



The Government of the Cook Islands

Quarterly Financial Results

30 September 2022

Prepared by the Ministry of Finance and Economic Management

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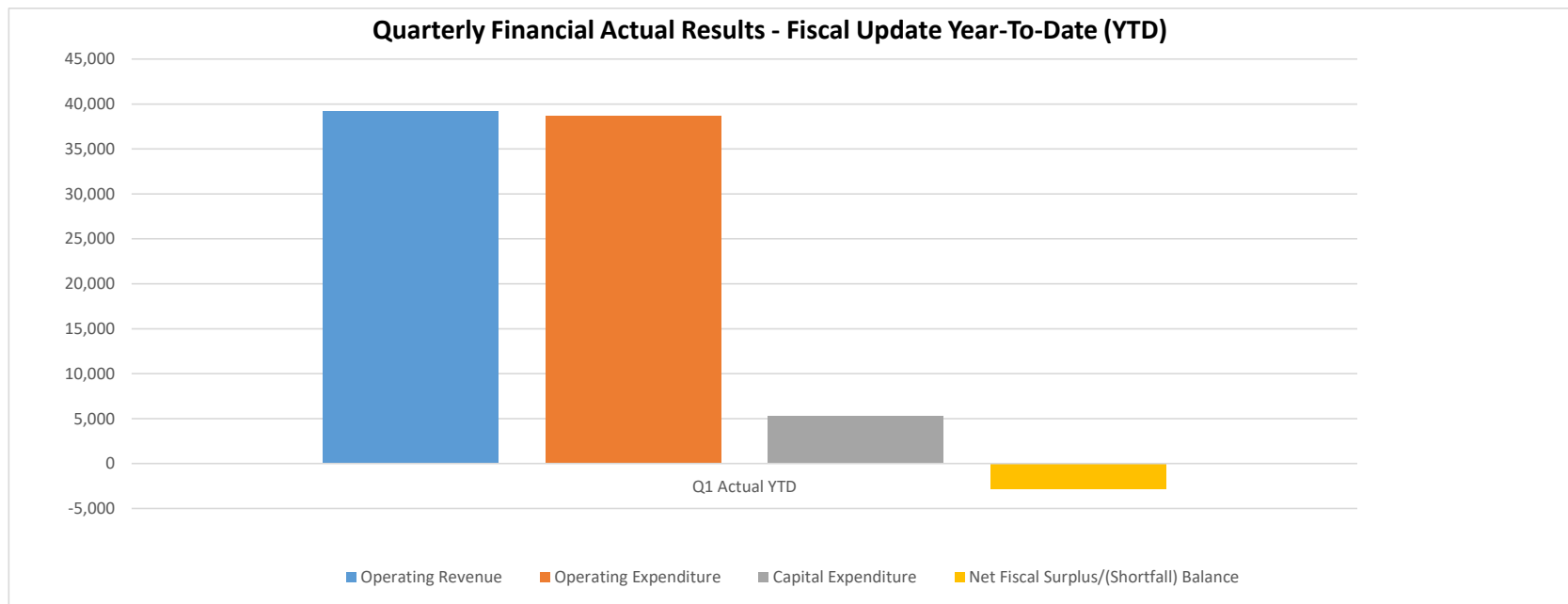
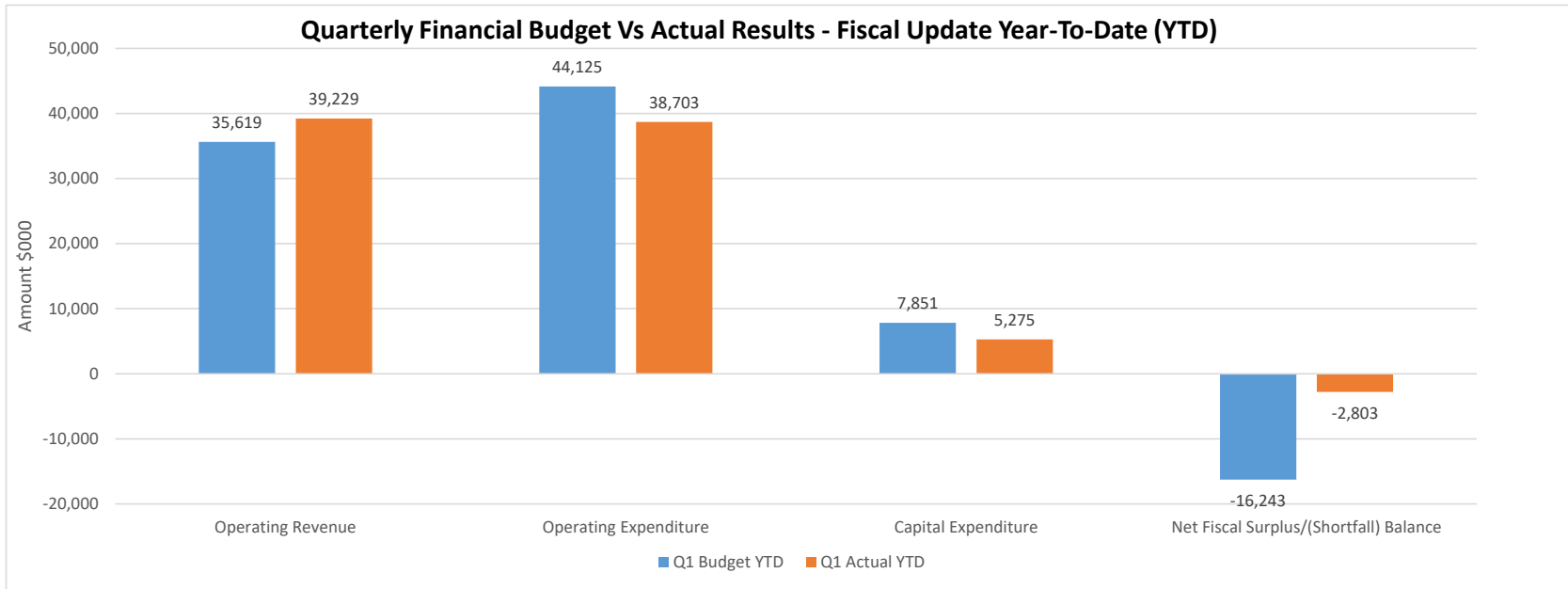
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Basis of Preparation

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 2022/23 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 2022/23 Appropriation Bill was passed in May 2022.

