

[Hon A Member]

[Placeholder for Crest]

Cook Islands Sovereign Wealth Fund Bill 2025

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An Act to—

- (a) **provide for the establishment of a sovereign wealth fund for the Cook Islands; and**
- (b) **provide for the governance of the fund and the management of its investments.**

The Parliament of the Cook Islands enacts as follows—

- 1 Title**
This Act is the Cook Islands Sovereign Wealth Fund Act 2025.
- 2 Commencement**
This Act comes into force [date].

Part 1

Preliminary matters

- 3 Interpretation**
In this Act, unless the context otherwise requires,—

Account—

- (a) in subpart 2 of Part 8, means the Resiliency Savings Account;
- (b) in subpart 3 of Part 8, means the Stabilisation Account;
- (c) in subpart 4 of Part 8, means the Intergenerational Savings Account;
- (d) in subpart 5 of Part 8, means the Distribution Holding Account

Board means the Board established under section 29

Board member or **member** means a member of the Board appointed under section 36

chair means the chair of the Board

Consumers Price Index means the Consumers Price Index All Groups published by the Cook Islands Statistical Office

Custodian Account means the account required by section 10

Custodian Bank means the bank that holds the Custodian Account

establishment date has the meaning set out in section 5(2)

Financial Secretary means the Financial Secretary appointed under section 4 of the Ministry of Finance and Economic Management Act 1995-96

Fund means the Cook Islands Sovereign Wealth Fund established by section 5(1)

Fund website means a website maintained by or on behalf of the Board to which the public has free access

Intergenerational Savings Account means the Account specified in subpart 4 of Part 8

Minister means the Minister of Finance and Economic Management

Ministry means the Ministry of Finance and Economic Management

Resiliency Savings Account means the Account specified in subpart 2 of Part 8

Stabilisation Account means the Account specified in subpart 3 of Part 8

vice chair means the vice chair of the Board appointed under section 49.

- 4 Act binds the Crown**
This Act binds the Crown.

Part 2

Establishment of Fund

Subpart 1—Sovereign Wealth Fund

- 5 Fund is established**
- (1) This section establishes the Cook Islands Sovereign Wealth Fund (the **Fund**).
 - (2) The date of establishment of the Fund (the **establishment date**) is the date on which this section comes into force.
- 6 Nature of Fund**
The Fund is the property of the Crown.

7 Object of Fund

The main object of the Fund is to contribute to the economic advancement and long-term self-reliance of the Cook Islands by accumulating a source of funds for—

- (a) resilience in response to natural disasters; and
- (b) economic and fiscal stabilisation; and
- (c) intergenerational expenditure on health, education, public infrastructure, and climate change resilience.

8 Property of Fund

The Fund consists of—

- (a) the investments of the Fund; and
- (b) any money in the Custodian Account.

9 Initial and subsequent capital contributions

The initial and subsequent capital contributions to the Fund are set out in Part 8.

Subpart 2—Fund administration

10 Custodian Account

The Board must maintain and operate an account for the Fund (the **Custodian Account**) with a bank (the **Custodian Bank**) that meets the criteria for the bank set out in the investment policy.

11 Custodian Account not public or trust money

- (1) The money standing to the credit of the Custodian Account must not be taken to be public money or trust money for the purposes of the Ministry of Finance and Economic Management Act 1995.
- (2) The funds referred to in section 14(1)(b) must not be paid into the Custodian Account.

12 Fund is tax exempt

The Fund is exempt from any liability to taxation under the laws of the Cook Islands.

13 Payments out of Fund

- (1) The Fund must be held for the objects set out in section 7.
- (2) Money may be paid out of the Fund—
 - (a) to pay any fee that is payable to an investment manager or custodian bank in respect of the Fund;
 - (b) to meet any other obligation that is directly related to the operation of the Fund;
 - (c) to pay the costs of administration of the Fund, including the remuneration of Board members, employees and consultants;
 - (d) to pay distributions under Part 8.
- (3) No payment may be made out of the Fund except in accordance with subsection (1) or subsection (2) and unless it has been authorised by the Board.

14 Fund expenses

- (1) The expenses of the Fund in the period before the distribution threshold for the Intergenerational Savings Account is reached under section 93(2) are payable—
 - (a) proportionately from the Resiliency Savings Account and the Stabilisation Account; and
 - (b) to the extent necessary, from funds allocated by the Ministry to be used directly for the purpose of meeting the expenses of the Fund.
- (2) For the purposes of subsection (1)(a), proportionality is determined by reference to the net value of the respective Accounts.
- (3) The expenses of the Fund once the distribution threshold for the Intergenerational Savings Account is reached under section 93(2) must be paid from that Account.

15 Financial structure

The financial structure of the Fund is set out in Part 8.

Subpart 3—Fund performance review

16 Performance review

- (1) From time to time, there must be conducted a review of how effectively and efficiently the Board is performing its functions in relation to the Fund.
- (2) The first performance review must be conducted not later than 5 years after the commencement of this Act .
- (3) Subsequent performance reviews must be conducted at intervals that are no more than 5 years apart (to be set by the King’s Representative on the advice of the Executive Council).

17 Terms of reference of review

- (1) The King’s Representative on the advice of the Executive Council must set the terms of reference for the review.
- (2) The terms of reference must address (but are not limited to) the following matters:
 - (a) the governance of the Fund:
 - (b) the management of the Fund’s operations, including the management of providers of services to the Fund:
 - (c) the performance of providers of services to the Fund:
 - (d) a review of the Fund’s investment policies in order to assess the following:
 - (i) whether the asset allocation is responsive to the Board’s growth, interest, and investment risk levels:
 - (ii) the relevance of performance benchmarks:
 - (iii) the performance of assets measured against similar trusts, endowments, foundations, and sovereign wealth funds:
 - (e) an assessment of the fees and expenses of providers of services to the Fund measured against similar trusts, endowments, foundations, and sovereign wealth funds:
 - (f) whether the Fund is meeting its objects.

