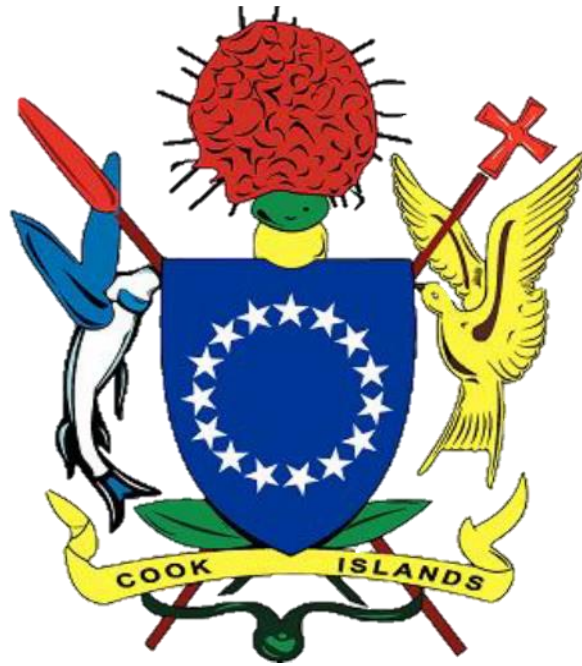

COOK ISLANDS GOVERNMENT

APPROPRIATION

AMENDMENT

2024/25



Hon. Mark Brown
Minister of Finance

February 2025

Abbreviations and Acronyms

Term	Definition
ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
BTIB	Business Trade and Investment Board
CIIC	Cook Islands Investment Corporation
CIG	Cook Islands Government
COFOG	Classification of Functions of Government
COVID-19	Coronavirus Disease 2019
CPI	Consumer Price Index
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FFA	National FFA Organization
FSDA	Financial Services Development Authority
FY	Fiscal Year
GCCA+SUPA	Global Climate Change Alliance Plus-Scaling up Pacific Adaptation
GCF	Green Climate Fund
GDP	Gross Domestic Product
GEF	Global Environment Facility
GFS	Government Financial Statistics
HYEFU	Half-Year Economic and Fiscal Update
ICI	Infrastructure Cook Islands
ICT	Information and Communications Technology
INTAFF	Ministry of Internal Affairs
ITF	Infrastructure Trust Fund
LRF	Loan Repayment Fund
MFAI	Ministry of Foreign Affairs and Immigration
MFEM	Ministry of Finance and Economic Management
MMR	Ministry of Marine Resources
MOA	Ministry of Agriculture
MTFS	Medium-term Fiscal Strategy
NES	National Environment Services
NGO	Non-governmental organisation
NZD	New Zealand Dollar
ODA	Official Development Assistance
OPSC	Office of the Public Service Commissioner
PIF	Pacific Islands Forum Secretariat
POBOC	Payments on Behalf of Crown
ROBOC	Revenue on Behalf of Crown
SBMA	Cook Islands Seabed Minerals Authority
SPC	Pacific Community, formerly known as the South Pacific Commission
SPREP	Pacific Regional Environment Programme
SOE	State-Owned Enterprise
UNCCD	United Nations Convention to Combat Desertification
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNICEF	United Nations Children's Fund
UNPRPD	United Nations Partnership on the Rights of Persons with Disabilities
USD	United States Dollar

General Notes on the Supplementary Budget

All figures presented in this report are in New Zealand Dollars (\$) unless otherwise specified.

Foreword

The Appropriation Amendment (the Supplementary Estimates) is tabled in Parliament to provide details on changes to existing appropriations and newly proposed appropriations outlined in the Appropriation Amendment Bill since the corresponding budget was approved.

The revenue and debt funding forecasts outlined in the Supplementary Budget remain consistent with those published in the *2024/25 Half-Year Economic and Fiscal Update (HYEFU)* released in December 2024. As a result, the Economic Update Chapter (Chapter 4) and Crown Debt and Net Worth Chapter (Chapter 6) sections are presented in a concise manner. For more comprehensive information on these topics, please refer to the 2024/25 HYEFU.¹

¹ Accessible from <https://www.mfem.gov.ck/the-national-budget>.

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**MINISTRY OF FINANCE AND ECONOMIC MANAGEMENT
GOVERNMENT OF THE COOK ISLANDS**

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17 February 2025

STATEMENT OF RESPONSIBILITY

The 2024/25 Appropriation Amendment has been prepared in compliance with the provisions of the *Ministry of Finance and Economic Management (MFEM) Act 1995-96*.

Pursuant to Section 24(1) of the MFEM Act 1995-96, the Ministry of Finance and Economic Management provided Cabinet with:

- Projections of the Crown's estimated revenue;
- Details of each government department's bid for funds; and
- Crown's debt management responsibilities.

In accordance with Section 24(2) of the MFEM Act 1995-96, Cabinet is obligated to uphold the principles of responsible fiscal management as prescribed in the Act.

This document includes a comprehensive Statement of Fiscal Responsibility, which clearly articulates the fiscal position in alignment with the requirements of Section 23(2)(a) of the MFEM Act 1995-96.

As Financial Secretary, I accept full responsibility for the integrity of the information provided.

Kia manuia,

A handwritten signature in black ink, appearing to read 'G. Henderson'.

Garth Henderson
Financial Secretary



**OFFICE OF THE MINISTER OF FINANCE
GOVERNMENT OF THE COOK ISLANDS**

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Telephone: (+682) 24-875; Facsimile: (+682) 24-178**

17 February 2025

STATEMENT OF RESPONSIBILITY

I have reviewed the Financial Secretary's Statement of Responsibility and concur with it regarding the preparation of the 2024/25 Appropriation Amendment.

Section 23 of the MFEM Act 1995-96 obliges the Government to pursue its policy objectives in accordance with the principles of responsible fiscal management, as outlined in Section 23(2) of the Act.

This budget document has been developed using the best professional judgment available at this time. I accept overall responsibility for ensuring the integrity of the 2024/25 Appropriation Amendment and for its compliance with the MFEM Act 1995-96.

Kia manuia,

A handwritten signature in black ink, appearing to read 'Mark Brown', with a long horizontal flourish extending to the right.

Honourable Mark Brown
Prime Minister and Minister of Finance

1. Introduction and Overview

The **2024/25 Supplementary Budget** reflects the Government's commitment to addressing critical national priorities while fostering sustainable economic growth and resilience. With an additional \$11.4 million allocated – \$3.4 million for operating expenditures and \$8.0 million for capital expenditures – this Budget focuses on infrastructure development, the 60th Te Maeva Nui, and essential services to support the Cook Islands' long-term development.

Key initiatives

This Supplementary Budget prioritises investments aimed at addressing immediate needs and achieving long-term benefits:

- **60th Te Maeva Nui preparations:** \$2.0 million to commemorate 60 years of self-governance.
- **Road Infrastructure:** \$500,000 will support critical road maintenance, while \$5.0 million is dedicated to the Rarotonga Roads project, improving safety, connectivity and access for residents and visitors.
- **Shipping Vessel:** \$3.0 million contribution towards procuring a vessel to enhance inter-island connectivity and ensuring more reliable transportation to the Pa Enea.
- **Water allowance:** \$505,000 to support household water allocations, ensuring equitable access to essential resources.
- **Police initiatives:** \$145,000 to re-establish community policing and \$100,000 to strengthen the Police Advisory Committee, promoting public safety and fostering trust between communities and law enforcement.

The 2024/25 fiscal outlook incorporates increased expenditures alongside a projected \$10.0 million rise in operating revenue from Core Sector Support by New Zealand. Despite these additional funds, the fiscal balance is expected to show a \$23.3 million deficit, reflecting the Government's commitment to addressing critical priorities. Net Crown debt is forecast to be \$210.3 million, representing 30.3 per cent of GDP, which is estimated at \$693.6 million.

Looking ahead, the medium-term fiscal outlook is positive, with anticipated surpluses from 2025/26 to 2027/28, supported by \$10.0 million in additional Core Sector Support from New Zealand. This fiscal space is expected to grow to \$32.7 million by 2028/29, enabling increased investment in workforce development, education, health, technology, and infrastructure.

Economic recovery remains robust, with nominal GDP exceeding pre-COVID levels and visitor arrivals exceeding 170,000 across 2024, driven by strong growth in the Australian market. The Government's continued focus on resilience, infrastructure, and long-term planning will ensure sustainable growth and national prosperity in the years to come.

2. Medium-term Fiscal Strategy

The Cook Islands Government's Medium-term Fiscal Strategy (MTFS) for 2025/26 to 2028/29, detailed in the 2024/25 HYEPU, emphasises prudent fiscal management as the nation transitions from COVID-19 recovery to sustainable growth.

A strong economic recovery, driven by tourism and nominal GDP surpassing pre-COVID levels, has increased government revenue. This has created a \$3.4 million fiscal space in 2024/25 for operating expenditure, allowing the Government to fund key priorities, including infrastructure development, the 60th Te Maeva Nui, and essential services.

Looking ahead, the MTFS projects steady increases in fiscal space, rising from \$14.1 million in 2025/26 to \$32.7 million by 2028/29. This improved fiscal position will support investments in critical areas through the 2025/26 Budget, including:

- **People and Workforce Development:** focus on recruitment, retention, professional development, and addressing salary concerns to retain Cook Islanders where possible.
- **Education:** Strengthening the education system with clearer pathways for students to succeed.
- **Health and Wellbeing:** Increased funding for health initiatives, especially targeting non-communicable diseases (NCDs).
- **Technology:** Investment in the National Digital Strategy to drive innovation and infrastructure improvements.
- **Infrastructure and Capacity-Building:** Ongoing investment in vital infrastructure and enhancing the capacity of government agencies to deliver services efficiently and effectively.

2.1.1. Fiscal Responsibility Rules

The following sections provide an updated assessment of the government's compliance with the newly established fiscal rules outlined in the MTFS for 2025/26 to 2028/29, as published in the 2024/25 HYEPU. This assessment considers the new expenditure funded through the Supplementary Budget. The new rules are similar to the previous ones, with two rules merged and a Budget Balance rule reintroduced. These rules are designed to ensure the government meets immediate financial needs while maintaining adequate cash reserves, particularly in light of the financial challenges from the COVID-19 pandemic and the need for fiscal responsibility.

Two fiscal rules— the Cash Reserve Rule and the Budget Balance Rule— are currently breaching established thresholds. However, the Cash Reserve Rule is based on the assumption of full expenditure by year-end, which, based on historical spending patterns, is unlikely. The projected \$23.3 million fiscal deficit for 2024/25 is primarily driven by a \$19.0 million carry-forward of unspent 2023/24 funds, which have been allocated to ongoing projects and programmes. This represents a timing issue rather than a fundamental shift in fiscal resources. When adjusted for the carry-forward, the 2024/25 fiscal deficit aligns with the Budget Balance Rule, reducing to 0.6 per cent of GDP. The government will continue to monitor these fiscal indicators to ensure compliance and long-term sustainability.

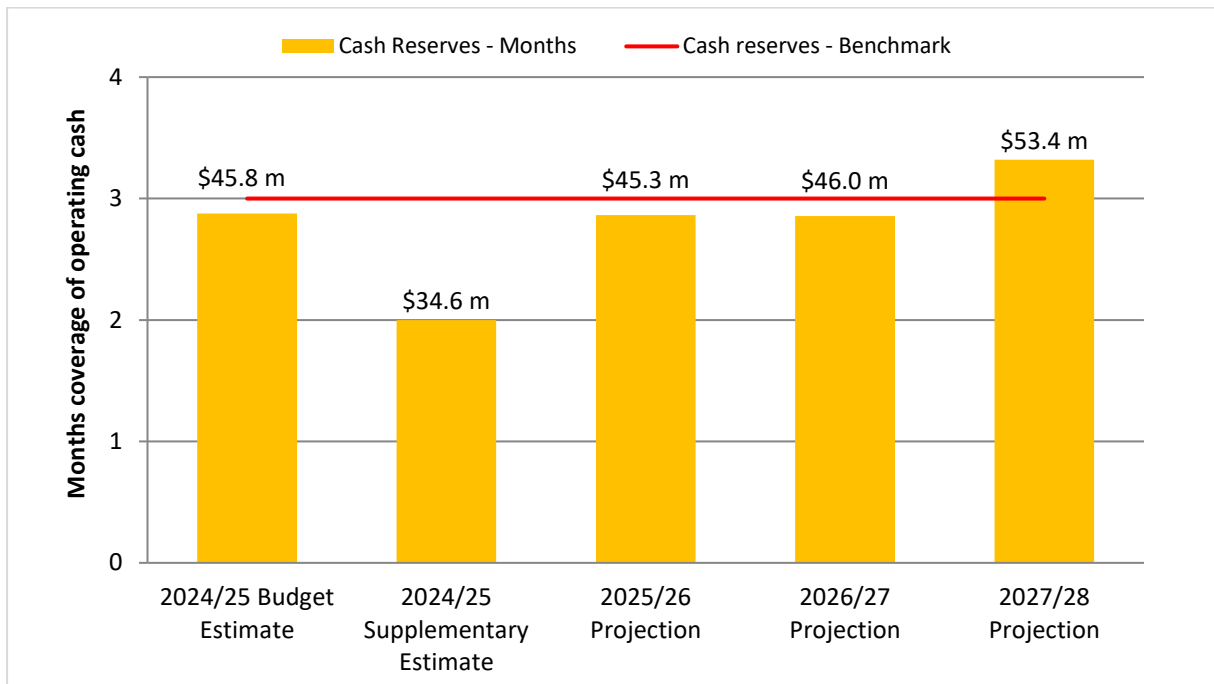
2.1.1.1. MTFS Cash Reserves Rule

The Cash Reserves rule requires a prudent level of cash reserves to cover operations. For the Government, this level has been set at three months of operating expenditure, either in cash or liquid cash investments. A reserve equivalent to one month of operating expenditure is considered to be the minimum required for emergency purposes.

As shown in Figure 2-1, if all budgeted expenditures for the 2024/25 fiscal year are fully utilised, cash reserves may fall below the three-month threshold. While this scenario has historically been unlikely,

if it does occur, it could limit the availability of additional funds for other government priorities. Therefore, the situation will be closely monitored.

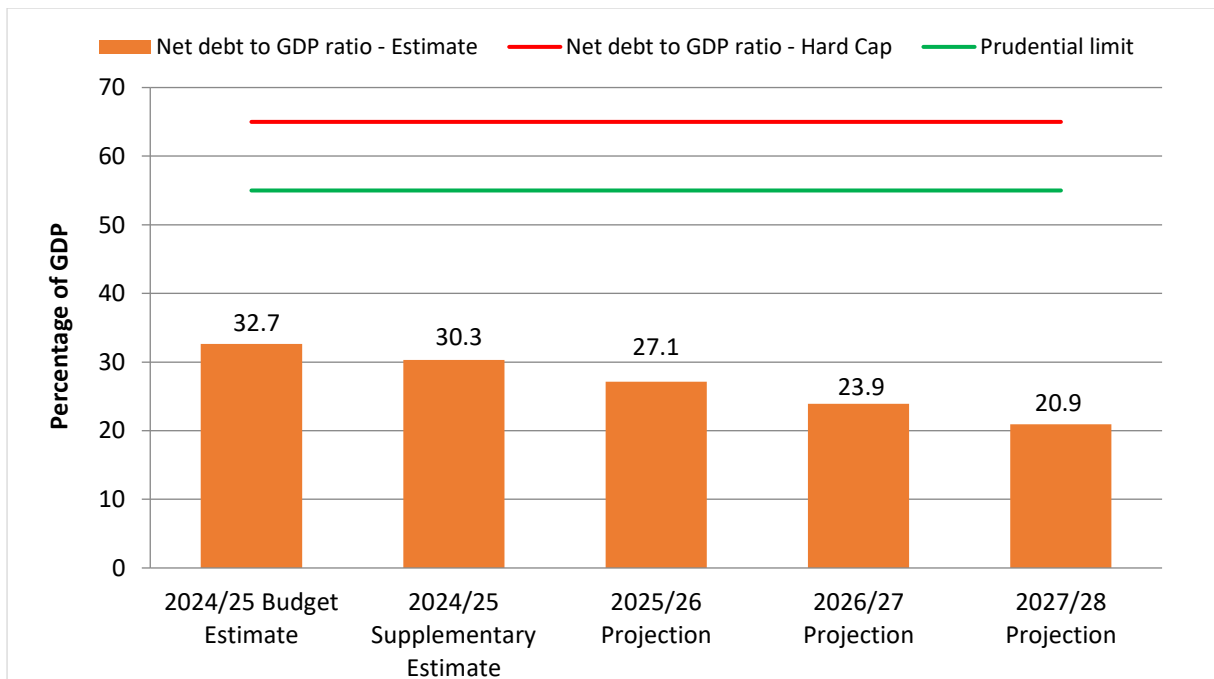
Figure 2-1 Cash Reserves rule projections



2.1.1.2. MTFS Net Debt Rule and Investment Rule

The Net Debt Rule establishes a soft cap on net debt at 55 per cent of GDP and a hard cap at 65 per cent of GDP. The Investment Rule, applicable only when net debt exceeds 55 per cent of GDP, permits borrowing exclusively for capital investments or targeted GDP stimulus, subject to a detailed value analysis.

Figure 2-2 Net Debt rule projections



The additional expenditure in this Supplementary Budget does not require new borrowing. The most significant change under this rule relates to the repayment of existing debt, as detailed in the Crown Debt and Net Worth chapter. As a result, Net Debt to GDP is projected to decrease to 20.9 per cent by 2027/28, driven by both a reduction in debt and an improvement in GDP.

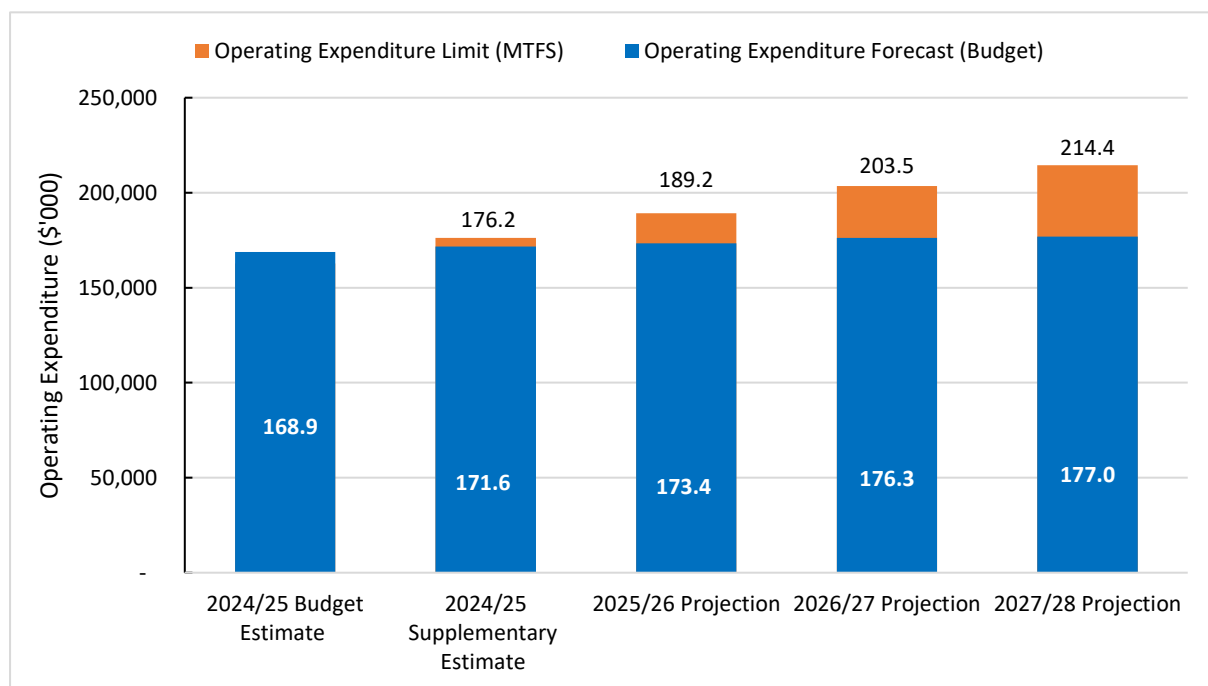
Given that net debt remains significantly below the 55 per cent threshold, the Investment Rule is not currently binding.

2.1.1.3. MTFS Operating Expenditure Rule

The Expenditure Rule dictates that the baseline budgeted operating expenditure must not grow by more than 2.0 per cent, or the average nominal GDP growth over the last five years, excluding pandemic-affected years. This rule ensures that government spending remains aligned with the economy’s capacity to generate resources.

The rule applies specifically to the government’s day-to-day operating budget but excludes contractual obligations such as loan interest and welfare payments. While these payments fall outside the scope of the rule, they are included in the total government expenditure ceiling. The Expenditure Rule serves to restrict the growth of operating expenditure during periods of increasing fiscal demand, although it can be overridden by other fiscal rules in times of fiscal contraction.

Figure 2-3 Operating Expenditure rule growth projections



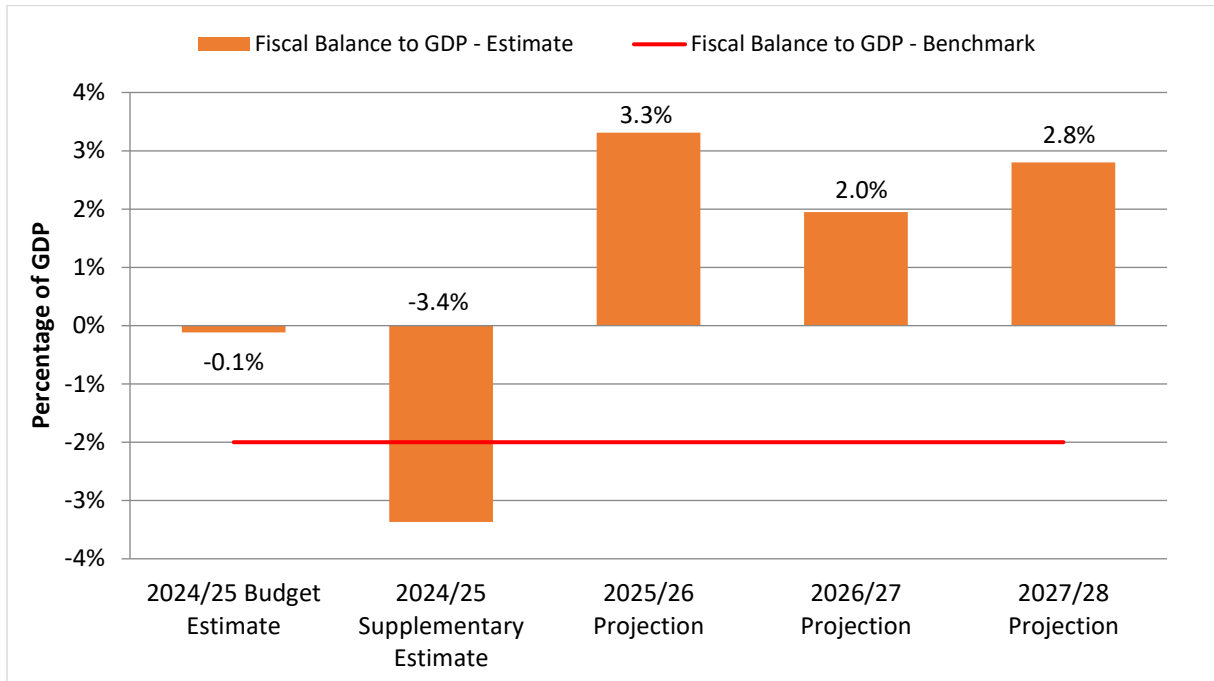
As shown in Figure 2-3, the forecasted baseline operating expenditure for the 2024/25 Supplementary Budget is \$171.6 million, which is well within the operating expenditure limit of \$176.2 million. This confirms that the additional expenditure in this Supplementary Budget remains within the allowable limit for the fiscal year.

Projections for the outer years reflect strong economic growth, with the operating expenditure limit increasing year-on-year, thus providing flexibility for future expenditure priorities.

2.1.1.4. MTFS Budget Balance Rule

The Budget Balance Rule sets a limit on the fiscal deficit, capping it at no more than 2.0 per cent of GDP. While the rule permits borrowing for investments in infrastructure and other critical needs, it ensures that such borrowing remains sustainable.

Figure 2-4 Budget Balance rule projections



For the 2024/25 Supplementary Budget, the fiscal deficit exceeds the 2.0 per cent GDP threshold, with an estimated deficit of 3.4 per cent by year-end. This is mainly due to the carry-forward of \$19.0 million in unspent funds from 2023/24, allocated for ongoing work programs and projects in 2024/25.

When adjusted for this carry-forward, which is a timing issue rather than a change in overall resource use, the adjusted fiscal deficit for 2024/25 is \$4.4 million, representing 0.6 per cent of GDP. In the following years, the fiscal balance is expected to remain within the 2.0 per cent threshold, with surpluses projected.

3. Fiscal Update

This chapter provides an overview of the Government's revised fiscal position, incorporating key updates since the approval of the 2024/25 Budget in June 2024. It also outlines the additional funding allocated through the Supplementary Budget to address critical government priorities.

