



The Government of the Cook Islands

Quarterly Financial Results

31 December 2021

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 December 2021

	Table	Budget Estimates Full Year 2021/22	Carry Forwards from 2020/21	Additional Funding Approval 2021/22	Total Budget & Approval	Budget Estimates YTD Dec 2021	Actual YTD Dec 2021	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2021/22
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Operating Revenue	<i>1</i>								
Taxation Revenue		107,278	0	0	107,278	55,633	55,653	-20	52%
Other Crown Revenue		42,255	0	0	42,255	34,065	40,196	-6,131	95%
Trading Revenue		4,444	0	0	4,444	1,958	1,672	286	38%
Dividends		136	0	0	136	0	0	0	0%
Interest on Balances		391	0	0	391	196	201	-6	52%
Core Sector Support		7,825	0	0	7,825	7,825	7,825	0	100%
Total Operating Revenue		162,329	0	0	162,329	99,676	105,547	-5,871	65%
Operating Expenditure									
Ministry Outputs		165,710	1,001	0	166,711	91,042	79,601	11,441	48%
Personnel		67,589	0	0	67,589	32,799	31,365	1,434	46%
Operating		18,222	130	0	18,352	9,485	8,201	1,284	45%
Administered Payments	<i>3</i>	72,746	871	0	73,617	45,240	37,551	7,689	51%
Depreciation		7,154	0	0	7,154	3,518	2,483	1,034	35%
POBOC	<i>2</i>	28,685	29	0	28,714	15,500	14,577	924	51%
Debt Interest Contribution to LRF		4,051	0	0	4,051	2,025	1,158	867	29%
Crown Infrastructure & Contingency Depreciation		4,603	0	0	4,603	2,301	636	1,666	14%
Transfer to Emergency Response Trust Fund		50	0	0	50	0	0	0	0%
Depreciation Contingency Fund		2,174	0	0	2,174	1,087	0	1,087	0%
Contingency Funds - Operating		100	0	0	100	50	0	50	0%
Loss on Foreign Exchange		0	0	0	0	0	342	-342	0%
Bank Fees		0	0	0	0	0	160	-160	0%
Total Operating Expenses		205,373	1,030	0	206,403	112,007	96,474	15,533	47%
Net Operating Surplus/(Shortfall) Balance		-43,045	-1,030	0	-44,075	-12,330	9,073	-21,404	21%
Add Depreciation		13,931	0	0	13,931	6,906	3,119	3,787	22%
Less Capital Expenditure	<i>4</i>	32,001	5,829	0	37,830	15,386	10,716	4,670	28%
Net Fiscal Surplus/(Shortfall) Balance		-61,115	-6,859	0	-67,975	-20,810	1,476	-22,286	2%

At a Glance: Fiscal Position

* General Government's net fiscal balance for the quarter ended 31 December 2021 improved by \$22.3 million compared to the budget estimate of \$20.8 million shortfall. Higher revenue collections of \$5.9 million contributed to the improvement in Government's net fiscal balance, in addition cost savings in Operating Expenses (of \$15.5 million) and Capital Expenditure (of \$4.7 million).

* Government's Net Operating Position: The net operating balance for the quarter ended 31 December 2021 was a surplus of \$9.1 million. This surplus was an improvement of \$21.4 million compared to the budget estimate deficit of \$12.3 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 \$5.9 million higher than anticipated for the quarter ended 31 December 2021. 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 and US Treaties of \$0.6 million, and a slight increase in total taxation revenue collected of \$0.02 million above budget estimates. This was offset by Government Agencies & Island Governments Trading Revenue under budget of \$0.3 million. The slight increase in taxation revenue was mainly due to the reinstated border closures as a result of COVID-19 which had adversely impacted on the quarter's taxation revenue collected. Taxation estimates for 2021/22 for direct taxes (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 taxes (VAT, departure tax, import levies) were expected to provide a steady increase in revenue collection due to tourism volumes and overall imports. With the official opening of the borders scheduled in January 2022 and Government's constant practice of social distancing measures in place, this is expected to revive the tourism industry our main revenue generator and bring in steady flows of revenue in the upcoming months. Refer to Table 1 - Revenue on Behalf of Crown (ROBOC) for more information.

* Operating Expenditure: General Government operating expenditure for the quarter ended 31 December 2021 was lower than estimated by \$15.5 million. This was mainly due to underspends in Government Agencies and Island Governments operating budgets by \$4 million; as a result of unfilled vacancies, effective cost management practices and savings from depreciation due to majority of assets in larger Ministries, such as Culture and Health being fully depreciated. Furthermore expenditure through the Administered Payments was \$7.7 million lower than estimated primarily attributed to underspends in the Marketing Resources – Tourism Growth Strategy (of \$1.9 million), Patient Referral (of \$0.9 million), followed by various underspends in all other Administered Payments. POBOC expenditure was also underspent by \$0.9 million for the quarter followed by various underspends in other operating expense items (totalling \$3.7 million) from debt repayments and depreciation allocation for the period. Savings in operating were offset against loss on foreign exchange and bank fees which were both unbudgeted for. 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 \$4.7 million for the quarter ended 31 December 2021. In terms of the annual budget of \$37.8 million this was a low utilisation (of 28 per cent) due to Government's capacity to implement projects in a timely manner, coupled with the ongoing pandemic of COVID-19 this has impacted on travel restrictions, sourcing of resources and logistical constraints. These factors have hindered our ability to implement scheduled projects planned on both Rarotonga and the Pa Enua. Significant underspends for the quarter were mostly attributed to Road Asset Management (of \$1.8 million), Government Building Projects - CIIC (of \$1.1 million) followed by various underspends in other capital projects. These were offset by overspends for the quarter, mostly attributed from Te Mato Vai - Rarotonga Water Upgrade (over by \$0.6 million), Emergency Management and Support Infrastructure (over by \$0.4 million), and Pa Enua Government Building Projects - Southern Group (over by \$0.1 million), which are expected to come within their own respective budget's before the end of the financial year. Refer to Table 4 - Capital Expenditure for more information.

