



**The Government of the Cook Islands**

**Quarterly Financial Results**

**31 March 2022**

Prepared by the Ministry of Finance and Economic Management

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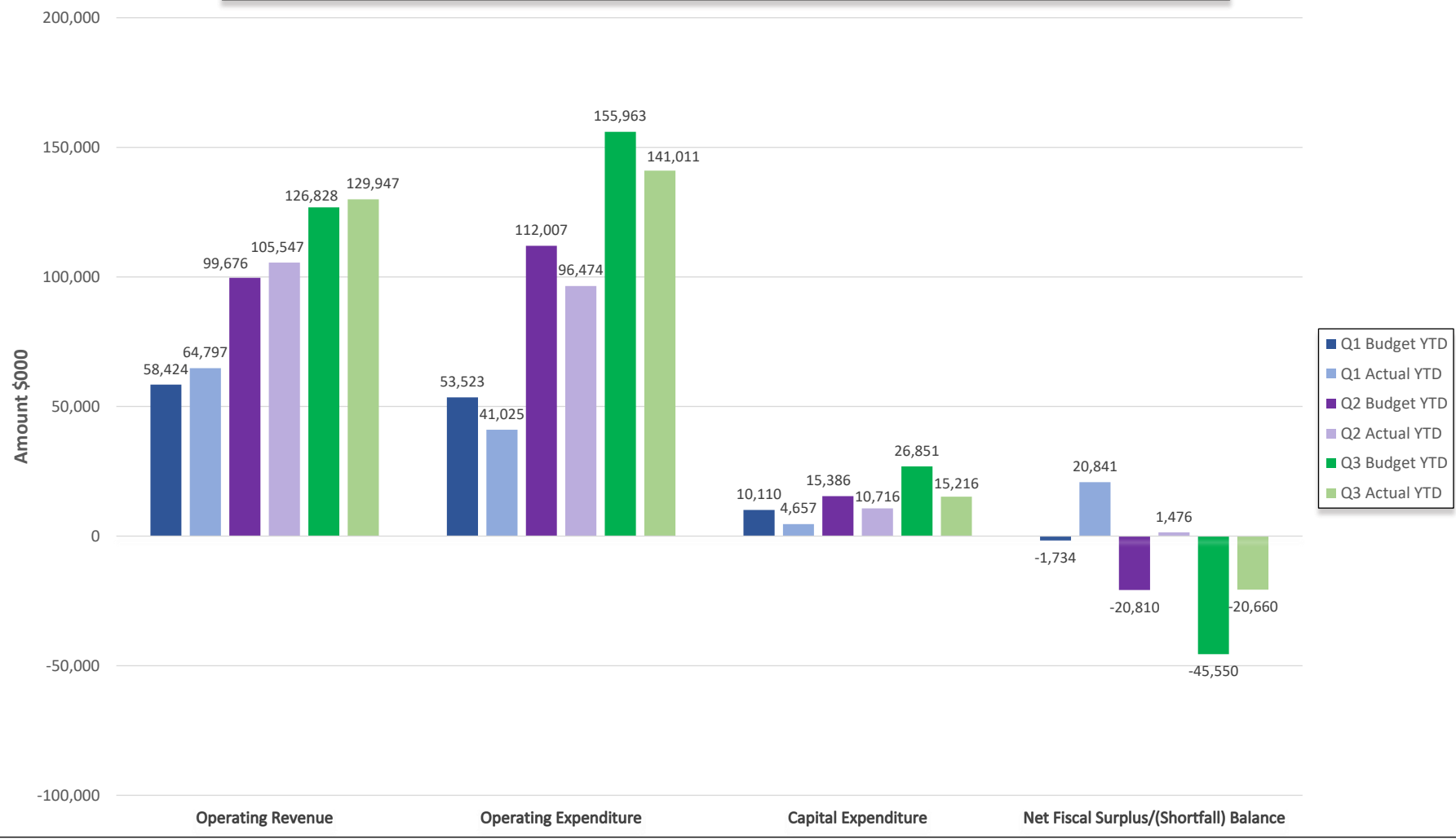
### **Basis of Preparation**

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.

### CIG Quarterly Financial Budget Vs Actual Results - Fiscal Update Year-To-Date (YTD)



**Schedule 1: Net Operating and Fiscal Balances as at 31 March 2022**

	Table	Budget Estimates Full Year 2021/22	Carry Forwards from 2020/21	Additional Funding Approval 2021/22	Total Budget & Approval	Budget YTD Mar 2022	Actual YTD Mar 2022	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2021/22
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
<b>Operating Revenue</b>	<i>1</i>								
Taxation Revenue		107,278	0	0	107,278	77,929	75,836	2,093	71%
Other Crown Revenue		42,255	0	0	42,255	37,937	42,497	-4,560	101%
Trading Revenue		4,444	0	0	4,444	2,844	3,513	-669	79%
Dividends		136	0	0	136	0	0	0	0%
Interest on Balances		391	0	0	391	293	276	17	71%
Core Sector Support		7,825	0	0	7,825	7,825	7,825	0	100%
<b>Total Operating Revenue</b>		<b>162,329</b>	<b>0</b>	<b>0</b>	<b>162,329</b>	<b>126,828</b>	<b>129,947</b>	<b>-3,119</b>	<b>80%</b>
<b>Operating Expenditure</b>									
Ministry Outputs									
Personnel		67,589	0	110	67,699	49,297	46,119	3,178	68%
Operating		18,222	130	100	18,452	13,790	11,783	2,007	64%
Administered Payments	<i>3</i>	72,819	3,283	90	76,191	67,096	59,845	7,251	79%
Depreciation		7,154	0	0	7,154	5,353	4,665	688	65%
POBOC	<i>2</i>	28,685	29	0	28,714	22,601	21,669	932	75%
Debt Interest Contribution to LRF		4,051	0	0	4,051	3,038	1,510	1,529	37%
Crown Infrastructure & Contingency Depreciation		4,603	0	0	4,603	3,452	954	2,498	21%
Transfer to Emergency Response Trust Fund		50	0	0	50	50	0	50	0%
Depreciation Contingency Fund		2,174	0	0	2,174	1,631	0	1,631	0%
Contingency Funds - Operating		100	0	130	230	92	87	4	38%
<b>Total Operating Expenses (excluding YTD Depreciation)</b>		<b>205,446</b>	<b>3,442</b>	<b>430</b>	<b>209,318</b>	<b>155,963</b>	<b>141,011</b>	<b>14,952</b>	<b>72%</b>
<b>Net Operating Surplus/(Shortfall) Balance</b>		<b>-43,118</b>	<b>-3,442</b>	<b>-430</b>	<b>-46,990</b>	<b>-29,135</b>	<b>-11,064</b>	<b>-18,071</b>	<b>24%</b>
<b>Add</b> Depreciation		13,931	0	0	13,931	10,436	5,619	4,816	40%
<b>Less</b> Capital Expenditure	<i>4</i>	32,001	5,829	0	37,830	26,851	15,216	11,635	40%
<b>Net Fiscal Surplus/(Shortfall) Balance</b>		<b>-61,188</b>	<b>-9,271</b>	<b>-430</b>	<b>-70,890</b>	<b>-45,550</b>	<b>-20,660</b>	<b>-24,889</b>	<b>29%</b>

#### At a Glance: Fiscal Position

\* General Government's net fiscal balance for the quarter ended 31 March 2022 improved by \$24.9 million compared to the budget estimate of \$45.6 million shortfall. Higher revenue collections of \$3.1 million contributed to the improvement in Government's net fiscal balance, in addition cost savings in Operating Expenses (of \$15 million), Depreciation (of \$4.8 million) and Capital Expenditure (of \$11.6 million).