Key initiatives in the Supplementary include:

- **60th Te Maeva Nui preparations:** \$2.0 million allocated to support preparations for the celebration of the country's 60 years of self-governance.
- **Road Infrastructure Development:** \$500,000 allocated for ongoing road maintenance and \$5.0 million allocated to the capital 'Roads Asset Management and Improvement Programme' for the Rarotonga Roads project.
- **Shipping Vessel Procurement:** \$3.0 million allocated to assist with the procurement of a shipping vessel from China to improve inter-island shipping services.
- **Water Allowance:** \$505,000 allocated to cover the water allowance for households.
- **Police Initiatives:** \$145,000 allocated to re-establish community policing and \$100,000 to support the Police Advisory committee, aimed at improving public safety and fostering community engagement.

The largest allocations focus on infrastructure development, cultural celebrations and essential services, reflecting the Government's commitment to national progress and resilience.

3.1. Fiscal Indicators and Projections

Government's updated fiscal position

The operating and fiscal balances for 2023/24 have been revised to reflect a higher debt interest contribution to the Loan Repayment Fund (LRF) of \$12.8 million, up from \$9.0 million as reported in the 2024/25 HYEFU. As a result, the operating surplus has been adjusted to \$8.4 million (down from \$12.2 million), and the fiscal surplus is now \$6.0 million (down from \$9.8 million).

For 2024/25, the government expects an operating deficit of \$4.2 million and a fiscal deficit of \$23.3 million, driven by increased operating and capital expenditures, including carry-forwards from 2023/24 and new funding approved through the Supplementary Budget. These higher expenditures reflect delayed work programmes and projects due to supply and capacity constraints, along with an additional \$1.7 million approved through executive orders.

A fiscal surplus is expected starting in 2025/26, primarily from a \$10.0 million increase in operating revenue, and is projected to continue from 2026/27 onward, as operating revenue grows.

Net debt for 2024/25 is forecast at 30.3 per cent of GDP, decreasing over the coming years as debt is paid down and GDP improves. By 2027/28, net debt is expected to be \$164.3 million, or 20.9 per cent of GDP.

If all appropriated expenditure is achieved, by the end of 2024/25 cash reserves are anticipated to be below the three-month threshold, with reserves of \$34.6 million, enough to cover approximately two months of operating expenditure. While this result is not expected (due to historical precedent), it would mean that cash reserves are not in compliance with the Government's Cash Reserves Rule. However, the outer years show an improving cash position, and this will be monitored closely.

The Government's updated fiscal position and medium-term projections are outlined in Table 3-1.

Table 3-1 Fiscal Indicators Summary (\$million)

	2023/24 Actual	2024/25 Budget Estimate	2024/25 Supp. Estimate	2025/26 Proj.	2026/27 Proj.	2027/28 Proj.
Statement of Financial Performance						
Taxation Revenue (\$m)	167.4	180.9	182.4	191.2	196.9	204.8
Social Contributions (\$m)	0.0	0.0	0.0	0.0	0.0	0.0
Other Revenue (\$m)	38.2	28.3	36.3	36.9	28.9	29.6
Total Operating Revenue (\$m)	205.6	209.1	218.7	228.1	225.8	234.4
Total Operating Revenue Percentage of GDP	31.1	32.5	31.5	31.6	30.0	29.9
Tax Revenue Percentage of GDP	25.3	28.1	26.3	26.5	26.1	26.1
Total Cyclical Revenue (\$m)	13.1	14.8	12.7	13.4	14.4	14.4
Total Cyclical Revenue Percentage of GDP	2.0	2.3	1.8	1.9	1.9	1.8
Total Structural Revenue (\$m)	192.5	194.3	206.0	214.7	211.4	219.9
Total Structural Revenue Percentage of GDP	29.1	30.2	29.7	29.8	28.1	28.0
Personnel (\$m)	72.4	79.7	80.5	81.2	83.0	83.6
Percentage of Total Revenue	35.2	38.1	36.8	35.6	36.8	35.7
Percentage of Structural Revenue	37.6	41.0	39.1	37.8	39.3	38.0
Total Operating Expenditure (\$m)	197.2	206.1	222.8	204.8	207.4	207.9
Percentage of GDP	29.8	32.0	32.1	28.4	27.5	26.5
Percentage of Operating Revenue	95.9	98.5	101.9	89.8	91.9	88.7
Baseline Operating Expenditure (for Fiscal Rule)	165.0	168.9	171.6	173.4	176.3	177.0
Cash Operating Expenditure*	183.4	190.9	207.5	189.4	192.7	192.5
Operating Balance (\$m)	8.4	3.1	(4.2)	23.3	18.4	26.5
Percentage of GDP	1.3	0.5	(0.6)	3.2	2.4	3.4
Capital Expenditure	15.9	19.1	34.4	14.7	18.8	19.7
Depreciation	13.5	15.3	15.3	15.3	15.2	15.2
Non-Operating Balance (\$m)	(31.5)	(37.0)	(45.4)	(31.2)	(36.3)	(38.0)
Fiscal Balance surplus/deficit (\$m) *	6.0	(0.7)	(23.3)	23.9	14.7	22.0
Percentage of GDP	0.9	(0.1)	(3.4)	3.3	2.0	2.8
Statement of Financial Position (\$m)						
Assets (\$m)	606.7	639.7	631.8	660.4	663.7	674.5
Liabilities (\$m)	406.2	382.2	400.6	386.2	371.1	355.5
Crown Balance (\$m)	200.5	257.5	231.2	274.2	292.5	319.0
Percentage of GDP	30.3	40.0	33.3	38.0	38.8	40.7
Working Capital (\$m)	61.9	42.2	31.1	41.7	42.4	49.9
Working Capital (months coverage)	4.1	2.7	1.8	2.6	2.6	3.1
Stabilisation Account	3.5	3.5	3.5	3.5	3.5	3.5
General Cash Reserves	65.5	45.8	34.6	45.3	46.0	53.4
Statement of Borrowings (\$m)						
Gross Debt end of FY (\$m)	221.4	215.8	215.8	201.4	186.4	170.7
Excluding Contingency Loan	112.6	0.0	0.0	0.0	0.0	0.0
Gross Debt, Percentage of GDP	33.5	33.5	31.1	27.9	24.7	21.8
Net Crown Debt, end of FY (\$m)	216.0	210.3	210.3	195.5	180.1	164.3
Net Debt, Percentage of GDP	32.6	32.7	30.3	27.1	23.9	20.9
Loan Repayment Reserves Held (\$m)	5.4	5.6	5.6	5.9	6.3	6.5
Net Debt Servicing (\$m)	22.9	25.1	67.5	21.0	21.5	21.7
Percentage of Total Revenue	11.1	12.0	30.9	9.2	9.5	9.3
Percentage of Structural Revenue	11.9	12.9	32.8	9.8	10.2	9.9
Development Partner Support (\$m)						
Grants (\$m)	13.9	90.0	83.2	57.5	14.6	10.2
Percentage of GDP	2.1	14.0	12.0	8.0	1.9	1.3
Memo item: Nominal GDP (\$m)	661.7	643.9	693.6	720.9	753.3	784.7

3.2. Movements since the 2024/25 Budget

The 2024/25 Budget classifies revenue and expenditure adjustments according to the following categories:

- **Policy decisions:** New initiatives undertaken by government, including debt management.
- **Technical adjustments:** Changes resulting from updates to data or assumptions.
- **Reclassification of expenses:** Transfers within expenditure categories, such as shifting costs from operating to personnel within an agency.
- **Parameter changes:** Adjustments due to economic factors beyond government control, including depreciation, fluctuations in welfare beneficiary numbers, and the changes in fuel costs impacting the Airline Route Development.

Details of these adjustments to the revenue and expenditure forecasts since the 2024/25 HYEFU are presented in Table 3-2.

Table 3-2 Reconciliation of Operating Statement (\$'000)

Statement of Government Operations	2023/24	2024/25	2025/26	2026/27	2027/28
Operating balance as at 2024/25 HYEFU	12,200	(9,484)	11,438	16,870	25,425
Revenue					
Revenue Parameter Changes	0	0	0	0	0
<i>Adjustments to:</i>					
Value Added Tax (VAT)	0	0	0	0	0
Income tax	0	0	0	0	0
Import levies	0	0	0	0	0
Company tax	0	0	0	0	0
Departure tax	0	0	0	0	0
Withholding tax	0	0	0	0	0
Other Revenue Changes	0	10,036	10,041	42	42
Other revenue	0	36	41	42	42
Trading Revenue	0	0	0	0	0
Dividend	0	0	0	0	0
Core Sector support	0	10,000	10,000	0	0
Total Revenue Changes to 2024/25 Supplementary	0	10,036	10,041	42	42
Expenditure					
<i>Expenditure Decisions by Government</i>	0	4,710	(1,834)	(1,452)	(1,046)
<i>Technical adjustments</i>	0	0	0	0	0
<i>Reclassifications of expenditure</i>	0	(281)	0	0	0
<i>Parameter changes</i>	3,787	281	0	0	0
Total Expenditure Changes to 2024/25 Supplementary	3,787	4,710	(1,834)	(1,452)	(1,046)
OPERATING BALANCE as at 2024/25 Supplementary	8,413	(4,159)	23,313	18,364	26,513
Capital Expenditure	15,896	34,426	14,664	18,813	19,687
Depreciation	13,473	15,259	15,259	15,181	15,181
FISCAL BALANCE - as at 2024/25 Supplementary	5,991	(23,326)	23,908	14,732	22,007

3.2.1. Revenue

Revenue has increased by \$10.0 million for both 2024/25 and 2025/26, reflecting the expected Core Sector Support from the New Zealand Government. In addition, other revenue is expected to increase slightly due to interest earned on balances in the LRF.

3.2.2. Expenditure

The 2023/24 expenditure adjustment of \$3.8 million reflects the actual payment to the LRF for the debt interest contribution, resulting in an operating surplus of \$8.4 million and a fiscal surplus of \$6.0 million. The \$4.7 million increase in expenditure for 2024/25 includes \$3.4 million in new funding approved through the Supplementary Budget and \$1.3 million approved through executive orders since the 2024/25 HYEPU. The reduction in expenditure for the outer years reflects the adjustment to the debt interest contribution to the LRF after some loans have been paid down.

3.2.2.1. Expenditure Decisions

Since the approval of the 2024/25 Budget, total operating expenditure has increased from \$206.1 million to \$222.8 million. This increase is driven by:

- \$3.4 million in new funding through the Supplementary Budget for critical priorities,
- \$11.7 million carried forward from 2023/24 for ongoing projects, and
- \$1.7 million approved through executive orders.²

Additionally, capital expenditure has grown from \$19.1 million to \$34.4 million. This reflects:

- \$8.0 million in new funding and
- \$7.3 million carried forward from the previous year.

Further details are outlined in the sections below.

3.2.2.2. New Expenditure through the 2024/25 Supplementary Budget

The table below provides a summary of the new expenditures included in this Supplementary Budget. Of the total, \$3.4 million has been allocated to support operating expenditures, while \$8.0 million has been allocated for capital expenditure.

Table 3-3 New Expenditure through the 2024/25 Supplementary Budget

Agency	Title name	Detail	Amount (\$)
Operating			
MFAI		To support overseas engagements, focusing on the diaspora and diplomatic partners.	15,000
Police		To support the re-establishment of Community Policing.	145,000
Police		To support the Police Advisory Committee through year-end.	82,000
Total Operating			242,000
Administered Payments			
Culture	National Events Fund	To support preparations for the 60th Te Maeva Nui.	2,000,000
CIIC	To Tatou Vai (CI) - Water Allowance	To fund the water allowance for households managed by To Tatou Vai (TTV) Limited.	503,000
ICI	Road Asset Management	To support road maintenance through year-end.	500,000
ICI	Emergency Response Fund	Reimbursement for the work conducted on the Takuvaine stream.	88,000
Total Administered Payments			3,091,000
POBOC			
MFAI	International Subscriptions	To cover the projected shortfall in membership and subscription fees.	80,000
Total POBOC			80,000
Capital Expenditure			
MFEM	Shipping Vessel Procurement	Contribution towards purchasing a shipping vessel from China.	3,000,000

² The initial \$0.3 million was reported in the 2024/25 HYEPU, with an additional \$1.3 million recorded in this Supplementary Budget, bringing the total to \$1.7 million (rounded).

Agency	Title name	Detail	Amount (\$)
ICI	Road Asset Management	To support the Rarotonga Roads project.	5,000,000
Total Capital			8,000,000
Total Expenditure			11,413,000

In addition to the new expenditure approved, funding has been reallocated from other funding lines to address funding shortfalls or provide resources. Table 3-4 outlines the transfers made to fund new expenditure through this Supplementary Budget.

Table 3-4 Expenditure Transfers through the 2024/25 Supplementary Budget

Agency	Expenditure Type	Title name	Detail	Amount (\$)
Police	Personnel		Transfer from Police to MFEM for financial support via Shared Services.	(120,000)
MFEM	Personnel			120,000
MFEM	Depreciation		Transfer from MFEM to MFAI for depreciation of five electric vehicles assigned to the Ministry.	(81,795)
MFAI	Depreciation			81,795
MFEM	Admin. Fund	Economic Recovery Roadmap	Transfer from MFEM to Police for Advisory Committee shortfall.	(18,000)
Police	Operating			18,000
MFEM	Admin. Fund	Economic Recovery Roadmap	Transfer from MFEM to CIIC for TTV's Water Allowance fund shortfall.	(2,000)
CIIC	Admin. Fund	To Tatou Vai (CI) - Water Allowance		2,000
MFEM	Admin. Fund	Public Sector Strengthening-processes and systems	Transfer from MFEM to Capital Expenditure for Crown Law Office printer purchase.	(13,000)
Crown Law	Capital	CLO Printer		13,000
Total Transfers				0

3.2.2.3. Carry-forwards from the 2023/24 Budget

Table 3-5 below outlines the total carry-forwards approved and reported in the 2024/25 HYEPU. A total of **\$19.0 million** was approved to be carried forward from the 2023/24 Budget to support the completion of ongoing work programmes in the 2024/25 fiscal year. Of this amount, \$7.3 million are capital expenditure and \$11.7 million are operating expenditure.

Table 3-5 Carry-forwards approved (\$'000)

Agency	Details	Amount
Capital Expenditure		
Agriculture	Purchase of Capital equipment	54
CIIC	Pa Enea Government Building Projects - Southern Group	226
CIIC	Government Building Projects - Rarotonga	527
CIIC	Geotech scoping & feasibility	82
CIIC	Arutanga Harbour Project	76
CIIC	Land Acquisition	95
CIIC	To Tatou Vai	1,000
Health	General X-ray & Mammography Project	175
Infrastructure	Government Building Projects	437
Infrastructure	Pa Enea Air Infrastructure Improvement Programme	289
Infrastructure	Bridges and Structure Asset Management	404
Infrastructure	Drainage Asset Management and Improvement	562
Infrastructure	Road Asset management and Improvement	2,114
Infrastructure	Water & Sanitation Infrastructure Improvement	58
MFEM	Pa Enea Capital Distribution Fund	1,239
Total Capital expenditure		7,339

Agency	Details	Amount
Operating Expenditure		
<u>Personnel</u>		
Audit office (PERCA)	For recruitment and retention cost.	216
BTIB	To cover consultation costs and activities – to be transferred to operating.	14
Crown Law	To backfill the reduction in the office’s 2024/25 personnel appropriation and address critical staff retention and recruitment needs.	368
Corrections	To cover various operating costs like maintenance, security upgrades and staff uniforms – to be transferred to operating.	43
Culture	To settle outstanding invoices – to be transferred to operating.	38
FSDA	To bolster marketing efforts.	17
INTAFF	To cover contract service agreement – to be transferred to operating.	3
MMR	To backfill the reduction in the Ministry’s 2024/25 personnel appropriation.	270
MFEM	To backfill reduction in the Ministry’s 2024/25 personnel appropriation as well as fixed-term contracts and restructure costs.	495
Ombudsman	To cover higher duty allowance.	7
OPSC	For contracted work to develop the next Cook Islands Public Sector Strategy and recruitment and retention strategies.	58
Police	To cover operational expenses including costs related to Te Kukupa II – to be transferred to operating.	213
Pukapuka-Nassau	To replenish funds that were used to pay for urgent fuel payment related to the prior year.	57
SBMA	For a remuneration review, employee contracts, professional development and licence fee – some funds to be transferred to operating.	87
	Total personnel	1,886
<u>Operating</u>		
Crown Law	To support efficient service delivery.	59
FSDA	To capitalise on marketing opportunities.	0.5
INTAFF	To cover outstanding invoices from the 2023/24 fiscal year.	4
MFAI	To cover various operating costs such as a Cook Islands Representative to UNESCO, co-financing of the PACER PLUS National Coordinator, border equipment, office refurbishment, consultation support and associated costs for five electric vehicles.	110
MFEM	To support various operating expenses such as professional services, office refurbishment, staff training and development as well as advertising & marketing.	230
Ombudsman	To cover an outstanding invoice.	0.1
OPSC	For costs associated with consultation, capacity assessment and performance management.	29
Police	To assist with core operating expenses.	21
SBMA	To support hosting the Underwater Minerals Conference 2024 as well as consultation costs.	148
	Total operating	601
<u>Administered payments</u>		
Crown Law	Legal Provisions	59
Crown law	Lexis Nexis	101
Culture	National Events	39
Education	Government Funded Scholarships	101
Health	Patient Referrals	383
MFAI	Cook Islands Student Association	10
Justice	Judge’s Allowance	112
Justice	Project to bring land records up to date	31
MFEM	Airline Route Development	4,427
MFEM	Economic Recovery Roadmap	2,067
MFEM	Public Sector Strengthening – Process & Systems	53
MFEM	Price Tribunal Committee	3
MFEM	FMIS Maintenance	60
MFEM	Production of new currency, transport, and sale of old coins	75
MFEM	ASYCUDA fund	100
MFEM	Conduct of a Labour Force Survey	179
MFEM	Provision for Inter-Island Shipping	643

Agency	Details	Amount
Environment	Feasibility Study for Coastal Protection – Rarotonga & Aitutaki	400
SBMA	Seabed Minerals Sector Development	175
	Total Administered payments	9,020
	Payment on behalf of Crown (POBOC)	
Audit office (PERCA)	Audit Fees	52
MFAI	International Subscriptions	21
Culture	House of Ariki	17
MFEM	Pacific Catastrophe Risk	113
	Total POBOC	203
	Total Operating Expenditure	11,711
	Overall total of carry-forwards approved	19,049

3.2.2.4. Executive Orders since the 2024/25 Budget

A total of **\$1.7 million** in additional funding was approved through Executive order since the 2024/25 Budget was passed in June 2024. It is important to note that while the executive orders for Parliament and the Head of State were included in the Executive Orders table reported in 2024/25 HYEPU, this funding was not reflected in the Budget Schedules at that time. However, it has now been incorporated into 2024/25 Supplementary Budget, as shown in Table 3-6 below.

Table 3-6 Executive orders approved since the 2024/25 Budget (\$'000)

Agency	Expenditure Type	Details	Amount
<i>Executive orders approved by 1 Dec 2024, reported in the 2024/25 HYEPU</i>			
	Contingency	Top up to the Operating Contingency fund	347
		Total	347
<i>Executive orders approved post-HYEPU, reported in this 2024/25 Supplementary</i>			
Parliament	POBOC	Top up to the 'MPs Travel & Allowances'	464
Parliament	POBOC	Top up to the 'KRs Travel & Allowances'	51
Parliament	Admin. Fund	Top up to the 'Special Select Committee' Fund	72
Head of State	Operating	Top up to the Office of the Head of State's operating	19
INTAFF	Admin. Fund	Top up to the 'Vaka Maintenance' Fund'	150
INTAFF	Admin. Fund	Top up to the 'SIF - ODA Graduation Fund'	131
INTAFF	Admin. Fund	Top up to the 'Welfare Payments - Allowances Fund'	424
		Total	1,310
		Total executive orders approved since the 2024/25 Budget	1,657

- Additional funding was approved for MPs' Travel and Allowances to cover anticipated travel costs through the fiscal year, enabling MPs to fulfil regional and international obligations.
- Funding was increased for the King's Representative (KR) to address budget shortfalls, ensuring the KR can undertake official domestic and overseas travel.
- The Special Select Committee received additional funding to cover consultation and related expenses for conducting reviews and reports.
- The Head of State's budget was topped up to reimburse travel and transport costs incurred for the KR.
- The Ministry of Internal Affairs received additional funding to replace amounts redirected from other administered payments, such as the Vaka Maintenance Fund and the SIF-ODA Graduation Fund. This addressed the urgent need to cover the one-off increased Christmas bonus of \$150, up from \$50, in December 2024.

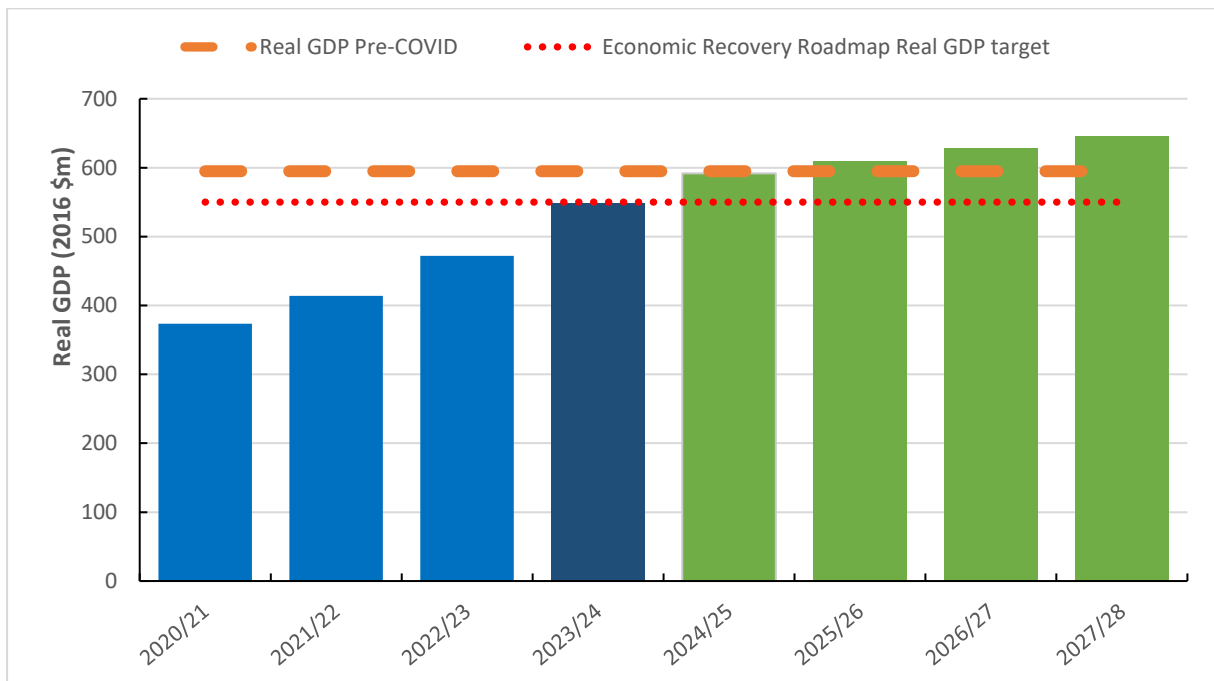
4. Economic Update

This chapter presents the key economic aggregates for the 2024/25 Supplementary Budget. For a more comprehensive analysis of the Cook Islands economy, please refer to the [2024/25 HYEPU](#), available on the MFEM website.

4.1. Overview

The Cook Islands' economy has demonstrated robust growth in 2023/24, with nominal GDP now nearly 15 per cent above pre-pandemic levels. This performance has been driven by a resurgence in tourism, which saw visitor arrivals reach almost 170,000 in the 12 months to September 2024, contributing to an estimated 16 per cent growth in real GDP for the year.

Figure 4-1 Cook Islands Real GDP (\$m)



Despite inflation peaking at 13.2 per cent in 2022/23 due to global pressures, it has moderated to 4.6 per cent in 2023/24 and is projected to further decline to 2.3 per cent in 2024/25. Business activity, employment, and investment indicators reflect growing confidence, and the economy is on track to meet its recovery goals.

Over the past decade, the economy experienced significant growth during the 2010s tourism boom, followed by a sharp contraction during the COVID-19 pandemic. However, sustained resilience has allowed for a strong recovery, with nominal GDP achieving over 28 per cent growth in both 2022/23 and 2023/24.

The outlook remains positive, supported by steady growth in business activity, employment, and investment. Tourism arrivals, particularly from New Zealand and Australia, are projected to continue increasing, albeit at a more moderate pace.

A summary of key indicators is provided in Table 4-1 for the budget year and forward years of the 2024/25 Supplementary Budget.

