



2024/25 Supplementary Budget Summary

The 2024/25 Appropriation Amendment (Supplementary Budget) has allocated additional funds to address critical priorities until the end of the year. It also highlights the changes to the existing appropriation since the initial budget was approved in June 2024.

KEY FUNDING INITIATIVES

An additional **\$11.4 million** has been allocated, including **\$3.4 million for operating expenses** and **\$8.0 million for capital projects**, to support some of the following priorities:

- **60th Te Maeva Nui Celebrations: \$2.0 million** to commemorate 60 years of self-governance.
- **Road Infrastructure: \$500,000** for critical maintenance and **\$5.0 million** for the Rarotonga Roads project, improving transport safety and accessibility.
- **Shipping Vessel: \$3.0 million** contribution to procure a ship, ensuring reliable inter-island transport for Pa Enua communities.
- **Water Allowance: \$505,000** to support household water allocations, promoting equitable access to essential resources.
- **Police Initiatives: \$145,000** to reintroduce community policing and **\$100,000** to strengthen the Police Advisory Committee, enhancing public safety and trust.

MEDIUM-TERM FISCAL STRATEGY

The government is committed to responsible financial management by setting expenditure limits for the coming years. The economic recovery, driven by tourism and GDP growth, has created a \$3.4 million fiscal space for operating in 2024/25, allowing investment in infrastructure, cultural celebrations, and essential services.

The fiscal space is projected to grow from \$13.9 million in 2025/26 to \$32.4 million in 2028/29, enabling gradual increases in spending for education, health, workforce development, new technology, and infrastructure projects.

Fiscal Space, Commitments and Demands	2025/26	2026/27	2027/28	2028/29
Revised MTEC (2025/26 Budget)	235.3	253.2	260.9	260.9
Initial Fiscal Space	14.1	25.7	32.7	32.7
Legal Commitments	0.2	0.3	0.3	0.3
Residual Fiscal Space	13.9	25.4	32.4	32.4

FISCAL UPDATE

Total government expenditure in the 2024/25 Supplementary Budget will increase by \$32.1 million, comprising:

- \$19.0 million carried forward from the previous financial year to complete ongoing projects,
- \$1.7 million approved by the Executive Council, and
- \$11.4 million in new funding allocations.

Despite the growth in government revenue, the additional spending will result in a projected fiscal deficit of \$23.4 million by the end of 2024/25. This deficit is primarily due to the carry-forward of unspent funds from 2023/24 and does not indicate a structural fiscal imbalance. When adjusted for this carry-forward, the underlying 2024/25 fiscal deficit is \$4.3 million.

Net debt is expected to decline from 30.3% of GDP in 2024/25 to 20.9% by 2027/28, supported by ongoing economic growth and responsible debt management.

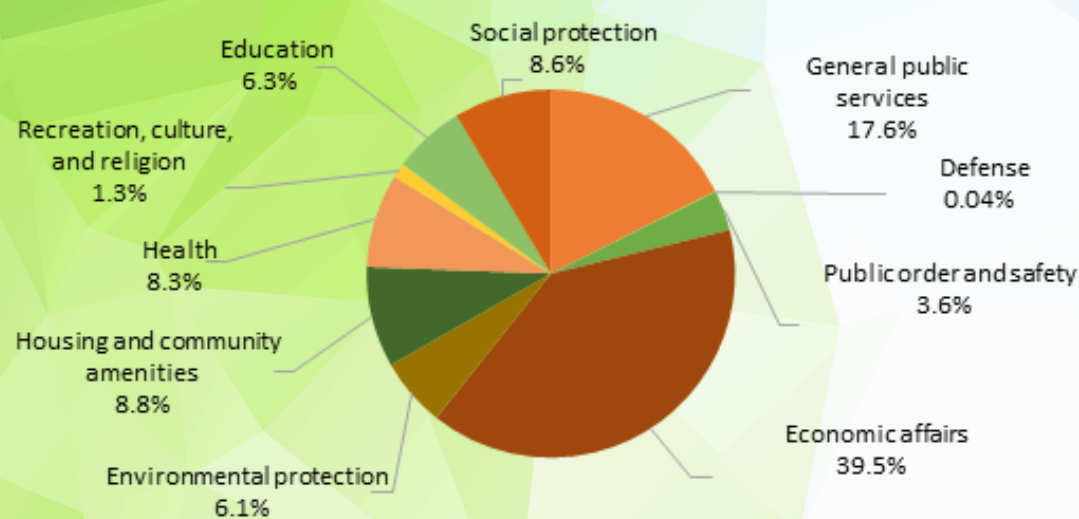
The government remains committed to monitoring fiscal indicators closely to ensure continued financial stability and long-term sustainability.

	2023/24 Actual	2024/25 Budget Est.	2024/25 Supp. Est.	2025/26 Proj.	2026/27 Proj.	2027/28 Proj.
Total Operating Revenue	205.6	209.1	218.6	218.1	225.8	234.3
Total operating Expenditure	197.2	206.1	228.1	206.6	208.9	208.9
Operating Balance surplus/deficit*	8.4	3.1	(4.2)	11.4	16.9	25.4
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
Overall Fiscal Balance surplus/deficit*	6.9	(0.7)	(23.4)	12.0	13.2	20.9
% of GDP	0.9	(0.1)	(3.4)	1.7	1.8	2.7
Net Crown Debt, end of FY	216.0	210.3	210.3	195.5	180.1	164.3
% of GDP	32.6	32.7	30.3	27.1	23.9	20.9
Gross Domestic Product	661.7	643.9	693.6	720.9	753.3	784.7

***surplus:** when revenue is higher than expenditure; **deficit:** when revenue is less than expenditure.

EXPENDITURE ALLOCATION

Figure 1: Allocation of expenditure (incl. aid funding)



The total projected government spending for 2024/25, including aid, is **\$340.5 million**. This distribution is shown in the chart:

- 39.5% is allocated to developing the Cook Islands' economy, covering sectors such as agriculture, marine activities, construction, transportation, tourism, and general economic affairs.
- 17.6% is dedicated to general public services, including governance and administration costs.

The 2024/25 Supplementary Budget ensures funding for critical national priorities while maintaining a responsible approach to economic stability and growth.