



**The Government of the Cook Islands**

**Quarterly Financial Results**

**30 June 2022**

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 2021/22 Additional Funding Approval used in this report relates to either an approved carry forward from previous financial year(s) or funding approved through an Executive Council order. The 2021/22 Appropriation Bill was passed in June 2021.

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 as at 30 June 2022**

	Table	Budget Estimates Full Year 2021/22	Carry Forwards from 2020/21	Additional Funding Approval 2021/22	Re-Appropriated Amount 2021/22	Total Budget & Approval	Actual YTD Jun 2022	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2021/22
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
<b>Operating Revenue</b>	<b>1</b>								
Taxation Revenue		107,278	0	0	0	107,278	106,374	903	99%
Other Crown Revenue		42,255	0	0	0	42,255	58,715	-16,460	139%
Trading Revenue		4,444	0	0	0	4,444	4,604	-159	104%
Dividends		136	0	0	0	136	0	136	0%
Interest on Balances		391	0	0	0	391	277	114	71%
Core Sector Support		7,825	0	0	0	7,825	7,825	0	100%
<b>Total Operating Revenue</b>		<b>162,329</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>162,329</b>	<b>177,795</b>	<b>-15,466</b>	<b>110%</b>
<b>Operating Expenditure</b>									
Ministry Outputs									
Personnel		67,589	0	110	0	67,699	61,623	6,076	91%
Operating		18,222	130	100	0	18,452	18,330	122	99%
Administered Payments	3	72,746	3,995	-1,513	-15	75,212	72,286	2,926	96%
Depreciation		7,154	0	0	0	7,154	6,600	554	92%
POBOC	2	28,383	29	-40	0	28,372	28,168	204	99%
Debt Interest Contribution to LRF		4,051	0	0	0	4,051	3,354	697	83%
Crown Infrastructure & Contingency Depreciation		4,603	0	0	0	4,603	1,272	3,331	28%
Transfer to Emergency Response Trust Fund		50	0	0	0	50	0	50	0%
Depreciation Contingency Fund		2,174	0	0	0	2,174	0	2,174	0%
Contingency Funds - Operating		100	0	130	0	230	115	115	50%
Loss on Foreign Exchange		0	0	0	0	0	5,078	-5,078	100%
<b>Total Operating Expenses (excluding YTD Depreciation)</b>		<b>205,072</b>	<b>4,154</b>	<b>-1,213</b>	<b>-15</b>	<b>207,998</b>	<b>196,826</b>	<b>11,172</b>	<b>101%</b>
<b>Net Operating Surplus/(Shortfall) Balance</b>		<b>-42,743</b>	<b>-4,154</b>	<b>1,213</b>	<b>15</b>	<b>-45,669</b>	<b>-19,031</b>	<b>-26,638</b>	<b>42%</b>
<b>Add</b> Depreciation		13,931	0	0	0	13,931	7,872	6,059	57%
<b>Less</b> Capital Expenditure	4	32,001	5,829	-1,486	-8,908	27,437	23,820	3,617	87%
<b>Net Fiscal Surplus/(Shortfall) Balance</b>		<b>-60,814</b>	<b>-9,983</b>	<b>2,699</b>	<b>8,923</b>	<b>-59,175</b>	<b>-34,979</b>	<b>-24,196</b>	<b>59%</b>

#### At a Glance: Fiscal Position

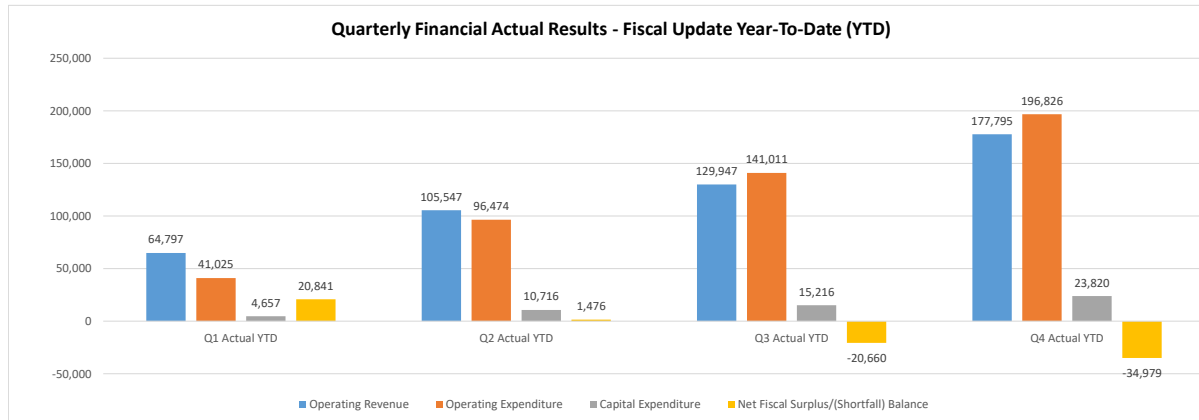
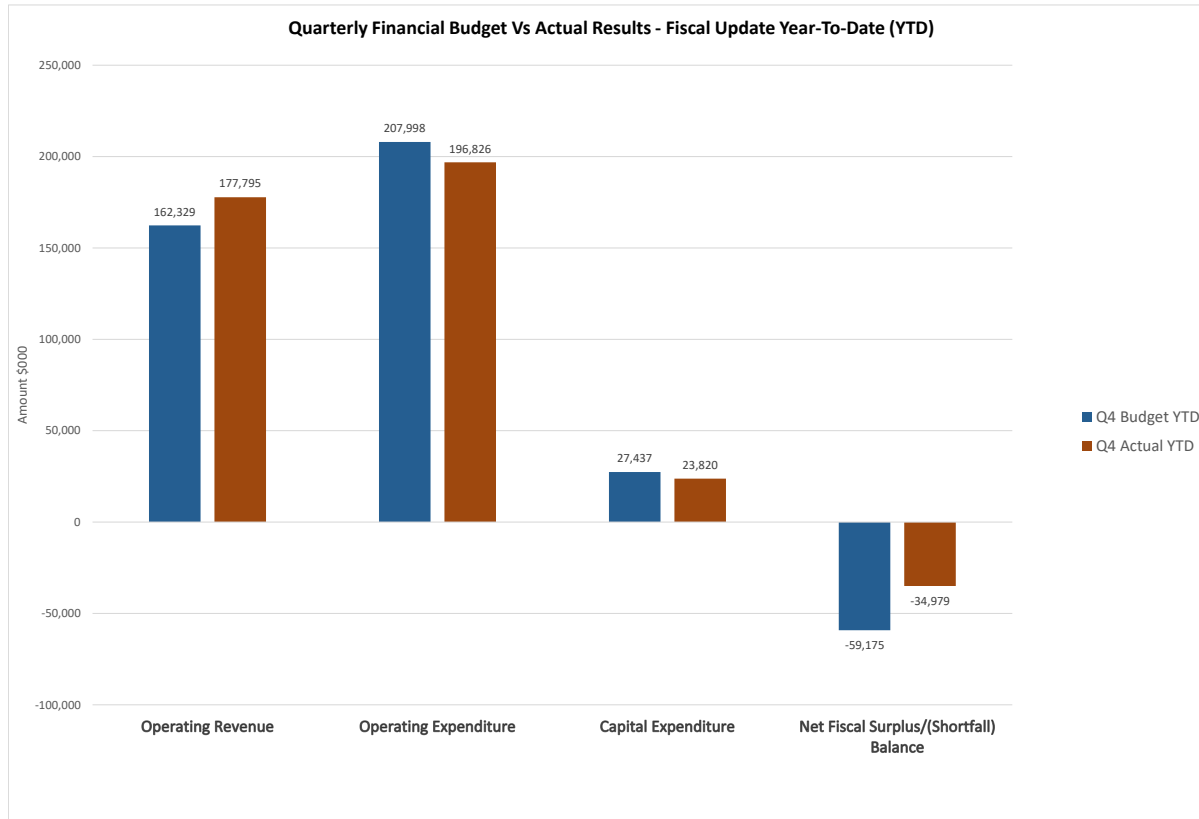
\* General Government's net fiscal balance for the year ended 30 June 2022 improved by \$24.20 million compared to the budget estimate of \$59.18 million shortfall. Higher revenue collections of \$15.47 million contributed to the improvement in Government's net fiscal balance, in addition cost savings in Operating Expenses (of \$11.17 million), Depreciation (of \$6.06 million) and Capital Expenditure (of \$3.62 million).