Table 4-1 Summary of Economic Indicators

Economic Indicator	2022/23 Actual	2023/24 Est.	2024/25 Projected	2025/26 Projected	2026/27 Projected	2027/28 Projected
Economic Activity						
Nominal GDP (\$'000)	513,595	661,707	693,579	720,914	753,279	784,687
Percentage change (YOY)	29.4	28.8	4.8	3.9	4.5	4.2
Real GDP (2016 prices, \$'000)	471,915	547,625	591,711	608,805	627,421	645,364
Percentage change (YOY)	14.0	16.0	8.1	2.9	3.1	2.9
Inflation (CPI)						
Percentage change (YA)	13.2	4.6	2.3	2.0	2.2	2.6
Construction/Capital Investment						
Construction value-add (\$'000)	14,040	16,072	16,812	17,426	18,088	18,829
Productive Sector Indicators						
Visitor Arrivals	127,340	163,342	172,701	174,372	176,804	177,961
Percentage change (YOY)	113.5	28.3	5.7	1.0	1.4	0.7
Estimated Visitor Expenditures (\$'000)	309,803	408,748	449,841	455,162	463,021	472,607
Agriculture & fisheries value-added (\$'000)	14,073	14,176	14,534	15,308	15,915	16,497
External Sector						
Merchandise Trade Balance (\$'000)	(237,538)	(252,110)	(315,121)	(325,774)	(337,983)	(350,367)
Services Trade Balance (\$'000)	259,148	348,942	386,338	391,169	397,801	406,063
Exchange Rate (USD/NZD Average)	0.6165	0.6068	0.6180	0.6290	0.6360	0.6400

The strong economic fundamentals and diversified recovery efforts position the Cook Islands for sustained growth, though its reliance on a narrow economic base underscores the importance of continued resilience and strategic planning.

5. Government Financial Statistics Statement

The Government Financial Statistics (GFS) Operating Statement offers a detailed overview of the government's financial performance. It encompasses all funds managed at the general government level, including the Loan Repayment Fund and Official Development Assistance (ODA).

Table 5-1 GFS Operating Statement (\$'000)

Statement of Government Operations	2023/24 Actual	2024/25 Supp. Estimate	2025/26 Proj.	2026/27 Proj.	2027/28 Proj.
REVENUE	219,538	301,913	285,571	240,402	244,554
Taxes	167,411	182,387	191,178	196,868	204,759
Social contributions	0	0	0	0	0
Grants	13,923	83,245	57,459	14,598	10,180
<i>Current</i>	8,506	44,272	37,459	14,598	10,180
<i>Capital</i>	5,417	38,973	20,000	0	0
Other revenue	38,204	36,281	36,934	28,935	29,615
EXPENSE	205,707	267,099	242,257	222,038	218,040
Compensation of employees	72,395	80,543	81,151	83,033	83,593
Use of goods and services	54,080	98,848	86,134	66,457	61,752
Depreciation	13,473	15,259	15,259	15,181	15,181
Interest	12,797	11,930	9,160	8,704	8,232
Subsidies	19,944	28,331	19,819	18,321	18,612
Grants	0	0	0	0	0
Social benefits	23,907	25,813	25,324	25,617	25,897
Other expense	9,112	6,375	5,411	4,724	4,724
NET OPERATING BALANCE	13,831	34,815	43,314	18,364	26,514
<i>Plus</i> NON CASH APPROPRIATIONS					
Depreciation	13,473	15,259	15,259	15,181	15,181
CASH SURPLUS/(DEFICIT) FROM OPERATING TRANSACTIONS	27,304	50,073	58,572	33,545	41,695
CASH TRANSACTIONS IN NONFINANCIAL ASSETS					
Net Cash Applied to the Acquisition of Fixed Assets	21,313	73,399	34,664	18,813	19,687
Gross transactions in Non-Financial Assets	34,787	88,658	49,922	33,995	34,869
Less Non-Cash Transactions in Non-Financial Assets (Depreciation)	(13,473)	(15,259)	(15,259)	(15,181)	(15,181)
NET (BORROWING)/LENDING	5,991	(23,326)	23,909	14,732	22,008
CASH APPLIED TO THE NET ACQUISITION OF FINANCIAL ASSETS	(5,464)	(31,323)	10,393	360	6,646
Domestic Transactions	(5,464)	(31,323)	10,393	360	6,646
Foreign Transactions	0	0	0	0	0
CASH APPLIED TO THE NET INCURRENCE OF LIABILITIES	11,455	7,997	13,516	14,372	15,362
Domestic Transactions	0	0	0	0	0
Foreign Transactions	11,455	7,997	13,516	14,372	15,362
NET CASH FINANCING TRANSACTIONS	5,991	(23,326)	23,909	14,732	22,008
<i>Statistical discrepancy</i>	0	0	0	0	0

5.1. GFS Net Operating Balance

The GFS net operating balance represents the difference between operating revenues and operating expenditure by the Government and its development partners.

For 2023/24, the GFS net operating balance has been revised to \$13.8 million, down from \$18.0 million, largely due to a \$3.8 million increase in the debt interest contribution to the Loan Repayment Fund (LRF) to reflect the actual payment for the year.

In 2024/25, an operating surplus of \$34.8 million is projected, a decrease from the \$52.4 million surplus in the 2024/25 Budget. This decline is mainly due to a rise in expenses from \$246.8 million to \$267.1 million, driven by carry-forwards from 2023/24 and additional funding through the Supplementary Budget and Executive Orders. Revenue increased slightly, from \$299.2 million to \$301.9 million, largely from \$10.0 million in Core Sector Support funding from New Zealand. However, this increase was partly offset by reduced capital grants, as some funding was reallocated to 2025/26.

An operating surplus of \$43.3 million is anticipated for 2025/26, driven by higher revenue, particularly from grants and other sources, including an additional \$10.0 million in Core Sector Support funding. This is also supported by a slight reduction in expenses due to a lower debt interest contribution to the LRF after some debt has been repaid. The surplus is expected to continue into 2026/27 and beyond, with revenue consistently exceeding expenses

5.1.1. GFS Operating Revenue

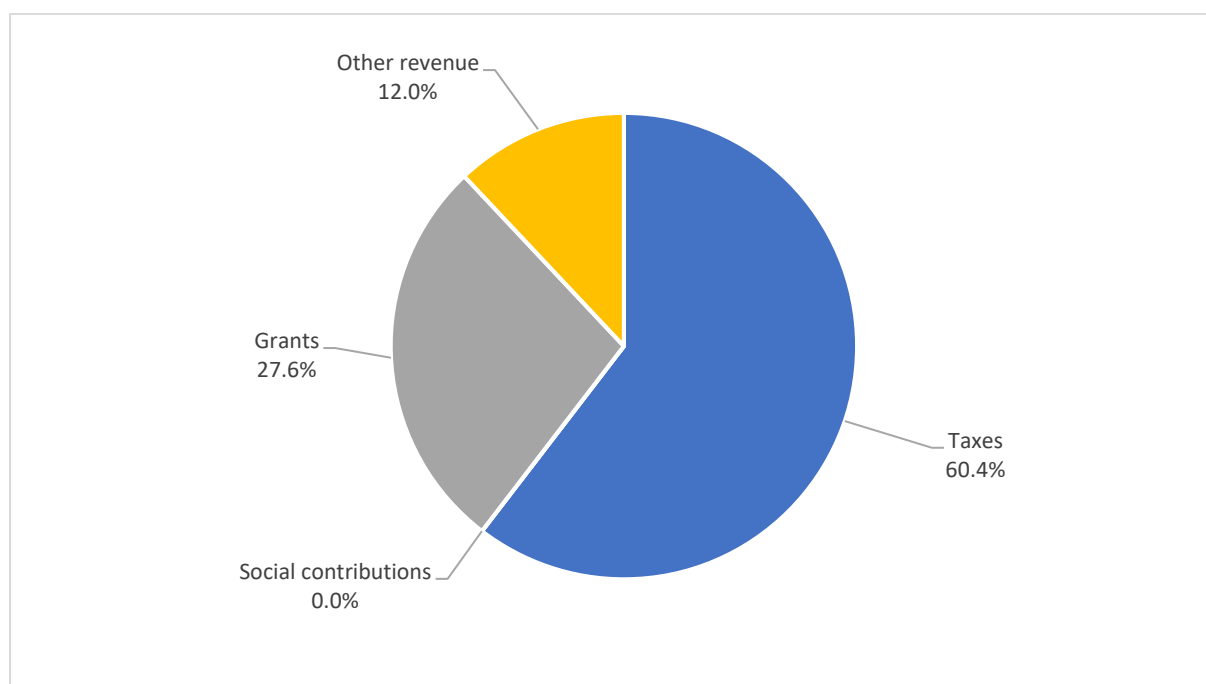
Table 5-2 Total GFS Operating Revenue (\$'000)

	2023/24 Actual	2024/25 Supp. Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Taxes	167,411	182,387	191,178	196,868	204,759
Social contributions	0	0	0	0	0
Grants	13,923	83,245	57,459	14,598	10,180
<i>Current</i>	8,506	44,272	37,459	14,598	10,180
<i>Capital</i>	5,417	38,973	20,000	0	0
Other revenue	38,204	36,281	36,934	28,935	29,615
Total Operating Revenue	219,538	301,913	285,571	240,402	244,554

There has been minimal change in domestic (non-grant) revenue since the 2024/25 HYEUFU, with most adjustments occurring in grants and other revenue from 2024/25 onward. This section provides a brief overview of the changes in grants and other revenue compared to the 2024/25 Budget. For a more detailed analysis of tax estimates for 2024/25 and beyond, as well as the actual figures for 2023/24 operating revenue, please refer to the 2024/25 HYEUFU.

Total operating revenue has slightly increased from \$299.2 million in the 2024/25 Budget to \$301.9 million in the 2024/25 Supplementary Budget. The increase is primarily due to an additional \$10.0 million in Core Sector Support funding from the New Zealand Government, recorded under other revenue. However, this rise is partly offset by a reduction in grant funding, which decreased from \$90.0 million to \$83.2 million due to revisions in capital grant allocations and the deferral of some funding to 2025/26. Minor revisions to total operating revenue for 2025/26 and beyond reflect adjustments to funding received through grants and the allocation of the \$10.0 million Core Sector Support funding.

Figure 5-1 GFS operating revenue, 2024/25 Supplementary



As shown in Figure 5-1, operating revenue in the 2024/25 Supplementary Budget is primarily sourced from taxation, accounting for 60.4 per cent of total revenue, slightly lower than the 60.5 per cent in the 2024/25 Budget. Grants from development partners make up 27.6 per cent of total revenue, down from 30.1 per cent in the original budget, due to the deferral of some funding to future years. Other revenue, including Core Sector Support from New Zealand, agency trading revenues, and interest and dividend receipts, contributes 12.0 per cent, up from 9.4 per cent in the original budget. This increase is mainly attributed to an additional \$10.0 million in Core Sector Support funding from New Zealand.

5.1.2. GFS Operating Expenditure

Table 5-3 Total GFS Operating Expenditure (\$'000)

	2023/24 Actual	2024/25 Supp. Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Compensation of employees	72,395	80,543	81,151	83,033	83,593
Use of goods and services	54,080	98,848	86,134	66,457	61,752
Depreciation	13,473	15,259	15,259	15,181	15,181
Interest	12,797	11,930	9,160	8,704	8,282
Subsidies	19,944	28,331	19,819	18,321	18,612
Grants	0	0	0	0	0
Social benefits	23,907	25,813	25,324	25,617	25,897
Other expense	9,112	6,375	5,411	4,724	4,724
Total Operating Expenditure	205,707	267,099	242,257	222,038	218,040

This section mainly focuses on operating expenditure for the 2024/25 fiscal year, compared to the 2024/25 Budget. However, it is important to note that the operating expenditure for 2023/24 was revised after the 2024/25 HYEPU to account for the actual debt interest contribution to the LRF, which increased to \$12.8 million from the previously reported \$9.0 million. Consequently, operating expenditure for 2023/24 rose from \$201.9 million to \$205.7 million.

The projected operating expenditure for 2024/25 has increased to \$267.1 million, up from the \$246.8 million estimated in the 2024/25 Budget. This rise is primarily due to a \$17.1 million increase in the 'Use of goods and services' category, which now totals \$98.8 million.

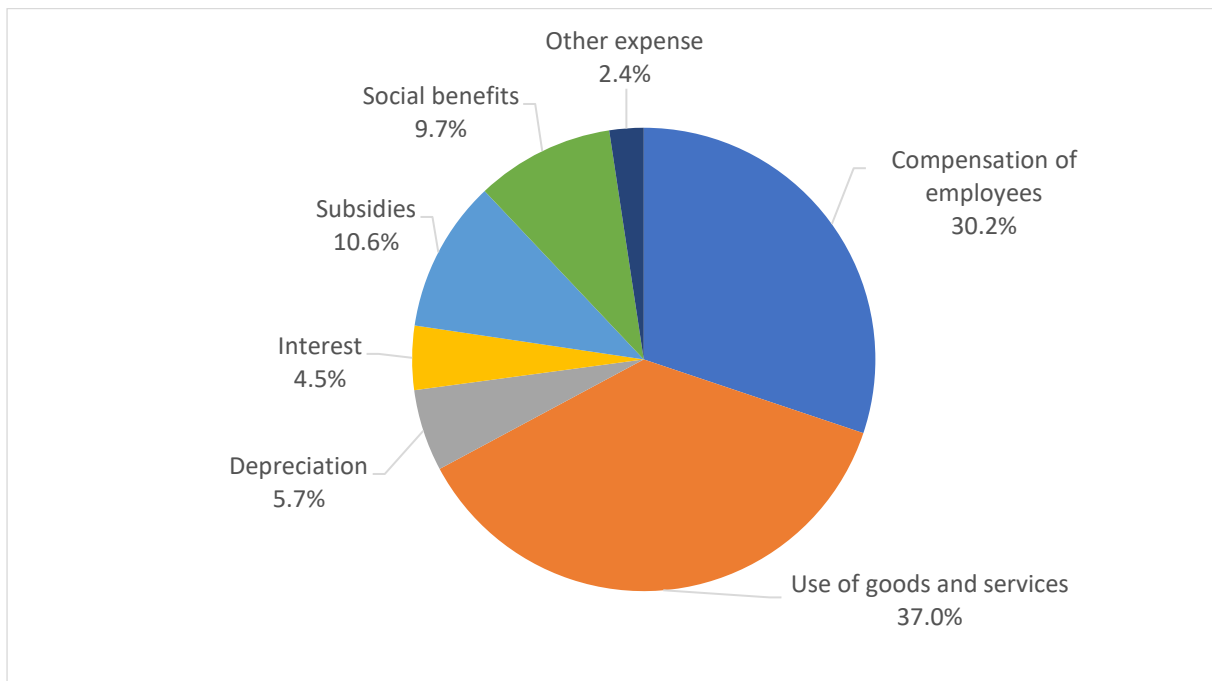
Some notable expenditures include:

- A \$2.0 million increase in the National Events Fund for the 60th Te Maeva Nui celebrations.
- \$15.1 million through recurrent ODA expenditure, comprising:
 - \$8.2 million for the Cook Islands Public Sector Strengthening,
 - \$2.9 million for climate initiatives under the New Zealand Climate Flexible Financing,
 - \$2.7 million for the Northern Group Renewable Energy Project under the New Climate Flexible Financing, and
 - \$1.3 million for the Aitutaki Water Supply Project, also supported by the New Zealand Climate Flexible Funding.

Additionally, subsidies have increased from \$23.0 million to \$28.3 million. This reflects the carry-forward of unspent funds from 2023/24, including \$4.4 million for the Airline Route Development and a \$505,000 allocation through the Supplementary Budget to fund water allowances, which will be managed by To Tatou Vai Limited.

Total operating expenditure for 2025/26 onwards has been slightly revised down since the estimates provided in the 2024/25 HYEPU due to a reduced debt interest contribution to the LRF following the repayment of debts.

Figure 5-2 GFS operating expenditure, 2024/25 Supplementary



As shown in Figure 5-2, the primary components of government operating expenditure in the 2024/25 Supplementary Budget are the use of goods and services, which accounts for 37.0 per cent, and compensation of employees, which represents 30.2 per cent of total spending. The remaining operating expenditure is distributed across subsidies (10.6 per cent), social benefits (9.7 per cent), depreciation (5.7 per cent), interest (4.5 per cent), and other expenses (2.4 per cent).

5.2. GFS Non-Operating Items

Cash transactions in non-financial assets encompass capital investments such as infrastructure development, the acquisition of plant and equipment, and advancements in information and communications technology (ICT). These expenditures are undertaken by the Crown and its development partners to support long-term growth and operational efficiency.

For 2024/25, total purchases of non-financial assets are projected at \$73.4 million, up from \$68.4 million in the original Budget. This increase reflects additional capital funding from the 2024/25 Supplementary Budget, unspent funds carried forward from 2023/24, and extra grant funding for specific projects.

By 2027/28, cash transactions for non-financial assets are expected to decline to \$19.7 million, primarily due to reduced ODA impacting capital project funding.

5.2.1. Net Borrowing/Lending and Cash Financing Transactions

The Net Borrowing/Lending Requirement reflects the financial resources necessary to address both operating and capital balances. These funds are sourced either from assets, predominantly accumulated cash reserves, or liabilities, primarily through loan financing.

For the 2024/25 fiscal year, the net borrowing requirement has risen substantially, increasing from \$741,389 as outlined in the 2024/25 Budget to \$23.4 million in the Supplementary Budget. This sharp increase is primarily attributed to upward adjustments in expenses related to the use of goods and services for the current fiscal year.

Projections for the subsequent years indicate a shift to a net lending position, driven by higher anticipated revenues relative to expenses. Specifically, net lending is forecasted at \$22.0 million in 2025/26, followed by \$13.2 million in 2026/27, and \$20.9 million in 2027/28.

This transition underscores an improving fiscal trajectory, highlighting the potential for enhanced financial resilience in the medium-term.

5.3. Classification of Functions of Government

The Classification of the Functions of Government (COFOG) organises government expenditure data according to the intended purpose of the funds. This standardised classification facilitates comparisons of functional expenditure across different jurisdictions.

At the highest level, the COFOG includes 10 main functions, with a further breakdown into 69 sub-functions. Table 5-4 provides a detailed breakdown of the Budget to the sub-functional level for both Cook Islands Government spending and ODA, excluding categories with no expenditure.

Table 5-4 Classification of Functions of Cook Island Government (\$'000)

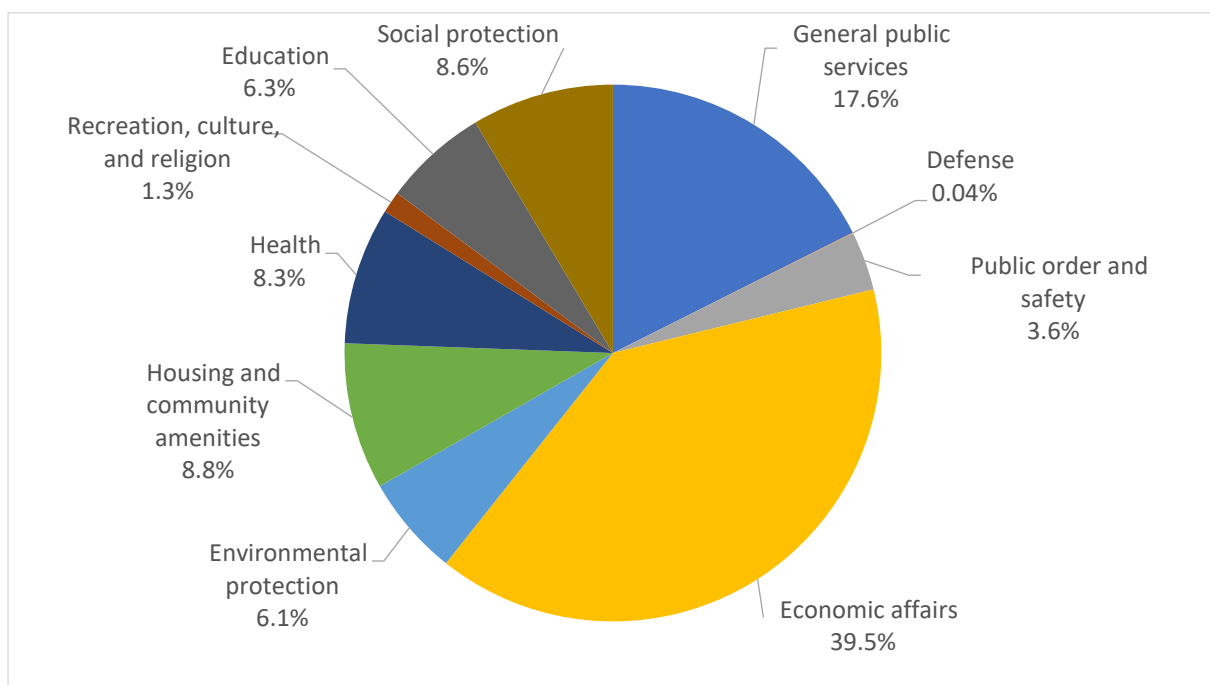
Function of Government	2023/24 Actual	2024/25 Supp. Estimate	2025/26 Proj.	2026/27 Proj.	2027/28 Proj.
Cook Islands Government (CIG) Expenditure					
General public services	50,758	50,624	42,144	43,547	43,117
Executive and legislative organs, financial and fiscal affairs,	30,790	31,656	27,250	27,737	27,529
external affairs					
General services	6,272	5,902	4,699	6,071	6,271
Basic research	80	80	80	80	80
General public services	819	1,056	955	955	955
Public debt transactions	12,797	11,930	9,160	8,704	8,282
Defence	152	134	134	134	134
Defence n.e.c.	152	134	134	134	134
Public order and safety	10,761	12,090	11,733	12,085	12,045
Police services	5,547	5,458	5,357	5,442	5,442
Fire protection services	248	230	230	230	230
Law courts	2,429	3,152	2,931	2,869	2,869
Prisons	1,148	1,180	1,180	1,180	1,180
Public order and safety n.e.c.	1,389	2,071	2,035	2,365	2,325
Economic affairs	60,778	93,357	71,029	73,663	74,965
General economic, commercial, and labour affairs	12,458	16,684	12,992	13,010	13,523
Agriculture, forestry, fishing, and hunting	3,167	3,939	4,097	4,022	4,022
Fuel and energy	2,441	2,163	2,198	2,200	2,200
Mining, manufacturing, and construction	1,206	1,837	1,476	1,478	1,478
Transport	29,146	53,061	32,829	35,196	36,234
Communication	1,391	1,645	1,632	1,718	1,718
Tourism	7,510	9,268	10,965	11,192	10,942
R&D Economic affairs n.e.c.	633	460	460	467	467
Economic affairs n.e.c.	2,826	4,300	4,380	4,380	4,380
Environmental protection	4,579	5,607	4,339	4,749	4,354
Waste management	2,209	2,630	1,612	1,662	1,747
Protection of biodiversity and landscape	377	772	372	372	372
Environmental protection n.e.c.	1,993	2,205	2,355	2,715	2,235
Housing and community amenities	13,409	17,768	15,824	15,959	16,453
Community development	3,950	4,573	3,461	4,630	4,824
Water supply	3,737	5,839	4,634	3,550	3,850
Housing and community amenities n.e.c.	5,722	7,357	7,729	7,779	7,779
Health	22,729	23,509	22,900	23,276	23,359
Medical products, appliances, and equipment	1,755	2,243	1,668	1,468	1,468
Outpatient services	3,911	4,330	4,330	4,380	4,380
Hospital services	11,382	11,638	11,505	11,764	11,964
Public health services	3,108	3,064	3,164	3,164	3,164
Health n.e.c.	2,573	2,233	2,233	2,499	2,383
Recreation, culture, and religion	2,672	4,362	2,125	2,175	2,175
Recreational and sporting services	370	370	370	370	370
Cultural services	1,816	3,396	1,159	1,209	1,209
Broadcasting and publishing services	0	45	45	45	45
Religious and other community services	10	10	10	10	10
Recreation, culture, and religion n.e.c.	476	540	540	540	540
Education	20,913	21,223	21,162	23,060	23,060
Pre-primary and primary education	3,213	3,289	2,785	2,785	2,785
Tertiary education	980	1,186	1,075	1,075	1,075
Education not definable by level	1,100	1,040	1,040	1,160	1,160
Education n.e.c.	15,620	15,708	16,262	18,040	18,040
Social protection	26,346	28,579	28,071	27,605	27,885
Sickness and disability	1,110	1,620	1,742	1,850	1,949
Old age	14,159	14,535	14,504	14,689	14,871
Survivors	170	195	170	170	170
Family and children	6,104	7,010	6,352	6,352	6,352
Housing	109	109	109	109	109
Social exclusion n.e.c.	1,563	1,567	1,771	1,771	1,771
Social protection n.e.c.	3,131	3,542	3,422	2,663	2,663
Total CIG Expenditure	213,097	257,253	219,462	226,253	227,548

Function of Government	2023/24 Actual	2024/25 Supp. Estimate	2025/26 Proj.	2026/27 Proj.	2027/28 Proj.
Official Development Assistance (ODA) Expenditure*					
General public services	1,535	9,292	1,841	827	200
Economic affairs	5,600	41,132	30,280	280	280
Environmental protection	2,655	15,011	13,015	4,346	1,203
Housing and community amenities	3,690	12,341	5,000	5,000	5,000
Health	192	4,610	7,072	3,895	3,497
Recreation, culture, and religion	12	110	0	0	0
Education	0	170	0	0	0
Social protection	240	580	250	250	0
Total ODA Expenditure	13,923	83,245	57,459	14,598	10,180
TOTAL PUBLIC EXPENDITURE	227,020	340,498	276,921	240,851	237,728

*Excluding Performance Based Budget Support, which is allocated through CIG Expenditure

Figure 5-3 depicts the allocation of expenditure across the ten primary functional areas for the 2024/25 Supplementary, incorporating funding from both the Cook Islands Government and ODA.

