



The Government of the Cook Islands

Quarterly Financial Results

Sep-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 September 2019

	Table	Budget Estimates Full Year 2019/20	Additional Funding Approval	Total Budget & Approval	Budget Estimates YTD September 2019	Actual YTD September 2019	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2019/20
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Operating Revenue	1							
Taxation Revenue		151,626	0	151,626	38,549	40,200	1,651	27
Other Crown Revenue		19,607	0	19,607	4,717	3,907	-811	20
Trading Revenue		4,927	0	4,927	1,232	750	-482	15
Interest on Loans to Subsidiaries		830	0	830	208	0	-208	0
Dividends		2,370	0	2,370	375	375	0	16
Interest on Balances		1,740	0	1,740	435	36	-399	2
Core Sector Support		7,730	0	7,730	3,865	3,865	0	50
Total Operating Revenue		188,830	0	188,830	49,381	49,133	-248	26
Operating Expenditure								
Ministry Outputs		133,443	898	134,341	35,824	31,590	4,234	24
Personnel		62,493	0	62,493	15,623	15,732	-108	25
Operating		20,380	0	20,380	5,095	4,322	773	21
Administered Payments	3	43,604	898	44,502	13,364	10,206	3,158	23
Depreciation		6,966	0	6,966	1,741	1,331	410	19
POBOC	2	27,746	0	27,746	6,721	6,431	289	23
Debt Interest Contribution to LRF		2,133	0	2,133	2,133	2,133	0	100
Crown Infrastructure Depreciation		4,603	0	4,603	1,151	1,151	0	25
Transfer to Emergency Response Trust Fund		50	0	50	50	50	0	100
Depreciation Contingency Fund		2,174	0	2,174	543	0	543	0
Contingency Funds - Operating		100	200	300	300	249	51	83
Total Operating Expenses		170,249	1,098	171,347	46,721	41,604	5,117	24
Net Operating Surplus/(Shortfall) Balance		18,581	1,098	17,484	2,660	7,528	4,869	
Add Depreciation		13,742	0	13,742	3,435	2,482	953	18
Less Capital Expenditure	4	40,710	2,031	42,741	6,445	4,464	1,981	10
Net Fiscal Surplus/(Shortfall) Balance		-8,387	2,031	-11,515	-350	5,547	5,897	

At a Glance: Fiscal Position

* General Government's had a surplus fiscal balance of \$5.55 million; an increase of \$5.90 million against budget estimates for the September quarter.

* Net Operating Surplus/(Shortfall) Balance: The General Government reported a net operating surplus of \$7.53 million for September 2019 Quarter. This can be largely attributed to the under spend in administered payments for the period. Refer to the section on Administered Payments for details.

* Operating Revenue: Total operating revenue reported a shortfall in of \$0.25 million against year to date budget estimates. Taxation revenue reported higher than budget estimates by \$1.65 million, however this was offset by lower other Crown revenue, trading revenue, interests earned related to bank balances and loan to subsidiaries. It is early in the year to estimate if these are going to be the trend for the rest of the year, we will continue to monitor.

* Operating Expenditure: General Government operating expenditure reported lower actual spend by \$5.12 million against year to date budget estimates. This was largely attributed to the underspend in administered payments of \$3.16 million. Underspend in Payments on Behalf of the Crown (POBOCs) and depreciation also contributed to this underspending for the quarter. Refer to Administered Payments section for details.

* Operating Contingency: Spending on operating contingency had exceeded the original budget estimate by 149 per cent, the additional budget was approved through the Executive Council allowance under Article 70 of the Cook Islands Constitution.

See table below for Cabinet Minutes approval supporting Operating Contingency expenses.

