



Cook Islands Government

Quarterly Financial Report

September 2025

Prepared by the Ministry of Finance and Economic Management

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Basis of Preparation

The financial information and figures presented in this report have been prepared by the Treasury Division of the Ministry of Finance and Economic Management (MFEM) and are intended for informational purposes only. The numbers contained in this report are unaudited and have not undergone the rigorous review and verification processes typically associated with audited financial statements.

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.

This report reflects financial information as known and verified at the time of publication.

References to 2025/26 Additional Funding Approval used in this report relates to either an approved carry forward from the previous financial year or funding approved through an Executive Council order. The 2025/26 Appropriation Bill was passed in May 2025.

The financial information has been consolidated to General Government level only. State Owned Enterprises (SOE's) group consolidation, including Cook Islands Investment Corporation parent administrative operations, are reported separately in Table 13 of this report.

Overview

The net operating balance as at 30 September 2025 was a net surplus of \$22.41 million.

- Operating revenue year to date was \$59.38 million and
- Operating expenditure year to date was \$36.96 million.

Table 1
Statement of Fiscal Responsibility – 30 September 2025

	2025/26 Total Annual Budget	2025/26 YTD Actual	\$ Variance to Budget	% Variance to Budget
	\$'000	\$'000	\$'000	%
Operating Revenue				
Taxation Revenue	196,202	53,907	(142,295)	-73%
Other Crown Revenue	18,234	3,829	(14,405)	-79%
Trading Revenue	5,232	1,465	(3,767)	-72%
Interest on Loans to Subsidiaries	1,417	-	(1,417)	-100%
Dividends	3,250	-	(3,250)	-100%
Interest on Balances	564	175	(389)	-69%
Interest on balances - Loan Reserve Fund	159	-	(159)	-100%
Total Operating Revenue	225,058	59,376	(165,682)	-74%
Operating Expenditure				
<u>Ministry Outputs:</u>				
Personnel	81,627	18,658	62,969	77%
Operating	22,974	3,402	19,572	85%
Administered Payments	67,793	10,466	57,327	85%
Depreciation	8,474	616	7,858	93%
POBOC	33,347	8,836	24,511	74%
<u>Other Operating:</u>				
Debt Interest Contribution to LRF	6,913	1,763	5,150	74%
Crown Infrastructure Depreciation	4,603	1,151	3,452	75%
Transfer to Emergency Response Trust Fund	50	-	50	0%
Depreciation Contingency Fund	2,174	544	1,631	75%
Contingency Funds - Operating	100	-	100	100%
Loss on Foreign Exchange	-	(8,473)	8,473	0%
Total Operating Expenses	228,055	36,963	191,092	84%
Operating Surplus/(Shortfall)	(2,997)	22,413	25,410	-848%

Note: Budget amounts are based on Total Annual Budget Estimates and reflective of carry forwards, re-appropriations and other approved appropriation movements.

The \$22.41 million net surplus recorded at 30 September 2025 was an improvement of \$25.41 million as compared to the annual budget estimates.

This is just the first quarter of the new financial year but overall revenue and expense performance looks promising. Overall revenue collection is on track to achieving if not surpassing annual budget estimates. Cost savings are currently being made on all budget categories with Personnel (\$62.97 million) and Administered Payments (\$57.33 million) contributing significantly to the improvement in Government's net fiscal balance.

Taxation revenue was \$53.91 million, due to increased business activity relating to tourism, consumer spending and collection of historical debt. Actual Other Crown Revenue was \$4.00 million for the quarter compared to an annual budget of \$23.62 million. A number of revenue estimates, namely fisheries revenue and dividends are yet to eventuate in the remaining months of this financial year.

Total Operating Expenses was \$36.96 million, which is \$191.09 million lower than annual budget estimates and reflects the spend for only a quarter of this financial year. Expense lines will perform closer to budgets as we continue through the financial year. However, it should be noted that underspends in personnel and administered payments are expected as a result of recruitment delays in filling vacant positions across government, as well as additional budgets approved through carry forwards from prior year.

Cash Reserves

The actual cash reserve balance at the end of September 2025 remains robust and comfortably exceeds the 2025/26 Budget Book estimate of \$57.7 million.

Compared to the previous quarter, total estimated cash reserve balances decreased by \$11.18 million. This reduction was primarily driven by a cash injection to the Loan Repayment Funds via several new term deposits taken out to ensure sufficient funding is available to meet Government's loan obligations for the foreseeable future.

