
COOK ISLANDS GOVERNMENT BUDGET ESTIMATES

2021/22

Book 1 Appropriation Estimates and Commentary



Hon. Mark Brown
Minister of Finance
JUNE 2021

Abbreviations and Acronyms

Term	Definition
ACL	Avaroa Cable Limited
ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
BCCF	Business Continuity Credit Facility (Economic Response Plan)
CF	Carry Forward
COFOG	Classification of Functions of Government
COVID-19	Coronavirus Disease 2019
CPRO Loan	COVID-19 Pandemic Response Option Loan (Economic Response Plan)
CPI	Consumer Price Index
CSS	Core Sector Support
EDS	Economic Development Strategy
EEZ	Exclusive Economic Zone
EO	Executive Order
ERP	COVID-19 Economic Response Plan
ERR	Economic Recovery Roadmap
GBS	General Budget Support
GDP	Gross Domestic Product
GFA	Grant Funding Agreement
GFS	Government Financial Statistics
HYEFU	Half-Year Economic and Fiscal Update
IMF	International Monetary Fund
LRF	Loan Reserve Fund
MTEC	Medium-term Expenditure Ceiling
MTFF	Medium-term Fiscal Framework
MTFS	Medium-term Fiscal Strategy
NSDA	National Sustainable Development Agenda 2020+
NSDP	National Sustainable Development Plan
NZD	New Zealand Dollars
ODA	Official Development Assistance
PFTAC	Pacific Financial Technical Assistance Centre (IMF)
PHEIC	Public Health Emergency of International Concern
POBOC	Payments on Behalf of Crown
RBA	Reserve Bank of Australia
RBNZ	Reserve Bank of New Zealand
ROBOC	Revenue on Behalf of Crown
SARS-CoV-2	Severe Acute Respiratory Syndrome Coronavirus 2
SOE	State Owned Enterprise
USD	United States Dollars
WHO	World Health Organization

General Notes on the Budget Estimates

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

This document was revised on 14 June 2021 to incorporate general budget support grant funding confirmed by the New Zealand Government.

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Tuesday 08 June 2021

STATEMENT OF RESPONSIBILITY

I have read the Financial Secretary's Statement of Responsibility and concur with him regarding the preparation of the Budget Appropriation 2021/22.

The economic and fiscal information included in the Budget Estimates are based on the best professional judgement that we have at this time.

I accept the overall responsibility for the integrity of the Budget Appropriation 2021/22 and the compliance with the *Ministry of Finance and Economic Management Act 1995/96*.

A handwritten signature in blue ink, appearing to read 'Mark Brown'.

Honourable Mark Brown
Minister of Finance and Prime Minister



**MINISTRY OF FINANCE AND ECONOMIC MANAGEMENT
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Tuesday 08 June 2021

STATEMENT OF RESPONSIBILITY

The Budget Appropriation 2021/22 has been produced in accordance with the *Ministry of Finance and Economic Management Act 1995/96* (the Act).

The 2021/22 Budget process involved the annual publication of the Budget Policy Statement in December 2020 available on the mfem.gov.ck website, and the establishment of the Budget Support Group, which were consulted when reviewing agency budget proposals prior to Cabinet consideration and approval.

In compliance with Section 24 (1) of the Act, the Ministry of Finance and Economic Management provided Cabinet with the:

1. estimated revenue of the Crown;
2. details of each Government Department's bid for funds; and
3. Crown's debt management responsibilities.

Cabinet, as required under Section 24 (2) of the Act, returned to the Ministry a fiscally responsible budget in accordance with the principles outlined in the Act.

The information in the supporting documentation is comprehensive, going well beyond the requirements of the Act, and includes a Statement of Fiscal Responsibility that clearly sets out the position in terms of fiscal responsibility as required in section 23 (2) (a) of the Act.

It should be noted that financial information relating to national public finances is consistent with the standards outlined in the International Monetary Fund (IMF) 2001 manual on Government Finance Statistics.

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

1 Budget Overview

1.1 Summary

The 2021/22 Budget is the third budget since the introduction of the Medium-term Fiscal Strategy (MTFS) in 2019/20 and confirms the Cook Islands Government's commitment to sound fiscal and economic management, within the context of the severe economic shock of COVID-19.

The economic impact of COVID-19 on the Cook Islands, and the globe, has been unprecedented in terms of disruption to business and employment, to global logistics chains, and to the international movement of people.

The scale of the shock to the Cook Islands economy necessitated the Government's temporary departure from the fiscal rules as outlined in the MTFS, enabling the Government to respond to the crisis by implementing the Economic Response Plan (ERP) using the Stabilisation Account and additional debt funding. This is in-line with the stated aims of the MTFS, which emphasise the need for counter-cyclical fiscal responses, providing the ability to exit from the MTFS Fiscal Rules in the case of an economic crisis. Having triggered the exit clause, the Government will continue to measure performance against the Fiscal Rules but is not bound by them until the economy sufficiently recovers.

The Government's focus in the 2021/22 Medium-term Budget is on continuing its support to Cook Islands' households and businesses to manage the economic impacts of the pandemic during the short-term, and to transition into measures which support recovery as the economic situation begins to stabilise over the medium-term.

The 2021/22 Budget continues to emphasise the following policy elements:

- Investing in infrastructure that will ensure the sustainability of economic growth and the resilience of the economy to climate change.
- Increasing revenue over the medium-term without increasing the tax burden on society, through economic growth and by ensuring that tax legislation is enforced in an equitable manner.
- Focusing the efforts of Government Departments on core deliverables and limiting the expansion of new programmes and costs.
- Positioning the Cook Islands economy for sustained recovery from the economic shock.
- Providing support to vulnerable sectors of the community in response to loss of income and increased financial pressures.
- Providing support to businesses to remain viable through the economic shock, thereby generating economic stimulus and maintaining employment levels.

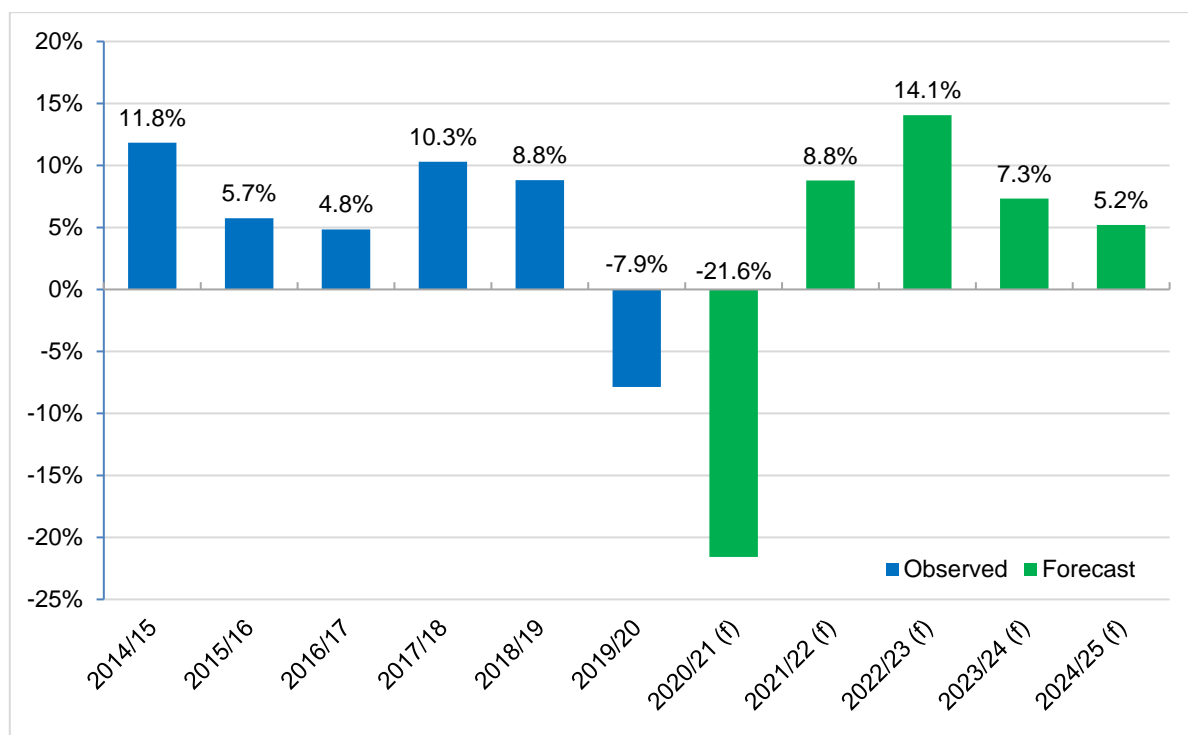
Key budget measures to meet these policy elements include funding for:

- The Economic Recovery Roadmap (ERR) – the Government's primary vehicle for supporting the economy beyond the economic shock of the pandemic, and implementing measures to promote a rapid and sustainable recovery.
- The COVID-19 Medical Response Fund – to support border controls with the aim of minimising the potential for COVID-19 to enter the Cook Islands, and to support an effective response if it did.
- Roads and drainage – to create safe and efficient transport on Rarotonga and increase productivity.
- Pa Enea transportation links through air infrastructure upgrades to lower the cost of travel and promote greater tourism access to the island communities.
- Investments in water through To Tatou Vai and sewage through Mei Te Vai Ki Te Vai.
- The continued deferral of Government-wide salary increases to free up necessary funds to support Government operations and the above key budget measures supporting economic recovery.

1.2 Economic performance and outlook

Prior to March 2020, the Cook Islands had experienced six years of continuous economic growth due to record numbers of visitors. However, the impact of the COVID-19 pandemic on the economy has been severe, with activity reduced by over a quarter in the past 15 months. In the 2019/20 fiscal year, the Cook Islands economy declined by 7.9 per cent in nominal GDP terms after the borders closed to tourists in mid-March, causing the large contraction to begin in the June quarter.

Figure 1-1 Nominal GDP growth, annual percentage change



In 2020/21, the impact of the pandemic has been felt throughout the year, with no visitors until May 2021. As a result, the economy is estimated to have declined by a further 21.6 per cent – despite unprecedented support from government in the form of the ERP. Throughout this year, the hardest hit sector has predictably been the accommodation sector, which saw a decline of over 70 per cent in economic activity.

The economic outlook is largely determined by the speed at which visitors begin to return to the Cook Islands. With the New Zealand market being the only one open as at the time of publication, conservative assumptions have been used in developing these forecasts (refer to the Economic Update chapter for more information).

This outlook sees the beginning of the recovery in 2021/22 with 8.8 per cent growth in nominal GDP, before accelerating in 2022/23 at a rate of 14.1 per cent (see Figure 1-1). In the outer years, the growth rate slows towards more normal levels as GDP approaches its pre-pandemic size.

By 2024/25, the economy (in nominal terms) is anticipated to return to its pre-pandemic size with a growth rate of 5.2 per cent, before commencing a return to trend growth rates following a stabilisation in tourism arrival numbers.

1.3 Fiscal performance and outlook

The scale of the economic impact to the Cook Islands is highlighted in the total taxation revenue currently estimated at \$86.0 million in 2020/21, just 58.0 per cent of 2019/20 (\$148.3 million) and 54.1 per cent of the 2018/19 pre-COVID levels (\$159.1 million).

Budget support funding, primarily from the New Zealand Government, contributed \$35.1 million to Other Revenue which was forecast to be \$29.3 million at the 2020/21 HYEPU is now expected to be \$64.4 million.

Taxation revenue forecasts indicate that total tax revenue will increase to \$107.3 million in 2021/22, an increase of 24.8 per cent on 2020/21 levels, primarily driven by growth in Value Added Tax (VAT) and Departure Tax as tourists return to the Cook Islands. Other Revenue is forecast to decrease to \$50.6 million in 2021/22, falling to \$14.8 million in 2023/24 as the current Core Sector Support programme draws to a close.

Operating expenditure in 2020/21 is estimated to be \$232.3 million, noting that almost one-third of this expenditure was allocated to the Economic Response Plan (ERP) with an estimated \$78.3 million expended in direct support for the Cook Islands economy. Government's operating expenditure for 2021/22 is forecast at \$205.4 million, reducing to \$172.9 million in 2022/23.

With borders open, the ERP will cease on 30 June 2021 and the Economic Recovery Roadmap (ERR) will commence, continuing support for economic recovery, with \$33.5 million set aside for this purpose in 2021/22, and a further \$4.4 million set aside as a reserve to respond to further health or border expenses related to COVID-19.

Capital investment is budgeted at \$32.0 million in 2021/22. Capital investment in infrastructure is an effective mechanism by which governments can apply economic stimulus. The Cook Islands Government is in discussions with funding partners to arrange support for a number of projects that will allow the Government to maintain capital expenditure levels at around \$32.0 to \$34.0 million in the forward years.

The significant decrease in Government Revenues, in conjunction with the economic necessity of the ERP, is expected to result in an estimated fiscal deficit of \$105.5 million in 2020/21. This deficit has been funded by the total drawdown of the Stabilisation Fund (\$56.7 million) and new debt funding.

Government is projecting a fiscal deficit of \$61.1 million in 2021/22. This will be funded through Government's remaining cash reserves at the end of 2020/21, forecast at \$35.0 million. Further funding arrangements are being negotiated to support the fiscal deficit. The New Zealand Government has confirmed grant funding of \$30.0 million for 2021/22, with further debt funding arrangements to be finalised.

An operating surplus is forecast in 2023/24 of \$7.1 million, with a fiscal deficit forecast of \$4.2 million (-0.8 per cent of GDP) in 2024/25.

Forecast movements and relationships between revenue, expenditure and the operating and fiscal balances are presented in Figure 1-2 and Table 1-1.

Figure 1-2 Fiscal Performance and Medium-term Fiscal Outlook (\$'000)

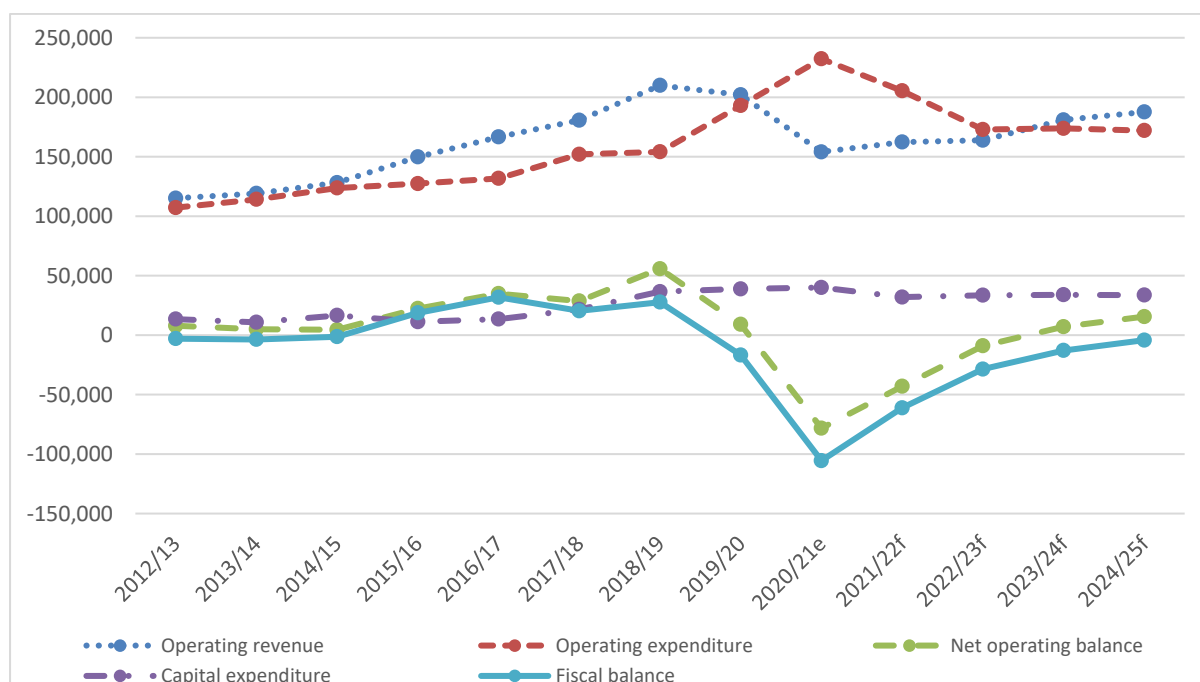


Table 1-1 Summary fiscal statement

\$ million	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Operating Balance (\$m)	-78.2	-43.0	-9.0	7.1	15.5
Fiscal Balance surplus/deficit (\$m) *	-105.5	-61.1	-28.6	-12.9	-4.2
Working Capital (\$m)	35.0	19.8	0.0	0.0	0.0
Stabilisation Account	0.0	0.0	0.0	0.0	0.0
Financing Gap	0.0	0.0	36.6	27.6	21.7
Net Crown Debt, end of FY (\$m)	166.2	211.1	202.9	188.1	168.5

In order to provide a fiscally responsible budget to support the economy in its recovery from a severe recession, the Government exercised the Exit Clause from the Fiscal Responsibility Rules in the 2019/20 Supplementary Budget to provide support to the economy through the ERP.

With the total cumulative size of the deterioration in GDP estimated in 2019/20 and 2020/21, the Government will continue exercising the Exit Clause in the 2021/22 Budget, with the aim of ensuring that the economy has an adequate opportunity to recover, and the ability to provide sufficient support through the ERR.

Total expenditure growth reflects net decreases through to 2023/24 as the Government's direct fiscal support through the ERP and ERR winds down, with expenditure forecast to remain steady from 2023/24.

Net debt to GDP is expected to reach a peak of 48.9 per cent in 2021/22 before reducing as GDP begins to recover, and is expected to fall within the hard cap of 35.0 per cent in 2024/25. This however, does not consider the financing gap in the forward years, and is likely to change, as the funding mix in those years is determined.

The fiscal balances relative to GDP gradually improves over the medium-term as revenues begin to recover, reducing the need for external funding either through debt or budget support grants.

Cash reserves will not begin to recover until the fiscal balances improves to a surplus.

Table 1-2 Fiscal Rules performance

Rules	Unit	Threshold	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Total Expenditure Growth	%	4	24.1	-12.8	-13.1	0.7	-1.0
Net debt to GDP	%	30 / 35	41.9	48.9	41.2	35.6	30.3
Fiscal balance to GDP	%	-1.9	-26.6	-14.2	-5.8	-2.4	-0.8
Cash reserves	Months	3	1.9	1.2	0.0	0.0	0.0

The estimated performance against the fiscal rules is based on conservative economic and fiscal estimates, which assume a gradual economic recovery and full expenditure of Government's appropriation in each year. Considering the significant uncertainty inherent in the forecasts due to the ongoing impacts of COVID-19, a conservative approach is deemed prudent.

2 COVID-19 Special Note

Coronavirus disease 2019 (COVID-19) is a respiratory illness caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). The virus was first reported in December 2019 in Wuhan, China. On 30 January 2020, the World Health Organization (WHO) declared the virus to be a Public Health Emergency of International Concern (PHEIC) and later a pandemic on 11 March 2020.

Due to the Cook Islands fragile health system and limited intensive care facilities, public health measures were critical to mitigate the spread of COVID-19 at the border. On 25 March 2020, the Cook Islands Government closed its international borders completely to all incoming passengers including residents. The Cook Islands was declared COVID-19 free on 16 April 2020 and in May 2020, 260 Cook Islands residents were among the three cohorts repatriated from New Zealand. On 19 June 2020, the Cook Islands Government permitted the entry of Cook Islanders and Cook Islands permit holders, with strict border health measures in place. This approach has been effective in preventing the arrival of COVID-19 in the Cook Islands. On 17 May 2021, the Cook Islands Government established a two-way quarantine-free travel with the New Zealand Government permitting entry of all passport holders who have been in New Zealand for the last 14 days, into the Cook Islands.

These restrictions directly affected the tourism market in the Cook Islands, with a complete reduction in tourist volumes from the last quarter of 2019/20 through to May 2021. With a tourism-oriented private sector contributing an estimated 65 per cent of direct economic activity, this had a significant impact on business viability and employment, with flow-on effects to Government revenues that will persist across the medium-term.

The size of the economic shock to the private sector necessitated an unprecedented Government response through the Economic Response Plan (ERP), which focused on expenditure on social and economic support for individuals and businesses to mitigate the economic impact to society. In addition to providing lifeline support, the intent of Government's response measures was to position the Cook Islands for rapid recovery once the tourism industry restarts, and to minimise economic scarring due to the loss of productive potential from economic impacts becoming entrenched.

With the Cook Islands and New Zealand Governments having established quarantine-free travel in May 2021 including the commencement of the vaccine roll-out, it is expected that the financial pressure on the tourism sector will begin to alleviate, however uncertainty remains around the speed and scale of the recovery.

Further disruption to the nascent economic recovery resulting from further border closures, should they occur, will likely decrease business confidence in the private sector, and compromise the Government's efforts to minimise economic scarring, increasing the need for additional Government support to maintain community livelihoods and support businesses viability.

2.1 Fiscal Response

The Government has temporarily departed from the Fiscal Rules since the 2019/20 Supplementary Budget. This has allowed Government to implement expenditure measures, such as the ERP, which would otherwise push expenditure beyond the expenditure ceiling under the Medium-term Fiscal Strategy. To support the ERP, the Government has utilised financial reserves, including the Stabilisation Account and debt funding to supplement operating revenues.

Government will continue to exercise the Exit Clause in the 2021/22 Medium-term Budget in order to enable ongoing economic response measures.

To mitigate the fiscal impacts of COVID-19, Government has deferred most operational funding increases including the Government-wide pay increases that commenced in the 2019/20 Budget and

non-core expenditure until fiscal recovery is established. These funds have been redirected towards the Government’s economic and health response to the pandemic.

To enable a flexible response to the evolving health and economic needs of the Cook Islands resulting from the pandemic, the Government created two administered funding lines in the 2019/20 Supplementary Budget:

- COVID-19 Medical Response Fund
- COVID-19 Economic Response Plan (ERP)

The ERP will end on 30 June 2021 and the Economic Recovery Roadmap (ERR) will commence from 1 July 2021. The ERR will provide further support to the Cook Islands community if required, and begin investment in recovery measures and provide fiscal stimulus. With the reopening of the Cook Islands border and the tourism industry restarting, the economic support needs will transition from ‘response’ towards ‘recovery’.

The ERR will support the final interest relief payment to the Cook Islands banks of the ERP, with the remaining balance to be put towards economic stimulus measures.

2.1.1 COVID-19 Medical Response Fund

The Medical Response Fund enables Government to fund expenditures for tactical responses to emerging health and border control issues.

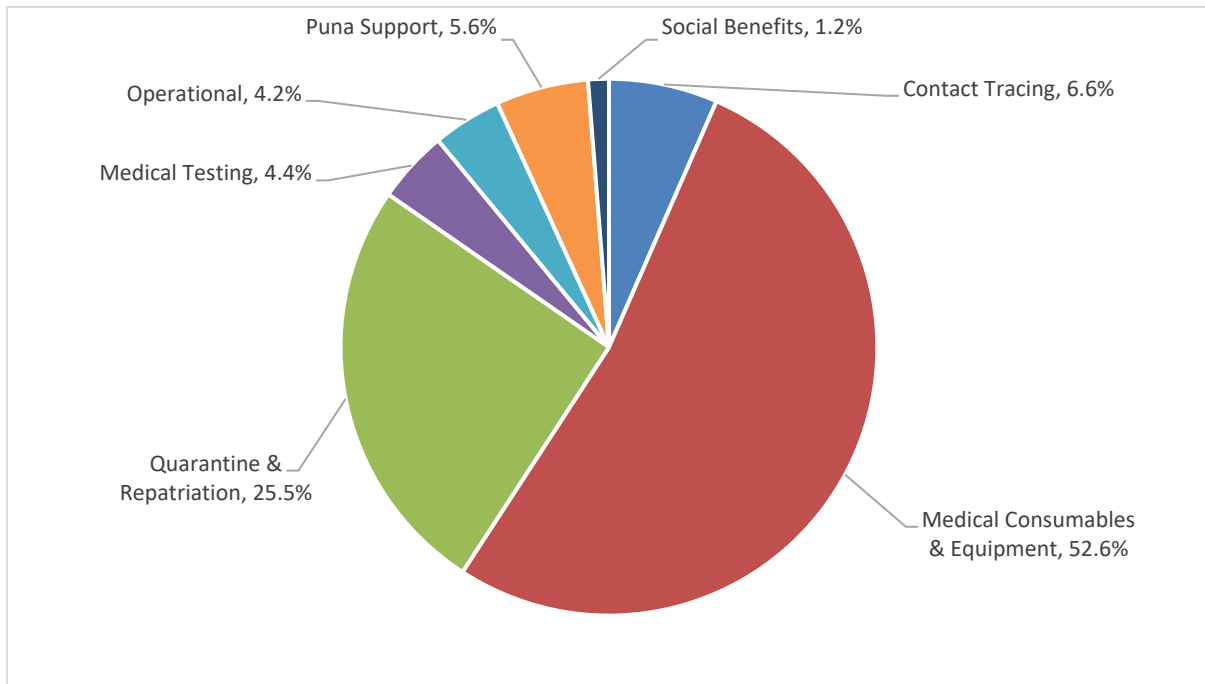
Expenditure through the operating and capital funds set aside for the response to COVID-19 is broken down in Table 2-1 and Figure 2-1. The largest cumulative expenditure to date is on medical consumables and equipment such as personal protective equipment, thermometers and fogging machines.

Table 2-1 COVID-19 Medical Response Fund Expenditure (\$'000)

Administered Funds	2019/20	2020/21¹	2021/22	Total
Contact Tracing	6	415	0	420
Medical Consumables & Equipment	2,680	689	0	3,369
Medical Testing	185	94	0	280
Operational	253	13	0	266
Puna Support	103	254	0	357
Quarantine & Repatriation	1,588	42	0	1,629
Social Benefits	80	0	0	80
Reserve 2021/22	0	0	3,000	3,000
Total Operating Expenditure	4,895	1,507	3,000	9,402
Capital Expenditure	2019/20	2020/21	2021/22	Total
Medical Equipment	640	49	0	689
Reserve 2021/22	0	0	1,400	1,400
Total Capital Expenditure	640	49	1,400	2,089

¹ Expenditures for 2020/21 are estimates to May 2021 and may not include committed expenditures.

Figure 2-1 COVID-19 Medical Response Fund Expenditure



2.1.2 Economic Response Plan and Economic Recovery Roadmap

The ERP is estimated to have approximately halved the impact of the pandemic on the Cook Islands economy, reducing the fall in GDP from around 55 per cent to around 28 per cent. With the borders reopening and the tourism industry restarting, the focus of the Government’s economic policy moves from the lifeline aspects of the response, to a recovery phase.

Approximately 72.2 per cent (\$69.5 million) of the ERP to 30 June 2021 has been expended in support of business viability through Business and Sole-trader Grants and the Training and Wage subsidies. A breakdown of ERP expenditure to 30 June 2021 is shown in Figure 2-2.

Figure 2-2 Allocation of COVID-19 Economic Response Plan

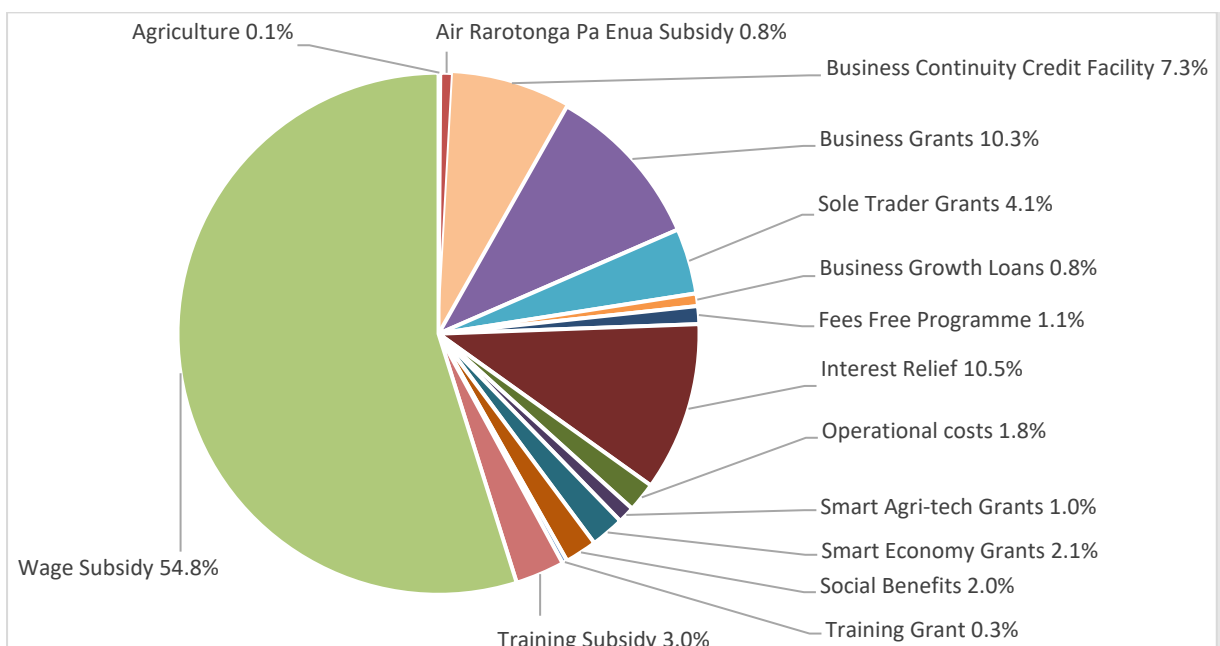
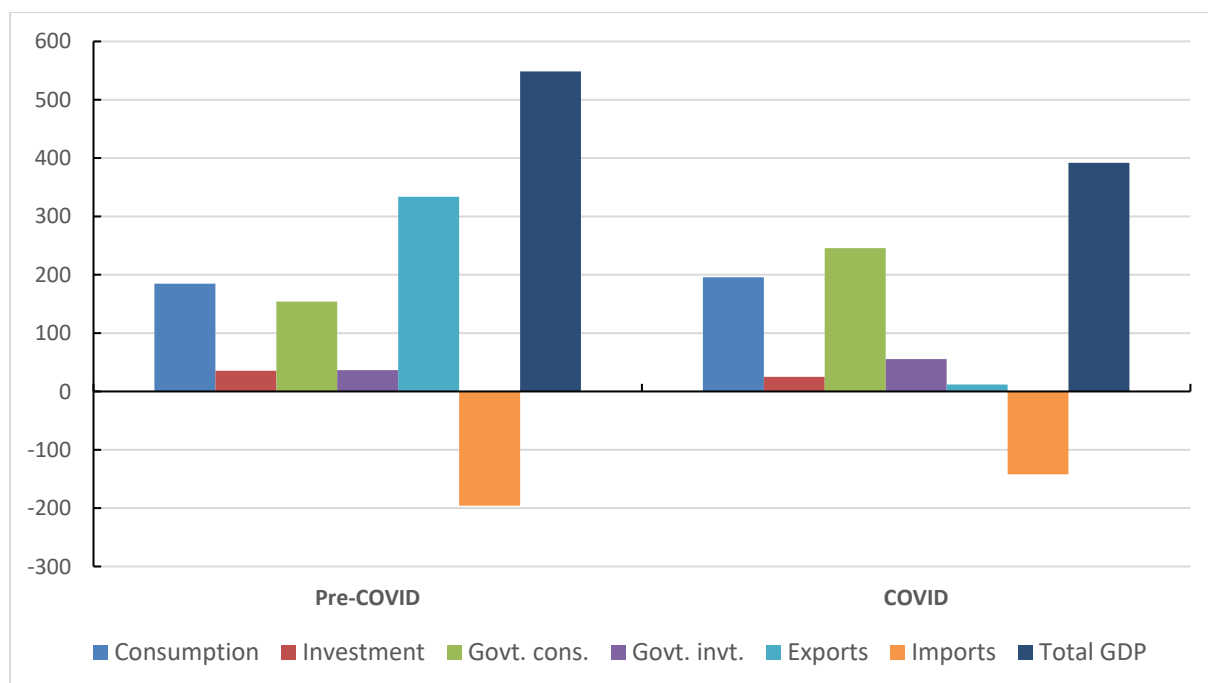


Table 2-2 Expenditure of COVID-19 Economic Response Plan and Economic Recovery Roadmap

Expenditure (\$000's)	2019/20	2020/21	2021/22 ²	Total
COVID-19 Economic Response Plan				
Agriculture	99	0	0	99
Air Rarotonga Pa Enuā Subsidy	100	650	0	750
Business Continuity Credit Facility	0	7,020	0	7,020
Business Grants	3,890	6,000	0	9,890
Sole Trader Grants	1,002	2,900	0	3,902
Business Growth Loans	0	750	0	750
Fees Free Programme	0	1,065	0	1,065
Interest Relief	0	10,061	0	10,061
Operational costs	376	1,373	0	1,749
Smart Agri-tech Grants	0	1,000	0	1,000
Smart Economy Grants	0	2,000	0	2,000
Social Benefits	1,476	432	0	1,908
Training Grant	0	300	0	300
Training Subsidy	0	2,928	0	2,928
Wage Subsidy	10,926	41,808	0	52,734
Economic Recovery Roadmap				
Interest Relief ³	0	0	3,400	3,400
Economic Stimulus Measures	0	0	30,100	30,100
Total	17,869	78,288	33,500	129,657

The fall in GDP, one of the most severe in the world, has impacted the trade balance of the Cook Islands heavily, with revenues raised from tourism activities halting the largest component of Cook Islands GDP overnight (worth approximately \$1 million per day, or \$368 million per year, pre-COVID).

Figure 2-3 Approximate comparison of economic components, COVID versus Pre-COVID (\$'000)



As well as this direct impact, the indirect impact of falling incomes has resulted in the reductions of imported goods and services. The direct and indirect impacts together have reduced business

² Expenditures for 2020/21 are not final and are based on forecast assumptions to 30 June 2021.

³ Government will make the final Interest Relief payment of the ERP through the ERR in 2021/22.

incomes. With lower incomes and the uncertainty around borders, private investment is not expected to recover quickly.

As visitors return and tourism, receipts grow from zero, and direct Government support declines, growth will need to be driven in other economic sectors to achieve pre-pandemic levels of economic activity. This will require a mix of policy initiatives and expenditure from both the public and private sectors.

The recovery from the recession will be gradual, and the following eight areas of focus will be key to driving and facilitating the recovery, and have therefore been identified for the ERR. These areas are:

1. Reducing the cost of borrowing;
2. Managing the burden of public debt (in particular the interest rate charged);
3. Infrastructure investment;
4. Reducing barriers to competition and business;
5. Productivity growth;
6. Improving public sector efficiency;
7. Growing the labour force and mitigating depopulation; and
8. Attracting foreign investment that will benefit the Cook Islands.

These areas are all sourced from the *Economic Development Strategy 2030*, which will act as a guiding document for Government over the next decade, outlining actions that will support our continued development.

Please refer to the Ministry of Finance and Economic Management website for further details on the Economic Development Strategy (EDS), Economic Response Plan (ERP) and information on the Economic Recovery Roadmap (ERR), as it becomes available.

2.2 Debt Funding

The ERP when combined with Government's operating commitments and capital investments will consume fiscal reserves in 2020/21, requiring additional support through debt funding, with Net Debt increasing to \$166.2 million. The use of further debt funding to supplement Government's resources will be required in the 2021/22 – 2024/25 Budgets.

A cumulative financing gap of at least \$66.0 million is estimated over the forward-years in order to avoid a negative cash balance, requiring a mixture of grant and debt funding for support. Additional financial support would be required to ensure that Government cash liquidity targets are maintained. This financing gap includes capital investments that are presently being planned with funding partners but are not yet finalised. This estimate is subject to substantial change as it is reliant on economic performance falling in line with conservative forecasts, actual revenue received, expenditure of Government's entire budget appropriation in each year, and no new expenditure decisions over the medium-term.

Debt funding requirements, based on economic estimates of GDP and Government revenues, are explained in the Crown Debt and Net Worth chapter.

2.3 Official Development Assistance

The Cook Islands Government would like to acknowledge its aid partners for their support towards our economic and health response to COVID-19.

A summary of the aid support provided to Cook Islands since March 2020 to help with the country's response to COVID-19 and the ERP is outlined in Table 2-3, with further detail provided in the Official Development Assistance chapter.

The majority of assistance provided to the Cook Islands has been in the form of grant funds provided by the New Zealand Government to support the Economic Response Plan.

Table 2-3 Summary of Official Development Assistance related to COVID-19 (\$NZD)

Development Partner	Instruments	2019/2020	2020/2021	Total
New Zealand Government	Financial Support	7,000,000	35,013,992	42,013,992
	Materials & Equipment		261,688	261,688
	Total	7,000,000	35,275,680	42,275,680
Australian Government	Financial Support	604,308		604,308
	Materials & Equipment		12,147	12,147
	Total	604,308	12,147	616,455
People's Republic of China	Financial Support		82,658	82,658
	Materials & Equipment		185,778	185,778
	Total		268,436	268,436
Japan	3rd Party spend		1,546,100	1,546,100
	Materials & Equipment		1,418,452	1,418,452
	Total		2,964,552	2,964,552
ADB	3rd Party spend		151,515	151,515
	3rd Party spend		409,091	409,091
	Grant ⁴		1,500,000	1,500,000
	Grant ⁵		2,900,000	2,900,000
	Technical Assistance		218,436	218,436
	Technical Assistance		174,780	174,780
	Total		5,353,822	5,353,822
ILO	Grant		67,394	67,394
UNICEF	Materials & Equipment		172,036	172,036
Jack Ma Foundation	Materials & Equipment		351,663	351,663
Mr Stemm	Materials & Equipment		106,609	106,609
UNFPA	Materials & Equipment		1,697	1,697
WHO	Materials & Equipment		14,078	14,078
Category Totals	Grant / Financial Support	7,604,308	39,564,044	47,168,352
	Materials & Equipment	0	2,524,148	2,524,148
	Technical Assistance	0	393,216	393,216
	3rd Party spend	0	2,106,706	2,106,706
GRAND TOTAL		7,604,308	44,588,114	52,192,422

⁴ APDRF – COVID-19 Emergency response project

⁵ JFPR - Japan Fund for Poverty Reduction

3 Fiscal Strategy

This chapter presents the Cook Islands Government’s Medium-term Fiscal Strategy (MTFS) for the period 2021/22 to 2024/25. The MTFS reconfirms the Government’s commitment to sound fiscal and economic management, within the context of a severe global and domestic economic shock.

3.1 Note on the 2021/22 Budget and the Fiscal Framework

The MTFS is based on economic and fiscal forecasts as at the release of the Budget Policy Statement, which is included in the preceding Half-Year Economic and Fiscal Update (HYEFU) to each budget. The MTFS determines Government’s expenditure ceilings for each year of the medium-term, which are applied to total operating expenditures and capital investments.

The economic impacts of COVID-19 has necessitated a counter-cyclical fiscal response from Government of increased expenditure through social and economic support for both individuals and businesses. This support intends to mitigate severe economic disruption in the short-term, position the Cook Islands for recovery as the borders reopen, and commence the transformation towards a smarter, greener economy over the long-term.

In order to make the necessary additional funding available in this Budget, the Government will continue to exercise the Exit Clause and the temporary departure from the Fiscal Rules described in this chapter. This allows Government to strengthen its response and is in-line with the stated aims of the MTFS, which emphasises the need for counter-cyclical fiscal response.

Performance against the Fiscal Rules is still reported below however, the Government is not bound by the limits imposed by the rules until the economic threshold triggers enabling the departure from the fiscal rules are met.

3.2 The Cook Islands Fiscal Framework

The Cook Islands Fiscal Framework (the Framework) is designed to strengthen the strategic focus of the Government’s expenditure and revenue decisions by incorporating a more robust medium-term perspective that takes into account interactions with the economy. The Framework has been established to achieve the following outcomes:

- improved long-term fiscal sustainability through responsible fiscal management and debt sustainability; and
- improved medium-term fiscal planning nationally, and within each agency.

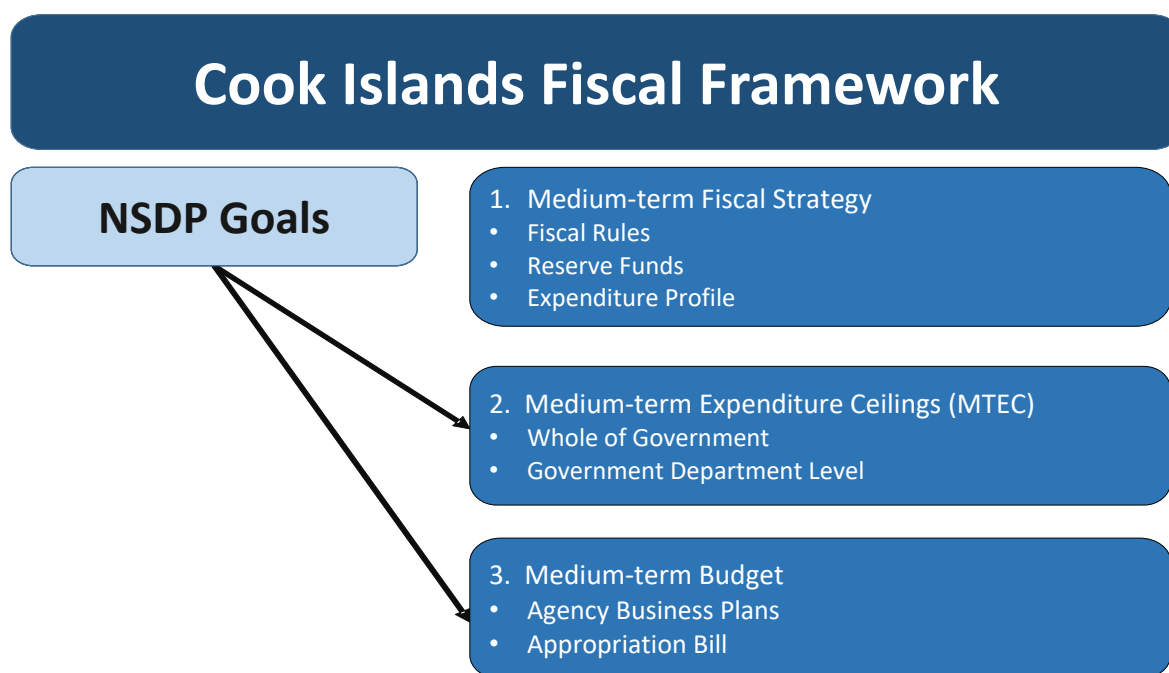
The Framework comprises three cascading, interlinked elements, shown in Figure 3-1, that together result in a fiscally responsible four-year budget that takes account of the economic cycle:

1. **Medium-term Fiscal Strategy (MTFS)** – provides the basis for the fiscal rules, the establishment of reserve funds for economic downturns, natural disasters, and future generations, and a Government expenditure profile guided by the economic context.
2. **Medium-term Expenditure Ceilings (MTEC’s)** – guided by the MTFS, whole of Government expenditure ceilings for each of the four years are then divided into Agency ceilings, taking into account National Sustainable Development Plan 2016–2020 (NSDP) goals⁶ and Agency capacity requirements.

⁶ This will transition to the National Sustainable Development Agenda 2020+ (NSDA) as the new strategic plan comes into effect.

3. **Medium-term Budget** – Agency business plans that reflect individual ceilings, along with revenue and economic forecasts, are used to prepare the medium-term budget – the appropriation estimates for the budget year, and forecasts for three forward or outer years.

Figure 3-1 Framework elements



3.2.1 Medium-term Fiscal Strategy

The Government’s Medium-term Fiscal Strategy aims to deliver fiscally sustainable budgets. To achieve this the Government commits to:

- Adhere to the fiscal rules on debt, fiscal balance, expenditure growth and cash reserves.
- The development of, and appropriation into, reserve funds (Stabilisation Account and Sovereign Wealth Fund) to ensure that excess revenues are saved for periods of economic downturn or natural disasters, and for future generations.
- An expenditure profile that is steered by the economic context, using internal guiding principles.

The Government’s fiscal strategy is underpinned by the following policy elements:

- Investing in infrastructure that will ensure the sustainability of economic growth and the resilience of the economy to climate change.
- Increasing revenue over the medium-term without increasing the tax burden on society, through economic growth and by ensuring that tax legislation is enforced in an equitable manner.
- Focusing the efforts of Government Departments on core deliverables and limiting the expansion of new programmes and costs.

The scale of the present economic shock experienced by the Cook Islands has required the temporary departure from the fiscal rules and the utilisation of the Stabilisation Account in 2020/21 in order to achieve an expenditure profile, which responds to the current economic context.

In the context of the pandemic and economic shock, the following policy elements are also being considered at the present time:

- Positioning the Cook Islands economy for rapid and effective recovery from the economic shock.
- Providing support to vulnerable sectors of the community in response to loss of income and increased financial pressures.
- Providing support to businesses to remain viable through the economic shock, thereby generating economic stimulus and maintaining employment levels.

In addressing the urgency of the economic response, Government has also temporarily departed from the application of the National Sustainable Development Plan (NSDP) in the allocation of expenditure ceilings to each Government agency. The prioritisation of the NSDP remains a secondary guide in allocating funding. Fiscal allocations against the goals of the NSDP are still reported in the National Sustainable Development Plan chapter.

As the over-riding need for Government to support economic response and recovery lessens, the importance of the National Sustainable Development Agenda 2020+ (NSDA) in prioritising expenditure will increase over the medium-term.

3.2.2 Medium-term Expenditure Ceilings

The Government determined a medium-term expenditure profile, effectively a Government budget ceiling consistent with the fiscal rules and the economic context as at the time of publication, which was released in the MTFs in December 2020.

In determining the recommended expenditure profile for the MTFs, two fiscal space measures are considered in addition to the fiscal rules:

- the structural deficit ceiling approach, which estimates the difference between the structural fiscal balance and nominal fiscal balance, and
- the cyclically adjusted balance method, which accounts for the effects of business cycle fluctuations on revenue and expenditure.

The Government then adopts a budget ceiling that provides a fiscally responsible level of fiscal space, while acknowledging the investment needs of the country.

Table 3-1 shows the expenditure limit and fiscal space, indicating the amount of additional expenditure that the Government may undertake in each year compared to the respective forward estimates set out in the 2020/21 Budget.

Table 3-1 Medium-term Fiscal Strategy Expenditure Ceilings (\$ Million)

\$ million	2021/22	2022/23	2023/24	2024/25
Planned expenditure 2020/21 Budget	205.4	199.4	195.2	196.2
Fiscal Space	0	0	-2.5	-4.0
Total expenditure limit – 2021/22 Budget	205.4	199.4	192.7	192.2

Together with the continued temporary departure from the fiscal rules, the Government will exceed the expenditure ceiling of the MTFs in 2021/22 to provide additional economic stimulus through the Economic Recovery Roadmap (ERR) and new capital investment projects to support a rapid and sustained recovery.

This departure is in line with one of the stated aims of the MTFs, to provide counter-cyclical support to the Cook Islands economy. Discussions are currently taking place with funding partners on the source of funds for projected capital projects, which may affect the expenditure forecasts in the outer years.

The effect of the ERR and the additional capital investments on total Government expenditure is demonstrated in Table 3-2. The 2021/22 HYEPU will include an update to the MTFS based on updated economic data, at which time the expenditure ceilings will be reviewed.

Table 3-2 Effect of Additional Expenditure

\$ million	2021/22	2022/23	2023/24	2024/25
Proposed Expenditure - 2021/22 Budget	233.3	206.4	207.8	205.7
Total expenditure limit – 2021/22 Budget	205.4	199.4	192.7	192.2
Proposed Expenditure versus Expenditure Limit Difference	27.9	7.0	15.1	13.5
Economic Recovery Roadmap	33.5	0.0	0.0	0.0
Capital Proposals	0.0	5.0	15.0	13.9
Excluding Additional Expenditure	199.8	201.4	192.8	191.8

After discounting the additional capital works proposed for 2022/23, there is a residual amount of \$2.0 million in planned expenditure that exceeds the expenditure limit. This is primarily due to the re-phasing of the Pa Enua Marine Infrastructure capital investment programme (Infrastructure Cook Islands), with funding split across 2021/22 and 2022/23, as the works will span across both fiscal periods.

Government has focused on the prioritisation of core services and outputs within the limits of the fiscal space as set in the MTFS published in the 2020/21 HYEPU. This has required Government to transfer funding between agencies and programmes to support necessary expenditure. Funding for new programs has been prioritised against the need for agencies to focus on the delivery of core services to the community, and the need for Government to provide economic support to households and businesses. This has resulted in the deferral of most new initiatives.

The government-wide salary increases will remain on hold until the economic conditions improve and the resulting fiscal balances have stabilised. This decision defers an approximate \$6.0 million cumulative increase in Government expenditure in each forward year.

3.2.3 Reserve Funds

With a view to improving the fiscal resilience of the Cook Islands against economic shocks and natural disasters, and collecting revenues from seabed minerals harvesting for future generations, the Government has established the Stabilisation Account, and intends to establish a second reserve fund under the MTFS.

Stabilisation Account

The Stabilisation Account was created in the 2019/20 Budget using \$56.7 million of the \$106.7 million unencumbered cash as at 1 July 2019.

The Stabilisation Account is designed to hold excess cash. It can be used to make additional debt repayments in periods of strong economic growth, or to cover operational and capital expenditure during periods of economic contraction, defined as growth less than 1 per cent per year.

The account was drawn down to support Government's fiscal capacity during 2020/21 as the triggers for drawdown from the account were met. Fiscal forecasts indicate that Government will operate with fiscal deficits or small fiscal surpluses in the forward years, and as a result, the Stabilisation Account is not expected to be replenished in the near-term.

Sovereign Wealth Fund

The Sovereign Wealth Fund will capture the revenues expected in the future from seabed minerals harvesting with the intention for these funds to be set aside for use by future generations. The fund is being scoped and will be established in concert with the development of the seabed minerals sector.

3.3 Fiscal Rules

The MTFS⁷ aims to smooth Government expenditure over the course of the economic cycle. It sets out the Government's fiscal commitments over the medium-term, including the fiscal rules that the Government aims to achieve, economic forecasts and in turn, the Government's expenditure profile.

The specific objective of the MTFS is to deliver fiscally sustainable budgets.

The Government has committed to four MTFS fiscal rules; performance against each rule is publicly reported:

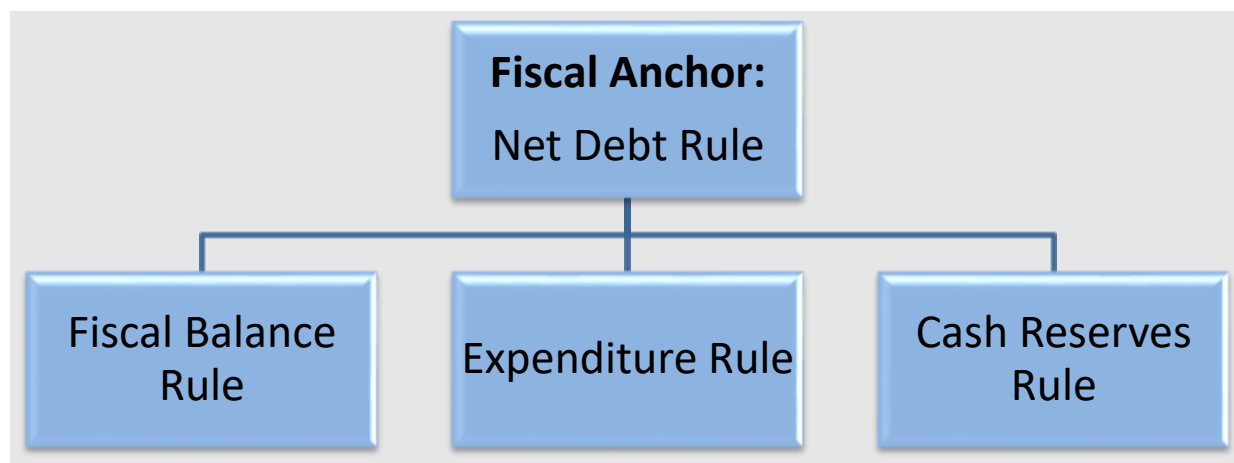
1. **Net Debt Rule:** net debt should not exceed a soft cap of 30 per cent of Gross Domestic Product (GDP), and cannot exceed a hard cap of 35 per cent of GDP.
2. **Fiscal Balance Rule:** the fiscal balance cannot exceed a deficit of 1.9 per cent of nominal GDP.
3. **Expenditure Rule:** budgeted expenditure cannot grow by more than 4 per cent year-on-year.
4. **Cash Reserves Rule:** the equivalent of 3 months of operating expenditure must be held in cash at any one time.

Too many rules can complicate fiscal policymaking and result in overlap and inconsistency of targets. As such, selected rules need to minimise the trade-off between the above criteria.⁸ Based on these criteria, the rule structure set out in Figure 3-2 has been adopted.

The Fiscal Rules are structured around the fiscal anchor which is linked to the objective of the fiscal strategy - fiscal sustainability. This rule guides the development of the three operational rules.

As noted above, the Government will not aim to meet the fiscal rules in the 2021/22 Budget; in order to develop an expenditure profile that responds to the economic downturn, maximising support for households and businesses and stimulus measures to support economic recovery.

Figure 3-2 MTFS rule structure



The Government has also committed to a number of operational MTFS guides:

Personnel ratio – expenditure on personnel less than 40 per cent of total Government revenue.

Requirement to spend cash – no new debt commitments where the Government has sufficient cash to fund the relevant expenditure.

⁷ Available at: http://www.mfem.gov.ck/images/CEO/Medium_term_Fiscal_Strategy_2019_23_-_Copy.pdf.

⁸ IMF, 2018a. Fiscal Policy- How to select fiscal rules: a primer. Fiscal Affairs Department, International Monetary Fund, Washington. March 2018.

Cyclically-adjusted balance – use of the cyclically-adjusted balance as a benchmark when developing the total expenditure ceiling to disconnect spending from cyclical revenues and allowing governments to maintain expenditure during downturns.

Stabilisation Account – cash in excess of four months of operating expenditure at the end of the financial year is transferred to the Stabilisation Account at the beginning of the next year (an additional one month to three months cash reserves are retained as a buffer).

The fiscal rules have been developed using guidance from the IMF.⁹ For an explanation on the development of the Fiscal Rules, including formulae, see the MTFS Technical Paper – *Fiscal Tool 2018: Explanatory note* (Technical Paper), which is available on the MFEM website.¹⁰

Prudency

The Government’s aim in the development of the Fiscal Rules is to ensure fiscal prudency. As such, in determining the rules, rounding has been applied to ensure that prudency is reinforced. For example, in the case of the expenditure ratio, this has been rounded down from 4.3 to 4.0 per cent of GDP.

3.3.1 Exit Clause

The MTFS includes an ‘Exit Clause’ that allows for a temporary departure from the fiscal rules, including periods of severe economic shock, to enable a Government stimulus response to boost the economy. Whilst permitted to temporarily depart from the fiscal rules, Government will continue to measure and publish performance against the rules in the annual Budget releases.

The Government agrees to abide by the fiscal anchor and operational rules at all times, with two exceptions. The Government may breach these rules only in the event of a natural disaster (and subsequent calling of a state of emergency), or a severe economic shock (defined as real economic growth of negative 2 per cent or less).

The economic shock resulting from COVID-19, with GDP falling by 5.2 per cent in 2019/20 in real terms, and expected to fall by a further 22.9 per cent in 2020/21, has triggered the continued temporary departure from the fiscal rules. While 2021/22 is expected to see growth in real GDP of almost 6.9 per cent, this still leaves GDP at a level that is 17.6 per cent lower than the 2019/20 level – itself being pandemic-affected.

This continued departure enables Government to utilise debt funding to strengthen its response to the economic crisis, necessary for the implementation of the ERR and economic stimulus measures.

Adherence to the fiscal rules will be reinstated when the scope and scale of the economic recovery allows, with the current estimated timing of return to each rule explained below. These forecasts will continue to be updated as the economic situation continues to stabilise.

3.3.2 Forecast Performance against the fiscal rules

While it is Government’s strong preference to adhere to the fiscal anchor, this rule was breached to take on the loans required in 2020/21, in conjunction with the significant drop in GDP. Further debt funding support required for 2021/22 will result in an extension to the breach of the 35.0 per cent hard cap on Net Debt to GDP.

The debt profile indicates that net debt will fall within the hard-cap in 2024/25 and the soft cap in 2025/26. However, filling the financing gap will likely require additional debt funding, which would restricts Government’s ability to adhere to the net debt rule in the timeframe currently outlined. A

⁹ IMF, 2018b. Fiscal policy: How to calibrate fiscal rules – A Primer. Fiscal Affairs Department, International Monetary Fund, Washington D.C., March 2018.

¹⁰ <http://www.mfem.gov.ck/economic-planning>

stronger economic recovery will result in increased taxation revenues, reducing the financing gap, and hastening the reduction in the Net Debt ratio.

Forecasts indicate that the fiscal deficit rule will be met in 2024/25 with a deficit of 0.8 per cent; however, this rule is exposed to movements in government revenues and expenditure decisions.

The fall in GDP requires Government to take measures to support the economy through 2021/22 as the recovery begins, thus while expenditure will decline from the peak of 2020/21 it will remain above 40 per cent of potential GDP, which is the foundation of the expenditure growth rule.¹¹

Relative to 2020/21 total expenditure, the expenditure rule is anticipated to be met in the 2021/22 fiscal year, with expenditure of \$237.4 million.

The cash reserves rule is not expected to be met over the medium-term, assuming full expenditure of each appropriation. With fiscal surpluses expected from 2025/26, Government's cash reserves are expected to begin accumulating again in the same year.

3.3.2.1 MTFS Net Debt Rule

The Net Debt rule states, "net debt should not exceed a soft cap of 30 per cent of GDP, and cannot exceed a hard cap of 35 per cent of GDP". Net debt to GDP measures net debt relative to national income, and is intended to control the overall level of debt taken on by Government, including state-owned enterprises.

The updated GDP forecast for 2021/22 of \$431.3 million results in the soft cap on borrowing increasing to \$129.4 million, and the hard cap increasing to \$151.0 million. As GDP recovers over the forward years to the forecast estimate of \$555.5 million (nominal) in 2024/25, the prudential debt caps increase proportionally to a soft cap of \$166.6 million and hard cap of \$194.4 million.

Fiscal forecasts indicate total net debt of \$211.1 million or 48.9 per cent of GDP at the end of 2021/22. Government debt is forecast to decrease from this level to \$202.9 million (41.2 per cent) in 2022/23 and to \$168.5 million by 2024/25, just outside the soft debt cap at 30.3 per cent. Debt ratio forecasts are shown in Figure 3-3, and the relationship between GDP and the debt caps is shown in Figure 3-4.

Government is in discussions with funding partners to support a number of capital investment projects, potentially to commence from 2022/23 and 2023/24. These projects are included in the capital schedule but are not included in the debt forecasts, as lending terms have not been agreed. As such, these projects contribute to the financing gap reported in the Crown Debt and Net Worth chapter. If these loans proceed, debt levels will increase whilst stimulating economic recovery and increasing GDP. As a result, forecasts of the net debt in the forward years become uncertain.

The net debt ratio should not be considered in isolation. Any proposal to take on additional borrowing will be looked at in the context of the whole of the Government Budget, the Crown's ability to pay annual debt servicing, and international best practice. The latter aspect includes prudential requirements set by the Crown's lenders. Proposals to take on new loans must be assessed under transparent processes as required by the MFEM Act 1995/96 and the Loan Repayment Fund Act 2014.

Refer to the Crown Debt and Net Worth chapter for further explanation of the Government's debt position.

¹¹When considering the fiscal rules, 2020/21 is not considered, as with the ERP, the level of expenditure is not representative.

Figure 3-3 Net debt projections

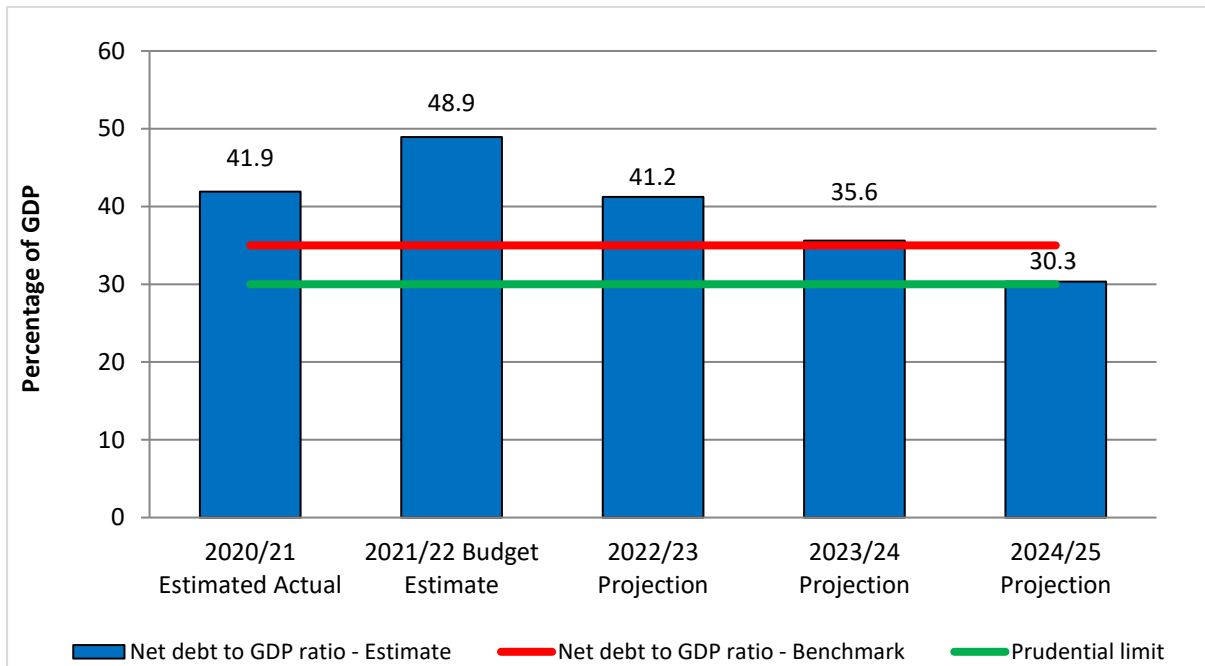
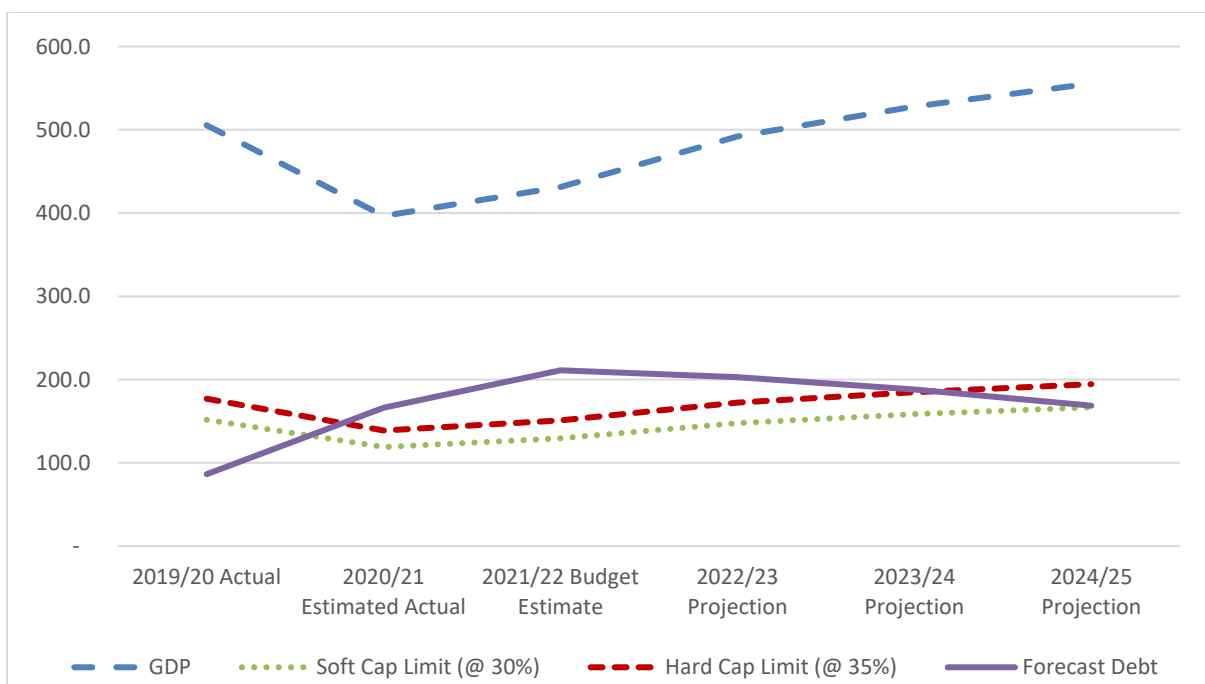


Figure 3-4 GDP and Debt Ceiling Relationships (\$millions)



3.3.2.2 MTFS Fiscal Balance Rule

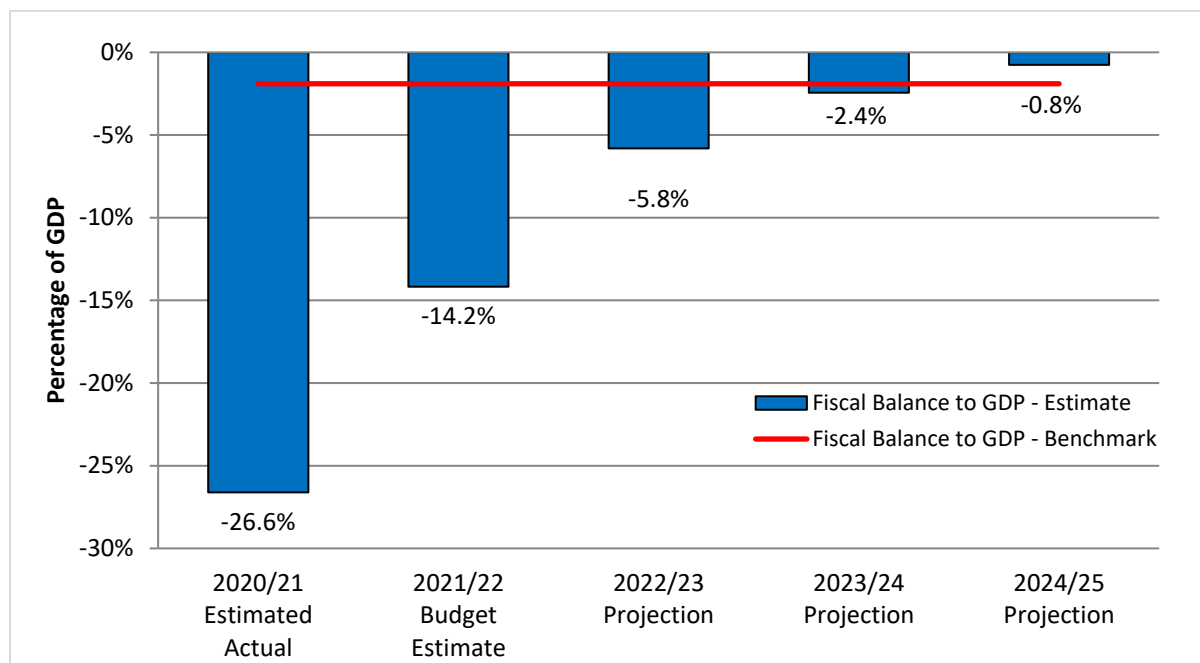
The fiscal balance rule states, “the fiscal balance cannot exceed a deficit of 1.9 per cent of GDP in any one year”.

The fiscal balance is the net operating balance less net capital expenditure (i.e. capital expenditure less depreciation), in effect total revenue less total expenditure. Where the fiscal balance is in deficit, it must be met through debt or drawdown of reserve funds as expenditure exceeds revenue. This rule sets a limit on the fiscal balance by constraining overall expenditure in each year to maintain debt sustainability.

With expenditure for 2021/22 estimated at \$237.4 million, a decrease from \$272.3 million in 2020/21, and GDP forecast to improve to \$431.3 million, the fiscal balance ratio is estimated to improve to a deficit of 14.2 per cent. The expenditure planned through the ERR increases the deficit by approximately 8.2 per cent of GDP.

The fiscal balance improves across the medium-term to a fiscal deficit of 0.8 per cent in 2024/25 with the prospect of achieving a modest fiscal surplus in 2025/26.

Figure 3-5 Fiscal balance projections



3.3.2.3 MTFS Expenditure Rule

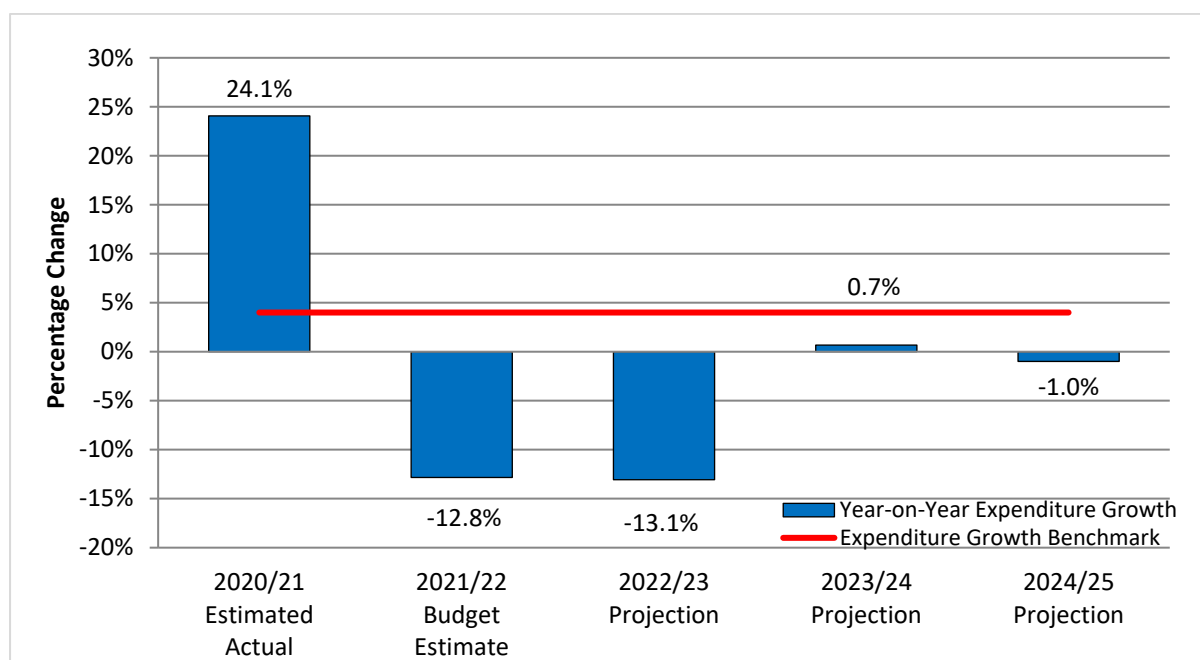
The expenditure rule states that the “growth of total Cook Islands Government expenditure cannot exceed four per cent year-on-year”.

The expenditure rule controls Government expenditure (operating and capital) by limiting year-on-year growth to a maximum increase of four per cent. This rule operates on a counter-cyclical basis to limit increases in Government expenditure when revenues are growing rapidly. In conjunction with the cash reserves rule, any additional funding is transferred to reserve accounts such as the Stabilisation Account.

As shown in Figure 3-6, total planned expenditure is expected to decrease by 12.8 per cent in 2021/22, before falling a further 13.1 per cent in 2022/23. The reduction in expenditure is attributable to the completion of the ERP and transition to the ERR, budgeted at \$33.5 million. The expenditure for the ERR results in the expenditure growth decreasing by 11.3 per cent less than it otherwise would, at 12.8 per cent instead of 25.1 per cent in 2021/22.

Note that the expenditure rule forecasts assume full expenditure of the appropriation in each budget. Actual expenditure typically falls short of the total amount appropriated for various reasons.

Figure 3-6 Expenditure growth projections



3.3.2.4 MTFS Cash Reserves Rule

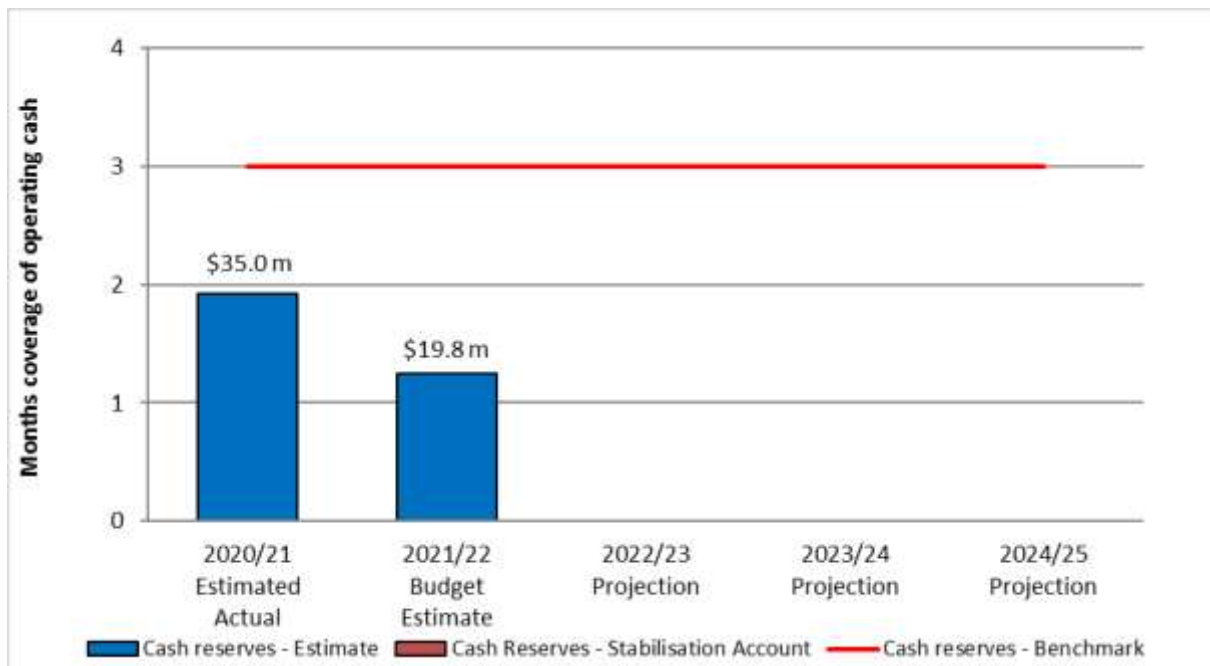
For prudential reasons, the Government requires a level of cash reserves to be on hand at all times, to act as a buffer in case of a liquidity shortage resulting from an economic shock or natural disaster. For example, if a large cyclone were to affect Rarotonga, and cause a halt to tax collections, the Government would require a level of cash held in reserve to cover operations.

A prudent level of cash reserves is considered to be three months of operating expenditure, either available as cash or liquid investments. In 2020/21, the monthly cash expenditure is estimated at \$18.3 million per month, inclusive of the ERP. This falls to \$15.9 million in 2021/22, inclusive of the ERR, before falling to \$13.3 million in the outer years.

Factoring in the further debt drawdown currently planned in 2021/22 and the expected receipt of budget support funding from New Zealand of \$30.0 million, and a gradual improvement in taxation revenues associated with the economic recovery, a cash reserve of \$19.8 million is estimated at 30 June 2022.

Further debt drawdowns are expected over the medium-term to offset financing gaps until fiscal surpluses are achieved, which based on the present forecasts is indicated for 2025/26.

Figure 3-7 Cash reserves projections



3.4 MTF5 Economic and Fiscal Forecasts

3.4.1 Economic Forecast

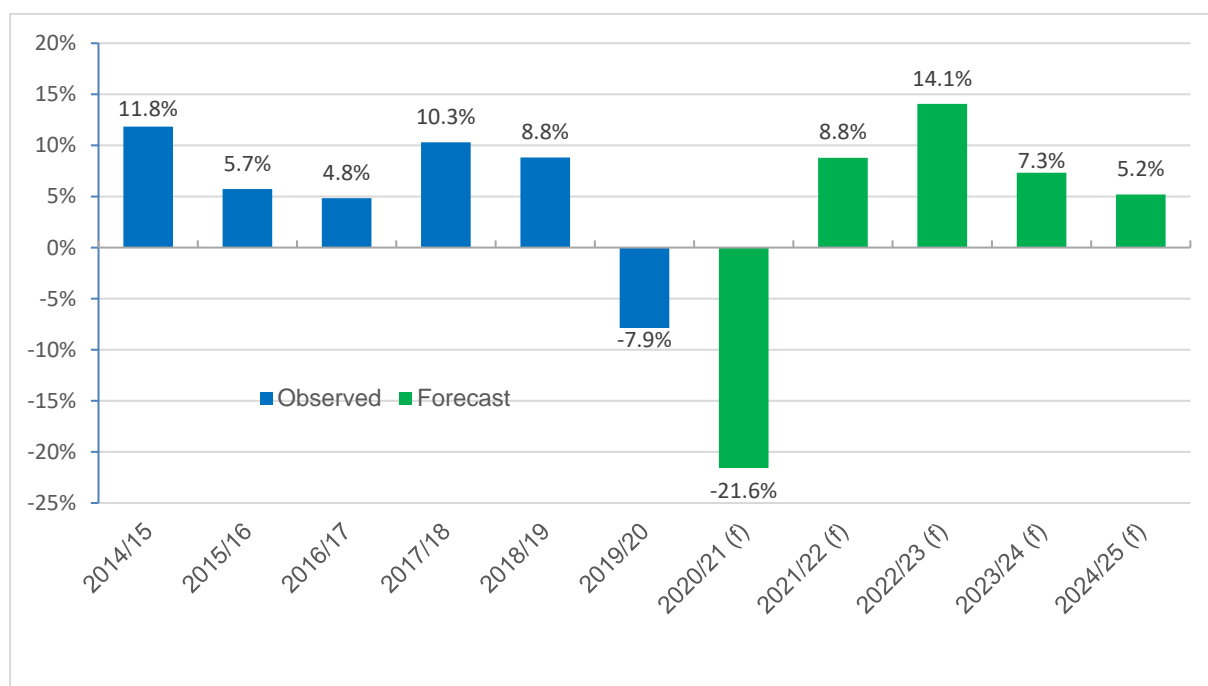
The effects of the pandemic is estimated to have had the greatest impact on the Cook Islands’ economy in 2020/21, with a forecast decline of 22.9 per cent in real GDP. This follows an estimated decline of 5.9 per cent in 2019/20 when the pandemic first affected the country, halting tourism and affecting both retail and accommodation-oriented business.

It is estimated that the weakened activity will have a negative impact on the level of ‘potential’ or trend GDP¹² due to a decline in the working age population and labour force resulting from departures to New Zealand, while other economic fundamentals have remained relatively unchanged. This results in a negative output gap opening up, as actual activity is below the potential of the economy. Further closures to the border for any extended length of time will also affect this estimate given the length of time that businesses have no income, further weakening the country’s ability to rebound.

The economic recovery from the downturn is expected to take several years, with growth expected to commence in 2021/22 at 8.8 per cent from a reduced base (in nominal terms), with travel having resumed between the Cook Islands and New Zealand. This growth is expected to continue at 14.1 per cent in 2022/23 before slowing to growth rates of 7.3 per cent in 2023/24 and 5.2 per cent in 2024/25.

¹² Potential GDP is defined as the level of GDP above which supply constraints begin to bind and create inflationary pressures

Figure 3-8 Forecast Nominal GDP growth



3.5 Assumptions underlying economic and fiscal projections

Various assumptions have been made to forecast the Cook Islands economic outlook and the Government’s fiscal performance and position in the outer years.

3.5.1 Economic assumptions

The Cook Islands Statistics Office publishes current and real price (2016 base year) estimates of GDP on a quarterly basis, using the production approach. GDP estimates are disaggregated by major industry classifications, including institutional sectors. The latest data from the Statistics Office relates to the December quarter 2020.

The Government has relied on an econometric time series model to forecast GDP with adjustments to reflect the unprecedented nature of COVID-19, generating forecasts for the period from 2021/22 to 2024/25.

3.5.1.1 Gross Domestic Product production model

A time series ARIMA modelling approach was used to forecast GDP in real terms.¹³ A combination forecasting method has been adopted, utilising a range of quarterly time series models, both multivariate and univariate. Nominal forecasts are then derived by applying an implicit GDP price deflator, derived using time series forecasts over the forward period. For more information on the time series model, see *Cook Islands time series economic forecasting model: Working Paper No. 18/1*, available on the MFEM website.¹⁴

The GDP forecasts assume historical trends in Government expenditure, rather than current policy commitments.

¹³ The autoregressive integrated moving average (ARIMA) procedure is a time series technique designed to model the lagged relationships in serially correlated data. The ARIMA procedure models a time series event as a linear function of its past values, past errors and current and past values and errors of other time series (in a multivariate ARIMA model).

¹⁴ Available at: <http://www.mfem.gov.ck/economics>.

These models have been augmented by adjustments to reflect the reality of the ongoing COVID-19 pandemic. The aggregate and component outputs of the GDP model are presented in Chapter 5.

3.5.1.2 Data

The key data sets used for the model are:

- Real and nominal GDP – quarterly data to December 2020;
- Trade, imports and exports – monthly data to February 2021;
- CPI – quarterly index data to December 2020;
- International arrivals – Customs and Immigration monthly data to March 2021;
- Building approvals – quarterly data to December 2020;

3.5.1.3 Key economic indicator assumptions

Nominal GDP is expected to grow by:

- -21.6 per cent in 2020/21.
- 8.8 per cent in 2021/22.
- 14.1 per cent in 2022/23.
- 7.3 per cent in 2023/24.
- 5.2 per cent in 2024/25.

Growth in prices, measured through movements in the CPI, and forecast using an econometric time series approach, is expected as follows:

- 1.2 per cent in 2020/21.
- 1.0 per cent in 2021/22.
- 1.0 per cent in 2022/23.
- 1.0 per cent in 2023/24.
- 1.0 per cent in 2024/25.

Refer to the Economic Update chapter for further detail on the above data.

3.5.2 Fiscal assumptions

The Government's expected fiscal performance over the forward period are based on the following assumptions:

- operating revenues are forecast on the basis of recent trends in economic activity, the economic forecasts set out in Chapter 5, and one-off considerations, namely COVID-19 and its impact on incomes;
- operating expenditure movements reflect current Government policy commitments; and
- the level of Government borrowing is based on exchange rates from Consensus Economics forecasts.

3.6 Fiscal risks

The IMF defines fiscal risks as 'deviations of fiscal outcomes from what was expected at the time of the budget'. The IMF lists a number of sources of fiscal risk, including:

- shocks to macroeconomic variables, such as economic growth, commodity prices, interest rates, or exchange rates; and
- calls on contingent liabilities, obligations triggered by an uncertain event, including:
- explicit liabilities – those defined by law or contract, such as debt guarantees; and

- implicit liabilities – moral or expected obligations for the Government, based on public expectations or pressures, such as bailouts of banks or public sector entities.¹⁵

The Government subscribes to the IMF’s Public Expenditure and Financial Accountability (PEFA) program, which provides a framework for strengthening public financial management systems using a range of quantitative indicators to measure performance.¹⁶

PEFA indicator 10 requires Governments to monitor and report on the fiscal risks associated with:

- contingent liabilities and other general fiscal risks;
- public corporations – state-owned enterprises in the Cook Islands context; and
- sub-national Governments – Island Governments of the Pa Enea.

3.6.1 Risk Categories

There are a number of risks over the forward budget period that could affect the macroeconomic forecasts that underpin the Government’s forward fiscal position. These are considered below, in no particular order.

3.6.1.1 Global economic risks

The largest risk to the economic forecasts is the introduction, and uncontrollable outbreak of, COVID-19 in the Cook Islands, presenting a risk to both the health and economic prosperity of the country. Falling close to second is the re-emergence of COVID-19 within the communities of key trading partners, in particular New Zealand – which would necessitate borders being closed again to protect the Cook Islands. These risks are shared by many nations in the region, and as ‘travel bubbles’ begin to operate; this is the key risk to reverting to a situation without visitors.

A further source of risk is associated with the planned winding down of the ERP as visitor numbers increase and the economy begins to recover. For some businesses, this may pose some challenges, and government is monitoring the situation to determine the most appropriate course of action.

Finally, exchange rate variations are a further source of risk due to the potential impact on the Cook Islands debt portfolio with a number of loans denominated in US dollars and other international currencies. The IMF notes that the impact of an exchange rate depreciation is immediate, and can be especially strong when a large share of the debt is in foreign currency. The potential impact of exchange rate movements on the Cook Islands debt position is assessed below.

3.6.1.2 Natural disasters

The IMF cites evidence that direct economic losses from natural disasters have often exceeded 10 percentage points of GDP in developing countries and amounted to a few percentage points of GDP in some advanced countries.

The Cook Island has a high exposure to disaster risk due to its geographic location in the South Pacific cyclone belt, the remoteness and low-lying nature of many of the outer islands, and the proximity of many buildings and infrastructure services to the coast, especially on Rarotonga. In addition, the heavy reliance on revenues from the tourism sector makes the economy vulnerable to the impact of disasters.

¹⁵ IMF (2009), *Fiscal risks: sources, disclosure, and management*. IMF Fiscal Affairs Department. See: <https://www.imf.org/external/pubs/ft/dp/2009/dp0901.pdf>.

¹⁶ See: <https://pefa.org/>. The Cook Islands Government was assessed in October 2015. The results of an assessment completed in 2021 are not available at the time of publication.

A destructive weather event, such as a cyclone, would have a significant impact on the outlook for Cook Islands economy, and severely affect the fiscal position. The Asian Development Bank (ADB), in its 2016 report on a loan proposal for the Cook Islands Disaster Resilience Program, notes that the Cook Islands has periodically experienced major cyclones that have caused substantial economic damage and loss of life (see Table 3-3)¹⁷.

Table 3-3 Significant cyclones in the Cook Islands

Year	Name	Category	Estimated losses (\$m)	Estimated losses (% of GDP)
1987	Sally	2	24.6	51.6
1997	Martin	3	7.5	7.6
2005	Meena	4	10.0*	5.5
	Nancy	4		
	Olaf	5		
	Percy	5		
2010	Pat	2	7.8	3.2

* Combined estimated losses for all four cyclones in 2005.

To mitigate the economic risk posed by natural disasters, the Government has put in place a range of structures to reduce its financial exposure to disaster risk, including:

- establishing a disaster emergency trust fund in 2017;
- taking out insurance coverage under the Pacific Catastrophe Risk Assessment and Financing Initiative for cyclones, with a 1-in-10-year probability of occurrence with pay-out based on the assessed severity of a specific cyclone; and
- arranging a Disaster Recovery Mechanism loan from the ADB of \$30.3 million, which will only be triggered and drawn down in the event of a catastrophe. This fund is being drawn down to respond to the current COVID-19 economic shock.

3.6.1.3 Contingent liabilities

The Government's contingent liabilities are summarised in Table 3-4.

Table 3-4 Quantifiable contingent liabilities

Category	\$'000
Guarantees and indemnities	50
Uncalled capital	2,500
Legal proceedings and disputes	8,800
Land Compensation	550
Vested interests	14,900
Total	26,800

Guarantees and indemnities

In 2011/12, Government entered into a program under the New Zealand Aid programme focused on Pearl Sector Support. The Cook Islands Pearl Authority managed this programme prior to the Authority's cessation and its functions were shifted to the Ministry of Marine Resources.

Through the program, Government agreed to guarantee up to \$0.5 million as security for loans associated with the Pearl Production Credit Scheme.

¹⁷ ADB (2016). Report and Recommendation of the President to the Board of Directors: Proposed Policy-Based Loan Cook Islands: Disaster Resilience Program, Project Number: 50212-001. November 2016.

The loan program has since discontinued however, there is outstanding debt on the loan scheme of approximately \$50,000. The residual amount guaranteed has been included as a contingent liability.

Uncalled capital

Through the Cook Islands Property Corporation, Government holds \$1.9 million in uncalled shares with the Asian Development Bank (ADB). This takes the form of 88 uncalled shares with a par value of USD 13,500 each.

In addition, the Government is a member of the Asian Infrastructure Investment Bank (AIIB) since 1 June 2020 and holds \$0.6 million in uncalled shares. This takes the form of four uncalled shares with a par value of USD 100,000 each.

Legal proceedings and disputes

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

Financial liabilities relating to Island Governments

The Ministry of Finance and Economic Management (MFEM) has not approved any contract or security from the Island Governments that could result in a potential liability.

There is no preferential treatment of public liability or other liability for the Island Governments and the risk of the Island Governments generating such liabilities is low. No mitigation has been undertaken to minimise the risk any more than for other Government agencies based in Rarotonga.

Unpaid invoices are a potential risk that could be difficult to mitigate without tighter financial controls than those imposed through the Cook Islands Financial Policies and Procedures Manual, the MFEM Act 1995/96 and the Public Expenditure Review Committee and Audit (PERA) Act 1995/96. MFEM is in the process of implementing a Financial Management and Information System (FMIS), which will improve the process of invoice payments and recording keeping however, manual elements inherent to the billing process means that this risk cannot be completely mitigated.

Land Compensation

Compensation shall be set aside for Government projects that utilise private land used in Te Mato Vai – related water infrastructure projects. The compensation is contingent on agreement and legal resolution.

Vested Interests

The International Companies Act 1981-82 states that all monies realised from the International Company assets vesting in the Registrar must be lodged to the Public Account. There remains a claimable period of six years, post the International Company de-registration for owners of vested assets to place a claim on the funds owed to them. The total contingent liability for vested interests consists of the following tranches:

Table 3-5 Vested Interest Contingent Liability Expiry Schedule

Tranche	Expiry Date	Value (\$'000)
1	30/10/2021	103
2	20/12/2024	6,500
3	31/10/2026	8,264
4	31/10/2026	
Total		14,867

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

State-owned enterprises

The Cook Islands Government has a number of State-owned Enterprises (SOEs) under the management of the Cook Islands Investment Corporation (CIIC). They are:

- Airport Authority of the Cook Islands,
- Bank of the Cook Islands,
- the Cook Islands Ports Authority,
- Te Aponga Uira (electricity utility in Rarotonga),
- Te Mana Uira (electricity utility in Aitutaki),
- To Tatou Vai Limited (water and sanitation), and
- Avaroa Cable Limited (Manatua cable project).

The key risks associated with SOEs are poor financial performance, and/ or excessive borrowing that can result in Government having to guarantee or potentially restructure the SOEs debt, often at substantial budgetary cost. Poor performance can result from a range of factors including:

- exogenous shocks (unexpected or unpredictable events outside the country's control that can severely impact the economy) – for example, earthquake or tsunami;
- lack of incentive to be competitive compared to a private sector enterprise that would go bankrupt as result of protracted poor performance; and
- Government requirements to undertake community obligations.

The Cook Islands Government has put in place a range of measures to mitigate against SOE fiscal risk. These include:

- placing all SOEs under the CIIC umbrella, with one of its principal objectives being the efficient, profitable and professional management of SOEs;
- ensuring that SOE debt falls under the broader Government debt ceiling target and new debts undergo a Debt Sustainability Analysis prior to approval, as required by the Loan Repayment Fund (LRF) Act 2014; and
- providing for a portion of SOE debt repayments in the Loan Reserve Fund.

3.6.2 Assessing the impact of fiscal and macroeconomic shocks

3.6.2.1 Introduction

The Cook Islands Government has developed an analytical fiscal tool – the *Cook Islands Fiscal Tool 2018* – to first calibrate and operationalise the new set of fiscal rules that form the core of the MTFS.

The fiscal tool, which is described in detail in a Technical Paper published on the MFEM website, comprises a number of interrelated elements:¹⁸

- the Calibration Model;
- the Fiscal & Macro Impact Model:
 - fiscal and macro shocks;
 - fiscal multiplier model; and
 - tax impact.

The operational part of the fiscal tool – the Fiscal & Macro Impact Model – models the interactions between fiscal policy decisions and economic output, and the fiscal impact of economic shocks, within the framework of the revised set of fiscal rules. This is accomplished by running fiscal and macroeconomic shocks through a simple version of the Cook Islands Government accounting framework using fiscal multipliers and tax impact models.

¹⁸ See: http://www.mfem.gov.ck/images/CEO/MTFS_Technical_paper_Fiscal_Tool_2018.pdf.

The model provides for three types of shock:

- Fiscal – change in operating expenditure, capital expenditure and/ or revenue;
- GDP – models the impact of a direct change in GDP;
- Arrivals – models the impact of a change in the number of international visitors to the Cook Islands.

The Cook Islands Government also conducts sensitivity analysis on movements in the value of the New Zealand dollar against major trading currencies to assess the impact on gross debt and debt servicing requirements.

The following sections show the potential impact of a selected range of fiscal and macroeconomic shocks on the 2021/22 Budget profile using the Fiscal Tool, and the impact of exchange rate fluctuations on Crown debt.

3.6.2.2 Fiscal shocks

Fiscal shocks or alternatively Government fiscal policy decisions are evaluated in terms of their direct impact on fiscal indicators these are the first order impacts and their second order impacts, which occur via changes in GDP that flow through to tax revenues. The first order impacts are simply one for one changes in the baseline operating expenditure, capital expenditure or tax revenue as relevant. The second order impacts are estimated using fiscal multipliers and a simple linear tax impact model.

Revenue shock

Two revenue shocks are applied, low and high, increasing and decreasing the forecasts by a simultaneous amount. These shocks are applied to the base case as presented above, which has already factored in the expected impacts of COVID-19.

The low revenue case shows revenues falling by 10 to 20 per cent per year over the modelling period, is presented in Table 3-6. The fiscal balance breaches the 1.9 per cent of GDP rule by a significant amount in all years. While the base case almost sees a return to the fiscal rules in 2023/24, this does not occur over the four years once the shock is applied.

Table 3-6 Low revenue shock

		2021/22	2022/23	2023/24	2024/25
Change in OpEx (\$m)		0	0	0	0
Change in capex (\$m)		0	0	0	0
Change in Tax Revenue (\$m)		-13.3	-20.2	-27.8	-32.9
Fiscal balance (% of GDP)	Base	-18.5	-5.4	-2.4	-0.7
	Shock	-21.6	-9.5	-7.6	-6.6

The high revenue case, with revenues higher by 10 to 20 per cent per year over the modelling period, is presented in Table 3-7. The key result is a strengthening of the fiscal balance, now complying with the fiscal balance rule in all years from 2022/23 onward.

Table 3-7 High revenue shock

		2021/22	2022/23	2023/24	2024/25
Change in OpEx (\$m)		0	0	0	0
Change in capex (\$m)		0	0	0	0
Change in tax revenue (\$m)		13.3	20.2	27.8	32.9
Fiscal balance (% of GDP)	Base	-18.5	-5.4	-2.4	-0.7
	Shock	-15.5	-1.3	2.9	5.2

Operating shock

A higher than expected operating expenditure shock is applied, assuming a 10 per cent increase above the estimates over the forward period. The impact of the additional expenditure over the modelling period is presented in Table 3-8. The fiscal balance breaches the -1.9 per cent of GDP rule in all four years. However, there is a positive impact on GDP of about 4.4 per cent or \$24.5 million by 2024/25.

Table 3-8 High OpEx shock

		2021/22	2022/23	2023/24	2024/25
Change in OpEx (\$m)		19	17	17	17
Change in capex (\$m)		0	0	0	0
Change in tax revenue (\$m)		0.3	1.7	3.6	4.5
Fiscal balance (% of GDP)	Base	-18.5	-5.4	-2.4	-0.7
	Shock	-22.8	-8.4	-4.9	-2.9
Change in nominal GDP	%	0.5	2.0	3.4	4.4
	\$m	2.4	10.0	18.1	24.5

Capital Shock

A lower than expected capital expenditure shock is applied, assuming a 20 per cent reduction in the estimates over the forward period.

The impact of the reduced expenditure over the modelling period is presented in Table 3-9. The negative impact on GDP of about \$21.6 million by 2024/25 has a flow-on effect on revenue of about \$4.0 million. The net effect on the fiscal balance is slightly positive, with the capital expenditure reduction outweighing the fall in revenue.

Table 3-9 Low Capex shock

		2021/22	2022/23	2023/24	2024/25
Change in OpEx (\$m)		0	0	0	0
Change in capex (\$m)		-6	-6	-7	-7
Change in tax revenue (\$m)		-0.4	-1.6	-3.1	-3.9
Fiscal balance (% of GDP)	Base	-18.5	-5.4	-2.4	-0.7
	Shock	-17.2	-4.5	-1.8	-0.2
Change in nominal GDP	%	-0.6	-1.9	-3.0	-3.8
	\$m	-2.5	-9.2	-15.9	-21.1

GDP shock

A low GDP shock is applied, assuming a 5 per cent decrease on the forecast for each year of the forward period. The impact of a drop in GDP is presented in Table 3-10. Tax revenue falls by up to \$14.0 million in 2024/25, causing the fiscal balance to breach the -1.9 per cent of GDP rule in all years. The GDP impact in 2023/24 is minus 7.3 per cent, or a reduction of \$40.6 million.

Table 3-10 Low GDP shock

		2021/22	2022/23	2023/24	2024/25
Change in OpEx (\$m)		0	0	0	0
Change in capex (\$m)		0	0	0	0
Change in tax revenue (\$m)		-6.8	-9.8	-12.8	-14.0
Fiscal balance (% of GDP)	Base	-18.5	-5.4	-2.4	-0.7
	Shock	-21.1	-7.9	-5.2	-3.5
Change in nominal GDP	%	-4.6	-6.0	-7.0	-7.3
	\$m	-19.8	-29.5	-37.2	-40.6

Arrivals shock

A low international visitor arrivals shock is applied, assuming a 5 per cent decrease on the forecast for each year of the forward period. The impact of the reduction in arrivals is presented in Table 3-11. Tax revenue falls by \$10.5 million per year by 2024/25, which reduces the fiscal balance enough to breach the fiscal balance rule, i.e. a further drop greater than 1.9 per cent, in all of the forecast years in the latter two forecast years. The impact on GDP is substantial, with a reduction of 5.2 per cent in 2024/25.

Table 3-11 Low arrivals shock

		2021/22	2022/23	2023/24	2024/25
Change in OpEx (\$m)		0	0	0	0
Change in capex (\$m)		0	0	0	0
Change in tax revenue (\$m)		-5.3	-7.4	-9.7	-10.5
Fiscal balance (% of GDP)	Base	-18.5	-5.4	-2.4	-0.7
	Shock	-20.2	-7.2	-4.5	-2.8
Change in nominal GDP	%	-2.2	-3.8	-4.8	-5.2
	\$m	-9.6	-18.7	-25.6	-28.9

3.7 Medium-term National Priorities

As explained in the Medium-term Fiscal Strategy above, the requirement to respond to the economic shock of COVID-19 has necessitated the temporary departure from the prioritisation of the NSDP into the allocation of the expenditure ceilings to each Government agency. Whilst the NSDP remains a secondary guide in the allocation of funding, measures to support the economic response, and moving into economic recovery, have superseded the NSDP.

As the over-riding need for Government to support the economic response and recovery lessens, the prioritisation weight of the National Sustainable Development Agenda 2020+ (NSDA) will increase over the medium-term.

Fiscal allocations against the goals of the NSDP is still reported in Chapter 12 (National Sustainable Development Plan), and are summarised below in Table 3-12.

Table 3-12 Summary of expenditure by NSDP Goal (\$'000)

Goal	NSDP	2021/22	2022/23	2023/24	2024/25	Total	% 2021/22	% Total
1	Welfare & Equity	27,381	27,564	27,161	26,862	108,967	12.1%	13.5%
2	Economic Opportunity	49,600	19,905	19,925	19,925	109,357	22.0%	13.5%
3	Waste Management	1,430	1,230	1,230	1,230	5,121	0.6%	0.6%
4	Water & Sanitation	9,600	6,600	14,000	13,200	43,400	4.3%	5.4%
5	Infrastructure & ICT	26,899	27,747	22,107	22,357	99,109	11.9%	12.2%
6	Transport & Energy	6,963	16,149	14,451	12,726	50,290	3.1%	6.2%
7	Health	25,209	20,809	20,809	20,809	87,636	11.2%	10.8%
8	Education	20,377	20,553	20,413	20,353	81,694	9.0%	10.1%
9	Gender & Vulnerable	977	977	977	987	3,918	0.4%	0.5%
10	Agriculture & Food Security	2,309	2,310	2,310	2,310	9,239	1.0%	1.1%
11	Environment & Biodiversity	1,594	1,594	1,594	1,594	6,376	0.7%	0.8%
12	Ocean Lagoon and Marine Resources	3,374	3,309	3,094	3,094	12,873	1.5%	1.6%
13	Resilience and Climate Change	1,009	999	2,996	3,496	8,500	0.4%	1.0%
14	Culture	1,668	1,668	1,798	1,798	6,932	0.7%	0.9%
15	Population	1,607	1,307	1,307	1,307	5,529	0.7%	0.7%
16	Good Governance, Law & Order	45,758	41,611	41,439	41,889	170,696	20.3%	21.1%
	Grand Total	225,756	194,332	195,612	193,937	809,637	100.0%	100.0%

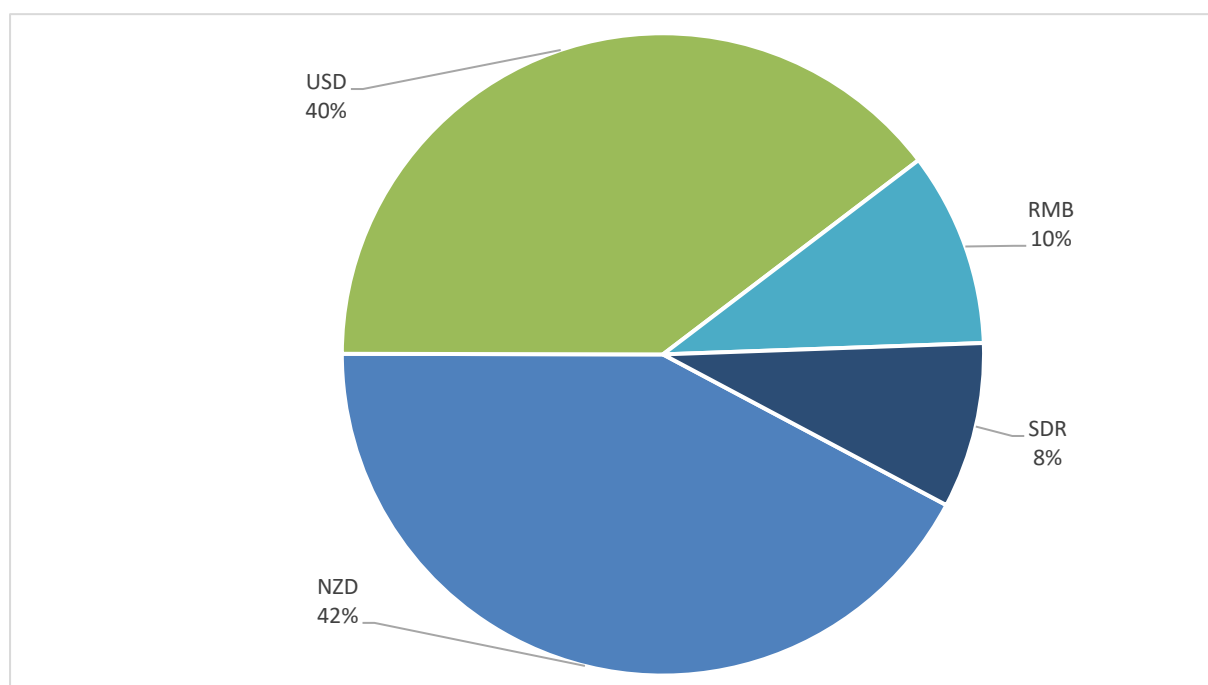
3.8 Crown Debt Sensitivity Analysis

Table 3-13 Base Exchange rates assumptions with +/- 10 per cent

Foreign Exchange Currency	-10%	Budget base rate	+10%
EUR	0.5396	0.5995	0.6595
USD	0.6458	0.7176	0.7894
RMB	4.2012	4.6681	5.1349
SDR	0.4511	0.5012	0.5513

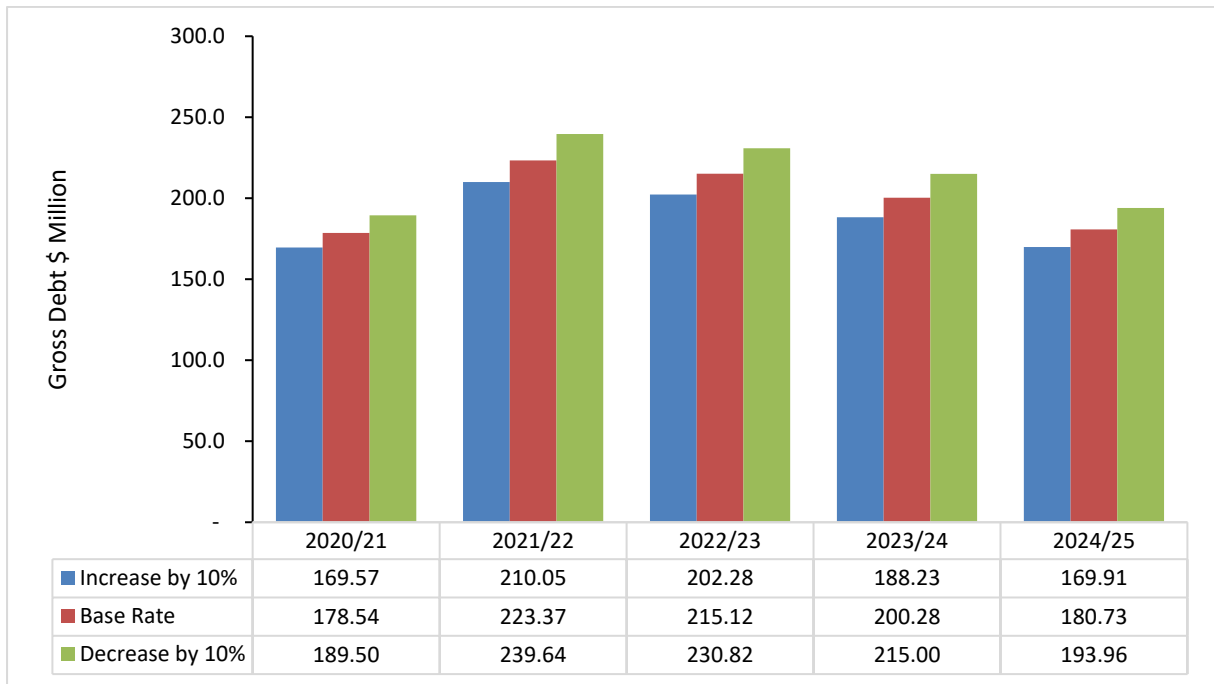
Managing the Crown’s exposure to foreign exchange risks remains a priority for Government as 58 per cent of gross debt is held in foreign currency and 48 per cent of the total loans in USD (including the SDR loans), and 10 per cent repaid in Renminbi (RMB). MFEM is managing the risk to the USD movements by holding USD bank accounts within the LRF to match the USD repayments, effectively creating a natural currency hedging process.

