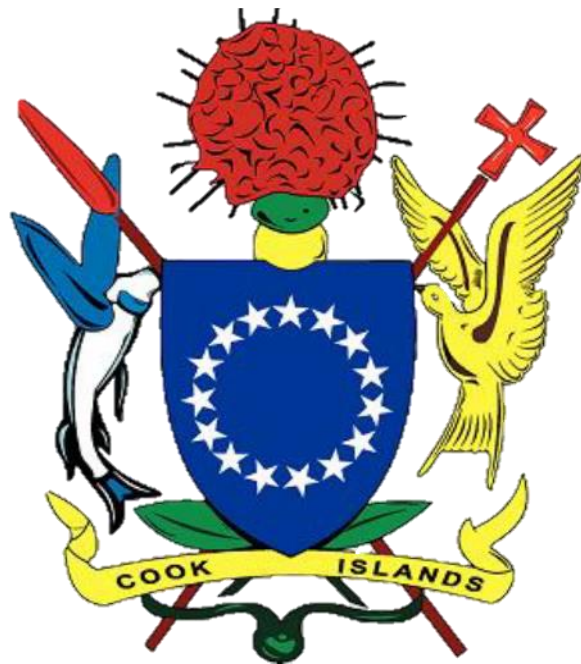

COOK ISLANDS GOVERNMENT
BUDGET ESTIMATES
2023/24

Book 1
Appropriation Estimates
and Commentary



Hon. Mark Brown
Minister of Finance
May 2023

Abbreviations and Acronyms

Term	Definition
AACI	Airport Authority Cook Islands
ACL	Avaroa Cable Limited
ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
AML	Anti-Money Laundering
BCI	Bank of the Cook Islands
CIG	Cook Islands Government
COFOG	Classification of Functions of Government
COVID-19	Coronavirus Disease 2019
CPI	Consumer Price Index
CSS	Core Sector Support
EDS	Economic Development Strategy
EEZ	Exclusive Economic Zone
ERP	Economic Response Plan
ERR	Economic Recovery Roadmap
FY	Fiscal Year
GBS	General Budget Support
GDP	Gross Domestic Product
GFA	Grant Funding Agreement
GFS	Government Financial Statistics
HYEFU	Half-Year Economic and Fiscal Update
IMF	International Monetary Fund
LRF	Loan Reserve Fund
MTEC	Medium-term Expenditure Ceiling
MTFF	Medium-term Fiscal Framework
MTFS	Medium-term Fiscal Strategy
NSDA	National Sustainable Development Agenda 2020+
NSDP	National Sustainable Development Plan
NZD	New Zealand Dollars
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PFTAC	Pacific Financial Technical Assistance Centre
POBOC	Payments on Behalf of Crown
RBA	Reserve Bank of Australia
RBNZ	Reserve Bank of New Zealand
ROBOC	Revenue on Behalf of Crown
SOE	State Owned Enterprise
USD	United States Dollars

General Notes on the Budget Estimates

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

Foreword

The Budget Estimates (the Estimates) are tabled in Parliament alongside each Appropriation Bill. It presents the best information that the government holds on revenue, expenditure, aid, and debt funding at the time of publication. Data was finalised at the following dates in the preparation of this document:

Economic forecasts	03 May 2023	Fiscal forecast Shocks	08 May 2023
Tax Revenue forecasts	03 May 2023	Document Text	14 May 2023
Fiscal forecasts	07 May 2023		

Economic and fiscal situations can evolve quickly therefore readers are advised to contact the Ministry of Finance and Economic Management (MFEM) where concerns may exist regarding the currency of information presented in this document. In any circumstance where a discrepancy may exist between the amounts presented in the Appropriation Bill/Act and the Estimates, the Appropriation Bill/Act should be regarded as correct.

The Estimates are prepared using information and contributions from multiple government agencies. MFEM acknowledges these contributions including the support provided in preparing the Estimates, and notes that questions on these chapters should generally be directed to the relevant agency.

<u>Chapter</u>	<u>Agency</u>
National Sustainable Development Agenda	Office of the Prime Minister
State-Owned Enterprises	Cook Islands Investment Corporation
Public Sector Staffing	Office of the Public Service Commissioner
Capital Expenditure	Infrastructure Committee, Cook Islands Investment Corporation, Infrastructure Cook Islands, Office of the Prime Minister, MFEM-Major Projects & Procurement Support Division

Revenue data and other information was contributed by the following agencies:

Ministry of Agriculture	Ministry of Justice
Ministry of Marine Resources	Cook Islands Investment Corporation
Financial Services Commission	Cook Islands Police Service
Ministry of Transport	Ministry of Internal Affairs
Ministry of Foreign Affairs and Immigration	Office of the Prime Minister

The Economic Planning Division also acknowledges the contributions of the following divisions of MFEM:

<u>Chapter</u>	<u>Division</u>
Tax Expenditure	Revenue Management Division
Crown Debt and Net Worth	Treasury Management Division
Office Development Assistance	Development Coordination Division

And finally, the contribution of the Budget Support Group and the Office of the Public Service Commissioner in reviewing each agency's proposed business plan and budget proposals.

Economic Planning Division
Ministry of Finance and Economic Management

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

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Tuesday 16 May 2023

STATEMENT OF RESPONSIBILITY

I have read the Financial Secretary's Statement of Responsibility and concur with him regarding the preparation of the Budget Appropriation 2023/24.

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 2023/24 and the compliance with the *Ministry of Finance and Economic Management Act 1995/96*.

Kia Manuia,

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

Honourable Mark Brown
Minister of Finance and Prime Minister



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

**PO Box 120, Rarotonga, Cook Islands
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E-mail: garth.henderson@cookislands.gov.ck**

Tuesday 16 May 2023

STATEMENT OF RESPONSIBILITY

The Budget Appropriation 2023/24 has been produced in accordance with the *Ministry of Finance and Economic Management Act 1995/96* (the Act).

The 2023/24 Budget process involved the annual publication of the Budget Policy Statement in December 2022 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 2014 manual on Government Finance Statistics.

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

Kia manuia,

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

Garth Henderson
Financial Secretary

1. Budget Overview

1.1. Summary

The 2023/24 Budget confirms the Cook Islands government's commitment to responsible fiscal and economic management, in the context of an early recovery from the severe economic shock and recession of the COVID-19 pandemic, with associated impacts to government revenues.

Government has sought to maintain expenditure levels at pre-pandemic levels to continue providing economic stimulus to the Cook Islands economy and adjust for inflationary impacts on expenditure. This is limited by fiscal balances that are especially binding in 2023/24 – 2024/25, until economic recovery is further established and government revenues improve.

The scale of the economic shock necessitated the use of the Exit Clause of the Fiscal Responsibility Rules (fiscal rules) from the 2019/20 Supplementary Budget until the 2022/23 Budget, enabling the Economic Response Plan (ERP), use of the Stabilisation Account in 2020/21 and additional debt funding. The continued use of the Exit Clause in the 2021/22 Budget enabled the Economic Recovery Roadmap (ERR) and some continued support measures of the ERP.

Revisions to the fiscal rules were implemented in the 2022 Medium-term Fiscal Strategy (MTFS) due to the changed economic conditions, however the Exit Clause was utilised again in 2022/23 to continue the ERR, the COVID-19 Medical Fund, and the servicing of debt obligations. This is in-line with the stated aims of the MTFS, which emphasises the need for counter-cyclical fiscal responses.

With economic recovery underway, the triggers for the Exit Clause, in terms of either specific fiscal rules or specified expenditure outside the limits of the MTFS, have passed, and the 2023/24 Budget seeks to return to the fiscal limits imposed by the MTFS.

Government's focus in the 2023/24 Budget is on continuing sustainable recovery, and the implementation of measures that support economic growth towards and beyond pre-pandemic levels. The 2023/24 Budget continues to emphasise the following policy elements:

- 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.
- Investing in infrastructure that will ensure the sustainability of economic growth and the resilience of the economy to climate change,
- Focusing the efforts of government departments on core deliverables, and
- Providing support to vulnerable sectors of the community and the development of a socially vibrant Cook Islands.

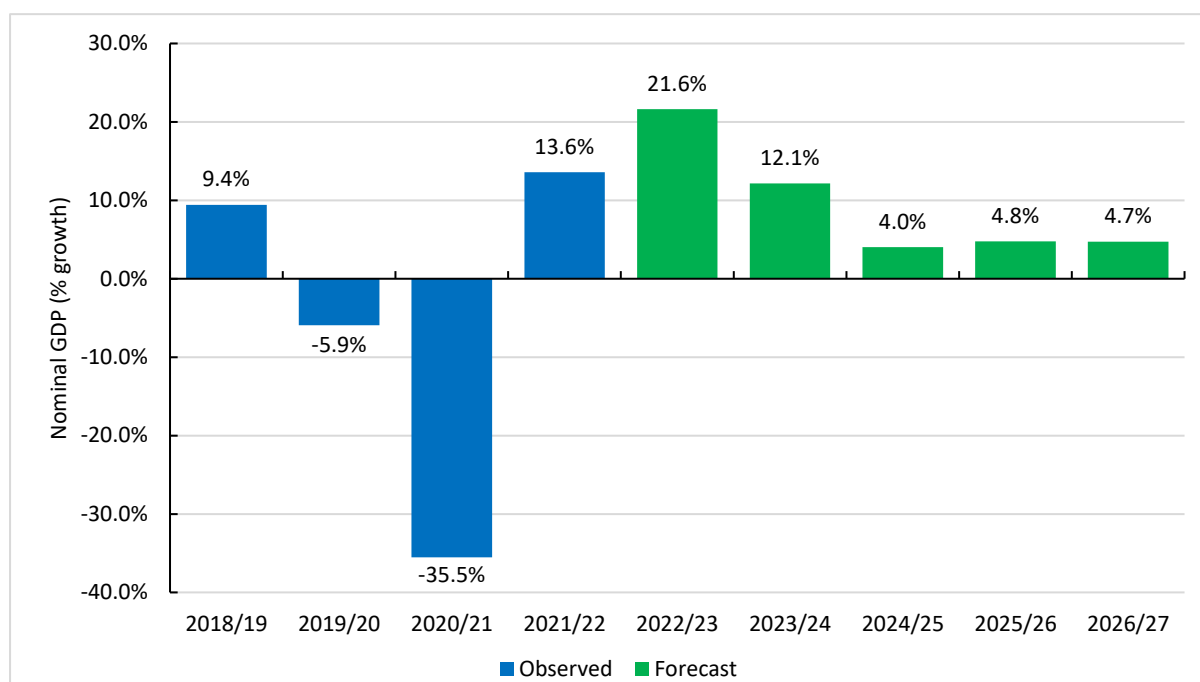
Key budget measures to meet these policy elements include:

- targeted funding for the Seabed Minerals and Marine Resources sectors to position these to support ongoing economic growth,
- increases in rates for our most vulnerable welfare recipients – Destitute, Caregiver and Power Subsidy,
- continuing the ERR to implement measures that promote sustainable economic recovery,
- Pa Enea transportation links through air and sea infrastructure upgrades to improve access to the island communities,
- investments in water and sanitation through To Tatou Vai (TTV) Limited and the Mei Te Vai Ki Te Vai (MTVKTV) programme, and
- reprioritisation of funds to support government operations and the above key budget measures.

1.2. Economic performance and outlook

The COVID-19 pandemic had a severe impact on the Cook Islands economy with two consecutive years of negative economic growth, with a revised impact¹ of a 41.1 per cent fall in Gross Domestic Product (GDP), peak-to-trough, versus an estimated 50-60 per cent estimated impact without the interventions of the ERP and ERR.

Figure 1-1 Nominal GDP growth, annual percentage change



In 2022/23, borders have been open to primarily the New Zealand and Australian markets for 10 months and are due to open up to other markets in the last quarter, with total arrivals estimated at 129,000. Nominal GDP growth is forecast to be 21.6 per cent by the end of the financial year.

This growth is partially due to inflation, driven by the increase in fuel prices and supply chain issues brought about by the Russia and Ukraine war. However, this appears to have peaked in September 2022 as prices have slowed in the last two quarters, and expected to follow this trend going forward.

With an improvement in airline links and travel restrictions lifting around the world, the Cook Islands is expected to see visitor arrivals pick up in the last quarter of 2022/23. And in 2023/24 visitor arrivals are forecast at just over 165,000 which brings us closer to pre-pandemic levels, and further nominal GDP growth of 12.1 per cent.

1.3. Fiscal performance and outlook

Total revenue for 2022/23 is estimated at \$182.0 million, an improvement of \$3.1 million on 2021/22 results, with taxation revenue improving by \$23.7 million, driven primarily by a recovery in value

¹ The Cook Islands Statistics Office (CISO) with the International Monetary Fund (IMF) improved the robustness of the National Accounts statistics in 2023. This work produced considerable revisions to the estimates for GDP, particularly the pandemic-affected years. While revisions are common in these statistical series, the pandemic-disruption meant that data collection faced more difficulties, resulting in a larger than normal revision. More information available at: https://www.mfem.gov.ck/images/ECON/Note_on_Cook_Islands_GDP_Revisions.pdf

added tax (VAT) of \$16.8 million with the return of tourists to the economy. These offsets the decrease in other revenue which fell \$1.0 million excluding budget support funding, and a fall of \$20.7 million when budget support is included. Government trading revenue is estimated to have fallen by \$0.3 million to \$5.0 million.

Budget support funding from New Zealand contributed a total of \$21.4 million in other revenue in 2022/23, consisting of \$6.4 million of residual funds from the budget support provided in 2021/22, and an additional \$15.0 million provided in 2022/23.

Taxation revenue is projected at \$162.2 million for 2023/24, an increase of \$32.1 million (24.7 per cent) on the 2022/23 estimated taxation revenue. The increase is primarily attributable to a recovery in company tax levels (\$19.1 million after large refunds in 2022/23), with smaller increases in VAT (\$5.0 million), income tax (\$2.8 million) and Departure Tax (\$2.7 million) attributable to ongoing economic recovery.

Other revenue is forecast to improve by \$5.1 million excluding budgetary support, and by \$6.4 million including Core Sector Support funds provided by New Zealand (which have increased to \$9.1 million for 2023/24). Government trading revenue is projected to remain steady at \$5.0 million.

Total operating expenditure in 2022/23 is estimated to be \$166.6 million, a fall of \$36.8 million versus 2021/22 and primarily attributable to the end of the economic support payments of the ERR (continued ERP payments). Ministry Output expenditure was generally steady on 2021/22 levels, noting an estimated increase in POBOC expenditure of \$4.1 million, of which \$3.0 million was the transfer of funding from Administered Payment to POBOC for To Tatou Vai.

Forecast expenditure for 2023/24 is estimated at \$200.0 million (assuming full expenditure), with ministry personnel expense of \$71.5 million (versus \$63.3 million in 2022/23) and administered payments of \$52.8 million (versus \$27.0 million – primarily a result of reappropriation). Depreciation expense increases by \$1.4 million.

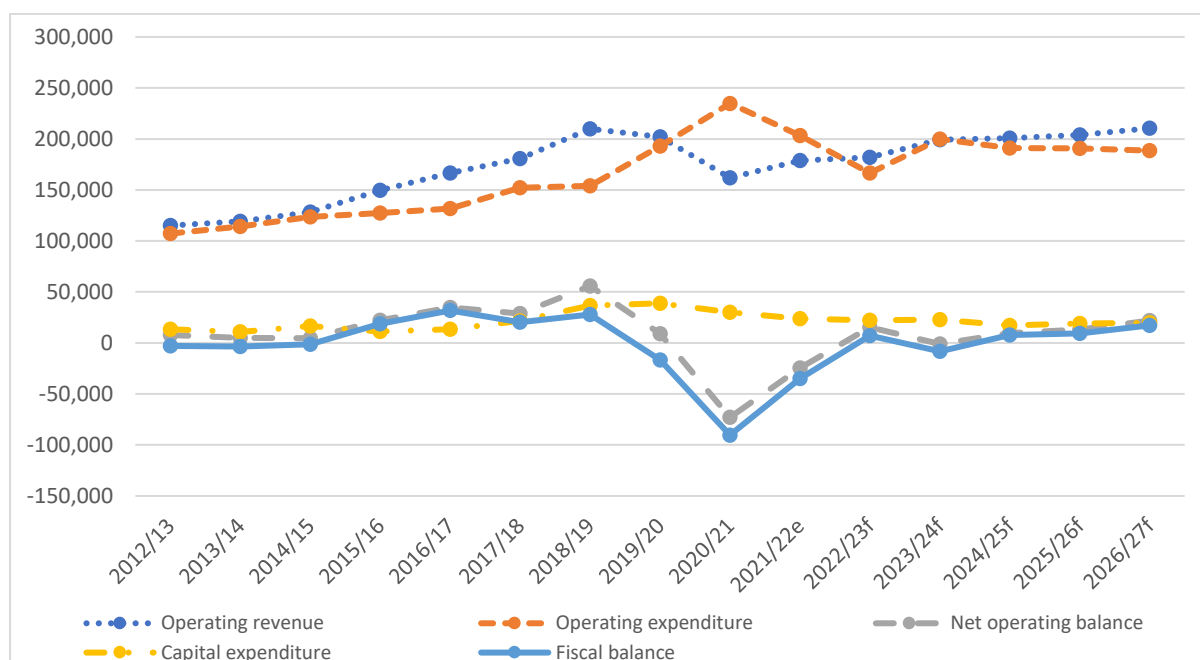
Estimated Cook Islands Government (CIG) capital expenditure in 2022/23 is broadly steady with 2021/22 results at \$22.3 million (versus \$23.8 million), and is forecast at \$22.8 million in 2023/24, inclusive of reappropriated funds.

No new debt funding was required in 2022/23, and with economic conditions and fiscal balances improving, further draw downs on debt are not projected across the medium-term.

A fiscal surplus of \$7.2 million is estimated for 2022/23, a \$42.0 million improvement on the \$34.8 million deficit recorded in 2021/22. A further fiscal deficit of \$8.3 million is forecast for 2023/24 and will be funded from cash reserves, noting that this is reliant on full expenditure, and a fiscal surplus is possible. Fiscal surpluses of approximately \$7.7 million and \$9.4 million, respectively, are projected in 2024/25 and 2025/26.

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

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



Net Debt to GDP is projected to have peaked and has begun reducing as GDP recovers. Economic forecasts are skewed conservatively, whilst operating and fiscal balances and cash reserves are projected to be low, there is greater upside risk in the projections.

Table 1-1 Summary Fiscal Position

\$ million	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Operating Balance (\$m)	15.4	-0.9	9.6	13.2	21.8
Fiscal Balance surplus/deficit (\$m)	7.2	-8.3	7.7	9.4	17.1
Working Capital (\$m)	67.7	48.3	43.1	37.2	36.8
Stabilisation Account	3.5	3.5	3.5	3.5	3.5
Surplus (Shortfall) Funding	6.8	0.0	0.0	0.0	0.0
Net Debt, Percentage of GDP	45.6	37.8	33.6	29.2	24.8

Table 1-2 Fiscal Rules performance

Rules	Unit	Threshold	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Cash reserves	Month	3	5.3	3.1	2.9	2.5	2.5
Net debt to GDP	%	55/65	45.6	37.8	33.6	29.2	24.2
Investment Rule*	%	55	Not Binding	Not Binding	Not Binding	Not Binding	Not Binding
Estimated Expenditure	\$m	2% growth	135.8	157.2	159.8	160.7	159.3
Expenditure Limit	\$m	2% growth	153.6	162.7	166.4	163.0	164.0

*Not Binding' indicates that the rule threshold has not been exceeded.

The estimated performance against the fiscal rules is based on conservative economic and fiscal estimates, which assume a gradual economic recovery and full expenditure of government's appropriation in each year. Considering the significant uncertainty inherent in the forecasts due to the ongoing impacts of COVID-19, a conservative approach remains prudent. For a more detailed analysis, see Chapter 2.

2. Medium-term Fiscal Strategy

This chapter provides an update to the Cook Islands Government’s Medium-term Fiscal Strategy (MTFS) for the period 2023/24 to 2026/27 which was published in the 2022/23 Half Year Economic and Fiscal Update (HYEFU) as the Budget Policy Statement. The MTFS reconfirms the government’s commitment to sound fiscal and economic management, within the context of the early-stages recovery from the economic shock.

Due to several significant changes to revenue and expenditure assumptions, the 2023/24 – 2026/27 MTFS has been recalculated to factor in these changes, with the revised MTFS presented below.

2.1. Note on the Budget and the Fiscal Framework

The MTFS is based on economic and fiscal data and forecasts available at the time of the Budget Policy Statement². It determines government’s Medium-term Expenditure Ceilings (MTEC) for each year of the medium-term, and these ceilings are applied to total operating expenditures and capital investments.

The fiscal rules were revised in the 2022/23 Budget Policy Statement to more accurately reflect the economic context. The changes included:

- prioritising the Cash Reserves Rule
- increasing the limits of the Net Debt Rule to 55 and 65 per cent of Gross Domestic Product (GDP)
- making the focus of the Expenditure Rule more specific to expenses over which government has discretion, excluding contractual requirements such as debt servicing expenses
- establishing an Investment Rule which restricts government expenditure if the Net Debt levels exceed 55 per cent of GDP.

Please refer to the Medium-term Fiscal Framework (MTFF) Update document³ or the 2021/22 HYEFU for more information.⁴

2.2. Medium-term Expenditure Ceilings

The MTEC was determined based on the economic context and in adherence with the fiscal rules at the time of publishing the Budget Policy statement. The overall MTEC is used to determine individual MTEC’s for each government department.

Table 2-1 shows the expenditure limit and fiscal space⁵, indicating the amount of additional expenditure that the government may undertake in each year compared to the forward estimates set out in the 2022/23 Budget.

Table 2-1 Medium-term Fiscal Strategy Expenditure Ceilings

\$ million	2023/24	2024/25	2025/26	2026/27
2022/23 Planned Expenditure	197.1	193.9	191.2	191.2
Fiscal Space vs 2022/23 Planned	9.4	14.8	18.8	18.8
Expenditure ceiling – 2023/24 Budget	206.5	208.7	210.0	210.0

² Where data on which assumptions have been made has varied substantially between the development of the Budget Policy Statement and the Budget Estimates, a revision may be made to the MTFS.

³ https://www.mfem.gov.ck/images/_COVID19_ERP/Economic_Papers/Medium-term_Fiscal_Framework_Update.pdf

⁴ https://www.mfem.gov.ck/images/MFEM_Documents/Budget_Books/2021-22/2021-22_HYEFU_v.2.pdf

⁵ The International Monetary Fund defines Fiscal Space as room in a government’s budget that allows it to provide resources for a desired purpose without jeopardising the sustainability of its financial position or the stability of the economy. It is the amount of additional spending, or the reduction in spending, required for the budget to remain within the fiscal responsibility rules.

To maintain expenditure within the limits of the MTEC, government has prioritised core services and outputs, which has required government to transfer funding between agencies and programmes to support necessary expenditure. In addition, most new initiatives have been deferred.

Government-wide salary increases are being reviewed, with consideration of the timing of adjustments to be assessed in the development of the 2024/25 Budget. The fiscal impact of implementing a revised remuneration schedule is approximately \$6.0 million in each forward year.

2.2.1. Exit Clause

The 'Exit Clause' allows for a temporary departure from the fiscal rules, 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 two per cent or less).

The triggers for the Exit Clause are no longer met, and all rules of the MTEC have been applied in determining the MTEC and expenditure ceiling.

The Economic Recovery Roadmap (ERR) and COVID-19 Medical Response Fund administered payments were treated outside the expenditure ceiling in the 2022/23 Budget. This allowed these appropriations to be funded as needed for their stated purposes, rather than restricting government's response to the pandemic. This is in-line with one of the stated aims of the MTEC, which is to provide counter-cyclical support to the Cook Islands economy. The ERR will now be treated within the fiscal ceiling, and the need to fund a COVID-19 Medical Response is deemed to have passed.

Whilst cash reserves are forecast to fall below three-months of operating expenditure of the Cash Reserves Rule over the medium-term, they are projected to remain above the emergency threshold of one-month.

2.3. Fiscal Rules

The Fiscal Responsibility Rules provide benchmarks for government to achieve a fiscally sustainable budget. The 2023/24 MTEC fiscal ceiling is limited by the Cash Reserves Rule, thus performance against the remaining fiscal rules is projected to be within the rule limits.

2.3.1. Forecast Performance against the fiscal rules

The 2023/24 MTEC meets the Operating Expenditure Rule and the Net Debt Rule. Remaining within the 'soft cap' of the Net Debt Rule results in the Investment Rule not being binding.

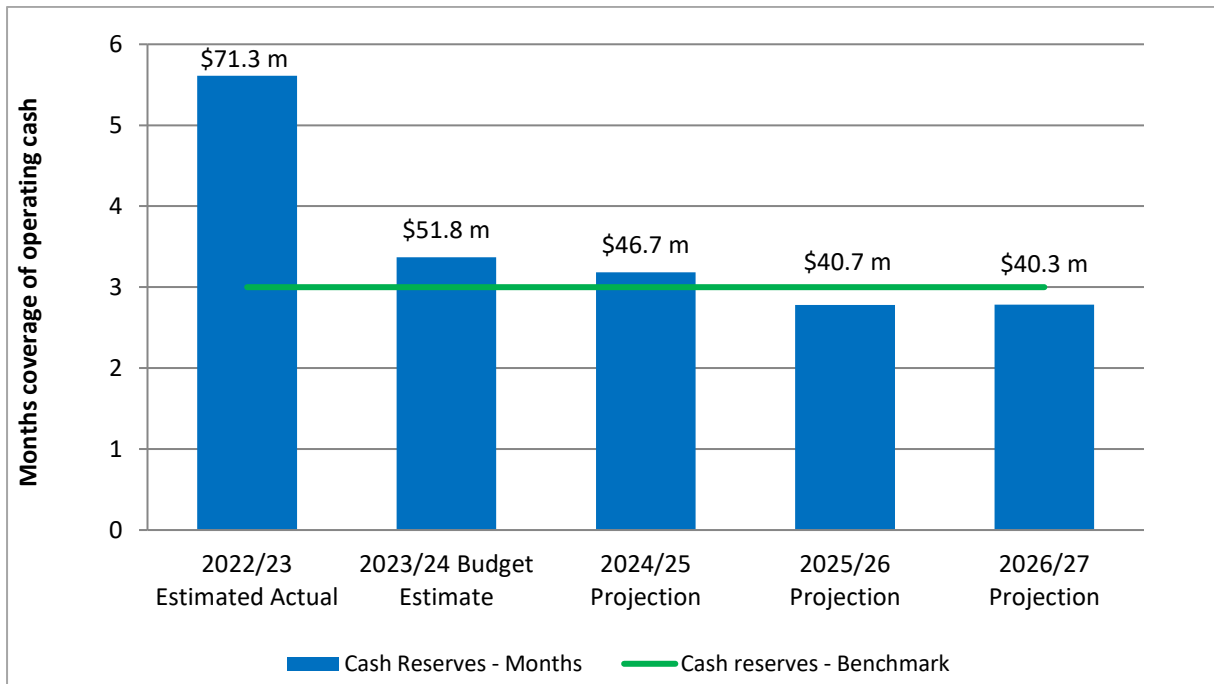
The Cash Reserves Rule remains most at risk of being breached, as current forecasts show a cash level below the threshold across the medium-term. The actual level of cash reserves is impacted by factors such as underspends in personnel and capital during 2022/23 and 2023/24, increasing the cash reserves, and revenues differing from forecast levels, which may increase or decrease the cash reserves relative to forecasts.

