

Summary Outcomes of Cook Islands Quarterly Financial Report

June 2018.

The June 2018 Quarterly Financial Report was prepared on an accrual basis as far as practical and outline income and expenses incurred which may not have been necessarily received or paid.

Total budget includes additional funds that were either being carried forward from previous year(s) or approved through an Executive Council order.

The financial statements are for the General Government Sector and does not include State Owned Enterprises (SOE's) financials. SOE's performance are reported in the quarterly reports on its own section.

Key Outcomes:

1. Net Operating Balance and Fiscal Balance of General Government

2016/17 Actual	2017/18 Budget Estimate - Full Year ('000)	2017/18 Additional Funding Approval ('000)	2017/2018 Total Budget & Approval ('000)	2017/18 Actual - Full Year ('000)	Variance ('000)	%
171,521 Operating Revenue	154,534	0	154,534	182,612	28,077	18
125,763 Operating Expenditure	150,332	3,717	154,049	145,385	8,664	6
45,758 Net Operating Balance	4,202	3,717	485	37,226	36,742	7,577
7,814 Add Depreciation	8,887	0	8,887	8,676	181	5
20,783 Less Capital Expenditure - CI Govt Funded	44,904	15,550	60,454	22,041	38,413	64
32,789 Fiscal Balance	(31,815)	19,267	(51,082)	23,891	75,336	(147)

The net operating balance for the period ending 30 June 2018 was a surplus of \$37.23 million.

The overall fiscal balance of General Government Sector was \$23.89 million. The overall fiscal balance adjusts the Net Operating Balance for depreciation and capital expenditure.

Operating Revenue

Total operating revenue for the period was above Budget estimates by \$28.08 million primarily as a result of greater taxation collection.

- Company Tax was \$8.86 million above Budget estimates (69% up), the variance attributed to the additional company tax recovered under the tax amnesty.
- Income Tax was \$5.63 million above Budget estimates (24% up), this was also attributed mainly to the additional income tax recovered under the tax amnesty.
- Value Added Tax (VAT) was \$4.76 million above Budget estimates (8% up), attributed to the increased economic activities evident by the increased visitor numbers.

Operating Expenses

Total operating expenses for the period ending 30 June 2017/18 were lower than the Budget estimates and were largely lower spending in;

- Administered Payments (\$6.23 million)
- Ministry Appropriation (\$6.01 million)
- Payments on behalf of Crown (\$1.07 million).

Capital Expenditure

Capital Expenditure was well below expectations by \$38.41 million due mainly to delays in implementation of capital projects.

2. General Cash Reserves

	June 18 Qtr
	('000)
Cash Deposit at Bank	101,765
Current Operating Accounts	15,159
Total Cash Reserve	116,924
Total Commitment for this year	32,780
Estimated General Cash Reserve	84,144

Cash held at the bank of \$101.77 million represents cash managed through the Ministry of Finance on behalf of general Government. This does not include an estimated \$5.14 million cash held directly by Ministries and other Crown agencies.

Total committed funds of \$32.78 million relates to funds set aside for specific purposes, this includes the Loan Repayment Fund (LRF), Working Capital, Disaster Response Trust and other Trust funds.

The total estimated general cash reserve for the general Government was \$84.14 million at the end of June 2018.

3. Crown Debt Position

	June18 Qtr
	('000)
Total Gross Debt	101,292
<i>Less</i> Loan Repayment Fund	21,461
Net Debt by the Crown	79,831
<i>Less</i> Avatiu Port Development	21,376
Net Debt by the General Government	58,455

Total Gross Debt was \$101.29 million at the end of the quarter. This represents actual loans disbursed and adjusted for debt service repayments. Loans that have not being disbursed, like the Te Manatua Cable loan, are not included.

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 \$58.46 million at the end of the reporting period.

For further information, refer to the Cook Islands Government Quarterly Financial Report for June 2018 on the MFEM website (www.mfem.gov.ck) or contact the Treasury Division-MFEM for more details on 29511.