



**FINANCIAL SUPERVISORY COMMISSION  
COOK ISLANDS**

**STATEMENT OF CORPORATE INTENT**

**2019/2020**

# **Financial Supervisory Commission**

## **Statement of Corporate Intent: 2019/2020**

### **Introduction**

The Financial Supervisory Commission was established, by the Financial Supervisory Commission Act 2003, on 3 June 2003 by determination of the Queen's Representative through Order in Executive Council.

The Board of the Commission comprises:

Geoff Stoddart, Chairman  
Fletcher Melvin  
Christina Newport  
Madeilene Sword  
Gaye Whitta

This Statement of Intent is issued by the Commission for the purposes of section 27 of the Financial Supervisory Commission Act 2003. It covers the year 1 July 2019 to 30 June 2020 and as required by section 27 comments, insofar as is practicable, on the next financial year to 30 June 2021 and beyond.

### **Vision of the Commission**

The vision of the Commission is:

*To be a financial regulator that is committed to excellence, integrity and supportive of growth and development of the Cook Islands financial services centre.*

### **Mission Statement of the Commission**

The mission statement of the Commission is:

*To oversee an effective and efficient prudential and investigative supervision regime applying risk-based, and intelligence-led, policies in line with internationally accepted best practice.*

### **Objectives of the Commission**

The objectives of the Commission are:

- To supervise licensed financial institutions to determine whether they are in sound financial condition and are complying with their governing legislative and supervisory requirements;
- To advance and administer a supervisory framework which complies with internationally accepted standards and promotes the adoption of policies and procedures designed to control and manage risk;
- Through the supervision of licensed financial institutions, to promote financial stability and sound business practice and to assist the Cook Islands Government to prevent the use of licensed financial institutions for financial crime, money laundering, financing terrorism and proliferation;
- To assist the financial sector to develop through establishing and maintaining an internationally credible regulatory and supervisory regime;
- To operate the Registries of International Companies, International Trusts, International Partnerships, Limited Liability Companies and Foundations to a professional standard;
- To facilitate the prevention, detection, investigation and prosecution of money laundering, the financing of terrorism, proliferation of weapons of mass destruction and other serious offences in the Cook Islands;
- To co-ordinate the implementation of the Cook Islands anti-money laundering and countering the financing of terrorism and proliferation (AML/CFT) strategy 2017/20;
- To facilitate the collection, analysis and dissemination of financial intelligence relating to suspicious financial activity to the appropriate domestic and international authorities in a timely manner;
- To continue the ongoing assessment of threat and risks to the Cook Islands AML/CFT; and
- To work with government partners to facilitate the development of a cybercrime strategy and prevention programme relevant to identified cyber threat and risks.

The Commission is the licensing authority of “licensed financial institutions” and will monitor the performance of the licensees against those standards imposed by the legislation which the Commission administers.

“Licensed financial institutions” are banks licensed pursuant to the Banking Act 2011, trustee companies licensed pursuant to the Trustee Companies Act 2014, insurers licensed pursuant to the Insurance Act 2008, captive insurance entities licensed pursuant to the Captive Insurance Act 2013 and money changing and remittance businesses licensed pursuant to the Money Changing and Remittance Businesses Act 2009.

The Commission will administer the following enactments:

- Banking Act 2011
- Captive Insurance Act 2013
- Currency Declaration Act 2015/16
- Digital Registers Act 2011
- Financial Intelligence Unit Act 2015
- Financial Supervisory Commission Act 2003
- Financial Transactions Reporting Act 2017
- Foundations Act 2012
- Insurance Act 2008

- International Companies Act 1981/82
- International Partnerships Act 1984
- International Trusts Act 1984
- Limited Liability Companies Act 2008
- Money Changing and Remittance Businesses Act 2009
- Trustee Companies Act 2014

The recent Financial Transactions Reporting Act 2017 is a material new piece of legislation which will continue to be actively administered by the Financial Intelligence Unit throughout 2019/20. This Act, replacing the FTR 2004, represents a significant enhancement to the Cook Islands regime to combat financial misconduct and the commission of serious offences by monitoring certain transactions.

