



**FINANCIAL SUPERVISORY COMMISSION  
COOK ISLANDS**

**STATEMENT OF CORPORATE INTENT**

**2021/2022**

## **Foreword**

The Financial Supervisory Commission works to promote and maintain the stability and integrity of Cook Islands financial institutions and the broader sector. We do this by promoting best practices and standards within the financial system, which best supports a sustainable and productive economy.

We are committed to meeting the challenges and risk that are ever present in a small, but globally connected financial system while making the most out of opportunities available for the Cook Islands.

A current and severe example of those challenges has been the economic disruption brought about by the COVID-19 pandemic. The change and adaptation forced upon us in the Cook Islands and throughout the globe has necessitated us taking urgent and unprecedented action to maintain financial stability.

Our COVID-19 response to date has included putting in place our COVID-19 loan deferral programme along with high frequency monitoring and reporting arrangements for our banks, reprioritising supervision activities and extending certain reporting deadlines to allow our financial institutions to focus primarily on assisting their customers, and where needed, assisting with government led initiatives under the Economic Response Phases.

It is clear that the global economic disruption and the impact on our economy is expected to persist for some time yet, leading to lower economic growth, more unemployment, and inflation well into 2021. However, we are confident that as the financial regulator, our financial institutions are in strong positions to weather this economic storm and support the inevitable economic recovery. This confidence is based on the work done by ourselves and our financial institutions during the “good times” of recent years to be well capitalised and have strong internal procedures and controls, particularly around credit risk. Previous gains in reducing bad assets in banks loan books will provide some much-needed resilience for the coming months.

This crisis has also further highlighted the need to invest in the digital transformation of our regulatory framework and capabilities and there will be a particular focus in this area in the coming year and beyond.

Other ongoing challenges remain, including the implementation of tax reforms for the international financial sector and the addressing financial crime in the Cook Islands which we will continue to focus resources on.

We will continue to work closely with industry, Government, international colleagues and the wider public to ensure we are operating at best practice levels while ensuring we act in the best interest of all Cook Islanders.

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# **Financial Supervisory Commission**

## **Statement of Corporate Intent: 2021/2022**

### **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  
Martha Henry  
Fletcher Melvin  
Christina Newport  
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 2021 to 30 June 2022 and as required by section 27 comments, insofar as is practicable, on the next financial year to 30 June 2023 and beyond.

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

### **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, manage and mitigate risk;
- Through the supervision of licensed financial institutions, to promote financial stability and sound business practices in the financial sector;
- To assist the financial industry 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 engage with the Cook Islands community to raise awareness on issues relating to the financial industry;
- To facilitate the prevention, detection, disruption, investigation and prosecution of money laundering, the financing of terrorism, proliferation of weapons of mass destruction, currency declaration and serious offences in the Cook Islands;
- To provide an environment in which the financial sector and law enforcement agencies can exchange and analyse information and intelligence to detect, prevent and disrupt financial misconduct and serious offences threats against the Cook Islands;
- 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;
- To continue work with Crown partners to detect and identify cyber risks as well as prevent and disrupt identified cyber threats and
- To work with Crown partners to support an effective law enforcement strategic and operational response against those seeking to engage in financial misconduct and serious offences.

In working towards these objectives, the Commission will continue to prioritise addressing the impact of the COVID-19 global pandemic on the financial industry, in particular with the banking industry, to ensure that medium to long term financial integrity and stability is maintained.

The Commission is the licensing authority of “licensed financial institutions<sup>1</sup>” and will monitor the performance of all licensees against those standards imposed by the legislation which the Commission administers.

The Commission is the administering Crown Agency for the following enactments:

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<sup>1</sup> “Licensed financial institutions” include banks licensed pursuant to the Banking Act 2011, trustee companies licensed pursuant to the Trustee Companies Act 2014, insurers and insurance intermediaries 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.

- 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 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. In line with the Commission's newly drafted five-year Strategic Plan, a focus will be ensuring that the regulatory framework which the Commission operates recognises and provides for the digital transformation of financial products and service delivery.

The Financial Intelligence Unit, as an independent division of the Commission, will continue to actively administer the Financial Transactions Reporting Act 2017 (FTRA 2017) to combat financial misconduct and the commission of serious offences. Compliance with the FTRA 2017 will continue to be undertaken on a risk based approach.

Whilst monitoring compliance by all reporting institutions with the FTRA 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.

The Commission will continue to act as a good employer, as that term is defined in the Public Service Act 2009, prioritising capacity building and professional development of its employees and providing a constructive work environment.

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.

These objectives will apply for the year commencing 1 July 2021 and for the foreseeable years to follow.

