



TE TANGO AKATEREANGA MONI O TE IPUKAREA
MINISTRY OF FINANCE & ECONOMIC MANAGEMENT
GOVERNMENT OF THE COOK ISLANDS

2025/26 BUDGET

**AKAMAURUURU'ANGA I TO
TATOU ITI TANGATA**

INVESTING IN OUR PEOPLE

Overview

Real GDP, adjusted for inflation, has returned to 2019 levels.

- Tourism volumes has recovered – expecting almost 175,000 for 2024/25.
- Strong growth observed in secondary markets, notably Australia.

Although our fiscal outlook is improving, we must continue to act responsibly.

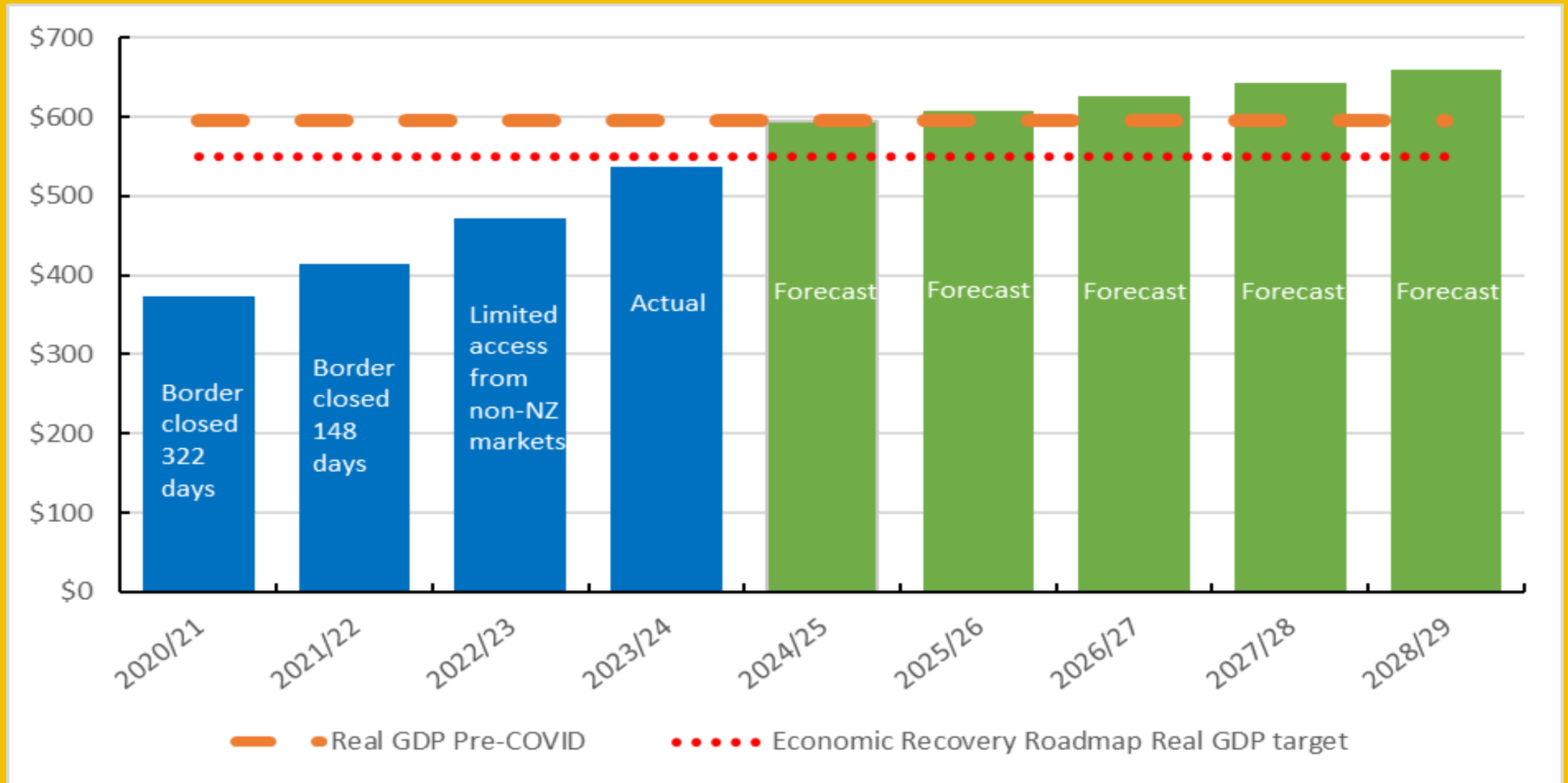
- Effective fiscal management over the past years has created the capacity for current spending.
- Planned investments aim to support our people through social welfare, workforce development and essential services.
- Active debt management helps mitigates the increase in debt servicing costs.



