



The Government of the Cook Islands

Quarterly Financial Results

30 September 2020

Prepared by the Ministry of Finance and Economic Management

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Table of Contents

	Page(s)
Basis of Preparation	3
Schedule 1: Net Operating and Fiscal Balances	4-5
Schedule 2: Cash Reserves	6
Schedule 3: Loan Repayment Fund	7
Schedule 4 : Executive Council Orders	7
Table 1 : Revenue	8-10
Table 2 : Payments on behalf of Crown Expenditure	11
Table 3 : Administrated Payments Expenditure	12-16
Table 4 : Capital Expenditure	17-19
Table 5 : Borrowings	20-21
Table 6 : Official Development Assistance	22
Table 7 : State Owned Enterprises (SOE's)	23

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 2020/21 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 2020/21 Appropriation Bill was passed in June 2020.

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 September 2020

	Table	Budget Estimates Full Year 2020/21	Carry Forwards from 2019/20	Additional Funding Approval 2020/21	Total Budget & Approval	Budget Estimates YTD September 2020	Actual YTD September 2020	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2020/21
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Operating Revenue	1								
Taxation Revenue		93,814	0	0	93,814	23,454	22,376	-1,077	24%
Other Crown Revenue		17,614	0	0	17,614	4,732	1,847	-2,885	10%
Trading Revenue		3,703	0	0	3,703	744	859	115	23%
Dividends		1,500	0	0	1,500	0	0	0	0%
Interest on Balances		800	0	0	800	200	365	165	46%
Core Sector Support		7,730	0	0	7,730	0	0	0	0%
Total Operating Revenue		125,162	0	0	125,162	29,129	25,448	-3,682	20%
Operating Expenditure									
Ministry Outputs		195,504	232	69	195,806	51,330	47,330	4,000	24%
Personnel		64,356	0	0	64,356	16,390	15,459	931	24%
Operating		19,573	133	0	19,706	6,062	3,092	2,971	16%
Administered Payments	3	105,215	99	69	105,383	27,316	27,203	113	26%
Depreciation		6,360	0	0	6,360	1,561	1,576	-15	25%
POBOC	2	29,569	0	0	29,569	7,661	7,660	1	26%
Crown Infrastructure & Contingency Depreciation		4,603	0	0	4,603	396	396	0	9%
Transfer to Emergency Trust Fund		50	0	0	50	0	0	0	0%
Depreciation Contingency Fund		2,174	0	0	2,174	0	0	0	0%
Contingency Funds - Operating		100	0	0	100	7	7	0	7%
Total Operating Expenses		232,000	232	69	232,301	59,394	55,393	4,002	24%
Net Operating Surplus/(Shortfall) Balance		-106,838	-232	-69	-107,139	-30,265	-29,945	320	-28%
Add Depreciation		13,137	0	0	13,137	1,957	1,972	-15	15%
Less Capital Expenditure	4	42,419	265	0	42,684	4,324	4,394	-70	10%
Net Fiscal Surplus/(Shortfall) Balance		-136,119	-497	-69	-136,686	-32,632	-32,367	265	-24%

At a Glance: Fiscal Position

* General Government's Fiscal Position reported a shortfall in net fiscal balance of \$32.37 million, the shortfall was higher than anticipated by \$0.27 million when compared against the budget estimates for the September quarter. The higher deficit was predominantly due to the effects of COVID-19 and border restrictions on revenue collection, down by \$3.68 million. Spending on operating and capital expenses were on track against budget.

* Government's Net Operating Position: The General Government reported a net operating shortfall of \$29.95 million for the September quarter, again higher than expected by \$0.32 million when compared against the net operating position estimated for the same period, all related to the shortfall in revenue collection.

* Operating Revenue: Operating revenue reported a shortfall of \$3.68 million against the budget estimates for the September quarter. This was primarily caused by the impact of COVID-19 on the timing of receiving revenue from the fishing licences of \$2.45 million which will be reported in the second quarter. The effects of the pandemic also impacted taxation revenue collection, which recorded \$1.08 million lower than estimated, with the collection of departure tax revenue suffering the most due to travel restrictions.

* Operating Expenditure: General Government operating expenditure reported lower actual spending by \$4.00 million against the budget estimates for the September quarter. This was mainly attributed to the underspending in operating expenditures of Agencies of \$2.97 million due effective monitoring of operating expenses.

* Capital Expenditure: Spending on Capital expenditure was on track against budget estimates for the September quarter.

Schedule 2: Cash Reserves General Government September 2020

	30 Sept 2020
	\$'000
Crown	84,606
Agencies	10,106
Term Deposits and Trust Accounts	94,712
Crown	14,767
Agencies	10,016
Operational Bank Accounts	24,783
Total Cash Reserves	119,495
Committed:	
Reserve Trust Fund ¹	3,487
Disaster Response Fund ²	1,969
Loan Repayment Fund ³	17,463
Trust Account Deposits ⁴	3,415
Aid Trust Fund ⁵	19,434
Stabilisation Account ⁶	-
Land/Law Trust/Other Agency Trust Fund ⁷	7,704
Infrastructure Trust Fund ⁸	10,048
Vat/Tax Imprest and Customs Bonds Account ⁹	2,777
Total Commitment for this year	66,298
Estimated General Cash Reserve	53,197