\* Government's Net Operating Position: The net operating balance for the year ended 30 June 2022 was a deficit of \$19.03 million. This deficit was an improvement of \$26.64 million compared to the budget estimate deficit of \$45.67 million. The improvement in the net operating balance was primarily due to unanticipated revenue received (\$10 million General Budget Support from NZ Government) and effective monitoring of budget expenditure.

\* Operating Revenue: Total operating revenue collected was \$15.47 million higher than anticipated for the year ended 30 June 2022. This was primarily due to additional General Budget Support of \$10 million, Vested Asset funds received from the Financial Supervisory Commission (FSC) of \$4.98 million which was not included in the original revenue forecasts for the financial year, followed by Immigration Fees with an increase of \$0.50 million and MFEM's circulation of currency - coins of \$0.43 million. Taxation Revenue was on target at year end as predicted with a slight shortfall of \$0.90 million, however within the different tax categories, there was significant shortfall of \$7.6 million for Company Tax, offset by \$7.7 million increase for Individual Income Tax. This was due to compliance activities and steady PAYE contributions from larger employers and also drop in business confidence resulting in low provisional tax estimates and payments by companies. Refer to Table 1 - Revenue on Behalf of Crown (ROBOC) for more information.

\* Operating Expenditure: General Government operating expenditure adjusted for depreciation, for the year ended 30 June 2022 was lower than estimated by \$11.17 million. This was mainly due to underspends in Government Agencies and Island Governments operating and personnel budgets totalling \$6.2 million; as a result of unfilled vacancies and effective cost management practices. The expenditure through Administered Payments was also below budget by \$2.93 million primarily attributed to cost savings in Bridges and Drainage Maintenance Expense (of \$0.57 million), Universal Access Fund (of \$0.40 million), with all other Administered Payments below their respective budgets. In addition, POBOC expenditure saw cost savings of \$0.20 million for the year. The remaining cost savings were underspends in various operating expense items relating to debt repayments and emergency funding. Depreciation is considered a non-cash expense, since it is simply an ongoing charge to the carry amount of Government assets, designed to reduce the recorded cost of Government assets over their useful life. Refer to Table 2 - Payment on Behalf of Crown (POBOC) and Table 3 - Administered Payment for more information. The savings however was offset by net foreign exchange loss of \$5.08 million due to the devaluation of US dollars.

\* Capital Expenditure: The approved capital budget for 2021/22 was \$37.7 million which includes \$5.21 million carry forward from the 2020/21 fiscal year. However, resourcing and logistical constraints due to the Covid-19 pandemic hampered the implementation of certain projects which resulted in a reappropriation of capital projects valued at \$8.91 million to the 2022/23 fiscal year. In addition to the reappropriation, \$1.49 million was later approved for carry forward to 2023 fiscal year. Despite the reappropriation, year end result shows, Capital expenditure lower than budget by \$3.62 million for the year ended 30 June 2022. Significant underspends for the year were mostly attributed to Road Asset Management (of \$0.73 million) and To Tatou Vai (of \$1.13 million) followed by various underspends in other capital projects. Refer to Table 4 - Capital Expenditure for more information.



**Schedule 2: Cash Reserves General Government 30 June 2022**

		30 June 2022 YTD	31 Mar 2022 YTD	Variance
		\$'000	\$'000	\$'000
<i>Cash At Bank</i>				
Term Deposits and Trust Accounts		125,563	139,825	(14,262)
Operational Bank Accounts		21,549	20,572	978
Foreign Exchange Reserves		22,712	18,852	3,860
<b>Total Cash Reserves</b>		<b>169,825</b>	<b>179,249</b>	<b>(9,424)</b>
<i>Committed:</i>				
Loan Repayment Fund <sup>1</sup>	LRF Act 2014	12,935	16,905	(3,970)
Outer Islands Reserves <sup>2</sup>	IG Act 2012	2,539	2,778	(239)
Disaster Response Fund <sup>3</sup>	Trust Fund	1,987	44,505	(42,518)
Infrastructure Trust Fund <sup>4</sup>	Trust Fund	44,593	1,987	42,606
Aid Trust Fund <sup>5</sup>	Trust Fund	23,748	34,665	(10,917)
Land/Law Trust/Other Agency Trust Fund <sup>6</sup>	Trust Fund	13,236	13,317	(82)
Trust Account Deposits <sup>7</sup>	Trust Fund	3,565	3,615	(51)
<b>Total Committed Funds</b>		<b>102,602</b>	<b>117,772</b>	<b>(15,170)</b>
<i>Other General Funds:</i>				
Government Department/Agencies Bank Accounts	General Fund	453	4,728	(4,274)
Vat/Tax Imprest and Customs Bonds Account <sup>8</sup>	General Fund	2,550	2,111	439
General Reserves - Legacy	General Fund	3,544	3,544	0
<b>Total Other General Funds</b>		<b>6,547</b>	<b>10,382</b>	<b>(3,835)</b>
<b>Estimated General Cash Reserve</b>		<b>60,676</b>	<b>51,095</b>	<b>9,581</b>

<sup>1</sup> Loan Repayment Fund – This fund was legislated under the Cook Islands Loan Repayment Fund Act 2014; established for the purpose of repaying Government debts. Funds in this Account must not be withdrawn for any other purpose other than repayment of such debt.

<sup>2</sup> Outer Islands Reserves - Consists of funds held with each Outer Islands Administration. The Island Government Act 2012-13, section 55 states that the Island Governments are entitled to retain control over any revenues collected by them.

<sup>3</sup> Disaster Response Trust – The establishment of this fund was detailed in the Cook Islands Disaster Emergency Trust Fund Policy which was approved by Cabinet in May 2011 (CM (11) 0157). The purpose is to enable a swift and coordinated response by the Disaster Response Executive once a State of Emergency or Disaster is activated.

<sup>4</sup> Infrastructure Trust Fund (ITF) - Funds provided by the New Zealand Government for Infrastructure; establishment of these accounts is in line with the mandatory requirements stated in Part B, Section 17 of the CIGFPPM: Trust Fund Accounts.

<sup>5</sup> Aid Trust Fund – Funds tagged for aid funded projects and programmes. The establishment of these accounts is in line with the mandatory requirements stated in Part B, Section 17 of the CIGFPPM: Trust Funds Accounts.

<sup>6</sup> 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. The establishment of these accounts is in line with the mandatory requirements stated in Part B, Section 17 of the CIGFPPM: Trust Fund Accounts.

<sup>7</sup> Trust Account Deposit – Funds held by Crown for Law Trust, Workers Compensation Trust, Immigration bonds held, International unclaimed monies and Insurance Trust. The establishment of these accounts is in line with the mandatory requirements stated in Part B, Section 17 of the Cook Islands Government Financial Procedures and Policy Manual (CIGFPPM): Trust Funds Accounts.

<sup>8</sup> VAT/Tax Imprest Accounts - Held by Revenue Management Department (RMD) as clearing account for Tax Refunds and Custom Bonds and Tax Revenues payable to Crown account; establishment of these accounts is in line with the mandatory requirements stated in Part B, Section 17 of the CIGFPPM: Trust Fund Accounts.

### Schedule 3: Loan Repayment Fund Statement

	30 June 2022 YTD
	\$'000
<b>Opening LRF Balance</b>	16,905
Contribution to LRF Principal	(500)
Contribution to LRF Interest	0
<b>Total Transfer into LRF by General Government</b>	16,405
Realised Gain/(Loss) on Foreign Exchange	242
Transfer out of LRF	(521)
Interest earned by LRF	34
<b>Total Inflows/(Outflows)</b>	(245)
Principal paid out of LRF	1,491
Interest paid out of LRF	1,734
<b>Total Outflows</b>	3,225
<b>Closing LRF Balance</b>	<b>12,935</b>

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 3 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

<b>Section 70(3) (b) (i): Calculation</b>	<b>\$'000</b>
Total Government Appropriation 2021/22	300,050
Excess (1.5%) of Total Appropriation	4,501
less: Approved expenditure as at June 2022 Quarter	930
<b>Total Balance</b>	<b>3,570</b>
<b>Executive Council Orders Authority</b>	<b>\$'000</b>
Patient Referral top up	800
Operating Contingency top up	130
<b>Total Executive Council Orders Authority as at 30 June 2022.</b>	<b>930</b>

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.



