



**The Government of the Cook Islands**

**Financial Results for the year ending**

**30 June 2020**

Prepared by the Ministry of Finance and Economic Management

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### **Basis of Preparation**

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

References to 2019/20 Additional Funding Approval relates to additional fundings approved through Carry Forward and Executive Council Order after the Supplementary Budget passed in March 2020.

The financial statements have been consolidated to General Government level including Cook Islands Investment Corporation parent administrative operations only. State Owned Enterprises (SOE's) group consolidation are reported separately in later sections of this report.

**Schedule 1: Net Operating and Fiscal Balances June 2020**

	Table	Supplementary Budget Estimates Full Year 2019/20	Additional Funding Approval 2019/20	Total Budget & Approval	Actual YTD June 2020	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2019/20
		\$'000	\$'000	\$'000	\$'000	\$'000	%
<b>Operating Revenue</b>	<b>1</b>						
Taxation Revenue		130,554	0	130,554	148,281	17,728	14
Other Crown Revenue		25,115	0	25,115	24,790	-325	-1
Trading Revenue		4,927	0	4,927	3,422	-1,505	-31
Interest on Loans to Subsidiaries		830	0	830	360	-470	-57
Dividends		2,070	0	2,070	960	-1,110	-54
Interest on Balances		1,740	0	1,740	2,968	1,228	71
Core Sector Support		14,730	0	14,730	14,825	95	1
<b>Total Operating Revenue</b>		<b>179,966</b>	<b>0</b>	<b>179,966</b>	<b>195,607</b>	<b>15,641</b>	<b>9</b>
<b>Operating Expenditure</b>							
Ministry Outputs		166,579	520	167,099	146,416	20,683	88
Personnel		63,001	0	63,001	57,911	5,090	92
Operating		20,655	0	20,655	19,209	1,445	93
Administered Payments	3	75,927	520	76,447	61,928	14,519	81
Depreciation		6,996	0	6,996	7,368	-372	105
POBOC	2	28,159	31	28,190	27,008	1,183	96
Debt Interest		2,228	0	2,228	1,785	443	80
Crown Infrastructure & Contingency Depreciation		6,776	0	6,776	1,786	4,990	26
Transfer to Emergency Trust Fund		50	0	50	50	0	100
Contingency Funds - Operating		850	0	850	586	264	69
<b>Total Operating Expenses</b>		<b>204,642</b>	<b>551</b>	<b>205,193</b>	<b>177,632</b>	<b>27,562</b>	<b>87</b>
<b>Net Operating Surplus/(Shortfall) Balance</b>		<b>-24,676</b>	<b>551</b>	<b>-25,227</b>	<b>17,975</b>	<b>43,202</b>	
<b>Add</b> Depreciation		13,772	0	13,772	9,154	4,618	66
<b>Less</b> Capital Expenditure	4	50,189	-65	50,124	39,073	11,051	78
<b>Net Fiscal Surplus/(Shortfall) Balance</b>		<b>-61,093</b>	<b>-65</b>	<b>-61,579</b>	<b>-11,944</b>	<b>49,636</b>	<b>81</b>

At a Glance: Fiscal Position

\* General Government's Fiscal Position reported actual deficit in net fiscal balance of \$11.94 million, an increase of \$49.64 million when compared against the budget estimates for the year ending 30 June 2020. The increase was due to higher revenue collection of \$15.64 million, savings in Operating Expenses of \$27.56 million and under in Capital Expenses net of Depreciation of \$6.43 million.

\* Government's Net Operating Position: The General Government reported a net operating surplus of \$17.98 million for the June 2020 year, an increase of \$43.20 million when compared against the net operating position estimated to the end of June.

\* Operating Revenue: Operating revenue reported a \$15.64 million higher collection against the budget estimates for the financial year. This was primarily caused by taxation revenue collection which recorded \$17.73 million higher than estimated, offsetting this was lower collection in dividends of \$1.11 million due to the impact of COVID-19 on SOEs bottom line. The estimate for taxation revenue was revised downward in the supplementary budget 2019/20 to take into account the impact of COVID-19 on taxation collection however due to timing of this impact, the collection came in higher by year end.

\* Operating Expenditure: General Government operating expenditure reported lower actual spending by \$27.56 million against the budget estimates for the year. This was largely attributed to the underspend in administered payments of \$14.52 million mainly due to timing of spending for COVID-19 Economic Response Plan and savings from the Air New Zealand Underwrites - again all COVID-19 related; under spend in Ministry Operating and Personnel of \$6.53 million were mainly due to vacant positions yet to be filled in addition to underspend in Crown Infrastructure Depreciation expenses of \$4.99 million due to the timing of capitalising Capital Projects which are still in 'work in progress' stage.

