



MINISTER OF FINANCE
GOVERNMENT OF THE COOK ISLANDS

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Press Release

Cook Islands Loan Repayment Fund

On Friday 4 April the Cook Islands Parliament passed the Cook Islands Loan Repayment Fund Act. The Act ensures that sufficient public funds are ring fenced from the general funds of Government for the repayment of public debt.

The Hon. Mark Brown, Minister of Finance outlined the commitment of the Government towards ongoing improvements in public financial management.

“The Government is committed to continually improving public financial management in the Cook Islands. We have taken huge strides to improve transparency and reporting.”

“When we first got into Government there was no regular reporting of the debt position, people would speculate about what the debt levels were, now we all know.”

The Ministry of Finance and Economic Management publishes a quarterly financial update every three months which includes the latest information on public debt.

The last report showed that the Government had a total of \$85.6 million in public debt against \$60.1 million in cash assets, of which \$19.1 million was held as an informal loan reserve and \$27.5 million in non-committed cash.

“We are in a strong position, our net debt to GDP levels in December 2013 were 16.5 per cent of GDP, including the Te Mato Vai loan from China net debt will rise to 22 per cent of GDP, well below our own benchmark of 35 per cent of GDP, Standard and Poors, an independent ratings agency has assessed our debt position as modest.

“These monies are specifically to pay off debt, this legislation ensures that no future government can dip the fingers into use that money for any other purpose. People should

remember this government has not taken on any new debt until Te Mato Vai, all other loans were committed to by previous administrations.”

The current Cook Islands net debt to GDP of 16.5 per cent is relatively lower than other nations. IMF figures show Fiji at 50 per cent, New Zealand at 27.5 per cent and Samoa at 62.8 per cent.

Once in force on 1 July 2014, the new Act will require the Ministry of Finance to provide to Cabinet a report on a number of matters including the economic and fiscal relevance of such a borrowing and the overall sustainability of the debt, the Ministry must also provide a summary to the Parliament and make it publically available.

More information on the financial position of the Government can be found on the MFEM website. www.mfem.gov.ck

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