



# **Cook Islands Government**

## **Quarterly Financial Report**

**30 June 2019**

**Prepared by the Ministry of Finance and Economic  
Management**

[www.mfem.gov.ck](http://www.mfem.gov.ck)

## **Table of Contents**

Introduction	3
Key Points	3 - 4
Summary of the Financial Performance of the General Government	5
Summary of the Financial Position of the General Government	6
General Government Cash Reserves	7
Statement of Cash Flows	8
Loan Repayment Fund	9
Changes to Expenditure Authority	10
General Government Revenue Analysis	11-14
General Government Expenditure Analysis	15-25
Other General Government Operating Expenditure	26
Capital Expenditure	27-30
Crown Gross Debt	31-33
Official Development Assistance (ODA)	34-38
State Owned Enterprises (SOEs)	39

## Introduction

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 2018/19 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.

Government operated without an Appropriation Bill for most part of the first quarter under the authority provided by Article 70 of the Constitution. The calling of the 2018 general election in June delayed the passing of the 2018/19 Appropriation Bill, a process that is usually passed before the new financial year, was passed on 21 September 2018. Subsequent to the third quarter, an Appropriation Amendment Update was passed in April 2019. These updates was reflected in this quarterly report.

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

## Key Points

### General Government - Net Operating Balance

The net operating balance of the General Government sector for the period ended 30 June 2019 was a surplus of \$55.82 million, which represent \$36.75 million higher than the Budget estimates.

- Total operating revenue was above Budget estimates by \$24.78 million primarily as a result of higher than expected fishing licenses revenue collected.
- Total operating expenses was lower than Budget estimates by \$11.96 million, driven mainly by lower spending in Administered Payments (\$4.96 million), Ministry/ Pa Enea expenditure (\$5.38 million) and Other expenses (\$2.31 million).
- Spending on Capital Expenditure were below Budget estimates by \$10.98 million, further details are reported later in the Capital Expenditure section of this report.

**Table 1 - Net Operating Balance General Government**

	2018/19 Budget Estimate - Full Year	2018/19 Additional Funding Approval	2018/19 Total Budget & Approval	2018/19 Actual - 4 Qtr	Variance	
	('000)	('000)	('000)	('000)	('000)	%
Operating Revenue	185,152	0	185,152	209,937	24,785	13
Operating Expenditure	165,970	107	166,077	154,113	11,964	7
<b>Net Operating Balance</b>	<b>19,182</b>	<b>(107)</b>	<b>19,075</b>	<b>55,824</b>	<b>36,749</b>	<b>193</b>

## General Government - Fiscal Balance

The overall fiscal balance of \$27.76 million (*Table 2*) adjusts the Net Operating Balance for the effects of depreciation and spending on capital expenditure.

**Table 2 - Fiscal Balance of General Government**

	2018/19 Budget Estimate - Full Year	2018/19 Additional Funding Approval	2018/19 Total Budget & Approval	2018/19 Actual - 4 Qtr	Variance	
	('000)	('000)	('000)	('000)	('000)	%
Net Operating Balance	19,182	(107)	19,075	55,824	36,749	193
Add Crown Depreciation	4,603	0	4,603	2,084	2,518	55
Add Ministry Depreciation	4,387	0	4,387	3,964	423	10
Add Pa Enea Depreciation	2,988	0	2,988	2,439	549	18
Less Capital Expenditure - CI Govt Funded	47,071	460	47,530	36,551	10,979	23
<b>Fiscal Balance</b>	<b>(15,911)</b>	<b>(567)</b>	<b>(16,477)</b>	<b>27,760</b>	<b>(44,237)</b>	<b>268</b>

## Summary of the Financial Performance of the General Government

The net operating surplus of the General Government sector for the period ended 30 June 2019 was \$55.82 million, representing a \$36.75 million higher on the Budget estimates for the year.

This was driven by higher overall revenue collection of \$24.79 million, followed by lower overall spending of \$11.96 million.

**Table 3 - Net Operating Balance period ending 30 June 2019**

	Notes	2018/19 Budget Estimate - Full Year	2018/19 Additional Funding Approval	2018/19 Budget Estimate - Full Year	2018/19 Actual - Full Year	Variance
		('000)	('000)	('000)	('000)	('000)
<u>Operating Revenue</u>						
Taxation Revenue	2	148,153	0	148,153	159,060	10,907
Other Revenue	5	22,622	0	22,622	37,862	15,240
Trading Revenue	3	6,645	0	6,645	5,283	(1,362)
Core Sector Support	4	7,730	0	7,730	7,730	0
<b>Total Operating Revenue</b>		<b>185,151</b>	<b>0</b>	<b>185,151</b>	<b>209,936</b>	<b>24,785</b>
<u>Operating Expenditure</u>						
Ministry/ Pa Enea Expenditure	6	84,769	0	84,769	79,389	5,379
Administered Payments	7	46,170	0	46,170	41,213	4,957
Payments on Behalf of the Crown	8	25,473	107	25,580	26,262	(681)
Other expenses and Financing Transactions	9	9,559	0	9,559	7,251	2,308
<b>Total Operating Expenditure</b>		<b>165,970</b>	<b>107</b>	<b>166,077</b>	<b>154,114</b>	<b>11,963</b>
<b>Net Operating Balance</b>		<b>19,181</b>	<b>(107)</b>	<b>19,074</b>	<b>55,822</b>	<b>36,748</b>

## Summary of the Financial Position of the General Government

General Government's Financial Position at 30 June 2019 is consolidated by adding like items of assets, liabilities and equity on a line by line basis. The effect of all material inter-government transactions and balances are eliminated on consolidation.

**Table 4 - Consolidated Financial Position as at 30 June 2019**

	Notes	June 18 ('000)	June 19 ('000)	Change ('000)
<b>Current Assets</b>				
Cash and Term Deposits	1	142,235	171,644	29,409
Debtors and Other Receivables		9,311	19,311	10,000
Tax Receivables		16,587	24,064	7,477
Inventory		1,620	2,684	1,064
Advances to SOEs		28,010	25,794	(2,216)
<b>Non Current Assets</b>				
Fixed Assets		112,948	112,465	(483)
<b>Total Assets</b>		<b>310,711</b>	<b>355,962</b>	<b>45,251</b>
<b>Current Liabilities</b>				
Creditors and Other Payables		19,662	22,233	2,571
Trust Liabilities		23,625	40,697	17,072
<b>Non Current Liabilities</b>				
Foreign Borrowings	10	101,292	94,882	(6,410)
<b>Total Liabilities</b>		<b>144,579</b>	<b>157,812</b>	<b>13,233</b>
<b>Net Assets</b>				
		<b>166,132</b>	<b>198,151</b>	<b>32,019</b>
<b>General Government Balance</b>				
		<b>166,132</b>	<b>198,151</b>	<b>32,019</b>

The statement of financial position includes unaudited financial information from ministries, other Crown agencies and the outer islands.

## General Government Cash Reserves

General Government cash reserve are unencumbered cash held that are not tagged to any particular appropriation.

General Government cash reserve as at June 2019 were \$99.66 million, a decrease of \$9.80 million from June 2018. Table 5 below illustrates Crown cash reserves consisting of term deposits and operational accounts.

### Note 1: Cash and Term Deposits

Cash and Term Deposits for Ministries and Outer Islands Administrations (SOE excluded).

