



Financial Supervisory Commission



Statement of Corporate Intent 2022/2023

Foreword

The Financial Supervisory Commission exists to enable the financial wellbeing for all Cook Islanders, working to maintain the integrity and stability of the Cook Islands financial sector.

The impact of the COVID-19 pandemic on the Cook Islands economy over the last two years has been serious. With tourism contributing close to three quarters of our countries GDP, border closures and restrictions has seen a marked impact on licensed financial institutions and their customers.

However this has been lessened by the rolling packages of government support to businesses and people. In line with this sentiment, in March 2020 the Commission launched the COVID-19 Loan Deferral Programme to provide greater flexibility from regulatory rules, enabling banks to provide a greater range and degree of support to their customers during this time and this has continued throughout 2021.

Vision of the Commission

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

As part of the programme the Commission put in place a higher frequency of financial monitoring for the banks and have conducted an number of thematic reviews directed specifically at the changing risk environment created by the COVID-19 pandemic.

Going forward the focus for the Commission remains the medium to longer term impacts of COVID-19 pandemic on the financial sector but also changes within the risk environment for the financial sector. This includes the digitisation of financial services and cybercrime and data security risks, the tax related reforms for our international financial sector, banking reforms by government, increases in volume and complexity of financial crime and risks emanating from climate change.

We continue to invest in our people, processes and systems to meet these challenges and to ensure we are in line with international standards and best practice when it comes to financial regulation.

We will focus this year on a number of fronts to modernise our way of working, including legislative and regulatory changes, completion of information technology system upgrades and facilitating continual learning opportunities for our people, those who we regulate and the wider public.

Mission Statement of the Commission

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.

We intend to undertake a more active role in encouraging opportunities for Cook Islanders to participate in the financial sector at all levels (consumer, employee and entrepreneur) and to create greater awareness for all on the dynamic risks and special rules that apply to the financial sector.

We encourage you to read this Statement of Corporate Intent to understand our goals and commitments to being transparent, and inclusive in our role as your financial regulator.

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About this document

This Statement of Corporate Intent is issued by the Financial Supervisory Commission ("Commission") for the purposes of section 27 of the Financial Supervisory Commission Act 2003. It covers the year 1 July 2022 to 30 June 2023 and as required by section 27 comments, insofar as is practicable, on the next financial year to 30 June 2024 and beyond.

The 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 Financial Intelligence Unit ("FIU") forms an independent division of the Commission.

The Commission is the licensing and regulatory authority for the financial industry and administers 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 Commission is governed by a Board of Directors, comprising of the following members:

Geoff Stoddart, Chairman
Martha Henry
Christina Newport

Gaye Whitta
Fletcher Melvin

The day to day management of operations is overseen by the Commissioner, Cheryl McCarthy and for the FIU, Head of FIU Walter Henry.

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.

2022/2023 Strategic Objectives of the Commission

In 2021 the Commission adopted its four-year 2021 – 2025 Strategic Roadmap which explains how it intends to prioritise its objectives and build capacity in line with its vision and mission.

Modernising our institutional regulatory framework

- To review our regulatory framework and make recommendations to the Minister of Finance for legislative, administrative or other changes to ensure the effectiveness of our supervision of licensed financial institutions¹;
- To promote financial stability and sound business practices in the financial sector;
- To ensure legislative and regulatory review and reform is conducted on a proactive basis to better recognise evolving opportunities and risks developing in the global financial system

Embedding an effective risk focussed supervision approach

- 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;
- To supervise licensed financial institutions on a risk basis to ensure that they are in sound financial condition and are complying with their governing legislative and supervisory requirements;
- To promote good working relationships with licensed financial institutions and to provide feedback and lessons learned to improve compliance
- To assist FIU in detecting, disrupting and preventing financial misconduct through our supervisory activities

Facilitate development of financial products and services

- To engage with the financial industry to discuss development of financial products and services and to provide timely feedback and input
- To facilitate responsible financial industry development by reviewing regulatory rules and participating in initiatives where appropriate;
- To proactively support licensed financial institutions and prospective businesses in understanding our regulatory framework.

