



The Government of the Cook Islands

Quarterly Financial Results

March 2020

Prepared by the Ministry of Finance and Economic Management

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Basis of Preparation

The statements contained in this report have been prepared on an accruals basis as far as practical and outline income and expenses incurred which may not have been necessarily received or paid . All figures are rounded to the nearest thousand.

References to 2019/20 Additional Funding Approval used in this report relates to the movement from the initial Budget appropriation to the Supplementary Budget passed in March 2020. The movements consists of approved carry forward from previous financial year(s) and funding approved through an Executive Council order.

The financial statements have been consolidated to General Government level including Cook Islands Investment Corporation parent administrative operations only. State Owned Enterprises (SOE's) group consolidation are reported separately in later sections of this report.

Schedule 1: Net Operating and Fiscal Balances March 2020

	Table	Budget Estimates Full Year 2019/20	Additional Funding Approval- Supplementary 2019/20	Total Budget & Approval	Budget Estimates YTD March 2020	Actual YTD March 2020	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2019/20
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Operating Revenue	1							
Taxation Revenue		151,626	-21,072	130,554	112,542	118,236	5,694	91
Other Crown Revenue		19,607	5,508	25,115	17,694	11,667	-6,027	46
Trading Revenue		4,927	0	4,927	3,095	3,560	465	72
Interest on Loans to Subsidiaries		830	0	830	415	360	-55	43
Dividends		2,370	-300	2,070	1,125	960	-165	46
Interest on Balances		1,740	0	1,740	1,740	2,617	877	150
Core Sector Support		7,730	7,000	14,730	7,730	7,825	95	53
Total Operating Revenue		188,830	-8,864	179,966	144,341	145,225	884	81
Operating Expenditure								
Ministry Outputs		133,443	33,136	166,579	95,432	88,890	6,542	53
Personnel		62,493	507	63,000	41,019	39,265	1,755	62
Operating		20,380	276	20,656	15,285	14,182	1,103	69
Administered Payments	3	43,604	32,322	75,926	34,012	31,645	2,367	42
Depreciation		6,966	31	6,997	5,116	3,798	1,318	54
POBOC	2	27,746	413	28,159	20,332	20,291	41	72
Debt Interest Contribution to LRF		2,133	95	2,228	2,133	970	1,163	44
Crown Infrastructure Depreciation		4,603	0	4,603	1,042	1,042	0	23
Transfer to Emergency Response Trust Fund		50	0	50	50	50	0	100
Depreciation Contingency Fund		2,174	0	2,174	0	0	0	0
Contingency Funds - Operating		100	750	850	300	570	-270	67
Total Operating Expenses		170,249	34,394	204,642	119,289	111,813	7,476	55
Net Operating Surplus/(Shortfall) Balance		18,581	25,530	-24,676	25,051	33,412	8,360	
Add Depreciation		13,742	31	13,773	6,158	4,840	1,318	35
Less Capital Expenditure	4	40,710	9,479	50,189	20,827	20,453	374	41
Net Fiscal Surplus/(Shortfall) Balance		-8,387	9,510	-61,092	10,382	17,799	7,416	129

At a Glance: Fiscal Position

* General Government's Fiscal Position reported actual surplus in net fiscal balance of \$17.80 million; an increase of \$7.42 million against budget estimates for the March 2020 quarter.

* Net Operating Surplus/(Shortfall) Balance: The General Government reported an increase in net operating surplus by \$8.36 million for the March 2020 Quarter. This is largely attributed to the under spend in administered payments, under spend in Ministry's Personnel and Operating Expenses and increase in taxes collected for the quarter.

* Operating Revenue: General Government operating revenue reported an increase in Revenue collection by \$0.88 million against the budget estimates for March 2020 quarter. Taxation Revenue recorded a higher than budget estimates by \$5.69 million, with Trading Revenue from Agencies also with higher than budget estimates by \$0.46 million. This was however offset by an under budget estimate of \$6.03 million of Other Revenue, mainly from Fishing Licences.

The favourable variance on Taxation Revenue collection was due to the reduction in the revenue budget forecasted in the Supplementary Budget. In addition, increase in the collection of Vat Tax by \$5.00 million and Withholding tax by \$0.07 million was noted for the quarter as compared to March 2019 Quarter.

The unfavourable variance on Fishing licenses revenue collection was due to the increase in the fishing license budget forecasted in the Supplementary Budget. Furthermore, it was noted that there was also lack of interest to purchase Purse seine bi-lateral days from Bilateral partners. In the last financial year, bilateral partners bought approximately 500 days at US\$9,500/NZD\$14,500 a day totalling to approximately \$7.00 million. Currently, only 60 days have been sold so far. This is about \$6.00 million short compared to March 2019 Quarter.

* Operating Expenditure: General Government operating expenditure reported lower actual spend by \$7.48 million against the budget estimates for the quarter. This was largely attributed to the underspend in administered payments of \$2.37 million mainly due to timing of spending for Provision of Land Rentals, Avaroa Cable and Emergency Work; under spend in Ministry Operating, Personnel and Depreciation Expenses of \$4.18 million due to vacant positions yet to be filled and also increase in the annual budget appropriation for Ministry Operating, Personnel and Depreciation expenses.

