



MINISTRY OF FINANCE AND ECONOMIC MANAGEMENT

GOVERNMENT OF THE COOK ISLANDS

Office of the Financial Secretary

PO Box 120, Rarotonga, Cook Islands
Telephone + 682 22878 Facsimile + 682 29465

PRESS RELEASE: PRELIMINARY RESULTS FOR THE YEAR ENDED 30 JUNE 2017

The Financial Secretary Garth Henderson would like to advise that Cook Islands Government has released preliminary financial results for the year ended 30 June 2017.

Operating revenue for Government was up 15% on last financial year and 20% up on the 2016/17 budget estimates at \$171.5 million. Improved tax revenue was largely due to the record number of tourist arrivals in 2016/17 and higher than expected fishing revenue.

In addition to positive operating revenue results, operating expenditure was managed well, coming in 2% below budget at \$125.76 million.

The net operating balance of the General Government Sector as at 30 June 2017 was a surplus of \$45.76 million compared to the 2016/17 budget estimate of \$14.2 million.

Due to the large capital expenditure planned in 2016/17, original fiscal balance estimates were for a deficit of \$16.3 million. As a result of delayed capital projects and increases in revenue, the actual fiscal balance in 2016/17, as at 30 June 2017, was a surplus of \$32.8 million. Actual Capital Expenditure was 46% lower than estimated at \$20.8 million. Recent history illustrates that there is likely a maximum amount of absorptive capacity in capital of around \$20 million per year.

These positive results were largely reflected in the 2017/18 Budget which revised up 2016/17 estimates. Going forward, the surpluses from 2016/17 will be required to fund capital projects that were delayed in 2016/17, such as Te Mato Vai and Mei Ti Vai Ki Te Vai, in addition to new capital projects such as the Manatua Cable, which are planned for the next four years. To ensure fiscal prudence, and to ensure that the fiscal balance adheres to the fiscal responsibility ratios, new expenditure will be limited during this period.

The full reports are available on www.mfem.gov.ck.

Fiscal Balance of General Government – June 2017

2015/16 Actual ('000)		2016/17 Budget ('000)	2016/17 Actual ('000)	Variance ('000)	%
22,366	Net Operating Balance	14,212	45,757	31,545	222
2,920	Add Crown Depreciation	3,682	3,682	-	-
2,240	Add Ministry Depreciation	2,846	3,091	245	9
1,199	Add Pa Enea Depreciation	1,081	1,041	(40)	(4)
11,223	Less Capital Expenditure - CI Govt Funded	38,136	20,783	17,353	46
17,503	Fiscal Balance	(16,315)	32,787	49,102	(301)

[END]

26 September 2017