Table 2
General Government Cash Reserves as at 30 September 2025

		30-Sep-25	30-Jun-25	Variance
		\$'000	\$'000	\$'000
<i>Cash At Bank</i>				
Term Deposits and Trust Accounts		167,310	164,350	2,960
Operational Bank Accounts		26,413	28,412	(1,999)
Foreign Exchange Reserves		13,221	10,722	2,499
Total Cash Reserves		206,944	203,484	3,460
<i>Committed:</i>				
Loan Repayment Fund	LRF Act 2014	27,362	14,160	13,202
Outer Islands Reserves	IG Act 2012	1,753	1,204	549
Disaster Response Fund	Trust Fund	2,539	2,524	15
Infrastructure Trust Fund	Trust Fund	40,052	41,134	(1,082)
Aid Trust Fund	Trust Fund	43,783	45,331	(1,548)
Land/Law Trust/Other Agency Trust Funds	Trust Fund	17,578	17,207	371
Trust Account Deposits	Trust Fund	2,810	2,804	6
Total Committed Funds		135,877	124,364	11,513
<i>Other General Funds:</i>				
Government Department/Agencies Bank Accounts	General Fund	1,616	429	1,187
Vat/Tax Imprest and Customs Bonds Account	General Fund	3,368	3,426	(58)
General Reserves - Legacy	General Fund	3,730	1,734	1,996
Total Other General Funds		8,714	5,589	3,125
General Cash Reserve		62,353	73,531	(11,178)

Loan Repayment Fund

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 3
Loan Repayment Fund Statement – September 2025

	31 Sept 2025
	\$'000
Opening LRF Balance	14,160
Contribution to LRF Principal	16,652
Contribution to LRF Interest	-
Total Transfer into LRF by General Government	30,812
Realised Gain/(Loss) on Foreign Exchange	268
Transfer out of LRF	-
Interest earned by LRF	180
Total Inflows/(Outflows)	31,260
Principal paid out of LRF	3,006
Interest paid out of LRF	893
Total Outflows	3,899
Closing LRF Balance	27,361

Table 3 outlines the movement of funds in and out of the LRF account. Funds are transferred in by the Government as appropriated and payments relate to debt servicing and other service fees.

Executive Council Orders

The Cook Islands Constitution, Section 70(3)(b) allows for expenditure to exceed the appropriation provided that the total amount of all sums issued and paid shall not exceed one and a half percent (1 ½ per cent) of the total amount of all sums appropriated by the Appropriation Act or Acts for that year.

Table 4
Executive Council Order – September 2025

Section 70(3) (b) (i): Calculation			\$'000
Government Appropriation 2024/25			336,135
Supplementary Budget			-
Total Government Appropriation 2024/25			336,135
Excess (1.5%) of Total Appropriation			5,042
less: Approved expenditure as at Quarter-End			2,689
Total Balance			2,353
Executive Council Orders Authority	Budget	Agency	\$'000
Top up Transportation for 60th Te Maeva Nui	Admin Pymt	MFEM	1,932
Top up National Events	Admin Pymt	MCD	538
Top up CISNOC Fund	Admin Pymt	MOE	168
Top up the Special Select Committee	Admin Pymt	CPS	25
Top up National Awards Fund	Admin Pymt	OPM	26
Total ECOs as at 30 September 2025			2,689

General Government Revenue Analysis

General Government sector revenue as at 30 September 2025:

- was \$59.38 million against the annual budget estimate of \$225.06 million; and
- when compared to the same time last year, was higher than the 2024 September quarter of \$53.61 million by \$5.77 million.

Table 5
General Government Revenue Summary – September 2025

	2025-26 Total Annual Budget	Sept 2025 YTD Actual	Variance vs Budget	Percent Variance
	('000)	('000)	('000)	%
Value-added Tax	91,785	30,704	(61,081)	-67%
Income Tax	39,894	13,679	(26,215)	-66%
Company Tax	26,764	1,320	(25,444)	-95%
Excise Tax (Import Levies)	22,765	3,158	(19,607)	-86%
Withholding Tax	1,609	1,771	162	10%
Departure Tax	13,385	3,275	(10,110)	-76%
Trading Revenue	5,232	1,465	(3,767)	-72%
Other Revenue	23,624	4,004	(19,620)	-83%
Total Revenue	225,058	59,376	(165,682)	-74%

Value Added Tax

Actual VAT revenue collected for September 2025 was \$30.70 million, representing 33 per cent of the annual budget estimate of \$91.79 million. This performance is favourable and supports the likelihood of meeting the annual target, driven by sustained growth in commercial activity linked to the recent rise in tourism.

Income Tax

Actual income tax collected for September 2025 totalled \$13.68 million, representing 34 per cent of the annual budget estimate of \$39.89 million. This performance reflects increased commercial activity and stronger compliance during the September 2025 quarter.

Withholding Tax

Actual withholding tax collections totalled \$1.77 million, exceeding the annual budget estimate by \$0.16 million or 110 per cent. This outturn reflects improved compliance and heightened economic activity.

