



The Government of the Cook Islands

Quarterly Financial Results

31 December 2020

Prepared by the Ministry of Finance and Economic Management

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Basis of Preparation

The statements contained in this report have been prepared on an accruals basis as far as practical and outline income and expenses incurred which may not have been necessarily received or paid . All figures are rounded to the nearest thousand.

References to 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 December 2020

	Table	Budget Estimates Full Year 2020/21	Carry Forwards from 2019/20	Additional Funding Approval 2020/21	Total Budget & Approval	Budget Estimates YTD December 2020	Actual YTD December 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	46,907	55,914	9,007	60%
Other Crown Revenue		17,614	0	0	17,614	8,714	32,830	24,116	186%
Trading Revenue		3,703	0	0	3,703	1,442	1,442	0	39%
Dividends		1,500	0	0	1,500	0	0	0	0%
Interest on Balances		800	0	0	800	400	410	10	51%
Core Sector Support		7,925	0	0	7,925	0	0	0	0%
Total Operating Revenue		125,357	0	0	125,357	57,463	90,595	33,132	72%
Operating Expenditure									
Ministry Outputs		195,504	416	69	195,990	102,432	98,208	4,225	50%
Personnel		64,356	0	0	64,356	30,987	30,387	600	47%
Operating		19,573	133	0	19,706	10,896	7,351	3,545	37%
Administered Payments	3	105,215	283	69	105,568	57,401	57,322	79	54%
Depreciation		6,360	0	0	6,360	3,147	3,147	0	49%
POBOC	2	29,569	0	0	29,569	14,812	14,789	24	50%
Crown Infrastructure & Contingency Depreciation		4,603	0	0	4,603	2,302	2,302	0	50%
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	37	32	6	32%
Total Operating Expenses		232,000	416	69	232,486	119,584	115,330	4,254	50%
Net Operating Surplus/(Shortfall) Balance		-106,643	-416	-69	-107,129	-62,120	-24,734	37,386	-23%
Add Depreciation		13,137	0	0	13,137	5,449	5,449	0	41%
Less Capital Expenditure	4	42,419	386	0	42,804	13,456	13,531	-76	32%
Net Fiscal Surplus/(Shortfall) Balance		-135,925	-802	-69	-136,796	-70,127	-32,817	37,310	-24%

At a Glance: Fiscal Position

* General Government's Fiscal Position reported a shortfall in net fiscal balance of \$32.82 million. The shortfall was lower than anticipated by \$37.31 million when compared against the budget estimates for the December quarter. The increase was due to higher revenue collection by \$33.13 million and savings in Operating Expenses of \$4.25 million.

* Government's Net Operating Position: The General Government reported a net operating shortfall of \$24.73 million for the December quarter, a positive variance than expected by \$37.39 million when compared against the net operating position estimated for the same period, again all related to grant received and tax revenue collection, while effectively monitoring budget expenditure.

* Operating Revenue: Operating revenue reported a \$33.13 million higher collection against the budget estimates for the quarter. This was primarily due to a \$15 million NZ Government grant received to go towards the COVID-19 ERP followed by Vested Assets funds received from FSC of \$8.26 million, both were not included in the original appropriation. Taxation revenue also reported an increase of \$9.01 million compared to the budget estimate. The estimate for taxation revenue was reduced to almost 50% of the 2019/20 taxation revenue estimates, taking into account the impact of COVID-19 on taxation collection. Collection however was better than expected. The increase was also the result of stringent audit and collection activities during the period.

* Operating Expenditure: General Government operating expenditure reported lower actual spending by \$4.25 million against the budget estimates for the December quarter. This was attributed to the underspending in the Ministry/Pa Enea operating expenditure (\$3.55 million), due to early payment of COVID-19 discounts and cost-sharing between different funded programmes. Administered payments and POBOC expenditure were on track against budget.

* Capital Expenditure: Spending on Capital budget was 32% by the end of the December quarter. This is a low utilisation considering the size of the annual budget and our capacity to implement projects before the end of June. The low utilisation was due to the impact of Covid-19 on travel and the sourcing of resources overseas, which has interrupted the scheduled projects planned on both Rarotonga and the Pa Enea.

Schedule 2: Cash Reserves General Government December 2020

	31 Dec 2020
	\$'000
Crown	66,442
Agencies	12,436
Term Deposits and Trust Accounts	78,878
Crown	52,101
Agencies	9,533
Operational Bank Accounts	61,634
Total Cash Reserves	140,512
Committed:	
General Reserve Trust Fund	3,487
Disaster Response Fund ¹	1,971
Loan Repayment Fund ²	16,069
Trust Account Deposits ³	3,415
Aid Trust Fund ⁴	16,920
Stabilisation Account ⁵	-
Land/Law Trust/Other Agency Trust Fund ⁶	11,185
Infrastructure Trust Fund ⁷	7,952
Vat/Tax Imprest and Customs Bonds Account ⁸	2,535
Total Commitment for this year	63,533
Estimated General Cash Reserve	76,979

¹ Disaster Response Trust – funds set aside for emergency response in the event of disasters

² Loan Repayment Fund – legislated funds quarantined for debt servicing requirements

³ Trust Account Deposit – funds held by Crown for Law Trust, Workers Compensation Trust, Immigration bonds helds, International unclaimed monies and Insurance Trust.

