



Cook Islands Government

Quarterly Financial Report

March 2016

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

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Introduction

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

Key Points

The net operating balance of the General Government Sector as at 31 March 2016 was a surplus of \$11.9 million.

- Operating revenue was \$105.1 million; and
- Operating expenditure was \$93.2 million.

The estimated overall fiscal balance for March 2016 was a surplus of \$9.8 million. The fiscal balance excludes the effects of depreciation and incorporates capital expenditure.

Table 1
Net Operating Balance General Government – March 2016

2014/15 Actual ('000)		2015/16 Budget ('000)	2015/16 Actual ('000)	Variance ('000)	%
94,903	Operating Revenue	96,592	105,104	8,512	9
86,348	Operating Expenditure	102,098	93,205	8,893	9
8,556	Net Operating Balance	(5,506)	11,900	17,406	(316)

Table 2
Fiscal Balance of General Government – March 2016

2014/15 Actual ('000)		2015/16 Budget ('000)	2015/16 Actual ('000)	Variance ('000)	%
8,556	Net Operating Balance	(5,506)	11,900	17,406	(316)
2,190	Add Crown Depreciation	2,190	2,190	-	-
1,794	Add Ministry Depreciation	1,725	1,498	(227)	(13)
689	Add Pa Enuu Depreciation	704	382	(322)	(46)
9,647	Less Capital Expenditure - CI Govt Funded	17,712	8,590	9,123	52
3,582	Fiscal Balance	(18,599)	7,380	25,979	(140)

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

Total operating expenses for the quarter ending March 2015/16 were lower than the Budget estimate and are largely attributed to lower expenditure of payments on behalf of Crown.

Summary of the Financial Position of the General Government

The net operating surplus of the General Government sector for the quarter ending March 2016 was \$11.9 million, representing an increase of \$17.4 million on the 2015/16 Budget estimates for the quarter.

Overall, revenue was \$8.5 million higher than the 2015/16 Budget estimates and operating expenditure was lower by \$8.9 million than the 2015/16 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 been necessarily received or paid.

Table 3
Net Operating Balance as at 31 March 2016

2014/15 Actual ('000)		2015/16 Budget ('000)	2015/16 Actual ('000)	Variance ('000)
<u>Operating Revenue</u>				
76,549	Taxation Revenue	77,186	87,738	10,552
11,196	Other Crown Receipts	11,759	9,909	(1,850)
4,614	Trading Revenue	4,205	4,906	701
484	Interest on Loans to Subsidiaries	513	537	-
863	Dividends	1,515	818	(697)
1,198	Interest on Funds	1,414	1,196	(217)
94,903	Total Operating Revenue	96,592	105,104	8,512
<u>Operating Expenditure</u>				
47,701	Ministry/ Pa Enea Expenditure	51,607	50,384	1,223
29,119	Payments on Behalf of the Crown	40,945	32,834	8,111
1,536	Airport Authority	1,536	1,536	-
136	Bank of Cook Islands	90	90	-
263	Te Aponga Uira	285	285	-
-	Ports Authority	83	83	-
1,330	Debt Service Interest	1,685	1,991	(306)
1,263	Asset Management	1,349	1,474	(125)
2,190	Crown Infrastructure Depreciation	2,191	2,190	-
387	Transfer to Reserve Trust Fund	386	386	-
2,325	Depreciation Contingency Fund	1,868	1,868	-
97	Contingency Funds - Operating	75	84	(9)
86,348	Total Operating Expenditure	102,098	93,205	8,894
8,556	Net Operating Balance	(5,506)	11,900	17,406

Key Balance Sheet Items in General Government:

Cash and Equivalents	55,986
Committed Cash	(28,179)
Net Cash Reserve	27,807
Gross General Government Borrowings	106,656
Net General Government Borrowings	89,298

The gross borrowings by the Crown were \$107.0million; net borrowings by the General Government Sector (excluding loan reserves and borrowings by SOEs) were \$89.3 million. The net cash reserve which is essentially unencumbered remains stable at \$27.8 million since last quarter.

General Government Revenue Analysis

General Government sector revenue as at 31 March 2016 was higher than the Budget estimate by \$8.5 million or 9 per cent. This was mainly attributed to tax revenues performing above budget for respective reasons detailed below.

Table 4

General Government Revenue Summary – March 2016 YTD

2014-15 Actual ('000)		2015-16 Budget ('000)	2015-16 Actual ('000)	Variance ('000)	%
36,811	Value-added Tax	37,737	41,779	4,042	11
16,343	Income Tax	16,651	18,870	2,219	13
8,443	Company Tax	7,969	9,161	1,192	15
8,314	Import Levies	8,967	8,931	(36)	(0)
388	Withholding Tax	0	2,313	2,313	100
6,250	Departure Tax	5,862	6,684	822	14
4,614	Trading Revenue	4,205	4,906	701	17
13,741	Other Revenue	15,201	12,461	(2,741)	(18)
94,903	Total Revenue	96,592	105,104	8,513	9

Value Added Tax

Actual VAT revenue collected in the quarter ending March 2016 was \$4.0 million above the 2015/16 Budget estimate (11 per cent) due to a record number of tourists to the island in addition to increase economic activities.

Income Tax

Actual Income Tax revenue collected in the quarter ending March 2016 was \$2.2 million above the 2015/16 Budget estimate (13 per cent). Payments of old age pension PAYE for previous years settled in this year and delays in refunds payouts in the quarter contributed to this positive variance.

Company Tax

Actual Company tax collected in the quarter ending March 2016 was \$1.1 million above the 2015/16 Budget estimate (15 per cent) as a result of heightened economic activities.

Import Levies

Actual Import levies collected in the quarter ending March 2016 were \$0.36 million below the 2015/16 Budget estimate (0 per cent).

Withholding Tax

Actual Withholding tax collections were \$2.3 million above the 2015/16 Budget estimate (100 per cent).

Departure Tax

Departure tax collections were \$0.82 million above the 2015/16 Budget estimate (14 per cent). This is in line with the significant increase in visitors to the island in comparison to the same time last year.

Trading Revenue

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

Other Crown Revenue

Other Crown Revenue was \$2.7 million below the 2015/16 budget estimate (18 per cent). This is predominantly due to revenue from coin circulation and fisheries catch and treaties revenue below budget as a result of timing.

Table 5

General Government Other Revenue Summary – March 2016 YTD

2014-15 Actual ('000)		2015-16 Budget ('000)	2015-16 Actual ('000)	Variance	
				('000)	%
133	FSC Fees	197	257	60	31
	Vested Assets-FSC	195	288	93	48
485	Immigration Fees	438	545	107	24
	IMO Subscription - Maritime CI	48	-	(48)	(100)
39	Court Services	38	33	(5)	(12)
21	Instant Fines	15	16	1	9
4,818	Fishing Licences	2,855	6,927	4,072	143
1,777	Fisheries Catch Rev	1,275	-	(1,275)	(100)
1,046	Fisheries US Treaties	3,210	-	(3,210)	(100)
1,225	Fishing Fines	-	-	-	-
2	Research Fees	-	1	-	-
13	Permits	11	11	(0)	(4)
-	Banana Court -Dividends	8	-	(8)	(100)
-	Bank of the Cook Islands	361	-	(361)	(100)
-	Te Aponga - Dividends	239	-	(239)	(100)
	Extraordinary SOE-Dividends	45	18	27	(60)
863	Telecom-Dividends	863	800	63	(7)
203	Numismatic Revenue	375	218	(157)	(42)
108	Drivers Licenses	135	53	(82)	(61)
374	Motor Vehicle Registrations	656	171	(485)	(74)
1,198	Interest on balances	1,414	1,196	(217)	(15)
484	Interest on loans to subsidiaries	513	537	-	-
19	Foreign Investment Fees	19	22	3	16
592	Upper Air Management Agreement	383	363	(20)	(5)
39	Shipping Reg/Licenses	173	95	(78)	(45)
15	Intl Shipping Licenses	8	15	8	100
14	Liquor Licensing	23	17	(6)	(25)
109	Tattslotto Grants	90	132	42	47
4	Censorship Fees	9	2	(7)	(77)
157	Circulating Currency- Coins	1,571	740	(831)	(53)
	Employers Liability	33	-	(33)	(100)
3	Motor Vehicle Dealers	4	3	-	-
13,741		15,201	12,461	(2,741)	(18)

