



TE TANGO AKATEREANGA MONI O TE IPUKAREA  
MINISTRY OF FINANCE & ECONOMIC MANAGEMENT  
GOVERNMENT OF THE COOK ISLANDS

# Budget 2022-2023

## Keeping the Faith

- GDP is forecast to improve after the significant economic shock due to COVID-19
  - Total estimated economic impact of COVID: -22.5% of GDP
  - GDP increased by 11.5% in 2021/22
  - Forecast GDP increase of 13.9% in 2022/23, and 7.4% in 2023/24
- Government's responses:
  - Temporary departure from the Fiscal Rules
  - Constraints on Operating Expenditure
  - Debt funding to support economic recovery
  - Economic Recovery Roadmap (ERR)

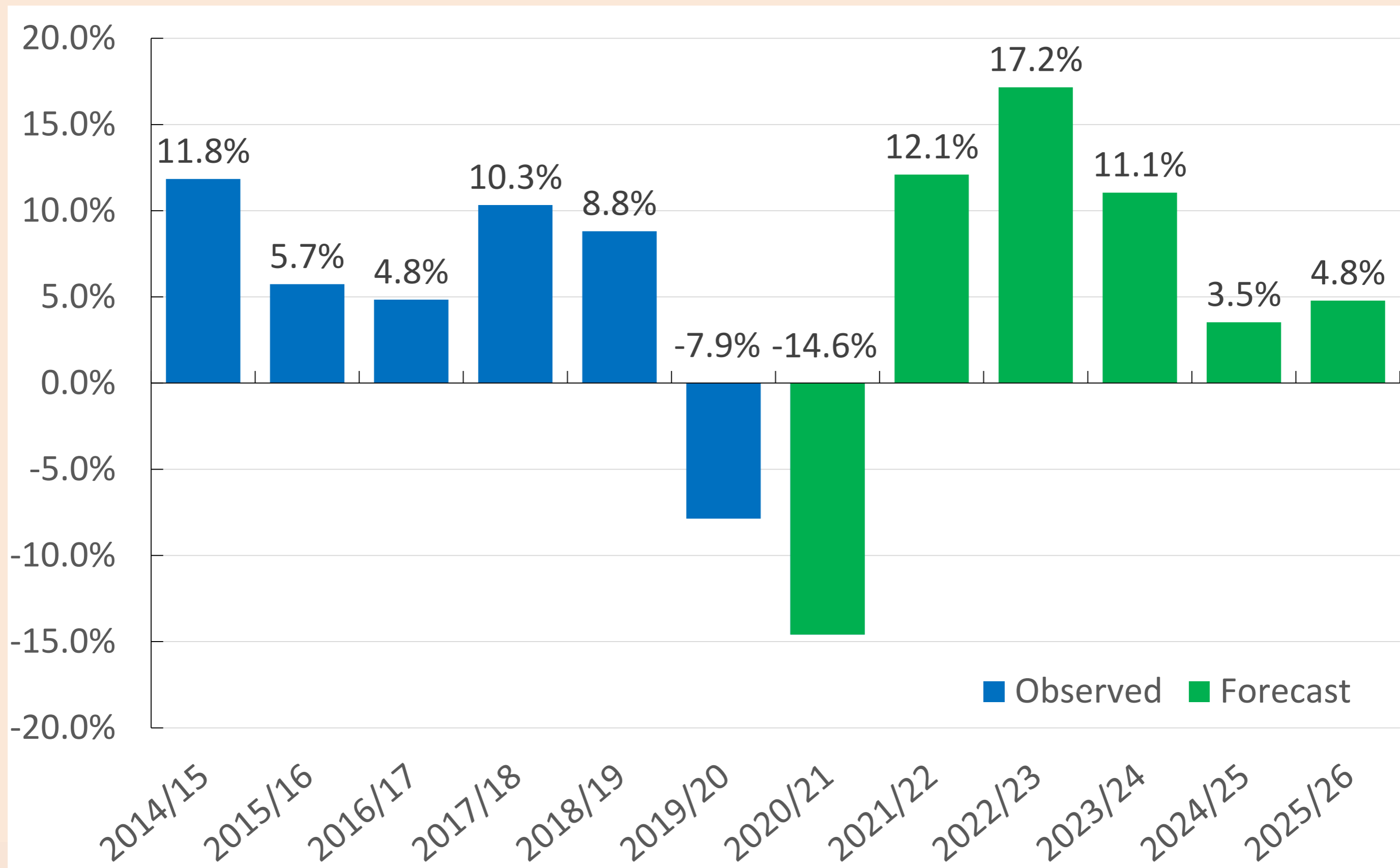


# Key Financials

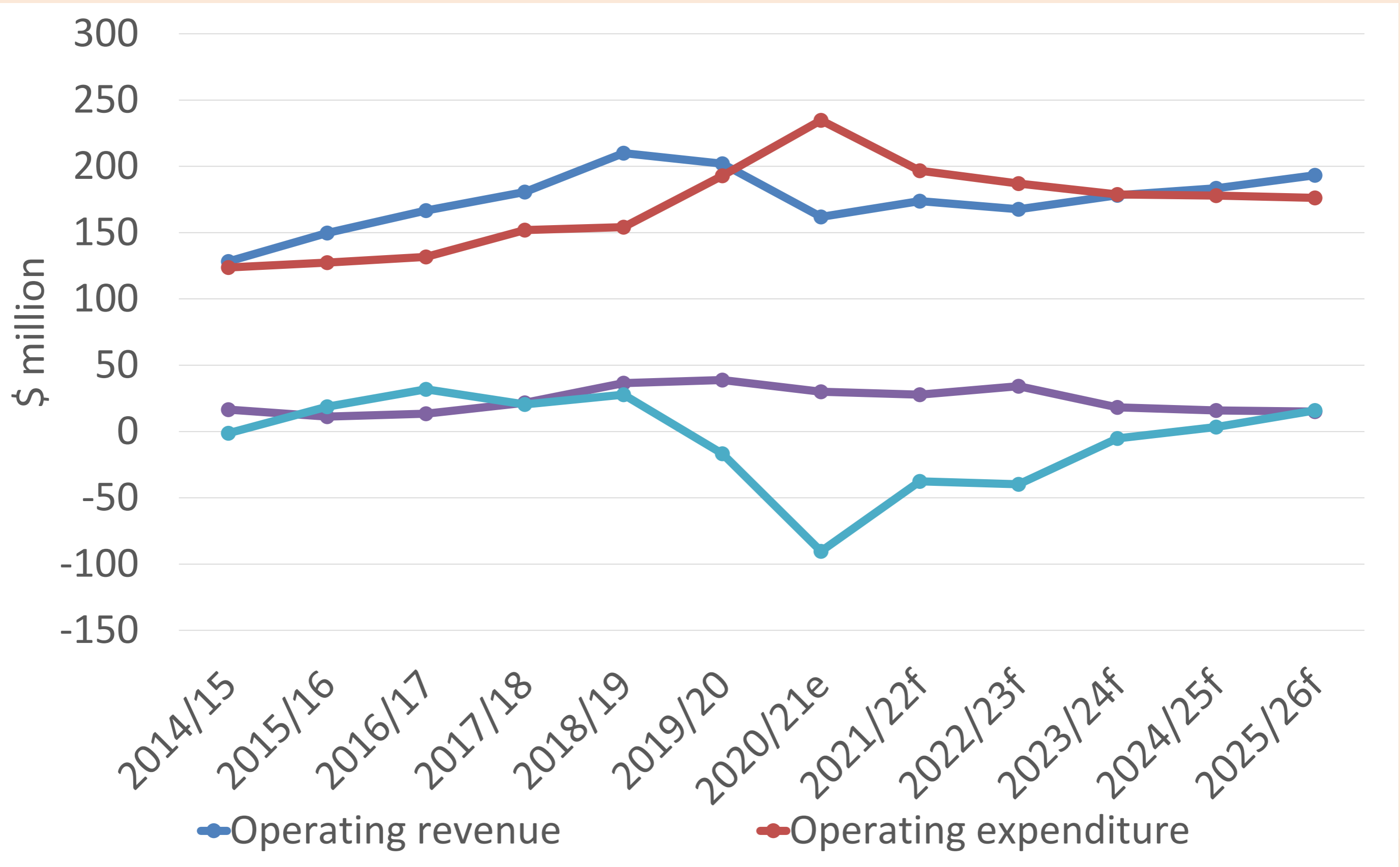
<b>\$ million</b>	<b>2021/22 Estimated Actual</b>	<b>2022/23 Budget Estimate</b>	<b>2023/24 Projection</b>	<b>2024/25 Projection</b>	<b>2025/26 Projection</b>
Operating Revenue	173.7	167.7	178.2	183.5	193.3
Operating Expenditure	196.7	187.0	178.8	178.0	176.2
<b>Operating Balance</b>	<b>-22.9</b>	<b>-19.4</b>	<b>-0.7</b>	<b>5.5</b>	<b>17.1</b>
Capital Expenditure	27.8	34.2	18.3	15.9	15.0
Depreciation	13.1	13.8	13.8	13.8	13.8
<b>Fiscal Balance surplus/deficit</b>	<b>-37.7</b>	<b>-39.8</b>	<b>-5.2</b>	<b>3.4</b>	<b>15.8</b>