Cabinet Minute	Date	Amount approved	Actual	Description
CM (19) 0202	7/09/2019	12,000	3,900	De-portion Costs of Non-Cook Islanders in breach of Immigration Entry Policy
CM (19) 0267	8/01/2019	34,398	34,398	Settlement Agreement between Tuhi Kelly and INTAFF.
CM (19) 0289	27/8/2019	33,397	28,930	Costs associated with the Official Visit of King Tuheitia Potatau VII
CM (19) 0253	8/08/2019	6,460	6,199	Vaeruarangi Ariki Funeral Costs
CM (19) 0315	9/01/2019	172,227	172,227	Routing Instruction for Wire - David McNair PC
CM (19) 0316	17/9/2019	10,000	3,093	30th Anniversary Celebration of the Te-Kukupa Patrol Boat.
CM (19) 0317	17/9/2019	48,857	0	Travel Costs - UN Climate Summit & Associated Meetings - New York
CM (19) 0322	20/9/2019	5,000	0	Teenui Mapumai Community Support Fund - Catering and Donation
		322,339	248,747	

Schedule 2: Cash Reserves General Government September 2019

Table	30-Sep-19 \$'000	30-Jun-19 \$'000
Operational Bank Accounts	28,955	32,833
Term Deposits and Trust Accounts	147,235	138,811
Cash and Term Deposits	176,190	171,644
<i>Less 2019/20 Budget Shortfall¹</i>	<i>-11,515</i>	<i>-7,087</i>
Total Cash and Term Deposits	164,674	164,557
Committed:		
Reserve Trust Fund ²	3,400	3,652
Disaster Response Fund ³	1,772	1,766
Loan Repayment Fund ⁴	28,858	23,605
Trust Account Deposits ⁵	11,913	1,636
Aid Trust Fund ⁶	30,260	25,345
Stabilisation Account ⁷	56,700	0
Land Trust Fund ⁸	7,607	8,899
Total Commitment for this year	140,510	64,903
Estimated General Cash Reserve	24,165	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 held, International unclaimed monies and Insurance Trust. The Increase was partly due to increase in Immigration deposits funds held, resulting from increase in foreign workers in the Construction and Tourism industry.

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 30 September 2019 was \$24.17 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

	30-Sep-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	289
Interest earned by LRF	165
Total Inflows	10,283
Principal paid out of LRF	1,922
Interest paid out of LRF	425
Total Outflows	2,347
Closing LRF Balance	28,858

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

Article 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 September 19 Quarter	708
Total Available Balance	3,436
Approved by Executive Orders	\$'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
Total Approval as at 30 September 2019	708

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

\$0.71 million out of the \$4.14 million allocation was utilised by end of the Quarter.

Table 1: Revenue on Behalf of Crown (ROBOC)

	Budget Estimates Full Year 2019/20 \$'000	Budget Estimates YTD September 2019 \$'000	Actual YTD September 2019 \$'000	Variance to YTD Budget Estimates \$'000	Actual Vs Full Year Budget 2019/20 %
Taxation Revenue					
Individual Income Tax	27,773	6,943	6,690	-253	24
Withholding Tax	2,247	562	881	319	39
Company Income Tax	22,170	5,543	5,313	-229	24
Value Added Tax	72,759	18,190	19,398	1,209	27
Departure Tax	12,120	3,030	4,136	1,106	34
Customs Tax	14,557	4,282	3,781	-500	26
	151,626	38,549	40,200	1,651	27
Other Revenue					
Drivers License Fees	260	65	91	26	35
Police Fines	70	17	0	-17	0
Immigration Fees	950	238	304	66	32
International Shipping Fee	10	0	0	0	0
Motor Vehicle Dealers	3	0	0	0	0
Shipping Registry Licenses	268	0	22	22	8
Upper Air Space Fees	746	0	295	295	40
Court Services	50	13	15	2	30
Foreign Investment Fees	27	6	7	1	27
IMO Subscriptions MCI	66	17	13	-4	19
Censorship Fees	3	1	1	0	17
Employer Liabilities	75	19	0	-19	0
Liquor License	70	0	4	4	6
Motor Vehicle Registration Fees	875	219	0	-219	0
Research Fees	2	0	0	0	6
Permits	24	4	2	-1	9
Bluesky Dividends	1,500	375	375	0	25
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	435	36	-399	2
Interest Income from SOE Advances	830	208	0	-208	0
Numismatics	450	113	60	-53	13
Sale of Circulating Currency	650	162	95	-68	15
Fisheries - US Treaties	5,059	1,265	2,000	735	40
Fishing Fines	100	0	10	10	10
Fishing Licenses	9,531	2,550	924	-1,626	10
Tattslotto	120	30	66	36	55
Financial Supervisory Commission - Return of Excess	198	0	0	0	0
Other Revenue on Behalf of Crown	0	0	0	0	0
	24,547	5,735	4,318	-1,417	18
Core Sector Support	7,730	3,865	3,865	0	50
Total Other ROBOC	32,277	9,600	8,183	-1,417	25
Total ROBOC	183,903	48,149	48,383	234	26