Schedule 2: Cash Reserves General Government December 2021

		31 Dec YTD	30 Sep YTD	Variance
		\$'000	\$'000	\$'000
<i>Cash At Bank</i>				
Term Deposits and Trust Accounts		109,012	102,883	6,129
Operational Bank Accounts		65,930	33,243	32,687
Foreign Exchange Reserves		-	-	-
Total Cash Reserves		174,942	136,126	38,816
<i>Committed:</i>				
Loan Repayment Fund ¹	LRF Act 2014	19,757	22,414	(2,657)
Outer Islands Reserves ²	IG Act 2012	2,210	2,586	(376)
Disaster Response Fund ³	Trust Fund	7,038	7,965	(927)
Infrastructure Trust Fund ⁴	Trust Fund	1,987	1,979	8
Aid Trust Fund ⁵	Trust Fund	3,615	3,560	55
Land/Law Trust/Other Agency Trust Fund ⁶	Trust Fund	38,745	29,486	9,259
Trust Account Deposits ⁷	Trust Fund	11,310	11,102	208
Total Committed Funds		84,662	79,092	5,570
<i>Other General Funds:</i>				
Government Department/Agencies Bank Accounts	General Fund	7,227	5,920	1,307
Vat/Tax Imprest and Customs Bonds Account ⁸	General Fund	3,496	1,608	1,888
General Reserves - Legacy	General Fund	3,544	3,544	0
Total Other General Funds		14,267	11,072	3,195
Estimated General Cash Reserve		76,012	45,962	30,050

¹ 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.

² 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.

³ 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.

⁴ 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.

⁵ 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.

⁶ 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.

⁷ 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.

⁸ 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 Dec YTD \$'000
Opening LRF Balance	11,654
Contribution to LRF Principal	8,860
Contribution to LRF Interest	4,051
Total Transfer into LRF by General Government	24,565
Realised Gain/(Loss) on Foreign Exchange	(255)
Interest earned by LRF	139
Total Inflows/(Outflows)	(116)
Principal paid out of LRF	3,533
Interest paid out of LRF	1,159
Total Outflows	4,691
Closing LRF Balance	19,758

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

Section 70(3) (b) (i): Calculation	\$'000
Total Government Appropriation 2021/22	300,050
Excess (1.5%) of Total Appropriation	4,501
less: Approved expenditure as at December 2021 Quarter	-
Total Balance	4,501

Executive Council Orders Authority	\$'000
<i>No executive order funding requests were approved for the quarter ended 31 December 2021</i>	
Total Executive Council Orders Authority as at 31 December 2021.	-

No executive order funding requests were approved for the quarter ended 31 December 2021

Total Executive Council Orders Authority as at 31 December 2021. -

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 Estimates YTD Dec 2021	Actual YTD Dec 2021	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2021/22
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Taxation Revenue							
Value Added Tax	54,602	-	54,602	29,823	35,584	-5,761	65%
Individual Income Tax	17,036	-	17,036	7,463	9,430	-1,967	55%
Company Income Tax	14,277	-	14,277	6,960	3,057	3,903	21%
Customs Tax	12,873	-	12,873	6,902	5,969	933	46%
Withholding Tax	1,202	-	1,202	576	430	146	36%
Departure Tax	7,288	-	7,288	3,909	1,182	2,727	16%
	107,278	-	107,278	55,633	55,653	-20	52%
Other Revenue							
FSC - Vested Assets	0	-	0	0	4,978	-4,978	0%
FSC - Return of Excess	159	-	159	80	50	30	31%
Immigration Fees	480	-	480	338	300	38	62%
IMO Subscription - Maritime Cook Islands	66	-	66	33	0	33	0%
Court Services	30	-	30	14	49	-35	163%
Instant Fines	40	-	40	20	31	-11	79%
Fisheries US Treaties (purse seine)	3,243	-	3,243	1,081	1,694	-613	52%
EU Agreement	400	-	400	0	1,539	-1,539	385%
Purse seine fishery	2,260	-	2,260	753	0	753	0%
Longline Licenses and QMS	3,000	-	3,000	600	5	595	0%
Other fisheries and auxiliary vessel licensing	160	-	160	53	96	-42	60%
Research Fees	2	-	2	1	0	0	21%
Permits	10	-	10	5	10	-5	95%
Bank of the Cook Islands Dividends	136	-	136	0	0	0	0%
Numismatic	450	-	450	225	322	-97	72%
Circulating Currency- Coins	5	-	5	3	440	-438	8804%
Drivers License Fees	100	-	100	50	79	-29	79%