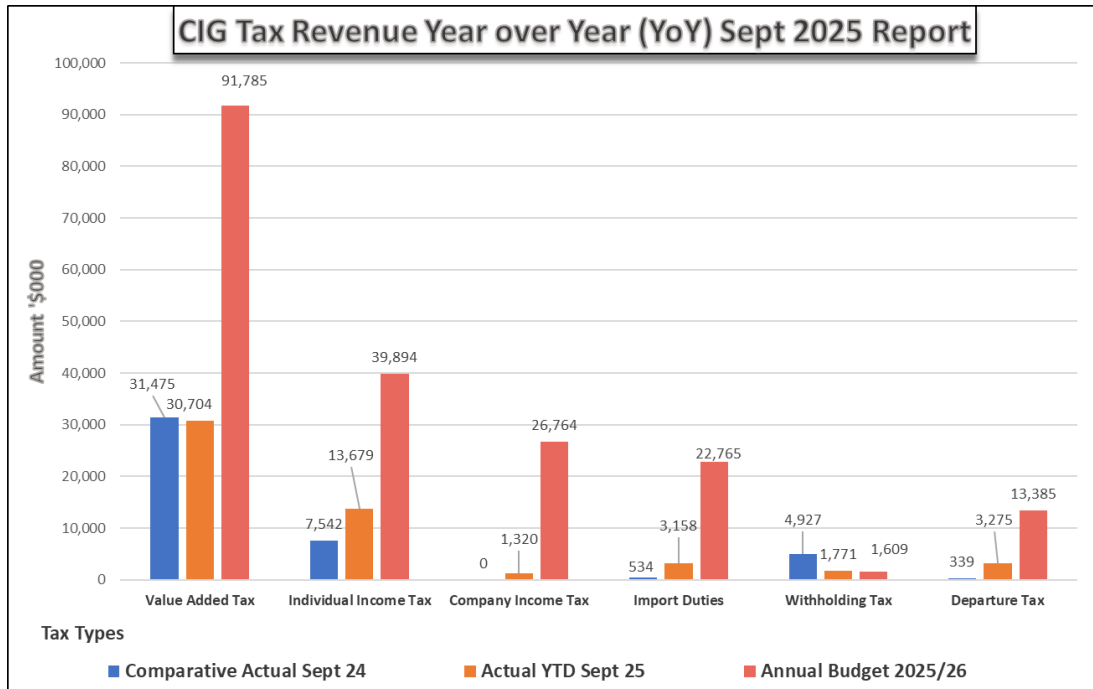
Trading Revenue

This will be discussed in the Appropriation Analysis section.

Other Crown Revenue

Other Crown Revenue collected for the September 2025 quarter totalled \$4.00 million, representing 17 per cent of the annual budget estimate of \$23.62 million. This lower outturn is primarily due to delays in the collection of fisheries revenues and SOE dividends.

Figure 1
Tax Revenue – Comparative to Prior Year and Current Budget



General Government Expenditure Analysis

Payments on Behalf of Crown (POBOCs)

Table 6
Payments on Behalf of Crown – September 2025

Administering Ministry	POBOC	Total Budget (\$'000)	Actuals (\$'000)	Variance Budget vs Actual (\$'000)	Variance %
Finance and Economic Management	Compensation of Employees POBOCs	80	16	64	80
	Use of Goods and Services POBOCs	998	248	750	75
	Other Expenses POBOCs	245	44	201	82
Audit (PERCA)	Compensation of Employees POBOCs	58	13	45	78
	Use of Goods and Services POBOCs	158	0	158	100
Parliamentary Services	Compensation of Employees POBOCs	2,879	744	2,135	74
	Use of Goods and Services POBOCs	977	279	698	71
Cultural Development	Compensation of Employees POBOCs	352	129	223	63
Crown Law	Use of Goods and Services POBOCs	100	0	100	100
Marine Resources	Use of Goods and Services POBOCs	462	62	400	87
Ministry of Transport	Use of Goods and Services POBOCs	120	-10	130	108
Ministry of Foreign Affairs	Use of Goods and Services POBOCs	1,204	28	1,176	98
Cook Islands Investment Corporation	Subsidies POBOCs	3,238	882	2,356	73
Ministry of Internal Affairs	Social Assistance POBOCs	22,476	6,401	16,075	72
Grand Total		33,347	8,836	24,511	74

POBOC expenditures for the September 2025 quarter are well within expected forecasts, with the largest expenditures to date being To Tatou Vai (\$0.63 million), Civil List Personnel (\$0.74 million) and the Competition and Regulatory Authority (\$0.18 million).

Welfare payments are also tracking well against the annual budget estimates of \$22.5 million, with a YTD spend of \$6.40 million.

Administered Payments

Table 7
Administered Payments – September 2025

Administering Ministry	Administered Payment	Total Budget (\$000)	Actuals (\$000)	Variance Budget vs Actuals (\$000)	Variance %
Finance and Economic Management	Compensation of Employees	80	34	46	58
	Use of Goods and Services	12,081	4,711	7,370	61
	Subsidies	18,638	- 2,776	21,414	115
	Other Expense	89	-	89	100
Cook Islands Investment Corporation	Compensation of Employees	650	117	533	82
	Use of Goods and Services	1,851	340	1,511	82
	Subsidies	673	-	673	100
Justice	Compensation of Employees	685	136	549	80
	Use of Goods and Services	245	24	221	90
	Social Assistance	54	17	37	69
Education	Use of Goods and Services	1,651	295	1,356	82
	Social Assistance	860	180	680	79
	Other Expense	3,297	1,065	2,232	68
Internal Affairs	Use of Goods and Services	599	118	481	80
	Social Assistance	2,387	504	1,883	79
	Other Expense	1,040	6	1,034	99
Prime Minister's Office	Use of Goods and Services	2,078	536	1,542	74
	Other Expense	106	64	42	40
Public Service Commission	Compensation of Employees	2,120	517	1,603	76
Cook Islands Seabed Minerals Authority	Use of Goods and Services	250	59	191	76
Crown Law	Use of Goods and Services	281	-	281	100
Cultural Development	Use of Goods and Services	2,438	1,519	919	38
Environment	Use of Goods and Services	550	- 28	578	105
Foreign Affairs	Use of Goods and Services	15	7	8	53
Head Of State	Use of Goods and Services	36	21	15	42
Health	Use of Goods and Services	3,687	528	3,159	86
Infrastructure Cook Islands	Use of Goods and Services	3,549	608	2,941	83
Parliamentary Services	Use of Goods and Services	145	1	144	99
Police	Use of Goods and Services	865	51	814	94
Tourism Corporation	Use of Goods and Services	6,643	1,812	4,831	73
Marine Resources	Other Expense	150	-	150	100
Grand Total		67,793	10,466	57,327	85