Promoting public awareness and education of financial products and services

- To engage with the Cook Islanders to raise awareness on issues relating to the financial industry;
- To improve access to information on everyday financial products and services for Cook Islanders from the Commission and from licensed financial institutions;
- To receive and consider complaints against licensed financial institutions;

Strengthening our organisation resilience

- To operate the Registries of International Companies, International Trusts, International Partnerships, Limited Liability Companies and Foundations to a professional standard;

¹ 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.

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- To remain a trusted advisor to Government and maintain good working relationship with government stakeholders;
 - To manage our internal operational risk as an industry leader and to ensure our finances are managed in a prudent and sustainable manner;
 - To develop and support the ongoing professional development of our staff to reflect the changes within our regulatory framework and to further build up leadership capabilities.

As an independent division of the Commission, the Financial Intelligence Unit will continue to actively administer the Financial Transactions Reporting Act 2017 (FTRA 2017) to combat financial misconduct and the commission of serious offences. Key objectives for the FIU include:

- 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.

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 2022

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 the medium to longer term recovery of licensed institutions from the COVID-19 pandemic, in particular our licensed banks. This will include greater detailed surveillance and supervision activities relating to banks credit risk management systems, integrity of IT systems and dealings with customers.

The Commission will also actively participate in and provide input to the government's banking reforms relating to cost of borrowing to ensure any potential impacts on the stability of the sector is minimised.

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.

The Commission will continue to undertake thematic supervisory reviews (for example in cloud based operating systems used by financial institutions) to identify and assess risks and to evaluate licensed financial institutions controls and systems.

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

The ongoing development of the online prudential data analysis system will permit greater analysis on risk indicators and trends, both at an institutional and industry level and to allow for that information to be provided to a broader audience.

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

The Commission will continue to build upon relationships with home, and fellow host, regulators and counterparts to better leverage off other external supervision measures in place for these licensees and to keep abreast of developments with financial supervision at an 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 develop 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 to position the FIU as a leading AML/CFT Regulator.

To continue the FIU's ongoing work with other Law Enforcement Agencies to remain cohesive, responsive and relevant to addressing serious and organised crime.

To continue deepening its engagement with external parties, Egmont Group of FIU's, Pacific Financial Intelligence Community, Pacific Transnational Crime Coordination Centre, Pacific Transnational Crime Network, Asset Recovery Interagency Network Asia Pacific and contributing collectively to combat 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 Act 2017.

To conduct and assist with parallel financial investigation and the pursuit and recovery of the proceeds of crime in acquisitive criminal cases.

The FIU through its Public Private Partnership Program will actively engage the relevant stakeholders to build meaningful partnership in order to increase the effectiveness of our collective response to financial misconduct and supervision.

Develop and implement ICT plans to support the FIU to fulfil its operational and regulatory mandate.

The FIU will continue to actively engage all 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, Joint Heads National Security 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 as well as play a central role in shaping the evolving AML/CFT regime.

c) Registry of International Entities

The Commission will commence the upgrade of the online registry with the assistance of the Asian Development Bank. This will provide the registry with greater flexibility in adding additional functionalities to the system and to maintain a stable and secure platform fit for purpose.

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 Registry team will explore opportunities to provide regular online refreshers and training sessions for system users to minimise the number of requests and errors on the system

d) International and Domestic Liaison

International Liaison

Depending on travel restrictions going into 2022/2023 the Commission and the FIU will continue to actively participate and engage with regional and international forums through both remote/virtual meetings, workshops and face to face where necessary.

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 2022/23.

The valuable working relationship developed with the Reserve Bank of New Zealand will continue to be built upon during the 2022/23 year and likewise, relationships will continue to seek opportunities to enhance relationships with home supervisors of insurance licensees, in particular with the Central Bank of Samoa.

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.

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.

As in previous years, the Commission will continue to be an active member of the Group of International Finance Centre Supervisors (GIFCS) and the Group of International Insurance Supervisors Centre (GIICS) The Commission will utilise the Multilateral Memorandum of Understanding between members to maximise sharing with, and obtaining of, information from other member regulatory bodies.