\* Government's Net Operating Position: The net operating balance for the quarter ended 31 March 2022 was a deficit of \$11.1 million. This deficit was an improvement of \$18.1 million compared to the budget estimate deficit of \$29.1 million. The improvement in the net operating balance was primarily due to unanticipated revenue received and effective monitoring of budget expenditure.

\* Operating Revenue: Total operating revenue collected was \$3.1 million higher than anticipated for the quarter ended 31 March 2022. This was primarily due to Vested Asset funds received from the Financial Supervisory Commission (FSC) of \$5 million which was not included in the original revenue forecasts for the financial year, followed by MMR fisheries revenue, EU Agreement of \$1.5 million, MFEM's circulation of currency - coins of \$0.5 million, and consolidated excess trading revenue of \$0.7 million from Government Agencies & Island Governments above budget estimates. These were offset against lower than anticipated taxation revenue collected of \$2.1 million compared to the 2021/22 budget estimates. Direct taxation revenue, which consists of income tax, company tax, withholding tax, have been revised downwards due to the ongoing impacts of Covid-19 and tax measures implemented through the Economic Response Plan (ERP). Indirect taxation revenue which are VAT, departure tax, import duties, are expected to provide a steady increase in revenue collection from tourism volumes and overall imports. Despite the official opening of the borders in January 2022 for the quarter ended, company tax and departure tax collected were considerably lower than their budget estimates. This was due to low business confidence from employers which reduced provisional tax collected and lower tourism numbers than expected. Other taxes such as VAT, import duties and withholding tax were on track against their budget estimates, while individual income tax collected was more than expected due to tax compliance activities and steady PAYE contributions from larger employers. With the announcement of additional flights and easing of travel restrictions for other countries in future, operating revenues are expected to trend upwards for Government. Refer to Table 1 - Revenue on Behalf of Crown (ROBOC) for more information.

\* Operating Expenditure: General Government operating expenditure adjusted for depreciation, for the quarter ended 31 March 2022 was lower than estimated by \$15 million. This was mainly due to underspends in Government Agencies and Island Governments operating and personnel budgets totalling \$5.2 million; as a result of unfilled vacancies and effective cost management practices. The expenditure through Administered Payments was also below budget by \$7.3 million primarily attributed to cost savings in Marketing Resources – Tourism Growth Strategy (of \$2.2 million), with all other Administered Payments below their respective budgets. In addition, POBOC expenditure saw cost savings of \$0.9 million for the quarter despite expenditure for POBOC Civil List-Personnel reporting an overspend (over by \$0.04 million). The remaining cost savings totalling \$1.6 million 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.

\* Capital Expenditure: Capital expenditure was lower than budgeted by \$11.6 million for the quarter ended 31 March 2022. In terms of the annual budget of \$37.8 million this was a low utilisation (of 40 per cent) in the third quarter, due to limited capacity within Government to implement projects in a timely manner, with the ongoing Covid-19 pandemic affecting resourcing and logistical constraints. These factors have hindered our ability to implement scheduled projects planned on both Rarotonga and the Pa Enea. Significant underspends for the quarter were mostly attributed to Road Asset Management (of \$3.2 million), Government Building Projects - CIIC (of \$1.5 million) followed by various underspends in other capital projects. Refer to Table 4 - Capital Expenditure for more information.

**Schedule 2: Cash Reserves General Government 31 March 2022**

		31 Mar 2022 YTD	31 Dec 2021 YTD	Variance
		\$'000	\$'000	\$'000
<i>Cash At Bank</i>				
Term Deposits and Trust Accounts		158,677	109,012	49,665
Operational Bank Accounts		20,572	65,930	(45,358)
Foreign Exchange Reserves		-	-	-
<b>Total Cash Reserves</b>		<b>179,249</b>	<b>174,942</b>	<b>4,307</b>
<i>Committed:</i>				
Loan Repayment Fund <sup>1</sup>	LRF Act 2014	16,905	19,757	(2,852)
Outer Islands Reserves <sup>2</sup>	IG Act 2012	2,778	2,210	567
Disaster Response Fund <sup>3</sup>	Trust Fund	44,505	7,038	37,467
Infrastructure Trust Fund <sup>4</sup>	Trust Fund	1,987	1,987	-
Aid Trust Fund <sup>5</sup>	Trust Fund	34,665	38,745	(4,080)
Land/Law Trust/Other Agency Trust Fund <sup>6</sup>	Trust Fund	13,317	11,310	2,007
Trust Account Deposits <sup>7</sup>	Trust Fund	3,615	3,615	-
<b>Total Committed Funds</b>		<b>117,772</b>	<b>84,662</b>	<b>33,110</b>
<i>Other General Funds:</i>				
Government Department/Agencies Bank Accounts	General Fund	4,728	7,227	(2,500)
Vat/Tax Imprest and Customs Bonds Account <sup>8</sup>	General Fund	2,111	3,496	(1,385)
General Reserves - Legacy	General Fund	3,544	3,544	-
<b>Total Other General Funds</b>		<b>10,382</b>	<b>14,267</b>	<b>(3,885)</b>
<b>Estimated General Cash Reserve</b>		<b>51,095</b>	<b>76,012</b>	<b>(24,917)</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

	31 Mar 2022 YTD
	\$'000
<b>Opening LRF Balance</b>	20,458
Contribution to LRF Principal	9,360
Contribution to LRF Interest	4,051
<b>Total Transfer into LRF by General Government</b>	33,869
Realised Gain/(Loss) on Foreign Exchange	(254)
Interest earned by LRF	297
<b>Total Inflows/(Outflows)</b>	43
Principal paid out of LRF	13,414
Interest paid out of LRF	3,594
<b>Total Outflows</b>	17,007
<b>Closing LRF Balance</b>	<b>16,905</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 March 2022 Quarter	430
<b>Total Balance</b>	<b>4,070</b>
<b>Executive Council Orders Authority</b>	<b>\$'000</b>
Patient Referral top up	300
Operating Contingency top up	130
<b>Total Executive Council Orders Authority as at 31 March 2022.</b>	<b>430</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)**