Whilst monitoring compliance by all reporting institutions with the FTR Act 2017, the Financial Intelligence Unit will continue to also administer the Financial Transaction Reporting (Maritime Cook Islands) Regulations 2017 which specifically address the due diligence and compliance requirements of the Cook Islands international shipping registry.

Following a review of the Insurance Act 2008, over the past two years, introduction of new insurance legislation is scheduled to be completed in 2019/20 with the intention of simplifying the current legislation.

In addition, in 2018/19, the Government committed to amending Cook Islands legislation to meet the European Union's Code of Conduct Group requirements on preferential tax regimes. This includes amendments to the Banking Act 2011, Captive Insurance Act 2013, International Companies Act 1981/82 and Insurance Act 2008; all of which the Commission administers. The focus of the amendments is to remove tax exemptions for international companies. As a consequence this may result in increased re-domiciling out of the Cook Islands. While it is intended that the amendments will be enacted in 2019/2020, there will be a three-year transition period before the changes apply to current international companies. Accordingly, no reduction of activity has been specifically budgeted for, in relation to these changes, for the 2019/2020 year.

The Commission is required to make recommendations to the Minister of Finance for legislative, administrative or other action which will facilitate the objectives of the Commission in developing and regulating the integrity of licensed financial institutions.

The Commission will consider the appropriateness of some form of financial regulation and supervision being proposed to the Minister in respect to the Sovereign Wealth Fund and the Cook Islands National Superannuation Fund.

Government's policy in relation to the Commission is to promote and support the Commission in its objectives and functions as an independent institution, free from Government direction in regards to performance of its statutory functions and duties.

The Commission is funded directly from the financial industry via annual licence fees and international entity registry related fees.

The Commission will continue to act as a good employer, as that term is defined in the Public Service Act 2009.

These objectives will apply for the year commencing 1 July 2019 and for the foreseeable years to follow.

### **Nature and scope of activity to be undertaken during the year commencing 1 July 2019**

The Commission will undertake all such activities in this section on a timely and proper basis.

#### **a) Supervision and Regulation**

A risk based, targeted focus, onsite inspection will be conducted on the majority of banks licensed in the Cook Islands during the year to 30 June 2020.

The Commission will continue to place emphasis on comprehensive offsite supervision through the review of quarterly data and annual audited financial statements, as a risk-based approach continues to be embedded into our supervision regime of all licensed institutions, particularly in respect to the banking and insurance sector.

Compliance reviews of the financial transactions reporting requirements will be an ongoing activity during the year. Attention will continue to be directed towards those licensees who are deemed higher risk; namely those involved in international business.

An onsite examination of each licensed Cook Islands based insurance provider will be conducted to ensure ongoing compliance with the Insurance Act 2008, Insurance Regulations 2009 and the Insurance Code 2010.

Similarly, an onsite review to the administering Trustee Company will be undertaken for every Captive Insurer licensed in the Cook Islands. Where feasible, these visits will be scheduled to coincide with the timing of board meetings held in Rarotonga by those licensees.

The Commission will continue to conduct offsite analysis of licensed insurance intermediaries, and build upon relations with the home regulators, to maintain an appropriate level of supervision of these licensees.

Given the level of risk associated with this line of business, onsite supervision visits to all licensed Trustee Companies will continue to be undertaken in 2019/20. The 2019/20 focus will be on compliance with the Group of Finance Centre Supervisor's standard on the Regulation of Trust and Company Service Providers within the context of the Cook Islands regulatory regime.

## **b) Financial Intelligence Unit (FIU)**

The Commission's staff will carry out the functions and responsibilities of the FIU upon delegation by the Head of the FIU.

This includes:

The implementation and consolidation of the Board policy directions to the Head of the FIU relating to FIU operational independence.

The regulation and conduct of compliance examinations for all Reporting Institutions in the Cook Islands as required by the Financial Transactions Reporting Act 2017. To continue to improve the effectiveness of the Cook Islands AML / CFT regime combined with a risk based approach.

To continue to perform its intelligence gathering function, the receipt, analysis, and dissemination of that analysis to counterpart agencies, where appropriate, for the investigation of financial misconduct, terrorist financing and the proliferation of weapons of mass destruction. To review the SAR process and enhancing and improving the analysis function.

