



The Government of the Cook Islands

Quarterly Financial Results

Dec-19

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 2019/20 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 2019/20 Appropriation Bill was passed in June 2019.

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 2019

	Table	Budget Estimates Full Year 2019/20 \$'000	Additional Funding Approval \$'000	Total Budget & Approval \$'000	Budget Estimates YTD December 2019 \$'000	Actual YTD December 2019 \$'000	Variance to YTD Budget Estimates \$'000	Actual Vs Full Year Budget 2019/20 %
Operating Revenue	1							
Taxation Revenue		151,626	0	151,626	75,813	80,583	4,770	53
Other Crown Revenue		19,607	0	19,607	9,803	10,189	386	52
Trading Revenue		4,927	0	4,927	2,374	1,890	-483	38
Interest on Loans to Subsidiaries		830	0	830	415	0	-415	0
Dividends		2,370	0	2,370	750	960	210	41
Interest on Balances		1,740	0	1,740	870	1,320	450	76
Core Sector Support		7,730	0	7,730	7,730	7,825	95	101
Total Operating Revenue		188,830	0	188,830	97,755	102,768	5,013	54
Operating Expenditure								
Ministry Outputs		133,443	1,648	135,091	69,588	62,575	7,014	46
Personnel		62,493	0	62,493	30,460	28,916	1,544	46
Operating		20,380	0	20,380	11,300	9,011	2,289	44
Administered Payments	3	43,604	1,648	45,252	24,225	21,663	2,563	48
Depreciation		6,966	0	6,966	3,603	2,985	618	43
POBOC	2	27,746	80	27,826	15,347	13,693	1,654	49
Debt Interest Contribution to LRF		2,133	0	2,133	2,133	2,133	0	100
Crown Infrastructure Depreciation		4,603	0	4,603	1,042	1,042	0	23
Transfer to Emergency Response Trust Fund		50	0	50	50	50	0	100
Depreciation Contingency Fund		2,174	0	2,174	0	0	0	0
Contingency Funds - Operating		100	200	300	300	249	51	83
Total Operating Expenses		170,249	1,928	172,177	88,460	79,741	8,719	46
Net Operating Surplus/(Shortfall) Balance		18,581	1,928	16,654	9,295	23,026	13,731	
Add Depreciation		13,742	0	13,742	4,645	4,027	618	29
Less Capital Expenditure	4	40,710	3,302	44,012	17,651	14,347	3,304	33
Net Fiscal Surplus/(Shortfall) Balance		-8,387	3,302	-13,617	-3,712	12,706	16,417	

At a Glance: Fiscal Position

* General Government's Fiscal Position reported actual surplus in net fiscal balance of \$12.71 million; an increase of \$16.42 million against budget estimates for the December quarter.

* Net Operating Surplus/(Shortfall) Balance: The General Government reported a net operating surplus of \$23.03 million for December 2019 Quarter. This can be largely attributed to the under spend in administered payments, POBOC's and increase in taxes collected for the period.

* Operating Revenue: General Government operating revenue reported a increase in Revenue collection by \$5.01 million against year to date budget estimates for the quarter. Taxation revenue reported higher than budget estimates by \$4.77 million. This was mainly contributed by Withholding Tax over budget estimates by \$1.2 million due to higher than anticipated level of dividends paid to non - residents and Value Added Tax over budget estimates by \$4.87 million due to fewer VAT refunds during the period. The increase was also due to increase in Import VAT resulting from increase in Economic activities in the Construction industries. In addition, Fisheries - US Treaties over the budget estimates by \$3.92 million. Collections are based on USD \$9,533 per day fee for 327 days in a year. This was offset by a lower reported revenue from trading revenue from agencies and interest earned from subsidiaries.

* Operating Expenditure: General Government operating expenditure reported lower actual spend by \$8.72 million against year to date budget estimates for the quarter. This was largely attributed to the underspend in administered payments of \$2.56 million mainly due to timing of spending Bridges and Drainage project, Production of new currency , Payments on Behalf of the Crown (POBOCs) of \$1.65 million due to timing of spending in welfare payments and Personnel savings in agencies of \$1.54 million attributed to saving in personnel as unfilled positions remains the main cause. Operating and depreciation in agencies also contributed to this underspending for the quarter.