⁴ Aid Trust Fund – funds tagged for aid funded projects and programmes.

⁵ 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.

⁶ Land Trust/Law Trust and Other Agency Trust Funds - funds held in trust on behalf of land and law related deposits at the Ministry of Justice and small Trust account held at the Agencies eg. Hararanga Trust held at Penrhyn Island Administration.

⁷ Infrastructure Trust Fund - funds provided by New Zealand Government for Infrastructure.

⁸ VAT/Tax Imprest Accounts held by the Revenue Department as clearing account for Tax Refunds and Custom Bonds.

Schedule 3: Loan Repayment Fund Statement

	31 Dec 2020
	\$000
Opening LRF Balance	17,463
Contribution to LRF Principal	0
Contribution to LRF Interest	0
Total Transfer into LRF by General Government	0
Realised Gain/(Loss) on Foreign Exchange	-42
Transfer out of LRF	0
Interest earned by LRF	6
Total Inflows	-36
Principal paid out of LRF	918
Interest paid out of LRF	440
Total Outflows	1,358
Closing LRF Balance	16,069

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 December 2020 Quarter	445
Total Balance	4,716
Executive Council Orders Authority	\$000
Top up to Special Select Committee Admin. Fund	69
Funding a Ministerial Support Office for Hon. Patrick Arioka	240
Top up to the Prime Minister's Support Office appropriation	110
Funding to cover costs for the passing of former PMs Dr. Joe Williams and Hon. Jim Marurai	25
Total Executive Council Orders Authority as at 31 December 2020	445

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.

\$0.445 million out of the \$5.16 million allocation was utilised for the quarter ending 31 December 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 December 2020	Actual YTD December 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	10,354	11,024	670	53%
Withholding Tax	1,321	0	1,321	661	600	-61	45%
Company Income Tax	14,938	0	14,938	7,469	12,800	5,331	86%
Value Added Tax	39,902	0	39,902	19,951	25,264	5,312	63%
Departure Tax	4,729	0	4,729	2,365	166	-2,198	4%
Customs Tax	12,216	0	12,216	6,108	6,060	-47	50%
	93,814	0	93,814	46,907	55,914	9,007	60%
Other Revenue							
Drivers License Fees	260	0	260	130	48	-82	18%
Instant fines	40	0	40	20	28	8	69%
Immigration Fees	560	0	560	280	338	58	60%
International Shipping Licence	17	0	17	8	0	-8	0%
Motor Vehicle Dealers	3	0	3	2	1	-1	26%
Shipping Registry Licenses	90	0	90	45	46	1	51%
Upper Air Space Fees	0	0	0	0	169	169	0%
Court Services	11	0	11	6	16	10	143%
Foreign Investment Fees	27	0	27	14	5	-8	20%
IMO Subscription - Maritime Cook Islands	66	0	66	33	2	-32	2%
Censorship Fees	1	0	1	1	1	0	98%
Employer Liabilities	75	0	75	38	0	-38	0%
Liquor Licencing	70	0	70	35	8	-27	11%
Motor Vehicle Registrations	875	0	875	438	282	-155	32%
Research Fees	2	0	2	1	0	-1	11%
Permits	24	0	24	12	5	-7	19%
Vodafone Dividend	1,500	0	1,500	0	0	0	0%
Interest on Balances (Crown)	800	0	800	400	410	10	51%

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 December 2020	Actual YTD December 2020	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2020/21
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Numismatic	450	0	450	225	211	-14	47%
Circulating Currency- Coins	350	0	350	175	6	-169	2%
Fisheries US Treaties (purse seine)	5,000	0	5,000	2,500	2,831	331	57%
Fishing Fines	190	0	190	95	115	20	61%
Fishing Licences	9,000	0	9,000	4,500	3,734	-766	41%
Tatts/lotto Grants	120	0	120	60	108	48	90%
FSC - Vested Assets	0	0	0	0	8,264	8,264	100%
FSC - Return of Excess	198	0	198	99	0	-99	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%
Seabed Exploration Licenses	0	0	0	0	150	150	0%
Other Revenue on Behalf of Crown	0	0	0	0	16,462	16,462	0%
	19,914	0	19,914	9,114	33,239	24,125	265%
Core Sector Support	7,925	0	7,925	0	0	0	0%
Total Other ROBOC	27,839	0	27,839	9,114	33,239	24,125	87%
Total ROBOC	121,653	0	121,653	56,021	89,153	33,132	73%

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

	Comparative Actual December 2019	Actual YTD December 2020	Variance of Actual YTD	Commentary
Taxation Revenue items	\$'000	\$'000	\$'000	<i>Note: Comments are provided on all Taxation revenue items.</i>
Individual Income Tax	14,232	11,024	-3,208	Decrease compared to prior year of the same quarter due to COVID-19. In terms of the budget estimate, income tax revenue has increased more than expected due to the terminal tax paid in the second quarter.
Withholding Tax	2,311	600	-1,712	Decrease due to the impact of COVID-19 on businesses and their employees; with fewer withholding tax being collected as a result.
Company Income Tax	8,858	12,800	3,942	Increase due to compliance activities (audit, collections, education etc) and terminal and provisional tax paid during the quarter.