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

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

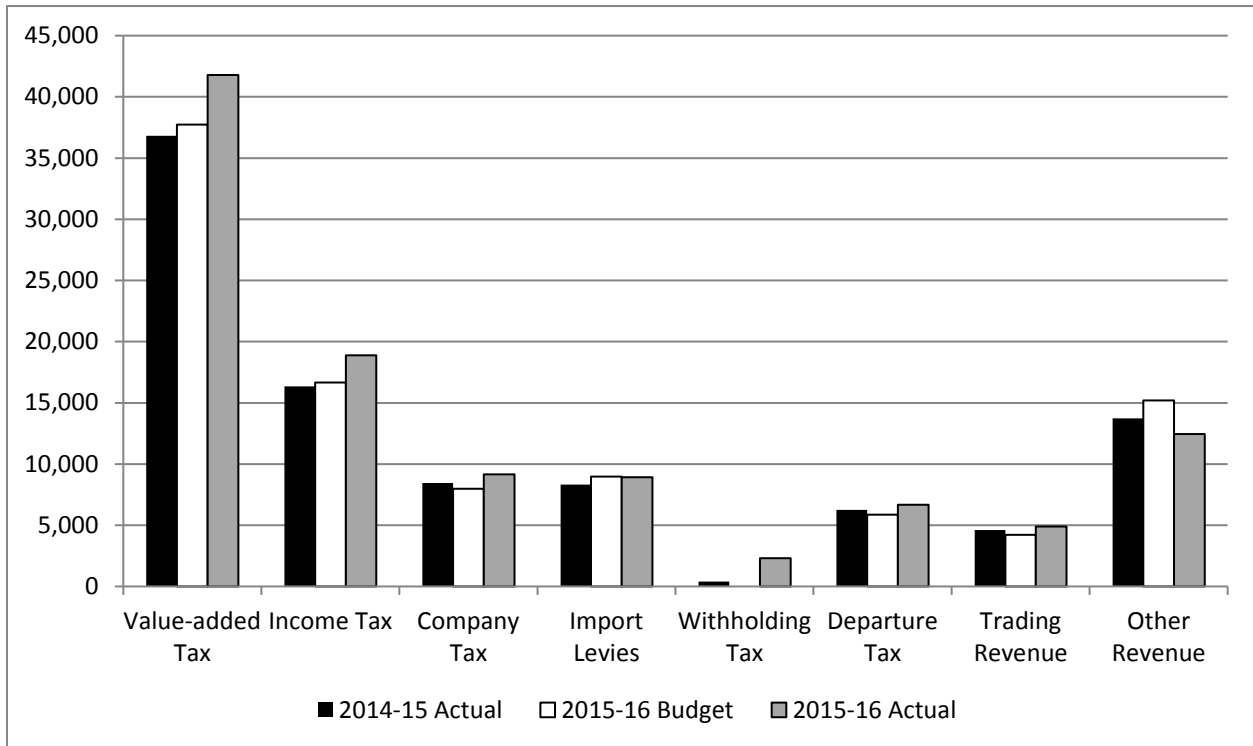


Figure 2
Net Operating Revenue Trends

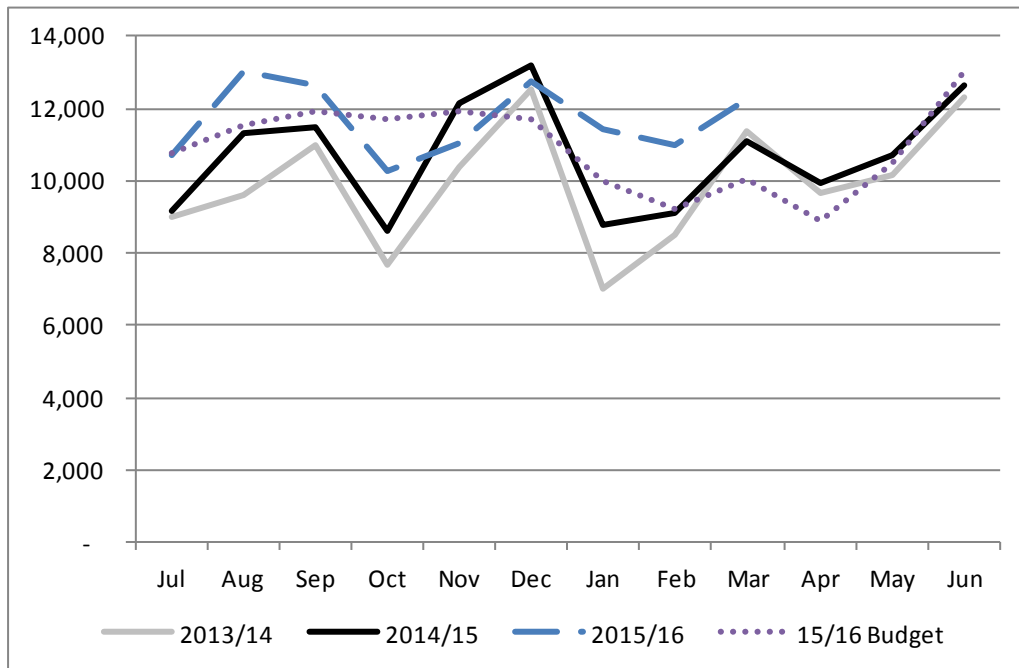


Figure 2 shows that the trends over the previous two financial years of operating revenue and against the 2015/16 budget are quite consistent and significant increase on prior years and budget, mainly from taxes revenues.

General Government Expenditure Analysis

Payments on Behalf of Crown (POBOCs)

Table 6

Payments on Behalf of Crown – March 2016 YTD

2014/15 Actual (’000)	Administering Ministry	POBOC	Budget (’000)	Actuals (’000)	Variance (’000)	%
Compensation of Employees						
50	Cook Islands Investment Corporation	Infrastructure Committee	56	40	16	28
	Cook Islands Investment Corporation	Est of an SOE to manage Consortia on Deep Sea				
0		Minerals Harvesting	131	0	131	100
104	Finance & Economic Management	Parliamentary Superannuation	135	104	31	23
58	Finance & Economic Management	National Heritage Trust	62	65	(4)	(6)
	Finance & Economic Management	Public Sector Strengthening -processess and systems MFEM	938	0	938	100
19	Audit	PERC Salaries and Administration Costs	32	28	4	13
12	Internal Affairs	Price Tribunal	23	30	(8)	(35)
137	Justice	Judges Allowances	133	145	(13)	(10)
1,569	Parliamentary Services	Civil List - Personnel	1,365	1,488	(123)	(9)
94	Parliamentary Services	House of Ariki	132	120	12	9
0	Cook Islands Investment Corporation	School Security	188	177	0	0
34	Transport	Director of Civil Aviation	42	42	0	0
2,077			3,235	2,240	985	30
Use of Goods and Services						
72	Audit	Audit Fees	72	51	0	0
228	Cultural Development	Te Maeva Nui Constitution Celebrations	150	576	(425)	(283)
0	Cook Islands Investment Corporation	Hosting Te Maeva Nui participants at schools	26	32	(6)	(23)
575	Education	Tertiary Training Institutions	570	625	(55)	(10)
23	Finance & Economic Management	Audit of Crown Accounts	23	0	24	0
219	Finance & Economic Management	National Superannuation Fund	202	224	(22)	(11)
45	Finance & Economic Management	Standard and Poors Subscription	30	0	30	100
0	Foreign Affairs	Cook Islands Student Association	4	5	(1)	(33)
36	Justice	General Elections, Petitions and By-Elections	0	0	0	0
6	Head Of State	Domestic Hosting Entertainment	11	11	(0)	(0)
516	Health	Pharmaceuticals	501	710	(210)	(42)
68	Infrastructure and Planning	OI Unanticipated Breakdowns	75	48	0	0
370	Infrastructure and Planning	Waste Management	409	333	75	18
54	Internal Affairs	Lease extension	54	54	0	0
294	Internal Affairs	Vaka Maintenance	300	293	7	2
430	Parliamentary Services	Civil List - Operating Expenses	397	438	(41)	(10)
33	Parliamentary Services	PPAPD - FDOC Secretariat	26	36	(10)	(37)
199	Prime Minister's Office	Social Responsibility Fund	146	195	(49)	(33)
111	Prime Minister's Office	Self Government Golden Anniversary	188	635	(448)	(239)
26	Prime Minister's Office	Local Government Elections	0	0	0	0
10	Police	Search and Rescue	15	1	14	94
24	Police	Serious Crime Investigations	38	66	(28)	(75)
40	Police	Te Kukupa - Fuel Contribution	105	70	35	33
0	Police	Youth Program	34	0	34	100
1,843	Tourism Corporation	Marketing Resources - Tourism Growth Strategy	3,825	3,880	(55)	(1)
0	Prime Minister's Office	Returned Services Association	4	5	(1)	0
30	Prime Minister's Office	Cook Islands Marine Park	0	0	0	0
28	Prime Minister's Office	Community Development Fund	75	74	1	1
48	Foreign Affairs	IMO - Maritime Cook Islands	48	0	0	0
0	Environment	E-Waste Collection	38	65	0	0
5,328			7,363	8,428	(1,131)	(15)