**Table 1: Revenue on Behalf of Crown (ROBOC)**

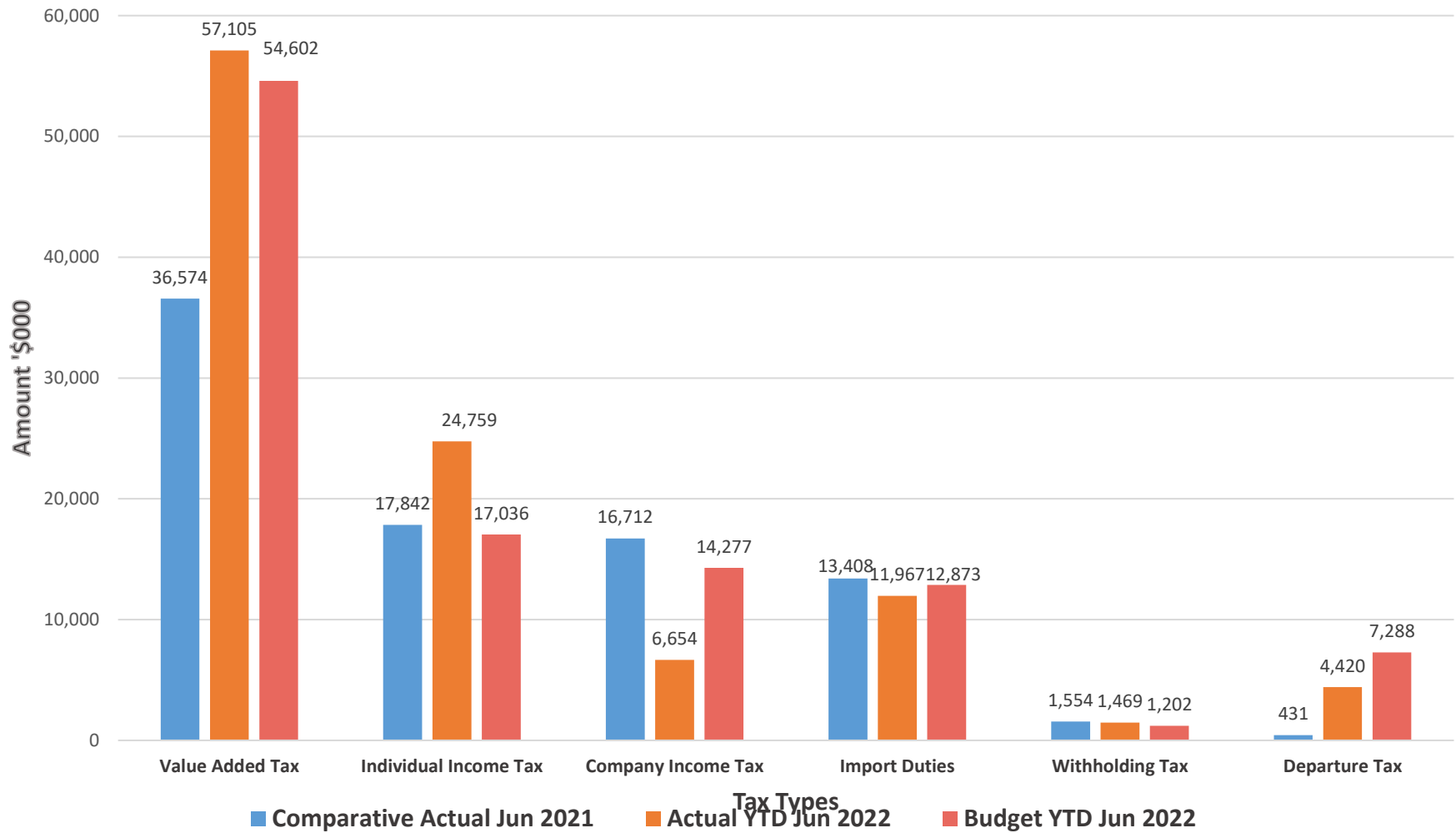
	Budget Estimates Full Year 2021/22	Additional Funding Approval 2021/22	Total Budget & Approval	Actual YTD Jun 2022	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2021/22
	\$'000	\$'000	\$'000	\$'000	\$'000	%
<b>Taxation Revenue</b>						
Value Added Tax	54,602	-	54,602	57,105	-2,503	105%
Individual Income Tax	17,036	-	17,036	24,759	-7,724	145%
Company Income Tax	14,277	-	14,277	6,654	7,624	47%
Import Duties	12,873	-	12,873	11,967	906	93%
Withholding Tax	1,202	-	1,202	1,469	-267	122%
Departure Tax	7,288	-	7,288	4,420	2,868	61%
	<b>107,278</b>	<b>-</b>	<b>107,278</b>	<b>106,374</b>	<b>903</b>	<b>99%</b>
<b>Other Revenue</b>						
FSC - Vested Assets	0	-	0	4,978	-4,978	0%
Financial Supervisory Commission - Return of Excess	159	-	159	250	-91	157%
Immigration Fees	480	-	480	984	-504	205%
IMO Subscription - Maritime Cook Islands	66	-	66	0	66	0%
Court Services	30	-	30	25	5	83%
Instant Fines	40	-	40	79	-39	196%
US Fisheries Treaty (upfront days)	3,243	-	3,243	3,429	-185	106%
EU Agreement	400	-	400	2,132	-1,732	533%
Purse seine fishery	2,260	-	2,260	250	2,010	11%
Longline Licenses and QMS	3,000	-	3,000	2,520	480	84%
Other fisheries and auxiliary vessel licensing	160	-	160	106	55	66%
Research Fees	2	-	2	1	1	49%
Permits	10	-	10	32	-21	305%
Bank of the Cook Islands Dividends	136	-	136	0	136	0%
Numismatics	450	-	450	674	-224	150%
Circulating Currency - Coins	5	-	5	437	-432	8731%
Drivers License Fees	100	-	100	224	-124	224%
Motor Vehicle Registration	875	-	875	862	13	99%
Interest on Balances (Crown)	391	-	391	277	114	71%
Interest on Balances - Loan Reserve Fund	191	-	191	199	-8	104%
Foreign Investment Fees	32	-	32	28	4	88%
Upper Air Management Agreement	170	-	170	70	100	41%
Shipping Registration	92	-	92	89	3	97%
International Shipping Licence	15	-	15	71	-56	475%
Liquor Licencing	30	-	30	55	-25	183%
Tattslotto Grants	120	-	120	206	-86	171%
Censorship Fees	1	-	1	0	1	41%
Land Court Fees	125	-	125	161	-36	128%
Motor Vehicle Dealers	3	-	3	3	0	93%
SIOFA - Regional Fisheries Management Organisations	179	-	179	184	-5	103%
SPRFMO - Regional Fisheries Management Organisations	17	-	17	0	17	0%
Gain on Foreign Exchange	0	-	0	0	0	0%
General Budget Support	30,000	-	30,000	40,000	-10,000	133%
Core Sector Support	7,825	-	7,825	7,825	0	100%
Other Revenue on Behalf of Crown	0	-	0	667	-667	0%
	<b>50,607</b>	<b>-</b>	<b>50,607</b>	<b>66,817</b>	<b>-16,211</b>	<b>132%</b>
<b>Total ROBOC</b>	<b>157,884</b>	<b>-</b>	<b>157,884</b>	<b>173,191</b>	<b>-15,307</b>	<b>110%</b>
Government Agencies & Island Governments Trading Revenue	4,444	-	4,444	4,604	-159	104%
<b>Total Operating Revenue</b>	<b>162,329</b>	<b>-</b>	<b>162,329</b>	<b>177,795</b>	<b>-15,466</b>	<b>110%</b>

**Table 1: Revenue on Behalf of Crown (ROBOC) Commentary**

	Comparative Actual Jun 2021	Actual YTD Jun 2022	Year on Year	Commentary
Taxation Revenue items	\$'000	\$'000	\$'000	<i>Note: Comments are provided on all Taxation revenue items. Refer to page 12 for a visual presentation of Tax Revenue items Year over Year (YoY).</i>
Value Added Tax	36,574	57,105	20,531	VAT collected was up by 57 per cent from a year ago and slight increase of 6 per cent against year-to-date (YTD) budget estimate. VAT contributions from imports (retail, wholesale, fuel and gas) and tourism activities started to pick up again due to opening of the NZ border in January 2022.
Individual Income Tax	17,842	24,759	6,918	Individual Income Tax was up 39 per cent from a year ago and up 45 per cent against YTD budget estimate, due to result of compliance activities (taxpayers entering into payment arrangement to pay off existing debt) and steady PAYE contributions from larger employers.
Company Income Tax	16,712	6,654	-10,058	Company Income Tax was down 60 per cent from a year ago and down 53 per cent against YTD budget estimate. Contributions from non-tourism based activities did not reach the expected levels. A drop in business confidence has reduced provisional tax estimates and payments by companies.
Import Duties	13,408	11,967	-1,441	Customs Tax was down by 11 per cent from a year ago and down 7 per cent against YTD budget estimate. The level of import duty collected and goods imported during this quarter was lower than expected as business' are still recovering and building up business confidence again after the adverse impact of border closures due to COVID-19.
Withholding Tax	1,554	1,469	-84	Withholding Tax was down 5 per cent from a year ago but up 22 per cent against YTD budget estimate. Despite COVID-19, taxpayers continued to distribute withholding tax.
Departure Tax	431	4,420	3,990	Departure Tax was up significantly in comparison to a year ago but down 40 per cent against YTD budget estimate. The opening of the borders in January 2022 did not provide an influx of outbound passengers as forecasted.