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

	Budget Estimates Full Year 2021/22	Additional Funding Approval 2021/22	Total Budget & Approval	Budget Estimates YTD Dec 2021	Actual YTD Dec 2021	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2021/22
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Motor Vehicle Registrations	875	-	875	438	172	265	20%
Interest on Balances (Crown)	391	-	391	196	201	-6	52%
Interest on Balance - LRF	191	-	191	95	0	95	0%
Foreign Investment Fees	32	-	32	14	11	2	36%
Upper Air Management Agreement	170	-	170	71	32	39	19%
Shipping Registration	92	-	92	46	47	-1	51%
International Shipping Licence	15	-	15	8	0	8	0%
Liquor Licencing	30	-	30	15	4	11	14%
Tattsлото Grants	120	-	120	60	105	-45	87%
Censorship Fees	1	-	1	1	0	0	41%
Land Court Fees	125	-	125	61	43	18	34%
Motor Vehicle Dealers	3	-	3	2	3	-1	89%
Regional Fisheries Management - SIOFA & SPFMO	196	-	196	0	184	-184	94%
Gain on Foreign Exchange	0	-	0	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	1	-1	0%
	50,607	0	50,607	42,085	48,222	-6,137	95%
Total ROBOC	157,884	0	157,884	97,718	103,875	-6,157	66%
Government Agencies & Island Governments Trading Revenue	4,444	0	4,444	1,958	1,672	286	38%
Total Operating Revenue	162,329	0	162,329	99,676	105,547	-5,871	65%

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

	Comparative Actual Dec 2020 Quarter	Actual YTD Dec 2021	Year on Year	Year on Year	Commentary
	\$'000	\$'000	\$'000	%	<i>Note: Comments are provided on all Taxation revenue items.</i>
Taxation Revenue items					
Value Added Tax	25,264	35,584	10,320	41%	VAT collected was up 41 per cent from a year ago and up 55 per cent from sequential quarter. Despite the reinstated border closures adversely impacted the quarter VAT revenue was continually streaming in due to strong imports from non-tourism based industries; main contributors were retail and wholesale industry, followed by minimal domestic air travel. Other VAT revenue streams collected above \$100K relates to fuel, construction, insurance, imported services, telecommunications, large accommodation providers and the motor vehicle dealership.
Individual Income Tax	11,024	9,430	-1,594	-14%	Individual Income Tax was down 14 per cent from a year ago but up 37 per cent from sequential quarter. This was due to the reinstated border closure in the second half of 2021 adversely impacted on income tax, despite strong compliance activities (taxpayers entering into payment arrangement to pay off existing debt) and steady PAYE contributions from larger employers.
Company Income Tax	12,800	3,057	-9,743	-76%	Company Income Tax was down 76 per cent from a year ago but up 38 per cent from sequential quarter. This was due to the reinstated border closure adversely impacted on provisional tax paid by companies, despite strong compliance activities and contributions from non-tourism based activities. These company income tax revenue collected relate to older periods.

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

	Comparative Actual Dec 2020 Quarter \$'000	Actual YTD Dec 2021 \$'000	Year on Year \$'000	Year on Year %	Commentary
Taxation Revenue items					
					<i>Note: Comments are provided on all Taxation revenue items.</i>
Customs Tax	6,060	5,969	-92	-2%	Customs Tax was slightly down from a year ago and up 63 per cent from sequential quarter. Despite the growth the reinstated border closure resulted in taxpayers becoming more cautious and spending less, adversely affecting the level of imported goods/services.
Withholding Tax	600	430	-169	-28%	Withholding Tax was down 28 per cent from a year ago but up 55 per cent from sequential quarter. This indicates that taxpayers distributed fewer dividends and/or paid less interest on foreign loans than what was anticipated.
Departure Tax	166	1,182	1,016	611%	Departure Tax was up significantly in comparison to a year ago and up 2 per cent from sequential quarter. Despite the growth a resurgence of the Covid-19 virus in NZ promulgated the Government to close the borders once again in the second half of 2021, adversely impacting flights departing the Cook Islands than expected.
Other Revenue items					
					<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	-40%	FSC vested assets was down 40 per cent from a year ago but up 31 per cent from 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	6	440	434	6884%	Circulating Currency Coins was up significantly from a year ago and up 86 per cent from sequential quarter. This was due to the continual sale of the new \$3 note that was launched in August 2021.
Fisheries US Treaties (purse seine)	2,831	1,694	-1,137	-40%	Fisheries US Treaties revenue was down 40 per cent from a year ago. This was due to a decline in the number of US vessels and the reduction in the 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 2020 quarter was \$573,412. There were two payments received in December 2021 quarter, NZD \$972,938 and NZD \$562,249.
Regional Fisheries Management - SIOFA & SPFMO	-	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.
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 additional funding was further extended by the NZ Government; \$10 million allocated to support the economic recovery. This funding is still with ODA and yet to be paid to Crown. The funding is allocated as financial support towards general operations of the Government.

