

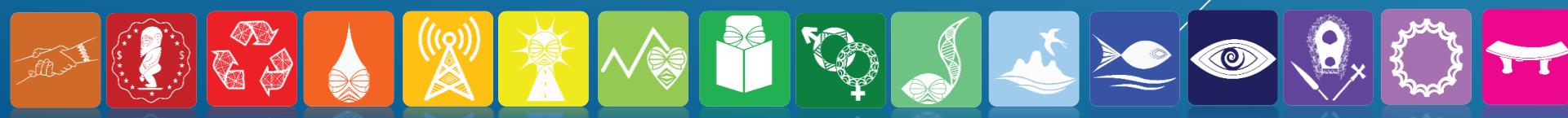
# 2017/18 BUDGET

Public presentation, 23<sup>rd</sup> June, The  
Islander Hotel



# OUTLINE

- ▶ Overview
- ▶ Budget Balances
- ▶ Fiscal Responsibility Ratios
- ▶ Government Spending by Function
- ▶ Major Initiatives

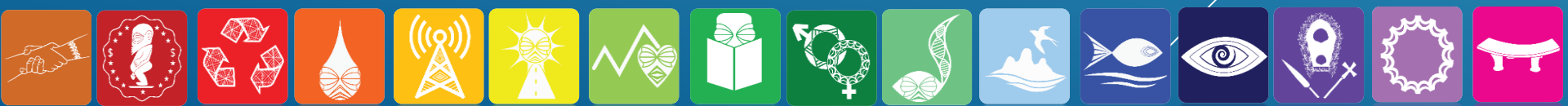
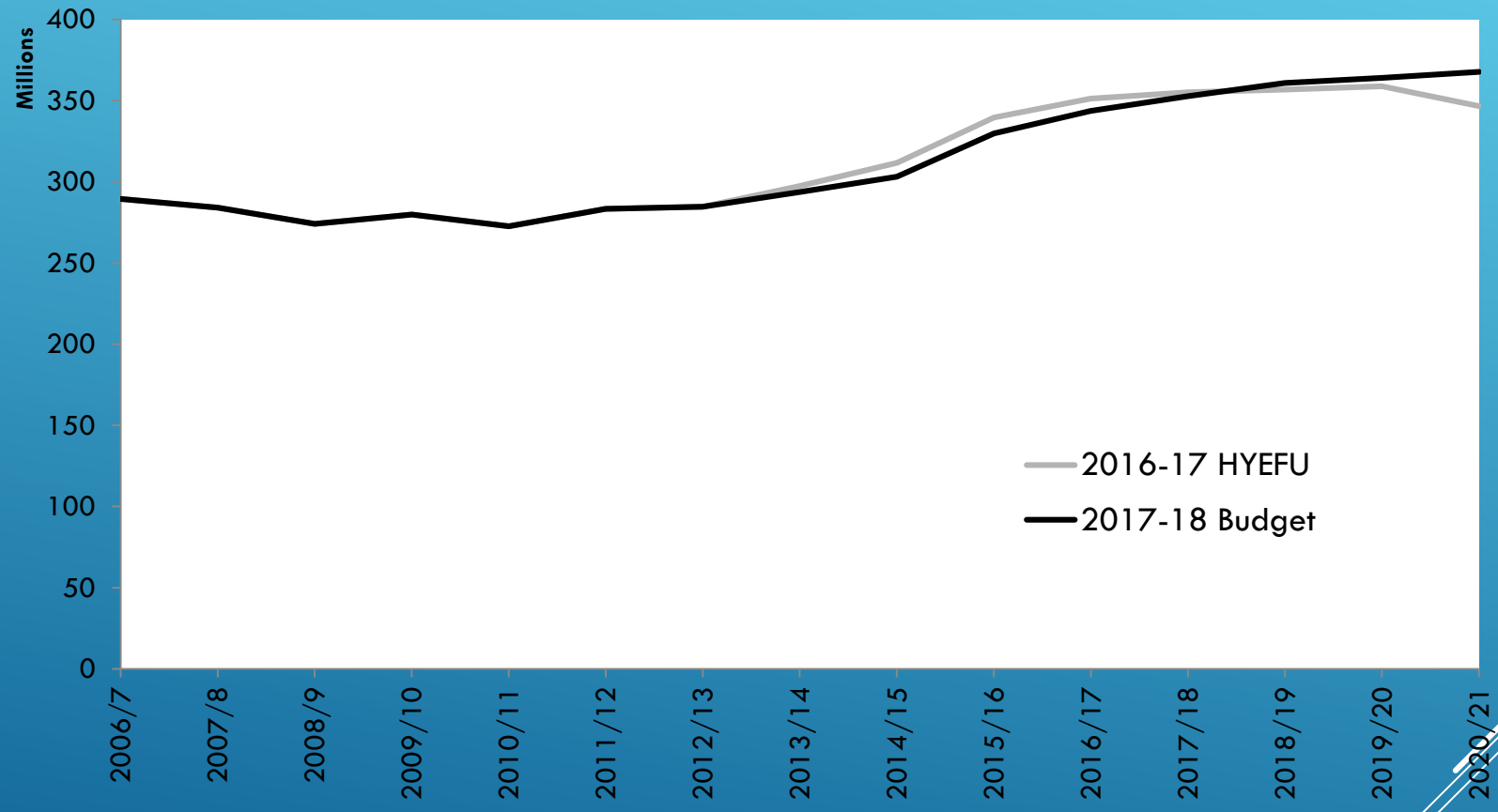


