

**Hon. Mark Brown**

# **Appropriation Bill 2018**

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**An Act to appropriate certain sums of money out of the Cook Islands Government Account to the services of the year ending on the thirtieth day of June 2019 and to appropriate the supplies granted in this period**

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

**1 Title**

This Act is the Appropriation Act 2018.

**2 Application**

This Act applies to the year ending on the thirtieth day of June 2019 (“the year”).

**3 Grant and appropriation out of the Cook Islands Government Account**

- (1) The Minister responsible for Finance may authorise the incurrence of expenses or expenditure and may issue and apply out of the Cook Islands Government Account, towards making good the supplies granted to Her Majesty for the services of the year, any sums which in total do not exceed the sum of **\$268,906,471**.
- (2) Subject to subsection (3) the sums authorised to be supplied are appropriated for the services set out in the votes specified in the Schedules to this Act.
- (3) The votes identified in Schedule 4 to this Act as being funded through loans from financing partners or from grants by development partners are further limited to the lesser of the votes specified in those Schedules and the loan proceeds or grants received for the purpose of financing the expense or expenditure in relation to those votes.
- (4) Notwithstanding Section 37 of the Ministry of Finance and Economic Management Act 1995-96, the appropriations made under this Act will lapse on 30 June 2019.
- (5) Payments that may be charged against any appropriation made by this Act after 30 June 2019 are limited to—
  - (a) self balancing journal entries to correct posting errors during the year ended 30 June 2019; or
  - (b) expenses incurred or payments due during the year ended 30 June 2019 for which a valid invoice was submitted before 30 June 2019, but for which a payment or payments to extinguish that liability in relation to that invoice had not been made by 30 June 2019.
- (6) The appropriations made in the Appropriation Act 2017 will lapse on 30 June 2018.
- (7) Payments that may be charged after 30 June 2018 against any appropriation that lapses under the provisions of subsection (6) are limited to—
  - (a) self balancing journal entries to correct posting errors during the year ended 30 June 2018; or
  - (b) Expenses incurred or payments due during the year ended 30 June 2018 for which a valid invoice was submitted before 30 June 2018, but for which a payment or payments to extinguish the liability in relation to that invoice had not been made by 30 June 2018.
- (8) Where in the period ended 30 June 2018, the Financial Secretary appointed under section 4 of the Ministry of Finance and Economic Management Act 1995-96 had directed that an unexpended appropriation from an Appropriation Act for a previous year be available for expenditure in the year ended 30 June 2018, those appropriations will also lapse on 30 June 2018.
- (9) Payments that may be charged after 30 June 2018 against any appropriation that lapses under the provisions of subsection (8) are limited to—
  - (a) self balancing journal entries to correct posting errors during the year ended 30 June 2018; or
  - (b) expenses incurred or payments due during the year ended 30 June 2018 for which a

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valid invoice was submitted before 30 June 2018, but for which a payment or payments to extinguish the liability in relation to that invoice had not been made by 30 June 2018.