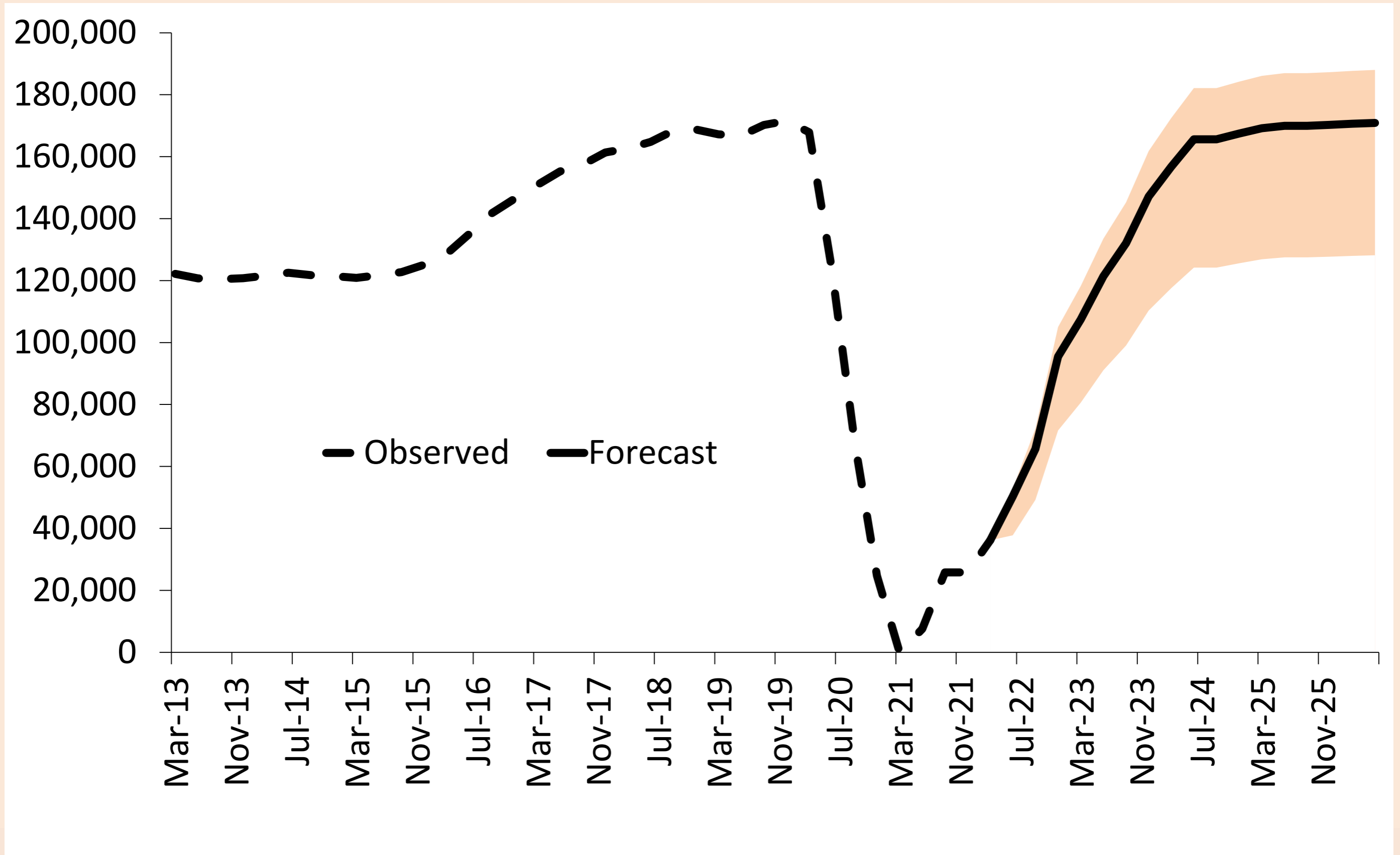
# GDP Growth Outlook



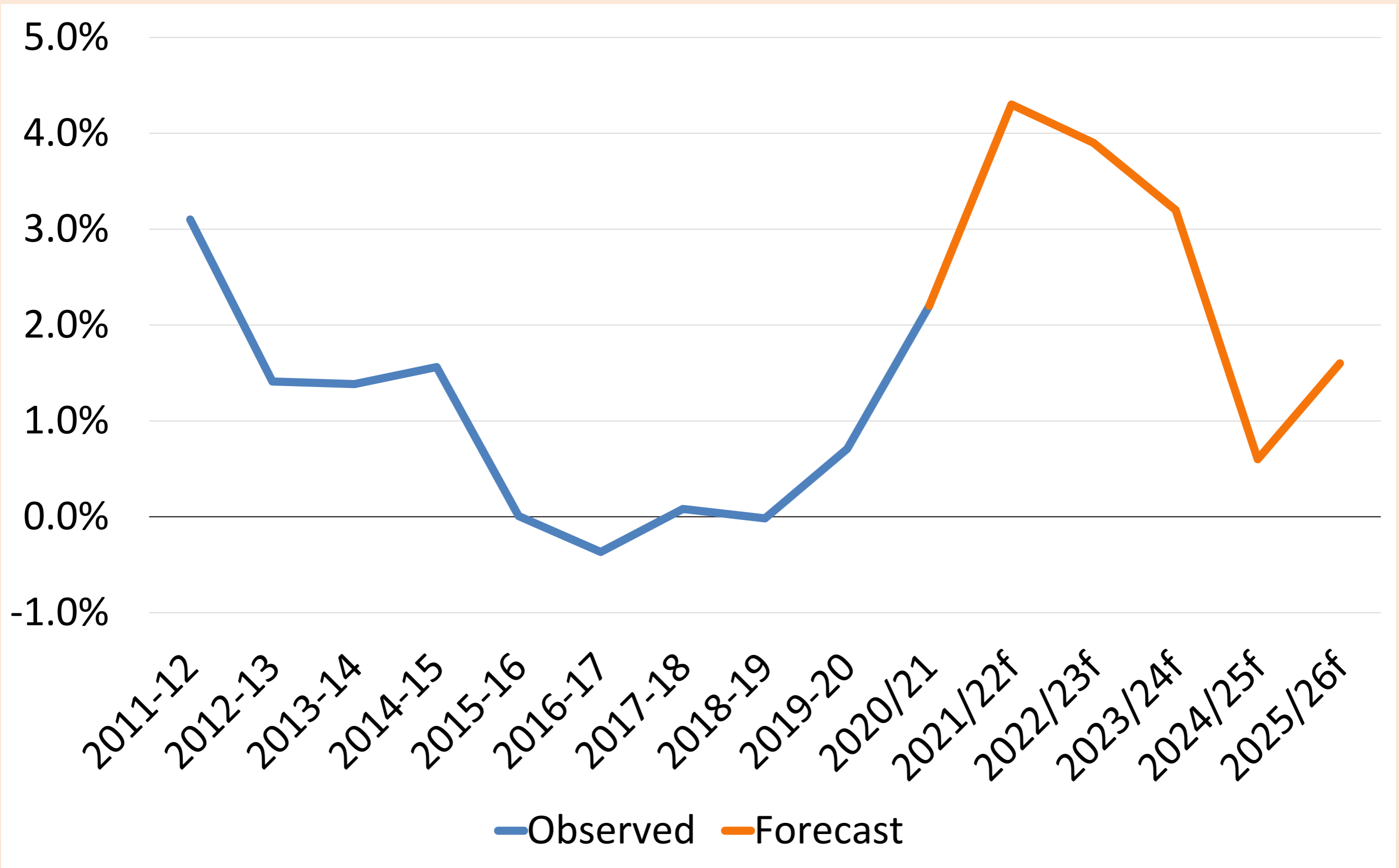
# Fiscal Outlook



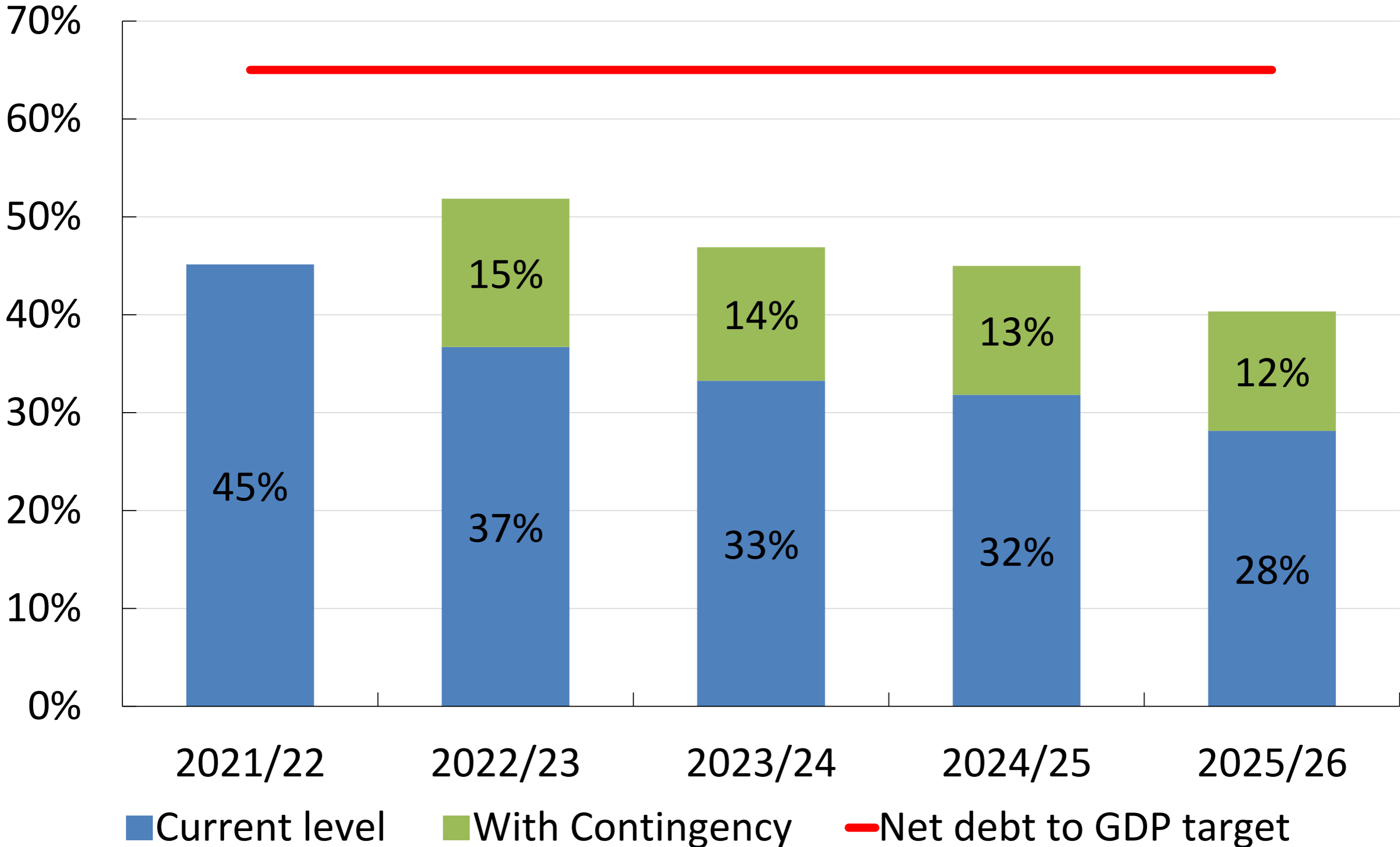
# Tourism Forecasts



# Inflation

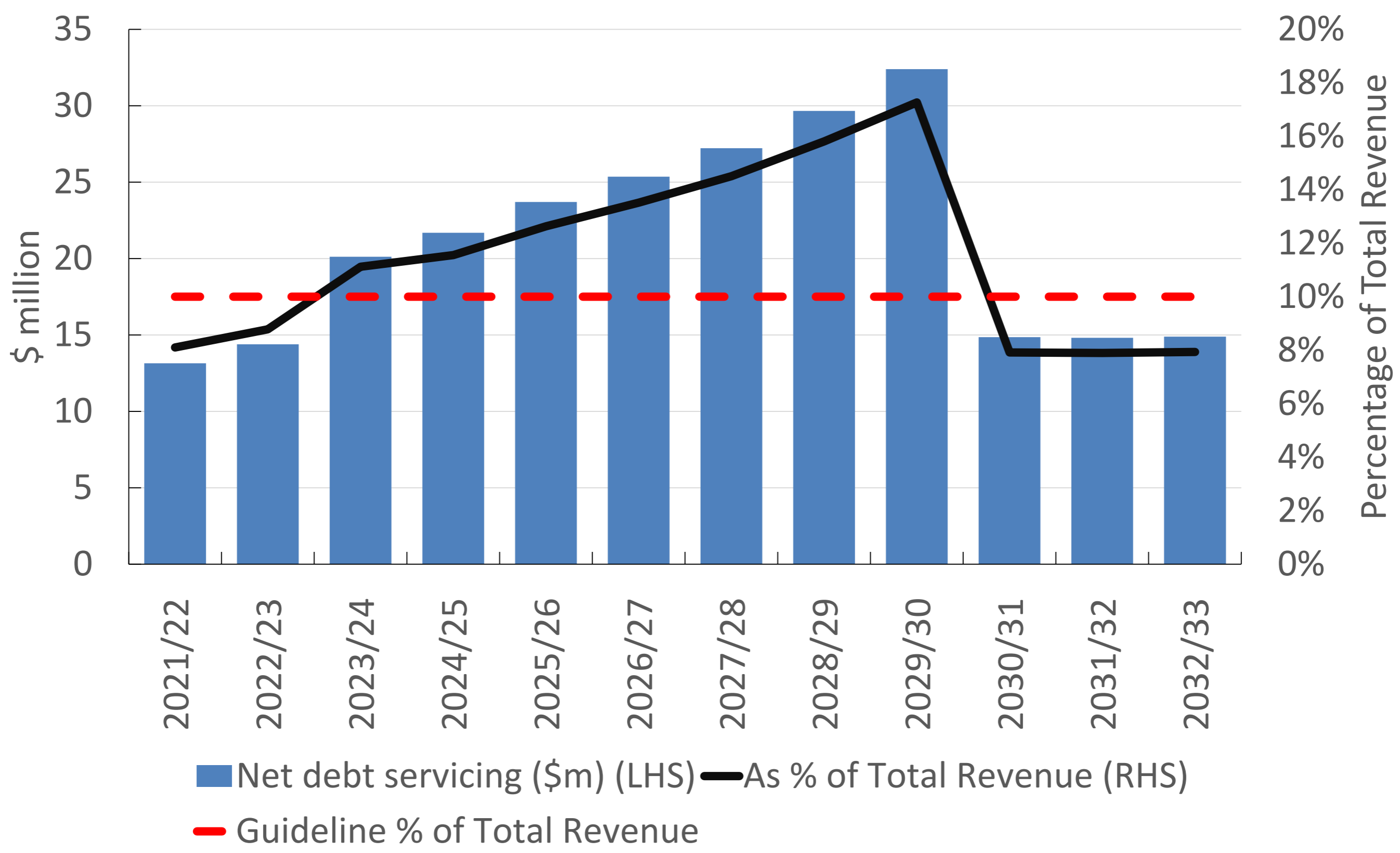


