



THE BUDGET OF FAITH – 2022/23 Budget Citizens Guide

Te 'Akapapa'anga Moni 'Irinaki'ia – 2022/2023 'Akamārama'anga 'ō te 'Akapapa'anga Moni ki te Kātoatoa

The 2022/23 Budget confirms the Cook Islands Government's commitment to sound fiscal and economic management within the context of a gradual recovery from the severe economic shock of COVID-19. Sustainable growth in the Cook Islands' economy and recovery from the impacts of COVID-19 is a key focus of the 2022/23 budget. This is evident in the investment of Government expenditure towards economic stimulus activity through increased capital expenditure and ongoing support of the Economic Recovery Roadmap (ERR).

Kua 'akapāpū mai te 'Akapapa'anga Moni 2022/2023 'i te 'aka'ātinga'anga 'ā te Kavamani Kūki 'Airani nō te tūranga moni meitaki 'ē te 'akatere'anga kimi pū'apinga tau 'ē rauka ai te ora viviki mei roto 'i te 'akapō'itirere'anga kino tā te maki Koviti - 19 'i 'akatupu ki te tu'anga kimi pū'apinga. Ko te karere nui 'ō tēia 'akapapa'anga moni 2022/2023 ko ia 'oki kia tupu mātūtū te tu'anga kimi pū'apinga 'ō te Kūki 'Airani 'e kia ora 'aka'ōu mai mei roto 'i te 'arapaki'anga 'ā te maki Kōviti 19. Ka kite'ia tēia ki roto 'i te 'akapou'anga tā te Kavamani 'i tuku ki roto 'i te au 'anga'anga 'aka-taka'anga 'i te tu'anga kimi pū'apinga nā roto 'i te 'akama'ata'anga 'i te 'akapou'anga moni 'apinga 'anga'anga 'ē pērā te turu'anga 'i te Aranui 'Akamātūtū Kimi Pū'apinga (ERR).

ECONOMIC AND FISCAL UPDATE - TE TŪRANGA 'Ō TE TU'ANGA KIMI PŪ'APINGA E TE MONI

The reopening of the Cook Islands borders during the 2021/22 fiscal year saw an improvement in the country's nominal gross domestic product (GDP) compared to 2020/21, an increase from \$431.8 million to an estimated \$484.0 million by year-end. This is reflected in government's increased revenue for 2021/22 compared to 2020/21. Increased revenue in 2021/22 is due to grant funding support from the New Zealand Government to assist the Cook Islands' response to COVID-19 through the ERR and the COVID-19 medical response fund.

Strong economic growth in 2022/23 assumes that the borders will remain open throughout the fiscal period, resulting in a forecast nominal GDP of \$567.0 million. Some government stimulus measures will continue through the ERR and capital ex-

penditure to encourage sustainable economic growth.

Nominal GDP is expected to continue improving in the outer years due to increased tourist arrivals, resulting in a fiscal surplus of \$3.4 million by 2024/25 with increased government revenue. As the fiscal balance improves, the need for external financing reduces. Net debt is projected to reduce from 205.8 million in 2022/23 to 165.3 million in 2025/26, primarily due to improving GDP results.

Kua riro te 'e'eu'anga 'ō te kōtinga bāsileia Kūki 'Airani 'i te mataiti 2021/22 'i te 'akama'ata mai 'i te Pū'apinga Bāsileia me 'aka'āite'ia ki tō te mata'iti 2020/21, kua kake mai mei te \$431.8 mirioni ki tei tāmanako'ia ē, 'ē \$484.0 mirioni 'i te 'openga 'ō te mata'iti. Ka kiteia tēia ki roto 'i te ma'ata 'ō te moni ko'iko'i 'ā te Kavamani no te mataiti 2021/22 me 'aka'āite'ia ki tō te 2020/21. Ko te ma'ata o te moni ko'iko'i 'ō te mata'iti 2021/22 nō roto mai te reira 'i te au moni tauturu tā te Kavamani Nu Tireni 'i 'ōronga mai 'ei tauturu 'i tā te Kūki 'Airani tamaki'anga 'i te maki Kōviti na roto 'i te Aranui 'Akamātūtū Kimi Pū'apinga e pērā te tu'anga moni vairākau.