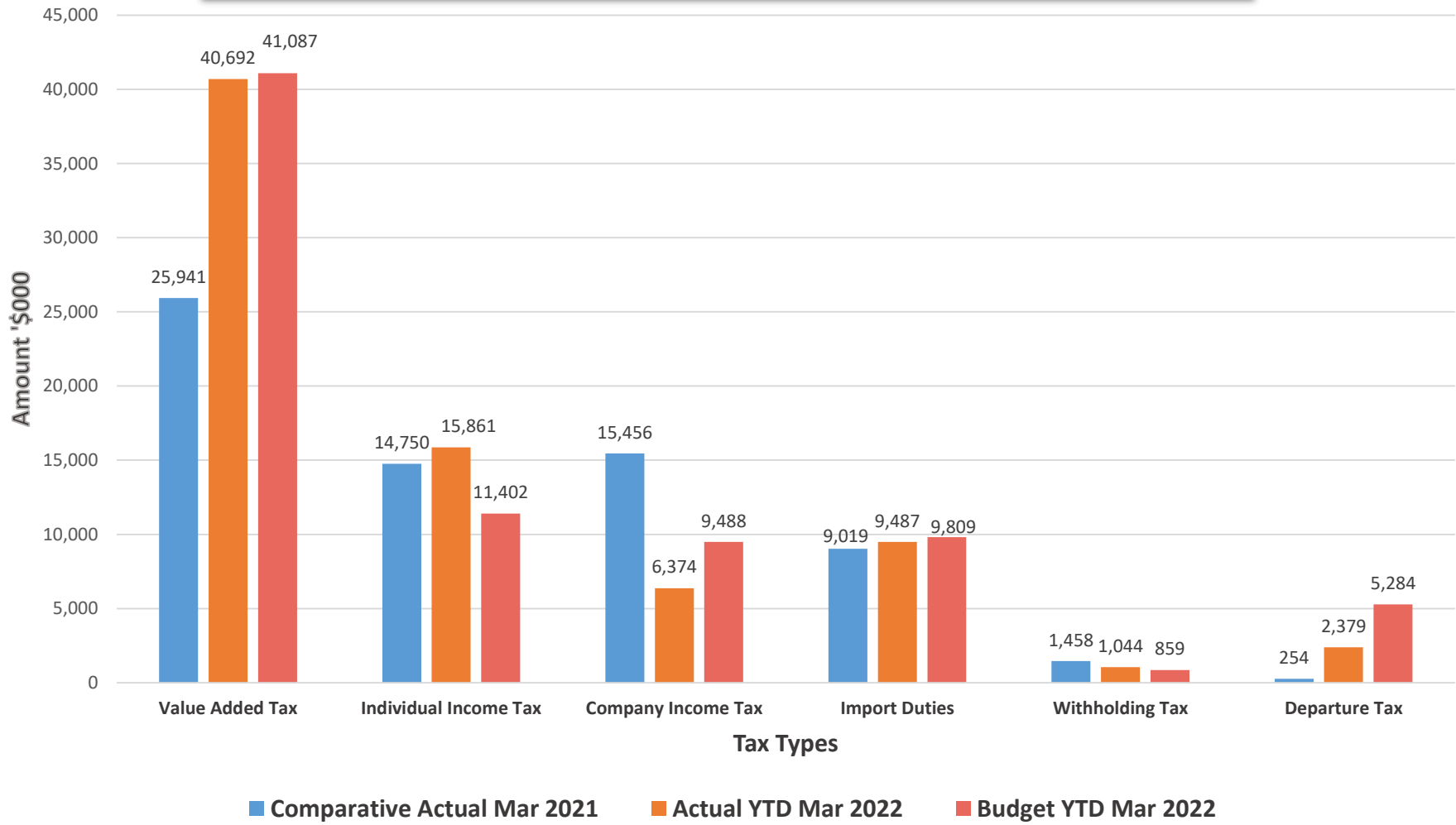
	Budget Estimates Full Year 2021/22	Additional Funding Approval 2021/22	Total Budget & Approval	Budget YTD Mar 2022	Actual YTD Mar 2022	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2021/22
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
<b>Taxation Revenue</b>							
Value Added Tax	54,602	-	54,602	41,087	40,692	395	75%
Individual Income Tax	17,036	-	17,036	11,402	15,861	-4,459	93%
Company Income Tax	14,277	-	14,277	9,488	6,374	3,114	45%
Import Duties	12,873	-	12,873	9,809	9,487	322	74%
Withholding Tax	1,202	-	1,202	859	1,044	-185	87%
Departure Tax	7,288	-	7,288	5,284	2,379	2,905	33%
	<b>107,278</b>	-	<b>107,278</b>	<b>77,929</b>	<b>75,836</b>	<b>2,093</b>	<b>71%</b>
<b>Other Revenue</b>							
FSC - Vested Assets	-	-	0	0	4,978	-4,978	0%
Financial Supervisory Commission - Return of Excess	159	-	159	119	150	-31	94%
Immigration Fees	480	-	480	477	457	20	95%
IMO Subscription - Maritime Cook Islands	66	-	66	50	0	50	0%
Court Services	30	-	30	22	55	-33	183%
Instant Fines	40	-	40	30	38	-8	96%
US Fisheries Treaty (upfront days)	3,243	-	3,243	2,162	1,763	399	54%
EU Agreement	400	-	400	0	1,539	-1,539	385%
Purse seine fishery	2,260	-	2,260	1,507	0	1,507	0%
Longline Licenses and QMS	3,000	-	3,000	1,800	885	915	30%
Other fisheries and auxiliary vessel licensing	160	-	160	107	96	11	60%
Research Fees	2	-	2	1	0	1	32%
Permits	10	-	10	8	17	-9	164%
Bank of the Cook Islands Dividends	136	-	136	0	0	0	0%
Numismatics	450	-	450	338	423	-86	94%
Circulating Currency - Coins	5	-	5	4	516	-513	10330%
Drivers License Fees	100	-	100	75	142	-67	142%
Motor Vehicle Registration	875	-	875	656	196	460	22%
Interest on Balances (Crown)	391	-	391	293	276	17	71%
Interest on Balances - Loan Reserve Fund	191	-	191	143	0	143	0%
Foreign Investment Fees	32	-	32	23	18	4	57%
Upper Air Management Agreement	170	-	170	128	57	70	34%
Shipping Registration	92	-	92	69	47	22	51%
International Shipping Licence	15	-	15	11	0	11	0%
Liquor Licencing	30	-	30	23	34	-12	115%
Tattslotto Grants	120	-	120	90	159	-69	132%
Censorship Fees	1	-	1	1	0	0	41%
Land Court Fees	125	-	125	93	77	16	61%
Motor Vehicle Dealers	3	-	3	2	3	-1	109%
SIOFA - Regional Fisheries Management Organisations	179	-	179	0	184	-184	103%
SPRFMO - Regional Fisheries Management Organisations	17	-	17	0	0	0	0%
General Budget Support	30,000	-	30,000	30,000	30,000	0	100%
Core Sector Support	7,825	-	7,825	7,825	7,825	0	100%
Other Revenue on Behalf of Crown	0	-	0	0	662	-662	0%
	<b>50,607</b>	-	<b>50,607</b>	<b>46,055</b>	<b>50,599</b>	<b>-4,543</b>	<b>100%</b>
<b>Total ROBOC</b>	<b>157,884</b>	-	<b>157,884</b>	<b>123,984</b>	<b>126,434</b>	<b>-2,450</b>	<b>80%</b>
Government Agencies & Island Governments Trading Revenue	4,444	-	4,444	2,844	3,513	-669	79%
<b>Total Operating Revenue</b>	<b>162,329</b>	-	<b>162,329</b>	<b>126,828</b>	<b>129,947</b>	<b>-3,119</b>	<b>80%</b>

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

	Comparative Actual Mar 2021	Actual YTD Mar 2022	Year on Year	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	25,941	40,692	14,750	57%	VAT collected was up 57 per cent from a year ago but slightly down against year-to-date (YTD) budget estimate. VAT contributions from imports (retail, wholesale, fuel and gas) and non-tourism activities were lower than expected for the quarter. Despite the opening of the borders in January 2022, low VAT contributions from tourism-based activities also reported due to lower than expected tourism numbers.
Individual Income Tax	14,750	15,861	1,111	8%	Individual Income Tax was up 8 per cent from a year ago and up 39 per cent against YTD budget estimate, due to a result of compliance activities (taxpayers entering into payment arrangement to pay off existing debt) and steady PAYE contributions from larger employers.
Company Income Tax	15,456	6,374	-9,082	-59%	Company Income Tax was down 59 per cent from a year ago and down 33 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	9,019	9,487	468	5%	Customs Tax was up 5 per cent from a year ago but slightly down 3 per cent against YTD budget estimate. The level of import duty collected and goods imported during this quarter was lower than expected.
Withholding Tax	1,458	1,044	-414	-28%	Withholding Tax was down 28 per cent from a year ago but up 22 per cent against YTD budget estimate. This indicates that taxpayers distributed more dividends and/or paid interest on foreign loans than what was anticipated during the quarter.
Departure Tax	254	2,379	2,124	835%	Departure Tax was up significantly in comparison to a year ago but down 55 per cent against YTD budget estimate, despite the opening of the borders in January 2022, which did not provide an influx of outbound passengers than expected.