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 Estimates YTD Dec 2021	Actual YTD Dec 2021	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	1,024	1,024	0	50%
Audit Fees	96	-	-	96	96	8	88	8%
Bank of the Cook Islands - social assistance	128	-	-	128	0	0	0	0%
BEPS Subscription	35	-	-	35	35	0	35	0%
Carer Order Payment	10	-	-	10	10	0	10	0%
Child Benefit	5,566	-	-	5,566	3,015	2,935	80	53%
CIG Insurance	40	-	-	40	40	25	15	62%
Civil List - Constituency Visits	170	-	-	170	129	85	44	50%
Civil List - Personnel	2,902	-	-	2,902	1,444	1,417	27	49%
Competition and Regulatory Authority	621	-	-	621	299	237	62	38%
Government Paid Maternity Leave	150	-	-	150	81	44	37	29%
House of Ariki	348	29	-	378	241	243	-2	64%
Infirm/Destitute Benefit	1,232	-	-	1,232	667	665	3	54%
International Subscriptions	890	-	-	890	451	236	215	26%
International Maritime Organisation - Maritime Cook	63	-	-	63	0	0	0	0%
Maritime Radio Coverage	120	-	-	120	120	79	41	66%
MP Travel and Allowances (local and overseas)	180	-	-	180	152	113	39	63%
New Born Allowance	243	-	-	243	132	96	36	40%
Old Age Benefit	13,026	-	-	13,026	7,056	6,959	96	53%
Pacific Catastrophe Risk Insurance	160	-	-	160	160	146	14	91%
Parliamentary Sitting Expenses	200	-	-	200	87	71	15	36%
Parliamentary Superannuation	180	-	-	180	90	52	38	29%
PERC Salaries and Administration Costs	58	-	-	58	29	23	6	40%
Ports Authority Subsidy	110	-	-	110	73	73	0	67%
QR Travel and Allowances (local and overseas)	109	-	-	109	70	45	25	42%
	28,685	29	-	28,714	15,500	14,577	924	51%

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

	Full Year Budget	Actual YTD Dec 2021	Actual Vs Full Year Budget 2021/22	Commentary
	\$'000	\$'000	%	
				<i>Note: Commentary provided on POBOCs appropriated at an annual budget of over \$1 million.</i>
Airport Authority Subsidy	2,048	1,024	50%	Total bulk funded for the quarter year to date (YTD) was 50% against total budget. 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.
Child Benefit	5,566	2,935	53%	Total spent for the quarter YTD was 53% against total budget. Currently operating within budget estimates and will be monitored for the remainder of the financial year.
Civil List - Personnel	2,902	1,417	49%	Total spent for the quarter YTD was 49% against total budget. Will continue to be monitored for the remainder of the financial year.
Infirm/Destitute Benefit	1,232	665	54%	Total spent for the quarter YTD was 54% against total budget. Currently operating within budget estimates. An increase of \$400 per month for the infirmity benefit was recently passed in Parliament.
Old Age Benefit	13,026	6,959	53%	Total spent for the quarter YTD was 53% against total budget. Currently operating within budget estimates and will be monitored for the remainder of the financial year. This benefit provides financial assistance for the elderly to ensure quality of life.

Table 3: Administrative Payments

	Budget Estimates Full Year 2021/22	Carry Forwards from 2020/21	Additional Funding Approval 2021/22	Total Budget & Approval	Budget Estimates YTD Dec 2021	Actual YTD Dec 2021	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	-	-	6,500	0	0	0	0%
Border Management System Maintenance	155	155	-	311	0	0	0	0%
Bridges and Drainage Maintenance	740	-	-	740	370	88	282	12%
Bus Service	26	-	-	26	13	12	1	46%
Caregivers Allowance	465	-	-	465	255	255	0	55%
Christmas Bonus	346	-	-	346	339	332	7	96%
CISNOC Grant	370	-	-	370	370	370	0	100%
Community Support Fund	100	-	-	100	95	43	52	43%
Cook Islands Cultural Fund	150	-	-60	90	65	23	42	26%
Cook Islands Student Association Support	10	10	-	20	10	10	0	50%
COVID-19 Economic Response Plan - MFM	0	369	-	369	369	352	17	95%
COVID-19 Medical Response Fund	3,000	-	-	3,000	2,281	2,100	181	70%
Debt Advisory Services	60	-	-	60	30	0	30	0%
Domestic Hosting Entertainment	15	-	-	15	10	7	3	45%
Economic Recovery Roadmap	33,500	-	-	33,500	24,039	23,935	104	71%
EIA Process	150	-	-	150	75	41	34	28%
Emergency Work	200	-	-	200	117	28	89	14%
Fisheries Development Facility	200	-	-	200	160	81	79	40%
FMIS Maintenance	80	-	-	80	80	49	31	61%
Funeral Assistance Allowance	170	-	-	170	68	68	0	40%
Government Broadband Utilities	30	-	-	30	15	11	4	38%
Government Facilities Development Division	420	-	-	420	244	244	0	58%
Government Funded Scholarships	780	-	-	780	516	350	166	45%
Head of State Rent	13	-	-	13	13	7	6	50%
HOM's Salaries	1,940	-	-	1,940	970	927	43	48%
ICT Support Team	183	-	-	183	123	91	32	50%
Infrastructure Committee	100	-	-	100	78	63	15	63%
Internal Affairs Youth Program	45	-	-	45	23	16	7	35%
Joint Venture with Seabed Minerals Authority	50	-	-	50	33	3	30	5%
Judge's Allowances	400	-	-	400	161	81	81	20%
Land Records Update Project	120	-	-	120	50	31	19	26%