**Table 5 - General Government Cash Reserves as at 30 June 2019**

	June 18 ('000)	June 19 ('000)	Change ('000)
Operational Bank Accounts	15,159	32,833	17,674
Term Deposits Accounts	127,076	138,811	11,735
<b>Cash and Term Deposits</b>	<b>142,235</b>	<b>171,644</b>	<b>29,409</b>
Less 2018/2019 Budget Shortfall <sup>1</sup>	0	7,087	7,087
<b>Total Cash and Term Deposits</b>	<b>142,235</b>	<b>164,557</b>	<b>22,322</b>
Committed:			
Reserve Trust Fund <sup>2</sup>	2,911	3,652	741
Disaster Response Fund <sup>3</sup>	1,716	1,766	50
Loan Repayment Fund <sup>4</sup>	21,461	23,605	2,144
Trust Account Deposits <sup>5</sup>	3,192	10,535	7,343
Aid Trust Fund <sup>6</sup>	3,500	25,345	21,845
<b>Total Commitment for this year</b>	<b>32,780</b>	<b>64,902</b>	<b>32,122</b>
<b>Estimated General Cash Reserve</b>	<b>109,455</b>	<b>99,655</b>	<b>(9,800)</b>

<sup>1</sup> Funds set aside to accommodate shortfall in servicing non-operating fiscal balance for the 2018/19 year

<sup>2</sup> Reserve Trust Funds– buffer funds set aside as reserve from 0.05% of all taxation revenue appropriated per financial year

<sup>3</sup> Disaster Response Trust – funds set aside for emergency response in the event of disasters

<sup>4</sup> Loan Repayment Fund – legislated funds quarantined for debt servicing requirements

<sup>5</sup> Trust Account Deposit – funds held on behalf of Land Trust, Law Trust, Workers Compensation Trust, and Insurance Trust

<sup>6</sup> Aid Trust Fund – funds tagged for aid funded projects and programmes.

## Statement of Cash Flow of the General Government

General Government's Cash Flow Statement at 30 June 2019 detail Operating activities that include cash received from all income sources and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and investments for General Government. Financing activities are capital injections by, or repayment of capital to, the external lenders of the General Government.

**Table 6 - Statement of Cash Flow as at 30 June 2019**

	Notes	June 18 ('000)	June 19 ('000)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<i>Cash was provided from:</i>			
Taxation Revenue	2	140,587	159,060
Receipt from customers		42,025	50,877
		<u>182,612</u>	<u>209,937</u>
<i>Cash was applied to:</i>			
Payments to Employees	6	46,942	51,930
Payments to Suppliers		98,444	102,924
		<u>145,386</u>	<u>154,854</u>
Net Cash Flows from Operating Activities		<u><b>37,226</b></u>	<u><b>55,083</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<i>Cash was provided from:</i>			
Sale of Fixed Assets		0	0
		<u>0</u>	<u>0</u>
<i>Cash was applied to:</i>			
Purchase of Investment		0	0
Purchase of Fixed Assets		5,821	27,657
		<u>5,821</u>	<u>27,657</u>
Net Cash Flows from Investing Activities		<u><b>(5,821)</b></u>	<u><b>(27,657)</b></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Capital funding from Aid Donors		31,987	6,614
		<u>31,987</u>	<u>6,614</u>
<i>Cash was applied to:</i>			
Repayment to Lenders		6,712	4,631
		<u>6,712</u>	<u>4,631</u>
Net Cash Flows from Financing Activities		<u><b>25,275</b></u>	<u><b>1,983</b></u>
<b>Net Increase/(Decrease) in Cash Held</b>		56,680	29,409
<b>Opening Cash Balances</b>		85,555	142,235
<b>Closing Cash Balance (Table 5)</b>		<u><b>142,235</b></u>	<u><b>171,644</b></u>



## Loan Repayment Fund (LRF)

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.

Table 7 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.

**Table 7 - Loan Repayment Fund (LRF) Statement**

	June 19
	('000)
<b>Opening LRF Balance</b>	<b>21,461</b>
Contribution to LRF Principal	6,995
Contribution to LRF Interest	2,367
<b>Total Transfer into LRF by General Government</b>	<b>9,362</b>
Interest earned and Gain on Foreign Exchange by LRF	564
<b>Total Inflows</b>	<b>9,926</b>
Principal paid out of LRF	6,179
Interest paid out of LRF	1,603
<b>Total Outflows</b>	<b>7,781</b>
Bank Fees	1
<b>Closing LRF Balance</b>	<b>23,605</b>

## Changes to Expenditure Authority

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

**Table 8 - Executive Council Orders**

Section 70(3) (b) (i) - Calculation	('000)
Total Government Appropriation 2018/19	274,231
Excess (1.5%) of Total Appropriation	4,113
less: Approved expenditure for the June 19 Quarter	4,111
<b>Total Balance</b>	<b>3</b>

Approved Executive Orders under Section 70(3) (b) (i)	('000)
Top up to the Leader of the Opposition Office	81
MP's Travel and Allowance top up	180
Hon. Vaine Mokoroa Appropriation top up	17
Increase to the Capital Distribution Fund	595
Atiu Power Upgrade Project	220
Renovation - Ministry of Corrective Services	31
Mangaia Bus	87
Sports Assistance Fund	47
Atiu Road Improvement Project stage 1 and stage 2	705
Sheraton Foreshore Protection	239
Crown Law - Personnel Funding	60
Tengatangi-Areora-Ngatiarua-By-Election	15
Pharmaceuticals	250
Patient Referrals	250
Operating Contingency Buffer	150
Capital Request - Education	55
CFC - Agrigulture - MV's	42
CFC - Agriculture - ICT Equipment	20
CFC - Health Surgical Equipment	100
CFC - Health Water Tank Aitutaki	30
Approval for additional funds for Te Marae Ora to expedite Operation Namu19	88
Personnel Civil List	98
CIIC Maintenance	305
Water Tanks - Port	31
To Tatou Vai	200
Capital Distribution Fund top up	177
Operating Contingency Fund top-up	20
Parliamentary Sitting Expenses	13
MP Travel and Allowances (local and overseas)	5
<b>Total as at 30 June 2019</b>	<b>4,111</b>

\$4.11 million out of the \$4.13 million allocation was utilised during the financial year.

## General Government Revenue Analysis

General Government Revenue consists of Taxation Revenue, Trading Revenue from Ministries and Outer Island Administration, Core Sector Support funding received from DCD and Other Revenue received on behalf of Crown by Ministries.

**Table 9 - Operating Revenue - General Government**

	2018/19 Budget Estimate - Full Year ('000)	2018/19 Additional Funding Approval ('000)	2018/19 Total Budget & Approval ('000)	2018/19 Actual - Full Year ('000)	Variance ('000)	%
Value-added Tax	68,124	0	68,124	70,315	2,191	3
Income Tax	28,866	0	28,866	36,352	7,486	26
Company Tax	23,190	0	23,190	24,596	1,406	6
Import Levies	14,159	0	14,159	14,565	406	3
Withholding Tax	2,508	0	2,508	1,504	(1,004)	(40)
Departure Tax	11,307	0	11,307	11,728	421	4
<b>Total Taxation Revenue</b>	<b>148,153</b>	<b>0</b>	<b>148,153</b>	<b>159,060</b>	<b>10,906</b>	<b>7</b>
Trading Revenue	6,646	0	6,646	5,284	(1,362)	(20)
Core Sector Support	7,730	0	7,730	7,730	0	0
Other Revenue	22,622	0	22,622	37,862	15,240	67
<b>Total Revenue</b>	<b>185,152</b>	<b>0</b>	<b>185,152</b>	<b>209,937</b>	<b>24,784</b>	<b>13</b>

General Government sector revenue for the period was higher than Budget estimates by \$24.78 million. This was driven mainly by increase in receipts from other revenue of \$15.24 million, Taxation Revenue of \$10.91 million, offset by lower than Budget Trading Revenue of \$1.36 million.

### Note 2: Taxation Revenue

#### Value Added Tax

Value Added Tax (VAT) revenue collected for the period was \$2.19 million above Budget estimate (3 per cent). This was attributed to increased debt recovery action and also less refunds for the period.

#### Income Tax

Income Tax revenue collected for the period was \$7.49 million above Budget estimate (26 per cent). This was also attributed to increased debt recovery action and less VAT refunds for the period.

#### Company Tax

Company Tax collected was \$1.41 million above Budget estimate (6 per cent). The variance was attributed to increased debt recovery action during the year.

#### Import Levies

Import levies collected was \$0.41 million above Budget (3 per cent).

### Withholding Tax

Withholding tax was \$1.0 million (40 per cent) below Budget estimate. These are collected from interests earned on bank deposits, dividends, natural resources amount and royalties. The variance to Budget estimate reflects the nature and timing of these taxes resulting in fluctuating levels of taxes collected.

### Departure Tax

Departure tax collected was \$0.42 million above Budget estimate (4 per cent). This was attributed to increase in the number of departed visitors and families for the year.