* Fishing Licenses recorded for the quarter was \$0.92 million. This is \$1.63 million below the estimated Budget of \$2.55million. The shortfall stems from less purse seine days purchased due to FAD closure during the quarter. Revenues are expected to pick up around second quarter due to high presence of yellow fin tuna around our EEZ zone around December.

Table 2: Payments on Behalf of Crown (POBOC)

	Budget Estimates Full Year 2019/20	Additional Funding Approval	Total Budget & Approval	Budget Estimates YTD September 2019	Actual YTD September 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	3,720	3,718	2	28
Child Benefit	5,576	0	5,576	1,644	1,523	121	27
Infirm/Destitute Benefit	528	0	528	206	166	40	31
Government Paid Maternity Leave	150	0	150	38	29	8	19
Carer Order Payment	10	0	10	3	0	3	0
BCI Transaction Fees	147	0	147	37	26	11	17
New Born Allowance	200	0	200	85	61	24	31
Audit Fee	96	0	96	0	0	0	0
PERC Salaries and Administration Costs	58	0	58	0	0	0	0
Bank of the Cook Islands Subsidy	128	0	128	0	0	0	0
Airport Authority Subsidy	2,048	0	2,048	171	341	-171	17
Ports Authority Subsidy	110	0	110	0	37	-37	33
Te Aponga Uira subsidy	380	0	380	0	0	0	0
Civil List - Constituency Visits	170	0	170	159	96	63	56
Civil List - Personnel	2,902	0	2,902	223	4	220	0
House of Ariki	348	0	348	20	71	-51	20
Parliamentary Sitting Expenses	150	0	150	10	16	-6	11
QR Travel and Allowances	109	0	109	37	60	-23	55
MP Travel and Allowances	341	0	341	230	209	21	61
International Subscriptions	688	0	688	95	47	48	7
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	45	28	17	15
BEPS Subscription	35	0	35	0	0	0	0
Local Government Election	30	0	30	0	0	0	0
	27,746	0	27,746	6,721	6,431	289	23

Table 3: Administrative Payments

	Budget Estimates Full Year 2019/20	Additional Funding Approval	Total Budget & Approval	Budget Estimates YTD September 2019	Actual YTD September 2019	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Power Subsidy	79	0	79	20	0	20	0
Funeral Assistance Allowance	170	0	170	77	63	14	37
Christmas Bonus	278	0	278	0	0	0	0
Caregivers Allowance	664	0	664	166	112	54	17
SOE Consortial DSM Harvest	0	0	0	0	0	0	0
Infrastructure Committee	150	0	150	38	11	26	7
Joint Venture with SBMA	130	0	130	47	47	0	36
Land Rent Reviews	0	0	0			0	0
Provision for Land Rentals	1,500	0	1,500	198	198	0	13
Rarotonga Water Utility Implementation	0	0	0	0	0	0	0
School Security	280	0	280	56	26	30	9
Special Projects Unit	420	0	420	51	51	0	12
Avaroa Cable	150	0	150	50	0	50	0
Renewable Energy Maintenance	250	0	250	50	0	50	0
To Tatou Vai	2,500	0	2,500	700	500	200	20
ICC Arbitration	300	0	300	300	152	148	51
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	29	4	25	4
Tribunal Committee Remuneration	0	0	0	0	0	0	0
Marketing Resources - Tourism Growth Strategy	4,922	0	4,922	1,641	1,641	0	33
Domestic Hosting Entertainment	15	0	15	10	8	2	53
QR Social Responsibility Fund	8	0	8	3	0	3	0
Head of State Rent	13	0	13	2	0	2	0
Bridges and Drainage Maintenance	1,200	0	1,200	300	25	275	2
OI Equipment Repairs of Unanticipated Breakdowns	200	0	200	50	27	23	13
Road Asset Management	0	0	0	0	0	0	0
Road and Civil Maintenance	1,100	0	1,100	315	315	0	29
Water Maintenance	0	0	0	0	1	-1	0
Waste Management	500	0	500	125	82	43	16