<p>¹ Reserve Trust Funds– buffer funds set aside as reserve from 0.05% of all taxation revenue appropriated per financial year</p> <p>² Disaster Response Trust – funds set aside for emergency response in the event of disasters</p> <p>³ Loan Repayment Fund – legislated funds quarantined for debt servicing requirements</p> <p>⁴ Trust Account Deposit – funds held by Crown for Law Trust, Workers Compensation Trust, Immigration bonds helds, International unclaimed monies and Insurance Trust.</p> <p>⁵ Aid Trust Fund – funds tagged for aid funded projects and programmes.</p> <p>⁶ Stabilisation Account - The opening balance of \$56.7 million has been mobilized in the 2020/21 financial year to support Government's Economic Response Plan (ERP) cashflow.</p> <p>⁷ Land Trust/Law Trust and Other Agency Trust Funds - funds held in trust on behalf of land and law related deposits at the Ministry of Justice and small Trust account held at the Agencies eg. Hararanga Trust held at Penrhyn Island Administration.</p> <p>⁸ Infrastructure Trust Fund - funds provided by New Zealand Government for Infrastructure.</p> <p>⁹ VAT/Tax Imprest Accounts held by the Revenue Department as clearing account for Tax Refunds and Custom Bonds.</p>
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Schedule 3: Loan Repayment Fund Statement

	30 Sept 2020
	\$000
Opening LRF Balance	20,458
Contribution to LRF Principal	0
Contribution to LRF Interest	0
Total Transfer into LRF by General Government	0
Realised Gain on Foreign Exchange	0
Transfer out of LRF	0
Interest earned by LRF	126
Total Inflows	126
Principal paid out of LRF	2,693
Interest paid out of LRF	428
Total Outflows	3,121
Closing LRF Balance	17,463

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 2020/21	344,023
Excess (1.5%) of Total Appropriation	5,160
less: Approved expenditure for the Sept 2021 Quarter	69
Total Balance	5,091
Executive Council Orders Authority	\$000
Top up to Special Select Committee Admin. Fund	69
Total Executive Council Orders Authority as at 30 September 2020	69

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.

\$0.069 million out of the \$5.16 million allocation was utilised for the quarter ending 30 September 2020.

Table 1: Revenue on Behalf of Crown (ROBOC)

	Budget Estimates Full Year 2020/21	Additional Funding Approval 2020/21	Total Budget & Approval	Budget Estimates YTD September 2020	Actual YTD September 2020	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2020/21
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Taxation Revenue							
Individual Income Tax	20,708	0	20,708	5,177	5,127	-50	25%
Withholding Tax	1,321	0	1,321	330	206	-124	16%
Company Income Tax	14,938	0	14,938	3,735	2,746	-989	18%
Value Added Tax	39,902	0	39,902	9,976	11,192	1,216	28%
Departure Tax	4,729	0	4,729	1,182	34	-1,149	1%
Customs Tax	12,216	0	12,216	3,054	3,073	19	25%
	93,814	0	93,814	23,454	22,376	-1,077	24%
Other Revenue							
Drivers License Fees	260	0	260	65	22	-43	9%
Police Fines	40	0	40	10	5	-5	11%
Immigration Fees	560	0	560	140	174	34	31%
International Shipping Fee	17	0	17	4	0	-4	0%
Motor Vehicle Dealers	3	0	3	1	0	-1	0%
Shipping Registry Licenses	90	0	90	23	0	-23	0%
Upper Air Space Fees	0	0	0	0	169	169	0%
Court Services	11	0	11	3	12	9	105%
Foreign Investment Fees	27	0	27	7	1	-6	3%
IMO Subscriptions MCI	66	0	66	17	2	-15	2%
Censorship Fees	1	0	1	0	0	0	0%
Employer Liabilities	75	0	75	19	0	-19	0%
Liquor License	70	0	70	18	6	-12	8%
Motor Vehicle Registration Fees	875	0	875	219	240	21	27%
Research Fees	2	0	2	0	0	0	5%
Permits	24	0	24	6	2	-4	10%
Bluesky Dividends	1,500	0	1,500	375	0	-375	0%
Interest on Balances (Crown)	800	0	800	200	365	165	46%

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

	Budget Estimates Full Year 2020/21	Additional Funding Approval 2020/21	Total Budget & Approval	Budget Estimates YTD September 2020	Actual YTD September 2020	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2020/21
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Numismatics	450	0	450	113	61	-52	14%
Sale of Circulating Currency	350	0	350	88	0	-88	0%
Fisheries - US Treaties	5,000	0	5,000	1,250	0	-1,250	0%
Fishing Fines	190	0	190	48	37	-10	20%
Fishing Licenses	9,000	0	9,000	2,250	1,063	-1,187	12%
Tattslotto	120	0	120	30	54	24	45%
Excess	198	0	198	50	0	-50	0%
South Indian Ocean Fisheries Agreement (SIOFA)	179	0	179	0	0	0	0%
South Pacific Fisheries Management Organisation (SPRFMO)	7	0	7	0	0	0	0%
Other Revenue on Behalf of Crown	0	0	0	0	0	0	0%
	19,914	0	19,914	4,932	2,212	-2,720	-55%
Core Sector Support	7,730	0	7,730	0	0	0	0%
Total Other ROBOC	27,645	0	27,645	4,932	2,212	-2,720	-10%
Total ROBOC	121,459	0	121,459	28,386	24,589	-3,797	20%

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

Taxation Revenue items	Comparative Actual Sept 2019 Quarter \$'000	Actual YTD Sept 2020 \$'000	Variance of Actual YTD \$'000	Commentary
				<i>Note: Comments are provided on all Taxation revenue items.</i>
Individual Income Tax	6,690	5,127	-1,563	Decreased \$1.56 million compared to same quarter last year, despite the minimum wage increase from \$7.60 to \$8.00 effective 1 July 2020. This is due to impact of Covid-19. The Economic Response Package (Phase 2) has greatly aided the private sector through schemes such as the Wage Subsidy; in which PAYE is collected from wages earned.
Withholding Tax	881	206	-675	Decreased by \$0.68 million due to the impact of Covid-19 on businesses and their employees; with fewer withholding tax being collected as a result.
Company Income Tax	5,313	2,746	-2,567	Decreased by \$2.57 million due to the impact of Covid-19 on registered businesses. Re estimation of provisional tax downwards has been factored in budget to reflect the current economic climate.