Schedule 2: Cash Reserves General Government March 2020

	31-Mar-20
	\$'000
Operational Bank Accounts	18,208
Term Deposits and Trust Accounts	157,067
Cash and Term Deposits	175,275
Total Cash and Term Deposits	175,275
Committed:	
Reserve Trust Fund ¹	3,487
Disaster Response Fund ²	1,928
Loan Repayment Fund ³	20,456
Trust Account Deposits ⁴	3,382
Aid Trust Fund ⁵	31,594
Stabilisation Account ⁶	24,200
Land/LawTrust Fund ⁷	9,359
Infrastructure Trust Fund ⁸	12,000
Total Commitment for this year	106,405
Estimated General Cash Reserve	68,869

¹ Reserve Trust Funds– buffer funds set aside as reserve from 0.05% of all taxation revenue appropriated per financial year

² Disaster Response Trust – funds set aside for emergency response in the event of disasters

³ Loan Repayment Fund – legislated funds quarantined for debt servicing requirements

⁴ Trust Account Deposit – funds held on behalf of Law Trust, Workers Compensation Trust, Immigration bonds helds, International unclaimed monies and Insurance Trust

⁵ Aid Trust Fund – funds tagged for aid funded projects and programmes.

⁶ Stabilisation Account - funds set aside as reserve to assist the Government during periods of real economic contraction to fund operations and investment.

⁷ Land Trust/Law Trust and Other Agency Trust Funds - funds held in trust on behalf of land and law related deposits at the Ministry of Justice and small Trust account held at the Agencies eg Hararanga Trust held at Penrhyn Island Administration.

⁸ Infrastructure Trust Fund - funds provided by New Zealand Government for Infrastructure. Funds has not been appropriated in the 2019/20 Budget and not yet reported as ODA. Have been reported here for completeness purposes.

Total Cash balance for the quarter is \$175.28 million. \$17.19 million of this total consists of Bank and Term Deposits held by Ministries and islands Administrations as at end of the March quarter. Of the \$175.28 million, \$106.41 are committed mainly for the Loan Repayment Fund Account, Stabilisation account and Trust accounts held. Estimated general cash reserves are unencumbered cash held that are not committed to any particular expenditure appropriation. Government cash reserve as at 31 March 2020 was \$68.87 million.

Schedule 3: Loan Repayment Fund Statement

	31-Mar-20
	\$'000
Opening LRF Balance	20,922
Contribution to LRF Principal	9,528
Contribution to LRF Interest	2,228
Total Transfer into LRF by General Government	11,756
Realised Gain on Foreign Exchange	1,709
Transfer out of LRF	-
Interest earned by LRF	329
Total Inflows	6,794
Principal paid out of LRF	5,853
Interest paid out of LRF	1,407
Total Outflows	7,260
Closing LRF Balance	20,456

In February 2014, the Parliament of the Cook Islands passed the *Cook Islands Loan Repayment Fund Act (LRF Act) 2014*, formally creating a Loan Repayment Fund (LRF). The aim of the LRF is to quarantine funds previously accumulated for loan repayments and to prevent them from being utilized for anything outside of debt servicing requirements.

Schedule 5 outlines the movement of funds in and out of the LRF account. Funds transferred in by the Government as appropriated and payments made for debt servicing and other service fees.

Schedule 4: Executive Council Orders

Section 70(3) (b) (i): Calculation	\$'000
Total Government Appropriation 2019/20	337,265
Excess (1.5%) of Total Appropriation	5,059
less: Approved expenditure for the March 20 Quarter	2,935
Total Balance	2,124
Executive Council Orders Authority	\$'000
Appointment of Mr Kevin Iro as Marae Moana Ambassador	60
Removal of the AM Radio Transmission Mast	318
Atiu Power Upgrade	130
Top up to the Operating Contingency fund	200
E-Waste top-up	165
CISNOC - Netball Cook Islands	22
Top up to the Operating Contingency fund	200
Sports Assistance Fund - Rugby Union	19
Funding Proposal for the Rugby League Qualifiers	65
Top up to the Operating Contingency fund	150
Top up to the Operating Contingency fund	200
MP Travel Top -up	200
Top up to Shipping Subsidy to cover Charter (First Voyage) cost	750
Parliament Building Extension capital top up	363
Civil List - Parliament Sitings Top up	68
MoCS Restructuring Costs	25
Total Executive Council Orders Authority as at 31 March 2020	2,935

Section 70(3)(b) of the Cook Islands Constitution allows for expenditure to exceed the appropriation provided that the total amount of all sums issued and paid shall not exceed one and a half percent (1 ½ per cent) of the total amount of all sums appropriated by the Appropriation Act or Acts for that year.

\$2.93 million out of the \$5.06 million allocation was utilised by end of the third Quarter.

Table 1: Revenue on Behalf of Crown (ROBOC)