Figure 5-3 Classification of Functions of Cook Island Government, 2024/25 Supplementary



In the 2024/25 Supplementary Budget, economic affairs account for 39.5 per cent of total public expenditure, driven by investments in airline route development, the Economic Recovery Roadmap, road maintenance and infrastructure, and funding for an additional shipping vessel. General public services represent 17.6 per cent of public expenditure, primarily attributed to the administrative costs of the Cook Islands Government.

6. Crown Debt and Net Worth

This chapter provides key debt information for the 2024/25 Supplementary Budget. For a more comprehensive overview of Crown Debt and Net Worth, please refer to the [2024/25 HYEPU](#), which is available on the MFEM website.

The major change since the publication of the 2024/25 HYEPU is the Government's improved cash position, which has created an opportunity to take a proactive approach to debt management by paying down some loans early. The specific loans to be repaid are still under discussion; therefore, this chapter reflects the overall debt environment rather than detailing individual loans. More specific information will be provided in the 2025/26 Budget.

6.1. Medium-Term Debt Strategy

The Cook Islands' *Medium-Term Debt Strategy (MTDS)* for the period 2022 to 2026 outlines key objectives for debt management, focusing on maintaining prudent debt levels and managing associated risks in accordance with the Medium-Term Fiscal Framework.

Performance Against Key MTDS Targets (as of June 2025):

The performance against key MTDS targets is reported on the debt portfolio as shown in the 2024/25 HYEPU. There have been some movements since, which are discussed in more detail in the rest of the chapter.

- **Crown Debt as a Share of GDP:** The target is to keep Crown debt below 65 per cent of GDP. The estimated level of debt is 30.3 per cent by June 2025.
- **New Borrowing:** New borrowing is to be restricted to priorities identified in the National Infrastructure Investment Plan (2021-2030). This is achieved through the national budget process.
- **Minimisation of Costs and Risks:** The Government continues to monitor key debt indicators to mitigate the impact of costs and risks. These indicators are outlined in the table below:

Table 6-1 Key Targets 2022 – 2026 with estimates as at 30 June 2025

	Indicators	Current level (2025)	Target – all debt	Target – new debt	Performance
Interest rate risk	1. Implied interest rate	4.0%	<4.5%	<4.5%	1.2%
	2. % of total debt in variable interest rates	62.6%	<70%	<65%	15.6%
Refinancing risk	3. Limit total public debt maturing in 1 year	6.6%	<6%	<5%	0.5%
	4. Total Average Time to Maturity	6.8 years	>7 years	>15years	0.9 years
Exchange rate risk	5. foreign debt as a % of total debt	34.0%	<30%	<10%	8.3%

- **Country Reclassification Review:** The Government successfully completed the application process for reclassification with the Asian Development Bank (ADB) by 2022/23.
- **Domestic Debt Market:** The Government's proposal to establish a domestic debt market or issue government securities in New Zealand has been deferred for further review.
- **Debt Management Unit Staffing:** Plans to adequately staff and resource a Debt Management Unit, in line with its mandate, have also been deferred for further review.

These indicators are subject to annual monitoring. Following the release of the MTDS, the Government has actively engaged in discussions with key lending partners to refine and enhance its debt management practices.

6.2. Key Variables Influencing Debt Management

Since the approval of the 2024/25 Budget, there have been notable changes in key debt management variables. These include fluctuations in interest rates—particularly the U.S. and New Zealand six-month Bank Bill Rates, which serve as benchmark rates—exchange rate movements, and the drawdown of a new loan from the Asian Development Bank in December 2024.

Exchange rate forecasts are based on Consensus Economics’ October 2024 long-range projections for the New Zealand dollar, which are the latest available. Since this forecast was finalised, exchange rate movements have been significant, with the NZD depreciating against the USD. The impact of exchange rate variations is analysed in more detail in Chapter 2 of the 2024/25 HYEPU, where it is noted that a depreciation increases the NZD value of USD-denominated debt.

Table 6-2 Currency movement since the 2024/25 Budget

Currency	2024/25 Budget	2024/25 Supplementary	Movement	% Change
EUR	0.5706	0.5618	-0.0088	-2%
USD	0.6320	0.6180	-0.0140	-2%
RMB	4.4425	4.3952	-0.0473	-1%
SDR	0.4825	0.4756	-0.0069	-1%

Approximately 73 per cent of the Government's debt portfolio is in NZD, which remains unaffected by exchange rate fluctuations. However, more than a quarter of the debt is in foreign currencies, with the largest share in USD and SDR (of which USD is a component). Chapter 2 of the 2024/25 HYEPU analyses the impact of a 10 per cent appreciation and depreciation in the USD/NZD exchange rate.

Total gross debt, initially reported at \$199.3 million in the 2024/25 Budget, was revised upward to \$253.8 million in the 2024/25 HYEPU—an increase of \$54.5 million. This rise was primarily driven by the drawdown of a new \$49.74 million loan from the ADB, along with a smaller impact from NZD depreciation. With planned debt repayments, the total debt is projected to decrease to \$215.8 million.

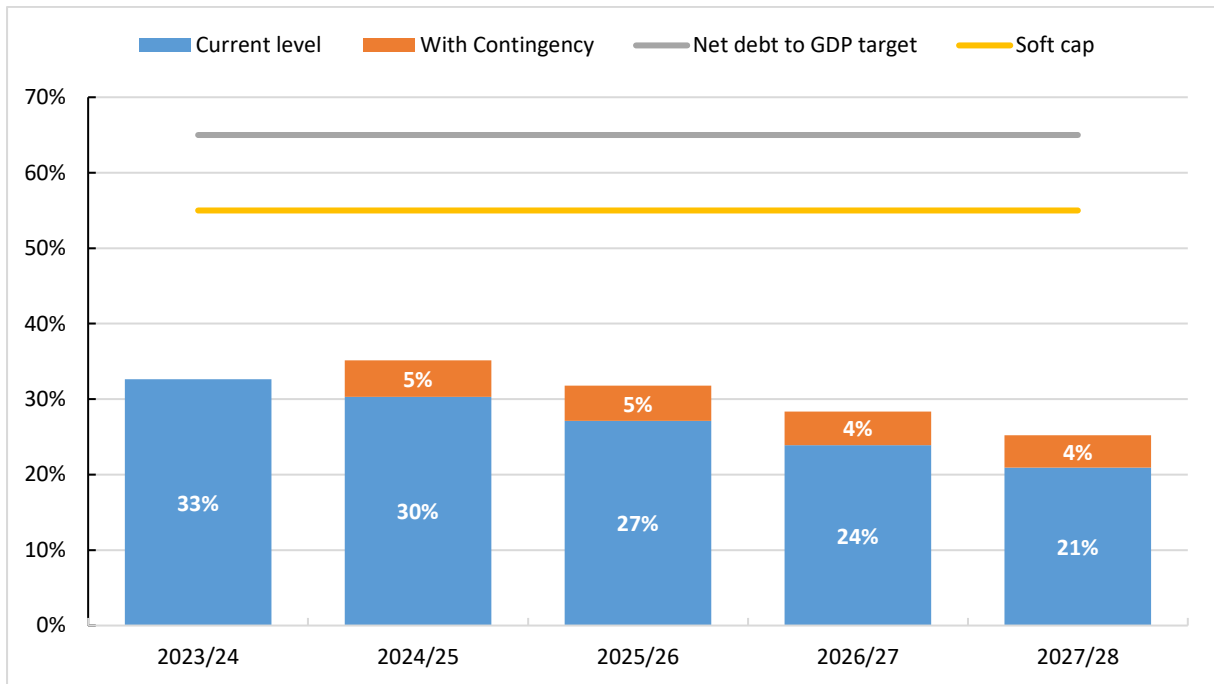
6.3. Total Debt

With an improved cash position, the Government has decided to pay down some debt to ease debt servicing challenges. The exact loans to be repaid are still under discussion, but this section provides aggregate-level estimates.

This change reduces net debt held by the Government to 30.3 per cent of GDP or 35.2 per cent when contingent debt is included. The total contingent debt of \$33.5 million consists of a Disaster Recovery loan, which will only be drawn in the event of disasters triggered by natural hazards or health emergencies. As depicted in Figure 6-1, if the Government is obligated to take on the disaster recovery loan, it will still comply with the 65 per cent net debt to GDP rule.

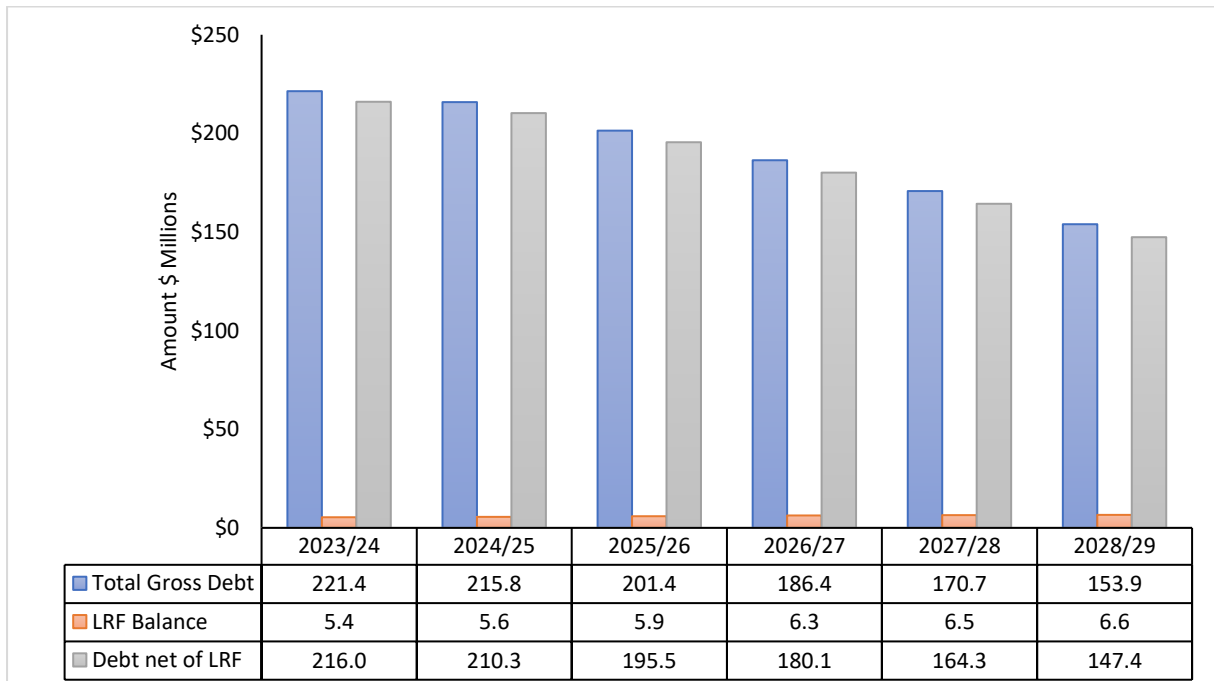
Under the MTDS, the Government plans to work with lenders to maintain a manageable repayment profile—balancing debt obligations while preserving fiscal space for other critical government spending initiatives.

Figure 6-1 Net debt to GDP including (percentage of nominal GDP)



The Government manages its debt portfolio through the Loan Repayment Fund (LRF), as mandated by the LRF Act 2014. The debt net of LRF is estimated to be \$210.3 million in 2024/25, and is expected to gradually decrease in the outer years as shown in Figure 6-2.

Figure 6-2 Crown Debt, Net of Loan Repayment Fund³



³ Note these totals include a loan taken by the Airport Authority Cook Islands on commercial terms, with an outstanding balance of \$1.9 million as at 30 June 2025.

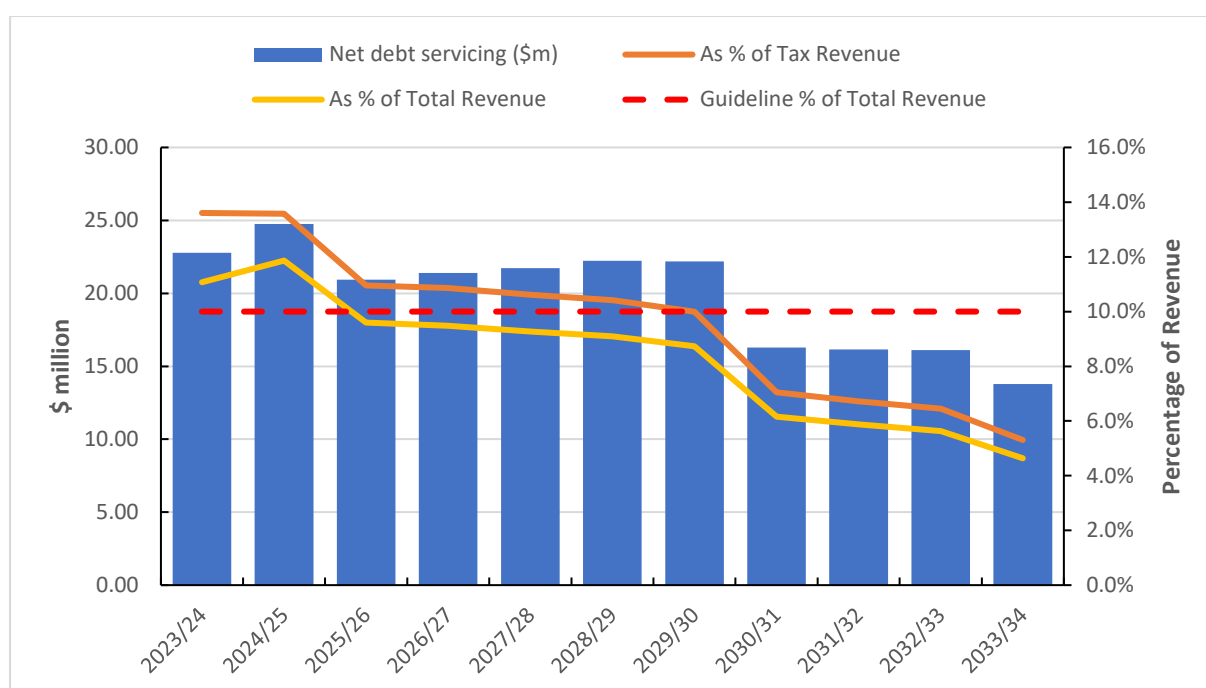
6.4. Cost of Debt

Although the Government’s net debt remains below the fiscal limit of 65 per cent of GDP, there are concerns about rising debt servicing costs. In 2024/25, the cost of servicing debt is expected to exceed 10 per cent of total revenue, and it is unlikely to fall below this level until 2030/31. To address this challenge, the Government has decided to repay some debt earlier than scheduled, helping to ease financial pressure. This adjustment is reflected in the debt servicing profile shown in Figure 6-3.

Debt servicing is now projected to peak at 14 per cent of tax revenue in 2024/25, amounting to \$24.8 million (excluding additional unscheduled payments). Over the following years, this ratio is expected to stabilise between 10 per cent and 11 per cent of tax revenue until 2029/30.

One of the key risks to debt costs is exposure to changes in interest and exchange rates, which can affect the overall financial position. The Government remains committed to responsible debt management to ensure economic stability and fiscal sustainability.

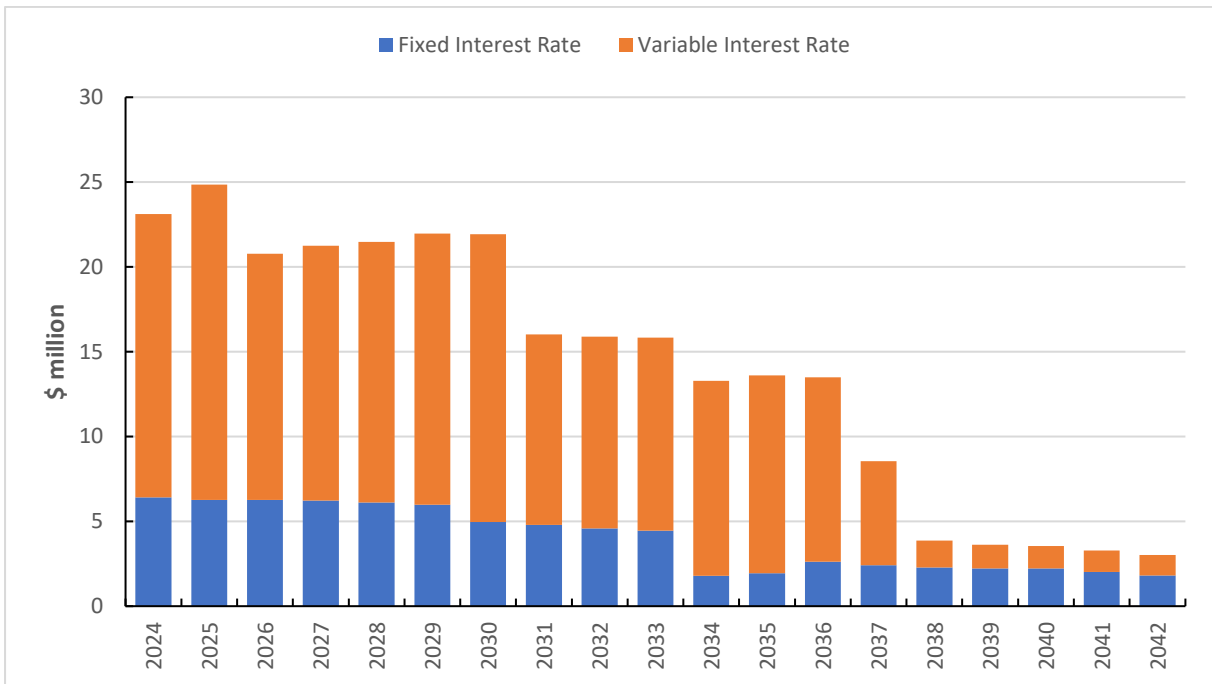
Figure 6-3 A 10-year Debt Servicing Profile



6.4.1. Interest rates

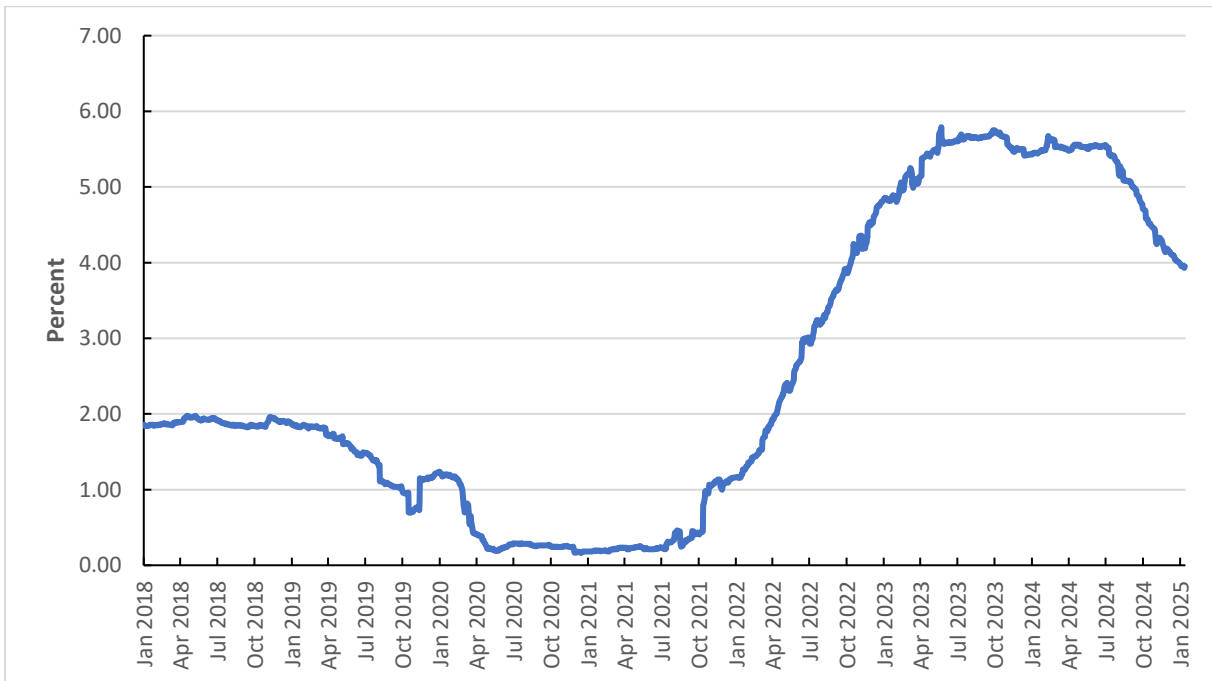
A significant portion of the Government’s debt is subject to variable interest rates, which fluctuate based on key financial benchmarks. For USD-denominated loans, interest rates are tied to the six-month Secured Overnight Financing Rate (SOFR), while NZD-denominated loans follow the six-month NZD Bank Bill Rate. This presents a financial risk, as the Government has no control over changes in these rates.

Figure 6-4 Debt Servicing Profile by Interest Rate Type



In recent years, central banks, including the Reserve Bank of New Zealand (RBNZ), have raised interest rates to curb inflation. As a result, benchmark rates have increased, leading to higher debt servicing costs for the Government’s existing debt portfolio. While the RBNZ and other central banks have recently started to lower rates, global economic uncertainties have slowed the pace of this decline.

Figure 6-5 New Zealand 6-month Bank Bill Rate



Source: Reserve Bank of New Zealand

To help mitigate these risks, the Cook Islands' reclassification to Group B and the new lending terms from the ADB for Small Island Developing States will provide access to more concessional loans. These loans offer fixed interest rates and longer repayment terms, improving financial stability.

The interest rate assumptions used to forecast debt servicing costs are detailed in Table 6-3.

Table 6-3 Variable Interest Rate Assumption⁴

	2024/25	2025/26	2026/27	2027/28	2028/29	Average FY25-FY29
SOFR USD 6-mth rate	4.418%	4.365%	4.491%	4.525%	4.664%	4.493%
NZD 6-month BBR	4.248%	4.694%	4.700%	4.857%	5.030%	4.706%

⁴ Source: <https://www.worldgovernmentbonds.com/country-comparison/> - retrieved: 20 November 2024.

7. Official Development Assistance

This chapter outlines the contributions received from development partners following the 2024/25 Budget, which have been allocated within the 2024/25 Supplementary Budget. A summary of these additional⁵ contributions is provided in Table 7-1, with further details on the associated programmes and projects discussed in the subsequent section.

Table 7-1 New Official Development Assistance (ODA) since the 2024/25 Budget

Agency	Development Partner	Programmes/Projects by Agency	Funding Type	Amount (\$)
Cook Islands General Budget Support				
MFEM	New Zealand	Core Sector Support	Grant	10,000,000
Total General Budget Support				10,000,000
Recurrent ODA Expenditure				
MFEM	New Zealand	Cook Islands Public Sector Strengthening 2024 - 2027	Grant	8,232,000
ICI	New Zealand	NZ CFF Kerekere Moana - Climate Resilient Aitutaki Water Supply Project	Grant	1,250,000
MOE	UNESCO	UNESCO MOE Participation Programme 2024-2025	Grant	169,656
OPM	New Zealand	Marae Moana Climate & Biodiversity Smart Marine Spatial Planning	Grant	1,293,750
MOA	China	MOA Project 3 - Agriculture Machinery Support	Grant	50,000
MOA	FAO	MOA Training for Husbandry and Management Practices	Grant	40,000
MOA	FAO	MOA SDG Farm-based Survey	Grant	131,425
NES	PRV	Rapid Natural Capital Assessment - Cook Islands Pilot Project	Grant	47,640
Total Recurrent ODA Expenditure				11,214,471
Capital ODA Expenditure				
ICI	New Zealand	Cook Islands ITF - Manihiki Airport Upgrade Phase 2	Grant	3,807,608
ICI	New Zealand	Cook Islands ITF – Pa Enua Infrastructure Assessment	Grant	349,663
AACI	New Zealand	Cook Islands ITF - Rarotonga Airport Runway Slab Replacement Phase 2	Grant	2,500,000
AACI	New Zealand	Cook Islands ITF - Rarotonga International Airport Runway End Safety Area Extension	Grant	2,187,000
AACI	New Zealand	Cook Islands ITF - Aitutaki Airport Runway Strip Land Reclamation	Grant	396,000
MFEM	ADB	Japan Fund for Poverty Reduction – Supporting Safe Recovery of Travel and Tourism in the Cook Islands	Grant	2,000,000
Total Capital ODA Expenditure				11,240,271
Total NZD Equivalent ODA Funding				32,454,742
Total NZD Equivalent ODA Funding - (excluding General Budget Support)				22,454,742

7.1. Development programmes

7.1.1. Cook Islands Core Sector Support

	2024/25	2025/26	2026/2027	2027/2028
Recurrent	10,000,000	10,000,000	0	0

The Core Sector Support (CSS) Grant Funding Arrangement with New Zealand, announced after the 2024/25 Budget, allocates \$10.0 million for 2024/25 and 2025/26. This continues the previous CSS programme, which ended in 2023/24, providing budget support to the Ministry of Education, Cook Islands Tourism Corporation, and Ministry of Health to advance indicators aligned with the Cook Islands National Sustainable Development Agenda 2020+.