Schedule 2: Cash Reserves General Government December 2019

Table	31-Dec-19 \$'000	30-Jun-19 \$'000
Operational Bank Accounts	16,756	32,833
Term Deposits and Trust Accounts	151,350	138,811
Cash and Term Deposits	168,106	171,644
<i>Less</i> 2019/20 Budget Shortfall ¹	-13,617	-7,087
Total Cash and Term Deposits	154,489	164,557
Committed:		
Reserve Trust Fund ²	3,487	3,652
Disaster Response Fund ³	1,928	1,766
Loan Repayment Fund ⁴	27,762	23,605
Trust Account Deposits ⁵	7,354	1,636
Aid Trust Fund ⁶	25,344	25,345
Stabilisation Account ⁷	56,700	0
Land Trust Fund ⁸	8,002	8,899
Total Commitment for this year	130,577	64,903
Estimated General Cash Reserve	23,912	99,654

¹ Funds set aside to accommodate shortfall in servicing non-operating fiscal balance for the 2019/20 year

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

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

⁴ Loan Repayment Fund – legislated funds quarantined for debt servicing requirements

⁵ Trust Account Deposit – funds held on behalf of Law Trust, Workers Compensation Trust, Immigration bonds helds, International unclaimed monies and Insurance Trust

⁶ Aid Trust Fund – funds tagged for aid funded projects and programmes.

⁷ Stabilisation Account - funds set aside as reserve to assist the Government during periods of real economic contraction to fund operations and investment.

⁸ Land Trust - funds held in trust on behalf of land related deposits at the Ministry of Justice.

Estimated general cash reserves are unencumbered cash held that are not committed to any particular expenditure appropriation. Government cash reserve as at 31 December 2019 was \$23.91 million in comparison to \$99.65 million as at 30 June 2019, the reduction was largely attributed to the set up of the Stabilisation Account.

Government has setup the Stabilisation Account in the 2019/20 budget appropriation. The Stabilisation Account was set up, with the view to improve the fiscal resilience of the Cook Islands against economic shocks and natural disasters. Durings periods of real economic contraction, defined as growth less than 1 percent per year, funds can be drawn from the Stabilisation Account to fund operations and investment.

Schedule 3: Loan Repayment Fund Statement

	31-Dec-19
	\$'000
Opening LRF Balance	20,922
Contribution to LRF Principal	7,696
Contribution to LRF Interest	2,133
Total Transfer into LRF by General Government	9,829
Realised Gain on Foreign Exchange	1,786
Interest earned by LRF	239
Total Inflows	11,854
Principal paid out of LRF	3,596
Interest paid out of LRF	1,418
Total Outflows	5,014
Closing LRF Balance	27,762

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 5 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 2019/20	276,241
Excess (1.5%) of Total Appropriation	4,144
less: Approved expenditure for the December 19 Quarter	2,480
Total Balance	1,664
Executive Council Orders Authority	\$'000
Appointment of Mr Kevin Iro as Marae Moana Ambassador	60
Removal of the AM Radio Transmission Mast	318
Atiu Power Upgrade	130
Top up to the Operating Contingency fund	200
E-Waste top-up	165
CISNOG - Netball Cook Islands	22
Top up to the Operating Contingency fund	200
Sports Assistance Fund - Rugby Union	19
Funding Proposal for the Rugby League Qualifiers	65
Top up to the Operating Contingency fund	150
Top up to the Operating Contingency fund	200
MP Travel Top-up	200
Top up to Shipping Subsidy to cover Charter (First Voyage) cost	750
Total Executive Council Orders Authority as at 31 December 2019	2,480

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.

\$2.48 million out of the \$4.14 million allocation was utilised by end of the second Quarter.

Table 1: Revenue on Behalf of Crown (ROBOC)

	Budget Estimates Full Year 2019/20	Budget Estimates YTD December 2019	Actual YTD December 2019	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2019/20
	\$'000	\$'000	\$'000	\$'000	%
Taxation Revenue					
Individual Income Tax	27,773	13,886	14,232	346	51
Withholding Tax	2,247	1,124	2,311	1,188	103
Company Income Tax	22,170	11,085	8,858	-2,227	40
Value Added Tax	72,759	36,380	41,252	4,872	57
Departure Tax	12,120	6,060	6,595	535	54
Customs Tax	14,557	7,278	7,335	57	50
	151,626	75,813	80,583	4,770	53
Other Revenue					
Drivers License Fees	260	130	164	34	63
Police Fines	70	35	3	-32	4
Immigration Fees	950	475	581	106	61
International Shipping Fee	10	5	0	-5	0
Motor Vehicle Dealers	3	2	3	2	101
Shipping Registry Licenses	268	134	39	-95	15
Upper Air Space Fees	746	373	295	-78	40
Court Services	50	25	13	-12	27
Foreign Investment Fees	27	14	11	-2	41
IMO Subscriptions MCI	66	33	16	-17	24
Censorship Fees	3	2	1	-1	23
Employer Liabilities	75	38	0	-38	0
Liquor License	70	35	37	2	52
Motor Vehicle Registration Fees	875	438	100	-338	11
Research Fees	2	1	0	0	17
Permits	24	12	6	-6	25
Bluesky Dividends	1,500	750	960	210	64
Bank of the Cook Islands Dividends	410	0	0	0	0
Te Aponga Uira Dividends	400	0	0	0	0
Extraordinary SOE Dividends	60	0	0	0	0
Interest on Balances (Crown)	1,740	870	1,320	450	76
Interest Income from SOE Advances	830	415	0	-415	0
Numismatics	450	225	88	-137	20
Sale of Circulating Currency	650	325	249	-76	38
Fisheries - US Treaties	5,059	2,530	6,455	3,926	128
Fishing Fines	100	50	47	-3	47
Fishing Licenses	9,531	4,766	1,875	-2,890	20
Tattslotto	120	60	90	30	75
Financial Supervisory Commission - Return of Excess	198	99	30	-69	0
Other Revenue on Behalf of Crown	0	0	86	86	0
	24,547	11,838	12,469	630	51
Core Sector Support	7,730	7,730	7,825	95	101
Total Other ROBOC	32,277	19,568	20,294	725	63
Total ROBOC	183,903	95,381	100,877	5,496	55