2.3.1.1. Cash Reserves Rule

A prudent level of cash reserves has been determined as three months of operating expenditure, either available as cash or liquid cash investments. One month of operating expenditure is an emergency-level of cash reserves.

Figure 2-1 shows that the government's projected cash reserve is expected to be above the three-month threshold in 2023/24 and 2024/25 (when the small amount remaining in the Stabilisation Fund is considered), before falling slightly below in the outer years. This will be significantly influenced by actual expenditure and revenue levels, as well as the impact of any further debt or aid funding decisions.

Figure 2-1 Cash Reserves Rule Projections



2.3.1.2. Operating Expenditure Rule

The expenditure rule states that the baseline operating⁶ expenditure cannot grow by more than the greater of:

- 2.0 per cent of baseline operating or;
- the average of the past two years growth in the Consumer Price Index (CPI) year-on-year.

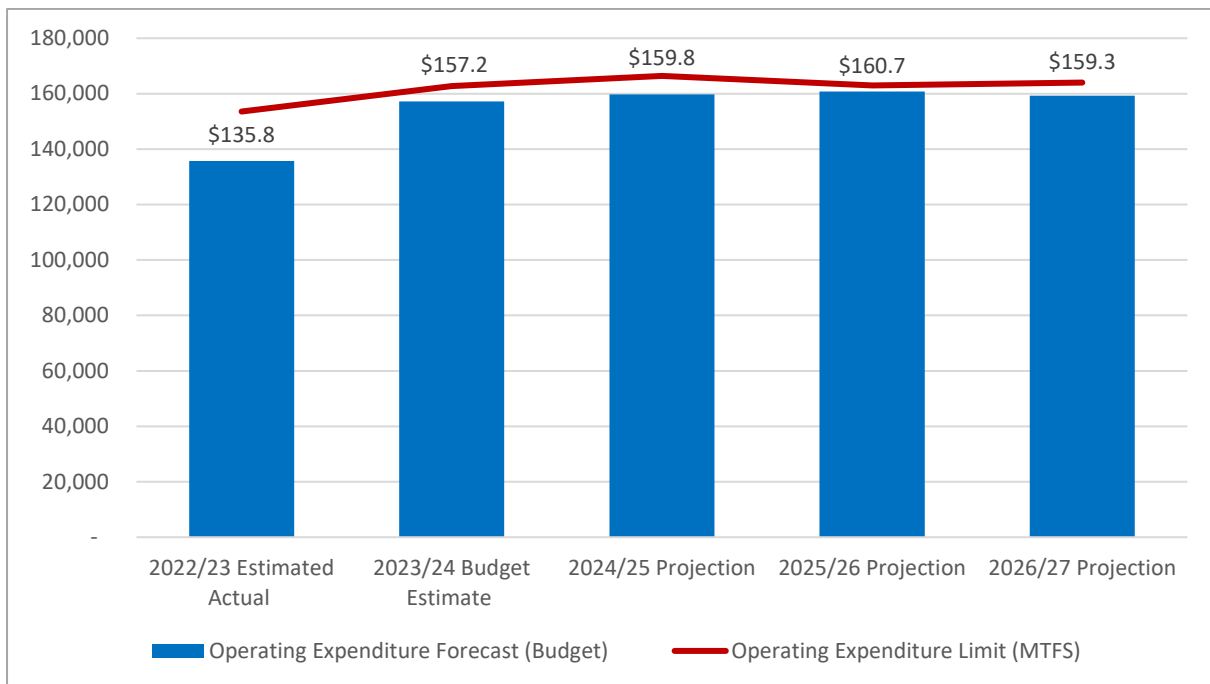
Baseline operating expenditure excludes contractual debt servicing expenditure, legislated welfare payments and extra-ceiling measures specifically to support economic stimulus.

The overall expenditure ceiling considers these expenditure requirements in total government expenditure; thus, the operating expenditure rule serves to limit the expansion of operating expenditure during periods of fiscal expansion but is superseded by other rules during periods when total government spend is decreasing.

As shown in Figure 2-2, the operating expenditure profile will be within the rule limit across the forward years.

⁶ Baseline operating expenditure is defined as total government department expenditure. This is identified as the total Gross Current Appropriation in Schedule 1.

Figure 2-2 Operating Expenditure rule growth projections – MTFS vs Budget



2.3.1.3. Net Debt Rule and Investment Rule

The Net Debt rule states that “Net debt should not exceed a soft cap of 55 per cent of GDP, and cannot exceed a hard cap of 65 per cent of GDP”. The Investment Rule also relates to the net debt position, as it states “the government shall commit that any additional borrowing once debt has reached 55 per cent of GDP is for capital investment and/or targeted GDP stimulus purposes”.

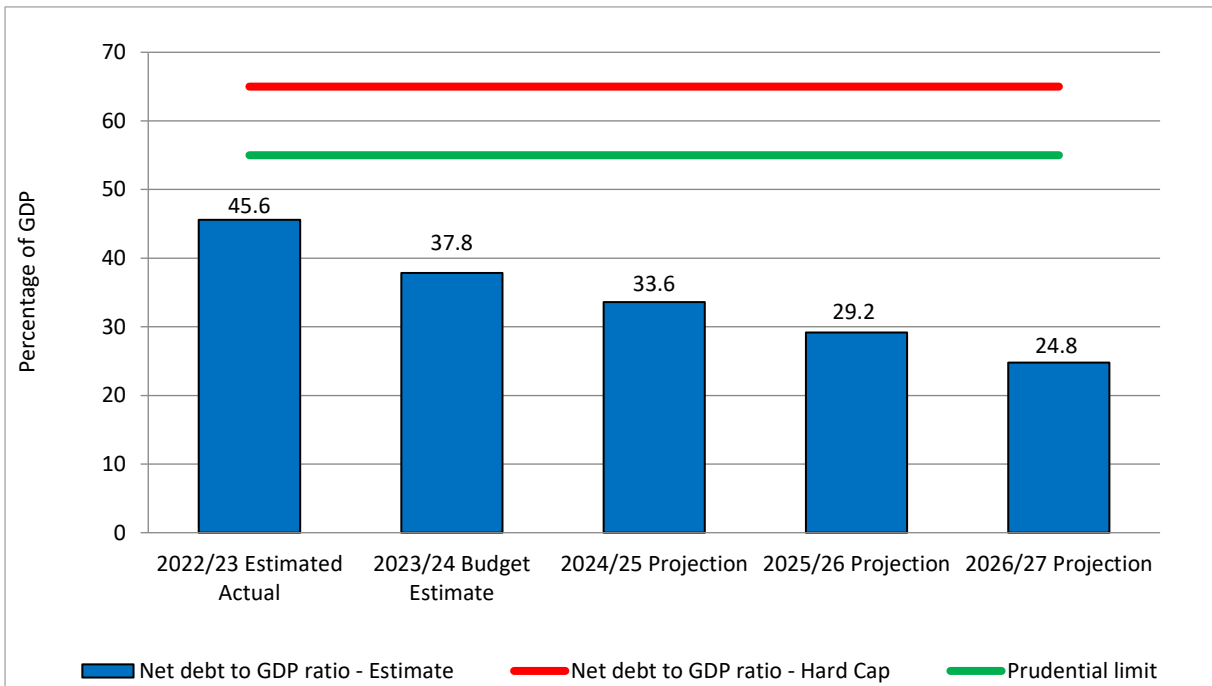
Net debt to GDP measures debt relative to national income. The net debt rule is intended to control the overall level of debt taken on by government, including state-owned enterprises. The limit agreed to by government is to maintain net debt within 55 per cent of GDP, with room to increase this to 65 per cent for prescribed purposes.

Further revisions have been made to the GDP forecasts and foreign exchange rates since the 2022/23 Budget which have resulted in the 55 per cent soft cap on borrowings to be estimated at \$265.6 million. Government anticipates that it will hold the NZD equivalent of \$220.1 million of debt (approximately 45.6 per cent of GDP) at the end of 2022/23, with changes in the value of this debt largely due to movements in foreign exchange rates.

Government has a further \$55.5 million in contingent financing available until December 2024 in case of an emergency need for funds⁷, as well as a \$30.3 million disaster contingency loan in the case of a natural disaster. If these are drawn down in the 2022/23 fiscal year, gross debt would be approximately \$314.0 million, and net debt would total 62.6 per cent of GDP. Excluding contingent loans, the net debt ratio is projected to fall to 24.8 per cent by 2026/27, initially due to GDP growth, with increasing principal repayments subsequently reducing the net debt as GDP returns towards historic levels and growth slows.

⁷ This loan is likely to be unavailable earlier as tourism recovery continues. Once the 12-month rolling total of visitors hits 130,000 (expected in July), this is no longer available.

Figure 2-3 Net Debt Rule Projections



The movements in Net Debt limits to GDP and the Investment Rule debt headroom are displayed in Figure 2-4 and Figure 2-5 respectively.

Figure 2-4 GDP and Net Debt Movements (\$million)

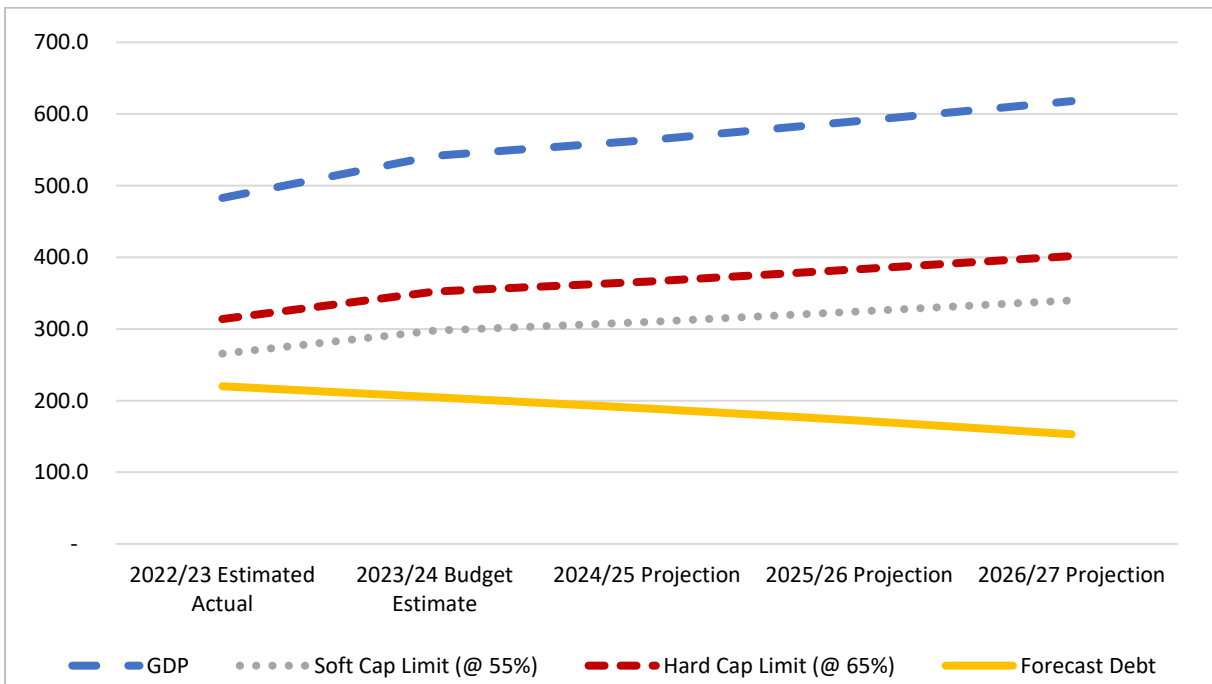
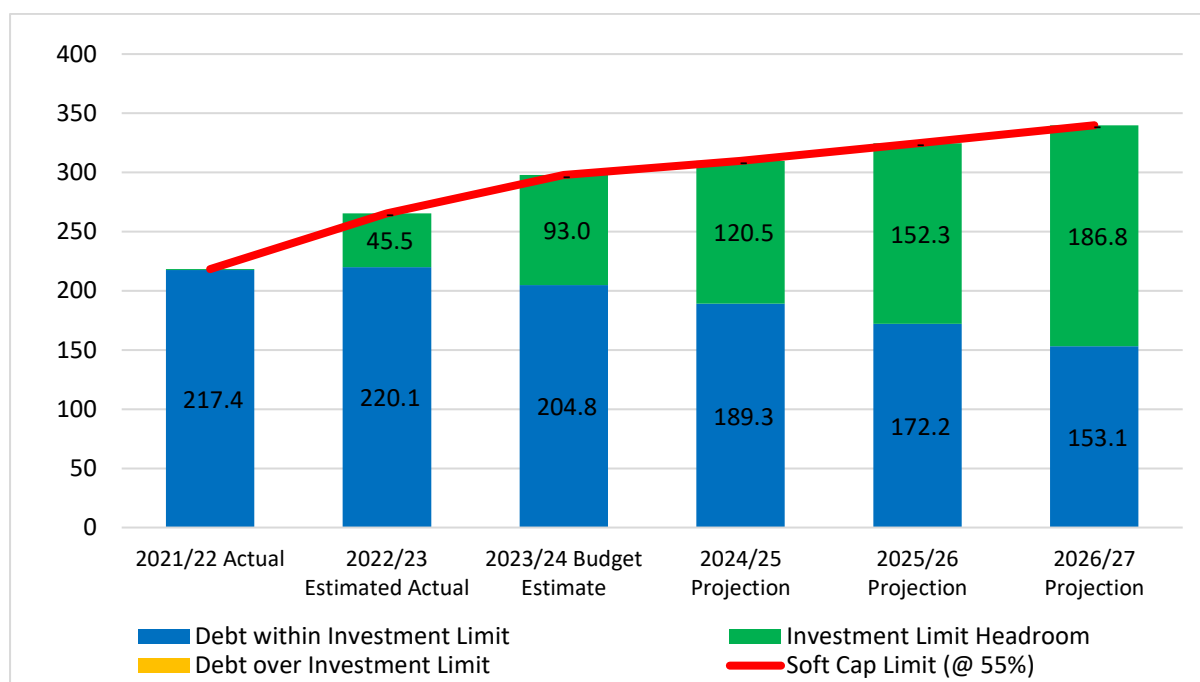


Figure 2-5 Investment Rule Debt Headroom (\$ million)



2.4. MTF5 Economic and Fiscal Forecasts

2.4.1. Assumptions underlying economic and fiscal projections

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

2.4.1.1. Economic assumptions

The Cook Islands Statistics Office publishes current and real price (2016 base year) estimates of GDP on a quarterly basis, using the production approach. GDP estimates are disaggregated by major industry classifications, including institutional sectors. The latest data from the Statistics Office relates to the June quarter 2022.

2.4.1.2. Gross Domestic Product production model

A Computable General Equilibrium (CGE) modelling approach has been used to forecast aggregate GDP and several key variables in a manner that is internally consistent and uses economic relationships to determine how shocks permeate through the economy. This approach provides both real and nominal changes in variables such as:

- Gross Domestic Product
- Trade aggregates
- Investment and savings
- Household consumption
- Consumer Price Index
- Wages
- Operating surpluses

This model has been developed using technical assistance from the Asian Development Bank, and utilising a wide range of data sources.

2.4.1.3. Data

The key data sets used for the model are:

- Real and nominal GDP – quarterly data to June 2022.
- Trade, imports, and exports – monthly data to July 2022.
- CPI – quarterly index data to March 2023.
- International arrivals – Customs and Immigration monthly data to March 2023.
- Building approvals – quarterly data to December 2022.

2.4.1.4. Key economic indicator assumptions

Nominal GDP is expected to grow by:

Year	2022/23	2023/24	2024/25	2025/26	2026/27
Per cent (%)	21.6	12.1	4.0	4.8	4.7

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

Year	2022/23	2023/24	2024/25	2025/26	2026/27
Per cent (%)	12.9	3.1	1.4	1.4	1.5

Please refer to Chapter 4 for further detail on the above data.

2.4.2. Economic Forecast

After the Cook Islands largest economic contraction of over 41.0 per cent in 2019/20 and 2020/21 due to the COVID pandemic and border closures, the economy has been in a recovery phase since 2021/22 with almost 60,000 visitor arrivals and economic growth of 13.6 per cent. 2022/23 has seen stronger growth with estimated nominal GDP of 21.6 per cent and a forecast of just under 129,000 visitor arrivals by the end of the financial year.

Further increases are expected for 2023/24 with a rise of 12.1 per cent in nominal GDP and 28 per cent growth in visitor arrival numbers, pushing the total to 165,000, before it levels out in 2024/25 to a 4.0 per cent rise in economic growth.

Please refer to Chapter 4 for further detail on forecast economic activity.

2.4.3. Fiscal assumptions

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 4, and one-off considerations, namely COVID-19 and its impact on tax revenues;
- operating expenditure movements reflect current government policy commitments; and
- the level of government borrowing is based on exchange rates from Consensus Economics forecasts.

2.4.3.1. Fiscal risks

The IMF defines fiscal risks as 'deviations of fiscal outcomes from what was expected at the time of the budget'. The IMF lists a few 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.⁸

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.⁹

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 Enua.

2.4.4. Risk Categories

There are several 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 order.

2.4.4.1. Global economic risks

Globally the perception of risk of a new variant outbreak of COVID-19 impacting on the global economy has fallen, although does remain present.

The key risk is the impact of ongoing inflationary pressures globally. Inflation puts pressure on the real incomes of people in the Cook Islands and in the source markets for tourists – reducing the affordability of discretionary spending such as travel. These risks are shared by many nations in the region, and as tourism returns this is the key risk to reverting to a situation without visitors.

As the Cook Islands has several loans denominated in US dollars and other international currencies, exchange rate variations are a source of risk due to the potential impact these could have on the Cook Islands debt portfolio. Central banks around the world are responding to inflation by raising interest rates, which influences foreign exchange rates, increasing uncertainty, and both United States and New Zealand impacts and responses to inflation are of relevance.

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.

2.4.4.2. Natural disasters

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

The Cook Islands 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 islands, and the proximity of buildings and infrastructure services to the coast, particularly on Rarotonga. Additionally, the 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 Cook Islands’ economic outlook, and severely affect the fiscal position. The Asian Development Bank’s (ADB) 2016

⁸ IMF (2009), Fiscal risks: sources, disclosure, and management. IMF Fiscal Affairs Department. www.imf.org

⁹ See: www.pefa.org/. The Cook Islands Government was assessed in October 2021. The results of an assessment completed in 2021 are available on the PEFA website at <https://www.pefa.org/assessments/summary/4957>.

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 2-2)¹⁰.

Table 2-2 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.
- arranging a Disaster Recovery Mechanism loan from the ADB of \$30.3 million, which will only be triggered and drawn down in the event of a catastrophe.

2.4.5. Contingent liabilities

The government's contingent liabilities are summarised in Table 2-3.

Table 2-3 Quantifiable contingent liabilities

Category	\$'000
Guarantees and indemnities	50
Uncalled capital	2,500
Legal proceedings and disputes	400
Vested Assets	24,900
Total	27,900

2.4.5.1. Guarantees and indemnities

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

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

The loan programme has since discontinued, however, there is outstanding debt on the loan scheme of approximately \$50,000.

¹⁰ 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.

2.4.5.2. Uncalled capital

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

In addition, the government has been a member of the Asian Infrastructure Investment Bank (AIIB) since 1 June 2020 and holds \$0.65 million in uncalled shares. This takes the form of four uncalled-shares with a par-value of USD 100,000 each.

Table 2-4 Uncalled Capital Breakdown (\$)

Party	Shares	USD Value	NZD Value
Asian Development Bank	88	13,500	1,802,731
Asian Infrastructure Investment Bank	4	100,000	606,980
Total		1,588,000	2,409,712
Foreign Exchange Rate (USD/NZD)	1.52		

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

2.4.5.3. Legal proceedings and disputes

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

2.4.5.4. Financial liabilities relating to Island Governments

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

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

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

2.4.5.5. Vested Assets

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

Table 2-5 Vested Assets Contingent Liability Expiry Schedule

Tranche	Expiry Date	Value (\$'000)
2	20/12/2024	7,200
3	31/10/2026	9,452
4	01/09/2027	5,662
5	11/10/2028	2,515
Total		24,830

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

2.4.5.6. State-owned enterprises

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

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

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

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

The government has put in place a range of measures to mitigate against SOE fiscal risk, including:

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

2.4.6. Assessing the impact of fiscal and macroeconomic shocks

2.4.6.1. Introduction

The Cook Islands government uses an analytical fiscal tool – the Cook Islands Fiscal Tool 2018 – to calibrate and operationalise the revised 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 Ministry of Finance and Economic Management website, includes:¹¹

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

¹¹ See: 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 government also conducts sensitivity analysis on movements in the value of the New Zealand dollar against major trading currencies to assess the impact on gross debt and debt servicing requirements.

The following sections show the potential impact of a selected range of fiscal and macroeconomic shocks on the 2023/24 Budget profile using the Fiscal Tool, and the impact of exchange rate fluctuations on Crown debt.

2.5. Fiscal shocks

Fiscal shocks or alternatively government fiscal policy decisions are evaluated in terms of their direct impact on fiscal indicators - these are the first order impacts and their second order impacts - which occur via changes in GDP that flow through to tax revenues. The first order impacts are simply one for one change 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.

2.5.1. 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 continued recovery path from the impacts of COVID-19.

Table 2-6 presents the low revenue case, with revenues falling by 10 to 20 per cent per year over the modelling period. The fiscal balance breaches the 1.9 per cent of GDP guide¹² in all years. While the base case shows all years being within this guideline, this does not occur over the four years once the shock is applied – with 2024/25 getting the closest with a fiscal balance of -3.1 per cent of GDP.

Table 2-6 Low revenue shock

		2023/24	2024/25	2025/26	2026/27
Change in OpEx (\$m)		0	0	0	0
Change in Capex (\$m)		0	0	0	0
Change in Tax Revenue (\$m)		-20.2	-25.5	-30.8	-36.3
Fiscal balance (% of GDP)	Base	-1.5	1.4	1.6	2.8
	Shock	-5.3	-3.1	-3.6	-3.1

Table 2-7 presents the high revenue case, with revenues higher by 10 to 20 per cent per year over the modelling period. The key result is a strengthening of the fiscal balance, now posting substantial fiscal surpluses from 2023/24 onward.

Table 2-7 High revenue shock

		2023/24	2024/25	2025/26	2026/27
Change in OpEx (\$m)		0	0	0	0
Change in capex (\$m)		0	0	0	0
Change in tax revenue (\$m)		20.2	25.5	30.8	36.3
Fiscal balance (% of GDP)	Base	-1.5	1.4	1.6	2.8
	Shock	2.2	5.9	6.8	8.7

¹² This measure is no longer a Fiscal Rule under the updated MTF, however it is used as a guideline

2.5.2. Operating shock

A higher-than-expected operating expenditure shock is applied, assuming a 10 per cent increase above the estimates over the forward period. Table 2-8 presents the impact of the additional expenditure over the modelling period. The fiscal balance breaches the -1.9 per cent of GDP guideline in 2023/24, before complying thereafter but remaining in deficit until 2026/27. However, there is a positive impact on GDP of about 2.5 per cent or \$15.5 million by 2026/27.

Table 2-8 High OpEx shock

		2023/24	2024/25	2025/26	2026/27
Change in OpEx (\$m)		20	19	19	19
Change in capex (\$m)		0	0	0	0
Change in tax revenue (\$m)		0.6	2.0	3.6	5.4
Fiscal balance (% of GDP)	Base	-1.5	1.4	1.6	2.8
	Shock	-5.0	-1.6	-1.0	0.6
Change in nominal GDP	%	0.7	1.7	2.4	2.5
	\$m	4.0	9.8	13.9	15.5

2.5.3. Capital Shock

A lower-than-expected capital expenditure shock is applied, assuming a 20 per cent reduction in the estimates over the forward period. Table 2-9 presents the impact of the reduced expenditure over the modelling period. The negative impact on GDP of about \$8.9 million by 2026/27 has a flow-on effect on revenue of about \$3.6 million. The net effect on the fiscal balance is slightly positive, with the capital expenditure reduction outweighing the fall in revenue.

Table 2-9 Low Capex shock

		2023/24	2024/25	2025/26	2026/27
Change in OpEx (\$m)		0	0	0	0
Change in capex (\$m)		-4	-3	-4	-4
Change in tax revenue (\$m)		-0.6	-1.6	-2.6	-3.6
Fiscal balance (% of GDP)	Base	-1.5	1.4	1.6	2.8
	Shock	-0.8	1.8	1.9	2.9
Change in nominal GDP	%	-0.5	-1.1	-1.3	-1.4
	\$m	-2.6	-6.0	-7.8	-8.9

2.5.4. GDP shock

A low GDP shock is applied, assuming a 5 per cent decrease on the forecast for each year of the forward period and is presented in Table 2-10. Tax revenue falls by up to \$16.4 million in 2026/27, causing the fiscal balance to deteriorate and remain close to balance in all years, instead of returning to surplus. The GDP impact in 2026/27 is minus 7.5 per cent, or a reduction of \$46.2 million.

Table 2-10 Low GDP shock

		2023/24	2024/25	2025/26	2026/27
Change in OpEx (\$m)		0	0	0	0
Change in capex (\$m)		0	0	0	0
Change in tax revenue (\$m)		-3.6	-7.9	-12.3	-16.4
Fiscal balance (% of GDP)	Base	-1.5	1.4	1.6	2.8
	Shock	-2.3	0.0	-0.5	0.1
Change in nominal GDP	%	-4.5	-6.5	-7.4	-7.5
	\$m	-24.1	-36.7	-43.8	-46.2

2.5.5. Arrival's 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, and is presented in Table 2-11. Tax revenue falls by \$6.7 million per year by 2026/27, which reduces the fiscal balance by approximately a percentage point by the end of the forward estimates. This is not a large enough swing to change the fiscal balance outlook, but does impact it in each year. The impact on GDP is substantial, with a reduction of 3.3 per cent in 2026/27.

Table 2-11 Low arrivals shock

		2023/24	2024/25	2025/26	2026/27
Change in OpEx (\$m)		0	0	0	0
Change in capex (\$m)		0	0	0	0
Change in tax revenue (\$m)		-1.5	-3.4	-5.4	-6.7
Fiscal balance (% of GDP)	Base	-1.5	1.4	1.6	2.8
	Shock	-1.8	0.8	0.7	1.6
Change in nominal GDP	%	-1.9	-2.8	-3.2	-3.3
	\$m	-10.1	-15.8	-19.0	-20.1

2.5.5.1. Severe Arrivals shock

In the context of the COVID-19 experience, a severe low international visitor arrivals shock is applied, assuming a 50 per cent decrease on the forecast for 2023/24, and a 25 per cent decrease in 2024/25. Table 2-12 presents the impact of the reduction in arrivals.