18 Conduct of review

- (1) The review must be conducted by an independent person appointed by the King's Representative on the advice of the Executive Council.
- (2) The reviewer, as soon as practicable after conducting the review, must—
 - (a) prepare a written report (the **report**) on the conclusions reached and recommendations formulated as a result of conducting it; and
 - (b) give copies of the report to the Minister and the Board.
- (3) The Board must—
 - (a) ensure that the report is published without delay on the Fund website; and
 - (b) within 30 days after receiving the report—
 - (i) make a formal written response (the **response**); and
 - (ii) give a copy of the response to the Minister; and
 - (iii) ensure that the response is published on the Fund website.
- (4) The Minister must table the report and the response in Parliament as soon as practicable after receiving them.
- (5) The costs of conducting a performance review must be met out of money appropriated by Parliament for the purpose.

Part 3
Investment of Fund

Subpart 1—General

19 Investment of Fund

- (1) The Board may invest amounts standing to the credit of the Resiliency Savings Account, the Stabilisation Account, and the Intergenerational Savings Account in financial assets authorised by its investment policies.
- (2) Investments by the Board under subsection (1)—
 - (a) are made in the name of the Board acting as the agent of the Crown; and
 - (b) are taken to be investments of the Fund.

20 Basis of investment

- (1) The Board must invest the Fund on a prudent, commercial basis and, in doing so, must manage and administer the Fund in a manner consistent with—
 - (a) best-practice portfolio management; and
 - (b) maximising return without undue risk to the Fund as a whole; and
 - (c) avoiding prejudice to the reputation of the Cook Islands as a responsible member of the world community.
- (2) The interests of the Fund in an entity that is formed or controlled by the Board for the purpose of holding, facilitating, or managing the investments of the Fund are Fund investments and part of the Fund.

21 Prohibition on domestic investments

The Board must not invest in domestic investments in the Cook Islands.

22 Management of Fund investments

- (1) Income derived from an investment of the Fund must be credited to the Custodian Account.
- (2) A return of capital, or any other financial distribution, from an investment of the Fund must be credited to the Custodian Account.
- (3) The Board may realise an investment of the Fund.
- (4) On realisation of an investment of the Fund, the proceeds of the investment must be credited to the Custodian Account.
- (5) At any time before an investment of the Fund matures, the Board may authorise the re-investment of the proceeds upon maturity in a financial asset investment with the same entity. The new investment is taken to be an investment of the Fund.

23 Deduction of expenses

The Board may, if an investment policy so provides, enter into an agreement for expenses related to Fund investments to be deducted from income, return on capital or other distribution to the Fund, or realisation of a Fund investment before crediting the balance of that income, return, other distribution, or realisation of an investment to the Custodian Account.

Subpart 2—Investment policies

24 Establishment of investment policies, standards, and procedures

- (1) The Board must establish, and adhere to, investment policies, standards, and procedures for the Fund that are consistent with—
 - (a) their duty to invest the Fund on a prudent, commercial basis, in accordance with section 20(1); and
 - (b) the requirements of this Act.
- (2) The Board must—
 - (a) ensure that statements of the investments policies, standards, and procedures for the Fund are published on a Fund website; and
 - (b) review those investment policies, standards, and procedures at least annually; and
 - (c) revise the statements of investment policies, standards, and procedures as required.

25 Contents of statements of investment policies, standards, and procedures

The statements of investment policies, standards, and procedures must cover (but are not limited to) the following:

- (a) the classes of investments in which the Fund is to be invested and the selection criteria for investments within those classes;
- (b) the determination of benchmarks, future estimated capital market assumptions, or standards against which the performance of the Fund as a whole, and classes of investments and individual investments, must be assessed;
- (c) standards for reporting the investment performance of the Fund:

- (d) ethical investment, including policies, standards, or procedures for avoiding prejudice to the reputation of the Cook Islands as a responsible member of the world community:
- (e) the balance between risk and return in the overall Fund portfolio:
- (f) the fund management structure:
- (g) the governance framework for the implementation and operation of all entities that are controlled by the Board or that are formed by the Board for the purpose of holding, facilitating, or managing the investments of the Fund:
- (h) the management of credit, liquidity, operational, currency, market, and other financial risks:
- (i) the retention, exercise, or delegation of voting rights acquired through investments:
- (j) prohibited or restricted investments or any investment constraints or limits:
- (k) the appropriate qualifications for appointment as the auditor of the Fund under section 28.

Subpart 3—External appointees

26 Investment manager

- (1) The Board may appoint, on any terms and conditions that the Board thinks fit, 1 or more persons to undertake the investment of any part of the Fund.
- (2) Different persons may be appointed for different parts of the Fund.
- (3) The Board must state, in each instrument of appointment, the powers and rights of the person appointed (including, without limitation, the extent of that person's power to delegate any of those powers and rights).

27 Custodianship of Fund

- (1) The Board may appoint 1 or more persons to act as custodian of the Fund, or any part of the Fund.
- (2) A custodian so appointed must hold the property of the Fund, or that part of the property of the Fund for which they have been appointed, in their name or, if the Board authorises it, in the name of 1 or more nominees.
- (3) An appointment may be on any terms and conditions that the Board thinks fit.
- (4) The Board must specify, in each instrument of appointment, the powers and rights of the person or persons appointed (including, without limitation, the extent of that person's powers to delegate any of those powers and rights).

28 Independent auditor

The Board must appoint an independent auditor who is appropriately qualified by reference to the relevant investment policy established under subpart 2 (*see* section 25(k)).

Part 4

Supervision and management of Fund

Board of management

29 Establishment of Fund Board

The Cooks Islands Sovereign Wealth Fund Board (the **Board**) is established by this section.

30 Board's function

- (1) The Board has the functions of—
 - (a) operating, supervising, and managing the Fund; and
 - (b) investing and distributing the resources of the Fund.
- (2) The Board is the agent of the Crown for the purpose of discharging those functions.

31 Board is body corporate

The Board—

- (a) is a statutory agency of the Crown; and
- (b) is a body corporate with perpetual succession; and
- (c) may acquire, hold, and dispose of real and personal property; and
- (d) may sue and be sued in its corporate name.

