ANALYSIS

1. Short Title
2. Interpretation

PART I
PRELIMINARY
3. Act to bind Crown

PART II
COOK ISLANDS INVESTMENT CORPORATION
4. Cook Islands Investment Corporation
5. Functions of Corporation
6. Objectives of Corporation
7. Control of interests in companies
8. Control of statutory corporations

PART III
BOARD OF CORPORATION
9. Board
10. Quorum
11. Powers of Board

PART IV
ACCOUNTABILITY
12. Statement of financial position
13. Statement of corporate intent
14. Annual report
15. Fiscal updates
16. Information to be laid before Parliament
17. Office of the Public Expenditure and Review Committee and Audit to be auditor of the Corporation and subsidiaries

PART V
CHIEF EXECUTIVE OFFICER
18. Public Expenditure Review Committee
19. Protection from disclosure of sensitive information
20. Chief Executive Officer
21. Terms and conditions of appointment

PART VI
DIRECTORS
22. Directors
23. Direction of Board
24. This Part paramount

PART VII
DISPOSAL OF ASSETS
25. Corporation to conduct dispositions
26. Principles of disposal
27. Obligations of Corporation on disposal of certain assets
28. Corporation not to dispose

PART VIII
MISCELLANEOUS
29. Liability of Corporation for subsidiary
30. Public servants employed by Corporation
31. Cook Islands Government Property Corporation
32. Regulations
33. Repeals

Price $4.50
An Act to establish a Cook Islands Investment Corporation and to make provision for the control and management of statutory corporations and to manage and facilitate the disposal of assets

(18 March 1998)

BE IT ENACTED by the Parliament of the Cook Islands, in Session assembled, and by the authority of the same as follows:

1. Short Title - This Act may be cited as the Cook Islands Investment Corporation Act 1998.

2. Interpretation - (1) In this Act, unless the context otherwise requires:

"Assets" means Crown assets, shareholding interests and property vested in the Cook Islands Government Property Corporation;

"Board" means the board of the Corporation established under section 4(3);

"Cabinet" means the Cabinet of Ministers referred to in Article 13 of the Constitution;

"Corporation" means the Cook Islands Investment Corporation established under section 4(1);

"Crown" means the Crown in right of the Government of the Cook Islands;

"Crown assets" means any estate or interest in real property and personal property vested in the Crown and includes the Crown's ownership rights to any minerals and natural resources but does not include customary land as that term is defined in the Cook islands Act 1915;

"Dispose" includes a transfer, sale, lease, licence and concession and "disposal" and "disposition" have a corresponding meaning;

"Government" means the Executive Government of the Cook Islands;

"Minister" means the Minister responsible for the Corporation;

"Shareholding Interest" means the shareholding which is vested in or held on behalf of the Crown in a company and every right and entitlement derived from that shareholding;

"Subsidiary" means a company with a shareholding interest and a statutory corporation coming within the control of the Corporation under section 8.

(2) For the purpose of this Act '14 Sitting days' means 14 consecutive sitting days of Parliament notwithstanding that those days are interrupted by an adjournment or successive Sessions of Parliament.

PART I

PRELIMINARY

3. Act to bind Crown - This Act shall bind the Crown.

PART II

COOK ISLANDS INVESTMENT CORPORATION

4. Cook Islands Investment Corporation - (1) There is established a corporation which shall be responsible to the Minister and called the Cook Islands Investment Corporation.

(2) The Corporation shall be a body corporate with perpetual succession and a common seal and shall be capable of acquiring, holding, and disposing of real and personal property, suing and being sued and, subject to the provisions of this Act, of doing and suffering all such other acts and things as body corporates may lawfully do and suffer.

(3) The Corporation will have a Board that will be responsible for making the executive decisions of the Corporation in compliance with the provisions of this Act.

5. Functions of Corporation - The functions of the Corporation shall be:

(a) to administer and manage Crown assets and shareholding interests;

(b) to control and manage the undertakings of statutory corporations;

(c) to negotiate and facilitate the disposal of assets and any property or undertaking of a statutory corporation.