Table 2-12 Severe Low arrivals shock

		2023/24	2024/25	2025/26	2026/27
Change in OpEx (\$m)		0	0	0	0
Change in capex (\$m)		0	0	0	0
Change in tax revenue (\$m)		-15.1	-23.8	-24.9	-27.2
Fiscal balance (% of GDP)	Base	-1.5	1.4	1.6	2.8
	Shock	-5.3	-3.5	-2.8	-1.7
Change in nominal GDP	%	-18.7	-17.6	-7.4	-1.9
	\$m	-101.1	-99.0	-43.7	-11.7

2.6. Medium-term National Priorities

The Medium-term National Priorities contributes to the fiscal planning of government expenditure. The national priorities are identified using the 5-year scorecard known as Te Ara Akapapaa'nga Iti 2021-2026 which captures the Cook Islands' medium-term aspirations and ambitions under 15 national development goals that help to guide the application of the MTEC at a government department level. Te Ara Akapapaa'nga Iti 2021-2026 is part of the Cook Islands' 100-year National Sustainable Development Agenda (NSDA 2020+) vision to achieve a 'Wellbeing for all'.

While the NSDA 2020+ is referenced in the MTFs, its use as an expenditure guide remains static in the 2023/24 Budget due to ongoing need for economic recovery. Therefore, Goal 3 (Economy, Employment, Trade & Enterprise) and Goal 15 (Governance) of the NSDA 2020+ continues to remain a priority.

The Economic Development Strategy 2030 (EDS) which maps out the government's economic priorities over 10 years will help to guide the expenditure priorities of government departments, focusing on strategic investments with maximum impact to the Cook Islands economy. The fiscal allocations against the goals of the NSDA 2020+ are reported in Chapter 11.

2.7. Crown Debt Sensitivity Analysis

Table 2-13 Base Exchange rates assumptions with +/- 10 per cent

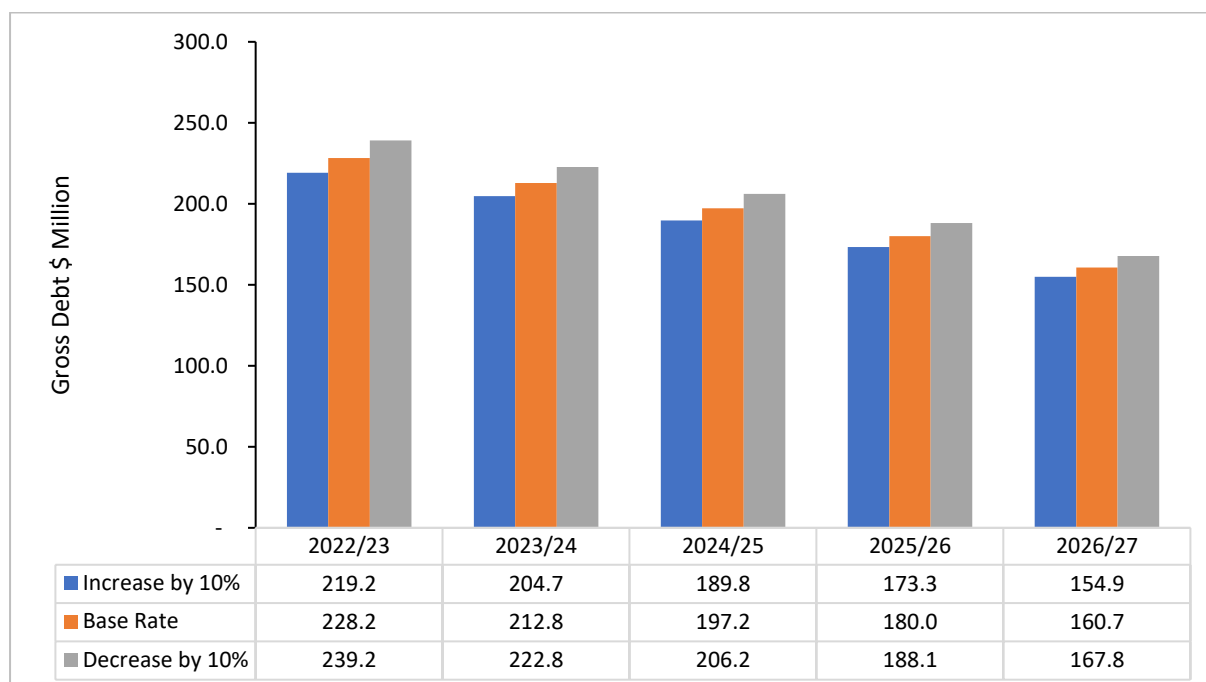
Foreign Exchange Currency	-10%	Budget base rate	+10%
EUR	0.5353	0.5948	0.6542
USD	0.5931	0.6590	0.7249
RMB	3.9388	4.3764	4.8141
SDR	0.4338	0.4821	0.5303

Managing the Crown’s exposure to foreign exchange risks remains a priority for government, although recent debt has mostly been drawn in New Zealand Dollar (NZD).

MFEM manages the risk to the USD movements by holding USD bank accounts within the Loan Repayment Fund to match the USD repayments. This effectively creates a natural currency hedging process through the use of revenue received for fishing licences.

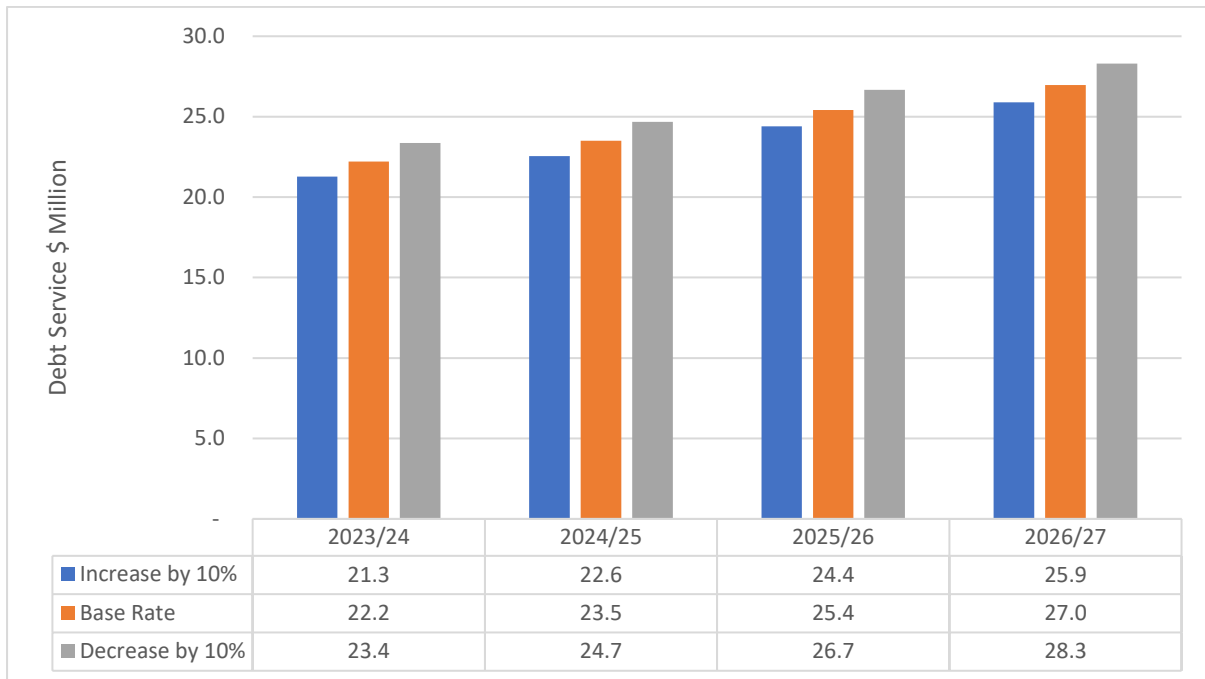
The sensitivity analysis demonstrates the impact of a 10 per cent appreciation or depreciation of the NZD to determine the impact on the gross borrowings and the debt servicing cost.

Figure 2-6 Sensitivity of Gross Debt to NZD movements at end of period



A 10 per cent depreciation in the value of the NZD against foreign currencies in 2023/24 would increase gross debt by an estimated \$10.0 million compared to an \$8.1 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 2-7 Sensitivity of Crown Debt Servicing Costs to NZD movements



A 10 per cent reduction in the foreign currency value of the NZD in 2023/24 would result in an increase in debt servicing costs of \$1.2 million, compared to a decrease of \$0.9 million if the NZD were to appreciate by 10 per cent. This indicates debt servicing is more sensitive to a depreciation of the NZD.

3. Fiscal Update and Medium-term Outlook

The 2023/24 Budget has been developed in the context of a recovery from the economic impacts of the COVID-19 pandemic. Government revenues are expected to increase as tourist volumes rise towards pre-pandemic levels. In conjunction, principal debt repayments are expected to increase for debt-servicing.

The government's overall fiscal approach for 2023/24 has moved to a more neutral stance than it was during the pandemic, with a fiscal deficit of around 1.5 per cent of Gross Domestic Product (GDP) expected. This stance still includes targeted expenditure with investments in the Airline Route Development, minimum wage adjustments, welfare payments and addressing some rising costs. Additional expenditure has been provided to bolster the capacity of government agencies such as the Crown Law office, the Ministry of Foreign Affairs and Immigration, the Ministry of Health, the Ministry of Marine Resources, the National Environment Service and the Seabed Minerals Authority.

As economic recovery accelerates over the medium-term, the fiscal stance is projected to move towards being slightly contractionary. Government expenditure levels are expected to be relatively stable in the medium-term. Fiscal increases in that period will focus on addressing the impacts of inflation and reducing the government's COVID-19 related debt.

3.1. 2022/23 Fiscal Performance

The government's fiscal performance for 2022/23 exceeded expectations outlined in the 2022/23 Half-Year Economic and Fiscal Update (HYEFU). Total operating revenue for 2022/23 is expected to be \$182.0 million. This consists of \$130.1 million in tax revenue and \$51.9 million in other revenue, including agency trading revenue.

Taxation revenues exceeded the HYEFU expectation by \$7.2 million. This is primarily due to an increase in value added tax (VAT) receipts from \$68.6 million to \$73.9 million which has offset the reduction in other taxation receipts such as income tax and withholding tax.

Other revenue increased from the \$37.0 million that was expected in the 2022/23 HYEFU to \$51.9 million. This is mainly due to the \$15.0 million received from the New Zealand government as General Budget Support.

Total operating expenditure is estimated to be \$166.6 million, an underspend of \$15.9 million compared to the spending that was expected in the 2022/23 HYEFU. Contributing factors to this underspend are the reappropriation of \$11.0 million from 2022/23 to 2023/24 for ongoing work programmes, and an underspend in the personnel expenditure due to recruitment challenges in filling existing vacancies.

With increased operating revenue and a significant reduction in operating expenditure, an operating surplus of \$15.4 million is expected at year-end.

Capital expenditure and depreciation for 2022/23 is estimated to be \$22.3 million and \$14.0 million, respectively. Due to an estimated underspend in capital expenditure of \$11.9 million compared to the 2022/23 HYEFU and no further changes in depreciation, a fiscal surplus of \$7.2 million is expected at year-end. This is a significant improvement in the fiscal balance from a fiscal deficit of \$43.5 million as reported the 2022/23 HYEFU.

3.1.1. Performance against the Fiscal Rules

The estimated actual performance for the 2022/23 fiscal year against the fiscal rules is described below. The Medium-term Fiscal Strategy (MTFS) chapter provides information on the government's forecast performance against the fiscal rules.

Cash reserves (excluding the stabilisation funds) are estimated to be \$67.7 million at year-end, representing 5.3 months of cash coverage for government operations. This is a substantial improvement in cash reserves by \$48.3 million compared to the 2022/23 HYEPU, and is a result of increased revenue mostly received from the New Zealand government of \$15.0 million in General budget support and an underspend in government expenditure.

Government's net debt to GDP is expected to increase from 41.1 per cent as reported in the 2022/23 HYEPU, to 45.6 per cent by the end of the fiscal year. This is due to the revision in GDP from \$546.9 million to \$482.8 million for 2022/23 impacting the net debt to GDP ratio, given the net debt levels are expected to decrease to \$220.1 million by year-end.

Total estimated baseline operating expenditure for 2022/23 is expected to be well below the expenditure limit, which is determined by the greater of two per cent growth in expenditure or the average of two past years' growth in the Consumer Price Index year-on-year. Baseline operational expenditure will be \$135.8 million and the expenditure limit is \$153.6 million.

For 2022/23, the operating balance is expected to move to a surplus of \$15.4 million. The fiscal balance is a surplus of \$7.2 million for 2022/23.

For 2023/24, total revenue and total expenditure are both expected to increase, resulting in an operating deficit of \$0.9 million.

Table 3-1 provides a summary of the government's fiscal forecasts for the 2023/24 Budget. As discussed in the MTFS, government adheres to the principles of fiscal responsibility outlined in the MFEM Act 1995/96:

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

Table 3-1 Fiscal Indicators Summary

	2021/22 Actual	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Statement of Financial Performance						
Taxation Revenue (\$m)	106.4	130.1	162.2	171.2	178.8	184.9
Social Contributions (\$m)	0.0	0.0	0.0	0.0	0.0	0.0
Other Revenue (\$m)	72.6	51.9	36.8	29.5	25.1	25.5
Total Operating Revenue (\$m)	179.0	182.0	199.1	200.7	203.9	210.4
Total Operating Revenue Percentage of GDP	45.1	37.7	36.8	35.6	34.6	34.1
Tax Revenue Percentage of GDP	26.8	26.9	30.0	30.4	30.3	29.9
Total Cyclical Revenue (\$m)	9.8	8.6	16.8	18.0	12.9	12.9
Total Cyclical Revenue Percentage of GDP	2.5	1.8	3.1	3.2	2.2	2.1
Total Structural Revenue (\$m)	169.2	173.4	182.2	182.7	191.0	197.6
Total Structural Revenue Percentage of GDP	42.6	35.9	33.6	32.4	32.4	32.0
Personnel (\$m)	69.9	70.0	78.5	78.7	78.9	78.9
Percentage of Total Revenue	39.0	38.4	39.4	39.2	38.7	37.5
Percentage of Structural Revenue	41.3	40.4	43.1	43.1	41.3	39.9
Total Operating Expenditure (\$m)	203.4	166.6	200.0	191.2	190.8	188.6
Percentage of GDP	51.2	34.5	36.9	33.9	32.3	30.5
Percentage of Operating Revenue	113.7	91.5	100.4	95.2	93.5	89.6
Cash Operating Expenditure*	189.6	152.4	184.6	176.0	175.8	173.7
Baseline Operating Expenditure (for Fiscal Rule Calculation)	142.0	135.8	157.2	159.8	160.7	159.3
Operating Balance (\$m)	-24.5	15.4	-0.9	9.6	13.2	21.8
Percentage of GDP	-6.2	3.2	-0.2	1.7	2.2	3.5
Capital Expenditure	23.8	22.3	22.8	17.2	19.2	19.6
Depreciation	13.4	14.0	15.4	15.4	15.4	14.8
Non-Operating Balance (\$m)	-20.7	-33.2	-37.3	-33.6	-37.9	-40.5
Fiscal Balance surplus/deficit (\$m) *	-34.8	7.2	-8.3	7.7	9.4	17.1
Percentage of GDP	-8.8	1.5	-1.5	1.4	1.6	2.8
Statement of Financial Position (\$m)						
Assets (\$m)	577.9	601.1	639.4	632.9	627.8	629.3
Liabilities (\$m)	413.2	410.6	395.5	380.1	363.1	344.1
Crown Balance (\$m)	164.7	190.5	243.9	252.8	264.7	285.2
Percentage of GDP	41.5	39.5	45.1	44.9	44.9	46.2
Working Capital (\$m)	62.7	67.7	48.3	43.1	37.2	36.8
Working Capital (months coverage)	4.0	5.3	3.1	2.9	2.5	2.5
Stabilisation Account	3.5	3.5	3.5	3.5	3.5	3.5
General Cash Reserves	66.2	71.3	51.8	46.7	40.7	40.3
Statement of Borrowings (\$m)						
Gross Debt end of FY (\$m)	228.5	225.9	210.7	195.3	178.4	159.3
Excluding Contingency Loan	112.6	-1.0	0.0	0.0	0.0	0.0
Gross Debt, Percentage of GDP	57.6	46.8	38.9	34.7	30.2	25.8
Net Crown Debt, end of FY (\$m)	217.4	220.1	204.8	189.3	172.2	153.1
Net Debt, Percentage of GDP	54.8	45.6	37.8	33.6	29.2	24.8
Loan Repayment Reserves Held (\$m)	11.0	5.8	5.9	6.0	6.1	6.3
Net Debt Servicing (\$m)	12.2	16.5	22.1	23.4	25.3	26.9
Percentage of Total Revenue	6.8	9.1	11.1	11.7	12.4	12.8
Percentage of Structural Revenue	7.2	9.5	12.1	12.8	13.2	13.6
Development Partner Support (\$m)						
Grants (\$m)	37.3	25.0	89.7	19.0	7.4	6.2
Percentage of GDP	9.4	5.2	16.6	3.4	1.3	1.0
Memo item: Nominal GDP (\$m)	396.9	482.8	541.5	563.3	590.1	617.9

3.2. Movements since the 2022/23 HYEFU

The 2023/24 Budget classifies revenue and expenditure adjustments according to the following categories:

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

Table 3-2 shows the movements in revenue and expenditures since the publication of the 2022/23 HYEFU in December 2022.

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

Statement of Government Operations	2022/23	2023/24	2024/25	2025/26	2026/27
Operating balance as at 2022/23 HYEFU	-22,644	-815	13,140	25,511	25,511
Revenue					
Revenue Parameter Changes	7,126	2,435	-1,031	-3,962	2,198
<i>Adjustments to:</i>					
Value Added Tax (VAT)	5,298	2,550	59	-1,628	1,116
Income tax	-267	-1,876	-3,018	-4,063	-3,009
Import levies	867	1,347	1,369	1,390	2,298
Company tax	900	88	-78	-266	874
Departure tax	502	325	636	605	920
Withholding tax	-174	0	0	0	0
Other Revenue Changes	14,990	15,570	7,874	3,533	3,904
Other revenue	-44	6,420	7,765	3,274	3,646
Trading Revenue	34	50	109	259	259
Dividend	0	0	0	0	0
Core Sector support	0	9,100	0	0	0
General Budget support	15,000	0	0	0	0
Total Revenue Changes to 2023/24 Budget	22,115	18,004	6,843	-429	6,103
Expenditure					
<i>Expenditure Decisions by Government</i>	0	7,140	11,919	13,382	11,926
<i>Technical adjustments</i>	0	0	0	0	0
<i>Reclassifications of expenditure</i>	0	0	0	0	0
<i>Parameter changes</i>	-15,972	10,931	-1,488	-1,459	-2,148
Total Expenditure Changes to 2023/24 Budget	-15,972	18,071	10,431	11,923	9,779
OPERATING BALANCE as at 2023/24 Budget	15,443	-881	9,552	13,159	21,835
Capital Expenditure	22,260	22,761	17,215	19,159	19,588
Depreciation	14,014	15,360	15,410	15,410	14,809
FISCAL BALANCE - as at 2023/24 Budget	7,197	-8,282	7,747	9,410	17,056

The increase in revenue for 2022/23 is largely due to an increase in General Budget support received from the New Zealand government of \$15.0 million and an increase in VAT receipts of \$5.3 million. Expenditure changes include an underspend of \$16.0 million for 2022/23 due to capacity constraints impacting the delivery of programmes. In combination with other changes, the fiscal balance has improved to a fiscal surplus of \$7.2 million for 2022/23.

Revisions to 2023/24 include changes to 'other revenue' such as increases in fishing revenue, dividends and numismatics. The revision to operating expenditure of \$18.1 million consists of reappropriation funding (totalling \$10.9 million) from the 2022/23 fiscal year mostly for the Airline

Route Development and \$7.1 million in new expenditure for the year which includes the minimum wage adjustments. Capital expenditure and depreciation have also increased, resulting in a fiscal deficit of \$8.3 million by the end of 2023/24. From 2024/25 onwards, a fiscal surplus is expected.

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

3.2.1. Reappropriation of 2022/23 funds

The reappropriation of funds refers to the transfer of residual funds from one budget to the next. In this case, it is a transfer of residual funding from the 2022/23 Appropriation Act to the 2023/24 Appropriation Act, increasing the total allocated funding in the 2023/24 Budget. Reappropriated funds are considered outside of the Medium-term Expenditure Ceiling of government for each year.

To seek reappropriations, agencies submit a request during the preparation of the budget if:

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

A total of \$17.0 million has been approved for reappropriation into the 2023/24 budget as listed in Table 3-3. Further details on the funds reappropriated by each expenditure category can be found in Chapter 7 – Operating Expenditure and Chapter 8 - Capital Expenditure.

Table 3-3 Reappropriation totals 2023/24

Category	Amount	2022/23 Budget Estimate	2022/23 Budget Adjusted	2023/24 Budget Estimate	2023/24 Budget Adjusted
Capital	6,041,747	20,558,001	14,516,254	8,228,467	14,270,214
Operating	10,950,000	20,696,953	9,746,953	16,646,953	27,596,953
Total	16,991,747	41,254,954	24,263,207	24,875,420	41,867,167

3.3. Revenue

Total operating revenue for 2022/23 is estimated to be \$182.0 million, an increase of \$3.1 million compared to 2021/22 actuals. The increase in government revenue reflects more visitors within the year than expected. This is evident in the increase of taxation revenues for 2022/23 in particular VAT, income tax, import levies and departure tax compared to 2021/22 actuals.

Taxation revenues are expected to improve significantly in 2023/24 with increased tourist market access from Hawaii and Australia. For 2024/25 onwards, a modest growth in taxation revenue is expected with the gradual return in tourist levels to pre-pandemic levels offsetting the decrease in other revenues across the medium-term.

Table 3-4 Operating revenue (\$'000)

	2021/22 Actual	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Value Added Tax (VAT)	57,105	73,913	78,957	81,273	84,349	87,092
Income tax	24,759	30,956	33,730	34,247	34,944	35,998
Company tax	6,654	244	19,366	22,912	25,419	26,559
Import levies	11,967	13,741	15,939	17,238	18,124	19,031
Withholding tax	1,469	1,296	1,622	1,622	1,622	1,622
Departure tax	4,420	9,922	12,578	13,917	14,311	14,626
Total Taxation Revenue	106,374	130,072	162,193	171,208	178,768	184,928
Other Crown Revenue	67,245	46,955	31,880	24,433	19,914	20,285
Trading Revenue	5,334	4,987	5,024	5,082	5,232	5,232
Total Operating Revenue	178,953	182,014	199,096	200,723	203,914	210,446

3.4. Operating Expenditure

Operating expenditure for 2022/23 is expected to be significantly lower than 2021/22 due to the removal in June 2022 of COVID-19 related expenditure such as the wage subsidy and isolation income support. Operating expenditure for 2022/23 is also relatively low due to an underspend in personnel and administered payments such as the Airline Route Development because of contract negotiations and delays in implementing some programmes under the Economic Recovery Roadmap (ERR).

Increased personnel expenditure for 2023/24 onwards is due to the increase in minimum wage from \$8.50 to \$9.00. Administered payments are estimated to be \$52.8 million in 2023/24 including reappropriated funding for the ERR and the Airline Route Development to support the increase in airline routes.

Table 3-5 Operating expenditure (\$'000)

	2021/22 Actual	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Personnel	63,005	63,255	71,514	71,715	71,892	71,892
Operating	19,863	19,745	18,869	18,366	19,146	19,153
Administered Payments	72,787	27,017	52,797	46,003	45,562	45,200
Depreciation	6,664	7,237	8,583	8,633	8,633	8,032
POBOC	28,168	32,264	32,328	31,086	30,744	30,244
Other Operating Expense	12,918	17,052	15,887	15,368	14,778	14,089
Total Operating Expenditure	203,404	166,570	199,977	191,171	190,755	188,610

3.4.1. Pa Enea Funding

A total of \$307,000 in personnel funding has been applied across the Pa Enea for 2023/24 onwards to support the increase in minimum wage as of 1 July 2023. Additionally, a total of \$500,000 in operating has been allocated across the Pa Enea from 2025/26 onwards, to cover the ongoing maintenance costs of machinery and equipment on each island.

3.5. Capital Expenditure

Total capital expenditure for 2022/23 is estimated to be \$22.3 million, a decrease of \$1.5 million compared to 2021/22. In addition, total Official Development Assistance (ODA) funded capital expenditure is expected to be \$10.1 million. The lower than anticipated level of expenditure for 2022/23 (compared to planned) is due to ongoing capacity and supply constraints, as experienced in the previous fiscal year. Many of these projects have been reappropriated into the 2023/24 year.

For 2023/24, capital expenditure (excluding ODA) is expected to be \$22.8 million. This includes \$6.0 million of reappropriated funding from the 2022/23 fiscal year. ODA funded capital expenditure is estimated to be \$54.0 million for 2023/24, which includes the full balance of the Infrastructure Trust Fund (of \$45.2 million). Although actual ODA-related capital expenditure is expected to be lower than budget due to ongoing planning and design work of relevant projects, the funding is appropriated in full to avoid limitations on using these funds.

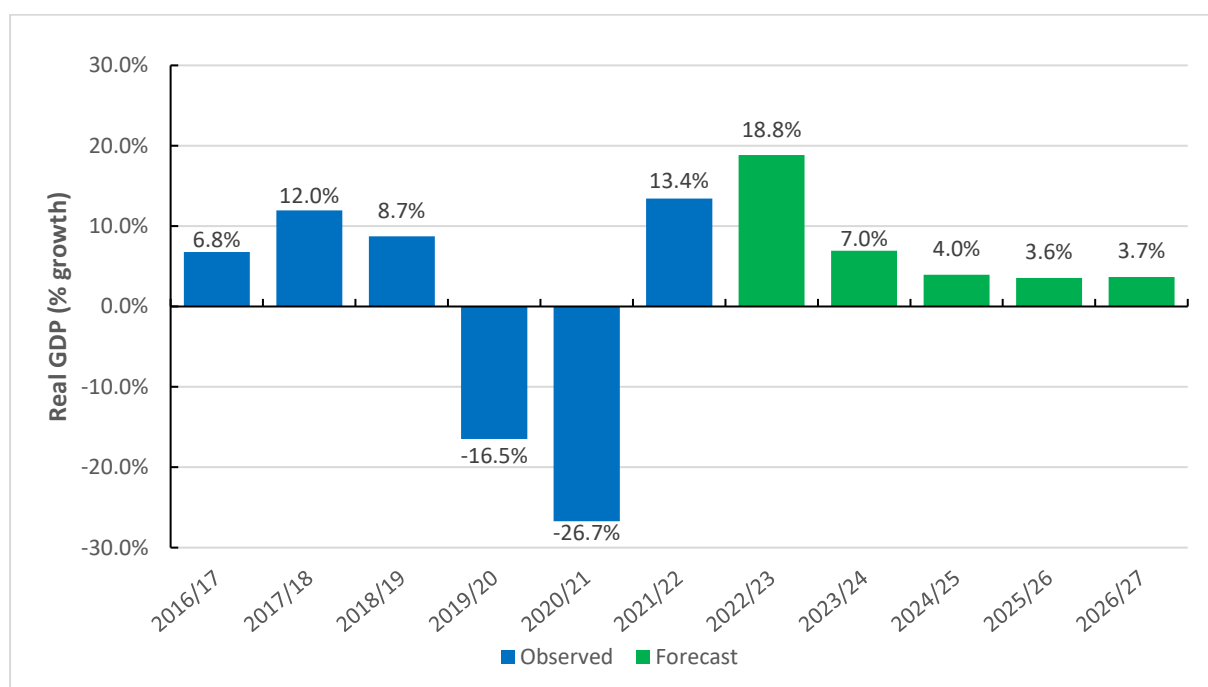
4. Economic Update

4.1. Overview

The past 12 months have seen some critical green shoots of recovery in the Cook Islands economy. The restrictions of the pandemic have faded into the rear-view mirror and businesses have begun to rebuild. Visitors from New Zealand have led the rebound, staying longer and spending more than they have in the past – and putting money back into businesses as a result. The recent low season has been a challenge, with restricted airline seat capacity and high airfares relative to other tourist destinations, however the overall picture over the past year has been very positive.