32 Board's powers

- (1) Subject to this Act, the Board may exercise all the rights, powers, and privileges, and may incur the liabilities and obligations, of a natural person of full age and capacity.
- (2) Any real or personal property held by the Board is held for and on behalf of the Crown.
- (3) Any money received by the Board is received by the Board for and on behalf of the Crown.

33 Secretariat

- (1) The Board must appoint—
 - (a) the appropriate secretariat for the proper and efficient administration of the Fund and the provision of administrative services to the Board; and
 - (b) a person to act as the head of the secretariat.
- (2) The head of the secretariat—
 - (a) may be appointed as an employee of the Board or as a contractor for services; and
 - (b) is responsible to the Board for the proper and efficient administration of the Fund.

34 Employees and consultants

- (1) The Board may employ any persons, and engage on contract any other persons, that it considers necessary for the purposes set out in section 33(1)(a).

- (2) The Board may determine the remuneration and other conditions of employment or engagement of its employees and persons engaged on contracts for services.
- (3) The Board may provide and maintain schemes (whether contributory or not) for the payment of retirement benefits, gratuities, or other allowances to its employees or former employees and their dependants.

35 No power to borrow

- (1) The Board has no power to borrow money.
- (2) The Fund, and any money, investment or property owned by the Fund, must not be subject to any mortgage, charge, or other security.
- (3) The Fund must not issue transferable or negotiable obligations evidencing indebtedness.

Board membership, appointment, and removal

36 Membership of Board

- (1) The Board must consist of the following members appointed under section 37:
 - (a) the voting members:
 - (b) an ex officio non-voting member nominated by a reputable investment industry participant that is based overseas:
 - (c) if required by an external funding agreement, the nominee of the external funder, who is a non-voting member unless the agreement specifies otherwise.
- (2) The voting members of the Board referred to in subsection (1)(a) are the following:
 - (a) the Financial Secretary:
 - (b) 4 members appointed on account of their substantial experience, training, and expertise in the management of financial investments:
 - (c) 1 member nominated by the House of Ariki:
 - (d) the nominee of an external funder, if the external funding agreement specifies that the nominee is a voting member:
 - (e) 1 member nominated alternately by the Cook Islands Bankers' Association and the Cook Islands Law Society.
- (3) A member appointed or nominated under subsection (2)(b) or (c) must not serve more than 2 consecutive terms.

37 Procedure for appointment

- (1) The King's representative, acting on the advice of the Executive Council, may by written instrument appoint—
 - (a) the members of the Board; and
 - (b) the chair of the Board, who must be 1 of the 4 members appointed on account of their substantial experience, training, and expertise in the management of financial investments.
- (2) An appointment under subsection (1) must be notified in the *Gazette*.

38 Nominating committee

- (1) The King's Representative must establish by Order in Council made on the advice of the Executive Council a committee (the **nominating committee**) with the following functions:
 - (a) nominating persons for appointment as members specified in section 36(2)(b) after assessing in respect of each person so nominated his or her experience, training, and expertise in financial investments:
 - (b) nominating from the persons nominated under paragraph (a) a person to be the chair of the Board:
 - (c) obtaining the nomination required for each of the members specified in section 36(1)(b) and (c) and (2)(c) to (e):
 - (d) establishing that a person nominated under paragraph (a) or (c) is not disqualified under section 41.
- (2) The nominating committee must comprise not less than 4 persons with proven skills or relevant work experience that will enable them to identify candidates for appointment to the Board who are suitably qualified.
- (3) The expenses of the nominating committee must be met out of money appropriated by Parliament for the purpose.

39 Validity of appointments

- (1) The appointment of a person as Board member, chair, or vice chair is not invalid only because a defect existed in the appointment of the person.
- (2) This section does not apply to a defect in the qualifications for appointment of the member.

40 Term of office

- (1) A Board member holds office for the term specified in subsection (2) (or such shorter period specified in the instrument of appointment) unless he or she earlier dies, resigns, becomes disqualified under section 41, or is removed by the King's Representative under section 42.
- (2) The term of office of—
 - (a) the chair is the duration of his or her term as a Board member:
 - (b) the members specified in section 36(1)(b) and (2)(b) and (c) is 3 years:
 - (c) a member who is the nominee of an external funder is the term specified in the external funding agreement or, if no term is specified, 3 years:
 - (d) the member specified in section 36(2)(e) is 2 years.
- (3) The King's Representative, acting on the advice of the Executive Council, may by written notice to the member and a copy to the Board, extend the term of a member specified in section 36(2)(b) by up to 12 months.
- (4) The notice of extension must—
 - (a) specify the member in question and the duration of the extension; and
 - (b) be notified in the *Gazette*.
- (5) If a member's term is extended under subsection (3) and the member is reappointed for a further term in the same capacity, the length of the further term must be reduced by the length of the extension.

41 Disqualification

- (1) A Board member or a lay observer must be a natural person.
- (2) A person is disqualified from appointment as a member or a lay observer if he or she,—
 - (a) in any jurisdiction,—
 - (i) is an undischarged bankrupt; or
 - (ii) is prohibited from being a director or promoter of, or being concerned or taking part in the management of, a company; or
 - (iii) is subject to a protection or equivalent personal order under legislation relating to mental health or competence; or
 - (iv) has been convicted of an offence punishable by imprisonment for a term of 2 years or more, or has been sentenced to imprisonment for any other offence, unless that person has obtained a pardon, served the sentence, or otherwise suffered the penalty imposed on the person; or
 - (b) is a member of Parliament; or
 - (c) disqualified under another Act.

42 Removal from office

- (1) The King's Representative acting on the advice of the Executive Council may remove a Board member from office for a reason that justifies removal.
- (2) The King's Representative removes a member by sending written notice to the member and a copy to the Board.
- (3) A reason that justifies removal includes, but is not limited to, misconduct, inability to perform the functions of office, neglect of duty, and breach of any of the collective duties of the Board or the individual duties of Board members.
- (4) The removal of a Board member must be notified in the *Gazette*.