⁵ The amounts in Table 7-1 reflect only the additional funding received, not the total funding, which is detailed in Schedule 10 – Official Development Assistance Schedule.

7.1.2. Cook Islands Public Sector Strengthening 2024-2027

	2024/25	2025/26	2026/2027	2027/2028
Recurrent	8,232,000	1,641,000	627,000	0

This activity represents the continuation of New Zealand’s support to strengthen the technical and institutional governance, systems, policies, capacity, and capability in the Cook Islands Public Sector.

The funding is allocated to achieving specific outputs as outlined in the arrangement between the Cook Islands and New Zealand. This includes strengthening the Cook Islands public sector through the provision of specialist technical assistance to support its development and implementing recommendations from the functional review that focus on key priority areas.

7.1.3. CFF Kerekere Moana – Climate Resilient Aitutaki Water Supply Project

	2024/25	2025/26	2026/2027	2027/2028
Recurrent	1,250,000	0	0	0

The New Zealand Government has pledged up to \$24.0 million to the Cook Islands Government for climate-focused projects. These projects, classified as “climate principal”, must have a primary objective explicitly centred on climate change mitigation, adaptation or capacity building, forming a core element of their design and purpose. The funding will be administered through the Infrastructure Trust Fund (ITF) under the principles of the Kerekere Moana Partnership Arrangement.

The project will be implemented in Aitutaki and aims to improve the island’s water supply for both residents and visitors. In the medium-term, the project will focus on upgrading water galleries, repairing storage tanks, and replacing sections of the piped network, prioritising the connections between galleries and storage tanks. Improvements will also be made to the network’s control valves.

Additionally, the project will enhance water harvesting capacities at the household and community levels, strengthen water supply management, and conduct a feasibility study for desalination as a potential long-term solution for Aitutaki.

7.1.4. UNESCO MOE Participation Programme 2024-2025

	2024/25	2025/26	2026/2027	2027/2028
Recurrent	169,656	0	0	0

The UNESCO participation program for the Cook Islands program provides funding to local organisations for the implementation of projects. The program is administered by the Cook Islands UNESCO National Commission.

In the most recent funding round, the following projects were approved and are in the implementation phase:

- Enabling Cook Islands Youth to assist in monitoring and conserving endangered species.
- Reviving the Tivaivai Taorei.
- ‘Ātui’anga ki te Tango: Connecting Cook Islands youth to their natural environment through scientific and culture-based learning.
- Teretereanga Vaka Level 2.
- Evaluating and protecting Rarotonga's key ecosystems: Stream health and the preservation of the last fiddler crab habitats.

7.1.5. Marae Moana Climate & Biodiversity Smart Marine Spatial Planning

	2024/25	2025/26	2026/2027	2027/2028
Recurrent	1,293,750	281,250	0	0

This activity aims to develop and pilot a framework for conducting island-scale Marine Spatial Planning (MSP) within the Cook Islands. Building on ongoing MSP efforts, the activity will offer a range of capacity-building initiatives and technical assistance to support with the framework's development. The framework will be subject to consultation and trial with selected communities across the Cook Islands.

The Island-scale MSP framework will integrate existing management processes, such as community-based management and local traditional knowledge, while considering critical factors such as livelihoods, biodiversity, conservation, climate resilience, and adaptation. An ecosystems-based management approach will be prioritised where feasible.

7.1.6. MOA Project 3 – Agriculture Machinery Support

	2024/25	2025/26	2026/2027	2027/2028
Recurrent	50,000	0	0	0

The People's Republic of China, through its Small Livelihoods Project Grants, has provided funds to enhance productivity on existing cultivated land in the Cook Islands. The goal is to transform abandoned farmland into productive areas, increasing agricultural income for residents affected by the tourism industry's sudden suspension and making food more affordable.

7.1.7. MOA Training for Husbandry and Management Practices

	2024/25	2025/26	2026/2027	2027/2028
Recurrent	40,000	0	0	0

The main purpose of this activity is to strengthen the livestock sector in Cook Islands. This will be achieved through the accelerated genetic improvement of cattle, pigs, and goats, along with training for government staff and farmers in breeding, husbandry, and management practices, including Artificial Insemination (AI).

7.1.8. MOA SDG Farm-based Survey

	2024/25	2025/26	2026/2027	2027/2028
Recurrent	131,425	0	0	0

The funds provided by the Food and Agriculture Organization of the United Nations (FAO) under this Agreement will be used for the identification, development, collection, analysis, compilation, reporting, dissemination, and/or monitoring of data, statistics, and Sustainable Development Goal (SDG) Farm-based indicators related to agri-food systems (including their transformation) in the Cook Islands. This work will be conducted between November 2024 and June 2025.

7.1.9. Rapid Natural Capital Assessment – Cook Islands Pilot Project

	2024/25	2025/26	2026/2027	2027/2028
Recurrent	47,640	0	0	0

This work is designed to support the Cook Islands' pilot project in conducting rapid natural capital assessment and accounting approaches to determine where investments in nature should be focused or prioritised. The project will partially fund the implementation of a capacity development workshop in Rarotonga on applying Natural Capital Approaches in the Cook Islands.

Additionally, the project will procure hardware to enable the National Environment Service (NES) officers to run GIS and Invest modelling programmes and collect field data to populate these systems. Funding will also support the non-governmental organisation, Muri Environmental Care (MEC), in implementing a nature-based solution to restore the riparian buffer of Parengaru stream, which has been identified as a significant source of sediment discharge into the Muri lagoon.

7.1.10. Cook Islands ITF – Pa Enea Infrastructure Assessment

	2024/25	2025/26	2026/2027	2027/2028
Recurrent	349,663	0	0	0

The New Zealand Government has provided \$52.0 million in funding to the Infrastructure Trust Fund (ITF) to stimulate the Cook Islands' economy and enhance its resilience through capital works.

The ITF has several key purposes, including investing in physical infrastructure to provide essential services, supporting the implementation of the National Infrastructure Investment Plan (NIIP) and MTFS, and fostering capability development within the Cook Islands' infrastructure sector.

This activity involves gathering detailed data and assessing the condition of assets in the following categories across the Pa Enea:

- Public roads – including surface, drainage, signage.
- Water assets – including water galleries, pump stations, reservoirs, treatment facilities, distribution network (pipes, valves).
- Coastal structures – including ports / harbours, wharfs, and seawalls.
- Buildings – including cyclone shelters, hospital buildings, schools and other public buildings.
- Airport infrastructure – including runways, lighting, drainage, buildings, navigations systems.

The data collected will include details such as materials, dimensions, quantities, location, equipment make and model. Additionally, an assessment of each asset's physical condition and an estimate of its remaining useful life will be conducted.

The information will be compiled into an asset management system, creating a systematic record of each asset. This will allow for the development of a defined programme for planned maintenance, repair and replacement. The asset management system will also help establish current service levels, which will inform future funding requirements.

7.1.11. Cook Islands ITF – Manihiki Airport Upgrade Phase 2

	2024/25	2025/26	2026/2027	2027/2028
Recurrent	3,807,608	10,000,000	0	0

The Manihiki Airport Improvement Project aims to rehabilitate and upgrade the airport runway to provide safer and more affordable access for both residents and visitors to Manihiki. The project also focuses on enhancing climate resilience by reducing over-wash onto the newly constructed runway.

Phase 1 of the project allows for the purchase of plant and machinery to establish a temporary ship landing site. This site will facilitate access for shipping vessels to deliver equipment, machinery, and materials required for the runway construction. Once completed, the upgraded airport will meet the Cook Islands Civil Aviation Rules (CICAR).

7.1.12. Cook Islands ITF – Rarotonga Airway Runway Slab Replacement Phase 2

	2024/25	2025/26	2026/2027	2027/2028
Recurrent	2,500,000	2,000,000	0	0

Phase 2 of the Rarotonga Airport Runway Slab Replacement project will involve replacing 19 cracked slabs on the runway to ensure continued safety and operational integrity.

Phase 1 of the slab replacement programme, completed between 2021 and 2022, helped develop local construction capacity. To build on this cost-effective, locally developed capability, a further runway slab replacement programme is planned. Design development and procurement for construction works took place in 2024, with construction scheduled for 2025.

7.1.13. Cook Islands ITF – Rarotonga International Airport Runway End Safety Area Extension

	2024/25	2025/26	2026/2027	2027/2028
Recurrent	2,187,000	7,000,000	0	0

The goal of this activity is to improve the safety and reliability of air travel to and from Rarotonga International Airport, the main international gateway to the Cook Islands. Currently, the 26-runway end area does not meet the minimum length requirements for a suitable Runway End Safety Area (RESA) as stipulated by the International Civil Aviation Organization (ICAO), the Civil Aviation Authority of New Zealand’s Civil Aviation Rules part 139-06, and the Ministry of Transport’s regulations. To ensure compliance with RESA requirements, it is proposed to extend the runway formation by 40 metres, thereby enhancing operational capabilities and safety.

7.1.14. Cook Islands ITF – Aitutaki Airport Runway Strip Land Reclamation

	2024/25	2025/26	2026/2027	2027/2028
Recurrent	396,000	1,000,000	0	0

This project aims to bring the Aitutaki Airport into ICAO compliance by reclaiming land at the north-eastern runway strip using a rock revetment seawall. This is critical for mitigating safety and operational risks, as failure to act could result in losing Civil Aviation Authority (CAA) certification, impacting Aitutaki’s economy and air connectivity. Additionally, the construction of a Runway Strip End Area and RESA with asphalt pavement will improve runway operations and increase payload capacity.

7.1.15. Japan Fund for Poverty Reduction – Supporting Safe Recovery of Travel and Tourism in the Cook Islands

	2024/25	2025/26	2026/2027	2027/2028
Recurrent	4,466,656	0	0	0

In December 2021, the Cook Islands and the Asian Development Bank (ADB) signed a US\$2.0 million Grant Agreement to address COVID-19 impacts, focusing on airport and health readiness. In October 2024, an additional US\$2.0 million was provided for the "Supporting Safe Recovery of Travel and Tourism Project," aimed at enhancing the country's capacity to safely welcome tourists and supporting economic recovery. This project will improve airport and health system readiness, including health screening at Rarotonga Airport and renewable energy improvements at the Rarotonga Hospital. It also features a leadership program to increase women's participation in STEM fields. The project supports sustainable recovery, health infrastructure, and gender equity.

8. Schedules

8.1. Statement of Fiscal Responsibility (Operating)

Table 8-1 Statement of Fiscal Responsibility (Operating), 30 June (\$'000)

	2023/24 Actual	2024/25 Budget Estimate	2024/25 Supp. Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Operating Revenue						
Taxation Revenue	167,411	180,879	182,387	191,178	196,868	204,759
Other Crown Revenue	16,653	19,624	17,308	18,135	19,199	19,193
Trading Revenue	6,720	5,082	5,389	5,232	5,232	5,232
Interest on Loans to Subsidiaries	1,813	1,304	1,304	1,179	1,065	948
Dividends	1,220	1,600	1,600	1,700	2,750	3,550
Interest on Balances	2,597	573	573	573	573	573
Interest on balances - Loan Repayment Fund	101	72	107	114	116	118
Core Sector Support	9,100	0	10,000	10,000	0	0
Total Operating Revenue	205,615	209,133	218,668	228,112	225,804	234,374
Operating Expenditure						
Ministry Outputs	141,453	154,213	169,836	156,238	159,705	160,013
<i>Personnel</i>	65,959	73,092	73,760	74,447	76,489	77,048
<i>Operating</i>	21,868	18,734	20,306	19,796	20,707	21,127
<i>Administered Payments</i>	46,929	53,905	67,289	53,514	54,104	53,433
<i>Depreciation</i>	6,696	8,482	8,482	8,482	8,404	8,404
<i>POBOC</i>	32,614	32,989	33,787	32,473	32,104	32,638
Total Other Operating	23,135	18,857	19,204	16,087	15,631	15,209
Debt Interest Contribution to LRF	12,797	11,930	11,930	9,160	8,704	8,282
Crown Infrastructure Depreciation	4,603	4,603	4,603	4,603	4,603	4,603
Transfer to Emergency Response Trust Fund	0	50	50	50	50	50
Depreciation Contingency Fund	2,174	2,174	2,174	2,174	2,174	2,174
<i>Chinese Equipment</i>	0	0	0	0	0	0
<i>Rarotonga Water Network</i>	803	803	803	803	803	803
<i>Northern Pa Enuā Renewable Energy System</i>	400	400	400	400	400	400
<i>Southern Pa Enuā Renewable Energy System (excl. Aitutaki)</i>	971	971	971	971	971	971
<i>Other Assets</i>	0	0	0	0	0	0
Contingency Funds - Operating	0	100	447	100	100	100
Contingency Funds - Other Expenses	0	0	0	0	0	0
Loss on Foreign Exchange	3,561	0	0	0	0	0
Total Operating Expenses	197,201	206,059	222,827	204,798	207,440	207,860
Operating Surplus/(Shortfall)	8,413	3,074	(4,159)	23,314	18,364	26,514

8.2. Statement of Fiscal Responsibility (Non-Operating)

Table 8-2 Statement of Fiscal Responsibility (Non-Operating), 30 June (\$'000)

	2023/24 Actual	2024/25 Budget Estimate	2024/25 Supp. Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Reductions in Net Borrowings	12,055	14,368	7,409	12,928	13,851	14,713
Loan Receipts/Drawdown	0	0	(49,743)	0	0	0
Principal repayment	12,798	15,072	57,866	13,637	14,559	15,339
Subsidiary Loan Repayments - Principal	(743)	(704)	(714)	(709)	(708)	(626)
Capital Expenditures	15,896	19,074	34,426	14,664	18,813	19,687
Ministries and Outer Islands (Including CIIC Capital)	15,116	19,074	34,426	14,664	18,813	19,687
<i>Infrastructure Capital Investment in SOEs</i>	780	0	0	0	0	0
<i>Airport Authority</i>	780	0	0	0	0	0
<i>Te Aponga Uira</i>	0	0	0	0	0	0
Contingency Funds - Capital Expenditure	0	0	0	0	0	0
Foreign Aid - Capital	0	0	0	0	0	0
Receipts	5,417	49,303	38,973	20,000	0	0
Expenditure	(5,417)	(49,303)	(38,973)	(20,000)	0	0
Other Committed Considerations	3,544	3,594	3,594	3,594	3,594	3,594
Transfer to Reserve Trust Fund	0	0	0	0	0	0
Stabilisation Fund	3,544	3,544	3,544	3,544	3,544	3,544
Advanced Subsidiaries - Avaroa Cable Ltd	0	0	0	0	0	0
Infrastructure Trust Fund	0	0	0	0	0	0
Emergency Response Trust Fund	0	50	50	50	50	50
Total Non-Operating balance	(31,495)	(37,036)	(45,429)	(31,186)	(36,259)	(37,994)
To be Funded by						
Operating Surplus	8,413	3,074	(4,159)	23,314	18,364	26,514
Depreciation	13,473	15,259	15,259	15,259	15,181	15,181
<i>of which: R.E. Capital Replacement</i>	1,371	1,371	1,371	1,371	1,371	1,371
General Cash Reserves	(12,475)	(6,421)	(33,457)	(28,482)	(18,847)	(25,481)
<i>Pa Enua Accrued Savings</i>	0	0	0	0	0	0
<i>Stabilisation Fund</i>	0	0	0	0	0	0
Contribution to Loan Repayment Fund	22,083	25,074	67,735	21,046	21,510	21,731
Transfer IN and OUT of Infrastructure Trust Fund	0	0	0	0	0	0
Transfer to Emergency Response Trust Fund	0	50	50	50	50	50
Total Funding Items	31,495	37,036	45,429	31,186	36,259	37,994
Net Surplus/Shortfall	0	0	0	0	0	0

8.3. Fiscal Indicators Table

Table 8-3 Fiscal Indicators Summary, 30 June (\$million)

	2023/24 Actual	2024/25 Budget Estimate	2024/25 Supp. Estimate	2025/26 Proj.	2026/27 Proj.	2027/28 Proj.
Statement of Financial Performance						
Taxation Revenue (\$m)	167.4	180.9	182.4	191.2	196.9	204.8
Social Contributions (\$m)	0.0	0.0	0.0	0.0	0.0	0.0
Other Revenue (\$m)	38.2	28.3	36.3	36.9	28.9	29.6
Total Operating Revenue (\$m)	205.6	209.1	218.7	228.1	225.8	234.4
Total Operating Revenue Percentage of GDP	31.1	32.5	31.5	31.6	30.0	29.9
Tax Revenue Percentage of GDP	25.3	28.1	26.3	26.5	26.1	26.1
Total Cyclical Revenue (\$m)	13.1	14.8	12.7	13.4	14.4	14.4
Total Cyclical Revenue Percentage of GDP	2.0	2.3	1.8	1.9	1.9	1.8
Total Structural Revenue (\$m)	192.5	194.3	206.0	214.7	211.4	219.9
Total Structural Revenue Percentage of GDP	29.1	30.2	29.7	29.8	28.1	28.0
Personnel (\$m)	72.4	79.7	80.5	81.2	83.0	83.6
Percentage of Total Revenue	35.2	38.1	36.8	35.6	36.8	35.7
Percentage of Structural Revenue	37.6	41.0	39.1	37.8	39.3	38.0
Total Operating Expenditure (\$m)	197.2	206.1	222.8	204.8	207.4	207.9
Percentage of GDP	29.8	32.0	32.1	28.4	27.5	26.5
Percentage of Operating Revenue	95.9	98.5	101.9	89.8	91.9	88.7
Baseline Operating Expenditure (for Fiscal Rule)	165.0	168.9	171.6	173.4	176.3	177.0
Cash Operating Expenditure*	183.4	190.9	207.5	189.4	192.7	192.5
Operating Balance (\$m)	8.4	3.1	(4.2)	23.3	18.4	26.5
Percentage of GDP	1.3	0.5	(0.6)	3.2	2.4	3.4
Capital Expenditure	15.9	19.1	34.4	14.7	18.8	19.7
Depreciation	13.5	15.3	15.3	15.3	15.2	15.2
Non-Operating Balance (\$m)	(31.5)	(37.0)	(45.4)	(31.2)	(36.3)	(38.0)
Fiscal Balance surplus/deficit (\$m) *	6.0	(0.7)	(23.3)	23.9	14.7	22.0
Percentage of GDP	0.9	(0.1)	(3.4)	3.3	2.0	2.8
Statement of Financial Position (\$m)						
Assets (\$m)	606.7	639.7	631.8	660.4	663.7	674.5
Liabilities (\$m)	406.2	382.2	400.6	386.2	371.1	355.5
Crown Balance (\$m)	200.5	257.5	231.2	274.2	292.5	319.0
Percentage of GDP	30.3	40.0	33.3	38.0	38.8	40.7
Working Capital (\$m)	61.9	42.2	31.1	41.7	42.4	49.9
Working Capital (months coverage)	4.1	2.7	1.8	2.6	2.6	3.1
Stabilisation Account	3.5	3.5	3.5	3.5	3.5	3.5
General Cash Reserves	65.5	45.8	34.6	45.3	46.0	53.4
Statement of Borrowings (\$m)						
Gross Debt end of FY (\$m)	221.4	215.8	215.8	201.4	186.4	170.7
Excluding Contingency Loan	112.6	0.0	0.0	0.0	0.0	0.0
Gross Debt, Percentage of GDP	33.5	33.5	31.1	27.9	24.7	21.8
Net Crown Debt, end of FY (\$m)	216.0	210.3	210.3	195.5	180.1	164.3
Net Debt, Percentage of GDP	32.6	32.7	30.3	27.1	23.9	20.9
Loan Repayment Reserves Held (\$m)	5.4	5.6	5.6	5.9	6.3	6.5
Net Debt Servicing (\$m)	22.9	25.1	67.5	21.0	21.5	21.7
Percentage of Total Revenue	11.1	12.0	30.9	9.2	9.5	9.3
Percentage of Structural Revenue	11.9	12.9	32.8	9.8	10.2	9.9
Development Partner Support (\$m)						
Grants (\$m)	13.9	90.0	83.2	57.5	14.6	10.2
Percentage of GDP	2.1	14.0	12.0	8.0	1.9	1.3
Memo item: Nominal GDP (\$m)	661.7	643.9	693.6	720.9	753.3	784.7

8.4. Schedule 1 – Agency Budget Appropriations

Agency	Personnel	Operating	Administered Payments	Depreciation	Gross Current Appropriation	Trading Revenue	Net Current Appropriation
Agriculture	1,095,572	314,509	0	75,000	1,485,081	190,535	1,294,546
Audit (PERCA)	1,213,141	112,451	0	23,250	1,348,842	156,300	1,192,542
Business Trade and Investment Board	403,886	242,267	0	12,789	658,942	27,400	631,542
Cook Islands Investment Corporation	1,286,000	1,024,000	2,625,000	51,000	4,986,000	753,831	4,232,169
Corrective Services	1,588,607	229,131	0	29,549	1,847,287	100,000	1,747,287
Crown Law	1,235,500	246,945	340,394	15,789	1,838,628	0	1,838,628
Cultural Development	905,280	128,000	2,653,887	89,500	3,776,667	170,000	3,606,667
Education	12,307,497	2,425,820	5,495,147	615,000	20,843,464	0	20,843,464
Environment	1,081,782	301,001	1,160,000	42,789	2,585,572	35,000	2,550,572
Finance and Economic Management	6,847,267	1,008,993	30,744,297	492,205	39,092,762	631,947	38,460,815
Financial Services Development Authority	241,705	286,146	0	15,789	543,640	0	543,640
Foreign Affairs	3,075,452	1,144,094	25,000	126,795	4,371,341	503,421	3,867,920
Head Of State	180,274	41,348	36,000	14,000	271,622	0	271,622
Health	13,133,557	3,598,951	3,919,790	1,781,000	22,433,298	350,000	22,083,298
Infrastructure Cook Islands	3,347,648	424,129	3,361,650	345,000	7,478,427	421,397	7,057,030
Internal Affairs	1,420,376	315,775	5,582,614	12,000	7,330,765	0	7,330,765
<i>of which: Welfare Payments - Allowances</i>			<i>2,948,699</i>				
Justice	2,033,976	425,001	841,112	23,000	3,323,089	425,000	2,898,089
Marine Resources	1,705,455	380,061	150,000	160,000	2,395,516	20,000	2,375,516
Ombudsman	239,876	65,111	0	6,000	310,987	0	310,987
Parliamentary Services	658,343	80,000	191,596	72,720	1,002,659	0	1,002,659
Police	4,190,402	637,075	265,000	1,555,333	6,647,810	186,943	6,460,867
Prime Minister's Office	1,632,551	447,178	1,983,000	47,494	4,110,223	0	4,110,223
Public Service Commission	497,396	323,445	2,063,170	17,789	2,901,800	0	2,901,800
Cook Islands Seabed Minerals Authority	784,331	607,056	375,000	20,134	1,786,521	240,000	1,546,521
Tourism Corporation	1,617,781	2,122,219	5,476,495	52,000	9,268,495	20,000	9,248,495
Transport	963,500	210,221	0	25,609	1,199,330	49,721	1,149,609
Total Ministries, Crown & Statutory Agencies	63,687,155	17,140,927	67,289,152	5,721,534	153,838,768	4,281,495	149,557,273

Agency	Personnel	Operating	Administered Payments	Depreciation	Gross Current Appropriation	Trading Revenue	Net Current Appropriation
Ministerial Support							
Prime Minister	406,069	121,289	0	12,642	540,000	0	540,000
Deputy Prime Minister	298,690	70,611	0	22,378	391,679	0	391,679
Ministerial Support 1	181,000	115,838	0	23,951	320,789	0	320,789
Ministerial Support 2	164,000	132,000	0	24,789	320,789	0	320,789
Ministerial Support 3	217,500	85,000	0	18,289	320,789	0	320,789
Ministerial Support 4	188,901	109,509	0	22,379	320,789	0	320,789
Leader Of Opposition	163,712	131,462	0	25,615	320,789	0	320,789
Total Ministerial Support Offices	1,619,872	765,709	0	150,043	2,535,624	0	2,535,624
Outer Islands							
Aitutaki	1,276,398	367,547	0	480,000	2,123,945	67,828	2,056,117
Atiu	982,600	458,918	0	430,000	1,871,518	224,318	1,647,200
Mangaia	1,041,247	611,848	0	210,000	1,863,095	301,000	1,562,095
Manihiki	810,317	159,165	0	460,000	1,429,482	119,000	1,310,482
Mauke	866,196	237,194	0	380,000	1,483,390	113,853	1,369,537
Mitiaro	804,028	88,527	0	93,000	985,555	60,900	924,655
Palmerston	292,496	71,851	0	80,000	444,347	20,500	423,847
Penrhyn	724,888	180,836	0	180,000	1,085,724	74,000	1,011,724
Pukapuka-Nassau	1,187,921	155,503	0	215,000	1,558,424	73,695	1,484,729
Rakahanga	466,762	67,761	0	82,000	616,523	52,000	564,523
Total Outer Islands	8,452,853	2,399,150	0	2,610,000	13,462,003	1,107,094	12,354,909
Gross Total	73,759,880	20,305,786	67,289,152	8,481,577	169,836,395	5,388,589	164,447,806

8.5. Schedule 2 – Payments on Behalf of the Crown (POBOCs)

Administering Ministry	POBOC	2024/25 Budget Estimate	2024/25 Supp. Estimate
Compensation of Employees			
Finance & Economic Management	Parliamentary Superannuation	180,000	180,000
Audit	PERC Salaries and Administration Costs	57,500	57,500
Parliamentary Services	Civil List - Personnel	2,871,961	2,871,961
Cultural Development	House of Ariki (CI)	336,690	353,955
Compensation of Employees POBOCs		3,446,151	3,463,416
Use of Goods and Services			
Audit	Audit Fees	103,000	155,000
Finance & Economic Management	Competition and Regulatory Authority	600,000	600,000
Marine Resources	Longline License application fees	11,840	11,840
Marine Resources	Fishing Licenses application fees	12,600	12,600
Marine Resources	Palau Agreement Purse Seine fishing days scheme	150,000	150,000
Marine Resources	SIOFA and SPRFMO fisheries cost recovery	117,000	117,000
Prime Minister's Office	Local Government Election	50,000	50,000
Parliamentary Services	Civil List - Constituency Visits	170,200	170,200
Parliamentary Services	Parliamentary Sitting Expenses	200,000	200,000
Parliamentary Services	KR Travel and Allowances (local and overseas)	109,000	159,951
Parliamentary Services	MP Travel and Allowances (local and overseas)	450,000	913,516
Foreign Affairs	International Maritime Organization - Maritime Cook Islands	63,461	63,461
Foreign Affairs	International Subscriptions	1,040,000	1,140,632
Transport	Maritime Radio Coverage	120,000	120,000
Use of Goods and Services POBOCs		3,197,101	3,864,200
Subsidies			
Cook Islands Investment Corporation	Airport Authority subsidy	1,000,000	1,000,000
Cook Islands Investment Corporation	Bank of the Cook Islands - social assistance subsidy	128,000	128,000
Cook Islands Investment Corporation	Ports Authority - subsidy	110,099	110,099
Cook Islands Investment Corporation	To Tatou Vai (CI)	3,000,000	3,000,000
Subsidies POBOCs		4,238,099	4,238,099
Social Assistance			
Internal Affairs	Welfare Payments	21,862,666	21,862,666
Social Assistance POBOCs		21,862,666	21,862,666
Other Expense			
Finance & Economic Management	Pacific Catastrophe Risk Insurance	160,000	273,404
Finance & Economic Management	CIG Insurance	40,000	40,000
Finance & Economic Management	BEPS Subscription	45,000	45,000
Other Expenses POBOCs		245,000	358,404
Grand Total		32,989,017	33,786,785

8.6. Schedule 3 – Cook Islands Capital Spending

	2024/25 Budget Estimate	2024/25 Supp. Estimate
Cook Islands Government Capital programs	19,074,407	34,425,929
Total Capital spending	19,074,407	34,425,929

8.7. Schedule 4 – Official Development Assistance

	2024/25 Budget Estimate	2024/25 Supplementary Estimate
Operating or recurrent expenditure	40,737,269	44,271,727
Capital Project Expenditure	49,303,303	38,973,294
Total Official Development Assistance	90,040,572	83,245,021

*Excludes Core Sector Support appropriated through agencies in Schedule 1.