Figure 3-9 Currency breakdown of Cook Islands Borrowings



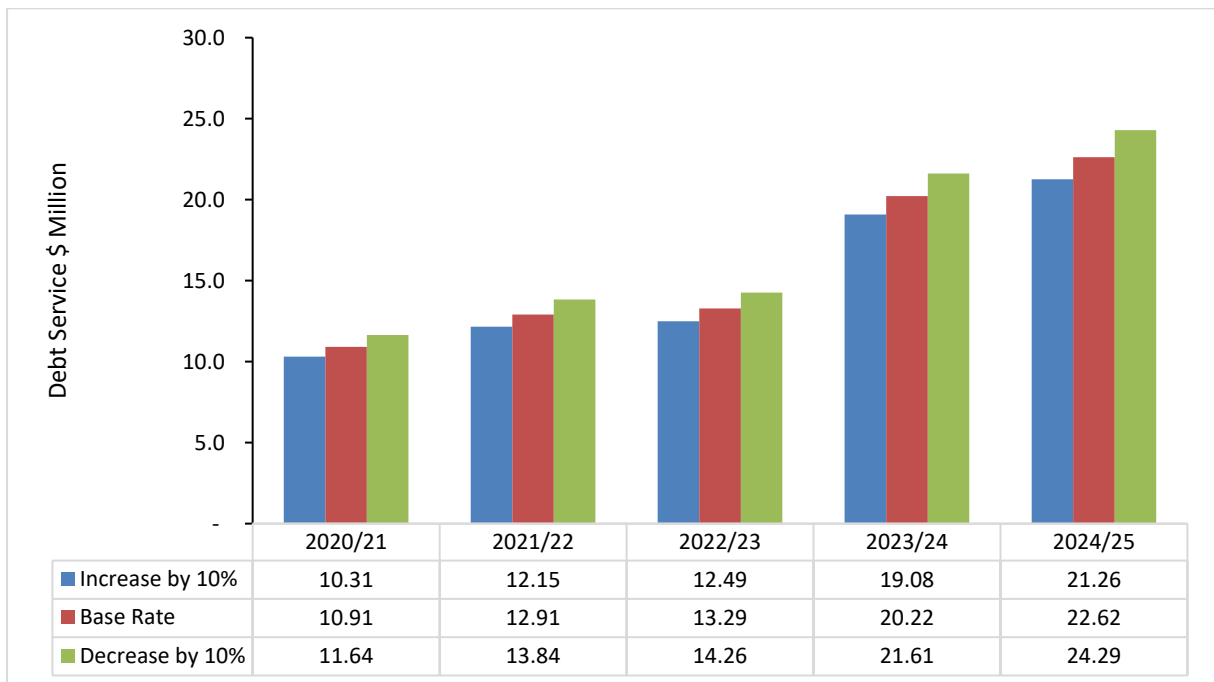
The sensitivity analysis below demonstrates the impact of a 10 per cent appreciation or depreciation of the New Zealand Dollar (NZD) to determine the impact on the gross borrowings and the debt servicing cost.

Figure 3-10 Sensitivity of Gross Debt to NZD movements



A 10 per cent depreciation in the value of the NZD against foreign currencies would increase gross debt by an estimated \$10.96 million compared to an \$8.97 million decrease in gross debt if the NZD were to appreciate by 10 per cent. This illustrates that the Crown’s gross debt level is more adversely sensitive to depreciation of the NZD.

Figure 3-11 Sensitivity of Crown Debt Servicing Costs to NZD movements



A 10 per cent depreciation in the foreign currency value of the NZD would increase debt-servicing costs by \$0.73 million in 2021/22. In 2023/24 however, the impact is higher with an increase of \$1.67 million when the debt servicing for US\$40 million of new loans begins.

4 Fiscal Update and Medium-term Outlook

4.1 Overview

The 2021/22 Budget has been developed in the context of managing the economic impacts of the COVID-19 pandemic, with a view towards economic recovery across the medium-term.

The Government's fiscal stance remains expansionary in 2021/22 with continued expenditure through the Economic Recovery Roadmap (ERR), before moving towards a more neutral stance in 2022/23. It is important to note that while the total appropriation is below 2020/21 levels, Government continues to play a far greater role in the economy than in pre-pandemic years.

4.2 2020/21 Fiscal Performance

The COVID-19 shock to the Cook Islands economy has resulted in two fiscal impacts: a substantial increase in Government expenditure to respond to the economic shock through the ERP, and a significant decrease in Government revenues.

The strong run of economic growth in recent years provided a sound fiscal basis for the 2020/21 Budget. This ensured that the Cook Islands had ample fiscal reserves, including the Stabilisation Account, and debt space to respond to the COVID-19 health and economic impacts.

Government revenue in 2020/21 is estimated to be \$154.0 million, exceeding the 2020/21 Half-Year Economic and Fiscal Update (HYEFU) forecast by \$22.2 million. This total consists of \$86.0 million in tax revenue and \$68.0 million in other (non-tax) revenue, including Government agency trading revenue.

The additional revenue is primarily due to budget support provided by the New Zealand Government of \$35.1 million, \$20 million more than forecast at the HYEFU, and tax receipts exceeding the HYEFU estimates, including Value-added tax (VAT) by \$6.0 million and company tax by \$2.4 million.

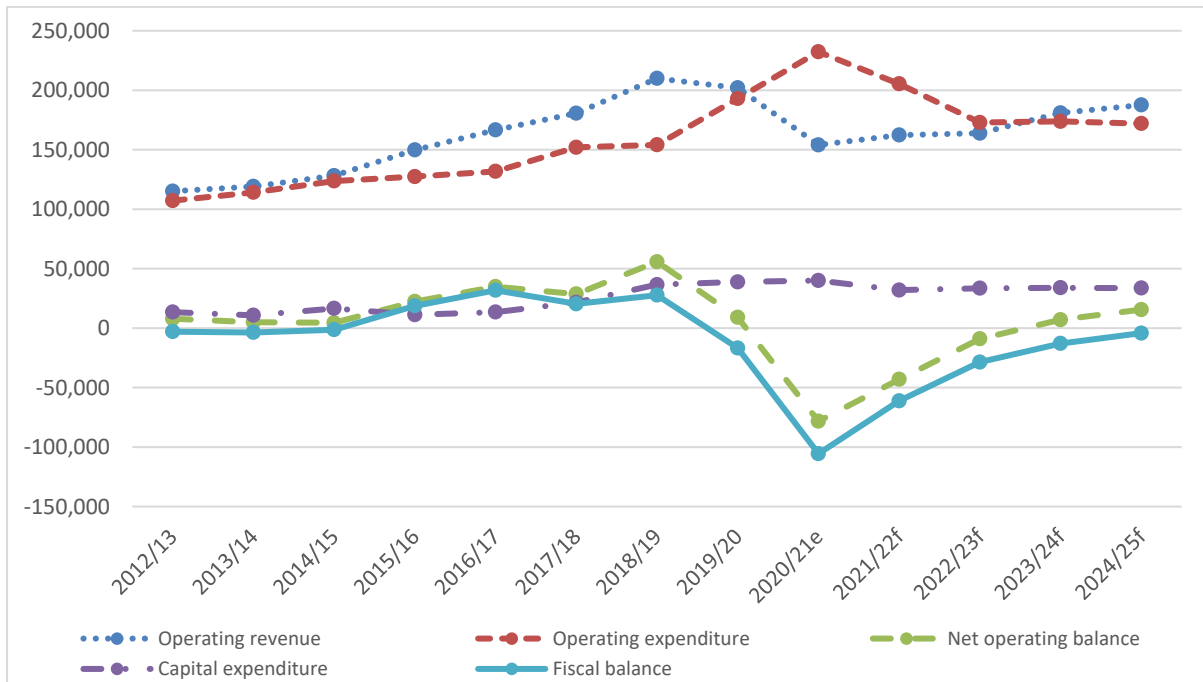
As shown in Table 4-1, total operating expenditure in 2020/21 is expected to be \$232.3 million, an increase of \$51.7 million from 2019/20. Relative to the 2020/21 HYEFU, operating expenditure decreases by \$0.2 million due to the estimated unexpended funds for operating expenditure offsetting the carry-forward of residual funds from the 2019/20 Appropriation for the Economic Response Plan (ERP) in order to extend the wage support.

Operating expenditure for 2020/21 includes an estimated total expenditure of \$78.3 million for the Economic Response Plan, 19.7 per cent of GDP.

The increase in Government revenues has resulted in an estimated improvement in the fiscal balance for 2020/21 from the HYEFU forecasts of a \$136.1 million deficit to a \$105.5 million deficit, or negative 26.6 per cent estimated actual versus the negative 28.8 per cent previously estimated.

Figure 4-1 shows a time series of general government operating revenue and expenditure from 2012/13 to 2024/25. The chart shows the impact of COVID-19 on the Government's fiscal balance, and the expansionary approach taken in 2020/21 to respond to the economic shock.

Figure 4-1 Fiscal Performance and Medium-term Fiscal Outlook (\$'000)



4.2.1 Performance against the Fiscal Rules

Forecast performance against the Fiscal Rules across the medium-term is provided in the Fiscal Strategy chapter. Estimated actual performance for the 2020/21 fiscal year is provided below in order to assess the expected full-year result against the fiscal rule thresholds, noting Government’s temporary departure from the fiscal rules in order to respond more effectively to the economic shock.

Government’s net debt level will increase to \$166.2 million at 30 June 2021, in conjunction with GDP falling to an estimated \$396.5 million, resulting in a net debt ratio of 41.9 per cent of GDP.

Total expenditure forecast for 2020/21 of \$272.3 million reflects an increase of 24.1 per cent on 2019/20 levels, primarily attributable to the ERP. This result considers carry-forward of residual ERP funds from 2019/20 of \$10.3 million, amongst other smaller carried-forward amounts primarily related to capital investments.

Likewise, the total expenditure in 2020/21 will result in an estimated fiscal deficit of 26.6 per cent. This fiscal deficit has required the consumption of the Stabilisation Account and debt funding to support the remaining financing gap.

Government’s cash reserve is forecast at \$35.0 million in 2020/21 corresponding to 1.9 months of operating cash. The expected cash reserve forecast at the 2020/21 HYEFU was \$11.2 million. The cash reserves are approximately \$3.8 million greater than forecast at the HYEFU once the additional grant funding provided in March 2021 of \$20.0 million to supplement the ERP has been discounted.

Economic and fiscal forecasts indicate that Government revenues will gradually improve across the medium-term, approaching pre-COVID levels in 2024/25. Government revenues are explained further in the Revenue chapter.

Taxation revenues are forecast at \$107.3 million in 2021/22, increasing to \$161.4 million by 2023/24 after which growth slows with an additional \$6.2 million in 2024/25 (to \$167.6 million). Other revenues inclusive of trading revenues are forecast to reduce to \$55.1 million in 2021/22 and \$27.5 million in 2022/23, falling to \$19.5 million from 2023/24 as the current Core Sector Support agreement with New Zealand expires.

The reduced Government revenues and increased expenditure in 2021/22 result in a forecast fiscal deficit of 14.2 per cent, which is expected to improve to a deficit of 0.8 per cent by 2024/25.

Government is continuing its course of fiscal prudence in order to release funds for the ERR. This entails a continued direction of Government's budget toward core-services in order to limit operating expenditure.

Table 4-1 provides a summary of the Government's fiscal forecasts as at the 2021/22 Budget. As discussed in the Fiscal Strategy, Government will continue its departure from the fiscal rules over the medium-term in order to ensure macroeconomic stability, while also adhering to the principles of fiscal responsibility outlined in the MFEM Act 1995/96:

- ensuring that unless Crown debt is at prudent levels, operating expenses will be less than operating revenues resulting in an operating surplus
- achieving and maintaining levels of Crown net worth that provides a buffer against factors which may impact adversely on the net worth in the future;
- prudently managing the fiscal risks facing the Crown; and
- pursuing policies that are consistent with a reasonable degree of predictability about the level and stability of tax rates for future years.

Table 4-1 Fiscal Indicators Summary

	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Statement of Financial Performance						
Taxation Revenue (\$m)	148.3	86.0	107.3	136.4	161.4	167.6
Social Contributions (\$m)	0.0	0.0	0.0	0.0	0.0	0.0
Other Revenue (\$m)	47.5	68.0	55.1	27.5	19.5	20.0
Total Operating Revenue (\$m)	195.8	154.0	162.3	163.9	180.9	187.6
Total Operating Revenue Percentage of GDP	38.7	38.9	37.6	33.3	34.3	33.8
Tax Revenue Percentage of GDP	29.3	21.7	24.9	27.7	30.6	30.2
Total Cyclical Revenue (\$m)	1.5	1.4	10.3	10.5	10.8	10.8
Total Cyclical Revenue Percentage of GDP	0.3	0.3	2.4	2.1	2.0	1.9
Total Structural Revenue (\$m)	194.3	152.7	152.0	153.4	170.1	176.8
Total Structural Revenue Percentage of GDP	38.4	38.5	35.2	31.2	32.2	31.8
Personnel (\$m)	66.2	68.9	74.8	74.9	75.1	75.1
Percentage of Total Revenue	33.8	44.7	46.1	45.7	41.5	40.0
Percentage of Structural Revenue	34.1	45.1	49.2	48.8	44.1	42.5
Total Operating Expenditure (\$m)	180.6	232.3	205.4	172.9	173.8	172.0
Percentage of GDP	35.7	58.6	47.6	35.1	32.9	31.0
Percentage of Operating Revenue	92.2	150.8	126.5	105.5	96.1	91.7
Cash Operating Expenditure*	171.0	219.2	190.9	159.2	160.3	157.9
Operating Balance (\$m)	15.3	-78.2	-43.0	-9.0	7.1	15.5
Percentage of GDP	3.0	-19.7	-10.0	-1.8	1.3	2.8
Capital Expenditure	38.9	40.0	32.0	33.5	33.9	33.7
Depreciation	9.2	12.8	13.9	13.9	13.9	13.9
Non-Operating Balance (\$m)	-115.1	-27.9	-14.1	-41.5	-48.7	-51.2
Fiscal Balance surplus/deficit (\$m) *	-14.5	-105.5	-61.1	-28.6	-12.9	-4.2
Percentage of GDP	-2.9	-26.6	-14.2	-5.8	-2.4	-0.8
Statement of Financial Position (\$m)						
Assets (\$m)	492.2	549.0	580.5	563.5	554.9	552.0
Liabilities (\$m)	183.4	375.6	420.6	412.6	398.0	378.7
Crown Balance (\$m)	308.7	173.4	159.9	150.9	156.9	173.3
Percentage of GDP	61.1	43.7	37.1	30.7	29.7	31.2
Working Capital (\$m)	9.3	35.0	19.8	-16.9	-44.8	-66.7
Working Capital (months coverage)	0.7	1.9	1.2	-1.3	-3.4	-5.1
Stabilisation Account	56.7	0.0	0.0	0.0	0.0	0.0
General Cash Reserves	66.0	35.0	19.8	-16.9	-44.8	-66.7
Statement of Borrowings (\$m)						
Gross Debt end of FY (\$m)	106.7	175.7	220.8	212.8	198.2	178.9
Percentage of GDP	21.1	44.3	51.2	43.3	37.5	32.2
Net Crown Debt, end of FY (\$m)	86.3	166.2	211.1	202.9	188.1	168.5
Percentage of GDP	17.1	41.9	48.9	41.2	35.6	30.3
Loan Repayment Reserves Held (\$m)	20.5	9.5	9.7	9.9	10.1	10.3
Net Debt Servicing (\$m)	9.9	10.9	12.9	13.3	20.2	22.6
Percentage of Total Revenue	5.0	7.1	8.0	8.1	11.2	12.1
Percentage of Structural Revenue	5.1	7.1	8.5	8.7	11.9	12.8
Development Partner Support (\$m)						
Grants (\$m)	30.6	21.6	53.8	18.7	11.4	9.2
Percentage of GDP	6.0	5.4	12.5	3.8	2.2	1.7
Memo item: Nominal GDP (\$m)	505.5	396.5	431.3	492.0	528.0	555.5

4.3 Movements since the 2020/21 HYEFU

The 2021/22 Budget classifies revenue and expenditure adjustments according to the following categories:

- policy decisions leading to new initiatives undertaken by Government;
- technical adjustments;
- reclassification of expenses, which includes intra-agency adjustments, for example, a transfer from operating to personnel; and
- parameter changes – movements that occur due to economic changes that are outside of a decision by government, including depreciation, movements in welfare beneficiary numbers and the impact of changes in fuel costs on the Airline underwrite.

Table 4-2 shows the movements in revenue and expenditures for the 2021/22 Budget since the publication of the 2020/21 HYEFU in December 2020.

Table 4-2 Reconciliation of Operating Statement (\$'000)

Statement of Government Operations	2020/21	2021/22	2022/23	2023/24	2024/25
Operating balance as at 2020/21 Budget	- 100,711	- 30,146	7,760	12,955	12,955
Revenue					
<i>Revenue Parameter Changes</i>	4,714	-3,217	-13,224	-4,170	1,999
<i>Adjustments to:</i>					
Value Added Tax (VAT)	5,958	2,354	-3,974	3,135	5,665
Income tax	-1,975	-2,668	-2,864	-1,000	-218
Import levies	-1,312	31	263	0	108
Company tax	2,375	-1,444	-6,180	-6,500	-4,200
Departure tax	-130	-1,273	-279	195	644
Withholding tax	-202	-218	-191	0	0
Other Revenue Changes	17,549	22,100	-3,713	-985	-513
Other revenue	-2,299	-7,647	-3,518	-810	-338
Trading Revenue	-52	-253	-195	-175	-175
Dividend	0	0	0	0	0
Core Sector and General Budget Support	19,900	30,000	0	0	0
Total Revenue Changes to 2021/22 Budget	22,263	18,884	-16,937	-5,155	1,486
Expenditure					
<i>Expenditure Decisions by Government</i>	7,702	31,485	-1,199	-363	-1,762
<i>Technical adjustments</i>	0	0	0	0	0
<i>Reclassifications of expenditure</i>	0	0	0	0	0
<i>Parameter changes</i>	-7,908	298	1,021	1,049	656
Total Expenditure Changes to 2021/22 Budget	-206	31,783	-178	685	-1,106
OPERATING BALANCE as at 2021/22 Budget	-78,241	-43,045	-8,999	7,115	15,547
Capital Expenditure	40,044	32,001	33,510	33,945	33,670
Depreciation	12,769	13,931	13,931	13,931	13,931
FISCAL BALANCE - as at 2021/22 Budget	-105,517	-61,116	-28,579	-12,900	-4,192

Based on updated revenue estimates and economic forecasts, the fiscal deficit forecast for 2020/21 has improved by \$24.9 million since the 2020/21 HYEFU. This is due to increased revenue received in 2020/21 of \$22.3 million, mostly in the form of budget support, VAT and company tax.

Downward revisions were made to revenue estimates from 2021/22 to 2023/24, in particular taxation revenue, due to the delay in the border reopening between New Zealand and the Cook Islands from April to May 2021.

Company tax collections have been reduced since the 2020/21 HYEFU demonstrating a slow recovery as the impacts of the accelerated depreciation provided through the ERP clear in the 2021/22 fiscal year, and carried-forward business losses due to COVID-19 are worked through, with gradual increases

in the outer years as businesses recover. VAT tax collections will improve by 2023/24, noting that the forecast is dependent on the recovery of the tourism industry.

The increased 'Expenditure Decisions by Government' for 2020/21 reflects a carry-forward of \$10.3 million for the Economic Response Plan, \$0.4 million of executive orders approved and a \$7.0 million reduction in the Airline underwrite. This was offset by the expected savings in other operating expenditure items totalling \$7.9 million, resulting in a decrease in total expenditure by \$0.2 million relative to the 2020/21 HYEPU.

Expenditure estimates in 2021/22 increased by \$31.8 million, including \$1.1 million of reappropriated funds from the 2020/21 budget and additional expenditure to support economic stimulus programmes through the ERR. Expenditure in the outer years normalises as the economic stimulus expenditure of the ERR ceases.

The Revenue chapter and Operating Expenditure chapter explain these movements in detail.

4.4 Carry-Forward of 2019/20 Funds

The MFEM Act 1995/96 allows a Government agency to request a 'carry-forward' of unexpended funding from the prior fiscal year into the new fiscal year. This is an exceptional process requiring the approval of both the Financial Secretary and the Minister of Finance.

Carry-forward requests are similar to reappropriation with the exception that the adjustment process occurs after the Appropriation Act is passed.

Carry-forwards are ordinarily reported in the Half-Year Economic and Fiscal Update, but in exceptional circumstances, a carry-forward may be approved later and reported in the Budget Estimates.

The tables below account for a total of \$10.4 million of residual funds from the 2019/20 Budget approved for expenditure in the 2020/21 fiscal year since the publication of the 2020/21 HYEPU.

Table 4-3 Carry Forward of Operating Funds from 2019/20

Expenditure Type	Agency	Details	Amount	2019/20 Budget Estimate	2019/20 Budget Adjusted	2020/21 Budget Estimate	2020/21 Budget Adjusted
Administered Payment	MFEM	Economic Response Plan	10,258,000	28,000,000	17,742,000	64,000,000	74,258,000
Total Operating Expenditure			10,258,000	28,000,000	17,742,000	64,000,000	74,258,000

Economic Response Plan – the purpose of the carry-forward request was to support the extension of the ERP wage support programme in the 2020/21 period.

Table 4-4 Carry Forward of Capital Funds from 2019/20

Expenditure Type	Agency	Details	Amount	2019/20 Budget Estimate	2019/20 Budget Adjusted	2020/21 Budget Estimate	2020/21 Budget Adjusted
Capital	OPM	Renewable Energy Project Management	128,009	250,000	121,991	0	128,009
Total Capital Expenditure			128,009	250,000	121,991	0	128,009

Renewable Energy Project Management – the residual funds were transferred to the Atiu Power Upgrade capital line under the Office of the Prime Minister to complete the project.

4.5 Reappropriation of 2020/21 Funds

Reappropriation of funds refers to the transfer of residual funds from an Appropriation Act to the following year's appropriation. In this case, it is a transfer of residual funding from the 2020/21

Appropriation Act to the 2021/22 Appropriation Act, increasing the total allocated funding in the 2021/22 Budget.

Government agencies may request that residual funding be made available in addition to the amount allocated in the following Appropriation Act if:

- the funding was allocated in any Appropriation Act as expenditure for the agency in accordance with its outputs and;
- the total amount requested has not been expended.

This process is managed during the preparation of the Budget and incorporated into the following Appropriation Act. Any funds reappropriated in the Appropriation Act are considered in the fiscal responsibility rules of the later appropriation, increasing expenditure and decreasing the fiscal balance.

Table 4-5 Reappropriation Totals 2021/22

Category	Amount	2020/21 Budget Estimate	2020/21 Budget Adjusted	2021/22 Budget Estimate	2021/22 Budget Adjusted
Capital	1,128,262	10,680,000	9,551,738	0	1,128,262
Operating	434,106	705,000	270,894	400,000	834,106
Total	1,562,368	11,385,000	9,822,632	400,000	1,962,368

Table 4-5 lists the total amount of reappropriation funding transferred from the 2020/21 budget to the 2021/22 Budget appropriation. A breakdown of the reappropriated funding by expenditure type, including an explanation of each funding amount is included in Chapter 8 – Operating Expenditure and Chapter 9 – Capital Expenditure.

4.6 Revenue

Revenue forecasts are discussed in detail in the Revenue chapter.

The estimated actual result of \$154.0 million in total operating revenue for 2020/21 reflects the economic shock of COVID-19 on the Cook Islands economy due to the halt in the tourism industry for most of the 2020/21 fiscal year. Compared to the 2019/20 actuals, operating revenue in 2020/21 is expected to decrease by \$41.8 million.

VAT, income tax and departure tax contribute to the significant decrease in taxation revenue, offsetting the increase in other crown revenue of \$20.5 million in 2020/21.

Over the medium-term, taxation revenue will increase gradually. In particular, VAT and departure tax are expected to increase year-on-year, representing moderate growth in tourism. Other revenue will decrease by \$13.0 million in 2021/22 and continue to decline significantly in the outer years.

Table 4-6 Operating revenue (\$'000)

	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Value Added Tax (VAT)	77,766	42,054	54,602	67,592	84,417	86,948
Income tax	27,967	16,552	17,036	26,741	31,375	32,157
Company tax	17,470	15,190	14,277	14,748	15,971	18,271
Import levies	14,701	10,670	12,873	14,212	15,109	15,216
Withholding tax	1,268	1,133	1,202	1,341	1,647	1,647
Departure tax	9,109	392	7,288	11,718	12,921	13,370
Total Taxation Revenue	148,281	85,990	107,278	136,351	161,440	167,609
Other Crown Revenue	43,852	64,395	50,607	22,807	14,765	15,236
Trading Revenue	3,690	3,652	4,444	4,707	4,727	4,727
Total Operating Revenue	195,824	154,038	162,329	163,866	180,932	187,572

4.7 Operating Expenditure

Operating expenditure forecasts are discussed in detail in the Operating Expenditure chapter.

It is estimated that expenditure in 2020/21 will be \$51.7 million higher than the 2019/20 actuals. The 2020/21 figures reflect the Government's contribution to sustaining the economy through the ERP.

In 2021/22, operating expenditure is forecast to be \$205.4 million, substantially lower than the estimated expenditure of \$232.3 million in 2020/21. The decrease in operating expenditure is principally attributed to the completion of the ERP. The transition to the ERR with \$33.5 million appropriated in 2021/22 slows an otherwise rapid reduction in Government expenditure.

Total operating expenditure in the forward years reduces towards levels originally planned in the 2019/20 Budget, prior to the pandemic, with 2022/23 operating expenditure forecast at \$172.9 million compared to \$176.0 million originally planned in 2019/20.

Table 4-7 Operating expenditure (\$'000)

	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Personnel	59,418	62,140	67,589	68,086	68,159	68,159
Operating	20,562	18,677	18,222	18,373	18,583	18,533
Administered Payments	61,937	109,557	72,746	39,013	40,014	38,959
Depreciation	7,418	5,993	7,154	7,154	7,154	7,154
POBOC	27,007	28,985	28,685	28,906	28,467	28,173
Other Operating Expense	4,208	6,926	10,978	11,333	11,440	11,047
Total Operating Expenditure	180,551	232,279	205,374	172,865	173,817	172,025

4.7.1 Pa Enea Funding

Since the implementation of the Pa Enea Funding Model in 2012/13, funding for the Pa Enea has increased beyond the funding formula and minimum wage by \$280,000 in 2018/19 and \$400,000 in 2019/20 to cover funding shortfalls on a number of islands.

An additional \$200,000 has been appropriated to the Pa Enea in the 2021/22 Budget to cover personnel and operating requirements.

4.8 Capital Expenditure

Total capital expenditure for 2020/21, including ODA funded capital expenditure of \$10.7 million is estimated to be \$50.8 million. Compared to the 2019/20 actuals, the lower capital expenditure in 2020/21 reflects the impacts of COVID-19 on the implementation of infrastructure projects due to border restrictions and shipping delays.

Capital expenditure is forecast to increase in 2021/22, particularly ODA funded capital projects (to \$28.5 million) due to increased funding support from development partners. Capital expenditure funded by the Cook Islands Government will remain steady across the medium-term.

Capital estimates over the medium-term consider the capacity in country to complete projects including social and economic benefits. In recent years, relevant agencies have received additional support for better project management to improve the effectiveness of capital investment budgets.

Government will continue to fund capital programmes focused on physical infrastructure including:

1. water and sanitation,
2. roads and bridge structures,
3. Pa Enea air and marine infrastructure.
4. emergency management infrastructure including cyclone shelters,
5. digital infrastructure for government including the whole-of-government IT network and the ongoing rollout of the Financial Management and Information System

Refer to the Capital Expenditure chapter (Chapter 9) for further details of capital projects funded by the Cook Islands Government over the period 2021/22 to 2024/25, and the Official Development Assistance chapter (Chapter 16) for donor-funded projects.

Table 4-8 Capital expenditure (\$'000)

Funding Source	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Cook Islands Government	38,946	40,044	32,001	33,510	33,945	33,670
Official Development Assistance - Projects	24,882	10,709	28,473	864	0	0
Total	63,828	50,753	60,475	34,374	33,945	33,670

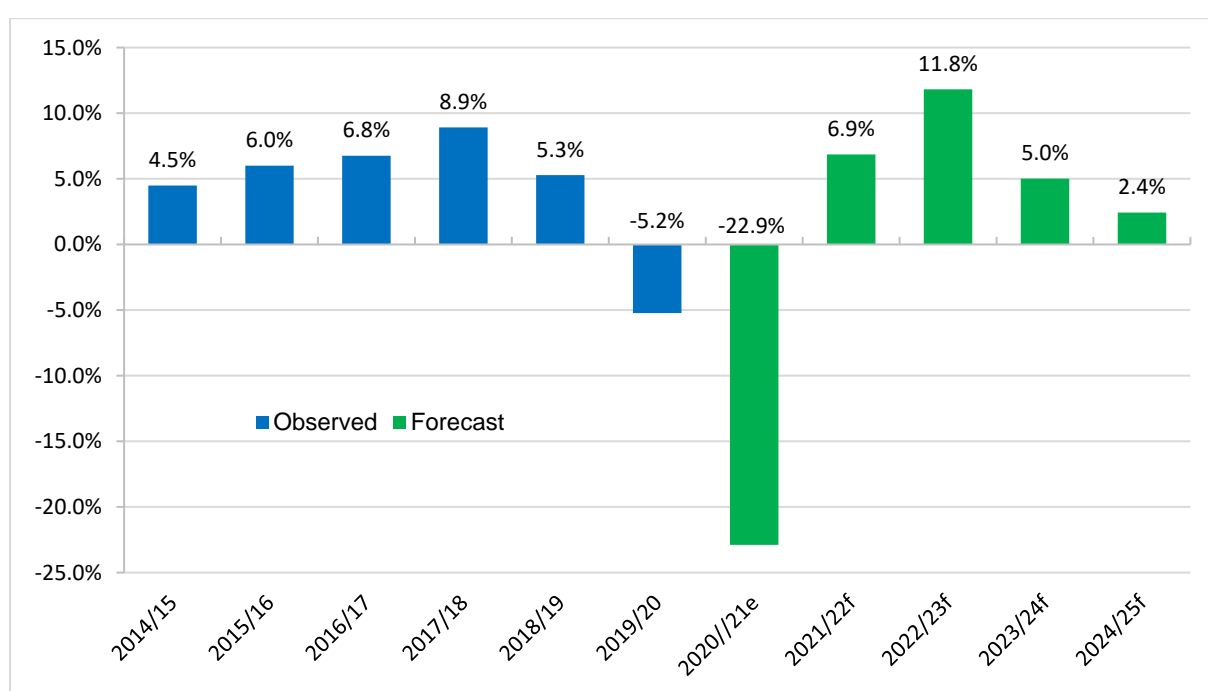
5 Economic Update

5.1 Overview

The Cook Islands' economy has been one of the most heavily impacted economies in the world by COVID-19 because of the travel restrictions associated with it. Given the role played by tourism in the Cook Islands economy (responsible for around 65 per cent of economic activity), this impact is to be expected.

The pandemic has seen an end to six years of continued economic growth for the Cook Islands, with average incomes rising by over eight per cent over that time. This prosperity has allowed the preservation of financial resources, which have supported a strong response to the downturn in the form of the Economic Response Plan.

Figure 5-1 Annual percentage change in Real GDP



This recent strong performance can be seen in Figure 5-1, with economic growth achieving highs of 8.9 per cent in 2017/18 and lows of 4.5 per cent in 2014/15. This growth has been driven by record visitor arrivals, with 2009/10 being the first-time total visitor arrivals exceeded 100,000 in a year, and 2016/17 topping 150,000 visitors. This growth primarily came from the New Zealand and Australian markets, which increased by 40 per cent and 26 per cent respectively over the five years to 2017/18.

The construction industry has also contributed strongly to the growth, with both the public and private sectors becoming key sources of demand through a boom in housing and the undertaking of key infrastructure projects in both Rarotonga and the Pa Enua. The construction industry more than doubled in size over the six-year period up to 2019/20 to \$22.2 million. Construction has been one of a limited number of industries that have seen relatively small declines over the past year, with both private and public construction remaining strong.

This strong economic performance to 2019 resulted in the graduation of the Cook Islands from the Organisation for Economic Cooperation and Development's (OECD) Official Development Assistance (ODA) eligibility list from January 2020.

This graduation may result in decreases in foreign aid and require internal budget allocations for projects previously financed by ODA; however, the early indications are that many key development partners remain committed to the relationship. Preliminary MFEM estimates pre-pandemic suggested that the impact of graduation on economic growth would be approximately 0.4 per cent of GDP, though some of these effects have been significantly superseded by the COVID-19 pandemic.

Table 5-1 provides a summary of the key indicators for the budget appropriation year and the three forward years of the 2021-22 budget cycle.

Table 5-1 Summary of Economic Indicators

	2019/20 Actual	2020/21 Estimate	2021/22 Estimate	2022/23 Projected	2023/24 Projected	2024/25 Projected
Economic Activity						
Nominal GDP (\$'000)	505,541	396,484	431,335	491,970	528,042	555,475
Percentage change (YOY)	-7.9	-21.6	8.8	14.1	7.3	5.2
Real GDP (2016 prices, \$'000)	503,427	388,208	414,844	463,862	487,133	498,945
Percentage change (YOY)	-5.2	-22.9	6.9	11.8	5.0	2.4
Inflation (CPI)						
Percentage change (YOY)	0.7	1.2	1.0	1.0	1.0	1.0
Construction/Capital Investment						
Commercial Building Approvals (\$'000)	7,147	7,617	8,590	8,590	8,590	8,590
Residential Building Approvals (\$'000)	15,654	7,829	9,614	10,192	10,769	11,347
Productive Sector Indicators						
Visitor Arrivals	123,786	5,156	98,527	154,184	170,014	175,927
Percentage change (YOY)	-25.8	-95.8	1,810.7	56.5	10.3	3.5
Estimated Visitor Expenditures (\$'000)	265,824	10,917	208,983	338,138	379,975	396,389
Agriculture value-added (\$'000)	10,588	10,878	10,878	10,878	10,878	10,878
Fisheries value-added (\$'000)	2,257	1,165	1,165	1,165	1,165	1,165
External Sector						
Merchandise Trade Balance (\$'000)	-189,650	-155,301	-181,482	-196,634	-200,029	-200,736
Services Trade Balance (\$'000)	265,824	10,917	208,983	338,138	379,975	396,389
Exchange Rate (USD/NZD Average)	0.65	0.69	0.72	0.72	0.73	0.73

5.1.1 Outlook

The key factor for the immediate economic outlook for the Cook Islands is the return of visitors from May 2021. The data to December 2020 (the latest available) shows that despite the large government response, the three quarters to December 2020 without tourists led to a loss of \$117 million in GDP when compared to the previous year.

The Cook Islands' economy is expected to have contracted by 21.6 per cent in 2020/21 (in current price terms). Once adjusted for inflation (in real terms), this fall is 22.9 per cent. As the final quarter of the 2019/20 financial year also saw GDP drastically impacted, the total net fall in nominal GDP is estimated to be around 28.4 per cent – around \$150 million. Without the ERP, it is estimated the fall would be around 55 per cent of GDP or \$300 million – twice as large.

Over the medium-term horizon, the focus for the Cook Islands' economy is the recovery from the pandemic. The economy is forecast to grow by 6.9 per cent in 2021/22, before the recovery strengthens with growth of 11.8 per cent in 2022/23 as markets outside New Zealand and Australia begin to reopen. Forecast arrivals in 2023/24 exceed those in 2018/19 for the first time, with real economic growth of 5.0 per cent, followed by 2.4 per cent in 2024/25.

The Government's fiscal stance remains expansionary in 2021/22 with continued expenditure through the Economic Recovery Roadmap (ERR) on top of normal government expenditure, before moving toward a more neutral stance in 2022/23 as the economy returns to a more normal footing. The inflation outlook is low to moderate across the forward years, with price growth rising to 1.2 per cent in 2020/21, and expected to remain close to 1.0 per cent over the forward estimates.

5.1.2 Changes since the 2020/21 HYEFU

The major changes to the economic outlook are the assumptions relating to the opening of the border with New Zealand in particular, and subsequently the rest of the world. In the 2020 /21 HYEFU, the assumption was that, quarantine-free travel (QFT) would be available between New Zealand and the Cook Islands from the beginning of April 2021. With borders opening in May 2021, this has had a small negative impact on the outlook. Together with this delay, the extension of the ERP has been incorporated into the outlook for the remainder of 2020/21 as well.

A more significant change is in the revisions to GDP data in the March and June 2020 quarters, as well as new data for the September and December quarters that have shown a larger decline in GDP in the 2019/20 year. The total downward revision of \$22 million in the two quarters accounts for moving the 2019/20 nominal outcome from a 3.7 per cent decline to a 7.9 per cent decline.

5.2 The Global Economy

The Cook Islands is a small, open economy whose economic growth is heavily reliant on the export of goods and services to a few key partner countries, New Zealand, Australia, and the United States of America in particular. This has perhaps never been as clear as it currently is with the impacts of the COVID-19 pandemic on the movement of people as well as trade. As such, it is necessary to examine the economic conditions and outlook for our key partners, as well as the regional and global economy.

5.2.1 New Zealand

In February 2021, the Reserve Bank of New Zealand (RBNZ) announced that it would continue its monetary stimulus through its Funding for Lending Program (FLP), on top of holding the official cash rate (OCR) at historically low levels (0.25 per cent) and undertaking \$100 billion in Large Scale Asset Purchases (LSAP). In an effort to signal potential moves, should they be necessary, the RBNZ also signalled that it was prepared to lower the OCR in the future.

The outlook for the New Zealand economy is highly uncertain, and reliant on the progression of the pandemic and global vaccination programmes. Momentum in activity and the labour market will depend on the persistence of the headwinds facing tourism-related sectors, and the extent that ongoing weakness from these sectors spills over into the rest of the economy. The constraints on international borders will continue to have a negative impact on international trade and migration, forcing monetary policy to remain stimulatory to remain necessary to confidently and sustainably meet inflation and employment objectives.

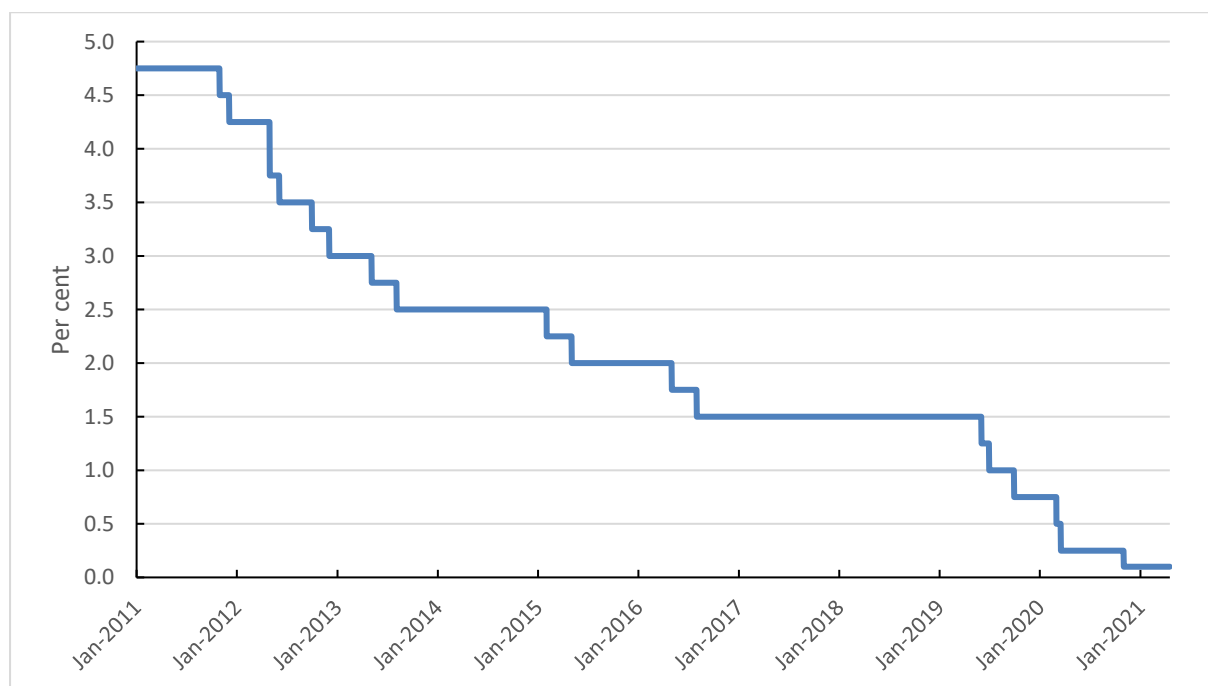
The RBNZ Monetary Policy Statement February 2021 reports that following the 11 percent contraction in economic activity in the second quarter of 2020, New Zealand's economy has rebounded to a stronger position than anticipated at the outset of the pandemic. GDP increased by 14 per cent in the September 2020 quarter, to surpass its pre-COVID-19 level. Inflation has been more resilient than anticipated, with expectations of near-term inflation continuing to increase in early 2021, but remain below 2 per cent for a few years ahead.

5.2.2 Australia

In May 2021, the Reserve Bank of Australia (RBA) announced that it will maintain its cash rate of 0.1 per cent and its program for monetary policy support aimed at stimulating the Australian economy (in conjunction with fiscal policy enacted by governments in Australia). It has now been over a decade since the Australian cash rate was raised (Figure 5-2).

In its Statement on Monetary Policy February 2021, the RBA reported GDP growth expectations of 3.5 per cent over both 2021 and 2022. The 2019 level of GDP is expected to be reached by mid-2021; however, this is considerably lower than the pre-pandemic expectation.

Figure 5-2 Australian overnight cash rate (OCR)



Source: RBA, 2021.

5.2.3 United States of America

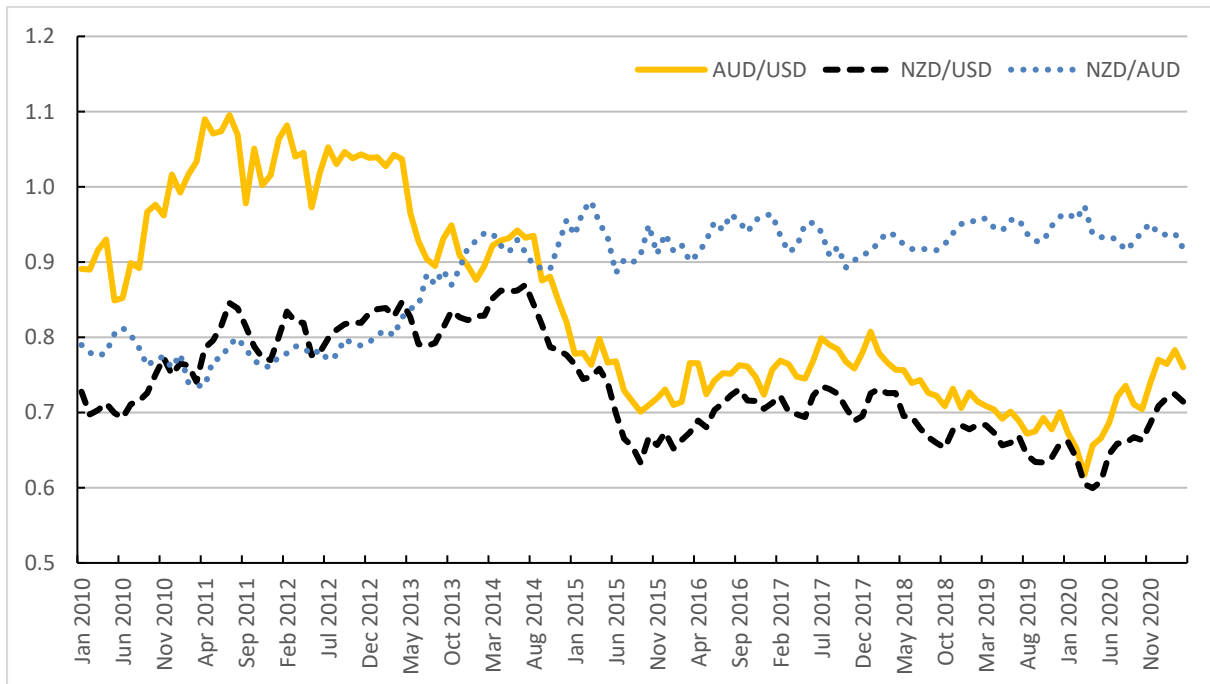
The International Monetary Fund's (IMF) World Economic Outlook (WEO) April 2021 estimates the United States' GDP to have declined by 3.5 per cent in 2020, before rebounding with 6.4 per cent growth in 2021 and 3.5 per cent in 2022. The revisions to the outlook reflect growing optimism in the US in the wake of vaccine rollouts and reducing impact of the pandemic.

The US Federal Reserve cut target rates in early 2020 to the zero bound, and took unprecedented measures to 'restore smooth market functioning and to support the flow of credit in the economy, including the creation of a number of emergency credit and liquidity facilities.

Persistent COVID-19 case numbers pose some concerns, as do reports of vaccine hesitancy, which dominate the downside risks to the outlook for the United States. For the Cook Islands, it is likely to be some time before visitors from North America are able to travel freely to our shores.

NZD/USD foreign exchange rates continue to maintain a high correlation to AUD/USD rates, both of which have appreciated against the USD since April 2020.

Figure 5-3 US Dollar exchange rate, New Zealand and Australia



5.2.4 Asia Pacific Region

The Asian Development Bank’s April 2021 *Asian Development Outlook 2021 Update* acknowledges that the worst of the pandemic may be over for most of the region, but the threat of recurrent COVID-19 outbreaks (such as the situation faced by India in 2021) remains. The rebound after the downturn in 2020 is expected to be of the magnitude of 7.3 per cent – expected to be led by China and India, and so may be at risk with ongoing outbreaks. This is expected to be followed by 5.3 per cent growth in 2022.

Downside risks abound in this forecast, with resurgent outbreaks of COVID-19 or delays in vaccination programs being the key concerns. The ADB notes that getting back onto a pre-COVID growth path will involve “mobilizing a vast amount of public and private capital”, which will rely on cheap money and policies encouraging investment in areas with environmental and social benefits as well.

The *Outlook* shows that headline inflation across the region has barely slowed, with prices rising 2.8 per cent in 2020, only slightly below the 2.9 per cent in 2019. This masks some movement throughout the year, with low oil prices early in the year leading to softer prices, while other parts of the year saw tightening in food prices in particular.

Looking more specifically at the Pacific, the ADB again describes the impact on the Pacific as a “crippling downturn” with a regional contraction of 5.8 per cent in 2020, expected to be followed by moderate growth of 1.4 per cent in 2021 and 3.8 per cent in 2022.

The decline is headlined by a decline of over a quarter of GDP for the Cook Islands as the hardest hit (26.0 per cent decline in 2021¹⁹, after a 5.9 per cent decline in 2020), followed by Fiji (19.0 per cent decline in 2020, before modest growth in 2021) and Palau (10.3 per cent decline in 2020, and 7.8 per cent decline in 2021) as the most tourism-dependent economies.

This decline is expected to reverse in the coming years, with Fiji expected to see positive movements in 2021, while both the Cook Islands (6.0 per cent) and Palau (10.4 per cent) will in 2022.

¹⁹ For the Cook Islands, this refers to the 2020/21 Fiscal year (from July to June) while Fiji uses calendar year.

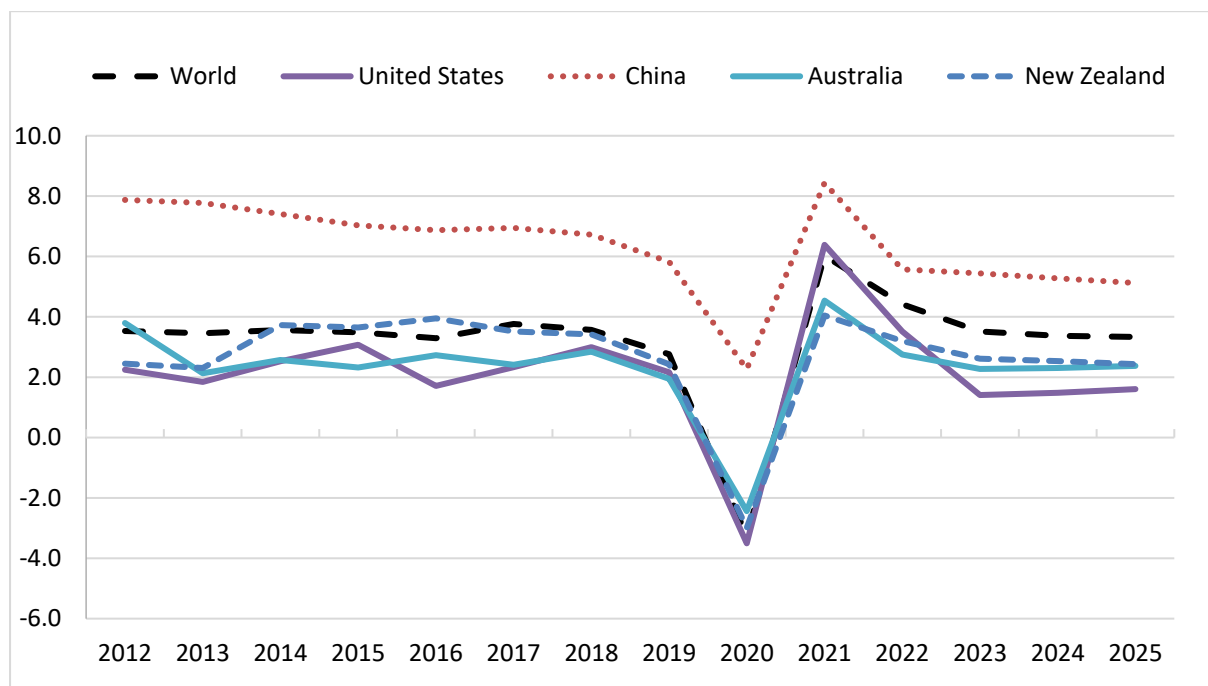
5.2.5 Global

The IMF in its April 2021 *World Economic Outlook* presents an improved view of global growth prospects as the world economy begins to recover from the impact of the COVID-19 pandemic, with vaccines beginning to take effect. The IMF estimates that global output fell by 3.3 per cent in 2020, which is 1.1 percentage points smaller than was forecast in October. However, the report cautions that the global contraction may have been three times as large if not for “extraordinary policy support” across the world.

The IMF expects global growth in 2021 projected to bounce back somewhat to 6.0 percent, an upward revision from their October projections, largely because of higher than expected growth outturns in the second half of 2020 as lockdowns eased and people adjusted to new ways of working. This is then strengthened with additional fiscal support in a few large economies, as well as the vaccine rollout.

Beyond 2021, the IMF expects growth to stabilise at around 3.5 percent in the medium-term, and see the pandemic has reversed gains made in reducing poverty over the past two decades, with an extra 95 million people falling into poverty through the pandemic (see Figure 5-4).

Figure 5-4 IMF GDP growth estimates, selected countries



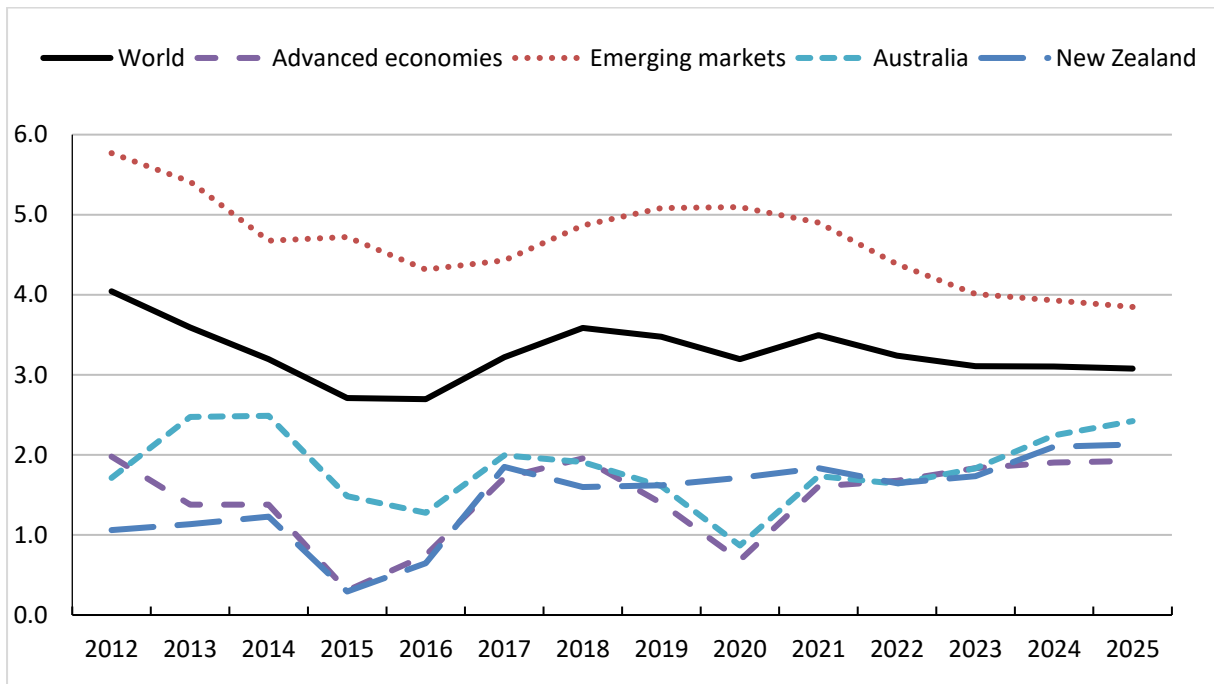
The IMF notes that there is a risk to developing economies as monetary policy normalises across the world, in particular with the Federal Reserve in the United States. As the cost of borrowing rises, developing economies with high debt burden may face increasing debt repayment challenges. The scarring from the depth of the recession is expected to linger for some time, compounding issues with slow investment growth in the years leading up to the pandemic.

Key risks include additional outbreaks of the virus, as well as the extent of spillovers from soft demand in the economy and how long this may last. A third source of uncertainty is how financial market sentiment will affect global capital flows for investment, and how supply chains operate in a post-pandemic world.

Consistent with the softer outlook growth and spare capacity in the global economy, the IMF estimates inflation to have been 0.7 per cent in 2020 in advanced economies; rising to 1.6 per cent in 2021 with world inflation at 3.5 per cent, (emerging markets are expected to see inflation around 4.9 per cent in 2021). Inflation in advanced economies is expected to increase to 1.7 per cent in 2021, before moving

to a medium-term projection of 1.9 per cent by 2025. For emerging markets, the rate of inflation is expected to decline towards 3.8 per cent by 2025 (see Figure 5-5).

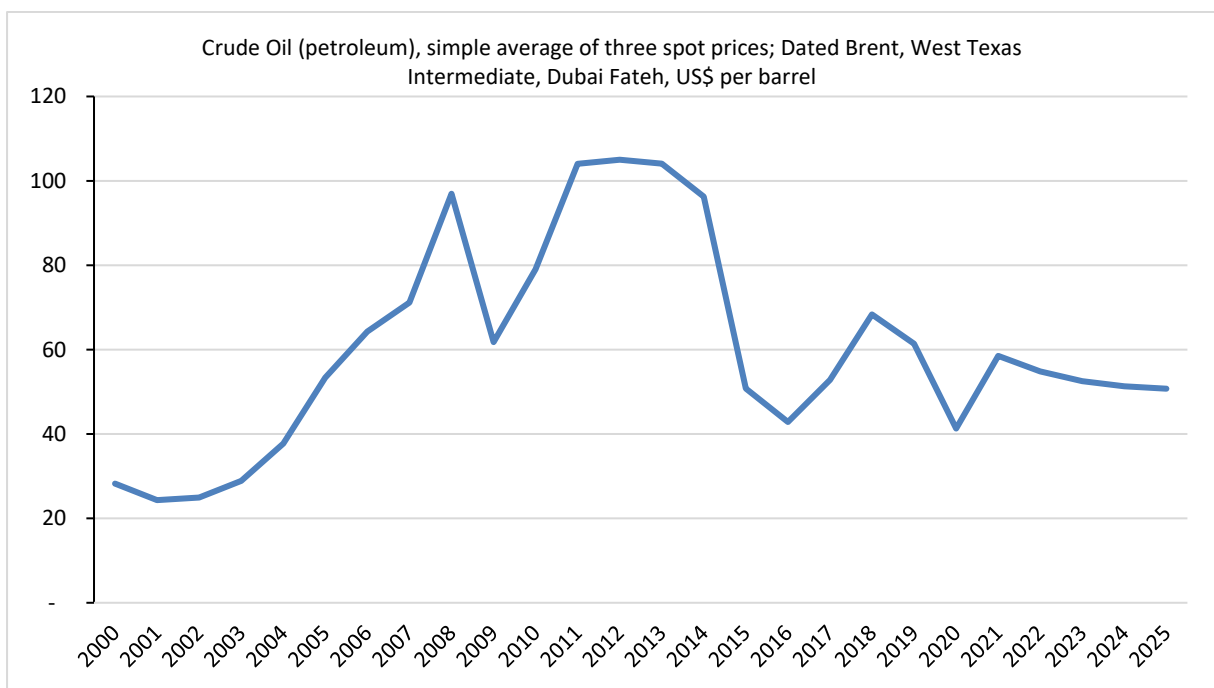
Figure 5-5 IMF inflation estimates, selected groupings and countries



The IMF notes that oil prices are projected to grow 30 per cent in 2021 as OPEC+ (Organisation of the Petroleum Exporting Countries, and other oil exporters) countries reduce the supply of oil to markets.

The IMF projects average oil prices at US\$58.52 in 2021 and US\$54.83 in 2022. Oil prices are expected to decline thereafter, as the reductions in supply are eased in line with rising demand (see Figure 5-6).

Figure 5-6 IMF oil price estimates, 2000 to 2025, US\$/barrel



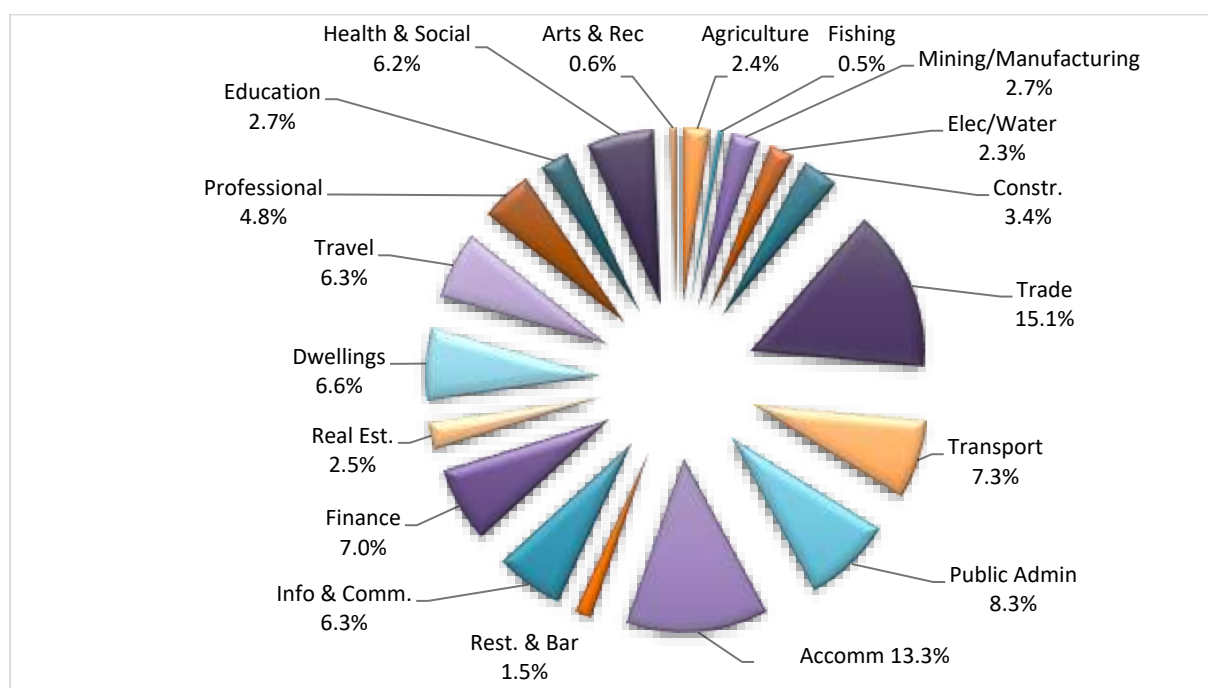
5.3 Cook Islands Economy

5.3.1 Structure and Performance

The Services sector accounted for a large proportion (89.2 per cent) of economic activity in 2019/20. This sector of the economy includes key industries such as Accommodation (12.8 per cent), Trade (14.5 per cent) and Public Administration (8.0 per cent).

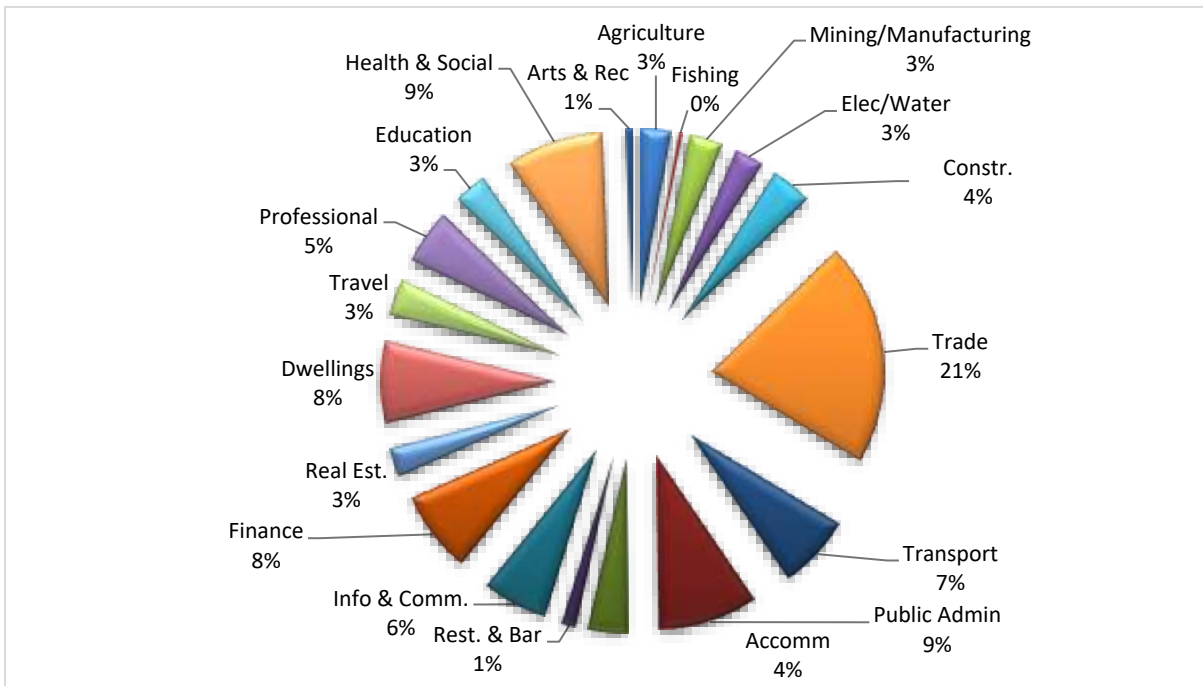
Figure 5-7 shows the Cook Islands economy by industry in 2019/20 and the dominance of the services sector, and how other sectors such as Agriculture (2.3 per cent) and Construction (4.9 per cent) make up smaller, but strategically important parts of the economy.

Figure 5-7 Cook Islands economy by industry, 2019/20



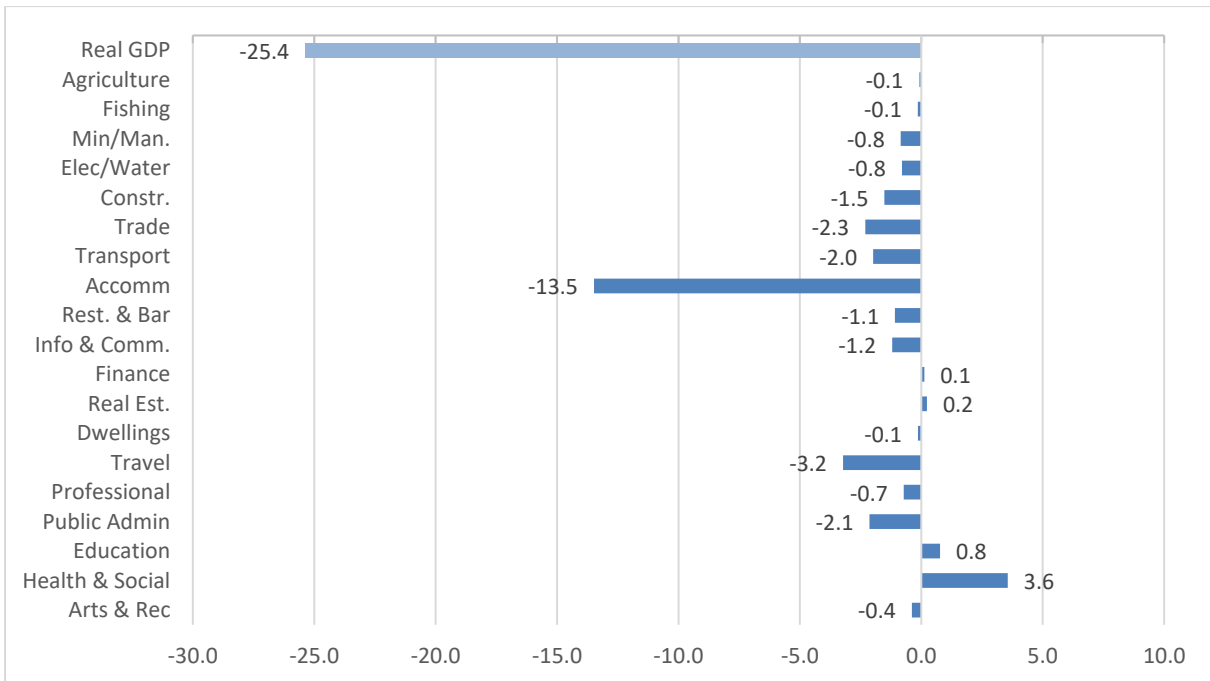
In contrast, in the 2020 calendar year (of which three-quarters were severely impacted by the pandemic), the largest sectors of the economy were wholesale trade (20.8 per cent), Health and Social Services (9.1 per cent) and Public Administration (9.3 per cent), while sectors like Accommodation (3.6 per cent) and Travel (3.4 per cent) made up much smaller shares.

Figure 5-8 Cook Islands economy by industry, 2020 calendar year



In the 2020 year, the largest contribution to the decline has been the Accommodation sector, which contributes 13.5 per cent of the 25.4 per cent total (see Figure 5-9), combined with a 3.2 per cent decline from Travel. Partially offsetting the declines are positive contributions from Healthcare and Social Work (3.6 per cent) and Education (0.8 per cent) but positive-growth is found in only four of the 19 industries.

Figure 5-9 Contribution to 2020 real growth (percentage point)



5.3.2 Outlook

Forecast growth over the period 2021/22 to 2024/25 is shown in Figure 5-10. Growth is expected to turn positive, with an increase of 6.9 per cent in 2021/22, due to the establishment of travel bubbles – first with New Zealand, and subsequently with Australia. The overall outlook is considerably lower than in the 2020/21 Budget, as the ongoing pandemic has necessitated longer border closures.

The recovery is expected to accelerate from 2022/23 with 11.8 per cent from the lower base, before growth rates moderate to around 2.4 per cent in 2024/25. Once inflation is accounted for, the level of GDP in 2018/19 is not reached again until 2024/25.

Figure 5-10 Annual change in real GDP (percentage)

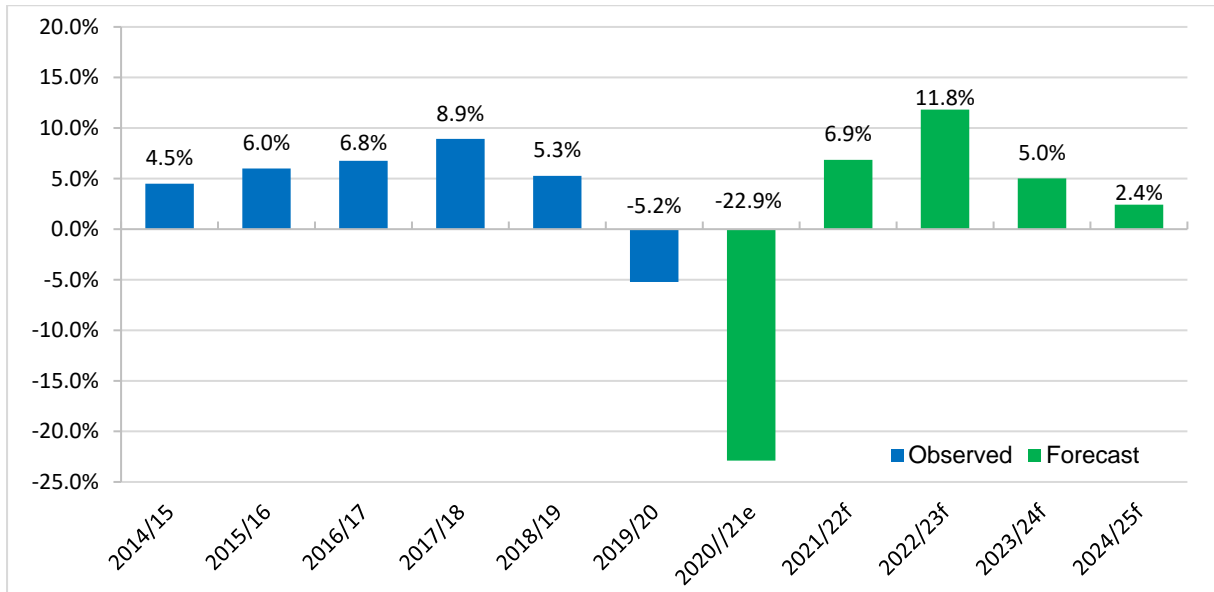
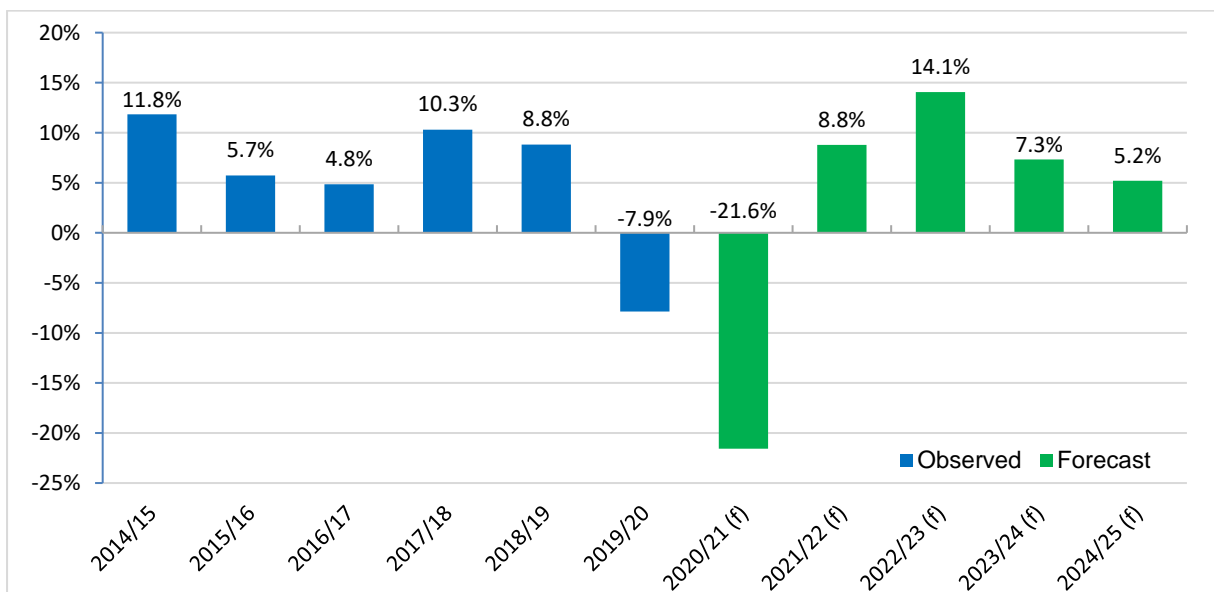


Figure 5-11 shows the forecast change for nominal GDP. The decline in 2020/21 is estimated to be 21.6 per cent, with 2021/22 expected to see the beginning of recovery with growth of 8.8 per cent. The 2022/23 year is forecast to see 14.1 per cent growth, with 2023/24 and 2024/25 showing 7.3 per cent and 5.2 per cent respectively.

Figure 5-11 Annual change in nominal GDP (percentage)



In summary, as shown in Table 5-2, nominal and real GDP growth is expected to begin to recover in 2021/22, but this recovery will take a considerable time – across all of the forecast years.

Table 5-2 Annual GDP growth summary

	2020/21	2021/22f	2022/23f	2023/24f	2024/25f
Nominal GDP growth (%)	-21.6	8.8	14.1	7.3	5.2
Real GDP growth (%)	-22.9	6.9	11.8	5.0	2.4
Implicit GDP deflator ²⁰ (index)	102.1	104.0	106.1	108.4	111.3

5.3.3 Consumer price index

Inflation in the Cook Islands is measured by the consumer price index (CPI), which is reported on a quarterly basis by the Cook Islands Statistical Office. Aggregate inflation has fallen steadily since about 2011/12, from 2.8 per cent per year then to negative 0.1 per cent in 2016/17. In 2019/20, CPI rose slightly to an average of 0.7 per cent over the year, which is the strongest price growth in five years (Figure 5-12).

In the year to December 2020 (latest available data), price growth has averaged 1.0 per cent, with key drivers being the Clothing and Footwear (5.7 per cent growth) and Household Contents and Maintenance (4.9 per cent growth) sectors. These were partially offset by price falls in Recreation and Culture (negative 3.6 per cent) and Transport (negative 3.4 per cent) sectors.

Figure 5-12 CPI, year average, 2011/12 – 2019/20 (percentage change)

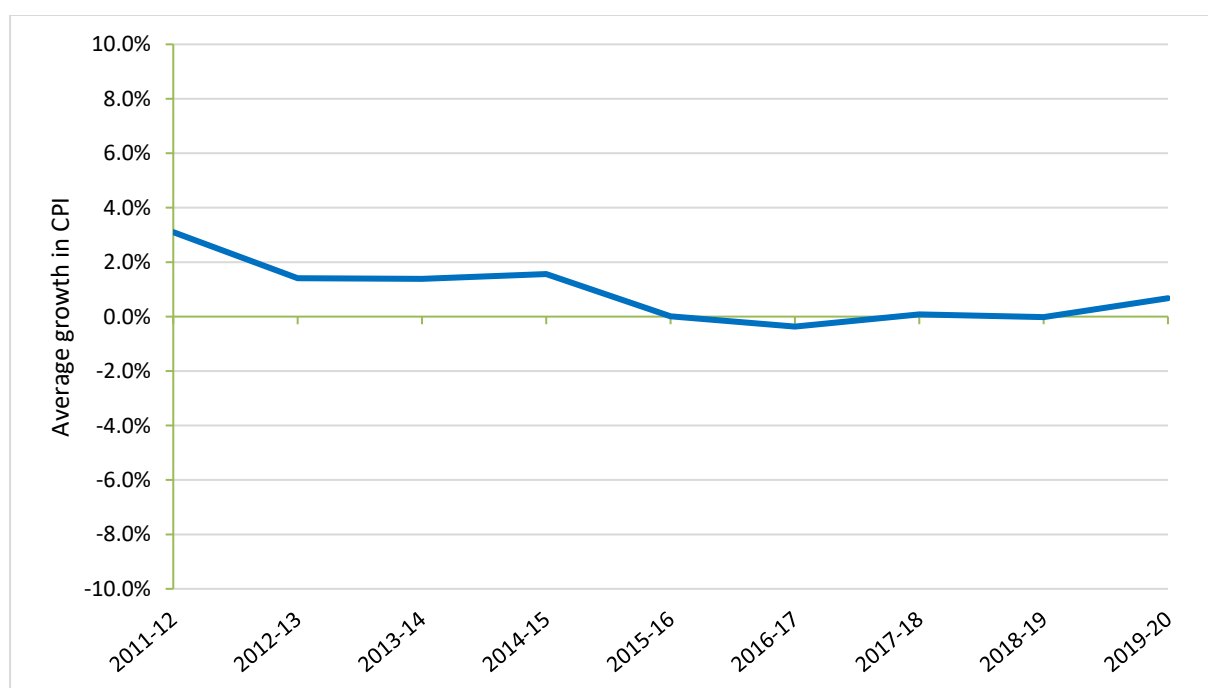
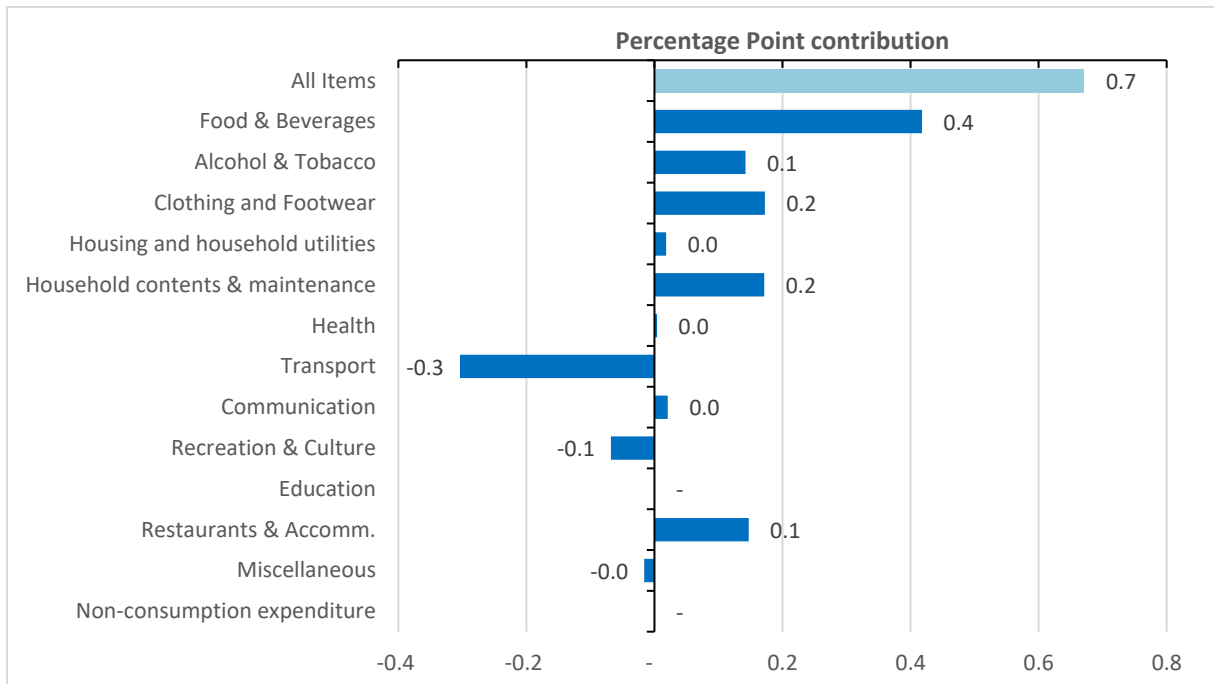


Figure 5-13 shows the contribution to aggregate inflation in 2019/20 by major category. In 2019/20, increases in the Food, Clothing and Household contents groups were partially offset by a significant fall in the Transport and Recreation groups.

²⁰ A deflator is the factor used to account for a difference in prices between the current year and the base year (which is 2016 in Real GDP). This allows for changes in prices to be removed from changes in volume production when Real GDP is calculated.

Figure 5-13 Contribution to 2019/20 average inflation (percentage point).



Inflation forecasts

The IMF April 2021 World Economic Outlook²¹ notes that commodity prices (in particular oil) are rebounding from low levels in 2020, which will put upward pressure on consumer prices, which is counteracted by the slack in the economy. Over the outlook, the downside pressure caused by the economic slack is expected to keep inflation moderate, returning to the longer-term averages.

Advanced Economies²² are expected to see inflation rising to 1.6 per cent in 2021 (from 0.7 per cent in 2020) and generally stabilising at around 1.7 per cent thereafter. For Emerging Market and Developing Economies²³ this is expected to be higher – with 2021 seeing 4.9 per cent (after 5.1 per cent in 2020), 4.4 per cent in 2022, and stabilising around 4 per cent in the medium term.

Analysis of the Cook Islands real output gap, using an approach utilising a number of filters²⁴, as shown in Figure 5-14, suggests that until the onset of the pandemic the Cook Islands was confronting a positive output gap of considerable size.²⁵ While there was no evidence of overheating showing up in the Consumer Price Index (CPI) data, should the positive output gap return with the recovery in the economy being stronger than expected, whilst also confronting a reduced working age population, this may lead to capacity constraints such as labour and skills shortages strengthening, resulting in inflationary pressure.

Forecasts of the nominal output gap indicate that the impact of the pandemic and long recovery will keep the output gap negative over the forecast period, but a stronger than expected recovery, or tighter capacity constraints than anticipated may close this gap in the medium-term.

²¹ <https://www.imf.org/en/Publications/WEO/Issues/2021/03/23/world-economic-outlook-april-2021>

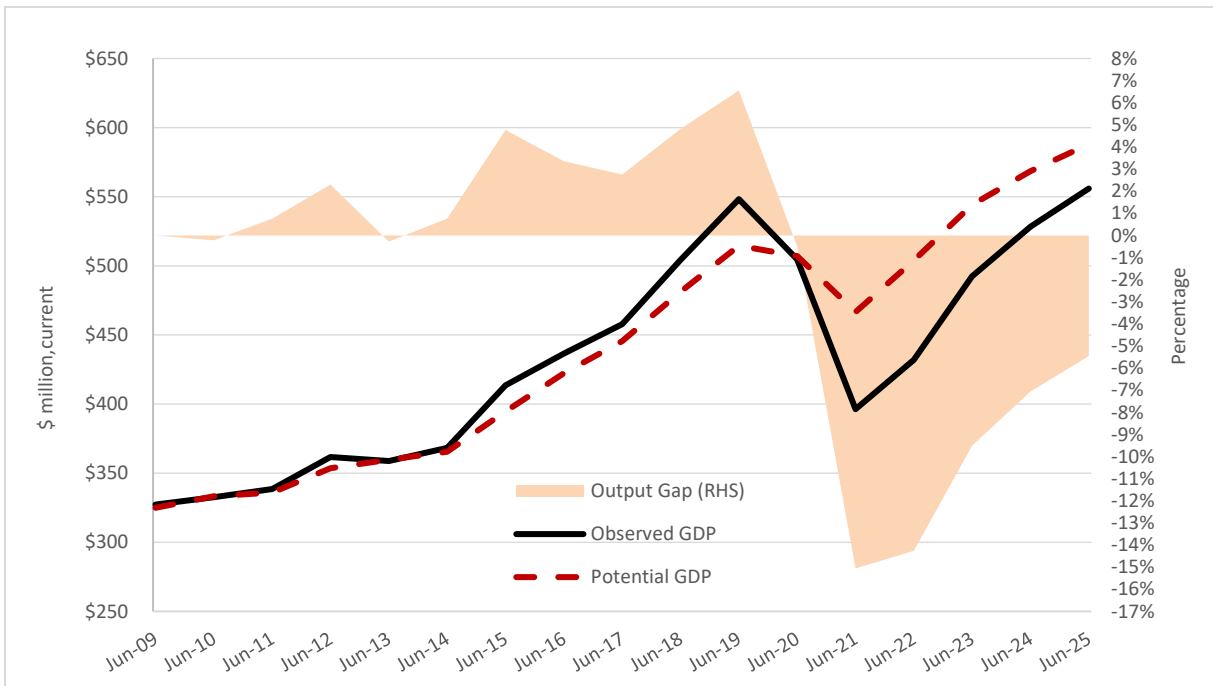
²² These are defined as AUT, BEL, CAN, CHE, CZE, DEU, DNK, ESP, EST, FIN, FRA, GBR, GRC, HKR, IRL, ISR, ITA, JPN, KOR, LTU, LUX, LVA, NLD, NOR, PRT, SGP, SVK, SVN, SWE, TWN, USA.

²³ These are defined as BGR, BRA, CHL, CHN, COL, HUN, IDN, IND, MEX, MYS, PER, PHL, POL, ROU, RUS, THA, TUR, ZAF.

²⁴ Univariate Baxter-King, Univariate Kalman and STL

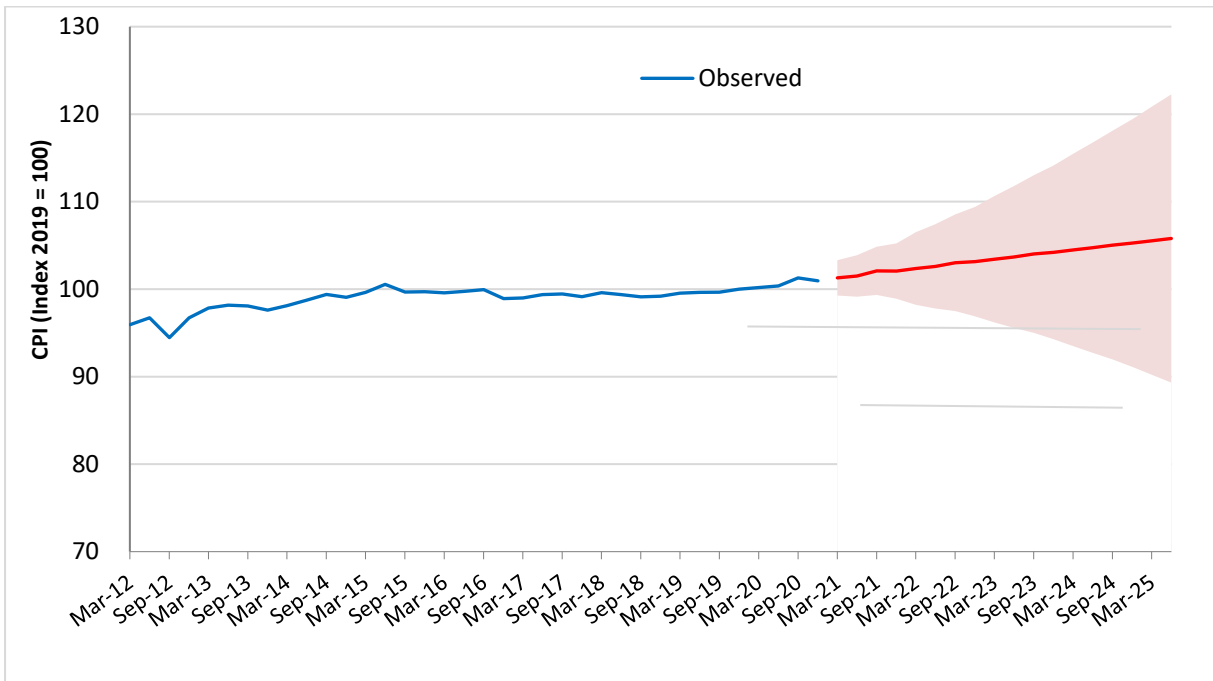
²⁵ For more information, see Estimating the output gap in the Cook Islands – preliminary analysis: Working Paper No. 18/2, available at: <http://www.mfem.gov.ck/economics>.

Figure 5-14 Nominal output gap, univariate forecast (average of filters)



Observed and forecast quarterly CPI from June 2009 to June 2025 is shown in Figure 5-15. A 95 per cent high and low confidence interval has also been computed and is displayed as the shaded area either side of the point forecast time series.

Figure 5-15 CPI, quarterly index, 2010 to 2025



Overall, as shown in Figure 5-16 and Table 5-3, inflation was 0.7 per cent in 2019/20, and is estimated to increase to 1.2 per cent in 2020/21 (due in part to oil prices rebounding from record lows in 2019) before falling back to about 1.0 per cent per year over the forward budget period.

Figure 5-16 Annual average change in CPI (percentage)

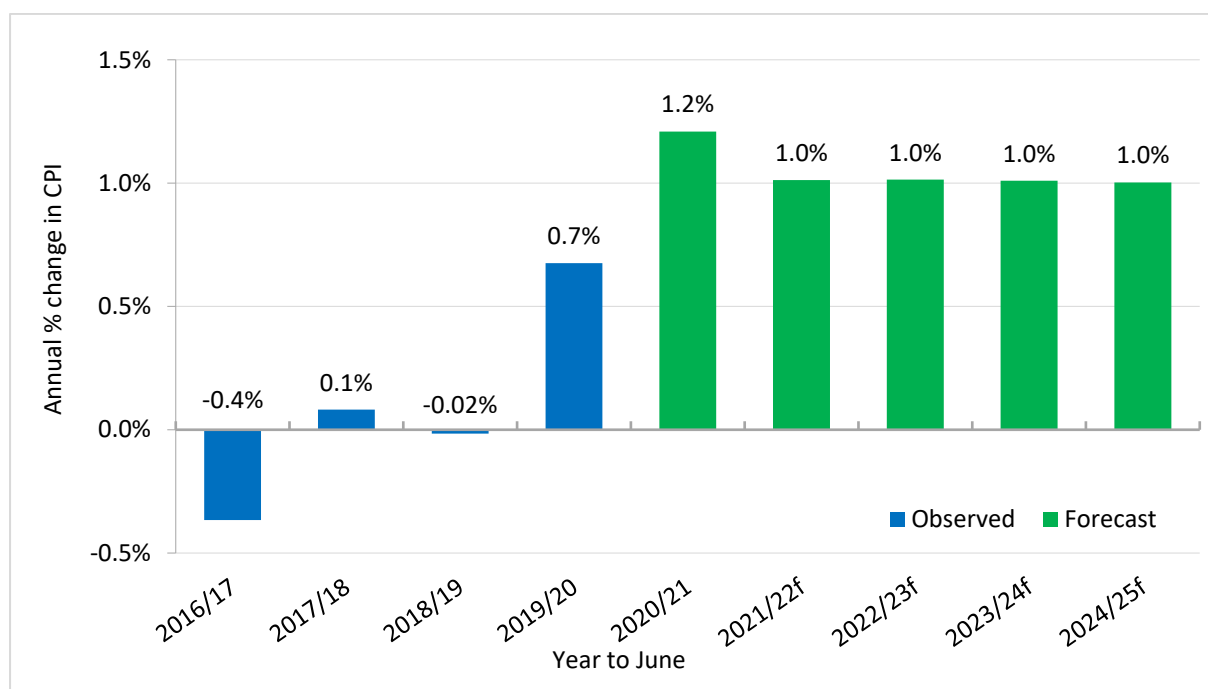


Table 5-3 Annual CPI forecast summary

	2020/21	2021/22f	2022/23f	2023/24f	2024/25f
CPI average annual index	101.3	102.3	103.3	104.4	105.4
CPI average annual percentage change	1.2	1.0	1.0	1.0	1.0

5.3.4 Trade in Goods

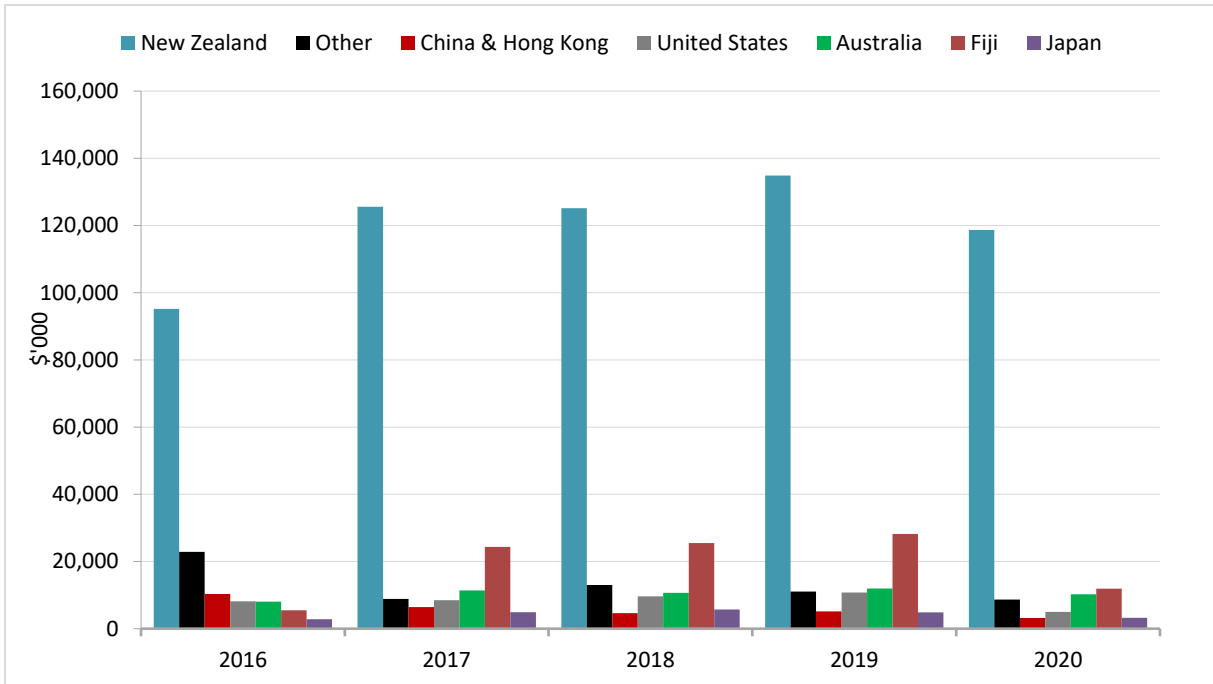
5.3.4.1 Goods imports

Due to the size and geography of the Cook Islands, the country is highly reliant on the import of goods in order to provide a range of goods and services in our islands.

The 12 months to December 2020 shows the impact of a lack of visitors, with a decline in overall imports to the Cook Islands of around 22 per cent. This comes on the back of a growth in imports driven by record tourism arrivals to the end of February 2020, before the onset of the pandemic.

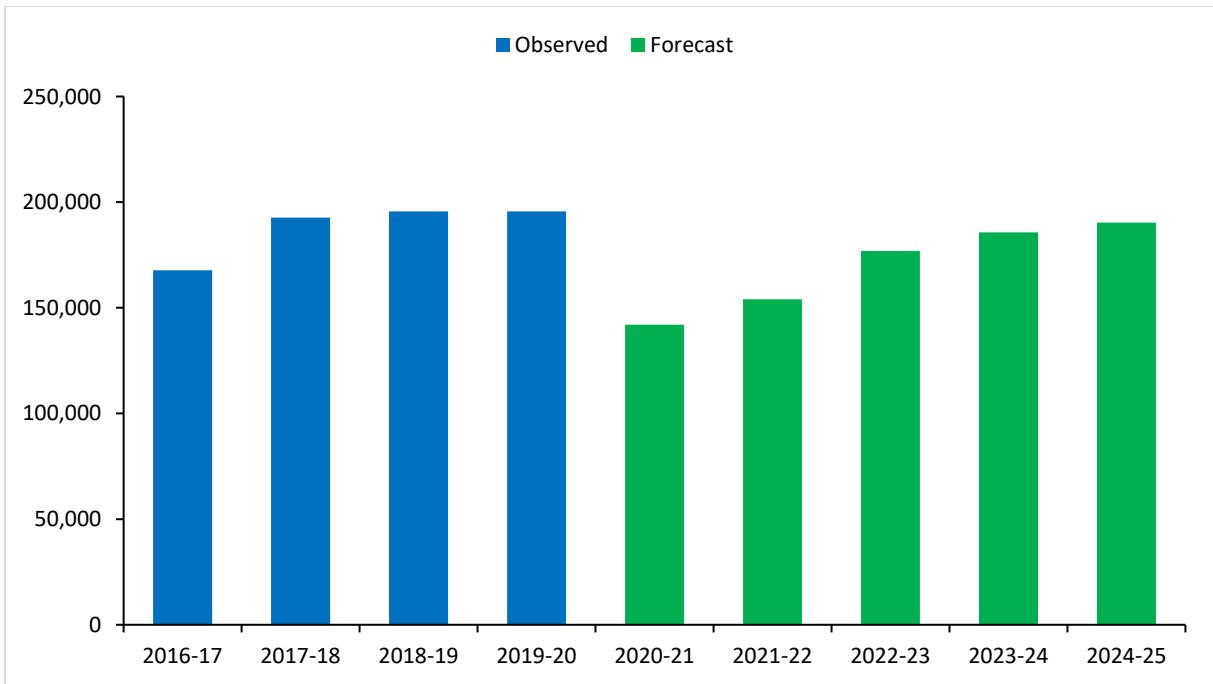
In the 6 months to the end of February, as visitor arrivals reached new records, total imports rose by \$13 million from the same period in the year before. Since then, in the period March to December 2020, total imports declined by almost \$49 million, with an overall decline over the 2020 calendar year of \$45.8 million or 22.1 per cent (see Figure 5-17).

Figure 5-17 Import value by country of origin, year to December (\$'000)



Import growth is expected to follow a similar (though more muted) profile to visitor arrivals, with the increase of people increasing demand for goods in the tourism-related sectors of the economy, with 2020-21 being at a considerably lower level after falling by 27.4 per cent, before increasing by 8.5 per cent as visitors return in 2021-22, and 14.9 per cent in 2022-23. In the medium term, this growth is expected to moderate back towards historical levels.

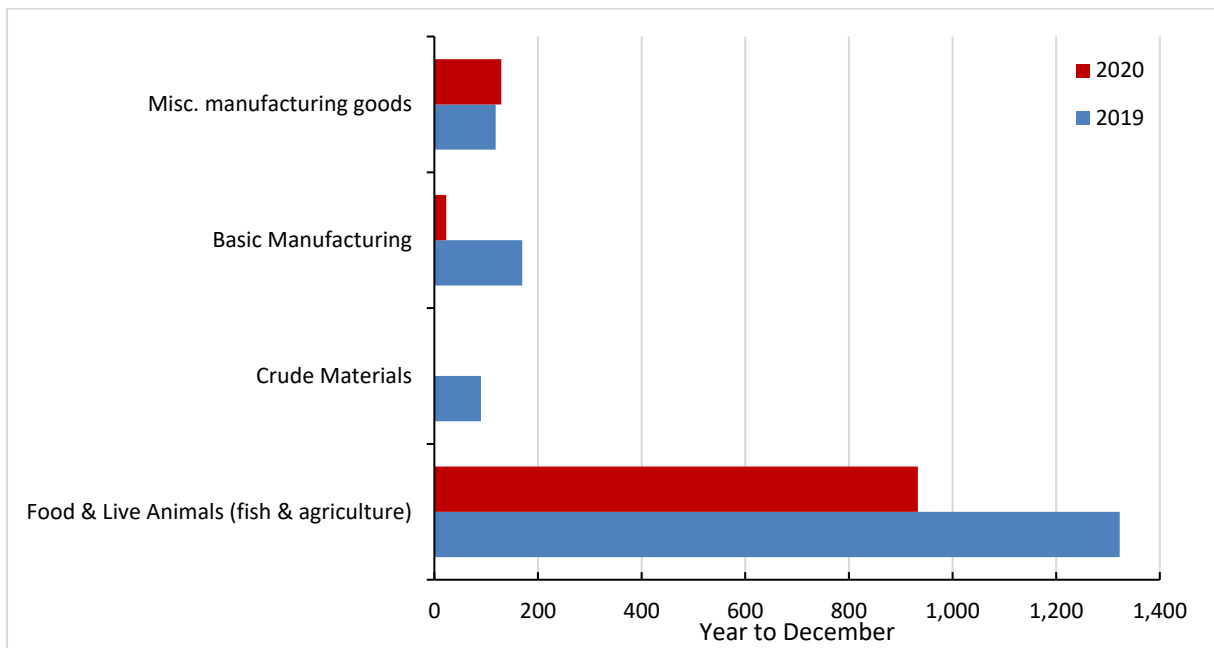
Figure 5-18 Value of total imports, annual, 2016-17 to 2024-25, year to June (\$'000)



5.3.4.2 Goods exports

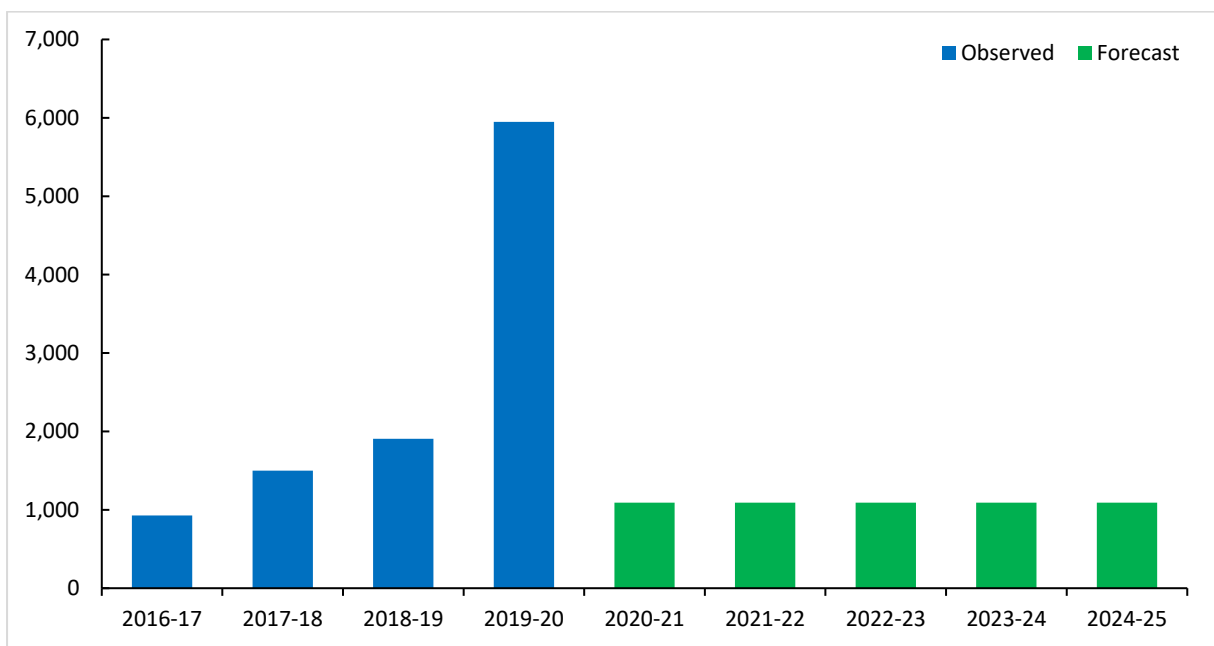
Total goods exports in the year to December 2020 fell by around 39 per cent (after adjustments to remove fishing exports from foreign boats that do not make landfall in the Cook Islands and the one-off E-waste recycling shipments in 2019) from \$1.8 million to \$1.1 million. This decline has been in most major categories, in particular Fish and Agriculture, which declined by \$390,000 and Crude Materials, which declined from \$90,000 in 2019 to nil in 2020, while Miscellaneous Manufacturing grew slightly.