43 Process for removal

The King's Representative may remove a Board member with as little formality and technicality, and as much expedition, as is permitted by—

- (a) the principles of natural justice; and
- (b) a proper consideration of the matter.

44 No compensation for loss of office

A person is not entitled to any compensation or other payment or benefit relating to his or her ceasing, for any reason, to hold office as a Board member or chair or vice chair of the Board.

45 Resignation of Board member

- (1) A Board member may resign from office by written notice to the King's Representative (with a copy to the Board) signed by the member.
- (2) The resignation is effective on receipt by the King's Representative of the notice or at any later time specified in the notice.
- (3) A Board member who is the nominee of an external funder is taken to resign office without the necessity of notice on the termination of the external funding agreement.

Remuneration and expenses

46 Remuneration and expenses of Board members

- (1) Subject to subsection (2), a Board member is entitled to—
 - (a) remuneration for services as a Board member at a rate and of a kind determined prescribed by regulations; and
 - (b) be reimbursed for actual and reasonable travelling and other expenses incurred in carrying out his or her office as a member.
- (2) The nominee of an external funder is not entitled to remuneration under subsection (1)(a).

Lay observers

47 Appointment of appoint lay observers

- (1) The King's Representative may by written instrument appoint the following lay observers:
 - (a) a lay observer representing the Pa Enuua;
 - (b) a lay observer representing civil society;
 - (c) a lay observer representing the Religious Advisory Council.
- (2) The appointment of a lay observer must be notified in the *Gazette*.
- (3) A lay observer—
 - (a) is appointed for a term of a maximum of 2 years; and
 - (b) must not be disqualified under section 41; and
 - (c) subject to subsection (4), has the right to attend Board meetings and to speak, but has no vote.
- (4) The chair of a meeting of the Board may, at his or her discretion, exclude a lay observer from attendance at a Board meeting, or part of a Board meeting, on grounds of commercial sensitivity.
- (5) A lay observer must not disclose information obtained through attendance at Board meetings or access to Board papers—
 - (a) without the express approval of the chair or acting chair; or
 - (b) in accordance with a written protocol approved by the Board for disclosure of information by a lay observer to the organisation or professional body that the person represents.
- (6) A lay observer is entitled to be reimbursed for actual and reasonable expenses incurred in attending Board meetings but is not otherwise entitled to any remuneration for attendance.

48 Removal or resignation of lay observer

- (1) The King's Representative, acting on the advice of the Executive Council, may remove a lay observer by written notice to the person (with a copy to the Board) for a reason that justifies removal.
- (2) Sections 43 (Process of removal), 44 (No compensation for loss of office), and 45 (Resignation of board member) apply to a lay observer as if the person were a Board member.

Vice chair and Board procedure

49 Appointment of vice chair and Board procedure

- (1) The voting members of the Board may at any time choose a member specified in section 36(2)(b) to be vice chair of the Board, and that person may perform all the functions of the chair in the absence of the chair.
- (2) The provisions set out in the Schedule govern the proceedings of the Board.

Part 5
Board responsibilities

Collective duties of Board

50 Management of Fund

The Board must ensure that the Fund is managed in a manner that is—

- (a) efficient and effective; and
- (b) financially responsible.

Individual duties of Board members

51 Compliance with this Act

A Board member must not, in relation to the Fund, cause the contravention of this Act, or agree to such a contravention.

52 Duty to act with honest and integrity

A Board member must, when acting as a Board member, act with honesty and integrity.

53 Duty to act in good faith and not at expense of Fund's interests

A Board member must, when acting as a Board member, act in good faith and not pursue his or her own interests at the expense of the Fund's interests.

54 Duty to act with reasonable care, diligence, and skill

A Board member must, when acting as a Board member, exercise the care, diligence, and skill that a reasonable person would exercise in the same circumstances, taking into account (without limitation)—

- (a) the nature of the Fund; and
- (b) the nature of the action; and
- (c) the position of the member and the nature of the responsibilities undertaken by him or her.

55 Duty not to disclose information

A Board member who has information in his or her capacity as a Board member that would not otherwise be available to him or her must not disclose that information to any person, or make use of, or act on, that information, except—

- (a) for the purpose of the management or investment of the Fund; or
- (b) as required or permitted by law; or
- (c) in complying with the requirements for Board members to disclose interests.

Reliance on information and advice

56 Board member may rely on certain information and advice

- (1) A Board member, when acting as a member, may rely on reports, statements, financial data, and other information prepared or supplied, and on professional or expert advice given, by any of the following persons:
 - (a) an employee of the Fund whom the member believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
 - (b) a professional adviser or expert in relation to matters that the member believes on reasonable grounds to be within the person's professional or expert competence;
 - (c) any other member or a committee on which the member did not serve in relation to matters within the member's or committee's designated authority.
- (2) A Board member, when acting as a member, may rely on reports, statements, financial data, and other information supplied by the Ministry.
- (3) This section applies to a Board member only if the member—
 - (a) acts in good faith; and
 - (b) makes proper inquiry if the need for inquiry is indicated by the circumstances; and
 - (c) has no knowledge that the reliance is unwarranted.

Conflict of interest

57 Procedure when Board member conflicted

- (1) A Board member who has an interest in a Fund matter—
 - (a) must disclose the interest to the Board in writing; and
 - (b) must not vote on the matter or otherwise participate in consideration of the matter by the Board.
- (2) A person has an interest in a matter if he or she—
 - (a) may derive a financial benefit from the matter; or
 - (b) is the spouse, civil union partner, de facto partner, child, or parent of a person who may derive a financial benefit from the matter; or
 - (c) may have a financial interest in a person to whom the matter relates; or
 - (d) is a partner, director, officer, board member, or trustee of a person who may have a financial interest in a person to whom the matter relates; or
 - (e) is otherwise directly or indirectly interested in the matter.
- (3) However, a person is not interested in a matter if his or her interest is so remote or insignificant that it cannot reasonably be regarded as likely to influence him or her in carrying out his or her responsibilities as a Board member.