	Comparative Actual Mar 2021	Actual YTD Mar 2022	Year on Year	Year on Year	Note: Comments are provided on Other Revenue items that have generated % significant revenue compared to the budget estimate.
Other Revenue items	\$'000	\$'000	\$'000		
FSC - Vested Assets	8,264	4,978	-3,285	-40%	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	0	516	517	-184364%	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)	2,831	1,763	-1,068	-38%	Fisheries US Treaties revenue was down 38 per cent from a year ago and down 23 per cent against YTD budget estimate. This was due to timing of receiving the cash revenue in this quarter, which will be captured in final quarter reporting, pertaining to number of vessel days the US purchased from the Cook Islands.
EU Agreement	-	1,539	1,539	0%	There was no separate line for EU Agreement revenue in prior year as this was amalgamated with Fishing Licences revenue. Actual collected in prior quarters were NZD \$972,938 and NZD \$562,249. It is expected further payments will be received in the final quarter.
SIOFA - Regional Fisheries Management Organisations	-	184	184	0%	The \$0.18 million reported for the quarter was from both SIOFA and SPFMO. The two companies paid 50% each (\$91,761 @2) and this is the total expected to be received for the whole year. Total annual budget is \$0.19 million.
Tattslotto Grants	161	159	-2	-1%	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 \$0.03 million. Final payments are expected to be collected in the last quarter.
General Budget Support	-	30,000	30,000	0%	The Government received \$30 million during the first quarter from the New Zealand Government as General Budget Support. This amount was budgeted for and was received in full in the month of August 2021. In November 2021 or prior quarter, additional funding was further extended by the NZ Government; \$10 million allocated to support the economic recovery. This funding was allocated as financial support towards general operations of the Government.

## CIG Tax Revenue Year over Year (YoY) March 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	Budget YTD Mar 2022	Actual YTD Mar 2022	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2021/22
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Airport Authority Subsidy	2,048	-	-	2,048	1,536	1,536	0	75%
Audit Fees	96	-	-	96	96	8	88	8%
Bank of the Cook Islands - Social Assistance Subsidy	128	-	-	128	128	128	0	100%
BEPS Subscription	35	-	-	35	35	0	35	0%
Carer Order Payment	10	-	-	10	10	0	10	0%
Child Benefit	5,566	-	-	5,566	4,406	4,275	132	77%
CIG Insurance	40	-	-	40	40	28	12	69%
Civil List - Constituency Visits	170	-	-	170	160	160	0	94%
Civil List - Personnel	2,902	-	-	2,902	2,114	2,152	-39	74%
Competition and Regulatory Authority	621	-	-	621	465	414	52	67%
Government Paid Maternity Leave	150	-	-	150	119	81	38	54%
House of Ariki	348	29	-	378	301	295	6	78%
Infirm/Destitute Benefit	1,232	-	-	1,232	977	977	0	79%
International Subscriptions	890	-	-	890	708	555	153	62%
IMO - Maritime Organisation	63	-	-	63	63	0	63	0%
Maritime Radio Coverage	120	-	-	120	120	79	41	66%
MP Travel and Allowances (local and overseas)	180	-	-	180	164	120	44	67%
New Born Allowance	243	-	-	243	192	155	37	64%
Old Age Benefit	13,026	-	-	13,026	10,312	10,260	52	79%
Pacific Catastrophe Risk Insurance	160	-	-	160	160	146	14	91%
Parliamentary Sitting Expenses	200	-	-	200	157	74	82	37%
Parliamentary Superannuation	180	-	-	180	135	76	59	42%
PERC Salaries and Administration Costs	58	-	-	58	43	29	14	50%
Ports Authority Subsidy	110	-	-	110	73	73	0	67%
QR Travel and Allowances (local and overseas)	109	-	-	109	85	48	37	44%
	<b>28,685</b>	<b>29</b>	<b>-</b>	<b>28,714</b>	<b>22,601</b>	<b>21,669</b>	<b>932</b>	<b>75%</b>

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

	Full Year Budget	Actual YTD Mar 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>
Airport Authority Subsidy	2,048	1,536	75%	50%	Total bulk funded for the quarter year to date (YTD) was 75% against total annual budget, up approximately 25% from previous quarter. Currently on track within budget estimates. This funding ensures the daily maintenance and operations for Aitutaki and Rarotonga's airport facilities are carried out to a high standard. It is expected with the recent opening of the travel borders in January 2022 and daily flights being reinstated, there will likely be an increase in operational activities in future months which this funding will assist the Airport Authority.
Child Benefit	5,566	4,275	77%	53%	Total spent for the quarter YTD was 77% against total annual budget, up approximately 24% from previous quarter. All spending is expected to come within budget at end of the financial year.
Civil List - Personnel	2,902	2,152	74%	49%	Total spent for the quarter YTD was 74% against total annual budget, up approximately 25% from previous quarter. Despite the overspend reported in the quarter, this is for the payment of salaries and allowances to the Queen's Representative and Members of Parliament, as per the Remuneration Tribunal Order 2019. All spending is expected to come within budget at end of the financial year.
Infirm/Destitute Benefit	1,232	977	79%	54%	Total spent for the quarter YTD was 79% against total annual budget, up approximately 25% from previous quarter. Currently operating within budget estimates. An increase of \$400 per month for the infirmity benefit was recently passed in Parliament as reported in previous quarter.
Old Age Benefit	13,026	10,260	79%	53%	Total spent for the quarter YTD was 79% against total annual budget, up approximately 25% from previous quarter. Currently operating within budget estimates. All spending is expected to come within budget at end of the financial year.

