

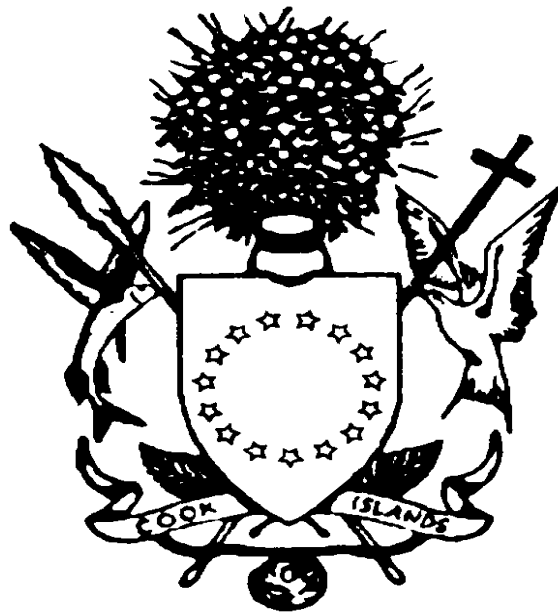
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**COOK ISLANDS GOVERNMENT  
BUDGET ESTIMATES**

**2020/21**

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**Book 1  
Appropriation Estimates  
and Commentary**



**Hon. Mark Brown  
Minister of Finance**

**JUNE 2020**



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

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Friday 19 June 2020

**STATEMENT OF RESPONSIBILITY**

I have read the Financial Secretary's Statement of Responsibility and concur with him regarding the preparation of the Budget Appropriation 2020/21.

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 2020/21 and the compliance with the *Ministry of Finance and Economic Management Act 1995/96*.

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

Honourable Mark Brown  
**Minister of Finance**



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

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Friday 19 June 2020

**STATEMENT OF RESPONSIBILITY**

The Budget Appropriation 2020/21 has been produced in accordance with the *Ministry of Finance and Economic Management Act 1995/96* (the Act).

The 2020/21 Budget process involved the annual publication of the Budget Policy Statement in December 2019 which was 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:

- estimated revenue of the Crown;
- details of each Government Department's bid for funds; and
- 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**



## 2 Budget Overview

### 2.1 Summary

The 2020/21 Budget is the second budget since the introduction of the Medium-term Fiscal Strategy (MTFS) in 2019/20, and re-confirms the Government's commitment to sound fiscal and economic management, within the context of a severe global and domestic economic shock.

The advent of COVID-19 and the unprecedented scale of the subsequent economic shock has, with the exception of the fiscal anchor (the net debt to GDP ratio), necessitated the Government's departure from the fiscal rules outlined in the MTFS. This departure is temporary, and allows Government to draw on financial reserves, including the Stabilisation Account, to strengthen its response to the economic crisis. At the same time, by adhering to the net debt rule, the Government is ensuring its commitment to long-term fiscal sustainability. This is in-line with the stated aims of the Fiscal Strategy which emphasise the need for counter-cyclical fiscal responses.

Government will continue to measure performance against the Fiscal Rules but is not bound by the limits imposed by the rules until the economic triggers enabling the departure from the fiscal rules are met again.

The Government's focus in the 2020/21 Medium-term Budget is on supporting Cook Islands' households and businesses to manage the economic impacts of the pandemic during the immediate term, and to position the Cook Islands so that it can recover once the wider economic situation has stabilised.

The 2020/21 Budget emphasises 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.
- Providing direct and indirect support to businesses to remain viable through the economic shock, thereby generating economic stimulus and maintaining employment levels.
- Providing increased support to vulnerable sectors of the community in response to loss of income and increased financial pressures.

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

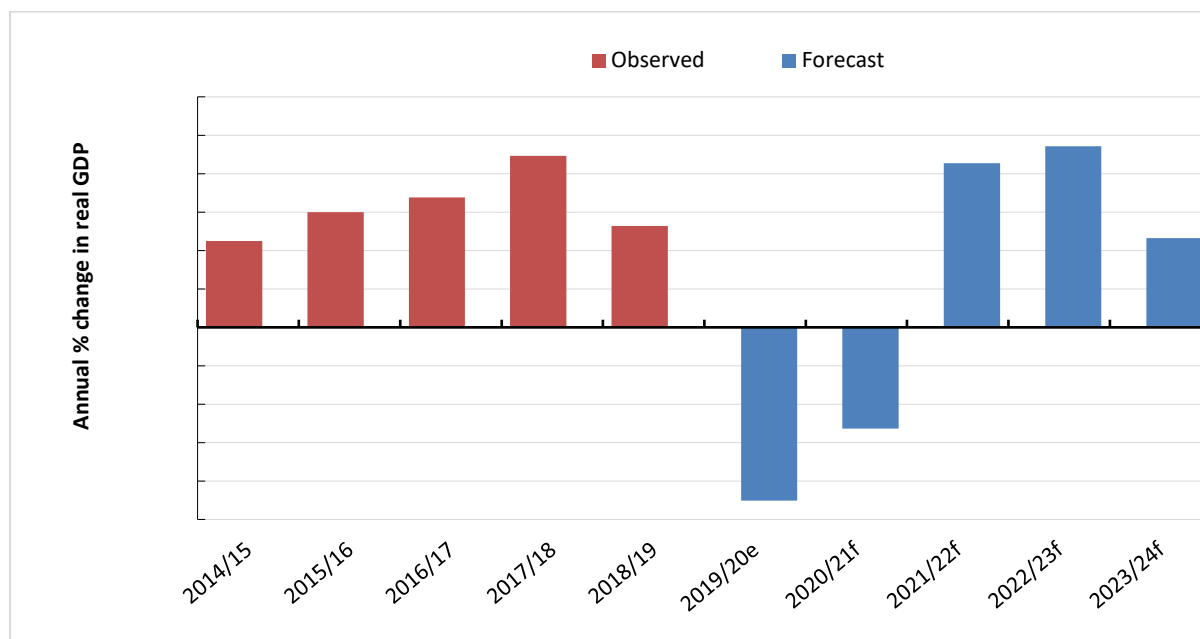
- The Economic Response Plan (ERP Phase II) – the Government's primary vehicle for supporting the economy through the economic shock of the pandemic.
- The COVID-19 Medical Response Fund – to facilitate preparedness in the event of COVID-19 reaching the Cook Islands.
- The Ministry of Health – to strengthen the Ministry's ability to respond to COVID-19, and other health measures which increase the vulnerability of the Cook Islands.
- Roads and drainage – to create safe and efficient transport on Rarotonga and increase productivity.
- Deferral of Government salary increases – to free up necessary funds to support Government operations and ERP Phase II.

## 2.2 Economic performance and outlook

The Cook Islands experienced real Gross Domestic Product (GDP) growth of 5.3 per cent in 2018/19, rising from \$504.6 million to \$531.2 million as seen in Figure 2-1. This performance extended a strong run of growth averaging 5.8 per cent per year (real) over the period 2012/13 to 2018/19. The spread of COVID-19 in the third quarter triggered the closure of international borders by many countries, including the Cook Islands, New Zealand and Australia. This resulted in a near instantaneous halt to tourism, triggering an economic shock to the Cook Islands, which, with a private sector with approximately 65 per cent exposure to the tourism industry, caused an immediate impact to business turnover and revenue. Estimated GDP in 2019/20 shows a substantial contraction in GDP of 9.0 per cent, falling to an expected \$483.3 million due to the impact of the COVID-19 pandemic on the economy, in particular the tourism sector.

GDP is expected to contract further in 2020/21 by 5.3 per cent, with the Economic Response Plan Phase II stimulus guarding against an even greater contraction, before recovering in 2021/22. Growth rates forecast in 2021/22 and 2022/23 reflect strong economic recovery driven by a gradual return to pre-pandemic tourism levels before normalizing towards long-term GDP growth.

Figure 2-1 Real GDP growth, annual percentage change



## 2.3 Fiscal performance and outlook

Strong economic growth resulted in revenue increasing significantly between 2012/13 and 2018/19, ensuring a robust fiscal profile to the third quarter of 2019/20 as shown in Figure 2-2.

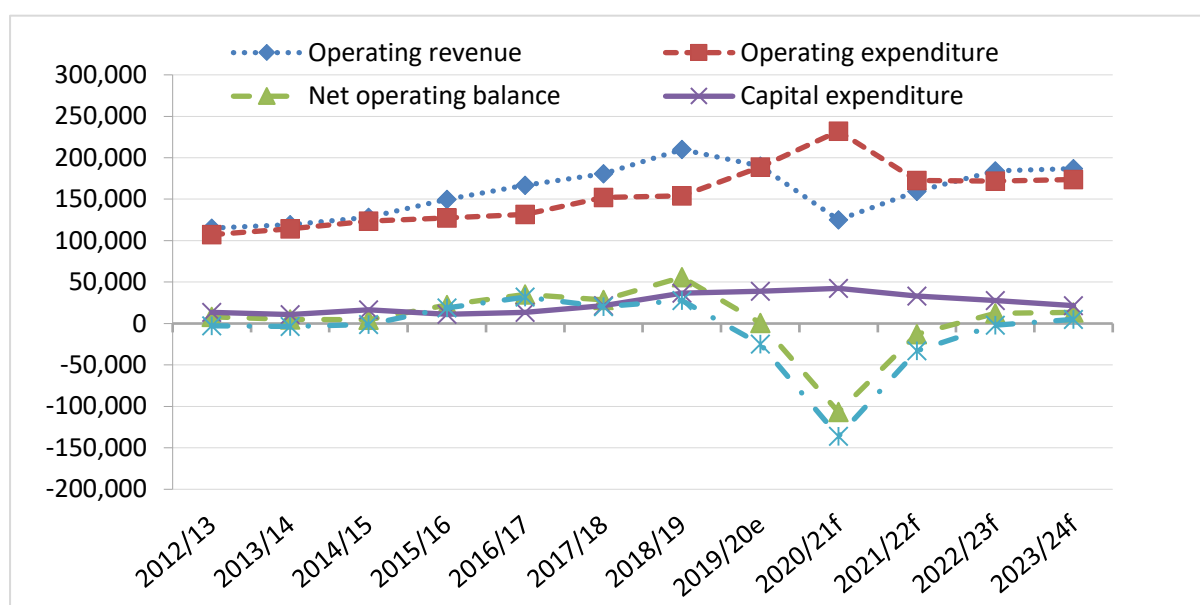
Fiscal performance in 2019/20 is expected to remain strong, despite the impact of COVID-19, largely due to strong taxation collections during the period July 2019 to March 2020. As a result, despite the shock, Government estimates the receipt of approximately 95.0 per cent of 2018/19 revenues in the 2019/20 year.

Balanced against these strong revenues, Government's expenditure increased substantially in the final quarter of 2019/20, with the implementation of Phase I of the Economic Response Plan and the COVID-19 Medical Response Fund, resulting in expenditures estimated at \$189.0 million compared to the 2019/20 Budget estimate of \$172.0 million.

Fiscal performance in 2020/21 is expected to be severely impacted by COVID-19, largely due to the impact on tourism during what has typically been the strongest quarter of the year – Quarter 1. Revenues are estimated to be approximately 65.9 per cent of previous levels in 2020/21, while the Government has been required to significantly increase expenditure to support the economy.

Government will take on debt financing to pay for the Economic Response Plan Phase II, and its capital work program, impacting fiscal estimates over the forward years and resulting in a forecast operating deficit of \$106.8 million and a fiscal deficit of \$136.1 million in 2020/21.

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



The scale of the economic shock makes it prudent to permit Government to temporarily depart from the Fiscal Rules other than the fiscal anchor to fund a proportional response to the challenges being faced by the Cook Islands' economy.

While the fiscal impact of COVID-19 is expected to be strong, recovery is expected from 2022/23, with estimates of an operating deficit of \$12.9 million and fiscal deficit of \$32.7 million in 2021/22, before an expected return to fiscal surplus in 2023/24.

**Table 2-1 Summary fiscal statement**

\$ million	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Operating Balance (\$m)	0.8	-106.8	-12.9	12.3	13.4
Fiscal Balance surplus/deficit (\$m)	-25.0	-136.1	-32.7	-2.2	5.0
Working Capital (\$m)	17.6	0.1	-25.7	-36.3	-45.6
Stabilisation Account	56.7	0.0	0.0	0.0	0.0
Net Crown Debt, end of FY	86.5	164.6	164.7	149.7	132.7

**Table 2-2 Fiscal rules performance**

Rules	Unit	Threshold	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
<b>Total Expenditure Growth</b>	%	4	19.6	7.7	-25.2	-2.9	-2.2
<b>Net debt to GDP</b>	%	30 / 35	17.4	34.8	32.0	26.4	22.2
<b>Fiscal balance to GDP</b>	%	-1.9	-5.0	-28.8	-6.3	-0.4	0.8
<b>Cash reserves</b>	Months	3	5.1	0	0	0	0

## **3 Fiscal Strategy**

### **3.1 Note on the 2020/21 Budget and the Fiscal Framework**

The advent of COVID-19 in 2019 and its rapid global spread has had a severe impact on multiple aspects of the global economy, and the Cook Islands, particularly through border closures and the impact on tourism.

The Cook Islands economy has a substantial dependence on tourism, estimated at 65 per cent of GDP. Travel restrictions have directly impacted the tourism market in the Cook Islands with zero tourist arrivals in the last quarter of 2019/20. This is expected to extend into 2020/21. With a tourism-oriented private sector, this has had a direct impact on business viability and employment, and a flow-on effect to Government revenues.

The economic impacts necessitate a counter-cyclical fiscal response from Government of increased expenditure through social and economic support for both individuals and businesses. The support is intended to mitigate severe economic disruption in the short-term, position the Cook Islands for recovery once the borders re-open, and commence the transformation towards a smarter, greener economy over the long-term. The Government's social and economic support will primarily be delivered through the COVID-19 Economic Response Plan (ERP) Phase II, further detailed below.

In order to make the necessary additional funding available in this Budget, the Government will temporarily depart from the Fiscal Rules described in this chapter, with the exception of the net debt rule. This allows Government to draw on financial reserves, including the Stabilisation Account, to strengthen its response and is in-line with the stated aims of the Fiscal Strategy which emphasise the need for counter-cyclical fiscal responses.

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 again.

## 3.2 Economic Response Plan

The COVID-19 Economic Response Plan is the centrepiece of the Government's 2020/21 Budget, reinforcing the focus in the MTFs on counter-cyclical fiscal policy. The Plan has three objectives.

1. To stimulate demand through support to local business to ensure that the economy is able to continue to operate, even at a reduced level, during this period of extreme uncertainty surrounding COVID-19.
2. To support the livelihoods of those that are likely to be most affected by the economic fallout, including those required to self-isolate, those that lose their jobs and the elderly and infirm.
3. To achieve the first two objectives in a fiscally responsible manner that does not undermine the Government's ability to undertake further fiscal intervention over the longer-term, should that prove necessary.

The 2020/21 Budget sees the activation of the second phase of support under the Plan, acknowledging that the economic situation is in line with Stage 3, as outlined in the Plan Structure below.

### Plan structure

The Plan incorporates a three-stage intervention system, with increasing levels of Government intervention based on forecasts of economic activity. The Plan targets different recipients at different levels of forecast economic growth, with the key focus on individuals affected by the virus, directly or indirectly, and businesses.

Intervention Stage	Thresholds/triggers
<b>Stage 1:</b> Economic policies to support health and maintain the population	Economic Growth forecast to be above 1 per cent in 2019/20 and 2020/21
<b>Stage 2:</b> Maintain economic activity and livelihoods	Economic growth forecast between $\pm 1$ per cent in 2019/20 and 2020/21
<b>Stage 3:</b> Increasing investment to drive growth in the absence of tourism	Economic growth forecast less than -1 per cent in either 2019/20 or 2020/21

The Phase II response centres around intervention stage 3; increasing investment to drive growth in the absence of tourism, while also acknowledging the need to maintain a focus on Stage 1 and 2 aims.

As such, Phase II of the Economic Response Plan focuses on three themes:

- Lifeline: Supporting livelihoods immediately
- Recovery: Kick-starting growth over the medium-term
- Transformation: Moving to a smarter, greener economy over the long-term

ERP Phase II is budgeted at \$76.0 million through both direct and indirect budgetary measures. Direct funding totals \$64.0 million and will be distributed via an administered fund to be managed by the Ministry of Finance and Economic Management. These funds will be channelled through various pathways including Government Agencies, Cook Islands banks, and capital projects.

Please refer to the Ministry of Finance and Economic Management website for further details and updates on the Economic Response Plan.

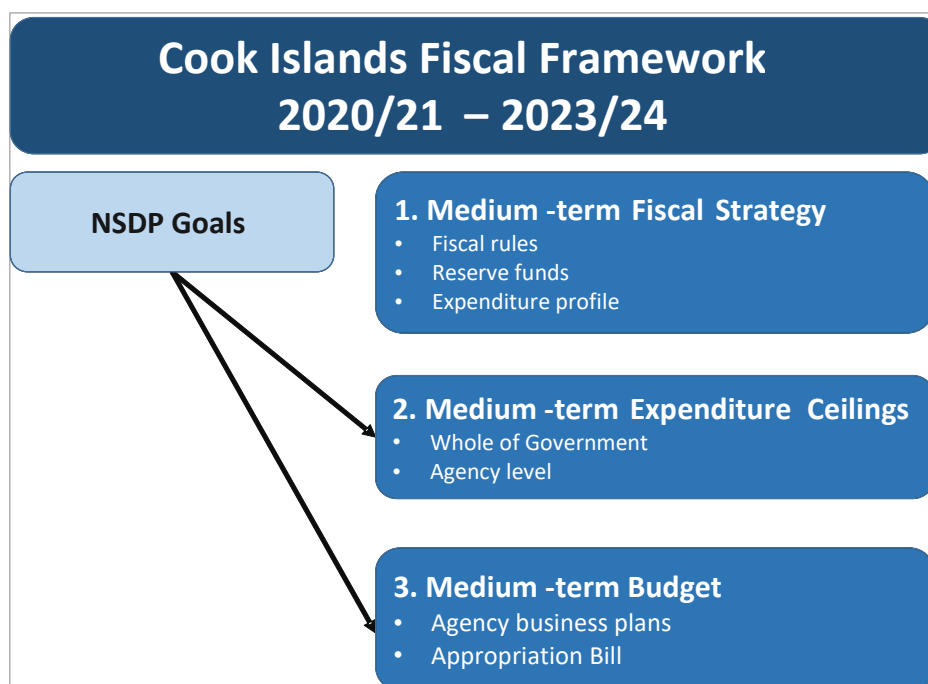


### 3.3 The Cook Islands Fiscal Framework 2020/21–2023/24

The Cook Islands Fiscal Framework (the Framework) is designed to strengthen the strategic focus of the Government’s expenditure and tax 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.

Figure 3-1 Framework elements



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:

- **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.
- **Medium-term Expenditure Ceilings** – 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) goals and Agency capacity requirements.
- **Medium-term Budget** – Agency business plans that reflect individual ceilings, along with tax and economic forecasts, are used to prepare the medium-term budget – the appropriation estimates for 2020/21, and forecasts for three forward years to 2023/24.

### 3.4 Medium-term Fiscal Strategy

The MTFS<sup>1</sup> 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.

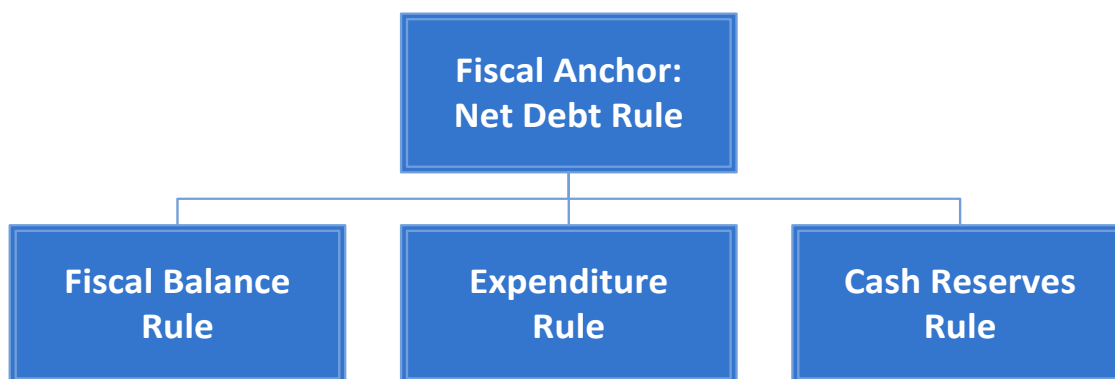
The specific objective of the MTFS is to deliver fiscally sustainable budgets.

The Government has committed to four MTFS fiscal rules, performance against which is publicly reported:

- **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.
- **Fiscal Balance Rule:** the fiscal balance cannot exceed a deficit of 1.9 per cent of nominal GDP.
- **Expenditure Rule:** budgeted expenditure cannot grow by more than 4 per cent year-on-year.
- **Cash Reserves Rule:** the equivalent of 3 months of operating expenditure must be held in cash at any one time.

As noted above, with the exception of the net debt rule, the Government will not aim to meet the fiscal rules in the 2020/21 Budget in order to develop an expenditure profile that responds to the economic downturn, maximising support for households and businesses.

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.
- *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 transferred to the Stabilisation Account at the beginning of the next year (an additional one month to three month cash reserves is retained as a buffer).

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<sup>1</sup> Available at: [http://www.mfem.gov.ck/images/CEO/Medium term Fiscal Strategy 2019 23 - Copy.pdf](http://www.mfem.gov.ck/images/CEO/Medium_term_Fiscal_Strategy_2019_23_-_Copy.pdf).

## **3.5 Performance and Forecasts against the fiscal rules**

### **Departure from the Fiscal Rules**

The Government may depart from the fiscal responsibility rules specified by the Ministry of Finance Act 1995-96, and implemented through the Medium-term Fiscal Strategy, only in cases of exceptional circumstances, and temporarily.

In order for this, either of the following conditions must be satisfied: “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).”

This exception allows the Government to set aside the limits imposed by the fiscal rules in order to stimulate economic growth through additional spending programmes. The Cook Islands is currently experiencing such an economic shock with an estimated 9.0 per cent decrease in real economic growth in 2019/20, and a further decrease of 5.3 per cent forecast in 2020/21.

While the Government will temporarily depart from the Fiscal Rules, performance against the rules is reported below to provide a measure of the impacts caused by the response, and to provide consistency in future reporting.

It is expected that Government will return to meeting all the Fiscal Rules once the economic impacts of COVID-19 have been mitigated and recovery is under way, which is anticipated by 2022/23.

### **3.5.1 Net Debt Rule**

The Net Debt rule states that “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”. The rule has been selected as the fiscal anchor due to its ability to achieve the objective of fiscal sustainability, by providing an upper limit for fiscal slippages.

In the Cook Islands context, net debt is defined as gross debt less funds held in the Loan Repayment Fund. The hard limit of 35 per cent of GDP provides a buffer for the soft target of 30 per cent, allowing space for exchange rate shocks or natural disasters.

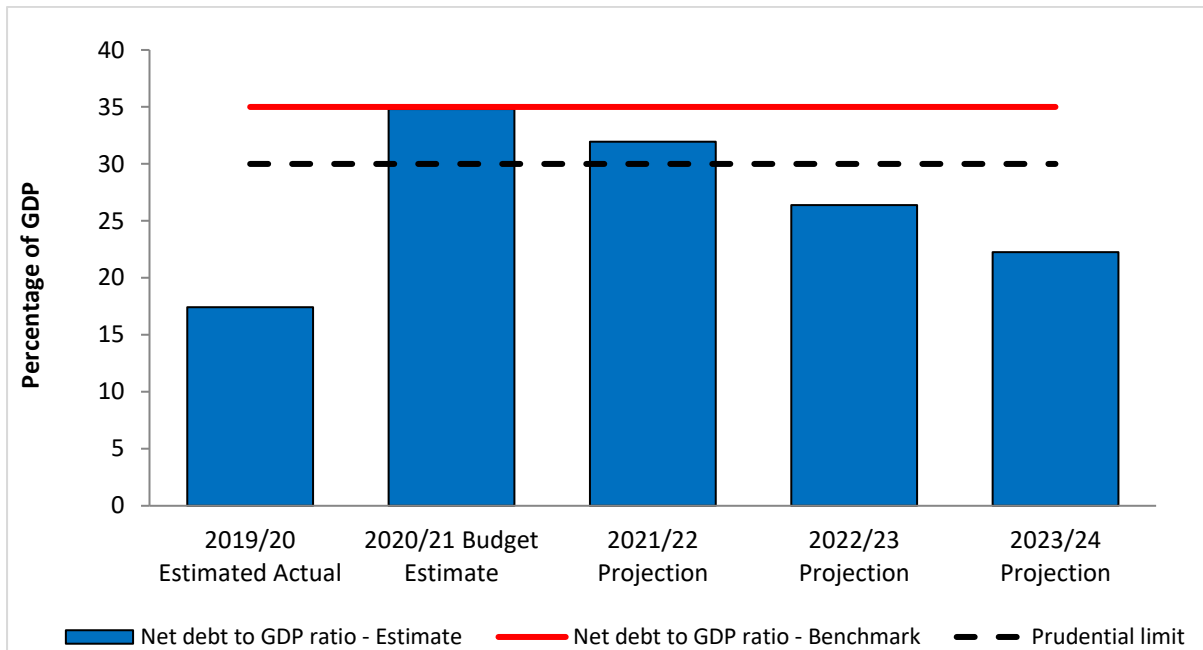
Net debt to GDP measures debt relative to national income, and is intended to control the overall level of debt taken on by Government, including state-owned enterprises.

With the reduction in GDP currently estimated, the hard cap on borrowings falls to around \$165.4 million as at June 30 2021.

The Government anticipates that it will draw down on \$70.4 million of debt by the end of 2020/21 to fund Phase II of the ERP, approaching the net debt hard limit of 35 per cent in that year as shown in Figure 3-3. Debt is then projected to fall year-on-year to 22.2 per cent by 2023/24.

The Government has indicated a further drawdown of debt of \$16.5 million in 2021/22 based on present information and estimates, resulting in net debt of 32.0 per cent in 2021/22. This decision will be reviewed further as the economic and fiscal situation evolves prior to 2021/22.

**Figure 3-3 Net debt to GDP ratio**



The Government does not consider these ratios in isolation. Any proposal to take on additional borrowing is assessed in the context of the whole 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 are treated under transparent processes as required by the MFEM Act 1995/96 and the LRF Act 2014. The LRF Act 2014 requires MFEM to analyse and report to Parliament and the public on the impact of new borrowing in the context of the Government’s lending policy, including the amortisation schedule, the impact on debt service burden of the Government over the life of the loan, and an assessment of the sustainability of aggregate Government debt. This Budget does not contain all of the information to meet this requirement as the agreements for the \$70.4 million are still to be finalised. Reports are required to be made in advance of loan agreements being signed.

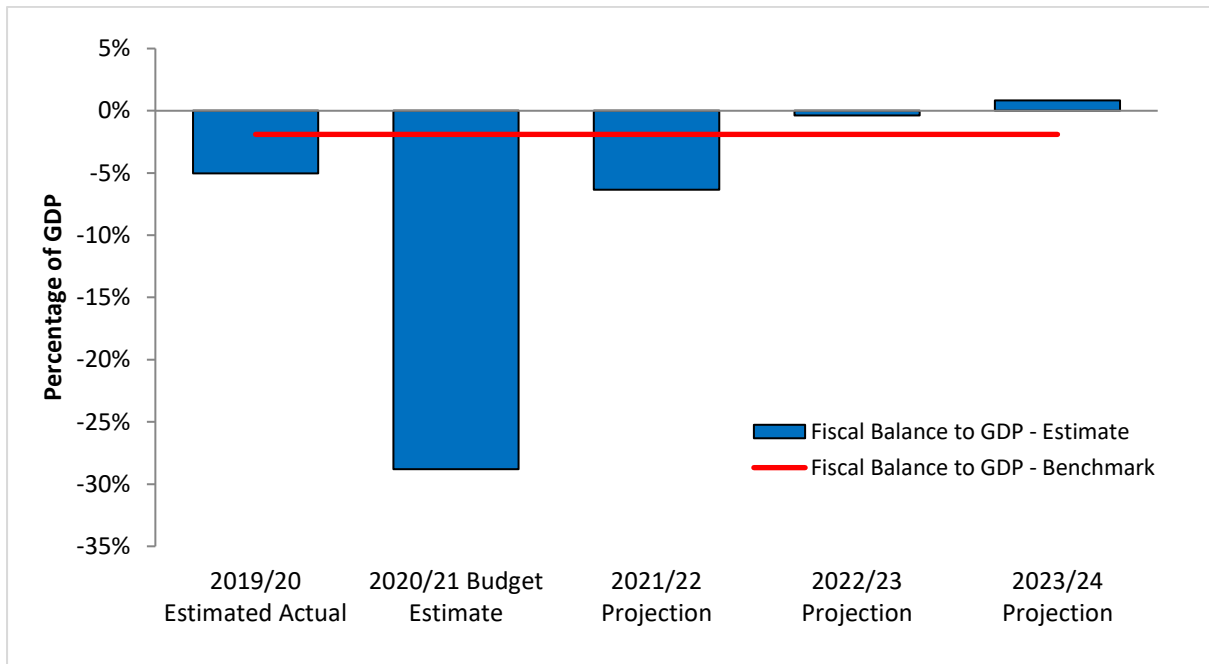
### 3.5.2 Fiscal balance rule

The fiscal balance is the operating balance less net capital expenditure (total capital expenditure less depreciation). Where the fiscal balance is in deficit, it must be serviced through borrowing or a drawdown of reserve funds.

The fiscal balance rule states that the fiscal balance cannot exceed a deficit of 1.9 per cent of GDP to ensure that Government does not accumulate debt too quickly. Taken together with the net debt to GDP rule, this ensures that debt is managed and taken on within sustainable levels.

Figure 3-4 illustrates that the Government’s expected fiscal balance for 2020/21 is a deficit of 28.8 per cent of GDP, necessitating the use of debt financing to support Government’s reserves and to fund the cost of Phase II of the ERP. The fiscal balance is expected to improve over the forward estimates to a surplus of 0.8 per cent of GDP in 2023/24.

**Figure 3-4 Fiscal balance to GDP**



### 3.5.3 Expenditure rule

The expenditure rule controls Government expenditure (operating and capital) by limiting year-on-year growth to a maximum of 4 per cent. As shown in Figure 3-5, the expenditure profiles in 2019/20 and 2020/21 breach the 4 per cent limit, before reducing to within the limit over the forward estimates.

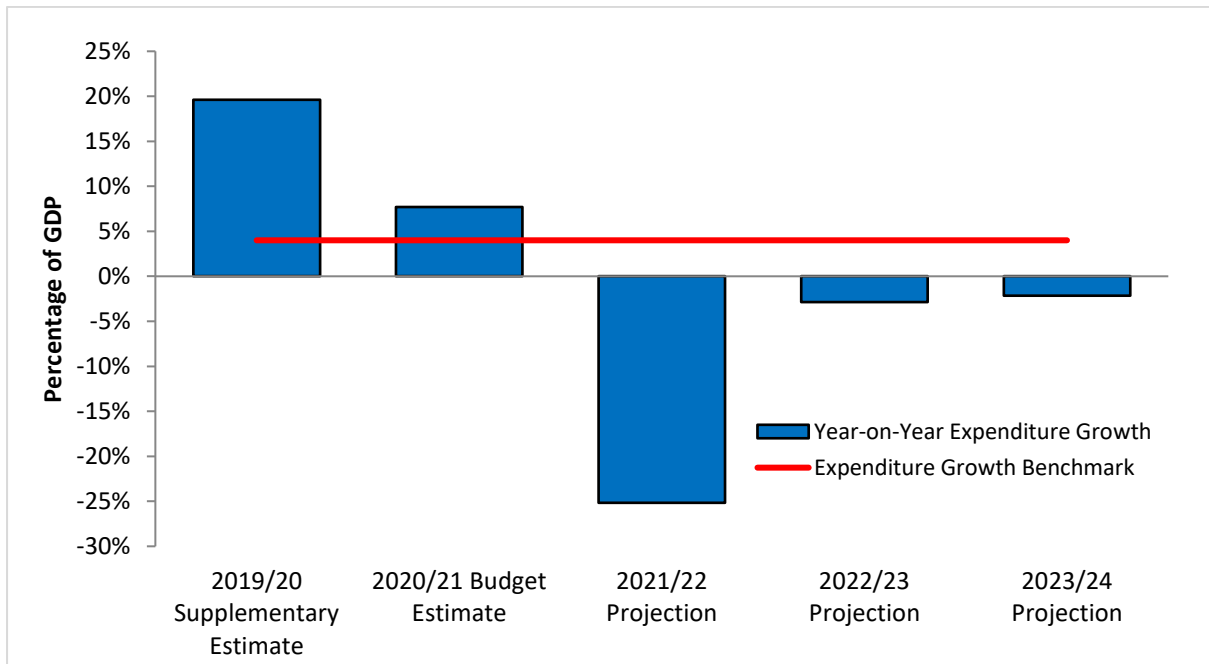
The 2019/20 expenditure increase is specifically related to the additional costs incurred by Government in responding to COVID-19. Phase I of the Economic Response Plan (ERP) entailed \$28.0 million of one-off economic stimulus, with an additional \$5.0 million allocated to the COVID-19 Medical Response funding. This contributed to year-on-year expenditure growth of 19.6 per cent in 2019/20.

Increased funding in response to COVID-19 continues into 2020/21, primarily through ERP Phase II with \$64.0 million in additional funds, resulting in a further year-on-year expenditure increase of 7.7 per cent.

Expenditure growth in 2021/22 reflects the significant decrease on 2020/21 expenditure due to the planned end of the ERP and the move towards normalised levels of Government expenditure.

Expenditure growth in the outer years reflects further small reductions in Government expenditure resulting from the decreases that Government is implementing over the medium-term, along with reductions in planned capital expenditure. As the economic situation and Government revenues stabilise, expenditure in these years will be reviewed.

Figure 3-5 Expenditure growth



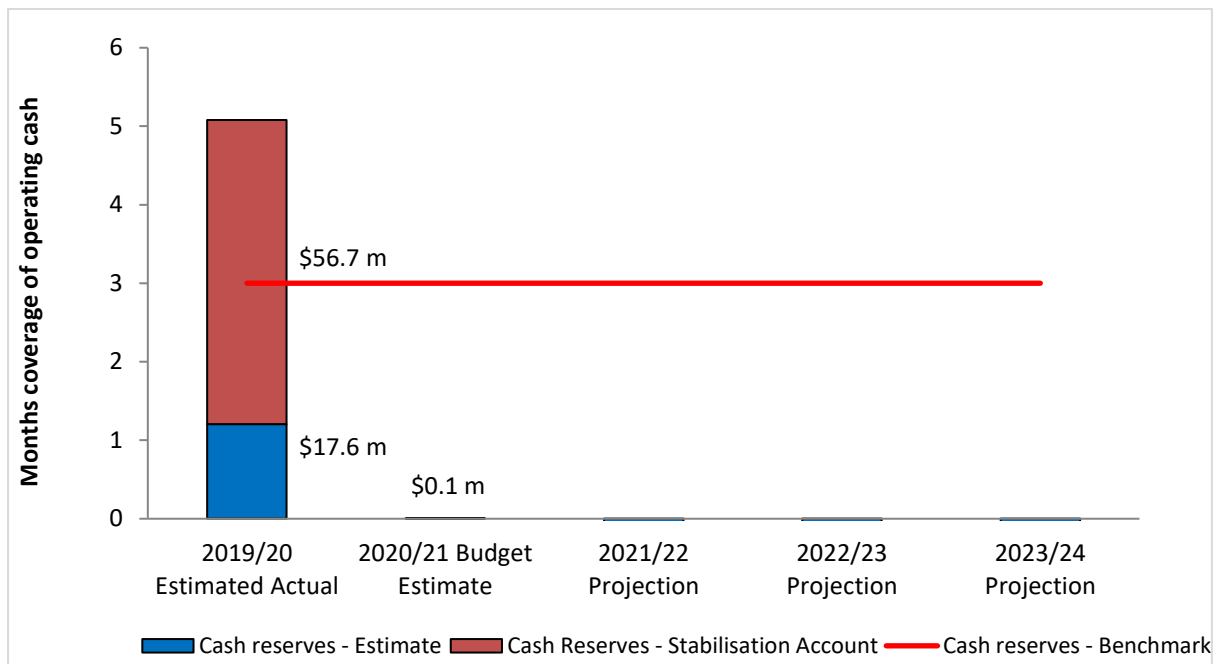
### 3.5.4 Cash reserves rule

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. For example, if a large cyclone were to impact Rarotonga and cause a halt to tax collections, the Government would require a level of cash to be held in reserve to cover this scenario. A prudent level of cash reserves is considered to be three months of operating expenditure, either available as cash or liquid cash investments.

Figure 3-6 shows that the Government's cash reserve is forecast to run down due to the increased expenditures on Phase II of the ERP. This drop in cash reserves ties directly to the Government's debt financing requirements. In 2019/20 general cash reserves together with the Stabilisation Fund result in 5.1 months of cash at 30 June 2020 meaning that Government could function until December with no new revenue.

As Gross Domestic Product increases over the forward years and Government revenues begin to recover, this will stabilise cash reserves.

**Figure 3-6 Cash reserves to operating expenditure**



Sensitivity performance against the rules under a range of fiscal and economic scenarios, positive and negative, is analysed in section 4.6.

### 3.6 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 one reserve fund, 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 holds 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 will be drawn down to support Government’s fiscal capacity during 2020/21 as the triggers for drawdown from the account have been met.

#### Sovereign Wealth Fund

The second reserve fund is a Sovereign Wealth Fund which will capture the revenues expected in the future from seabed minerals harvesting for use by future generations. The fund will be scoped and established in concert with the development of the seabed minerals sector.

### 3.7 Medium-term Expenditure Ceilings

A medium-term expenditure profile, effectively a Government budget ceiling that was consistent with the fiscal rules and the economic context was announced in the MTFS in December 2019.

In determining the recommended expenditure profile for the MTFS, MFEM considers two fiscal space measures, both consistent with the MTFS 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 which provides a fiscally responsible level of fiscal space, while acknowledging the investment needs of the country.

Table 3-1 shows the profile published at the Half Year Economic and Fiscal Update (December 2019) for reference, along with the fiscal space, indicating the amount of additional expenditure that the Government was intending to undertake in each year compared to the respective forward estimates set out in the 2019/20 Budget.

**Table 3-1 Expenditure profile performance**

\$ million	2020/21	2021/22	2022/23	2023/24
Fiscal space	3.0	9.0	11.0	37.5
Total expenditure – 2020/21 Budget	212.4	212.9	213.0	213.9

The economic shock resulting from COVID-19 has meant that the Government’s budget ceiling is no longer applicable, and in addition to the Fiscal Rules, will be departed from.

In the 2019/20 Supplementary Budget, Government reviewed expenditures and redirected funding from a range of programmes towards necessary expenditures, including the ERP Phase I and the COVID-19 Medical Response Fund.

Government has continued this process through the 2020/21 Budget, reviewing Government Agency budgets and redirecting funding towards Phase II of the ERP and necessary spending to support Government’s core services, placing new work programmes on hold.

There is a substantial increase in total expenditure in 2020/21 caused by the funding allocated to the Economic Response Plan (\$64 million) and the ongoing COVID-19 Medical Response Fund (\$3 million). These are presently planned for 2020/21 only, resulting in a decrease in total expenditure into 2021/22.



### 3.8 Medium-term National Priorities

To improve the alignment between fiscal planning and the achievement of national priorities, the MTFFS incorporates the Medium-term National Priorities. This not only provides further information on the Government’s intentions over the medium-term, but also helps to guide the development of the Medium-term Expenditure Ceilings.

Due to the severity of the economic shock that is being experienced, the Government will not align expenditure with the previously outlined national priorities during the 2020/21 Budget. Rather the focus has shifted to Goal 2, Economic Opportunity, with the aim of reducing the size and severity of the economic impact of COVID-19.

A summary of expenditure by NSDP goal for the medium-term is outlined below in Table 3-2. This covers all funding for operating and capital projects. The funding per goal as a per cent of expenditure in both 2020/21 and over the medium-term is displayed, reflecting the shift in priorities over that time period away from Economic Opportunity.

The ERP Phase II has been categorised in NSDP Goal 2, resulting in a 2020/21 proportion of funding of 31.2 per cent compared to 18.8 per cent over the four-year term. Elements of this funding will also address Goal 1, therefore the allocation of Goals 1 and 2 in 2020/21 would more correctly be calculated between the displayed values.

Further details on NSDP Goals and allocations of funding is provided in Chapter 12.

**Table 3-2 Summary of expenditure by NSDP Goal (\$'000)**

Goal	Summary of New Initiatives	2020/21	2021/22	2022/23	2023/24	Total	% 2020/21	% Total
1	Welfare & Equity	27,685	26,581	27,071	27,188	108,525	10.4%	13.0%
2	Economic Opportunity	83,213	24,311	24,642	24,642	156,808	31.2%	18.8%
3	Waste Management	2,050	2,093	7,099	1,699	12,941	0.8%	1.5%
4	Water & Sanitation	18,905	9,767	7,550	5,250	41,471	7.1%	5.0%
5	Infrastructure & ICT	25,577	26,003	20,008	20,200	91,788	9.6%	11.0%
6	Transport & Energy	4,647	8,267	9,533	8,302	30,749	1.7%	3.7%
7	Health	25,506	20,086	19,886	19,486	84,966	9.6%	10.2%
8	Education	20,564	20,617	20,877	20,877	82,936	7.7%	9.9%
9	Gender & Vulnerable	598	598	598	598	2,392	0.2%	0.3%
10	Agriculture & Food Security	2,136	2,128	2,129	2,129	8,522	0.8%	1.0%
11	Environment & Biodiversity	1,655	1,471	1,471	1,471	6,069	0.6%	0.7%
12	Ocean Lagoon & Marine Resources	3,085	2,896	2,876	3,026	11,882	1.2%	1.4%
13	Resilience and Climate Change	5,084	5,657	1,868	5,411	18,020	1.9%	2.2%
14	Culture	1,926	2,854	2,854	2,234	9,867	0.7%	1.2%
15	Population	554	839	539	539	2,472	0.2%	0.3%
16	Good Governance, Law & Order	43,551	41,379	40,809	40,677	166,415	16.3%	19.9%
	<b>Total</b>	<b>266,737</b>	<b>195,546</b>	<b>189,810</b>	<b>183,729</b>	<b>835,822</b>	<b>100.0%</b>	<b>100.0%</b>

## **4 Fiscal Update and Medium-term Outlook**

### **4.1 Overview**

The 2020/21 Budget has been developed in the context of managing the economic impacts of the COVID-19 pandemic after experiencing strong economic growth and similarly strong fiscal actuals in recent years, but with uncertain medium-term growth expectations.

This Budget is expansionary, with a significant increase in Government operating and capital expenditures focused on economic stimulus for households the private sector. Due to the sharp expansion, the budget allocation in the forward years is mildly contractionary.

#### **2019/20 Results**

Gross Domestic Product (GDP) is estimated to fall by 9.0 per cent in 2019/20, the result of a total halt to tourism in Quarter 4 which reversed an initial three quarters of strong growth. This necessitated a significant Government response to support the private sector and households, at the same time as Government has experienced a substantial decrease in revenues.

Government revenues including grant funding in 2019/20 are estimated to reach \$220.4 million or 95.0 per cent of 2018/19 levels, noting the inclusion of a one-off receipt valued at \$6.6 million.

Total operating expenditure for 2019/20 is estimated at \$189.0 million, an increase of \$31.5 million on 2018/19 expenditure. This includes \$20.0 million of estimated expenditure on the Economic Response Plan (ERP) Phase I and \$5.0 million on the COVID-19 Medical Response Fund since the 2019/20 Supplementary Budget. Capital expenditure is now estimated to be \$38.9 million in 2019/20.

The combined impact of the significant reduction to GDP in 2019/20, together with the increase in expenditure results in a fiscal balance of negative 5.0 per cent of GDP in 2019/20.

#### **Medium-term**

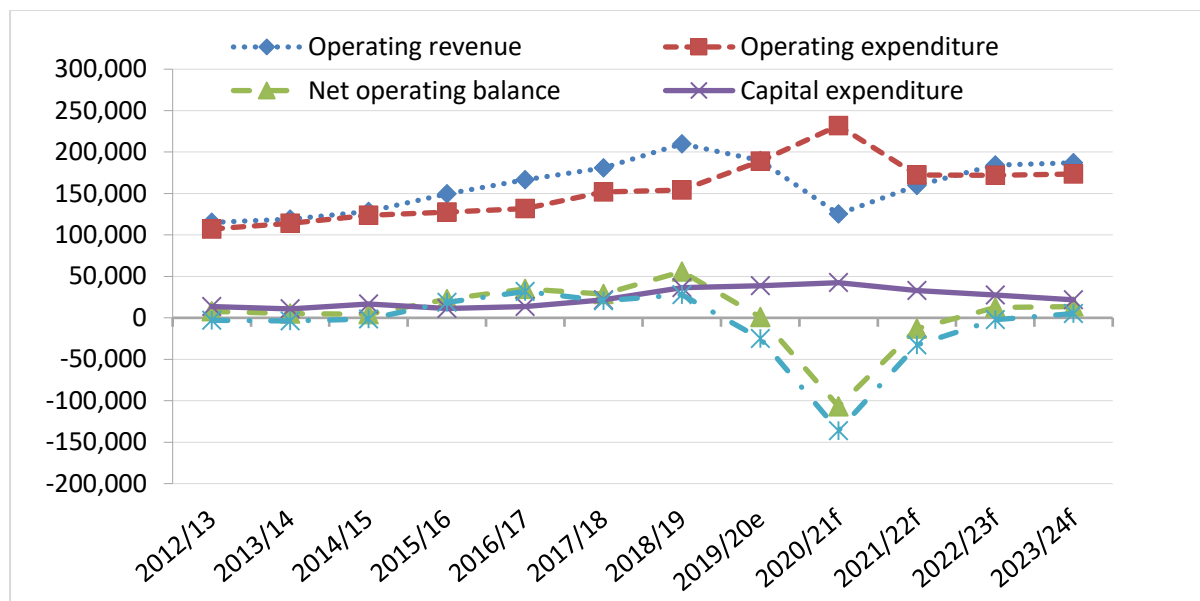
Economic and fiscal forecasts both indicate that the Cook Islands is entering a period of lower economic activity which will result in reduced Government revenues.

Reduced Government revenues and increased expenditure in 2020/21 result in a fiscal deficit of 28.8 per cent in 2020/21, which is then forecast to improve to a deficit of 6.3 per cent in 2021/22 before recovering to a surplus of 0.8 per cent in 2023/24.

Government will continue to monitor and address costs as necessary to align expenditure with revenue over future budgets, once the significant uncertainty subsides.

## 4.2 2019/20 Fiscal Performance and Outlook

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



The Cook Islands experienced a strong run of economic growth in recent years, generating a stream of Government revenue that increased at a faster rate than Government expenditure, providing a sound fiscal basis for the 2020/21 Budget. This strong fiscal position ensured that the Cook Islands had fiscal reserves such as the Stabilisation Fund and that the Government had the ability to quickly respond to the COVID-19 health and economic impacts.

Figure 4-1 shows a time series of general Government operating revenue and expenditure from 2012/13 to 2023/24. The chart shows that, on average over the period 2012/13 to 2019/20 the Government operating revenues had been rising at a slightly faster rate (9 per cent) than operating expenditure (8 per cent), resulting in a positive operating balance and generating Government savings.

Total operating revenue in 2019/20 is estimated at \$220.4 million; consisting of \$140.3 million in tax revenue, \$49.5 million in other (non-tax) revenue including Government agency trading revenue and Foreign Aid (ODA) receipts of \$30.6 million.

As shown in Table 4-1, total operating expenditure in 2019/20 is expected to reach \$189.0 million, an increase of \$31.5 million on 2018/19. This increase is partially the result of new spending initiatives in the 2019/20 Budget, in conjunction with the Economic Response Plan (ERP).

### 4.2.1 Medium-term Fiscal Outlook

The Government expects to be operating in a context of substantially reduced operating revenue for 2020/21, with a gradual return to fiscal surplus commencing in 2023/24.

To manage the fiscal impacts of the COVID-19 pandemic, Government has determined a course of fiscal prudence in order to release funds for the Economic Response Plan (ERP). This entails a redirection of Government's budget away from new programmes and toward core-services in order to limit operating expenditure.

Operating expenditure related to Phase II of the ERP will largely be channelled through Government Administered payments and will be reflected in the operating expenditure balances, but should be considered separately to Government's 'business as usual' operating expenditure.

Government will also use capital expenditure projects as a pathway for economic stimulus, with a focus on engaging with domestic providers.

As shown in Table 4-1, the 2020/21 Budget reflects the necessary Government response to the COVID-19 economic shock to ensure macroeconomic stability, while adhering to the fiscal responsibility principles as outlined in the MFEM Act:

- ensuring that unless Crown debt is at prudent levels, operating expenses will be less than operating revenues (i.e. Government will run an operating surplus);
- achieving and maintaining levels of Crown net worth that provides a buffer against factors which may impact adversely on 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.

The sharp drop in operating revenues and draw down on reserves in 2020/21 results in a marked fall in the estimated net operating balance as well as the fiscal balance (the net operating balance minus capital expenditure plus depreciation).

**Table 4-1 Fiscal Indicators Summary**

	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
<b>Statement of Financial Performance</b>						
Taxation Revenue (\$m)	159.1	140.3	93.8	126.4	153.1	166.5
Social Contributions (\$m)	0.1	0.1	0.1	0.1	0.1	0.1
Other Revenue (\$m)	53.2	49.4	31.3	33.0	31.0	20.5
<b>Total Operating Revenue (\$m)</b>	<b>212.4</b>	<b>189.8</b>	<b>125.2</b>	<b>159.5</b>	<b>184.2</b>	<b>187.0</b>
Total Operating Revenue Percentage of GDP	39.4	38.2	26.5	30.9	32.5	31.4
Tax Revenue Percentage of GDP	29.5	28.3	19.9	24.5	27.0	27.9
Total Cyclical Revenue (\$m)	24.3	14.4	15.5	16.5	13.1	10.7
Total Cyclical Revenue Percentage of GDP	4.5	2.9	3.3	3.2	2.3	1.8
Total Structural Revenue (\$m)	188.1	175.4	109.7	143.1	171.1	176.3
Total Structural Revenue Percentage of GDP	34.9	35.3	23.2	27.7	30.2	29.6
<b>Personnel (\$m)</b>	<b>59.0</b>	<b>68.3</b>	<b>71.5</b>	<b>72.5</b>	<b>73.1</b>	<b>73.4</b>
Percentage of Total Revenue	27.8	36.0	57.1	45.5	39.7	39.3
Percentage of Structural Revenue	31.4	39.0	65.2	50.7	42.7	41.6
<b>Total Operating Expenditure (\$m)</b>	<b>157.5</b>	<b>189.0</b>	<b>232.0</b>	<b>172.4</b>	<b>171.8</b>	<b>173.6</b>
Percentage of GDP	29.2	38.0	49.1	33.4	30.3	29.1
Percentage of Operating Revenue	74.2	99.6	185.4	108.1	93.3	92.8
Cash Operating Expenditure*	148.8	175.6	218.6	158.8	159.1	160.3
<b>Operating Balance (\$m)</b>	<b>54.9</b>	<b>0.8</b>	<b>-106.8</b>	<b>-12.9</b>	<b>12.3</b>	<b>13.4</b>
Percentage of GDP	10.2	0.2	-22.6	-2.5	2.2	2.3
Capital Expenditure	36.1	38.9	42.4	33.0	27.6	21.6
Depreciation	8.4	13.0	13.1	13.1	13.1	13.1
Non-Operating Balance (\$m)	-43.4	-115.0	-11.1	-25.9	-35.8	-35.7
<b>Fiscal Balance surplus/deficit (\$m) *</b>	<b>27.1</b>	<b>-25.0</b>	<b>-136.1</b>	<b>-32.7</b>	<b>-2.2</b>	<b>5.0</b>
Percentage of GDP	5.0	-5.0	-28.8	-6.3	-0.4	0.8
<b>Statement of Financial Position (\$m)</b>						
Assets (\$m)	443.1	536.6	514.5	510.1	513.6	512.2
Liabilities (\$m)	177.3	183.7	238.6	239.0	224.1	207.3
Crown Balance (\$m)	265.8	352.9	275.8	271.1	289.5	304.9
Percentage of GDP	49.3	71.0	58.4	52.6	51.1	51.1
Working Capital (\$m)	106.7	17.6	0.1	-25.7	-36.3	-45.6
Working Capital (months coverage)	8.6	1.2	0.0	-1.9	-2.7	-3.4
Stabilisation Account	0.0	56.7	0.0	0.0	0.0	0.0
General Cash Reserves	106.7	74.3	0.1	-25.7	-36.3	-45.6
<b>Statement of Borrowings (\$m)</b>						
Gross Debt end of FY (\$m)	112.6	107.0	173.9	174.3	159.4	142.6
Percentage of GDP	20.9	21.5	36.8	33.8	28.1	23.9
Net Crown Debt, end of FY (\$m)	91.7	86.5	164.6	164.7	149.7	132.7
Percentage of GDP	17.0	17.4	34.8	32.0	26.4	22.2
Loan Repayment Reserves Held (\$m)	20.9	20.5	9.4	9.6	9.8	10.0
Net Debt Servicing (\$m)	7.3	9.6	11.5	11.9	11.2	17.4
Percentage of Total Revenue	3.4	5.1	9.2	7.5	6.1	9.3
Percentage of Structural Revenue	3.9	5.5	10.5	8.3	6.6	9.8
<b>Development Partner Support (\$m)</b>						
Grants (\$m)	7.8	21.4	37.8	1.4	0.3	0.3
Percentage of GDP	1.4	4.3	8.0	0.3	0.0	0.0
Memo item: Nominal GDP (\$m)	538.8	496.8	472.5	515.6	567.1	596.4

Government has committed to two new loans in the 2020/21 Budget in order to fund the Economic Response Plan and provide liquidity for operating expenditures. Net debt is expected to peak at 34.8 per cent of GDP in 2020/21, before decreasing to 22.2 per cent in 2023/24.

Whilst it is necessary for Government to utilise debt funding to manage the costs of the Economic Response Plan on top of its operating costs, the take-up of new debt is being carefully reviewed and only being utilised to meet the funding required to sustain Government and the Cook Islands economy through the economic shock.

As required by the legislation, new expenditure is not being added in the forward years to ensure fiscal responsibility in a time of uncertain tax revenues.

Government will monitor the performance of the Cook Islands economy, as well as projected Government revenues, and will review operating and capital expenditures to align with revenues over the medium-term.

### **4.3 Movements since the 2019/20 Supplementary Budget**

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

- Policy decisions leading to new initiatives undertaken by Government;
- Technical adjustments;
- Reclassification of expenses; and
- Parameter changes – movements that occur due to economic changes that are outside of a decision by the Government, including depreciation, movements in welfare beneficiary numbers and the impact of changes in fuel costs on the underwrite.

At the time of the last official update to the financial estimates in 2019/20 for the Supplementary Budget, it was anticipated that the 2019/20 operating balance would be in deficit of \$24.7 million. After updating revenue and economic forecasts, the estimated operating balance has been revised to a surplus \$0.8 million for 2019/20.

Company tax is estimated to be \$18.5 million for 2019/20, a decrease of 24.9 per cent on 2018/19.

Value Added Tax (VAT) had been expected to reach \$64.3 million as at the 2019/20 Supplementary Budget however estimates have been revised up to \$71.8 million, reflecting a strong first three quarters of 2019/20, and continued collection during April and May.

Other revenue estimates for 2019/20 has been estimated at \$49.5 million, which includes the one-off receipt of \$6.6 million in vested interests cash through the Financial Services Commission.

The Government has increased its appropriation of operating expenditures in the 2020/21 Budget compared to the 2019/20 Supplementary Budget. Operating expenditure adjustments are predominantly a result of expenditure decisions by Government, totalling \$57.4 million. This reflects \$64.0 million allocated to the Economic Response Plan Phase II, offsetting decreases in other expenditure lines.

Capital expenditure in 2020/21 of a planned \$42.4 million results in a forecast fiscal deficit of \$136.1 million. Including the reduction in GDP this results in a percentage of GDP of negative 28.8 per cent.

Decreasing capital expenditure of \$33.0 million, and the expected completion of the Economic Response Plan reducing operating expenditures, in conjunction with an expected improvement in GDP results in a fiscal deficit of negative \$32.7 million, or negative 6.3 per cent of GDP in 2021/22.

A continuing improvement to GDP and government revenue indicates a return to operating surplus of \$12.3 million in 2022/23, with a return to fiscal surplus of \$5.0 million forecast for 2023/24.

Operating surpluses have been revised for the forward estimates, showing a forecast operating deficit of \$106.8 million in 2020/21, then improving to a deficit of \$12.9 million in 2021/22 before achieving a surplus of \$12.3 million in 2022/23.

Table 4-2 shows the movements between the 2019/20 Supplementary Budget (Supplementary) and the 2020/21 Budget. These are explained in greater detail in Chapter 7 (Revenue) and Chapter 8 (Operating Expenditure).

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

<b>Statement of Government Operations</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Operating balance as at 2019/20 Supplementary</b>	<b>(24,676)</b>	<b>(3,755)</b>	<b>10,499</b>	<b>20,416</b>	<b>20,416</b>
<b>Revenue</b>					
<i>Revenue Parameter Changes</i>	<b>9,796</b>	<b>(42,451)</b>	<b>(24,844)</b>	<b>(5,990)</b>	<b>7,386</b>
<i>Adjustments to:</i>					
Value Added Tax (VAT)	7,576	(25,830)	(9,410)	(3,154)	3,911
Income tax	2,512	(6,159)	(7,565)	(536)	1,751
Import levies	(3,771)	(701)	(766)	(240)	754
Company tax	6,671	(4,458)	(4,854)	(453)	1,948
Departure tax	(419)	(5,103)	(2,159)	(1,580)	(1,054)
Withholding tax	(2,773)	(200)	(90)	(28)	76
<i>Other Revenue Changes</i>	<b>37</b>	<b>(5,920)</b>	<b>(4,246)</b>	<b>(6,319)</b>	<b>(16,815)</b>
Other revenue	(2,102)	(4,047)	(3,658)	(6,086)	(9,037)
Trading Revenue	575	(1,226)	(252)	(47)	(47)
Dividend	960	(647)	(336)	(185)	0
Core Sector support	604	0	0	0	(7,730)
<b>Total Revenue Changes to 2020/21 Budget</b>	<b>9,833</b>	<b>(48,371)</b>	<b>(29,089)</b>	<b>(12,309)</b>	<b>(9,429)</b>
<b>Expenditure</b>					
<i>Expenditure Decisions by Government</i>	500	57,436	(5,622)	(4,079)	(4,070)
<i>Technical adjustments</i>	0	(2,726)	(69)	(145)	1,621
<i>Reclassifications of expenditure</i>	0	0	0	0	0
<i>Parameter changes</i>	(16,184)	0	0	0	0
<b>Total Expenditure Changes to 2020/21 Budget</b>	<b>(15,684)</b>	<b>54,711</b>	<b>(5,691)</b>	<b>(4,224)</b>	<b>(2,449)</b>
<b>OPERATING BALANCE as at 2020/21 Budget</b>	<b>840</b>	<b>(106,836)</b>	<b>(12,900)</b>	<b>12,331</b>	<b>13,436</b>
Capital Expenditure	38,859	42,419	32,954	27,644	21,556
Depreciation	13,046	13,136	13,136	13,136	13,136
<b>FISCAL BALANCE as at 2020/21 Budget</b>	<b>(24,973)</b>	<b>(136,119)</b>	<b>(32,717)</b>	<b>(2,177)</b>	<b>5,017</b>

### 4.3.1 Reappropriation of 2019/20 Funds

Where a provision has been made in any Appropriation Act for expenditure by a Government agency in accordance with its outputs, and the total amount has not been expended, that agency may request the residual funding be made available in addition to the total amount allocated in the following Appropriation Act.

This is an exceptional process requiring the approval of both the Financial Secretary and the Minister of Finance, but may also be managed through the Budget preparation processes 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 4-3 Reappropriation Totals 2019/20**

Reappropriated Funding	\$
Capital	315,753
Operating	1,205,998
<b>Total</b>	<b>1,521,751</b>

Reappropriated funding is further broken down in the Operating Expenditure chapter (Chapter 8) and Capital Expenditure chapter (Chapter 9).

### 4.3.2 Revenue

Taxation revenue estimates for 2020/21 and the outer years have been substantially reduced, reflecting the impact of COVID-19 on the Cook Islands economy. Taxation revenues are forecast to gradually recover, with a return to 2018/19 levels in 2023/24.

Revenue estimates and projections are reflected in Table 4-4.

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

	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Value Added Tax (VAT)	70,315	71,845	39,902	59,526	69,280	76,345
Income tax	36,352	25,516	20,708	22,244	30,485	32,772
Company tax	24,596	18,471	14,938	19,882	25,741	28,141
Import levies	14,565	14,209	12,216	12,618	13,658	14,653
Withholding tax	1,504	1,227	1,321	1,476	1,587	1,692
Departure tax	11,728	9,081	4,729	10,679	12,345	12,871
<b>Taxation Revenue</b>	<b>159,060</b>	<b>140,349</b>	<b>93,814</b>	<b>126,425</b>	<b>153,096</b>	<b>166,474</b>
Other Revenue	45,578	43,948	27,645	28,409	26,161	15,665
Trading Revenue	7,746	5,502	3,703	4,697	4,902	4,902
<b>Total Operating Revenue</b>	<b>212,384</b>	<b>189,799</b>	<b>125,162</b>	<b>159,531</b>	<b>184,159</b>	<b>187,041</b>

Impacts due to reduced wages and business income on income tax receipts in 2019/20 are expected to continue into 2020/21, before a recovery commencing from 2021/22 due to the gradual reopening of tourist markets and the subsequent improvement in GDP. Changes related to the increase in the tax-free threshold to \$14,600 in line with the minimum-wage will also affect income tax receipts from 2020/21.

Departure Tax estimates have been revised downwards reflecting a depressed tourism market for at least the first half of 2020/21, but is forecast to recover during 2021/22, leading the recoveries in company tax, income tax and VAT.



### 4.3.3 Expenditure

Following the 2019/20 Supplementary Budget there have been a range of expenditure decisions on behalf of the Government. Operating expenditures across the medium-term are summarised in Table 4-5.

**Table 4-5 Operating expenditure (\$'000)**

	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Personnel	53,065	61,680	64,356	65,643	66,194	66,387
Operating	23,316	19,295	19,573	19,915	19,999	20,551
Administered Payments	41,328	63,703	105,215	42,963	41,511	40,657
Depreciation	6,287	6,270	6,360	6,360	6,360	6,360
POBOC	26,262	28,107	29,568	28,177	28,667	28,784
Other Operating Expense	7,250	9,904	6,926	9,375	9,100	10,866
<b>Total Operating Expenditure</b>	<b>157,508</b>	<b>188,959</b>	<b>231,999</b>	<b>172,433</b>	<b>171,831</b>	<b>173,605</b>

With the Government's pivot towards core services and economic support for households and businesses in the 2020/21 Budget, planned expenditure on new programmes has been reduced and salary increases for Government employees have been delayed.

Government stated early in its response to the COVID-19 economic shock that there was no plan to reduce personnel headcount or salaries. Underlying this statement are various factors including the large proportion of the working population employed by Government, and the severe contractionary effect that such a policy move would have on the economy.

The Government commenced a programme of salary increases in 2019/20 for all Government employees with the intent of reducing the size of the pay gap between the public and private sectors. Five agencies received personnel funding increases either in the 2019/20 Budget or the 2019/20 Supplementary Budget in order to implement increases to their pay scales.

The Government-wide salary increases have been placed on hold in the 2020/21 Budget until economic conditions and the resulting fiscal balances have stabilised, at which time a decision will be made around reinstating this programme. This decision results in an approximate \$6.0 million decrease in Government expenditure in each forward year.

Offsetting the salary increase deferral is the second of the planned minimum-wage increases which becomes effective on 1 July 2020. This has a proportionally large impact on the Pa Enea where a greater proportion of minimum-wage employees are located, resulting in increases to Island Government personnel appropriations, and minor adjustments to Government agencies.

Operating expenditures across Government agencies have been reviewed in conjunction with spare capacity in agency personnel budgets. Spare capacity is typically related to vacant roles that have proved difficult to fill and agencies have operated without. Funding has been reduced in these instances.

Administered Payments have also been reviewed in consideration of average annual actual spends and reductions have been made where savings have been forecast. Likewise agency depreciation budgets have been reduced towards annual actual spends.

This results in an approximate reduction in gross agency operating appropriation of between \$5.0 and \$6.0 million annually across the forward years. In 2020/21 all savings have been redirected into the Economic Response Plan, resulting in a net increase in total agency operating funding for this year then reflecting decreases in the outer years.

## Pa Enea Funding

Since the implementation of the Pa Enea Funding Model in 2012/13, the total pool of funds has increased twice, in the 2018/19 Budget by \$280,000 and in the 2019/20 Budget by another \$400,000 beyond the funding formula and minimum wage adjustments. The focus of these adjustments has been on ensuring that Island Administrations are able to employ sufficient personnel and increase productivity. No further adjustments beyond the minimum-wage increase for 2020/21 are proposed.

### 4.3.4 Capital Expenditure

Total capital spending, from both the Cook Islands Government and donor sources in 2020/21 is estimated to be \$80.2 million.

The Government funded capital expenditure will be paid for from the Crown's cash reserves. Capital expenditure is estimated to be \$42.4 million in 2020/21, as shown in Table 4-6. It is estimated that donors will fund \$37.8 million of capital works.

**Table 4-6 Capital expenditure (\$'000)**

	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
CIG Capital Expenditure	36,102	38,859	42,419	32,954	27,644	21,556
Official Development Assistance	7,772	21,439	37,782	1,416	277	277
<b>Total Capital Expenditure</b>	<b>43,874</b>	<b>60,297</b>	<b>80,201</b>	<b>34,370</b>	<b>27,921</b>	<b>21,833</b>

Capital estimates over the medium-term consider the local capacity to deliver and complete projects, reinforcing proper planning and improving the fiscal position of Government. The Government has provided additional support in recent years to relevant agencies to facilitate greater project management to aid this goal.

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

- Water and sanitation,
- Roads and bridge structures, including Avarua and Empire bridges,
- Pa Enea Marine and Air infrastructure projects,
- Emergency management infrastructure including cyclone shelters,
- Digital Infrastructure for Government including the Government IT network, Ministry of Health ICT upgrades and the ongoing rollout of the Financial Management and Information System
- Ministry of Health medical equipment purchases.

Refer to the Capital Expenditure chapter (Chapter 9) for further details of capital projects funded by the Cook Islands Government over the period 2020/21 to 2023/24, and the Official Development Assistance chapter (Chapter 16) for donor funded projects.

## 4.4 Assumptions underlying the 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.

### 4.4.1 Economic

#### Introduction

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 production estimates are disaggregated by major industry classifications, including institutional sectors. The latest data from the Statistics Office relates to the December Quarter 2019.

The Government has relied on an econometric time series model to forecast GDP with some adjustments to reflect the unprecedented nature of the current pandemic, generating estimates of GDP production 2019/20, and forecasts for the 4-year forward budget period from 2020/21 to 2023/24.

A time series ARIMA modelling approach was used to forecast GDP, in real terms.<sup>2</sup> A combination forecasting method has been adopted, utilising a range of quarterly time series models, 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 detailed information on the time series model, see *Cook Islands time series economic forecasting model: Working Paper No. 18/1*, available on the MFEM website.<sup>3</sup>

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

These models have all 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.

#### Data

The key data sets used for the model are:

- Real and nominal GDP – quarterly data to December 2019;
- Trade, imports and exports – quarterly data to December 2019;
- CPI – quarterly index data to December 2019;
- International arrivals – Customs and Immigration monthly data to March 2020;
- Building approvals – quarterly data to December 2019;

#### Key economic indicator assumptions

Nominal GDP is expected to grow by (see Chapter 5 for more detail):

- -7.8 per cent in 2019/20.
- -4.9 per cent in 2020/21.
- 9.1 per cent in 2021/22.

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<sup>2</sup> 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).

<sup>3</sup> Available at: <http://www.mfem.gov.ck/economics>.

- 10.0 per cent in 2022/23.
- 5.2 per cent in 2023/24.

Growth in prices, measured through movements in the CPI, and forecast using an econometric time series approach, is expected as follows (see section 0 for more detail):

- 1.4 per cent in 2019/20.
- 1.5 per cent in 2020/21.
- 2.0 per cent in 2021/22.
- 2.0 per cent in 2022/23.
- 1.9 per cent in 2023/24.

## 4.4.2 Fiscal

The Government’s expected fiscal performance over the forward period is 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.

## 4.5 Economic and Fiscal Sensitivity Analysis

### 4.5.1 Introduction

The Cook Islands Government has developed an analytical fiscal tool – the Cook Islands Fiscal Tool 2018 – to first calibrate, and then 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:<sup>4</sup>

- 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.

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;

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<sup>4</sup> See: [http://www.mfem.gov.ck/images/CEO/MTFS\\_Technical\\_paper\\_Fiscal\\_Tool\\_2018.pdf](http://www.mfem.gov.ck/images/CEO/MTFS_Technical_paper_Fiscal_Tool_2018.pdf).

- 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 Crown’s major trading currencies to assess the impact on gross debt and debt servicing requirements.

The following sections shows the potential impact of a selected range of fiscal and macroeconomic shocks on the 2020/21 Budget profile using the fiscal impact tool, and the impact of exchange rate fluctuations on Crown debt.

## 4.5.2 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 which 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, with revenues falling by 10 to 20 per cent per year over the modelling period, is presented in Table 4-7. The fiscal balance breaches the 1.9 per cent of GDP rule by a significant amount in 2020/21 and 2021/22. While the base case sees a return to the fiscal rules in 2022/23, this does not occur over the four years once the shock is applied.

**Table 4-7 Low revenue shock**

		2020/21	2021/22	2022/23	2023/24
Change in OpEx (\$m)		0	0	0	0
Change in capex (\$m)		0	0	0	0
Change in Tax Revenue (\$m)		-9.3	-18.8	-26.4	-32.9
Fiscal balance (% of GDP)	Base	-29.4	-6.4	-0.4	0.8
	Shock	-31.4	-10.0	-5.0	-4.7

The high revenue case, with revenues higher by 10 to 20 per cent per year over the modelling period, is presented in Table 4-8. The key result is a strengthening of the fiscal balance, especially in the two outer years, with a much faster return to fiscal balances that fall within the MTFs rules.

**Table 4-8 High revenue shock**

		2020/21	2021/22	2022/23	2023/24
Change in OpEx (\$m)		0	0	0	0
Change in capex (\$m)		0	0	0	0
Change in tax revenue (\$m)		9.3	18.8	26.4	32.9
Fiscal balance (% of GDP)	Base	-29.4	-6.4	-0.4	0.8
	Shock	-27.5	-2.7	4.3	6.4

## 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 4-9. 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 3.8 per cent or \$19.3 million by 2021/22.

**Table 4-9 High OpEx shock**

		2020/21	2021/22	2022/23	2023/24
Change in OpEx (\$m)		24	17	17	17
Change in capex (\$m)		0	0	0	0
Change in tax revenue (\$m)		-11.9	-9.4	-5.4	-5.4
Fiscal balance (% of GDP)	Base	-5.2	-0.3	1.4	3.2
	<i>Shock</i>	-35.8	-11.6	-3.8	-2.9
Change in nominal GDP	%	3.3	3.8	3.1	2.7
	\$m	15.7	19.3	17.6	16.3

## 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 4-10. The negative impact on GDP of about \$19 million by 2022/23 has a flow-on effect to revenue of about \$5 million. The net effect on the fiscal balance is slightly positive, with the capital expenditure reduction outweighing the fall in revenue.

**Table 4-10 Low Capex shock**

		2020/21	2021/22	2022/23	2023/24
Change in OpEx (\$m)		0	0	0	0
Change in capex (\$m)		-8	-7	-6	-4
Change in tax revenue (\$m)		-1.5	-3.5	-4.9	-4.9
Fiscal balance (% of GDP)	Base	-29.4	-6.4	-0.4	0.8
	<i>Shock</i>	-28.9	-6.0	-0.3	0.7
Change in nominal GDP	%	-3.1	-3.6	-3.3	-2.6
	\$m	-14.7	-18.6	-18.7	-15.7

## 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 4-11. Tax revenue falls by around \$8 million per year, causing the fiscal balance to breach the -1.9 per cent of GDP rule in 2020/21, 2021/22 and 2022/23 – one year more than in the baseline case, before improving. The GDP impact in 2023/24 is minus 8 per cent, or a reduction of \$46.3 million.

**Table 4-11 Low GDP shock**

		2020/21	2021/22	2022/23	2023/24
Change in OpEx (\$m)		0	0	0	0
Change in capex (\$m)		0	0	0	0
Change in tax revenue (\$m)		-0.6	-8.0	-8.4	-8.4
Fiscal balance (% of GDP)	Base	-29.4	-6.4	-0.4	0.8
	<i>Shock</i>	-31.1	-8.5	-2.0	-0.6
Change in nominal GDP	%	-5.0	-6.8	-7.7	-7.8
	\$m	-23.6	-35.2	-43.4	-46.3

## 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 4-12. Tax revenue falls by about \$17 million per year by 2023/24, which reduces the fiscal balance enough to breach the fiscal balance rule in all four forecast years, before improving. The impact on GDP is substantial, with an almost 10 per cent in 2023/24.

**Table 4-12 Low arrivals shock**

		2020/21	2021/22	2022/23	2023/24
Change in OpEx (\$m)		0	0	0	0
Change in capex (\$m)		0	0	0	0
Change in tax revenue (\$m)		-9.8	-14.7	-17.2	-17.2
Fiscal balance (% of GDP)	Base	-29.4	-6.4	-0.4	0.8
	<i>Shock</i>	-34.1	-10.1	-3.7	-0.8
Change in nominal GDP	%	-7.5	-8.5	-8.1	-9.6
	\$m	-35.4	-43.8	-45.9	-57.3

## 4.5.3 Crown Debt Sensitivity Analysis

**Table 4-13 Base exchange rates assumptions used in 2020/21 Budget with +/- 10 per cent**

Foreign Exchange Currency	-10%	Budget base rate	+10%
EUR	0.4863	0.5403	0.5944
USD	0.5589	0.6210	0.6831
RMB	3.7773	4.1970	4.6167
SDR	0.3910	0.4345	0.4779

Managing the Crown's exposure to foreign exchange risks remains a priority for Government as 63 per cent of gross debt is held in foreign currency with 47 per cent of the total foreign currency loans repaid in USD, (USD and SDR loans), and 16 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.

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

**Figure 4-2 Sensitivity of Gross Debt to NZD movements**



A 10 per cent depreciation in the value of the New Zealand Dollar (NZD) against foreign currencies would increase gross debt by an estimated \$13.42 million. This is compared to \$10.98 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 4-3 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 \$0.83 million in the 2020/21 year. In the financial year 2023/24 however the impact is higher with an increase of \$1.51 million when the debt servicing for US\$40 million of planned new loans begins.



## 4.6 Economic and Fiscal risks

### 4.6.1 Introduction

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.<sup>5</sup>

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.<sup>6</sup>

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.

### 4.6.2 Sources of risk

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.

#### Global economic risks

The largest risk to the economic forecasts is the introduction and an uncontrollable outbreak of COVID-19 in the Cook Islands, presenting a risk to both the health and economic prosperity of the country. Falling close second is the risk of a second wave of infections of COVID-19 in key trading partners, in particular New Zealand – which would necessitate a longer than expected border closure. These risks are shared by many nations in the region, and as steps towards ‘travel bubbles’ are taken, this is a key concern.

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.

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<sup>5</sup> IMF (2009), *Fiscal risks: sources, disclosure, and management*. IMF Fiscal Affairs Department. See: <https://www.imf.org/external/pubs/ft/dp/2009/dp0901.pdf>.

<sup>6</sup> See: <https://pefa.org/>. The Cook Islands Government was assessed in October 2015.

## 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.

A destructive weather event, such as a cyclone, would have a significant impact on the outlook for Cook Islands economy, and severely impact our 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 4-14)<sup>7</sup>.

**Table 4-14 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 \$13.5 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.

## Contingent liabilities

The Government's contingent liabilities as at 30 June 2020 are summarised in Table 4-15.

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<sup>7</sup> 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.

**Table 4-15 Quantifiable contingent liabilities, as at 30 June**

<b>Category</b>	<b>\$'000</b>
Guarantees and indemnities	500
Uncalled capital	2,500
Legal proceedings and disputes	6,000
Land Compensation	550
Vested Interests	6,000
<b>Total</b>	<b>25,622</b>

Guarantees and indemnities

Government has entered into a program under the New Zealand Aid Programme focused on Pearl Sector Support run by the Cook Islands Pearl Authority. Through the program, the Government has agreed to guarantee up to \$0.5 million as security for loans associated with the Pearl Production Credit Scheme. The full guarantee has been included as a contingent liability.

At the time of this report, the loan program has been discontinued however there are outstanding debt on the loan scheme estimated at this stage at around \$50,000.

Uncalled capital

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

In addition, the Government became a member of the Asian Infrastructure Investment Bank (AIIB) on June 1 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

The total quantifiable risk to the Crown under legal proceedings and disputes is about \$6 million.

Financial liabilities relating to Island Governments

MFEM has not approved any of the Island Governments to take out any contract or security that could result in a potential liability for the Crown.

In terms of public liability or other indemnity, the Island Administrations are not treated differently to other Government agencies. The capacity for the Island Administrations to generate such liabilities is estimated to be low. No risk mitigation has been undertaken to ameliorate risk any more than for other Government bodies that are based in Rarotonga.

Unpaid invoices are a potential risk that would be difficult to mitigate without tighter financial controls than those imposed on other Government agencies. Island Administrations are fully covered by the MFEM Act, MFEM financial policies and procedures, and are accountable to the National Audit Office and the Cook Islands Parliament.

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 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 being de-registered, for owners of vested assets to place a claim on the funds due to them.

## **State-owned enterprises**

The Cook Islands Government has a number of State-owned Enterprises (SOE's) under the management of the Cook Islands Investment Corporation (CIIC). The key SOE's are the Airport Authority, Bank of the Cook Islands, the Ports Authority, and Te Aponga Uira (electricity). CIIC has also recently established two new subsidiary companies, To Tatou Vai Limited (water and sanitation) and Avaroa Cable Limited (Manatua cable project).

The key risk associated with SOE's concerns poor financial performance, and/or excessive borrowing that can result in central Governments having to bail out failing enterprises, and potentially restructure their debt, often at substantial budgetary cost. Poor performance can result from a range of factors including:

- exogenous shocks – macroeconomic, for example;
- 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 has put in place a range of measures to mitigate against SOE fiscal risk. These include:

- placing all SOE's under the CIIC umbrella, with one of its principal objectives being the efficient, profitable and professional management of SOE's;
- ensuring that SOE debt falls under the broader Government debt ceiling target; and
- providing for a portion of SOE debt repayments in the Loan Repayment Fund.

## **5 Economic Update**

### **5.1 Summary**

#### **5.1.1 Performance**

Prior to COVID-19, the Cook Islands was continuing its strong run of economic growth of recent years, averaging 5.8 per cent per year (real) over the period 2012/13 to 2018/19, thanks to unprecedented tourism arrivals and high levels of public and private capital investment. In 2018/19, real Gross Domestic Product (GDP) growth of 5.3 per cent was recorded, rising from \$504.6 million to \$531.2 million.

The onset of COVID-19 globally caused the strong economic growth to come to a halt in March. Despite this, the healthy growth recently has left the Cook Islands in a relatively robust position to respond to the downturn, both at the Government and private sector levels.

Over the last four years, tourist arrivals have risen by an average of over 8 per cent per year, from 121,772 in 2014/15 to 166,818 in 2018/19. July 2019 saw the most visitors the Cook Islands has ever seen, with 18,612 arrivals, and through to February 2020 tourism arrivals remained above the previous year, showing continued growth.

From March, these arrivals stopped in line with measures to protect the Cook Islands from COVID-19, and have not yet recommenced. This is already impacting the economy in a significant fashion, with substantial Government economic support in the form of the Economic Response Plan (ERP) assisting in reducing the size and severity of the downturn.

Data suggests that while the economy has been impacted, with no revenue made by some businesses since April, domestic consumption has only decreased moderately, suggesting that Government support is meeting its goal of supporting livelihoods and businesses.

Construction has also remained strong during the early parts of the economic downturn, largely due to Government investment, this is expected to continue over the forecast period.

The global nature of the economic challenges posed by the pandemic situation mean that despite recent graduation from ODA-recipient status, the Cook Islands will need to work alongside development partners to negotiate the best path through these challenges.

#### **5.1.2 Outlook**

The outlook for Cook Islands economy is challenging. As we face an unprecedented health and economic crisis, the role of Government in supporting the economy becomes more important for protecting employment and incomes. Real growth of -9.0 per cent is estimated in 2019/20, falling by a further 5.3 per cent in 2020/21, a much smaller fall than would be the case without the Government stimulus, before rebounding in the later forecast years as the virus abates and borders begin to open again.

While the cost of locally sourced goods in the Cook Islands have decreased together with downward pressure on wages from the June quarter of 2020 onward, the reduction in access to markets globally is expected to slightly increase inflation. This, together with gradual increases in oil prices towards long-term levels, result in estimates of the consumer price index (CPI) of around 1.5 per cent in 2020/21, increasing to 2 per cent after that.

Table 5-1 provides a summary of the key indicators for the budget appropriation year and the three forward years of the 2020/21 budget cycle.

**Table 5-1 Summary of Economic Indicators**

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	Actual	Estimate	Projected	Projected	Projected	Projected
<b>Economic activity</b>						
Nominal GDP (\$'000)	538,819	496,747	472,518	515,614	567,080	596,428
Percentage change (year on year)	8.8	-7.8	-4.9	9.1	10.0	5.2
Real GDP (at constant 2016 Prices, \$'000)	531,192	483,291	457,807	496,938	543,808	569,093
Percentage change (year on year)	5.3	-9.0	-5.3	8.5	9.4	4.6
<b>Inflation (CPI)</b>						
Percentage change (average over	-0.3	1.4	1.5	2.0	2.0	1.9
<b>Construction/capital investment</b>						
Commercial building approvals	6,772	9,987	6,762	6,762	6,762	6,762
Residential building approvals (\$'000)	15,351	17,539	16,897	16,897	16,897	16,897
<b>Tourism sector indicators</b>						
Visitor arrivals	166,818	123,786	64,598	145,867	168,625	175,020
Percentage change (YOY)	1.2	-25.8	-47.8	125.8	15.6	3.8
<b>External sector</b>						
Merchandise trade balance (\$'000)	-193,176	-160,418	-107,231	-156,004	-169,663	-173,970

## 5.2 The Global Economy

The Cook Islands is a small, open economy whose growth is heavily reliant on the export of goods and services to a number of key partner countries, New Zealand, Australia and the United States of America (USA). As such, it is necessary to examine the economic conditions and outlook for these partners, as well as the regional and global economy.

### New Zealand

In its May 2020 Monetary Policy Statement, the Reserve Bank of New Zealand (RBNZ) held its official cash rate at 0.25 per cent and expanded the Large Scale Asset Purchase (LSAP) programme to \$60 billion in order to combat the ongoing impact of COVID-19.

The RBNZ noted that the impacts of the pandemic and associated measures are unprecedented and the exact depth and persistence of the downturn as yet uncertain. The impacts of COVID-19 were felt through the lockdowns, and continue to be felt through the closure of the New Zealand border, in an economy where tourism accounted for around 5 per cent of GDP in 2019. Government support through this downturn has been rapid and sizable, with 1.7 million jobs supported by a wage subsidy programme, an indicator of the impact on the labour market.

Weaker global demand for New Zealand exports are also likely to contribute to the downturn, with a large March quarter contraction in China particularly important. This has also reduced inflationary pressure in New Zealand, with the RBNZ expecting inflation toward the bottom end of its 1 to 3 per cent target range in 2020-21, with domestic demand in New Zealand also expected to remain soft for some time.

### Australia

In its May 2020 Statement on Monetary Policy, the Reserve Bank of Australia (RBA) chose to leave the cash rate unchanged at 0.25 per cent, where it moved during an unscheduled meeting on March 18<sup>th</sup> 2020. The RBA has also committed to not increase the cash rate until “progress is made towards full employment” and the inflation target is within the target band.

The RBA acknowledges the severity of the pandemic-instigated downturn and while there is not yet any certainty around the exact size of the downturn, the RBA expects a decline of 10 per cent of GDP from peak to trough. The Australian economy will also be impacted by the global contractions in trading partners, in particular China which saw a large March quarter contraction. Published data from Australia does not yet evidence these impacts, with a 0.3 per cent contraction in GDP in the March quarter<sup>8</sup>.

Household consumption is expected to fall by 15 per cent in the June quarter of 2020, and unemployment is expected to reach 10 per cent, with even larger falls in hours worked. The RBA expects inflation to be lower in the near future, with the downturn to keep downward pressure on prices through lower demand for goods, services and labour which is compounded by oil price declines.

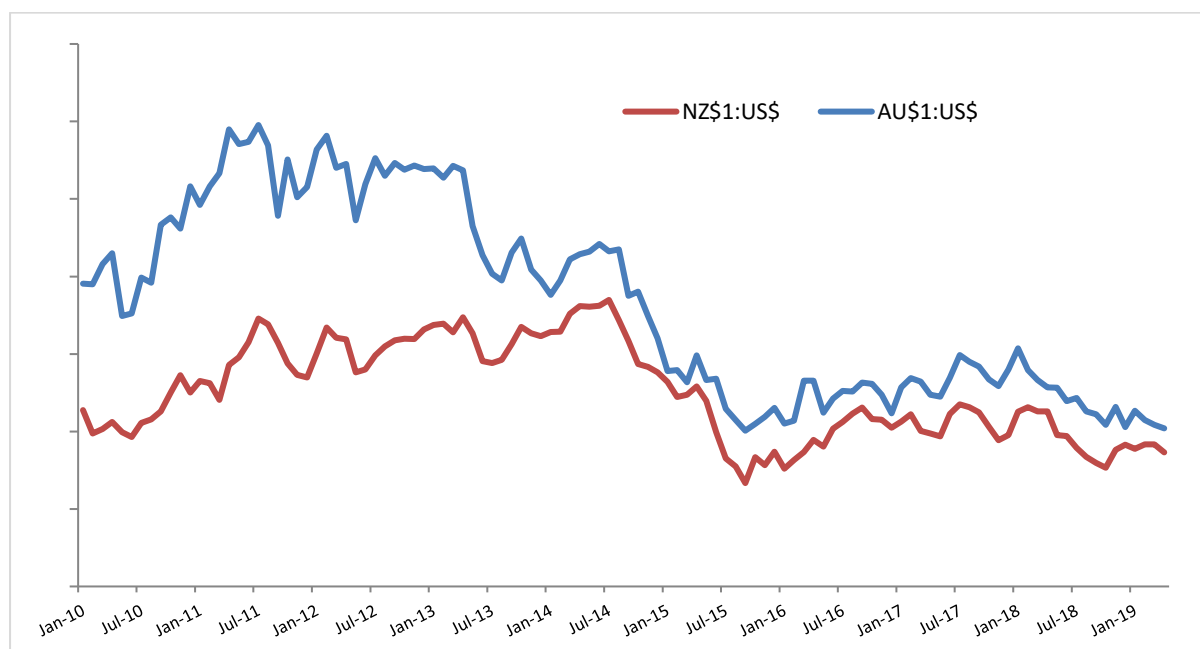
In terms of real GDP growth, over the year to June 2020, the RBA was forecasting a decline of 8 per cent before a rebound with 7 per cent growth forecast for the year to June 2021. With regards to inflation, the RBA expects deflation in the year to June 2020, with prices falling by 1 per cent, before slowly moving back toward the RBA target band.

### United States

The International Monetary Fund's (IMF) state their World Economic Outlook April 2020 that they expect the United States' GDP to fall by 5.9 per cent in 2020 before recovering to grow of 4.7 per cent in 2021. The large downward revision to 2020 growth reflects the impact of the pandemic and associated shutdowns, with a 7.9 percentage point downward revision. There remains significant downside risk to this forecast, as the impact of the pandemic on the USA has increased since the April release of the World Economic Outlook.

Concerns around the health situation in the USA mean that it is unlikely that the Cook Islands will see visitors from there in the near future, as the risk of spreading the virus remains significant.

**Figure 5-1 US dollar exchange rate, New Zealand and Australia**



<sup>8</sup> Australian Bureau of Statistics

## Asia Pacific

The Asian Development Bank (ADB), in its April 2020 Asian Development Outlook (ADO), expects regional GDP growth to be hit hard by the pandemic, falling to 2.2 per cent in 2020, before recovering to 6.2 per cent in 2021. Increases in inflation in 2018 and 2019 as a result of rising food prices, has led to the ADB forecasting a further increase in inflation to 3.2 per cent in 2020, before easing to 2.3 per cent in 2021.

COVID-19 is an ongoing grave threat to the region, with the forecasts in the ADO based on the outbreak being contained in 2020, and a return to normal activity in 2021, leaving a large downside risk if there is a second outbreak.

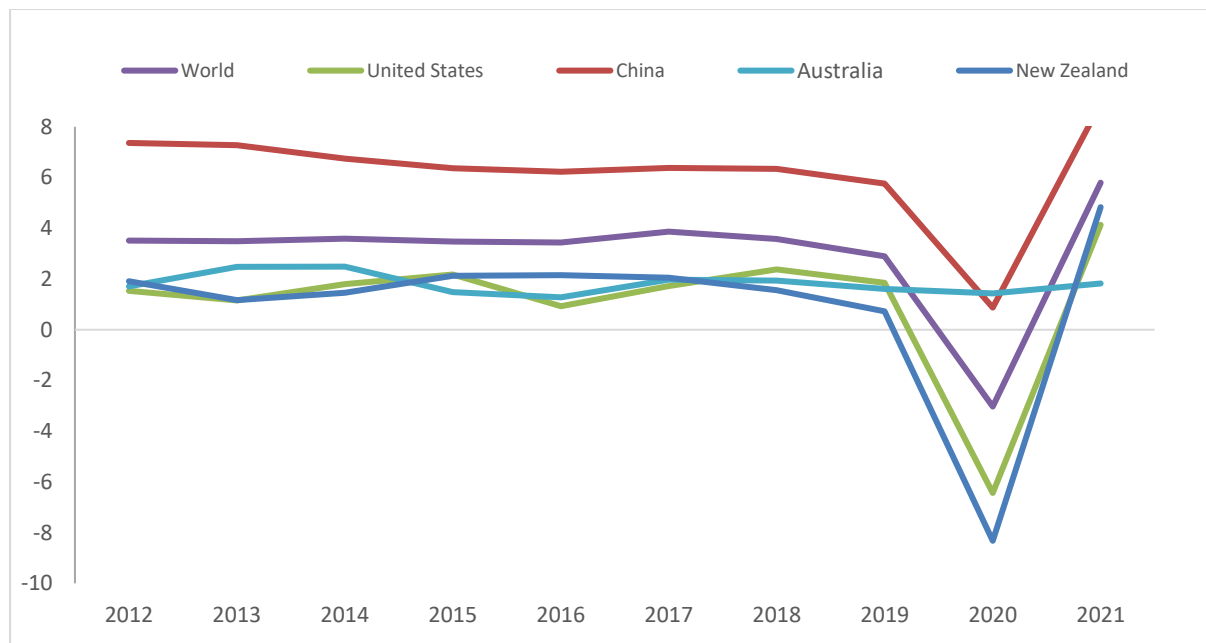
The ADB expects economic growth in the Pacific to be hardest hit, with output in the region declining by 0.3 per cent in 2020 as 5 of 14 economies contract (including the Cook Islands). The recovery following this is expected to be slow, with 2021 expected to be below average as restrictions on movement are slow to be rolled back.

## Global

The International Monetary Fund's (IMF) World Economic Outlook April 2020 lays out the enormous impacts of COVID-19 on the global economy and the importance of multilateral cooperation in the recovery from both the health and economic crisis.

The IMF is expecting global output to shrink by 3 per cent in 2020 (much worse than during the 2008-09 global financial crisis). With the IMF expecting the pandemic to be controlled in the latter half of 2020, output is expected to rebound with 5.8 per cent global growth. However, the forecasts do come with the caveat that there is "extreme uncertainty" globally at present, as this is an unprecedented time for the world.

Figure 5-2 IMF GDP growth estimates, selected countries

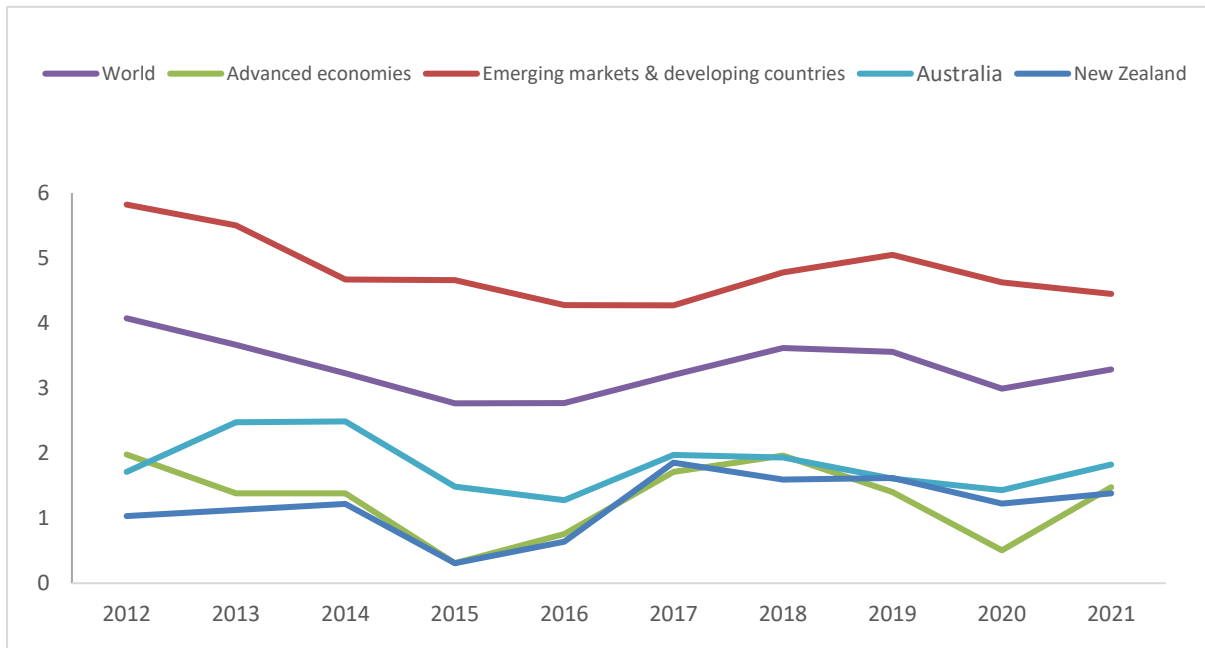




The positive outlook in 2021 is potentially good news for the Cook Islands as greater prosperity leads to more tourism spending. However, with the risks of the pandemic, the immediate future for the Cook Islands' economy is more tightly tied to the fortunes of New Zealand, and a lesser extent, Australia, than it has been.

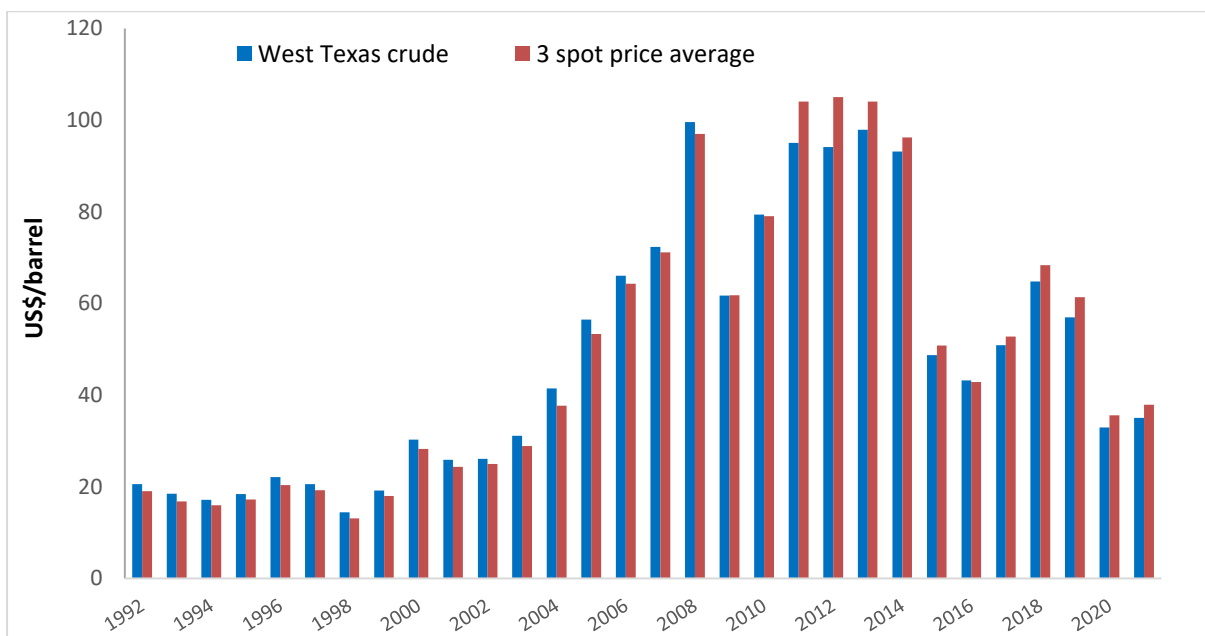
The IMF expects 2020 inflation to be weak globally, falling to 3.0 per cent across the world before rebounding in 2021 (see Figure 5-3).