### Note 3: Trading Revenue

Trading Revenues are collected by Ministries and Outer Island Administrations with Government approved trading activities. Refer to **Table 11** for total recorded for the period.

### Note 4: Core Sector Support

The Core Sector Support replaces the Performance Based Budget Support and aims to enhance the Cook Islands self-sufficiency by enabling predictable, efficient and effective delivery of priority development objectives coupled with practical policy reform.

### Note 5: Other Revenue

Other Revenues collected for the period was \$37.86 million, \$15.24 million higher than budget estimate for the period.

**Table 10 - General Government Other Revenue Summary**

	2018/19 Budget Estimate - Full Year ('000)	2018/19 Additional Funding Approval ('000)	2018/2019 Total Budget & Approval ('000)	2018/19 Actual - Full Year ('000)	Variance ('000)	%
FSC Fees	143	0	143	279	136	95
Immigration Fees	860	0	860	1064	204	24
IMO Subscription - Maritime CI	66	0	66	67	1	2
Court Services	50	0	50	35	(15)	(30)
Instant Fines	80	0	80	39	(41)	(51)
Fishing Licences	6,305	0	6,305	15,164	8,859	141
Fisheries US Treaties	4,505	0	4,505	5,358	853	19

**Table 9 - General Government Other Revenue Summary Contn'd**

	2018/19 Budget Estimate - Full Year ('000)	2018/19 Additional Funding Approval ('000)	2018/2019 Total Budget & Approval ('000)	2018/19 Actual - Full Year ('000)	Variance ('000)	%
Fishing Fines	2,500	0	2,500	2,263	(237)	(9)
Research Fees	2	0	2	1	(0)	(26)
Permits	24	0	24	12	(12)	(50)
Banana Court -Dividends	10	0	10	10	0	0
Bank of the Cook Islands	284	0	284	284	0	0
Te Aponga - Dividends	255	0	255	682	427	167
Extraordinary SOE-Dividends	60	0	60	60	0	0
Bluesky - Dividends	1,150	0	1,150	3,520	2,370	206
Numismatic Revenue	400	0	400	537	137	34
Drivers Licenses	200	0	200	289	89	44
Motor Vehicle Registrations	875	0	875	871	(4)	(0)
Interest on balances	2,050	0	2,050	2,483	433	21
Interest on loans to subsidiaries	830	0	830	760	(70)	(8)
Foreign Investment Fees	27	0	27	29	2	7
Upper Air Management	746	0	746	577	(169)	(23)
Shipping Reg/Licenses	268	0	268	265	(4)	(1)
Intl Shipping Licenses	10	0	10	24	14	142
Liquor Licensing	70	0	70	66	(4)	(6)
Tattslotto Grants	120	0	120	193	73	61
Censorship Fees	4	0	4	2	(2)	(39)
Circulating Currency- Coins	650	0	650	535	(115)	(18)
Employers Liability	75	0	75	75	0	0
Motor Vehicle Dealers	3	0	3	3	0	12
Gain on Forex	0	0	0	2,300	2,300	100
Other Misc Revenue	0	0	0	15	15	100
<b>Total Other Revenue</b>	<b>22,622</b>	<b>0</b>	<b>22,622</b>	<b>37,862</b>	<b>15,240</b>	<b>67</b>

This was primarily due to;

- higher than expected Fishing Licenses collected of \$8.86 million. This was due to end of the calendar year rush to purchase bilateral purse seine days due to the high presence of Skip Jack Tuna in our EEZ in November and December. During the year, an unanticipated purchase of licenses from extra 7 long line vessels was received.
- higher Dividend from Bluesky of \$2.37 million
- un-budgetted Gain on foreign exchange \$2.3 million

## General Government Expenditure Analysis

General Government Expenditures is the aggregate of Ministries, Agencies, Ministerial Offices and Island Administration's expenditures for the period.

### Note 6: Ministry and Pa Enea Expenditures

Total Ministry and Pa Enea expenditures for the period was \$79.39 million, this is \$5.38 million below the Budget Estimates.

**Table 11 - Ministries, Agencies, Ministerial Offices and Pa Enea Operations Summary**

	2018/19 Budget Estimate - Full Year ( <sup>'000</sup> )	2018/19 Additional Funding Approval ( <sup>'000</sup> )	2018/19 Total Budget & Approval ( <sup>'000</sup> )	2018/19 Actual - Full Year ( <sup>'000</sup> )	Variance ( <sup>'000</sup> )	%
<b>Operating Revenue</b>						
Trading Revenue	6,646	0	6,646	5,284	(1,362)	(20)
<b>Total Trading Revenue</b>	<b>6,646</b>	<b>0</b>	<b>6,646</b>	<b>5,284</b>	<b>(1,362)</b>	<b>(20)</b>
<b>Operating Expenditure</b>						
Personnel	56,242	0	56,242	51,930	4,312	8
Operating	21,152	0	21,152	21,056	96	0
Depreciation	7,375	0	7,375	6,403	972	13
<b>Gross Appropriation</b>	<b>84,769</b>	<b>0</b>	<b>84,769</b>	<b>79,389</b>	<b>5,379</b>	<b>6</b>
<b>Net Appropriation</b>	<b>78,122</b>	<b>0</b>	<b>78,122</b>	<b>74,105</b>	<b>6,742</b>	<b>9</b>

### Trading Revenue

Trading Revenue for period ended 30 June 2019 was \$1.36 million (20 per cent) below Budget estimate. Outer Islands Trading Revenue was \$0.35 million above their budget estimates.

### Personnel

Personnel Expenditure for period ended 30 June 2019 was \$4.31 million lower than Budget estimate (8 per cent). Unfilled positions and were the major reasons contributed to the savings.

### Operating

Operating Expenditure for period ended June 2019 was lower than Budget estimate by \$0.09 million. There have been good control of operating expenditures from the Agencies.

### Depreciation

Depreciation expenditure was below Budget estimate by \$0.97 million (13 per cent). Ministries and Support Office were below Budget Estimates by \$0.42 million and Pa Enea Administrations was below Budget Estimates by \$0.55 million.

### **Administered Payments and POBOCs**

Administered payments were setup as a category of expenditure where government has provided funding to an agency for a particular purpose that directly relates to an output of a Ministry.

The category of POBOCs will be reserved for key commitments that are legally required of the Crown.

**Table 12 - Administered Payments and POBOC Summary**

	2018/19 Budget Estimate - Full Year ('000)	2018/19 Additional Funding Approval ('000)	2018/19 Total Budget & Approval ('000)	2018/19 Actual - Full Year ('000)	Variance ('000)	%
Administered Payments	46,170	0	46,170	41,212	4,958	11
Payment of Behalf of Crown (POBOCs)	25,473	107	25,580	26,262	(681)	(3)
<b>Total</b>	<b>71,643</b>	<b>107</b>	<b>71,750</b>	<b>67,473</b>	<b>4,277</b>	<b>6</b>

#### **Note 7: Administered Payments**

Administered payments were below Budget estimates by \$4.96 million (11 per cent) and mainly attributed to;

- Compensation of employees was \$1.57 million (31 per cent) below Budget estimates with savings in Public Sector Strengthening , Post Tax Amnesty Work and Special Projects Units administered by Cook Islands Investment Corporation
- Use of Goods and Services had a saving of \$2.20 million (11 per cent) against Budget estimates. The savings are mainly from Provision for Land Rental, Land Rent Review and Avaroa Cable project.
- Social Assistance was \$0.34 million (12 per cent) bellow Budget estimates with savings from Welfare Payment Allowances.
- Other expenses were also below Budget estimates by \$1.41 million (23 per cent) due to the delay in the establishment of a water utility for Rarotonga, followed by saving in the production of new currency, transportation and sale of old coins' expenditure.