Table 2: Payments on Behalf of Crown (POBOC)

	Budget Estimates Full Year 2019/20	Additional Funding Approval	Total Budget & Approval	Budget Estimates YTD December 2019	Actual YTD December 2019	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Old Age Benefit	13,078	0	13,078	7,639	6,887	752	53
Child Benefit	5,576	0	5,576	3,074	2,855	219	51
Infirm/Destitute Benefit	528	0	528	377	309	68	59
Government Paid Maternity Leave	150	0	150	75	56	19	37
Carer Order Payment	10	0	10	5	0	5	0
BCI Transaction Fees	147	0	147	78	78	0	53
New Born Allowance	200	0	200	155	128	27	64
Audit Fee	96	0	96	48	0	48	0
PERC Salaries and Administration Costs	58	0	58	29	8	21	14
Bank of the Cook Islands Subsidy	128	0	128	30	0	30	0
Airport Authority Subsidy	2,048	0	2,048	1,024	1,024	0	50
Ports Authority Subsidy	110	0	110	37	37	0	33
Te Aponga Uira subsidy	380	0	380	0	0	0	0
Civil List - Constituency Visits	170	0	170	164	105	59	62
Civil List - Personnel	2,902	0	2,902	1,451	1,232	219	42
House of Ariki	348	0	348	82	82	0	24
Parliamentary Sitting Expenses	150	0	150	146	142	4	95
QR Travel and Allowances	109	0	109	106	89	17	81
MP Travel and Allowances	341	0	341	316	315	1	92
EO 1.5% MP Travel & Allowances Top Up	0	80	80	80	0	80	0
International Subscriptions	688	0	688	146	146	0	21
IMO - Maritime Organisation	63	0	63	0	0	0	0
Pacific Catastrophe Risk Insurance	121	0	121	0	0	0	0
Crown Insurance	100	0	100	0	0	0	0
Parliamentary Superannuation	180	0	180	90	57	33	31
BEPS Subscription	35	0	35	0	0	0	0
EO 1.5% E - Waste and Whitewear Collection	0	0	0	165	144	22	0
Local Government Election	30	0	30	30	0	30	0
	27,746	80	27,826	15,347	13,693	1,654	49

Table 3: Administrative Payments

	Budget Estimates Full Year 2019/20	Additional Funding Approval	Total Budget & Approval	Budget Estimates YTD December 2019	Actual YTD December 2019	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Power Subsidy	79	0	79	40	38	1	3
Funeral Assistance Allowance	170	0	170	160	92	68	43
Christmas Bonus	278	0	278	268	328	-60	0
Caregivers Allowance	664	0	664	332	213	119	36
SOE Consortial DSM Harvest	0	0	0	0	0	0	0
Infrastructure Committee	150	0	150	90	29	61	67
Joint Venture with SBMA	130	0	130	76	47	29	39
Land Rent Reviews	0	0	0	398	209	189	0
Provision for Land Rentals	1,500	0	1,500	0	0	0	0
Rarotonga Water Utility Implementation	0	0	0	0	0	0	0
School Security	280	0	280	140	88	52	37
Special Projects Unit	420	0	420	194	194	0	0
Avaroa Cable	150	0	150	84	34	50	60
Renewable Energy Maintenance	250	0	250	50	0	50	100
To Tatou Vai	2,500	0	2,500	1,300	1,100	200	15
ICC Arbitration	300	0	300	300	293	7	2
PILON	0	0	0	0	0	0	0
Pacific Legislatures for Population and Governance	0	0	0	0	0	0	0
Special Select Committee	110	0	110	56	32	24	44
Tribunal Committee Remuneration	0	0	0	0	0	0	0
Marketing Resources - Tourism Growth Strategy	4,922	0	4,922	2,871	2,871	0	0
Domestic Hosting Entertainment	15	0	15	12	9	3	22
QR Social Responsibility Fund	8	0	8	5	4	0	5
Head of State Rent	13	0	13	7	7	0	1
Bridges and Drainage Maintenance	1,200	0	1,200	27	25	2	8
OI Equipment Repairs of Unanticipated Breakdowns	200	0	200	100	64	36	36
Road Asset Management	0	0	0	0	0	0	0
Road and Civil Maintenance	1,100	0	1,100	750	662	88	12
Water Maintenance	0	0	0	0	1	-1	0
Waste Management	500	0	500	250	206	44	18