	Comparative Actual Jun 2021	Actual YTD Jun 2022	Year on Year	
Other Revenue items	\$'000	\$'000	\$'000	<i>Note: Comments are provided on Other Revenue items that have generated significant revenue compared to the budget estimate.</i>
FSC - Vested Assets	8,264	4,978	-3,285	FSC vested assets was down 40 per cent from a year ago and no movement since sequential quarter. A total of \$5 million reported for the quarter. Vested assets was not budgeted for in both 2021 and 2022 financial year.
Circulating Currency - Coins	13	437	423	Circulating Currency Coin sales was up significantly from a year ago and in excess of its annual budget estimate. This was due to the continual sale of the new \$3 note that was launched in August 2021.
US Fisheries Treaty (upfront days)	3,700	3,429	-271	Fisheries US Treaties revenue was down 7 per cent from a year ago however, this is a slight increase of 5 per cent against YTD budget estimate. The slight variance shows that revenue collected is on target and is due to foreign exchange differences.
EU Agreement	669	2,132	1,462	EU Agreement revenue was up by 218 per cent from a year ago. This was due to a more lucrative new Protocol under the EU SFPA deal negotiated in 2021 that commenced in November 2021.
Purse Seine Fishery	1,519	250	-1,269	Purse seine fishery revenue was down 84 per cent from a year ago and also down 89 per cent against the YTD budget estimate. Persistent climate conditions (LA Nina) resulted in low interest from purse seine fleets, with preferred fishing in the western Pacific. Furthermore, licensing regulation issue requiring regulatory changes have also prevented sales of vessel days.
Tattslotto Grants	214	206	-8	Pursuant to the tax sharing agreement and administrative arrangement between the Government of Victoria to CIG, tattslotto grants was slightly down from a year ago but up 43 per cent against YTD budget estimate. The quarter reported in excess of annual budget of approximately \$0.86 million.
General Budget Support	-	40,000	40,000	The Government received \$40 million for the year; \$30 million during the first quarter and \$10 million on the last quarter; from the New Zealand Government as General Budget Support. Only \$30 million was budgeted for and was received in full in the month of August 2021. The additional \$10 million was allocated to support the economic recovery of the Cook Islands Government.

## CIG Tax Revenue Year over Year (YoY) June 2022 Report



**Table 2: Payments on Behalf of Crown (POBOC)**

	Budget Estimates Full Year 2021/22	Carry Forwards from 2020/21	Additional Funding Approval 2021/22	Total Budget & Approval	Actual YTD Jun 2022	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2021/22
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Airport Authority Subsidy	2,048	-	-	2,048	2,048	0	100%
Audit Fees	96	-	-	96	84	12	88%
Bank of the Cook Islands - Social Assistance Subsidy	0	-	-	0	128	-128	0%
BEPS Subscription	35	-	-	35	37	-2	106%
Caregivers Allowance	0	-	-	0	0	0	0%
Carer Order Payment	10	-	-	10	0	10	0%
Child Benefit	5,566	-	-59	5,507	5,505	3	100%
CIG Insurance	40	-	-	40	40	0	100%
Civil List - Constituency Visits	170	-	-	170	170	0	100%
Civil List - Personnel	2,902	-	-	2,902	2,855	46	98%
Competition and Regulatory Authority	621	-	-	621	414	207	67%
Government Paid Maternity Leave	150	-	-	150	108	42	72%
House of Ariki	348	29	-	378	378	0	100%
Infirm/Destitute Benefit	1,232	-	-	1,232	1,255	-23	102%
International Subscriptions	890	-	-	890	782	108	88%
IMO - Maritime Organisation	0	-	-	0	0	0	0%
Maritime Radio Coverage	120	-	-	120	120	0	100%
MP Travel and Allowances (local and overseas)	180	-	-	180	192	-12	106%
New Born Allowance	243	-	-	243	224	19	92%
Old Age Benefit	13,026	-	59	13,084	13,077	7	100%
Pacific Catastrophe Risk Insurance	160	-	-	160	160	0	100%
Parliamentary Sitting Expenses	200	-	-	200	184	16	92%
Parliamentary Superannuation	180	-	-	180	180	0	100%
PERC Salaries and Administration Costs	58	-	-	58	50	8	86%
Ports Authority Subsidy	0	-	-	0	110	-110	0%
Production of new currency, transportation and sale of old cc	0	-	-	0	0	0	0%
QR Travel and Allowances (local and overseas)	109	-	-40	69	69	0	100%
	<b>28,383</b>	<b>29</b>	<b>-40</b>	<b>28,372</b>	<b>28,168</b>	<b>204</b>	<b>99%</b>

**Table 2: Payments on Behalf of Crown (POBOC) Commentary**

	Full Year Budget	Actual YTD Jun 2022	Actual Vs Full Year Budget	Prior Quarter Actual YTD Vs Full Year Budget	Commentary
	\$'000	\$'000	%	%	
					<i>Note: Commentary provided on POBOCs appropriated at an annual budget of over \$1 million.</i>
Audit Fees	96	84	88%	8%	Uptake of spend in the last quarter of 80% of the annual budget with a total of 88% of the budget utilised. This is in line with prior year spend.
Competition and Regulatory Authority	621	414	67%	67%	This authority's role is to enable competition by licensing new players to provide services, and to regulate competitive activity and consumer protection in accordance with internationally recognized competition law principles. Spend for the year saw utilisation of the annual budget of only 67%.
Government Paid Maternity Leave	150	108	72%	54%	Total spend for the year was 72%, a reduction of 14% compared to prior year of 86%.
International Subscriptions	890	782	88%	62%	88% of this budget was utilized, due to timing of receiving supplier invoices before the end of the 2021 financial year.
PERC Salaries and Administration Costs	58	50	86%	50%	Total spend for the quarter was \$50k, thus utilizing 86% of the annual budget. This is a reduction in spend when compared to prior year of 91%.
QR Travel and Allowances (local and overseas)	69	69	100%	44%	Total spend for the year was 100% of the reduced annual budget of \$69k from \$109k. With the easing of border restrictions, travel will resume to pre-covid times hence the carry forward of \$40k to the new financial year.

**Table 3: Administrative Payments**

	Budget Estimates Full Year 2021/22	Carry Forwards from 2020/21	Additional Funding Approval 2021/22	Re-Appropriated Amount 2021/22	Total Budget & Approval	Actual YTD Jun 2022	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2021/22
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Audit of Crown Accounts	30	-	-	-	30	30	0	100%
Asian Infrastructure Investment Bank (AIIB) Membership	31	-	-	-	31	30	0	99%
Airline Underwrite	6,500	-5,500	-	-	1,000	1,000	0	100%
Border Management System Maintenance	155	155	-	-	311	0	311	0%
Bridges and Drainage Maintenance	740	-	-	-	740	166	574	22%
Bus Service	26	-	-	-	26	26	0	100%
Caregivers Allowance	465	-	10	-	475	475	0	100%
Christmas Bonus	346	-	-	-	346	340	6	98%
CISNOC Grant	370	-	-	-	370	370	0	100%
Community Support Fund	100	-	-	-	100	95	5	95%
Cook Islands Cultural Fund	150	-60	-	-	90	87	3	97%
Cook Islands Red Cross [OPM]	50	-	-	-	50	33	17	67%
Cook Islands Student Association Support	10	10	-	-	20	0	20	0%
COVID-19 Economic Response Plan - MFM	0	352	-	-	352	352	0	100%
COVID-19 Medical Response Fund	3,000	-	-	-	3,000	2,996	4	100%
Debt Advisory Services	60	-60	-	-	0	0	0	0%
Domestic Hosting Entertainment	15	-	-	-	15	15	0	100%
Economic Recovery Roadmap	33,500	7,928	-	-	41,428	41,283	146	100%
EIA Process	150	-	-	-	150	150	0	100%
Emergency Work	200	-	-	-	200	77	123	39%
Fisheries Development Facility	200	-	-	-	200	200	0	100%
FMIS Maintenance	80	-	-	-	80	49	31	61%
Funeral Assistance Allowance	170	-	-	-	170	170	0	100%
Government Broadband Utilities	30	-	-	-	30	30	0	100%
Government Facilities Development Division	420	-	-	-	420	420	0	100%
Government Funded Scholarships	780	-	-	-	780	777	3	100%
Head of State Rent	13	-	-	-	13	13	0	100%
HOM's Salaries	1,940	-	-	-	1,940	1,886	54	97%
ICT Support Team	183	-	-	-	183	177	6	97%
Infrastructure Committee	100	-	-	-	100	100	0	100%
Internal Affairs Youth Program	45	-	-	-	45	45	0	100%
International Subscriptions	0	-	-	-	0	0	0	0%
Joint Venture with Seabed Minerals Authority	50	-	-40	-	10	5	5	49%
Judge's Allowances	400	0	-145	-	255	255	0	100%
Land Records Update Project	120	-	-	-	120	74	46	61%