To work with other Law Enforcement agencies to improve intelligence gathering capabilities with the aim of improving overall effectiveness in the detection of serious and organised crime.

To investigate and prosecute offences committed under the Financial Intelligence Unit Act 2015, Currency Declaration Act 2015/16 and the Financial Transactions Reporting legislation.

To promote and develop an Asset Recovery strategy that will include parallel financial investigation and the pursuit and recovery of the proceeds of crime in acquisitive criminal cases.

The Commission, through the FIU, will work with other government stakeholders to develop a cybercrime strategy and cyber prevention programme.

The Commission, through the FIU, will collate statistics and information to enable the conduct of effective strategic analysis to inform risk assessments. The FIU will continue to coordinate with key national stakeholders in maintaining the national money laundering and terrorism financing risk assessment for the Cook Islands.

The Commission, through the FIU, will continue to actively participate in other National Committees including the AML/CFT Coordinating Committee, Combined Law Agency Group, Anti-Corruption Committee and the Cook Islands National Intelligence Taskforce.

In conjunction with the Commission, to assess and implement as appropriate the recommendations of the 2018 Mutual Evaluation Report.

### **c) Registry of International Entities**

The FSC Registry will continue to utilise exception reporting capabilities, where available, to ensure focussed review of new and ongoing registrations throughout 2019/20 and future periods.

The Commission will continue to administer the legislation for which it is responsible, including the registration and renewal of international companies, international trusts, international partnerships, limited liability companies and foundations.

Recognising the pending need for a central register capturing beneficial ownership details, along with the intention to move the foundations register online, it is intended that the proposed online registry upgrade will proceed in 2019/20.

The Registrar will continue to administer effective systems of control to ensure every effort is made to identify any bona vacantia assets, remaining in deregistered international companies, which have vested with the Registrar. These assets will then be realised, as per the manner prescribed in the International Companies Act 1981/82, ensuring maximum return of funds to the Crown.

The material funds that vested in the Registrar in 2018/19, that are required to be held in trust for six years before forfeiting to the Crown, will remain subject to systems of tight internal control.

### **d) International and Domestic Liaison**

The Head of the FIU will represent the Commission at the annual Egmont meetings. This participation will support the ongoing enhancement of the FIU ensuring that these developments are informed by international standards and best practice with regards to financial intelligence. As a member and participant of both the Egmont Asia-Pacific regional group and the Technical Assistance and Training Working Group, the FIU will continue to build and develop international relations and cooperation; to improve the effectiveness of the FIU.

The FIU is part of the Egmont Centre of FIU Excellence and Leadership (ECOFEL) project. The goal of this project is to protect, position and promote FIU's within their national systems. ECOFEL will deliver the development of capability, excellence and leadership (to individuals and FIU's) to lead national and international efforts to combat ML/TF and major predicate offences. This could include courses, mentoring, coaching, staff exchanges, library of reference materials, as well as new ways of development of capability that may be introduced over time.

In addition, the Head of the FIU will continue to participate at the Asia Pacific Group (APG) Annual Plenary Meeting and, where relevant, the APG Typologies Workshop. The Head of the FIU, as the FIU and Law Enforcement evaluator on the Solomon Islands Mutual Evaluation, will be part of the team tabling the Solomon's MER at the Plenary in Canberra in August 2019.

The FIU will continue to contribute and support the Asset Recovery Inter-Agency Network – Asia Pacific (ARIN-AP) and continue to participate in the Association of Pacific Islands Financial Intelligence Units.

The FIU will proactively seek technical support and funding through the relevant and appropriate international organisations including APG, ECOFEL, ARIN-AP, FATF – TREIN, World Bank and the UNODC.

The Commission will liaise with the Australian Prudential Regulation Authority (APRA) and the Bank of Papua New Guinea (BPNG), as home regulators, of the Cook Islands branches of ANZ and Bank South Pacific, respectively. The Commission will partake in all ANZ and BSP Supervisory College telephone conference calls organised throughout this statement of corporate intent year.

