

Summary Outcomes of Cook Islands Quarterly Financial Report

September 2018.

Ripōti Moni Koata ate Kūki Airani no Tepetema 2018

The September 2018 Quarterly Financial Report were prepared on an accrual basis. Variance reported may include additional funding that was either being carried forward from previous year(s) or through an Executive Council order.

Government operated without an Appropriation Bill for the most part of the quarter under the authority provided by Article 70 of the Constitution. The calling of the 2018 general election in June delayed the passing of the 2018/19 Appropriation Bill and impacted the first three months of the financial year which was evidenced by greater control of Government spending.

The financial statements are for the General Government Sector, SOE's group financials are reported separately.

Kua akapapa ia te Ripōti Moni Koata o Tepetema 2018 ki runga ite turanga tei karanga ia i roto ite reo porena e "accrual". Ko te au akatukē'anga tei ripōti ia kua o katoa tetai au moni tei apai ia mai mei te au mataiti i topa kare i ta'angaanga ia, tei akatika ia ete Konitara Akatere (Executive Council).

Kua ta'angaanga te Kavamani ite katoa'anga o teia Koata i raro ake ite Atikara 70 ote Ture Tumu koia te Constitution e kare i raro ake i tetai Ture Aka'papa'anga Moni. Kua riro te kapiki'anga ite Iki'anga Maata 2018 i roto ia Tiunu, ite akamārie ite pāti anga ite Ture Aka'papa'anga Moni 2018/19, tei riro ei ngatā no te nga marama mua e toru o teia mataiti, ite tuanga ote akapapa'anga moni. Kua kitea ia ra te turanga meitaki ote Kavamani ite aka'teretere'anga i te reira.

Ko teia au aka'papa'anga moni koia note au tuanga kātotoa ote Kavamani, te au tuanga kimi puapinga ote Kavamani (SOE) tei ripōti takakē ia te reira i roto i teia ripōti.

Key Outcomes:

Tetai au mea Puapinga

1. Net Operating Balance and Fiscal Balance of General Government *Moni Tā'angaanga ete Tūranga Moni ate Kavamani*

September 2018 Quarter	Budget ('000)	Actual ('000)	Variance ('000)
\$4.53 million Net Operating Surplus			
Operating Revenue	\$43,652	\$41,903	-\$1,749
Operating Expenditure	\$44,004	\$37,376	\$6,628
Net Operating Balance	-\$352	\$4,527	\$4,879
Add Depreciation	\$2,453	\$3,030	\$577
Less Capital Expenditure	\$7,310	\$3,114	\$4,196
Fiscal Balance	-\$5,209	\$4,443	\$9,652

The net operating balance for the period ended 30 September 2018 was a surplus of \$6.46 million, which represents a \$4.88 million higher compared to the surplus estimated for the quarter.

The overall fiscal balance of General Government Sector was \$6.38 million, this is the overall net result after taking into account spending on Capital items and the corresponding depreciation cash inflow.

Capital Expenditure for the period was below expectations by \$4.19 million due mainly to the delays experienced with the Te Mato Vai Water Upgrade project.

Ko te moni tā'angaanga tei kare i pou ite tā'angaanga no te tuātau akaoti ite ra 30 o Tepetema 2018, e \$4.53 mirioni moni tere. I roto i teia, e \$4.88 mirioni i runga ake me aka'aite ia kite moni tere tei tamanako ia no teia koata.

Ko te katoa'anga ote moni note tu'anga ote Kavamani katoatoa e \$4.44 mirioni. Ko te moni katoatoa teia i muri ake ite aka'tukē'anga ite moni tā'angaanga ete moni akapou'anga kapitara, e pera te au moni tei aere mai ki roto i muri ake ite kiriti anga ite aka'pou'anga no tā'angaanga i teia au apinga kapitara.

Ko te moni kapitara tei akapou ia no teia tuatau, kua topa ki raro mei tei tamanako ia e \$4.20 mirioni note marie ite rave anga ite angaanga ote Te Mato Vai.