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 as at 30 September 2022

	Table	Budget Estimates Full Year 2022/23	Carry Forwards from 2021/22	Additional Funding Approval 2022/23	Total Budget & Approval	Budget YTD Sep 2022	Actual YTD Sep 2022	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2022/23
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Operating Revenue	<i>1</i>								
Taxation Revenue		139,310	0	0	139,310	31,305	31,585	280	23%
Other Crown Revenue		14,568	0	0	14,568	3,263	5,977	2,714	41%
Trading Revenue		3,000	0	0	3,000	1,051	1,380	329	46%
Dividends		600	0	0	600	0	0	0	0%
Interest on Balances		395	0	0	395	0	287	287	73%
Core Sector Support		7,825	0	0	7,825	0	0	0	0%
Total Operating Revenue		165,698	0	0	165,698	35,619	39,229	3,610	24%
Operating Expenditure									
Ministry Outputs									
Personnel		68,023	45	0	68,068	17,714	15,839	1,875	23%
Operating		17,131	52	0	17,183	5,050	4,005	1,045	23%
Administered Payments	<i>3</i>	46,876	1,513	0	48,389	10,832	7,508	3,324	16%
Depreciation		6,945	0	0	6,945	1,743	1,629	114	23%
POBOC	<i>2</i>	32,350	40	0	32,390	9,638	8,677	961	27%
Debt Interest Contribution to LRF		6,780	0	0	6,780	352	352	0	5%
Crown Infrastructure & Contingency Depreciation		4,603	0	0	4,603	318	318	0	7%
Transfer to Emergency Response Trust Fund		50	0	0	50	50	0	50	0%
Depreciation Contingency Fund		2,174	0	0	2,174	0	0	0	0%
Contingency Funds - Operating		100	0	500	600	376	376	0	63%
Loss on Foreign Exchange		0	0	0	0	0	0	0	100%
Total Operating Expenses (excluding YTD Depreciation)		185,032	1,651	500	187,183	46,072	38,703	7,368	22%
Net Operating Surplus/(Shortfall) Balance		-19,334	-1,651	-500	-21,485	-10,453	525	10,978	-2%
Add Depreciation		13,722	0	0	13,722	2,061	1,947	114	14%
Less Capital Expenditure	<i>4</i>	34,160	1,480	0	35,639	7,851	5,275	2,576	15%
Net Fiscal Surplus/(Shortfall) Balance		-39,772	-3,130	-500	-43,402	-16,243	-2,803	13,440	6%

At a Glance: Fiscal Position

* General Government's net fiscal balance for the quarter ended 30 September 2022 was \$2.80 million deficit. This was an improvement by \$13.44 million compared to the budget estimate of \$16.24 million deficit. Higher revenue collections of \$3.61 million contributed to the improvement in Government's net fiscal balance, in addition cost savings in Operating Expenses (of \$7.37 million), Depreciation (of \$0.11 million) and Capital Expenditure (of \$2.58 million).

* Government's Net Operating Position: The net operating balance for the quarter ended 30 September 2022 was a surplus of \$0.52 million. This surplus was an improvement of \$10.97 million compared to the budget estimate deficit of \$10.45 million. The improvement in the net operating balance was primarily due to effective monitoring of budget expenditure and unanticipated revenue received, particularly, general budget support for COVID 19 ERR of \$4.16 million .

* Operating Revenue: Total operating revenue collected was \$3.61 million higher than anticipated for the quarter ended 30 September 2022. This was primarily due to increase in Other Revenue of \$2.71 million (from COVID 19 ERR General Budget Support of \$4.16 million, net off by reduction in Fisheries income by \$1.81 million) , followed by Trading Revenue of \$0.33 million. Income Tax collected for the quarter was in line with Budget with total of \$31 million. Refer to Table 1 - Revenue on Behalf of Crown (ROBOC) for more information.

* Operating Expenditure: General Government operating expenditure adjusted for depreciation, for the quarter ended 30 September 2022 was lower than estimate by \$7.37 million. This was mainly due to underspends in Government Agencies and Island Governments operating and personnel budgets totalling \$2.92 million; as a result of unfilled vacancies and effective cost management practices. Agencies remain committed to strengthening their workforce by investing in skills and expertise. However, we are operating in a tight global labour market. Unfilled vacancies remain the cause of underspends in personnel budget due to delays in attracting suitable candidates. This tests our agility in our recruitment process. Agencies are encouraged to fully utilise this short-fall. The expenditure through Administered Payments was also below budget by \$3.32 million primarily attributed to cost savings in COVID medical Response Fund (of \$1.00 million), Marketing Resources - Tourism Growth Strategy (of \$0.51 million), SIF-CIG Contribution (of \$0.32 million and with all other Administered Payments below their respective budgets. In addition, POBOC expenditure saw cost savings of \$0.96 million for the quarter, mostly from International Subscription. POBOC and Administrative expenses are expected to increase in the coming months. Refer to Table 2 - Payment on Behalf of Crown (POBOC) and Table 3 - Administered Payment for more information.

* Capital Expenditure: Capital expenditure was lower than budgeted by \$2.58 million for the quarter ended 30 September 2022. This is 7 per cent spent of the annual budget of \$35.64 million. Agencies are encouraged to appropriately plan and manage their Capital Budgets to ensure budgets are spent in the allotted periods, however given the unpredictable nature of the operating environment, delays have occurred. The expectation is that the budgets will be fully utilised by the year-end. Refer to Table 4 - Capital Expenditure for more information.

Schedule 2: Cash Reserves General Government 30 September 2022

		30 Sep 2022 YTD	30 Jun 2022 YTD	Variance
		\$'000	\$'000	\$'000
<i>Cash At Bank</i>				
Term Deposits and Trust Accounts		136,665	125,563	11,102
Operational Bank Accounts		22,975	21,549	1,426
Foreign Exchange Reserves		-	22,712	(22,712)
Total Cash Reserves		159,640	169,825	(10,185)
<i>Committed:</i>				
Loan Repayment Fund ¹	LRF Act 2014	19,009	12,935	6,074
Outer Islands Reserves ²	IG Act 2012	2,522	2,539	(17)
Disaster Response Fund ³	Trust Fund	1,987	1,987	(0)
Infrastructure Trust Fund ⁴	Trust Fund	44,807	44,593	214
Aid Trust Fund ⁵	Trust Fund	14,229	23,748	(9,519)
Land/Law Trus 30 September 2022	Trust Fund	14,002	13,236	766
Trust Account Deposits ⁷	Trust Fund	3,565	3,565	0
Total Committed Funds		100,121	102,602	(2,481)
<i>Other General Funds:</i>				
Government Department/Agencies Bank Accounts	General Fund	3,071	453	2,618
Vat/Tax Imprest and Customs Bonds Account ⁸	General Fund	2,647	2,550	97
General Reserves - Legacy	General Fund	3,636	3,544	92
Total Other General Funds		9,354	6,547	2,807
Estimated General Cash Reserve		50,165	60,676	(10,511)

¹ 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.

² 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.

³ 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.

⁴ 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.

⁵ 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.

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. The establishment of these accounts is in line with the mandatory requirements stated in Part B, Section 17 of the CIGFPPM: Trust Fund Accounts.

⁷ 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.

⁸ 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.

Schedule 3: Loan Repayment Fund Statement

	30 Sep 2022 YTD
	\$'000
Opening LRF Balance	12,935
Contribution to LRF Principal	7,372
Contribution to LRF Interest	0
Total Transfer into LRF by General Government	20,307
Realised Gain/(Loss) on Foreign Exchange	320
Transfer out of LRF	0
Interest earned by LRF	60
Total Inflows/(Outflows)	380
Principal paid out of LRF	1,326
Interest paid out of LRF	352
Total Outflows	1,678
Closing LRF Balance	19,009

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 2022/23	320,392
Excess (1.5%) of Total Appropriation	4,806
less: Approved expenditure as at September 2022 Quarter	500
Total Balance	4,306
Executive Council Orders Authority	\$'000
Personnel top up	25
Legal cost requirements	375
CISNOC Administered Fund to up	100
Total Executive Council Orders Authority as at 30 September 2022.	500

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.