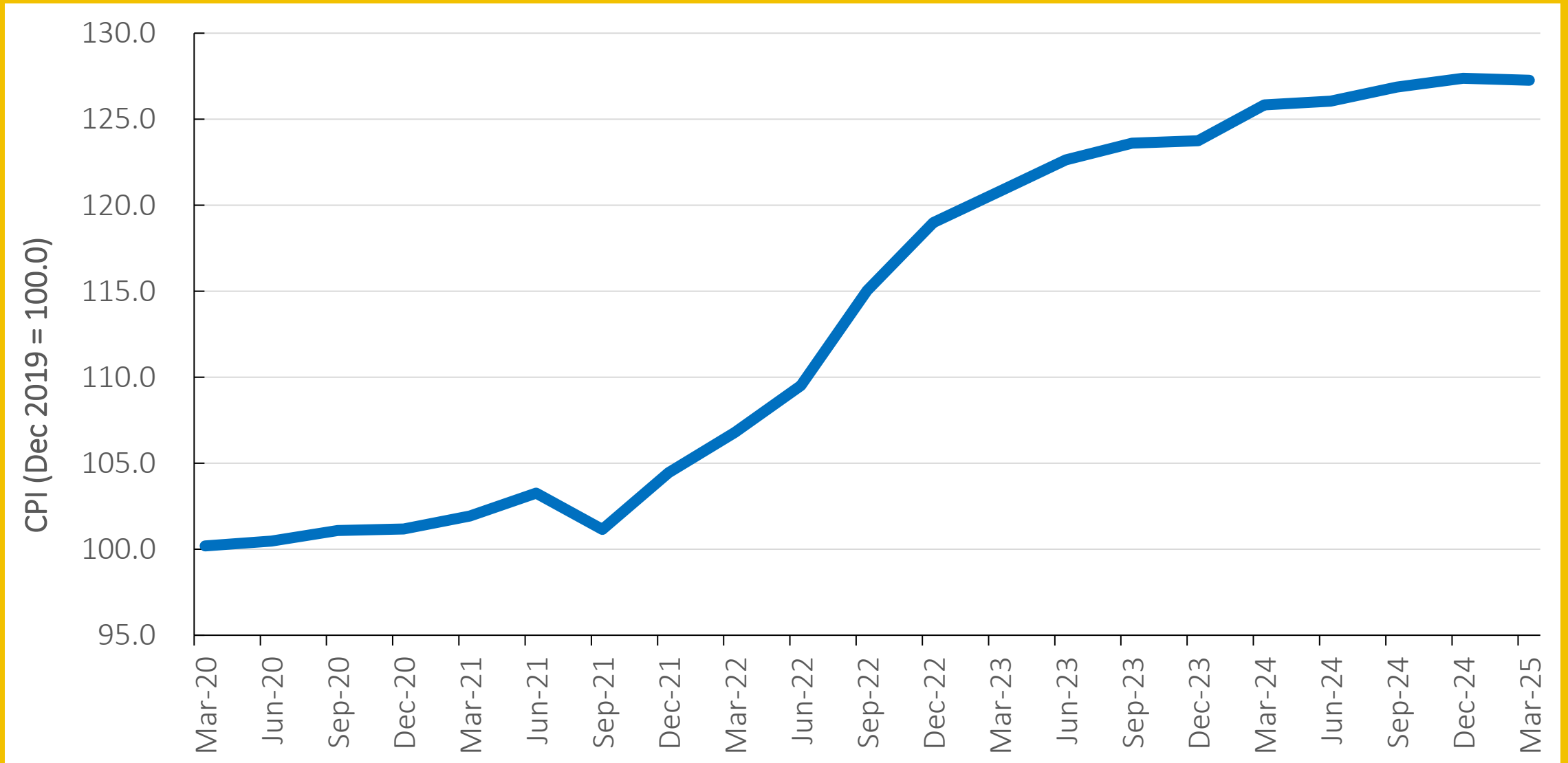
Key Financials

\$ Million	2024/25 Est. Actual	2025/26 Budget Estimate	2026/27 Projection	2027/28 Projection	2028/29 Projection
Operating Revenue	206.6	225.1	233.8	240.6	248.5
Operating Expenditure	194.8	215.8	221.1	228.8	229.5
Operating Balance	11.8	9.3	12.6	11.8	19.1
Capital Expenditure	10.9	19.1	26.8	27.3	25.3
Depreciation	8.1	15.2	15.2	15.2	15.2
Fiscal Balance surplus/(deficit)	9	5.4	1	(0.2)	8.9