2. Crown Operating Revenue

Moni Rave Angaanga ate Korona

September 2018 Quarter	Budget ('000)	Actual ('000)	Variance ('000)	\$41.90 million Total Revenue Collected
Taxation Revenue	\$37,484	\$35,341	-\$2,143	
Trading Revenue	\$1,705	\$1,285	-\$420	
Core Sector Support	\$1,933	\$1,933	0	
Other Revenue	\$2,531	\$3,344	\$32	
Total Revenue	\$43,652	\$41,903	-\$1,750	

Total Crown revenue collected for the September quarter was \$41.90 million, below Budget estimate by \$1.75 million. The variance reflected a shortfall in Taxation collection for the period by \$2.14 million.

- Income Tax was below budget by \$1.01 million due to overdue payment plan by taxpayers;
- Company Tax was below budget by \$1.10 million also due to overdue payment plan by taxpayers.

Ko te katoa'anga ite moni ate Korona tei rauka mai note koata ote marama Tepetema e \$41.90 mirioni, tei raro ake te reira i tei akapapa ia e \$1.75 mirioni. Ko teia tūke koia oki kote topa i roto ite moni tero tei koi ia mai no teia tuatau e \$2.14 mirioni.

- *Moni tero tei tutaki ia mai ki roto kua topa ki raro mei tei akapapa ia e \$1.01 mirioni note tāroroa ite au tutaki anga tero ate au tangata tutaki tero.*
- *Kote tero kamupani kua topa te reira ki raro mei tei akapapa ia e \$1.10 mirioni note tāroroa ite au tutaki anga tero ate au tangata tutaki tero.*

3. Crown Operating Expenditure

Akapou'anga Moni Angaanga ate Korona

\$6.63 million

Saving in Operating
Expenditure

September 2018 Quarter	Budget ('000)	Actual ('000)	Variance ('000)
<i>Ministry/Pa Enuā Expenditure</i>	\$20,576	\$17,259	\$3,317
<i>Administered Payments</i>	\$13,891	\$10,666	\$3,224
<i>Payment on Behalf of Crown</i>	\$6,531	\$6,208	\$322
<i>Other Expenses</i>	\$3,007	\$3,242	-\$235
Total Operating Expenditures	\$44,004	\$37,376	\$6,628

Total Crown operating expenditure for the period was \$37.38 million, a savings of \$6.63 million. The first three months of the financial year evidenced greater control of operating expenditure due to the delayed tabling of the Appropriation Bill as a result of the 2018 general election. Ministries and Pa Enuā expenses were the main contributor followed by spending on Administered Payments.

Ko te katoa'anga o te moni tā'angaanga ate Korona no teia tuatau e \$37.38 mirioni, kua toe mai e \$6.62 mirioni. No te toru marama mua o teia mataiti o te moni kua kitea te aka'teretere'anga meitaki i te moni tā'angaanga tei akapou ia nō te turēti i te aka'papu'anga i te Ture Aka'papa'anga Moni note Ikianga Maata o teia mataiti 2018. Ko te moni aka'pou'anga ate au Tipātimoni o te Kavamani e te Pa Enuā kote nga mea maata teia, āru katoa i muri koia te au Aka'pou'anga Moni Takake (Administered Payments).

4. Crown Capital Expenditure

Aka'pou'anga Moni Kapitara ate Korona

September 2018 Quarter	Budget ('000)	Actual ('000)	Variance ('000)
<i>Capital Expenditure</i>	\$7,310	\$3,114	\$4,196
Total Capital Expenditures	\$7,310	\$3,114	\$4,196

Capital expenditure was below Budget estimates by \$4.20 million (57 per cent) and was mainly due to timing of spending related to the Te Mato Vai Water Upgrade project.