Figure 5-19 Major goods exports, 2019 and 2020, year to December (\$'000)²⁶



Looking forward, the value of goods exports is expected to remain steady, as shown in Figure 5-20.

Figure 5-20 Value of total exports, annual, 2016-17 to 2024-25, year to June (\$'000)



²⁶ Excludes 4.37 million in recyclables export in 2019.

5.3.5 Tourism

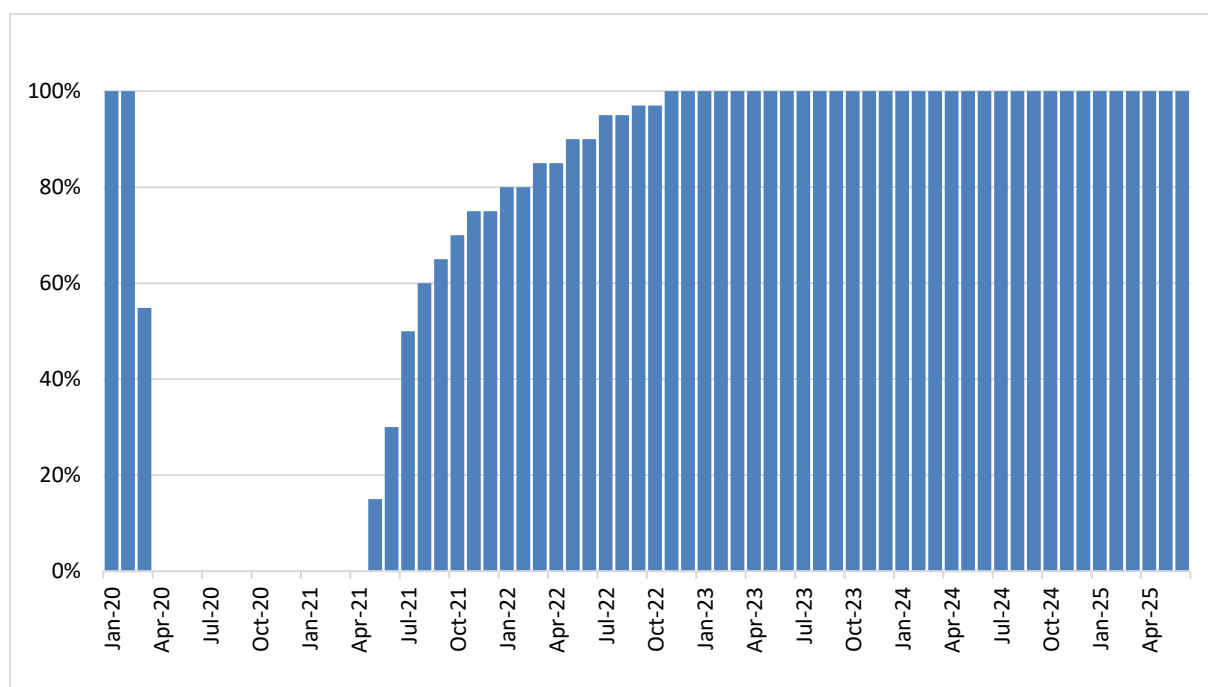
5.3.6 Aggregate visitor activity

The closure of the Cook Islands border in March 2020 significantly affected the tourism industry, bringing many aspects of it to an almost-halt. Visitor arrivals in recent years have shown solid growth, particularly shortly prior to the border closures when growth was largely driven by an increase in visitors from New Zealand and the United States.

In January 2021, one-way quarantine free travel from the Cook Islands to New Zealand commenced. Perhaps the most important assumption in the economic outlook is around any potential setbacks after the opening of the border with New Zealand. At the time of writing, there are no further border closures with New Zealand anticipated; however, the forecast for the first two months of visitors remains conservative due to this and other risks.

Total arrivals for the 2020/21 financial year are estimated at 5,000, a 95.8 per cent drop when compared to 123,786 in 2019/20. The low estimate for 2020/21 is due to the extended border closures and the lack of ‘two-way’ quarantine free travel between New Zealand and the Cook Islands until halfway through the last quarter of the financial year.

Figure 5-21 New Zealand market, share of “normal” market



While production and roll-out of the of the COVID-19 vaccine is staggered due to the supply constraints, the path back to a ‘normal’ level of visitor arrivals will take time as restrictions are eased, travel becomes safer and incomes in source markets recover from the pandemic-induced recession.

Based on technical assumptions including the arrival of visitors in May 2021, visitor arrivals for the 2021/22 financial year is estimated at 98,000, with initial arrivals from New Zealand and Australia only, and eventually opening to other markets as it becomes safe to do so.

In 2022/23 visitor arrivals are expected to grow by around 56.5 per cent (off the low base) to 154,000 – back toward the numbers experienced before the pandemic, and a further estimated 10.3 per cent in the following year 2023/24 to 170,000, surpassing pre pandemic numbers.

Growth rates are expected to level out to around 3.5 per cent in 2024/25. With many factors remaining unknown there is significant uncertainty around these forecasts, with the key downside risk being further outbreaks of COVID-19 necessitating further border closures.

Figure 5-22 Total visitor arrivals, quarterly, 2013 to 2025

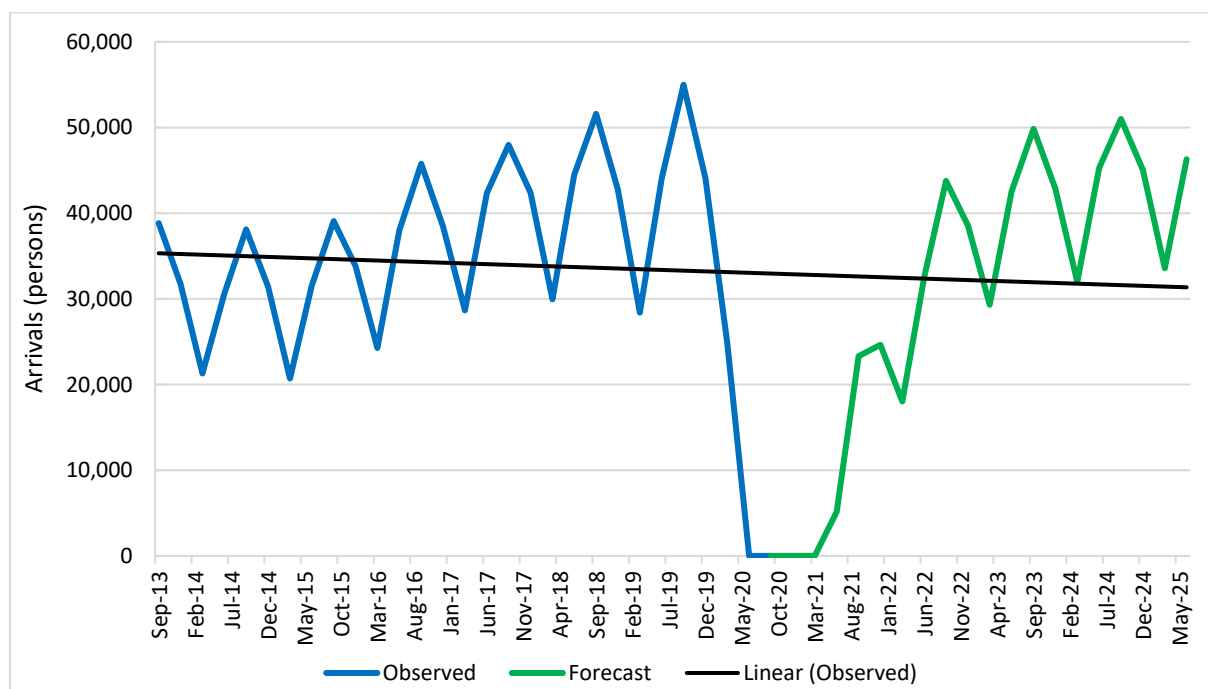


Table 5-4 Estimated total arrivals, quarterly, 2020/21 to 2024/25

Quarters	2020/21e	2021/22f	2022/23f	2023/24f	2024/25f
September	0	23,309	43,769	49,850	51,000
December	0	24,631	38,560	42,877	45,068
March	0	18,022	29,305	31,997	33,562
June	5,156	32,565	42,551	45,290	46,297
Annual total	5,156	98,527	154,184	170,014	175,927

While the borders have been closed to international visitors domestic tourism has flourished with opportunities for ‘staycations’ and domestic travel being offered to residents at discounted prices. These prices are expected to return to pre pandemic levels once the borders open, and tourism capacity constraints are not expected to be binding during the forecast period.

5.3.7 Major markets

5.3.7.1 Introduction

In recent years, visitors to the Cook Islands have been predominantly from New Zealand with 66.5 per cent of total arrivals in the 2019/20 financial year, followed by Australia with 16.8 per cent and Europe and the USA and Canada (combined) at 6.8 per cent and 7.5 per cent respectively. Other markets make up the remaining 8 per cent.

In the next few years, the share taken up by New Zealand will grow significantly to 97.6 per cent as it is the first market to open up to the Cook Islands (and the small number of Australians are expected to be NZ-based), with others markets being slower to reopen as shown in Table 5-5.

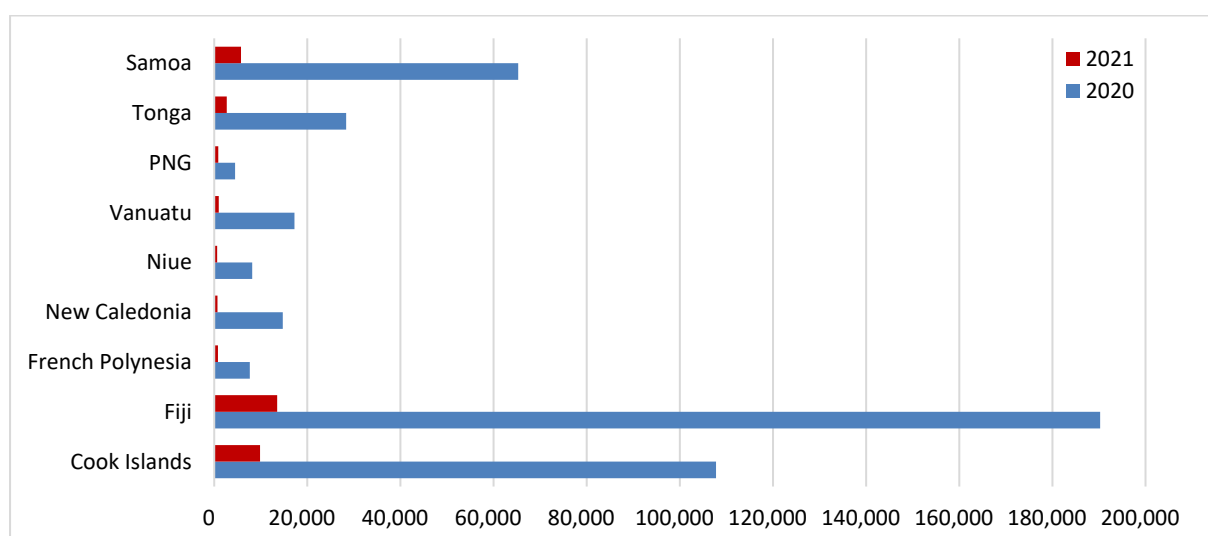
Table 5-5 Forecast total tourism numbers, by major market, 2020/21 to 2024/25

Markets	2020/21	2021/22f	2022/23f	2023/24f	2024/25f
New Zealand	5,032	84,423	112,867	115,508	115,241
Australia	124	13,536	24,338	31,757	33,385
USA & Canada	0	254	7,007	9,372	11,223
Europe	0	213	7,602	10,167	12,242
Other	0	101	2,370	3,210	3,837
Total	5,156	98,527	154,184	170,014	175,927

5.3.7.2 New Zealand

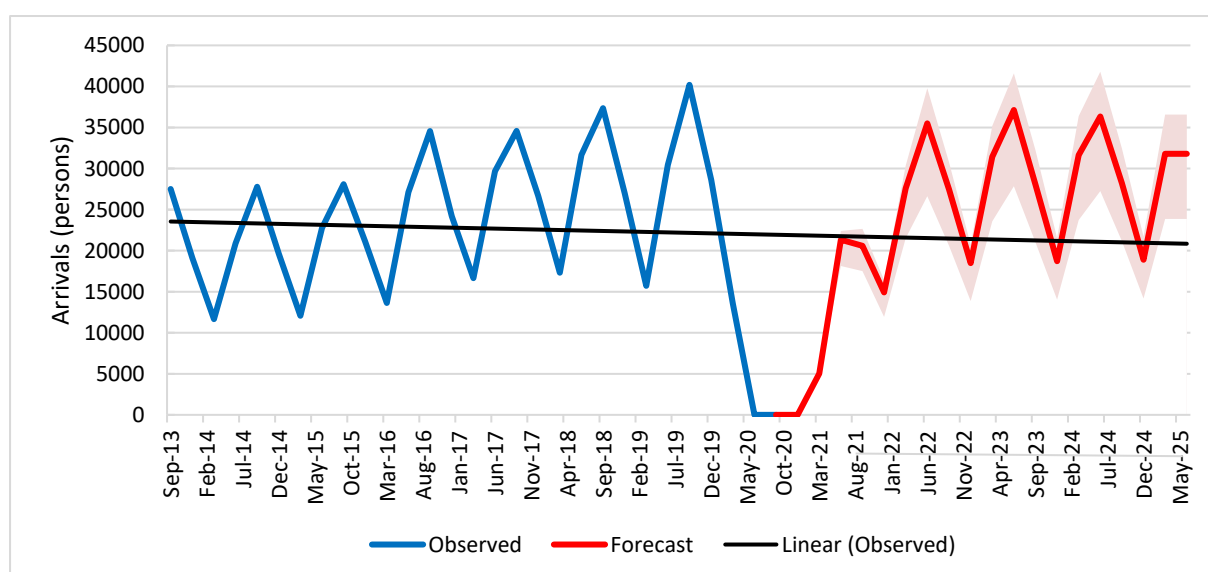
The Cook Islands market will continue to be impacted as the borders remain closed, as with other Pacific Island nations (in terms of absolute fall), as shown below in Figure 5-23, where the impact of the pandemic can be seen on various Pacific markets.

Figure 5-23 New Zealand resident Pacific arrivals, by main country visited (year to January)



Visitor arrivals from New Zealand to the Cook Islands will take some time to recover (see Figure 5-24). Even after the pandemic, the levels of visitors from New Zealand can be expected to be lower than they otherwise would be, as incomes have taken a negative impact.

Figure 5-24 New Zealand arrivals, quarterly, 2012/13 to 2024/25

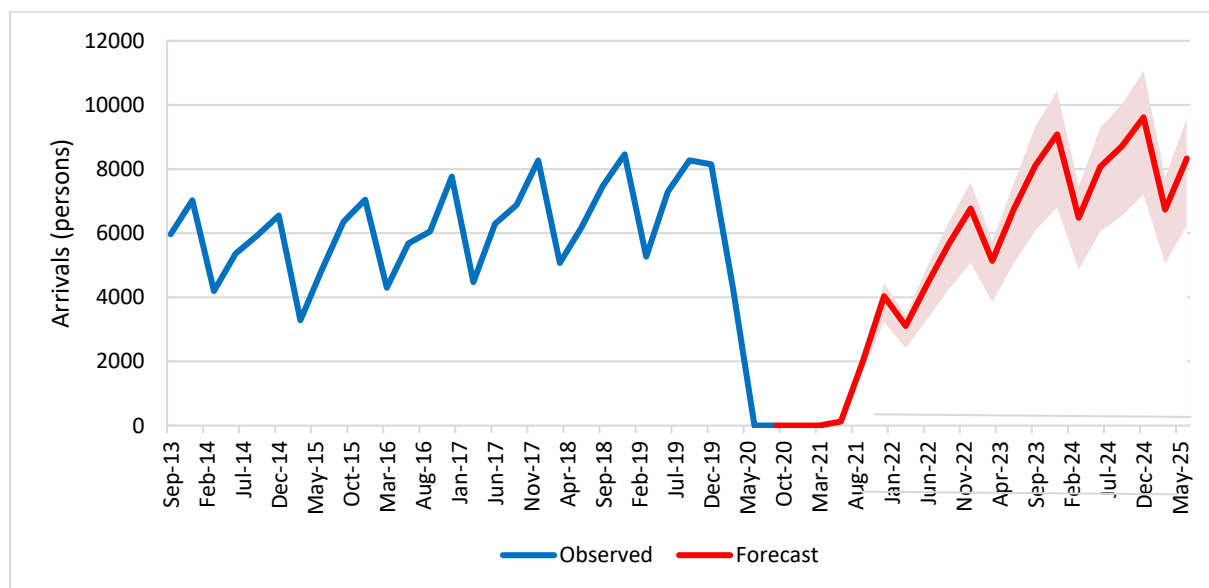


5.3.7.3 Australia

The Cook Islands has seen significant growth in Australian visitors in recent years, its second largest tourism market, with growth averaging about 7 per cent per year. The pandemic brought a halt to this growth, and its recovery will depend on the success of combatting the virus in Australia and the resumption of quarantine free travel to New Zealand and eventually to the Cook Islands.

Visitor arrivals from Australia to the Cook Islands is expected to resume in the last quarter of the 2020/21 financial year however at a much lower level, with slow growth in the beginning and eventually returning to normal levels of over 30,000 in 2023-24 (see Figure 5-25).

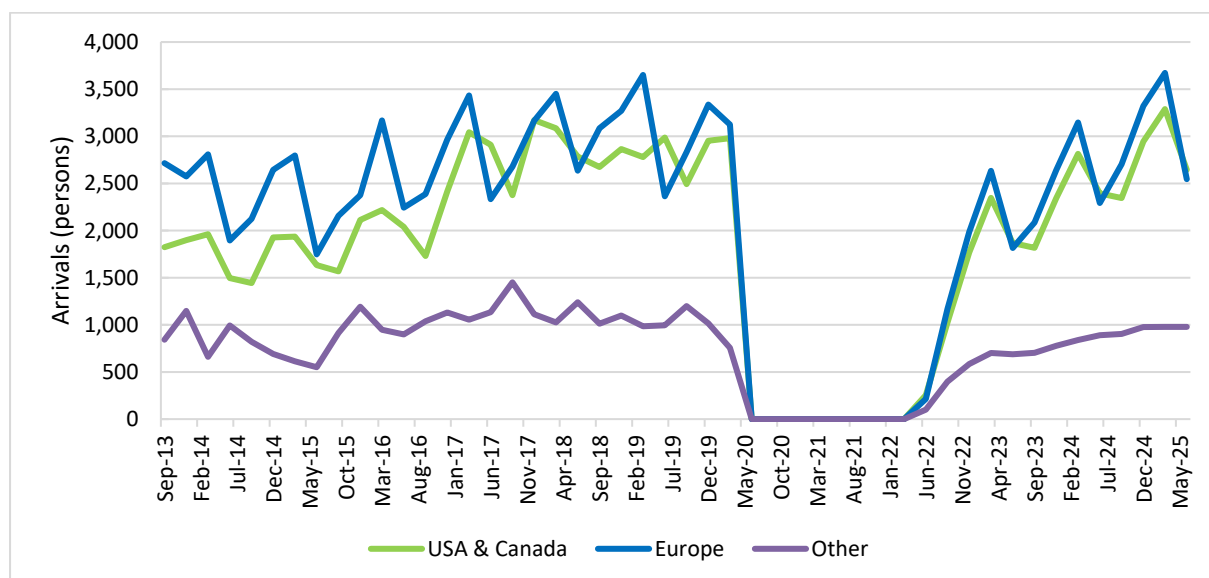
Figure 5-25 Australia arrivals, quarterly, 2012/13 to 2024/25



5.3.7.4 Other markets

It is expected that other tourism markets are likely to be unavailable to the Cook Islands for a longer time due to the rates of infection of COVID-19 in Europe and North America, despite majority of these countries carrying out vaccination programmes. The assumption on when these markets will open up is currently the last quarter of 2021/22, slowly returning to pre-pandemic levels by around 2023/24.

Figure 5-26 Other major markets arrivals, quarterly 2012/13 to 2024/25



5.3.8 Other key industries

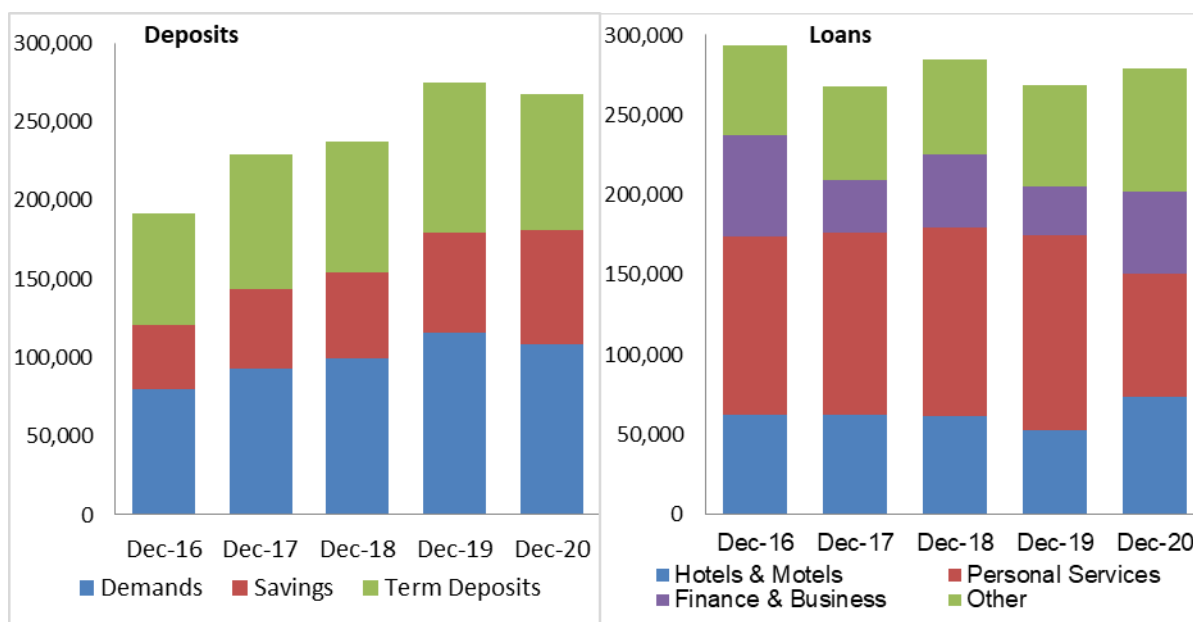
5.3.8.1 Banking and finance

Deposits

Total deposits in Cook Islands banks in December 2020 were 2.6 per cent lower than at December 2019, decreasing from \$274.6 million to \$267.6 million, which is a smaller decline than anticipated considering the largest economic downturn in the Cook Islands this century.

The largest component of this decrease, with a fall of approximately 9.4 per cent, was a decline in term deposits, from \$95.5 million to \$86.5 million. Demand deposits show a similar trend, declining by 6.4 per cent, while savings unexpectedly grew by 14.8 per cent (see Figure 5-27).

Figure 5-27 Total value of bank deposits and loans, December 2014 to December 2020 (\$'000)



Loans

Total lending by Cook Islands banks in grew in the year to December 2020, as expected considering the deep recession experience in the Cook Islands. However, this increase in lending was relatively mild, with an overall increase of only 4.0 per cent (from \$268.3 million to \$279.1 million) (see Figure 5-27).

Key in this analysis, government debt held outside of the Cook Islands is not included here as it is largely held by foreign entities – such as the Asian Development Bank. For more information on this, see Chapter 11.

Economic Response Plan and Banking

The Government has enacted a number of measures in partnership with the commercial banks of the Cook Islands such as the Business Continuity Credit Facility (BCCF) and the Interest Relief Program (IRP).

The BCCF has provided access to credit at affordable rates to support businesses survive the recession.

The IRP, along with the loan deferral program implemented by the commercial banks, reduces the amount of financial stress for people with debt, reducing the likelihood of them coming out of the downturn facing large amounts of debt and unable to partake in activity outside of paying this down.

5.3.8.2 Financial services industry

The financial services industry, by statutory definition, includes those Cook Islands businesses licensed to carry on banking, insurance and trustee company business, both domestically and internationally.

The Cook Islands is a member of the OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes. In 2015, the Forum's Phase 2 Peer review rated the Cook Islands as "largely compliant" with the next Global Forum Peer review scheduled for 2019 but yet to be undertaken.

The Cook Islands has passed laws to ensure its financial institutions comply with the OECD's Common Reporting Standard, requiring the automatic exchange of an individual's financial information with the country where that individual is tax resident. Similarly, the Cook Islands has passed laws specifically requiring that financial institutions provide the United States Internal Revenue Service with financial information held on US taxpayers.

In October 2018, the Financial Action Task Force ("FATF") published the Cook Islands second Mutual Evaluation Report ("MER"). The FATF is an inter-governmental body responsible for policy making on international AML/CFT standards. The evaluation process rated the Cook Islands as "largely compliant" or above on 38 of the FATF's 40 recommendations for technical compliance, and issued 5 "substantial" ratings for the effectiveness of its AML/CFT regime.

In 2017, the European Union ("EU") identified certain areas that it considered amounted to preferential and harmful tax regimes in the Cook Islands legislation. Those concerns were addressed in December 2019. In particular, the International Companies Act 1981-82 ("Act") was amended to remove tax exemptions granted to companies incorporated or registered under the Act, and amendments to the Income Tax Act (1997) will require international companies to become resident for tax purposes in the Cook Islands.

The licensed trustee companies are responsible for the administration of approximately 3,500 entities and trusts on the Cook Islands international registers. The registration and renewal fees provided Government approximately \$1.3 million in 2020/21. The growth of these numbers depends on the impact of international tax and regulatory requirements and the licensed trustee companies' ability to operate efficiently and diversify.

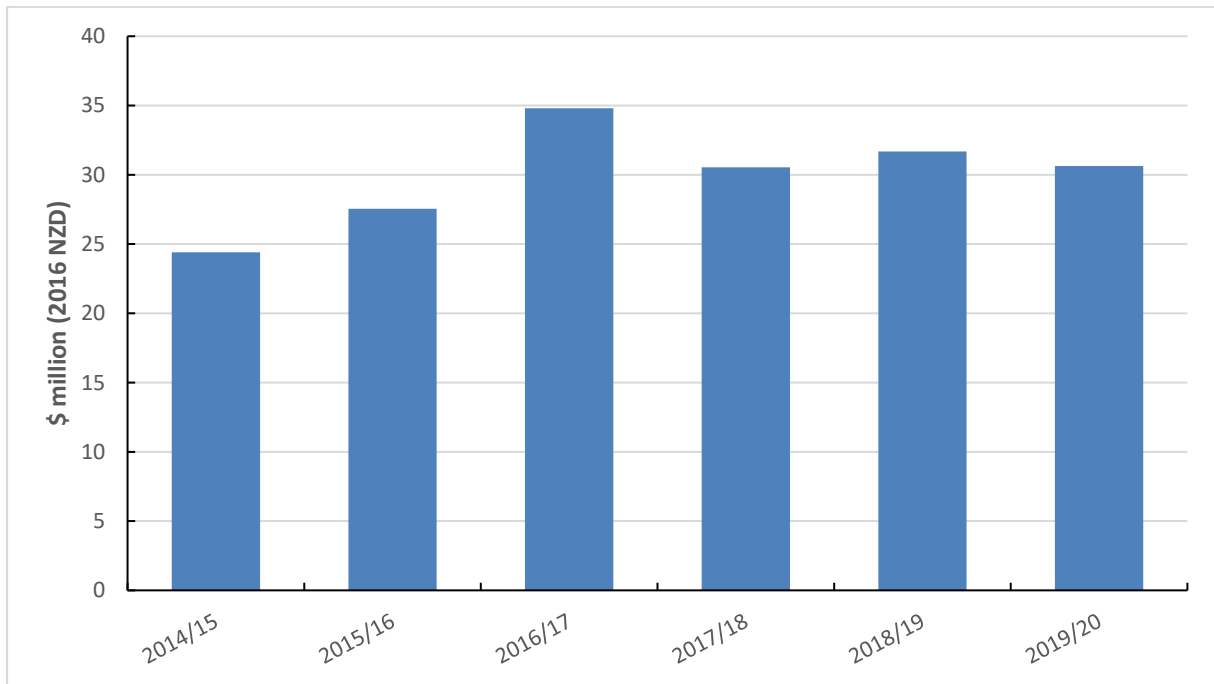
Financial services industry – domestic and international

The industry employs approximately 260 staff, accounting for approximately 4.5 per cent of total employment in the Cook Islands.²⁷

The Cook Islands Statistics Office identifies the financial services industry as the finance and insurance sector. The sector's contribution to GDP, shown in Figure 5-28, fell from \$34.8 million in 2016/17 to \$30.6 million in 2019/20.

²⁷ Based on a survey conducted as at 31 March 2020 by the Financial Services Development Authority. The employment rate is estimated using the number of active Cook Islands National Superannuation Fund members as a proxy for total employees in the Cook Islands. As at 31 December 2019 there were 5,747 active members.

Figure 5-28 Finance and insurance contribution to real GDP, 2014/15 to 2019/20 (\$'000)



In November 2018, MFEM requested technical assistance from PFTAC to estimate the economic and revenue contributions of the international financial services industry in the Cook Islands.²⁸

The report measured both the direct contribution of the international financial services industry to Cook Islands GDP and the indirect contribution through two channels: the goods and services that the industry purchases from other suppliers; and through the business that the international financial services providers create for other sectors of the economy, including banking services, captive insurance, and business travel.

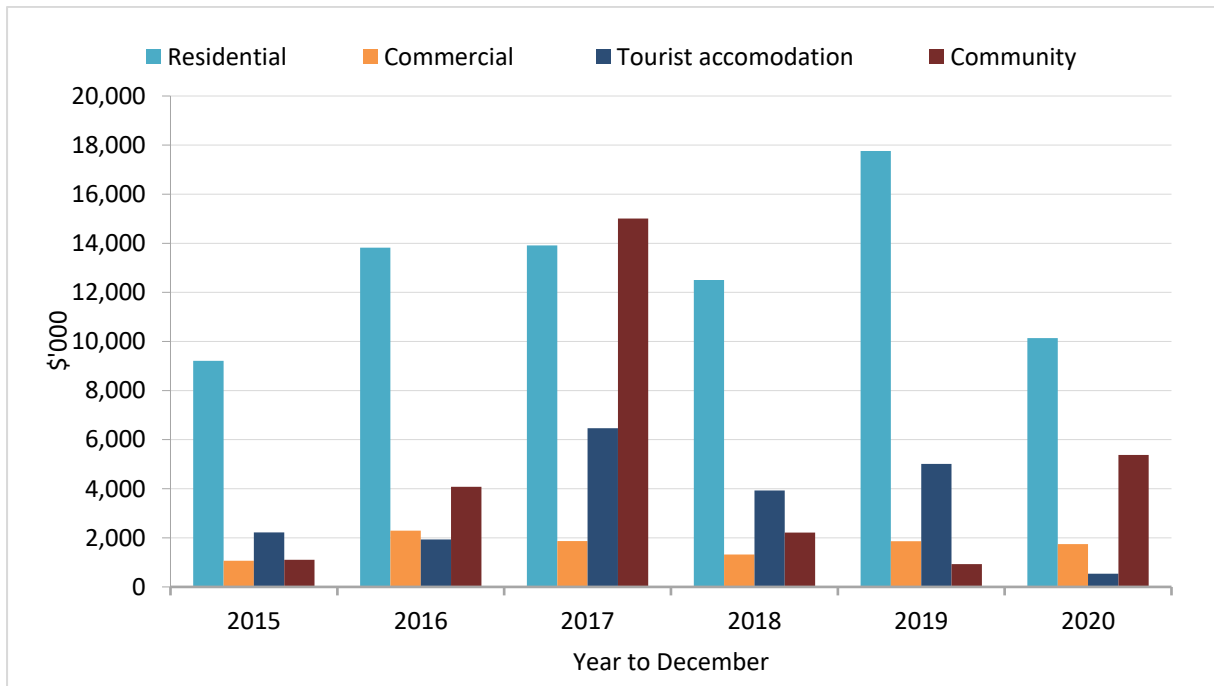
The report estimated that between 2010 and 2017 the total direct and indirect contribution to GDP of the international financial services industry has fluctuated between 3.8 and 4.8 per cent. The direct contribution has increased from \$12.5 million in 2010 to \$14.9 million in 2017, while the indirect contribution has remained flat, averaging around \$3.5 million per year. The indirect contribution has remained unchanged because purchases of production inputs from other businesses in the Cook Islands have been falling.

5.3.9 Housing and construction

The total value of Cook Islands building approvals in the year to December 2020 fell by 30.4 per cent to \$17.8 million, from \$25.6 million the previous year. The largest part of this decrease is in residential buildings which declined by \$7.6 million (43 per cent of the 2019 total), with the largest percentage change in tourist accommodation – which fell by 89.2 per cent over the year. This fall likely is a result of the uncertainty around borders and international travel. Partially offsetting this decline is growth of \$4.5 million in community building approvals, which was the only sector to see positive growth (Figure 5-29).

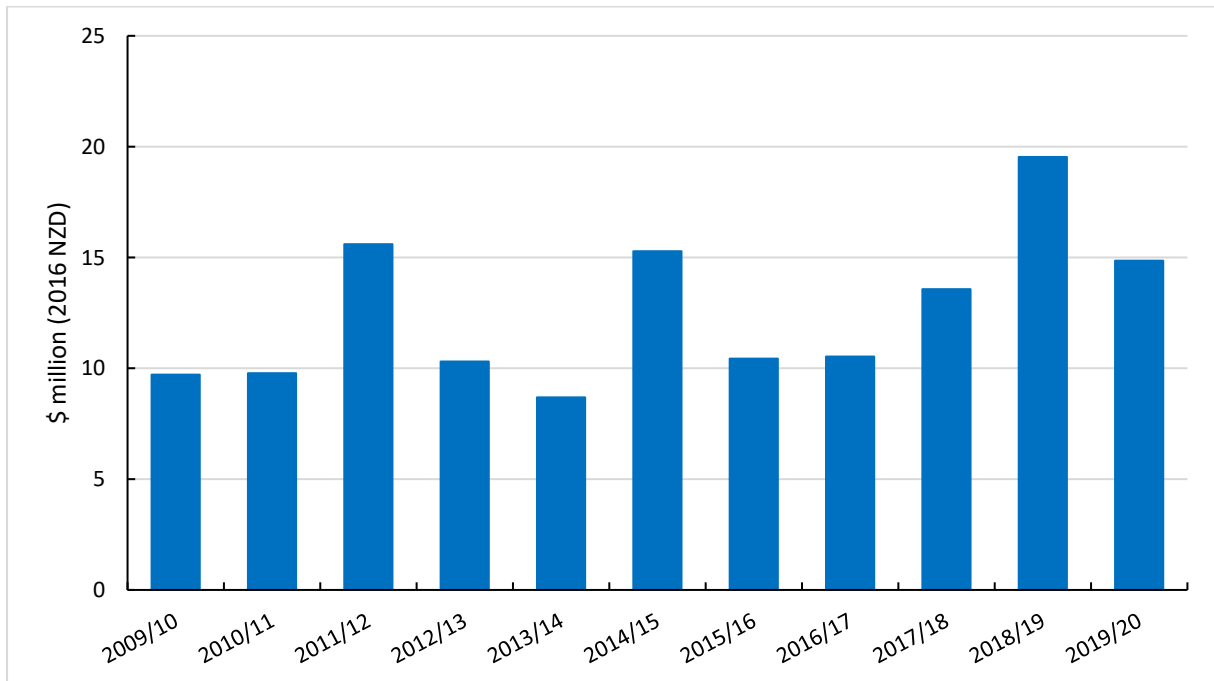
²⁸ IMF (2019). Cook Islands International Financial Services Industry. Iris Claus, PFTAC Technical Assistance Report, April 2019.

Figure 5-29 Building approvals, \$'000, 2015 to 2020



The high level of the value of building approvals in recent years is reflected in the performance of the construction sector of the Cook Islands economy. The construction sector's contribution to GDP, shown Figure 5-30, has risen to \$19.5 million in 2018/19 and \$14.9 million in 2019/20.

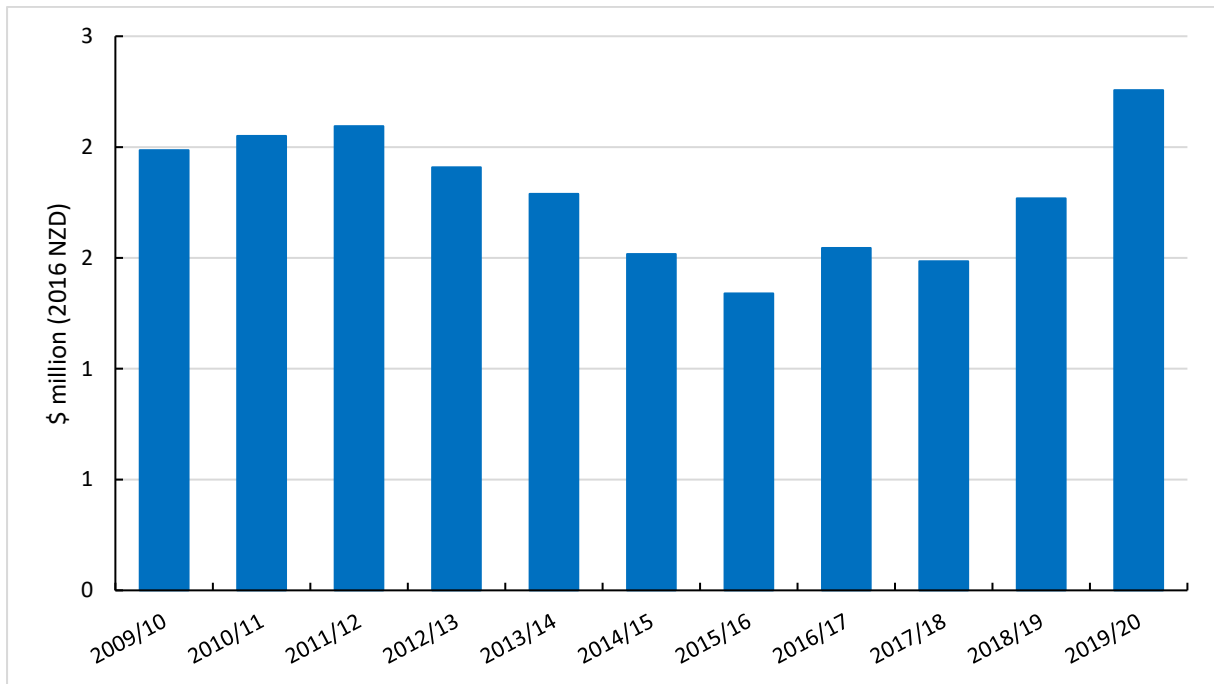
Figure 5-30 Construction sector contribution to real GDP, 2009/10 to 2019/20 (\$'000)



5.3.10 Marine resources

The Fishing and Pearl sector, which accounted for less than one per cent of real GDP in 2018/19 and 2019/20, grew by over 27 per cent from \$1.77 million in 2018/19 to \$2.26 million in 2019/20, in real terms (see Figure 5-31).

Figure 5-31 Fisheries contribution to GDP, annual, 2009/10 to 2019/20 (\$m real)



5.3.10.1 Fishing

The main benefit to the Cook Islands Government from fishing activities is revenue from treaty arrangements, purse seine fishing bilateral arrangements, license fees and the sale of catch quotas. The revenue collected in 2019/20 was \$13.5 million and \$8.6 million is estimated for 2020/21.

Under the Quota Management System (QMS) regulations, a total allowable catch (TAC) of 9,750t of albacore tuna (ALB) and 3,500t of bigeye tuna (BET) per calendar year are allowed. The quota system was implemented in January 2017, with revenue returns of around \$4 million received annually.

A significant portion of revenue comes from the purse seine fishery, where the Cook Islands Exclusive Economic Zone (EEZ) has a total limit of 1,250 fishing days in accordance with conservation and management measures implemented by the Western Central Pacific Fisheries Commission (WCPFC).

During 2016, the US and Pacific Island Parties negotiated a new US Multilateral Treaty with a six-year term. Under the Treaty, the Cook Islands commit a pool of 350 fishing days annually before the start of the calendar year. US fleets operate under Cook Islands pool days through the treaty, or purchase additional days.

In October 2020, the Government renewed licenses for two Spanish purse seine fishing vessels and one new license under the European Union (EU) Sustainable Fisheries Partnership Arrangement. Under the eight-year Agreement, a four-year protocol was extended for another year in 2021 for fisheries access allowing up to 7,000t per year to be fished by EU Purse Seiners. This arrangement accounts for approximately 160 days of the total 1,250-vessel day limit. The price for a fishing day is US\$9,500 (the NZD amount ranges from \$13,000 to \$14,000 depending on exchange rates).

Climatic conditions compounded by COVID-19 measures have affected fisheries revenue in the 2020/21 financial year. Strong La Nina climatic conditions in 2020 and the beginning of 2021 resulted in a westward shift in distribution of skipjack and tropical tuna stocks, and therefore a significant reduction in the demand for purchasing purse seine vessel days within the Cook Islands EEZ. With uncertainty around El Nino (ENSO) predictions beyond June 2021, conservative estimates are used for revenue forecasting beyond this period.

Projected fisheries revenue for 2021/22 is \$9.3 million. The sources of revenues include:

- \$ 3.0 million from the longline licensing, development fees and QMS
- \$ 3.2 million from the US Treaty
- \$ 2.3 million from the purse seine vessel days
- \$400,000 from the EU Sustainable Fisheries Partnership Agreement (SFPA) fishing authorisations
- \$200,000 from other fisheries and fines

The development of the purse seine fishery has contributed significantly to the growth of this sector, in terms of both catch and value expanding from 476t in 2010 to 28,478t in 2019. The total commercial catch for all vessels was 39,073t in 2019.

Purse seine related revenue is largely dependent on annual fishing patterns influenced by climatic conditions such as El Nino, and experiences year on year fluctuations in west-east migrations. Fisheries management arrangements and differences in pricing for purse seine vessel days also influence where and when fleets choose to fish.

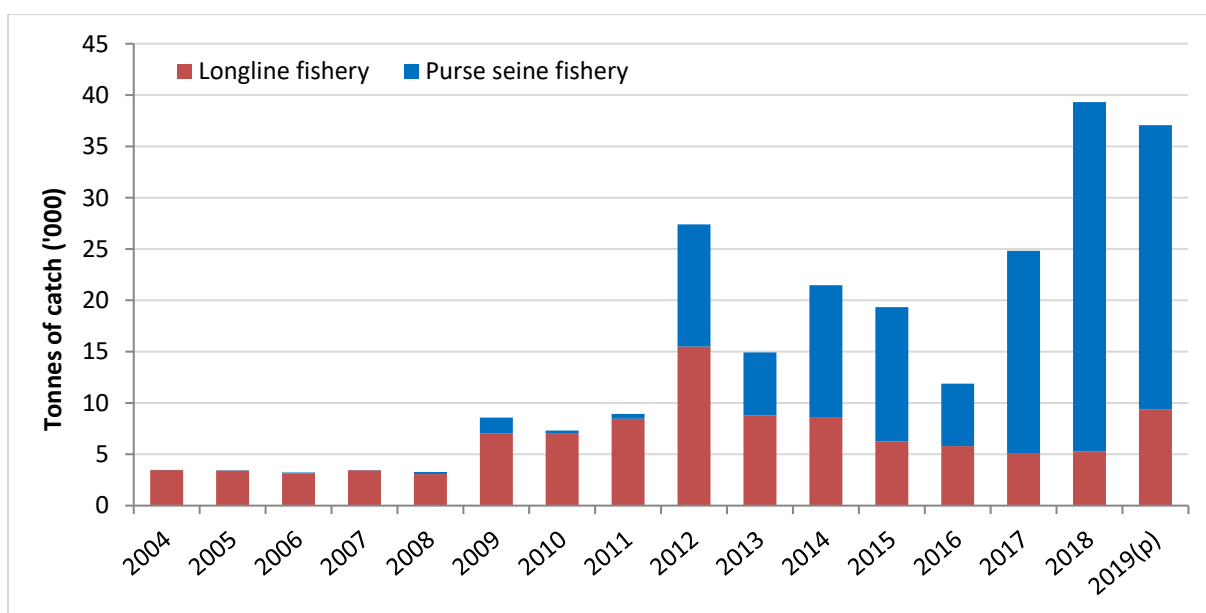
Major disruptions in the fresh fish market (in particular Japan) supply chains and the reduction in our locally based longline fleet will affect the export of these products from Rarotonga and its contribution to GDP. However, demand for frozen product, sourced from both longline and purse seine vessels has increased. Any opportunities to maintain and enhance revenue streams to mitigate some of the impact of COVID-19 on the economy will be investigated.

The suspension of tourists and other arrivals in to the country has had a marked impact on the local market (Rarotonga in particular). The saturation in supply of oceanic species such as tuna has created competition between artisanal and commercial fishers, where they previously filled different niches in the market.

In 2019, a total of 9,200t of ALB was purchased (as distinct from actually caught) or 94 per cent of the ALB total allowable commercial catch (TACC), and a total of 1,275t BET was purchased making up 51 per cent of the BET TACC.

In 2020, 6,880t of ALB was purchased or 71 per cent of the ALB TACC, and a total of 1,250t BET was purchased making up 50 per cent of the BET TACC.

Figure 5-32 Fishery catch in the Cook Islands EEZ²⁹



²⁹ Catch and effort estimates for 2020 not yet finalised.

The Cook Islands also supports a small local fishery of artisanal and sports fishing game charter operators. In 2019, local fishers caught 117t of fish, with an estimated nominal catch of 113t in 2020.

Table 5-6 Fishery catches in the Cook Islands EEZ by species

	2018			2019		
	Longline	Purse Seine	Local	Longline	Purse Seine	Local
Albacore	3,755	0	1	6,864	0	3
Bigeye	258	123	1	842	236	0
Yellowfin	799	1,140	87	1,583	1,032	64
Skipjack	66	32,764	5	587	27,203	7
Other	402	0	56	719	7	43
Total	5,280	34,027	93	10,595	28,478	117

In 2020, the Ministry of Marine Resources (MMR) managed 102 licensed vessels made up of 66 longliners, 19 purse seiners, 14 bunker vessels, 2 trawlers and 1 potting vessel. In addition, there were 236 local artisanal and game charter fishing boats reporting catches to MMR (Table 5-6).

Table 5-7 Number of active fishing vessels

Licensed and active vessels	2016	2017	2018	2019	2020
Long liner	47	55	42	55	66
Purse seiner	33	16	40	51	19
Other commercial	10	8	13	14	17
Total	90	79	95	120	102
Local artisanal and game fishery	285	273	304	236	227

One domestic commercial fishing company with two Cook Islands flagged longline vessels, operate in the southern Cook Islands waters, and offload their catch at the Avatiu port predominantly for the domestic market. For the domestic vessels that unload in Rarotonga, 114t of fish were unloaded in 2020, compared to 174t in 2019. There were no exports over this period and there has been no landed catch by foreign vessels in Rarotonga since 2017.

Table 5-8 Fishery Catch landed at Avatiu Port (MT)

	2016	2017	2018	2019	2020 (p)
Cook Islands flagged vessels					
Fresh catches offloaded	179	194	181	174	114
Fresh catches to be exported by airfreight	125	147	5	0	0
Chinese flagged vessels					
Frozen by-catch sold locally	0	0	0	0	0
Frozen catches to be exported by sea freight	399	0	0	0	0
Total	703	341	186	173	114

A fisheries development fee of \$10,000 is charged to each foreign fishing license, which contributes to funding the Fisheries Development Facility administered by MMR and the Cook Islands Fishermen's Association (CIFA) that funds the Fisheries Small Grants Scheme, Cook Islands Fishing Association Grants, and the Pa Enua Tokerau fisheries grant.

The impacts of COVID-19 has driven the local price of fresh fish down with commercial and artisanal fishers now competing for the same market and driving prices down to between \$5 to \$18 per kilogram, compared to \$15 to \$30 per kilogram pre-COVID19. This in turn affects the ability of fishers in the Pa Enua to sell fish to the Rarotonga market, and uncertainty about the impact of demand and prices on production. This situation is expected to alleviate as the tourism market re-establishes.

MMR noted improved coverage in artisanal data collection with the introduction of reporting initiatives such as the 'Tails' application. A significant outcome of this is that the technology can operate with limited internet connectivity, and provides a solution to the problems of geographic isolation that is experienced on many islands, and reducing administrative and resource costs related to data management and processing. Additional work is planned to improve baseline coverage estimates to provide more accurate statistics from this sector, which will assist to inform policy moving forward.

5.3.10.2 Black pearls

The pearl industry in the Cook Islands has declined markedly over the past 15 years after total pearl exports reached a peak in 2000 at just over \$18 million. Since then, the industry has reached lows below \$200,000 and although it has rebounded somewhat in recent years is still low by comparison.

French Polynesia continues to be the major supplier of raw and finished black pearl products to the international market, keeping prices relatively low. Import information from Cook Islands Customs indicates increased imports of black pearl products from French Polynesia to the Cook Islands.

In 2019/20, the provisional value of pearl and pearl shell exports was \$166,000, down from \$215,000 in 2018/19 due to a 76% drop in pearl exports. In the same year, a reintroduction of pearl shell exports valued at \$115,000 surpassed pearl exports accounting for 69% of total pearl and pearl shell exports.

There has been a distinctive shift by a few farmers investing in vertically integrated business models, with a focus on visitors and sales on the more lucrative and cost-effective domestic market. As a result, export values have not been representative of the levels of production.

Flight restrictions due to COVID19 and the reliance on foreign seeding technicians has resulted in delays to harvesting from the second half of 2019 through to June 2021. Efforts to avoid kill harvests are being made by using locally based pearl technicians to complete harvest cycles and to maintain commercial arrangements with foreign seeding technicians. Initiatives to train new seeding technician will address both short and long-term sustainability objectives for farming operations and contribute to maintaining pearl production, albeit at lower levels. The reduction of visitors to the country has also affected sales in 2020, with farmers and retailers unable to move pearl products, affecting cash flow, which may result in a decline in the number of existing farmers, and retailers.

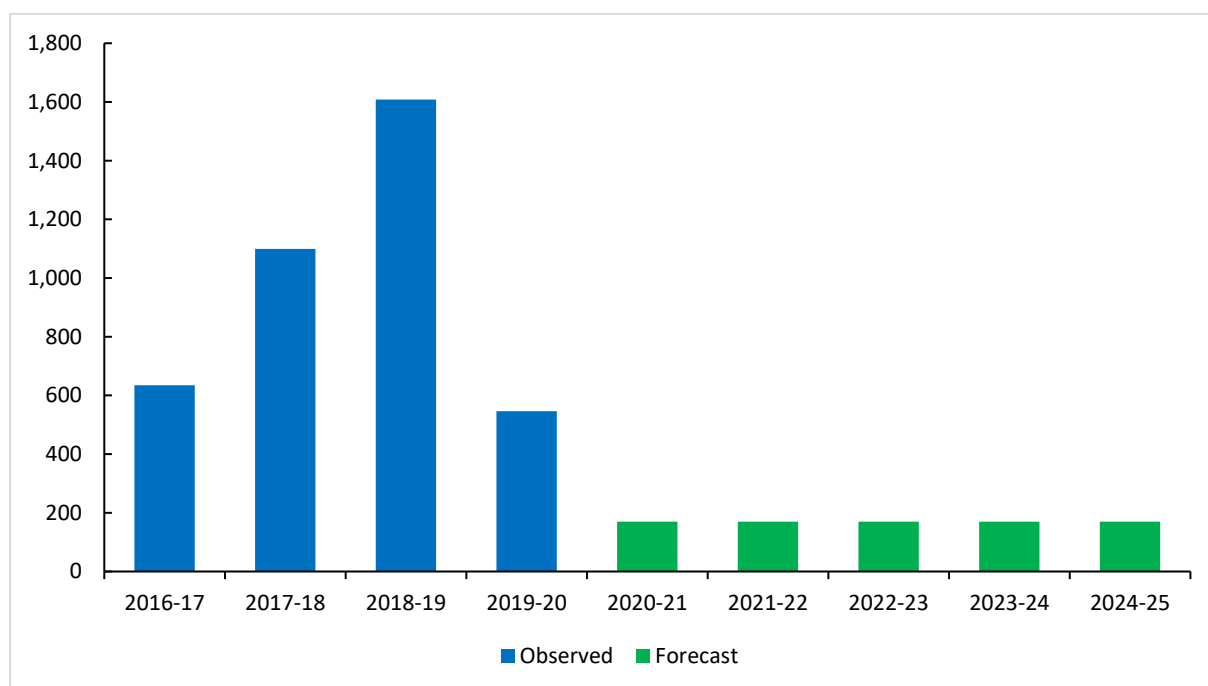
5.3.11 Agriculture

5.3.11.1 Agricultural activity and exports

The Agricultural sector accounted for about 2.0 per cent of real GDP in 2019/20, decreasing by 1.0 per cent in 2019/20 from \$10.64 million to \$10.59 million in real terms. Limited flights and lockdowns in the primary export markets due to COVID-19 in the second half of the financial year led to a reduction in the processing of nono juice for 2019/20, undermining a significant expansion in agricultural exports during 2016/17 to 2018/19.

Nono Juice remains the main export commodity product from the Cook Islands. Primary export markets were Japan, China and, more recently, South Korea. Total agricultural exports, almost entirely comprised of Nono, amounted to \$1.32 million, a reduction of 18 percent when compared to \$1.61 million in 2018/19 (see Figure 5-33).

Figure 5-33 Agriculture exports 2016/17 to 2024/25 (\$'000)



Export of pasteurised Noni juice during the 6-months to December 2020, amounted to 1,303L with an anticipation that the COVID-19 situation will be easing and the industry will revive as markets open and aviation links become more frequent.

The Government continues to support farmers through a range of activities that include the supply of fruit and vegetable seedlings. From July to December 2020, more than 172,080 ready-to-plant vegetable seedlings of assorted fruits and vegetables were distributed to commercial and semi-commercial farmers on both Rarotonga and the Pa Enua.

The extended border closure has resulted in an increase in activity within the domestic agricultural sector, with an overall crop production increase of 51.4 percent attributed to an increase in production from commercial and subsistent growers on Rarotonga and in the Pa Enua.

Table 5-9 Total value of produce (\$'000)

Type	Fruits		Root crops		Vegetables		Herbs		Fruits/ Vegetables		Total Value		Total
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	
Rarotonga	594	1,481	99	80	184	408	17	13	111	0	1,005	1,982	2,987
Aitutaki	86	71	26	27	1	13	0	0	0	0	113	111	224
Atiu	0	0	22	1	0	0	0	0	0	0	22	1	23
Mangaia	3	55	71	20	2	20	0	0	0	0	75	95	170
Mauke	74	55	6	7	6	12	0	0	0	0	86	74	160
Mitiaro	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	757	1,662	224	135	192	453	17	13	111	0	1,301	2,263	3,564

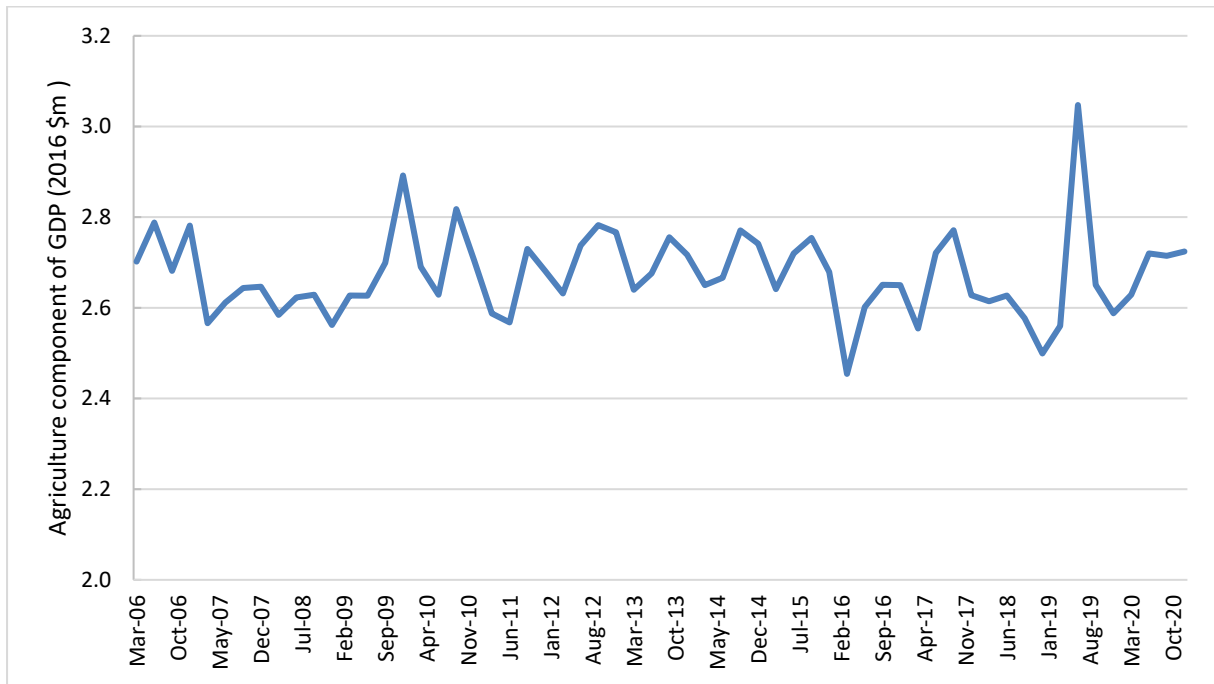
The Ministry of Agriculture has established better data systems for more robust information to help the ministry and farmers to understand the various challenges and the trends in the agricultural industry. This includes the establishment of the AgINTEL data system, which forms the basis of the Punanga Nui Market bulletins that circulate important information to farmers. This system is being extended to the Pa Enua as well, including training programs to maximise the benefit of the use.

The Ministry of Agriculture has provided support for the establishment of four Hydroponic systems to the Northern group islands through the Pa Enua Action for Resilient Livelihoods (PEARL) project. The hydroponic setup for Nassau, Penrhyn and Palmerston have been operational from December 2020,

and all islands in the northern group now have a community hydroponics plant run by the agriculture department. The hydroponic setup initiative was extended to Mauke, Atiu, Mitiaro and Rarotonga, to be completed by quarter 3 of 2021. These hydroponic plants will supplement these respective islands with the provision of fresh leafy vegetables.

The Government through the ERP is supporting the agricultural industry and agribusinesses servicing the industry to develop and implement innovative solutions to assist with transformational change within agricultural value chains by improving yields, efficiency and through its SMART Agritech grant measure.

Figure 5-34 Agriculture contribution to GDP, quarterly, 2006/07 to 2019/20 (\$ million real)



6 Government Financial Statistics Statement

The Government Financial Statistics (GFS) Operating Statement provides a breakdown of the Government's financial performance. All funds managed at the general Government level such as the Loan Reserve Fund are also included in the statement.

Table 6-1 GFS Operating Statement (\$'000)

Statement of Government Operations	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
REVENUE	175,616	216,143	182,562	192,346	196,816
Taxes	85,990	107,278	136,351	161,440	167,609
Social contributions	0	0	0	0	0
Grants	21,578	53,814	18,696	11,414	9,244
<i>Current</i>	10,869	25,341	17,831	11,414	9,244
<i>Capital</i>	10,709	28,473	864	0	0
Other revenue	68,047	55,051	27,515	19,492	19,963
EXPENSE	243,148	230,715	190,697	185,230	181,269
Compensation of employees	68,851	74,792	74,851	75,089	75,089
Use of goods and services	123,796	94,858	50,713	45,355	43,076
Depreciation	12,769	13,931	13,931	13,931	13,931
Interest	0	4,051	4,406	4,513	4,120
Subsidies	4,666	9,977	13,477	12,929	12,429
Grants	0	0	0	0	0
Social benefits	23,331	23,642	23,862	24,075	24,286
Other expense	9,735	9,464	9,457	9,338	8,338
NET OPERATING BALANCE	-67,532	-14,572	-8,135	7,115	15,547
<i>Plus</i> NON CASH APPROPRIATIONS					
Depreciation	12,769	13,931	13,931	13,931	13,931
CASH SURPLUS/(DEFICIT) FROM OPERATING TRANSACTIONS	-54,763	-641	5,796	21,046	29,478
CASH TRANSACTIONS IN NONFINANCIAL ASSETS					
Net Cash Applied to the Acquisition of Fixed Assets	58,238	60,445	34,374	33,945	33,670
Gross transactions in Non-Financial Assets	71,007	74,375	48,305	47,876	47,601
Less Non Cash Transactions in Non-Financial Assets (Depreciation)	-12,769	-13,931	-13,931	-13,931	-13,931
NET (BORROWING)/LENDING	-113,001	-61,086	-28,578	-12,899	-4,192
CASH APPLIED TO THE NET ACQUISITION OF FINANCIAL ASSETS	-29,950	-15,199	-36,746	-27,846	-21,881
Domestic Transactions	-29,950	-15,199	-36,746	-27,846	-21,881
Foreign Transactions	0	0	0	0	0
CASH APPLIED TO THE NET INCURRENCE OF LIABILITIES	-83,101	-45,937	8,118	14,897	17,639
Domestic Transactions	0	0	0	0	0
Foreign Transactions	-83,101	-45,937	8,118	14,897	17,639
NET CASH FINANCING TRANSACTIONS	-113,051	-61,136	-28,628	-12,949	-4,242
<i>Statistical discrepancy</i>	-50	-50	-50	-50	-50

6.1 GFS Net Operating Balance

The GFS net operating balance is equal to operating revenue less operating expenditure. For 2020/21, an operating deficit of \$67.5 million is estimated because operating expenditure of \$243.1 million exceeds the estimated revenue collected at year-end of \$175.6 million.

Over the medium-term, as revenue increases with the expectation of recovery in revenue receipts (taxes) and expenditure decreasing steadily, the GFS net operating balance is forecast to improve to an operating deficit of \$14.6 million in 2021/22 and a deficit of n\$8.1 million in 2022/23. An operating surplus of \$7.1 million is forecast in 2023/24 and \$15.5 million in 2024/25.

6.1.1 GFS Operating Revenue

GFS operating revenue is forecast to be \$216.1 million in 2021/22, representing a significant increase in revenue collections of \$40.5 million from 2020/21. This is mainly due to an increase in other revenue of \$30.0 million through general budget support from New Zealand. Tax revenue collections will increase by \$21.3 million in 2021/22 and grant funding are expected to increase by \$32.2 million (relative to 2020/21 estimated actual receipts).

Table 6-2 Total GFS Operating Revenue (\$'000)

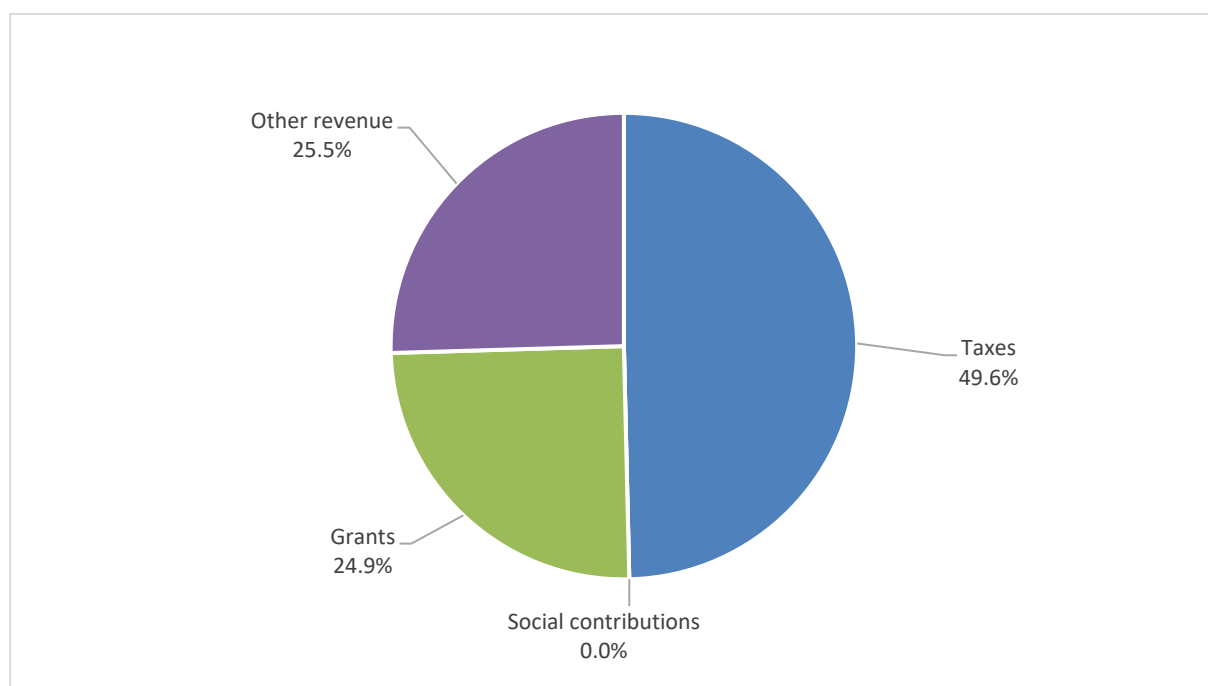
	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Taxes	85,990	107,278	136,351	161,440	167,609
Social contributions	0	0	0	0	0
Grants	21,578	53,814	18,696	11,414	9,244
Current	10,869	25,341	17,831	11,414	9,244
Capital	10,709	28,473	864	0	0
Other revenue	68,047	55,051	27,515	19,492	19,963
Total Operating Revenue	175,616	216,143	182,562	192,346	196,816

As shown in the table above and Figure 6-1, the operating revenue for 2021/22 largely consists of taxation receipts at 49.6 per cent, followed by Other Revenue at 25.5 per cent.

Grant funding makes up the remaining 24.9 per cent of total operating revenue in 2021/22. Grant funding is typically overstated in the immediate year of the budget cycle as this value includes funds that may not be finalised for expenditure during the year, but are subject to provisional agreement at the time of the budget.

These revenue streams help finance the ongoing operational expenditure of Government, with surpluses used for investing into activities such as infrastructure development projects or cash reserves.

Figure 6-1 GFS operating revenue, 2021/22



Going forward, operating revenues are expected to recover with tax revenue collections projected to increase to \$167.6 million by 2024/25. This increase will offset the projected decreases in grant revenues and other revenue from 2022/23 onwards however, noting that grant agreements are typically finalised on a time horizon that is shorter than the four-year medium-term cycle.

6.1.2 GFS Operating Expenditure

Total operating expenditure is estimated to be \$230.7 million in 2021/22, reducing to \$190.7 million in 2022/23 before returning to pre-COVID levels over the medium-term. This is the result of the Economic Recovery Roadmap (ERR) of \$33.5 million ending in 2021/22.

Table 6-3 Total GFS Operating Expenditure (\$'000)

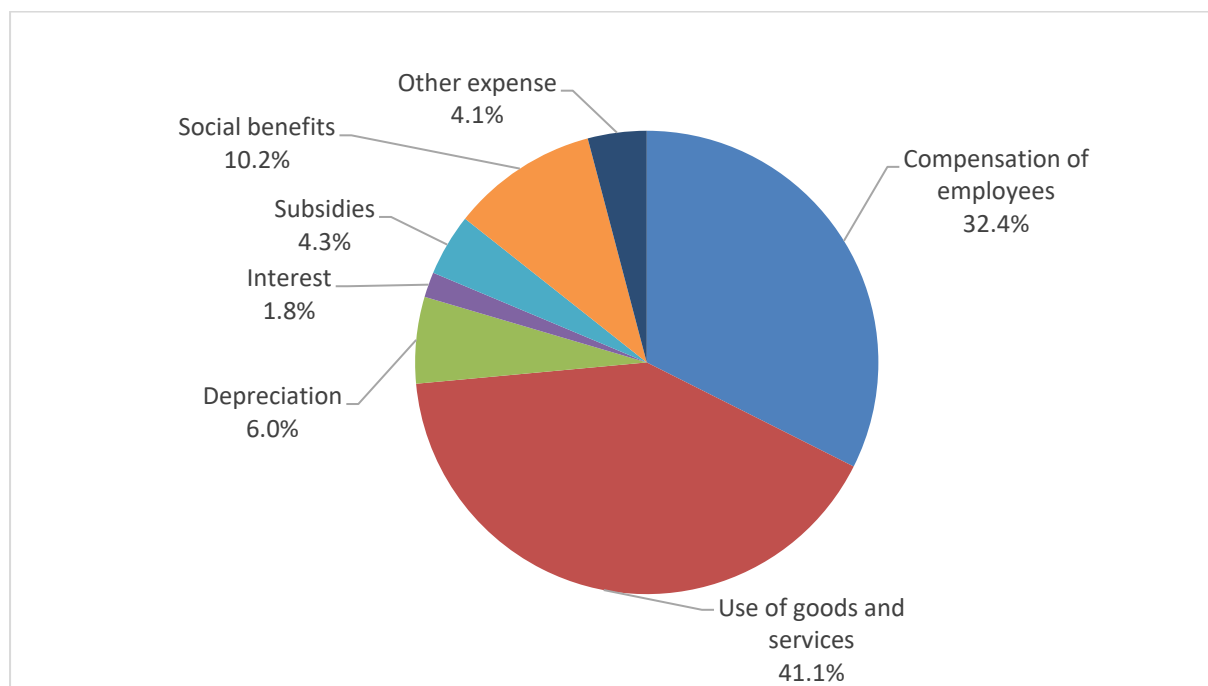
	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Compensation of employees	68,851	74,792	74,851	75,089	75,089
Use of goods and services	123,796	94,858	50,713	45,355	43,076
Depreciation	12,769	13,931	13,931	13,931	13,931
Interest	0	4,051	4,406	4,513	4,120
Subsidies	4,666	9,977	13,477	12,929	12,429
Grants	0	0	0	0	0
Social benefits	23,331	23,642	23,862	24,075	24,286
Other expense	9,735	9,464	9,457	9,338	8,338
Total Operating Expenditure	243,148	230,715	190,697	185,230	181,269

Table 6-3 highlights the additional expenditure in 2021/22, which is principally through the 'Use of goods and services' category, capturing expenditure related to the ERR, and recurrent ODA expenditure of \$25.3 million.

As shown in Figure 6-2, use of goods and services is the largest operating expenditure for Government making up 41.1 per cent of total operating expenditure in 2021/22 followed by compensation of employees at 32.4 per cent. Total operating expenditure also comprises of social benefits (10.2 per

cent), depreciation (6.0 per cent), subsidies (4.3 per cent), other expenses (4.1 per cent), and interest expenses (1.8 per cent).

Figure 6-2 GFS operating expenditure, 2021/22



6.1.2.1 Compensation of Employees

Expenditure on compensation of employees is forecast to be \$74.8 million in 2021/22. This represents a \$5.9 million increase from the \$68.9 million estimated for 2020/21, with incremental increases over the forward years.

This is related to personnel increases for agencies to recruit critical personnel such as the Ministry of Corrective Services, Ministry of Health and the reinstatement of personnel funding related to Airport Customs personnel, which is directly linked to Customs trading revenue.

These increases will be assessed annually with consideration given to operating revenues over the medium-term.

6.1.2.2 Use of Goods and Services

The total expenditure for use of goods and services differs to the amounts reported in other chapters of the Budget Estimates because it includes recurrent ODA expenditures over the medium-term.

\$123.8 million is estimated to be spent on use of goods and services in 2020/21 before decreasing significantly to \$94.9 million in 2021/22, primarily due to the cessation of the ERP funded in 2020/21. A total of \$33.5 million will be made available in 2021/22 to finance the ERR. For further information, refer to Chapter 2 COVID-19 Special Note.

Expenditure through use of goods and services is forecast to decrease significantly in 2022/23 to \$50.7 million before returning to pre-COVID levels in the forward years. These ongoing decreases are primarily due to the cessation of the ERR at the end of 2021/22.

6.1.2.3 Consumption of Fixed Capital

Total depreciation over the medium-term is estimated to be \$13.9 million. This is mainly driven by technical adjustments made to Agency depreciation baselines.

6.1.2.4 Interest – (Debt Servicing Payments)

Debt interest contributions to the Loan Repayment Fund will be reinstated from 2021/22 with \$4.1 million, before increasing to \$4.4 million in 2022/23 then \$4.5 million in 2023/24. Interest expenses in the forward years are approximately double the pre-COVID rates because of the additional debt drawn to support Government's operating expenses, including the ERP during 2020/21.

Refer to Chapter 11 (Crown Debt and Net Worth) for more information.

6.2 GFS Non-Operating Items

Cash transactions in non-financial assets are transactions relating to capital. More details on specific capital projects are outlined in Chapter 9 (Capital Expenditure). This spending includes investment into infrastructure, the purchase of plant and equipment, and investments in ICT by both the Crown and development partners. Total purchases of non-financial assets (excluding depreciation) are estimated to increase to \$74.4 million in 2021/22.

This value includes Official Development Assistance capital funds that are subject to finalisation and may not be expended in 2021/22.

Cash transaction in non-financial assets are forecast to decrease in the forward years due to the reduction in ODA Capital Grant agreements. As discussed earlier, ODA funding is agreed over a shorter forward time-period.

6.2.1 Net Borrowing / Lending and Cash Financing Transactions

The Net Borrowing/Lending Requirement outlines the amount of financing required to fund both operating and capital balances, with these funds being sourced from either asset (predominantly accumulated cash reserves) or liabilities (predominantly loan financing).

The net borrowing requirement for 2021/22 is estimated at \$61.1 million, and will be funded by a mixture of cash reserves and the drawdown of new loans. As the economy recovers over the forward period, the financing gap will decrease.

There are some smaller movements not captured in the GFS schedules, with most of these relating to the classification of reserves in the financial schedules. Most of the statistical discrepancy shown in the GFS operating Statement relates to timing issues between the projects' implementation and the funding received in the Crown account. The sum of the statistical discrepancy across the years shown is not considered to be significant.

6.3 Classification of Functions of Government

The Classification of the Functions of Government (COFOG) classifies Government expenditure data by the purpose for which the funds are used. This standard classification allows for comparisons on functional expenditure across different jurisdictions.

The COFOG has 10 main functions at the highest level and 69 functions at the second (sub-functional) level. Table 6-4 classifies the Budget to the sub-functional level for both Cook Islands Government spending and ODA, excluding categories without expenditure.

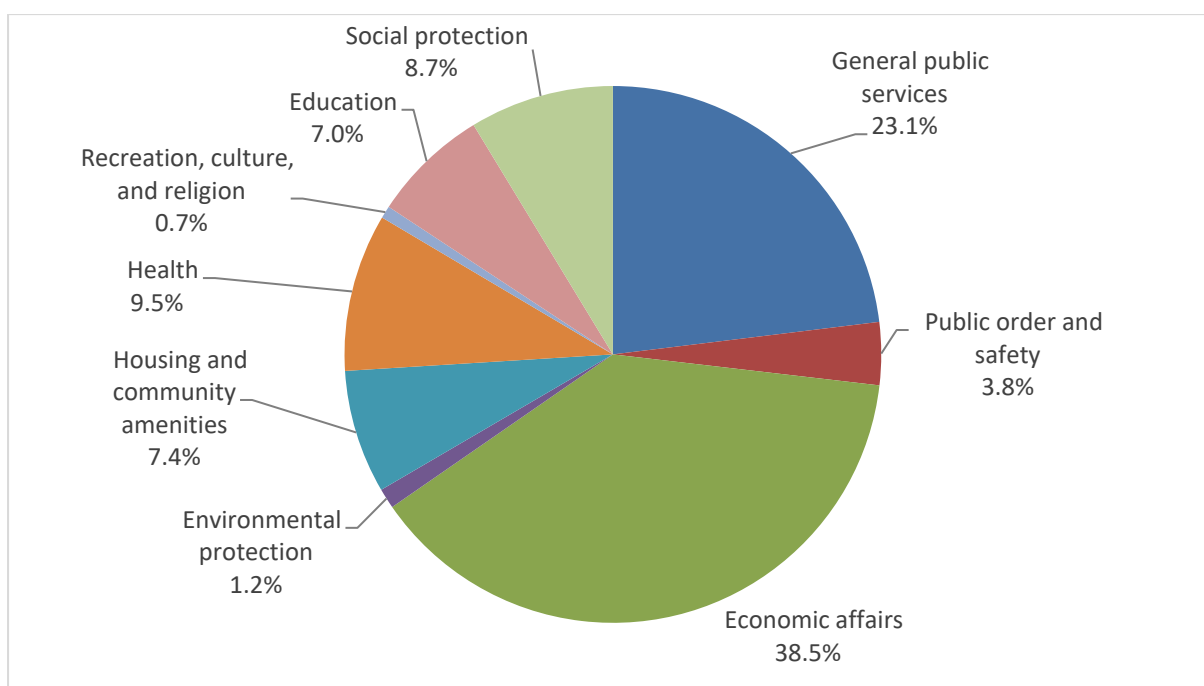
Table 6-4 Classification of Functions of Cook Island Government (\$'000)

Function of Government	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Cook Islands Government (CIG)					
Expenditure					
General public services	34,993	46,069	45,903	45,616	46,064
Executive and legislative organs, financial and fiscal affairs, external affairs	27,550	33,090	33,001	31,476	32,366
General services	6,688	7,938	7,506	8,631	8,581
R&D General public services	22	26	26	26	26
General public services	733	964	964	969	969
Public debt transactions	0	4,051	4,406	4,513	4,120
Public order and safety	9,392	10,996	10,690	10,808	10,808
Police services	5,164	5,866	5,866	5,866	5,866
Law courts	3,565	4,217	3,888	3,988	3,988
Prisons	663	914	937	954	954
Economic affairs	122,750	87,028	61,067	58,824	56,849
General economic, commercial, and labour affairs	86,984	42,674	9,174	9,174	9,174
Agriculture, forestry, fishing, & hunting	3,658	5,356	5,357	5,282	5,282
Fuel and energy	1,901	2,948	6,028	6,028	4,928
Mining, manufacturing, and construction	4,669	5,785	880	5,740	5,740
Transport	16,319	20,935	30,432	23,384	22,509
Communication	636	559	375	375	375
Tourism	8,132	8,196	8,246	8,266	8,266
R&D Economic affairs n.e.c.	450	448	448	448	448
Economic affairs n.e.c.	0	128	128	128	128
Environmental protection	2,235	2,130	2,070	2,070	2,070
Waste management	327	241	241	241	241
Protection of biodiversity and landscape	272	222	222	222	222
Environmental protection n.e.c.	1,635	1,667	1,607	1,607	1,607
Housing and community amenities	33,857	20,486	19,993	23,568	22,818
Community development	10,698	8,450	9,505	7,180	4,730
Water supply	16,533	8,039	6,489	12,389	14,089
Housing and community amenities n.e.c.	6,625	3,998	3,999	3,999	3,999
Health	24,548	24,555	20,155	20,155	20,155
Medical products, appliances, & equipment	6,065	3,495	495	495	495
Outpatient services	2,350	2,750	2,750	2,750	2,750
Hospital services	1,204	1,151	1,151	1,151	1,151
Public health services	69	0	0	0	0
Health n.e.c.	14,859	17,158	15,758	15,758	15,758
Recreation, culture, and religion	1,873	2,085	2,085	2,215	2,215
Recreational and sporting services	324	417	417	417	417
Cultural services	1,549	1,668	1,668	1,798	1,798
Education	19,409	20,395	20,540	20,420	20,420
Pre-primary and primary education	2,511	2,810	2,663	2,663	2,663
Tertiary education	2,243	2,389	2,389	2,389	2,389
Education n.e.c.	14,655	15,195	15,488	15,368	15,368
Social protection	23,267	23,631	23,871	24,085	24,296
Sickness and disability	430	476	479	480	481
Old age	12,914	13,026	13,160	13,292	13,422
Family and children	7,245	7,537	7,619	7,700	7,779
Housing	84	85	85	85	85
Social exclusion n.e.c.	48	26	26	26	26
Social protection n.e.c.	2,545	2,482	2,503	2,503	2,503
Total CIG Expenditure	272,323	237,375	206,375	207,762	205,695

Function of Government	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Official Development Assistance (ODA) Expenditure*					
General public services	27,450	21,097	16,632	10,524	8,354
Economic affairs	26,940	25,162	323	323	323
Environmental protection	2,645	1,400	0	0	0
Housing and community amenities	822	1,167	370	352	352
Health	1,613	3,100	864	0	0
Recreation, culture, and religion	105	90	90	90	90
Education	150	128	93	0	0
Social protection	1,828	1,671	325	125	125
Total ODA Expenditure	61,553	53,814	18,696	11,414	9,244
TOTAL PUBLIC EXPENDITURE	333,876	291,189	225,071	219,175	214,939

Figure 6-3 classifies the combined Cook Islands Government and ODA spending in the 2021/22 Budget by the 10 main functional levels.

Figure 6-3 Classification of Functions of Cook Island Government, 2021/22



Economic affairs has decreased to 38.5 per cent in 2021/22 compared to 46.4 per cent in the 2020/21 Budget due to the cessation of the ERP. Economic affairs is the largest area of public expenditure in 2021/22 due to the funding of the ERR, totalling \$33.5 million.

Other expenditure areas under economic affairs include transport expenditure, which mainly consists of the funding for air, marine, and road infrastructure in Rarotonga and the Pa Enea (a total of \$15.3 million), the Airline Underwrite (\$6.5 million) and the Inter-Island Shipping Subsidy (\$0.5 million).

In 2021/22, ODA expenditure under economic affairs includes the financing of the Cook Islands Infrastructure Trust Fund (\$5.5 million), Asset Management (\$3.2 million) and the budget support for the Sanitation Sector (\$1.6 million). Contractual agreements for these ODA expenditures are expected to end in 2022/23.

General public services are the next largest area of public expenditure at 23.1 per cent of total public spending, with the Cook Islands government administration costs being the main driver of

expenditure in this area. ODA expenditure is expected to decrease over the medium-term due to contract expiration of ODA expenditure lines (contracts commonly last three years).

Housing and community amenities and Education account for 7.4 per cent and 7.0 per cent respectively of total public expenditure. The large majority of expenditure under Housing and Community amenities in 2021/22 relates to community development projects such as the cyclone shelters in the Pa Enea, the remediation of cyclone shelters on Rarotonga, the Bridges and Structures Asset Management and Improvement programme (\$3.3 million) and Drainage Asset Management and Improvement programme (\$1.0 million).

Other expenditure areas under Housing and Community amenities include water infrastructure such as Te Mato Vai project, Mei Te Vai Ki Te Vai and the Water and Sanitation Infrastructure Improvement programme.

7 Revenue

There are three main sources of revenue received by Government. They are taxation on businesses and individuals, aid funding in the form of cash contributions to the operations of Government or budget support and other revenue such as agency trading revenues, various fees and licensing costs.

There is a strong correlation between taxation revenues and the national economic performance of the country, represented by the Gross Domestic Product (GDP). Increasing GDP leads to increasing government taxation revenues. Conversely, a decrease in GDP leads to a reduction in revenues.

With a tourism oriented private sector, and the impact of the COVID-19 pandemic leading to the suspension of the tourism industry, estimated receipts from major revenue sources (taxation in particular) have been dramatically impacted by the resulting recession. However, with borders now open to New Zealand, our largest market, economic recovery is expected to begin, though it will take some time before revenues reach the same levels as before the pandemic.

Taxation estimates across the medium-term have been revised downward since the 2020/21 HYEFU, reflecting the longer than anticipated border closures and the ongoing impact this downturn will have on the collection of particular types of tax receipts.

7.1 Revenue Performance

Total Crown Revenue for 2020/21 is estimated to be \$154.0 million, consisting of \$86.0 million in Taxation Revenue, \$32.9 million in Other Revenue, and \$35.1 million received from New Zealand as General Budget Support. Including recurrent and capital ODA support the total Crown revenue is estimated to be \$175.6 million.

Taxation revenue represents 58.0 per cent of the 2019/20 fiscal year receipts of \$148.3 million, demonstrating the substantial impact of the COVID-19 economic shock to Government's primary source of revenue. Noting that 2019/20 revenues were also impacted by COVID-19, relative to the 2018/19 fiscal year, taxation revenues were 54.1 per cent of the 2018/19 taxation receipts of \$159.1 million.

General Budget Support contributed \$35.1 million of funding received from the New Zealand Government to Other Revenue, which was previously forecast to be \$33.0 million. Excluding general budget support, Other Revenue is expected to be 82.5 per cent of that collected in 2019/20. This includes one-off receipts of FSC Vested Assets of \$8.3 million, which are not forecast to continue in the medium-term.

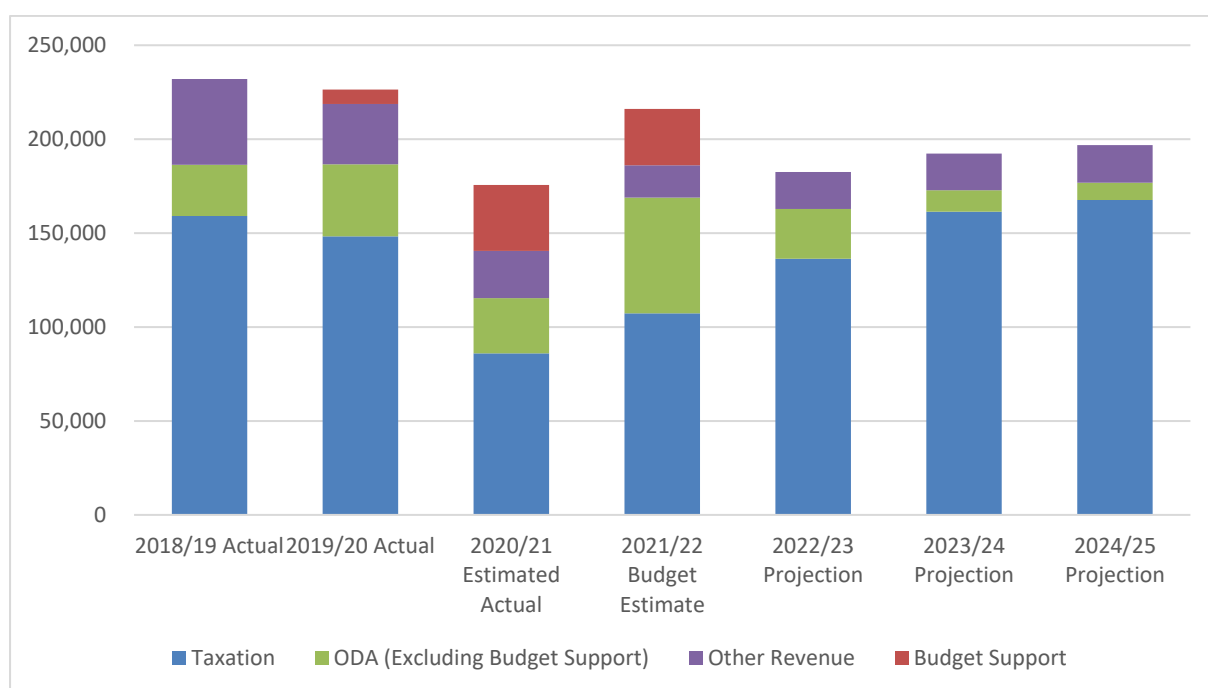
The drop in taxation and other revenues is directly attributable to the economic shock of COVID-19 through the reduction in tourism and the flow-on effects to the Cook Islands economy. As shown in Figure 7-1, the increase in ODA funding, in particular the General Budget Support received from New Zealand, has offset what would otherwise have been a much more substantial drop in government revenue for the 2020/21 fiscal year.

7.2 Revenue Forecast

Total Crown revenue (including ODA) in 2021/22 is estimated to be \$186.1 million, including total taxation revenues estimated to be \$107.3 million, showing the beginning of recovery from the low point of 2020/21, with an increase of 24.8 per cent on the total tax revenue.

Other revenue (excluding Trading Revenue and support from New Zealand) for 2021/22 is estimated to be \$12.8 million, maintaining the significant decrease in revenue collections compared to the 2019/20 amount of \$28.4 million, which fell to an estimated \$21.5 million in 2020/21.

Figure 7-1 Total Crown Revenue by General Source



Total Crown Revenue (including ODA Grants) shown in Table 7-1 is forecast to drop in 2022/23 to \$182.6 million due to the forecast of lower ODA grants from 2022/23 onwards and zero revenue receipts anticipated through General Budget Support. This is followed by a gradual recovery through to 2024/25, which is primarily driven by increases in taxation, and a more gradual recovery in Other Revenue.

Table 7-1 Total Crown Revenue (\$'000)

	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Taxation	148,281	85,990	107,278	136,351	161,440	167,609
ODA Grants	30,553	21,578	53,814	18,696	11,414	9,244
Core Sector Support	7,825	7,825	7,825	7,825	0	0
General Budget Support	7,604	35,083	30,000	0	0	0
Other Revenue	28,423	21,488	12,782	14,982	14,765	15,236
Trading Revenue	3,690	3,652	4,444	4,707	4,727	4,727
Total Revenue	226,376	175,616	216,143	182,562	192,346	196,816

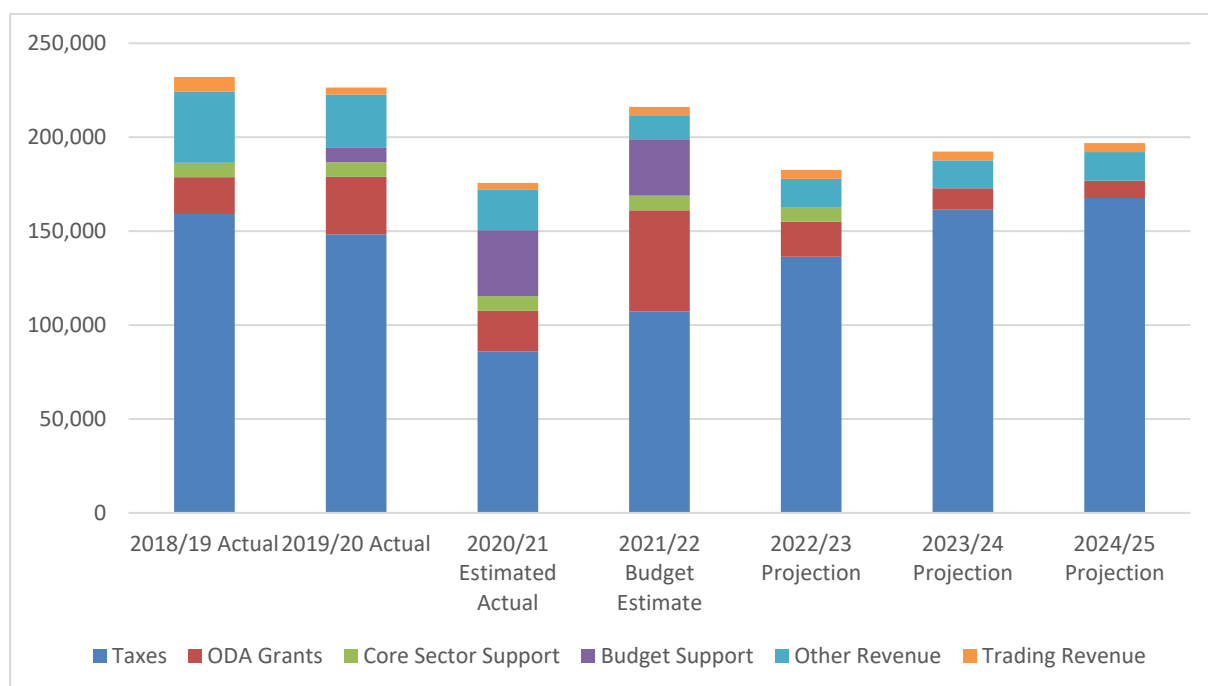
General taxation has the largest contribution, making up approximately 49.6 per cent of Total Crown revenue for 2021/22, before increasing this share over the forward years as tax revenue recovers from the recession.

ODA grants are the second largest contribution though this share declines over time, partly due to the country's graduation to a developed country, and partly as future agreements are not yet signed.

The remaining revenues are from sources such as the sales of goods and services (Trading Revenue), Fishing Licenses, Dividends from SOE's, Fines and Interest on deposits held by Government.

Total Crown revenues are forecast to slowly recover by 2024/25 despite the projected decrease in ODA grants over the forward years.

Figure 7-2 Total Crown Revenue (\$'000)



7.3 Revenue Initiatives

Changes in the estimates of underlying revenues are made up of two classification types, being parameter adjustments and policy decisions. Parameter adjustments result from factors outside of the immediate control of the Government, whereas policy decisions reflect the direct impact of the Government’s decisions.

Due to the impacts of COVID-19 on the Cook Islands economy, Government has made the following policy decisions:

Income Tax Threshold

In an effort to support the economy, an increase in the annual tax-free threshold for individuals was introduced as part of the Economic Response Plan (ERP) Phase II. In January 2021, the project was completed with an increase from \$12,800 to \$14,600, in-line with the annualised minimum wage.

Tax measures on Depreciation

An increase in accelerated depreciation on business assets have been offered as part of business tax incentives, which is expected to benefit through, the below:

- To encourage business investment into new productive equipment, buildings and other capital works in order to accelerate economic growth within the Cook Islands economy and;
- To encourage business investment into environmentally sustainable assets, with a focus on a greener economy.

This incentive will discontinue December 2021. Further details on the above policy decisions can be found in Phase II of the Economic Response Plan (ERP).

Table 7-2 shows the parameter adjustments to revenues for 2020/21 and the forward years.

Table 7-2 Changes to Revenue Estimates (\$'000)

Revenue Changes	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Operating Revenue as per 2020/21 HYEPU	131,774	143,445	180,803	186,087	186,087
Parameter changes in 2021/22 Budget	4,714	(3,217)	(13,224)	(4,170)	1,999
Value Added Tax (VAT)	5,958	2,354	(3,974)	3,135	5,665
Income tax	(1,975)	(2,668)	(2,864)	(1,000)	(218)
Import levies	(1,312)	31	263	(0)	108
Company tax	2,375	(1,444)	(6,180)	(6,500)	(4,200)
Departure tax	(130)	(1,273)	(279)	195	644
Withholding tax	(202)	(218)	(191)	0	0
Other changes in 2021/22 Budget	17,549	(7,900)	(3,713)	(985)	(513)
Other revenue	(2,299)	(7,647)	(3,518)	(810)	(338)
Trading Revenue	(52)	(253)	(195)	(175)	(175)
Dividend	0	0	0	0	0
Core Sector support	19,900	30,000	0	0	0
Operating Revenue as per 2021/22 Budget	154,038	162,329	163,866	180,932	187,572

7.4 Taxes

Taxes are classified either as direct or indirect taxation. Direct taxation reflects taxes that are imposed directly on the individual, household, property or business, which includes income tax, company tax, and withholding tax. Indirect taxes are normally imposed through an indirect method, usually through a transaction, for example, the value-added tax (VAT).

Table 7-3 Taxation Revenue Estimates (\$'000)

	2019/20 Actual	2020/21 Estimated Actual	2021/22 Projection	2022/23 Projection	2023/24 Projection	2024/25 Projection
Income tax	27,967	16,552	17,036	26,741	31,375	32,157
Company tax	17,470	15,190	14,277	14,748	15,971	18,271
Withholding tax	1,268	1,133	1,202	1,341	1,647	1,647
Direct Tax Subtotal	46,705	32,874	32,515	42,830	48,993	52,074
Value Added Tax	77,766	42,054	54,602	67,592	84,417	86,948
Import levies	14,701	10,670	12,873	14,212	15,109	15,216
Departure tax	9,109	392	7,288	11,718	12,921	13,370
Indirect Tax Subtotal	101,577	53,116	74,762	93,522	112,447	115,535
Total Taxation Revenue	148,281	85,990	107,278	136,351	161,440	167,609

7.4.1 Direct taxation

Direct taxation estimates for 2021/22 have been revised downwards to \$32.5 million due to the ongoing impacts of COVID-19 and the tax measures implemented through the Economic Response Plan (ERP). Estimates over the forward years are forecast to improve gradually, reaching pre-COVID levels in 2023/24 of \$49.0 million.

Income tax estimates reflect lower incomes through the most severe COVID-affected period before improving over the medium-term. Changes related to the increase in the tax fee-threshold will be fully in affect from the end of the 2020/21 fiscal year and over the medium-term.

Estimates of company tax for 2021/22 reflect lower projected economic activity and the effects of the rapid depreciation measures implemented through the ERP. Company tax in particular is expected to take longer to recover due to the impacts of carried-forward losses.

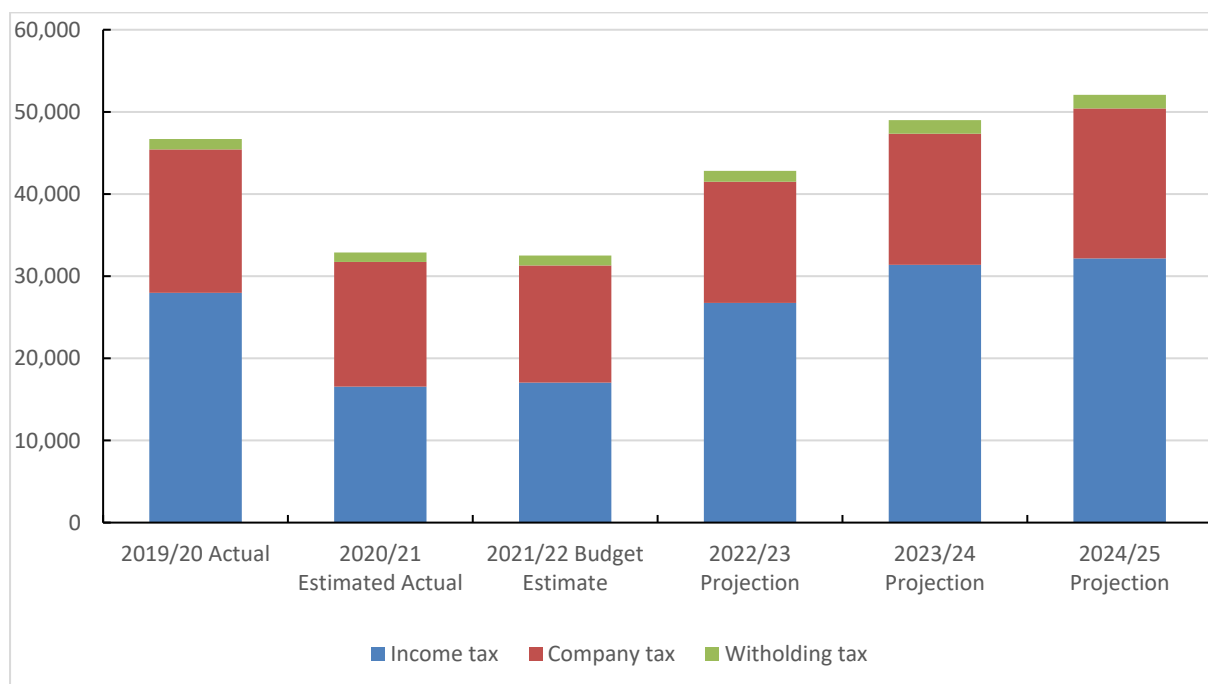
Withholding tax in 2020/21 has been estimated at \$1.1 million, \$0.2 million less than forecast in the 2020/21 HYEPU. Due to the high volatility of withholding tax, the forward year estimates are conservative, mirroring that of the 2020/21 estimated actuals, and increasing slightly in the later years to reflect an anticipated increase in economic activity.

Table 7-4 Total Direct Taxation (\$'000)

	2019/20 Actual	2020/21 Budget Estimated Actual	2021/22 Projection	2022/23 Projection	2023/24 Projection	2024/25 Projection
Income tax	27,967	16,552	17,036	26,741	31,375	32,157
Company tax	17,470	15,190	14,277	14,748	15,971	18,271
Withholding tax	1,268	1,133	1,202	1,341	1,647	1,647
Taxation Revenue	46,705	32,874	32,515	42,830	48,993	52,074
Income tax	59.9%	50.3%	52.4%	62.4%	64.0%	61.8%
Company tax	37.4%	46.2%	43.9%	34.4%	32.6%	35.1%
Withholding tax	2.7%	3.4%	3.7%	3.1%	3.4%	3.2%

As shown in Figure 7-3, income tax ordinarily contributes the majority of direct taxation revenues, followed by company tax revenues. The income tax contribution is likely to increase in the short term as carried forward losses keep company tax receipts low for some time, while wage and salary incomes are expected to rebound faster as these do not have the same ability to offset past losses.

Figure 7-3 Total Direct Taxation (\$'000)



7.4.2 Indirect taxation

Indirect taxation, presented in Table 7-5, which includes Value Added Tax (VAT), import levies, departure tax, motor vehicle registrations, motor vehicle dealers and fisheries revenues is estimated

to be \$84.9 million in 2021/22, representing a substantial increase compared to the 2020/21 estimated revenue of \$63.0 million.

The increase is primarily attributable to VAT and Departure Tax, both of which are significantly driven by tourism volumes. As almost all of the 2020/21 fiscal year occurred with no visitors, this is expected to be the low point for indirect tax collections – and is not expected to repeat in 2021/22 with the expectation of a steady increase in tourism volumes in 2021/22 and the forward years.

VAT estimates for 2021/22 have been revised down from previous estimates to \$54.6 million due to the longer than anticipated border closures and delayed restart of tourism. With borders beginning to open, this is a sizable increase over the estimated \$42.1 million for 2020/21. VAT estimates have been forecast to exceed pre-COVID levels by 2023/24 with \$84.4 million.

Departure tax estimates have also been revised downwards, reflecting the delays in opening up the tourism market in 2020/21. This in turn delays the growth in the recovery of Departure tax revenues in the future years, but is forecast to begin in 2021/22, following the profile of returning visitors.

Import and excise-equivalent duties are estimated at \$12.9 million in 2021/22, after lower imports in 2020/21 reduced duties to an estimated \$10.7 million. This is forecast to increase in line with overall imports across the forward years, with 2024/25 forecast to be \$15.2 million.

Revenue estimates for motor vehicle registration fees remain unchanged in the forecast years from the estimates provided in the 2020/21 HYEPU which totals to \$0.9 million for 2021/22 and the forward years, however 2020/21 has seen a much lower rate of registrations than anticipated.

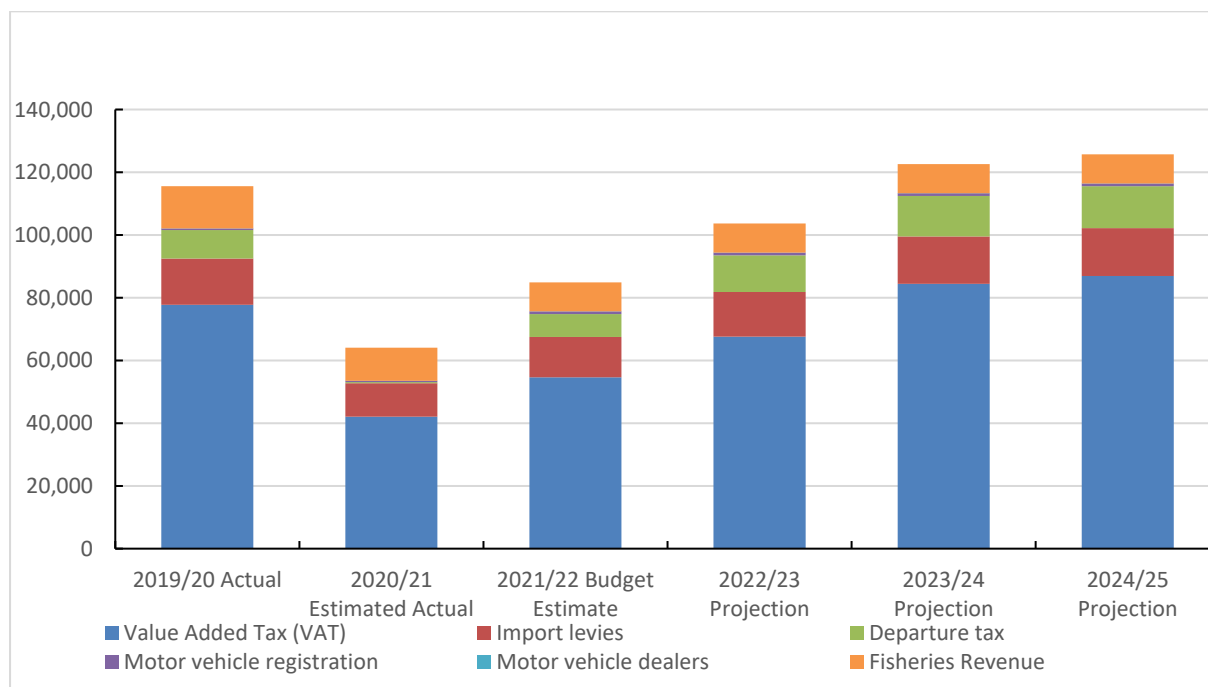
Total fishery revenues are estimated to be \$9.3 million in 2021/22, slightly higher than revenue collections estimated in 2020/21 by \$0.6 million. The forward years are forecast to continue at this level as it is unclear how these revenues may be impacted by the post-COVID recovery. In addition, the expiry of the US Treaty for purse seine fishing will require negotiations for an extension of Treaty agreements.