Table 3: Administrative Payments Cont'd

	Budget Estimates Full Year 2019/20	Additional Funding Approval	Total Budget & Approval	Budget Estimates YTD September 2019	Actual YTD September 2019	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Emergency Work	200	0	200	50	0	50	0
Te Maeva Nui Celebrations	723	0	723	622	618	4	86
Te Kopapa Reo Maori Board	15	0	15	7	5	2	32
Cook Islands Cultural Fund	200	0	200	75	20	55	10
Audio and Visual Digitization	40	0	40	0	0	0	0
Returned Services Association	5	0	5	1	0	1	0
Cook Islands Student Association Support	10	0	10	10	8	3	75
Production of new currency, transportation and sale of old coins	800	315	1,115	270	3	267	0
Provision for Inter-Island Shipping	500	0	500	125	0	125	0
Subsidy of audio/visual broadcasting in Pa Enea	45	0	45	11	0	11	0
Air New Zealand Underwrite	12,000	0	12,000	3,000	2,609	391	22
Debt Advisory Services	60	0	60	15	1	14	1
Marumarua Atua	0	0	0	0	0	0	0
Public Sector Strengthening - Process & Systems	200	157	357	117	102	15	29
Special Investigative & Prosecution Services	70	133	203	17	0	17	0
Standard and Poors Subscription	65	0	65	0	0	0	0
Border Management System Maintenance	155	0	155	39	0	39	0
Conduct of a Labour Force Survey	0	99	99	40	8	32	8
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	11	1	10	3
Tax Amnesty Project	0	0	0	0	0	0	0
Post Tax Amnesty Work	484	0	484	202	171	31	35
The Centre of Research and Policy Studies	80	0	80	20	4	16	5
The Centre of Excellence in Information Technology (CEIT)	250	0	250	62	29	34	11
Asian Infrastructure Investment Bank (AIIB) Membership	0	0	0	8	0	8	0
Economic Utilities Regulator	100	0	100	25	0	25	0
Fisheries Development Facility	200	0	200	50	0	50	0
Fisheries Development Facility in the Pa Enea	100	0	100	50	3	47	3
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 September 2019	Actual YTD September 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	163	117	25
Private School Funding - Nukutere	0	0	0	115	115	0	0
Tertiary Training Institutions	1,210	0	1,210	279	279	0	23
University of the South Pacific Contribution	205	0	205	20	6	14	3
Bus Service	26	0	26	7	4	2	17
Private School Funding - Nukutere	595	0	595	63	42	21	7
Private School Funding - St. Josephs	458	0	458	49	33	16	7
Private School Funding - Creative Centre	141	0	141	31	30	1	21
Private School Funding - Te Uki Ou	530	0	530	92	92	0	17
Private School Funding - Papaaroa	248	0	248	52	52	0	21
Private School Funding - Aitutaki SDA	199	0	199	41	41	0	21
Private School Funding - Immanuela Akatemia	241	0	241	61	61	0	25
Private School Funding - Blackrock	100	0	100	24	24	0	24
NCD Fund	195	0	195	59	59	0	30
Nursing School	234	0	234	72	73	-1	31
Operation Namu	0	0	0	0	0	0	0
Patient Referrals	850	0	850	319	319	0	38
Pharmaceuticals	868	0	868	260	175	86	20
CISNOC Grant	370	0	370	370	370	0	100
Lease Extension	72	23	95	18	9	9	9
SIF - CIG Contribution	800	110	910	577	452	125	50
Vaka Maintenance	400	0	400	100	61	39	15
Special Assistance Projects	100	0	100	65	64	0	64
Internal Affairs Youth Program	45	0	45	11	0	11	0
EO 1.5% CISNOC Grant Top Up	0	0	0	0	0	0	0
Court Transcripts Update Project	0	0	0	0	0	0	0
Judge's Allowances	300	0	300	75	12	63	4
Land Records Update Project	120	0	120	30	0	30	0
Legal Aid	40	0	40	10	0	10	0
E - Waste & Whitewear Collection	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 September 2019	Actual YTD September 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	21	11	10	13
Management of Suwarrow Park	100	0	100	25	4	21	4
EIA Process	150	0	150	38	5	32	3
Search and Rescue	20	0	20	5	2	3	11
Serious Crime Investigations	100	0	100	25	18	7	18
Te Kukupa - Biannual Slipping	0	61	61	61	61	0	100
Te Kukupa - Fuel Contribution	140	0	140	35	35	0	25
Police Youth Program	45	0	45	11	0	11	0
HOM's Salaries	1,742	0	1,742	405	426	-21	24
PM Social Responsibility Fund	243	0	243	182	182	0	75
Public Sector Strengthening	0	0	0	0	0	0	0
Community Support Fund	100	0	100	75	29	46	29
ICT Support Team	250	0	250	188	0	188	0
Red Cross	50	0	50	50	50	0	100
Pa Enea Mechanical Overseer	130	0	130	31	5	26	4
Energy Commissioner	100	0	100	75	0	75	0
EO 1.5% Marae Moana Ambassador	0	0	0	6	0	6	0
	43,604	898	44,502	13,364	10,206	3,158	23