After one of the largest economic contractions in the world saw the Cook Islands economy shrink by over 41 per cent between the end of 2019 and mid-2021, the 2021/22 year saw the early signs of recovery with 13.4 per cent growth in real (inflation-adjusted) gross domestic product (GDP) terms compared to the prior year. With a full year of open borders, 2022/23 is expected to see further recovery, with 18.8 per cent growth in GDP in real terms, before the outlook normalises somewhat.

Figure 4-1 Annual percentage change in Real GDP



Prior to the pandemic the Cook Islands had experienced years of very strong growth, driven by record tourist arrivals. The growth primarily came from the New Zealand and Australian markets, which increased by 23.0 and 21.9 per cent respectively in the three years to 2018/19.

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

With tourist arrivals returning to more normal levels, extensive government support to business and individuals has been fully removed. This allowed government to hand the task of driving the economy back to the private sector and reduce stimulus spending.

The return of visitors has outpaced expectations, with 16,000 more visitors than forecast in the last Budget. This has meant that the 2022/23 year will have delivered arrivals similar to those seen in

2014/15, almost solely from the New Zealand market. Other indicators like Building Approvals show confidence by households and businesses in the economy.

This recovery has not been without challenges however, with global inflationary pressures pushing the cost of living upward. On average, consumer prices rose by over 12 per cent in the year to March 2023 – primarily as a result of high global fuel and shipping prices, which flowed through to many commodities – food and electricity in particular.

Table 4-1 provides a summary of the key economic indicators for the budget appropriation year and the three forward years of the 2023/24 Budget. These indicators assume that the working age resident population of the Cook Islands remains relatively stable (as it has done since 2001), but with modest growth in the supply of labour through migration and increased labour force participation.

There was a fear that the COVID-19 pandemic could produce a large outflow of Cook Islands residents. This was not realised. The data indicate that it was the visa-holder or “visitor” population that declined while the resident population has so far remained relatively stable. Visa-holders returned to the country once borders opened again in January 2022. In the year to March 2023, 985 Work Permit Visas were approved for migrant workers; 45 per cent of these were for workers in the restaurants and accommodation industries.

Table 4-1 Summary of Economic Indicators

	2021/22 Estimate	2022/23 Estimate	2023/24 Projected	2024/25 Projected	2025/26 Projected	2026/27 Projected
Economic Activity						
Nominal GDP (\$'000)	396,927	482,828	541,474	563,271	590,090	617,931
Percentage change (YOY)	13.6	21.6	12.1	4.0	4.8	4.7
Real GDP (2016 prices, \$'000)	391,628	465,377	497,722	517,399	535,399	555,596
Percentage change (YOY)	13.4	18.8	7.0	4.0	3.6	3.7
Inflation (CPI)						
Percentage change (YOY)	4.2	12.9	3.1	1.4	1.4	1.5
Construction/Capital Investment						
Value-added (\$'000)	11,153	12,964	14,763	15,435	16,218	16,984
Productive Sector Indicators						
Visitor Arrivals	59,657	128,835	165,365	177,180	178,410	178,935
Percentage change (YOY)	691.2	116.0	28.4	7.1	0.7	0.3
Estimated Visitor Expenditures (\$'000)	109,168	251,723	330,445	362,656	371,338	379,890
Agriculture & Fisheries value-added (\$'000)	13,641	14,117	15,082	15,678	16,927	18,222
External Sector						
Merchandise Trade Balance (\$'000)	-126,675	-187,921	-215,665	-232,693	-242,357	-252,387
Services Trade Balance (\$'000)	73,911	209,697	281,923	311,248	318,243	325,172
Exchange Rate (USD/NZD Average)	0.6350	0.6410	0.6590	0.6660	0.6620	0.6560

4.2. Outlook

The major story for the economic outlook is still one of recovering from the severe recession brought on by the COVID-19 pandemic. The recovery began in 2021/22, but with 2022/23 being the first full year with borders open, this shows significant economic growth with 21.6 per cent in nominal terms, and 18.8 per cent in real terms. Even with this bounce-back underway the recovery is not yet complete: GDP remains at only around 83 per cent of the 2018/19 level.

Visitor arrivals are key to the recovery. 2022/23 is expected to finish with over 130,000 arrivals (a level roughly equivalent to 2015), before 2023/24 is expected to hit 160,000 – which is close to the numbers seen prior to the pandemic. This remaining uplift is arrivals from markets outside New Zealand, which are becoming more accessible. From this point, the high growth rates seen in recovery will subside

back to more ‘normal’ rates and in the later forecast years capacity limits are expected to become of interest again.

Over the medium-term horizon, the government’s economic focus remains recovery from the pandemic. The economy is expected to grow by 7.0 per cent in 2023-24 (in real terms), before levelling out in the forward years with 4.0 per cent in 2024/25, 3.6 per cent in 2025/26 and 3.7 per cent in 2026/27. As mentioned above, this profile follows that of the tourism recovery, which drives the large services trade surplus that the Cook Islands enjoys.

During the pandemic, the government’s fiscal stance was deliberately expansionary, with large transfers of support and stimulus as well as an extensive collection of capital works. This was a deliberate policy choice to provide support for aggregate demand in the economy. The Budget for 2022/23 saw a reduction in stimulus spending, as well as lower infrastructure spending owing to logistics problems related to capital projects. That budget was characterised by government giving way to increased private sector activity. The 2023/24 Budget will see this path continued, with a relatively neutral stance taken as government begins to rebuild fiscal buffers and the economy moves onto more stable ground. Through this, a large number of key capital projects will continue to roll out, maintaining demand in the construction and engineering sectors as the private sector repair balance sheets until they are able to invest again.

The largest challenge currently facing people in the Cook Islands is the rising cost of living, driven by global inflationary pressures in fuel and logistics in particular. This has been felt most acutely in fuel, food and electricity pricing. The outlook for this is somewhat positive however, with the last two quarters (six months) showing inflation reducing slightly, after the through-the-year inflation measure peaked in September 2022 with 15.3 per cent growth, coming down to “only” 12.1 per cent in the year to March 2023. This is consistent with inflation globally and with our major trading partner, as inflation has shown signs of reducing in New Zealand in recent months as well.

After record inflation in 2022/23, it is forecast to reduce to 3.1 per cent in 2023/24, before reducing further to around one and a half per cent in the remaining forward years. For a more detailed discussion, please see the Prices and Inflation section below.

4.3. Changes since the 2022/23 HYEUFU

Since the 2022/23 Half-Year Economic and Fiscal Update (HYEFU), the Cook Islands Statistics Office (CISO) has undergone a project with support from the IMF-PFTAC to review and revise the National Accounts data. This has led to some significant revisions in our GDP estimates which particularly affect the pandemic years.

The revisions to National Accounts have caused Nominal GDP in 2020/21 to be revised down from \$432.0 million to \$349.5 million, and in 2021/22 from \$503.2 million to \$396.9 million. This has impacted the profile in those years, but also in the forecast years as the recovery challenge is exacerbated. More information can be found in the *Note on Cook Islands GDP Revisions* on the MFEM website¹³.

The HYEUFU forecasts were finalised in November 2022, and since then many new pieces of information have become available (as well as the revisions discussed above). Key examples of this have been tourist arrivals in the intervening months, and inflation data especially. Price data for both the Cook Islands and trading partners has allowed the inflation forecasts to be further refined in the current environment, with these impacting both prices in the domestic economy and trade as imports of many items have become substantially more expensive.

¹³ https://www.mfem.gov.ck/images/ECON/Note_on_Cook_Islands_GDP_Revisions.pdf

Table 4-2 Real GDP growth (percentage change, year on year)

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
2022-23 HYEFU Forecasts	11.8%	11.6%	6.8%	3.7%	3.6%	
2023-24 Budget Forecasts	13.4%	18.8%	7.0%	4.0%	3.6%	3.7%

4.4. The Global Economy

The Cook Islands is a small, open economy whose economic growth is heavily reliant on the export of goods and services to a few key partner countries - New Zealand, Australia, and the United States of America in particular. This has been clearest recently with the COVID-19 pandemic impacting the movement of people as well as trade and the inflationary pressures stemming from global factors. As such, it is necessary to examine the economic conditions and outlook for our key partners, as well as the regional and global economy.

4.4.1. New Zealand

The Reserve Bank of New Zealand (RBNZ) raised the official cash rate (OCR) from 1.5 per cent in 2022² to 5.25 per cent in April 2023.¹⁴ New Zealand also saw a slight drop in the previously rising inflation rate of 6.7 per cent through the year to March 2023, compared to 7.2 per cent increase in the 12 months to December 2022. This inflation rate was below expectations, raising commentary about a pause in the rate increase cycle, or a potential lowering of rates later in 2023.

In February 2023, the RBNZ commented in the Monetary Policy Statement (MPS) that “demand in the New Zealand economy has been robust” but there are early signs of slowing. Economic growth has been supported by household spending and construction activity, strong government spending and the quick recovery of international visitor numbers since the border reopened. Household spending has been resilient to date. However, there are signs that it may be slowing, reflecting lower house prices, high inflation and rising interest rates.

The swift return of international visitors has supported the recovery in the tourism sector and activity in associated services industries, in particular transportation, accommodation and restaurants. Pent up demand for travel and reduced capacity have contributed to higher airfares, accommodation and other tourism-sensitive prices.

The severe storms in the North Island have had a devastating impact and has led to disruption across a variety of industries and destruction of infrastructure and housing. This has led to shortages in some goods, particularly crops, in the short term which will likely cause prices to stay high. Food was the largest contributor to the March 2023 annual inflation rate. This was due to rising prices for fruit and vegetables (20.2 per cent), restaurant and ready-to-eat food (8.5 per cent), and general grocery food (12.3 per cent).

Significant economic losses have resulted from these storms. The RBNZ has stated that the best contribution monetary policy can make is to free up resources elsewhere in the economy by slowing demand through higher interest rates. This will also limit further increases in the cost of living over the medium term.

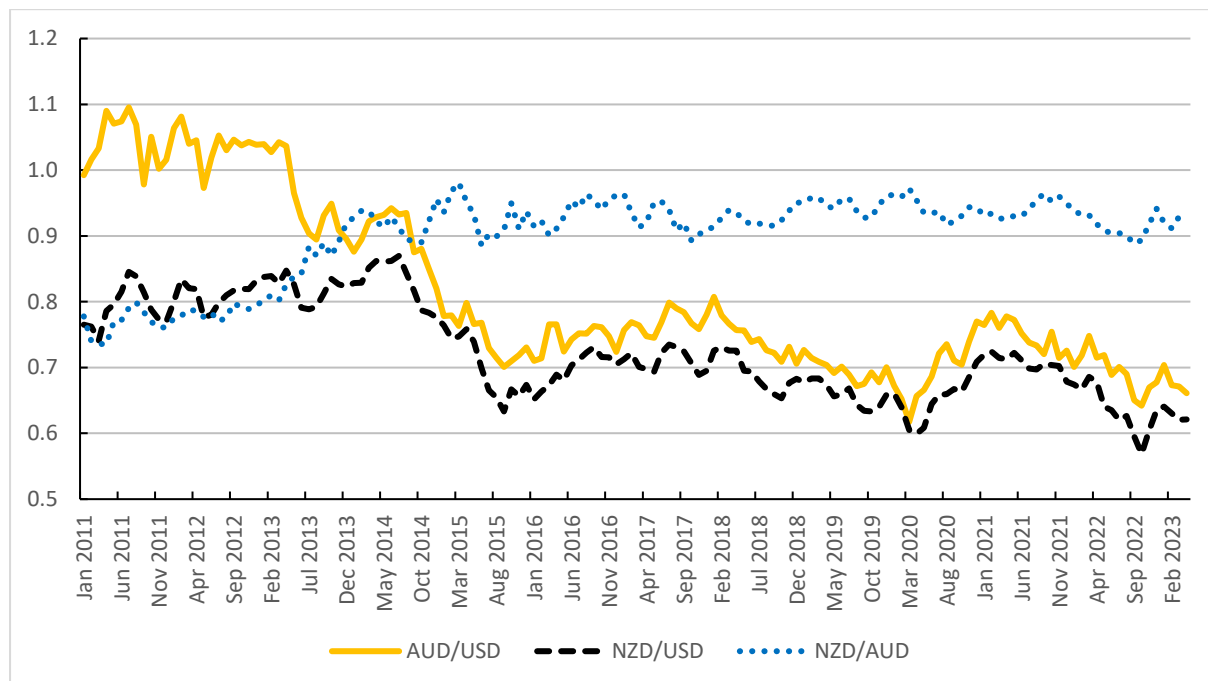
The labour market remains extremely tight, with employment above its maximum sustainable level. The unemployment rate held steady at 3.4 per cent in the March 2023 quarter. Worker shortages led to an acceleration in wage growth, supporting household incomes but adding upwards pressure to domestic inflation through increased business costs.

The MPS forecasted real GDP growth of 3.9 per cent in the year to March 2023, falling to 0.1 per cent in the following year. Thereafter growth is expected to slowly recover with 0.5 per cent and 2.4 per

¹⁴ Reserve Bank of New Zealand, www.rbnz.govt.nz

cent in the years to March 2025 and March 2026 respectively. Inflation was forecast to be 7.3 per cent to March 2023, and with the outcome being lower (6.7 per cent) the outlook may be revised down in the May MPS. From here, inflation is expected to slow, with 4.2 per cent growth in the year to March 2024, and 2.3 per cent to March 2025 – back within the RBNZ’s target band.

Figure 4-2 US Dollar exchange rate, New Zealand and Australia



4.4.2. Asia-Pacific Region

The Asian Development Bank’s April 2022 Asian Development Outlook 2023 (ADO) acknowledges that in 2022, growth in much of the region held up on improved consumption and investment as COVID-19 receded in many economies. This helped offset the impacts of elevated food and energy prices caused by the Russian invasion of Ukraine, the tightening global financial conditions, and the Peoples Republic of China’s (PRC’s) economic slowdown last year.

The spike in commodity prices contributed to the rise in inflation in 2022 following the Russian invasion of Ukraine. As global energy and food prices declined with the easing of supply chain disruptions, headline inflation is now on the decline, but core inflation remains high in some economies. Growth in developing Asia is expected to increase to 4.8 per cent this year from 4.2 per cent in 2022. The region’s headline inflation rate is forecast at 4.2 per cent this year, easing to 3.3 per cent in 2024 as it returns to pre-pandemic levels.

Financial conditions improved in late 2022. Conditions tightened over most of 2022 but eased in the fourth quarter due to slower US inflation and less tightening by the Federal Reserve in November. Risk premiums declined for most regional economies and equity markets picked up. Many regional currencies have strengthened against the US dollar since the last quarter of 2022.

Many economies in the Asia-Pacific have gradually opened to tourists—and visitor arrivals in some tourism-dependent ones are steadily returning to pre-pandemic levels (or exceeding in the case of Fiji), though the return for markets dependent on East Asia is slower. This outlook for tourism has improved further on the PRC’s reopening.

4.4.3. Pacific

In the Pacific, the ADB expects tourism-focused economies to rebound in 2023, with strong growth in the Cook Islands and Fiji. Fiji achieved 102 per cent of its December 2019 visitor arrivals in December 2022. However, other economies are showing fewer positive outlooks. Samoa, the Solomon Islands and Tonga have all contracted further in 2022, only returning to positive growth in 2023. Overall, the region is forecast to see 3.3 per cent growth in 2023, moderating slightly to 2.8 per cent in 2024.

Inflation in the Pacific is expected to have peaked in 2022 at 5.7 per cent across the region, before a slight reduction to 5.0 per cent in 2023 and 4.4 per cent in 2024. This belies some wider spread within the region with higher rates seen in the Cook Islands, Tonga, Samoa and Palau and more muted inflation in some other countries.

4.4.4. Australia

In May 2023, the Reserve Bank of Australia (RBA) announced an increase of its cash rate to 3.85 per cent in response to inflationary pressures, both globally and in the Australian economy, though stated that inflation “has passed its peak”. In December 2022, the unemployment rate was below 4 per cent for the first time in history of the (monthly) data. And the annual inflation rate was 7.0 per cent through the year to March 2023.

In its February 2023 Statement on Monetary Policy, the RBA reported GDP growth expectations of 2 $\frac{3}{4}$ per cent over 2022 and 1 $\frac{1}{2}$ per cent to 1 $\frac{3}{4}$ per cent in both 2023 and 2024. Domestic activity is forecast to pick up a little from late 2024 onwards as the drag on growth from the earlier monetary policy tightening starts to wane and inflation moderates. The recent pick-up in arrivals following the reopening of the international border has supported robust growth in employment and is helping to alleviate shortages in some areas. The unemployment rate is forecast to remain around 3.5 per cent until mid-2023 before creeping towards more sustainable levels around 4.5 per cent in mid-2025.

4.4.5. Global

The IMF’s April 2023 World Economic Outlook presents a view of global growth prospects with China rebounding strongly following the reopening of its economy, supply-chain disruptions unwinding, while the dislocations to energy and food markets caused by the war in Ukraine are receding, and the tightening of monetary policy by most central banks should start to bear fruit, with inflation moving back toward its targets.

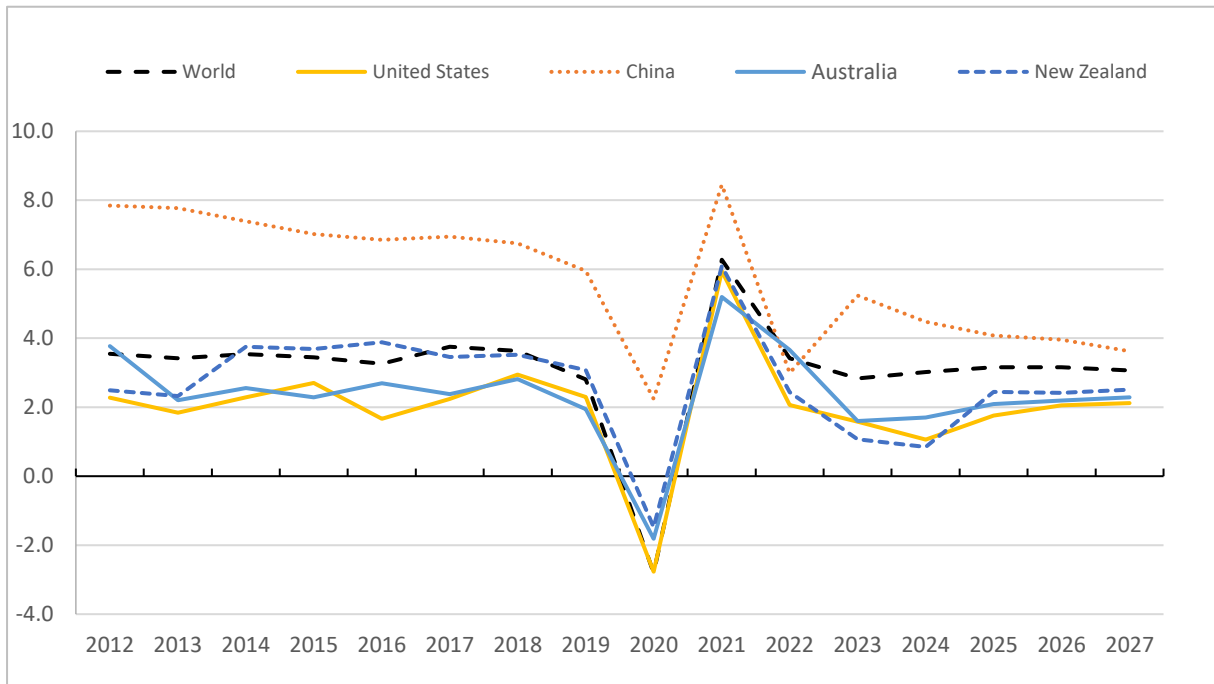
The IMF estimates in their latest forecast that global growth will be 2.8 per cent this year before rising modestly to 3.0 per cent in 2024. Global inflation will decrease, although more slowly than initially anticipated, from 8.7 per cent in 2022 to 7.0 per cent this year and 4.9 per cent in 2024 (see Figure 4-4).

While global inflation has declined, that reflects mostly the sharp reversal in energy and food prices. But core inflation, excluding energy and food components, has not yet peaked in many countries. It is expected to decline to 5.1 per cent this year (fourth quarter over fourth quarter).

In most cases, the IMF expects global employment and output to be below pre-pandemic trends out to 2026, with particular concerns around the scarring effects in emerging market and developing economies due to limited policy support and access to vaccinations. The IMF also notes there is greater than usual uncertainty around this forecast, with lockdowns in China and possible new strains of the COVID-19 virus adding to the risks surrounding the war.

Beyond 2023, the IMF expects growth to stabilise at around 3.3 - 3.4 per cent in the medium-term (see Figure 4-3).

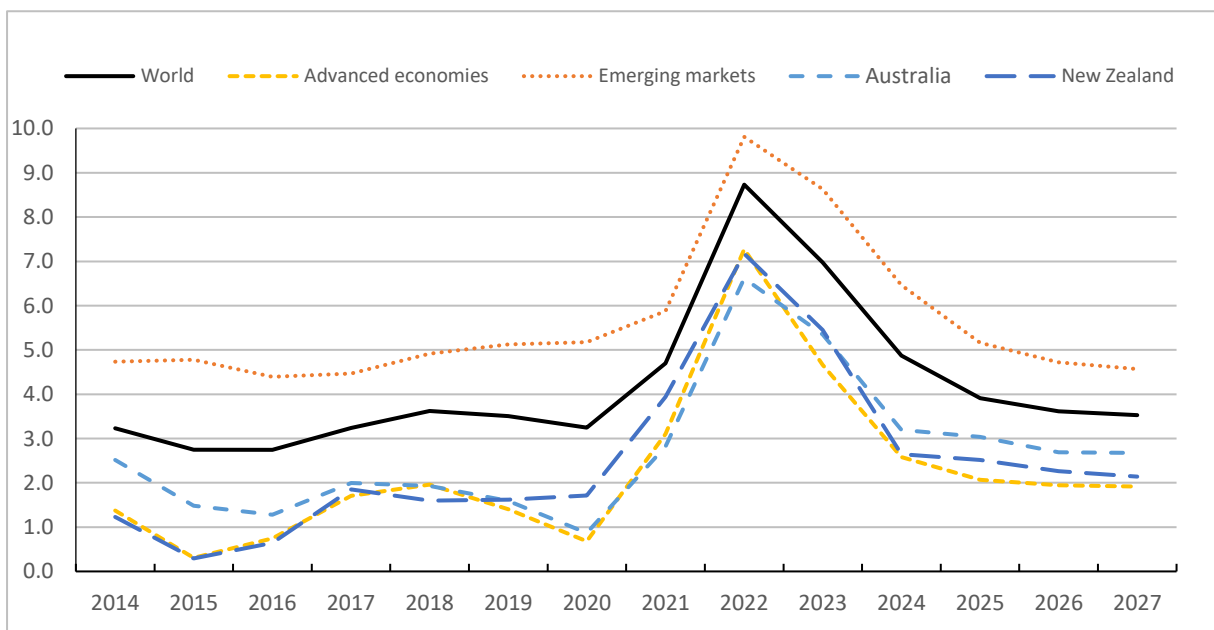
Figure 4-3 IMF GDP growth estimates, selected countries



The IMF notes that the inflationary pressures exacerbated by the war are rapidly shrinking the fiscal policy space available – particularly for emerging markets and developing economies. As interest rates in much of the world are rising to tackle inflation, many economies still require fiscal policy and increased health expenditure – just as borrowing costs are rising. For these economies, medium-term baseline output is expected to be close to 6 per cent below pre-pandemic projections.

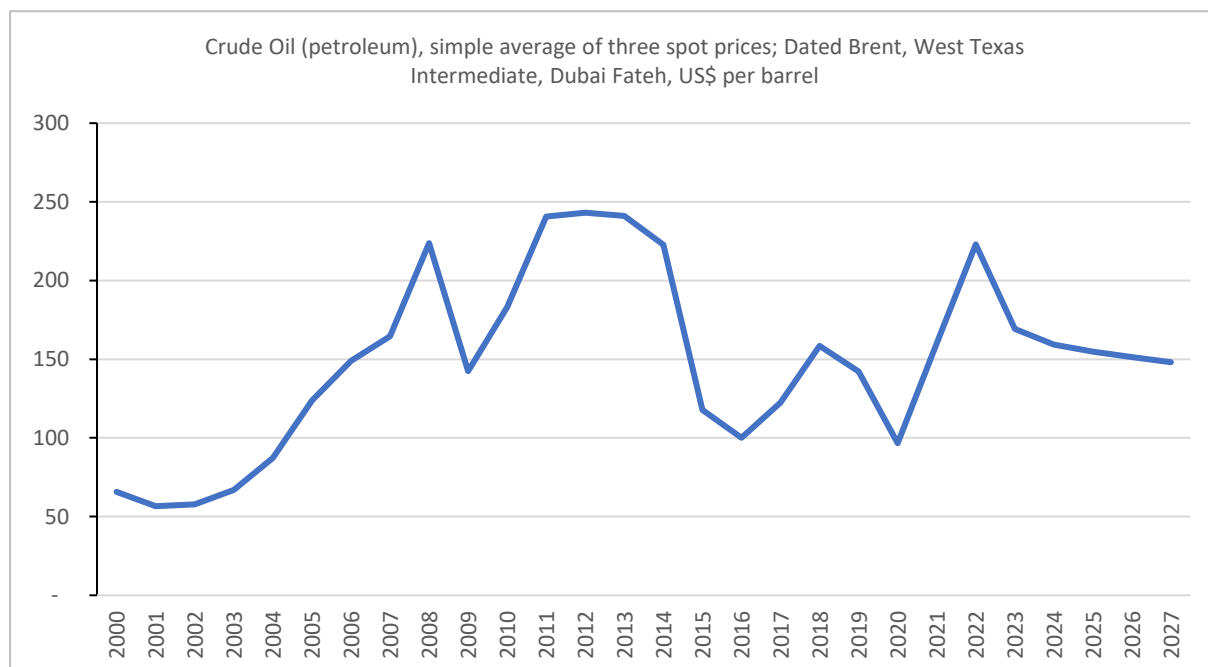
Increased risk of global polarisation also threatens global cooperation on key and urgent issues such as addressing climate change, efforts to address rising risks of debt distress in the aftermath of the pandemic and other trade initiatives.

Figure 4-4 IMF inflation estimates, selected groupings and countries



IMF oil price forecasts show that the spike in fuel prices in 2022 are expected to continue to ease over time. For example, the IMF projects average oil prices at US\$69.90¹⁵ in 2023, down from US\$94.80 in 2022, and expected to decline slightly thereafter (see Figure 4-5).