### **Nature and scope of activity to be undertaken during the year commencing 1 July 2021**

The Commission will undertake all such activities in this section in a professional, and timely, manner.

## **a) Supervision and Regulation**

An increased focus will be placed on risks emanating from the impact of COVID-19 for all licensed financial institutions, including risks arising from changes within the Commission's supervision activities due to the ongoing global pandemic.

In line with our Vision, the Commission will apply appropriate administration of the suite of legislation for which it is responsible, whilst acknowledging the importance of doing so in a manner supportive of growth and development of the Cook Islands financial services centre.

The Commission will continue to place emphasis on comprehensive offsite supervision through the review of submitted data, annual audited financial statements and other accessible information, as a risk-based approach is further embedded into our supervision regime across all licensee types.

The Commission will continue to refine its risk based targeted focus onsite inspections with at least one conducted on the majority of licensees in the Cook Islands during the year to 30 June 2022, as the Commission continues to supervise and regulate licensed financial institutions in a manner which is to internationally accepted standards, as mandated for in the FSC Act 2003.

Engagement with low-risk financial institutions and external licensees will continue primarily through submission of annual returns and questionnaires as well as online meetings.

The implementation of the online prudential data analysis system will permit greater analysis on risk indicators and trends, both at an institutional and industry level.

The Supervision division of the Commission will continue to collaborate with the FIU with compliance reviews in higher risk financial institutions.

Where relevant, the Commission will continue to build upon working relationships with home and fellow host regulators and counterparts to enhance leverage off other external supervision measures in place for these licensees.

Keeping abreast of and reporting developments with financial supervision at a regional and international level will remain important.

## **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:

To continue to perform and enhance its strategic and operational intelligence gathering function, 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 conduct risk-based compliance monitoring and examination for all Reporting Institutions in the Cook Islands as required by the Financial Transactions Reporting Act 2017 with a focus on improving the effectiveness of the Cook Islands AML / CFT regime.

To continue the FIU's ongoing 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 conduct and assist with parallel financial investigation, and the pursuit and recovery of the proceeds of crime in acquisitive criminal cases.

To foster a stronger partnership with the private sector in order to increase the effectiveness of our collective response to financial misconduct and supervision.

To continue to improve the effectiveness of the FIU IT System to enhance the Units intelligence products and services.

The FIU will work proactively with other government stakeholders to address cybercrime threats and assist in development of a cybercrime prevention programme.

To continue to improve the collection and collation of statistics and information to enable effective strategic analysis to inform risk assessments.

The FIU will continue to coordinate with key national stakeholders in maintaining the national money laundering, terrorism and proliferation financing risk assessment for the Cook Islands.

To 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.

To continue to implement as appropriate the recommendations of the 2018 Mutual Evaluation Report.

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

The Commission will continue to engage with the Asian Development Bank to explore opportunities for funding to assist in the upgrade of the Registry.

The FSC Registry will utilise exception reporting capabilities, where available, to ensure focussed review of new and ongoing registrations throughout 2021/22 and future periods.

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 have vested in the Registrar, 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**

Despite travel restrictions due to the ongoing global pandemic the Commission (including the FIU) will continue to actively participate and engage with regional and international forums through remote and virtual meetings and workshops.

The Commission will continue to 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 conference calls throughout this statement of corporate intent year and endeavour to attend any College Meetings which may be convened during 2021/22.

The valuable working relationship developed with the Reserve Bank of New Zealand will continue to be built upon during the 2021/22 year and the Commission will continue to seek opportunities to enhance relationships 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 continue to be an active member of the Group of International Finance Centre Supervisors (GIFCS). The Commission will utilise the Multilateral Memorandum of Understanding between members to maximise the sharing and obtaining of, information from other member regulatory bodies. The Commission has committed to providing an evaluator for the mid-2021 Isle of Man GIFCS review, assessing the jurisdiction's compliance with the Group's Standard on Regulation of Trust and Corporate Service Providers. This professional development opportunity will be invaluable for assisting with the Commission's preparation for a future Cook Islands GIFCS evaluation.

The Commission will continue to actively partake in the GIICS professional development conference calls throughout the period under review and pursue any additional training opportunities that may come to the fore in respect to supervisory regimes tailored to Captive Insurers.

Technical assistance will continue to be sought from the Pacific Financial Technical Assistance Centre (PFTAC), the International Monetary Fund, and the Financial Stability Institute. This will be supplemented with specific technical assistance from fellow Regulators, via our GIFCS and GIICS network, to upskill in various emerging risks including cybercrime, climate change, data security and virtual assets.

The Commission will participate in the Association of Financial Supervisors of Pacific Countries (AFSPC). The AFSPC regional forum is overseen by PFTAC and comprises financial regulators from twelve jurisdictions across the Pacific.