Table 7-5 Total Indirect Taxation (\$'000)

	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Value Added Tax (VAT)	77,766	42,054	54,602	67,592	84,417	86,948
Import levies	14,701	10,670	12,873	14,212	15,109	15,216
Departure tax	9,109	392	7,288	11,718	12,921	13,370
Motor Vehicle Registration	493	403	875	875	875	875
Motor Vehicle Dealers	4	3	3	3	3	3
Fisheries Revenue³⁰	13,500	8,636	9,259	9,288	9,288	9,288
<i>US Fisheries Treaty</i>	0	0	3,243	3,243	3,243	3,243
<i>EU Agreement</i>	0	0	400	400	400	400
<i>Purse seine fishery</i>	0	0	2,260	2,260	2,260	2,260
<i>Longline Licenses and QMS</i>	0	0	3,000	3,000	3,000	3,000
<i>Fishing Fines and Settlements</i>	0	0	160	160	160	160
<i>Regional Fisheries Management Organisations</i>	0	0	196	225	225	225
<i>Other fisheries and auxiliary vessel licensing</i>	238	799	0	0	0	0
<i>Fishing Licences</i>	5,219	3,461	0	0	0	0
<i>Fisheries - US Treaties (purse seine)</i>	8,043	4,190	0	0	0	0
<i>South Indian Ocean Fisheries Agreement (SIOFA)</i>	0	179	0	0	0	0
<i>South Pacific Fisheries Management Organisation (SPRFMO)</i>	0	7	0	0	0	0
Indirect Taxation Revenue	115,573	62,158	84,900	103,687	122,613	125,701

Figure 7-4 highlights the large contribution that VAT makes to indirect taxation, comprising at least 64.3 per cent of collections in 2021/22, with the share growing to over 69.2 per cent by 2024/28. VAT and Departure tax collections are expected to recover in line with visitor arrivals.

Figure 7-4 Total Indirect Taxation (\$'000)



³⁰ From 2021/22 onward, fisheries revenue will be reported using the headings outlined here. For information on the previous headings, please see the full ROBOC schedule.

7.4.3 Social contributions

Social contributions are receipts from either employers (on behalf of their employees) or from employees (directly) that secure entitlements to social benefits for the contributors, their dependents, or their survivors, in the case of workplace liability. The contributions may be compulsory or voluntary. The revenue classified under this category is the Employer Liability Insurance.

The Employer Liability estimates over the medium-term has been revised to zero following the suspension of these payments pending review of the supporting legislation.

Table 7-6 Social contributions

	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Employer Liabilities	0	0	0	0	0	0
Total Social Contributions	0	0	0	0	0	0

7.4.4 Grants

Grants are transfers received from other Governments or international organisations, otherwise known as Official Development Assistance (ODA). Further information on ODA funded projects are contained in the Chapter 16.

In 2021/22, total grants from foreign Governments are estimated to be \$53.8 million. This is forecast to decrease over the forward years, as most development partners do not commit development assistant budgets for more than two to three years in advance.

Table 7-7 Grants

Programs/Projects by Agency	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Recurrent ODA Grants	5,670,693	10,869,379	25,340,981	17,831,432	11,413,811	9,243,974
Capital ODA Grants	24,882,333	10,709,041	28,473,479	864,405	0	0
Total NZD Equivalent ODA Funding	30,553,026	21,578,420	53,814,460	18,695,837	11,413,811	9,243,974

7.4.5 Core Sector Support and General Budget Support Funding

The Core Sector Support (CSS) Grant Funding Arrangement with New Zealand is appropriated over the medium-term. It provides direct budget support to the Ministry of Education, Cook Islands Tourism Corporation and the Ministry of Health, to improve indicators that directly relate to the Cook Islands NSDP Goals. The CSS is expected to reduce to zero by 2023/24, as negotiations will be required to continue this arrangement with the New Zealand Government.

Through the New Zealand Aid programme, New Zealand provided a total of \$15.1 million in the form of General Budget Support (GBS) as part of the Pacific-wide support package to respond to the impacts of COVID-19 on the Cook Islands economy. A further \$20.0 million was provided in March 2021 bringing the total GBS funding to \$35.1 million.

In addition, New Zealand has confirmed the provision of an additional \$30.0 million of budget support to be received by the Cook Islands Government in July 2021 to support the Economic Recovery Roadmap.

Table 7-8 Budget Support Funding

Programs/Projects by Agency	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Core Sector Support Funding	7,825,000	7,825,000	7,825,000	7,825,000	0	0
General Budget Support Funding	7,604,396	35,082,658	30,000,000	0	0	0
Total Budget Support Funding	15,429,396	42,907,658	37,825,000	7,825,000	0	0

7.4.6 Interest

Total interest received for 2020/21 is estimated to be \$0.5 million, slightly lower than previously forecast. Total interest revenues over the medium-term have been revised downwards due to the impacts of COVID-19 on the Cook Islands economy and cash reserves.

Estimates on the Interest on loans to subsidiaries remain unchanged to the forecast at the time of the 2020/21 Budget with zero interest expected for 2020/21 and 2021/22 due to the grant of a loan repayment holiday for the Cook Islands Ports Authority.

Table 7-9 Interest

	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Interest on Government deposits	2,917,425	132,000	391,000	395,000	200,000	200,000
Interest on Loans and Subsidiaries	359,848	0	0	581,606	830,752	737,145
Interest on Balances – LRF	0	409,160	190,974	194,794	198,690	202,664
Total Interest	3,277,273	541,160	581,974	1,171,400	1,229,442	1,139,808

7.4.7 Dividends

With no dividends in 2020/21 due to the pandemic and associated reduction in revenue and the contributions to welfare by the state-owned enterprises, 2021/22 is expected to see a return to a small dividend from the Bank of the Cook Islands. The Government's shares in Vodafone Cook Islands Ltd is expected to begin providing dividends from 2022/23 onwards. The dividends from both of these entities are expected to grow slowly over the forward years as profits return and the economy improves.

Other state-owned entities (Te Aponga Uira) are expected to take longer to recover; therefore, forward estimates have been revised to zero.

SOE extraordinary dividends are expected to remain at zero in 2021/22 and the forward years.

Table 7-10 Dividends

	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Banana Court - dividend	0	0	0	0	0	0
Bank of the Cook Islands - dividend	0	0	135,500	256,000	341,000	500,000
Ports Authority - dividend	0	0	0	0	0	0
Punanga Nui Market - dividend	0	0	0	0	0	0
Te Aponga Uira - dividend	0	0	0	0	0	0
Extraordinary SOE - dividend	0	0	0	0	0	0
Telecom Cook Islands (Vodafone) - dividend	960,000	0	0	600,000	600,000	1,000,000
Total Dividends	960,000	0	135,500	856,000	941,000	1,500,000

7.4.8 Administrative Fees

Administrative fees collected by Government Agencies vary and include regulatory charges, which are returned to the Government Crown Account.

Table 7-11 Administrative fees

	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
FSC Vested Assets	6,744,004	8,263,815	0	0	0	0
FSC Return of Excess	290,000	100,000	159,000	159,000	159,000	159,000
Immigration Fees	964,870	645,157	480,000	1,000,000	300,000	300,000
IMO Subscription - Maritime Cook Islands	15,940	1,500	66,000	66,000	66,000	66,000
Research Fee	620	1,500	1,500	1,500	1,500	1,500
Permits	7,673	10,409	10,409	10,409	10,409	10,409
Driver's Licenses	256,120	88,259	100,000	100,000	260,000	260,000
Upper Air Management Agreement	922,118	170,606	170,154	510,257	653,490	563,490
Shipping Registration	61,625	69,180	92,000	92,000	95,000	95,000
International Shipping License	23,906	0	15,000	15,000	15,000	15,000
Liquor Licensing	98,037	44,137	30,000	30,000	50,000	50,000
Tattslotto Grants	216,671	160,534	120,000	120,000	120,000	120,000
Censorship Fees	702	1,000	1,000	1,000	1,000	1,000
Land Court Fees	0	0	125,000	125,000	125,000	125,000
Total Administrative Fees	9,602,289	9,556,097	1,370,063	2,230,166	1,856,399	1,856,399

Total administrative fees for 2021/22 have been revised down to \$1.4 million, made up of the following revenue lines:

- Vested Assets are cash assets transferred to Government via the Financial Services Commission. Vested assets generate an inherent contingent liability to the Government. Total cash transfer to Government in 2020/21 is estimated to be \$8.3 million. No further transfers of vested assets are expected over the medium-term.
- FSC Return of Excess – revised estimates for the forward years have decreased slightly to reflect the increase of USD rate and the decline in registry numbers. Estimated revenues for 2020/21 are lower than forecast because of the increase in USD rate causing a change in estimates to collected fees.
- Immigration Fees – Immigration fees have been revised down for 2020/21 and 2021/22 due to the effects of COVID-19 and the impacts on the demand for labour and the businesses ability to cover immigration fees. A waiver of immigration fees was granted in March and April 2020, and extended into the rest of the 2020/21 fiscal year. Over the medium-term, revenue is estimated to be \$1.0 million in 2022/23 in line with the introduction of a proposed new fee structure, which will require upfront payment for three-year permits. This is expected to decrease in the following year for new permit applications before stabilising over the long-term.
- IMO Subscriptions Maritime Cook Islands – Membership subscriptions for the International Maritime Organization paid by MFAI. This ROBOC matches the POBOC to receive reimbursement of the annual subscription fees from Maritime Cook Islands.
- Research Fees – Research Fee estimates for 2021/22 and forward years remain unchanged from the estimates provided during the 2020/21 Budget. The Office of the Prime Minister issues research fees to individuals who wish to conduct any official research on the Cook Islands.
- Permits – The underlying revenue estimates for Permits remain unchanged for 2021/22 – 2024/25.
- Driver License – Estimates for 2021/22 and the forward years remain unchanged.
- Upper Air Management Agreement – Total revenues for 2020/21 are estimated to be \$169,318, which is higher than previously anticipated. Previously zeroed out in the 2020/21 Budget, both

baseline and revised estimates are expected to slowly increase with the expectation of new contracts and the renewal of contracts upon expiration.

- Shipping Registration – Estimated actuals are expected to be higher than forecast for 2020/21, therefore revenue estimates going forward have been revised upward to reflect the expected levels of revenue collections over the medium-term.
- International Shipping Licenses – Estimated actuals for 2020/21 are expected to be \$15,000. Over the medium-term, this has been revised downwards as there has been a decrease in the distribution of shipping licenses.
- Liquor Licenses – Due to COVID-19 and closed borders, some licensed premises and managers have been forgoing renewals in their Liquor Licenses. Underlying revenue estimates over the 2021/22 medium-term for Liquor Licensing is estimated to increase slowly with economic recovery.
- Tattslotto Grants – Estimates for 2021/22 and the forward years will remain unchanged.
- Censorship Fees – The Censorship Fees estimates for 2021/22 and the forward years remain unchanged.

7.4.9 Agency Trading Revenue

Trading Revenue provides a means of recovery for operational costs incurred by Ministries and Island Administrations in delivering services. Adjustments have been made to a number of Agencies from 2021/22 in anticipation of the impact from COVID-19 on the volume of services.

Table 7-12 Trading Revenue

	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Ministry of Agriculture	70,535	90,535	90,535	90,535
Cook Islands Audit Office	60,700	60,700	60,700	60,700
Ministry of Cultural Development	100,000	170,000	170,000	170,000
Business Trade and Investment Board	28,000	28,000	28,000	28,000
National Environment Services	35,000	35,000	35,000	35,000
Ministry of Finance and Economic Management	954,341	954,341	954,341	954,341
Ministry of Foreign Affairs and Immigration	20,000	28,000	28,000	28,000
Ministry of Health	250,000	350,000	350,000	350,000
Infrastructure Cook Islands	200,000	300,000	300,000	300,000
Ministry of Justice	375,000	425,000	425,000	425,000
Ministry of Corrective Services	75,000	100,000	100,000	100,000
Ministry of Marine Resources	28,000	28,000	28,000	28,000
Cook Islands Police Services	154,783	154,783	154,783	154,783
Cook Islands Tourism Corporation	0	0	20,000	20,000
Ministry of Transport	32,000	42,000	42,000	42,000
Cook Islands Investment Corporation	753,831	753,831	753,831	753,831
Cook Islands Seabed Minerals Authority	200,000	80,000	80,000	80,000
Island Administration total	1,107,094	1,107,094	1,107,094	1,107,094
Total Trading Revenue	4,444,284	4,707,284	4,727,284	4,727,284

7.4.10 Incidental sales by non-market establishments

Total revenues received through the circulation of Cook Islands currency coins is estimated to be \$11,720 in 2020/21 due to a slowdown in the circulation of currency coins as a result of less tourists. Estimates in the forward years have been revised down to \$5,000 to reflect the expected impacts of COVID-19. This is further compounded by the move towards a more cashless economy, decreasing revenue collection through seigniorage as fewer coins are required going forward.

Revenue collections on numismatics for 2020/21 is estimated to be \$0.3 million, slightly lower than forecast at the time of the 2020/21 Budget of \$0.5 million due to a reduction in the sales of commemorative coins. Estimates on numismatic revenues will remain unchanged over the medium-term.

Table 7-13 Incidental sales by non-market establishments

	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Circulating Currency - coins	321,917	11,720	5,000	5,000	5,000	5,000
Numismatics	171,600	322,963	450,000	450,000	450,000	450,000
Total Incidental Sales by non-market Est.	493,517	334,683	455,000	455,000	455,000	455,000

7.4.11 Fines, penalties and forfeits

Offenders pay Court service fines as an enforcement of court orders. With an increase in the number of court sittings expected in 2021/22, revenue estimates for Court Services are forecast to return to normal levels by 2023/24.

Revenue collections for Instant Fines are estimated at \$84,731 for 2020/21, a significant increase compared to revenue collected in 2019/20. Estimates for Instant fines remain unchanged for 2021/22 and the forward years at \$40,000.

Table 7-14 Fines, Penalties and forfeits

	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Court Services	35,536	26,391	30,000	30,000	40,000	40,000
Instant Fines	7,890	84,731	40,000	40,000	40,000	40,000
Total Fines, Penalties and Forfeits	43,426	111,122	70,000	70,000	80,000	80,000

7.4.12 Miscellaneous and Unidentified revenue

Foreign Investment fees are for applications from non-Cook Islanders or international firms who wish to purchase shares or start up a business in the Cook Islands. The application for foreign investment is a set fee of \$750.

Going forward, foreign investment fees are forecast to increase to a total revenue collection of \$39,000 by 2024/25 with the anticipated increase in foreign investment of businesses in the Cook Islands and the slow recovery of the global economy.

Table 7-15 Miscellaneous and Unidentified revenue

	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Foreign Investment Fees	16,497	17,326	32,000	34,000	37,000	39,000
Total Foreign Investment Fees	16,497	17,326	32,000	34,000	37,000	39,000

8 Operating Expenditure

Operating expenditure is collectively the largest area of Government expenditure, with funding allocated towards personnel and operating of each agency to deliver public services to the community, including social benefits such as welfare.

Government's operating expenditure consists primarily of agency expenditure in the form of the following appropriation categories:

- Personnel
- Operating
- Administered Payments
- Depreciation
- Payment on behalf of Crown (POBOC)

POBOC funds are generally considered outside an agency's operating budget as these consist of payments with a legislated requirement but are considered within an agency's 'expenditure ceiling'.

Other Operating Expenditure includes Crown depreciation, debt repayments, and an operating contingency balance.

This chapter explains the significant changes made in the 2021/2022 budget and each agency's budget.

Most of the expenditure measures in the 2021/22 budget and across the medium-term primarily consist of savings measures. These measures are summarised in section 8.3 – General Budgetary Changes and described under each agency.

8.1 Performance on Government Expenditure

Actual expenditure by government agencies is generally lower than budgeted for a variety of reasons. Underspends in personnel typically relates to recruitment challenges in filling business-critical roles. The Government reviews the funding for these roles annually during the budget preparations.

Lower than budgeted expenditures in Operating and Administered Payments typically relate to external influences or operational inefficiencies, including personnel challenges as mentioned above, affecting Government's ability to implement programmes.

The estimated actuals for 2020/21 show an expenditure efficiency spend of:

- 96.6 per cent for personnel expenditure, a total of \$62.1 million against a budget of \$64.4 million.
- 94.8 per cent for operating expenditure, a total of \$18.7 million against a budget of \$19.7 million.
- 73.4 per cent for administered payments expenditure excluding the COVID-19 Medical Response Fund and Economic Response Plan (ERP), an estimated actual of \$28.3 million against a budget of \$38.6 million.
- Full expenditure spend is assumed for the COVID-19 Medical Response administered fund of \$3.0 million and the ERP administered fund is estimated at \$78.3 million. The ERP amount includes \$10.3 million carried forward from the 2019/20 budget.

The above expenditures are transferable between the expenditure categories of an agency if necessary (except for POBOCs) hence, these values are a guide only.

Table 8-1 provides a breakdown of operating expenditure for 2020/21 to 2024/25. Total expenditure for 2020/21 is expected to reach \$232.3 million, inclusive of funds allocated to the ERP and the COVID-19 Medical Response fund.

Table 8-1 Total operating expenditure (\$'000)

Operating Expenditure	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Ministry Outputs	196,367	165,710	132,626	133,909	132,805
Personnel	62,140	67,589	68,086	68,159	68,159
Operating	18,677	18,222	18,373	18,583	18,533
Administered Payments	109,557	72,746	39,013	40,014	38,959
Depreciation	5,993	7,154	7,154	7,154	7,154
POBOC	28,985	28,685	28,906	28,467	28,173
Total Other Operating	6,926	10,978	11,333	11,440	11,047
Debt Interest Contribution to LRF	0	4,051	4,406	4,513	4,120
Asset Management (CIIC)	0	0	0	0	0
Crown Infrastructure Depreciation	4,603	4,603	4,603	4,603	4,603
Transfer to Emergency Response Trust Fund	50	50	50	50	50
Depreciation Contingency Fund	2,174	2,174	2,174	2,174	2,174
Rarotonga Water Network	803	803	803	803	803
Northern Pa Enua Renewable Energy System	400	400	400	400	400
Southern Pa Enua Renewable Energy System (excl. Aitutaki)	971	971	971	971	971
Other Assets	0	0	0	0	0
Contingency Funds - Operating	100	100	100	100	100
Contributions to CISWF	0	0	0	0	0
Total Operating Expenses	232,279	205,374	172,865	173,817	172,025

8.2 Reappropriation of 2020/21 Operating Appropriations

Table 8-2 list the amount of operating funds approved for reappropriation into the 2021/22 Budget with brief explanations provided below.

Table 8-2 Operating Expenditure Reappropriation

Expenditure Type	Agency	Details	Amount	2020/21 Budget Estimate	2020/21 Budget Adjusted	2021/22 Budget Estimate	2021/22 Budget Adjusted
Administered Payment	Justice	Judges Allowances	100,000	300,000	200,000	300,000	400,000
Administered Payment	OPM	ICT Support Team	183,077	250,000	66,923	0	183,077
Administered Payment	Crown Law	Legal Provisions	151,029	155,000	3,971	100,000	251,029
Total Operating Expenditure			434,106	705,000	270,894	400,000	834,106

Judges Allowances – border closures during the 2020/21 fiscal year resulted in the suspension of court sittings with judges unable to travel. The two-way quarantine free travel from May 2021 means the number of court sittings will increase to clear the backlog of cases.

ICT Support Team – funding will support the contractors overseeing the proposed ICT and infrastructure upgrades to the Government network, which has extended into 2021/22.

Legal Provisions – this funding will cover legal costs of external counsel for ongoing legal matters.

8.3 General Budgetary Changes

There are a few general expenditure decisions made across Government agencies; a brief explanation is in the following Agency-specific sections, with further rationale shown here.

Government-wide salary increase deferral – with the ongoing fiscal circumstances and the need for debt financing to support economic stimulus measures and Government operations for 2021/22, the

Government-wide salary increase programme remains on hold. This programme will be reviewed on an annual basis and reinstated when there fiscal capacity.

Rounding –agency appropriations have been rounded upward or downward where minimal impact to the agency’s budget will occur. These rounding adjustments are not described in the Agency specific adjustments below.

Trading Revenue adjustments – Trading Revenue earned by Government agencies offsets the cash appropriation provided by Government, resulting in a net appropriation. Shortfalls in trading revenue can result in agencies working to a reduced operating budget. Where agencies expect a continuing reduction in trading revenue due to the economic impacts of COVID-19, adjustments have been made.

8.4 Significant Expenditure Initiatives

The 2021/22 Budget contains the following significant expenditure initiatives:

Economic Recovery Roadmap – As the Cook Islands economy reopens, the focus of economic support will move from ‘response’ towards ‘recovery’, with measures to be implemented to support rapid and sustainable economic recovery.

8.5 Government Department Budgets

8.5.1 Ministry of Agriculture

Agriculture		2021-22	2022-23	2023-24	2024-25
MTEC	Personnel	1,106,072	1,106,072	1,106,072	1,106,072
	Operating	314,509	314,509	314,509	314,509
	Administered Payments	0	0	0	0
	Depreciation	30,000	30,000	30,000	30,000
	Gross Appropriation	1,450,581	1,450,581	1,450,581	1,450,581
	Trading Revenue	70,535	90,535	90,535	90,535
	Net Appropriation	1,380,046	1,360,046	1,360,046	1,360,046
	POBOC	0	0	0	0
	Medium-term Expenditure Ceiling	1,450,581	1,450,581	1,450,581	1,450,581

Table 8-3 Total Resourcing – Government and ODA, Agriculture (\$)

	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Net Appropriation	1,380,046	1,360,046	1,360,046	1,360,046
Trading Revenue	70,535	90,535	90,535	90,535
Official Development Assistance	0	0	0	0
Total Resourcing	1,450,581	1,450,581	1,450,581	1,450,581

Table 8-4 Output Funding for 2021/22, Agriculture (\$)

Output	Output 1	Output 2	Output 3	Output 4	Total
Personnel	365,284	323,198	224,123	193,467	1,106,072
Operating	82,046	69,726	9,499	153,238	314,509
Administered Funding	0	0	0	0	0
Depreciation	222	15,804	0	13,974	30,000
Gross Operating Appropriation	447,552	408,728	233,622	360,679	1,450,581
Trading Revenue	30,000	39,535	1,000	0	70,535
Net Operating Appropriation	417,552	369,193	232,622	360,679	1,380,046

8.5.1.1 Ministry of Agriculture Outputs

Output 1: Crops Research

Provide technical advice, guidance and support to all farmers including women groups in horticulture and agriculture through:

- Horticulture support (fruits, vegetables, ornamentals, hydroponics, organic production, etc.).
- Applied and adaptive research – varietal testing, export trials, basic soil testing and assessment.
- Pest and disease control and identification.
- Administering food crops and plant genetic conservation and protection in collaboration with FAO plant genetic resources.
- Crop breeding / improvement to food crops genetic material.
- Agro - forestry, erosion control and contouring cultivation and protection.
- Soil and water management.
- Nursery and plant propagation.
- Support and training in plant protection – pesticide workshops, fertilizer use and nutrition of crops.
- Representation in various Agriculture International Organizations.

Output 2: Biosecurity

Implement the Biosecurity Act 2008 to prevent the entry of pest and diseases (affecting animals, plants, human beings and the environment) into the Cook Islands.

- Ensure that agricultural export products follow “Importing Countries” requirements in terms of quarantine treatment, export standards, packaging standards, labelling and export trade agreements in relation to Sanitary and Phytosanitary (SPS) measures and International Plant Protection Convention (IPPC) standards.
- Pest surveillance and monitoring.
- Provide support to Codex Alimentarius and IPPC Standards.
- Establish partnership and provide technical support to the Pa Enea on biosecurity measures.
- Development of project work that supports ongoing capacity building.

Output 3: Advisory

Provide guidance and support to all farmers including women groups through:

- Horticulture support (fruits, vegetables, ornamentals, hydroponics and organic production).
- Extension and modern technology knowledge transfer with best practices.
- Promoting sustainable agriculture practices (including best organic practices).
- Livestock - treatment of diseases, worm treatment and general guidance on husbandry, production and management.
- AgINTEL survey support.

Output 4: Corporate Services

- Strategic planning towards sustainable agriculture for the Pa Enea.
- Disaster and emergency planning - livelihood recovery activities after the aftermath of natural disasters.
- Providing budget monitoring, reporting, regulatory governance and oversight.
- Training, leadership, performance management framework.
- Library and information management.

Table 8-5 Baselines and New Budget Measures, Agriculture (\$)

Details	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
2020/21 Budget Personnel Baseline	1,056,072	1,056,072	1,056,072	1,056,072
Personnel increase	50,000	50,000	50,000	50,000
2021/22 Budget Personnel Budget	1,106,072	1,106,072	1,106,072	1,106,072
2020/21 Budget Operating Baseline	314,509	314,509	314,509	314,509
2021/22 Budget Operating Budget	314,509	314,509	314,509	314,509
2020/21 Budget Administered Payments Baseline	0	0	0	0
2021/22 Budget Administered Payments	0	0	0	0
2020/21 Budget Depreciation Baseline	30,000	30,000	30,000	30,000
2021/22 Budget Depreciation	30,000	30,000	30,000	30,000
Gross Operating Appropriation	1,450,581	1,450,581	1,450,581	1,450,581
2020/21 Budget Trading Revenue Baseline	90,535	90,535	90,535	90,535
Trading Revenue reduction	(20,000)	0	0	0
2021/22 Budget Trading Revenue	70,535	90,535	90,535	90,535
Net Operating Appropriation	1,380,046	1,360,046	1,360,046	1,360,046

Additional personnel funding of \$50,000 is provided to address personnel funding shortfalls identified during the 2020/21 budget.

Trading revenue decreases by \$20,000 in 2021/22 due to the continuing impacts of the COVID-19 economic shock. Trading revenue reverts to historic levels as the effects of the shock pass.

8.5.2 Cook Islands Audit Office

Audit (PERCA)		2021-22	2022-23	2023-24	2024-25
MTEC	Personnel	996,953	996,953	996,953	996,953
	Operating	119,701	119,701	119,701	119,701
	Administered Payments	0	0	0	0
	Depreciation	18,000	18,000	18,000	18,000
	Gross Appropriation	1,134,654	1,134,654	1,134,654	1,134,654
	Trading Revenue	60,700	60,700	60,700	60,700
	Net Appropriation	1,073,954	1,073,954	1,073,954	1,073,954
	POBOC	153,100	153,100	153,100	153,100
Medium-term Expenditure Ceiling	1,287,754	1,287,754	1,287,754	1,287,754	

Table 8-6 Total Resourcing – Government and ODA, Audit (\$)

	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Net Appropriation	1,073,954	1,073,954	1,073,954	1,073,954
Trading Revenue	60,700	60,700	60,700	60,700
Official Development Assistance	0	0	0	0
Total Resourcing	1,134,654	1,134,654	1,134,654	1,134,654

Table 8-7 Output Funding for 2021/22, Audit (\$)

Output	Output 1	Output 2	Output 3	Output 4	Total
Personnel	261,820	474,590	181,804	78,739	996,953
Operating	29,925	29,925	29,925	29,925	119,700
Administered Funding	0	0	0	0	0
Depreciation	4,500	4,500	4,500	4,500	18,000
Gross Operating Appropriation	296,245	509,015	216,229	113,164	1,134,653
Trading Revenue	30,000	25,700	5,000	0	60,700
Net Operating Appropriation	266,245	483,315	211,229	113,164	1,073,953

8.5.2.1 Cook Islands Audit Office Outputs

Output 1: The audit of the consolidated financial statements of Government

The purpose of this output is to perform a timely and quality audit of the Cook Islands Government consolidated financial statements.

Output 2: The audit of Ministries, Outer Island Administration, State Owned Entities and Other Crown Agencies financial statements

The purpose of this output is to perform timely and quality audits or reviews of the financial statements for ministries, island administrations, state-owned enterprises, and crown agencies.

The Director of Audit expresses an audit opinion on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework. Additionally, the office issues a management report to the head of ministry and minister responsible, highlighting any issues and audit findings.

Output 3: Special Reviews, Investigations and Performance Audits

The purpose of this output is to promote and maintain accountability for the proper utilisation of Government resources and donor contributions. This output pursues any concern that arises in respect of the management of public resources, which in its opinion justifies further investigation.

Output 4: Corporate Services

To provide administration and support services to ensure the delivery of Office services are in line with relevant Government legislations and policies.

Table 8-8 Baselines and New Budget Measures, Audit (\$)

Details	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
2020/21 Budget Personnel Baseline	996,953	996,953	996,953	996,953
2021/22 Budget Personnel Budget	996,953	996,953	996,953	996,953
2020/21 Budget Operating Baseline	169,701	119,701	119,701	119,701
Operating Adjustment	(15,000)	0	0	0
Transferred to Capital for the TeamMate Software upgrade	(35,000)	0	0	0
2021/22 Budget Operating Budget	119,701	119,701	119,701	119,701
2020/21 Budget Administered Payments Baseline	0	0	0	0
2021/22 Budget Administered Payments	0	0	0	0
2020/21 Budget Depreciation Baseline	18,000	18,000	18,000	18,000
2021/22 Budget Depreciation	18,000	18,000	18,000	18,000
Gross Operating Appropriation	1,134,654	1,134,654	1,134,654	1,134,654
2020/21 Budget Trading Revenue Baseline	60,700	60,700	60,700	60,700
2021/22 Budget Trading Revenue	60,700	60,700	60,700	60,700
Net Operating Appropriation	1,073,954	1,073,954	1,073,954	1,073,954
2020/21 Budget POBOC Baseline	153,100	153,100	153,100	153,100
2021/22 Budget POBOC Funding	153,100	153,100	153,100	153,100

Due to international travel restrictions brought about by COVID-19, the Pacific Association of Supreme Audit Institution (PASAI) conference will no longer be held in Rarotonga in 2021/22. Funding for this conference has been reallocated to the TeamMate+ Software upgrade (\$35,000), with \$15,000 returned to the Crown.

Table 8-9 Payments on Behalf of Crown, Audit (\$)

Output	POBOCs	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
2	Audit Fees	95,600	95,600	95,600	95,600
	Output 2 POBOC Funding	95,600	95,600	95,600	95,600
3	PERC Salaries and Administration Costs	57,500	57,500	57,500	57,500
	Output 3 POBOC Funding	57,500	57,500	57,500	57,500
	Total Audit (PERCA) POBOC Funding	153,100	153,100	153,100	153,100

8.5.3 Business Trade and Investment Board

Business Trade and Investment Board		2021-22	2022-23	2023-24	2024-25
MTEC	Personnel	432,796	432,796	432,796	432,796
	Operating	242,866	242,866	242,866	242,866
	Administered Payments	0	0	0	0
	Depreciation	4,000	4,000	4,000	4,000
	Gross Appropriation	679,662	679,662	679,662	679,662
	Trading Revenue	28,000	28,000	28,000	28,000
	Net Appropriation	651,662	651,662	651,662	651,662
	POBOC	0	0	0	0
	Medium-term Expenditure Ceiling	679,662	679,662	679,662	679,662

Table 8-10 Total Resourcing – Government and ODA, BTIB (\$)

	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Net Appropriation	651,662	651,662	651,662	651,662
Trading Revenue	28,000	28,000	28,000	28,000
Official Development Assistance	0	0	0	0
Total Resourcing	679,662	679,662	679,662	679,662

Table 8-11 Output Funding for 2021/22, BTIB (\$)

Output	Output 1	Output 2	Output 3	Output 4	Output 5	Total
Personnel	70,511	68,293	74,263	30,641	189,088	432,796
Operating	44,600	48,466	46,600	46,600	56,600	242,866
Administered Funding	0	0	0	0	0	0
Depreciation	667	667	667	667	1,333	4,000
Gross Operating Appropriation	115,778	117,426	121,530	77,908	247,021	679,662
Trading Revenue	600	27400	0	0	0	28,000
Net Operating Appropriation	115,178	90,026	121,530	77,908	247,021	651,662

8.5.3.1 Business Trade and Investment Board Outputs

Output 1: Business Enterprise

- Ensure the revolving fund is sustainable to encourage and support local businesses.
- Provide relevant and updated business information via a business fact sheet, business gazette, website and Facebook.
- Initiate relevant face-to-face business support via one-on-one business consultation and business to business mentoring.
- Deliver business training and capacity building in an interactive and practical manner with emphasis on the Pa Enua and in collaboration with public and private stakeholders.

Output 2: Trade and Marketing

- Support land and marine resource businesses to increase domestic trade with the Pa Enua and encourage export.
- Encourage trade in social businesses (social benefit to society) in collaboration with other agencies and stakeholders.
- Provide marketing support for businesses.
- Support events for small business enterprises in private and public partnerships.
- Provide advice to stakeholders on foreign and local trade.
- To support businesses in conjunction with other agencies that targets import substitution products.

Output 3: Foreign Investment

- Encourage foreign investment and joint venture partnerships with Cook Islanders and promote the Cook Islands as an attractive place to invest.
- Supports the division's regulatory and operational responsibilities to provide foreign and local business investment advice, capacity development and business-related services that target and meet the needs of foreigners and locals and their business aspirations aligning with national priorities.

Output 4: Monitoring and Compliance

- Support and regulate foreign investment operations and services to ensure compliance with the Development Investment Act 1995-96 and Regulations.

Output 5: Corporate Services

- Provide strategic policy advice to guide the development and implementation of all outputs in line with the National Sustainable Development Plan and the Economic Development Strategy.
- Provide administrative and financial support to all the other outputs through ensuring that resources are available to meet the needs of the organisation and aligns with national priorities.

Table 8-12 Baselines and New Budget Measures, BTIB (\$)

Details	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
2020/21 Budget Personnel Baseline	432,796	432,796	432,796	432,796
2021/22 Budget Personnel Budget	432,796	432,796	432,796	432,796
2020/21 Budget Operating Baseline	242,866	242,866	242,866	242,866
2021/22 Budget Operating Budget	242,866	242,866	242,866	242,866
2020/21 Budget Administered Payments Baseline	0	0	0	0
2021/22 Budget Administered Payments	0	0	0	0
2020/21 Budget Depreciation Baseline	4,000	4,000	4,000	4,000
2021/22 Budget Depreciation	4,000	4,000	4,000	4,000
Gross Operating Appropriation	679,662	679,662	679,662	679,662
2020/21 Budget Trading Revenue Baseline	28,000	28,000	28,000	28,000
2021/22 Budget Trading Revenue	28,000	28,000	28,000	28,000
Net Operating Appropriation	651,662	651,662	651,662	651,662

No funding changes were considered for BTIB.

8.5.4 Cook Islands Investment Corporation

Cook Islands Investment Corporation		2021-22	2022-23	2023-24	2024-25
MTEC	Personnel	1,508,000	1,508,000	1,536,000	1,536,000
	Operating	974,000	1,024,000	1,224,000	1,224,000
	Administered Payments	4,250,000	4,300,000	5,300,000	4,300,000
	Depreciation	45,000	45,000	45,000	45,000
	Gross Appropriation	6,777,000	6,877,000	8,105,000	7,105,000
	Trading Revenue	753,831	753,831	753,831	753,831
	Net Appropriation	6,023,169	6,123,169	7,351,169	6,351,169
	POBOC	2,286,096	2,286,096	1,738,099	1,238,099
	Medium-term Expenditure Ceiling	9,063,096	9,163,096	9,843,099	8,343,099

Table 8-13 Total Resourcing – Government and ODA, CIIC (\$)

	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Net Appropriation	6,023,169	6,123,169	7,351,169	6,351,169
Trading Revenue	753,831	753,831	753,831	753,831
Official Development Assistance	0	0	0	0
Total Resourcing	6,777,000	6,877,000	8,105,000	7,105,000

Table 8-14 Output Funding for 2021/22, CIIC (\$)

Output	Output 1	Output 2	Output 3	Total
Personnel	1,070,932	135,426	301,642	1,508,000
Operating	646,525	151,511	175,964	974,000
Administered Funding	1,200,000	3,050,000	0	4,250,000
Depreciation	45,000	0	0	45,000
Gross Operating Appropriation	2,962,457	3,336,937	477,606	6,777,000
Trading Revenue	753,831	0	0	753,831
Net Operating Appropriation	2,208,626	3,336,937	477,606	6,023,169

8.5.4.1 Cook Islands Investment Corporation Outputs

Output 1: Effective Asset Management

Key functions of this output include:

- Property Division
 - Manage and maintain of government-owned houses and buildings in the Cook Islands and Wellington, New Zealand.
 - Provide secretariat service to Infrastructure Committee (IC).
 - Identify and implement best practice standards for asset management.
 - Manage and implement the AssetFinda programme (an asset planning and management tool) including its application to all government agencies including the Pa Enuu.
- Legal/Land Division
 - Provide legal advice to Board and management.
 - Manage Crown Land, land leases and commercial rentals.
- Government Facilities Development Division
 - Manage key development projects and strategic facility improvement initiatives.

Output 2: Effective management of public assets by state-owned enterprises

Key functions of this output include:

- Supporting state-owned enterprises (SOEs) to effectively govern and manage public assets for the benefit of Cook Islands people.
- Administer the Cook Islands Government Property Corporation (CIGPC).
- Facilitating the establishment of a water and a seabed exploration and mining SOE and administering the latter.

Output 3: Corporate Services

Key functions of this output include:

- Providing support for CIIC divisions and SOEs and ensuring the adequacy of resources to deliver work programmes.
- Produce the annual reports of the Board of Directors for Parliament together with the consolidated financial reports of the CIIC Group and CIGPC Group.
- Provide secretariat services to the CIIC Board of Directors.
- Analyse and report on a quarterly basis the financial performance of the SOEs to the Board and Minister.
- Ensure compliance with finance, personnel and administration related rules, regulations and legislation.

Table 8-15 Baselines and New Budget Measures, CIIC (\$)

Details	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
2020/21 Budget Personnel Baseline	1,508,000	1,508,000	1,536,000	1,536,000
2021/22 Budget Personnel Budget	1,508,000	1,508,000	1,536,000	1,536,000
2020/21 Budget Operating Baseline	1,474,000	1,524,000	1,724,000	1,724,000
Operating Adjustment	(500,000)	(500,000)	(500,000)	(500,000)
2021/22 Budget Operating Budget	974,000	1,024,000	1,224,000	1,224,000
2020/21 Budget Administered Payments Baseline	4,565,000	2,880,000	2,880,000	2,880,000
School Security	(50,000)	(50,000)	(50,000)	(50,000)
To Tatou Vai	(155,000)	1,600,000	1,600,000	600,000
Infrastructure Committee	(30,000)	(50,000)	(50,000)	(50,000)
Joint Venture with Seabed Minerals Authority	(80,000)	(80,000)	(80,000)	(80,000)
CIG Buildings Repairs & Maintenance	0	0	1,000,000	1,000,000
2021/22 Budget Administered Payments	4,250,000	4,300,000	5,300,000	4,300,000
2020/21 Budget Depreciation Baseline	45,000	45,000	45,000	45,000
2021/22 Budget Depreciation	45,000	45,000	45,000	45,000
Gross Operating Appropriation	6,777,000	6,877,000	8,105,000	7,105,000
2020/21 Budget Trading Revenue Baseline	753,831	753,831	753,831	753,831
2021/22 Budget Trading Revenue	753,831	753,831	753,831	753,831
Net Operating Appropriation	6,023,169	6,123,169	7,351,169	6,351,169
2020/21 Budget POBOC Baseline	2,286,096	2,666,096	2,666,096	2,666,096
Airport Authority subsidy	0	0	(547,997)	(1,047,997)
Te Aponga Uira – social assistance subsidy	0	(380,000)	(380,000)	(380,000)
2021/22 Budget POBOC Funding	2,286,096	2,286,096	1,738,099	1,238,099

An operating budget reduction of \$500,000 has been applied over the medium-term to generate savings for other critical expenditure needs. This funding will be reinstated in 2023/24 in the form of an administered fund, with a total of \$1.0 million allocated to Government building repairs and maintenance administered funding.

Administered Funding

- The School Security fund reduces by \$50,000 to generate savings for other critical expenditure needs.
- Funding for To Tatou Vai has been adjusted to \$3.0 million to provide a fixed level of funding to support this SOE from 2021/22 to 2023/24. For 2024/25, funding reduces to \$2.0 million in preparation for cost recovery through domestic water meters.
- The Joint Venture with Seabed Minerals Authority fund reduces by \$80,000 across the medium-term as this amount is no longer required for market / business development at this stage.
- The Infrastructure Committee budget reduces by \$30,000 in 2021/22 and \$50,000 from 2022/23 onwards to generate savings for other critical expenditure needs.

POBOC

- A budget reduction for the Airport Authority subsidy has been supported in preparation for this to be a stand-alone entity. This funding will be phased out from 2023/24 to allow time for recovery from the COVID-19 economic shock.
- With the cancellation of circular cost transfer, TAU dividend to Government is presently being returned as a subsidy.

Table 8-16 Administered Payments, CIIC (\$)

Output	Administered Payment	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
1	Infrastructure Committee	100,000	100,000	100,000	100,000
1	Provision for Land Rentals	500,000	500,000	500,000	500,000
1	School Security	180,000	230,000	230,000	230,000
1	Government Facilities Development Division	420,000	420,000	420,000	420,000
	Output 1 Administered Funding	1,200,000	1,250,000	2,250,000	2,250,000
2	CIG Buildings Repairs & Maintenance	0	0	1,000,000	1,000,000
2	Joint Venture with Seabed Minerals Authority	50,000	50,000	50,000	50,000
2	To Tatou Vai	3,000,000	3,000,000	3,000,000	2,000,000
	Output 2 Administered Funding	3,050,000	3,050,000	3,050,000	2,050,000
Total Cook Islands Investment Corporation Administered Funding		4,250,000	4,300,000	5,300,000	4,300,000

Table 8-17 Payments on Behalf of Crown, CIIC (\$)

Output	POBOCs	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
2	Airport Authority subsidy	2,047,997	2,047,997	1,500,000	1,000,000
2	Bank of the Cook Islands - social assistance subsidy	128,000	128,000	128,000	128,000
2	Ports Authority - subsidy	110,099	110,099	110,099	110,099
	Output 2 POBOC Funding	2,286,096	2,286,096	1,738,099	1,238,099
Total Cook Islands Investment Corporation POBOC Funding		2,286,096	2,286,096	1,738,099	1,238,099

8.5.5 Ministry of Corrective Services

Corrective Services		2021-22	2022-23	2023-24	2024-25
MTEC	Personnel	1,469,826	1,469,826	1,469,826	1,469,826
	Operating	229,131	229,131	229,131	229,131
	Administered Payments	0	0	0	0
	Depreciation	53,000	53,000	53,000	53,000
	Gross Appropriation	1,751,957	1,751,957	1,751,957	1,751,957
	Trading Revenue	75,000	100,000	100,000	100,000
	Net Appropriation	1,676,957	1,651,957	1,651,957	1,651,957
	POBOC	0	0	0	0
	Medium-term Expenditure Ceiling	1,751,957	1,751,957	1,751,957	1,751,957

Table 8-18 Total Resourcing – Government and ODA, Corrective Services (\$)

	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Net Appropriation	1,676,957	1,651,957	1,651,957	1,651,957
Trading Revenue	75,000	100,000	100,000	100,000
Official Development Assistance	0	0	0	0
Total Resourcing	1,751,957	1,751,957	1,751,957	1,751,957

Table 8-19 Output Funding for 2021/22, Corrective Services (\$)

Output	Output 1	Output 2	Output 3	Total
Personnel	307,924	993,037	168,865	1,469,826
Operating	32,400	131,100	65,631	229,131
Administered Funding	0	0	0	0
Depreciation	5,000	45,000	3,000	53,000
Gross Operating Appropriation	345,324	1,169,137	237,496	1,751,957
Trading Revenue	0	75,000	0	75,000
Net Operating Appropriation	345,324	1,094,137	237,496	1,676,957

8.5.5.1 Ministry of Corrective Services Outputs

Output 1: Probation Service

The Probation Service division is responsible for the management and support of persons placed on probation supervision by the Courts or operation of the law.

Output 2: Prison Service

The Prison Service is responsible for the management of the Arorangi Prison and ensuring the safety of the public. This output is also responsible for the provision of rehabilitation and reintegration programmes to reduce reoffending and to ensure a smoother transition of inmates back into the community.

Output 3: Corporate Services

Corporate Services is responsible for financial management, human resources management, policy development and quality assurance, procurement and asset management, administration services and information, communications and technology assistance.

Table 8-20 Baselines and New Budget Measures, Corrective Services (\$)

Details	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
2020/21 Budget Personnel Baseline	1,326,826	1,326,826	1,326,826	1,326,826
Prison Officers	75,000	75,000	75,000	75,000
Youth Probation Officer	28,000	28,000	28,000	28,000
ICT Manager	40,000	40,000	40,000	40,000
2021/22 Budget Personnel Budget	1,469,826	1,469,826	1,469,826	1,469,826
2020/21 Budget Operating Baseline	229,131	229,131	229,131	229,131
2021/22 Budget Operating Budget	229,131	229,131	229,131	229,131
2020/21 Budget Administered Payments Baseline	0	0	0	0
2021/22 Budget Administered Payments	0	0	0	0
2020/21 Budget Depreciation Baseline	30,000	30,000	30,000	30,000
Depreciation adjustment	23,000	23,000	23,000	23,000
2021/22 Budget Depreciation	53,000	53,000	53,000	53,000
Gross Operating Appropriation	1,751,957	1,751,957	1,751,957	1,751,957
2020/21 Budget Trading Revenue Baseline	75,000	100,000	100,000	100,000
2021/22 Budget Trading Revenue	75,000	100,000	100,000	100,000
Net Operating Appropriation	1,676,957	1,651,957	1,651,957	1,651,957

A personnel adjustment of \$143,000 has been allocated to hire critical personnel (ICT Manager, Youth Probation Officer and three Prison Officers) for Corrective Services to expand its capacity.

A further \$23,000 is allocated to depreciation to account for an excavator purchased in 2020/21.

8.5.6 Crown Law Office

Crown Law		2021-22	2022-23	2023-24	2024-25
MTEC	Personnel	987,500	987,500	897,500	897,500
	Operating	163,500	163,500	173,500	173,500
	Administered Payments	251,029	0	80,000	80,000
	Depreciation	3,000	3,000	3,000	3,000
	Gross Appropriation	1,405,029	1,154,000	1,154,000	1,154,000
	Trading Revenue	0	0	0	0
	Net Appropriation	1,405,029	1,154,000	1,154,000	1,154,000
	POBOC	0	0	0	0
	Medium-term Expenditure Ceiling	1,405,029	1,154,000	1,154,000	1,154,000

Table 8-21 Total Resourcing – Government and ODA, Crown Law (\$)

	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Net Appropriation	1,405,029	1,154,000	1,154,000	1,154,000
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
Total Resourcing	1,405,029	1,154,000	1,154,000	1,154,000

Table 8-22 Output Funding for 2021/22, Crown Law (\$)

Output	Output 1	Output 2	Output 3	Output 4	Total
Personnel	352,800	260,400	257,250	117,050	987,500
Operating	65,400	40,875	40,875	16,350	163,500
Administered Funding	0	251,029	0	0	251,029
Depreciation	0	0	3,000	3,000	3,000
Gross Operating Appropriation	418,200	552,304	298,125	136,400	1,405,029
Trading Revenue	0	0	0	0	0
Net Operating Appropriation	418,200	552,304	298,125	136,400	1,405,029

8.5.6.1 Crown Law Office Outputs

Output 1: Advice

The Crown Law Office will provide legal advice to the Government to a very high standard and in a timely manner.

Output 2: Litigation

The Crown Law Office will prosecute all serious criminal cases to a very high standard, and will act as ministers of justice in the course of doing so. The Crown Law Office will act for the Government in civil proceedings to a very high standard.

Output 3: Legislation

The Crown Law Office plays a vital role in the management of the drafting of legislation presently undertaken by the New Zealand Parliamentary Counsel Office (NZPCO), and where appropriate by consultants. The intention is that the Crown Law Office will in due course take over the drafting of legislation so that there is a consistent approach to all legislation passed going forward.

Output 4: Corporate Services

The Corporate Service provides support to the Crown Law Office, and ensures that all support services (finance, human resources, legal, IT, facilities management) are provided to a high standard and in a timely manner to allow the Crown Law Office to run effectively and efficiently.

Table 8-23 Baselines and New Budget Measures, Crown Law (\$)

Details	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
2020/21 Budget Personnel Baseline	927,500	927,500	927,500	927,500
Personnel for Crown Counsel hiring needs	60,000	60,000	60,000	60,000
Personnel Adjustment	0	0	(90,000)	(90,000)
2021/22 Budget Personnel Budget	987,500	987,500	897,500	897,500
2020/21 Budget Operating Baseline	163,500	163,500	173,500	173,500
2021/22 Budget Operating Budget	163,500	163,500	173,500	173,500
2020/21 Budget Administered Payments Baseline	0	0	0	0
Legal Provisions	251,029	0	0	0
Lexis Nexis - Portal Maintenance	0	0	80,000	80,000
2021/22 Budget Administered Payments	251,029	0	80,000	80,000
2020/21 Budget Depreciation Baseline	3,000	3,000	3,000	3,000
2021/22 Budget Depreciation	3,000	3,000	3,000	3,000
Gross Operating Appropriation	1,405,029	1,154,000	1,154,000	1,154,000
2020/21 Budget Trading Revenue Baseline	0	0	0	0
2021/22 Budget Trading Revenue	0	0	0	0
Net Operating Appropriation	1,405,029	1,154,000	1,154,000	1,154,000

Legal Provisions administered funding increases to \$251,029 due to the reappropriation of \$151,029 from the 2020/21 budget to cover ongoing legal costs in 2021/22 and a top-up of \$100,000 to cover additional litigation claims raised in 2020/21.

Personnel funding increases by \$60,000 to hire additional Crown Counsels to expand office capacity. From 2023/24 onwards, personnel funding reduces by \$90,000.

The new Lexis Nexis – Portal Maintenance administered fund will cover licensing and maintenance costs for the Lexis Nexus legislative website from 2023/24 onwards.

Table 8-24 Administered Payments, Crown Law (\$)

Output	Description	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
1	Lexis Nexis - Portal Maintenance	0	0	80,000	80,000
	Output 1 Administered Funding	0	0	80,000	80,000
2	Legal Provisions	251,029	0	0	0
	Output 2 Administered Funding	251,029	0	0	0
Total Crown Law Administered Funding		251,029	0	80,000	80,000

8.5.7 Ministry of Cultural Development

Cultural Development		2021-22	2022-23	2023-24	2024-25
MTEC	Personnel	742,000	742,000	872,000	872,000
	Operating	128,000	128,000	128,000	128,000
	Administered Payments	665,000	665,000	665,000	665,000
	Depreciation	133,000	133,000	133,000	133,000
	Gross Appropriation	1,668,000	1,668,000	1,798,000	1,798,000
	Trading Revenue	100,000	170,000	170,000	170,000
	Net Appropriation	1,568,000	1,498,000	1,628,000	1,628,000
	POBOC	0	0	0	0
Medium-term Expenditure Ceiling		1,668,000	1,668,000	1,798,000	1,798,000

Table 8-25 Total Resourcing – Government and ODA, Culture (\$)

	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Net Appropriation	1,568,000	1,498,000	1,628,000	1,628,000
Trading Revenue	100,000	170,000	170,000	170,000
Official Development Assistance	0	0	0	0
Total Resourcing	1,668,000	1,668,000	1,798,000	1,798,000

Table 8-26 Output Funding for 2021/22, Culture (\$)

Output	Output 1	Output 2	Output 3	Total
Personnel	215,363	261,094	265,543	742,000
Operating	12,811	52,445	62,744	128,000
Administered Funding	665,000	0	0	665,000
Depreciation	69,193	18,731	45,076	133,000
Gross Operating Appropriation	962,367	332,270	373,363	1,668,000
Trading Revenue	80,000	10,000	10,000	100,000
Net Operating Appropriation	882,367	322,270	363,363	1,568,000

8.5.7.1 Ministry of Cultural Development Outputs

Output 1: Cultural Identity

- To understand the relationships around us and maintain the unique national identity of the people of the Cook Islands.
- To promote our cultural events and all its arts and art forms.
- To strengthen, shape our cultural identity, understand and learn the different cultural identities (language and dialects).
- To strengthen our cultural values among our support partners and community (meetings, incentives, conferences, forums and events).

Output 2: Cultural Heritage

- To promote the legacy of our physical artefacts, and tangible/ intangible culture through our museum, archive and library.
- To promote, protect and strengthen our creators and artist ownership of their knowledge.
- To strengthen the storage and preservation of our cultural and natural heritage.
- To preserve and promote our history and historical places.

Output 3: Cultural Governance

- Provision of monthly variance reports and annual reports, human resources, policy advice, operations and administration.
- Engage with local cultural sectors to support the preservation and promotion of our culture and engage with regional and international institutions to support the preservation and promotion of our culture.
- To monitor and evaluate strategies pertaining to cultural governance.

Table 8-27 Baselines and New Budget Measures, Culture (\$)

Details	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
2020/21 Budget Personnel Baseline	742,000	742,000	872,000	872,000
2021/22 Budget Personnel Budget	742,000	742,000	872,000	872,000
2020/21 Budget Operating Baseline	128,000	128,000	128,000	128,000
2021/22 Budget Operating Budget	128,000	128,000	128,000	128,000
2020/21 Budget Administered Payments Baseline	1,687,500	1,687,500	937,500	937,500
National Events Fund	(972,500)	(972,500)	(222,500)	(222,500)
Cook Islands Cultural Funds	(50,000)	(50,000)	(50,000)	(50,000)
2021/22 Budget Administered Payments	665,000	665,000	665,000	665,000
2020/21 Budget Depreciation Baseline	120,000	120,000	120,000	120,000
Depreciation adjustment	13,000	13,000	13,000	13,000
2021/22 Budget Depreciation	133,000	133,000	133,000	133,000
Gross Operating Appropriation	1,668,000	1,668,000	1,798,000	1,798,000
2020/21 Budget Trading Revenue Baseline	150,000	170,000	170,000	170,000
Trading Revenue reduction	(50,000)	0	0	0
2021/22 Budget Trading Revenue	100,000	170,000	170,000	170,000
Net Operating Appropriation	1,568,000	1,498,000	1,628,000	1,628,000

A trading revenue reduction of \$50,000 has been applied due to the ongoing impacts of COVID-19 on the tourism industry, which is expected to resolve during the course of 2021/22.

Additional depreciation of \$13,000 has been applied to account for the outdoor auditorium screens.

The Te Maeve Nui administered fund has been re-titled to the National Events Fund, to broaden the scope of the fund to support a greater variety of national events while also retaining its principal focus of supporting the annual Te Maeve Nui cultural celebration. The fund reduces to \$500,000 annually.

The Cook Islands Cultural Fund reduces to \$150,000 over the medium-term due to the restrictions on international travel limiting the opportunities to show Cook Islands cultural shows overseas. Instead, these funds will support domestic cultural events in the short to medium term.

Table 8-28 Administered Payments, Culture (\$)

Output	Description	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
1	Cook Islands Cultural Fund	150,000	150,000	150,000	150,000
1	Te Kopapa Reo Maori Board	15,000	15,000	15,000	15,000
1	National Events Fund	500,000	500,000	500,000	500,000
	Output 1 Administered Funding	665,000	665,000	665,000	665,000
	Total Cultural Development Administered Funding	665,000	665,000	665,000	665,000

8.5.8 Ministry of Education

Education		2021-22	2022-23	2023-24	2024-25
MTEC	Personnel	11,675,431	11,842,097	11,842,097	11,842,097
	Operating	2,429,740	2,495,820	2,375,820	2,375,820
	Administered Payments	4,834,602	4,834,602	4,834,602	4,834,602
	Depreciation	620,000	620,000	620,000	620,000
	Gross Appropriation	19,559,773	19,792,519	19,672,519	19,672,519
	Trading Revenue	0	0	0	0
	Net Appropriation	19,559,773	19,792,519	19,672,519	19,672,519
	POBOC	0	0	0	0
	Medium-term Expenditure Ceiling	19,559,773	19,792,519	19,672,519	19,672,519

Table 8-29 Total Resourcing – Government and ODA, Education (\$)

	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Net Appropriation	19,559,773	19,792,519	19,672,519	19,672,519
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
Total Resourcing	19,559,773	19,792,519	19,672,519	19,672,519

Table 8-30 Output Funding for 2021/22, Education (\$)

Output	Output 1	Output 2	Output 3	Output 4	Total
Personnel	162,289	370,111	142,440	11,000,591	11,675,431
Operating	568,410	724,510	568,410	568,410	2,429,740
Administered Funding	0	3,443,277	1,365,000	26,325	4,834,602
Depreciation	0	31,000	0	589,000	620,000
Gross Operating Appropriation	730,699	4,568,898	2,075,850	12,184,326	19,559,773
Trading Revenue	0	0	0	0	0
Net Operating Appropriation	730,699	4,568,898	2,075,850	12,184,326	19,559,773

8.5.8.1 Ministry of Education Outputs

Output 1: Taku Ipukarea Kia Rangatira

Taku Ipukarea Kia Rangatira is intended to strengthen a learner's identity as a Cook Islander. It mandates the Ministry of Education (MoE) to provide quality programmes that promote Maori

language and culture, research and use appropriate learning, teaching and assessment techniques for Cook Islands learners including our young people. The Ministry supports the growth of cultural and creative industries in the Cook Islands and challenges us to ask how our programmes and initiatives contribute to strengthening Cook Islands identity. In fulfilling international obligations, the MoE seeks to be recognised as an educational leader in the country and the Pacific region through demonstrating development initiatives in education.

Output 2: Learning and Teaching

Educational success is enhanced by improving the quality of teaching and the quality of educational leadership. This output focuses on improving teaching and learning across all aspects of the education system and for all learners. In particular, we focus on improving the core skills of literacy and numeracy and on lifting the achievement of those groups of learners who are not achieving as well as their peers.

Output 3: Learning and the Community

The work of this output considers both the role of the community in education, especially that of parents as an important stakeholder, and the involvement of the wider community in lifelong learning and participation in ongoing educational opportunities.

Output 4: Infrastructure and Support

Quality learning and teaching requires quality infrastructure, support and assurance systems. As the largest Government employer, our development and management of human resources plays a considerable role in the successful achievement of our annual and longer-term goals.

Table 8-31 Baselines and New Budget Measures, Education (\$)

Details	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
2020/21 Budget Personnel Baseline	11,675,431	11,842,097	11,842,097	11,842,097
2021/22 Budget Personnel Budget	11,675,431	11,842,097	11,842,097	11,842,097
2020/21 Budget Operating Baseline	2,842,054	2,885,358	2,885,358	2,885,358
Transfer of operating to capital	(147,000)	0	0	0
Transfer of operating to the Private School Admin. Fund	(152,568)	(152,568)	(152,568)	(152,568)
National Education Master Plan	0	120,000	0	0
Cancellation of programmed increases	(112,746)	(356,970)	(356,970)	(356,970)
2021/22 Budget Operating Budget	2,429,740	2,495,820	2,375,820	2,375,820
2020/21 Budget Administered Payments Baseline	4,682,034	4,682,034	4,682,034	4,682,034
Private School Funding	152,568	152,568	152,568	152,568
2021/22 Budget Administered Payments	4,834,602	4,834,602	4,834,602	4,834,602
2020/21 Budget Depreciation Baseline	620,000	620,000	620,000	620,000
2021/22 Budget Depreciation	620,000	620,000	620,000	620,000
Gross Operating Appropriation	19,559,773	19,792,519	19,672,519	19,672,519
2020/21 Budget Trading Revenue Baseline	0	0	0	0
2021/22 Budget Trading Revenue	0	0	0	0
Net Operating Appropriation	19,559,773	19,792,519	19,672,519	19,672,519

The Ministry of Education requested a transfer of funds from operating to capital expenditure to support the application of soundproofing to Apii Nikao, which was part of the original design but omitted in the final construction of the school.

Funding has been transferred from the operating budget to the Private School Funding administered fund to support increased costs of the private school segment.

An updated Education Master Plan is due from 2023/24, with \$120,000 provided in 2022/23 to support development and consultation.

Programmed funding increases from 2021/22 onwards have been cancelled retaining the Ministry's appropriation at 2020/21 levels across the medium-term.

Table 8-32 Administered Payments, Education (\$)

Output	Description	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
2	Government Funded Scholarships	780,000	780,000	780,000	780,000
2	Private School Funding	2,663,277	2,663,277	2,663,277	2,663,277
	Output 2 Administered Funding	3,443,277	3,443,277	3,443,277	3,443,277
3	Tertiary Training Institutions	1,160,000	1,160,000	1,160,000	1,160,000
3	University of the South Pacific Contribution	205,000	205,000	205,000	205,000
	Output 3 Administered Funding	1,365,000	1,365,000	1,365,000	1,365,000
4	Bus Service	26,325	26,325	26,325	26,325
	Output 4 Administered Funding	26,325	26,325	26,325	26,325
	Total Education Administered Funding	4,834,602	4,834,602	4,834,602	4,834,602

8.5.9 National Environment Services

Environment		2021-22	2022-23	2023-24	2024-25
MTEC	Personnel	990,826	990,826	990,826	990,826
	Operating	201,000	201,000	201,000	201,000
	Administered Payments	372,241	372,241	372,241	372,241
	Depreciation	30,000	30,000	30,000	30,000
	Gross Appropriation	1,594,067	1,594,067	1,594,067	1,594,067
	Trading Revenue	35,000	35,000	35,000	35,000
	Net Appropriation	1,559,067	1,559,067	1,559,067	1,559,067
	POBOC	0	0	0	0
	Medium-term Expenditure Ceiling	1,594,067	1,594,067	1,594,067	1,594,067

Table 8-33 Total Resourcing – Government and ODA, Environment (\$)

	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Net Appropriation	1,559,067	1,559,067	1,559,067	1,559,067
Trading Revenue	35,000	35,000	35,000	35,000
Official Development Assistance	0	0	0	0
Total Resourcing	1,594,067	1,594,067	1,594,067	1,594,067

Table 8-34 Output Funding for 2021/22, Environment (\$)

Output	Output 1	Output 2	Output 3	Output 4	Output 5	Total
Personnel	395,226	225,423	99,100	234,216	36,860	990,826
Operating	150,000	18,500	10,000	22,500	0	201,000
Administered Funding	122,241	150,000	100,000	0	0	372,241
Depreciation	30,000	0	0	0	0	30,000
Gross Operating Appropriation	697,467	393,923	209,100	256,716	36,860	1,594,067
Trading Revenue	0	35,000	0	0	0	35,000
Net Operating Appropriation	697,467	358,923	209,100	256,716	36,860	1,559,067

8.5.9.1 National Environment Services Outputs

Output 1: Puna 'Akatereau - Corporate Services Division

To protect, conserve and manage the environment of the Cook Islands and our heritage in a sustainable manner through promoting community participation, efficient corporate and

administrative services, including the provision of financial services, asset management services, and the provision of secretarial services to the Island Environment Authorities.

Output 2: Puna Akoako e te Arapaki Ture - Compliance and Advisory Division

Provision of regulatory, technical, advisory and monitoring requirements for environmental management and sustainability through:

- Enforcing the Environment Act 2003 and its regulations in a fair and effective manner.
- Providing sound and transparent advice using the most appropriate and reliable scientific and technical information relating to the modification of the existing environment.
- Ensuring and promoting quality information, procurement and management to support environmentally sustainable actions and policy direction.

Output 3: Puna Orama – Island Futures Division

Promote an integrated approach to environment management through appropriate policy development, planning responses, education and awareness through:

- Ensuring that environmental considerations are mainstreamed into national and sectoral policies and planning processes.
- Strengthening stakeholder collaboration and partnerships for biodiversity conservation, monitoring and management.
- Providing principal advice on environment sustainability and international matters that affect the environment of the Cook Islands.
- Promoting and enhancing community participation to help protect the environment.

Output 4: Pa Enuā

Provision of regulatory, technical, advisory and monitoring requirements for environmental management and sustainability in the Pa Enuā through:

- Enforcing the Environment Act 2003 and its regulations in the Pa Enuā in a fair and effective way.
- Providing sound and effective advisory and secretarial services to Island Environment Authorities.

Output 5: Project Management Unit

Development, coordination and delivery of environment donor projects to enhance environment management in the Cook Islands.

Table 8-35 Baselines and New Budget Measures, Environment (\$)

Details	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
2020/21 Budget Personnel Baseline	890,826	890,826	890,826	890,826
Personnel for Pa Enuā Environment Officers	100,000	100,000	100,000	100,000
2021/22 Budget Personnel Budget	990,826	990,826	990,826	990,826
2020/21 Budget Operating Baseline	201,000	201,000	201,000	201,000
2021/22 Budget Operating Budget	201,000	201,000	201,000	201,000
2020/21 Budget Administered Payments Baseline	422,241	422,241	422,241	422,241
Management of Suwarrow Park	(50,000)	(50,000)	(50,000)	(50,000)
2021/22 Budget Administered Payments	372,241	372,241	372,241	372,241
2020/21 Budget Depreciation Baseline	30,000	30,000	30,000	30,000
2021/22 Budget Depreciation	30,000	30,000	30,000	30,000
Gross Operating Appropriation	1,594,067	1,594,067	1,594,067	1,594,067
2020/21 Budget Trading Revenue Baseline	35,000	35,000	35,000	35,000
2021/22 Budget Trading Revenue	35,000	35,000	35,000	35,000
Net Operating Appropriation	1,559,067	1,559,067	1,559,067	1,559,067

An additional \$100,000 has been allocated to personnel to offset the programmed cessation of \$180,000 that was allocated during the 2019/20 and 2020/21 budgets.

The Management of Suwarrow Park administered fund reduces by \$50,000 to generate savings for other critical expenditures.

Table 8-36 Administered Payments, Environment (\$)

Output	Description	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
1	National Heritage Trust	122,241	122,241	122,241	122,241
	Output 1 Administered Funding	122,241	122,241	122,241	122,241
2	EIA Process	150,000	150,000	150,000	150,000
	Output 2 Administered Funding	150,000	150,000	150,000	150,000
3	Management of Suwarrow Park	100,000	100,000	100,000	100,000
	Output 3 Administered Funding	100,000	100,000	100,000	100,000
	Total Environment Administered Funding	372,241	372,241	372,241	372,241

8.5.10 Ministry of Finance and Economic Management

Finance and Economic Management		2021-22	2022-23	2023-24	2024-25
MTEC	Personnel	6,316,094	6,579,106	6,579,106	6,579,106
	Operating	808,174	802,419	802,419	802,419
	Administered Payments	45,155,750	12,225,750	12,155,750	12,095,750
	Depreciation	260,000	260,000	260,000	260,000
	Gross Appropriation	52,540,018	19,867,275	19,797,275	19,737,275
	Trading Revenue	954,341	954,341	954,341	954,341
	Net Appropriation	51,585,677	18,912,934	18,842,934	18,782,934
	POBOC	1,035,574	994,148	875,148	875,148
	Medium-term Expenditure Ceiling	53,575,592	20,861,423	20,672,423	20,612,423

Table 8-37 Total Resourcing – Government and ODA, MFEM (\$)

	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Net Appropriation	51,585,677	18,912,934	18,842,934	18,782,934
Trading Revenue	954,341	954,341	954,341	954,341
Official Development Assistance	0	0	0	0
Total Resourcing	52,540,018	19,867,275	19,797,275	19,737,275

Table 8-38 Output Funding for 2021/22, MFEM (\$)

Output	Output 1	Output 2	Output 3	Output 4
Personnel	866,268	1,144,705	2,810,539	440,258
Operating	55,000	189,692	366,453	45,000
Administered Funding	40,680,000	500,500	155,250	300,000
Depreciation	9,000	19,000	200,000	9,000
Gross Operating Appropriation	41,610,268	1,853,897	3,532,242	794,258
Trading Revenue	0	3,501	950,840	0
Net Operating Appropriation	41,610,268	1,850,396	2,581,402	794,258

Output	Output 5	Output 6	Output 7	Total
Personnel	252,543	700,947	100,834	6,316,094
Operating	70,000	62,285	19,744	808,174
Administered Funding	0	3,520,000	0	45,155,750
Depreciation	10,000	10,000	3,000	260,000
Gross Operating Appropriation	332,543	4,293,232	123,578	52,540,018
Trading Revenue	0	0	0	954,341
Net Operating Appropriation	332,543	4,293,232	123,578	51,585,677

8.5.10.1 Ministry of Finance and Economic and Management Outputs

Output 1: Economic Planning Division

Driving responsible leadership in national economic and financial management - this output's core functions include fiscal and economic planning, national budget development, publishing regular fiscal and economic updates, and regular updates to the Medium-Term Fiscal Framework and Economic Development Strategy.

The basis of these core publications also provides sound fiscal, macro and micro-economic advice to the government. There is also limited scope for applying the economic and financial capacity beyond the core functions of this Division.

Output 2: Treasury Management Division

Responsible and effective fiscal management. The core functions of this output include:

- The establishment and ongoing implementation of the financial management information system (FMIS).
- The administration of public funds to ensure crown cash flow, reserves, foreign currency, loan repayment fund and Cook Islands currency stock are appropriately maintained.
- Producing consolidated crown accounts and oversight of the financial policies and procedures manual.
- Providing payroll and financial reporting services across Government and the establishment of Internal Audit for the whole of Government.

Output 3: Revenue Management Division (RMD)

The Taxation Office collects tax for the Cook Islands Government and provides education for taxpayers, assesses returns, collects tax returns and debts, and audits taxpayers to ensure the correctness of their returns.

The Customs Service collects import VAT and duties for the Government. RMD also facilitate trade and provide border protection.

Output 4: Cook Islands Statistics Office

The Statistics Office contributes to creating an informed Cook Islands society through the production and dissemination of official Statistics. The impact of official Statistics is that the Cook Islands is provided with the information needed to grow for our people to enjoy the highest quality of life. The key policy outcomes are taken from the Cook Islands Strategy for the Development of Statistics (CSDS).

The Statistics Office is an official organisation created by an Act of Parliament, responsible for the collection, compilation, analysis and dissemination of all official data relating to the economic and social activities of the country.

The National Statistical Office (NSO) is at the centre of the National Statistical System (NSS), charged with the coordination, regulatory and supervisory role.

Output 5: Development Coordination Division (DCD)

The Division is directed by the Cook Islands Development Partner Policy and reports to the National Sustainable Development Commission (NSDC). The policy states that the achievement of the Cook Islands development outcomes will be supported by the effective and efficient use of Official Development Assistance aligned to the National Sustainable Development Plan (NSDP).

The Division fosters relationships with a broad range of development partners to broker coordinated arrangements. These activities are increasingly delivered through diverse partnerships at a variety of levels including local Government, civil society, and private sector and national Government agencies.

The Division seeks to provide high-quality development advice to partners, including Ministers, government agencies, committees, community groups, private interest groups and donors.

The Division contributes to the development of concessional loans and blended financing arrangements with partners like the Asian Development Bank, European Investment Bank and Development Partners like New Zealand, Japan and the European Union.

Estimated Official Development Assistance over the coming three years and past spending is reported in the national budget document annually.

The Division produces annual financial statements, which aim to produce a complete picture of Official Development Assistance provided to the Cook Islands and its allocation by sector and activity.

Output 6: Major Projects Procurement Support Division (MPPS)

The Major Projects and Procurement Support division manages two key systems in project management, the Tarai Vaka Process and Procurement. Both teams will provide support and compliance to all agencies undertaking each step of both systems to improve project planning, implementation and evaluation across government.

The remainder of the division comprises various complex projects and tasks to achieve the National Goals of Government.

Output 7: Office of the Financial Secretary

The core function of this output is to provide support to the Financial Secretary in the oversight and support of outputs 1-6, oversight of Government finances and enforcement of the Ministry of Finance and Economic Management Act 1995-96 (MFEM Act) and policies.

It also includes providing media releases and communications to the Financial Secretary as well as supporting governance activities of the Financial Secretary.

Table 8-39 Baselines and New Budget Measures, MFEM (\$)

Details	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
2020/21 Budget Personnel Baseline	6,029,000	6,291,000	6,291,000	6,291,000
Personnel for EPD	200,000	200,000	200,000	200,000
Transfer from operating	62,094	63,106	63,106	63,106
Transfer from operating - EPD office	25,000	25,000	25,000	25,000
2021/22 Budget Personnel Budget	6,316,094	6,579,106	6,579,106	6,579,106
2020/21 Budget Operating Baseline	795,268	790,525	790,525	790,525
Transfer to personnel	(62,094)	(63,106)	(63,106)	(63,106)
Operating adjustment	100,000	100,000	100,000	100,000
Transfer to personnel - EPD office	(25,000)	(25,000)	(25,000)	(25,000)
2021/22 Budget Operating Budget	808,174	802,419	802,419	802,419
2020/21 Budget Administered Payment Baseline	14,640,750	14,783,750	14,664,750	14,664,750
Airline Underwrite	(5,500,000)	(2,000,000)	(2,000,000)	(2,000,000)
Public Sector Strengthening-processes and systems	0	0	(50,000)	(50,000)
Special Investigative and Prosecution Services	(20,000)	(20,000)	(20,000)	(20,000)
Universal Access Fund	0	(100,000)	(100,000)	(100,000)
The Centre of Excellence in Information Technology (CEIT)	100,000	80,000	60,000	0
COVID-19 Medical Response Fund	3,000,000	0	0	0
Tarai Vaka Fund	20,000	20,000	20,000	20,000
Price Tribunal Committee	15,000	0	0	0
Economic Recovery Roadmap	33,500,000	0	0	0
Competition and Regulatory Authority	(600,000)	(538,000)	(419,000)	(419,000)
2021/22 Budget Administered Payments	45,155,750	12,225,750	12,155,750	12,095,750
2020/21 Budget Depreciation Baseline	260,000	260,000	260,000	260,000
2021/22 Budget Depreciation	260,000	260,000	260,000	260,000
Gross Operating Appropriation	52,540,018	19,867,275	19,797,275	19,737,275
2020/21 Budget Trading Revenue Baseline	954,341	954,341	954,341	954,341
2021/22 Budget Trading Revenue	954,341	954,341	954,341	954,341
Net Operating Appropriation	51,585,677	18,912,934	18,842,934	18,782,934
2020/21 Budget POBOC Baseline	415,000	415,000	415,000	415,000
Competition and Regulatory Authority	620,574	579,148	460,148	460,148
2021/22 Budget POBOC Funding	1,035,574	994,148	875,148	875,148

Additional personnel funding of \$200,000 has been provided to increase capacity within the Economic Planning Division to support the increased demands of the Economic Development Strategy and the ongoing economic response and recovery for COVID-19.

Additional operating funding of \$100,000 will support the Revenue Management Division with the increased demands of the ongoing economic response and recovery for COVID-19.

The Airline Underwrite reduces to \$5,500,000 in 2021/22 then \$2,000,000 from 2022/23 in recognition of the reduced subsidy requirements due to reduced international travel.

The Economic Response Plan finishes and transitions to the Economic Recovery Roadmap (ERR) funded with \$33,500,000. The ERR will support the final interest support payment to the Cook Islands banks under the ERP, and provide funds to support the transition from response to economic recovery through targeted measures.

Public Sector Strengthening-processes and systems has been reduced in 2023/24 and 2024/25 to create savings for other critical expenditure needs.

Special Investigative and Prosecution Services reduces to \$30,000 in 2021/22 and \$50,000 annually from 2022/23 to create savings for other critical expenditure needs.

The Universal Access Fund administered fund reduces by \$100,000 from 2022/23 onwards, to provide a fixed level of funding at \$400,000 annually.

Funding for the Centre of Excellence in Information Technology (CEIT) has been extended until 2023/24 to allow further time for the centre to become self-sustaining.

The COVID-19 Medical Response Fund will continue in 2021/22 with \$1,000,000 to support costs associated with quarantine, border control and medical response needs related to COVID-19.

The Tarai Vaka Fund will receive \$20,000 annually to support the implementation of the Tarai Vaka Process, the Government's process for reviewing capital investment.

The Price Tribunal Committee will receive an additional \$15,000 in 2021/22 to support a price review in the Pa Enea.

Funding for an Electrical Overseer has been transferred from Infrastructure Cook Islands to the Competition and Regulatory Authority POBOC to support its function.

Funding for the Competition and Regulatory Authority was transferred from an administered payment to POBOC.

Table 8-40 Administered Payments, MFEM (\$)

Output	Description	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
1	Airline Underwrite	6,500,000	10,000,000	10,000,000	10,000,000
1	Economic Recovery Roadmap	33,500,000	0	0	0
1	Price Tribunal Committee	60,000	45,000	45,000	45,000
1	Public Sector Strengthening-processes and systems	150,000	200,000	150,000	150,000
1	Standard and Poor's Subscription	70,000	70,000	70,000	70,000
1	Universal Access Fund	400,000	400,000	400,000	400,000
	Output 1 Administered Funding	40,680,000	10,715,000	10,665,000	10,665,000
2	Asian Infrastructure Investment Bank (AIIB) Membership	30,500	30,500	30,500	30,500
2	Audit of Crown Accounts	30,000	30,000	30,000	30,000
2	Debt Advisory Services	60,000	60,000	60,000	60,000
2	Production of new currency, transportation and sale of old coins	15,000	350,000	350,000	350,000
2	Special Investigative and Prosecution Services	30,000	50,000	50,000	50,000
2	Subsidy of audio/visual broadcasting in Pa Enea	45,000	45,000	45,000	45,000
2	The Centre of Excellence in Information Technology (CEIT)	100,000	80,000	60,000	0
2	The Centre of Research and Policy Studies	80,000	80,000	80,000	80,000
2	FMIS Maintenance	80,000	80,000	80,000	80,000
2	Government Broadband Utilities	30,000	30,000	30,000	30,000
	Output 2 Administered Funding	500,500	835,500	815,500	755,500
3	Border Management System Maintenance	155,250	155,250	155,250	155,250
	Output 3 Administered Funding	155,250	155,250	155,250	155,250
4	National Census	300,000	0	0	0
	Output 4 Administered Funding	300,000	0	0	0
6	Provision for Inter Island Shipping	500,000	500,000	500,000	500,000
6	COVID-19 Medical Response Fund	3,000,000	0	0	0
6	Tarai Vaka Fund	20,000	20,000	20,000	20,000
	Output 6 Administered Funding	3,520,000	520,000	520,000	520,000
	Total MFEM Administered Funding	45,155,750	12,225,750	12,155,750	12,095,750

Table 8-41 Payments on Behalf of Crown, MFEM (\$)

Output	POBOCs	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
1	Competition and Regulatory Authority (CRA)	620,574	579,148	460,148	460,148
	Output 1 POBOC Funding	620,574	579,148	460,148	460,148
2	Pacific Catastrophe Risk Insurance	160,000	160,000	160,000	160,000
2	Parliamentary Superannuation	180,000	180,000	180,000	180,000
2	CIG Insurance	40,000	40,000	40,000	40,000
2	BEPS Subscription	35,000	35,000	35,000	35,000
	Output 2 POBOC Funding	415,000	415,000	415,000	415,000
	Total MFEM POBOC Funding	1,035,574	994,148	875,148	875,148

8.5.11 Financial Services Development Authority

Financial Services Development Authority		2021-22	2022-23	2023-24	2024-25
MTEC	Personnel	242,797	242,797	242,797	242,797
	Operating	177,906	177,906	177,906	177,906
	Administered Payments	80,000	0	0	0
	Depreciation	4,000	4,000	4,000	4,000
	Gross Appropriation	504,703	424,703	424,703	424,703
	Trading Revenue	0	0	0	0
	Net Appropriation	504,703	424,703	424,703	424,703
	POBOC	0	0	0	0
	Medium-term Expenditure Ceiling	504,703	424,703	424,703	424,703

Table 8-42 Total Resourcing – Government and ODA, FSDA (\$)

	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Net Appropriation	504,703	424,703	424,703	424,703
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
Total Resourcing	504,703	424,703	424,703	424,703

Table 8-43 Output Funding for 2021/22, FSDA (\$)

Output	Output 1	Total
Personnel	242,797	242,797
Operating	177,906	177,906
Administered Funding	80,000	80,000
Depreciation	4,000	4,000
Gross Operating Appropriation	504,703	504,703
Trading Revenue	0	0
Net Operating Appropriation	504,703	504,703

8.5.11.1 Financial Services Development Authority Output

Output 1: Increase the contribution of financial services industry to Cook Islands economy.

To encourage, promote and market the Cook Islands' financial services industry to generate increased revenues for Government and increase the industry's contribution to the Cook Islands economy.

Table 8-44 Baselines and New Budget Measures, FSDA (\$)

Details	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
2020/21 Budget Personnel Baseline	242,797	242,797	242,797	242,797
2021/22 Budget Personnel Budget	242,797	242,797	242,797	242,797
2020/21 Budget Operating Baseline	177,906	177,906	177,906	177,906
2021/22 Budget Operating Budget	177,906	177,906	177,906	177,906
2020/21 Budget Administered Payments Baseline	0	0	0	0
Tax Law Review	80,000	0	0	0
2021/22 Budget Administered Payments	80,000	0	0	0
2020/21 Budget Depreciation Baseline	4,000	4,000	4,000	4,000
2021/22 Budget Depreciation	4,000	4,000	4,000	4,000
Gross Operating Appropriation	504,703	424,703	424,703	424,703
2020/21 Budget Trading Revenue Baseline	0	0	0	0
2021/22 Budget Trading Revenue	0	0	0	0
Net Operating Appropriation	504,703	424,703	424,703	424,703

A total of \$80,000 has been allocated to support the update of tax legislation through a Tax Law Review administered fund.

Table 8-45 Administered Payments, FSDA (\$)

Output	Description	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
1	Tax Law Review	80,000	0	0	0
	Output 1 Administered Funding	80,000	0	0	0
	Total Financial Services Development Authority Administered Funding	80,000	0	0	0

8.5.12 Ministry of Foreign Affairs and Immigration

Foreign Affairs		2021-22	2022-23	2023-24	2024-25
MTEC	Personnel	1,928,889	1,942,692	1,942,692	1,942,692
	Operating	987,886	1,019,103	1,019,103	1,019,103
	Administered Payments	15,000	15,000	15,000	15,000
	Depreciation	45,000	45,000	45,000	45,000
	Gross Appropriation	2,976,775	3,021,795	3,021,795	3,021,795
	Trading Revenue	20,000	28,000	28,000	28,000
	Net Appropriation	2,956,775	2,993,795	2,993,795	2,993,795
	POBOC	953,461	953,461	953,461	953,461
Medium-term Expenditure Ceiling	3,930,236	3,975,256	3,975,256	3,975,256	

Table 8-46 Total Resourcing – Government and ODA, MFAI (\$)

	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Net Appropriation	2,956,775	2,993,795	2,993,795	2,993,795
Trading Revenue	20,000	28,000	28,000	28,000
Official Development Assistance	0	0	0	0
Total Resourcing	2,976,775	3,021,795	3,021,795	3,021,795

Table 8-47 Output Funding for 2021/22, MFAI (\$)

Output	Output 1	Output 2	Output 3	Output 4	Output 5	Total
Personnel	200,016	235,565	132,279	405,550	955,479	1,928,889
Operating	273,123	261,231	155,397	137,257	160,878	987,886
Administered Funding	0	0	0	0	15,000	15,000
Depreciation	6,753	14,369	9,561	7,864	6,453	45,000
Gross Operating Appropriation	479,892	511,165	297,237	550,671	1,137,810	2,976,775
Trading Revenue	0	0	0	0	20,000	20,000
Net Operating Appropriation	479,892	511,165	297,237	550,671	1,117,810	2,956,775

8.5.12.1 Ministry of Foreign Affairs and Immigration Outputs

Output 1: Pacific Regional Affairs Division (PRAD)

The main purpose of this Output is to promote the Cook Islands' interests in its relations with countries, territories and organisations in the Pacific Islands region. The key output deliverables include:

- Maintaining and strengthening the Cook Islands' close bilateral relations with other Pacific Islands countries and territories (PICTs); and
- Active participation in regional organisations of which the Cook Islands is a member of and strengthening the Cook Islands relations with other regional organisational bodies to advance the Cook Islands interests.

This output focuses on policy analysis and advice; regional representation and advocacy of the country's national priorities; negotiation; facilitating and implementing bilateral or regional initiatives in the Cook Islands. The emphasis is on strategic collaboration with a wide regional network and aligning this with local stakeholders and contributing to the attainment of the national sustainable development goals through work programmes of regional organisations, which often relate simultaneously to several national sustainable development goals.

Output 2: International Affairs and Trade

The main purpose of this Output is to protect and advance the Cook Islands' interests internationally beyond the Pacific region, Australia and New Zealand. The key objectives include:

- Establish and maintain beneficial bilateral and multilateral relations that provide the opportunity and potential for drawing on international support for advancing national policies and positions;
- Efficient facilitation of cooperation offered by partner countries and multilateral organisations ensuring that assistance offered is matched with pre-determined development needs of the Cook Islands;
- Effective participation and engagement by the Cook Islands at international gatherings, engagements and responses that showcase the Cook Islands as an effective and informed leader promoting Cook Islands interests and offering the region and international community home grown solutions.

This output focuses on policy analysis and advice; representation and advocacy of country's national priorities; negotiation; and administration in international engagements. The emphasis is on strategic collaboration with domestic stakeholders to inform bilateral engagements with countries in a manner, which contributes to the attainment of the national sustainable development goals.

Output 3: Treaties, Multilateral and Oceans Division

The main purpose of this output is to protect and advance Cook Islands' interests in oceans governance, multilateral forums including the United Nations (UN) and its specialised agencies as well as in relation to treaties, including treaty implementation bodies. The core objectives include:

- Maintain and strengthen beneficial diplomatic relationships that promote opportunities for supporting national interests and policies through organisational and legal modalities.
- Strengthen partnerships with relevant bilateral, regional and international organisations to safeguard the security of the Cook Islands maritime domain.
- Improve and enhance communications with multilateral organisations, in particular the UN - strengthening the links between the Cook Islands Government and the various UN specialised agencies.
- Assist participation and engagement by the Cook Islands in UN programmes to ensure overall coordination and obligations being assumed reflect national priorities and meet the relevant national sustainable development goals.
- Manage and coordinate Treaty and Convention commitments to ensure the Cook Islands meets its obligations and responsibilities under International Law; and
- To assess the costs and benefits of accession to any new Treaties.

Output 4: Immigration Service

The main purpose of this output is to safeguard the Cook Islands' national interests with respect to the lawful movement of persons across the border and their presence in the Cook Islands. A related objective is to facilitate the movement and stay of people to support the growth of the Cook Islands economy. The key objectives include:

- Protecting our borders by managing the movement of persons into, residence in and departure from the Cook Islands.
- Identifying and effectively managing the movement of persons who will make a positive contribution to the economic development of the Cook Islands.
- Pursue a renewed legislative mandate to better strengthen and protect our borders by facilitating the movement of persons into, residence in and departure from the Cook Islands.
- Establish and maintain beneficial network relations that provide the opportunity and potential for drawing support for effectively implementing Government immigration legislation and policies.

Output 5: Capability and Service Delivery

This output aims to provide efficient, effective and robust financial, administrative, human resource management and ICT support to all divisions including overseas offices.

Table 8-48 Baselines and New Budget Measures, MFAI (\$)

Detail	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
2020/21 Budget Personnel Baseline	1,897,672	1,942,692	1,942,692	1,942,692
Transfer from operating	31,217	0	0	0
2021/22 Budget Personnel Budget	1,928,889	1,942,692	1,942,692	1,942,692
2020/21 Budget Operating Baseline	1,019,103	1,019,103	1,019,103	1,019,103
Transfer to personnel	(31,217)	0	0	0
2021/22 Budget Operating Budget	987,886	1,019,103	1,019,103	1,019,103
2020/21 Budget Administered Payments Baseline	15,000	15,000	15,000	15,000
2021/22 Budget Administered Payments	15,000	15,000	15,000	15,000
2020/21 Budget Depreciation Baseline	45,000	45,000	45,000	45,000
2021/22 Budget Depreciation	45,000	45,000	45,000	45,000
Gross Operating Appropriation	2,976,775	3,021,795	3,021,795	3,021,795
2020/21 Budget Trading Revenue Baseline	28,000	28,000	28,000	28,000
Trading revenue adjustment	(8,000)	0	0	0
2021/22 Budget Trading Revenue	20,000	28,000	28,000	28,000
Net Operating Appropriation	2,956,775	2,993,795	2,993,795	2,993,795
2020/21 Budget POBOC Baseline	953,461	953,461	953,461	953,461
2021/22 Budget POBOC Funding	953,461	953,461	953,461	953,461

MFAI retains a programmed operating funding increase programmed in the 2020/21 Budget of \$200,000 from 2021/22 onwards.

A reduction of \$8,000 in trading revenue for 2021/22 in response to the COVID economic shock.

Table 8-49 Administered Payments, MFAI (\$)

Output	Description	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
5	Cook Islands Student Association Support	10,000	10,000	10,000	10,000
5	Returned Services Association	5,000	5,000	5,000	5,000
	Output 5 Administered Funding	15,000	15,000	15,000	15,000
	Total Foreign Affairs Administered Funding	15,000	15,000	15,000	15,000

Table 8-50 Payments on behalf of Crown, MFAI (\$)

Output	POBOCs	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
5	International Maritime Organization - Maritime Cook Islands	63,461	63,461	63,461	63,461
5	International Subscriptions	890,000	890,000	890,000	890,000
	Output 5 POBOC Funding	953,461	953,461	953,461	953,461
	Total Foreign Affairs POBOC Funding	953,461	953,461	953,461	953,461

8.5.13 Head of State

Head of State		2021-22	2022-23	2023-24	2024-25
MTEC	Personnel	177,448	177,448	177,448	177,448
	Operating	29,388	28,658	28,658	28,658
	Administered Payments	36,000	36,000	36,000	36,000
	Depreciation	8,000	8,000	8,000	8,000
	Gross Appropriation	250,836	250,106	250,106	250,106
	Trading Revenue	0	0	0	0
	Net Appropriation	250,836	250,106	250,106	250,106
	POBOC	0	0	0	0
	Medium-term Expenditure Ceiling	250,836	250,106	250,106	250,106

Table 8-51 Total Resourcing – Government and ODA, Head of State (\$)

	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Net Appropriation	250,836	250,106	250,106	250,106
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
Total Resourcing	250,836	250,106	250,106	250,106

Table 8-52 Output Funding for 2021/22, Head of State (\$)

Output	Output 1	Total
Personnel	177,448	177,448
Operating	29,388	29,388
Administered Funding	36,000	36,000
Depreciation	8,000	8,000
Gross Operating Appropriation	250,836	250,836
Trading Revenue	0	0
Net Operating Appropriation	250,836	250,836

8.5.13.1 Head of State Output

Output 1: Corporate Services

The essential services of the Head of State office are both regulatory and statehood in nature and advocates for good governance and social equity.

Table 8-53 Baselines and New Budget Measures, Head of State (\$)

Details	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
2020/21 Budget Personnel Baseline	174,816	174,086	174,086	174,086
Transfer from operating	2,632	3,362	3,362	3,362
2021/22 Budget Personnel Budget	177,448	177,448	177,448	177,448
2020/21 Budget Operating Baseline	32,020	32,020	32,020	32,020
Transfer to personnel	(2,632)	(3,362)	(3,362)	(3,362)
2021/22 Budget Operating Budget	29,388	28,658	28,658	28,658
2020/21 Budget Administered Payments Baseline	36,000	36,000	36,000	36,000
2021/22 Budget Administered Payments	36,000	36,000	36,000	36,000
2020/21 Budget Depreciation Baseline	8,000	8,000	8,000	8,000
2021/22 Budget Depreciation	8,000	8,000	8,000	8,000
Gross Operating Appropriation	250,836	250,106	250,106	250,106
2020/21 Budget Trading Revenue Baseline	0	0	0	0
2021/22 Budget Trading Revenue	0	0	0	0
Net Operating Appropriation	250,836	250,106	250,106	250,106

No funding changes were considered for Head of State.

Table 8-54 Administered Payments, Head of State (\$)

Output	Description	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
1	Domestic Hosting Entertainment	15,000	15,000	15,000	15,000
1	Head of State Rent	13,000	13,000	13,000	13,000
1	QR Social Responsibility Fund	8,000	8,000	8,000	8,000
	Output 1 Administered Funding	36,000	36,000	36,000	36,000
	Total Head of State Administered Funding	36,000	36,000	36,000	36,000

8.5.14 Ministry of Health

Health		2021-22	2022-23	2023-24	2024-25
MTEC	Personnel	12,473,111	12,473,111	12,473,111	12,473,111
	Operating	3,598,951	3,598,951	3,598,951	3,598,951
	Administered Payments	2,446,870	2,446,870	2,446,870	2,446,870
	Depreciation	1,570,000	1,570,000	1,570,000	1,570,000
	Gross Appropriation	20,088,932	20,088,932	20,088,932	20,088,932
	Trading Revenue	250,000	350,000	350,000	350,000
	Net Appropriation	19,838,932	19,738,932	19,738,932	19,738,932
	POBOC	0	0	0	0
	Medium-term Expenditure Ceiling	20,088,932	20,088,932	20,088,932	20,088,932

Table 8-55 Total Resourcing – Government and ODA, Health (\$)

	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Net Appropriation	19,838,932	19,738,932	19,738,932	19,738,932
Trading Revenue	250,000	350,000	350,000	350,000
Official Development Assistance	0	0	0	0
Total Resourcing	20,088,932	20,088,932	20,088,932	20,088,932

Table 8-56 Output Funding for 2021/22, Health (\$)

Output	Output 1	Output 2	Output 3	Output 4	Output 5	Total
Personnel	2,394,973	906,411	2,001,281	6,158,357	1,012,089	12,473,111
Operating	265,000	210,000	623,600	1,623,000	877,351	3,598,951
Administered Funding	195,000	0	0	2,017,800	234,070	2,446,870
Depreciation	90,000	35,000	135,000	1,120,000	190,000	1,570,000
Gross Operating Appropriation	2,944,973	1,151,411	2,759,881	10,919,157	2,313,510	20,088,932
Trading Revenue	10,000	20,000	0	220,000	0	250,000
Net Operating Appropriation	2,934,973	1,131,411	2,759,881	10,699,157	2,313,510	19,838,932

8.5.14.1 Ministry of Health Outputs

Output 1: Public Health

Public Health has four key service areas: health protection, public health nursing, health promotion and mental health.

- Health protection is responsible for implementing International Health Regulations (IHR) work programmes, including communicable disease control and mitigating environmental health threats.
- Public health nursing focus on child and family health e.g., vaccination programmes and field investigation, contact tracing and case management for disease outbreaks in the Cook Islands.
- Health promotion lead and implement health interventions to mitigate the impact of non-communicable disease (NCD) risk factors, other communicable diseases such as HIV, tuberculosis (TB) and sexually transmitted infections (STIs) and to prevent injury and violence. The implementation of the community-led National NCD Strategic Plan will be prioritised from 2021 onwards.
- Mental health services focus on implementing the National Suicide Prevention Plan and National Mental Health Strategy 2016-2020 through counselling or workshops to support persons in need, including support for a mental health facility (psychiatric ward) in clinical settings.

Te Marae Ora – Ministry of Health (TMO) COVID-19 response plans and public health protocols guides training for health workers and communities on healthy living, public health measures, contact tracing, quarantine and infection prevention and control will empower communities to better respond to epidemics from infectious disease such as COVID-19, and ensure communities make informed choices towards health lifestyles.

Output 2: Oral Health Services

Oral Health provides preventative care in schools for children and primary care for adults, curative surgery and restorative oral health through a dental clinic. Oral health services continues to expand in the community with the establishment of five oral health clinics on Rarotonga (Matavera clinic, Titikaveka clinic, Avarua School, St Joseph School and Arorangi School). Training, education and upskilling of dental practitioners is ongoing with the 11 dental therapy graduates from 2019 relocated to the Pa Enua and five community oral health clinics on Rarotonga.

Output 3: Primary Care

Primary care promotes patient-centred care in community settings with doctors (general practitioners) trained to diagnose and treat patients. COVID-19 has accelerated TMO's plans to expand health services to community settings through the Puna (Village districts) on Rarotonga. TMO will continue to deliver primary care services in refurbished community clinics on Rarotonga, in partnership with the Puna and communities.

Health care assistants and primary care practitioners are being recruited to support the effective delivery of primary care in community clinics. The reorientation of health services to community settings takes health services to the population and enables the hospital to focus on critical accidents, emergency cases including persons requiring specialist care.

Each clinic will have a clinician, public health nurse, dental therapist, health protection officer and community health worker to deliver health services and lead health protection work in the community.

Output 4: Hospital Health

The key functions of the Hospital Health Services (HHS) Directorate is to provide a range of health care services within hospital settings. This includes emergency care services, certain primary, secondary, tertiary, rehabilitative and palliative care and referral to more specialised secondary and tertiary services in New Zealand, including referrals to community settings.

HHS facilitates access to visiting Health Specialists and work towards a long-term goal of reducing premature deaths, morbidity rates and ASH rates. COVID-19 has accelerated TMO plans to expand health services in community settings, freeing up hospital health to focus on patients requiring critical care. All clinical support services (pharmaceutical, radiology and laboratory) run from the hospital, including major accidents and emergencies. A PCR laboratory has been sourced to build testing capability for COVID-19 and other infectious diseases.

Output 5: Planning and Funding

The Planning and Funding team lead the development of policies, plans and programmes, and provide human resources, funding, communication, ICT and health information platforms, to implement health policies and priorities. This team has been critical in supporting TMO to lead the national health emergency response to COVID-19. Major areas of focus in the New Year include the establishment of a CT scan and PCR laboratory in country, ICT infrastructure and integrated health information platforms to support effective health service delivery, and well-coordinated national emergency responses to pandemics such as COVID-19.

Table 8-57 Baselines and New Budget Measures, Health (\$)

Details	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
2020/21 Budget Personnel Baseline	11,873,111	11,873,111	11,873,111	11,873,111
Critical personnel for MOH	600,000	600,000	600,000	600,000
2021/22 Budget Personnel Budget	12,473,111	12,473,111	12,473,111	12,473,111
2020/21 Budget Operating Baseline	3,598,951	3,598,951	3,598,951	3,598,951
2021/22 Budget Operating Budget	3,598,951	3,598,951	3,598,951	3,598,951
2020/21 Budget Administered Payments Baseline	2,146,870	2,146,870	2,146,870	2,146,870
Pharmaceuticals	300,000	300,000	300,000	300,000
2021/22 Budget Administered Payments	2,446,870	2,446,870	2,446,870	2,446,870
2020/21 Budget Depreciation Baseline	900,000	900,000	900,000	900,000
Depreciation Adjustment	670,000	670,000	670,000	670,000
2021/22 Budget Depreciation	1,570,000	1,570,000	1,570,000	1,570,000
Gross Operating Appropriation	20,088,932	20,088,932	20,088,932	20,088,932
2020/21 Budget Trading Revenue Baseline	250,000	350,000	350,000	350,000
2021/22 Budget Trading Revenue	250,000	350,000	350,000	350,000
Net Operating Appropriation	19,838,932	19,738,932	19,738,932	19,738,932

Additional personnel funding of \$600,000 will support hiring critical personnel to expand the Ministry's capacity.

The Pharmaceuticals administered fund has increased by \$300,000 to adequately stock medicines and medical consumables.

Depreciation has increased to account for new technical equipment including PCR Lab and CT scanner.

Table 8-58 Administered Payments, Health (\$)

Output	Description	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
1	NCD Fund	195,000	195,000	195,000	195,000
	Output 1 Administered Funding	195,000	195,000	195,000	195,000
4	Patient Referrals	850,000	850,000	850,000	850,000
4	Pharmaceuticals	1,167,800	1,167,800	1,167,800	1,167,800
	Output 4 Administered Funding	2,017,800	2,017,800	2,017,800	2,017,800
5	Workforce Development	234,070	234,070	234,070	234,070
	Output 5 Administered Funding	234,070	234,070	234,070	234,070
	Total Health Administered Funding	2,446,870	2,446,870	2,446,870	2,446,870

8.5.15 Infrastructure Cook Islands

Infrastructure Cook Islands		2021-22	2022-23	2023-24	2024-25
MTEC	Personnel	2,319,297	2,298,723	2,298,723	2,298,723
	Operating	299,129	299,129	299,129	299,129
	Administered Payments	2,520,000	2,520,000	2,430,000	2,430,000
	Depreciation	145,000	145,000	145,000	145,000
	Gross Appropriation	5,283,426	5,262,852	5,172,852	5,172,852
	Trading Revenue	200,000	300,000	300,000	300,000
	Net Appropriation	5,083,426	4,962,852	4,872,852	4,872,852
	POBOC	0	0	0	0
	Medium-term Expenditure Ceiling	5,283,426	5,262,852	5,172,852	5,172,852

Table 8-59 Total Resourcing – Government and ODA, ICI (\$)

	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Net Appropriation	5,083,426	4,962,852	4,872,852	4,872,852
Trading Revenue	200,000	300,000	300,000	300,000
Official Development Assistance	0	0	0	0
Total Resourcing	5,283,426	5,262,852	5,172,852	5,172,852

Table 8-60 Output Funding for 2021/22, ICI (\$)

Output	Output 1	Output 2	Output 3	Output 4	Total
Personnel	665,945	751,307	590,741	311,304	2,319,297
Operating	89,129	70,000	50,000	90,000	299,129
Administered Funding	0	740,000	1,050,000	730,000	2,520,000
Depreciation	15,000	21,000	60,000	49,000	145,000
Gross Operating Appropriation	770,074	1,582,307	1,750,741	1,180,304	5,283,426
Trading Revenue	71,000	15,000	64,000	50,000	200,000
Net Operating Appropriation	699,074	1,567,307	1,686,741	1,130,304	5,083,426

8.5.15.1 Infrastructure Cook Islands Outputs

Output 1: Corporate & Regulatory Services

Corporate services is responsible for promoting and implementing good governance practices within the Ministry through finance and administration management, human resource management and staff development, procurement and asset management, policy development and quality assurance.

Regulatory services ensure that the:

- Building sector complies with the Cook Islands Building Code and Manual 2019, including the regulation, standards and the Building Controls and Standards Act 1991.
- Electrical sector complies with the Energy Act 1990, including the standards and regulations.

Output 2: Planning & Project Management Unit

The Planning and Projects division's core function is to plan, design, construct and manage the life cycle of key public infrastructure assets in the Cook Islands for major projects including:

- Planning, funding and implementing infrastructure capital works programmes.
- Management, operation and maintenance of public roads (including bridges and structures) and drainage assets on Rarotonga.
- Coastal and inland protection relating to public assets.
- Technical support relating to infrastructure development and asset management to the Pa Enua.
- Water resource monitoring including catchment and flood management.
- Development and implementation of the infrastructure policy including planning approvals, design and construction standards within the Cook Islands.

The core functions for the National Hydrography Office are to collect, compile and publicly disseminate hydrographic data, and to update all nautical information for the Cook Islands necessary for safe navigation.

The division underpins most economic and sustainable key development activities in the Cook Islands. Services are provided to all government agencies and the private sector also contributing to the security of the people of the Cook Islands, supporting government infrastructure initiatives, project planning and decision-making.

Geospatial information is relied upon for its applications in natural resource management, civil engineering, climate change adaptation, disaster risk reduction, transport, land ownership, health, agriculture, topographic mapping and nautical charting, as well as the delimitation of maritime zones.

To meet these needs this division must have the capability and capacity to not only capture, compute, and create spatial information but also enable the various layers of information in different systems to “communicate” that is, to be integrated and interoperable. It is critical that Infrastructure Cook Islands continue to develop these capabilities.

Output 3: Civil Works Asset Management Division

The Civil Works Asset Management division is responsible for:

- Ongoing maintenance of the road networks, drainage systems around Rarotonga.
- Assistance to the Pa Enea for resurfacing and upgrade of roads and airport runways.
- The operation and maintenance of ICI’s heavy machinery in both Rarotonga and the Pa Enea.
- To coordinate the Ministry response to a civil emergency as required by Emergency Management Cook Islands.

Output 4: Waste Management Division

The Waste Management Division operates and maintains the Rarotonga Waste Facility, promotes best waste management practices and is tasked with the development of policies, strategies, planning and projects within the waste sector.