The valuable working relationship developed with the Reserve Bank of New Zealand will continue to be built upon during the 2019/20 year. The Commission is pleased to be hosting the RBNZ Governor, Mr Adrian Orr, during his visit to the Cook Islands in July 2019.

Likewise, in 2019/20 relationships will continue to be developed with home supervisors of insurance licensees, in particular with the Reserve Bank of Fiji and the Central Bank of Samoa.

As in previous years, the Commission will participate as an active member of the Group of International Finance Centre Supervisors (GIFCS) and will be represented at the annual and half yearly meetings of the group. The Commission will utilise the Multilateral Memorandum of Understanding between members to maximise sharing with, and obtaining of, information from other member regulatory bodies.

Likewise, the Commission will be represented by the Deputy Commissioner at the annual meeting of the Group of International Insurance Centre Supervisors (GIICS) in London in July 2019. The Commission will continue to actively partake in the GIICS professional development conference calls throughout the period under review.

Technical assistance will continue to be sought from the Pacific Financial Technical Assistance Centre (PFTAC), the International Monetary Fund, APRA through its Pacific Governance Support Programme and the Financial Stability Institute. However, the focus during 2019/20, will be on the bi-annual PFTAC mission visits in line with the 'Supervision Framework Enhancement Strategy and Technical Assistance Plan 2017/19' entered into with PFTAC in June 2017 and concluding at the end of the 2019/20 year.

The Supervision Manager will attend the Association of Financial Supervisors of Pacific Countries (AFSPC) one-week Annual Meeting in Tonga in August 2019. The AFSPC regional forum is overseen by PFTAC and comprises financial regulators from twelve jurisdictions across the Pacific.

The annual meeting of the ADB APEC Financial Regulators Training Initiative (FRTI) will be conducted via teleconference this year. This is a forum conducive to securing in-country training opportunities with the Commission already scheduled to host a FRTI Seminar on 'Regulation and Supervision of Financial Services through mobile electronic money & other digital payments' late 2019.

The Commission will consider hosting other conferences and workshops deemed beneficial for staff of the Commission, FIU and other key crown agencies in the Cook Islands.

The Commission will liaise with the Financial Services Development Authority (FSDA) to continue to assist, where possible, with the development of the Cook Islands international financial centre. This may require the participation of a member of the Executive in representing the strength of the regulatory environment of the Cook Islands at some international fora, much akin to the roadshow of 2017.

The Commission will review any proposals for legislative change that may be put forward in promoting the financial industry in the Cook Islands, against the desire to ensure that there is no compromise of the continuing advancement in the standard of financial regulation.

The Commission will continue to liaise with industry, via the Trustee Companies Association and the Bankers Association, in respect to issues facing the respective licensees.

#### **e) Legislation**

The Commission will report on a periodic basis to the Minister of Finance on the legislation administered by the Commission and advise the Minister on any amendments recommended by the Commission, generally to enhance the performance of the Commission and the achievement of its objectives.

#### **f) Miscellaneous**

The Commission will continue to evaluate its governance procedures and look for opportunities to benchmark against other regional and international organisations. In this regard, the Commission is scheduled to undertake a comprehensive self-assessment of its application of the GIFCS Trust and Service Corporate Providers standard during 2019/20; this will then be subject to review by GIFCS.

The Commission will embrace the recommendations for enhancement to the Financial Intelligence Unit and Supervision's procedures as identified in the

2018 Mutual Evaluation Report primarily in respect to embedding, and fully implementing, the FTRA 2017.

The Commission will consider the findings, and recommendations, of the February 2019 Financial Industry Forum and, where deemed appropriate, seek to implement enhancements sought by industry during the 2019/20 year.

The Commission will continue to monitor developments in respect to pending changes to the Cook Islands Occupational Safety and Health regime, to ensure we are ready to instigate any improvements to our current procedures that may be required to adhere to the new legislation.

Recognising that the Commission's office tenancy agreement concludes on 20 April 2020, the Commission will undertake a review as to the various tenancy options available going forward, and ensure appropriate arrangements have been formalised well before our current lease expires, having exhausted all rights of renewal.