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

	Comparative Actual December 2019 \$'000	Actual YTD December 2020 \$'000	Variance of Actual YTD \$'000	Commentary
Taxation Revenue items				<i>Note: Comments are provided on all Taxation revenue items.</i>
Value Added Tax	41,252	25,264	-15,988	Decrease compared to prior year of the same quarter due to COVID-19. In terms of the budget estimate, VAT revenue has increased more than expected due to compliance activities (audit, collections, education etc) and an increase in imported goods tax.
Departure Tax	6,595	166	-6,429	Decreased significantly due to the extended border closures as a result of COVID-19.
Customs Tax	7,335	6,060	-1,275	Decreased due to the impact of COVID-19 on travel border restrictions.
Other Revenue items				<i>Note: Comments are provided on Other Revenue items that have generated significant revenue compared to the budget estimate.</i>
Interest on Balances (Crown)	1,320	410	-910	Decrease in Interest revenue due to reduction in Term Deposits held. A few term deposits have been utilised for COVID-19 ERP.
Fisheries US Treaties (purse seine)	6,455	2,831	-3,624	Due to drop in purse seine interest and drop in longline quota purchase brought about by the lanina weather pattern where the fish are further to the west from our EEZ.
Fishing Licences	1,875	3,734	1,858	Increase in purchase of purse seine biletaral days from bilateral partners.
FSC - Vested Assets	0	8,264	8,264	FSC transferred to Crown \$8.26 million vested assets that was under their Trust. This fund was utilised for the COVID-19 Economic Recovery Plan. Vested Assets was not budgeted for.
Other Revenue on Behalf of Crown	86	16,462	16,376	Consists of \$15 million Grant by the NZ Government towards the Cook Island Government's COVID 19 Economic Recovery Plan (ERP), and \$1.45 million grant from ADB also towards COVID-ERP. These funds were not budgeted for.
Upper Air Space Fees	295	169	-126	Timing issue due to the receiving of this unanticipated revenue pertaining to June 2020 in the first quarter of the current financial year. No budget allocated for this financial year due to Covid-19 impact on travel restrictions.

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 December 2020	Actual YTD December 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	6,813	6,813	0	53%
Child Benefit	5,413	0	0	5,413	2,958	2,958	0	55%
Infirm/Destitute Benefit	1,104	0	0	1,104	408	408	0	37%
Government Paid Maternity Leave	150	0	0	150	75	75	0	50%
Carer Order Payment	10	0	0	10	6	0	5	2%
BCI Transaction Fees	176	0	0	176	0	0	0	0%
New Born Allowance	240	0	0	240	129	129	0	54%
Audit Fee	96	0	0	96	6	6	0	6%
PERC Salaries and Administration Costs	58	0	0	58	29	25	4	44%
Bank of the Cook Islands Subsidy	128	0	0	128	0	0	0	0%
Airport Authority Subsidy	3,048	0	0	3,048	1,524	1,524	0	50%
Ports Authority Subsidy	110	0	0	110	0	0	0	0%
Te Mana Uira O Araura - Subsidy	500	0	0	500	385	385	0	77%
Civil List - Constituency Visits	170	0	0	170	106	106	0	62%
Civil List - Personnel	2,902	0	0	2,902	1,470	1,470	0	51%
House of Ariki	338	0	0	338	178	173	5	51%
Parliamentary Sitting Expenses	150	0	0	150	84	84	0	56%
QR Travel and Allowances (local and overseas)	109	0	0	109	10	10	0	9%
MP Travel and Allowances (local and overseas)	341	0	0	341	109	109	0	32%
International Subscriptions	890	0	0	890	267	267	0	30%
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	145	145	0	91%
Crown Insurance	180	0	0	180	35	35	0	19%
Parliamentary Superannuation	180	0	0	180	50	50	0	28%
BEPS Subscription	35	0	0	35	0	0	0	0%
Local Government Election	24	0	0	24	24	14	10	60%
	29,569	0	0	29,569	14,812	14,789	24	50%

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

	Full Year Budget ('000)	Actual YTD Dec 2020 ('000)	Actual vs Full year Budget %	Commentary
				<i>Note: Comments are provided on significant expenditure items that report a Full Year Budget of over \$1 million.</i>
Old Age Benefit	12,914	6,813	53%	Welfare payments for this budget are on track in the first half of the financial year. The budget will continue to be closely monitored to avoid any overrun.
Child Benefit	5,413	2,958	55%	Similarly to Old Age beneficiaries, welfare payments for this budget are on track in the first half of the financial year. The budget will be closely monitored to avoid any overrun.
Airport Authority Subsidy	3,048	1,524	50%	Funding to support the day-to-day operations of the airports on the islands of Aitutaki and Rarotonga.
Civil List - Personnel	2,902	1,470	51%	Spending is on track. The budget will continue to be monitored closely to avoid any overrun.