Subsidies						
137	Education	University of the South Pacific Contribution	214	121	92	43
5,952	Finance & Economic Management	Air New Zealand - Subsidies	9,000	4,205	4,795	53
913	Finance & Economic Management	Apex - Profit Guarantee	1,125	806	319	28
30	Finance & Economic Management	FSC - subsidy to meet depreciation expenses	0	0	0	0
0	Finance & Economic Management	Provision for Inter Island Shipping	375	0	375	100
34	Finance & Economic Management	Subsidy of audio/visual broadcasting in Pa Enea	34	0	34	100
7,066			10,748	5,132	5,615	52
221	Education	Government Funded Scholarships	773	299	474	61
426	Health	Patient Referrals	413	537	(125)	(30)
174	Health	Nursing School	176	224	(48)	(28)
153	Health	NCD Fund	146	177	(31)	(21)
11,425	Internal Affairs	Welfare Payments	12,726	12,213	513	4
30	Justice	Legal Aid	30	0	30	100
12,429			14,263	13,450	812	6
Other Expense						
1,602	Education	Private School Funding	1,610	1,922	(311)	(19)
68	Finance & Economic Management	Pacific Catastrophe Risk Insurance	91	0	91	100
232	Foreign Affairs	International Subscriptions	414	164	250	60
121	Marine Resources	Establishment of Fisheries Development Facility	150	100	50	33
-	Marine Resources	Fisheries Development Facility in the Pa Enea	75	0	75	100
	CI Seabed Minerals Authority	Establishment of Seabed Minerals Authority	0	0	0	0
117	Internal Affairs	CISNOG Grant	165	220	(55)	(33)
	Internal Affairs	SIF- Cook Islands Government Contribution	698	128	570	82
80	Internal Affairs	NGO and Welfare Organisations				
0	Finance & Economic Management	New coins production	2,134	507	1,626	76
	Prime Minister's Office	Temporary Structure Auditorium		1	0	0
0	Prime Minister's Office	Te Maeva Nui Transport Costs		519	(519)	0
0	Prime Minister's Office	Ui Ariki Day		21	(21)	0
2,220			5,337	3,583	1,755	33
29,119	Grand Total		40,945	32,834	8,035	20

The overall saving in POBOC expenditure (20 per cent) was mainly attributed to the Air New Zealand underwrite (\$4.8 million).

Welfare payments were above budget by 4 per cent due to increased child benefit payments in the Q3

Table 7

Welfare Payments - March 2016 YTD

2014/15 Actual ('000)		2015/16 Budget ('000)	2015/16 Actual ('000)	Variance ('000)	%
Legislated Payments					
2,081	Child Benefit	2,026	2,037	(12)	(1)
173	New Born Allowance	126	150	(24)	(19)
8,054	Old Age Pension	9,251	8,857	394	4
314	Destitute & Infirm Persons Payment	296	504	(208)	(70)
73	Maternity Leave	90	96	(6)	(7)
Non-legislated Welfare Payments					
206	Caregiver's Allowance	121	0	121	100
276	Christmas Bonus	280	274	6	2
112	Funeral Allowance	284	103	181	0
7	Power Subsidy	72	35	37	52
13	Special Assistance	72	53	19	26
116	BCI Transaction Fee	108	104	4	4
11,425	Total Welfare Payments	12,726	12,213	513	4

Appropriation Analysis

Table 8

Ministries, Agencies & Ministerial Office Appropriation Analysis – March 2016 YTD

Actual 2014/15 (‘000)		Budget 2015/16 (‘000)	Actual 2015/16 (‘000)	Variance (‘000)	%
30,133	Personnel	32,448	32,339	109	0
9,149	Operating	10,840	10,374	466	4
1,794	Depreciation	1,725	1,498	227	13
3,711	Trading Revenue	3,427	3,970	543	16
37,365	Net Appropriation	41,586	40,241	1,345	3

Personnel

Personnel Expenditure for March 2016 quarter was \$0.1 million lower than March 2016 budget estimates (0%). Nine workings days of payroll for March 2016 has been accrued to reflect a true picture of personnel expenditure.

Operating

Operating Expenditure for March 2016 quarter was lower than budget estimates \$0.5 million (4%). This was mainly due lower maintenance of assets and delay of payments not due till the next quarter. Most Ministries were closely monitoring their phone and broadband usages as well as bulk purchasing. 25 Ministries under spent while 8 overspent.

Depreciation

Depreciation Expenditure was under budget for March 2016 by \$0.2 million (13%) mainly from Ministry of Health the main contributor with its high volume of assets at salvage value but still in working condition and being managed internally. Aitutaki Power Supply requested to write off their obsolete and nonexistent assets and clean up their FAR. 25 Ministries have either under spent or are in line with their depreciation costs while 8 were either slightly overspent.

Trading Revenue

Trading Revenue for March 2016 was \$0.5 million (16%) higher than budget estimates. Excess trading revenue was mainly from the Ministry of Infrastructure through its road sealing contract with Te Mato Vai and machinery hireage by Triad for Project City 3. This is expected to be offset with higher expenditure through costs associated with the service. MFEM contributed through overtime recoveries which will be offset by RMD wages/salaries while Police saw an increase of fines, driver’s licenses and bar manager’s certificates. Of the 16 Ministries that earn trading revenue, 10 have exceeded their revenues while 6 were under.

Table 9**Pa Enea (Outer Islands) Appropriation Analysis – March 2016 YTD**

2014/15 Actual ('000)		Budget 2015/16 ('000)	Actual 2015/16 ('000)	Variance ('000) %	
4,206	Personnel	4,249	4,243	6	0
1,730	Operating	1,641	1,548	93	6
689	Depreciation	704	382	322	46
903	Trading Revenue	778	936	158	20
5,723	Net Appropriation	5,816	5,237	579	10

Personnel

Personnel expenditure for the March 2016 quarter was \$0.06 million (0%) lower than Budget. Nine workings days of payroll for March 2016 has been accrued to reflect a true picture of personnel expenditure

Operating

Operating expenditure for March 2016 quarter was \$0.1 million (6%), slightly under Budget. 6 Islands had savings mainly Atiu with their savings on fuel due to less power usage and low fuel costs followed by Penrhyn's savings on Fuel & Oil and Freight and reimbursements for services provided . 4 islands overspent on prior year outstanding fuel payments and more fuel consumption as well as parts ordered for machinery breakdowns and unbudgeted materials ordered for island activities requested by Island Council.

Depreciation

Depreciation expenditure for the March 2016 quarter was \$0.3 million (46%) under Budget.

Trading Revenue

Trading Revenue has exceeded March 2016 Quarter Budget by \$0.2 million (20%). Machinery hirage in infrastructure and agriculture vegetable sales in the Pa Enea was reason for actual exceeding budget...