Air New Zealand Underwrite

Of the \$3 million estimated budget for the quarter, \$2.61 million was utilised. Subsidy paid depends on the monthly financial performance of the air line for the LA-Rarotonga and Sydney - Rarotonga route. The savings would mean improved financial performance for the quarter hence lesser subsidy payment required to make up the minimum revenue return expected for the month.

New coins

Production of new coins had an estimated budget of \$0.27 million for the quarter. Of the \$0.27 million, only \$0.003 million (\$3,000.00) was spent due to sufficient coins in stock. Total budget is expected to be utilised by end of the financial year.

ICT Support

Underspent in ICT was due to timing of spending. OPM will be undertaking a whole of Government ICT network upgrade later in the financial year which will see the utilisation of the appropriated budget for the project.

Bridges/Drainage

Bridges and Drainage only spent \$0.025 million, a variance of 0.28 million on YTD budget estimate . Planned expenditure against budget is programmed for early 2020 based on award of contracts, advanced payments and monthly progress claims.

To Tatou Vai

To Tatou Vai had a budget estimates of \$0.70 million for the quarter and \$0.50 million was spent due to timing issue.

Table 4: Capital Expenditures

	Budget Estimates Full Year 2019/20 \$'000	Additional Funding Approval \$'000	Total Budget & Approval \$'000	Budget Estimates YTD September 2019 \$'000	Actual YTD September 2019 \$'000	Variance to YTD Budget Estimates \$'000	Actual Vs Full Year Budget 2019/20 %
Bridges & Structure Improvement	2,580	0	2,580	3	3	0	0
Rutaki Foreshore Rock Revetment	250	0	250	0	0	0	0
Government IT Network	650	0	650	0	0	0	0
Renewable Energy Project Management and Support	250	0	250	110	14	96	5
Atiu Road Improvement	570	0	570	143	84	59	15
Establishment of New Water Galleries	200	0	200	50	24	26	12
Mitiaro Water Upgrade	250	0	250	62	33	29	13
FMIS Purchase and Implementation	469	0	469	117	55	63	12
AEOI IT System	0	85	85	0	0	0	0
Vaikapuangi Government Building-Design	600	0	600	0	0	0	0
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	0	0	0	0
Orongo Development Master Plan and Centre reconstruction - Ports Authority	500	0	500	0	0	0	0
School Upgrade	480	0	480	0	0	0	0
To Tatou Vai	150	0	150	50	0	50	0
Avatiu Valley Stream embankment	22	0	22	22	0	22	0
Drainage Improvement	1,800	0	1,800	495	495	0	28
Nassau Ferry	350	0	350	0	0	0	0
Pa Enea Cyclone Center	4,200	0	4,200	0	0	0	0
Pa Enea Marine Infrastructure Improvement	150	0	150	38	0	38	0
Road Assest Management	8,000	0	8,000	663	663	0	8
Mei Te Vai ki Te Vai	1,000	198	1,198	250	0	250	0
MFEM Extension - Furniture and materials	100	0	100	25	0	25	0
Shipping Vessel	2,500	0	2,500	4	4	0	0
Te Mato Vai - Rarotonga Water Upgrade	9,000	1,299	10,299	3,300	2,563	737	25
Fund to be Prioritised by Education	360	0	360	10	0	10	0
CT Scanner	100	0	100	0	0	0	0