Important Note: All other POBOC expenditure items will closely be monitored for the remainder of the financial year.

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 December 2020	Actual YTD December 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	42	39	3	47%
Funeral Assistance Allowance	170	0	0	170	93	87	5	51%
Caregivers Allowance	420	0	0	420	242	232	10	55%
Christmas Bonus	338	0	0	338	343	339	4	100%
Infrastructure Committee	130	0	0	130	63	63	0	48%
Joint Venture with SBMA	130	0	0	130	2	2	0	1%
Provision for Land Rentals	500	0	0	500	47	47	0	9%
School Security	230	0	0	230	125	115	10	50%
Government Facility Development Department	420	0	0	420	252	246	6	59%
Avaroa Cable	150	0	0	150	150	150	0	100%
To Tatou Vai	3,330	0	0	3,330	1,507	1,507	0	45%
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	8	5	3	33%
QR Social Responsibility Fund	8	0	0	8	4	4	0	48%
Head of State Rent	13	0	0	13	10	7	3	50%
Bridges and Drainage Maintenance	970	0	0	970	221	221	0	23%
OI Equipment Repairs of Unanticipated Breakdowns	200	0	0	200	124	124	0	62%
Road and Civil Maintenance	1,100	0	0	1,100	772	772	0	70%

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 December 2020	Actual YTD December 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	267	267	0	37%
Emergency Work	200	0	0	200	35	35	0	17%
Te Maeva Nui Celebrations	503	0	0	503	267	267	0	53%
Te Kopapa Reo Maori Board	15	0	0	15	10	8	2	53%
Cook Islands Cultural Fund	200	0	0	200	103	103	0	51%
Returned Services Association	5	0	0	5	2	0	2	0%
Cook Islands Student Association Support	10	0	0	10	0	0	0	0%
Fisheries Development Facility	250	0	0	250	191	191	0	76%
Government Funded Scholarships	780	0	0	780	371	371	0	48%
Private School Funding - Nukutere	639	0	0	639	325	318	7	50%
Tertiary Training Institutions	1,160	0	0	1,160	584	581	3	50%
University of the South Pacific Contribution	205	0	0	205	52	52	0	25%
Bus Service	26	0	0	26	13	9	4	33%
Private School Funding - St. Josephs	441	0	0	441	228	228	0	52%
Private School Funding - Creative Centre	132	0	0	132	71	71	0	53%
Private School Funding - Te Uki Ou	519	0	0	519	270	270	0	52%
Private School Funding - Papaaroa	275	0	0	275	143	143	0	52%
Private School Funding - Aitutaki SDA	193	0	0	193	104	104	0	54%
Private School Funding - Immanuela Akatemia	226	0	0	226	118	118	0	52%
Private School Funding - Blackrock	86	0	0	86	46	46	0	53%
NCD Fund	195	0	0	195	195	195	0	100%
Patient Referrals	850	0	0	850	850	850	0	100%
Pharmaceuticals	868	0	0	868	525	525	0	60%
CISNOC Grant	370	0	0	370	370	370	0	100%
Lease Extension	72	0	0	72	15	15	0	21%
Social Impact Fund - CIG Contribution	1,000	0	0	1,000	526	526	0	53%
Vaka Maintenance	400	0	0	400	200	198	2	50%
Special Assistance Projects	250	0	0	250	115	115	0	46%