The Commission will continue in its endeavours to raise public awareness of financial scams in an effort to protect Cook Islanders financial assets.

The outcome of the Commission's 2018/19 review, as to the appropriateness of licensing and supervising the Credit Bureau, will determine whether legislative change may need to be undertaken in 2019/20.

Underpinning the Commission's activities for the year will be constant attention to the training of staff and strengthening the Commission's capacity, and ability, to perform its tasks. Continued focus will be given specifically to strengthening supervisory skills and capacity in respect to high risk licensees.

Upskilling of staff, across the Commission, by attending structured training programmes, participation in APRA joint reviews and attendance at international workshops will be encouraged. Three in-country formal training opportunities have already been committed to for 2019/20 including two visits by the PFTAC mission team and a five-day Mobile Money and Digital Payments Supervision FRTI seminar.

### **Nature and scope of activity to be undertaken during the year commencing 1 July 2020**

The Commission will continue to fulfil its duty to administer legislation for which it is responsible.

Responsibilities of the Commission have grown progressively and are expected to continue to grow, thus it is anticipated that the activities listed below will require continued focus in future years. In particular, but without limiting the extent of the Commission's duties to be performed in the coming years, the Commission will:

- (a) Undertake the prudential supervision of the banking business of all banks holding banking licences to carry on banking business in the Cook Islands;
- (b) Undertake the prudential supervision of insurers holding licences to conduct insurance business in the Cook Islands;
- (c) Undertake supervision of insurance intermediaries licensed to conduct general insurance business in the Cook Islands;
- (d) Undertake supervision of money changing and remittance businesses licensed to conduct money changing and remittance business in the Cook Islands;
- (e) Undertake supervision of trustee companies licensed to conduct trustee business in the Cook Islands;
- (f) Undertake supervision of captive insurance businesses licensed to conduct captive insurance business in the Cook Islands;
- (g) Encourage and promote licensed financial institutions to carry out sound practices in relation to prudential matters;
- (h) Undertake licensing and approvals of superannuation funds, if draft legislation is enacted and consequent prudential supervision;
- (i) Consider and analyse, in a timely manner, all completed applications submitted to the Commission for a licence, registration or authorisation pursuant to any enactment the Commission administers;
- (j) Efficiently oversee the requirements for registration and renewal of registration of international companies, international trusts, international partnerships, limited liability companies and foundations;
- (k) Investigate and prosecute matters under the Financial Intelligence Unit Act 2015, the Currency Declaration Act 2015/16 and the Financial Transactions Reporting Act 2017;
- (l) Perform airport or seaport duties for the purpose of enforcing the Currency Declaration Act 2015/16;
- (m) Investigate and review the performance by licensed financial institutions and designated non-financial businesses and professions of their obligations pursuant to AML/CFT compliance;
- (n) Seek to develop and improve the Confiscation of the proceeds of crime, through the implementation of the Asset Recovery strategy;
- (o) Assist in the management and mitigation of cybercrime and cyber enabled crime through the introduction of preventive measures, education, and where

appropriate the investigation and prosecution of serious related criminal offences;

(p) Undertake a targeted review of specific high-risk threats and vulnerabilities as part of the national risk assessment of the Cook Islands;

(q) Evaluate the effectiveness of the implementation of the recommendations identified in the 2018 Cook Islands Mutual Evaluation Report; and

(r) Efficiently attend to any other matters brought before the Commission.

The Commission will continue to enhance its capacity and ability to perform its obligations and achieve its objectives by continuing the professional development of staff and ensuring proper resourcing.

The Commission will also continue to report to the Minister of Finance on the suitability of the legislation administered by the Commission.

### **Performance Targets for the years commencing 1 July 2020 and thereafter**

The Commission will seek to achieve the following targets:

(1) To conduct, as often as deemed necessary, an onsite examination of all banks, insurers, trustee companies, captive insurers and money changing and remittance businesses licensed to carry out business in the Cook Islands. Risk based supervision will assist to determine the level of regulatory oversight applied to licensed institutions.

(2) To undertake offsite reviews of all data supplied by banks, insurers and trustee companies on a regular basis.