**Table 3: Administrative Payments**

	Budget Estimates Full Year 2021/22	Carry Forwards from 2020/21	Additional Funding Approval 2021/22	Total Budget & Approval	Budget YTD Mar 2022	Actual YTD Mar 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	0	0	0	0%
Asian Infrastructure Investment Bank (AIIB) Membership	31	-	-	31	0	0	0	0%
Airline Underwrite	6,500	-	-5,500	1,000	0	0	0	0%
Border Management System Maintenance	155	155	-	311	155	0	155	0%
Bridges and Drainage Maintenance	740	-	-	740	555	111	444	15%
Bus Service	26	-	-	26	19	15	5	56%
Caregivers Allowance	465	-	-	465	381	368	13	79%
Christmas Bonus	346	-	-	346	346	340	6	98%
CISNOC Grant	370	-	-	370	370	370	0	100%
Community Support Fund	100	-	-	100	100	60	40	60%
Cook Islands Cultural Fund	150	-	-60	90	70	35	35	39%
Cook Islands Student Association Support	10	10	-	20	20	10	10	50%
COVID-19 Economic Response Plan - MFM	0	2,781	-2,428	352	352	352	0	100%
COVID-19 Medical Response Fund	3,000	-	-	3,000	2,900	2,887	13	96%
Debt Advisory Services	60	-	-60	0	0	0	0	0%
Domestic Hosting Entertainment	15	-	-	15	15	14	1	92%
Economic Recovery Roadmap	33,500	-	7,928	41,428	38,628	38,507	122	93%
EIA Process	150	-	-	150	113	50	63	33%
Emergency Work	200	-	-	200	167	45	122	22%
Fisheries Development Facility	200	-	-	200	200	194	6	97%
FMIS Maintenance	80	-	-	80	80	49	31	61%
Funeral Assistance Allowance	170	-	-	170	135	118	17	69%
Government Broadband Utilities	30	-	-	30	23	17	6	56%
Government Facilities Development Division	420	-	-	420	420	405	15	96%
Government Funded Scholarships	780	-	-	780	655	560	95	72%
Head of State Rent	13	-	-	13	13	7	6	50%
HOM's Salaries	1,940	-	-	1,940	1,455	1,410	45	73%
ICT Support Team	183	-	-	183	169	154	15	84%
Infrastructure Committee	100	-	-	100	100	86	14	86%
Internal Affairs Youth Program	45	-	-	45	34	26	7	58%
Joint Venture with Seabed Minerals Authority	50	-	-	50	8	5	3	10%
Judge's Allowances	400	-	-	400	304	118	186	30%
Land Records Update Project	120	-	-	120	85	47	38	39%

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

	Budget Estimates Full Year 2021/22	Carry Forwards from 2020/21	Additional Funding Approval 2021/22	Total Budget & Approval	Budget YTD Mar 2022	Actual YTD Mar 2022	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2021/22
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Lease Extension	72	-	-	72	54	27	27	38%
Legal Aid	40	-	-	40	40	4	36	10%
Legal Provisions	251	-	-	251	251	103	148	41%
Management of Suwarrow Park	100	-	-	100	75	61	14	61%
Marae Moana Ambassador	60	-	-	60	45	45	0	75%
Marketing Resources - Tourism Growth Strategy	4,500	-	-	4,500	3,273	1,039	2,234	23%
National Events	500	100	60	660	647	627	20	95%
National Census	300	-	-	300	300	244	56	81%
National Heritage Trust	122	-	-	122	92	87	5	71%
NCD Fund	195	-	-	195	195	40	155	21%
Pa Enea Machinery Maintenance Fund	100	-	-	100	85	56	29	56%
Pa Enea Mechanical Overseer	100	-	-	100	83	60	23	60%
Patient Referrals	850	-	300	1,150	1,000	959	41	83%
Pharmaceuticals	1,168	-	-	1,168	1,168	1,007	161	86%
PM Social Responsibility Fund	363	-	-	363	363	363	0	100%
Police Youth Program	45	-	-	45	34	0	33	1%
Post Tax Amnesty Work	0	167	-	167	167	0	167	0%
Power Subsidy	85	-	-	85	63	56	8	66%
Price Tribunal Committee	60	-	-	60	60	8	52	13%
Private School Funding - Aitutaki SDA	207	-	-	207	160	160	0	77%
Private School Funding - Blackrock	93	-	-	93	72	72	0	77%
Private School Funding - Creative Centre	143	-	-	143	110	108	2	75%
Private School Funding - Immanuela Akatemia	242	-	-	242	184	184	0	76%
Private School Funding - Nukutere	690	-	-	690	523	513	10	74%
Private School Funding - Papaaroa	298	-	-	298	230	230	0	77%
Private School Funding - St. Josephs	487	-	-	487	374	371	3	76%
Private School Funding - Te Uki Ou	577	-	-	577	445	445	0	77%
Production of new currency, transportation and sale of old coins	15	-	-	15	15	2	13	15%
Provision for Inter-Island Shipping	500	-	-	500	371	322	49	64%
Provision for Land Rentals	500	-	-	500	450	356	94	71%
Public Sector Strengthening - Process & Systems	150	-	-50	100	53	11	41	11%
QR Social Responsibility Fund	8	-	-	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	Total Budget & Approval	Budget YTD Mar 2022	Actual YTD Mar 2022	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2021/22
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Red Cross	50	-	-	50	50	7	43	14%
Religious Advisory Council	10	-	-	10	10	5	5	48%
Remuneration Tribunal Committee	20	-	-	20	20	0	20	0%
Returned Services Association	5	-	-	5	5	0	5	0%
Road and Civil Maintenance	850	-	-	850	650	388	262	46%
School Security	180	-	-	180	172	160	12	89%
Seabed Minerals Compliance Development	45	-	-	45	45	0	45	0%
Seabed Minerals Sector Development	100	70	-	170	160	27	133	16%
Search and Rescue	20	-	-	20	15	0	15	2%
Serious Crime Investigations	100	-	-	100	75	47	28	47%
SIF - CIG Contribution	1,000	-	-	1,000	1,000	944	56	94%
Special Assistance Projects	250	-	-	250	198	169	29	67%
Special Investigative & Prosecution Services	30	-	-	30	30	23	7	77%
Special Select Committee	150	-	-	150	112	5	106	3%
State Events	20	-	-	20	20	11	9	57%
Standard and Poors Subscription	70	-	-	70	70	70	0	100%
Subsidy of audio/visual broadcasting in Pa Enua	45	-	-	45	45	0	45	0%
Tarai Vaka Fund	20	-	-	20	20	0	20	2%
Tax Law Review	80	-	-	80	80	64	16	80%
Te Kopapa Reo Maori Board	15	-	-	15	12	10	2	70%
Te Kukupa - Fuel Contribution	250	-	-100	150	147	30	118	20%
Tertiary Training Institutions	1,160	-	-	1,160	883	789	94	68%
The Centre of Excellence in Information Technology (CEIT)	100	-	-	100	89	53	36	53%
The Centre of Research and Policy Studies	80	-	-	80	60	0	60	0%
To Tatou Vai - Administered Payment	3,000	-	-	3,000	2,700	2,109	591	70%
Universal Access Fund	400	-	-	400	300	0	300	0%
University of the South Pacific Contribution	205	-	-	205	187	116	71	57%
Vaka Maintenance	400	-	-	400	300	298	2	74%
Waste Management	730	-	-	730	547	447	101	61%
Workforce Development	234	-	-	234	234	146	88	63%
	<b>72,819</b>	<b>3,283</b>	<b>90</b>	<b>76,191</b>	<b>67,096</b>	<b>59,845</b>	<b>7,251</b>	<b>79%</b>