Table 4: Capital Expenditures Cont'd

	Budget Estimates Full Year 2019/20	Additional Funding Approval	Total Budget & Approval	Budget Estimates YTD September 2019	Actual YTD September 2019	Variance to YTD Budget Estimates	Actual Vs Full Year Budget 2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Abmulance	0	61	61	0	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	0	550	478	478	0	87
Aitutaki Capital Funding	16	0	16	4	0	4	0
Atiu Capital Funding	12	0	12	3	0	3	0
Mitiaro Capital Funding	8	0	8	4	1	3	8
Mauke Capital Funding	10	0	10	2	0	2	0
Mangaia Capital Funding	12	0	12	3	0	3	0
Manihiki Capital Funding	10	0	10	2	0	2	0
Penrhyn Capital Funding	12	0	12	3	0	3	0
Palmerston Capital Funding	10	0	10	2	0	2	0
Pukapuka Capital Funding	12	0	12	4	4	0	29
Rakahanga Capital Funding	8	0	8	2	0	2	0
Manea Games Upgrade Capital Funding	100	0	100	25	0	25	0
Fund to be Prioritised by Health for Technical Equipment	300	0	300	0	0	0	0
Capital Distribution Fund	800	389	1,189	200	3	197	0
Parliament Building Extension	300	0	300	300	40	260	13
	40,710	2,031	42,741	6,445	4,464	1,981	10

