of 160,000 was allocated for the 2015/2016, and also to the 2016/2017 and 2017/2018 financial years. The Development Partners roundtable has been approved by cabinet shifting to biennially and is currently planned to fall within the 2016/2017 financial year, around late 2016.

Funding, in the interim, will also be allocated to support the new Finance Manager post within the Development Coordination Division, increasingly required within office to uphold fiduciary standards of ODA funds.

**NEW PROGRAMMES APPROVED FOR IMPLEMENTATION**

In August 2016, it was brought to the attention of the Development Coordination Division of the Ministry of Finance and Economic Management that several government agencies received funding from Donor partners to execute programmes in the financial year 2016/17. These new programmes were not included in the appropriation schedule for FY2016-17 due to non-inclusion in the annual budget process. Given that these omissions are less than 5% of the total appropriation for ODA, legal advice allowed for the implementing agencies to expend funds to ensure timely implementation of programmes and transparency in reporting of programmes already implemented but not captured in the ODA appropriation. The table below outlines ten new programmes and projects to be implemented. The programmes will formally be appropriated in Parliament during the supplementary budget process scheduled for the end of 2016 as the Appropriation Amendment Bill 2016/17.

**Table 16 ODA Expenditure– September 2016 YTD**

<b>Govt Agency</b>	<b>Project Name</b>	<b>Development Partner</b>	<b>Start Date</b>	<b>End Date</b>	<b>FY2016-17 Budget NZD<sup>1</sup></b>
MOCD	National Auditorium Indoor and Outdoor Sound Equipment	China	Jul-16	Dec-16	586,180
NES	HCFC Phase-out Management Plan for PIC Countries through Regional Approach Stage 1 Second tranche	MLF/UNEP	Jul-16	Jun-21	35,308
NES	Review and Update the National Implementation Plan for the Stockholm	UN Environment Programme	2016	2018	76,831

<sup>1</sup> Exchange rate is based on rates provided by BSP dated 18.08.2016. USD conversion rate is 0.7647

<b>Govt Agency</b>	<b>Project Name</b>	<b>Development Partner</b>	<b>Start Date</b>	<b>End Date</b>	<b>FY2016-17 Budget NZD<sup>1</sup></b>
	Convention on Persistent Organic Pollutants (POPs) in the Cook Islands	(UNEP)			
NES	Pacific POPs Release Project	GEF/UNEP/SPR EP	Jul-16	Jun-18	25,173
NES	Development of Minamata Convention Mercury Initial Assessment in Pacific	GEF/UNEP/SPR EP	2016	2018	39,296
MFEM	RSA Cemetery NZ PDCT Project	New Zealand	2016	2017	50,000
MFEM	The Project for the Upgrade of Avana Harbour	Japan	2016	2017	110,071
MFEM	The Project for the Improvement of the Fire Station in Teimurimotia	Japan	2016	2017	93,653
MFEM	The Project for the Improvement of the Te Kainga Mental Health Respite Centre	Japan	2016	2017	113,000
MFEM	Non Project Grant Aid	Japan	2016	2017	1,335,113
MFEM	Project for Reinforcing Meteorological Training Function of FMS	JICA (Japan)	2016	2017	1,095
MFEM	JICA Training Program for Young Leaders/Local Governance Course	JICA (Japan)	2016	2017	33,151
MFEM	JICA Training Program for Basic Education science, maths, local governance and law and order	JICA (Japan)	2016	2017	90,748
<b>Total</b>					<b>2,589,619</b>

## Glossary

Below are a list of terms which are mentioned at various points in this report and what they are for the purposes of this report:

### *Revenue*

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

### *Revenue Levied Through the Crown's Sovereign Power*

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

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

### *Expenses*

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

### *Foreign Currencies*

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

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

### *Aid Expenses*

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

### *Appropriation*

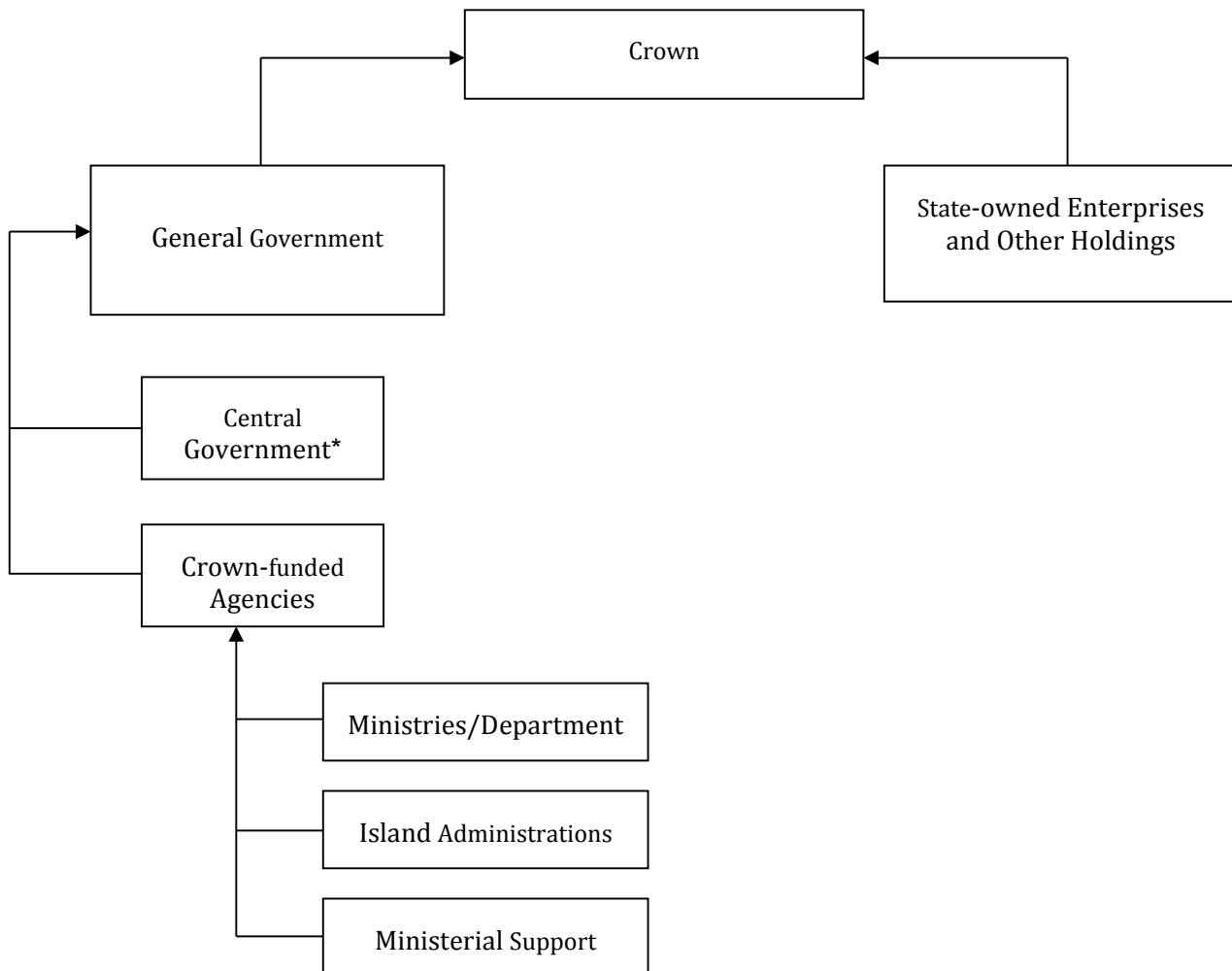
Appropriations are the funding-source provided by the Crown (as a Central Government entity) to allow the recipients (Crown-funded Agencies – see term below) to carry out their purposed operations.

*Crown-funded Agencies/Agencies*

These are recipients of funding via an appropriation. Crown-funded Agencies refer to ministries/departments, island administrations, and ministerial support offices.

*General Government*

General Government consists of Central Government and Crown-funded Agencies. It does not include State-Owned Enterprises or holdings in other entities (eg. Telecom). The diagram below shows how all relate.



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