The Administered Payments for the September 2025 quarter are tracking well against the annual budget estimates of \$67.79 million, with an overall YTD spend of \$10.47 million. Major expenditure within this category include:

- Te Maeva Nui 60th Celebration Transportation of \$4.33 million with the services of ferry transportation being externally sourced to bring our Pa Enua participants to Rarotonga for the 60th celebrations.
- Airline Route Development of \$2.80 million with increased airline routes and fuel costs.
- National Events Fund of \$1.52 million for the associated preparation and procurement costs of the 60th celebrations.

Appropriation Analysis

Table 8
Appropriation Analysis – September 2025

	2025-26 Total Approved Budget	YTD Sept 2025 Actual	Budget vs Actual Variance	Percent Variance
	('000)	('000)	('000)	%
Personnel	81,627	18,658	62,969	77%
Operating	22,974	3,402	19,572	85%
Depreciation	8,474	616	7,858	93%
Trading Revenue	5,232	1,465	(3,767)	-72%
Net Appropriation	107,843	21,211	94,166	87%

There was an overall underspend of 87 per cent in the net appropriations of Crown-funded agencies compared to the 2025/26 Annual Budget, amounting to approximately \$94.17 million.

Personnel

Personnel expenditure for the September 2025 quarter was \$62.97 million or 77 per cent lower than the annual budget estimates. The major contributing factor to this budget variance was a number of vacancies which continued to exist across the public sector. The Cook Islands Audit Office (\$0.31 million), the Ministry of Education (\$0.63 million) and the Ministry of Finance and Economic Management (\$0.30 million) were the main contributors to these savings. Thirty ministries had personnel underspends resulting from vacancies to be filled whilst thirteen exceeded their YTD personnel budgets, mainly due to budget phasing.

Operating

Operating expenditure for the September 2025 quarter was \$19.57 million or 85 per cent lower than the annual budget estimates. This underspend was driven primarily by the Ministry of Police (\$0.38 million), the Ministry of Finance and Economic Management (\$0.14 million) and the Ministry of Marine Resources (\$0.13 million). Most government agencies recorded underspends against their budget estimates, which is to be expected in the first quarter of the financial year.

Depreciation

Depreciation expenditure was \$7.86 million or 93 per cent lower than the annual budget estimates. The Ministry of Health and Police continue to be the major contributors to this as a result of a large number of fixed assets which already have a zero-salvage value. Majority of the government agencies had underspends against their budget estimates. It should be noted that whilst depreciation is appropriated by Parliament these funds are not actually provided to agencies.

Trading Revenue

Trading revenue for the September 2025 quarter was \$3.77 million or 72 per cent lower than the budget estimates. Of the twenty-four ministries that are appropriated to collect trading revenue, 17 ministries exceeded their YTD trading revenue budgets.

Capital Expenditure

Table 9
YTD Capital Spends against Full Year's Budget

	Total Annual Budget FY2025/26	Actual YTD 30 Sept 2025	Balance (\$)	Balance (%)
Roads Asset Management and Improvement Programme	18,629	2,434	16,195	87%
Pa Enua Marine Infrastructure Improvement Programme	2,923	753	2,170	74%
Bridges and Structures Asset Management and Improvement Programme	2,491	210	2,281	92%
Pa Enua Capital Distribution Fund	600	40	560	93%
Drainage Asset Management and Improvement Programme	2,398	440	1,958	82%
To Tatou Vai - Capital [NEW]	1,500	944	556	37%
Arutanga Harbour Project	1,308	682	626	48%
General X-Ray & Mammography Systems	440	71	369	84%
Aitutaki Water Management	413	5	408	99%
Land Acquisition	460	81	379	82%
Government Building Projects - Rarotonga	167	33	134	80%
MOE Capital Funding	300	51	249	83%
Pa Enua Air Infrastructure Improvement Programme	2,000	854	1,146	57%
Government IT Network	300	36	264	88%
Rarotonga Cyclone Shelters - Remediation	365	65	300	82%
Pa Enua Government Building Projects - Southern Group	1,050	585	465	44%
Fund to be Prioritised by Health for Technical Equipment	300	-	300	100%
Water and Sanitation Infrastructure Improvement Programme	555	210	345	62%
Pa Enua Government Building Projects - Northern Group	295	-	295	100%
Aitutaki Capital Funding	16	10	6	38%
Atiu Capital Funding	12	-	12	100%
Mangaia Capital Funding	12	-	12	100%
Penrhyn Capital Funding	12	2	10	83%
Pukapuka Capital Funding	12	-	12	100%
Manihiki Capital Funding	10	-	10	100%
Mauke Capital Funding	10	-	10	100%
Palmerston Capital Funding	10	-	10	100%
Mitiaro Capital Funding	8	-	8	100%
Rakahanga Capital Funding	8	-	8	100%
Shipping Vessel Procurement	-	-	-	0%
	36,604	7,506	29,098	79%

- **Drainage Asset Management and Improvement Program** – Significant delays of documentation review in the procurement process. Expenditure is expected to be incurred in later months.
- **Pa Enua Air Infrastructure Improvement Program** – Funding has been allocated to the upgrade of the Mangaia Airport, with works forecasted to be completed by December 2025.
- **Road Asset Management and Improvement Program** – Work steadily continuing to progress on the backroad in Nikao.