# Government Net Debt to GDP



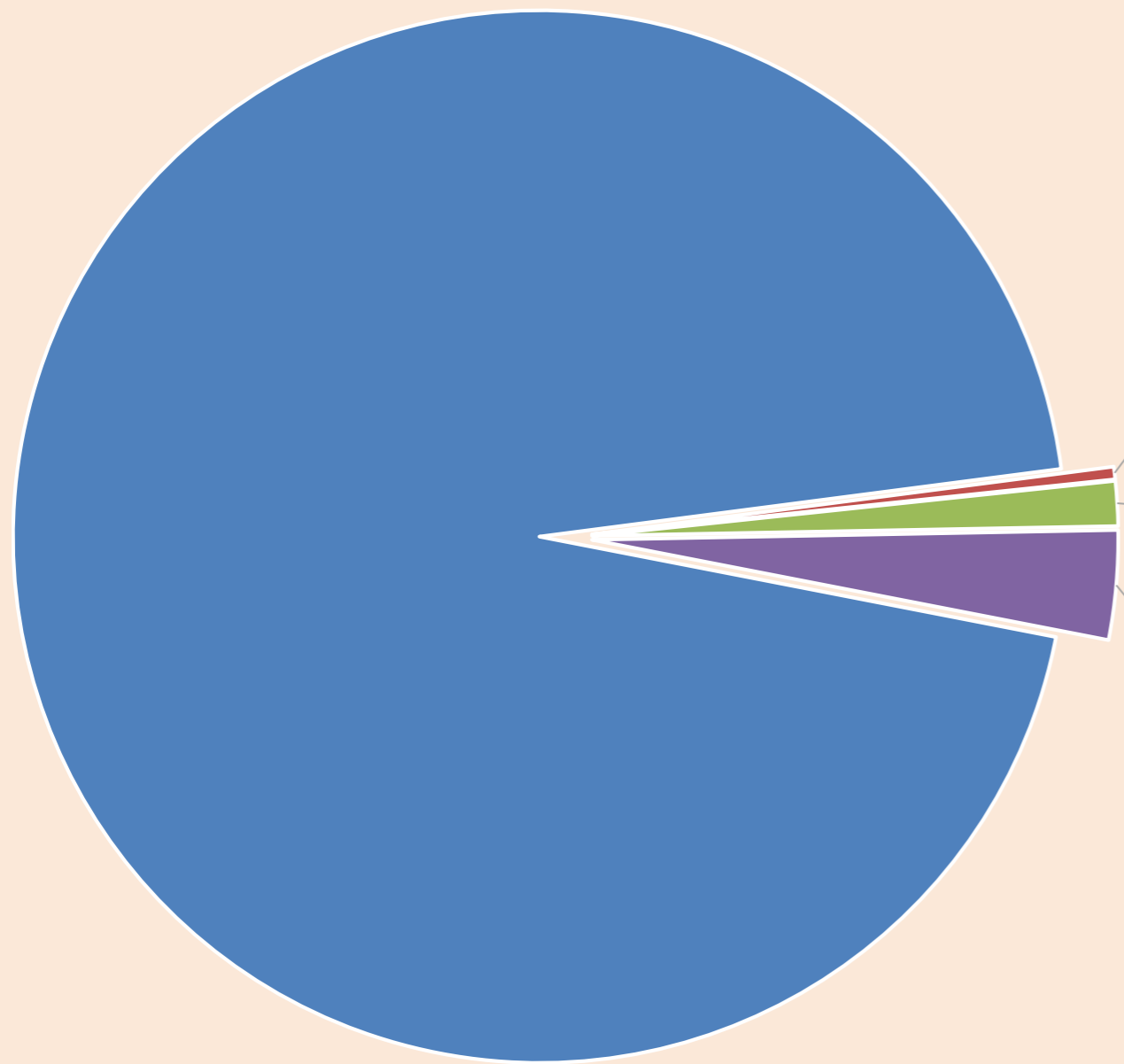


# Government Debt Servicing



# Economic Recovery Roadmap 21/22

Private Sector Financial Support  
**\$42,704,060**  
94.9%



Smart Grant Payments (ERP)  
\$174,673  
0.4%

ERR Workstreams  
\$618,000  
1.4%

Operational Costs  
\$1,507,841  
3.4%



# Fiscal Rules

Rules	Unit	Threshold	2021 /22	2022 /23	2023 /24	2024 /25	2025 /26
<b>Cash Reserves</b>	Month	3	4.1	1.2	0.1	0.0	0.0
<b>Net debt to GDP</b>	%	55/65	44.6	36.3	31.1	28.0	24.2
<b>Investment Rule</b>	%	55	Not Binding	Not Binding	Not Binding	Not Binding	Not Binding
<b>Estimated Expenditure</b>	\$m	2% growth	147.6	154.0	148.9	148.4	148.1
<b>Expenditure Limit</b>			151.0	152.4	160.3	154.2	151.4



# Budget 2022/23 Initiatives

- Old Age Pension increase \$20 per month
- Minimum Wage increased to \$8.50 per hour
- Healthcare personnel
- Teachers' remuneration
- OPM ICT upgrades and Pa Enuva Connectivity
- Physical infrastructure with projects that employ Cook Islanders



# Economic Recovery Roadmap

The ERR is the government's main vehicle to drive the Cook Islands' economic recovery from COVID-19 over the next few years.