**Schedule 1**  
**Agency Budget Appropriations**

| Agency   | Personnel  | Operating | Administered<br>Payments | Depreciation | Gross<br>Current<br>Appropriation | Trading<br>Revenue | Net Current<br>Appropriation |
|--|------------|-----------|--------------------------|--------------|-----------------------------------|--------------------|------------------------------|
| Agriculture  | 892,063    | 168,643   | 0                        | 22,181       | 1,082,887                         | 90,535             | 992,352                      |
| Audit (PERCA)                                      | 943,072    | 120,180   | 0                        | 21,000       | 1,084,252                         | 60,700             | 1,023,552                    |
| Crown Law  | 604,344    | 144,101   | 1,189,090                | 5,983        | 1,943,518                         | 0                  | 1,943,518                    |
| Cultural Development                               | 643,307    | 168,783   | 3,708,999                | 66,655       | 4,587,744                         | 110,000            | 4,477,744                    |
| Business Trade and Investment Board                | 442,783    | 232,576   | 0                        | 4,500        | 679,859                           | 23,380             | 656,479                      |
| Education  | 11,842,096 | 3,562,242 | 4,084,964                | 641,000      | 20,130,302                        | 0                  | 20,130,302                   |
| Environment  | 855,776    | 171,724   | 82,241                   | 30,381       | 1,140,122                         | 35,000             | 1,105,122                    |
| Finance and Economic Management                    | 4,036,975  | 641,939   | 14,746,750               | 128,530      | 19,554,194                        | 954,341            | 18,599,853                   |
| Financial Services Development Authority           | 241,541    | 177,906   | 0                        | 9,868        | 429,315                           | 0                  | 429,315                      |
| Foreign Affairs                                    | 1,400,854  | 607,151   | 10,000                   | 77,726       | 2,095,731                         | 28,000             | 2,067,731                    |
| Head Of State                                      | 171,148    | 34,080    | 23,000                   | 8,057        | 236,285                           | 0                  | 236,285                      |
| Health   | 10,195,124 | 3,142,925 | 1,846,870                | 886,814      | 16,071,733                        | 350,000            | 15,721,733                   |
| Infrastructure Cook Islands                        | 2,075,717  | 343,351   | 3,125,000                | 241,596      | 5,785,664                         | 315,626            | 5,470,038                    |
| Internal Affairs                                   | 1,096,527  | 121,085   | 2,856,393                | 17,265       | 4,091,269                         | 6,000              | 4,085,269                    |
| <i>of which: Welfare Payments -<br/>Allowances</i> |            |           | <i>1,625,543</i>         |              |                                   |                    |                              |
| Justice  | 1,834,618  | 399,371   | 337,000                  | 131,447      | 2,702,436                         | 700,000            | 2,002,436                    |
| Corrective Services                                | 100,000    | 50,000    | 0                        | 0            | 150,000                           | 0                  | 150,000                      |
| Marine Resources                                   | 1,213,318  | 358,125   | 337,000                  | 95,000       | 2,003,443                         | 28,000             | 1,975,443                    |
| Ombudsman  | 234,268    | 61,840    | 0                        | 5,822        | 301,930                           | 0                  | 301,930                      |
| Parliamentary Services                             | 490,352    | 91,193    | 62,000                   | 24,579       | 668,124                           | 0                  | 668,124                      |
| Pearl Authority                                    | 218,836    | 234,688   | 0                        | 25,000       | 478,524                           | 0                  | 478,524                      |
| Police   | 3,132,254  | 461,724   | 405,000                  | 1,009,948    | 5,008,926                         | 201,783            | 4,807,143                    |
| Prime Minister's Office                            | 1,287,801  | 271,849   | 343,000                  | 59,039       | 1,961,689                         | 0                  | 1,961,689                    |
| Public Service Commission                          | 486,227    | 81,447    | 1,372,885                | 79,293       | 2,019,852                         | 0                  | 2,019,852                    |
| Tourism Corporation                                | 1,753,020  | 2,756,016 | 5,072,000                | 36,500       | 9,617,536                         | 352,000            | 9,265,536                    |
| Transport  | 529,203    | 135,964   | 0                        | 39,047       | 704,214                           | 36,000             | 668,214                      |
| Cook Islands Investment Corporation                | 1,141,950  | 3,298,194 | 4,879,439                | 371,189      | 9,690,772                         | 2,455,943          | 7,234,829                    |
| Cook Islands Seabed Minerals Authority             | 173,965    | 111,940   | 0                        | 7,200        | 293,105                           | 0                  | 293,105                      |