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

Taxation Revenue items	Comparative Actual Sept 2019 Quarter \$'000	Actual YTD Sept 2020 \$'000	Variance of Actual YTD \$'000	Commentary
				<i>Note: Comments are provided on all Taxation revenue items.</i>
Value Added Tax	19,398	11,192	-8,206	Decreased by \$8.21 million due to the impact of Covid-19 on travel restrictions, consumer spending has been affected; with the main revenue generator of spending coming from Tourism.
Departure Tax	4,136	34	-4,102	Decreased by \$4.10 million, almost half of VAT revenue, showing a direct impact of Covid-19 on travel restrictions with the main revenue generator being tourism.
Customs Tax	3,781	3,073	-708	Decreased by \$0.71 million due to the impact of Covid-19 on travel border restrictions; which is in contrast to departure tax revenue showing a significant decrease. This is due to the repatriation of Cook Islanders overseas.
Other Revenue items	Comparative Actual Sept 2019 Quarter \$'000	Actual YTD Sept 2020 \$'000	Variance of Actual YTD \$'000	Commentary
				<i>Note: Comments are provided on Other Revenue items that (1) are > 30% of their full year budget, and (2) unanticipated revenue earned.</i>
Fisheries - US Treaties	2,000	0	-2,000	Timing issue due to the receiving of this revenue in the month of October of \$2.45 million which will be reported in the second quarter (1 Oct - 31 Dec 2020) of the financial year.
Upper Air Space Fees	295	169	-126	Timing issue due to the receiving of this unanticipated revenue pertaining to June 2020 in this first quarter. No budget allocated for this financial year due to Covid-19 impact on travel restrictions.
Immigration Fees	962	174	-788	Decreased by \$0.79 million due to the effects of Covid-19 and the demand for labour and business ability to cover immigration fees.
Court Services	36	12	-24	Decreased by \$0.024 million in comparison to the same period due to the impact of Covid-19 on court sittings. The budget for this revenue has been revised down to \$0.011 million (PY: \$0.031 million) in this financial year due to an expected reduction in court sittings.
Interest on Balances (Crown)	2,987	365	-2,621	Decreased by \$2.62 million due to the impact of Covid-19 on the economy. Funds were transferred from Term Deposits closed off to contribute to the Stabilisation Fund, the Economic Response Package (ERP). The interest revenue component on these term deposits closed off was affected as a result of the transfer.
Tattslotto	33	54	21	Tattslotto commission revenue increased by \$0.021 million due to revenue generated from lotto ticket sales.

Table 2: Payments on Behalf of Crown (POBOC)

	Budget Estimates Full Year 2020/21	Carry Forwards from 2019/20	Additional Funding Approval 2020/21	Total Budget & Approval	Budget Estimates YTD September 2020	Actual YTD September 2020	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2020/21
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Old Age Benefit	12,914	0	0	12,914	3,609	3,609	0	28%
Child Benefit	5,413	0	0	5,413	1,590	1,590	1	29%
Infirm/Destitute Benefit	1,104	0	0	1,104	186	186	0	17%
Government Paid Maternity Leave	150	0	0	150	48	48	0	32%
Carer Order Payment	10	0	0	10	0	0	0	2%
BCI Transaction Fees	176	0	0	176	0	0	0	0%
New Born Allowance	240	0	0	240	65	65	0	27%
Audit Fee	96	0	0	96	0	0	0	0%
PERC Salaries and Administration Costs	58	0	0	58	13	13	0	23%
Bank of the Cook Islands Subsidy	128	0	0	128	0	0	0	0%
Airport Authority Subsidy	3,048	0	0	3,048	762	762	0	25%
Ports Authority Subsidy	110	0	0	110	0	0	0	0%
Te Mana Uira O Araura subsidy	500	0	0	500	159	159	0	32%
Civil List - Constituency Visits	170	0	0	170	52	52	0	30%
Civil List - Personnel	2,902	0	0	2,902	767	767	0	26%
House of Ariki	338	0	0	338	117	117	0	35%
Parliamentary Sitting Expenses	150	0	0	150	33	33	0	22%
QR Travel and Allowances (local and overseas)	109	0	0	109	8	8	0	7%
MP Travel and Allowances (local and overseas)	341	0	0	341	59	59	0	17%
International Subscriptions	890	0	0	890	128	128	0	14%
Maritime Cook Islands	63	0	0	63	0	0	0	0%
Maritime Radio Coverage	79	0	0	79	0	0	0	0%
Pacific Catastrophe Risk Insurance	160	0	0	160	0	0	0	0%
Crown Insurance	180	0	0	180	35	35	0	19%
Parliamentary Superannuation	180	0	0	180	22	22	0	12%
BEPS Subscription	35	0	0	35	0	0	0	0%
Local Government Election	24	0	0	24	7	7	0	27%
	29,569	0	0	29,569	7,661	7,660	1	26%

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

	Full year Budget	Actual YTD Sept 2020	Actual vs Full year Budget	Commentary
	('000)	('000)	%	
				<i>Note: Comments are provided on expenditure items that are > 30% of their full year budget</i>
Government Paid Maternity Leave	150	48	32%	On 1 July 2020 the minimum wage increased from \$7.60 to \$8.00, also increasing the maternity leave payment to \$320 per week for six weeks.
Te Mana Uira O Araura subsidy	500	159	32%	An annual budget of \$0.500 million has been allocated this financial year to offset costs incurred by TMU, due to the impact of COVID-19 on tourism.
Civil List - Constituency Visits	170	52	30%	Fewer constituency visits by Member's of Parliament have been undertaken to the Pa Enua, due to the impact of COVID-19 on travel restrictions.
House of Ariki	338	117	35%	Costs incurred pertaining to events held this first quarter such as the Koutu Nui conference, and House of Ariki conference.