Ko te tūranga ketaketa 'ō te tu'anga kimi pū'apinga 'i te mata'iti 2022/23 kua tāmanako'ia ē ka ma'eu 'uatu rai te kōtinga bāsileia ki roto 'i tēia tuātau moni, 'e kua rauka mai te pū'apinga bāsileia e \$567.0 mirioni. Ko tēta'i au vāito'anga 'ō te 'aka-taka'anga kimi pū'apinga ka 'akatupu'ia te reira nā roto 'i te ERR 'ē te 'akapou'anga 'apinga 'anga'anga 'ei ravenga nō te 'akamāro'iro'i 'i te tupu'anga kimi pū'apinga mātūtū.

Kua 'irinaki'ia ē ko te GDP ka maranga 'uātu rai tōna tūranga ki roto 'i te au mata'iti tāpiri 'i te mea 'oki ē, ē ma'ata te tūroto 'i tae mai, tē kā riro 'i te 'akama'ata atu 'i te moni ko'iko'i 'ā te Kavamani mei te \$567.0 mirioni 'i te mata'iti 2024/25. Mē meitaki te pārani o te moni kā riro tē reira 'i te 'akaiti 'i te 'irinaki'anga ki runga 'i te moni tauturu mei va'o mai. Kua tāmanako'ia 'ē ko te katoa'anga 'ō te moni kaio'u ka iti mai tē reira mei te \$205.8 mirioni ki roto 'i te mata'iti 2022/23 ki te \$165.3 mirioni 'i te mata'iti 2025/25, tei riro 'ē nā te tūranga meitaki 'ō te GDP 'i 'akatupu.

\$ Million	2020/21 Actual	2021/22 Estimated Actual	2022/23 Budget Estimate	2023/24 Projection	2024/25 Projection	2025/26 Projection
Nominal Gross Domestic Product (GDP) (\$m)	431.8	484.0	567.0	629.7	651.9	683.1
Total Operating Revenue (\$m)	161.9	173.7	167.7	178.2	183.5	193.3
Total Operating Expenditure (\$m)	234.8	196.7	187.0	178.8	178.0	176.2
Operating Balance (\$m)	-73.0	-22.9	-19.4	-0.7	5.5	17.1
Capital Expenditure	30.0	27.8	34.2	18.3	15.9	15.0
Fiscal Balance surplus/ deficit (\$m)	-90.3	-37.7	-39.8	-5.2	3.4	15.8
Percentage of GDP	-20.9	-7.8	-7.0	-0.8	0.5	2.3
Net Debt (\$m)	165.0	215.9	205.8	196.1	182.2	165.2
Percentage of GDP	38.2	44.6	36.3	31.1	28.0	24.2

FISCAL RESPONSE - RĀVENGA TAUTURU NĀ TE MONI

With a focus on economic recovery, the 2022/23 budget has taken the following approach:

- Government departments will continue to focus on core services, with minimal new work programmes that are funded from the existing expenditure ceiling.
- Reprioritisation of existing funds to support Government operations.
- Government-wide salary adjustments remain on hold until the economic conditions stabilise.
- Ongoing departure from the 'Cash Reserves' fiscal rule to enable Government to continue providing economic stimulus to the Cook Islands' economy.
- Further support of the ERR to implement policy measures that are designed to support economic recovery.
- Increase in capital investment to stimulate economic activity.

I te mea oki ē tē 'akatinamou nei tēia ki runga 'i te 'akaora'anga 'i te tu'anga kimi

pū'apinga kua rave te 'akapapa'anga moni 2022/23 'i tēia au taka'inga 'i raro nei:

- Ka 'akamou 'uātu rāi te au tipātamani o te Kavamani ki runga 'i te au 'anga'anga tumu, mate 'akaiti mai 'i te porokārāmu 'anga'anga 'ōu tē ka tūtaki'ia 'ē te tu'anga moni 'ē vai nei.
- Akatanotano'anga 'i te au tu'anga moni tauturu 'ē vai nei nō te turu 'i te au 'anga'anga 'ā te Kavamani.
- Kāre 'ē tūtaki'ia vave'ia te 'akakake'anga moni 'anga'anga 'ā te Kavamani kia mātūtū roa te tūranga kimi pū'apinga.
- Kia 'akatakakē'ia mai mei te ture 'ō te 'Moni Akaputu' kia rauka 'i te Kava-mani 'i te 'ōronga 'i tāna tauturu nō te 'aka-taka'anga 'i te tu'anga kimi pū'apinga 'o te Kūki 'Airani.
- Tauturu 'uātu rāi 'i te ERR nā roto 'i te tā'anga'anga'anga 'i te au vāitoanga kaveinga tei tango'ia nō te tauturu 'i te 'akaora 'i te tu'anga kimi pū'apinga
- 'Akama'ata atu 'i te 'akaputu'anga 'apinga 'anga'anga nō te 'aka-taka 'i te au 'anga'anga kimi pū'apinga.