	Budget Estimates Full Year 2019/20	Additional Funding Approval- Supplementary 2019/20	Total Budget & Approval	Budget Estimates YTD March 2020	Actual YTD March 2020	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Taxation Revenue							
Individual Income Tax	27,773	-4,769	23,004	20,830	20,642	-188	90
Withholding Tax	2,247	1,753	4,000	2,285	1,078	-1,207	27
Company Income Tax	22,170	-10,370	11,800	10,850	14,617	3,767	124
Value Added Tax	72,759	-8,489	64,270	58,569	62,493	3,923	97
Departure Tax	12,120	-2,620	9,500	9,090	8,577	-513	90
Customs Tax	14,557	3,423	17,980	10,918	10,829	-88	60
	151,626	-21,072	130,554	112,542	118,236	5,694	91
Other Revenue							
Drivers License Fees	260	0	260	240	240	0	92
Police Fines	70	0	70	53	4	-49	5
Immigration Fees	950	-80	870	841	841	0	97
International Shipping Fee	10	0	10	8	0	-8	0
Motor Vehicle Dealers	3	0	3	3	4	1	128
Shipping Registry Licenses	268	0	268	201	39	-162	15
Upper Air Space Fees	746	100	846	816	816	0	97
Court Services	50	0	50	38	28	-9	56
Foreign Investment Fees	27	0	27	20	15	-5	56
IMO Subscriptions MCI	66	0	66	50	16	-34	24
Censorship Fees	3	0	3	2	1	-2	23
Employer Liabilities	75	0	75	38	0	-38	0
Liquor License	70	0	70	73	73	0	104
Motor Vehicle Registration Fees	875	0	875	438	311	-126	36
Research Fees	2	0	2	1	1	-1	35
Permits	24	0	24	18	6	-12	23
Bluesky Dividends	1,500	0	1,500	1,125	960	-165	64
Bank of the Cook Islands Dividends	410	-40	370	0	0	0	0
Te Aponga Uira Dividends	400	-200	200	0	0	0	0
Extraordinary SOE Dividends	60	-60	0	0	0	0	0
Interest on Balances (Crown)	1,740	0	1,740	1,740	2,617	877	150

Table 1: Revenue on Behalf of Crown (ROBOC) Cont'd

	Budget Estimates Full Year 2019/20	Additional Funding Approval via Supplementary 2019/20	Total Budget & Approval	Budget Estimates YTD March 2020	Actual YTD March 2020	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Interest Income from SOE Advances	830	0	830	415	360	-55	43
Numismatics	450	0	450	338	136	-201	30
Sale of Circulating Currency	650	0	650	325	282	-43	43
Fisheries - US Treaties	5,059	-383	4,676	4,142	4,142	0	89
Fishing Fines	100	350	450	213	213	0	47
Fishing Licenses	9,531	5,469	15,000	9,531	4,102	-5,429	27
Tattslotto	120	2	122	122	171	49	140
Financial Supervisory Commission - Return of Excess	198	50	248	186	175	-11	71
Other Revenue on Behalf of Crown	0	0	0	0	53	53	100
	<i>24,547</i>	<i>5,208</i>	<i>29,755</i>	<i>20,974</i>	<i>15,604</i>	<i>-5,370</i>	<i>52</i>
Core Sector Support	7,730	7,000	14,730	7,730	7,825	95	53
Total Other ROBOC	32,277	12,208	44,485	28,704	23,429	-5,275	53
Total ROBOC	183,903	-8,864	175,039	141,246	141,665	419	81

Table 2: Payments on Behalf of Crown (POBOC)

	Budget Estimates Full Year 2019/20	Additional Funding Approval- Supplementary 2019/20	Total Budget & Approval	Budget Estimates YTD March 2020	Actual YTD March 2020	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Old Age Benefit	13,078	0	13,078	10,063	10,063	0	77
Child Benefit	5,576	0	5,576	4,186	4,186	0	75
Infirm/Destitute Benefit	528	0	528	454	454	0	86
Government Paid Maternity Leave	150	0	150	100	100	0	67
Carer Order Payment	10	0	10	8	0	8	0
BCI Transaction Fees	147	0	147	110	104	6	71
New Born Allowance	200	0	200	200	190	10	95
Audit Fee	96	0	96	4	4	0	4
PERC Salaries and Administration Costs	58	0	58	29	21	7	37
Bank of the Cook Islands Subsidy	128	0	128	0	0	0	0
Airport Authority Subsidy	2,048	0	2,048	1,536	1,536	0	75
Ports Authority Subsidy	110	0	110	37	37	0	33
Te Aponga Uira subsidy	380	0	380	0	0	0	0
Civil List - Constituency Visits	170	30	200	145	145	0	73
Civil List - Personnel	2,902	0	2,902	1,891	1,891	0	65
House of Ariki	348	0	348	187	187	0	54
Parliamentary Sitting Expenses	150	183	333	190	190	0	57
QR Travel and Allowances (local and overseas)	109	0	109	108	101	7	93
MP Travel and Allowances (local and overseas)	341	200	541	481	478	3	88
International Subscriptions	688	0	688	501	501	0	73
IMO - Maritime Organisation	63	0	63	0	0	0	0
Pacific Catastrophe Risk Insurance	121	0	121	0	0	0	0
Crown Insurance	100	0	100	35	35	0	35
Parliamentary Superannuation	180	0	180	70	70	0	39
BEPS Subscription	35	0	35	0	0	0	0
Local Government Election	30	0	30	0	0	0	0
	27,746	413	28,159	20,332	20,291	41	72