**Figure 5-3 IMF inflation estimates, selected groupings and countries**



The IMF notes that oil prices have been falling in early 2020, with futures markets expecting continued falls to price levels in the mid-to-high US\$30 range in 2020 and 2021. These lower prices keep inflation pressure low across the globe, with oil prices expected to slowly return to long-run averages as global output begins to move back toward trend (see Figure 5-4).

**Figure 5-4 IMF oil price estimates, 1992 to 2021, US\$/barrel**



## 5.3 Cook Islands Economic Output

### 5.3.1 Performance

As shown in Figure 5-5, the Cook Islands experienced real Gross Domestic Product (GDP) growth of 5.3 per cent in 2018/19, rising from \$504.6 million to \$531.2 million. This compares to the estimate of 4.2 per cent for 2018/19 presented in the 2019/20 HYEUFU.

Figure 5-5 Real GDP growth, annual percentage change

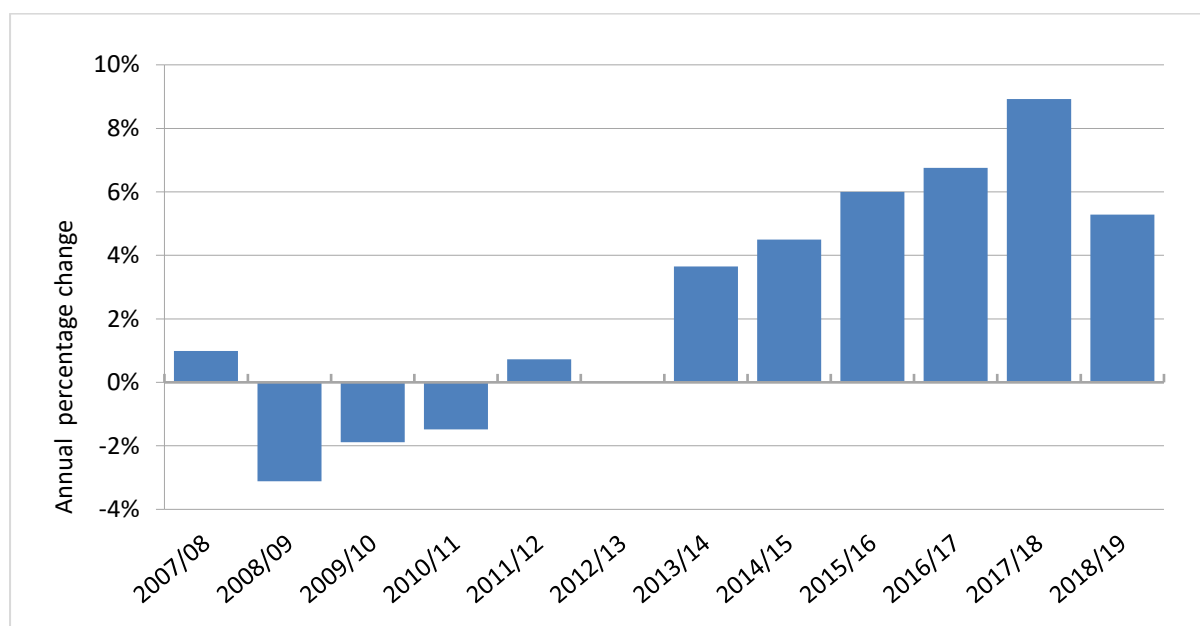
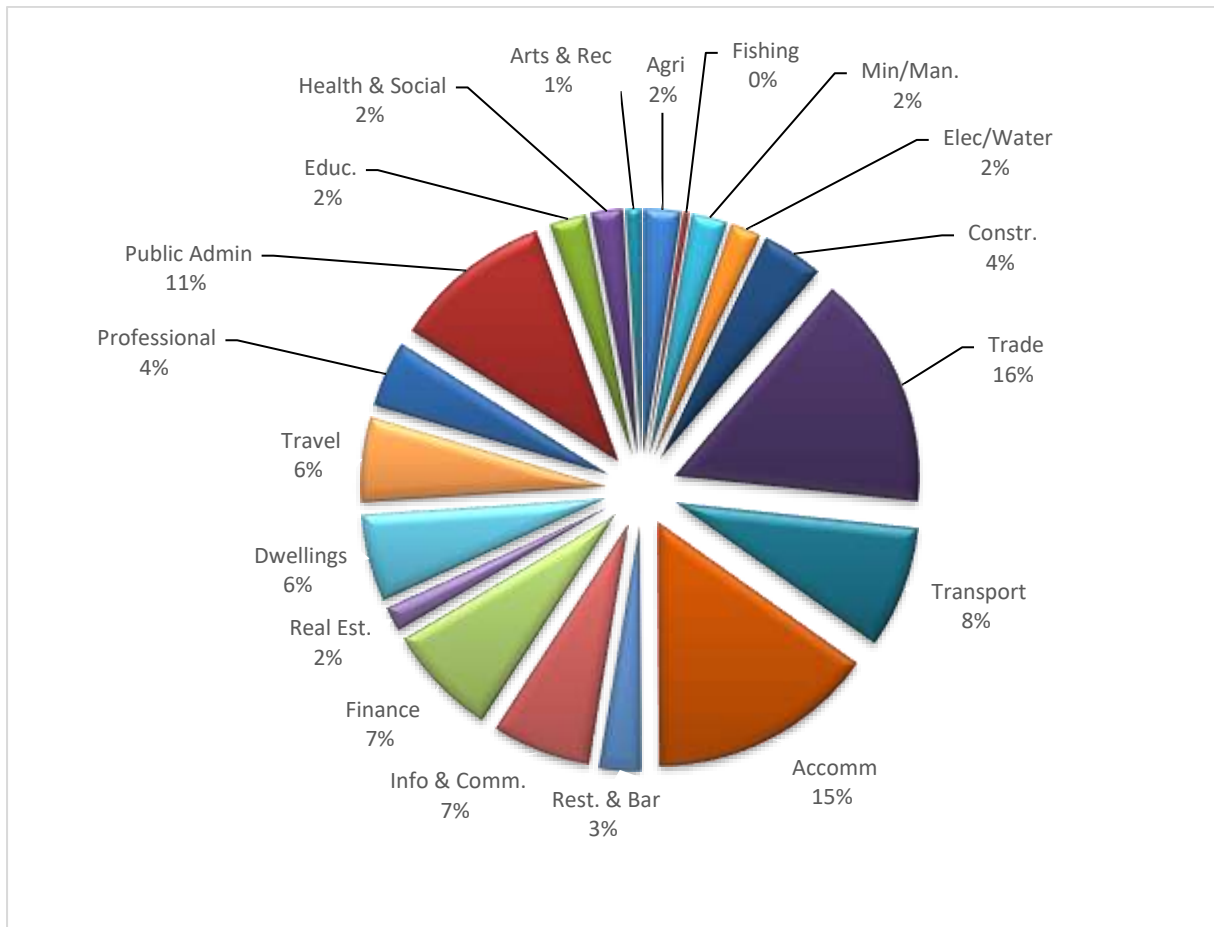


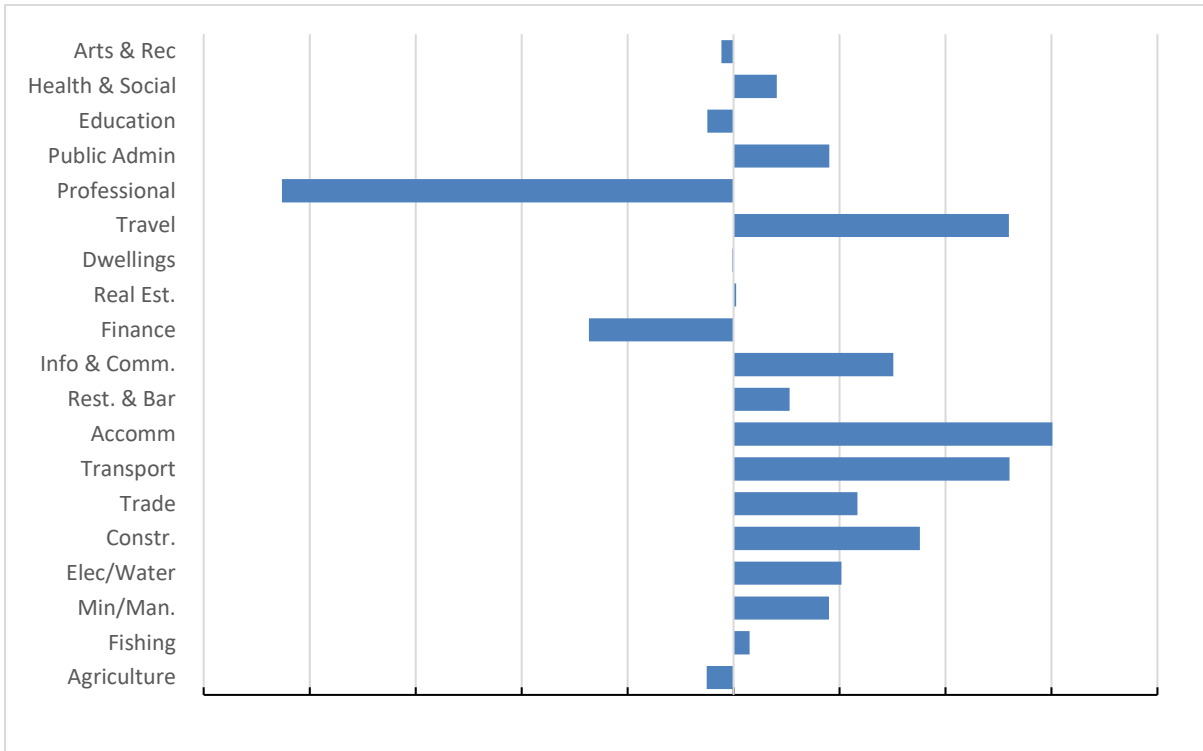
Figure 5-6 shows the breakdown of the Cook Islands economy by industry in 2018/19. The economy is dominated by the tertiary or services sector, accounting for about 88.9 per cent of the total economy in 2018/19, with the two largest tertiary industries, trade and accommodation services accounting for more than a quarter of total economic output.

**Figure 5-6 Cook Islands economy by industry, 2018/19**



In 2018/19, high tourist arrivals along with construction and Government activity, drove strong growth in the economy, with the tertiary sector contributing 3.4 percentage points to real economic growth (see Figure 5-7). The strongest industry contributions were from accommodation services (1.5 percentage points), travel agents and transport services (1.3 percentage points each). During this period, accommodation services grew by 11 per cent from \$69.2 million to \$76.8 million and transport rose by 19.9 per cent from \$33.1 million to \$39.7 million. A number of industries contracted in 2018/19, including finance and insurance and professional and administrative services.

**Figure 5-7 Contribution to 2018/19 real growth (percentage point)**

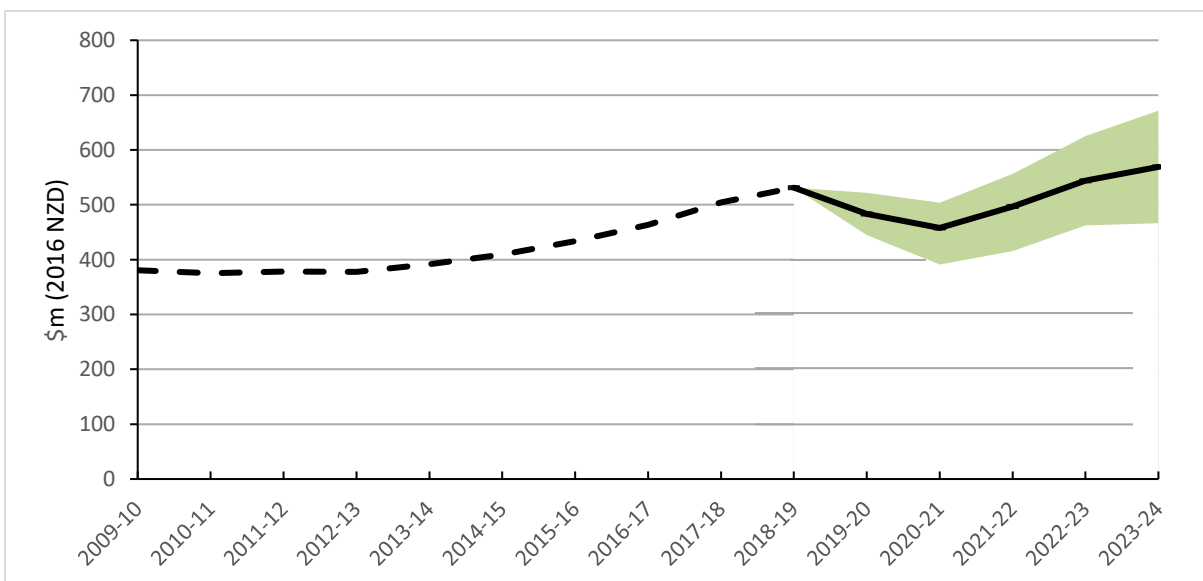


The secondary sector, which includes construction, electricity and manufacturing, contributed 1.8 percentage points to growth, while the primary sector, agriculture and fishing made no contribution as the small positive and negative contributions of fishing and agriculture, respectively, offset one another.

### 5.3.2 Outlook

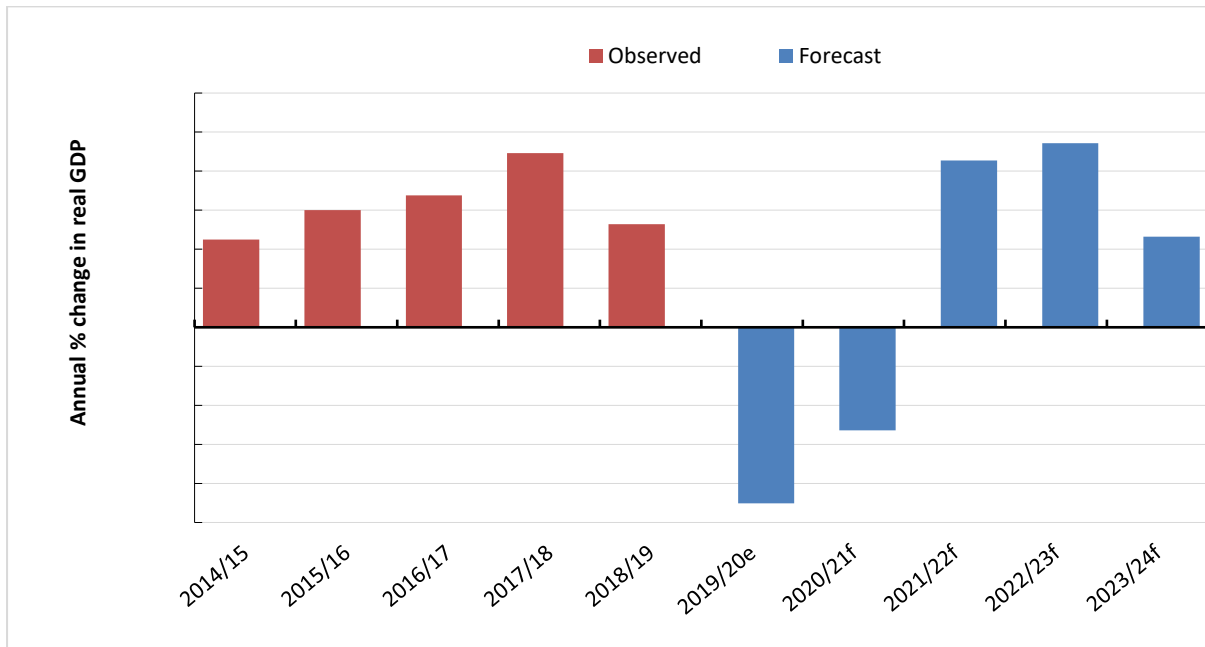
Observed and forecast real GDP from 2006/07 to 2023/24 is shown in Figure 5-8. A 95 per cent high and low confidence interval has also been computed and is displayed as the shaded area either side of the forecast time series.

**Figure 5-8 Observed and forecast real GDP, financial year (\$m)**



The forecast percentage change over the forward budget period compared to recent years is shown in Figure 5-9. A growth rate of -9.0 per cent is estimated in 2019/20 as the downturn hits, with real GDP forecast to fall by a further 5.3 per cent in 2020/21, before growth returns.

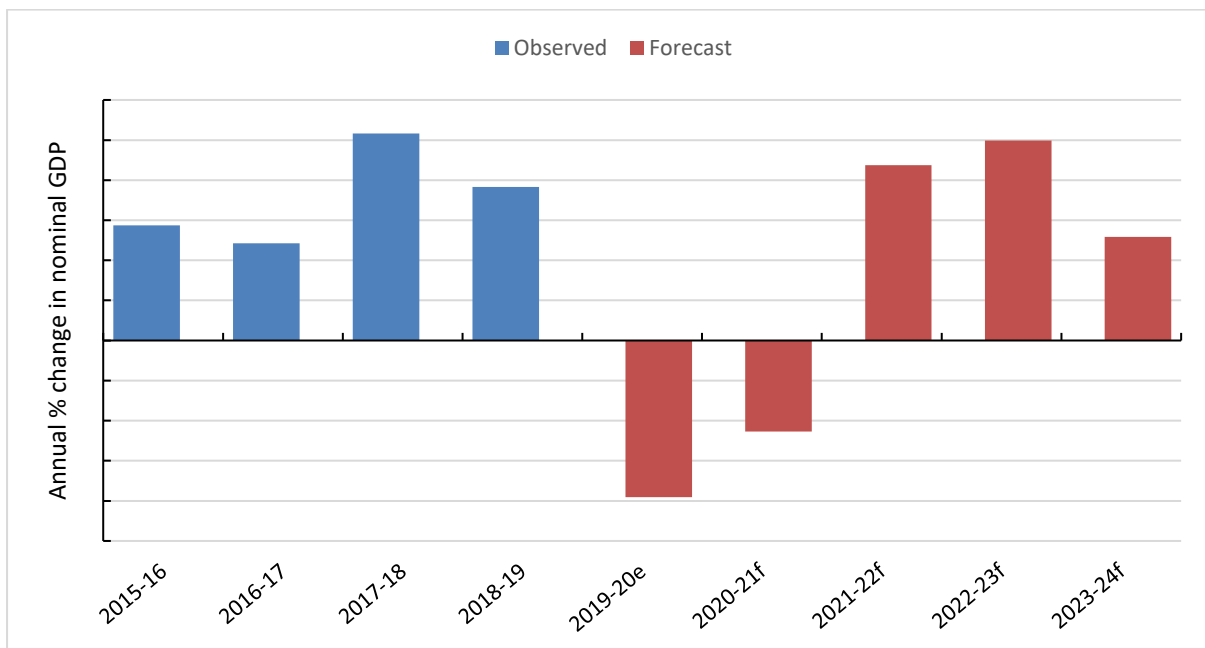
**Figure 5-9 Annual change in real GDP (percentage)**



The economic forecasts presented above are lower than those in the Supplementary Budget 2019/20, reflecting the severity of the COVID-19 pandemic and associated measures, which has become clearer since that was published.

Figure 5-10 shows the forecast percentage change for nominal GDP. A growth rate of -7.8 per cent is estimated in 2019/20, with a further fall of 4.5 per cent in 2020/21, before positive growth returns.

**Figure 5-10 Annual change in nominal GDP (percentage)**



In summary, as shown in Table 5-2, nominal and real GDP growth both show the anticipated large contraction in the economy, before growth rebounds as restrictions on travel are progressively lifted over the later part of the year.

**Table 5-2 Annual GDP growth summary**

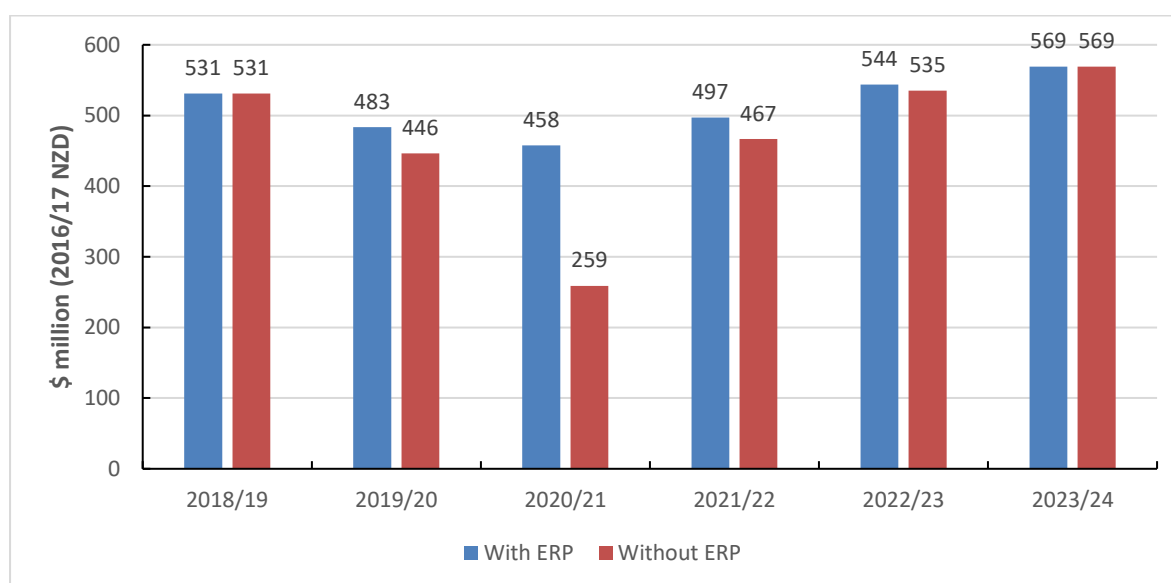
	2018/19	2019/20e	2020/21f	2021/22f	2022/23f	2023/24f
Nominal GDP growth (%)	7.7	-7.8	-4.5	8.7	10.0	5.2
Real GDP growth (%)	5.3	-9.0	-5.3	8.2	9.4	4.6
Implicit GDP deflator	102.5	102.8	103.2	103.8	104.3	104.8

### Economic Response Plan

The Government’s Economic Response Plan (ERP) has been implemented to stimulate demand via supporting the livelihoods of people and businesses that have been affected by the economic fallout of the pandemic. Measures include wage subsidies to retain staff, business grants, the introduction of an unemployment benefit and interest relief for households and businesses.

Phase I and Phase II are valued at \$137 million, in both direct and indirect support. The economic impact of the ERP is estimated to be equal to approximately half of 2018/19 GDP across the forward estimates, or around \$275 million (in 2016/17 dollars).

**Figure 5-11 Observed and forecast real GDP, financial year (\$m) with and without ERP**



## 5.4 Consumer Price Index

### 5.4.1 Annual average performance to 2018/19

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 been low in recent years, dropping from 3.0 per cent per year in 2014/15, to minus 0.1 per cent in 2015/16 and 2016/17. In 2017/18, CPI rose slightly to an average of 0.4 per cent over the year, before declining again by 0.3 per cent in 2018/19 (Figure 5-12).

**Figure 5-12 CPI, year average, 2007/08 – 2018/19 (percentage change)**

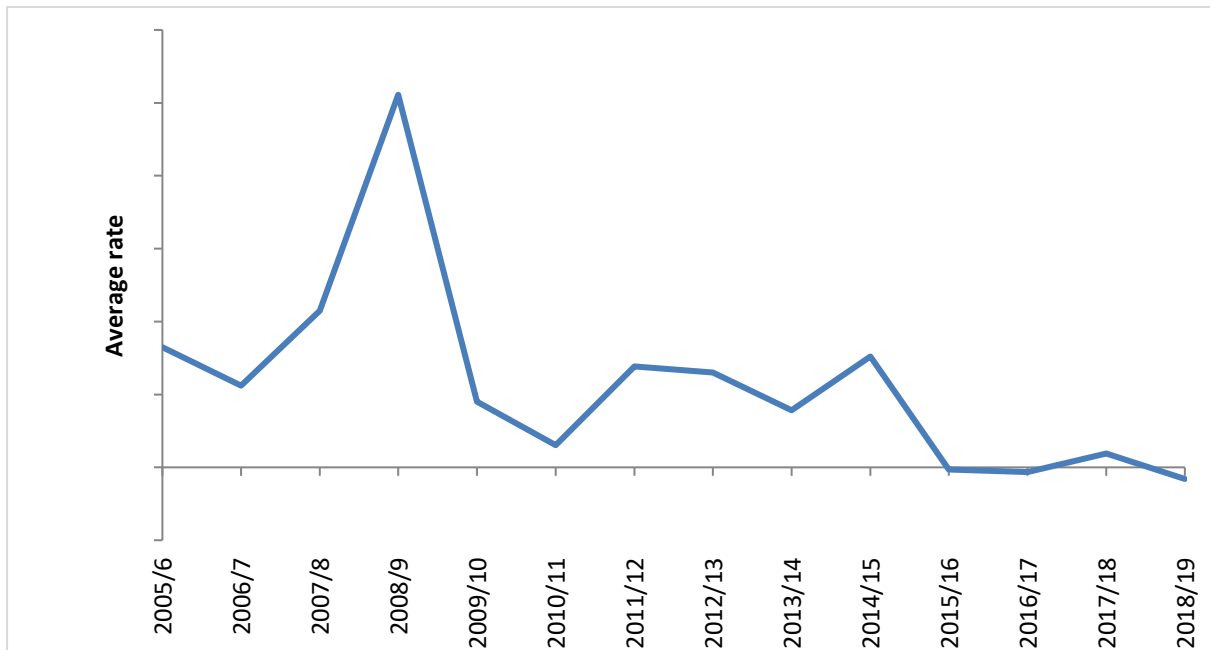
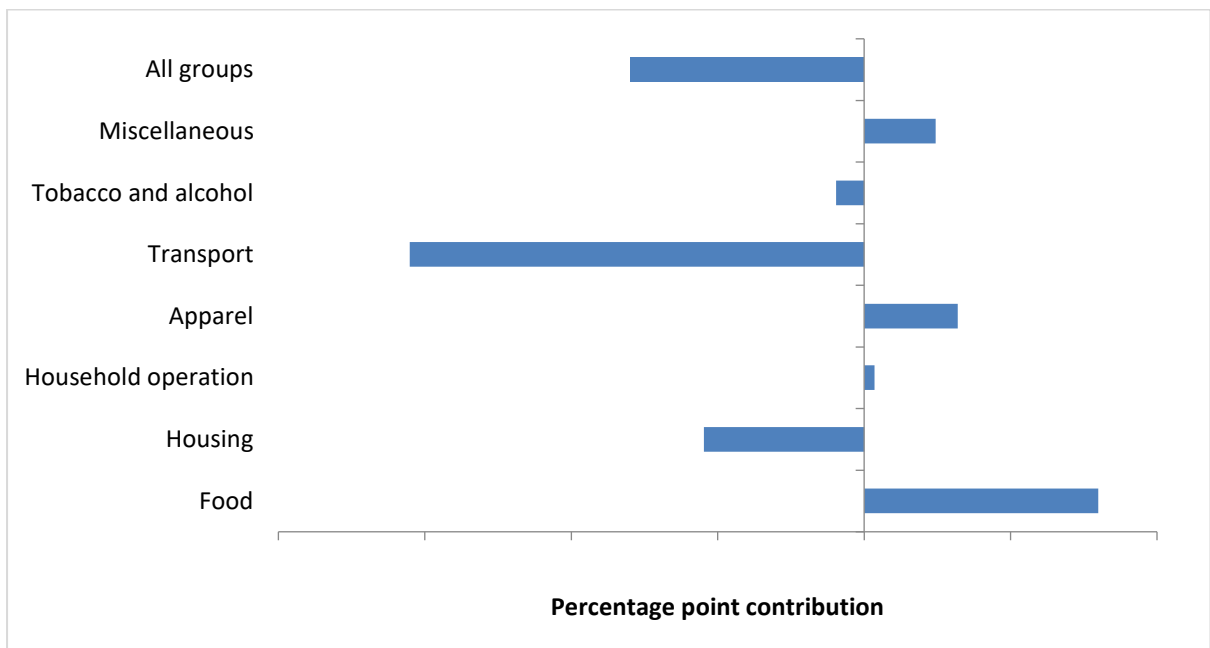


Figure 5-13 shows the contribution to aggregate inflation in 2018/19 by major category. The key driver of the decrease was the transport category at 0.6 percentage points, with the food and apparel categories partially offsetting this rise with rises of 0.3 and 0.1 percentage points, respectively.

**Figure 5-13 Contribution to 2018/19 average inflation (percentage point)**



## 5.4.2 Year to December 2019 performance

The CPI for the December quarter 2019, the most recent data available, shows an increase of 2.4 per cent compared to the December quarter 2018, as shown in Figure 5-14.<sup>9</sup> Over this period, rises in the transport, apparel and food groups were more than offset by falls in the housing, household operations and tobacco and alcohol groups.

Figure 5-14 CPI, year to December, annual percentage change

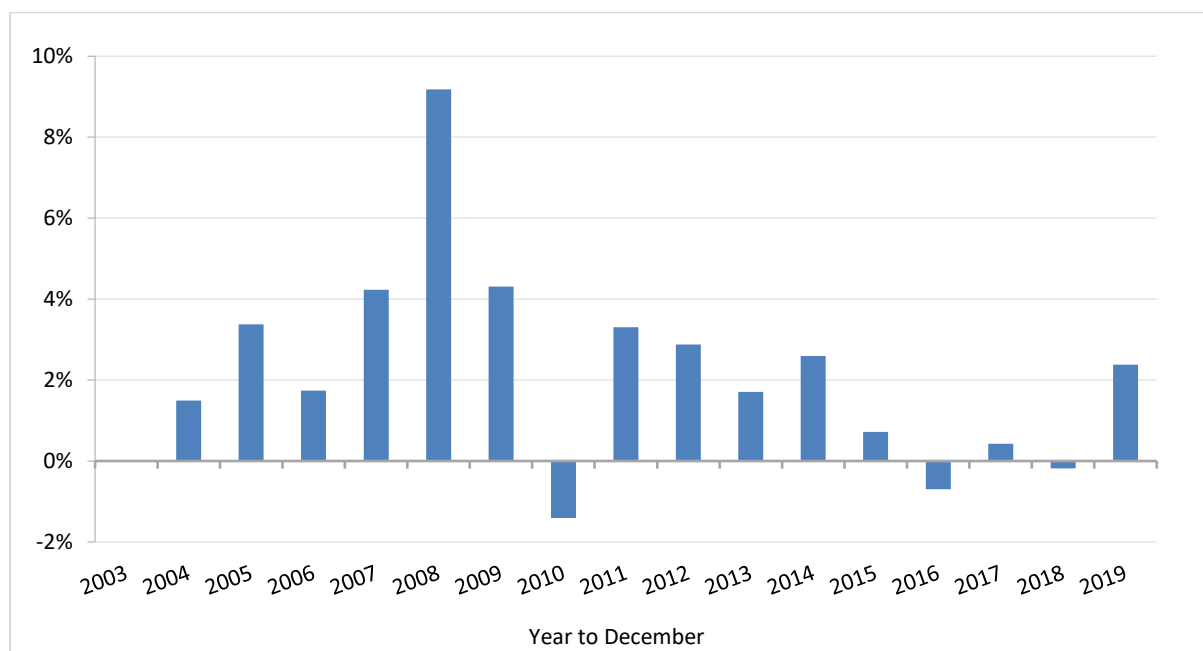


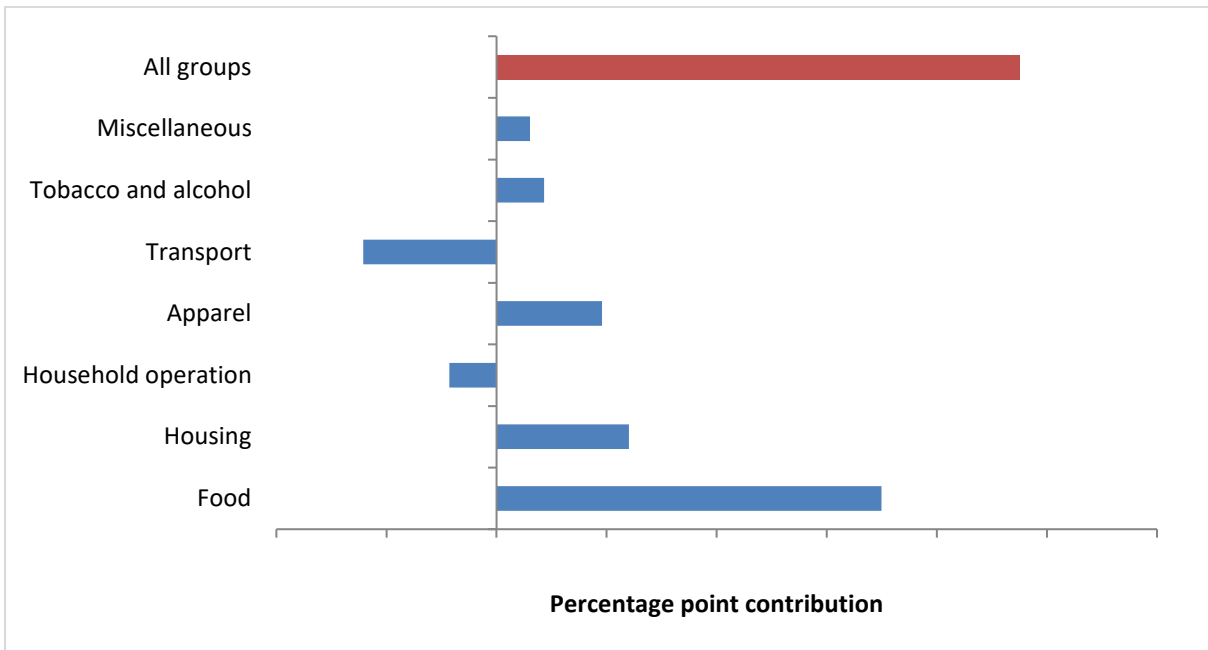
Figure 5-15 shows the contribution to aggregate inflation in the year to December 2019 by major category. The key driver of the increase was the food category at 1.7 percentage points, with the transport category in particular partially offsetting this fall with a fall of 0.6 percentage points.

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<sup>9</sup> Note that when comparing the March quarter 2019 to the March 2018 quarter, this is a year on year rather than average across the year measure.

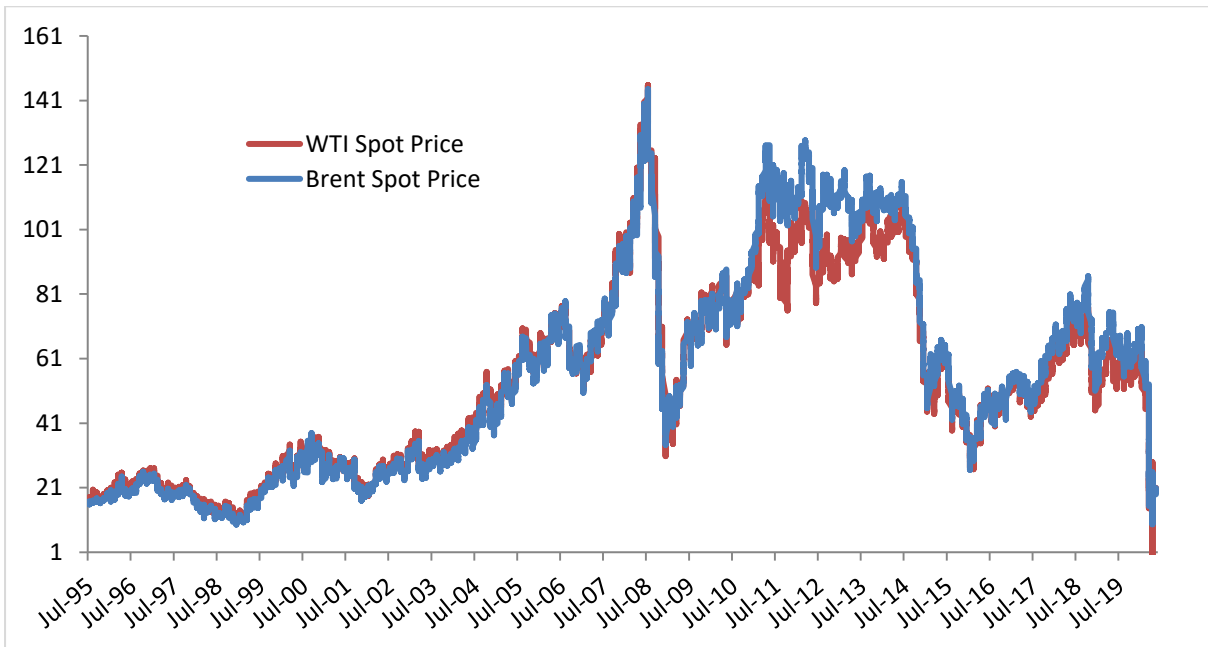


**Figure 5-15 Contribution to year to December 2019 CPI inflation (percentage point)**



The fall in transport is in contrast with the rise in the oil spot price over the year to December 2019, as shown in Figure 5-16. Over the year to December 2019, the spot price of West Texas Intermediate crude rose by 35 per cent from US\$45.15 per barrel to US\$61.14 per barrel. This reversed dramatically in early 2020 with the price of West Texas Intermediate crude briefly turning negative.

**Figure 5-16 Daily oil spot price, 1995 to 2020, US\$/barrel**

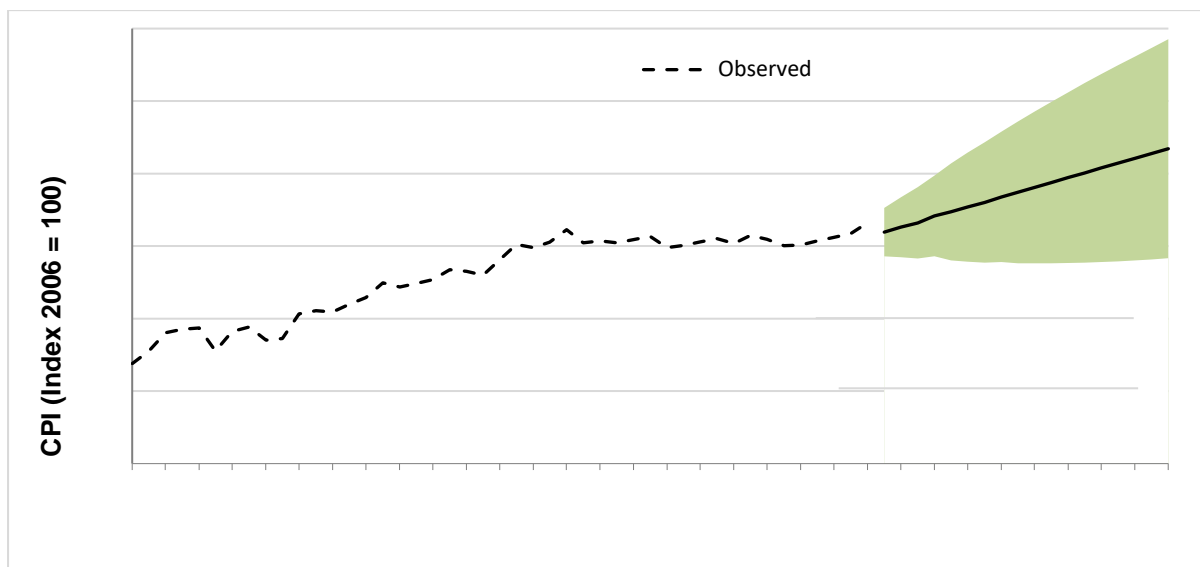


### 5.4.3 Inflation forecasts

The IMF April 2020 World Economic Outlook notes that there is downward pressure on global prices, however they also note the extreme uncertainty around these forecasts in the current environment.

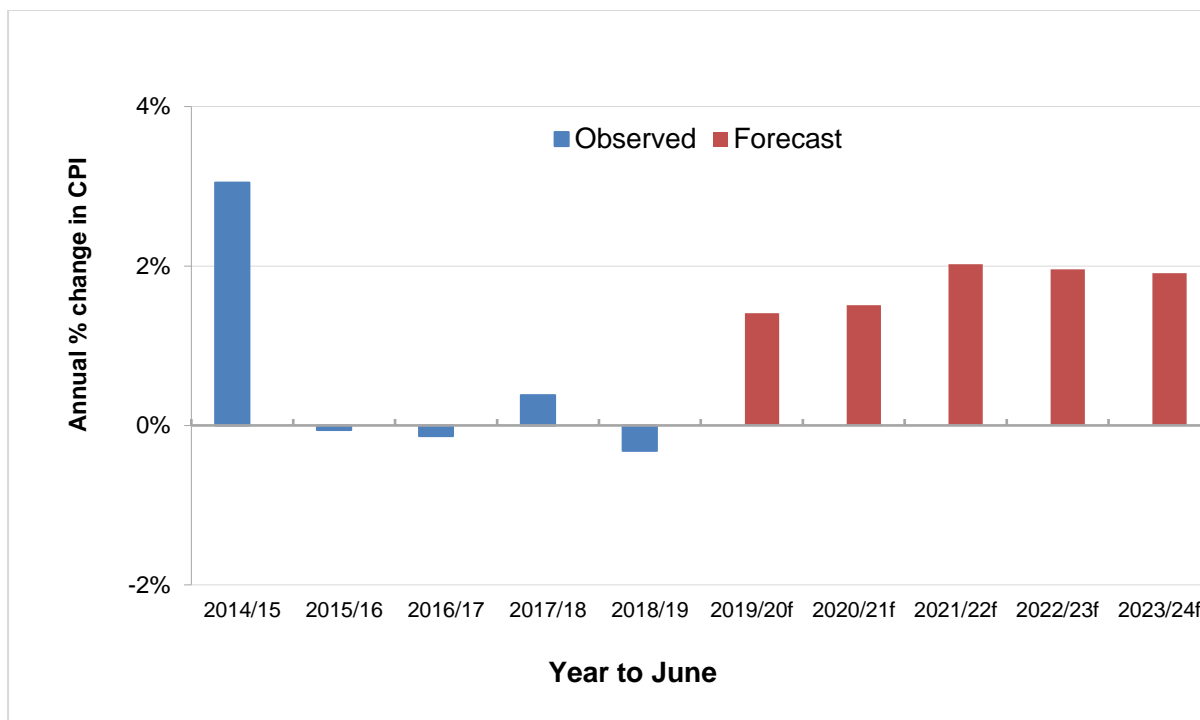
Observed and forecast quarterly CPI from December 2008 to June 2024 is shown in Figure 5-17. A 95 per cent high and low confidence interval has also been computed and is displayed as the shaded area either side of the point forecast time series.

Figure 5-17 CPI, quarterly index



Overall, as shown in Figure 5-18 and Table 5-3, inflation is estimated at 1.4 per cent in 2019/20, and 1.5 per cent in 2020/21, before rising to 2.0 per cent in 2021/22 where it is expected to remain around this level over the forward estimates.

Figure 5-18 Annual average change in CPI (percentage)



**Table 5-3 Annual CPI forecast summary**

	2018/19	2019/20e	2020/21f	2021/22f	2022/23f	2023/24f
CPI average annual index	130.5	132.4	134.4	137.1	139.8	142.4
CPI average annual percentage change	-0.3	1.4	1.5	2.0	2.0	1.9

## 5.5 Tourism

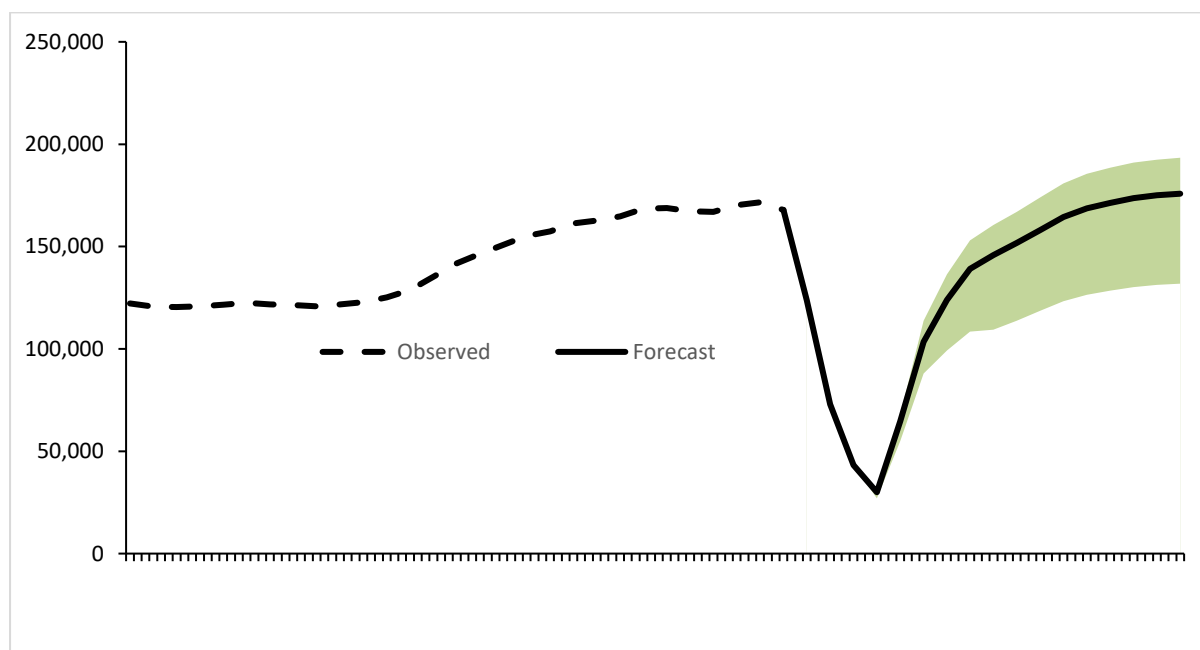
### 5.5.1 Aggregate visitor activity

The ongoing COVID-19 pandemic and resulting global border closures have had a significant impact on tourism numbers for the Cook Islands. While recent years have shown continued solid growth in arrivals, these fell to zero once the border was closed between the Cook Islands and New Zealand.

The year to December 2019, prior to the pandemic, shows the recent growth in tourist arrivals moderating with a 1.7 per cent increase on the previous year. Moving forward to the most recently available data (May 2020), which includes the pandemic, shows falling numbers, with only 55 per cent of historical arrivals in March.

Total arrivals for the 2019/20 financial year are estimated at their actual level at the end of March – 123,787, which is 26 per cent lower than the 166,874 seen in 2018/19. As shown in Figure 5-19 and Table 5-4, growth is expected to fall by a further 47.8 per cent in 2020/21, before recovering over the forward years to 175,803 by 2023/24. The low numbers reflect the expectation that the Cook Islands will only open its borders to New Zealand and Australia during the 2020/21 year. With borders to other source markets not opening until 2022.

**Figure 5-19 Total visitor arrivals (persons), rolling 12-month total**

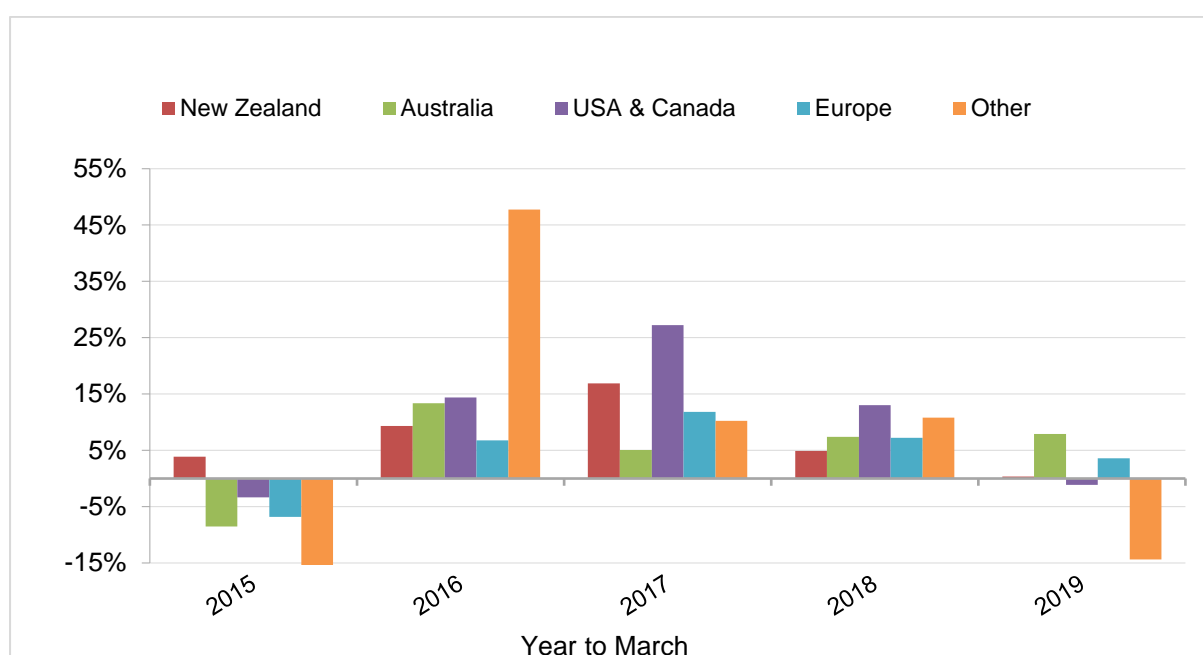


**Table 5-4 Estimated total arrivals, quarterly**

Quarters	2018/19	2019/20e	2020/21f	2021/22f	2022/23f	2023/24f
September	51,608	54,989	4,196	43,019	48,860	51,574
December	42,718	44,069	14,228	34,804	41,183	43,451
March	28,395	24,728	11,556	26,644	32,951	34,327
June	44,097	-	34,617	41,398	45,631	46,450
<b>Annual total</b>	<b>166,818</b>	<b>123,786</b>	<b>64,598</b>	<b>145,867</b>	<b>168,625</b>	<b>175,803</b>

In terms of source market, while New Zealand visitors still dominate the raw numbers, visitors from the United States recorded the highest visitor growth rate in the year to March 2020, with a 10.2 per cent rise on the previous year's 7,754 visitors to 8,547 (see Figure 5-20). In contrast, tourist arrivals from Europe and Canada fell by 7.8 per cent and 14.4 per cent, respectively.

**Figure 5-20 Visitor arrivals, country of residence (annual percentage change)**



The visitor arrivals forecasts in this chapter take account of industry capacity constraints, although with the downturn these are non-binding constraints. The highest number of tourists that the country has received is 18,612, in July 2019. As Table 5-4 indicates, ordinarily the September quarter (July to September) is the busiest time for tourists.

## 5.5.2 Major markets

### Introduction

The major tourism markets for the Cook Islands are New Zealand with 66 per cent of total arrivals in 2018/19, followed by Australia with 17 per cent, and Europe and North America (USA and Canada) at 7 per cent each. Other markets including Asia and French Polynesia make up the remaining 3 per cent. Table 5-5 shows the aggregate tourist arrivals forecasts broken down by major market, by financial year.

**Table 5-5 Forecast total tourism numbers, by major market**

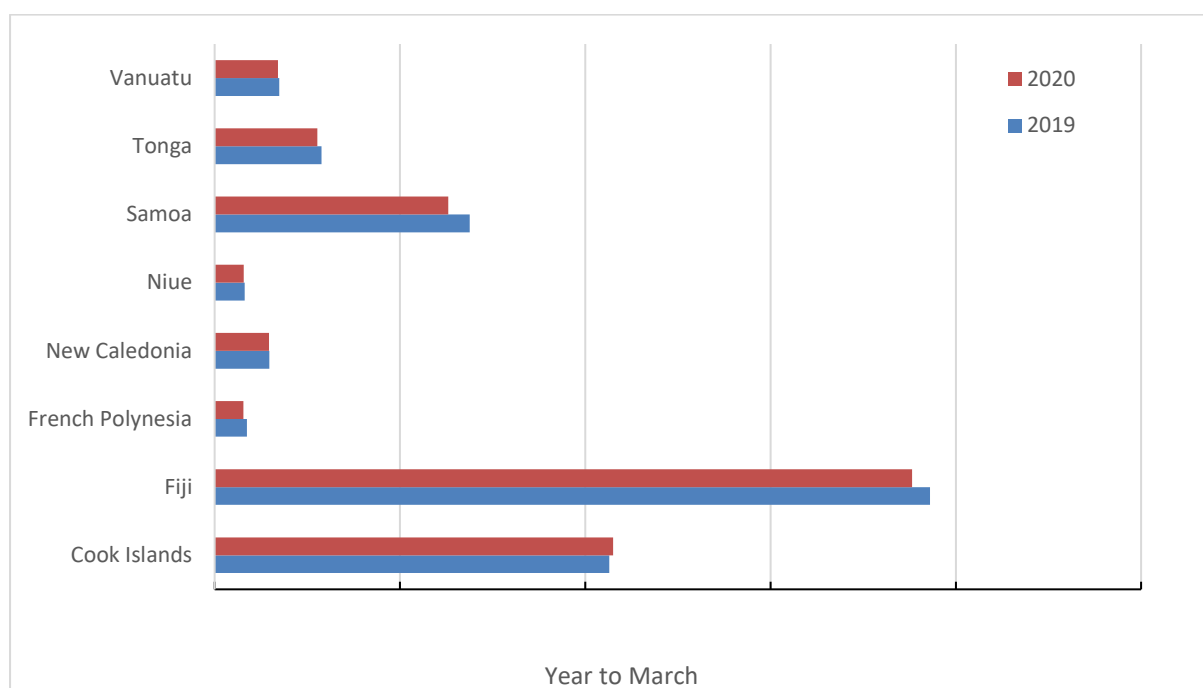
Markets	2018/19	2019/20e	2020/21f	2021/22f	2022/23f	2023/24f
New Zealand	110,549	82,358	56,759	113,571	114,816	115,961
Australia	28,503	20,736	7,839	27,547	31,448	33,488
USA & Canada	11,304	8,426	0	1,954	9,084	10,682
Europe	12,369	9,295	0	2,130	10,058	11,849
Other	4,093	2,971	0	665	3,220	3,823
<b>Total</b>	<b>166,818</b>	<b>123,786</b>	<b>64,598</b>	<b>145,867</b>	<b>168,625</b>	<b>175,803</b>

### New Zealand

New Zealand visitors continue to make the strongest contribution to tourist arrival numbers. New Zealand arrivals reached 115,500 in the year to February 2020 (before the pandemic hit the region), a 3 per cent increase over the previous year.

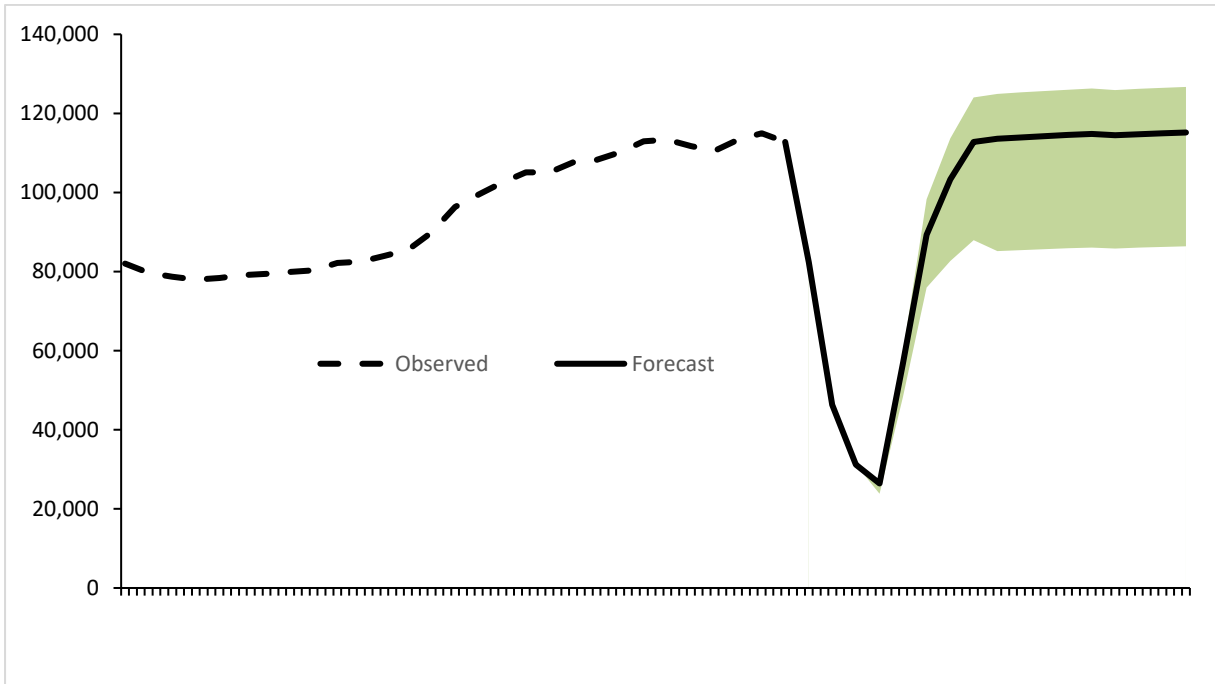
Recent growth in tourism numbers from New Zealand is consistent with the general growth in New Zealand outward tourists to the Pacific, which has increased steadily in recent years. The Cook Islands has maintained a constant share of New Zealand tourists to Oceania, at 6.3 per cent in the year to March 2020, behind Australia and Fiji.

**Figure 5-21 New Zealand Pacific resident arrivals, by main country visited**



Arrival numbers for New Zealand visitors to the Cook Islands are expected to recover faster than any other market, but still see a very large drop during the pandemic (see Figure 5-22). This fall is estimated at 26 per cent in 2019/20, falling an additional 31 per cent in 2020/21, before bouncing back in the 2021/22 year. Total New Zealand arrivals are expected reach 115,178 by the end of 2023/24.

**Figure 5-22 New Zealand arrivals, rolling 12 month total**

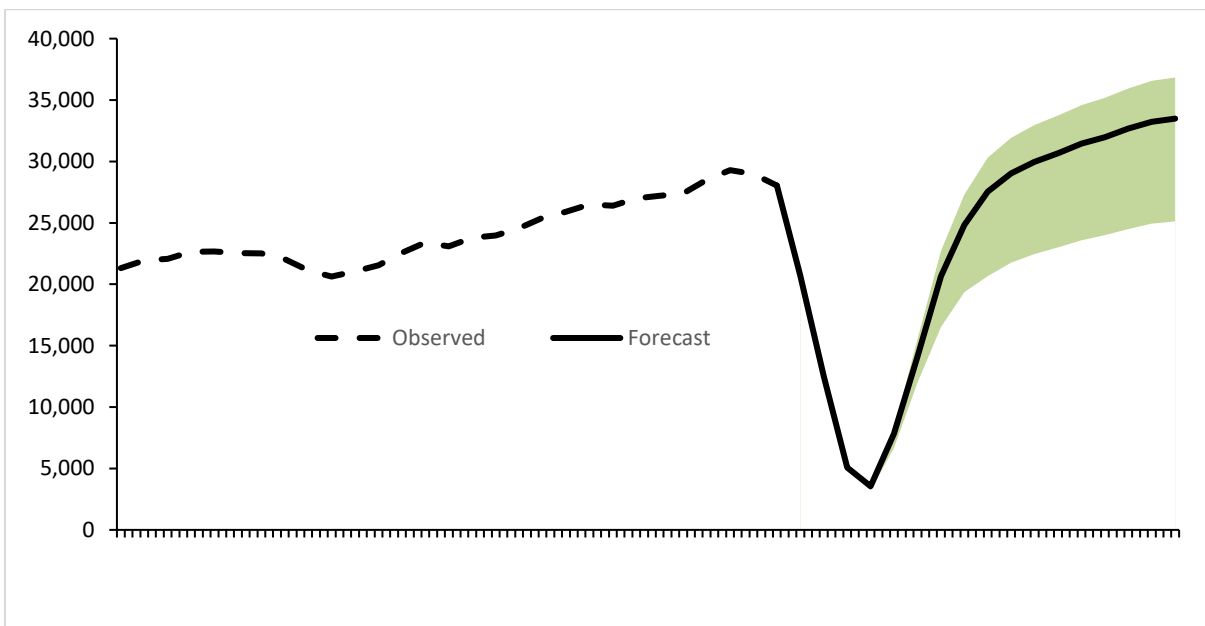


**Australia**

Arrivals from Australia have been growing strongly in recent years, with growth of 5.2 per cent in the year to February 2020, and 6.6 per cent in the year to February 2019. This took Australian visitor numbers from 27,686 in the year to February 2019 to 29,130 the following year.

The impact of the pandemic is expected to see a dramatic fall in Australian visitors to the Cook Islands, with the closed border (at both ends) leading to a fall of 27 per cent in 2019/20 and a further fall of 62 per cent in 2020/21, with the Australian market assumed to slowly open from November 2020. As the market opens, very high growth rates are seen, as a result of the low base, despite visitors being quite slow to return to previous levels (see Figure 5-23). By the end of 2023/24, Australian visitors are expected to reach around 33,000.

**Figure 5-23 Australia arrivals, rolling 12 month total**



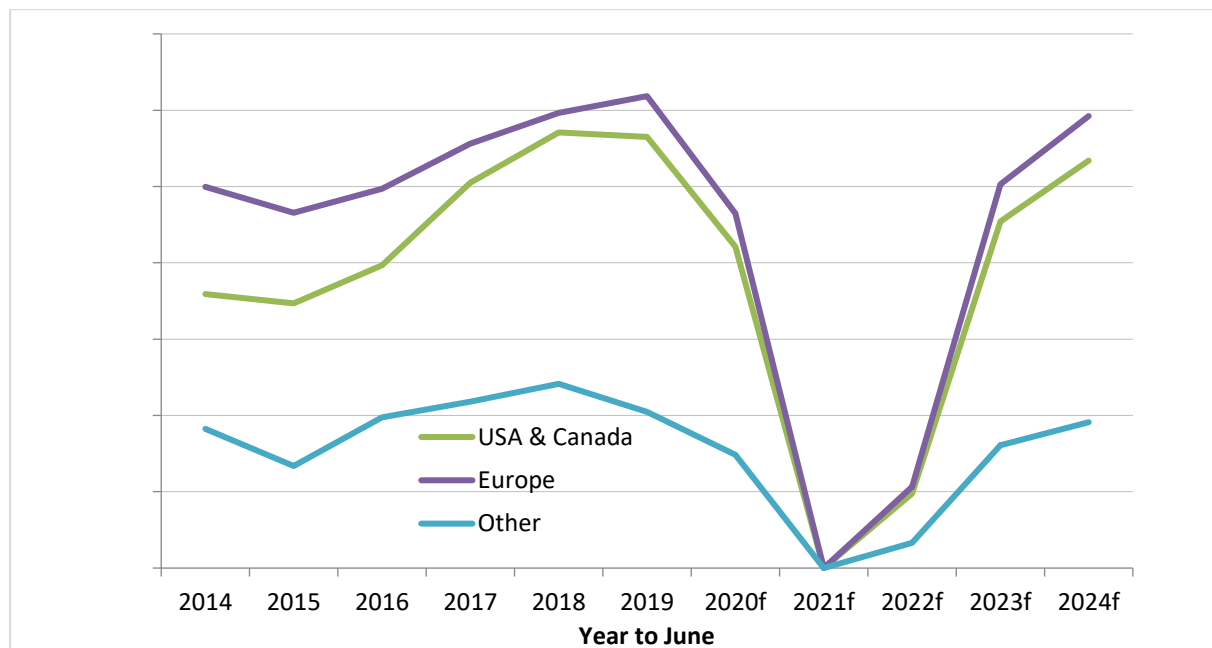
## Other markets

The year to February 2020 has shown mixed results for the other Cook Islands tourism markets.

Arrivals from the United States and Canada, the North American market, grew by 3.8 per cent from 11,216 in the year to February 2019 to 11,645. With border restrictions in place, zero arrivals from North America are expected in 2020/21 (see Figure 5-24) before slowly returning. These estimates are sensitive to developments with respect to COVID-19, and as such are highly uncertain.

Visitor numbers from Europe fell by 1.9 per cent in the year to February 2020, from 12,500 in the previous year to 12,268. As with North America, there are no arrivals expected from Europe in 2020/21, and slow growth thereafter, back to similar levels by the end of the 2023/24 year. A similar profile is expected from the small markets of Asia and French Polynesia.

**Figure 5-24 Other major markets arrivals**

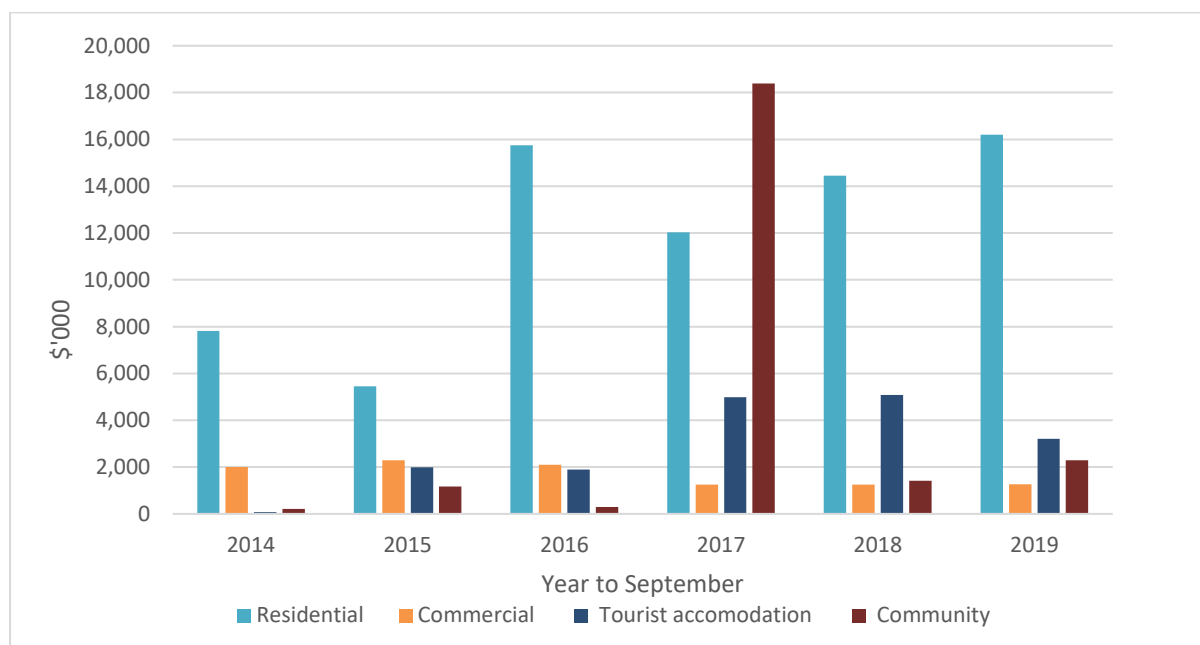


## 5.6 Housing and Construction

### 5.6.1 Performance

In the year to December 2019, there has been a significant increase in building approvals of over \$5.5 million, driven by increases in the value of residential and tourist accommodation building approvals in particular (see Figure 5-25). The total value of approvals rose by 28 per cent from \$20.0 million in 2018 to \$25.6 million in 2019.

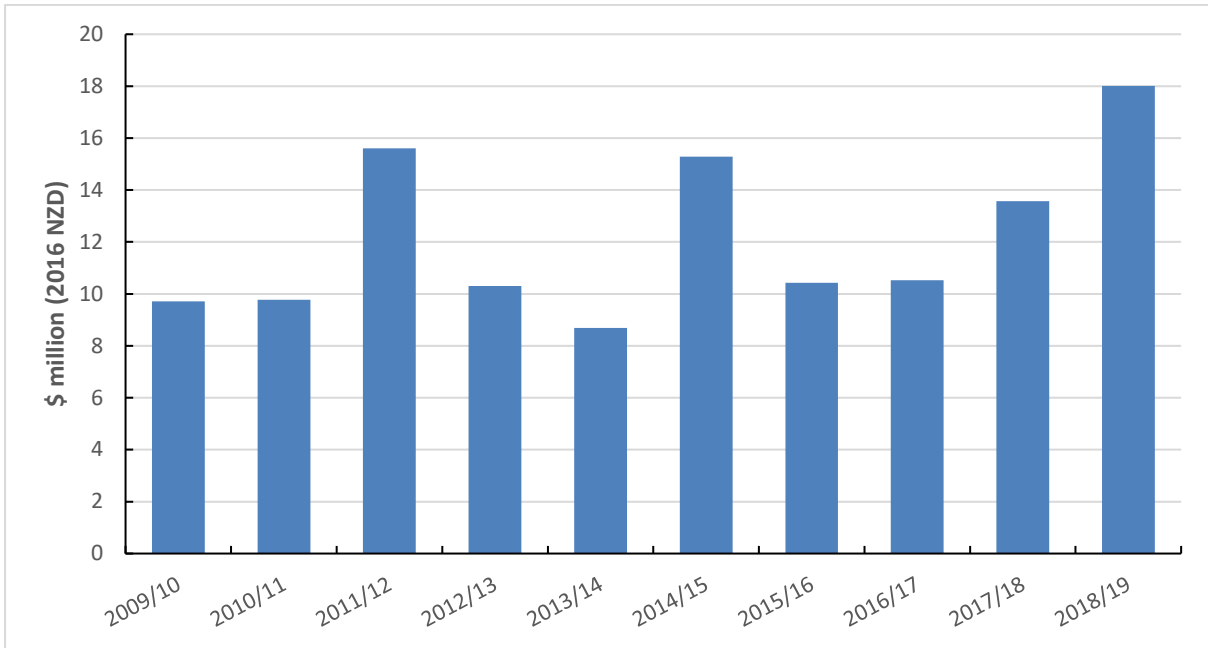
Figure 5-25 Building approvals (\$'000)



The high value of building approvals in recent years is reflected in the performance of the construction sector. The construction sector's contribution to GDP, shown Figure 5-26, has risen from \$10.4 million in 2015/16 to \$18.0 million in 2018/19.



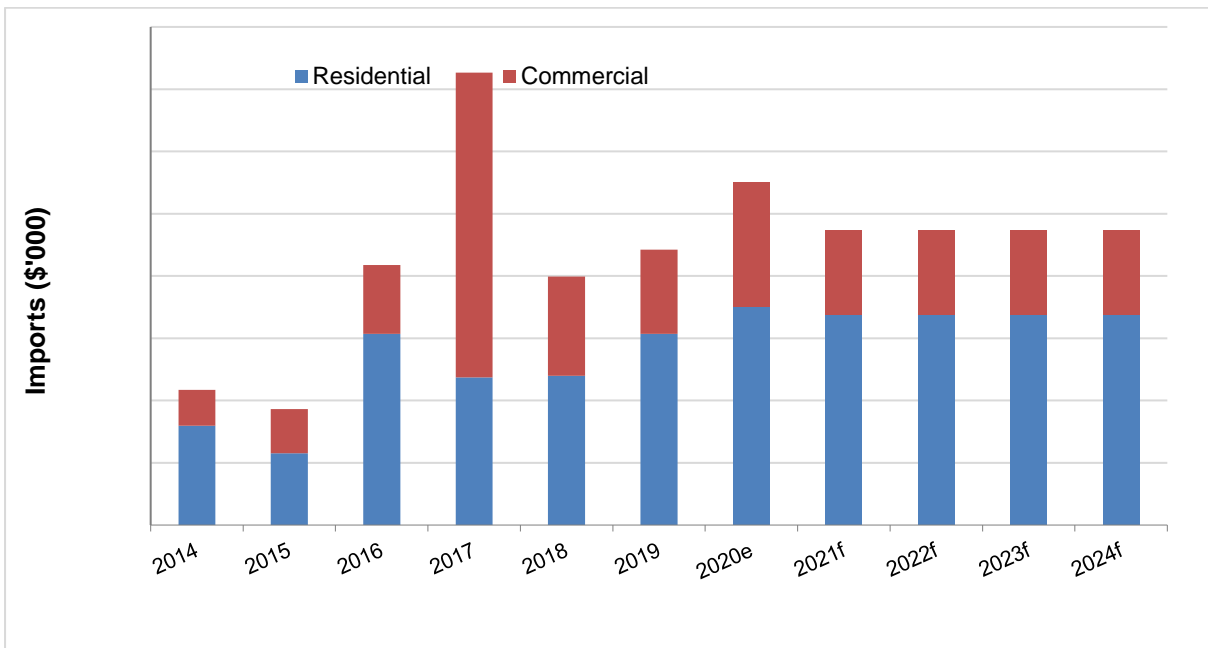
**Figure 5-26 Construction sector contribution to real GDP (\$'000)**



## 5.6.2 Outlook

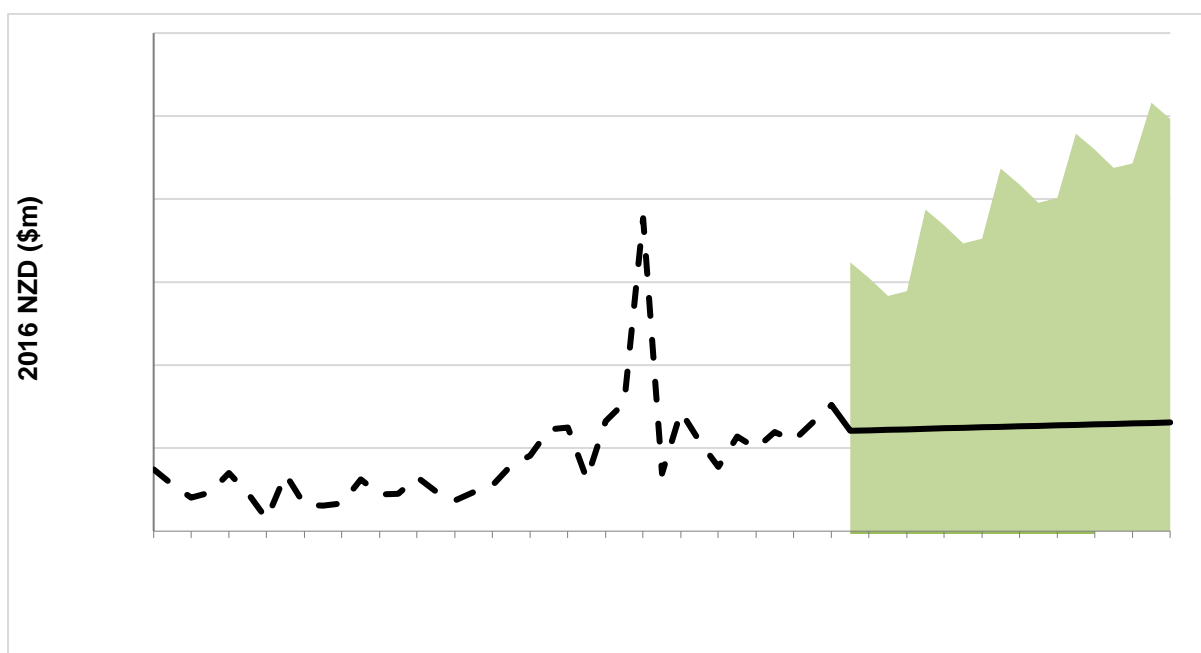
Going forward it is expected that both residential and commercial building approvals will stay at similar levels to those seen in 2018/19, after a spike in the first part of 2019/20 (see Figure 5-27).

**Figure 5-27 Value of building approvals (\$'000)**



The halt in tourism has provided the opportunity for both Government and businesses to undertake much needed capital works such as maintenance, without impacting visitors, spurring growth in the sector. This, together with Government's strong focus on capital works within the budget is expected to maintain growth in approvals (Figure 5-28). However, this is also being offset the impact on consumer and business confidence which could cause a decrease in investment. A number of measures within the Economic Response Plan aim to encourage continued investment.

Figure 5-28 Construction sector forecast (\$ million real)



## 5.7 Marine Resources

### 5.7.1 Fishing

The main benefit to the Cook Islands Government from fishing activities is revenue from treaty arrangements, license fees and the sale of catch quotas. The revenue collected in 2018/19 was \$18 million and \$11.5 million is estimated for 2019/20.

In December 2016, longline regulations for the Quota Management System (QMS) were enacted. Under the QMS, a total allowable catch of 9,750t of albacore tuna and 3,500t of bigeye tuna per calendar year were set. The quota system was implemented in January 2017, with revenue returns of around \$4 million received annually, exceeding previous licensing arrangements which returned around \$2.4 million per year.

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 January 2019, the Government renewed licenses for two Spanish purse seine fishing vessels under the European Union (EU) Sustainable Fisheries Partnership Arrangement. Under the eight year Agreement there is a four-year protocol for fisheries access allowing up to 7,000t per year to be fished by EU Purse Seiners. This arrangement accounts for approximately 160 of the total 1,250 vessel day limit.

The price for a fishing day ranges from \$14,500 to \$15,000, as determined by exchange rates, as a vessel day is charged at a rate of US\$9,500 per day. Projected fisheries revenue for 2020/21 is about \$14.2 million. The sources of revenues include:

- \$ 4 million from the longline licensing, development fees and QMS

- \$ 5 million from the US Treaty
- \$ 4.6 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

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

In the 2018/19 financial year \$1.98 million was received from fisheries fines and settlements, and a further \$127,650 is estimated for the 2019/20 financial year.

Low fish prices in the second half of 2019, compounded by COVID-19 measures have impacted fisheries revenue in the 2019/20 financial year. How far this extends in to the 2020/21 financial year is uncertain but will continue to be monitored to ensure that appropriate support is provided to the industry where possible. Hindered access to ports and supplies, and limited onshore processing services has resulted in vessels being tied up or waiting at sea for access to onshore services.

Major disruptions in the fresh fish market (i.e. Japan) supply chains will impact the export of these products from Rarotonga and its subsequent contribution to GDP. However, demand for frozen product, such as that sourced from longline vessels has increased. Continued disruptions to supply chains will likely affect the supply and demand for raw fish material/product, and therefore demand for access to our EEZ. As such, 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 increased competition between artisanal and commercial fishers, where they used to fill different niches in the market i.e. supply to restaurants, hotels, tourist related operators vs local individuals and families.

### **Fishing activities**

The Cook Islands EEZ is divided into the northern and southern fishery grounds (delineated at 15°S latitude), with the majority of fishing activity taking place in the northern fishery which is more productive.

The Quota Management System applies to two species caught in the longline fishery. This is implemented through the Marine Resources (Large Pelagic longline Fishery and Quota Management System) Regulations 2016 (QMS) which came into force on 1 January 2017, by placing quota limits on albacore (ALB) and bigeye tuna (BET) in Cook Island waters.

The QMS Regulations placed a commercial quota limit on total allowable commercial catch (TACC) and total allowable catch (TAC) for each of the species as follows;

- 9,750 t ALB (TAC)
- 9,698 t ALB (TACC)
- 3,500 t BET (TAC)
- 2,500 t BET (TACC).

In 2018, a total of 4,010t of ALB was purchased accounting for 41 per cent of the ALB TACC, and a total of 680t BET was purchased making up 27 per cent of the BET TACC.

In 2019, 6,132t of ALB was purchased or 63 per cent of the ALB TACC, and a total of 715t BET was purchased making up 29 per cent of the BET TACC.

The longline catch peaked at 15,500 t in 2012 when exploratory fishing for bigeye tuna and swordfish was conducted. This experience helped to inform the setting of catch and effort levels that could be maintained to support both biological and economic objectives of the fishery, which are about where current levels are and should be maintained. Since then, the application of zone based limits have seen lower catch levels with 9,364 t in 2019.

The longline albacore fishery catch is generally unloaded or transhipped in Apia, Samoa or Pago Pago, American Samoa. Purse seine vessels will usually unload in Pago Pago.

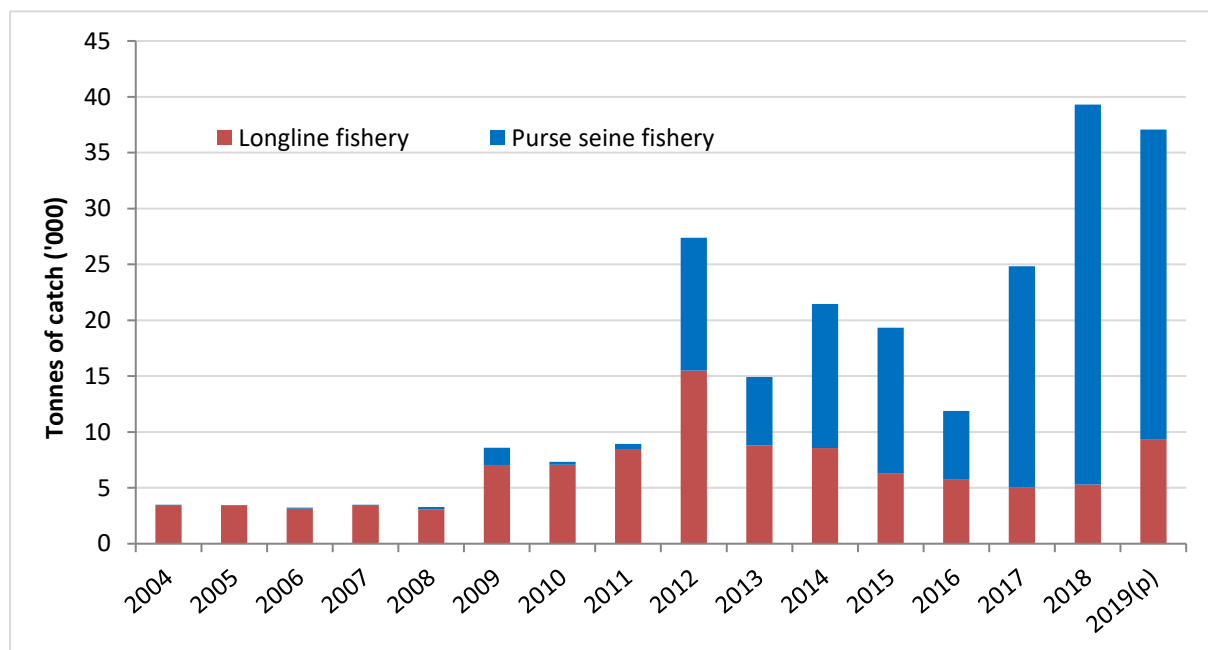
The purse seine fishery is managed through the Marine Resources (purse seine fishery) regulations 2013, which includes an annual effort limit of 1,250 days.

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 a peak of 34,021t in 2018, and 27,709t in 2019.

The total commercial catch for all vessels was 37,073t in 2019, a decrease from 39,307t in 2018. This is driven by decreases in purse seine catch and effort.

The constraints on travel and logistics resulting from COVID19 have hampered certain monitoring programmes that require the movement of fisheries officers and observers to and from fishing vessels. This has resulted in the need to seek derogations from international obligations for example, the placement of observers on fishing vessels. The health and safety of observers and fishing vessel crew is of primary concern, as is minimising any risk of COVID19 transmission. This has highlighted the need for further investment in emerging technologies and their use in fisheries monitoring activities.

**Figure 5-29 Fishery catch in the Cook Islands EEZ (t)**



The Cook Islands also supports a small local fishery of artisanal and sports fishing game charter operators. In 2018, 93t of fish was caught by local fishers, with an estimated nominal catch of 117t in 2019.

Provisional catch estimates indicate albacore and yellowfin tuna together, accounted for around 80% of species caught by longline in 2019, with an increase in yellowfin compared to 2018 (Table 5-6). With the decrease in purse seine catch, skipjack was the dominant catch species in 2019, with approximately 25,551, accounting for 95 per cent of the total catch.

**Table 5-6 Fishery catches in the Cook Islands EEZ by species (t)**

	2017			2018			2019		
	Longline	Purse Seine	Local	Longline	Purse Seine	Local	Longline (p)	Purse Seine (p)	Local (p)
Albacore	3,315	0	0	3755	0	1	6,492	0	3
Bigeye	259	439	0	258	123	1	764	293	0
Yellowfin	902	1,767	150	799	1140	87	1,487	952	64
Skipjack	76	18,202	23	66	32764	5	539	25,551	7
Other	506	0	56	402	0	56	684	137	43
<b>Total</b>	<b>5,058</b>	<b>20,408</b>	<b>229</b>	<b>5,280</b>	<b>34,027</b>	<b>93</b>	<b>9,966</b>	<b>26,933</b>	<b>117</b>

In 2019, a total of 120 licensed vessels were managed by the Ministry of Marine Resources (MMR). These include 55 long liners, 51 purse seiners, 11 bunker vessels, two high seas trawlers and one high seas potting. In addition there were 236 local artisanal and game charter fishing boats reporting catches to MMR (Table 5-7).

**Table 5-7 Number of active fishing vessels**

<b>Licensed and active vessels</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Long line	38	47	55	42	55
Purse seine	65	33	16	40	51
Other commercial	5	10	8	13	14
<b>Total</b>	<b>108</b>	<b>90</b>	<b>79</b>	<b>95</b>	<b>120</b>
Local artisanal and game fishery	301	285	273	304	236

One domestic commercial fishing company along with three Cook Islands' flagged longline vessels, operate in the southern Cook Islands waters, and offload their catch at the Avatiu port for the domestic market and export markets such as Japan. For the domestic vessels that unload in Rarotonga, 110t of fish were unloaded in 2019, compared to 183t in 2018. This decrease in catch volume can be attributed to the reefing of one of these domestic vessels operating out of Rarotonga in 2019. There were no exports over this period.

Landed frozen catch by foreign flagged vessels in Rarotonga totalled nearly 400 t in 2016, up from 363 t in 2015. There has been no landed catch by foreign vessels in Rarotonga since 2017.

**Table 5-8 Catch landed at Avatiu Port**

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Cook Islands flagged vessels</b>					
Fresh catches offloaded	188	179	194	181	110
Fresh catches to be exported by airfreight	115	125	147	5	0
<b>Foreign flagged vessels</b>					
Frozen by-catch sold locally	0	0	0	0	0
Frozen catches to be exported by sea freight	363	399	0	0	0
<b>Total (metric ton)</b>	<b>666</b>	<b>703</b>	<b>341</b>	<b>186</b>	<b>110</b>

The small-scale fishery remains an important economic activity for game-charter operators and artisanal fishermen. Improvements in catch data by island is expected in the near future, a result of incentivised reporting as part of a fuel subsidy program and small grants scheme instituted by MMR.

COVID19 has driven the local price of fresh fish down with all commercial and artisanal fishers now competing for the same market. Prices are now sitting within \$5 to \$18 per kilogram, compared to \$15 to \$30 per kilogram. This in turn impacts 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.

MMR continues to enhance its fisheries information management capacity and capabilities through the integration of coastal monitoring and data collection methods, and the streamlining of this process through the use of electronic reporting mediums, such as the android 'Tails' application.

The Ministry 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.

A fisheries development fee of \$10,000 is charged to each foreign fishing license.

The Fishing Aggregating Device (FAD) program remains a priority for MMR under the inshore and aquaculture division. Efforts to strengthen this program are underway to support food security and small scale business across all islands. A number of projects complement national budgetary allocations to maintain the FAD program. This includes the Fisheries Development Facility, Ridge to Reef and the EU-Sustainable Fisheries Partnership Agreement.

## **5.7.2 Black pearls**

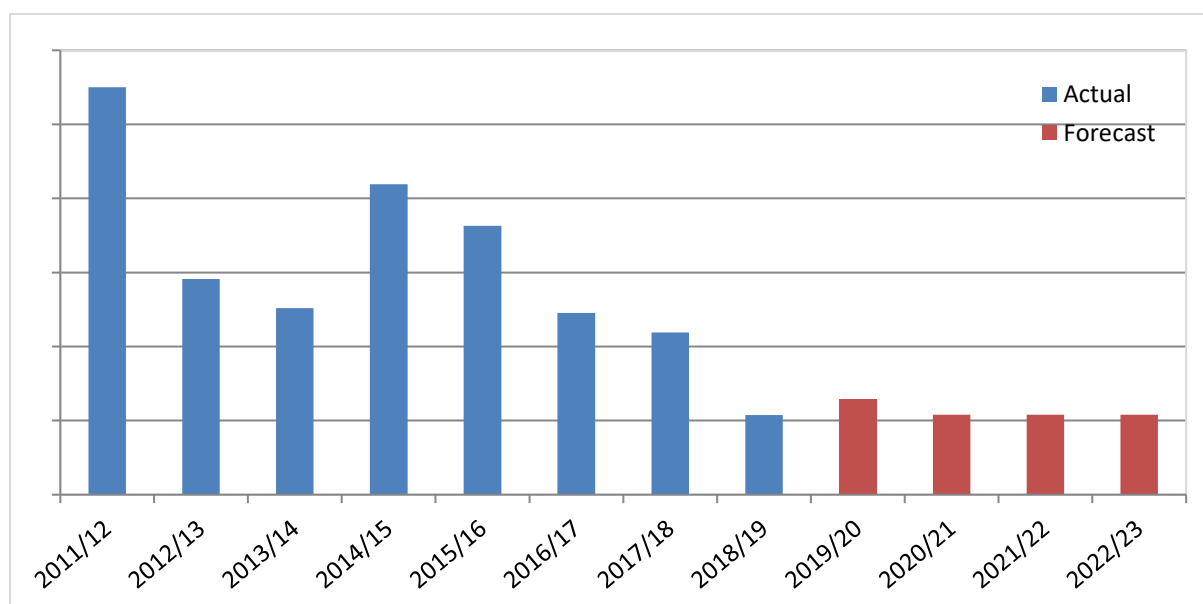
The pearl industry in the Cook Islands has declined markedly over the past 15 years. Total pearl exports reached an all-time high in 2000 at just over \$18 million, however the industry saw a decline in the value of total exports as of 2003, following a fall in global prices, outdated farming practices, fluctuating oyster health conditions and outbreaks of bacterial disease. Since its peak in 2000, the industry reached a low of \$191,000 in 2013. The industry has rebounded somewhat in recent years, however its value is currently 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 2019/2020, the value of pearl and pearl shell exports is expected to increase slightly to \$129,000 from \$108,000 in 2018/2019 (Figure 5-30). 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 in the second half of the 2019/20 fiscal year. This in turn means likely reductions in pearl production in two to three years' time, given the 18-month production cycle and the inability for farmers to harvest and seed shells. The reduction of visitors to the country has also impacted sales in 2020, with both farmers and retailers unable to move pearl products, impacting cash flow which will likely result in a decline in the number of existing farmers and retailers.

Figure 5-30 Pearl exports (\$'000)



### 5.7.3 Economic Contribution

The Fishing and Pearl sector, which accounted for less than one per cent of real GDP in 2018/19, expanded by 26 per cent from \$1.48 million the previous year to \$1.87 million, in real terms. This was above expectations, which were for a much smaller increase. The outlook for the sector over the budget forecast period is steady, around this level.

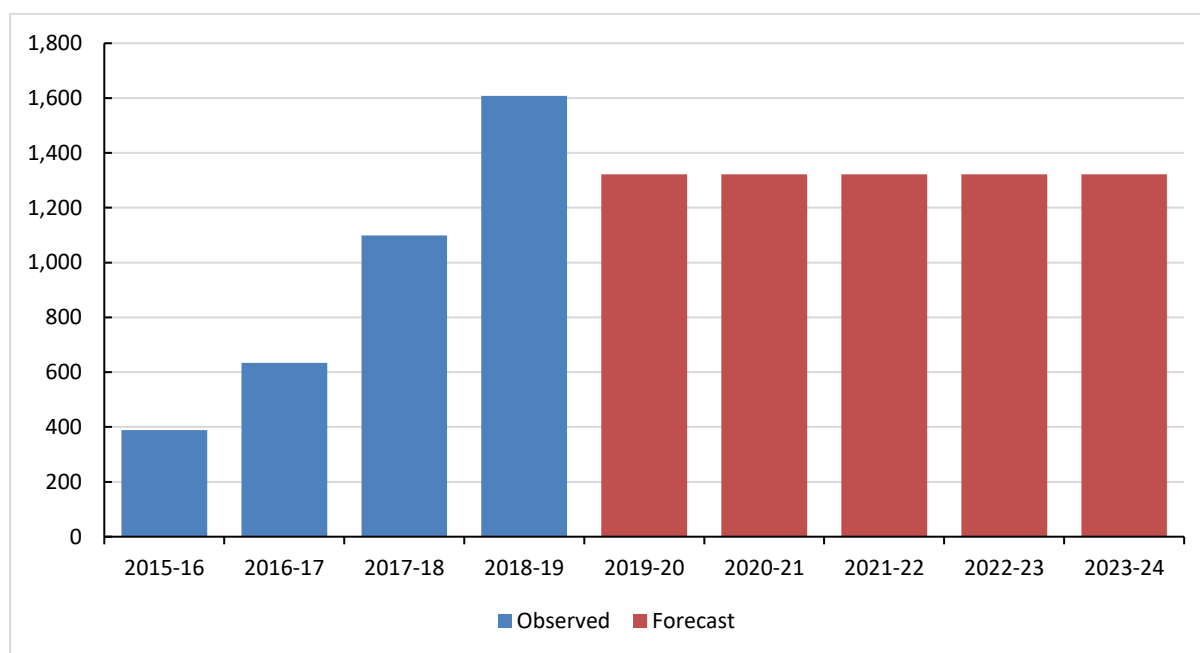
## 5.8 Agriculture

### 5.8.1 Agricultural activity and exports

The Agricultural sector accounted for about 1.42 per cent of real GDP in 2018/19, decreasing by 6 per cent in 2018/19 from \$10.64 million to \$10.01 million in real terms.

The fire at the Titikaveka nono farm/juice processing in late 2018 led to the decrease in 2018/19, undermining a significant expansion in agricultural exports in 2016/17 and 2017/18. Noni Juice still remains the main export commodity product from the Cook Islands. The industry has recovered and has been in a much stronger position since April 2019 with an increase of \$0.59 million in agricultural exports in 2018/19, from 2017/18. Primary export markets were Japan, China and, more recently, South Korea. Total agricultural exports, almost entirely comprised of Nono, rose from \$1.02 million in 2017/18 to \$1.61 million in 2018/19, an increase of 63 per cent (see Figure 5-31).

**Figure 5-31 Agriculture exports (\$'000)**



Export of pasteurised Noni juice during the 3-months to September 2019, amounted to 108,000L with an estimated value of \$432,000. In January 2020, Cook Islands Noni Marketing re-commenced its export of pasteurised juice shipping a total of quantity of 3,000L.

The Government continues to support farmers of a range of capacities, through the supply of fruit and vegetable seedlings. Between July to December 2019, more than 115,300 ready-to-plant seedlings of assorted vegetables including; tomato, cabbage, watermelon, zucchini, lettuce, Chinese cabbage, beans, capsicum, cucumber and papaya were distributed.

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

Type	Fruits		Root crops		Vegetables		Herbs		Fruits/ Vegetables		Total Value		Total
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	
Rarotonga	515	577	100	98	179	173	12	17	131	111	937	976	<b>1,913</b>
Aitutaki	97	86	9	26	6	0	0	0	0	0	113	113	<b>226</b>
Atiu	4	0	10	22	1	0	0	0	0	0	15	22	<b>37</b>
Mangaia	20	3	58	71	2	2	0	0	0	0	81	76	<b>156</b>
Mauke	17	75	0	6	0	6	0	0	0	0	17	86	<b>103</b>
Mitiaro	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
<b>TOTAL</b>	<b>654</b>	<b>741</b>	<b>178</b>	<b>224</b>	<b>187</b>	<b>180</b>	<b>12</b>	<b>17</b>	<b>131</b>	<b>111</b>	<b>1,162</b>	<b>1,273</b>	<b>2,436</b>

The establishment of the AgINTEL data system and associated Punanga Nui Market bulletins have helped farmers understand the market better in terms of price and demand. This data system helps record market information and monitor changes while providing crucial information to farmers and growers allowing them time to plan and supply produce when there is a shortfall in production.

This data system was extended to the southern Pa Enua in 2017 and the quarterly reports on agricultural production have been released from second quarter of 2019. Agriculture data for the whole country has been a challenge in some areas and to overcome this situation the Ministry of Agriculture has been continuously delivering training programs for the AgINTEL data system in the Pa Enua.

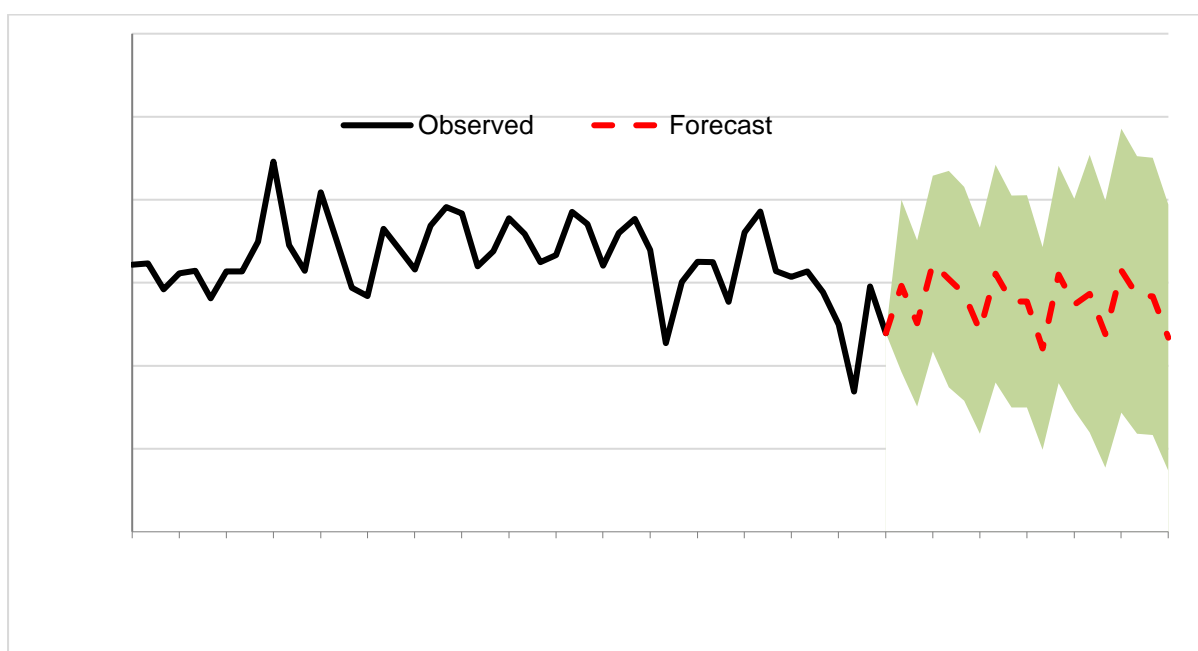


The Ministry of Agriculture has also extended their support of four extra Hydroponic systems to the Northern group islands through the support of the Pa Eua Action for Resilient Livelihoods (PEARL) project. The hydroponic setup is for Nassau, Penrhyn and Palmerston which completes all islands in the northern group to have a community hydroponics plant run by the agriculture department. These plants are to assist these islands with providing vegetables.