ECONOMIC RECOVERY ROADMAP (ERR) - ARANUI NŌ TE 'AKAMĀTŪTŪ I TE TU'ANGA KIMI PŪ'APINGA

The ERR is the government's main vehicle to drive the Cook Islands' economic recovery from COVID-19. It provides support for economic stimulus and reform measures, and continued measures to support businesses and households during the pandemic. A total of \$5.2 million has been allocated for 2022/23 to fund the following main workstreams.

- Cost of borrowing - Reducing interest rates in the Cook Islands to be closer to interest rates in New Zealand.
- Barriers to Business - Removing barriers to business to help increase levels of competition, lower prices and diversify the economy. This includes reviewing the Cook Islands' e-commerce settings, and introducing laws for regulating electricity and water utilities.
- Fees Free Extension -Extending the Fees Free initiative for Semesters 1 & 2 of 2022.

Public Sector efficiency - Identifying policy options to strengthen and improve functions, systems and structures of the Cook Islands Public Sector through greater collaboration between Government agencies to make the sector more responsive to our customers' needs and expectations and provide value-for-money services.

- Labour force and population - Including measures to stem population loss and stimulate population attraction and retention, and policy interventions for sustainable workforce growth.
- Foreign investment - Reviewing the Cook Islands' current investment rules, including reassessing the best investment levels and types, and updating regulations around foreign investment.
- Airline Underwrite Fuel Reserve - A cash reserve to be used in the event of adverse aviation fuel price movements exceeding the Airline Underwrite in 2022/23.



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Ko te ERR ko te matini ma'ata teia ta te Kavamani 'e ta'anga'anga ana no te tura ki 'i te tu'anga kimi pu'apinga 'o te Kuki 'Airani kia ora mai mei roto 'i te Kovi 19. Ka tauturu te reira 'i te au vaito'anga 'aka-taka' 'i te tu'anga kimi pu'apinga 'e pera te 'aka'ou'anga, 'e ka tauturu katoa 'i te au pitinini 'e te au ngutu'are 'i te tu'anga maki rikarika. Kua 'akano'o'ia e \$5.2 mirioni no te mata'iti 2022/23 te ka riro 'ei tuta ki 'i teia au ara'anga'anga pu'apinga 'i raro nei.

- Tuta ki'anga o te Moni Tara'u – 'Akaiti'anga 'i te moni 'akauta ki roto 'i te Kuki 'Airani kia vaitata atu 'i te moni 'akauta 'o Nu Tireni.
- 'Arairai'anga Pitinini – Kiritike'anga 'i te arairai'anga ki te au pitinini 'ei ravenga 'i te 'akama'ata 'i te au revera 'emo'anga, 'akaiti 'i te moni 'oko pakau e te 'akatuketuke 'i te tu'anga kimi pu'apinga. Tei roto 'i teia tu'anga te 'akara 'aka'ou'anga 'i te tu'anga 'oko'oko rorouira 'e pera te 'akama'anga 'i teta' au ture nui no te ta'anga'anga uira 'e te vai.
- Moni Tuta ki 'Apii – 'Akaroa'anga 'i te moni tuta ki 'apii no te Tau 1 e te 2 no te mata'iti 2022.
- Tango'anga i te au Ngai 'Anga'anga Kavamani – 'Akara'anga 'i teta' au ravenga kave-

inga no te 'akamatutu 'e te 'akameitaki 'i te au 'anga'anga, te au ravenga 'e te 'akano'o'anga 'o te au ngai 'anga'anga 'a te Kavamani Kuki 'Airani na roto 'i te 'aitu putupu'anga ki te au Tango Kavamani kia rauka 'i te 'akatupu 'i te anoano 'e te 'inangaro 'o te aronga 'oko'oko 'e te 'oronga 'i te au tu'anga 'anga'anga tei tau ki te moni tei tuta ki'ia.