**Table 13 - Administered Payments**

Administering Ministry	Administered Payment	2018/19 Budget Estimate - Full Year	2018/19 Additional Funding Approval	2018/19 Budget Estimate - 4 Qtr	2018/19 Actual - Full Year	Variance	
		('000)	('000)	('000)	('000)	('000)	%
<b>Compensation of Employees</b>							
Cook Islands Investment Corporation	Infrastructure Committee	75	75	150	47	103	68
Cook Islands Investment Corporation	Joint Venture with Seabed Minerals Authority	130	130	260	248	12	5
Cook Islands Investment Corporation	Special Projects Units	420	495	915	685	230	25
National Environment Service	National Heritage Trust	82	0	82	65	17	21
Finance and Economic Management	Public Sector Strengthening-processes and systems MFEM	345	0	345	272	73	21
Finance and Economic Management	Post Tax Amensty Work	500	0	500	18	482	96
Finance and Economic Management	Director of Civil Aviation	56	0	56	0	56	100
Finance and Economic Management	Price Tribunal	45	0	45	46	(1)	(2)
Justice	Project to bring land records up to date	120	0	120	120	0	0
Justice	Judges Allowances	177	0	177	177	0	0
Public Service Comission	HOM's Salaries	1,582	0	1,582	1,472	109	7
Cook Islands Investment Corporation	School Security	250	0	250	255	(5)	(2)
Education	Centre of Research and Policy Studies	80	0	80	0	80	100
<b>Total Compensation of Employees</b>		<b>3,862</b>	<b>700</b>	<b>4,562</b>	<b>3,406</b>	<b>1,156</b>	<b>25</b>

**Table 13 - Administered Payments Contn'd**

Administering Ministry	Administered Payment	2018/19	2018/19	2018/19	2018/19 Variance		
		Budget	Additional	Budget	Actual -		
		Estimate - Full Year	Funding Approval	Estimate - 4 Qtr	Full Year		
		('000)	('000)	('000)	('000)	('000)	%
<b>Use of Goods and Services</b>							
Cultural Development	Te Maeva Nui Constitution Celebrations	3,694	0	3,694	3,670	24	1
Cook Islands Investment Corporation	Provision for Land Rentals	1,962	(700)	1,262	576	687	54
Cook Islands Investment Corporation	Land Rent Reviews #	642	0	642	0	642	100
Cook Islands Investment Corporation	Avaroa Cable	100	0	100	0	100	100
Education	Tertiary Training Institutions	760	0	760	733	27	4
Education	Centre of Excellence in Information Technology (CEIT)	150	0	150	27	123	82
Finance and Economic Management	Audit of Crown Accounts	30	0	30	30	0	0
Finance and Economic Management	Border Management System Maintenance	155	0	155	155	0	0
Finance and Economic Management	Standard and Poors Subscription	55	0	55	59	(4)	(6)
Finance and Economic Management	Special Investigative and Prosecution Services	200	0	200	67	133	66
Finance and Economic Management	Debt Advisory Services	60	0	60	60	0	0
Crown Law	Arbitration Case	1,159	0	1,159	1,157	2	0

**Table 13 - Administered Payments Contn'd**

Administering Ministry	Administered Payment	2018/19 Budget Estimate - Full Year	2018/19 Additional Funding Approval	2018/19 Budget Estimate - 4 Qtr	2018/19 Actual - Full Year	Variance	
		('000)	('000)	('000)	('000)	('000)	%
		<b>Use of Goods and Services</b>					
Foreign Affairs	Cook Islands Student Association Support	5	0	5	0	5	100
Head Of State	Domestic Hosting Entertainment	15	0	15	12	3	21
Head Of State	QR Social Responsibility Fund	8	0	8	8	0	6
Health	Pharmaceuticals	1,118	0	1,118	1,118	(0)	(0)
Health	Operation Namu	88	0	88	88	0	0
Infrastructure Cook Islands	Outer Islands Equipment Repairs of Unanticipated Breakdowns	200	0	200	197	3	2
Infrastructure Cook Islands	Waste Management	545	0	545	494	51	9
Infrastructure Cook Islands	Water Maintenance	500	0	500	443	57	11
Infrastructure Cook Islands	Road Maintenance	630	0	630	647	(17)	(3)
Infrastructure Cook Islands	Road Asset Management	650	0	650	646	4	1
Infrastructure Cook Islands	Bridges and Drainage Maintenance	600	0	600	600	0	0
Internal Affairs	Lease extension	72	0	72	49	23	33
Internal Affairs	Vaka Maintenance	400	0	400	398	2	1
Parliamentary Services	Pacific Legislatures for Population and Governance (PLPG)	52	(9)	43	42	1	3

**Table 13 - Administered Payments Contn'd**

Administering Ministry	Administered Payment	2018/19 Budget Estimate - Full Year	2018/19 Additional Funding Approval	2018/19 Budget Estimate - 4 Qtr	2018/19 Variance Actual - Full Year		
		('000)	('000)	('000)	('000)	('000)	%
<b>Use of Goods and Services</b>							
Parliamentary Services	Special Select Committee #	10	9	19	19	0	1
Parliamentary Services	Remuneration Tribunal Committee	25	0	25	18	7	0
Cultural Development	Te Kopapa Reo Maori Board	15	0	15	15	0	3
Prime Minister's Office	Social Responsibility Fund	243	0	243	243	0	0
Police	Search and Rescue	20	(20)	0	0	0	0
Police	Serious Crime Investigations	50	20	70	68	2	2
Police	Te Kukupa - Biannual Slipping	150	0	150	29	121	80
Police	Te Kukupa - Fuel Contribution	140	0	140	140	0	0
Police	Youth Program	45	0	45	45	0	0
Tourism Corporation	Marketing Resources - Tourism Growth Strategy	5,072	0	5,072	5,072	0	0
Foreign Affairs	Returned Services Association	5	0	5	5	0	6
Prime Minister's Office	Community Support Fund	100	0	100	91	9	9
Crown Law	Pacific Islands Law Officers Network (PILON)	30	0	30	30	0	1
Marine Resources	15th Forum Fisheries Ministerial Meeting	37	0	37	28	9	25
Environment	E-Waste Management	85	0	85	85	0	0
<b>Total Use of Goods and Services</b>		<b>19,877</b>	<b>(700)</b>	<b>19,177</b>	<b>17,159</b>	<b>2,018</b>	<b>11</b>

**Table 13 - Administered Payments Contn'd**

Administering Ministry	Administered Payment	2018/19 Budget Estimate - Full Year	2018/19 Additional Funding Approval	2018/19 Budget Estimate - 4 Qtr	2018/19 Actual - Full Year	Variance	
		('000)	('000)	('000)	('000)	('000)	%
<b>Subsidies</b>							
Education	University of the South Pacific Contribution	205	0	205	183	22	11
Finance and Economic Management	Air New Zealand - Subsidies	12,523	0	12,523	12,925	(402)	(3)
Finance and Economic Management	Provision for Inter Island Shipping	500	0	500	174	326	65
Finance and Economic Management	Subsidy of audio/visual broadcasting in Pa Eua	45	0	45	40	5	12
Finance and Economic Management	Asian Infrastructure Investment Bank (AIIB) membership	31	0	31	0	31	100
<b>Total Subsidies</b>		<b>13,304</b>	<b>0</b>	<b>13,304</b>	<b>13,322</b>	<b>(19)</b>	<b>(0)</b>
<b>Social Assistance</b>							
Education	Government Funded Scholarships	660	0	660	673	(12)	(2)
Health	Patient Referrals	800	146	946	730	216	23
Health	Nursing School	234	(62)	172	279	(107)	(62)
Health	NCD Fund	195	(84)	111	195	(84)	(76)
Internal Affairs	Welfare Payments - Allowances	1,044	0	1,044	742	302	29
Justice	Legal Aid	40	0	40	11	29	74
<b>Total Social Assistance</b>		<b>2,974</b>	<b>0</b>	<b>2,974</b>	<b>2,630</b>	<b>344</b>	<b>12</b>

**Table 13 - Administered Payments Contn'd**

Administering Ministry	Administered Payment	2018/19 Budget Estimate - Full Year	2018/19 Additional Funding Approval	2018/19 Budget Estimate - 4 Qtr	2018/19 Variance Actual - Full Year		
		('000)	('000)	('000)	('000)	('000)	%
<b>Other Expense</b>							
Cook Islands Investment Corporation	Establishment and implementation of a water utility for Rarotonga	1,200	0	1,200	381	819	68
Education	Private School Funding	2,230	0	2,230	2,230	0	0
Marine Resources	Fisheries Development Facility	200	0	200	178	22	11
Marine Resources	Fisheries Development Facility in the Pa Enea	100	0	100	121	(21)	(21)
Internal Affairs	CISNOC Grant	767	0	767	720	47	6
Internal Affairs	SIF - Cook Islands Government Contribution	881	0	881	773	108	12
Finance and Economic Management	Conduct of a Labour Force Survey	100	0	100	0	100	100
Finance and Economic Management	Production of new currency, transportation and sale of old coins	350	0	350	35	315	90
Finance and Economic Management	Marumaruatua	275	0	275	255	20	7
Finance and Economic Management	Establishment of Ministerial Office	50	0	50	0	50	100
<b>Total Other Expenses</b>		<b>6,153</b>	<b>0</b>	<b>6,153</b>	<b>4,693</b>	<b>1,460</b>	<b>24</b>
<b>Grand Total</b>		<b>46,170</b>	<b>0</b>	<b>46,170</b>	<b>41,212</b>	<b>4,958</b>	<b>11</b>

## Note 8: Payments On Behalf of Crown (POBOC)

The overall POBOC expenditure was slightly above Budget estimates by \$0.68 million (3 per cent). This was mainly attributed to :

- Social Assistance (above \$0.88 million) from increased Welfare payments for various assistance related to old age pensions and other benefits.