## 5.8.2 Economic contribution

A steady economic outlook for the agriculture sector is expected over the budget forecast period, as shown in Figure 5-32.

Figure 5-32 Agriculture contribution to GDP, quarterly (\$ million real)



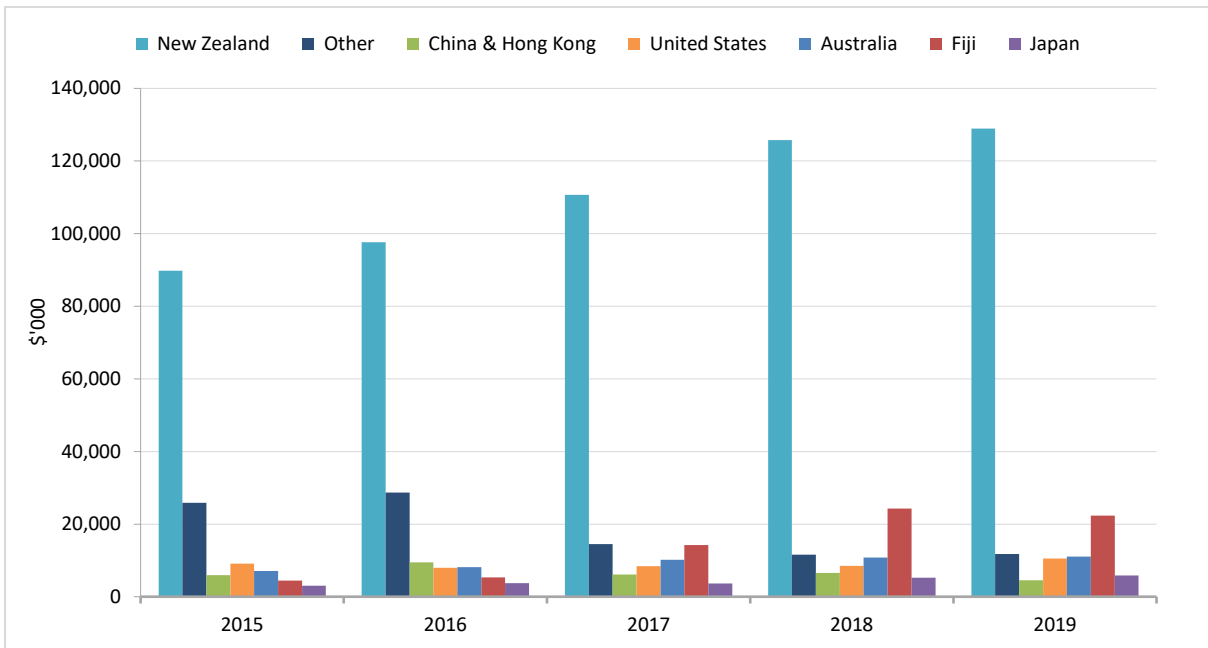
## 5.9 Goods Imports and Exports

### 5.9.1 Goods imports

Due to the size and geography of the Cook Islands, the country is highly reliant on the import of goods.

In the year to December 2019, the total value of imports into the Cook Islands rose by 5.2 per cent from \$194 million to \$204 million, the vast majority from New Zealand (see Figure 5-33). The primary driver of the increase was basic manufactures, food and live animals and miscellaneous manufactured goods, which more than offset falls in machines and crude materials.

**Figure 5-33 Import value by country of origin, year to December (\$'000)**



Looking forward, import growth is expected to become negative as a result of the reduction in visitor arrivals – as the demand for goods will necessarily fall. This fall is expected to be 14.6 per cent in 2019-20, before a larger fall of 34.6 per cent in 2020-21 (see Figure 5-34). From 2021-22, the rebound is expected to begin, with imports reaching the level of 2016-17 by the end 2023/24.

**Figure 5-34 Value of total goods imports, quarterly (\$'000)**

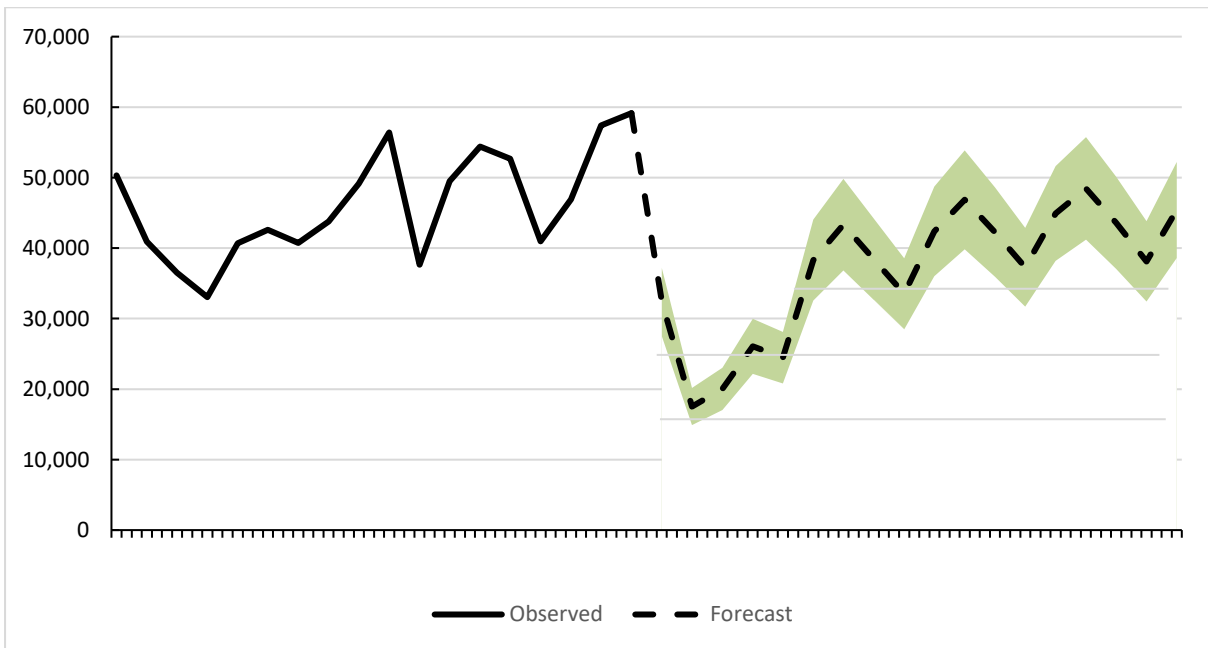
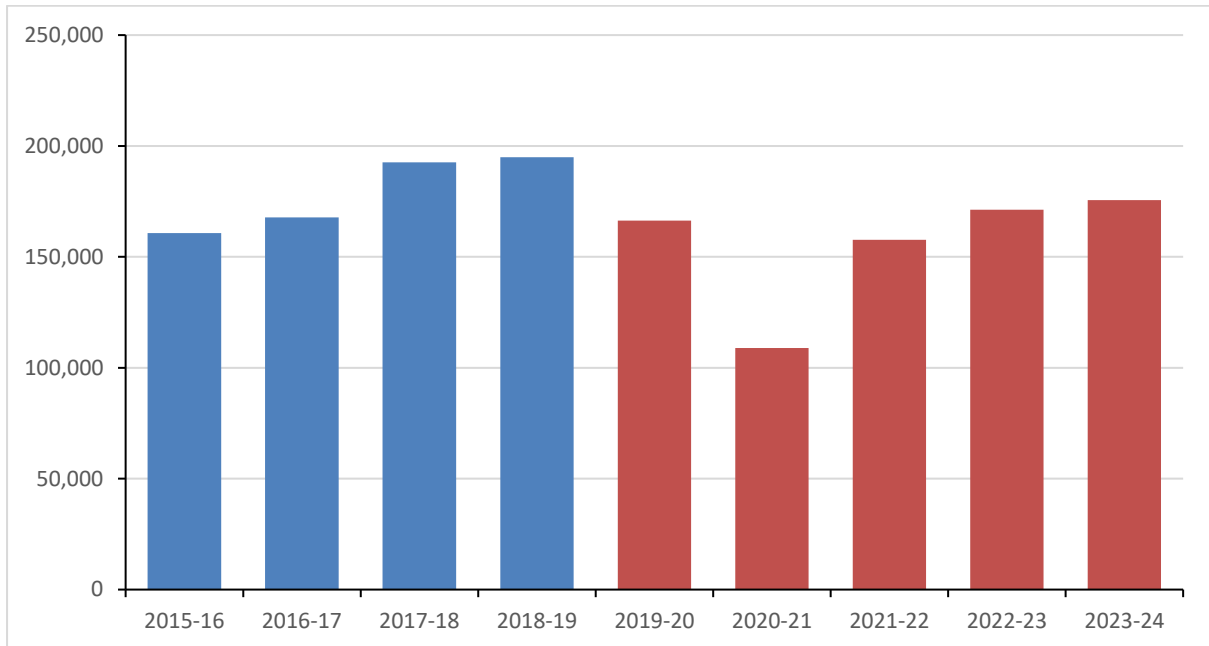


Figure 5-35 shows the projected annual value of total goods imports over the forward budget period.

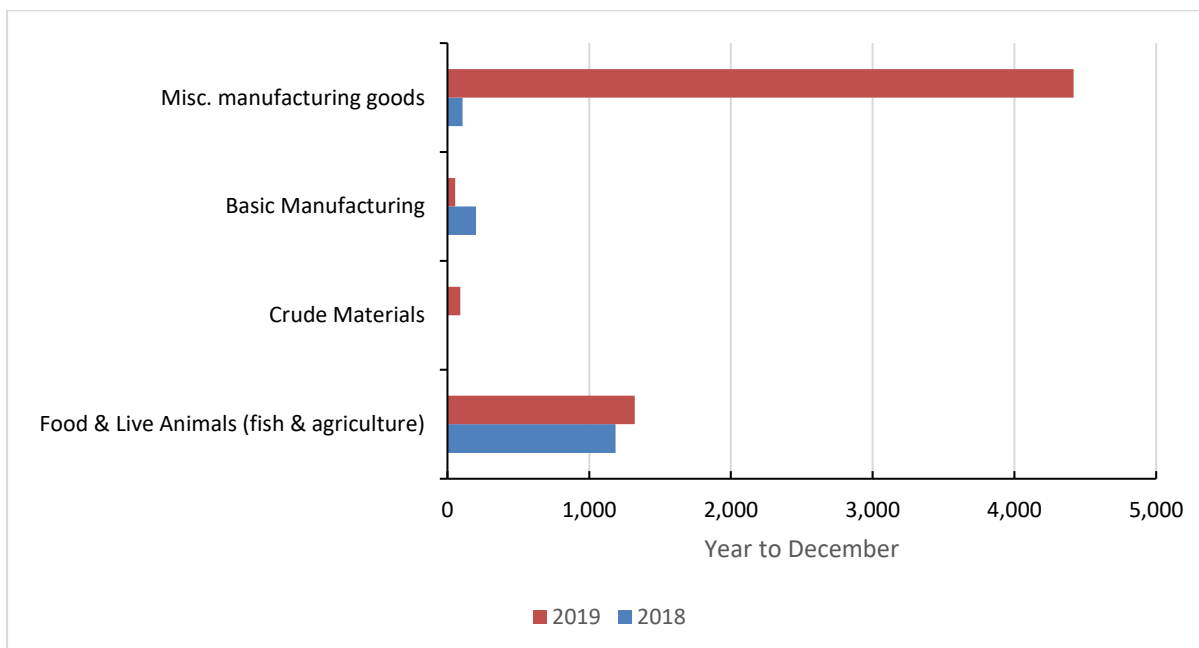
**Figure 5-35 Value of total imports, annual (\$'000)**



## 5.9.2 Goods exports

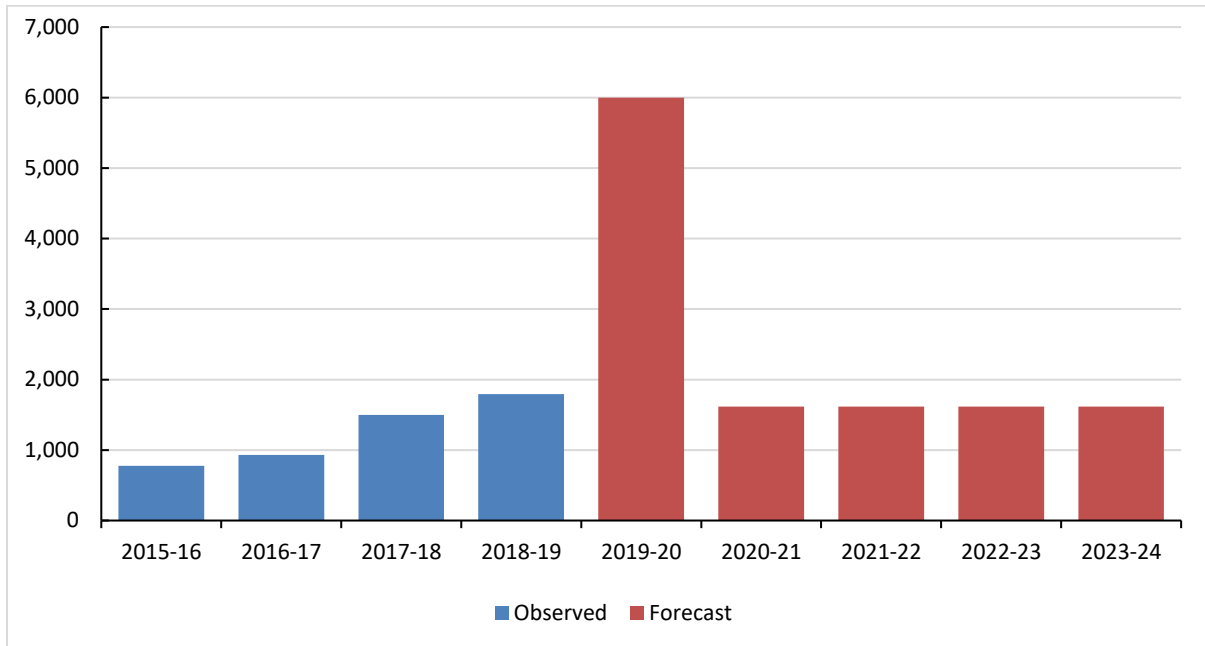
Total goods exports grew significantly in the year to December 2019 from \$1.5 million to \$6.0 million. This growth is largely due to a one-off export of e-waste of \$4.4 million in July/August 2019. Once this is accounted for, remaining exports total \$1.6 million, \$0.1 million more than in the previous year. This is predominately due to growth in the export value of food and live animals (see Figure 5-36).

**Figure 5-36 Major goods exports, 2018 to 2019 (\$'000)**



Looking forward, the value of goods exports is expected to remain steady, as shown in Figure 5-37.

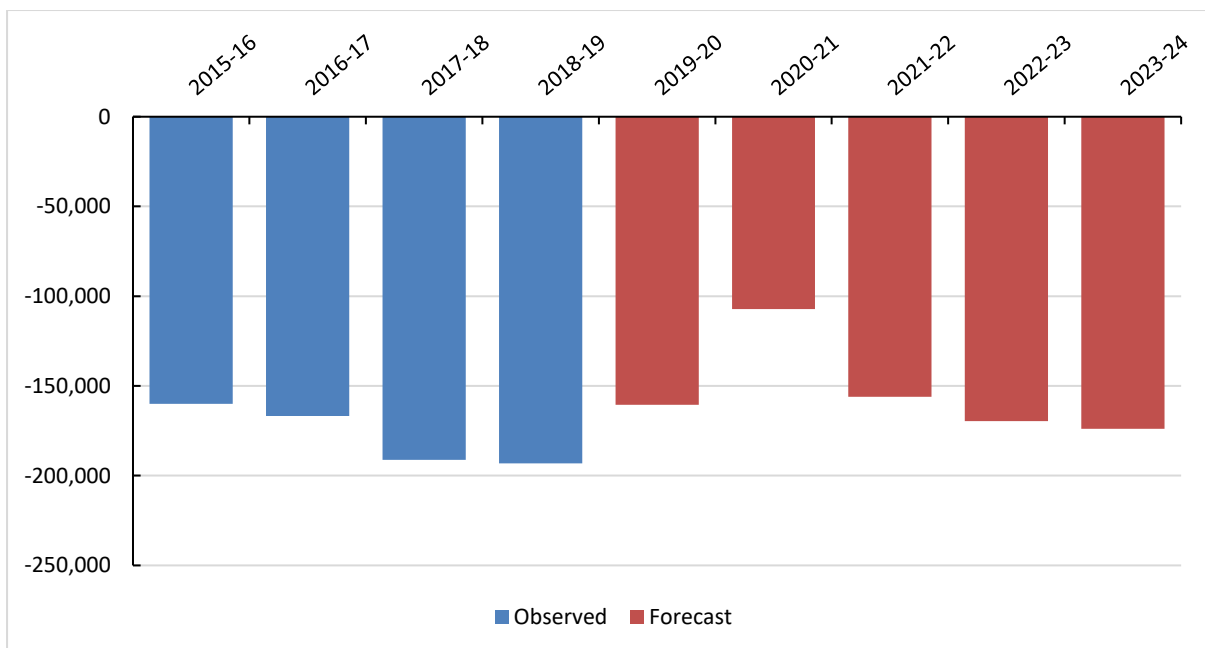
**Figure 5-37 Total goods exports (\$'000)**



### 5.9.3 Merchandise balance of trade

As a result of the negative growth in imports and relative stability in exports of goods, the negative merchandise balance of \$193.2 million in 2018/19 is estimated to reduce to \$160.4 million in 2019/20, before shrinking further to \$107.2 million in 2020/21. As economic growth improves from 2021/21 it is anticipated that the merchandise trade balance will revert towards long-term levels (see Figure 5-38)

**Figure 5-38 Merchandise balance of trade (\$'000)**

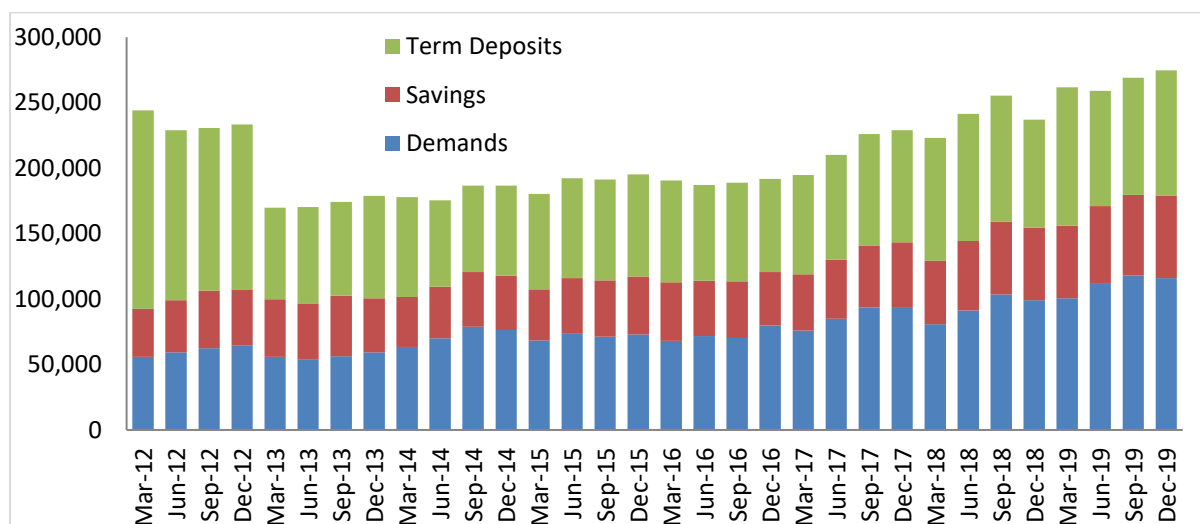


## 5.10 Banking and Finance

### 5.10.1 Deposits

Total deposits in Cook Islands banks in December 2019 were 15.8 per cent higher than at December 2018, increasing from \$237.1 million to \$274.6 million. The key driver of this increase, approximately 45 per cent, was a steep rise in demand deposits, from \$99.1 million to \$116.1 million. Both savings and term deposits also grew significantly over the year.

**Figure 5-39 Total value of bank deposits, quarterly (\$'000)**

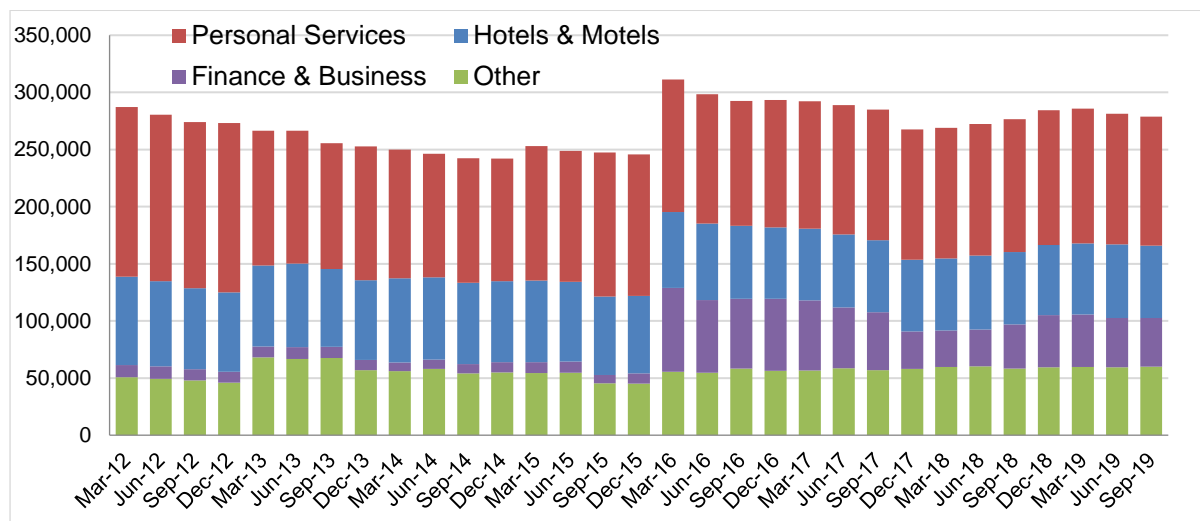


### 5.10.2 Loans

Lending by Cook Islands banks is dominated by loans to the Personal services, Hotel and motels and Finance and business industry sectors. In December 2019, these sectors accounted for 45, 20 and 12 per cent of the total loan portfolio, respectively.

Total lending by Cook Islands banks in December 2019, when compared to December 2018, fell by 5.7 per cent from \$284.5 million to \$268.3 million (see Figure 5-40). This is due to large falls in lending to finance and business (\$14.6 million) and hotels and motels (\$8.9 million), partially offset by increases in personal services (\$4.0 million) and other sectors (\$4.7 million).

**Figure 5-40 Total value of bank loans, quarterly (\$'000)**



## **5.11 Financial Services**

### **5.11.1 The 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 financial services industry currently accounts for approximately 5 per cent of total employment in the Cook Islands.

In light of the global push for international standards on transparency and exchange of financial information and the fight against financial crimes such as money laundering and tax evasion, the financial services industry has faced and dealt with many challenges to meet those standards whilst remaining competitive and productive. The Cook Islands has clearly demonstrated its commitment to meeting its international obligations.

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", a very positive result for the Cook Islands.

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 financial institutions to provide the United States (US) 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 first being in 2009. The FATF is an inter-governmental body responsible for policy making on international AML/CFT standards. The evaluation process took 18-months. The Cook Islands rated "largely compliant" or above on 38 of the FATF's 40 recommendations for technical compliance. The Cook Islands also obtained five "substantial" ratings for the effectiveness of its AML/CFT regime. The 2018 MER is a significant achievement for the Cook Islands.

In 2017, the European Union (EU) commenced its good tax governance initiative whereby it assessed over 90 countries against its criteria of transparency, fair taxation and compliance with the OECD's anti-base erosion and profit shifting measures. The EU assessed the Cook Islands and identified certain areas that it considers amount to preferential and harmful tax regimes. The Cook Islands has made changes to address these concerns through the amendment of the International Companies Act 1981-82 and the Income Tax Act 1997 on 17 December 2019. This has been welcomed by the EU.

The licensed trustee companies are responsible for the administration of approximately 3,500 entities and trusts registered on the Cook Islands international registers. The registration and renewal fees derived by Government from these entities/trusts in 2019/20 is estimated at \$1.3 million. The growth of these numbers depends on the impact of international regulatory requirements and the licensed trustee companies' ability to operate efficiently and diversify with innovation. Product development will be essential to growth. The primary market for the services of licensed trustee companies remains the USA, however efforts are being made to develop an Asian market.

## 5.11.2 Economic contribution

### Financial services industry – domestic and international

The financial services industry, which includes trustee companies, banks, insurance companies and money exchangers, employs over 260 staff, accounting for approximately 5.3 per cent of total employment in the Cook Islands.<sup>10</sup>

The Cook Islands Statistics Office identifies the financial services industry as the finance and insurance sector. The finance and insurance sector's contribution to GDP, shown in Figure 5-41, has fallen from \$34.8 million in 2016/17 to \$27.1 million in 2018/19.

### International component

The financial services industry in the Cook Islands has a very large international component, making up a sizable portion of the economic activity associated with the industry.

In November 2018, MFEM requested technical assistance from the International Monetary Fund's (IMF) Pacific Financial Technical Assistance Centre (PFTAC) to estimate the economic and revenue contributions of the international financial services industry in the Cook Islands.<sup>11</sup>

The IMF report measured both the direct contribution of the international financial services industry to Cook Islands Gross Domestic Product (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.

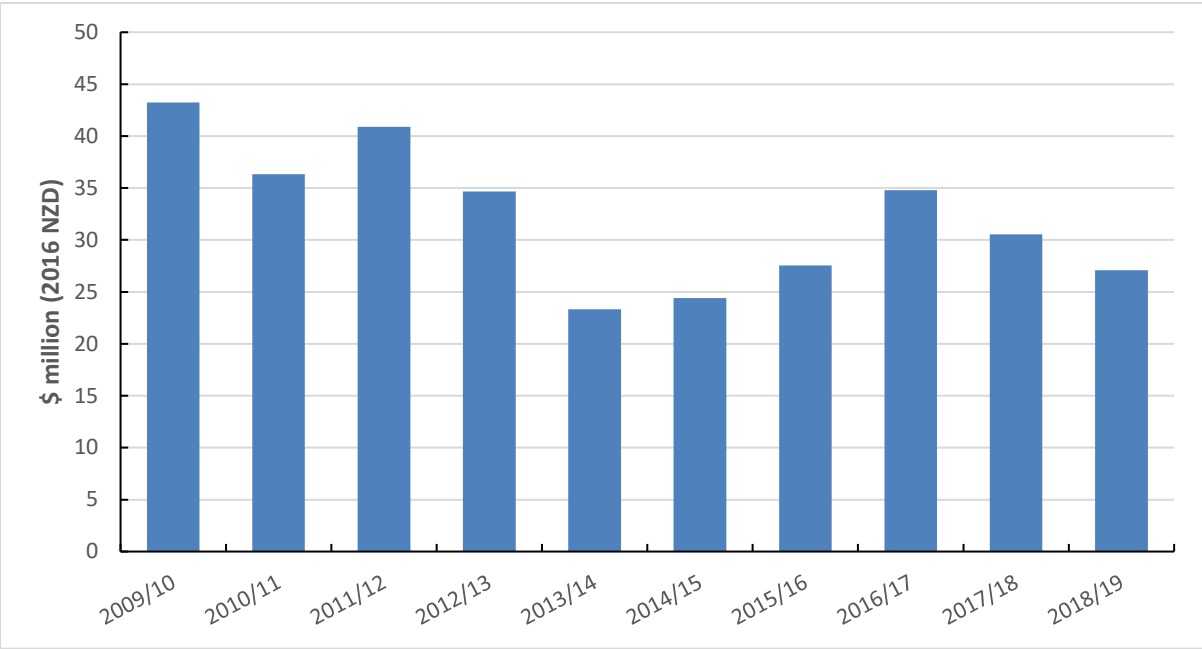
Between 2010 and 2017 the total, direct and indirect, contribution to GDP of the international financial services industry has fluctuated between 3.8 and 4.8 per cent. The direct contribution has increased from \$12.5 million in 2010 to \$14.9 million in 2017, while the indirect contribution has remained flat, averaging around \$3.5 million per year.

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<sup>10</sup> Based on surveys conducted in February 2017 and February 2018 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, which was 4,906 as at March 2018.

<sup>11</sup> IMF (2019). Cook Islands International Financial Services Industry. Iris Claus, PFTAC Technical Assistance Report, April 2019.

Figure 5-41 Finance and insurance contribution to real GDP (\$'000)





## 6 Government Financial Statistics Statement

The Government Financial Statistics (GFS) Operating Statement reflects the financial performance of Government and discusses general trends and revisions of forecasts for operating revenues, operating expenditures and the resultant operating balance. The GFS operating statement encompasses all funds managed at the general Government level including the Loan Reserve Fund.

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

Statement of Government Operations	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
<b>REVENUE</b>	<b>220,352</b>	<b>186,715</b>	<b>165,717</b>	<b>187,328</b>	<b>188,093</b>
Taxes	140,349	93,814	126,426	153,098	166,474
Social contributions	75	75	75	75	75
Grants	30,553	61,553	6,184	3,167	1,052
<i>Current</i>	9,114	23,771	4,768	2,890	775
<i>Capital</i>	21,439	37,782	1,416	277	277
Other revenue	49,375	31,273	33,031	30,989	20,492
<b>EXPENSE</b>	<b>198,073</b>	<b>255,770</b>	<b>177,201</b>	<b>174,721</b>	<b>174,380</b>
Compensation of employees	68,339	71,463	72,510	73,071	73,429
Use of goods and services	69,529	125,965	40,476	38,902	36,439
Depreciation	13,046	13,136	13,136	13,136	13,136
Interest	2,228	0	2,449	2,174	3,940
Subsidies	13,057	12,102	15,467	15,947	15,947
Grants	0	0	0	0	0
Social benefits	22,920	23,369	23,637	23,748	23,865
Other expense	8,955	9,735	9,526	7,744	7,625
<b>NET OPERATING BALANCE</b>	<b>22,279</b>	<b>-69,055</b>	<b>-11,483</b>	<b>12,607</b>	<b>13,713</b>
<i>Plus</i> NON CASH APPROPRIATIONS					
Depreciation	13,046	13,136	13,136	13,136	13,136
<b>CASH SURPLUS/(DEFICIT) FROM OPERATING TRANSACTIONS</b>	<b>35,324</b>	<b>-55,919</b>	<b>1,653</b>	<b>25,744</b>	<b>26,850</b>
<b>CASH TRANSACTIONS IN NONFINANCIAL ASSETS</b>					
Net Cash Applied to the Acquisition of Fixed Assets	77,579	88,253	34,370	27,921	21,833
Gross transactions in Non-Financial Assets	90,625	101,389	47,507	41,058	34,970
Less Non Cash Transactions in Non-Financial Assets (Depreciation)	-13,046	-13,136	-13,136	-13,136	-13,136
<b>NET (BORROWING)/LENDING</b>	<b>-42,255</b>	<b>-144,171</b>	<b>-32,717</b>	<b>-2,178</b>	<b>5,016</b>
<b>CASH APPLIED TO THE NET ACQUISITION OF FINANCIAL ASSETS</b>	<b>-32,409</b>	<b>-74,204</b>	<b>-25,854</b>	<b>-10,535</b>	<b>-9,328</b>
Domestic Transactions	-32,409	-74,204	-25,854	-10,535	-9,328
Foreign Transactions	0	0	0	0	0
<b>CASH APPLIED TO THE NET INCURRENCE OF LIABILITIES</b>	<b>-9,838</b>	<b>-70,017</b>	<b>-6,913</b>	<b>8,307</b>	<b>14,295</b>
Domestic Transactions	0	0	0	0	0
Foreign Transactions	-9,838	-70,017	-6,913	8,307	14,295
<b>NET CASH FINANCING TRANSACTIONS</b>	<b>-42,247</b>	<b>-144,221</b>	<b>-32,767</b>	<b>-2,228</b>	<b>4,966</b>
<i>Statistical discrepancy</i>	<b>8</b>	<b>-50</b>	<b>-49</b>	<b>-50</b>	<b>-50</b>

### 6.1 GFS Net Operating Balance

The GFS net operating balance is the balance of operating revenues less operating expenditure by the Government and its development partners. The GFS net operating balance for 2020/21 is estimated to be a deficit of \$69.1 million due to a reduction in operating revenues to \$186.7 million, compared to increased operating expenditures of \$255.8 million.

Going forward, changes in expenditure and revenue estimates are predicted to result in an operating deficit of \$11.5 million in 2021/22. This is followed by operating surpluses of \$12.6 million in 2022/23 and \$13.7 million in 2023/24 due to an expected recovery in revenue receipts and reduction in expenditure over the forward years.

### 6.1.1 GFS Operating Revenue

GFS operating revenues in 2020/21 is forecast to be \$186.7 million, this represents a 15.3 per cent decrease in revenue collections compared to 2019/20 due to the suspension of the tourism industry as a result of the onset of the COVID-19 pandemic.

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

	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Taxes	140,349	93,814	126,426	153,098	166,474
Social contributions	75	75	75	75	75
<b>Grants</b>	<b>30,553</b>	<b>61,553</b>	<b>6,184</b>	<b>3,167</b>	<b>1,052</b>
<i>Current</i>	9,114	23,771	4,768	2,890	775
<i>Capital</i>	21,439	37,782	1,416	277	277
Other revenue	49,375	31,273	33,031	30,989	20,492
<b>Total Operating Revenue</b>	<b>220,352</b>	<b>186,715</b>	<b>165,717</b>	<b>187,328</b>	<b>188,093</b>

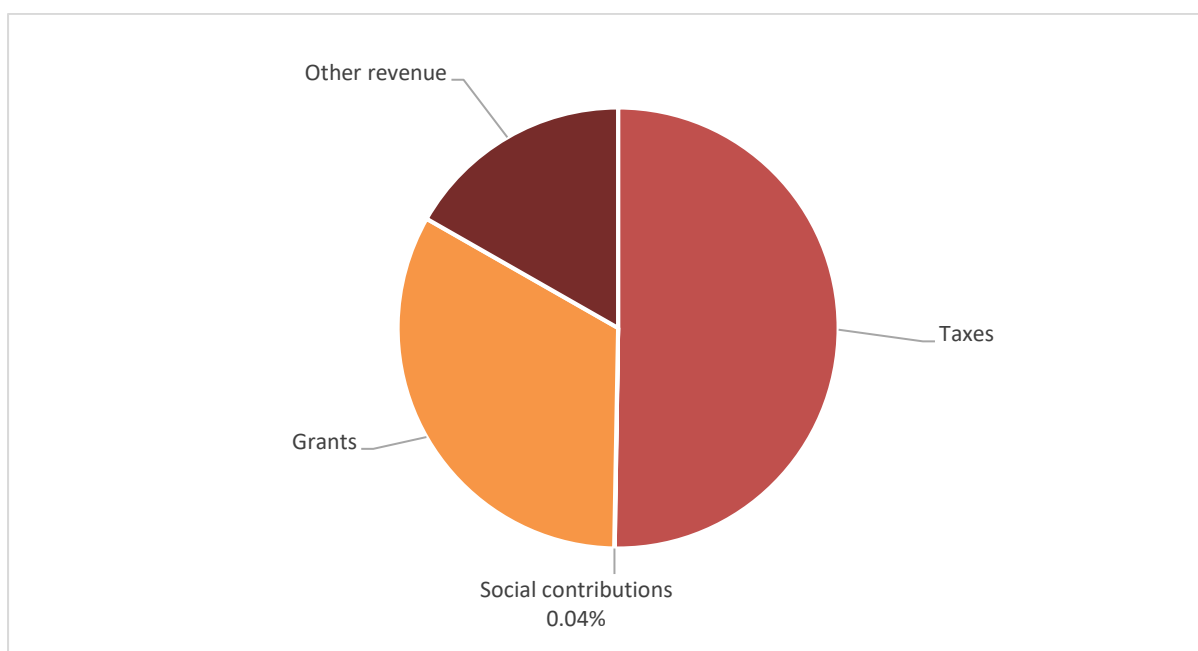
As shown in the table above and in Figure 6-1, operating revenues in 2020/21 are made up of taxation receipts at 50.2 per cent, which is substantially lower than the average of 75.0 per cent in unaffected years.

The remaining revenue in 2020/21 consists of grants from other Governments (33.0 per cent, versus an average of 5.3 per cent in other years) and other revenues, which include agency trading revenues, interest and dividend receipts at 16.7 per cent.

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 are used to finance the on-going operational expenditure of Government, with surpluses used for investing activities such as infrastructure development projects or accumulated in reserves.

**Figure 6-1 GFS operating revenue, 2020/21**



Going forward, operating revenues are expected to slowly recover with tax revenue collections projected to increase to \$166.5 million by 2023/24, offsetting a projected decrease in grant revenues in the outer years, 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 gross operating expenditure is estimated at \$259.1 million in 2020/21, dropping to \$177.2 million in 2021/22 before stabilising over the medium-term. This is the result of short-term funding coming to an end such as the financing of the Economic Response Fund.

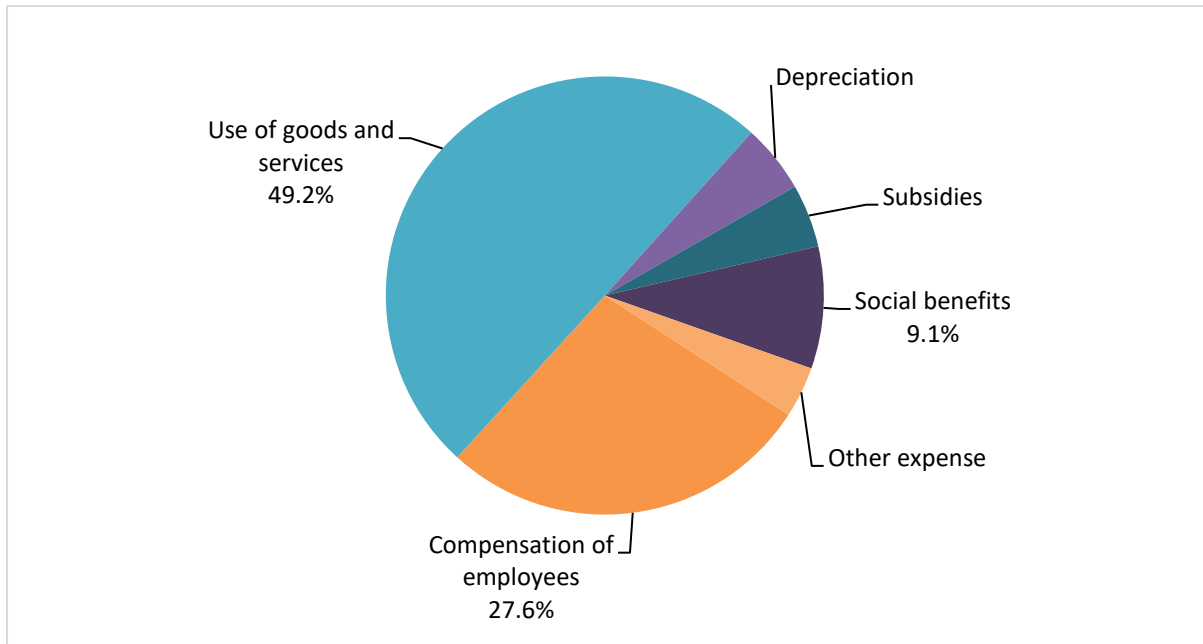
**Table 6-3 Total GFS Operating Expenditure (\$'000)**

	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Compensation of employees	68,339	71,463	72,473	73,034	73,392
Use of goods and services	73,523	125,965	40,513	38,939	36,476
Depreciation	13,046	13,136	13,136	13,136	13,136
Interest	2,228	0	2,449	2,174	3,940
Subsidies	13,057	12,102	15,467	15,947	15,947
Grants	0	0	0	0	0
Social benefits	22,920	23,369	23,637	23,748	23,865
Other expense	8,961	9,735	9,526	7,744	7,625
<b>Total Operating Expenditure</b>	<b>202,073</b>	<b>255,770</b>	<b>177,201</b>	<b>174,721</b>	<b>174,380</b>

Table 6-3 highlights the higher expenditure in 2020/21 which is principally through the 'Use of goods and services' category, capturing the additional expenditure of the ERP Phase II and increased capital expenditure.

As shown in Figure 6-2, operating expenditure is made up of compensation of employees (27.9 per cent in 2020/21), use of goods and services (49.2 per cent), social benefits (9.1 per cent), subsidies (4.7 per cent), depreciation (5.1 per cent), other expenses (3.8 per cent), and interest expenses. This highlights where the focus of Government expenditure is expected to be in 2020/21, on the purchase of goods and services, as opposed to personnel.

**Figure 6-2 GFS operating expenditure, 2020/21**



### **Compensation of Employees**

Expenditure on compensation of employees is estimated to be \$71.5 million in 2020/21. This represents a \$3.2 million increase from the \$68.3 million estimated for 2019/20, with gradual increases in the forward years. This is related to programmed personnel increases which have been retained for agencies with more pressing needs. These increases will be assessed annually with consideration given to operating revenues over the medium-term.

As noted in the Operating Expenditure chapter, compensation of employees across the forward years is approximately \$6.0 million below previously projected values due to the deferral of the Government-wide salary increase. This is offset by the above programmed increases and the minimum wage adjustment in 2020/21.

### **Use of Goods and Services**

\$125.9 million is expected to be spent on use of goods and services in 2020/21. This is primarily due to the appropriation of the COVID-19 Economic Response Plan fund in 2020/21 of \$64.0 million.

Going forward, expenditure through the use of goods and services will decrease significantly to \$40.5 million in 2021/22, with expenditure projections over the forward years decreasing further. These ongoing decreases are primarily due to the cessation of a number of Administered Payments across the outer years resulting in reduced expenditure.

### **Consumption of Fixed Capital**

Total depreciation over the medium-term is estimated to be \$13.1 million. This is mainly driven by technical adjustments made to Agency depreciation baselines.

## **Interest – (Debt Servicing Payments)**

Debt interest contributions to the Loan Repayment Fund (LRF) have been revised to zero in 2020/21 due to the diversion of funds into the general cash reserves for one year. Debt interest contributions to the LRF are expected to resume from 2021/22 onwards.

Interest expenses increase in 2023/24 due to the increased debt the Government will take on in supporting the ERP Phase II.

Readers should refer to the Crown Debt and Net Worth chapter for more information; it also includes the estimated movements in the LRF over the next four years.

## **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 the Capital Chapter. This spending includes public works, 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 rise to \$101.4 million in 2020/21.

This value includes Official Development Assistance capital funds that are subject to finalisation and may not be expended in 2020/21. Based on historical values it is reasonable to assume a reduction in this value of around \$30.0 million between budget estimates and actuals.

Government capital expenditure planned for 2020/21 is also higher than historical averages, however noting the increased expenditure efficiency of recent years this is likely to be closer to final Actual expenditure for 2020/21.

Cash transaction in non-financial assets are forecast to reduce in the forward years due to the completion of capital projects and forward funding allocations for new projects not yet determined.

### **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 assets (predominantly accumulated cash reserves) or liabilities (predominantly loan financing).

The net borrowing requirement for 2020/21 is \$144.2 million. This will be funded by a mixture of cash reserves, including the Stabilisation Fund, and the draw-down of new loans. As the economy recovers over the forward period, the need for additional loans 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 when projects are executed and when their funding is received into 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.

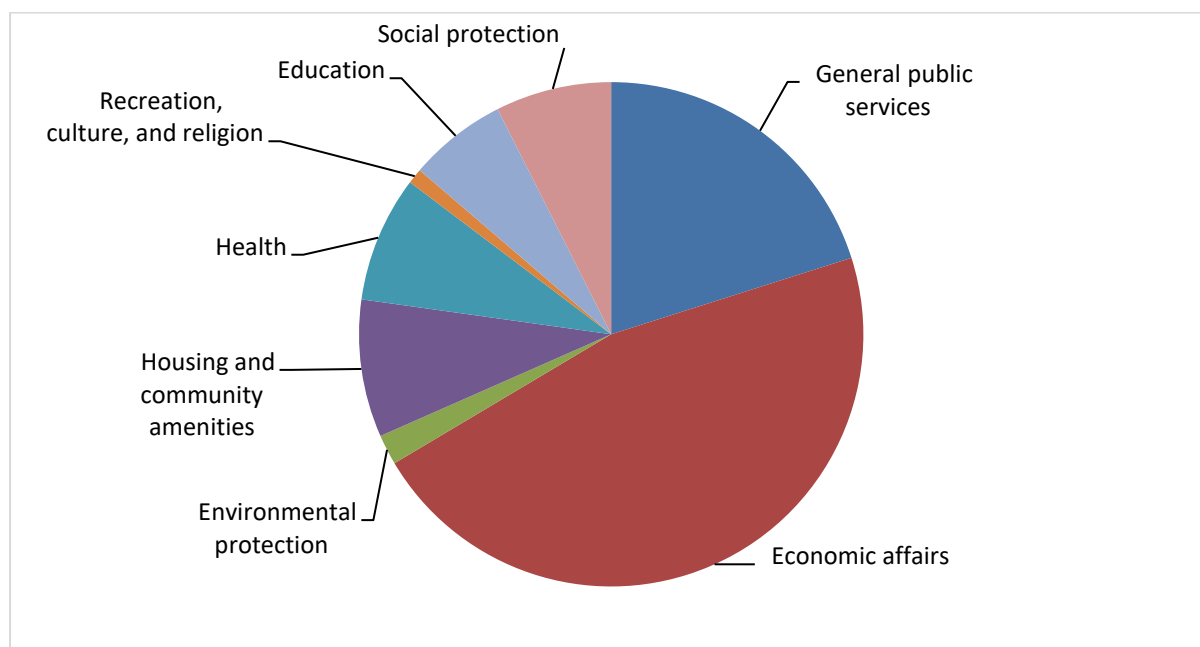
**Table 6-4 Classification of Functions of Cook Island Government (\$'000)**

Function of Government	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
<b>Cook Islands Government (CIG) Expenditure</b>					
<b>General public services</b>	<b>50,665</b>	<b>44,298</b>	<b>38,755</b>	<b>38,838</b>	<b>40,403</b>
Executive and legislative organs, financial and fiscal affairs, external affairs	40,381	36,658	27,987	28,659	28,772
General services	7,314	6,866	7,564	7,231	6,918
R&D General public services	26	26	26	26	26
General public services	716	748	728	747	747
Public debt transactions	2,228	0	2,449	2,174	3,940
<b>Public order and safety</b>	<b>9,749</b>	<b>10,585</b>	<b>10,328</b>	<b>10,517</b>	<b>10,642</b>
Police services	5,450	5,806	5,656	5,806	5,704
Law courts	3,503	4,094	3,970	4,006	4,183
Prisons	796	685	702	705	755
<b>Economic affairs</b>	<b>73,022</b>	<b>117,918</b>	<b>59,696</b>	<b>60,325</b>	<b>54,233</b>
General economic, commercial, and labour affairs	28,661	73,286	9,386	9,482	9,482
Agriculture, forestry, fishing, and hunting	3,983	3,999	4,152	4,193	4,343
Fuel and energy	2,908	2,241	1,421	1,801	1,801
Mining, manufacturing, and construction	4,194	4,339	4,439	3,239	1,489
Transport	22,781	24,242	30,086	31,397	26,905
Communication	555	698	308	308	308
Tourism	9,255	8,534	9,326	9,326	9,326
R&D Economic affairs n.e.c.	558	450	450	450	450
Economic affairs n.e.c.	128	128	128	128	128
<b>Environmental protection</b>	<b>3,004</b>	<b>3,267</b>	<b>3,062</b>	<b>3,002</b>	<b>3,002</b>
Waste management	831	1,026	1,026	1,026	1,026
Waste water management	85	0	0	0	0
Protection of biodiversity and landscape	347	272	272	272	272
Environmental protection n.e.c.	1,741	1,969	1,763	1,703	1,703
<b>Housing and community amenities</b>	<b>21,794</b>	<b>27,884</b>	<b>27,592</b>	<b>20,617</b>	<b>21,209</b>
Housing development	888	0	0	0	0
Community development	1,087	1,750	600	600	600
Water supply	11,828	18,351	19,505	12,430	13,022
Housing and community amenities n.e.c.	7,991	7,783	7,487	7,587	7,587
<b>Health</b>	<b>24,461</b>	<b>24,635</b>	<b>18,685</b>	<b>18,585</b>	<b>18,585</b>
Medical products, appliances, and equipment	5,762	6,345	595	495	495
Outpatient services	1,990	2,641	2,641	2,641	2,641
Hospital services	2,099	1,189	989	989	989
Health n.e.c.	14,610	14,460	14,460	14,460	14,460
<b>Recreation, culture, and religion</b>	<b>2,057</b>	<b>2,074</b>	<b>2,997</b>	<b>2,998</b>	<b>2,378</b>
Recreational and sporting services	94	324	319	320	320
Cultural services	1,963	1,750	2,678	2,678	2,057
<b>Education</b>	<b>19,930</b>	<b>20,442</b>	<b>20,555</b>	<b>20,765</b>	<b>20,765</b>
Pre-primary and primary education	2,538	2,511	2,511	2,511	2,511
Tertiary education	1,953	2,389	2,389	2,389	2,389
Education n.e.c.	15,440	15,542	15,655	15,865	15,865
<b>Social protection</b>	<b>23,135</b>	<b>23,315</b>	<b>23,718</b>	<b>23,828</b>	<b>23,946</b>
Sickness and disability	575	430	430	430	430
Old age	12,931	12,914	13,069	13,225	13,378
Family and children	6,879	7,245	7,359	7,313	7,278
Housing	79	84	84	84	84
Social exclusion n.e.c.	99	64	71	71	71
Social protection n.e.c.	2,572	2,577	2,704	2,704	2,704
<b>Total CIG Expenditure</b>	<b>227,818</b>	<b>274,418</b>	<b>205,387</b>	<b>199,475</b>	<b>195,161</b>

Function of Government	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
<b>Official Development Assistance (ODA) Expenditure</b>					
General public services	7,996	21,099	2,402	2,052	777
Economic affairs	18,712	32,921	3,084	840	0
Environmental protection	3,394	3,045	83	0	0
Housing and community amenities	238	807	90	0	0
Health	0	1,679	50	50	50
Recreation, culture, and religion	0	1,097	250	0	0
Education	0	25	25	25	25
Social protection	213	880	200	200	200
<b>Total ODA Expenditure</b>	<b>30,553</b>	<b>61,553</b>	<b>6,184</b>	<b>3,167</b>	<b>1,052</b>
<b>TOTAL PUBLIC EXPENDITURE</b>	<b>258,371</b>	<b>335,971</b>	<b>211,571</b>	<b>202,642</b>	<b>196,213</b>

Figure 6-3 classifies the combined Cook Islands Government and ODA spending in the 2020/21 Budget by the 10 main functional levels.

**Figure 6-3 Classification of Functions of Cook Island Government, 2020/21**



Economic affairs is now the largest area of public expenditure at 46.4 per cent of total public spending, with more than half of total expenditure on this function relating to the COVID-19 Economic Response Plan in 2020/21 totalling \$64.0 million. Other expenditure areas include tourism spending through the Cook Islands Government appropriation and transport infrastructure.

General public services is the next largest area of public expenditure at 20.1 per cent of total public spending, with the Cook Islands government administration costs being the main driver in this area.

Housing and community amenities (which includes general community infrastructure) is the third largest area of spending at 8.8 per cent followed closely by expenditure through Health at 8 per cent which includes funding allocated for the COVID-19 Medical Response Fund.

Other major areas of spending are social protection, currently at 7.4 per cent, and education at 6.3 per cent.

## 7 Revenue

### 7.1 Introduction

Government receives revenue from three main sources, being taxation on businesses and individuals, 'other revenue' which includes agency trading revenues and various fees and licensing costs, and through Budget Support or aid funding in the form of cash contributions to the operations of Government. For simplicity these contributions are included under Other Revenue.

Taxation revenues are highly correlated to national economic performance represented by Gross Domestic Product. Increasing GDP indicates increasing government taxation revenues. Conversely a decrease in GDP indicates 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 adjusted downwards in 2020/21.

Taxation estimates for the forward years are also revised downward, although increasing from 2020/21 levels, in order to reflect the impact and recovery from the economic shock to the Cook Islands economy.

### 7.2 Performance on total Government Revenues

Total Crown revenue (including ODA) in 2019/20 is estimated to be \$209.4 million. Total taxation revenues are estimated to be \$140.3 million, representing a significant decrease in revenue collections at 88.2 per cent of the revenue actuals reported for 2018/19.

Other revenue (including Trading Revenue) received for 2019/20 has been estimated at \$49.5 million, reflecting a significant decrease in revenue collections compared to 2018/19 actuals which totals \$53.3 million. This also includes the one-off receipt of \$6.6 million in vested interest funds through the Financial Services Commission.

The New Zealand Government provided additional aid to the Cook Islands in the form of an additional budget support grant of \$7.0 million to support the Government's Economic Response Plan (ERP) Phase I.

Budget Support funding of \$0.6 million has been made available to the Ministry of Finance in 2019/20 for the purpose of contributing to the Cook Islands government's COVID-19 Economic Response Plan. This contribution is made available under the New Zealand Aid bilateral programme from the agreement with the Australian Department of Foreign Affairs and Trade (DFAT). The Budget Support funds have been applied through the Core Sector Support for that year and has formed part of the funding carried into 2020/21.

### 7.3 Total Revenue

Going forward total Crown Revenue (including ODA) is estimated to reach **\$186.7 million** in 2020/21. This is comprised of:

- Taxation revenue of \$93.8 million;
- Official Development Assistance (ODA) of \$61.6 million;
- Core Sector Support from New Zealand of \$7.7 million and;
- Other revenues of \$19.9 million;
- Trading revenue estimates \$3.7 million



Table 7-1 provides total revenue (including ODA) for the forward years to 2023/24.

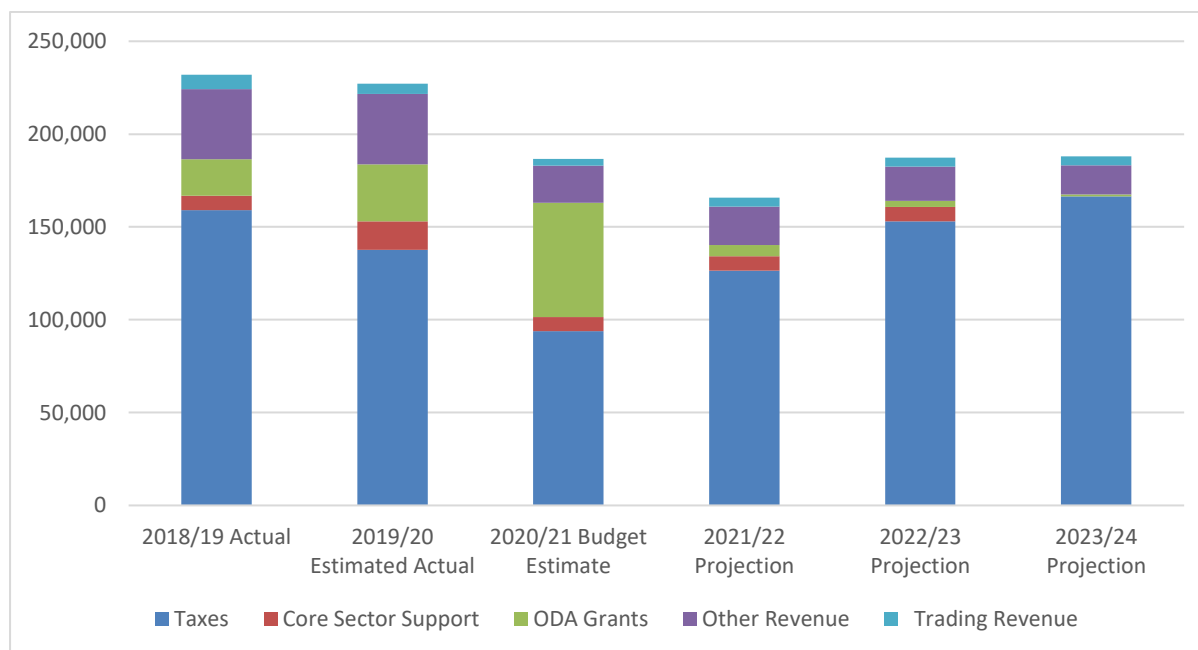
**Table 7-1 Total Crown Revenue (\$'000)**

	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Taxes	159,060	140,349	93,814	126,426	153,098	166,474
ODA Grants	19,615	30,553	61,553	6,184	3,167	1,052
Core Sector Support	7,730	15,335	7,730	7,730	7,730	0
Other Revenue	37,848	28,613	19,914	20,679	18,431	15,665
Trading Revenue	7,746	5,502	3,703	4,697	4,902	4,902
<b>Total Operating Revenue</b>	<b>232,000</b>	<b>220,352</b>	<b>186,715</b>	<b>165,717</b>	<b>187,328</b>	<b>188,093</b>

As illustrated in Figure 7-1, the largest contributor to total Crown revenue in 2020/21 and the outer years is general taxation, which makes up 50.2 per cent of total revenue in 2020/21. This is followed closely by ODA grants at 32.9 per cent which is considered to be another significant, but declining source of revenue.

The remaining revenues are from sources such as the sales of goods and services, fishing licenses, dividends from SOE's, fines and interest on deposits held by Government. Total Crown revenues are forecast to slowly recover by 2023/24 despite the projected decrease in ODA grants over the forward years.

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



## 7.4 Revenue Initiatives for the Medium-term

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

As part of the Economic Response Plan (ERP) Phase II, the annual tax-free threshold for individuals will increase from \$11,000 to \$14,600. This will occur in two stages. First, the 2020 annual tax-free threshold for individuals will increase to \$12,800 on 1 July 2020. This will be followed by a further increase to \$14,600 on January 2021.

### Tax measures on Depreciation

As a part of business tax incentives, Government will be offering an increase in accelerated depreciation on business assets which is expected to provide the following benefits:

- 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.

Further details on the above policy decisions can be found in Phase II of the Economic Response Plan (ERP).

Table 7-2 only shows the parameter adjustments to revenues for 2019/20 and the forward years.

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

Revenue Changes	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
<b>Operating Revenue as per 2019/20 Supplementary</b>	<b>179,966</b>	<b>173,533</b>	<b>188,622</b>	<b>196,470</b>	<b>196,470</b>
<b>Parameter changes in 2020/21 Budget</b>	<b>9,796</b>	<b>(42,451)</b>	<b>(24,844)</b>	<b>(5,990)</b>	<b>7,386</b>
Value Added Tax (VAT)	7,576	(25,830)	(9,410)	(3,154)	3,911
Income tax	2,512	(6,159)	(7,565)	(536)	1,751
Import levies	(3,771)	(701)	(766)	(240)	754
Company tax	6,671	(4,458)	(4,854)	(453)	1,948
Departure tax	(419)	(5,103)	(2,159)	(1,580)	(1,054)
Withholding tax	(2,773)	(200)	(90)	(28)	76
<b>Other changes in 2020/21 Budget</b>	<b>37</b>	<b>(5,920)</b>	<b>(4,246)</b>	<b>(6,319)</b>	<b>(16,815)</b>
Other revenue	(2,102)	(4,047)	(3,658)	(6,086)	(9,037)
Trading Revenue	575	(1,226)	(252)	(47)	(47)
Dividend	960	(647)	(336)	(185)	0
Core Sector support	604	0	0	0	(7,730)
<b>Operating Revenue as per 2020/21 Budget</b>	<b>189,799</b>	<b>125,162</b>	<b>159,533</b>	<b>184,161</b>	<b>187,041</b>

## 7.5 Taxes

Taxes are classified either as direct or indirect taxation. Direct taxation reflects taxes which are imposed directly on the individual, household, property or business, for example, income taxation. 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)**

	<b>2018/19 Actual</b>	<b>2019/20 Estimated Actual</b>	<b>2020/21 Budget Estimate</b>	<b>2021/22 Projection</b>	<b>2022/23 Projection</b>	<b>2023/24 Projection</b>
Value Added Tax	70,315	71,845	39,902	59,526	69,280	76,345
Income tax	36,352	25,516	20,708	22,244	30,485	32,772
Company tax	24,596	18,471	14,938	19,882	25,741	28,141
Import levies	14,565	14,209	12,216	12,618	13,658	14,653
Withholding tax	1,504	1,227	1,321	1,476	1,587	1,692
Departure tax	11,728	9,081	4,729	10,679	12,345	12,871
<b>Taxation Revenue</b>	<b>159,060</b>	<b>140,349</b>	<b>93,814</b>	<b>126,425</b>	<b>153,096</b>	<b>166,474</b>

### 7.5.1 Direct taxation

Direct taxation estimates for 2020/21, which includes income tax, company tax and withholding tax, have been revised downwards to \$36.9 million for 2020/21 due to the impacts of COVID-19. Estimates over the forward years are forecast to improve by 2023/24 to \$62.6 million.

Income tax estimates have been revised down in 2020/21 before improving over the medium-term. Changes related to the increase in the tax fee-threshold will also affect income tax receipts in 2020/21.

Estimates of company tax for 2020/21 have been revised downwards to \$14.9 million, reflecting the projected economic activity.

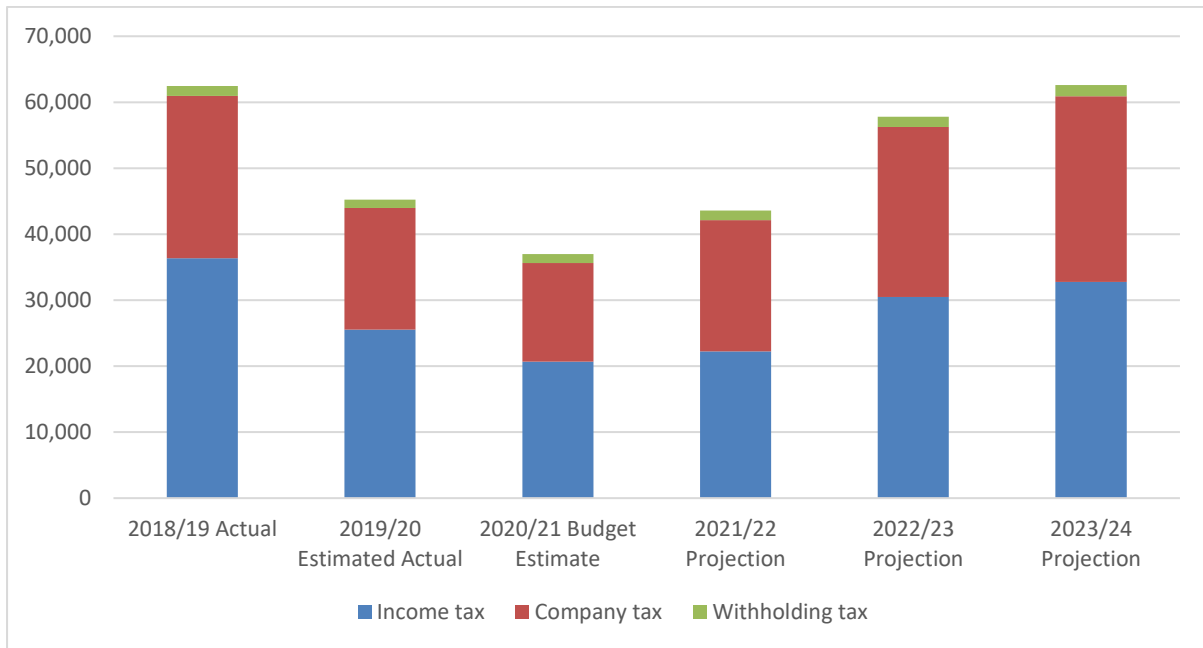
Withholding tax in 2019/20 has been estimated at \$1.2 million, \$2.8 million less than forecast in the 2019/20 Supplementary. Due to the high volatility of withholding tax, the forward year estimates have been reported at conservative levels mirroring that of the 2019/20 estimated actuals to date.

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

	<b>2018/19 Actual</b>	<b>2019/20 Estimated Actual</b>	<b>2020/21 Budget Estimate</b>	<b>2021/22 Projection</b>	<b>2022/23 Projection</b>	<b>2023/24 Projection</b>
Income tax	36,352	25,516	20,708	22,244	30,485	32,772
Company tax	24,596	18,471	14,938	19,882	25,741	28,141
Withholding tax	1,504	1,227	1,321	1,476	1,587	1,692
<b>Taxation Revenue</b>	<b>62,452</b>	<b>45,214</b>	<b>36,967</b>	<b>43,603</b>	<b>57,814</b>	<b>62,605</b>
Income tax	58.2%	56.4%	56.0%	51.0%	52.7%	52.3%
Company tax	39.4%	40.9%	40.4%	45.6%	44.5%	45.0%
Withholding tax	2.4%	2.7%	3.6%	3.4%	2.7%	2.7%

As can be seen in Figure 7-2, income tax contributes to majority of direct taxation revenues, followed closely by company tax revenues. Going forward, the income tax contribution for 2020/21 will make up 56.0 per cent of the total direct taxation for that year. This is followed by an anticipated decrease to income tax contributions in 2021/22 to 51.0 per cent before stabilising over the forward years.

**Figure 7-2 Total Direct Taxation (\$'000)**



## 7.5.2 Indirect taxation

Indirect taxation, which includes VAT, departure tax, import levies, motor vehicle registrations, motor vehicle dealers and fisheries revenues is estimated at \$71.9 million for 2020/21, representing a substantial decrease compared to 2019/20 estimated revenue of \$108.7 million.

VAT estimates for 2020/21 have been revised down to \$39.9 million, representing a significant decrease compared to previous years. VAT estimates have been forecast to improve by 2023/24 to \$76.3 million.

Departure tax estimates have been revised downwards reflecting a depressed tourism market for at least the first half of 2020/21, but is forecast to recover during 2021/22, leading recoveries in company tax, income tax and VAT.

Import and excise-equivalent duties are estimated at \$12.2 million in 2020/21. This is forecast to increase between 2021/22 and 2023/24 to \$14.7 million.

Revenue estimates for motor vehicle registration fees remain unchanged from the estimates provided in the 2019/20 Supplementary which totals to \$0.9 million for 2020/21 and the forward years.

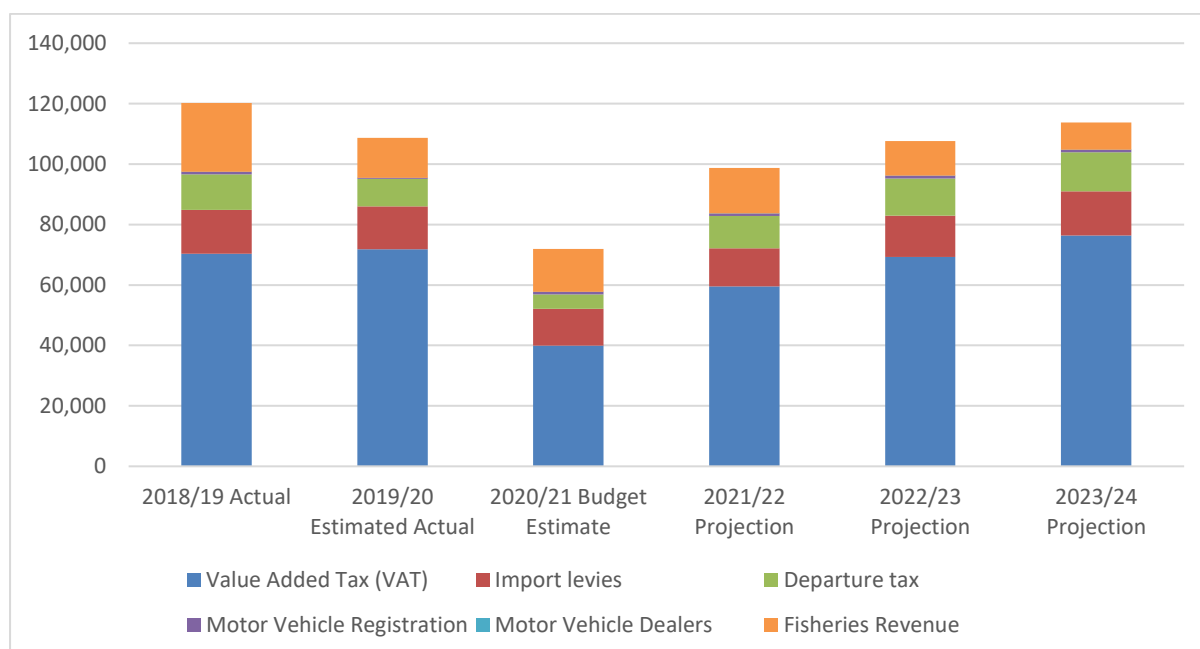
Total fishery revenue in 2020/21 is estimated to be \$14.2 million, followed by an increase in revenue collections in 2021/22 to \$15 million, reflecting the anticipated impact of COVID-19 on fisheries in 2020/21. Fishing revenue estimates decrease over the forward years due to the expiry of the US Treaty for purse seine fishing which will require negotiations for an extension of Treaty agreements.

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

	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Value Added Tax (VAT)	70,315	71,845	39,902	59,526	69,280	76,345
Import levies	14,565	14,209	12,216	12,618	13,658	14,653
Departure tax	11,728	9,081	4,729	10,679	12,345	12,871
Motor Vehicle Registration	871	311	875	875	875	875
Motor Vehicle Dealers	3	3	3	3	3	3
<b>Fisheries Revenue</b>	<b>22,785</b>	<b>13,208</b>	<b>14,190</b>	<b>15,000</b>	<b>11,500</b>	<b>9,000</b>
<i>Fisheries - US Treaties</i>	5,358	4,855	5,000	5,000	2,500	0
<i>Fishing Fines</i>	2,263	213	190	0	0	0
<i>Fishing Licenses</i>	15,164	8,140	9,000	10,000	9,000	9,000
<b>Taxation Revenue</b>	<b>120,267</b>	<b>108,657</b>	<b>71,915</b>	<b>98,701</b>	<b>107,661</b>	<b>113,747</b>

Figure 7-3 highlights the large contribution that VAT makes to indirect taxation, comprising of 55.5 per cent of collections in 2020/21. VAT collections is expected to gradually recover by 2023/24 comprising of 67.1 per cent of indirect tax collections in that year.

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



### 7.5.3 Social contributions

Social contributions are receipts from either employers (on behalf of their employees) or from employees (directly) that secures 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 for 2020/21 and the forward years remain unchanged from the estimates provided in the 2019/20 Budget.

**Table 7-6 Social contributions (\$'000)**

	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Employer Liabilities Insurance	75	75	75	75	75	75
<b>Total Social Contributions</b>	<b>75</b>	<b>75</b>	<b>75</b>	<b>75</b>	<b>75</b>	<b>75</b>

## 7.5.4 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 Official Development Assistance chapter of this book.

In 2020/21, total grants from foreign Governments are estimated to be 61.6 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 (\$'000)**

	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Current Grants from Foreign Governments	11,843	9,114	23,771	4,768	2,890	775
Capital Grants from Foreign Governments	7,772	21,439	37,782	1,416	277	277
<b>Total Grants</b>	<b>19,615</b>	<b>30,553</b>	<b>61,553</b>	<b>6,184</b>	<b>3,167</b>	<b>1,052</b>

## 7.5.5 Core Sector 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 and the Ministry of Health to improve indicators that directly relate to the Cook Islands NSDP Goals. Core Sector Support is expected to reduce to zero by 2023/24 as negotiations will be required to continue this arrangement with the New Zealand Government.

**Table 7-8 Budget Support Funding (\$'000)**

	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Core Sector Support Funding	7,730	14,730	7,730	7,730	7,730	0
Budget Support Funding	0	604	0	0	0	0
<b>Total Grants</b>	<b>7,730</b>	<b>15,335</b>	<b>7,730</b>	<b>7,730</b>	<b>7,730</b>	<b>0</b>

## 7.5.6 Interest

Total interest received is estimated to be \$2.2 million in 2019/20, slightly lower than previously anticipated. Going forward, total interest revenues have been revised downwards due to the impacts of COVID-19 on the Cook Islands economy and cash reserves. Interest on loans to subsidiaries have been revised to zero for 2020/21 and 2021/22 due to the granting of loan repayment holidays for the Ports Authority.

**Table 7-9 Interest (\$'000)**

	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Interest on Government deposits	2,483	1,873	800	400	400	400
Interest on Loans and Subsidiaries	760	360	0	0	582	831
<b>Total Interest</b>	<b>3,243</b>	<b>2,233</b>	<b>800</b>	<b>400</b>	<b>982</b>	<b>1,231</b>

## 7.5.7 Dividends

Total dividends received in 2019/20 are estimated to be \$3.0 million, slightly higher than estimated at the time of the 2019/20 Supplementary Budget. This is mainly due to payments made by Vodafone Cook Islands Ltd of \$2.5 million during the third quarter of the 2019/20 financial year.

Going forward total dividends have been revised downwards with zero collections anticipated from the Bank of the Cook Islands and Te Aponga Uira for 2020/21 due to the impacts of COVID-19. Both entities are making independent contributions to social welfare in various forms, contributing to Phase II of the Economic Response Plan. These contributions are considered in the total cost of the Economic Response Plan. Revenue collections are forecast to recommence in 2021/22 followed by an improvement to revenues from 2022/23 onwards in line with the wider economic recovery.

SOE extraordinary dividends have also been revised to zero in 2020/21 and the forward years.

The Government's shareholding in Vodafone Cook Islands Ltd (40 per cent ownership) is forecast to provide a consistent dividend of \$1.5 million over the medium-term.

**Table 7-10 Dividends (\$'000)**

	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Banana Court - dividend	10	0	0	0	0	0
Bank of the Cook Islands - dividend	284	370	0	136	256	341
Ports Authority - dividend	0	0	0	0	0	0
Punanga Nui Market - dividend	0	0	0	0	0	0
Te Aponga Uira - dividend	682	200	0	200	300	400
Extraordinary SOE Dividend	60	0	0	0	0	0
Telecom Cook Islands (Vodafone) - dividend	3520	2,460	1,500	1,500	1,500	1,500
<b>Total Dividends</b>	<b>4,556</b>	<b>3,030</b>	<b>1,500</b>	<b>1,836</b>	<b>2,056</b>	<b>2,241</b>

## 7.5.8 Administrative Fees

A number of administrative fees are also collected by Government Agencies. These include regulatory charges which are returned to the Government Crown Account and Trading Revenue which is retained by the Agencies.

**Table 7-11 Administrative fees (\$'000)**

	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
FSC Vested Assets	0	6,602	0	0	0	0
FSC Return of Excess	279	416	198	198	198	198
Immigration Fees	1,064	854	560	560	1,000	300
IMO Subscription - Maritime Cook Islands	67	16	66	66	66	66
Research Fee	1	2	2	2	2	2
Permits	12	6	24	24	24	24
Drivers Licenses	289	260	260	260	260	260
Upper Air Management Agreement	577	816	0	0	0	0
Shipping Registration	265	39	90	90	90	90
International Shipping License	24	10	17	17	17	17
Liquor Licensing	66	79	70	70	70	70
Tattsлото Grants	193	171	120	120	120	120
Censorship Fees	2	1	1	1	1	1
<b>Regional Fisheries Management Organisation</b>	<b>0</b>	<b>0</b>	<b>186</b>	<b>186</b>	<b>186</b>	<b>186</b>
<i>South Indian Ocean Fisheries Agreement (SIOFA)</i>	0	0	179	179	179	179
<i>South Pacific Fisheries Management Organisation (SPRFMO)</i>	0	0	7	7	7	7
<b>Total Administrative Fees</b>	<b>2,839</b>	<b>9,272</b>	<b>1,594</b>	<b>1,594</b>	<b>2,034</b>	<b>1,334</b>

Total administrative fees for 2020/21 have been revised down to \$1.6 million and are made up of the following revenue lines:

- FSC Return of Excess – Despite revenues coming in higher than forecast for 2019/20, estimates on the Return of Excess remain unchanged over the medium-term. Total revenue for 2019/20 is estimated to be \$0.4 million, higher than previously anticipated due to the positive USD exchange rates.
- Immigration Fees – Immigration fees have been revised down for 2020/21 and 2021/22 due to the effects of COVID-19 and the impacts this will have on the demand for labour and businesses ability to cover immigration fees. A waiver of immigration fees were granted in March and April 2020, and is expected to extend into the 2020/21 financial year. Going forward, 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.
- IMO Subscriptions Maritime Cook Islands – Membership subscriptions for the International Maritime Organization are 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 2020/21 and forward years remain unchanged from the estimates provided during the 2019/20 Budget. Research fees are issued by the Office of the Prime Minister to individuals who wish to conduct any official research on the Cook Islands.
- Permits – The underlying revenue estimates for Permits remain unchanged for 2020/21 – 2023/24.
- Driver License – Estimates for 2020/21 and the forward years remain unchanged.
- Upper Air Management Agreement – Total revenues for 2019/20 are estimated to be \$0.8 million, slightly lower than previously anticipated. Going forward, revenue estimates have been revised down to zero over the medium-term due to the impacts of COVID-19 on travel.



- Shipping Registration – Estimated actuals are expected to come in significantly lower than forecast for 2019/20. Revenue estimates over the medium-term have also been revised down to reflect these actuals.
- International Shipping Licenses – Estimated actuals for 2019/20 are expected to be \$0.001 million. Going forward, this has been revised upwards as it is expected that there will be an increase in the distribution of shipping licenses.
- Liquor Licenses – The underlying revenue estimates over the medium-term for Liquor Licensing will remain unchanged.
- Tattsлото Grants – Estimates for 2020/21 and the forward years will remain unchanged.
- Censorship Fees - The Censorship Fees estimates for 2020/21 and the forward years remain unchanged.

### Agency Trading Revenue

Trading Revenue provides a means of recovery for operational costs incurred by Ministries in delivering core services. Adjustments have been made to a number of Agencies from 2020/21 to factor in the anticipated impacts of COVID-19 on the agencies' ability to continue cost recovery through core service delivery. This is shown as follows:

**Table 7-12 Trading Revenue (\$'000)**

	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Ministry of Agriculture	46	91	91	91
Ministry of Corrective Services	50	75	100	100
Ministry of Cultural Development	50	150	170	170
Ministry of Finance and Economic Management	384	954	954	954
Ministry of Health	150	250	350	350
Cook Islands Police Services	142	155	155	155
Cook Islands Tourism Corporation	20	100	150	150
Ministry of Transport	22	32	42	42
Ministry of Internal Affairs	0	0	0	0
Cook Islands Investment Corporation	704	754	754	754
<b>Total Trading Revenue Adjustments</b>	<b>1,567</b>	<b>2,560</b>	<b>2,765</b>	<b>2,765</b>

### 7.5.9 Incidental sales by non-market establishments

Revenue estimates for the circulation of Cook Islands currency and numismatic have been revised downwards for 2020/21 and the forward years. With the impacts of COVID-19 on the Cook Islands economy, this will result in an anticipated slowdown of the circulation of currency coins as well as a reduction in the sale of commemorative coins.

Total estimated revenues received is estimated to be \$0.43 million in 2019/20, significantly lower than forecast.

**Table 7-13 Incidental sales by non-market establishments (\$'000)**

	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Numismatics	537	147	450	450	450	450
Circulating Currency - Notes and Coins	535	282	350	350	350	350
<b>Total Incidental Sales by non- market Est.</b>	<b>1,072</b>	<b>429</b>	<b>800</b>	<b>800</b>	<b>800</b>	<b>800</b>

### 7.5.10 Fines, penalties and forfeits

Court services fines are paid by offenders as an enforcement of court orders. Estimates for court service fines have been revised down to \$11,000 for 2020/21 due to an expected reduction in court sittings. Estimates on court services fines are forecast to return to normal levels by 2023/24. Estimates for Instant fines remain unchanged for 2020/21 and the forward years at \$40,000.

**Table 7-14 Fines, Penalties and forfeits (\$'000)**

	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Court Services	35	31	11	30	40	40
Instant Fines	39	7	40	40	40	40
<b>Total Fines, Penalties and Forfeits</b>	<b>74</b>	<b>38</b>	<b>51</b>	<b>70</b>	<b>80</b>	<b>80</b>

### 7.5.11 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 expected to remain unchanged for 2020/21 to 2023/24 at \$27,000.

**Table 7-15 Miscellaneous and Unidentified revenue (\$'000)**

	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Foreign Investment Fees	29	15	27	27	27	27
<b>Total Foreign Investment Fees</b>	<b>29</b>	<b>15</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>

## 8 Operating Expenditure

### 8.1 Introduction

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)

Operating expenditure is collectively the largest area of Government expenditure each year, with funding allocated towards both the operating and personnel costs of each agency, but also the costs incurred in delivering services to the community, including social benefits such as welfare.

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'.

This chapter details agency budgets and the significant changes being made in the 2020/21 Budget.

Expenditure measures in the 2020/21 Budget and across the medium-term primarily consist of savings measures. These are described collectively at the beginning of this chapter, and then summarised under each agency.

#### 8.1.1 Performance on Government Expenditure

Government operating expenditure received significant budgetary and programmed increases through the 2018/19 and 2019/20 budgets, resulting in a \$39.8 million (31.3 per cent) increase to annual agency expenditure, from \$123.9 million in the 2018/19 Budget to \$166.6 million as at the 2019/20 Supplementary Budget. POBOC's increased by \$3.3 million in the same period.

Actual expenditure by government agencies historically trends lower than budgeted for various reasons. Under-expenditure in Personnel typically relates to recruitment challenges in business critical roles. Funding is retained by the agency in order to remunerate a potential employee, but due to various factors the role cannot be filled. Government reviews funding for these roles annually during the budget preparations.

Under-expenditure in Operating and Administered Payments typically relates to external influences or operational inefficiencies, including the challenges mentioned for Personnel above, which impact Government's ability to implement programmes.

For 2019/20 the following expenditure efficiencies were reached:

- Personnel expenditure is estimated at \$61.7 million against a budget of \$63.0 million. This equates to 97.9 per cent against the long-run average of 95.0 per cent.
- Operating expenditure is estimated at \$19.3 million against a budget of \$20.7 million. This equates to 93.2 per cent against the long run average of 114.6 per cent.
- Administered payments expenditure is estimated at \$63.7 million against a budget of \$75.9 million. This equates to 83.9 per cent against the long-run average of 83.9 per cent.

The above expenditures can be transferred between each categories within an agency if necessary (with the exception of POBOCs), hence these values are a guide only.

Table 8-1 provides a breakdown of operating expenditure from 2019/20 and over the forward estimates. Total expenditure for 2019/20 is estimated at \$188.9 million, inclusive of funds allocated to the Economic Response Plan Phase I and to the COVID-19 Medical Response fund.

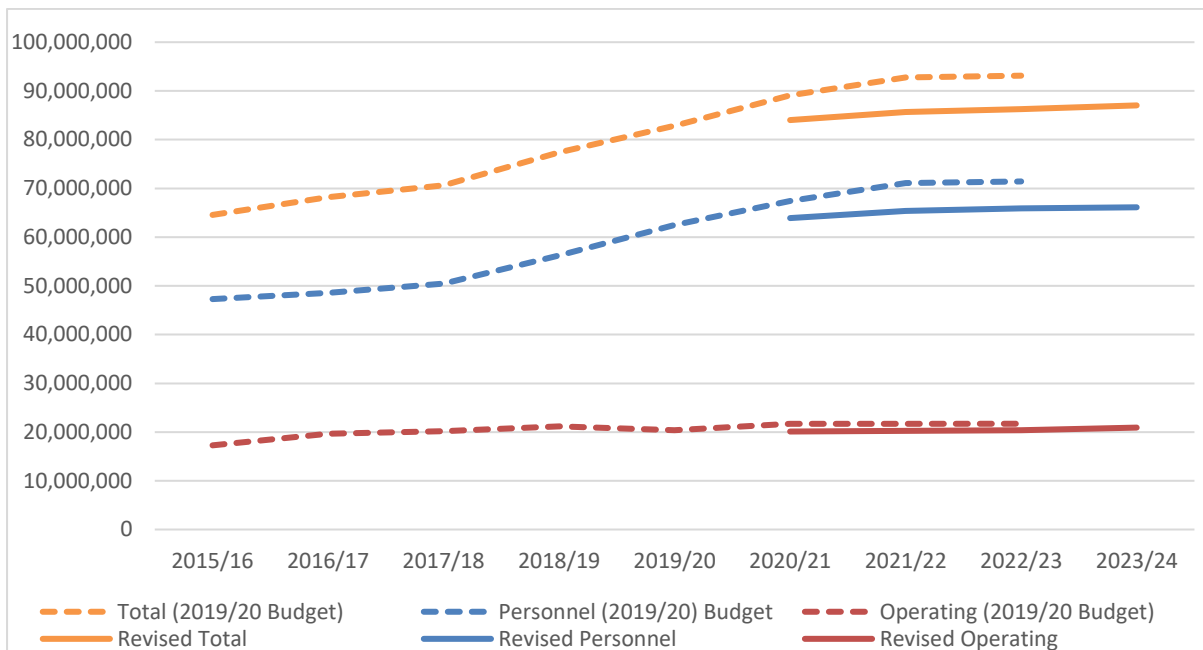
**Table 8-1 Total operating expenditure (\$'000)**

	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
<b>Operating Expenditure</b>					
<b>Ministry Outputs</b>	<b>166,579</b>	<b>195,505</b>	<b>134,881</b>	<b>134,064</b>	<b>133,955</b>
<i>Personnel</i>	61,680	64,356	65,643	66,194	66,387
<i>Operating</i>	19,295	19,573	19,915	19,999	20,551
<i>Administered Payments</i>	63,703	105,215	42,963	41,511	40,657
<i>Depreciation</i>	6,270	6,360	6,360	6,360	6,360
POBOC	28,107	29,568	28,177	28,667	28,784
<b>Total Other Operating</b>	<b>9,904</b>	<b>6,926</b>	<b>9,375</b>	<b>9,100</b>	<b>10,866</b>
Debt Interest Contribution to LRF	2,228	0	2,449	2,174	3,940
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
<b>Depreciation Contingency Fund</b>	<b>2,174</b>	<b>2,174</b>	<b>2,174</b>	<b>2,174</b>	<b>2,174</b>
<i>Rarotonga Water Network</i>	803	803	803	803	803
<i>Northern Pa Enua Renewable Energy System</i>	400	400	400	400	400
<i>Southern Pa Enua Renewable Energy System (excl. Aitutaki)</i>	971	971	971	971	971
<i>Other Assets</i>	0	0	0	0	0
Contingency Funds - Operating	850	100	100	100	100
Contributions to CISWF	0	0	0	0	0
<b>Total Operating Expenses</b>	<b>188,959</b>	<b>231,999</b>	<b>172,433</b>	<b>171,831</b>	<b>173,605</b>

## 8.2 Medium-term Expenditure Ceilings

In 2020/21 total expenditure is budgeted at \$231.9 million and includes funds for the ERP Phase II. Operating expenditure is forecast to stabilise at around \$172.4 million over the forward estimates, noting that further assessment of Government expenditure will be required as the economic situation related to COVID-19 evolves.

**Figure 8-1 Historical and forecast operating expenditure (\$'000)**



The fiscal impacts of COVID-19 have resulted in a significant pivot in Government expenditure planning over the medium-term, with a pause on new programmes and a focus on maintaining core-services to the community, with consequent decreases or minimal increases to expenditure.

Figure 8-1 reflects the changes to the programmed gross agency personnel and operating appropriations between the 2019/20 and 2020/21 Budgets, excluding funding for the Economic Response Plan Phase II. This highlights the difference between planned government expenditure and the revised appropriations as of the 2020/21 Budget, reflecting the cuts to programmed budgets from 2020/21 onwards.

The 2019/20 Budget has been used as a reference point for all Government expenditure across the medium-term, with each agency’s budget reviewed for potential reductions. Where savings have been identified these amounts have been reduced either on a short-term or interim basis, or permanently from agency budgets.

Expenditure savings have been redirected into necessary funding increases for a limited number of agencies, or have been directed towards the Economic Response Plan (ERP) Phase II. In particular, some agencies that received planned pay increases in the 2019/20 fiscal year require additional personnel funding through the 2020/21 Budget, offsetting expenditure decreases elsewhere.

Planned pay increases for the remaining Government agencies that were programmed for the 2020/21 and 2021/22 Budgets have been placed on hold until the Cook Islands economy recovers from the economic shock of COVID-19. This halts a planned increase of \$6.0 million in Government expenditure across the two years.

### **8.3 Changes to 2019/20 Expenditures since the 2019/20 Supplementary Budget**

The total public expenditure profile has increased since the 2019/20 Supplementary Budget, largely as the result of expenditure decisions by the Government and technical adjustments.

**Table 8-2 Expenditure changes since the 2019/20 Supplementary (\$'000)**

Expenditure Changes	2019/20	2020/21	2021/22	2022/23	2023/24
Operating Expenditure as at 2019/20 Supplementary	204,642	177,288	178,123	176,054	176,054
Expenditure Decisions by Government	500	57,436	-5,622	-4,079	-4,070
Technical adjustments	0	-2,726	-69	-145	1,621
Parameter changes	-16,184	0	0	0	0
<b>Operating Expenditure as at 2020/21 Budget</b>	<b>188,958</b>	<b>231,999</b>	<b>172,432</b>	<b>171,830</b>	<b>173,605</b>

Since the 2019/20 Supplementary Budget total expenditure has increased by \$0.5 from \$204.6 million, consisting of changes under the 'Expenditure Decisions by Government' category. These decisions are describes below:

- A top-up of \$500,000 to the COVID-19 Medical Response Fund to support costs of self-quarantine in New Zealand by Cook Islands residents.

The category 'Parameter Changes' shown in Table 8-2 reflects adjustments of estimated actual expenditure versus budgeted expenditure.

### 8.3.1 Reappropriation of 2019/20 Operating Appropriations

Table 8-3 shows operating appropriations that have been re-appropriated into the 2020/21 Budget. Reasons for each appropriation have been provided below.

**Table 8-3 Operating Expenditure Reappropriations**

Expenditure Type	Agency	Details	Amount	2019/20	2019/20 Adjusted	2020/21	2020/2021 Adjusted
Administered Payment	MFEM	Post Tax Amnesty Work	321,337	483,621	162,284	0	321,337
Administered Payment	MFEM	Production of Currency Coins	364,661	1,114,740	750,079	15,000	379,661
Administered Payment	CIIC	To Tatou Vai	500,000	2,500,000	2,000,000	2,830,000	3,330,000
POBOC	Parliament	House of Ariki	20,000	348,420	328,420	348,420	348,420
POBOC	OPM	Local Government Election	24,000	30,000	6,000	0	24,000
<b>Operating Expenditure Subtotal</b>			<b>1,229,998</b>	<b>4,476,781</b>	<b>3,246,783</b>	<b>3,193,420</b>	<b>4,423,418</b>

**Post Tax Amnesty Work** – reappropriated funds will enable the Revenue Management Division to complete the Post tax amnesty work which commenced in the 2018/19 Budget.

**Production of Currency Coins** – an order for coins was placed during the 2019/20 fiscal year, however final payment for the purchase will be due during 2020/21.

**To Tatou Vai** – purchases of necessary chemicals for the To Tatou Vai pipe commissioning which could not be completed in 2019/20 due to the temporary closure of suppliers in New Zealand due to COVID-19. This reappropriation is expected to allow the project to remain on its current timelines.

**House of Ariki** – House of Ariki requires a vehicle to facilitate their operations, due to the reduction in the Capital Distribution Fund (CDF) in 2020/21. An amount of \$20,000 will be reappropriated and transferred to the CDF, this together with \$10,000 of 2020/21 funding will facilitate the purchase of a vehicle.

**Local Government Election** – The social distancing measures implemented in response to COVID-19 resulted in the suspension of the local Government elections in the Pa Enua. This budget line was not

allocated funding in the 2020/21 Budget, hence reappropriation of this funding is necessary to support the operational processes of the elections.

## 8.4 General Budgetary Changes

A number of expenditure decisions have been made across Government agencies, these are shown briefly for each agency in the following Agency-specific sections, with further rationale shown here.

**Government-wide salary increase deferral** – Government has determined that the present fiscal circumstances, and the need for debt financing to support the Economic Response Plan and Government operations over 2020/21 and 2021/22, necessitate the deferral of the Government-wide salary increase programme. This programme will be reviewed annually and reinstated once the Cook Islands economy and fiscal capacity supports this.

**Government Broadband charge centralisation** – Broadband internet charges for most Government agencies have historically been charged to MFEM who in turn invoiced the relevant agencies when completing payment to Vodafone (previously Bluesky). In order to simplify administration, all broadband internet charges will be paid from a single administered fund managed by MFEM. Relevant agency operating budgets have been reduced by the total of their 2018/19 broadband invoices. A rate reduction for the broadband charges also results in a net saving across Government.

**Rounding** – Most agency appropriations have been adjusted to round figures up to the nearest \$1,000. Where an agency required adjustments in both operating and personnel, adjustments may have been posted upward and downward across both, with a reduced net increase. Rounding adjustments have not been described in the Agency specific adjustments below.

Several technical adjustments have also been applied across Government Agencies, including the following:

**Depreciation adjustments** – Actual depreciation as reported through the Half-Year Economic and Fiscal Update is lower than budgeted. Agency depreciation adjustments have been made to align depreciation appropriations towards ‘annualised actuals’ as at the Quarter three Government Financials update (March 2020).

**Trading Revenue adjustments** – Trading Revenue earned by Government agencies offsets the cash appropriation provided by Government, resulting in a net appropriation which is less than gross appropriation, by the amount of trading revenue. Shortfalls in trading revenue can result in agencies working to a reduced operating budget. Where agencies are predicted to suffer a reduction in trading revenue due to the economic impacts associated with COVID-19, adjustments have been made, generally for 2020/21 and in some cases for 2021/22.

### 8.4.1 Significant Expenditure Initiatives

The 2020/21 Budget contains the following significant expenditure initiatives:

**Economic Response Plan** – Phase II of the Government’s Economic Response Plan, to be managed by MFEM, consists of new funds of \$64.0 million.

**COVID-19 Medical Response Fund** – The medical response fund was implemented in the 2019/20 Supplementary Budget to cover medical expenses related to COVID-19, covering personal protective equipment purchases, quarantine costs and other operating expenses. This fund is continued with \$3.0 million in 2020/21 to facilitate costs related to reopening the borders and the potential for COVID-19 cases in the Cook Islands. This fund will also reside with MFEM.

**Airline Underwrite (Previously Air New Zealand – Subsidies)** - This administered fund supports the underwriting of flight routes and is intended to expand the tourist market. This fund has been reduced by \$5.0 million to reflect forecast savings due to the temporary suspension of the Los Angeles and Sydney routes.

## 8.5 Government Department Budgets

### 8.5.1 Ministry of Agriculture

Agriculture		2020-21	2021-22	2022-23	2023-24
<b>MTEC</b>	Personnel	1,056,072	1,056,072	1,056,072	1,056,072
	Operating	314,509	314,509	314,509	314,509
	Administered Payments	0	0	0	0
	Depreciation	30,000	30,000	30,000	30,000
	<b>Gross Appropriation</b>	<b>1,400,581</b>	<b>1,400,581</b>	<b>1,400,581</b>	<b>1,400,581</b>
	Trading Revenue	45,535	90,535	90,535	90,535
	<b>Net Appropriation</b>	<b>1,355,046</b>	<b>1,310,046</b>	<b>1,310,046</b>	<b>1,310,046</b>
	POBOC	0	0	0	0
	<b>Medium-term Expenditure Ceiling</b>	<b>1,400,581</b>	<b>1,400,581</b>	<b>1,400,581</b>	<b>1,400,581</b>

**Table 8-4 Total Resourcing – Government and ODA, Agriculture (\$)**

	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Net Appropriation	1,355,046	1,310,046	1,310,046	1,310,046
Trading Revenue	45,535	90,535	90,535	90,535
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>1,400,581</b>	<b>1,400,581</b>	<b>1,400,581</b>	<b>1,400,581</b>

**Table 8-5 Output Funding for 2020/21, Agriculture (\$)**

Output	Output 1	Output 2	Output 3	Output 4	Total
Personnel	368,155	297,784	166,994	223,139	1,056,072
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
<b>Gross Operating Appropriation</b>	<b>450,423</b>	<b>383,314</b>	<b>176,493</b>	<b>390,351</b>	<b>1,400,581</b>
Trading Revenue	30,000	14,535	1,000	0	45,535
<b>Net Operating Appropriation</b>	<b>420,423</b>	<b>368,779</b>	<b>175,493</b>	<b>390,351</b>	<b>1,355,046</b>

#### Ministry of Agriculture Outputs

##### Output 1: Crops Research

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

- horticulture support (fruits, vegetables, ornamentals, hydroponics, organic production, etc.)
- applied and adaptive research– varietal testing, export trials, basic soil testing and assessment, plant genetic, crop breeding, soil and water management
- pest and disease control and identification
- administering food crops, agricultural chemicals and livestock medicine as well as other pesticides
- nursery and plant propagation
- agro-forestry, erosion control and contouring cultivation and protection



- training programmes – pesticide workshops, fertiliser-use and nutrition of crops and others.