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 December 2020	Actual YTD December 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	17	17	0	38%
Judge's Allowances	300	0	0	300	52	52	0	17%
Land Records Update Project	120	0	0	120	13	13	0	11%
Legal Aid	40	0	0	40	1	1	0	3%
National Heritage Trust	122	0	0	122	69	69	0	56%
Management of Suwarrow Park	150	31	0	181	121	121	0	67%
EIA Process	150	0	0	150	90	90	0	60%
Search and Rescue	20	0	0	20	0	0	0	0%
Serious Crime Investigations	100	0	0	100	19	19	0	19%
Te Kukupa - Biannual Slipping	150	0	0	150	0	0	0	0%
Te Kukupa - Fuel Contribution	140	0	0	140	22	22	0	16%
Police Youth Program	45	0	0	45	10	10	0	21%
HOM's Salaries	1,742	0	0	1,742	952	952	0	55%
Community Support Fund	100	0	0	100	70	70	0	70%
ICT Support Team	250	184	0	434	83	83	0	19%
Red Cross	50	0	0	50	50	50	0	100%
Pa Enea Mechanical Overseer	100	0	0	100	40	40	0	40%
Energy Commissioner	50	0	0	50	0	0	0	0%
Marae Moana Ambassador	60	0	0	60	30	30	0	50%
PM Social Responsibility Fund	363	0	0	363	363	363	0	100%
Provision for Inter-Island Shipping	800	0	0	800	430	430	0	54%
Air New Zealand Underwrite	7,000	0	0	7,000	0	0	0	0%
Public Sector Strengthening - Process & Systems	150	0	0	150	22	22	0	14%
Price Tribunal Committee	45	0	0	45	6	6	0	13%
Competition and Regulatory Authority	480	0	0	480	240	240	0	50%
Production of new currency, transportation and sale of old	380	0	0	380	13	13	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 \$'000	Carry Forwards from 2019/20 \$'000	Additional Funding Approval 2020/21 \$'000	Total Budget & Approval \$'000	Budget Estimates YTD December 2020 \$'000	Actual YTD December 2020 \$'000	Variance to YTD Budget Estimates \$'000	Actual Vs Full Year Budget 2020/21 %
Debt Advisory Services	60	0	0	60	10	10	0	17%
Special Investigative & Prosecution Services	50	0	0	50	25	18	7	36%
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	53	53	0	88%
Border Management System Maintenance	155	0	0	155	0	0	0	0%
Post Tax Amnesty Work	321	0	0	321	18	18	0	6%
COVID-19 Medical Response Fund	3,000	0	0	3,000	332	332	0	11%
COVID-19 Economic Response Plan - MFM	64,000	0	0	64,000	42,560	42,560	0	67%
SBMA Launch	130	68	0	198	79	79	0	40%
Asian Infrastructure Investment Bank (AIIB) Membership	31	0	0	31	0	0	0	0%
Government Broadband Utilities	30	0	0	30	15	11	4	38%
Workforce Development	234	0	0	234	234	234	0	100%
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	80	79	1	99%
Audit of Crown Accounts	30	0	0	30	0	0	0	0%
Special Select Committee	90	0	69	159	159	158	2	99%
	105,215	283	69	105,568	57,401	57,322	79	54%

Table 3: Administrative Payments Commentary

	Full Year Budget ('000)	Actual YTD Dec 2020 ('000)	Actual vs Full year Budget %	Commentary
				<i>Note: Comments are provided on significant expenditure items that report a Full Year Budget of over \$1 million.</i>
To Tatou Vai	3,330	1,507	45%	Funding to support the day-to-day operational functions of the SOE, which will ultimately assume responsibility of Te Mato Vai (TMV) Project (Stage 1 and 2) assets. Disbursement of the funding is on track.
Marketing Resources - Tourism Growth Strategy	4,500	1,125	25%	Funding to support the day-to-day operational functions of the Corporation. Disbursement of the funding is on track, given the impact of COVID-19. As the fiscal situation clarifies through the remainder of the financial year, and the need for expenditure on tourism marketing becomes clearer, it is expected the budget will be utilised by the Corporation in efforts to generate revenue through tourism and stimulate growth in the Cook Islands.
Road and Civil Maintenance	1,100	772	70%	Significant expenditure incurred during the second quarter compared to the first quarter for a number of road works and maintenance done on the island in preparation for the festive season.
Social Impact Fund - CIG Contribution	1,000	526	53%	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. Disbursement of the funding is on track.
HOM's Salaries	1,742	952	55%	Spending is on track. The budget will continue to be monitored closely to avoid any overrun.
Air New Zealand Underwrite	7,000	0	0%	This budget is to subsidise the flight routes of Los Angeles (LA) and Sydney (SYD). To date, no expenditure has incurred against the budget due to the flight routes being temporarily suspended as a result of COVID-19. The budget will continue to be monitored as the situation develops.
COVID-19 Medical Response Fund	3,000	332	11%	This budget is to support the health response to implement measures to prevent, limit or mitigate the spread of COVID-19. Expenditure for the second quarter end reports 11% against annual budget, due to the hiring of temporary personnel, accommodation for quarantine/isolation purposes, and health-related equipment such as the Cook Safe Contact Tracing System (CCTS). The budget will continue to be monitored as the situation develops.
COVID-19 Economic Response Plan - MFM	64,000	42,560	67%	This budget is to support the national economic response to COVID-19 through the disbursement of social benefits and wage support for households and businesses, and other economic stimulus measures. Until further notice, the Wage Subsidy has been extended to the end of April 2021 following Government's latest announcement in January 2021.

Important Note: All other Administrative Payment expenditure items will closely be monitored for the remainder of the financial year.