Crown Borrowings

The Crown's gross borrowing for the September 2025 quarter was \$213.64 million, an increase of \$0.21 million from the June 2025 quarter.

The cause of this increase was derived from unfavourable movements in exchange rates against the US Dollar, Chinese Renminbi and Special Drawing Rights (SDR) of \$3.0 million.

The exchange rates movement for this quarter are shown in the following table:

Table 10
Average Exchange Rates Used

	<u>Jun-25</u>	<u>Sept-25</u>	<u>Movements</u>
United States Dollars (USD)	0.6068	0.5783	(0.0285)
Chinese Yuan (RMB)	4.3477	4.1172	(0.2305)

Source: NZ Reserve Bank Website for USD and RMB

The unrealised foreign exchange loss of \$3.05 million is largely the effect of the negative movement in the US Dollar as about 10 per cent of the total government borrowing is denominated in USD (as illustrated in Figure 2).

Net borrowings by the General Government for this quarter were \$74.97 million, a \$28.67 million reduction from the June 2025 quarter. This reduction is made up of \$3.03 million in principal repayments, an increase in the Loan Reserve Fund (LRF) and \$2.04 million foreign exchange movements.

Figure 2
Composition of Crown Debt by Currency

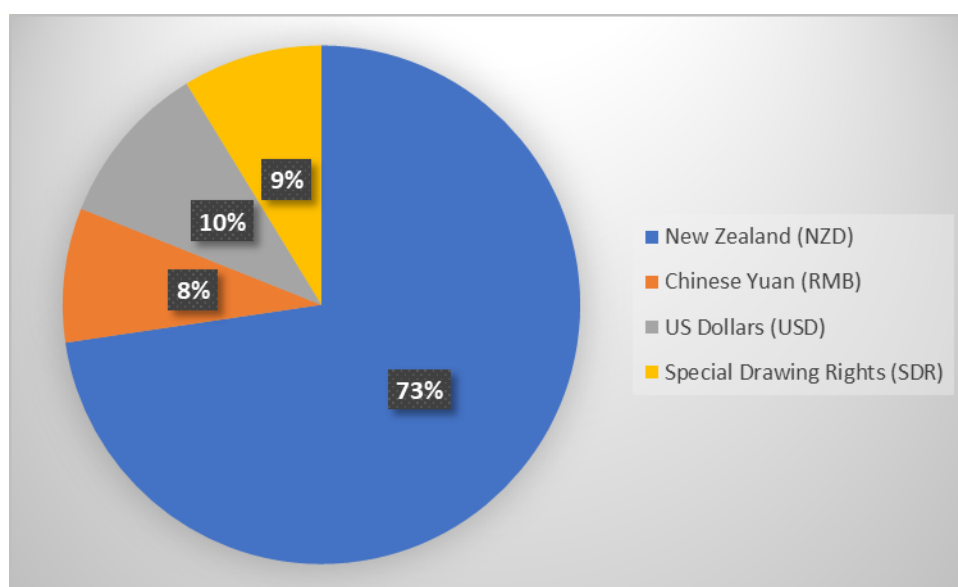


Table 11 below summarised Crown's debt position for the September 2025 quarter.