### Output 2: Biosecurity

- implementation of 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 agricultural export products are in compliance with “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 etc.
- pests surveillance and monitoring
- provide support to Codex Alimentarius and IPPC Standards.
- establish partnership and provide technical support with the Pa Enea on biosecurity border control measures
- development or 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, organic production, etc.)
- extension and modern technology knowledge transfer with best practices
- promoting sustainable agriculture practices (best practices and organic)
- 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 8-6 Baselines and New Budget Measures, Agriculture (\$)**

Details	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
2019/20 Budget Personnel Baseline	1,006,072	1,006,072	1,006,072	1,006,072
Personnel Adjustment	50,000	50,000	50,000	50,000
<b>2020/21 Budget Personnel Budget</b>	<b>1,056,072</b>	<b>1,056,072</b>	<b>1,056,072</b>	<b>1,056,072</b>
2019/20 Budget Operating Baseline	465,509	365,509	365,509	365,509
Operating Adjustment	(151,000)	(51,000)	(51,000)	(51,000)
<b>2020/21 Budget Operating Budget</b>	<b>314,509</b>	<b>314,509</b>	<b>314,509</b>	<b>314,509</b>
2019/20 Budget Administered Payments Baseline	0	0	0	0
<b>2020/21 Budget Administered Payments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
2019/20 Budget Depreciation Baseline	22,181	22,181	22,181	22,181
Depreciation Adjustment	7,819	7,819	7,819	7,819
<b>2020/21 Budget Depreciation</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>
<b>Gross Operating Appropriation</b>	<b>1,400,581</b>	<b>1,400,581</b>	<b>1,400,581</b>	<b>1,400,581</b>
2019/20 Budget Trading Revenue Baseline	90,535	90,535	90,535	90,535
Trading Revenue Adjustment	(45,000)	0	0	0
<b>2020/21 Budget Trading Revenue</b>	<b>45,535</b>	<b>90,535</b>	<b>90,535</b>	<b>90,535</b>
<b>Net Operating Appropriation</b>	<b>1,355,046</b>	<b>1,310,046</b>	<b>1,310,046</b>	<b>1,310,046</b>

The Ministry of Agriculture's personnel budget has been increased by \$50,000 to cover shortfalls from the Government-wide salary increase implemented in 2019/20.

A temporary programmed operating increase of \$100,000 has been cancelled for 2020/21, together with a further programmed increase of \$50,000 removed annually from 2020/21.

A decrease of \$1,000 in the operating budget has been applied for the Government Broadband charge centralisation.

Expected trading revenue has been decreased by \$45,000 in 2020/21 due to reduced bio-security screening resulting from the COVID-19 economic impacts.

## 8.5.2 Cook Islands Audit Office

Audit (PERCA)		2020-21	2021-22	2022-23	2023-24
MTEC	Personnel	993,854	996,953	996,953	996,953
	Operating	112,800	169,701	119,701	119,701
	Administered Payments	0	0	0	0
	Depreciation	18,000	18,000	18,000	18,000
	<b>Gross Appropriation</b>	<b>1,124,654</b>	<b>1,184,654</b>	<b>1,134,654</b>	<b>1,134,654</b>
	Trading Revenue	60,700	60,700	60,700	60,700
	<b>Net Appropriation</b>	<b>1,063,954</b>	<b>1,123,954</b>	<b>1,073,954</b>	<b>1,073,954</b>
	POBOC	153,100	153,100	153,100	153,100
	<b>Medium-term Expenditure Ceiling</b>	<b>1,277,754</b>	<b>1,337,754</b>	<b>1,287,754</b>	<b>1,287,754</b>

**Table 8-7 Total Resourcing – Government and ODA, Audit (\$)**

	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Net Appropriation	1,063,954	1,123,954	1,073,954	1,073,954
Trading Revenue	60,700	60,700	60,700	60,700
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>1,124,654</b>	<b>1,184,654</b>	<b>1,134,654</b>	<b>1,134,654</b>

**Table 8-8 Output Funding for 2020/21, Audit (\$)**

Output	Output 1	Output 2	Output 3	Output 4	Total
Personnel	282,124	412,887	216,163	82,680	993,854
Operating	28,200	28,200	28,200	28,200	112,800
Administered Funding	0	0	0	0	0
Depreciation	4,500	4,500	4,500	4,500	18,000
<b>Gross Operating Appropriation</b>	<b>314,824</b>	<b>445,587</b>	<b>248,863</b>	<b>115,380</b>	<b>1,124,654</b>
Trading Revenue	30,000	25,700	5,000	0	60,700
<b>Net Operating Appropriation</b>	<b>284,824</b>	<b>419,887</b>	<b>243,863</b>	<b>115,380</b>	<b>1,063,954</b>

### 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's consolidated financial statements.

The Director of Audit expresses an opinion on whether the Cook Islands Government's financial statements are prepared, in all material respects, in accordance with the International Public Sector Accounting Standards (IPSAS). In addition, a management report is issued to the Financial Secretary and the Minister Responsible highlighting any areas of concern.

## 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 the Ministries, Island Governments, State-owned enterprises and other Crown agencies.

The Director of Audit expresses an opinion on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework. A management report is issued to the Head of Ministry and Minister responsible highlighting any areas of concern.

## 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 8-9 Baselines and New Budget Measures, Audit (\$)**

Details	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
2019/20 Budget Personnel Baseline	993,854	1,096,953	1,096,953	1,096,953
Personnel Adjustment	0	(100,000)	(100,000)	(100,000)
<b>2020/21 Budget Personnel Budget</b>	<b>993,854</b>	<b>996,953</b>	<b>996,953</b>	<b>996,953</b>
2019/20 Budget Operating Baseline	164,300	121,201	121,201	121,201
Operating Adjustment	(51,500)	48,500	(1,500)	(1,500)
<b>2020/21 Budget Operating Budget</b>	<b>112,800</b>	<b>169,701</b>	<b>119,701</b>	<b>119,701</b>
2019/20 Budget Administered Payments Baseline	0	0	0	0
<b>2020/21 Budget Administered Payments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
2019/20 Budget Depreciation Baseline	21,000	21,000	21,000	21,000
Depreciation Adjustment	(3,000)	(3,000)	(3,000)	(3,000)
<b>2020/21 Budget Depreciation</b>	<b>18,000</b>	<b>18,000</b>	<b>18,000</b>	<b>18,000</b>
<b>Gross Operating Appropriation</b>	<b>1,124,654</b>	<b>1,184,654</b>	<b>1,134,654</b>	<b>1,134,654</b>
2019/20 Budget Trading Revenue Baseline	60,700	60,700	60,700	60,700
<b>2020/21 Budget Trading Revenue</b>	<b>60,700</b>	<b>60,700</b>	<b>60,700</b>	<b>60,700</b>
<b>Net Operating Appropriation</b>	<b>1,063,954</b>	<b>1,123,954</b>	<b>1,073,954</b>	<b>1,073,954</b>
2019/20 Budget POBOC Baseline	153,100	153,100	153,100	153,100
<b>2020/21 Budget POBOC Funding</b>	<b>153,100</b>	<b>153,100</b>	<b>153,100</b>	<b>153,100</b>

One-off funding of \$50,000 programmed in 2020/21 to host the Auditors Conference has been deferred to 2021/22 in line with the updated conference dates.

Personnel funding for the Government-wide salary increase of \$100,000 in 2021/22 has been cancelled until the programme is reinstated.

A further decrease of \$1,500 annually of operating funding for the Government broadband charge centralisation has been applied.

Depreciation has been adjusted in line with annualised actuals as at March 2020.

**Table 8-10 Payments on Behalf of Crown, Audit (\$)**

Output	POBOCs	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
2	Audit Fees	95,600	95,600	95,600	95,600
	<b>Output 2 POBOC Funding</b>	<b>95,600</b>	<b>95,600</b>	<b>95,600</b>	<b>95,600</b>
3	PERC Salaries and Administration Costs	57,500	57,500	57,500	57,500
	<b>Output 3 POBOC Funding</b>	<b>57,500</b>	<b>57,500</b>	<b>57,500</b>	<b>57,500</b>
	<b>Total Audit (PERCA) POBOC Funding</b>	<b>153,100</b>	<b>153,100</b>	<b>153,100</b>	<b>153,100</b>

### 8.5.3 Business Trade and Investment Board

Business Trade and Investment Board		2020-2021	2021-22	2022-23	2023-24
<b>MTEC</b>	Personnel	432,796	432,796	432,796	432,796
	Operating	342,866	242,866	242,866	242,866
	Administered Payments	0	0	0	0
	Depreciation	4,000	4,000	4,000	4,000
	<b>Gross Appropriation</b>	<b>779,662</b>	<b>679,662</b>	<b>679,662</b>	<b>679,662</b>
	Trading Revenue	28,000	28,000	28,000	28,000
	<b>Net Appropriation</b>	<b>751,662</b>	<b>651,662</b>	<b>651,662</b>	<b>651,662</b>
	POBOC	0	0	0	0
	<b>Medium-term Expenditure Ceiling</b>	<b>779,662</b>	<b>679,662</b>	<b>679,662</b>	<b>679,662</b>

**Table 8-11 Total Resourcing – Government and ODA, BTIB (\$)**

	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Net Appropriation	751,662	651,662	651,662	651,662
Trading Revenue	28,000	28,000	28,000	28,000
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>779,662</b>	<b>679,662</b>	<b>679,662</b>	<b>679,662</b>

**Table 8-12 Output Funding for 2020/21, BTIB (\$)**

Output	Output 1	Output 2	Output 3	Output 4
Personnel	58,561	31,843	78,950	37,595
Operating	144,600	48,466	46,600	46,600
Administered Funding	0	0	0	0
Depreciation	667	667	667	667
<b>Gross Operating Appropriation</b>	<b>203,828</b>	<b>80,976</b>	<b>126,217</b>	<b>84,862</b>
Trading Revenue	600	27,400	0	0
<b>Net Operating Appropriation</b>	<b>203,228</b>	<b>53,576</b>	<b>126,217</b>	<b>84,862</b>

Output	Output 5	Output 6	Total
Personnel	225,847	0	432,796
Operating	46,600	10,000	342,866
Administered Funding	0	0	0
Depreciation	667	667	4,000
<b>Gross Operating Appropriation</b>	<b>273,114</b>	<b>10,667</b>	<b>779,662</b>
Trading Revenue	0	0	28,000
<b>Net Operating Appropriation</b>	<b>273,114</b>	<b>10,667</b>	<b>751,662</b>

## 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 business fact sheets, 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 an emphasis in the Pa Enuā and in collaboration with public and private stakeholders.

### Output 2: Trade and Marketing

This output supports businesses to increase domestic trade with the Pa Enuā and encourage export; to encourage trade in social businesses (social benefit to society), provide marketing support for businesses, organise trade events for small business enterprises and providing advice to stakeholders on foreign and local trade.

### Output 3: Foreign Investment

This output seeks to encourage foreign investment and promote the Cook Islands as an attractive place to invest. This output supports the Board's regulatory and operational responsibilities to provide foreign and local business investment opportunities including foreign investment advice, capacity development and business-related services.

### Output 4: Monitoring and Compliance

This output supports and regulates foreign investment to ensure compliance with the Development Investment Act 1995- 96 and Regulations.

### Output 5: Corporate Services

The purpose of this output is to provide administrative and financial support to the other outputs by ensuring that resources are available and in line with Government legislation and policies.

### Output 6: Strategic Management Services

To provide high-level strategic advice and policy development that focuses on the efficient delivery of all the outputs of the organisation and ensuring alignment with national and ministerial priorities.

**Table 8-13 Baselines and New Budget Measures, BTIB (\$)**

Details	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
2019/20 Budget Personnel Baseline	432,796	522,796	522,796	522,796
Personnel Adjustment	0	(90,000)	(90,000)	(90,000)
<b>2020/21 Budget Personnel Budget</b>	<b>432,796</b>	<b>432,796</b>	<b>432,796</b>	<b>432,796</b>
2019/20 Budget Operating Baseline	344,866	244,866	244,866	244,866
Operating Adjustment	(2,000)	(2,000)	(2,000)	(2,000)
<b>2020/21 Budget Operating Budget</b>	<b>342,866</b>	<b>242,866</b>	<b>242,866</b>	<b>242,866</b>
2019/20 Budget Administered Payments Baseline	0	0	0	0
2020/21 Budget Administered Payments	0	0	0	0
2019/20 Budget Depreciation Baseline	4,500	4,500	4,500	4,500
Depreciation Adjustment	(500)	(500)	(500)	(500)
<b>2020/21 Budget Depreciation</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>
<b>Gross Operating Appropriation</b>	<b>779,662</b>	<b>679,662</b>	<b>679,662</b>	<b>679,662</b>
2019/20 Budget Trading Revenue Baseline	28,000	28,000	28,000	28,000
Trading Revenue Adjustment	0	0	0	0
<b>2020/21 Budget Trading Revenue</b>	<b>28,000</b>	<b>28,000</b>	<b>28,000</b>	<b>28,000</b>
<b>Net Operating Appropriation</b>	<b>751,662</b>	<b>651,662</b>	<b>651,662</b>	<b>651,662</b>

Personnel funding for the Government-wide salary increase of \$90,000 in 2021/22 has been cancelled until the programme is reinstated.

A decrease of \$2,000 annually of operating funding for the Government broadband charge centralisation.

Depreciation has been adjusted in line with annualised actuals as at March 2020.

## 8.5.4 Cook Islands Investment Corporation

Cook Islands Investment Corporation		2020-21	2021-22	2022-23	2023-24
MTEC	Personnel	1,508,000	1,508,000	1,508,000	1,536,000
	Operating	1,424,000	1,474,000	1,524,000	1,724,000
	Administered Payments	4,990,000	4,565,000	2,880,000	2,880,000
	Depreciation	45,000	45,000	45,000	45,000
	<b>Gross Appropriation</b>	<b>7,967,000</b>	<b>7,592,000</b>	<b>5,957,000</b>	<b>6,185,000</b>
	Trading Revenue	703,831	753,831	753,831	753,831
	<b>Net Appropriation</b>	<b>7,263,169</b>	<b>6,838,169</b>	<b>5,203,169</b>	<b>5,431,169</b>
	POBOC	3,786,096	2,286,096	2,666,096	2,666,096
<b>Medium-term Expenditure Ceiling</b>		<b>11,753,096</b>	<b>9,878,096</b>	<b>8,623,096</b>	<b>8,851,096</b>

**Table 8-14 Total Resourcing – Government and ODA, CIIC (\$)**

	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Net Appropriation	7,263,169	6,838,169	5,203,169	5,431,169
Trading Revenue	703,831	753,831	753,831	753,831
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>7,967,000</b>	<b>7,592,000</b>	<b>5,957,000</b>	<b>6,185,000</b>

**Table 8-15 Output Funding for 2020/21, CIIC (\$)**

Output	Output 1	Output 2	Output 3	Total
Personnel	924,719	227,900	355,381	1,508,000
Operating	1,096,525	151,511	175,964	1,424,000
Administered Funding	1,280,000	3,710,000	0	4,990,000
Depreciation	45,000	0	0	45,000
<b>Gross Operating Appropriation</b>	<b>3,346,244</b>	<b>4,089,411</b>	<b>531,345</b>	<b>7,967,000</b>
Trading Revenue	703,831	0	0	703,831
<b>Net Operating Appropriation</b>	<b>2,642,413</b>	<b>4,089,411</b>	<b>531,345</b>	<b>7,263,169</b>

### Cook Islands Investment Corporation Outputs

#### Output 1: Effective Asset Management

Key functions and projects/programmes the Output/Division delivers:

- Property Division:
  - management and maintenance of Government-owned houses and buildings throughout the Cook Islands and Wellington, New Zealand.
  - Provide secretariat service to the Infrastructure Committee (IC).
  - Identify and implement best practice standards for asset management and assist in extending to other agencies.
  - Manage and implement the 'AssetFinda' programme as the asset planning and management tool including its application to all Government agencies including the Pa Enea.

- Legal/Land Division
  - Provide legal advice to Board and management.
  - Manage Crown Land, land leases and commercial rentals.
- Special Projects Unit - Project manage build projects as well as the proposed Vaikapuangi project.

**Output 2: Effective management of public assets by State Owned Enterprises**

Key functions and projects/programmes the Output delivers on:

- Facilitate and support state-owned enterprises (SOEs) to effectively govern and manage public assets for the benefit of Cook Islands people.
  - Establish and operate strong and constructive working relationships with the SOEs.
  - Leadership in, and development of good governance practice in the SOEs sector.
  - Monitoring of SOEs performance that adds value to their management of public assets.
  - Administer the Cook Islands Government Property Corporation (CIGPC).
  - Facilitate the establishment of a water and seabed exploration and mining SOEs and administer the latter.

**Output 3: Corporate Services**

Key functions and projects/programmes the Output delivers on:

- provide support for CIIC divisions and SOEs including, ensuring the adequacy of resources to deliver on their work programmes;
- produce the annual reports of the Board of Directors together with the consolidated financial reports of the CIIC Group and CIGPC Group for Cabinet and Parliament;
- 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; and
- ensure compliance with finance, personnel and administration related rules, regulations and legislation.

**Table 8-16 Baselines and New Budget Measures, CIIC (\$)**

Details	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
2019/20 Budget Personnel Baseline	1,536,167	1,536,167	1,536,167	1,536,167
Personnel Adjustment	(28,167)	(28,167)	(28,167)	(167)
<b>2020/21 Budget Personnel Budget</b>	<b>1,508,000</b>	<b>1,508,000</b>	<b>1,508,000</b>	<b>1,536,000</b>
2019/20 Budget Operating Baseline	1,724,323	1,824,323	1,824,323	1,824,323
Operating Adjustment	(300,323)	(350,323)	(300,323)	(100,323)
<b>2020/21 Budget Operating Budget</b>	<b>1,424,000</b>	<b>1,474,000</b>	<b>1,524,000</b>	<b>1,724,000</b>
2019/20 Budget Administered Payments Baseline	3,960,000	3,235,000	2,880,000	2,880,000
School Security	(50,000)	(50,000)	0	0
To Tatou Vai	1,000,000	1,400,000	0	0
Infrastructure Committee	(20,000)	(20,000)	0	0
Renewable Energy Maintenance	100,000	0	0	0
<b>2020/21 Budget Administered Payments</b>	<b>4,990,000</b>	<b>4,565,000</b>	<b>2,880,000</b>	<b>2,880,000</b>
2019/20 Budget Depreciation Baseline	50,000	50,000	50,000	50,000
Depreciation Adjustment	(5,000)	(5,000)	(5,000)	(5,000)
<b>2020/21 Budget Depreciation</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>
<b>Gross Operating Appropriation</b>	<b>7,967,000</b>	<b>7,592,000</b>	<b>5,957,000</b>	<b>6,185,000</b>
2019/20 Budget Trading Revenue Baseline	753,831	753,831	753,831	753,831
Trading Revenue Adjustment	(50,000)	0	0	0
<b>2020/21 Budget Trading Revenue</b>	<b>703,831</b>	<b>753,831</b>	<b>753,831</b>	<b>753,831</b>
<b>Net Operating Appropriation</b>	<b>7,263,169</b>	<b>6,838,169</b>	<b>5,203,169</b>	<b>5,431,169</b>
2019/21 Budget POBOC Baseline	2,666,096	2,666,096	2,666,096	2,666,096
Airport Authority subsidy	1,000,000	0	0	0
Te Aponga Uira – social assistance subsidy	(380,000)	(380,000)	0	0
Te Mana Uira o Araura - subsidy	500,000	0	0	0
<b>2020/21 Budget POBOC Funding</b>	<b>3,786,096</b>	<b>2,286,096</b>	<b>2,666,096</b>	<b>2,666,096</b>

A programmed operating funding increase of \$250,000 has been cancelled from 2020/21. Further operating increases in the outer years have also been cancelled.

A further \$50,000 operating decrease in 2020/21 offsets a \$50,000 trading revenue reduction due to the impacts of COVID-19 on the Punanga Nui market.

Depreciation has been adjusted in line with annualised actuals as at March 2020.

#### Administered Funding

- School Security has been decreased by \$50,000 in 2020/21 and 2021/22 to reduce Government expenditure.
- New funds towards To Tatou Vai of \$500,000 in 2020/21 and \$1,400,000 in 2021/22 to support the continued rollout of new water infrastructure on Rarotonga. \$500,000 has been reappropriated from 2019/20 to the 2020/21 fiscal year for the To Tatou Vai pipe commissioning project (refer to section 8.3.1).
- Funding for the Infrastructure Committee has been decreased by \$20,000 in 2020/21 and 2021/22 to reduce Government expenditure.
- New funds of \$100,000 towards Renewable Energy Maintenance in 2020/21 to support maintenance works in the Pa Enea.



## POBOC

- Additional funding of \$1,000,000 has been allocated to the Airport Authority subsidy in 2020/21 to offset a reduction in revenue due to reduced flights resulting from COVID-19.
- Te Mana Uira O Araura will receive a subsidy of \$500,000 in 2020/21 to offset the discounted provision of electricity due to the tourism impacts from COVID-19.
- A decrease of \$380,000 in 2020/21 and 2021/22 for Te Aponga Uira - social assistance subsidy to reduce Government expenditure.

**Table 8-17 Administered Payments, CIIC (\$)**

Output	Administered Payment	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
1	Infrastructure Committee	130,000	130,000	150,000	150,000
1	Provision for Land Rentals	500,000	500,000	500,000	500,000
1	School Security	230,000	230,000	280,000	280,000
1	Government Facility Development Division	420,000	420,000	420,000	420,000
	<b>Output 1 Administered Funding</b>	<b>1,280,000</b>	<b>1,280,000</b>	<b>1,350,000</b>	<b>1,350,000</b>
2	Avaroa Cable	150,000	0	0	0
2	Joint Venture with Seabed Minerals Authority	130,000	130,000	130,000	130,000
2	Renewable Energy Maintenance	100,000	0	0	0
2	To Tatou Vai	3,330,000	3,155,000	1,400,000	1,400,000
	<b>Output 2 Administered Funding</b>	<b>3,710,000</b>	<b>3,285,000</b>	<b>1,530,000</b>	<b>1,530,000</b>
<b>Total Cook Islands Investment Corporation Administered Funding</b>		<b>4,990,000</b>	<b>4,565,000</b>	<b>2,880,000</b>	<b>2,880,000</b>

**Table 8-18 Payments on Behalf of Crown, CIIC (\$)**

Output	POBOCs	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
2	Airport Authority subsidy	3,047,997	2,047,997	2,047,997	2,047,997
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
2	Te Aponga Uira - social assistance subsidy	0	0	380,000	380,000
2	Te Mana Uira O Araura - subsidy	500,000	0	0	0
	<b>Output 2 POBOC Funding</b>	<b>3,786,096</b>	<b>2,286,096</b>	<b>2,666,096</b>	<b>2,666,096</b>
<b>Total Cook Islands Investment Corporation POBOC Funding</b>		<b>3,786,096</b>	<b>2,286,096</b>	<b>2,666,096</b>	<b>2,666,096</b>

## 8.5.5 Ministry of Corrective Services

Corrective Services		2020-21	2021-22	2022-23	2023-24
MTEC	Personnel	1,322,576	1,326,826	1,326,826	1,326,826
	Operating	233,381	229,131	229,131	229,131
	Administered Payments	0	0	0	0
	Depreciation	30,000	30,000	30,000	30,000
	<b>Gross Appropriation</b>	<b>1,585,957</b>	<b>1,585,957</b>	<b>1,585,957</b>	<b>1,585,957</b>
	Trading Revenue	50,000	75,000	100,000	100,000
	<b>Net Appropriation</b>	<b>1,535,957</b>	<b>1,510,957</b>	<b>1,485,957</b>	<b>1,485,957</b>
	POBOC	0	0	0	0
<b>Medium-term Expenditure Ceiling</b>		<b>1,585,957</b>	<b>1,585,957</b>	<b>1,585,957</b>	<b>1,585,957</b>

**Table 8-19 Total Resourcing – Government and ODA, Corrective Services (\$)**

	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Net Appropriation	1,535,957	1,510,957	1,485,957	1,485,957
Trading Revenue	50,000	75,000	100,000	100,000
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>1,585,957</b>	<b>1,585,957</b>	<b>1,585,957</b>	<b>1,585,957</b>

**Table 8-20 Output Funding for 2020/21, Corrective Services (\$)**

Output	Output 1	Output 2	Output 3	Total
Personnel	283,964	981,999	56,613	1,322,576
Operating	5,500	131,100	96,781	233,381
Administered Funding	0	0	0	0
Depreciation	5,000	22,000	3,000	30,000
<b>Gross Operating Appropriation</b>	<b>294,464</b>	<b>1,135,099</b>	<b>156,394</b>	<b>1,585,957</b>
Trading Revenue	0	50,000	0	50,000
<b>Net Operating Appropriation</b>	<b>294,464</b>	<b>1,085,099</b>	<b>156,394</b>	<b>1,535,957</b>

**Ministry of Corrective Services Outputs****Output 1: Probation Service**

The Probation Service Division is responsible for the management and support of offenders released on probation supervision by the Courts, Parole Board or operation of the law. This output is also responsible for assisting offenders in rehabilitation programs to ensure that offenders do not reoffend while on probation supervision and do not commit any more crimes. The Probation Service is led by the Chief Probation Officer and supported by the Senior Probation Officers.

**Output 2: Prison Services**

The Prison Services is responsible for the management and control of the Arorangi Prison. The primary responsibility of the prison is for the security of inmates inside the Arorangi Prison and ensure the safety of the general public. This output is also responsible for the provision of rehabilitation and reintegration programme to reduce reoffending and ensure a smoother transition of inmates back into the community after serving their sentence. The prison services is led by the Superintendent and supported by the two First Officers.

Overall, the prison is responsible for priority area one - Safety; priority area two - rehabilitation and reintegration and priority area three - people

**Output 3: Corporate Services**

Corporate services is responsible for financial management, human resources management, policy development and quality assurance, procurement and asset management and the provision of administration services for probation and prison services.

**Table 8-21 Baselines and New Budget Measures, Corrective Services (\$)**

Details	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
2019/20 Budget Personnel Baseline	1,212,807	1,211,286	1,211,286	1,211,286
Personnel Adjustment	109,769	115,540	115,540	115,540
<b>2020/21 Budget Personnel Budget</b>	<b>1,322,576</b>	<b>1,326,826</b>	<b>1,326,826</b>	<b>1,326,826</b>
2019/20 Budget Operating Baseline	283,150	484,671	684,671	684,671
Operating Adjustment	(49,769)	(255,540)	(455,540)	(455,540)
<b>2020/21 Budget Operating Budget</b>	<b>233,381</b>	<b>229,131</b>	<b>229,131</b>	<b>229,131</b>
2019/20 Budget Administered Payments Baseline	0	0	0	0
<b>2020/21 Budget Administered Payments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
2019/20 Budget Depreciation Baseline	43,984	43,984	43,984	43,984
Depreciation Adjustment	(13,984)	(13,984)	(13,984)	(13,984)
<b>2020/21 Budget Depreciation</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>
<b>Gross Operating Appropriation</b>	<b>1,585,957</b>	<b>1,585,957</b>	<b>1,585,957</b>	<b>1,585,957</b>
2019/20 Budget Trading Revenue Baseline	100,000	100,000	100,000	100,000
Trading Revenue Adjustment	(50,000)	(25,000)	0	0
<b>2020/21 Budget Trading Revenue</b>	<b>50,000</b>	<b>75,000</b>	<b>100,000</b>	<b>100,000</b>
<b>Net Operating Appropriation</b>	<b>1,535,957</b>	<b>1,510,957</b>	<b>1,485,957</b>	<b>1,485,957</b>

An additional funding increase of \$60,000 for personnel has been provided to cover the remaining personnel shortfall from the Government-wide salary increase implemented in 2019/20. A further \$49,769 has been transferred from operating to personnel at the Ministry's request.

A programmed operating funding increase of \$200,000 has been cancelled from 2021/22.

Depreciation has been adjusted in line with annualised actuals as at March 2020 and the transfer of assets from the Ministry of Justice to the Ministry of Corrective Services has been reflected in the depreciation in line with the separation of the two ministries.

### 8.5.6 Crown Law

Crown Law		2020-21	2021-22	2022-23	2023-24
MTEC	Personnel	886,784	927,500	927,500	927,500
	Operating	162,791	163,500	163,500	173,500
	Administered Payments	155,000	0	0	0
	Depreciation	3,000	3,000	3,000	3,000
	<b>Gross Appropriation</b>	<b>1,207,575</b>	<b>1,094,000</b>	<b>1,094,000</b>	<b>1,104,000</b>
	Trading Revenue	0	0	0	0
	<b>Net Appropriation</b>	<b>1,207,575</b>	<b>1,094,000</b>	<b>1,094,000</b>	<b>1,104,000</b>
	POBOC	0	0	0	0
	<b>Medium-term Expenditure Ceiling</b>	<b>1,207,575</b>	<b>1,094,000</b>	<b>1,094,000</b>	<b>1,104,000</b>

**Table 8-22 Total Resourcing – Government and ODA, Crown Law (\$)**

	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Net Appropriation	1,207,575	1,094,000	1,094,000	1,104,000
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>1,207,575</b>	<b>1,094,000</b>	<b>1,094,000</b>	<b>1,104,000</b>

**Table 8-23 Output Funding for 2020/21, Crown Law (\$)**

<b>Output</b>	<b>Output 1</b>	<b>Output 2</b>	<b>Output 3</b>	<b>Output 4</b>	<b>Total</b>
Personnel	317,019	235,311	235,311	99,142	886,784
Operating	65,116	40,698	40,698	16,279	162,791
Administered Funding	0	155,000	0	0	155,000
Depreciation	0	0	0	3,000	3,000
<b>Gross Operating Appropriation</b>	<b>382,136</b>	<b>431,009</b>	<b>276,009</b>	<b>118,421</b>	<b>1,207,575</b>
Trading Revenue	0	0	0	0	0
<b>Net Operating Appropriation</b>	<b>382,136</b>	<b>431,009</b>	<b>276,009</b>	<b>118,421</b>	<b>1,207,575</b>

**Crown Law Outputs****Output 1: Advice**

The Crown Law Office provide legal advice to Government to a very high standard and in a timely manner. This output makes up about 40 per cent of the work of the Crown Law Office.

**Output 2: Litigation**

The Office is also responsible for prosecuting all serious criminal cases to a very high standard, and will act as ministers of justice in the course of doing so. In addition, the Crown Law Office act on behalf of the Cook Islands' Government in civil proceedings to a very high standard. This output makes up about 30 per cent of the work of the Crown Law Office.

**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 take over the drafting of legislation so that there is a consistent approach to all legislation passed going forward. This output makes up about 30 per cent of the work of the Crown Law Office.

**Output 4: Corporate Services**

Corporate Services 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 8-24 Baselines and New Budget Measures, Crown Law (\$)**

Details	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
2019/20 Budget Personnel Baseline	786,784	827,500	827,500	827,500
Personnel Adjustment	100,000	100,000	100,000	100,000
<b>2020/21 Budget Personnel Budget</b>	<b>886,784</b>	<b>927,500</b>	<b>927,500</b>	<b>927,500</b>
2019/20 Budget Operating Baseline	164,291	175,000	175,000	175,000
Operating Adjustment	(1,500)	(11,500)	(11,500)	(1,500)
<b>2020/21 Budget Operating Budget</b>	<b>162,791</b>	<b>163,500</b>	<b>163,500</b>	<b>173,500</b>
2019/20 Budget Administered Payments Baseline	0	0	0	0
Legal Provisions	155,000	0	0	0
<b>2020/21 Budget Administered Payments</b>	<b>155,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
2019/20 Budget Depreciation Baseline	6,000	6,000	6,000	6,000
Depreciation Adjustment	(3,000)	(3,000)	(3,000)	(3,000)
<b>2020/21 Budget Depreciation</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>
<b>Gross Operating Appropriation</b>	<b>1,207,575</b>	<b>1,094,000</b>	<b>1,094,000</b>	<b>1,104,000</b>
2019/20 Budget Trading Revenue Baseline	0	0	0	0
<b>2020/21 Budget Trading Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Operating Appropriation</b>	<b>1,207,575</b>	<b>1,094,000</b>	<b>1,094,000</b>	<b>1,104,000</b>

Personnel funding has been increased by \$100,000 from 2020/21 to enable the employment of another Crown Counsel.

An administered fund for *Legal Provisions* replaces the previous *Arbitration Case* administered fund and is funded with \$155,000 for 2020/21. Funding requirements will be reviewed annually with the Crown Law Office.

A programmed operating funding increase of \$10,000 will be deferred from 2021/22 to 2023/24.

A decrease of \$1,500 annually of operating funding for the Government broadband charge centralisation.

Depreciation has been adjusted in line with annualised actuals as at March 2020.

**Table 8-25 Administered Payments, Crown Law (\$)**

Output	Description	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
2	Legal Provisions	155,000	0	0	0
	<b>Output 2 Administered Funding</b>	<b>155,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total Crown Law Administered Funding</b>	<b>155,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 8.5.7 Ministry of Cultural Development

Cultural Development		2020-21	2021-22	2022-23	2023-24
MTEC	Personnel	742,000	742,000	742,000	872,000
	Operating	170,000	128,000	128,000	128,000
	Administered Payments	717,500	1,687,500	1,687,500	937,500
	Depreciation	120,000	120,000	120,000	120,000
	<b>Gross Appropriation</b>	<b>1,749,500</b>	<b>2,677,500</b>	<b>2,677,500</b>	<b>2,057,500</b>
	Trading Revenue	50,000	150,000	170,000	170,000
	<b>Net Appropriation</b>	<b>1,699,500</b>	<b>2,527,500</b>	<b>2,507,500</b>	<b>1,887,500</b>
	POBOC	0	0	0	0
	<b>Medium-term Expenditure Ceiling</b>	<b>1,749,500</b>	<b>2,677,500</b>	<b>2,677,500</b>	<b>2,057,500</b>

**Table 8-26 Total Resourcing – Government and ODA, Culture (\$)**

	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Net Appropriation	1,699,500	2,527,500	2,507,500	1,887,500
Trading Revenue	50,000	150,000	170,000	170,000
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>1,749,500</b>	<b>2,677,500</b>	<b>2,677,500</b>	<b>2,057,500</b>

**Table 8-27 Output Funding for 2020/21, Culture (\$)**

Output	Output 1	Output 2	Output 3	Total
Personnel	263,776	268,428	209,796	742,000
Operating	68,255	50,445	51,300	170,000
Administered Funding	717,500	0	0	717,500
Depreciation	56,193	18,731	45,076	120,000
<b>Gross Operating Appropriation</b>	<b>1,105,724</b>	<b>337,604</b>	<b>306,172</b>	<b>1,749,500</b>
Trading Revenue	40,000	5,000	5,000	50,000
<b>Net Operating Appropriation</b>	<b>1,065,724</b>	<b>332,604</b>	<b>301,172</b>	<b>1,699,500</b>

### 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, events)

#### Output 2: Cultural Heritage

- To promote the legacy of our physical artefacts and tangible and 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.
- Engagement with local cultural sectors to support the preservation and promotion of culture.
- Engagement with regional and international institutions in support of preservation and promotion of culture.
- To monitor and evaluate strategies pertaining

**Table 8-28 Baselines and New Budget Measures, Culture (\$)**

Details	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
2019/20 Budget Personnel Baseline	966,936	1,039,796	1,031,713	1,031,713
Personnel Adjustment	(224,936)	(297,796)	(289,713)	(159,713)
<b>2020/21 Budget Personnel Budget</b>	<b>742,000</b>	<b>742,000</b>	<b>742,000</b>	<b>872,000</b>
2019/20 Budget Operating Baseline	173,416	123,556	131,639	131,639
Operating Adjustment	(3,416)	4,444	(3,639)	(3,639)
<b>2020/21 Budget Operating Budget</b>	<b>170,000</b>	<b>128,000</b>	<b>128,000</b>	<b>128,000</b>
2019/20 Budget Administered Payments Baseline	937,500	2,937,500	937,500	937,500
Te Maeva Nui Constitution Celebrations	(220,000)	(1,250,000)	750,000	0
<b>2020/21 Budget Administered Payments</b>	<b>717,500</b>	<b>1,687,500</b>	<b>1,687,500</b>	<b>937,500</b>
2019/20 Budget Depreciation Baseline	93,655	93,655	93,655	93,655
Depreciation Adjustment	26,345	26,345	26,345	26,345
<b>2020/21 Budget Depreciation</b>	<b>120,000</b>	<b>120,000</b>	<b>120,000</b>	<b>120,000</b>
<b>Gross Operating Appropriation</b>	<b>1,749,500</b>	<b>2,677,500</b>	<b>2,677,500</b>	<b>2,057,500</b>
2019/20 Budget Trading Revenue Baseline	150,000	170,000	170,000	170,000
Trading Revenue Adjustment	(100,000)	(20,000)		
<b>2020/21 Budget Trading Revenue</b>	<b>50,000</b>	<b>150,000</b>	<b>170,000</b>	<b>170,000</b>
<b>Net Operating Appropriation</b>	<b>1,699,500</b>	<b>2,527,500</b>	<b>2,507,500</b>	<b>1,887,500</b>

The Ministry of Culture's expected trading revenue has been decreased by \$100,000 and \$20,000 in 2020/21 and 2021/22, respectively, due to the expected decrease in tourism resulting from COVID-19. This will be reviewed annually.

Personnel funding for the Government-wide salary increase of \$128,000 in 2020/21 has been cancelled until the programme is reinstated. Programmed personnel funding increases for 2020/21 onwards have also been cancelled.

Operating funding has been decreased by \$4,000 annually for the Government broadband charge centralisation.

A decrease of \$220,000 in administered payments for 2020/21 from Te Maeva Nui due to a planned reduction in the scope of the celebrations due to COVID-19.

The additional funding allocated for the quadrennial Te Maeva Nui in 2021/22 has been split over 2021/22 and 2022/23 to better manage the associated costs of the event.

**Table 8-29 Administered Payments, Culture (\$)**

Output	Description	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
1	Cook Islands Cultural Fund	200,000	200,000	200,000	200,000
1	Te Kopapa Reo Maori Board	15,000	15,000	15,000	15,000
1	Te Maeva Nui Constitution Celebrations	502,500	1,472,500	1,472,500	722,500
	<b>Output 1 Administered Funding</b>	<b>717,500</b>	<b>1,687,500</b>	<b>1,687,500</b>	<b>937,500</b>
	<b>Total Cultural Development Administered Funding</b>	<b>717,500</b>	<b>1,687,500</b>	<b>1,687,500</b>	<b>937,500</b>

## 8.5.8 Ministry of Education

Education		2020-21	2021-22	2022-23	2023-24
MTEC	Personnel	11,562,048	11,675,431	11,842,097	11,842,097
	Operating	2,842,691	2,842,054	2,885,358	2,885,358
	Administered Payments	4,682,034	4,682,034	4,682,034	4,682,034
	Depreciation	620,000	620,000	620,000	620,000
	<b>Gross Appropriation</b>	<b>19,706,773</b>	<b>19,819,519</b>	<b>20,029,489</b>	<b>20,029,489</b>
	Trading Revenue	0	0	0	0
	<b>Net Appropriation</b>	<b>19,706,773</b>	<b>19,819,519</b>	<b>20,029,489</b>	<b>20,029,489</b>
	POBOC	0	0	0	0
	<b>Medium-term Expenditure Ceiling</b>	<b>19,706,773</b>	<b>19,819,519</b>	<b>20,029,489</b>	<b>20,029,489</b>

**Table 8-30 Total Resourcing – Government and ODA, Education (\$)**

	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Net Appropriation	19,706,773	19,819,519	20,029,489	20,029,489
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>19,706,773</b>	<b>19,819,519</b>	<b>20,029,489</b>	<b>20,029,489</b>

**Table 8-31 Output Funding for 2020/21, Education (\$)**

Output	Output 1	Output 2	Output 3	Output 4	Total
Personnel	125,392	382,084	172,623	10,881,949	11,562,048
Operating	568,538	1,137,077	568,538	568,538	2,842,691
Administered Funding	0	3,290,709	1,365,000	26,325	4,682,034
Depreciation	0	31,000	0	589,000	620,000
<b>Gross Operating Appropriation</b>	<b>693,930</b>	<b>4,840,870</b>	<b>2,106,161</b>	<b>12,065,812</b>	<b>19,706,773</b>
Trading Revenue	0	0	0	0	0
<b>Net Operating Appropriation</b>	<b>693,930</b>	<b>4,840,870</b>	<b>2,106,161</b>	<b>12,065,812</b>	<b>19,706,773</b>

### 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 can be 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 8-32 Baselines and New Budget Measures, Education (\$)**

Details	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
2019/20 Budget Personnel Baseline	11,562,048	14,115,431	14,282,097	14,282,097
Personnel Adjustment	0	(2,440,000)	(2,440,000)	(2,440,000)
<b>2020/21 Budget Personnel Budget</b>	<b>11,562,048</b>	<b>11,675,431</b>	<b>11,842,097</b>	<b>11,842,097</b>
2019/20 Budget Operating Baseline	3,158,691	2,992,054	2,885,358	2,885,358
Operating Adjustment	(316,000)	(150,000)	0	0
<b>2020/21 Budget Operating Budget</b>	<b>2,842,691</b>	<b>2,842,054</b>	<b>2,885,358</b>	<b>2,885,358</b>
2019/20 Budget Administered Payments Baseline	4,681,889	4,681,889	4,681,889	4,681,889
Tertiary Training Institutions	145	145	145	145
<b>2020/21 Budget Administered Payments</b>	<b>4,682,034</b>	<b>4,682,034</b>	<b>4,682,034</b>	<b>4,682,034</b>
2019/20 Budget Depreciation Baseline	641,000	641,000	641,000	641,000
Depreciation Adjustment	(21,000)	(21,000)	(21,000)	(21,000)
<b>2020/21 Budget Depreciation</b>	<b>620,000</b>	<b>620,000</b>	<b>620,000</b>	<b>620,000</b>
<b>Gross Operating Appropriation</b>	<b>19,706,773</b>	<b>19,819,519</b>	<b>20,029,489</b>	<b>20,029,489</b>
2019/20 Budget Trading Revenue Baseline	0	0	0	0
<b>2020/21 Budget Trading Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Operating Appropriation</b>	<b>19,706,773</b>	<b>19,819,519</b>	<b>20,029,489</b>	<b>20,029,489</b>

Personnel funding for the Government-wide salary increase of \$2,440,000 scheduled for 2021/22 has been cancelled until the programme is reinstated.

Operating funding has decreased by \$316,000 in 2020/21 and then by \$150,000 in 2021/22 to reduce Government expenditure.

The Tertiary Training Institutions administered payment has been rounded up to \$1,160,000 per year.

Depreciation has been adjusted in line with annualised actuals as at March 2020.

**Table 8-33 Administered Payments, Education (\$)**

Output	Description	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
2	Government Funded Scholarships	780,000	780,000	780,000	780,000
2	Private School Funding	2,510,709	2,510,709	2,510,709	2,510,709
	<b>Output 2 Administered Funding</b>	<b>3,290,709</b>	<b>3,290,709</b>	<b>3,290,709</b>	<b>3,290,709</b>
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
	<b>Output 3 Administered Funding</b>	<b>1,365,000</b>	<b>1,365,000</b>	<b>1,365,000</b>	<b>1,365,000</b>
4	Bus Service	26,325	26,325	26,325	26,325
	<b>Output 4 Administered Funding</b>	<b>26,325</b>	<b>26,325</b>	<b>26,325</b>	<b>26,325</b>
	<b>Total Education Administered Funding</b>	<b>4,682,034</b>	<b>4,682,034</b>	<b>4,682,034</b>	<b>4,682,034</b>

## 8.5.9 National Environment Services

Environment		2020-21	2021-22	2022-23	2023-24
MTEC	Personnel	1,070,826	890,826	890,826	890,826
	Operating	201,000	201,000	201,000	201,000
	Administered Payments	422,241	422,241	422,241	422,241
	Depreciation	30,000	30,000	30,000	30,000
	<b>Gross Appropriation</b>	<b>1,724,067</b>	<b>1,544,067</b>	<b>1,544,067</b>	<b>1,544,067</b>
	Trading Revenue	35,000	35,000	35,000	35,000
	<b>Net Appropriation</b>	<b>1,689,067</b>	<b>1,509,067</b>	<b>1,509,067</b>	<b>1,509,067</b>
	POBOC	0	0	0	0
	<b>Medium-term Expenditure Ceiling</b>	<b>1,724,067</b>	<b>1,544,067</b>	<b>1,544,067</b>	<b>1,544,067</b>

**Table 8-34 Total Resourcing – Government and ODA, Environment (\$)**

	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Net Appropriation	1,689,067	1,509,067	1,509,067	1,509,067
Trading Revenue	35,000	35,000	35,000	35,000
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>1,724,067</b>	<b>1,544,067</b>	<b>1,544,067</b>	<b>1,544,067</b>

**Table 8-35 Output Funding for 2020/21, Environment (\$)**

Output	Output 1	Output 2	Output 3	Output 4	Output 5	Total
Personnel	393,741	225,423	99,100	315,701	36,860	1,070,826
Operating	150,000	18,500	10,000	22,500	0	201,000
Administered Funding	122,241	150,000	150,000	0	0	422,241
Depreciation	30,000	0	0	0	0	30,000
<b>Gross Operating Appropriation</b>	<b>695,982</b>	<b>393,923</b>	<b>259,100</b>	<b>338,201</b>	<b>36,860</b>	<b>1,724,067</b>
Trading Revenue	0	25,000	10,000	0	0	35,000
<b>Net Operating Appropriation</b>	<b>695,982</b>	<b>368,923</b>	<b>249,100</b>	<b>338,201</b>	<b>36,860</b>	<b>1,689,067</b>

### National Environment Services Outputs

#### Output 1: Puna 'AkaterEAU – Corporate Services Division

To protect, conserve and manage the environment of the Cook Islands, our heritage, in a sustainable manner through promoting community participation for the benefit of current and future generations through; efficient corporate and administrative services, the provision of financial and 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.

#### Output 3: Puna Orama – Island Futures Division

Promote an integrated approach to environment management through appropriate policy development, planning responses and education and awareness.

#### Output 4: Pa Enea

Provision of regulatory, technical, advisory and monitoring requirements for environmental management and sustainability in the Pa Enea.

## Output 5: Project Management Unit

Development, coordination and delivery of environment donor projects to enhance environment management in the Cook Islands.

**Table 8-36 Baselines and New Budget Measures, Environment (\$)**

Details	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
2019/20 Budget Personnel Baseline	1,045,826	1,045,826	1,045,826	1,045,826
Personnel Adjustments	25,000	(155,000)	(155,000)	(155,000)
<b>2020/21 Budget Personnel Budget</b>	<b>1,070,826</b>	<b>890,826</b>	<b>890,826</b>	<b>890,826</b>
2019/20 Budget Operating Baseline	182,969	182,969	182,969	182,969
Operating Adjustments	18,031	18,031	18,031	18,031
<b>2020/21 Budget Operating Budget</b>	<b>201,000</b>	<b>201,000</b>	<b>201,000</b>	<b>201,000</b>
2019/20 Budget Administered Payments Baseline	422,241	422,241	422,241	422,241
EIA Process	(50,000)	(50,000)	(50,000)	(50,000)
Management of Suwarrow Park	50,000	50,000	50,000	50,000
<b>2020/21 Budget Administered Payments</b>	<b>422,241</b>	<b>422,241</b>	<b>422,241</b>	<b>422,241</b>
2019/20 Budget Depreciation Baseline	30,381	30,381	30,381	30,381
Depreciation Adjustment	(381)	(381)	(381)	(381)
<b>2020/21 Budget Depreciation</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>
<b>Gross Operating Appropriation</b>	<b>1,724,067</b>	<b>1,544,067</b>	<b>1,544,067</b>	<b>1,544,067</b>
2019/20 Budget Trading Revenue Baseline	35,000	35,000	35,000	35,000
<b>2020/21 Budget Trading Revenue</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>
<b>Net Operating Appropriation</b>	<b>1,689,067</b>	<b>1,509,067</b>	<b>1,509,067</b>	<b>1,509,067</b>

A personnel increase of \$180,000 in 2020/21 to fund the expansion of environmental compliance officer coverage in the Pa Enua offsets a reduction of \$80,000 cancelling out aged vacancies.

Personnel funding for the Government-wide salary increase of \$75,000 scheduled for 2020/21 has been cancelled until the programme is reinstated.

A \$20,000 increase in operating funding is provided to give support for seabed minerals compliance needs.

A decrease of \$2,000 annually of operating funding for the Government broadband charge centralisation.

Depreciation has been adjusted in line with annualised actuals as at March 2020.

**Table 8-37 Administered Payments, Environment (\$)**

Output	Description	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
1	National Heritage Trust	122,241	122,241	122,241	122,241
	<b>Output 1 Administered Funding</b>	<b>122,241</b>	<b>122,241</b>	<b>122,241</b>	<b>122,241</b>
2	EIA Process	150,000	150,000	150,000	150,000
	<b>Output 2 Administered Funding</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>
3	Management of Suwarrow Park	150,000	150,000	150,000	150,000
	<b>Output 3 Administered Funding</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>
	<b>Total Environment Administered Funding</b>	<b>422,241</b>	<b>422,241</b>	<b>422,241</b>	<b>422,241</b>

## 8.5.10 Ministry of Finance and Economic Management

Finance and Economic Management		2020-21	2021-22	2022-23	2023-24
MTEC	Personnel	4,862,000	6,029,000	6,291,000	6,291,000
	Operating	817,430	795,268	790,525	790,525
	Administered Payments	77,101,748	14,640,750	14,783,750	14,664,750
	Depreciation	260,000	260,000	260,000	260,000
	<b>Gross Appropriation</b>	<b>83,041,178</b>	<b>21,725,018</b>	<b>22,125,275</b>	<b>22,006,275</b>
	Trading Revenue	383,500	954,341	954,341	954,341
	<b>Net Appropriation</b>	<b>82,657,678</b>	<b>20,770,677</b>	<b>21,170,934</b>	<b>21,051,934</b>
	POBOC	555,000	415,000	415,000	415,000
	<b>Medium-term Expenditure Ceiling</b>	<b>83,596,178</b>	<b>22,140,018</b>	<b>22,540,275</b>	<b>22,421,275</b>

**Table 8-38 Total Resourcing – Government and ODA, MFEM (\$)**

	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Net Appropriation	82,657,678	20,770,677	21,170,934	21,051,934
Trading Revenue	383,500	954,341	954,341	954,341
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>83,041,178</b>	<b>21,725,018</b>	<b>22,125,275</b>	<b>22,006,275</b>

**Table 8-39 Output Funding for 2020/21, MFEM (\$)**

Output	Output 1	Output 2	Output 3	Output 4
Personnel	641,268	1,145,055	1,831,175	440,258
Operating	80,000	220,739	297,500	60,000
Administered Funding	71,980,000	845,161	476,587	0
Depreciation	9,000	19,000	200,000	9,000
<b>Gross Operating Appropriation</b>	<b>72,710,268</b>	<b>2,229,955</b>	<b>2,805,262</b>	<b>509,258</b>
Trading Revenue	0	3,500	380,000	0
<b>Net Operating Appropriation</b>	<b>72,710,268</b>	<b>2,226,455</b>	<b>2,425,262</b>	<b>509,258</b>

Output	Output 5	Output 6	Output 7	Total
Personnel	252,543	450,867	100,834	4,862,000
Operating	70,000	72,191	17,000	817,430
Administered Funding	0	3,800,000	0	77,101,748
Depreciation	10,000	10,000	3,000	260,000
<b>Gross Operating Appropriation</b>	<b>332,543</b>	<b>4,333,058</b>	<b>120,834</b>	<b>83,041,178</b>
Trading Revenue	0	0	0	383,500
<b>Net Operating Appropriation</b>	<b>332,543</b>	<b>4,333,058</b>	<b>120,834</b>	<b>82,657,678</b>

### Ministry of Finance and Economic and Management Outputs

#### Output 1: Economic Planning Division

- Driving responsible leadership in national economic and fiscal management - the core functions of this output include fiscal and economic planning, national budget development, publishing regular fiscal and economic updates, development and management of the Economic Development Strategy and regular updates to the Medium-Term Fiscal Framework.
- On the basis of these core functions also providing sound fiscal, macro and micro economic advice to Government.

## **Output 2: Finance Management Division (FMD)**

Responsible and effective financial management - The core functions of this output includes: establishment and ongoing implementation of the FMIS; the administration of public funds to ensure crown cash flow, reserves, foreign currency, loan repayment fund and Cook Island currency stock are maintained; producing consolidated crown accounts, chart of accounts and Financial Procedures and Policy Manual oversight; providing payroll and financial reporting services across Government and the internal audit of MFEM.

## **Output 3: Revenue Management Division (RMD)**

The tax office collects tax for the 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 gets the Information it needs to grow in order 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 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 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 the People's Republic of China.
- 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, Public Procurement and Project Support Division has evolved as a result of:
  - The need to strengthen Government's activity management cycle for in major projects,
  - A need to enhance major project design and reduce associated implementation risks,
  - Insufficient capacity across Government to plan and implement major projects,
  - The need to manage an anticipated influx of Green Climate Fund (GCF) co-financed climate change related infrastructure project, and
  - The need to provide support to other Government agencies to enable them to follow the Te Tarai Vaka (TTV) activity management cycle including public procurement.

- MPPS will complete the implementation of Te Mato Vai and hand over to the corporate entity, To Tatou Vai, on completion. Once the design option for Mei Te Vai Ki Te Vai is complete a project management framework will be established.
- The TTV activity management cycle will be the main tool for design and implementation of projects. Support to Government agencies in project preparation will be provided in the form of advice on the preparation of procurement, assessments, and sourcing applicable technical assistance. TTV policy oversight and compliance will be managed by this division along with the management of procurement compliance and policy oversight.

#### 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 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 8-40 Baselines and New Budget Measures, MFEM (\$)**

Details	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
2019/20 Budget Personnel Baseline	5,914,219	5,914,219	5,914,219	5,914,219
Personnel Adjustment	(1,052,219)	114,781	376,781	376,781
<b>2020/21 Budget Personnel Budget</b>	<b>4,862,000</b>	<b>6,029,000</b>	<b>6,291,000</b>	<b>6,291,000</b>
2019/20 Budget Operating Baseline	787,276	882,983	788,239	788,239
Operating Adjustment	30,154	(87,715)	2,286	2,286
<b>2020/21 Budget Operating Budget</b>	<b>817,430</b>	<b>795,268</b>	<b>790,525</b>	<b>790,525</b>
2019/20 Budget Administered Payment Baseline	16,815,750	13,65,750	13,730,750	13,730,750
Standard and Poor's Subscription	5,000	5,000	5,000	5,000
Production of new currency, transportation and sale of old coins	364,661	0	0	0
Post Tax Amnesty Work	321,337	0	0	0
Public-sector strengthening	(50,000)	(50,000)	0	0
Special Investigations	(20,000)	(20,000)	0	0
Airline Underwrite	(5,000,000)	0	0	0
Provision for inter-island shipping	300,000	0	0	0
Pacific Financial Regional Technical Assistance (PFTAC) Contribution	15,000	0	0	0
Competition and Regulatory Authority	380,000	500,000	438,000	319,000
COVID-19 Medical Response Fund	3,000,000	0	0	0
COVID-19 Economic Response Plan	60,640,000	0	0	0
Universal Access Fund	220,000	400,000	500,000	500,000
Government Broadband Utilities	30,000	30,000	30,000	30,000
FMIS Maintenance System	80,000	80,000	80,000	80,000
<b>2020/21 Budget Administered Payments</b>	<b>77,101,748</b>	<b>14,640,750</b>	<b>14,783,750</b>	<b>14,664,750</b>
2019/20 Budget Depreciation Baseline	358,344	358,344	358,344	358,344
Depreciation Adjustment	(98,344)	(98,344)	(98,344)	(98,344)
<b>2020/21 Budget Depreciation</b>	<b>260,000</b>	<b>260,000</b>	<b>260,000</b>	<b>260,000</b>
<b>Gross Operating Appropriation</b>	<b>83,041,178</b>	<b>21,725,018</b>	<b>22,125,275</b>	<b>22,006,275</b>
2019/20 Budget Trading Revenue Baseline	954,341	954,341	954,341	954,341
Trading Revenue Adjustment	(570,841)	0	0	0
<b>2020/21 Budget Trading Revenue</b>	<b>383,500</b>	<b>954,341</b>	<b>954,341</b>	<b>954,341</b>
<b>Net Operating Appropriation</b>	<b>82,657,678</b>	<b>20,770,677</b>	<b>21,170,934</b>	<b>21,051,934</b>
2019/20 Budget POBOC Baseline	515,694	375,694	375,694	375,694
Pacific Catastrophe Risk Insurance	39,306	39,306	39,306	39,306
<b>2020/21 Budget POBOC Funding</b>	<b>555,000</b>	<b>415,000</b>	<b>415,000</b>	<b>415,000</b>

Personnel funding for the Government-wide salary increase of \$525,328 scheduled for 2020/21 has been cancelled until the programme is reinstated. Additionally, an amount equivalent to the forecast

loss of trading revenue of \$574,341, which is used to fund personnel costs at the airport has been further reduced in 2020/21.

A \$300,000 personnel increase in 2021/22 for an Institutional Strengthening programme for the Revenue Management Division is planned in order to enhance Government's ability to collect taxes. This increases to \$500,000 from 2022/23.

A \$30,000 increase in operating funding is provided to cover a Census pilot planned for 2020/21, as well as a small operating cost increase.

Depreciation has been adjusted in line with annualised actuals as at March 2020.

### **Administered Funding Changes**

#### **Increases**

- New funding of \$60,640,000 for the Economic Response Plan for 2020/21.
- New funding of \$3,000,000 for the COVID-19 Medical Response Fund for 2020/21.
- Increased funding of \$300,000 in 2020/21 for the Provision for Inter Island Shipping to support increased services to the Pa Enea.
- New funding of \$220,000 in 2020/21 for the Universal Access Fund to support equitable access in the Pa Enea to telecommunications. This increases to \$400,000 in 2021/22 and then \$500,000 annually
- New funding of \$380,000 in 2020/21 for the establishment of the Competition and Regulatory Authority. This funding increases to \$500,000 in 2021/22, \$438,000 in 2022/23, and \$319,000 in 2023/24.
- New funding of \$80,000 annually for the Financial Management and Information System (FMIS) maintenance. The FMIS is the new funds management and accounting system being rolled out across Government.
- New funding of \$30,000 to pay for Government Broadband Utilities access. This centralises both costs and processing for this service across Government and generates approximately \$90,000 in net savings across Government.
- A reappropriation of \$364,661 from the 2019/20 fiscal year to make the final payment for the production of currency coins.

#### **Decreases**

- A \$5,000,000 reduction in the Airline Underwrite, previously called *Air New Zealand – subsidies* to reflect forecast savings due to the temporary suspension of the Los Angeles and Sydney routes.
- A \$50,000 reduction in 2020/21 and 2021/22 in Public Sector Strengthening to reduce Government expenditure.
- A \$20,000 decrease in 2020/21 and 2021/22 in Special Investigative and Prosecution Services to reduce Government expenditure.

**Table 8-41 Administered Payments, MFEM (\$)**

Output	Description	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
1	Airline Underwrite	7,000,000	12,000,000	12,000,000	12,000,000
1	COVID-19 Economic Response Plan	64,000,000	0	0	0
1	Competition and Regulatory Authority	480,000	600,000	538,000	419,000
1	Price Tribunal Committee	45,000	45,000	45,000	45,000
1	Public Sector Strengthening-processes and systems	150,000	150,000	200,000	200,000
1	Standard and Poor's Subscription	70,000	70,000	70,000	70,000
1	Universal Access Fund	220,000	400,000	500,000	500,000
1	Pacific Financial Regional Technical Assistance (PFTAC) Contribution	15,000	0	0	0
	<b>Output 1 Administered Funding</b>	<b>71,980,000</b>	<b>13,265,000</b>	<b>13,353,000</b>	<b>13,234,000</b>
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	379,661	15,000	350,000	350,000
2	Special Investigative and Prosecution Services	50,000	50,000	70,000	70,000
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)	60,000	0	0	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
	<b>Output 2 Administered Funding</b>	<b>845,161</b>	<b>420,500</b>	<b>775,500</b>	<b>775,500</b>
3	Border Management System Maintenance	155,250	155,250	155,250	155,250
3	Post Tax Amnesty Work	321,337	0	0	0
	<b>Output 3 Administered Funding</b>	<b>476,587</b>	<b>155,250</b>	<b>155,250</b>	<b>155,250</b>
4	Conduct of a Labour Force Survey	0	0	0	0
4	National Census	0	300,000	0	0
	<b>Output 4 Administered Funding</b>	<b>0</b>	<b>300,000</b>	<b>0</b>	<b>0</b>
6	Provision for Inter Island Shipping	800,000	500,000	500,000	500,000
6	COVID-19 Medical Response Fund	3,000,000	0	0	0
	<b>Output 6 Administered Funding</b>	<b>3,800,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>
	<b>Total MFEM Administered Funding</b>	<b>77,101,748</b>	<b>14,640,750</b>	<b>14,783,750</b>	<b>14,664,750</b>

**Table 8-42 Payments on Behalf of Crown, MFEM (\$)**

Output	POBOCs	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
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	180,000	40,000	40,000	40,000
2	BEPS Subscription	35,000	35,000	35,000	35,000
	<b>Output 2 POBOC Funding</b>	<b>555,000</b>	<b>415,000</b>	<b>415,000</b>	<b>415,000</b>
	<b>Total MFEM POBOC Funding</b>	<b>555,000</b>	<b>415,000</b>	<b>415,000</b>	<b>415,000</b>



## 8.5.11 Financial Services Development Authority

Financial Services Development Authority		2020-21	2021-22	2022-23	2023-24
<b>MTEC</b>	Personnel	242,797	242,797	242,797	242,797
	Operating	162,906	177,906	177,906	177,906
	Administered Payments	0	0	0	0
	Depreciation	4,000	4,000	4,000	4,000
	<b>Gross Appropriation</b>	<b>409,703</b>	<b>424,703</b>	<b>424,703</b>	<b>424,703</b>
	Trading Revenue	0	0	0	0
	<b>Net Appropriation</b>	<b>409,703</b>	<b>424,703</b>	<b>424,703</b>	<b>424,703</b>
	POBOC	0	0	0	0
	<b>Medium-term Expenditure Ceiling</b>	<b>409,703</b>	<b>424,703</b>	<b>424,703</b>	<b>424,703</b>

**Table 8-43 Total Resourcing – Government and ODA, FSDA (\$)**

	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Net Appropriation	409,703	424,703	424,703	424,703
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>409,703</b>	<b>424,703</b>	<b>424,703</b>	<b>424,703</b>

**Table 8-44 Output Funding for 2020/21, FSDA (\$)**

Output	Output 1	Total
Personnel	242,797	242,797
Operating	162,906	162,906
Administered Funding	0	0
Depreciation	4,000	4,000
<b>Gross Operating Appropriation</b>	<b>409,703</b>	<b>409,703</b>
Trading Revenue	0	0
<b>Net Operating Appropriation</b>	<b>409,703</b>	<b>409,703</b>

### Financial Services Development Authority Output

#### **Output 1: Increase the contribution of financial services industry to Cook Islands economy**

Through the encouragement, promotion and marketing of the Cook Islands' financial services industry to generate increased revenues for Government and increase the industry's contribution to the Cook Islands economy.

**Table 8-45 Baselines and New Budget Measures, FSDA (\$)**

Details	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
2019/20 Budget Personnel Baseline	242,797	252,797	252,797	252,797
Personnel Adjustment	0	(10,000)	(10,000)	(10,000)
<b>2020/21 Budget Personnel Budget</b>	<b>242,797</b>	<b>242,797</b>	<b>242,797</b>	<b>242,797</b>
2019/20 Budget Operating Baseline	177,906	177,906	177,906	177,906
Operating Adjustment	(15,000)	0	0	0
<b>2020/21 Budget Operating Budget</b>	<b>162,906</b>	<b>177,906</b>	<b>177,906</b>	<b>177,906</b>
2019/20 Budget Administered Payments Baseline	0	0	0	0
<b>2020/21 Budget Administered Payments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
2019/20 Budget Depreciation Baseline	9,868	9,868	9,868	9,868
Depreciation Adjustment	(5,868)	(5,868)	(5,868)	(5,868)
<b>2020/21 Budget Depreciation</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>
<b>Gross Operating Appropriation</b>	<b>409,703</b>	<b>424,703</b>	<b>424,703</b>	<b>424,703</b>
2019/20 Budget Trading Revenue Baseline	0	0	0	0
<b>2020/21 Budget Trading Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Operating Appropriation</b>	<b>409,703</b>	<b>424,703</b>	<b>424,703</b>	<b>424,703</b>

A \$15,000 reduction in operating funds in 2020/21 to reduce Government expenditure.

Personnel funding for the Government-wide salary increase of \$10,000 scheduled for 2021/22 has been cancelled until the programme is reinstated.

Depreciation has been adjusted in line with annualised actuals as at March 2020.

### 8.5.12 Ministry of Foreign Affairs and Immigration

Foreign Affairs		2020-21	2021-22	2022-23	2023-24
MTEC	Personnel	1,897,692	1,897,672	1,942,692	1,942,692
	Operating	823,083	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
	<b>Gross Appropriation</b>	<b>2,780,775</b>	<b>2,976,775</b>	<b>3,021,795</b>	<b>3,021,795</b>
	Trading Revenue	28,000	28,000	28,000	28,000
	<b>Net Appropriation</b>	<b>2,752,775</b>	<b>2,948,775</b>	<b>2,993,795</b>	<b>2,993,795</b>
	POBOC	953,461	953,461	953,461	953,461
<b>Medium-term Expenditure Ceiling</b>	<b>3,734,236</b>	<b>3,930,236</b>	<b>3,975,256</b>	<b>3,975,256</b>	

**Table 8-46 Total Resourcing – Government and ODA, MFAI (\$)**

	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Net Appropriation	2,752,775	2,948,775	2,993,795	2,993,795
Trading Revenue	28,000	28,000	28,000	28,000
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>2,780,775</b>	<b>2,976,775</b>	<b>3,021,795</b>	<b>3,021,795</b>

**Table 8-47 Output Funding for 2020/21, MFAI (\$)**

<b>Output</b>	<b>Output 1</b>	<b>Output 2</b>	<b>Output 3</b>	<b>Output 4</b>	<b>Output 5</b>	<b>Total</b>
Personnel	184,575	206,983	145,952	378,988	981,194	<b>1,897,692</b>
Operating	198,123	161,231	145,397	127,257	191,075	<b>823,083</b>
Administered Funding	0	0	0	0	15,000	<b>15,000</b>
Depreciation	6,753	14,369	9,561	7,864	6,453	<b>45,000</b>
<b>Gross Operating Appropriation</b>	<b>389,451</b>	<b>382,583</b>	<b>300,910</b>	<b>514,109</b>	<b>1,178,722</b>	<b>2,780,775</b>
Trading Revenue	0	0	0	0	28,000	<b>28,000</b>
<b>Net Operating Appropriation</b>	<b>389,451</b>	<b>382,583</b>	<b>300,910</b>	<b>514,109</b>	<b>1,150,722</b>	<b>2,752,775</b>

### **Ministry of Foreign Affairs and Immigration Outputs**

#### **Output 1: Pacific and Regional Affairs and Trade**

The main purpose of this Output is to promote the Cook Islands' interests in its relations with New Zealand, Australia and other countries and organisations in the Pacific Islands region. Key output deliverables include:

- the maintenance and strengthening of the special relationship between the Cook Islands and New Zealand;
- the maintenance and strengthening of the Cook Islands' close bilateral relations with other Pacific Islands countries and territories (PICTs) with particular focus on Australia, Fiji, Papua New Guinea and Samoa;
- the active participation of the Cook Islands in regional organisations of which it is a member and the development and strengthening of relations with other regional organisations and other regional bodies where that will serve to advance Cook Islands interests.

#### **Output 2: International Affairs including Protocol and Diplomatic Services**

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; and
- High quality protocol and diplomatic services extended to visiting foreign dignitaries to the Cook Islands and protocol advice and support extended to other Ministries and agencies of Government in relation to important national events.

#### **Output 3: Nations and International Treaties**

The main purpose of this Output is to protect and advance the Cook Islands' interests in the United Nations (UN) and its specialised agencies as well as in relation to treaties, including treaty bodies. The core objectives include:

- Maintain and strengthen beneficial diplomatic relationships that promote opportunities for supporting national interests and policies;
- Improve and enhance communications with 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 the programmes of the UN to ensure overall coordination and that obligations being assumed reflect national priorities, and meet relevant development goals contained in the National Sustainable Development Plan (NSDP); and
- Manage and co-ordinate Treaty & Convention commitments to ensure the Cook Islands meets its obligations and responsibilities under International Law; and to assess the costs/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: Corporate Services

The main purpose of this Output is to provide support to the ministry through financial and administration management, human resources management and further maintain a high standard of corporate governance and meet Government and public accountability expectations.

**Table 8-48 Baselines and New Budget Measures, MFAI (\$)**

Detail	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
2019/20 Budget Personnel Baseline	1,905,712	2,080,692	2,080,692	2,080,692
Personnel Adjustment	0	(175,000)	(175,000)	(175,000)
Personnel Adjustment	(45,020)	(45,020)	0	0
Personnel Adjustment	37,000	37,000	37,000	37,000
<b>2020/21 Budget Personnel Budget</b>	<b>1,897,692</b>	<b>1,897,672</b>	<b>1,942,692</b>	<b>1,942,692</b>
2019/20 Budget Operating Baseline	924,103	924,103	924,103	924,103
Operating Adjustment	(101,020)	95,000	95,000	95,000
<b>2020/21 Budget Operating Budget</b>	<b>823,083</b>	<b>1,019,103</b>	<b>1,019,103</b>	<b>1,019,103</b>
2019/20 Budget Administered Payments Baseline	15,000	15,000	15,000	15,000
<b>2020/21 Budget Administered Payments</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>
2019/20 Budget Depreciation Baseline	77,726	77,726	77,726	77,726
Depreciation Adjustment	(32,726)	(32,726)	(32,726)	(32,726)
<b>2020/21 Budget Depreciation</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>
<b>Gross Operating Appropriation</b>	<b>2,780,775</b>	<b>2,976,775</b>	<b>3,021,795</b>	<b>3,021,795</b>
2019/20 Budget Trading Revenue Baseline	28,000	28,000	28,000	28,000
<b>2020/21 Budget Trading Revenue</b>	<b>28,000</b>	<b>28,000</b>	<b>28,000</b>	<b>28,000</b>
<b>Net Operating Appropriation</b>	<b>2,752,775</b>	<b>2,948,775</b>	<b>2,993,795</b>	<b>2,993,795</b>
2019/20 Budget POBOC Baseline	753,158	751,428	751,428	751,428
International Subscriptions	200,303	202,033	202,033	202,033
<b>2020/21 Budget POBOC Funding</b>	<b>953,461</b>	<b>953,461</b>	<b>953,461</b>	<b>953,461</b>

Personnel funding for the Government-wide salary increase of \$175,000 scheduled for 2021/22 has been cancelled until the programme is reinstated. A programmed personnel increase of \$45,020 has been reduced for 2020/21 and 2021/22 to create expenditure savings.

\$37,000 has been allocated for personnel cost associated to the Auckland Consulate office.

A programmed operating expenditure increase of \$51,020 in 2020/21 has been cancelled, and an operating reduction of \$45,000 has been applied to reduce Government expenditure. This is followed by a \$100,000 operating increase for an Institutional Strengthening programme from 2021/22.

A decrease of \$5,000 annually of operating funding for the Government broadband charge centralisation.

Depreciation has been adjusted in line with annualised actuals as at March 2020.

The International Subscriptions POBOC has received a net \$200,303 increase for subscription changes. This includes a transfer of \$79,000 out to a new POBOC with Ministry of Transport.

**Table 8-49 Administered Payments, MFAI (\$)**

Output	Description	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 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
	<b>Output 5 Administered Funding</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>
	<b>Total Foreign Affairs Administered Funding</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>

**Table 8-50 Payments on Behalf of Crown, MFAI (\$)**

Output	POBOCs	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 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
	<b>Output 5 POBOC Funding</b>	<b>953,461</b>	<b>953,461</b>	<b>953,461</b>	<b>953,461</b>
	<b>Total Foreign Affairs POBOC Funding</b>	<b>953,461</b>	<b>953,461</b>	<b>953,461</b>	<b>953,461</b>

### 8.5.13 Head of State

Head Of State		2020-21	2021-22	2022-23	2023-24
MTEC	Personnel	173,969	174,816	174,086	174,086
	Operating	32,867	32,020	32,020	32,020
	Administered Payments	36,000	36,000	36,000	36,000
	Depreciation	8,000	8,000	8,000	8,000
	<b>Gross Appropriation</b>	<b>250,836</b>	<b>250,836</b>	<b>250,106</b>	<b>250,106</b>
	Trading Revenue	0	0	0	0
	<b>Net Appropriation</b>	<b>250,836</b>	<b>250,836</b>	<b>250,106</b>	<b>250,106</b>
	POBOC	0	0	0	0
	<b>Medium-term Expenditure Ceiling</b>	<b>250,836</b>	<b>250,836</b>	<b>250,106</b>	<b>250,106</b>

**Table 8-51 Total Resourcing – Government and ODA, Head of State (\$)**

	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Net Appropriation	250,836	250,836	250,106	250,106
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>250,836</b>	<b>250,836</b>	<b>250,106</b>	<b>250,106</b>

**Table 8-52 Output Funding for 2020/21, Head of State (\$)**

Output	Output 1	Total
Personnel	173,969	173,239
Operating	32,867	32,867
Administered Funding	36,000	36,000
Depreciation	8,000	8,000
<b>Gross Operating Appropriation</b>	<b>250,836</b>	<b>250,836</b>
Trading Revenue	0	0
<b>Net Operating Appropriation</b>	<b>250,836</b>	<b>250,836</b>

**Head of State Output****Output 1: Corporate Services**

The purpose of this output is to provide administrative support to the Queen’s Representative as the Head of State for the Cook Islands. Service delivery is both regulatory and statehood in nature.

**Table 8-53 Baselines and New Budget Measures, Head of State (\$)**

Details	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
2019/20 Budget Personnel Baseline	163,433	177,546	177,546	177,546
Personnel Adjustment	10,536	(2,730)	(3,460)	(3,460)
<b>2020/21 Budget Personnel Budget</b>	<b>173,969</b>	<b>174,816</b>	<b>174,086</b>	<b>174,086</b>
2019/20 Budget Operating Baseline	42,673	42,673	42,673	42,673
Operating Adjustment	(9,806)	(10,653)	(10,653)	(10,653)
<b>2020/21 Budget Operating Budget</b>	<b>32,867</b>	<b>32,020</b>	<b>32,020</b>	<b>32,020</b>
2019/20 Budget Administered Payments Baseline	36,000	36,000	36,000	36,000
<b>2020/21 Budget Administered Payments</b>	<b>36,000</b>	<b>36,000</b>	<b>36,000</b>	<b>36,000</b>
2019/20 Budget Depreciation Baseline	8,057	8,057	8,057	8,057
Depreciation Adjustment	(57)	(57)	(57)	(57)
<b>2020/21 Budget Depreciation</b>	<b>8,000</b>	<b>8,000</b>	<b>8,000</b>	<b>8,000</b>
<b>Gross Operating Appropriation</b>	<b>250,836</b>	<b>250,836</b>	<b>250,106</b>	<b>250,106</b>
2019/20 Budget Trading Revenue Baseline	0	0	0	0
<b>2020/21 Budget Trading Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Operating Appropriation</b>	<b>250,836</b>	<b>250,836</b>	<b>250,106</b>	<b>250,106</b>

An additional funding of \$10,536 was allocated to the personnel budget for 2020/21 including an extra \$730 to adjust for the minimum wage increase in 2020/21.

Personnel funding for the Government-wide salary increase of \$14,133 scheduled for 2021/22 has been cancelled until the programme is reinstated.

A further \$9,806 has been transferred from operating to personnel funding in 2020/21 and \$10,653 for the forward years.

Depreciation has been adjusted in line with annualised actuals as at March 2020.

**Table 8-54 Administered Payments, Head of State (\$)**

Output	Description	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 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
	<b>Output 1 Administered Funding</b>	<b>36,000</b>	<b>36,000</b>	<b>36,000</b>	<b>36,000</b>
	<b>Total Head Of State Administered Funding</b>	<b>36,000</b>	<b>36,000</b>	<b>36,000</b>	<b>36,000</b>

## 8.5.14 Ministry of Health

Health		2020-21	2021-22	2022-23	2023-24
<b>MTEC</b>	Personnel	11,873,111	11,873,111	11,873,111	11,873,111
	Operating	3,598,951	3,598,951	3,598,951	3,598,951
	Administered Payments	2,146,870	2,146,870	2,146,870	2,146,870
	Depreciation	900,000	900,000	900,000	900,000
	<b>Gross Appropriation</b>	<b>18,518,932</b>	<b>18,518,932</b>	<b>18,518,932</b>	<b>18,518,932</b>
	Trading Revenue	150,000	250,000	350,000	350,000
	<b>Net Appropriation</b>	<b>18,368,932</b>	<b>18,268,932</b>	<b>18,168,932</b>	<b>18,168,932</b>
	POBOC	0	0	0	0
	<b>Medium-term Expenditure Ceiling</b>	<b>18,518,932</b>	<b>18,518,932</b>	<b>18,518,932</b>	<b>18,518,932</b>

**Table 8-55 Total Resourcing – Government and ODA, Health (\$)**

	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Net Appropriation	18,368,932	18,268,932	18,168,932	18,168,932
Trading Revenue	150,000	250,000	350,000	350,000
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>18,518,932</b>	<b>18,518,932</b>	<b>18,518,932</b>	<b>18,518,932</b>

**Table 8-56 Output Funding for 2020/21, Health (\$)**

Output	Output 1	Output 2	Output 3	Output 4	Output 5	Total
Personnel	2,178,845	804,450	2,015,473	5,699,147	1,175,196	11,873,111
Operating	369,000	148,000	549,200	1,638,500	894,251	3,598,951
Administered Funding	195,000	0	0	1,717,800	234,070	2,146,870
Depreciation	92,890	36,274	135,831	450,633	184,372	900,000
<b>Gross Operating Appropriation</b>	<b>2,835,735</b>	<b>988,724</b>	<b>2,700,504</b>	<b>9,506,080</b>	<b>2,487,889</b>	<b>18,518,932</b>
Trading Revenue	10,000	10,000	0	130,000	0	150,000
<b>Net Operating Appropriation</b>	<b>2,825,735</b>	<b>978,724</b>	<b>2,700,504</b>	<b>9,376,080</b>	<b>2,487,889</b>	<b>18,368,932</b>

### 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.

1. Health protection covers communicable disease control, environmental health, including surveillance and response.

2. Public health nurses focus on child and family health in community settings such as vaccination programmes and home visits for vulnerable persons.
3. Health promotion lead and implement health interventions to mitigate the impact of non-communicable disease (NCD) risk factors and to prevent injury and violence in community settings.
4. 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 psychiatric ward in clinical settings.

Ministry of Health – Te Marae Ora (TMO)'s Critical Preparedness and Readiness (CPR) Response Plan to COVID-19 has accelerated TMO's plans to reorient health services to community settings. Training 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 diseases such as COVID-19, and ensure communities make informed choices towards a healthy lifestyle.

### **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. The National Oral Health Strategy has four priority areas:

1. Capacity building and strengthening,
2. Infrastructure development and strengthening,
3. Strengthening Oral health governance, and
4. Revitalising Primary Oral Health Care Services.

Priority 1 will focus on recruiting and training dental assistants, technicians, therapists, dentists and dental specialists.

Priority 2 will focus on strengthening building and ICT infrastructure for specialised and referral oral health services with modern equipment and facilities through community clinics established in Puna/community settings on Rarotonga.

Dental therapists will provide services in these clinics and refer patients requiring specialist case to the Dental Clinic in Tupapa. COVID-19 has accelerated these plans to take health services to the community which is more patient-centred and effective in terms of TMO resource allocation and utilisation.

### **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.

Building testing capability within TMO is critical for responding to COVID-19 and other infectious diseases. Negative pressure rooms and a new oxygen plant has been sourced to lift the capability of the health system to treat patients requiring critical care from COVID-19, including other disease such as tuberculosis and dengue.

#### 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. The emergency response incident management system (IMS) structure is also led by this team, along with ongoing health initiatives and priorities of Government.

Major areas of focus for 2020/21 include the establishment of 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	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
2019/20 Budget Personnel Baseline	13,273,111	13,273,111	13,273,111	13,273,111
Personnel Adjustment	(1,400,000)	(1,400,000)	(1,400,000)	(1,400,000)
<b>2020/21 Budget Personnel Budget</b>	<b>11,873,111</b>	<b>11,873,111</b>	<b>11,873,111</b>	<b>11,873,111</b>
2019/20 Budget Operating Baseline	3,617,451	3,617,451	3,617,451	3,617,451
Operating Adjustment	(18,500)	(18,500)	(18,500)	(18,500)
<b>2020/21 Budget Operating Budget</b>	<b>3,598,951</b>	<b>3,598,951</b>	<b>3,598,951</b>	<b>3,598,951</b>
2019/20 Budget Administered Payments Baseline	2,146,870	2,146,870	2,146,870	2,146,870
<b>2020/21 Budget Administered Payments</b>	<b>2,146,870</b>	<b>2,146,870</b>	<b>2,146,870</b>	<b>2,146,870</b>
2019/20 Budget Depreciation Baseline	886,614	886,614	886,614	886,614
Depreciation Adjustment	13,386	13,386	13,386	13,386
<b>2020/21 Budget Depreciation</b>	<b>900,000</b>	<b>900,000</b>	<b>900,000</b>	<b>900,000</b>
<b>Gross Operating Appropriation</b>	<b>18,518,932</b>	<b>18,518,932</b>	<b>18,518,932</b>	<b>18,518,932</b>
2019/20 Budget Trading Revenue Baseline	350,000	350,000	350,000	350,000
Trading Revenue Adjustment	(200,000)	(100,000)	0	0
<b>2020/21 Budget Trading Revenue</b>	<b>150,000</b>	<b>250,000</b>	<b>350,000</b>	<b>350,000</b>
<b>Net Operating Appropriation</b>	<b>18,368,932</b>	<b>18,268,932</b>	<b>18,168,932</b>	<b>18,168,932</b>

Programmed funding increases of \$230,000 for personnel and \$775,000 for operating have been retained to support the Ministry in preparing for, and responding to the potential arrival of COVID-19 in the Cook Islands.

Personnel funding for the Government-wide salary increase of \$1,400,000 scheduled for 2020/21 has been cancelled until the programme is reinstated.

A decrease of \$18,500 annually of operating funding for the Government broadband charge centralisation.

Trading revenue expectations have been decreased by \$200,000 in 2020/21 to offset reduced income from tourists using Cook Islands health services. This will be reviewed annually.

Depreciation has been adjusted in line with annualised actuals as at March 2020.

**Table 8-58 Administered Payments, Health (\$)**

Output	Description	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
1	NCD Fund	195,000	195,000	195,000	195,000
	<b>Output 1 Administered Funding</b>	<b>195,000</b>	<b>195,000</b>	<b>195,000</b>	<b>195,000</b>
4	Patient Referrals	850,000	850,000	850,000	850,000
4	Pharmaceuticals	867,800	867,800	867,800	867,800
	<b>Output 4 Administered Funding</b>	<b>1,912,800</b>	<b>1,912,800</b>	<b>1,912,800</b>	<b>1,912,800</b>
5	Workforce Development	234,070	234,070	234,070	234,070
	<b>Output 5 Administered Funding</b>	<b>234,070</b>	<b>234,070</b>	<b>234,070</b>	<b>234,070</b>
	<b>Total Health Administered Funding</b>	<b>2,146,870</b>	<b>2,146,870</b>	<b>2,146,870</b>	<b>2,146,870</b>

## 8.5.15 Infrastructure Cook Islands

Infrastructure Cook Islands		2020-21	2021-22	2022-23	2023-24
MTEC	Personnel	2,399,000	2,399,000	2,399,000	2,399,000
	Operating	440,000	440,000	440,000	440,000
	Administered Payments	3,200,000	3,100,000	3,100,000	3,100,000
	Depreciation	145,000	145,000	145,000	145,000
	<b>Gross Appropriation</b>	<b>6,184,000</b>	<b>6,084,000</b>	<b>6,084,000</b>	<b>6,084,000</b>
	Trading Revenue	300,000	300,000	300,000	300,000
	<b>Net Appropriation</b>	<b>5,884,000</b>	<b>5,784,000</b>	<b>5,784,000</b>	<b>5,784,000</b>
	POBOC	0	0	0	0
	<b>Medium-term Expenditure Ceiling</b>	<b>6,184,000</b>	<b>6,084,000</b>	<b>6,084,000</b>	<b>6,084,000</b>

**Table 8-59 Total Resourcing – Government and ODA, ICI (\$)**

	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Net Appropriation	5,884,000	5,784,000	5,784,000	5,784,000
Trading Revenue	300,000	300,000	300,000	300,000
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>6,184,000</b>	<b>6,084,000</b>	<b>6,084,000</b>	<b>6,084,000</b>

**Table 8-60 Output Funding for 2020/21, ICI (\$)**

Output	Output 1	Output 2	Output 3	Output 4
Personnel	655,762	163,547	533,863	512,114
Operating	69,000	40,000	50,100	50,700
Administered Funding	400,000	0	970,000	1,100,000
Depreciation	5,000	3,295	21,000	60,355
<b>Gross Operating Appropriation</b>	<b>1,129,762</b>	<b>206,842</b>	<b>1,574,963</b>	<b>1,723,169</b>
Trading Revenue	0	57,000	4,000	34,000
<b>Net Operating Appropriation</b>	<b>1,129,762</b>	<b>129,842</b>	<b>1,564,963</b>	<b>1,659,169</b>

<b>Output</b>	<b>Output 5</b>	<b>Output 6</b>	<b>Output 7</b>	<b>Total</b>
Personnel	303,934	155,562	74,218	2,399,000
Operating	186,000	33,692	10,508	440,000
Administered Funding	730,000	0	0	3,200,000
Depreciation	51,350	2,000	2,000	145,000
<b>Gross Operating Appropriation</b>	<b>1,271,284</b>	<b>191,254</b>	<b>86,726</b>	<b>6,184,000</b>
Trading Revenue	200,000	0	5,000	300,000
<b>Net Operating Appropriation</b>	<b>1,127,284</b>	<b>191,254</b>	<b>81,726</b>	<b>5,884,000</b>

### **Infrastructure Cook Islands Outputs**

#### **Output 1: Corporate Support Services**

This output provides support services and are responsible for promoting good governance within the Ministry. The output aims to provide exceptional support services to the whole Ministry through premier;

- Financial and administration management
- Human resources management and staff development
- Procurement and asset management
- Policy development and quality assurance, and
- Accountability reporting to Government.

#### **Output 2: Regulatory Services Division**

The Regulatory Services Division comprises of two sub divisions;

- The Building Control is a core service delivery unit, responsible for ensuring that the building sector is in compliance with the Cook Islands Building Code and Manual 2019, including the Regulation, Standards and Act and ensuring best building practices are implemented in the Cook Islands.
- The Electrical Inspectorate is responsible for ensuring that the Electrical sector is in compliance with the Energy Act 1990, including the standards and regulations.

#### **Output 3: Planning and Project Management**

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 programme.
- Management, operation and maintenance of Government road (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 Enea.
- 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.

#### **Output 4: 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 Heavy Plant Machinery both in Rarotonga and the Pa Enea.
- To coordinate the Ministry response to a civil emergency as required by Emergency Management Cook Islands.

### Output 5: 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.

### Output 6: Pa Enua Coordination Division

The Pa Enua Coordination division is responsible for improving the coordination and facilitation of support services to the Pa Enua Island Governments through:

- Effective project planning and management,
- Provision of required technical services, assistance on capital projects development and procurement.
- The division will work closely with the Planning and Project Division to progress capital projects for the Pa Enua and will also oversee the implementation of ODA special projects in close collaboration with the national implementing entities (Cook Islands Investment Corporation and the Ministry of Finance's Development Coordination Division).

### Output 7: National Hydrography Office

The core functions for the National Hydrography Office is responsible for the collection and compilation of hydrographic data, and the publication dissemination and updating all nautical information for the Cook Islands necessary for safe navigation.

**Table 8-61 Baselines and New Budget Measures, ICI (\$)**

Details	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
2019/20 Budget Personnel Baseline	2,689,009	2,689,009	2,689,009	2,689,009
Personnel Adjustment	(290,009)	(290,009)	(290,009)	(290,009)
<b>2020/21 Budget Personnel Budget</b>	<b>2,399,000</b>	<b>2,399,000</b>	<b>2,399,000</b>	<b>2,399,000</b>
2019/20 Budget Operating Baseline	444,564	444,564	444,564	444,564
Operating Adjustment	(4,564)	(4,564)	(4,564)	(4,564)
<b>2020/21 Budget Operating Budget</b>	<b>440,000</b>	<b>440,000</b>	<b>440,000</b>	<b>440,000</b>
2019/20 Budget Administered Payments Baseline	3,380,000	3,100,000	3,100,000	3,100,000
Road and Civil Maintenance	(180,000)	0	0	0
<b>2020/21 Budget Administered Payments</b>	<b>3,200,000</b>	<b>3,100,000</b>	<b>3,100,000</b>	<b>3,100,000</b>
2019/20 Budget Depreciation Baseline	241,596	241,596	241,596	241,596
Depreciation Adjustment	(96,596)	(96,596)	(96,596)	(96,596)
<b>2020/21 Budget Depreciation</b>	<b>145,000</b>	<b>145,000</b>	<b>145,000</b>	<b>145,000</b>
<b>Gross Operating Appropriation</b>	<b>6,184,000</b>	<b>6,084,000</b>	<b>6,084,000</b>	<b>6,084,000</b>
2019/20 Budget Trading Revenue Baseline	300,000	300,000	300,000	300,000
<b>2020/21 Budget Trading Revenue</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>
<b>Net Operating Appropriation</b>	<b>5,884,000</b>	<b>5,784,000</b>	<b>5,784,000</b>	<b>5,784,000</b>

Personnel funding for the Government-wide salary increase of \$290,000 scheduled for 2020/21 has been cancelled until the programme is reinstated.

A decrease of \$5,000 annually of operating funding for the Government broadband charge centralisation.

Funding reduction of \$180,000 in 2020/21 for Road and Civil Maintenance. Funding for the Bridges and Drainage maintenance was reduced by \$230,000 and transferred to Waste Management.

**Table 8-62 Administered Payments, ICI (\$)**

Output	Administered Payment	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
1	Pa Enea Machinery Maintenance Funds	200,000	200,000	200,000	200,000
1	Emergency Response Work	200,000	200,000	200,000	200,000
	<b>Output 1 Administered Funding</b>	<b>400,000</b>	<b>400,000</b>	<b>400,000</b>	<b>400,000</b>
3	Bridges and Stream Structure Maintenance	970,000	970,000	970,000	970,000
	<b>Output 3 Administered Funding</b>	<b>970,000</b>	<b>970,000</b>	<b>970,000</b>	<b>970,000</b>
4	Road and Drainage Asset Management	1,100,000	1,000,000	1,000,000	1,000,000
	<b>Output 4 Administered Funding</b>	<b>1,100,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>
5	Waste Management	730,000	730,000	730,000	730,000
	<b>Output 5 Administered Funding</b>	<b>730,000</b>	<b>730,000</b>	<b>730,000</b>	<b>730,000</b>
	<b>Total Infrastructure Cook Islands Administered Funding</b>	<b>3,200,000</b>	<b>3,100,000</b>	<b>3,100,000</b>	<b>3,100,000</b>

### 8.5.16 Ministry of Internal Affairs

Internal Affairs		2020-21	2021-22	2022-23	2023-24
MTEC	Personnel	1,257,000	1,263,000	1,284,000	1,284,000
	Operating	255,000	255,000	254,000	254,000
	Administered Payments	3,149,437	3,155,780	3,155,862	3,155,718
	Depreciation	27,000	27,000	27,000	27,000
	<b>Gross Appropriation</b>	<b>4,688,437</b>	<b>4,700,780</b>	<b>4,720,862</b>	<b>4,720,718</b>
	Trading Revenue	0	0	0	0
	<b>Net Appropriation</b>	<b>4,688,437</b>	<b>4,700,780</b>	<b>4,720,862</b>	<b>4,720,718</b>
	POBOC	20,007,261	20,269,454	20,379,580	20,497,189
	<b>Medium-term Expenditure Ceiling</b>	<b>24,695,698</b>	<b>24,970,234</b>	<b>25,100,442</b>	<b>25,217,907</b>

**Table 8-63 Total Resourcing – Government and ODA, Internal Affairs (\$)**

	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Net Appropriation	4,682,437	4,700,780	4,720,862	4,720,718
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>4,688,437</b>	<b>4,700,780</b>	<b>4,720,862</b>	<b>4,720,718</b>

**Table 8-64 Output Funding for 2020/21, Internal Affairs (\$)**

Output	Output 1	Output 2	Output 3	Output 4	Output 5	Total
Personnel	336,368	322,307	184,740	153,375	181,326	1,257,000
Operating	45,790	81,029	62,708	20,124	45,349	255,000
Administered Funding	1,262,437	1,045,000	0	400,000	442,000	3,149,473
Depreciation	0	0	0	0	27,000	27,000
<b>Gross Operating Appropriation</b>	<b>1,644,595</b>	<b>1,448,336</b>	<b>247,448</b>	<b>573,499</b>	<b>774,559</b>	<b>4,688,437</b>
Trading Revenue	0	0	0	0	0	0
<b>Net Operating Appropriation</b>	<b>1,644,595</b>	<b>1,448,336</b>	<b>247,448</b>	<b>573,499</b>	<b>774,559</b>	<b>4,688,437</b>

## 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 Enuu.

### Output 2: Social Policy and Services

Development, monitoring and evaluation of the national social policy for gender, disability, youth (& 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 and consumer legislation. Ongoing service delivery to consumers and traders as well as 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.

### Output 4: Civil Services

Ongoing service delivery of the Avarua town centre 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	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
2019/20 Budget Personnel Baseline	1,256,116	1,383,381	1,403,931	1,403,931
Personnel Adjustment	884	(120,381)	(119,931)	(119,931)
<b>2020/21 Budget Personnel Budget</b>	<b>1,257,000</b>	<b>1,263,000</b>	<b>1,284,000</b>	<b>1,284,000</b>
2019/20 Budget Operating Baseline	266,808	309,543	288,993	288,993
Operating Adjustment	(11,808)	(54,543)	(34,993)	(34,993)
<b>2020/21 Budget Operating Budget</b>	<b>255,000</b>	<b>255,000</b>	<b>254,000</b>	<b>254,000</b>
2019/20 Budget Administered Payments Baseline	3,109,973	3,091,029	3,092,038	3,092,038
SIF - Cook Islands Government Contribution	140,000	140,000	140,000	140,000
Welfare Payments - Allowances	(30,536)	(25,249)	(26,176)	(26,320)
CISNOC Grant	(50,000)	(50,000)	(50,000)	(50,000)
Children Forum	(20,000)	0	0	0
<b>2020/21 Budget Administered Payments</b>	<b>3,149,437</b>	<b>3,155,780</b>	<b>3,155,862</b>	<b>3,155,718</b>
2019/20 Budget Depreciation Baseline	20,113	20,113	20,113	20,113
Depreciation Adjustment	6,887	6,887	6,887	6,887
<b>2020/21 Budget Depreciation</b>	<b>27,000</b>	<b>27,000</b>	<b>27,000</b>	<b>27,000</b>
<b>Gross Operating Appropriation</b>	<b>4,688,437</b>	<b>4,700,780</b>	<b>4,720,862</b>	<b>4,720,718</b>
2019/20 Budget Trading Revenue Baseline	6,000	6,000	6,000	6,000
Trading Revenue Adjustment	(6,000)	(6,000)	(6,000)	(6,000)
<b>2020/21 Budget Trading Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Operating Appropriation</b>	<b>4,688,437</b>	<b>4,700,780</b>	<b>4,720,862</b>	<b>4,720,718</b>
2019/20 Budget POBOC Baseline	19,774,919	19,859,919	19,944,757	19,944,757
Welfare Payments	232,342	409,535	434,823	552,432
<b>2020/21 Budget POBOC Funding</b>	<b>20,007,261</b>	<b>20,269,454</b>	<b>20,379,580</b>	<b>20,497,189</b>

\$40,000 for the programmed personnel increase in 2020/21 was retained and transferred to the operating funding to support the Employee Relations Act compliance work and Employment Tribunal.

Personnel funding for the Government-wide salary increase of \$80,000 scheduled for 2021/22 has been cancelled until the programme is reinstated.

\$30,000 operating funding increase has been cancelled for 2020/21 and the outer years.

\$20,000 allocated for the Children's Forum administered payment has been reallocated to operating.

A decrease of \$2,500 annually of operating funding for the Government broadband charge centralisation.

The programmed increase of \$60,000 and new funding of \$140,000 has been provided to increase the Social Impact Fund to allow for increased costs and expanded services by non-government organisation (NGO)'s, and to enable a greater number of NGO's to move into three-year funding contracts in place of competitive annual contracts.