Table 3: Administrative Payments

	Budget Estimates Full Year 2020/21	Carry Forwards from 2019/20	Additional Funding Approval 2020/21	Total Budget & Approval	Budget Estimates YTD September 2020	Actual YTD September 2020	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2020/21
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Power Subsidy	84	0	0	84	0	0	0	0%
Funeral Assistance Allowance	170	0	0	170	46	44	2	26%
Caregivers Allowance	420	0	0	420	132	122	10	29%
Christmas Bonus	338	0	0	338	0	0	0	0%
Infrastructure Committee	130	0	0	130	43	36	6	28%
Joint Venture with SBMA	130	0	0	130	0	0	0	0%
Provision for Land Rentals	500	0	0	500	19	19	0	4%
School Security	230	0	0	230	58	50	8	22%
Government Facility Development Department	420	0	0	420	76	76	0	18%
Avaroa Cable	150	0	0	150	150	150	0	100%
To Tatou Vai	3,330	0	0	3,330	1,328	1,328	0	40%
Renewable Energy Maintenance	100	0	0	100	0	0	0	0%
Legal Provisions	155	0	0	155	0	0	0	0%
Marketing Resources - Tourism Growth Strategy	4,500	0	0	4,500	1,125	1,125	0	25%
Domestic Hosting Entertainment	15	0	0	15	4	0	3	2%
QR Social Responsibility Fund	8	0	0	8	2	0	2	0%
Head of State Rent	13	0	0	13	3	0	3	0%
Bridges and Drainage Maintenance	970	0	0	970	3	3	0	0%
OI Equipment Repairs of Unanticipated Breakdowns	200	0	0	200	64	64	0	32%
Road and Civil Maintenance	1,100	0	0	1,100	155	155	0	14%

Table 3: Administrative Payments Cont'd

	Budget Estimates Full Year 2020/21	Carry Forwards from 2019/20	Additional Funding Approval 2020/21	Total Budget & Approval	Budget Estimates YTD September 2020	Actual YTD September 2020	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2020/21
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Waste Management	730	0	0	730	2	2	0	0%
Emergency Work	200	0	0	200	4	4	0	2%
Te Maeva Nui Celebrations	503	0	0	503	233	233	0	46%
Te Kopapa Reo Maori Board	15	0	0	15	7	7	0	44%
Cook Islands Cultural Fund	200	0	0	200	68	68	0	34%
Returned Services Association	5	0	0	5	1	0	1	0%
Cook Islands Student Association Support	10	0	0	10	0	0	0	0%
Fisheries Development Facility	250	0	0	250	116	116	0	46%
Government Funded Scholarships	780	0	0	780	207	207	0	26%
Private School Funding - Nukutere	639	0	0	639	174	167	7	26%
Tertiary Training Institutions	1,160	0	0	1,160	315	315	0	27%
University of the South Pacific Contribution	205	0	0	205	0	0	0	0%
Bus Service	26	0	0	26	7	4	2	16%
Private School Funding - St. Josephs	441	0	0	441	121	121	0	27%
Private School Funding - Creative Centre	132	0	0	132	38	38	0	29%
Private School Funding - Te Uki Ou	519	0	0	519	142	142	0	27%
Private School Funding - Papaaroa	275	0	0	275	76	76	0	28%
Private School Funding - Aitutaki SDA	193	0	0	193	54	54	0	28%
Private School Funding - Immanuel Akatemia	226	0	0	226	63	63	0	28%
Private School Funding - Blackrock	86	0	0	86	25	25	0	29%
NCD Fund	195	0	0	195	150	150	0	77%
Patient Referrals	850	0	0	850	450	450	0	53%
Pharmaceuticals	868	0	0	868	160	160	0	18%
CISNOC Grant	370	0	0	370	370	370	0	100%
Lease Extension	72	0	0	72	18	9	9	13%
SIF - CIG Contribution	1,000	0	0	1,000	377	377	0	38%
Vaka Maintenance	400	0	0	400	89	89	0	22%
Special Assistance Projects	250	0	0	250	48	48	0	19%

Table 3: Administrative Payments Cont'd

	Budget Estimates Full Year 2020/21	Carry Forwards from 2019/20	Additional Funding Approval 2020/21	Total Budget & Approval	Budget Estimates YTD September 2020	Actual YTD September 2020	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2020/21
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Internal Affairs Youth Program	45	0	0	45	3	3	0	7%
Judge's Allowances	300	0	0	300	15	15	0	5%
Land Records Update Project	120	0	0	120	0	0	0	0%
Legal Aid	40	0	0	40	0	0	0	0%
National Heritage Trust	122	0	0	122	33	33	0	27%
Management of Suwarrow Park	150	31	0	181	81	81	0	45%
EIA Process	150	0	0	150	60	60	0	40%
Search and Rescue	20	0	0	20	2	0	2	0%
Serious Crime Investigations	100	0	0	100	7	7	0	7%
Te Kukupa - Biannual Slipping	150	0	0	150	0	0	0	0%
Te Kukupa - Fuel Contribution	140	0	0	140	0	0	0	0%
Police Youth Program	45	0	0	45	11	5	6	12%
HOM's Salaries	1,742	0	0	1,742	475	475	0	27%
Community Support Fund	100	0	0	100	45	41	4	41%
ICT Support Team	250	0	0	250	33	33	0	13%
Red Cross	50	0	0	50	50	50	0	100%
Pa Enea Mechanical Overseer	100	0	0	100	30	21	9	21%
Energy Commissioner	50	0	0	50	0	0	0	0%
Marae Moana Ambassador	60	0	0	60	15	10	5	17%
PM Social Responsibility Fund	363	0	0	363	183	183	0	50%
Provision for Inter-Island Shipping	800	0	0	800	222	215	7	27%
Air New Zealand Underwrite	7,000	0	0	7,000	0	0	0	0%
Public Sector Strengthening - Process & Systems	150	0	0	150	3	3	0	2%
Price Tribunal Committee	45	0	0	45	11	3	8	7%
Economic Utilities Regulator	480	0	0	480	1	1	0	0%
Production of new currency, transportation and sale of old coins	380	0	0	380	12	12	0	3%
Subsidy of audio/visual broadcasting in Pa Enea	45	0	0	45	0	0	0	0%