Table 11
Crown Borrowings – September 2025

	Loan start date	Loan end date	Loan currency	Original loan amount	Interest rate	Jun 2025 Balance ('000)	Principal Payments ('000)	Draw Downs	FOREX Adjustment ('000)	Revaluation	Sept 2025 Balance ('000)	Change Sept Qtr ('000)
Asian Development Bank												
Concessional OCR Loans												
Second multi project loan - 849	Dec-87	Aug-27	SDR	2,150	1.00%	451	94		(22)		379	(71)
Outer Islands telecommunications project loan - 1031	Oct-90	Aug-49	SDR	2,578	1.00%	1,894	179		(96)		1,811	(83)
Second Cook Islands Development Bank loan - 1155	Mar-92	Dec-31	SDR	1,085	1.00%	530			(27)		558	27
TCI Emergency Loan- 1171	Aug-92	Jun-32	SDR	349	1.00%	196			(10)		205	10
Pearl Loan (1994) - 1309	Dec-94	Aug-34	SDR	272	1.00%	253	14		(13)		252	(1)
Education development- 1317	Feb-95	Aug-34	SDR	1,852	1.00%	1,543	84		(79)		1,537	(6)
Third Cook Islands Development Bank loan- 1380	Jan-96	Dec-00	SDR	1,977	1.00%	1,377	69		(71)		1,379	2
Economic restructuring loan - 1466	Sep-96	Sep-36	SDR	3,430	1.00%	3,253	148		(168)		3,273	20
Cyclone Rehabilitation Project loan - 1588	Jan-97	Jan-38	SDR	583	1.00%	594	23		(30)		600	7
Waste Management loan - 1832	Dec-01	Jun-33	SDR	1,695	1.50%	1,189			(61)		1,250	61
Cyclone Emergency Assistance loan- 2174	Jun-05	Jan-45	SDR	1,895	1.00%	3,198			(165)		3,363	165
(SF) Avatiu Ports Development Loan - 2473	Sep-09	Nov-40	SDR	4,524	1.50%	3,849			(199)		4,048	199
Regular OC Loans						18,326	611	-	(942)	-	18,656	330
(OCF) Avatiu Ports Development Project Loan - 2472	Sep-09	Nov-33	NZD	8,697	5.77%	6,608					6,608	0
(SF) Economic Recovery Support Program Loan - 2565	Jan-10	Oct-24	NZD	11,053	2.52%	1					1	0
(OCF) Avatiu Ports Development Project Loan- 2739	Dec-11	Nov-35	NZD	5,290	2.64%	3,977					3,977	0
(OCR) Economic Recovery Support Program 2 Loan - 2946	Dec-12	Oct-27	NZD	11,053	2.75%	1,511	302				1,209	(302)
(OCF) Renewable Energy Sector- 3193	Jan-15	Jun-36	NZD	12,980	1.15%	7,658					7,658	0
(OCR) Undersea Broadband Cable Loan- 3632	Jul-19	Jun-39	USD	15,000	2.65%	21,423	660		(1,075)		21,838	415
Disaster Resilience Program (Phase 2) - 3933	Dec-19	Jun-35	NZD	15,676	1.13%	13,717					13,717	0
COVID 19 Active Response - 4010	Jan-21	Jan-30	NZD	30,409	1.13%	18,024					18,024	0
Supporting Sustainable ERP - 4161	Dec-21	Dec-33	NZD	55,540	2.19%	54,292					54,292	0
Resilient Transformation Program - Subprogram 1 - 4563	Dec-24	Dec-64	NZD	49,743	1.00%	49,743					49,743	0
						176,954	962	-	(1,075)	-	177,067	113
Total ADB						195,280	1,573	-	(2,017)	-	195,723	444
Asian Infrastructure Investment Bank (AIIB)												
COVID-19 Active Response & Economic Support - 0461A	Jan-21	Jun-30	USD	20,000	0.25%	0					0	0
						0					0	0
Export -Import Bank of China												
Indoor Sports Stadium & Upgrade of Existing Sports Facilities	Aug-08	Aug-28	RMB	74,100	1.80%	3,493	530		(198)		3,162	(331)
Rarotonga Water Ring Main Upgrade Loan	Dec-12	Dec-32	RMB	118,000	2.00%	14,847	927		(836)		14,756	(91)
Total China Bank						18,340	1,457	-	(1,035)	-	17,917	(422)
Total Gross Borrowings						213,619	3,030	-	(3,052)	-	213,641	21
Less Loan Repayment Fund (LRF)						74,123	2,645	30,992	268	(0)	102,202	28,079
Net Borrowings by the Crown						139,496	385	(30,992)	(3,320)	0	111,439	(28,057)
Less Avatiu Port Development & Avaroa Cable Ltd (SOE)						35,857	660		(1,274)		36,472	615
Net Borrowing by the General Government						103,639	(275)	(30,992)	(2,046)	0	74,967	(28,672)

*The General Government's 'Net Borrowing' is equivalent to Total Gross Borrowings, less the Loan Repayment Funds (LRF) and SOE Borrowings.

Official Development Assistance

The Development Coordination Division (DCD) of MFEM administers all overseas development assistance. Total ODA spend at the end of September 2025 was \$5.33 million making up 6% of the total annual budget.

Table 12
ODA by Development Partner

Development Partner	Budget Estimates Annual 2025/26	Actual YTD 30 Sept 2025
Asian Development Bank	5,636	811
China	1,500	-
European Union	630	81
Forum Fisheries Agency	280	-
Global Environment Facility	1,822	155
Green Climate Fund	14,409	1,083
Japan	500	87
New Zealand	54,193	2,735
Other	3,257	20
SPC	297	15
UNDP	60	12
UNESCO	193	49
UNICEF	68	-
UNEP	365	80
SPREP	51	26
Australia	2,106	143
TMO IDF Support & Renovating Maternity Ward	328	2
Food and Agriculture Organisation	196	30
Rapid Natural Capital Assessment - Cook Islands Pilot Project	42	-
Total Official Development Assistance	85,932	5,329
		6%

By the end of the 1st quarter, CIIC had successfully completed majority of the works required for the construction of Te Tapora Kai, which officially opened on World Food Day, 17th October 2025. This was funded by NZ through the Te Tau Papa O Avarua project.

Work continues to progress on the Manihiki Airport, a major project funded through the Infrastructure Trust Fund (ITF), with machinery procurement nearly completed and key approvals from the National Environment Services and Manihiki Island Administration secured. Major contracts for shipping, fuel, and aggregates are in final negotiations, stakeholder engagement has been steady, and local workforce planning with Pa Enua secondments is underway.