Figure 4-5 IMF oil price estimates, 2000 to 2027 (Index: 2016 = 100)



4.5. Cook Islands Economy

4.5.1. Structure and Performance

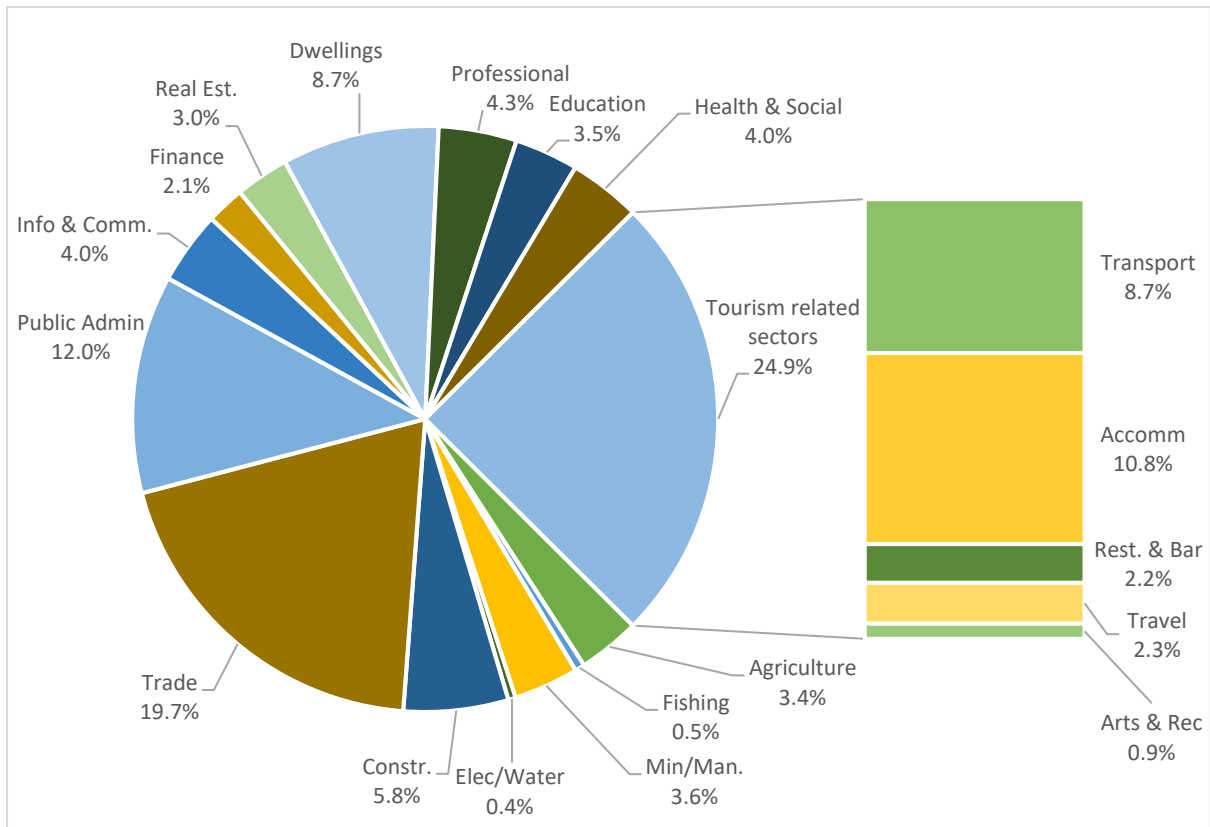
The Services sector¹⁶ accounts for a large proportion of activity in the Cook Islands' economy, with 86.3 per cent of 2021/22 nominal GDP in this sector. This sector of the economy includes key industries such as Trade (19.7 per cent in 2021-22), Accommodation (10.8 per cent), and Public Administration (12.0 per cent).

Figure 4-6 shows the Cook Islands economy by industry in 2021/22 and the dominance of the services sector, and how other sectors such as Agriculture (3.4 per cent) and Construction (5.8 per cent) make up smaller, but strategically important parts of the economy. The 2021/22 year also shows that almost 25 per cent of GDP is closely tourism-related, which is down from 32 per cent in the 2019 year, due to the effects of the pandemic.

¹⁵3 spot price average – Brent, WTI, Dubai Fateh.

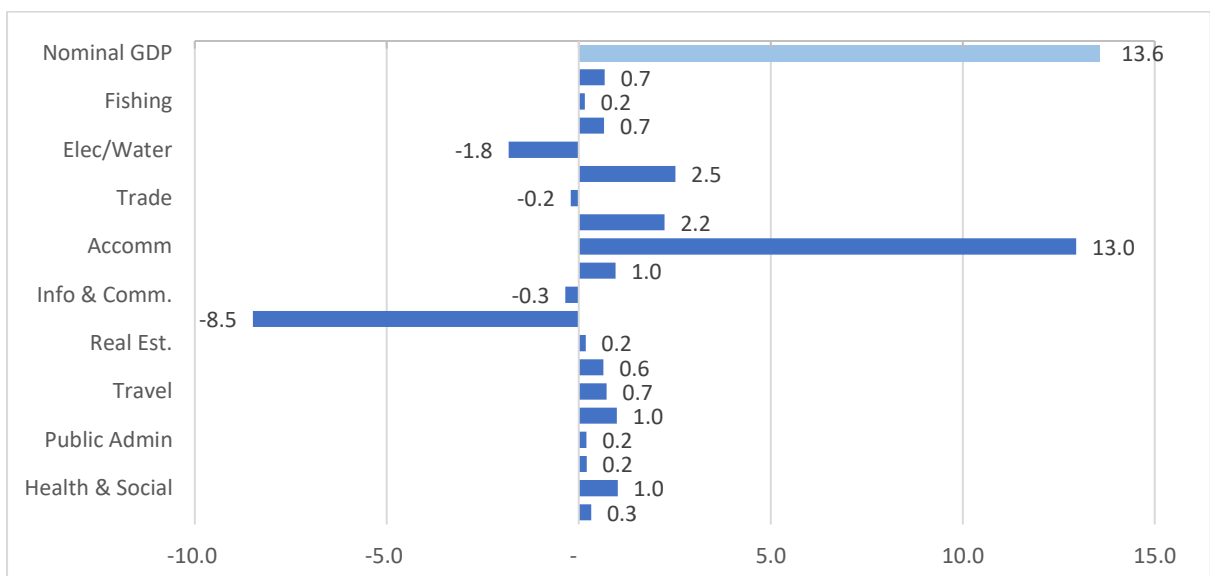
¹⁶ The 'services sector' comprises Trade, Transportation, Accommodation Services, Restaurants and Bars, Information and Communication, Finance and Insurance, Real Estate, Ownership of dwellings, Travel Agents & Tour Operators, Professional & Administrative Services, Public Administration, Education, Human Healthcare and Social Work and Arts, Recreation & Other Services.

Figure 4-6 Cook Islands economy by industry, 2021/22



In the 2021/22 year, the largest contribution to the early signs of tentative recovery has been the Accommodation sector, which contributes 13.0 percentage points of the 13.6 per cent total (see Figure 4-7). This is to be expected as this sector was the hardest hit in 2020, so this growth is largely a rebound. The next largest contributions to growth, though much smaller, are from Construction (2.5 percentage points) and Transport (2.2 percentage points). Partially offsetting the growth are declines from Finance and Insurance (8.5 percentage points) and Electricity (1.8 percentage points – this is partly a recognition issue, with the power subsidies affecting this amount, as they effectively acted as transfers to consumers).

Figure 4-7 Contribution to 2021-22 nominal growth (percentage point)



4.5.2. Prices and inflation

Inflation in the Cook Islands is measured by the consumer price index (CPI), which the Cook Islands Statistical Office reports on a quarterly basis. As mentioned above, inflation has been one of the largest challenges faced by the economy in 2022/23, with people and businesses being squeezed by rising prices. As shown in Figure 4-8, the Cook Islands had experienced a long period of low or no inflation, but that came to an end with CPI growth of 4.2 per cent in 2021/22 and expected growth of 12.9 per cent in 2022/23¹⁷. Driven by global factors, as the ‘end of the supply chain’ consumers in the Cook Islands have few options to combat these price rises, which have been largest in Food, Transport and Clothing and Footwear – all sectors that are heavily exposed to rising shipping costs.

With inflation beginning to slow however, prices are expected to rise more slowly going forward. The past two quarters have shown inflation slowing from the peak in September 2022, which is consistent with New Zealand prices as well, although this is unlikely to mean prices falling back to where they were. Due to a number of factors, prices in the Cook Islands are often ‘sticky’ and less likely to fall back than in larger markets.

Figure 4-8 CPI, year average, 2011/12 – 2022/23 (percentage change)

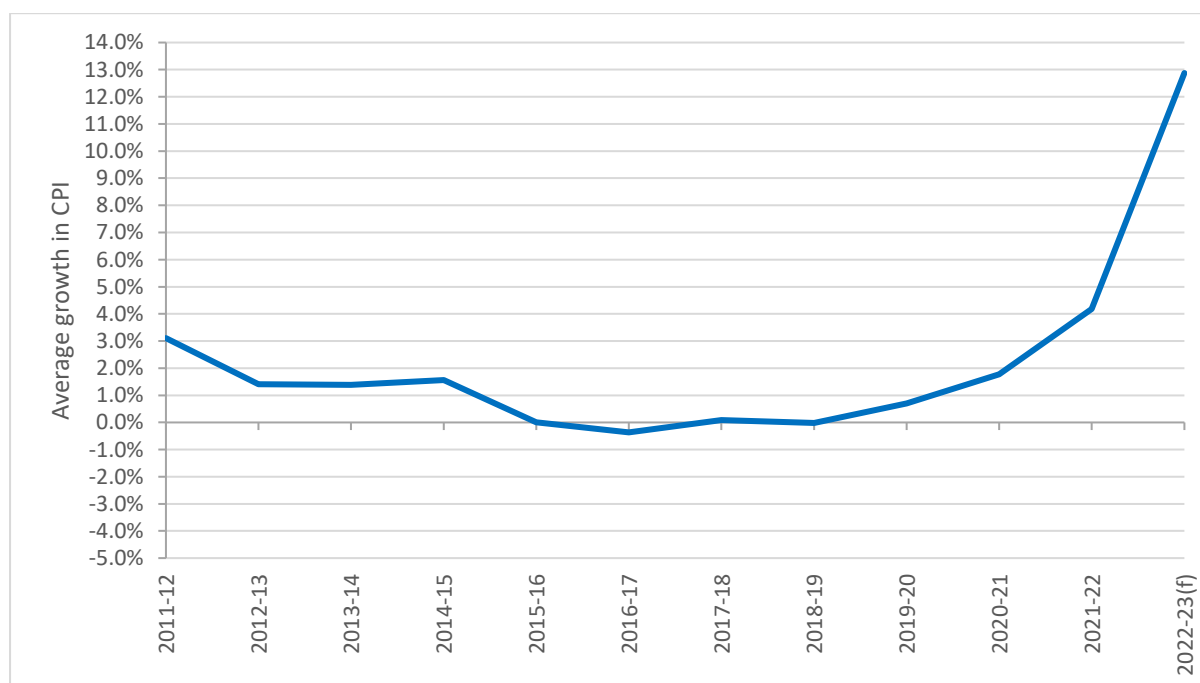
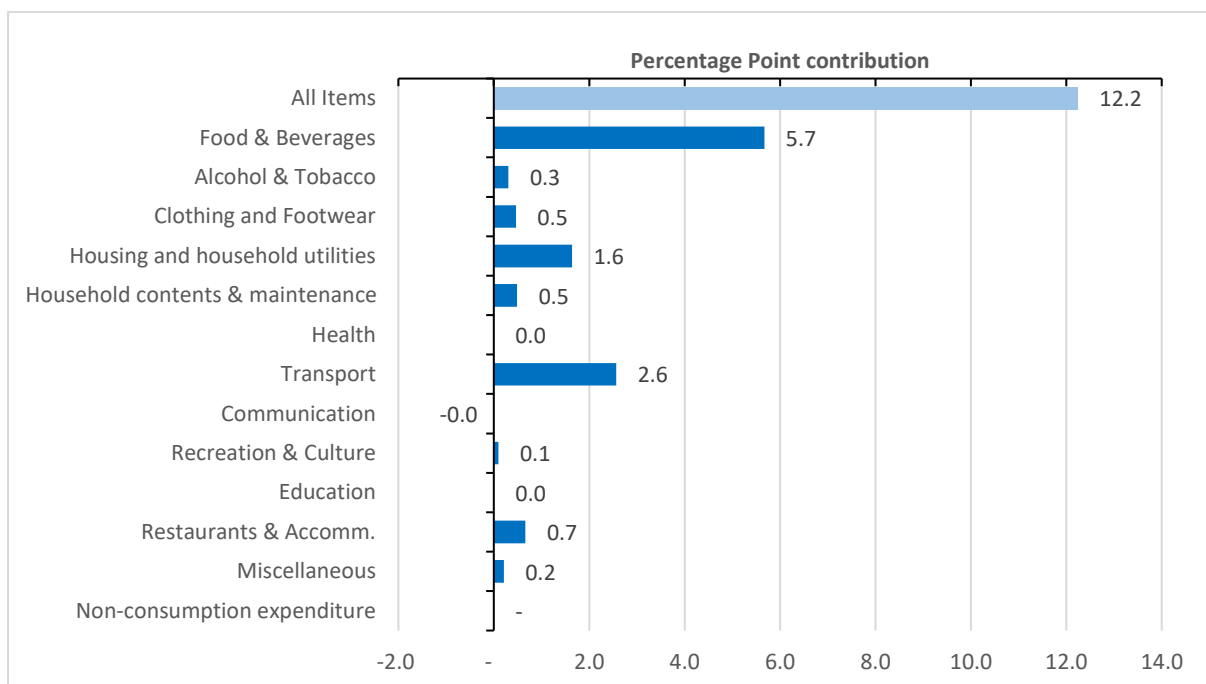


Figure 4-9 shows the contribution to aggregate inflation over the year to March 2023 by major category. The largest impacts can be seen in Food and Beverages (5.7 percentage points), Transport (2.6 percentage points) and Housing and household utilities (1.6 percentage points – driven by electricity).

¹⁷ Average growth to March 2023 was 12.2 per cent

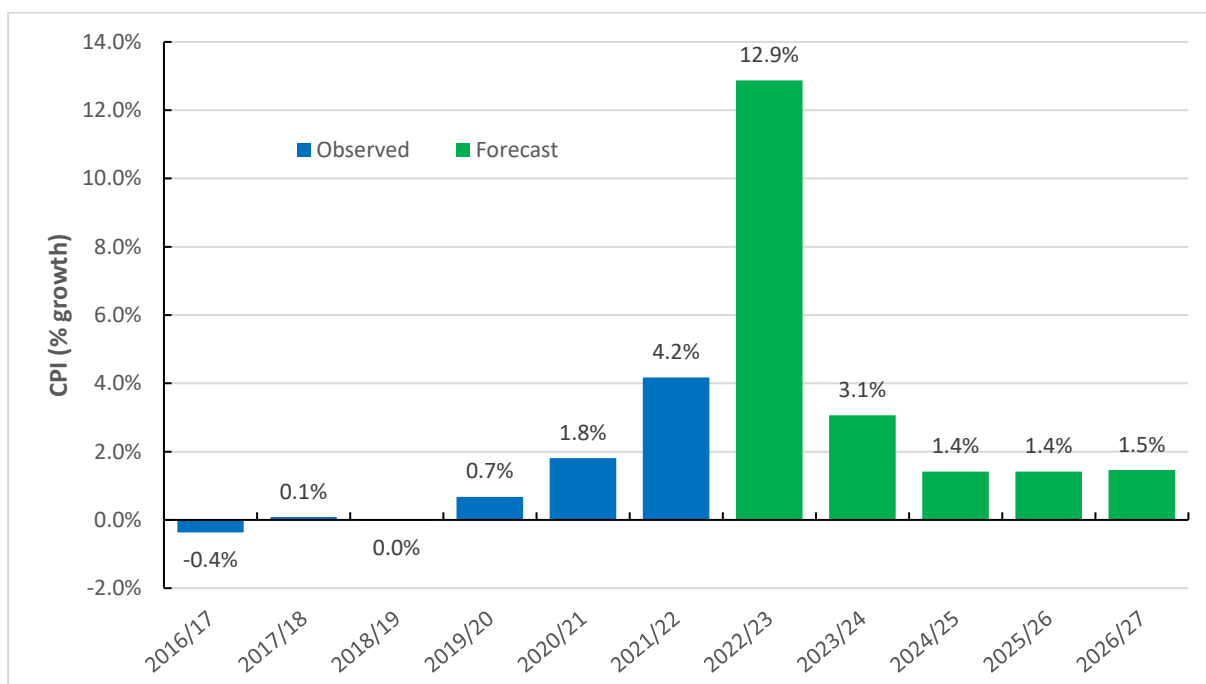
Figure 4-9 Contribution to year average inflation to March 2023 (percentage point).



4.5.2.1. Inflation forecasts

Overall, as shown in Figure 4-10, inflation is expected to be 12.9 per cent across 2022/23, with most of this growth in the first half of the year. This higher price growth is expected to reduce to 3.1 per cent in 2023/24, and stabilise around 1.4 to 1.5 per cent in the outer years.

Figure 4-10 Annual average change in CPI (percentage)



4.5.3. Trade in Goods

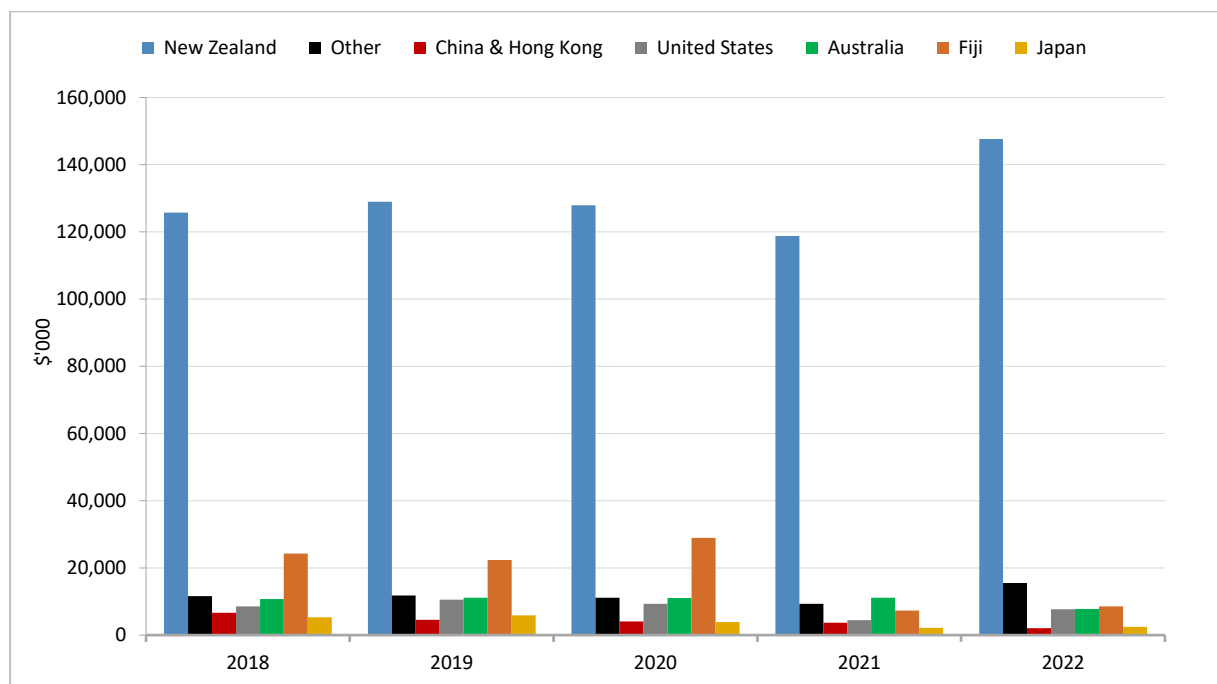
4.5.3.1. Goods imports

The Cook Islands' size and geography means the country is highly reliant on imported goods to provide a range of goods and services. This has been particularly acute with the rising prices around the world impacting the Cook Islands as well.

The pandemic saw a reduction in imports due to lower demand as a result of the lack of tourists and shipping difficulties, with total imports in the year to June 2021 being over 18 per cent lower than each of the years before and after it. This represents \$35 million to \$39 million less in imports across the year. The year to June 2022 saw imports return to pre-pandemic levels of \$191.8 million (compared to \$196.3 million in the year to June 2020, and \$156.8 million in the year to June 2021).

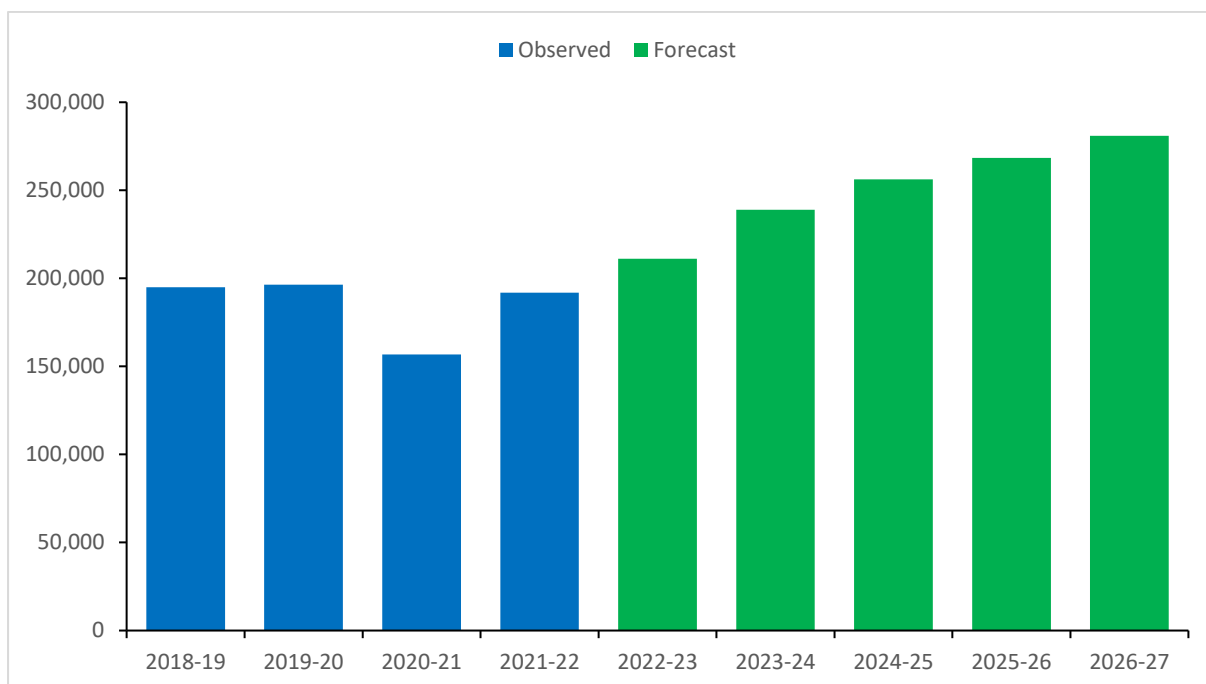
The largest percentage increase came from imports from the United States (72.8 per cent) and 'Other' markets (66.3 per cent) – though both of these markets are relatively small, representing only 12.1 per cent of total imports for the year. The largest increase in terms of total value is from New Zealand, where the majority of imports are sourced – rising by \$28.9 million (see Figure 4-11). Imports from Fiji have not yet recovered to their pre-pandemic levels.

Figure 4-11 Import value by country of origin, year to June (\$'000)



Import growth is expected to follow a similar (though more muted) profile to visitor arrivals, with the increase of people leading to an increasing demand for goods in tourism-related sectors. 2022/23 is expected to see growth of 10.1 per cent, with 2023/24 forecast to grow by 13.2 per cent, largely in response to import price relief. The outer forecast years continue to see steady import growth, tracking in line with general economic activity.

Figure 4-12 Value of total imports, annual, 2018-19 to 2026-27, year to June (\$'000)

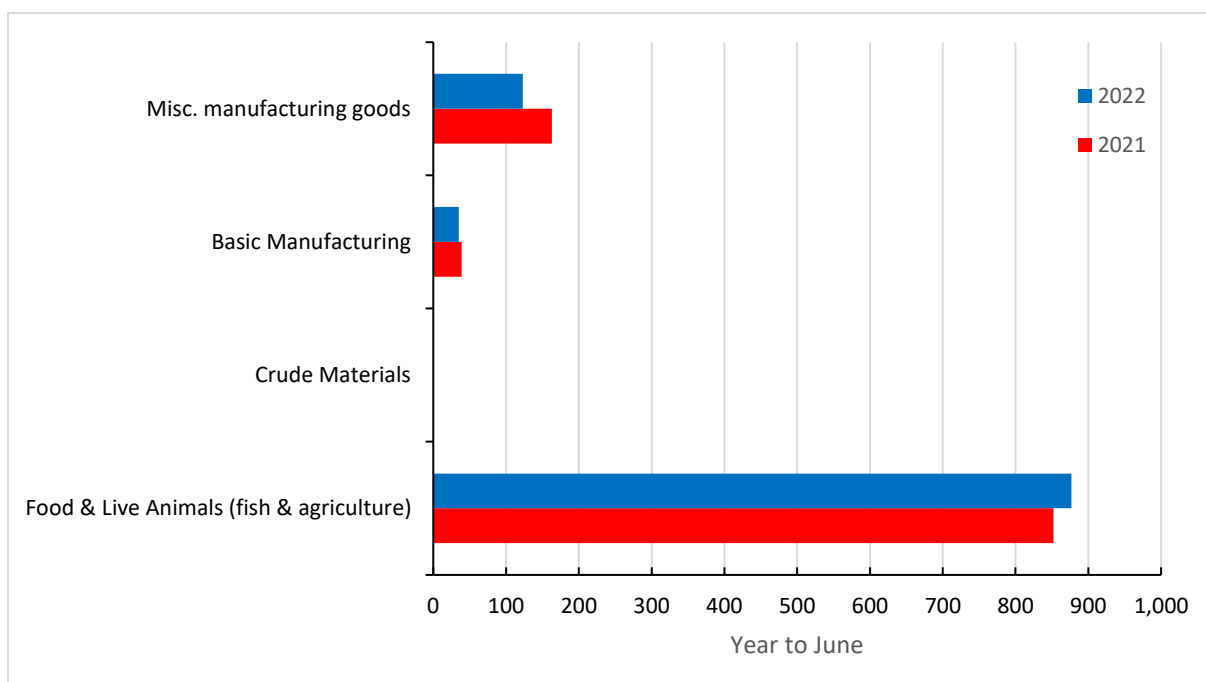


4.5.3.2. Goods exports

The Cook Islands exports very small volumes of physical goods. Total goods exports in the year to June 2022 were \$1.0 million (after adjustments to remove fishing exports from foreign boats which do not make landfall in the Cook Islands).

There was a slight decline in goods exports in the year to June 2022. This decline has been mostly in Miscellaneous Manufacturing, with Food and Animals increasing slightly over the year, while Basic Manufacturing remained the most stable (see Figure 4-13). Looking forward, goods exports are expected to remain at quite low levels.