**Table 3: Administrative Payments Cont'd**

	Budget Estimates Full Year 2021/22	Carry Forwards from 2020/21	Additional Funding Approval 2021/22	Re-Appropriated Amount מחוקק / כ"כ \$'000	Total Budget & Approval	Actual YTD Jun 2022	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2021/22
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Lease Extension	72	-	-	-	72	36	36	50%
Legal Aid	40	-	-	-	40	4	36	10%
Legal Provisions	251	-	-	-	251	103	148	41%
Management of Suwarrow Park	100	-	-	-	100	100	0	100%
Marae Moana Ambassador	60	-	-	-	60	60	0	100%
Marketing Resources - Tourism Growth Strategy	4,500	-	-1,309	-	3,192	3,190	1	100%
National Events	500	160	-	-	660	659	1	100%
National Census	300	-	-43	-	257	257	0	100%
National Heritage Trust	122	-	-	-	122	111	11	91%
NCD Fund	195	-	-	-	195	195	0	100%
NES-Corporate Services BAU	0	-	-	-	0	0	0	0%
Pa Enea Machinery Maintenance Fund	100	-	-	-	100	82	18	82%
Pa Enea Mechanical Overseer	100	-	-	-	100	92	8	92%
Patient Referrals	850	300	-	-	1,150	951	199	83%
Patient Referrals Top Up EO 1.5%	0	500	-	-	500	500	0	100%
Pharmaceuticals	1,168	-	-	-	1,168	1,168	0	100%
PM Social Responsibility Fund	363	-	-	-	363	359	4	99%
Police Youth Program	45	-	-	-	45	36	9	81%
Post Tax Amnesty Work	0	167	-	-	167	126	41	76%
Power Subsidy	85	-	-10	-	74	74	0	100%
Price Tribunal Committee	60	-	-	-15	45	45	0	100%
Private School Funding - Aitutaki SDA	223	-16	-	-	207	207	0	100%
Private School Funding - Blackrock	90	3	-	-	93	93	0	100%
Private School Funding - Creative Centre	143	0	-	-	143	143	0	100%
Private School Funding - Immanuela Akatemia	232	10	-	-	242	242	0	100%
Private School Funding - Nukutere	658	32	-	-	690	690	0	100%
Private School Funding - Papaarua	282	16	-	-	298	298	0	100%
Private School Funding - St. Josephs	477	9	-	-	487	487	0	100%
Private School Funding - Te Uki Ou	557	68	-	-	626	626	0	100%
Production of new currency, transportation and sale of old coins	15	0	-	-	15	15	0	99%
Provision for Inter-Island Shipping	500	-	-	-	500	490	10	98%
Provision for Land Rentals	500	-	-	-	500	495	5	99%
Public Sector Strengthening - Process & Systems	150	-50	-	-	100	38	62	38%
QR Social Responsibility Fund	8	-	-	-	8	8	0	100%

**Table 3: Administrative Payments Cont'd**

	Budget Estimates Full Year 2021/22	Carry Forwards from 2020/21	Additional Funding Approval 2021/22	Re-Appropriated Amount 2021/22	Total Budget & Approval	Actual YTD Jun 2022	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2021/22
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Religious Advisory Council	10	-	-	-	10	5	5	48%
Remuneration Tribunal Committee	20	-	-18	-	2	2	0	100%
Returned Services Association	5	-	-	-	5	3	2	53%
Road and Civil Maintenance	850	-	-	-	850	813	37	96%
School Security	180	-	40	-	220	220	0	100%
Seabed Minerals Compliance Development	45	-	-	-	45	0	45	0%
Seabed Minerals Sector Development	100	70	-	-	170	65	105	38%
Search and Rescue	20	-	-	-	20	6	14	31%
Serious Crime Investigations	100	-	-	-	100	65	35	65%
SIF - CIG Contribution	1,000	-	-	-	1,000	1,000	0	100%
Special Assistance Projects	250	-	-	-	250	250	0	100%
Special Investigative & Prosecution Services	30	-	-	-	30	30	0	100%
Special Select Committee	150	-	-	-	150	17	133	12%
State Events	20	-	-	-	20	16	4	81%
Standard and Poors Subscription	70	-	-	-	70	65	5	93%
Subsidy of audio/visual broadcasting in Pa Enuā	45	-	-	-	45	45	0	100%
Tarai Vaka Fund	20	-	-	-	20	1	19	7%
Tax Law Review	80	-	-	-	80	80	0	100%
Te Kopapa Reo Maori Board	15	-	-	-	15	15	0	100%
Te Kukupa - Fuel Contribution	250	-100	-	-	150	30	120	20%
Tertiary Training Institutions	1,160	-	-	-	1,160	1,148	12	99%
The Centre of Excellence in Information Technology (CEIT)	100	-	-	-	100	97	3	97%
The Centre of Research and Policy Studies	80	-	-	-	80	41	39	51%
To Tatou Vai - Administered Payment	3,000	-	-	-	3,000	2,991	9	100%
Universal Access Fund	400	-	-	-	400	0	400	0%
University of the South Pacific Contribution	205	-	-	-	205	208	-3	102%
Vaka Maintenance	400	-	-	-	400	400	0	100%
Waste Management	730	-	-	-	730	729	1	100%
Workforce Development	234	-	-	-	234	234	0	100%
	<b>72,746</b>	<b>3,995</b>	<b>-1,513</b>	<b>-15</b>	<b>75,212</b>	<b>72,286</b>	<b>2,926</b>	<b>96%</b>



**Table 3: Administrative Payments Commentary**

	Full Year Budget	Actual YTD Jun 2022	Actual Vs Full Year Budget 2021/22	Prior Quarter Actual YTD Vs Full Year Budget	Commentary
	\$'000	\$'000	%	%	<i>Note: Commentary provided on Administered Payments appropriated at an annual budget of over \$1 million.</i>
Border Management System Maintenance	311	0	0%	0%	This was the total of 2020/21 carry forward balance and 2021/22 budget for maintenance and system support for the Cook Islands Border Management system. No payments were incurred in this financial year however there has been a written agreement that project will eventuate in the 2022/23 financial year.
Bridges and Drainage Maintenance	740	166	22%	15%	Total spent for the year was 22% against total annual budget. Spend was put on hold, hindered by the diminishing labour force and prioritising other urgent works.
Cook Islands Red Cross [OPM]	50	33	67%	14%	Total spend was 67% of the annual budget compared to 100% in prior year. Spend was down with the easing off of restrictions and re-prioritising of funds support for Covid-19.
FMIS Maintenance	80	49	61%	61%	No costs were incurred this quarter with total spend remaining at 61% of the total annual budget.
Joint Venture with Seabed Minerals Authority	10	5	49%	10%	Reported spend was 49% of the reduced annual budget of \$10k. The funding relates to advancing the interests of the Cook Islands seabed minerals in the exclusive economic zone and the clarion-clipperton zone.
Legal Provisions	251	103	41%	10%	Reported spend is 41% of annual budget. Prior year spend was 3% of annual budget due to Covid-19 restricting case proceedings. With the gradual easing of restrictions throughout the year has allowed more case proceedings to be heard.
Public Sector Strengthening - Process & Systems	100	38	38%	11%	Total spend was 38% against a reduced annual budget of \$100k from \$150k.
Special Select Committee	150	17	12%	3%	12% spend of the total annual budget was utilised for the Special Select committee set up by Parliament
Te Kukupa - Fuel Contribution	150	30	20%	20%	Total spend for the year was 20% against a reduced total annual budget of \$150k from \$250k. Savings and transfer of budget funds was due to the deferral of the arrival of the new Te Kukupa boat to July 2022.
University of the South Pacific Contribution	205	208	102%	57%	A slight overspend, 2% over the annual budget to support University of the South Pacific initiatives.