Table 3: Administrative Payments Cont'd

	Budget Estimates Full Year 2020/21	Carry Forwards from 2019/20	Additional Funding Approval 2020/21	Total Budget & Approval	Budget Estimates YTD September 2020	Actual YTD September 2020	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2020/21
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Debt Advisory Services	60	0	0	60	0	0	0	0%
Special Investigative & Prosecution Services	50	0	0	50	13	8	4	16%
The Centre of Research and Policy Studies	80	0	0	80	0	0	0	0%
The Centre of Excellence in Information Technology (CEIT)	60	0	0	60	15	14	1	23%
Border Management System Maintenance	155	0	0	155	0	0	0	0%
Post Tax Amnesty Work	321	0	0	321	0	0	0	0%
COVID-19 Medical Response Fund	3,000	0	0	3,000	72	72	0	2%
COVID-19 Economic Response Plan - MFM	64,000	0	0	64,000	19,098	19,098	0	30%
SBMA Launch	130	68	0	198	37	37	0	19%
Asian Infrastructure Investment Bank (AIIB) Membership	31	0	0	31	8	0	8	0%
Government Broadband Utilities	30	0	0	30	8	5	3	15%
Workforce Development	234	0	0	234	120	120	0	51%
Universal Access Fund	220	0	0	220	0	0	0	0%
Standard Poor's Subscription	70	0	0	70	0	0	0	0%
Pacific Financial Regional Technical Assistance (PFTAC) Contribution	15	0	0	15	0	0	0	0%
FMIS Maintenance	80	0	0	80	0	0	0	0%
Audit of Crown Accounts	30	0	0	30	0	0	0	0%
Special Select Committee	90	0	69	159	133	133	0	83%
	105,215	99	69	105,383	27,316	27,203	113	26%

Table 3: Administrative Payments Commentary

	Full year Budget ('000)	Actual YTD Sept 2020 ('000)	Actual vs Full year Budget %	Commentary
				<i>Note: Comments are provided on expenditure items that are > 30% of Annual Budget.</i>
Avaroa Cable	150	150	100%	Bulk funded to support the day-to-day operational functions of the SOE and the implementation of the Manatua Cable project.
To Tatou Vai	3,330	1,328	40%	Bulk funded to support to the day-to-day operational functions of the SOE, which will ultimately assume responsibility of Te Mato Vai (TMV) Project (Stages 1 and 2) assets.
OI Equipment Repairs of Unanticipated Breakdowns	200	64	32%	Fewer travelling of labour and transporting of heavy plant and machinery equipment for repairs and maintenance for ongoing projects on the Pa Enua, as a result of COVID-19 impact on travel restrictions.
Te Maeva Nui Celebrations	503	233	46%	Costs incurred relating to the 55th Constitution Celebrations held in the homelands of the Pa Enua.
Fisheries Development Facility	250	116	46%	Funding to support the Cook Islands fishing industry with their programmes, activities and events.
NCD Fund	195	150	77%	Bulk funded to support the day-to-day operational functions of Health. The purpose of the fund is to reduce the ongoing issue of Non-Communicable Disease in the Cook Islands.
Patient Referrals	850	450	53%	Bulk funded to support the day-to-day operational functions of Health's Patient Referrals. The purpose of the fund is for people living in the Cook Islands to access secondary and tertiary level health services not available in the Cook Islands, to be referred to New Zealand.
CISNOC Grant	370	370	100%	Costs incurred for the Cook Island Games which commenced in the month of October.
SIF - CIG Contribution	1,000	377	38%	Funding for programmes in both the Cook Islands and Pa Enua in areas such as gender, children and youth, the elderly, persons with disabilities, domestic violence, and mental health.
Management of Suwarrow Park	181	81	45%	Bulk funded to support the day-to-day operational functions. The purpose of the funding is to recruit, train and equip park rangers to effectively ensure environment protection on Suwarrow and Manuae island.
EIA Process	150	60	40%	Bulk funded to support the day-to-day operational functions. The purpose of the fund is to strengthen the EIA process which is providing expert advisory support to the relevant environment bodies and providing support to Pa Enua Environment Offices.
PM Social Responsibility Fund	363	183	50%	Bulk funded to support small community projects, social events and sporting activities.
COVID-19 Economic Response Plan - MFM	64,000	19,049	30%	Expenditure on track. Until further notice, the Wage Subsidy has been extended to the end of February 2021 following Government's latest announcement in November.
Workforce Development	234	120	51%	Costs incurred for formal and professional training courses to develop the Health workforce.