# OVERVIEW

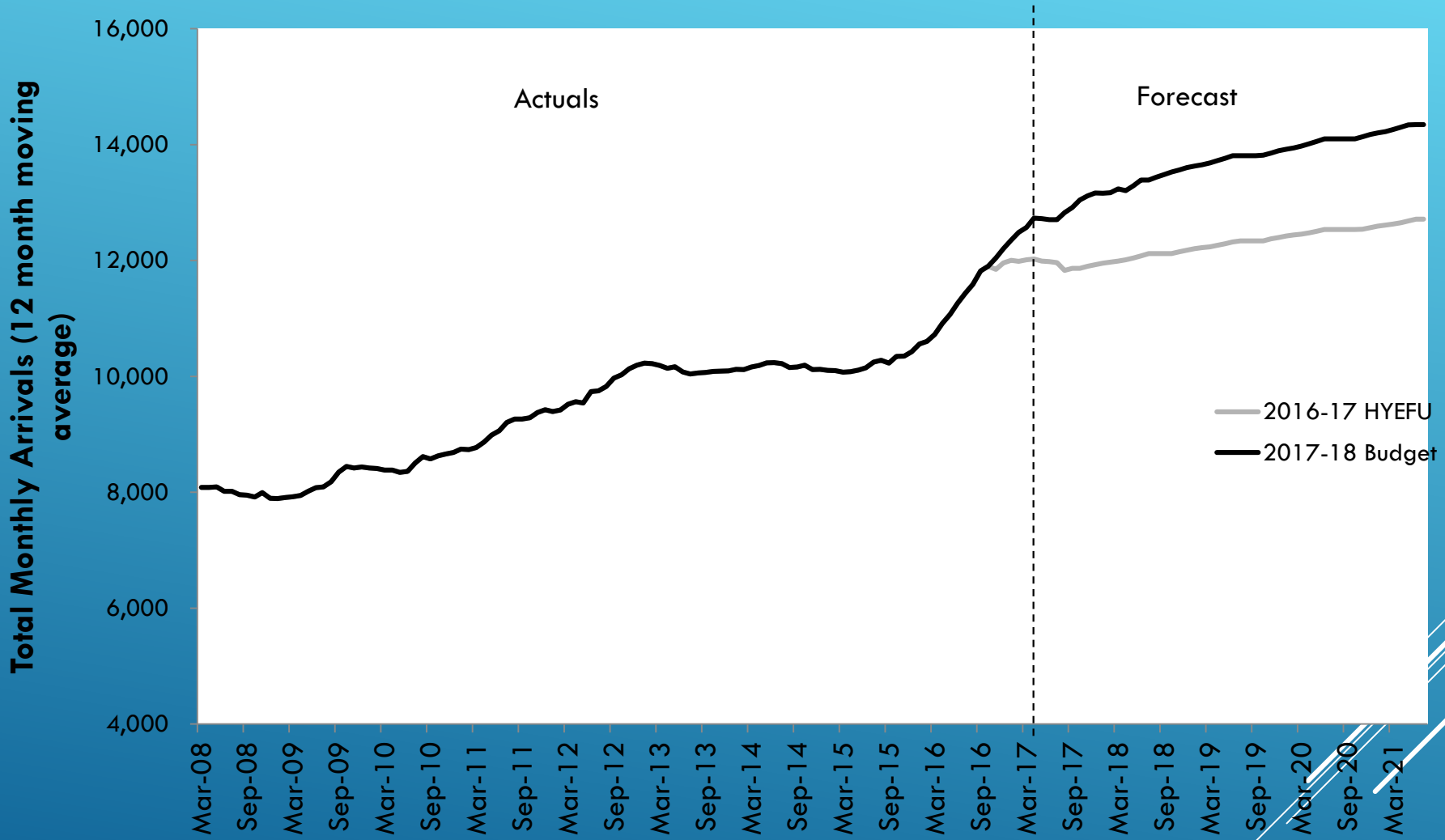
- ▶ The economy is estimated to have grown at a rate of 4 per cent in 2016/17, continuing on from strong growth in 2015/16.
- ▶ Growth has largely been driven by higher than expected tourist arrivals
- ▶ This has increased Government revenue in 2016/17
- ▶ Going forward, revenue will moderate slightly in 2017/18 due to Government policy to relieve businesses and individuals of tax debt



# ECONOMIC GROWTH



# TOURISM ARRIVALS



# OVERVIEW

- ▶ Large operation surplus in 2016/17 being invested into operational spending and capital investments across 2017/18 and forward years.
- ▶ Complements significant spending by donor partners on key infrastructure