Table 1: Revenue on Behalf of Crown (ROBOC)

	Budget Estimates Full Year 2022/23	Additional Funding Approval 2022/23	Total Budget & Approval	Budget YTD Sep 2022	Actual YTD Sep 2022	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2022/23
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Taxation Revenue							
Value Added Tax	63,534	-	63,534	16,898	12,756	-4,142	20%
Individual Income Tax	27,822	-	27,822	6,019	8,517	2,498	31%
Company Income Tax	17,121	-	17,121	1,550	2,594	1,044	15%
Import Duties	13,806	-	13,806	3,424	5,610	2,186	41%
Withholding Tax	1,730	-	1,730	274	382	108	22%
Departure Tax	15,297	-	15,297	3,140	1,726	-1,414	11%
	139,310	-	139,310	31,305	31,585	280	23%
Other Revenue							
FSC - Vested Assets	0	-	0	0	0	0	0%
Financial Supervisory Commission - Return of Excess	125	-	125	31	0	-31	0%
Immigration Fees	1,000	-	1,000	250	435	185	44%
IMO Subscription - Maritime Cook Islands	66	-	66	17	0	-17	0%
Court Services	27	-	27	7	5	-2	19%
Instant Fines	0	-	0	0	19	19	0%
US Fisheries Treaty (upfront days)	3,243	-	3,243	1,081	82	-999	3%
EU Agreement	400	-	400	0	0	0	0%
Purse seine fishery	2,260	-	2,260	565	0	-565	0%
Longline Licenses and QMS	3,000	-	3,000	550	340	-210	11%
Other fisheries and auxiliary vessel licensing	160	-	160	40	0	-40	0%
Research Fees	2	-	2	0	0	0	16%
Permits	10	-	10	3	4	2	42%
Telecom Cook Islands Dividend	600	-	600	0	0	0	0%
Numismatics	450	-	450	113	-240	-352	-53%
Circulating Currency - Coins	200	-	200	50	-107	-157	-54%
Drivers License Fees	100	-	100	25	85	60	85%
Motor Vehicle Registration	875	-	875	219	121	-97	14%
Interest on Balances (Crown)	395	-	395	0	287	287	73%
Interest on Balances - Loan Reserve Fund	125	-	125	0	0	0	0%
Interest on Balances - SOE Advances	1,317	-	1,317	0	335	335	25%
Foreign Investment Fees	34	-	34	9	2	-6	7%
Upper Air Management Agreement	510	-	510	226	290	64	57%
Shipping Registration	92	-	92	10	221	211	240%
International Shipping Licence	15	-	15	0	0	0	0%
Liquor Licencing	30	-	30	2	2	1	7%
Tattsлото Grants	120	-	120	30	52	22	43%
Censorship Fees	1	-	1	0	0	0	38%
Land Court Fees	147	-	147	37	26	-11	18%
Motor Vehicle Dealers	3	-	3	0	0	0	0%
SIOFA - Regional Fisheries Management Organisations	255	-	255	0	135	135	53%
SPRFMO - Regional Fisheries Management Organisations	0	-	0	0	0	0	0%
Gain on Foreign Exchange	0	-	0	0	3	3	0%
General Budget Support	0	-	0	0	4,165	4,165	0%
Core Sector Support	7,825	-	7,825	0	0	0	0%
Other Revenue on Behalf of Crown	0	-	0	0	1	1	0%
	23,388	-	23,388	3,263	6,264	3,001	27%
Total ROBOC	162,698	-	162,698	34,568	37,849	3,281	23%
Government Agencies & Island Governments Trading Revenue	3,000	-	3,000	1,051	1,380	329	46%
Total Operating Revenue	165,698	-	165,698	35,619	39,229	3,610	24%

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

	Comparative Actual Sept 2021	Actual YTD Sep 2022	Year on Year	Year on Year	Commentary
Taxation Revenue items	\$'000	\$'000	\$'000	%	<i>Note: Comments are provided on all Taxation revenue items. Refer to page 12 for a visual presentation of Tax Revenue items Year over Year (YoY).</i>
Value Added Tax	16,106	12,756	-3,350	-21%	VAT collected was down by 21 per cent from a year ago and down by 25 per cent against year-to-date (YTD) budget estimate. VAT contributions are expected to increase in the coming quarters .
Individual Income Tax	5,970	8,517	2,547	43%	Individual Income Tax was up 43 per cent from a year ago and up 41 per cent against YTD budget estimate. This is due to result of compliance activities (taxpayers entering into payment arrangement to pay off existing debt) and steady PAYE contributions from larger employers.
Company Income Tax	1,906	2,594	688	36%	Company Income Tax was up by 36 per cent from a year ago and up by 67 per cent against YTD budget estimate. Contributions from tourism based activities has picked up again due to rise in tourism arrivals. Business confidence has increased provisional tax estimates and related payments by companies.
Import Duties	3,668	5,610	1,942	53%	Customs Tax was up by 53 per cent from a year ago and up by 64 per cent against YTD budget estimate. The opening of the NZ border has a huge impact on the volume of goods imported and import duty collected.
Withholding Tax	277	382	105	38%	Withholding Tax was up by 38 per cent from a year ago and up by 39 per cent against YTD budget estimate. Despite COVID-19, taxpayers continued to distribute withholding tax income (dividends, interest and royalties).
Departure Tax	1,155	1,726	571	49%	Departure Tax was up by 49 per cent in comparison to a year ago but down 45 per cent against YTD budget estimate. The opening of the borders in January 2022 did not provide the expected number of inbound tourists or outbound passengers as forecasted.

	Comparative Actual Sept 2021	Actual YTD Sep 2022	Year on Year	Year on Year	
Other Revenue items	\$'000	\$'000	\$'000		<i>Note: Comments are provided on Other Revenue items that have generated % significant revenue compared to the budget estimate.</i>
US Fisheries Treaty (upfront days)	0	82	82	0%	Fisheries US Treaties collected was \$0.082 million compared to nil a year ago, however it is down by 92 per cent against YTD budget estimate. \$1.50 million is expected to be received sometimes in the 2nd quarter period.
EU Agreement	0	0	0	0%	Approxiamately, \$1.00 million is expected to be received in the second quarter.
Purse Seine Fishery	0	0	0	0%	There was nil Purse seine fishery revenue collected for the quarter. This is due to delay in the passing of the new license regulation.
Longline Licenses and QMS	0	340	340	0%	Longline Licenses collected was \$0.34 million compared to nil a year ago however it is down by 38 per cent against the YTD budget estimate. A further \$0.10 million expected to be received in the 2nd quarter.
General Budget Support	30,000	4,165	-25,835	-86%	The Government received \$30 million during the first quarter from the New Zealand Government as General Budget Support. This amount was budgeted for and was received in full in the month of August 2021. A further \$4.16 million was received in September 2022 for ERR Covid support.