Special Select Committee

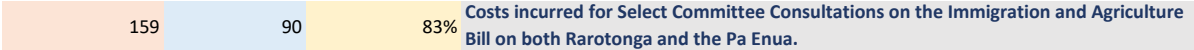


Table 4: Capital Expenditures

	Budget Estimates Full Year 2020/21	Carry Forwards from 2019/20	Additional Funding Approval 2020/21	Total Budget & Approval	Budget Estimates YTD September 2020	Actual YTD September 2020	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2020/21
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Bridges & Structure Improvement	2,810	0	0	2,810	8	8	0	0%
Government IT Network	300	0	0	300	7	7	0	2%
Atiu Road Improvement	0	0	0	0	0	126	-126	0%
FMIS Purchase and Implementation	65	0	0	65	16	4	12	7%
Health Project	100	0	0	100	0	0	0	0%
Orongo Development Master Plan and Centre reconstruction - Ports Authority	500	0	0	500	359	359	0	72%
To Tatou Vai	3,225	0	0	3,225	0	0	0	0%
Land Acquisition	700	0	0	700	0	0	0	0%
Drainage Improvement	950	0	0	950	79	79	0	8%
Road Asset Management	8,080	0	0	8,080	280	280	0	3%
Mei Te Vai ki Te Vai	2,000	0	0	2,000	0	0	0	0%
Te Mato Vai - Rarotonga Water Upgrade	9,000	0	0	9,000	869	869	0	10%
Fund to be Prioritised by Education	360	0	0	360	14	14	0	4%
CT Scanner	1,300	0	0	1,300	780	780	0	60%
Aitutaki Capital Funding	16	0	0	16	4	0	4	0%
Atiu Capital Funding	12	0	0	12	3	0	3	0%
Mitiaro Capital Funding	8	0	0	8	2	1	1	16%
Mauke Capital Funding	10	0	0	10	2	0	2	0%
Mangaia Capital Funding	12	0	0	12	3	0	3	0%
Manihiki Capital Funding	10	0	0	10	2	0	2	0%
Penrhyn Capital Funding	12	0	0	12	3	0	3	0%
Palmerston Capital Funding	10	0	0	10	2	0	2	0%
Pukapuka Capital Funding	12	0	0	12	3	0	3	0%
Rakahanga Capital Funding	8	0	0	8	8	1	7	7%

Table 4: Capital Expenditures Cont'd

	Budget Estimates Full Year 2020/21	Carry Forwards from 2019/20	Additional Funding Approval 2020/21	Total Budget & Approval	Budget Estimates YTD September 2020	Actual YTD September 2020	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2020/21
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Fund to be Prioritised by Health for Technical Equipment	300	0	0	300	2	2	0	1%
Capital Distribution Fund	490	0	0	490	201	201	0	41%
Atiu Power Upgrade	0	0	0	0	0	2	-2	0%
FM and TV Telecommunications for the Pa Enua	0	200	0	200	111	111	0	55%
Relocation of Oral Health Services	70	0	0	70	40	36	4	51%
Prison Development Programme	132	0	0	132	79	77	2	59%
Upgrade of Nursery Facilities	49	0	0	49	18	18	0	38%
The Centre of Excellence in Information Technology (CEIT)	0	65	0	65	65	57	8	87%
Emergency Management and Support Infrastructure	3,718	0	0	3,718	767	767	0	21%
Inland and Coastal Waters Asset Management and Improvement Programme	530	0	0	530	7	7	0	1%
Pa Enua Air Infrastructure Improvement Programme	1,680	0	0	1,680	6	6	0	0%
Waste Management Infrastructure Improvement Programme - Capital	250	0	0	250	0	0	0	0%
Pa Enua Government Building Projects - Southern Group	750	0	0	750	167	167	0	22%
Rarotonga Airport Refurbishment - Capital	400	0	0	400	0	0	0	0%
CIIC Government Building Project - Capital	1,500	0	0	1,500	346	346	0	23%
Health ICT Upgrade	650	0	0	650	51	51	0	8%
PCR Laboratory - Capital	900	0	0	900	0	0	0	0%
Water and Sanitation Infrastructure and Improvement Program	400	0	0	400	7	7	0	2%
Pa Enua Government Building Projects - Northern Group	200	0	0	200	10	10	0	5%
ICI Government Building Project - Capital	850	0	0	850	0	0	0	0%
Vaka Maintenance - Capital Projects	50	0	0	50	0	0	0	0%
	42,419	265	0	42,684	4,324	4,394	-70	0

Table 4: Capital Expenditure Commentary

	Full year Budget	Actual YTD Sept 2020	Actual vs Full year Budget	Commentary
	('000)	('000)	%	<i>Note: Comments are provided on expenditure items that are > 30% of Annual Budget.</i>
Orongo Development Master Plan and Centre reconstruction - Ports Authority	500	359	72%	On track, the project is expected to encourage tourism growth by upgrading key public infrastructure facilities and natural attractions on the island of Aitutaki. This expenditure is likely to be offset as a result of tourism growth in the event travel restrictions are lifted for international flights.
CT Scanner	1,300	780	60%	Costs incurred for the purchase and supply of a CT Scanner and supply of a picture archiving computer system (PACS). This investment is to address the ongoing issue of NCD's and an alternative to patient referrals to New Zealand due to the impact of Covid-19 on travel restrictions.
Capital Distribution Fund	490	201	41%	Purchases that were planned in 2019/20 financial have been deferred and purchased in this first quarter due to the impact of Covid-19 on travel restrictions.
FM and TV Telecommunications for the Pa Enea	200	111	55%	The project encountered delays due to the impact of Covid-19 on travel restrictions to the Pa Enea. As a result, funding of \$0.200 million has been carried from prior financial year to begin work on the project.
Relocation of Oral Health Services	70	36	51%	Almost half of the budget (51%) has been utilised in the first quarter. Spending is on track and pertains to renovation services rendered for the clinics situated in Arorangi, Matavera and Titikaveka.
Prison Development Programme	132	77	59%	More than half of the budget (59%) has been utilised in the first quarter. The budget is expected to be fully expended in the first 6 months of the financial year.
Upgrade of Nursery Facilities	49	18	38%	This project encountered delays due to the impact of Covid-19 and scheduling. As a result, the residual funds that were not utilised in prior financial year, have been reappropriated to this financial year to complete construction works on the project.
The Centre of Excellence in Information Technology (CEIT)	65	57	87%	This project encountered delays due to the impact of Covid-19 and scheduling. As a result, funding of \$.065 million has been carried from prior financial year to being work on the project.