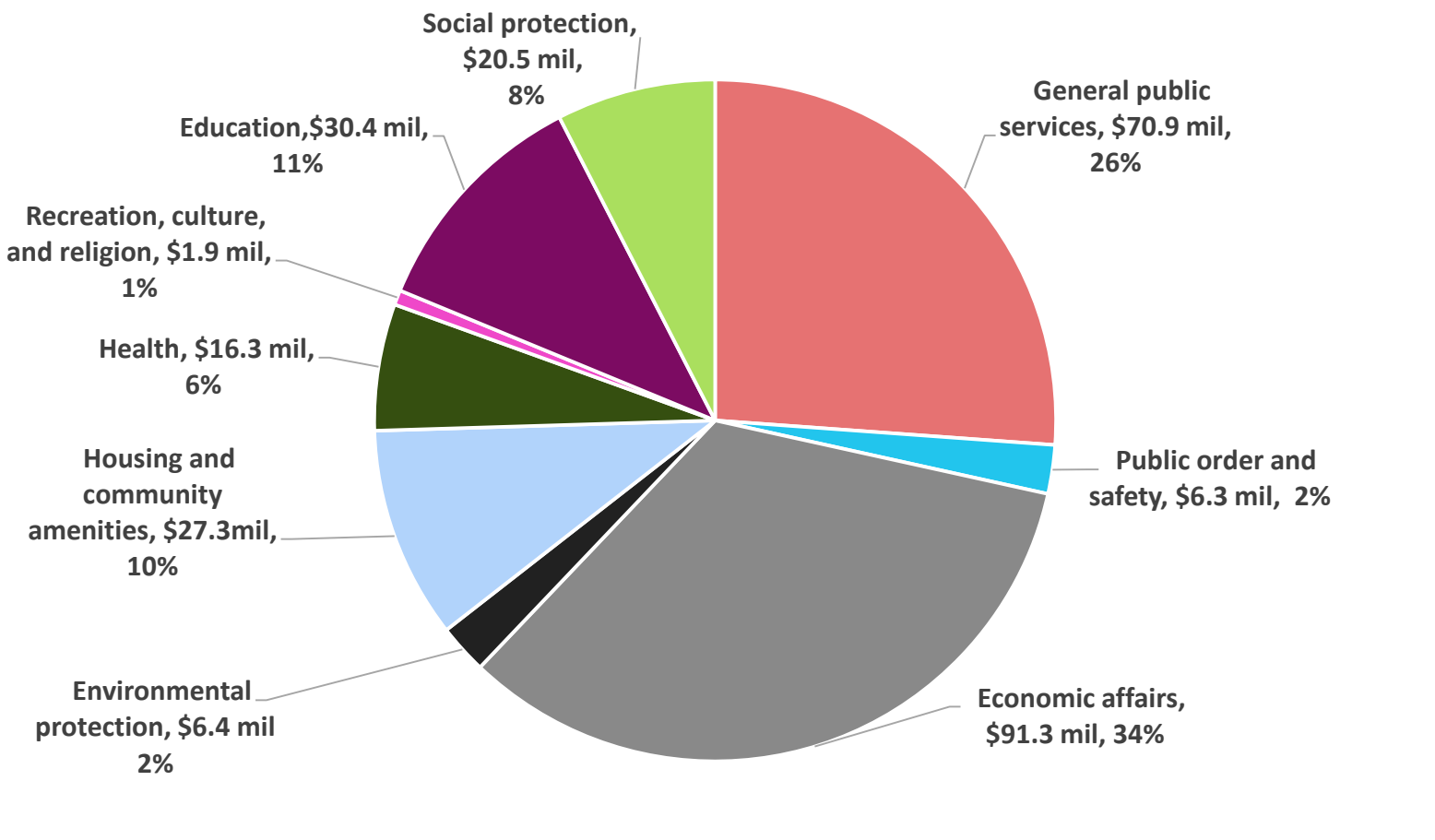


# BUDGET BALANCES – CIG (\$M)

	2016/17 Estimate	2017/18 Budget	2018/19 Proj.	2019/20 Proj.	2020/21 Proj.
Total Operating Revenue	158.6	153.9	150	153.3	155.7
Total Operating Expenditure	135.4	149.7	140.4	139.5	137.1
<b>Operating Balance</b>	<b>23.3</b>	<b>4.2</b>	<b>9.6</b>	<b>13.7</b>	<b>18.6</b>
Capital Expenditure	26.7	44.9	40.7	24.6	16.1
<b>Fiscal Balance surplus/deficit</b>	<b>6.7</b>	<b>-27.9</b>	<b>-18.2</b>	<b>2.1</b>	<b>15.5</b>