Table 8-61 Baselines and New Budget Measures, ICI (\$)

Details	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
2020/21 Budget Personnel Baseline	2,399,000	2,399,000	2,399,000	2,399,000
Transfer to the Competition and Regulatory Authority	(20,574)	(41,148)	(41,148)	(41,148)
Transfer to operating	(59,129)	(59,129)	(59,129)	(59,129)
2021/22 Budget Personnel Budget	2,319,297	2,298,723	2,298,723	2,298,723
2020/21 Budget Operating Baseline	440,000	440,000	440,000	440,000
Transfer from Personnel	59,129	59,129	59,129	59,129
Operating Adjustment	(200,000)	(200,000)	(200,000)	(200,000)
2021/22 Budget Operating Budget	299,129	299,129	299,129	299,129
2020/21 Budget Administered Payments Baseline	3,100,000	3,100,000	3,100,000	3,100,000
Bridges and Stream Structure Maintenance	(230,000)	(230,000)	(270,000)	(270,000)
Road and Drainage Asset Management	(150,000)	(150,000)	(200,000)	(200,000)
Pa Enea Machinery Maintenance Fund	(100,000)	(100,000)	(100,000)	(100,000)
Transfer Pa Enea Machinery Maintenance Fund OPM	(100,000)	(100,000)	(100,000)	(100,000)
2021/22 Budget Administered Payments	2,520,000	2,520,000	2,430,000	2,430,000
2020/21 Budget Depreciation Baseline	145,000	145,000	145,000	145,000
2021/22 Budget Depreciation	145,000	145,000	145,000	145,000
Gross Operating Appropriation	5,283,426	5,262,852	5,172,852	5,172,852
2020/21 Budget Trading Revenue Baseline	300,000	300,000	300,000	300,000
Trading revenue adjustment	(100,000)	0	0	0
2021/22 Budget Trading Revenue	200,000	300,000	300,000	300,000
Net Operating Appropriation	5,083,426	4,962,852	4,872,852	4,872,852

The Electrical Inspector function will transfer to the Competition and Regulatory Authority (CRA) (MFEM POBOC) after December 2021.

An operating appropriation reduction of \$200,000 has been applied to generate savings for other critical expenditure needs. ICI will partially offset the reduction by charging appropriate corporate expenses to capital investment projects.

The Bridges and Stream Structure Maintenance administered fund reduces by \$230,000 to generate savings for other critical expenditure needs. This fund has a parallel capital investment allocation.

The Road and Drainage Asset Management administered fund reduces by \$150,000 to generate savings for other critical expenditure needs. This fund has a parallel capital investment allocation.

Reduction of \$100,000 from the Pa Enea Machinery Maintenance administered fund has been applied to bring the funding in line with actual expenditures since inception. In addition, the fund with the remaining balance of \$100,000 has been transferred to the Office of the Prime Minister Pa Enea division to be managed concurrently with the Pa Enea Mechanical Overseer administered fund.

Trading revenue reduces by \$100,000 in 2021/22 to offset the ongoing impacts of the COVID-19 economic shock.

Table 8-62 Administered Payments, ICI (\$)

Output	Administered Payment	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
2	Bridges and Stream Structure Maintenance	740,000	740,000	700,000	700,000
	Output 2 Administered Funding	740,000	740,000	700,000	700,000
3	Emergency Response Work	200,000	200,000	200,000	200,000
3	Road and Drainage Asset Management	850,000	850,000	800,000	800,000
	Output 3 Administered Funding	1,050,000	1,050,000	1,000,000	1,000,000
4	Waste Management	730,000	730,000	730,000	730,000
	Output 4 Administered Funding	730,000	730,000	730,000	730,000
Total Infrastructure Cook Islands Administered Funding		2,520,000	2,520,000	2,430,000	2,430,000

8.5.16 Ministry of Internal Affairs

Internal Affairs		2021-22	2022-23	2023-24	2024-25
MTEC	Personnel	1,336,376	1,357,376	1,357,376	1,357,376
	Operating	270,000	269,000	269,000	269,000
	Administered Payments	3,213,000	3,219,700	3,275,300	3,280,900
	Depreciation	27,000	27,000	27,000	27,000
	Gross Appropriation	4,846,376	4,873,076	4,928,676	4,934,276
	Trading Revenue	0	0	0	0
	Net Appropriation	4,846,376	4,873,076	4,928,676	4,934,276
	POBOC	20,227,000	20,440,000	20,647,900	20,853,200
Medium-term Expenditure Ceiling		25,073,376	25,313,076	25,576,576	25,787,476

Table 8-63 Total Resourcing – Government and ODA, Internal Affairs (\$)

	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Net Appropriation	4,846,376	4,873,076	4,928,676	4,934,276
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
Total Resourcing	4,846,376	4,873,076	4,928,676	4,934,276

Table 8-64 Output Funding for 2021/22, Internal Affairs (\$)

Output	Output 1	Output 2	Output 3	Output 4	Output 5	Total
Personnel	342,679	422,692	183,754	147,500	239,751	1,336,376
Operating	50,000	50,000	50,000	50,000	70,000	270,000
Administered Funding	1,316,000	1,045,000	0	400,000	452,000	3,213,000
Depreciation	0	0	0	0	27,000	27,000
Gross Operating Appropriation	1,708,679	1,517,692	233,754	597,500	788,751	4,846,376
Trading Revenue	0	0	0	0	0	0
Net Operating Appropriation	1,708,679	1,517,692	233,754	597,500	788,751	4,846,376

8.5.16.1 Ministry of Internal Affairs Outputs**Output 1: Welfare Services**

To administer the welfare payments to the most vulnerable in the community for a high standard of living. To improve the living conditions of beneficiaries through the provision of special assistance. Strengthen welfare policies. Improve service delivery on Rarotonga and in the Pa Enuā.

Output 2: Social Policy and Services

Development, monitoring and evaluation of the national social policy for gender, disability, youth and sports and children's outcomes. Administration and implementation of the Family Support and Protection Act 2017 and ongoing service delivery of care and protection services for children and families, including youth justice services. Administration of the Social Impact Fund.

Output 3: Labour and Consumer Services

Administration, implementation and review of all labour legislation. Ongoing service delivery to current and prospective employees and employers in the Cook Islands including site inspections, queries and disputes, awareness raising activities across all media and public consultations. Fulfilment of international obligations resulting from membership including reporting and secretariat functions. Consumer - Administration and implementation of all consumer legislation. Ongoing service delivery to consumers and traders in the Cook Islands through site inspections, consumer queries, awareness raising, workshops and public presentations. Scale calibration.

Output 4: Civil Services

Ongoing service delivery of central building district beautification including waste disposal, vaka beautification and contract management and maintenance of the Ministry's premises.

Output 5: Corporate Services

Corporate Services functions including information and communications technology, human resource management, finance and operations, risk and compliance, small projects, public awareness and secretarial duties. Ongoing service delivery of film and censorship duties.

Table 8-65 Baselines and New Budget Measures, Internal Affairs (\$)

Details	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
2020/21 Budget Personnel Baseline	1,263,000	1,284,000	1,284,000	1,284,000
Employment Services Officer	22,352	22,352	22,352	22,352
Personnel adjustment	51,024	51,024	51,024	51,024
2021/22 Budget Personnel Budget	1,336,376	1,357,376	1,357,376	1,357,376
2020/21 Budget Operating Baseline	255,000	254,000	254,000	254,000
Uipaanga Kopu Tangata	15,000	15,000	15,000	15,000
2021/22 Budget Operating Budget	270,000	269,000	269,000	269,000
2020/21 Budget Administered Payments Baseline	3,155,780	3,155,862	3,155,718	3,155,718
Vaka Maintenance	0	0	50,000	50,000
Welfare Payments - Allowances	47,220	53,838	59,582	65,182
Religious Advisory Council	10,000	10,000	10,000	10,000
2021/22 Budget Administered Payments	3,213,000	3,219,700	3,275,300	3,280,900
2020/21 Budget Depreciation Baseline	27,000	27,000	27,000	27,000
2021/22 Budget Depreciation	27,000	27,000	27,000	27,000
Gross Operating Appropriation	4,846,376	4,873,076	4,928,676	4,934,276
2020/21 Budget Trading Revenue Baseline	0	0	0	0
2021/22 Budget Trading Revenue	0	0	0	0
Net Operating Appropriation	4,846,376	4,873,076	4,928,676	4,934,276
2020/21 Budget POBOC Baseline	20,269,454	20,379,580	20,497,188	20,497,188
Welfare Payments	(42,454)	60,420	150,711	356,011
2021/22 Budget POBOC Funding	20,227,000	20,440,000	20,647,900	20,853,200

Personnel funding has been provided for an Employment Services Officer to support the provision of employment services and create additional capacity for support to the Secretary of Internal Affairs.

Additional funding of \$51,024 has been allocated to support a personnel adjustment.

Additional operating funding of \$15,000 has been provided to support the Uipaanga Kopu Tangata programme, a key social need to support families.

An increase of \$50,000 in the vaka maintenance administered fund from 2023/24 in line with the next contract renewals to support an expansion of the coverage areas and an increase in the contract rate.

Funding of \$10,000 for the Religious Advisory Council as an administered payment to support the attendance of members at official events.

Adjustments made to the welfare payments are in line with updated parameter forecasts for both the administered fund and POBOC funds.

Table 8-66 Administered Payments, Internal Affairs (\$)

Output	Administered Payment	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
1	Welfare Payments - Allowances	1,316,000	1,322,700	1,328,300	1,333,900
	Output 1 Administered Funding	1,316,000	1,322,700	1,328,300	1,333,900
2	Internal Affairs Youth Program	45,000	45,000	45,000	45,000
2	SIF - Cook Islands Government Contribution	1,000,000	1,000,000	1,000,000	1,000,000
	Output 2 Administered Funding	1,045,000	1,045,000	1,045,000	1,045,000
4	Vaka Maintenance	400,000	400,000	450,000	450,000
	Output 4 Administered Funding	400,000	400,000	450,000	450,000
5	CISNOC Grant	370,000	370,000	370,000	370,000
5	Lease extension	72,000	72,000	72,000	72,000
5	Religious Advisory Council	10,000	10,000	10,000	10,000
	Output 5 Administered Funding	452,000	452,000	452,000	452,000
Total Internal Affairs Administered Funding		3,213,000	3,219,700	3,275,300	3,280,900

Table 8-67 Payments on Behalf of Crown, Internal Affairs (\$)

Output	POBOCs	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
1	Welfare Payments	20,227,000	20,440,000	20,647,900	20,853,200
	Output 1 POBOC Funding	20,227,000	20,440,000	20,647,900	20,853,000
Total Internal Affairs POBOC Funding		20,227,000	20,440,000	20,647,900	20,853,200

8.5.17 Ministry of Justice

Justice		2021-22	2022-23	2023-24	2024-25
MTEC	Personnel	1,883,976	1,928,976	1,933,976	1,933,976
	Operating	449,999	450,000	500,000	500,000
	Administered Payments	560,000	460,000	625,000	625,000
	Depreciation	30,000	30,000	30,000	30,000
	Gross Appropriation	2,923,975	2,868,976	3,088,976	3,088,976
	Trading Revenue	375,000	425,000	425,000	425,000
	Net Appropriation	2,548,975	2,443,976	2,663,976	2,663,976
	POBOC	0	0	0	0
	Medium-term Expenditure Ceiling	2,923,975	2,868,976	3,088,976	3,088,976

Table 8-68 Total Resourcing – Government and ODA, Justice (\$)

	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Net Appropriation	2,548,975	2,443,976	2,663,976	2,663,976
Trading Revenue	375,000	425,000	425,000	425,000
Official Development Assistance	0	0	0	0
Total Resourcing	2,923,975	2,868,976	3,088,976	3,088,976

Table 8-69 Output Funding for 2021/22, Justice (\$)

Output	Output 1	Output 2	Output 3	Output 4	Total
Personnel	1,042,516	163,334	222,229	455,897	1,883,976
Operating	248,176	39,179	53,307	109,337	449,999
Administered Funding	440,000	120,000	0	0	560,000
Depreciation	15,000	9,000	3,000	3,000	30,000
Gross Operating Appropriation	1,745,692	331,513	278,536	568,235	2,923,975
Trading Revenue	250,000	25,000	50,000	50,000	375,000
Net Operating Appropriation	1,495,692	306,513	228,536	518,235	2,548,975

8.5.17.1 Ministry of Justice Outputs

Output 1: High Courts

The High Courts' division is responsible for the management and support of the Courts and Tribunals. The Registrar for the High Courts manages this division with support from the Deputy Registrar for the Criminal and Civil Court, the Deputy Registrar for the Land Court, Deputy Registrar for Land Administration, and the Stenography Services Manager. Eleven Deputy Registrars from the Pa Enuu also report to the Registrar - High Courts.

The core deliverables of the division are:

- Supporting the judges, justices of the peace and laymen in court proceedings.
- Scheduling court sittings and managing the jury selection process.
- Coordinating and conducting Meetings of Assembled Owners (MOAO).
- Conducting monthly and special sittings of the Leases Approval Tribunal (LAT).
- Assisting with the management of the Land Agents Registration Board.
- Scheduling Parole Board meetings.
- Conducting and supporting coronial inquiries.
- Managing court processes and applications relating to land, civil, and criminal proceedings.
- Managing and collecting fines based on Court orders.
- Issuing and enforcing court orders.
- Executing warrants and collection of reparation.
- Managing the land and tribal title registrations.

Output 2: Land Administration

The Land Administration division is responsible for land survey. This division was restructured in late 2020 to save costs and increase efficiency and proper oversight; land trust functions were moved to the Finance division and land titles functions were moved to the High Court's division. The management of land information, its availability to the Courts and the public, includes land survey, land titles, and land trust information. The division is managed by the Registrar - Land Administration and the Chief Surveyor, who are supported by the Deputy Registrar – Land Administration, and the Senior CAD Manager and Senior Surveyor.

The core deliverables of the division are:

- Effecting court orders and decisions relating to land, so they are implemented and properly recorded on the Land Registry of Titles.
- Processing and registering all deeds of lease, deed of mortgage, and discharge of mortgage assignment of leases.
- Receipting and accounting for land rental payments.
- Management and disbursement of land trust payments to beneficiaries.
- Examination, certification, and custodian of land survey plans.
- Management of land system.

Output 3: Registry Services

The Registry Services division is responsible for key registries, including the registers for births, deaths, marriages, companies, incorporated societies, and personal property securities. The division also manages the appointment of officiating ministers and marriage celebrants to officiate marriages and is responsible for the electoral rolls.

The core deliverables of the division are:

- Managing the licensing process of births, deaths, and marriages.
- Managing the appointment of officiating ministers and marriage celebrants.
- Managing the registration, notices, and dissolution of companies and incorporated societies.
- Maintaining the electoral roll in collaboration with the appointed Chief Electoral Officer.
- Managing the companies, incorporated societies, and personal property securities registries (now on an online platform since December 2019)
- Providing information to clients, processing payments, and providing expert support to Deputy Registrars in the Pa Enea.

Output 4: Corporate Services

This division consists of, a Human Resources and Asset Manager, Finance Manager, and IT Manager. Financial management is conducted with assistance from the Ministry of Finance and Economic Management – Shared Services. In addition, two Land Trust staff transferred from the Land Administration division to the finance function of Corporate Services.

The core deliverables of the division are:

- Financial management of the ministry (shared service with MFEM).
- Information technology management and development.
- Land Trust payments and administration.
- Human resources management and development.
- Procurement and asset management.
- Policy development and quality assurance.
- Accountability reporting to government.
- Implementation of public service policies.

Table 8-70 Baselines and New Budget Measures, Justice (\$)

Details	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
2020/21 Budget Personnel Baseline	1,865,000	1,910,000	1,915,000	1,915,000
Personnel adjustment	(51,024)	(51,024)	(51,024)	(51,024)
Personnel for the Land Division	70,000	70,000	70,000	70,000
2021/22 Budget Personnel Budget	1,883,976	1,928,976	1,933,976	1,933,976
2020/21 Budget Operating Baseline	449,999	450,000	500,000	500,000
2021/22 Budget Operating Budget	449,999	450,000	500,000	500,000
2020/21 Budget Administered Payments Baseline	460,000	460,000	625,000	625,000
Judges Allowances	100,000	0	0	0
2021/22 Budget Administered Payments	560,000	460,000	625,000	625,000
2020/21 Budget Depreciation Baseline	30,000	30,000	30,000	30,000
2021/22 Budget Depreciation	30,000	30,000	30,000	30,000
Gross Operating Appropriation	2,923,975	2,868,977	3,088,977	3,088,977
2020/21 Budget Trading Revenue Baseline	550,000	550,000	550,000	550,000
Trading revenue reduction	(50,000)	0	0	0
Trading revenue transfer to ROBOC	(125,000)	(125,000)	(125,000)	(125,000)
2021/22 Budget Trading Revenue	375,000	425,000	425,000	425,000
Net Operating Appropriation	2,548,975	2,443,977	2,663,977	2,663,977

Additional funding of \$70,000 to assist in recruiting personnel for the Land Division.

Funding reduction of \$51,024 to support a personnel adjustment.

\$100,000 reappropriated to the Judges Allowance administered fund to support an increase in the number of sittings in 2021/22 to support clearing the backlog of cases resulting from border closures.

Trading revenue has decreased by \$50,000 in 2021/22 to offset the impacts of the economic shock from COVID-19 and \$125,000 transferred to Revenue on behalf of the Crown (ROBOC), which increases the net appropriation to the Ministry.

Table 8-71 Administered Payments, Justice (\$)

Output	Administered Payment	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
1	Judges Allowances	400,000	300,000	465,000	465,000
1	Legal Aid	40,000	40,000	40,000	40,000
	Output 1 Administered Funding	440,000	340,000	505,000	505,000
2	Project to bring land records up to date	120,000	120,000	120,000	120,000
	Output 2 Administered Funding	120,000	120,000	120,000	120,000
	Total Justice Administered Funding	560,000	460,000	625,000	625,000

8.5.18 Ministry of Marine Resources

Marine Resources		2021-22	2022-23	2023-24	2024-25
MTEC	Personnel	1,271,815	1,271,815	1,271,815	1,271,815
	Operating	670,185	670,185	595,185	595,185
	Administered Payments	200,000	200,000	200,000	200,000
	Depreciation	150,000	150,000	150,000	150,000
	Gross Appropriation	2,292,000	2,292,000	2,217,000	2,217,000
	Trading Revenue	28,000	28,000	28,000	28,000
	Net Appropriation	2,264,000	2,264,000	2,189,000	2,189,000
	POBOC	0	0	0	0
	Medium-term Expenditure Ceiling	2,292,000	2,292,000	2,217,000	2,217,000

Table 8-72 Total Resourcing – Government and ODA, Marine Resources (\$)

	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Net Appropriation	2,264,000	2,264,000	2,189,000	2,189,000
Trading Revenue	28,000	28,000	28,000	28,000
Official Development Assistance	0	0	0	0
Total Resourcing	2,292,000	2,292,000	2,217,000	2,217,000

Table 8-73 Output Funding for 2021/22, Marine Resources (\$)

Output	Output 1	Output 2	Output 3	Total
Personnel	349,372	646,350	276,093	1,271,815
Operating	315,505	203,300	151,380	670,185
Administered Funding	0	200,000	0	200,000
Depreciation	0	0	150,000	150,000
Gross Operating Appropriation	664,877	1,049,650	577,473	2,292,000
Trading Revenue	0	28,000	0	28,000
Net Operating Appropriation	664,877	1,021,650	577,473	2,264,000

8.5.18.1 Ministry of Marine Resources Outputs

Output 1: Offshore Fisheries

- Provide ongoing management and coordination of income earning opportunities from offshore fisheries.
- Enhances current monitoring, control and surveillance capabilities ensuring compliance with legislation.

Output 2: Inshore and Aquaculture Fisheries

- Ongoing technical support to improve income-generating opportunities for private sector particularly, in the small-scale fisheries in the outer islands and to develop new local markets for fisheries products.
- Ongoing technical support to facilitate safe, sustainable fishing and conservation practices, the protection of culture, tradition, and long-term food security.
- Provide technical advice to improve the quality and diversity of pearl products.
- Provide advisory services in environmental management, public health safety and food safety programmes.

Output 3: Corporate Services

- Ongoing support to provide legal and policy advice.
- Ongoing oversight of communications with stakeholders.
- Ongoing technical support for all Corporate Service functions - administrative, financial and ICT.
- Ensure adherence to MFEM and OPSC policies and procedures.

Table 8-74 Baselines and New Budget Measures, Marine Resources (\$)

Details	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
2020/21 Budget Personnel Baseline	1,341,000	1,341,000	1,341,000	1,341,000
Cancellation of programmed increases	(150,000)	(150,000)	(150,000)	(150,000)
Transfer from operating	80,815	80,815	80,815	80,815
2021/22 Budget Personnel Budget	1,271,815	1,271,815	1,271,815	1,271,815
2020/21 Budget Operating Baseline	676,000	716,000	866,000	866,000
Fishing day negotiations with Pacific Islands	75,000	75,000	0	0
Cancellation of programmed increases	0	(40,000)	(190,000)	(190,000)
Transfer to personnel	(80,815)	(80,815)	(80,815)	(80,815)
2021/22 Budget Operating Budget	670,185	670,185	595,185	595,185
2020/21 Budget Administered Payments Baseline	300,000	300,000	300,000	300,000
Fisheries Development Facility	(100,000)	(100,000)	(100,000)	(100,000)
2021/22 Budget Administered Payments	200,000	200,000	200,000	200,000
2020/21 Budget Depreciation Baseline	150,000	150,000	150,000	150,000
2021/22 Budget Depreciation	150,000	150,000	150,000	150,000
Gross Operating Appropriation	2,292,000	2,292,000	2,217,000	2,217,000
2020/21 Budget Trading Revenue Baseline	28,000	28,000	28,000	28,000
2021/22 Budget Trading Revenue	28,000	28,000	28,000	28,000
Net Operating Appropriation	2,264,000	2,264,000	2,189,000	2,189,000

Programmed funding increases for personnel and operating across the medium-term were cancelled to generate savings to allocate to other critical expenditure needs.

\$150,000 has been allocated to support the Ministry over 2021/22 and 2022/23 to work with Ministry of Foreign Affairs and Trade in negotiating for the sale of fishing days in regions outside the Cook Islands economic exclusive zone (EEZ).

The Fisheries Development Facility administered fund reduces to \$200,000 over the medium-term to generate savings to allocate to other critical expenditure needs. This administered fund will revert to \$300,000 as fiscal space allows in the future.

Table 8-75 Administered Payments, Marine Resources (\$)

Output	Administered Payment	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
2	Fisheries Development Facility	200,000	200,000	200,000	200,000
	Output 2 Administered Funding	200,000	200,000	200,000	200,000
	Total Marine Resources Administered Funding	200,000	200,000	200,000	200,000

8.5.19 Office of the Ombudsman

Ombudsman		2021-22	2023-23	2023-24	2024-25
MTEC	Personnel	233,000	233,000	233,000	233,000
	Operating	62,000	62,000	62,000	62,000
	Administered Payments	0	0	0	0
	Depreciation	6,000	6,000	6,000	6,000
	Gross Appropriation	301,000	301,000	301,000	301,000
	Trading Revenue	0	0	0	0
	Net Appropriation	301,000	301,000	301,000	301,000
	POBOC	0	0	0	0
	Medium-term Expenditure Ceiling	301,000	301,000	301,000	301,000

Table 8-76 Total Resourcing – Government and ODA, Ombudsman (\$)

	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Net Appropriation	301,000	301,000	301,000	301,000
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
Total Resourcing	301,000	301,000	301,000	301,000

Table 8-77 Output Funding for 2021/22, Ombudsman (\$)

Output	Output 1	Output 2	Output 3	Total
Personnel	131,329	60,136	41,535	233,000
Operating	36,791	7,911	17,298	62,000
Administered Funding	0	0	0	0
Depreciation	2,000	2,000	2,000	6,000
Gross Operating Appropriation	170,120	70,047	60,833	301,000
Trading Revenue	0	0	0	0
Net Operating Appropriation	170,120	70,047	60,833	301,000

8.5.19.1 Ombudsman Outputs

Output 1: Investigations and Review

Strategic Goal 1: Investigations

- Quality Investigations.
- Quality Customer Service.
- Quality Systemic Reviews.

Output 2: Public Awareness & Training

Strategic Goal 2.1 - Public Awareness

- Media communication.
- Pa Enea Workshops.
- Public Workshops and Clinics.
- Public survey results.
- Identify resource needs and potential sources to develop a more robust Ombudsman outreach programme.

Strategic Goal 2.2 - Training

- Presentations or workshops to Agencies, Ministers and Heads of Ministries.
- Government Agency Compliance Model introduced.

Output 3: Corporate Services

Strategic Goal 3: Corporate Services

- Put in place quality reporting mechanisms.
- Effective human resource management.
- Efficient financial management.
- Legislative compliance.

Table 8-78 Baselines and New Budget Measures, Ombudsman (\$)

Details	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
2020/21 Budget Personnel Baseline	233,000	233,000	233,000	233,000
2021/22 Budget Personnel Budget	233,000	233,000	233,000	233,000
2020/21 Budget Operating Baseline	62,000	62,000	62,000	62,000
2021/22 Budget Operating Budget	62,000	62,000	62,000	62,000
2020/21 Budget Administered Payments Baseline	0	0	0	0
2021/22 Budget Administered Payments	0	0	0	0
2020/21 Budget Depreciation Baseline	6,000	6,000	6,000	6,000
2021/22 Budget Depreciation	6,000	6,000	6,000	6,000
Gross Operating Appropriation	301,000	301,000	301,000	301,000
2020/21 Budget Trading Revenue Baseline	0	0	0	0
2021/22 Budget Trading Revenue	0	0	0	0
Net Operating Appropriation	301,000	301,000	301,000	301,000

No funding changes were considered for the Office of the Ombudsman.

8.5.20 Parliamentary Services

Parliamentary Services		2021-22	2022-23	2023-24	2024-25
MTEC	Personnel	619,000	619,000	619,000	619,000
	Operating	80,000	80,000	80,000	80,000
	Administered Payments	170,000	120,000	120,000	120,000
	Depreciation	114,220	114,220	114,220	114,220
	Gross Appropriation	983,220	933,220	933,220	933,220
	Trading Revenue	0	0	0	0
	Net Appropriation	983,220	933,220	933,220	933,220
	POBOC	3,909,581	3,959,581	3,979,581	3,979,581
Medium-term Expenditure Ceiling	4,892,801	4,892,801	4,912,801	4,912,801	

Table 8-79 Total Resourcing – Government and ODA, Parliament (\$)

	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Net Appropriation	983,220	933,220	933,220	933,220
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
Total Resourcing	983,220	933,220	933,220	933,220

Table 8-80 Output Funding for 2021/22, Parliament (\$)

Output	Output 1	Output 2	Total
Personnel	403,620	215,380	619,000
Operating	52,000	28,000	80,000
Administered Funding	150,000	20,000	170,000
Depreciation	0	114,220	114,220
Gross Operating Appropriation	605,620	377,600	983,220
Trading Revenue	0	0	0
Net Operating Appropriation	605,620	377,600	983,220

8.5.20.1 Parliamentary Services Outputs**Output 1: Constitutional Function**

Parliament is the pivotal institution of modern representative democracy. Through the election process, the people of the Cook Islands elects Members of Parliament (MP's) to represent their interests at the national level, discuss and debate matters of concern to the community and ensure that public institutions are adequately tackling the challenges that the country faces.

Quality legislative work requires that MP's can spend enough time working on draft bills, either working in committees, consulting with their constituents, and discussing and voting in plenary. Parliament aims to develop a regular Parliament sitting schedule to facilitate regular sittings and improve the capacity of MPs to plan their attendance at Parliament sittings.

Parliament will aim to strengthen its contribution to the development of frameworks and policies to ensure accountability and transparency of public money in the Cook Islands.

Output 2: Corporate Services

To provide financial and corporate services support to the Civil List, the Queen's Representative, the Speaker and Members of Parliament ensuring good governance, prescribed legislature and the Ministry of Finance and Economic Management financial reporting requirements are adhered.

Table 8-81 Baselines and New Budget Measures, Parliament (\$)

Details	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
2020/21 Budget Personnel Baseline	560,000	560,000	560,000	560,000
Translator/ Interpreter	59,000	59,000	59,000	59,000
2021/22 Budget Personnel Budget	619,000	619,000	619,000	619,000
2020/21 Budget Operating Baseline	70,000	70,000	70,000	70,000
Operating budget support for Speaker of Parliament	10,000	10,000	10,000	10,000
2021/22 Budget Operating Budget	80,000	80,000	80,000	80,000
2020/21 Budget Administered Payments Baseline	60,000	60,000	60,000	60,000
Remuneration Tribunal Committee	20,000	0	0	0
Special Select Committee	90,000	60,000	60,000	60,000
2021/22 Budget Administered Payments	170,000	120,000	120,000	120,000
2020/21 Budget Depreciation Baseline	22,000	22,000	22,000	22,000
Depreciation Adjustment	92,200	92,200	92,200	92,200
2021/22 Budget Depreciation	114,220	114,220	114,220	114,220
Gross Operating Appropriation	983,220	933,220	933,220	933,220
2020/21 Budget Trading Revenue Baseline	0	0	0	0
2021/22 Budget Trading Revenue	0	0	0	0
Net Operating Appropriation	983,220	933,220	933,220	933,220
2020/21 Budget POBOC Baseline	4,020,581	4,020,581	4,020,581	4,020,581
Parliamentary Sitting Expenses	50,000	50,000	50,000	50,000
MP Travel and Allowances (local and overseas)	(161,000)	(111,000)	(91,000)	(91,000)
2021/22 Budget POBOC Funding	3,909,581	3,959,581	3,979,581	3,979,581

Additional \$59,000 of personnel funding to employ a Translator/ Interpreter to support the translation of bills and/or the interpreting of Parliamentary Sittings and Select Committee meetings.

Operating funding increases by \$10,000 to provide an operating budget for the Speaker of Parliament.

Depreciation increases by \$92,200 to cover donated sound and electronic equipment for the Parliament chamber.

Funding for the Special Select Committee administered fund has increased to provide baseline funding sufficient for the operation of the various standing committees and provide sufficient funding for the operation of Special Select Committees.

The Parliamentary Sitting Expenses budget has increased to facilitate a greater number of Parliamentary sitting days.

The MP Travel and Allowances (local and overseas) fund has reduced to generate savings to allocate to other critical expenditure needs. Funding will gradually increase across the medium-term based on international travel returning to normalcy.

Table 8-82 Administered Payments, Parliament (\$)

Output	Administered Payment	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
1	Special Select Committee	150,000	120,000	120,000	120,000
	Output 1 Administered Funding	150,000	120,000	120,000	120,000
2	Remuneration Tribunal Committee	20,000	0	0	0
	Output 2 Administered Funding	20,000	0	0	0
	Total Parliamentary Services Administered Funding	170,000	120,000	120,000	120,000

Table 8-83 Payments on Behalf of Crown, Parliament (\$)

Output	POBOCs	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
1	Civil List - Constituency Visits	170,200	170,200	170,200	170,200
1	Civil List - Personnel	2,901,961	2,901,961	2,901,961	2,901,961
1	House of Ariki	348,420	348,420	348,420	348,420
1	MP Travel and Allowances (local and overseas)	180,000	230,000	250,000	250,000
1	Parliamentary Sitting Expenses	200,000	200,000	200,000	200,000
1	QR Travel and Allowances (local and overseas)	109,000	109,000	109,000	109,000
	Output 1 POBOC Funding	3,909,581	3,959,581	3,979,581	3,979,581
	Total Parliamentary Services POBOC Funding	3,909,581	3,959,581	3,979,581	3,979,581

8.5.21 Cook Islands Police

Police		2021-22	2022-23	2023-24	2024-25
MTEC	Personnel	4,154,896	4,154,896	4,154,896	4,154,896
	Operating	286,104	286,104	286,104	286,104
	Administered Payments	415,000	415,000	415,000	415,000
	Depreciation	1,010,000	1,010,000	1,010,000	1,010,000
	Gross Appropriation	5,866,000	5,866,000	5,866,000	5,866,000
	Trading Revenue	154,783	154,783	154,783	154,783
	Net Appropriation	5,711,217	5,711,217	5,711,217	5,711,217
	POBOC	0	0	0	0
	Medium-term Expenditure Ceiling	5,866,000	5,866,000	5,866,000	5,866,000

Table 8-84 Total Resourcing – Government and ODA, Police (\$)

	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Net Appropriation	5,711,217	5,711,217	5,711,217	5,561,217
Trading Revenue	154,783	154,783	154,783	154,783
Official Development Assistance	0	0	0	0
Total Resourcing	5,866,000	5,866,000	5,866,000	5,716,000

Table 8-85 Output Funding for 2021/22, Police (\$)

Output	Output 1	Output 2	Output 3	Total
Personnel	2,963,660	846,156	345,080	4,154,896
Operating	142,938	86,793	56,373	286,104
Administered Funding	370,000	45,000	0	415,000
Depreciation	787,759	141,393	80,848	1,010,000
Gross Operating Appropriation	4,264,357	1,119,342	482,301	5,866,000
Trading Revenue	145,483	0	9,300	154,783
Net Operating Appropriation	4,118,874	1,119,342	473,001	5,711,217

8.5.21.1 Cook Islands Police Outputs

Output 1: Crime and Operations

- To investigate and prosecute any criminal activities reported by enforcing powers and responsibilities as stipulated in the law.
- To ensure that the Cook Islands waters (exclusive economic zone (EEZ)) are free of any illegal fishing, criminal or poaching activities.

Output 2: Crime Prevention

- To prevent and deter any criminal activities happening within our communities in Rarotonga and the outer islands and to plan and implement upskilling of staff.
- To encourage safety of self and properties.

Output 3: Corporate Services

To monitor and evaluate work plan progress and to ensure that efficient and effective resources, technology and financial support are made available and to address concerns about personnel, equipment and assets. To develop training manuals and implement human resources data collections and asset management.

Table 8-86 Baselines and New Budget Measures, Police (\$)

Details	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
2020/21 Budget Personnel Baseline	4,148,036	4,150,291	4,150,291	4,150,291
Transfer from operating	6,860	4,605	4,605	4,605
2021/22 Budget Personnel Budget	4,154,836	4,154,896	4,154,896	4,154,896
2020/21 Budget Operating Baseline	192,964	190,709	238,709	238,709
Operating funding increase	100,000	100,000	100,000	100,000
Cancellation of programmed increases	0	0	(48,000)	(48,000)
Transfer to personnel	(6,860)	(4,605)	(4,605)	(4,605)
2021/22 Budget Operating Budget	286,104	286,104	286,104	286,104
2020/21 Budget Administered Payments Baseline	305,000	455,000	305,000	305,000
Te Kukupa - Biannual Slipping	0	(150,000)	0	(150,000)
Te Kukupa – Fuel Contribution	110,000	110,000	110,000	110,000
2021/22 Budget Administered Payments	415,000	415,000	415,000	265,000
2020/21 Budget Depreciation Baseline	1,010,000	1,010,000	1,010,000	1,010,000
2021/22 Budget Depreciation	1,010,000	1,010,000	1,010,000	1,010,000
Gross Operating Appropriation	5,866,000	5,866,000	5,866,000	5,716,000
2020/21 Budget Trading Revenue Baseline	154,783	154,783	154,783	154,783
2021/22 Budget Trading Revenue	154,783	154,783	154,783	154,783
Net Operating Appropriation	5,711,217	5,711,217	5,711,217	5,561,217

Police’s operating budget has increased by \$100,000 to address an operating shortfall experienced in 2020/21. A programmed increase of \$48,000 from 2023/24 has been cancelled in lieu of the immediate increase in budget.

Funding for the Te Kukupa bi-annual slipping costs has been removed pending the arrival of the replacement vessel. No slipping is forecast for 2021/22.

The Te Kukupa fuel contribution has increased to support the expected fuel consumption and operational requirements of the new vessel.

Table 8-87 Administered Payments, Police (\$)

Output	Administered Payment	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
1	Search and Rescue	20,000	20,000	20,000	20,000
1	Serious Crime Investigations	100,000	100,000	100,000	100,000
1	Te Kukupa - Fuel Contribution	250,000	250,000	250,000	250,000
	Output 1 Administered Funding	370,000	370,000	370,000	370,000
2	Police Youth Program	45,000	45,000	45,000	45,000
	Output 2 Administered Funding	45,000	45,000	45,000	45,000
	Total Police Administered Funding	415,000	415,000	415,000	415,000

8.5.22 Office of the Prime Minister

Office of the Prime Minister		2021-22	2022-23	2023-24	2024-25
MTEC	Personnel	1,518,000	1,518,000	1,518,000	1,518,000
	Operating	499,000	449,000	499,000	449,000
	Administered Payments	976,077	733,000	733,000	733,000
	Depreciation	31,000	31,000	31,000	31,000
	Gross Appropriation	3,024,077	2,731,000	2,781,000	2,731,000
	Trading Revenue	0	0	0	0
	Net Appropriation	3,024,077	2,731,000	2,781,000	2,731,000
	POBOC	0	0	0	0
	Medium-term Expenditure Ceiling	3,024,077	2,731,000	2,781,000	2,731,000

Table 8-88 Total Resourcing – Government and ODA, OPM (\$)

	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Net Appropriation	3,024,077	2,731,000	2,781,000	2,731,000
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
Total Resourcing	3,024,077	2,731,000	2,781,000	2,731,000

Table 8-89 Output Funding for 2021/22, OPM (\$)

Output	Output 1	Output 2	Output 3	Output 4	Output 5
Personnel	91,720	106,253	243,398	282,720	109,596
Operating	21,192	155,843	81,422	77,677	23,644
Administered Funding	463,000	0	200,000	183,077	0
Depreciation	1,404	180	1,260	15,072	1,908
Gross Operating Appropriation	577,316	262,276	526,080	558,546	135,148
Trading Revenue	0	0	0	0	0
Net Operating Appropriation	577,316	262,276	526,080	558,546	135,148

Output	Output 6	Output 7	Output 8	Output 9	Output 10	Total
Personnel	131,075	152,965	53,575	204,948	141,750	1,518,000
Operating	18,548	13,600	20,000	87,074	0	499,000
Administered Funding	50,000	0	60,000	20,000	0	976,077
Depreciation	1,620	2,232	952	6,372	0	31,000
Gross Operating Appropriation	201,243	168,797	134,527	318,394	141,750	3,024,077
Trading Revenue	0	0	0	0	0	0
Net Operating Appropriation	201,243	168,797	134,527	318,394	141,750	3,024,077

8.5.22.1 Office of the Prime Minister Outputs

Output 1: Cabinet and Executive Services

Key policy outcome of Cabinet Services: “Provide excellent service by managing the delivery of quality and reliable advice to Cabinet”. This will be done through:

- Providing secretarial support to Cabinet.
- Ensuring the processes and procedures under the Cabinet Submissions Manual are followed.
- Screening submissions for the Central Agencies Committee.

Output 2: Central Policy Planning Office

Key policy outcome of Central Policy and Planning Office: “Provide quality advice on national priorities”. This will be done through:

- Providing effective policy advice to Chief of Staff, Cabinet, National Sustainable Development Commission (NSDC), Research Committee, and statutory agencies.
- Ensuring national policies and strategies align with the National Sustainable Development Plan and influence Government priorities.
- Strengthening policy dialogue with counterparts across the government, regionally and internationally.
- Monitoring and evaluating the sector progress of agencies against the National Sustainable Development Plan.
- Reviewing and developing the national sustainable development agenda.
- Updating the National Policy toolkit that enable evidence-based policy development.
- Supporting policy champions across the public service in the use of effective analysis tools.

Output 3: Pa Enea Governance

Key policy outcome of Pa Enea Governance: “Provide the Island Governments with the tools to be excellent leaders and accountable to the Pa Enea communities”. This will be done through:

- Oversight on governance and on the delivery of Island Government services in the Pa Enea.
- Coordinate and provide support in the implementation of Pa Enea community development programmes.
- Provide mediation services and advice to resolve development issues and complaints.

Output 4: Information Communication Technology

Key policy Outcome for the National Information, Communications and Technology: “Build a functioning technology infrastructure”. This will be done through:

- Providing security oversight in IT infrastructure.
- Capacity building of IT technicians.
- Providing support to the government IT system and its users.
- Ensuring services are operational.
- Providing strategic planning for national ICT.
- Developing plans and policies for ICT.

Output 5: Renewable Energy Development

The key policy outcome for Renewable Energy Development Division (REDD) is to “facilitate progress towards 100% renewable energy by 2020+ and progress into the transition of the transport sector to a clean fuel economy. This will be done through:

- Continuous Monitoring, Maintenance and Support to the Northern Group and Southern Group Renewable Energy Projects.
- Support of the Donor Funded TAU Renewable Energy Projects - Battery Energy Storage System and other Projects.
- Review the Energy Sector including the Draft Minimum Energy Performance Standards for electrical appliances.
- Facilitate renewable energy and energy efficiency donor funding project proposals under Green Climate Fund and Other Donors.

Output 6: Emergency Management Cook Islands

The key policy outcome for Emergency Management Cook Islands (EMCI) is to “strengthen and build safety and preparedness for natural and man-made disasters”. EMCI have a mandate under the Disaster Risk Management Act 2007. This will be done through:

- Assisting to build resilience and preparedness against natural and man-made disasters.
- Co-ordinating emergency services.

- Developing policy and planning around disaster risk management.
- Information dissemination and capacity building in disaster risk management, preparedness and recovery.

Output 7: Climate Change Cook Islands

The key policy outcome for Climate Change Cook Islands is to “Ensure the Cook Islands is prepared for Climate Change”. This will be done through:

- Developing and contributing to policy, planning and legislation to mainstream and integrate climate change related activities.
- Building awareness and capacity to address climate change impacts.
- Maintaining partnerships to ensure good governance and management of climate change funded projects.
- Participating in international and regional fora to fulfil UN Framework Convention on climate change.

Output 8: Marae Moana

The key policy outcome for the Marae Moana coordination office is to facilitate agency compliance with the principles and purpose of the Marae Moana Act through integrated planning and decision-making and implementation of the Marae Moana Policy. This will be done through:

- Ensuring the integrity of the marine environment is upheld.
- Providing secretariat support to the Marae Moana Council and the Marae Moana Technical Advisory Group.
- Facilitating and driving policy direction, co-ordinating and reporting role.

Output 9: Corporate Services

The key policy outcome for Corporate Services is to “Execute and enable a well-functioning organisation through sound business practices”. This will be done through:

- Prudent and sustainable resources management.
- Advisory and administration support to all divisions.
- Property management and ensuring a well-functioning work environment.

Output 10: National Security

Facilitate and lead on high-level national matters of importance that sits outside the current mandates of Government agencies and/or is of high political interest. This is normally with direction from the Prime Minister and/or Cabinet. Such activities are as required, and which are project oriented by nature.

Table 8-90 Baselines and New Budget Measures, OPM (\$)

Details	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
2020/21 Budget Personnel Baseline	1,383,000	1,383,000	1,383,000	1,383,000
National Security Office	135,000	135,000	135,000	135,000
2021/22 Budget Personnel Budget	1,518,000	1,518,000	1,518,000	1,518,000
2020/21 Budget Operating Baseline	449,000	449,000	449,000	449,000
Island Government – CSDP update	50,000	0	50,000	0
2021/22 Budget Operating Budget	499,000	449,000	499,000	449,000
2020/21 Budget Administered Payment Baseline	723,000	663,000	663,000	663,000
Energy Commissioner	(50,000)	(50,000)	(50,000)	(50,000)
ICT Support Team - Reappropriation	183,077	0	0	0
State Events	20,000	20,000	20,000	20,000
Pa Enea Machinery Maintenance Fund	100,000	100,000	100,000	100,000
2021/22 Budget Administered Payments	976,077	733,000	733,000	733,000
2020/21 Budget Depreciation Baseline	31,000	31,000	31,000	31,000
2021/22 Budget Depreciation	31,000	31,000	31,000	31,000
Gross Operating Appropriation	3,024,077	2,731,000	2,781,000	2,731,000
2020/21 Budget Trading Revenue Baseline	0	0	0	0
2021/22 Budget Trading Revenue	0	0	0	0
Net Operating Appropriation	3,024,077	2,731,000	2,781,000	2,731,000

Personnel funding has increased by \$135,000 to employ a National Security Director and an Advisor.

\$50,000 has been allocated in 2021/22 to support the Pa Enea Island Governments in consulting, collating, and drafting Community Sustainable Development Plans (CSDP's) and \$50,000 in 2023/24 to update the Island Government Act 2012-13.

The Energy Commissioner administered fund of \$50,000 has been removed, as the funds are not required.

\$183,077 has been reappropriated in 2021/22 to the ICT Support Team administered fund for contracts related to the implementation of the Government ICT network upgrade.

The State Events fund was created to support events such as state funerals and memorials, reducing recourse to contingency funding sources for these events.

The Pa Enea Machinery Maintenance Fund of \$100,000 is a transfer from Infrastructure Cook Islands to the Office of the Prime Minister to ease access to these funds by the Island Administrations and the Pa Enea Mechanical Overseer.

Table 8-91 Administered Payments, OPM (\$)

Output	Administered Payment	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
1	Community Support Fund	100,000	100,000	100,000	100,000
1	Social Responsibility Fund	363,000	363,000	363,000	363,000
	Output 1 Administered Funding	463,000	463,000	463,000	463,000
3	Pa Enea Overseer	100,000	100,000	100,000	100,000
3	Pa Enea Machinery Maintenance Fund	100,000	100,000	100,000	100,000
	Output 3 Administered Funding	200,000	200,000	200,000	200,000
4	ICT Support Team	183,077	0	0	0
	Output 4 Administered Funding	183,077	0	0	0
6	Red Cross	50,000	50,000	50,000	50,000
	Output 6 Administered Funding	50,000	50,000	50,000	50,000
8	Marae Moana Ambassador	60,000	0	0	0
	Output 8 Administered Funding	60,000	0	0	0
9	State Events	20,000	20,000	20,000	20,000
	Output 9 Administered Funding	20,000	20,000	20,000	20,000
Total Prime Minister's Office Administered Funding		976,077	733,000	733,000	733,000

8.5.23 Office of the Public Service Commissioner

Office of the Public Service Commissioner		2021-22	2022-23	2023-24	2024-25
MTEC	Personnel	350,000	350,000	350,000	350,000
	Operating	185,000	204,000	279,000	279,000
	Administered Payments	1,940,000	1,810,000	1,810,000	1,810,000
	Depreciation	15,000	15,000	15,000	15,000
	Gross Appropriation	2,490,000	2,379,000	2,454,000	2,454,000
	Trading Revenue	0	0	0	0
	Net Appropriation	2,490,000	2,379,000	2,454,000	2,454,000
	POBOC	0	0	0	0
	Medium-term Expenditure Ceiling	2,490,000	2,379,000	2,454,000	2,454,000

Table 8-92 Total Resourcing – Government and ODA, OPSC (\$)

	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Net Appropriation	2,490,000	2,379,000	2,454,000	2,454,000
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
Total Resourcing	2,490,000	2,379,000	2,454,000	2,454,000

Table 8-93 Output Funding for 2021/22, OPSC (\$)

Output	Output 1	Output 2	Output 3	Output 4	Total
Personnel	103,389	121,236	72,011	53,364	350,000
Operating	52,741	40,060	64,347	27,852	185,000
Administered Funding	0	0	1,940,000	0	1,940,000
Depreciation	0	0	15,000	0	15,000
Gross Operating Appropriation	156,130	161,296	2,091,358	81,216	2,490,000
Trading Revenue	0	0	0	0	0
Net Operating Appropriation	156,130	161,296	2,091,358	81,216	2,490,000

8.5.23.1 Office of the Public Service Commissioner Outputs

Output 1: Policy and Planning

Provision of policy advice and policy development for the Public Service to support effective human resource management practices:

- Conducting machinery of Government reviews to ensure functions and organisational structures are relevant.
- Provision of support to Ministries and Agencies to improve performance.

Output 2: Human Resource Management

- Provision of recruitment advice and technical support on job description development, job evaluations, recruitment support and induction.
- Provision of advice and technical support on employee retention through performance management, remuneration, training and development, investigations and dispute resolution.
- Provision of advice and technical support on employee release through retirement and redundancy.
- Developmental work - leadership development and talent management, training, graduate recruitment.

Output 3: Corporate Services

- Strengthening and supporting the office's organisational management in the areas of planning, monitoring and evaluation, people development, financial, information and risk management.
- Completion of reporting requirements for Parliament, monitoring ministry performance.
- Provision of office support - communication and public relations; administration - financial, Human Resource Management Information System (HRMIS), New Zealand Government Superannuation and Heads of Ministries (HOM) leave and travel.

Output 4: Heads of Ministries Administration

Manage administration of recruitment, performance management training and development support for HOMs.

Table 8-94 Baselines and New Budget Measures, OPSC (\$)

Details	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
2020/21 Budget Personnel Baseline	377,000	377,000	407,000	407,000
Transfer to operating	(27,000)	(27,000)	(57,000)	(57,000)
2021/22 Budget Personnel Budget	350,000	350,000	350,000	350,000
2020/21 Budget Operating Baseline	158,000	177,000	222,000	222,000
Transfer to personnel	27,000	27,000	57,000	57,000
2021/22 Budget Operating Budget	185,000	204,000	279,000	279,000
2020/21 Budget Administered Payments Baseline	1,741,645	1,741,645	1,741,645	1,741,645
HOM's Salaries	198,355	68,355	68,355	68,355
2021/22 Budget Administered Payments	1,940,000	1,810,000	1,810,000	1,810,000
2020/21 Budget Depreciation Baseline	15,000	15,000	15,000	15,000
2021/22 Budget Depreciation	15,000	15,000	15,000	15,000
Gross Operating Appropriation	2,490,000	2,379,000	2,454,000	2,454,000
2020/21 Budget Trading Revenue Baseline	0	0	0	0
2021/22 Budget Trading Revenue	0	0	0	0
Net Operating Appropriation	2,490,000	2,379,000	2,454,000	2,454,000

The HOM's Salaries administered fund has received a one-off increase to fund the pay out of accrued annual leave owing to HOMs coming off contracts in 2021/22, and an increase to the baseline funding level to support increased remuneration and allowance costs.

Table 8-95 Administered Payments, OPSC (\$)

Output	Administered Payment	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
3	Public Service HOM Salaries	1,940,000	1,810,000	1,810,000	1,810,000
	Output 3 Administered Funding	1,940,000	1,810,000	1,810,000	1,810,000
	Total Public Service Commission Administered Funding	1,940,000	1,810,000	1,810,000	1,810,000

8.5.24 Cook Islands Seabed Minerals

Cook Islands Seabed Minerals Authority		2021-22	2022-23	2023-24	2024-25
MTEC	Personnel	490,000	490,000	490,000	490,000
	Operating	240,000	240,000	240,000	240,000
	Administered Payments	145,000	140,000	0	0
	Depreciation	9,500	9,500	9,500	9,500
	Gross Appropriation	884,500	879,500	739,500	739,500
	Trading Revenue	200,000	80,000	80,000	80,000
	Net Appropriation	684,500	799,500	659,500	659,500
	POBOC	0	0	0	0
	Medium-term Expenditure Ceiling	884,500	879,500	739,500	739,500

Table 8-96 Total Resourcing – Government and ODA, SBMA (\$)

	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Net Appropriation	684,500	799,500	659,500	659,500
Trading Revenue	200,000	80,000	80,000	80,000
Official Development Assistance	0	0	0	0
Total Resourcing	884,500	879,500	739,500	739,500

Table 8-97 Output Funding for 2021/22, SBMA (\$)

Output	Output 1	Output 2	Output 3	Total
Personnel	384,000	37,100	68,900	490,000
Operating	180,000	40,000	20,000	240,000
Administered Funding	145,000	0	0	145,000
Depreciation	9,500	0	0	9,500
Gross Operating Appropriation	718,500	77,100	88,900	884,500
Trading Revenue	200,000	0	0	200,000
Net Operating Appropriation	518,500	77,100	88,900	684,500

8.5.24.1 Cook Islands Seabed Minerals Authority Outputs

Output 1: Effective Seabed Minerals sector

The main purpose of this output is to ensure that the Authority is continuing the development and implementation of a robust regulatory framework for seabed minerals activities through its licensing, compliance and technical divisions.

Output 2: Communications & Stakeholder engagement

The purpose of this Output is to ensure consistency, coherence and clarity in the way in which the Authority communicates to its stakeholder and to improve engagement with stakeholders.

Key stakeholders include Government ministries and agencies, research bodies, non-Governmental, private sector and other organisations, concerning the Cook Islands seabed minerals sector.

Output 3: Corporate Services

The main purpose of this output is to provide support to the Authority through financial and administration management, human resources management and further maintaining a high standard of corporate governance and meet Government and public accountability expectations.

Table 8-98 Baselines and New Budget Measures, SBMA (\$)

Details	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
2020/21 Budget Personnel Baseline	340,000	340,000	340,000	340,000
Personnel Adjustment	150,000	150,000	150,000	150,000
2021/22 Budget Personnel Budget	490,000	490,000	490,000	490,000
2020/21 Budget Operating Baseline	140,000	140,000	140,000	140,000
Monitoring and Compliance, Database development	100,000	100,000	100,000	100,000
2021/22 Budget Operating Budget	240,000	240,000	240,000	240,000
2020/21 Budget Administered Payments Baseline	0	0	0	0
Seabed Minerals Sector Development	100,000	100,000	0	0
Seabed Minerals Compliance Development	45,000	40,000	0	0
2021/22 Budget Administered Payments	145,000	140,000	0	0
2020/21 Budget Depreciation Baseline	9,500	9,500	9,500	9,500
2021/22 Budget Depreciation	9,500	9,500	9,500	9,500
Gross Operating Appropriation	884,500	879,500	739,500	739,500
2020/21 Budget Trading Revenue Baseline	0	0	0	0
Trading revenue - annual license fees	80,000	80,000	80,000	80,000
Trading revenue - grant license fees	120,000	0	0	0
2021/22 Budget Trading Revenue	200,000	80,000	80,000	80,000
Net Operating Appropriation	684,500	799,500	659,500	659,500

Additional personnel funding of \$150,000 will be to employ critical personnel to expand technical services and capacity.

Additional operating funding of \$100,000 will assist in the implementation of a robust operating licensing system for monitoring and compliance as well as database development.

The Seabed Minerals Sector Development administered fund has been extended for an extra two years to support the authority and industry.

Funding has been provided for the development of a Seabed Minerals Compliance function. A planned functional review in 2023/24 will determine the long-term allocation of this function.

Recognition of annual license fee trading revenue across the medium-term and a one-off recognition of Grant license fees as trading revenue to be received in 2021/22.

Table 8-99 Administered Payments, SBMA (\$)

Output	Administered Payment	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
1	Seabed Minerals Sector Development	100,000	100,000	0	0
1	Seabed Minerals Compliance Development	45,000	40,000	0	0
	Output 1 Administered Funding	145,000	140,000	0	0
	Total CI Seabed Minerals Administered Funding	145,000	140,000	0	0

8.5.25 Tourism Corporation

Cook Islands Tourism Corporation		2021-22	2022-23	2023-24	2024-25
MTEC	Personnel	2,173,913	2,173,913	2,173,913	2,173,913
	Operating	1,396,087	1,446,087	1,466,087	1,466,087
	Administered Payments	4,500,000	4,500,000	4,500,000	4,500,000
	Depreciation	52,000	52,000	52,000	52,000
	Gross Appropriation	8,122,000	8,172,000	8,192,000	8,192,000
	Trading Revenue	0	0	20,000	20,000
	Net Appropriation	8,122,000	8,172,000	8,172,000	8,172,000
	POBOC	0	0	0	0
	Medium-term Expenditure Ceiling	8,122,000	8,172,000	8,192,000	8,192,000

Table 8-100 Total Resourcing – Government and ODA, Tourism (\$)

	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Net Appropriation	8,122,000	8,172,000	8,172,000	8,172,000
Trading Revenue	0	0	20,000	20,000
Official Development Assistance	0	0	0	0
Total Resourcing	8,122,000	8,172,000	8,192,000	8,192,000

Table 8-101 Output Funding for 2021/22, Tourism (\$)

Output	Output 1	Output 2	Output 3	Total
Personnel	1,305,130	507,623	361,160	2,173,913
Operating	848,087	74,000	474,000	1,396,087
Administered Funding	4,000,000	500,000	0	4,500,000
Depreciation	0	0	52,000	52,000
Gross Operating Appropriation	6,153,217	1,081,623	887,160	8,122,000
Trading Revenue	0	0	0	0
Net Operating Appropriation	6,153,217	1,081,623	887,160	8,122,000

8.5.25.1 Cook Islands Tourism Corporation Outputs

Output 1: Destination Sales and Marketing

The function of Destination Sales and Marketing is to promote the Cook Islands as a holiday destination in its key and emerging source markets, to grow the tourism industry and the Cook Islands economy for the benefit of resident Cook Islanders.

The promotion is carried out through the negotiation of airline access with key airlines, create destination awareness through earned media, provide tools for consumers and trade to consider the Cook Islands and leverage key trade partners to convert interest to bookings to the Cook Islands.

Given COVID-19, the output remains the same, but with an additional lens to grow business and extend the role of the sales arm, facilitating tighter conversion-focussed customer journeys through strengthening of direct business portals.

Output 2: Destination Development

The function of Destination Development is to sharpen the unique selling proposition of the Cook Islands and enhance the visitor experience. This is measured by the increase in length of stay for visitors, incentivised event travel in the low and shoulder season and the economic return from increased tourism receipts. This broad function is delivered through the following operating divisions of Cook Islands Tourism; Destination development; visitor information and assistance; Kia Orana ambassadors; statistics and research.

Output 3: Corporate Services

Provision of support services to enable effective functioning of the Cook Islands Tourism Corporation. This includes governance, financial management, human resource development and operational management. Corporate services are vital in ensuring the core functions of Destination Sales and Marketing and Destination Development are met.

Table 8-102 Baselines and New Budget Measures, Tourism (\$)

Details	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
2020/21 Budget Personnel Baseline	1,919,000	1,919,000	1,919,000	1,919,000
Transfer from operating	254,913	254,913	254,913	254,913
2021/22 Budget Personnel Budget	2,173,913	2,173,913	2,173,913	2,173,913
2020/21 Budget Operating Baseline	2,383,000	2,383,000	2,383,000	2,383,000
Transfer of operating to capital	(50,000)	0	0	0
Cancellation of programmed increases	(578,000)	(528,000)	(528,000)	(528,000)
Transfer to personnel	(254,913)	(254,913)	(254,913)	(254,913)
Operating adjustment	(100,000)	(150,000)	(130,000)	(130,000)
Transfer to depreciation	(4,000)	(4,000)	(4,000)	(4,000)
2021/22 Budget Operating Budget	1,396,087	1,446,087	1,466,087	1,466,087
2020/21 Budget Administered Payments Baseline	4,922,000	4,922,000	4,922,000	4,922,000
Marketing Resources - Tourism Growth Strategy	(422,000)	(422,000)	(422,000)	(422,000)
2021/22 Budget Administered Payments	4,500,000	4,500,000	4,500,000	4,500,000
2020/21 Budget Depreciation Baseline	48,000	48,000	48,000	48,000
Transfer from operating	4,000	4,000	4,000	4,000
2021/22 Budget Depreciation	52,000	52,000	52,000	52,000
Gross Operating Appropriation	8,122,000	8,172,000	8,192,000	8,192,000
2020/21 Budget Trading Revenue Baseline	100,000	150,000	150,000	150,000
Trading Revenue adjustment	(100,000)	(150,000)	(130,000)	(130,000)
2021/22 Budget Trading Revenue	0	0	20,000	20,000
Net Operating Appropriation	8,122,000	8,172,000	8,172,000	8,172,000

CI Tourism Corporation has transferred \$50,000 from operating to capital expenditure to purchase an offline storage system to improve large data file processing. This will be assessed as the Government Network upgrade is completed during 2021/22.

A reduction in operating budget has been supported in line with reduced trading revenue levels over the medium-term.

CI Tourism Corporation also identified savings to return to Crown from both operating and administered funding across the medium-term for critical expenditure needs.

Table 8-103 Administered Payments, Tourism (\$)

Output	Administered Payment	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
1	Marketing Resources - Tourism Growth Strategy	4,500,000	4,500,000	4,500,000	4,500,000
	Output 1 Administered Funding	4,500,000	4,500,000	4,500,000	4,500,000
	Total Tourism Corporation Administered Funding	4,500,000	4,500,000	4,500,000	4,500,000

8.5.26 Ministry of Transport

Transport		2021-22	2022-23	2023-24	2024-25
MTEC	Personnel	1,024,000	1,034,000	1,034,000	1,034,000
	Operating	161,000	151,000	151,000	151,000
	Administered Payments	0	0	0	0
	Depreciation	63,609	63,609	63,609	63,609
	Gross Appropriation	1,248,609	1,248,609	1,248,609	1,248,609
	Trading Revenue	32,000	42,000	42,000	42,000
	Net Appropriation	1,216,609	1,206,609	1,206,609	1,206,609
	POBOC	120,000	120,000	120,000	120,000
	Medium-term Expenditure Ceiling	1,368,609	1,368,609	1,368,609	1,368,609

Table 8-104 Total Resourcing – Government and ODA, Transport (\$)

	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Net Appropriation	1,216,609	1,206,609	1,206,609	1,206,609
Trading Revenue	32,000	42,000	42,000	42,000
Official Development Assistance	0	0	0	0
Total Resourcing	1,248,609	1,248,609	1,248,609	1,248,609

Table 8-105 Output Funding for 2021/22, Transport (\$)

Output	Output 1	Output 2	Output 3	Output 4	Output 5	Output 6	Total
Personnel	186,152	156,234	92,614	346,586	199,548	42,866	1,024,000
Operating	25,450	26,950	25,450	42,400	29,579	11,171	161,000
Administered Funding	0	0	0	0	0	0	0
Depreciation	13,200	5,593	0	39,625	5,191	0	63,609
Gross Operating Appropriation	224,802	188,777	118,064	428,611	234,318	54,037	1,248,609
Trading Revenue	0	3,169	0	22,831	6,000	0	32,000
Net Operating Appropriation	224,802	185,608	118,064	405,780	228,318	54,037	1,216,609

8.5.26.1 Ministry of Transport Outputs

Output 1: Civil Aviation Authority of (the) Cook Islands

The Civil Aviation Authority of the Cook Islands works with industry groups to reach consensus on international civil aviation Standards and Recommended Practices (SARPs) and policies in support of a safe, efficient, secure, economically sustainable and environmentally responsible civil aviation sector. These SARPs and policies are used by the Cook Islands to ensure that domestic and international civil aviation operations and regulations conform to global norms. The Authority includes the Pa Enea as part of its safety and security responsibility.

Output 2: Maritime Safety Authority

The Maritime Sector ensures the industry operates safely and efficiently in compliance with international and national laws and that any risks or threats to the industry does not impact on the safety of people, the marine environment, port security or the reputation of the Cook Islands. The Ministry will implement international mandatory requirements as well as support the actions recommended of its Maritime Transport policy. The Ministry will continue to establish systems for the safety, security and protection of the environment for all stakeholders within the Maritime Sector.

Output 3: Land Transport Authority

This Authority is responsible for developing the Government's policy regarding land transport. The national land transport policy will guide the strategic direction, structure, roles and responsibilities of stakeholders within the sector.

Output 4: Cook Islands Meteorological Services

The Cook Islands Meteorological Service is focused on ensuring the safety of lives and human well-being. Timely alerts, predictions and other weather and climate information allow people to be more prepared and less vulnerable to extreme weather events. This output enables decision makers to minimise risks and exploit opportunities in agriculture, public health, water resources, energy production, aviation, shipping and other sectors.

Output 5: Corporate Services

The purpose of this output is to ensure compliance with Government practices and to maintain effective licensing through the development and effective performance of its workforce.

Output 6: Hazardous Substances (Dangerous Goods)

The purpose of this output is to ensure that safety oversight is conducted on the packing, marking, handling, carriage, storage and use of certain flammable, oxidising, and corrosive materials, and certain compressed liquefied, dissolved, and other gases so public safety is not compromised.

Table 8-106 Baselines and New Budget Measures, Transport (\$)

Details	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
2020/21 Budget Personnel Baseline	1,024,000	1,034,000	1,034,000	1,034,000
2021/22 Budget Personnel Budget	1,024,000	1,034,000	1,034,000	1,034,000
2020/21 Budget Operating Baseline	161,000	151,000	200,000	200,000
Cancellation of programmed increases	0	0	(49,000)	(49,000)
2021/22 Budget Operating Budget	161,000	151,000	151,000	151,000
2020/21 Budget Administered Payments Baseline	0	0	0	0
2021/22 Budget Administered Payments	0	0	0	0
2020/21 Budget Depreciation Baseline	51,000	51,000	51,000	51,000
Depreciation Adjustment	12,609	12,609	12,609	12,609
2021/22 Budget Depreciation	63,609	63,609	63,609	63,609
Gross Operating Appropriation	1,248,609	1,248,609	1,248,609	1,248,609
2020/21 Budget Trading Revenue Baseline	32,000	42,000	42,000	42,000
2021/22 Budget Trading Revenue	32,000	42,000	42,000	42,000
Net Operating Appropriation	1,216,609	1,206,609	1,206,609	1,206,609
2020/21 Budget POBOC Baseline	79,000	79,000	79,000	79,000
Maritime Radio Coverage	41,000	41,000	41,000	41,000
2021/22 Budget POBOC Funding	120,000	120,000	120,000	120,000

Programmed increase of \$49,000 from 2023/24 has been cancelled to generate savings for other critical expenditure needs.

Additional funding of \$41,000 from 2021/22 has been allocated to the Maritime Radio Coverage POBOC to cover the contractual costs for the service provision.

Depreciation has been adjusted to account for the new auto-weather stations in the Pa Enea for the Cook Islands Meteorological Service.

Table 8-107 Payments on Behalf of Crown, Transport (\$)

Output	POBOCs	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
2	Maritime Radio Coverage	120,000	120,000	120,000	120,000
	Output 2 POBOC Funding	120,000	120,000	120,000	120,000
	Total Ministry of Transport POBOC Funding	120,000	120,000	120,000	120,000

8.5.27 Ministerial Support

Table 8-108 Ministerial Office Funding Ceilings (\$)

Ministerial Support	2021-22	2022-23	2023-24	2024-25
Prime Minister	540,000	540,000	540,000	540,000
Deputy Prime Minister	378,000	378,000	378,000	378,000
Minister Vaine Mokoroa	308,000	308,000	308,000	308,000
Minister Vainetutai Toki-Brown	308,000	308,000	308,000	308,000
Minister Patrick Arioka	308,000	308,000	308,000	308,000
Minister George Angene	308,000	308,000	308,000	308,000
Leader of Opposition	308,000	308,000	308,000	308,000
Total Ministerial Support	2,458,000	2,458,000	2,458,000	2,458,000

The funding allocated for each Ministerial office supports personnel costs, operating costs, and the depreciation costs attributable to assets purchased and operated by each office.

A breakdown of each Office's funding is in Schedule 1 – Agency Budget Appropriations.

Operating funding for the Prime Minister's support office has increased to facilitate the work of the office.

8.6 Island Governments

The Pa Enua Island Governments funding is determined based on the results of the Pa Enua funding formula, which is further detailed in the Pa Enua chapter (Chapter 15).

Table 8-109 highlights the funding adjustments made to each Island Government's funding across the medium-term. In total, the Pa Enua funding has increased by \$200,000 to cover personnel and operating shortfalls.

Note the phased implementation of the Island Administration to the new Government remuneration framework remains on hold until the fiscal situation stabilises.

Table 8-109 Pa Enua Funding Adjustments (\$'000)

Pa Enua	Personnel Adjustments				Operating Adjustments				Final Funding (including baseline)			
	21/22	22/23	23/24	24/25	21/22	22/23	23/24	24/25	21/22	22/23	23/24	24/25
Aitutaki	0	0	0	0	34	34	34	34	2,127	2,127	2,127	2,127
Atiu	0	0	0	0	28	28	28	28	1,771	1,771	1,771	1,771
Mangaia	0	0	0	0	28	28	28	28	1,782	1,782	1,782	1,782
Manihiki	13	12	12	12	9	9	9	9	1,355	1,356	1,356	1,356
Mauke	0	0	0	0	23	23	23	23	1,421	1,422	1,422	1,422
Mitiaro	0	0	0	0	14	14	14	14	880	880	880	880
Palmerston	0	0	0	0	7	7	7	7	432	432	432	432
Penrhyn	0	0	0	0	16	16	16	16	1,011	1,008	1,008	1,008
Pukapuka-Nassau	7	6	6	6	13	14	14	14	1,264	1,265	1,265	1,265
Rakahanga	0	0	0	0	9	9	9	9	562	562	562	562
Total	20	18	18	18	180	182	182	182	12,605	12,605	12,605	12,605

8.7 Administered Payments

Administered payments are a sub-set of operating expenditure allocated for a specific expenditure purpose. The funding is accessible to spend if it meets the purpose of allocation and specified criteria in the administered payments policy. Listed below are brief explanations of each administered payment.

Table 8-110 Administered Payments Schedule

Administering Ministry	Output	Administered Payment	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Compensation of Employees								
Cook Islands Investment Corporation	1	Infrastructure Committee	176,621	130,000	100,000	100,000	100,000	100,000
Cook Islands Investment Corporation	1	Government Facilities Development Division	714,571	420,000	420,000	420,000	420,000	420,000
Cook Islands Investment Corporation	1	School Security	278,726	211,437	180,000	230,000	230,000	230,000
Cook Islands Investment Corporation	2	Joint Venture with Seabed Minerals Authority	289,024	25,283	50,000	50,000	50,000	50,000
Environment	1	National Heritage Trust	92,138	122,241	122,241	122,241	122,241	122,241
Finance and Economic Management	1	Price Tribunal Committee	38,827	13,031	60,000	45,000	45,000	45,000
Finance and Economic Management	2	The Centre of Research and Policy Studies	9,522	19,404	80,000	80,000	80,000	80,000
Justice	1	Judges Allowances	190,837	170,687	400,000	300,000	465,000	465,000
Justice	2	Project to bring land records up to date	0	49,660	120,000	120,000	120,000	120,000
Prime Minister's Office	4	ICT Support Team	65,634	201,613	183,077	0	0	0
Prime Minister's Office	8	Marae Moana Ambassador	0	60,000	60,000	0	0	0
Public Service Commission	3	HOM's Salaries	1,855,698	1,810,000	1,940,000	1,810,000	1,810,000	1,810,000
Compensation of Employees Administered Payments			3,711,597	3,233,355	3,715,318	3,277,241	3,442,241	3,442,241
Use of Goods and Services								
CI Seabed Minerals	1	Seabed Minerals Sector Development	70,667	150,090	100,000	100,000	0	0
CI Seabed Minerals	1	Seabed Minerals Compliance Development	0	0	45,000	40,000	0	0
Cook Islands Investment Corporation	1	Provision for Land Rentals	465,740	79,566	500,000	500,000	500,000	500,000
Cook Islands Investment Corporation	1	Land Rent Reviews	163,296	0	0	0	0	0
Cook Islands Investment Corporation	2	Avaroa Cable	238,547	150,000	0	0	0	0
Cook Islands Investment Corporation	2	Renewable Energy Maintenance	194,987	0	0	0	0	0
Cook Islands Investment Corporation	2	CIG Buildings Repairs & Maintenance	0	0	0	0	1,000,000	1,000,000
Crown Law	2	Legal Provisions	0	5,295	251,029	0	0	0
Crown Law	2	Arbitration Case	338,851	0	0	0	0	0
Crown Law	1	Lexis Nexis - Portal Maintenance	0	0	0	0	80,000	80,000
Cultural Development	1	National Events Fund	678,501	401,377	500,000	500,000	500,000	500,000
Cultural Development	1	Te Kopapa Reo Maori Board	13,648	13,675	15,000	15,000	15,000	15,000
Cultural Development	1	Cook Islands Cultural Fund	151,775	200,000	150,000	150,000	150,000	150,000
Cultural Development	2	Audio and Visual Digitization	39,884	0	0	0	0	0
Education	3	Tertiary Training Institutions	847,677	1,158,334	1,160,000	1,160,000	1,160,000	1,160,000

Administering Ministry	Output	Administered Payment	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Education	4	Bus Service	24,482	21,600	26,325	26,325	26,325	26,325
Environment	3	E - Waste & Whiteware Collection	143,607	0	0	0	0	0
Environment	2	EIA Process	68,277	181,030	150,000	150,000	150,000	150,000
Environment	3	Management of Suwarrow Park	149,640	150,000	100,000	100,000	100,000	100,000
Finance and Economic Management	1	Public Sector Strengthening-processes and systems	304,386	41,923	150,000	200,000	150,000	150,000
Finance and Economic Management	6	COVID-19 Medical Response Fund	4,723,490	3,000,000	3,000,000	0	0	0
Finance and Economic Management	1	COVID-19 Economic Response Plan	17,741,983	78,258,000	0	0	0	0
Finance and Economic Management	1	Economic Recovery Roadmap	0	0	33,500,000	0	0	0
Finance and Economic Management	2	The Centre of Excellence in Information Technology (CEIT)	158,234	60,000	100,000	80,000	60,000	0
Finance and Economic Management	2	Audit of Crown Accounts	0	0	30,000	30,000	30,000	30,000
Finance and Economic Management	1	Standard and Poors Subscription	62,555	70,000	70,000	70,000	70,000	70,000
Finance and Economic Management	2	Special Investigative and Prosecution Services	90,389	43,860	30,000	50,000	50,000	50,000
Finance and Economic Management	2	Debt Advisory Services	12,332	28,310	60,000	60,000	60,000	60,000
Finance and Economic Management	2	FMIS Maintenance	0	80,000	80,000	80,000	80,000	80,000
Finance and Economic Management	2	Government Broadband Utilities	0	27,542	30,000	30,000	30,000	30,000
Finance and Economic Management	3	Border Management System Maintenance	155,250	155,250	155,250	155,250	155,250	155,250
Finance and Economic Management	3	Post Tax Amnesty Work	292,553	23,660	0	0	0	0
Foreign Affairs	5	Cook Islands Student Association Support	10,000	400	10,000	10,000	10,000	10,000
Foreign Affairs	5	Returned Services Association	517	790	5,000	5,000	5,000	5,000
Head Of State	1	Domestic Hosting Entertainment	9,142	15,000	15,000	15,000	15,000	15,000
Head Of State	1	QR Social Responsibility Fund	5,126	8,000	8,000	8,000	8,000	8,000
Head Of State	1	Head of State Rent	13,042	8,695	13,000	13,000	13,000	13,000
Health	4	Pharmaceuticals	945,515	867,800	1,167,800	1,167,800	1,167,800	1,167,800
Infrastructure Cook Islands	2	Bridges and Stream Structure Maintenance	1,097,967	320,571	740,000	740,000	700,000	700,000
Infrastructure Cook Islands	4	Waste Management	578,047	730,000	730,000	730,000	730,000	730,000
Infrastructure Cook Islands	3	Road and Drainage Asset Management	1,090,696	1,352,950	850,000	850,000	800,000	800,000
Infrastructure Cook Islands	3	Emergency Response Work	135,144	200,000	200,000	200,000	200,000	200,000
Infrastructure Cook Islands	1	Pa Enuu Machinery Maintenance Funds	196,186	200,000	0	0	0	0
Internal Affairs	2	Internal Affairs Youth Program	24,782	31,141	45,000	45,000	45,000	45,000
Internal Affairs	4	Vaka Maintenance	391,282	400,000	400,000	400,000	450,000	450,000
Internal Affairs	5	Lease extension	36,000	40,000	72,000	72,000	72,000	72,000
Parliamentary Services	1	Special Select Committee	95,262	210,887	150,000	120,000	120,000	120,000

Administering Ministry	Output	Administered Payment	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Parliamentary Services	2	Remuneration Tribunal Committee	0	0	20,000	0	0	0
Police	1	Search and Rescue	18,667	0	20,000	20,000	20,000	20,000
Police	1	Serious Crime Investigations	98,014	58,823	100,000	100,000	100,000	100,000
Police	1	Te Kukupa - Biannual Slipping	60,662	0	0	0	0	0
Police	1	Te Kukupa - Fuel Contribution	78,876	85,457	250,000	250,000	250,000	250,000
Police	2	Police Youth Program	34,574	45,000	45,000	45,000	45,000	45,000
Prime Minister's Office	1	Social Responsibility Fund	460,343	363,000	363,000	363,000	363,000	363,000
Prime Minister's Office	1	Community Support Fund	85,555	100,000	100,000	100,000	100,000	100,000
Prime Minister's Office	3	Pa Enea Mechanical Overseer	92,670	84,363	100,000	100,000	100,000	100,000
Prime Minister's Office	5	Energy Commissioner	0	0	0	0	0	0
Prime Minister's Office	6	Red Cross	50,000	50,000	50,000	50,000	50,000	50,000
Prime Minister's Office	6	Pa Enea Machinery Maintenance Fund			100,000	100,000	100,000	100,000
Tourism Corporation	1	Marketing Resources - Tourism Growth Strategy	4,922,000	4,200,000	4,500,000	4,500,000	4,500,000	4,500,000
Finance and Economic Management	6	Tarai Vaka Fund	0	0	20,000	20,000	20,000	20,000
Financial Services Development Authority	1	Tax Law Review	0	0	80,000	0	0	0
		Use of Goods and Services Administered Payments	37,660,821	93,672,387	50,356,404	13,520,375	14,350,375	14,290,375
Subsidies								
Education	3	University of the South Pacific Contribution	147,706	70,033	205,000	205,000	205,000	205,000
Finance and Economic Management	1	Airline Underwrite	8,720,655	0	6,500,000	10,000,000	10,000,000	10,000,000
Finance and Economic Management	2	Subsidy of audio/visual broadcasting in Pa Enea	38,956	0	45,000	45,000	45,000	45,000
Finance and Economic Management	2	Asian Infrastructure Investment Bank (AIIB) Membership	31,746	0	30,500	30,500	30,500	30,500
Finance and Economic Management	1	Pacific Financial Regional Technical Assistance (PFTAC) Contribution	0	15,000	0	0	0	0
Finance and Economic Management	1	Universal Access Fund	0	220,000	400,000	400,000	400,000	400,000
Finance and Economic Management	6	Provision for Inter Island Shipping	1,234,920	702,792	500,000	500,000	500,000	500,000
		Subsidies Administered Payments	10,173,983	1,007,825	7,680,500	11,180,500	11,180,500	11,180,500
Social Assistance								
Education	2	Government Funded Scholarships	757,559	780,000	780,000	780,000	780,000	780,000
Health	1	NCD Fund	195,000	195,000	195,000	195,000	195,000	195,000
Health	4	Patient Referrals	850,000	850,000	850,000	850,000	850,000	850,000
Health	5	Workforce Development	156,350	234,070	234,070	234,070	234,070	234,070

Administering Ministry	Output	Administered Payment	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Internal Affairs	1	Welfare Payments - Allowances	1,192,476	1,262,437	1,316,000	1,322,700	1,328,300	1,333,900
Justice	1	Legal Aid	0	2,000	40,000	40,000	40,000	40,000
		Social Assistance Administered Payments	3,151,385	3,323,507	3,415,070	3,421,770	3,427,370	3,432,970
Other Expense								
Cook Islands Investment Corporation	2	To Tatou Vai	2,300,000	3,330,000	3,000,000	3,000,000	3,000,000	2,000,000
Education	2	Private School Funding	2,509,346	2,510,709	2,663,277	2,663,277	2,663,277	2,663,277
Finance and Economic Management	1	Competition and Regulatory Authority	150	480,000	0	0	0	0
Finance and Economic Management	2	Production of new currency, transportation and sale of old coins	753,679	379,661	15,000	350,000	350,000	350,000
Finance and Economic Management	4	National Census	0	0	300,000	0	0	0
Finance and Economic Management	4	Conduct of a Labour Force Survey	59,071	0	0	0	0	0
Internal Affairs	2	SIF - Cook Islands Government Contribution	848,053	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Internal Affairs	5	CISNOC Grant	475,715	370,000	370,000	370,000	370,000	370,000
Marine Resources	2	Fisheries Development Facility	199,229	250,000	200,000	200,000	200,000	200,000
Marine Resources	3	Fisheries Development Facility in the Pa Enea	94,413	0	0	0	0	0
Internal Affairs	5	Religious Advisory Council	0	0	10,000	10,000	10,000	10,000
Prime Minister's Office	9	State Events	0	0	20,000	20,000	20,000	20,000
		Other Expenses Administered Payments	7,239,656	8,320,370	7,578,277	7,613,277	7,613,277	6,613,277
Grand Total			61,937,443	109,557,444	72,745,569	39,013,163	40,013,763	38,959,363

8.7.1 Compensation of Employees Administered Payments

Infrastructure Committee – the Infrastructure Committee oversee the delivery of infrastructure projects and make decisions regarding the management and commissioning of individual projects to add value to the Government processes in enabling economic development.

Government Facilities Development Division – formerly known as the Special Projects unit, this Division manages key development projects and strategic facility improvement initiatives for CIIC. The Administrative Fund covers the Divisions operational and project management costs, specialist consultancy services engaged for specific activities and work packages, and various designs and works completed during the year.

School Security – this fund seeks to engage full-time security services, which will include both technology and personnel functions to strengthen school security and safety measures.

Joint Venture with Seabed Minerals Authority – this fund seeks to advance the interests of the Cook Islands seabed minerals in the exclusive economic zone and the clarion-clipperton zone.

National Heritage Trust – this fund covers the personnel and operation costs for the National Heritage Trust. The purpose of the trust is to research local biodiversity, monitor and update the National Biodiversity Database and make information available to the public and Government agencies.

Price Tribunal Committee – this fund covers the operational cost for the Price Tribunal Committee.

Centre of Research and Policy Studies – the purpose of this fund is to support the establishment and operations of a Research and Policy Studies Centre at the University of the South Pacific Cook Islands Campus.

Judges Allowances – this purpose of this fund is to pay for work and costs incurred in the Cook Islands for judges from New Zealand. The funding also covers the remuneration of appointed Justice of the Peace.

Project to bring land records up to date – the purpose of this fund is to cover the costs to update, archive and digitise land records and court transcripts.

ICT Support Team – to provide oversight on all ICT projects and developments in Government.

Marae Moana Ambassador – for the purpose of an advocate to foster development, inform, educate, and promote Marae Moana to stakeholders.

HOM's Salaries – this funding pays for the remuneration of all Heads of Ministries of the Cook Islands Government for each full financial year.

8.7.2 Use of Goods and Services

Seabed Minerals Sector Development – the purpose of this fund is to pay for contracts and other regulatory and environmental work tied to the Seabed Minerals sector.

Seabed Minerals Compliance Development – for the development of a seabed minerals compliance function to conduct the associated environmental work related to the Seabed Minerals sector.

Provision for Land Rentals – this funding is set aside for costs associated with land leased to the Crown.

CIG Buildings Repairs and Maintenance – this fund covers the cost of personnel and operating expenses related to repairing and maintaining all government buildings on Rarotonga and the Pa Enuā.

Legal Provisions – this fund covers litigation claims, legal costs and charges that the Crown Law Office determines likely for payment.

Lexis Nexis – Portal Maintenance – to cover licensing and maintenance costs of the Lexis Nexis legislative website to update Cook Islands acts and legislation on the website.

National Events – previously named Te Maeva Nui Cultural Celebration. The scope of this fund has broadened to allow support for a wider range of events including Te Maeva Nui Cultural Celebration and the bi-annual Cook Islands Games. Funding is provided annually to organise and coordinate national events.

Te Kopapa Reo Maori Board – this funding provides support for the preservation and growth of the Cook Islands Maori language and the oral history through the establishment of Te Kopapa Maori Board. The fund covers board fees for Te Kopapa Maori and the Historical Trust Committee, including secretarial and administrative services to assist Te Kopapa Reo in carrying out its duties.

Cook Islands Cultural Fund – this fund supports the preservation of the Cook Islands culture and seeks to encourage growth and expansion of productive economic, social and education activities to enhance culture art forms. This includes the Cook Islands’ participation in regional events such as the Festival of Pacific Arts Festival and performing at the Polynesian Cultural Center in Hawaii.

Tertiary Training Institutions – this funding supports the operating expenses for the Cook Islands Tertiary Training Institute (CITTI) to deliver training courses on Rarotonga and throughout the Pa Enea.

Bus Service – the purpose of this fund is to sustain a school bus service in Aitutaki to transfer students to and from outlying villages to school.

EIA Process – this funding supports the National Environment Council (NEC) and the Islands Environment Authority (IEA) to strengthen and improve the Environment Impact Assessment process via expert advisory support to the NEC and the IEA.

Management of Suwarrow Park – to effectively manage the Suwarrow National Park and fund the work of the rangers stationed in Suwarrow.

Public Sector Strengthening – processes and systems – the primary objective of this funding is to support programmes and initiatives that will improve the processes and systems of the public sector to operate efficiently and effectively.

COVID-19 Medical Response Fund – to support the health response to implement measures to prevent, limit or mitigate the spread of COVID-19 and its effects through the procurement and mobilisation of medical supplies and equipment and other associated operating costs to support health system strengthening.

COVID-19 Economic Response Plan – to support the national economic response to COVID-19 through the disbursement of social benefits and wage support for households and businesses, as well as other economic stimulus measures.

Economic Recovery Roadmap – to provide stimulus measures to support the recovery from the economic shock of COVID-19.

Centre of Excellence in Information Technology – to support the operations of the Centre of Excellence in Information Technology at the University of the South Pacific Cook Islands Campus.

Audit of Crown Accounts – to facilitate the audit of Crown Accounts.

Standard and Poor’s Subscription – subscription fees for the Standard & Poor’s (S&P) credit rating services.

Special Investigative and Prosecution Services – to enable the Cook Islands Financial Intelligence Unit to conduct special investigative and prosecution services on behalf of the Cook Islands Government.

Debt Advisory Services – payment of advisory services for the review of the Cook Islands Governments’ debt strategy.

FMIS Maintenance – this fund pays for the maintenance and support of an integrated Financial Management Information System (FMIS). The purpose of the system is to provide real-time financial data of all Government agencies to help decision-makers make informed decisions.

Government Broadband Utilities – a centralised fund to pay broadband internet charges for Government agencies on the Government network.

Border Management System Maintenance – this fund pays for the maintenance and system support of the Cook Islands Border Management System.

Cook Islands Student Association Support – to assist in hosting the annual Ta’okota’ianga cultural week in New Zealand. This provides an opportunity for Cook Islands tertiary students in New Zealand to celebrate the Cook Islands culture and heritage through various cultural activities.

Returned Services Association – for coordinating the annual ANZAC commemorations in close collaboration with the Returned Services Association (RSA) on ANZAC day in April of each year.

Domestic Hosting Entertainment – for the purposes of hosting State, Diplomatic and Civil functions.

QR Social Responsibility Fund - for any social responsibility expected of the Queen’s Representative to sectors of the community within the Cook Islands.

Head of State Rent – to cover rental fees for the Government House.

Pharmaceuticals – enables the procurement of pharmaceutical medicines, medical consumables and supplies for the Ministry of Health.

Bridges and Stream Structure Maintenance – to improve bridge and stream structure and to provide ongoing maintenance on all bridges and culverts around Rarotonga.

Waste Management – to improve waste management practices to promote a pristine environment, through effective and robust waste management systems.

Road and Drainage Asset Maintenance – to maintain and improve the road network, road corridor and road drainage to better ensure a safe road for all users.

Emergency Response Work – this funding enables Infrastructure Cook Islands (ICI) to mobilise staff, machinery and resources in responding to emergencies to ensure safety for all and restoration of infrastructure and facilities.

Internal Affairs Youth Program – this funding enables the Ministry of Internal Affairs to develop and organise programs that help to engage youth.

Vaka Maintenance – this funding engages with community groups to conduct monthly village clean up of public road networks and road corridors on Rarotonga.

Lease extension – payment to landowners to extend the terms of Crown leased land.

Special Select Committee – provides the framework for an effective and efficient management and service through funding the costs for each of the Committee’s activities.

Search and Rescue – for the purpose of any search and rescue operations on land and at sea.

Serious Crime Investigations – to cover costs associated with the investigation of serious crime.

Te Kukupa - Biannual Slipping – this funding is for the overhaul and maintenance of Te Kukupa boat.

Te Kukupa - Fuel Contribution – for refuelling Te Kukupa boat to conduct surveillance, search and rescue and other operational requirements.

Police Youth Program - to train and provide life and leadership skills to Cook Islands youth to be strong, law-abiding future leaders of the Cook Islands.

Social Responsibility Fund – this fund is accessible by members of Parliament (MP) to support small community projects, social events and sporting activities for the 24 Electoral Constituencies in the Cook Islands.

Community Support Fund – supports community activities and initiatives that meets the Cook Islands' development needs consistent with the Cook Islands National Sustainable Development Plan (NSDP).

Pa Enuu Mechanical Overseer – this fund allows for the employment of a Mechanical Overseer to carry out maintenance and repair work of heavy machinery and generators in the Pa Enuu.

Energy Commissioner – to oversee the administration and management of the Energy Act 1998. The Energy Commissioner will ensure technical services and capacity building are carried out within the Energy sector with the standards and regulations maintained accordingly.

Red Cross – to support the core costs of Cook Islands Red Cross Society and to help mobilise disaster awareness and assistance deployment programs.

Pa Enuu Machinery Maintenance Fund – for the procurement of parts and other resources to ensure the heavy machinery in the Pa Enuu, operate effectively.

Marketing Resources – Tourism Growth Strategy – this funding enables Cook Islands Tourism to promote and develop strategies to propagate the Cook Islands as an ideal travel destination.

Tarai Vaka Fund – provision of funding to support Government agencies in adhering to the Tarai Vaka process by funding cost-benefit analysis, environment impact assessment and other due diligence requirements.

Tax Law Review – to enable the review and update of tax legislation relating to the financial services industry.

8.7.3 Subsidies

University of the South Pacific Contribution – an annualised payment to the University of the South Pacific to support programmes delivered at the Cook Islands Campus such as the Cook Islands Maori Linguistics.

Airline Underwrite – to subsidise the cost of direct flights from Sydney, Australia and Los Angeles, USA to Rarotonga.

Subsidy of audio/visual broadcasting in Pa Enuu – to subsidise the provision of television broadcasting in the Pa Enuu

Asian Infrastructure Investment Bank Membership – payment of subscription fees to the Asian Infrastructure Investment Bank (AIIB).

Pacific Financial Regional Technical Assistance Centre Contribution – a grant contribution to the Pacific Financial Technical Assistance Centre (PFTAC) as members of the association.

Universal Access Fund – this fund will be used by the Competition and Regulatory Authority to support the provision of improved telecommunications services to the Pa Enuu under the Universal Access Plan.

Provision for Inter Island Shipping – to supplement the operating costs of shipping to the Pa Enua to enable regular transportation of passengers and bulk goods at an affordable price.

8.7.4 Social Assistance

Government Funded Scholarships – the purpose of this fund is to provide support for people wanting to pursue higher education, domestically and abroad through the provision of a range of scholarships, grants and other support. This support typically includes tuition fees and covers additional costs associated with tertiary study.

NCD Fund – this fund supports the implementation of community health programmes such as physical activity, healthy food and nutrition, smoking cessation, reducing alcohol consumption and injury prevention to reduce the prevalence of non-communicable diseases (NCD) in the country. These programmes influence positive behavioural changes, through partnerships with other Government and community groups.

Patient Referrals – this funding enables the referral of patients to receive secondary and some tertiary level care on Rarotonga or in New Zealand for acute and complex health problems.

Workforce Development – previously known as the Nursing School fund, this funding has been repurposed to provide professional development opportunities for clinicians, nurses, allied health, public health and other health professionals.

Welfare Payments – Allowances – please refer to Welfare Payments section later in this chapter.

Legal Aid – to assist people who have paid for legal services in criminal matters.

8.7.5 Other Expense

To Tatou Vai – this funding is to aid the establishment of To Tatou Vai Ltd as a commercially viable state-owned enterprise.

Private School Funding – this funding ensures equitable access to quality education by providing support for private schools.

Competition and Regulatory Authority – this funding supports the Authority to regulate telecommunications services providers and other utilities in the Cook Islands under the Competition and Regulatory Authority Act 2019. This fund has moved to POBOC funding.

Production of new currency, transportation and sale of old coins – to commission the production of new Cook Islands coins including the transportation and sale of old coins.

National Census – provision of funds to conduct the national census.

SIF - Cook Islands Government Contribution – provides support for the delivery of quality services by non-government organisations and community groups to meet the needs of those most vulnerable such as, children and youth, the elderly and the disabled and to address issues like gender equality, domestic violence and mental health.

CISNOC Grant – to support the Cook Islands Sports and National Olympic Committee (CISNOC) in promoting and encouraging sport and physical recreation throughout the Cook Islands.

Fisheries Development Facility – this fund provides support for the small-scale fisheries sector on Rarotonga and in the Pa Enua.

Religious Advisory Council – this funding provides support to the Religious Advisory Council and other associated costs to host the national prayer service.

State Events – this fund has been created to cover costs associated with organising and coordinating state service events such as funerals.

8.8 Payments on behalf of Crown

Payment on behalf of Crown (POBOC) funds support legislated payments made by the Crown. POBOC's are specifically appropriated within the Appropriation Act each year and are considered outside each agency's operating funding, but within the Medium-term Expenditure Ceiling (MTEC).

Each POBOC fund is briefly explained below.

Table 8-111 Payable on behalf of Crown (POBOC) Funds

Administering Ministry	Output	POBOC	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Compensation of Employees								
Finance and Economic Management	2	Parliamentary Superannuation	40,356	180,000	180,000	180,000	180,000	180,000
Audit (PERCA)	3	PERC Salaries and Administration Costs	45,543	57,500	57,500	57,500	57,500	57,500
Parliamentary Services	1	Civil List - Personnel	2,689,451	2,901,961	2,901,961	2,901,961	2,901,961	2,901,961
Parliamentary Services	1	House of Ariki	330,213	338,420	348,420	348,420	348,420	348,420
		Compensation of Employees POBOCs	3,105,563	3,477,881	3,487,881	3,487,881	3,487,881	3,487,881
Use of Goods and Services								
Audit (PERCA)	2	Audit Fees	82,791	35,733	95,600	95,600	95,600	95,600
Justice		General Elections, Petitions and By-Elections	0	0	0	0	0	0
Parliamentary Services	1	Civil List - Constituency Visits	145,928	170,200	170,200	170,200	170,200	170,200
Parliamentary Services	1	Parliamentary Sitting Expenses	321,913	150,000	200,000	200,000	200,000	200,000
Parliamentary Services	1	MP Travel and Allowances (local and overseas)	468,531	181,039	180,000	230,000	250,000	250,000
Parliamentary Services	1	QR Travel and Allowances (local and overseas)	109,000	18,531	109,000	109,000	109,000	109,000
Transport	2	Maritime Radio Coverage	0	0	120,000	120,000	120,000	120,000
Prime Minister's Office	3	Local Government Election	3,391	21,628	0	0	0	0
Foreign Affairs	5	International Maritime Organisation - Maritime Cook Islands	0	0	63,461	63,461	63,461	63,461
		Use of Goods and Services POBOCs	1,131,554	577,131	938,261	988,261	1,008,261	1,008,261
Subsidies								
Finance and Economic Management		Apex - Profit Guarantee	0	0	0	0	0	0
Cook Islands Investment Corporation	2	Bank of the Cook Islands - social assistance subsidy	53,871	0	128,000	128,000	128,000	128,000
Cook Islands Investment Corporation	2	Airport Authority subsidy	2,047,997	3,047,997	2,047,997	2,047,997	1,500,000	1,000,000
Cook Islands Investment Corporation	2	Ports Authority - subsidy	105,312	110,099	110,099	110,099	110,099	110,099
Cook Islands Investment Corporation	2	Te Aponga Uira - social assistance subsidy	380,000	0	0	0	0	0
Cook Islands Investment Corporation	2	Te Mana Uira o Araura - subsidy	0	500,000	0	0	0	0
		Subsidies POBOCs	2,587,180	3,658,096	2,286,096	2,286,096	1,738,099	1,238,099
Social Assistance								
Internal Affairs	1	Welfare Payments	19,259,278	20,007,261	20,227,000	20,440,000	20,647,900	20,853,200
		Social Assistance POBOCs	19,259,278	20,007,261	20,227,000	20,440,000	20,647,900	20,853,200

Administering Ministry	Output	POBOC	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Other Expense								
Finance and Economic Management	2	Pacific Catastrophe Risk Insurance	151,768	160,000	160,000	160,000	160,000	160,000
Finance and Economic Management	1	Competition and Regulatory Authority	0	0	620,574	579,148	460,148	460,148
Finance and Economic Management	2	BEPS Subscription	35,855	35,000	35,000	35,000	35,000	35,000
Foreign Affairs	5	International Subscriptions	636,204	890,000	890,000	890,000	890,000	890,000
Finance and Economic Management	2	CIG Insurance	100,001	180,000	40,000	40,000	40,000	40,000
		Other Expenses POBOCs	923,828	1,265,000	1,745,574	1,704,148	1,585,148	1,585,148
Grand Total			27,007,403	28,985,369	28,684,812	28,906,386	28,467,289	28,172,589

8.8.1 Compensation of Employees

Parliamentary Superannuation – to cover the superannuation of Members of Parliament.

PERC Salaries and Administration Costs – to cover personnel and operation expenses for the Public Expenditure Review Committee (PERC).

Civil List Personnel – funding to cover salaries and allowances for the Queen’s Representative, the Speaker and Members of Parliament.

House of Ariki – to carry out effective management and the administration of legal functions and affairs. The funding sets a framework to support annual activities and functions of the House of Ariki.

8.8.2 Use of Goods and Services

Audit fees – to cover payment of audit services.

Civil List Constituency Visits - to support each Member of Parliament from the Pa Enuā.

Parliamentary Sitting Expenses – covers costing over an estimate sitting of 30 days.

MP Travel and Allowances (local and overseas) – to cover airfares, accommodation and other associated costs and Official Duty Travel entitlement for members of Parliament and the Speaker of Parliament.

QR Travel and Allowances (local and overseas) – to cover airfares, accommodation and other associated costs for the Queen’s Representative when travelling on official duty.

Maritime Radio Coverage – to provide a maritime radio network to broadcast safety information and monitor distress channels within the Cook Islands’ coastal waters.

Local Government Election – to assist with the facilitation of the Island Government elections in the Pa Enuā.

International Maritime Organization – Maritime Cook Islands – payment of membership fees to the International Maritime Organization (IMO).

8.8.3 Subsidies

Bank of the Cook Islands – to subsidise the provision of banking services in the Pa Enuā.

Airport Authority subsidy – to assist with operations of the entity. The Airport Authority manages the airport on the islands of Aitutaki and Rarotonga. The functions of the Authority are to establish, improve, maintain and manage airports, services and facilities engaged in civil aviation.

Ports Authority – to support the operations of the entity to manage the ports on Rarotonga and Aitutaki

Te Aponga Uira – for the provision and maintenance of streetlights (including amenity lights) and uneconomic network extensions.

Te Mana Uira o Araura – to enable the provision of subsidised electricity to households and businesses experiencing financial hardship due to the impacts of COVID-19.

8.8.4 Other Expense

Pacific Catastrophe Risk Insurance – payment of insurance to safeguard the Cook Islands in the event of a catastrophe.

Competition and Regulatory Authority – this funding supports the Authority to regulate telecommunications services providers and other utilities in the Cook Islands under the Competition and Regulatory Authority Act 2019.

BEPS Subscription – payment of fees for access to resources available relating to Base erosion and profit shifting (BEPS). i.e., tax planning strategies.

International Subscriptions – payment of membership fees to Regional and International Organisations.

CIG Insurance – this funding is set aside for compensation of possible loss or damage of Crown assets. This funding is also for payment of insurance premiums.

8.9 Social Assistance

Table 8-112 Welfare Payments (\$)

	2021/22	2022/23	2023/24	2024/25
Welfare Payments Administered Payments	1,316,000	1,322,700	1,328,300	1,333,900
Welfare Payments POBOC	20,227,000	20,440,000	20,647,900	20,853,200
Total	21,543,000	21,762,700	21,976,200	22,187,100

These pensions and allowances support and protect the most vulnerable members of our society through the provision of legislated welfare benefits. The split between POBOC and Administered Payments is to recognise ongoing payments, such as pensions and the Destitute and Infirm Payment (DIP), and one-off or short-term payments such as funeral allowances and Christmas bonuses.

These payments assist families and individuals to meet the cost of basic needs such as food, shelter and clothing.

Table 8-113 Welfare Benefits (\$)

Administered funding for Welfare Services	2021/22	2022/23	2023/24	2024/25
Welfare Payments				
Caregivers	465,400	468,100	469,500	470,900
Christmas Bonus	346,100	350,100	354,300	358,500
Funeral Allowance	170,000	170,000	170,000	170,000
Power Subsidy	84,500	84,500	84,500	84,500
Special Assistance	250,000	250,000	250,000	250,000
Total Administered funding for Welfare Services	1,316,000	1,322,700	1,328,300	1,333,900
POBOC funding for Welfare Services	2021/22	2022/23	2023/24	2024/25
Welfare Payments				
Old Age Pension 60+	6,682,050	6,804,850	6,924,110	7,041,360
Old Age Pension 70+	6,343,650	6,355,450	6,368,090	6,381,040
Child Benefit	5,566,000	5,639,000	5,712,000	5,785,000
Newborn Allowance	242,800	241,100	239,500	238,000
Destitute and Infirm	1,232,100	1,239,200	1,243,800	1,247,400
Maternity Leave	150,000	150,000	150,000	150,000
Carer Order Payment	10,400	10,400	10,400	10,400
BCI fees	0	0	0	0
Total POBOC funding for Welfare Services	20,227,000	20,440,000	20,647,900	20,853,200
Total Welfare Funding	21,543,000	21,762,700	21,976,200	22,187,100

Table 8-114 Details on Welfare Payments

Legislated Welfare Payments	Payment Rate (\$)	Beneficiaries 2020/21 Estimate	Beneficiaries 2021/22 Estimate	Assumptions
Child Benefit (monthly)	100	4,588	4635	The increase in number of returning children from overseas is expected to increase the budget for this payment.
Newborn Allowance*	1,000	231	243	The number of births eligible for this payment is expected to increase slightly.
Old Age Pension - 60 to 69 years of age (monthly)	500	1,104	1,113	The number of pensioners in this age group continues to increase slightly based on actuals.
Old Age Pension - 70 years of age and over (monthly)	700	753	800	The number of pensioners in this age group is expected to increase slightly.
Destitute Persons Payment (monthly)	200	33	38	A slight increase in the number of people receiving these payments based on current trends.
Infirm Persons Payment (monthly)	400	236	250	A slight increase in the number of people receiving these payments based on current trends.
Non-legislated Welfare Payments				
Caregiver's Allowance (monthly)	200	190	195	The number of people that will qualify for caregiver's allowance is likely to increase due to an ageing population and an increase in disability due to NCDs.
Christmas Bonus*	50	6,737	6916	An increase in the total number of beneficiaries receiving benefit payment based on actuals.
Funeral Allowance*	2,400**	70	75	The number of old age beneficiaries expected to receive funeral assistance is expected to increase slightly.
Power Subsidy (quarterly)	66	300	300	Estimated number of pensioners receiving the power subsidy is expected to remain stable.
Other Payments				
Government-funded Paid Maternity Leave*	1,920	75	78	The number of births by working women in the private sector is expected to remain stable; however, the payment has increased due to an increase in the minimum wage to \$8.00 from 1 July 2020.

*Note some payments are not paid on a monthly basis. The Newborn Allowance, Christmas Bonus, Funeral Assistance and Maternity Leave are paid on each occurrence.

**There are three payment rates for the funeral assistance, based on the welfare benefit of the deceased beneficiary. The highest rate is \$2,400 for a Cook Island pensioner, \$1,200 for a New Zealand pensioner (who have resided in the Cook Islands 12 months prior to his/ her death), \$1,200 for an infirm or destitute beneficiary and \$600 for a child receiving the child benefit.

8.9.1 Welfare Payments

8.9.1.1 Legislated Entitlements (POBOC)

The Welfare Act 1989 provides for five types of welfare payments:

- Newborn Allowance
- Child Benefit
- Old Age Pension
- Destitute Payment
- Infirm Relief

The Employment Relations Act 2012 provides for the Government Funded Paid Maternity Leave payment.

Child Benefit

The eligible age for the child benefit are children under the age of 16 years.

The payment rate is \$100 per month, paid in two monthly instalments (on the 1st and the 16th of each month).

Newborn Allowance

The newborn allowance is a lump sum payment of \$1,000 to the parents or legal guardians responsible for the care of a newborn child born in the Cook Islands or overseas (provided the mother is usually a resident of the Cook Islands 12 months prior to giving birth). To claim this allowance, an application must be made within six months from the child's date of birth.

Old Age Pension

The pension is a taxable payment provided to eligible people aged 60 and over living in the Cook Islands.

For those aged between 60 and 69, the payment rate is \$500 a month. For those aged 70 and over, the payment rate is \$700 a month. Payments are made in two monthly instalments, the 1st and the 16th of each month.

Destitute and Infirm Payment

The destitute and infirm payment is a working age payment made to individuals residing in the Cook Islands that are unable to support themselves by their own means or labour and includes persons with dependents where such dependents are unable, through infirmity or age, to support themselves by their own means and labour.

A committee appointed by the Minister of Internal Affairs determines eligibility for payment and reviewed every three months in the first year of payment for ongoing payment.

Maternity Leave Payment

The maternity leave payment is a payment to assist private sector employers in meeting paid maternity leave obligations for working women who give birth. The payment rate is set at the minimum wage based on 40 hours per week for six weeks. At a minimum wage of \$8.00 per hour, the current payment rate is \$320 per week.

A lump sum payment is made to employers of eligible women who are then expected to pass on the payment, in accordance with usual income payment arrangements. The payment is subject to income tax. Women working in the Public Service do not qualify for this payment as Government provides six weeks maternity leave to employees through agency appropriations.