Table 5: Statement of Borrowings

	Loan start date	Loan End date	Loan Currency	Original Loan Amount	Interest Rate	June 2020 Balance	Principal Payments	FOREX Adjustment	Revaluation/ Draw Down Adjustments	September 2020 Balance	Change June 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%	54 -	50 -	4.08	-	- -	54
2. First Cook Islands Development Bank project loan - 567	Jul-82	Apr-22	USD	1,500	1.00%	165	- -	1.22	-	164 -	1
3. Second multi project loan - 849	Dec-87	Aug-27	SDR	2,150	1.00%	1,289 -	79 -	15.33	-	1,194 -	95
4. Outer Islands Telecommunications project loan - 1031	Oct-90	Aug-30	SDR	2,578	1.00%	3,448 -	152 -	36.60	-	3,260 -	189
5. Second Cook Islands Development Bank loan - 1155	Mar-92	Dec-31	SDR	1,085	1.00%	894	- -	6.62	-	888 -	7
6. TCI Emergency Loan- 1171	Aug-92	Jun-32	SDR	349	1.00%	311	- -	2.30	-	308 -	2
7. Pearl Loan (1994) - 1309	Dec-94	Aug-34	SDR	272	1.00%	368 -	12 -	3.58	-	352 -	15
8. Education Development- 1317	Feb-95	Aug-34	SDR	1,852	1.00%	2,243 -	72 -	21.81	-	2,149 -	93
9. Third Cook Islands Development Bank loan- 1380	Jan-96	Sep-35	SDR	1,977	1.00%	1,937 -	58 -	18.12	-	1,860 -	76
10. Economic Restructuring loan - 1466	Sep-96	Sep-36	SDR	3,430	1.00%	4,446 -	126 -	40.16	-	4,279 -	167
11. Cyclone Rehabilitation Project loan - 1588	Jan-97	Jan-38	SDR	583	1.00%	784 -	20 -	7.34	-	757 -	28
12. Waste Management loan - 1832	Dec-01	Jun-33	SDR	1,695	1.50%	1,841	- -	13.63	-	1,827 -	14
13. Cyclone Emergency Assistance loan- 2174	Jun-05	Jan-45	SDR	1,895	1.00%	3,430	- -	25.39	-	3,404 -	25
14. (SF) Avatiu Ports Development Loan - 2473	Sep-09	Nov-40	SDR	4,524	1.50%	5,690	- -	42.12	-	5,648 -	42
15. (OCF) Avatiu Ports Development Project Loan - 2472	Sep-09	Nov-33	NZD	8,697	5.77%	8,583	-	-	-	8,583	-
16. (SF) Economic Recovery Support Program Loan - 2565	Jan-10	Oct-24	NZD	11,053	2.52%	4,522	-	-	-	4,522	-
17. (OCF) Avatiu Ports Development Project Loan- 2739	Dec-11	Nov-35	NZD	5,290	2.52%	4,837	-	-	-	4,837	-
18. (OCR) Economic Recovery Support Program 2 Loan - 2946	Dec-12	Oct-27	NZD	11,053	2.75%	4,531	-	-	-	4,531	-
19. (OCF) Renewable Energy Sector- 3193	Jan-15	Jun-36	NZD	12,980		9,790	-	-	-	9,790	-
20. (OCR) Undersea Broadband Cable Loan- 3632	Jul-19	Jun-39	USD	15,000	2.65%	11,909	-	-	5,823	17,732	5,823
21. Disaster Resilience Program (Phase 2)	Dec-19	Jun-35	NZD	15,676		-	-	-	15,676	15,676	15,676
						71,073	(570)	(238)	21,499	91,764	20,691
Export -Import Bank of China											
22. Indoor Sports Stadium & Upgrade of Existing Sports Facilities	Aug-08	Aug-28	RMB	74,100	1.80%	8,122	-	66	-	8,188	66
23. Rarotonga Water Ring Main Upgrade Loan	Dec-12	Dec-32	RMB	118,000	2.00%	22,576 -	1,319	1,501	-	22,758	182
						30,698 -	1,319	1,567	-	30,946	248
Total Gross Borrowings						101,771	(1,889)	1,328	21,499	122,710	20,939
Less Loan Repayment Fund						20,458 -	3,121	-	126	17,463 -	2,995
Net Borrowing by the Crown						81,313	1,232	1,328	21,373	105,247	23,934
Less Avatiu Port Development & Avaroa Cable Ltd						31,019	- -	42	5,823	36,800	5,781
Net Borrowing by the General Government						50,294	1,232	1,370	15,550	68,447	18,153

Crown Gross Debt

The total gross debt by the Crown for the September 2020 period was \$122.71 million, an increase of \$20.94 million from the June 2020 quarter. The increase in debt level was mainly due to additional Loan of \$15.68 million for the Disaster Resilience Programme and additional drawdown of \$5.82 million from the Undersea Broadband Cable Loan.