Table 3: Administrative Payments

	Budget Estimates Full Year 2019/20	Additional Funding Approval via Supplementary 2019/20	Total Budget & Approval	Budget Estimates YTD March 2020	Actual YTD March 2020	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Power Subsidy	79	0	79	59	38	22	47
Funeral Assistance Allowance	170	0	170	170	140	30	83
Christmas Bonus	278	52	330	330	330	0	100
Caregivers Allowance	664	-202	462	446	310	136	67
SOE Consortial DSM Harvest	0	0	0	0	0	0	0
Infrastructure Committee	150	30	180	143	68	75	38
Joint Venture with SBMA	130	162	292	196	196	0	67
Land Rent Reviews	0	595	595	318	318	0	53
Provision for Land Rentals	1,500	-1,250	250	188	0	188	0
Rarotonga Water Utility Implementation	0	0	0	0	0	0	0
School Security	280	0	280	224	158	66	56
Special Projects Unit	420	302	722	308	308	0	43
Avaroa Cable	150	89	239	222	104	118	44
Renewable Energy Maintenance	250	0	250	0	0	0	0
To Tatou Vai	2,500	0	2,500	1,900	1,900	0	76
ICC Arbitration	300	50	350	300	293	7	84
PILON	0	0	0	0	0	0	0
Pacific Legislatures for Population and Governance	0	0	0	0	0	0	0
Special Select Committee	110	-18	92	79	35	44	38
Tribunal Committee Remuneration	0	0	0	0	0	0	0
Marketing Resources - Tourism Growth Strategy	4,922	0	4,922	4,102	4,102	0	83
Domestic Hosting Entertainment	15	0	15	13	9	4	61
QR Social Responsibility Fund	8	0	8	6	5	1	64
Head of State Rent	13	0	13	10	7	3	50
Bridges and Drainage Maintenance	1,200	-85	1,115	127	127	0	11
OI Equipment Repairs of Unanticipated Breakdowns	200	0	200	150	72	78	36
Road Asset Management	0	0	0	0	0	0	0
Road and Civil Maintenance	1,100	0	1,100	945	931	14	85
Water Maintenance	0	0	0	0	1	-1	0
Waste Management	500	85	585	417	390	27	67

Table 3: Administrative Payments Cont'd

	Budget Estimates Full Year 2019/20	Additional Funding Approval via Supplementary 2019/20	Total Budget & Approval	Budget Estimates YTD March 2020	Actual YTD March 2020	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Emergency Work	200	0	200	150	13	137	7
Te Maeva Nui Celebrations	723	0	723	723	680	43	94
Te Kopapa Reo Maori Board	15	0	15	14	12	1	80
Cook Islands Cultural Fund	200	0	200	170	149	21	75
Audio and Visual Digitization	40	0	40	40	30	10	76
Returned Services Association	5	0	5	4	0	4	0
Cook Islands Student Association Support	10	0	10	10	8	3	75
Production of new currency, transportation and sale of old coins	800	315	1,115	730	730	0	65
Provision for Inter-Island Shipping	500	950	1,450	970	970	0	67
Subsidy of audio/visual broadcasting in Pa Enua	45	0	45	0	0	0	0
Air New Zealand Underwrite	12,000	-2,500	9,500	8,721	8,721	0	92
Debt Advisory Services	60	0	60	11	11	0	18
Marumaru Atua	0	0	0	0	0	0	0
Public Sector Strengthening - Process & Systems	200	157	357	301	301	0	84
Special Investigative & Prosecution Services	70	133	203	122	74	48	37
Standard and Poors Subscription	65	0	65	65	63	2	96
Border Management System Maintenance	155	0	155	155	155	0	100
Conduct of a Labour Force Survey	0	99	99	59	59	0	59
Asian Infrastructure Investment Bank (AIIB) Membership	31	0	31	0	0	0	0
FEM-Director Civil Aviation	0	0	0	0	0	0	0
Audit of Crown Accounts	30	0	30	0	0	0	0
Price Tribunal Committee	45	0	45	33	33	0	74
Tax Amnesty Project	0	0	0	0	0	0	0
Post Tax Amnesty Work	484	0	484	293	293	0	60
The Centre of Research and Policy Studies	80	0	80	10	10	0	12
The Centre of Excellence in Information Technology (CEIT)	250	-85	165	71	71	0	43
Economic Utilities Regulator	100	0	100	0	0	0	0
COVID-19 Medical Response Fund	0	4,500	4,500	167	167	0	4
COVID-19 Economic Response Plan	0	28,000	28,000	0	0	0	0
Fisheries Development Facility	200	0	200	200	100	100	50
Fisheries Development Facility in the Pa Enua	100	0	100	100	3	97	3
WCPFC Conference	0	0	0	0	0	0	0

Table 3: Administrative Payments Cont'd

	Budget Estimates Full Year 2019/20	Additional Funding Approval via Supplementary 2019/20	Total Budget & Approval	Budget Estimates YTD March 2020	Actual YTD March 2020	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Centre of Research & Policy Studies	0	0	0	0	0	0	0
Government Funded Scholarships	660	0	660	580	503	78	76
Tertiary Training Institutions	1,210	0	1,210	438	438	0	36
University of the South Pacific Contribution	205	0	205	79	79	0	39
Bus Service	26	0	26	20	16	4	61
Private School Funding - Nukutere	595	0	595	467	466	0	78
Private School Funding - St. Josephs	458	0	458	337	337	0	74
Private School Funding - Creative Centre	141	0	141	103	101	1	72
Private School Funding - Te Uki Ou	530	0	530	369	369	0	70
Private School Funding - Papaaroa	248	0	248	193	193	0	78
Private School Funding - Aitutaki SDA	199	0	199	147	147	0	74
Private School Funding - Immanuel Akatemia	241	0	241	180	180	0	75
Private School Funding - Blackrock	100	0	100	70	70	0	70
NCD Fund	195	0	195	195	195	0	100
Nursing School	234	0	234	231	231	0	99
Operation Namu	0	0	0	0	0	0	0
Patient Referrals	850	0	850	850	850	0	100
Pharmaceuticals	868	0	868	868	838	29	97
CISNOC Grant	370	106	476	476	476	1	100
Lease Extension	72	23	95	54	27	27	28
SIF - CIG Contribution	800	110	910	910	827	83	91
Vaka Maintenance	400	0	400	312	312	0	78
Special Assistance Projects	100	150	250	250	136	114	54
Internal Affairs Youth Program	45	0	45	34	3	30	7
Court Transcripts Update Project	0	0	0	0	0	0	0
Judge's Allowances	300	0	300	225	105	120	35
Land Records Update Project	120	0	120	90	0	90	0
Legal Aid	40	0	40	30	0	30	0
E - Waste & Whitewear Collection	0	165	165	165	144	22	87