Delegation

58 Board may delegate

- (1) The Board may, in relation to the Fund, delegate as appropriate the necessary powers of the Board to—

- (a) a person appointed to undertake the investment of any part of the Fund; or
 - (b) a person appointed as a custodian of Fund investments; or
 - (c) an entity that is formed or controlled by the Board for the purpose of holding, facilitating, or managing the investments of the Fund.
- (2) A delegation under this section may be revoked at will by resolution of the Board and written notice to the delegate.
- (3) A delegation under this section—
 - (a) does not affect or prevent the performance of any function or the exercise of any power by the Board; or
 - (b) does not affect the responsibility of the Board for the actions of any delegate acting under the delegation.

Liability of Board members

59 Immunity from civil liability

- (1) A Board member is not liable in respect of an excluded act or omission—
 - (a) to the Crown, unless it is also a breach of an individual duty under sections 51 to 55; or
 - (b) to any other person.
- (2) In subsection (2), **excluded act or omission** means an act or omission by the Board member in good faith and in performance or intended performance of the functions of the Board.

Part 6
Financial oversight

Financial statements

60 Financial statements of Fund

- (1) The Board must ensure that financial statements for the Fund are prepared for each financial year as soon as practicable, and in any event no later than 6 months, after the end of that financial year.
- (2) The financial statements must—
 - (a) comply with generally accepted accounting practice; and
 - (b) include any other information or explanations needed to fairly reflect the financial operations and financial position; and
 - (c) include the forecast financial statements prepared at the start of the financial year, for comparison with the actual financial statements; and
 - (d) account for external funding separately from mandatory and optional funding.
- (3) In subsection (2)(a), **generally accepted accounting practice** has the same meaning as in section 2 of the Ministry of Finance and Economic Management Act 1995-96.

61 Statement of responsibility

- (1) At the conclusion of each financial year, the Board must ensure that a statement of responsibility is prepared in relation to the Fund that complies with subsection (2).
- (2) The statement of responsibility must—
 - (a) contain a statement of the signatories' responsibility for the preparation of the financial statements and statement of performance and for the judgments in them;
 - (b) contain a statement of the signatories' responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting;
 - (c) contain a statement that, in the opinion of the signatories, the financial statements and statement of performance for the financial year fairly reflect the financial position and operations of the Fund; and
 - (d) be signed by the chair of the Board.

62 Audit of financial statements

- (1) The Board must, not later than 90 days after the end of the financial year, forward the annual financial statements of the Fund to the auditor.
- (2) The auditor must issue an audit opinion within 30 days of receipt of the annual financial statements and must return the annual financial statements, with the audit report attached, to the Board.

Reporting

63 Annual report

- (1) The Board must, not later than 6 months after the end of the previous financial year, prepare an annual report that includes the following:
 - (a) the financial statements of the Fund for that financial year prepared under section 60;
 - (b) the statement of responsibility for the financial statements of the Fund, required by section signed by the chair of the Board, and comprising the same statements that are required by section 61;
 - (c) the audit report on the financial statements;
 - (d) an analysis and explanation of the performance of the Fund over that financial year;
 - (e) a statement of the investment policies, standards, and procedures for the Fund established by the Board under section 24;
 - (f) a statement signed by the chair of the Board certifying whether or not the investment policies, standards, and procedures for the Fund have been complied with throughout that financial year;
 - (g) a schedule of the investment managers and custodians used by the Board in relation to the Fund during that financial year and the classes of investments for which each was responsible.
- (2) The Minister must table the annual report in Parliament.
- (3) The Board must ensure that the report is published on a Fund website.

64 Ad hoc reporting

- (1) The Board must report to the Minister on the Fund at those intervals that the Minister may require.
- (2) The report must include any information that the Minister requires.

Part 7 Funding

65 Types of funding

Funding of the Fund may be—

- (a) mandatory:
- (b) external:
- (c) optional.

Mandatory funding

66 Mandatory funding

The whole of the following funds must be paid to the Fund by the Crown or the Cook Islands Seabed Minerals Authority (the **Authority**), as the case may be:

- (a) the royalties and all revenue paid to the Crown or the Authority under section 98 of the Seabed Minerals Act 2019:
- (b) any sums paid to the Cook Islands Government under Part 8 of the Seabed Minerals Act 2019 (other than any funds allocated by the Ministry to be used directly for the purposes of covering the costs of the Authority and performing its functions under Part 8):
- (c) the royalties paid to the Ministry under the Seabed Minerals (Royalties) Regulations 2013:
- (d) all tax arising from the application of Part 8A of the Income Tax Act 1997.

External funding

67 External funding

The Fund may obtain external funding from a contribution partner under an external funding agreement that complies with the requirements of Part 8.

Optional Crown funding

68 Optional funding

The Crown may from time to time make contributions to the Fund that are additional to the mandatory funding required by section 66.

Part 8 External funding agreements

69 Nature of external funding agreement

- (1) An external funding agreement is an agreement made under this Part between the Government and 1 or more contribution partners that provides for the payment of a monetary contribution by a contribution partner to the Fund.

70 Status of contribution

- (1) A contribution that is paid under an external funding agreement becomes the property of the Crown absolutely on payment to the Fund.
- (2) The external funder has no right by virtue of making the contribution—
 - (a) to be repaid any or all of the contribution (including its appreciation in value) on termination of the agreement or upon the liquidation of the Fund, except as provided for by the agreement;
 - (b) to set off against the contribution any debt that it owes to the Government or an agency of the Government;
 - (c) to claim an interest in the contribution as a creditor of or lender to the Fund; or
 - (d) to mortgage or otherwise confer a security interest in the contribution.

71 Requirements for external funding agreement

- (1) An external funding agreement must—
 - (a) be approved by an Order in Council on the recommendation of the Minister; and
 - (b) provide at a minimum for the matters set out in section 72; and
 - (c) not be inconsistent with the provisions or the policy of this Act.
- (2) The Minister must not recommend the approval of the agreement unless the Minister is first satisfied that the agreement complies with subsections (1)(b) and (c).