6. Objectives of Corporation - The principal objectives of the Corporation are:

(a) the efficient, profitable and professional management of assets and statutory corporations; and

(b) to recognise Government's social responsibility in the performance of its functions; and
Cook Islands Investment Corporation 1998, No. 3

(c) not to compete or be engaged in trading
activities unless private enterprise is unable
or unwilling to do so; and
(d) be a good employer as that term is defined in the
Public Service Act 1995-96.

7. Control of interests in companies - Every person
holding a shareholding interest in a company on behalf of the Crown
and who may exercise any right, power or entitlement in consequence
thereof shall on the passing of this Act, exercise that right, power
or entitlement subject to the direction of the Corporation.

8. Control of statutory corporations - (1) Every
statutory corporation established before the coming into force of
this Act shall be deemed to be a subsidiary of the Corporation and
subject to the provisions of this Act accordingly.
(2) Every statutory corporation established for the
purposes of performing a commercial undertaking after the coming
into force of this Act shall be deemed to be a subsidiary of the
Corporation and subject to the provisions of this Act accordingly.

PART III
BOARD OF CORPORATION

9. Board - (1) The Board of the Corporation will comprise
3 members, one of whom shall be appointed Chairperson of the Board
and all of whom shall be appointed by the Minister with the
concurrence of Cabinet on such terms and conditions as Cabinet may
approve.
(2) The members appointed to the Board shall be persons
having substantial experience and skill in commercial undertakings.
(3) The Board shall regulate its own procedure as it
sees fit.
(4) A member shall not vote or take part in the
discussion of any matter before the Board in which he has directly
or indirectly a pecuniary interest apart from any interest in
common with the public.
(5) Where subsection (4) applies to a member, the
Minister, with the concurrence of Cabinet, may appoint a temporary
member to take the place of that member for the purposes of and for
so long as it may take to dispose of that matter.
(6) No person who has been convicted of a criminal
offence punishable by a term of imprisonment of 1 year or more or
who is an undischarged bankrupt shall be appointed to, or remain as
a member of, the Board.

10. Quorum - The Board shall have a quorum of 2 members.

1998, No. 3 Cook Islands Investment Corporation

11. Powers of Board - The Board may on behalf of the
Corporation:
(a) acquire, hold, improve, manage, develop,
alter, extend, equip, furnish, repair and
maintain assets; and
(b) enter into any covenants or agreements in
respect of the Corporation's functions; and
(c) employ any person to assist the Corporation in
the performance of its objectives, functions
and powers; and
(d) generally exercise any functions or rights and
undertake and perform any act in respect of or
in connection with any asset as if the
Corporation were a natural person; and
(e) borrow money for the purposes of the
Corporation; and
(f) declare a dividend in accordance with Section
14(3); and
(g) notwithstanding any Act to the contrary
establish and operate bank accounts consistent
with the performance of the functions and
powers of the Corporation; and
(h) do all such other things as are incidental or
conducive to the exercise of the powers of the
Corporation.

PART IV
ACCOUNTABILITY

12. Statement of financial position - (1) Within 3 months
of the coming into force of this Act, the Board will deliver to the
Minister, in accordance with generally accepted accounting
practice, a statement of financial position of the Corporation that
shall include the estimated value of assets and the estimated value
of the Crown's investment in each subsidiary.
(2) The Minister shall within 14 sitting days after the
statement of financial position is provided, lay a copy of it
before Parliament.