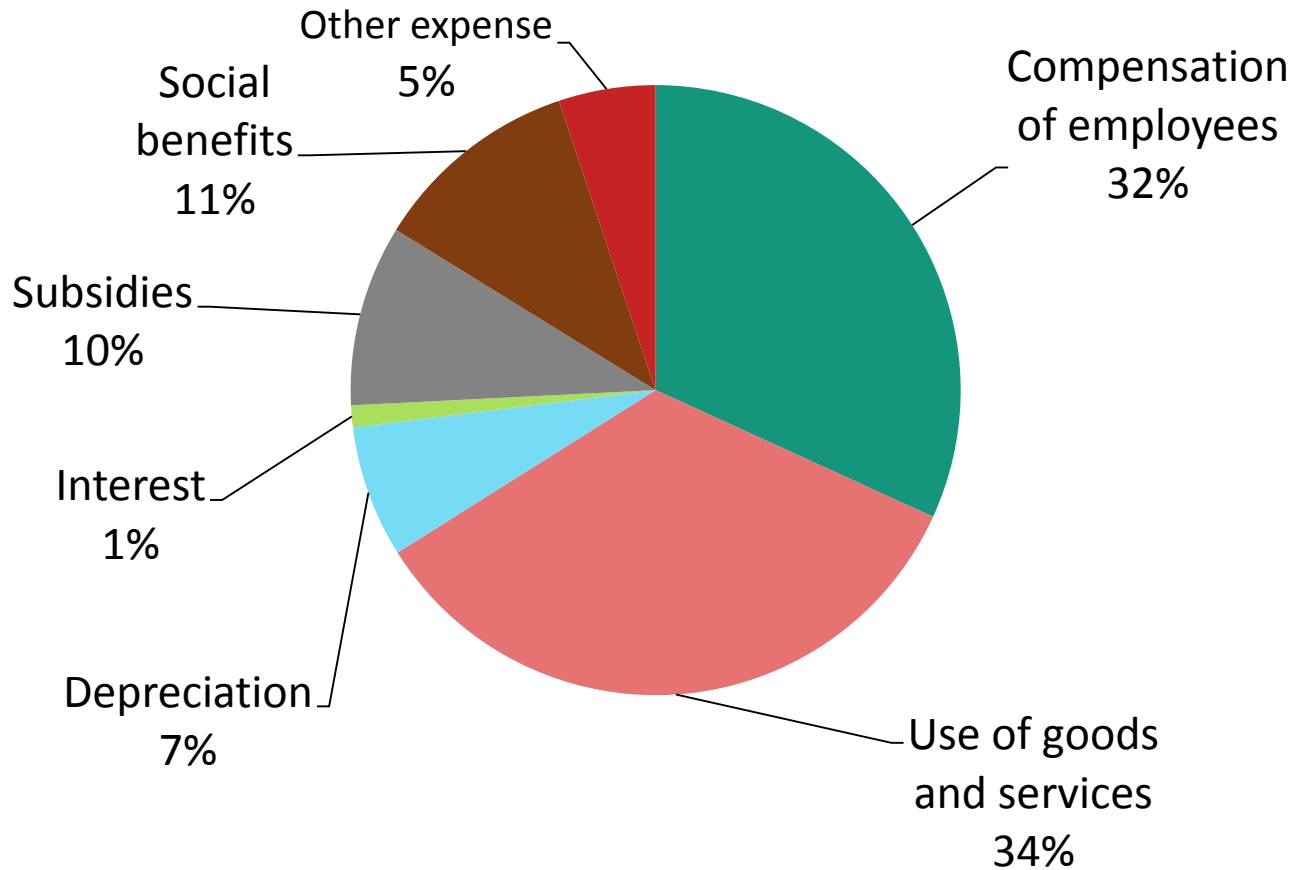


# SPENDING BY FUNCTION OF GOVERNMENT

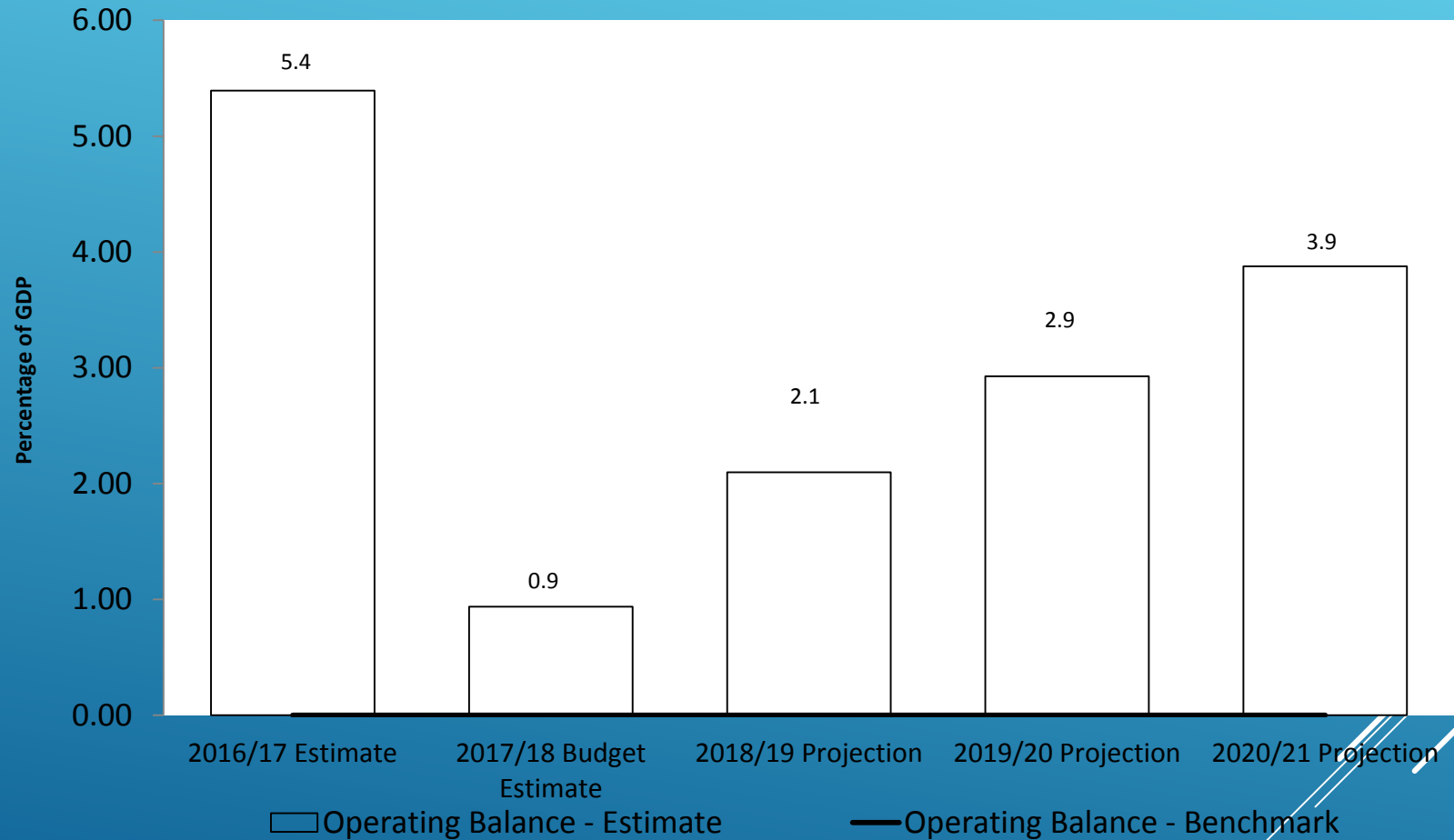