(3) To administer new applications for the licence of a financial institution on a timely basis with all applications being determined within the prescribed timeframe upon the receipt of the completed application.

(4) To conduct, in each year, compliance reviews of licensed financial institutions and designated non-financial businesses and professions in respect of the financial transactions reporting regime.

(5) To annually review the operation of each trustee company against the 'Trust and Corporate Service Providers Statement of Best Practice' issued by the GIFCS; and the Trustee Companies Act 2014.

(6) To administer registration and renewal of registration of international companies, international trusts, international partnerships, limited liability companies and foundations efficiently, accurately and without delay.

(7) To keep under on-going review legislation administered by the Commission with a view to recommending amendments where the legislation needs to

reflect changes in the global financial environment, including best international supervisory and regulatory practice.

(8) To enhance the skills of supervisory staff, principally by use of technical training provided by the Pacific Financial Technical Assistance Centre, the International Monetary Fund, the Australian Prudential Regulation Authority, the Financial Stability Institute and other technical assistance programmes including short term training with the Reserve Bank of New Zealand.

(9) To maintain a structured programme for upskilling all staff of the Commission throughout the year.

(10) To report to the Minister of Finance on the legislation administered by the Commission by 30 September each year.

(11) To undertake enforcement action where necessary to achieve the Commission's objectives.

(12) To continue to promote regular analysis of AML/CFT risk within the Cook Islands.

(13) To review policies, procedures and guidelines to administering the Financial Transactions Reporting Act 2017; measuring this against international standards and focussed on the effectiveness of the regime.

(14) To effectively administer and enforce the Financial Intelligence Unit Act 2015, and the Currency Declaration Act 2015/16.

(15) To coordinate the implementation of recommendations arising from the Cook Islands 2018 Mutual Evaluation Report.

(16) To efficiently attend to all other obligations, under the legislation which the Commission has responsibility to administer.

### **The Financial Resources required to achieve the Performance Targets**

The economic and operational climate within which this jurisdiction, like all small international financial centres, operates remains subject to ongoing pressure to enhance disclosures and increased reporting in line with international best practice. As compliance measures have become more burdensome growth has reduced. Accordingly, the estimates below are prudently based on the assumption that there will be nil growth in the industry during the 2019/20 financial year.

### **Expenditure**

The estimated expenditure of the Commission for the year ended 30 June 2020 is as follows:

<b>PERSONNEL</b>	<b>\$</b>	<b>\$</b>
Salaries (incl Superannuation)	785,000	
Staff Training, Travel and Expenses	34,200	
		<b>819,200</b>
<b>BOARD</b>		
Fees	84,000	
Expenses	6,200	
		<b>90,200</b>
<b>COMMISSIONER</b>		
Contractual Expenses	2,500	
Entertainment	1,500	
Travel	15,000	
		<b>19,000</b>
<b>DEPUTY COMMISSIONER</b>		
Contractual Expenses	500	
Travel	10,000	
		<b>10,500</b>
<b>HEAD OF THE FIU</b>		
Contractual Expenses	39,240	
Entertainment	500	
Travel	10,000	
		<b>49,740</b>
<b>OPERATING EXPENSES</b>		
Audit Fee	3,000	
Advertising & Promotion	2,400	
Bank Fees	1,500	
Cleaning	5,600	
Communications	9,000	
Computer Costs (incl FIU-in-the-Box)	32,000	
Conferences & Workshops	12,000	
Depreciation (Fixed Assets)	30,750	
Amortisation (Software)	49,000	
Electricity	14,400	
Expensed Equipment	4,000	
General Expenses	4,000	
Insurance	4,500	
Maintenance	4,000	
Motor Vehicle Expenses	4,800	
Office Rental	33,000	
Office Supplies	6,000	
Online Registry Operating Expenses	39,600	
Operation Costs	15,000	
Professional Services	20,000	
Subscriptions	28,000	
<b>TOTAL EXPENDITURE</b>		<b>322,550</b>
<b>TOTAL OUTGOINGS</b>		<b>1,311,190</b>

## Revenue

The financial resources available to the Commission to carry out its undertaking and to achieve its performance targets are:

(a) All licence, registration and miscellaneous fees payable under the following enactments:

Banking Act 2011  
Captive Insurance Act 2013  
Foundations Act 2012  
Insurance Act 2008  
International Companies Act 1981/82  
International Partnerships Act 1984  
International Trusts Act 1984  
Limited Liability Companies Act 2008  
Money-changers and Remittance Businesses Act 2009  
Trustee Companies Act 2014

The estimated fees from these sources for the year 1 July 2019 to 30 June 2020 are \$1,336,759 (net of VAT).