\* Capital Expenditure: The Capital expenditure reported lower actual spend by \$11.05 million against the budget estimates for the year. This is mainly due to scheduling of major projects including Te Mato Vai (\$3.4 million), Land Acquisition (\$1.7 million) and Renewable Energy project (\$1.5 million). These savings has either been rescheduled to 2020/21 financial year or deferred to a latter period.

## Schedule 2: Cash Reserves General Government June 2020

	<b>30 June 2020</b>
	<b>\$'000</b>
Crown	103,076
Agencies	11,830
Term Deposits and Trust Accounts	114,906
Crown	23,148
Agencies	3,297
Operational Bank Accounts	26,445
<b>Total Cash Reserves</b>	<b>141,351</b>
Committed:	
Reserve Trust Fund <sup>1</sup>	3,487
Disaster Response Fund <sup>2</sup>	1,928
Loan Repayment Fund <sup>3</sup>	20,456
Trust Account Deposits <sup>4</sup>	3,415
Aid Trust Fund <sup>5</sup>	17,799
Stabilisation Account <sup>6</sup>	56,700
Land/Law Trust/Other Agency Trust Fund <sup>7</sup>	12,132
Infrastructure Trust Fund <sup>8</sup>	12,000
Vat/Tax Imprest and Customs Bonds Account <sup>9</sup>	2,278
<b>Total Commitment for this year</b>	<b>130,195</b>
<b>Estimated General Cash Reserve</b>	<b>11,156</b>

<sup>1</sup> Reserve Trust Funds– buffer funds set aside as reserve from 0.05% of all taxation revenue appropriated per financial year

<sup>2</sup> Disaster Response Trust – funds set aside for emergency response in the event of disasters

<sup>3</sup> Loan Repayment Fund – legislated funds quarantined for debt servicing requirements

<sup>4</sup> Trust Account Deposit – funds held on behalf of Law Trust, Workers Compensation Trust, Immigration bonds helds, International unclaimed monies and Insurance Trust

<sup>5</sup> Aid Trust Fund – funds tagged for aid funded projects and programmes.

<sup>6</sup> Stabilisation Account - funds set aside as reserve to assist the Government during periods of real economic contraction to fund operations and investment.

<sup>7</sup> 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.

<sup>8</sup> Infrastructure Trust Fund - funds provided by New Zealand Government for Infrastructure.

<sup>9</sup> VAT/Tax Imprest Accounts held by the Revenue Department for the purposes for Tax Refunds and Customs Bonds.

### Schedule 3: Loan Repayment Fund Statement

	30-Jun-20
	\$'000
<b>Opening LRF Balance</b>	20,922
Contribution to LRF Principal	7,696
Contribution to LRF Interest	2,229
<b>Total Transfer into LRF by General Government</b>	9,925
Realised Gain on Foreign Exchange	(1,685)
Transfer out of LRF	0
Interest earned by LRF	510
<b>Total Inflows</b>	8,750
Principal paid out of LRF	7,576
Interest paid out of LRF	1,640
<b>Total Outflows</b>	9,216
<b>Closing LRF Balance</b>	<b>20,456</b>

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

<b>Section 70(3) (b) (i): Calculation</b>	<b>\$'000</b>
Total Government Appropriation 2019/20	337,265
Excess (1.5%) of Total Appropriation	5,059
less: Approved expenditure for the June 20 Quarter	4,014
<b>Total Balance</b>	<b>1,045</b>
<b>Executive Council Orders Authority</b>	<b>\$'000</b>
Appointment of 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
CISNOC - 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
Parliament Building Extension capital top up	363
Civil List - Parliament Sitings Top up	68
MoCS Restructuring Costs	25
Support of Cook Islands residents under-going self-quarantine in New Zealand	500
Crown Law - Settlement Cases	568
Top up to Parliamentary Special Select Committee	10
<b>Total Executive Council Orders Authority as at 30 June 2020</b>	<b>4,014</b>

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.

\$4.01 million out of the \$5.06 million allocation was utilised for the financial year ending 30 June 2020.