Figure 4-13 Major goods exports, 2021 and 2022, year to June (\$'000)



4.5.4. Tourism

4.5.4.1. Aggregate visitor activity

Visitor arrivals in pre-COVID years showed solid growth, which was largely driven by an increase in visitors from New Zealand and the United States. With opening of the Cook Islands border for more than a full calendar year, arrivals have been mostly from the New Zealand market with a few coming in from Australia.

The Cook Islands saw a steady increase in arrivals throughout 2022. With approximately 10,000 visitors in the March quarter, 31,000 in the June quarter, 40,000 in the September quarter and then dropping back to 31,000 in the December quarter. The March quarter low season saw visitors reduce to 20,954, which was still a 102 per cent increase from the previous year – which was severely impacted by travel restrictions.

Total arrivals for the 2021/22 financial year are 59,657. There were only 7,540 arrivals in 2020/21. This was due to the extended border closures for part of 2021 and the slow start up and capacity constraints when borders reopened in January of 2022. With travel restrictions now lifted around the world, and direct flights from Tahiti now with Air Rarotonga, Hawaii starting up in May and Sydney in June of this year, this will give an opportunity to grow arrival numbers from other markets.

Based on technical assumptions visitor arrivals for the 2022/23 financial year is estimated at approximately 129,000, with initial arrivals from New Zealand and Australia, and opening to North American and European markets in the last quarter.

In 2023/24 visitor arrivals are expected to grow by around 28 per cent to just over 165,000 – moving toward pre-COVID levels, before levelling out and increasing only 4 per cent in the following year 2024/25 to approximately 177,000 visitors. The 2023/24 forecast does have a large downside risk related to airline capacity, particularly out of New Zealand. Airlines have been constrained due to both crewing and technical issues, which may put these forecasts at risk of being lower.

Figure 4-14 Total visitor arrivals, 12-month total, 2013/14 to 2026/27

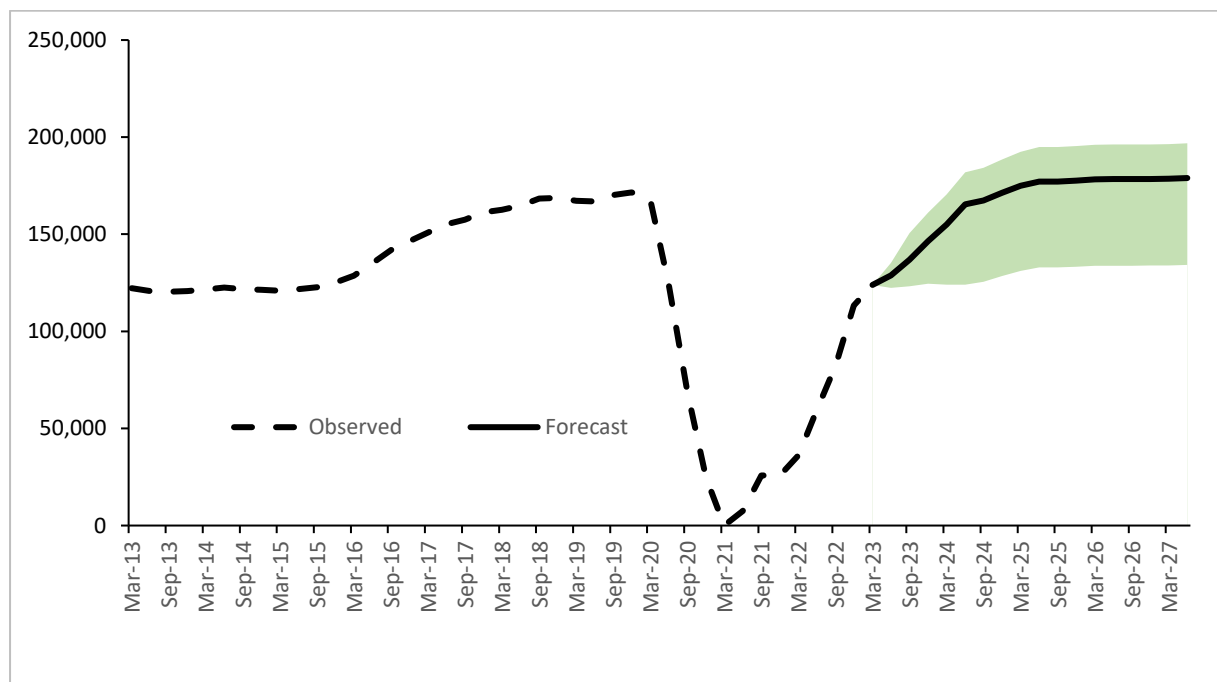


Table 4-3 Estimated total arrivals, quarterly, 2022/23 to 2026/27

Quarters	2022/23e	2023/24f	2024/25f	2025/26f	2026/27f
September	40,867	48,958	51,000	51,000	51,000
December	31,084	40,663	44,590	45,058	45,107
March	20,954	29,430	33,000	33,609	33,757
June	35,930	46,314	48,589	48,743	49,071
Annual total	128,835	165,365	177,180	178,410	178,935

Prior to the pandemic, concerns began to be aired about the physical and environmental capacity of the Cook Islands to absorb visitors. In later forecast years this may become an issue again. In the short-term, capacity of airlines to bring people to the Cook Islands is the key constraint.

4.5.4.2. Major markets

Given the limited access to other markets, New Zealand has supplied the vast majority of visitors across the past year, with 85 per cent of visitors in the year to March 2023 being New Zealanders. The second largest market is Australia, which has supplied 9 per cent of visitors over the same period, while other markets have been very small. The number of visitors from New Zealand in 2022/23 is over 91 per cent of pre-pandemic levels, showing how rapidly this market has returned once borders opened.

Over the forecast period, the share from New Zealand is expected to reduce as a result of access to other markets improving – in particular the Australian and North American market. With multiple flights per week from Sydney operating from late June 2023, the Australian market is expected to increase to represent almost 18 per cent of the total market in 2023/24, with New Zealand falling to 71 per cent. Links to the Northern Hemisphere through Hawaii and Tahiti lead to the North American and European markets combined making up almost 10 per cent of the market (see Table 4-4).

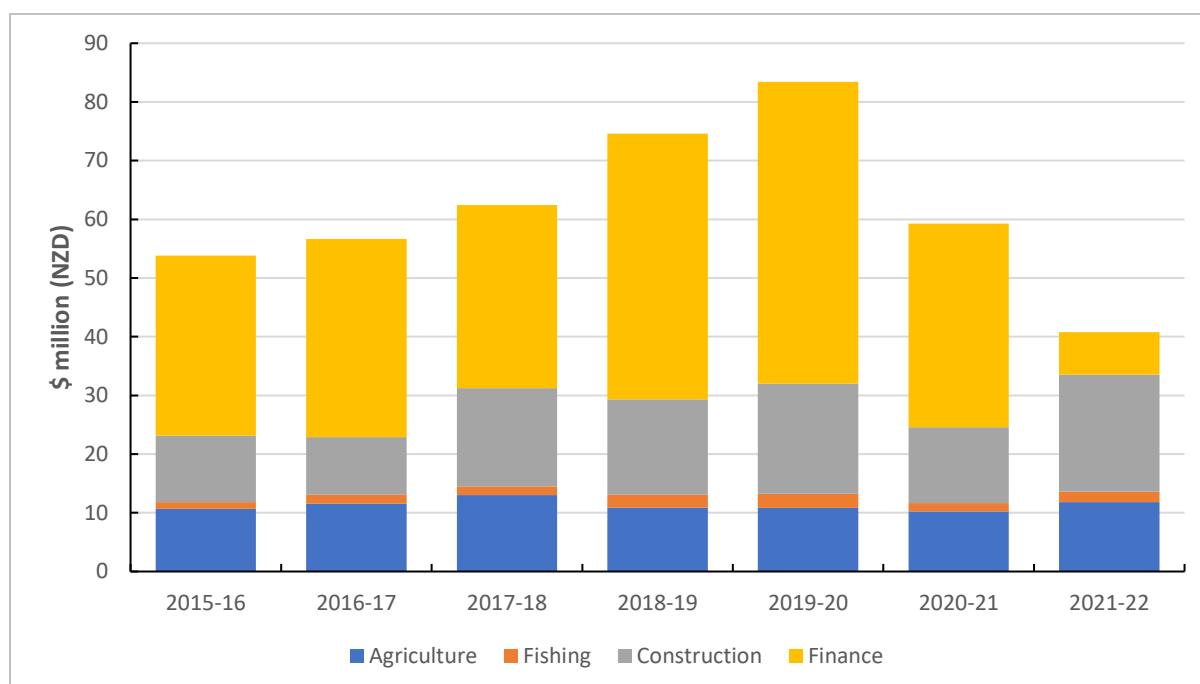
Table 4-4 Forecast total tourism numbers, by major market, 2022/23 to 2026/27

Markets	2022/23e	2023/24f	2024/25f	2025/26f	2026/27f
New Zealand	105,304	117,232	121,256	120,841	120,888
Australia	14,456	29,443	31,830	32,227	33,031
USA & Canada	2,825	7,614	9,451	9,806	9,539
Europe	4,185	8,382	11,106	11,793	11,753
Other	2,065	2,694	3,536	3,742	3,726
Total	128,835	165,365	177,180	178,410	178,935

4.5.5. Other key industries

While Tourism is by far the largest sector in the Cook Islands, there are a number of other sectors of importance – such as the Finance, Agriculture, Fishing and Construction sectors.

Figure 4-15 Contribution to Nominal GDP (\$ million)



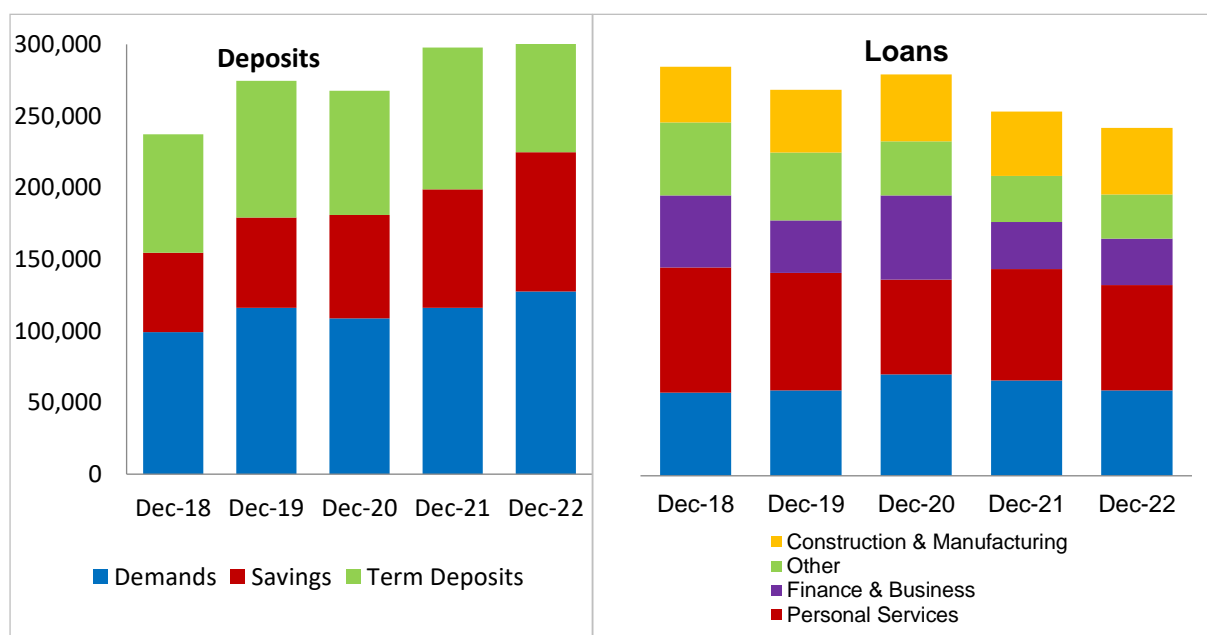
4.5.5.1. Banking

Total deposits in Cook Islands banks in December 2022 (latest available data) were 1.8 per cent higher than a year earlier, increasing from \$297.8 million to \$303.1 million. Between these points, deposits peaked at the end of June 2022 at \$318.3 million – likely a reflection of high-season tourism activity and increased formalisation of the economy.

There have been some component changes in this as well, with a large shift away from Term Deposits of \$20.5 million (20.7 per cent), towards Demand Deposits (up \$11.4 million, or 9.9 per cent) and Savings accounts (up \$14.5 million or 17.5 per cent (see Figure 4-16).

Total lending by Cook Islands banks in the year to December 2022 declined by 4.5 per cent (\$11.5 million). This is likely to reflect further de-leveraging in businesses (and households) as they pay down existing debt and are reluctant to take on more at this point in time, so soon after the pandemic. Coupled with conservative stances taken by banks, this leads to lower lending levels. This decline was especially in the Hotels & Motels sector, where outstanding debt moved from \$66.4 million to \$59.3 million in the year (a fall of 10.6 per cent). This was partially offset by a small increase (\$1.4 million or 3.0 per cent) in debt held in Construction & Manufacturing. Key in this analysis, government debt held outside of the Cook Islands is not included here as it is held by foreign entities – such as the Asian Development Bank.

Figure 4-16 Total value of bank deposits and loans, December 2018 to December 2022 (\$'000)



4.5.5.2. Financial services industry

The Cook Islands’ financial services industry employs approximately 275 staff, accounting for approximately 4.3 per cent of total employment in the Cook Islands.¹⁸

There are three commercial banks: ANZ Banking Group Limited (ANZ) and Bank of South Pacific (BSP) Limited operate as foreign-owned branches, while the Bank of the Cook Islands (BCI) Limited is owned by government. BCI operates on all islands within the Cook Islands and channels government subsidies, child benefit and pension payments to beneficiaries, and is responsible for the payment of government salaries. As a result, the number of Cook Islanders with access to a bank account is very high. An additional domestic bank, Capital Security Bank (CSB), is an onshore private bank that specialises in providing banking and wealth management services to international clients.

The licensed trustee companies are responsible for the administration of approximately 3,000 entities and trusts on the Cook Islands international registers. The registration and renewal fees provided government approximately \$1.35 million in 2021/22. The growth of these numbers is impacted by international tax and regulatory requirements and the licensed trustee companies’ ability to operate efficiently and diversify. The enactment of the International Relationship Property Trusts Act 2021 has provided the FSDA the opportunity to market and promote a new trust product, the International Relationship Property Trust (IRPT) to international markets. The 2022/23 fiscal period has seen the FSDA focus its marketing resources on the IRPT. This new product required immediate and targeted international exposure to ensure the best possible return for the Cook Islands. It is intended that a similar marketing programme be continued over the next financial year build on the traction gained this year and to generate maximum returns over the medium to long term from the IRPT.

As with all industries the financial services industry has been adversely affected by COVID-19, given the restrictions on international travel and the ability to visit existing clients and potential new clients for two years. However, due to the industry’s ability to embrace technology and given that a very large proportion of business is carried out on line, the financial services industry, and in particular the

¹⁸ As at 31 December 2022. The employment rate is estimated using the number of active Cook Islands National Superannuation Fund members as a proxy for total employees in the Cook Islands. As at 31 December 2022 there were 6,361 active members.

licensed trustee companies, has been robust and remained resilient in the face of very difficult market conditions.

The Cook Islands continues to meet its international obligations concerning transparency on tax matters and in regards to its AML regime. The Cook Islands is on the European Union’s white list of cooperative jurisdictions on tax matters and was given an outstanding report by the Asia Pacific Group (a regional body of the FATF) following the most recent mutual evaluation carried out in 2017.

The Cook Islands Statistics Office identifies the financial services industry as the finance and insurance sector. The sector’s contribution to GDP, shown in Figure 4-15, has varied considerably over the pandemic years, with a peak of \$51.4 million in the 2019-20 year and a low point of \$7.3 million in the 2021-22 year. These swings may reflect the capacity for businesses and households to engage in the sector as the economy hits headwinds (in 2019-20) and continues to be in a downturn (in 2021-22).

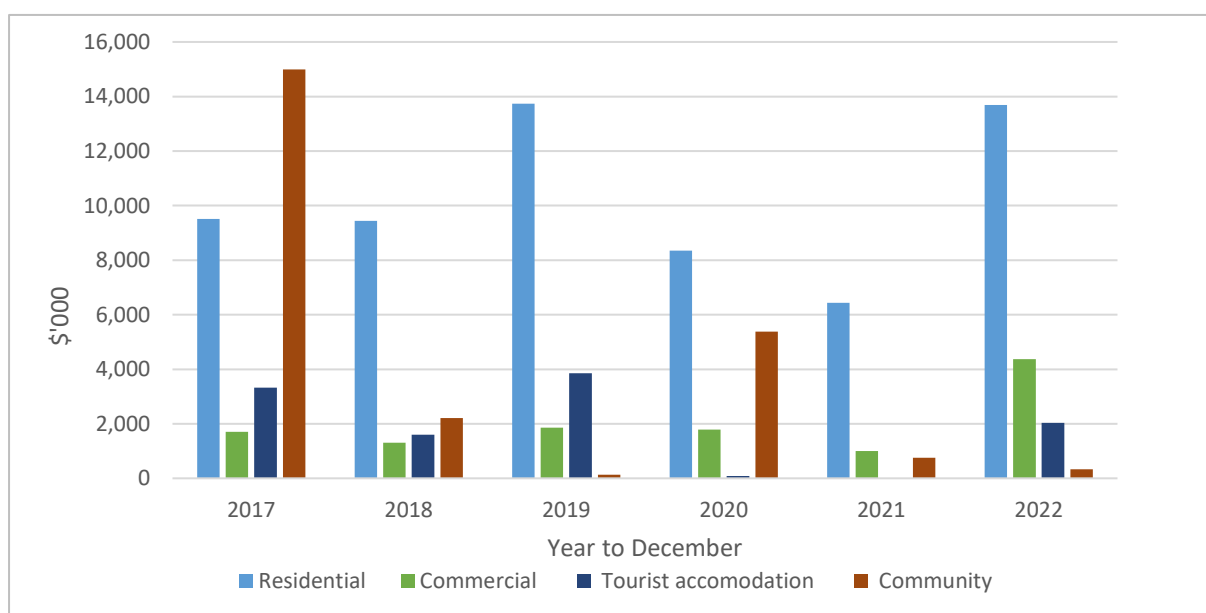
A 2018 IMF-PFTAC report estimated that between 2010 and 2017 the total direct and indirect contribution to GDP of the international financial services industry has fluctuated between 3.8 per cent and 4.8 per cent. The direct contribution has increased from \$12.5 million in 2010 to \$14.9 million in 2017, while the indirect contribution has remained flat, averaging around \$3.5 million per year. The indirect contribution has remained unchanged because purchases of production inputs from other businesses in the Cook Islands have been falling.

4.5.5.3. Housing and construction

The total value of Cook Islands building approvals in the year to December 2022 more than doubled, growing to \$20.4 million, from only \$8.2 million reported in the previous year. The largest part of the increase is in residential buildings by \$7.3 million. Commercial building approvals were also \$3.4 million more than the previous year, with the highest value in approvals for a calendar year on record at \$4.4 million. Further showing the growing confidence in the economy, Tourist Accommodation also saw \$2.0 million in approvals in the December quarter – after 2 years of almost zero (Figure 4-17).

While 2020/21 saw the Construction sector reduce its contribution to GDP due to the high degree of uncertainty, in 2021/22 it rebounded strongly, increasing from \$12.9 million to \$19.9 million, and showing this as an important driver. With the increase in building approvals, this suggests a continuing increase on the horizon.

Figure 4-17 Building approvals, 2017 to 2022 (\$'000)



4.5.5.4. Marine resources

A key source of government revenue, as well as an important sector for economic activity in Rarotonga and the Outer Islands, is the marine resources sector – that is fishing and pearl farming. While this sector remains important, the sector has accounted for less than half of one per cent of GDP since 2012/13, with the largest contribution being \$2.4 million in 2019/20 (see Figure 4-18). However, the revenue from licensing and permits far exceeds this amount.

The main benefit to the Cook Islands government from fishing activities is revenue from treaty arrangements, purse seine fishing bilateral arrangements, license fees and the sale of catch quotas. The revenue collected in 2021/22 was \$8.6 million, with westward shifts in the distribution of tuna stocks due to climatic conditions (La Nina), pushing revenue lower. These conditions are predicted to ease through the 2023 year and are expected to lead to higher revenues.

There are a number of different types of licence and permits which generate revenue, with the longline Quota Management System (QMS) and purse seine fishing days responsible for most of the revenue. The longline QMS uses a total allowable catch approach, and purse seine sells a number of fishing days, implemented in conjunction with the Western Central Pacific Fisheries Commission (WCPFC).

Key purse seine access agreements have been made with the United States (as part of a regional approach) and with the European Union (EU). The standard price per day is US\$9,500, but different prices have been negotiated for the US as part of the treaty arrangements (US\$9,000 per day) and for the EU access is granted under a broader package of €151,000 per vessel, with the possibility to purchase extra days at €8,000 per day. The return in NZD fluctuates with exchange rates.

In 2022, longline catches increased from the previous two years that were significantly impacted by the COVID19 pandemic. As such revenue predictions for 2022/23 are forecast to increase from 2021/22, with further moderate increases for 2023/24 estimated to be \$15.4 million.

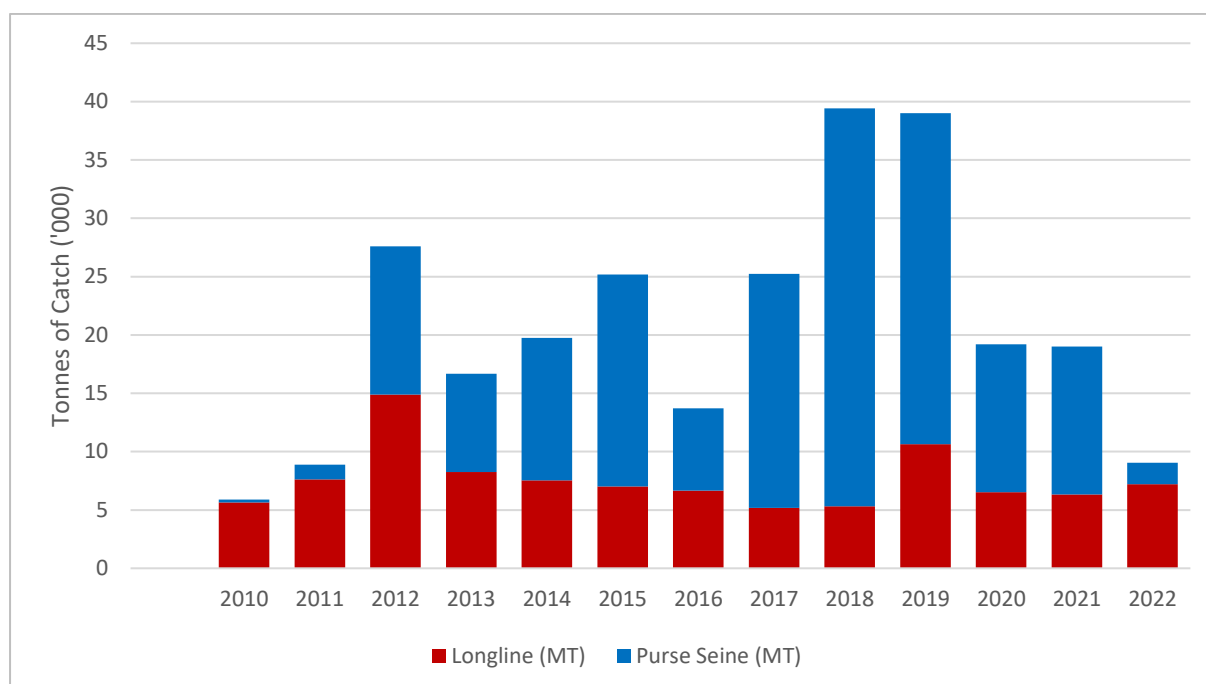
The sources of revenues include:

- \$ 3.0 million from the longline licensing, development fees and QMS
- \$ 3.8 million from the US Treaty
- \$ 7.0 million from the purse seine vessel days
- \$ 1.4 million from the EU Sustainable Fisheries Partnership Agreement (SFPA) fishing authorisations
- \$ 0.2 million from other fisheries

The development of the purse seine fishery has contributed significantly to the growth of this sector, though it is largely dependent on fishing patterns influenced by ENSO climatic conditions, and experiences yearly fluctuations in west-east migrations. Fisheries management arrangements and differences in pricing for purse seine vessel days also influence where and when fleets choose to fish.

The Ministry of Marine Resources (MMR) is investigating opportunities to derive further benefits from existing fisheries by securing and defining fishery rights and potential trading initiatives.

Figure 4-18 Fishery catch in the Cook Islands EEZ¹⁹



Source: Ministry of Marine Resources

Table 4-5 Fishery catches in the Cook Islands EEZ by species (tonnes)

	2021			2022		
	Longline	Purse Seine	Artisanal	Longline	Purse Seine	Artisanal
Albacore	2336	0	1	4847	0	1
Bigeye	410	168	1	579	76	0
Yellowfin	1269	304	47	1213	115	69
Skipjack	56	2100	4	119	1638	4
Other	412	3	35	464	3	41
Total	4483	2575	88	7222	1832	115

In 2022, MMR managed 83 licensed vessels made up of 65 longline, five purse seine, 10 bunker vessels, two trawlers and one pot/trap vessel. In addition, there were 236 local artisanal and game charter fishing boats reporting catch and effort to MMR.

One domestic commercial fishing company with the Cook Islands flagged longline vessel operates in the Southern Group waters and offload their catch at Avatiu port predominantly for the domestic market. In 2022, 34t of fish were unloaded on Rarotonga from domestic longline vessels, compared to 71t in 2021. There were no exports over this period and there has been no landed catch by foreign vessels in Rarotonga since 2017.

With borders opening and tourism activities resuming, local fish prices have risen significantly, as commercial and artisanal fishers are unable to meet local market demands for fish products, which is higher than supply. Tuna is also being imported from French Polynesia, selling at higher prices in the Cook Islands than it is in French Polynesia. Local prices increased to \$30-\$40 per kilogram in July 2022 and in May 2023 have remained at similarly high levels. This in turn increases the ability of fishers in the Outer Islands to sell fish to the Rarotonga market.

¹⁹ Catch and effort estimates for 2022 not yet finalised.

4.5.5.5. Agricultural activity and exports

The Agricultural sector accounted for about 3.0 per cent of nominal GDP in the 2021/22 year, growing to \$11.8 million, up from \$10.3 million in 2020/21. Agriculture in the Cook Islands is targeted predominately toward domestic consumption, with the tourist market providing a form of 'localised export' for products, without facing the constraints of traditional export markets – such as freight.

While the activity within the domestic agricultural sector has seen an increase in some areas (such as Aitutaki, Mangaia and Mauke who are consistently supplying vegetables and herbs to Prime Foods and Wigmore's Superstore on Rarotonga), there has been an overall decrease in production from commercial and subsistent growers on Rarotonga and the Pa Enea for 2021 to 2022. This is a result of COVID-19 where our borders were closed and our tourism market diminished drastically. Farmers scaled back their planting programmes in an effort to ensure all produce was sold and to reduce waste. This also resulted in the increase of selling price for local fresh produce seen on the market.