8.9.1.2 Non-legislated Welfare Payments

In addition to payments made under the Welfare Act 1989 and the Employment Relations Act 2012, the Government has provided executive authority for the payment of five additional welfare payments or allowances:

- Caregivers allowance
- Christmas bonus
- Funeral allowance
- Power subsidy, and
- Special assistance

Caregivers Allowance

The caregivers allowance provides support for people who are providing substantial day-to-day care for an elderly person or a person with permanent disabilities requiring high care needs. The payment rate is \$200 per month, paid in two monthly instalments – the 1st and the 16th of each month.

Christmas Bonus

A Christmas bonus is a \$50 payment in December to all eligible beneficiaries receiving the child benefit, destitute, infirm, caregiver and pension payments. It is a contribution from the Government to provide additional assistance to families at a time where expenses are higher than normal.

Funeral Allowance

The funeral allowance assists families with the funeral costs of a deceased beneficiary.

The funeral allowance is paid at the following rates: \$2,400 for Cook Island pensioners, \$1,200 for New Zealand pensioners who have resided in the Cook Islands 12 months prior to his/her death, infirm and destitute beneficiaries are entitled to \$1,200 and children on child Benefit are entitled to \$600.

Power Subsidy

A power subsidy may be provided, subject to an income test, for beneficiaries of the aged, destitute, or infirm relief payment. People receiving an overseas old age pension are not entitled to this benefit regardless of their total income. The rate of subsidy is \$66 per quarter. The subsidy directly credited to Te Aponga Uira to offset the power bills of eligible Rarotonga based beneficiaries and directly to individuals for eligible beneficiaries in the Pa Enea.

Special Assistance

Special assistance is considered on a case-by-case basis and subject to an income and asset test to very elderly beneficiaries and people with severe disabilities to improve accessibility and mobility.

8.9.2 Subsidies to State Owned Enterprises

To provide equitable basic services for all Cook Islanders, the Government provides a subsidy to SOEs involved in the provision of these services to cover the non-commercially viable aspects of the business, considered a social responsibility.

Table 8-115 Subsidies to State-owned Enterprises (\$)

POBOC	2021/22	2022/23	2023/24	2024/25
Bank of the Cook Islands	128,000	128,000	128,000	128,000
Airport Authority	2,047,997	2,047,997	1,500,000	1,000,000
Ports Authority	110,099	110,099	110,099	110,099
Total Cost	2,286,096	2,286,096	1,738,099	1,238,099

9 Capital Expenditure

9.1 Summary

The Capital Schedule outlines the capital programmes and projects appropriated with Cook Islands Government funding for the 2021/22 financial year and those planned for 2022/23 to 2024/25. As shown in Table 9-1, capital expenditure is estimated at \$32.0 million in 2021/22, and is expected to increase gradually to \$33.7 million in 2024/25, dependent on funding agreements.

Table 9-1 Total Capital Expenditure (\$'000)

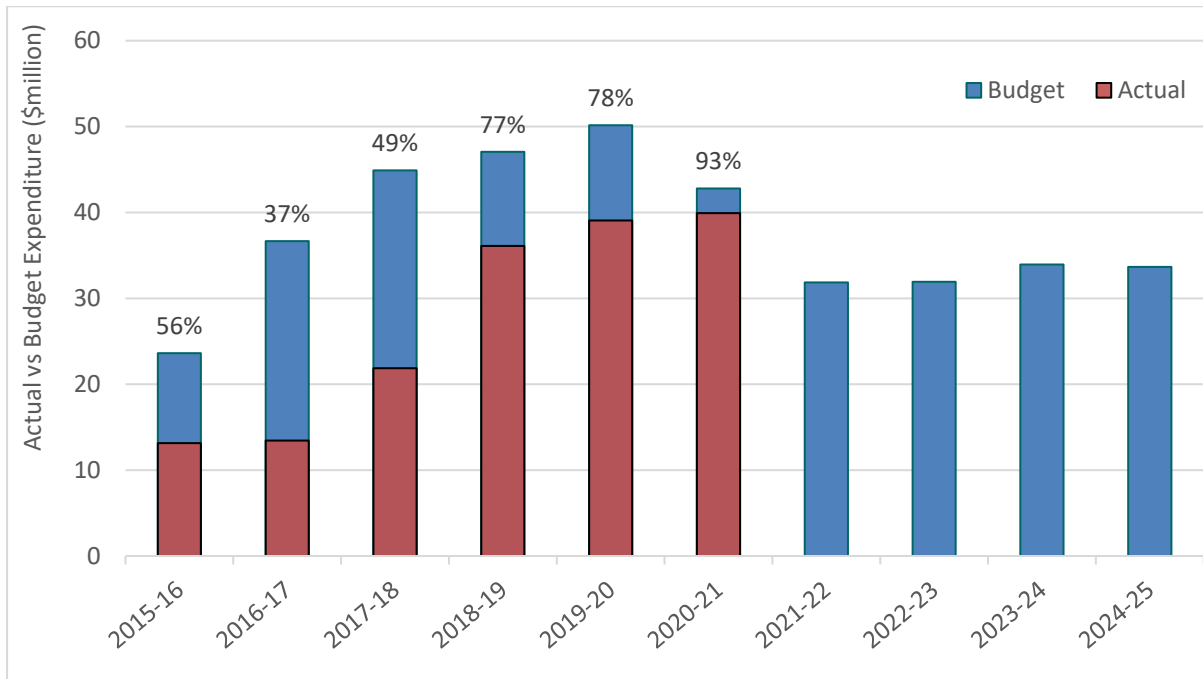
Ministry	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Agriculture	49,039	0	0	0	0
Audit	0	35,000	0	0	0
Cook Islands Investment Corporation	7,541,080	8,100,000	3,885,000	9,050,000	7,600,000
Corrective Services	0	50,000	0	0	1,000,000
Education	360,000	447,000	360,000	360,000	360,000
Health	2,869,721	300,000	300,000	300,000	300,000
Infrastructure Cook Islands	18,177,465	15,878,262	21,375,000	13,425,000	10,550,000
Internal Affairs	50,000	50,000	50,000	50,000	50,000
Justice	0	0	0	50,000	0
Finance and Economic Management	10,146,149	4,530,000	1,830,000	5,000,000	9,200,000
Capital Funds Administered BY MFEM	401,245	640,000	710,000	710,000	710,000
Office Of Prime Minister	449,506	1,921,000	5,000,000	5,000,000	3,900,000
Tourism	0	50,000	0	0	0
Total	40,044,206	32,001,262	33,510,000	33,945,000	33,670,000

Capital expenditure in 2020/21 is estimated at \$40.0 million.

As seen in Figure 9-1, the 2019/20 actual and 2020/21 estimated capital expenditure represent a continuing improvement in capital expenditure efficiency when compared to previous years. Expenditure efficiency in 2019/20 was impacted by the timing of the economic shock of COVID-19 arriving in conjunction with the Appropriation Amendment 2019/20 providing additional capital investment funding, resulting in a reduced efficiency result for the year.

The improvement is largely due to the completion of existing projects before engaging and implementing new capital works, and a greater focus on both budgetary and project planning, which has ensured that the project management cycle is more accurately reflected in the budget schedule.

Figure 9-1 Capital Investment Budget vs Actuals Comparison



The Government’s capital expenditure programmes continue themes from the 2020/21 budget. These themes include the following:

Physical Infrastructure, Water and Sanitation

Infrastructure Cook Islands capital investment funding continues to be directed towards physical infrastructure works on Rarotonga and the Pa Enua, with programmes focused on bridge assets and roads on Rarotonga, and air infrastructure works in the Pa Enua. Additional works are planned in the water and sanitation space as well as waste management on Rarotonga.

Further Pa Enua marine and air infrastructure projects are being planned, with design works commencing for both runways and harbours. While cyclone shelters planned in the Northern group will continue as other enabling infrastructure is delivered.

Cook Islands Investment Corporation will continue its focus on Government assets including building works on Rarotonga and the Pa Enua. Funding has been provided to To Tatou Vai to progress Rarotonga’s reticulated water network to completion over the medium-term.

Digital Infrastructure

To allow the Government to utilise more efficient and effective technology to manage its finances and communication, funding has been allocated to upgrade the existing network infrastructure and implement a new upgraded server system. An upgrade to the revenue management system (MFEM) is expected to improve the efficiency of tax revenue management.

Economic Stimulus

Government is in discussion with funding partners to agree funding for various projects that will offer significant economic stimulus to the Cook Islands in support of recovery from the economic shock of COVID-19. These projects include but are not limited to the Rarotonga International Airport (CIIC), renewable energy upgrades in the Pa Enua (Office of the Prime Minister), and the progression of the Mei Te Vai Ki Te Vai project (MFEM). These projects have been included in the capital schedule as an indicator of future works and expenditure.

9.2 Capital Programme Budgeting

From 2020/21, many infrastructure and Government building works managed by the Cook Islands Investment Corporation (CIIC) and Infrastructure Cook Islands (ICI) are being budgeted on a 'programme' basis. This allows each ministry to manage contractors, logistics and project budgets within each programme to maximise project delivery. This is reflected in the scheduling for individual projects developed by each agency to ensure that resources are effectively managed. The individual projects currently in planning or forecast stage are indicated in the following sections of this chapter.

Figure 9-1 shows budgeted capital spending over the medium-term. This focusses on progressing existing capital projects, as well as providing funding for new stimulus projects to support economic recovery over the medium-term. Where new projects have been included, these have been identified with a purpose of engaging local contractors and suppliers or, where infrastructure upgrades are critical.

Over the forward years, the Government's capital budget estimates range from \$32.0 million to \$33.9 million. Capital investment over the forward years includes projects where funding is currently in the early stages of negotiation, and are subject to revision.

The Government's capital plan for 2021/22 to 2024/25 is split between two funding sources. The first is direct funding from the Cook Islands Government cash reserves, which may include debt sourced funding.

The second is Official Development Assistance (ODA) funding from a number of development partners, with New Zealand being the major contributor. The Government and its donor partners jointly fund a significant number of capital projects.

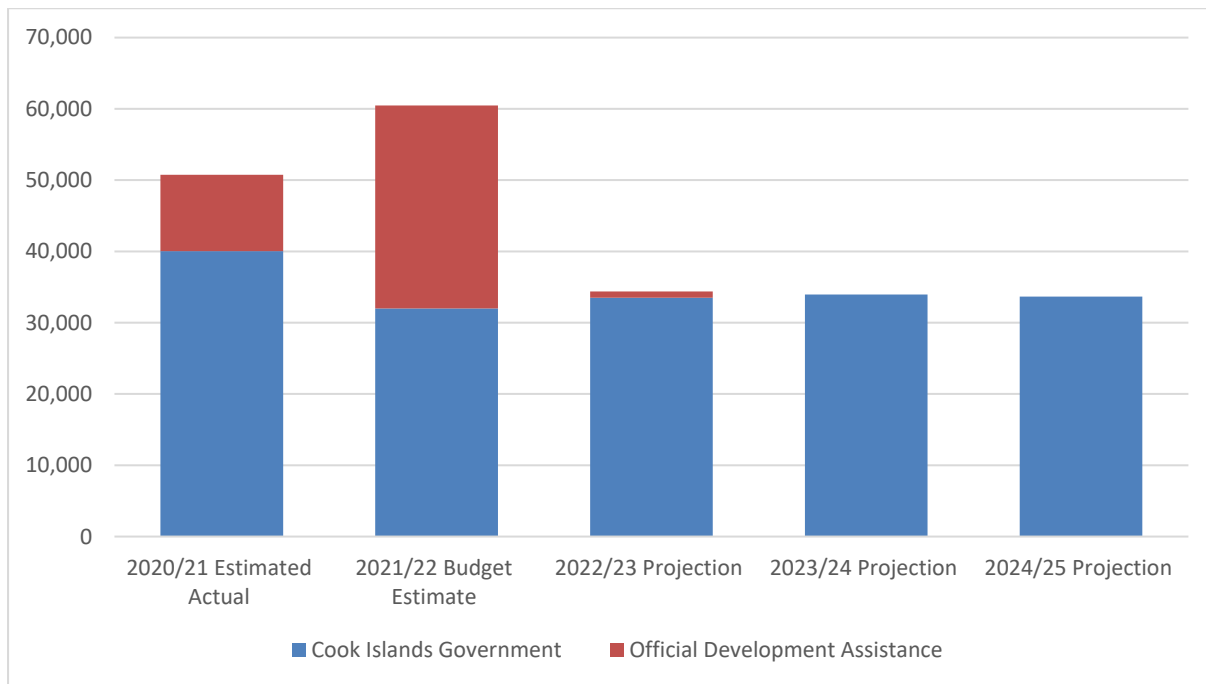
The remainder of this chapter provides details on the Cook Islands Government capital expenditure appropriation by the implementing Government Agency. Chapter 16 describes the ODA capital (and operating) expenditure budget.

Table 9-2 and Figure 9-2 shows the total capital expenditure appropriation for the medium-term by funding source, including Official Development Assistance.

Table 9-2 Total Capital Expenditure by Funding Source (\$'000)

Funding Source	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Cook Islands Government	40,044	32,001	33,510	33,945	33,670
Official Development Assistance - Projects	10,709	28,473	864	0	0
Total	50,753	60,475	34,374	33,945	33,670

Figure 9-2 Total Capital Expenditure by Funding Source (\$'000)



The remainder of this chapter provides details on the Cook Island Government funded capital expenditure by implementing Government Agency. Chapter 16 describes the ODA capital (and operating) expenditure budget.

9.2.1.1 Reappropriation of 2020/21 Capital Appropriations

Table 9-3 shows the reappropriation of a number of capital programs from 2020/21 into the 2021/22 Budget. Reasons for each appropriation are provided below.

Table 9-3 Capital Expenditure Reappropriation (\$)

Agency	Details	Amount	2020/21 Budget	2020/21 Budget Adjusted	2021/22 Budget Estimate	2021/22 Budget Adjusted
ICI	Pa Enea Air Infrastructure Improvement Programme	128,262	1,680,000	1,551,738	0	128,262
MFEM	Te Mato Vai - Rarotonga Water Upgrade	1,000,000	9,000,000	8,000,000	0	1,000,000
Total Capital Expenditure		1,128,262	10,680,000	9,551,738	0	1,128,262

Pa Enea Air Infrastructure Improvement Programme – to support the design and subsequent construction of the Manihiki airport.

Te Mato Vai – Rarotonga Water Upgrade – to cover the final costs to complete the project in 2021/22.

9.3 Capital Spending by Agency

9.3.1 Audit (PERCA)

Table 9-4 Capital Projects, PERCA, (\$)

Island	Project / Programme	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Rarotonga	TeamMate Software Upgrade	0	35,000	0	0	0
	Total	0	35,000	0	0	0

9.3.1.1 TeamMate Software Upgrade

PERCA's current auditing software will reach end of life in December 2021. Transitioning to TeamMate+ requires an upgraded server to support the new software version and migration of all files to the new server.

9.3.2 Ministry of Corrective Services

Island	Project / Programme	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Rarotonga	Prison Development Programme	0	50,000	0	0	1,000,000
	Total	0	50,000	0	0	1,000,000

9.3.2.1 Prison Development Programme

Funding has been provided to enable the Ministry of Corrective Services, working with the Cook Islands Investment Corporation, to scope and design an upgrade to the prison facility on Rarotonga. The existing prison is operating at near capacity with a design that is not well suited to the Cook Islands climate. Funding is indicatively provided in 2024/25 to commence works.

9.3.3 Cook Islands Investment Corporation

Table 9-5 Capital projects, CIIC (\$)

Island	Project / Programme	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Aitutaki	Aitutaki Harbour Dredging	880,000	1,000,000	0	0	0
Rarotonga	Arorangi Prison Remedial works	131,714	150,000	0	0	0
Rarotonga	Government Building Projects - Rarotonga	2,255,000	2,200,000	0	0	0
Rarotonga	Land Acquisition	0	700,000	0	0	0
Pa Enea	Pa Enea Government Building Projects - Northern Group	385,000	550,000	300,000	650,000	200,000
Pa Enea	Pa Enea Government Building Projects - Southern Group	1,055,000	400,000	485,000	300,000	300,000
Rarotonga	Rarotonga Cyclone Shelters - Remediation	0	100,000	100,000	100,000	100,000
Rarotonga	To Tatou Vai	2,000,000	3,000,000	3,000,000	3,000,000	2,000,000
Rarotonga	Rarotonga Airport Infrastructure Upgrade	0	0	0	5,000,000	5,000,000
Rarotonga	Rarotonga Airport Refurbishment	400,000	0	0	0	0
Rarotonga	Rarotonga Health Projects	215,000	0	0	0	0
Rarotonga	Relocation of Oral Health Services	69,366	0	0	0	0
Various	FM and TV Telecommunications for the Pa Enea	150,000	0	0	0	0
	Total	7,541,080	8,100,000	3,885,000	9,050,000	7,600,000

9.3.3.1 Aitutaki Harbour Dredging (\$1,000,000 in 2021/22 (Formerly Aitutaki Island Plan and Orongo Development Project))

The dredging project for Aitutaki Harbour is expected to take approximately 9 months and will clear the channel through the reef. The project has been separated from the Orongo Development Plan and the Aitutaki Island Plan in order to treat the various components separately, with further capital investment not presently scheduled.

The port and the marina are key to Aitutaki's transport infrastructure. A key component to encouraging tourism growth is the upgrade of key public infrastructure facilities and natural attractions. The Cook Islands Government, jointly with the Aitutaki community has developed the Aitutaki Orongo Development Project, this includes:

- A Town plan
- The Orongo Community Centre
- The Marina
- A Tourism Centre/office
- The Aitutaki game fishing club
- Orongo public park

Funding approvals for the remaining components of the plan will be revisited in the future.

9.3.3.2 Arorangi Prison Remedial Works (\$150,000 in 2021/22)

The Arorangi Prison requires remedial works to support continuing use of the prison until the commencement of the Prison Development Plan (under Ministry of Corrective Services). This includes roofing repairs, ventilation in the main prison building and a canopy to reduce the impact of adverse weather in the prison courtyard.

9.3.3.3 Government Building Projects – Rarotonga (Ongoing Programme)

This programme is to undertake required repairs and maintenance of Government buildings to ensure a safe working environment for staff and the public. The Cook Islands Government will perform significant improvements and construction to ensure efficient and effective service across Government agencies. Projects include the following across the short to medium-term:

- Construction of a mental health facility.
- Punanga Nui Market toilet block construction, progressively replacing the old toilet facilities, commencing with a new facility located to the eastern end of the market.
- Ministry of Justice disabled and elderly access, installation of ramp access to the upper floor.
- Security and building works in the Office of the Prime Minister compound.
- Upgrades to the Are Ta Paeanga in Panama to support Are Pa Metua and provide greater community use.
- House of Ariki asbestos clean up in Arorangi (Kavera).
- National stadium steel works replacement in the existing grandstand.

9.3.3.4 Land Acquisition (\$700,000 in 2021/22)

The land acquisition fund is established to provide Government the opportunity to engage with and fairly compensate landowners for land in strategic locations that support key investments, further grow and sustain infrastructure programmes into the future.

A key project is the land purchase to enable construction of an airport runway end safety area (RESA) to meet international requirements that come into effect in 2020. Due to the diversion of funding for this project into other critical needs in 2020/21, this balance is reinstated for 2021/22.

9.3.3.5 Pa Enua Government Building Projects - Northern Group (Ongoing Programme)

Government building projects for the Northern group have been aggregated into a single project line. Buildings and facilities across the Pa Enua are key areas of building infrastructure and are most

vulnerable to the impact of climate change in the Pa Enea. CIIC runs an ongoing programme of maintenance identification and building upgrades.

Projects are planned for the Manihiki and Rakahanga during 2021/22 to 2024/25.

9.3.3.6 Pa Enea Government Building Projects - Southern Group (Ongoing Programme)

Government buildings projects for the Southern group have been aggregated into a single project line. Buildings and facilities across the Pa Enea are key areas of building infrastructure and are most vulnerable to the impact of climate change in the Pa Enea. CIIC runs an ongoing programme of maintenance identification and building upgrades.

Works are planned for Mangaia in 2021/22 and 2022/23 before moving on to Mauke in 2023/24 and 2024/25.

9.3.3.7 Rarotonga Cyclone Shelters – Remediation

Various cyclone shelters on Rarotonga require maintenance and upgrades including roofing works, and bathroom facilities. This programme establishes funding in each year with works to be performed as legal agreements for ongoing access and use to each building used as a shelter are completed.

9.3.3.8 To Tatou Vai Capital (Ongoing Programme)

The Cook Islands Government aims to achieve equitable access to safe, potable drinking water by way of To Tatou Vai Ltd, whose primary objective is to manage the asset and undertake water management to ensure it meets the National Water Policy (2016).

\$3.0 million dollars has been provided annually until 2023/24, then \$2.0 million in 2024/25 to provide an annual budget ceiling within which To Tatou Vai (TTV) can plan a capital works programme.

TTV continues to work towards the completion and replacement of asbestos cement mains and transferring water from old water connections to the new sub-mains and branch-mains. TTV will also look to install household meters on water connections to the public water supply on Rarotonga.

9.3.3.9 Rarotonga Airport Infrastructure Upgrade

Discussions are presently underway with funding partners for a loan of \$20.0 million USD for this project. The project entails supporting the Airport Authority with runway extension, construction of a RESA, replacement of failed runway slabs and a passenger terminal upgrade for the Rarotonga international airport.

9.3.3.10 Vaikapuangi Project and Avarua Town Plan

The Vaikapuangi Development Project seeks to consolidate and recentralise 18 Government agencies to provide space allowances for other Statutory Entities/Companies. Government agencies are currently scattered in locations stretching from Tupapa to Arorangi, and in both Government-owned and private rental premises.

The development of the town plan takes into account projects such as the Vaikapuangi Project, the Parliament House to be situated at the Te Atakura grounds, the Punanga Nui and the Constitution Park at Avatiu. The town plan will guide the layout and operation of the Avarua Township, allowing the interaction of people and activities in a safe and effective manner.

Due to the far-reaching impacts of this project, and the significant fiscal investment required this project is currently on-hold but will be reassessed annually.

9.3.4 Ministry of Education

Table 9-6 Capital projects, MOE (\$)

Island	Project / Programme	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
National	Fund to be Prioritised by Education	360,000	300,000	360,000	360,000	360,000
Rarotonga	Apii Nikao Sound Proofing	0	147,000	0	0	0
	Total	360,000	447,000	360,000	360,000	360,000

9.3.4.1 Funds to be prioritised by Education (Ongoing Programme)

Government provides funding of \$360,000 annually in order to allow the Ministry of Education to continue the capital replacement programme for all schools, including replacement plans for computers, photocopiers, other multi-media items, desks, chairs and other school and classroom furniture. This is reduced to \$300,000 in 2021/22 due to ordering delays in 2020/21.

9.3.4.2 Apii Nikao Sound Proofing (\$147,000 in 2021/22)

Addition of sound proofing facilities to the Apii Nikao classroom walls to facilitate a better learning environment.

9.3.5 Ministry of Health

Table 9-7 Capital projects, MOH (\$)

Island	Project / Programme	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
National	Fund to be Prioritised by Health	300,000	300,000	300,000	300,000	300,000
National	CT Scanner	1,081,219	0	0	0	0
National	Health ICT Upgrade	588,503	0	0	0	0
National	PCR Laboratory	900,000	0	0	0	0
	Total	2,869,721	300,000	300,000	300,000	300,000

9.3.5.1 Funds to be prioritised by Health (Ongoing Programme)

There are various technical medical instruments and equipment necessary to assist medical professionals with health check-ups. \$300,000 is appropriated per year to ensure the Ministry of Health can purchase equipment when required, or apply these funds to critical capital purchases and investments.

9.3.6 Infrastructure Cook Islands

Table 9-8 Capital projects, ICI (\$)

Island	Project / Programme	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
National	Bridges and Structures Asset Management and Improvement Programme	2,810,000	3,250,000	6,050,000	50,000	50,000
National	Drainage Asset Management and Improvement Programme	950,000	1,950,000	500,000	2,000,000	0
Various	Emergency Management and Support Infrastructure	3,176,184	0	0	2,000,000	2,000,000
Penrhyn	Government Building Projects	850,000	1,000,000	0	0	0
Rarotonga	Inland and Coastal Waters Asset Management and Improvement Programme	530,000	0	0	0	500,000
Various	Pa Enua Air Infrastructure Improvement Programme	1,131,138	128,262	5,625,000	625,000	0
Various	<i>Pa Enua Air Infrastructure Improvement Programme*</i>	0	5,500,000*	0	0	0
National	Pa Enua Marine Infrastructure Improvement Programme	0	1,700,000	1,700,000	0	0
National	Roads Asset Management and Improvement Programme	8,080,143	7,000,000	7,500,000	7,750,000	8,000,000
National	Waste Management Infrastructure Improvement Programme	250,000	200,000	0	0	0
National	Water and Sanitation Infrastructure Improvement Programme	400,000	650,000	0	1,000,000	0
Total		18,177,465	15,878,262	21,375,000	13,425,000	10,550,000

* Funding is not included in the total as these funds are proposed to be funded from the Infrastructure Trust Fund

9.3.6.1 Bridges and Structures Asset Management and Improvement Programme (Ongoing Programme)

Bridges are a critical element of transport infrastructure on Rarotonga. The Cook Islands Government aims to undergo bridge structure replacement works, structural inspections, and repairs to improve safety for the public. Rarotonga has 76 bridge structures on the transport network, some of which require improvements and structural replacement over the medium-term. This programme includes an ongoing schedule of identification and forward work planning. Work planned for the following bridges over the medium-term, includes the replacement of part or all of the bridge structure in each case:

- Empire Bridge
- Sheraton Bridge
- Taipara Bridge

9.3.6.2 Drainage Asset Management and Improvement Programme (Ongoing Programme)

Drainage is a critical element in relation to the function of both private and public infrastructure, enabling the management of storm-water from road surfaces, properties and related areas. The Government aims to improve drainage standards, as well as storm-water quality. It will upgrade the drainage network to service the needs of the community, business and public sector across various locations into the future, mitigating the impacts of flooding and associated land degradation.

The following individual works are planned over the medium-term:

- Keta's Shop Main Road box culvert works

- Design and scoping of Arorangi drainage
- Construction of Arorangi-Rutaki stormwater & catchment
- Planning and design of Titikaveka stormwater & catchment

9.3.6.3 Emergency Management and Support Infrastructure (Ongoing Programme)

Most Northern island communities of the Cook Islands are situated on low-lying atolls. These islands have limited elevation above sea level, which exposes them to the risks of sea level rise and inundation, as well as potentially severe impacts from cyclones. Communities utilise schools and or community buildings as shelters in the event of a cyclone or significant storm experience, however many of these buildings are vulnerable and inadequate to withstand higher category storms.

Resilience, and economic development and recovery following a significant storm event on these islands is often hindered by the lack of existing structurally safe and secure building infrastructure. As part of Government's priority of improving resilience, and the ongoing development of the Pa Enea, funding for the construction of purpose built cyclone centres has been made available for Palmerston, Penrhyn, Rakahanga and Nassau since 2016/17.

The cyclone centre for Palmerston is complete, with Penrhyn to be completed in 2021/22. Rakahanga and Nassau are planned for 2023/24 and 2024/25 consecutively, allowing for marine infrastructure works on Nassau to be completed prior to facilitate landing of necessary materials for the cyclone centre works.

9.3.6.4 Government Building Project (\$1,850,000 in 2020/21 – 2021/22)

Health facilities are key to sustaining healthy and productive populations. Te Tautua hospital is near the end of its asset life and a new hospital building will ensure that access to immediate and direct health care is available. Works on the new hospital commenced in 2020/21 with expected completion in 2021/22.

9.3.6.5 Inland and Coastal Waters Asset Management and Improvement Programme (Ongoing Programme)

The inland and coastal waters assets are key to the function and development of both private and public infrastructure. The impacts of unsustainable development, coupled with climate change, has led to increasing peak flows that have caused damage as well as erosion following high sea levels and storm events.

Government intends to manage both inland streams and the coastal frontage to provide resilient and safer roads, as well as protection and safety of both public and private infrastructure. Currently planned works include:

- Aroa Stream Embankment,
- An identification and planning project for the Pa Enea.

9.3.6.6 Pa Enea Air Infrastructure Improvement Programme (Ongoing Programme)

Air transport is an integral aspect of linking the remote communities of the Cook Islands and provides critical economic and social benefits as well as emergency access during times of need. Government is looking to improve key air infrastructure across the Pa Enea including improvements to the Manihiki, Penrhyn and Atiu Airports initially to allow safe and efficient air transport service across the Pa Enea. This will improve the function, safety and resilience of this infrastructure and enable continued socioeconomic development within the Pa Enea.

This programme considers design work and subsequent construction, prioritised based on an air transport analysis and roadmap. The Manihiki airport has been identified as an initial priority, with

works planned for 2021/22. Initial works were to commence in late 2020/21, however the emergency works on the Mitiaro runway required a reprioritisation of funding.

Government will propose the use of the Infrastructure Trust Fund balance of \$5.5 million for the Manihiki airport. The Penrhyn airport will follow in 2022/23 using Government funds.

9.3.6.7 Pa Enea Marine Infrastructure Improvement Programme (Ongoing Programme)

The geographic spread of the Pa Enea over a significant expanse of the South Pacific Ocean creates issues in relation to access and provision of transport for goods and services. Marine transport is the key means of transport for the majority of goods to the Pa Enea, and is the only form of passenger transport for some island communities.

This requires the provision of robust, durable harbour structures that are resilient to the impacts of climate change, increased safety for marine operations and reduced damage and loss to vessels, cargo and equipment. Infrastructure improvements will support increases in the frequency of inter-island shipping services, as well as the expected increase in the level of service provided for passengers, while minimising adverse impacts on the marine environment.

Design work and subsequent construction is planned for the Nassau harbour between April and October 2022. This work will be a precursor to the construction of the Nassau cyclone centre.

9.3.6.8 Roads Asset Management and Improvement Programme (Ongoing Programme)

The road network and associated infrastructure provide the means for the transportation of goods and services upon which the economic and social development of Rarotonga and the Cook Islands is critically dependent. Roads also provide essential emergency access to communities on both Rarotonga and in the Pa Enea in the case of natural disasters.

The Rarotonga road network dates back to the Ara Metua, which historically provided for land transport around most of Rarotonga. The current road network consists of approximately 201 km of road in varying conditions. Parts of the network have significantly deteriorated due to weather events, erosion and heavy usage and in some cases do not meet required levels of service.

Funding is provided to undertake planned maintenance and improvement works to the road network in line with the forward years' work plan and Road Asset Management plan, which sets the minimum level of service for the road network. Works will address structural pavement issues, roadside drainage, resurfacing, and road widening along with improvements to pedestrian facilities and safety improvements.

Road networks in the Pa Enea are included within this programme, with work to be completed on Mauke and design work for Mangaia in 2021/22, with works on Mitiaro scheduled for 2022/23.

Works presently planned for Rarotonga for the medium-term include:

- Avatiu Valley road
- Nikao back road and footpath
- Hospital Access road widening and upgrade
- Avatiu footpath
- Village road sealing extension

9.3.6.9 Waste Management Infrastructure Improvement Programme (Ongoing Programme)

The Cook Islands Government is working to improve the waste management infrastructure on Rarotonga and across the Pa Enea. Solid waste is continuing to affect the communities and a more suitable and sustainable approach towards this ongoing issue is required. The Waste Management Infrastructure Improvement Programme considers both waste collection, transport and disposal.

Due to unseparated and untreated wastes, there are issues and risks faced by the islands including possible contamination of ground water resources, environmental contamination,

inefficient use of available land areas and space, and breeding areas for some disease carrying vectors including rodents and mosquitos.

Currently planned works include:

- Upgrades and improving the recycling centre to capture all recyclables and zero recyclables to the landfill on Rarotonga

Incineration technology has advanced in recent years and cost-effective options for processing waste material with limited environmental impact are becoming more viable, and incineration solutions are currently under consideration.

9.3.6.10 Water and Sanitation Infrastructure Improvement Programme (Ongoing Programme)

The Cook Islands, particularly the Pa Enua, are extremely vulnerable to both slow and fast-onset water supply events because of climate change. This vulnerability is further intensified by socio-economic, infrastructure and environmental pressures caused by climate change and tourism.

The Pa Enua require strategies and practical measures, including management, human and physical infrastructure, to be able to deal with these changes and secure the provision of suitable water supply for the future.

The changes to the climate currently being experienced, and increased extreme events predicted, expose the islands to regular droughts and resultant water shortages. Inadequate sanitation, waterborne disease and contamination from solid waste intensifies the impacts by reducing the available water sources for community use.

Climate proofing communities through asset rehabilitation, including the development of alternative water supply systems, improved water quality and operation efficiency improvements, have made funding available to build on and expand the existing water security and improvement programmes to reduce vulnerability.

Projects within this programme include:

- Pa Enua Community Water Storage Capacity (Penrhyn)
- Atiu Maramou Water Gallery
- Mangaia water supply distribution system upgrade - Karanga (Ivirua)
- Tepuka Sanitation Improvement

9.3.6.11 Capital Procurement (Plant & Equipment)

This capital fund has been transferred to MFEM under the heading Pa Enua Capital Distribution Fund.

9.3.7 Ministry of Internal Affairs

Table 9-9 Capital projects, Internal Affairs (\$)

Island	Project / Programme	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Rarotonga	Vaka Maintenance Capital Projects	50,000	50,000	50,000	50,000	50,000
	Total	50,000	50,000	50,000	50,000	50,000

9.3.7.1 Vaka Maintenance Capital Projects (Ongoing Programme)

An annual budget of \$50,000 provided to the Ministry of Internal Affairs supports small capital projects such as roadside maintenance and beautification around Rarotonga.

9.3.8 Ministry of Finance and Economic Management

Table 9-10 Capital projects, MFEM (\$)

Island	Project / Programme	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Rarotonga	FMIS purchase and implementation	65,000	300,000	0	0	0
Rarotonga	Te Mato Vai - Rarotonga Water Upgrade	9,917,097	1,000,000	0	0	0
Rarotonga	Mei Te Vai Ki Te Vai	0	0	100,000	5,000,000	9,200,000
Rarotonga	COVID-19 Response Fund - Capital Needs	98,950	1,400,000	0	0	0
Rarotonga	Revenue Management System upgrade	0	1,830,000	1,730,000	0	0
Rarotonga	The Centre of Excellence in Information Technology (CEIT) - Capital Purchases	65,102	0	0	0	0
Total		10,146,149	4,530,000	1,830,000	5,000,000	9,200,000

9.3.8.1 Financial Management Information System (\$4,000,000 Estimated total)

The Cook Islands Government aims to improve the Government's financial management database and systems. The Financial Management Information System (FMIS) is a standardised and integrated centralised database that allows Government agencies access to Government data and implements payments and accounting workflow processes. FMIS launched in July 2019 with the Ministry of Finance and Economic Management as the first agency to test. Funding provided in 2021/22 is to increase the pace of the rollout of the system across government.

9.3.8.2 Te Mato Vai – Rarotonga Water Upgrade

The Government aims to improve Rarotonga's water infrastructure by implementing a reticulated water system, which delivers reliable potable water directly to households. The purpose of Te Mato Vai project is to replace Rarotonga's aging water network, improve storage and introduce appropriate treatment.

The Te Mato Vai project has reached its final stage with the installation of new bulk meters for the 10 intakes before eventual handover of the assets to To Tatou Vai Ltd for ongoing operations and maintenance. Due to shipping delays of material, funding provided in 2021/22 is re-appropriated to enable the completion of the bulk meters. Further information can be found from www.tematovai.com.

9.3.8.3 Mei Te Vai Ki Te Vai / Water & Associated Services Programme (WASP)

The project includes an environmental monitoring and investigation program for the Muri and Avana lagoon area, early measures to address the seawater quality issues in the short-term, the design of permanent infrastructure for improved wastewater management in the long-term and the establishment of a Crown-owned water and wastewater authority.

The Government is in discussions with funding partners to determine the most appropriate source of funds, estimated at \$20.0 million USD. This project is also supported through Official Development Assistance funding.

9.3.8.4 COVID-19 Response Fund – Capital Needs

This fund provides a flexible source of capital funding to support Government's work strengthening the Cook Islands border, quarantine and health response to COVID-19. The fund is managed by MFEM but may support works by other agencies.

9.3.8.5 Revenue Management System Upgrade

MFEM's Revenue Management Division will implement an upgrade to its licensed tax management software platform RMS7 to RMS10 (Revenue Management System 10). The upgrade will occur in 5

phases, with the first 2 phases in 2021/22 and 2022/23. The later phases will be planned and implemented as the subsequent phases are successfully completed.

9.3.8.6 Shipping Vessel

Shipping between Rarotonga and the Pa Enua is a critical area of transport infrastructure and serves as a lifeline to the Pa Enua. The Cook Islands Government continues to review the procurement of a bulk cargo-shipping vessel intended to provide regular, affordable and reliable cargo shipping services between Rarotonga and the Pa Enua. No Government funding has been allocated towards the purchase of a ship in 2021/22; however, the Government may look to draw upon capital funding in order to complete a purchase dependent on the above factors in the future.

9.3.9 Ministry of Justice

Table 9-11 Capital Projects, MOJ (\$)

Island	Project / Programme	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Rarotonga	National ID Card System Development	0	0	0	50,000	0
Total		0	0	0	50,000	0

9.3.9.1 National ID Card System (\$50,000 in 2023/24)

The development of a national ID card system, including a database, aims to provide a common reference for the various Government databases to enable the connection of individual records.

9.3.10 Office of the Prime Minister

Table 9-12 Capital projects, OPM (\$)

Island	Project / Programme	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
National	Government IT Network	321,497	1,600,000	0	0	0
National	Renewable Energy Upgrades	0	0	5,000,000	5,000,000	3,900,000
Atiu	Atiu Power Distribution	65,550	0	0	0	0
National	Renewable Energy Project Management and Support	62,459	321,000	0	0	0
Total		449,506	1,921,000	5,000,000	5,000,000	3,900,000

9.3.10.1 Government IT Network (\$1,600,000 in 2021/22)

Funding has been provided to enable the Office of the Prime Minister to implement a whole of Government ICT network upgrade. This includes the replacement of ICT equipment, upgrades to the current central server room, and the establishment of an external data backup centre to house whole of Government information and to ensure business continuity and security. This funding also supports the ongoing implementation and maintenance of the Government network. This includes work on integrating the Pa Enua into the Government network.

9.3.10.2 Renewable Energy Upgrades

The Government is in discussions with funding partners to determine the most appropriate source of funds, estimated at \$10.0 million USD. This project is an extension to existing renewable energy projects and will focus on an assessment of the most cost effective and low maintenance battery option for the Northern group of the Pa Enua to progress a replacement program for end-of-life batteries.

9.3.10.3 Renewable Energy Project Management and Support

This funding continues a program of works, which includes the installation of renewable energy systems in the Pa Enea, covering the installation and upgrades to solar panel and battery arrays, along with related electricity network upgrades, which includes the provision of energy efficient road lighting where appropriate. In 2021/22, the installation of road lighting in Mauke and Mitiaro is planned to coincide with roadworks being performed by ICI.

9.3.11 Capital Distribution Fund – Administered by MFEM

Table 9-13 Capital projects, Administered by MFEM (\$)

Island	Project / Programme	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
National	Capital Distribution Fund	350,895	230,000	300,000	300,000	300,000
National	Pa Enea Capital Distribution Fund	0	300,000	300,000	300,000	300,000
Pa Enea	Outer Islands Small Capital Fund	50,350	110,000	110,000	110,000	110,000
	Total	401,245	640,000	710,000	710,000	710,000

9.3.11.1 Capital Distribution Fund (Ongoing Programme)

The Ministry of Finance and Economic Management is responsible for administering the Capital Distribution Fund (CDF), which includes the purchase and replacement of vehicles and small capital equipment across Government Agencies. The CDF is then budgeted at \$230,000 in 2021/22 before rising to \$300,000 from 2022/23. The Government's programme of replacing whole of Government vehicles and capital equipment in order to bring them up to acceptable standards in line with the Government Fleet Management Plan Policy is on hold temporarily due to the economic impacts of COVID-19, with the exception of critical replacements.

The Palmerston Island Government has requested to utilise \$30,000 of accrued trading revenue savings through the CDF for the purchase of boats and equipment to support the Palmerston Luck School 'Sailing in School' programme. This transfer is reflected in the total of \$230,000 for 2021/22.

9.3.11.2 Pa Enea Capital Distribution Fund (Ongoing Programme)

Policy work is underway to provide funds for the island administrations to purchase necessary machinery and plant. Standardised equipment will be identified and a purchasing plan implemented to provide for a baseline level of equipment to each island administration, based on specified parameters. Each administration will be required to maintain current asset management plans in order to access the fund.

9.3.11.3 Outer Islands Small Capital Fund (Ongoing Programme)

Each Island of the Pa Enea is allocated an annual capital budget from which to purchase small capital items each year.

10 Tax Expenditures

10.1 Introduction

A key element of fiscal transparency is the analysis and management of tax expenditures. Tax expenditure in broad terms, is a tax provision that deviates from a benchmark tax system.

Tax expenditures may take a number of forms: exclusions, exemptions, allowance, deductions, credits, preferential tax rates, or tax deferrals. Tax holidays and tax free zones are tax expenditures subject to specific time periods or geographical areas.

To identify what a tax expenditure is, a normative or a benchmark tax structure must be established. In the case of the Cook Islands, the benchmark tax structure is the existing tax regime as governed by the following Acts:

- Customs Revenue and Border Protection Act 2012;
- Customs Tariff Act 2012;
- Income Tax Act 1997;
- Value Added Tax Act 1997; and
- Departure Tax Act 2012

Table 10-1 Summary of Tax exemption estimates

Tax Exemptions	Estimate (\$000's)
Import Duties	1,175
Pa Enea Fuel Concession	500
Returning Cook Islanders	500
Non-Cook Islanders	100
Non-Profits and Religious Organisations	25
Public Projects	50
Offshore financial services industry	
Income Tax	29,993
Tax Threshold \$14,600	14,674
Charitable Donations	500
Approved Superannuation	3,605
Consular and Diplomatic Personnel	300
International Foreign Aid	10,840
Members of Parliament Allowances	75
Offshore financial services industry*	0
Value Added Tax	2,120
Imports	100
Public Projects	1,950
Goods importation ³¹	70
Offshore financial services industry ³²	0
Departure Tax	363
Military	1

³¹ Goods imported by the Queen's Representative, Asia Development Bank, Australia High Commission and New Zealand High Commission are exempted from VAT when imported.

Tax estimates that can be estimated are shown in Table 10-1, totalling \$33.7m in tax revenues not collected or enforced.

³² Offshore financial services industry includes the following legal arrangements, foundations and companies: international trusts, foundations, international partnerships, international companies (registered with the Financial Services Commission before 20 December 2019), limited liability companies and foundations.

Tax Exemptions	Estimate (\$000's)
Diplomatic	2
Commercial	360
Transit and Under-age	1
Total Tax Expenditure	33,651

10.2 Import Duty

Legal arrangements, foundations and companies

International trusts, foundations, international partnerships international companies (registered with the Financial Services Commission before 20 December 2019), limited liability companies and foundations are exempt from import duty. Information is not available to determine the estimated annual cost of providing these concessions.

Concession on fuel to the outer islands

The import duty rate for Rarotonga is 28 cents per litre on petrol and 22 cents per litre on diesel. Fuel to all outer islands is free of duty except Aitutaki where the rate is 15 cents per litre on petrol and 5 cents per litre on diesel. The estimated annual cost of providing these concessions is \$500,000.

Concessions for returning Cook Islanders

Customs duties are waived for returning Cook Islanders who have been away for more than three years and are returning to live in the Cook Islands for the next three years. The estimated annual cost of providing this concession is \$500,000.

Concessions for non-Cook Islanders

Customs duties are waived for non-Cook Islanders who have been away for more than three years and are arriving to live in the Cook Islands for the next three years. The estimated annual cost of providing this concession is \$100,000.

Duty free jet fuel

No customs duty is paid for jet fuel and aviation kerosene used by jet propelled aircrafts. Information is not available to determine the annual estimated cost of providing these concessions.

Concession for non-profit and religious organizations

Goods imported by non-profit and religious organisations, schools and for disaster relief are exempt of duty upon importation. The annual estimated cost of providing this exemption is \$25,000.

Concessions for imported goods for public projects

All duty is waived for approved public projects. The estimated annual cost of providing this concession is \$50,000.

10.3 Income Tax

Legal arrangements, foundations and companies

International trusts, foundations, international partnerships international companies (registered with the Financial Services Commission before 20 December 2019), limited liability companies and foundations are exempt from income tax. Information is not available to determine the estimated annual cost of providing these concessions.

Income under \$14,600

Income up to \$14,600 is exempt and not taxable for income tax purposes. This will be reduced on a pro-rata regarding number of days residing in the Cook Islands. The estimated annual cost of providing this concession is \$14.7 million (this estimate is based on active taxpayers in 2019 and the lowest marginal tax rate of 17%).

Donation deductions for charitable organisations

Donations made to charitable organisations are deductible for income tax purposes. A minimum deductible donation of \$200 or maximum of \$5,000 can be claimed annually. The estimated annual cost of providing a donation deduction is \$500,000. This estimate based has been determined on the basis of past donation deductions claimed.

Income of the Queen's Representative

Income of the Queen's Representative is not taxable.

Pensions arising from disability or from services provided in respect of any war

War pensions, and allowances paid to persons who served in a war or were injured during any service in the armed forces of any nation, are not taxed.

Income from approved superannuation funds

Income derived by either the New Zealand Government Superannuation Fund or by a superannuation fund approved by the Collector are not taxed.

Charitable organisations

Income derived by an approved charitable organisation is not subject to income tax. There are currently approximately 60 approved charitable organisations in the Cook Islands.

Promoters of amateur sports

Income derived by a promoter when promoting amateur sport is not taxable.

A Government approved supplementary scheme

Income derived under an approved Government supplementary scheme is not taxable. This only applies to supplementary income received. It does not apply to income received from the Cook Islands Government.

Consular and diplomatic personnel

Income derived by consular and diplomatic personnel in the Cook Islands is not taxable under the Diplomatic Privileges and Immunities Act 1968. The annual estimated cost of this concession is \$300,000.

International foreign aid

Income derived in the context of foreign aid paid by a non-resident to a non-resident employer is not taxable.

Members of Parliament

Income derived by Members of Parliament in the form of allowances are not taxed. This estimated annual cost of this concession is \$75,000.

Income upon retirement

Where an individual retires from employment only 5 percent of a 'retirement payment' is subject to tax.

10.4 Value Added Tax

The following are exempt of Value Added Tax (VAT):

- Legal arrangements, foundations and companies including international trusts, foundations, international partnerships international companies (registered with the Financial Services Commission before 20 December 2019), limited liability companies and foundations. Information is not available to determine the estimated annual cost of providing these exemptions.
- Financial services.
- Attendance fees paid to private schools.
- Goods imported by non-profit and religious organisations, schools and for disaster relief are VAT exempt when imported. The estimated annual cost of providing these exemptions is \$100,000.
- VAT is waived for approved public projects. The estimated annual cost of providing this concession is \$1,950,000.

Goods imported by the Queen's Representative, Asia Development Bank, Australia High Commission and New Zealand High Commission are exempted from VAT when imported. The estimated annual cost providing these concessions is \$70,000.

10.5 Departure Tax

The following lists confirms what individuals, aircraft and vessels are exempt from Departure Tax:

- Members of the New Zealand Military participating in. military exercises approved by Cabinet.
- The Queen's Representative.
- The head of mission and members of the New Zealand High Commission in Rarotonga. It also includes family members who form part of a members' household.
- Visiting diplomats on official business and holding diplomatic passports from countries with whom the Cook Islands has diplomatic relations and members of their families who form part of their household.
- Crew of any aircraft, cruise vessel or commercial vessel Cook Islands, that remains in the Cook Islands for a period of 72 hours or less.
- Any passenger of a cruise vessel or commercial vessel that is in the Cook Islands for 72 hours or less, that arrives and departs on the same vessel.
- Transit passengers and passengers under the age of 13 years old.

11 Crown Debt and Net Worth

The government's focus in the medium-term budget is on supporting Cook Islands' households and businesses to manage the economic impacts of the pandemic, and to position the Cook Islands so that it can recover once the wider economic situation has stabilised. The 2021/22 Budget includes \$33.5 million towards an Economic Recovery Roadmap (ERR) – taking the overall COVID-19 economic response related budget (ERP and ERR) since 2020 to \$129.7 million. To finance the additional budgetary requirements, government is required to take on new debt.

Section 12 of the Loan Repayment Fund (LRF) Act 2014 requires the Ministry of Finance and Economic Management (MFEM) to provide Cabinet with a report on all proposed new debt and how it fits within the current economic, financial or fiscal policies of the government and in accordance with the MFEM Act.

This chapter will demonstrate the impact of the proposed new debts for the 2021/22 fiscal year, including budget-financing shortfall, on the net debt to GDP ratio as well as the debt servicing to total revenue ratio.

11.1 Medium-term Debt Strategy

As detailed in the Fiscal Strategy, Government has temporarily departed from the principles of responsible fiscal management specified in the Ministry of Finance Act 1995/96 and implemented through the Medium-term Fiscal Strategy (MTFS) until the economy has recovered from the impact of the pandemic. The requirement is to maintain a net debt to GDP ratio below 35.0 per cent.

Table 11-1 Financing Requirements 2022 - 2025

Financing Requirements	2020/21	2021/22	2022/23	2023/24	2024/25
Net Operating Balance	(\$81,177)	(\$43,045)	(\$8,999)	\$7,115	\$15,547
Net Non-Op. Balance (excl debt)	(\$55,962)	(\$40,912)	(\$41,483)	(\$48,693)	(\$51,156)
Depreciation	\$12,769	\$13,931	\$13,931	\$13,931	\$13,931
Payments made from LRF	\$11,318	\$0	\$0	\$0	\$0
Financing Requirement (excl debt)	(\$113,051)	(\$70,026)	(\$36,552)	(\$27,647)	(\$21,678)
<i>add: General Cash Reserves</i>	<i>\$29,541</i>	<i>\$15,038</i>	<i>\$19,818</i>	<i>\$0</i>	<i>\$0</i>
<i>add: Debt Financing</i>	<i>\$83,510</i>	<i>\$54,988</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>
Financing Requirements	(\$0)	\$0	(\$16,733)	(\$27,647)	(\$21,678)
Current debt level	\$178,535	\$223,368	\$215,124	\$200,278	\$180,731
Estimated Debt Inc Financing	\$178,536	\$223,368	\$231,857	\$244,659	\$246,789
GDP forecast	\$396,484	\$431,335	\$491,970	\$528,042	\$555,475
Gross Debt to GDP	45%	52%	47%	46%	44%
LRF Balance	\$9,549	\$9,740	\$9,934	\$10,133	\$10,336
Estimated net debt level	\$168,987	\$213,628	\$221,922	\$234,526	\$236,453
Net Debt to GDP	43%	50%	45%	44%	43%

The 2021/22 Budget estimates a \$70.0 million cash deficit before financing consideration. To fund this shortfall, the government is currently pursuing additional debt of \$55.0 million (US\$40 million) with the balance to be funded from cash reserves of \$15.0 million as illustrated in Table 11-1. This will leave the estimated general cash reserve at the end of June 2022 of \$19.8 million, however government will need additional financing of \$66.1 million in the next three years to support the budget estimate.

The estimated net debt levels shown in Table 11-1 assume that the financing requirement in each year is filled by debt financing, and provides Net Debt to GDP ratios on this basis. As the financing gaps may be funded through a mixture of debt and grant funding the fiscal calculations this assumption is not used in the fiscal analysis elsewhere in the Budget Estimates, which instead retains the financing gaps.

Net debt to GDP, inclusive of a commercial loan taken out by the Airport Authority³³, is estimated to be 50.0 per cent by June 2022 and slowly decline over the forward estimates, largely due to recovery in the level of GDP. However, this does not take into account the \$30.3 million contingency loan and any further borrowing the government may require taking on in the medium term.

The contingency loan, Disaster Resilience Program loan (Phase 3), will only be drawn in the event of disasters triggered by natural hazards or health emergencies, it is not considered a debt until it is being drawn.

Table 11-2 Budget Statement of Financial Position for the Crown 2021 – 2025 (\$'000)

	2020/21	2021/22	2022/23	2023/24	2024/25
Assets					
Working Capital Fund	\$35,017	\$19,818	(\$16,928)	(\$44,774)	(\$66,655)
Stabilisation Fund	\$0	\$0	\$0	\$0	\$0
<i>General Cash Reserve</i>	\$35,017	\$19,818	(\$16,928)	(\$44,774)	(\$66,655)
Loan Repayment Fund	\$9,549	\$9,740	\$9,934	\$10,133	\$10,336
Disaster Response Fund	\$1,978	\$2,028	\$2,078	\$2,128	\$2,178
Other Trust Funds	\$61,380	\$61,380	\$61,380	\$61,380	\$61,380
Other Asset	\$155,730	\$155,700	\$155,700	\$155,700	\$155,700
Advances to SOEs	\$42,472	\$42,472	\$41,513	\$40,507	\$39,439
Plant, property, and equipment	\$242,865	\$289,410	\$309,853	\$329,868	\$349,607
Total Assets	\$548,990	\$580,546	\$563,530	\$554,941	\$551,984
Liabilities					
Creditors and other payables	\$132,507	\$132,507	\$132,507	\$132,507	\$132,507
Trust liabilities	\$67,327	\$67,327	\$67,327	\$67,327	\$67,327
Borrowings	\$175,744	\$220,809	\$212,797	\$198,184	\$178,870
Total Liabilities	\$375,578	\$420,643	\$412,631	\$398,019	\$378,704
Net Crown Balance	\$173,412	\$159,903	\$150,899	\$156,922	\$173,281

The table above illustrates the impact of the financing requirements on the Crown's estimates for general cash reserves and borrowings.

The general cash reserves estimated to the end of June 2021 has been revised, from \$0.1 million reported in the 2020/21 appropriation, to \$35.0 million because of additional grant received from New Zealand during the year.

The excess cash is now being utilised in 2021/22 with an estimated balance of \$19.8 million by the end of the financial year. The general cash balance is estimated to be in deficit for the forecasting period 2022/23 to 2024/25; however, as a matter of policy, government will be required to return a positive cashflow budget for the 2022/23 appropriation by June 2022.

³³ The direct commercial debt taken by the Airport Authority of \$2,558,665 is not considered elsewhere in the Net Debt to GDP analysis. The Debt Analysis includes the direct commercial debt as it is mandated by the Loan Repayment Fund Act 2014. The Budget Financials do not include the direct commercial debt as the Financials are for 'Crown group' only i.e excluding SOEs.

11.2 Net Debt to GDP

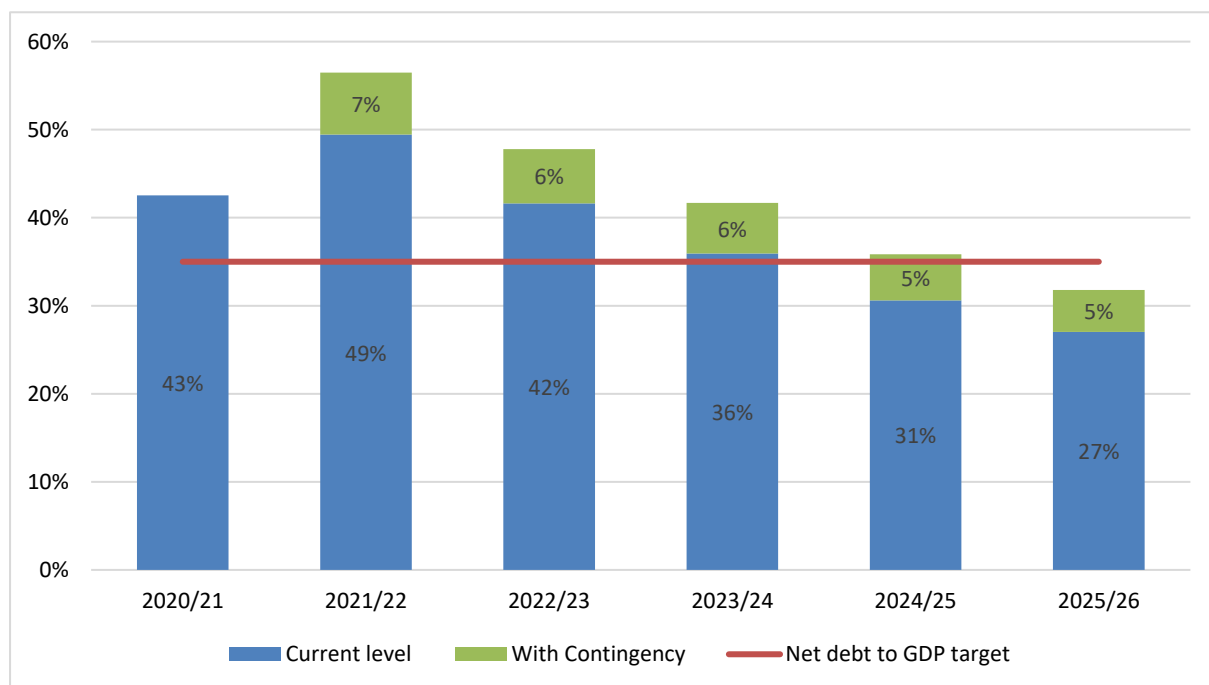
Net debt, for the purpose of this analysis, is the difference between committed gross debt and the funds held within the LRF. The Government elected not to pay a contribution into the LRF in 2020/21, with the decision based on the need to finance the Government’s budget and the ERP. The contribution into the LRF has been resumed in 2021/22 as illustrated in the table below, however the reduction in the balance increases net debt and therefore adversely affect the net debt to GDP ratio.

Table 11-3 Current Borrowing Statement (\$ million)

	2020/21	2021/22	2022/23	2023/24	2024/25
Gross Crown Debt	178.54	253.68	245.44	230.59	209.78
Direct Crown Debt	131.12	179.91	175.00	163.55	147.88
SOE debt	47.42	43.46	40.12	36.72	32.85
Contingent (Disaster) debt	0.00	30.31	30.31	30.31	29.05
... net of LRF	168.64	243.59	235.14	220.09	199.07
...net of LRF, as percentage of GDP	42.5%	56.5%	47.8%	41.7%	35.8%
Excl. CDF net of LRF, as % of GDP	42.5%	49.4%	41.6%	35.9%	30.6%
Loan Repayment Fund Held	9.89	10.09	10.29	10.50	10.71
Gross Debt Servicing	10.91	12.91	13.29	20.22	22.62
Direct Crown Debt	6.88	8.08	7.62	14.55	15.74
SOE Debt	0.00	0.00	5.66	5.67	6.88
Contingent (Disaster) debt	0.00	0.00	0.00	0.00	0.00
Net Debt Servicing	10.91	12.91	7.62	14.55	15.74
... as percentage of Total Revenue	7.1%	9.8%	4.7%	8.0%	8.4%

Table 11-3 above does not include debt-financing requirements for the outer years 2022/23 to 2024/25.

Figure 11-1 Net Debt to GDP Forecast 2021 – 2026 (without financing gaps)

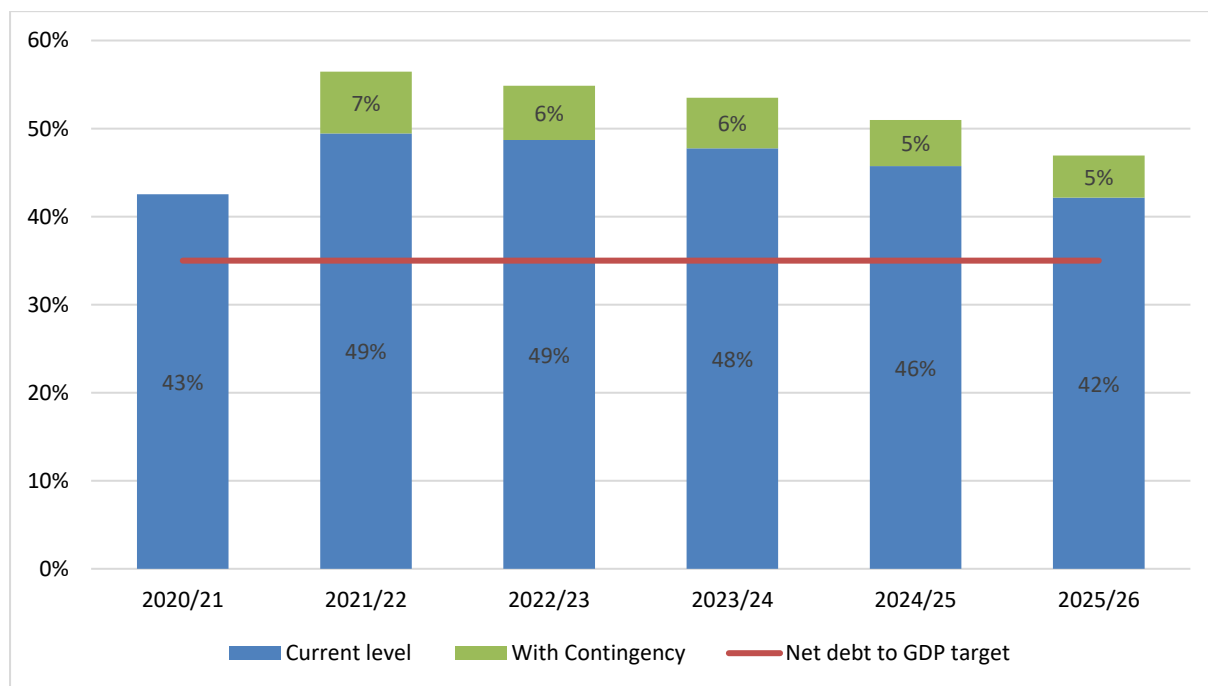


Available funding sources for Government across the medium term will consist of taxation and other revenues, supplemented by further debt as well as possible grant funding from aid partners. Using current revenue forecasts provides a forecast financing gap which must be filled by a mix of debt and

grant funding, allowing a preliminary analysis of Net Debt to GDP assuming no debt funding, and full debt funding.

Figure 11-1 demonstrates net debt to GDP without the financing requirements (i.e., no debt financing), if government were to draw on the contingency loan facility it will push the net debt to GDP up further from 49.0 per cent to 56.0 per cent by the end of the financial year June 2022 with an expectation that it will be back within the net debt to GDP target by 2025/26.

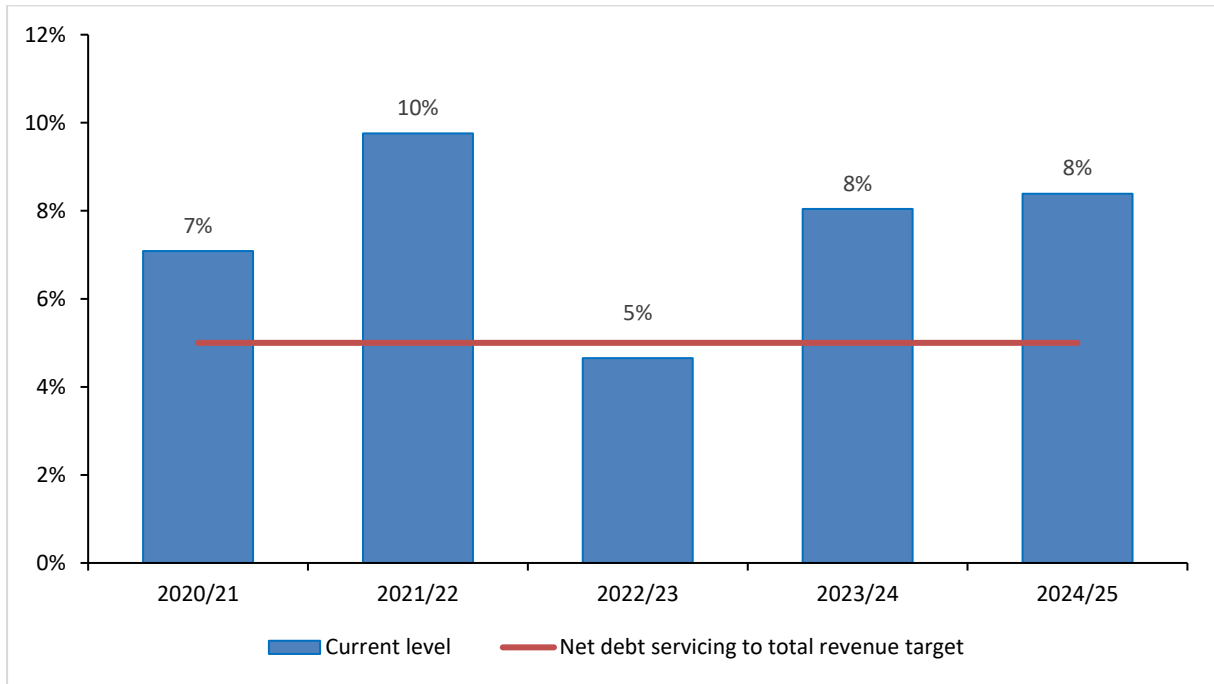
Figure 11-2 Net Debt to GDP Forecast 2021 – 2026 (include financing gaps)



The second graph (Figure 11-2), 'Net debt to GDP – including financing gaps', demonstrates net debt to GDP will remain above the government target limit of 35.0 per cent into the rest of the forecast years if all funding comes through additional debt. The delayed opening of the border until May 2021, establishing a travel bubble between New Zealand and Cook Islands, affected the forecast for both total revenue and GDP. The downward revision in GDP numbers pushed the net debt to GDP ratio above the 35.0 per cent fiscal limit.

11.3 Net Debt Servicing to Total Revenue

Figure 11-3 Crown Net Debt Servicing to Total Revenue



The net debt servicing to total revenue ratio has been used to demonstrate the proportion of Government's budget that is being taken up by servicing borrowing. A high net debt servicing level indicates that cost of borrowing is crowding out other operating expenses.

For the purpose of this analysis, the proposed new debt has been included with concessional standard terms and conditions, which includes a three-year grace period on repayments.

As illustrated on the graph, the five per cent threshold will be breached in the out years except for 2022/23. The government has given the Port's Authority a two-year debt repayment holiday which impact the net debt servicing to total revenue threshold for 2020/21 and 2021/22. In addition, the debt repayment for the loan advanced to Avaroa Cable Limited (ACL) will start in 2021/22 however; the ACL is currently not required to make repayments to government until 2022/23.

The net debt servicing to total revenue in 2024/25 is expected to be at 8.4 per cent, this reflects the impact of the debt servicing payments starting on the proposed new debt.

11.3.1 Medium Term Debt Strategy

The government's medium term debt strategy aims at returning Net Debt to GDP to be within the prudent fiscal target of 35.0 per cent.

The 2021/22 appropriation includes \$55.0 million in additional debt financing, pushing the net debt to GDP further up to 49.0 per cent. Further, in the event that government needs to utilize the contingency loan, the net debt to GDP will rise to 56.0 per cent and remain outside the fiscal target for a period of four years, until 2025/26.

There is no doubt that taking on the additional debt is necessary to protect livelihoods through the depth of the downturn.

Over the medium term, the government has committed to maintaining a prudent fiscal management approach, which includes the necessary spending to support people through the pandemic. The post-

pandemic years will require fiscal restraint, as the economy recovers and visitors return to the Cook Islands, with the expected fiscal balance to return below the negative 1.9 per cent target from 2024/25.

The economic recovery is expected to begin to gather steam in 2021-22, as GDP moves back toward trend levels once the pandemic and related restrictions are finished, this will have positive impacts on both the net debt to GDP ratio and the total revenue amounts.

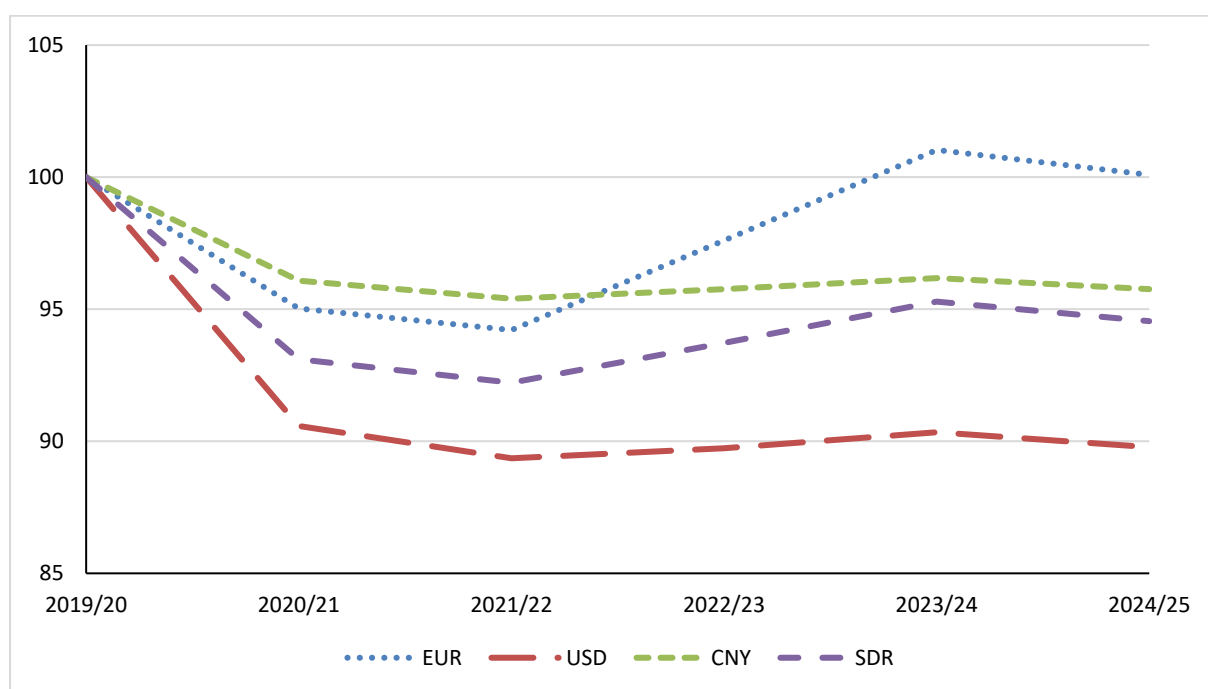
11.4 Exchange Rate Assumptions

Exchange Rate Forecast – 2020/21 – 2024/25

Currency	2020/21	2021/22	2022/23	2023/24	2024/25
EUR	0.5995	0.6047	0.5837	0.5639	0.5692
USD	0.7176	0.7274	0.7243	0.7195	0.7240
RMB	4.6681	4.7014	4.6835	4.6631	4.6835
SDR	0.5012	0.5060	0.4979	0.4897	0.4935

The assumptions for the major exchange rates against the New Zealand Dollar (NZD), detailed in the table above, have been used to calculate future NZD flows.

Figure 11-4 Assumed Changes in Major Exchange Rates (indices – 2019/20 = 100)



³⁴The NZD appreciated against all major trading currencies compared to the 2020 financial year, this is supported after the Reserve Bank highlighted improvements in the global outlook. As it stands, New Zealand appears likely to raise rates ahead of its peers, owing to growth in the economy and relative success in its containment of COVID-19.

³⁵New Zealand labour market data gave the NZD a temporary boost, but there were enough signs of slack in the data (especially underutilisation), and wage growth was robust rather than spectacular. Still, interest rate markets have been itching to take on the RBNZ’s “patience” view, and we have seen

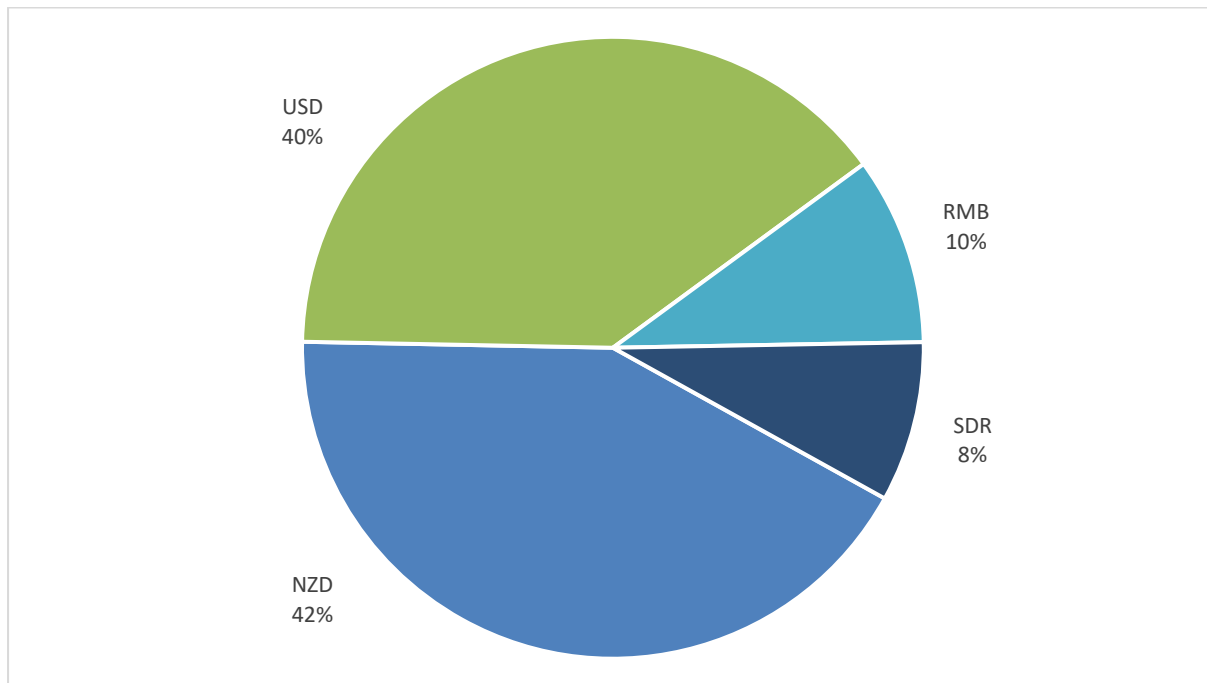
³⁴ Foreign Exchange Consensus Forecasts, May 2021

³⁵ ANZ New Zealand Morning Focus – May 2021

short-term interest rates rise, which should, alongside strong commodity prices, lend support to the NZD, at least in the shorter term.

11.4.1 Crown Debt by Currency

Figure 11-5 Overall Debt by Currency June 2022



The USD share of the total gross debt has increased from 28.0 per cent in the half-year economic and fiscal update to 40.0 per cent predominantly a result of including the proposed new debt of \$55.0 million, (USD \$40 million) that is currently being negotiated. The government aims at taking this loan out in NZD in its effort to mitigate exposure to exchange rate risk.

The government's strategy for mitigating exposure to exchange rate risk are;

1. Take new loans in the NZD currency.
2. Hold USD receipt in USD bank accounts in the Loan Repayment Fund. This is then used for direct debt repayments.

11.5 Status of Crown Debt by individual loan

The Crown's total committed gross debt is \$253.7 million, this is further broken down into loans that are drawn of \$168.4 million and loans that are undrawn of \$85.3 million. The undrawn loan includes \$55.0 million of debt financing that is currently being negotiated.

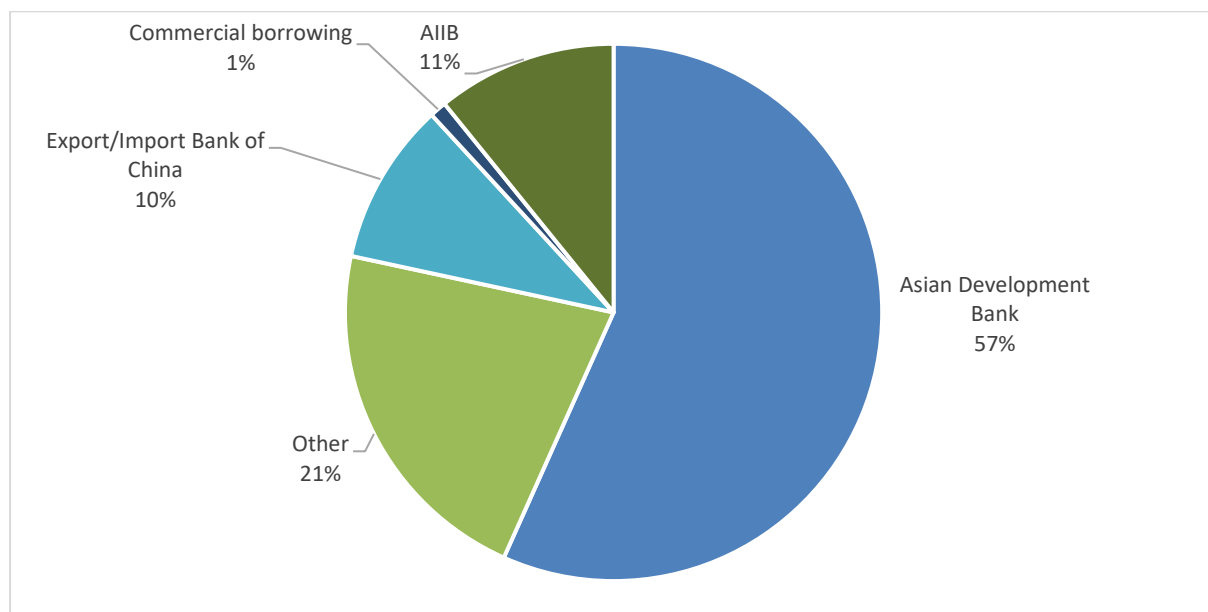
Table 11-4 Status of Government loans as at 30 June 2022

Loans committed and drawn	Date loan taken	Original loan amount (000's)	Expected date of Repayment	Current Balance (\$NZD 000's)
ADB 849 (SF) 2nd Multi-Project	December, 1987	SDR 2,150	August, 2027	870
ADB 1031 (SF) Outer Islands Telecom Project	October, 1990	SDR 3,578	August, 2030	2,569
ADB 1155 (SF) 2nd CIDB Project	March, 1992	SDR 1,085	December, 2031	680
ADB 1171 (SF) Emerg. Telecom Rehab Project	August, 1992	SDR 349	June, 2032	238
ADB 1309 (SF) Pearl Industry Dev. Project	December, 1994	SDR 272	August, 2034	292
ADB 1317 (SF) Educ'n Dev Project	February, 1995	SDR 1,852	August, 2034	1,780
ADB 1380 (SF) 3rd CIDB Project	January, 1996	SDR 1,977	September, 2035	1,552
ADB 1466 (SF) Economic Restructure Program	September, 1996	SDR 3,430	September, 2036	3,597
ADB 1588 (SF) Cyclone Emergency Rehab Project	January, 1997	SDR 583	January, 2038	641
ADB 1832 (SF) Waste Mgt Project	December, 2001	SDR 1,695	June, 2033	1,434
ADB 2174 (SF) Cyclone Emergency Assist Project	June, 2005	SDR 1,895	June, 2045	3,016
China - Multi-Functional Indoor Sports Stadium	August, 2008	RMB 74,100	August, 2028	6,461
ADB 2472 (OCR) Avatiu Port Development Project*	September, 2009	NZD 10,309	November, 2033	7,907
ADB 2473 (SF) Avatiu Ports Development project	September, 2009	SDR 4,524	November, 2040	4,495
ADB 2565 OCR Economic Recovery Support Program 1*	January, 2010	NZD 11,053	October, 2024	2,512
ADB 2739 (OCR) Amendment Avatiu Port project*	December, 2011	NZD 5,290	November, 2035	4,542
China - Rarotonga Water Ring Main Upgrade	December, 2012	RMB 118,000	December, 2032	18,343
ADB 2946 OCR Economic Recovery Support Program 2	December, 2012	NZD 11,053	October, 2027	3,323
ADB 3193 Renewable Energy Project	December, 2014	NZD 12,980	June, 2036	9,947
ADB 001-COO(FA-CDF) - Disaster Resilience Program	December, 2019	NZD 15,676	June, 2035	15,676
ADB 3632 - Loan for Undersea Broadband Cable	November, 2018	USD 15,000	2031	18,043
Commercial - Loan for Rarotonga Airport Equipment	January, 2018	NZD 3,206	2033	2,559
ADB 4010-COO - CPRO Loan	November, 2020	NZD 30,409	June, 2030	30,409
AIB - CPRO Loan	December, 2020	USD 20,000	June, 2030	27,494
Total Loans Drawn Down				168,380
Committed/Planned but Undrawn				
Economic Recovery Program (Proposed)	December, 2021	USD 40,000	December, 2035	54,988
ADB - Disaster Resilience Program (Phase 3)	December, 2021	NZD 30,312	June, 2035	30,312
Total Committed/Planned but Undrawn				85,300
Total Loans Commitment by the Crown				253,680

*These loans have been converted to NZD

11.6 Crown Debt by Lender

Figure 11-6 Overall Debt by Lender

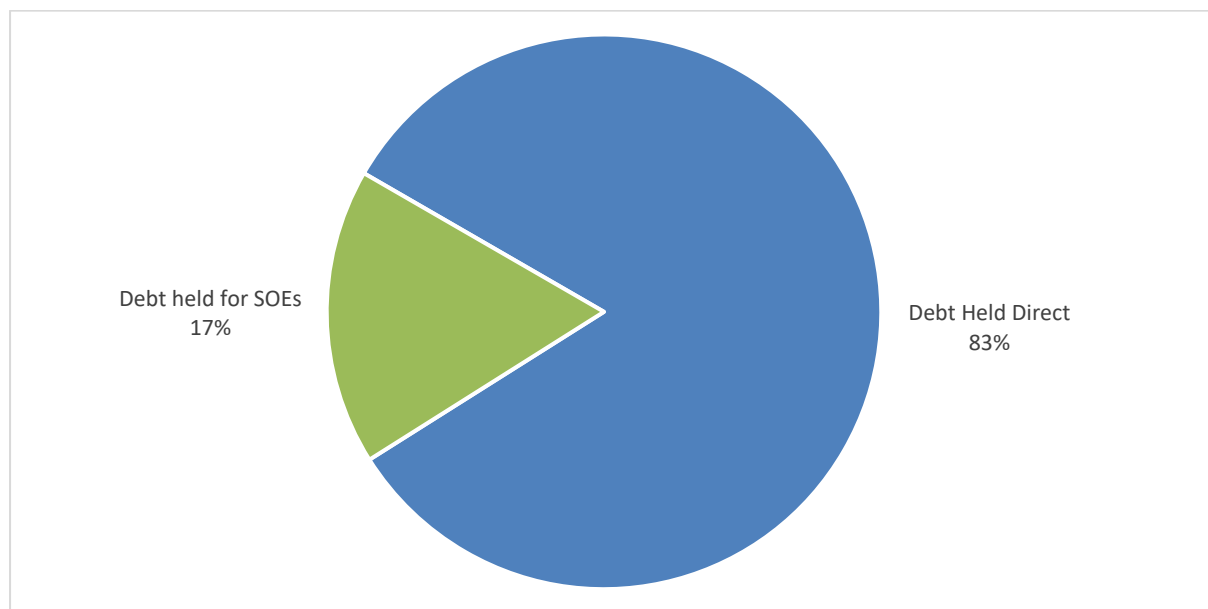


As illustrated on the graph above, the ADB is our main lender with 57.0 per cent share, followed by the AIIB loan with 11.0 per cent, Export/Import Bank of China (EXIM Bank) with 10.0 per cent and 1.0 per cent held by local commercial financial institutions.

The 21.0 per cent held by 'Other' lenders relates to the proposed new debt-financing loan that is currently being negotiated with the potential lender.

11.7 Crown Debt by Borrower

Figure 11-7 Gross Debt by Borrower



The Crown has advanced loan to the value of \$43.5 million (17.0 per cent of total debt) on behalf of State-Owned Enterprises (SOEs) and are made up of primarily two main project loans – the loan to the

Avaroa Cable Limited (ACL) for \$18.3 million and the loan to the Ports Authority for \$16.9 million at the end of 2021/22.

11.8 Other State-Owned Enterprise Debt

Since the enactment of the LRF Act, all new Crown debt (including SOE debt) must go through a full debt sustainability analysis and be approved by Cabinet (via the Minister of Finance), on the advice of the Financial Secretary.

Airport Authority

The Airport Authority is currently paying off its loan from the commercial bank (2022: \$2.6 million). The estimate includes an additional loan of \$1.0 million for the RESA project and for the building of the Air NZ cargo shed. The loan is to be secured by a registered mortgage debenture over the assets and undertakings of the Authority.

In addition, the Rarotonga International Airport requires runway extension, construct runway end safety area, replacement of failed runway slabs and a passenger terminal upgrade. The feasibility study contract was signed in October 2020, but activities are on hold due to travel restrictions. The project is expected to resume with assessment of the feasibility study during Q2 2021 with an expected loan financing of US\$20 million.

Ports Authority

The Ports Authority has received two years of debt repayment holiday from government as a result of the COVID-19's impact on the Authority's revenue, the debt repayments during the repayment holiday period will be paid for by the Crown until 2022/23.

11.9 Conclusion

In an economy as dependent on tourism as the Cook Islands, the impact of the pandemic on GDP and government revenue is expected to be immediate and substantial.

Debt is sustainable if projected debt-to-GDP ratios are stable, decline, and are sufficiently low. Furthermore, it needs to be demonstrated that debt can be serviced without the need for significantly large policy adjustments, debt renegotiation, or default.

As it stands, the significant uncertainty at present requires the current forecasts of the outer years to be reviewed regularly. Cash shortfalls in the medium-term remain and may require further financing in those years, however this will be evaluated periodically, and at minimum annually.

The impact on the two main indicators used to determine the debt carrying capacity of the Cook Islands does not take into account the potential economic costs of Cook Islanders migrating to New Zealand, or the costs of widespread business failure. The result of the debt sustainability analysis therefore is limited in its effectiveness in the current economic environment.

The Cook Islands faces an unprecedented and protracted economic shock from the COVID-19 pandemic and its impact on the tourism market. Softening the harshest aspects of the blows to our economy and providing our people with a platform to lead the economic recovery is the Government's selected course of action.

In temporarily departing from the fiscal rules, with the exception of the Net Debt rule, the Government seeks to strike a balance between providing stimulus to the economy whilst not simultaneously creating an unsustainable debt burden.

12 National Sustainable Development Plan

The National Sustainable Development Plan (NSDP) 2016-2020 officially ended on 31 December 2020 and was the final phase of the Cook Islands' 2020 visionary framework – Te Kaveinga Nui. The five-year plan captured the Cook Islands' aspirations and ambitions under 16 national development goals across four identifiable sectors of society - social, cultural, economic and environmental.

The NSDP guides Government in providing a clear policy direction to set medium-term budget priorities and it also serves as a national scorecard to assess the Cook Islands' progress to deliver its national vision.

2020 National Vision: "To enjoy the highest quality of life consistent with the aspirations of our people, and in harmony with our culture and environment"

The 16 national development goals are as follows:

	1 Improve welfare, reduce inequity and economic hardship
	2 Expand economic opportunities, improve economic resilience and productive employment to ensure decent work for all
	3 Promote sustainable practices and effectively manage solid and hazardous waste
	4 Sustainable management of water and sanitation
	5 Build resilient infrastructure and Information Communication Technologies to improve our standard of living
	6 Improve access to affordable, reliable, sustainable, modern energy and transport
	7 Improve health and promote healthy lifestyles
	8 Ensure inclusive and equitable quality education and promote life-long learning opportunities
	9 Accelerate gender equality, empower all women and girls, and advance the rights of youth, the elderly and disabled
	10 Achieve food security and improved nutrition, and increase sustainable agriculture
	11 Promote sustainable land use, management of terrestrial ecosystems, and protect biodiversity
	12 Sustainable management of oceans, lagoons and marine resources
	13 Strengthen resilience to combat the impacts of climate change and natural disasters
	14 Preserve our heritage and history, protect our traditional knowledge, and develop our language, creative and cultural endeavours
	15 Ensure a sustainable population engaged in development by Cook Islanders for Cook Islanders
	16 Promote a peaceful and just society and practice good governance with transparency and accountability

Development of the next plan began in July 2020 with the launch of the consultation stage for the National Sustainable Development Agenda 2020+ (NSDA 2020+), working towards a 100-year future.

The NSDA 2020+ encompasses a long-term vision of 'Turanga Memeitaki – Wellbeing for all'. Plans to achieve this long-term vision will be set within a 100-year Akapapa'anga framework through 25-year Uki generation plans and monitored through five-year scorecards. The NSDA 2020+ is still being developed and expected to be endorsed by the end of 2020/21 financial year.

As such, this chapter will reflect the development aspirations of the Cook Islands against the 16 national development goals established in the NSDP 2016-2020, noting that the national goals may change in the near future to closely align to the long-term vision of the NSDA 2020+.









12.1 Development progress

The NSDP 2016-2020 recognised 66 key performance indicators to monitor and evaluate the Cook Islands' progress to achieving its 2020 national vision. This progress is summarised in an Indicator report produced annually by the Office of the Prime Minister and presented to Parliament and the public. The report informs the status of the country's progress per development goal as being one of the following – 'on track' to achieving the goal, 'of concern' and requires more work or information, or 'off track' and requires further prioritisation.

The fourth and final National Indicator report³⁶ released in 2021 reflects the Cook Islands development progress for the 2019 calendar year during a period of strong economic growth before the onset of COVID-19.











The report identified four development goals as being 'on track'. These goals are shown in Table 12-1:

Table 12-1 National Sustainable Development Plan Status (2019 calendar year) – On track















NSDP Goal		Status	
	Goal 2: Economic opportunities		On track and continue to improve
	Goal 8: Education		On track, however there are signs of regression
	Goal 10: Agriculture & Food Security		On track, and no change since the previous year
	Goal 12: Ocean Lagoon and Marine Resources		On track, however there are signs of regression

The status of the remaining 12 Development goals were identified as 'of concern' in the report and are shown in Table 12-2.

Table 12-2 National Sustainable Development Plan Status (2019 calendar year) – Of concern

NSDP Goal		Status	
	Goal 1: Welfare & Equity		Of concern, however there are signs of improvement
	Goal 3: Waste Management		Of concern, and regressing. Requires attention
	Goal 4: Water & Sanitation		Of concern, however there are signs of improvement
	Goal 5: Infrastructure & ICT		Of concern, and no changes since previous year
	Goal 6: Transport & Energy		Of concern, however there are signs of improvement

³⁶ The information provided in the Report is from the 2019/20 financial year to report on progress for the 2019 calendar year. The release of Household Income and Expenditure Survey 2016 and the Cook Islands Population Census 2016 provide additional information.

NSDP Goal		Status	
	Goal 7: Health		Of concern, and regressing. Requires attention
	Goal 9: Gender & the vulnerable		Of concern, and regressing. Requires attention
	Goal 11: Environment & Biodiversity		Of concern, and no changes since previous year
	Goal 13: Resilience & climate change		Of concern, and no changes since previous year
	Goal 14: Culture		Of concern, however there are signs of improvement
	Goal 15: Population		Of concern, and no changes since previous year
	Goal 16: Good Governance, Law & Order		Of concern, and regressing. Requires attention

This report has helped inform the medium-term fiscal strategy to identify development goals to prioritise and address over the medium-term.

Going forward, the measurement of these indicators, including the development goals, may change to reflect the long-term vision of 'Turanga Memeitaki – Wellbeing for all' through the implementation of the NSDA 2020+ once endorsed.

12.2 Investment by NSDP goal priorities


























As discussed in the Medium-term Fiscal Strategy, in addressing the urgency of the economic response, Government has temporarily departed from the National Sustainable Development Plan (NSDP) in the allocation of the expenditure ceilings to each Government agency.

As the over-riding need for Government to support economic response and recovery lessens, the prioritisation weight of the National Sustainable Development Agenda 2020+ (NSDA) will increase over the medium-term.

Table 12-3 reflects Government's investment as at the 2021/22 Budget, by the national sustainable development goals for 2016-2020 and in consideration of the Medium-Term Fiscal Strategy (MTFS). The aim of the MTFS is to guide Government expenditure over the course of the economic cycle.

For 2021/22, the NSDP goal priorities have been prioritised in response to COVID-19, focusing on Government efficiency and economic recovery through economic stimulus. The NSDP goal priorities for the following three years (2022/23 to 2024/25) may evolve to reflect the NSDA 2020+ and economic recovery from COVID-19.

Table 12-3 Medium-term NSDP Goal Priorities

2021/22	2022/23	2023/24	2024/25
 Goal 16: Good Governance, Law & Order			
 Goal 2: Economic opportunities	 Goal 1: Welfare & Equity		
 Goal 1: Welfare & Equity	 Goal 5: Infrastructure & ICT	 Goal 2: Economic opportunities	
 Goal 7: Health	 Goal 2: Economic opportunities	 Goal 7: Health	
 Goal 5: Infrastructure & ICT	 Goal 7: Health	 Goal 8: Education	
 Goal 8: Education		 Goal 5: Infrastructure & ICT	
 Goal 10: Agriculture & Food Security	 Goal 6: Transport & Energy	 Goal 4: Water & Sanitation	 Goal 3: Waste Management
 Goal 6: Transport & Energy	 Goal 12: Ocean Lagoon and Marine Resources	 Goal 14: Culture	 Goal 11: Environment & Biodiversity
 Goal 15: Population	 Goal 9: Gender & the Vulnerable	 Goal 13: Resilience and Climate Change	

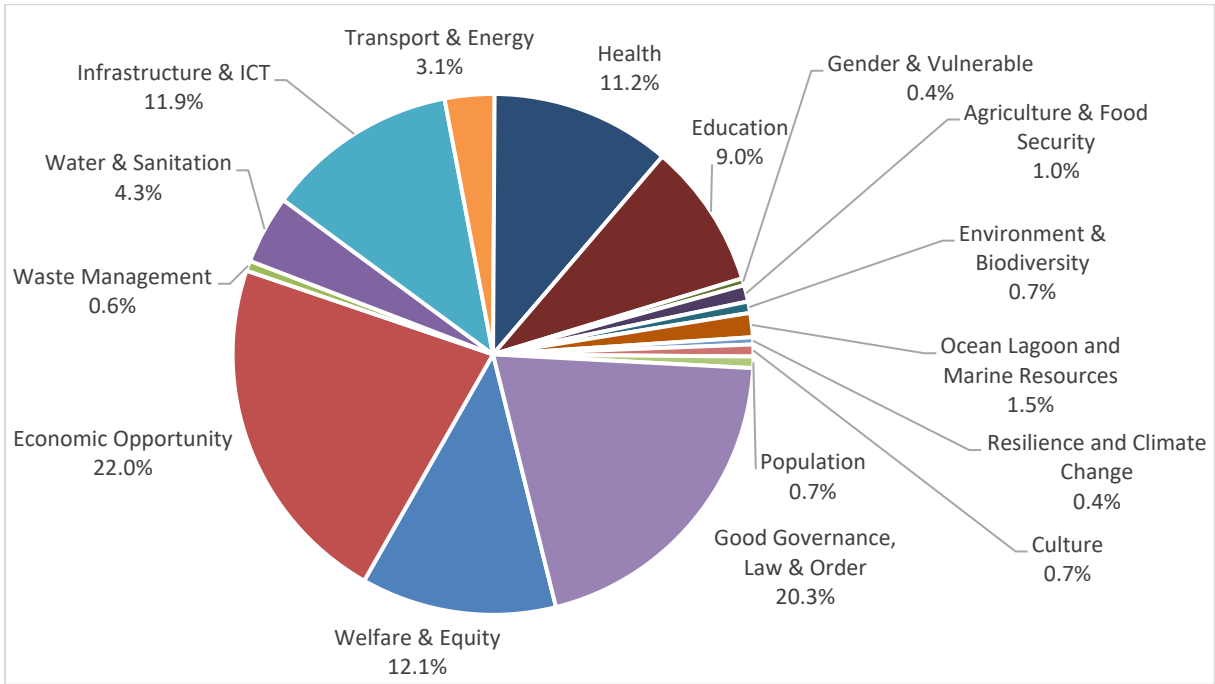
12.3 Note on New Expenditure by NSDP Goal

Government ordinarily reports new funding by NSDP Goal in the Budget Estimates. Recognising the temporary departure from the Fiscal Rules and the minimal allocation of budget to new programmes, with a concurrent shift in funding towards core Government services, this section is omitted in the 2021/22 Budget Estimates.

12.4 Expenditure by NSDP goal

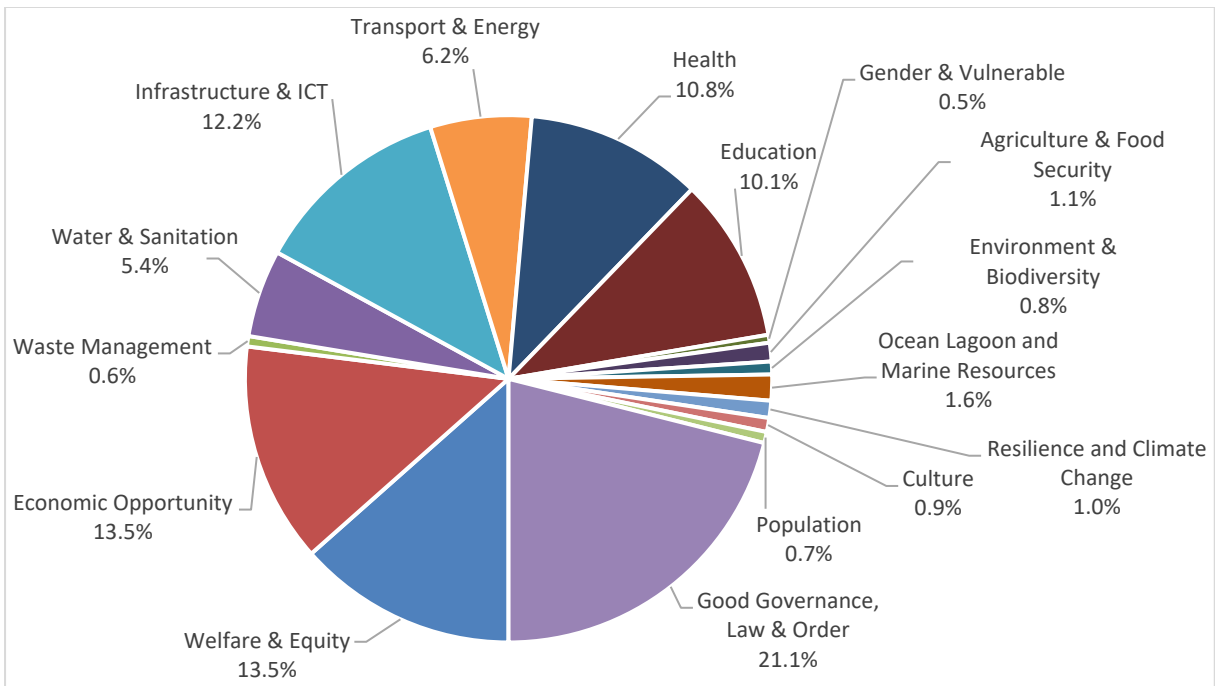
This section sets out the estimated operating and capital expenditure for the budget year and forward period by NSDP development goals. Note that assigning projects per development goals is subjective as initiatives may support multiple goals directly or indirectly. In this analysis, funding initiatives are allocated only against a single goal.

Figure 12-1 Proportional Allocation of Funding to NSDP Goals, 2021/22



Goal 2 – Economic Opportunity is the primary focus with funding allocated towards the Economic Recovery Roadmap followed by Goal 16 – Good Governance, Law & Order.

Figure 12-2 Proportional Allocation of Funding to NSDP Goals over the medium-term



The proportion of Government expenditure over the medium-term by NSDP goal shows that Goal 16 – Good Governance, Law & Order is the primary focus. Goal 2 – Economic Opportunity reduces over the period and there are slight increases in other sectors.

12.4.1 Goal 1: Welfare & Equity

Improve Welfare, reduce inequality and economic hardship

This goal aims to improve economic inequity, poverty, and welfare. Approximately \$109.0 million has been committed to achieving this goal over the medium-term. A large proportion of this expenditure is in the form of welfare benefits to assist vulnerable groups, alleviate economic hardship and support communities. A few of these welfare benefits include the pension, child benefit and caregiver's allowance.

Table 12-4 Goal 1 total expenditure (\$)

Description	2021/22	2022/23	2023/24	2024/25
Gross Operating Appropriation	963,184	983,184	983,184	973,206
Administered Payments	3,284,000	3,275,700	3,331,300	3,336,900
POBOC	23,133,670	23,305,244	22,846,147	22,551,447
Capital Expenditure	0	0	0	0
Total Goal 1 Expenditure	27,380,854	27,564,128	27,160,631	26,861,553

12.4.2 Goal 2: Economic Opportunity

Expand economic opportunities, improve economic resilience and productive employment to ensure decent work for all

The primary focus of Goal 2 is to achieve economic growth in a fair and sustainable manner. The impacts of COVID-19 globally, has had a negative impact on the Cook Islands' economy due to the halt in tourism, which accounted for approximately 65 per cent of the country's Gross Domestic Product (GDP). The development and implementation of an Economic Response Plan (ERP) from April 2020 to June 2021 has helped to cushion the blow of a severe economic shock.

Economic recovery is a key focus for 2021/22 and the medium-term to improve economic resilience and achieve long-term sustainable development. A total of \$33.5 million in 2021/22 has been appropriated to cover outstanding payments related to the ERP and bolster economic recovery. In the outer years, the allocation of expenditure towards Goal 2 will return to normal expenditure levels, of \$19.9 million year-on-year to support programs and initiatives that expand economic opportunities.

Table 12-5 Goal 2 total expenditure (\$)

Description	2021/22	2022/23	2023/24	2024/25
Gross Operating Appropriation	4,935,394	4,985,394	5,005,394	5,005,394
Administered Payments	44,665,000	14,920,000	14,920,000	14,920,000
POBOC	0	0	0	0
Capital Expenditure	0	0	0	0
Total Goal 2 Expenditure	49,600,394	19,905,394	19,925,394	19,925,394

12.4.3 Goal 3: Waste Management

Promote sustainable practices and effective management of solid and hazardous waste

Waste management is an important aspect of sustainable development, requiring people to care for the environment through proper disposal of waste. Community involvement through education and promoting sustainable practices are key for achieving this goal.

Therefore, a total of \$5.1 million has been appropriated over the medium-term to promote best waste management practices, develop policies, strategies, plans and projects within the waste sector.

Infrastructure Cook Islands' Waste Management Division supports the provision of these services, including the operations and management of the Rarotonga Waste Facility.

Table 12-6 Goal 3 total expenditure (\$)

Description	2021/22	2022/23	2023/24	2024/25
Gross Operating Appropriation	450,304	450,304	450,304	450,304
Administered Payments	730,000	730,000	730,000	730,000
POBOC	0	0	0	0
Capital Expenditure	250,000	50,000	50,000	50,000
Total Goal 3 Expenditure	1,430,304	1,230,304	1,230,304	1,230,304

12.4.4 Goal 4: Water & Sanitation

Sustainable management of water and sanitation

Potable water and sanitation are necessities for improving the health and well-being of the community. To achieve this goal, a total of \$43.4 million has been committed over the medium-term. Of this total funding, approximately \$6.0 million will support To Tatou Vai Ltd annually to effectively manage Rarotonga's water supply through operational and capital expenditure. \$1.0 million has been allocated in 2021/22 for the completion of Te Mato Vai project with capital expenditure in the outer years assigned to improving sanitation.

Table 12-7 Goal 4 total expenditure (\$)

Description	2021/22	2022/23	2023/24	2024/25
Gross Operating Appropriation	0	0	0	0
Administered Payments	3,000,000	3,000,000	3,000,000	2,000,000
POBOC	0	0	0	0
Capital Expenditure	6,600,000	3,600,000	11,000,000	11,200,000
Total Goal 4 Expenditure	9,600,000	6,600,000	14,000,000	13,200,000

12.4.5 Goal 5: Infrastructure & ICT

Build resilient infrastructure and ICT to improve our standard of living

Expanding economic opportunities and improving the quality of life for residents requires investment in building resilient infrastructure and effective information and communication technology (ICT).

For 2021/22, Government will be investing \$1.6 million to upgrade the Government IT network, \$3.3 million to upgrade bridge structures and \$7.0 million for road asset management. Over the medium-term, \$99.1 million has been committed to maintain information systems, improve connectivity access and upgrading public infrastructure such as bridges, roads and drainages.

Table 12-8 Goal 5 total expenditure (\$)

Description	2021/22	2022/23	2023/24	2024/25
Gross Operating Appropriation	3,358,327	3,175,250	3,085,250	3,085,250
Administered Payments	120,000	120,000	120,000	120,000
POBOC	12,550,000	13,550,000	7,800,000	8,050,000
Capital Expenditure	26,899,175	27,746,516	22,106,516	22,356,516
Total Goal 5 Expenditure	3,358,327	3,175,250	3,085,250	3,085,250

12.4.6 Goal 6: Transport & Energy

Improve access to affordable, reliable, sustainable, modern energy and transport

Access to reliable and efficient transportation plays a key role in economic development as it enables the ability to trade. Capital expenditure for 2021/22 supports the development of marine infrastructure in the Pa Enua through the construction of the Nassau harbour and the dredging of the Aitutaki Harbour to improve inter-island shipping services. In 2022/23, capital expenditure will focus

on improving the airports across the Pa Enua in particular, Manihiki, Penrhyn and Atiu for a safe and efficient air transport service.