Table 3: Administrative Payments Cont'd

	Budget Estimates Full Year 2019/20	Additional Funding Approval	Total Budget & Approval	Budget Estimates YTD December 2019	Actual YTD December 2019	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Emergency Work	200	0	200	100	2	98	98
Te Maeva Nui Celebrations	723	0	723	659	645	14	2
Te Kopapa Reo Maori Board	15	0	15	11	9	2	17
Cook Islands Cultural Fund	200	0	200	130	111	19	14
Audio and Visual Digitization	40	0	40	13	7	6	0
Returned Services Association	5	0	5	2	0	2	100
Cook Islands Student Association Support	10	0	10	10	8	3	25
Production of new currency, transportation and sale of old coins	800	315	1,115	10	10	0	1
Provision for Inter-Island Shipping	500	0	500	250	164	86	34
Subsidy of audio/visual broadcasting in Pa Enea	45	0	45	0	0	0	0
Air New Zealand Underwrite	12,000	0	12,000	6,000	6,235	-235	-4
Debt Advisory Services	60	0	60	30	1	29	97
Marumaru Atua	0	0	0	0	0	0	0
Public Sector Strengthening - Process & Systems	200	157	357	350	294	56	16
Special Investigative & Prosecution Services	70	133	203	35	13	22	62
Standard and Poors Subscription	65	0	65	0	0	0	0
Border Management System Maintenance	155	0	155	78	0	78	100
Conduct of a Labour Force Survey	0	99	99	99	58	41	41
FEM-AAIB	31	0	31	0	0	0	0
FEM-Director Civil Aviation	0	0	0	0	0	0	0
Audit of Crown Accounts	30	0	30	0	0	0	0
Price Tribunal Committee	45	0	45	23	9	13	58
Tax Amnesty Project	0	0	0	0	0	0	0
Post Tax Amnesty Work	484	0	484	242	171	71	29
The Centre of Research and Policy Studies	80	0	80	40	4	36	90
The Centre of Excellence in Information Technology (CEIT)	250	0	250	125	56	69	55
Asian Infrastructure Investment Bank (AIIB) Membership	0	0	0	15	0	15	100
Economic Utilities Regulator	100	0	100	50	0	50	100
EO 1.5% Provision for Inter-Island Shipping Top Up	0	750	750	750	446	304	41
Fisheries Development Facility	200	0	200	100	100	0	0
Fisheries Development Facility in the Pa Enea	100	0	100	50	3	47	94
WCPFC Conference	0	0	0	0	0	0	0

Table 3: Administrative Payments Cont'd

	Budget Estimates Full Year 2019/20	Additional Funding Approval	Total Budget & Approval	Budget Estimates YTD December 2019	Actual YTD December 2019	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Centre of Research & Policy Studies	0	0	0	0	0	0	0
Government Funded Scholarships	660	0	660	280	280	0	0
Private School Funding - Nukutere	0	0	0	269	256	12	5
Tertiary Training Institutions	1,210	0	1,210	419	419	0	0
University of the South Pacific Contribution	205	0	205	6	6	0	-4
Bus Service	26	0	26	13	12	1	11
Private School Funding - Nukutere	595	0	595	269	256	12	5
Private School Funding - St. Josephs	458	0	458	238	238	0	0
Private School Funding - Creative Centre	141	0	141	70	68	1	2
Private School Funding - Te Uki Ou	530	0	530	230	230	0	0
Private School Funding - Papaaroa	248	0	248	116	116	0	0
Private School Funding - Aitutaki SDA	199	0	199	100	100	0	0
Private School Funding - Immanuela Akatemia	241	0	241	131	131	0	0
Private School Funding - Blackrock	100	0	100	50	50	0	0
NCD Fund	195	0	195	195	195	0	0
Nursing School	234	0	234	229	231	-2	-1
Operation Namu	0	0	0	0	0	0	0
Patient Referrals	850	0	850	850	850	0	0
Pharmaceuticals	868	0	868	599	487	112	19
CISNOC Grant	370	0	370	370	370	0	0
Lease Extension	72	23	95	36	18	18	51
SIF - CIG Contribution	800	110	910	501	501	0	0
Vaka Maintenance	400	0	400	200	188	12	6
Special Assistance Projects	100	0	100	89	89	0	0
Internal Affairs Youth Program	45	0	45	23	0	22	99
EO 1.5% CISNOC Grant Top Up	0	0	0	106	106	1	0
Court Transcripts Update Project	0	0	0	0	0	0	0
Judge's Allowances	300	0	300	150	53	97	65
Land Records Update Project	120	0	120	60	0	60	100
Legal Aid	40	0	40	20	0	20	100
E - Waste & Whitewear Collection	0	0	0	165	0	165	0