Getting land access to construction sites is an ongoing process. Construction at the Turangi, Avana, Tupapa, and Matavera intake sites have commenced, as well as trunk main upgrades at Papua and Avatiu. The aim is to complete all Stage 2 construction and for the upgraded treatment and filtration facilities to be operational in 2020.

Ko te moni kapitara tei akapou ia kua topa te reira ki raro mei teia aka'papa ia e \$4.19 mirioni (57 patene). Ko teia akatūke anga koia oki note tuatau o te au aka'pou'anga i te au moni tutaki no Te Mato Vai.

Ko te tukuanga tika kia maani ia tetai au matara ki te au ngai angaanga no te vai te uriuri ia nei rai te reira ki te au atu enua. Inara, ko te au angaanga no runga i te patuanga i te au ngai ko'ianga vai i Turangi, Avana, Tupapa e Matavera kua akamata atu te reira. Kua akamata katoa atu te angaanga no runga i te akameitakianga i te nga pu paipa i Papua e Avatiu. Ko te manako ma'ata

kia oti te au angaanga tei akanooia no runga i te Tuanga 2 e pera katoa the akameitakianga o te au ngai no te tama'anga i te vai i te mataiti 2020.

5. General Cash Reserves

Moni Tāporoporo

September 2018 Quarter		('000)
Operating Bank Accounts		\$16,835
Term Deposits Accounts		\$132,979
Cash Reserve Balance		\$149,814
Less: 2018/19 Budget Shortfall		-\$2,261
Total Cash Reserve Balance		\$147,553
Less: Total Commitment for the year		-\$66,884
Estimated General Cash Reserve		\$80,669

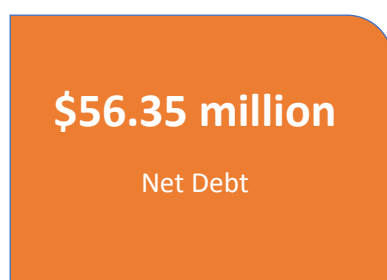


Total Cash Reserve at the end of the period was \$80.67 million. Total committed funds of \$66.88 million relates to funds set aside for specific purposes, this includes Reserve Trust Fund, the Loan Repayment Fund (LRF), Disaster Response Trust and other Trust accounts.

Ko te Moni Tāporoporo ite openga o teia tuatau e \$80.67 mirioni. Ko te katoa anga o te moni tei aka'atinga ia e \$66.88 mirioni, tetai tuanga kua aka'pae ia no tetai au akakoro'anga mei te Kopapa Moni Tāporoporo (Reserve Trust Fund), te Moni Tutaki Aka'tārau'anga (Loan Repayment Fund), te Moni note Tuatau Manamanata (Disaster Response Trust) e tetai uatu Tuanga Aka'pou'anga (Trust Accounts).

6. Crown Debt

Kaiou ate Korona



September 2018 Quarter		('000)
Total Gross Debt		\$98,907
Less: Loan Repayment Fund		-\$20,922
Net Debt by the Crown		\$77,985
Less: Avatiu Port Development		-\$21,638
Net Debt by General Government		\$56,347

Total Gross Debt was \$98.91 million at the end of 30 September 2018. This amount represents actual disbursed loans adjusted for debt service repayments. Other committed loans that have not being disbursed, like the Te Manatua Cable loan, are not included.

Net Debt adjusts the Gross Debt for the effect of the LRF held against those loans and the loans held on behalf of SOE's. Net debt was reported at \$56.35 million at the end of the reporting period.

Ko te katoa'anga ite aka'kaiou'anga e \$98.91 mirioni ite openga ite ra 30 o Tepetema 2018. Ko teia numero nei koia oki kote moni tei tārau ia, e tei akatūke ia ete moni tutaki'anga. Pēra katoa tetai

au moni tārau tei aka'atinga ia, inara kare i akapou ia, mei te moni tārau o Te Uira Manatua, kare i kapiti ia ki roto i teia aka'papa'anga.