The Deputy Commissioner will continue as an evaluator for the ongoing 2021 Isle of Man GIFCS review, assessing the jurisdiction's compliance with the GIFCS Standard on Regulation of Trust and Corporate Service Providers. This professional development opportunity is invaluable with the Commission's preparation for a future Cook Islands GIFCS evaluation.

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



Domestic liaison

The Commission will continue promote and maintain good working relationships with key crown departments, particularly the Ministry of Finance and Economic Management as part of the ongoing economic recovery and development for the Cook Islands. This includes actively participating in and providing input into economic reforms for the financial sector such as the ongoing cost of borrowing review.

The Commission will continue to work with FSDA, industry, via the Trustee Companies Association and the Revenue Management Division (RMD), with respect to international tax reform issues facing the international financial industry. In addition 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 Commission's Strategic Roadmap 2021 – 2025 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 continues to maintain an open door policy to meeting with all licensees, and prospective licensees, throughout the year.

Financial Intelligence Unit

The FIU will continue to participate at key Egmont meetings and workshop. 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 active participation in the Pacific Financial Intelligence Community forum (PFIC).

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

The FIU will continue as an active participant and lead in domestic and regional law enforcement forum to address specific financial crime issues and to support initiatives on organised crime, cybercrime, and other offences.

e) Legislation

A key strategic priority under the Commission's Strategic Roadmap 2021 - 2025 is the modernising of its regulatory framework. In 2022/23 the Commission will prioritise the progression of its legislative programme as well as undertaking research on the increasing digitisation of financial products and services and the benefits and risks that come with this and what may be needed in terms of legislative reform to address 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 and the new trust product the International Relationship Property Trusts Act 2021.

From the legislative programme the Commission will recommend to the Minister any legislative reforms and administrative actions to enhance the performance of the Commission and the achievement of its objectives set out in this Statement.

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 and the context of the Cook Islands.

Underpinning the Commission's activities for the year will be a continuing focus to 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 be 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.

Nature and scope of activity to be undertaken during the year commencing 1 July 2023

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. 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:

Modernising our institution regulatory framework

(a) Proactively seek to make improvements to the regulatory framework and procedures which apply to licensed financial institutions;

(b) Continue to progress the Commission's legislative programme and to identify reforms that may be needed to improve that legislation;

Embedding an effective risk focussed supervision approach

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

(d) 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;

(e) Promote licensed financial institutions to carry out sound practices in relation to prudential matters to;

(f) Review and consider, in a timely manner, all completed applications submitted to the Commission for a licence, registration or authorisation pursuant to any enactment the Commission administers;

Promoting public awareness and education of financial products and services

(g) Promote Cook Islander's participation in the financial sector through its supervisory activities and legislative reforms;

(h) Improve Cook Islander's access to information on financial products and services;

Strengthening our organisation resilience

(j) 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;

(k) Continue to provide opportunities for training and professional development for staff; and

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

For Financial Intelligence Unit:

(m) Investigate and prosecute matters under the Financial Intelligence Unit Act 2015, the Currency Declaration Act 2015/16 and the Financial Transactions Reporting Act 2017;

(n) Facilitate operations at the airport, airfreight or seaport duties for the purpose of enforcing the Currency Declaration Act 2015/16;

(o) Investigate and review the performance by licensed financial institutions and designated non-financial businesses and professions of their obligations pursuant to AML/CFT compliance;

(p) Enhance the confiscation of the proceeds of crime, and assist with the implementation of an Asset Recovery strategy;

(q) 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;

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

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

The Commission will continue to attend to any matters of government policy raised and that are not contrary to its objectives.

Performance Targets for the years commencing 1 July 2022 and thereafter

The Commission will seek to achieve the following targets:

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

(2) 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.

(3) To conduct onsite examination 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.

(4) To undertake comprehensive offsite monitoring and reviews of all data supplied by licensees on a regular basis.

(5) To ensure the majority of licensed financial institutions are complying with their respective regulatory rules and have sound business practices

(6) 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.