Table 3: Administrative Payments Cont'd

	Budget Estimates Full Year 2019/20	Additional Funding Approval	Total Budget & Approval	Budget Estimates YTD December 2019	Actual YTD December 2019	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
National Heritage Trust	82	0	82	41	42	-1	-2
Management of Suwarrow Park	100	0	100	50	5	45	89
EIA Process	150	0	150	5	5	0	-5
Search and Rescue	20	0	20	20	15	5	24
Serious Crime Investigations	100	0	100	50	34	16	31
Te Kukupa - Biannual Slipping	0	61	61	61	61	0	0
Te Kukupa - Fuel Contribution	140	0	140	80	53	27	33
Police Youth Program	45	0	45	23	0	23	100
HOM's Salaries	1,742	0	1,742	952	952	0	0
PM Social Responsibility Fund	243	0	243	243	182	61	25
Public Sector Strengthening	0	0	0	0	0	0	0
Community Support Fund	100	0	100	100	53	47	47
ICT Support Team	250	0	250	1	1	0	26
Red Cross	50	0	50	50	50	0	0
Pa Enea Mechanical Overseer	130	0	130	64	48	16	25
Energy Commissioner	100	0	100	0	0	0	0
EO 1.5% Marae Moana Ambassador	0	0	0	24	20	4	17
	43,604	1,648	45,252	24,225	21,663	2,563	11

Table 4: Capital Expenditures

	Budget Estimates Full Year 2019/20 \$'000	Additional Funding Approval \$'000	Total Budget & Approval \$'000	Budget Estimates YTD December 2019 \$'000	Actual YTD December 2019 \$'000	Variance to YTD Budget Estimates \$'000	Actual Vs Full Year Budget 2019/20 %
Bridges & Structure Improvement	2,580	0	2,580	1,290	1,104	186	43
Rutaki Foreshore Rock Revetment	250	0	250	167	166	1	66
Government IT Network	650	0	650	12	12	0	2
Renewable Energy Project Management and Support	250	0	250	215	63	152	25
Atiu Road Improvement	570	0	570	285	107	178	19
Establishment of New Water Galleries	200	0	200	100	105	-5	53
Mitiaro Water Upgrade	250	0	250	125	64	61	26
FMIS Purchase and Implementation	469	0	469	273	218	56	46
AEOI IT System	0	85	85	0	0	0	0
Vaikapuangi Government Building-Design	600	0	600	250	134	116	22
Penrhyn Government Building Project	500	0	500	0	0	0	0
Aitutaki Government Building Project	60	0	60	0	0	0	0
Health Project	800	0	800	0	0	0	0
Land Acquisition	2,000	0	2,000	0	0	0	0
MFEM Building	540	0	540	491	435	56	81
Orongo Development Master Plan and Centre reconstruction - Ports Authority	500	0	500	350	109	241	22
School Upgrade	480	0	480	0	0	0	0
To Tatou Vai	150	0	150	100	0	100	0
Avatiu Valley Stream embankment	22	0	22	22	0	22	0
Drainage Improvement	1,800	0	1,800	1,596	1,596	0	89
Nassau Ferry	350	0	350	30	30	0	9
Pa Enea Cyclone Center	4,200	0	4,200	116	116	0	3
Pa Enea Marine Infrastructure Improvement	150	0	150	75	0	75	0
Road Asset Management	8,000	0	8,000	2,755	2,755	0	34
Mei Te Vai ki Te Vai	1,000	198	1,198	50	50	0	5
MFEM Extension - Furniture and materials	100	0	100	50	15	35	15
Shipping Vessel	2,500	0	2,500	15	15	0	1
Te Mato Vai - Rarotonga Water Upgrade	9,000	1,299	10,299	6,600	5,695	905	63
Fund to be Prioritised by Education	360	0	360	180	186	-6	52
CT Scanner	100	0	100	50	0	50	0