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

	Supplementary Budget Estimates Full Year 2019/20	Additional Funding Approval 2019/20	Total Budget & Approval	Actual YTD June 2020	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000	%
<b>Taxation Revenue</b>						
Individual Income Tax	23,004	0	23,004	27,967	4,962	22
Withholding Tax	4,000	0	4,000	1,268	-2,732	(68)
Company Income Tax	11,800	0	11,800	17,470	5,670	48
Value Added Tax	64,270	0	64,270	77,766	13,496	21
Departure Tax	9,500	0	9,500	9,109	-391	(4)
Customs Tax	17,980	0	17,980	14,701	-3,278	(18)
	<b>130,554</b>	<b>0</b>	<b>130,554</b>	<b>148,281</b>	<b>17,728</b>	<b>14</b>
<b>Other Revenue</b>						
Drivers License Fees	260	0	260	256	-4	(1)
Police Fines	70	0	70	8	-62	(89)
Immigration Fees	870	0	870	965	95	11
International Shipping Fee	10	0	10	24	14	139
Motor Vehicle Dealers	3	0	3	4	1	29
Shipping Registry Licenses	268	0	268	62	-207	(77)
Upper Air Space Fees	846	0	846	922	76	9
Court Services	50	0	50	36	-14	(29)
Foreign Investment Fees	27	0	27	16	-11	(39)
IMO Subscriptions MCI	66	0	66	16	-50	(76)
Censorship Fees	3	0	3	1	-2	(77)
Employer Liabilities	75	0	75	0	-75	(100)
Liquor License	70	0	70	98	28	40
Motor Vehicle Registration Fees	875	0	875	493	-382	(44)
Research Fees	2	0	2	1	-1	(59)
Permits	24	0	24	8	-16	(68)
Bluesky Dividends	1,500	0	1,500	960	-540	(36)
Bank of the Cook Islands Dividends	370	0	370	0	-370	(100)
Te Aponga Uira Dividends	200	0	200	0	-200	(100)
Extraordinary SOE Dividends	0	0	0	0	0	0
Interest on Balances (Crown)	1,740	0	1,740	2,968	1,228	71



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

	Supplementary Budget Estimates Full Year 2019/20	Additional Funding Approval 2019/20	Total Budget & Approval	Actual YTD June 2020	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000	%
Interest Income from SOE Advances	830	0	830	360	-470	(57)
Numismatics	450	0	450	172	-278	(62)
Sale of Circulating Currency	650	0	650	322	-328	(50)
Fisheries - US Treaties	4,676	0	4,676	8,043	3,367	72
Fishing Fines	450	0	450	238	-212	(47)
Fishing Licenses	15,000	0	15,000	5,219	-9,781	(65)
Tattslotto	122	0	122	217	95	78
Financial Supervisory Commission - Return of Excess	248	0	248	290	42	17
Other Revenue on Behalf of Crown	0	0	0	7,382	7,382	100
	29,755	0	29,755	29,078	-677	(2)
Core Sector Support	14,730	0	14,730	14,825	95	1
<b>Total Other ROBOC</b>	<b>44,485</b>	<b>0</b>	<b>44,485</b>	<b>43,903</b>	<b>-582</b>	<b>(1)</b>
<b>Total ROBOC</b>	<b>175,039</b>	<b>0</b>	<b>175,039</b>	<b>192,185</b>	<b>17,146</b>	<b>10</b>

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

	Supplementary Budget Estimates Full Year 2019/20	Additional Funding Approval 2019/20	Total Budget & Approval	Actual YTD June 2020	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2019/20
	\$'000		\$'000	\$'000	\$'000	%
Old Age Benefit	12,970	0	12,970	12,812	158	99
Child Benefit	5,545	0	5,545	5,335	210	96
Infirm/Destitute Benefit	596	0	596	583	12	98
Government Paid Maternity Leave	150	0	150	126	24	84
Carer Order Payment	10	0	10	0	10	0
BCI Transaction Fees	164	0	164	164	0	100
New Born Allowance	255	0	240	240	0	100
Audit Fee	96	0	96	83	13	87
PERC Salaries and Administration Costs	58	0	58	46	12	79
Bank of the Cook Islands Subsidy	128	0	128	54	74	42
Airport Authority Subsidy	2,048	0	2,048	2,048	0	100
Ports Authority Subsidy	110	0	110	105	5	96
Te Aponga Uira subsidy	380	0	380	380	0	100
Civil List - Constituency Visits	200	0	200	146	54	73
Civil List - Personnel	2,902	0	2,902	2,689	213	93
House of Ariki	348	0	348	330	18	95
Parliamentary Sitting Expenses	333	0	333	322	11	97
QR Travel and Allowances (local and overseas)	109	0	109	109	0	100
MP Travel and Allowances (local and overseas)	541	0	541	469	72	87
International Subscriptions	688	0	688	636	52	92
IMO - Maritime Organisation	63	0	63	0	63	0
Pacific Catastrophe Risk Insurance	121	31	152	152	0	100
Crown Insurance	100	0	100	100	0	100
Parliamentary Superannuation	180	0	180	40	140	22
BEPS Subscription	35	0	35	36	-1	102
Local Government Election	30	0	30	3	27	11
	<b>28,159</b>	<b>31</b>	<b>28,175</b>	<b>27,008</b>	<b>1,168</b>	<b>96</b>