**Table 3: Administrative Payments Commentary**

	Full Year Budget	Actual YTD Mar 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>
Airline Underwrite	1,000	0	0%	0%	\$5.5 million of the Airline Underwrite's \$6.5 million annual budget was transferred during the quarter, to the Economic Recovery Roadmap budget (ERR), to supplement the continuation of the wage subsidy and sole trader/business grant measures. No spending to date of this budget, which will continue to be monitored to cover any possible underwrite payments before end of the financial year.
COVID-19 Medical Response Fund	3,000	2,887	96%	70%	Total spent for the quarter year to date (YTD) was 96% against total annual budget, up approximately 26% from previous quarter. Costs associated includes the continuing vaccination rollouts to Rarotonga and the Pa Enua, managed isolation quarantine facilities, isolation welfare packs, reimbursements of Covid-19 PCR tests as well as administrative expenditure. This budget is expected to be fully utilise in the final quarter.
Economic Recovery Roadmap	41,428	38,507	93%	71%	Total spent for the quarter YTD was 93% against total annual budget, up approximately 21% from previous quarter. This includes additional budget approved of \$7.9 million. Costs associated includes further support to the wage subsidy and sole trader/business grant measures, which may expect to continue in the month of April of the final quarter, due to slow growth in the economy than anticipated. With the arrival of Covid-19 to the Cook Islands, the isolation income support was newly introduced under ERR, to provide income support to people unable to work due to Isolation and Quarantine Orders, so that people do not have to worry about making ends meet if tested positive, and also compensates people for a loss of (some) income suffered as a result of complying with Orders that are not their fault.
HOM's Salaries	1,940	1,410	73%	48%	Total spent for the quarter YTD was 73% against total annual budget, up approximately 25% from previous quarter. This budget will continue to be monitored before the end of the financial year.
Marketing Resources - Tourism Growth Strategy	4,500	1,039	23%	12%	Total spent for the quarter YTD was 23% against total annual budget, up approximately 12% from previous quarter. Tourism numbers for the quarter were less than expected, despite the opening of the borders in January 2022 to and from New Zealand. With the opening of other international borders in future, and easing of travel restrictions, it is expected this budget will be utilize before the end of the financial year, to mobilize operations of marketing tourism and growth to the Cook Islands.

Patient Referrals	1,150	959	83%	76%	Total spent for the quarter YTD was 83% against total annual budget, up approximately 8% from previous quarter. There have been 25 domestic medical repatriation flights, and 34 overseas transfers of which two required Air Ambulance Charters to NZ for critical patients. It is expected that MOH may require additional funding in the final quarter over this budget, to cover further medical repatriations requirements domestically and overseas. The budget will continue to be monitored before end of the financial year.
Pharmaceuticals	1,168	1,007	86%	65%	Total spent for the quarter YTD was 86% against total annual budget, up approximately 21% from previous quarter. Significant spending occurred in the first half of the year which saw 65% of the budget spent. This was due to the additional costs of preparing for covid-19 and ensuring related supplies and administered medication were on hand to protect and combat the virus. It is expected that MOH may require further funding to ensure essential medical supplies are sufficient to meet demand.
SIF - CIG Contribution	1,000	944	94%	58%	Total spent for the quarter YTD was 94% against total annual budget, up approximately 36% from previous quarter. This is currently tracking against appropriation and is expected to be fully utilised by financial year end. The purpose of this funding is to provide funding to various NGO's within the community to support programme initiatives such as areas associated with gender, children & youth, elderly, disabled, domestic violence and mental health.
Tertiary Training Institutions	1,160	789	68%	35%	Total spent for the quarter YTD was 68% against total annual budget, up approximately 33% from previous quarter. Currently within budget estimates, due to savings from vacant positions and operations. It is expected additional expenses will come in the final quarter of the financial year.
To Tatou Vai - Administered Payment	3,000	2,109	70%	49%	Total spent for the quarter YTD was 70% against total annual budget, up approximately 22% from previous quarter. This is currently within appropriation. There have been a number of maintenance checks with the water intakes around the island, increasing costs associated with this. The establishment of this fund is to manage and operate water intake/treatment and delivery network to the wider community of Rarotonga.

**Table 4: Capital Expenditures**

	Budget Estimates Full Year 2021/22	Carry Forwards from 2020/21	Additional Funding Approval 2021/22	Total Budget & Approval	Budget YTD Mar 2022	Actual YTD Mar 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	-	-	147	102	55	47	37%
Aitutaki Capital Funding	16	-	-	16	16	0	16	0%
Aitutaki Harbour Dredging	1,000	-	-	1,000	713	313	401	31%
Arorangi Prison Remedial Works	150	-	-	150	150	93	57	62%
Atiu Capital Funding	12	-	-	12	12	0	12	0%
Bridges and Structures Asset Management and Improvement	3,250	1,676	-	4,926	3,650	3,621	29	73%
Capital Distribution Fund	230	-	-	230	230	105	125	46%
COVID-19 Response Fund - Capital Needs	1,400	-	-	1,400	800	177	623	13%
CT Scanner	0	519	-	519	519	519	0	100%
Drainage Asset Management and Improvement Programme	1,950	-	-	1,950	1,950	1,773	177	91%
Emergency Management and Support Infrastructure	0	1,301	-	1,301	1,201	1,171	29	90%
FMIS Purchase and Implementation	300	-	-	300	185	176	9	59%
Fund to be Prioritised by Education	300	-	-	300	147	141	6	47%
Fund to be Prioritised by Health for Technical Equipment	300	-	-	300	200	164	36	55%
Government Building Projects - ICI	1,000	761	-	1,761	1,361	3	1,358	0%
Government Building Projects - CIIC	2,200	-	-	2,200	2,200	680	1,520	31%
Government IT Network	1,600	161	-	1,761	1,587	1,567	20	89%
Health ICT Upgrade	0	35	-	35	35	5	31	13%
Land Acquisition	700	-	-	700	700	0	700	0%
Local Data Server	50	-	-	50	50	0	50	0%
Mangaia Capital Funding	12	-	-	12	8	5	3	42%
Manihiki Capital Funding	10	-	-	10	8	0	8	0%
Mauke Capital Funding	10	-	-	10	8	0	8	0%
Mitiaro Capital Funding	8	-	-	8	6	5	1	58%

**Table 4: Capital Expenditures Cont'd**

	Budget Estimates Full Year 2021/22	Carry Forwards from 2020/21	Additional Funding Approval 2021/22	Total Budget & Approval	Budget YTD Mar 2022	Actual YTD Mar 2022	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2021/22
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Pa Enea Government Building Projects - Northern Group	550	-	-	550	338	247	91	45%
Pa Enea Government Building Projects - Southern Group	400	-	-	400	400	294	106	73%
Pa Enea Air Infrastructure Improvement Programme (CIG)	128	1,135	-	1,264	342	179	163	14%
Pa Enea Marine Infrastructure Improvement Programme	1,700	-	-	1,700	0	0	0	0%
Pa Enea Capital Distribution Fund	300	-	-	300	300	0	300	0%
Palmerston Capital Funding	10	-	-	10	8	1	7	10%
PCR Laboratory	0	127	-	127	127	40	87	31%
Penrhyn Capital Funding	12	-	-	12	9	0	9	0%
Prison Development Programme	50	-	-	50	25	0	25	0%
Pukapuka Capital Funding	12	-	-	12	9	0	9	0%
Rakahanga Capital Funding	8	-	-	8	8	4	4	52%
Rarotonga Cyclone Shelters - Remediation	100	-	-	100	100	7	94	7%
Renewable Energy Project Management and Support	321	-	-	321	183	107	76	33%
Revenue Management System Upgrade (RMS10)	1,830	-	-	1,830	915	38	877	2%
Road Asset Management	7,000	-	-	7,000	5,800	2,581	3,219	37%
Team Mate Software Upgrade	35	-	-	35	35	0	35	0%
Te Mato Vai - Rarotonga Water Upgrade	1,000	-	-	1,000	738	738	0	74%
To Tatou Vai - Capital	3,000	-	-	3,000	1,237	183	1,053	6%
Vaka Maintenance Capital Projects	50	-	-	50	50	0	50	0%
Waste Management Infrastructure Improvement Programme	200	-	-	200	100	16	84	8%
Water and Sanitation Infrastructure Improvement Programme	650	114	-	764	290	209	81	27%
	<b>32,001</b>	<b>5,829</b>	<b>0</b>	<b>37,830</b>	<b>26,851</b>	<b>15,216</b>	<b>11,635</b>	<b>40%</b>