13. Statement of corporate intent - (1) The Board will on
behalf of the Corporation deliver to the Minister for Cabinet
approval a statement of corporate intent of the Corporation not
later than 1 month before the commencement of each financial year
of the Corporation, the first statement to be delivered within 45
days of the date of this Act coming into force, or such other
period as the Minister may allow.
(2) The Board shall cause a subsidiary where the
Corporation has control or there is a controlling shareholding
interest, to deliver to the Corporation a statement of corporate
intent of the subsidiary in sufficient time to enable the
Corporation to deliver its statement in accordance with subsection
(1).
(3) The statement of corporate intent shall contain information as specified by Government, and in respect of the next financial year and each of the two immediately succeeding financial years, the following information:
(a) the objectives of the Corporation; and
(b) the nature and scope of the activity to be undertaken; and
(c) estimates of the current commercial value of the Corporation’s investments in the Corporation, its subsidiaries and assets and a statement of the manner in which the value was assessed; and
(d) the accounting policies; and
(e) the performance targets and other measures by which the performance of the Corporation and its subsidiaries may be judged in relation to their objectives; and
(f) a statement of the principles adopted in determining the annual dividend of the Corporation together with an estimate of the amount that is to be paid to Government; and
(g) the intention of the Corporation regarding the sale and purchase of assets having regard to the principles set out in section 26; and
(h) where there is a departure from the principles set out in section 27, state the departure and the reasons for the departure and where relevant, the manner in which the Corporation will fulfill its obligations under section 27; and
(i) the costs to the Corporation in recognising Government’s social policy in the management and any proposed disposal of assets and what appropriation by Parliament is required; and
(j) such other matters as are agreed by Government and the Corporation.
(4) The statement of corporate intent shall be published within 14 days of being agreed with Cabinet and any member of the public may make a written submission to the Corporation on that statement.

14. Annual report
(1) Within 3 months after the end of each financial year the Board shall deliver to the Minister for Cabinet, in respect of the Corporation’s annual report of the operations of the Corporation during the financial year including:
(a) a statement of financial position;
(b) a statement of financial performance;
(c) a statement of cashflows;
(d) a statement of borrowings;
(e) a statement of commitments;
(f) a statement of specific fiscal risks;

(g) a statement of accounting policies;
(h) other statements as are required to be consistent with generally accepted accounting practice;
(2) The annual report under subsection (1) shall state the information necessary to enable an informed assessment of the operations of the Corporation having regard to the matters set out in section 13(3) including a comparison of the performance of the Corporation with the statement of corporate intent.
(3) The annual report under subsection (1) shall state the dividend payable to Government by the Corporation for the financial year to which the report relates having due regard to the necessity to maintain adequate reserves and the amount of the dividend payable to Government shall not be more than that amount estimated in the statement of corporate intent except as otherwise agreed by the Board and Cabinet.
(4) Within 3 months after the end of each financial year each subsidiary in which the Corporation has control or there is a controlling shareholding interest shall deliver to the Corporation an annual report that includes the statements referred to in subsections (1) and (2) and state the dividend to be paid to the Corporation.

15. Fiscal updates
(1) The Corporation shall deliver to the Minister for Cabinet, the Minister’s fiscal update reports in accordance with the Ministry of Finance and Economic Management Act 1995-96.
(2) The updates required by subsection (1) shall be delivered before Parliament is required under section 3 of that Act.
(3) Each subsidiary in which the Corporation has control or there is a controlling shareholding interest shall deliver to the Corporation fiscal updates in accordance with subsections (1) and (2).

16. Information to be laid before Parliament
(1) In respect of each financial year of the Corporation the Minister shall lay before Parliament within 14 sitting days of receiving the following documents:
(a) The annual report and audited financial statements of the Corporation;
(b) The auditors’ report.
(2) The fiscal update report delivered to the Minister for Cabinet under section 15, shall be laid before Parliament by the Minister within 14 sitting days of receipt.
17. Office of the Public Expenditure Review Committee and Audit to be auditor of the Corporation and subsidiaries - (1) The Office of the Public Expenditure Review Committee shall be the auditor of the Corporation and those subsidiaries in which it has control or there is controlling shareholding interest, and for the purposes of the Companies Act 1970-71 will have and may exercise all such powers it has under the Public Expenditure Review Act, and this Act.