**Table 3: Administrative Payments**

	Supplementary Budget Estimates Full Year 2019/20	Additional Funding Approval 2019/20	Total Budget & Approval	Actual YTD June 2020	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000	%
Power Subsidy	79	0	79	77	2	97
Funeral Assistance Allowance	204	0	204	198	6	97
Christmas Bonus	330	0	330	330	0	100
Caregivers Allowance	429	0	429	396	32	92
SOE Consortial DSM Harvest	0	0	0	0	0	0
Infrastructure Committee	180	0	180	177	3	98
Joint Venture with SBMA	292	0	292	289	3	99
Land Rent Reviews	250	0	250	163	87	65
Provision for Land Rentals	595	0	595	466	130	78
Rarotonga Water Utility Implementation	0	0	0	0	0	0
School Security	280	0	280	279	1	100
Special Projects Unit	722	0	722	715	7	99
Avaroa Cable	239	0	239	239	0	100
Renewable Energy Maintenance	250	0	250	195	55	78
To Tatou Vai	2,500	0	2,500	2,300	200	92
ICC Arbitration	350	0	350	339	11	97
PILON	0	0	0	0	0	0
Pacific Legislatures for Population and Governance	0	0	0	0	0	0
Special Select Committee	92	10	103	85	17	83
Tribunal Committee Remuneration	0	0	0	0	0	0
Marketing Resources - Tourism Growth Strategy	4,922	0	4,922	4,922	0	100
Domestic Hosting Entertainment	15	0	15	9	6	61
QR Social Responsibility Fund	8	0	8	5	3	64
Head of State Rent	13	0	13	13	0	100
Bridges and Drainage Maintenance	1,115	0	1,115	1,098	17	98
OI Equipment Repairs of Unanticipated Breakdowns	200	0	200	196	4	98
Road Asset Management	0	0	0	0	0	0
Road and Civil Maintenance	1,100	0	1,100	1,091	9	99
Waste Management	585	0	585	578	7	99

**Table 3: Administrative Payments Cont'd**

	Supplementary Budget Estimates Full Year 2019/20	Additional Funding Approval 2019/20	Total Budget & Approval	Actual YTD June 2020	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000	%
Emergency Work	200	0	200	135	65	68
Te Maeva Nui Celebrations	723	0	723	679	44	94
Te Kopapa Reo Maori Board	15	0	15	14	1	91
Cook Islands Cultural Fund	200	0	200	152	48	76
Audio and Visual Digitization	40	0	40	40	0	100
Returned Services Association	5	0	5	1	4	10
Cook Islands Student Association Support	10	0	10	10	0	100
Production of new currency, transportation and sale of old coins	1,115	0	1,115	754	361	68
Provision for Inter-Island Shipping	1,450	0	1,450	1,235	215	85
Subsidy of audio/visual broadcasting in Pa Enea	45	0	45	39	6	87
Air New Zealand Underwrite	9,500	0	9,500	8,721	779	92
Debt Advisory Services	60	0	60	12	48	21
Marumaru Atua	0	0	0	0	0	0
Public Sector Strengthening - Process & Systems	357	0	357	304	53	85
Special Investigative & Prosecution Services	203	0	203	90	112	45
Standard and Poors Subscription	65	0	65	63	2	96
Border Management System Maintenance	155	0	155	155	0	100
Conduct of a Labour Force Survey	99	0	99	59	40	59
Asian Infrastructure Investment Bank (AIIB) Membership	31	0	31	32	-1	104
FEM-Director Civil Aviation	0	0	0	0	0	0
Audit of Crown Accounts	30	0	30	0	30	0
Price Tribunal Committee	45	0	45	39	6	86
Tax Amnesty Project	0	0	0	0	0	0
Post Tax Amnesty Work	484	0	484	293	191	60
The Centre of Research and Policy Studies	80	0	80	10	70	12
The Centre of Excellence in Information Technology (CEIT)	165	0	165	158	7	96
Economic Utilities Regulator	100	0	100	0	100	0
COVID-19 Medical Response Fund	4,500	500	5,000	4,723	277	94
COVID-19 Economic Response Plan	28,000	0	28,000	17,742	10,258	63
Fisheries Development Facility	200	0	200	199	1	100
Fisheries Development Facility in the Pa Enea	100	0	100	94	6	94

**Table 3: Administrative Payments Cont'd**

	Supplementary Budget Estimates Full Year 2019/20	Additional Funding Approval 2019/20	Total Budget & Approval	Actual YTD June 2020	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000	%
Government Funded Scholarships	660	99	759	758	1	100
Tertiary Training Institutions	1,210	0	1,210	848	361	70
University of the South Pacific Contribution	205	0	205	148	57	72
Bus Service	26	0	26	24	2	93
Private School Funding - Nukutere	595	0	595	595	0	100
Private School Funding - St. Josephs	458	0	458	458	0	100
Private School Funding - Creative Centre	141	0	141	139	1	99
Private School Funding - Te Uki Ou	530	0	530	530	0	100
Private School Funding - Papaaroa	248	0	248	248	0	100
Private School Funding - Aitutaki SDA	199	0	199	199	0	100
Private School Funding - Immanuel Akatemia	241	0	241	241	0	100
Private School Funding - Blackrock	100	0	100	100	0	100
NCD Fund	195	0	195	195	0	100
Nursing School	234	-78	156	156	0	100
Operation Namu	0	0	0	0	0	0
Patient Referrals	850	0	850	850	0	100
Pharmaceuticals	868	78	946	946	0	100
CISNOC Grant	476	0	476	476	1	100
Lease Extension	95	0	95	36	59	38
SIF - CIG Contribution	910	0	910	848	62	93
Vaka Maintenance	400	0	400	391	9	98
Special Assistance Projects	250	0	250	192	58	77
Internal Affairs Youth Program	45	0	45	25	20	55
Court Transcripts Update Project	0	0	0	0	0	0
Judge's Allowances	300	0	300	191	109	64
Land Records Update Project	120	0	120	0	120	0
Legal Aid	40	0	40	0	40	0
E - Waste & Whitewear Collection	165	0	165	144	22	87