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 December 2020	Actual YTD December 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	734	734	0	26%
Government IT Network	300	21	0	321	26	26	0	8%
Atiu Road Improvement	0	0	0	0	0	134	-134	0%
FMIS Purchase and Implementation	65	0	0	65	14	14	0	21%
Health Project	100	0	0	100	100	99	1	99%
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	950	951	-1	100%
Road Asset Management	8,080	0	0	8,080	1,740	1,740	0	22%
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	4,346	4,346	0	48%
Fund to be Prioritised by Education	360	0	0	360	43	43	0	12%
CT Scanner	1,300	0	110	1,410	811	811	0	58%
Aitutaki Capital Funding	16	0	0	16	8	0	8	0%
Atiu Capital Funding	12	0	0	12	6	0	6	0%
Mitiaro Capital Funding	8	0	0	8	4	3	1	37%
Mauke Capital Funding	10	0	0	10	5	0	5	0%
Mangaia Capital Funding	12	0	0	12	6	0	6	0%
Manihiki Capital Funding	10	0	0	10	5	0	5	0%
Penrhyn Capital Funding	12	0	0	12	6	1	5	12%
Palmerston Capital Funding	10	0	0	10	5	1	4	7%
Pukapuka Capital Funding	12	0	0	12	6	0	6	0%
Rakahanga Capital Funding	8	0	0	8	8	4	4	48%

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 December 2020	Actual YTD December 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	-110	190	88	88	0	46%
Capital Distribution Fund	490	0	0	490	334	334	0	68%
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	70	68	2	97%
Prison Development Programme	132	0	0	132	116	116	0	88%
Upgrade of Nursery Facilities	49	0	0	49	25	25	0	51%
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	788	788	0	21%
Inland and Coastal Waters Asset Management and Improvement Programme	530	0	0	530	530	530	0	100%
Pa Enua Air Infrastructure Improvement Programme	1,680	0	0	1,680	40	40	0	2%
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	308	308	0	41%
Rarotonga Airport Refurbishment - Capital	400	0	0	400	89	89	0	22%
CIIC Government Building Project - Capital	1,500	0	0	1,500	1,026	1,026	0	68%
Health ICT Upgrade	650	0	0	650	394	394	0	61%
PCR Laboratory - Capital	900	0	0	900	2	2	0	0%
Water and Sanitation Infrastructure and Improvement Programme	400	0	0	400	49	49	0	12%
Pa Enua Government Building Projects - Northern Group	200	0	0	200	162	162	0	81%
ICI Government Building Project - Capital	850	0	0	850	34	34	0	4%
Vaka Maintenance - Capital Projects	50	0	0	50	0	0	0	0%
COVID-19 Medical Response Fund - Capital Needs	0	99	0	99	42	42	0	43%
	42,419	386	0	42,804	13,456	13,531	-76	32%

Table 4: Capital Expenditure Commentary

	Full Year Budget	Actual YTD Dec 2020	Actual vs Full year Budget	Commentary
	('000)	('000)	%	<i>Note: Comments are provided on significant expenditure items that report a Full Year Budget of over \$1 million.</i>
Bridges & Structure Improvement	2,810	734	26%	Expenditure incurred for scheduled works on the improvements to the Ooa bridge. Upcoming work to be carried out on the Sheraton bridge in the coming months. The budget will be monitored closely against project's schedule milestones.
To Tatou Vai	3,225	0	0%	To date, no expenditure has been incurred against budget. The impact of COVID-19 on the budget has reassessed scheduling of the work to be carried throughout the remainder of the financial year.
Road Asset Management	8,080	1,740	22%	Expenditure incurred on various road projects such as the Avatiu Punanganui Market Bridge replacement and the supply of concrete drainage pipes to address ongoing flooding issues around the Island.
Mei Te Vai ki Te Vai	2,000	0	0%	To date, no expenditure has been incurred against budget. The impact on consultation and design activities have been reassessed in light of the impact of COVID-19.
Te Mato Vai - Rarotonga Water Upgrade	9,000	4,346	48%	Spending is on track against budget and progresses with the completion of Stage 2 of the project. Stage 2 includes the establishment of a new pipe network and significant upgrades to the island's water intake sites, introducing new treatment and storage facilities to manage demand more effectively.
CT Scanner	1,410	811	58%	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.
Emergency Management and Support Infrastructure	3,718	788	21%	Scheduled works on the Penrhyn cyclone centre to be undertaken in the coming months, with the Rakahanga and Nassau cyclone centres to take place subsequently. Spending is on track against budget.
Pa Enuā Air Infrastructure Improvement Programme	1,680	40	2%	The budget for this project is intended to improve key air infrastructure across the Pa Enuā such as the Manihiki, Penrhyn and Atiu Airports. Expenditure will continue to be monitored closely based on scheduling and ongoing discussions with key stakeholders.
CIIC Government Building Project - Capital	1,500	1,026	68%	Repair and maintenance costs incurred on a number of Government Buildings to ensure a safe working environment for staff and the general public. Spending is on track against budget.

Important Note: All other Capital Expenditure projects will closely be monitored for the remainder of the financial year.