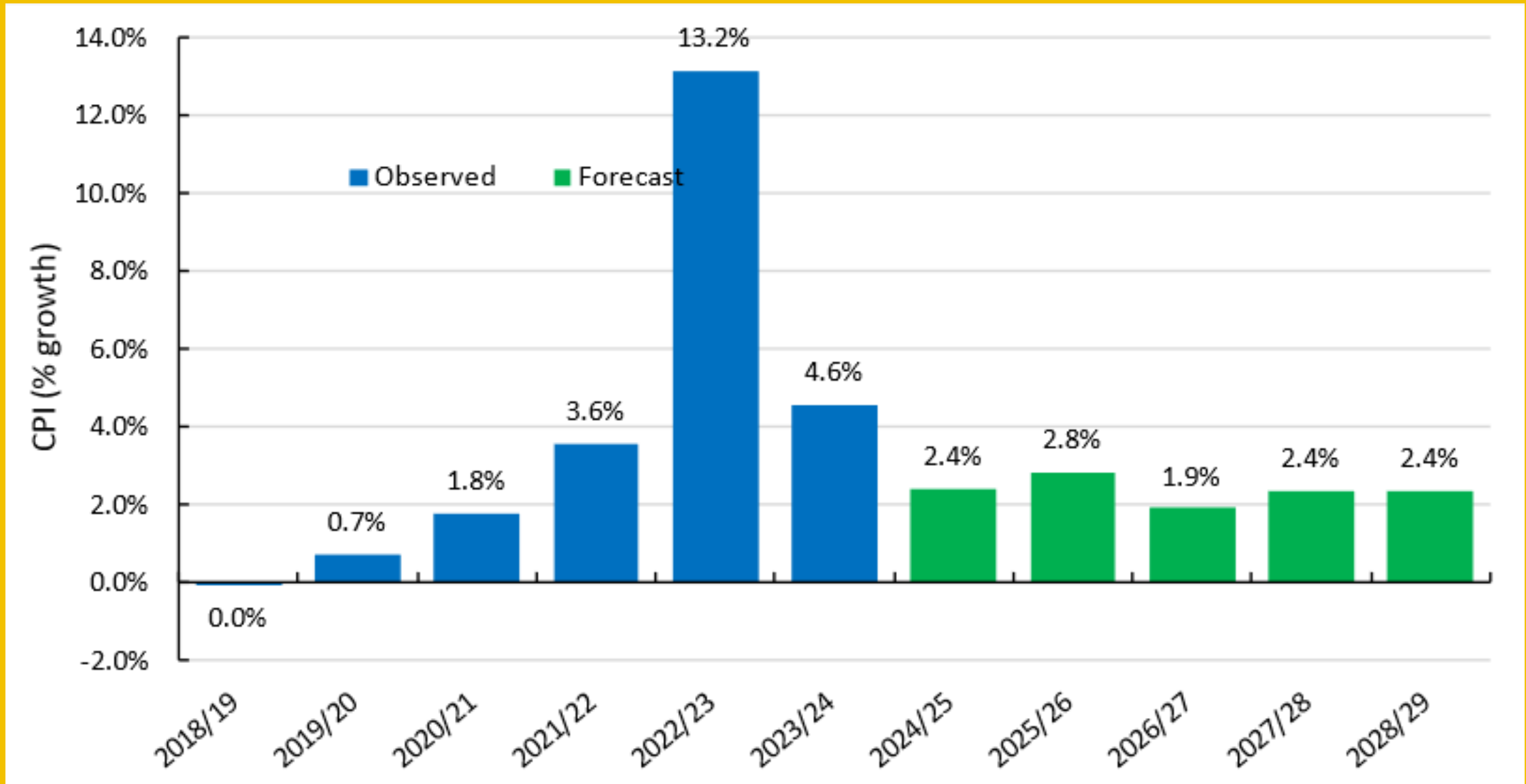
Real GDP Outlook – adj. for inflation



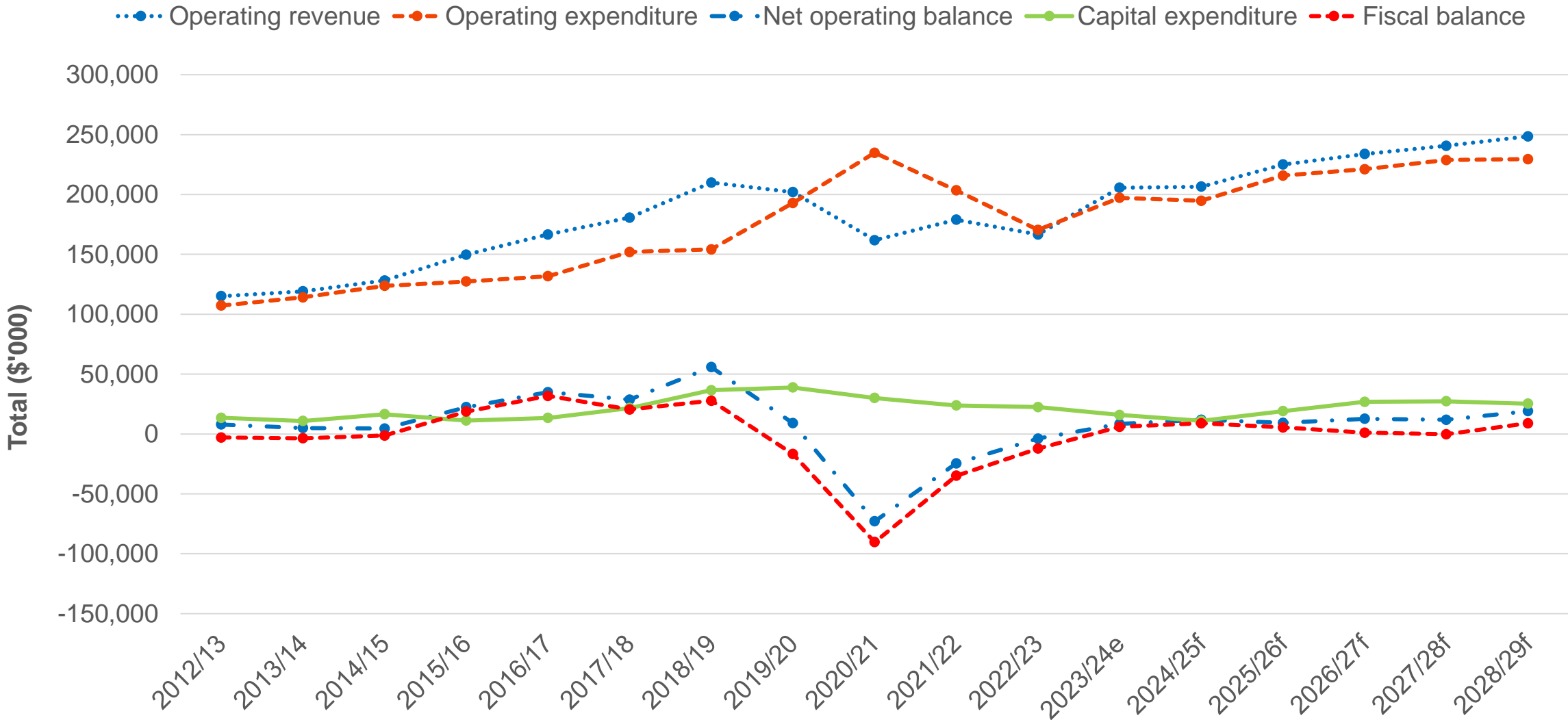
Inflation – Consumer Price Index



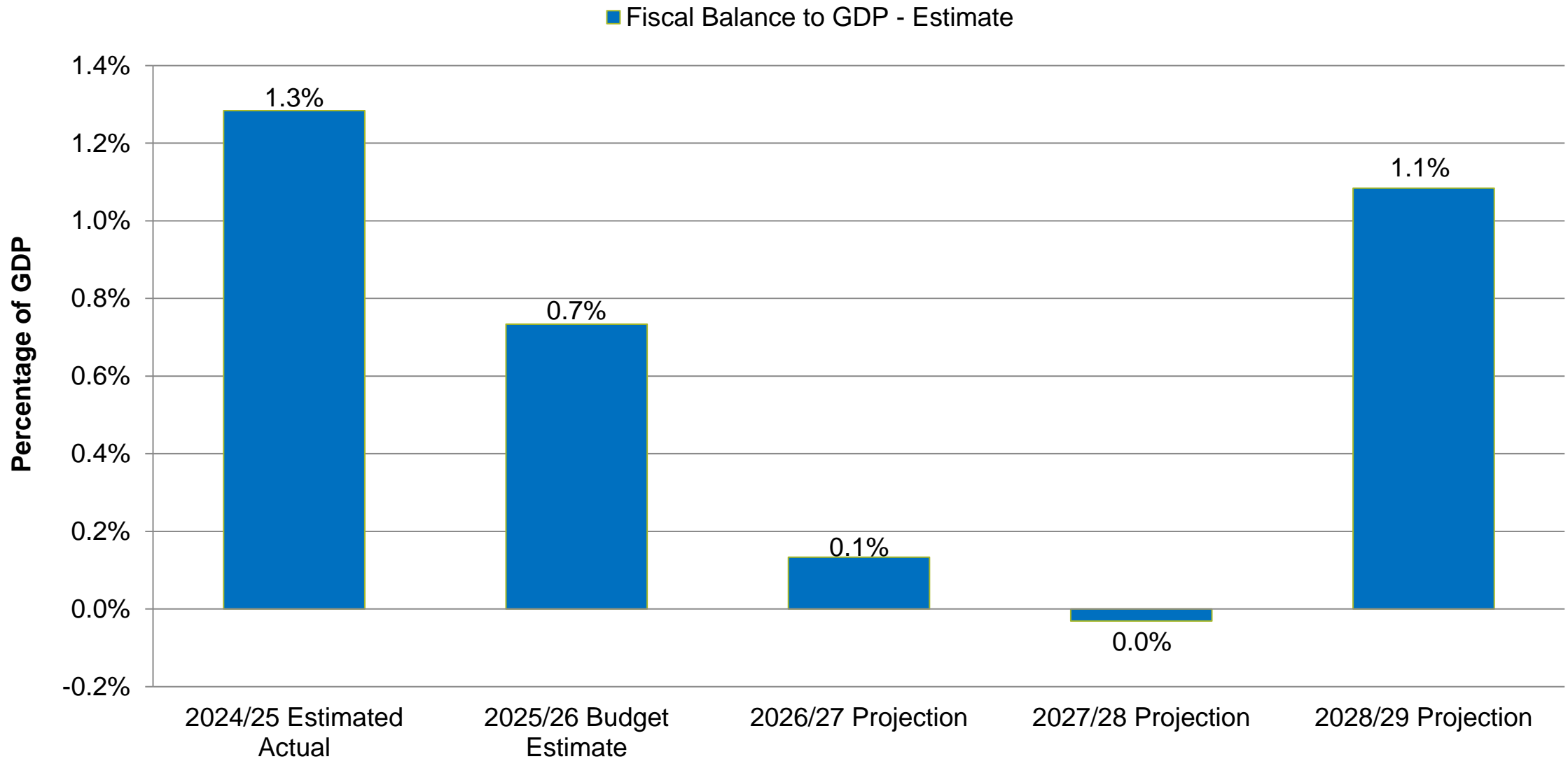
Inflation – growth in the CPI



Fiscal Outlook



Fiscal Outlook

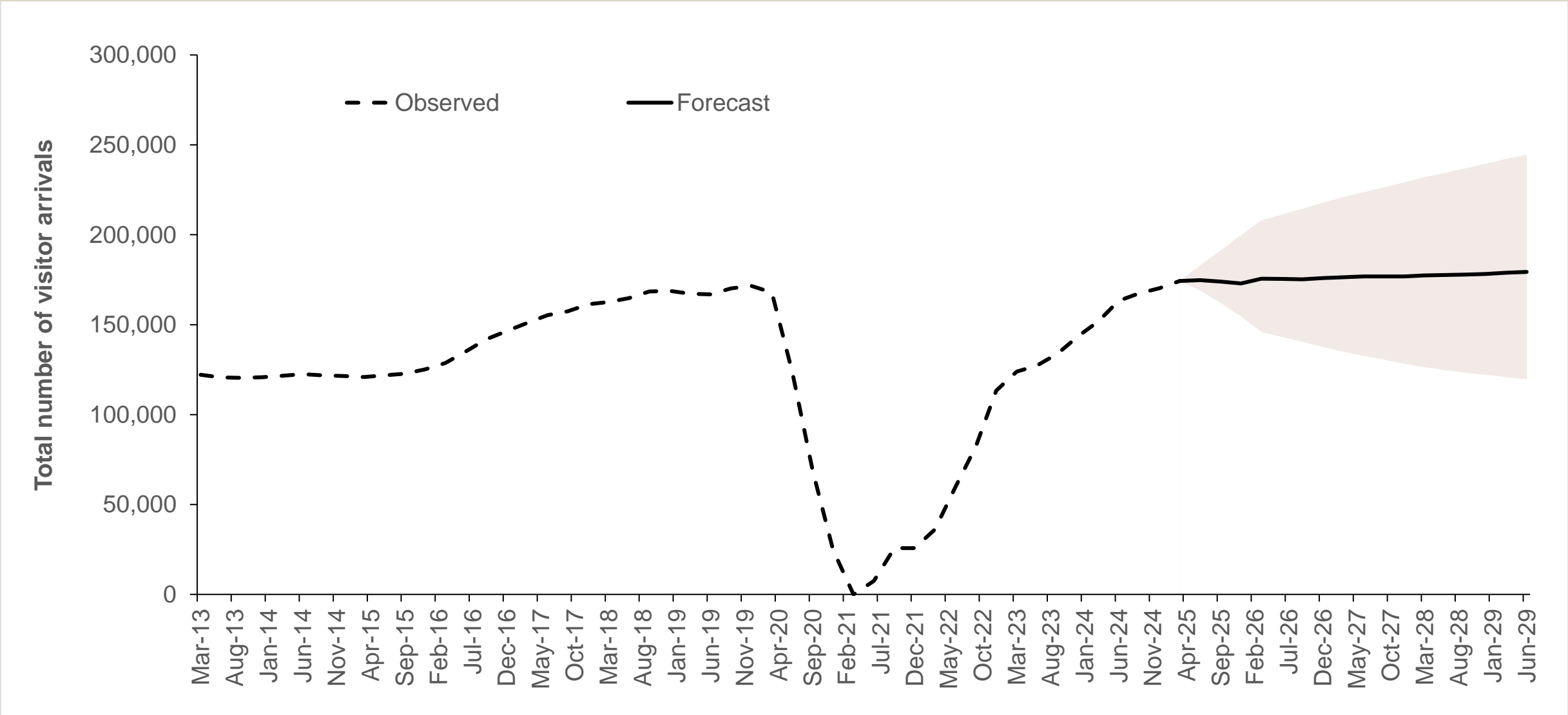


Tourism Growth

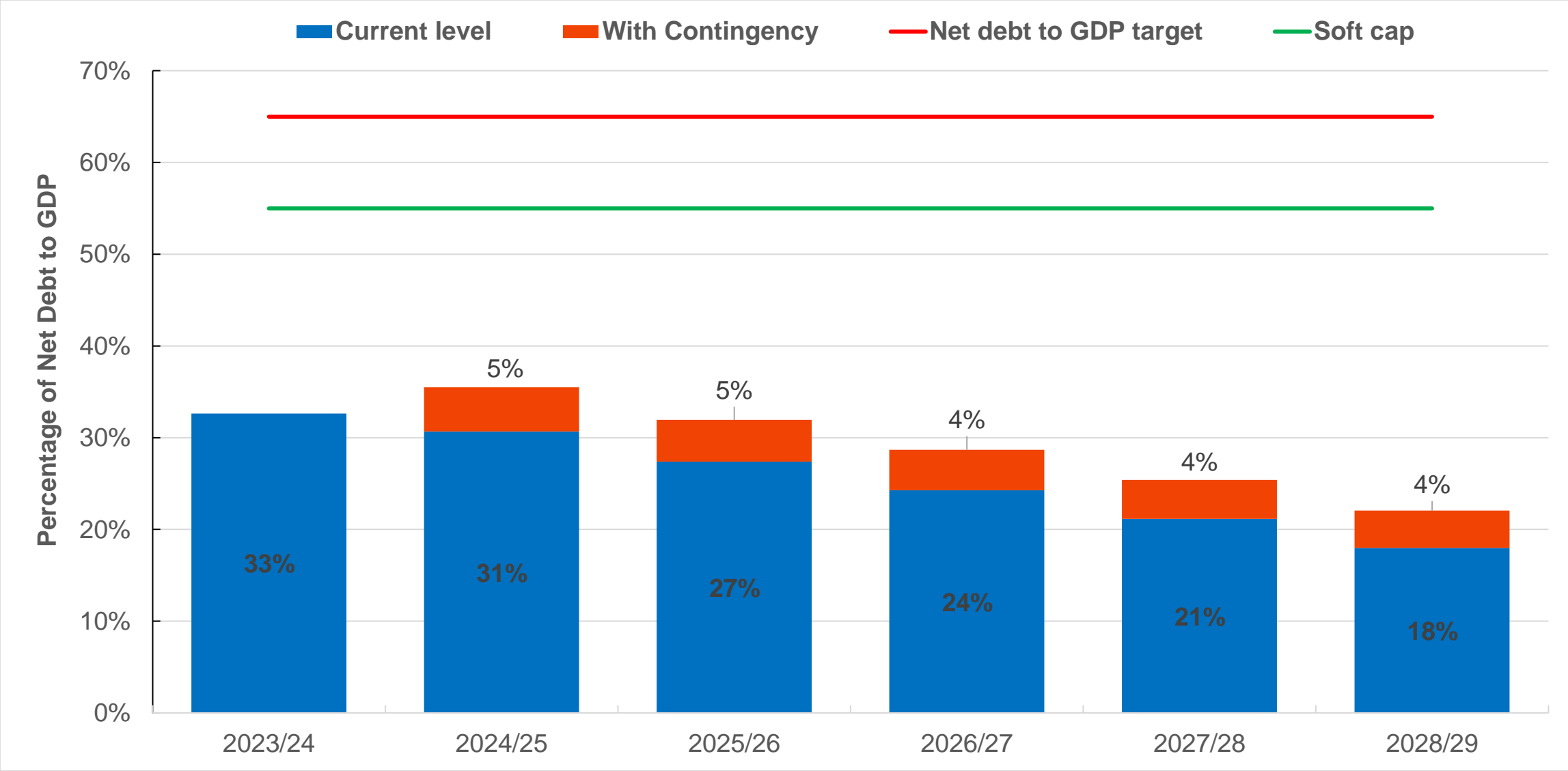


Photos: Cook Islands Tourism

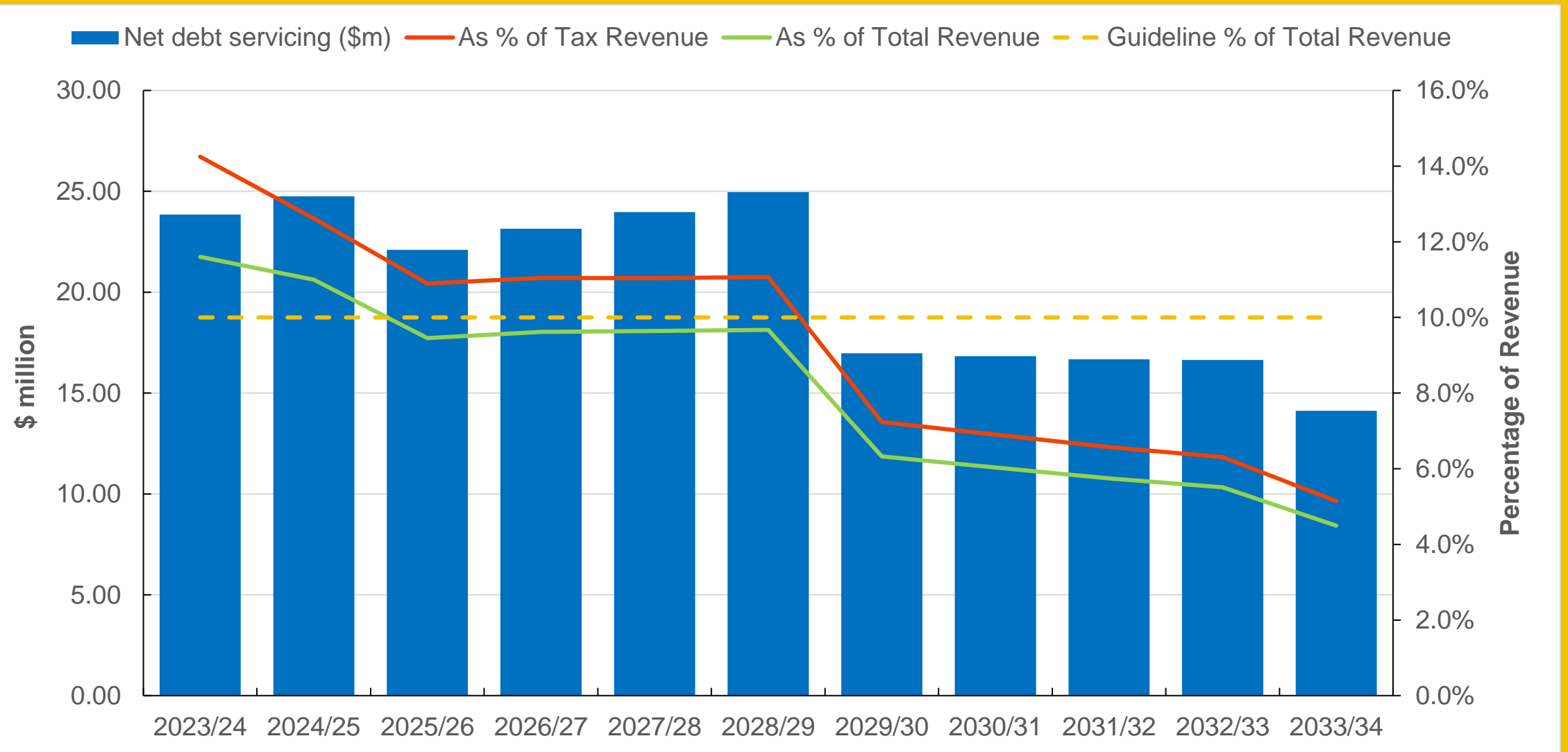
Tourism Forecasts



Government Net Debt to GDP



Government Debt Servicing



Key Initiatives