**Table 14 - Payments On Behalf of Crown (POBOCs)**

Administering Ministry	Payments On Behalf of Crown (POBOC)	2018/19 Budget Estimate Full Year ('000)	2018/19 Additional Funding Approval ('000)	2018/19 Total Budget & Approval ('000)	2018/19 Actual - Full Year ('000)	Variance ('000)	%
<b>Compensation of Employees</b>							
Finance and Economic Management	Parliamentary Superannuation	180	0	180	114	66	37
Audit (PERCA)	PERC Salaries and Administration Costs	43	0	43	37	6	13
Parliamentary Services	Civil List - Personnel	2,268	98	2,366	2,359	7	0
Parliamentary Services	House of Ariki	228	0	228	229	(0)	(0)
<b>Total Compensation of Employees</b>		<b>2,719</b>	<b>98</b>	<b>2,817</b>	<b>2,738</b>	<b>78</b>	<b>3</b>
<b>Use of Goods and Services</b>							
Audit (PERCA)	Audit Fees	96	0	96	96	0	0
Parliamentary Services	Civil List - Constituency Visits	170	(100)	70	54	16	23
Parliamentary Services	Parliamentary Sitting Expenses	286	0	286	297	(11)	(4)

**Table 14 - Payment on Behalf of Crown Contn'd**

Administering Ministry	Payments On Behalf of Crown (POBOC)	2018/19	2018/19	2018/19	2018/19	Variance	
		Budget Estimate Full Year	Additional Funding Approval	Total Budget & Approval	Actual - Full Year	('000)	%
		('000)	('000)	('000)	('000)	('000)	%
<b>Use of Goods and Services</b>							
Parliamentary Services	MP Travel and Allowances (local and overseas)	321	100	421	415	6	1
Parliamentary Services	QR Travel and Allowances (local and overseas)	109	9	118	117	0	0
Foreign Affairs	IMO - Maritime Cook Islands	63	0	63	0	63	100
<b>Total Use of Goods and Services</b>		<b>1,045</b>	<b>9</b>	<b>1,054</b>	<b>979</b>	<b>75</b>	<b>7</b>
<b>Subsidies</b>							
Cook Islands Investment Corporation	BCI - social assistance subsidy	120	0	120	120	0	0
Cook Islands Investment Corporation	Airport Authority subsidy	2,048	0	2,048	2,048	(0)	(0)
Cook Islands Investment Corporation	Ports Authority - subsidy	110	0	110	110	0	0
Cook Islands Investment Corporation	Te Aponga Uira - social assistance subsidy	380	0	380	380	0	0
<b>Total Subsidies</b>		<b>2,658</b>	<b>0</b>	<b>2,658</b>	<b>2,658</b>	<b>0</b>	<b>0</b>
<b>Social Assistance</b>							
Internal Affairs	Welfare Payments	18,157	0	18,157	19,035	(879)	(5)
<b>Total Social Assistance</b>		<b>18,157</b>	<b>0</b>	<b>18,157</b>	<b>19,035</b>	<b>(879)</b>	<b>(5)</b>
<b>Other Expense</b>							
Finance and Economic Management	Pacific Catastrophe Risk Insurance	121	0	121	153	(32)	(27)



**Table 13 - Payment on Behalf of Crown Contn'd**

Administering Ministry	Payments On Behalf of Crown (POBOC)	2018/19	2018/19	2018/19	2018/19	Variance	
		Budget Estimate Full Year	Additional Funding Approval	Total Budget & Approval	Actual - Full Year	('000)	%
Finance and Economic Management	CIG Insurance	100	0	100	71	29	29
Foreign Affairs	International Subscriptions	674	0	674	627	47	7
<b>Expenses</b>		<b>894</b>	<b>0</b>	<b>894</b>	<b>851</b>	<b>43</b>	<b>5</b>
<b>Grand Total</b>		<b>25,473</b>	<b>107</b>	<b>25,580</b>	<b>26,262</b>	<b>(681)</b>	<b>(3)</b>

## Note 9: Other General Government Operating

Other operating spending for the General Government sector were 24 per cent below Budget estimates. Foreign exchanges movements expenditure attributed to this variance for the quarter.

**Table 15 - Other General Government Operating**

Category of Expense	2018/19	2018/19	2018/19	2018/19	Variance	
	Budget Estimate Full Year	Additional Funding Approval	Total Budget & Approval	Actual - Full Qtr	(000)	%
	('000)	('000)	('000)	('000)	('000)	%
Contingency Funds - Operating	365	0	365	308	57	16
Crown Infrastructure Depreciation	4,603	0	4,603	2,084	2,518	55
Transfer to Emergency Response Trust Fund	50	0	50	50	0	0
Transfer to Reserve Trust Fund	0	0	0	0	0	0
Depreciation Contingency Reserve	2,174	0	2,174	0	2,174	100
Debt Servicing Interest	2,367	0	2,367	2,082	285	12
Foreign Exchange (Gain)/Loss	0	0	0	2,726	(2,726)	100
<b>Total Other Expenses</b>	<b>9,559</b>	<b>0</b>	<b>9,559</b>	<b>7,251</b>	<b>2,308</b>	<b>24</b>

## Capital Expenditure

Capital Expenditure was below Budget Estimates by \$10.98 million (23 per cent) at the end of the last quarter of the Financial Year 2018/19 mainly due to timing of spending related to a number of projects especially projects allocated to Cook Islands Investment Corporations, Ministry of Finance, Infrastructure Cook Islands and the Office of the Prime Minister. Requests to carry forward unspent capital budgets for many projects have to approved and work will continue into the new financial year to complete projects.

**Table 16 - Capital Expenditure**

Ministry/ Island	PROJECT/PROGRAMME	2018/19 Budget Estimate - Full Year (‘000)	2018/19 Additional Funding Approval (‘000)	2018/19 Total Budget & Approval (‘000)	2018/19 Actual - Full Year (‘000)	Variance (‘000) %	
<b>Agricultures</b>							
Rarotonga	Vanilla Shade House	30	0	30	30	0	0
		<b>30</b>	<b>0</b>	<b>30</b>	<b>30</b>	<b>0</b>	<b>0</b>
<b>Cook Islands Investment Corporations</b>							
Rarotonga	Nukutere Rebuild	530	95	625	858	(233)	(37)
Rarotonga	Vaikapuangi Government Building - design	130	0	130	200	(70)	(54)
Rarotonga	Tereora College Stage 1 Works	204	0	204	114	91	44
Rarotonga	Te Mato Vai - Stage 1	50	0	50	0	50	100
Rarotonga	Te Mato Vai - Stage 1	650	0	650	0	650	100
Pukapuka	Pukapuka Hospital	500	0	500	12	488	98
Rarotonga	TMV Titikaveka Backroad Rehabilitation	127	0	127	0	127	100
Rarotonga	China Building Repair	340	(95)	245	0	245	100
		<b>2,531</b>	<b>-</b>	<b>2,531</b>	<b>1,185</b>	<b>1,347</b>	<b>53</b>
<b>Education</b>							
National	Fund to be Prioritised by Education	165.48	0	165	160	5	3
		<b>165.48</b>	<b>0</b>	<b>165</b>	<b>160</b>	<b>5</b>	<b>3</b>
<b>Health</b>							
National	Fund to be Prioritised for Technical Equipment	275	0	275	453	(178)	(65)
Rarotonga	Medical Service Bed End Panels	78	0	78	39	40	51