- Te Aronga 'Anga'anga e te Tare Tare Tangata – 'Atui'anga 'i te au ravenga no te mou 'i te numero tangata 'e 'akaruke nei, ma te 'akakeu 'i te au ravenga te ka taparu mate tapu 'i te tangata ki konei 'e pera teta' au kaveinga tauturu 'i te 'akamatutu 'i te tupu'anga 'o te aronga 'anga'anga.
- 'Akaputu'anga Porena – 'Akanotano i te au ture moni 'akaputupu'anga 'a te Kuki 'Airani 'e pera katoa te 'akara 'aka'ou'anga 'i te matara tau no te au revera moni 'akaputupu, te au tu, 'e te 'akakiteki 'i te au tamanako'anga tei koropini 'i te 'akaputu'anga porena.
- Vairanga Moni 'Inu Pairere – E vairanga moni te ka ta'anga'anga'ia me tupu ake te tukai ki runga 'i te 'akaneke'anga 'o te 'oko'anga 'inu pairere ki runga ake 'i te 'akano'o'ia 'i te mata'iti 2022/23.

REVENUE & EXPENDITURE - MONI KO'I E TE AKAPOUANGA

Total revenue (including aid funding) for 2022/23 is expected to be \$259 million, and total expenses (including aid-sourced expenditure) are expected to be \$313 million.

Ko te katoa'anga 'o te moni ko'i ('e te tuta ki'anga) no te mata'iti 2022/23 kua 'irinaki'ia e ka taeria te \$259 mirioni, 'e ko te katoa'anga 'o te 'akapouanga(kapiti katoa mai te tuta ki'anga moni tauturu) kua tamanako'ia e ka taeria te \$313.0 mirioni.

Where Revenues come from		
Taxation	\$139.3m	53.8%
Aid Funding*	\$91.5m	35.3%
Other Revenue**	\$28.3m	10.9%
Total Revenue	\$259.1m	100.0%

* Aid funding received from development partners is typically overstated as individual amounts may not be finalised for expenditure during the year but are subject to provisional agreement at the time of budget.

**Other revenue comprises of fishing revenues, motor vehicle registration, immigration fees, fines and permits.

Where Taxpayer's money is spent		
Economic Affairs+	\$125.1m	40.0%
General Public Services++	\$70.9m	22.7%
Other Expenditure+++	\$38.4m	12.3%
Health	\$32.3m	10.3%
Social protection	\$25.1m	8.0%
Education	\$20.9m	6.7%
Total Expenditure	\$312.7m	100.0%

+ Economic affairs accounts for expenditure related to agriculture, marine, construction, transportation, tourism, and general economic affairs like the Economic Recovery Roadmap.

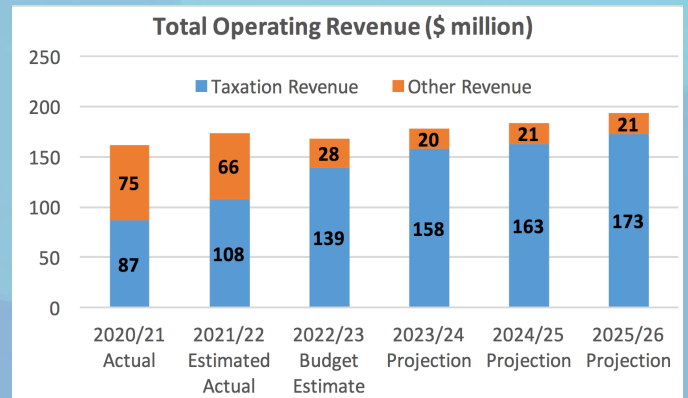
++ General public services include administrative and finance functions of Government.

+++Other expenditure includes cost associated towards public order and safety, environmental protection, housing and community amenities, recreation, culture, and religion.

REVENUE FORECASTS - 'AKARAMAMAO NO TE MONI KO'I

For 2022/23, taxation revenue is expected to increase compared to 2021/22 as it reflects growth in tourist arrivals assuming there are no border closures during the fiscal year. Across the medium-term, total government revenue is projected to increase and recover as taxation revenue improves year-on-year, returning to pre-COVID levels by 2024/25. Other revenue is expected to reduce to \$28.3 million in 2022/23 and \$20.7 million by 2025/26.