Table 4: Capital Expenditures Cont'd

	Budget Estimates Full Year 2019/20 \$'000	Additional Funding Approval \$'000	Total Budget & Approval \$'000	Budget Estimates YTD December 2019 \$'000	Actual YTD December 2019 \$'000	Variance to YTD Budget Estimates \$'000	Actual Vs Full Year Budget 2019/20 %
Abmulance	0	61	61	61	0	0	0
Vaka Maintenance Capital Projects	50	0	50	0	0	0	0
Integrated Communication System	70	0	70	70	0	70	0
3 Building Repair	550	245	795	795	576	219	105
Aitutaki Capital Funding	16	0	16	8	0	8	0
Atiu Capital Funding	12	0	12	6	0	6	0
Mitiaro Capital Funding	8	0	8	8	6	2	77
Mauke Capital Funding	10	0	10	5	0	5	0
Mangaia Capital Funding	12	0	12	6	1	5	7
Manihiki Capital Funding	10	0	10	5	0	5	0
Penrhyn Capital Funding	12	0	12	6	0	6	0
Palmerston Capital Funding	10	0	10	5	0	5	0
Pukapuka Capital Funding	12	0	12	6	6	0	53
Rakahanga Capital Funding	8	0	8	4	1	3	9
Manea Games Upgrade Capital Funding	100	0	100	50	0	50	0
Fund to be Prioritised by Health for Technical Equipment	300	0	300	0	0	0	0
Capital Distribution Fund	800	389	1,189	815	250	565	31
Parliament Building Extension	300	0	300	300	279	21	93
Atiu Power Upgrade	0	35	35	35	127	-92	361
Pukapuka Hospital Construction	0	314	314	150	127	23	84
Titikaveka Backroad Rehabilitation	0	27	27	27	0	27	0
TMV Stage 1: Road & Pipeline Easement	0	650	650	93	0	93	0
	40,710	3,302	44,013	17,651	14,347	3,304	33

Table 5: Statement of Borrowings

	Loan start date	Loan End date	Loan Currency	Original Loan Amount	Interest Rate	September 2019 Balance ('000)	Principal Payments ('000)	FOREX Adjustment ('000)	Revaluation/ Draw Down Adjustments ('000)	December 2019 Balance ('000)	Change September Qtr ('000)
Asian Development Bank											
1. First multi project loan - 461	Nov-80	Aug-20	USD	1,000	1.00%	113	-	(8)	-	105	(8)
2. First Cook Islands Development Bank project loan - 567	Jul-82	Apr-22	USD	1,500	1.00%	252	(39)	(18)	-	195	(57)
3. Second multi project loan - 849	Dec-87	Aug-27	SDR	2,150	1.00%	1,392	-	(95)	-	1,297	(95)
4. Outer Islands telecommunications project loan - 1031	Oct-90	Aug-30	SDR	2,578	1.00%	3,657	-	(249)	-	3,408	(249)
5. Second Cook Islands Development Bank loan - 1155	Mar-92	Dec-31	SDR	1,085	1.00%	984	(36)	(68)	-	880	(104)
6. TCI Emergency Loa- 1171	Aug-92	Jun-32	SDR	349	1.00%	341	(12)	(23)	-	305	(36)
7. Pearl Loan (1994) - 1309	Dec-94	Aug-34	SDR	272	1.00%	385	-	(26)	-	359	(26)
8. Education development- 1317	Feb-95	Aug-34	SDR	1,852	1.00%	2,348	-	(160)	-	2,188	(160)
9. Third Cook Islands Development Bank loan- 1380	Jan-96	Sep-35	SDR	1,977	1.00%	2,023	-	(138)	-	1,886	(138)
10. Economic restructuring loan - 1466	Sep-96	Sep-36	SDR	3,430	1.00%	4,637	-	(315)	-	4,321	(315)
11. Cyclone Rehabilitation Project loan - 1588	Jan-97	Jan-38	SDR	583	1.00%	816	-	(56)	-	761	-
12. Waste Management loan - 1832	Dec-01	Jun-33	SDR	1,695	1.50%	2,007	(65)	(138)	-	1,803	(203)
13. Cyclone Emergency Assistance loan- 2174	Jun-05	Jan-45	SDR	1,895	1.00%	3,549	(35)	(242)	-	3,271	(278)
14. (SF) Avatiu Ports Development Loan - 2473	Sep-09	Nov-40	SDR	4,524	1.50%	6,169	(187)	(423)	-	5,558	(611)
15. (OCF) Avatiu Ports Development Project Loan - 2472	Sep-09	Nov-33	NZD	8,697	5.77%	8,875	(142)	-	-	8,733	(142)
16. (SF) Economic Recovery Support Program Loan - 2565	Jan-10	Oct-24	NZD	11,053	2.52%	5,527	(502)	-	-	5,024	-
17. (OCF) Avatiu Ports Development Project Loan- 2739	Dec-11	Nov-35	NZD	5,290	2.64%	4,964	(62)	-	-	4,902	-
18. (OCR) Economic Recovery Support Program 2 Loan - 2946	Dec-12	Oct-27	NZD	11,053	2.75%	5,135	(302)	-	-	4,833	-
19. (OCF) Renewable Energy Sector- 3193	Jan-15	Jun-36	NZD	12,980		9,297	(289)	-	-	9,007	(289)
20. (OCR) Imprv Internet Connectivity- 3632	Jul-19	Jun-39	USD	15,000	2.65%	-	-	(347)	6,482	6,135	6,135
						62,470	(1,674)	(2,305)	6,482	64,973	2,503
Export -Import Bank of China											
20. Indoor Sports Stadium & Upgrade of Existing Sports Facilities	Aug-08	Aug-28	RMB	74,100	1.80%	9,224	(486)	(440)	-	8,298	(926)
21. Rarotonga Water Ring Main Upgrade Loan	Dec-12	Dec-32	RMB	118,000	2.00%	24,638	(851)	(1,198)	-	22,589	(2,049)
						33,863	(1,337)	(1,639)	-	30,888	(2,975)
Total Gross Borrowings						96,333	(3,010)	(3,943)	6,482	95,861	(472)
Less Loan Repayment Fund						28,858	-	-	(1,096)	27,762	(1,096)
Net Borrowing by the Crown						67,475	(3,010)	(3,943)	7,578	68,099	624
Less Avatiu Port Development						20,008	(392)	(423)	-	19,193	(815)
Net Borrowing by the General Government						47,467	(2,618)	(3,520)	7,578	48,906	1,439