CIG Tax Revenue Year over Year (YoY) Sept 2022 Report

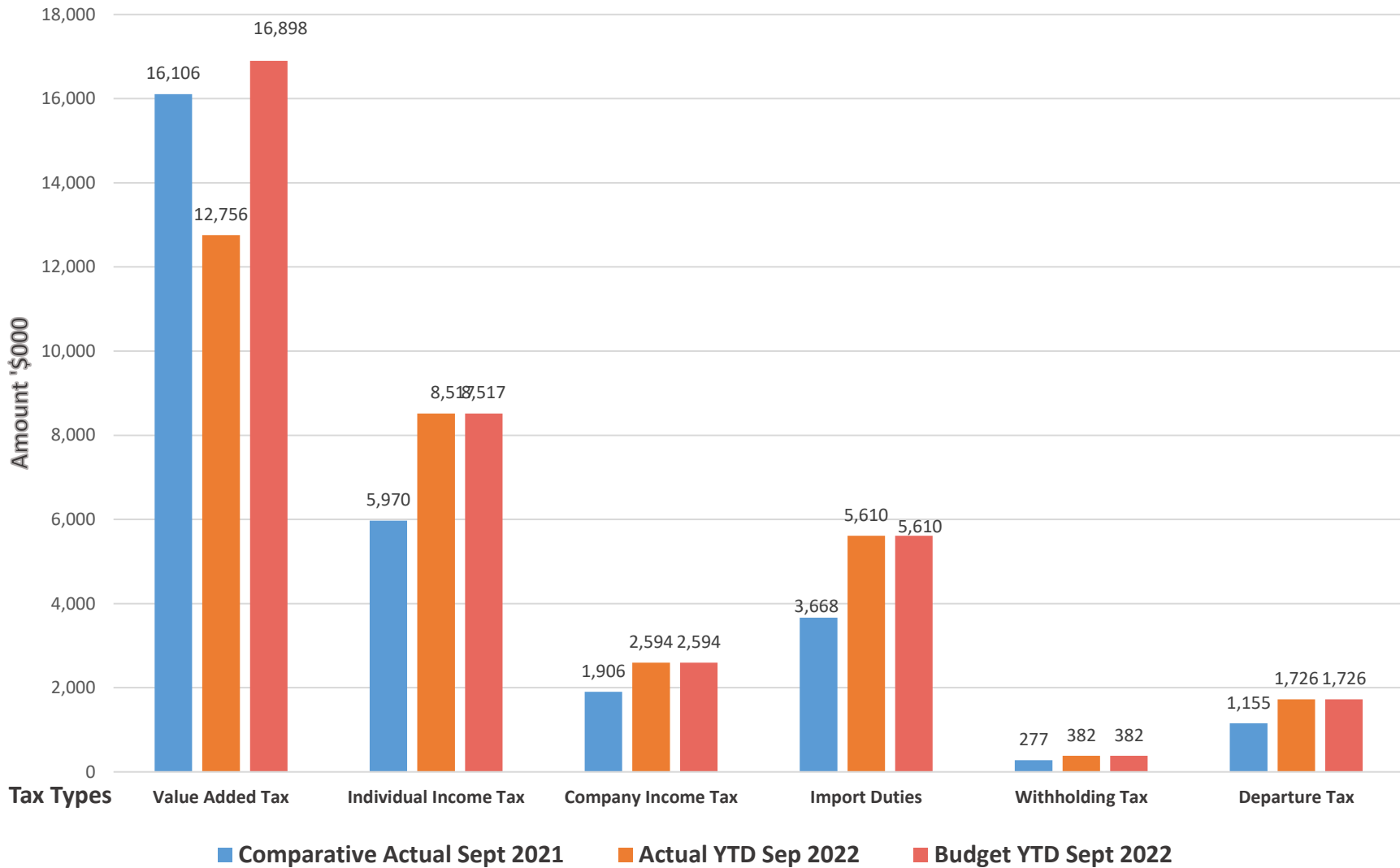


Table 2: Payments on Behalf of Crown (POBOC)

	Budget Estimates Full Year 2022/23	Carry Forwards from 2021/22	Additional Funding Approval 2022/23	Total Budget & Approval	Budget YTD Sep 2022	Actual YTD Sep 2022	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2022/23
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Airport Authority Subsidy	2,048	-	-	2,048	512	512	0	25%
Audit Fees	103	-	-	103	103	12	91	12%
Bank of the Cook Islands - Social Assistance Subsidy	128	-	-	128	0	0	0	0%
BEPS Subscription	45	-	-	45	0	0	0	0%
Caregivers Allowance	0	-	-	0	0	0	0	0%
Carer Order Payment	10	-	-	10	10	0	10	0%
Child Benefit	5,414	-	-	5,414	1,579	1,435	144	27%
CIG Insurance	40	-	-	40	40	28	12	71%
Civil List - Constituency Visits	170	-	-	170	103	4	99	2%
Civil List - Personnel	2,902	-	-	2,902	791	791	0	27%
Competition and Regulatory Authority	400	-	-	400	100	100	0	25%
Government Paid Maternity Leave	150	-	-	150	42	33	9	22%
House of Ariki Operating	327	-	-	327	83	45	37	14%
Infirm/Destitute Benefit	1,280	-	-	1,280	373	345	28	27%
International Subscriptions	890	-	-	890	310	0	310	0%
IMO - Maritime Organisation	63	-	-	63	0	0	0	0%
Maritime Radio Coverage	120	-	-	120	120	105	15	88%
MP Travel and Allowances (local and overseas)	230	-	-	230	130	77	53	33%
New Born Allowance	229	-	-	229	57	41	16	18%
Old Age Benefit	13,984	-	-	13,984	4,060	4,021	39	29%
Pacific Catastrophe Risk Insurance	160	-	-	160	0	0	0	0%
Parliamentary Sitting Expenses	200	-	-	200	40	11	29	6%
Parliamentary Superannuation	180	-	-	180	40	0	40	0%
PERC Salaries and Administration Costs	58	-	-	58	14	13	1	23%
Ports Authority Subsidy	110	-	-	110	37	37	0	33%
Production of new currency, transportation and sale of old c	0	-	-	0	0	0	0	0%
QR Travel and Allowances (local and overseas)	109	40	-	149	106	80	26	54%
To Tatou Vai - POBOC	3,000	-	-	3,000	987	987	0	33%
	32,350	40	0	32,390	9,638	8,677	961	27%

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

	Full Year Budget	Actual YTD Sep 2022	Actual Vs Full Year Budget	Year on Year	Commentary
	\$'000	\$'000	%	%	<i>Note: Commentary provided on POBOCs appropriated at an annual budget of over \$1 million.</i>
Airport Authority Subsidy	2,048	512	25%	25%	Total bulk funded of 25% of the budget for the quarter. This funding is to support the day to day operations of the Airport Authority in Rarotonga.
Child Benefit	5,414	1,435	27%	28%	27% of the total budget utilised in the quarter. The budget will be monitored for the remainder of the financial year.
Civil List - Personnel	2,902	791	27%	26%	27% of the total budget utilised in the quarter. The budget will be monitored for the remainder of the financial year.
Infirm/Destitute Benefit	1,280	345	27%	29%	Total spend was 27% of the budget in this quarter. A decrease when compared year on year as the economy recovers from adversity of the COVID-19 pandemic which had severely impacted people's livelihoods.
Old Age Benefit	13,984	4,021	29%	28%	29% of the total budget utilised in this quarter following similar trend in prior year. The budget will be monitored for the remainder of the financial year.
To Tatou Vai - POBOC	3,000	987	33%	0%	Total bulk funded of 33% of the budget for the quarter. This funding is to assist To Tatou Vai in its management and operations to supply and maintain Rarotonga's water network and infrastructure.