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 Estimates YTD Dec 2021	Actual YTD Dec 2021	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2021/22
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Lease Extension	72	-	-	72	18	18	0	25%
Legal Aid	40	-	-	40	25	4	21	10%
Legal Provisions	251	-	-	251	251	101	150	40%
Management of Suwarrow Park	100	-	-	100	50	42	8	42%
Marae Moana Ambassador	60	-	-	60	30	30	0	50%
Marketing Resources - Tourism Growth Strategy	4,500	-	-	4,500	2,455	521	1,934	12%
National Events	500	100	60	660	631	616	16	93%
National Census	300	-	-	300	200	141	59	47%
National Heritage Trust	122	-	-	122	61	54	7	44%
NCD Fund	195	-	-	195	195	0	195	0%
Pa Enea Machinery Maintenance Fund	100	-	-	100	55	31	24	31%
Pa Enea Mechanical Overseer	100	-	-	100	52	45	7	45%
Patient Referrals	850	-	-	850	850	0	850	0%
Pharmaceuticals	1,168	-	-	1,168	1,168	759	408	65%
PM Social Responsibility Fund	363	-	-	363	363	363	0	100%
Police Youth Program	45	-	-	45	23	0	22	1%
Post Tax Amnesty Work	0	167	-	167	0	0	0	0%
Power Subsidy	85	-	-	85	42	37	6	43%
Price Tribunal Committee	60	-	-	60	45	5	40	9%
Private School Funding - Aitutaki SDA	223	-	-	223	105	90	15	40%
Private School Funding - Blackrock	90	-	-	90	47	37	9	42%
Private School Funding - Creative Centre	143	-	-	143	71	59	12	41%
Private School Funding - Immanuela Akatemia	232	-	-	232	121	99	22	43%
Private School Funding - Nukutere	658	-	-	658	340	248	92	38%
Private School Funding - Papaaroa	282	-	-	282	150	127	23	45%
Private School Funding - St. Josephs	477	-	-	477	241	201	40	42%
Private School Funding - Te Uki Ou	557	-	-	557	291	247	44	44%
Production of new currency, transportation and sale of old coins	15	-	-	15	15	3	12	18%
Provision for Inter-Island Shipping	500	-	-	500	274	268	6	54%
Provision for Land Rentals	500	-	-	500	350	228	123	46%
Public Sector Strengthening - Process & Systems	150	-	-	150	69	1	68	1%
QR Social Responsibility Fund	8	-	-	8	8	7	1	88%

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 Estimates YTD Dec 2021	Actual YTD Dec 2021	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2021/22
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Red Cross	50	-	-	50	50	4	46	9%
Religious Advisory Council	10	-	-	10	5	5	0	48%
Remuneration Tribunal Committee	20	-	-	20	20	0	20	0%
Returned Services Association	5	-	-	5	0	0	0	0%
Road and Civil Maintenance	850	-	-	850	450	268	182	31%
School Security	180	-	-	180	97	91	6	51%
Seabed Minerals Compliance Development	45	-	-	45	45	0	45	0%
Seabed Minerals Sector Development	100	70	-	170	100	25	75	15%
Search and Rescue	20	-	-	20	10	0	10	2%
Serious Crime Investigations	100	-	-	100	50	18	32	18%
SIF - CIG Contribution	1,000	-	-	1,000	600	583	17	58%
Special Assistance Projects	250	-	-	250	135	85	50	34%
Special Investigative & Prosecution Services	30	-	-	30	23	19	3	64%
Special Select Committee	150	-	-	150	83	4	78	3%
State Events	20	-	-	20	16	11	5	53%
Standard and Poors Subscription	70	-	-	70	70	0	70	0%
Subsidy of audio/visual broadcasting in Pa Enea	45	-	-	45	45	0	45	0%
Tarai Vaka Fund	20	-	-	20	20	0	20	0%
Tax Law Review	80	-	-	80	80	58	22	72%
Te Kopapa Reo Maori Board	15	-	-	15	10	9	1	57%
Te Kukupa - Fuel Contribution	250	-	-	250	125	-56	181	-22%
Tertiary Training Institutions	1,160	-	-	1,160	580	410	170	35%
The Centre of Excellence in Information Technology (CEIT)	100	-	-	100	56	35	21	35%
The Centre of Research and Policy Studies	80	-	-	80	37	0	37	0%
To Tatou Vai - Administered Payment	3,000	-	-	3,000	1,800	1,458	342	49%
Universal Access Fund	400	-	-	400	200	0	200	0%
University of the South Pacific Contribution	205	-	-	205	172	51	121	25%
Vaka Maintenance	400	-	-	400	198	198	0	50%
Waste Management	730	-	-	730	365	279	86	38%
Workforce Development	234	-	-	234	234	0	234	0%
	72,746	871	0	73,617	45,240	37,551	7,689	51%

Table 3: Administrative Payments Commentary

	Full Year Budget	Actual YTD Dec 2021	Actual 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	6,500	0	0%	With the borders scheduled to open in January 2022 this budget will closely be monitored throughout the remaining months of the financial year.
COVID-19 Medical Response Fund	3,000	2,100	70%	Total spent for the quarter year to date (YTD) was 70% against total budget. This includes the vaccination rollout-related and managed isolation quarantine (MIQ) expenses of two scheduled flights in November and December 2021. It is expected that further utilization of this budget may likely occur in future periods; continuing the remaining vaccination rollout on Rarotonga and the Pa Enua and preparations for the opening of the borders scheduled in January 2022.
Economic Recovery Roadmap	33,500	23,935	71%	Total spent for the quarter YTD was 71% against total budget. This includes the continuing ERP measures of the wage subsidy, sole trader/business cash grants due to Covid-19 in New Zealand and the extended border closures. The Government extended the subsidy and sole trader grants until the end of February 2022 in preparation for the border opening on January 13th 2022.
HOM's Salaries	1,940	927	48%	Total spent for the quarter YTD was 48% against total budget. This budget has received a one-off increase to fund the pay out of accrued annual leave owing to HOMs coming off contracts within the financial year and also to support increases in remuneration rates and allowances.
Marketing Resources - Tourism Growth Strategy	4,500	521	12%	Total spent for the quarter YTD was 12% against total budget. It is expected that further utilization of this budget will increase significantly within the upcoming months due to the scheduled opening of the Cook Islands border in January 2022.