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

(8) To have available to the wider public, information and avenues on everyday financial products, services and issues applicable here in the Cook Islands

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

(10) To enhance and upgrade the Commission's IT systems to ensure they are fit for purpose and provide a range of tools necessary for the meeting the Commission's objectives.

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

(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 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.

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

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

(17) To report to Minister on its activities and the legislation administered by the Commission by 30 September each year.

(18) 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 four percent negative growth in the industry during the 2022/23 financial year.

Expenditure

The estimated expenditure of the Commission for the year ended 30 June 2023 is as follows:

PERSONNEL	\$	\$
Salaries (incl Superannuation)	740,000	
Staff Training, Travel and Expenses	26,200	766,200
BOARD		
Fees	84,000	
Expenses	6,200	90,200
COMMISSIONER		
Contractual Expenses	1,500	
Entertainment	1,500	
Travel	15,000	18,000
DEPUTY COMMISSIONER		
Contractual Expenses	0	
Travel	10,000	10,000
HEAD OF THE FIU		
Contractual Expenses	1,200	
Entertainment	600	
Travel	10,000	11,800
OPERATING EXPENSES		
Audit Fee	3,000	
Advertising & Promotion	2,400	
Bank Fees	1,500	
Cleaning	5,600	
Communications	6,000	
Computer Costs	12,000	
Conferences & Workshops	0	
Covid-19 Expenses	40,000	
Depreciation (Fixed Assets)	22,700	
Amortisation (Software)	75,000	
Education and Awareness	12,000	
Electricity	12,000	
Expensed Equipment	4,000	
Expensed FIU software (FIU in a box)	20,000	
General Expenses	4,000	
Insurance	4,500	

Maintenance	6,000	
Motor Vehicle Expenses	5,800	
Office Supplies	6,000	
Online Prudential Operating Expenses	22,500	
Online Registry Operating Expenses	69,000	
Operation Costs	15,000	
Professional Service Fees	40,000	
Rental - Office	39,600	
Subscriptions	31,000	
TOTAL EXPENDITURE		459,600
TOTAL OUTGOINGS		1,355,800

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 Relationship Property Trusts Act 2021
 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 2022 to 30 June 2023 are \$1,399,962 (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 remains in line (or slightly above) with the actual 2020/21 registry numbers. A conservative estimate has been made in relation to registration fees generated by the new trust product, the International Relationship Property Trusts Act 2021.

A further amount of miscellaneous operating revenue and interest totalling \$83,100 is also expected to be generated.

The estimated revenue is as follows:

REVENUE	\$
Bank Licences	55,391
Insurance Licences	26,696
Money Changers Licences	2,347
Trustee Company Licences	31,652
Foundations	16,770
International Companies	201,018
International Partnerships	410
International Relationship Property Trusts	4,621
International Trusts	880,709
Limited Liability Companies	110,348
Registry Penalty Fees	40,000
Miscellaneous Registry Fees	30,000
Miscellaneous Revenue	83,100
TOTAL REVENUE	1,483,062

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 \$125,000 during the 2022/23 financial year.

For the year ended 30 June 2024 income and expenditure is projected as follows:

	\$	\$
REVENUE*		1,483,062
EXPENDITURE		
Personnel expenses including Board	826,700	
Operating expenses including Depreciation	529,100	(1,355,800)
EXCESS		127,262

*The exchange rate used for this calculation is US\$0.70; NZ\$1.00.

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 2022/23 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) following submission to the Minister before 30 September each year.

The concept of a Sovereign Wealth Fund supervised by the Commission had been raised with government in earlier Statements of Corporate Intent. With exploration licenses for seabed minerals issued in early 2022 it would be timely to again consider the usefulness of a Sovereign Wealth Fund and communication on this matter is invited from government policy makers during the forward year.

Other Matters as agreed between the Minister and the Commission.

As noted in our 2020/21 Annual Report, a written policy directive was issued to the Commission outlining the return of the Financial Intelligence Unit to a stand alone Crown Agency. A confirmed date for 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 2022.



Geoff Stoddart
Chairman
Financial Supervisory Commission