**Table 3: Administrative Payments Cont'd**

	Supplementary Budget Estimates Full Year 2019/20	Additional Funding Approval 2019/20	Total Budget & Approval	Actual YTD June 2020	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000	%
National Heritage Trust	82	10	92	92	0	100
Management of Suwarrow Park	100	-31	69	68	1	99
EIA Process	150	0	150	150	0	100
Search and Rescue	20	0	20	19	1	93
Serious Crime Investigations	100	0	100	98	2	98
Te Kukupa - Biannual Slipping	61	0	61	61	0	100
Te Kukupa - Fuel Contribution	140	0	140	79	61	56
Police Youth Program	45	0	45	35	10	77
HOM's Salaries	1,742	0	1,742	1,856	-114	107
PM Social Responsibility Fund	483	0	483	460	23	95
Public Sector Strengthening	0	0	0	0	0	0
Community Support Fund	100	0	100	86	14	86
ICT Support Team	250	0	250	66	184	26
Red Cross	50	0	50	50	0	100
Pa Enea Mechanical Overseer	130	0	130	93	37	71
Energy Commissioner	50	0	50	0	50	0
Seabed Minerals Sector Development	138	-68	71	71	0	100
	<b>75,927</b>	<b>520</b>	<b>76,447</b>	<b>61,928</b>	<b>14,519</b>	<b>81</b>

**Table 4: Capital Expenditures**

	Supplementary Budget Estimates Full Year 2019/20	Additional Funding Approval 2019/20	Total Budget & Approval	Actual YTD June 2020	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000	%
Bridges & Structure Improvement	2,580	0	2,580	2,596	-16	101
Rutaki Foreshore Rock Revetment	900	0	900	881	19	98
Government IT Network	650	0	650	629	21	97
Renewable Energy Project Management and Support	250	0	250	128	122	51
Atiu Road Improvement	570	350	920	682	238	74
Establishing New Water Galleries	200	30	230	230	0	100
Mitiaro Water Upgrade	250	0	250	250	0	100
FMIS Purchase and Implementation	469	0	469	418	51	89
AEOI IT System	85	0	85	0	85	0
Vaikapuangi Government Building-Design	688	0	688	624	64	91
Penrhyn Government Building Project	50	0	50	50	0	100
Aitutaki Government Building Project	60	0	60	48	12	80
Health Project	800	0	800	298	502	37
Land Acquisition	1,700	0	1,700	0	1,700	0
MFEM Building	540	0	540	531	9	98
Orongo Development Master Plan and Centre reconstruction - Ports Authority	500	0	500	130	370	26
School Upgrade	480	0	480	139	341	29
To Tatou Vai	282	0	282	248	34	88
Avatiu Valley Stream embankment	22	0	22	22	0	100
Drainage Improvement	2,600	0	2,600	2,560	40	98
Nassau Ferry	350	0	350	350	0	100
Pa Enua Cyclone Center	1,800	0	1,800	1,781	19	99
Pa Enua Marine Infrastructure Improvement	150	0	150	150	0	100
Road Asset Management	7,700	-380	7,320	6,923	397	95
Mei Te Vai ki Te Vai	738	-250	488	488	0	100
MFEM Extension - Furniture and materials	260	0	260	184	76	71
Shipping Vessel	300	0	300	23	277	8
Te Mato Vai - Rarotonga Water Upgrade	15,999	0	15,999	12,598	3,400	79
Fund to be Prioritised by Education	360	0	360	279	81	78
CT Scanner	0	0	0	0	0	0