Pharmaceuticals	1,168	759	65%	Total spent for the quarter YTD was 65% against total budget. This fund is specifically used to procure pharmaceutical medicines and consumables for the Ministry of Health, inclusive of freight and insurance costs. It is expected further utilization of this budget may ensue in future periods to cater for the opening of the Cook Islands border and Covid-19 response.
SIF - CIG Contribution	1,000	583	58%	Total spent for the quarter YTD was 58% against total budget. The purpose for this funding is to provide financial aid for projects/programmes with the objective of assisting the most vulnerable in our community i.e. elderly, children, disabled etc.
Tertiary Training Institutions	1,160	410	35%	Total funding disbursed for the quarter YTD was 35% against total budget. There were savings in personnel and operating due to vacancies within CITT and postponement of planned tertiary programmes. With the fees free initiative once again commencing in future periods it is expected to draw in people to undertake education and training to help build their skills, at no cost to enrolment, to increase their level of education.
To Tatou Vai - Administered Payment	3,000	1,458	49%	Total spent for the quarter YTD was 49% against total budget. This funding was established to manage and operate the water 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 Estimates YTD Dec 2021	Actual YTD Dec 2021	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	0	0	0	0%
Aitutaki Capital Funding	16	-	-	16	14	0	14	0%
Aitutaki Harbour Dredging	1,000	-	-	1,000	427	232	195	23%
Arorangi Prison Remedial Works	150	-	-	150	40	12	28	8%
Atiu Capital Funding	12	-	-	12	10	0	10	0%
Bridges and Structures Asset Management and Improvement	3,250	1,676	-	4,926	2,790	2,685	105	55%
Capital Distribution Fund	230	-	-	230	200	105	95	46%
COVID-19 Response Fund - Capital Needs	1,400	-	-	1,400	0	0	0	0%
CT Scanner	0	519	-	519	519	519	0	100%
Drainage Asset Management and Improvement Programme	1,950	-	-	1,950	1,950	1,512	438	78%
Emergency Management and Support Infrastructure	0	1,301	-	1,301	580	962	-382	74%
FMIS Purchase and Implementation	300	-	-	300	150	117	33	39%
Fund to be Prioritised by Education	300	-	-	300	22	11	12	4%
Fund to be Prioritised by Health for Technical Equipment	300	-	-	300	100	90	10	30%
Government Building Projects - ICI	1,000	761	-	1,761	421	2	419	0%
Government Building Projects - CIIC	2,200	-	-	2,200	1,207	79	1,127	4%
Government IT Network	1,600	161	-	1,761	1,314	990	324	56%
Health ICT Upgrade	0	35	-	35	0	5	-5	13%
Land Acquisition	700	-	-	700	700	0	700	0%
Local Data Server	50	-	-	50	25	0	25	0%
Mangaia Capital Funding	12	-	-	12	6	4	2	36%
Manihiki Capital Funding	10	-	-	10	5	0	5	0%
Mauke Capital Funding	10	-	-	10	5	0	5	0%
Mitiaro Capital Funding	8	-	-	8	4	1	3	14%

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 Estimates YTD Dec 2021	Actual YTD Dec 2021	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	0	2	-2	0%
Pa Enea Government Building Projects - Southern Group	400	-	-	400	0	139	-139	35%
Pa Enea Air Infrastructure Improvement Programme (CIG)	128	1,135	-	1,264	128	60	68	5%
Pa Enea Marine Infrastructure Improvement Programme	1,700	-	-	1,700	0	0	0	0%
Pa Enea Capital Distribution Fund	300	-	-	300	0	0	0	0%
Palmerston Capital Funding	10	-	-	10	5	1	4	10%
PCR Laboratory	0	127	-	127	127	40	87	31%
Penrhyn Capital Funding	12	-	-	12	6	0	6	0%
Prison Development Programme	50	-	-	50	25	0	25	0%
Pukapuka Capital Funding	12	-	-	12	6	0	6	0%
Rakahanga Capital Funding	8	-	-	8	4	4	0	52%
Rarotonga Cyclone Shelters - Remediation	100	-	-	100	50	0	50	0%
Renewable Energy Project Management and Support	321	-	-	321	110	17	93	5%
Revenue Management System Upgrade (RMS10) - Capital	1,830	-	-	1,830	0	15	-15	1%
Road Asset Management	7,000	-	-	7,000	3,900	2,101	1,799	30%
Team Mate Software Upgrade	35	-	-	35	0	0	0	0%
Te Mato Vai - Rarotonga Water Upgrade	1,000	-	-	1,000	100	698	-598	70%
To Tatou Vai - Capital	3,000	-	-	3,000	237	151	86	5%
Vaka Maintenance Capital Projects	50	-	-	50	0	0	0	0%
Waste Management Infrastructure Improvement Programme	200	-	-	200	0	5	-5	3%
Water and Sanitation Infrastructure Improvement Programme	650	114	-	764	200	158	42	21%
	32,001	5,829	0	37,830	15,386	10,716	4,670	28%

Table 4: Capital Expenditure Commentary

	Full Year Budget	Actual YTD Dec 2021	Actual Vs Full Year Budget 2021/22	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	232	23%	Formerly known as Aitutaki Island Plan and Orongo Development Project, total spent for the quarter year to date (YTD) was 23% against total budget. The dredging project is a key component to encourage tourism growth by upgrading key public infrastructure facilities and natural attractions on Aitutaki. The project is expected to take approximately 9 months which will continually be monitored.
Bridges and Structures Asset Management and Improvement	4,926	2,685	55%	Total spent for the quarter YTD was 55% against total budget. Majority of spending to date pertains to scheduled works to the ongoing Empire Bridge Replacement Project, expected to be completed by May 2022.
COVID-19 Response Fund - Capital Needs	1,400	0	0%	No expenditure reported for the quarter YTD. However with the travel borders scheduled to open in January 2022 it is expected this budget will be utilized in future periods in order to strengthen the Cook Islands border, quarantine and health response to Covid-19.
Drainage Asset Management and Improvement Programme	1,950	1,512	78%	Total spent for the quarter YTD was 78% against total budget. 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 Muri and Nikao.
Government Building Projects - ICI	1,761	2	0%	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 throughout the financial year.