**Table 4: Capital Expenditure Commentary**

	Full Year Budget	Actual YTD Mar 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>
Aitutaki Harbour Dredging	1,000	313	31%	23%	Formerly known as Aitutaki Island Plan and Orongo Development Project, total spent for the quarter year to date (YTD) was 31% against total annual budget, up approximately 8% from previous quarter. The dredging project is a key component to encourage tourism growth by upgrading key public infrastructure facilities and natural attractions on Aitutaki. Dredging work has resumed after approval from relevant environment bodies, due to expressed concerns from residents over the legality of the work in the harbour basin. Despite the delay, the project is on track and expected to have dredging and reclamation work of the first stage completed by August this year.
Bridges and Structures Asset Management and Improvement	4,926	3,621	73%	55%	Total spent for the quarter YTD was 73% against total annual budget, up approximately 19% from previous quarter. Majority of spending to date pertains to scheduled works to the ongoing Empire Bridge Replacement Project, expected to be completed in the final quarter before end of the financial year.
COVID-19 Response Fund - Capital Needs	1,400	177	13%	0%	Total spent for the quarter YTD was 13% against total annual budget, up 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. It is expected future expenditure is likely to be incurred in the final quarter before end of the financial year, in order to further strengthen the Cook Islands border, quarantine and health response to Covid-19.
Drainage Asset Management and Improvement Programme	1,950	1,773	91%	78%	Total spent for the quarter YTD was 91% against total annual budget, up approximately 13% 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 to date relates to scheduled works on various parts of the island including Avatiu, Muri and Nikao.
Government Building Projects - ICI	1,761	3	0%	0%	As reported in prior quarter, scheduled works pertaining to the Tetautua Medical Centre on the island of Penrhyn have not progressed as expected for the quarter YTD, against total annual budget of \$1.8 million, due to logistical constraints over land. This budget will continue to be monitored before end of the financial year.
Government Building Projects - CIIC	2,200	680	31%	4%	Total spent for the quarter YTD was 31% against total annual budget, up approximately 27% from previous quarter. Ongoing capital programme budget designed to repair and maintain Government buildings to ensure a safe working environment for staff and the public. Spending to date is within the budget estimate for the quarter. Scheduled projects such as construction of a mental health facility, national stadium steel works replacement in the existing grandstand, upgrades to the Are Ta Paeanga in Panama to support Are Pa Metua, and the Punanga Nui Market toilet block construction and replacement of toilet facilities to assist the Are Pa Metua, have commenced during the quarter. The budget will continue to be monitored before end of the financial year.

Government IT Network	1,761	1,567	89%	56%	Total spent for the quarter YTD was 89% against total annual budget, up approximately 33% from previous quarter. Further utilization of the budget is expected to come within the final quarter, in upgrading Governments Information Technology (IT) network, backup data, and ongoing maintenance and strengthen overall infrastructure against unforeseen factors (eg. power outages).
Pa Enea Marine Infrastructure Improvement Programme	1,700	0	0%	0%	No spending to date pertaining to this capital budget. Scheduled works are expected to come in the last quarter of the financial year. Due to scheduling, the remaining budget may carry forward into future financial year.
Revenue Management System Upgrade (RMS10)	1,830	38	2%	1%	Expenditure of this project will continue to be monitored before end of the financial year, in order to upgrade MFEM's Revenue Management Division (RMD) tax management software platform from Revenue Management System (RMS) version 7 to version 10.
Road Asset Management	7,000	2,581	37%	30%	Total spent for the quarter YTD was 37% against total annual budget, up approximately only 7% from previous quarter. Despite the small increase from prior quarter, ongoing projects continue to progress such as Nikao back road, Avatiu Valley road, Matavera/Turangi road, Nauparatoa road, and Mauke road project during the quarter. The Rutaki road project was completed during the quarter and practical completion was awarded. The budget will continue to be monitored before end of the financial year.
Te Mato Vai - Rarotonga Water Upgrade	1,000	738	74%	70%	Scheduled works were brought forward in previous quarter to projected timelines, which reported only 4% increase from prior quarter spending YTD. In comparison to annual budget, total spent for the quarter YTD was within current budget estimates and tracking well. The remainder of the budget will be monitored before the end of the financial year.
To Tatou Vai - Capital	3,000	183	6%	5%	No significant expenditure for the quarter YTD was reported for this capital project. The budget will continue to be monitored before the end of the financial year.
Emergency Management and Support Infrastructure	1,301	1,171	90%	74%	Total spent for the quarter YTD was 90% against total annual budget, up approximately 16% from previous quarter. The practical completion has been awarded for the Penrhyn Cyclone Centre Construction (Omoka and Tetautua) during the quarter. The remainder of the budget will continue to be monitored before end of the financial year.
Pa Enea Air Infrastructure Improvement Programme (CIG)	1,264	179	14%	5%	Total spent for the quarter YTD was 14% against total annual budget, up approximately 9% 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 has been finalised during the quarter, with construction expected to take place in the final quarter of the financial year.