Although all amounts are in New Zealand dollars, registry fees payable to the Commission are denominated in US dollars and income is therefore subject to currency exchange fluctuations. The rate of \$0.74 was used to prepare these figures.

These estimates are based on the number of international companies, trusts, limited liability companies and foundations remaining in line with the actual 2018 registry numbers.

A further amount of miscellaneous operating revenue and interest totalling \$92,815 is also expected to be generated.

### The estimated revenue is as follows:

<b>REVENUE</b>	<b>\$</b>
Bank Licences	55,391
Insurance Licences	18,609
Trustee Company Licences	36,175
Foundations	19,036
International Companies	338,778
International Trusts	779,191
Limited Liability Companies	89,579
Miscellaneous Revenue	92,815
<b>TOTAL REVENUE</b>	<b>1,429,574</b>

In accordance with section 24(2) of the Financial Supervisory Commission Act 2003, excess funds will be paid to the Cook Islands Government. It is anticipated that the Commission will return an excess to government of \$118,000 during the 2019/20 financial year.

**For the year ended 30 June 2021 income and expenditure is projected as follows:**

	\$	\$
<b>REVENUE*</b>		<b>1,429,574</b>
<b>EXPENDITURE</b>		
Personnel expenses including Board	911,240	
Operating expenses including Depreciation	399,950	
		<b>(1,311,190)</b>
<b>EXCESS</b>		<b>118,384</b>

\*The exchange rate used for this calculation is US\$0.74; NZ\$1.00.

**The costs, if any, to the Commission in applying Government's policies.**

In applying the government's accounting policies, the Commission will incur amortisation expense of \$19,643 in relation to the online registry software for the year ended 30 June 2020. This intangible asset was obtained at no direct cost to the Commission, via funding from the New Zealand Aid programme, but is required to be amortised in line with government policy.

### **The Accounting Policies of the Commission**

The General Accounting Policies of the Commission for the year ended 30 June 2020, and for the subsequent financial years, will be as follows:

#### **Basis of Preparation of Accounts**

- (i) Reporting Entity  
The financial statements are for the Financial Supervisory Commission, which is considered to be an agency of the Crown. The Financial Supervisory Commission carries out services as mandated under the Financial Supervisory Commission Act 2003.
- (ii) Statement of Compliance  
The financial statements are prepared in accordance with the Ministry of Finance and Economic Management Act 1995/96 and with the International Public Sector Accounting Standards issued by the International Public Sector Accounting Standards Board.
- (iii) Measurement Base  
The financial statements will be prepared on a going concern basis and the accounting policies will be applied consistently throughout the period.

The Significant Accounting Policies of the Commission will not change from the 2018/19 financial year. The detailed policies form part of the annual audited Financial Statements and may be viewed in full in the Commission's Annual Report. The Financial Statements of the Commission are audited by the Cook Islands Audit Office and the Annual Report is published on the Commission's website ([www.fsc.gov.ck](http://www.fsc.gov.ck)) following submission to the Minister of Finance before 30 September each year.

**Other Matters as agreed between the Minister of Finance and the Commission.**

No additional matters have been agreed between the Minister of Finance and the Commission for inclusion in this Statement of Intent for the year 1 July 2019 to 30 June 2020.

At this time, it is difficult to determine whether any additional matters will be agreed upon between the Minister of Finance and the Commission for the inclusion in the Statement of Intent to be issued by the Commission for the financial year commencing 1 July 2020, through to 30 June 2021.

Dated at Rarotonga this 21st day of March 2019.

  
\_\_\_\_\_  
**Geoff Stoddart**  
**Chairman**  
**Financial Supervisory Commission**