With the exception of Rarotonga and Aitutaki, the electricity needs of both, the Northern and Southern Group islands are generated through renewable sources. Repairs and maintenance as well as battery replacement are cost Government will need to consider over the long-term. In addition, energy tariffs across the Pa Enua would need to be reviewed in consideration of energy consumption and battery replacement costs.

Table 12-9 Goal 6 total expenditure (\$)

Description	2021/22	2022/23	2023/24	2024/25
Gross Operating Appropriation	3,313,594	3,324,245	3,326,494	3,326,494
Administered Payments	500,000	500,000	500,000	500,000
POBOC	0	0	0	0
Capital Expenditure	3,149,262	12,325,000	10,625,000	8,900,000
Total Goal 6 Expenditure	6,962,856	16,149,245	14,451,494	12,726,494

12.4.7 Goal 7: Health

Improve health and promote healthy lifestyles

Investing in public health and primary prevention helps to achieve better health outcome for a healthy and productive community. A total of \$87.6 million will be invested in health over the medium-term to achieve better health outcomes through the provision of quality health services. An additional \$300,000 has been appropriated for Pharmaceuticals annually to adequately supply medicines and consumables.

To effectively respond to COVID-19, \$3.0 million has been allocated in Administered payment for operating expenditure and \$1.4 million in capital expenditure. The Ministry of Finance and Economic Management manage these funds.

Table 12-10 Goal 7 total expenditure (\$)

Description	2021/22	2022/23	2023/24	2024/25
Gross Operating Appropriation	17,642,062	17,642,062	17,642,062	17,642,062
Administered Payments	5,866,870	2,866,870	2,866,870	2,866,870
POBOC	0	0	0	0
Capital Expenditure	1,700,000	300,000	300,000	300,000
Total Goal 7 Expenditure	25,208,932	20,808,932	20,808,932	20,808,932

12.4.8 Goal 8: Education

Ensure inclusive and equitable quality education and promote life-long learning opportunities

Quality education is the key for having better lives and achieving sustainable development outcomes. It empowers people to live a more healthy and sustainable life. For the medium-term, \$81.7 million has been allocated to achieving this goal. Total expenditure includes support for early childhood, primary and secondary education as well as tertiary and vocational programs.

Table 12-11 Goal 8 total expenditure (\$)

Description	2021/22	2022/23	2023/24	2024/25
Gross Operating Appropriation	14,725,171	14,957,917	14,837,917	14,837,917
Administered Payments	5,204,602	5,234,602	5,214,602	5,154,602
POBOC	0	0	0	0
Capital Expenditure	447,000	360,000	360,000	360,000
Total Goal 8 Expenditure	20,376,773	20,552,519	20,412,519	20,352,519

12.4.9 Goal 9: Gender & Vulnerable

Accelerate gender equality, empower all women and girls, and advance the rights of youth, the elderly and disabled

This goal focuses on structural and societal barriers that inhibit gender equality. It also includes promoting and protecting the rights vulnerable groups such as the youth, elderly and those who live with disabilities. To support this goal, a total of \$3.9 million has been committed over the medium-term.

Table 12-12 Goal 9 total expenditure (\$)

Description	2021/22	2022/23	2023/24	2024/25
Gross Operating Appropriation	932,031	932,031	932,031	942,009
Administered Payments	45,000	45,000	45,000	45,000
POBOC	0	0	0	0
Capital Expenditure	0	0	0	0
Total Goal 9 Expenditure	977,031	977,031	977,031	987,009

12.4.10 Goal 10: Agriculture & Food Security

Achieve food security and improved nutrition, and increase sustainable agriculture

Agriculture provides sustainable opportunities for improving food security through increased food production and import substitution to reduce the demand for imported goods.

Government supports this goal is through the provision of advisory services to farmers and growers, conducting crop research and monitoring any biosecurity threats of invasive species or pests. Over the medium-term, \$9.2 million is committed to supporting this goal through the Ministry of Agriculture and the Island Administrations.

Table 12-13 Goal 10 total expenditure (\$)

Description	2021/22	2022/23	2023/24	2024/25
Gross Operating Appropriation	2,309,397	2,309,959	2,309,959	2,309,959
Administered Payments	0	0	0	0
POBOC	0	0	0	0
Capital Expenditure	0	0	0	0
Total Goal 10 Expenditure	2,309,397	2,309,959	2,309,959	2,309,959

12.4.11 Goal 11: Environment & Biodiversity

Promote sustainable land use, management of terrestrial ecosystems, and protect biodiversity

The term 'Mana Tiaki' refers to concept of guardianship and the responsibility people have as caretakers of the land to protect and care for the environment and biodiversity (both terrestrial and marine) to ensure they are around for future generations. Community awareness and support is important for promoting sustainable land management practices, conservation and protection of biodiversity.

Therefore, \$6.4 million has been appropriated over the medium-term to support the service delivery of the National Environment Service. Specific programs that Government has invested into include the management of Suwarrow Park (\$100,000) and the environment impact assessment (of \$150,000).

Table 12-14 Goal 11 total expenditure (\$)

Description	2021/22	2022/23	2023/24	2024/25
Gross Operating Appropriation	1,221,826	1,221,826	1,221,826	1,221,826
Administered Payments	372,241	372,241	372,241	372,241
POBOC	0	0	0	0
Capital Expenditure	0	0	0	0
Total Goal 11 Expenditure	1,594,067	1,594,067	1,594,067	1,594,067

12.4.12 Goal 12: Ocean Lagoon and Marine Resources

Sustainable management of oceans, lagoons and marine resources

Over the next four years, \$12.9 million has been appropriated to protect marine areas, support sustainable fisheries and health coral reefs, improving the lagoon water quality and achieving sustainable benefits from marine resources.

Economic returns from marine resources needs to be considered carefully to ensure the oceans, lagoons and marine resources are protected, managed effectively, and sustainably used for generations to come.

Table 12-15 Goal 12 total expenditure (\$)

Description	2021/22	2022/23	2023/24	2024/25
Gross Operating Appropriation	2,906,027	2,906,027	2,831,027	2,831,027
Administered Payments	405,000	340,000	200,000	200,000
POBOC	63,461	63,461	63,461	63,461
Capital Expenditure	0	0	0	0
Total Goal 12 Expenditure	3,374,488	3,309,488	3,094,488	3,094,488

12.4.13 Goal 13: Resilience and Climate Change

Strengthen resilience to combat the impacts of climate change and natural disaster

The geographic location of the Cook Islands makes it susceptible to the impacts of climate change because of rising sea levels and natural disasters.

To prepare the country for current and future challenges of climate change and natural disasters, the Emergency Management division and Climate Change division under the Office of the Prime Minister are responsible for policy development, coordinating and raising awareness of such impacts. Therefore, \$8.5 million has been allocated over the four years. Capital expenditure in 2023/24 and 2024/25 relate to the construction of cyclone shelters on the Pa Enea.

Table 12-16 Goal 13 total expenditure (\$)

Description	2021/22	2022/23	2023/24	2024/25
Gross Operating Appropriation	748,651	738,651	736,402	736,402
Administered Payments	0	0	0	0
POBOC	160,000	160,000	160,000	160,000
Capital Expenditure	100,000	100,000	2,100,000	2,600,000
Total Goal 13 Expenditure	1,008,651	998,651	2,996,402	3,496,402

12.4.14 Goal 14: Culture

Preserve our heritage and history, protect our traditional knowledge, and develop our language, creative and cultural endeavours

Cultural heritage forms part of our national identity and is important to preserve for future generations. This goal encourages the promotion, engagement and participation in the Cook Islands' culture through cultural activities and encouraging the use of Cook Islands Maori languages.

Some of these cultural activities include Te Maeva Nui (Constitution Celebration), Te Mire Ura (Dancer of the Year), and Te Mire Atu (Composers Song Competition). Government assigns \$500,000 annually to organise these national events and \$150,000 towards the Cook Islands Cultural fund each year.

Digitising national archives has also been a priority for Government to preserve the Cook Islands' history and development of the culture so it is accessible to future generations.

Table 12-17 Goal 14 total expenditure (\$)

Description	2021/22	2022/23	2023/24	2024/25
Gross Operating Appropriation	1,003,000	1,003,000	1,133,000	1,133,000
Administered Payments	665,000	665,000	665,000	665,000
POBOC	0	0	0	0
Capital Expenditure	0	0	0	0
Total Goal 14 Expenditure	1,668,000	1,668,000	1,798,000	1,798,000

12.4.15 Goal 15: Population

Ensure a sustainable population engaged in development by Cook Islanders for Cook Islanders

This goal looks at the ability of a population to support a sustainable community and economy. It also ensures that the country's development engages with local communities and in the best interest of Cook Islanders.

A total of \$300,000 has been appropriated in 2021/22 to conduct the five-year national census. The national census will provide more up-to-date information about the population to help inform policy development and interventions for the future.

Table 12-18 Goal 15 total expenditure (\$)

Description	2021/22	2022/23	2023/24	2024/25
Gross Operating Appropriation	1,307,205	1,307,205	1,307,205	1,307,205
Administered Payments	300,000	0	0	0
POBOC	0	0	0	0
Capital Expenditure	0	0	0	0
Total Goal 15 Expenditure	1,607,205	1,307,205	1,307,205	1,307,205

12.4.16 Goal 16: Good Governance, Law & Order

Promote a peaceful and just society and practice good governance with transparency and accountability

Good governance requires effective leadership and robust systems to implement change. An effective and fair judicial system is integral to having a peaceful and just society, allowing people to be safe and lead productive lives with greater transparency and accountability. As such, a significant amount of Government expenditure has been allocated to achieving this goal, a total of \$170.7 million over the medium term.

Government expenditure assigned to this goal supports programs that will improve public service performance, encourage sustainable public financial management and to strengthen the Law and Order sector. A few of these expenditures include Public Sector strengthening of \$150,000 and a \$100,000 for serious crime investigations.

Table 12-19 Goal 16 total expenditure (\$)

Description	2021/22	2022/23	2023/24	2024/25
Gross Operating Appropriation	29,636,050	29,949,394	30,077,394	30,027,394
Administered Payments	4,349,529	3,888,500	5,083,500	5,083,500
POBOC	5,207,681	5,257,681	5,277,681	5,277,681
Capital Expenditure	6,565,000	2,515,000	1,000,000	1,500,000
Total Goal 16 Expenditure	45,758,260	41,610,575	41,438,575	41,888,575

13 State-Owned Enterprises

13.1 Cook Island Investment Corporation

The Cook Islands Investment Corporation (CIIC) is a corporate entity established under the Cook Islands Investment Corporation Act 1998 to:

- Administer and manage Crown assets and shareholding interests.
- Control and manage the undertakings of statutory corporations.

In early 2021, CIIC refreshed its vision to be expressed in a better way, to connect better with the public, stakeholders and staff. The corporation's vision is:

*Quality assets that serve the Cook Islands people.
Au apinga puapinga te ka tauturu i te iti-tangata Kuki Airani*

13.1.1 Social Contribution Costs and Dividends

CIIC, as the Parent Company, provides various social initiatives and obligations to communities. Government does not reimburse some of these initiatives and either forms part of the agency funding or generated through external revenues.

CIIC also provides dividend streams to the Government through its State Owned Enterprises and from its share in Telecom Cook Islands Ltd. Historically, only the Bank of the Cook Islands, Te Aponga Uira and Telecom Cook Islands derived earnings at a sufficient level to pay dividends to the Government.

As some entities are operating under different conditions in the COVID-19 environment and many entities in the Group have extended significant support to the country's response to COVID-19, there will be no dividends for the 2021/22 financial year. Dividends paid to Government are expected to increase gradually in the outer years as the economic situation improves.

13.2 Airport Authority Cook Islands

The Airport Authority Cook Islands (AACI)'s vision is to attain the highest standards of efficiency in our airports with a mission of facilitating the safe and efficient movement of aircraft and passengers through the Cook Islands. This is achieved through AACI's commitment to aviation safety standards, preserving high levels of staff competencies and confidence in quality and safety management systems.

The international travel restrictions caused by COVID-19 continue to give uncertainty to the norm of business. The restrictions of border control have greatly affected the aviation industry, posing a threat to the recovery of the economy. As such, the AACI are working with the CIIC to manage its risk and develop solutions to mitigate the effects of COVID-19 on the entity. The Airport Authority will be a vital asset in contributing to the growth and development of the Cook Islands once the border restrictions are safely lifted and the number of flights per week gradually increase.

The Airport Authority continues to support its tenants by offering reduced rentals and deferment arrangements.

13.2.1 Recent Milestones

- COVID-19 support essentially maintaining the AACI workforce and offering relief to tenants
- Completion of the refurbishment of the hangar at the Airport

13.2.2 Upcoming Milestones and Investments

- Joint sealing of the runway and stabilisation of cracked concrete slabs commenced in early 2021 and will continue through the 2021 calendar year
- Further capital investments such as acquiring the land needed to construct a runway end safety area (RESA)
- Upgrading the airport storm water/drainage system
- Rebuilding part of the Aitutaki runway strip

13.2.3 Social Contribution Costs and Dividends

The Authority presently receives ongoing support from Government of \$2.0 million annually.

Additional support of \$1.0 million was provided in 2020/21 to assist the Airport in maintaining its operations amidst the impacts of COVID-19. This additional funding is expected to subside from 2021/22 onwards, with further reductions anticipated for 2023/24 reducing to \$1.5 million and 2024/25 to \$1.0 million.

The AACI has a number of community service obligations and social contribution costs as outlined below. These costs are funded from external revenue sources and not reimbursed by Government.

Table 13-1 AACI Social Obligation Costs (\$)

	2021/22 Budget
Provision of Fire Service to the Rarotonga Community	67,323
Provision of a rent-free VIP lounge to Government	48,246
Net contribution to Government	115,569

In light of COVID-19, Airport Authority is not expecting to pay dividend to CIIC in the medium-term.

13.3 Avaroa Cable Limited

Avaroa Cable Limited (ACL) manages the Cook Islands' involvement in the Manatua Cable project and its commercialisation as an international and domestic wholesale operator. The Manatua Cable Project involved the design and construction of a regional submarine telecommunications cable that connects the Cook Islands, Samoa, French Polynesia and Niue. ACL remains responsible for the ongoing operation and maintenance of the cable connection to the Cook Islands.

The Cook Islands component of the project was completed in January 2020 and was supported by the Cook Islands Government, the Ministry of Foreign Affairs and Trade New Zealand and the Asian Development Bank.

ACL's vision is to ensure the Cook Islands have access to world-class telecommunications services and socio-economic opportunities that will be created.

13.3.1 Recent Milestones

- Integration of the six cable landing stations across the consortium countries, and commissioning and testing of the Manatua cable network
- The Manatua Cable system was ready for service in July 2020
- ACL received its operating license from the regulator
- Contracted its first customer, Vodafone Cook Islands

13.3.2 Upcoming Milestones and Investments

- Drafting of the Cable Protection Bill
- Continue to develop key networks and relationships with other cable landing stations as well as the provider of onward connectivity
- Continue to focus on the commercialisation of the Manatua Cable in the Cook Islands as an international and domestic wholesale operator

13.3.3 Social Contribution Costs and Dividends

ACL will scope and implement social and community contribution initiatives for the wider community once the entity is commercially viable. As such, ACL is not expecting to pay dividend to Government in the medium-term.

13.4 Bank of the Cook Islands

The Bank of Cook Islands (BCI) is a state-owned enterprise established under the *Bank of the Cook Islands Act 2003* to provide banking services to the Cook Islands. The establishment saw the merger of the Cook Islands Development Bank and the Post Office Savings Bank into one entity. The BCI is a fully licensed operator as required by the *Banking Act 2011* and operates in compliance with the requirements of the *Financial Supervisory Commission Act 2003* and the *Financial Transaction Reporting Act 2017*.

The bank's vision is to be a full-service bank for all Cook Islanders.

13.4.1 Recent Milestones

- Significant support to customers and the wider public amidst the COVID-19 economic response landscape
- Despite the COVID-19 landscape, the bank has maintained its financial position, delivering stable returns, coupled with prudent financial management
- Expanding the digital services offered to existing and new customers not limited to and including internet banking.

13.4.2 Upcoming Milestones and Investments

- Investment in upgrading core operating assets such as the ground floor renovations
- Investment in new products and services, while ensuring a sustainable financial structure
- Partnering with Government on delivering various financial service action items embedded in the Economic Development Strategy over the medium to long term

13.4.3 Social Contribution Costs and Dividends

The social obligation costs to be reimbursed by the Government is for the delivery of banking services to communities in the Pa Enea.

Table 13-2 BCI Community Service Obligations (\$)

	2021/22 Budget
Social Obligation of providing banking services	128,000
BCI Community Service Obligations reimbursed by Government	128,000

BCI pays dividends to CIIC based on a fixed percent of net profit after tax achieved in each financial year.

13.5 Cook Islands Ports Authority

The Cook Islands Ports Authority (CIPA) is a Crown owned statutory corporation established in 1995. The principal objectives of the Authority are to promote, encourage and operate commercially viable and efficient port facilities for the economic development of the Cook Islands. The CIPA operate the Port of Avatiu, the Cruise Ship Tender landing in Arorangi, and the Port of Arutanga in Aitutaki.

CIPA's vision is to provide effective and efficient seaport infrastructure to sustain trade and commerce.

13.5.1 Recent Milestones

- COVID-19 support essentially maintaining the CIPA workforce and offering relief to tenants.

13.5.2 Upcoming Milestones and Investments

- Assistance through the climate resilience funding. A Green Climate Fund concept notes for the Aitutaki Orongo Ports Development and Avatiu Marina Projects has been submitted to MFEM.
- Implementation of Ports operation digitisation project.
- To acquire a new tugboat for the Avatiu Harbour to improve navigational safety during vessel berthing & un-berthing in Avatiu Harbour;
- Investment in a new or second-hand crane (55-75 ton) for the Aitutaki Port to increase lifting capacity for loading and offloading cargo
- Working with CIIC on the deepening and widening of the existing Arutanga harbour channel and basin to provide safer berth for yachts, cruise ship tendering and container vessel cargo discharge operations.

13.5.3 Social Contribution Costs and Dividends

The following table outlines the costs incurred by CIPA for Rarotonga and Aitutaki in the provision of community service obligation costs, which are reimbursed by Government.

Table 13-3 CIPA Community Service Obligations (\$)

	2021/22 Budget
Rarotonga	
Recurring Cost	106,000
Port Charges Waived	3,099
Aitutaki	
Approved Waived Port Charges	1,000
CIPA Community Service Obligations reimbursed by Government	110,099

Recurring costs include:

- Te Kukupa Patrol Boat berthage
- All domestic shipping licence holders berthage
- Maritime Surveillance building
- Ministry of Marine Resources Workshop.

No dividend to CIIC is envisaged in the medium-term, as the Authority must consider its cash flow commitments, specifically its obligations to pay interest and loan capital repayments

13.6 Te Aponga Uira

Te Aponga Uira (TAU) is a power utility responsible for providing electricity in a reliable, safe and economical manner to households and businesses on Rarotonga. TAU also supports the Pa Enea energy infrastructure through the provision of technical advice to the Island Administrations who provide electricity services to households and businesses. Over the past decade, TAU has focused on developing generation from renewable solar energy sources.

The vision for TAU is to be the leading energy service provider in the region and enabling suppliers and consumers of energy to engage confidently.

13.6.1 Recent Milestones

- Provision of electricity discounts to households and eligible businesses in Rarotonga amidst the COVID-19 landscape.
- Extensive support to the Pa Enea with regards to the island’s renewable energy infrastructure.

13.6.2 Upcoming Milestones and Investments

- Ongoing scoping in both the infrastructure associated with achieving the national renewable energy (RE) target and general infrastructure.
- Ongoing investments in both the infrastructure associated with achieving the national renewable energy target and general infrastructure.

13.6.3 Social Contribution Costs and Dividends

TAU’s social obligations include the provision and maintenance of streetlights and uneconomic network extensions. For 2021/22, reimbursement of these contribution costs from Government has been deferred to 2022/23.

Given the support TAU has provided to the public amidst COVID-19 and its renewable energy investment requirements, TAU will not provide an ordinary dividend in 2021/22.

13.7 Te Mana Uira o Araura

Te Mana Uira o Araura (TMU) is a power utility providing electricity to households and businesses on the island of Aitutaki. TMU’s vision is to “provide an efficient, reliable, affordable and sustainable electricity service for Aitutaki.”

13.7.1 Recent Milestones

- Unprecedented support to assist Aitutaki households and businesses amidst the COVID-19 landscape
- Completion of the meter reading system
- Completion of the comprehensive strategy refresh and Statement of Corporate Intent
- Complete upgrading of the Manu, Hospital and Ooka Substation to 11,000 Volt which were previously supplied on 3,300 Volt
- Complete upgrading 1,000 metres of Overhead power lines to underground cabling

13.7.2 Upcoming Milestones and Investments

- Commencement of the stage 2 and 3 renewable energy project feasibility and implementation. Phase 2 is expected to generate an additional 30 per cent of Aitutaki’s electricity demand

- Further investment in capital expenditure initiatives such as the installation of various substations and underground wiring projects
- To develop and review TMU’s operational policies
- Apprentice training and succession planning initiatives.

13.7.3 Social Contribution Costs and Dividends

In the 2020/21 budget, the Government provided a one-off support to TMU of \$500,000 to cover its operations and provision of discounted electricity for households and businesses experiencing hardship because of the impacts from COVID-19.

TMU currently provides free street lighting and discounted electricity for churches and water stations, estimated at a total of \$40,000. Government does not reimburse these costs.

Table 13-4 TMU Social Obligation Costs (\$)

	2021/22 Budget
Provision of streetlight and electricity discounts for churches and water stations	40,000
Net contribution to Government	40,000

In light of TMU’s renewable energy establishment phase, TMU is not expecting to pay dividend to CIIC in the medium-term.

13.8 To Tatou Vai Limited

To Tatou Vai Limited (TTVL) is a water utility established in 2018 to deliver a potable and reliable water supply service in Rarotonga, Cook Islands. The entity is also a state-owned enterprise, pending the passage and assent of enabling legislation through Parliament. TTVL will ultimately assume responsibility of maintaining Te Mato Vai (TMV) Project (Stages 1 and 2) assets.

The vision of TTVL is a community-trusted supplier of water.

13.8.1 Recent Milestones

- Relocation of TTVL’s administration office to the Airport Authority compound in Nikao.
- Upgrade of water station networks, and various tanks and reservoirs across Rarotonga.

13.8.2 Upcoming Milestones and Investments

- Handover of water assets from Te Mato Vai to TTV planned in the 2021 calendar year
- Adoption of Government mandated water treatment protocols
- Commencement of the water meter project in the 2022/23 financial year
- Commencement of the 20km of sub and branch main to allow decommissioning of the existing (failing) Asbestos Cement main, for the final sector in Rarotonga, Sector 5, as scoped under the TMV Project.

13.8.3 Social Contribution Costs and Dividends

TTV will scope and implement social and community contribution initiatives for the wider community once the entity is commercially viable. As such, TTV is not expecting to pay dividend to CIIC in the medium-term.

14 Public Sector Staffing

The Public Sector comprises of 14 Public Service agencies, 10 Pa Enea Island Governments, and 28 other Agencies classified as State Services by the *Public Service Act 2009* – in total 52 entities. State Services include Crown Agencies, Ministerial Support Offices and State-Owned Enterprises (SOE).

The *Public Service Act 2009* identifies 14 Public Service agencies under the authority of the Public Service Commissioner.

The *Island Government Act 2012/13* identifies 10 Island Administrations managed by Executive Officers. Various legislations enable the functioning of the Statutory Agencies, SOE's and Crown Agencies reporting directly to Statutory Boards or Ministers.

Table 14-1 Public Sector Agencies

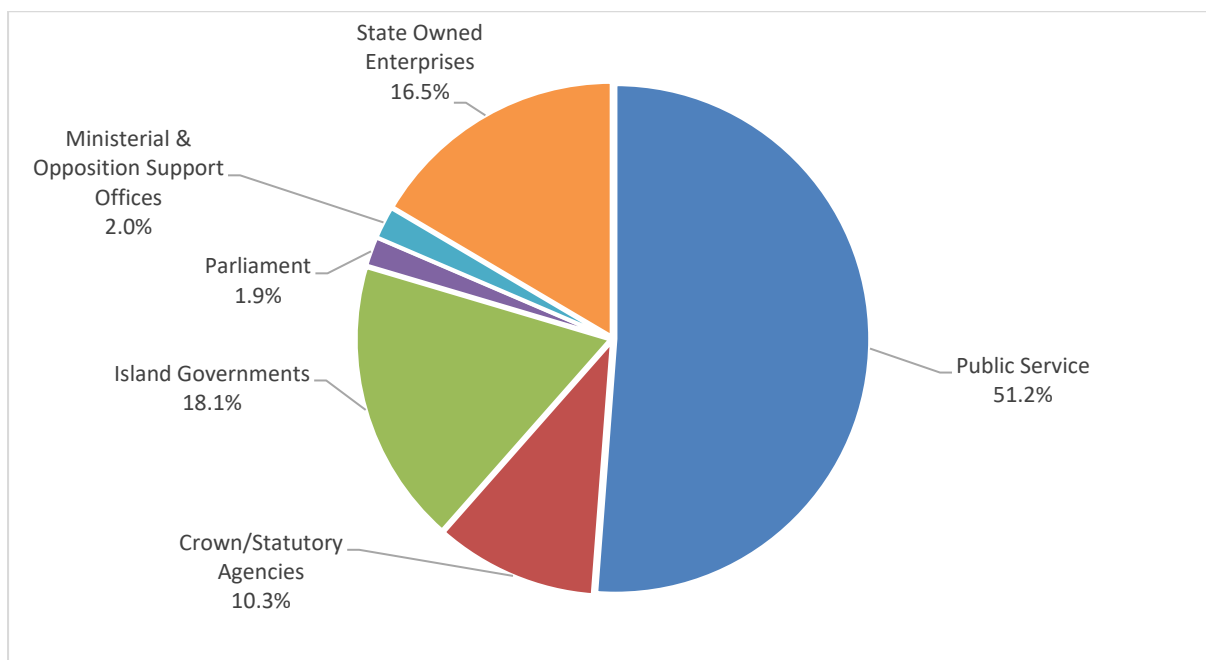
Public Service (14)	Island Governments (10)	Crown Agencies (7)
Ministry of Agriculture (<i>Pae Angaanga Tanutanu</i>)	Aitutaki	Head of State Office
Ministry of Corrective Services (<i>Te Tango Akatanotano</i>)	Atiu	Office of the Ombudsman (<i>Te Mato Akamoeeau</i>)
Ministry of Cultural Development (<i>Tauranga Vananga</i>)	Mangaia	Public Expenditure Review Committee & Cook Islands Audit Office
Ministry of Education (<i>Maraurau o te Pae Apii</i>)	Manihiki	Cook Islands Police Service
Ministry of Foreign Affairs and Immigration (<i>Te Kauono Tutara e te Mana Tiaki</i>)	Mauke	Crown Law Office (<i>Te Akinanga o te Ture</i>)
Ministry of Finance and Economic Management (<i>Te Tango Akatereanga Moni o te Ipukarea</i>)	Mitiaro	Leader of the Opposition Office
Ministry of Health (<i>Te Marae Ora</i>)	Palmerston	Parliamentary Services
Ministry of Justice (<i>Te Tango Tutara o te Ture</i>)	Penrhyn	
Ministry of Internal Affairs (<i>Te Tango 'Akarangatira'anga Ora'anga</i>)	Pukapuka/Nassau	Ministerial Support Offices (6)
Infrastructure Cook Islands (<i>Te Tango Angaanga o te Kuki Airani</i>)	Rakahanga	
Ministry of Marine Resources (<i>Tu'anga o te Pae Moana</i>)		State-owned Enterprises (7)
Ministry of Transport (<i>Te Mana Tumotu o te Kuki Airani</i>)	Statutory Agencies (8)	Avaroa Cable Ltd.
Office of the Prime Minister (<i>Kōutu Mana Tutara o te Ipukarea</i>)	Business Trade and Investment Board	Bank of the Cook Islands
Office of the Public Service Commissioner (<i>Paepae Ropi'anga o te Kavamani</i>)	Seabed Minerals Authority	Cook Islands Airport Authority
	Cook Islands Tourism Corporation	Cook Islands Ports Authority
	Cook Islands Investment Corporation**	Cook Islands Government Property Corporation
	Financial Supervisory Commission	Te Aponga Uira o Tumutevarovaro
	Financial Services Development Authority	To Tatou Vai Ltd.
	National Environment Service (<i>Tu'anga Taporoporo</i>)	
	Cook Islands Natural Heritage Trust	

* Includes House of Ariki, ** Includes Punanga Nui Market and Te Mana Uira o Araura (formerly Aitutaki Power Supply)

14.1 Public sector by employee numbers

The Public service is the largest employer in the Public Sector, employing more than half of the total number of employees on a full-time basis, as shown in Figure 14-1. The Island Governments are the second largest employer at 18.1 per cent and the primary source of employment for people in the Pa Enea. The SOEs account for 16.5 per cent of public sector employees, followed by the Crown/Statutory Agencies at 10.3 per cent.

Figure 14-1 Proportion of employees in the Public Sector, 15 March 2021



The public sector has 2,205 full-time employees (FTEs) as at 15 March 2021, a decrease of 39 FTEs (1.7 per cent) compared to 30 June 2020.

Table 14-2 Employee summary by groupings

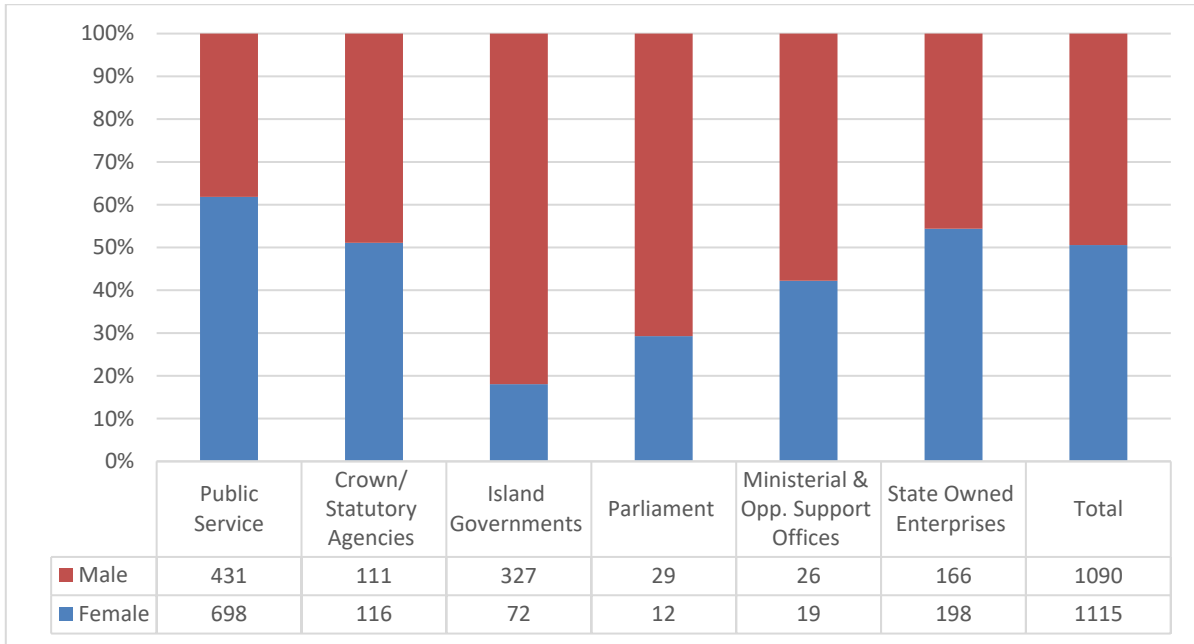
Agency	Total 15 March 2021	Total 30 June 2020
Public Service	1129	1197
Crown/Statutory Agencies	227	237
Island Governments	399	398
Parliament	41	44
Ministerial & Opposition Support Offices	45	29
State Owned Enterprises	364	339
Total	2205	2244

Source: HRMIS 15 March 2021 (except FSC and SOE's, who provided these numbers at 15 March 2021)

While the ratio of total male to female employees in the Public sector is relatively proportional, this ratio differs across the sectors. Figure 14-2 shows that female employees represent over 50 per cent of Public service employees, while the Island Governments and Parliament count for between 18 and 29 per cent of female employees.

The significant number of male employees in the Island Government is a result of the greater number of trade and labour intensive jobs compared to finance and administrative roles. However, some women, particularly in the Northern Group also work outdoors as Beautification officers.

Figure 14-2 Public Sector Employment by Gender Ratio

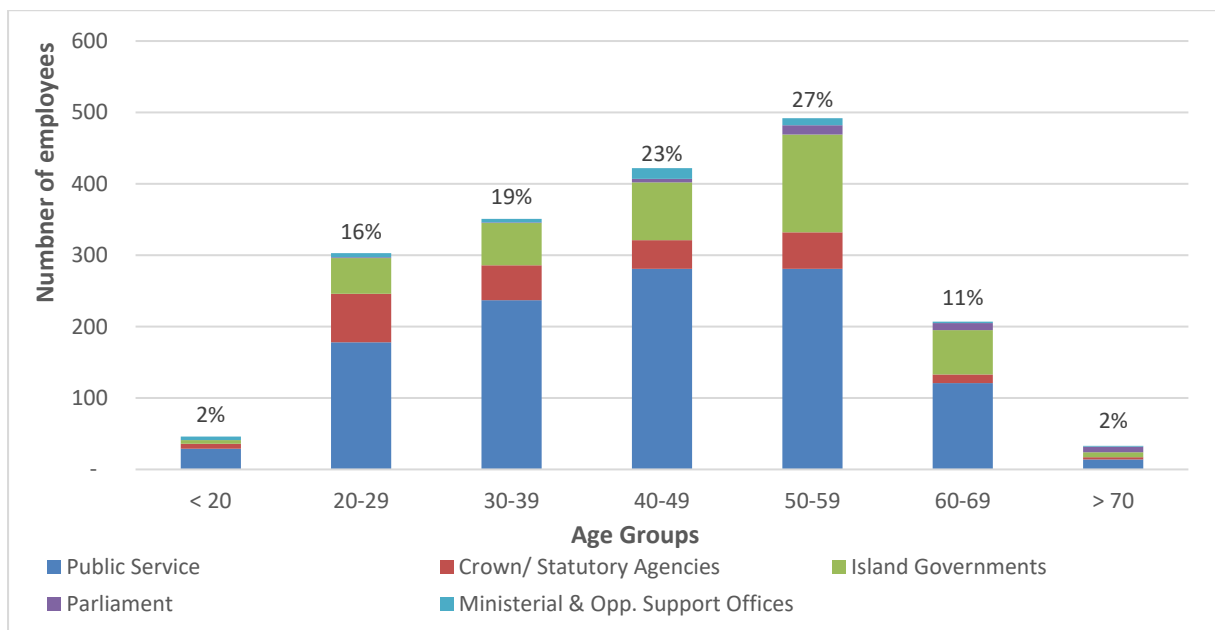


14.2 Public sector age profile

The age demographic across the Public sector (excluding SOEs and the Financial Supervisory Commission) shows that 40 per cent of the workforce will be at or beyond retirement age in the next 10 years.

This emphasises the need for succession planning and development of recruitment and retention strategies to address the critical skill gap shortages in the public sector when these age groups (50-59, 60-69, 70+) retire. Training programmes and career pathways need to be considered to attract younger, talented and competent employees and retain high-performing employees.

Figure 14-3 Public sector age profile



Source: HRMIS - Not stated includes: SOE's and the Financial Supervisory Commission.

14.3 Public sector remuneration profile

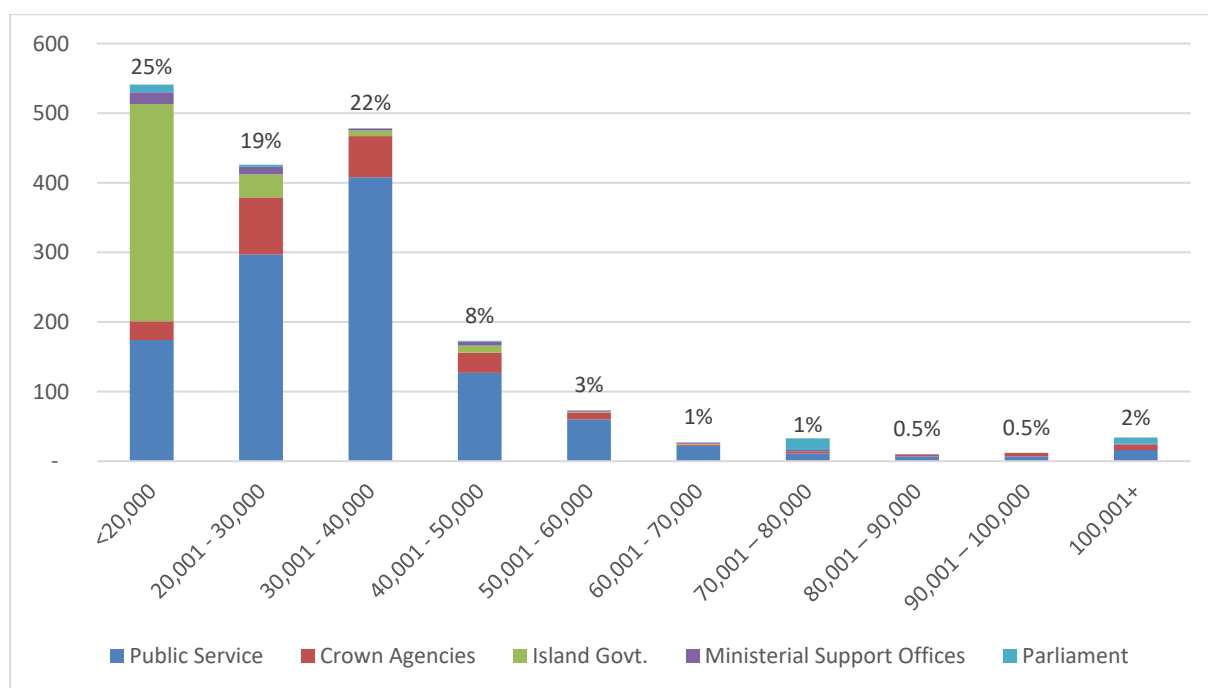
The minimum wage rate for the Cook Islands was set at \$8.00 an hour on 1 July 2020.

Figure 14-4 shows the proportion of full-time employee remuneration across the Public Sector. Approximately 66 per cent of employees earn less than \$40,000 with only 5 per cent of total employees earning more than \$60,000 annually. This group consists primarily of Heads of Ministries / Agencies, members of Parliament, senior managerial roles and specialist roles.

The graph shows that Island Government employees predominately earn less than \$20,000 per year. For Crown/Statutory Agencies, most employees earn \$20,001 - \$30,000 while the Public Service employees reflect a high proportion of earnings in the \$30,001 - \$40,000.

A range of factors contributes to this such as the type of job roles (being either entry-level or technical), employee skills, experience, qualifications and competency. Furthermore, the phased implementation of agencies onto the new Government pay structure has been placed on hold since the 2020/21 Budget due to COVID-19 and will not be reinstated until fiscal conditions have stabilised.

Figure 14-4 Public sector remuneration



Source: HRMIS. SOE's and the Financial Supervisory Commission are not included.

Table 14-3 lists the number of full-time employees per sector and salary range.

Table 14-3 Remuneration

Salary Range	Public Service	Crown Agencies	Island Govt.	Ministerial Support Offices	Parliament	SOE	Total
20,000<	174	27	312	17	11	0	541
20,001 - 30,000	297	82	33	11	3	0	426
30,001 - 40,000	408	59	8	3	0	0	478
40,001 - 50,000	127	29	10	6	1	0	173
50,001 - 60,000	60	10	1	2	0	0	73
60,001 - 70,000	22	2	1	2	0	0	27
70,001 – 80,000	11	3	0	2	17	0	33
80,001 – 90,000	7	2	0	1	0	0	10
90,001 – 100,000	7	5	0	0	0	0	12
100,001+	16	8	0	1	9	0	34
Not Stated	0	0	34*	0	0	364	398
Total	1,129	227	399	45	41	364	2,205

Source: HRMIS. Not stated includes: SOE's and the Financial Supervisory Commission.

* For the Island Government, 34 positions are not stated, as these positions are vacant.

14.4 Public sector strengthening

The impact of COVID-19 globally has required the Cook Islands' Public Sector to adapt and shift priorities and work programmes to focus on core services and Government efficiencies to enable the Government to respond to the health and economic impacts of COVID-19.

The Cook Islands Government's Public Sector Strategy 2016-2025 (the Strategy) provides a roadmap for achieving a Public Service of Excellence that will deliver quality goods and services through effective leadership and governance.

The strategy identifies three priority areas of strengthening to have a well-led and trusted public sector that is relevant and responsive. The three priority areas are **People, Structures** and **Systems**. The Public Sector is currently in Phase 2 of the strategy, which is implementing change (2019 to 2025).

Many Ministries continue to have difficulty in recruiting people with key competencies and skills sets. Innovative approaches and changes to recruitment strategies are needed otherwise access to technical expertise in certain areas of work will continue to be reliant upon external experts/consultants.

In order to attract young, talented and competent employees and retain high-performing employees, some Ministries have collaborated with various service providers to provide training for their employees.

Upskilling in digital capabilities and competencies, the consideration of the automation of repetitive administrative tasks and strengthening data collection, analysis and reporting are areas that this Phase of the Strategy will scope.

15 Pa Enea

This chapter provides a general overview of Government spending in the Pa Enea. It aims to provide clarity on funding appropriated to each Island Government under the Island Government Act 2012-13 as well as funding directly through the budgets of government agencies or received from development partners.

15.1 Funding Model

The Pa Enea Funding model was developed to provide a fair and transparent method for determining the appropriate Government expenditure for each Island Government. The model incorporates various expenditures faced by each island and factors in parameters to identify the funding requirement for each island. The trading revenue also provides surplus income that each Island Government can use for local development beyond the core funding provided by Government.

Table 15-1 highlights the cost factors used in the Funding Model. These cost factors were determined based on relevance and reliability. The Funding Model excludes depreciation, capital spending, and Government agency spending.

Table 15-1 Cost factors of the Pa Enea Funding Model

Factor/Output	Parameter	Basis for costing
Administration	Population as per the Census	3 staff per island, plus 1 additional administrative staff per 250 residents, up to an additional 3 staff.
Island Council	The number and wages of councillors, Ui Ariki and Aronga Mana as per the <i>Island Government Act 2012-13</i>	Base salary, plus top-up payment based on island tier as determined by Office of the Prime Minister
Infrastructure		
Water	Population as per the Census	\$250 per person
Road maintenance		
Sealed	Kilometres of road	\$4,897.55 per km
Unsealed	Kilometres of road	\$7,372.50 per km
Maintenance (machinery & vehicles)	Schedule of Regular Capital Needs	3-7% of asset replacement value, as determined by the Infrastructure Committee
Airstrip	Length of runway	\$58,254.17 per km
Waste Management	Population as per the Census	\$26,920 fixed cost plus \$56.40 per person;
Beautification	Per km of road	\$2,300 per km
Energy (electricity generation) (excl. Aitutaki)	Estimation of generation cost <i>minus</i> estimated trading revenue from appropriate usage charges. Separately averaged per person usage across of the Northern Group and the Southern Group	A cost of 90-95 cents per kWh A charge of 60 cents per kWh to local users Average consumption in the Northern Group Average consumption in the Southern Group (excl. Aitutaki)
Other costs ³⁷	Varies by island	Operational costs for inter-island ferries (\$3,000 for Manihiki, \$6,000 for Penrhyn)

15.2 Funding Allocation

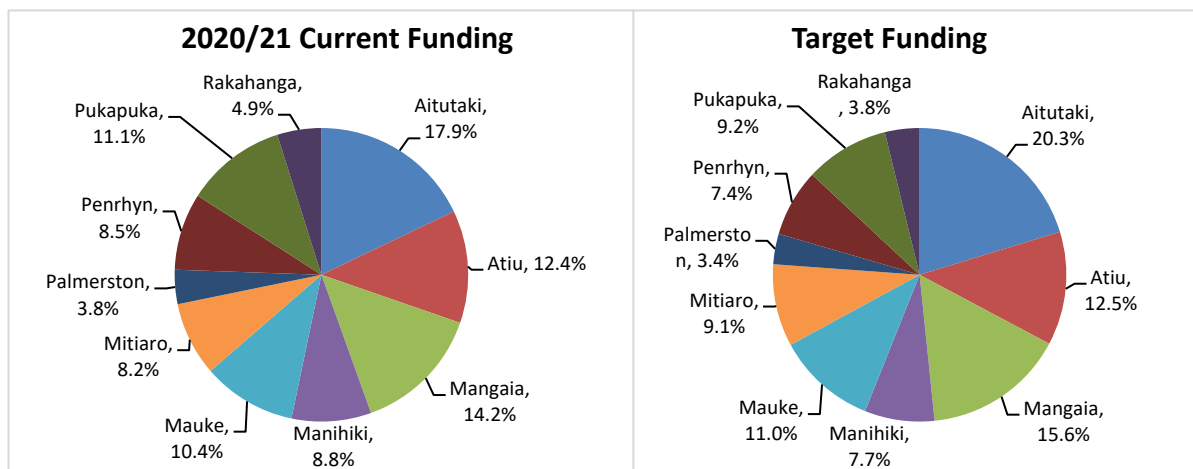
Figure 15-1 shows the proportion of total cash funding per Island Government for the 2020/21 fiscal year relative to the proportion of target funding required for each island.

Of the total Pa Enea cash funding, 63.2 per cent has been allocated to the Southern Group Islands and 36.8 per cent to the Northern Group Islands. The proportion of investment between the island groups is largely attributed to the population size on each island. Other cost factors, which are independent

³⁷ 'Other Costs' include island specific costs not factored into the general model (such as motu-to-motu transport for Penrhyn and Manihiki).

of the population size, affect the funding required for the Northern Group due to the remoteness of these islands. Cost factors such as air and sea transportation to these islands as well as inter-island boat services to travel from one motu to another affect the viability of development on island.

Figure 15-1 Allocation of total funding across Island Governments



15.3 2021/22 Pa Enea funding

For 2021/22, a total of \$12.6 million in Gross appropriation directly supports the function of Island Governments. The gross appropriation also includes additional funding of \$200,000 to support the Island Governments in meeting remuneration changes relating to renewable energy management positions and Executive Officers that were approved during the 2020/21 fiscal year.

The phased implementation of Government agencies and Island Administration to the new Government pay structure continues to remain on hold as for the whole of Government until the economic conditions stabilise.

Chapter 17 - Schedule 1 lists the 2021/22 appropriation for each Island Government by Personnel, Operating, Depreciation and Trading Revenue.

15.3.1 Cash funding

Table 15-2 breaks down the cash funding derived for 2021/22 in consideration of the prior year's cash funding and the gradual adjustments towards the target funding allocation.

The additional funding is the difference between the cash funding appropriated in the 2021/22 Budget and the expected 2021/22 cash funding based on the costs factors and parameters derived through the funding formula. The reason for this difference is due to cumulative personnel increases for the Pa Enea in the prior years.

Table 15-2 Pa Enea Funding Model results for 2021/22 (\$)

Formula Cash Funding Results								
	2020/21 Cash Funding	2020/21 portion	Minimum Cash Funding	Target portion	Adjustment towards target	Additional Funding	2021/22 Cash Funding	2021/22 portion
Aitutaki	1,551,070	17.9%	1,635,373	20.3%	7,551	20,129	1,578,750	17.8%
Atiu	1,075,906	12.4%	1,008,788	12.5%	5,238	35,893	1,117,037	12.6%
Mangaia	1,231,417	14.2%	1,257,899	15.6%	5,995	33,168	1,270,580	14.3%
Manihiki	759,213	8.8%	620,365	7.7%	-6,394	23,298	776,117	8.7%
Mauke	897,577	10.4%	889,227	11.0%	4,369	25,554	927,500	10.4%
Mitiaro	706,793	8.2%	731,442	9.1%	3,441	16,080	726,313	8.2%
Palmerston	326,592	3.8%	270,297	3.4%	-2,751	7,355	331,196	3.7%
Penrhyn	736,319	8.5%	599,985	7.4%	-6,202	27,100	757,217	8.5%
Pukapuka	960,774	11.1%	746,056	9.2%	-8,092	22,716	975,398	11.0%
Rakahanga	421,706	4.9%	307,581	3.8%	-3,552	9,788	427,943	4.8%
Total	8,667,367	100%	8,067,014	100%	-397	221,081	8,888,051	100%

15.3.2 Other funding support

The Pa Enea benefits from other forms of funding support provided by Government agencies or development partners through the provision of services, welfare, development programmes and capital works. This support contributes to the development and well-being in the Pa Enea.

Table 15-3 outlines the type of expenditure support received from Government agencies, state-owned enterprises and development partners to the Pa Enea.

Table 15-3 Estimated Government expenditure in the Pa Enea, 2021/22 (\$'000)

Agency	Operating	ODA ³⁸	Capital	Total
Business Trade and Investment Board	78	0	0	78
Cook Island Investment Corporation	0	0	1,950	1,950
Cook Islands Police Service	599	0	0	599
Cook Islands Tourism Corporation	246	0	0	246
Infrastructure Cook Islands	0	128	10,478	10,606
Ministry of Corrective Services	68	0	0	68
Ministry of Cultural Development	150	0	0	150
Ministry of Education	4,919	0	300	5,219
Ministry of Finance and Economic Management	883	1,106	110	2,098
Ministry of Health	2,464	0	0	2,464
Ministry of Internal Affairs	212	0	0	212
Ministry of Justice	283	0	0	283
Ministry of Marine Resources	488	0	0	488
Ministry of Transport	14	0	0	14
National Environment Service	289	0	0	289
Office of the Prime Minister	200	10,294	321	10,815
State Owned Entities	829	0	0	829
<i>Airport Authority</i>	396	0	0	396
<i>Cook Islands Ports Authority</i>	433	0	0	433
Total	11,720	11,527	13,159	36,406

Note: Due to the integration of the Pa Enea support in general agency programs, this data is an estimate only.

³⁸ Official Development Assistance (ODA) is delivered through numerous agencies, both local and foreign. Figures for ODA spending are an estimate as the funding may be shared between the Pa Enea and Rarotonga. For more information, refer to chapter 16 - Official Development Assistance.

15.3.3 Airport Authority of the Cook Islands

The Airport Authority of the Cook Islands (AACI) operate and manage the Aitutaki airport to ensure the safe and efficient movement of aircraft and passengers. Estimated expenditure to facilitate these services are approximately \$396,000. These costs include personnel of \$254,000 and operational costs of \$142,000.

15.3.4 Business Trade and Investment Board

The Business Trade and Investment Board (BTIB) help to support and promote start-up businesses and enterprises in the Pa Enea. The organisation of Trade Days and Night Markets provide trade opportunities for businesses in the Pa Enea to sell to locals and visitors on Rarotonga and abroad. To facilitate these services, BTIB allocates approximately \$78,000 of its total appropriation to Pa Enea development.

15.3.5 Cook Islands Investment Corporation

The Cook Islands Investment Corporation (CIIC) is responsible for maintaining and managing Crown assets. For the 2021/22 fiscal year, a total of \$2.0 million has been committed for the projects listed below in Table 15-4.

- \$1.0 million for the Aitutaki harbour dredging will be to complete the deepening and widening of the existing channel to allow yachts, boats, and ships to berth in the Aitutaki harbour.
- Building projects in the Southern Group are planned for Mangaia in 2021/22 and 2022/23 before moving on to Mauke in the outer years.
- For the Northern Group, CIIC will be improving the Government buildings in Manihiki and Rakahanga over the medium-term.

Table 15-4 Estimated CIIC capital projects in the Pa Enea (\$'000)

Island	Project/ Programme	2021/22 Budget Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Aitutaki	Aitutaki Harbour Dredging	1,000	0	0	0
Pa Enea	Pa Enea Government Building Projects - Southern Group	400	485	300	300
Pa Enea	Pa Enea Government Building Projects - Northern Group	550	300	650	200
CIIG funded Cook Island Investment Corporation		1,950	785	950	500

15.3.6 Cook Islands Police Service

The Cook Islands Police Service has allocated a total of \$599,427 in 2021/22 to cover personnel and operating costs for the provision of law enforcement across the Pa Enea.

15.3.7 Cook Islands Ports Authority

The Cook Islands Ports Authority (CIPA) manage the Arutanga port in Aitutaki. Approximately \$433,000 has been allocated to ensure that the port operates effectively and efficiently. Operating cost include bulk fuel, utility cost, repairs, and maintenance. CIPA are also working with CIIC to complete the dredging of the channel for the Aitutaki harbour.

15.3.8 Cook Islands Tourism Corporation

The Cook Islands Tourism Corporation have estimated expenditure of \$246,000 in 2021/22 to promote and provide visitor information about each of the outer islands.

15.3.9 Infrastructure Cook Islands

Infrastructure Cook Islands (ICI) support the Pa Enua with procurement, project development and implementation of capital projects, such as cyclone centres, road improvements and ports on each island.

For 2021/22, a total of \$12.1 million has been appropriated to implement capital programmes and projects listed in Table 15-5 below. Of this allocated funding, the Government building projects is for the completion of the Te Tautua hospital in Penrhyn and the Pa Enua Marine Infrastructure Improvement programme will support the design and construction of the Nassau harbour.

Planned expenditure for improving the air infrastructure in the Pa Enua in 2022/23 and 2023/24 will focus on making improvements to the airports on Penrhyn. \$5.5 million is not included in this total, as these funds will be proposed for funding through the Infrastructure Trust Fund for Manihiki Airport.

Funding for Emergency Management and Support is allocated for the planned completion of the Nassau and Rakahanga cyclone shelters. Nassau cyclone shelter requires the completion of the Nassau harbour works in order to mobilise equipment and materials.

The following ICI capital programmes also have Pa Enua components that are not discretely allocated funding, but rather fall within the allocated programme budget.

- Road Asset Management and Improvement Programme
- Water and Sanitation Infrastructure Improvement Programme

Table 15-5 Estimated ICI capital projects in the Pa Enua (\$'000)

Island	Project/ Programme	2021/22 Budget Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Pa Enua	Emergency Management and Support Infrastructure	0	0	2,000	2,000
Pa Enua	Government Building Projects	1,000	0	0	0
Pa Enua	Pa Enua Air Infrastructure Improvement Programme	128	5,625	625	0
Pa Enua	Pa Enua Air Infrastructure Improvement Programme	5,500*	0	0	0
Pa Enua	Pa Enua Marine Infrastructure Improvement Programme	1,700	1,700	0	0
National	Water and Sanitation Infrastructure Improvement Programme	650	0	1,000	0
National	Roads Asset Management and Improvement Programme	7,000	7,500	7,750	8,000
CIG funded Infrastructure Cook Islands		10,478	14,825	11,375	10,000

* Manihiki Airport will be proposed to be funded through the Infrastructure Trust Fund and is not included in the total.

15.3.10 Ministry of Corrective Services

The Ministry of Corrective Services has appropriated a total of \$68,000 for the provision of Probation Officers on Aitutaki and Atiu to implement rehabilitation programmes.

15.3.11 Ministry of Cultural Development

The Ministry of Cultural Development disburses \$150,000 across the Pa Enua to support the local communities in celebrating Te Maeva Nui on island. This fund is covered under the National Events administered payment fund.

15.3.12 Ministry of Education

The Ministry of Education contributes \$4.9 million (25.8 per cent) of its total appropriation to provide quality education in the Pa Enea.

Of this total funding, approximately \$4.2 million has been allocated for personnel and \$263,000 to cover operating expenditure for utility costs, staff amenities, school supplies and the maintenance of school buildings.

A total of \$300,000 has been allocated in 2021/22 to allow the ministry to replace capital items such as laptops, tablets and printers in accordance with its capital replacement plan. This replacement plan also extends to the Pa Enea.

The Ministry also provides scholarships and studying opportunities for students in the Pa Enea, estimated to cost \$357,000.

In Aitutaki, the Ministry provides a school bus service to transfer students to and from outlying villages to school. Estimated cost of providing this service is \$26,000 annually

15.3.13 Ministry of Finance and Economic Management

The Ministry of Finance and Economic Management (MFEM) support the Pa Enea by assisting the Island Administrations to meet its financial reporting requirements (estimated cost \$58,000) and through the provision of tax and custom services on Aitutaki (approximately \$60,000).

In addition to this, MFEM administers the following funds, which also benefit the Pa Enea:

- Shipping subsidy fund (\$500,000) – to provide affordable and regular inter-island shipping services to transport passengers and bulk goods.
- Universal Access Fund (\$400,000) – to provide equitable access to telecommunications in the Pa Enea through the Competition and Regulatory Authority.
- Audio Visual Broadcasting subsidy (\$45,000) – enables television broadcasting in the Pa Enea.
- Outer Island small capital fund (totalling \$110,000) – enables the Island Administrations to procure small capital items up to the value of \$5,000. Small capital items include printers, laptops and grass cutters.

Table 15-6 Small Capital Fund administered by MFEM (\$'000)

Project/ Programme	2021/22 Budget Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Aitutaki Island Government	16	16	16	16
Atiu Island Government	12	12	12	12
Mangaia Island Government	12	12	12	12
Manihiki Island Government	10	10	10	10
Mauke Island Government	10	10	10	10
Mitiaro Island Government	8	8	8	8
Palmerston Island Government	10	10	10	10
Penrhyn Island Government	12	12	12	12
Pukapuka-Nassau Island Government	12	12	12	12
Rakahanga Island Government	8	8	8	8
Pa Enea Small Capital Fund administered by MFEM	110	110	110	110

15.3.14 Ministry of Health

The Ministry of Health allocates approximately \$2.5 million to provide core health services in the Pa Enua. These costs cover personnel and operating costs associated with operating health centres on each island and a hospital on Aitutaki.

Health service delivery on the Pa Enua is supplemented through remote consultations with clinicians on Rarotonga, visiting health specialists and urgent medical evacuation. Through Te Kaveinga Ora ('Flying Doctors') programme, the Ministry is able to provide a wide range of services such as public health, oral health, primary and secondary care to the Pa Enua.

The Patient Referrals administered fund of \$850,000 helps support the Ministry to refer patients or conduct urgent medical evacuation from the Pa Enua to Rarotonga and from Rarotonga to New Zealand, if necessary.

15.3.15 Ministry of Internal Affairs

The Ministry of Internal Affairs allocates \$212,000 to aid and support families and individuals in the Pa Enua.

In addition to this, the Ministry are also responsible for the management and disbursement of welfare payments to people in the Pa Enua. The estimated cost of welfare payment in the Pa Enua for 2021/22 is \$7.1 million.

Breakdown of welfare payments per island and category are shown in Table 15-7. Note that welfare payments for beneficiaries on Palmerston are not included in the table below as these benefits are paid into accounts held in Rarotonga by the Bank of the Cook Islands.

Table 15-7 Estimated Social Welfare Payments in the Pa Enua for 2021/22 (\$'000)

	Aitutaki	Atiu	Mangaia	Manihiki	Mauke	Mitiaro	Penrhyn	Pukapuka/ Nassau	Rakahanga	Total
Old Age Pension 60+	769	228	384	138	186	60	90	210	66	2,131
Old Age Pension 70+	823	269	395	84	227	143	42	134	59	2,176
Child Benefit	700	155	150	88	50	90	94	256	31	1,614
Newborn Allowance	30	5	3	2	2	2	1	5	1	51
Destitute Benefit	24	12	5	2	7	2	2	2	2	58
Infirm Benefit	173	48	53	10	24	14	10	43	10	385
Maternity Leave	19	4	0	0	2	0	0	2	0	27
Caregivers	27	31	53	10	50	26	10	36	24	267
Christmas Bonus	41	10	14	5	6	5	5	15	3	104
Funeral Allowance	29	17	24	5	5	5	5	24	5	119
Power Subsidy	9	6	9	3	8	5	2	7	2	51
Special Assistance	15	10	10	10	20	10	25	10	10	120
Total Welfare Payments	2,659	795	1,100	357	587	362	286	744	213	7,103

15.3.16 Ministry of Justice

The Ministry of Justice provide Registry and Justice of the Peace (JP) services on each island totalling \$283,000. These costs cover personnel expenditure of \$256,000, operating costs of \$15,000 and administered funding of \$12,000.

15.3.17 Ministry of Marine Resources

The Ministry of Marine Resources provide technical support and advice for small-scale fisheries and pearl farmers in the Pa Enea to ensure the sustainable management of marine resources. A total of \$488,000 enables the Ministry to deliver these services in the Pa Enea.

15.3.18 Ministry of Transport

The Ministry of Transport monitors compliance with civil aviation rules, maritime rules and liquor licenses in the Pa Enea, including the monitoring and maintenance of automated weather stations on each island. For 2021/22, a total of \$14,000 has been allocated to maintain these services.

15.3.19 National Environment Service

The National Environment Service (NES) provides regulatory, technical and monitoring advice and services to the Pa Enea on sustainable management practices to protect the environment. For 2021/22, a total of \$289,000 enables the NES to have an environment officer on each island, including Suvarrow as well as operating expenditure.

15.3.20 Office of the Prime Minister

The Office of the Prime Minister (OPM) provide oversight on the governance and service delivery of each Island Administration.

A total of \$100,000 enables the provision of Pa Enea mechanical overseer to repair and maintain heavy machinery across the Pa Enea to ensure they operate effectively. OPM also administer a \$100,000 funding previously managed by ICI for procuring replacement parts to repair and maintain heavy plant and machinery in the Pa Enea.

The office also assists with the implementation of community development programmes in the Pa Enea such as the renewable energy project. Apart from Aitutaki, all the renewable energy projects for islands in the Northern and Southern Group are completed.

Discussions are under way with a funding partner to implement renewable energy upgrades in the Pa Enea.

Table 15-8 Estimated OPM capital projects in the Pa Enea (\$'000)

Island	Project/ Programme	2021/22 Budget Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
National	Renewable Energy Upgrades	321	5,000	5,000	3,900
CIG funded Office of the Prime Minister		321	5,000	5,000	3,900

15.3.21 Official Development Assistance

The estimated Official Development Assistance (ODA) allocated for the Pa Enea in 2021/22 is \$11.5 million. These programmes are listed in Table 15-9 by Agency with explanation of each programme available in Chapter 16.

Table 15-9 Estimated ODA spending in the Pa Enua (\$'000)

Agency	Project/ Programme	2021/22
Ministry of Finance and Economic Management	Pa Enua Action for Resilient Livelihoods (PEARL)	1,106
Office of the Prime Minister	GCCA + SUPA - Enhancing a Climate Resilient Marine Sector	759
Infrastructure Cook Islands	Managing Water Scarcity through Strengthened Water Resources Management	128
Office of the Prime Minister	Renewable Energy Grant (Southern Group)	9,534
Total		11,527

15.3.22 Total expenditure in the Pa Enua

Table 15-10 represents the total Government expenditure in the Pa Enua. The investment in the Pa Enua is significant by any measure, representing the importance of the Pa Enua to the Cook Islands Government.

Table 15-10 Total Government expenditure in the Pa Enua for 2021/22 (\$'000)

Island	Gross Appropriation ³⁹	Funding support from Agencies	Welfare Payments ⁴⁰	Total current public spending
Aitutaki	2,127	4,658	2,659	9,444
Atiu	1,771	964	795	3,531
Mangaia	1,782	1,377	1,100	4,259
Manihiki	1,355	801	357	2,514
Mauke	1,421	771	587	2,779
Mitiaro	880	579	362	1,821
Palmerston	432	183	0	615
Penrhyn	1,011	792	286	2,089
Pukapuka/Nassau	1,264	1,233	744	3,241
Rakahanga	562	361	213	1,136
Pa Enua Total	12,605	11,720	7,103	31,428
General Support (Capital & ODA expenditure)	0	24,686	0	24,686
Overall Total	12,605	36,406	7,103	56,115

15.4 Economic Context

The Cook Islands is spread out across two million square kilometres of ocean and a combined land mass of 240 square kilometres. By regional standards, the Cook Islands is a micro and remote market, with small islands and population bases that make it difficult to develop economic opportunities.

With the high cost of living, infrequent shipping schedules, and lack of opportunities for growth, depopulation remains a continuing challenge for the Pa Enua as people move to either Rarotonga, New Zealand or Australia.

Infrastructure developments have been taking place throughout the years to improve the standard of living and quality of life for families and individuals in the Pa Enua. With the exception of Aitutaki, most of the Pa Enua have transferred from diesel power generators to solar power. Capital projects are expected for both the Northern and Southern Group across the medium-term. These projects include the repair and maintenance of Government buildings, the completion of Te Tautua hospital in Penrhyn, improving the roads, airports and water supply on islands, constructing cyclone shelters and upgrading harbours.

³⁹ Trading revenue is not shown here as trading revenue is generated on island and not transferred from the central budget.

⁴⁰ The welfare benefit payments received by beneficiaries in Palmerston is not reflect in this table as these are paid to the beneficiary's account in Rarotonga.

15.4.1 Aitutaki

With a population of almost 2,000 people, 36 per cent of the population support the tourism industry both directly and indirectly. This includes lagoon cruises, fishing excursions outside the lagoon, holiday accommodations, production of fruits and vegetables, restaurants and bars. Tourism is a main driver of economic activity, attracting both local and international visitors.

The island's fertile soil allows for agricultural production of tropical fruits and vegetables. Water galleries on the main island ensures that there is an adequate water supply for residents and farm use.

Since the closure of the international borders from March 2020 to May 2021 resulting in a significant reduction in visitor numbers, Aitutaki locals have been exploring different ideas to diversify the island's local economy. A few of these ideas include local produce being exported to New Zealand. Some families and businesses have utilised social media to sell produce (such as watermelons and pineapples to crabs and fish) domestically supporting farmers who would otherwise have sold the produce to restaurants and accommodation prior to the impacts of COVID-19.

The Aitutaki Harbour Dredging project is planned for 2021/22 and is expected to improve shipping services and access of cruise ships to dock safely on the island. This project is part of the Orongo Development project.

15.4.2 Atiu

Home to 500 residents, Atiu is a volcanic island surrounded by harsh fringing reefs. Atiu has a small but growing tourism industry with the main attraction being their unique bird life and flora.

There has been some economic development through the establishment of small accommodation businesses over the years and there are approximately 50 people working for the Island Government on Atiu.

The island's economy is also supported through the production and sales of local and imported products and services. Produce grown locally and exported to Rarotonga include taro, ei's, coffee and coconut products. Fishing in Atiu is on a semi commercial basis where fishermen sell their excess catch.

Recent developments in an effort to improve the island and costs of living include road improvements, a new plant nursery built in 2020 and the refurbishment of Government buildings such as the Doctor's residence.

15.4.3 Mangaia

Anecdotally recognised as the oldest island in the Pacific, Mangaia is the second largest island in the Cook Islands after Rarotonga. As the second most visited island in the Pa Enua, Mangaia's attraction comes from its ancient history, secret beaches and caves, rare bird species, beautiful terraces surrounding swamps and a volcanic plateau at the centre of the island.

As a volcanic island, Mangaia's soil is rich and fertile, with the island most known for its taro.

The Island Government out of a population of approximately 500 employs an estimated 60 people. Recent developments include a solar-battery power station, a school bus and a doctor on island.

15.4.4 Manihiki

Manihiki is a small coral atoll made up of 43 tiny islets surrounding a deep lagoon. The island's main source of income comes from the cultivation of black pearls and pearl shells. Once a booming business, the black pearl industry went from over 200 licensed farms in the late 90s to just over 20 farms still in business and working to restore the industry to its previous status.

Tourism is the island's second largest industry, with pearl farm tours being one of the main attractions. Subsistence farming of agricultural produce and fishing supports local consumption.

The island's airport has been identified as an initial priority to improve with Government proposing to use the Infrastructure Trust Fund balance of \$5.5 million to initiate works in the 2021/22 fiscal year.

15.4.5 Mauke

With a population of 297 people, the Island Government employs 41 people. Agricultural production and fishing activities are mainly for local consumption.

The island's main export is akari pi (traditionally made coconut oil) and ei maire. Although tourism in Mauke is on a smaller scale, offerings are being developed and promoted as an eco-tourism destination.

15.4.6 Mitiaro

Mitiaro is the fourth largest island in the Cook Islands, with a population of 155 people. Economic activity is low, with tourism being the main source of income (though small). The Island Administration employs a third of the population.

As part of the Grassroots Assistance Programme, the Government of Japan purchased 10 concrete 20,000-litre water tanks and a mobile water tank to transfer water to remote areas in case of emergencies. This project was completed in 2019.

Mitiaro was the first island of the Southern Group to switch from diesel to solar energy in May 2018.

15.4.7 Palmerston

A coral atoll with a population of less than 60 people, Palmerston does not have many economic opportunities. The Island Government employs a quarter of the population. As a coral atoll surrounded by reef, access is by boat as the small population and land mass makes it difficult to build an airport and is unsuitable for intense agriculture.

The Marsters house opened on 8 July 2019 in Rarotonga and it provides accommodation for people from the island when they visit. Fishing is the main source of local consumption.

15.4.8 Penrhyn

With a population of 250, Penrhyn is well known for the production of woven rito products. The Island Government employs 38 people. Fishing is reserved for local consumption.

In January 2021, the island experienced a severe water shortage resulting in 200,000 litres of water, several water tanks and the installation of a desalination plant on island to provide relief from the drought conditions.

Government has completed the construction of two cyclone shelters, in Te Tautua and Omoka as part of the ongoing Emergency Management and Support Infrastructure project.

A total of \$1.0 million has been allocated in 2021/22 to complete the new Te Tautua hospital.

15.4.9 Pukapuka and Nassau

With a population total of 425 in Pukapuka and 78 in Nassau, these two islands are grouped under the same electorate.

Pukapuka has three islets named Motu Ko, Motu Kotawa and the main island Wale. Motu Ko and Kotawa are uninhabited food reserves, in which fishing and agricultural produce are for local consumption only. Pukapuka has an airstrip on the inhabited island of Wale, and the people use boats

to move from island to island. Nassau is located 88 km away from Pukapuka and is only accessible by boat.

Economic activity is low due to the remoteness of the islands and high shipping costs. Both islands have generated electricity using solar since 2014.

For 2021/22 and 2022/23, funds have been allocated to construct a harbour for Nassau. Subsequent to this, funds have been allocated to design and construct a cyclone shelter on the island.

15.4.10 Rakahanga

Rakahanga is a coral atoll made up of four main islands and seven islets surrounding the lagoon.

The island generates revenue from its fisheries sector by exporting some of the excess catch to Rarotonga.

Access to Rakahanga is by a 3-hour boat ride from Manihiki. In 2015, a deeper channel was created to improve access to the lagoon. The island has also been generating electricity from solar plants since 2014.

16 Official Development Assistance

16.1 Overview

This chapter highlights donor contributions appropriated to Official Development Assistance (ODA) projects in line with Government priorities. This chapter should be read in conjunction with the Capital Expenditure chapter as Cook Islands Government-funded infrastructure projects are detailed there.

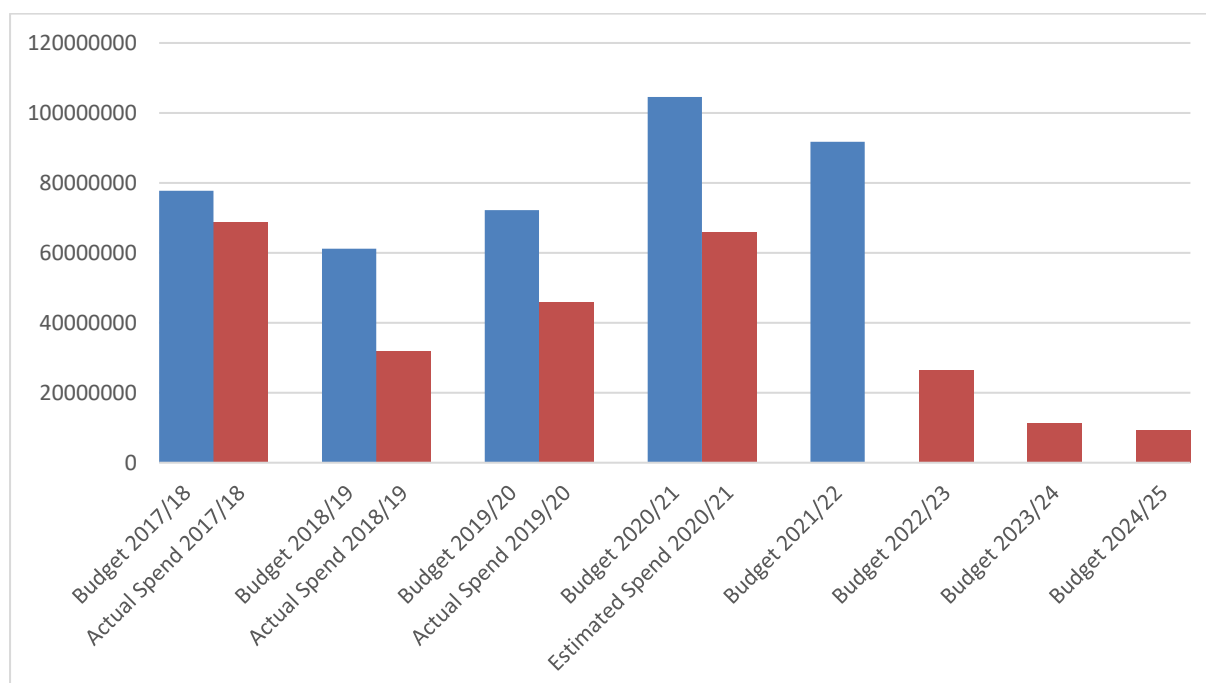
For 2020/21 and 2021/22, donor contributions have increased substantially due to the support received by the Cook Islands to respond to COVID-19 through the implementation of the Economic Response Plan, Economic Recovery Roadmap, and health and border system strengthening.

Estimated expenditure for ODA in 2020/21 is \$64.5 million of the \$84.6 million budget estimate, a conversion rate of 76.3 per cent including Budget Support funding.

Total expenditure was predominantly driven by the implementation of large infrastructure projects such as Manatua Cable, Te Mato Vai remediation, Mei Te Vai Ki Te Vai, Renewable Energy and the Rarotonga Airport slab replacements. Budget support towards the Cook Islands COVID-19 Response also contributed towards the high conversion rate. A major project impacted by the effects of COVID-19 was the Renewable Energy Project for the Southern group islands due to international border closures and travel restrictions.

Figure 16-1 shows actual spend of ODA funds for 2017/18 to 2020/21 and estimates for 2021/22 and the forward years. Actual expenditure for 2019/20 financial year was \$46.0 million out of the \$72.2 million budget estimate, a conversion rate of 63.7 per cent. Similarly, expenditure was driven by infrastructure projects in the first half of the 2019/20 financial year, and further bolstered by budget support towards the Cook Islands COVID-19 response in the second half.

Figure 16-1 Cook Islands ODA actual and estimated expenditure (\$'000)



The ODA budget estimate for 2021/22 is \$91.7 million. This estimate includes the following major infrastructure projects:

- Renewable Energy - \$9.5 million

- Asset Management - \$3.2 million
- Cook Islands Infrastructure Trust Fund - \$5.5 million
- Japan Economic Social Development Programme - \$3.5 million

A total of \$63.1 million from the New Zealand Government has been committed for the next three years towards various programs. This includes established programs such as the Cook Islands Core Sector Support, the Manatua Polynesian Cable Project, Water and Sanitation, COVID-19 Pacific Support Package, COVID-19 Vaccination Programme and the Cook Islands Infrastructure Trust Fund.

The Cook Islands Government (CIG) contributes to ODA-funded projects through taxation exemptions, capital appropriation, personnel, and operating appropriation. For 2020/21, approximately \$1.0 million was exempted on imported materials for ODA projects, including value-added tax (VAT) for goods and services. A large proportion of the exemptions provided relates to the supply of Personal Protective Equipment (PPE) and medical equipment to respond to COVID-19. In contrast to 2019/20 (of an estimated \$2.3 million), the noticeable decrease by 56 per cent in exemptions granted is due to major infrastructure projects progressing towards final stages of implementation.

16.1.1 ODA graduation

The Cook Islands officially graduated to a 'high income country' status on 1 January 2020, as determined by the Organisation for Economic Cooperation and Development (OECD) standards.

Following this date, ODA graduation was expected to have a limited impact upon the level of foreign aid received, particularly due to the Cook Islands strong economic position. However, with the onset of COVID-19 the impact of a graduated status has become evident as the Cook Islands has limited access to grant funding, having to rely on loan financing to fund the Economic Response Plan to prevent severe economic outcomes.

The impact of the economic shock and its effect on GDP indicates that this classification may become obsolete. However, there are indications that there will be limited consideration by donors of the impact of COVID-19 on newly graduated economies and their development status until at least 12 months of World Bank verified GNI data is available.

16.1.2 COVID-19 Vaccination Programme

The COVID-19 vaccination rollout began on 18 May 2021. With the support of the New Zealand Government, the Cook Islands managed to secure sufficient Pfizer vaccines to provide full coverage for all our eligible population.

16.2 General Budget Support

Financial support received by the Cook Islands Government, which is to be allocated as financial support towards general operations, is included in the ODA schedule and does not contribute to the total, but instead is reflected in government revenues.

Cook Islands Core Sector Support

The Core Sector Support (CSS) Grant Funding Arrangement (GFA) with New Zealand is valued at \$36.4 million over four years from 2019/20 to 2022/23. As we enter into the last two years of the current Grant Funding Agreement with New Zealand, there is remaining funds of \$18.2 million committed towards this programme. The purpose of this support is to enhance the Cook Islands' ability to be self-sufficient by enabling predictable, efficient and effective delivery of key development objectives, together with practical policy reform.

The CSS Program provides direct budget support to the Ministry of Education, Cook Islands Tourism and the Ministry of Health to improve indicators directly related to the Cook Islands' National Sustainable Development Plan (NSDP)⁴¹. In addition, funding has been allocated for technical assistance and supporting public sector strengthening. The CSS can also fund projects identified as a priority for the Cook Islands, allowing for a flexible response to needs as they arise.

COVID-19: Pacific Financial Support Package

Through the New Zealand Aid Programme, New Zealand provided general budget support of \$7.0 million to the Government of the Cook Islands in March 2020 as part of this Pacific wide support package to respond to the impacts upon the Cook Islands brought about by COVID-19. The fund was managed and administered to achieve the purposes under the Cook Islands Economic Response Plan - Phase I.

COVID-19 Response – 2nd Phase Budget Support

The New Zealand Ministry of Foreign Affairs and Trade (MFAT) acting through the New Zealand High Commission in Rarotonga provided a contribution of \$15.0 million in September 2020 to the Government of the Cook Islands to support the implementation of its COVID-19 Economic Response Plan and complete necessary health and border system strengthening. This support was availed under New Zealand's Pacific Resilience Fund, which aims to respond to the wide-ranging health, economic, and social impacts of the global COVID-19 pandemic.

The contribution was managed and administered by MFEM to further support the implementation of the Cook Islands' Economic Response Plan (ERP) Phase II that will cushion the impact of the economic shock on businesses and workers and support confidence in the near term.

COVID-19 Response – 3rd Phase Budget Support

The New Zealand Ministry of Foreign Affairs and Trade (MFAT) committed a further \$20.0 million in March 2021 to the Government of the Cook Islands to support the ongoing implementation of its COVID-19 Economic Response Plan. This balance has been treated as general budget support to support the Economic Response Plan, which is funded from government's working cash.

COVID-19 Economic Recovery Roadmap Support

New Zealand has confirmed the provision of an additional \$30.0 million of budget support to be received by the Cook Islands Government in July 2021 to support the Economic Recovery Roadmap. This balance has been treated as general budget support to support the Economic Recovery Roadmap, which is funded from government's working cash.

COVID-19 Co-operation (China)

The People's Republic of China Embassy provided USD \$50,000 as non-project grant funds towards Cook Islands COVID-19 response measures in 2020/21. An additional amount has been confirmed for 2021/22.

16.3 ODA Expenditure in the Pa Enea

ODA expenditure in the Pa Enea consists of direct expenditure as well as indirect expenditure through national ODA programmes, the exact contribution of which can be difficult to assess in terms of the Pa Enea. Direct ODA expenditures are summarised in Table 16-1, with programmes summarised under the implementing agencies later in this chapter.

⁴¹ This will be revised to the National Sustainable Development Agenda (NSDA) in the 2022/23 Budget.

Table 16-1 Direct ODA Expend Direct ODA Expenditure in the Pa Enea

Agency	Programs/Projects by Agency	Estimated Spend to June 2021	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget
ICI	Managing Water Scarcity through Strengthened Water Resources Management	125,000	127,500	92,500	0	0
MFEM	Pa Enea Action for Resilient Livelihoods (PEARL)	1,300,000	1,105,864	0	0	0
MOT	Disaster Resilience for Small Pacific Islands (RESPAC Cook Islands)	33,930	0	0	0	0
OPM	GCCA + SUPA - Enhancing a Climate Resilient Marine Sector	88,133	759,325	0	0	0
OPM	Renewable Energy Grant (Southern Group)	1,922,480	9,534,358	0	0	0
Total		3,469,543	11,527,047	92,500	0	0

16.4 Cook Islands ODA Budget by development partner

Table 16-2 below, lists the estimated contributions over the forward years by development partners. Note that the estimates for the forward years only reflect the few agreements that extend beyond 2021/22. These numbers are subject to change depending on the effect of COVID-19 on the Cook Islands economy and the impact of ODA graduation.

Table 16-2 Cook Islands ODA Budget by development partner (\$)

Development Partner	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget	Total (4yr Forecast)
Asian Development Bank	3,578,788	0	0	0	3,578,788
European Union	2,362,883	593,220	593,220	593,220	4,142,543
New Zealand	53,416,778	9,300,000	200,000	200,000	63,116,778
United Nations	2,301,784	508,250	242,000	242,000	3,294,034
Global Environment Facility	1,201,515	701,515	701,515	701,515	3,306,060
Green Climate Fund	17,031,735	8,496,174	3,712,303	1,542,467	30,782,679
Japan	4,352,204	989,405	125,000	125,000	5,591,609
Other	7,485,357	5,932,273	5,839,773	5,839,772	25,097,175
Total	91,731,044	26,520,837	11,413,811	9,243,974	138,909,666

Figure 16-2 shows an improvement in ODA expenditure against development partners such as the Asian Development Bank, United Nation Programmes and Green Climate Fund. Approximately \$38.5 million of project funding did not proceed due to delays in implementation because of international travel restrictions and reprioritisation of projects, primarily due to the impacts of COVID-19. Most of the projects impacted are those that have technical assistance or training components.

Figure 16-2 ODA Budget by development partner, 2020/21 budget vs actual (\$'000)

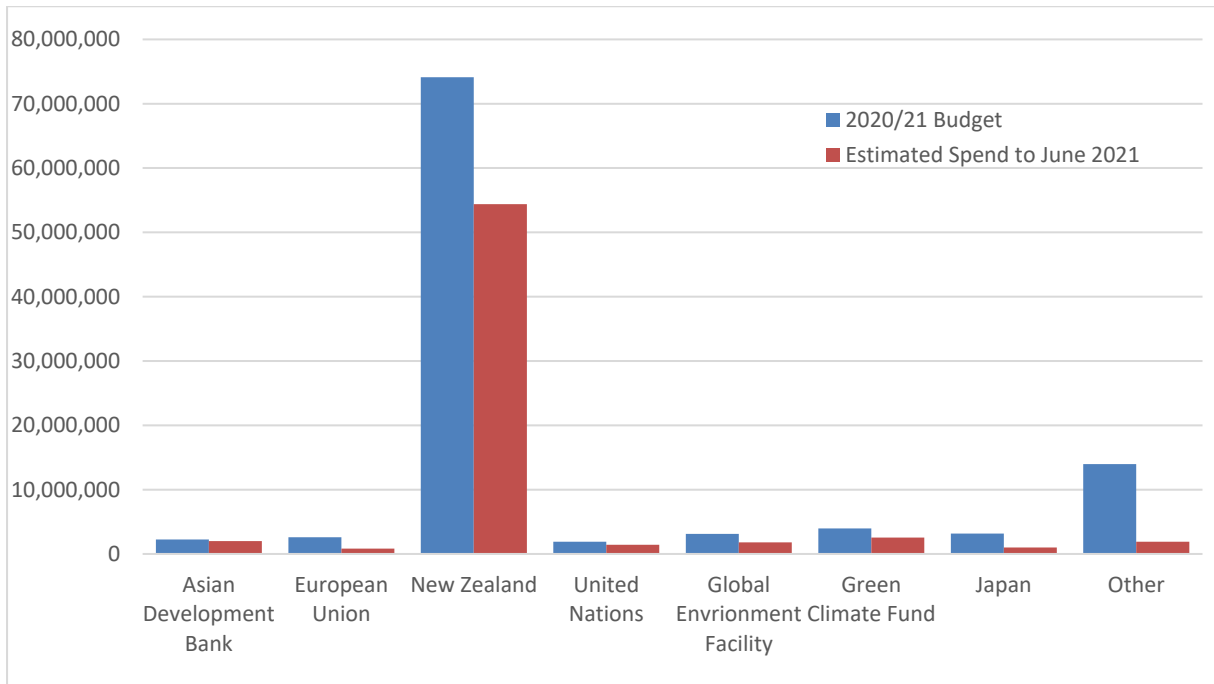
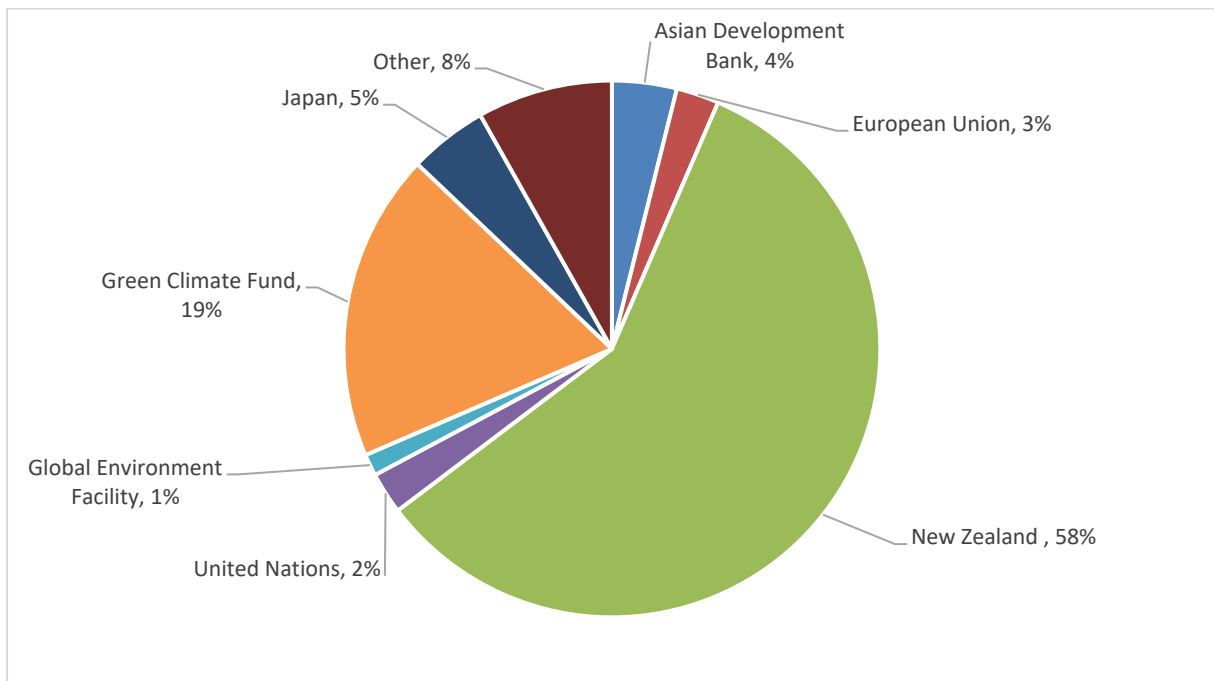


Figure 16-3 shows New Zealand is the key development partner for the Cook Islands, accounting for 58 per cent of the total 2021/22 ODA budget, followed by the Green Climate Fund at 19 per cent. 'Other' donors, which include private donors and small funding streams, accounts for 8 per cent of the total 2021/22 ODA budget.

Figure 16-3 Cook Islands ODA Budget by Development Partner Budget, 2021/2022



Further details on key ODA activities are provided below, including the capital initiatives budget.

16.5 ODA Projects by Implementing Agency

ODA projects are managed by an implementing agency, typically a Cook Islands Government agency, who oversees the work and provides updates to the donor.

16.5.1 Ministry of Finance and Economic Management

16.5.1.1 Manatua Submarine Cable (ICT cable) – New Zealand Grant

	2021/22	2022/23	2023/2024	2024/2025
Capital	1,300,000	0	0	0

The Government of New Zealand is supporting this transformational project through a grant totalling \$15.0 million to the Cook Islands Government.

In 2017, the Cook Islands signed an agreement with Niue, French Polynesia and Samoa to facilitate the design, construction, operation and maintenance of a regional submarine telecommunications cable, known today as the Manatua Cable.

An international treaty was signed in November 2018 between the four nations, forming the Manatua Consortium. This ground breaking collaboration was the first of its kind in the Pacific and enabled the four nations to achieve, through collaboration, a system that none of the countries could realistically afford alone. The consortium consists of Avaroa Cable Limited for the Cook Islands, Niue Telecom for Niue, the Samoa Submarine Cable Company and Office de Poste et Telecommunications for French Polynesia. It is the first consortium of its type anywhere in the Pacific. This collaborative approach makes the Manatua Cable project financially feasible.

The Manatua Cable enables the provision for reliable, high-capacity bandwidth internet at affordable prices for the Cook Islands. The fibre optic submarine cable is a 3,600km long two-fibre pair system connecting Samoa, Niue, Rarotonga and Aitutaki in the Cook Islands, Tahiti and Bora Bora in French Polynesia.

16.5.1.2 Asset Management

	2021/22	2022/23	2023/2024	2024/2025
Capital	3,207,228	0	0	0

The Cook Islands received a \$13 million grant from NZ in December 2018 towards supporting Asset Management. This will contribute towards the maintenance and repair of Te Mato Vai (TMV).

The TMV Remediation project commenced in February 2019 and is in the final stages of the project construction phase prior to handover to To Tatou Vai.

For more information, please visit our website <https://www.totatouvai.co/>

16.5.1.3 Mei Te Vai Ki Te Vai

	2021/22	2022/2023	2023/2024	2024/2025
Capital	900,000	0	0	0

The Mei Te Vai Ki Te Vai (MTVKTV) project has produced a Business Case, which recommends that the fiscal situation be reviewed as the Cook Islands moves through the impact of the pandemic. For more information, please visit our website <https://www.totatouvai.co/>

Milestones	2021/22 Financial year
Business Case	MFEM will be reviewing the Business Case, which will set out the economic costs and benefits of constructing and operating a wastewater system for Muri / Avana and Rarotonga. This Business Case will inform a sound, evidence-based investment decision by Government
Environmental Investigation	MMR will be supporting the PMU in undertaking the Environmental Monitoring through provision of marine ecological services
Land	Secure Land
Reticulation Tender Design	Completion of detailed design documentation of reticulation system
Treatment Plant Design	Completion of Treatment design
Tender	All documentation prepared and finalised ready for Tender
Sanitation Masterplan	Planning process and implementation plan for a Sanitation programme for Rarotonga.

16.5.1.4 Budget Support to the Sanitation Sector – European Union

	2021/22	2022/23	2023/2024	2024/2025
Capital	1,615,139	0	0	0

The purpose of this funding is to support the Cook Islands' priority to improve the Sanitation Sector. The Cook Islands submission under the European Union's (EU) eleventh European Development Fund (EDF) funding cycle focusses on upgrading commercial facility sewage systems on Aitutaki and Rarotonga to meet the Public Health (Sewage and Wastewater Treatment and Disposal) Regulations 2014. In 2020/21, approximately NZ\$2 million was received.

16.5.1.5 Economic and Social Development Programme 2018 - Japan

	2021/22	2022/23	2023/2024	2024/2025
Capital	874,609	0	0	0

The purpose of this grant is, to purchase machinery and equipment to assist government agencies in the delivery of public services such as infrastructure rehabilitation. Japan International Cooperation Systems are the procuring agent for this project, with an indicative timeline for this project spanning from March 2019 to June 2022.

Co-financing from the Cook Islands Government includes an exemption on relevant VAT import taxes for approved ODA imports in accordance with the Cook Islands Value Added Tax Act 1997.

16.5.1.6 Economic and Social Development Programme 2020-01: COVID-19 Response Assistance - Japan

	2021/22	2022/23	2023/2024	2024/2025
Capital	1,546,100	0	0	0

This grant provides the assistance to procure medical equipment to support the Cook Islands' health response to COVID-19 to elevate clinical and diagnostic support and to strengthen the provision of health services to the community.

16.5.1.7 Economic and Social Development Programme 2020-02 - Japan

	2021/22	2022/23	2023/2024	2024/2025
Capital	1,056,495	864,405	0	0

This grant has a dual purpose. The grant supports the purchase of additional medical products and equipment to strengthen the Cook Islands' health system to better address future unexpected shocks from COVID-19. In addition, the grant supports the procurement of essential equipment to support the provision of reliable access to clean water for all users, particularly during periods of low rainfall in Rarotonga.

16.5.1.8 Grant Assistance for Grassroots Projects - Japan

	2021/22	2022/23	2023/2024	2024/2025
Recurrent	600,000	0	0	0

This funding offers a financial assistance program for development projects designed to meet the diverse needs of developing countries. The grant funding supports projects proposed by various bodies such as non-governmental organisations (NGOs) and local Government authorities.

In November 2020 and in March 2021 respectively, delegates from the Embassy of Japan in Wellington, New Zealand signed two new projects. Management of the project deliverables and financing are directly between the Government of Japan and the grant recipients. As such, the budget reflected in the table above, relate to the two newly signed projects.

16.5.1.9 India Grant Fund

	2021/22	2022/23	2023/2024	2024/2025
Recurrent	680,000	200,000	200,000	200,000

The purpose of this grant funding is to assist projects that support, promote or develop social, cultural, or economic development and sustainability, whilst directly serving the basic needs of the community.

The 2018/19 funding round was advertised in November 2018. Nineteen concept notes were received in December 2018 and of these, eight were approved by the National Sustainable Development Committee and recommended for approval to the India High Commission.

The India High Commission have approved six projects in principle however the Implementation Agreement is still in progress.

16.5.1.10Pa Enea Action for Resilient Livelihoods (PEARL)

	2021/22	2022/23	2023/2024	2024/2025
Recurrent	1,105,864	0	0	0

The Adaptation Fund's Pa Enea Action for Resilient Livelihoods (PEARL) project aims to revitalise agricultural production systems through community involvement by strengthening national and local capacity to reduce climate change risks and establish climate resilient water management instruments.

The intention is to support greater food security and to protect the livelihoods of people in the Pa Enea, particularly the islands in the Northern group.

The Project consists of three components:

1. Strengthening the governance to manage disaster risk and enhancing disaster preparedness for effective response to "Build Back Better" in recovery, rehabilitation and reconstruction
2. Integrated water security management planning and implementation
3. Revitalised agricultural production systems to strengthen island food sources and livelihoods in the Pa Enea

The project officially commenced in December 2018. The three-year project currently completed its second year of implementation with the submission of a Project Performance Report (PPR) submitted to Adaptation Fund in February 2021. The project is on track for its December 2021 completion.

16.5.2 Green Climate Fund Projects

The Cook Islands is able to directly access climate related finance of up to approximately (US\$50 million) per project through its accreditation with the Green Climate Fund (GCF). This is a significant achievement for the Cook Islands.

The Ministry of Finance and Economic Management have submitted two Concept Notes under the GCF funding modalities of Simplified Approval Process (SAP) and Enhanced Direct Access (EDA).

The Cook Islands Concept Note submitted in July 2020 for “Building a Resilient and Healthy Cook Islands Communities” was approved by the GCF Secretariat to proceed to the next stage with support through the Project Preparation Facility (PPF) to prepare and submit a full proposal. The PPF Grant Funding Agreement is presently being finalised.

The Cook Islands second Concept Note under the EDA modality for “Direct financing for communities and businesses to respond to climate change in the Cook Islands” was first submitted to GCF in October 2020. This Concept Note is currently undergoing review by the GCF Secretariat.

The Ministry of Finance and Economic Management (MFEM) fourth readiness programme to strengthen the implementation of the country’s programme through Concept Note development, and ongoing capacity building within OPM, MFEM, the Bank of Cook Islands (BCI) and the Private Sector is currently under implementation. The readiness support will also support activities such as the BCI’s accreditation to the fund and the development of a SAP and EDA proposal, which have commenced.

16.5.2.1 Green Climate Fund Readiness

	2021/22	2022/23	2023/2024	2024/2025
Recurrent	909,087	0	0	0

This readiness funding enables capacity building within the Office of the Prime Minister, MFEM, Bank of the Cook Islands (BCI) and the Private sector. The programme activities include assisting BCI to gain Green Climate Fund (GCF) accreditation, developing a Simplified Approval Process Proposal, Readiness support for National Adaptation Planning and an Enhanced Direct Access Project Proposal.

16.5.2.2 Building Resilient and Healthy Cook Islands Communities - Project Preparation Facility

	2021/22	2022/23	2023/2024	2024/2025
Recurrent	885,486	0	0	0

A Project Preparation Facility (PPF) application was approved to develop the full proposal for the recently approved concept note “Building resilient and Healthy Cook Island Communities”. The PPF support will enable the Cook Islands to gather baseline data to support the demonstration of project relevance against the investment criteria of the GCF.

16.5.2.3 Enhancing Climate Information and knowledge services for resilience in 5 island countries of the Pacific Ocean

	2021/22	2022/23	2023/2024	2024/2025
Recurrent	3,138,330	5,720,556	1,524,816	988,122

This Project was approved at the Green Climate Funds’ 27th Board meeting. The project will focus on strengthening the Cook Islands climate and ocean data collection and information flow. This is a regional project involving Niue, Palau, Republic of the Marshall Islands and Tuvalu. The United Nations

Environment Programme is the accredited entity and MFEM is the executing entity for a number of the activities within the Cook Islands.

16.5.2.4 Readiness Support for Enhancing National Adaptation Programmes

	2021/22	2022/23	2023/2024	2024/2025
Recurrent	1,515,152	1,515,152	1,515,152	0

This programme looks to address climate change-related knowledge gaps in the Cook Islands Adaptation Approach and strengthening the adaptation planning and legal frameworks to support the implementation of the country programme. The proposed activities will build knowledge and capacity to consider, the potential impacts of slow-onset events such as sea-level rise and ocean acidification, and the long-term adaptive response to those impacts. Furthermore, this proposal includes activities to assess vulnerability of privately owned infrastructure and climate change impacts on businesses at a sector level.

16.5.2.5 Enhancing Direct Access Project Preparation Facility – Direct financing for communities and businesses to respond to climate change in the Cook Islands Project Preparation Facility

	2021/22	2022/23	2023/2024	2024/2025
Recurrent	363,636	0	0	0

A PPF Application will be sought to develop the Full Project Proposal for the Enhancing Direct Access project. The PPF also seeks to develop the Environmental and social safeguards management plan, project Economic impact and the programme manual.

16.5.2.6 New Zealand Volunteers Services Abroad – New Zealand

	2021/22	2022/2023	2023/2024	2024/2025
Recurrent	200,000	200,000	200,000	200,000

This program is managed by New Zealand’s Volunteer Services Abroad (VSA) with the intention of sending skilled New Zealanders, to work in the Public Sector to share and contribute to the Cook Islands.

VSA work with Government to ensure that assignments are locally identified, locally relevant, and locally delivered. The VSA goal is to transfer skills and knowledge so that the changes achieved during an assignment remain sustainable after a volunteer returns to New Zealand.

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

	2021/22	2022/2023	2023/2024	2024/2025
Recurrent	2,900,000	0	0	0

This project supports targeted activities such as airport readiness, health readiness, testing capacity, contact tracing and project management resource for the establishment of a safe travel zone between the Cook Islands and New Zealand.

16.5.2.8 Sustainable Financing for the 2030 Agenda

	2021/22	2022/2023	2023/2024	2024/2025
Recurrent	72,570	0	0	0

This Joint Programme will build on developing financing strategies and operationalising the Integrated National Financing Framework (INFFs) with opportunities to improve the management and financial flows and mobilise new, diverse and innovative financial instruments to accelerate the progress of the 2030 Agenda for Sustainable Development.

Linking budget allocations with national priorities and Sustainable Development Goals (SDGs) will contribute towards performing evidence-based financial management, which will allow the Government and its partners to make strategic investments that advance sustainable development at lower transaction costs.

16.5.2.9 Aid Effectiveness

	2021/22	2022/2023	2023/2024	2024/2025
Recurrent	100,000	100,000	100,000	100,000

The Aid Effectiveness budget appropriation draws from the interest earned on trust accounts of development partners. This funding supports the implementation of official development assistance policy.

The program currently contributes to several projects including the annual meeting of development partners, surge capacity to catch up and standardise Crown financial statements, training and set-up of the project financial management software and supporting project development in the areas of climate finance.

16.5.3 Office of the Prime Minister

16.5.3.1 Renewable Energy Grant (Southern Group) - Global Environment Facility (via Asian Development Bank)

	2021/22	2022/2023	2023/2024	2024/2025
Capital	500,000	0	0	0

The co-financing from the Global Environment Facility (GEF) has supported the Government's effort to increase power generation from renewable sources and enhancing the institutional capacity for implementing the Cook Islands Renewable Energy Chart Implementation Plan (CIRECIP). The GEF funded contract for the battery energy storage system (BESS) has been installed at the Te Mana RA Solar PV facility at the Rarotonga Airport for integration into the existing power system infrastructure. The Airport West BESS is connected to the electricity grid that is managed by Te Aponga Uira (TAU). The BESS will provide flexible response to fluctuating Solar PV output in the TAU network.

16.5.3.2 Renewable Energy Grant (Southern Group) - Green Climate Fund (via Asian Development Bank)

	2021/22	2022/23	2023/2024	2024/2025
Capital	9,034,358	0	0	0

In December 2016, the GCF board approved a grant of US\$12.0 million, a second additional co-financing to the project administered by the ADB. With the additional government contribution of \$1.8 million, the overall project investment has increased to \$43.7 million.

The GCF Grant will be used to procure equipment and materials, civil works, related transportation insurance and installation costs for three additional units of Battery Energy Storage Systems on Rarotonga, including project management and operations and maintenance for the renewable energy projects.

16.5.3.3 Fourth National Communications – UN Framework Convention on Climate Change

	2021/22	2022/2023	2023/2024	2024/2025
Recurrent	322,727	322,727	322,727	322,727

The Fourth National Communications Report under the United Nations Framework Convention on Climate Change (UNFCCC) will focus on Greenhouse Gas (GHG) inventory and mitigation scenarios including the vulnerability and adaptation assessments and the first biennial report.

16.5.3.4 GCCA + SUPA - Enhancing a Climate Resilient Marine Sector

	2021/22	2022/2023	2023/2024	2024/2025
Recurrent	759,325	0	0	0

The Global Climate Change Alliance Plus-Scaling up Pacific Adaptation (GCCA+SUPA) project has three main priorities: 1) mainstreaming climate change issues into poverty reduction and development efforts; 2) increasing resilience to climate-related stresses and shocks; and 3) supporting the formulation and implementation of concrete and integrated sector-based climate change adaptation and mitigation strategies.

The three key output for the GCCA+SUPA Project are to:

3. Strengthen strategic planning at national levels
4. Enhance the capacity of sub-national government stakeholders to build resilient communities
4. Scale up resilient development measures in specific sectors

Following a series of consultations with Government and NGOs, the Ministry of Marine Resources identified the need to upgrade the Aitutaki Marine Research Centre to facilitate research, monitoring and education. Furthermore, Climate Change Cook Islands will focus on integrating climate resilience and traditional knowledge for the marine sector, into extra-curricular environmental education programmes on selected outer islands in the Southern Group.

16.5.4 Ministry of Health

16.5.4.1 Western Pacific Multi-country Integrated HIV/TB program – United Nations Development Programme

	2021/22	2022/23	2023/2024	2024/2025
Recurrent	90,000	90,000	90,000	90,000

The United Nations Development Programme (UNDP) manages the Multi-Country Western Pacific Integrated HIV/TB Programme aimed at improving the coverage and quality of HIV/TB prevention, treatment and care in 11 participating Western Pacific countries. The HIV activities includes strengthening mobile HIV testing and counselling initiative. The TB activities include monitoring and evaluation of policies implemented in hospitals and centres, training of community volunteers, community awareness and training of health staff on contact tracing.

16.5.4.2 World Health Organization Technical Cooperation Biennium Budget Support

	2021/22	2022/23	2023/2024	2024/2025
Recurrent	152,000	152,000	152,000	152,000

This funding helps support health workforce development, including fellowships aligned to the Clinical Workforce Development Plan. It also supports initiatives that require technical assistance to review health system or service coverage gaps and propose improvements to inform health policies and interventions and strengthen health system capability.