Government Building Projects - CIIC	2,200	79	4%	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 is expected to commence in the remaining months of the financial year.
Government IT Network	1,761	990	56%	Total spent for the quarter YTD was 56% against total budget. Further utilization of the budget is expected in future periods, 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%	No expenditure reported for the quarter. This budget will continue to be monitored throughout the financial year.
Revenue Management System Upgrade (RMS10) - Capital	1,830	15	1%	Expenditure of this project will likely continue in the second half 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	2,101	30%	Spending to date was below more than half the budget estimate for the quarter. Scheduled works for roads on Rarotonga and the Outer Islands have already commenced. This budget will continue to be monitored throughout the financial year.
Te Mato Vai - Rarotonga Water Upgrade	1,000	698	70%	Scheduled works have been brought forward to projected timelines for the quarter YTD, almost 70% expenditure utilized against the annual budget of \$1 million. The remainder of the budget will be monitored throughout the financial year.
To Tatou Vai - Capital	3,000	151	5%	No significant expenditure for the quarter YTD was reported for the capital project. The remainder of the budget will be monitored throughout the financial year.
Emergency Management and Support Infrastructure	1,301	962	74%	Total spent for the quarter YTD was 74% against total budget. Penrhyn Cyclone Centre Construction (Omoka and Tetautua). Scheduled works expected to be completed before the opening of these cyclone shelters in January 2022.
Pa Enea Air Infrastructure Improvement Programme (CIG)	1,264	60	5%	Apart from legal and surveying services rendered in the preliminary stages of the project that were paid, no significant expenditure for the quarter YTD was reported for the capital project. The remainder of the budget will be monitored throughout the financial year.

Table 5: Statement of Borrowings

	Loan start date	Loan End date	Loan Currency	Original Loan Amount	Interest Rate	Sept 2021 Balance	Principal Payments	FOREX Adjustment	Revaluation/Draw Down Adjustments	Dec 2021 Balance	Change Sep Qtr
						('000)	('000)	('000)	('000)	('000)	('000)
Asian Development Bank											
1. First multi project loan - 461	Nov-80	Aug-20	USD	1,000	1.00%	-	-	-	-	-	-
2. First Cook Islands Development Bank project loan - 567	Jul-82	Apr-22	USD	1,500	1.00%	79	(41)	1	-	39	(40)
3. Second multi project loan - 849	Dec-87	Aug-27	SDR	2,150	1.00%	988	-	(4)	-	984	(4)
4. Outer Islands telecommunications project loan - 1031	Oct-90	Aug-30	SDR	2,578	1.00%	2,831	-	(11)	-	2,820	(11)
5. Second Cook Islands Development Bank loan - 1155	Mar-92	Dec-31	SDR	1,085	1.00%	782	(43)	3	-	742	(40)
6. TCI Emergency Loan- 1171	Aug-92	Jun-32	SDR	349	1.00%	272	(13)	(0)	-	259	(14)
7. Pearl Loan (1994) - 1309	Dec-94	Aug-34	SDR	272	1.00%	316	-	(1)	-	315	(1)
8. Education development- 1317	Feb-95	Aug-34	SDR	1,852	1.00%	1,926	-	(7)	-	1,918	(7)
9. Third Cook Islands Development Bank loan- 1380	Jan-96	Sep-35	SDR	1,977	1.00%	1,675	-	(6)	-	1,669	(6)
10. Economic restructuring loan - 1466	Sep-96	Sep-36	SDR	3,430	1.00%	3,871	-	(15)	-	3,856	(15)
11. Cyclone Rehabilitation Project loan - 1588	Jan-97	Jan-38	SDR	583	1.00%	688	-	(3)	-	686	(3)
12. Waste Management loan - 1832	Dec-01	Jun-33	SDR	1,695	1.50%	1,627	(71)	(3)	-	1,554	(74)
13. Cyclone Emergency Assistance loan- 2174	Jun-05	Jan-45	SDR	1,895	1.00%	3,211	(38)	(10)	-	3,163	(49)
14. (SF) Avatiu Ports Development Loan - 2473	Sep-09	Nov-40	SDR	4,524	1.50%	5,062	-	(212)	-	4,850	(212)
15. (OCF) Avatiu Ports Development Project Loan - 2472	Sep-09	Nov-33	NZD	8,697	5.77%	8,262	(173)	-	-	8,088	(173)
16. (SF) Economic Recovery Support Program Loan - 2565	Jan-10	Oct-24	NZD	11,053	2.52%	3,517	(502)	-	-	3,015	(502)
17. (OCF) Avatiu Ports Development Project Loan- 2739	Dec-11	Nov-35	NZD	5,290	2.64%	4,696	(75)	-	-	4,621	(75)
18. (OCR) Economic Recovery Support Program 2 Loan - 2946	Dec-12	Oct-27	NZD	11,053	2.75%	3,927	(302)	-	-	3,625	(302)
19. (OCF) Renewable Energy Sector- 3193	Jan-15	Jun-36	NZD	12,980	1.15%	9,793	(326)	-	222	9,688	(104)
20. (OCR) Undersea Broadband Cable Loan- 3632	Jul-19	Jun-39	USD	15,000	2.65%	17,975	(3)	113	-	18,085	110
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	55,540
						117,583	(1,588)	(155)	55,762	171,602	54,019
Asian Infrastructure Investment Bank (AIIB)											
24. COVID-19 Active Response & Economic Support - 0461A	Jan-21	Jun-30	USD	19,950	0.25%	28,892	(118)	177	-	28,950	59
						28,892	(118)	177	-	28,950	59
Export -Import Bank of China											
25. Indoor Sports Stadium & Upgrade of Existing Sports Facilities	Aug-08	Aug-28	RMB	74,100	1.80%	6,344	-	130	-	6,474	130
26. Rarotonga Water Ring Main Upgrade Loan	Dec-12	Dec-32	RMB	118,000	2.00%	19,643	-	403	-	20,046	403
						25,988	0	533	-	26,520	533
Total Gross Borrowings						172,463	(1,707)	554	55,762	227,073	54,610
Less Loan Repayment Fund						22,414	(1,631)	(1,026)	-	19,758	(2,656)
Net Borrowing by the Crown						150,049	(76)	1,580	55,762	207,315	57,266
Less Avatiu Port Development & Avaroa Cable Ltd						35,995	(251)	(99)	-	35,645	(350)
Net Borrowing by the General Government						114,054	175	1,679	55,762	171,670	57,616