8.8. Schedule 5a – Other Expenses & Financing Transactions

Category of Expense	2024/25 Budget Estimate	2024/25 Supplementary Estimate
Contingency Funds - Operating	100,000	446,800
Contingency Funds - Other Expenses	0	0
Crown Infrastructure Depreciation	4,603,000	4,603,000
Provisional for Doubtful Debts	0	0
Transfer to Emergency Response Trust Fund	50,000	50,000
Advanced Subsidiaries - Avaroa Cable Ltd	0	0
Transfer to Reserve Trust Fund	0	0
Depreciation Contingency Fund	2,174,000	2,174,000
Total Other Expenses	6,927,000	7,273,800

8.9. Schedule 5b – Loan Repayment Fund Appropriation

Category of Appropriation	2024/25 Budget Estimate	2024/25 Supplementary Estimate
Contribution to LRF - Principal	15,071,508	57,733,173
Contribution to LRF - Interest	10,002,271	10,002,271
Total Contribution to LRF	25,073,779	67,735,444

8.10. Summary

Category of Payment	2024/25 Budget Estimate	2024/25 Supplementary Estimate
Schedule 1 - Ministry Outputs (Gross Operating)	154,213,111	169,836,395
Schedule 2 - POBOCs	32,989,017	33,786,785
Schedule 3 - CIG Capital Expenditure	19,074,407	34,425,929
Schedule 4 - Official Development Assistance	90,040,572	83,245,021
Schedule 5a - Other Expenses and Financing Transactions	6,927,000	7,273,800
Schedule 5b - Loan Repayment Fund Appropriations	25,073,779	67,735,444
TOTAL APPROPRIATION	328,317,886	396,303,374

8.11. Schedule 6 – Capital Schedule

Ministry/ Island	Project / Programme	Funding Source	2023/24 Actual	2024/25 Budget Estimate	2024/25 Supp. Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Agriculture			226,455	0	53,545	0	0	0
Rarotonga	Purchase of Capital Equipment	CIG	226,455	0	53,545	0	0	0
Cook Islands Investment Corporation			4,119,824	3,319,300	5,326,072	3,500,000	3,668,239	3,862,400
Aitutaki	Arutanga Harbour Project	CIG	413,816	1,210,000	1,286,184	0	0	0
Rarotonga	Government Building Projects - Rarotonga	CIG	1,823,609	539,300	1,066,391	400,000	478,239	672,400
Rarotonga	Land Acquisition	CIG	49,909	500,000	595,091	250,000	0	0
Pa Enua	Pa Enua Government Building Projects - Northern Group	CIG	51,186	120,000	120,000	0	0	0
Pa Enua	Pa Enua Government Building Projects - Southern Group	CIG	224,069	0	225,931	600,000	1,940,000	1,940,000
Rarotonga	Rarotonga Cyclone Shelters - Remediation	CIG	13,612	250,000	250,000	250,000	250,000	250,000
Rarotonga	To Tatou Vai	CIG	746,097	500,000	1,500,000	2,000,000	1,000,000	1,000,000
Rarotonga	Airport Authority - Rarotonga Airport Slab Replacement	CIG	780,000	0	0	0	0	0
Rarotonga	Geotech scoping & feasibility	CIG	17,525	0	82,475	0	0	0
Rarotonga	Tepuka Sanitation project	CIG	0	200,000	200,000	0	0	0
Crown Law			0	0	13,000	0	0	0
Rarotonga	CLO Printer	CIG	0	0	13,000	0	0	0
Cultural Development			0	160,000	160,000	0	0	0
Rarotonga	Auditorium Equipment Replacement Programme	CIG	0	160,000	160,000	0	0	0
Education			400,000	300,000	300,000	300,000	300,000	300,000
National	Fund to be Prioritised by Education	CIG	400,000	300,000	300,000	300,000	300,000	300,000
Health			310,169	900,000	1,075,350	500,000	300,000	300,000
National	Fund to be Prioritised by Health	CIG	285,519	300,000	300,000	300,000	300,000	300,000
National	General X-ray & Mammography	CIG	24,650	600,000	775,350	200,000	0	0
Infrastructure Cook Islands			8,732,703	11,698,387	20,562,702	9,653,808	13,168,602	14,215,056
National	Bridges and Structures Asset Management and Improvement Programme	CIG	324,712	1,490,000	1,893,625	1,490,000	1,893,522	4,477,600
National	Drainage Asset Management and Improvement Programme	CIG	157,109	1,000,000	1,562,455	1,000,000	1,000,000	1,000,000
Penrhyn	Government Building Projects	CIG	59,329	0	437,159	0	0	0
Pa Enua	Pa Enua Air Infrastructure Improvement Programme	CIG	359,923	0	289,058	0	0	0
Pa Enua	Pa Enua Marine Infrastructure Improvement Programme	CIG	81,774	2,369,906	2,069,906	1,966,127	3,380,000	800,000
National	Roads Asset Management and Improvement Programme	CIG	7,552,883	5,988,481	13,102,303	5,047,681	6,745,080	7,787,456
National	Waste Management Infrastructure Improvement Programme	CIG	50,698	0	0	0	0	0
National	Water and Sanitation Infrastructure Improvement Programme	CIG	146,274	150,000	508,197	150,000	150,000	150,000
Aitutaki	Aitutaki Water Management	CIG	0	700,000	700,000	0	0	0

Ministry/ Island	Project / Programme	Funding Source	2023/24 Actual	2024/25 Budget Estimate	2024/25 Supp. Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Finance and Economic Management			1,377,434	1,986,720	4,986,720	0	366,652	0
Rarotonga	Revenue Management System upgrade (RMS10)	CIG	337,539	1,986,720	1,986,720	0	366,652	0
Rarotonga	Purchase of Protocol Vehicles for PIFs Conference	CIG	1,039,896	0	0	0	0	0
Rarotonga	Shipping Vessel Procurement	CIG	0	0	3,000,000	0	0	0
Prime Minister's Office			196,033	300,000	300,000	300,000	300,000	300,000
National	Government IT Network	CIG	196,033	300,000	300,000	300,000	300,000	300,000
MINISTRY TOTAL			15,362,618	18,664,407	32,777,389	14,253,808	18,103,493	18,977,456
Capital Funds Administered BY MFEM			533,160	410,000	1,648,540	410,000	710,000	710,000
National	Capital Distribution Fund	CIG	215,541	0	0	0	300,000	300,000
Pa Enea	Pa Enea Capital Distribution Fund	CIG	241,460	300,000	1,538,540	300,000	300,000	300,000
Pa Enea	Outer Islands Small Capital Fund	CIG	76,159	110,000	110,000	110,000	110,000	110,000
	<i>Aitutaki</i>		<i>12,343</i>	<i>16,000</i>	<i>16,000</i>	<i>16,000</i>	<i>16,000</i>	<i>16,000</i>
	<i>Atiu</i>		<i>0</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>
	<i>Mangaia</i>		<i>6,361</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>
	<i>Manihiki</i>		<i>7,621</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>
	<i>Mauke</i>		<i>6,854</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>
	<i>Mitiaro</i>		<i>6,950</i>	<i>8,000</i>	<i>8,000</i>	<i>8,000</i>	<i>8,000</i>	<i>8,000</i>
	<i>Palmerston</i>		<i>7,627</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>
	<i>Penrhyn</i>		<i>9,761</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>
	<i>Pukapuka-Nassau</i>		<i>11,517</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>
	<i>Rakahanga</i>		<i>7,125</i>	<i>8,000</i>	<i>8,000</i>	<i>8,000</i>	<i>8,000</i>	<i>8,000</i>
GRAND TOTAL			15,895,778	19,074,407	34,425,929	14,663,808	18,813,493	19,687,456

8.12. Schedule 7 – Revenues on Behalf of the Crown (ROBOCs)

	2023/24 Actual	2024/25 Budget Estimate	2024/25 Supp. Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Taxation Revenue						
Value Added Tax (VAT)	96,284,539	85,068,558	87,329,598	88,602,352	89,875,105	93,409,869
Income tax	34,200,757	37,486,198	35,915,049	37,235,408	38,729,340	40,292,716
Company tax	14,208,986	22,846,375	23,833,756	28,897,682	30,464,150	32,103,435
Import levies	11,149,395	21,021,695	20,780,290	21,528,413	22,429,998	23,216,367
Withholding tax	2,241,938	1,556,472	1,609,123	1,609,123	1,609,123	1,609,123
Departure tax	9,325,696	12,899,531	12,919,461	13,305,290	13,760,674	14,127,759
Total	167,411,311	180,878,829	182,387,276	191,178,267	196,868,390	204,759,268
Other Crown Revenue						
FSC Vested Assets	0	0	0	0	0	0
FSC Return of Excess	322,000	100,000	100,000	100,000	100,000	100,000
Immigration Fees	858,778	1,750,000	1,750,000	1,779,000	1,839,000	1,839,000
IMO Subscription - Maritime Cook Islands	0	66,000	0	66,000	66,000	66,000
Drivers Licences	374,092	260,000	260,000	260,000	260,000	260,000
Motor Vehicle Registration	847,084	875,000	875,000	875,000	875,000	875,000
Upper Air Management Agreement	1,130,077	811,725	811,725	811,725	811,725	811,725
Shipping Registration	252,990	97,858	97,858	97,858	97,858	97,858
International Shipping Licence	17,870	25,000	25,000	25,000	25,000	25,000
Liquor Licencing	65,450	60,000	60,000	60,000	60,000	60,000
Research Fee	1,316	1,500	1,500	2,000	2,000	2,000
Permits	15,812	10,409	10,409	10,409	10,409	10,409
Censorship Fees	385	600	600	600	600	600
Land Court Fees	238,748	147,000	147,000	147,000	147,000	147,000
Tattslotto Grants	234,791	120,000	120,000	120,000	120,000	120,000
Motor Vehicle Dealers	2,730	3,000	3,000	3,000	3,000	3,000
Court Services	30,577	27,000	27,000	27,000	27,000	27,000
Instant Fines	9,290	60,000	60,000	60,000	60,000	60,000
Fishing Revenues	10,902,031	14,099,504	11,849,504	12,599,504	13,609,504	13,609,504
<i>US Fisheries Treaty</i>	<i>3,832,039</i>	<i>7,579,504</i>	<i>7,579,504</i>	<i>7,579,504</i>	<i>7,579,504</i>	<i>7,579,504</i>
<i>EU Agreement</i>	<i>1,833,525</i>	<i>400,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Purse seine fishery</i>	<i>2,278,887</i>	<i>2,260,000</i>	<i>500,000</i>	<i>1,250,000</i>	<i>2,260,000</i>	<i>2,260,000</i>
<i>Longline Licenses and QMS</i>	<i>2,883,031</i>	<i>3,000,000</i>	<i>3,000,000</i>	<i>3,000,000</i>	<i>3,000,000</i>	<i>3,000,000</i>
<i>Other fisheries and auxilliary vessel licensing</i>	<i>74,550</i>	<i>160,000</i>	<i>70,000</i>	<i>70,000</i>	<i>70,000</i>	<i>70,000</i>
<i>Regional Fisheries Management Organisations - SIOFA and SPRFMO</i>	<i>0</i>	<i>583,000</i>	<i>583,000</i>	<i>583,000</i>	<i>583,000</i>	<i>583,000</i>
<i>SIOFA and SPRFMO fisheries cost recovery</i>	<i>0</i>	<i>117,000</i>	<i>117,000</i>	<i>117,000</i>	<i>117,000</i>	<i>117,000</i>
Dividends	1,220,000	1,600,000	1,600,000	1,700,000	2,750,000	3,550,000
<i>Bank of the Cook Islands - dividend</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>250,000</i>	<i>250,000</i>
<i>Te Aponga Uira - dividend</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>500,000</i>	<i>500,000</i>	<i>500,000</i>
<i>Telecom Cook Islands (Vodafone) - dividend</i>	<i>1,220,000</i>	<i>1,600,000</i>	<i>1,600,000</i>	<i>1,200,000</i>	<i>2,000,000</i>	<i>2,800,000</i>
Numismatics	901,038	886,076	886,076	868,217	861,538	855,615
Circulating Currency - Coins	427,472	195,000	195,000	195,000	195,000	195,000
Interest on Balances	2,597,290	573,333	573,333	573,333	573,333	573,333
Interest on balances - Loan Repayment Fund	100,960	71,640	107,480	113,877	116,155	118,478
Interest on Loans to Subsidiaries	1,812,978	1,304,000	1,304,000	1,179,000	1,065,000	948,000
Foreign Investment Fees	20,200	28,000	28,000	28,000	28,000	28,000
Employer Liabilities	0	0	0	0	0	0
Gains on FOREX	0	0	0	0	0	0
Core Sector Support	9,100,000	0	10,000,000	10,000,000	0	0
Total Other	31,483,959	23,172,645	30,892,485	31,701,523	23,703,122	24,382,522
Total Crown Receipts	198,895,270	204,051,474	213,279,761	222,879,791	220,571,512	229,141,790

8.13. Schedule 8a – Administered Payments

Administering Ministry	Administered Payment	2023/24 Actual	2024/25 Budget Estimate	2024/25 Supp. Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Compensation of Employees							
Cook Islands Investment Corporation	Government Facilities Development Division	313,204	370,000	370,000	420,000	420,000	420,000
Cook Islands Investment Corporation	School Security	247,745	230,000	230,000	230,000	230,000	230,000
Finance and Economic Management	The Centre of Research and Policy Studies	79,977	80,000	80,000	80,000	80,000	80,000
Justice	Judges Allowances	461,843	465,000	577,003	465,000	465,000	465,000
Public Service Commission	HOM's Salaries	1,989,645	2,063,170	2,063,170	2,063,170	1,903,170	1,903,170
	Compensation of Employees Administered Payments	3,092,414	3,208,170	3,320,173	3,258,170	3,098,170	3,098,170
Use of Goods and Services							
Cook Islands Seabed Minerals Authority	Seabed Minerals Sector Development	111,801	0	175,000	0	0	0
Cook Islands Seabed Minerals Authority	Seabed Minerals Compliance Development	0	200,000	200,000	250,000	250,000	250,000
Cook Islands Investment Corporation	Provision for Land Rentals	452,071	400,000	400,000	400,000	400,000	400,000
Cook Islands Investment Corporation	CIG Buildings Repairs & Maintenance	1,025,367	1,000,000	1,000,000	1,000,000	1,500,000	1,500,000
Cook Islands Investment Corporation	Infrastructure Committee	98,124	70,000	70,000	100,000	100,000	100,000
Cook Islands Investment Corporation	Joint Venture with Seabed Minerals Authority	50,000	50,000	50,000	50,000	50,000	50,000
Crown Law	Legal Provisions	79,300	100,000	158,904	100,000	100,000	100,000
Crown Law	Lexis Nexis - Portal Maintenance	128,472	80,000	181,490	80,000	80,000	80,000
Cultural Development	National Events Fund	1,199,784	500,000	2,538,887	500,000	500,000	500,000
Cultural Development	Te Kopapa Reo Maori Board	14,350	15,000	15,000	15,000	15,000	15,000
Cultural Development	Cook Islands Cultural Fund	92,997	100,000	100,000	100,000	150,000	150,000
Education	Tertiary Training Institutions	1,100,000	1,040,000	1,040,000	1,040,000	1,160,000	1,160,000
Education	Bus Service	36,270	26,325	26,325	26,325	26,325	26,325
Education	University of the South Pacific Contribution	201,216	205,000	205,000	205,000	205,000	205,000
Environment	Legacy Waste - Vehicles & Whiteware	360,000	360,000	360,000	0	0	0
Environment	EIA Process	149,595	150,000	150,000	150,000	150,000	150,000
Environment	Management of Suwarrow Park	100,000	100,000	100,000	100,000	100,000	100,000
Environment	Feasibility Study for Coastal Protection - Rarotonga & Aitutaki	0	0	400,000	0	0	0
Environment	Management of Environmental priorities - Pa Enua	0	50,000	50,000	300,000	660,000	180,000
Environment	Strengthening Technical Capacity	0	100,000	100,000	0	0	0
Finance and Economic Management	Public Sector Strengthening-processes and systems	104,039	86,000	125,930	86,000	150,000	150,000
Finance and Economic Management	Economic Recovery Roadmap	331,195	1,152,260	3,139,260	150,000	200,000	200,000
Finance and Economic Management	The Centre of Excellence in Information Technology (CEIT)	66,001	60,000	60,000	60,000	60,000	60,000

Administering Ministry	Administered Payment	2023/24 Actual	2024/25 Budget Estimate	2024/25 Supp. Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Finance and Economic Management	Audit of Crown Accounts	0	30,000	30,000	30,000	30,000	30,000
Finance and Economic Management	Standard and Poors Subscription	98,031	70,000	70,000	70,000	70,000	70,000
Finance and Economic Management	Special Investigative and Prosecution Services	43,311	50,000	50,000	50,000	50,000	50,000
Finance and Economic Management	FMIS Maintenance	77,532	150,000	210,468	150,000	150,000	150,000
Finance and Economic Management	ASYCUDA Administrative Fund	0	100,250	200,500	100,250	100,250	100,250
Finance and Economic Management	Cook Islands Red Cross	50,000	50,000	50,000	50,000	50,000	50,000
Finance and Economic Management	IGOR - International Exchange of Information system upgrade	144,330	55,430	55,430	55,430	55,430	55,430
Finance and Economic Management	Pa Enuu Tax Policy - RMS tax system change	0	80,000	80,000	0	0	0
Finance and Economic Management	Oceania Customs Organisation Conference (OCO)	0	50,000	50,000	0	0	0
Finance and Economic Management	Pacific Financial Technical Assistance Centre (PFTAC)	0	40,000	40,000	40,000	40,000	40,000
Finance and Economic Management	Te Maeva Nui 60th Celebration Transportation	0	1,230,072	1,230,072	1,250,000	0	0
Finance and Economic Management	Establishment of Shipping Services	0	800,000	800,000	2,000,000	3,500,000	3,500,000
Finance and Economic Management	Tarai Vaka Fund	657	20,000	20,000	20,000	20,000	20,000
Finance and Economic Management	National Census	0	0	0	0	350,000	350,000
Finance and Economic Management	Conduct of a Labour Force Survey	21,099	0	178,901	0	0	0
Finance and Economic Management	Price Tribunal Committee	62,104	45,000	107,896	45,000	45,000	45,000
Finance and Economic Management	Asian Infrastructure Investment Bank (AIIB) Membership	31,862	30,500	30,500	30,500	30,500	30,500
Finance and Economic Management	Production of new currency, transportation and sale of old coins	274,877	350,000	425,123	200,000	350,000	350,000
Finance and Economic Management	National Heritage Trust Fund	126,914	122,241	122,241	122,241	122,241	122,241
Foreign Affairs	Cook Islands Student Association Support	0	10,000	20,000	10,000	10,000	10,000
Foreign Affairs	Returned Services Association	4,958	5,000	5,000	5,000	5,000	5,000
Foreign Affairs	Pacific Islands Forum (PIFs) meeting	0	0	0	0	0	0
Head Of State	Domestic Hosting Entertainment	15,726	15,000	15,000	15,000	15,000	15,000
Head Of State	KR Social Responsibility Fund	18,000	8,000	8,000	8,000	8,000	8,000
Head Of State	Head of State Rent	6,521	13,000	13,000	13,000	13,000	13,000
Health	Pharmaceuticals	1,445,236	1,167,800	1,167,800	1,167,800	1,167,800	1,167,800
Health	Law and Order Clinical Psychologist	0	90,000	90,000	90,000	90,000	90,000
Health	NCD Fund	195,000	195,000	195,000	295,000	295,000	295,000
Health	Workforce Development	234,070	234,070	234,070	234,070	500,230	384,070
Health	Patient Referrals	2,267,080	1,850,000	2,232,920	1,850,000	1,850,000	1,850,000
Infrastructure Cook Islands	Bridges and Stream Structure Maintenance	259,887	700,000	700,000	600,000	700,000	700,000
Infrastructure Cook Islands	Waste Management	801,703	1,015,000	1,015,000	915,000	965,000	1,050,000
Infrastructure Cook Islands	Road and Drainage Asset Management	1,188,983	0	0	0	0	0