Table 4: Capital Expenditures Cont'd

	Supplementary Budget Estimates Full Year 2019/20 \$'000	Additional Funding Approval 2019/20 \$'000	Total Budget & Approval \$'000	Actual YTD June 2020 \$'000	Variance to YTD Budget Estimates \$'000	Actual Vs Full Year Budget 2019/20 %
Ambulance	61	-14	47	47	0	100
Vaka Maintenance Capital Projects	50	0	50	50	0	100
Integrated Communication System	70	0	70	61	9	87
3 Building Repair	795	0	795	794	1	100
Aitutaki Capital Funding	16	0	16	0	16	0
Atiu Capital Funding	12	0	12	0	12	0
Mitiaro Capital Funding	8	0	8	7	1	90
Mauke Capital Funding	10	0	10	8	2	81
Mangaia Capital Funding	12	0	12	7	5	60
Manihiki Capital Funding	10	0	10	4	6	44
Penrhyn Capital Funding	12	0	12	4	8	36
Palmerston Capital Funding	10	0	10	5	5	50
Pukapuka Capital Funding	12	0	12	6	6	53
Rakahanga Capital Funding	8	0	8	7	1	87
Manea Games Upgrade Capital Funding	100	0	100	66	34	66
Fund to be Prioritised by Health for Technical Equipment	300	36	336	344	-8	102
Capital Distribution Fund	1,569	0	1,569	801	768	51
Parliament Building Extension	663	0	663	653	10	99
Atiu Power Upgrade	165	0	165	176	-11	107
Pukapuka Hospital Reconstruction	314	0	314	299	15	95
Titikaveka Backroad Rehabilitation	27	0	27	0	27	0
TMV Stage 1: Road & Pipeline Easement	50	0	50	0	50	0
Upgrade of Nursery Facilities	80	0	80	71	9	89
Relocation of Oral Health Services	100	0	100	31	69	31
Prison Development Programme	300	0	300	166	134	55
Removal of AM radio mast	318	0	318	269	49	85
FM and TV Telecommunications for the Pa Enea	200	0	200	0	200	0
ICT Server Replacement	220	-21	199	199	0	90
Contingent Liability Capital Projects Account	100	0	100	100	0	100
The Centre of Excellence in Information Technology (CEIT) - Capital Purchases	85	-65	20	0	20	0
COVID-19 Medical Response Fund - Capital Needs	500	250	750	637	113	85
Renewable Energy - Capital works	1,496	0	1,496	0	1,496	0
Aitutaki Renewable Energy Project	1,185	0	1,185	1,024	161	86
	<b>50,189</b>	<b>-65</b>	<b>50,124</b>	<b>39,073</b>	<b>11,051</b>	<b>78</b>