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| Agency  | Personnel         | Operating         | Administered Payments | Depreciation     | Gross Current Appropriation | Trading Revenue  | Net Current Appropriation |
|---|-------------------|-------------------|-----------------------|------------------|-----------------------------|------------------|---------------------------|
| Capital Funds Committee- Administered by MFEM           | 0                 | 0                 | 0                     | 0                | 0                           | 0                | 0                         |
| <b>Total Ministries, Crown &amp; Statutory Agencies</b> | <b>48,037,137</b> | <b>17,949,036</b> | <b>45,123,781</b>     | <b>4,045,620</b> | <b>115,155,574</b>          | <b>5,747,308</b> | <b>108,766,116</b>        |
| <b>Ministerial Support</b>                              |                   |                   |                       |                  |                             |                  |                           |
| Prime Minister  | 301,696           | 109,773           | 0                     | 11,100           | 422,569                     | 0                | 422,569                   |
| Deputy Prime Minister                                   | 260,784           | 81,289            | 0                     | 7,927            | 350,000                     | 0                | 350,000                   |
| Minister Vaine Mokoroa                                  | 121,200           | 163,300           | 0                     | 5,500            | 290,000                     | 0                | 290,000                   |
| Minister Vainetutai Toki-Brown                          | 189,994           | 101,838           | 0                     | 11,162           | 302,994                     | 0                | 302,994                   |
| Minister Robert Tapaitau                                | 204,072           | 97,993            | 0                     | 11,504           | 313,569                     | 0                | 313,569                   |
| Minister George Angene                                  | 172,000           | 131,628           | 0                     | 12,000           | 315,628                     | 0                | 315,628                   |
| Leader Of Opposition                                    | 154,185           | 48,200            | 0                     | 6,800            | 209,185                     | 0                | 209,185                   |
| <b>Total Ministerial Support Offices</b>                | <b>1,403,931</b>  | <b>734,021</b>    | <b>0</b>              | <b>65,993</b>    | <b>2,203,945</b>            | <b>0</b>         | <b>2,203,945</b>          |
| <b>Outer Islands</b>                                    |                   |                   |                       |                  |                             |                  |                           |
| Aitutaki  | 1,187,369         | 384,505           | 0                     | 143,884          | 1,715,758                   | 67,829           | 1,647,929                 |
| Aitutaki Power Supply                                   | 0                 | 0                 | 0                     | 0                | 0                           | 0                | 0                         |
| Atiu  | 809,982           | 423,851           | 0                     | 138,561          | 1,372,394                   | 224,319          | 1,148,076                 |
| Mangaia   | 904,134           | 574,349           | 0                     | 204,700          | 1,683,183                   | 301,000          | 1,382,183                 |
| Manihiki  | 652,271           | 151,824           | 0                     | 92,200           | 896,295                     | 117,501          | 778,794                   |
| Mauke   | 683,462           | 210,853           | 0                     | 178,983          | 1,073,297                   | 113,853          | 959,444                   |
| Mitiaro   | 587,374           | 73,172            | 0                     | 55,200           | 715,746                     | 58,900           | 656,846                   |
| Palmerston  | 260,135           | 66,058            | 0                     | 42,000           | 368,193                     | 20,599           | 347,594                   |
| Penrhyn   | 487,796           | 161,948           | 0                     | 62,407           | 712,151                     | 74,000           | 638,151                   |
| Pukapuka-Nassau   | 765,876           | 143,936           | 0                     | 140,553          | 1,050,365                   | 73,695           | 976,670                   |
| Rakahanga   | 383,232           | 59,746            | 0                     | 37,829           | 480,807                     | 49,336           | 431,471                   |
| Outer Islands Capital Fund-Administered by MFEM         | 0                 | 0                 | 0                     | 0                | 0                           | 0                | 0                         |
| <b>Total Outer Islands</b>                              | <b>6,721,632</b>  | <b>2,250,241</b>  | <b>0</b>              | <b>1,096,316</b> | <b>10,068,189</b>           | <b>1,101,032</b> | <b>8,967,157</b>          |
| <b>Gross Total</b>                                      | <b>56,162,700</b> | <b>20,933,298</b> | <b>44,481,631</b>     | <b>5,207,929</b> | <b>126,785,558</b>          | <b>6,848,340</b> | <b>119,937,218</b>        |