Other General Government Operating Expenditure

Table 10
Other General Government Operating Expenditure

2014/15 Actual ('000)		2015/16 Budget ('000)	2015/16 Actual ('000)	Variance ('000)	%
1,536	Airport Authority	1,536	1,536	-	-
136	Bank of Cook Islands	90	90	-	-
263	Te Aponga Uira	285	285	-	-
-	Ports Authority	83	83	-	-
1,263	Asset Management	1,349	1,474	(125)	(9)
1,330	Debt Servicing Interest	1,685	1,991	(306)	(18)
97	Contingency Funds - Operating	75	84	(9)	(12)
-	Contingency Funds - Capital	38	0	38	100
2,190	Crown Infrastructure Depreciation	2,190	2,190	-	-
-	Cook Islands Primary Schools 50 year Sav	173	230	(58)	(33)
-	Transfer to Emergency Response Trust Fu	38	38	-	-
387	Transfer to Reserve Trust Fund	386	386	-	-
2,325	Depreciation Contingency Reserve	1,868	1,868	-	-
9,528	Total Other Operating	9,793	10,255	(462)	(5)

Other operating costs for the General Government sector are 5 per cent above in quarter three 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

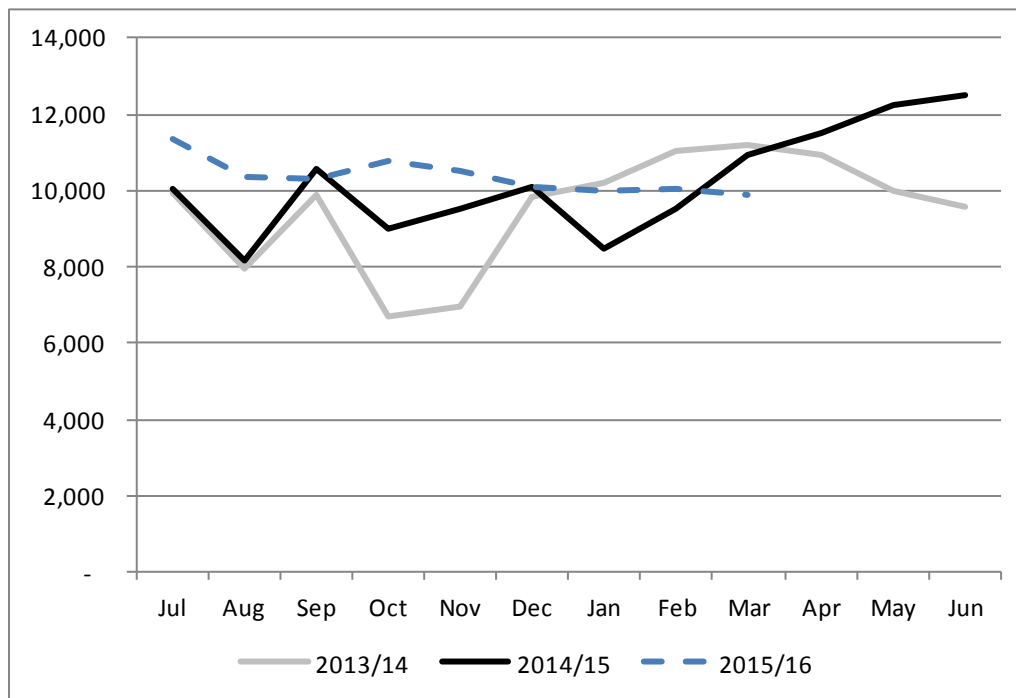


Figure 3 shows the trends over the previous two financial years of operating expenditure.

State Owned Entities (SOEs) Quarterly Reporting

The table below summarises the March 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 – March 2016 YTD

2014/15 Actuals ('000)		Budget 2015/16 ('000)	Actuals 2015/16 ('000)	Variance	
				('000)	%
6,536	Personnel	7,397	7,028	369	5
16,839	Operating	16,086	15,179	908	6
5,764	Depreciation	6,163	5,988	174	3
29,618	Trading Revenue	27,997	28,541	544	2
(478)	Net Activity Cost (Surplus)	1,649	(345)	1,994	121

Personnel

Personnel expenditure for the March 2016 quarter was \$0.4 million lower than Budget estimates (5 per cent).

Operating

Operating expenditure for the March 2016 quarter was \$0.9 million lower than the Budget estimates (6 per cent). Savings in fuel and maintenance costs resulted in favourable variance.

Depreciation

Depreciation expenditure was \$0.2 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 March 16 quarter was \$0.2 million higher than the Budget estimate (0.2 per cent). Te Aponga Uira and BCI both reported better than budget trading revenue.

Crown Borrowings

The Crown's gross borrowing at the March 2016 quarter was \$106.7 million, a decrease of \$2.3 million from the previous quarter. The decrease was attributable to the drawdown of the Renewable Energy Project of \$0.49 million and offset by the favourable movement in exchange rates against the New Zealand Dollar (NZD) of \$0.52 million, and principal repayments of \$2.29.

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

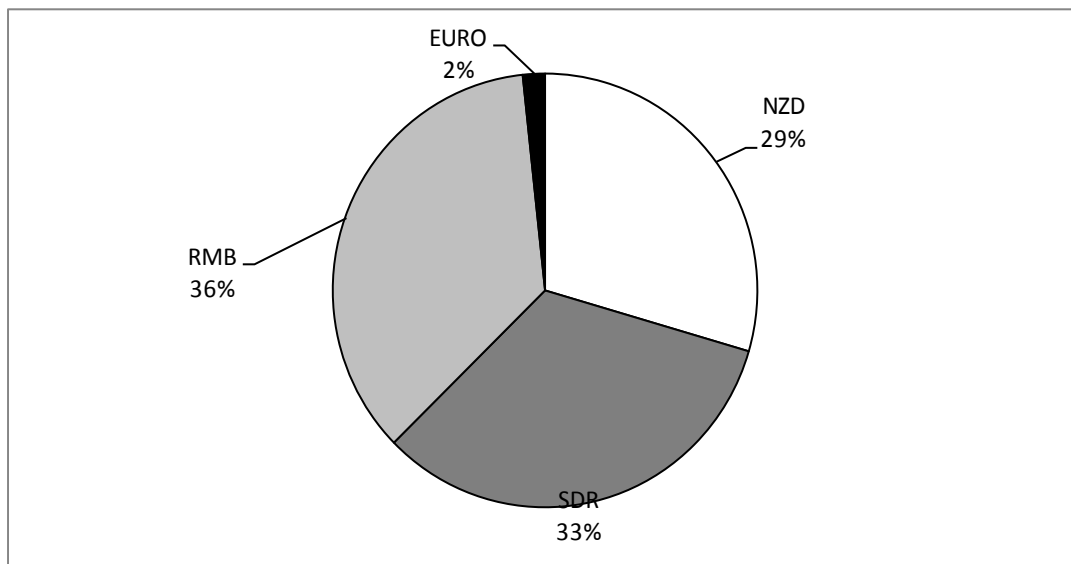
Table 12
Average Exchange Rates Used

Foreign Exchange Currency	31-Dec-15	31-Mar-16	Changes
	Average	Average	
EUR	0.6261	0.6101	-0.016
USD	0.6848	0.6913	0.0065
CNY	4.4442	4.4775	0.0333
SDR	0.4942	0.4907	-0.0035

The unrealised foreign exchange loss of \$0.52 million is largely the effect of the negative movement in the RMB of 36% and Special Drawing Rights (SDR) as about 33% per cent of the total government borrowing is denominated in SDR as illustrated in Figure 4.

Net borrowings by the General Government at this quarter were \$64.28 million, a \$2.53 million increase from the December 2015 quarter. This increase was attributable to the drawdown of the Renewable Energy Project of \$0.49 million and offset by the favourable movement in exchange rates against the New Zealand Dollar (NZD) of \$0.43 million, and principal repayments of \$2.10.

Figure 4
Composition of Crown Debt by Currency



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

Table 13 below summarised Crown’s estimated debt position at March 2016 quarter.