Under the Green Climate Fund, projects, the Readiness 6 Enhancing a National Adaptation Programme has completed all of their deliverables and are now in the preparation stages of finalizing reports.

The ATOM project is now entering its second year of implementation. The Annual Performance Report has been submitted to the Green Climate Fund Secretariat and is currently in the finalisation stage, with comments received from the Secretariat now being reviewed and addressed. The third Project Steering Committee (PSC) meeting was also convened, during which it was noted that the slow progress of certain activities was largely due to the delayed establishment of the Project Management Unit (PMU). MFEM will need to push for the establishment of the PMU to accelerate implementation and ensure timely delivery of project outcomes.

State Owned Enterprises (SOEs)

The table below consolidates the year to date (YTD) September 2025 performances of Cook Islands Investment Corporation (CIIC), Airport Authority, Bank of the Cook Islands, Ports Authority, Te Aponga Uira, To Tatou Vai Ltd, Te Mana Uira O Araura (new name for Aitutaki Power Supply) and Avaroa Cable Ltd.

The consolidated group recorded a YTD surplus is \$0.97 million, which is \$2.09 million favourable compared to the budgeted deficit of \$1.12 million.

Table 13
State Owned Enterprises – September 2025

	YTD Budget Estimates	Actual YTD	Variance	Variance
	\$'000	\$'000	\$'000	%
<u>SOEs Consolidate Group</u>				
Trading Revenue	16,958	16,521	(437)	-3%
<i>Less: Expenditure</i>				
Personnel Expense	5,202	4,593	609	12%
Operating Expense	10,109	8,403	1,706	17%
Depreciation Expense	2,765	2,549	216	8%
	18,076	15,545	2,531	14%
Net Surplus / (Deficit)	(1,118)	976	(2,094)	187%

Key Variances:

Trading Revenue: Unfavourable to budget, largely due to timing of receipts.

Personnel Costs: Favourable, reflecting continued delays in filling vacant roles across the group.

Depreciation: Favourable to budget, largely reflecting delays in the timing of capital expenditure and likely to be permanent savings.

Operating Costs: Favourable to overall budget, mainly due to gains from cost control initiatives (cost savings) across the group, timing of maintenance works and deferred project spending.

Glossary

Below is a list of terms which are mentioned at various points in this report and what they are for the purposes of this report:

Revenue

Revenue is measured at fair value of the consideration received or receivable.

Revenue Levied Through the Crown's Sovereign Power

Payment of tax does not of itself entitle a taxpayer to an equivalent value of services or benefits; such revenue is received through the exercise of the Crown's sovereign power. Revenue arising through taxes is recognised when the taxable event occurs and when the criteria for recognition of an asset are met.

<i>Revenue Type</i>	<i>Revenue Recognition Point</i>
Individual Income Tax	When an individual earns income that is subject to PAYE or provisional tax. This also includes withholding taxes.
Company Income Tax	When the corporate community earns taxable income.
Value Added Tax	When the liability to the Crown is incurred. For example, the liability arising from sales in June being paid in July however recognised as revenue in June.
Customs levies	When goods liable to duty are assessed, except for Oil Companies which are accounted for when the liability to the Crown is incurred.
Departure Tax	When departure tax coupons are purchased.
Other Revenue	When the debt to the Crown arises.

Expenses

Expenses are recognised when incurred and are reported in the financial period to which they relate.

Foreign Currencies

Transactions in foreign currencies are translated into New Zealand dollar using the exchange rate on the date of the transaction. Foreign exchange gain and losses arising from these transactions are included in the Statement of Financial Performance.

Any monetary assets and monetary liabilities held at year end are translated at the exchange rate at the balance sheet date.

Aid Expenses

Expenses are recognised when incurred on approved projects and are reported in the financial period to which they relate.

Appropriation

Appropriations are the funding-source provided by the Crown (as a Central Government entity) to allow the recipients (Crown-funded Agencies – see term below) to carry out their purposed operations.

Crown-funded Agencies/Agencies

These are recipients of funding via an appropriation. Crown-funded Agencies refer to ministries/departments, island administrations, and ministerial support offices.

Loan Repayment Fund

This fund was legislated under the Cook Islands Loan Repayment Fund Act 2014; established for the purpose of repaying Government debts. Funds in this Account must not be withdrawn for any other purpose other than repayment of such debt.

Outer Islands Reserves

Consists of funds held with each Outer Islands Administration. The Island Government Act 2012-13, section 55 states that the Island Governments are entitled to retain control over any revenues collected by them.

Disaster Response Trust

The establishment of this fund was detailed in the Cook Islands Disaster Emergency Trust Fund Policy which was approved by Cabinet in May 2011 (CM (11) 0157). The purpose is to enable a swift and coordinated response by the Disaster Response Executive once a State of Emergency or Disaster is activated.

Infrastructure Trust Fund (ITF)

Funds provided by the New Zealand Government for Infrastructure; establishment of these accounts is in line with the mandatory requirements stated in Part B, Section 17 of the CIGFPPM: Trust Fund Accounts.