## Schedule 2

## PAYMENTS ON BEHALF OF THE CROWN (POBOCs)

| Administering Ministry                  | POBOC   | 2017/18<br>Budget<br>Estimate | 2018/19<br>Budget<br>Estimate | Variance        |
|---|---|-------------------------------|-------------------------------|-----------------|
| <b>Compensation of Employees</b>        |   |                               |                               |                 |
| Finance & Economic Management           | Parliamentary Superannuation                                | 180,000                       | 180,000                       | 0               |
| Audit                                   | Transfer of PERC Salaries and Administration Costs          | 42,500                        | 42,500                        | 0               |
| Parliamentary Services                  | Civil List - Personnel                                      | 2,011,461                     | 2,267,961                     | 256,500         |
| Parliamentary Services                  | House of Ariki  | 178,337                       | 228,420                       | 50,083          |
| <b>Compensation of Employees POBOCs</b> |   | <b>2,412,298</b>              | <b>2,718,881</b>              | <b>306,583</b>  |
| <b>Use of Goods and Services</b>        |   |                               |                               |                 |
| Audit                                   | Audit Fees  | 95,600                        | 95,600                        | 0               |
| Justice                                 | General Elections, Petitions and By-Elections               | 0                             | 0                             | 0               |
| Parliamentary Services                  | Civil List - Constituency Visits                            | 170,200                       | 170,200                       | 0               |
| Parliamentary Services                  | Parliamentary Sitting Expenses                              | 120,000                       | 120,000                       | 0               |
| Parliamentary Services                  | QR Travel and Allowances (local and overseas)               | 109,000                       | 109,000                       | 0               |
| Parliamentary Services                  | MP Travel and Allowances (local and overseas)               | 41,000                        | 141,000                       | 100,000         |
| Foreign Affairs                         | International Maritime Organisation - Maritime Cook Islands | 63,461                        | 63,461                        | 0               |
| <b>Use of Goods and Services POBOCs</b> |   | <b>599,261</b>                | <b>699,261</b>                | <b>100,000</b>  |
| <b>Subsidies</b>                        |   |                               |                               |                 |
| Finance & Economic Management           | Apex - Profit Guarantee                                     | 750,000                       | 0                             | -750,000        |
| Cook Islands Investment Corporation     | Airport Authority subsidy                                   | 2,047,997                     | 2,047,997                     | 0               |
| Cook Islands Investment Corporation     | Bank of the Cook Islands - social assistance subsidy        | 120,000                       | 120,000                       | 0               |
| Cook Islands Investment Corporation     | Ports Authority - subsidy                                   | 110,099                       | 110,099                       | 0               |
| Cook Islands Investment Corporation     | Te Aponga Uira - social assistance subsidy                  | 380,000                       | 380,000                       | 0               |
| <b>Subsidies POBOCs</b>                 |   | <b>3,408,096</b>              | <b>2,658,096</b>              | <b>-750,000</b> |
| <b>Social Assistance</b>                |   |                               |                               |                 |
| Internal Affairs                        | Welfare Payments  | 17,353,517                    | 18,156,712                    | 803,195         |
| <b>Social Assistance POBOCs</b>         |   | <b>17,353,517</b>             | <b>18,156,712</b>             | <b>803,195</b>  |
| <b>Other Expense</b>                    |   |                               |                               |                 |
| Finance & Economic Management           | Pacific Catastrophe Risk Insurance                          | 120,694                       | 120,694                       | 0               |
| Finance & Economic Management           | CICC Mission Training Center Construction Grant             | 600,000                       | 0                             | -600,000        |
| Finance & Economic Management           | CIG Insurance   | 0                             | 100,000                       | 100,000         |
| Foreign Affairs                         | International Subscriptions                                 | 625,667                       | 673,717                       | 48,050          |
| <b>Other Expenses POBOCs</b>            |   | <b>1,346,361</b>              | <b>894,411</b>                | <b>0</b>        |
| <b>Grand Total</b>                      |   | <b>25,119,533</b>             | <b>25,127,361</b>             | <b>459,778</b>  |