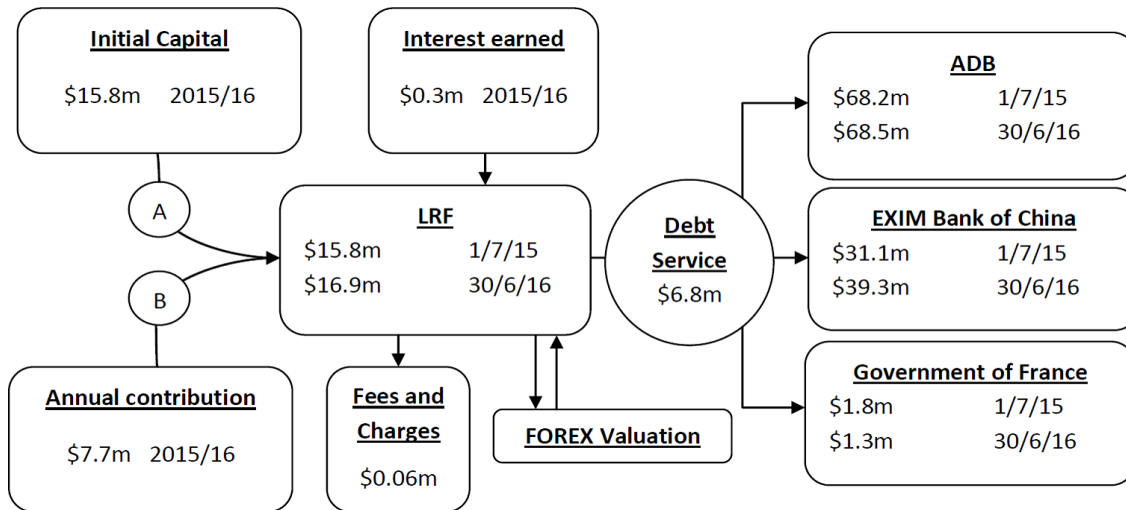
Table 13
Crown Borrowings – March 2016 YTD

Loan	Source (Currency)	Original Loan Amount in Currency ('000)	Loan Start Date	Loan Finalisation Date	December 15 Balance ('000)	Principal Payments ('000)	FOREX Adjustment ('000)	Revaluation/ Draw Down Adjustments	March 2016 Balance ('000)	Change December 15 Qtr ('000)
Caisse Francais Development Loans	EURO	5,413	Jan-99	Sep-18	1,990	(264)	56	-	1,782	(208)
Import-Export Bank of China	CNY	67,260	Aug-08	Aug-28	12,693	(504)	(75)	-	12,114	(579)
China - Rarotonga Water Ring Project	CNY	118,000	Dec-12	Dec-13	25,608	-	(190)	-	25,418	(190)
ADB 461 Multi Project Loan	SDR	1,000	Nov-80	Aug-20	541	(56)	(2)	-	483	(58)
ADB 567 01st CIDB Loan	SDR	1,500	Jul-82	Apr-22	556	-	(5)	-	551	(5)
ADB 849 2nd Multi-Project Loan	SDR	2,067	Dec-87	Aug-27	1,969	(85)	(13)	-	1,871	(98)
ADB 1031 TCI Loan	SDR	3,541	Oct-90	Aug-30	4,703	(163)	(33)	-	4,507	(196)
ADB 1155 2nd CIDB Loan	SDR	939	Mar-92	Dec-31	1,187	-	(11)	-	1,176	(11)
ADB 1171 TCI Emergency Loan	SDR	291	Aug-92	Jun-32	409	-	(4)	-	405	(4)
ADB 1309 Pearl Loan	SDR	336	Dec-94	Aug-34	460	(13)	(3)	-	444	(16)
ADB 1317 Education Loan	SDR	1,836	Feb-95	Aug-34	2,805	(77)	(21)	-	2,707	(98)
ADB 1380 3rd CIDB Loan	SDR	1,538	Jan-96	Sep-35	2,345	(60)	(20)	-	2,265	(80)
ADB 1466 Economic Restructuring Loan	SDR	3,430	Sep-96	Sep-36	5,271	(65)	(48)	-	5,158	(113)
ADB 1588 Cyclone Emergency Rehab Loan	SDR	1,895	Jun-05	Jun-45	884	(11)	(8)	-	865	(19)
ADB 1832 Waste Management Loan	SDR	1,695	Dec-01	Jun-33	2,365	-	(22)	-	2,343	(22)
ADB 2174 Cyclone Emergency Assist Loan	SDR	1,895	Jun-05	Jun-45	3,601	-	(34)	-	3,567	(34)
ADB 2472 Avatiu Port Development	NZD	10,309	Sep-09	Nov-33	9,700	-	(87)	-	9,613	(87)
ADB 2473 Avatiu Port Development	SDR	4,524	Sep-09	Nov-40	9,260	-	-	-	9,260	-
ADB 2739 Amend Avatiu Port Development	NZD	5,322	Dec-11	Nov-35	5,213	-	-	-	5,213	-
ADB 2946 Economic Restructuring Loan 2	NZD	7,250	Dec-12	Dec-28	7,250	(302)	-	-	6,948	(302)
ADB 2565 Economic Restructuring Loan 1	NZD	11,053	Jan-10	Oct-24	9,044	(502)	-	-	8,542	(502)
ADB 3913 Renewable Energy	NZD	12,980	Jan-15	Jun-36	0	-	-	492	492	492
ANZ - Airport Authority	NZD	8,100	Apr-11	Apr-16	1,122	(190)	-	-	932	(190)
Total Gross Borrowings					108,976	(2,292)	(520)	492	106,656	(2,320)
<i>Total Loans with ADB</i>					67,563	(1,334)	(311)	492	65,918	(1,153)
<i>Total Loans with Other Sources</i>					41,413	(958)	(209)	-	40,246	(1,167)
Total Gross Borrowings					108,976	(2,292)	(520)	492	106,164	(2,320)
Less Loan Reserve					16,866	-	-	-	16,866	-
Net Borrowing by the Crown					92,110	(2,292)	(520)	492	89,298	(2,812)
Less Avatiu Port Development					24,173	-	(87)	-	24,086	(87)
Less ANZ - Airport Authority					1,122	(190)	-	-	932	(190)
Net Borrowing by the General Government					66,815	(2,102)	(433)	492	64,280	(2,535)

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 0.1 Loan Reserve Fund movements 2015/16



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

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 14 Loan Reserve Fund Statement

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

Table 14 illustrates the movement in the LRF in the next five years. The transfers into the LRF have increased from \$6.23 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 March 2016 quarter were \$21.10 million, an increase of \$2.07 million from the December 2016 quarter resulting from increased government revenue.

Table 15
Cash Reserves –March 2016 YTD

	September 15 Qtr ('000)	December 15 Qtr ('000)	March 16 Qtr ('000)	Change Dec 15 Qtr ('000)
Total Term Deposit at the Bank				
Westpac	3,297	3,355	3,267	- 88
ANZ	24,788	29,959	32,171	2,212
BCI	15,625	13,805	13,839	34
Total Term Deposit at the Bank *	43,710	47,119	49,277	2,158
Committed:				
Trust Fund General Reserve	2,911	2,911	2,911	-
Disaster Response Trust 1	882	891	896	5
Loan Reserve Fund 2	17,010	17,010	17,820	810
Project City - Multi year funding	755	755	13	- 742
Trust Account Deposit 4	3,984	3,025	3,039	14
Carry Forward Contingency – OPEX 5	500	500	500	-
Working Capital 6	3,000	3,000	3,000	-
Total Commitment for this year	29,042	28,092	28,179	87
Estimated General Cash Reserve	14,668	19,027	21,098	2,071
Operating Capital Cook Islands Government 7	5780	7096	6709	-387
Estimated General Cash Reserve	20,448	26,123	27,807	1,684

* - This does not include cash balances on the Ministry Operating Bank Accounts or Crown cash operating accounts of \$6.929 million.

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

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

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

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

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

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

OFFICIAL DEVELOPMENT ASSISTANCE (ODA)

Official Development Assistance budgeted for 2015/16 has decreased by \$11.0 million reflecting changes in delivery times and reallocation of budget estimates to the following financial years. Further amendments include development partners committing additional funds that were not appropriated at the time of the 2015/16 Budget. For a full breakdown of ODA Funding, see Schedule 10.