Table 3: Administrative Payments Cont'd

	Budget Estimates Full Year 2019/20	Additional Funding Approval via Supplementary 2019/20	Total Budget & Approval	Budget Estimates YTD March 2020	Actual YTD March 2020	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
National Heritage Trust	82	0	82	82	82	0	100
Management of Suwarrow Park	100	0	100	75	31	44	31
EIA Process	150	0	150	5	5	0	3
Search and Rescue	20	0	20	20	19	1	93
Serious Crime Investigations	100	0	100	77	77	0	77
Te Kukupa - Biannual Slipping	0	61	61	61	61	0	100
Te Kukupa - Fuel Contribution	140	0	140	115	77	38	55
Police Youth Program	45	0	45	34	30	4	67
HOM's Salaries	1,742	0	1,742	1,362	1,362	0	78
PM Social Responsibility Fund	243	240	483	243	182	61	38
Public Sector Strengthening	0	0	0	0	0	0	0
Community Support Fund	100	0	100	100	67	33	67
ICT Support Team	250	0	250	250	1	249	0
Red Cross	50	0	50	50	50	0	100
Pa Enea Mechanical Overseer	130	0	130	97	65	32	50
Energy Commissioner	100	-50	50	0	0	0	0
Seabed Minerals Sector Development	0	138	138	0	0	0	0
	43,604	32,322	75,927	34,012	31,645	2,367	42

Table 4: Capital Expenditures

	Budget Estimates Full Year 2019/20	Additional Funding Approval- Supplementary 2019/20	Total Budget & Approval	Budget Estimates YTD March 2020	Actual YTD March 2020	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Bridges & Structure Improvement	2,580	0	2,580	1,133	1,133	0	44
Rutaki Foreshore Rock Revetment	250	650	900	187	166	22	18
Government IT Network	650	0	650	55	55	0	8
Renewable Energy Project Management and Support	250	0	250	71	71	0	29
Atiu Road Improvement	570	0	570	169	169	0	30
Establishing New Water Galleries	200	0	200	150	148	2	74
Mitiaro Water Upgrade	250	0	250	187	180	7	72
FMIS Purchase and Implementation	469	0	469	289	289	0	62
AEOI IT System	0	85	85	0	0	0	0
Vaikapuangi Government Building-Design	600	88	688	608	608	0	88
Penrhyn Government Building Project	500	-450	50	0	0	0	0
Aitutaki Government Building Project	60	0	60	30	0	30	0
Health Project	800	0	800	3	3	0	0
Land Acquisition	2,000	-300	1,700	0	0	0	0
MFEM Building	540	0	540	540	520	20	96
Orongo Development Master Plan and Centre reconstruction - Ports Authority	500	0	500	128	128	0	26
School Upgrade	480	0	480	2	2	0	0
To Tatou Vai	150	132	282	0	0	0	0
Avatiu Valley Stream embankment	22	0	22	22	0	22	0
Drainage Improvement	1,800	800	2,600	1,713	1,713	0	66
Nassau Ferry	350	0	350	119	119	0	34
Pa Enua Cyclone Center	4,200	-2,400	1,800	150	150	0	8
Pa Enua Marine Infrastructure Improvement	150	0	150	0	0	0	0
Road Asset Management	8,000	-300	7,700	3,912	3,912	0	51
Mei Te Vai ki Te Vai	1,000	-262	738	57	57	0	8
MFEM Extension - Furniture and materials	100	160	260	235	150	85	58
Shipping Vessel	2,500	-2,200	300	15	15	0	5
Te Mato Vai - Rarotonga Water Upgrade	9,000	6,999	15,999	7,620	7,620	0	48
Fund to be Prioritised by Education	360	0	360	240	202	38	56
CT Scanner	100	-100	0	0	0	0	0