72 Content of external funding agreement

An external funding agreement must—

- (a) specify the following:
 - (i) the amount to be contributed;
 - (ii) the term of the agreement;
 - (iii) the time or times for making the contribution or instalments of the contribution;
 - (iv) which of 1 or more of the Accounts set out in section 73(a) to (c) takes the benefit of the contribution;
 - (v) if the contribution is made for the benefit of more than 1 Account, the apportionment of the contribution between the Accounts; and
- (b) specify or provide for the following:
 - (i) the establishment of a designated sub-account in each Account for the benefit of which the contribution is made;
 - (ii) the right, if any, of the external funder to appointment of its nominee to the Board;
 - (iii) the voting status of the external funder's nominee on the Board, that is, whether the nominee is a voting or a non-voting member;
 - (iv) if the external funder has the right to the appointment of its nominee to the Board, the procedure for co-operating with the nominating committee to facilitate the appointment;
 - (v) the grounds for terminating the agreement, and the procedure for terminating it;

- (vi) the resolution of any dispute arising out of the agreement:
- (vii) the right, if any, of the external funder to be repaid any or all of the contribution (including any appreciation in value) on termination of the agreement or upon the liquidation of the Fund; and
- (c) specify or provide any further matters that may be prescribed by regulations made under this Act.

Part 9

Fund financial structure

Subpart 1—Overview of financial structure

73 Overview of financial structure

The Fund must comprise the following Accounts:

- (a) the Resiliency Savings Account:
- (b) the Stabilisation Account:
- (c) the Intergenerational Savings Account:
- (d) the Distribution Holdings Account.

Subpart 2—Resiliency Savings Account

74 Purpose of Resiliency Savings Account

- (1) The purpose of the Resiliency Savings Account is to provide funds for the following:
 - (a) assisting with the initial and immediate assessment of damage in relation to any State of Disaster or State of Emergency:
 - (b) re-establishing essential services and infrastructure including water supply, power, health and communications:
 - (c) providing tools, parts, machinery and equipment to assist with clearing and tidy up work, and essential repairs to infrastructure:
 - (d) assisting with the provision of temporary shelter and necessities (water, food and clothing) for affected populations:
 - (e) assisting with the deployment and co-ordination of Government workers in Rarotonga to assist or relieve Government staff on the Outer Islands as well as the deployment and co-ordination of volunteer workers:
 - (f) assisting with transportation, accommodation and provisioning for volunteer and relief workers:
 - (g) assisting with the costs involved in the transportation of people and goods (whether by air or sea):
 - (h) any other action or assistance that is necessary or desirable to aid and provide emergency assistance in relation to any State of Disaster or State of Emergency.
- (2) In this subpart, a reference to “the Account” is a reference to the Resiliency Savings Account.

Capitalisation

75 Initial capitalisation

The Minister must ensure that, not later than 30 days after the establishment date, there are transferred or otherwise paid to the Account the whole of the investments and monies comprising the Disaster Response Trust Fund.

76 Ongoing capitalisation

Subject to the annual contribution limit, there must be paid to the Account 10% of the sources of funding specified in section 66.

77 Annual contribution limit

- (1) The annual contribution limit for the Account is reached when the balance of the Account reaches 8% of gross domestic product for the relevant financial year.
- (2) The effect of reaching the annual contribution limit is that there must be no further payment to the Account for the current financial year under section 76.
- (3) The annual contribution limit does not apply to external or optional funding of the Account.

Distributions

78 When distribution may be made

The Board may make a distribution from the Account if—

- (a) either—
 - (i) the Prime Minister has declared a State of Disaster under section 19(1) of the Disaster Risk Management Act 2007; or
 - (ii) a State of Emergency exists under section 20(a) (declaration by the Prime Minister) or section 20(b) (determination by the Director Emergency Management Cook Islands) of the Disaster Risk Management Act 2007; and
- (b) the Board has received a request under section 79 for a distribution.

79 Request for distribution

- (1) A request for a distribution from the Account may be made by the Financial Secretary.
- (2) The request must—
 - (a) be in writing; and
 - (b) specify the total amount requested; and
 - (c) specify how the distribution will be spent; and
 - (d) contain any other information that may be prescribed by regulations; and
 - (e) be sent to the Board.

80 Board decision on distribution request

- (1) The Board must decide and notify its decision on a distribution request to the Financial Secretary within 24 hours of receiving it.
- (2) The Board may impose conditions on the grant of the distribution.
- (3) The Board must refuse the request if—

- (a) the amount of the distribution requested exceeds the amount of the Account; or
- (b) the Board considers on reasonable grounds that—
 - (i) that the requirement of section 78(a) has not been met; or
 - (ii) the requested distribution is not consistent with the purposes of the Account.

81 Additional reporting

Within 90 days after the approval of a distribution from the Account, the Financial Secretary must provide the Board with the following information in writing:

- (a) expenditure by sector and program:
- (b) the time line for the expenditure of the distribution:
- (c) the monitoring and evaluation framework, including performance metric:
- (d) any other information that may be prescribed by regulations.

Subpart 3—Stabilisation Account

82 Purpose of Stabilisation Account

- (1) The purpose of the Stabilisation Account is to provide funds for supporting Government expenditure in the event of qualifying economic downturns.
- (2) In this subpart, a reference to “the Account” is a reference to the Stabilisation Account.

Capitalisation

83 Initial capitalisation

The Minister must ensure that, not later than 30 days after the establishment date, there are transferred or otherwise paid to the Account the whole of the investments and monies comprising the Account.

84 Ongoing capitalisation

Subject to the annual contribution limit, there must be paid to the Account 15% of the sources of funding specified in section 66.

85 Annual contribution limit

- (1) The annual contribution limit for the Account is reached when the balance of the Account reaches 50 % of the value of the operating expenditure and capital expenditure by the Government for the relevant financial year.
- (2) The effect of reaching the annual contribution limit is that there must be no further payment to the Account for the current financial year under section 84.
- (3) The annual contribution limit does not apply to external or optional funding of the Account.