A \$50,000 programmed increase for the CISNOC Grant was cancelled.

Trading Revenue has been reduced to zero as it relates to the Dangerous Goods output that has been transferred to the Ministry of Transport.

Depreciation has been adjusted in line with annualised actuals as at March 2020.

**Table 8-66 Administered Payments, Internal Affairs (\$)**

Output	Administered Payment	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
1	Welfare Payments - Allowances	1,262,437	1,268,780	1,268,862	1,268,718
	<b>Output 1 Administered Funding</b>	<b>1,262,437</b>	<b>1,268,780</b>	<b>1,268,862</b>	<b>1,268,718</b>
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
	<b>Output 2 Administered Funding</b>	<b>1,045,000</b>	<b>1,045,000</b>	<b>1,045,000</b>	<b>1,045,000</b>
4	Vaka Maintenance	400,000	400,000	400,000	400,000
	<b>Output 4 Administered Funding</b>	<b>400,000</b>	<b>400,000</b>	<b>400,000</b>	<b>400,000</b>
5	CISNOC Grant	370,000	370,000	370,000	370,000
5	Lease extension	72,000	72,000	72,000	72,000
	<b>Output 5 Administered Funding</b>	<b>442,000</b>	<b>442,000</b>	<b>442,000</b>	<b>442,000</b>
	<b>Total Internal Affairs Administered Funding</b>	<b>3,149,437</b>	<b>3,155,780</b>	<b>3,155,862</b>	<b>3,155,718</b>

**Table 8-67 Payments on Behalf of Crown, Internal Affairs (\$)**

Output	POBOCs	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
1	Welfare Payments	20,007,261	20,269,454	20,379,580	20,497,189
	<b>Output 1 POBOC Funding</b>	<b>20,007,261</b>	<b>20,269,454</b>	<b>20,379,580</b>	<b>20,497,189</b>
	<b>Total Internal Affairs POBOC Funding</b>	<b>20,007,261</b>	<b>20,269,454</b>	<b>20,379,580</b>	<b>20,497,189</b>

## 8.5.17 Ministry of Justice

Justice		2020-21	2021-22	2022-23	2023-24
MTEC	Personnel	1,865,000	1,865,000	1,910,000	1,915,000
	Operating	450,000	450,000	450,000	500,000
	Administered Payments	460,000	460,000	460,000	625,000
	Depreciation	30,000	30,000	30,000	30,000
	<b>Gross Appropriation</b>	<b>2,805,000</b>	<b>2,805,000</b>	<b>2,850,000</b>	<b>3,070,000</b>
	Trading Revenue	550,000	550,000	550,000	550,000
	<b>Net Appropriation</b>	<b>2,255,000</b>	<b>2,255,000</b>	<b>2,300,000</b>	<b>2,520,000</b>
	POBOC	0	0	0	0
	<b>Medium-term Expenditure Ceiling</b>	<b>2,805,000</b>	<b>2,805,000</b>	<b>2,850,000</b>	<b>3,070,000</b>

**Table 8-68 Total Resourcing – Government and ODA, Justice (\$)**

	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Net Appropriation	2,255,000	2,255,000	2,300,000	2,520,000
Trading Revenue	550,000	550,000	550,000	550,000
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>2,805,000</b>	<b>2,805,000</b>	<b>2,850,000</b>	<b>3,070,000</b>

**Table 8-69 Output Funding for 2020/21, Justice (\$)**

Output	Output 1	Output 2	Output 3	Output 4	Total
Personnel	860,818	490,637	222,229	291,316	1,865,000
Operating	176,799	133,582	43,218	96,401	450,000
Administered Funding	340,000	120,000	0	0	460,000
Depreciation	15,000	9,000	3,000	3,000	30,000
<b>Gross Operating Appropriation</b>	<b>1,392,617</b>	<b>753,219</b>	<b>268,447</b>	<b>390,717</b>	<b>2,805,000</b>
Trading Revenue	280,000	120,000	150,000	0	550,000
<b>Net Operating Appropriation</b>	<b>1,112,617</b>	<b>633,219</b>	<b>118,447</b>	<b>390,717</b>	<b>2,255,000</b>

### 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 division is headed by the Registrar - High Courts and supported by the Deputy Registrar - Criminal & Civil Court, the Deputy Registrar - Land Court, and the Senior Stenographer & Judge's Associate. Eleven (11) Deputy Registrars from the Pa Enea 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.

### **Output 2: Land Administration**

The Land Administration division is responsible for the management of land information, its availability to the Courts and the public, and includes land survey, land titles, and land trust information. The division is headed 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.
- Maintaining the personal property securities registry.
- Providing information to clients, processing payments, and providing expert support to Deputy Registrars in the Pa Enea.

### **Output 4: Corporate Services**

Human Resources and Asset Management. Financial management is presently being assisted through Shared Services provided by MFEM.

The core deliverables of the division are:

- Financial management of the ministry (shared service with MFEM).
- 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	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
2019/20 Budget Personnel Baseline	1,995,544	2,015,333	2,162,809	2,162,809
Personnel Adjustment	(130,544)	(150,333)	(252,809)	(247,809)
<b>2020/21 Budget Personnel Budget</b>	<b>1,865,000</b>	<b>1,865,000</b>	<b>1,910,000</b>	<b>1,915,000</b>
2019/20 Budget Operating Baseline	412,756	392,967	445,491	445,491
Operating Adjustment	37,244	57,033	4,509	54,509
<b>2020/21 Budget Operating Budget</b>	<b>450,000</b>	<b>450,000</b>	<b>450,000</b>	<b>500,000</b>
2019/20 Budget Administered Payments Baseline	460,000	460,000	460,000	460,000
Judges Allowances	0	0	0	165,000
<b>2020/21 Budget Administered Payments</b>	<b>460,000</b>	<b>460,000</b>	<b>460,000</b>	<b>625,000</b>
2019/20 Budget Depreciation Baseline	87,463	87,463	87,463	87,463
Depreciation Adjustment	(57,463)	(57,463)	(57,463)	(57,463)
<b>2020/21 Budget Depreciation</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>
<b>Gross Operating Appropriation</b>	<b>2,805,000</b>	<b>2,805,000</b>	<b>2,850,000</b>	<b>3,070,000</b>
2019/20 Budget Trading Revenue Baseline	550,000	550,000	550,000	550,000
<b>2020/21 Budget Trading Revenue</b>	<b>550,000</b>	<b>550,000</b>	<b>550,000</b>	<b>550,000</b>
<b>Net Operating Appropriation</b>	<b>2,255,000</b>	<b>2,255,000</b>	<b>2,300,000</b>	<b>2,520,000</b>

An increase of \$37,244 in 2020/21 for operating funding to cover costs related to the Online Business Registry and increased electrical costs related to the implementation of air-conditioning in the Ministry of Justice building, which is necessary to protect sensitive documents stored in the building. Additional operating funding increases have been provided for 2021/22 onwards.

Personnel funding relating to aged vacancies of \$130,544 and \$130,000 in 2020/21 and 2021/22, respectively, have been cancelled.

Programmed personnel funding increases have been cancelled from 2021/22 onwards.

A decrease of \$5,500 annually of operating funding for the Government broadband charge centralisation.

Depreciation has been adjusted in line with annualised actuals as at March 2020.

**Table 8-71 Administered Payments, Justice (\$)**

Output	Administered Payment	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
1	Judges Allowances	300,000	300,000	300,000	465,000
1	Legal Aid	40,000	40,000	40,000	40,000
	<b>Output 1 Administered Funding</b>	<b>340,000</b>	<b>340,000</b>	<b>340,000</b>	<b>505,000</b>
2	Project to bring land records up to date	120,000	120,000	120,000	120,000
	<b>Output 2 Administered Funding</b>	<b>120,000</b>	<b>120,000</b>	<b>120,000</b>	<b>120,000</b>
	<b>Total Justice Administered Funding</b>	<b>460,000</b>	<b>460,000</b>	<b>460,000</b>	<b>625,000</b>

## 8.5.18 Ministry of Marine Resources

Marine Resources		2020-21	2021-22	2022-23	2023-24
<b>MTEC</b>	Personnel	1,191,000	1,341,000	1,341,000	1,341,000
	Operating	676,000	676,000	716,000	866,000
	Administered Payments	250,000	300,000	300,000	300,000
	Depreciation	150,000	150,000	150,000	150,000
	<b>Gross Appropriation</b>	<b>2,267,000</b>	<b>2,467,000</b>	<b>2,507,000</b>	<b>2,657,000</b>
	Trading Revenue	28,000	28,000	28,000	28,000
	<b>Net Appropriation</b>	<b>2,239,000</b>	<b>2,439,000</b>	<b>2,479,000</b>	<b>2,629,000</b>
	POBOC	0	0	0	0
	<b>Medium-term Expenditure Ceiling</b>	<b>2,267,000</b>	<b>2,467,000</b>	<b>2,507,000</b>	<b>2,657,000</b>

**Table 8-72 Total Resourcing – Government and ODA, Marine Resources (\$)**

	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Net Appropriation	2,239,000	2,439,000	2,479,000	2,629,000
Trading Revenue	28,000	28,000	28,000	28,000
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>2,267,000</b>	<b>2,467,000</b>	<b>2,507,000</b>	<b>2,657,000</b>

**Table 8-73 Output Funding for 2020/21, Marine Resources (\$)**

Output	Output 1	Output 2	Output 3	Total
Personnel	267,426	697,320	226,254	<b>1,191,000</b>
Operating	295,569	253,601	126,830	<b>676,000</b>
Administered Funding	0	250,000	0	<b>250,000</b>
Depreciation	0	0	150,000	<b>150,000</b>
<b>Gross Operating Appropriation</b>	<b>562,995</b>	<b>1,200,921</b>	<b>503,084</b>	<b>2,267,000</b>
Trading Revenue	0	28,000	0	<b>28,000</b>
<b>Net Operating Appropriation</b>	<b>562,995</b>	<b>1,172,921</b>	<b>503,084</b>	<b>2,239,000</b>

### Ministry of Marine Resources Outputs

#### Output 1: Offshore Fisheries

- Provide on-going management and co-ordination of income earning opportunities from offshore fisheries.
- Enhance current monitoring, control and surveillance capabilities ensuring compliance with legislation.

#### Output 2: Inshore and Aquaculture Fisheries

- On-going 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.
- On-going technical support to facilitate safe, sustainable fishing and conservation practices, the protection of culture and 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

- On-going support to provide legal and policy advice
- On-going oversight of communications with stakeholders
- On-going 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	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
2019/20 Budget Personnel Baseline	1,231,685	1,381,685	1,381,685	1,381,685
Personnel Adjustment	(40,685)	(40,685)	(40,685)	(40,685)
<b>2020/21 Budget Personnel Budget</b>	<b>1,191,000</b>	<b>1,341,000</b>	<b>1,341,000</b>	<b>1,341,000</b>
2019/20 Budget Operating Baseline	935,933	935,933	935,933	935,933
Operating Adjustment	(259,933)	(259,933)	(219,933)	(69,933)
<b>2020/21 Budget Operating Budget</b>	<b>676,000</b>	<b>676,000</b>	<b>716,000</b>	<b>866,000</b>
2019/20 Budget Administered Payments Baseline	300,000	300,000	300,000	300,000
Fisheries Development Facility	(50,000)	0	0	0
<b>2020/21 Budget Administered Payments</b>	<b>250,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>
2019/20 Budget Depreciation Baseline	95,000	95,000	95,000	95,000
Depreciation Adjustment	55,000	55,000	55,000	55,000
<b>2020/21 Budget Depreciation</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>
<b>Gross Operating Appropriation</b>	<b>2,267,000</b>	<b>2,467,000</b>	<b>2,507,000</b>	<b>2,657,000</b>
2019/20 Budget Trading Revenue Baseline	28,000	28,000	28,000	28,000
<b>2020/21 Budget Trading Revenue</b>	<b>28,000</b>	<b>28,000</b>	<b>28,000</b>	<b>28,000</b>
<b>Net Operating Appropriation</b>	<b>2,239,000</b>	<b>2,439,000</b>	<b>2,479,000</b>	<b>2,629,000</b>

Personnel funding for the Government-wide salary increase of \$40,000 scheduled for 2020/21 has been cancelled until the programme is reinstated.

Programmed operating funding increases have been cancelled until 2022/23 and a further \$69,933 in operating funding has been reduced in 2023/24 to create expenditure savings.

A further \$50,000 has been reduced from the Fisheries Development Facility fund in 2020/21 to create expenditure savings.

Depreciation has been adjusted in line with annualised actuals as at March 2020.

**Table 8-75 Administered Payments, Marine Resources (\$)**

Output	Administered Payment	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
2	Fisheries Development Facility	250,000	300,000	300,000	300,000
	<b>Output 2 Administered Funding</b>	<b>250,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>
	<b>Total Marine Resources Administered Funding</b>	<b>250,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>

## 8.5.19 Ombudsman

Ombudsman		2020-21	2021-22	2022-23	2023-24
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
	<b>Gross Appropriation</b>	<b>301,000</b>	<b>301,000</b>	<b>301,000</b>	<b>301,000</b>
	Trading Revenue	0	0	0	0
	<b>Net Appropriation</b>	<b>301,000</b>	<b>301,000</b>	<b>301,000</b>	<b>301,000</b>
	POBOC	0	0	0	0
	<b>Medium-term Expenditure Ceiling</b>	<b>301,000</b>	<b>301,000</b>	<b>301,000</b>	<b>301,000</b>

**Table 8-76 Total Resourcing – Government and ODA, Ombudsman (\$)**

	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Net Appropriation	301,000	301,000	301,000	301,000
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>301,000</b>	<b>301,000</b>	<b>301,000</b>	<b>301,000</b>

**Table 8-77 Output Funding for 2020/21, Ombudsman (\$)**

Output	Output 1	Output 2	Output 3	Total
Personnel	111,801	42,763	78,436	<b>233,000</b>
Operating	36,791	7,911	17,298	<b>62,000</b>
Administered Funding	0	0	0	<b>0</b>
Depreciation	2,000	2,000	2,000	<b>6,000</b>
<b>Gross Operating Appropriation</b>	<b>150,592</b>	<b>52,675</b>	<b>97,734</b>	<b>301,000</b>
Trading Revenue	0	0	0	0
<b>Net Operating Appropriation</b>	<b>150,592</b>	<b>52,675</b>	<b>97,734</b>	<b>301,000</b>

### 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/workshops to Agencies, Ministers and Heads of Ministries
- Penalty system 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	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
2019/20 Budget Personnel Baseline	258,100	313,774	313,774	313,774
Personnel Adjustment	(25,100)	(80,774)	(80,774)	(80,774)
<b>2020/21 Budget Personnel Budget</b>	<b>233,000</b>	<b>233,000</b>	<b>233,000</b>	<b>233,000</b>
2019/20 Budget Operating Baseline	66,476	60,802	60,802	60,802
Operating Adjustment	(4,476)	1,198	1,198	1,198
<b>2020/21 Budget Operating Budget</b>	<b>62,000</b>	<b>62,000</b>	<b>62,000</b>	<b>62,000</b>
2019/20 Budget Administered Payments Baseline	0	0	0	0
<b>2020/21 Budget Administered Payments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
2019/20 Budget Depreciation Baseline	5,822	5,822	5,822	5,822
Depreciation Adjustment	178	178	178	178
<b>2020/21 Budget Depreciation</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>
<b>Gross Operating Appropriation</b>	<b>301,000</b>	<b>301,000</b>	<b>301,000</b>	<b>301,000</b>
2019/20 Budget Trading Revenue Baseline	0	0	0	0
<b>2020/21 Budget Trading Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Operating Appropriation</b>	<b>301,000</b>	<b>301,000</b>	<b>301,000</b>	<b>301,000</b>

An additional \$5,000 in personnel funding has been provided for 2020/21. This is offset by the cancellation of \$30,000 in personnel for aged vacancies 2020/21 onwards.

Personnel funding for the Government-wide salary increase of \$50,000 scheduled for 2021/22 has been cancelled until the programme is reinstated.

Depreciation has been adjusted in line with annualised actuals as at March 2020.

## 8.5.20 Parliamentary Services

Parliamentary Services		2020-21	2021-22	2022-23	2023-24
MTEC	Personnel	560,000	560,000	560,000	560,000
	Operating	67,000	70,000	70,000	70,000
	Administered Payments	90,000	60,000	60,000	60,000
	Depreciation	22,000	22,000	22,000	22,000
	<b>Gross Appropriation</b>	<b>739,000</b>	<b>712,000</b>	<b>712,000</b>	<b>712,000</b>
	Trading Revenue	0	0	0	0
	<b>Net Appropriation</b>	<b>739,000</b>	<b>712,000</b>	<b>712,000</b>	<b>712,000</b>
	POBOC	4,010,581	4,020,581	4,020,581	4,020,581
	<b>Medium-term Expenditure Ceiling</b>	<b>4,749,581</b>	<b>4,732,581</b>	<b>4,732,581</b>	<b>4,732,581</b>

**Table 8-79 Total Resourcing – Government and ODA, Parliament (\$)**

	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Net Appropriation	739,000	712,000	712,000	712,000
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>739,000</b>	<b>712,000</b>	<b>712,000</b>	<b>712,000</b>

**Table 8-80 Output Funding for 2020/21, Parliament (\$)**

Output	Output 1	Output 2	Total
Personnel	352,422	207,578	560,000
Operating	40,200	26,800	67,000
Administered Funding	90,000	0	90,000
Depreciation	0	22,000	22,000
<b>Gross Operating Appropriation</b>	<b>482,622</b>	<b>256,378</b>	<b>739,000</b>
Trading Revenue	0	0	0
<b>Net Operating Appropriation</b>	<b>482,622</b>	<b>256,378</b>	<b>739,000</b>

### Parliamentary Services Outputs

#### Output 1: Services to Parliament and Select Committees

The Cook Islands' Parliamentary Services is responsible for the delivery of services for the functions of the Members of Parliament through the Civil List appropriation to support its service delivery to Parliament and Select Committees.

It must ensure that parliamentary democracy through good governance and gender sensitive programs are navigated, nurtured and implemented according to prescribed legislations, regulations NSDP Goals, UN instruments; Constitution and the Standing Orders of Parliament.

Excellent delivery of outcomes are better managed with strong leadership, supported framework of sound policy advice and support services to the Speaker, Members and Parliamentary Committees and stakeholders.

#### Output 2: Finance and Corporate Services

To provide the overall financial and corporate services support to the Civil List, the Queen's Representative; the Speaker and Members of Parliament; Parliamentary Services and stakeholders ensuring good governance and prescribed legislature and MFEM requirements are adhered to.

**Table 8-81 Baselines and New Budget Measures, Parliament (\$)**

Details	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
2019/20 Budget Personnel Baseline	592,267	677,267	677,267	677,267
Personnel Adjustment	(32,267)	(117,267)	(117,267)	(117,267)
<b>2020/21 Budget Personnel Budget</b>	<b>560,000</b>	<b>560,000</b>	<b>560,000</b>	<b>560,000</b>
2019/20 Budget Operating Baseline	71,835	71,835	71,835	71,835
Operating Adjustment	(4,835)	(1,835)	(1,835)	(1,835)
<b>2020/21 Budget Operating Budget</b>	<b>67,000</b>	<b>70,000</b>	<b>70,000</b>	<b>70,000</b>
2019/20 Budget Administered Payments Baseline	110,000	60,000	60,000	60,000
Special Select Committee	(20,000)	0	0	0
<b>2020/21 Budget Administered Payments</b>	<b>90,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>
2019/20 Budget Depreciation Baseline	19,579	19,579	19,579	19,579
Depreciation Adjustment	2,421	2,421	2,421	2,421
<b>2020/21 Budget Depreciation</b>	<b>22,000</b>	<b>22,000</b>	<b>22,000</b>	<b>22,000</b>
<b>Gross Operating Appropriation</b>	<b>739,000</b>	<b>712,000</b>	<b>712,000</b>	<b>712,000</b>
2019/20 Budget Trading Revenue Baseline	0	0	0	0
<b>2020/21 Budget Trading Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Operating Appropriation</b>	<b>739,000</b>	<b>712,000</b>	<b>712,000</b>	<b>712,000</b>
2019/20 Budget POBOC Baseline	4,020,581	4,020,581	4,020,581	4,020,581
House of Ariki	(10,000)	0	0	0
<b>2020/21 Budget POBOC Funding</b>	<b>4,010,581</b>	<b>4,020,581</b>	<b>4,020,581</b>	<b>4,020,581</b>

Personnel funding of \$32,000 has been cancelled due to aged vacancies.

\$20,000 was reduced from Special Select Committee in 2020/21 to generate expenditure savings.

Personnel funding for the Government-wide salary increase of \$85,000 scheduled for 2021/22 has been cancelled until the programme is reinstated.

A decrease of \$1,500 annually of operating funding for the Government broadband charge centralisation.

Depreciation has been adjusted in line with annualised actuals as at March 2020.

**Table 8-82 Administered Payments, Parliament (\$)**

Output	Administered Payment	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
1	Special Select Committee	90,000	60,000	60,000	60,000
	<b>Output 1 Administered Funding</b>	<b>90,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>
	<b>Total Parliamentary Services Administered Funding</b>	<b>90,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>



**Table 8-83 Payments on Behalf of Crown, Parliament (\$)**

Output	POBOCs	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 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	338,420	348,420	348,420	348,420
1	MP Travel and Allowances (local and overseas)	341,000	341,000	341,000	341,000
1	Parliamentary Sitting Expenses	150,000	150,000	150,000	150,000
1	QR Travel and Allowances (local and overseas)	109,000	109,000	109,000	109,000
	<b>Output 1 POBOC Funding</b>	<b>4,010,581</b>	<b>4,020,581</b>	<b>4,020,581</b>	<b>4,020,581</b>
	<b>Total Parliamentary Services POBOC Funding</b>	<b>4,010,581</b>	<b>4,020,581</b>	<b>4,020,581</b>	<b>4,020,581</b>

## 8.5.21 Cook Islands Police

Police		2020-21	2021-22	2022-23	2023-24
MTEC	Personnel	4,148,036	4,148,036	4,150,291	4,150,291
	Operating	192,964	192,964	190,709	238,709
	Administered Payments	455,000	305,000	455,000	305,000
	Depreciation	1,010,000	1,010,000	1,010,000	1,010,000
	<b>Gross Appropriation</b>	<b>5,806,000</b>	<b>5,656,000</b>	<b>5,806,000</b>	<b>5,704,000</b>
	Trading Revenue	141,783	154,783	154,783	154,783
	<b>Net Appropriation</b>	<b>5,664,217</b>	<b>5,501,217</b>	<b>5,651,217</b>	<b>5,549,217</b>
	POBOC	0	0	0	0
	<b>Medium-term Expenditure Ceiling</b>	<b>5,806,000</b>	<b>5,656,000</b>	<b>5,806,000</b>	<b>5,704,000</b>

**Table 8-84 Total Resourcing – Government and ODA, Police (\$)**

	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Net Appropriation	5,664,217	5,501,217	5,651,217	5,549,217
Trading Revenue	141,783	154,783	154,783	154,783
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>5,806,000</b>	<b>5,656,000</b>	<b>5,806,000</b>	<b>5,704,000</b>

**Table 8-85 Output Funding for 2020/21, Police (\$)**

Output	Output 1	Output 2	Output 3	Total
Personnel	2,963,660	839,296	345,080	4,148,036
Operating	42,938	93,653	56,373	192,964
Administered Funding	410,000	45,000	0	455,000
Depreciation	787,759	141,393	80,848	1,010,000
<b>Gross Operating Appropriation</b>	<b>4,204,357</b>	<b>1,119,342</b>	<b>482,301</b>	<b>5,806,000</b>
Trading Revenue	132,683	0	9,100	141,783
<b>Net Operating Appropriation</b>	<b>4,071,674</b>	<b>1,119,342</b>	<b>473,201</b>	<b>5,664,217</b>

### 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 in regards to 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	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
2019/20 Budget Personnel Baseline	3,518,527	3,518,527	3,518,527	3,518,527
Personnel Adjustment	629,509	629,509	631,764	631,764
<b>2020/21 Budget Personnel Budget</b>	<b>4,148,036</b>	<b>4,148,036</b>	<b>4,150,291</b>	<b>4,150,291</b>
2019/20 Budget Operating Baseline	591,724	591,724	591,724	591,724
Operating Adjustment	(398,760)	(398,760)	(401,015)	(353,015)
<b>2020/21 Budget Operating Budget</b>	<b>192,964</b>	<b>192,964</b>	<b>190,709</b>	<b>238,709</b>
2019/20 Budget Administered Payments Baseline	455,000	305,000	455,000	305,000
<b>2020/21 Budget Administered Payments</b>	<b>455,000</b>	<b>305,000</b>	<b>455,000</b>	<b>305,000</b>
2019/20 Budget Depreciation Baseline	1,009,948	1,009,948	1,009,948	1,009,948
Depreciation Adjustment	52	52	52	52
<b>2020/21 Budget Depreciation</b>	<b>1,010,000</b>	<b>1,010,000</b>	<b>1,010,000</b>	<b>1,010,000</b>
<b>Gross Operating Appropriation</b>	<b>5,806,000</b>	<b>5,656,000</b>	<b>5,806,000</b>	<b>5,704,000</b>
2019/20 Budget Trading Revenue Baseline	201,783	201,783	201,783	201,783
Trading Revenue Adjustment	(60,000)	(47,000)	(47,000)	(47,000)
<b>2020/21 Budget Trading Revenue</b>	<b>141,783</b>	<b>154,783</b>	<b>154,783</b>	<b>154,783</b>
<b>Net Operating Appropriation</b>	<b>5,664,217</b>	<b>5,501,217</b>	<b>5,651,217</b>	<b>5,549,217</b>

The Ministry's personnel budget increased by \$280,000 to cover the residual funding required from the Government-wide salary increase implemented in 2019/20, completing the adjustment for the Cook Islands Police Service.

To support additional pay increases determined by Police, the agency has transferred operating funding to personnel. This brings the total personnel increase to \$630,000 or 31.7 per cent on 2018/19 baseline.

Trading Revenue expectations have been decreased by \$60,000 in 2020/21 to adjust for reduced tourist numbers taking driving tests. This will be reviewed annually.

A programmed funding increase of \$48,224 for operating has been cancelled in 2020/21 until 2022/23.

A decrease of \$1,500 annually of operating funding for the Government broadband charge centralisation.

**Table 8-87 Administered Payments, Police (\$)**

Output	Administered Payment	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 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 - Biannual Slipping	150,000	0	150,000	0
1	Te Kukupa - Fuel Contribution	140,000	140,000	140,000	140,000
	<b>Output 1 Administered Funding</b>	<b>410,000</b>	<b>260,000</b>	<b>410,000</b>	<b>260,000</b>
2	Police Youth Program	45,000	45,000	45,000	45,000
	<b>Output 2 Administered Funding</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>
	<b>Total Police Administered Funding</b>	<b>455,000</b>	<b>305,000</b>	<b>455,000</b>	<b>305,000</b>

## 8.5.22 Office of the Prime Minister

Office of the Prime Minister		2020-21	2021-22	2022-23	2023-24
MTEC	Personnel	1,441,000	1,383,000	1,383,000	1,383,000
	Operating	440,000	449,000	449,000	449,000
	Administered Payments	973,000	723,000	663,000	663,000
	Depreciation	31,000	31,000	31,000	31,000
	<b>Gross Appropriation</b>	<b>2,885,000</b>	<b>2,586,000</b>	<b>2,526,000</b>	<b>2,526,000</b>
	Trading Revenue	0	0	0	0
	<b>Net Appropriation</b>	<b>2,885,000</b>	<b>2,586,000</b>	<b>2,526,000</b>	<b>2,526,000</b>
	POBOC	24,000	0	0	0
	<b>Medium-term Expenditure Ceiling</b>	<b>2,909,000</b>	<b>2,586,000</b>	<b>2,526,000</b>	<b>2,526,000</b>

**Table 8-88 Total Resourcing – Government and ODA, OPM (\$)**

	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Net Appropriation	2,885,000	2,586,000	2,526,000	2,526,000
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>2,885,000</b>	<b>2,586,000</b>	<b>2,526,000</b>	<b>2,526,000</b>

**Table 8-89 Output Funding for 2020/21, OPM (\$)**

Output	Output 1	Output 2	Output 3	Output 4	Output 5
Personnel	92,593	159,783	256,567	214,512	110,135
Operating	21,192	155,843	31,422	68,677	23,644
Administered Funding	463,000	0	100,000	250,000	50,000
Depreciation	1,404	180	1,260	15,072	1,908
<b>Gross Operating Appropriation</b>	<b>578,189</b>	<b>315,806</b>	<b>389,249</b>	<b>548,261</b>	<b>185,687</b>
Trading Revenue	0	0	0	0	0
<b>Net Operating Appropriation</b>	<b>578,189</b>	<b>315,806</b>	<b>389,249</b>	<b>548,261</b>	<b>185,687</b>

Output	Output 6	Output 7	Output 8	Output 9	Output 10	Total
Personnel	130,748	151,172	54,085	238,630	32,775	1,441,000
Operating	18,548	13,600	20,000	87,074	0	440,000
Administered Funding	50,000	0	60,000	0	0	973,000
Depreciation	1,620	2,232	952	6,372	0	31,000
<b>Gross Operating Appropriation</b>	<b>200,916</b>	<b>167,004</b>	<b>135,037</b>	<b>332,076</b>	<b>32,775</b>	<b>2,885,000</b>
Trading Revenue	0	0	0	0	0	0
<b>Net Operating Appropriation</b>	<b>200,916</b>	<b>167,004</b>	<b>135,037</b>	<b>332,076</b>	<b>32,775</b>	<b>2,885,000</b>

## 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”. We do this 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: Policy Planning Office

Key policy outcome of Central Policy and Planning Office: “Provide quality advice on national priorities”. We do this 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 enables 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”. We will do this through:

- oversight on governance and on the delivery of Island Government services in the Pa Enea
- co-ordinating and providing support in the implementation of Pa Enea community development programmes
- providing 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”. We will do this 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 donor funded Te Aponga Uira renewable energy projects such as the 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. They will do this through:

- assisting to build resilience and preparedness against natural and man-made disasters
- coordinating 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”. We will do this 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, coordinating 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 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	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
2019/20 Budget Personnel Baseline	1,722,923	1,722,923	1,722,923	1,722,923
Personnel Adjustment	58,077	77	77	77
Personnel Adjustment	(340,000)	(340,000)	(340,000)	(340,000)
<b>2020/21 Budget Personnel Budget</b>	<b>1,441,000</b>	<b>1,383,000</b>	<b>1,383,000</b>	<b>1,383,000</b>
2019/20 Budget Operating Baseline	457,849	457,849	457,849	457,849
Operating Adjustment	(17,849)	(8,849)	(8,849)	(8,849)
<b>2020/21 Budget Operating Budget</b>	<b>440,000</b>	<b>449,000</b>	<b>449,000</b>	<b>449,000</b>
<b>2019/20 Budget Administered Payment Baseline</b>	<b>843,000</b>	<b>593,000</b>	<b>593,000</b>	<b>593,000</b>
Marae Moana Ambassador	60,000	60,000	0	0
Social Responsibility Fund	120,000	120,000	120,000	120,000
Energy Commissioner	(50,000)	(50,000)	(50,000)	(50,000)
<b>2020/21 Budget Administered Payments</b>	<b>973,000</b>	<b>723,000</b>	<b>663,000</b>	<b>663,000</b>
2019/20 Budget Depreciation Baseline	59,039	59,039	59,039	59,039
Depreciation Adjustment	(28,039)	(28,039)	(28,039)	(28,039)
<b>2020/21 Budget Depreciation</b>	<b>31,000</b>	<b>31,000</b>	<b>31,000</b>	<b>31,000</b>
<b>Gross Operating Appropriation</b>	<b>2,885,000</b>	<b>2,586,000</b>	<b>2,526,000</b>	<b>2,526,000</b>
2019/20 Budget Trading Revenue Baseline	0	0	0	0
<b>2020/21 Budget Trading Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Operating Appropriation</b>	<b>2,885,000</b>	<b>2,586,000</b>	<b>2,526,000</b>	<b>2,526,000</b>
2019/20 Budget POBOC Baseline	0	0	0	0
Local Government Election	24,000	0	0	0
<b>2020/21 Budget POBOC Funding</b>	<b>24,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

New funding of \$58,077 has been allocated for personnel to cover existing shortfalls and the minimum wage increase.

Personnel funding for the Government-wide salary increase of \$340,000 scheduled for 2020/21 has been cancelled until the programme is reinstated.

A decrease of \$9,500 annually of operating funding for the Government broadband charge centralisation.

Funding is allocated for engagement of the Marae Moana Ambassador for two years from 2020/21.

The Social Responsibility Fund has been increased by \$120,000 from 2020/21 to allow Members of Parliament to deliver additional works for each constituency.

Depreciation has been adjusted in line with annualised actuals as at March 2020.

**Table 8-91 Administered Payments, OPM (\$)**

Output	Administered Payment	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 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
	<b>Output 1 Administered Funding</b>	<b>463,000</b>	<b>463,000</b>	<b>463,000</b>	<b>463,000</b>
3	Pa Enea Mechanical Overseer	100,000	100,000	100,000	100,000
	<b>Output 3 Administered Funding</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
4	ICT Support Team	250,000	0	0	0
	<b>Output 4 Administered Funding</b>	<b>250,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
5	Energy Commissioner	50,000	50,000	50,000	50,000
	<b>Output 5 Administered Funding</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>
6	Red Cross	50,000	50,000	50,000	50,000
	<b>Output 6 Administered Funding</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>
8	Marae Moana Ambassador	60,000	60,000	0	0
	<b>Output 8 Administered Funding</b>	<b>60,000</b>	<b>60,000</b>	<b>0</b>	<b>0</b>
<b>Total Prime Minister's Office Administered Funding</b>		<b>973,000</b>	<b>723,000</b>	<b>663,000</b>	<b>663,000</b>

**Table 8-92 Payments on Behalf of Crown, OPM (\$)**

Output	POBOCs	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
3	Local Government Election	24,000	0	0	0
	<b>Output 3 POBOC Funding</b>	<b>24,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Prime Minister's Office POBOC Funding</b>		<b>24,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 8.5.23 Office of the Public Service Commissioner

Office of the Public Service Commissioner		2020-21	2021-22	2022-23	2023-24
<b>MTEC</b>	Personnel	377,000	377,000	377,000	407,000
	Operating	158,000	158,000	177,000	222,000
	Administered Payments	1,741,645	1,741,645	1,741,645	1,741,645
	Depreciation	15,000	15,000	15,000	15,000
	<b>Gross Appropriation</b>	<b>2,291,645</b>	<b>2,291,645</b>	<b>2,310,645</b>	<b>2,385,645</b>
	Trading Revenue	0	0	0	0
	<b>Net Appropriation</b>	<b>2,291,645</b>	<b>2,291,645</b>	<b>2,310,645</b>	<b>2,385,645</b>
	POBOC	0	0	0	0
	<b>Medium-term Expenditure Ceiling</b>	<b>2,291,645</b>	<b>2,291,645</b>	<b>2,310,645</b>	<b>2,385,645</b>

**Table 8-93 Total Resourcing – Government and ODA, OPSC (\$)**

	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Net Appropriation	2,291,645	2,291,645	2,310,645	2,385,645
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>2,291,645</b>	<b>2,291,645</b>	<b>2,310,645</b>	<b>2,385,645</b>

**Table 8-94 Output Funding for 2020/21, OPSC (\$)**

<b>Output</b>	<b>Output 1</b>	<b>Output 2</b>	<b>Output 3</b>	<b>Output 4</b>	<b>Total</b>
Personnel	103,037	129,217	90,661	54,085	377,000
Operating	46,398	27,352	56,398	27,852	158,000
Administered Funding	0	0	1,741,645	0	1,741,645
Depreciation	0	0	15,000	0	15,000
<b>Gross Operating Appropriation</b>	<b>149,435</b>	<b>156,569</b>	<b>1,903,704</b>	<b>81,937</b>	<b>2,291,645</b>
Trading Revenue	0	0	0	0	0
<b>Net Operating Appropriation</b>	<b>149,435</b>	<b>156,569</b>	<b>1,903,704</b>	<b>81,937</b>	<b>2,291,645</b>

**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 (HRM) 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, in particular, on Job description development, Job evaluations, Recruitment support and Induction
- Provision of advice and technical support on employee retention, in particular, on Performance management, Remuneration, Training and Development, Investigations and dispute resolution
- Provision of advice and technical support on employee release, in particular, on - Retirement and Redundancy
- Developmental work - leadership development and talent management, training, Graduate recruitment

**Output 3: Corporate Services**

- Strengthening and supporting OPSC Organisational management - in the areas of planning, monitoring and evaluation, people development, financial, information and risk management
- Completion of reporting requirements for - Parliament, Performance, Financial and Adhoc
- Provision of Office Support - communication and public relations; administration - financial, human resource management information system (HRMIS), New Zealand Government superannuation and Heads of Ministries leave and travel

**Output 4: Heads of Ministries Administration**

Manage administration of recruitment, performance management training and development support for Heads of Ministries



**Table 8-95 Baselines and New Budget Measures, OPSC (\$)**

Details	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
2019/20 Budget Personnel Baseline	401,256	421,320	442,383	442,383
Personnel Adjustment	(24,256)	(9,320)	(30,383)	(383)
Personnel Adjustment	0	(35,000)	(35,000)	(35,000)
<b>2020/21 Budget Personnel Budget</b>	<b>377,000</b>	<b>377,000</b>	<b>377,000</b>	<b>407,000</b>
2019/20 Budget Operating Baseline	309,509	374,445	353,382	353,382
Operating Adjustment	(151,509)	(216,445)	(176,382)	(131,382)
<b>2020/21 Budget Operating Budget</b>	<b>158,000</b>	<b>158,000</b>	<b>177,000</b>	<b>222,000</b>
2019/20 Budget Administered Payments Baseline	1,741,645	1,741,645	1,741,645	1,741,645
<b>2020/21 Budget Administered Payments</b>	<b>1,741,645</b>	<b>1,741,645</b>	<b>1,741,645</b>	<b>1,741,645</b>
2019/20 Budget Depreciation Baseline	21,200	21,200	21,200	21,200
Depreciation Adjustment	(6,200)	(6,200)	(6,200)	(6,200)
<b>2020/21 Budget Depreciation</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>
<b>Gross Operating Appropriation</b>	<b>2,291,645</b>	<b>2,291,645</b>	<b>2,310,645</b>	<b>2,385,645</b>
2019/20 Budget Trading Revenue Baseline	0	0	0	0
<b>2020/21 Budget Trading Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Operating Appropriation</b>	<b>2,291,645</b>	<b>2,291,645</b>	<b>2,310,645</b>	<b>2,385,645</b>

A reduction of \$100,000 in operating funding in 2020/21 to reduce Government expenditure, and a further cancellation of \$25,000 in personnel for aged vacancies.

Personnel funding for the Government-wide salary increase of \$35,000 scheduled for 2021/22 has been cancelled until the programme is reinstated.

Programmed operating funding increases have been cancelled until 2023/24.

A decrease of \$1,000 annually of operating funding for the Government broadband charge centralisation.

Depreciation has been adjusted in line with annualised actuals as at March 2020.

**Table 8-96 Administered Payments, OPSC (\$)**

Output	Administered Payment	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
3	HOM's Salaries	1,741,645	1,741,645	1,741,645	1,741,645
	<b>Output 3 Administered Funding</b>	<b>1,741,645</b>	<b>1,741,645</b>	<b>1,741,645</b>	<b>1,741,645</b>
	<b>Total Public Service Commission Administered Funding</b>	<b>1,741,645</b>	<b>1,741,645</b>	<b>1,741,645</b>	<b>1,741,645</b>

## 8.5.24 Cook Islands Seabed Minerals

Cook Islands Seabed Minerals Authority		2020-21	2021-22	2022-23	2023-24
MTEC	Personnel	340,000	340,000	340,000	340,000
	Operating	310,000	140,000	140,000	140,000
	Administered Payments	130,000	0	0	0
	Depreciation	9,500	9,500	9,500	9,500
	<b>Gross Appropriation</b>	<b>789,500</b>	<b>489,500</b>	<b>489,500</b>	<b>489,500</b>
	Trading Revenue	0	0	0	0
	<b>Net Appropriation</b>	<b>789,500</b>	<b>489,500</b>	<b>489,500</b>	<b>489,500</b>
	POBOC	0	0	0	0
	<b>Medium-term Expenditure Ceiling</b>	<b>789,500</b>	<b>489,500</b>	<b>489,500</b>	<b>489,500</b>

**Table 8-97 Total Resourcing – Government and ODA, SBMA (\$)**

	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Net Appropriation	789,500	489,500	489,500	489,500
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>789,500</b>	<b>489,500</b>	<b>489,500</b>	<b>489,500</b>

**Table 8-98 Output Funding for 2020/21, SBMA (\$)**

Output	Output 1	Output 2	Output 3	Total
Personnel	297,542	0	42,458	340,000
Operating	210,000	90,000	10,000	310,000
Administered Funding	130,000	0	0	130,000
Depreciation	9,500	0	0	9,500
<b>Gross Operating Appropriation</b>	<b>647,042</b>	<b>90,000</b>	<b>52,458</b>	<b>789,500</b>
Trading Revenue	0	0	0	0
<b>Net Operating Appropriation</b>	<b>647,042</b>	<b>90,000</b>	<b>52,458</b>	<b>789,500</b>

**Cook Islands Seabed Minerals Authority Outputs****Output 1: Effective Seabed Minerals sector**

Development of robust regulatory framework to manage the Cook Islands seabed minerals, and thereby increase the Cook Islands economic diversity.

**Output 2: Stakeholder engagement - Collaboration and capacity building**

Promote collaboration and co-operation amongst Government ministries, departments, local authorities, the private sector, research bodies, non-Governmental and other organisations, concerning the seabed minerals sector of the Cook Islands.

**Output 3: Corporate Services**

Provide secretarial and administrative services.

**Table 8-99 Baselines and New Budget Measures, SBMA (\$)**

Details	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
2019/20 Budget Personnel Baseline	197,722	208,760	208,760	208,760
Personnel Adjustment	142,278	131,240	131,240	131,240
<b>2020/21 Budget Personnel Budget</b>	<b>340,000</b>	<b>340,000</b>	<b>340,000</b>	<b>340,000</b>
2019/20 Budget Operating Baseline	89,127	89,127	89,127	89,127
Operating Adjustment	220,873	50,873	50,873	50,873
<b>2020/21 Budget Operating Budget</b>	<b>310,000</b>	<b>140,000</b>	<b>140,000</b>	<b>140,000</b>
2019/20 Budget Administered Payments Baseline	0	0	0	0
Seabed Minerals Sector Development	130,000	0	0	0
<b>2020/21 Budget Administered Payments</b>	<b>130,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
2019/20 Budget Depreciation Baseline	9,387	9,387	9,387	9,387
Depreciation Adjustment	113	113	113	113
<b>2020/21 Budget Depreciation</b>	<b>9,500</b>	<b>9,500</b>	<b>9,500</b>	<b>9,500</b>
<b>Gross Operating Appropriation</b>	<b>789,500</b>	<b>489,500</b>	<b>489,500</b>	<b>489,500</b>
2019/20 Budget Trading Revenue Baseline	0	0	0	0
<b>2020/21 Budget Trading Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Operating Appropriation</b>	<b>789,500</b>	<b>489,500</b>	<b>489,500</b>	<b>489,500</b>

Additional ongoing personnel funding of \$142,278 has been provided for increased staffing levels and \$50,873 in operating funding from 2021-21 onwards for increased ongoing costs as the authority ramps up operations.

Additional funds have been provided in 2020/21 for start-up costs consisting of \$130,000 in Administered Funding and \$220,873 in operating funding.

Personnel funding for the Government-wide salary increase of \$11,038 scheduled for 2021/22 has been cancelled until the programme is reinstated.

Depreciation has been adjusted in line with annualised actuals as at March 2020.

**Table 8-100 Administered Payments, SBMA (\$)**

Output	Administered Payment	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
1	Seabed Minerals Authority Development	130,000	0	0	0
	<b>Output 1 Administered Funding</b>	<b>130,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total CI Seabed Minerals Administered Funding</b>	<b>130,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 8.5.25 Tourism Corporation

Cook Islands Tourism Corporation		2020-21	2021-22	2022-23	2023-24
MTEC	Personnel	1,919,000	1,919,000	1,919,000	1,919,000
	Operating	2,013,000	2,383,000	2,383,000	2,383,000
	Administered Payments	4,500,000	4,922,000	4,922,000	4,922,000
	Depreciation	48,000	48,000	48,000	48,000
	<b>Gross Appropriation</b>	<b>8,480,000</b>	<b>9,272,000</b>	<b>9,272,000</b>	<b>9,272,000</b>
	Trading Revenue	20,000	100,000	150,000	150,000
	<b>Net Appropriation</b>	<b>8,460,000</b>	<b>9,172,000</b>	<b>9,122,000</b>	<b>9,122,000</b>
	POBOC	0	0	0	0
	<b>Medium-term Expenditure Ceiling</b>	<b>8,480,000</b>	<b>9,272,000</b>	<b>9,272,000</b>	<b>9,272,000</b>

**Table 8-101 Total Resourcing – Government and ODA, Tourism (\$)**

	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Net Appropriation	8,460,000	9,172,000	9,122,000	9,122,000
Trading Revenue	20,000	100,000	150,000	150,000
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>8,480,000</b>	<b>9,272,000</b>	<b>9,272,000</b>	<b>9,272,000</b>

**Table 8-102 Output Funding for 2020/21, Tourism (\$)**

Output	Output 1	Output 2	Output 3	Total
Personnel	1,353,441	413,187	152,372	1,919,000
Operating	1,258,517	70,000	684,483	2,013,000
Administered Funding	4,000,000	500,000	0	4,500,000
Depreciation	0	0	48,000	48,000
<b>Gross Operating Appropriation</b>	<b>6,611,958</b>	<b>983,187</b>	<b>884,855</b>	<b>8,480,000</b>
Trading Revenue	20,000	0	0	20,000
<b>Net Operating Appropriation</b>	<b>6,591,958</b>	<b>983,187</b>	<b>884,855</b>	<b>8,460,000</b>

### 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, in order 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.

#### 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.

Broad programme areas and service delivery units include: Tourism Related infrastructure programme; Event Development Strategy; Tourism Training and Standards; Strategic Planning; (Tourism and the Environment, Culture and Cuisine): Visitor Information and Assistance; Rarotonga, Aitutaki and Atiu Visitor Information Centres; Rarotonga and Aitutaki airport arrival services; Rarotonga, Aitutaki and Atiu Cruise Ship Visitor Services; Kia Orana Ambassadors; Kia Orana visitation programme; Family escort and hosting; visitor information management; media and community liaison; industry liaison and communication; Statistics and Research: International Visitors Survey; Tourism statistics and research programmes.

### 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 is vital in ensuring the core functions of Destination Sales and Marketing and Destination Development are met.

**Table 8-103 Baselines and New Budget Measures, Tourism (\$)**

Details	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
2019/20 Budget Personnel Baseline	1,918,191	2,033,191	2,033,191	2,033,191
Personnel Adjustment	809	(114,191)	(114,191)	(114,191)
<b>2020/21 Budget Personnel Budget</b>	<b>1,919,000</b>	<b>1,919,000</b>	<b>1,919,000</b>	<b>1,919,000</b>
2019/20 Budget Operating Baseline	2,398,471	2,398,471	2,398,471	2,398,471
Operating Adjustment	(385,471)	(15,471)	(15,471)	(15,471)
<b>2020/21 Budget Operating Budget</b>	<b>2,013,000</b>	<b>2,383,000</b>	<b>2,383,000</b>	<b>2,383,000</b>
2019/20 Budget Administered Payments Baseline	4,922,000	4,922,000	4,922,000	4,922,000
Marketing Resources - Tourism Growth Strategy	(422,000)	0	0	0
<b>2020/21 Budget Administered Payments</b>	<b>4,500,000</b>	<b>4,922,000</b>	<b>4,922,000</b>	<b>4,922,000</b>
2019/20 Budget Depreciation Baseline	36,000	36,000	36,000	36,000
Depreciation Adjustment	12,000	12,000	12,000	12,000
<b>2020/21 Budget Depreciation</b>	<b>48,000</b>	<b>48,000</b>	<b>48,000</b>	<b>48,000</b>
<b>Gross Operating Appropriation</b>	<b>8,480,000</b>	<b>9,272,000</b>	<b>9,272,000</b>	<b>9,272,000</b>
2019/20 Budget Trading Revenue Baseline	150,000	150,000	150,000	150,000
Trading Revenue Adjustment	(130,000)	(50,000)	0	0
<b>2020/21 Budget Trading Revenue</b>	<b>20,000</b>	<b>100,000</b>	<b>150,000</b>	<b>150,000</b>
<b>Net Operating Appropriation</b>	<b>8,460,000</b>	<b>9,172,000</b>	<b>9,122,000</b>	<b>9,122,000</b>

Tourism received a reduction of \$240,000 in operating funds, with a further reduction of \$422,000 in Administered Payments for 2020/21.

The Government-wide salary adjustment personnel increase of \$115,000 scheduled for 2021/22 has been placed on hold until the Cook Islands economy recovers from the economic shock of COVID-19.

A decrease of \$14,500 annually of operating funding for the Government broadband charge centralisation.

Depreciation has been adjusted in line with annualised actuals as at March 2020.

**Table 8-104 Administered Payments, Tourism (\$)**

Output	Administered Payment	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
1	Marketing Resources - Tourism Growth Strategy	4,500,000	4,922,000	4,922,000	4,922,000
	<b>Output 1 Administered Funding</b>	<b>4,500,000</b>	<b>4,922,000</b>	<b>4,922,000</b>	<b>4,922,000</b>
	<b>Total Tourism Corporation Administered Funding</b>	<b>4,500,000</b>	<b>4,922,000</b>	<b>4,922,000</b>	<b>4,922,000</b>

## 8.5.26 Ministry of Transport

Transport		2020-21	2021-22	2022-23	2023-24
MTEC	Personnel	1,011,000	1,024,000	1,034,000	1,034,000
	Operating	174,000	161,000	151,000	200,000
	Administered Payments	0	0	0	0
	Depreciation	51,000	51,000	51,000	51,000
	<b>Gross Appropriation</b>	<b>1,236,000</b>	<b>1,236,000</b>	<b>1,236,000</b>	<b>1,285,000</b>
	Trading Revenue	22,000	32,000	42,000	42,000
	<b>Net Appropriation</b>	<b>1,214,000</b>	<b>1,204,000</b>	<b>1,194,000</b>	<b>1,243,000</b>
	POBOC	79,000	79,000	79,000	79,000
	<b>Medium-term Expenditure Ceiling</b>	<b>1,315,000</b>	<b>1,315,000</b>	<b>1,315,000</b>	<b>1,364,000</b>

**Table 8-105 Total Resourcing – Government and ODA, Transport (\$)**

	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Net Appropriation	1,214,000	1,204,000	1,194,000	1,243,000
Trading Revenue	22,000	32,000	42,000	42,000
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>1,236,000</b>	<b>1,236,000</b>	<b>1,236,000</b>	<b>1,285,000</b>

**Table 8-106 Output Funding for 2020/21, Transport (\$)**

Output	Output 1	Output 2	Output 3	Output 4	Output 5	Total
Personnel	263,217	182,188	84,678	294,208	186,709	1,011,000
Operating	54,930	33,810	24,360	36,540	24,360	174,000
Administered Funding	0	0	0	0	0	0
Depreciation	13,200	5,593	0	27,016	5,191	51,000
<b>Gross Operating Appropriation</b>	<b>331,347</b>	<b>221,591</b>	<b>109,038</b>	<b>357,764</b>	<b>216,260</b>	<b>1,236,000</b>
Trading Revenue	0	0	22,000	0	0	22,000
<b>Net Operating Appropriation</b>	<b>331,347</b>	<b>221,591</b>	<b>87,038</b>	<b>357,764</b>	<b>216,260</b>	<b>1,214,000</b>

### 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 ensure a safe, efficient, secure, economically sustainable and environmentally responsible civil aviation sector. The Authority includes the Pa Enea as part of its safety and security responsibility.

#### Output 2: Maritime Safety Authority

This Authority ensures the industry operates safely and efficiently in compliance with international and national laws by ensuring 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 Authority does this through the establishment of 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.

**Table 8-107 Baselines and New Budget Measures, Transport (\$)**

Details	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
2019/20 Budget Personnel Baseline	1,011,121	1,024,247	1,034,537	1,034,537
Personnel Adjustment	(121)	(247)	(537)	(537)
<b>2020/21 Budget Personnel Budget</b>	<b>1,011,000</b>	<b>1,024,000</b>	<b>1,034,000</b>	<b>1,034,000</b>
2019/20 Budget Operating Baseline	226,864	213,738	203,448	203,448
Operating Adjustment	(52,864)	(52,738)	(52,448)	(3,448)
<b>2020/21 Budget Operating Budget</b>	<b>174,000</b>	<b>161,000</b>	<b>151,000</b>	<b>200,000</b>
2019/20 Budget Administered Payments Baseline	0	0	0	0
<b>2020/21 Budget Administered Payments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
2019/20 Budget Depreciation Baseline	52,247	52,247	52,247	52,247
Depreciation Adjustment	(1,247)	(1,247)	(1,247)	(1,247)
<b>2020/21 Budget Depreciation</b>	<b>51,000</b>	<b>51,000</b>	<b>51,000</b>	<b>51,000</b>
<b>Gross Operating Appropriation</b>	<b>1,236,000</b>	<b>1,236,000</b>	<b>1,236,000</b>	<b>1,285,000</b>
2019/20 Budget Trading Revenue Baseline	36,000	36,000	36,000	36,000
Trading Revenue Adjustment	(14,000)	(4,000)	6,000	6,000
<b>2020/21 Budget Trading Revenue</b>	<b>22,000</b>	<b>32,000</b>	<b>42,000</b>	<b>42,000</b>
<b>Net Operating Appropriation</b>	<b>1,214,000</b>	<b>1,204,000</b>	<b>1,194,000</b>	<b>1,243,000</b>
2019/20 Budget POBOC Baseline	0	0	0	0
Maritime Radio Coverage	79,000	79,000	79,000	79,000
<b>2020/21 Budget POBOC Funding</b>	<b>79,000</b>	<b>79,000</b>	<b>79,000</b>	<b>79,000</b>

A programmed personnel increase of \$111,000 has been retained to cover the Dangerous Goods output transferred from Ministry of Internal Affairs and additional costs associated with the Maritime Radio coverage.

A \$50,000 programmed operating increase in 2020/21 has been cancelled while further programmed increases for 2022/23 have been deferred to 2023/24.

A decrease of \$3,500 annually of operating funding for the Government broadband charge centralisation.

Depreciation has been adjusted in line with annualised actuals as at March 2020.

**Table 8-108 Payments on Behalf of Crown, Transport (\$)**

Output	POBOCs	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
2	Maritime Radio Coverage	79,000	79,000	79,000	79,000
	<b>Output 2 POBOC Funding</b>	<b>79,000</b>	<b>79,000</b>	<b>79,000</b>	<b>79,000</b>
	<b>Total Ministry of Transport POBOC Funding</b>	<b>79,000</b>	<b>79,000</b>	<b>79,000</b>	<b>79,000</b>

## 8.5.27 Ministerial Support

**Table 8-109 Ministerial Office Funding Ceilings (\$)**

Ministerial Support	2020 -21	2021-22	2022-23	2023-24
Prime Minister	482,569	482,569	482,569	482,569
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 Robert Tapaitau	308,000	308,000	308,000	308,000
Minister George Angene	308,000	308,000	308,000	308,000
7 <sup>th</sup> Ministerial Office	0	0	0	0
Leader Of Opposition	308,000	308,000	308,000	308,000
<b>Total Ministerial Support</b>	<b>2,400,569</b>	<b>2,400,569</b>	<b>2,400,569</b>	<b>2,400,569</b>

Additional funding has been made available across each of the Ministerial Support Office and the Office of the Leader of the Opposition. Each office is able to determine their own breakdown of operating, personnel and depreciation within the ceiling amount provided above.

These funds are allocated towards the support staff for each Minister, and associated operating costs, and the depreciation attributable to assets purchased and operated by each office. A breakdown of each Offices funding can be found in Schedule 1 – Agency Budget Appropriations of the Budget Estimates.

## 8.5.28 Island Governments

Funding for the Pa Enea Island Governments is determined through the Pa Enea Funding Formula which is further described in the Pa Enea chapter. The following adjustments have been made for the all Island Governments:

- As with the Government Agencies based on Rarotonga, the salary adjustments for staff in the Pa Enea which were allocated for 2020/21, have now been cancelled until the salary increase programme is reinstated.
- The increase in the minimum wage occurring in 2020/21 necessitates the adjustment to the personnel appropriations provided to each Island Government. These amounts were calculated using payroll data held by MFEM and partially offset by the funding that has been deferred for the Government-wide salary increase.
- Depreciation for each Island Government has been adjusted to align towards ‘annualised actuals’ based on Governments’ Quarterly Financials report (March 2020).

**Table 8-110 Pa Enea Funding Adjustments (\$'000)**

Pa Enea	Personnel Adjustments				Depreciation Adjustments				Final Funding (including baseline)			
	20/21	21/22	22/23	23/24	20/21	21/22	22/23	23/24	20/21	21/22	22/23	23/24
Aitutaki	-106	-106	-106	-106	46	46	46	46	2,099	2,093	2,093	2,093
Atiu	-68	-68	-68	-68	13	13	13	13	1,730	1,743	1,743	1,743
Mangaia	-68	-68	-68	-68	-426	-426	-426	-426	1,742	1,753	1,754	1,754
Manihiki	18	-18	-18	-18	-14	-14	-14	-14	1,338	1,334	1,334	1,334
Mauke	-21	-21	-21	-21	-37	-37	-37	-37	1,391	1,399	1,399	1,399
Mitiaro	-23	-23	-23	-23	2	2	2	2	861	866	866	866
Palmerston	-40	-40	-40	-40	-4	-4	-4	-4	427	425	425	425
Penrhyn	-7	-7	-7	-7	41	41	41	41	990	995	992	992
Pukapuka-Nassau	-158	-158	-158	-158	2	2	2	2	1,249	1,244	1,245	1,245
Rakahanga	-26	-26	-26	-26	0	0	0	0	556	553	553	553
<b>Total</b>	<b>-536</b>	<b>-536</b>	<b>-536</b>	<b>-536</b>	<b>-378</b>	<b>-378</b>	<b>-378</b>	<b>-378</b>	<b>12,384</b>	<b>12,405</b>	<b>12,405</b>	<b>12,405</b>



## 8.6 Administered Payments

Administering Ministry	Output	Administered Payment	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
<b>Compensation of Employees</b>								
Cook Islands Investment Corporation	1	Infrastructure Committee	47,000	110,000	130,000	130,000	150,000	150,000
Cook Islands Investment Corporation	1	Special Projects Units	685,000	402,550	420,000	420,000	420,000	420,000
Cook Islands Investment Corporation	1	School Security	281,000	200,000	230,000	230,000	280,000	280,000
Cook Islands Investment Corporation	2	Joint Venture with Seabed Minerals Authority	320,000	280,000	130,000	130,000	130,000	130,000
Environment	1	National Heritage Trust	65,169	82,241	122,241	122,241	122,241	122,241
Finance and Economic Management	1	Price Tribunal Committee	46,055	45,000	45,000	45,000	45,000	45,000
Finance and Economic Management	2	The Centre of Research and Policy Studies	0	34,700	80,000	80,000	80,000	80,000
Justice	1	Judges Allowances	176,943	174,247	300,000	300,000	300,000	465,000
Justice	2	Project to bring land records up to date	120,000	120,000	120,000	120,000	120,000	120,000
Prime Minister's Office	4	ICT Support Team	0	0	250,000	0	0	0
Prime Minister's Office	8	Marae Moana Ambassador	0	0	60,000	60,000	0	0
Public Service Commission	3	HOM's Salaries	1,472,492	1,741,645	1,741,645	1,741,645	1,741,645	1,741,645
<b>Compensation of Employees Administered Payments</b>			<b>3,213,659</b>	<b>3,190,382</b>	<b>3,628,886</b>	<b>3,378,886</b>	<b>3,388,886</b>	<b>3,553,886</b>
<b>Use of Goods and Services</b>								
CI Seabed Minerals	1	Seabed Minerals Sector Development	0	138,167	130,000	0	0	0
Cook Islands Investment Corporation	1	Provision for Land Rentals	667,863	300,000	500,000	500,000	500,000	500,000
Cook Islands Investment Corporation	1	Land Rent Reviews	0	250,000	0	0	0	0
Cook Islands Investment Corporation	2	Avaroa Cable	11,450	200,380	150,000	0	0	0

Administering Ministry	Output	Administered Payment	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Cook Islands Investment Corporation	2	Renewable Energy Maintenance	0	0	100,000	0	0	0
Crown Law	2	Legal Provisions	0	0	155,000	0	0	0
Crown Law	2	Arbitration Case	1,156,705	320,000	0	0	0	0
Crown Law	1	Pacific Islands Law Officers Network (PILON)	29,642	0	0	0	0	0
Cultural Development	1	Te Maeva Nui Constitution Celebrations	3,669,873	722,500	502,500	1,472,500	1,472,500	722,500
Cultural Development	1	Te Kopapa Reo Maori Board	14,590	15,000	15,000	15,000	15,000	15,000
Cultural Development	1	Cook Islands Cultural Fund	0	165,573	200,000	200,000	200,000	200,000
Cultural Development	2	Audio and Visual Digitization	0	40,000	0	0	0	0
Education	3	Tertiary Training Institutions	732,670	900,000	1,160,000	1,160,000	1,160,000	1,160,000
Education	4	Bus Service	0	26,325	26,325	26,325	26,325	26,325
Environment	3	E - Waste & Whiteware Collection	84,681	165,148	0	0	0	0
Environment	2	EIA Process	0	100,000	150,000	150,000	150,000	150,000
Environment	3	Management of Suwarrow Park	0	100,000	150,000	150,000	150,000	150,000
Finance and Economic Management	1	Public Sector Strengthening-processes and systems	187,821	332,052	150,000	150,000	200,000	200,000
Finance and Economic Management	6	COVID-19 Medical Response Fund	0	5,000,000	3,000,000	0	0	0
Finance and Economic Management	1	COVID-19 Economic Response Plan	0	20,000,000	64,000,000	0	0	0
Finance and Economic Management	2	The Centre of Excellence in Information Technology (CEIT)	27,027	123,602	60,000	0	0	0
Finance and Economic Management	2	Audit of Crown Accounts	30,000	30,000	30,000	30,000	30,000	30,000
Finance and Economic Management	1	Standard and Poor's Subscription	58,520	65,000	70,000	70,000	70,000	70,000
Finance and Economic Management	2	Special Investigative and Prosecution Services	67,305	102,695	50,000	50,000	70,000	70,000
Finance and Economic Management	2	Debt Advisory Services	60,000	60,000	60,000	60,000	60,000	60,000

Administering Ministry	Output	Administered Payment	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Finance and Economic Management	2	FMIS Maintenance	0	0	80,000	80,000	80,000	80,000
Finance and Economic Management	2	Government Broadband Utilities	0	0	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	18,061	162,284	321,337	0	0	0
Foreign Affairs	5	Cook Islands Student Association Support	0	8,182	10,000	10,000	10,000	10,000
Foreign Affairs	5	Returned Services Association	4,706	5,000	5,000	5,000	5,000	5,000
Head Of State	1	Domestic Hosting Entertainment	11,850	10,000	15,000	15,000	15,000	15,000
Head Of State	1	QR Social Responsibility Fund	7,516	6,000	8,000	8,000	8,000	8,000
Head Of State	1	Head of State Rent	0	13,000	13,000	13,000	13,000	13,000
Health	4	Pharmaceuticals	1,117,829	867,800	867,800	867,800	867,800	867,800
Health	1	Operation Namu	88,016	0	0	0	0	0
Infrastructure Cook Islands	3	Bridges and Stream Structure Maintenance	600,000	1,000,000	970,000	970,000	970,000	970,000
Infrastructure Cook Islands	5	Waste Management	494,000	585,000	730,000	730,000	730,000	730,000
Infrastructure Cook Islands	4	Road and Drainage Asset Management	647,204	1,100,000	1,100,000	1,000,000	1,000,000	1,000,000
Infrastructure Cook Islands	1	Emergency Response Work	0	100,000	200,000	200,000	200,000	200,000
Infrastructure Cook Islands	1	Pa Enea Machinery Maintenance Funds	196,602	97,000	200,000	200,000	200,000	200,000
Infrastructure Cook Islands	4	Water Maintenance	442,704	0	0	0	0	0
Infrastructure Cook Islands	4	Road Assets Management	646,009	0	0	0	0	0
Internal Affairs	2	Internal Affairs Youth Program	0	19,000	45,000	45,000	45,000	45,000
Internal Affairs	4	Vaka Maintenance	397,554	400,000	400,000	400,000	400,000	400,000
Internal Affairs	5	Lease extension	48,600	95,400	72,000	72,000	72,000	72,000
Parliamentary Services	1	Special Select Committee	18,812	82,000	90,000	60,000	60,000	60,000
Parliamentary Services	2	Pacific Legislatures for Population and Governance (PLPG)	41,532	0	0	0	0	0
Parliamentary Services	2	Remuneration Tribunal Committee	17,823	0	0	0	0	0

Administering Ministry	Output	Administered Payment	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Police	1	Search and Rescue	0	20,000	20,000	20,000	20,000	20,000
Police	1	Serious Crime Investigations	68,291	100,000	100,000	100,000	100,000	100,000
Police	1	Te Kukupa - Biannual Slipping	29,338	60,662	150,000	0	150,000	0
Police	1	Te Kukupa - Fuel Contribution	140,000	83,795	140,000	140,000	140,000	140,000
Police	2	Police Youth Program	44,801	45,000	45,000	45,000	45,000	45,000
Prime Minister's Office	1	Social Responsibility Fund	243,000	453,000	363,000	363,000	363,000	363,000
Prime Minister's Office	1	Community Support Fund	91,118	100,000	100,000	100,000	100,000	100,000
Prime Minister's Office	3	Pa Enea Mechanical Overseer	0	82,026	100,000	100,000	100,000	100,000
Prime Minister's Office	5	Energy Commissioner	0	0	50,000	50,000	50,000	50,000
Prime Minister's Office	6	Red Cross	0	50,000	50,000	50,000	50,000	50,000
Tourism Corporation	1	Marketing Resources - Tourism Growth Strategy	5,072,000	4,922,000	4,500,000	4,922,000	4,922,000	4,922,000
<b>Use of Goods and Services Administered Payments</b>			<b>17,440,761</b>	<b>39,778,841</b>	<b>81,589,212</b>	<b>14,784,875</b>	<b>15,004,875</b>	<b>14,104,875</b>
<b>Subsidies</b>								
Education	3	University of the South Pacific Contribution	183,410	150,000	205,000	205,000	205,000	205,000
Finance and Economic Management	1	Airline Underwrite	12,925,262	8,720,685	7,000,000	12,000,000	12,000,000	12,000,000
Finance and Economic Management	2	Subsidy of audio/visual broadcasting in Pa Enea	39,728	40,000	45,000	45,000	45,000	45,000
Finance and Economic Management	2	Asian Infrastructure Investment Bank (AIIB) Membership	0	30,500	30,500	30,500	30,500	30,500
Finance and Economic Management	1	Pacific Financial Regional Technical Assistance (PFTAC) Contribution	0	0	15,000	0	0	0
Finance and Economic Management	1	Universal Access Fund	0	0	220,000	400,000	500,000	500,000
Finance and Economic Management	6	Provision for Inter Island Shipping	174,066	1,450,000	800,000	500,000	500,000	500,000
<b>Subsidies Administered Payments</b>			<b>13,322,467</b>	<b>10,391,185</b>	<b>8,315,500</b>	<b>13,180,500</b>	<b>13,280,500</b>	<b>13,280,500</b>

Administering Ministry	Output	Administered Payment	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
<b>Social Assistance</b>								
Education	2	Government Funded Scholarships	672,787	660,400	780,000	780,000	780,000	780,000
Health	1	NCD Fund	194,999	195,000	195,000	195,000	195,000	195,000
Health	4	Patient Referrals	730,002	850,000	850,000	850,000	850,000	850,000
Health	5	Workforce Development	279,337	234,070	234,070	234,070	234,070	234,070
Internal Affairs	1	Welfare Payments - Allowances	742,134	1,291,309	1,262,437	1,268,780	1,268,862	1,268,718
Justice	1	Legal Aid	10,560	0	40,000	40,000	40,000	40,000
		<b>Social Assistance Administered Payments</b>	<b>2,629,819</b>	<b>3,230,779</b>	<b>3,361,507</b>	<b>3,367,850</b>	<b>3,367,932</b>	<b>3,367,788</b>
<b>Other Expense</b>								
Cook Islands Investment Corporation	2	To Tatou Vai	380,622	2,000,000	3,330,000	3,155,000	1,400,000	1,400,000
Education	2	Private School Funding	2,229,709	2,510,709	2,510,709	2,510,709	2,510,709	2,510,709
Finance and Economic Management	1	Competition and Regulatory Authority	0	100,000	480,000	600,000	538,000	419,000
Finance and Economic Management	2	Production of new currency, transportation and sale of old coins	35,259	750,079	379,661	15,000	350,000	350,000
Finance and Economic Management	4	National Census	0	0	0	300,000	0	0
Finance and Economic Management	4	Conduct of a Labour Force Survey	0	64,441	0	0	0	0
Internal Affairs	2	SIF - Cook Islands Government Contribution	772,913	909,720	1,000,000	1,000,000	1,000,000	1,000,000
Internal Affairs	5	CISNOC Grant	720,000	476,381	370,000	370,000	370,000	370,000
Marine Resources	3	Fisheries Development Facility	178,298	200,000	250,000	300,000	300,000	300,000
Finance and Economic Management	2	Marumaruatua	255,212	0	0	0	0	0
Marine Resources	3	Fisheries Development Facility in the Pa Enea	0	100,000	0	0	0	0
		<b>Other Expenses Administered Payments</b>	<b>4,572,013</b>	<b>7,111,330</b>	<b>8,320,370</b>	<b>8,250,709</b>	<b>6,468,709</b>	<b>6,349,709</b>
<b>Grand Total</b>			<b>41,178,719</b>	<b>63,702,518</b>	<b>105,215,475</b>	<b>42,962,820</b>	<b>41,510,902</b>	<b>40,656,758</b>

## 8.6.1 Compensation of Employees Administered Payments

**Infrastructure Committee** – the Infrastructure Committee was formed by Cabinet to focus on the delivery of all infrastructure projects and make decisions regarding the management and commissioning of individual projects to add value to the Government processes in enabling economic development.

**Special Projects Units** – the Special Projects unit was developed to oversee project management on specific key programs such as the Tereora College project, the Nikao School rebuild and the Vaikapuangi project. Due to the success of this unit to date, it represents a more focused and professional approach to the management of public infrastructure projects in the future. Funds are to provide for the continuity of this unit for the Avarua Township masterplan, Nikao Social Centre masterplan, Nukutere College and the Vaikapuangi project.

**School Security** – to strengthen preventative measures and maintain the community’s confidence in school security and safety measures following the arson attack on Tereora College in 2016 and other schools, this fund seeks to engage full-time security services, which will include both technology and personnel functions.

**Joint Venture with Seabed Minerals Authority** – this fund is to make payments in regards to advancing the interests of the Cook Islands seabed minerals in the exclusive economic zone and the clarion-clipperton zone.

**National Heritage Trust** – the Trust was established under the Natural Heritage Trust Act 1999 with a mandate to research our local biodiversity, and make information available to the general public and Government agencies. The Trust are responsible for monitoring and updating the National Biodiversity Database which has been online since 2003 through the Bishop Museum in Honolulu. The database records about 4,500 species, which is about 65 per cent of the country’s biodiversity.

**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** – the Judges Allowances fund is set aside to pay for judges from New Zealand for their work and costs incurred in the Cook Islands. 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** – for the oversight of all ICT projects and developments in Government.

**Marae Moana Ambassador** – for the purpose of an advocate to inform, educate and promote Marae Moana to stakeholders.

**HOM's Salaries** – this funding pays for the remuneration of all Heads of Ministries across the Cook Islands Government for each full financial year.

## 8.6.2 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.

**Provision for Land Rentals** – this funding is set aside for costs associated with land leased to the Crown.

**Land Rent Reviews** – to assess, review and update the land rent fees charged to domestic and commercial tenants for use of Crown land.

**Avaroa Cable** – aid support for the implementation of the Manatua Cable project.

**Renewable Energy Maintenance** – this funding supplements the costs to maintain the solar panels in the Pa Enuā.

**Legal Provisions** – this administered fund replaces the previous *Arbitration Case* administered fund. The fund is used to set aside balances that the Crown Law Office determines likely for the payment of legal costs and charges through the following year.

**Te Maeva Nui Constitution Celebrations** – Te Maeva Nui is the Cook Islands' Annual National Cultural Event which commemorates our rich Cook Islands Cultural Heritage and recognises our self-governing status. Funding is provided annually to organise and coordinate this event.

**Te Kopapa Reo Maori Board** – Cook Islands languages are at the heart of our cultural identity as historically the Cook Islands have an oral tradition, where knowledge was passed down from generation to generation through words and language. With modernity and westernisation this tradition and knowledge is under threat if being lost with an increasing prevalence of English and a lack of policies structures and institutions. 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 Reo Maori Board.

**Cook Islands Cultural Fund** – the Cook Islands Cultural Fund encourages the growth and expansion of productive economic, social and educational activities to enhance culture art forms, with a focus on the Cook Islands' participation in regional events such as the Pacific Arts Festival and Edinburgh Tattoo.

**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 Enuā.

**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 the park.

**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.

**Centre of Excellence in Information Technology** – to support the establishment and 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 service.

**Special Investigative and Prosecution Services** – to enable the Financial Investigation 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 more informed decisions.

**Government Broadband Utilities** – a new centralised fund to pay broadband internet charges for Government agencies which obtain their broadband facility through the Government network.

**Border Management System Maintenance** – this fund pays for the maintenance and system support of the Cook Islands Border Management System.

**Post Tax Amnesty Work** – this fund covers operational cost associated to assist businesses and individuals to clear a backlog of outstanding tax returns.

**Cook Islands Student Association Support** – to assist in hosting the annual "*Ta'okota'iangā*" cultural week in New Zealand. This provides an opportunity for Cook Islands Tertiary students to celebrate their Cook Islands culture and heritage through various activities.

**Returned Services Association** – for the purpose of coordinating the Government's annual ANZAC commemorations with that of the broader community. The MFAI Protocol Division on behalf of Government works closely with the RSA to deliver this joint initiative which takes place 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 medical gas supplies.

**Bridges and Stream Structure Maintenance** – to maintain and improve the road corridor structures and drainage system. In addition, 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 its staff, machinery and resources in responding to emergency situations. This allocation will enable ICI to deliver its responsibility in ensuring safety for all and restoration of infrastructure and facilities and recovery work is effective and efficient.

**Pa Enea Machinery Maintenance Funds** – ensures timely response to the Pa Enea Island Government when there are machinery breakdowns. This funding will also cover costs to mobilise a mechanic from ICI or from other islands to the Pa Enea.



**Internal Affairs Youth Program** – this funding enables the Ministry of Internal Affairs to develop and organise programs which help to engage youth.

**Vaka Maintenance** – this funding engages with community groups to conduct monthly village clean-up 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 the purpose of refuelling Te Kupapa 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 as a means of moulding them into strong, law abiding future leaders of the Cook Islands.

**Social Responsibility Fund** – provides financial assistance for small community projects, social events, sporting activities for the 24 electoral constituencies in the Cook Islands.

**Community Support Fund** - supports community level activities and initiatives that meets the Cook Islands’ development needs consistent with the Cook Islands National Sustainable Development Plan (NSDP).

**Pa Enea Mechanical Overseer** – employment of a Mechanical Overseer to carry out maintenance and repair work of heavy machinery and generators in the Pa Enea.

**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** – funding to support the ongoing sustainability of the organisation for demonstrating its capabilities in providing valuable auxiliary services to Government.

**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.

### **8.6.3 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 Enea** – to subsidise the provision of television broadcasting in the Pa Enea

**Asian Infrastructure Investment Bank (AIIB) Membership** – payment of subscription fees to the Asian Infrastructure Investment Bank.

**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 Enea under the Universal Access Plan.

**Provision for Inter Island Shipping** – to supplement the operating costs of voyages to the Pa Enea to enable regular transportation of passengers and bulk goods at an affordable price.

## 8.6.4 Social Assistance

**Government Funded Scholarships** – the purpose of this fund is to support our people in pursuing ongoing education, domestically and abroad. This is implemented through Te Reinga Akataunga'anga programme which provides a range of scholarships, grants and other support.

**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.

## 8.6.5 Other Expense

**To Tatou Vai** – the purpose of this funding is to help 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** – the Competition and Regulatory Authority has been established to regulate telecommunications services providers in the Cook Islands under the Telecommunications Act 2019.

**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 in promoting and encouraging sport and physical recreation throughout the Cook Islands.

**Fisheries Development Facility** – to develop a vertically integrated domestic fishing industry throughout the country. This fund provides support for the domestic small-scale fisheries sector.

## 8.7 Payments on Behalf of Crown

Administering Ministry	Output	POBOC	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
<b>Compensation of Employees</b>								
Finance and Economic Management	2	Parliamentary Superannuation	113,844	180,000	180,000	180,000	180,000	180,000
Audit (PERCA)	3	PERC Salaries and Administration Costs	36,919	57,500	57,500	57,500	57,500	57,500
Parliamentary Services	1	Civil List - Personnel	2,358,896	2,901,961	2,901,961	2,901,961	2,901,961	2,901,961
Parliamentary Services	1	House of Ariki	228,733	328,420	338,420	348,420	348,420	348,420
		<b>Compensation of Employees POBOCs</b>	<b>2,738,391</b>	<b>3,467,881</b>	<b>3,477,881</b>	<b>3,487,881</b>	<b>3,487,881</b>	<b>3,487,881</b>
<b>Use of Goods and Services</b>								
Audit (PERCA)	2	Audit Fees	95,600	95,600	95,600	95,600	95,600	95,600
Parliamentary Services	1	Civil List - Constituency Visits	53,742	200,200	170,200	170,200	170,200	170,200
Parliamentary Services	1	Parliamentary Sitting Expenses	297,226	332,904	150,000	150,000	150,000	150,000
Parliamentary Services	1	MP Travel and Allowances (local and overseas)	414,766	541,000	341,000	341,000	341,000	341,000
	1	QR Travel and Allowances (local and overseas)	117,499	100,981	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	0	6,000	24,000	0	0	0
Foreign Affairs	5	International Maritime Organization - Maritime Cook Islands	0	63,461	63,461	63,461	63,461	63,461
		<b>Use of Goods and Services POBOCs</b>	<b>978,833</b>	<b>1,340,146</b>	<b>1,032,261</b>	<b>1,008,261</b>	<b>1,008,261</b>	<b>1,008,261</b>
<b>Subsidies</b>								
Cook Islands Investment Corporation	2	Bank of the Cook Islands - social assistance subsidy	120,000	128,000	128,000	128,000	128,000	128,000
Cook Islands Investment Corporation	2	Airport Authority subsidy	2,047,997	2,047,997	3,047,997	2,047,997	2,047,997	2,047,997
Cook Islands Investment Corporation	2	Ports Authority - subsidy	110,000	110,099	110,099	110,099	110,099	110,099
Cook Islands Investment Corporation	2	Te Aponga Uira - social assistance subsidy	380,000	380,000	0	0	380,000	380,000
Cook Islands Investment Corporation	2	Te Mana Uira o Araura - subsidy	0	0	500,000	0	0	0
		<b>Subsidies POBOCs</b>	<b>2,657,997</b>	<b>2,666,096</b>	<b>3,786,096</b>	<b>2,286,096</b>	<b>2,666,096</b>	<b>2,666,096</b>

<b>Administering Ministry</b>	<b>Output</b>	<b>POBOC</b>	<b>2018/19 Actual</b>	<b>2019/20 Estimated Actual</b>	<b>2020/21 Budget Estimate</b>	<b>2021/22 Projection</b>	<b>2022/23 Projection</b>	<b>2023/24 Projection</b>
<b>Social Assistance</b>								
Internal Affairs	1	Welfare Payments	19,035,449	19,689,535	20,007,261	20,269,454	20,379,580	20,497,189
		<b>Social Assistance POBOCs</b>	<b>19,035,449</b>	<b>19,689,535</b>	<b>20,007,261</b>	<b>20,269,454</b>	<b>20,379,580</b>	<b>20,497,189</b>
<b>Other Expense</b>								
Finance and Economic Management	2	Pacific Catastrophe Risk Insurance	153,139	120,694	160,000	160,000	160,000	160,000
Finance and Economic Management	2	BEPS Subscription	0	35,000	35,000	35,000	35,000	35,000
Foreign Affairs	5	International Subscriptions	627,194	687,967	890,000	890,000	890,000	890,000
Finance and Economic Management	2	CIG Insurance	70,578	100,000	180,000	40,000	40,000	40,000
		<b>Other Expenses POBOCs</b>	<b>850,911</b>	<b>943,661</b>	<b>1,265,000</b>	<b>1,125,000</b>	<b>1,125,000</b>	<b>1,125,000</b>
<b>Grand Total</b>			<b>26,261,581</b>	<b>28,107,319</b>	<b>29,568,499</b>	<b>28,176,692</b>	<b>28,666,818</b>	<b>28,784,427</b>

## 8.7.1 Compensation of Employees

**Parliamentary Superannuation** – to cover the superannuation all 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.

## 8.7.2 Use of Goods and Services

**Audit fees** – 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 twenty (20) days.

**MP Travel and Allowances (local and overseas)** - 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).

## 8.7.3 Subsidies

**Bank of the Cook Islands – social assistance subsidy** – 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 – subsidy** – to support the operations of the entity to manage the ports on Rarotonga and Aitutaki.

**Te Aponga Uira – social assistance subsidy** – for the provision and maintenance of street lights (including amenity lights) and uneconomic network extensions.

**Te Mana Uira of Araura – subsidy** – to enable the provision of subsidised electricity to households and businesses experiencing financial hardship due to the impacts of COVID-19.

## 8.7.4 Social Assistance

**Welfare Payments** (see Welfare Payments Section below).

## 8.7.5 Other Expense

**Pacific Catastrophe Risk Insurance** – payment of insurance to safeguard the Cook Islands in the event of a catastrophe.

**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.

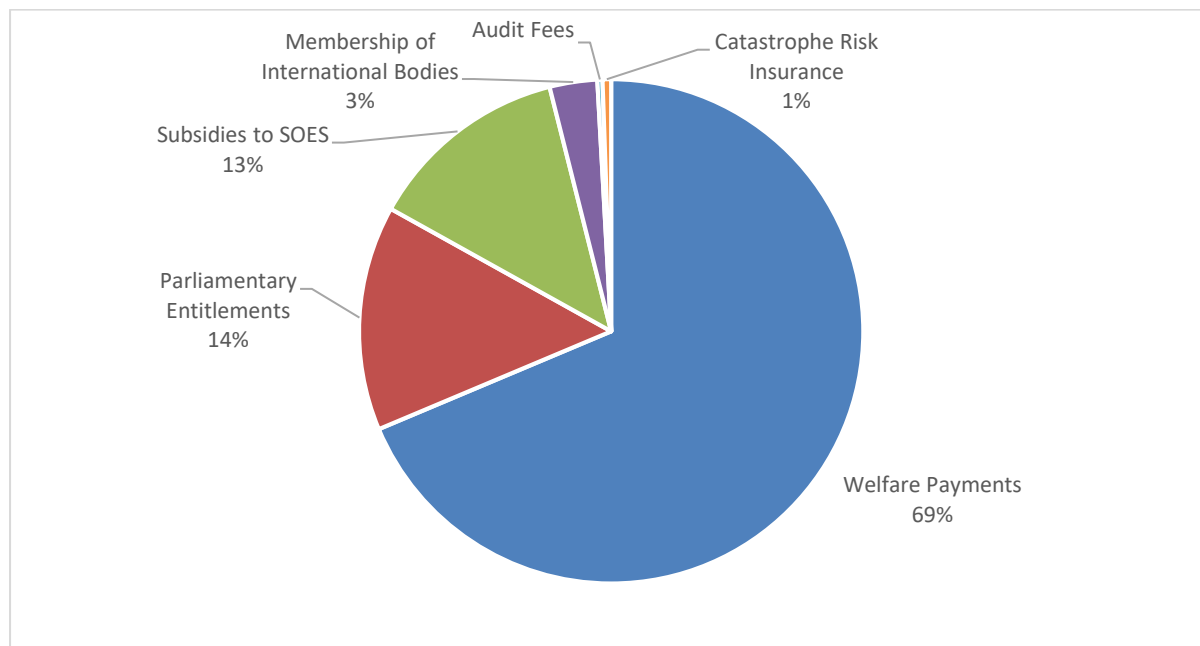
A breakdown of the key areas of Payment on behalf of Crown (POBOC) expenditure can be seen below.

**Table 8-111 POBOC Summary (\$'000)**

POBOCs	2020/21	2021/22	2022/23	2023/24
Welfare Payments	20,007	20,269	20,380	20,497
Parliamentary Entitlements	4,201	4,201	4,201	4,201
Subsidies to SOES	3,786	2,286	2,666	2,666
Membership of International Bodies	890	890	890	890
Audit Fees	96	96	96	96
Catastrophe Risk Insurance	160	160	160	160
<b>Total POBOCs</b>	<b>29,140</b>	<b>27,902</b>	<b>28,392</b>	<b>28,509</b>

As shown below, welfare payments comprise the majority of POBOCs at 69 percent. More detail on each of the POBOCs with significant value is provided below.

**Figure 8-2 POBOC Summary for 2020/21**



## 8.7.6 Parliamentary Entitlements and House of Ariki

### Civil List

The Civil List Legislation governs the funding for Parliament and the Executive branch of Government. This funding allows the Government to go deliver day to day business, including parliamentary sittings, and representing the Cook Islands domestically and abroad.

**Table 8-112 Civil List (\$)**

<b>POBOC</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Civil List Personnel	2,901,961	2,901,961	2,901,961	2,901,961
Parliamentary Sitting	150,000	150,000	150,000	150,000
Constituency Visits	170,200	170,200	170,200	170,200
QR Travel and Allowance	109,000	109,000	109,000	109,000
MP Travel and Allowance	341,000	341,000	341,000	341,000
<b>Total Cost</b>	<b>3,672,161</b>	<b>3,672,161</b>	<b>3,672,161</b>	<b>3,672,161</b>

### Parliamentary Superannuation

This funding enables the Parliamentary Services to carry out its legal requirements of covering costs associated with the Cook Islands and New Zealand, if any, Superannuation of all Members of Parliament.

**Table 8-113 Parliamentary Superannuation (\$)**

<b>POBOC</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Parliamentary Superannuation	180,000	180,000	180,000	180,000
<b>Total Cost</b>	<b>180,000</b>	<b>180,000</b>	<b>180,000</b>	<b>180,000</b>

### House of Ariki

As the paramount chiefs of the Cook Islands, the House of Ariki holds an important place in society. This POBOC allows funding for general operations and events to be held, as well as a stipend to recognise the contribution to society made by the Ariki.

**Table 8-114 House of Ariki (\$)**

<b>POBOC</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
House of Ariki	328,420	348,420	348,420	348,420
<b>Total Cost</b>	<b>328,420</b>	<b>348,420</b>	<b>348,420</b>	<b>348,420</b>

## 8.7.7 Subsidies to State-owned Enterprises

In order to provide equitable basic services for all Cook Islanders, the Government provides a subsidy to SOE's involved in the provision of these services to cover the non-commercially viable aspects of their business, which is considered a social responsibility.

**Table 8-115 Subsidies to State-owned Enterprises (\$)**

<b>POBOC</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Bank of the Cook Islands	128,000	128,000	128,000	128,000
Airport Authority	3,047,997	2,047,997	2,047,997	2,047,997
Ports Authority	110,099	110,099	110,099	110,099
Te Aponga Uira	0	0	380,000	380,000
Te Mana Uira	500,000	0	0	0
<b>Total Cost</b>	<b>3,786,096</b>	<b>2,286,096</b>	<b>2,666,096</b>	<b>2,666,096</b>

## 8.7.8 Social Assistance

**Table 8-116 Welfare Payments (\$)**

	2020/21	2021/22	2022/23	2023/24
Welfare Payments Administered Payments	1,262,437	1,268,780	1,268,862	1,268,718
Welfare Payments POBOC	20,007,261	20,269,454	20,379,580	20,497,189
<b>Total</b>	<b>21,269,698</b>	<b>21,538,234</b>	<b>21,648,442</b>	<b>21,765,907</b>

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.

The payments are aimed at assisting the disadvantaged, the elderly, disabled and young families to meet the cost of basic needs such as food, shelter and clothing.

**Table 8-117 Welfare Benefits (\$)**

<b>Administered funding for Welfare Services</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Welfare Payments				
Caregivers	420,000	420,000	420,000	420,000
Christmas Bonus	338,182	344,525	344,607	344,463
Funeral Allowance	170,000	170,000	170,000	170,000
Power Subsidy	84,255	84,255	84,255	84,255
Special Assistance	250,000	250,000	250,000	250,000
<b>Total Administered funding for Welfare Services</b>	<b>1,262,437</b>	<b>1,268,780</b>	<b>1,268,862</b>	<b>1,268,718</b>
<b>POBOC funding for Welfare Services</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Welfare Payments				
Old Age Pension 60+	6,345,434	6,433,582	6,514,369	6,591,626
Old Age Pension 70+	6,568,599	6,634,971	6,710,836	6,786,283
Child Benefit	5,413,029	5,536,433	5,518,195	5,489,132
New born Allowance	240,000	224,267	220,499	216,678
Destitute and Infirm	1,104,000	1,104,000	1,079,480	1,077,270
Maternity Leave	150,000	150,000	150,000	150,000
Carer Order Payment	10,400	10,400	10,400	10,400
BCI fees	175,800	175,800	175,800	175,800
<b>Total POBOC funding for Welfare Services</b>	<b>20,007,261</b>	<b>20,269,454</b>	<b>20,379,580</b>	<b>20,497,189</b>
<b>Total Welfare Funding</b>	<b>21,269,698</b>	<b>21,538,234</b>	<b>21,648,442</b>	<b>21,765,907</b>



**Table 8-118 Details on Welfare Payments**

<b>Legislated Welfare Payments</b>	<b>Payment Rate (\$)</b>	<b>Beneficiaries 2019/20 Estimate</b>	<b>Beneficiaries 2020/21 Estimate</b>	<b>Assumptions</b>
Child Benefit (monthly)	100	4,730	4,750	The number of eligible children up to age 16 is expected to increase the budget for this payment. The rate for the child benefit is \$100 a month.
New Born Allowance*	1,000	200	205	The number of births eligible for this payment is expected to increase slightly due to a change in the legislation
Old Age Pension - 60 to 69 years of age (monthly)	500	1,070	1,080	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	830	840	The number of pensioners in this age group is expected to increase slightly.
Destitute and Infirm Persons Payment (monthly)	200	220	280	A slight increase in the number of people receiving these payments based on current trends.
<b>Non-legislated Welfare Payments</b>				
Caregiver's Allowance (monthly)	200	180	185	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	7,000	7,110	An increase in the total number of beneficiaries receiving benefit payment due to age eligibility bring extended to 16 for child benefit.
Funeral Allowance*	2,400	70	70	The number of old age beneficiaries expected to receive funeral assistance is expected to remain stable.
Power Subsidy (quarterly)	66	300	300	Estimated number of pensioners receiving the power subsidy is expected to remain stable.
<b>Other Payments</b>				
Government-funded Paid Maternity Leave**	1,740	86	86	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

**Note:** some payments are not made on a monthly basis.

\*The New Born Allowance, Christmas Bonus and Funeral Assistance are paid on each occurrence. The Funeral Allowance is now paid at two rates: \$2,400 is paid to Cook Islands welfare and pension recipients, and \$1,200 is paid to eligible Cook Islanders receiving the NZ Superannuation.

## **8.8 Welfare Payments**

### **8.8.1 Legislated Entitlements**

The Welfare Act 1989 provides for five types of welfare payments:

1. New Born Allowance
2. Child Benefit
3. Old Age Pension
4. Destitute Payment
5. 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 will be extended to children under the age of 16 years as of 1 July 2019.

The rate of the payment increased on 1 July 2017 from \$66 to \$100 per month and is paid in two monthly instalments on the 1st and the 16th of each month.

#### **New Born Allowance**

The New born Allowance is provided as a lump sum payment to mothers on the birth of a child in the Cook Islands. The legislation was amended in 2016 to provide for births in New Zealand by mothers normally resident in the Cook Islands. The rate of the payment is \$1,000. Applications for payment must be made within six months of the birth of the child.

#### **Old Age Pension**

The Old Age Pension is a taxable payment provided to eligible Cook Islanders from the age of 60.

For those aged between 60 and 69, the rate of payment is \$500 a month. For those aged 70 and over, the rate of payment increased from \$660 a month to \$700 a month on 1 July 2019. Payments are paid in two monthly instalments on the 1<sup>st</sup> and the 16<sup>th</sup> of each month.

#### **Destitute and Infirm Payment**

The Destitute and Infirm Payment is a working age payment provided to Cook Islanders that are unable to permanently 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.

Eligibility for payment is determined by a committee appointed by the Minister of Internal Affairs and continued eligibility is reviewed every three months in the first year of payment.

#### **Government Funded Paid Maternity Leave payment**

The Government Funded Paid Maternity Leave Payment is a payment to assist private sector employers in meeting paid maternity leave obligations for working women who give birth. The rate is set at the minimum wage based on 40 hours per week for six weeks and was set in 2012 at \$250 per week. On 1 July 2020 the minimum wage increased from \$7.60 to \$8.00 increasing the maternity leave payment to \$320 per week for six weeks.

The payment is paid in one lump sum 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. This payment is not made to women in the Public Service as Government provides six weeks maternity leave to employees through agency appropriations.

## **8.8.2 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:

1. Caregivers allowance
2. Christmas bonus
3. Funeral allowance
4. Power subsidy, and
5. Special assistance

### **Caregivers Allowance**

The Caregivers Allowance is provided to people who are providing substantial day-to-day care for an elderly person or a person with permanent disabilities who have high care needs and do not have the capacity to access such care. The rate of payment was increased from \$165 per month to \$200 in 2019/20. The allowance is paid in two monthly instalments – the 1st and the 16th of each month.

### **Christmas Bonus**

A Christmas Bonus of \$50 is an extra payment expected to be paid out to all eligible beneficiaries in December as a contribution from the Government to assist with costs for the festive season.

### **Funeral Allowance**

A funeral allowance is provided to families for the death of a person receiving a welfare payment, to assist with funeral costs. The rate for the Old Age Pension is \$2,400. A new rate was introduced in 2015/16 for eligible Cook Islanders who receive the NZ Superannuation but reside in the Cook Islands of \$1,200.

### **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 was increased by 10 per cent from \$60 per quarter to \$66 per quarter as part of the tax reform package. The subsidy is provided directly 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 may be provided 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.

### **Bank of Cook Islands Transactions**

Welfare benefits are paid directly into approved Bank of Cook Islands accounts at a transaction charge of \$1 per transaction. It is estimated that each beneficiary account will be paid twice per month.

## 9 Cook Islands Capital Expenditure

### 9.1 Summary

The Capital Schedule outlines the capital projects appropriated for the 2020/21 financial year and those planned for 2021/22 to 2023/24. As can be seen in Table 9-1, capital expenditure is estimated at \$42 million in 2020/21. It is then expected to decrease to \$21.6 million as current projects draw to an end.

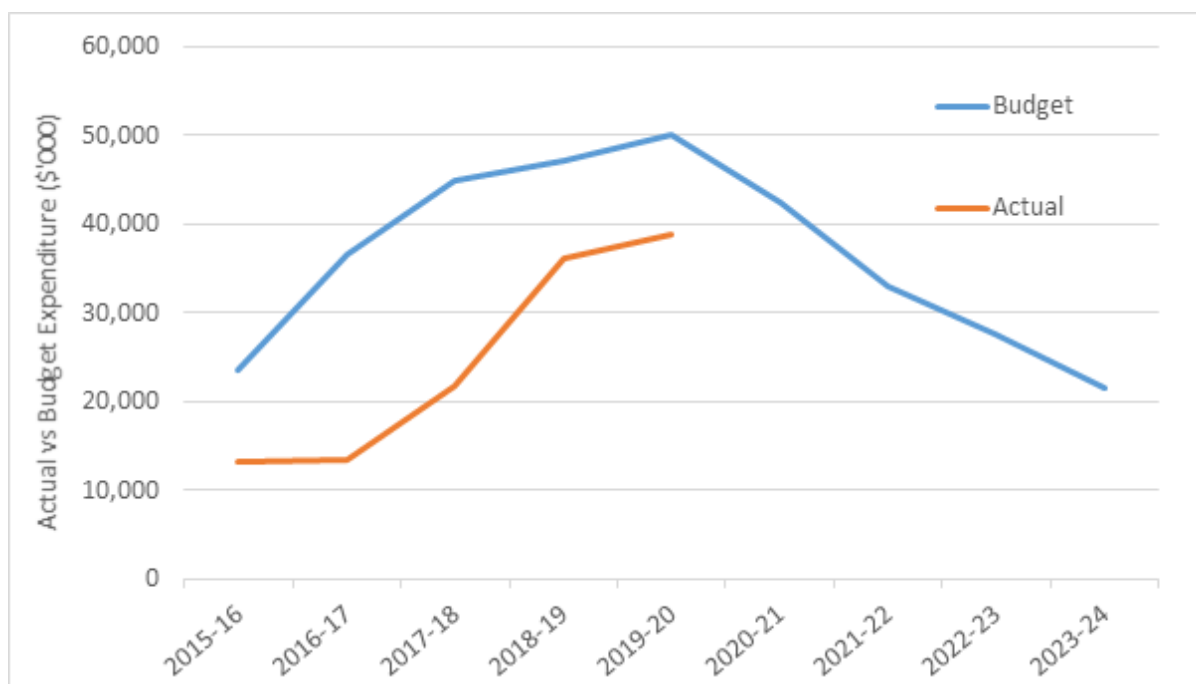
**Table 9-1 Total Capital Expenditure (\$'000)**

	<b>2019/20 Estimated Actual</b>	<b>2020/21 Budget Estimate</b>	<b>2021/22 Projection</b>	<b>2022/23 Projection</b>	<b>2023/24 Projection</b>
Agriculture	31	49	0	0	0
CIIC	5,658	7,576	6,642	5,600	2,850
Police	70	0	0	0	0
Education	300	360	360	360	360
Health	567	3,150	400	300	300
ICI	15,906	19,269	24,593	20,324	16,986
INTAFF	50	50	50	50	50
MFEM	11,870	11,065	500	500	500
Parliament	663	0	0	0	0
OPM	3,111	300	100	100	100
Capital Distribution Fund	633	600	310	410	410
<b>TOTAL</b>	<b>38,859</b>	<b>42,419</b>	<b>32,954</b>	<b>27,644</b>	<b>21,556</b>

Capital expenditure in 2019/20 is estimated at \$38.9 million or 77.5 per cent of the allocated Capital Budget. This compares favourably to 76.7 per cent in the prior year.