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

### *Financial Intelligence Unit*

The FIU will continue to participate at key Egmont meetings and workshops. 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.

In addition, the FIU will be represented at the Asia Pacific Group (APG) Annual Plenary Meeting and, where relevant, the APG Typologies Workshop.

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

The FIU will proactively seek technical support and funding through the relevant and appropriate international organisations.

### *Domestic liaison*

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. The development of the Strategic Plan recognises the need to align, where possible, the long terms objectives of the Commission with the development of the financial industry.

The Commission will continue to consider 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 work with FSDA industry, via the Trustee Companies Association and the Revenue Management Division (RMD) in respect to international tax reform issues facing the international financial industry.

The Commission continues to maintain an open-door policy to meeting with all licensees, and prospective licensees, throughout the year.

### **e) Legislation**

In line with its five-year Strategic Plan, the Commission will review its legislative programme to ensure it identifies relevant legislative reform to recognise the increasing digitisation of financial products and services and the benefits and risks that come with this.

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. Likewise, the Commission will embrace the administration of new product trust legislation currently under development by the Financial Services Development Authority, following Cabinet policy approval received in February 2020.

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 improve its governance and internal procedures, and utilise opportunities to benchmark against other regional and international organisations recognising the importance of having an appropriate balance between regulation and economic growth in the context of the Cook Islands.

The Commission will continue to monitor developments in respect to pending changes to government procedures, particularly in respect of COVID-19 readiness, to ensure that we are ready to consider any improvements to our current procedures that may be required.

The Commission will continue develop and promote its public awareness of financial scams in an effort to protect Cook Islanders financial assets. The public awareness campaign will be increased in 2021/22 in an effort to better inform the public of the 'red flags' consistently seen alongside scams.

Underpinning the Commission's activities for the year will be a continuing focus on the training and development 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 regulatory regimes addressing emerging risks. In addition, management and leadership training will identified for the Deputy Commissioner.

Upskilling of staff, across the Commission, by attending structured training programmes, participation in joint reviews and attendance at international workshops will continue to be encouraged.

The Commission will undertake a thematic review based on cybersecurity risk for licensed financial institutions.

#### **Nature and scope of activity to be undertaken during the year commencing 1 July 2022**

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) Continue to monitor the long-term impact of the COVID-19 global pandemic on licensed financial institutions, and where necessary undertake relevant supervisory action;

- (b) Undertake the prudential supervision, on a risk basis, of the following
- (i) all banks holding banking licences to carry on banking business in the Cook Islands on a risk basis;
  - (ii) all insurers holding licences to conduct insurance business in the Cook Islands;
  - (iii) all insurance intermediaries licensed to conduct insurance business in the Cook Islands;
  - (iv) all money changing and remittance businesses licensed to conduct money changing and remittance business in the Cook Islands;
  - (v) all trustee companies licensed to conduct trustee business in the Cook Islands;
  - (vi) all captive insurance businesses licensed to conduct captive insurance business in the Cook Islands;
- (c) Encourage and promote licensed financial institutions to carry out sound practices in relation to prudential matters;
- (d) 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;
- (e) Efficiently oversee the requirements for registration and renewal of registration of international companies, international trusts, international partnerships, limited liability companies, foundations and any new entities that may be added in future;
- (f) Proactively seek to make improvements to the regulatory framework and procedures which apply to licensed financial institutions;
- (g) Investigate and prosecute matters under the Financial Intelligence Unit Act 2015, the Currency Declaration Act 2015/16 and the Financial Transactions Reporting Act 2017;
- (h) Perform airport, airfreight or seaport duties for the purpose of enforcing the Currency Declaration Act 2015/16;
- (i) Investigate and review the performance by licensed financial institutions and designated non-financial businesses and professions of their obligations pursuant to AML/CFT compliance;
- (j) Enhance the confiscation of the proceeds of crime, and assist with the implementation of an Asset Recovery strategy;
- (k) 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;
- (l) Undertake a targeted review of specific high-risk threats and vulnerabilities as part of the national risk assessment of the Cook Islands;
- (m) Evaluate the effectiveness of the implementation of the recommendations identified in the 2018 Cook Islands Mutual Evaluation Report;
- (n) Continue to provide opportunities for training and professional development for staff; and

(o) 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 2022 and thereafter**

The Commission will seek to achieve the following targets:

(1) To conduct onsite examinations on banks, insurers, insurance intermediaries, trustee companies, captive insurers and money changing and remittance businesses licensed to carry out business in the Cook Islands on a risk basis. Improvements in internal risk rating models will assist to determine the level of regulatory oversight applied to licensed institutions.

