



MINISTRY OF FINANCE AND ECONOMIC MANAGEMENT

PRESS RELEASE

COOK ISLANDS GOVERNMENT QUARTERLY FINANCIAL REPORT – MARCH 2018

The Cook Islands Government (CIG) financial outcome for the March 2018 quarter is now available on the MFEM website. (www.mfem.gov.ck)

Operating Balance

The net operating balance of the General Government sector for the nine months ending March 2018 resulted in an operating surplus of \$26.19 million, \$24.47 million higher than what was forecasted during the publication of the budget estimates.

This was largely driven by higher revenue collection (by \$17.74 million) followed by saving in overall operating expenditure (by \$6.73 million) for the reporting period.

Higher taxation collection accounted for \$15.21 million of the variance in revenue collected, \$6.73 million of this was from higher than estimated collection in company tax, a direct result of the tax amnesty program that came into effect during the year.

Saving in Administered payments of \$6.25 million was the main contributing item to the favourable variance in operating expenditure. This was however due mainly to timing issue against the initial cash flow plan. The saving is expected to be reduced towards the end of the financial year when expenditures are due.

Fiscal Balance

The fiscal balance adjusted the net operating balance to take into account spending on capital items net of depreciation.

The overall fiscal balance for the reporting period was \$17.71 million, which demonstrates a \$51.34 million saving, mainly as a result of delays in capital/infrastructure implementation.

Spending on Te Mato Vai, Renewable energy projects in Aitutaki and Pa Enua and the Rarotonga Road Sealing Programme were amongst the list of projects that had experienced delays for various reasons. It is anticipated that various large capital projects will be reprogrammed into the new financial year.

This creates fiscal space for other important unforeseen projects that can be considered in the short term.

Financial Position

The CIG cash position is reported at \$112.21 million, which represents only cash managed through the Ministry of Finance on behalf of general Government and does not include an estimated \$8.09 million cash held directly by Ministries and other Crown agencies.

The CIG reported a gross debt of \$100.04 million for the same period, this represents actual loans disbursed and adjusted for debt service repayments. Net Debt adjusts the Gross Debt for the effect of LRF held against those loans and the loans held on behalf of SOE's. Net debt was reported at \$56.82 million at the end of the reporting period.

The net position of the CIG demonstrate a healthy position at the end of the reporting period.

The MFEM will continue to monitor the performance of expenditures against the approved appropriation for the last quarter of the financial year.

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7 June 2018