**Table 16 - Capital Expenditures Contn'd**

Ministry/ Island	PROJECT/PROGRAMME	2018/19	2018/19	2018/19	2018/19	Variance	
		Budget Estimate - Full Year	Additional Funding Approval	Total Budget & Approval	Actual - Full Year	('000)	%
		('000)	('000)	('000)	('000)	('000)	%
<b>Health</b>							
Rarotonga	Hospital Incinerator	217	0	217	79	139	64
	General Govt Ambulance	148	0	148	87	61	41
		<b>718</b>	<b>0</b>	<b>718</b>	<b>658</b>	<b>61</b>	<b>8</b>
<b>Internal Affairs</b>							
Rarotonga	Vaka Maintenance Capital Projects	50	0	50	50	0	0
		<b>50</b>	<b>0</b>	<b>50</b>	<b>50</b>	<b>0</b>	<b>0</b>
<b>Ministry of Economic and Financial Management</b>							
Rarotonga	FMIS purchase and implementation	644	0	644	391	253	39
Rarotonga	AEOI IT System	122	0	122	38	84	69
Rarotonga	Water & Sanitation Programme (WASP)	250	0	250	52	198	79
Rarotonga	Te Mato Vai - Rarotonga Water Upgrade	23,750	0	23,750	22,451	1,299	5
		<b>24,766</b>	<b>0</b>	<b>24,766</b>	<b>22,933</b>	<b>1,833</b>	<b>7</b>
<b>Infrastructure Cook Islands</b>							
Atiu	Atiu Road Improvement	954.597	0	955	486	468	49
Aitutaki	Aitutaki road Improvement Programme	226	0	226	219	7	3
National	Bitumen Truck	14.229	0	14	14	0	0
Rarotonga	Bridges & Drainage	1,299	(266)	1,033	1,033	0	0
Rarotonga	Muri Road Widening	288	0	288	288	0	0
Various	Cyclone Centre Program	1,050	0	1,050	546	504	48
Rarotonga	Avatiu Valley Stream embankment	394	266	660	660	0	0
Rarotonga	Road Asset Management	2,100	0	2,100	2,000	100	5
Mangaia	Mangaia Road Sealing	218.958	0	219	119	100	46
Mangaia, Atiu, Mauke	HV Transport Trailer	14.23	0	14	14	0	0
Mangaia	Tamarua Water Project	134	0	134	212	(79)	(59)
Manihiki	Airport Terminal - construction	16	0	16	16	0	0

**Table 16 - Capital Expenditures Contn'd**

Ministry/ Island	PROJECT/PROGRAMME	2018/19	2018/19	2018/19	2018/19	Variance	
		Budget Estimate - Full Year	Additional Funding Approval	Total Budget & Approval	Actual - Full Year	('000)	%
		('000)	('000)	('000)	('000)	('000)	%
<b>Infrastructure Cook Islands</b>							
Manihiki	Tukao Passage Widening	141	0	141	112	28	20
Mitiaro	Water Upgrade	382	0	382	305	77	20
Penrhyn	Omoka Harbour Upgrade	250	0	250	187	63	25
Pukapuka	Upgrade of Airport terminal buildings	60	0	60	61	(1)	(2)
Rarotonga	Tereora Drainage Improvement	117	0	117	117	0	0
Aitutaki	Establishing new water galleries	418	0	418	81	338	81
Rarotonga	Culvert	600	0	600	599	1	0
Rarotonga	Apii Nikao School access road	0	100	100	100	0	0
Rarotonga	Sheraton Foreshore Project	239.1	0	239	239	0	0
		<b>8,916</b>	<b>100</b>	<b>9,016</b>	<b>7,410</b>	<b>1,607</b>	<b>18</b>
<b>Office of the Prime Ministers</b>							
Atiu	Atiu Power Distribution	220	360	580	576	4	1
Aitutaki	Aitutaki Renewable Energy	2,474	(1,101)	1,374	874	500	36
Pa Enea	Renewable Energy - Capital works	3,164	1,101	4,265	1,094	3,170	74
National	Government IT Network	40	0	40	39	1	2
National	Renewable Management Project Management and Support	250	0	250	217	33	13
National	Manatua Polynesian Cable (Loan Component)	2,000	0	2,000	0	2,000	100
Mangaia	Mangaia Bus	87.307	0	87	87	0	0
		<b>8,235</b>	<b>360</b>	<b>8,595</b>	<b>2,888</b>	<b>5,708</b>	<b>66</b>
<b>Administered by MFEM</b>							
National	Capital Distribution Fund	1550	0	1,550	1,164	385	25
Pa Enea	Outer Islands Small Capital Fund	110	0	110	74	36	33
	Aitutaki	16	0	16	0	16	100
	Atiu	12	0	12	6	6	48
	Mangaia	12	0	12	9	3	25
	Manihiki	10	0	10	8	2	20
	Mauke	10	0	10	9	1	11
	Mitiaro	8	0	8	7	1	15

**Table 16 - Capital Expenditures Contn'd**

Ministry/ Island	PROJECT/PROGRAMME	2018/19 Budget Estimate - Full Year	2018/19 Additional Funding Approval	2018/19 Total Budget & Approval	2018/19 Actual - Full Year	Variance	
		('000)	('000)	('000)	('000)	('000)	%
	Palmerston	10	0	10	7	3	30
	Penrhyn	12	0	12	11	1	5
	Pukapuka-Nassau	12	0	12	9	3	28
	Rakahanga	8	0	8	8	0	4
		<b>1660</b>	<b>0</b>	<b>1660</b>	<b>1238</b>	<b>422</b>	<b>25</b>
	<b>GRAND TOTAL</b>	<b>47,072</b>	<b>460</b>	<b>47,532</b>	<b>36,550</b>	<b>10,982</b>	<b>23</b>

**Cook Islands Investment Corporation Capital Expenditures**

Total spent was below Budget Estimates by \$1.35 million due to;

**China Building Repair**

Tender report for repair of the Sports Arena is currently under review. Other works including repairs on the roof has been prolonged to due to unfavourable weather conditions hence the underspent. Underspent amount has been requested for carryforward.

**Te Mato Vai**

Project is still ongoing with ODA funding being utilised first hence the underspent in

**Ministry of Finance and Economic Management**

Total spent was below Budget Estimates by \$1.83 million due to;

**Te Mato Vai - Rarotonga Water Upgrade**

Project is still in progress. Total spent during the year was 95 percent of total budget. The 5 percent of \$1.30 million has been requested for carry forward.

**Office of the Prime Minister****Renewable Energy- Capital Work**

Renewable Energy- Capital Work in the Pa Enea was below Budget estimates by \$3.17 million. The project is still underway and work is expected to continue into the new financial year for completion.

**Manatua Polynesian Cable (Loan Component)**

The Manatua Polynesian Cable had no spend at the end of the last quarter of FY2018/19. Project works is expected to commence later into the new financial year.

## Crown Gross Debt

### Note 10 : Foreign Borrowings

The total gross debt (Foreign Borrowings) by the Crown at the end of the quarter 30 June 2019 was \$94.88 million, a decrease of \$1.17 million from the March 2019 quarter (**Table 18**).

This decrease was a result of principal repayments of \$1.93 million and an unfavourable movement in exchange rates of \$0.76 million.

### General Government Net Debt

The general government's 'Net Debt' is the total gross debt net of the Loan Repayment Fund (LRF) and SOE debts. General Government Net Debt at 30 June 2019 was \$51.45 million, a \$0.35 million net increase from the March 2018 quarter.