Crown Gross Debt

The total gross debt by the Crown for the December 2019 period was \$95.86 million, an decrease of \$0.47 million from the September 2019 quarter due mainly to the favourable movements in foreign exchange rates and by the principal payments.

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 at December 2019 quarter was \$48.91 million, a \$1.44 million increase from the September 2019 quarter. This increase was attributable to a net decrease contribution to the LRF \$1.10 million and draw down of the Manatua Cable Loan of \$6.48 million offset by principal repayments of \$2.62 million and a favourable movement in exchange rates against the New Zealand Dollar (NZD) of \$3.52 million.

Table 5.1 Average Foreign Currencies against New Zeland Dollars	Movements		
	Sep-19	Dec-19	from Sep -19
Foreign Currencies			
United States Dollars (USD)	0.6277	0.6735	0.0458
Chinese Yuan (RMB)	4.4691	4.7064	0.2373
Special Drawing Rights (SDR)	0.4604	0.4851	0.0247

The above foreign currencies rates were used to calculate fair value balances of existing loans as at 31 December 2019.

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

New Zealand (NZD)	28%
Chinese Yuan (RMB)	38%
Special Drawing Rights (SDR)	34%

Table 6: Official Development Assistance

		Budget Estimates Full Year 2019/20	Actual YTD December 2019
Cook Islands Core Sector Support - Budget Support*	New Zealand	7,730,487	7,825,000
Cook Islands Core Sector Support - TA Component	New Zealand	1,269,513	1,275,000
Chinese Building Repairs	China	10,837,524	0
E-Government TA Support	Asian Development Bank	111,504	28,723
India Grant Fund	India	680,000	5,950
Pacific Parliamentary Development Project	UNDP	75,758	0
Disaster Resilience for Small Pacific Islands (RESPAC COOK ISLANDS)	UNDP	0	24,995
Project Development Fund - US Fisheries Treaty MMR	FFA	236,364	16,000
Project Development Fund - US Fisheries Treaty MFAI	FFA	30,303	0
Grassroots Grant Fund	Japan	376,160	0
Non Project Grant Aid - Palmerston Cyclone Centre	Japan	103,926	0
Economic Social Development Programme 2018-Japanese Machinery and Equipment	Japan	766,656	606,511
JICA Training and Development	Japan	125,000	0
General Budget Support	European Union	2,288,136	0
Manatua Polynesian Cable Project	New Zealand	6,071,777	718,812
Aid Effectiveness	Other	100,000	49,000
Asset Management	New Zealand	12,750,000	1,867,575
Mei Te Vai Ki Te Vai (MTVKTV)	New Zealand	4,000,000	1,606,159
Sustainable Fisheries Partnership Agreement	European Union	588,730	220,193
NZ Volunteer Services Aboard	New Zealand	200,000	0
Japan Trust Fund	Japan	210,521	199,231
WHO Biennium Budget Support	WHO	204,545	0
Western Pacific Multi-country Integrated HIV/TB programme - UNDP	UNDP	80,000	37,645
Ridge to Reef	Global Environment Facility	1,284,003	918,199
Strengthening the Implementation of the Nagoya Protocol on Access to Genetic Resources and Benefit Sharing in the Cook Islands	Global Environment Facility	120,430	120,430
Renewable Energy Grant (Southern Group) - GEF	Global Environment Facility	891,365	267,379
Renewable Energy Grant (Southern Group) - GCF	Green Climate Fund	8,316,288	3,866,113
Preparation of the Third National Communication under UN Framework Convention on Climate Change (UNFCCC)	Global Environment Facility	200,000	60,783
Green Climate Fund Readiness	Green Climate Fund	769,087	38,914
MOH Building Resilient and Healthy Cook Islands	Green Climate Fund	2,000,000	0
Pa Enua Action for Resilient Livelihoods (PEARL)	UN Adaptation Fund	1,826,957	419,838
Northern Water Project Phase 2	EU-German Development Cooperation	21,338	21,200
GEF Small Grants Programme	Global Environment Facility	485,161	200,000
Japan Grassroots Human Security - Resource Recovery Centre	Japan	178,391	95,211
JICA Purpose-built shipping vessel for inter-island services TA Support	Japan	250,000	0
ICI COOKGEO GeoPortal	UNDP	40,000	0
Total Official Development Assistance		65,219,924	20,488,861