Table 4: Capital Expenditures Cont'd

	Budget Estimates Full Year 2019/20	Additional Funding Approval via Supplementary 2019/20	Total Budget & Approval	Budget Estimates YTD March 2020	Actual YTD March 2020	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Ambulance	0	61	61	61	47	14	77
Vaka Maintenance Capital Projects	50	0	50	0	0	0	0
Integrated Communication System	70	0	70	0	0	0	0
3 Building Repair	550	245	795	707	707	0	89
Aitutaki Capital Funding	16	0	16	12	0	12	0
Atiu Capital Funding	12	0	12	9	0	9	0
Mitiaro Capital Funding	8	0	8	8	7	1	90
Mauke Capital Funding	10	0	10	7	0	7	0
Mangaia Capital Funding	12	0	12	9	1	8	7
Manihiki Capital Funding	10	0	10	7	0	7	0
Penrhyn Capital Funding	12	0	12	9	0	9	0
Palmerston Capital Funding	10	0	10	7	2	6	20
Pukapuka Capital Funding	12	0	12	9	6	3	53
Rakahanga Capital Funding	8	0	8	8	7	1	87
Manea Games Upgrade Capital Funding	100	0	100	75	14	61	14
Fund to be Prioritised by Health for Technical Equipment	300	0	300	93	93	0	31
Capital Distribution Fund	800	769	1,569	450	450	0	29
Parliament Building Extension	300	363	663	544	544	0	82
Atiu Power Upgrade	0	165	165	165	155	10	94
Pukapuka Hospital Reconstruction	0	314	314	129	129	0	41
Titikaveka Backroad Rehabilitation	0	27	27	0	0	0	0
TMV Stage 1: Road & Pipeline Easement	0	50	50	0	0	0	0
Upgrade of Nursery Facilities	0	80	80	0	0	0	0
Relocation of Oral Health Services	0	100	100	0	0	0	0
Prison Development Programme	0	300	300	0	0	0	0
Removal of AM radio mast	0	318	318	0	0	0	0
FM and TV Telecommunications for the Pa Enuā	0	200	200	0	0	0	0
ICT Server Replacement	0	220	220	0	0	0	0
Contingent Liability Capital Projects Account	0	100	100	0	0	0	0
The Centre of Excellence in Information Technology (CEIT) - Capital Purchases	0	85	85	0	0	0	0
COVID-19 Medical Response Fund - Capital Needs	0	500	500	0	0	0	0
Renewable Energy - Capital works	0	1,496	1,496	0	0	0	0
Aitutaki Renewable Energy Project	0	1,185	1,185	879	879	0	74
	40,710	9,479	50,189	20,827	20,453	374	41

Table 5: Statement of Borrowings

	Loan start date	Loan End date	Loan Currency	Original Loan Amount	Interest Rate	December 2019 Balance	Principal Payments	FOREX Adjustment	Revaluation/D raw Down Adjustments	March 2020 Balance	Change December Qtr
						('000)	('000)	('000)	('000)	('000)	('000)
Asian Development Bank											
1. First multi project loan - 461	Nov-80	Aug-20	USD	1,000	1.00%	105	- 55	8	-	58	(47)
2. First Cook Islands Development Bank project loan - 567	Jul-82	Apr-22	USD	1,500	1.00%	195	-	25	-	220	25
3. Second multi project loan - 849	Dec-87	Aug-27	SDR	2,150	1.00%	1,297	- 80	155	-	1,372	75
4. Outer Islands Telecommunications project loan - 1031	Oct-90	Aug-30	SDR	2,578	1.00%	3,408	- 153	415	-	3,670	262
5. Second Cook Islands Development Bank loan - 1155	Mar-92	Dec-31	SDR	1,085	1.00%	880	-	113	-	993	113
6. TCI Emergency Loan- 1171	Aug-92	Jun-32	SDR	349	1.00%	305	-	39	-	345	39
7. Pearl Loan (1994) - 1309	Dec-94	Aug-34	SDR	272	1.00%	359	- 12	45	-	391	33
8. Education Development- 1317	Feb-95	Aug-34	SDR	1,852	1.00%	2,188	- 72	270	-	2,387	198
9. Third Cook Islands Development Bank loan- 1380	Jan-96	Sep-35	SDR	1,977	1.00%	1,886	- 64	239	-	2,061	175
10. Economic Restructuring loan - 1466	Sep-96	Sep-36	SDR	3,430	1.00%	4,321	- 138	549	-	4,732	411
11. Cyclone Rehabilitation Project loan - 1588	Jan-97	Jan-38	SDR	583	1.00%	761	- 20	95	-	835	-
12. Waste Management loan - 1832	Dec-01	Jun-33	SDR	1,695	1.50%	1,803	-	231	-	2,035	231
13. Cyclone Emergency Assistance loan- 2174	Jun-05	Jan-45	SDR	1,895	1.00%	3,271	-	420	-	3,691	420
14. (SF) Avatiu Ports Development Loan - 2473	Sep-09	Nov-40	SDR	4,524	1.50%	5,558	-	714	-	6,272	714
15. (OCF) Avatiu Ports Development Project Loan - 2472	Sep-09	Nov-33	NZD	8,697	5.77%	8,733	-	-	-	8,733	0
16. (SF) Economic Recovery Support Program Loan - 2565	Jan-10	Oct-24	NZD	11,053	2.52%	5,024	-	-	-	5,024	-
17. (OCF) Avatiu Ports Development Project Loan- 2739	Dec-11	Nov-35	NZD	5,290	2.52%	4,902	-	-	-	4,902	-
18. (OCR) Economic Recovery Support Program 2 Loan - 2946	Dec-12	Oct-27	NZD	11,053	2.75%	4,833	-	-	-	4,833	-
19. (OCF) Renewable Energy Sector- 3193	Jan-15	Jun-36	NZD	12,980		9,007	-	-	837	9,844	837
20. (OCR) Undersea Broadband Cable Loan- 3632	Jul-19	Jun-39	USD	15,000	2.65%	6,135	-	755	-	6,890	755
						64,974	(594)	4,073		69,290	4,316
Export -Import Bank of China											
20. Indoor Sports Stadium & Upgrade of Existing Sports Facilities	Aug-08	Aug-28	RMB	74,100	1.80%	8,298	- 523	893	-	8,668	370
21. Rarotonga Water Ring Main Upgrade Loan	Dec-12	Dec-32	RMB	118,000	2.00%	22,589	- 915	2,418	-	24,092	1,503
						30,888	(1,438)	3,311	-	32,760	1,873
Total Gross Borrowings						95,861	(2,032)	7,384	-	102,051	6,189
Less Loan Repayment Fund						27,762	-	-	(7,306)	20,456	(7,306)
Net Borrowing by the Crown						68,099	(2,032)	7,384	7,306	81,595	13,495
Less Avatiu Port Development & Avaroa Cable Ltd						25,328	0	1,469	-	26,797	1,469
Net Borrowing by the General Government						42,771	(2,032)	5,915	7,306	54,798	12,026

Crown Gross Debt

The total gross debt by the Crown for the March 2020 period was \$102.05 million, an increase of \$6.19 million from the December 2019 quarter. The increase in debt level was mainly due to the unfavourable movements in SDR currency exchange rates and by additional drawdowns during the period.