**Table 17 - Average Exchange Rates Used**

Foreign Exchange Currency	31 March 2019	30 June 2019	Change to March 19
EUR	0.5183	<b>0.5840</b>	0.0657
USD	0.6749	<b>0.6579</b>	(0.0170)
CNY	4.6063	<b>4.5401</b>	(0.0662)
SDR	0.4877	<b>0.4815</b>	(0.0062)

**Table 18 - Crown Debt**

Loan Discription	Source (Currency)	Loan in Orginal Currency ('000)	Loan Start Date	Loan End Date	March 2019 Balance ('000)	Principal Payments ('000)	FOREX Adjustment ('000)	Revaluation/ Draw Down Adjustments	June 2019 Balance ('000)	Change March 19 Qtr ('000)
China - Multi-Functional Indoor Sports Stadium Loan	CNY	67,260	Aug-08	Aug-28	<b>8,929</b>	0	151	0	<b>9,080</b>	151
China - Rarotonga Water Ring Project	CNY	118,000	Dec-12	Dec-13	<b>23,855</b>	0	398	0	<b>24,253</b>	398
ADB 461 Multi Project Loan	SDR	1,000	Nov-80	Aug-20	<b>165</b>	0	1	0	<b>166</b>	1
ADB 567 01st CIDB Loan	SDR	1,500	Jul-82	Apr-22	<b>284</b>	(39)	0	0	<b>245</b>	(39)
ADB 849 2nd Multi-Project Loan	SDR	2,067	Dec-87	Aug-27	<b>1,428</b>	0	11	0	<b>1,439</b>	11
ADB 1031 TCI Loan	SDR	3,541	Oct-90	Aug-30	<b>3,692</b>	0	29	0	<b>3,721</b>	29
ADB 1155 2nd CIDB Loan	SDR	939	Mar-92	Dec-31	<b>988</b>	(37)	6	0	<b>957</b>	(31)
ADB 1171 TCI Emergency Loan	SDR	291	Aug-92	Jun-32	<b>342</b>	(13)	2	0	<b>331</b>	(11)
ADB 1309 Pearl Loan	SDR	336	Dec-94	Aug-34	<b>384</b>	0	3	0	<b>387</b>	3
ADB 1317 Education Loan	SDR	1,836	Feb-95	Aug-34	<b>2,343</b>	0	18	0	<b>2,361</b>	18
ADB 1380 3rd CIDB Loan	SDR	1,538	Jan-96	Sep-35	<b>2,015</b>	0	15	0	<b>2,030</b>	15
ADB 1466 Economic Restructuring Loan	SDR	3,430	Sep-96	Sep-36	<b>4,616</b>	0	29	0	<b>4,645</b>	29
ADB 1588 Cyclone Emergency Rehab Loan	SDR	1,895	Jun-05	Jun-45	<b>811</b>	0	5	0	<b>816</b>	5
ADB 1832 Waste Management Loan	SDR	1,695	Dec-01	Jun-33	<b>2,007</b>	(68)	14	0	<b>1,953</b>	(54)
ADB 2174 Cyclone Emergency Assist Loan	SDR	1,895	Jun-05	Jun-45	<b>3,464</b>	(36)	26	0	<b>3,454</b>	(10)
ADB 2472 Avatiu Port Development	NZD	10,309	Sep-09	Nov-33	<b>8,997</b>	(136)	0	0	<b>8,861</b>	(136)
ADB 2473 Avatiu Port Development	SDR	4,524	Sep-09	Nov-40	<b>7,230</b>	(1,280)	54	0	<b>6,004</b>	(1,226)



**Table 18 - Crown Debt    Contn'd**

<b>Loan Discription</b>	<b>Source (Currency)</b>	<b>Loan in Orginal Currency ('000)</b>	<b>Loan Start Date</b>	<b>Loan End Date</b>	<b>March 2019 Balance ('000)</b>	<b>Principal Payments ('000)</b>	<b>FOREX Adjustment ('000)</b>	<b>Revaluation/ Draw Down Adjustments</b>	<b>June 2019 Balance ('000)</b>	<b>Change March 19 Qtr ('000)</b>
ADB 2739 Amend Avatiu Port Development	NZD	5,322	Dec-11	Nov-35	<b>5,023</b>	(59)	0	0	<b>4,964</b>	(59)
ADB 2946 Economic Restructuring Loan 2	NZD	7,250	Dec-12	Dec-28	<b>5,136</b>	0	0	0	<b>5,136</b>	0
ADB 2565 Economic Restructuring Loan 1	NZD	11,053	Jan-10	Oct-24	<b>5,527</b>	0	0	0	<b>5,527</b>	0
ADB 3913 Renewable Energy	NZD	12,980	Jan-15	Jun-36	<b>8,813</b>	(261)	0	0	<b>8,552</b>	(261)
<b>Total Gross Borrowings</b>					<b>96,049</b>	<b>(1,929)</b>	<b>762</b>	<b>0</b>	<b>94,882</b>	<b>(1,167)</b>
<i>Less Loan Repayment Fund</i>					<b>23,699</b>	0	0	(94)	<b>23,605</b>	(94)
<b>Net Borrowing by the Crown</b>					<b>72,350</b>	<b>(1,929)</b>	<b>762</b>	<b>(94)</b>	<b>71,277</b>	<b>(1,073)</b>
<i>Less Avatiu Port Development</i>					<b>21,250</b>	(1,475)	54	0	<b>19,829</b>	(1,421)
<b>Net Borrowing by the General Government</b>					<b>51,100</b>	<b>(454)</b>	<b>708</b>	<b>(94)</b>	<b>51,448</b>	<b>348</b>

### **Official Development Assistance (ODA)**

Official Development Assistance was appropriated at the total value of \$61.1 million in the 2018/19 Budget. This value includes all ODA projects including significant projects such as the Manatua Cable project, the Renewable Energy Grant from the Green Climate Fund and Core Sector Support Grant Funding with New Zealand with outputs 1 - 3 treated as Revenue (Core Sector Support) through Treasury and distributed to core ministries (Education, Health and Tourism).

Total spend illustrates programme/project expenditures from July 2018 to June 2019. ODA estimated spend to date is reported at \$31.93 million representing a 52 per cent spend against the total Budget Estimates.

We have highlighted the major projects below but refer to **ANNEX ONE** for a full status report on all ODA activities.

**Table 19 - Official Development Assistance (ODA)- Estimated Spend**

<b>Projects by Agency</b>	<b>Development Partners</b>	<b>Executing Agency</b>	<b>2018/19 Budget Estimate - Full Year ('000)</b>	<b>2018/19 Estimated Spend - Full Year ('000)</b>	<b>Variance ('000)</b>
Chinese Building Repairs	China	MFEM	2,560	0	2,560
Regional Ridge to Reef Project - Testing the Integration of Water, Land, Forest & Coastal Management	Global Environment Facility	MFEM	76	0	76
Gender Empowerment	Australia		0	62	(62)
India Grant Fund	India	MULTI	105	121	(16)
Pacific Parliamentary Development Project	PARLIAMENT		76	0	76
Diaster Resillience for Small Pacific Islands (RESPAC Cook Islands )	UNDP		152	142	10
US Treaty Project Development Fund (PDF) Support	FFA		30	114	(84)
Pacific Agreement on Closer Economic Relations (PACER) Plus	Australia		20	0	20
Grassroots Grant Fund	Japan		300	0	300
Non Project Grant Aid - Palmerston Cyclone Centre	Japan		1,040	935	105
Economic Social Development Programme 2018-Japanese Machinery and Equipment	Japan		2,000	127	1,873
JICA Training and Development	Japan		125	125	0
General Budget Support	European Union		1,440	0	1,440
Manatua Polynesian Cable Project	New Zealand		10,000	4,125	5,875
Aid Effectiveness	Other		100	61	39