**Schedule 3**

**Cook Islands Capital Spending**

|  | <b>2017/18 Budget Estimate</b> | <b>2018/19 Budget Estimate</b> | <b>Variance</b> |
|--|--------------------------------|--------------------------------|-----------------|
| Cook Islands Government Capital programs | 44,904,336                     | 44,518,794                     | -385,542        |
| <b>Total Capital spending</b>            | <b>44,904,336</b>              | <b>44,518,794</b>              | <b>-385,542</b> |

**Schedule 4**

**Official Development Assistance<sup>1</sup>**

|  | <b>2017/18 Budget Estimate</b> | <b>2018/19 Budget Estimate</b> | <b>Variance</b>    |
|--|--------------------------------|--------------------------------|--------------------|
| Operating or recurrent expenditure                 | 28,053,720                     | 16,047,701                     | -12,006,019        |
| Capital Project Expenditure                        | 41,338,420                     | 37,406,056                     | -3,932,364         |
| <b>Total Borrowing Expenses and Debt Repayment</b> | <b>69,392,140</b>              | <b>53,453,757</b>              | <b>-15,938,383</b> |

**Schedule 5a**

**Other Expenses and Financing Transactions**

| <b>Category of Expense</b>                | <b>2017/18 Budget Estimate</b> | <b>2018/19 Budget Estimate</b> | <b>Variance</b> |
|---|--------------------------------|--------------------------------|-----------------|
| Contingency Funds - Operating             | 100,000                        | 200,000                        | 100,000         |
| Crown Infrastructure Depreciation         | 4,602,897                      | 4,602,500                      | -397            |
| Provisional for Doubtful Debts            | 0                              | 0                              | 0               |
| Transfer to Emergency Response Trust Fund | 50,000                         | 50,000                         | 0               |
| Transfer to Reserve Trust Fund            | 592,044                        | 740,767                        | 148,723         |
| Depreciation Contingency Fund             | 3,957,454                      | 4,065,734                      | 108,280         |
| <b>Total Other Expenses</b>               | <b>9,302,395</b>               | <b>9,659,001</b>               | <b>356,606</b>  |

<sup>1</sup>Excluding Budget Support (Core Sector Support) and appropriated through agencies or POBOCs in schedule 1.

**Schedule 5b**  
**Loan Reserve Fund (LRF) Appropriations**

| <b>Category of Appropriation</b> | <b>2017/18 Budget Estimate</b> | <b>2018/19 Budget Estimate</b> | <b>Variance</b>   |
|----------------------------------|--------------------------------|--------------------------------|-------------------|
| Contribution to LRF - Principal  | 8,618,817                      | 6,995,000                      | -1,623,817        |
| Contribution to LRF - Interest   | 2,062,953                      | 2,367,000                      | 304,047           |
| <b>Total Contribution to LRF</b> | <b>10,681,769</b>              | <b>9,362,000</b>               | <b>-1,319,769</b> |

**Summary**

| <b>Category of Payment</b>                              | <b>2017/18 Budget Estimate</b> | <b>2018/19 Budget Estimate</b> | <b>Variance</b>   |
|---|--------------------------------|--------------------------------|-------------------|
| Schedule 1 - Ministry Outputs (Gross Operating)         | 113,846,920                    | 126,785,558                    | 12,938,638        |
| Schedule 2 - POBOCs                                     | 25,119,533                     | 25,127,361                     | 7,828             |
| Schedule 3 - CIG Capital Expenditure                    | 44,904,336                     | 44,518,794                     | -385,542          |
| Schedule 4 - Official Development Assistance            | 69,392,140                     | 53,453,757                     | -15,938,383       |
| Schedule 5a - Other Expenses and Financing Transactions | 9,302,396                      | 9,659,001                      | 356,605           |
| Schedule 5b - Loan Reserve Fund Appropriations          | 10,681,769                     | 9,362,000                      | -1,319,769        |
| <b>TOTAL APPROPRIATION</b>                              | <b>273,247,094</b>             | <b>268,906,471</b>             | <b>-4,340,624</b> |

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

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