**Table 5: Statement of Borrowings**

	Loan start date	Loan End date	Loan Currency	Original Loan Amount	Interest Rate	March 2020 Balance	Principal Payments	FOREX Adjustment	Revaluation/ Draw Down Adjustments	June 2020 Balance	Change March Qtr
						('000)	('000)	('000)	('000)	('000)	('000)
<b>Asian Development Bank</b>											
1. First multi project loan - 461	Nov-80	Aug-20	USD	1,000	1.00%	58	-	(4)	-	54	(4)
2. First Cook Islands Development Bank project loan - 567	Jul-82	Apr-22	USD	1,500	1.00%	220	(39)	(16)	-	165	(55)
3. Second multi project loan - 849	Dec-87	Aug-27	SDR	2,150	1.00%	1,372	-	(83)	-	1,289	(83)
4. Outer Islands Telecommunications project loan - 1031	Oct-90	Aug-30	SDR	2,578	1.00%	3,670	-	(222)	-	3,448	(222)
5. Second Cook Islands Development Bank loan - 1155	Mar-92	Dec-31	SDR	1,085	1.00%	993	(36)	(63)	-	894	(99)
6. TCI Emergency Loan- 1171	Aug-92	Jun-32	SDR	349	1.00%	345	(12)	(22)	-	311	(34)
7. Pearl Loan (1994) - 1309	Dec-94	Aug-34	SDR	272	1.00%	391	-	(24)	-	368	(24)
8. Education Development- 1317	Feb-95	Aug-34	SDR	1,852	1.00%	2,387	-	(144)	-	2,243	(144)
9. Third Cook Islands Development Bank loan- 1380	Jan-96	Sep-35	SDR	1,977	1.00%	2,061	-	(125)	-	1,937	(125)
10. Economic Restructuring loan - 1466	Sep-96	Sep-36	SDR	3,430	1.00%	4,732	-	(286)	-	4,446	(286)
11. Cyclone Rehabilitation Project loan - 1588	Jan-97	Jan-38	SDR	583	1.00%	835	-	(51)	-	784	-
12. Waste Management loan - 1832	Dec-01	Jun-33	SDR	1,695	1.50%	2,035	(66)	(128)	-	1,841	(194)
13. Cyclone Emergency Assistance loan- 2174	Jun-05	Jan-45	SDR	1,895	1.00%	3,691	(35)	(226)	-	3,430	(262)
14. (SF) Avatiu Ports Development Loan - 2473	Sep-09	Nov-40	SDR	4,524	1.50%	6,272	(191)	(391)	-	5,690	(582)
15. (OCF) Avatiu Ports Development Project Loan - 2472	Sep-09	Nov-33	NZD	8,697	5.77%	8,733	(150)	-	-	8,583	(150)
16. (SF) Economic Recovery Support Program Loan - 2565	Jan-10	Oct-24	NZD	11,053	2.52%	5,024	(502)	-	-	4,522	(502)
17. (OCF) Avatiu Ports Development Project Loan- 2739	Dec-11	Nov-35	NZD	5,290	2.52%	4,902	(65)	-	-	4,837	(65)
18. (OCR) Economic Recovery Support Program 2 Loan - 2946	Dec-12	Oct-27	NZD	11,053	2.75%	4,833	(302)	-	-	4,531	(302)
19. (OCF) Renewable Energy Sector- 3193	Jan-15	Jun-36	NZD	12,980		9,844	(299)	-	245	9,790	(54)
20. (OCR) Undersea Broadband Cable Loan- 3632	Jul-19	Jun-39	USD	15,000	2.65%	6,890	-	-	5,019	11,909	5,019
						<b>69,290</b>	<b>(1,696)</b>	<b>(1,785)</b>	<b>5,264</b>	<b>71,073</b>	<b>1,783</b>
<b>Export -Import Bank of China</b>											
21. Indoor Sports Stadium & Upgrade of Existing Sports Facilities	Aug-08	Aug-28	RMB	74,100	1.80%	8,668	-	(546)	-	8,122	(546)
22. Rarotonga Water Ring Main Upgrade Loan	Dec-12	Dec-32	RMB	118,000	2.00%	24,092	-	(1,517)	-	22,576	(1,517)
						<b>32,760</b>	<b>-</b>	<b>(2,063)</b>	<b>-</b>	<b>30,698</b>	<b>(2,063)</b>
<b>Total Gross Borrowings</b>						<b>102,051</b>	<b>(1,696)</b>	<b>(3,847)</b>	<b>5,264</b>	<b>101,771</b>	<b>(280)</b>
<b>Less Loan Repayment Fund</b>						20,456	-	-	-	20,456	-
<b>Net Borrowing by the Crown</b>						<b>81,595</b>	<b>(1,696)</b>	<b>(3,847)</b>	<b>5,264</b>	<b>81,315</b>	<b>(280)</b>
<b>Less Avatiu Port Development &amp; Avaroa Cable Ltd</b>						26,797	(405)	(391)	5,019	31,019	4,222
<b>Net Borrowing by the General Government</b>						<b>54,798</b>	<b>(1,291)</b>	<b>(3,456)</b>	<b>245</b>	<b>50,296</b>	<b>(4,502)</b>

### Crown Gross Debt

The total gross debt by the Crown for the June 2020 period was \$101.77 million, a reduction of \$0.28 million from the March 2020 quarter. The reduction in debt level was mainly due to the favourable movements in foreign currency exchange rates of \$3.85 million, Loan Repayments of \$1.70 million, Offset by \$5.26 million additional draw downs during the period mainly from the Undersea Broadband Cable Loan.

### Crown Net Debt

The general government's 'Net Debt' is equivalent to total gross debt, net of the Loan Repayment Fund (LRF) and SOE debts. General Government Net Debt for the financial year ending 30 June 2020 was \$50.30 million, a \$4.50 million decrease from the March 2020 quarter. This reduction was attributable to the inclusion of Loan 20 (Undersea Broadband Cable Loan) in the SOE Debt and as mentioned above, favourable movement of the SDR and also USD and RMB exchange rate against the NZ dollars.

Source: NZ Reserve Bank Website for USD and RMB

<b>Table 5.1 Average Foreign Currencies against New Zealand Dollars</b>	<b>Mar-20</b>	<b>Jun-20</b>	<b>Movements from June - 20</b>
<b>Foreign Currencies</b>			
United States Dollars (USD)	0.5997	0.6426	0.0429
Chinese Yuan (RMB)	4.2552	4.5411	0.2859
Special Drawing Rights (SDR)	0.4396	0.4671	0.0275

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

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

New Zealand (NZD)	32%
Chinese Yuan (RMB)	30%
US Dollars (USD)	12%
Special Drawing Rights (SDR)	26%

**Table 6: Official Development Assistance**

	Budget Estimates Full Year 2019/20	Actual YTD June 2020
<b>Donor</b>		
Asian Development Bank	111,504	120,430
China	10,837,524	0
EU-German Development Cooperation	21,338	0
European Union	2,876,866	0
FFA	266,667	215,231
Global Environment Facility (GEF)	2,980,959	3,613,794
Green Climate Fund (GCF)	11,085,375	7,704,131
India	680,000	11,524
Japan	2,010,654	1,347,378
New Zealand	39,021,777	32,495,581
Other	100,000	48,606
UN Adaptation Fund	1,826,957	383,128
UNDP	195,758	68,868
WHO	204,545	0
<b>Total Official Development Assistance</b>	<b>72,219,924</b>	<b>46,008,670</b>
		64%