Crown Net Debt

The general government's 'Net Debt' is equivalent to total gross debt, net of the Loan Repayment Fund (LRF) and SOE debts. General Government Net Debt at March 2020 quarter was \$54.80 million, a \$12.03 million increase from the December 2019 quarter. This increase was attributable to reduction in value of LRF to reconcile to Budget appropriation of \$7.31 million and draw down of the Renewable Energy Loan of \$0.84 million, an unfavourable movement of the USD, SDR and RMB exchange rate against the NZ dollars totalling \$5.92 million, offset by principal repayments of \$2.03 million.

Source: NZ Reserve Bank Website for USD and RMB

Table 5.1 Average Foreign Currencies against New Zealand Dollars	Dec-19	Movements	
		Mar-20	from Dec -19
Foreign Currencies			
United States Dollars (USD)	0.6735	0.5997	-0.0738
Chinese Yuan (RMB)	4.7064	4.2552	-0.4512
Special Drawing Rights (SDR)	0.4851	0.4394	-0.0457

The above foreign currencies rates were used to calculate fair value balances of existing loans as at 31 March 2020.

Table 5.2 Composition of Crown Debt by Currencies in Percentage (%)

New Zealand (NZD)	33%
Chinese Yuan (RMB)	32%
Special Drawing Rights (SDR)	35%

Table 6: Official Development Assistance

		Budget Estimates Full Year 2019/20	Actual YTD March 2020
Cook Islands Core Sector Support - Budget Support*	New Zealand	14,730,487	7,825,000
Cook Islands Core Sector Support - TA Component	New Zealand	1,269,513	1,278,833
Chinese Building Repairs	China	10,837,524	0
India Grant Fund	India	680,000	11,524
Pacific Parliamentary Development Project	UNDP	75,758	0
Disaster Resilience for Small Pacific Islands (RESPAC COOK ISLANDS)	UNDP	0	30,131
Grassroots Grant Fund	Japan	376,160	0
Non Project Grant Aid - Palmerston Cyclone Centre	Japan	103,926	14,651
Economic Social Development Programme 2018-Japanese Machinery and Equipment	Japan	766,656	675,970
JICA Training and Development	Japan	125,000	0
General Budget Support	European Union	2,288,136	0
Manatua Polynesian Cable Project	New Zealand	6,071,777	2,921,781
Aid Effectiveness	Other	100,000	51,428
Mei Te Vai Ki Te Vai (MTVKTV)	New Zealand	4,000,000	2,333,376
Sustainable Fisheries Partnership Agreement	European Union	588,730	220,193
NZ Volunteer Services Aboard	New Zealand	200,000	0
Japan Trust Fund	Japan	210,521	199,231
Project Development Fund - US Fisheries Treaty MMR	FFA	236,364	16,000
Project Development Fund - US Fisheries Treaty MFAI	FFA	30,303	0
WHO Biennium Budget Support	WHO	204,545	0
Western Pacific Multi-country Integrated HIV/TB programme - UNDP	UNDP	80,000	37,646
Ridge to Reef	Global Environment Facility	1,284,003	1,296,986
Strengthening the Implementation of the Nagoya Protocol on Access to Genetic Resources and Benefit Sharing in the Cook Islands	Global Environment Facility	120,430	120,430
E-Government TA Support	Asian Development Bank	111,504	28,723
Renewable Energy Grant (Southern Group) - GEF	Global Environment Facility	891,365	268,968
Renewable Energy Grant (Southern Group) - GCF	Green Climate Fund	8,316,288	7,258,734
Preparation of the Third National Communication under UN Framework Convention on Climate Change (UNFCCC)	Global Environment Facility	200,000	132,967
Green Climate Fund Readiness	Green Climate Fund	769,087	358,128
MOH Building Resilient and Healthy Cook Islands	Green Climate Fund	2,000,000	0
Pa Enea Action for Resilient Livelihoods (PEARL)	UN Adaptation Fund	1,826,957	993,815
Northern Water Project Phase 2	EU-German Development Cooperatio	21,338	21,200
GEF Small Grants Programme	Global Environment Facility	485,161	302,527
Japan Grassroots Human Security - Resource Recovery Centre	Japan	178,391	95,211
JICA Purpose-built shipping vessel for inter-island services TA Support	Japan	250,000	0
Asset Management	New Zealand	12,750,000	1,867,575
ICI COOKGEO GeoPortal	UNDP	40,000	0
Total Official Development Assistance		72,219,924	28,361,028

39%

Manatua Polynesian Cable Project

Year to date ODA spend is \$2,921,781.41

Avaroa Cable Limited (ACL) is the Pacific's newest international fibre operator providing wholesale connectivity services in the Cook Islands. ACL is a crown corporate entity that manages the Cooks Islands involvement in the Manatua Cable project and its commercialisation as an international and domestic wholesale operator.