European Union Budget Support

European Union (EU) budget support of €0.5 million will be reprogrammed for technical assistance focusing on the sanitation master plan, due to failure to meet sanitation targets under the budget support agreement. The Technical Assistant (TA) is expected to begin before the end of the 2015/2016 financial year, however the majority of the TA funds are likely to be paid out in the 2016/17 financial year. The budget allocated in 2015-16 was originally \$2.2 million and has been revised downwards to \$1.8 million to reflect the timeframe required to go through the EU procurement process.

Non-Project Grant Aid (NPGA)

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

Sanitation Upgrade Programme

Sanitation Upgrade Programme delivery continues to track slowly. New Zealand has suspended funding for the programme until progress is seen in addressing the option of reticulation in the Muri area, as well as structural and process issues with the project. Currently, the next payment is scheduled for February 2016. WATSAN and MFEM have been working together with New Zealand to get the programme back on track. The budget allocated towards this programme for the 2015/16 Budget was \$3.5 million, however, this amount has been revised downwards during the 2015/16 Supplementary Budget to \$2.0 million, as it is anticipated that the programme will not spend the original budget by June 2016.

Te Mato Vai (TMV)

Spending on Te Mato Vai (TMV) relates to Project Management Unit (PMU) payments, and is currently on track. Stage one -pipeline construction was completed about 10 months earlier. The tender for material supply for the commissioning of the new ring main has been awarded and work will commence in the third quarter (Jan-Mar 2016). Stage two, involving the upgrading of water intakes, laying of trunk mains, and water treatment, is on schedule to commence in the third quarter, and the installation of customer meters is to commence in May 2016. Due to delays in land issues, stage 2 construction contracts are yet to be formally signed.

Household Income and Expenditure Survey (HIES) – Secretariat of the Pacific Community (SPC)

During the 2015/16 Budget, the HIES was not included due to delays in funding confirmation. The role of Statistics Office is vital for a proper assessment of progress made by Government in achieving its development priorities under the Cook Islands Strategy for the Development of Statistics (CSDS) 2015-2025, the Cook Islands National Sustainable Plan (NSDP) and in achieving the UN Sustainable Development Goals (SDG). The survey is for duration of one year commencing Nov 2015 and ending Nov 2016. A budget of \$0.293 million has been allocated over two years.

Performance Based Budget Support

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

The budget allocated towards this programme for the 2015/16 Budget was \$8.6 million as well as the amount allocated to the Public Service Strengthening (see below), however this was incorrectly double-counting the amount allocated to Public Service Strengthening. It has been revised downwards accordingly to reflect the actual amount signed off in the Grant Funding Agreement with New Zealand in September 2015.

Public Service Strengthening

The Cook Islands Government Public Sector Strategy 2016-2025 was launched in January 2016 and the Strategy has three phases: Phase 1 – preparing for change, phase 2 – implementing change and phase 3 – sustaining change. The ten year Strategy focuses on strengthening the people, structures and systems across the sector to achieve the government’s vision for a Public Service of Excellence. Funding has been shifted to 2016/17 to focus on implementation of key priorities.

Social Impact Fund

The third round of the Social Impact Fund (SIF) for community projects was fully disbursed in December 2015. About \$0.366 million was allocated to 10 projects, and two ongoing programmes. Up to \$0.680 million was for two project funding initiatives in the Pa Enua. An evaluation of SIF is scheduled to be completed at the end April 2016. The purpose of the evaluation is to inform decision making for future development interventions. The SIF GFA will come to a close at June 2016 when it is expected to be incorporated into the performance based budget support GFA.

Ridge to Reef

The downward revision in the budget is partly due to the recruitment process of key staff. The recruitment process was much longer than expected, requiring multiple advertisements to source applications and to bring staff on-board. With all key staff now hired, work plans have been revised for this financial year to be more realistic.

Strengthening the Implementation of the Nagoya Protocol on Access to Genetic Resources and Benefit Sharing in the Cook Islands

The downward revision in the budget is due the recruitment process. Over the past 6 months, the Project Coordinator role has been advertised twice. Currently, the National Environment Services (NES) staff are filling in on some activities that are being implemented by our partners, so that not all activities are delayed. However, this is a temporary measure, and full implementation will not be possible until the Project Coordinator is recruited and trained. NES is exploring options with UNDP to look at temporary staff to cover the Project Coordinator duties while the recruitment process continues. This has meant a delay in implementation and a need to revise budgets and work plans accordingly.

Renewable Energy Grant (Southern Group)

The Southern Renewable Energy Programme (which includes EU, PEC and GEF 6 grants) is progressing to plan. The project overall is tracking well, though some challenges were experienced through the initial stages of establishing the PMU, resulting in delays. Solutions to resolve these matters are being implemented to keep the project on track. The budget allocated for 2015/16 was \$4.5 million and has been revised downwards to \$1.0 million as it is anticipated most of the work will be completed in 2016/17.

Tropical Twilight 2015

The activity was delivered in-country under the auspices of Exercise Tropic Twilight 2015. The New Zealand Aid Programme's standing arrangement with NZDF is to support its Tropic Twilight mobilisations. The current PFD at Omoka Wharf (Current PFD Site) was decommissioned and this project rehabilitated the site. A new PFD was constructed adjacent to Omoka Wharf, Penrhyn, and will serve current and anticipated fuel supply needs. Light engineering tasks (LETs) have been completed to improve the following public buildings:

- Penrhyn: Omoka Pre-School, Te Tautua School, Omoka Hospital, Te Tautua Clinic, Omoka High School, and the Omoka Administrative Building; and
- Manihiki: Tukao Clinic, Tauhunu Clinic and Tauhunu School.

This project has been completed and was valued at \$0.728 million in 2015/16.

Aid Effectiveness

Aid Effectiveness has increased to \$0.160 million in 2015/16 as funds have been committed to support the development of the National Sustainable Development Plan 2016/2020. Funding was also committed to send a finance officer from Treasury to provide training on financial reporting to Mitiaro Island Administration, in conjunction with Cook Islands Government funding. In addition, spending was also committed towards contracting a chartered accountant to prepare DCD financial accounts for audit by the Cook Islands Audit Office.

Sanitation Upgrade Program-Manihiki Lagoon Cleanup

As part of the Sanitation Upgrade Programme, through a Grant Funding Arrangement with the Cook Islands Government, is providing funding to recruit a national consultant to oversee the removal and disposal of abandoned pearl farming materials and other waste products littering Manihiki Lagoon. Funding has been re-allocated as it is anticipated the majority of the cleanup will take place in 2016/17.

Strengthening Resilience of Island Communities

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

- Logical framework approach training completed. Training attended by 28 participants from Government, Private sector businesses and civil societies. Purpose of training was to assist participants in strengthening project development.
- Automated weather stations for all Pa Enua project – final draft of tender report prepared for tender committee approval.
- SRIC-CC focal Point staff for Manihiki traveled to Rarotonga in December to progress a coconut oil project.
- Tamarua water project is now at the procurement stage: tender documentation for Northern Water project (NWP) has been completed and approved by the Tender Committee. OPM will be signing with successful tenderer by late March 2016.

Apii Nikao Construction

The 2015/16 Budget included \$5 million towards the construction of Apii Nikao. In August 2015, Ambassador Wang confirmed China's commitment to undertake the Apii Nikao Rebuild project at a ceremony held at Nikao School during the 50th Constitution Celebrations. Subsequently, a Letter of Exchange (LoE) confirming arrangements was signed in October 2015 during the visit of the Special Envoy Du Qiwen. It is anticipated that the PRC and the Cook Islands government will be discussing timeframes and an outline of next steps in the process and proposed timeframes for the commencement and completion of construction. PRC have advised a design team from MOFCOM are scheduled to arrive in Rarotonga by end of March 2016 to review designs to Apii Nikao.

Tereora College Redevelopment (Phase 1)

Phase 1 has been funded by NZGovt at the value of \$11.7 million to the end of 2017. Funding for Stages two, three and four are yet to be identified. This project involves a complete rebuild of Tereora College. The new buildings will:

- Accommodate 750 students, 50 teachers and 10 support staff.
- Draw on the local heritage of the area.
- Provide quality, comfortable and flexible learning environments.
- Address climate change by adopting energy efficient measures.
- Meet changing learning and teaching demands.