(2) Notwithstanding subsection (1) the Board may, in its discretion, contract out the functions and duties of the auditor of a company to another person or a firm that is qualified for appointment as an auditor of a company to be the auditor of the Corporation or the auditor of any subsidiary where the Corporation has control or there is a controlling shareholding interest.

18. Public Expenditure Review Committee - The Public Expenditure Review Committee established under the Public Expenditure Review Act 1995-96 may review, in accordance with that Act, the activities of the Corporation in the performance of its functions under this Act.

19. Protection from disclosure of sensitive information - Nothing in this Act shall be construed as requiring the inclusion of any information that could be in any report required under this Act any information that could be properly withheld if it would otherwise damage the commercial interest of the Corporation or a subsidiary or is information that may be withheld under any Act in force concerning the disclosure of information.

PART V

CHIEF EXECUTIVE OFFICER

20. Chief Executive Officer - (1) There shall be appointed by the Board a CEO who will be responsible for managing the Corporation and implementing the decisions of the Board.

(2) The CEO will be an ex-officio member of the Board.

(3) The Board may, in its discretion, contract out the functions and duties of the CEO to a professional person who shall not be the auditor of the Corporation or any of its subsidiaries.

21. Terms and conditions of appointment - (1) The CEO shall be appointed under a written contract with the Corporation.

(2) The remuneration of the CEO will be fixed by the Board.

PART VI

DIRECTORS

22. Directors - (1) On the coming into force of this Act the Board shall be responsible for the appointment, terms and conditions of employment and termination of appointment of all directors and board members of statutory corporations (other than the Cook Islands Government Property Corporation) and those directors or board members who represent the shareholding interest of the Crown in any company.

(2) Notwithstanding any Act to the contrary, every director and board member to whom subsection (1) applies shall be responsible to the Board in the performance of his functions and duties.

23. Direction of board - Every director or board member to whom section 22 applies shall comply with a direction of the Board consistent with the provisions of this Act.

24. This Part paramount - This Part shall, on the passing of this Act, take effect notwithstanding the provision of any Act to the contrary.

PART VII

DISPOSAL OF ASSETS

25. Corporation to conduct dispositions - (1) The Corporation shall be exclusively responsible for the conduct of negotiations for the disposal of assets and property or undertaking of a statutory corporation which shall be consistent with the Corporation's statement of corporate intent.

(2) Where the Corporation intends to dispose of an asset or any such property or undertaking and that disposition would be inconsistent with the statement of corporate intent the Corporation and Cabinet shall first agree upon a modified statement of corporate intent.

26. Principles of disposal - (1) The Corporation will ensure that every disposition is consistent with the statement of corporate intent and is a transparent, competitive process ensuring a maximum return.

(2) The Corporation may depart from the principles in subsection (1) where:

(a) the asset to be sold provides essential public services; or

(b) the asset to be sold is substantially a monopoly; or

(c) the reason for the departure is disclosed in the statement of corporate intent of the Corporation.
27. Obligations of Corporation on disposal of certain assets

(1) Where the Corporation proposes to sell an asset that provides an essential public service or is substantially a monopoly,
the Corporation shall ensure that the:

(a) essential public services continue to be available notwithstanding discontinuance of the service for reasons of commercial failure or provision of the service ceasing to be financially viable; and

(b) essential public services are available at a socially acceptable cost.

(2) In compliance with the obligations under subsection (1) the Corporation shall:

(a) determine the level of tariffs and charges for which the essential public services are to be provided; and

(b) establish pricing mechanisms for fixing those tariffs and charges; and

(c) upon the disposal of the essential public service require the purchaser to bind itself to substantially similar obligations contained in this section; and

(d) contract that the services will be maintained, including uneconomic essential public services if those uneconomic essential public services are subsidised by the Government; and

(e) include in any sale of an asset a compulsory buy-back for essential public services which are unable to continue by reason that they are not commercially viable.