Table 3: Administrative Payments

	Budget Estimates Full Year 2022/23	Carry Forwards from 2021/22	Additional Funding Approval 2022/23	Total Budget & Approval	Budget YTD Sep 2022	Actual YTD Sep 2022	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2022/23
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Audit of Crown Accounts	30	-	-	30	0	0	0	0%
Asian Infrastructure Investment Bank (AIIB) Membership	31	-	-	31	3	3	0	9%
Airline Underwrite	10,000	-	-	10,000	200	156	44	2%
Border Management System Maintenance	155	-	-	155	62	0	62	0%
Bridges and Drainage Maintenance	700	-	-	700	31	2	29	0%
Bus Service	26	-	-	26	9	3	6	12%
Caregivers Allowance	463	-	-	463	135	127	8	27%
Christmas Bonus	340	-	-	340	0	0	0	0%
CISNOG Grant	370	-	-	370	470	470	0	127%
Community Support Fund	100	-	-	100	45	0	45	0%
Cook Islands Cultural Fund	100	-	-	100	50	40	10	40%
Cook Islands Red Cross	50	-	-	50	25	7	18	15%
Cook Islands Student Association Support	10	-	-	10	10	3	8	25%
Compliance Development	40	-	-	40	10	0	10	0%
COVID-19 Economic Response Plan - MFM	0	-	-	0	0	0	0	0%
COVID-19 Medical Response Fund	5,000	-	-	5,000	1,250	250	1,000	5%
Debt Advisory Services	60	-	-	60	0	0	0	0%
Domestic Hosting Entertainment	15	-	-	15	6	3	3	21%
Economic Recovery Roadmap	5,200	-	-	5,200	550	258	292	5%
EIA Process	150	-	-	150	38	0	38	0%
Emergency Work	200	-	-	200	69	53	16	27%
Fisheries Development Facility	150	-	-	150	100	81	19	54%
FMS Maintenance	80	-	-	80	0	0	0	0%
Funeral Assistance Allowance	170	-	-	170	50	33	16	20%
Government Broadband Utilities	30	-	-	30	8	7	0	25%
Government Facilities Development Division	420	-	-	420	77	75	2	18%
Government Funded Scholarships	780	-	-	780	209	185	24	24%
Head of State Rent	13	-	-	13	7	7	0	50%
HOM's Salaries	1,903	-	-	1,903	499	499	0	26%
ICT Support Team	250	-	-	250	62	26	37	10%
Infrastructure Committee	100	-	-	100	17	7	9	7%
Internal Affairs Youth Program	45	-	-	45	9	1	8	3%
International Exchange of Information System Upgrade (IGOR)	89	-	-	89	30	0	30	0%
International Subscriptions	0	-	-	0	0	0	0	0%
Joint Venture with Seabed Minerals Authority	50	-	-	50	23	23	0	45%
Judge's Allowances	300	145	-	445	83	44	40	10%
Land Records Update Project	120	-	-	120	29	28	1	23%

Table 3: Administrative Payments Cont'd

	Budget Estimates Full Year 2022/23	Carry Forwards from 2021/22	Additional Funding Approval 2022/23	Total Budget & Approval	Budget YTD Sep 2022	Actual YTD Sep 2022	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2022/23
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Law and Order Clinical Psychologist	90	-	-	90	18	0	18	0%
Lease Extension	72	-	-	72	18	9	9	13%
Legal Aid	40	-	-	40	25	0	25	0%
Legal Provisions	50	-	-	50	0	0	0	0%
Management of Suwarrow Park	100	-	-	100	13	13	0	13%
Marae Moana Ambassador	60	-	-	60	15	15	0	25%
Marketing Resources - Tourism Growth Strategy	4,500	1,309	-	5,809	1,227	715	512	12%
National Events	500	-	-	500	471	471	0	94%
National Census	0	43	-	43	43	21	22	48%
National Heritage Trust	122	-	-	122	31	7	23	6%
NCD Fund	195	-	-	195	150	35	115	18%
NES-Corporate Services BAU	0	-	-	0	0	0	0	0%
Pa Enea Connectivity	200	-	-	200	110	0	110	0%
Pa Enea Machinery Maintenance Fund	100	-	-	100	45	41	4	41%
Pa Enea Mechanical Overseer	100	-	-	100	27	5	22	5%
Patient Referrals	850	-	-	850	450	414	36	49%
Patient Referrals Top Up EO 1.5%	0	-	-	0	0	0	0	0%
Pharmaceuticals	1,168	-	-	1,168	505	388	117	33%
PM Social Responsibility Fund	363	-	-	363	180	180	0	50%
Police Youth Program	45	-	-	45	45	14	31	31%
Power Subsidy	84	-	-	84	21	17	4	20%
Price Tribunal Committee	60	-	-	60	1	1	0	2%
Private School Funding - Aitutaki SDA	224	-	-	224	60	60	0	27%
Private School Funding - Blackrock	94	-	-	94	25	25	0	27%
Private School Funding - Creative Centre	147	-	-	147	39	34	4	23%
Private School Funding - Immanuela Akatemia	265	-	-	265	68	68	0	26%
Private School Funding - Nukutere	739	-	-	739	168	168	0	23%
Private School Funding - Papaaroa	310	-	-	310	84	84	0	27%
Private School Funding - St. Josephs	508	-	-	508	137	127	9	25%
Private School Funding - Te Uki Ou	692	-	-	692	188	188	0	27%
Production of new currency, transportation and sale of old coins	350	-	-	350	87	0	87	0%
Provision for Inter-Island Shipping	500	-	-	500	99	99	0	20%
Provision for Land Rentals	400	-	-	400	261	253	9	63%
Public Sector Strengthening - Process & Systems	125	-	-	125	50	35	15	28%
Public Sector Strengthening - Renovation Support	0	-	-	0	0	-10	10	0%
QR Social Responsibility Fund	8	-	-	8	8	1	7	13%

Table 3: Administrative Payments Cont'd

	Budget Estimates Full Year 2022/23	Carry Forwards from 2021/22	Additional Funding Approval 2022/23	Total Budget & Approval	Budget YTD Sep 2022	Actual YTD Sep 2022	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2022/23
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Religious Advisory Council	10	-	-	10	10	0	10	0%
Remuneration Tribunal Committee	0	18	-	18	0	0	0	0%
Returned Services Association	5	-	-	5	0	0	0	0%
Road and Civil Maintenance	850	-	-	850	104	0	104	0%
School Security	230	-	-	230	40	40	0	17%
Seabed Minerals Compliance Development	0	-	-	0	0	0	0	0%
Seabed Minerals Sector Development	100	-	-	100	100	28	72	28%
Search and Rescue	20	-	-	20	5	1	4	4%
Serious Crime Investigations	100	-	-	100	45	10	35	10%
SIF - CIG Contribution	1,000	-	-	1,000	600	278	322	28%
Special Assistance Projects	250	-	-	250	73	61	13	24%
Special Investigative & Prosecution Services	50	-	-	50	25	12	13	24%
Special Select Committee	120	-	-	120	15	4	11	4%
State Events	20	-	-	20	13	1	12	3%
Standard and Poors Subscription	70	-	-	70	0	0	0	0%
Subsidy of audio/visual broadcasting in Pa Enea	45	-	-	45	0	0	0	0%
Tarai Vaka Fund	20	-	-	20	13	0	13	0%
Tax Law Review	30	-	-	30	30	0	30	0%
Te Kopapa Reo Maori Board	15	-	-	15	7	4	2	28%
Te Kukupa - Fuel Contribution	50	-	-	50	50	-58	108	-117%
Tertiary Training Institutions	1,160	-	-	1,160	296	296	0	26%
The Centre of Excellence in Information Technology (CEIT)	80	-	-	80	26	3	24	3%
The Centre of Research and Policy Studies	80	-	-	80	24	24	0	30%
Universal Access Fund	400	-	-	400	75	0	75	0%
University of the South Pacific Contribution	205	-	-	205	5	0	5	0%
Vaka Maintenance	400	-	-	400	100	100	0	25%
Waste Management	730	-	-	730	118	54	64	7%
Workforce Development	234	-	-	234	227	227	0	97%
							0	
	46,876	1,513	0	48,389	10,832	7,508	3,324	16%