- \$5.2 million in 2022/23
- Total of \$8 million over the next four years

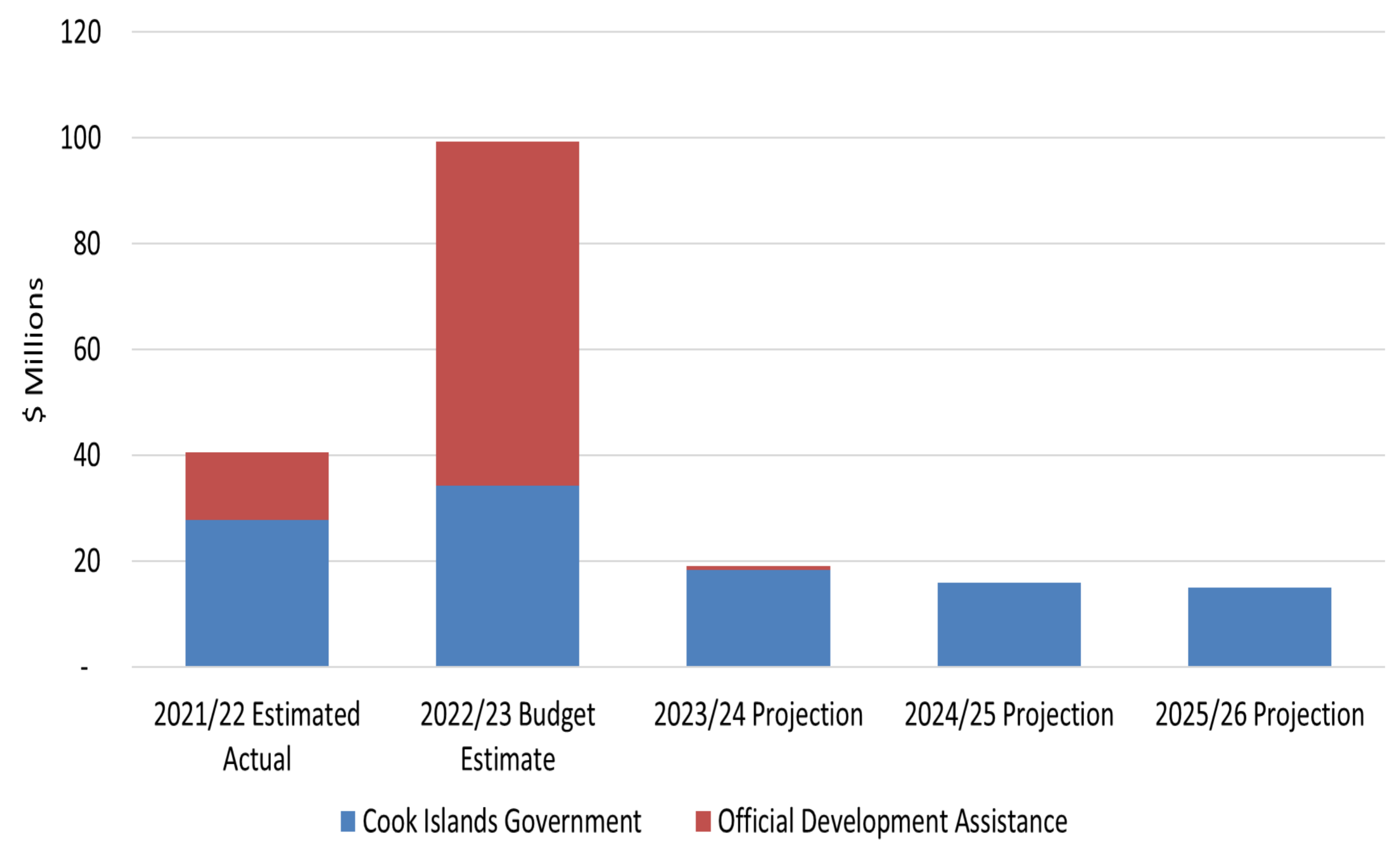


# Economic Recovery Roadmap

- Reducing the cost of borrowing
- Managing Public Debt
- Infrastructure Investment
- Barriers to Business Performance
- Productivity Growth
- Productivity Growth – Fees Free
- Public Sector Efficiency
- Labour Force and Population
- Foreign Investment



# Capital Expenditure Budget



# Capital Expenditure-Physical Assets

The following large capital investment projects in infrastructure:

## Rarotonga

- Road Assets (ICI-\$8.7 million) and Queen's Representative's and Sheraton Bridges (ICI-\$6.0 million)
- Government Buildings (CIIC-\$1.1 million) – Health, Justice, Police, National Stadium
- Cyclone Shelters (CIIC-\$0.4 million)
- Airport runway slabs (CIIC-\$0.85 million)

## Pa Enea

- Nassau Harbour (ICI-\$2.7 million)
- Manihiki Airport (ICI-\$0.9 million + proposed ODA funding)
- Government Buildings (CIIC-\$1.0 million, ICI-\$1.4 million) – Mangaia, Penrhyn, Manihiki, Rakahanga, Pukapuka





# Digital & Technology Projects

The following large capital investment projects into digital infrastructure:

- Revenue Management System Upgrade (MFEM-\$2.9 million)
- Government IT Network and Pa Enuua Connectivity (OPM ICT-\$0.8 million)
- National Auditorium Equipment (MoCD-\$0.1 million)



# Keeping the Faith

We have had a very large hit to our economy, but we have survived.

Our economic recovery is starting, there is light on the horizon, but it will take some time to fully recover.

We have measures that will steer us through this, and contingency plans if we need them.

Please keep the faith, and we will all get through together.