(2) To undertake comprehensive offsite monitoring and reviews of all data supplied by licensees 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 receipt of the completed application.

(4) To continue to benchmark, where relevant, our regulatory framework against international standards to ensure appropriate enhancements are identified and implemented in a timely manner.

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

(6) To keep under on-going review legislation administered by the Commission with a view to recommending amendments to reflect changes in the global financial environment, including best international supervisory and regulatory practice.

(7) 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 Financial Stability Institute, the Egmont Group of FIUs, and other technical assistance programmes including short term training with the Reserve Bank of New Zealand, New Zealand Police, Austrac and other appropriate regulators.

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

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

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

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

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

(13) 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.

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

(15) To continue 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 increase reporting in line with international best practice. As compliance measures have become more burdensome, and competition in bigger jurisdictions have become more impactful, growth has reduced. Accordingly, the estimates below are prudently based on the assumption that there will be a two percent net negative growth in the industry during the 2021/22 financial year.

### **Expenditure**

The estimated expenditure of the Commission for the year ended 30 June 2022 is as follows:

<b>PERSONNEL</b>	<b>\$</b>	<b>\$</b>
Salaries (incl Superannuation)	695,000	
Staff Training, Travel and Expenses	15,700	
		<b>710,700</b>
<b>BOARD</b>		
Fees	84,000	
Expenses	6,200	
		<b>90,200</b>
<b>COMMISSIONER</b>		
Contractual Expenses	1,500	
Entertainment	1,500	
Travel	10,000	
		<b>13,000</b>
<b>DEPUTY COMMISSIONER</b>		
Contractual Expenses	0	
Travel	5,000	

		<b>5,000</b>
<b>HEAD OF THE FIU</b>		
Contractual Expenses	1,200	
Entertainment	600	
Travel	10,000	
		<b>11,800</b>
<b>OPERATING EXPENSES</b>		
Audit Fee	3,000	
Advertising & Promotion	2,400	
Bank Fees	1,500	
Cleaning	5,600	
Communications	6,000	
Computer Costs (incl FIU Wizard)	32,000	
Conferences & Workshops	0	
COVID-19 Expenses	75,000	
Depreciation (Fixed Assets)	22,700	
Amortisation (Software)	61,500	
Education & Awareness	12,000	
Electricity	12,000	
Expensed Equipment	4,000	
General Expenses	4,000	
Insurance	4,500	
Maintenance	6,000	
Motor Vehicle Expenses	5,800	
Office Rental	36,000	
Office Supplies	6,000	
Online Registry Operating Expenses	65,000	
Online Prudential Filing System Operating Expenses	22,500	
Operation Costs	15,000	
Professional Service Fees	40,000	
Subscriptions	31,000	
<b>TOTAL EXPENDITURE</b>		<b>473,500</b>
<b>TOTAL OUTGOINGS</b>		<b>1,304,200</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 2021 to 30 June 2022 are \$1,363,367 (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 \$0.70 was used to prepare these figures.

These estimates are based on the number of international companies decreasing but that international trusts, limited liability companies and foundations remaining in line (or slightly above) the actual 2020/21 registry numbers.

A further amount of miscellaneous operating revenue and interest totalling \$100,600 is also expected to be generated.

**The estimated revenue is as follows:**

<b>REVENUE</b>	<b>\$</b>
Bank Licences	55,391
Insurance Licences	25,827
Money Changing and Remittance Business Licences	3,303
Trustee Company Licences	31,652
Foundations	19,006
International Companies	283,044
International Partnerships	410
International Trusts	841,429
Limited Liability Companies	103,305
Miscellaneous Revenue	100,600
<b>TOTAL REVENUE</b>	<b>1,463,967</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 \$160,000 during the 2021/22 financial year.

**For the year ended 30 June 2023 income and expenditure is projected as follows:**

	<b>\$</b>	<b>\$</b>
<b>REVENUE*</b>		<b>1,463,967</b>
<b>EXPENDITURE</b>		
Personnel expenses including Board		800,900
Operating expenses including Depreciation		503,300
<b>EXCESS</b>		<b>159,767</b>

## The Accounting Policies of the Commission

The General Accounting Policies of the Commission for the year ended 30 June 2022, 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 2021/22 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.

As noted in our 2019/2020 Annual Report a written policy directive was issued by the Minister of Finance outlining the return of the Financial Intelligence Unit to a stand alone Crown Agency. A date for this change has yet to be determined but should it happen in the period during which this Statement covers, a revised Statement of Corporate Intent may be issued reflecting the organisational changes.

Dated at Rarotonga this 24th day of March 2021.

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