Ko te moni toe i muri ake ite katoa'anga ote moni tei tārau ia e te moni aka'pou'anga note tutaki anga ote moni tārau kite au Tu'anga Kimi Puapinga ote Kavamani, kua rīpōti ia te reira mei te \$56.35 mirioni ite openga o teia tuatau.

7. State Owned Enterprises (SOE's) Tu'anga Kimi Puapinga ote Korona

September 2018 Quarter	Budget ('000)	Actual ('000)	Variance ('000)
Personnel	\$3,017	\$2,982	\$36
Operating	\$7,210	\$6,505	\$706
Depreciation	\$1,908	\$1,893	\$15
Trading Revenue	-\$13,227	-\$13,063	-\$164
Net Activity Cost (Surplus)	-\$1,091	-\$1,684	\$592

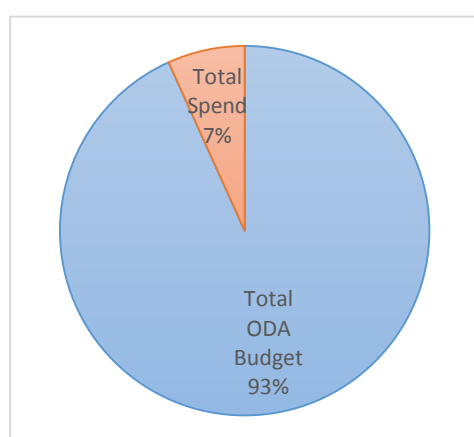
\$1.68 million

Net Surplus

The consolidated group returned a net operating surplus of \$1.68 million, \$0.59 million above Budget estimates for the September quarter mainly as a result of saving in operation

Ko te kapiti'anga ite au tu'anga katoatoa kua rauka mai e \$1.68 mirioni moni tere note tuanga moni raveanga angaanga, koia oki e \$0.59 mirioni i runga ake i teia aka'papa ia note koata ia Tepetema. Kua rauka mai teia na roto ite moni tei toe mai ite tu'anga ote moni tei akataka ia note rave anga ite angaanga.

8. Official Development Assistance Moni Tauturu Takake



Official Development Assistance was appropriated at the total value of \$61.18 million in the 2018/19 Appropriation. This value includes \$7.73 million for Core Sector Support Grant Funding Arrangement with New Zealand for Education, Health and Tourism.

Ko te Moni Tauturu Takake e \$61.18 mirioni tei aka'papa ia note mataiti 2018/19. Kua o katoa te tuanga moni tauturu ote Core Sector Grant Funding a Nūti Reni note tuanga ote Apii, te Marae Ora ete Turoto.

The first quarter reported a total spend of \$4.43 million, only 7 per cent. The low spend was due to the delay in the appropriation bill being passed in parliament as well as the NZ triennium funding envelope not being confirmed due to ongoing negotiations on priorities and the design of the individual grant funding agreements.

Kua rīpōti ia ite koata mua e kua akapou ia e \$4.43 mirioni. Ko te meangiti i teia akapou'anga i roto ite koata mua koia oki note tāroroa ite akapapu'anga ite Ture Aka'papa'anga Moni e pera te

aka'papu'anga ite Moni Tauturu Takake a Nuti Reni, no tetai au uriuri'anga manako, te aka'papu'anga ite au mea puapinga, ete atu'anga i tetai aka'noo'noo'anga koreromotu note pati moni tauturu.

For further information, refer to the full Quarterly Financial Report for September 2018 on the MFEM website (www.mfem.gov.ck) or contact the Treasury Division-MFEM for more details on 29511.

No tetai uatu manako, akara ite Ripōti Moni Koata ate Kavamani Kūki Airani – Tepetema 2018 i runga ite roro uira ate Tipātimani ote Moni (MFEM Website) www.mfem.gov.ck me kare tāniuniu ite tuanga ote Treasury i runga ite numero tereponi 29511.