As seen in Figure 9-1, the 2018/19 actual and 2019/20 estimated capital expenditure represent a significant improvement in capital expenditure efficiency when compared to previous years. The improvement is largely due to the completion of existing projects before engaging and implementing new capital works, and a greater focus on planning, both budgetary and program, which has ensured that the project management cycle is more accurately reflected in the budget schedule.

**Figure 9-1 Budget vs Actuals**



The Government’s capital expenditure programmes continue themes from the 2019/20 Budget. These themes include the following:

**Physical Infrastructure, Water and Sanitation**

Infrastructure Cook Islands is receiving substantial funding which will be directed towards road maintenance and improvement, as well as bridges and drainage. On Rarotonga the road improvement programme will continue, and the main bridge in Avarua will be completed, with replacement works on Empire Bridge to commence. Funding is also provided for road improvements in the Pa Enuu.

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 are continuing.

**Digital Infrastructure**

In order to allow the Government to utilise more efficient and effective technology to manage its finances and communication, funding has been allocated to strengthen the existing network infrastructure. This is expected to allow the Government to successfully roll-out the Financial Management Information System (FMIS) across all Government agencies over the next several years, as well as leverage the improved internet expected to be delivered by Avarua Cable Limited and the Manatua Cable.

**Health**

An amount of \$1.4 million (\$1.3 million in 2020/21, \$0.1 million in 21/22) has been appropriated for the purchase of a CT scanner which will facilitate better diagnostic capabilities in the Cook Islands. Additional funding has been made available for the purchase of a PCR Laboratory. This will greatly enhance our ability to test for COVID-19 in Rarotonga, reducing our reliance on New Zealand laboratories, along with the delays in diagnosis due to the transportation of tests.

The Ministry of Health will receive further funding, in addition to that received in 2019/20, to complete their ICT infrastructure refurbishment, including the introduction of a new Patient Information Management System.

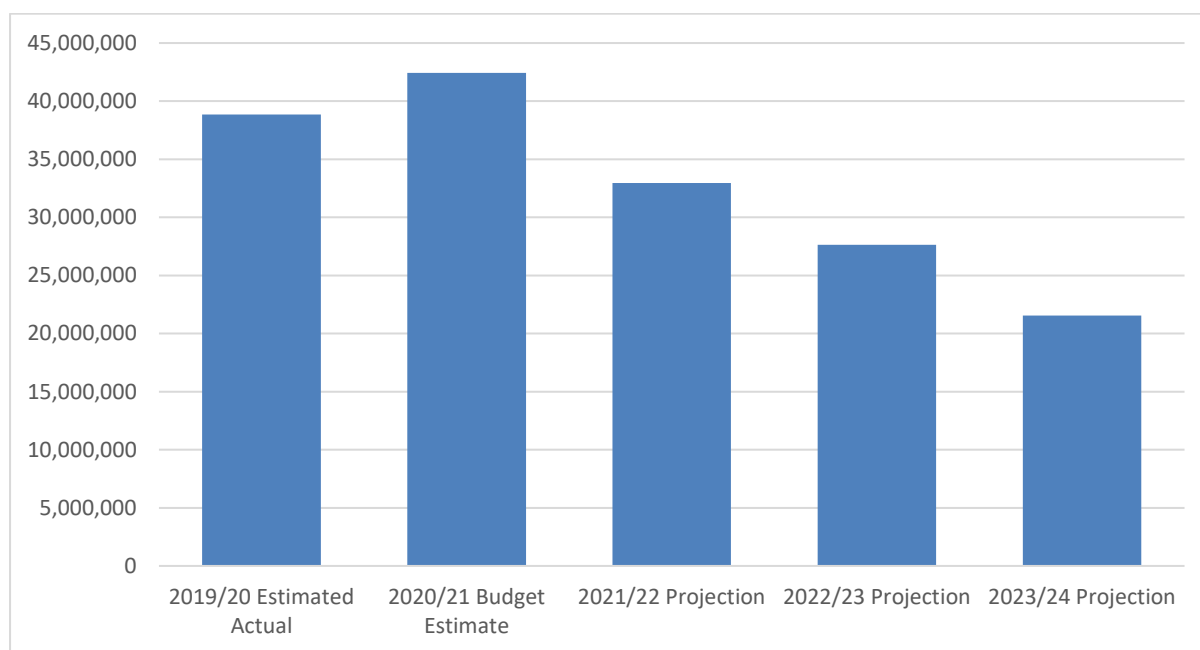
## Capital Programme Budgeting

From 2020/21 most infrastructure and Government building works managed by the Cook Islands Investment Corporation and Infrastructure Cook Islands are being budgeted on a 'programme' basis. This is to allow each ministry to more effectively manage contractors, logistics and project budgets within each programme to maximise project delivery. This will be reflected in the scheduling for each project as developed by the relevant agency to ensure that resources are effectively managed. The projects currently in planning or forecast stage are listed in the following sections of this chapter.

Figure 9-2 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 Phase II of the Economic Response Plan in 2020/21. Where new projects have been included these have been identified with a bias towards those which will engage Cook Islands contractors and suppliers, or where infrastructure upgrades are critical.

Over the forward years – 2021/22 to 2023/24, the capital budget estimates decrease, reflecting greater uncertainty in fiscal capacity during this period as a result of the COVID-19 economic shock, and a conservative approach to committing to new large capital expenditure. As the economic situation stabilises the capital budgets will be reviewed further.

**Figure 9-2 Cook Islands Government Total Annual Capital Expenditure**



The Government's capital plan for 2020/21 to 2023/24 is split between two funding sources. The first is direct funding from the Cook Islands Government, utilising the previous year's underspends and cash reserves.

The second is Official Development Assistance (ODA) funding from a number of development partners, with New Zealand being the major contributor. A significant number of capital projects are jointly funded by the Government and its donor partners.

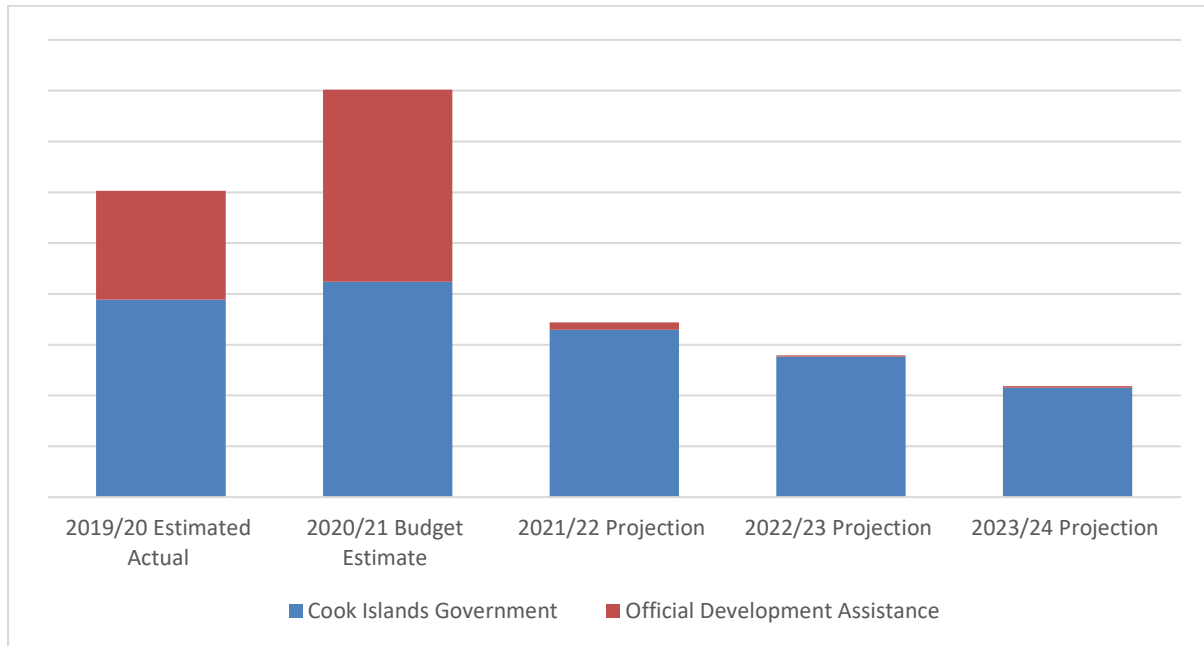
The remainder of this chapter provides details on the capital expenditure appropriation, by the implementing Government Agency. Chapter 16 describes the ODA capital (and operating) expenditure budget.

Table 9-2 and Figure 9-3 shows the total capital expenditure appropriation for the 2020/21 – 2023/24 medium-term by funding source, including Official Development Assistance.

**Table 9-2 Total Capital Expenditure by Funding Source (\$'000)**

Funding Source	2019/20 Estimate	2020/21 Budget	2021/22 Projection	2022/23 Projection	2023/24 Projection
Cook Islands Government	38,859	42,419	32,954	27,644	21,556
Official Development Assistance - Projects	21,439	37,782	1,416	277	277
<b>Total</b>	<b>60,297</b>	<b>80,201</b>	<b>34,370</b>	<b>27,921</b>	<b>21,833</b>

**Figure 9-3 Total Capital Expenditure by Funding Source (\$'000)**



The remainder of this chapter provides details on the Cook Island Government funded capital expenditure, by the implementing Government Agency. Chapter 16 describes the ODA capital (and operating) expenditure budget.

### 9.1.1 Reappropriation of 2019/20 Capital Appropriations

Table 9-3 shows the reappropriation of a number of capital programs from 2019/20 into the 2020/21 Budget. Reasons for each appropriation have been provided below.

**Table 9-3 Capital Expenditure Reappropriations (\$)**

Expenditure Type	Agency	Details	Amount	2019/20	2019/20 Adjusted	2020/21	2020/2021 Adjusted
Capital	MFEM	FMIS purchase and implementation	65,000	468,836	403,836	0	65,000
Capital	Agriculture	Upgrade of Nursery Facilities	49,039	80,000	30,961	0	49,039
Capital	CIIC	Prison Development Programme	131,714	300,000	168,286	0	131,714
Capital	CIIC	Relocation of Oral Health Services	70,000	100,000	30,000	0	70,000
Capital	MFEM	Capital Distribution Fund	260,000	800,000	540,000	200,000	460,000
<b>Capital Expenditure</b>			<b>575,753</b>		<b>(575,753)</b>		<b>775,753</b>

**FMIS purchase and implementation** – Residual funding for the rollout of this software across Government has been reappropriated to allow for continuation of the project.

**Upgrade of Nursery Facilities** – Ministry of Agriculture was provided with \$80,000 in the 2019/20 Supplementary Budget to facilitate the refurbishment and repair of existing nurseries. Materials have been purchased and the residual funds are reappropriated to complete constructions works.

**Prison Development Programme** – CIIC was provided funding in the 2019/20 Supplementary Budget to initiate design and construction of a remand centre at the Arorangi prison. The scope of this project has subsequently changed, with reappropriated funding to enable the completion of works agreed during 2019/20 that have not yet been completed.

**Relocation of Oral Health Services** - CIIC was provided funding in the 2019/20 Supplementary Budget to assist the Ministry of Health with relocation work for oral health services into the community and free up the Tupapa Outpatients Clinic. Reappropriated funding is to enable the completion of this work during 2020/21.

## 9.2 Capital Spending by Agency

### 9.2.1 Ministry of Agriculture

**Table 9-4 Capital projects, Agriculture (\$)**

Island	Project/ Programme	2019/20 Estimate	2020/21 Budget	2021/22 Projection	2022/23 Projection	2023/24 Projection
Rarotonga	Upgrade of Nursery Facilities	30,961	49,039	0	0	0
	<b>Total</b>	<b>30,961</b>	<b>49,039</b>	<b>0</b>	<b>0</b>	<b>0</b>

The Ministry of Agriculture operates several plant nurseries which have gradually degraded since installation and require significant maintenance and upgrade works. \$80,000 was provided through the 2019/20 Supplementary Budget to allow the Ministry to perform these works. An amount of \$49,039 of the project funding has been reappropriated in 2020/21 to enable completion of this project.



## 9.2.2 Cook Islands Investment Corporation

Table 9-5 Capital projects, CIIC (\$)

Island	Project/ Programme	2019/20 Estimate	2020/21 Budget	2021/22 Projection	2022/23 Projection	2023/24 Projection
Aitutaki	Aitutaki Island Plan and Orongo Development Project	300,000	500,000	500,000	500,000	500,000
Rarotonga	Government Building Projects	764,915	1,500,000	1,300,000	250,000	0
Rarotonga	Land Acquisition	1,000,000	700,000	0	0	0
Pa Enea	Pa Enea Government Building Projects - Northern Group	250,000	200,000	0	0	0
Pa Enea	Pa Enea Government Building Projects - Southern Group	540,000	750,000	0	0	0
Rarotonga	Rarotonga Airport Refurbishment	0	400,000	0	0	0
Various	Rarotonga Health Projects	500,000	100,000	500,000	400,000	0
Rarotonga	To Tatou Vai	281,614	3,224,500	4,341,500	4,450,000	2,350,000
Rarotonga	Prison Development Programme	168,286	131,714	0	0	0
Rarotonga	Relocation of Oral Health Services	30,000	70,000	0	0	0
Rarotonga	MFEM Building	540,000	0	0	0	0
Rarotonga	Removal of AM radio mast	318,100	0	0	0	0
Various	FM and TV Telecommunications for the Pa Enea	200,000	0	0	0	0
Rarotonga	Vaikapuangi Government Building-Design	687,767	0	0	0	0
Rarotonga	Te Mato Vai - Stage 1: road & pipeline easement & Stage 2 land acquisition for water intakes	50,000	0	0	0	0
Rarotonga	TMV Titikaveka Backroad Rehabilitation	27,000	0	0	0	0
	<b>Total</b>	<b>5,657,682</b>	<b>7,576,214</b>	<b>6,641,500</b>	<b>5,600,000</b>	<b>2,850,000</b>

### Aitutaki Island Plan and Orongo Development Project

This project was previously referred to as the *Orongo Development Master Plan and Centre reconstruction (Ports Authority)*. The port and the marina are key to Aitutaki's Transport infrastructure. After Rarotonga, Aitutaki is our second most visited island in the Cook Islands, and Aitutaki depends highly on the islands' lagoon for the livelihood and wellbeing of the community and sustaining tourism.

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:

1. A Town plan
2. The Orongo Community Centre
3. The Harbour
4. The Marina
5. A Tourism Centre/office
6. The Aitutaki game fishing club
7. Orongo public park

The present focus of this project is on dredging the channel to the marina.

### **Government Building Projects**

This project was previously referred to as *3 Building Repair*. This project is to undertake required repairs and maintenance of a number of Government buildings to ensure a safe working environment for staff and the general public. The Cook Islands Government will perform significant improvements and construction to ensure efficient and effective service is maintained across Government agencies. Projects include the following across the short to medium-term:

1. Te Are Karioi (The National Auditorium)
2. Rarotonga Ministry of Justice Building
3. Cook Islands Police Service Building

### **Land Acquisition**

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.

### **Pa Enea Government Building Projects - Northern Group**

To facilitate efficient logistics and mobilisation of resources, the Government buildings of the Northern group islands have been aggregated into a single project line. CIIC runs an ongoing programme of maintenance identification and building upgrades.

Projects for 2020/21 include the works on the Pukapuka Hospital which commenced late in the 2019/20 fiscal year.

### **Pa Enea Government Building Projects - Southern Group**

To facilitate efficient logistics and mobilisation of resources, the Government buildings of the Southern group islands have been aggregated into a single project line.

This programme previously included the *Atiu School Building Project* Government. 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 on Atiu are presently programmed, including:

- the Atiu Doctor's residence,
- Court House and
- School Upgrade.

The Government will construct a new Doctor's residence to accommodate health officials. The Atiu Court House will be constructed with space to include other Government agencies, and the Atiu School upgrades include a new toilet facility.

The Aitutaki court house and adjacent facilities will also undergo significant improvements to provide safe public access and use of buildings and facilities to meet growing demands for more court sittings and services.

### **Rarotonga Airport Refurbishment**

This project entails supporting the Airport Authority with a series of smaller works on the Rarotonga airport site including storm-water management and various runway lighting electrical upgrade works.

Further works on the Airport include a project to replace 58 'runway slabs' due to gradual degradation. This is to be funded through a drawdown on the Infrastructure Trust Fund and is explained separately in the ODA chapter.

## Rarotonga Health Projects

This project was previously referred to as *Health Project*. Health facilities and infrastructure remain a priority area for Government infrastructure investment throughout the Cook Islands.

This programme of works includes infrastructure upgrades to the Rarotonga Hospital such as electrical and the oxygen delivery system, the design and construction of a mental health facility, and upgrades to the Tupapa Outpatient clinic once a determination has been made of the future use of this facility.

## To Tatou Vai Capital

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).

To Tatou Vai (TTV) continues to work towards the completion and replacement of asbestos, by decommissioning all asbestos cement mains and transferring water from old water connections to the new sub-mains and branch-mains.

TTV also looks to install household meters on water connections to the public water supply on Rarotonga.

A Supervisory Control and Data Acquisition (SCADA) System is to be developed in 2020/21 to ensure the efficient and optimal operation of TTV, providing for stronger operation of the water supply in order to meet and improve customer level of service. Funds have been allocated to the remaining works towards sub-mains and branch-mains, installation of household meters and the SCADA system.

## Vaikapuangi Project and Avarua Town Plan

The Vaikapuangi Development Project seeks to consolidate and recentralise eighteen (18) Government agencies and 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 Atukura 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 line is presently on-hold but will be reassessed annually.

## 9.2.3 Ministry of Education

Table 9-6 Capital projects, MOE (\$)

Island	Project/Programme	2019/20 Estimate	2020/21 Budget	2021/22 Projection	2022/23 Projection	2023/24 Projection
National	Fund to be prioritised by Education	300,000	360,000	360,000	360,000	360,000
	<b>Total</b>	<b>300,000</b>	<b>360,000</b>	<b>360,000</b>	<b>360,000</b>	<b>360,000</b>

### Funds to be prioritised by Education

Government provides funding of \$360,000 annually in order to allow for the Ministry of Education to continue the capital replacement programme for all schools. This funding enables the requirements of replacement plans for computers, photocopiers, other multi-media items, desks, chairs and other school and classroom furniture.

## 9.2.4 Ministry of Health

Table 9-7 Capital projects, MOH (\$)

Island	Project/ Programme	2019/20 Estimate	2020/21 Budget	2021/22 Projection	2022/23 Projection	2023/24 Projection
National	Fund to be Prioritised by Health for Technical Equipment	300,000	300,000	300,000	300,000	300,000
National	CT Scanner	0	1,300,000	100,000	0	0
National	Health ICT Upgrade	220,000	650,000	0	0	0
National	PCR Laboratory	0	900,000	0	0	0
Rarotonga	Ambulance	46,675	0	0	0	0
	<b>Total</b>	<b>566,675</b>	<b>3,150,000</b>	<b>400,000</b>	<b>300,000</b>	<b>300,000</b>

### Funds to be prioritised by Health for Technical Equipment

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 this equipment when required.

#### CT Scanner

Non-Communicable Diseases (NCD's) have become a significant issue in the Cook Islands, the population's health needs are evolving and becoming more complex, thereby placing an increased demand on health care services and resources, and costly referrals overseas for specialised care and treatment.

A CT Scanner is a \$1.3 million investment for the Ministry of Health which will allow greater diagnostic testing to be performed on Rarotonga, and reduce the ongoing cost of referrals to New Zealand for diagnostic procedures. A CT Scanner is planned for purchase and installation in 2020/21 following preparation of a suitable room to house the scanner.

#### Health ICT Upgrade

The Ministry of Health commenced a programme of upgrades to its computer systems in 2019/20, commencing with a new server. The ongoing project integrates the new server and upgrades existing ICT technology across the Health network, as well as purchasing a new Patient Information Management System to replace the previous system which will no longer be supported after December 2020.

#### PCR Laboratory

A PCR laboratory will enable TMO to test for a range of infectious diseases including COVID-19, dengue, tuberculosis, hepatitis B, hepatitis C, Human Papilloma Virus (HPV), zika, chikungunya and influenza. RT-PCR, also known as Reverse Transcription-Polymerase Chain Reaction, is the accepted testing standard used globally to diagnose if someone is currently infected with the coronavirus disease 2019 (COVID-19).

The Ministry operates an existing 'GeneXpert' machine for PCR testing which is able to conduct 16 tests a day with results in an average of 5 hours. Investment in a PCR laboratory will increase the capacity to conduct up to 1,200 tests per day.

This increased testing capability is an important requirement to support the Cook Islands in opening its borders, with the potential for COVID-19 to arrive on the island an upgraded testing machine allows for much more rapid testing and potentially tracing of infected people.

## 9.2.5 Infrastructure Cook Islands

Table 9-8 Capital projects, ICI (\$)

Island	Project/ Programme	2019/20 Estimate	2020/21 Budget	2021/22 Projection	2022/23 Projection	2023/24 Projection
National	Bridges and Structures Asset Management and Improvement Programme	2,566,710	2,810,000	3,380,000	1,330,000	210,000
National	Drainage Asset Management and Improvement Programme	2,000,000	950,000	260,000	1,000,000	1,000,000
Pa Enea	Emergency Management and Support Infrastructure	1,800,000	3,718,411	2,600,000	50,000	2,000,000
Penrhyn	Government Building Projects	50,000	850,000	0	0	0
National	Inland and Coastal Waters Asset Management and Improvement Programme	100,000	530,000	2,230,000	980,000	2,560,000
Pa Enea	Pa Enea Air Infrastructure Improvement Programme	0	1,680,000	3,650,000	5,080,000	5,320,000
Pa Enea	Pa Enea Marine Infrastructure Improvement Programme	150,000	0	2,150,000	2,000,000	500,000
National	Roads Asset Management and Improvement Programme	7,500,000	8,080,143	8,162,500	3,984,000	5,096,000
National	Waste Management Infrastructure Improvement Programme	0	250,000	400,000	5,400,000	0
National	Water and Sanitation Infrastructure Improvement Programme	0	400,000	1,510,000	200,000	0
National	Capital Procurement (Plant & Equipment)	0	0	250,000	300,000	300,000
Atiu	Atiu Road Improvement	570,000	0	0	0	0
Rarotonga	Avatiu Valley Stream embankment	21,500	0	0	0	0
National	Manea Games Upgrade	100,000	0	0	0	0
Mitiaro	Mitiaro Water Upgrade	250,000	0	0	0	0
Rarotonga	Rutaki Foreshore Rock Revetment	200,000	0	0	0	0
Aitutaki	Establishing new water galleries	200,000	0	0	0	0
Pukapuka	Nassau Ferry	298,000	0	0	0	0
Rarotonga	Contingent Liability Capital Projects Account	100,000	0	0	0	0
<b>Total</b>		<b>15,906,210</b>	<b>19,268,554</b>	<b>24,592,500</b>	<b>20,324,000</b>	<b>16,986,000</b>

### Bridges and Structures Asset Management and Improvement 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 has been planned for the following bridges over the medium-term, which includes replacement of part or all of the bridge structure in each case:

- Avatiu Market Bridge
- Empire Bridge
- Sheraton Bridge

### **Drainage Asset Management and Improvement Programme**

Drainage is a critical element in relation to the function of both private and public infrastructure, enabling the management of stormwater from road surfaces, properties and related areas. The Government aims to improve drainage standards, as well as stormwater 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 present programme includes the following individual works over the medium-term:

- Tereora Drainage Construction
- Sea Change Box Culvert
- Totokuitu and Avana Box Culvert
- Muri Are Mango & Areiti Stormwater Management Design
- Avatiu Stream Flood Management Physical works
- Muri & Aroko Stormwater Management Construction
- Nikao Back Road Culvert Replacement and Improvements
- Arorangi Catchment Management and Drainage Design

### **Emergency Management and Support Infrastructure**

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 has been completed. Penrhyn Cyclone Centre is scheduled for construction in 2020/21 with Rakahanga and Nassau to take place subsequently. Scheduling for these projects may be incorporated with logistics and mobilisation for other projects on the same island.

### **Government Building Project (Penrhyn)**

This project was previously with CIIC but has now been transferred to ICI to be undertaken jointly with the Penrhyn Cyclone Centre.

Health facilities are key to sustaining healthy and productive populations. The Tetautua 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.

### **Inland and Coastal Waters Asset Management and Improvement 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:

- Inave stream,
- Coastal protection repair and improvements to Rutaki and the Sheraton

- Coastal management and hazard mitigation

Longer term planning includes:

- Northern coast protection
- Aroa Stream,
- Avana coastal protection,
- An identification and planning project for the Pa Enuā.

#### **Pa Enuā Air Infrastructure Improvement 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 Enuā including improvements to the Manihiki, Penrhyn and Atiu Airports to allow safe and efficient air transport service across the Pa Enuā. This will improve the function, safety and resilience of this infrastructure and enable continued socioeconomic development within the Pa Enuā.

This programme considers design work and subsequent construction, which will be initially prioritised based on an air transport analysis and roadmap. Manihiki airport has been identified as an initial priority.

#### **Pa Enuā Marine Infrastructure Improvement Programme**

The geographic spread of the Pa Enuā 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 Enuā, and is the only form of passenger transport for some island communities.

Government has provided funding to improve the current marine infrastructure which supports the Pa Enuā communities. This includes 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. The improvements are expected to 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.

Allocated funding for this programme considers design work and subsequent construction, and includes the detailed design and investigation for the Nassau Harbour improvement. Further works will be prioritised based on a marine transport analysis and roadmap.

#### **Roads Asset Management and Improvement 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 Enuā in the case of natural disasters.

The Rarotonga roading 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 don't meet required levels of service.

Funding has been made available 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 also included within this programme, with work to be completed on Atiu in 2020/21, and planning for further Pa Enea Road Improvements.

Works presently planned for Rarotonga for the medium-term include:

- Super Brown (Tupapa) to end of Matavera
- Wigmores (Sheraton) to Papaaroa Rd
- Back Road Airport Nikao to Avatiu Roundabout
- Arorangi main road, Harley St to Vaiakura Rd
- Aroa main Road, Vaiakura Rd to Matiekura Rd
- Matavera to Avana
- Aroko, Avana to Muri
- Muri to Moana Sands
- Avatiu Valley road rehabilitation and reseal
- Hospital Access road widening and upgrade
- Village road sealing extensions
- Ara Metua improvements
- Road and Pedestrian safety including School Road safety Improvements

### **Waste Management Infrastructure Improvement 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 impact 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:

- Preparation of a waste management roadmap for Rarotonga and the Pa Enea including further scoping of disposal options such as incineration which will guide the future work programme.
- Upgrades and improving the recycling centre to capture all recyclables and zero recyclables to the landfill.
- Installation of recycling and hazardous waste transfer stations around Rarotonga communities and the Pa Enea to facilitate safer and efficient handling of recycling and hazardous materials.

Incineration technology has advanced in recent years and cost-effective options for processing waste material with limited environmental impact are becoming more viable. A scoping mission to identify a suitable solution for the Cook Islands is planned for 2020/21.

### **Water and Sanitation Infrastructure Improvement Programme**

The Cook Islands, particularly the Pa Enea, are extremely vulnerable to both slow and fast-onset water supply events as a result of climate change. This vulnerability is intensified by current socio-economic, infrastructure and environmental pressures caused by climate change and tourism.

The Pa Enea 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.



Funding has been made available to build on and expand the existing water security and improvement programmes to reduce vulnerability by climate proofing communities through asset rehabilitation, including the development of alternative water supply systems, improved water quality and operation efficiency improvements.

Water and Sanitation Infrastructure on Rarotonga (Tepuka) and the outer islands such as the Mangaia (Veitatei) system upgrades and Aitutaki's (Water Tanks) are currently underway or in planning stages.

#### **Capital Procurement (Plant & Equipment)**

The capital procurement line is envisaged to create a pipeline of plant and equipment for the Pa Enea and Rarotonga to be managed by Infrastructure Cook Islands. Funding is proposed to commence from 2021/22 to enable the Pa Enea Island Governments to build out their asset management programmes prior.

## **9.2.6 Ministry of Internal Affairs**

**Table 9-9 Capital projects, Internal Affairs (\$)**

<b>Island</b>	<b>Project/ Programme</b>	<b>2019/20 Estimate</b>	<b>2020/21 Budget</b>	<b>2021/22 Projection</b>	<b>2022/23 Projection</b>	<b>2023/24 Projection</b>
Rarotonga	Vaka Maintenance Capital Projects	50,000	50,000	50,000	50,000	50,000
	<b>Total</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>

#### **Vaka Maintenance Capital Projects**

An annual budget of \$50,000 is provided to the Ministry of Internal Affairs to support small capital projects such as road-side maintenance and beautification around Rarotonga.

## 9.2.7 Ministry of Finance and Economic Management

Table 9-10 Capital projects, MFEM (\$)

Island	Project/ Programme	2019/20 Estimate	2020/21 Budget	2021/22 Projection	2022/23 Projection	2023/24 Projection
Rarotonga	FMIS purchase and implementation	400,000	65,000	0	0	0
Rarotonga	Te Mato Vai - Rarotonga Water Upgrade	10,000,000	9,000,000	0	0	0
Rarotonga	Mei Te Vai Ki Te Vai	550,000	2,000,000	500,000	500,000	500,000
Rarotonga	Shipping Vessel	50,000	0	0	0	0
Rarotonga	AEOI IT System	84,653	0	0	0	0
Rarotonga	MFEM Extension - Furniture and materials	200,000	0	0	0	0
Rarotonga	The Centre of Excellence in Information Technology (CEIT) - Capital Purchases	85,000	0	0	0	0
Rarotonga	COVID-19 Response Fund - Capital Needs	500,000	0	0	0	0
	<b>Total</b>	<b>11,869,653</b>	<b>11,065,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>

### Financial Management Information System (FMIS)

The Cook Islands Government aims to improve the Government's financial management database and systems. FMIS is a standardised and integrated centralised database that allows Government agencies access to Government data and implements payments and accounting workflow processes.

The new FMIS was launched with MFEM as the first agency to test. The system configuration phase 2 is commencing with the rollout of the system starting with a small group of Government agencies before proceeding with a wider rollout to the whole of Government.

### 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.

Funds have been allocated for the Rarotonga water upgrade, and includes access roads, rehabilitation, legal costs and the installation of new bulk meters before eventual handover to To Tatou Vai Ltd for ongoing operations and maintenance.

Te Mato Vai is progressing with the completion of Stage 2 of the project. Stage 2 includes the establishment of a new pipe network and significant upgrades to 10 of the island's 12 water intake sites, introducing new treatment and storage facilities to manage demand more effectively.

Further information can be sourced from [www.tematovai.com](http://www.tematovai.com).

### 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 sea water quality issues in the short-term, the design of permanent infrastructure for improved waste-water management in the long-term and the establishment of a Crown-owned water and waste-water authority.

This project is also supported through Official Development Assistance funding.

## 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 that is intended to provide regular, affordable and reliable cargo shipping services between Rarotonga and the Pa Enua. Such a vessel would also support the implementation of the Government's planned Pa Enua infrastructure projects over the 2019/20 estimates and forward budget period.

The purchase is subject to the finalisation of a shipping roadmap, and developments within the private sector which also support inter-island shipping needs. The roadmap will identify shipping needs and route frequencies, and assist in the identification of a suitable vessel.

No Government funding is allocated towards the purchase of a ship in 2020/21, however the Government may look to draw upon capital funding in order to complete a purchase dependent on the above factors.

## 9.2.8 Office of the Prime Minister

Table 9-11 Capital projects, OPM (\$)

Island	Project/ Programme	2019/20 Estimate	2020/21 Budget	2021/22 Projection	2022/23 Projection	2023/24 Projection
National	Government IT Network	200,000	300,000	100,000	100,000	100,000
Atiu	Atiu Power Distribution	130,000	0	0	0	0
Pa Enua	Renewable Energy - Capital works	1,496,210	0	0	0	0
Aitutaki	Aitutaki Renewable Energy Project	1,184,950	0	0	0	0
National	Renewable Energy Project Management and Support	100,000	0	0	0	0
<b>Total</b>		<b>3,111,160</b>	<b>300,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>

### Government IT Network

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.

## 9.2.9 Capital Distribution Fund – Administered by MFEM

Table 9-12 Capital projects, MFEM (\$)

Island	Project/ Programme	2019/20 Estimate	2020/21 Budget	2021/22 Projection	2022/23 Projection	2023/24 Projection
National	Capital Distribution Fund	580,000	490,000	200,000	300,000	300,000
Pa Enua	Outer Islands Small Capital Fund	53,294	110,000	110,000	110,000	110,000
<b>Total</b>		<b>633,294</b>	<b>600,000</b>	<b>310,000</b>	<b>410,000</b>	<b>410,000</b>

### **Capital Distribution Fund**

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 all Agencies.

This is budgeted at \$490,000 for 2020/21 including \$260,000 of reappropriation to complete purchases initiated in 2019/20. The CDF is then budgeted at \$200,000 in 2021/22 before rising to \$300,000 from 2022/23.

Planned purchases for 2020/21, including the reappropriated funds are:

- A mini excavator for Ministry of Corrective Services
- A tip truck for Mitiaro
- A tractor and slasher for Aitutaki
- A vehicle for the House of Ariki
- Replacement of two outboard motors for Penrhyn
- A replacement vehicle for Prime Minister's Support Office
- A replacement vehicle for Deputy Prime Minister's Support Office

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 has been placed on hold temporarily due to the economic impacts of COVID-19, with the exception of critical replacements due to failure of equipment.

### **Outer Islands Small Capital Fund**

Each Island of the Pa Enua is allocated an annual capital budget from which to purchase small capital items each year.

## **10 Tax Exemptions (Expenditure)**

### **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:

- Income Tax Act 1997;
- Value Added Tax Act 1997;
- Customs Revenue and Border Protection Act 2012; and
- Customs Tariff Act 2012.

### **10.2 Import Duty**

#### **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. These concessions are estimated to cost around \$500,000 in 2020/21.

#### **Concessions for returning Cook Islanders**

All 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 cost to revenue of the concession provided in 2020/21 is estimated to be \$500,000.

#### **Concessions for non-Cook Islanders**

All 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 cost to revenue of the concession provided in 2020/21 is estimated to be \$100,000.

#### **Duty free jet fuel**

There is no duty payable on jet fuel and aviation kerosene supplied to jet propelled aircraft.

#### **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 estimated cost of providing this exemption in 2020/21 is estimated to be \$25,000.

#### **Concessions for imported goods for public projects**

All duty is waived for approved public projects. The estimated cost to revenue of the concession provided in 2020/21 is estimated to be \$50,000.

## **10.3 Income Tax**

### **Income below \$14,600**

Every individual on a pro-rata basis of residency in the Cook Islands are exempted for the first \$12,800 of their assessable income from January 2020 and for the first \$14,600 from 1 January 2021.

### **International entities**

International companies, international partnerships, international trusts, limited liability companies and foundations are exempt from all taxes. New international companies (including foreign companies) are subject to income tax from December 2019.

### **Deductions allowed in respect of donations to charitable organisations**

Charitable donations are deductible from taxable incomes at the marginal rate of one's income. The minimum donation is \$200 and the maximum donation is \$5,000 per annum. The estimated cost to revenue of this deduction provided is \$500,000 based on past rebate claims and deductions made.

### **Income of the Queen's Representative**

The income of the Queen's Representative is tax exempt.

### **Pensions arising from disability or from services provided in respect of any war**

All '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 exempt of income tax.

### **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 exempt from tax.

### **Income derived by charitable organisations**

All income derived by an organisation that has been approved by the Collector for a charitable purpose, are exempt of tax. There are an estimated 50 to 60 charitable organisations in any given year.

### **Income derived by promoters of amateur sports**

All income derived in the promotion of amateur sport is exempt of tax.

### **Income derived under a government approved supplementary scheme**

Incomes derived under an approved Government supplementary scheme are exempt of tax. This applies only to the supplementary income received, not the income paid by the Cook Islands Government.

### **Income derived by consular and diplomatic personnel**

Income derived by consular and diplomatic personnel in the Cook Islands are exempted under the Diplomatic Privileges and Immunities Act 1968. It is estimated that this concession costs around \$300,000 a year.

### **Income derived from a foreign source in the context of international foreign aid**

Income derived in the context of foreign aid, paid by a non-resident to a non-resident employer is exempt of tax.

### **Income derived by Members of Parliament**

Income derived by Members of Parliament that are in the form of allowances are exempt for tax. This exemption is estimated to be \$75,000 per year

### **95 per cent of incomes derived upon retirement**

Where an individual retires from employment, only 5 per cent of the retirement payment is subject to tax.

## **10.4 Value Added Tax**

The following are exempt of Value Added Tax (VAT):

- Financial services.
- Attendance dues paid to private schools.
- Goods imported by non-profit and religious organisations, schools and for disaster relief are exempt of VAT upon importation. The estimated cost of providing this exemption in 2020/21 is estimated to be \$100,000.
- All VAT is waived for approved public projects. The estimated cost to revenue of the concession provided in 2020/21 is estimated to be \$1,950,000.
- Goods imported by the Queen's Representative, Asia Development Bank, Australia High Commission and New Zealand High Commission are exempt of VAT upon importation. The estimated cost to revenue of the concession provided in 2020/21 is estimated to be \$70,000.

International companies, international partnerships, international trusts, limited liability companies and foundations are exempt from all taxes. New international companies (including foreign companies) are subject to VAT from December 2019.

## 11 Crown Debt and Net Worth

The Government's COVID-19 Economic Response Plan (ERP) Phase II provides direct funding of \$64.0 million in 2020/21 to address the significant economic shock being felt as a result of COVID-19, and \$3.9 million of funds for medical preparedness for reopening the borders.

The additional budget requirements of the ERP Phase II, together with the revenue shortfall anticipated, will demand that Government drawdown on its general cash reserve, the Stabilisation Fund, grant funding from our donor partners and ultimately take on additional debt to fill the leftover financing gaps.

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.

### 11.1 Alignment with Fiscal Update

This chapter will demonstrate the impact of the proposed maximum new debt on the net debt to GDP ratio as well as the debt servicing to total revenue ratio. Whilst Government has the option of drawing down funds to the maximum described here, the 2020/21 Budget does not propose to draw on debt to this level in this year. The excess borrowing capacity will instead be retained against funding needs in 2021/22, or disaster funding requirements should the need arise.

As detailed in the Fiscal Strategy, the Government will temporarily depart from the Fiscal Rules described, with the exception of the net debt rule. The expected draw down on debt results in a Net Debt to GDP ratio of 34.8 per cent, within the hard cap of 35.0 per cent stipulated by the Net Debt rule.

Based on the GDP estimate for 2020/21 and using the maximum available draw down on debt would result in a breach of the Net Debt hard cap, as described below.

### 11.2 Debt Headroom

The gross debt commitment to the end of June is forecast to be \$193.3 million, this includes \$63.2 million of debt financing requirements. The debt financing requirement has been included in the 2020/21 Budget, however formal confirmation from potential lenders has not been received. Despite this, it is included to demonstrate how the budget shortfall will be financed given the current economic environment.

**Table 11-1 Gross Debt June 2021 Reconciliation (\$ million)**

<b>Debt Financial reconciliation 2020/21</b>	<b>Direct Debt</b>	<b>SOE Debt</b>	<b>Gross Debt</b>
Loans committed and drawn	77.71	49.53	127.24
Loan not committed assumed drawn	46.70	0.00	46.70
<b>Debt disclosed in the Financial Statement</b>	<b>124.41</b>	<b>49.53</b>	<b>173.93</b>
Loan not committed assumed not drawn	16.54	0.00	16.54
SOE direct commercial debt	0.00	2.79	2.79
<b>Total Crown Debt Commitment</b>	<b>140.95</b>	<b>52.32</b>	<b>193.27</b>



**Table 11-2 Gross Debt Recorded in the Financial Statements (\$'000)**

	2020/21	2021/22	2022/23	2023/24
<b>Total Gross Borrowing</b>	<b>173,933</b>	<b>174,313</b>	<b>159,412</b>	<b>142,626</b>
<b>Asset held against borrowing</b>				
Advances to Subsidiaries	49,827	49,827	48,868	47,862
Loan Repayment Fund (LRF)	9,378	9,565	\$9,756	9,951
<b>Total Asset held against borrowing</b>	<b>59,205</b>	<b>59,392</b>	<b>58,624</b>	<b>57,813</b>
<b>Total Net Borrowing</b>	<b>114,729</b>	<b>114,921</b>	<b>100,788</b>	<b>84,813</b>

The financial statements reported estimated debt to the end of financial year 2020/21 at \$173.93 million, this is however only taking into account planned debt drawdown of \$46.70 million out of the \$63.24 million of total proposed new debt. The balance of \$16.54 million is estimated to be drawn in 2021/22.

For the purpose of this analysis, the total Crown commitment debt of \$193.3 million is used to demonstrate overall debt financing and completeness.

MFEM has revised down the GDP and total revenue numbers to account for the expected impacts of the pandemic in the last quarter of 2019/20 and further into 2020/21. This has adversely impacted the two main indicators that we have used in the past to demonstrate our debt carrying capacity, the net debt to GDP and net debt servicing to total revenue.

**Table 11-3 Current Borrowing (\$ million)**

Current Statement	2020/21	2021/22	2022/23	2023/24
Gross Crown Debt	193.27	176.87	161.74	144.72
Loan Repayment Fund Held	9.38	9.57	9.76	9.95
... net of LRF	183.89	167.31	151.98	134.77
<b>... net of LRF, as percentage of GDP</b>	<b>38.9%</b>	<b>32.4%</b>	<b>26.8%</b>	<b>22.6%</b>
Gross Debt Servicing	11.49	11.89	11.25	19.05
SOE Debt	0.00	0.00	4.91	4.83
Net Debt Servicing	11.49	11.89	6.34	14.22
<b>... as percentage of Total Revenue</b>	<b>9.2%</b>	<b>7.5%</b>	<b>3.4%</b>	<b>7.6%</b>

### 11.3 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 has elected not to pay any contribution into the fund in 2020/21, the decision was based on the need to finance the Government's budget and the ERP.

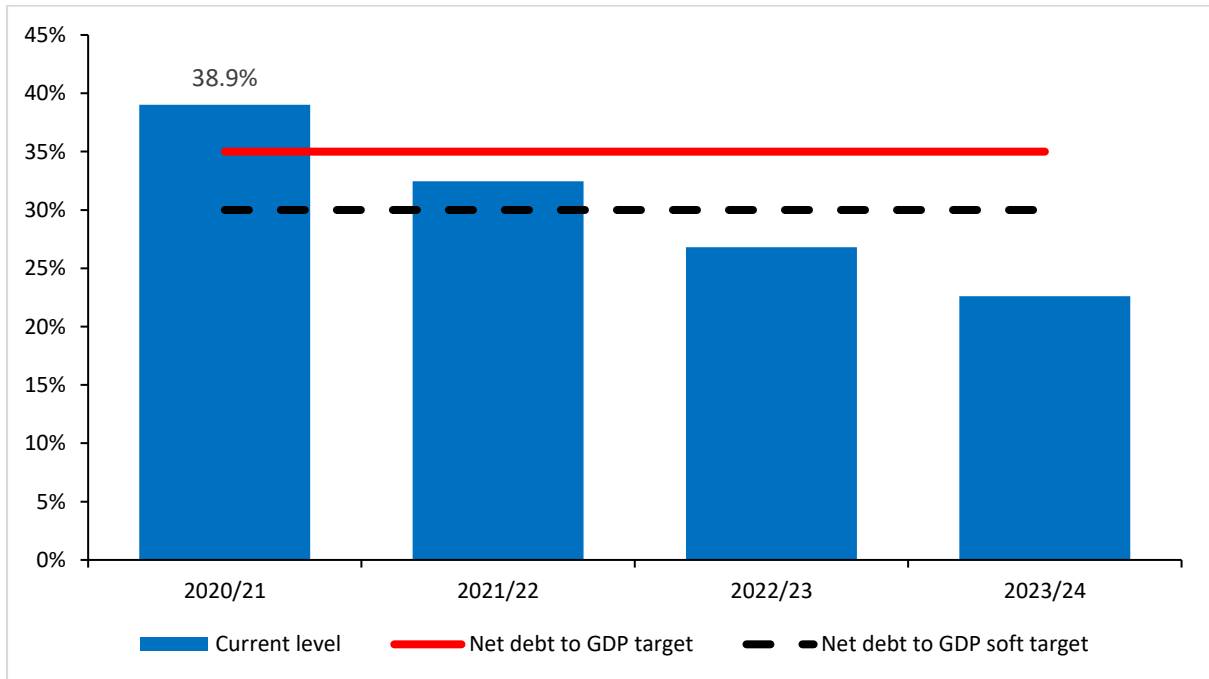
The contribution into the LRF will resume in 2021/22 as illustrated in the table below however the reduction in the balance will increase net debt and therefore adversely impact the net debt to GDP ratio.

**Table 11-4 Loan repayment Fund Statement (\$'000)**

LRF Statement	2020/21	2021/22	2022/23	2023/24
Opening Balance	20,458	9,378	9,565	9,756
LRF Receipts				
Total Repayment - Principal (SOE)	0	0	959	1,006
Total Repayment - Interest (SOE)	0	0	582	831
Interest revenue - Deposit	409	188	191	195
Cash Reserve transfer In	0	11,890	9,708	17,208
Total LRF Receipts	409	12,078	11,440	19,240
LRF Payments - Debt Service	11,490	11,890	11,249	19,045
<b>Closing Balance</b>	<b>9,378</b>	<b>9,565</b>	<b>9,756</b>	<b>9,951</b>

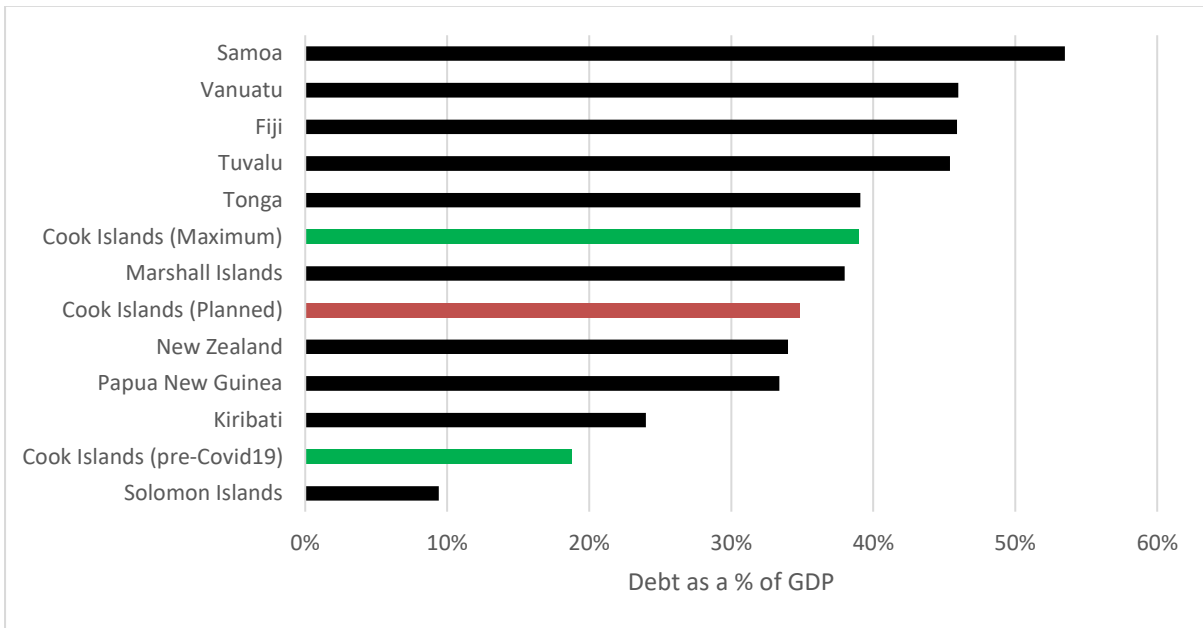
The reduction in the LRF compounded by the downward revision in GDP coupled with the proposed new debt of \$63.29 million has increased the net debt to GDP from 21.8 per cent in the Supplementary budget to 38.9 per cent, a 17.1 per cent increase.

**Figure 11-1 Crown Net Debt Committed to GDP 30 June 2021 (Maximum Drawing)**



The fiscal rules requirement is to limit net debt to GDP to 35.0 per cent however, the revised net debt to GDP estimate will surpass the threshold by 3.9 per cent, assuming full drawdown of all loans. The ratio is expected to drop back down to 32.4 per cent in 2021/22, which is within the hard cap limit, and further drop to 26.8 per cent in 2022/23, within the 'soft target' requirement.

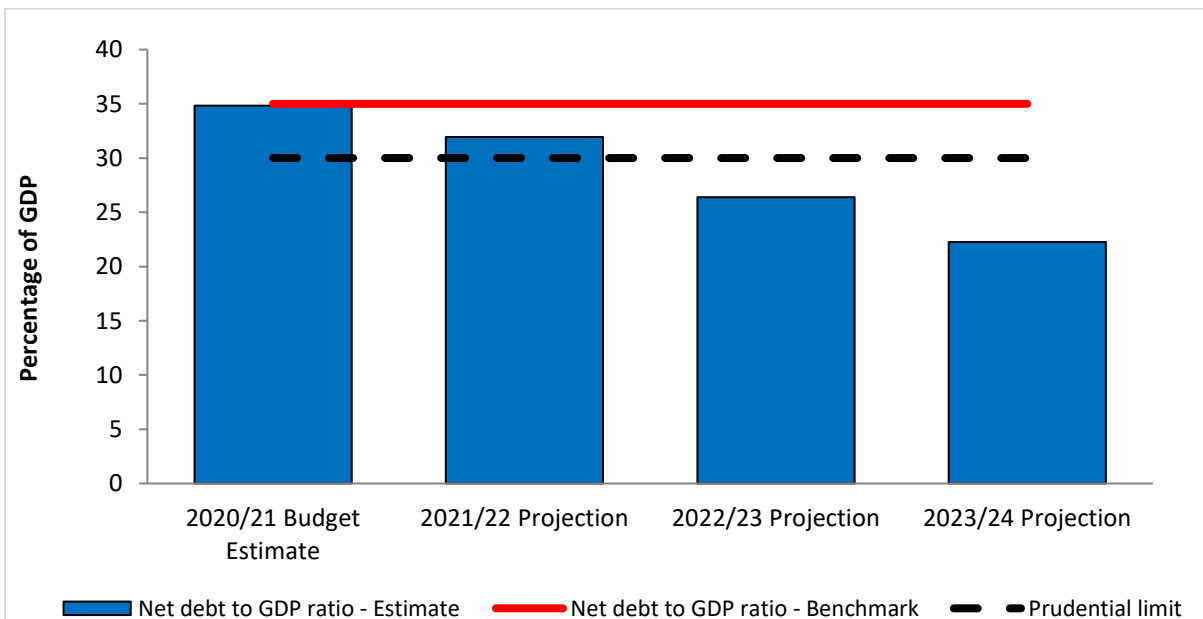
**Figure 11-2 Net Debt to GDP – Pacific Region<sup>12</sup>**



The graph above demonstrated the impact of taking on the proposed debt financing on the Cook Islands debt to GDP compared to some of our Pacific island neighbours. At 34.8 per cent we are sitting just above New Zealand at 34 per cent following their COVID-19 stimulus package.

The above analysis presents the committed debt, as opposed to the estimated net debt at the end of each financial year. For completeness, and to align with the reporting in the Medium-term Fiscal Strategy, Figure 10.3 below presents the data utilised in determining adherence with the MTF5 which evidences a 34.8 per cent net to GDP ratio at the end of 2020/21, within the hard cap of 35 per cent of GDP.

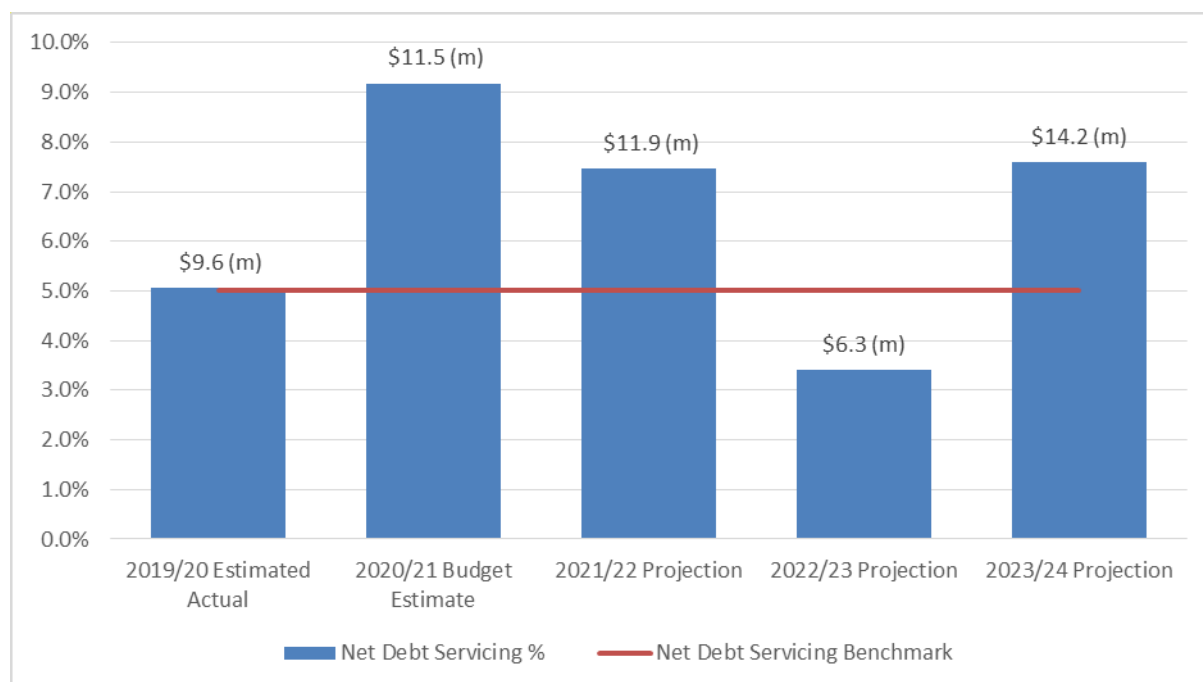
**Figure 11-3 Crown Debt to GDP 30 June 2021 (Planned)**



<sup>12</sup> Source: IMF/ADB and NZ Treasury

## 11.4 Net Debt Servicing to Total Revenue

Figure 11-4 Crown Net Debt Servicing to Total Revenue 30 June 2021



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 to GDP 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, it is clear that 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 2023/24 is expected to be at 7.1 per cent, this reflects the impact of the debt servicing payments starting on the proposed new debt.

### 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 throughout 2020/21.

Considering one year at a time, the immediate focus is on the 2020/21 cash requirements. The estimated cash reserve to the end of 2019/20 is \$73.8 million, the cash requirements for 2020/21 however is estimated to be \$120.5 million, a \$46.7 million cash deficit. Taking on additional debt is required to balance the needs of fiscal responsibility and economic management.

**Table 11-5 Financing Requirements**

<b>Financial Requirements</b>	<b>2020/21</b>
Net Operating Balance	-109,562
Net Non-Operating Balance	-35,558
Depreciation	13,137
Payments made from LRF	11,490
<b>Total Cash Requirements</b>	<b>-120,493</b>
less: Opening General Cash Reserves	73,795
<b>Debt Financing Requirements</b>	<b>-46,698</b>

The impact on the two main indicators used above 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 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.

## 11.5 Status of Crown Debt by individual loan

Total committed gross debt of \$193.3 million includes debt financing requirements of US\$40 million. The Government is currently engaging with potential lenders to explore taking on the new debt. The proposed new debt is required to be drawn down in 2020/21 (US\$29 million) and 2021/22, US\$11 million.

**Table 11-6 Status of Government loans to 30 June 2021**

Loans committed and drawn	Date loan taken	Original loan amount (000's)	Expected date of Repayment	Current Balance (\$NZD 000's)
ADB 567 (SF) CIDB Project	July, 1982	USD 1,500	April, 2022	88
ADB 849 (SF) 2nd Multi-Project	December, 1987	SDR 2,150	August, 2027	1,198
ADB 1031 (SF) Outer Islands Telecom Project	October, 1990	SDR 3,578	August, 2030	3,344
ADB 1155 (SF) 2nd CIDB Project	March, 1992	SDR 1,085	December, 2031	875
ADB 1171 (SF) Emerg. Telecom Rehab Project	August, 1992	SDR 349	June, 2032	305
ADB 1309 (SF) Pearl Industry Dev. Project	December, 1994	SDR 272	August, 2034	367
ADB 1317 (SF) Educ'n Dev Project	February, 1995	SDR 1,852	August, 2034	2,238
ADB 1380 (SF) 3rd CIDB Project	January, 1996	SDR 1,977	September, 2035	1,942
ADB 1466 (SF) Economic Restructure Program	September, 1996	SDR 3,430	September, 2036	4,477
ADB 1588 (SF) Cyclone Emergency Rehab Project	January, 1997	SDR 583	January, 2038	794
ADB 1832 (SF) Waste Mgt Project	December, 2001	SDR 1,695	June, 2033	1,822
ADB 2174 (SF) Cyclone Emergency Assist Project	June, 2005	SDR 1,895	June, 2045	3,594
China - Multi-Functional Indoor Sports Stadium	August, 2008	RMB 74,100	August, 2028	8,271
ADB 2472 (OCR) Avatiu Port Development Project*	September, 2009	NZD 10,309	November, 2033	8,262
ADB 2473 (SF) Avatiu Ports Development project	September, 2009	SDR 4,524	November, 2040	5,669
ADB 2565 OCR Economic Recovery Support Program 1*	January, 2010	NZD 11,053	October, 2024	3,517
ADB 2739 (OCR) Amendment Avatiu Port project*	December, 2011	NZD 5,290	November, 2035	4,696
China - Rarotonga Water Ring Main Upgrade	December, 2012	RMB 118,000	December, 2032	22,422
ADB 2946 OCR Economic Recovery Support Program 2	December, 2012	NZD 11,053	October, 2027	3,927
ADB 3193 Renewable Energy Project	December, 2014	NZD 12,980	June, 2036	10,601
ADB 3874 - Disaster Resilience Program (Phase 2)	December, 2019	NZD 15,676	June, 2035	15,676
ADB 3632 - Loan for Undersea Broadband Cable	November, 2018	USD 15,000	2031	23,148
Commercial - Loan for Rarotonga Airport Equipment	January, 2018	NZD 3,206	2033	2,791
<i>Debt Financing in Progress - Assumed drawn</i>	<i>December, 2020</i>	<i>USD 25,000</i>	<i>2034</i>	<i>46,698</i>
<b>Total Loans Drawn Down</b>				<b>176,724</b>
<b>Debt Financing Requirement</b>				
<i>Debt Financing in Progress - Assumed not drawn</i>	<i>December, 2020</i>	<i>USD 15,000</i>	<i>2034</i>	<i>16,541</i>
<b>Total Debt Financing Requirement</b>				<b>16,541</b>
<b>Total Loans Commitment by the Crown</b>				<b>193,265</b>

\*These loans have been converted to NZD

## 11.6 Crown Debt by Currency

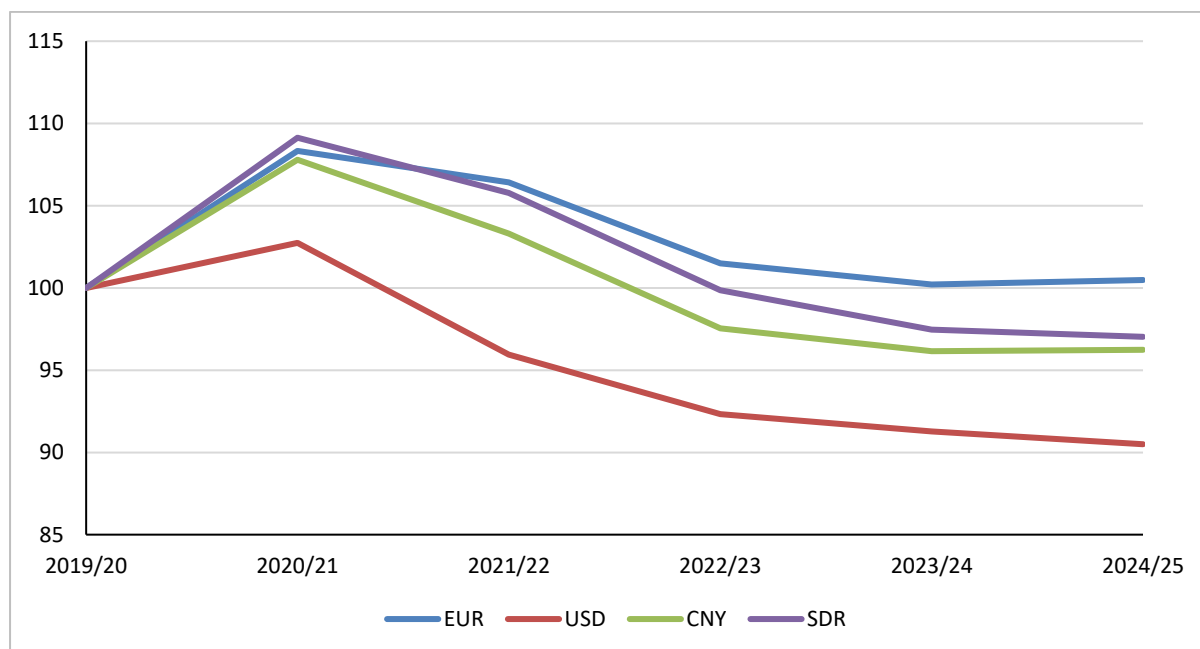
### Exchange Rate Assumptions

**Table 11-7 Exchange Rate Forecast – 2020/21 – 2023/24**

Currency	2020/21	2021/22	2022/23	2023/24
EUR	0.5403	0.5500	0.5768	0.5841
USD	0.6210	0.6650	0.6910	0.6990
RMB	4.1970	4.3793	4.6377	4.7050
SDR	0.4345	0.4482	0.4748	0.4865

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.

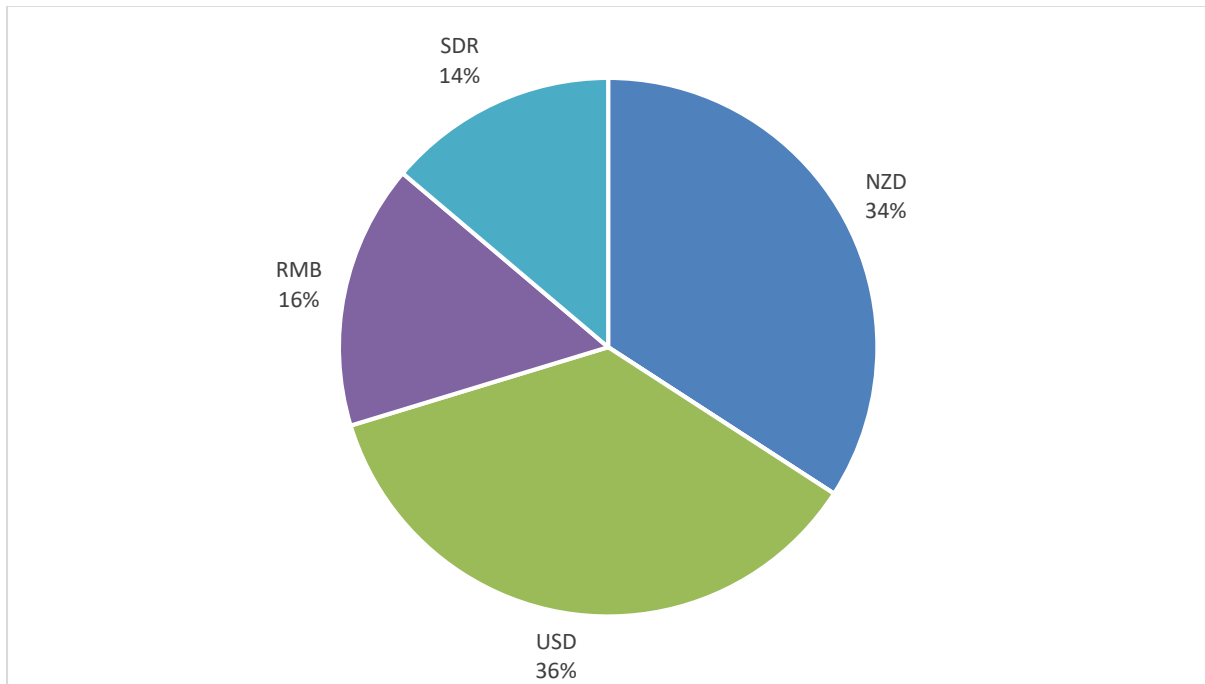
**Figure 11-5 Assumed Changes in Major Exchange Rates (indices – 2019/20 = 100)**



The COVID-19 pandemic has plunged the global economy into uncharted territory as countries take unprecedented measures to try and halt the spread of the virus. The uncertainties threw the financial and currency markets into turmoil.

The NZD has since recovered somewhat, alongside a drop in global risk aversion and New Zealand's apparent success in eliminating COVID-19. The Reserve Bank has pledged to keep its cash rate at a record low of 0.25 per cent until March 2021, which will likely affect the NZD until that time.

**Figure 11-6 Overall Debt by Currency June 2021**



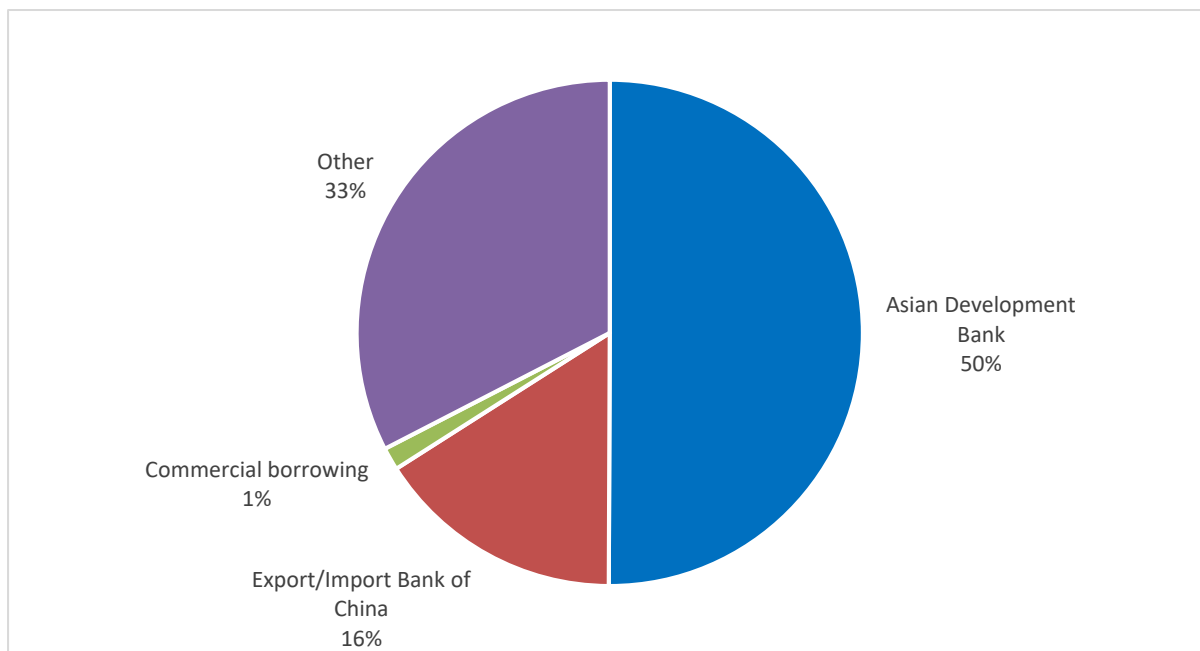
The NZD is forecasted to appreciate against our major trading currencies into the out years. The Crown have been working with ADB to convert loans that can be converted to the NZD, although that has increased the share of local currency debt to 34 per cent, a significant 66 per cent of loans are still held in foreign currencies. Managing the risk around exchange fluctuations remains a high priority for government.

The share of the USD loans has increased primarily a result of the proposed debt financing loans that is currently under discussions with potential lenders. The total debt financing loans are included and assumed to be US\$40 million.



## 11.7 Crown Debt by Lenders

Figure 11-7 Overall Debt by Lender June 2021



As illustrated in the Figure 11-7, the ADB is the key source of debt for the Government, with the value of loans comprising 50 per cent of total debt, followed by the Export/Import Bank of China (EXIM Bank) with 16 per cent with just one per cent held by local commercial financial institutions.

The 33 per cent held by 'Other' lenders relates to the debt financing loans that are not yet finalised.

## 11.8 Crown Debt by Source

Figure 11-8 Gross Debt by Lender Type June 2021

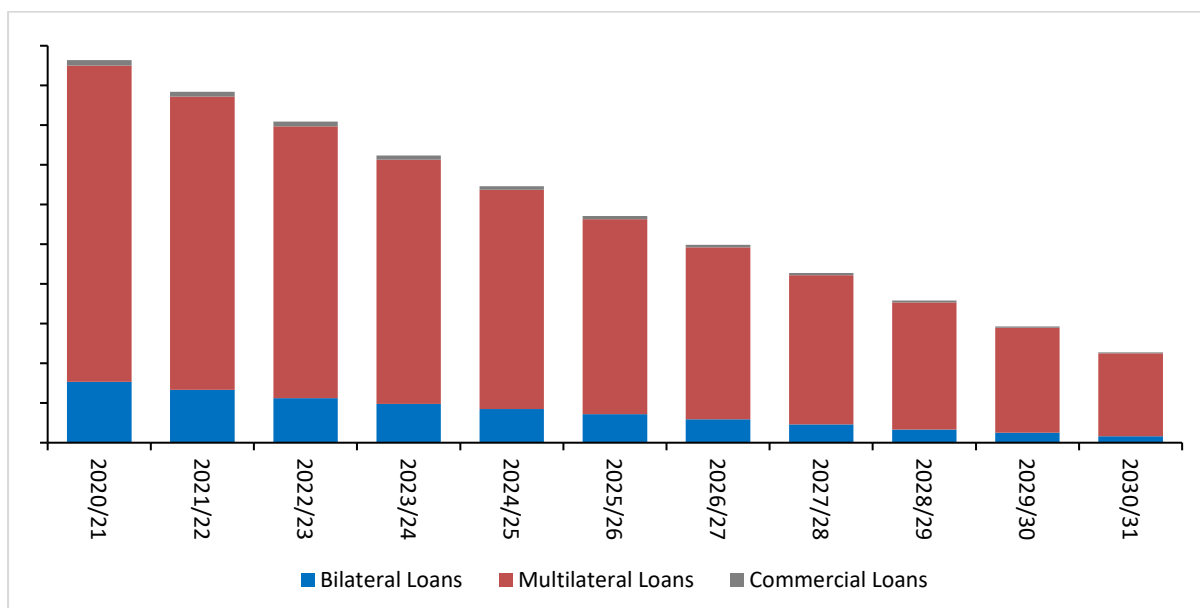
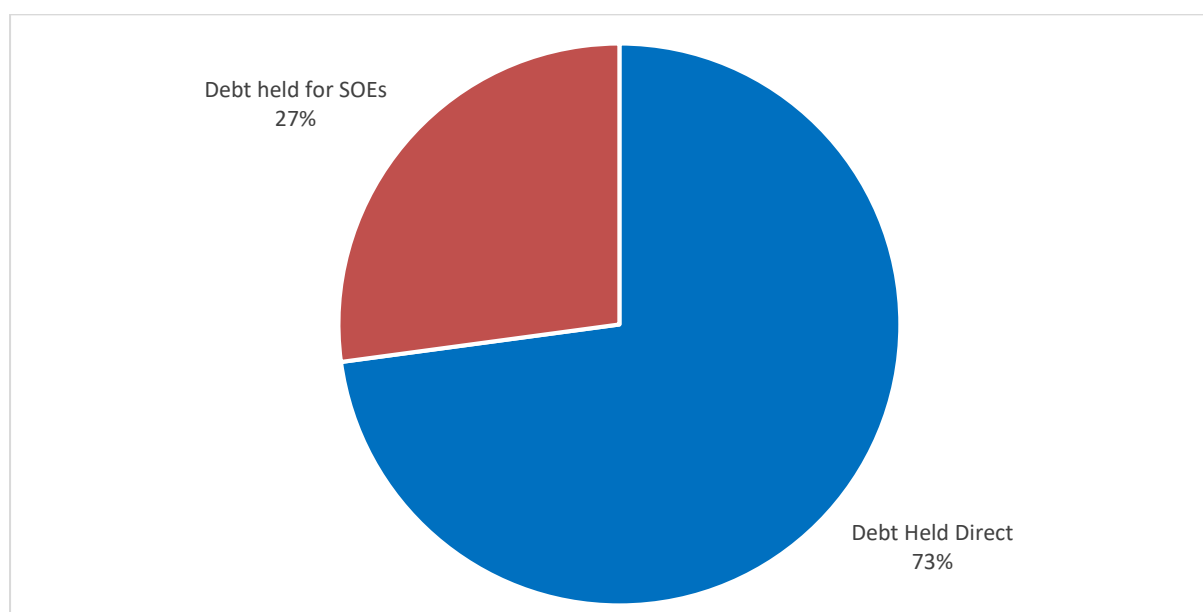


Figure 11-8 Gross Debt by Lender Type June 2021 summarises the debt profile of existing loan agreements over the next 10 years, broken down by source - multilateral lenders (ADB plus 'Other') and bilateral lenders (predominantly EXIM Bank).

The commercial loan relates to the direct loan taken by the Airport Authority with a commercial bank.

## 11.9 Crown Debt by Borrower

Figure 11-9 Gross Debt by Borrower June 2021



Committed gross debt is estimated to be \$193.3 million, 27 per cent of this (\$52.3 million) are loans taken on by the Crown on behalf of State-Owned Enterprises (SOEs) and predominantly comprised of two main project loans –Avaroa Cable Limited (ACL) for \$23.1 million and Ports Authority for \$18.6 million at financial year end 2020/21.

The balance of \$10.5 million is made up of the \$2.8 million direct commercial loan by the Airport Authority followed by old loans taken on behalf of the Cook Islands Development Bank, now Bank of the Cook Islands of \$4.1 million and Telecom Cook Islands \$3.6 million.

The 73 per cent of loans held direct by the Crown includes the debt financing loan of \$63.2 million which is currently being discussed.

## 11.10 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 (2021: \$2.8 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 registered mortgage debenture over the assets and undertakings of the Authority.

*Ports Authority*

The Ports Authority is currently repaying its loan obligations to the ADB (2021: \$18.63 million) and have made lump sum prepayments as part of managing its debt exposure to foreign exchange movement and more importantly continue to improve its serviceability.

The Ports Authority has received two years of debt repayment holiday allowance from government as a result of the COVID-19 pandemic impact on the Authority's revenue, the debt repayments during the repayment holiday period will be paid for by the Crown until 2022/23.

## 12 National Sustainable Development Plan

The National Sustainable Development Plan (NSDP) 2016-2020 is the third and final phase of the Cook Islands 2020 visionary framework – Te Kaveinga Nui. It encapsulates the aspirations and ambitions of our country over a five year period and it reflects these as development goals across four identifiable sectors of our society - social, cultural, economic and environmental.

In total, there are 16 national development goals, all interwoven, to promote the importance of good governance, partnership and collaboration for the successful development of our country. The NSDP guides Government in providing a clear policy direction to set medium-term budget priorities and it also acts as a national scorecard to assess our progress to deliver on the 2020 national vision for Te Kaveinga Nui.

**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









As the NSDP 2016-2020 draws to an end in December 2020, research and policy work are now underway to develop the next phase of the Cook Islands National Sustainable Development Plan. The next development plan will build upon the successes of the previous plans and evolve to how we envision our future.

## 12.1 Measuring our progress – a scorecard for development

The NSDP 2016-2020 recognises 66 key performance indicators to monitor and evaluate the progress our country is making to achieve our 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 general public. The report informs the status of our progress per development goal as being one of the following – ‘on track’ to achieving our goal, ‘of concern’ and requires more work or information or ‘off track’ and requires further prioritisation.

























The third National Indicator report<sup>13</sup> released in 2019, identified four development goals as being ‘on track’. These goals are as follows:

**Table 12-1 National Sustainable Plan Status (2018) – On track**

NSDP Goal	Status
 <b>Goal 2: Economic opportunities</b>	 On track and continues to improve.
 <b>Goal 6: Transport &amp; Energy</b>	 On track, however there are signs of regression.
 <b>Goal 8: Education</b>	 On track, however there are signs of regression.
 <b>Goal 12: Ocean Lagoon and Marine Resources</b>	 On track, however there are signs of regression.

The status of the remaining 12 Development goals were identified as ‘of concern’ in the report.

**Table 12-2 National Sustainable Plan Status (2018) – Of concern**

NSDP Goal	Status
 <b>Goal 1: Welfare &amp; Equity</b>	 Of concern, however there are signs of improvement
 <b>Goal 3: Waste Management</b>	 Of concern, and no change since the previous year
 <b>Goal 4: Water &amp; Sanitation</b>	 Of concern, however there are signs of improvement
 <b>Goal 5: Infrastructure &amp; ICT</b>	 Of concern, and no change since the previous year
 <b>Goal 7: Health</b>	 Of concern, and regressing. Requires attention.
 <b>Goal 9: Gender &amp; the Vulnerable</b>	 Of concern, and regressing. Requires attention.
 <b>Goal 10: Agriculture &amp; Food Security</b>	 Of concern, and no change since the previous year
 <b>Goal 11: Environment &amp; Biodiversity</b>	 Of concern, and no change since the previous year
 <b>Goal 13: Resilience and Climate Change</b>	 Of concern, and regressing. Requires attention.
 <b>Goal 14: Culture</b>	 Of concern, and no change since the previous year
 <b>Goal 15: Population</b>	 Of concern, and no change since the previous year
 <b>Goal 16: Good Governance, Law &amp; Order</b>	 Of concern, and regressing. Requires attention.

<sup>13</sup> The information provided in the Report is from the 2017/18 financial year to report on progress for the 2018 calendar year. The release of Household Income and Expenditure Survey 2016 and the Cook Islands Population Census 2016 provide additional information.






















This report has helped inform each Medium-term Fiscal Strategy to identify development goals that will be prioritised for new and additional expenditure for each financial year and multi-years thereafter.

## 12.2 Investment by NSDP goal priorities for the medium-term

The 2020-2021 medium-term NSDP Goal Priorities reflect the Government’s Medium-Term Fiscal Strategy (MTFS) and the NSDP 2016-2020. The aim of the MTFS is to guide Government expenditure over the course of the economic cycle. Given the advent of COVID-19 and its effect on the Cook Islands economy, the NSDP goal priorities for the medium-term have been temporarily deprioritised in order to reflect the needs of our people to cope during this period.

The NSDP goal priorities for the following three years (2021/22 to 2023/24) may evolve to reflect the new NSDP currently under development. The table below outlines Government’s commitments by NSDP goal priorities and in consideration of the MTFS as at the 2020/21 Budget.

**Figure 12-1 Medium-term NSDP Goal Priorities**

2020/21	2021/22	2022/23	2023/24
 <b>Goal 2:</b> Economic opportunities	 <b>Goal 16:</b> Good Governance, Law & Order		
 <b>Goal 16:</b> Good Governance, Law & Order	 <b>Goal 5:</b> Infrastructure & ICT		
 <b>Goal 5:</b> Infrastructure & ICT	 <b>Goal 2:</b> Economic opportunities		
 <b>Goal 7:</b> Health		 <b>Goal 8:</b> Education	
 <b>Goal 8:</b> Education		 <b>Goal 7:</b> Health	
 <b>Goal 9:</b> Gender & the Vulnerable			
 <b>Goal 4:</b> Water & Sanitation		 <b>Goal 3:</b> Waste Management	 <b>Goal 6:</b> Transport & Energy
 <b>Goal 1:</b> Welfare & Equity	 <b>Goal 14:</b> Culture	 <b>Goal 10:</b> Agriculture & Food Security	 <b>Goal 11:</b> Environment & Biodiversity
 <b>Goal 12:</b> Ocean Lagoon and Marine Resources	 <b>Goal 15:</b> Population	 <b>Goal 13:</b> Resilience and Climate Change	

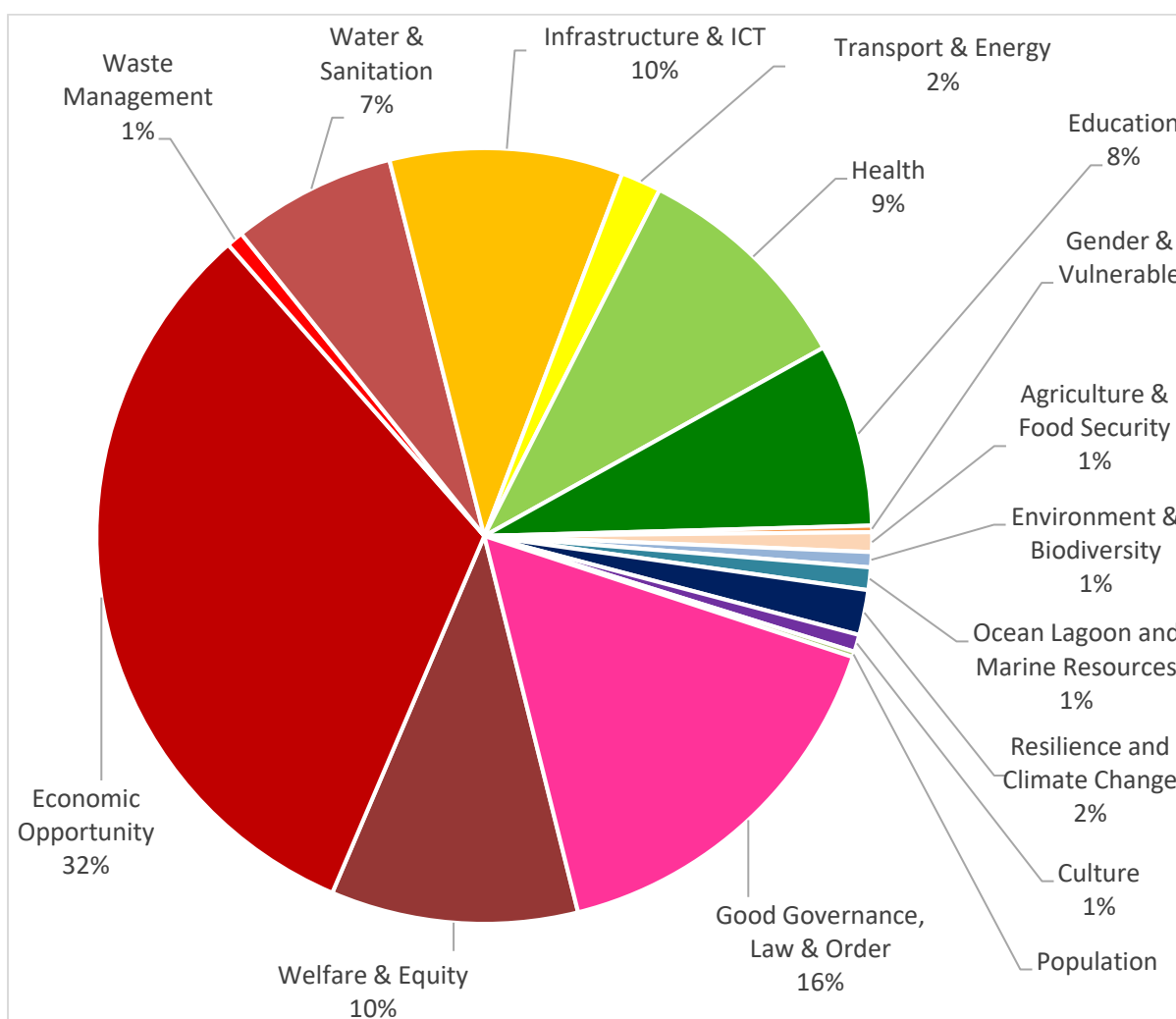
## 12.3 Note on New Expenditure by NSDP Goal in 2020/21

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 2020/21 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. It should be noted that assigning projects per development goals is subjective as initiatives may directly and indirectly support multiple goals. In this analysis, funding initiatives are allocated only against a single goal.

**Figure 12-2 Proportional Allocation of Funding to NSDP Goals in 2020/21**



The NSDP expenditure breakdown shown in Figure 12-2 for 2020/21 reflects a clear bias towards Goal 2 - Economic Opportunity. This is due to a significant amount of funds being expended through the Economic Response Plan.

**Figure 12-3 Proportional Allocation of Funding to NSDP Goals over the medium-term**

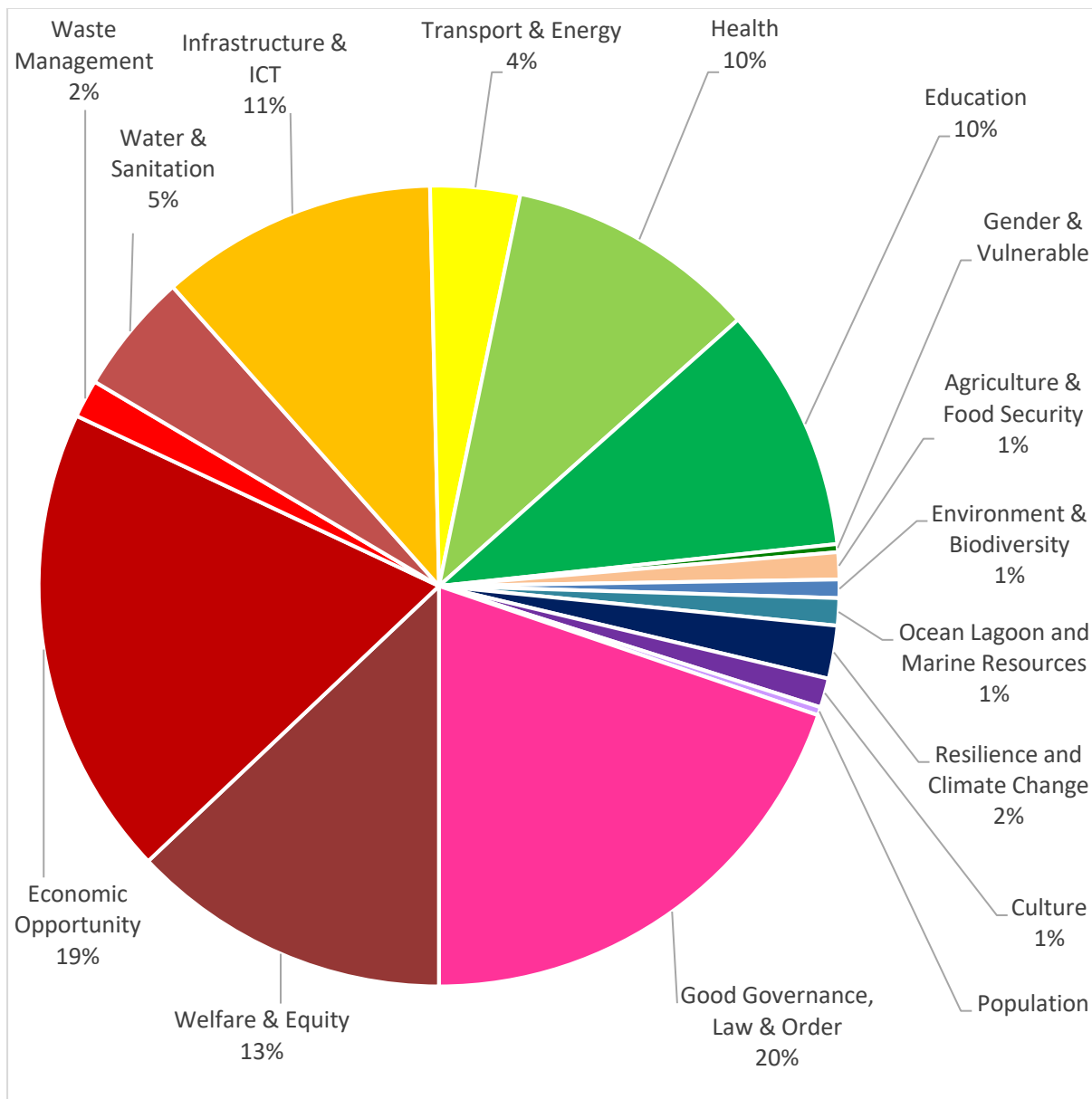


Figure 12-3 in comparison to Figure 12-2 reflects a shift in funds over the medium-term due to the funds allocated to Economic Opportunity reducing over the period, with a generally proportional increase across all other sectors. This reflects the increase in spending for the Economic Response Plan through 'new' money along with a decrease in expenditure across other goals in 2020/21.

### 12.4.1 Goal 1: Welfare & Equity

#### Improve Welfare, reduce inequality and economic hardship

For the 2020/21 fiscal year, a total of \$27.7 million has been appropriated to provide assistance for our people through the effective and efficient delivery of public services to implement various initiatives that support the community and protect the livelihoods of our people. One of these initiatives include the social impact fund (a total of \$1.0 million in Administered payments) which provides aid for non-government organisations and community projects.



**Table 12-3 Goal 1 total expenditure (\$)**

<b>Description</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Gross Operating Appropriation	721,273	848,473	848,473	848,473
Administered Payments	3,170,437	3,176,780	3,176,862	3,176,718
POBOC	23,793,357	22,555,550	23,045,676	23,163,285
Capital Expenditure	0	0	0	0
<b>Total Goal 1 Expenditure</b>	<b>27,685,067</b>	<b>26,580,802</b>	<b>27,071,011</b>	<b>27,188,476</b>

## 12.4.2 Goal 2: Economic Opportunity

### Expand economic opportunities, improve economic resilience and productive employment to ensure decent work for all

Over the past few years, the Cook Islands has experienced positive economic growth. However, the effects of COVID-19 globally has caused economic disruption and uncertainty to supply chains, businesses and employees. A total of \$83.2 million has been appropriated for the 2020/21 fiscal year to expand economic opportunities, improve economic resilience and increase compensation for the working population. Of this total, \$64.0 million is for the Economic Response Plan (ERP).

In the 2019/20 fiscal year, the Government introduced Phase I of the Economic Response Plan with an appropriation of \$28 million to help keep businesses in the private sector open by disbursing business grants, wage subsidies, and providing unemployment subsidies and one-off welfare payments.

In 2020/21, Phase II of the ERP aims to build resilience in our economy and society by continuing to support livelihoods and the private sector, and to drive growth over the medium-term.

**Table 12-4 Goal 2 total expenditure (\$)**

<b>Description</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Gross Operating Appropriation	5,653,681	5,943,535	5,939,937	5,939,937
Administered Payments	77,059,661	17,867,000	18,202,000	18,202,000
POBOC	0	0	0	0
Capital Expenditure	500,000	500,000	500,000	500,000
<b>Total Goal 2 Expenditure</b>	<b>83,213,342</b>	<b>24,310,535</b>	<b>24,641,937</b>	<b>24,641,937</b>

## 12.4.3 Goal 3: Waste Management

### Promote sustainable practices and effective management of solid and hazardous waste

Waste management is an important factor when it comes to protecting the environment and ensuring the well-being of the population. The Government has committed \$12.9 million over the next four years to continue the ongoing operations to promote sustainable practices such as the importance of recycling and to ensure that there are systems in place for proper disposal of hazardous waste. This includes funding allocated towards a waste incinerator for Rarotonga, dependent on the outcome of the scoping exercise in 2020/21.

**Table 12-5 Goal 3 total expenditure (\$)**

Description	2020/21	2021/22	2022/23	2023/24
Gross Operating Appropriation	1,020,068	912,752	918,868	918,868
Administered Payments	730,000	730,000	730,000	730,000
POBOC	0	0	0	0
Capital Expenditure	300,000	450,000	5,450,000	50,000
<b>Total Goal 3 Expenditure</b>	<b>2,050,068</b>	<b>2,092,752</b>	<b>7,098,868</b>	<b>1,698,868</b>

## 12.4.4 Goal 4: Water & Sanitation

### Sustainable management of water and sanitation

Safe drinking water and good sanitation are basic necessities to sustain the health and economic prosperity of a population. The Government is allocating \$15.6 million in 2020/21 to capital expenditure such as the Te Mato Vai project and To Tatou Vai, Mei Te Vai Ki Te Vai and other programmes which focus on managing, developing and improving water and sanitation in the Cook Islands.

The provision of \$3.3 million in Administered Payments will enable To Tatou Vai Ltd (a water utility and state-owned enterprise) to deliver potable and reliable water supply services (initially) to Rarotonga.

**Table 12-6 Goal 4 total expenditure (\$)**

Description	2020/21	2021/22	2022/23	2023/24
Gross Operating Appropriation	0	0	0	0
Administered Payments	3,330,000	3,155,000	1,400,000	1,400,000
POBOC	0	0	0	0
Capital Expenditure	15,574,500	6,611,500	6,150,000	3,850,000
<b>Total Goal 4 Expenditure</b>	<b>18,904,500</b>	<b>9,766,500</b>	<b>7,550,000</b>	<b>5,250,000</b>

## 12.4.5 Goal 5: Infrastructure & ICT

### Build resilient infrastructure and ICT to improve our standard of living

It is essential to ensure that our infrastructure is built to standard and fit for purpose. Reliable connectivity and access to the internet are also essential services for communication.

The Government will spend \$26.2 million in 2020/21 to implement and manage key infrastructure and Information and Communication Technology (ICT) projects for economic development.

Capital Expenditure for 2020/21 of \$11.2 million includes funding allocated to roads, bridges and drainage on both Rarotonga and the Pa Enua. With the increase in traffic in the recent years, the existing pavements have deteriorated and require upgrading. These projects will improve the road infrastructure and provide economic returns through decreased maintenance costs, decreased costs for vehicle operation and will improve safety measures.

Approximately \$730,000 of Administered Payments have been allocated towards ICT infrastructure, to optimise existing information management systems across agencies such as the Financial Management Information System (FMIS), improving connectivity access through the Avaroa cable and improving communication to the Pa Enua via the Universal Access Fund.

**Table 12-7 Goal 5 total expenditure (\$)**

Description	2020/21	2021/22	2022/23	2023/24
Gross Operating Appropriation	10,302,197	10,346,295	10,410,173	10,610,007
Administered Payments	4,005,250	3,685,250	3,805,250	3,805,250
POBOC	79,000	79,000	79,000	79,000
Capital Expenditure	11,190,143	11,892,500	5,714,000	5,706,000
<b>Total Goal 5 Expenditure</b>	<b>25,576,590</b>	<b>26,003,045</b>	<b>20,008,423</b>	<b>20,200,257</b>

## 12.4.6 Goal 6: Transport & Energy

### Improve access to affordable, reliable, sustainable, modern energy and transport

A 100 per cent reliance on renewable energy by 2020 for the whole of the Cook Islands is a key priority for Government to ensure our people have affordable, reliable and sustainable energy. The renewable energy project has already delivered 100 per cent electricity generated from renewable sources for the Northern Group Islands and most of the Southern Group Islands, with the exclusion of Aitutaki and Rarotonga. There are

In addition, the Government aims to ensure our people have reliable transport between islands via shipping and air links. Funding of \$30.7 million has been committed over the medium-term to achieve the outcomes of this goal through air, marine and road transport infrastructure projects.

**Table 12-8 Goal 6 total expenditure (\$)**

Description	2020/21	2021/22	2022/23	2023/24
Gross Operating Appropriation	2,466,823	2,467,048	2,453,388	2,481,938
Administered Payments	100,000	0	0	0
POBOC	0	0	0	0
Capital Expenditure	2,080,000	5,800,000	7,080,000	5,820,000
<b>Total Goal 6 Expenditure</b>	<b>4,646,823</b>	<b>8,267,048</b>	<b>9,533,388</b>	<b>8,301,938</b>

## 12.4.7 Goal 7: Health

### Improve health and promote healthy lifestyles

Population health is pivotal for social harmony and economic growth. A good health care system ensures that people are healthy and well in the community. As such, the promotion of good public health measures and timely diagnosis of diseases are key for protecting and safeguarding our population as it is important to not only focus on treatment, but also preventative measures. Therefore, a total of \$25.5 million for 2020/21 has been committed to strengthen health care services.