Table 3: Administrative Payments Commentary

	Full Year Budget	Actual YTD Sep 2022	Actual Vs Full Year Budget 2022/23	Year on Year	Commentary
	\$'000	\$'000	%	%	<i>Note: Commentary provided on Administered Payments appropriated at an annual budget of over \$1 million.</i>
Airline Underwrite	10,000	156	2%	0%	Expenditure to date has been affected by timing delays in processing invoices relating to prior year resulting in a 2% spend against total budget. To date the only agreement in place is the PPT-RAR with larger agreements still in negotiation stage. This budget will be monitored throughout the financial year.
COVID-19 Medical Response Fund	5,000	250	5%	19%	Total spend was 5% of the annual budget a decrease of 14% year on year as restrictions concerning Covid-19 pandemic have been lifted and international borders re-opened. Costs to date relates to the continued roll-out of vaccinations to the community.
Economic Recovery Roadmap	5,200	258	5%	15%	Total spend was 5% of the annual budget whereby compared to same time last year spend had been 15% of a yearly budget of \$33.5 million. The reduction in the annual budget total is due to the cessation of wage subsidies and business grants that had been required when the economy was severely affected by the restrictions and border closures during the Covid-19 pandemic.
HOM's Salaries	1,903	499	26%	24%	26% of the annual budget has been utilised in this quarter. The budget will cover the pay out of accrued annual leave owing to HOMs coming off contracts within the financial year and to support increases in remuneration rates and allowances.
Pharmaceuticals	1,168	388	33%	32%	Spending to date follows same trend year on year with 33% of the budget utilised this quarter. Funding is to cover the procurement of essential medical consumables and supplies as per EML, to ensure delivery of health services and treatment to both Rarotonga and Pa Enua.
SIF - CIG Contribution	1,000	278	28%	50%	Total spend of 28% in this quarter which is down 22% year on year. This funding consists of support for the delivery of quality services by non-government organisations and community groups to meet the needs of the most vulnerable such as children and youth.

Table 4: Capital Expenditures

	Budget Estimates Full Year 2022/23	Carry Forwards from 2021/22	Additional Funding Approval 2022/23	Total Budget & Approval	Budget YTD Sep 2022	Actual YTD Sep 2022	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2022/23
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Apii Nikao School Sound Proofing	0	33	-	33	33	28	5	85%
Aitutaki Capital Funding	16	-	-	16	4	0	4	0%
Aitutaki Harbour Dredging	0	422	-	422	422	51	371	12%
Arorangi Prison Remedial Works	0	30	-	30	0	0	0	0%
Atiu Capital Funding	12	-	-	12	4	0	4	0%
Auditorium Equipment Replacement Programme	100	-	-	100	100	6	94	6%
Bridges and Structures Asset Management and Improvement Programme	6,050	-	-	6,050	261	0	261	0%
Capital Distribution Fund	300	-	-	300	115	0	115	0%
COVID-19 Response Fund - Capital Needs	1,000	-	-	1,000	530	483	47	48%
Drainage Asset Management and Improvement Programme	500	-	-	500	64	0	64	0%
Emergency Management and Support Infrastructure	0	-	-	0	0	0	0	0%
FMIS Purchase and Implementation	11	-	-	11	11	8	3	74%
Fund to be Prioritised by Education	300	-	-	300	53	24	29	8%
Fund to be Prioritised by Health for Technical Equipment	300	-	-	300	200	0	200	0%
Government Building Projects - ICI	1,361	-	-	1,361	474	412	62	30%
Government Building Projects - CIIC	1,079	643	-	1,722	307	225	83	13%
Government IT Network	551	-	-	551	180	129	51	23%
Land Acquisition	700	-	-	700	0	0	0	0%
Mangaia Capital Funding	12	-	-	12	4	2	2	13%
Manihiki Capital Funding	10	-	-	10	2	0	2	0%
Mauke Capital Funding	10	-	-	10	2	0	2	0%
Mitiaro Capital Funding	8	-	-	8	2	0	2	0%
Orongo Development Master Plan and Centre reconstruction - Ports Authority	500	-	-	500	500	458	42	92%

Table 4: Capital Expenditures Cont'd

	Budget Estimates Full Year 2022/23	Carry Forwards from 2021/22	Additional Funding Approval 2022/23	Total Budget & Approval	Budget YTD Sep 2022	Actual YTD Sep 2022	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2022/23
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Pa Enua Government Building Projects - Northern Group	500	77	-	577	216	132	84	23%
Pa Enua Government Building Projects - Southern Group	500	-	-	500	92	74	18	15%
Pa Enua Marine Infrastructure Improvement Programme	2,660	-	-	2,660	1	0	1	0%
Pa Enua Air Infrastructure Improvement Programme - CIG	892	-	-	892	57	10	47	1%
PA Enua Capital Distribution Fund	300	-	-	300	0	0	0	0%
Palmerston Capital Funding	10	-	-	10	2	0	2	0%
Penrhyn Capital Funding	12	-	-	12	3	0	3	0%
Prison Development Programme - Strategic Plan	0	50	-	50	35	11	24	22%
Pukapuka Capital Funding	12	-	-	12	3	0	3	0%
Rakahanga Capital Funding	8	-	-	8	2	0	2	0%
Rarotonga Airport Slab Replacement	850	-	-	850	0	0	0	0%
Rarotonga Cyclone Shelters - Remediation	400	-	-	400	90	46	44	12%
Renewable Energy Project Management and Support	0	175	-	175	130	96	34	55%
Revenue Management System Upgrade (RMS10)	2,851	-	-	2,851	713	298	414	10%
Road Asset Management	8,731	-	-	8,731	2,693	2,693	0	31%
Telecommunication Universal Access	200	-	-	200	52	0	52	0%
To Tatou Vai - Capital	3,000	-	-	3,000	394	33	361	1%
Vaka Maintenance Capital Projects	50	50	-	100	0	0	0	0%
Waste Management Infrastructure Improvement Programme	100	-	-	100	53	33	20	33%
Water and Sanitation Infrastructure Improvement Programme	264	-	-	264	48	23	25	9%
	34,160	1,480	0	35,639	7,851	5,275	2,576	15%

34,160

Table 4: Capital Expenditure Commentary

	Full Year Budget	Actual YTD Sep 2022	Actual Vs Full Year Budget 2022/23	Year on Year	Commentary
	\$'000	\$'000	%	%	<i>Note: Commentary provided on Capital Expenditure appropriated at an annual budget of over \$1 million.</i>
COVID-19 Response Fund - Capital Needs	1,000	483	48%	0%	48% of the budget was utilised in this quarter. This budget will be monitored throughout the financial year.
Government Building Projects - ICI	1,361	412	30%	0%	Total spend was 30% of the annual budget on scheduled works pertaining to the Tetautua Medical Centre on the island of Penrhyn. This budget will be monitored throughout the financial year.
Government Building Projects - CIIC	1,722	225	13%	2%	13% of the budget was utilised in this quarter and will be monitored throughout the financial year.
Pa Enea Marine Infrastructure Improvement Programme	2,660	0	0%	0%	No expenditure reported for the quarter. This budget will be monitored throughout the financial year.
Revenue Management System Upgrade (RMS10)	2,851	298	10%	0%	Expenditure of this project was 10% of the annual budget. The project entails the upgrade of MFEM's Revenue Management Division (RMD) tax management software platform from Revenue Management System (RMS) version 7 to version 10. This budget will be monitored throughout the financial year.
Road Asset Management	8,731	2,693	31%	4%	31% of the budget was utilised in this quarter with continued works on projects such as Nikao back road, Avatiu Valley road, Matavera/Turangi road, Nauparatoa road, and Mauke road.
To Tatou Vai - Capital	3,000	33	1%	2%	Total spend for the quarter is 1% of the annual budget. The remainder of the budget will be monitored throughout the financial year.