Table 5: Statement of Borrowings

	Loan start date	Loan End date	Loan Currency	Original Loan Amount	Interest Rate	Sept 2020 Balance	Principal Payments	FOREX Adjustment	Revaluation/ Draw Down Adjustments	December 2020 Balance	Change Sept Qtr
						('000)	('000)	('000)	('000)	('000)	('000)
Asian Development Bank											
1. First multi project loan - 461	Nov-80	Aug-20	USD	1,000	1.00%	-	-	-	-	-	-
2. First Cook Islands Development Bank project loan - 567	Jul-82	Apr-22	USD	1,500	1.00%	164	(40)	(10)	-	115	(49)
3. Second multi project loan - 849	Dec-87	Aug-27	SDR	2,150	1.00%	1,194	-	(78)	-	1,117	(78)
4. Outer Islands Telecommunications project loan - 1031	Oct-90	Aug-30	SDR	2,578	1.00%	3,260	-	(212)	-	3,048	(212)
5. Second Cook Islands Development Bank loan - 1155	Mar-92	Dec-31	SDR	1,085	1.00%	888	(37)	(56)	-	794	(94)
6. TCI Emergency Loan- 1171	Aug-92	Jun-32	SDR	349	1.00%	308	(13)	(20)	-	276	(32)
7. Pearl Loan (1994) - 1309	Dec-94	Aug-34	SDR	272	1.00%	352	-	(23)	-	330	(23)
8. Education Development- 1317	Feb-95	Aug-34	SDR	1,852	1.00%	2,149	-	(140)	-	2,010	(140)
9. Third Cook Islands Development Bank loan- 1380	Jan-96	Sep-35	SDR	1,977	1.00%	1,860	-	(121)	-	1,739	(121)
10. Economic Restructuring loan - 1466	Sep-96	Sep-36	SDR	3,430	1.00%	4,279	-	(278)	-	4,002	(278)
11. Cyclone Rehabilitation Project loan - 1588	Jan-97	Jan-38	SDR	583	1.00%	757	-	(49)	-	708	(49)
12. Waste Management loan - 1832	Dec-01	Jun-33	SDR	1,695	1.50%	1,827	(68)	(117)	-	1,643	(184)
13. Cyclone Emergency Assistance loan- 2174	Jun-05	Jan-45	SDR	1,895	1.00%	3,404	(37)	(220)	-	3,148	(256)
14. (SF) Avatiu Ports Development Loan - 2473	Sep-09	Nov-40	SDR	4,524	1.50%	5,648	(193)	(361)	-	5,094	(554)
15. (OCF) Avatiu Ports Development Project Loan - 2472	Sep-09	Nov-33	NZD	8,697	5.77%	8,583	(157)	-	-	8,426	(157)
16. (SF) Economic Recovery Support Program Loan - 2565	Jan-10	Oct-24	NZD	11,053	2.52%	4,522	(502)	-	-	4,019	(503)
17. (OCF) Avatiu Ports Development Project Loan- 2739	Dec-11	Nov-35	NZD	5,290	2.52%	4,837	(68)	-	-	4,768	(68)
18. (OCR) Economic Recovery Support Program 2 Loan - 2946	Dec-12	Oct-27	NZD	11,053	2.75%	4,531	(302)	-	-	4,229	(302)
19. (OCF) Renewable Energy Sector- 3193	Jan-15	Jun-36	NZD	12,980		9,790	(306)	-	478	9,963	172
20. (OCR) Undersea Broadband Cable Loan- 3632	Jul-19	Jun-39	USD	15,000	2.65%	17,732	-	(1,442)	-	16,290	(1,442)
21. Disaster Resilience Program (Phase 2) - 3933	Dec-19	Jun-35	NZD	15,676		15,676	-	-	-	15,676	-
22. COVID 19 Active Response - 4010	Jan-21	Jan-21	NZD	30,409	1.13%	-	-	-	30,409	30,409	30,409
						91,764	(1,723)	(3,125)	30,887	117,803	26,040
Export -Import Bank of China											
22. Indoor Sports Stadium & Upgrade of Existing Sports Facilities	Aug-08	Aug-28	RMB	74,100	1.80%	8,188	0	(373)	0	7,815	(373)
23. Rarotonga Water Ring Main Upgrade Loan	Dec-12	Dec-32	RMB	118,000	2.00%	22,758	0	(1,038)	0	21,720	(1,038)
						30,946	0	(1,412)	0	29,534	(1,412)
Total Gross Borrowings						122,709	(1,723)	(4,536)	30,887	147,338	24,628
Less Loan Repayment Fund						17,463	(1,358)	(36)	0	16,069	(1,394)
Net Borrowing by the Crown						105,246	(365)	(4,500)	30,887	131,269	26,022
Less Avatiu Port Development & Avaroa Cable Ltd						36,800	(419)	(1,803)	0	34,578	(2,222)
Net Borrowing by the General Government						68,446	54	(2,697)	30,887	96,690	28,244

Crown Gross Debt

The total gross debt by the Crown for the December 2020 period was \$147.34 million, an increase of \$24.63 million from the September 2020 quarter. The increase in debt level was mainly due to additional Loan of \$30.41 million for COVID 19 Active Response, additional drawdown of \$0.48 million from Loan 3193 Renewable Energy Sector, offset by Loan Repayments of \$1.73 million and favourable exchange rates movements of \$4.54 million.

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 Quarter ending 31 December 2020 was \$96.69 million, a \$28.24 million increase from the September 2020 quarter. This increase was attributable to the inclusion of new Loan 22 which was fully drawn down during this period.