**Table 12-9 Goal 7 total expenditure (\$)**

Description	2020/21	2021/22	2022/23	2023/24
Gross Operating Appropriation	16,619,510	16,619,510	16,619,510	16,619,510
Administered Payments	5,566,870	2,566,870	2,566,870	2,566,870
POBOC	0	0	0	0
Capital Expenditure	3,320,000	900,000	700,000	300,000
<b>Total Goal 7 Expenditure</b>	<b>25,506,380</b>	<b>20,086,380</b>	<b>19,886,380</b>	<b>19,486,380</b>

## 12.4.8 Goal 8: Education

### Ensure inclusive and equitable quality education and promote life-long learning opportunities

Quality education is essential for cultivating a skilled and educated population. It empowers people to live more healthy and sustainable lives. A total of \$20.6 million has been appropriated for the 2020/21 fiscal year to provide quality education for all learners from early childhood, primary, secondary and tertiary education.

Improving the literacy, numeracy and comprehension skills of our population is important and requires our education system to adapt to the needs of our society to teach, train, and upskill our population. Therefore, we must allocate the right resources for feasible, affordable and quality education.

**Table 12-10 Goal 8 total expenditure (\$)**

Description	2020/21	2021/22	2022/23	2023/24
Gross Operating Appropriation	15,142,364	15,255,110	15,465,080	15,465,080
Administered Payments	5,062,034	5,002,034	5,052,034	5,052,034
POBOC	0	0	0	0
Capital Expenditure	360,000	360,000	360,000	360,000
<b>Total Goal 8 Expenditure</b>	<b>20,564,398</b>	<b>20,617,144</b>	<b>20,877,114</b>	<b>20,877,114</b>

## 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

Gender equality is an essential component for a cohesive and prosperous society as it ensures that both men and women have access to the same opportunities, rights and obligations. The advancement of gender equality in the workplace and increasing the representation of women in politics is an objective this Government is working to achieve.

Improving the care of our most vulnerable population is also a key priority for the Government. The measurement of this care is based on the services and facilities to cater for the needs of our youth, the infirm, the elderly, and disabled. The provision of a safe, secure and accepting environment is crucial for a peaceful and just society for everyone in the Cook Islands. A total of \$0.6 million has been allocated for 2020/21 to support this service.

**Table 12-11 Goal 9 total expenditure (\$)**

Description	2020/21	2021/22	2022/23	2023/24
Gross Operating Appropriation	552,951	552,950	552,950	552,950
Administered Payments	45,000	45,000	45,000	45,000
POBOC	0	0	0	0
Capital Expenditure	0	0	0	0
<b>Total Goal 9 Expenditure</b>	<b>597,951</b>	<b>597,950</b>	<b>597,950</b>	<b>597,950</b>

## 12.4.10 Goal 10: Agriculture & Food Security

### Achieve food security and improved nutrition, and increase sustainable agriculture

The revitalisation of agriculture within our communities is an important part of the future sustainability of the Cook Islands. Local food production supports improved food security and better nutrition. In recent years, the Government has been investing in local agriculture to reduce our dependency on imported goods and promote local produce. It is also important to strengthen our biosecurity measures due to our isolated geographical location which means that the Cook Islands is susceptible to biological threats. For instance, one invasive pest could potentially wipe out all produce if such a pest does not have a natural predator on the island. To support this goal, a total of \$8.5 million has been appropriated for the next four years.

**Table 12-12 Goal 10 total expenditure (\$)**

Description	2020/21	2021/22	2022/23	2023/24
Gross Operating Appropriation	2,087,417	2,127,732	2,128,668	2,128,678
Administered Payments	0	0	0	0
POBOC	0	0	0	0
Capital Expenditure	49,039	0	0	0
<b>Total Goal 10 Expenditure</b>	<b>2,136,456</b>	<b>2,127,732</b>	<b>2,128,668</b>	<b>2,128,678</b>

## 12.4.11 Goal 11: Environment & Biodiversity

### Promote sustainable land use, management of terrestrial ecosystems, and protect biodiversity

The Cook Islands has a total combined land area of 240 square kilometres surrounded by two million square kilometres of ocean, both are home to a large number of unique and diverse species. Islands such as Manuae, Suvarrow, Takutea and Atiu are home to a great diversity and abundance of birds. The Government recognises the responsibility we all have as guardians of these islands and environment therefore, a total of \$6.1 million has been committed over the next four years to promote sustainable land use and protect our terrestrial ecosystems.

**Table 12-13 Goal 11 total expenditure (\$)**

Description	2020/21	2021/22	2022/23	2023/24
Gross Operating Appropriation	1,355,444	1,171,166	1,171,166	1,171,166
Administered Payments	300,000	300,000	300,000	300,000
POBOC	0	0	0	0
Capital Expenditure	0	0	0	0
<b>Total Goal 11 Expenditure</b>	<b>1,655,444</b>	<b>1,471,166</b>	<b>1,471,166</b>	<b>1,471,166</b>

## 12.4.12 Goal 12: Ocean Lagoon and Marine Resources

### Sustainable management of oceans, lagoons and marine resources

The Cook Islands has implemented a multiple-use marine park known as Marae Moana. The park extends over the Cook Islands Exclusive Economic Zone covering two square kilometres of ocean.

The Marae Moana Act 2017 ensures our marine environment is protected and sustainably managed so that our ocean, lagoon and marine resources will be available for the generations to come. As such, a total of \$11.9 million has been allocated for the next four years to promote sustainable development in this area.

**Table 12-14 Goal 12 total expenditure (\$)**

<b>Description</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Gross Operating Appropriation	2,831,046	2,772,329	2,812,330	2,962,330
Administered Payments	190,000	60,000	0	0
POBOC	63,461	63,461	63,461	63,461
Capital Expenditure	0	0	0	0
<b>Total Goal 12 Expenditure</b>	<b>3,084,507</b>	<b>2,895,790</b>	<b>2,875,791</b>	<b>3,025,791</b>

### **12.4.13 Goal 13: Resilience and Climate Change**

#### **Strengthen resilience to combat the impacts of climate change and natural disaster**

The Cook Islands' geographic location makes it one of the most vulnerable places when it comes to extreme forces of nature. The Government is focused on maintaining a firm stand on the matter of climate change and natural disasters by building resilience to minimise potential damage and protect the people of our islands.

In order to achieve these targets, the Government is allocating a total of \$18 million over the four years, including capital expenditure on cyclone shelters for the Pa Enea.

**Table 12-15 Goal 13 total expenditure (\$)**

<b>Description</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Gross Operating Appropriation	675,684	667,124	677,546	691,292
Administered Payments	0	0	0	0
POBOC	160,000	160,000	160,000	160,000
Capital Expenditure	4,248,411	4,830,000	1,030,000	4,560,000
<b>Total Goal 13 Expenditure</b>	<b>5,084,096</b>	<b>5,657,124</b>	<b>1,867,546</b>	<b>5,411,292</b>

### **12.4.14 Goal 14: Culture**

#### **Preserve our heritage and history, protect our traditional knowledge, and develop our language, creative and cultural endeavours**

A total of \$9.9 million has been allocated over the medium-term to promote Cook Islands languages and cultural engagements, and to archive and protect cultural heritage. Cultural heritage and history are important for maintaining our national identity. Therefore, we must protect and preserve the traditional knowledge, custom practices, artefacts, language and cultural arts of our ancestors to ensure they are around for our future generations.

Funding for this goal is primarily expended through the Ministry of Cultural Development and includes the quadrennial Te Maeve Nui Celebrations held on Rarotonga.

**Table 12-16 Goal 14 total expenditure (\$)**

Description	2020/21	2021/22	2022/23	2023/24
Gross Operating Appropriation	1,086,107	1,044,213	1,044,001	1,174,000
Administered Payments	839,741	1,809,741	1,809,741	1,059,741
POBOC	0	0	0	0
Capital Expenditure	0	0	0	0
<b>Total Goal 14 Expenditure</b>	<b>1,925,848</b>	<b>2,853,954</b>	<b>2,853,742</b>	<b>2,233,741</b>

### 12.4.15 Goal 15: Population

#### Ensure a sustainable population engaged in development by Cook Islanders for Cook Islanders

Depopulation has been a challenge for the Cook Islands over an extended period, with notable shifts in the population dating from 1996 onwards. Despite this challenge, Government believes that the development of this country lies within our people and therefore it has been a priority to ensure that every resident is satisfied, engaged and financially secure to minimise the desire for emigration.

To achieve this goal, a total of \$509,258 has been appropriated to monitor the sustainability of the population. For the 2021/22 fiscal year, this appropriation increases to \$839,258 to conduct the national census which will provide further analysis of our residential population and demographics.

This NSDP goal reflects a low direct expenditure as much of the investment towards the Cook Islands population is made effective through other NSDP goals.

**Table 12-17 Goal 15 total expenditure (\$)**

Description	2020/21	2021/22	2022/23	2023/24
Gross Operating Appropriation	509,258	494,258	494,258	494,258
Administered Payments	45,000	345,000	45,000	45,000
POBOC	0	0	0	0
Capital Expenditure	0	0	0	0
<b>Total Goal 15 Expenditure</b>	<b>554,258</b>	<b>839,258</b>	<b>539,258</b>	<b>539,258</b>

### 12.4.16 Goal 16: Good Governance, Law & Order

#### Promote a peaceful and just society and practice good governance with transparency and accountability

Impartiality, accountability and transparency are key principles of a good governance system for maintaining a peaceful and just society to allow people to be safe and lead productive lives. To achieve this, public trust and confidence in these governance systems are priority. This is done by ensuring that people have access to justice institutions in a fair and timely manner.

The Government is also determined to improve public service performance, improve sustainable public financial management and support the Law and Order sector to reduce domestic violence, motor vehicle accidents and other criminal activity.

Funding towards this goal also captures investment in Government infrastructure and oversight functions including the Office of the Public Service Commissioner, Audit (PERCA), Crown Law, including the various 'corporate' functions within each Government Agency representing the operating costs of Government in administering its various services and deliverables.

Therefore, funding of \$43.6 million has been appropriated in 2020/21 and a total of \$166.4 million across four years to strengthen various Government agencies to provide robust services.

**Table 12-18 Goal 16 total expenditure (\$)**

<b>Description</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Gross Operating Appropriation	29,110,224	30,540,177	30,861,841	31,083,701
Administered Payments	4,771,482	4,220,145	4,378,145	4,274,145
POBOC	5,472,681	5,318,681	5,318,681	5,318,681
Capital Expenditure	4,196,714	1,300,000	250,000	0
<b>Total Goal 16 Expenditure</b>	<b>43,551,101</b>	<b>41,379,003</b>	<b>40,808,667</b>	<b>40,676,527</b>



## **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;

#### **13.1.1 Social Contribution Costs and Dividends**

CIIC, as the Parent Company, provides various social initiatives and obligations to communities. These initiatives are not reimbursed by Government and either form part of its agency funding or are funded by external revenues generated.

CIIC 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, dividends for the 2020/21 financial year will be reviewed throughout the year.

### **13.2 Airport Authority Cook Islands**

The Airport Authority of the Cook Islands (ACCI) facilitates the safe and efficient movement of aircraft and passengers through the Cook Islands airport. This is achieved through the ACCI'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 are having a significant impact on the Airport Authority with a reduction in international flight services to a single flight per week during the final quarter of 2019/20. The Airport Authority is also supporting its tenants by offering deferment arrangements. As such, the ACCI 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.

#### **13.2.1 Recent Milestones**

- Project to undertake joint sealing of the runway and to stabilise cracked concrete slabs has commenced;
- Acquisition of a new incinerator to incinerate aircraft inflight catering as required under international and biosecurity laws to prevent invasive species from entering the Cook Islands;
- Completion of a second carpark entry as well as the installation of an additional ticketing machine to improve the flow of traffic;
- Refurbishment of the Aitutaki Fire Truck;
- Completion of the 2020 Master Plan Development for the airport. This plan identified capacity requirements for different levels of traffic and design required to expand.

## 13.2.2 Upcoming Milestones and Investments

Further capital investments such as the runway replacement work, 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 and ensuring ongoing safety management system compliance.

## 13.2.3 Social Contribution Costs and Dividends

The AACI receives \$2.0 million annually from the Government to support its operations. For the 2020/21 fiscal year, Government is contributing an additional \$1.0 million to assist the Authority in maintaining its operations due to the impacts of COVID-19. Therefore, Government's total contribution to the Authority for the fiscal year is \$3.0 million.

The AACI has a number of community service obligations and social contributions costs as outlined below. These costs are funded from external revenue sources and not reimbursed by Government.

**Table 13-1 AACI Social Obligation Costs (\$)**

	<b>2020/21 Budget</b>
Provision of Fire Service to the Rarotonga Community	67,323
Provision of a rent free VIP lounge to Government	48,246
<b>Net contribution to Government</b>	<b>115,569</b>

In light of COVID-19, Airport Authority is not expecting to pay dividend to Government in the medium-term.

## 13.3 Avaroa Cable Limited

Avaroa Cable Limited (ACL) is a newly established state owned enterprise that manages the Cook Islands involvement in the Manatua Cable project. The Manatua Cable Project involves the design, construction, operation and maintenance of a regional submarine telecommunications cable that will connect the Cook Islands, Samoa, French Polynesia and Niue. Through the Manatua Cable project, the provision for fast, reliable and affordable world class telecommunication services will be accessible to the Cook Islands.

The project is expected to be completed in mid-2020 and is supported by the Cook Islands Government, the Ministry of Foreign Affairs and Trade New Zealand and the Asian Development Bank.

### 13.3.1 Recent Milestones

- Establishment of the ACL including a board of directors;
- In December 2019, ACL installed cable landing stations in Rarotonga and Aitutaki. The enclosures were installed on site in Aroa for Rarotonga, and Takapora in Aitutaki;
- The Manatua Cable (a 3,600km cable) was successfully deployed across the South Pacific on time with landings connecting Samoa, Niue, French Polynesia, Aitutaki (on 14 December 2020) and Rarotonga (09 January 2020) in the Cook Islands. Marine cable laying activities were completed in January 2020;
- Establishment of networks and relationships with other cable landing stations as well as the provider of onward connectivity.

### 13.3.2 Upcoming Milestones and Investments

- Completing the integration of the six cable landing stations across the consortium countries to commission and test the Manatua cable network;
- ACL will focus on the commercialisation of the Manatua Cable in the Cook Islands as an international and domestic wholesale operator;
- Ensure license under new legislation is in place noting there will be competition with other international and inter-island commercial communications providers.

### 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 fully licensed 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*.

### 13.4.1 Recent Milestones

- The Bank has strengthened its financial position, delivering stable returns, coupled with prudent financial management;
- BCI has invested in an Aitutaki Business Centre (previously ANZ Cook Islands);
- Improved service offering, delivery and security with technological investments and innovations with the Core Banking System upgrade “Going Live” in February 2020;
- Expanding the digital services offered to existing and new customers not limited to and including internet banking.

### 13.4.2 Upcoming Milestones and Investments

- Further investment to upgrade core operating assets such as the Ground floor renovations to ensure Cyclone Certification standards are met;
- Investment in new products and services, while ensuring a sustainable financial structure;
- Assessing the short and medium-term risks associated to forecast changes in the operating environment including economic conditions, competition, changing customer behaviour and expectations, and technological developments.

### 13.4.3 Social Contribution Costs and Dividends

The social obligation costs to be reimbursed by the Government relate to BCI’s delivery of banking services to communities in the Pa Enea as shown in the table below.

**Table 13-2 BCI Community Service Obligations (\$)**

	<b>2020/21 Budget</b>
Social Obligation of providing banking services	128,000
<b>Community Service Obligations reimbursed by Government</b>	<b>128,000</b>

BCI pays dividend to the Government based on a fixed per cent 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.

### 13.5.1 Recent Milestones

- Installation of high security fences to the north and east of the Avatiu port’s international terminal area that comply with the International Maritime Organizations’ International Ships & Ports Security Code (ISPS) regulations;
- A US\$0.7 million lump-sum payment during the 2018-19 financial period reducing foreign currency risks denominated to the Asian Development Bank loan;
- Completed a draft carbon footprint assessment report for the 2019-20 fiscal year. The report provides analysis of the CIPA’s overall greenhouse gas emissions profile compared to the 2018-19 fiscal year.

### 13.5.2 Upcoming Milestones and Investments

- To acquire a new tug boat 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;
- Deepening and widening the existing Arutanga harbour channel and basin to provide safer berth for yachts, cruise ship tendering and container vessel cargo discharge operations;
- Green Climate Fund concept notes for the Aitutaki Orongo Ports Development and Avatiu Marina Projects is now with MFEM for climate resilience funding assistance.

### 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 (\$)**

	<b>2020/21 Budget</b>
<b>Rarotonga</b>	
Recurring Cost	106,000
Approved Waived Port Charges	3,099
<b>Aitutaki</b>	
Approved Waived Port Charges	1,000
<b>CIPA Community Service Obligations reimbursed by Government</b>	<b>110,099</b>

No dividend to Government 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, prior to paying dividends.

## 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 in Rarotonga, Cook Islands. The company also supports the Pa Enua energy infrastructure through the provision of technical advice to the Island Councils who provide electricity services to households and businesses. Over the past decade, TAU has focused on developing generation from renewable solar energy sources.

### 13.6.1 Recent Milestones

- Unprecedented support to assist Rarotonga households and businesses amidst the COVID-19 landscape.

### 13.6.2 Upcoming Milestones and Investments

- Ongoing investments in both the infrastructure associated with achieving the national renewable energy (RE) target and general infrastructure.
- Reorienting TAU's structure and resource allocation to priority areas.

### 13.6.3 Social Contribution Costs and Dividends

TAU's social obligations include the provision and maintenance of street/amenity lights and uneconomic network extensions. For the 2020/21 and 2021/22 fiscal years, these contribution costs to Government have been deferred and will continue in 2023/24.

TAU has met the dividend requirements of its shareholder over the years. However, given the support TAU has provided to the public amidst COVID-19 and its renewable energy investment requirements, TAU will not provide a dividend in 2020/21.

## 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

- Rebranding of Aitutaki Power Supply to **Te Mana Uira o Araura**, including a new logo for company. The rebranding was led by the Aitutaki community including a competition for school children to develop its name and logo;
- Completion of Phase 1 of the Aitutaki Renewable Energy project in June 2019, with 25 per cent of electricity generation being derived from solar;
- Appointment of new Board of directors with industry experience, corporate governance, legal, financial, private sector and socio-cultural/community expertise. Provision of induction and training programmes for all Board members;
- Unprecedented support to assist Aitutaki households and businesses amidst the COVID-19 landscape.

### 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 of TMU’s operational policies;
- Apprentice training and succession planning initiatives.

### 13.7.3 Social Contribution Costs and Dividends

For the 2020/21 Budget, the Government will be providing support to TMU of \$500,000 to cover its operations and provision of discounted electricity for households and businesses experiencing hardship as a result 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. These costs are not reimbursed by Government.

**Table 13-4 TMU Social Obligation Costs (\$)**

	<b>2020/21 Budget</b>
Provision of street light and electricity discounts for churches and water stations	40,000
<b>Net contribution to Government</b>	<b>40,000</b>

In light of TMU’s renewable energy establishment phase, TMU is not expecting to pay dividend to Government 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 expected in 2021. TTVL will ultimately assume responsibility of Te Mato Vai (TMV) Project (Stages 1 and 2) assets.

### 13.8.1 Recent Milestones

- Establishment of TTVL;
- Appointment of board of directors with industry experience, corporate governance, legal, financial, private sector and socio-cultural/community expertise;
- Handover of Rarotonga water assets from Infrastructure Cook Islands to TTVL on 1 July 2019;
- Relocation of TTVL’s office to the old Sky Pacific building in Takuvaine. The new building includes a laboratory.

### 13.8.2 Upcoming Milestones and Investments

- Handover of water assets from Te Mato Vai to TTV planned in the 2020 calendar year;
- Adoption of Government mandated water treatment protocols;
- Commencement of the water meter project in the 2020/21 financial year;
- Commencement of the 20km of sub and branch main to allow decommissioning of existing (failing) AC main, for the final sector in Rarotonga, Sector 5, as scoped under the TMV Project;
- Upgrade of water station networks, and various tanks and reservoirs across Rarotonga.

### **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 Government in the medium-term.

## 14 Public Sector Staffing

### 14.1 Introduction

The Public Sector as a whole, comprises of the Public Service, Island Governments, and 28 other Agencies classified as State Services by the *Public Service Act 2009*. State Services include Crown Agencies, Ministerial Support Offices and State Owned Enterprises.

Within the Public Service, the *Public Service Act 2009* identifies 14 Public Service Departments under the authority of the Public Service Commissioner and recognises all other agencies as State Services.

The *Island Government Act 2012/13* identifies 10 Island Administrations in the Pa Enua reporting to Island Governments; and various statutes have established seven Statutory Agencies and eight State-owned Enterprises reporting to Statutory Boards/Ministers.

**Table 14-1 Public Sector Agencies**

<b>Public Service (14)</b>	<b>Island Governments (10)</b>	<b>Crown Agencies (7)</b>
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 Akamoeau</i> )
Ministry of Cultural Development ( <i>Tauranga Vananga</i> )	Mangaia	Public Expenditure Review
Ministry of Education ( <i>Maraurau o te Pae Apii</i> )	Manihiki	Committee & Cook Islands Audit Office
Ministry of Foreign Affairs and Immigration ( <i>Te Kauono Tutara e te Mana Tiaki</i> )	Mauke	Cook Islands Police Service
Ministry of Finance and Economic Management	Mitiaro	Crown Law Office ( <i>Te Akinanga o te Ture</i> )
Ministry of Health ( <i>Te Marae Ora</i> )	Palmerston	Leader of the Opposition Office
Ministry of Justice ( <i>Te Tango Tutara o te Ture</i> )	Penrhyn	Parliamentary Services
Ministry of Internal Affairs ( <i>Te Tango 'Akarangatira'anga Ora'anga</i> )	Pukapuka/Nassau	
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> )		
Ministry of Transport ( <i>Te Mana Tumotu o te Kuki Airani</i> )		
Office of the Prime Minister ( <i>Kōutu Mana Tutara o te Ipukarea</i> )		
Office of the Public Service Commissioner ( <i>Paepae Ropi'anga o te Kavamani</i> )		
	<b>Statutory Agencies (7)</b>	<b>Ministerial Support Offices (6)</b>
	Business Trade and Investment Board	
	Seabed Minerals Authority	
	Cook Islands Tourism Corporation	<b>State-owned Enterprises (8)</b>
	Financial Supervisory Commission	Avaroa Cable Ltd.
	Financial Services Development Authority	Bank of the Cook Islands
	National Environment Service ( <i>Tu'anga Taporoporo</i> )	Cook Islands Airport Authority
	Cook Islands Natural Heritage Trust	Cook Islands Ports Authority
		Cook Islands Investment Corporation*
		Cook Islands Government Property Corporation
		Te Aponga Uira o Tumutevarovaro
		To Tatou Vai Ltd.

\* Includes Punanga Nui Market and Te Mana Uira o Araura (formerly Aitutaki Power Supply)



## 14.2 Public sector by employee numbers

Table 14-2 Employee summary by groupings

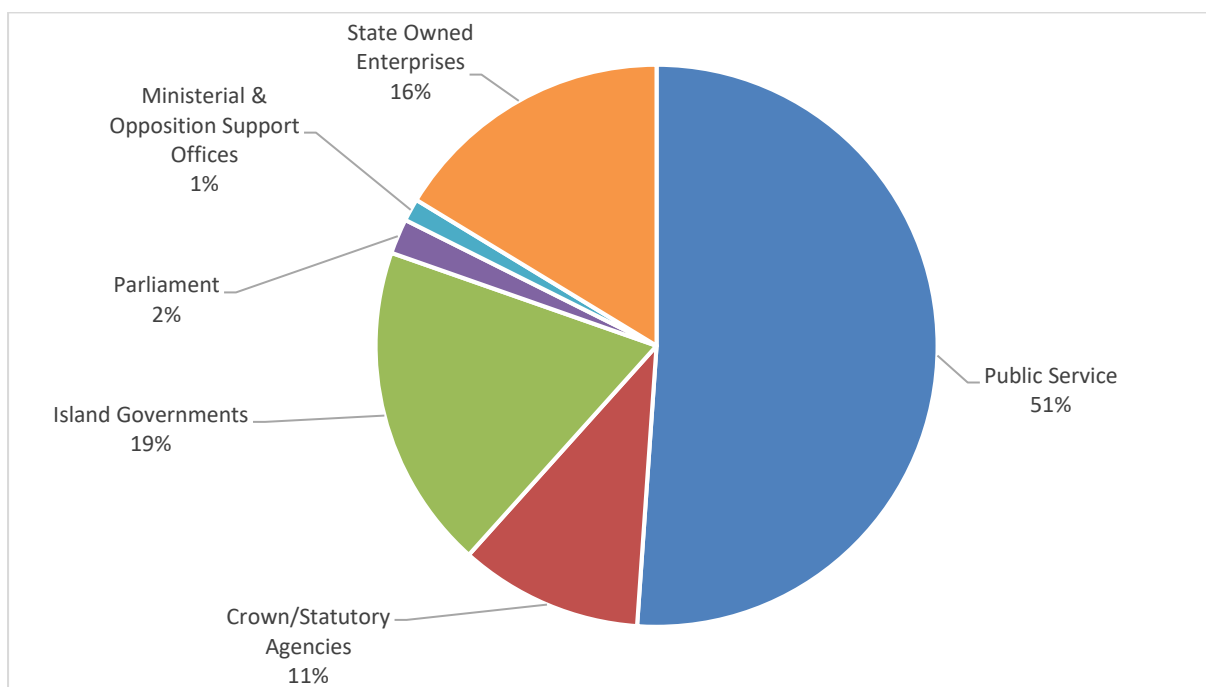
Agency	Female	Male	Total 30 April 2020	Total 30 June 2019
Public Service	655	407	1062	1256
Crown/Statutory Agencies	104	115	219	281
Island Governments	83	306	389	621
Parliament	17	25	42	41
Ministerial & Opposition Support Offices	12	15	27	39
State Owned Enterprises	145	194	339	0
<b>Total</b>	<b>1106</b>	<b>1185</b>	<b>2078</b>	<b>2238</b>

Source: HRMIS 30 April 2020 (except FSC and SOE's which provided their agency numbers at 30 April 2020)

As of 30 April 2020, the total number of full-time equivalent (FTE) employees within the Public Sector has reduced by 7.1 per cent compared to 30 June 2019.

Figure 14-1 provides a breakdown of the total number of FTE employees by Public Sector agencies. The Public Service Departments represent 51 per cent of all employees, followed by the Island Governments at 19 per cent, State-owned Enterprises (SOE's) at 16 per cent and Crown/Statutory Agencies at 11 per cent.

Figure 14-1 Proportion of employees in the Public Sector, 30 April 2020



The breakdown of employees by gender across the Public sector are shown in Figure 14-1.

Across the public service the ratio of male to female is roughly equal, however the numbers fluctuate depending on the category of Government. In the Public Service there are approximately 1.5 female workers to each male, conversely in the Island Governments, the trend is reversed with 4 males to each female employee.

The data suggests that women tend to congregate in administrative and clerical type jobs, making up 59.3 per cent of the combined public service and crown/statutory agencies.

In the Pa Enea the gender profile highlights more males – 78.7 per cent compared to 21.3 percent of females, aligning with a greater volume of trade and manual jobs, and also influenced by cultural aspects around employment. Women in the Pa Enea are employed primarily as Finance and Administrative Officers, although, there are some women who work as Beautification officers.

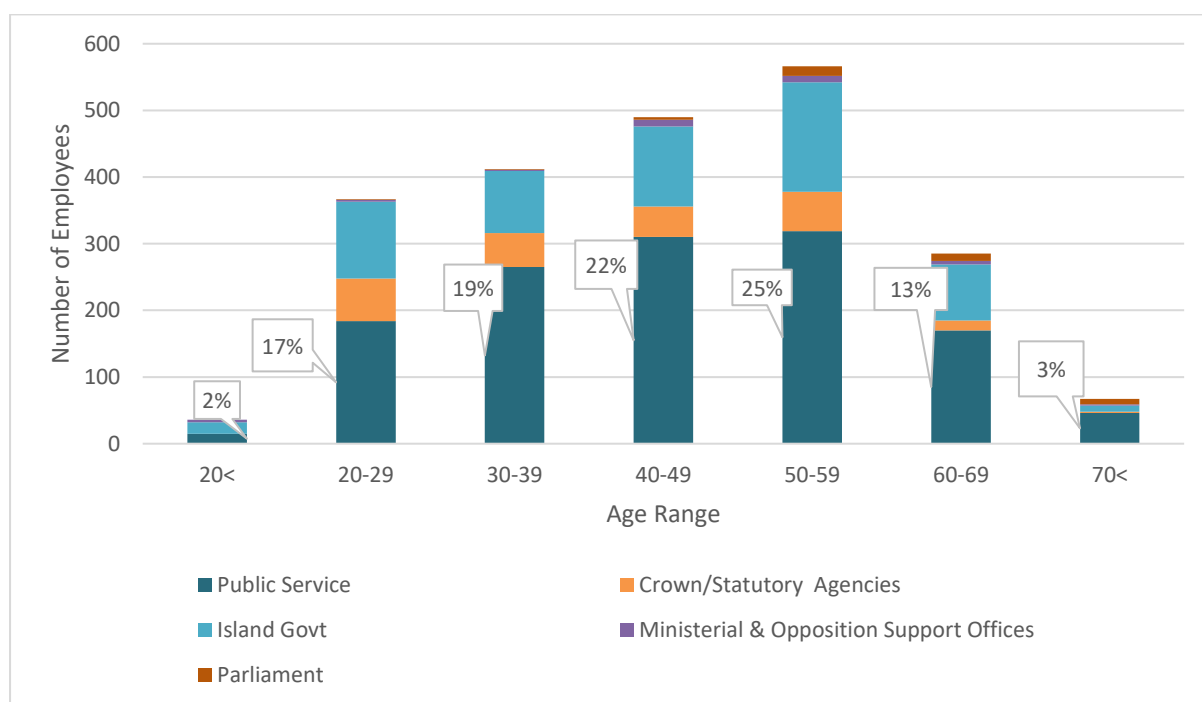
### 14.3 Public sector age profile

Figure 14-2 shows the age distribution of employees across the Public Sector (with the exception of the SOEs and the Financial Supervisory Commission).

The distribution indicates a rising volume of staff in each consecutive age bracket, and a large cohort of older staff with 25 per cent in the 50-59 bracket. Noting the approximate 50% decrease to the 60-69 bracket, and the lower volumes of employees in the younger groups, there is an indication that the public service may face hiring challenges in the future in order to replace the volume of staff expected to reach retirement age in the next decade.

This may necessitate changes in hiring and remuneration policy, or alternatively a shift to greater efficiency in order to deliver the same standard of service with a lower volume of staff.

Figure 14-2 Public sector age profile



Source: HRMIS - Not stated includes: SOE's and the Financial Supervisory Commission.

### 14.4 Public sector remuneration profile

The remuneration data displayed in Table 14-3 shows that only 4 per cent of employees in the Public Sector earn more than \$60,000 per year, with this group consisting primarily of Heads of Ministries / Agencies, and specialist roles.

When also considering part-time and casual employees, 47 per cent earn less than \$20,000 annually.

For Island Governments, part-time work is more commonly paid and range from \$13,870<sup>14</sup> to \$16,000 on an annual basis; hence the significant number of Island Government employees within this salary range. Predominantly, these workers are in a support / entry technical roles and general labourers in the Island Governments.

It should be noted that there are five Ministries (Agriculture, Corrective Services, Justice, Police and Transport) who have moved on to the new Pay Structure.

**Table 14-3 Remuneration**

Salary Range	Public Service	Crown Agencies	Island Govt.	Ministerial Support Offices	Parliament	SOE	Total
20,000<	389	36	515	16	13	0	1020
20,001 - 30,000	267	88	36	4	1	0	396
30,001 - 40,000	441	55	6	1	0	0	503
40,001 - 50,000	110	27	10	2	1	0	148
50,001 - 60,000	45	9	0	2	0	0	57
60,001 - 70,000	15	2	1	1	0	0	19
70,001 – 80,000	4	2	0	0	17	0	23
80,001 – 90,000	4	0	0	1	0	0	5
90,001 – 100,000	3	2	0	0	0	0	5
100,001+	15	7	0	2	9	0	33
Not Stated	0	0	0	0	0	339	0
<b>Grand Total</b>	<b>1293</b>	<b>228</b>	<b>568</b>	<b>29</b>	<b>41</b>	<b>0</b>	<b>2159</b>

Source: HRMIS.

## 14.5 Public sector strengthening – Our journey to excellence

### 14.5.1 Introduction

To achieve the Government’s vision for a Public Service of Excellence, the Cook Islands Government Public Sector Strategy 2016-2025 has three priority areas: **People**, **Structures** and **Systems**. Strengthening these three areas, has been staged over three key phases. We are now in Phase 2 – Implementing change (2018 to 2025).

### 14.5.2 Phase 2 – Implementing Change achievements and challenges to date

#### People

- The Office of the Public Service Commissioner (OPSC) facilitated the recruitment of a new Seabed Minerals Commissioner in December 2019.
- The phased implementation of the new Government Pay Structure commenced on 1 July 2019. The first group of Agencies that were moved onto this new structure were the Ministries of Agriculture, Corrective Services, Justice, Transport and Cook Islands Police. This move on to the new Pay Structure was planned for 1 July 2020 however, due to the coronavirus disease (COVID-19) pandemic, this has been deferred.

<sup>14</sup> This rate will increase to \$14,600 from 1<sup>st</sup> July 2020 with the minimum-wage increase.

- Along with the Ministry of Finance and Economic Management (MFEM), Crown Law Office and the Office of the Prime Minister (OPM) – OPSC in partnership with the New Zealand Volunteer Services Abroad (VSA) has started a training programme on Policy writing, with the first Workshop being held in September 2019.
- In November 2019, Te Marae Ora – Cook Islands Ministry of Health (TMO) facilitated the graduation of 30 Nurses (10 Diploma in Nursing, 10 Advanced Certificates in Nursing, 10 Bachelor of Nursing) and 11 Dental Therapists (with a Diploma in Dental Therapy).
- Capacity building training was completed for all Ministry of Agriculture staff on each Southern Pa Enua, including the warranting of Biosecurity Officers on the respective islands.
- OPSC has delivered eight Public Service Induction programmes to 127 public servants from August 2019 to March 2020.

### **Structures**

- The Dangerous Goods function previously under the Ministry of Internal Affairs will move to the Ministry of Transport (MoT) to enable MoT to fully implement the Dangerous Goods Act 1984 and Dangerous Goods Regulations 1985. This transfer will become effective as of 1 July 2020.
- From 1 July 2020, the Financial Intelligence Unit (FIU) will no longer report to the Financial Supervisory Commission Board and will become a stand-alone Agency. The transfer in reporting lines is being overseen by OPSC, Crown Law Office and the Commissioner of Police.
- A Capacity Assessment has been undertaken for the Ministry of Internal Affairs to measure the current capacity of the Ministry to implement its new Strategic Plan, its 12 pieces of legislation, seven International Labour Organization Conventions and three Human Rights Conventions.
- The Capacity Assessment report on the Ministry of Justice was published in 2017 and included 66 Recommendations, seven of which relate to Probation/Prison, which is now officially part of the Ministry of Corrective Services. Of the remaining 59 recommendations, at least 37% has been completed with the remaining either in progress or being re-evaluated.
- A multisector taskforce for non-communicable diseases (NCDs) established with the Minister of Health as Chair. A NCD strategy for 2020-2024 has been drafted.
- In December 2019, TMO and Cook Islands Police partnered together to implement a road safety programme for intoxicated drivers. This saw a decline in motor vehicle accidents over the festive season.
- From 1 July 2019 to 20 April 2020, the Organisational Structures for the following 10 Ministries and Agencies and 10 Island Governments were reviewed and updated to ensure that they were fit for purpose. Agencies are reviewed twice because they will make additional changes to their structures.
  - Ministries – Agriculture (Oct 2019), MFEM (Jul 2019), Ministry of Internal Affairs (Dec 2019), Ministry of Corrective Services (Feb 2020), Ministry of Cultural Development (Feb 2020), Infrastructure Cook Islands (Feb 2020), Revenue Management Division- MFEM (Mar 2020), Major Projects & Procurement Support Division – MFEM (Mar 2020)
  - Island Governments - Mitiaro (Dec 2019), Aitutaki (Dec 2019), Atiu (Jan 2020), Rakahanga (Jan 2020), Penrhyn (Jan 2020), Manihiki ((Jan 2020), Mangaia (Jan 2020), Mauke (Feb 2020), Pukapuka (Feb 2020), Palmerston (Mar 2020)
  - Crown Agencies - Ombudsman (Nov 2019), Police (Jan 2020), National Environment Service (Feb 2020)
- MFEM has created two new Divisions - Major Projects & Procurement Support Division (MPPS) and the Economic Planning Division. MPPS was established to help facilitate implementation of multi-sectoral infrastructure projects.
- A total of 630 job Descriptions were evaluated from July 2019 to April 2020 (9 months).

## Systems

- The new financial management information system (FMIS) to strengthen financial reporting and accountability in Government went live in July 2019. There has been a number of challenges rolling this initiative out, in particular, around the limitations of the Government network and the capacity of financial management in line Agencies.
- A Recruitment Portal has been established on the OPSC website to centralise and advertise all current vacancies in the Public Service. From July 2019 to date, 115 vacancies were advertised on this portal.
- Ministry of Agriculture (MoA) completed a Self-Assessment of Integrity (SAINT) training programme with Audit office Cook Islands and Audit NZ to identify and evaluate their institutional vulnerability and the resilience of their integrity control system against possible integrity issues. This was a first for a Government Ministry in the Cook Islands.
- Ministry of Foreign Affairs and Immigration's Statement of Strategic Intentions 2019-2024 was completed and endorsed by Cabinet.
- MoA are working with BTIB on providing financial planning advice and information on pricing structures for farmers on both Rarotonga and the Pa Enea.
- MoA hosted a Banana Collecting Mission from France where 18 accessions of bananas and plantains were collected, documented and shipped from Rarotonga, Aitutaki and Mangaia to the International Transit Centre for Bananas in Belgium for long-term conservation.
- New Immigration Policy was endorsed along with accompanying new Immigration Bill.
- There is a demand for quality environmental monitoring and assessment work across Government, particularly across some of the larger Government projects. The demand is not only to meet national needs, but implementing international legally binding obligations, as there is a shift to ensuring country level compliance. Agencies like the Ministry of Marine Resources (MMR), National Environment Service (NES), Ministry of Agriculture, and Infrastructure Cook Islands (ICI) are collaborating to delineate mandates, capacity and areas of competence. Several partnerships have been established with various agencies to coordinate specific work areas, but most importantly to ensure that required resources are available or provided to each agency, and achievable/realistic targets are developed:
  - ICI Managers' Co-ordination Team now includes representation from the NES Environmental Compliance Team;
  - MoA are working with Te Ipukarea Society (TIS), Korero o te Orau and TMO on providing educational programmes in primary and secondary schools on Rarotonga with the support of MoE.
  - MoA are linking with the Cook Islands Tourism Vaka Pride programme to provide advice and monitor progress of home gardens.
  - MMR and MoA have commenced discussions on sharing human resources (HR) for the Pa Enea to complete surveys and data collection activities.
  - NES provide support for MMR's water quality programme by allowing a few of their staff to assist in sample collection, given the volume and time it takes to prepare and test samples. As it covers freshwater (NES) and marine (MMR) environments the programme is beneficial for both parties. The information collected are shared with NES, MFEM (Mei Te Vai Ki Te Vai (MTVKTV)), To Tatou Vai (TTV) Ltd and other stakeholders.
  - MMR has agreements with MTVKTV and TTV Ltd, for specific monitoring, baseline and research work, along with the provision of access to MMR labs/resources and expertise for analytical work, and data access/sharing arrangements.

- A Memorandum of Understanding is currently under development between the Seabed Minerals Authority and MMR to provide technical support given the similarities and relevance of MMR's experience in regulating, monitoring and scientific research, compliance and enforcement of licensing arrangements, along with data management. This includes developments for information management systems and electronic reporting, remote sensing and other relevant emerging technologies that MMR is developing or employs across programmes.
- Ministry of Corrective Services Act was passed in December 2019, which formally established this new Department.
- In December 2019, the registries for Companies, Incorporated Societies, and Personal Property Securities went live onto an online platform. This is a significant milestone made possible through funding by Asia Development Bank, the Cook Islands Government and the New Zealand Governments.
- OPM is reviewing and updating the NSDP which is coming to an end in December 2020, with a view to developing a new Cook Islands 2020+ Development agenda. It is envisaged that this new NSDP will provide us with a 100 year development plan.

## 15 The Pa Enea

This chapter outlines Government spending in the Pa Enea. It aims to provide clarity on financing appropriated to each Island Government under the Island Government Act 2012-13<sup>15</sup> as well as funding directed through the budgets of other agencies or received from development partners.

### 15.1 The Pa Enea Funding Model

The Pa Enea Funding model was developed to provide a fair and transparent method for determining appropriate Government expenditure for each Island Government. The model incorporates the various challenges faced by each island and factors in parameters to identify the funding requirement against each, therefore budget adjustments are necessary in each budget year. The trading revenue also provides surplus income that each Island Government can use for local development.

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 agency spending.

**Table 15-1 Cost factors of the Pa Enea Funding Model**

<b>Factor/Output</b>	<b>Parameter</b>	<b>Basis for costing</b>
<u>Administration</u>	Population as per the Census	3 staff per island, plus 1 additional administrative staff per 250 residents, up to an additional 3 staff.
<u>Council</u>	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
<u>Infrastructure</u>		
Water	Population as per the Census	\$250 per person
Road maintenance		
<i>Sealed</i>	Kilometres of road	\$4,897.55 per km
<i>Unsealed</i>	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
<u>Energy (electricity generation) (excl. Aitutaki)</u>	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)
<u>Other costs<sup>16</sup></u>	Varies by island	Operational costs for inter-island ferries (\$3,000 for Manihiki, \$6,000 for Penrhyn)

<sup>15</sup> The Island Government Act 2012/13 has undergone legislative review and will be discussed in Parliament during the June 2020 sitting.

<sup>16</sup> 'Other Costs' include island specific costs not factored into the general model (such as motu-to-motu transport for Penrhyn and Manihiki).

## 15.2 Pa Enea Funding

The total direct appropriation (Gross appropriation) for the Pa Enea in 2020/21 is \$12.4 million.

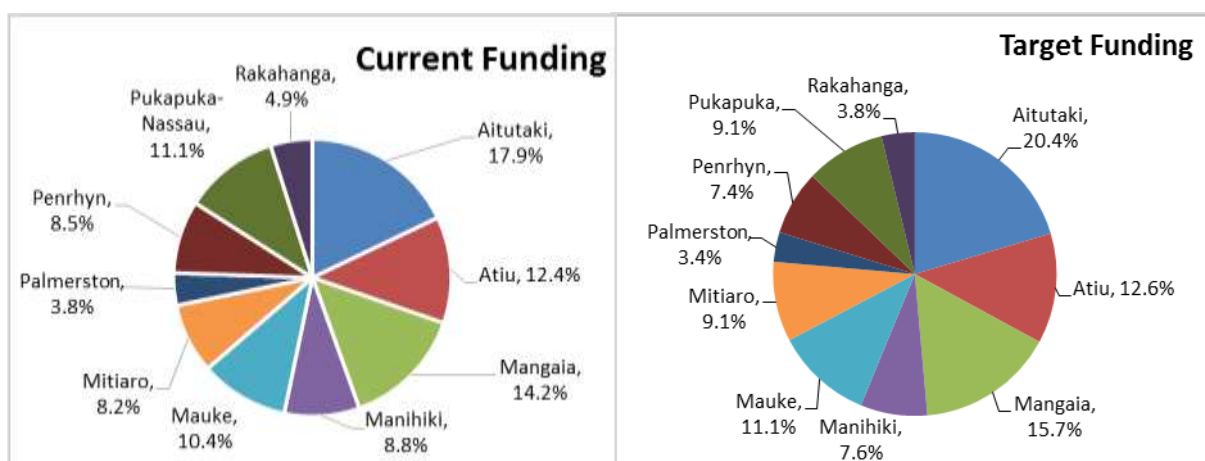
The Government-wide salary adjustment of \$0.8 million for the Pa Enea in the 2020/21 Budget has been placed on hold until economic conditions stabilise, at which time a decision will be made around reinstating this programme.

Offsetting the salary increase deferral is the adjustment made to account for the minimum wage increase from \$7.60 to \$8.00, which becomes effective on 1 July 2020. This will have a significant impact on the personnel appropriations of the Island Governments, totalling \$0.2 million for 2020/21 and the forward years. Of the total Pa Enea cash funding, 63.0 per cent has been appropriated to the Southern Group and 37.0 per cent to the Northern Group. The proportion of investment between the island groups is largely attributed to the population size on each island.

In contrast, other cost factors which are independent 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 shows a breakdown of the total funding per Island Government for 2020/21 relative to the target funding. Funding allocations across the islands will gradually shift to meet the Target Funding.

**Figure 15-1 Allocation of total funding across Island Governments**



**Table 15-2 Pa Enea Funding Model results for 2020/21 (\$)**

	2019-20 Budget Cash Funding	Current % of total Cash Funding	Formula Results			
			Minimum Cash Funding	Target % of total Cash Funding	Adjustment towards target	2020-21 Cash Funding
<b>Aitutaki</b>	1,452,623	19.8%	1,635,373	20.4%	7,071	1,459,695
<b>Atiu</b>	925,328	12.6%	1,005,807	12.6%	-6,674	918,655
<b>Mangaia</b>	1,112,421	15.2%	1,254,495	15.7%	5,415	1,117,837
<b>Manihiki</b>	627,825	8.6%	620,281	7.6%	-4,528	623,297
<b>Mauke</b>	736,266	10.0%	887,201	11.1%	3,584	739,850
<b>Mitiaro</b>	539,041	7.4%	730,385	9.1%	2,624	541,665
<b>Palmerston</b>	295,258	4.0%	269,901	3.4%	-2,129	293,128
<b>Penrhyn</b>	533,597	7.3%	599,896	7.4%	2,598	536,195
<b>Pukapuka</b>	754,752	10.3%	745,850	9.1%	-5,443	749,309
<b>Rakahanga</b>	349,178	4.8%	307,549	3.8%	-2,518	346,660
<b>Total</b>	<b>7,326,290</b>	<b>100%</b>	<b>8,056,739</b>	<b>100%</b>	<b>0</b>	<b>7,326,290</b>



Table 15-2 displays the results of the funding formula for each island compared to the target funding allocation. Note that the results of the formula do not align with the funding displayed in Schedule 1 due to the effects of cumulative above-formula personnel increases for the Pa Enea. For the complete appropriation of each Island Government, refer to Chapter 17 - Schedule 1.

### 15.3 Other agency support targeting the Pa Enea

The Pa Enea also benefit from other forms of contribution provided by Government agencies or development partners. Much of this assistance is crucial for the well-being of local communities. This is especially true in the case of major capital works and heavy machinery.

Table 15-3 outlines the 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 (\$'000)**

2020/21 Budget Estimate	Operating	ODA <sup>17</sup>	Capital	Total
Airport Authority	411	0	0	411
Business Trade and Investment Board	78	0	0	78
Cook Island Investment Corporation	0	0	1,450	1,450
Cook Islands Police Service	662	0	0	662
Cook Islands Ports Authority	589	0	0	589
Cook Islands Tourism Corporation	261	0	0	261
Infrastructure Cook Islands	200	0	19,269	7,378
Ministry of Corrective Services	67	0	0	67
Ministry of Cultural Development	155	0	0	155
Ministry of Education	4,368	0	360	4,368
Ministry of Finance and Economic Management	1,183	12,994	110	14,286
Ministry of Health	2,534	0	0	2,534
Ministry of Internal Affairs	212	0	0	212
Ministry of Justice	253	0	0	253
Ministry of Marine Resources	451	0	0	451
Ministry of Transport	68	0	0	68
National Environment Service	289	1,498	0	1,786
Office of the Prime Minister	506	11,000	300	11,806
<b>Total</b>	<b>12,236</b>	<b>25,492</b>	<b>21,489</b>	<b>59,266</b>

#### 15.3.1 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 \$411,000. These costs include personnel of \$250,000 and operational costs of \$161,000.

<sup>17</sup> Official Development Assistance (ODA) is delivered through numerous agencies, both local and foreign. Figures of ODA spending are an estimate as the funding is split between Pa Enea and Rarotonga. For more information refer to the ODA chapter.

Note: Due to the close integration of Pa Enea support in general agency programs, this data should be taken as an estimate only.

### 15.3.2 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. Approximately \$78,000 of BTIB's appropriation contributes to Pa Enea development.

### 15.3.3 Cook Islands Investment Corporation

The Cook Islands Investment Corporation (CIIC) are responsible for maintaining and managing Crown assets. For the 2020/21 fiscal year, CIIC anticipates capital spending of \$1.5 million in the Pa Enea to fund the Aitutaki Island Plan and Orongo Development Project, and other building projects in the Southern Group. The Orongo Development Project involves the deepening and widening of the existing channel to allow yachts, boats and ships to berth in the harbour in Arutanga.

**Table 15-4 Estimated CIIC capital projects in the Pa Enea (\$'000)**

Island	PROJECT/PROGRAMME	2020/21 Budget Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Aitutaki	Aitutaki Island Plan and Orongo Development Project	500	500	500	500
Pa Enea	Pa Enea Government Building Projects – Northern Group	200	0	0	0
Pa Enea	Pa Enea Government Building Projects – Southern Group	750	0	0	0
<b>CIIC funded Cook Islands Investment Corporation</b>		<b>1,450</b>	<b>500</b>	<b>500</b>	<b>500</b>

### 15.3.4 Cook Islands Police Service

The Cook Islands Police Service has allocated a total of \$662,480 in 2020/21 to cover personnel and operating costs for the provision of law enforcement across the Pa Enea.

### 15.3.5 Cook Islands Ports Authority

The Cook Islands Ports Authority manage the Arutanga port in Aitutaki. A total of \$589,000 has been allocated to ensure that the port operates effectively and efficiently. Of this total, \$427,000 covers operating expenditure for utility cost, bulk fuel, repairs and maintenance and major works such as the dredging of the Aitutaki channel.

### 15.3.6 Cook Islands Tourism Corporation

The Cook Islands Tourism Corporation expends \$254,000 to provide visitor information and guidance on Aitutaki, Atiu, Mangaia and Mauke.

### 15.3.7 Infrastructure Cook Islands

Infrastructure Cook Islands (ICI) support the Pa Enea with procurement, project development and implementation, such as cyclone centres and improving roads, water and ports on each island.

For 2020/21, a total of \$6.2 million has been appropriated to implement capital programmes and projects listed in Table 15-5 below. Details of capital projects to be undertaken after 2020/21 are provided in the Capital Chapter.

In addition to this, ICI also administer an appropriation of \$200,000 which helps to replace or maintain equipment for plant and machinery on each island to ensure they continue to operate effectively.

ICI capital programmes such as the following also have Pa Enea components that are not discretely allocated funding, but rather fall within the allocated programme budget.

- Bridges and Structures Asset Management and Improvement Programme
- Drainage Asset Management and Improvement Programme
- Emergency Management and Support Infrastructure
- Government Building Projects
- Inland and Coastal Waters Asset Management and Improvement Programme
- Pa Enea Air Infrastructure Improvement Programme
- Pa Enea Marine Infrastructure Improvement Programme
- Road Asset Management and Improvement Programme
- Waste Management Infrastructure Improvement Programme
- Water and Sanitation Infrastructure Improvement Programme

**Table 15-5 Estimated ICI capital projects in the Pa Enea (\$'000)**

Island	PROJECT/PROGRAMME	2020/21 Budget Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
National	Bridges and Structures Asset Management and Improvement Programme	2,810	3,380	1,330	210
National	Drainage Asset Management and Improvement Programme	950	260	1,000	1,000
Various	Emergency Management and Support Infrastructure	3,718	2,600	50	2,000
Various	Government Building Projects	850	0	0	0
Penrhyn	Inland and Coastal Waters Asset Management and Improvement Programme	530	2,230	980	2,560
Various	Pa Enea Air Infrastructure Improvement Programme	1,680	3,650	5,080	5,320
National	Pa Enea Marine Infrastructure Improvement Programme	0	2,150	2,000	500
National	Roads Asset Management and Improvement Programme	8,080	8,163	3,984	5,096
National	Waste Management Infrastructure Improvement Programme	250	400	5,400	0
National	Water and Sanitation Infrastructure Improvement Programme	400	1,510	200	0
National	Capital Procurement (Plant & Equipment)	0	250	300	300
<b>CIG funded Infrastructure Cook Islands</b>		<b>19,269</b>	<b>24,593</b>	<b>20,324</b>	<b>16,986</b>

### 15.3.8 Ministry of Corrective Services

The Ministry of Corrective Services has appropriated a total of \$67,000 for the provision of Probation Officers on Aitutaki and Atiu to implement rehabilitation programmes.

### 15.3.9 Ministry of Cultural Development

For the 2020/21 fiscal year, the Ministry of Cultural Development will be disbursing \$155,000 of administered funding to the Pa Enea to celebrate Te Maeva Nui on each island.

### 15.3.10 Ministry of Education

The Ministry of Education (MOE) contributes \$4.3 million (22.5 per cent) of its total appropriation to provide appropriate resources to deliver quality education in the Pa Enea.

A total of \$263,000 has been appropriated for 2020/21 to cover ongoing expenditure for educational resources such as stationery and books, and maintain school buildings.

Replacement of ICT equipment such as laptops, tablets and printers for schools in the Pa Enua are also supported by the Ministry and included in MOE's capital replacement plan. The Government provides funding of \$360,000 annually to allow the ministry to replace capital items in accordance with their replacement plan.

The Ministry also provides support to eligible secondary students from the Pa Enua to continue secondary level education at another school in the Cook Islands through the Pa Enua Students Education Assistance Grant. The estimated cost of this grant along with other scholarships and studying opportunities offered to students in the Pa Enua are approximately \$390,000.

In Aitutaki, the Ministry provides a school bus service to transfer students to and from outlying villages to school.

### **15.3.11 Ministry of Finance and Economic Management**

The Ministry of Finance and Economic Management (MFEM) provides support to the Pa Enua to meet its financial reporting requirements through the Treasury Management Division, with the Revenue Management Division also allocating funding towards personnel for tax and custom purposes.

The Ministry also administers a small capital fund on behalf of the Island Governments (totalling \$110,000) for each Island Government to procure capital items up to the value of \$5,000.

MFEM additionally administers a shipping subsidy fund (\$800,000 in 2020/21) for the purpose of providing affordable and regular voyages to the Pa Enua to transport passengers and bulk goods along with the Universal Access Fund (\$220,000 in 2020/21) which is intended to provide equitable access to telecommunications in the Pa Enua, and the Audio Visual Broadcasting subsidy (\$45,000 annually) to support television broadcasting in the islands.

### **15.3.12 Ministry of Health**

The Ministry of Health has allocated approximately \$2.4 million of its total appropriation 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. In November 2018, the Ministry launched Te Kaveinga Ora ('Flying Doctors' programme) to provide a wide range of services such as public health, oral health, primary and secondary care.

Due to the COVID-19 pandemic, the Ministry has accelerated its plans to reorient health services to community settings to empower communities to better respond to pandemics from infectious diseases such as COVID-19, and ensure communities are empowered to make informed healthy lifestyle choices.

The Patient Referrals administered fund (\$850,000 annually) is expended on both Rarotonga and the Pa Enua in transferring patients from the Pa Enua to Rarotonga, and from Rarotonga to New Zealand.

### **15.3.13 Ministry of Internal Affairs**

The Ministry of Internal Affairs allocates \$222,000 to provide assistance and support for families and individuals on each island. For 2020/21, a total of \$6.7 million has been appropriated for the disbursement of welfare payments to people in the Pa Enua. Full details of the breakdown per island and welfare category are shown in Table 15-6 below.

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 (BCI).

**Table 15-6 Estimated Social Welfare Payments in the Pa Enua for 2020/21 (\$'000)**

	Aitutaki	Atiu	Mangaia	Manihiki	Mauke	Mitiaro	Penrhyn	Pukapuka -Nassau	Rakahanga	Total
Old Age Pension 60+	689	209	317	81	176	107	37	146	50	1,811
Old Age Pension 70+	844	264	389	77	200	137	49	126	39	2,125
Child Benefit	562	112	125	76	49	52	89	209	26	1,300
New Born Allowance	34	8	2	2	2	4	2	10	1	66
Destitute & Infirm Benefit	162	81	71	18	35	9	21	17	6	420
Maternity Leave	28	0	0	0	0	0	0	0	0	28
Caregivers	27	7	16	3	9	13	4	24	1	105
Christmas Bonus	46	12	14	5	7	5	6	15	2	113
Funeral Allowance	19	7	12	10	11	2	7	26	1	96
Power Subsidy	14	7	15	4	9	2	2	3	0	55
Special Assistance	79	26	0	0	2	6	0	0	0	112
<b>TOTAL</b>	<b>2,504</b>	<b>733</b>	<b>961</b>	<b>277</b>	<b>500</b>	<b>337</b>	<b>217</b>	<b>576</b>	<b>127</b>	<b>6,232</b>

### 15.3.14 Ministry of Justice

The Ministry of Justice provide Registry and Justice of the Peace (JP) services on each island totalling \$253,000. These costs cover personnel expenditure of \$244,000 and operating costs of \$9,000.

### 15.3.15 Ministry of Marine Resources

The Ministry of Marine Resources (MMR) provide technical support and advice for small scale fisheries and pearl farmers in the Pa Enua to ensure the sustainable management of marine resources. A total of \$451,000 enables the Ministry to deliver these services in the Pa Enua.

### 15.3.16 Ministry of Transport

The Ministry of Transport monitors compliance with civil aviation rules, maritime rules and liquor licenses in the Pa Enua, including the monitoring and maintenance of automated weather stations on islands. For 2020/21 a total of \$73,000 has been allocated to maintain these services.

### 15.3.17 National Environment Service

The National Environment Service (NES) provides regulatory, technical and monitoring advice and services to the Pa Enua to ensure the environment is protected and managed sustainably. For 2020/21, a total of \$389,000 enables the NES to have an environment officer on each island including Suvarrow and operating expenditure for officers on each island.

NES is also the lead agency for implementing the Ridge to Reef Project that is focused on building climate change resilience and implementing sustainable environment management.

### 15.3.18 Office of the Prime Minister

The Office of the Prime Minister (OPM) provide oversight on the governance and service delivery of each Island Government in the Pa Enua. The office also assists with the implementation of community development programmes in the Pa Enua e.g. renewable energy projects.

With the exception of Aitutaki, all the renewable projects have now been completed for islands in the Northern and Southern Group. An appropriation of \$479,000 helps to facilitate these services and support for the Pa Enua.

Additionally, ongoing funds of \$300,000 have been provided to enable the Office of the Prime Minister to implement a whole of Government ICT network upgrade including the replacement of ICT equipment to ensure business continuity and security. This funding also supports the ongoing implementation and maintenance of the government network.

**Table 15-7 Estimated OPM capital projects in the Pa Enea (\$'000)**

Island	PROJECT/PROGRAMME	2020/21 Budget Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
National	Government IT Network	300	100	100	100
<b>CIG funded Infrastructure Cook Islands</b>		<b>300</b>	<b>100</b>	<b>100</b>	<b>100</b>

### 15.3.19 Official Development Assistance

The total Official Development Assistance (ODA) allocated for Pa Enea development in 2020/21 is estimated to be \$15.7 million. Chapter 16 has more detail on specific ODA projects, with Chapter 9 outlining all capital spending.

The biggest projects included in the ODA schedule for 2020/21 are the Ridge to Reef project, the Southern Group Renewable Energy Project, the Pa Enea Action for Resilient Livelihood (PEARL) project and the Economic Social Development Programme.

### 15.3.20 Total expenditure in the Pa Enea

Table 15-8 represents the total Government expenditure in the Pa Enea. The investment in the Pa Enea is significant by any measure, representing the importance of the Pa Enea to the Cook Islands Government.

**Table 15-8 Total Government expenditure in the Pa Enea for 2020/21 (\$'000)**

Island <sup>18</sup>	Government Support through Agencies	Fiscal transfer from Central Government	Welfare transfers	Total current public spending
Aitutaki	4,598	2,099	2,504	9,201
Atiu	1,126	1,730	733	3,589
Mangaia	1,478	1,742	961	4,181
Manihiki	958	1,338	277	2,573
Mauke	816	1,391	500	2,707
Mitiaro	558	861	337	1,755
Palmerston	252	427	0	679
Penrhyn	826	990	217	2,033
Pukapuka/Nassau	1,243	1,249	576	3,068
Rakahanga	432	556	127	1,115
<b>Pa Enea Total</b>	<b>12,286</b>	<b>12,384</b>	<b>6,232</b>	<b>30,902</b>
<b>General Support</b>	<b>46,980</b>	<b>0</b>	<b>0</b>	<b>46,980</b>
<b>Overall Total</b>	<b>59,266</b>	<b>12,384</b>	<b>6,232</b>	<b>77,882</b>

<sup>18</sup> Trading revenue is not shown here as trading revenue is generated on-island, and not transferred from the central budget. The welfare benefit payments received by beneficiaries in Palmerston is not reflected in this table as these are paid to beneficiaries accounts at the BCI branch in Rarotonga.

## **15.4 The Pa Enea Economic Context**

### **15.4.1 Introduction**

The Cook Islands are spread across two million square kilometres of ocean, demanding novel ways to promote economic integration between the Pa Enea, Rarotonga and global markets. This requires innovative solutions and substantial levels of Government investment in public infrastructure and the subsidisation of public services. By regional standards, the Cook Islands is a micro and remote market, with small islands and population bases to develop economic opportunities.

Despite this, over the last decade the economic prosperity of the country grew significantly, leading to the country's graduation to a developed country status from January 2020. However, the global impact of the COVID-19 pandemic since March 2020 has demonstrated the vulnerability of economies around the world, including the Cook Islands.

This has shown the country is not immune to external or global economic shocks with a concentrated dependency on tourism having an adverse impact on tax revenue and unemployment. Rarotonga and Aitutaki have been directly affected by the downturn, buffering the impact in the Pa Enea with support from the Government Economic Response Plan launched in March 2020.

Depopulation of the Pa Enea remains a continuing challenge and must be monitored to maintain the viability of economic and social development on each island. The Pa Enea have demonstrated their resilience during COVID-19 with residents implementing agriculture and fishing activities to maintain food security and developing opportunities for export to Rarotonga.

The challenges of inter-island transport, under-developed infrastructure and limited labour still hinder the development of the Pa Enea, but each island has unique issues and equally unique solutions.

### **15.4.2 Aitutaki**

Aitutaki continues to be a strong driver of economic activity with tourism being its main focus. The island attracts 84 per cent of all the visitors traveling to the Pa Enea with 40,756 visitors in 2019 (including locals), an increase of 5 per cent from 2018. Visitors include both tourists who travel on from Rarotonga as well as cruise ship visitors.

Increases in visitor numbers to Rarotonga have flow on benefits to the island with around 22 per cent of visitors travelling to Aitutaki. Pa enea border restrictions implemented in March 2020 reduced visitor numbers effectively to zero over the final quarter of 2019/20, causing a significant economic shock to Aitutaki in conjunction with the shock on Rarotonga.

The Aitutaki Road Sealing Project was completed in 2019 boosting economic development on the island with more visitors attracted to the lagoon and ease in navigating the island and meeting the locals.

In December 2019, the island commemorated the landing of the Manatua submarine cable along with the establishment of a cable landing station in Takapora. Marine cable laying activities were completed in January 2020 with the expectation of services to be available within the 2020/21 fiscal year. The Manatua cable will greatly assist in improving the connectivity on island.

For the 2020/21 fiscal year, capital funds are being appropriated for the Aitutaki Island Plan and Orongo Development Project. These projects are expected to improve shipping services and access by cruise ship visitors to dock safely on the island.

Aitutaki is also working towards developing its agricultural sector with an increase in the number of hydroponic farms and summer house facilities on the island.

### **15.4.3 Atiu**

Atiu is home to nearly 500 residents. The island has a small but growing tourism industry. In 2019, 2,591 visitors (including locals) visited the island. Atiu's geography is very different from Rarotonga or Aitutaki, with untouched flora and bird life to attract adventurous travellers.

The island's economy is supported through the production and sales of local and imported products and services. Produce grown locally and exported to Rarotonga include taro, coffee, coconuts and coconut products and ei-s (flower garlands). Fishing in Atiu is on a semi commercial basis where fishermen sell their excess catch.

The Atiu Road Improvement Programme will be completed in 2020 and an Agriculture nursery was established in May 2020. The renovation of these essential assets including the local court house, school and doctors residence places the island in a strong position to maintain food security and receive more visitors to harness economic prosperity for the benefit of the local community.

### **15.4.4 Mangaia**

Mangaia is believed to be the oldest island in the Pacific and is traditionally known as A'u a'u enua meaning terraces. It is the most southern island and second largest in the Cook Islands. It allures tourists with its ancient history, traditional way of life, beaches, secret caves and rare bird species.

Total visitors (including locals) to Mangaia in 2019 were 2,752 representing 6 per cent of all travellers to the Pa Enea and making Mangaia the second most visited Pa Enea following Aitutaki.

The water improvement project in Tamarua Village was completed in 2020 with a new intake and two 25,000 litre water storage tanks.

Mangaia has made good progress in agriculture in recent years, with produce being exported to Rarotonga for sale. This progress is expected to be further supported by the PEARL project (see Chapter 16 Official Development Assistance).

The island has also benefitted from the Ministry of Agriculture's COVID-19 support package for growers and home gardeners. In April 2020, growers on the island planted the free seedlings offered through this support package with the first lot of crops harvested in June 2020 and distributed to the island community to support them with food security during this time.

### **15.4.5 Manihiki**

Manihiki is located 1,200 kilometres north of Rarotonga. The island atoll is made up of 40 tiny coral islets forming a ring around a deep lagoon. Manihiki is known for its black pearl farming and export of pearls and pearl shells. Fishing is also a common activity for residents although catches are primarily for local consumption.

The Manihiki Lagoon Clean-Up Project completed in 2019 has enabled more farmers to enter and grow the pearl industry and maintain food security for the local population.

For the 2020/21 fiscal year, funding has been appropriated to improve the infrastructure of the Manihiki airport, subsequent to the completion of planning and design work.



### **15.4.6 Mauke**

Mauke is named after its legendary founder, Uke. The island is located 40 kilometres from its neighbouring island Mitiaro and 70 kilometres from Atiu. Most of the island is flat and rises only 30 metres above the sea level.

In June 2020, an agriculture nursery was established on the island with the support of the Pa Eヌua Action for Resilient Livelihoods (PEARL) project and the Ministry of Agriculture. The purpose of the nursery is to assist in the growth of agriculture and to provide food security on island.

Mauke's main export is akari pi (traditionally made coconut oil) and maire, a leafy plant collected from the makatea (a raised coral reef on land) and weaved into garlands.

The island runs on renewable energy made possible through the Cook Islands Renewable Project and with support from development partners such as the European Union and Global Environment Facility, Japan's Pacific Environment Community funds and the Asian Development Bank.

### **15.4.7 Mitiaro**

Mitiaro is the fourth largest of the Southern Cook Islands. In 2019, 848 people visited the island representing 2 per cent of all visitors to the Southern Group.

In 2019, 10 concrete 20,000 litre water tanks were purchased including a mobile water tank to transfer water to remote areas in the case of emergencies. The project was funded by the Government of Japan through the Grassroots Assistance Programme to build the islands' resilience to the impacts of climate change.

### **15.4.8 Palmerston**

Palmerston is a coral atoll located around 500 kilometres northwest of Rarotonga. Due to its distance and absence of an airport and port, ships are only able to visit the island a few times a year.

The construction of the Palmerston Cyclone Shelter was completed in 2019 to provide secure and reliable shelter for up to 80 people and support disaster sheltering and recovery during and post adverse weather conditions.

The Palmerston House on Rarotonga was opened on 8 July 2019, 156 years since the late William Palmerston and his family first landed on the island. The new building provides accommodation for people from the island when they visit Rarotonga.

### **15.4.9 Penrhyn**

Penrhyn lies 1,400 kilometres north of Rarotonga and 350 kilometres north of its nearest neighbours Manihiki and Rakahanga.

The production of woven handicrafts are a key source of local income for the island. Prior to this, diving and harvesting natural pearls or pipi on Penrhyn generated local income, often involving whole family units. Due to concerns over the harvesting practices and the future sustainability of the pipi being under threat, the Island Council placed a temporary ban on pipi harvesting which will be lifted as soon as the population improves.

Fishing is generally reserved for family consumption, with little excess for sale or export to Rarotonga. While shellfish like paua or clams present opportunities for the residents, the harvesting of it is locally regulated to ensure sustainability, thus restricting revenue from this resource to specific times of the year. There are concerns around the seashell food population based on indications of an increase in coral bleaching which affects clam populations.

Construction to upgrade the Omoka harbour, a new health centre on Tetautua and a cyclone shelter are capital projects planned for the 2020/21 fiscal year and will contribute to the economic development of the community.

#### **15.4.10 Pukapuka and Nassau**

Economic activity is low, with food production for local consumption. Due to the remoteness of the islands, shipping costs from Rarotonga are high, despite the Government introducing subsidies on select voyages to the Northern Group Islands with a requirement to reduce freight charges.

In 2019/20 funding was allocated for renovations to the Pukapuka health centre and doctors residence. These renovation will continue in the 2020/21 fiscal year.

Nassau is located 88 km from Pukapuka. The Government is planning cyclone shelters for the two sister islands during the medium-term, linked with a project to upgrade Nassau Harbour to facilitate the mobilisation of materials for Nassau.

#### **15.4.11 Rakahanga**

Rakahanga is the sister island of Manihiki. It is a rectangular atoll famous for huge coconut crabs and sea turtles.

The island has an abundance of fish and vegetation. In January each year the island hosts a tuna fishing contest. On average the boats return with 200 or more fish a day.

The island generates extra revenue for the residents by engaging in dried fish production.

## 16 Official Development Assistance

### 16.1 Summary

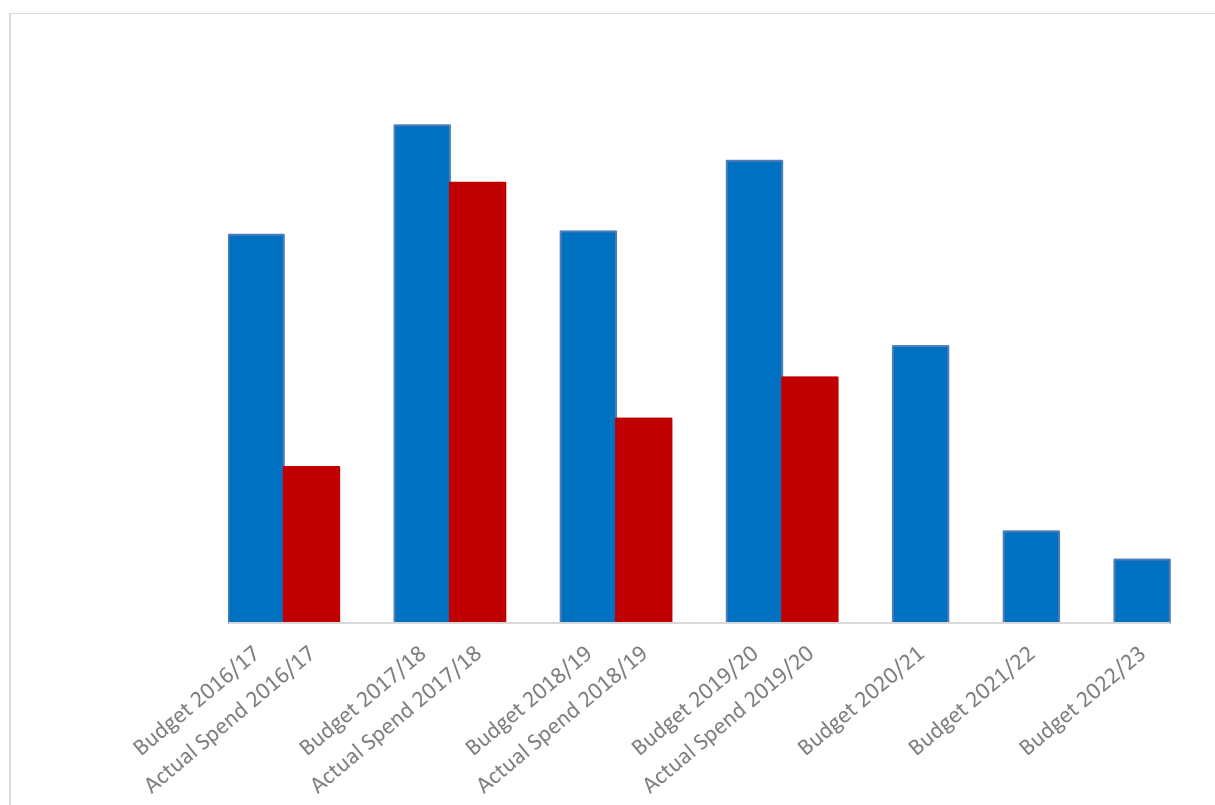
#### 16.1.1 Introduction

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 chapter as ODA-funded infrastructure projects are detailed there only.

Estimated actual expenditure for ODA in 2019/20 is \$38.3 million out of the \$72.2 million budget estimate, a conversion rate of 53.0 per cent. Total expenditure was predominantly driven by the implementation of large infrastructure projects such as Te Mato Vai, the Manatua Cable and the Renewable Energy Project.

Figure 16-1 shows actual spend of ODA funds from 2016/17 to 2019/20, and estimates for 2020/21 and the forward years. Actual expenditure of \$31.9 million for the 2018/19 financial year was due to delays in finalising various grant funding arrangements. Similarly, ODA estimates for 2019/20 included forecasted project funding of around \$15.7 million which did not progress.

**Figure 16-1 Cook Islands ODA actual and estimated expenditure**



The ODA budget estimate for 2020/21 is \$69.5 million. This estimate includes the following major infrastructure projects:

- Manatua Submarine cable project – estimated at \$9.7 million;
- Renewable Energy - \$11 million;
- Asset Management - \$4.5 million; and
- Cook Islands Infrastructure Trust Fund - \$12 million

New Zealand has committed \$44 million towards various programs for the next three years. It is important to note that this funding will be allocated to existing priorities such as the Cook Islands Core Sector Support, the Manatua Polynesian Cable Project, water and sanitation, COVID-19 Pacific Support Package and the Cook Islands Infrastructure Trust Fund.

The Cook Islands Government (CIG) also contributes to ODA-funded projects through taxation exemptions, capital appropriation, personnel, and operating appropriation. For the 2019/20 financial year, an estimated \$2.3 million was exempted on imported materials for ODA projects, as well as value-added tax (VAT) for goods and services.

The above investments highlight the Government's commitment to its National Sustainable Development Plan (NSDP) 2016-2020, 'Te Kaveinga Nui', with the majority of ODA directed towards but not limited to:

- Goal 4 - Sustainable management of water and sanitation;
- Goal 5 - Building resilient infrastructure and ICT to improve our standard of living;
- Goal 6 - Improving access to affordable, reliable, sustainable, modern energy and transport; and
- Goal 13 Strengthen resilience to combat the impacts of climate change and natural disasters

CIG will continue with its ambitious development agenda in the coming financial year with the continuation of infrastructure implementation and assessing the implications of ODA graduation.

#### **ODA graduation**

On 1 January 2020, the Cook Islands officially graduated to 'high income country' status as determined by the Organisation for Economic Cooperation and Development (OECD) standards. This means, any funding received prior to this date is classified as ODA. 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. Following the onset of COVID-19 however, the impact of graduated status is evident. 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 indications are 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.

#### **Cook Islands Core Sector Support**

The Core Sector Support (CSS) Grant Funding Arrangement (GFA) with New Zealand is valued at \$36.4 million and appropriated over the medium-term, 2019/20 to 2022/23. The goal of the support is to enhance the Cook Islands self-sufficiency by enabling predictable, efficient and effective delivery of priority development objectives coupled with practical policy reform. CSS GFA is the preferred modality to implement bilateral funds with NZ to achieve the Government's desired results.

The CSS Program provides direct budget support to the Ministry of Education, Cook Islands Tourism and the Ministry of Health to improve indicators that directly relate to the Cook Islands' NSDP. An additional output under CSS provides funding towards technical assistance and other support for economic governance and public sector strengthening. It funds projects identified as a priority for the Cook Islands. While the budget support component of CSS provides predictability of funding, this output allows for a flexible response to needs as they arise.

## Delegated Cooperation Agreement with the Australian Department of Foreign Affairs and Trade

Support of \$604,395 was made available to the Ministry of Finance and Economic Management in 2019/20 for the purpose of contributing to the Cook Islands Government's COVID-19 Economic Response Plan. This contribution is made available under the New Zealand Aid Programme's bilateral programme and is from the Agreement on Delegated Cooperation with the Australian Department of Foreign Affairs and Trade.

### Green Climate Fund

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 together with the Office of the Prime Minister (OPM) are now working together on preparing Concept Notes for a number of GCF funding modalities such as the Simplified Approval Process (SAP), National Adaptation Planning and Enhanced Direct Access (EDA).

The Ministry of Finance and Economic Management (MFEM) was recently approved for its fourth readiness support proposal 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. 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.

## 16.2 Cook Islands ODA Budget by development partner

A list of our current development partners and their estimated contributions over the forward years are provided in Table 16-1. It should be noted that the forward year estimates reflect very few agreements endorsed that go beyond the 2020/21 financial year. A further review of these numbers will occur through the analysis of the impact of ODA graduation.

**Table 16-1 Cook Islands ODA Budget by development partner (\$)**

Development Partner	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Total (4yr Forecast)
Asian Development Bank	939,394	0	0	0	939,394
China	82,658	0	0	0	82,658
European Union	2,881,356	788,135	0	0	3,669,491
Forum Fisheries Agency	236,742	236,742	236,742	236,742	946,970
Global Environment Facility	3,513,723	523,347	440,273	440,273	4,917,615
Green Climate Fund	10,220,000	1,405,880	0	0	11,625,880
India	680,000	0	0	0	680,000
Japan	3,175,327	431,223	839,880	0	4,446,429
New Zealand	44,573,889	9,300,000	9,300,000	200,000	63,373,889
Other	100,000	100,000	100,000	100,000	400,000
Secretariat of the Pacific Community	1,172,458	325,000	75,000	75,000	1,647,458
UN Adaptation Fund	1,702,526	809,094	0	0	2,511,620
UNDP	200,000	90,000	0	0	290,000
<b>Grand Total</b>	<b>69,478,073</b>	<b>14,009,421</b>	<b>10,991,895</b>	<b>1,052,015</b>	<b>95,531,404</b>

Figure 16-2 shows total expenditure against the budgeted amount for the 2019/20 financial year, by development partner. The graph highlights significant underspends against some development partners.

Approximately \$15.7 million of funding estimates for projects did not go ahead due to changes in priorities and funding agreements still under negotiation.

Negotiations for budgetary support from the European Union of \$2.2 million towards the water and sanitation sector was submitted in April 2020 with expectations of funding in this financial year. A \$2 million health sector proposal to access climate financing from the Green Climate Fund required further assessment and re-prioritisation.

**Figure 16-2 ODA Budget by development partner, 2019/20 budget vs actual**

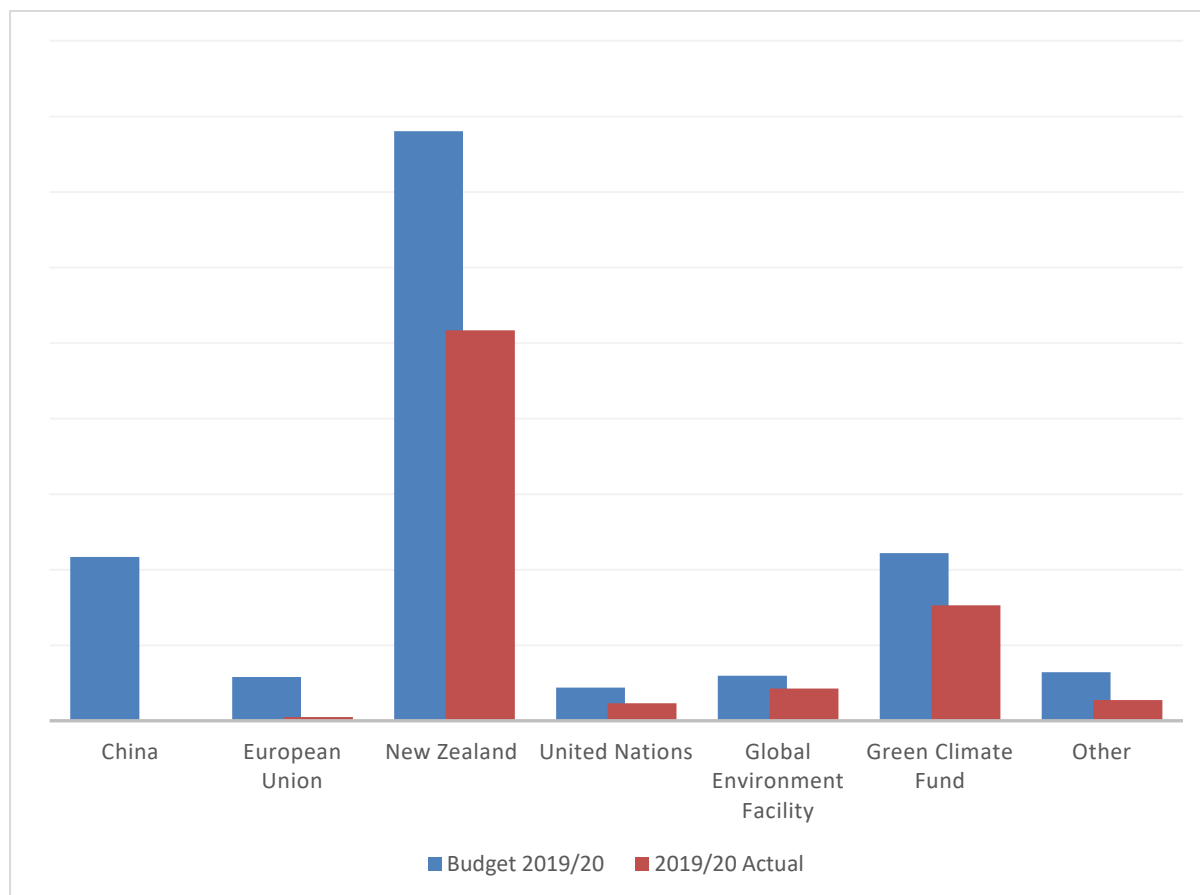
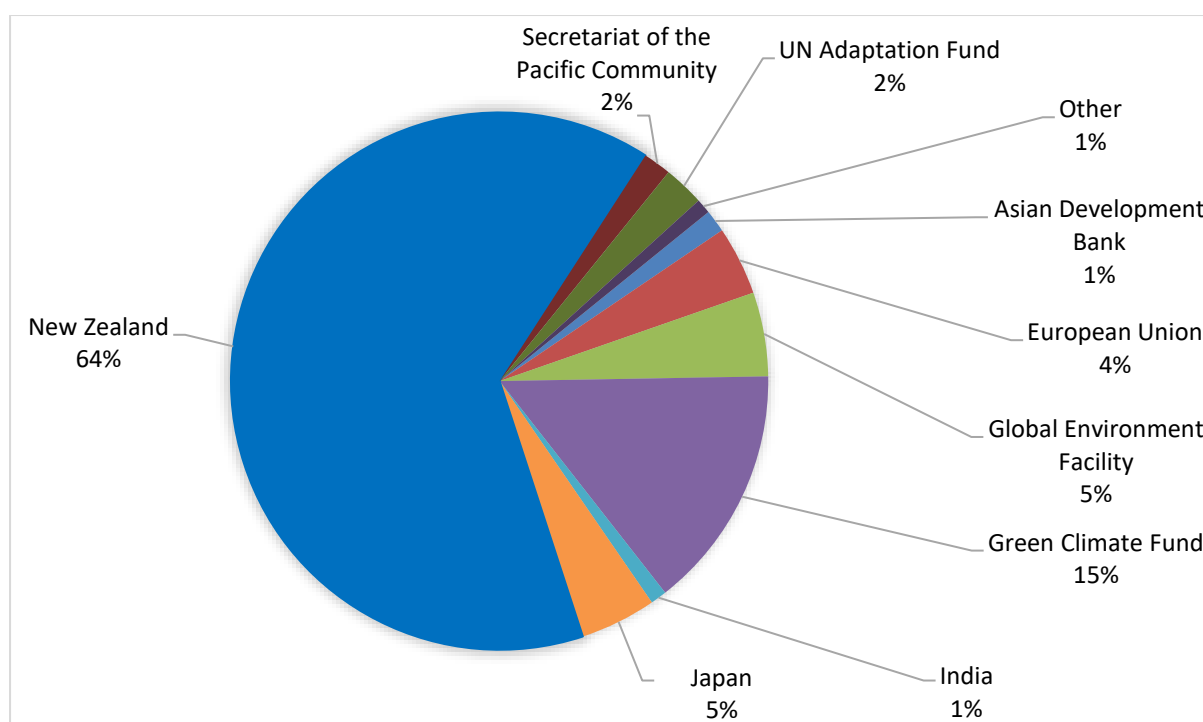


Figure 16-3 breaks down the ODA budget allocation for 2020/21, by development partners. New Zealand accounts for 64 per cent of our total 2020/21 ODA budget, followed by the Green Climate Fund at 15 per cent.

**Figure 16-3 Cook Islands ODA Budget by Development Partner Budget 2020/2021**



Further details on key ODA activities are provided below, including the capital initiatives budget.

## 16.2.1 Ministry of Finance and Economic Management

### Manatua Submarine Cable (ICT cable) – New Zealand Grant

	2020/21	2021/22	2022/2023	2023/2024
Capital	9,787,075	0	0	0

In 2017, an agreement was signed between the Governments of the Cook Islands, Niue, French Polynesia and Samoa to facilitate the design, construction, operation and maintenance of a regional submarine telecommunications cable. The Manatua cable will connect these countries, and the islands of Rarotonga and Aitutaki to enable the provision for reliable, high-capacity bandwidth internet at affordable prices for the Cook Islands.

The Government of New Zealand is providing a grant totalling \$15 million to the Cook Islands Government to support this project. The project is on track to go live in 2020.

### India Grant Fund

	2020/21	2021/22	2022/2023	2023/2024
Recurrent	680,000	0	0	0

The main focal area of the grant funding from the Government of India is to support, promote, and/or develop social, economic and/or cultural, economic and social development and sustainability.

The 2018/19 funding round was advertised in November 2018. A total of 19 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. These projects have now been approved and waiting for endorsement by the Government of India.

#### General Budget Support- European Development Fund

	2020/21	2021/22	2022/2023	2023/2024
Recurrent	2,288,136	788,135	0	0

The European Development fund for general budget support is the 11<sup>th</sup> cycle of funding from the European Union. This appropriated funding focusses on upgrading commercial facility sewage systems on Aitutaki and Rarotonga to meet the *Public Health (Sewage and Wastewater Treatment and Disposal) Regulations 2014* standards. The implementing agency for this program is the Ministry of Health with support from the Development Coordination Division (DCD) of the MFEM.

#### Aid Effectiveness

	2020/21	2021/22	2022/2023	2023/2024
Recurrent	100,000	100,000	100,000	100,000

The Aid Effectiveness budget appropriation is drawn from the interest earned on trust accounts of development partners. This funding is used to support 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 project financial management software and support project development in the areas of climate finance.

#### Economic and Social Sector Programme – Japanese Machinery and Equipment

	2020/21	2021/22	2022/2023	2023/2024
Capital	929,090	431,223	839,880	0

The purpose of this grant is to purchase machinery and equipment to aid government agencies in the delivery of public services such as infrastructure rehabilitation. A list of capital goods and equipment were identified and finalised for procurement. Japan International Cooperation Systems are the procuring agent for this project and the indicative timeline for this project spans 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.



### Grant Assistance for Grassroots Projects - Japan

	2020/21	2021/22	2022/2023	2023/2024
Capital	575,137	0	0	0

The Grant Assistance for Grassroots Projects from the Government of Japan offers a financial assistance program for development projects designed to meet the diverse needs of developing countries. This grant funding supports projects proposed by various bodies such as non-governmental organisations (NGOs) and local Government authorities.

In February 2020, delegates from the Embassy of Japan in Wellington, New Zealand attended two project handover ceremonies and 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 and two existing projects.

### New Zealand Volunteers Services Abroad – New Zealand

	2020/21	2021/22	2022/2023	2023/2024
Recurrent	200,000	200,000	200,000	200,000

This program is directly managed by New Zealand's Volunteer Services Abroad (VSA) for the purpose of sending skilled New Zealanders to the Cook Islands to share and contribute to the Cook Islands by working within the public sector agencies. There has been an increase in volunteers assigned to public sector agencies.

For this period, VSA will aim to 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.

### Mei Te Vai Ki Te Vai

	2020/21	2021/22	2022/2023	2023/2024
Capital	1,544,814	0	0	0
Environmental Investigation MMR	142,000	0	0	0

The Mei Te Vai Ki Te Vai (MTVKTV) project is steadily advancing since work began in January 2017. A roadmap has been developed in consultation with key stakeholders that takes into account relevant actions in regards to governance, legislation, policy and regulation, finance and funding, and environment and health. For more information, please visit our website <https://www.totatouvai.co/>

Milestones	2020/21 Financial year
<b>Business Case</b>	MFEM is finalising 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
<b>Environmental Impact Assessment</b>	Evaluating the likely environmental impacts of MTVKTV, taking into account inter-related socio-economic, cultural and human-health impacts, both beneficial and adverse
<b>Environmental Investigation</b>	MMR will be supporting the PMU in undertaking the Environmental Monitoring through provision of marine ecological services
<b>Land</b>	Secure Land
<b>Reticulation Tender Design</b>	Completion of detailed design documentation of reticulation system
<b>Treatment Plant Design</b>	Completion of Treatment design
<b>Tender</b>	All documentation prepared and finalised ready for Tender
<b>Sanitation Masterplan</b>	Planning process and implementation plan for a Sanitation programme for Rarotonga.

### Assets Management

	2020/21	2021/22	2022/2023	2023/2024
Capital	4,500,000	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. Work is currently undertaken by Landholdings and expected to be completed in August 2020. For more information, please visit our website <https://www.totatouvai.co/>

Milestones	2020/21 Financial year
<b>Construction</b>	Completed by August 2020

### Pa Enea Action for Resilient Livelihoods

	2020/21	2021/22	2022/2023	2023/2024
Capital	1,702,526	809,094	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 our people in the Pa Enea, particularly islands in the northern group, which comprises seven low-lying, sparsely populated, coral atolls and sand cays.

The Project is made up of the 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 with its first Project Performance Report (PPR) submitted to Adaptation Fund in February 2020.

### Green Climate Fund Readiness

	2020/21	2021/22	2022/2023	2023/2024
Recurrent	720,000	350,000	0	0

#### *Readiness Proposal No. 4*

MFEM’s 4th readiness proposal was approved by the GCF Board to enable 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 GCF accreditation, developing a Simplified Approval Process Proposal and an Enhanced Direct Access Project Proposal.

## 16.2.2 Ministry of Health

### Western Pacific Multi-country Integrated HIV/TB program – United Nations Development Programme

	2020/21	2021/22	2022/2023	2023/2024
Recurrent	90,000	90,000	0	0

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 continuation of the Counselling and Testing program. 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.

## 16.2.3 Ministry of Marine Resources

### Project Development Fund - US Fisheries Treaty

	2020/21	2021/22	2022/2023	2023/2024
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. The funds are held in trust by the Treaty secretariat at the Forum Fisheries Agency in Honiara and administered by the Ministry of Marine Resources.

### Multiyear (Fisheries) Policy Support - EU Partnership

	2020/21	2021/22	2022/2023	2023/2024
Recurrent	593,220	0	0	0

This Sustainable Fisheries Partnership Agreement (SFPA) includes an annual fisheries sector contribution of EUR 350,000 by the European Commission under a 4-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. This program is currently in its fourth year of implementation.

## 16.2.4 National Environment Services

### Protecting biodiversity and enhancing ecosystem functions through "Ridge to Reef" approach in the Cook Islands

	2020/21	2021/22	2022/2023	2023/2024
Recurrent	1,497,693	0	0	0

The Cook Islands Ridge to Reef (R2R) project is funded by the UNDP Global Environment Facility (GEF) in partnership with the Cook Islands Government. The project aims to enhance the capacity of the Cook Islands to effectively manage its protected areas and sustainably manage its productive landscapes at local scales while considering food security and livelihoods. This includes the operationalisation of the Cook Island Marine Park (CIMP) (covering approximately 1.9 million kilometres of the Cook Islands Exclusive Economic Zone - EEZ) and the establishment and strengthening of various forms of protected and locally managed areas within the CIMP, including protected natural areas, community conservation areas, and ra'ui sites.

Implementation of the four-year project commenced in July 2015 with the project receiving approval from UNDP in April 2019 to an 18 month extension to the project lifespan to allow all stakeholders to implement their existing activities and work programmes to achieve the overarching goal of the project.

The project has seven output areas as follows:

- Output 1.1: Strengthened legal / regulatory and policy frameworks for protected areas
- Output 1.2: Expanded and strengthened management systems for protected areas
- Output 1.3: Strengthened institutional coordination and capacities at the national and local levels for the participatory management of protected areas
- Output 1.4: Financial sustainability framework developed for system of protected areas
- Output 2.1: Ridge to Reef approaches integrated into land use and development planning

- Output 2.2: Biodiversity conservation mainstreamed into agriculture sector
- Output 2.3: Biodiversity conservation mainstreamed into tourism sector.

Following a Capacity Needs Assessment carried out in late 2019 to examine the progress the project has made in relation to its targets, key recommendations were agreed to by all partners ensuring a full understanding of the project priorities for this final year.

## 16.2.5 Office of the Prime Minister

### Preparation of the Fourth National Communication – UN Framework Convention on Climate Change

	2020/21	2021/22	2022/2023	2023/2024
Recurrent	213,000	213,000	213,000	213,000

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 as well as the Vulnerability and adaptation assessments and the first biennial report

### Global Environment Facility – Asian Development Bank

	2020/21	2021/22	2022/2023	2023/2024
Recurrent	1,500,000	83,074	0	0

Financing from the Global Environment Facility was secured to install a 1.0MW and 4.0 MWh BESS to the existing solar PV array at the Rarotonga Airport. The BESS contract awarded to MPower will be commissioned by the end of June 2020.

The Completion Certificate was issued to MPower in October 2019. The Operation Acceptance Certificate has not been issued as this is awaiting rectification of some defects. (Rectification) Remedial works was planned for April 2020, however this work has been put on hold until COVID-19 travel restrictions are lifted.

Remaining grant funds will be used for additional scope and services required to support development of solar photovoltaic power systems for the subprojects developed on the Aitutaki, Atiu, Mangaia, Mauke and Mitiaro islands. The procurement of Goods, Works and Consulting Services shall be subject to and governed by ADB Procurement Guidelines.

### Green Climate Fund – Renewable Energy Battery Storage (via Asian Development Bank)

	2020/21	2021/22	2022/2023	2023/2024
Recurrent	9,500,000	1,055,880	0	0

The second additional financing received from the GCF amounts to USD 12,000,000. This will be used to install three units of BESS with a total preliminary capacity of 3.0 MW and 12.0 MWh, which will provide (i) load shifting to offset renewable generation at the planned 6.0 MW solar PV facilities in Rarotonga, and (ii) grid-stabilization to manage the impact of fluctuations in generation on the grid, so as to permit more renewable energy generation to be integrated while maintaining power quality and system reliability. This will help reduce fossil fuel consumption and enhance the level of energy security on the island.

The Rarotonga “Power Station” grid stability BESS contract was awarded to Vector Ltd on 24 March 2020. Contract signing, planned to take place in April 2020, has been delayed due to COVID-19. Signing is expected to occur when travel restrictions are lifted.

## 16.2.6 Cook Islands Red Cross Society

### Global Environment Facility – Small Grants Programme

	2020/21	2021/22	2022/2023	2023/2024
Recurrent	303,030	227,273	227,273	227,273

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 GEF SGP Cook Islands now a separate programme.

Under Operational Phase 6 (OP6), four projects were approved in 2019/20 totalling NZ\$302,527.

OP6 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. Due to the success of the program, an additional US\$.02 million was offered to the country to provide further community initiatives. This additional funding is to be committed by end of June 2020 and implementation thereafter.