Crown Net Debt

The general government's 'Net Debt' is equivalent to total gross debt, net of the Loan Repayment Fund (LRF) and SOE debts. General Government Net Debt for the financial year ending 30 September 2020 was \$68.45 million, a \$18.15 million increase from the June 2020 quarter. This increase was attributable to the inclusion of the new Disaster Resilience Loan 21 which was fully drawn down during this period.

Source: NZ Reserve Bank Website for USD and RMB

	Jun-20	Sep-20	Movements from June - 20
Table 5.1 Average Foreign Currencies against New Zealand Dollars			
Foreign Currencies			
United States Dollars (USD)	0.6426	0.6603	0.0177
Chinese Yuan (RMB)	4.5411	4.5047	-0.0364
Special Drawing Rights (SDR)	0.4671	0.4691	0.0020

The above foreign currencies rates were used to calculate fair value balances of existing loans as at 30 September 2020.

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

New Zealand (NZD)	39%
Chinese Yuan (RMB)	25%
US Dollars (USD)	15%
Special Drawing Rights (SDR)	21%

Table 6: Official Development Assistance

Development Partner	Budget Estimates	Actual YTD
	Full Year 2020/21	September 2020
E-Government TA Support	378,788	0
Cook Islands Emergency Response to Covid-19	151,515	0
Techinal Assistance Support on COVID-19	409,091	0
Asian Development Bank	939,394	0
China	82,658	0
European Union	2,881,356	2,000,000
Forum Fisheries Agency	236,742	0
Global Environment Facility	3,513,723	528,800
Green Climate Fund	10,220,000	123,578
India	680,000	0
Japan	3,175,327	690,670
New Zealand	44,573,889	11,005,362
Other	100,000	40,377
SPC	1,172,458	0
UN Adaptation Fund	1,702,526	431,524
UNDP	200,000	53,549
Total Official Development Assistance	69,478,073	14,873,860
		21%

Cook Islands Core Sector Support - Budget Support (NZ Donor)

The New Zealand CSS Programme includes direct budget support to Ministry of Education, Cook Islands Tourism and the Ministry of Health. New Zealand Ministry of Foreign Affairs and Trade (MFAT) together with the Ministry of Finance and Economic Management of the Cook Islands. Funds for the 2020/21 Fiscal Year are currently being processed.

Output 4 TA support current status: 9 projects are being implemented; 4 are tracking towards implementation stage and 2 have been deferred until 2021/ 22 due to covid-19 impacts to the ability to deliver this work.

Japan Economic and Social Development Programme 2018 (Japan Donor)

Year to date spend is \$690,670.00

Using Japan International Cooperation Systems (JICS) procurement processes, four of the six items have completed the procurement process and the contracts awarded and signed. Tender notice for the fifth and sixth items was advertised but then put on hold due to COVID-19 impacts in Japan. The new confirmed dates are 26 October 2020, invitation to Tender and Tender opening scheduled for 03 December 2020.

Current status of the four awarded contracts: Completion of the first contract occurred in December 2019. Completion of the seconded contract occurred in June 2020, followed by the third contract being completed in August 2020. All of these assets have been handed over to the intended recipient to add to their asset register.

The fourth contract item arrived in September 2020. COVID- 19 travel restrictions has hindered the manufacture O&M trainer to travel in- country to conduct the training. The O&M training is final stage to complete contract requirements prior to handover to the intended recipient. To manage the travel restriction risk ,the MFEM focal point discussed virtual training options with JICS, the supplier and the intended recipient. This approach was accepted. The O&M training with the intended recipient is planned to be completed in November 2020. The tender opening for the fifth and sixth items is planned to be completed in December 2020. Reporting for these will be provide in the next quarterly update.

Asset Management (NZ Donor)

Total Spend for this period is \$648,606.00. Local company Landholding Limited has been awarded a \$11.2 million contract to undertake work to improve the resilience of the public water supply ring main. All pipelaying and commisioning works are complete (including disinfection and pressure test of the pipes) and the new pipelines are now connected to the connected to the network and being operated by To Tatou Vai. Practical completion was awarded to Landholdings on the 7th September 2020. The project has now entered 12 month defect liability period.

Mei Te Vai Ki Te Vai (MTVKTV) (NZ Donor)

Total spend for the period is \$293.438.00. The purpose of the Mei Te Vai Ki Te Vai Project is to improve the water quality of the lagoons in Rarotonga and Aitutaki for the benefit of our health, environment and economy. The impact on consultation and design activities have been reassessed in light of the impact of COVID. For detailed information of the Project, please visit <https://www.totatouvai.co/mei-te-vai-ki-te-vai>

Table 7: State Owned Enterprises (SOEs)

	Budget Estimates YTD September 2020	Actual YTD September 2020	Variance to YTD Budget Estimates
SOEs Consolidate Group			
Trading Revenue	(12,770)	(12,827)	56
Personnel	3,806	3,347	460
Operating	10,556	9,704	852
Depreciation	1,963	2,013	(49)
Net Activity Cost / (Surplus)	3,555	2,236	1,319

The table above consolidates the September 2020 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. The consolidated group YTD deficit is \$2.236 million, which is \$1.319 million behind budget of \$3.555 million, with the positive surplus variance attributable to the positive operating results of TAU, ACL, and CIIC Parent, amidst the COVID-19 environment. Trading revenues is \$0.056 million higher than budget at a Group level, with this largely due to COVID-19 and the support of SOEs towards the Government subsidy support initiatives. Personnel and Operating Costs are in line with budget while Depreciation was slightly over budget, due work around the latest update to the Asset register by Airport Authority, TTV and TAU.