Manatua Polynesian Cable Project

Quarterly spend is \$718,812. During the period Oct 19 – Dec 19 a considerable amount of work was undertaken, key milestones achieved are as follows:

- Trenching and ducting work from the beach landing sites to the cable landing station sites were completed on both Aitutaki and Rarotonga.
- The cable was successfully landed on Aitutaki on 14 Dec 19. Cable landing on Rarotonga is planned for Jan-2020
- The Cable Landing Station enclosure for Aitutaki has been received from Perth and successfully delivered to site on schedule – currently being installed.
- The Cable Landing Station enclosure for Rarotonga has been received from Perth and successfully delivered to site on schedule – currently being installed.

The Manatua Cable has successfully been brought ashore in Samoa, Niue, Aitutaki and Rarotonga. The cable laying vessel, SubCom Reliance, will continue to deploy the Manatua cable which will land next in Bora Bora, then Tahiti in French Polynesia.

Cook Islands Core Sector Support - 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 have now signed the new Core Sector Support Grant Funding Agreement for 2019/20 – 2022/23 which will provide \$36.40 million over four years.

Sustainable Fisheries Partnership Agreement - European Union

Total spend this quarter is \$220,193.

The Sustainable Fisheries Partnership Agreement has a provision which provides an annual fisheries sector contribution of EUR\$350,000 by the European Commission under the 4 year protocol. These funds assist MMR with the implementation of the Multiannual Sectorial Program Matrix which supports projects in the Cook Islands fisheries sector.

Renewable Energy Grant (Southern Group) - GEF

GEF grant, spend for this reporting period is \$156,142. This BESS component of the project comprises 1 MW/4 MWh and is designed for load shifting and enabling additional solar to be installed in the grid. Acceptance of pre-commissioning tests completed. Issuing of the completion certificate is pending several defects matters being resolved. Notification and acceptance of these has been made to the contractor. The date for rectification is set for 31 Dec 2019.

GCF grant for this reporting period is \$3,850,101. Procurement for this subproject is in two LOTS.

LOT 2, Airport South contract, 70% of works have been completed.

LOT 1, Power station bid evaluation has been completed. Contract awarded and signing is planned to take place next quarter

Asset Management

Total Spend for this period is \$1,867,574. 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. The project is projected to take about eight months to complete, with work commenced in November. This work will provide a 100-year design life for these critical sectors of the network. The work will help complete the important task of upgrading Rarotonga's water systems to provide safe and reliable water to our communities.

Mei Te Vai Ki Te Vai (MTVKTV)

Total spend for the period is \$1,606,159. 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 Project is at its final stages of producing technical, Environmental, Social and Cultural reports that would form a Business Case which will put forward a recommendation to Government of way forward. 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 December 2019 ('000)	Actual YTD December 2019 ('000)	Variance to YTD Budget Estimates ('000)
<u>SOEs Consolidate Group</u>			
Trading Revenue	30,332	31,820	1,488
Personnel	7,268	6,773	495
Operating	17,946	16,905	1,041
Depreciation	3,877	3,905	-28
	29,091	27,583	1,508
Net Activity Surplus / Cost	1,241	4,237	2,996
<u>SOEs Parent - Cook Islands Investment Corporation (CIIC)</u>			
Trading Revenue	3,094	4,041	947
Personnel	638	689	-51
Operating	2,339	3,279	-940
Depreciation	25	16	9
	3,002	3,984	-982
Net Activity Surplus / Cost	92	57	35

The tables above consolidates the December 2019 performances of Cook Islands Investment Corporation (CIIC)-Parent, Airport Authority, Bank of the Cook Islands, Ports Authority and Te Aponga Uira. The consolidated group YTD surplus is \$4.24 million , which is \$3.00 million ahead of budget with the positive surplus variance attributable to the operating results of TAU, BCI and the Airport Authority. Trading revenues is \$1.49 million higher than budget at a Group level, with larger actual against budget revenues from CIIC, TAU and BCI . Personnel and operating are under budget with depreciation in line budget at the CIIC consolidated group level.