#### Manatua Polynesian Cable Project (NZ Donor)

Year to date spend is \$5,040,819.20

During the period April 20 – June 20 a considerable amount of work was undertaken, key milestones achieved are as follows:

- Manatua construction and testing. Testing of the completed Manatua Cable system completed.
- Integration of the six landing stations across Samoa, Niue, Aitutaki & Rarotonga in the Cook Islands, Bora Bora and Tahiti in French Polynesia.
- Testing of the domestic link between Rarotonga and Aitutaki with Vodafone CK.
- ACL Networks Operations Centre (NOC) is live and monitoring both cable landing stations.
- ACL publication of the "Seizing the opportunity" white paper - outlining benefit realizations opportunities.
- ACL publication of the "Beyond the Manatua Cable" white paper - outlining future investments to extend connectivity throughout the Pa Enua.
- No anchor zones and cable protection. The request for marine protection legislation has been accepted by the Minister for Telecommunications and the Minister for Transport jointly and is proceeding to the drafting stage. (Cabinet submission was tabled and passed at last sitting).
- Onward connectivity (IRU) procurement
- Formal submission of variation to MFAT & ADB - requesting reallocation of funding outputs
- Foreign exchange management Foreign Exchange exposure to the US dollar, converted NZ\$1.73m on 09-JUN-20 and successfully secured the best rate since early February 2020. This will help mitigate forex volatility in planning activities.

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

The New Zealand CSS Programme includes direct budget support to Ministry of Education, Cook Islands Tourism and the Ministry of Health. New Zealand Ministry of Foreign Affairs and Trade (MFAT) together with the Ministry of Finance and Economic Management of the Cook Islands.

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

#### Japan Economic and Social Development Programme 2018 (Japan Donor)

Year to date spend is \$606,510.77

Using Japan International Cooperation Systems (JICS) procurement processes, four of the six items have completed the procurement process and the contracts awarded and signed. Tender notice for the fifth and sixth items was advertised 13 June 2020. Tender opening scheduled for 20 August 2020.

Current status of the four awarded contracts: Completion of one contract occurred in December 2019. The seconded contract items have been delivered. Completion is subject to change due to travel restrictions to carry out the operations and maintenance training. The third contract item is scheduled to arrive by end of September 2020, however completion is subject to change due to travel restrictions to carry out the operations and maintenance training. The fourth contract item has been delivered and O&M training was completed by local specialist. Contract payment and completion is scheduled to occur end of July/early August 2020.

#### Renewable Energy Grant (Southern Group) - (GEF and GCF)

\*GEF grant year to date spend is \$420,639.59

Rarotonga Airport West BESS turnkey contract (MPower) funded by Global Environment Facility (GEF) no further work has occurred since the Completion Certificate was issued in October 2019. Planned rectification of defects for April 2020 is on hold due to coronavirus travel restrictions.

\*GCF grant year to date spend is \$7,258,734.

Rarotonga Airport South BESS-Turnkey contract (Powersmart/Vector) was installed in December 2019 and commissioning was completed on 23 February 2020. The BESS is online and setup to maintain constant state of charge and configured to provide network frequency and voltage support.

Rarotonga BESS Power Station -Turnkey contract was awarded to Vector on 24 March 2020 and contract signed on 29 May 2020.

#### Asset Management (NZ Donor)

Total Spend for this period is \$8,065,056.04. 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 physical works are approaching completion, and all key project works are expected to be complete by the end of July 2020.

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

Total spend for the period is \$2,461,284. 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 June 2020 ('000)	Actual YTD June 2020 ('000)	Variance ('000)
<b>SOEs Consolidate Group</b>			
Trading Revenue	61,168	60,127	-1,041
Personnel	13,995	13,825	170
Operating	35,331	39,668	-4,337
Depreciation	7,902	7,661	241
	57,228	61,154	-3,926
Net Activity Surplus / Cost	3,940	-1,027	-4,967

The table above consolidates the June 2020 performances of Cook Islands Investment Corporation (CIIC), Airport Authority, Bank of the Cook Islands (BCI), Ports Authority, Te Aponga Uira, To Tatou Vai Ltd (TTV), Te Mana Uira O Araura (TMU new name for Aitutaki Power Supply) and Avaroa Cable Ltd. The consolidated group YTD deficit is \$1.027m, which is \$4.967m behind budget, with the negative surplus variance attributable to the negative operating results of TAU, the Airport Authority, and TMU, amidst the COVID-19 environment. Trading revenues is \$1.041m lower than budget at a Group level, with this largely due to COVID-19 and the support of SOEs towards the Government subsidy support initiatives. Personnel and Depreciation are in line with expectation while Operating was over budget, due to additional project works and provisioning of doubtful debts.