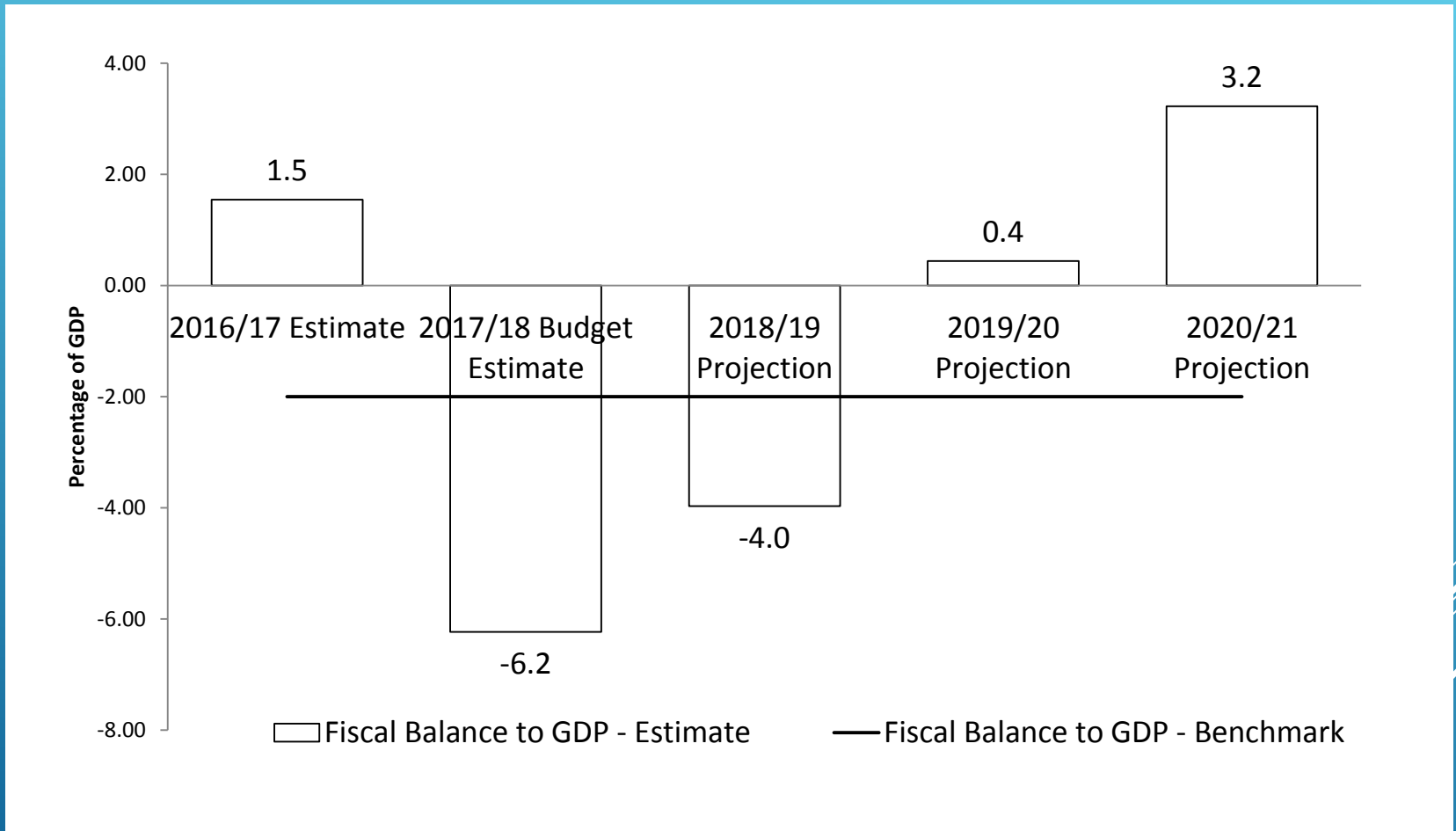
# SPENDING BY EXPENDITURE TYPE



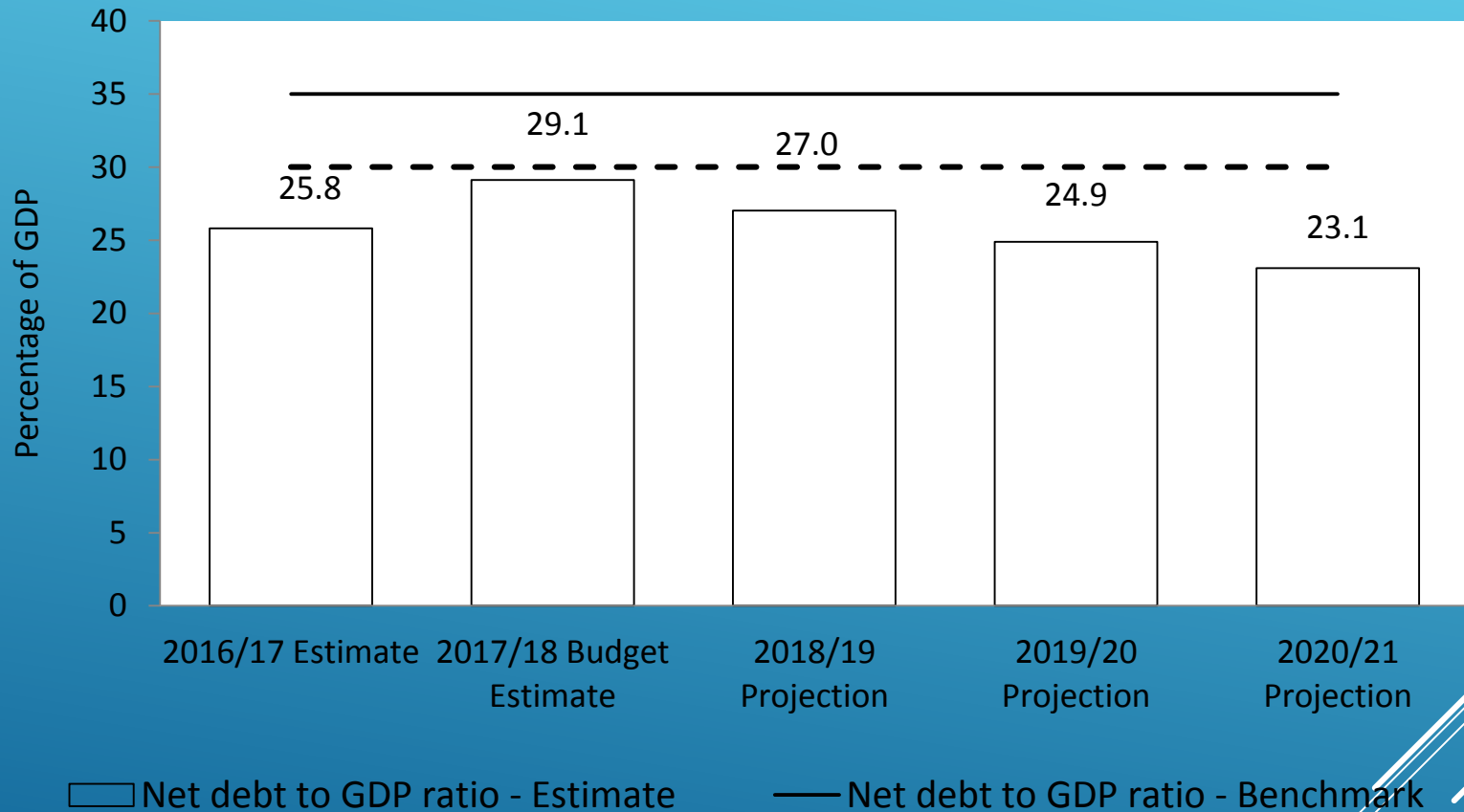
# FISCAL RATIOS – OPERATING BALANCE TO GDP