Fisheries Policy Support

The Ministry of Marine Resources has advised the budget allocated for 2015-16 was originally \$0.600 million and has been revised downwards to zero in 2015-16 Supplementary Budget as funds have not been received to date by the MMR, there is no intentions that funds will be forthcoming.

Water Tank Subsidy Programme

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

India Grants

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

China

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

Other

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

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

Improvements are expected in UN Programme delivery and reporting, with a decision made between UNDP and the Development Coordination Division to establish a UN Programmes Coordinator in the Cook Islands. The recruitment process will commence by end of February 2016. Funding is expected to be received by end of February from the Green Climate Fund. The Cook Islands readiness support aims to strengthen the capacity of the National Designated Authority (NDA) to engage with the Green Climate Fund (GCF). It also intends to enhance the capacity of the Ministry of Finance and Economic Planning (MFEM) as the delivery partner, to further access and manage climate finance.

Table 15 ODA Expenditure– March 2016 YTD

	General Public Service	Defense	Public Order & Safety	Economic Affairs	Environment Protection	Housing & Community Amenities	Health	Recreation, Culture & Religion	Education	Social Protection	TOTAL DONOR
Asian Development Bank											
YTD Budget	375,000	0	0	0	0	0	0	0	0	0	375,000
YTD Actual	2,423	0	0	0	0	0	0	0	0	0	2,423
\$ Variance	372,577	0	0	0	0	0	0	0	0	0	372,577
% Variance	99%	100%	100%	100%	100%	100%	100%	100%	100%	100%	99%
Australia											
YTD Budget	0	221,250	0	0	0	176,250	0	0	0	162,750	560,250
YTD Actual	0	0	0	0	0	0	0	0	0	48,829	48,829
\$ Variance	0	221,250	0	0	0	176,250	0	0	0	113,921	511,421
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	100%	70%	91%
Australia Adaptation											
YTD Budget	0	0	0	0	0	0	0	0	0	0	0
YTD Actual	0	0	0	0	0	0	0	0	0	0	0
\$ Variance	0	0	0	0	0	0	0	0	0	0	0
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Australia Department of Defence											
YTD Budget	0	221,250	0	0	0	0	0	0	0	0	221,250
YTD Actual	0	0	0	0	0	0	0	0	0	0	0
\$ Variance	0	221,250	0	0	0	0	0	0	0	0	221,250
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
China											
YTD Budget	300,000	0	0	5,671,800	0	0	0	0	3,750,000	0	9,721,800
YTD Actual	0	0	0	1,243,842	0	0	0	0	0	0	1,243,842
\$ Variance	300,000	0	0	4,427,958	0	0	0	0	3,750,000	0	8,477,958
% Variance	100%	100%	100%	78%	100%	100%	100%	100%	100%	100%	87%
Commonwealth Secretariat											
YTD Budget	0	0	0	54,750	0	0	0	0	0	0	54,750
YTD Actual	0	0	0	0	0	0	0	0	0	0	0
\$ Variance	0	0	0	54,750	0	0	0	0	0	0	54,750
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Cook Islands Government											
YTD Budget	0	0	0	0	0	0	0	0	0	0	0
YTD Actual	0	0	0	0	0	0	0	0	0	0	0
\$ Variance	0	0	0	0	0	0	0	0	0	0	0
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
EU/German Development Cooperation											
YTD Budget	0	0	0	0	0	315,000	0	0	0	0	315,000
YTD Actual	0	0	0	0	0	0	0	0	0	0	0
\$ Variance	0	0	0	0	0	315,000	0	0	0	0	315,000
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
European Union											
YTD Budget	1,655,250	0	221,250	4,326,975	348,000	0	0	0	0	0	6,551,475
YTD Actual	10,000	0	0	0	5,000	0	0	0	0	0	15,000
\$ Variance	1,645,250	0	221,250	4,326,975	343,000	0	0	0	0	0	6,536,475
% Variance	99%	100%	100%	100%	99%	100%	100%	100%	100%	100%	100%

	General Public Service	Defense	Public Order & Safety	Economic Affairs	Environment Protection	Housing & Community Amenities	Health	Recreation, Culture & Religion	Education	Social Protection	TOTAL DONOR
<u>Food & Agriculture Organisation (UN)</u>											
YTD Budget	0	0	0	404,850	10,875	0	0	0	0	0	415,725
YTD Actual	0	0	0	0	0	0	0	0	0	0	0
\$ Variance	0	0	0	404,850	10,875	0	0	0	0	0	415,725
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<u>Forum Fisheries Agency</u>											
YTD Budget	0	0	0	300,000	0	0	0	0	0	0	300,000
YTD Actual	0	0	0	0	0	0	0	0	0	0	0
\$ Variance	0	0	0	300,000	0	0	0	0	0	0	300,000
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<u>Global Environment Fund (GEF)</u>											
YTD Budget	0	0	0	137,250	2,646,525	0	0	0	0	0	2,783,775
YTD Actual	0	0	0	0	431,422	0	0	0	0	0	431,422
\$ Variance	0	0	0	137,250	2,215,103	0	0	0	0	0	2,352,353
% Variance	100%	100%	100%	100%	84%	100%	100%	100%	100%	100%	85%
<u>Green Climate Fund</u>											
YTD Budget	0	0	0	0	0	112,500	0	0	0	0	112,500
YTD Actual	0	0	0	0	0	91	0	0	0	0	91
\$ Variance	0	0	0	0	0	112,409	0	0	0	0	112,409
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<u>India</u>											
YTD Budget	0	0	0	0	0	195,000	0	0	0	0	195,000
YTD Actual	0	0	0	0	0	1,144	0	0	0	0	1,144
\$ Variance	0	0	0	0	0	193,857	0	0	0	0	193,857
% Variance	100%	100%	100%	100%	100%	99%	100%	100%	100%	100%	99%
<u>Japan</u>											
YTD Budget	0	0	0	4,674,000	0	0	0	0	0	0	4,674,000
YTD Actual	0	0	0	2,609,722	0	0	0	0	0	0	2,609,722
\$ Variance	0	0	0	2,064,278	0	0	0	0	0	0	2,064,278
% Variance	100%	100%	100%	44%	100%	100%	100%	100%	100%	100%	44%
<u>New Zealand Aid Programme</u>											
YTD Budget	7,470,000	0	350,250	445,875	2,992,500	2,578,500	0	0	0	176,250	14,013,375
YTD Actual	5,401,238	0	675,761	310,426	734,101	2,222,059	0	0	423,570	759,358	10,526,513
\$ Variance	2,068,762	0	-325,511	135,449	2,258,399	356,441	0	0	-423,570	-583,108	3,486,862
% Variance	28%	100%	-93%	30%	75%	14%	100%	100%	0%	-331%	25%
<u>Pacific Islands Forum</u>											
YTD Budget	0	0	0	0	0	0	0	0	0	0	0
YTD Actual	0	0	0	0	0	0	0	0	0	0	0
\$ Variance	0	0	0	0	0	0	0	0	0	0	0
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<u>Secretariat of the Pacific Community</u>											
YTD Budget	0	0	0	37,500	0	0	0	0	0	0	37,500
YTD Actual	0	0	0	99,572	0	0	0	0	0	0	99,572
\$ Variance	0	0	0	-62,072	0	0	0	0	0	0	-62,072
% Variance	100%	100%	100%	-166%	100%	100%	100%	100%	100%	100%	-166%