Source: NZ Reserve Bank Website for USD and RMB

Table 5.1 Average Foreign Currencies against New Zealand Dollars	Sep-20	Dec-20	Movements
			from Sep-20
Foreign Currencies			
United States Dollars (USD)	0.6603	0.7227	0.0624
Chinese Yuan (RMB)	4.5047	4.7200	0.2153
Special Drawing Rights (SDR)	0.4691	0.4882	0.0191

The above foreign currencies rates were used to calculate fair value balances of existing loans as at 31 December 2020.

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

New Zealand (NZD)	53%
Chinese Yuan (RMB)	20%
US Dollars (USD)	11%
Special Drawing Rights (SDR)	16%

Table 6: Official Development Assistance

Development Partner	Budget Estimates	Actual YTD
	Full Year 2020/21	December 2020
Asian Development Bank	2,239,394	0
China	82,658	0
European Union	2,593,220	384,861
Forum Fisheries Agency	236,742	0
Global Environment Facility	3,114,088	1,143,606
Green Climate Fund	3,958,661	2,206,305
India	680,000	0
Japan	3,175,327	690,670
New Zealand	53,608,266	29,757,555
Other	100,000	35,955
SPC	1,072,458	45,318
UN Adaptation Fund	1,702,526	802,889
UNDP	200,000	121,959
ILO	82,394	35,218
Various	11,714,997	135,655
Total Official Development Assistance	84,560,731	35,359,991
		42%

Cook Islands Core Sector Support (CSS) - Budget Support

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 of \$7,825,000 for the 2020/21 Fiscal Year are in progress to transfer to Treasury who will manage disbursement to the relevant agencies.

Cook Islands Core Sector Support (CSS) - Technical Assistance

Actual year to date spend is \$536,456.

10 projects are in implementation; 5 projects are tracking towards implementation, 2 projects have been deferred until 2021/ 22 due to COVID-19 impacting the ability to deliver this work and at the request of the ministry a project has been removed from receiving support from CSS as funds have been secured from a different funding source.

COVID-19 Economic and Medical Response

To date a \$15 million grant received from the New Zealand Government to go towards the Economic Response Plan (ERP), and spending to date in the International Labour Organisation (ILO) budget in collaboration with Ministry of Internal Affairs to aid national development is \$20,218. Support towards the Cook Islands economic and medical response to COVID-19 were received from various development partners, including New Zealand, Australia, People's Republic of China, Japan and a number of United Nation agencies.

Financial assistance through the general budget support have been instrumental in supporting the Cook Islands Economic Response Plan and further support preventative measures by the Ministry of Health to delay COVID-19 arrival to the Cook Islands.

Assistance through the provision of medical equipment will contribute towards elevating clinical and diagnostic support within the Ministry of Health. Support through the Japan Economic and Social Development Programme 2020-21 is currently being finalised.

Japan Economic and Social Development Programme 2018

Actual 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 are awarded and signed. Three of four contracts are completed. Official handover of these items to the recipient entity is completed. Entities have been informed to add their respective items to their asset registers. The fourth contract is progressing towards contract completion to enable handover. The tender opening and bid evaluation for the fifth and sixth items was completed in December 2020. Contract signing planned for completion late January 2021.

Asset Management

Actual Year to date spend is \$1,292,772.

Landholdings finished the final laying of pipes after commencing work in November 2019. All pipelaying and commissioning 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

Mei Te Vai Ki Te Vai (MTVKTV)

Actual Year to date spend is \$293,438.

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 <https://www.totatouvai.co/mei-te-vai-ki-te-vai>

Green Climate Fund Readiness

Actual Year to date spend is \$280,921.

Readiness 3 is predominantly based on concept note development and capacity building within OPM, MFEM, BCI and the Private Sector. Of the 23 activities programmed under Readiness 3, three activities (13%) have been completed to date. 10 activities (43%) are currently being implemented. The programme is on track to achieve the 50% implementation target set for June 2021.

As of December 2020, two project proposal concept notes have been submitted to Green Climate Fund. The concept note for "Building Resilient and Healthy Cook Islands Communities" was endorsed by the GCF Climate

Table 7: State Owned Enterprises (SOEs)

	Budget Estimates YTD December 2020	Actual YTD December 2020	Variance to YTD Budget
SOEs Consolidate Group			
Trading Revenue	27,840	27,050	(790)
Personnel Expense	(7,714)	(6,738)	976
Operating Expense	(19,739)	(18,629)	1,110
Depreciation Expense	(4,603)	(4,102)	501
Net Activity Surplus / (Deficit)	(4,216)	(2,419)	1,798

The table above consolidates the December 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 returned a net operating deficit of \$2.42 million, which is \$1.79 million higher than budget estimates for the quarter.

Trading revenues were \$0.79 million lower than budget at a Group level, with this largely attributable to Ports Authority being \$1.89 million lower than budget.

Personnel and Operating Costs were lower than budget with effective cost management practices employed by entities and vacant positions to be filled, depreciation was also lower than budget being largely timing related with the deferment of some capital projects.