Ko te moni ko'i no te tero mata'iti 2022/23 kua 'irinaki'ia e ka ma'ata atu te reira me 'aka'aita'ia ki to te mata'iti 2021/22 'i te mea e ka 'akata mai te reira 'i te ma'ata 'o te au turoto te ka 'aere mai mei te mea e, kare 'e topiri'anga kotinga basileia ki roto 'i teia mata'iti moni. I roto 'i te tu'anga tupo, kua tamanako'ia e, ko te moni ko'i 'a te Kavamani ka ma'ata atu te reira 'e ka ora te reira 'i te moni ko'i no te tero e maranga atura 'i te au mata'iti tatakita'i, ma te 'akaoki mai 'i te au revera tei mata'iti 'i mua ake ka tupu ei te Kovi 'i te mata'iti 2024/25. Ko teta' au moni ko'i takake kua 'irinaki'ia e ka 'akaiti'ia te reira ki te \$28.3 mirioni ki roto 'i te mata'iti 2022/23 'e ki te \$20.7 mirioni 'i te mata'iti 2025/26.



EXPENDITURE MEASURES - RAVENGA TAUTURU I TE 'AKAPOU'ANGA MONI

The key expenditure measures in the 2022/23 budget include:

Operating expenditure

- Economic Recovery Roadmap – a total of \$8.0 million over four years
- COVID-19 Medical Response Fund – \$3.0 million in 2022/23
- Welfare payments – an additional \$2.6 million over four years
- Minimum Wage Adjustment – \$1.4 million over four years
- Healthcare personnel – a total of \$1.4 million over four years
- Education personnel – \$1.3 million over the next four years
- OPM ICT Activities – \$1.1 million over four years
- Pa Enea Connectivity – \$0.9 million investment over four years

Capital investments

- Road asset and improvements – \$8.7 million
- Bridge and structures – \$6.0 million
- Nassau harbour – \$2.7 million
- Te Tautua Hospital – \$1.3 million
- Revenue Management system upgrade – \$2.8 million
- To Tatou Vai Ltd – \$3.0 million
- Government building repairs – \$1.1 million
- COVID-19 Capital needs – \$1.0 million

Ko te au ravenga tauturu 'i te 'akapou'anga moni i te 'Akapa'anga moni 2021/22 koia:

'Akapou'anga ki runga 'i te 'akateranga

- Aranui no te 'akamatutu kimi pu'apinga 'e \$8.0 mirioni ki roto 'i nga mata'iti 'e 'a
- Moni tauturu 'i te Vairakau Kovi 19 – E \$3.0 mirioni no te mata'iti 2022/23
- Moni Pakari – E \$2.6 mirioni 'i runga'o no teia nga mata'iti 'e 'a
- 'Akata'anga 'i te tuta ki'anga moni 'aka'aka – E \$1.4 mirioni 'i teia nga mata'iti 'e 'a
- Tu'anga moni 'a te Tu'anga Paruru – E \$1.4 mirioni no teia nga mata'iti 'e 'a
- Tu'anga moni 'a te Pae 'Apii – E \$1.3 mirioni 'i teia nga mata'iti 'e 'a
- Te tu'anga 'aitui rorouira ki roto 'i te Ko'utu Mana Tutara 'o te Ipukarea – E \$1.1 mirioni no teia nga mata'iti 'e 'a
- Atuitui'anga ki te Pa 'Enea – E \$0.9 mirioni no teia nga mata'iti 'e 'a
- 'Akaputu'anga no te 'Apinga 'Anga'anga
 - 'Akameitaki'anga 'i te ta'anga'anga'anga 'o te matara – E \$8.7 mirioni
 - 'Akatu'anga 'i te au 'ana 'e te au 'are – E \$6.0 mirioni
 - Te uapu 'o Nassau – E \$2.7 mirioni
 - Te Are Maki o Tetautua – E \$1.3 mirioni
 - 'Akameitaki'anga i te tu'anga 'Akater Moni Ko'i – E \$2.8 mirioni
 - To Tatou Vai – E \$3.0 mirioni
 - 'Aka'ou'anga 'i te au Ngutu'are Kavamani – E \$1.1 mirioni
 - Te Moni te ka anoano'ia no te Kovi 19 – \$1.0 mirioni