	General Public Service	Defense	Public Order & Safety	Economic Affairs	Environment Protection	Housing & Community Amenities	Health	Recreation, Culture & Religion	Education	Social Protection	TOTAL DONOR
<u>Secretariat of the Pacific Community</u>											
YTD Budget	0	0	0	37,500	0	0	0	0	0	0	37,500
YTD Actual	0	0	0	99,572	0	0	0	0	0	0	99,572
\$ Variance	0	0	0	-62,072	0	0	0	0	0	0	-62,072
% Variance	100%	100%	100%	-166%	100%	100%	100%	100%	100%	100%	-166%
<u>SIDS-DOCK</u>											
YTD Budget	0	0	0	0	0	0	0	0	0	0	0
YTD Actual	0	0	0	0	0	0	0	0	0	0	0
\$ Variance	0	0	0	0	0	0	0	0	0	0	0
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<u>South Korea</u>											
YTD Budget	201,000	0	0	0	0	0	0	0	0	0	201,000
YTD Actual	0	0	0	0	0	0	0	174,618	0	0	174,618
\$ Variance	201,000	0	0	0	0	0	0	-174,618	0	0	26,382
% Variance	100%	100%	100%	100%	100%	100%	100%	0%	100%	100%	13%
<u>Sterling Foundation</u>											
YTD Budget	0	0	0	0	0	0	0	0	0	0	0
YTD Actual	0	0	0	0	0	0	0	0	0	0	0
\$ Variance	0	0	0	0	0	0	0	0	0	0	0
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<u>Turkey</u>											
YTD Budget	0	0	0	0	0	0	0	0	45,000	0	45,000
YTD Actual	0	0	0	0	0	0	0	0	0	0	0
\$ Variance	0	0	0	0	0	0	0	0	45,000	0	45,000
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<u>UNESCAP</u>											
YTD Budget	0	0	0	0	25,360	0	0	0	0	0	25,360
YTD Actual	0	0	0	0	0	0	0	0	0	0	0
\$ Variance	0	0	0	0	25,360	0	0	0	0	0	25,360
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<u>United Nations Adaptation Fund</u>											
YTD Budget	0	0	0	0	1,027,500	0	0	0	0	0	1,027,500
YTD Actual	0	0	0	0	890,843	0	0	0	0	0	890,843
\$ Variance	0	0	0	0	136,657	0	0	0	0	0	136,657
% Variance	100%	100%	100%	100%	13%	100%	100%	100%	100%	100%	13%

United Nations Children's Fund

YTD Budget	0	0	0	0	0	0	0	0	0	0	0	0
YTD Actual	0	0	0	0	0	0	0	0	0	0	0	0
\$ Variance	0	0	0	0	0	0	0	0	0	0	0	0
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

United Nations Development Programme

YTD Budget	96,375	0	0	0	0	0	0	0	0	0	0	96,375
YTD Actual	0	0	0	0	0	0	0	0	0	0	0	0
\$ Variance	96,375	0	0	0	0	0	0	0	0	0	0	96,375
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

United Nations Educational, Scientific & Cultural Org.

YTD Budget	0	0	0	0	0	0	0	0	106,500	0	0	106,500
YTD Actual	0	0	0	0	0	0	0	0	85,644	0	0	85,644
\$ Variance	0	0	0	0	0	0	0	0	20,856	0	0	20,856
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	20%	100%	100%	20%

United Nations Environment Programme

YTD Budget	0	0	0	0	0	0	0	0	0	0	0	0
YTD Actual	0	0	0	0	0	0	0	0	0	0	0	0
\$ Variance	0	0	0	0	0	0	0	0	0	0	0	0
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

United Nations Population Fund

YTD Budget	0	0	0	0	0	0	84,000	0	0	0	0	84,000
YTD Actual	0	0	0	0	0	0	46,214	0	0	0	0	46,214
\$ Variance	0	0	0	0	0	0	37,786	0	0	0	0	37,786
% Variance	100%	100%	100%	100%	100%	100%	45%	100%	100%	100%	100%	45%

United States

YTD Budget	0	0	0	22,500	0	0	0	0	0	0	0	22,500
YTD Actual	0	0	0	0	0	0	0	0	0	0	0	0
\$ Variance	0	0	0	22,500	0	0	0	0	0	0	0	22,500
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

World Health Organisation

YTD Budget	0	0	0	0	0	0	233,775	0	0	0	0	233,775
YTD Actual	0	0	0	0	0	0	0	0	0	0	0	0
\$ Variance	0	0	0	0	0	0	233,775	0	0	0	0	233,775
% Variance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Totals for Report

YTD Budget	10,097,625	442,500	571,500	16,075,500	7,050,760	3,377,250	317,775	0	3,901,500	339,000	42,173,411
YTD Actual	5,413,661	0	675,761	4,263,562	2,061,365	2,223,294	46,214	174,618	509,214	808,187	16,175,876
\$ Variance	4,683,964	442,500	-104,261	11,811,938	4,989,395	1,153,956	271,561	-174,618	3,392,286	-469,187	25,997,534
% Variance	46%	100%	-18%	73%	71%	34%	85%	0%	87%	-138%	62%

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

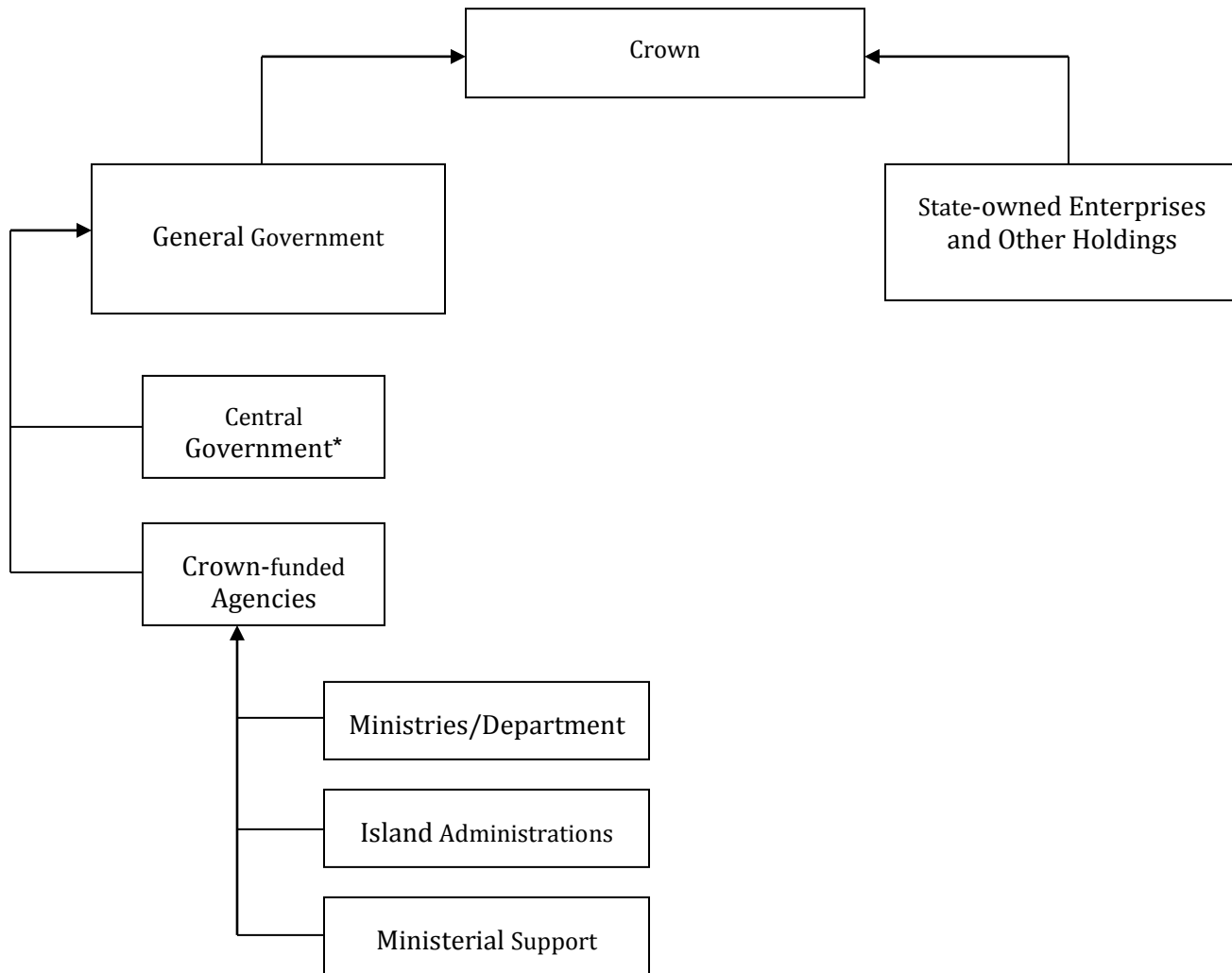
Appropriations are the funding-source provided by the Crown (as a Central Government entity) to allow the recipients (Crown-funded Agencies – see term below) to carry out their purposed operations.

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