Administering Ministry	Administered Payment	2023/24 Actual	2024/25 Budget Estimate	2024/25 Supp. Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Infrastructure Cook Islands	Emergency Response Work	84,253	125,000	213,000	200,000	200,000	200,000
Infrastructure Cook Islands	Water Maintenance	0	133,650	133,650	133,650	50,000	50,000
Infrastructure Cook Islands	Road Asset Management	0	800,000	1,300,000	800,000	800,000	800,000
Infrastructure Cook Islands	Drainage Asset Management	0	0	0	400,000	400,000	400,000
Internal Affairs	Internal Affairs Youth Program	45,000	45,000	45,000	45,000	45,000	45,000
Internal Affairs	Vaka Maintenance	447,716	450,000	450,000	450,000	500,000	500,000
Internal Affairs	Lease extension	36,000	72,000	72,000	72,000	72,000	72,000
Internal Affairs	International Labour Conference	74,000	0	0	0	0	0
Justice	Land Agents Registration Board	0	11,000	11,000	11,000	11,000	11,000
Justice	Project to bring land records up to date	88,891	120,000	151,109	120,000	120,000	120,000
Justice	Customs Appeal Authority	0	62,000	62,000	62,000	0	0
Parliamentary Services	Special Select Committee	99,599	120,000	191,596	120,000	120,000	120,000
Police	Search and Rescue	14,213	20,000	20,000	20,000	20,000	20,000
Police	Serious Crime Investigations	99,926	100,000	100,000	100,000	100,000	100,000
Police	Te Kukupa - Fuel Contribution	52,222	100,000	100,000	200,000	250,000	250,000
Police	Police Youth Program	40,235	45,000	45,000	45,000	45,000	45,000
Prime Minister's Office	Social Responsibility Fund	455,591	483,000	483,000	483,000	483,000	483,000
Prime Minister's Office	Cabinet Support Fund	267,722	270,000	270,000	270,000	270,000	270,000
Prime Minister's Office	Pa Enea Mechanical Overseer	115,583	140,000	140,000	120,000	120,000	120,000
Prime Minister's Office	Pa Enea Machinery Maintenance Fund	98,191	100,000	100,000	100,000	100,000	100,000
Prime Minister's Office	OPM ICT Activities - Internet Data and Fibre Connection	399,748	500,000	500,000	538,000	624,650	624,650
Prime Minister's Office	OPM ICT Activities - Licenses and Software	431,938	450,000	450,000	450,000	450,000	450,000
Tourism Corporation	Marketing Resources - Tourism Growth Strategy	4,743,000	3,426,495	3,426,495	4,023,438	4,000,000	3,750,000
Tourism Corporation	Marketing Resources - Tourism Growth Strategy (USD payments)	0	1,800,000	1,800,000	2,000,000	2,000,000	2,000,000
Tourism Corporation	Destination Development	0	250,000	250,000	500,000	500,000	500,000
	Use of Goods and Services Administered Payments	20,662,291	24,044,093	30,406,567	25,391,704	27,719,426	26,958,266
Subsidies							
Finance and Economic Management	Airline Route Development	13,979,270	17,921,196	22,348,586	16,035,575	15,037,500	15,028,699
Finance and Economic Management	Subsidy of audio/visual broadcasting in Pa Enea	0	45,000	45,000	45,000	45,000	45,000
Finance and Economic Management	Universal Access Fund	0	51,000	51,000	0	0	0
Finance and Economic Management	Provision for Inter Island Shipping	1,235,647	500,000	1,143,391	500,000	500,000	500,000
Cook Islands Investment Corporation	To Tatou Vai (CI) - Water Allowance	0	0	505,000	0	0	0
	Subsidies Administered Payments	15,214,917	18,517,196	24,092,977	16,580,575	15,582,500	15,573,699

Administering Ministry	Administered Payment	2023/24 Actual	2024/25 Budget Estimate	2024/25 Supp. Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Social Assistance							
Education	Government Funded Scholarships	728,635	780,000	881,365	780,000	780,000	780,000
Education	Government Funded Scholarships - Fees Free	50,000	80,000	80,000	80,000	80,000	80,000
Internal Affairs	Welfare Payments - Allowances	1,731,359	2,243,336	2,948,699	2,367,523	2,475,161	2,574,017
Justice	Legal Aid	27,286	40,000	40,000	40,000	40,000	40,000
	Social Assistance Administered Payments	2,537,280	3,143,336	3,950,064	3,267,523	3,375,161	3,474,017
Other Expense							
Education	Private School Funding	3,176,531	2,735,277	3,262,457	2,758,627	2,758,627	2,758,627
Internal Affairs	SIF - Cook Islands Government Contribution	989,686	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Internal Affairs	SIF - ODA Graduation Support Fund	686,915	686,915	686,915	686,915	0	0
Internal Affairs	CISNOC Grant	370,000	370,000	370,000	370,000	370,000	370,000
Marine Resources	Fisheries Development Facility	148,835	150,000	150,000	150,000	150,000	150,000
Internal Affairs	Religious Advisory Council	10,000	10,000	10,000	10,000	10,000	10,000
Prime Minister's Office	State Events	39,963	40,000	40,000	40,000	40,000	40,000
	Other Expenses Administered Payments	5,421,930	4,992,192	5,519,372	5,015,542	4,328,627	4,328,627
Grand Total		46,928,832	53,904,987	67,289,153	53,513,514	54,103,884	53,432,779

8.14. Schedule 8b – Payments on Behalf of Crown (POBOCs)

Administering Ministry	POBOC	2023/24 Actual	2024/25 Budget Estimate	2024/25 Supp. Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Compensation of Employees							
Finance and Economic Management	Parliamentary Superannuation	73,928	180,000	180,000	180,000	180,000	180,000
Audit (PERCA)	PERC Salaries and Administration Costs	57,482	57,500	57,500	57,500	57,500	57,500
Parliamentary Services	Civil List - Personnel	2,909,464	2,871,961	2,871,961	2,871,961	2,871,961	2,871,961
Cultural Development	House of Ariki (CI)	302,408	336,690	353,955	336,690	336,690	336,690
	Compensation of Employees POBOCs	3,343,282	3,446,151	3,463,416	3,446,151	3,446,151	3,446,151
Use of Goods and Services							
Audit (PERCA)	Audit Fees	51,000	103,000	155,000	103,000	103,000	103,000
Finance and Economic Management	Competition and Regulatory Authority	400,000	600,000	600,000	722,131	833,945	887,445
Marine Resources	Longline License application fees	0	11,840	11,840	11,840	11,840	11,840
Marine Resources	Fishing Licenses application fees	0	12,600	12,600	12,600	12,600	12,600
Marine Resources	Palau Agreement Purse Seine fishing days scheme	0	150,000	150,000	320,000	320,000	320,000
Marine Resources	SIOFA and SPRFMO fisheries cost recovery	0	117,000	117,000	117,000	0	0
Parliamentary Services	Civil List - Constituency Visits	169,494	170,200	170,200	170,200	170,200	170,200
Parliamentary Services	Parliamentary Sitting Expenses	264,464	200,000	200,000	248,335	248,335	248,335
Parliamentary Services	MP Travel and Allowances (local and overseas)	521,731	450,000	913,516	450,000	550,000	550,000
Parliamentary Services	KR Travel and Allowances (local and overseas)	181,908	109,000	159,951	109,000	109,000	109,000
Transport	Maritime Radio Coverage	282,743	120,000	120,000	120,000	120,000	120,000
Prime Minister's Office	Local Government Election	0	50,000	50,000	0	0	0
Foreign Affairs	International Maritime Organization - Maritime Cook Islands	52,132	63,461	63,461	63,461	63,461	63,461
Foreign Affairs	International Subscriptions	1,120,105	1,040,000	1,140,632	1,040,000	890,000	890,000
	Use of Goods and Services POBOCs	3,043,577	3,197,101	3,864,200	3,487,567	3,432,381	3,485,881
Subsidies							
Cook Islands Investment Corporation	Bank of the Cook Islands - social assistance subsidy	128,000	128,000	128,000	128,000	128,000	128,000
Cook Islands Investment Corporation	Airport Authority subsidy	1,500,000	1,000,000	1,000,000	500,000	0	0
Cook Islands Investment Corporation	Ports Authority - subsidy	110,099	110,099	110,099	110,099	110,099	110,099
Cook Islands Investment Corporation	To Tatou Vai (CI)	2,991,114	3,000,000	3,000,000	2,500,000	2,500,000	2,800,000
	Subsidies POBOCs	4,729,213	4,238,099	4,238,099	3,238,099	2,738,099	3,038,099
Social Assistance							
Internal Affairs	Welfare Payments	21,369,250	21,862,666	21,862,666	22,056,430	22,242,072	22,423,265
	Social Assistance POBOCs	21,369,250	21,862,666	21,862,666	22,056,430	22,242,072	22,423,265
Other Expense							
Finance and Economic Management	Pacific Catastrophe Risk Insurance	46,596	160,000	273,404	160,000	160,000	160,000
Finance and Economic Management	BEPS Subscription	40,698	45,000	45,000	45,000	45,000	45,000
Finance and Economic Management	CIG Insurance	41,094	40,000	40,000	40,000	40,000	40,000
	Other Expenses POBOCs	128,388	245,000	358,404	245,000	245,000	245,000
Grand Total		32,613,710	32,989,017	33,786,785	32,473,247	32,103,703	32,638,396

8.15. Schedule 9a – Debt Servicing Schedule (\$'000)

Creditor	2023/24 Actual	2024/25 Budget Estimate	2024/25 Supp. Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Total Servicing of Other Debt⁶	22,878	25,074	24,861	26,922	28,416	30,000

Due to the ongoing discussions around paying down debt, the specific loans which will be paid down are not yet determined. As a result, Schedule 9a has been left to show only the total debt servicing, rather than the breakdown by lender – which is sensitive to the choice of loan to pay down.

8.16. Schedule 9b – Loan Repayment Fund (LRF) Schedule (\$'000)

Transaction	2023/24 Actual	2024/25 Budget Estimate	2024/25 Supp. Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Opening Balance in LRF	5,048	3,909	5,374	5,571	5,895	6,280
Contribution to LRF - Principal	13,123	15,072	57,733	13,637	14,559	15,339
Contribution to LRF - Interest	8,960	10,002	10,002	7,409	6,952	6,392
Total Transfer into LRF by Government	22,083	25,074	67,735	21,046	21,510	21,731
Interest earned by LRF (avg 2%)	101	72	107	114	116	118
Total inflows	22,184	25,146	67,843	21,159	21,627	21,849
Repayment of prepaid SOE Debt						
Contribution from LRF - Principal	743	704	714	709	708	626
Contribution from LRF - Interest	56	46	47	39	32	25
Total Repayment of SOE Debt	799	750	761	748	740	651
Repayment of Other Debt						
Contribution from LRF - Principal	12,055	14,368	57,152	12,928	13,851	14,713
Contribution from LRF - Interest	10,024	9,956	9,610	7,369	6,919	6,366
Total Repayment of Other Debt	22,079	24,324	66,762	20,297	20,770	21,079
Total Principal paid out of the LRF	12,798	15,072	57,866	13,637	14,559	15,339
Total Interest paid out of the LRF	10,080	10,002	9,657	7,409	6,952	6,392
Total outflows	22,878	25,074	67,523	21,046	21,510	21,731
Other Movements - revaluation	0	(80)	123	(210)	(269)	(53)
Closing balance of LRF	5,374	4,061	5,571	5,895	6,280	6,451

⁶ Excluding the one-off payments to reduce debt.

8.17. Schedule 10 – Official Development Assistance Schedule

Dev. Partner	Programs/Projects by Agency	Funding Type	2023/24 Actual	2024/25 Budget Estimate	2024/25 Supp. Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Cook Islands General Budget Support								
NZ	Cook Islands Core Sector Support - Budget Support	Budget Support	9,100,000	0	0	0	0	0
NZ	Cook Islands Core Sector Support 2024	Budget Support	0	0	10,000,000	10,000,000	0	0
Total General Budget Support			9,100,000	0	10,000,000	10,000,000	0	0
Recurrent ODA Expenditure								
NZ	Cook Islands Core Sector Support - TA Component	Grant	1,392,101	100,000	859,862	0	0	0
NZ	Cook Islands Public Sector Strengthening 2024 - 2027	Grant	0	0	8,232,000	1,641,000	627,000	0
NZ	COVID-19 Economic Recovery Support - November 2021	Grant	0	44,343	44,343	0	0	0
NZ	Cook Islands Climate Change: Improving Access to Finance	Grant	63,667	391,835	391,835	0	0	0
NZ	MFAI Support for the Cook Islands PIF 2023 Chairing Responsibilities	Grant	241,070	59,719	59,719	0	0	0
NZ	New Zealand Climate Flexible Financing – Kerekere Moana (managed via ITF)	Grant	0	1,067,000	2,850,000	7,000,000	0	0
NZ	NZ CFF Kerekere Moana - Northern Group RE Battery Replacement	Grant	189,876	12,933,000	2,710,124	10,000,000	0	0
NZ	NZ CFF Kerekere Moana - Climate Resilient Aitutaki Water Supply Project	Grant	0	0	1,250,000	0	0	0
China	COVID-19 Co-operation Cash Grant for Administration	Grant	0	50,000	50,000	0	0	0
GCF	GCF COK-PPF-039: Building Resilient and Healthy Cook Islands Communities	Grant	192,239	0	0	0	0	0
GCF	UNEP FP147: Enhancing Climate Information and Knowledge Services	Grant	693,799	3,171,358	3,171,358	1,042,077	843,310	841,607
GCF	UNOPs COK-RS-005: Enhancing a National Adaptation Programmes	Grant	944,514	1,500,000	1,500,000	483,000	0	0
GCF	UNOPs COK-RS-004: Green Resilient Recovery Rapid Readiness Support	Grant	139,691	0	0	0	0	0
GCF	DAE Direct Support Readiness	Grant	88,148	245,950	245,950	32,000	0	0
GCF	COK-RS-007 Multi-Year Readiness and Preparatory Support Programme for GCF	Grant	0	1,445,978	1,445,978	1,624,695	1,405,361	361,878
GCF	SAP-034 ATOM - Building a Healthy and Resilient Cook Islands Communities	Grant	0	4,500,000	4,500,000	7,012,401	3,835,393	3,436,898
GCF	PPF-082 EDA Project Preparation Facility	Grant	0	490,000	490,000	0	0	0
EU	Budget Support to the Sanitation Sector	Grant	3,892	137,203	137,203	0	0	0
NZ	COVID-19 Rapid Impact Assessment Survey CI NSO	Grant	41,519	0	0	0	0	0
Other	Aid Effectiveness	Budget Support	142,618	200,000	200,000	200,000	200,000	200,000
GEF	Fourth National Communications - UNFCCC	Grant	177,312	200,000	200,000	0	0	0
UNDP	Western Pacific Multi-Country Integrated HIV/TB programme - UNDP	Grant	0	60,000	60,000	60,000	60,000	60,000
EU	Sustainable Fisheries Partnership Agreement - Sectoral Support 2022 - 2024	Grant	0	1,180,000	1,180,000	0	0	0

Dev. Partner	Programs/Projects by Agency	Funding Type	2023/24 Actual	2024/25 Budget Estimate	2024/25 Supp. Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
GEF	Nagoya Protocol on Access to Genetic Resources and Benefit Sharing	Grant	4,913	30,000	30,000	0	0	0
Other	National Archive Digitisation Programme MOCD	Grant	1,916	70,000	70,000	0	0	0
UNESCO	Intangible Cultural Heritage Funds Programme	Grant	10,497	40,000	40,000	0	0	0
NZ	CI Pacific Maritime Safety Programme	Grant	167,978	271,514	271,514	0	0	0
UNEP	HCFC Phase-Out Management Plan for PIC Stage 1 & 2	Grant	1,200	14,000	14,000	0	0	0
UNEP	Institutional Strengthening Project (ISP)	Grant	62,961	57,000	57,000	0	0	0
Aus - SPC	Cook Islands Coastal Fisheries and Aquaculture TA	Grant	155,121	400,000	400,000	0	0	0
Aus - SPC	Otolisth Laboratory	Grant	77,047	20,000	20,000	0	0	0
NZ	Cook Islands Domestic ICT Connectivity Improvements	Grant	27,790	2,966,652	2,966,652	0	0	0
Other	Small Projects Grant funding	Grant	1,256,548	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
GEF	GEF 7 National Project	Grant	287,366	1,411,500	1,411,500	2,000,000	1,992,800	0
GEF	GEF Enabling Activity for UNCCD	Grant	0	91,324	91,324	0	0	0
FFA	Fisheries Project Development Fund	Grant	277,229	280,000	280,000	280,000	280,000	280,000
SPC	GCCA + SUPA - Enhancing a Climate Resilient Marine Sector	Grant	196,388	0	0	0	0	0
UNICEF	UNICEF INTAFF Support Cook Islands Development of Disability Action	Grant	112,142	50,000	50,000	0	0	0
UNICEF	CI National Policy for Children	Grant	26,925	63,340	63,340	0	0	0
UNDP	UNPRPD Strengthening our Work together Joint Programme	Grant	44,123	0	0	0	0	0
UNICEF	UNICEF INTAFF MIS Piloting & Implementation Phase	Grant	15,153	75,000	75,000	0	0	0
UNEP	Strengthening National-level Institutional & Professional Capacities - UNCCD	Grant	2,183	109,876	109,876	0	0	0
UNEP	Global Biodiversity Framework Early Action Support Project	Grant	10,234	362,172	362,172	162,470	84,171	0
China	MFAI Support for the Cook Islands PIF 2023 Grant Funds	Grant	308,273	10,055	10,055	0	0	0
Aus.	Pacific Island Leaders Meeting Support	Grant	551,383	176,270	176,270	0	0	0
PIFS	Pacific Island Leaders Meeting Support	Grant	58,337	0	0	0	0	0
Saudi	Pacific Island Leaders Meeting Support	Grant	250,652	337,576	337,576	0	0	0
Switz.	Pacific Island Leaders Meeting Support	Grant	65,340	0	0	0	0	0
Aus.	Pacer Plus MFAI National Coordinator of the Cook Islands	Grant	56,000	40,000	40,000	0	0	0
China	Agricultural Machineries for Cook Islands	Grant	0	107,640	107,640	0	0	0
China	Agriculture and Forestry Machinery – Cook Islands	Grant	120,000	0	0	0	0	0
FAO	Data Collection Agriculture Activities in the 2021 Census of Population and Dwelling	Grant	37,520	15,000	15,000	0	0	0
FAO	Improving Production of Wetland Taro	Grant	10,044	57,500	57,500	0	0	0
GEF	Circular Solutions to Plastic Pollution Integrated Program - GEF8	Grant	0	102,947	102,947	0	0	0
UNDP	UNFPA - Kopu Tangata Matutu Cook Islands Family Wellbeing Plan 2024-2027	Grant	0	250,000	250,000	250,000	250,000	0

Dev. Partner	Programs/Projects by Agency	Funding Type	2023/24 Actual	2024/25 Budget Estimate	2024/25 Supp. Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Aus.	Gender Activities	Grant	0	141,517	141,517	0	0	0
SPREP	Pacific Ocean Litter Project (POLP)	Grant	0	410,000	410,000	390,000	20,000	0
UNESCO	UNESCO MOE Participation Programme 2024-2025	Grant	0	0	169,656	0	0	0
NZ	Marae Moana Climate & Biodiversity Smart Marine Spatial Planning	Grant	0	0	1,293,750	281,250	0	0
China	MOA Project 3 - Agriculture Machinery Support	Grant	0	0	50,000	0	0	0
FAO	MOA Training for Husbandry and Management Practices	Grant	0	0	40,000	0	0	0
FAO	MOA SDG Farm-based Survey	Grant	0	0	131,425	0	0	0
PRV	Rapid Natural Capital Assessment - Cook Islands Pilot Project	Grant	0	0	47,640	0	0	0
Total Recurrent ODA Expenditure			8,505,709	40,737,269	44,271,727	37,458,893	14,598,035	10,180,383
Capital ODA Expenditure								
NZ	Rarotonga Airport Upgrade Designs	Grant	70,167	0	0	0	0	0
NZ	Improving Geospatial Data - LiDAR	Grant	217,748	1,089,113	1,089,113	0	0	0
EU	Budget Support to the Sanitation Sector	Grant	179,646	678,914	678,914	0	0	0
NZ	Cook Islands Infrastructure Trust Fund (ITF)	Grant	49,217	15,000,000	1,530,496	0	0	0
NZ	Cook Islands ITF - Te Tau Papa O Avarua CIIC	Grant	1,297,167	7,000,000	6,090,546	0	0	0
NZ	Cook Islands ITF - Manihiki Airport Upgrade Phase 1	Grant	1,191,323	12,000,000	4,808,678	0	0	0
NZ	Cook Islands ITF - Manihiki Airport Upgrade Phase 2	Grant	0	0	3,807,608	10,000,000	0	0
NZ	Cook Islands ITF - Pa Enea Infrastructure Assessment	Grant	0	0	349,663	0	0	0
NZ	Cook Islands ITF - Rarotonga Airport Runway Slab Replacement Phase 2	Grant	0	0	2,500,000	2,000,000	0	0
NZ	Cook Islands ITF - Rarotonga International Airport Runway End Safety Area Extension	Grant	0	0	2,187,000	7,000,000	0	0
NZ	Cook Islands ITF - Aitutaki Airport Runway Strip Land Reclamation	Grant	0	0	396,000	1,000,000	0	0
Japan	Procurement of a cargo and passenger vessel	Grant	0	5,800,000	5,800,000	0	0	0
Japan	Domestic Shipping – mixed Cargo / Passenger Ship	Party Spend	0	2,600,000	2,600,000	0	0	0
GCF	Renewable Energy Grant (Southern Group)	3rd Party Spend	559,572	2,668,620	2,668,620	0	0	0
ADB	JFPR - Supporting Safe Recovery of Travel and Tourism in Cook Islands	3rd Party Spend	716,660	2,466,656	4,466,656	0	0	0
SPC	Managing Water Scarcity through Strengthened Water Resources Project Fund 2	Grant	1,136,000	0	0	0	0	0
Total Capital ODA Expenditure			5,417,499	49,303,303	38,973,294	20,000,000	0	0
Total NZD Equivalent ODA Funding			23,023,208	90,040,572	93,245,021	67,458,893	14,598,035	10,180,383
Total NZD Equivalent ODA Funding - (excl. General Budget Support)			13,923,208	90,040,572	83,245,021	57,458,893	14,598,035	10,180,383

9. Financial Statements

9.1. Statement of Financial Performance

Table 9-1 Statement of Finance Performance, 30 June (\$'000)

	2023/24 Actual	2024/25 Supp. Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Revenue					
Taxation Revenues	167,411	182,387	191,178	196,868	204,759
Trading Revenue	6,720	5,389	5,232	5,232	5,232
Interest Revenue	2,698	681	687	689	692
Dividends	1,220	1,600	1,700	2,750	3,550
Core Sector Support	9,100	10,000	10,000	0	0
Other Revenue	16,653	17,308	18,135	19,199	19,193
Total Revenue	203,802	217,364	226,933	224,739	233,426
Expenditure					
Crown Appropriation	134,756	161,355	147,756	151,300	151,608
Depreciation	13,473	15,259	15,259	15,181	15,181
Payments on Behalf of Crown	32,614	33,787	32,473	32,104	32,638
Debt-servicing interest	10,984	10,626	7,981	7,639	7,334
Other expenditure	3,561	497	150	150	150
Total Expenditure	195,388	221,523	203,619	206,375	206,912
NET OPERATING SURPLUS / (SHORTFALL)	8,413	(4,159)	23,314	18,364	26,514
Grants					
Foreign Aid Revenue	8,497	44,272	37,459	14,598	10,180
Foreign Aid Expenses	8,497	44,272	37,459	14,598	10,180
Grant Balance	0	0	0	0	0
Net Operating Balance after Grants	8,413	(4,159)	23,314	18,364	26,514

9.2. Statement of Financial Position

Table 9-2 Statement of Financial Position, 30 June (\$'000)

	2023/24 Actual	2024/25 Supp. Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Assets					
Working Capital Fund	61,917	31,067	41,747	42,441	49,884
Stabilisation Fund	3,544	3,544	3,544	3,544	3,544
General Cash Reserve	65,461	34,611	45,291	45,985	53,428
Loan Repayment Fund (LRF)	5,374	5,571	5,895	6,280	6,451
Disaster Response Trust Fund	2,028	2,078	2,128	2,178	2,228
Other Trust Funds	46,314	46,314	46,314	46,314	46,314
Other Assets	155,700	155,700	155,700	155,700	155,700
Advances to SOEs	51,950	49,552	47,673	46,181	44,865
Plant, Property, and Equipment	279,856	337,996	357,402	361,034	365,540
Total Assets	606,682	631,823	660,402	663,672	674,525
Liabilities					
Creditors and Other Payables	132,507	132,507	132,507	132,507	132,507
Trust Liabilities	52,261	52,261	52,261	52,261	52,261
Borrowings	221,383	215,841	201,387	186,368	170,748
Total Liabilities	406,151	400,609	386,156	371,137	355,517
NET CROWN BALANCE	200,531	231,214	274,246	292,535	319,008

9.3. Statement of Borrowings

Table 9-3 Statement of Borrowings, 30 June (\$'000)

	2023/24 Actual	2024/25 Supp. Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Total Gross Borrowing	221,383	215,841	201,387	186,368	170,748
Assets held against Borrowings					
Advances to Subsidiaries	51,950	49,552	47,673	46,181	44,865
Loan Repayment Fund (LRF)	5,374	5,571	5,895	6,280	6,451
Total Assets Held Against Borrowings	57,324	55,124	53,568	52,461	51,316
Total Net Borrowing	164,059	160,717	147,819	133,907	119,432

9.4. Statement of Cash flow

Table 9-4 Statement of Cash flow, 30 June (\$'000)

	2023/24 Actual	2024/25 Supp. Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Cashflows from Operating Activities					
<u>Cash provided from:</u>					
Taxation Revenues	167,411	182,387	191,178	196,868	204,759
Trading Revenue	6,720	5,389	5,232	5,232	5,232
Interest Revenue	2,597	573	573	573	573
Foreign Aid Income	13,915	83,245	57,459	14,598	10,180
Core Sector Support	9,100	10,000	10,000	0	0
Other Revenue	16,653	17,308	18,135	19,199	19,193
	216,396	298,902	282,578	236,470	239,938
<u>Cash applied to:</u>					
Crown Appropriation	134,756	161,355	147,756	151,300	151,608
Depreciation	0	0	0	0	0
Payments on Behalf of the Crown	32,614	33,787	32,473	32,104	32,638
Foreign Aid Expense	8,497	44,272	37,459	14,598	10,180
Net Debt-Servicing Interest	0	0	0	0	0
Other Expenditure	3,561	497	150	150	150
	179,429	239,910	217,839	198,152	194,577
Net Cashflows from Operating Activities	36,967	58,992	64,739	38,318	45,361
Cashflows from Financing Activities					
<u>Cash provided from:</u>					
Subsidiary Loan Repayments - principal + interest	799	761	748	740	651
Other Investment Receipts	1,220	1,600	1,700	2,750	3,550
	2,019	2,361	2,448	3,490	4,201
<u>Cash applied to:</u>					
Capital expenditure	15,896	34,426	14,664	18,813	19,687
Capital expenditure - foreign aid	5,417	38,973	20,000	0	0
Advances to Subsidiaries	0	0	0	0	0
	21,313	73,399	34,664	18,813	19,687
Net Cashflows from Investing Activities	(19,295)	(71,038)	(32,216)	(15,323)	(15,486)
Cashflows from Financing Activities					
<u>Cash provided from:</u>					
Loans Drawdown	0	49,743	0	0	0
Other Financing Receipts	0	0	0	0	0
	0	49,743	0	0	0
<u>Cash applied to:</u>					
Loan Repayment Fund	22,882	68,546	21,794	22,251	22,382
Other Reserves	0	50	50	50	50
Other Financing Payments	0	0	0	0	0
	22,882	68,546	21,844	22,301	22,432
Net Cashflows from Financing Activities	(22,882)	(18,803)	(21,844)	(22,301)	(22,432)
Net cash movements	(5,209)	(30,850)	10,680	694	7,442
Opening General Cash Balance	70,670	65,461	34,611	45,291	45,985
Closing General Cash Reserve	65,461	34,611	45,291	45,985	53,428

9.5. Statement of Financial Risks

Quantifiable Contingent Liabilities	(\$'000)
Guarantees and indemnities	50
Uncalled capital	2,558
Legal proceedings and disputes	3,900
Vested Assets	25,555
Total Quantifiable Contingent Liabilities	32,063

The total quantifiable contingent liabilities for 2024/25 is estimated to be \$32.1 million with further details outlined below. Possible liabilities stemming from the Island Governments are also discussed.