The Ministry of Agriculture (MoA) continues to work with all farmers in the Cook Islands to effectively manage their planting programmes. Resourcing these farmers with farming inputs and technical advice has ensured that farming and production of locally grown vegetables and root crops for consumption and sale, now that our tourism market has returned, is maintained.

Table 4-6 Total value of produce in 2022 (\$'000)

	Fruits	Root-crops	Vegetables	Herbs	Total
Rarotonga	162	931	23	5	1,121
<i>Aitutaki</i>	15	1	4	4	24
<i>Atiu</i>	0	0	0	0	0
<i>Mangaia</i>	1	5	3	0	8
<i>Mauke</i>	20	17	0	0	37
<i>Mitiaro</i>	0	0	0	0	0
Pa Enea Total	36	23	7	4	69
Total	198	954	30	9	1,190

Source: Ministry of Agriculture

While noni remains the only commodity to be exported overseas in 2021, shipments of frozen taro were exported by air and sea in 2022, to New Zealand from Aitutaki and Rarotonga, with an average weight of 2,000 kilograms per shipment. Small quantities of vanilla were also exported to the United States of America. Maintaining the supply of taro for export needs to be monitored to ensure sustainability.

The MoA is undertaking a range of work to assist in productivity in the sector – including better understanding of soil management, changing climatic conditions and catering to the domestic market demands.

5. Government Financial Statistics Statement

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

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

Statement of Government Operations	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
REVENUE	207,053	288,845	219,709	211,323	216,646
Taxes	130,072	162,193	171,208	178,768	184,928
Social contributions	0	0	0	0	0
Grants	25,040	89,749	18,985	7,409	6,200
<i>Current</i>	14,934	35,746	18,985	7,409	6,200
<i>Capital</i>	10,106	54,003	0	0	0
Other revenue	51,942	36,903	29,515	25,146	25,517
EXPENSE	181,504	235,723	210,156	198,164	194,810
Compensation of employees	69,983	78,525	78,727	78,904	78,904
Use of goods and services	48,559	76,831	55,721	44,304	43,190
Depreciation	14,014	15,360	15,410	15,410	14,809
Interest	8,483	8,960	8,441	7,851	7,162
Subsidies	7,186	23,369	19,719	19,319	18,019
Grants	0	0	0	0	0
Social benefits	25,213	25,301	25,799	26,012	26,014
Other expense	8,066	7,377	6,340	6,364	6,714
NET OPERATING BALANCE	25,550	53,122	9,552	13,159	21,836
<i>Plus</i> NON CASH APPROPRIATIONS					
Depreciation	14,014	15,360	15,410	15,410	14,809
CASH SURPLUS/(DEFICIT) FROM OPERATING TRANSACTIONS	39,563	68,482	24,962	28,569	36,645
CASH TRANSACTIONS IN NONFINANCIAL ASSETS					
Net Cash Applied to the Acquisition of Fixed Assets	32,366	76,764	17,215	19,159	19,588
Gross transactions in Non-Financial Assets	46,380	92,124	32,625	34,569	34,397
<i>Less</i> Non Cash Transactions in Non-Financial Assets (Depreciation)	-14,014	-15,360	-15,410	-15,410	-14,809
NET (BORROWING)/LENDING	7,197	-8,282	7,748	9,410	17,056
CASH APPLIED TO THE NET ACQUISITION OF FINANCIAL ASSETS	-7,358	-19,423	-5,168	-5,928	-440
Domestic Transactions	-7,358	-19,423	-5,168	-5,928	-440
Foreign Transactions	0	0	0	0	0
CASH APPLIED TO THE NET INCURRENCE OF LIABILITIES	14,616	11,141	12,915	15,339	17,496
Domestic Transactions	0	0	0	0	0
Foreign Transactions	14,616	11,141	12,915	15,339	17,496
NET CASH FINANCING TRANSACTIONS	7,259	-8,282	7,748	9,410	17,056
<i>Statistical discrepancy</i>	62	0	0	0	0

5.1. GFS Net Operating Balance

The GFS net operating balance is equal to operating revenue less operating expenditure. For 2023/24, an operating surplus of \$53.1 million is estimated due to operating revenue of \$288.8 million exceeding the operating expenditures reported for the 2023/24 fiscal period of \$235.7 million.

Whilst the GFS net operating balance is forecasted to reduce to \$9.6 million in the 2024/25 fiscal period, forecasts estimate that the operating surpluses will increase to \$21.8 million by 2026/27.

5.1.1. GFS Operating Revenue

GFS operating revenue is forecasted to be \$288.8 million in 2023/24, representing an \$81.7 million increase in estimated operating revenue for 2023/24 when compared to 2022/23. This is predominantly due to an upward revision to the tax receipts to \$162.2 million, an increase of \$32.1 million, when compared to estimated actuals reported at \$130.1 million. Grant funding for 2023/24 is estimated to be \$89.7 million, an increase of \$64.7 million, when compared to \$25.0 million in 2022/23. This is mainly due to the \$45.2 million allocated towards the Cook Islands Infrastructure Trust Fund.

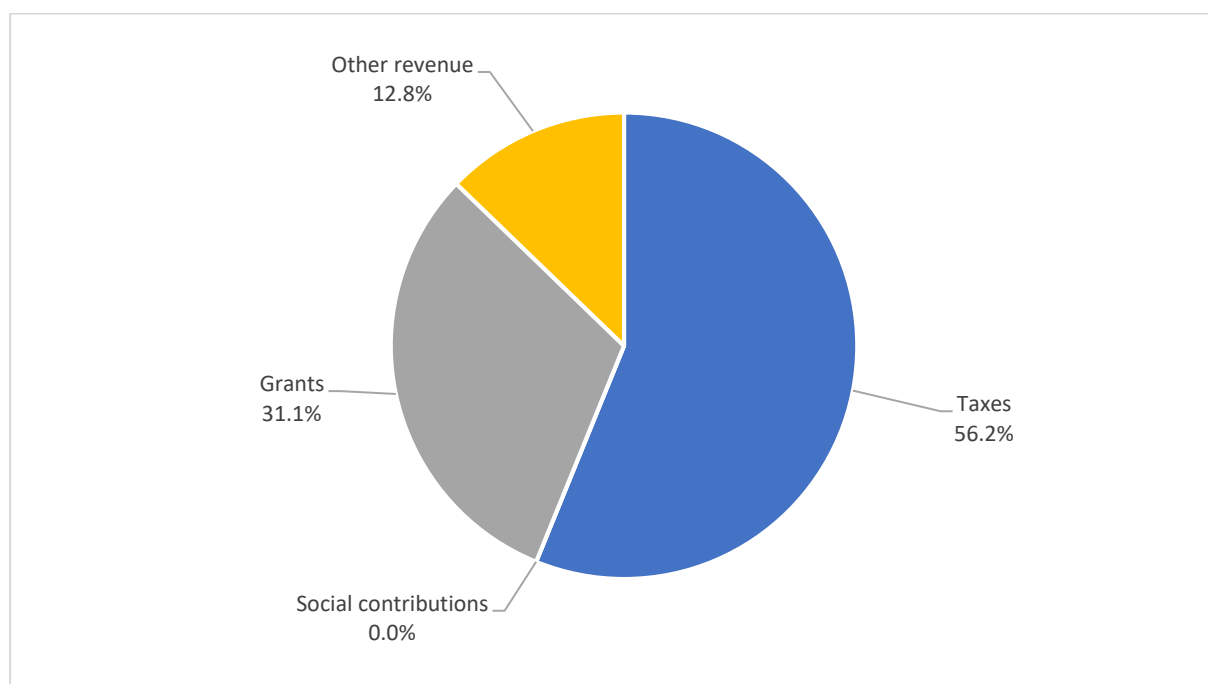
Table 5-2 Total GFS Operating Revenue (\$'000)

	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Taxes	130,072	162,193	171,208	178,768	184,928
Social contributions	0	0	0	0	0
Grants	25,040	89,749	18,985	7,409	6,200
<i>Current</i>	14,934	35,746	18,985	7,409	6,200
<i>Capital</i>	10,106	54,003	0	0	0
Other revenue	51,942	36,903	29,515	25,146	25,517
Total Operating Revenue	207,053	288,845	219,709	211,323	216,646

Operating revenue for 2023/24 largely consists of taxation receipts at 56.2 per cent, followed by Grants at 31.1 per cent. These revenue streams help finance the ongoing operational expenditure of government, with surpluses used for investing into activities such as infrastructure development projects or cash reserves.

Over the medium-term operating revenues are expected to recover, with tax revenue collections projected to increase to \$184.9 million by 2026/27. This increase will offset the projected decreases in grant revenues and other revenues from 2024/25 onwards, noting that contractual agreements on grants typically come to an end after 3 years.

Figure 5-1 GFS operating revenue



5.1.2. GFS Operating Expenditure

Total operating expenditure is estimated to be \$235.8 million in 2023/24, reducing to \$210.2 million in 2024/25 before declining over the medium-term (largely as recurrent Official Development Assistance (ODA) expenditure is not yet confirmed).

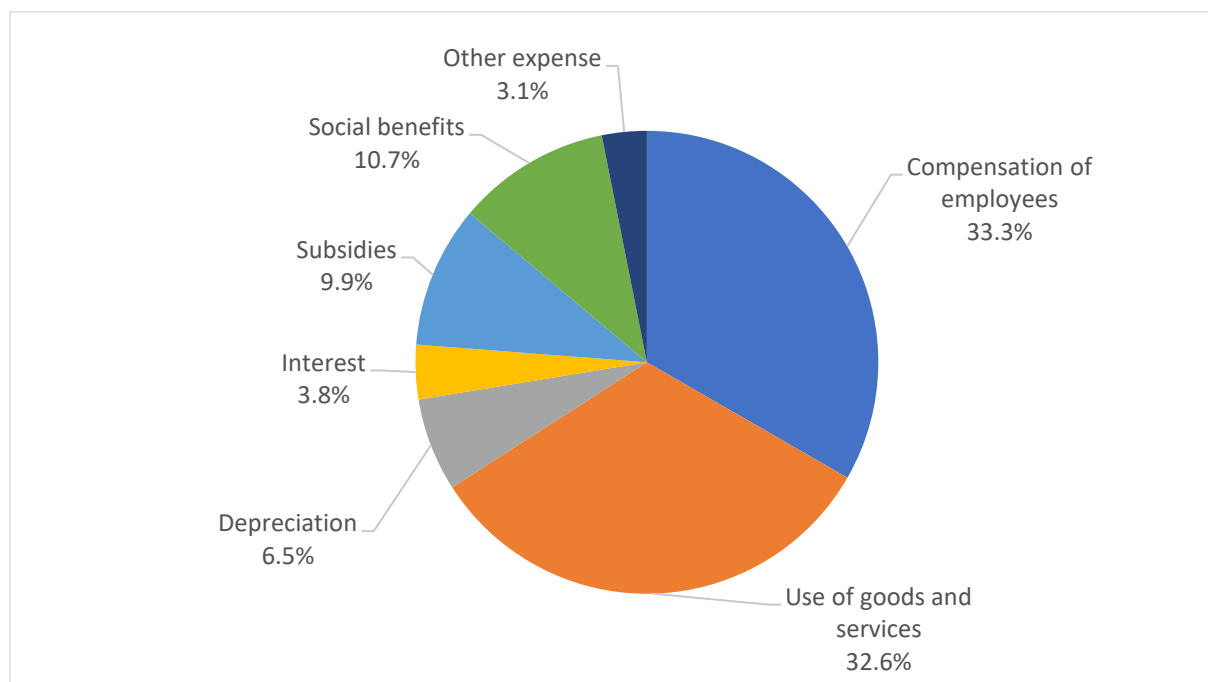
Table 5-3 Total GFS Operating Expenditure (\$'000)

	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Compensation of employees	69,983	78,525	78,727	78,904	78,904
Use of goods and services	48,559	76,831	55,721	44,304	43,190
Depreciation	14,014	15,360	15,410	15,410	14,809
Interest	8,483	8,960	8,441	7,851	7,162
Subsidies	7,186	23,369	19,719	19,319	18,019
Grants	0	0	0	0	0
Social benefits	25,213	25,301	25,799	26,012	26,014
Other expense	8,066	7,227	6,340	6,340	6,714
Total Operating Expenditure	181,504	235,723	210,156	198,164	194,810

Table 5-3 highlights the additional expenditure in 2023/24 principally through the 'Use of Goods and Services' category, capturing expenditure related to meeting increased costs, as well as some large items being reappropriated from 2022/23.

As shown in Figure 5-2, Compensation of Employees is the largest operating expenditure for government, making up 33.3 per cent of total operating expenditure in 2023/24 followed closely by Use of Goods and Services at 32.6 per cent. The remaining balance of operating expenditure is shared amongst Social Benefits (10.7 per cent), Subsidies (9.9 per cent), Depreciation (6.5 per cent), Interest expenses (3.8 per cent), and Other expenses (3.1 per cent).

Figure 5-2 GFS operating expenditure



5.1.2.1. Compensation of Employees

Expenditure for Compensation of Employees is forecast to be \$78.5 million in 2023/24. This represents an increase of \$8.5 million when compared to the \$70.0 million estimated actuals for 2022/23.

The increase in expenditure is due to personnel increases for agencies to enable recruitment for critical positions through the Ministry of Health, Cook Islands Seabed Minerals Authority, Ministry of Marine Resources, Ministry of Foreign Affairs and the Crown Law Office. Additionally, funds have been allocated to the Ministry of Education to address the third tranche of the teacher's pay adjustments.

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

5.1.2.2. Use of Goods and Services

The total expenditure for Use of Goods and Services differs to the amounts reported in other chapters of the 2023/24 Budget Estimates as it includes recurrent ODA expenditures.

Use of goods and services is estimated to be \$76.8 million in 2023/24 before decreasing to \$55.7 million in 2024/25 and stabilising around \$44.0 million per year over the medium-term. This is predominantly due recurrent ODA funding yet to be confirmed, as well as the planned reduction in budget allocated towards the Economic Recovery Roadmap (from \$3.3 million in 2023/24 to \$1.0 million in 2024/25). Also contributing to this profile are the planned cessation of various Administered payments after 2023/24 or 2024/25 which only have one-off funding allocations such as the SIF – ODA Graduation Support Fund (\$0.7 million), Feasibility Studies for Coastal protection on Rarotonga and Aitutaki (\$0.4 million), Legacy Waste – Vehicles and Whiteware (\$0.4 million).

5.1.2.3. Consumption of Fixed Capital

Total depreciation over the medium-term is estimated to be \$15.4 million before falling to \$14.8 million in 2026/27. This is mainly driven by technical adjustments made to agency depreciation baselines. In addition, funding has been provided to cover depreciation of the FMIS system (\$0.6 million) over three fiscal periods, Te Kukupa II vessel (\$0.5 million annually), the planned purchase of an x-ray and mammography machine for the Ministry of Health for 2023/24 and 2024/25 as well as adjustments to agency appropriations to address shortfalls in depreciation funding.

5.1.2.4. Interest (Debt Servicing Payments)

Debt interest contributions to the Loan Repayment Fund (LRF) is estimated at \$9.0 million in 2023/24, an increase of \$0.5 million when compared to the 2022/23 estimated actual (totalling \$8.5 million), mainly due to changes in foreign exchange rates.

Interest expenses in 2024/25 is estimated to decrease before stabilising over the forward years as exchange rates improve.

5.2. GFS Non-Operating Items

Cash transactions in non-financial assets are transactions relating to capital. More details on specific capital projects are outlined in Chapter 8 (Capital Expenditure). This spending includes investment into infrastructure, the purchase of plant and equipment, and investments in ICT by both the Crown and development partners. Gross transactions of non-financial assets (including depreciation) are estimated to increase to \$92.1 million in 2023/24.

This value consists of Official Development Assistance capital funds, which includes \$45.2 million towards the Cook Islands Infrastructure Trust Fund (ITF). The utilisation of these funds is subject to approval by the Cook Islands ITF Steering Committee and may not be fully expended in 2023/24.

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

5.2.1. 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. These funds are either sourced from assets (predominantly accumulated through cash reserves) or liabilities (such as loan financing).

The net financing requirement for 2023/24 is estimated at a deficit of \$8.3 million which will be funded by cash reserves. As the economy recovers over the forward period, the financing gap will decrease.

There are some smaller movements not captured in the GFS schedules, with most of these relating to the classification of reserves in the financial schedules. The statistical discrepancy shown in the GFS operating Statement relates to timing issues between the projects' implementation and the funding received in the Crown account. The sum of the statistical discrepancy in 2022/23 is not considered to be material.

5.3. 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.

There are 10 main functions at the highest level and 69 functions at the second (sub-functional) level. Table 5-4 classifies the Budget to the sub-functional level for both Cook Islands government spending and ODA, excluding categories without expenditure.

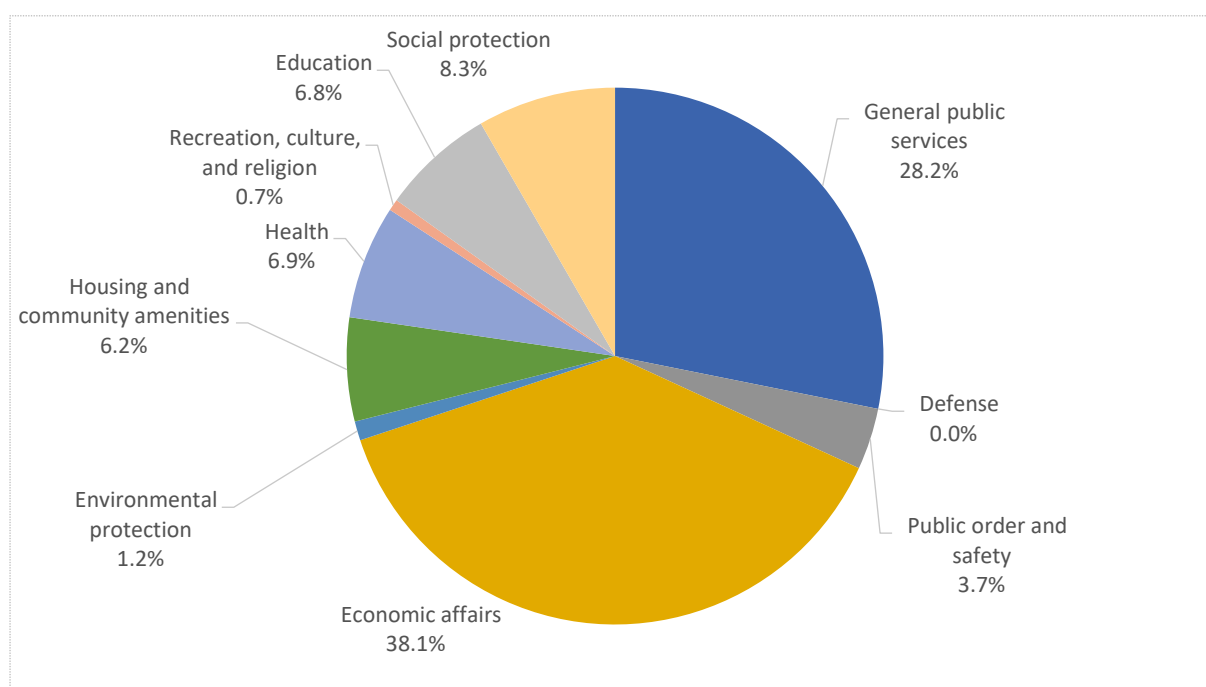
Table 5-4 Classification of Functions of Cook Island Government (\$'000)

Function of Government	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Cook Islands Government (CIG) Expenditure					
General public services	48,829	51,995	52,054	52,350	50,956
Executive and legislative organs, financial, fiscal, external affairs	31,938	33,219	33,823	34,128	33,059
General services	7,458	8,825	8,800	9,380	9,730
R&D General public services	36	26	26	26	26
General public services	914	964	964	964	964
Public debt transactions	8,483	8,960	8,441	7,851	7,162
Public order and safety	9,977	11,581	11,581	11,881	11,881
Police services	5,384	6,311	6,311	6,611	6,611
Law courts	3,719	4,240	4,240	4,240	4,240
Prisons	875	1,030	1,030	1,030	1,030
Economic affairs	48,564	66,486	56,739	57,318	57,224
General economic, commercial, and labor affairs	9,972	12,848	10,331	9,331	9,331
Agriculture, forestry, fishing, and hunting	5,047	5,618	5,618	5,781	5,781
Fuel and energy	1,952	1,227	1,327	1,327	1,327
Mining, manufacturing, and construction	3,940	4,813	2,436	1,416	1,416
Transport	18,243	30,619	26,771	29,216	29,036
Communication	573	1,273	1,411	1,351	1,438
Tourism	8,312	9,509	8,266	8,266	8,266
R&D Economic affairs n.e.c.	396	452	452	502	502
Economic affairs n.e.c.	128	128	128	128	128
Environmental protection	2,095	3,007	2,557	2,197	2,197
Waste management	182	241	241	241	241
Protection of biodiversity and landscape	238	910	510	150	150
Environmental protection n.e.c.	1,675	1,856	1,806	1,806	1,806
Housing and community amenities	10,656	19,003	14,658	15,404	15,374
Community development	2,572	10,366	6,029	6,720	7,690
Water supply	3,839	4,547	4,539	4,539	3,539
Housing and community amenities n.e.c.	4,245	4,090	4,090	4,146	4,146
Health	22,280	21,266	21,755	21,355	21,155
Medical products, appliances, and equipment	987	695	1,095	695	495
Outpatient services	2,709	2,860	2,860	2,860	2,860
Hospital services	1,151	1,151	1,151	1,151	1,151
Health n.e.c.	17,433	16,559	16,648	16,648	16,648
Recreation, culture, and religion	1,810	2,166	2,166	2,270	2,270
Recreational and sporting services	431	466	466	520	520
Cultural services	1,378	1,700	1,700	1,750	1,750
Education	20,289	21,279	21,139	21,189	21,189
Pre-primary and primary education	3,013	2,735	2,735	2,759	2,759
Tertiary education	2,379	2,439	2,469	2,469	2,469
Education n.e.c.	14,898	16,105	15,935	15,962	15,962
Social protection	24,331	25,955	25,737	25,950	25,952
Sickness and disability	505	728	986	989	991
Old age	13,984	14,128	14,264	14,247	14,247
Family and children	7,413	7,766	7,841	8,068	8,068
Housing	84	109	109	109	109
Social exclusion n.e.c.	26	26	26	26	26
Social protection n.e.c.	2,318	3,198	2,511	2,511	2,511
Total CIG Expenditure	188,830	222,738	208,386	209,914	208,199

Function of Government	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Official Development Assistance (ODA) Expenditure*					
General public services	13,045	35,986	18,037	6,871	5,816
Economic affairs	7,639	52,444	646	235	81
Environmental protection	1,062	600	0	0	0
Housing and community amenities	716	491	303	303	303
Health	2,088	148	0	0	0
Recreation, culture, and religion	90	0	0	0	0
Social protection	400	80	0	0	0
Total ODA Expenditure	25,040	89,749	18,985	7,409	6,200
TOTAL PUBLIC EXPENDITURE	213,870	312,487	227,371	217,323	214,399

Figure 5-3 classifies the combined Cook Islands government and ODA spending in the 2023/24 Budget by the 10 main functional levels.

Figure 5-3 Classification of Functions of Cook Island Government



Economic affairs increased to 38.1 per cent in 2023/24 compared to the 26.3 per cent estimated for 2022/23. This is predominantly due to movements within expenditure areas under economic affairs such as transport expenditure estimated to be \$30.6 million in 2023/24 which includes expenditure of \$17.5 million for Airline Route Development. Other large expenditure areas include funding for air, marine and road infrastructure in Rarotonga and the Pa Enua (total of \$7.1 million for 2023/24), Airport and Ports Authority subsidies (\$1.6 million total) and Inter-Island Shipping subsidy (\$0.5 million).

In 2023/24, ODA expenditure under economic affairs includes the financing of the Cook Islands ITF (\$45.2 million) which consists of general ITF funding of \$25.2 million, Manihiki Airport Upgrades (\$12.4 million) and the Avarua Town plan project (\$7.6 million), and the Budget support for the Sanitation sector (\$0.9 million).

General public services are the second largest area of expenditure, currently at 28.2 per cent (or \$52.0 million) of total public spending for 2023/24, with the Cook Islands government administration costs being the main driver of expenditure in this area. ODA expenditure is expected to decrease over the medium-term due to contract expiration of ODA expenditure lines.

Social protection accounts for 8.3 per cent of total public expenditure which includes the Welfare Payment POBOC and Administered Funds managed by the Ministry of Internal Affairs. A total increase of \$3.4 million over four years have been applied to the Welfare Payments POBOC and Administered Funds in order to reflect changes to the rates applied to the Power Subsidy, Caregiver's allowance and Destitute welfare payments.

Health and Education account for about 6.9 per cent and 6.8 per cent, respectively in total public expenditure, followed closely by Housing and community amenities (6.2 per cent). Most of Health and Education's expenditure relates to the annual budget appropriations for these Ministries (\$21.0 million and \$20.5 million respectively) including capital funds prioritised within each Ministry (noted in Schedule 6 – Capital Expenditure). For 2023/24, Housing and community amenities include expenditure related to community development projects such as the Pa Enea Government Building Projects – Southern Group (\$0.4 million), remediation work on the Rarotonga Cyclone Shelters (\$0.4 million), Bridges and Structure Asset Management and Improvement (\$3.8 million) and the Drainage Asset Management and improvement programme (\$0.7 million).

6. Revenue

Government collects revenue through three main sources – taxes on businesses and individuals, aid funding from development partners, and other sources such as fees, licences and trading revenue. Taxation brings in the highest amount of consistent revenue of the three revenue streams, with the second highest source of revenue typically being aid funding, which takes the form of cash and contributions to the operations of government. The other revenue consists of agency trading revenue, various fees and miscellaneous cashflows, and licensing costs.

The correlation between taxation revenue and the economic performance of the country is strong and is represented by Gross Domestic Product (GDP). With this strong correlation, when there is increasing GDP government taxation revenues increase. Conversely, a decrease in GDP leads to a reduction in taxation revenues.

As the private sector is largely tourism oriented, the suspension of tourism arrivals to the Cook Islands due to the COVID-19 pandemic, left the country heavily impacted in terms of our major revenue source. The impact to major revenue source receipts (taxation in particular) from the resulting recession took its toll on the financial years 2019/20, 2020/21 and 2021/22. Though with the borders now open, economic recovery and forecasts have indicated significant increases to revenue estimates compared to previous years noting however, with the impacts of inflation, it will take some time before overall revenues fully recover to post COVID-19 levels.

Taxation estimates for 2024/25 and 2025/26 have been revised slightly downwards since the 2022/23 Half-Year Economic and Fiscal Update (HYEFU). Income Tax levels expected to be higher in 2023/24 to account for strong growth as a result of upward pressure on wages.

6.1. Revenue Performance

Total Crown Revenue for 2022/23 is estimated to be \$207.1 million, with \$130.1 million in taxation revenue, \$22.7 million in other revenue and \$29.3 million received from New Zealand as General Budget Support (including Core Sector Support).

The \$130.1 million of taxation revenue is a 22.3 per cent increase on 2021/22 levels, showing a steady and manageable recovery in both the economy and in revenue collection.

Excluding General Budget Support, other revenue is expected to reduce by 8.1 per cent from that collected in 2021/22. This is primarily due to lower fishing revenue (resulting from the impact of La Nina moving productive fishing areas outside the Cook Islands Economic Exclusive Zone (EEZ)) and lower trading revenue (due to fee waivers and similar initiatives), partially offset by increases in the revenue generated through the circulation of currency.