Table 4: Capital Expenditures

	Budget Estimates Full Year 2021/22	Carry Forwards from 2020/21	Additional Funding Approval 2021/22	Re-Appropriated Amount 2021/22	Total Budget & Approval	Actual YTD Jun 2022	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2021/22	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		%
Apii Nikao School Sound Proofing	147	-	-33		114	114	0		100%
Aitutaki Capital Funding	16	-	-		16	16	0		100%
Aitutaki Harbour Dredging	1,000	0	78		1,078	1,078	0		100%
Arorangi Prison Remedial Works	150	-	-30		120	120	0		100%
Atiu Capital Funding	12	-	-		12	0	12		0%
Bridges and Structures Asset Management and Improvement Programme	3,250	1,676	35		4,962	4,214	748		85%
Capital Distribution Fund	230	-	-		230	172	58		75%
COVID-19 Response Fund - Capital Needs	1,400	-	-	-1,000	400	294	106		74%
CT Scanner	0	519	-		519	519	0		100%
Drainage Asset Management and Improvement Programme	1,950	-	735		2,685	2,650	34		99%
Emergency Management and Support Infrastructure	0	1,301	60		1,361	1,361	0		100%
FMIS Purchase and Implementation	300	-	-	-11	289	289	1		100%
Fund to be Prioritised by Education	300	-	-		300	300	0		100%
Fund to be Prioritised by Health for Technical Equipment	300	-	-		300	300	0		100%
Government Building Projects - ICI	1,000	761	-	-1,161	600	784	-184		131%
Government Building Projects - CIIC	2,200	-	239		2,439	2,445	-6		100%
Government IT Network	1,600	161	-		1,761	1,761	0		100%
Health ICT Upgrade	0	35	-		35	35	0		100%
Inland Coastal Water Asset Management	0	0	37		37	0	37		0%
Land Acquisition	700	-	-	-700	0	0	0		0%
Local Data Server	50	-	-		50	0	50		0%
Mangaia Capital Funding	12	-	-		12	11	1		91%
Manihiki Capital Funding	10	-	-		10	2	8		18%
Mauke Capital Funding	10	-	-		10	9	1		95%
Mitiaro Capital Funding	8	-	-		8	5	3		58%

Table 4: Capital Expenditures Cont'd

	Budget Estimates Full Year 2021/22	Carry Forwards from 2020/21	Additional Funding Approval 2021/22	Re-Appropriated Amount 2021/22	Total Budget & Approval	Actual YTD Jun 2022	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2021/22	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Pa Enea Government Building Projects - Northern Group	550	-	-77		473	473	0		100%
Pa Enea Government Building Projects - Southern Group	400	-	-		400	400	0		100%
Pa Enea Air Infrastructure Improvement Programme (CIG)	128	1,135	-243	-892	128	275	-147		215%
Pa Enea Marine Infrastructure Improvement Programme	1,700	-	-440	-1,100	160	0	160		0%
Pa Enea Capital Distribution Fund	300	-	-		300	18	282		6%
Palmerston Capital Funding	10	-	-		10	5	5		53%
PCR Laboratory	0	127	-		127	127	0		100%
Penrhyn Capital Funding	12	-	-		12	10	2		87%
Prison Development Programme	50	-	-50		0	0	0		0%
Pukapuka Capital Funding	12	-	-		12	0	12		0%
Rakahanga Capital Funding	8	-	-		8	8	0		100%
Rarotonga Cyclone Shelters - Remediation	100	-	-		100	86	14		86%
Renewable Energy Project Management and Support	321	-	-175		146	146	0		100%
Revenue Management System Upgrade (RMS10)	1,830	-	-	-1,441	389	85	303		22%
Road Asset Management	7,000	-	-184	-2,239	4,577	3,843	733		84%
Team Mate Software Upgrade	35	-	-		35	31	4		89%
Te Mato Vai - Rarotonga Water Upgrade	1,000	-	-		1,000	855	145		86%
To Tatou Vai - Capital	3,000	-	-1,388		1,612	484	1,128		30%
Vaka Maintenance Capital Projects	50	-	-50		0	0	0		0%
Waste Management Infrastructure Improvement Programme	200	-	-	-100	100	100	0		100%
Water and Sanitation Infrastructure Improvement Programme	650	114	-	-264	500	393	107		79%
					0				
	<b>32,001</b>	<b>5,829</b>	<b>-1,486</b>	<b>-8,908</b>	<b>27,437</b>	<b>23,820</b>	<b>3,617</b>		<b>87%</b>

Table 4: Capital Expenditure Commentary

	Full Year Budget	Actual YTD Jun 2022	Actual Vs Full Year Budget 2021/22	Prior Quarter Actual YTD Vs Full Year Budget	Commentary
	\$'000	\$'000	%	%	<i>Note: Commentary provided on Capital Expenditure appropriated at an annual budget of over \$1 million.</i>
COVID-19 Response Fund - Capital Needs	400	294	74%	13%	Total spend for the year was 74% against total annual budget, up by approximately 13% from previous quarter. With the arrival of Covid-19 to the Cook Islands and the opening of the borders during the quarter, the budget was utilized as a result. However with the easing off of border restrictions, costs to further strengthen the Cook Islands' border, quarantine and health response to Covid-19 has been put on
Drainage Asset Management and Improvement Programme	2,685	2,685	100%	91%	Total spend of 100% up 8% from previous quarter. This budget's purpose is to improve drainage standards and upgrade drainage network to service the needs of the community, business and public sector in the long term. Spending relates to scheduled works on various parts of the island including Avatiu, Muri and Nikao.
Government Building Projects - ICI	600	784	131%	0%	As reported in prior quarters, scheduled works had been put on hold pertaining to the Tetautua Medical Centre on the island of Penrhyn due to logistical constraints over land. The fourth quarter saw an over spend by 24% due to the re-appropriation of the projects budget to 2023.
Pa Enuā Air Infrastructure Improvement Programme (CIG)	128	275	215%	14%	Total spent for the year was 74% against total annual budget, up approximately 14% from previous quarter. Costs associated include legal and surveying services rendered in the preliminary stages of the project and administrative expenses. Scheduled works such as the improvement of Manihiki Airport was finalised in the last quarter.
Pa Enuā Capital Distribution Fund	300	18	6%	0%	No spending in the first 3 quarters of the year with costs coming through in the last quarter utilising 6% of the annual budget. Capital initiatives have been set aside for the following year.
Pa Enuā Marine Infrastructure Improvement Programme	160	0	0%	0%	No spending to date pertaining to this capital budget. Scheduled works were expected to come in this quarter but have now been carried forward in the new financial year.
Renewable Energy Project Management and Support	146	146	100%	33%	Total yearly spend was 100% after balance of funds were carried forward for projects deferred.
Revenue Management System Upgrade (RMS10)	389	85	22%	2%	Expenditure of this project saw 22% spend of the total annual budget. The upgrade of MFEM's Revenue Management Division (RMD) tax management software platform from Revenue Management System (RMS) version 7 to version 10 has been deferred to the following year.
Road Asset Management	4,577	3,843	84%	37%	Total spend for the year was 84% against total annual budget, up approximately 37% from previous quarter. Some projects have been completed such as the Rutaki road project. However projects such as Nikao back road, Avatiu Valley road, Matavera/Turangi road, Nauparatoa road, and Mauke road are ongoing. Funds will be carried forward into the new financial year to complete the projects.
To Tatou Vai - Capital	1,612	484	30%	6%	Total spend for the year was 30% against the annual budget. Works will continue into the new financial year with funds carried forward to complete works.
Te Mato Vai - Rarotonga Water Upgrade	1,000	855	86%	74%	Total spend at 86% of the annual budget compared to 74% in the previous year. Scheduled works are still remaining to be carried out and will be deferred to the new financial year.