9.5.1. Guarantees and indemnities relate to the following

The Government entered into a programme in 2011/12 under the New Zealand Aid Programme, specifically targeting support for the Pearl Sector through the Cook Islands Pearl Authority. As part of the initiative, the Government guaranteed up to \$500,000 as security for loans associated with the Pearl Production Credit Scheme. Although the loan program has been discontinued, there is still an outstanding debt of approximately \$50,000 on the loan scheme.

9.5.2. Uncalled Capital

The Government holds \$2.1 million in uncalled shares with the Asian Development Bank, represented by 88 uncalled-shares with a par-value of USD 13,500 each. In addition, the Government holds \$706,726 in uncalled shares with the Asian Infrastructure Investment Bank, consisting of four uncalled-shares with a par-value of USD 100,000 each.

Table 9-5 Uncalled Capital Breakdown (\$)

Party	Shares	USD per share	NZD Value
Asian Development Bank	88	13,500	2,098,975
Asian Infrastructure Investment Bank	4	100,000	706,726
Total		113,500	2,557,990
Foreign Exchange Rate (USD/NZD)	1.77		

The total has been rounded up for conservatism in the total of Contingent Liabilities.

9.5.3. Legal Proceedings and Disputes

This contingency consists of various cases and is an estimate of the maximum potential liability (damages and costs) of the Crown known at the time of publication.

9.5.4. Financial liabilities relating to Island Governments

The MFEM confirms that no contracts or securities from Island Governments have been approved that could result in potential liabilities. Island Governments do not receive preferential treatment concerning public or other liabilities, and the likelihood of such liabilities arising remains minimal. No additional risk mitigation measures have been implemented beyond those applied to other government agencies on Rarotonga.

However, unsettled invoices present a potential challenge that may require stricter financial controls than those outlined in the Cook Islands Financial Policies and Procedures Manual, the MFEM Act 1995-96, and the Public Expenditure Review Committee and Audit (PERCA) Act 1995-96. While MFEM is implementing a Financial Management and Information System (FMIS) to improve the efficiency of invoice processing and record-keeping, the manual nature of certain billing processes means that this risk cannot be fully eradicated.

10. Accounting Policies

This section outlines the accounting policies used for the Government of the Cook Islands' forecast financial statements.

10.1. Statement of Compliance

These forecast financial statements have been prepared in accordance with the MFEM Act 1995-96 and Generally Accepted Accounting Principles (GAAP), following the standards of the International Public Sector Accounting Standards Board (IPSASB). The IPSAS standards that the Government has yet to adopt are noted at the end of these accounting policies.

The use of public resources by the Government is primarily governed by the MFEM Act 1995-96.

10.2. Basis of Preparation

The forecast financial statements have been prepared on a going concern basis, with consistent application of accounting policies each year. They are based on historical cost, modified by the revaluation of certain assets and liabilities, and use the accrual basis of accounting, unless otherwise specified (e.g., the Statement of Cash Flows and Taxation Revenue).

The financial statements are presented in New Zealand dollars, rounded to the nearest million unless otherwise indicated.

10.3. Judgements and Estimations

The preparation of these forecast financial statements requires judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, revenue, and expenses.

Forecast new capital spending is an allocation in the budgets that reflects the anticipated impact of capital initiatives on the financial position and cash flows over the forecast period. Forecast new operating spending is an amount included in the budgets to account for the operating balance impact of policy initiatives, demographic changes, and other forecasting adjustments expected during the forecast period.

The estimates and assumptions underlying these forecasts are reviewed regularly. Revisions to accounting estimates are recognised in the period of the revision if they affect only that period or in both the current and future periods if they have a broader impact.

10.4. Basis of Consolidation

These forecast financial statements combine the following entities:

Crown Parent Crown entities (46)

Ministries (13)

- 1 Infrastructure Cook Islands
- 2 Ministry of Agriculture
- 3 Ministry of Cultural Development
- 4 Ministry of Education
- 5 Ministry of Finance and Economic Management
- 6 Ministry of Foreign Affairs & Immigration
- 7 Ministry of Health
- 8 Ministry of Internal Affairs and Social Services
- 9 Ministry of Justice
- 10 Ministry of Marine Resources
- 11 Ministry of Police
- 12 Ministry of Transport
- 13 Ministry of Corrective Services

Crown agencies and offices (16)

- 24 Business Trade and Investment Board
- 25 Cook Islands Tourism and Marketing Corporation
- 26 Cook Islands Seabed Mineral Authority
- 27 Crown Law Office
- 28 Development Coordination Division
- 29 Financial Services Development Authority
- 30 Financial Supervisory Commission
- 31 Head of State
- 32 National Environment Service
- 33 Office of the Public Expenditure Review Committee and Audit
- 34 Office of the Public Service Commissioner
- 35 Office of the Ombudsman
- 36 Office of the Prime Minister
- 37 Parliament of the Cook Islands
- 38 Competition Regulatory Authority
- 39 Cook Islands Investment Corporation

Subsidiaries of Cook Islands Investment Corporation

- 2 Ports Authority
- 3 Te Aponga Uira O Tumu Te Varovaro
- 4 Airport Authority
- 5 Cook Islands Broadcasting Corporation
- 6 CIIC Seabed Resources Limited
- 7 Cook Islands Government Property Corporation

Island administrations (10)

- 14 Atiu Island Administration
- 15 Aitutaki Island Administration
- 16 Mangaia Island Administration
- 17 Manihiki Island Administration
- 18 Mauke Island Administration
- 19 Mitiaro Island Administration
- 20 Palmerston Island Administration
- 21 Penrhyn Island Administration
- 22 Pukapuka Nassau Island Administration
- 23 Rakahanga Island Administration

Ministerial support (7)

- 40 Prime Minister's Support Office
- 41 Office of the Deputy Prime Minister
- 42 Office of the Leader of Opposition
- 43 Minister Support Office 1
- 44 Minister Support Office 2
- 45 Minister Support Office 3
- 46 Minister Support Office 4

Subsidiaries of Cook Islands Government Property Corporation

- 8 Banana Court Co Limited
- 9 Cook Islands Property Corporation
- 10 Bank of the Cook Islands Limited
- 11 Suwarrow Development Corporation
- 12 Development Finance limited
- 13 Cook Islands Telecommunication Holdings Limited
- 14 Aitutaki Power Supply Limited
- 15 To Tatou Vai Limited
- 16 Avaroa Cables Limited

The Government holds a full residual interest in all the above entities, except for Telecom Cook Islands Limited and CIIC Seabed Resources Limited.

Corresponding assets, liabilities, revenue and expenses, are consolidated line by line. Transactions and balances between these sub-entities are eliminated during consolidation. Where necessary, adjustments are made to the financial statements of controlled entities to align their accounting policies with those used by the Government reporting entity.

10.4.1. Associate

An associate is an entity over which the Crown has significant influence, but which is neither a subsidiary nor a joint venture interest. Investment in associates are recognised at cost, with the carrying amount adjusted to reflect the Crown's share of the associate's surplus or deficit after the acquisition date. When the Crown transacts with an associate, all surplus and deficits related to the Crown are eliminated. Distributions received from an associate reduce the carrying value of the investment in the Crown financial statements.

Telecom Cook Islands Limited, incorporated in the Cook Islands, provides telecommunication services within the Cook Islands. The Government's interest in Telecom Cook Islands Limited is held through Cook Islands Telecommunication Holdings Limited.

CIIC Seabed Resources Limited was established in 2018. Its principal activities include exploration, classification, exploitation, marketing and sale of polymetallic nodules within the Cook Islands Exclusive Economic Zone and the Cook Islands' assigned area within the Clarion Clipperton Zone. The company is jointly owned, with 50 per cent owned by the Cook Islands Investment Corporation and 50 per cent by GSR-CI Limited, a subsidiary of Global Sea Mineral Resources NV, which is incorporated and registered in Belgium.

10.5. Accounting treatment

10.5.1. Revenue

The Government provides many services and benefits that do not directly generate revenue. Additionally, payment of taxes does not entitle taxpayers to receive services or benefits of equivalent value; such revenue is received through the exercise of the Crown's sovereign power in Parliament.

Revenue is measured at the fair value of consideration received or receivable.

Revenue Type	Revenue Recognition Point
Source deductions	When an individual earns income that is subject to PAYE and payment has been received by the Revenue Management Division.
Individual Income Tax	Individual income tax is recognised when individual tax return forms are filed and payment has been received by the Revenue Management Division.
Company Income Tax	Company income tax is recognised when individual company tax return forms are filed and payment has been received by the Revenue Management Division.
Withholding Tax	Withholding tax is recognised upon payment being received by the Revenue Management Division
Value Added Tax	VAT is recognised when individual monthly VAT return forms are filed and payment has been received by the Revenue Management Division.
Customs levies	Customs levies are recognised upon payment being received by the Revenue Management Division.
Departure Tax	Departure tax is included in the cost of airfares charged by Airlines to its customers. Departure tax is recognised upon payment being received by the Revenue Management Division from the respective Airlines.
Other Revenue	When the obligation to pay is incurred.
ALL Tax	An exception to recognition upon receipt by the Revenue Management Division is an annual accrual for known over-due tax payments including those tax-payers who are on instalment arrangements. There is no provision made for bad debts against this accrual.

10.5.1.1. Revenue Earned Through Operations

Revenue from sales of goods and services is recognised when the product or service is sold to the customer.

10.5.1.2. Sales of goods and services

Revenue from the supply of goods and services to third parties is measured at the fair value of consideration received.

Revenue from the supply of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services is recognised on a straight-line basis over the specified service period unless an alternative pattern of recognition better represents the stage of completion of the transaction.

10.5.1.3. Rental revenue

Rental revenue is recognised in the Statement of Financial Performance on a straight-line basis over the lease term. Lease incentives granted are recognised evenly over the lease term as a reduction in total rental revenue.

10.5.1.4. Dividend revenue

Dividend revenue from investments is recognised when the Government's rights to receive payment as a shareholder has been established.

10.5.1.5. Interest income

Interest income is accrued using the effective interest rate method. This method discounts estimated future cash receipts over the expected life of the financial asset to determine the asset's net carrying amount. The effective interest rate is then applied to the principal outstanding to calculate interest income each period.

10.5.1.6. Aid revenue, aid expenses and aid liability

Aid revenue relates to funding received from development partners for specific programmes or projects. Funding received in advance is recorded as an aid liability and recognised as revenue when allowable costs – capital or non-capital – are incurred, and any conditions are met. If allowable costs have been incurred but funding has not yet been received, the Government recognises a receivable up to the amount of approved funding. Aid funding received without conditions is recognised as revenue immediately.

10.5.1.7. Donated assets

Where a physical asset is gifted or acquired by the Government for free or at a subsidised cost, the asset is recognised at its fair value. The difference between the consideration provided and the asset's fair value is recorded as aid revenue.

10.5.1.8. Fines

Fines represent economic benefits or services that the Government may receive from an individual or entity as a result of a court or other law enforcement body determining that the individual or entity has breached laws or regulations.

10.5.2. Expenses Recognition

Expenses are recognised in the Statement of Financial Performance on an accrual basis.

10.5.2.1. Personnel expenses

Personnel expenses are recognised on an accrual basis and include employer contributions for the Government superannuation scheme.

10.5.2.2. Welfare payments

Welfare benefits and entitlements are recognised as an expense in the period in which the payment is made.

10.5.2.3. Grants and subsidies

Where grants and subsidies are at the Government's discretion until payment, the expense is recognised when the payment is made. Otherwise, the expense is recognised once the specified criteria for the grant or subsidy have been met and notice has been given to the Government.

10.5.2.4. Operating lease

Operating leases, in which the lessor substantially retains the risks and rewards of ownership, are expensed systematically over the lease term. Leasehold improvements are capitalised, and their cost is amortised over the shorter of the unexpired lease period or the estimated useful life of the improvements. Lease incentives received are recognised evenly over the lease term as a reduction in rental expense.

10.5.2.5. Interest expense

Interest expense on financial liabilities measured at amortised cost is recognised in the Statement of Financial Performance as it accrues, using the effective interest method.

10.5.2.6. Borrowing costs

Borrowing costs are interest expenses calculated using the effective interest method are recognised as an expense in the period in which they are incurred.

10.5.2.7. Foreign currency transactions

Transactions in foreign currencies are translated into New Zealand dollar (NZD) using the exchange rate on the date of the transaction. Foreign-exchange gain and losses arising from these transactions are included in the Statement of Financial Performance.

Monetary assets and liabilities held at year-end are translated at the exchange rate on the reporting date.

10.5.2.8. Depreciation

Each significant part of an item of property, plant, equipment, or infrastructure asset, relative to the total cost of the item, shall be depreciated separately.

Depreciation of property, plant, equipment, and infrastructure assets is provided on a straight-line basis, allocating the cost of the assets over their estimated useful lives.

Typically, the estimated useful lives for various asset types are as follows:

Asset type	Useful life
Office and computer equipment	3 – 4 years
Motor vehicles	5 years
Furniture and fittings	4 – 10 years
Plant and equipment	5 – 15 years
Buildings and improvements	10 - 40 years
Coastal protection	25 years
Power distribution network	20 years
Road network	30 years
Water network	15 years
Airport runways	15 – 100 years
Harbour and ports structures	10 – 20 years
Waste management facilities	15 years
Plant and equipment Tools	4 – 5 years
Marine equipment	5 years
Leased land and leasehold improvements	Term of the lease
Specialised buildings and other buildings	15 years

10.5.3. Non-Financial Assets

10.5.3.1. Investment property

Investment property is property held either to earn rental income, for capital appreciation, or for both, but not for sale in the ordinary course of business, or for use in the production or supply of goods or services, or for administrative purposes. Investment property is initially measured at cost and subsequently at cost less accumulated depreciation.

Residential buildings held primarily for providing low-income housing are classified as property, plant, and equipment.

The cost of investment property includes expenditures directly attributable to its acquisition. For self-constructed investment property, the cost includes materials, direct labour, any other costs directly attributable to bringing the property to a working condition for its intended use, as well as capitalised borrowing costs.

Any gain or loss on the disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognised in the Statement of Financial Performance.

10.5.3.2. Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation.

The cost of property, plant and equipment includes the value of the consideration given to acquire the assets, as well as other directly attributable costs incurred in bringing the assets to the location and condition necessary for their intended service.

For assets constructed by the Government, the cost includes all materials used in construction, direct labour on the project, financing costs that are directly attributable to the project, and an appropriate proportion of both variable and fixed overheads. Capitalisation of costs ceases as soon as the asset is ready for productive use, and inefficiency costs are excluded.

When an item of property, plant and equipment is disposed of, any gain or loss (calculated as disposal proceeds less carrying value) is recognised in the Statement of Financial Performance.

10.5.3.3. Impairment

If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount, and an impairment loss is recognised in the Statement of Financial Performance.

10.5.3.4. Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, future economic benefits are probable and will flow to the Government and the cost of the item can be measured reliably.

10.5.3.5. Work in progress

Work in progress is recognised as cost less impairment and is not depreciated.

10.5.3.6. Infrastructure assets

Infrastructure assets are recorded at cost less accumulated depreciation and are accounted for in the same way as property, plant and equipment

Infrastructure assets include roads, water networks, power networks, coastal protection systems, harbour and ports structures, waste management facilities, and airports. When an infrastructure asset is disposed of, any gain or loss (calculated as the disposal proceeds less carrying value) is recognised in the Statement of Financial Performance.

10.5.3.7. Intangible assets

Intangible assets such as software acquisition costs, are recorded at cost less accumulated amortisation and accumulated impairment losses.

The cost of purchased intangible assets includes the value of the consideration given to acquire the assets, along with other directly attributable costs incurred in bringing the assets to the location and condition necessary for their intended use. Intangible assets may include databases, purchased software, or software developed in-house.

When an intangible asset is disposed of, any gain or loss (calculated as the disposal proceeds less carrying value) is recognised in the Statement of Financial Performance.

Amortisation of intangible assets is performed on a straight-line basis to allocate the cost of assets over their estimated useful lives, with any estimated residual value considered. Typically, the estimated useful lives are as follows:

Asset Type	Useful Life
Software, databases	3 - 5 years

10.5.3.8. Inventories

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost. When inventories are acquired at no cost or for nominal consideration, the cost is determined as the current replacement cost at the date of acquisition.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value.

10.5.4. Financial Assets

10.5.4.1. Categories of Financial Assets

The Government does not hold any financial assets classified as financial assets at fair value through surplus or deficit, held-to-maturity investments, or available-for-sale financial assets. The Government only holds financial assets classified as loans and receivables.

10.5.4.2. Recognition

Financial assets are initially measured at fair value, plus, for items not classified at fair value through profit or loss, any transaction costs are directly attributable to their acquisition or issue.

10.5.4.3. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, these financial assets are subsequently measured at amortised cost using the effective interest method, less any impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition, as well as fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognised in the Statement of Financial Performance.

10.5.4.4. Cash and cash equivalents

Cash and cash equivalents include cash holdings, foreign currency cash holdings, short-term cash investments. They are carried at amortised cost in the Statement of Financial Position.

10.5.4.5. Term deposits

This comprises interest-bearing deposits held with other banks, which are measured at amortised cost in the Statement of Financial Position.

10.5.4.6. Trust accounts

Trust accounts contain funding that the Government has received with conditions attached regarding how the funding can be utilised. A corresponding liability is recognised upon the receipt of funding with conditions attached.

10.5.4.7. Banking portfolio investments (loans)

Within the Government, the Bank of the Cook Islands ("the Bank") issues loans. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not intended for immediate or near-term sale. They arise when the Bank provides funds to a debtor with no intention of trading the loans and advances. After initial recognition, the loans are measured at amortised cost using the effective interest method, less any impairment loss.

Loans include direct finance provided to customers, such as current accounts and term loans.

10.5.4.8. Debtors and other receivables

Receivables are initially recognised at fair value and are subsequently adjusted for penalties and interest as they are charged, as well as for impairment testing.

10.5.5. Identification and measurement of impairment

10.5.5.1. Banking portfolio investments (loans)

Refer to Note 2: Areas of significant estimation – Banking Portfolio Investments - Credit Provisioning (Bank of the Cook Islands).

10.5.5.2. Tax receivable

The Government has not undertaken an assessment of the recoverability of tax receivables. The assumption is that tax receivables are fully recoverable and free from impairment.

10.5.5.3. Other receivables

A receivable is considered uncollectable when there is evidence that the amount will not be fully recovered. The uncollectible amount is the difference between the amount due and the present value of the expected collection. The assessment of collectability is performed on an individual basis, based on past collection history and write-offs.

10.5.5.4. Derecognition of financial assets

Government derecognises a financial asset when the contractual rights to the cash flow from the asset expire, or when it transfers the rights to receive the contractual cash flow in a transaction where substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Government is recognised as a separate asset or liability.

10.5.6. Categorisation of liabilities

All financial liabilities are classified as other financial liabilities.

10.5.6.1. Recognition

Financial liabilities are initially measured at fair value, plus transaction costs that are directly attributable to their acquisition or issue, for items that are not classified at fair value through surplus or deficit.

10.5.6.2. Other financial liabilities

Other financial liabilities and are subsequently measured at amortised cost using the effective interest rate and include creditors, other payables, and banking customer deposits.

10.5.6.3. Employee entitlements

Employee entitlements to salaries, wages, annual leave and other similar benefits are recognised as an expense in the Statement of Financial Performance when they accrue to employees. Entitlements expected to be settled within 12 months are reported at the amount expected to be paid.

10.5.6.4. Provisions

The Government recognises provisions when there is a present legal or constructive obligation that can be reliably estimated, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the estimated cash flows to settle the obligation, its carrying amount is the present value of those cash flow.

10.5.6.5. Borrowings

Borrowing liabilities are accounted for at amortised cost in the Statement of Financial Position, with changes recognised in the Statement of Financial Performance. Borrowings, or the proportion expected to be settled within 12 months of balance date, are disclosed as current liabilities in the Statement of the Financial Position. All other borrowings are disclosed as non-current liabilities.

10.5.6.6. Pension liabilities

Pension liabilities, in respect of the contributory service of current and past Members of Parliament, are recorded at the latest actuarial value of the Government's liability for pension payments. The Government does not have any pension liabilities arising from its employees' membership in the New Zealand Government Superannuation Fund.

10.5.6.7. Other liabilities

All other liabilities are recorded based on the estimated obligation to pay. No liability for ongoing welfare payments is recognised because no legal entitlement exist beyond the end of the current financial year until a new Appropriation Act is passed. Such payments are provided for on a pro-rata basis in the Statement of Financial Position.

10.5.6.8. Derecognition

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

10.5.7. Cash flow

A cash flow statement identifies the sources of cash inflows, the uses of cash, and the cash balance at the reporting date. It includes financing activities, which reflect changes in the size and composition of the Government's contributed capital and borrowings.

Investing activities involve the acquisition and disposal of long-term assets and other investments. Operating activities show the cash received from the Government's core operations.

Cash flow information helps users to understand how the Government raised the cash needed to fund its activities and how the cash was utilised.

Both the direct and indirect methods of cash flow have been applied in these financial statements.

10.5.8. Commitments

Commitments represent future expenses and liabilities arising from contracts entered into as of the balance date.

Commitments are classified as:

- Capital commitments: the total amount of capital expenditure contracted for but not yet paid or provided for at the balance date.
- Lease commitments: non-cancellable operating leases with a term exceeding one year.
- Interest commitments on debts, commitments for funding, inventory and those related to employment contracts are not separately reported as commitments.

10.5.9. Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are reported when the contingency becomes evident or when a present liability cannot be measured with sufficient reliability to be included in the financial

statements (unquantifiable liability). Contingent liabilities, including unquantifiable liabilities, are disclosed if the likelihood of them crystallising is more than remote. Contingent assets are disclosed if it is probable that the benefits will be realised.

10.5.10. Changes in accounting policies

The accounting policies are consistent with those applied in the preparation of the Government's annual financial statements for the year ended 30 June 2019.

Audit opinion on policies with which the Government has not complied (2019):

- IPSAS 3: Accounting Policies
- IPSAS 17: Property Plant and Equipment
- IPSAS 21: Impairment of Non-Cash Generating Assets
- IPSAS 29: Financial Instruments: Recognition and Measurement – Government elected not to comply due to cost considerations.

As of the preparation date of these forecast financial statements for the 2024/25 Supplementary Estimates, the following IPSAS standards have not been applied:

- IPSAS 31: Intangible Assets (adopted January 2019).
- IPSAS 32: Service Concession Arrangements (adopted January 2022).
- IPSAS 34: Separate Financial Statements (adopted January 2019).
- IPSAS 35: Consolidated Financial Statements (adopted January 2019).
- IPSAS 36: Investment in Associates and Joint Ventures (adopted January 19).
- IPSAS 37: Joint Arrangements (adopted January 2019).
- IPSAS 38: Disclosure of Interest in Other Entities (adopted January 2020).
- IPSAS 39: Employee Benefits (adopted January 2019).
- IPSAS 40: Public Sector Combinations (adopted January 2021).
- IPSAS 41: Financial Instruments (adopted January 2022).
- IPSAS 42: Social Benefits (adopted January 2022).