	Loan start date	Loan end date	Loan currency	Original loan amount	Interest rate	Jun 2022 Balance ('000)	Principal Payments ('000)	FOREX Adjustment ('000)	Revaluation/ Draw Down Adjustments	Sept 2022 Balance ('000)	Change Jun Qtr ('000)
Asian Development Bank											
1. First multi project loan - 461	Nov-80	Aug-20	USD	1,000	1.00%	0	0	0	0	0	0
2. First Cook Islands Development Bank project loan - 567	Jul-82	Apr-22	USD	1,500	1.00%	0	0	0	0	0	0
3. Second multi project loan - 849	Dec-87	Aug-27	SDR	2,150	1.00%	945	(89)	36	0	891	(54)
4. Outer Islands telecommunications project loan - 1031	Oct-90	Aug-30	SDR	2,578	1.00%	2,789	(171)	105	0	2,723	(66)
5. Second Cook Islands Development Bank loan - 1155	Mar-92	Dec-31	SDR	1,085	1.00%	738	0	28	0	766	28
6. TCI Emergency Loan- 1171	Aug-92	Jun-32	SDR	349	1.00%	258	0	10	0	268	10
7. Pearl Loan (1994) - 1309	Dec-94	Aug-34	SDR	272	1.00%	317	(13)	12	0	315	(1)
8. Education development- 1317	Feb-95	Aug-34	SDR	1,852	1.00%	1,932	(80)	73	0	1,924	(8)
9. Third Cook Islands Development Bank loan- 1380	Jan-96	Sep-35	SDR	1,977	1.00%	1,685	0	(2)	0	1,683	(2)
10. Economic restructuring loan - 1466	Sep-96	Sep-36	SDR	3,430	1.00%	3,904	(145)	151	0	3,910	7
11. Cyclone Rehabilitation Project loan - 1588	Jan-97	Jan-38	SDR	583	1.00%	696	(23)	26	0	700	3
12. Waste Management loan - 1832	Dec-01	Jun-33	SDR	1,695	1.50%	1,556	0	58	0	1,615	58
13. Cyclone Emergency Assistance loan- 2174	Jun-05	Jan-45	SDR	1,895	1.00%	3,274	0	123	0	3,396	123
14. (SF) Avatiu Ports Development Loan - 2473	Sep-09	Nov-40	SDR	4,524	1.50%	4,877	0	183	0	5,060	183
15. (OCF) Avatiu Ports Development Project Loan - 2472	Sep-09	Nov-33	NZD	8,697	5.77%	7,907	0	0	0	7,907	0
16. (SF) Economic Recovery Support Program Loan - 2565	Jan-10	Oct-24	NZD	11,053	2.52%	2,512	(502)	0	0	2,010	(502)
17. (OCF) Avatiu Ports Development Project Loan- 2739	Dec-11	Nov-35	NZD	5,290	2.64%	4,542	0	0	0	4,542	0
18. (OCR) Economic Recovery Support Program 2 Loan - 2946	Dec-12	Oct-27	NZD	11,053	2.75%	3,323	(302)	0	0	3,021	(302)
19. (OCF) Renewable Energy Sector- 3193	Jan-15	Jun-36	NZD	12,980	1.15%	9,550	0	0	0	9,550	0
20. (OCR) Undersea Broadband Cable Loan- 3632	Jul-19	Jun-39	USD	15,000	2.65%	19,885	0	1,667	0	21,552	1,667
21. Disaster Resilience Program (Phase 2) - 3933	Dec-19	Jun-35	NZD	15,676	1.13%	15,676	0	0	0	15,676	0
22. COVID 19 Active Response - 4010	Jan-21	Jan-30	NZD	30,409	1.13%	30,409	0	0	0	30,409	0
23. Supporting Sustainable ERP - 4161	Dec-21	Dec-33	NZD	55,540	2.19%	55,540	0	0	0	55,540	0
						172,314	(1,326)	2,469	0	173,458	1,143
Asian Infrastructure Investment Bank (AIIB)											
23 COVID-19 Active Response & Economic Support - 0461A	Jan-21	Jun-30	USD	19,950	0.25%	31,996	0	2,682	0	34,677	2,682
						31,996	0	2,682	0	34,677	2,682
Export -Import Bank of China											
24. Indoor Sports Stadium & Upgrade of Existing Sports Facilities	Aug-08	Aug-28	RMB	74,100	1.80%	6,257	0	51	0	6,308	51
25. Rarotonga Water Ring Main Upgrade Loan	Dec-12	Dec-32	RMB	118,000	2.00%	20,145	0	165	0	20,310	165
						26,402	0	217	0	26,618	217
Total Gross Borrowings						230,712	(1,326)	5,367	0	234,753	4,041
Less Loan Repayment Fund						12,935	7,372	(1,298)	0	19,009	6,074
Net Borrowing by the Crown						217,777	(8,698)	6,665	0	215,744	(2,033)
Less Avatiu Port Development & Avaroa Cable Ltd						37,211	0	1,849	0	39,061	1,849
Net Borrowing by the General Government						180,566	(8,698)	4,816	0	176,684	(3,882)

Crown Gross Debt

The total gross debt by the Crown for the quarter ended 30 September 2022 was \$234.75 million, an increase of \$4.04 million from the June 2022 quarter. The increase in debt level was mainly due to reduction in exchange rates for USD currencies.

Crown Net Debt

The general government's 'Net Debt' is equivalent to total gross debt, net of the Loan Repayment Funds (LRF) and SOE debts. General Government Net Debt for the 1st Quarter ended 30 September 2022 was \$176.68 million, a decrease of \$3.88 million from the June 2022 quarter mainly due to transfer of \$7.37 million into the LRF account, Loan repayment of \$1.33 million, net off by \$5.36 million foreign exchange loss.

Source: NZ Reserve Bank Website for USD and RMB

Table 5.1 Average Foreign Currencies against New Zealand Dollars	Movements		
	Jun-22	Sep-22	from June 22
Foreign Currencies			
United States Dollars (USD)	0.62135	0.5733	-0.04805
Chinese Yuan (RMB)	4.16125	4.1274	-0.03385
Special Drawing Rights (SDR)	0.4680	0.4493	-0.01862

The above foreign currencies rates were used to calculate fair value balances of existing loans as at 30 September 2022.

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

New Zealand (NZD)	55%
Chinese Yuan (RMB)	11%
US Dollars (USD)	24%
Special Drawing Rights (SDR)	10%

Table 6: Official Development Assistance

Development Partner	Donor	Budget Estimates Full Year 2022/23	Actual YTD Sep 2022
Asian Development Bank		3,700,000	100,000
China		125,758	0
European Union		2,822,579	1,077,905
Forum Fisheries Agency		236,742	0
Global Environment Facility		1,709,874	3,745
Green Climate Fund		12,893,296	181,064
ILO		35,143	0
India		680,000	51,200
Japan		5,425,020	46,758
Korea		303,030	0
New Zealand		61,617,874	1,347,893
Other		5,180,000	187,102
SPC		2,479,567	199,527
UN Adaptation Fund		100,000	66,749
UNDP		164,924	31,285
UNESCO		348,600	1,409
UNICEF		335,350	0
WHO		152,000	0
UNEP		120,145	8,937
SPREP		380,000	0
Australia - SPC		467,501	0
Total Official Development Assistance		99,277,403	3,303,573
			3%

Cook Islands Core Sector Support (CSS) - Budget Support

Total actual spend to date for this output (Budget Support) is nil

A new Core Sector Support (CSS) Grant Funding Arrangement (GFA) with New Zealand which is valued at NZD\$31.3 million and allocated over 2019/20 to 2022/23, was signed in 2019. The goal of the support is to enhance the Cook Islands self-sufficiency through the first four years of Graduation to High Income Status by enabling predictable, efficient and effective delivery of priority development objectives coupled with practical policy reform. The Budget Support modality focuses on supporting measures to strengthen the tourism sector, health sector and the education system.