Table 5: Statement of Borrowings

	Loan start date	Loan End date	Loan Currency	Original Loan Amount	Interest Rate	June 2019 Balance	Principal Payments	FOREX Adjustment	Revaluation/Draw Down Adjustments	September 2019 Balance	Change June Qtr
						('000)	('000)	('000)	('000)	('000)	('000)
Asian Development Bank											
1. First multi project loan - 461	Nov-80	Aug-20	USD	1,000	1.00%	166	(53)	0	0	113	(53)
2. First Cook Islands Development Bank project loan - 567	Jul-82	Apr-22	USD	1,500	1.00%	245	0	7	0	252	7
3. Second multi project loan - 849	Dec-87	Aug-27	SDR	2,150	1.00%	1,439	(80)	33	0	1,392	(47)
4. Outer Islands telecommunications project loan - 1031	Oct-90	Aug-30	SDR	2,578	1.00%	3,721	(154)	89	0	3,657	(64)
5. Second Cook Islands Development Bank loan - 1155	Mar-92	Dec-31	SDR	1,085	1.00%	957	0	27	0	984	27
6. TCI Emergency Loa- 1171	Aug-92	Jun-32	SDR	349	1.00%	331	0	10	0	341	10
7. Pearl Loan (1994) - 1309	Dec-94	Aug-34	SDR	272	1.00%	387	(12)	10	0	385	(2)
8. Education development- 1317	Feb-95	Aug-34	SDR	1,852	1.00%	2,361	(72)	59	0	2,348	(13)
9. Third Cook Islands Development Bank loan- 1380	Jan-96	Sep-35	SDR	1,977	1.00%	2,030	(62)	56	0	2,023	(7)
10. Economic restructuring loan - 1466	Sep-96	Sep-36	SDR	3,430	1.00%	4,645	(132)	124	0	4,637	(8)
11. Cyclone Rehabilitation Project loan - 1588	Jan-97	Jan-38	SDR	583	1.00%	816	(21)	21	0	816	0
12. Waste Management loan - 1832	Dec-01	Jun-33	SDR	1,695	1.50%	1,953	0	54	0	2,007	54
13. Cyclone Emergency Assistance loan- 2174	Jun-05	Jan-45	SDR	1,895	1.00%	3,454	0	95	0	3,549	95
14. (SF) Avatiu Ports Development Loan - 2473	Sep-09	Nov-40	SDR	4,524	1.50%	6,004	0	165	0	6,169	165
15. (OCF) Avatiu Ports Development Project Loan - 2472	Sep-09	Nov-33	NZD	8,697	5.77%	8,861	0	14	0	8,875	14
16. (SF) Economic Recovery Support Program Loan - 2565	Jan-10	Oct-24	NZD	11,053	2.52%	5,527	0	0	0	5,527	0
17. (OCF) Avatiu Ports Development Project Loan- 2739	Dec-11	Nov-35	NZD	5,290	2.64%	4,964	0	0	0	4,964	0
18. (OCR) Economic Recovery Support Program 2 Loan - 2946	Dec-12	Oct-27	NZD	11,053	2.75%	5,135	0	0	0	5,135	0
19. (OCF) Renewable Energy Sector- 3193	Jan-15	Jun-36	NZD	12,980		8,552	0	0	745	9,297	745
						61,548	(586)	764	745	62,470	922
Export -Import Bank of China											
20. Indoor Sports Stadium & Upgrade of Existing Sports Facilities	Aug-08	Aug-28	RMB	74,100	1.80%	9,080	(486)	630	0	9,224	144
21. Rarotonga Water Ring Main Upgrade Loan	Dec-12	Dec-32	RMB	118,000	2.00%	24,253	(851)	1,236	0	24,638	385
						33,333	(1,337)	1,866	0	33,863	530
Total Gross Borrowings						94,881	(1,922)	2,630	745	96,333	1,452
Less Loan Repayment Fund						20,922	0	0	7,936	28,858	7,936
Net Borrowing by the Crown						73,959	(1,922)	2,630	(7,191)	67,475	(6,484)
Less Avatiu Port Development						19,829	0	179	0	20,008	179
Net Borrowing by the General Government						54,130	(1,922)	2,450	(7,191)	47,467	(6,663)

Crown Gross Debt

The total gross debt by the Crown for the September 2019 period was \$96.33 million, an increase of \$1.45 million from the June 2019 quarter due mainly to the unfavourable movements in foreign exchange rates, the drawdown of the Renewable Energy Project and offset by the principal payments.

Crown Net Debt

'Net Debt' is equivalent to total gross debt net of the Loan Repayment Fund (LRF) and debt held on behalf of the SOEs. Net Debt at the end of September 2019 quarter was \$47.47 million, a \$6.66 million reduction from the June 2019 quarter. This reduction was mainly a result of the increase in the LRF fund of \$7.94 million in addition to the principal repayments of \$1.92 million, offsetting these were the unrealised foreign loss of \$2.45 million and the drawdown on the Renewable Energy Project of \$0.75 million.

Table 5.1 Average Foreign Currencies against New Zealand Dollars	Jun-19	Movements	
		Sep-19	from Jun -19
Foreign Currencies			
United States Dollars (USD)	0.6579	0.6277	-0.0302
Chinese Yuan (RMB)	4.5401	4.4691	-0.071
Special Drawing Rights (SDR)	0.4815	0.4604	-0.0211