Crown Gross Debt

The total gross debt by the Crown for December 2021 quarter was \$227.07 million, an increase of \$54.61 million from the September 2021 quarter. The increase in debt level was mainly due to the new Supporting Sustainable Economic Recovery Program Loan 4161 of \$55.54 million which was fully drawn down in December 2021.

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 second quarter ending 31 December 2021 was \$171.67 million, a decrease of \$57.27 million from the September 2021 quarter. The unfavourable movement was due to new loans drawn down during the quarter of \$55.54 million.

Source: NZ Reserve Bank Website for USD and RMB

	Sep-21	Dec-21	Movements from Sept 21
Table 5.1 Average Foreign Currencies against New Zealand Dollars			
Foreign Currencies			
United States Dollars (USD)	0.6874	0.6832	-0.00420
Chinese Yuan (RMB)	4.4458	4.3565	-0.08930
Special Drawing Rights (SDR)	0.4879	0.488147	0.00025

The above foreign currencies rates were used to calculate fair value balances of existing loans as at 31 December 2021.

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 Dec 2021
Asian Development Bank		3,150,000	0
China		91,584	0
European Union		1,919,663	0
Forum Fisheries Agency		0	0
Global Environment Facility		1,051,515	304,772
Green Climate Fund		9,131,735	602,796
ILO		47,176	0
India		580,000	0
Japan		4,002,204	1,232,096
Korea		218,560	0
New Zealand		74,766,778	43,310,000
Other		4,040,000	492,606
SPC		686,825	150,455
UN Adaptation Fund		1,105,864	1,018,895
UNDP		312,570	209,405
UNESCO		396,000	0
UNICEF		135,350	0
WHO		95,220	0
Total Official Development Assistance		101,731,044	47,321,025
			47%

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 \$528,974.00
 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 NIL
 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 \$434,713.00

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 have been received and handed over to Te Marae Ora. Shipment of the road sweeper is currently underway. Arrival in Rarotonga is planned to occur in Jan/Feb 2022. 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 on 28 September 2021. Estimated arrival to Rarotonga is in July 2022.

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. This was to assist in the procurement of medical equipment to support the Cook Islands' for building preparedness and capability in its response to COVID-19, as well as 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 (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.

Manatua Submarine Cable (ICT cable) - New Zealand Grant

Total actual spend to date is \$479,411.00

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 has continued throughout the quarter to further enhance the CLS sites on both Rarotonga and Aitutaki. ACL has contracted Landholdings Ltd to carry out the project, and support has been provided by CIC and ICI.
- ACL's operating licence from the Competition and Regulatory Authority was renewed on 31 October 2021. The licence is largely unchanged but does allow ACL to (i) provide wholesale backhaul services and (ii) to operate satellite teleport services.
- In November 2021 Cabinet approved ACL's submission regarding the draft cable protection legislation to proceed to public consultation. This is anticipated to occur in early 2022.

Green Climate Fund Readiness

Total actual spend to date is \$300,452

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 Dec 2021 \$'000	Variance to YTD Budget \$'000
SOEs Consolidate Group			
Trading Revenue	27,394	26,159	(1,234)
Personnel Expense	(7,642)	(7,173)	469
Operating Expense	(17,088)	(14,893)	2,195
Depreciation Expense	(5,034)	(4,816)	218
Net Activity Surplus / (Deficit)	(2,370)	(722)	1,648

The table above consolidates the December 2021 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 \$0.7 million which was \$1.6 million better than the estimated budget of \$2.4 million for the quarter ended 31 December 2021.

Trading revenues collections were lower than budgeted at a Group level as a result of the ongoing impact of the COVID-19 pandemic affecting operations.

This was offset by savings in Personnel, Operating and Depreciation expenditure due to vacant positions and postponed training seminars, effective cost management practices and phasing of the depreciation budget across the Group's assets.