**Table 5: Statement of Borrowings**

	Loan start date	Loan End date	Loan Currency	Original Loan Amount	Interest Rate	Mar 2022	Principal	FOREX	Revaluation/Draw	Jun 2022	Change
						Balance ('000)	Payments ('000)	Adjustment ('000)	Down Adjustments	Balance ('000)	Mar Qtr ('000)
<b>Asian Development Bank</b>						0	0	0	0	0	0
1. First multi project loan - 461	Nov-80	Aug-20	USD	1,000	1.00%	0	0	0	0	0	0
2. First Cook Islands Development Bank project loan - 567	Jul-82	Apr-22	USD	1,500	1.00%	37	(42)	4	0	0	(37)
3. Second multi project loan - 849	Dec-87	Aug-27	SDR	2,150	1.00%	873	0	71	0	945	71
4. Outer Islands telecommunications project loan - 1031	Oct-90	Aug-30	SDR	2,578	1.00%	2,578	0	211	0	2,789	211
5. Second Cook Islands Development Bank loan - 1155	Mar-92	Dec-31	SDR	1,085	1.00%	718	(41)	61	0	738	20
6. TCI Emergency Loan- 1171	Aug-92	Jun-32	SDR	349	1.00%	251	(14)	21	0	258	7
7. Pearl Loan (1994) - 1309	Dec-94	Aug-34	SDR	272	1.00%	293	0	24	0	317	24
8. Education development- 1317	Feb-95	Aug-34	SDR	1,852	1.00%	1,786	0	146	0	1,932	146
9. Third Cook Islands Development Bank loan- 1380	Jan-96	Sep-35	SDR	1,977	1.00%	1,558	0	127	0	1,685	127
10. Economic restructuring loan - 1466	Sep-96	Sep-36	SDR	3,430	1.00%	3,609	0	295	0	3,904	295
11. Cyclone Rehabilitation Project loan - 1588	Jan-97	Jan-38	SDR	583	1.00%	644	0	53	0	696	53
12. Waste Management loan - 1832	Dec-01	Jun-33	SDR	1,695	1.50%	1,504	(73)	125	0	1,556	52
13. Cyclone Emergency Assistance loan- 2174	Jun-05	Jan-45	SDR	1,895	1.00%	3,062	(40)	252	0	3,274	212
14. (SF) Avatiu Ports Development Loan - 2473	Sep-09	Nov-40	SDR	4,524	1.50%	4,696	(210)	392	0	4,877	181
15. (OCF) Avatiu Ports Development Project Loan - 2472	Sep-09	Nov-33	NZD	8,697	5.77%	8,088	(182)	0	0	7,907	(182)
16. (SF) Economic Recovery Support Program Loan - 2565	Jan-10	Oct-24	NZD	11,053	2.52%	2,512	0	0	0	2,512	0
17. (OCF) Avatiu Ports Development Project Loan- 2739	Dec-11	Nov-35	NZD	5,290	2.64%	4,621	(79)	0	0	4,542	(79)
18. (OCR) Economic Recovery Support Program 2 Loan - 2946	Dec-12	Oct-27	NZD	11,053	2.75%	3,323	0	0	0	3,323	0
19. (OCF) Renewable Energy Sector- 3193	Jan-15	Jun-36	NZD	12,980	1.15%	9,891	(341)	0	0	9,550	(341)
20. (OCR) Undersea Broadband Cable Loan- 3632	Jul-19	Jun-39	USD	15,000	2.65%	17,714	(3)	2,174	0	19,885	2,171
21. Disaster Resilience Program (Phase 2) - 3933	Dec-19	Jun-35	NZD	15,676	1.13%	15,676	0	0	0	15,676	0
22. COVID 19 Active Response - 4010	Jan-21	Jan-30	NZD	30,409	1.13%	30,409	0	0	0	30,409	0
23. Supporting Sustainable ERP - 4161	Dec-21	Dec-33	NZD	55,540	2.19%	55,540	0	0	0	55,540	0
						<b>169,384</b>	<b>(1,024)</b>	<b>3,954</b>	<b>0</b>	<b>172,314</b>	<b>2,930</b>
<b>Asian Infrastructure Investment Bank (AIIB)</b>						0	0	0	0	0	0
24. COVID-19 Active Response & Economic Support - 0461A	Jan-21	Jun-30	USD	19,950	0.25%	28,503	0	3,493	0	31,996	3,493
						<b>28,503</b>	<b>0</b>	<b>3,493</b>	<b>0</b>	<b>31,996</b>	<b>3,493</b>
<b>Export -Import Bank of China</b>						0	0	0	0	0	0
25. Indoor Sports Stadium & Upgrade of Existing Sports Facilities	Aug-08	Aug-28	RMB	74,100	1.80%	6,365	0	(108)	0	6,257	(108)
26. Rarotonga Water Ring Main Upgrade Loan	Dec-12	Dec-32	RMB	118,000	2.00%	19,773	0	372	0	20,145	372
						<b>26,138</b>	<b>0</b>	<b>264</b>	<b>0</b>	<b>26,402</b>	<b>264</b>
<b>Total Gross Borrowings</b>						<b>224,025</b>	<b>(1,024)</b>	<b>7,711</b>	<b>0</b>	<b>230,712</b>	<b>6,687</b>
Less Loan Repayment Fund						16,905	(745)	(3,225)	0	12,935	(3,970)
<b>Net Borrowing by the Crown</b>						<b>207,120</b>	<b>(279)</b>	<b>10,936</b>	<b>0</b>	<b>217,777</b>	<b>10,657</b>
Less Avatiu Port Development & Avaroa Cable Ltd						35,120	(474)	2,566	0	37,211	2,092
<b>Net Borrowing by the General Government</b>						<b>172,000</b>	<b>195</b>	<b>8,371</b>	<b>0</b>	<b>180,566</b>	<b>8,565</b>

### Crown Gross Debt

The total gross debt by the Crown for June 2022 period was \$230.71 million, an increase of \$6.69 million from the March 2022 quarter. The increase in debt level was mainly due to reduction in exchange rates for SDR, USD and RMB currencies.

### Crown Net Debt

The general government's 'Net Debt' is equivalent to total gross debt, net of the Loan Repayment Funds (LRF) and SOE debts. General Government Net Debt for the final Quarter ending 30 June 2022 was \$180.56 million, an increase of \$8.56 million from the March 2022 quarter mainly due to reduction in exchange rate for USD, SDR and RMB currencies.

Source: NZ Reserve Bank Website for USD and RMB

	Mar-22	Jun-22	Movements from Mar 22
<b>Table 5.1 Average Foreign Currencies against New Zealand Dollars</b>			
<b>Foreign Currencies</b>			
United States Dollars (USD)	0.6975	0.62135	-0.07615
Chinese Yuan (RMB)	4.4315	4.16125	-0.27025
Special Drawing Rights (SDR)	0.72291	0.467961	-0.25495

The above foreign currencies rates were used to calculate fair value balances of existing loans as at 30 June 2022.

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

New Zealand (NZD)	56%
Chinese Yuan (RMB)	11%
US Dollars (USD)	22%
Special Drawing Rights (SDR)	10%

**Table 6: Official Development Assistance**

Development Partner	Donor	Budget Estimates Full Year 2021/22	Actual YTD Jun 2022
Asian Development Bank		3,150,000	250,000
China		91,584	90,302
European Union		1,919,663	258,050
Forum Fisheries Agency		0	0
Global Environment Facility		1,051,515	675,776
Green Climate Fund		9,131,735	2,062,553
ILO		47,176	47,176
India		580,000	0
Japan		4,002,204	2,008,507
Korea		218,560	0
New Zealand		74,766,778	60,436,628
Other		4,040,000	2,837,467
SPC		686,825	644,738
UN Adaptation Fund		1,105,864	1,071,521
UNDP		312,570	256,215
UNESCO		396,000	357,621
UNICEF		135,350	130,000
WHO		95,220	0
<b>Total Official Development Assistance</b>		<b>101,731,044</b>	<b>71,126,556</b>
			<b>70%</b>

**Cook Islands Core Sector Support (CSS) - Budget Support**

Total actual spend to date for this output (Budget Support) is NZD \$7,825,000.00

Total actual spend to date for this output (Technical Assistance) is NZD \$992,360

A new Core Sector Support (CSS) Grant Funding Arrangement (GFA) with New Zealand which is valued at NZD\$31.3 million and allocated over 2019/20 to 2022/23, was signed in 2019. The goal of the support is to enhance the Cook Islands self-sufficiency through the first four years of Graduation to High Income Status by enabling predictable, efficient and effective delivery of priority development objectives coupled with practical policy reform. The Budget Support modality focuses on supporting measures to strengthen the tourism sector, health sector and the education system.

Under the same Core Sector Support Arrangement, New Zealand will provide NZD\$5.1 million in funding over the same period to support public sector strengthening through the provision of specialist technical assistance. Technical assistance proposals must demonstrate relevance to the Cook Islands' Public Sector Strategy, broader Public Sector reform/strengthening and the Cook Islands Economic Development Strategy.