**Table 5: Statement of Borrowings**

	Loan start date	Loan End date	Loan Currency	Original Loan Amount	Interest Rate	Dec 2021 Balance	Principal Payments	FOREX Adjustment	Revaluation/Draw Down Adjustments	Mar 2022 Balance	Change Dec Qtr
						('000)	('000)	('000)	('000)	('000)	('000)
<b>Asian Development Bank</b>											
1. First multi project loan - 461	Nov-80	Aug-20	USD	1,000	1.00%	-	-	-	-	-	-
2. First Cook Islands Development Bank project loan - 567	Jul-82	Apr-22	USD	1,500	1.00%	39	-	(1)	-	37	(1)
3. Second multi project loan - 849	Dec-87	Aug-27	SDR	2,150	1.00%	984	(85)	(26)	-	873	(111)
4. Outer Islands telecommunications project loan - 1031	Oct-90	Aug-30	SDR	2,578	1.00%	2,820	(163)	(79)	-	2,578	(242)
5. Second Cook Islands Development Bank loan - 1155	Mar-92	Dec-31	SDR	1,085	1.00%	742	-	(24)	-	718	(24)
6. TCI Emergency Loan- 1171	Aug-92	Jun-32	SDR	349	1.00%	259	-	(8)	-	251	(8)
7. Pearl Loan (1994) - 1309	Dec-94	Aug-34	SDR	272	1.00%	315	(13)	(9)	-	293	(22)
8. Education development- 1317	Feb-95	Aug-34	SDR	1,852	1.00%	1,918	(78)	(55)	-	1,786	(133)
9. Third Cook Islands Development Bank loan- 1380	Jan-96	Sep-35	SDR	1,977	1.00%	1,669	(61)	(50)	-	1,558	(111)
10. Economic restructuring loan - 1466	Sep-96	Sep-36	SDR	3,430	1.00%	3,856	(132)	(115)	-	3,609	(247)
11. Cyclone Rehabilitation Project loan - 1588	Jan-97	Jan-38	SDR	583	1.00%	686	(22)	(20)	-	644	(42)
12. Waste Management loan - 1832	Dec-01	Jun-33	SDR	1,695	1.50%	1,554	-	(50)	-	1,504	(50)
13. Cyclone Emergency Assistance loan- 2174	Jun-05	Jan-45	SDR	1,895	1.00%	3,163	-	(101)	-	3,062	(101)
14. (SF) Avatiu Ports Development Loan - 2473	Sep-09	Nov-40	SDR	4,524	1.50%	4,850	-	(155)	-	4,696	(155)
15. (OCF) Avatiu Ports Development Project Loan - 2472	Sep-09	Nov-33	NZD	8,697	5.77%	8,088	-	-	-	8,088	-
16. (SF) Economic Recovery Support Program Loan - 2565	Jan-10	Oct-24	NZD	11,053	2.52%	3,015	(502)	-	-	2,512	(502)
17. (OCF) Avatiu Ports Development Project Loan- 2739	Dec-11	Nov-35	NZD	5,290	2.64%	4,621	-	-	-	4,621	-
18. (OCR) Economic Recovery Support Program 2 Loan - 2946	Dec-12	Oct-27	NZD	11,053	2.75%	3,625	(302)	-	-	3,323	(302)
19. (OCF) Renewable Energy Sector- 3193	Jan-15	Jun-36	NZD	12,980	1.15%	9,688	-	-	203	9,891	203
20. (OCR) Undersea Broadband Cable Loan- 3632	Jul-19	Jun-39	USD	15,000	2.65%	18,085	-	(371)	-	17,714	(371)
21. Disaster Resilience Program (Phase 2) - 3933	Dec-19	Jun-35	NZD	15,676	1.13%	15,676	-	-	-	15,676	-
22. COVID 19 Active Response - 4010	Jan-21	Jan-30	NZD	30,409	1.13%	30,409	-	-	-	30,409	-
23. Supporting Sustainable ERP - 4161	Dec-21	Dec-33	NZD	55,540	2.19%	55,540	-	-	-	55,540	-
						<b>171,602</b>	<b>(1,358)</b>	<b>(1,063)</b>	<b>203</b>	<b>169,384</b>	<b>(2,218)</b>
<b>Asian Infrastructure Investment Bank (AIIB)</b>											
24. COVID-19 Active Response & Economic Support - 0461A	Jan-21	Jun-30	USD	19,950	0.25%	28,950	-	(448)	-	28,503	(448)
						<b>28,950</b>	<b>-</b>	<b>(448)</b>	<b>-</b>	<b>28,503</b>	<b>(448)</b>
<b>Export -Import Bank of China</b>											
25. Indoor Sports Stadium & Upgrade of Existing Sports Facilities	Aug-08	Aug-28	RMB	74,100	1.80%	6,474	(522)	412	-	6,365	(110)
26. Rarotonga Water Ring Main Upgrade Loan	Dec-12	Dec-32	RMB	118,000	2.00%	20,046	(913)	640	-	19,773	(273)
						<b>26,520</b>	<b>(1,435)</b>	<b>1,052</b>	<b>-</b>	<b>26,138</b>	<b>(382)</b>
<b>Total Gross Borrowings</b>						<b>227,073</b>	<b>(2,793)</b>	<b>(458)</b>	<b>203</b>	<b>224,025</b>	<b>(3,048)</b>
Less Loan Repayment Fund						19,758	291	(3,144)	-	16,905	(2,853)
<b>Net Borrowing by the Crown</b>						<b>207,315</b>	<b>(3,084)</b>	<b>2,686</b>	<b>203</b>	<b>207,120</b>	<b>(195)</b>
Less Avatiu Port Development & Avaroa Cable Ltd						35,645	-	(526)	-	35,120	(526)
<b>Net Borrowing by the General Government</b>						<b>171,670</b>	<b>(3,084)</b>	<b>3,211</b>	<b>203</b>	<b>172,000</b>	<b>331</b>

### Crown Gross Debt

The total gross debt by the Crown for March 2022 period was \$224.02 million, a reduction of \$3.05 million from the December 2021 quarter. The decrease in debt level was mainly due to Loan repayments done during the quarter.

### 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 third quarter ended 31 March 2022 was \$172.0 million, a slight increase of \$0.33 million from the December 2021 quarter.

Source: NZ Reserve Bank Website for USD and RMB

	Dec-21	Mar-22	Movements from Dec 21
<b>Table 5.1 Average Foreign Currencies against New Zealand Dollars</b>			
<b>Foreign Currencies</b>			
United States Dollars (USD)	0.6874	0.6975	0.01010
Chinese Yuan (RMB)	4.4458	4.4315	-0.01430
Special Drawing Rights (SDR)	0.4879	0.722914	0.23501

The above foreign currencies rates were used to calculate fair value balances of existing loans as at 31 March 2022.

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

New Zealand (NZD)	58%
Chinese Yuan (RMB)	12%
US Dollars (USD)	21%
Special Drawing Rights (SDR)	10%



**Table 6: Official Development Assistance**

Development Partner	Donor	Budget Estimates Full Year 2021/22	Actual YTD Mar 2022
Asian Development Bank		3,150,000	150,000
China		91,584	90,302
European Union		1,919,663	97,579
Forum Fisheries Agency		0	0
Global Environment Facility		1,051,515	455,160
Green Climate Fund		9,131,735	1,168,095
ILO		47,176	0
India		580,000	0
Japan		4,002,204	1,752,011
Korea		218,560	0
New Zealand		74,766,778	46,915,946
Other		4,040,000	870,899
SPC		686,825	159,898
UN Adaptation Fund		1,105,864	1,137,549
UNDP		312,570	236,871
UNESCO		396,000	63,894
UNICEF		135,350	0
WHO		95,220	0
<b>Total Official Development Assistance</b>		<b>101,731,044</b>	<b>53,098,204</b>
			<b>52%</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 \$612,218.00  
 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 \$1,174,945.00  
 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 \$704,628.00

Using the Japan International Cooperation Systems (JICS) procurement process five of the 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. All items have been received and officially handed over to the respective Ministry to include on their asset registers.

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. Estimated arrival to Rarotonga has been impacted by shipping delays caused by COVID. An update will be provided in the next quarter.

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.

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 is currently underway.

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

Total actual spend to date is \$ 761,435

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 \$814,523.00

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:

- Work on the CLS compounds on both Rarotonga and Aitutaki was completed by contractor Landholdings Ltd. ACL is now relocating all Rarotonga functions to the new facility in Aroa.
- ACL's engineering team has begun installing a colocation/data centre space at the Rarotonga CLS. This is intended to be used for both ACL systems and any new entrants to the telecommunications market.
- ACL continues to monitor its ADB loan covenants and in accordance with these requirements provided the ADB with project financial statements in February 2022.
- ACL assisted the Ministry of Transport in conducting public consultation sessions regarding the draft cable protection legislation. Consultations were held in Rarotonga in January 2022 and in Aitutaki in February 2022. Final submissions are now being prepared for presentation to Parliament.
- ACL has identified and appointed a new CEO who will commence in the role in April 2022.

#### Green Climate Fund Readiness

Total actual spend to date is \$401,683.00

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 \$'000	Actual YTD Mar 2022 \$'000	Variance to YTD Budget \$'000
<b><u>SOEs Consolidate Group</u></b>			
Trading Revenue	41,254	39,714	1,540
<i>Less: Expenditure</i>			
Personnel Expense	11,519	11,091	427
Operating Expense	24,878	23,880	999
Depreciation Expense	7,830	6,887	942
<b>Net Surplus / (Deficit)</b>	<b>(2,973)</b>	<b>(2,144)</b>	<b>(828)</b>

The table above consolidates the March 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 \$2.1 million which was \$0.8 million better than the estimated budget of \$3.0 million for the quarter ended 31 March 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, Operating and Depreciation expenditure due to postponed training seminars, effective cost management practices and phasing of the depreciation budget across the Group's assets.