Distributions

86 When distribution may be made

- (1) The Board may make a distribution from the Account if—
 - (a) there has occurred a trigger contraction; and

- (b) the Board has received a request under section 87 for a distribution.
- (2) The maximum total distribution that the Board may make under subsection (1) is the lesser of the following amounts:
 - (a) the value of the contraction; or
 - (b) the amount of the distribution calculated as follows:
 - (i) for a contraction greater than 0% but less than 2%, a maximum total distribution of 25% of the value of the Account;
 - (ii) for a contraction of 2% or greater but less than 4%, a maximum total distribution of 50% of the value of the Account;
 - (iii) for a contraction of 4% or greater, a maximum total distribution of 75% of the value of the Account.
- (3) The value of a contraction for a particular quarter that has already been used to calculate the maximum total distribution under subsection (2) must not be used in subsequent calculations.
- (4) The Board may make 1 or more distributions in respect of the same contraction, providing that the sum of the distributions does not exceed the maximum total distribution permitted under subsection (2).
- (5) For the purposes of this section—
contraction means a contraction in gross domestic product for the Cook Islands
trigger contraction means a contraction over 3 consecutive quarters compared to the previous comparable period
value of the Account means the value of the Account at the date of approval of the distribution in question.

87 Request for distribution

- (1) A request for a distribution from the Account may be made by the Financial Secretary.
- (2) The request must—
 - (a) be in writing; and
 - (b) specify the total amount requested; and
 - (c) specify proposed expenditure by sector and program; and
 - (d) specify a timeline for the disbursement of the distribution; and
 - (e) describe the monitoring and evaluation framework, including performance metrics; and
 - (f) contain any other information that may be prescribed by regulations; and
 - (g) be sent to the Board.

88 Board decision on distribution request

- (1) The Board must decide and notify its decision on a distribution request to the Ministry within 14 days of receiving it.
- (2) The Board may impose conditions on the grant of the distribution.
- (3) The Board must refuse the request if —
 - (a) the amount of the distribution requested exceeds the amount in the Account; or
 - (b) the Board considers on reasonable grounds that—

- (i) that the requirement of section 86(1)(a) has not been met; or
- (ii) the requested distribution is not consistent with the purposes of the Account.

Subpart 4—Intergenerational Savings Account

89 Purpose of Intergenerational Savings Account

- (1) The purpose of the Intergenerational Savings Account is to provide funds for intergenerational expenditure on the following:
 - (a) health;
 - (b) education (including cultural education);
 - (c) public infrastructure;
 - (d) environmental protection and remediation.
- (2) In this subpart, a reference to “the Account” is a reference to the Intergenerational Savings Account.

Capitalisation

90 No initial capitalisation

There is no initial capitalisation of the Account.

91 Ongoing capitalisation

There must be paid to the Account at least 75% of the sources of funding specified in section 66.

92 No annual contribution limit

There is no annual contribution limit for the Account.

Distributions

93 Distribution threshold

- (1) There must be no distribution from the Account until the distribution threshold is reached.
- (2) The distribution threshold is reached—
 - (a) when the value of the Account exceeds the equivalent value of NZD350 million adjusted for inflation from the date of commencement of this Act in accordance with the Consumers Price Index; or
 - (b) 20 years after the date of the initial payment of funding to the Account.

94 When distribution may be made

- (1) The Board may make a distribution from the Account—
 - (a) when the distribution threshold has been reached; and
 - (b) the Ministry has requested a distribution by submitting the annual budget set out in section 95.
- (2) The Board must not make a distribution if it would exceed the distribution limit set out in section 96.

95 Annual budget

- (1) The annual budget for distributions from the Account must—

- (a) specify the distribution by total, sector, and recipient;
 - (b) describe how the distribution will be spent by sector and sector program;
 - (c) specify proposed expenditure for the upcoming financial year by sector and program;
 - (d) specify a timeline for the disbursement of the distribution;
 - (e) describe the monitoring and evaluation framework, including performance metrics; and
 - (f) contain any other information that may be prescribed by regulations.
- (2) The Ministry must submit the budget to the Board within 6 months of the start of the financial year.
 - (3) The Board must respond to the budget request within 90 days after receiving it.

96 Distribution limit

- (1) The Board must determine the distribution limit for the current financial year within 6 months after the commencement of that financial year.
- (2) The distribution limit must be calculated according to the following formula:

distribution limit = distribution percentage x moving average

- (3) In this section—

distribution percentage means the estimated gross long term annual investment return, less—

- (a) the average of Fund expenses (including investment fees and administrative expenses) incurred over the moving average period, calculated annually as a proportion of the principal;
- (b) the annual average of the official inflation rate over the moving average period, calculated on a compound basis; and
- (c) the sustainability gap

estimated gross long term annual investment return means the estimated long-term investment return rate as determined by the Board on the advice of its investment manager or other appropriately qualified expert

moving average means the average of the current values of the Account at the commencement of each financial year of the moving average period as reported in the relevant annual report required under section 63

moving average period means the preceding 5 full financial years

official inflation rate means the increase in the Consumers Price Index

principal means the total value of the funds comprising the Account, including bonds, shares, and other holdings

sustainability gap means an additional allowance, expressed as not less than 1 percent of the moving average, as determined by the Board on expert advice and modelling, that allows the Account to continue to maintain or grow its real value.

97 Board's refusal to make distribution

- (1) The Board must refuse to make a distribution from the Account—
 - (a) if the distribution threshold has not been reached; or
 - (b) if the Board is not satisfied that the distribution is consistent with the purpose of the Account; or

- (c) to the extent that the distribution exceeds the distribution limit.
- (2) Without limiting the grounds for refusal, the Board may refuse to make a distribution (in whole or in part) from the Account if the Board considers on reasonable grounds that the Ministry—
 - (a) has failed to comply with grant conditions attached to prior distributions by the Board; or
 - (b) intends to provide a grant to a recipient with a demonstrated history of fraud or waste.