Key milestones achieved this quarter are as follows:

- Following the successful landing in Aitutaki on 14 Dec 19, the cable was successfully landed in Rarotonga on 8 Jan 20
- The Cable Landing Station enclosure for Aitutaki is installed on site, and currently undergoing commissioning and testing works
- The Cable Landing Station enclosure for Rarotonga is installed on site, and currently undergoing commissioning and testing works
- The 3600km Manatua Cable was successfully deployed across the South Pacific on time with landings in Samoa, Niue, Rarotonga, Aitutaki, Bora Bora and Tahiti, completed from November 2019 to January 2020.

Manatua Consortium executives from Office des Postes et Télécommunications (OPT) in French Polynesia, Avaroa Cable Limited (ACL) in the Cook Islands, Telecom Niue Limited (TNL) in Niue, and Samoa Submarine Cable Company (SSCC) in Samoa, met in Auckland, New Zealand February 2020. The consortium reviewed engineering reports from the completed work to ensure stringent quality standards had been met before giving approval to move to the next stage of work.

The focus of the project has now shifted to completing the integration of the six cable landing stations, and commissioning and testing of the Manatua cable network. Once operational, the Manatua cable is designed to provide service for at least 25 years. ACL is focused on the commercialization of the Manatua Cable in the Cook Islands. Overall the project is on track despite COVID-19.

Cook Islands Core Sector Support - Budget Support

The New Zealand CSS Programme includes direct budget support to Ministry of Education, Cook Islands Tourism and the Ministry of Health. New Zealand Ministry of Foreign Affairs and Trade (MFAT) together with the Ministry of Finance and Economic Management of the Cook Islands have now signed the new Core Sector Support Grant Funding Agreement for 2019/20 – 2022/23 which will provide \$36.4 million over four years.

Japan Economic and Social Development Programme 2018

Year to date spend is \$675,970. Using Japan International Cooperation Systems (JICS) procurement processes, four of the six items have completed the procurement process and the contracts awarded and signed. Procurement for the fifth and sixth items is currently targeted for May/June 2020, however this timeframe is subject to change as go to market could be placed on hold due to COVID-19 impacts in Japan. A procurement update of these two items will be provided in the next quarterly report.

Current status of the four awarded contracts: Completion of one contract occurred in December 2019. The seconded contract is planned to be completed by late May/early June 2020. The third and fourth contracts are targeted for completion by mid/late 2021.

Renewable Energy Grant (Southern Group) - GEF and GCF

*GEF grant year to date spend is \$268,968.

Rarotonga Airport West BESS turnkey contract (MPOWER) funded by Global Environment Facility (GEF) no further work has occurred since the Completion Certificate was issued in October 2019. Planned rectification of defects for April 2020 is on hold due to coronavirus travel restrictions.

*GCF grant year to date spend is \$7,258,734.

Rarotonga Airport South BESS-Turnkey contract (Powersmart/Vector) was installed in December 2019 and commissioning was completed on 23 February 2020. Training of Te Aponga Uira (TAU) staff was completed between 20 – 24 February by Tesla and PowerSmart personnel, carried out on site and in the TAU offices. The BESS is online and setup to maintain constant state of charge and configured to provide network frequency and voltage support.

Rarotonga BESS Power Station -Turnkey contract was awarded to Vector on 24 March 2020. The contract is expected to be signed in April 2020.

Asset Management

Total Spend for this period is \$1,867,574.64. Local company Landholding Limited has been awarded a \$11.2 million contract to undertake work to improve the resilience of the public water supply ring main. The project is projected to take about eight months to complete, with work commenced in November. This work will provide a 100-year design life for these critical sectors of the network. The work will help complete the important task of upgrading Rarotonga's water systems to provide safe and reliable water to our communities.

Mei Te Vai Ki Te Vai (MTVKTV)

Total spend for the period is \$2,333,376. The purpose of the Mei Te Vai Ki Te Vai Project is to improve the water quality of the lagoons in Rarotonga and Aitutaki for the benefit of our health, environment and economy. The Project is at its final stages of producing technical, Environmental, Social and Cultural reports that would form a Business Case which will put forward a recommendation to Government of way forward. For detailed information of the Project, please visit <https://www.totatouvai.co/mei-te-vai-ki-te-vai>

Table 7: State Owned Enterprises (SOEs)

	Budget Estimates YTD March 2020 ('000)	Actual YTD March 2020 ('000)	Variance ('000)
SOEs Consolidate Group			
Trading Revenue	45,326	46,333	1,007
Personnel	11,340	10,867	473
Operating	25,288	25,352	-64
Depreciation	5,852	5,818	34
	42,479	42,036	442
Net Activity Surplus / Cost	2,847	4,297	1,449

The table above consolidates the March 2020 performances of Cook Islands Investment Corporation (CIIC), Airport Authority, Bank of the Cook Islands (BCI), Ports Authority, Te Aponga Uira, To Tatou Vai Ltd (TTV), Te Mana Uira O Araura (new name for Aitutaki Power Supply) and Avaroa Cable Ltd. The consolidated group YTD surplus is \$4.297m, which is \$1.449m ahead of budget, with the positive surplus variance attributable to the operating results of TAU, the Airport Authority, the Ports Authority, BCI and TTV. Trading revenues is \$1.007m higher than budget at a Group level, with larger actual compared to budget revenues from CIIC (due to project revenues, which compensates the negative variance in Operating costs), BCI, the Ports Authority and TTV. Personnel and Depreciation are in line with expectation while Operating was over budget, due to additional project works, which is offset and explains the positive variance in revenue at the CIIC consolidated group level.