Under the same Core Sector Support Arrangement, New Zealand will provide NZD\$5.1 million in funding over the same period to support public sector strengthening through the provision of specialist technical assistance. Technical assistance proposals must demonstrate relevance to the Cook Islands' Public Sector Strategy, broader Public Sector reform/strengthening and the Cook Islands Economic Development Strategy.

Rarotonga Airport Upgrade Designs

Total actual spend to date is NZD \$203,151

The funding will be used to review the airport development plan in light of the impact of COVID-19 on anticipated airport activity and to fund consulting services to prepare design and tender documentation for the revised airport terminal requirements and required strengthening of the airport apron and storm water drainage system. By having the design work and construction documentation prepared it will enable Airport Authority Cook Islands to access contraction financing from the private sector, commercial sources or other development partners.

European Development Fund - Budget Support to the Sanitation Sector

Total actual spend to date is NZD \$252,490

The focus of the incentivised budget support under the EU's 11th cycle of funding will continue with the Cook Islands priority of improving the Sanitation Sector. The Cook Islands submission under the 11th funding cycle approved by the EU focuses on upgrading commercial facility sewage systems on Aitutaki and Rarotonga to meet the Public Health (Sewage and Wastewater Treatment and Disposal) Regulations standards. There is a balance of \$1.47 million remaining for this program, which is appropriate to support project implementation from 1st July 2022, moving forward until all funds have been utilised. The implementing agency for this program is the Ministry of Finance and Economic Management through its Major Projects and Procurement Support division.

Sustainable Fisheries Partnership Agreement - Multiyear (Fisheries) Policy Support

Total actual spend to date is NZD \$572,925

The Sustainable Fisheries Partnership Agreement (SFPA) includes an annual fisheries sector contribution of EUR 350,000 by the European Commission under the three year protocol. The sectoral support component of the SFPA is utilised to supplement the Ministry of Marine Resources Budget Appropriations and Business Plan through the implementation of the Multiannual Sectoral Programme.

Global Climate Change Alliance PLUS Scaling Up Pacific Adaption (GCCA+SUPA) Project

Total actual spend to date is NZD \$23,009

This EU funded project focuses on Enhancing a Climate Resilient Marine Sector in the Cook Islands. Implemented by the Pacific Community, the project aims to strengthening adaptive management of marine systems through strengthened, climate-focussed monitoring, education and awareness. Working closely with MMR and CCCL, the project will focus primarily on improving the marine research centre in Aitutaki. Supplementary funding of EU\$160,000 was recently approved for the Cook Islands to further support and assist the improvement of the Aitutaki Marine Research Centre. Cabinet approved the signing of the Grant Funding Agreement with The Pacific Community (SPC) in December 2021.

Enhancing climate information and knowledge services for resilience in 5 island countries of the Pacific Ocean

Total actual spend to date is \$12,693

The programme will be administered and implemented by the United Nations Environmental Programme (UNEP) with the Cook Islands expected to benefit up to US\$5.3 million through direct support and up to US\$6 million through regional partners. The legal arrangements between MFEM and UNEP are now completed. Implementation commence in April 2022 pending regional arrangements with other partners.

The Cook Islands component recently recruited a National Programme Implementation Manager and a Finance Officer. The focus of the programme at the initial staged is on planning and coordinating with stakeholders (nationally and regionally) activities to be implemented.

The Cook Islands is highly vulnerable to climate change impacts therefore requires reliable, timely and actionable information and early warning on our local weather, climate and ocean environments as well as science-based advice on adaptation planning and early action for longer term climate change impacts.

The project aims to support beneficiaries in five countries of the Pacific Ocean through three outcomes:

1. increase generation and use of climate information in decision making
2. strengthened adaptive capacity and reduced exposure to climate risks and
3. strengthened awareness of climate threats and risk reduction processes

Manatua Submarine Cable (ICT cable) - New Zealand Grant

Total actual spend to date is \$406,477

Avaroa Cable Ltd is the crown corporate entity that manages the Cook Islands involvement in the Manatua Cable project and its commercialisation as an international and domestic wholesale operator. ACL constructed the Cook Islands two cable landing stations and oversaw the cable procurement, construction, and deployment. The Manatua Cable has been live since July 2020 and is now carrying contracted revenue generating customer traffic, achieving 100% availability to date.

Key milestones achieved are as follows:

- Following extensive work, ACL has been able to secure connectivity through the 'Western route' via Samoa and Hawaiki and is now able to offer this additional capacity to wholesale customers. This improves resilience and delivers more connectivity for the Cook Islands.
- The Manatua Consortium met multiple times over the quarter. ACL participated in the virtual meeting held in July 2022 and the face-to-face meetings of the Management Committee and Operations & Maintenance Sub-Committee in September 2022. The consortium is progressing a number of long-term outstanding items which is positive.
- New entrant to the telecommunications market ManaNet have installed their servers and switchers in the co-location facility at the Aroa CLS, pending the installation of their network equipment.
- The official opening of the Aitutaki cable landing station facilities was held in July 2022. This was attended by project donors, community leaders and representatives of the Aitutaki Island Council and landowners.
- Two of ACL's Engineering team travelled to Samoa in August 2022 and attended 'Type C' equipment and fibre splicing training with SubCom. This has improved the ability of local staff to attend to cable cuts which could occur along on the land route.

Project Preparation Facility - Building Resilient and Healthy Cook Islands Communities

Total actual spend to date is \$22,965

A Project Preparation Facility (PPF) application for US\$568,000 was approved by the Green Climate Fund to undertake technical assessments to support the development of a full proposal titled "Building resilient and Healthy Cook Island Communities". The planned full project proposal aims to develop, promote and implement increased resilience of the Cook Islands population to the health impacts of climate change. The project will facilitate transformational change within the Cook Islands Health sector by building the technical and institutional capacity to monitor, model and address health related climate change impacts. The project will also strengthen awareness of the health concerns exacerbated by climate change at household and community levels in the outer islands, including undertaking Island Health Assessments that highlight the solutions-based approach to adaptive measures.

The Project Preparation Facility Grant Agreement is now effective with implementation underway to develop the full project proposal.

Table 7: State Owned Enterprises (SOEs)

	YTD Budget Estimates	Actual YTD Sep 2022	Variance to YTD Budget Estimates
	\$'000	\$'000	\$'000
SOEs Consolidate Group			
Trading Revenue	18,367	16,879	1,488
<i>Less: Expenditure</i>			
Personnel Expense	4,511	3,977	534
Operating Expense	14,111	11,138	2,973
Depreciation Expense	2,594	2,483	111
	21,216	17,598	3,618
Net Surplus / (Deficit)	-2,849	-719	-2,130

The table above consolidates the June 2022 performances of Cook Islands Investment Corporation (CIIC), Airport Authority, Bank of the Cook Islands (BCI), Ports Authority, Te Aponga Uira (TAU), Te Tatou Vai Ltd (TTV), Te Mana Uira O Araura (TMU) and Avaroa Cable Ltd (ACL). The consolidated group returned a net operating deficit of \$0.7 million which was \$2.1 million better than the estimated budget of \$2.8 million for the quarter ended 30 September 2022.

Trading revenues collections were lower than budgeted at a Group level largely due to timing around capital project revenues

This was offset by savings in Personnel and Depreciation expenditure due to vacant positions across the Group and timing of capital expenditure at quarter-end. Operating costs remain favourable to budget across the Group, with the exception of Airport Authority due to more fuel usage than anticipated and a high International Terminal Charge. Also, Ports Authority has high operating costs due to exchange conversion rates, freight costs and timing of term insurance.