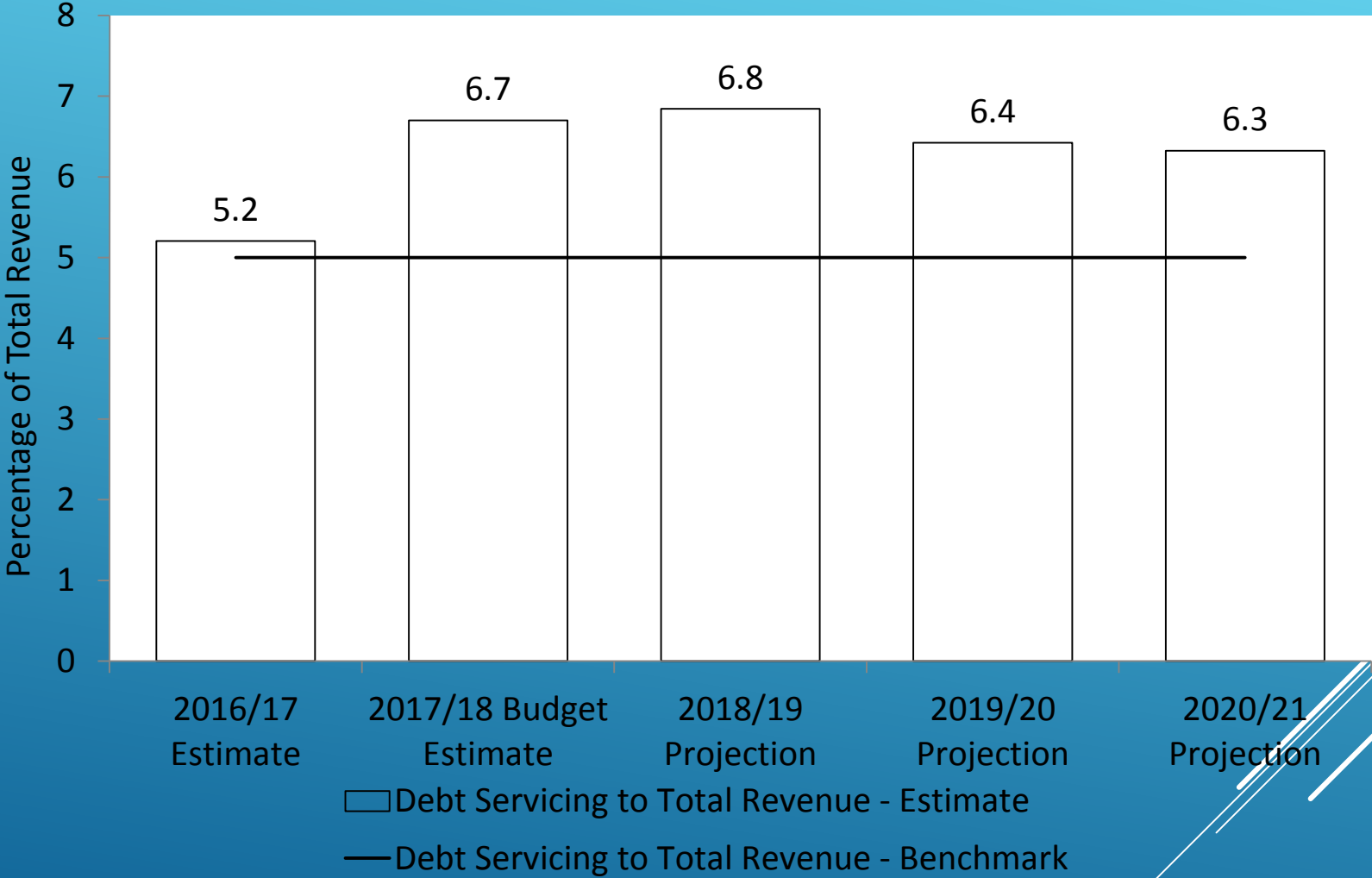
# FISCAL RATIOS – FISCAL BALANCE TO GDP



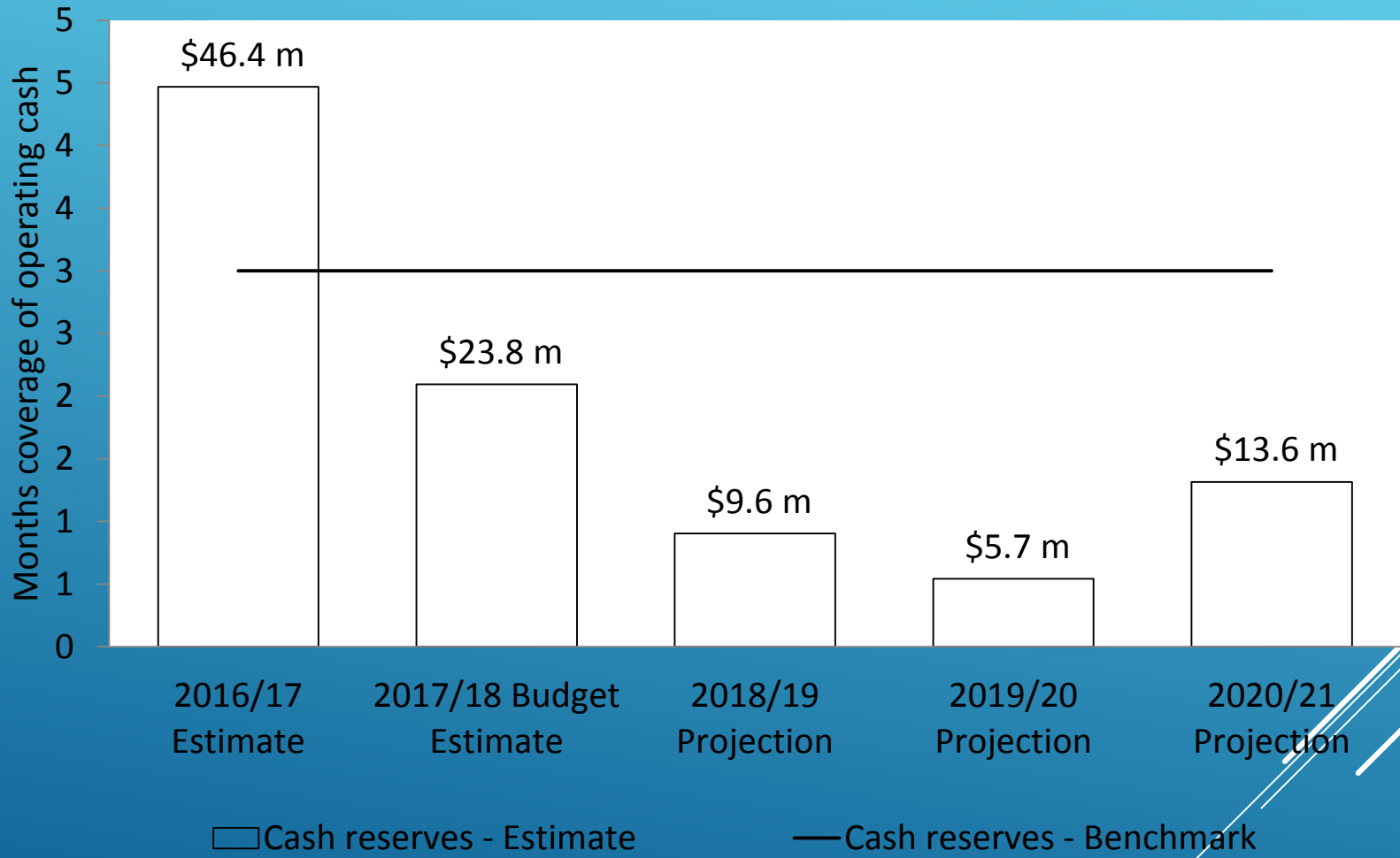
# FISCAL RATIOS – DEBT NET TO GDP



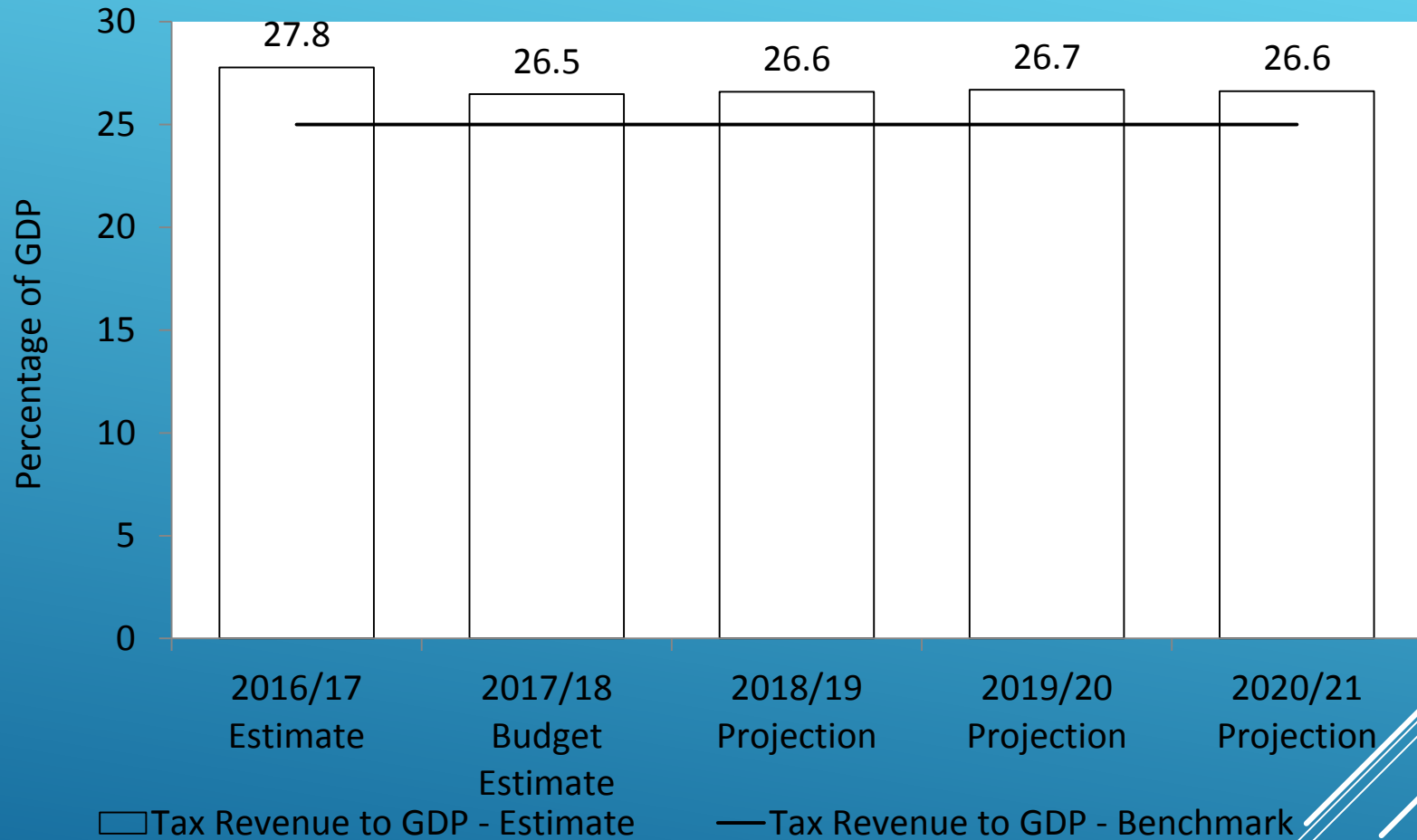
# FISCAL RATIOS – DEBT SERVICE TO REVENUE



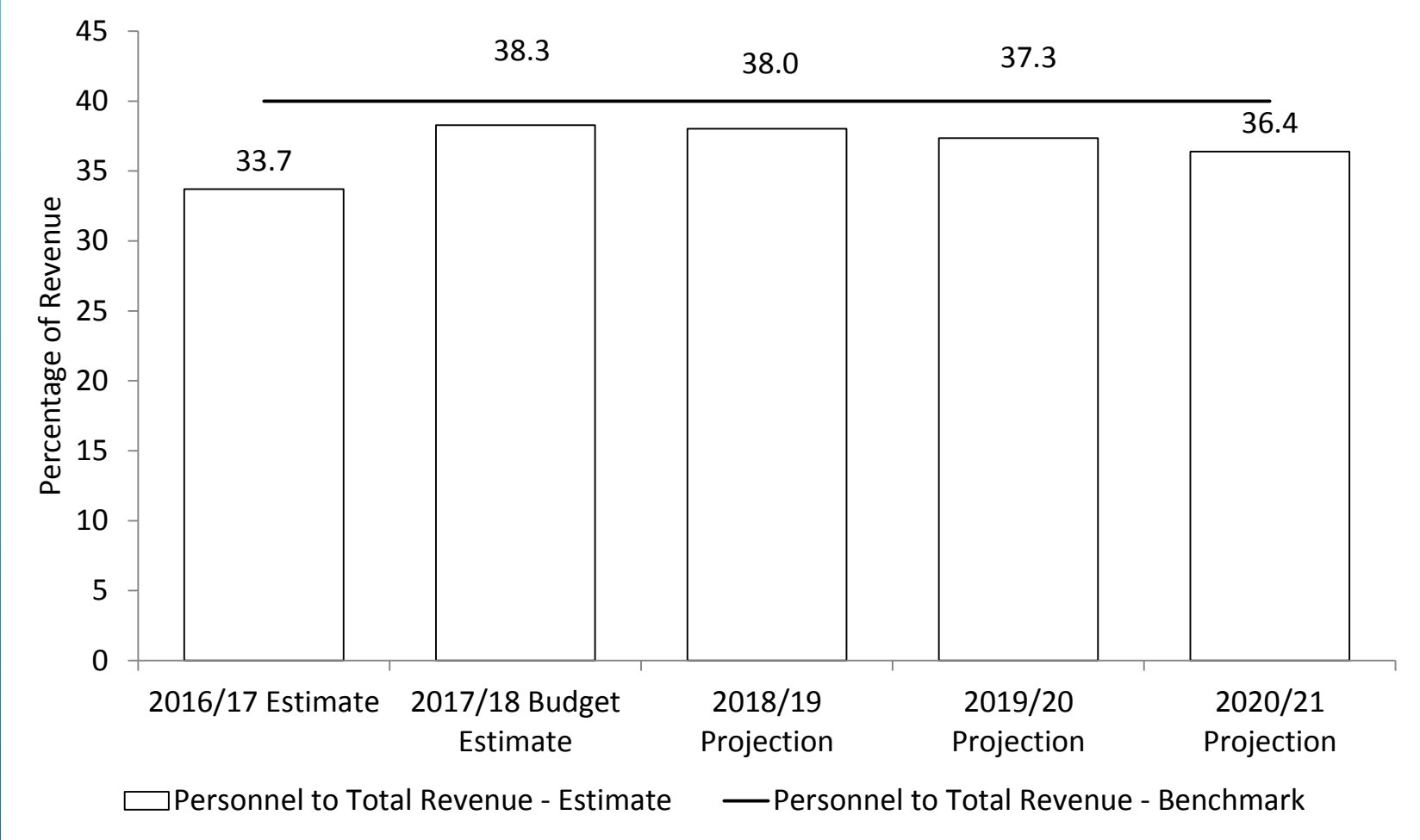
# FISCAL RATIOS\* – CASH RESERVES



# FISCAL RATIOS – TAX REVENUE TO GDP



# FISCAL RATIOS – PERSONNEL SPENDING





# MAJOR INITIATIVES - OPERATING

- ▶ **Minimum Wage (\$6.25 to \$7) and Salary Adjustment**
- ▶ **Performance Increment**
- ▶ **Increase in Child Benefit from \$66 to \$100 a month**
- ▶ **Child Benefit extension for disability children (age 12 – 15)**
- ▶ **Remuneration to support teacher aides to provide inclusive education for our children**
- ▶ **Dental Health Therapy**
- ▶ **Localising surgeon salary**
- ▶ **Provision for land rental payments**