16.5.4.3 UNICEF Health and Nutrition Programme

	2021/22	2022/23	2023/2024	2024/2025
Recurrent	335,350	17,650	0	0

The key outcome of this programme is for children in the Pacific, particularly the most vulnerable, to benefit from quality and resilient health and nutrition services and care practices by 2022.

16.5.5 Ministry of Marine Resources

16.5.5.1 Sustainable Fisheries Partnership Agreement – Sectoral Support

	2021/22	2022/23	2023/2024	2024/2025
Recurrent	593,220	593,220	593,220	593,220

This Sustainable Fisheries Partnership Agreement (SFPA) includes an annual fisheries sector contribution of EUR 350,000 by the European Commission under a four-year protocol. The sectoral support component of the SFPA is utilised to supplement the Ministry of Marine Resources' budget appropriations to implement the Multiannual Sectoral Programme.

16.5.5.2 Project Development Fund - US Fisheries Treaty

	2021/22	2022/23	2023/2024	2024/2025
Recurrent	206,439	206,439	206,439	206,439

The US Multilateral Treaty for Fisheries includes an annual allocation under the economic assistance package of US\$150,000 for Pacific Island party development projects in support of fisheries. These funds are held in trust by the Forum Fisheries Agency, and administered by the Ministry of Marine Resources.

16.5.6 Infrastructure Cook Islands

16.5.6.1 SPC Managing Water Scarcity through Strengthened Water Resources Management

	2021/22	2022/23	2023/2024	2024/2025
Recurrent	127,500	92,500	0	0

This project responds to Ministry of Foreign Affairs and Trade New Zealand's Water Security Strategic Approach to address the climate change-related water security challenges faced by Pacific Island Countries. The Pacific Community (SPC) is implementing this project over a three-year period from July 2020 to June 2023.

This new project represents a significant scaling up and refocusing of the activities implemented under the previous Strengthening Water Security of Vulnerable Island States project. It aims to provide support to specific water-scarce communities to manage resources to improve resilience, to ensure that:

- Communities have the infrastructure and capability required to access, collect and store water;
- Communities understand, protect and maintain water resources and infrastructure; and
- Communities are sustainably using water resources and managing risk.

Activities under the project will aim to deliver the following Outputs in its first year:

1. Establishment of the resources and systems needed for Activity implementation
2. Preparation of agreed plans required to support the implementation of programme activities from the Action's second year onwards
3. Consolidation and strengthening of knowledge and information systems needed to effectively and efficiently progress the project
4. Implementation of immediate Country activities to address water security priorities identified by agencies and to build upon the actions of the recently completed SWSVIS project

16.5.7 Ministry of Internal Affairs

16.5.7.1 Disability Inclusive Development

	2021/22	2022/23	2023/2024	2024/2025
Recurrent	300,000	200,000	0	0

The United Nations' Partnership on the Rights of Persons with Disabilities Multi-Partner Trust (UN-PRPD MPTF) is a unique partnership that brings together UN entities, governments, organisations of persons with disabilities (OPDs) and broader civil society. The purpose of this partnership is to advance the implementation of the Convention on the Rights of Persons with Disabilities (CRPD) and disability inclusive Sustainable Development Goals (SDGs) at the country level, around the world.

Emphasis on advance CRPD implementation at the country level as well as improving and increasing implementation of disability inclusivity, providing fundamental support to the United Nations' collective response to the SDGs to address national priorities and gaps concerning persons with disabilities in a country's national planning.

16.5.8 Ministry of Cultural Development

16.5.8.1 National Archive Digitisation

	2021/22	2022/23	2023/2024	2024/2025
Recurrent	140,000	0	0	0

The late Julie Gayle Speaker of United States visited the Cook Islands in the late 1970s and was amazed with the documents preserved in the National Archives. She dedicated part of her estate to the Cook Islands National Archives for the purpose of digitization document records from the 1950s to date. Crown Law and Julie Speakers legal representatives have developed the agreements for the transfer of funds to the Cook Islands' Government for the purpose recognized in the estate, amounting to \$100,000 USD.

16.5.8.2 Intangible Cultural Heritage

	2021/22	2022/23	2023/2024	2024/2025
Recurrent	96,000	48,600	0	0

This project focuses on researching and recording Intangible Cultural Heritage (ICH) for performing arts in the Cook Islands. The aim is to record and store the traditional knowledge of elders within the community on performing, to preserve this information for future generations. Chosen representatives will be taught respectable and viable ways of researching and recording information from their home islands while the Ministry of Cultural Development will assist with overseeing the project to ensure that all protocols are followed in obtaining permissions, researching, recording and the storing of data.

16.5.9 Cook Islands Red Cross Society

16.5.9.1 Global Environment Facility – Small Grants Programme

	2021/22	2022/23	2023/2024	2024/2025
Recurrent	378,788	378,788	378,788	378,788

As a corporate programme of the Global Environment Facility (GEF), the Small Grants Programme (SGP), implemented by the United Nations Development Programme (UNDP) aligns its Operational Phase strategies with those of the GEF and co-financing partners, and provides a global portfolio of *innovative, inclusive, and impactful* projects that address global environmental and sustainable development issues.

The Cook Islands GEF SGP was established in 2005 and was part of the SCP Samoa until 2015. As of late 2014, the Cook Islands Red Cross Society serves as the SGP host institution with the Cook Islands GEF SGP being a separate programme.

Operational Phase 7 (OP7) aims to “effectively support creation of global environmental benefits and the safeguarding of global environment through community and local solutions that complement and add value to national and global level action.” The focus of support for community-based activities are on conservation of biodiversity, waste management, prevention of land degradation, capacity building and awareness programmes to address climate change. Under OP7, an amount of USD250,000 has been allocated to the Cook Islands. Calls for proposal under OP7 are currently underway with announcements of successful applicants to be announced in June 2021.

17 Schedules

17.1 Statement of Fiscal Responsibility (Operating)

Operating Statement (\$'000)

	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Operating Revenue						
Taxation Revenue	148,281	85,990	107,278	136,351	161,440	167,609
Other Crown Revenue	31,790	56,438	42,255	13,150	12,793	12,799
Trading Revenue	3,690	3,652	4,444	4,707	4,727	4,727
Interest on Loans to Subsidiaries	360	0	0	582	831	737
Dividends	960	0	136	856	941	1,500
Interest on Balances	2,917	132	391	395	200	200
Core Sector Support	7,825	7,825	7,825	7,825	0	0
Total Operating Revenue	195,824	154,038	162,329	163,866	180,932	187,572
Operating Expenditure						
Ministry Outputs	149,336	196,367	165,710	132,626	133,909	132,805
Personnel	59,418	62,140	67,589	68,086	68,159	68,159
Operating	20,562	18,677	18,222	18,373	18,583	18,533
Administered Payments	61,937	109,557	72,746	39,013	40,014	38,959
Depreciation	7,418	5,993	7,154	7,154	7,154	7,154
POBOC	27,007	28,985	28,685	28,906	28,467	28,173
Total Other Operating	4,208	6,926	10,978	11,333	11,440	11,047
Debt Interest Contribution to LRF	1,785	0	4,051	4,406	4,513	4,120
Crown Infrastructure Depreciation	1,786	4,603	4,603	4,603	4,603	4,603
Transfer to Emergency Response Trust Fund	50	50	50	50	50	50
Depreciation Contingency Fund	0	2,174	2,174	2,174	2,174	2,174
Rarotonga Water Network	0	803	803	803	803	803
Northern Pa Enea Renewable Energy System	0	400	400	400	400	400
Southern Pa Enea Renewable Energy System (excl. Aitutaki)	0	971	971	971	971	971
Contingency Funds - Operating	586	100	100	100	100	100
Total Operating Expenses	180,551	232,279	205,374	172,865	173,817	172,025
Operating Surplus/(Shortfall)	15,272	-78,241	-43,045	-8,999	7,115	15,547

17.2 Statement of Fiscal Responsibility (Non-Operating)

Financing and Applications Statement (\$'000)

	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Reductions in Net Borrowings	-9,896	-75,457	-46,128	7,923	14,698	17,436
Loan Receipts/Drawdown	-17,282	-83,510	-54,988	0	0	0
Principal repayment	7,386	8,053	8,860	8,882	15,704	18,504
Subsidiary Loan Repayments - Principle	0	0	0	-959	-1,006	-1,068
Capital Expenditures	38,946	40,044	32,001	33,510	33,945	33,670
Ministries and Outer Islands (Including CIIC Capital)	38,946	40,044	32,001	33,510	28,945	28,670
<i>Infrastructure Capital Investment in SOEs</i>	0	0	0	0	5,000	5,000
<i>Airport Authority</i>	0	0	0	0	5,000	5,000
<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	24,882	10,709	28,473	864	0	0
Expenditure	-24,882	-10,709	-28,473	-864	0	0
Other Committed Considerations	86,032	7,535	50	50	50	50
Transfer to Reserve Trust Fund	0	0	0	0	0	0
Stabilisation Fund	56,700	0	0	0	0	0
Advanced Subsidiaries - Avaroa Cable Ltd	17,282	7,485	0	0	0	0
Infrastructure Trust Fund	12,000	0	0	0	0	0
Emergency Response Trust Fund	50	50	50	50	50	50
Total Non-Operating balance	-115,081	-27,878	-14,076	-41,483	-48,693	-51,156
To be Funded by						
Operating Surplus	15,272	-78,241	-43,045	-8,999	7,115	15,547
Depreciation	9,204	12,769	13,931	13,931	13,931	13,931
<i>of which: R.E. Capital Replacement</i>	0	1,371	1,371	1,371	1,371	1,371
General Cash Reserves	69,301	93,300	30,199	23,213	7,380	-996
Pa Enea Accrued Savings		0	30	0	0	0
<i>Stabilisation Fund</i>	0	0	0	0	0	0
Contribution to Loan Reserve Fund	9,254	0	12,912	13,288	20,217	22,624
Transfer IN and OUT of Infrastructure Trust Fund	12,000	0	0	0	0	0
Transfer to Emergency Response Trust ⁴² Fund	50	50	50	50	50	50
Total Funding Items	115,081	27,878	14,076	41,483	48,693	51,156
Net Surplus/Shortfall	0	0	0	0	0	0

⁴² Disaster Response Fund renamed to the Emergency Trust Fund

17.3 Fiscal Indicators Table

	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Statement of Financial Performance						
Taxation Revenue (\$m)	148.3	86.0	107.3	136.4	161.4	167.6
Social Contributions (\$m)	0.0	0.0	0.0	0.0	0.0	0.0
Other Revenue (\$m)	47.5	68.0	55.1	27.5	19.5	20.0
Total Operating Revenue (\$m)	195.8	154.0	162.3	163.9	180.9	187.6
Total Operating Revenue Percentage of GDP	38.7	38.9	37.6	33.3	34.3	33.8
Tax Revenue Percentage of GDP	29.3	21.7	24.9	27.7	30.6	30.2
Total Cyclical Revenue (\$m)	1.5	1.4	10.3	10.5	10.8	10.8
Total Cyclical Revenue Percentage of GDP	0.3	0.3	2.4	2.1	2.0	1.9
Total Structural Revenue (\$m)	194.3	152.7	152.0	153.4	170.1	176.8
Total Structural Revenue Percentage of GDP	38.4	38.5	35.2	31.2	32.2	31.8
Personnel (\$m)	66.2	68.9	74.8	74.9	75.1	75.1
Percentage of Total Revenue	33.8	44.7	46.1	45.7	41.5	40.0
Percentage of Structural Revenue	34.1	45.1	49.2	48.8	44.1	42.5
Total Operating Expenditure (\$m)	180.6	232.3	205.4	172.9	173.8	172.0
Percentage of GDP	35.7	58.6	47.6	35.1	32.9	31.0
Percentage of Operating Revenue	92.2	150.8	126.5	105.5	96.1	91.7
Cash Operating Expenditure	171.0	219.2	190.9	159.2	160.3	157.9
Operating Balance (\$m)	15.3	-78.2	-43.0	-9.0	7.1	15.5
Percentage of GDP	3.0	-19.7	-10.0	-1.8	1.3	2.8
Capital Expenditure	38.9	40.0	32.0	33.5	33.9	33.7
Depreciation	9.2	12.8	13.9	13.9	13.9	13.9
Non-Operating Balance (\$m)	-115.1	-27.9	-14.1	-41.5	-48.7	-51.2
Fiscal Balance surplus/deficit (\$m)	-14.5	-105.5	-61.1	-28.6	-12.9	-4.2
Percentage of GDP	-2.9	-26.6	-14.2	-5.8	-2.4	-0.8
Statement of Financial Position (\$m)						
Assets (\$m)	492.2	549.0	580.5	563.5	554.9	552.0
Liabilities (\$m)	183.4	375.6	420.6	412.6	398.0	378.7
Crown Balance (\$m)	308.7	173.4	159.9	150.9	156.9	173.3
Percentage of GDP	61.1	43.7	37.1	30.7	29.7	31.2
Working Capital (\$m)	9.3	35.0	19.8	-16.9	-44.8	-66.7
Working Capital (months coverage)	0.7	1.9	1.2	-1.3	-3.4	-5.1
Stabilisation Account	56.7	0.0	0.0	0.0	0.0	0.0
General Cash Reserves	66.0	35.0	19.8	-16.9	-44.8	-66.7
Statement of Borrowings (\$m)						
Gross Debt end of FY (\$m)	106.7	175.7	220.8	212.8	198.2	178.9
Gross Debt, Percentage of GDP	21.1	44.3	51.2	43.3	37.5	32.2
Net Crown Debt, end of FY (\$m)	86.3	166.2	211.1	202.9	188.1	168.5
Net Debt, Percentage of GDP	17.1	41.9	48.9	41.2	35.6	30.3
Loan Repayment Reserves Held (\$m)	20.5	9.5	9.7	9.9	10.1	10.3
Net Debt Servicing (\$m)	9.9	10.9	12.9	13.3	20.2	22.6
Percentage of Total Revenue	5.0	7.1	8.0	8.1	11.2	12.1
Percentage of Structural Revenue	5.1	7.1	8.5	8.7	11.9	12.8
Development Partner Support (\$m)						
Grants (\$m)	30.6	21.6	53.8	18.7	11.4	9.2
Percentage of GDP	6.0	5.4	12.5	3.8	2.2	1.7
Memo item: Nominal GDP (\$m)	505.5	396.5	431.3	492.0	528.0	555.5

17.4 Schedule 1 – Agency Budget Appropriations

Agency	Personnel	Operating	Administered Payments	Depreciation	Gross Current Appropriation	Trading Revenue	Net Current Appropriation
Agriculture	1,106,072	314,509	0	30,000	1,450,581	70,535	1,380,046
Audit (PERCA)	996,953	119,701	0	18,000	1,134,654	60,700	1,073,954
Business Trade and Investment Board	432,796	242,866	0	4,000	679,662	28,000	651,662
Cook Islands Investment Corporation	1,508,000	974,000	4,250,000	45,000	6,777,000	753,831	6,023,169
Corrective Services	1,469,826	229,131	0	53,000	1,751,957	75,000	1,676,957
Crown Law	987,500	163,500	251,029	3,000	1,405,029	0	1,405,029
Cultural Development	742,000	128,000	665,000	133,000	1,668,000	100,000	1,568,000
Education	11,675,431	2,429,740	4,834,602	620,000	19,559,773	0	19,559,773
Environment	990,826	201,000	372,241	30,000	1,594,067	35,000	1,559,067
Finance and Economic Management	6,316,094	808,174	45,155,750	260,000	52,540,018	954,341	51,585,677
Financial Services Development Authority	242,797	177,906	80,000	4,000	504,703	0	504,703
Foreign Affairs	1,928,889	987,886	15,000	45,000	2,976,775	20,000	2,956,775
Head Of State	177,448	29,388	36,000	8,000	250,836	0	250,836
Health	12,473,111	3,598,951	2,446,870	1,570,000	20,088,932	250,000	19,838,932
Infrastructure Cook Islands	2,319,297	299,129	2,520,000	145,000	5,283,426	200,000	5,083,426
Internal Affairs	1,336,376	270,000	3,213,000	27,000	4,846,376	0	4,846,376
of which: Welfare Payments - Allowances			1,316,000				
Justice	1,883,976	449,999	560,000	30,000	2,923,975	375,000	2,548,975
Marine Resources	1,271,815	670,185	200,000	150,000	2,292,000	28,000	2,264,000
Ombudsman	233,000	62,000	0	6,000	301,000	0	301,000
Parliamentary Services	619,000	80,000	170,000	114,220	983,220	0	983,220
Police	4,154,896	286,104	415,000	1,010,000	5,866,000	154,783	5,711,217
Prime Minister's Office	1,518,000	499,000	976,077	31,000	3,024,077	0	3,024,077
Public Service Commission	350,000	185,000	1,940,000	15,000	2,490,000	0	2,490,000
Cook Islands Seabed Minerals Authority	490,000	240,000	145,000	9,500	884,500	200,000	684,500
Tourism Corporation	2,173,913	1,396,087	4,500,000	52,000	8,122,000	0	8,122,000
Transport	1,024,000	161,000	0	63,609	1,248,609	32,000	1,216,609
Total Ministries, Crown & Statutory Agencies	58,422,016	15,003,254	72,745,569	4,476,329	150,647,168	3,337,190	147,309,978
Ministerial Support							
Prime Minister	406,069	121,289	0	12,642	540,000	0	540,000
Deputy Prime Minister	297,800	70,611	0	9,589	378,000	0	378,000

Agency	Personnel	Operating	Administered Payments	Depreciation	Gross Current Appropriation	Trading Revenue	Net Current Appropriation
Minister Vaine Mokoroa	217,500	85,000	0	5,500	308,000	0	308,000
Minister Vainetutai Toki-Brown	181,000	115,838	0	11,162	308,000	0	308,000
Minister George Angene	164,000	132,000	0	12,000	308,000	0	308,000
Minister Patrick Arioka	188,901	109,509	0	9,590	308,000	0	308,000
Leader Of Opposition	163,712	137,488	0	6,800	308,000	0	308,000
Total Ministerial Support Offices	1,618,982	771,735	0	67,283	2,458,000	0	2,458,000
Outer Islands							
Aitutaki	1,229,593	416,985	0	480,000	2,126,578	67,828	2,058,750
Atiu	882,437	458,918	0	430,000	1,771,355	224,318	1,547,037
Mangaia	959,732	611,848	0	210,000	1,781,580	301,000	1,480,580
Manihiki	736,603	158,514	0	460,000	1,355,117	119,000	1,236,117
Mauke	804,159	237,194	0	380,000	1,421,353	113,853	1,307,500
Mitiaro	698,687	88,527	0	93,000	880,214	60,900	819,314
Palmerston	279,845	71,851	0	80,000	431,696	20,500	411,196
Penrhyn	650,381	180,836	0	180,000	1,011,217	74,000	937,217
Pukapuka-Nassau	894,374	154,719	0	215,000	1,264,093	73,695	1,190,398
Rakahanga	412,181	67,761	0	82,000	561,942	52,000	509,942
Total Outer Islands	7,547,992	2,447,153	0	2,610,000	12,605,145	1,107,094	11,498,051
Gross Total	67,588,990	18,222,142	72,745,569	7,153,612	165,710,313	4,444,284	161,266,029

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

Administering Ministry	POBOC	2020/21 Budget Estimate	2021/22 Budget 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	2,901,961	2,901,961
Parliamentary Services	House of Ariki	338,420	348,420
Compensation of Employees POBOCs		3,477,881	3,487,881
Use of Goods and Services			
Audit	Audit Fees	95,600	95,600
Prime Minister's Office	Local Government Election	24,000	0
Parliamentary Services	Civil List - Constituency Visits	170,200	170,200
Parliamentary Services	Parliamentary Sitting Expenses	150,000	200,000
Parliamentary Services	QR Travel and Allowances (local and overseas)	109,000	109,000
Parliamentary Services	MP Travel and Allowances (local and overseas)	341,000	180,000
Foreign Affairs	International Maritime Organisation - Maritime Cook Islands	63,461	63,461
Transport	Maritime Radio Coverage	79,000	120,000
Use of Goods and Services POBOCs		1,032,261	938,261
Subsidies			
Cook Islands Investment Corporation	Airport Authority subsidy	3,047,997	2,047,997
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	Te Aponga Uira - social assistance subsidy	0	0
Cook Islands Investment Corporation	Te Mana Uira o Araura - subsidy	500,000	0
Subsidies POBOCs		3,786,096	2,286,096
Social Assistance			
Internal Affairs	Welfare Payments	20,007,261	20,227,000
Social Assistance POBOCs		20,007,261	20,227,000
Other Expense			
Finance & Economic Management	Pacific Catastrophe Risk Insurance	160,000	160,000
Finance & Economic Management	CIG Insurance	180,000	40,000
Finance & Economic Management	BEPS Subscription	35,000	35,000
Finance & Economic Management	Competition and Regulatory Authority	0	620,574
Foreign Affairs	International Subscriptions	890,000	890,000
Other Expenses POBOCs		1,265,000	1,745,574
Grand Total		29,568,499	28,684,812

17.6 Schedule 3 – Cook Islands Capital Spending

	2020/21 Budget Estimate	2021/22 Budget Estimate
Cook Islands Government Capital programs	42,418,807	32,001,262
Total Capital spending	42,418,807	32,001,262

17.7 Schedule 4 – Official Development Assistance

	2020/21 Budget Estimate	2021/22 Budget Estimate
Operating or recurrent expenditure	23,770,968	25,340,981
Capital Project Expenditure	37,782,105	28,473,479
Total Official Development Assistance	61,553,073	53,814,460

*Excludes Core Sector Support and General Budget Support

17.8 Schedule 5a – Other Expenses and Financing Transactions

Category of Expense	2020/21 Budget Estimate	2021/22 Budget Estimate
Contingency Funds - Operating	100,000	100,000
Crown Infrastructure Depreciation	4,602,500	4,603,000
Transfer to Emergency Response Trust Fund	50,000	50,000
Advanced Subsidiaries - Avaroa Cable Ltd	8,052,000	0
Depreciation Contingency Fund	2,173,580	2,174,000
Total Other Expenses	14,978,080	6,927,000

17.9 Schedule 5b – Loan Repayment Fund Appropriation

Category of Appropriation	2020/21 Budget Estimate	2021/22 Budget Estimate
Contribution to LRF - Principal	0	8,860,401
Contribution to LRF - Interest	0	4,051,495
Total Contribution to LRF	0	12,911,895

17.10 Summary

Category of Payment	2020/21 Budget Estimate	2021/22 Budget Estimate
Schedule 1 - Ministry Outputs (Gross Operating)	195,504,804	165,710,313
Schedule 2 - POBOCs	29,568,499	28,684,812
Schedule 3 - CIG Capital Expenditure	42,418,807	32,001,262
Schedule 4 - Official Development Assistance	61,553,073	53,814,460
Schedule 5a - Other Expenses and Financing Transactions	14,978,080	6,927,000
Schedule 5b - Loan Reserve Fund Appropriations	0	12,911,895
TOTAL APPROPRIATION	344,023,263	300,049,743

17.11 Schedule 6 – Capital Schedule

MINISTRY	Island	Project / Programme	Funding Source	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection	4-Year 2021/22 - 2024/25
Ministry of Agriculture				71,184	49,039	0	0	0	0	0
	Rarotonga	Upgrade of Nursery Facilities	CIG	71,184	49,039	0	0	0	0	0
Audit				0	0	35,000	0	0	0	35,000
	Rarotonga	TeamMate Software Upgrade	CIG	0	0	35,000	0	0	0	35,000
Cook Islands Investment Corporation				3,626,257	7,541,080	8,100,000	3,885,000	9,050,000	7,600,000	28,635,000
	Aitutaki	Aitutaki Harbour Dredging	CIG	130,388	880,000	1,000,000	0	0	0	1,000,000
	Rarotonga	Arorangi Prison Remedial works	CIG	166,202	131,714	150,000	0	0	0	150,000
	Rarotonga	Government Building Projects - Rarotonga	CIG	793,659	2,255,000	2,200,000	0	0	0	2,200,000
	Rarotonga	Land Acquisition	CIG	0	0	700,000	0	0	0	700,000
	Pa Enea	Pa Enea Government Building Projects - Northern Group	CIG	348,917	385,000	550,000	300,000	650,000	200,000	1,700,000
	Pa Enea	Pa Enea Government Building Projects - Southern Group	CIG	186,743	1,055,000	400,000	485,000	300,000	300,000	1,485,000
	Rarotonga	Rarotonga Cyclone Shelters - Remediation	CIG	0	0	100,000	100,000	100,000	100,000	400,000
	Rarotonga	To Tatou Vai	CIG	247,708	2,000,000	3,000,000	3,000,000	3,000,000	2,000,000	11,000,000
	Rarotonga	Rarotonga Airport Infrastructure Upgrade	CIG	0	0	0	0	5,000,000	5,000,000	10,000,000
	Rarotonga	Rarotonga Airport Refurbishment	CIG	0	400,000	0	0	0	0	0
	Rarotonga	Rarotonga Health Projects	CIG	298,334	215,000	0	0	0	0	0
	Rarotonga	Relocation of Oral Health Services	CIG	30,583	69,366	0	0	0	0	0
	Various	FM and TV Telecommunications for the Pa Enea	CIG	0	150,000	0	0	0	0	0
Corrective Services				0	0	50,000	0	0	1,000,000	1,050,000
	Rarotonga	Prison Development Programme - Strategic Plan	CIG	0	0	50,000	0	0	1,000,000	1,050,000
Tourism				0	0	50,000	0	0	0	50,000
	Rarotonga	Local Data Server	CIG	0	0	50,000	0	0	0	50,000
Police				60,870	0	0	0	0	0	0
	Rarotonga	Integrated Communication System	CIG	60,870	0	0	0	0	0	0
Education				279,249	360,000	447,000	360,000	360,000	360,000	1,380,000
	National	Fund to be Prioritised by Education	CIG	279,249	360,000	300,000	360,000	360,000	360,000	1,380,000
	Rarotonga	Apii Nikao School Sound Proofing	CIG	0	0	147,000	0	0	0	0
Health				588,725	2,869,721	300,000	300,000	300,000	300,000	1,200,000
	National	Fund to be Prioritised by Health for Technical Equipment	CIG	343,518	300,000	300,000	300,000	300,000	300,000	1,200,000
	National	CT Scanner	CIG	0	1,081,219	0	0	0	0	0

MINISTRY	Island	Project / Programme	Funding Source	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection	4-Year 2021/22 - 2024/25
	National	Health ICT Upgrade	CIG	198,532	588,503	0	0	0	0	0
	National	PCR Laboratory	CIG	0	900,000	0	0	0	0	0
	Rarotonga	Ambulance	CIG	46,675	0	0	0	0	0	0
Infrastructure Cook Islands				16,590,182	18,177,465	15,878,262	21,375,000	13,425,000	10,550,000	61,100,000
	National	Bridges and Structures Asset Management and Improvement Programme	CIG	2,596,353	2,810,000	3,250,000	6,050,000	50,000	50,000	9,400,000
	National	Drainage Asset Management and Improvement Programme	CIG	2,559,591	950,000	1,950,000	500,000	2,000,000	0	4,450,000
	Various	Emergency Management and Support Infrastructure	CIG	1,781,025	3,176,184	0	0	2,000,000	2,000,000	4,000,000
	Penrhyn	Government Building Projects	CIG	0	850,000	1,000,000	0	0	0	1,000,000
	Rarotonga	Inland and Coastal Waters Asset Management and Improvement Programme	CIG	0	530,000	0	0	0	500,000	500,000
	Various	Pa Enua Air Infrastructure Improvement Programme	CIG	0	1,131,138	128,262	5,625,000	625,000	0	6,250,000
	Various	Pa Enua Air Infrastructure Improvement Programme ¹	ITF	0	0	5,500,000	0	0	0	0
	National	Pa Enua Marine Infrastructure Improvement Programme	CIG	150,000	0	1,700,000	1,700,000	0	0	3,400,000
	National	Roads Asset Management and Improvement Programme	CIG	6,923,374	8,080,143	7,000,000	7,500,000	7,750,000	8,000,000	30,250,000
	National	Waste Management Infrastructure Improvement Programme	CIG	0	250,000	200,000	0	0	0	200,000
	National	Water and Sanitation Infrastructure Improvement Programme	CIG	0	400,000	650,000	0	1,000,000	0	1,650,000
	National	Capital Procurement (Plant & Equipment)	CIG	0	0	0	0	0	0	0
	National	Atiu Road Improvement	CIG	681,884	0	0	0	0	0	0
	Rarotonga	Avatiu Valley Stream embankment	CIG	21,500	0	0	0	0	0	0
	National	Manea Games Upgrade	CIG	66,388	0	0	0	0	0	0
	Mitiaro	Mitiaro Water Upgrade	CIG	249,557	0	0	0	0	0	0
	Rarotonga	Rutaki Foreshore Rock Revetment	CIG	880,997	0	0	0	0	0	0
	Aitutaki	Establishing new water galleries	CIG	229,513	0	0	0	0	0	0
	Pukapuka	Nassau Ferry	CIG	350,000	0	0	0	0	0	0
	Rarotonga	Contingent Liability Capital Projects Account	CIG	100,000	0	0	0	0	0	0
Internal Affairs				50,000	50,000	50,000	50,000	50,000	50,000	200,000
	Rarotonga	Vaka Maintenance Capital Projects	CIG	50,000	50,000	50,000	50,000	50,000	50,000	200,000
Ministry of Finance and Economic Management				14,346,692	10,146,149	4,530,000	1,830,000	5,000,000	9,200,000	20,560,000
	Rarotonga	FMIS purchase and implementation	CIG	417,581	65,000	300,000	0	0	0	300,000
	Rarotonga	Te Mato Vai - Rarotonga Water Upgrade	CIG	12,598,326	9,917,097	1,000,000	0	0	0	1,000,000
	Rarotonga	Mei Te Vai ki Te Vai	CIG	487,546	0	0	100,000	5,000,000	9,200,000	14,300,000

MINISTRY	Island	Project / Programme	Funding Source	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection	4-Year 2021/22 - 2024/25
	Rarotonga	COVID-19 Response Fund - Capital Needs	CIG	636,763	98,950	1,400,000	0	0	0	1,400,000
	Rarotonga	Revenue Management System upgrade (RMS10)	CIG	0	0	1,830,000	1,730,000	0	0	3,560,000
	Rarotonga	Shipping Vessel	CIG	22,599	0	0	0	0	0	0
	Rarotonga	MFEM Extension - Furniture and materials	CIG	183,877	0	0	0	0	0	0
	Rarotonga	The Centre of Excellence in Information Technology (CEIT) - Capital Purchases	CIG	0	65,102	0	0	0	0	0
Justice				0	0	0	0	50,000	0	50,000
	Rarotonga	National ID Card System Development	CIG	0	0	0	0	50,000	0	50,000
Parliament				653,406	0	0	0	0	0	0
	Rarotonga	Parliament Building Extension	CIG	653,406	0	0	0	0	0	0
Office Of Prime Minister				1,828,612	449,506	1,921,000	5,000,000	5,000,000	3,900,000	15,821,000
	National	Government IT Network	CIG	628,503	321,497	1,600,000	0	0	0	1,600,000
	National	Renewable Energy Upgrades	CIG	0	0	0	5,000,000	5,000,000	3,900,000	13,900,000
	Atiu	Atiu Power Distribution	CIG	175,742	65,550	0	0	0	0	0
	Aitutaki	Aitutaki Renewable Energy Project	CIG	1,024,367	0	0	0	0	0	0
	National	Renewable Energy Project Management and Support	CIG	0	62,459	321,000	0	0	0	321,000
MINISTRY TOTAL				38,095,177	39,642,961	31,361,262	32,800,000	33,235,000	32,960,000	130,081,000
Capital Funds Administered BY MFEM				850,334	401,245	640,000	710,000	710,000	710,000	2,770,000
	National	Capital Distribution Fund	CIG	800,873	350,895	230,000	300,000	300,000	300,000	1,130,000
	National	Pa Enea Capital Distribution Fund	CIG	0	0	300,000	300,000	300,000	300,000	1,200,000
	Pa Enea	Outer Islands Small Capital Fund	CIG	49,461	50,350	110,000	110,000	110,000	110,000	440,000
		<i>Aitutaki</i>		<i>0</i>	<i>9,197</i>	<i>16,000</i>	<i>16,000</i>	<i>16,000</i>	<i>16,000</i>	<i>64,000</i>
		<i>Atiu</i>		<i>0</i>	<i>0</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>48,000</i>
		<i>Mangaia</i>		<i>7,177</i>	<i>0</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>48,000</i>
		<i>Manihiki</i>		<i>4,414</i>	<i>6,887</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>	<i>40,000</i>
		<i>Mauke</i>		<i>8,096</i>	<i>0</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>	<i>40,000</i>
		<i>Mitiaro</i>		<i>7,177</i>	<i>3,909</i>	<i>8,000</i>	<i>8,000</i>	<i>8,000</i>	<i>8,000</i>	<i>32,000</i>
		<i>Palmerston</i>		<i>4,992</i>	<i>22,454</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>	<i>40,000</i>
		<i>Penrhyn</i>		<i>4,270</i>	<i>1,467</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>48,000</i>
		<i>Pukapuka-Nassau</i>		<i>6,358</i>	<i>0</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>48,000</i>
		<i>Rakahanga</i>		<i>6,977</i>	<i>6,437</i>	<i>8,000</i>	<i>8,000</i>	<i>8,000</i>	<i>8,000</i>	<i>32,000</i>
GRAND TOTAL				38,945,511	40,044,206	32,001,262	33,510,000	33,945,000	33,670,000	132,851,000

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

	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Taxation Revenue						
Value Added Tax (VAT)	77,766,005	42,054,295	54,601,559	67,591,836	84,417,485	86,947,900
Income tax	27,966,613	16,552,091	17,035,613	26,740,894	31,375,302	32,156,889
Company tax	17,469,779	15,189,651	14,277,428	14,748,410	15,970,535	18,270,535
Import levies	14,701,390	10,669,717	12,872,749	14,211,682	15,108,620	15,216,347
Withholding tax	1,268,183	1,132,623	1,202,162	1,340,507	1,646,685	1,646,685
Departure tax	9,109,474	391,894	7,288,085	11,718,019	12,921,070	13,370,484
Total	148,281,444	85,990,271	107,277,595	136,351,349	161,439,697	167,608,841
Other Crown Revenue						
FSC Vested Assets	6,744,004	8,263,815	0	0	0	0
FSC Return of Excess	290,000	100,000	159,000	159,000	159,000	159,000
Immigration Fees	964,870	645,157	480,000	1,000,000	300,000	300,000
IMO Subscription - Maritime Cook Islands	15,940	1,500	66,000	66,000	66,000	66,000
Drivers Licences	256,120	88,259	100,000	100,000	260,000	260,000
Motor Vehicle Registration	492,865	403,341	875,000	875,000	875,000	875,000
Upper Air Management Agreement	922,118	170,606	170,154	510,257	653,490	653,490
Shipping Registration	61,625	69,180	92,000	92,000	95,000	95,000
International Shipping Licence	23,906	0	15,000	15,000	15,000	15,000
Liquor Licencing	98,037	44,137	30,000	30,000	50,000	50,000
Research Fee	620	1,500	1,500	1,500	1,500	1,500
Permits	7,673	10,409	10,409	10,409	10,409	10,409
Censorship Fees	702	1,000	1,000	1,000	1,000	1,000
Land Court Fees	0	0	125,000	125,000	125,000	125,000
Tattslotto Grants	216,674	160,534	120,000	120,000	120,000	120,000
Motor Vehicle Dealers	3,870	3,082	3,000	3,000	3,000	3,000
Court Services	35,536	26,391	30,000	30,000	40,000	40,000
Instant Fines	7,890	84,731	40,000	40,000	40,000	40,000
Fishing Revenues	13,499,508	8,636,025	9,259,143	9,287,897	9,287,897	9,287,897
Fishing Licences	5,218,806	3,460,576	0	0	0	0
Fisheries - US Treaties (purse seining)	8,043,127	4,190,297	0	0	0	0
South Indian Ocean Fisheries Agreement (SIOFA)	0	178,752	0	0	0	0
South Pacific Fisheries Management Organisation (SPRFMO)	0	7,435	0	0	0	0
US Fisheries Treaty (upfront days)	0	0	3,243,370	3,243,370	3,243,370	3,243,370
EU Agreement	0	0	400,000	400,000	400,000	400,000
Purse seine fishery	0	0	2,260,000	2,260,000	2,260,000	2,260,000
Longline Licenses and QMS	0	0	3,000,000	3,000,000	3,000,000	3,000,000
Other fisheries and auxiliary vessel licensing	0	0	160,000	160,000	160,000	160,000
Regional Fisheries Management Organisations - SIOFA and SPRFMO	0	0	195,773	224,527	224,527	224,527
Fishing Fines and Settlements	237,575	798,965	0	0	0	0
Dividends	960,000	0	135,500	856,000	941,000	1,500,000
Banana Court - dividend	0	0	0	0	0	0
Bank of the Cook Islands - dividend	0	0	135,500	256,000	341,000	500,000
Ports Authority - dividend	0	0	0	0	0	0
Punanga Nui Market - dividend	0	0	0	0	0	0
Te Aponga Uira - dividend	0	0	0	0	0	0
Extraordinary SOE - dividend	0	0	0	0	0	0
Telecom Cook Islands (Bluesky) - dividend	960,000	0	0	600,000	600,000	1,000,000
Numismatics	171,600	322,963	450,000	450,000	450,000	450,000

	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Circulating Currency - Coins	321,917	11,720	5,000	5,000	5,000	5,000
Interest on balances	2,917,425	132,000	391,000	395,000	200,000	200,000
Interest on balances - Loan Reserve Fund	0	409,160	190,974	194,794	198,690	202,664
Interest on loans to subsidiaries	359,848	0	0	581,606	830,752	737,145
Foreign Investment Fees	16,497	17,326	32,000	34,000	37,000	39,000
Employer Liabilities	0	0	0	0	0	0
Gains on FOREX	33,313	0	0	0	0	0
Core Sector Support	7,825,000	7,825,000	7,825,000	7,825,000	0	0
General Budget Support	7,604,396	35,082,658	30,000,000	0	0	0
Unanticipated Revenue received	0	1,884,937	0	0	0	0
Total Other	43,851,953	64,395,431	50,606,680	22,807,463	14,764,738	15,236,104
Total Crown Receipts	192,133,398	150,385,702	157,884,276	159,158,812	176,204,434	182,844,945

17.13 Schedule 8a – Administered Payments

Administering Ministry	Output	Administered Payment	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Compensation of Employees								
Cook Islands Investment Corporation	1	Infrastructure Committee	176,621	130,000	100,000	100,000	100,000	100,000
Cook Islands Investment Corporation	1	Government Facilities Development Division	714,571	420,000	420,000	420,000	420,000	420,000
Cook Islands Investment Corporation	1	School Security	278,726	211,437	180,000	230,000	230,000	230,000
Cook Islands Investment Corporation	2	Joint Venture with Seabed Minerals Authority	289,024	25,283	50,000	50,000	50,000	50,000
Environment	1	National Heritage Trust	92,138	122,241	122,241	122,241	122,241	122,241
Finance and Economic Management	1	Price Tribunal Committee	38,827	13,031	60,000	45,000	45,000	45,000
Finance and Economic Management	2	The Centre of Research and Policy Studies	9,522	19,404	80,000	80,000	80,000	80,000
Justice	1	Judges Allowances	190,837	170,687	400,000	300,000	465,000	465,000
Justice	2	Project to bring land records up to date	0	49,660	120,000	120,000	120,000	120,000
Prime Minister's Office	4	ICT Support Team	65,634	201,613	183,077	0	0	0
Prime Minister's Office	8	Marae Moana Ambassador	0	60,000	60,000	0	0	0
Public Service Commission	3	HOM's Salaries	1,855,698	1,810,000	1,940,000	1,810,000	1,810,000	1,810,000
Compensation of Employees Administered Payments			3,711,597	3,233,355	3,715,318	3,277,241	3,442,241	3,442,241
Use of Goods and Services								
CI Seabed Minerals	1	Seabed Minerals Sector Development	70,667	150,090	100,000	100,000	0	0
CI Seabed Minerals	1	Seabed Minerals Compliance Development	0	0	45,000	40,000	0	0
Cook Islands Investment Corporation	1	Provision for Land Rentals	465,740	79,566	500,000	500,000	500,000	500,000
Cook Islands Investment Corporation	1	Land Rent Reviews	163,296	0	0	0	0	0
Cook Islands Investment Corporation	2	Avaroa Cable	238,547	150,000	0	0	0	0
Cook Islands Investment Corporation	2	Renewable Energy Maintenance	194,987	0	0	0	0	0
Cook Islands Investment Corporation	2	CIG Buildings Repairs & Maintenance	0	0	0	0	1,000,000	1,000,000
Crown Law	2	Legal Provisions	0	5,295	251,029	0	0	0
Crown Law	2	Arbitration Case	338,851	0	0	0	0	0
Crown Law	1	Pacific Islands Law Officers Network (PILON)	0	0	0	0	0	0
Crown Law	1	Lexis Nexis - Portal Maintenance	0	0	0	0	80,000	80,000
Cultural Development	1	National Events Fund	678,501	401,377	500,000	500,000	500,000	500,000
Cultural Development	1	Te Kopapa Reo Maori Board	13,648	13,675	15,000	15,000	15,000	15,000
Cultural Development	1	Cook Islands Cultural Fund	151,775	200,000	150,000	150,000	150,000	150,000
Cultural Development	2	Audio and Visual Digitization	39,884	0	0	0	0	0
Education	3	Tertiary Training Institutions	847,677	1,158,334	1,160,000	1,160,000	1,160,000	1,160,000

Administering Ministry	Output	Administered Payment	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Education	4	Bus Service	24,482	21,600	26,325	26,325	26,325	26,325
Environment	3	E - Waste & Whiteware Collection	143,607	0	0	0	0	0
Environment	2	EIA Process	68,277	181,030	150,000	150,000	150,000	150,000
Environment	3	Management of Suwarrow Park	149,640	150,000	100,000	100,000	100,000	100,000
Finance and Economic Management	1	Public Sector Strengthening-processes and systems	304,386	41,923	150,000	200,000	150,000	150,000
Finance and Economic Management	6	COVID-19 Medical Response Fund	4,723,490	3,000,000	3,000,000	0	0	0
Finance and Economic Management	1	COVID-19 Economic Response Plan	17,741,983	78,258,000	0	0	0	0
Finance and Economic Management	1	Economic Recovery Roadmap	0	0	33,500,000	0	0	0
Finance and Economic Management	2	The Centre of Excellence in Information Technology (CEIT)	158,234	60,000	100,000	80,000	60,000	0
Finance and Economic Management	2	Audit of Crown Accounts	0	0	30,000	30,000	30,000	30,000
Finance and Economic Management	1	Standard and Poors Subscription	62,555	70,000	70,000	70,000	70,000	70,000
Finance and Economic Management	2	Special Investigative and Prosecution Services	90,389	43,860	30,000	50,000	50,000	50,000
Finance and Economic Management	2	Debt Advisory Services	12,332	28,310	60,000	60,000	60,000	60,000
Finance and Economic Management	2	FMIS Maintenance	0	80,000	80,000	80,000	80,000	80,000
Finance and Economic Management	2	Government Broadband Utilities	0	27,542	30,000	30,000	30,000	30,000
Finance and Economic Management	3	Border Management System Maintenance	155,250	155,250	155,250	155,250	155,250	155,250
Finance and Economic Management	3	Post Tax Amnesty Work	292,553	23,660	0	0	0	0
Foreign Affairs	5	Cook Islands Student Association Support	10,000	400	10,000	10,000	10,000	10,000
Foreign Affairs	5	Returned Services Association	517	790	5,000	5,000	5,000	5,000
Head Of State	1	Domestic Hosting Entertainment	9,142	15,000	15,000	15,000	15,000	15,000
Head Of State	1	QR Social Responsibility Fund	5,126	8,000	8,000	8,000	8,000	8,000
Head Of State	1	Head of State Rent	13,042	8,695	13,000	13,000	13,000	13,000
Health	4	Pharmaceuticals	945,515	867,800	1,167,800	1,167,800	1,167,800	1,167,800
Health	1	Operation Namu	0	0	0	0	0	0
Infrastructure Cook Islands	2	Bridges and Stream Structure Maintenance	1,097,967	320,571	740,000	740,000	700,000	700,000
Infrastructure Cook Islands	4	Waste Management	578,047	730,000	730,000	730,000	730,000	730,000
Infrastructure Cook Islands	3	Road and Drainage Asset Management	1,090,696	1,352,950	850,000	850,000	800,000	800,000
Infrastructure Cook Islands	2	Emergency Response Work	135,144	200,000	200,000	200,000	200,000	200,000
Infrastructure Cook Islands	1	Pa Enea Machinery Maintenance Funds	196,186	200,000	0	0	0	0
Internal Affairs	2	Children Forum	0	0	0	0	0	0
Internal Affairs	2	Internal Affairs Youth Program	24,782	31,141	45,000	45,000	45,000	45,000
Internal Affairs	4	Vaka Maintenance	391,282	400,000	400,000	400,000	450,000	450,000
Internal Affairs	5	Lease extension	36,000	40,000	72,000	72,000	72,000	72,000
Parliamentary Services	1	Special Select Committee	95,262	210,887	150,000	120,000	120,000	120,000

Administering Ministry	Output	Administered Payment	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Parliamentary Services	2	Remuneration Tribunal Committee	0	0	20,000	0	0	0
Police	1	Search and Rescue	18,667	0	20,000	20,000	20,000	20,000
Police	1	Serious Crime Investigations	98,014	58,823	100,000	100,000	100,000	100,000
Police	1	Te Kukupa - Biannual Slipping	60,662	0	0	0	0	0
Police	1	Te Kukupa - Fuel Contribution	78,876	85,457	250,000	250,000	250,000	250,000
Police	2	Police Youth Program	34,574	45,000	45,000	45,000	45,000	45,000
Prime Minister's Office	1	Social Responsibility Fund	460,343	363,000	363,000	363,000	363,000	363,000
Prime Minister's Office	1	Community Support Fund	85,555	100,000	100,000	100,000	100,000	100,000
Prime Minister's Office	3	Pa Enea Mechanical Overseer	92,670	84,363	100,000	100,000	100,000	100,000
Prime Minister's Office	5	Energy Commissioner	0	0	0	0	0	0
Prime Minister's Office	6	Red Cross	50,000	50,000	50,000	50,000	50,000	50,000
Prime Minister's Office	6	Pa Enea Machinery Maintenance Fund			100,000	100,000	100,000	100,000
Tourism Corporation	1	Marketing Resources - Tourism Growth Strategy	4,922,000	4,200,000	4,500,000	4,500,000	4,500,000	4,500,000
Finance and Economic Management	6	Tarai Vaka Fund	0	0	20,000	20,000	20,000	20,000
Financial Services Development Authority	1	Tax Law Review	0	0	80,000	0	0	0
		Use of Goods and Services Administered Payments	37,660,821	93,672,387	50,356,404	13,520,375	14,350,375	14,290,375
Subsidies								
Education	3	University of the South Pacific Contribution	147,706	70,033	205,000	205,000	205,000	205,000
Finance and Economic Management	1	Airline Underwrite	8,720,655	0	6,500,000	10,000,000	10,000,000	10,000,000
Finance and Economic Management	2	Subsidy of audio/visual broadcasting in Pa Enea	38,956	0	45,000	45,000	45,000	45,000
Finance and Economic Management	2	Asian Infrastructure Investment Bank (AIIB) Membership	31,746	0	30,500	30,500	30,500	30,500
Finance and Economic Management	1	Pacific Financial Regional Technical Assistance (PFTAC) Contribution	0	15,000	0	0	0	0
Finance and Economic Management	1	Universal Access Fund	0	220,000	400,000	400,000	400,000	400,000
Finance and Economic Management	6	Provision for Inter Island Shipping	1,234,920	702,792	500,000	500,000	500,000	500,000
		Subsidies Administered Payments	10,173,983	1,007,825	7,680,500	11,180,500	11,180,500	11,180,500
Social Assistance								
Education	2	Government Funded Scholarships	757,559	780,000	780,000	780,000	780,000	780,000
Health	1	NCD Fund	195,000	195,000	195,000	195,000	195,000	195,000
Health	4	Patient Referrals	850,000	850,000	850,000	850,000	850,000	850,000
Health	5	Workforce Development	156,350	234,070	234,070	234,070	234,070	234,070
Internal Affairs	1	Welfare Payments - Allowances	1,192,476	1,262,437	1,316,000	1,322,700	1,328,300	1,333,900
Justice	1	Legal Aid	0	2,000	40,000	40,000	40,000	40,000
		Social Assistance Administered Payments	3,151,385	3,323,507	3,415,070	3,421,770	3,427,370	3,432,970

Administering Ministry	Output	Administered Payment	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Other Expense								
Cook Islands Investment Corporation	2	To Tatou Vai	2,300,000	3,330,000	3,000,000	3,000,000	3,000,000	2,000,000
Education	2	Private School Funding	2,509,346	2,510,709	2,663,277	2,663,277	2,663,277	2,663,277
Finance and Economic Management	1	Competition and Regulatory Authority	150	480,000	0	0	0	0
Finance and Economic Management	2	Production of new currency, transportation and sale of old coins	753,679	379,661	15,000	350,000	350,000	350,000
Finance and Economic Management	4	National Census	0	0	300,000	0	0	0
Finance and Economic Management	4	Conduct of a Labour Force Survey	59,071	0	0	0	0	0
Internal Affairs	2	SIF - Cook Islands Government Contribution	848,053	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Internal Affairs	5	CISNOC Grant	475,715	370,000	370,000	370,000	370,000	370,000
Marine Resources	2	Fisheries Development Facility	199,229	250,000	200,000	200,000	200,000	200,000
Marine Resources	3	Fisheries Development Facility in the Pa Enuā	94,413	0	0	0	0	0
Internal Affairs	5	Religious Advisory Council	0	0	10,000	10,000	10,000	10,000
Prime Minister's Office	9	State Events	0	0	20,000	20,000	20,000	20,000
		Other Expenses Administered Payments	7,239,656	8,320,370	7,578,277	7,613,277	7,613,277	6,613,277
Grand Total			61,937,443	109,557,444	72,745,569	39,013,163	40,013,763	38,959,363

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

Administering Ministry	Output	POBOC	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Compensation of Employees								
Finance and Economic Management	2	Parliamentary Superannuation	40,356	180,000	180,000	180,000	180,000	180,000
Audit (PERCA)	3	PERC Salaries and Administration Costs	45,543	57,500	57,500	57,500	57,500	57,500
Parliamentary Services	1	Civil List - Personnel	2,689,451	2,901,961	2,901,961	2,901,961	2,901,961	2,901,961
Parliamentary Services	1	House of Ariki	330,213	338,420	348,420	348,420	348,420	348,420
Compensation of Employees POBOCs			3,105,563	3,477,881	3,487,881	3,487,881	3,487,881	3,487,881
Use of Goods and Services								
Audit (PERCA)	2	Audit Fees	82,791	35,733	95,600	95,600	95,600	95,600
Justice		General Elections, Petitions and By-Elections	0	0	0	0	0	0
Parliamentary Services	1	Civil List - Constituency Visits	145,928	170,200	170,200	170,200	170,200	170,200
Parliamentary Services	1	Parliamentary Sitting Expenses	321,913	150,000	200,000	200,000	200,000	200,000
Parliamentary Services	1	MP Travel and Allowances (local and overseas)	468,531	181,039	180,000	230,000	250,000	250,000
Parliamentary Services	1	QR Travel and Allowances (local and overseas)	109,000	18,531	109,000	109,000	109,000	109,000
Transport	2	Maritime Radio Coverage	0	0	79,000	79,000	79,000	79,000
Prime Minister's Office	3	Local Government Election	3,391	21,628	0	0	0	0
Foreign Affairs	5	International Maritime Organisation - Maritime Cook Islands	0	0	120,000	120,000	120,000	120,000
Use of Goods and Services POBOCs			1,131,554	577,131	897,261	947,261	967,261	967,261
Subsidies								
Finance and Economic Management		Apex - Profit Guarantee	0	0	0	0	0	0
Cook Islands Investment Corporation	2	Bank of the Cook Islands - social assistance subsidy	53,871	0	128,000	128,000	128,000	128,000
Cook Islands Investment Corporation	2	Airport Authority subsidy	2,047,997	3,047,997	2,047,997	2,047,997	1,500,000	1,000,000
Cook Islands Investment Corporation	2	Ports Authority - subsidy	105,312	110,099	110,099	110,099	110,099	110,099
Cook Islands Investment Corporation	2	Te Aponga Uira - social assistance subsidy	380,000	0	0	0	0	0
Cook Islands Investment Corporation	2	Te Mana Uira o Araura - subsidy	0	500,000	0	0	0	0
Subsidies POBOCs			2,587,180	3,658,096	2,286,096	2,286,096	1,738,099	1,238,099
Social Assistance								
Internal Affairs	1	Welfare Payments	19,259,278	20,007,261	20,227,000	20,440,000	20,647,900	20,853,200
Social Assistance POBOCs			19,259,278	20,007,261	20,227,000	20,440,000	20,647,900	20,853,200
Other Expense								

Administering Ministry	Output	POBOC	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Finance and Economic Management	2	Pacific Catastrophe Risk Insurance	151,768	160,000	160,000	160,000	160,000	160,000
Finance and Economic Management	1	Competition and Regulatory Authority	0	0	620,574	579,148	460,148	460,148
Finance and Economic Management	2	BEPS Subscription	35,855	35,000	35,000	35,000	35,000	35,000
Foreign Affairs	5	International Subscriptions	636,204	890,000	890,000	890,000	890,000	890,000
Finance and Economic Management	2	CIG Insurance	100,001	180,000	40,000	40,000	40,000	40,000
		Other Expenses POBOCs	923,828	1,265,000	1,745,574	1,704,148	1,585,148	1,585,148
Grand Total			27,007,403	28,985,369	28,684,812	28,906,386	28,467,289	28,172,589

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

Creditor	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Asian Development Bank (ADB)						
Principal	4,688	5,857	6,654	6,443	7,743	7,743
Interest	1,829	2,067	1,875	1,684	1,828	1,828
Total Debt Servicing to ADB	6,517	7,924	8,529	8,127	9,570	9,570
People's Republic of China (China)						
Principal	2,698	2,908	2,787	2,632	2,594	2,594
Interest	664	657	574	490	431	431
Total Debt Servicing to China	3,362	3,566	3,362	3,122	3,025	3,025
Gross Debt Servicing	9,879	11,490	11,890	11,249	12,595	12,595

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

Transaction	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Opening Balance in LRF	20,922	20,395	9,892	10,089	10,291	10,497
<i>Transfer into LRF by Government</i>						
Contribution to LRF - Principal	9,864	0	12,912	13,288	20,217	22,624
Contribution to LRF - Interest	7,375	0	8,860	8,882	15,704	18,504
Interest earned by LRF	2,489	0	4,051	4,406	4,513	4,120
	0	409	191	195	199	203
Total inflows	9,864	409	13,103	13,483	20,416	22,827
Total Principal Paid out of LRF	7,375	8,053	8,860	8,882	15,704	18,504
Total Interest Paid out of LRF	2,489	2,858	4,051	4,406	4,513	4,120
	0	0	0	0	0	0
Total outflows	9,864	10,911	12,912	13,288	20,217	22,624
Valuation Adjustment						
Closing balance of LRF	21,256	9,893	10,084	11,824	12,327	12,537

17.17 Schedule 10 – Official Development Assistance Schedule

Agency	Development Partner	Programs/Projects by Agency	2019/20 Actual	2020/21 Budget	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Cook Islands General Budget Support									
MFEM	New Zealand	Cook Islands Core Sector Support - Budget Support	7,825,000	7,925,000	7,825,000	7,825,000	7,825,000	0	0
MFEM	New Zealand	COVID-19: Pacific Financial Support Package	7,000,000	0	0	0	0	0	0
MFEM	New Zealand	COVID-19 Response - 2nd Phase Budget Support	0	15,000,000	15,000,000	0	0	0	0
MFEM	Australia	Cook Islands Budget Support	604,396	0	0	0	0	0	0
MFEM	China	COVID-19 Co-operation	0	82,658	82,658	91,584	0	0	0
MFEM	New Zealand	COVID-19 Response - 3rd Phase Support	0	0	20,000,000	0	0	0	0
MFEM	New Zealand	COVID-19 Economic Recovery Roadmap Support	0	0	0	30,000,000	0	0	0
Total General Budget Support			15,429,396	23,007,658	42,907,658	37,916,584	7,825,000	0	0
Recurrent ODA Expenditure									
MFEM	New Zealand	Cook Islands Core Sector Support - TA Component	1,278,833	1,475,000	1,859,746	1,275,000	1,275,000	0	0
MOH	New Zealand	COVID-19 Vaccination Programme			500,000	300,000	0	0	0
MFEM	ADB	APDRF COVID-19 Emergency Response Project	0	1,500,000	1,500,000	0	0	0	0
MFEM	Japan	Grant Assistance for Grassroots Projects	169,303	575,137	260,648	600,000	0	0	0
MFEM	India	India Grant Fund	16,524	680,000	0	680,000	200,000	200,000	200,000
MFEM	UN Adaptation Fund	Pa Enea Action for Resilient Livelihoods (PEARL)	1,063,815	1,702,526	1,300,000	1,105,864	0	0	0
MFEM	Green Climate Fund	Green Climate Fund Readiness	383,128	720,000	624,289	909,087	0	0	0
MFEM	Green Climate Fund	Building Resilient and Healthy Cook Islands Communities - Project Preparation Facility	0	0	0	885,486	0	0	0
MFEM	Green Climate Fund	Enhancing Climate Information and Knowledge Services for Resilience	0	0	0	3,138,330	5,720,556	1,524,816	988,122
MFEM	Green Climate Fund	Enhancing Climate Information and Knowledge Services for Resilience	0	0	0	731,141	1,260,466	672,335	554,345
MFEM	Green Climate Fund	Enhancing National Adaptation Programmes	0	0	0	1,515,152	1,515,152	1,515,152	
MFEM	Green Climate Fund	Green Resilient Recovery	0	0	0	454,545	0	0	0
MFEM	Green Climate Fund	Enhanced Direct Access - Project Preparation Facility	0	0	0	363,636	0	0	0
MFEM	European Union	Budget Support to the Sanitation Sector	0	0	0	154,524	0	0	0
OPSC	New Zealand	NZ Volunteer Services Aboard	196,000	200,000	0	200,000	200,000	200,000	200,000
MFEM	Japan	JICA Training and Development	0	125,000	0	125,000	125,000	125,000	125,000

Agency	Development Partner	Programs/Projects by Agency	2019/20 Actual	2020/21 Budget	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
MFEM	UNDP	Pacific Parliamentary Development Project	0	0	0	150,000	0	0	0
MFEM	ADB	Cook Islands Emergency Response to Covid-19	0	151,515	150,000	0	0	0	0
MFEM	ADB	Technical Assistance Support	0	409,091	357,006	500,000	0	0	0
MFEM	ADB	JFPR - Supporting Safe Recovery of Travel and Tourism in Cook Islands	0	0	0	2,900,000	0	0	0
MFEM	UNDP	Sustainable Financing for the 2030 Agenda	0	0	0	72,570	0	0	0
MFEM	New Zealand	COVID-19 Socio Economic Rapid Assessment Survey	0	0	0	120,000	0	0	0
MFEM	Other	Aid Effectiveness	53,928	100,000	55,000	100,000	100,000	100,000	100,000
OPM	Global Environment Facility	Preparation of the Third National Communication under UN Framework Convention on Climate Change (UNFCCC)	142,967	0	0	0	0	0	0
OPM	Global Environment Facility	Fourth National Communications - UNFCCC	0	213,000	207,187	322,727	322,727	322,727	322,727
OPM	ADB	E-Government TA Support	111,504	178,788	0	178,788	0	0	0
OPM	SPC	GCCA + SUPA - Enhancing a Climate Resilient Marine Sector	0	847,458	88,133	759,325	0	0	0
MOH	UNDP	Western Pacific Multi-country Integrated HIV/TB programme - UNDP	69,193	90,000	79,517	90,000	90,000	90,000	90,000
MOH	WHO	WHO Biennium Budget Support	0	0	0	152,000	152,000	152,000	152,000
MOH	UNICEF	UNICEF Health and Nutrition Programme		0	0	335,350	17,650	0	0
MOT	UNDP	Disaster Resilience for Small Pacific Islands (RESPAC Cook Islands)	30,131	40,000	33,930	0	0	0	0
MMR	European Union	Sustainable Fisheries Partnership Agreement - Sectoral Support	220,193	593,220	444,915	593,220	593,220	593,220	593,220
MMR	Japan	Japan Trust Fund	199,231	0	0	0	0	0	0
MMR	Forum Fisheries Agency	Project Development Fund - US Fisheries Treaty	16,000	206,439	0	206,439	206,439	206,439	206,439
MFAI	Forum Fisheries Agency	Project Development Fund - US Fisheries Treaty	0	30,303	0	30,303	30,303	30,303	30,303
MFAI	New Zealand	PACER Plus Outreach and Consultation	0	40,377	40,377	0	0	0	0
MFAI	Korea	Korea Grant Aid	0	0	0	303,030	303,030	303,030	303,030
NES	UNDP	6th National Report to the Convention Biological Diversity	0	70,000	25,000	0	0	0	0
NES	Global Environment Facility	Ridge to Reef	1,296,986	1,497,693	1,400,000	0	0	0	0
NES	Global Environment Facility	Strengthening the Implementation of the Nagoya Protocol on Access to Genetic Resources and Benefit Sharing in the Cook Islands	120,430	0	0	0	0	0	0

Agency	Development Partner	Programs/Projects by Agency	2019/20 Actual	2020/21 Budget	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
MFEM	Green Climate Fund	MOH Building Resilient and healthy Cook Islands Communities - SAP	0	0	0	0	0	0	0
ICI	SPC	Accurately Positioning Cook Islands (Modernising Cook Islands Positioning Infrastructures)	0	25,000	0	0	0	0	0
ICI	SPC	ICI COOKGEO GeoPortal	0	50,000	0	0	0	0	0
ICI	SPC	Managing Water Scarcity through Strengthened Water Resources Management	0	150,000	125,000	127,500	92,500	0	0
INTAFF	ILO	COVID-19 Support to Social and Economic Effects	0	67,394	20,218	47,176	0	0	0
INTAFF	ILO	Workplace Health and Safety & Workers Compensation	0	15,000	14,975	0	0	0	0
INTAFF	UNESCO	Disability Inclusive Development	0	0	0	300,000	200,000	0	0
M OCD	Other	National Archive Digitization	0	0	0	140,000	0	0	0
M OCD	UNESCO	Intangible Cultural Heritage	0	0	0	96,000	48,600	0	0
REDCRO SS	Global Environment Facility	GEF Small Grants Programme	302,527	303,030	187,429	378,788	378,788	378,788	378,788
MFEM	Other	Small Projects Grant funding	0	11,714,997	1,596,009	5,000,000	5,000,000	5,000,000	5,000,000
Total Recurrent ODA Expenditure			5,670,693	23,770,968	10,869,379	25,340,981	17,831,432	11,413,811	9,243,974
Capital ODA Expenditure									
CIIC	China	Chinese Building Repairs	0	0	0	0	0	0	0
MFEM	Japan	Non Project Grant Aid - Palmerston Cyclone Centre	14,651	0	0	0	0	0	0
MFEM	New Zealand	Manatua Polynesian Cable Project	5,212,925	9,787,075	865,129	1,300,000	0	0	0
MFEM	New Zealand	Assets Management	8,196,057	4,500,000	1,292,772	3,207,228	0	0	0
MFEM	New Zealand	Mei Te Vai Ki Te Vai (MTVKTV)	3,124,896	1,544,814	800,000	900,000	0	0	0
MMR	New Zealand	Mei Te Vai Ki Te Vai (MTVKTV) - Environmental Investigation	0	142,000	0	0	0	0	0
MFEM	European Union	Budget Support to the Sanitation Sector	0	2,000,000	384,861	1,615,139	0	0	0
MFEM	Japan	Economic Social Development Programme 2018	606,511	929,090	739,349	874,609	0	0	0
MFEM	Japan	Economic Social Development Programme 2020-1 COVID-19 Response Assistance	0	1,546,100	0	1,546,100	0	0	0
MFEM	Japan	Economic Social Development Programme 2020-2	0	0	0	1,056,495	864,405	0	0
MFEM	Japan	Purpose-built shipping vessel for inter-island services TA Support	0	0	0	150,000	0	0	0
ICI	Japan	Japan Grassroots Human Security - Resource Recovery Centre Upgrades	178,391	0	0	0	0	0	0
MFEM	New Zealand	Cook Islands Infrastructure Trust Fund	0	5,500,000	0	5,500,000	0	0	0

Agency	Development Partner	Programs/Projects by Agency	2019/20 Actual	2020/21 Budget	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
MFEM	New Zealand	Cook Islands Infrastructure Trust Fund - Rarotonga Airport Refurbishment	0	6,500,000	4,500,000	2,000,000	0	0	0
OPM	Global Environment Facility	Renewable Energy Grant (Southern Group)	268,968	1,100,365	0	500,000	0	0	0
OPM	Green Climate Fund EU-German	Renewable Energy Grant (Southern Group)	7,258,734	3,238,661	1,922,480	9,034,358	0	0	0
OPM	Development Cooperation	Northern Water Project Phase 2	21,200	0	0	0	0	0	0
AA	New Zealand	Rarotonga Airport Upgrade Designs	0	994,000	204,450	789,550	0	0	0
Total Capital ODA Expenditure			24,882,333	37,782,105	10,709,041	28,473,479	864,405	0	0
Total NZD Equivalent ODA Funding			45,982,421	84,560,731	64,486,078	91,731,044	26,520,837	11,413,811	9,243,974
Total NZD Equivalent ODA Funding – (excluding General Budget Support)			30,553,026	61,553,073	21,578,420	53,814,460	18,695,837	11,413,811	9,243,974

17.18 Schedule 11 – Comparative Analysis of Ministry Appropriations

Ministry	2020/21 HYEPU Estimate			2021/22 Budget Estimate			Gross Operating Variance
	Gross Operating Appropriation	Trading Revenue	Net Operating Appropriation	Gross Operating Appropriation	Trading Revenue	Net Operating Appropriation	Amount
Agriculture	1,400,581	45,535	1,355,046	1,450,581	70,535	1,380,046	50,000
Audit (PERCA)	1,124,654	60,700	1,063,954	1,134,654	60,700	1,073,954	10,000
Corrective Services	1,585,957	50,000	1,535,957	1,751,957	75,000	1,676,957	166,000
Crown Law	1,207,575	0	1,207,575	1,405,029	0	1,405,029	197,454
Cultural Development	1,749,500	50,000	1,699,500	1,668,000	100,000	1,568,000	-81,500
Business Trade and Investment Board	779,662	28,000	751,662	679,662	28,000	651,662	-100,000
Education	19,706,773	0	19,706,773	19,559,773	0	19,559,773	-147,000
Environment	1,755,097	35,000	1,720,097	1,594,067	35,000	1,559,067	-161,030
Finance and Economic Management	83,041,178	383,500	82,657,678	52,540,018	954,341	51,585,677	-30,501,160
Financial Services Development Authority	434,703	0	434,703	504,703	0	504,703	70,000
Foreign Affairs	2,780,775	28,000	2,752,775	2,976,775	20,000	2,956,775	196,000
Head Of State	250,836	0	250,836	250,836	0	250,836	0
Health	18,518,932	150,000	18,368,932	20,088,932	250,000	19,838,932	1,570,000
Infrastructure Cook Islands	6,184,000	300,000	5,884,000	5,283,426	200,000	5,083,426	-900,574
Internal Affairs	4,688,437	0	4,688,437	4,846,375	0	4,846,375	157,938
Justice	2,805,001	550,000	2,255,001	2,923,976	375,000	2,548,976	118,975
Marine Resources	2,296,958	28,000	2,268,958	2,292,000	28,000	2,264,000	-4,958
Ombudsman	301,000	0	301,000	301,000	0	301,000	0
Parliamentary Services	808,373	0	808,373	983,220	0	983,220	174,847
Police	5,806,000	141,783	5,664,217	5,866,000	154,783	5,711,217	60,000
Prime Minister's Office	3,069,366	0	3,069,366	3,024,077	0	3,024,077	-45,289
Public Service Commission	2,291,645	0	2,291,645	2,490,000	0	2,490,000	198,355
Tourism Corporation	8,480,000	20,000	8,460,000	8,122,000	0	8,122,000	-358,000
Transport	1,236,000	22,000	1,214,000	1,248,609	32,000	1,216,609	12,609
Cook Islands Investment Corporation	7,967,000	703,831	7,263,169	6,777,000	753,831	6,023,169	-1,190,000
Cook Islands Seabed Minerals Authority	935,384	0	935,384	884,500	200,000	684,500	-50,884
Total Ministries	181,205,384	2,596,349	178,609,035	150,647,168	3,337,190	147,309,978	-30,558,217

	2020/21 HYEPU Estimate			2021/22 Budget Estimate			Gross Operating Variance
Ministerial Support							
Prime Minister	482,569	0	482,569	540,000	0	540,000	57,431
Deputy Prime Minister	378,000	0	378,000	378,000	0	378,000	0
Minister Vaine Mokoroa	308,000	0	308,000	308,000	0	308,000	0
Minister Vainetutai Toki-Brown	308,000	0	308,000	308,000	0	308,000	0
Minister George Angene	308,000	0	308,000	308,000	0	308,000	0
Minister Patrick Arioka	0	0	0	308,000	0	308,000	308,000
Leader Of Opposition	308,000	0	308,000	308,000	0	308,000	0
Total Ministerial Support Offices	2,400,569	0	2,400,569	2,458,000	0	2,458,000	57,431
Outer Islands							
Aitutaki	2,098,898	67,828	2,031,070	2,126,578	67,828	2,058,750	27,680
Atiu	1,730,224	224,318	1,505,906	1,771,355	224,318	1,547,037	41,131
Mangaia	1,742,417	301,000	1,441,417	1,781,580	301,000	1,480,580	39,163
Manihiki	1,338,213	119,000	1,219,213	1,355,117	119,000	1,236,117	16,904
Mauke	1,391,430	113,853	1,277,577	1,421,353	113,853	1,307,500	29,923
Mitiaro	860,693	60,900	799,793	880,214	60,900	819,314	19,521
Palmerston	427,092	20,500	406,592	431,696	20,500	411,196	4,604
Penrhyn	990,319	74,000	916,319	1,011,217	74,000	937,217	20,898
Pukapuka-Nassau	1,249,469	73,695	1,175,774	1,264,093	73,695	1,190,398	14,624
Rakahanga	555,706	52,000	503,706	561,942	52,000	509,942	6,236
Total Outer Islands	12,384,461	1,107,094	11,277,367	12,605,145	1,107,094	11,498,051	220,684
Gross Total	195,990,415	3,703,443	192,286,972	165,710,313	4,444,284	161,266,029	-30,280,102

17.19 Schedule 12 – Output Analysis

Ministry	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Agriculture	1,400,581	1,450,581	1,450,581	1,450,581	1,450,581
Crops Research	450,423	447,552	447,552	447,552	447,552
Biosecurity	383,314	408,728	408,728	408,728	408,728
Advisory	232,638	233,622	233,622	233,622	233,622
Corporate Services	334,206	360,679	360,679	360,679	360,679
Audit (PERCA)	1,170,759	1,287,753	1,287,753	1,287,753	1,287,753
The audit of the consolidated financial statements of Government	313,894	391,845	391,845	391,845	391,845
The audit of Ministries, OI's, SOE's and Other Crown Agencies financial statements	435,122	509,015	509,015	509,015	509,015
Special Reviews, Investigations and Performance Audits	248,863	216,229	216,229	216,229	216,229
Corporate Services	172,880	170,664	170,664	170,664	170,664
Cook Islands Investment Corporation	10,981,381	9,063,096	9,163,096	9,843,099	8,343,099
Effective Asset Management	2,907,246	2,962,457	3,062,457	4,262,457	4,262,457
Effective management of public assets by State Owned Enterprises (SOEs)	7,542,790	5,623,033	5,623,033	5,075,036	3,575,036
Corporate Services	531,345	477,606	477,606	505,606	505,606
Corrective Services	1,564,065	1,751,957	1,751,957	1,751,957	1,751,957
Probation Services	272,572	345,324	345,324	345,324	345,324
Prison Services	1,135,099	1,169,137	1,169,137	1,169,137	1,169,137
Corporate Services	156,394	237,496	237,496	237,496	237,496
Crown Law	939,952	1,405,029	1,154,000	1,154,000	1,154,000
Advice	266,807	418,200	418,200	502,200	502,200
Litigation	281,304	552,304	301,275	200,875	200,875
Legislation	276,009	298,125	298,125	300,625	300,625
Corporate Service	115,832	136,400	136,400	150,300	150,300

Ministry	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Cultural Development	1,549,374	1,668,000	1,668,000	1,798,000	1,798,000
Cultural Identity	905,598	962,367	970,450	970,450	970,450
Cultural Heritage	337,604	332,270	332,270	332,270	332,270
Cultural Governance	306,172	373,363	365,280	495,280	495,280
Business Trade and Investment Board	527,963	679,661	679,661	679,661	679,661
Business Enterprise	22,850	115,778	115,778	115,778	115,778
Trade and Marketing	50,476	117,426	117,426	117,426	117,426
Foreign Investment	85,995	121,530	121,530	121,530	121,530
Monitoring and Compliance	84,862	77,908	77,908	77,908	77,908
Corporate Services	273,114	247,021	247,021	247,021	247,021
Strategic Management Services	10,667	0	0	0	0
Education	18,678,291	19,559,773	19,792,519	19,672,519	19,672,519
Taku Ipukarea Kia Rangatira	668,079	730,699	741,615	741,615	741,615
Learning and Teaching	4,009,755	4,568,898	4,614,341	4,494,341	4,494,341
Learning and the Community	1,969,527	2,075,850	2,086,544	2,086,544	2,086,544
Infrastructure and Support	12,030,930	12,184,326	12,350,019	12,350,019	12,350,019
Environment	1,755,097	1,594,067	1,594,067	1,594,067	1,594,067
Puna 'Akatereau – Corporate Services Division	695,982	697,467	697,467	697,467	697,467
Puna Akoako e te Arapaki Ture – Compliance and Advisory Division	424,953	393,923	393,923	393,923	393,923
Puna Orama – Island Futures Division	259,100	209,100	209,100	209,100	209,100
Pa Enuā	338,201	256,716	256,716	256,716	256,716
Project Management Unit	36,860	36,860	36,860	36,860	36,860
Finance and Economic Management	90,120,428	53,575,592	20,861,423	20,672,423	20,612,423
Economic Planning Division	79,828,222	42,230,842	12,224,416	12,055,416	12,055,416
Finance Management Division	2,578,570	2,268,897	2,603,391	2,583,391	2,523,391
Revenue Management Division	2,515,151	3,532,242	3,720,548	3,720,548	3,720,548
Cook Islands Statistics Office	509,258	794,258	494,258	494,258	494,258
Development Coordination Division	332,543	332,543	332,543	332,543	332,543
Major Projects Procurement Support Division	4,235,850	4,293,232	1,372,433	1,372,433	1,372,433
Office of the Financial Secretary	120,834	123,578	113,834	113,834	113,834

Ministry	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Foreign Affairs	3,558,986	3,930,236	3,975,256	3,975,256	3,975,256
Pacific Regional Affairs Division (PRAD)	306,507	479,892	493,695	493,695	493,695
International Affairs and Trade	377,548	511,165	511,165	511,165	511,165
Treaties, Multilateral and Oceans Division	295,910	297,237	297,237	297,237	297,237
Immigration Service	509,109	550,671	550,671	550,671	550,671
Capability and Service Delivery	2,069,912	2,091,271	2,122,488	2,122,488	2,122,488
Head Of State	237,463	250,836	250,106	250,106	250,106
Administrative Support	237,463	250,836	250,106	250,106	250,106
Health	18,528,587	20,088,932	20,088,932	20,088,932	20,088,932
Public Health	2,545,390	2,944,973	2,944,973	2,944,973	2,944,973
Oral Health Services	988,724	1,151,411	1,151,411	1,151,411	1,151,411
Primary Care	3,000,504	2,759,881	2,759,881	2,759,881	2,759,881
Hospital Health	9,506,080	10,919,157	10,919,157	10,919,157	10,919,157
Planning and Funding	2,487,889	2,313,510	2,313,510	2,313,510	2,313,510
Infrastructure Cook Islands	5,631,511	5,283,426	5,262,852	5,172,852	5,172,852
Corporate & Regulatory Services	1,350,995	770,074	749,500	749,500	749,500
Planning & Project Management Unit	527,413	1,582,307	1,582,307	1,542,307	1,542,307
Civil Works Asset Management Division	2,349,167	1,750,741	1,750,741	1,700,741	1,700,741
Waste Management Division	1,403,936	1,180,304	1,180,304	1,180,304	1,180,304
Internal Affairs	24,622,632	25,073,376	25,313,076	25,576,576	25,787,476
Welfare Services	21,633,496	21,935,679	22,176,379	22,389,879	22,590,801
Social Policy and Services	1,434,477	1,517,692	1,517,692	1,517,692	1,527,670
Labour and Consumer Services	247,448	233,754	233,754	233,754	233,754
Civil Services	573,499	597,500	597,500	647,500	647,500
Corporate Services	733,711	788,751	787,751	787,751	787,751
Justice	2,541,148	2,923,976	2,868,976	3,088,976	3,088,976
High Courts	1,199,105	1,745,692	1,667,438	1,860,014	1,860,014
Land Administration	682,879	331,513	331,513	335,867	335,867
Registry Services	268,447	278,536	278,536	284,458	284,458
Corporate Services	390,717	568,235	591,489	608,637	608,637

Ministry	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Marine Resources	1,971,875	2,292,000	2,292,000	2,217,000	2,217,000
Offshore Fisheries	267,870	664,877	664,877	593,324	588,324
Inshore and Aquaculture Fisheries	1,200,921	1,049,650	1,049,650	1,049,650	1,068,650
Corporate Services	503,084	577,473	577,473	574,026	560,026
Ombudsman	193,553	301,000	301,000	301,000	301,000
Investigations and Review	43,145	170,120	170,120	170,120	170,120
Public Awareness & Training	52,675	70,047	70,047	70,047	70,047
Corporate Services	97,734	60,833	60,833	60,833	60,833
Parliamentary Services	4,497,503	4,892,801	4,892,801	4,912,801	4,912,801
Services to Parliament and Select Committees	4,241,125	4,515,201	4,535,201	4,555,201	4,555,201
Finance and Corporate Services	256,378	377,600	357,600	357,600	357,600
Police	5,163,518	5,866,000	5,866,000	5,866,000	5,866,000
Crime and Operations	3,561,875	4,264,357	4,264,356	4,264,356	4,264,356
Crime Prevention	1,119,342	1,119,342	1,119,342	1,119,342	1,119,342
Corporate Services	482,301	482,301	482,302	482,302	482,302
Prime Minister's Office	2,442,841	3,024,078	2,731,001	2,781,001	2,731,001
Cabinet and Executive Services	540,016	577,316	577,316	577,316	577,316
Central Policy Planning Office	171,719	262,276	262,276	262,276	262,276
Pa Enea Governance	244,240	526,080	476,080	526,080	476,080
Information Communication Technology	485,874	558,546	375,469	375,469	375,469
Renewable Energy Development	134,686	135,148	135,148	135,148	135,148
Emergency Management Cook Islands	200,916	201,243	201,243	201,243	201,243
Climate Change Cook Islands	165,502	168,797	168,797	168,797	168,797
Marae Moana	135,037	134,527	74,527	74,527	74,527
Corporate Services	332,076	318,394	318,394	318,394	318,394
National Security	32,775	141,750	141,750	141,750	141,750

Ministry	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Public Service Commission	2,345,000	2,490,000	2,379,000	2,454,000	2,454,000
Policy and Planning	149,435	156,130	164,658	199,658	199,658
Human Resource Management	156,569	161,296	163,646	188,646	188,646
Corporate Services	1,957,059	2,091,358	1,969,480	1,984,480	1,984,480
Heads of Ministries Administration	81,937	81,216	81,216	81,216	81,216
Tourism Corporation	8,077,783	8,122,000	8,172,000	8,192,000	8,192,000
Destination Sales & Marketing	6,509,741	6,153,217	6,207,217	6,227,217	6,227,217
Destination Development	683,187	1,081,623	1,077,623	1,077,623	1,077,623
Corporate Services	884,855	887,160	887,160	887,160	887,160
Transport	1,163,940	1,368,609	1,368,609	1,368,609	1,368,609
Civil Aviation Authority of (the) Cook Islands	259,287	224,802	234,802	242,275	242,275
Maritime Safety Authority	221,591	308,777	308,777	312,238	312,238
Land Transport Authority	109,038	118,064	118,064	115,238	115,238
Cook Islands Meteorological Services	357,764	428,611	418,611	416,362	416,362
Corporate Services	216,260	234,318	234,318	228,462	228,462
Hazardous Substances (Dangerous Goods)	0	54,037	54,037	54,034	54,034
Financial Services Development Authority	343,119	504,703	424,703	424,703	424,703
Increase the contribution of financial services industry to Cook Islands economy	343,119	504,703	424,703	424,703	424,703
Cook Islands Seabed Minerals Authority	684,407	884,500	879,500	739,500	739,500
Effective Seabed Minerals sector	541,950	718,500	713,500	573,500	573,500
Stakeholder engagement - Collaboration and capacity building	90,000	77,100	77,100	77,100	77,100
Corporate Services	52,456	88,900	88,900	88,900	88,900

Ministry	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
OUTER ISLANDS*					
Aitutaki	2,098,898	2,126,578	2,127,140	2,127,140	2,127,140
Corporate Services	91,334	272,702	272,702	272,702	272,702
Island Council	275,208	106,737	106,737	106,737	106,737
Public Utilities	1,431,549	254,964	254,964	254,964	254,964
Infrastructure	81,934	1,284,414	1,284,414	1,284,414	1,284,414
Agriculture & Natural Resources	72,648	116,926	117,488	117,488	117,488
Social & Economic Development	146,225	90,835	90,835	90,835	90,835
Atiu	1,730,223	1,771,354	1,771,362	1,771,362	1,771,362
Corporate Services	180,744	303,225	303,233	303,233	303,233
Island Council	848,861	105,187	105,187	105,187	105,187
Public Utilities	358,527	377,386	377,386	377,386	377,386
Infrastructure & Airport	229,811	804,813	804,813	804,813	804,813
Agriculture & Natural Resources	112,281	180,744	180,744	180,744	180,744
Mangaia	1,742,417	1,781,580	1,782,011	1,782,011	1,782,011
Corporate Services	181,553	245,610	246,041	246,041	246,041
Island Council	54,107	74,320	74,320	74,320	74,320
Public Utilities	559,271	574,747	574,747	574,747	574,747
Infrastructure & Airport	658,983	651,926	651,926	651,926	651,926
Agriculture & Natural Resources	214,373	180,375	180,375	180,375	180,375
Social & Economic Development	74,130	54,602	54,602	54,602	54,602
Manihiki	1,338,212	1,355,116	1,355,767	1,355,767	1,355,767
Corporate Services	222,652	254,593	254,593	254,593	254,593
Governance	778,310	91,094	91,094	91,094	91,094
Public Utilities	195,351	204,098	204,749	204,749	204,749
Infrastructure & Airport	41,158	769,672	769,672	769,672	769,672
Agriculture & Natural Resources	100,742	35,660	35,660	35,660	35,660

Ministry	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Mauke	1,391,430	1,421,353	1,421,637	1,421,637	1,421,637
Corporate Services	166,925	215,340	215,624	215,624	215,624
Island Council	63,590	62,857	62,857	62,857	62,857
Public Utilities	331,070	338,504	338,504	338,504	338,504
Infrastructure & Airport	671,702	684,943	684,943	684,943	684,943
Agriculture & Natural Resources	109,885	93,586	93,586	93,586	93,586
Social & Economic Development	48,258	26,123	26,123	26,123	26,123
Mitiaro	860,694	880,214	880,422	880,422	880,422
Corporate Services	259,135	169,173	169,173	169,173	169,173
Island Council	44,401	49,747	49,747	49,747	49,747
Public Utilities	116,640	114,350	114,350	114,350	114,350
Infrastructure & Airport	394,274	468,451	468,659	468,659	468,659
Agriculture & Natural Resources	46,243	78,493	78,493	78,493	78,493
Palmerston	427,092	431,696	432,003	432,003	432,003
Corporate Services	106,820	152,124	152,431	152,431	152,431
Island Council	117,625	8,106	8,106	8,106	8,106
Public Utilities	157,524	170,032	170,032	170,032	170,032
Agriculture & Natural Resources	45,123	4,752	4,752	4,752	4,752
Social & Economic Development	0	96,682	96,682	96,682	96,682
Penrhyn	990,320	1,011,218	1,007,620	1,007,620	1,007,620
Corporate Services	147,546	138,495	134,897	134,897	134,897
Island Council	63,907	50,888	50,888	50,888	50,888
Public Utilities	320,119	139,284	139,284	139,284	139,284
Infrastructure & Airport	458,747	562,118	562,118	562,118	562,118
Social & Economic Development	0	120,432	120,432	120,432	120,432
Pukapuka and Nassau	1,249,469	1,264,093	1,264,877	1,264,877	1,264,877
Corporate Services	309,241	186,142	186,142	186,142	186,142
Island Council	36,166	122,787	122,787	122,787	122,787
Public Utilities	56,678	55,169	55,169	55,169	55,169
Infrastructure & Airport	715,811	805,719	806,503	806,503	806,503
Agriculture & Natural Resources	102,864	59,271	59,271	59,271	59,271

Ministry	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Social & Economic Development	28,709	35,005	35,005	35,005	35,005
Rakahanga	555,705	561,942	562,305	562,305	562,305
Corporate Services	9,153	45,999	46,362	46,362	46,362
Island Council	79,509	51,116	51,116	51,116	51,116
Public Utilities	90,479	129,914	129,914	129,914	129,914
Infrastructure & Airport	160,832	190,244	190,244	190,244	190,244
Agriculture & Natural Resources	51,623	109,009	109,009	109,009	109,009
Social & Economic Development	164,110	35,660	35,660	35,660	35,660
MINISTERIAL SUPPORT	2,276,207	2,458,000	2,458,000	2,458,000	2,458,000
Prime Minister	375,563	540,000	540,000	540,000	540,000
Deputy Prime Minister	285,060	378,000	378,000	378,000	378,000
Minister Vaine Mokoroa	289,567	308,000	308,000	308,000	308,000
Minister Rose Brown	289,296	308,000	308,000	308,000	308,000
Minister George Angene	284,848	308,000	308,000	308,000	308,000
Leader of the Opposition	313,937	308,000	308,000	308,000	308,000
Minister Patrick Arioka	437,936	308,000	308,000	308,000	308,000
TOTAL APPROPRIATIONS	225,352,422	194,395,127	161,532,014	162,376,517	160,977,417

* The output structure for the Pa Enua Island Administrations has been standardised for the 2021/22 Budget and onwards. This has resulted in a re-ordering of the outputs, and work programmes within Outputs may also have been realigned between Outputs where necessary. The 2020/21 Estimated Actual results for specific Outputs may not be aligned to the 2021/22 Budget entries in some instances. Total estimated and budgeted expenditure are not affected. Please refer to Budget Book 2, published by the Office of the Public Service Commissioner, for more details on Outputs and work programmes in the Pa Enua.

18 Financial Statements

18.1 Statement of Financial Performance

For the year ending 30 June

	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Revenue						
Taxation Revenues	148,281	85,990	107,278	136,351	161,440	167,609
Trading Revenue	3,690	3,652	4,444	4,707	4,727	4,727
Interest Revenue	2,969	541	582	590	399	403
Dividends	960	0	136	856	941	1,500
Core Sector Support	8,429	7,825	7,825	7,825	0	0
Other Revenue	31,185	56,029	42,064	12,955	12,594	12,596
Total Revenue	195,516	154,038	162,329	163,284	180,101	186,835
Expenditure						
Crown Appropriation	141,918	190,374	158,557	125,472	126,756	125,651
Depreciation	9,204	12,769	13,931	13,931	13,931	13,931
Payments on Behalf of Crown	27,007	28,985	28,685	28,906	28,467	28,173
Debt-servicing interest	1,426	2,936	4,051	3,825	3,682	3,383
Other expenditure	636	150	150	150	150	150
Total Expenditure	180,191	235,215	205,374	172,284	172,986	171,288
NET OPERATING SURPLUS / (SHORTFALL)	15,324	-81,177	-43,045	-8,999	7,115	15,547
Grants						
Foreign Aid Revenue	7,761	10,869	25,341	17,831	11,414	9,244
Foreign Aid Expenses	7,761	10,869	25,341	17,831	11,414	9,244
Grant Balance	0	0	0	0	0	0
Net Operating Balance after Grants	15,324	-81,177	-43,045	-8,999	7,115	15,547

18.2 Statement of Financial Position

For the Year Ending 30 June

	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Assets						
Working Capital Fund	9,267	35,017	19,818	-16,928	-44,774	-66,655
Stabilisation Fund	56,700	0	0	0	0	0
General Cash Reserves	65,967	35,017	19,818	-16,928	-44,774	-66,655
Loan Repayment Fund	20,458	9,549	9,740	9,934	10,133	10,336
Disaster Response Trust Fund	1,928	1,978	2,028	2,078	2,128	2,178
Other Trust Funds	61,190	61,380	61,380	61,380	61,380	61,380
Other Assets	27,066	155,730	155,700	155,700	155,700	155,700
Advances to SOEs	41,775	42,472	42,472	41,513	40,507	39,439
Plant, property, and equipment	273,789	242,865	289,410	309,853	329,868	349,607
Total Assets	492,173	548,990	580,546	563,530	554,941	551,984
Liabilities						
Creditors and other payables	15,730	132,507	132,507	132,507	132,507	132,507
Trust liabilities	60,970	67,327	67,327	67,327	67,327	67,327
Borrowings	106,728	175,744	220,809	212,797	198,184	178,870
Total Liabilities	183,428	375,578	420,643	412,631	398,019	378,704
Net Crown Balance	308,745	173,412	159,903	150,899	156,922	173,281

18.3 Statement of Borrowings

For the Year Ending 30 June

	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Total Gross Borrowing	106,728	175,744	220,809	212,797	198,184	178,870
Assets held against Borrowings						
Advances to Subsidiaries	41,775	42,472	42,472	41,513	40,507	39,439
Loan Repayment Fund (LRF)	20,458	9,549	9,740	9,934	10,133	10,336
Total Assets Held Against Borrowings	62,233	52,020	52,211	51,447	50,640	49,774
Total Net Borrowing	44,495	123,723	168,598	161,350	147,545	129,095

18.4 Statement of Cashflows

For the Year Ending 30 June

	2019/20 Actual	2020/21 Estimated Actual	2021/22 Budget Estimate	2022/23 Projection	2023/24 Projection	2024/25 Projection
Cashflows from Operating Activities						
<u>Cash provided from:</u>						
Taxation Revenues	148,281	85,990	107,278	136,351	161,440	167,609
Trading Revenue	3,690	3,652	4,444	4,707	4,727	4,727
Interest Revenue	2,969	132	391	395	200	200
Foreign Aid Income	15,522	21,578	53,814	18,696	11,414	9,244
Core Sector Support	8,429	7,825	7,825	7,825	0	0
Other Revenue	31,185	56,029	42,064	12,955	12,594	12,596
	210,078	175,207	215,817	180,930	190,375	194,376
<u>Cash applied to:</u>						
Crown Appropriation	141,918	190,374	158,557	125,472	126,756	125,651
Depreciation	0	0	0	0	0	0
Payments on Behalf of the Crown	27,007	28,985	28,685	28,906	28,467	28,173
Foreign Aid Expense	7,761	10,869	25,341	17,831	11,414	9,244
Net Debt-Servicing Interest	0	0	0	0	0	0
Other Expenditure	636	150	150	150	150	150
	177,323	230,379	212,732	172,360	166,787	163,218
Net Cashflows from Operating Activities	32,755	-55,172	3,084	8,570	23,588	31,159
Cashflows from Financing Activities						
<u>Cash provided from:</u>						
Subsidiary Loan Repayments	360	0	0	1,541	1,837	1,805
Other Investment Receipts	960	0	136	856	941	1,500
	1,320	0	136	2,397	2,778	3,305
<u>Cash applied to:</u>						
Capital expenditure	39,073	40,044	32,001	33,510	33,945	33,670
Capital expenditure - foreign aid	7,761	10,709	28,473	864	0	0
Advances to Subsidiaries	17,282	7,485	0	0	0	0
	64,116	58,238	60,475	34,374	33,945	33,670
Net Cashflows from Investing Activities	-62,796	-58,238	-60,339	-31,978	-31,167	-30,365
Cashflows from Financing Activities						
<u>Cash provided from:</u>						
Loans Drawdown	17,282	83,510	54,988	0	0	0
Other Financing Receipts	0	0	30	0	0	0
	17,282	83,510	55,018	0	0	0
<u>Cash applied to:</u>						
Loan Repayment Fund	9,171	0	12,912	13,288	20,217	22,624
Other Reserves	50	50	50	50	50	50
Other Financing Payments	0	0	0	0	0	0
	9,221	50	12,962	13,338	20,267	22,674
Net Cashflows from Financing Activities	8,061	83,460	42,056	-13,338	-20,267	-22,674
Net cash movements	-21,980	-29,950	-15,199	-36,746	-27,846	-21,881
Opening General Cash Balance	87,948	64,968	35,017	19,818	-16,928	-44,774
Closing General Cash Reserve	65,967	35,017	19,818	-16,928	-44,774	-66,655

19 Statement of Accounting Policies

There have been no changes since the 2020/2021 Fiscal Update. There are no major changes to accounting policies anticipated in the foreseeable future.

19.1 Basis of Preparation

19.1.1 Reporting Entity

These financial statements are for the Government of the Cook Islands. These consist of:

- Ministries
- Crown and statutory agencies
- Ministerial support offices
- Island Administrations
- State owned enterprises

19.1.2 Statement of Compliance

The financial statements in Chapter 18 have been prepared in accordance with the Ministry of Finance and Economic Management Act 1995-96 and the International Public Sector Accounting Standards (IPSAS).

19.1.3 Measurement Base

The financial statements have been prepared on the going concern assumption and the accounting policies have been applied consistently throughout the period except where stated elsewhere in this Statement of Accounting Policies.

These financial statements have been prepared using the historical cost method to report results, cash flows and the financial position of the Crown. The financial statements have been prepared under the accrual basis of accounting and are presented in New Zealand dollars rounded to the nearest thousand dollars.

19.2 Significant Accounting Policies

The following accounting policies, which significantly affect the measurement of financial performance, financial position and cash flows, have been applied.

19.2.1 Basis of Consolidation

The Government Ministries, Public Enterprises and Other Authorities (including State Owned Enterprises (SOE's)) comprising the reporting entity are consolidated involving addition of like items of assets, liabilities, revenues and expenses on a line-by-line basis.

The effect of all material inter-entity transactions and balances are eliminated on consolidation.

Commitments and contingent liabilities of Public Enterprises and Other Authorities are reported in the Statements of Commitments and of Contingent Liabilities.

19.2.2 Associate

An associate is an entity over which the Crown has significant influence where the entity is neither a subsidiary nor an interest in a joint venture. Investment in an associate is recognised at cost and the carrying amount is increased or decreased to recognise the Crown's share of the surplus or deficit after the date of acquisition. 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.

19.2.3 Revenue

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

19.2.3.1 Revenue Levied through the Crown's Sovereign Power

Payment of tax does not entitle a taxpayer to an equivalent value of services or benefits; such revenue is received through the exercise of the Crown's sovereign power. Revenue arising through taxes is recognised when the taxable event occurs and when the criteria for recognition of revenue is met.

Revenue Type	Revenue Recognition Point
Individual Income Tax	When an individual earns income that is subject to PAYE or provisional tax. This also includes withholding taxes.
Company Income Tax	When the corporate community earns taxable income.
Value Added Tax	When the liability to the Crown is incurred. For example, the liability arising from sales in June being paid in July however is recognised as revenue
Customs levies	When goods liable to duty are assessed, except for Oil Companies; which are accounted for when the liability to the Crown is incurred.
Departure Tax	When departure tax coupons are purchased.
Other Revenue	When the debt to the Crown arises.

19.2.4 Revenue Earned Through Operations

Revenue from sales of goods is recognised when the product is sold to the customer.

19.2.4.1 Fines

Fines are economic benefits or services potentially received by the Crown from an individual or other entity, as determined by a court or other law enforcement body, as consequence of the individual or other entity breaching the requirements of laws and regulations.

19.2.4.2 Investment Income

Investment income is earned from the leasing or rental of Crown assets to third parties that is neither a Crown entity nor a Crown related party. Investment income is recognised in the period in which it is earned.

19.2.4.3 Gains

Realised gains arising from sale of assets or from the early settlement of a liability are recognised in the Statement of Financial Performance in the period in which the transaction is concluded.

19.2.4.4 Dividends

Dividends are recognised when the right to receive the payment has been established.

19.2.4.5 Aid (Development Partners) Revenue

Revenue is recognised when donor funds are expensed on approved projects and upon receipt of aid donated assets.

19.2.5 Expenses

Expenses are recognised when incurred and are reported in the financial period to which they relate.

19.2.5.1 Welfare Benefits

Welfare benefits are recognised as an expense in the period the payment has been made.

19.2.5.2 Grants and Subsidies

Where grants and subsidies are discretionary until payment, the expense is recognised when the payment is made. Otherwise, the expense is recognised when the specified criteria have been fulfilled and notice has been given to the Crown.

19.2.5.3 Losses

Realised losses arising from sales of assets or the early settlement of a liability are recognised in the Statement of Financial Performance in the period in which the transaction is concluded.

19.2.5.4 Foreign Currencies

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.

Any monetary assets and monetary liabilities held at year-end are translated at the exchange rate at the balance sheet date.

19.2.5.5 Aid Expenses

Expenses are recognised when incurred on approved projects and are reported in the financial period to which they relate.

19.2.5.6 Depreciation

Each part of an item of plant, property and equipment with a cost significant in relation to the total cost of the item shall be depreciated separately.

Depreciation of plant, property and equipment is provided on a straight-line basis to allocate the cost of assets to their estimated value over their estimated useful lives. Typically, the estimated useful lives for various asset types are 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	20 – 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
Specialised buildings and other buildings	15 years

19.2.6 Non-Current Assets

19.2.6.1 Plant, Property, and Equipment

Plant, property and equipment is recorded at cost less accumulated depreciation.

The cost of purchased plant, property and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs, which have been incurred in bringing the assets to the location and condition necessary for their intended service.

The cost of assets constructed by the Crown includes the cost of all materials used in construction, direct labour on the project, financing costs that are directly attributable to the project and an appropriate proportion of variable and fixed overheads. Costs cease to be capitalised as soon as the asset is ready for productive use and do not include any inefficiency costs.

19.2.6.2 Disposals

When an item of plant, property and equipment is disposed, the gain or loss (disposal proceeds less carrying value) associated with that item will be recognised in the statement of financial performance.

19.2.6.3 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.

19.2.6.4 Additions

The cost of an item of plant, property and equipment is recognised as an asset if, and only if, there will be future economic benefits evident and where these benefits will flow to the Crown and the cost of the item can be measured reliably.

19.2.6.5 Work in Progress

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

19.2.6.6 Infrastructure Assets

Infrastructure assets are recorded at cost less accumulated depreciation.

Infrastructure assets are accounted for the same way as property, plant and equipment

Infrastructure assets include road networks, water networks, power distribution networks, coastal protection systems, harbour and ports structures, waste management and airport assets. When an infrastructure asset is disposed of, the gain or loss (disposal proceeds less carrying value) associated with that item will be recognised in the statement of financial performance.

19.2.6.7 Intangible Assets

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

The cost of purchased intangible assets is the value of the consideration given to acquire the assets and the value of other directly attributable costs, which have been incurred in bringing the assets to the location and condition necessary for their intended service. Intangible assets might include databases, software purchased, or software developed.

When an intangible asset is disposed of, the gain or loss (disposal proceeds less carrying value) associated with that item will be recognised in the statement of financial performance.

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

Asset Type	Useful Life
Software, databases	3 – 5 years

19.2.6.8 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

19.2.6.9 Debtors and other receivables

After initial recognition, loans and receivables are measured at amortised cost less any provision for impairment. Gains and losses when assets are impaired or derecognised are recognised in the statement of financial performance.

Tax receivables have been calculated on a subsequent receipt basis.

19.2.6.10 Inventories

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost. Where inventories are acquired at no cost or for nominal consideration, the cost is 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.

19.2.6.11 Investments

Investments in associates are accounted for in the consolidated financial statements using the equity method. That is, investments in associates are initially recognised at cost and the carrying amount is increased or decreased to recognise the Crown's share of the surplus or deficit of the associate after the day of acquisition.

19.2.6.12 Banking portfolio investments

Loans are valued at net realisable value after provisions. Applicable security is obtained depending on the size and nature of loans. Non-performing loans are reviewed monthly on a case-by-case basis.

19.2.6.13 Provision for doubtful debts

Provision is made for taxation debt where recovery is considered doubtful.

Provision is made for banking portfolio Investments (specific loans) where recovery is considered doubtful or they have become non-performing. The accounting policy relating to measuring the impairment of loans and advances requires the bank to assess impairment at least at each reporting date. The credit provisions raised represent management's best estimate of the losses incurred in the loan portfolio at balance date based on their experienced judgement and in accordance with the Financial Supervisory Commission's (FSC) guidelines. The use of such judgements and reasonable estimates is considered by management to be an essential part of the process and does not affect reliability. Management regularly reviews and adjusts the estimates and methodologies as improved analysis becomes available. Changes in these assumptions and methodologies could have a direct impact on the level of provision and impairment. There is no general provision against banking portfolio Investments.

All bad debts are written off against specific provisions in the period in which they become classified as irrecoverable.

19.2.6.14 Aid (Development Partner) Assets

Donor funds are deposited into bank accounts until expensed on approved assets. Where an asset is acquired at no cost, or is donated for use by the Crown or other Crown entity, it is recognised at fair value as at the date of acquisition.

19.2.7 Liabilities

19.2.7.1 Borrowings

Borrowing liabilities are accounted for at amortised cost on the Statement of Financial Position. Any changes are recognised in the statement of financial performance. Borrowings or the proportion of borrowings 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.

19.2.7.2 Pension Liabilities

Pension liabilities, in respect of the contributory service of current and past Members of Parliament, are recorded at the latest (30 June 1997) actuarial value of the Crown's liability for pension payments. There are no pension liabilities accruing to the Crown because of Government employees' membership of the Government Superannuation Fund (New Zealand).

19.2.7.3 Aid Liabilities

Funds received from various donors are treated as liabilities until expensed on approved projects at which stage the funding is included within the statement of financial performance.

19.2.7.4 Employee Entitlements

Employee entitlements to salaries and wages and annual leave and other similar benefits are recognised as an expense in the statement of financial performance when they accrue to employees. Employee entitlements to be settled within 12 months are reported as the amount expected to be paid.

19.2.7.5 Other Liabilities

All other liabilities are recorded at the estimated obligation to pay. No liability for ongoing welfare payments has been recognised because no legal entitlement is considered to exist beyond the end of

the current financial year until a new Appropriation Act is passed and is provided for on a pro-rata basis in the statement of financial position. Annual leave and long service leave to be settled within 12 months of the balance date are classified as current liability. All other employee entitlements are classified as a non-current liability.

19.2.8 Cash Flow

A cash flow statement identifies the sources of cash inflow, the items on which cash was utilised and the cash balance at the reporting date. Included in the cash flow statement are financing activities, which are activities that result in the change of size and composition of the contributed capital and borrowings of the Crown.

Investing activities are the acquisition and disposal of long-term assets and other investments.

Operating activities identify how much the Crown received from its actual operations.

Cash flow information allows users to ascertain how the Crown raised the cash it required to fund its activities and the manner in which that cash was utilised. The direct cash flow method has been applied.

19.2.9 Leases

Finance leases transfer, to the Crown as lessee, substantially all the risks and rewards incidental to the ownership of an asset. The obligations under such leases are capitalised at the present value of minimum lease payments. The capitalised values are amortised over the period in which the Crown expects to receive benefits from their use.

Operating leases, where the lessors substantially retain the risks and rewards of ownership, are recognised in a systematic manner over the term of the lease. Operating leases are recognised as an expense in the statement of financial performance in the periods in which they are incurred.

The cost of leasehold improvements is capitalised and amortised over the lesser of the leasehold improvement's useful life or the original lease term.

19.2.10 Commitments

The Statement of Commitments discloses those operating and capital commitments arising from non-cancellable contractual or statutory obligations. Interest commitments on debts and commitments relating to employment contracts are not included.

19.2.11 Contingent Liabilities

Contingent liabilities are recorded when a possible obligation has arisen from an event in the past and which the existence will only be confirmed through the occurrence or non-occurrence of future events. Such liabilities will be disclosed if they are deemed to materially affect the reading of the presented financial statements.

19.2.12 Changes in Accounting Policies

There have been no changes to the accounting policies. All policies were applied on a consistent basis with the prior year.