Supporting our most vulnerable, effective 1 July 2025 unless otherwise specified - \$10.9 million over 4 years:

- Minimum Wage: increase to \$10.00 p/hour
- Destitute Payments: increase from \$400 p/ month to \$500 p/ month
- Newborn Allowances: increase from \$1,000 to \$1,500 per newborn
- Child Benefit:
 - annual \$25 per month increments from 1 July 2026 until it reaches \$200 per month from 1 July 2029
 - Eligibility extends to children in school up to age 16 from 1 July 2026, and age 17 from 1 July 2027
- Maternity Leave: Increases from 6 to 8 weeks of paid leave from 1 July 2026, 10 weeks by 1 July 2027, 12 weeks by 1 July 2028, and 14 weeks from 1 July 2029.
- Paternity Leave (NEW): Eligible for 2-weeks of paid leave, at minimum wage.



Key Initiatives

Investment in our people includes:

- **Social Welfare:** Additional funding to increase welfare benefits and to account for the growing number of welfare beneficiaries.
- **Government-wide pay adjustments:** \$5.9 million from 1 July 2025, reaching \$16.5 million by 1 July 2027.
- **First-Home Build initiative:** offers support to eligible first-time homeowners who need help building their first home.
- **Domestic Shipping:** \$2 million investment to set up shipping services, covering administration, crew, warehousing, operations, and maintenance.

Support for key government services encompasses:

- Increased allocation to address critical funding needs across the Police service.
- Increased funding to support the continuation of the Teacher's Training Programme initiative.
- Ongoing fund to cover the water allowance for domestic households.
- Additional funds to support waste management activities



Infrastructure Investment

Key projects to deliver for our nation (funding over 4 years from 2025/26):

- Government-funded:
 - Roads programme - \$38.2 million
 - Bridges and Drainage programmes - \$15.9 million
 - Government Building projects - Rarotonga & Pa Enua - \$7.7 million
 - Health and Education capital items - \$2.5 million
 - Pa Enua Marine Infrastructure Programmes (Atiu & Nassau Harbour) - \$5.9 million



Infrastructure Investment

- Funded through the Infrastructure Trust Fund and NZ's Kerekere Moana financing:
 - Aitutaki water supply project – Climate Resilience – \$1.25 million
 - Te Tau Papa o Avarua – \$3.4 million
 - Manihiki Airport upgrades – \$14.8 million
 - Northern Group battery replacement – \$12.6 million
 - Rarotonga Runway Slab replacement – \$4.5 million
 - Rarotonga Runway End Safety Area Extension project – \$9.2 million
 - Aitutaki Airport Runway Strip Land Reclamation project – \$1.4 million



The 2025/26 Budget

- ▶ Prioritises social welfare, workforce development and essential services.
- ▶ Reaffirms our commitment to fiscal responsibility.
- ▶ Aims to foster sustainable economic growth and prepare for future challenges.





TE TANGO AKATEREANGA MONI O TE IPUKAREA
MINISTRY OF FINANCE & ECONOMIC MANAGEMENT
GOVERNMENT OF THE COOK ISLANDS

KIA MANUIA