**COVID-19 Economic Recovery Budget Support - July 2021**

Total actual spend to date is NZD \$30,000,000.00

The New Zealand Ministry of Foreign Affairs and Trade acting through the New Zealand High Commission in Rarotonga provided a contribution of \$30 million to the Government of the Cook Islands to support the Cook Islands' Economic Recovery and government cash reserves. This contribution is made available under the New Zealand Aid Programme's Cook Islands programme. The contribution is managed and administered by MFEM to achieve the purposes under the Cook Islands Economic Recovery Roadmap that will greatly assist the Cook Islands to encourage economic recovery from the impacts of the COVID-19 and is treated as a general budget support.

**COVID-19 Economic Recovery Budget Support - November 2021**

Total actual spend to date is NZD \$3,491,391

In November 2021 further support was extended by the New Zealand Ministry of Foreign Affairs and Trade acting through the New Zealand High Commission in Rarotonga. A contribution of \$20 million was given to the Government of the Cook Islands to strengthen government cash reserves and to help fund the immediate and short-term costs of supporting livelihoods, social protections, core public services and COVID preparedness in the Cook Islands. The contribution is managed and administered by MFEM with \$10 million allocated to support immediate expenditure priorities through general budget support; with the balance identified to support programmes and initiatives to achieve the purposes under the Cook Islands Economic Recovery.

Japan Economic and Social Development Programme 2018

Total actual spend to date is NZD \$870,558

Using the Japan International Cooperation Systems (JICS) procurement process, all six items have completed the procurement process and contracts have been awarded. These were for excavators, water trucks, sprinkler truck for Infrastructure Cook Islands and the Ministry of Agriculture, two ambulances for the Ministry of Health and tractor truck with low bed semi-trailer for Infrastructure Cook Islands.

Procurement for the remaining three ambulances for the Ministry of Health and road sweeper for Infrastructure Cook Islands are completed. The three ambulances and the road sweeper have been received and handed over to the respective recipients. Following procurement of the above agreed items, remaining funds from the programme allowed for the procurement of an additional item from the original list. Therefore an additional excavator for the Ministry of Agriculture was added to the procurement list. This item has completed the procurement process and the contract was awarded and signed in September 2021. The excavator arrived in June 2022 and following completion of the certificate receipt, the excavator was delivered and officially handed over to the Ministry Of Agriculture.

Co-financing on the part of Government includes exemptions of relevant import VAT taxes in accordance with the VAT Act 1997 for approved ODA imports. Cook Islands Government financial procedures and procurement processes will be adhered to. Procurement under this programme is completed and the programme is now undergoing close-out processes.

Japan Economic and Social Development Programme 2020 - Covid-19 Response Assistance

Total actual spend to date is NZD \$797,383.00

The Government of Japan approved a grant of one hundred million Japanese Yen to the Cook Islands in May 2020 to assist in the procurement of medical equipment to support the Cook Islands' for building preparedness and capability in its response to COVID-19 and for strengthening the medical capacity of the Cook Islands in the long-term.

Out of the 15 priority medical equipment list submitted by the Cook Islands, JICS identified interest from suppliers in Japan to provide six specialised medical items. Using JICS procurement process, five of the six items procured have been received and handed over to Te Marae Ora, which are defibrillators, ultrasonic cleaners, ICU beds, x-ray protection screens and x-ray protection aprons. The procurement process for the remaining item, a back-up generator, has been delayed due to the need for technical drawings to be provided for change-over connections to the existing generator, concrete foundation, building permits and submission of Environmental Significance Declaration Form to the National Environment Service. Te Marae Ora is leading discussions on these matters.

Green Climate Fund – Renewable Energy Grant (Southern Group) - (ADB Administered)

Total actual spend to date is \$ 1,367,283

The Airport South BESS contract was awarded to Vector on 30 September 2018, which is to implement two units of 1.0 MW/4.0MWh (a total of 2.0MW/8.0MWh) battery energy storage system (BESS) for load shifting capability at the Rarotonga airport south. This BESS is online and maintains constant state of charge and is configured to provide network frequency and voltage support.

Travel restrictions continue to impact project progression to finalise the installation and commissioning of the Rarotonga Power Station BESS Lot 1 turnkey contract.

Operations and Maintenance (O&M) technical assistance – The O&M plan is intended to support initial O&M work, capacity building and training.

The funding mechanism for the O&M plan was discussed with ADB during a review mission held in February 2022. The review mission Aid Memoire has been agreed and is pending ADB approval.



#### Manatua Submarine Cable (ICT cable) - New Zealand Grant

Total actual spend to date is \$867,257

Avaroa Cable Ltd is the crown corporate entity that manages the Cook Islands involvement in the Manatua Cable project and its commercialisation as an international and domestic wholesale operator. ACL constructed the Cook Islands two cable landing stations and oversaw the cable procurement, construction, and deployment. The Manatua Cable has been live since July 2020 and is now carrying contracted revenue generating customer traffic, achieving 100% availability to date.

Key milestones achieved are as follows:

- ACL farewelled founding CEO Dr Ranulf Scarbrough and welcomed Mike Schwarz as CEO. Mike Schwarz joined from Australian telecoms operator Vocus Group Ltd and has extensive regional industry knowledge and submarine cable experience.
- All ACL operations in Rarotonga were relocated to its new facility in Aroa and an opening ceremony was held in May 2022. A similar formal opening ceremony is being planned for the Aitutaki cable landing station in July 2022.
- ACL has completed the fitout of a new colocation/data centre space and one new entrant to the telecommunications market has committed to using the facility for a three-year period.
- ACL continues to assist the Ministry of Transport with the draft cable protection legislation in anticipation of the next sitting of Parliament.
- ACL has completed its Statement of Corporate Intent for 2022-26 and will be making this publicly available soon.

#### Green Climate Fund Readiness

Total actual spend to date is \$622,147

Readiness 4 is predominately based on concept note development and capacity building within OPM, MFEM, BCI and the Private sector. The Readiness support is assisting BCI's accreditation to the fund. To date the Cook Islands have submitted two concept notes to GCF under the Simplified Approval Process (SAP) and Enhanced Direct Access (EDA).

The SAP Concept Note to enhance the capacity of the health system of Cook Islands to protect and improve population health in an unstable and changing climate seeks GCF financing of approximately US\$9.9 million. Objectives of the SAP proposal will assist in the following areas:

- Component 1: Strengthening the capacity and capabilities of the Ministry of Health, partners and stakeholders to integrate climate change considerations in their health operations
- Component 2: Building institutional capabilities to respond to climate change health issues and effectively deliver health services to the population of Cook Islands
- Component 3: Preventative measures to reduce health impacts from climate change in communities

The EDA Concept Note will provide direct financing for communities and businesses to respond to climate change in the Cook Islands. This proposal seeks to access approximately US\$29 million to support the following areas:

- Component 1 - build capacity at local and central Government levels and among key stakeholders which aims to support communities to increase the resilience of essential community buildings and to ensure that construction-sector activities are sustainable
- Component 2 – is the establishment of two FUNDS that will:
  1. upgrade existing private buildings to comply with the new 2019 Building Code, in particular private buildings belonging to self-employed, sole traders, and micro- and small- enterprises
  2. support communities and local governments to increase the resilience of essential community buildings

**Table 7: State Owned Enterprises (SOEs)**

	YTD Budget Estimates	Actual YTD Jun 2022	Variance to YTD Budget Estimates
	\$'000	\$'000	\$'000
<b><u>SOEs Consolidate Group</u></b>			
Trading Revenue	54,643	54,598	45
<i>Less: Expenditure</i>			
Personnel Expense	15,209	14,853	357
Operating Expense	32,706	33,354	-649
Depreciation Expense	10,567	9,555	1,012
	58,482	57,762	720
<b>Net Surplus / (Deficit)</b>	<b>-3,839</b>	<b>-3,164</b>	<b>-675</b>

The table above consolidates the June 2022 performances of Cook Islands Investment Corporation (CIIC), Airport Authority, Bank of the Cook Islands (BCI), Ports Authority, Te Aponga Uira (TAU), To Tatou Vai Ltd (TTV), Te Mana Uira O Araura (TMU) and Avaroa Cable Ltd (ACL). The consolidated group returned a net operating deficit of \$3.1 million which was \$0.7 million better than the estimated budget of \$3.8 million for the quarter ended 30 June 2022.

Trading revenues collections were lower than budgeted at a Group level as a result of the ongoing impact of Covid-19 affecting operations. With the easing of border restrictions during the quarter, trading revenue is expected to trend upwards in future periods.

This was offset by savings in Personnel and Depreciation expenditure due to vacant positions, timing of capital expenditure at year-end and overbudgeting of cost base for donor-funded assets across the Group. Overspend in Operating is mainly due to increase in fuel prices and unanticipated but critical repairs and maintenance expenditure.