Aid Trust Fund

Funds tagged for aid funded projects and programmes. The establishment of these accounts is in line with the mandatory requirements stated in Part B, Section 17 of the CIGFPPM: Trust Funds Accounts.

Land Trust/Law Trust and Other Agency Trust Funds

Funds held in trust on behalf of land and law related deposits at the Ministry of Justice and small trust account held at the Agencies eg. Hararanga Trust held at Penrhyn Island Administration. The establishment of these accounts is in line with the mandatory requirements stated in Part B, Section 17 of the CIGFPPM: Trust Fund Accounts.

Trust Account Deposit

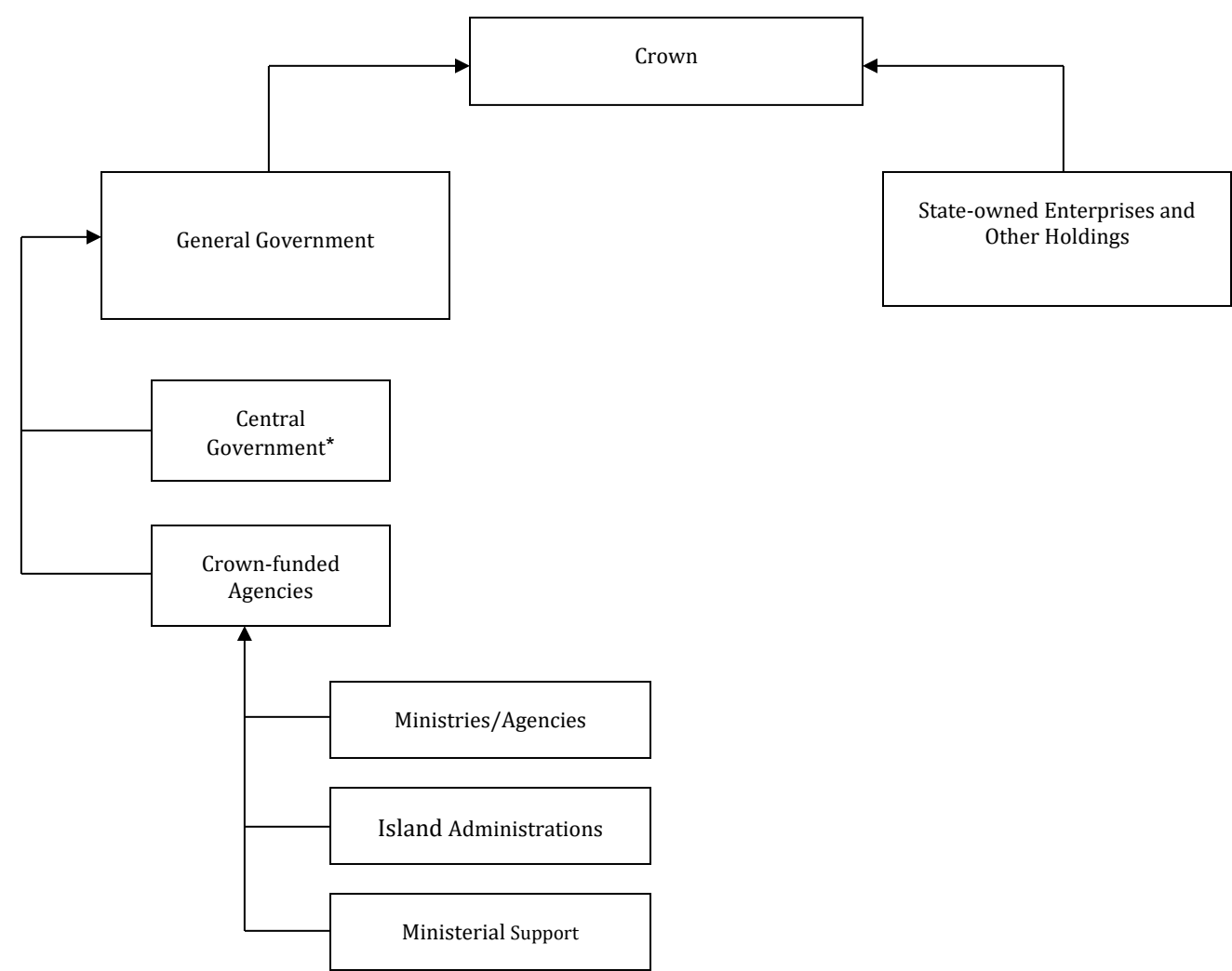
Funds held by Crown for Law Trust, Workers Compensation Trust, Immigration bonds held, International unclaimed monies and Insurance Trust. The establishment of these accounts is in line with the mandatory requirements stated in Part B, Section 17 of the Cook Islands Government Financial Procedures and Policy Manual (CIGFPPM): Trust Funds Accounts.

VAT/Tax Imprest Accounts

Held by Revenue Management Department (RMD) as clearing account for Tax Refunds and Custom Bonds and Tax Revenues payable to Crown account; establishment of these accounts is in line with the mandatory requirements stated in Part B, Section 17 of the CIGFPPM: Trust Fund Accounts.

General Government

General Government consists of Central Government and Crown-funded Agencies. It does not include State-Owned Enterprises or holdings in other entities. The diagram below shows how all relate.



* Parliament and the Head of State are included in the Central Government section