# MAJOR INITIATIVES - OPERATING

- ▶ **Critical Positions to Strengthen Ministry Capacity:**
  - ▶ **Economic Statistician**
  - ▶ **Senior Litigation Officer**
  - ▶ **2x Debt and return Collection Officers**
  - ▶ **Senior Tax Auditor**
  - ▶ **Procurement Officer**
  - ▶ **Asset Management Officer**
  - ▶ **Economic Advisor**
  - ▶ **Marae Moana Officer**
  - ▶ **MMR Laboratory Technician**



# MAJOR INITIATIVES - OPERATING

- ▶ Support for MOJ and ICI to address issues hindering performance
- ▶ Employers Liability Insurance
- ▶ Support to Vanilla Production to retain Technical Assistance to complete current project
- ▶ MMR Western and Central Pacific Fisheries Commission Conference
- ▶ Hosting the 12<sup>th</sup> Pacific Health Minister's Meeting
- ▶ Social Impact Fund



# MAJOR INITIATIVES - CAPITAL

- ▶ Stage 2 Te Mato Vai
- ▶ Mei te Vai Ki Te Vai (Sanitation)
- ▶ Apii Nikao Construction
- ▶ Ambulance and Hospital Incinerator
- ▶ Cyclone centres on the most vulnerable islands
- ▶ Hospital beds and a upgraded ultrasound machine
- ▶ Aitutaki Renewable Energy Project
- ▶ Financial Management Information Systems
- ▶ Continued investment in water in both Rarotonga and the Pa Enuā
- ▶ Major roads investment in Rarotonga and Pa Enuā



# BUDGET BALANCES - ODA

	2016/17 Est.	2017/18 Budget	2018/19 Proj.	2019/20 Proj.	2020/21 Proj.
Budget Support including Performance Based	8,577	8,370	0	0	0
ODA Grants	15,993	69,392	31,996	15,263	422
<b>Total Grants</b>	<b>24,570</b>	<b>77,762</b>	<b>31,996</b>	<b>15,263</b>	<b>422</b>



# ODA GRADUATION

- ▶ The Cook Islands has exceeded the OECD's ODA eligibility criteria for 3 consecutive years.
- ▶ A request is now sitting with the OECD's Development Assistance Committee for a delay of graduation until the end of 2018 on the basis of data quality.