28. Corporation not to dispose

(1) Where the Corporation proposes the disposal of an asset or all or part of the principal undertaking of a statutory corporation, the transferor shall dispose of that asset or undertaking shall be negotiated for and on behalf of the transferor exclusively by the Corporation.

(2) The terms and conditions as negotiated by the Corporation shall be delivered by the Corporation to the Minister for Cabinet's consideration as to whether those terms and conditions are in Cabinet's opinion in the public interest.

(3) Where Cabinet approves of the terms and conditions as being in the public interest, no further approval of the transferor shall be required for the disposition to take effect.

(4) All monies being the proceeds from the disposal of an asset or all of the undertaking of a statutory corporation shall be deposited in a bank account of the Corporation and shall without further appropriation than this section be expended at the direction of the Board in the performance of the Corporation's functions and powers under this Act.

PART VIII
MISCELLANEOUS

29. Liability of Corporation for subsidiary - Other than the Cook Islands Government Property Corporation the Corporation shall not assume or be liable for any liability of or provide a guarantee for or indemnify a subsidiary in any way.

30. Public servants employed by Corporation Where, immediately prior to the employment of a person by the Corporation that person was a public servant, then the employment of that person by the Corporation or one of its subsidiaries shall not -

(a) prevent that person from continuing to be a member of a superannuation scheme that the person was a member of when employed as a public servant;

(b) affect that person's liability to continue contributions as may be required under that scheme;

(c) in any way affect that person's entitlement to any benefit pursuant to that scheme;

(d) interrupt that person's period of employment as a public servant if immediately after ceasing to be employed by the Corporation that person continues employment as a public servant.

31. Cook Islands Government Property Corporation - (1) For the avoidance of doubt all property vested in the Cook Islands Government Property Corporation pursuant to the Cook Islands Government Property Corporation Act 1969 shall take effect as if there were contained in that Act express provision binding the Crown.

(2) There shall be paid to the Corporation, without further appropriation than this section, all income and unexpended appropriated capital contributions of the Cook Islands Government Property Corporation which shall be deposited in a bank account of the Corporation and expended at the direction of the Board in the performance of the Corporation's functions and powers under this Act.

(3) Section 4 of the Cook Islands Government Property Corporation Act 1969 is repealed and the following section substituted:

4. Management of Property - The property of the Corporation shall be managed by the Cook Island Investment Corporation and disposed of in accordance with the Cook Islands Investment Corporation Act 1998.

(4) Section 5(1) of the Cook Islands Government Property Corporation Act 1969 is amended by inserting after the words "all property" the words "other than customary land as that term is defined in the Cook Islands Act 1915".
(5) Subsection (4) of this section shall be deemed to have come into force on 12 September 1984.

32. Regulations - The Queen’s Representative may by Order in Council make regulations necessary or expedient to give full effect to the provisions of this Act and for its due administration.

33. Repeals - The Cook Islands Government Property Corporation Amendment Act 1997 is repealed.

This Act shall be administered by the Cook Islands Investment Corporation.

1998, No. 4

Title
1. Short Title and commencement

1998, No. 4

An Act to amend the Ports Authority Act 1994-95

(20 March 1998)

BE IT ENACTED by the Parliament of the Cook Islands in Session assembled, and by the authority of the same, as follows:

1. Short Title and commencement - (1) This Act may be cited as the Ports Authority Amendment Act 1998 and shall be read together with and deemed part of the Ports Authority Act 1994-95 (hereinafter referred to as "the principal Act").
   (2) This Act shall be deemed to come into force on the first day of January 1998.

2. Board may authorise payments to the Crown - The principal Act is hereby amended by inserting after section 61 the following new section –

"61A. Board may authorise payments to the Crown - Notwithstanding any other provision in this Act, the Board may by resolution resolve to make payments to the Crown for the purpose of financially assisting the Crown where in the Board’s opinion the Authority has accumulated funds in excess of the Authority’s financial requirements provided that no such payment shall affect the Authority’s ability to carry out its functions under this Act."

This Act is administered by the Ports Authority.