## 17 Schedules

### 17.1 Statement of Fiscal Responsibility (Operating)

#### Operating Statement (\$'000)

	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
<b>Operating Revenue</b>						
Taxation Revenue	159,060	140,349	93,814	126,426	153,098	166,474
Other Crown Revenue	30,049	23,350	17,614	18,443	15,393	12,193
Trading Revenue	7,746	5,502	3,703	4,697	4,902	4,902
Interest on Loans to Subsidiaries	760	360	0	0	582	831
Dividends	4,556	3,030	1,500	1,836	2,056	2,241
Interest on Balances	2,483	1,873	800	400	400	400
Core Sector Support	7,730	15,335	7,730	7,730	7,730	0
<b>Total Operating Revenue</b>	<b>212,385</b>	<b>189,799</b>	<b>125,162</b>	<b>159,533</b>	<b>184,161</b>	<b>187,041</b>
<b>Operating Expenditure</b>						
<b>Ministry Outputs</b>	<b>123,997</b>	<b>150,948</b>	<b>195,505</b>	<b>134,881</b>	<b>134,064</b>	<b>133,955</b>
<i>Personnel</i>	53,065	61,680	64,356	65,643	66,194	66,387
<i>Operating</i>	23,316	19,295	19,573	19,915	19,999	20,551
<i>Administered Payments</i>	41,328	63,703	105,215	42,963	41,511	40,657
<i>Depreciation</i>	6,287	6,270	6,360	6,360	6,360	6,360
POBOC	26,262	28,107	29,568	28,177	28,667	28,784
<b>Total Other Operating</b>	<b>7,250</b>	<b>9,904</b>	<b>6,926</b>	<b>9,375</b>	<b>9,100</b>	<b>10,866</b>
Debt Interest Contribution to LRF	2,082	2,228	0	2,449	2,174	3,940
Asset Management (CIIC)	0	0	0	0	0	0
Crown Infrastructure Depreciation	2,084	4,603	4,603	4,603	4,603	4,603
Transfer to Emergency Response Trust Fund	50	50	50	50	50	50
<b>Depreciation Contingency Fund</b>	<b>0</b>	<b>2,174</b>	<b>2,174</b>	<b>2,174</b>	<b>2,174</b>	<b>2,174</b>
<i>Rarotonga Water Network</i>	0	803	803	803	803	803
<i>Northern Pa Enua Renewable Energy System</i>	0	400	400	400	400	400
<i>Southern Pa Enua Renewable Energy System (excl. Aitutaki)</i>	0	971	971	971	971	971
<i>Other Assets</i>	0	0	0	0	0	0
Contingency Funds - Operating	308	850	100	100	100	100
Contributions to CISWF	2,726	0	0	0	0	0
<b>Total Operating Expenses</b>	<b>157,508</b>	<b>188,959</b>	<b>231,999</b>	<b>172,433</b>	<b>171,831</b>	<b>173,605</b>
<b>Operating Surplus/(Shortfall)</b>	<b>54,877</b>	<b>840</b>	<b>-106,837</b>	<b>-12,900</b>	<b>12,330</b>	<b>13,436</b>

## 17.2 Statement of Fiscal Responsibility (Non-Operating)

### Financing and Applications Statement (\$'000)

	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
<b>Reductions in Net Borrowings</b>						
Loan Disbursements	-1,095	-17,282	-70,426	-16,541	0	0
Principal repayment	7,558	7,386	8,765	9,441	9,075	15,106
Subsidiary Loan Repayments	0	0	0	0	-959	-1,006
	<b>6,463</b>	<b>-9,896</b>	<b>-61,661</b>	<b>-7,100</b>	<b>8,116</b>	<b>14,100</b>
<b>Capital Expenditures</b>						
Ministries and Outer Islands (Including CIIC Capital)	36,102	38,859	42,019	32,954	27,644	21,556
Infrastructure Capital Investment in SOEs	0	0	400	0	0	0
Airport Authority	0	0	400	0	0	0
Te Aponga Uira	0	0	0	0	0	0
Contingency Funds - Capital Expenditure	0	0	0	0	0	0
	<b>36,102</b>	<b>38,859</b>	<b>42,419</b>	<b>32,954</b>	<b>27,644</b>	<b>21,556</b>
<b>Foreign Aid - Capital</b>						
Receipts	7,772	21,439	37,782	1,416	277	277
Expenditure	-7,772	-21,439	-37,782	-1,416	-277	-277
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other Committed Considerations</b>						
Transfer to Reserve Trust Fund	795	0	0	0	0	0
Stabilisation Fund	0	56,700	0	0	0	0
Advanced Subsidiaries - Avaroa Cable Ltd	0	17,282	8,052	0	0	0
Infrastructure Trust Fund	0	12,000	0	0	0	0
Disaster Response Fund	50	50	50	50	50	50
	<b>845</b>	<b>86,032</b>	<b>8,102</b>	<b>50</b>	<b>50</b>	<b>50</b>
<b>Total Non-Operating balance</b>	<b>-43,411</b>	<b>-114,994</b>	<b>-11,141</b>	<b>-25,904</b>	<b>-35,810</b>	<b>-35,706</b>
<b>To be Funded by</b>						
Operating Surplus	54,877	840	-106,837	-12,900	12,330	13,436
Depreciation	8,370	13,046	13,136	13,136	13,136	13,136
of which: R.E. Capital Replacement	0	1,371	1,371	1,371	1,371	1,371
General Cash Reserves	-29,674	79,805	48,091	13,727	585	-8,124
Stabilisation Fund	0	0	56,700	0	0	0
Contribution to Loan Reserve Fund	9,787	9,254	0	11,890	9,708	17,208
Transfer IN and OUT of Infrastructure Trust Fund	0	12,000	0	0	0	0
Transfer to Emergency Response Trust Fund	50	50	50	50	50	50
<b>Total Funding Items</b>	<b>43,411</b>	<b>114,994</b>	<b>11,141</b>	<b>25,904</b>	<b>35,810</b>	<b>35,706</b>
<b>Net Surplus/Shortfall</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



## 17.3 Fiscal Indicators Table

	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
<b>Statement of Financial Performance</b>						
Taxation Revenue (\$m)	159.1	140.3	93.8	126.4	153.1	166.5
Social Contributions (\$m)	0.1	0.1	0.1	0.1	0.1	0.1
Other Revenue (\$m)	53.2	49.4	31.3	33.0	31.0	20.5
<b>Total Operating Revenue (\$m)</b>	<b>212.4</b>	<b>189.8</b>	<b>125.2</b>	<b>159.5</b>	<b>184.2</b>	<b>187.0</b>
Total Operating Revenue Percentage of GDP	39.4	38.2	26.5	30.9	32.5	31.4
Tax Revenue Percentage of GDP	29.5	28.3	19.9	24.5	27.0	27.9
Total Cyclical Revenue (\$m)	24.3	14.4	15.5	16.5	13.1	10.7
Total Cyclical Revenue Percentage of GDP	4.5	2.9	3.3	3.2	2.3	1.8
Total Structural Revenue (\$m)	188.1	175.4	109.7	143.1	171.1	176.3
Total Structural Revenue Percentage of GDP	34.9	35.3	23.2	27.7	30.2	29.6
<b>Personnel (\$m)</b>	<b>59.0</b>	<b>68.3</b>	<b>71.5</b>	<b>72.5</b>	<b>73.1</b>	<b>73.4</b>
Percentage of Total Revenue	27.8	36.0	57.1	45.5	39.7	39.3
Percentage of Structural Revenue	31.4	39.0	65.2	50.7	42.7	41.6
<b>Total Operating Expenditure (\$m)</b>	<b>157.5</b>	<b>189.0</b>	<b>232.0</b>	<b>172.4</b>	<b>171.8</b>	<b>173.6</b>
Percentage of GDP	29.2	38.0	49.1	33.4	30.3	29.1
Percentage of Operating Revenue	74.2	99.6	185.4	108.1	93.3	92.8
Cash Operating Expenditure*	148.8	175.6	218.6	158.8	159.1	160.3
<b>Operating Balance (\$m)</b>	<b>54.9</b>	<b>0.8</b>	<b>-106.8</b>	<b>-12.9</b>	<b>12.3</b>	<b>13.4</b>
Percentage of GDP	10.2	0.2	-22.6	-2.5	2.2	2.3
Capital Expenditure	36.1	38.9	42.4	33.0	27.6	21.6
Depreciation	8.4	13.0	13.1	13.1	13.1	13.1
Non-Operating Balance (\$m)	-43.4	-115.0	-11.1	-25.9	-35.8	-35.7
<b>Fiscal Balance surplus/deficit (\$m) *</b>	<b>27.1</b>	<b>-25.0</b>	<b>-136.1</b>	<b>-32.7</b>	<b>-2.2</b>	<b>5.0</b>
Percentage of GDP	5.0	-5.0	-28.8	-6.3	-0.4	0.8
<b>Statement of Financial Position (\$m)</b>						
Assets (\$m)	443.1	536.6	514.5	510.1	513.6	512.2
Liabilities (\$m)	177.3	183.7	238.6	239.0	224.1	207.3
Crown Balance (\$m)	265.8	352.9	275.8	271.1	289.5	304.9
Percentage of GDP	49.3	71.0	58.4	52.6	51.1	51.1
Working Capital (\$m)	106.7	17.6	0.1	-25.7	-36.3	-45.6
Working Capital (months coverage)	8.6	1.2	0.0	-1.9	-2.7	-3.4
Stabilisation Account	0.0	56.7	0.0	0.0	0.0	0.0
General Cash Reserves	106.7	74.3	0.1	-25.7	-36.3	-45.6
<b>Cash and Equivalents (\$m)</b>						
Cash and Equivalents Opening \$m	0.0	106.7	74.3	0.1	-25.7	-36.3
Changes in expenditure/revenue Adjusted	18.8	-38.0	-149.3	-45.9	-15.3	-8.1
Months Coverage	1.5	4.7	-4.1	-3.5	-3.1	-3.3
<b>Statement of Borrowings (\$m)</b>						
Gross Debt end of FY (\$m)	112.6	107.0	173.9	174.3	159.4	142.6
Percentage of GDP	20.9	21.5	36.8	33.8	28.1	23.9
Net Crown Debt, end of FY (\$m)	91.7	86.5	164.6	164.7	149.7	132.7
Percentage of GDP	17.0	17.4	34.8	32.0	26.4	22.2
Loan Repayment Reserves Held (\$m)	20.9	20.5	9.4	9.6	9.8	10.0
Net Debt Servicing (\$m)	7.3	9.6	11.5	11.9	11.2	17.4
Percentage of Total Revenue	3.4	5.1	9.2	7.5	6.1	9.3
Percentage of Structural Revenue	3.9	5.5	10.5	8.3	6.6	9.8
<b>Development Partner Support (\$m)</b>						
Grants (\$m)	7.8	21.4	37.8	1.4	0.3	0.3
Percentage of GDP	1.4	4.3	8.0	0.3	0.0	0.0
Memo item: Nominal GDP (\$m)	538.8	496.8	472.5	515.6	567.1	596.4

## 17.4 Schedule 1 – Agency Budget Appropriations

Agency	Personnel	Operating	Administered Payments	Depreciation	Gross Current Appropriation	Trading Revenue	Net Current Appropriation
Agriculture	1,056,072	314,509	0	30,000	1,400,581	45,535	1,355,046
Audit (PERCA)	993,854	112,800	0	18,000	1,124,654	60,700	1,063,954
Business Trade and Investment Board	432,796	342,866	0	4,000	779,662	28,000	751,662
Cook Islands Investment Corporation	1,508,000	1,424,000	4,990,000	45,000	7,967,000	703,831	7,263,169
Corrective Services	1,322,576	233,381	0	30,000	1,585,957	50,000	1,535,957
Crown Law	886,784	162,791	155,000	3,000	1,207,575	0	1,207,575
Cultural Development	742,000	170,000	717,500	120,000	1,749,500	50,000	1,699,500
Education	11,562,048	2,842,691	4,682,034	620,000	19,706,773	0	19,706,773
Environment	1,070,826	201,000	422,241	30,000	1,724,067	35,000	1,689,067
Finance and Economic Management	4,862,000	817,430	77,101,748	260,000	83,041,178	383,500	82,657,678
Financial Services Development Authority	242,797	162,906	0	4,000	409,703	0	409,703
Foreign Affairs	1,897,692	823,083	15,000	45,000	2,780,775	28,000	2,752,775
Head Of State	173,969	32,867	36,000	8,000	250,836	0	250,836
Health	11,873,111	3,598,951	2,146,870	900,000	18,518,932	150,000	18,368,932
Infrastructure Cook Islands	2,399,000	440,000	3,200,000	145,000	6,184,000	300,000	5,884,000
Internal Affairs	1,257,000	255,000	3,149,437	27,000	4,688,437	0	4,688,437
<i>of which: Welfare Payments - Allowances</i>			1,262,437				
Justice	1,865,000	450,000	460,000	30,000	2,805,001	550,000	2,255,001
Marine Resources	1,191,000	676,000	250,000	150,000	2,267,000	28,000	2,239,000
Ombudsman	233,000	62,000	0	6,000	301,000	0	301,000
Parliamentary Services	560,000	67,000	90,000	22,000	739,000	0	739,000
Police	4,148,036	192,964	455,000	1,010,000	5,806,000	141,783	5,664,217
Prime Minister's Office	1,441,000	440,000	973,000	31,000	2,885,000	0	2,885,000
Public Service Commission	377,000	158,000	1,741,645	15,000	2,291,645	0	2,291,645
Cook Islands Seabed Minerals Authority	340,000	310,000	130,000	9,500	789,500	0	789,500
Tourism Corporation	1,919,000	2,013,000	4,500,000	48,000	8,480,000	20,000	8,460,000
Transport	1,011,000	174,000	0	51,000	1,236,000	22,000	1,214,000
<b>Total Ministries, Crown &amp; Statutory Agencies</b>	<b>55,365,561</b>	<b>16,477,237</b>	<b>105,215,475</b>	<b>3,661,500</b>	<b>180,719,773</b>	<b>2,596,349</b>	<b>178,123,424</b>

Agency	Personnel	Operating	Administered Payments	Depreciation	Gross Current Appropriation	Trading Revenue	Net Current Appropriation
<b>Ministerial Support</b>							
Prime Minister	351,696	109,773	0	21,100	482,569	0	482,569
Deputy Prime Minister	270,784	84,574	0	22,642	378,000	0	378,000
Minister George Angene	164,000	132,000	0	12,000	308,000	0	308,000
Minister Robert Tapaitau	188,901	109,509	0	9,590	308,000	0	308,000
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
Leader Of Opposition	115,160	186,040	0	6,800	308,000	0	308,000
<b>Total Ministerial Support Offices</b>	<b>1,489,041</b>	<b>822,734</b>	<b>0</b>	<b>88,794</b>	<b>2,400,569</b>	<b>0</b>	<b>2,400,569</b>
<b>Outer Islands</b>							
Aitutaki	1,229,593	389,305	0	480,000	2,098,898	67,828	2,031,070
Atiu	869,409	430,815	0	430,000	1,730,224	224,318	1,505,906
Mangaia	948,834	583,583	0	210,000	1,742,417	301,000	1,441,417
Manihiki	728,541	149,672	0	460,000	1,338,213	119,000	1,219,213
Mauke	796,787	214,643	0	380,000	1,391,430	113,853	1,277,577
Mitiaro	693,131	74,562	0	93,000	860,693	60,900	799,793
Palmerston	282,091	65,001	0	80,000	427,092	20,500	406,592
Penrhyn	645,527	164,792	0	180,000	990,319	74,000	916,319
Pukapuka-Nassau	892,715	141,754	0	215,000	1,249,469	73,695	1,175,774
Rakahanga	414,862	58,844	0	82,000	555,706	52,000	503,706
<b>Total Outer Islands</b>	<b>7,501,490</b>	<b>2,272,971</b>	<b>0</b>	<b>2,610,000</b>	<b>12,384,461</b>	<b>1,107,094</b>	<b>11,277,367</b>
<b>Gross Total</b>	<b>64,356,092</b>	<b>19,572,942</b>	<b>105,215,475</b>	<b>6,360,294</b>	<b>195,504,804</b>	<b>3,703,443</b>	<b>191,801,361</b>

## 17.5 Schedule 2 – Payments on Behalf of the Crown (POBOCs)

Administering Ministry	POBOC	2019/20 Supplementary Estimate	2020/21 Budget Estimate
<b>Compensation of Employees</b>			
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	348,420	338,420
<b>Compensation of Employees POBOCs</b>		<b>3,487,881</b>	<b>3,477,881</b>
<b>Use of Goods and Services</b>			
Audit	Audit Fees	95,600	95,600
Prime Minister's Office	Local Government Election	30,000	24,000
Parliamentary Services	Civil List - Constituency Visits	200,200	170,200
Parliamentary Services	Parliamentary Sitting Expenses	332,904	150,000
Parliamentary Services	QR Travel and Allowances (local and overseas)	109,000	109,000
Parliamentary Services	MP Travel and Allowances (local and overseas)	541,000	341,000
Foreign Affairs	International Maritime Organization - Maritime Cook Islands	63,461	63,461
Transport	Maritime Radio Coverage	0	79,000
<b>Use of Goods and Services POBOCs</b>		<b>1,372,165</b>	<b>1,032,261</b>
<b>Subsidies</b>			
Cook Islands Investment Corporation	Airport Authority subsidy	2,047,997	3,047,997
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	380,000	0
Cook Islands Investment Corporation	Te Mana Uira o Araura - subsidy	0	500,000
<b>Subsidies POBOCs</b>		<b>2,666,096</b>	<b>3,786,096</b>
<b>Social Assistance</b>			
Internal Affairs	Welfare Payments	19,689,535	20,007,261
<b>Social Assistance POBOCs</b>		<b>19,689,535</b>	<b>20,007,261</b>
<b>Other Expense</b>			
Finance & Economic Management	Pacific Catastrophe Risk Insurance	120,694	160,000
Finance & Economic Management	CIG Insurance	100,000	180,000
Finance & Economic Management	BEPS Subscription	35,000	35,000
Foreign Affairs	International Subscriptions	687,967	890,000
<b>Other Expenses POBOCs</b>		<b>943,661</b>	<b>1,265,000</b>
<b>Grand Total</b>		<b>28,159,338</b>	<b>29,568,499</b>

## 17.6 Schedule 3 – Cook Islands Capital Spending

	2019/20 Supplementary Estimate	2020/21 Budget Estimate
Cook Islands Government Capital programs	50,153,924	42,418,807
<b>Total Capital spending</b>	<b>50,153,924</b>	<b>42,418,807</b>

## 17.7 Schedule 4 – Official Development Assistance

	2019/20 Supplementary Estimate	2020/21 Budget Estimate
Operating or recurrent expenditure	9,629,446	23,770,968
Capital Project Expenditure	47,859,991	37,782,105
<b>Total Official Development Assistance</b>	<b>57,489,437</b>	<b>61,553,073</b>

\*Excludes Core Sector Support

## 17.8 Schedule 5a – Other Expenses and Financing Transactions

Category of Expense	2019/20 Supplementary Estimate	2020/21 Budget Estimate
Contingency Funds - Operating	850,000	100,000
Crown Infrastructure Depreciation	4,602,500	4,602,500
Transfer to Emergency Response Trust Fund	50,000	50,000
Advanced Subsidiaries - Avaroa Cable Ltd	17,282,000	8,052,000
Depreciation Contingency Fund	2,173,580	2,173,580
<b>Total Other Expenses</b>	<b>24,958,080</b>	<b>14,978,080</b>

## 17.9 Schedule 5b – Loan Repayment Fund Appropriation

Category of Appropriation	2019/20 Supplementary Estimate	2020/21 Budget Estimate
Contribution to LRF - Principal	6,588,000	0
Contribution to LRF - Interest	2,408,000	0
<b>Total Contribution to LRF</b>	<b>8,996,000</b>	<b>0</b>

## 17.10 Summary

Category of Payment	2019/20 Supplementary Estimate	2020/21 Budget Estimate
Schedule 1 - Ministry Outputs (Gross Operating)	166,578,875	195,504,804
Schedule 2 - POBOCs	28,159,338	29,568,499
Schedule 3 - CIG Capital Expenditure	50,153,924	42,418,807
Schedule 4 - Official Development Assistance	57,489,437	61,553,073
Schedule 5a - Other Expenses and Financing Transactions	24,958,080	14,978,080
Schedule 5b - Loan Reserve Fund Appropriations	8,996,000	0
<b>TOTAL APPROPRIATION</b>	<b>336,335,654</b>	<b>344,023,263</b>

## 17.11 Schedule 6 – Capital Schedule

MINISTRY	Island	PROJECT/PROGRAMME	FUNDING SOURCE	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
<b>Ministry of Agriculture</b>				<b>30,091</b>	<b>30,961</b>	<b>49,039</b>	<b>0</b>	<b>0</b>	<b>0</b>
	Rarotonga	Upgrade of Nursery Facilities	CIG	0	30,961	49,039	0	0	0
	Rarotonga	Vanilla Shade House	CIG	30,091	0	0	0	0	0
<b>Cook Islands Investment Corporation</b>				<b>951,277</b>	<b>5,657,682</b>	<b>7,576,214</b>	<b>6,641,500</b>	<b>5,600,000</b>	<b>2,850,000</b>
	Aitutaki	Aitutaki Island Plan and Orongo Development Project	CIG	0	300,000	500,000	500,000	500,000	500,000
	Rarotonga	Government Building Projects	CIG	0	764,915	1,500,000	1,300,000	250,000	0
	Rarotonga	Land Acquisition	CIG	0	1,000,000	700,000	0	0	0
	Pa Enua	Pa Enua Government Building Projects - Northern Group	CIG	12,100	250,000	200,000	0	0	0
	Pa Enua	Pa Enua Government Building Projects - Southern Group	CIG	0	540,000	750,000	0	0	0
	Rarotonga	Rarotonga Airport Refurbishment	CIG	0	0	400,000	0	0	0
	Various	Rarotonga Health Projects	CIG	0	500,000	100,000	500,000	400,000	0
	Rarotonga	To Tatou Vai	CIG	0	281,614	3,224,500	4,341,500	4,450,000	2,350,000
	Rarotonga	Prison Development Programme	CIG	0	168,286	131,714	0	0	0
	Rarotonga	Relocation of Oral Health Services	CIG	0	30,000	70,000	0	0	0
	Rarotonga	MFEM Building	CIG	0	540,000	0	0	0	0
	Rarotonga	Removal of AM radio mast	CIG	0	318,100	0	0	0	0
	Various	FM and TV Telecommunications for the Pa Enua	CIG	0	200,000	0	0	0	0
	Rarotonga	Vaikapuangi Government Building-Design	CIG	200,464	687,767	0	0	0	0
	Rarotonga	Nukutere Rebuild	CIG	625,000	0	0	0	0	0
	Rarotonga	Tereora College Redevelopment Stage 1	CIG	113,713	0	0	0	0	0
	Rarotonga	Te Mato Vai - Stage 1: road & pipeline easement & Stage 2 land acquisition for water intakes	CIG	0	50,000	0	0	0	0
	Rarotonga	TMV Titikaveka Backroad Rehabilitation	CIG	0	27,000	0	0	0	0
<b>Police</b>				<b>0</b>	<b>70,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	Rarotonga	Integrated Communication System	CIG	0	70,000	0	0	0	0
<b>Education</b>				<b>160,276</b>	<b>300,000</b>	<b>360,000</b>	<b>360,000</b>	<b>360,000</b>	<b>360,000</b>
	National	Fund to be Prioritised by Education	CIG	160,276	300,000	360,000	360,000	360,000	360,000

MINISTRY	Island	PROJECT/PROGRAMME	FUNDING SOURCE	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
<b>Health</b>				<b>657,531</b>	<b>566,675</b>	<b>3,150,000</b>	<b>400,000</b>	<b>300,000</b>	<b>300,000</b>
	National	Fund to be Prioritised by Health for Technical Equipment	CIG	453,045	300,000	300,000	300,000	300,000	300,000
	National	CT Scanner	CIG	0	0	1,300,000	100,000	0	0
	National	Health ICT Upgrade	CIG	38,664	220,000	650,000	0	0	0
	National	PCR Laboratory	CIG	86,956	0	900,000	0	0	0
	Rarotonga	Ambulance	CIG	78,866	46,675	0	0	0	0
<b>Infrastructure Cook Islands</b>				<b>7,229,209</b>	<b>15,906,210</b>	<b>19,268,554</b>	<b>24,592,500</b>	<b>20,324,000</b>	<b>16,986,000</b>
	National	Bridges and Structures Asset Management and Improvement Programme	CIG	1,149,740	2,566,710	2,810,000	3,380,000	1,330,000	210,000
	National	Drainage Asset Management and Improvement Programme	CIG	0	2,000,000	950,000	260,000	1,000,000	1,000,000
	Various	Emergency Management and Support Infrastructure	CIG	546,254	1,800,000	3,718,411	2,600,000	50,000	2,000,000
	Various	Government Building Projects	CIG	0	50,000	850,000	0	0	0
	Penrhyn	Inland and Coastal Waters Asset Management and Improvement Programme	CIG	0	100,000	530,000	2,230,000	980,000	2,560,000
	Various	Pa Enea Air Infrastructure Improvement Programme	CIG	76,820	0	1,680,000	3,650,000	5,080,000	5,320,000
	National	Pa Enea Marine Infrastructure Improvement Programme	CIG	0	150,000	0	2,150,000	2,000,000	500,000
	National	Roads Asset Management and Improvement Programme	CIG	2,000,160	7,500,000	8,080,143	8,162,500	3,984,000	5,096,000
	National	Waste Management Infrastructure Improvement Programme	CIG	0	0	250,000	400,000	5,400,000	0
	National	Water and Sanitation Infrastructure Improvement Programme	CIG	0	0	400,000	1,510,000	200,000	0
	National	Capital Procurement (Plant & Equipment)	CIG	0	0	0	250,000	300,000	300,000
	Atiu	Atiu Road Improvement	CIG	486,261	570,000	0	0	0	0
	Rarotonga	Avatiu Valley Stream embankment	CIG	660,218	21,500	0	0	0	0
	National	Manea Games Upgrade	CIG	0	100,000	0	0	0	0
	Mitiaro	Mitiaro Water Upgrade	CIG	304,750	250,000	0	0	0	0
	Rarotonga	Rutaki Foreshore Rock Revetment	CIG	0	200,000	0	0	0	0
	Aitutaki	Establishing new water galleries	CIG	0	200,000	0	0	0	0
	National	Bitumen truck	CIG	14,229	0	0	0	0	0

MINISTRY	Island	PROJECT/PROGRAMME	FUNDING SOURCE	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
	Mangaia, Atiu, Mauke	HV Transport Trailer	CIG	14,229	0	0	0	0	0
	Mangaia	Mangaia Road Improvement Programme	CIG	118,687	0	0	0	0	0
	Manihiki	Tukao Passage Widening, Improving safe access to and from the Manihiki Lagoon	CIG	112,238	0	0	0	0	0
	Aitutaki	Aitutaki Road Improvement Programme	CIG	218,879	0	0	0	0	0
	Mangaia	Tamarua Water Project		212,470	0	0	0	0	0
	Rarotonga	Muri Road Widening	CIG	288,332	0	0	0	0	0
	Penrhyn	Omoka Harbour Upgrade	CIG	187,457	0	0	0	0	0
	Rarotonga	Sheraton Foreshore Protection	CIG	239,100	0	0	0	0	0
	Rarotonga	Culvert	CIG	599,385	0	0	0	0	0
	Pukapuka	Nassau Ferry	CIG	0	298,000	0	0	0	0
	Rarotonga	Contingent Liability Capital Projects Account	CIG	0	100,000	0	0	0	0
<b>Internal Affairs</b>				<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>
	Rarotonga	Vaka Maintenance Capital Projects	CIG	50,000	50,000	50,000	50,000	50,000	50,000
<b>Ministry of Finance and Economic Management</b>				<b>22,932,572</b>	<b>11,869,653</b>	<b>11,065,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>
	Rarotonga	FMIS purchase and implementation	CIG	391,103	400,000	65,000	0	0	0
	Rarotonga	Te Mato Vai - Rarotonga Water Upgrade	CIG	22,451,306	10,000,000	9,000,000	0	0	0
	Rarotonga	Mei Te Vai Ki Te Vai	CIG	52,454	550,000	2,000,000	500,000	500,000	500,000
	Rarotonga	Shipping Vessel	CIG	0	50,000	0	0	0	0
	Rarotonga	AEOI IT System	CIG	37,709	84,653	0	0	0	0
	Rarotonga	MFEM Extension - Furniture and materials	CIG	0	200,000	0	0	0	0
	Rarotonga	The Centre of Excellence in Information Technology (CEIT) - Capital Purchases	CIG	0	85,000	0	0	0	0
	Rarotonga	COVID-19 Response Fund - Capital Needs	CIG	0	500,000	0	0	0	0
<b>Justice</b>				<b>200,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	Rarotonga	Online Business Registry	CIG	200,000	0	0	0	0	0
<b>Parliament</b>				<b>0</b>	<b>662,924</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	Rarotonga	Parliament Building Extension	CIG	0	662,924	0	0	0	0
<b>Office Of Prime Minister</b>				<b>2,887,594</b>	<b>3,111,160</b>	<b>300,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
	National	Government IT Network	CIG	576,006	200,000	300,000	100,000	100,000	100,000



MINISTRY	Island	PROJECT/PROGRAMME	FUNDING SOURCE	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
	Atiu	Atiu Power Distribution	CIG	1,094,370	130,000	0	0	0	0
	Pa Enea	Renewable Energy - Capital works	CIG	39,017	1,496,210	0	0	0	0
	Aitutaki	Aitutaki Renewable Energy Project	CIG	873,754	1,184,950	0	0	0	0
	Mangaia	Mangaia School Bus	CIG	87,307	0	0	0	0	0
	National	Renewable Energy Project Management and Support	CIG	217,140	100,000	0	0	0	0
<b>MINISTRY TOTAL</b>				<b>35,098,550</b>	<b>38,225,265</b>	<b>41,818,807</b>	<b>32,644,000</b>	<b>27,234,000</b>	<b>21,146,000</b>
<b>Capital Funds Administered BY MFEM</b>				<b>1,003,740</b>	<b>633,294</b>	<b>600,000</b>	<b>310,000</b>	<b>410,000</b>	<b>410,000</b>
	National	Capital Distribution Fund	CIG	930,135	580,000	490,000	200,000	300,000	300,000
	Pa Enea	Outer Islands Small Capital Fund	CIG	73,605	53,294	110,000	110,000	110,000	110,000
		<i>Aitutaki</i>		<i>0</i>	<i>8,000</i>	<i>16,000</i>	<i>16,000</i>	<i>16,000</i>	<i>16,000</i>
		<i>Atiu</i>		<i>6,272</i>	<i>6,000</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>
		<i>Mangaia</i>		<i>8,975</i>	<i>1,000</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>
		<i>Manihiki</i>		<i>8,006</i>	<i>5,000</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>
		<i>Mauke</i>		<i>8,873</i>	<i>5,000</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>
		<i>Mitiaro</i>		<i>6,768</i>	<i>7,000</i>	<i>8,000</i>	<i>8,000</i>	<i>8,000</i>	<i>8,000</i>
		<i>Palmerston</i>		<i>7,000</i>	<i>1,960</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>
		<i>Penrhyn</i>		<i>11,444</i>	<i>6,000</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>
		<i>Pukapuka-Nassau</i>		<i>8,609</i>	<i>6,358</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>
		<i>Rakahanga</i>		<i>7,658</i>	<i>6,977</i>	<i>8,000</i>	<i>8,000</i>	<i>8,000</i>	<i>8,000</i>
<b>GRAND TOTAL</b>				<b>36,102,290</b>	<b>38,858,559</b>	<b>42,418,807</b>	<b>32,954,000</b>	<b>27,644,000</b>	<b>21,556,000</b>

## 17.12 Schedule 7 – Revenues on Behalf of the Crown (ROBOCs)

	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
<b>Taxation Revenue</b>						
Value Added Tax (VAT)	70,315,065	71,845,269	39,902,242	59,526,442	69,280,468	76,344,996
Income tax	36,351,845	25,516,039	20,708,027	22,244,360	30,485,090	32,772,175
Company tax	24,596,456	18,471,365	14,938,041	19,882,383	25,741,008	28,141,286
Import levies	14,565,054	14,208,761	12,215,582	12,617,989	13,658,415	14,653,016
Withholding tax	1,503,687	1,226,963	1,321,203	1,476,415	1,587,482	1,691,785
Departure tax	11,728,180	9,080,902	4,729,190	10,678,890	12,345,044	12,870,501
<b>Total</b>	<b>159,060,288</b>	<b>140,349,299</b>	<b>93,814,285</b>	<b>126,426,479</b>	<b>153,097,507</b>	<b>166,473,758</b>
<b>Other Crown Revenue</b>						
FSC Vested Assets	0	6,602,222	0	0	0	0
FSC Return of Excess	278,582	416,000	198,000	198,000	198,000	198,000
Immigration Fees	1,064,458	854,032	560,000	560,000	1,000,000	300,000
IMO Subscription - Maritime Cook Islands	67,493	15,940	66,000	66,000	66,000	66,000
Court Services	35,207	30,696	11,000	30,000	40,000	40,000
Instant Fines	38,924	7,210	40,000	40,000	40,000	40,000
Fishing Licences	15,164,003	8,139,631	9,000,000	10,000,000	9,000,000	9,000,000
Fisheries - US Treaties (purse seine)	5,357,872	4,854,810	5,000,000	5,000,000	2,500,000	0
Fishing Fines	2,262,864	212,625	190,000	0	0	0
Research Fee	1,114	1,500	1,500	1,500	1,500	1,500
Permits	12,084	6,138	24,000	24,000	24,000	24,000
<b>Dividends</b>	<b>4,556,000</b>	<b>3,030,000</b>	<b>1,500,000</b>	<b>1,835,500</b>	<b>2,055,750</b>	<b>2,241,000</b>
Banana Court - dividend	10,000	0	0	0	0	0
Bank of the Cook Islands - dividend	284,000	370,000	0	135,500	255,750	341,000
Ports Authority - dividend	0	0	0	0	0	0
Punanga Nui Market - dividend	0	0	0	0	0	0
Te Aponga Uira - dividend	682,000	200,000	0	200,000	300,000	400,000
Extraordinary SOE - dividend	60,000	0	0	0	0	0
Telecom Cook Islands (Bluesky) - dividend	3,520,000	2,460,000	1,500,000	1,500,000	1,500,000	1,500,000
Numismatics	537,133	147,000	450,000	450,000	450,000	450,000
Border Management Fees	0	0	0	0	0	0
Drivers Licences	288,978	260,000	260,000	260,000	260,000	260,000
Motor Vehicle Registration	870,827	311,109	875,000	875,000	875,000	875,000
Interest on balances	2,482,644	1,872,550	800,000	400,000	400,000	400,000

	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Interest on loans to subsidiaries	760,349	359,848	0	0	582,000	831,000
Foreign Investment Fees	28,980	15,000	27,000	27,000	27,000	27,000
Upper Air Management Agreement	576,531	816,481	0	0	0	0
Shipping Registration	264,707	39,236	90,000	90,000	90,000	90,000
International Shipping Licence	24,236	10,000	16,500	16,500	16,500	16,500
Liquor Licencing	65,839	79,000	70,000	70,000	70,000	70,000
Tattslotto Grants	193,377	171,000	120,000	120,000	120,000	120,000
Censorship Fees	2,458	702	1,000	1,000	1,000	1,000
Circulating Currency - Coins	534,671	281,997	350,000	350,000	350,000	350,000
Employer Liabilities	75,000	75,000	75,000	75,000	75,000	75,000
Motor Vehicle Dealers	3,358	3,000	3,000	3,000	3,000	3,000
Gains on FOREX	2,300,000	0	0	0	0	0
Core Sector Support	7,730,487	15,334,883	7,730,487	7,730,487	7,730,487	0
South Indian Ocean Fisheries Agreement (SIOFA)	0	0	178,752	178,752	178,752	178,752
South Pacific Fisheries Management Organisation (SPRFMO)	0	0	7,435	7,435	7,435	7,435
<b>Total Other</b>	<b>45,578,175</b>	<b>43,947,610</b>	<b>27,644,674</b>	<b>28,409,174</b>	<b>26,161,424</b>	<b>15,665,187</b>
<b>Total Crown Receipts</b>	<b>204,638,463</b>	<b>184,296,910</b>	<b>121,458,959</b>	<b>154,835,653</b>	<b>179,258,931</b>	<b>182,138,945</b>

## 17.13 Schedule 8a – Administered Payments

Administering Ministry	Output	Administered Payment	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
<b>Compensation of Employees</b>								
Cook Islands Investment Corporation	1	Infrastructure Committee	47,000	110,000	130,000	130,000	150,000	150,000
Cook Islands Investment Corporation	1	Special Projects Units	685,000	402,550	420,000	420,000	420,000	420,000
Cook Islands Investment Corporation	1	School Security	281,000	200,000	230,000	230,000	280,000	280,000
Cook Islands Investment Corporation	2	Joint Venture with Seabed Minerals Authority	320,000	280,000	130,000	130,000	130,000	130,000
Environment	1	National Heritage Trust	65,169	82,241	122,241	122,241	122,241	122,241
Finance and Economic Management	1	Price Tribunal Committee	46,055	45,000	45,000	45,000	45,000	45,000
Finance and Economic Management	2	The Centre of Research and Policy Studies	0	34,700	80,000	80,000	80,000	80,000
Justice	1	Judges Allowances	176,943	174,247	300,000	300,000	300,000	465,000
Justice	2	Project to bring land records up to date	120,000	120,000	120,000	120,000	120,000	120,000
Prime Minister's Office	4	ICT Support Team	0	0	250,000	0	0	0
Prime Minister's Office	8	Marae Moana Ambassador	0	0	60,000	60,000	0	0
Public Service Commission	3	HOM's Salaries	1,472,492	1,741,645	1,741,645	1,741,645	1,741,645	1,741,645
<b>Compensation of Employees Administered Payments</b>			<b>3,213,659</b>	<b>3,190,382</b>	<b>3,628,886</b>	<b>3,378,886</b>	<b>3,388,886</b>	<b>3,553,886</b>
<b>Use of Goods and Services</b>								
CI Seabed Minerals	1	Seabed Minerals Sector Development	0	138,167	130,000	0	0	0
Cook Islands Investment Corporation	1	Provision for Land Rentals	667,863	300,000	500,000	500,000	500,000	500,000
Cook Islands Investment Corporation	1	Land Rent Reviews	0	250,000	0	0	0	0
Cook Islands Investment Corporation	2	Avaroa Cable	11,450	200,380	150,000	0	0	0
Cook Islands Investment Corporation	2	Renewable Energy Maintenance	0	0	100,000	0	0	0
Crown Law	2	Legal Provisions	0	0	155,000	0	0	0

Administering Ministry	Output	Administered Payment	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Crown Law	2	Arbitration Case	1,156,705	320,000	0	0	0	0
Crown Law	1	Pacific Islands Law Officers Network (PILON)	29,642	0	0	0	0	0
Cultural Development	1	Te Maeva Nui Constitution Celebrations	3,669,873	722,500	502,500	1,472,500	1,472,500	722,500
Cultural Development	1	Te Kopapa Reo Maori Board	14,590	15,000	15,000	15,000	15,000	15,000
Cultural Development	1	Cook Islands Cultural Fund	0	165,573	200,000	200,000	200,000	200,000
Cultural Development	2	Audio and Visual Digitization	0	40,000	0	0	0	0
Education	3	Tertiary Training Institutions	732,670	900,000	1,160,000	1,160,000	1,160,000	1,160,000
Education	4	Bus Service	0	26,325	26,325	26,325	26,325	26,325
Environment	3	E - Waste & Whiteware Collection	84,681	165,148	0	0	0	0
Environment	2	EIA Process	0	100,000	150,000	150,000	150,000	150,000
Environment	3	Management of Suwarrow Park	0	100,000	150,000	150,000	150,000	150,000
Finance and Economic Management	1	Public Sector Strengthening-processes and systems	187,821	332,052	150,000	150,000	200,000	200,000
Finance and Economic Management	6	COVID-19 Medical Response Fund	0	5,000,000	3,000,000	0	0	0
Finance and Economic Management	1	COVID-19 Economic Response Plan	0	20,000,000	64,000,000	0	0	0
Finance and Economic Management	2	The Centre of Excellence in Information Technology (CEIT)	27,027	123,602	60,000	0	0	0
Finance and Economic Management	2	Audit of Crown Accounts	30,000	30,000	30,000	30,000	30,000	30,000
Finance and Economic Management	1	Standard and Poor's Subscription	58,520	65,000	70,000	70,000	70,000	70,000
Finance and Economic Management	2	Special Investigative and Prosecution Services	67,305	102,695	50,000	50,000	70,000	70,000
Finance and Economic Management	2	Debt Advisory Services	60,000	60,000	60,000	60,000	60,000	60,000
Finance and Economic Management	2	FMIS Maintenance	0	0	80,000	80,000	80,000	80,000
Finance and Economic Management	2	Government Broadband Utilities	0	0	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

Administering Ministry	Output	Administered Payment	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Finance and Economic Management	3	Post Tax Amnesty Work	18,061	162,284	321,337	0	0	0
Foreign Affairs	5	Cook Islands Student Association Support	0	8,182	10,000	10,000	10,000	10,000
Foreign Affairs	5	Returned Services Association	4,706	5,000	5,000	5,000	5,000	5,000
Head Of State	1	Domestic Hosting Entertainment	11,850	10,000	15,000	15,000	15,000	15,000
Head Of State	1	QR Social Responsibility Fund	7,516	6,000	8,000	8,000	8,000	8,000
Head Of State	1	Head of State Rent	0	13,000	13,000	13,000	13,000	13,000
Health	4	Pharmaceuticals	1,117,829	867,800	867,800	867,800	867,800	867,800
Health	1	Operation Namu	88,016	0	0	0	0	0
Infrastructure Cook Islands	3	Bridges and Stream Structure Maintenance	600,000	1,000,000	970,000	970,000	970,000	970,000
Infrastructure Cook Islands	5	Waste Management	494,000	585,000	730,000	730,000	730,000	730,000
Infrastructure Cook Islands	4	Road and Drainage Asset Management	647,204	1,100,000	1,100,000	1,000,000	1,000,000	1,000,000
Infrastructure Cook Islands	1	Emergency Response Work	0	100,000	200,000	200,000	200,000	200,000
Infrastructure Cook Islands	1	Pa Enuua Machinery Maintenance Funds	196,602	97,000	200,000	200,000	200,000	200,000
Infrastructure Cook Islands	4	Water Maintenance	442,704	0	0	0	0	0
Infrastructure Cook Islands	4	Road Assets Management	646,009	0	0	0	0	0
Internal Affairs	2	Internal Affairs Youth Program	0	19,000	45,000	45,000	45,000	45,000
Internal Affairs	4	Vaka Maintenance	397,554	400,000	400,000	400,000	400,000	400,000
Internal Affairs	5	Lease extension	48,600	95,400	72,000	72,000	72,000	72,000
Parliamentary Services	1	Special Select Committee	18,812	82,000	90,000	60,000	60,000	60,000
Parliamentary Services	2	Pacific Legislatures for Population and Governance (PLPG)	41,532	0	0	0	0	0
Parliamentary Services	2	Remuneration Tribunal Committee	17,823	0	0	0	0	0
Police	1	Search and Rescue	0	20,000	20,000	20,000	20,000	20,000
Police	1	Serious Crime Investigations	68,291	100,000	100,000	100,000	100,000	100,000
Police	1	Te Kukupa - Biannual Slipping	29,338	60,662	150,000	0	150,000	0
Police	1	Te Kukupa - Fuel Contribution	140,000	83,795	140,000	140,000	140,000	140,000
Police	2	Police Youth Program	44,801	45,000	45,000	45,000	45,000	45,000
Prime Minister's Office	1	Social Responsibility Fund	243,000	453,000	363,000	363,000	363,000	363,000
Prime Minister's Office	1	Community Support Fund	91,118	100,000	100,000	100,000	100,000	100,000
Prime Minister's Office	3	Pa Enuua Mechanical Overseer	0	82,026	100,000	100,000	100,000	100,000

Administering Ministry	Output	Administered Payment	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Prime Minister's Office	5	Energy Commissioner	0	0	50,000	50,000	50,000	50,000
Prime Minister's Office	6	Red Cross	0	50,000	50,000	50,000	50,000	50,000
Tourism Corporation	1	Marketing Resources - Tourism Growth Strategy	5,072,000	4,922,000	4,500,000	4,922,000	4,922,000	4,922,000
		<b>Use of Goods and Services Administered Payments</b>	<b>17,440,761</b>	<b>39,778,841</b>	<b>81,589,212</b>	<b>14,784,875</b>	<b>15,004,875</b>	<b>14,104,875</b>
<b>Subsidies</b>								
Education	3	University of the South Pacific Contribution	183,410	150,000	205,000	205,000	205,000	205,000
Finance and Economic Management	1	Airline Underwrite	12,925,262	8,720,685	7,000,000	12,000,000	12,000,000	12,000,000
Finance and Economic Management	2	Subsidy of audio/visual broadcasting in Pa Enuua	39,728	40,000	45,000	45,000	45,000	45,000
Finance and Economic Management	2	Asian Infrastructure Investment Bank (AIIB) Membership	0	30,500	30,500	30,500	30,500	30,500
Finance and Economic Management	1	Pacific Financial Regional Technical Assistance (PFTAC) Contribution	0	0	15,000	0	0	0
Finance and Economic Management	1	Universal Access Fund	0	0	220,000	400,000	500,000	500,000
Finance and Economic Management	6	Provision for Inter Island Shipping	174,066	1,450,000	800,000	500,000	500,000	500,000
		<b>Subsidies Administered Payments</b>	<b>13,322,467</b>	<b>10,391,185</b>	<b>8,315,500</b>	<b>13,180,500</b>	<b>13,280,500</b>	<b>13,280,500</b>
<b>Social Assistance</b>								
Education	2	Government Funded Scholarships	672,787	660,400	780,000	780,000	780,000	780,000
Health	1	NCD Fund	194,999	195,000	195,000	195,000	195,000	195,000
Health	4	Patient Referrals	730,002	850,000	850,000	850,000	850,000	850,000
Health	5	Workforce Development	279,337	234,070	234,070	234,070	234,070	234,070
Internal Affairs	1	Welfare Payments - Allowances	742,134	1,291,309	1,262,437	1,268,780	1,268,862	1,268,718
Justice	1	Legal Aid	10,560	0	40,000	40,000	40,000	40,000
		<b>Social Assistance Administered Payments</b>	<b>2,629,819</b>	<b>3,230,779</b>	<b>3,361,507</b>	<b>3,367,850</b>	<b>3,367,932</b>	<b>3,367,788</b>
<b>Other Expense</b>								
Cook Islands Investment Corporation	2	To Tatou Vai	380,622	2,000,000	3,330,000	3,155,000	1,400,000	1,400,000
Education	2	Private School Funding	2,229,709	2,510,709	2,510,709	2,510,709	2,510,709	2,510,709
Finance and Economic Management	1	Competition and Regulatory Authority	0	100,000	480,000	600,000	538,000	419,000

Administering Ministry	Output	Administered Payment	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Finance and Economic Management	2	Production of new currency, transportation and sale of old coins	35,259	750,079	379,661	15,000	350,000	350,000
Finance and Economic Management	4	National Census	0	0	0	300,000	0	0
Finance and Economic Management	4	Conduct of a Labour Force Survey	0	64,441	0	0	0	0
Internal Affairs	2	SIF - Cook Islands Government Contribution	772,913	909,720	1,000,000	1,000,000	1,000,000	1,000,000
Internal Affairs	5	CISNOC Grant	720,000	476,381	370,000	370,000	370,000	370,000
Marine Resources	3	Fisheries Development Facility	178,298	200,000	250,000	300,000	300,000	300,000
Finance and Economic Management	2	Marumaruatua	255,212	0	0	0	0	0
Marine Resources	3	Fisheries Development Facility in the Pa Enea	0	100,000	0	0	0	0
<b>Other Expenses Administered Payments</b>			<b>4,572,013</b>	<b>7,111,330</b>	<b>8,320,370</b>	<b>8,250,709</b>	<b>6,468,709</b>	<b>6,349,709</b>
<b>Grand Total</b>			<b>41,178,719</b>	<b>63,702,518</b>	<b>105,215,475</b>	<b>42,962,820</b>	<b>41,510,902</b>	<b>40,656,758</b>



## 17.14 Schedule 8b – Payments on Behalf of Crown (POBOCs)

Administering Ministry	Output	POBOC	2018/19 Actual	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
<b>Compensation of Employees</b>								
Finance and Economic Management	2	Parliamentary Superannuation	113,844	180,000	180,000	180,000	180,000	180,000
Audit (PERCA)	3	PERC Salaries and Administration Costs	36,919	57,500	57,500	57,500	57,500	57,500
Parliamentary Services	1	Civil List - Personnel	2,358,896	2,901,961	2,901,961	2,901,961	2,901,961	2,901,961
Parliamentary Services	1	House of Ariki	228,733	328,420	338,420	348,420	348,420	348,420
		<b>Compensation of Employees POBOCs</b>	<b>2,738,391</b>	<b>3,467,881</b>	<b>3,477,881</b>	<b>3,487,881</b>	<b>3,487,881</b>	<b>3,487,881</b>
<b>Use of Goods and Services</b>								
Audit (PERCA)	2	Audit Fees	95,600	95,600	95,600	95,600	95,600	95,600
Parliamentary Services	1	Civil List - Constituency Visits	53,742	200,200	170,200	170,200	170,200	170,200
Parliamentary Services	1	Parliamentary Sitting Expenses	297,226	332,904	150,000	150,000	150,000	150,000
Parliamentary Services	1	MP Travel and Allowances (local & overseas)	414,766	541,000	341,000	341,000	341,000	341,000
	1	QR Travel and Allowances (local & overseas)	117,499	100,981	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	0	6,000	24,000	0	0	0
Foreign Affairs	5	International Maritime Organization - Maritime Cook Islands	0	63,461	63,461	63,461	63,461	63,461
		<b>Use of Goods and Services POBOCs</b>	<b>978,833</b>	<b>1,340,146</b>	<b>1,032,261</b>	<b>1,008,261</b>	<b>1,008,261</b>	<b>1,008,261</b>
<b>Subsidies</b>								
Cook Islands Investment Corporation	2	Bank of the Cook Islands - social assistance subsidy	120,000	128,000	128,000	128,000	128,000	128,000
Cook Islands Investment Corporation	2	Airport Authority subsidy	2,047,997	2,047,997	3,047,997	2,047,997	2,047,997	2,047,997
Cook Islands Investment Corporation	2	Ports Authority - subsidy	110,000	110,099	110,099	110,099	110,099	110,099
Cook Islands Investment Corporation	2	Te Aponga Uira - social assistance subsidy	380,000	380,000	0	0	380,000	380,000
Cook Islands Investment Corporation	2	Te Mana Uira o Araura - subsidy	0	0	500,000	0	0	0
		<b>Subsidies POBOCs</b>	<b>2,657,997</b>	<b>2,666,096</b>	<b>3,786,096</b>	<b>2,286,096</b>	<b>2,666,096</b>	<b>2,666,096</b>
<b>Social Assistance</b>								
Internal Affairs	1	Welfare Payments	19,035,449	19,689,535	20,007,261	20,269,454	20,379,580	20,497,189
		<b>Social Assistance POBOCs</b>	<b>19,035,449</b>	<b>19,689,535</b>	<b>20,007,261</b>	<b>20,269,454</b>	<b>20,379,580</b>	<b>20,497,189</b>

<b>Administering Ministry</b>	<b>Output</b>	<b>POBOC</b>	<b>2018/19 Actual</b>	<b>2019/20 Estimated Actual</b>	<b>2020/21 Budget Estimate</b>	<b>2021/22 Projection</b>	<b>2022/23 Projection</b>	<b>2023/24 Projection</b>
<b>Other Expense</b>								
Finance and Economic Management	2	Pacific Catastrophe Risk Insurance	153,139	120,694	160,000	160,000	160,000	160,000
Finance and Economic Management	2	BEPS Subscription	0	35,000	35,000	35,000	35,000	35,000
Foreign Affairs	5	International Subscriptions	627,194	687,967	890,000	890,000	890,000	890,000
Finance and Economic Management	2	CIG Insurance	70,578	100,000	180,000	40,000	40,000	40,000
<b>Other Expenses POBOCs</b>			<b>850,911</b>	<b>943,661</b>	<b>1,265,000</b>	<b>1,125,000</b>	<b>1,125,000</b>	<b>1,125,000</b>
<b>Grand Total</b>			<b>26,261,581</b>	<b>28,107,319</b>	<b>29,568,499</b>	<b>28,176,692</b>	<b>28,666,818</b>	<b>28,784,427</b>

## 17.15 Schedule 9a – Debt Servicing Schedule (\$'000)

Creditor	2019/20 Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Asian Development Bank (ADB)					
Principal	4,688	5,857	6,654	6,443	7,743
Interest	1,829	2,067	1,875	1,684	1,828
<b>Total Debt Servicing to ADB</b>	<b>6,517</b>	<b>7,924</b>	<b>8,529</b>	<b>8,127</b>	<b>9,570</b>
People's Republic of China (China)					
Principal	2,698	2,908	2,787	2,632	2,594
Interest	664	657	574	490	431
<b>Total Debt Servicing to China</b>	<b>3,362</b>	<b>3,566</b>	<b>3,362</b>	<b>3,122</b>	<b>3,025</b>
<b>Gross Debt Servicing</b>	<b>9,879</b>	<b>11,490</b>	<b>11,890</b>	<b>11,249</b>	<b>12,595</b>

## 17.16 Schedule 9b – Loan Repayment Fund (LRF) Schedule (\$'000)

Transaction	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
Opening Balance in LRF	20,922	20,458	9,378	9,565	9,756
<i>Transfer into LRF by Government</i>	9,254	0	11,890	9,708	17,208
Contribution to LRF - Principal	7,026	0	9,441	9,075	15,106
Contribution to LRF - Interest	2,228	0	2,449	2,174	3,940
Interest earned by LRF	418	409	188	191	195
<b>Total inflows</b>	<b>9,672</b>	<b>409</b>	<b>12,078</b>	<b>9,899</b>	<b>17,403</b>
Total Principal Paid out of LRF	7,386	8,765	9,441	9,075	15,106
Total Interest Paid out of LRF	2,228	2,725	2,449	2,174	2,259
	0	0	0	0	0
<b>Total outflows</b>	<b>9,614</b>	<b>11,490</b>	<b>11,890</b>	<b>11,249</b>	<b>17,365</b>
Valuation Adjustment					
<b>Closing balance of LRF</b>	<b>21,314</b>	<b>9,377</b>	<b>9,566</b>	<b>9,756</b>	<b>11,632</b>

## 17.17 Schedule 10 – Official Development Assistance Schedule

Agency	Programs/Projects by Agency	Development Partner	Actual 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
<b>Projects funded directly in New Zealand dollars</b>							
MFEM	Cook Islands Core Sector Support - Budget Support	New Zealand	14,825,000	7,925,000	7,825,000	7,825,000	0
MFEM	Cook Islands Budget Support	Australia	604,396	0	0	0	0
MFEM	Cook Islands Core Sector Support - TA Component	New Zealand	1,278,833	1,475,000	1,275,000	1,275,000	0
CIIC	Chinese Building Repairs	China	0	0	0	0	0
MFEM	India Grant Fund	India	16,524	680,000	0	0	0
MFEM	Pacific Parliamentary Development Project	UNDP	0	0	0	0	0
MOT	Disaster Resilience for Small Pacific Islands (RESPAC Cook Islands)	UNDP	30,131	40,000	0	0	0
MFEM	Grassroots Grant Fund	Japan	169,303	575,137	0	0	0
MFEM	Non Project Grant Aid - Palmerston Cyclone Centre	Japan	14,651	0	0	0	0
MFEM	Economic Social Development Programme 2018	Japan	606,511	929,090	431,223	839,880	0
MFEM	JICA Training and Development	Japan	0	125,000	0	0	0
MFEM	General Budget Support	European Union	0	2,288,136	788,135	0	0
MFEM	Manatua Polynesian Cable Project	New Zealand	5,212,925	9,787,075	0	0	0
MFEM	Aid Effectiveness	Other	53,928	100,000	100,000	100,000	100,000
MFEM	Mei Te Vai Ki Te Vai (MTVKTV)	New Zealand	3,124,896	1,544,814	0	0	0
MMR	Mei Te Vai Ki Te Vai (MTVKTV) - Environmental Investigation	New Zealand	0	142,000	0	0	0
MMR	Sustainable Fisheries Partnership Agreement	European Union	220,193	593,220	0	0	0
OPM	NZ Volunteer Services Aboard	New Zealand	196,000	200,000	200,000	200,000	200,000
MMR	Japan Trust Fund	Japan	199,231	0	0	0	0
MMR	Project Development Fund - US Fisheries Treaty	Forum Fisheries Agency	16,000	206,439	206,439	206,439	206,439
MFAI	Project Development Fund - US Fisheries Treaty	Forum Fisheries Agency	0	30,303	30,303	30,303	30,303
MOH	WHO Biennium Budget Support	WHO	0	0	0	0	0
MOH	Western Pacific Multi-country Integrated HIV/TB programme - UNDP	UNDP	69,193	90,000	90,000	0	0
NES	Ridge to Reef	Global Environment Facility	1,296,986	1,497,693	0	0	0
NES	Strengthening the Implementation of the Nagoya Protocol on Access to Genetic Resources and Benefit Sharing in the Cook Islands	Global Environment Facility	120,430	0	0	0	0
OPM	E-Government TA Support	Asian Development Bank	111,504	378,788	0	0	0
OPM	Renewable Energy Grant (Southern Group)	Global Environment Facility	268,968	1,500,000	83,074	0	0
OPM	Renewable Energy Grant (Southern Group)	Green Climate Fund	7,258,734	9,500,000	1,055,880	0	0
OPM	Preparation of the Third National Communication under UN Framework Convention on Climate Change (UNFCCC)	Global Environment Facility	142,967	0	0	0	0
OPM	Fourth National Communications - UNFCCC	Global Environment Facility	0	213,000	213,000	213,000	213,000
MFEM	Green Climate Fund Readiness	Green Climate Fund	383,128	720,000	350,000	0	0

Agency	Programs/Projects by Agency	Development Partner	Actual 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
MFEM	MOH Building Resilient and healthy Cook Islands Communities - SAP	Green Climate Fund	0	0	0	0	0
MFEM	Pa Enua Action for Resilient Livelihoods (PEARL)	UN Adaptation Fund	1,063,815	1,702,526	809,094	0	0
OPM	Northern Water Project Phase 2	EU-German Development Cooperation	21,200	0	0	0	0
REDCROSS	GEF Small Grants Programme	Global Environment Facility	302,527	303,030	227,273	227,273	227,273
ICI	Japan Grassroots Human Security - Resource Recovery Centre Upgrades	Japan	178,391	0	0	0	0
MFEM	JICA Purpose-built shipping vessel for inter-island services TA Support	Japan	0	0	0	0	0
MFEM	Assets Management	New Zealand	8,196,057	4,500,000	0	0	0
ICI	ICI COOKGEO GeoPortal	SPC	0	50,000	50,000	50,000	50,000
ICI	Accurately Positioning Cook Islands (Modernising Cook Islands Positioning Infrastructures)	SPC	0	25,000	25,000	25,000	25,000
ICI	Strengthening Water Security of Vulnerable Islands States	SPC	0	250,000	250,000	0	0
OPM	GCCA + SUPA	SPC	0	847,458	0	0	0
NES	6th National Report to the Convention Biological Diversity	UNDP	0	70,000	0	0	0
MOH	COVID-19 Response Assistance	Japan	0	1,546,100	0	0	0
MFEM	COVID-19: Pacific Financial Support Package	New Zealand	0	7,000,000	0	0	0
MFEM	COVID-19 Co-operation	China	0	82,658	0	0	0
MFEM	Cook Islands Emergency Response to Covid-19	Asian Development Bank	0	151,515	0	0	0
MFEM	Technical Assistance Support on COVID-19	Asian Development Bank	0	409,091	0	0	0
MFEM	Cook Islands Infrastructure Trust Fund	New Zealand	0	5,500,000	0	0	0
MFEM	Cook Islands Infrastructure Trust Fund - Rarotonga Airport Refurbishment	New Zealand	0	6,500,000	0	0	0
<b>Total NZD Equivalent ODA Funding</b>			<b>45,982,421</b>	<b>69,478,073</b>	<b>14,009,421</b>	<b>10,991,895</b>	<b>1,052,015</b>
<b>Total NZD Equivalent ODA Funding - (excluding Core Sector and Infrastructure Trust Fund)</b>			<b>30,553,026</b>	<b>61,553,073</b>	<b>6,184,421</b>	<b>3,166,895</b>	<b>1,052,015</b>

## 17.18 Schedule 11 – Comparative Analysis of Ministry Appropriations

Ministry	2019/20 Supplementary Estimate			2020/21 Budget Estimate			Gross Operating Variance
	Gross Operating Appropriation	Trading Revenue	Net Operating Appropriation	Gross Operating Appropriation	Trading Revenue	Net Operating Appropriation	Amount
Agriculture	1,343,762	90,535	1,253,227	1,400,581	45,535	1,355,046	56,819
Audit (PERCA)	1,129,154	60,700	1,068,454	1,124,654	60,700	1,063,954	-4,500
Corrective Services	180,564	0	180,564	1,585,957	50,000	1,535,957	1,405,393
Crown Law	1,307,075	0	1,307,075	1,207,575	0	1,207,575	-99,500
Cultural Development	1,995,174	150,000	1,845,174	1,749,500	50,000	1,699,500	-245,674
Business Trade and Investment Board	782,162	28,000	754,162	779,662	28,000	751,662	-2,500
Education	19,895,611	0	19,895,611	19,706,773	0	19,706,773	-188,838
Environment	1,851,565	35,000	1,816,565	1,724,067	35,000	1,689,067	-127,498
Finance and Economic Management	52,793,014	954,341	51,838,673	83,041,178	383,500	82,657,678	30,248,165
Financial Services Development Authority	530,571	0	530,571	409,703	0	409,703	-120,868
Foreign Affairs	2,776,521	28,000	2,748,521	2,780,775	28,000	2,752,775	4,254
Head Of State	250,163	0	250,163	250,836	0	250,836	673
Health	17,519,546	350,000	17,169,546	18,518,932	150,000	18,368,932	999,386
Infrastructure Cook Islands	6,285,169	300,000	5,985,169	6,184,000	300,000	5,884,000	-101,169
Internal Affairs	4,760,847	6,000	4,754,847	4,688,437	0	4,688,437	-72,410
Justice	2,855,763	550,000	2,305,763	2,805,001	550,000	2,255,001	-50,763
Marine Resources	2,372,618	28,000	2,344,618	2,267,000	28,000	2,239,000	-105,618
Ombudsman	330,398	0	330,398	301,000	0	301,000	-29,398
Parliamentary Services	758,681	0	758,681	739,000	0	739,000	-19,681
Police	5,715,861	201,783	5,514,078	5,806,000	141,783	5,664,217	90,139
Prime Minister's Office	2,971,886	0	2,971,886	2,885,000	0	2,885,000	-86,886
Public Service Commission	2,423,610	0	2,423,610	2,291,645	0	2,291,645	-131,965
Tourism Corporation	9,286,662	150,000	9,136,662	8,480,000	20,000	8,460,000	-806,662
Transport	1,160,232	36,000	1,124,232	1,236,000	22,000	1,214,000	75,768
Cook Islands Investment Corporation	8,217,909	753,831	7,464,078	7,967,000	703,831	7,263,169	-250,909
Cook Islands Seabed Minerals Authority	563,459	0	563,459	789,500	0	789,500	226,041
<b>Total Ministries</b>	<b>150,057,975</b>	<b>3,722,190</b>	<b>146,335,785</b>	<b>180,719,773</b>	<b>2,596,349</b>	<b>178,123,424</b>	<b>30,661,799</b>

Ministry	2019/20 Supplementary Estimate			2020/21 Budget Estimate			Gross Operating Variance
	Gross Operating Appropriation	Trading Revenue	Net Operating Appropriation	Gross Operating Appropriation	Trading Revenue	Net Operating Appropriation	Amount
<b>Ministerial Support</b>							
Prime Minister	422,569	0	422,569	482,569	0	482,569	60,000
Deputy Prime Minister	350,000	0	350,000	378,000	0	378,000	28,000
Minister Vaine Mokoroa	290,000	0	290,000	308,000	0	308,000	18,000
Minister Vainetutai Toki-Brown	290,000	0	290,000	308,000	0	308,000	18,000
Minister Robert Tapaitau	290,000	0	290,000	308,000	0	308,000	18,000
Minister George Angene	290,000	0	290,000	308,000	0	308,000	18,000
7th Minister	290,000	0	290,000	0	0	0	0
Leader Of Opposition	290,000	0	290,000	308,000	0	308,000	18,000
<b>Total Ministerial Support Offices</b>	<b>2,222,569</b>	<b>0</b>	<b>2,222,569</b>	<b>2,690,569</b>	<b>0</b>	<b>2,690,569</b>	<b>178,000</b>
<b>Outer Islands</b>							
Aitutaki	2,060,486	67,828	1,992,658	2,098,898	67,828	2,031,070	38,412
Atiu	1,695,715	224,318	1,471,397	1,730,224	224,318	1,505,906	34,509
Mangaia	2,158,290	301,000	1,857,290	1,742,417	301,000	1,441,417	-415,873
Manihiki	1,332,714	119,000	1,213,714	1,338,213	119,000	1,219,213	5,499
Mauke	1,359,944	113,853	1,246,091	1,391,430	113,853	1,277,577	31,486
Mitiaro	843,759	60,900	782,859	860,693	60,900	799,793	16,934
Palmerston	432,373	20,500	411,873	427,092	20,500	406,592	-5,281
Penrhyn	902,154	74,000	828,154	990,319	74,000	916,319	88,165
Pukapuka-Nassau	1,262,104	73,695	1,188,409	1,249,469	73,695	1,175,774	-12,635
Rakahanga	556,949	50,000	506,949	555,706	52,000	503,706	-1,243
<b>Total Outer Islands</b>	<b>12,604,488</b>	<b>1,105,094</b>	<b>11,499,394</b>	<b>12,384,461</b>	<b>1,107,094</b>	<b>11,277,367</b>	<b>-220,027</b>
<b>Gross Total</b>	<b>164,885,032</b>	<b>4,827,284</b>	<b>160,057,748</b>	<b>195,794,804</b>	<b>3,703,443</b>	<b>192,091,361</b>	<b>30,619,772</b>

## 17.19 Schedule 12 – Output Analysis

Ministry / Agency	Total Expenditure on Output				
	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Agriculture</b>	<b>1,351,803</b>	<b>1,400,581</b>	<b>1,400,582</b>	<b>1,400,582</b>	<b>1,400,582</b>
Crops Research	557,601	450,423	450,423	450,423	450,423
Biosecurity	459,210	383,314	383,314	383,314	383,314
Advisory	124,292	176,493	176,493	176,493	176,493
Corporate Services	210,700	390,351	390,352	390,352	390,352
<b>Audit (PERCA)</b>	<b>1,276,204</b>	<b>1,277,754</b>	<b>1,337,754</b>	<b>1,287,754</b>	<b>1,287,754</b>
The audit of the consolidated financial statements of Government	414,979	410,424	444,742	432,242	432,242
The audit of Ministries, OI's, SOE's and Other Crown Agencies financial statements	323,436	445,587	442,818	430,318	430,318
Special Reviews, Investigations and Performance Audits	372,789	248,863	263,088	250,588	250,588
Corporate Services	165,000	172,880	187,105	174,605	174,605
<b>Cook Islands Investment Corporation</b>	<b>9,319,516</b>	<b>11,753,096</b>	<b>9,878,096</b>	<b>8,623,096</b>	<b>8,851,096</b>
Effective Asset Management	3,373,893	3,346,244	3,396,244	3,516,244	3,716,244
Effective management of public assets by State Owned Enterprises (SOEs)	5,617,776	7,875,507	5,950,507	4,575,507	4,575,507
Corporate Services	327,847	531,345	531,345	531,345	559,345
<b>Corrective Services</b>	<b>1,406,466</b>	<b>1,585,957</b>	<b>1,585,957</b>	<b>1,585,957</b>	<b>1,585,957</b>
Probation Services	422,180	294,464	294,464	294,464	294,464
Prison Services	879,894	1,135,099	1,139,379	1,139,379	1,139,379
Corporate Services	104,392	156,394	152,114	152,114	152,114
<b>Crown Law</b>	<b>1,097,483</b>	<b>1,207,575</b>	<b>1,094,000</b>	<b>1,094,000</b>	<b>1,104,000</b>
Advice	206,824	382,136	423,135	423,135	427,135
Litigation	606,134	431,009	276,186	276,186	278,686
Legislation	284,525	276,009	276,186	276,186	278,686
Corporate Service	0	118,421	118,492	118,492	119,492



Ministry / Agency	Total Expenditure on Output				
	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Cultural Development</b>	<b>1,962,967</b>	<b>1,749,500</b>	<b>2,677,500</b>	<b>2,677,500</b>	<b>2,057,499</b>
Cultural Identity	1,274,374	1,105,724	2,020,280	2,028,363	1,330,711
Cultural Heritage	369,892	337,604	339,604	339,604	380,862
Cultural Governance	318,701	306,172	317,616	309,533	345,926
<b>Business Trade and Investment Board</b>	<b>598,515</b>	<b>779,662</b>	<b>679,662</b>	<b>679,662</b>	<b>679,662</b>
Business Enterprise	118,595	203,828	103,828	103,828	103,828
Trade and Marketing	56,532	80,976	80,976	80,976	80,976
Foreign Investment	50,400	126,217	126,217	126,217	126,217
Monitoring and Compliance	67,898	84,862	84,862	84,862	84,862
Corporate Services	251,546	273,114	273,114	273,114	273,114
Strategic Management Services	53,544	10,666	10,666	10,666	10,666
<b>Education</b>	<b>19,241,570</b>	<b>19,706,773</b>	<b>19,819,519</b>	<b>20,029,489</b>	<b>20,029,489</b>
Taku Ipukarea Kia Rangatira	1,482,566	693,930	730,699	741,678	741,678
Learning and Teaching	4,844,631	4,840,870	4,828,644	4,851,248	4,851,248
Learning and the Community	3,515,210	2,106,161	2,075,850	2,086,544	2,086,544
Infrastructure and Support	9,399,163	12,065,812	12,184,326	12,350,019	12,350,019
<b>Environment</b>	<b>1,653,474</b>	<b>1,724,067</b>	<b>1,544,067</b>	<b>1,544,067</b>	<b>1,544,067</b>
Puna 'Akatereau – Corporate Services Division	509,748	695,982	697,467	697,467	697,467
Puna Akoako e te Arapaki Ture – Compliance and Advisory Division	517,230	393,923	393,923	393,923	393,923
Puna Orama – Island Futures Division	626,497	259,100	259,100	259,100	259,100
Pa Enea	0	338,201	156,716	156,716	156,716
Project Management Unit	0	36,860	36,861	36,861	36,861
<b>Finance and Economic Management</b>	<b>44,164,689</b>	<b>83,596,178</b>	<b>22,140,018</b>	<b>22,540,275</b>	<b>22,421,275</b>
Economic Planning Division	29,800,903	72,710,268	13,995,268	14,083,268	13,964,268
Finance Management Division	2,441,209	2,784,955	2,219,944	2,574,944	2,574,944
Revenue Management Division	3,880,252	2,805,262	3,401,195	3,588,995	3,588,995
Cook Islands Statistics Office	637,613	509,258	794,258	494,258	494,258
Development Coordination Division	405,702	332,543	332,543	332,543	332,543
Major Projects Procurement Support Division	6,921,844	4,333,058	1,273,232	1,352,433	1,352,433
Office of the Financial Secretary	77,165	120,834	123,578	113,834	113,834

Ministry / Agency	Total Expenditure on Output				
	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Foreign Affairs</b>	<b>3,309,833</b>	<b>3,734,236</b>	<b>3,930,238</b>	<b>3,975,256</b>	<b>3,975,256</b>
Pacific and Regional Affairs and Trade	444,411	389,451	464,451	464,451	464,451
International Affairs including Protocol and Diplomatic Services	259,734	382,583	482,583	482,583	482,583
United Nations and International Treaties	314,666	300,910	310,910	310,910	310,910
Immigration Service	364,005	514,109	524,109	524,109	524,109
Corporate Services	1,927,017	2,147,183	2,148,185	2,193,203	2,193,203
<b>Head Of State</b>	<b>240,580</b>	<b>250,836</b>	<b>250,836</b>	<b>250,106</b>	<b>250,106</b>
Administrative Support	240,580	250,836	250,836	250,106	250,106
<b>Health</b>	<b>17,520,501</b>	<b>18,518,932</b>	<b>18,518,932</b>	<b>18,518,932</b>	<b>18,518,932</b>
Public Health	2,185,171	2,835,735	2,835,735	2,835,735	2,835,735
Oral Health Services	991,324	988,724	988,724	988,724	988,724
Primary Care	1,025,365	2,700,504	2,700,504	2,700,504	2,700,504
Hospital Health	11,445,954	9,506,080	9,506,080	9,506,080	9,506,080
Planning and Funding	1,872,687	2,487,889	2,487,889	2,487,889	2,487,889
<b>Infrastructure Cook Islands</b>	<b>5,782,269</b>	<b>6,184,000</b>	<b>6,084,000</b>	<b>6,084,000</b>	<b>6,084,000</b>
Corporate Support Services	849,081	1,129,762	1,129,762	1,129,762	1,129,762
Regulatory Services Division	234,041	206,842	206,842	206,842	206,842
Planning and Project Management	1,856,006	1,574,963	1,574,963	1,574,963	1,574,963
Civil Works Asset Management Division	1,570,415	1,723,169	1,623,169	1,623,169	1,623,169
Waste Management Division	1,066,768	1,271,284	1,271,284	1,271,284	1,271,284
Pa Enea Coordination Division	152,000	191,254	191,254	191,254	191,254
National Hydrography Office	53,958	86,726	86,726	86,726	86,726
<b>Internal Affairs</b>	<b>24,530,303</b>	<b>24,695,699</b>	<b>24,970,235</b>	<b>25,100,442</b>	<b>25,217,907</b>
Welfare Services	21,396,837	21,651,856	22,047,592	22,157,800	22,275,265
Social Policy and Services	1,501,577	1,448,336	1,448,336	1,448,336	1,448,336
Labour and Consumer Services	247,091	247,448	247,448	247,448	247,448
Civil Services	562,160	573,499	559,615	573,499	573,499
Corporate Services	822,638	774,559	667,244	673,359	673,359

Ministry / Agency	Total Expenditure on Output				
	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Justice</b>	<b>2,501,213</b>	<b>2,805,000</b>	<b>2,805,000</b>	<b>2,850,000</b>	<b>3,070,000</b>
High Courts	1,043,856	1,392,617	1,384,141	1,403,846	1,573,846
Land Administration	766,513	753,219	746,815	763,813	763,813
Registry Services	317,124	268,447	266,374	271,874	271,874
Corporate Services	373,720	390,717	407,670	410,467	460,467
<b>Marine Resources</b>	<b>2,227,846</b>	<b>2,267,000</b>	<b>2,466,999</b>	<b>2,506,999</b>	<b>2,656,999</b>
Offshore Fisheries	402,022	562,995	562,995	584,995	643,725
Inshore and Aquaculture Fisheries	851,872	1,200,921	1,373,886	1,385,085	1,444,535
Corporate Services	973,952	503,084	530,118	536,919	568,739
<b>Ombudsman</b>	<b>284,273</b>	<b>301,000</b>	<b>301,000</b>	<b>301,000</b>	<b>301,000</b>
Investigations and Review	147,999	150,592	153,599	153,599	153,599
Public Awareness & Training	59,569	52,675	56,795	56,795	56,795
Corporate Services	76,705	97,734	90,606	90,606	90,606
<b>Parliamentary Services</b>	<b>5,099,350</b>	<b>4,749,581</b>	<b>4,732,581</b>	<b>4,732,581</b>	<b>4,732,581</b>
Services to Parliament and Select Committees	4,845,320	4,493,203	4,475,003	4,475,003	4,475,003
Finance and Corporate Services	254,030	256,378	257,578	257,578	257,578
<b>Police</b>	<b>5,380,294</b>	<b>5,806,000</b>	<b>5,656,000</b>	<b>5,806,000</b>	<b>5,704,000</b>
Crime and Operations	4,179,598	4,204,357	4,054,357	4,204,356	4,102,356
Crime Prevention	710,697	1,119,342	1,119,342	1,119,342	1,119,342
Corporate Services	489,999	482,301	482,301	482,302	482,302

Ministry / Agency	Total Expenditure on Output				
	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Prime Minister's Office</b>	<b>2,319,283</b>	<b>2,909,001</b>	<b>2,586,001</b>	<b>2,526,001</b>	<b>2,526,001</b>
Cabinet and Executive Services	668,639	578,189	572,889	572,889	572,889
Central Policy Planning Office	189,554	315,806	315,806	315,806	315,806
Pa Enea Governance	261,510	413,249	389,249	389,249	389,249
Information Communication Technology	354,449	548,261	308,003	308,003	308,003
Renewable Energy Development	121,810	185,687	157,847	157,847	157,847
Emergency Management Cook Islands	187,914	200,916	200,916	200,916	200,916
Climate Change Cook Islands	148,473	167,004	161,954	161,954	161,954
Marae Moana	80,600	135,037	135,037	75,037	75,037
Corporate Services	306,334	332,076	344,299	344,299	344,299
National Security	0	32,775	0	0	0
<b>Public Service Commission</b>	<b>2,293,850</b>	<b>2,291,645</b>	<b>2,291,645</b>	<b>2,310,645</b>	<b>2,385,645</b>
Policy and Planning	145,417	149,435	140,778	154,306	169,906
Human Resource Management	174,806	156,569	169,277	164,627	179,627
Corporate Services	1,835,044	1,903,704	1,899,653	1,909,775	1,954,175
Heads of Ministries Administration	138,584	81,937	81,937	81,937	81,937
<b>Tourism Corporation</b>	<b>9,199,717</b>	<b>8,480,000</b>	<b>9,272,000</b>	<b>9,272,000</b>	<b>9,272,000</b>
Destination Sales & Marketing	7,367,080	6,611,958	7,150,582	7,150,582	7,150,582
Destination Development	888,110	983,187	1,099,811	1,099,811	1,099,811
Corporate Services	944,527	884,855	1,021,607	1,021,607	1,021,607
<b>Transport</b>	<b>1,156,710</b>	<b>1,315,000</b>	<b>1,314,999</b>	<b>1,315,001</b>	<b>1,363,999</b>
Civil Aviation Authority of (the) Cook Islands	272,950	331,347	330,447	315,367	317,199
Maritime Safety Authority	182,020	300,591	308,641	310,841	326,496
Land Transport Authority	69,466	109,038	107,218	105,818	116,725
Cook Islands Meteorological Services	315,060	357,764	354,254	364,676	378,422
Corporate Services	317,214	216,260	214,440	218,298	225,158
<b>Financial Services Development Authority</b>	<b>408,709</b>	<b>409,703</b>	<b>424,703</b>	<b>424,703</b>	<b>424,703</b>
Increase the contribution of financial services industry to Cook Islands economy	408,709	409,703	424,703	424,703	424,703

Ministry / Agency	Total Expenditure on Output				
	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Cook Islands Seabed Minerals Authority</b>	<b>445,819</b>	<b>789,499</b>	<b>489,499</b>	<b>489,499</b>	<b>489,499</b>
Effective Seabed Minerals sector	380,716	647,042	441,042	441,042	441,042
Stakeholder engagement - Collaboration and capacity building	20,000	90,000	0	0	0
Corporate Services	45,104	52,457	48,457	48,457	48,457
<b>OUTER ISLANDS</b>					
<b>Aitutaki</b>	<b>2,115,206</b>	<b>2,098,898</b>	<b>2,092,835</b>	<b>2,093,397</b>	<b>2,093,397</b>
Island Council	91,234	91,334	91,334	91,334	91,334
Finance and Administration	382,596	275,208	275,208	275,208	275,208
Infrastructure	1,387,389	1,431,549	1,425,486	1,425,486	1,425,486
Agriculture	86,177	81,934	81,934	82,496	82,496
Women, Youth, Sport and Culture	22,302	72,648	72,648	72,648	72,648
Waste Management	145,509	146,225	146,225	146,225	146,225
<b>Atiu</b>	<b>1,708,088</b>	<b>1,730,223</b>	<b>1,743,251</b>	<b>1,743,259</b>	<b>1,743,259</b>
Agriculture	410,400	180,744	180,744	180,744	180,744
Infrastructure	930,822	848,861	848,861	848,861	848,861
Energy	116,070	358,527	371,555	371,563	371,563
Corporate Services	157,618	229,811	229,811	229,811	229,811
Island Council	93,178	112,281	112,281	112,281	112,281
<b>Mangaia</b>	<b>1,762,465</b>	<b>1,742,417</b>	<b>1,753,315</b>	<b>1,753,746</b>	<b>1,753,746</b>
Agriculture Development (AD)	162,486	181,553	181,552	181,563	181,573
Tourism & Community Development (TCD)	55,646	54,107	54,213	54,001	54,001
Infrastructure Amenities (IA)	553,834	658,983	658,982	658,976	658,810
Public Utilities (PU)	619,654	559,271	574,304	574,148	574,304
Corporate Services (CS)	298,717	214,373	210,133	210,928	210,928
Mangaia Island Council (IC)	72,128	74,130	74,131	74,130	74,130

Ministry / Agency	Total Expenditure on Output				
	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Manihiki</b>	<b>1,310,340</b>	<b>1,338,212</b>	<b>1,333,616</b>	<b>1,334,267</b>	<b>1,334,267</b>
Corporate Services	25,370	222,652	218,054	218,705	218,705
Infrastructure	790,732	778,310	778,310	778,310	778,310
Energy	212,789	195,351	195,351	195,351	195,351
Agriculture	144,114	41,158	41,159	41,159	41,159
Governance	137,335	100,742	100,743	100,743	100,743
<b>Mauke</b>	<b>1,303,459</b>	<b>1,391,427</b>	<b>1,398,799</b>	<b>1,399,083</b>	<b>1,399,083</b>
Infrastructure	632,058	671,702	671,702	671,702	671,702
Public Utilities	231,566	331,070	331,070	331,070	331,070
Corporate Services	98,872	166,925	167,073	167,079	167,079
Agriculture	139,105	109,884	109,884	109,884	109,884
Gender & Cultural Development	103,237	48,257	48,256	48,256	48,256
Island Council	98,620	63,589	70,814	71,092	71,092
<b>Mitiaro</b>	<b>844,665</b>	<b>860,694</b>	<b>866,250</b>	<b>866,458</b>	<b>866,458</b>
Administration	276,587	259,135	260,387	260,595	260,595
Island Council	28,671	29,601	29,601	29,601	29,601
Social and Economic Development	13,870	14,800	14,800	14,800	14,800
Infrastructure	369,164	394,274	398,578	398,578	398,578
Energy	112,920	116,640	116,640	116,640	116,640
Agriculture	43,453	46,243	46,243	46,243	46,243
<b>Palmerston</b>	<b>421,905</b>	<b>427,092</b>	<b>424,846</b>	<b>425,151</b>	<b>425,151</b>
Administration	161,578	106,820	104,574	104,880	104,880
Education	91,025	117,625	117,625	117,625	117,625
Infrastructure and Development	145,684	157,524	157,524	157,524	157,524
Island Council Support Services	23,618	45,123	45,123	45,122	45,122
<b>Penrhyn</b>	<b>956,036</b>	<b>990,319</b>	<b>995,173</b>	<b>991,575</b>	<b>991,575</b>
Island Government Support Services	313,475	147,546	147,546	147,546	147,546
Community and Protocol Services	41,822	63,907	63,907	63,907	63,907
Infrastructure and Climate Change	519,438	320,119	320,119	320,119	320,119
Economic Development	81,301	458,747	463,601	460,003	460,003

Ministry / Agency	Total Expenditure on Output				
	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Pukapuka and Nassau</b>	<b>1,262,104</b>	<b>1,249,469</b>	<b>1,244,034</b>	<b>1,244,818</b>	<b>1,244,818</b>
Administration & Finance	202,338	309,241	309,132	309,148	309,148
Agriculture	24,895	36,166	36,166	36,166	36,166
Energy	44,124	56,678	51,352	52,120	52,120
Infrastructure	880,338	715,811	715,811	715,811	715,811
Island Council	85,206	102,864	102,864	102,864	102,864
Women's Development, Gender, Youth and Sports	25,203	28,709	28,709	28,709	28,709
<b>Rakahanga</b>	<b>555,384</b>	<b>555,705</b>	<b>553,025</b>	<b>553,391</b>	<b>553,391</b>
Agriculture	32,970	9,153	49,468	49,831	49,831
Marine Resources	78,250	79,509	40,792	40,793	40,793
Beautification	95,433	90,479	86,200	86,200	86,200
Infrastructure	154,861	160,832	160,832	160,833	160,833
Energy	49,763	51,623	51,623	51,624	51,624
Corporate Services	109,799	129,802	129,802	129,802	129,802
Island Council	34,308	34,308	34,308	34,308	34,308
<b>MINISTERIAL SUPPORT</b>	<b>2,041,686</b>	<b>2,400,569</b>	<b>2,400,569</b>	<b>2,400,569</b>	<b>2,400,569</b>
Prime Minister	359,167	482,569	482,569	482,569	482,569
Deputy Prime Minister	329,714	378,000	378,000	378,000	378,000
Minister Vaine Mokoroa	293,081	308,000	308,000	308,000	308,000
Minister Rose Brown	276,140	308,000	308,000	308,000	308,000
Minister Robert Tapaitau	240,775	308,000	308,000	308,000	308,000
Minister George Angene	275,381	308,000	308,000	308,000	308,000
Leader of the Opposition	267,427	308,000	308,000	308,000	308,000
<b>TOTAL APPROPRIATIONS</b>	<b>179,054,577</b>	<b>225,073,299</b>	<b>163,057,537</b>	<b>162,731,262</b>	<b>162,739,725</b>

## 18 Financial Statements

### 18.1 Statement of Financial Performance

For the year ending 30 June					
	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
<b>Revenue</b>					
Taxation Revenues	140,349	93,814	126,426	153,098	166,474
Trading Revenue	5,502	3,703	4,697	4,902	4,902
Interest Revenue	1,873	800	400	400	400
Dividends	3,030	1,500	1,836	2,056	2,241
Core Sector Support	15,335	7,730	7,730	7,730	0
Other Revenue	23,350	17,614	18,443	15,393	12,193
<b>Total Revenue</b>	<b>189,440</b>	<b>125,163</b>	<b>159,533</b>	<b>183,579</b>	<b>186,210</b>
<b>Expenditure</b>					
Crown Appropriation	144,678	189,145	128,521	127,704	127,595
Depreciation	13,046	13,137	13,137	13,137	13,137
Payments on Behalf of Crown	28,107	29,568	28,177	28,667	28,784
Debt-servicing interest	1,868	2,725	2,449	1,592	3,109
Other expenditure	900	150	150	150	150
<b>Total Expenditure</b>	<b>188,600</b>	<b>234,725</b>	<b>172,433</b>	<b>171,250</b>	<b>172,775</b>
<b>NET OPERATING SURPLUS / (SHORTFALL)</b>	<b>840</b>	<b>-109,562</b>	<b>-12,900</b>	<b>12,330</b>	<b>13,435</b>
<b>Grants</b>					
Foreign Aid Revenue	9,629	23,770	4,768	2,889	774
Foreign Aid Expenses	9,629	23,770	4,768	2,889	774
<b>Grant Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Operating Balance after Grants</b>	<b>840</b>	<b>-109,562</b>	<b>-12,900</b>	<b>12,330</b>	<b>13,435</b>



## 18.2 Statement of Financial Position

	For the Year Ending 30 June				
	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
<b>Assets</b>					
Working Capital Fund	17,632	128	-25,726	-36,261	-45,589
Stabilisation Fund	56,700	0	0	0	0
<b>General Cash Reserves</b>	74,332	128	-25,726	-36,261	-45,589
Loan Repayment Fund	20,458	9,378	9,565	9,756	9,951
Disaster Response Trust Fund	1,928	1,978	2,028	2,078	2,128
Other Trust Funds	61,190	49,190	49,190	49,190	49,190
Other Assets	27,066	27,066	27,066	27,066	27,066
Advances to SOEs	41,775	49,827	49,827	48,868	47,862
Plant, property, and equipment	309,831	376,895	398,129	412,913	421,609
<b>Total Assets</b>	<b>536,581</b>	<b>514,462</b>	<b>510,079</b>	<b>513,611</b>	<b>512,217</b>
<b>Liabilities</b>					
Creditors and other payables	15,730	15,730	15,730	15,730	15,730
Trust liabilities	60,970	48,970	48,970	48,970	48,970
Borrowings	107,000	173,933	174,313	159,412	142,626
<b>Total Liabilities</b>	<b>183,700</b>	<b>238,633</b>	<b>239,013</b>	<b>224,112</b>	<b>207,326</b>
<b>Net Crown Balance</b>	<b>352,880</b>	<b>275,829</b>	<b>271,066</b>	<b>289,498</b>	<b>304,891</b>

## 18.3 Statement of Cashflows

For the Year Ending 30 June					
	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
<b>Cashflows from Operating Activities</b>					
<u>Cash provided from:</u>					
Taxation Revenues	140,349	93,814	126,426	153,098	166,474
Trading Revenue	5,502	3,703	4,697	4,902	4,902
Interest Revenue	1,873	391	212	209	205
Foreign Aid Income	57,489	61,552	6,184	3,166	1,051
Core Sector Support	15,335	7,730	7,730	7,730	0
Other Revenue	23,350	17,614	18,443	15,393	12,193
<i>Totals</i>	<i>243,899</i>	<i>184,805</i>	<i>163,694</i>	<i>184,498</i>	<i>184,825</i>
<u>Cash applied to:</u>					
Crown Appropriation	144,678	189,145	128,521	127,704	127,595
Depreciation	0	0	0	0	0
Payments on Behalf of the Crown	28,107	29,568	28,177	28,667	28,784
Foreign Aid Expense	9,629	23,770	4,768	2,889	774
Net Debt-Servicing Interest	0	0	0	0	0
Other Expenditure	900	150	150	150	150
<i>Totals</i>	<i>183,315</i>	<i>242,633</i>	<i>161,615</i>	<i>159,410</i>	<i>157,303</i>
<b>Net Cashflows from Operating Activities</b>	<b>60,584</b>	<b>-57,828</b>	<b>2,079</b>	<b>25,088</b>	<b>27,522</b>
<b>Cashflows from Financing Activities</b>					
<u>Cash provided from:</u>					
Subsidiary Loan Repayments	360	0	0	1,541	1,837
Other Investment Receipts	3,030	1,500	1,836	2,056	2,241
<i>Totals</i>	<i>3,390</i>	<i>1,500</i>	<i>1,836</i>	<i>3,597</i>	<i>4,078</i>
<u>Cash applied to:</u>					
Capital expenditure	38,859	42,419	32,954	27,644	21,556
Capital expenditure - foreign aid	47,860	37,782	1,416	277	277
Advances to Subsidiaries	17,282	8,052	0	0	0
<i>Totals</i>	<i>104,001</i>	<i>88,253</i>	<i>34,370</i>	<i>27,921</i>	<i>21,833</i>
<b>Net Cashflows from Investing Activities</b>	<b>-100,611</b>	<b>-86,753</b>	<b>-32,534</b>	<b>-24,324</b>	<b>-17,755</b>
<b>Cashflows from Financing Activities</b>					
<u>Cash provided from:</u>					
Loans Drawdown	17,282	70,426	16,541	0	0
Other Financing Receipts	0	0	0	0	0
<i>Totals</i>	<i>17,282</i>	<i>70,426</i>	<i>16,541</i>	<i>0</i>	<i>0</i>
<u>Cash applied to:</u>					
Loan Repayment Fund	9,614	0	11,890	11,249	19,045
Other Reserves	50	50	50	50	50
Other Financing Payments	0	0	0	0	0
<i>Totals</i>	<i>9,664</i>	<i>50</i>	<i>11,940</i>	<i>11,299</i>	<i>19,095</i>
<b>Net Cashflows from Financing Activities</b>	<b>7,618</b>	<b>70,376</b>	<b>4,601</b>	<b>-11,299</b>	<b>-19,095</b>
Net cash movements	-32,409	-74,204	-25,854	-10,535	-9,328
Opening General Cash Balance	106,741	74,332	128	-25,726	-36,261
<b>Closing General Cash Reserve</b>	<b>74,332</b>	<b>128</b>	<b>-25,726</b>	<b>-36,261</b>	<b>-45,589</b>

## 18.4 Statement of Borrowings

	For the Year Ending 30 June				
	2019/20 Estimated Actual	2020/21 Budget Estimate	2021/22 Projection	2022/23 Projection	2023/24 Projection
<b>Total Gross Borrowing</b>	<b>107,000</b>	<b>173,933</b>	<b>174,313</b>	<b>159,412</b>	<b>142,626</b>
<b>Assets held against Borrowings</b>					
Advances to Subsidiaries	41,775	49,827	49,827	48,868	47,862
Loan Repayment Fund (LRF)	20,458	9,378	9,565	9,756	9,951
<b>Total Assets Held Against Borrowings</b>	<b>62,233</b>	<b>59,205</b>	<b>59,392</b>	<b>58,624</b>	<b>57,813</b>
<b>Total Net Borrowing</b>	<b>44,767</b>	<b>114,729</b>	<b>114,921</b>	<b>100,788</b>	<b>84,813</b>

## 19 Statement of Accounting Policies

There have been no changes since the March 2019/20 Fiscal Update. There are no major changes to accounting policies anticipated in the foreseeable future.

### 19.1 Basis of Preparation

#### Reporting entity

These financial statements are for the Government of the Cook Islands. These consist of:

- Ministers of the Crown
- Ministries
- Island Administrations
- Offices of Parliament
- Public Enterprises and Other Authorities

#### Statement of compliance

These financial statements in Chapter 18 have been prepared in accordance with the *Ministry of Finance and Economic Management Act 1995-96* and with the International Public Sector Accounting Standards issued by the International Public Sector Accounting Standards Board (IPSASB).

#### 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:

#### Recent Standards

Of significant relevance to the Crown is the recent development of new standards at the IPSASB. These include:

<u>STANDARDS</u>	<u>EFFECTIVE DATE</u>
IPSAS 28 Financial Instruments: Recognition and Measurement	1/01/2013
IPSAS 29 Financial Instruments: Presentation	1/01/2011
IPSAS 30 Financial Instruments: Disclosure	1/01/2013

These new standards have been considered in the Crown Consolidated Accounts but not being fully implemented yet. The last financial year being audited is 30 June 2017. 30 June 2018 and 2019 are in progress. The Crown will have to consider the full implementation of these new standards in future years. Crown has not yet determined the effect of these new standards.

## 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.

## 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.

## Revenue

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

Revenue Levied through the Crown's Sovereign Power

Payment of tax does not of itself 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 an asset are 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 recognised as revenue in June.
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.

## **Revenue earned through operations**

Revenue from sales of goods is recognised when the product is sold to the customer.

### *Fines*

Fines are economic benefits or services potential 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.

### *Investment Income*

Investment income is recognised in the period in which it is earned.

### *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.

### *Dividends*

Dividends are recognised when the right to receive the payment has been established.

### *Aid Revenue*

Revenue is recognised when donor funds are expensed on approved projects.

## **Expenses**

Expenses are recognised when incurred and are reported in the financial period to which they relate.

### *Welfare Benefits*

Welfare benefits are recognised in the period which the payment of these benefits relates to.

### *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.

### *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.

### *Foreign Currencies*

Transactions in foreign currencies are translated into New Zealand dollar 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.

### *Aid Expenses*

Expenses are recognised when incurred on approved projects and are reported in the financial period to which they relate.

### *Depreciation*

Each part of an item of plant, property, and equipment with a cost that is 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 so as to allocate the cost of assets to their estimated residual value over their estimated useful lives. Typically, the estimated useful lives are:

Office and computer equipment	3 – 5 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	10 – 25 years
Roading network	30 years
Water network	15 years
Airport runways	15 – 100 years
Harbour and ports structures	30 – 40 years
Waste management facilities	15 years

## **Non-current assets**

### *Plant, Property, and Equipment*

Plant, property and equipment are 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.

### *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.

### *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.

### *Work in Progress*

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

### *Infrastructure Assets*

Infrastructure assets are recorded at cost less accumulated depreciation.

The cost of purchased infrastructure 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.

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.

Infrastructure assets include: roading networks, water networks, power distribution networks, coastal protection systems, harbour and ports structures and waste management and airport assets.

IPSAS 17 allows a choice of accounting model for an entire class of property, plant and equipment. The Crown has changed the accounting policy from the revaluation to cost model for the following classes of assets:

- Power network
- Harbours & ports
- Airports

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.

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

#### *Intangible Assets*

Intangible assets are software acquisition costs.

Intangible assets are recorded at cost less accumulated amortisation.

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 so as to allocate the cost of assets to their estimated residual value over their estimated useful lives. Typically, the estimated useful lives are:

Software, databases: 3 - 5 years

#### *Cash and Cash Equivalents*

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

#### *Receivables and Advances including Debtors and Other Receivables*

Receivables and advances are recorded at cost.

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.

#### *Inventories*

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis is 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.



### *Investments*

Investments in associate are accounted in the consolidated financial statements using the equity method. That is, investment in an associate is 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.

### *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.

### *Provision for doubtful debts*

Provision is made for taxation debt where recovery is considered doubtful. There is no general provision against taxation debt.

Provision is made for banking portfolio Investments (specific loans) where recovery is considered doubtful or they have become non-performing. 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.

### *Aid Assets*

Donor funds are deposited into bank accounts until expensed on approved assets.

## **Liabilities**

### *Borrowings*

Borrowing liabilities are accounted for at amortised cost. Any changes are recognised in the Statement of Financial Performance.

### *Pension Liabilities*

Pension liabilities, in respect of the contributory service of current and past Members of Parliament, are recorded at the latest (30th June 1997) actuarial value of the Crown's liability for pension payments. There are no pension liabilities accruing to the Crown as a result of Government employees' membership of the Government Superannuation Fund (New Zealand).

### *Employee Entitlements*

These include salaries and wages accrued up to balance date, annual level earned but not yet taken at balance date. A long service bonus is paid out on the completion of 3 years continuous service within the Government. The bonus is equivalent to a fortnight pay of the employee.

### *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.

### *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 as revenue.

## **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 for Crown. Included in the cash flow statements 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 and operating activities identifies 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.

## **Leases**

Finance leases transfer, to the Crown as lessee, substantially all the risks and rewards incidental on the ownership of a leased 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.

The cost of leasehold improvements is capitalised and amortised over the lesser of the leasehold improvements useful life or the original lease term.

## **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.

## **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.