Subpart 5—Distribution Holdings Account

98 Distributions must be transferred to Distribution Holdings Account

- (1) All distributions by the Board must be transferred in the first instance to the relevant sub-account of the Distribution Holdings Account.
- (2) In this subpart, a reference to “the Account” is a reference to the Distribution Holdings Account.

99 Structure of Account

The Account comprises the following sub-accounts:

- (a) Sub-Account 1, for funds transferred to it under a distribution by the Board from the Resiliency Savings Account:
- (b) Sub-Account 2, for funds transferred to it under a distribution by the Board from the Stabilisation Account:
- (c) Sub-Account 3, for funds transferred to it under a distribution from the Intergenerational Savings Account.

Subpart 6—External funding Sub-Accounts

100 Sub-Accounts for external funding

There must be a Sub-Account for contributions by external funders in each of the Resiliency Savings Account, the Stabilisation Account, and the Intergenerational Savings Account.

Part 10

General and miscellaneous provisions

Offences

101 [Offence]

A person who [insert elements of offence, to come, if any] commits an offence and is liable on conviction,—

- (a) in the case of an individual, to a fine not exceeding \$000, or to imprisonment for a term not exceeding 00 years, or both; or
- (b) in any other case, to a fine not exceeding \$000.

Regulations

102 Regulations

The King’s Representative may, by Order in Executive Council, make regulations—

- (a) specifying the rates of remuneration for Board members (see section 46(1)(a));
- (b) prescribing additional matters for inclusion in an external funding agreement (see section 72(c));
- (c) prescribing additional information that must be contained in a request for a distribution (see sections 79(2)(d) and 87(2)(f));
- (d) prescribing additional reporting information (see section 81(d));
- (e) prescribing information that must be included in the annual budget required by section 95 (see section 95(1)(f));
- (f) providing for any other matters contemplated by this Act, necessary for its full administration, or necessary for giving it full effect.

Amendments to other Acts

103 Seabed Minerals Act 2019 amended

In the Seabed Minerals Act 2019, replace section 100 with the following section:

“100 Royalties and revenue must be paid to Cook Islands Sovereign Wealth Fund

“All royalties and revenue paid to the Crown or to the Authority under section 98 must be paid to the Cook Islands Sovereign Wealth Fund as required by the Cook Islands Sovereign Wealth Fund Act 2025.”

Transitional provisions

104 Transitional provisions

[To come].

105 Regulations for transitional matters

The King’s Representative may, by Order in Council make regulations for all or any of the following purposes:

- (a) providing transitional, consequential, and savings provisions relating to the coming into force of this Act, which may be in addition to, or in place of, or which may amend, any transitional or consequential provisions in section 104;
- (b) facilitating the bringing into force of any regulations under this Act;
- (c) providing that subject to such conditions as are specified in the regulations, during a specified transitional period, specified provisions of this Act (including definitions) do not apply;
- (d) providing for any other matters necessary for facilitating or ensuring an orderly transition from any enactments replaced by this Act to the provisions of this Act.

Schedule

Board procedure

1. Procedure generally

Except as otherwise provided under this, the Board members may regulate their own procedure.

2. Notice of meetings

- (1) The Board or the chair must appoint the times and places of ordinary meetings of the Board, and give notice of those meetings to each Board member not present when the appointment is made.
- (2) The chair or any 2 Board members may call a special meeting of the Board by giving at least 5 working days' notice (or any shorter notice period that all the members agree) of the special meeting, and the business to be transacted at the meeting, to each member for the time being in the Cook Islands.
- (3) Only the business stated in the notice of special meeting may be transacted at the special meeting.
- (4) Notice of a meeting—
 - (a) must be written, and state the time and place of the meeting; and
 - (b) may be given by post, delivery, or electronic communication; and
 - (c) must be given or sent to each Board member's current postal or electronic address.
- (5) An irregularity in a notice of a meeting is waived if all Board members entitled to receive the notice either—
 - (a) attend the meeting without protesting about the irregularity; or
 - (b) do not attend the meeting, but agree before the meeting is held to the waiver of the irregularity.

3. Methods of holding meetings

A meeting of the Board may be held—

- (a) by a quorum of the Board members, being assembled together at the time and place appointed for the meeting; or
- (b) by means of audio, audio and visual, or electronic communication provided that—
 - (i) all of the members who wish to participate in the meeting have access to the technology needed to participate in the meeting; and
 - (ii) a quorum of members can simultaneously communicate with each other throughout the meeting.

4. Quorum

- (1) A quorum for a meeting of the Board is 4 voting members.
- (2) No business may be transacted at a meeting of the Board if a quorum is not present.

5. Presiding at meetings

- (1) At a meeting of the Board, the following person presides:

- (a) if the chair is present and is not interested in the matter, the chair; or
 - (b) if there is no chair or he or she is not present or is interested in the matter, the vice chair; or
 - (c) in any other case, the temporary vice chair.
- (2) A person referred to in subclause (1)(b) or (c) may exercise all the powers and functions of the chair for the purposes of the meeting.

6. Voting at meetings

- (1) Each voting Board member has 1 vote.
- (2) In addition to his or her general vote, the chair at a meeting has, in the case of an equality of votes, a casting vote.
- (3) A resolution of the Board is passed if it is agreed to by all voting members present without dissent or if a majority of the votes cast on it are in favour of it.
- (4) A voting member present at a meeting of the Board is presumed to have agreed to, and to have voted in favour of, a resolution of the Board unless he or she expressly dissents from or votes against the resolution at the meeting.

7. Unanimous written resolutions

- (1) A resolution signed or assented to in writing (whether sent by post, delivery, or electronic communication) by all Board members who are entitled to vote on the matter is as valid and effectual as if it had been passed at a meeting of the Board duly called and constituted.
- (2) The resolution may consist of several documents containing the same resolution, each signed or assented to in writing by 1 or more members.

This Act is administered by the Ministry of Finance and Economic Management.
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