**Table 19 -Official Development Assistance (ODA) - Estimated Spend Cont'd**

Projects by Agency	Development Partners	Executing Agency	2018/19 Budget Estimate - Full Year ('000)	2018/19 Estimated Spend - Full Year ('000)	Variance ('000)
Te Mato Vai	New Zealand	MFEM	3,400	3,719	(319)
Mei Te Vai Ki Te Vai (MTVKTV)	New Zealand	MFEM	4,362	1,478	2,884
TRAC Funds	UNDP		94	0	94
Cook Islands Core Sector Support	New Zealand		7,700	7,700	0
New Zealand Triennium Fund	New Zealand		9,026	1,383	7,642
General Government cash reserve as at June 2019 were \$104.48 million, a decrease of \$4.97 million from June 2018. Table 5 below illustrates Crown cash reserves consisting of term deposits and operational accounts.	European Union	MMR	486	553	(67)
NZ Volunteer Services Aboard	New Zealand		160	196	(36)
Japan Trust Fund	Japan		87	0	87
Project Development Fund - US Fisheries Treaty	Forum Fisheries Agency	MMR	236	114	122
FAO Country Programme Framework Cook Islands	FAO		230	0	230
Improved production processing and marketing of agricultural produce	FAO		230	0	230
Bio control of Invasive weeds	New Zealand		50	0	50
Establishment of the Community-based ICH Inventory in the CI	UNESCO		50	0	50
Cultural Small Grants (WIPO, India, China)	Multilateral Fund		760	0	760
SPC Small Grants	Secretariat of the Pacific Community	MOH	11	0	11
Strengthening Specialised Clinical Services in the Pacific (SSCSIP)	Australia		11	0	11
WHO Biennium Budget Support	WHO	MOH	205	101	103
Small Health Grants	Multilateral Fund		50	15	35
Western Pacific Multi-country Integrated HIV/TB programme - UNDP	UNDP		56	67	(11)
National Children's Policy Project	UNICEF		0	26	(26)
Ridge to Reef	Global Environment Facility	NES	1,084	2,062	(978)

**Table 19 -Official Development Assistance (ODA) - Estimated Spend Cont'd**

Projects by Agency	Development Partners	Executing Agency	2018/19 Budget Estimate - Full Year ('000)	2018/19 Estimated Spend - Full Year ('000)	Variance ('000)
Strengthening the Implementation of the Nagoya Protocol on Access to Genetic Resources and Benefit Sharing in the Cook Islands	Global Environment Facility	NES	282	0	282
E-Government TA Support	Asian Development Bank	MFEM	1	40	(39)
Renewable Energy Grant (Southern Group)	European Union	MFEM	1,529	272	1,257
Renewable Energy Grant (Southern Group)	Global Environment Facility		1,062	1,060	2
Renewable Energy Grant - Battery Storage	Green Climate Fund		9,160	1,507	7,653
Preparation of the Third National Communication under UN Framework Convention on Climate Change (UNFCCC)	Global Environment Facility	OPM	389	81	308
Green Climate Fund Readiness	Green Climate Fund	MULTI	360	483	(123)
Pa Enea Action for Resilient Livelihoods (PEARL)	UN Adaptation Fund	OPM	1,500	243	1,257
Northern Water Project Phase 2	EU-German Development Cooperation		206	297	(91)
GEF Small Grants Programme	Global Environment Facility	CI RED CROSS	384	103	281
<b>Total</b>			<b>61,184</b>	<b>27,315</b>	<b>33,870</b>

## **Official Development Assistance (ODA)**

### **Manatua Cable**

Total spend for the period is \$4.12 million. 4 Consortium members (Avaroa Cables Limited (ACL) – Cook Islands, Office des Postes et Telecommunications de Polynesia Francaise (OPT) – French Polynesia, Samoa Submarine Cable Company Limited (SSCC) - Samoa and Telecom Niue (TN) - Niue) signed the Construction and Maintenance Agreement (C&MA) and the Supply Contract. A site visit was carried out by SubComm from the 13-18 December 2018 to determine the readiness of the Cook Islands to implement the submarine cable and to ensure the cable is designed to appropriate specifications. The site visit including meeting with Government agencies and ACL. ACL has been formed to operate and manage the Cook Islands stake in the Manatua project and an independent board has been appointed to oversee the company. The Manatua consortium has appointed Axiom as specialist technical advisers. The project is on course for Installation by January 2020 and ready for Service in May 2020.

### **Te Mato Vai (TMV)**

NZ contribution towards TMV has been fully expended for the quarter. Cook Islands Government is continuing to fund TMV Stage 2 which is estimated to be completed by the end of the calendar year. McConnell Dowell was awarded the construction for Stage 2. At the end of the calendar year 2018, 8 of the 10 water intakes sites are under construction. 3 intake sites are to be commissioned by May 2019, 3 by July 2019 and 4 by October 2019.

### **Cook Islands Core Sector Support (CSS)**

Total spend for the period is \$7.70 million. The CSS makes up 32% of total New Zealand Aid in the ODA Schedule. The NZ CSS Programme includes direct budget support to Ministry of Education, Cook Islands Tourism and the Ministry of Health. New Zealand Ministry of Foreign Affairs and Trade (MFAT) together with the Ministry of Finance and Economic Management of the Cook Islands are currently drafting the new Core Sector Support Grant Funding Agreement for 2018/19 – 2020/21 which should be finalized by May 2019.

### **China Building Repair**

The Implementing Agency for this project is the Cook Islands Investment Corporation (CIIC). The renovations project is intended for public buildings in Rarotonga namely the Indoor Sports Arena, Ministry of Justice, and Police Headquarters. The Implementation Agreement for this project was finalized and signed in October 2017. Furthermore, the Governments of the Cook Islands and Peoples Republic of China (PRC) have signed Grant Agreements to the value of CNY¥30,000,000, to fund the renovations project. Since then, this project has been suspended pending outcome of discussions between PRC Government and the Cook Islands Government.

### **Economic Social Development Programme 2018-Japanese Machinery and Equipment**

Per the Exchange of Notes between the governments of Japan and the Cook Islands for this particular programme, a procurement agent agreement was signed with Japan International Cooperation System (JICS ) on 22 August 2018. Through this agreement the grant of two hundred million Japanese Yen (JPY200,000,000) is managed by JICS to procure the goods and/or services for the implementation of this programme on behalf of the Cook Islands. During this reporting period the Excavators contract was signed on 20 March 2019 between JICS and Future bud International Co., LTD. The estimate arrival of the excavators in Rarotonga is mid-January/ February 2020. The draft technical specifications for the Drinking water trucks, Sprinkler water truck for civil works, Truck head + trailer and the Patrol type ambulances are undergoing final preparation to be completed early April 2019 to enable advertising for expressions of interest by May 2019

### **Renewable Energy Grant - Battery Storage**

Total spend for the period is \$1.51 million. This funding will be used for the procurement of equipment and materials, civil works, related transportation, insurance, and installation costs for the installation of three additional units of Battery Energy Storage System (BESS). TAU is the implementing agency for this subproject. Procurement for this subproject is in two lots. The Airport South (LOT2) contract was awarded on 28 September 2018. This BESS component of the project is nearing completion and commissioning tests are underway. This BESS comprises 1 MW/4 MWh and is designed for load shifting and enabling additional solar to be installed in the grid.

### **Mei Te Vai Ki Te Vai (MTVKTV)**

Total spend for the period is \$1.48 million. The purpose of the Mei Te Vai Ki Te Vai Project is to improve the water quality of the lagoons in Rarotonga and Aitutaki for the benefit of our health, environment and economy.

### State Owned Enterprises (SOEs)

The table below consolidates 30 June 2019 performances of Cook Islands Investment Corporation (CIIC), Airport Authority, Bank of the Cook Islands, Ports Authority and Te Aponga Uira (TAU).

**Table 20 - State Owned Enterprises (SOEs) Operations**

	2018/19 Budget Estimate - Full Year ('000)	2018/19 Actual - Full Year ('000)	Variance ('000)	%
Trading Revenue	57,045	56,188	(856)	-2%
Personnel	12,120	11,640	480	4%
Operating	32,396	28,888	3,508	11%
Depreciation	7,812	7,638	174	2%
<b>Gross Activity Cost</b>	<b>52,328</b>	<b>48,166</b>	<b>4,162</b>	<b>8%</b>
<b>Net Activity (Cost)/Surplus</b>	<b>4,717</b>	<b>8,022</b>	<b>3,306</b>	<b>70%</b>

The consolidated group reported a surplus of \$8.02 million, \$3.31 million (70 per cent) ahead of Budget estimates for 30 June 2019. This was from the operating results of TAU, the Airport Authority and Bank of Cook Islands.

Personnel, operating and depreciation were all under budget for the CIIC consolidated group as a result of better control on operating spending and saving on unfilled personnel positions.