The above foreign currencies rates were used to calculate fair value balances of existing loans as at 30 September 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 September 2019
Cook Islands Core Sector Support - Budget Support*	New Zealand	7,730,487	0
Cook Islands Core Sector Support - TA Component	New Zealand	1,269,513	424,376
Chinese Building Repairs	China	10,837,524	0
E-Government TA Support	Asian Development Bank	111,504	0
India Grant Fund	India	680,000	5,787
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	0
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	426,110
Aid Effectiveness	Other	100,000	18,401
Asset Management	New Zealand	12,750,000	330,987
Mei Te Vai Ki Te Vai (MTVKTV)	New Zealand	4,000,000	643,710
Sustainable Fisheries Partnership Agreement	European Union	588,730	137,900
NZ Volunteer Services Aboard	New Zealand	200,000	0
Japan Trust Fund	Japan	210,521	0
WHO Biennium Budget Support	WHO	204,545	0
Western Pacific Multi-country Integrated HIV/TB programme - UNDP	UNDP	80,000	0
Ridge to Reef	Global Environment Facility	1,284,003	0
Strengthening the Implementation of the Nagoya Protocol on Access to Genetic Resources and Benefit Sharing in the Cook Islands	Global Environment Facility	120,430	0
Renewable Energy Grant (Southern Group) - GEF	Global Environment Facility	891,365	113,042
Renewable Energy Grant (Southern Group) - GCF	Green Climate Fund	8,316,288	0
Preparation of the Third National Communication under UN Framework Convention on Climate Change (UNFCCC)	Global Environment Facility	200,000	39,788
Green Climate Fund Readiness	Green Climate Fund	769,087	10,783
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	0
Northern Water Project Phase 2	EU-German Development Cooperation	21,338	15,538
GEF Small Grants Programme	Global Environment Facility	485,161	0
Japan Grassroots Human Security - Resource Recovery Centre	Japan	178,391	0
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	2,207,417

Manatua Polynesian Cable Project

Quarterly spend is \$426,110. Considerable work has been undertaken during this reporting period, however these works started much later than expected which caused minimal change in the spend against the amount reported in the previous quarter. Avaroa Cables Limited has been formed to operate and manage the Cook Islands stake in the Manatua project. An independent board has been appointed to oversee the company. Cable landing station sites in Rarotonga and Aitutaki have been identified. The area in Rarotonga where the Cable is brought onto land is under discussions between ACL and the respective landowners. The area in Aitutaki where the Cable is brought onto land have been identified and secured with respective landowners. Avaroa Cables Limited has been formed to operate and manage the Cook Islands stake in the Manatua project. An independent board has been appointed to oversee the company. Cable landing station sites in Rarotonga and Aitutaki have been identified. The area in Rarotonga where the Cable is brought onto land is under discussions between ACL and the respective landowners. The area in Aitutaki where the Cable is brought onto land have been identified and secured with respective landowners.

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 are currently drafting the new Core Sector Support Grant Funding Agreement for 2019/20 – 2023/24. Therefore, the estimated budget towards CSS has been based on the previous baseline which has been pre-approved by New Zealand in anticipation of a finalised Grant Funding Arrangement.

Sustainable Fisheries Partnership Agreement - European Union

Total spend this quarter is \$137,900.

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 assists 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 \$113,042. 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. Commissioning tests are still ongoing. GCF grant there is zero spend. Procurement for this subproject is in two LOTS. This funding will be used for the procurement of equipment and materials, civil works, related transportation, insurance, and installation costs for the installation of three additional units of Battery Energy Storage System (BESS).

Under the Airport South contract, works carried out this quarter are progressing well. Payments are due in the next reporting period. Power station contract is yet to be awarded and signed. Bids are currently undergoing evaluation.

Asset Management

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 due to start 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 \$643,700. 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 September 2019 ('000)	Actual YTD September 2019 ('000)	Variance to YTD Budget Estimates ('000)
SOEs Consolidate Group			
Trading Revenue	12,704	12,696	-7
Personnel	2,694	2,653	41
Operating	8,367	6,853	1,514
Depreciation	1,444	1,458	-14
	12,504	10,964	1,540
Net Activity Surplus / Cost	199	1,732	1,533
SOEs Parent - Cook Islands Investment Corporation (CIIC)			
Trading Revenue	1,404	1,009	-395
Personnel	295	459	-163
Operating	1,155	587	568
Depreciation	23	21	2
	1,473	1,067	407
Net Activity Surplus / Cost	-69	-58	-12

The tables above consolidates the September 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 \$1.73 million, which is \$1.53 million ahead of budget, with the positive surplus variance attributable to the operating results of TAU, BCI and the Airport Authority. Trading revenues is in line with budget at a Group level, with larger actual revenues from TAU offset by lower than budget revenues from CIIC due to timing. Personnel, operating and depreciation are all under budget at the CIIC consolidated group level.