While taxation revenue has increased in 2022/23, this is overwhelmed by larger declines in Budget Support (from the previously high levels) and Official Development Assistance (ODA) largely due to delays on capital projects funded by ODA. The end result is a 4.2 per cent decrease in total Crown revenue.

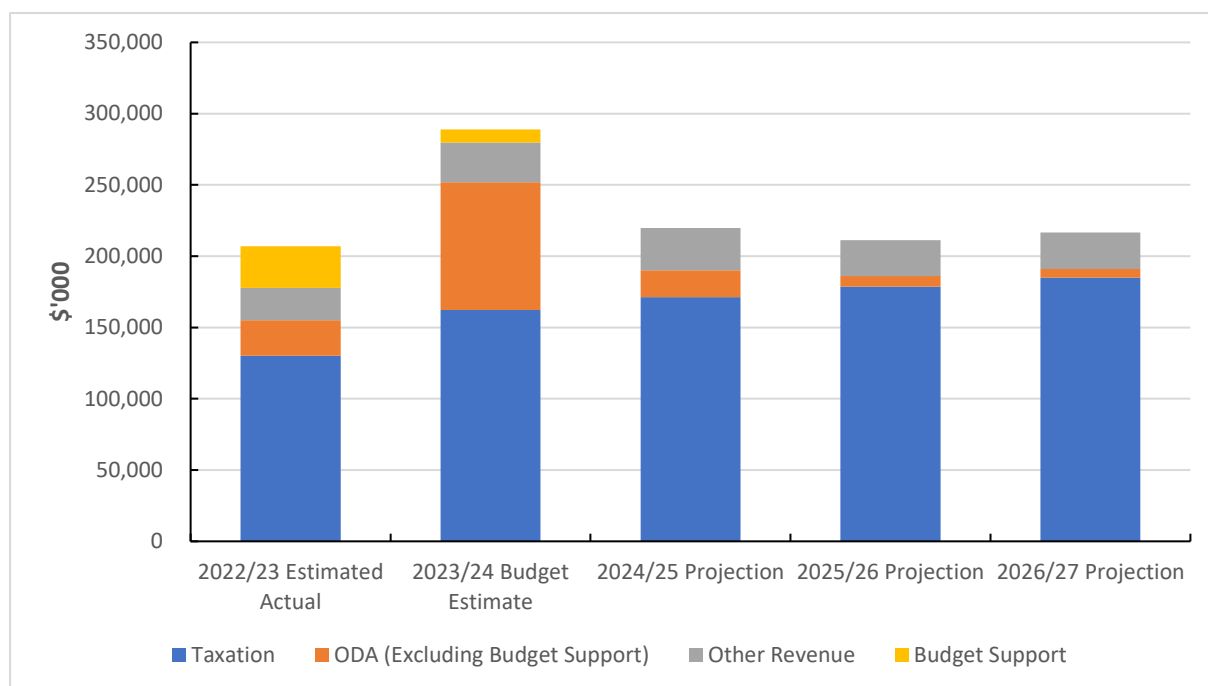
6.2. Revenue Forecast

For 2023/24, Total Crown Revenue (including ODA) is estimated to be \$288.8 million, an increase of 39.5 per cent on estimated 2022/23 levels, and inclusive of total taxation revenues estimated at \$162.2 million.

The largest movements from 2022/23 includes the growth in taxation revenue as the economy continues to recover from the recession, and considerable changes in ODA. The 2023/24 forecast for ODA (which excludes General Budget Support) is expected to increase significantly compared to 2022/23 estimated actuals. This is largely attributed to funds associated with the Cook Islands

Infrastructure Trust Fund (ITF) of \$45.2 million, which remained mostly unspent in 2022/23. An anticipated decrease to General Budget Support is primarily a result of the reduction of support provided through the pandemic and critical support during the early stages of recovery. This is expected to reduce to the level of Core Sector Support, which has increased slightly ahead of a new triennium agreement which will begin in 2024/25²⁰.

Figure 6-1 Total Crown Revenue by General Source (\$'000)



Total Crown Revenue (including ODA Grants) shown in Figure 6-1 is forecast to stabilise at under \$220 million over the medium-term. Declining ODA (which is largely a reflection of support not yet committed to in those years and the very lumpy nature of ITF, which is a large cause of the 2023/24 spike) is partially offset by rising tax revenues.

Table 6-1 Total Crown Revenue (\$'000)

	2021/22 Actual	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Taxation	106,374	130,072	162,193	171,208	178,768	184,928
ODA Grants	37,267	25,040	89,749	18,985	7,409	6,200
Core Sector Support	7,825	7,825	9,100	0	0	0
General Budget Support	40,090	21,443	0	0	0	0
Other Revenue	24,663	22,674	27,803	29,515	25,146	25,517
Of which Trading Revenue	5,334	4,987	5,024	5,082	5,232	5,232
Total	216,219	207,053	288,845	219,709	211,323	216,646

The largest contribution to total crown revenue is general taxation, which accounts for 56.2 per cent of revenue expected for 2023/24. Going forward, revenue estimates start to increase slightly year on year as tax revenue recovers from the recession.

In the longer term, ODA Grants are expected to remain the second largest contributor despite the decline in quantum in the outer years. The reduction in the outer years is generally due to the short-

²⁰ As the funding under this programme is not yet confirmed, there are \$0 for Core Sector Support after 2023/24

horizon for future agreements to be signed, as well as the country's graduation to a developed country and the ITF being all accounted for in 2023/24.

The remaining revenues are from sources such as the sales of goods and services (trading revenue), fishing licenses, dividends from State owned enterprises (SOE), fines and interest on deposits held by government.

6.3. Revenue Initiatives

Changes in revenue estimates are due to either parameter adjustments or 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.

Pa Enea Tax Concession

The Pa Enea Tax Concession results in a small decrease in the tax expected to be collected under both Income and Company Taxes. The impact of the Pa Enea Tax Concession on the forecasts is estimated to be a reduction of \$1.0 million per year in income tax (direct impact) and \$1.8 million in company tax (impact through increases in deductible expenses, such as directors' fees). The total revenue amount is also impacted by a large one-off refund in company tax in the 2022/23 financial year.

Table 6-2 shows the parameter adjustments to revenues for 2022/23 and the forward years.

Table 6-2 Changes to Revenue Estimates (Excluding ODA) (\$'000)

Revenue Changes	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Operating Revenue as per 2022/23 HYEPU	159,898	181,092	193,880	204,343	204,343
Parameter changes as at 2023/24 Budget	7,126	2,435	-1,031	-3,962	2,198
Value Added Tax (VAT)	5,298	2,550	59	-1,628	1,116
Income tax	-267	-1,876	-3,018	-4,063	-3,009
Import levies	867	1,347	1,369	1,390	2,298
Company tax	900	88	-78	-266	874
Departure tax	502	325	636	605	920
Withholding tax	-174	0	0	0	0
Other Revenue changes as at 2023/24 Budget	14,990	15,570	7,874	3,533	3,904
Other revenue	-44	6,420	7,765	3,274	3,646
Trading Revenue	34	50	109	259	259
Dividend	0	0	0	0	0
Core Sector Support	0	9,100	0	0	0
General Budget Support	15,000	0	0	0	0
Operating Revenue as at 2023/24 Budget	182,014	199,026	200,723	203,914	210,446

6.4. Taxes

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

Table 6-3 Taxation Revenue Estimates (\$'000)

	2021/22 Actual	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Income tax	24,759	30,956	33,730	34,247	34,944	35,998
Company tax	6,654	243	19,366	22,912	25,419	26,559
Withholding tax	1,469	1,296	1,622	1,622	1,622	1,622
Direct Tax Subtotal	32,882	32,496	54,718	58,781	61,985	64,179
Value Added Tax	57,104	73,913	78,957	81,273	84,349	87,092
Import levies	11,967	13,741	15,939	17,238	18,124	19,031
Departure tax	4,420	9,922	12,578	13,917	14,311	14,626
Indirect Tax Subtotal	73,491	97,576	107,475	112,427	116,783	120,749
Total Taxation Revenue	106,374	130,072	162,193	171,208	178,768	184,928

6.4.1. Direct taxation

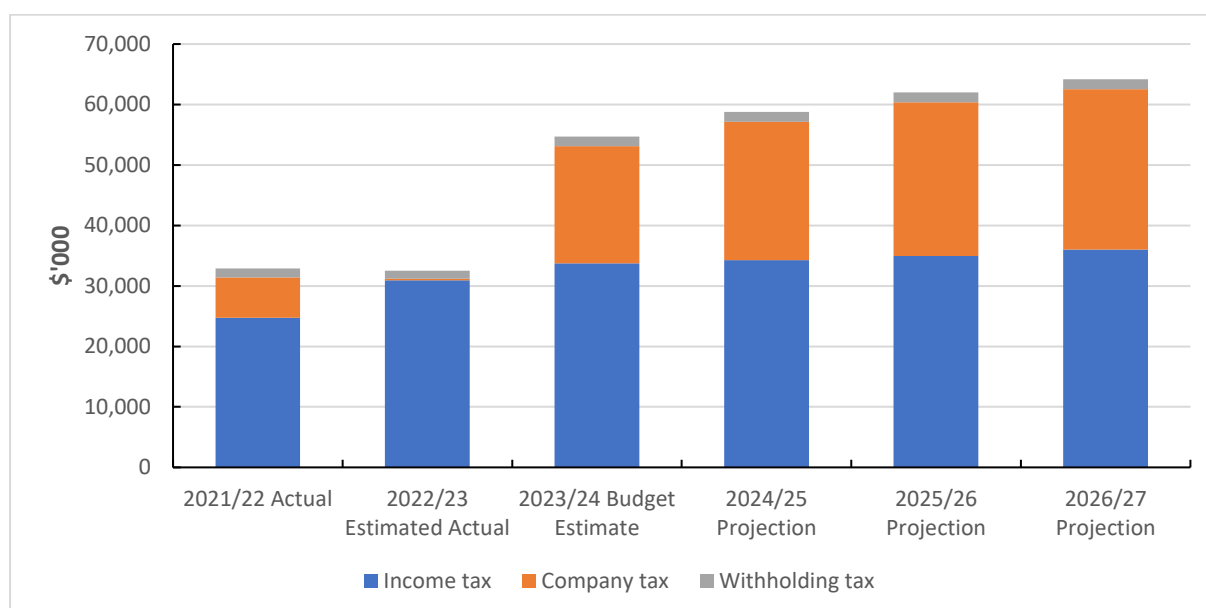
Direct taxation for 2023/24 is expected to increase to \$54.7 million in light of economic recovery through the impacts of COVID-19, which is a 68.4 per cent increase from 2022/23 estimated actual of \$32.5 million (largely due to the tax refund in 2022/23). The impact of this refund can be seen in the significant change to company tax numbers. Estimates of company tax for 2023/24 reflect an expected ongoing impact on business profitability. Recovery of company taxation revenues is expected to take longer and continue to be depressed by carried-forward losses. Forward year estimates are forecasted to improve gradually from there.

Income tax estimates reflect the ongoing recovery from the lower incomes through the most severe COVID-affected period and are expected to keep improving over the medium-term. Income Tax ordinarily contributes to most of direct taxation revenues, followed by company tax (Figure 6-2). Income Tax contribution is likely to increase in the short term as carried forward losses keep Company Tax receipts low for some time.

Withholding Tax in 2022/23 is expected to be \$1.3 million, which is close to 2022/23 HYEFU forecast. Due to the high volatility of withholding tax, the forward year estimates have been revised upwards slightly but still conservative to reflect an anticipated increase in economic activity.

The direct taxation revenue forecasts are more positive but remain conservative as the economy recovers. However, as revenue collections data becomes available, these forecasts will be updated.

Figure 6-2 Total Direct Taxation (\$'000)



6.4.2. Indirect taxation

Indirect taxation includes VAT, import levies, departure tax (see Table 6-3).

Total indirect taxation for 2023/24 is estimated to be \$107.5 million, which represents an increase of 10.1 per cent to 2022/23 estimated actual revenue of \$97.6 million. From there, numbers slowly stabilise in the outer years.

The increases through VAT and departure tax are significantly driven by tourism volumes. With borders fully open towards the end of 2021/22 fiscal year, tourism numbers have grown through 2022/23 and are predicted to improve in 2023/24 and onwards and allow for higher than previous collections in indirect taxation.

VAT payments recently have been stronger than previously anticipated, and this could be attributed through higher compliance after the Economic Response Plan (ERP) measures required registration as well as the increased activity and rising prices. Year 2022/23 VAT payments are expected to be 29.4 per cent higher than 2021/22.

Departure tax estimates are expected to continue to increase in line with visitor arrivals.

Import and excise-equivalent duties are forecast at \$15.9 million in 2023/24, which is 16.0 per cent higher than the 2022/23 level. This is expected to minimally increase in line with overall imports across the forward years.

6.4.3. Registration and Fishing Licences

Motor Vehicle Registration fees remain unchanged over the medium-term at \$0.9 million annually, with most rental businesses back in operation now that visitor numbers have increased.

Fisheries revenues are estimated to total \$7.6 million for 2022/23 (estimated actuals). The forward years predict a sharp increase by doubling the value in 2023/24 before increasing slightly in 2024/25, then reducing by about 31 per cent in the outer two years. This largely reflects movements in weather patterns, in particular La Nina and El Nino.

Purse Seine Fishery revenues have been adjusted to reflect the impacts of change in climatic conditions (El Nino). Current work is underway to enter the Cook Islands in to the Vessel Day Scheme with the Parties to the Nauru Agreement.

Negotiations are currently underway for US Fisheries Treaty (Upfront Days) which will include a 10-year financial package from 15 June 2023. The Ministry of Marine Resources is unable to determine expected adjustments from 2024 at this time. Increases from 2024/25 of \$6.0 million are likely based on a new deal with the United States of America (USA) that increases its government contribution to fisheries.

Table 6-4 Total Registration and Fishing Licences (\$'000)

	2021/22 Actual	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Motor Vehicle Registration	862	564	875	875	875	875
Motor Vehicle Dealers	3	5	3	3	3	3
Fisheries Revenue²¹	8,620	7,563	15,389	16,606	11,466	11,466
<i>US Fisheries Treaty (upfront days)</i>	3,429	1,592	3,810	6,000	6,000	6,000
<i>EU Agreement</i>	2,132	1,695	1,400	400	0	0
<i>Purse seine fishery</i>	250	1,436	7,000	7,000	2,260	2,260
<i>Longline Licences and QMS</i>	2,520	2,617	3,000	3,000	3,000	3,000
<i>Fishing Fines and Settlements</i>	0	0	0	0	0	0
<i>Regional Fisheries Management Organisations</i>	184	135	46	46	46	46
<i>Other fisheries and auxiliary vessel licensing</i>	106	87	133	160	160	160
Indirect Taxation Revenue	9,484	8,132	16,267	17,484	12,344	12,344

6.4.4. Social contributions

The revenue classified under this category is the Employer Liability Insurance. The Employer Liability estimates over the medium-term has been revised to zero following the suspension of these payments pending review of the supporting legislation.

Table 6-5 Social contributions

	2021/22 Actual	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Employer Liabilities	0	0	0	0	0	0
Total Social Contributions	0	0	0	0	0	0

6.4.5. Grants

Grants are transfers received from other governments or international organisations, otherwise known as ODA. Further information on ODA funded projects are contained in Chapter 15.

Total ODA grants from foreign governments in 2023/24 financial year are forecast to be \$89.7 million (of which \$45.2 million of these funds are ITF). Outer year projections are expected to decrease though that can be attributed to the fact that with budget support funds that make up a majority of these numbers, development partners do not commit development assistance budgets for more than two to three years in advance and so most support for those years are not confirmed.

Table 6-6 Grants (\$'000)

Programmes/Projects by Agency	2021/22 Actual	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Recurrent ODA Grants	11,897	14,934	35,746	18,985	7,408	6,200
Capital ODA Grants	11,333	10,106	54,003	0	0	0
Total NZD Equivalent ODA Funding	23,229	25,040	89,749	18,985	7,408	6,200

²¹ Since 2021/22, fisheries revenue has been reported using the headings outlined here.

6.4.6. Core Sector Support and General Budget Support Funding

The Core Sector Support (CSS) Grant Funding Arrangement with New Zealand is appropriated over the medium-term in a three-year 'triennium'. It provides direct budget support to the Ministry of Education, Cook Islands Tourism Corporation, and the Ministry of Health, to improve indicators that directly relate to the Cook Islands' National Sustainable Development Plan goals. The 2023/24 fiscal year was initially revised down to zero in 2022/23 Budget pending negotiations between New Zealand and the Cook Islands' government, the financial year 2023/24 brings positive support again from New Zealand government through the availability of \$9.1 million for Core Sector Support.

The New Zealand government provided General Budget Support funding throughout the pandemic enabling key government programmes such as the COVID-19 Medical Response, the ERP and Economic Recovery Roadmap. In the 2022/23 financial year, \$6.4 million was transferred from previously provided support that had been classified as ODA into the Crown Account, and an additional \$15.0 million was provided by New Zealand. As the economy is working back towards pre-COVID levels, support from this source is not expected to continue.

Table 6-7 Budget Support Funding (\$'000)

Programmes/Projects by Agency	2021/22 Actual	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Core Sector Support Funding	7,825	7,825	9,100	0	0	0
General Budget Support Funding	40,090	21,443	0	0	0	0
Total Budget Support Funding	47,915	29,268	9,100	0	0	0

6.4.7. Interest

Total interest received is estimated to be \$2.7 million, with interest on loans and subsidiaries reported at \$1.8 million for 2022/23. The end of the repayment holiday for the Cook Islands Port Authority sees revenue forecasts for 2023/24 to be \$1.6 million. Total interest revenues are expected to remain at similar levels over the medium-term.

Table 6-8 Interest (\$'000)

	2021/22 Actual	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Interest on Government deposits	277	701	907	707	707	707
Interest on Loans and Subsidiaries	303	1,800	1,601	1,505	1,420	1,334
Interest on Balances – LRF	233	217	220	240	240	240
Total Interest	813	2,718	2,728	2,452	2,367	2,281

6.4.8. Dividends

In 2021/22, dividends for all SOEs were revised to zero due to the impacts of the pandemic and associated reduction in revenues and welfare contributions. As the economy slowly recovers, a small and slow return to dividends through government shares in Vodafone Cook Islands Ltd is observed in 2022/23 of \$0.6 million, with revenue estimates over the medium-term forecast to improve to \$2.0 million by 2026/27.

Small dividends through Te Aponga Uira have been forecast for 2025/26 of \$0.5 million, followed by dividends through the Bank of the Cook Islands, which has been forecast for 2026/27, of \$0.3 million.

Table 6-9 Dividends (\$'000)

	2021/22 Actual	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Banana Court	0	0	0	0	0	0
Bank of the Cook Islands	0	0	0	0	0	250
Ports Authority	0	0	0	0	0	0
Punanga Nui Market	0	0	0	0	0	0
Te Aponga Uira	0	0	0	0	500	500
Extraordinary SOE	0	0	0	0	0	0
Telecom Cook Islands (Vodafone)	0	600	1,000	1,600	1,800	2,000
Total Dividends	0	600	1,000	1,600	2,300	2,750

6.4.9. Administrative Fees

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

Table 6-10 Administrative fees (\$'000)

	2021/22 Actual	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
FSC Vested Assets	4,978	2,380	0	0	0	0
FSC Return of Excess	250	70	3	125	125	125
Immigration Fees	984	1,166	500	500	500	500
IMO Subscription – Maritime CI's	0	0	66	66	66	66
Research Fee	1	1	2	2	2	2
Permits	32	16	10	10	10	10
Driver's Licenses	224	268	260	260	260	260
Upper Air Management Agreement	70	455	338	338	338	338
Shipping Registration	89	236	98	98	98	98
International Shipping License	71	23	15	15	15	15
Liquor Licensing	55	45	50	50	50	50
Tattslotto Grants	206	169	120	120	120	120
Censorship Fees	0	1	1	1	1	1
Land Court Fees	161	58	147	147	147	147
Total Administrative Fees	7,122	4,887	1,610	1,732	1,732	1,732

Total administrative fees for 2023/24 have been estimated at \$1.6 million, down from the \$4.9 million estimated actual for 2022/23. These administrative fees are made up of the following revenue lines:

Vested Assets – cash assets transferred to government via the Financial Services Commission. Vested assets generate an inherent contingent liability to the government. No further transfers of vested assets are expected over the medium-term. This accounts for the majority of the reduction in total administrative fees expected for 2023/24 (of \$2.4 million).

FSC Return of Excess – revenue estimates for 2023/24 have been revised downwards to \$3,000. This is predominantly due to the impacts that the EU tax reforms are currently having on registry numbers. Going forward, revenue projections are expected to return to normal levels over the medium-term.

Immigration Fees – revenue is estimated to be \$0.5 million over the medium-term, which is in line with the introduction of a proposed new fee structure, which will require upfront payment for three-year permit applications.

IMO Subscriptions Maritime Cook Islands – Membership subscriptions for the International Maritime Organization paid by the Ministry of Foreign Affairs and Immigration. This revenue on behalf of Crown matches the payment on behalf of Crown to receive reimbursement of the annual subscription fees from Maritime Cook Islands. Revenue estimates over the medium-term remain unchanged.

Research Fees – Research Fee estimates for 2023/24 and forward years remain unchanged. The Office of the Prime Minister issues research fees to individuals who wish to conduct any official research on the Cook Islands.

Permits – The underlying revenue estimates for permits remain unchanged for 2023/24 – 2026/27.

Driver License – Estimates for 2023/24 and the forward years are expected to stabilise as visitor numbers begin to increase.

Upper Air Management Agreement – Revenue collections for 2022/23 is estimated to be \$0.5 million, which is \$0.1 million lower than forecast at the time of the 2022/23 HYEPU of \$0.6 million. Confirmation of the contract renewal of the Upper Airspace Agreement came in effect 1 July 2022 therefore allowing better forecasting of both baseline and revised revenue estimates.

Shipping Registration – Estimated actuals for Shipping Registrations is expected to be higher than forecast for 2022/23 at \$0.2 million (\$0.1 million reported at HYEPU). Going forward revenue estimates remain unchanged.

International Shipping Licenses – Forecasts remain unchanged over the medium-term to account for the slow increase in distribution of shipping licenses.

Liquor Licences – As a result of the border closures and decline in economic growth due to the impacts of COVID-19, a number of licensed premises were unable to renew their liquor licenses. Forward estimates currently remain unchanged, however as the economy recovers, revenue forecast will begin to stabilise in line with the expected economic growth.

Tattslotto Grants – Estimates for 2023/24 and the forward years remain unchanged.

Censorship Fees – Estimates for 2023/24 and the forward years remain unchanged.

6.4.10. Agency Trading Revenue

Trading Revenue provides a means of recovery for operational costs incurred by Ministries and Island Administrations in delivering services. Trading revenue estimates over the medium-term remain largely unchanged with the exception of the Ministry of Agriculture where increases to revenue estimates have been phased over the medium-term to reflect actual revenues received due to the increase in the volume of services provided.

Table 6-11 Trading Revenue (\$'000)

	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Ministry of Agriculture	141	191	261	261
Cook Islands Audit Office	156	156	156	156
Ministry of Cultural Development	170	170	170	170
Business Trade and Investment Board	27	27	27	27
National Environment Service	35	35	35	35
Ministry of Finance and Economic Management	954	954	954	954
Ministry of Foreign Affairs and Immigration	28	28	28	28
Ministry of Health	350	350	350	350
Infrastructure Cook Islands	300	300	380	380
Ministry of Justice	425	425	425	425
Ministry of Corrective Services	100	100	100	100
Ministry of Marine Resources	20	20	20	20
Cook Islands Police Services	155	155	155	155
Cook Islands Tourism Corporation	20	20	20	20
Ministry of Transport	41	50	50	50
Cook Islands Investment Corporation	754	754	754	754
Cook Islands Seabed Minerals Authority	240	240	240	240
Island Administration total	1,107	1,107	1,107	1,107
Total Trading Revenue	5,024	5,082	5,232	5,232

6.4.11. Incidental sales by non-market establishments

The Sale of Currency, previously titled as Circulation of Coins was renamed to account for sales of the local \$3 note and is estimated at \$0.1 million for 2022/23. These estimates have been revised to \$204,000 and are forecasted to stabilise over the medium-term. This reflects the shift to a cashless society, as well as continued sale of the new \$3 note to visitors as the main buyers through souvenir.

In 2022/23, revenue collections for Numismatics (otherwise known as the sale of collectible currency) is estimated to be \$1.2 million, which is \$0.7 million higher than reported at 2022/23 Budget (of \$0.5 million). Going forward, revenue estimates have been revised upwards in line with the signing of a new contract that will result in an increase in revenue collections for Numismatics. Fluctuations in the forward revenue estimates considers the conversion rates from the US Dollars to NZ Dollars as the current contract price is stated in US Dollars.

Table 6-12 Incidental sales by non-market establishments (\$'000)

	2021/22 Actual	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Sales of Currency	437	106	204	204	204	204
Numismatics	674	1,164	850	841	846	854
Total Incidental Sales by non-market	1,111	1,270	1,054	1,045	1,050	1,058

6.4.12. Fines, penalties, and forfeits

Court service fines are paid by offenders as an enforcement of court orders. A decrease in the number of court sittings in 2022/23 due to the border closures saw a decrease in revenue collections to \$12,611. Revenue estimates are projected to return to normal levels from 2023/24 onwards.

Revenue collections for instant fines is estimated to be \$47,620 for 2022/23, representing a slow-down in anticipated revenue collection for the financial year. When compared to 2021/22, this represents a significant decrease in collection of instant fines by \$30,950. Estimates for instant fines remain unchanged at \$60,000 over the medium-term.

Table 6-13 Fines, Penalties, and forfeits (\$'000)

	2021/22 Actual	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Court Services	25	13	27	27	27	27
Instant Fines	79	48	60	60	60	60
Total Fines, Penalties and Forfeits	104	60	87	87	87	87

6.4.13. 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.

For 2022/23, foreign investment fees collected is estimated to be \$20,240, representing a lower than anticipated uptake in foreign investments into the Cook Islands which may be attributed to a slow-down in economic growth. Going forward, revenue estimates for foreign investment fees remain unchanged at \$34,000 (assuming 45 applications are received) over the medium-term.

Table 6-14 Miscellaneous and Unidentified revenue (\$'000)

	2021/22 Actual	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Foreign Investment Fees	28	20	34	34	34	34
Total Foreign Investment Fees	28	20	34	34	34	34

7. Operating Expenditure

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

It consists primarily of the following expenditure categories:

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

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

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

This chapter explains the significant changes made in the 2023/24 budget, and each agency's budget.

Most of the expenditure measures in the 2023/24 budget and across the medium-term primarily consist of savings measures. These measures are summarised in section 7.5 and described under each agency.

7.1. Performance on Government Expenditure

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

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

The above expenditures are transferable between the expenditure categories of an agency if necessary (with limitations and excluding POBOCs and Other Operating) hence, these values are a guide only.

Table 7-1 provides a breakdown of operating expenditure for 2022/23 to 2026/27. Total operating expenditure for 2023/24 is expected to reach \$200.0 million.

Table 7-1 Total operating expenditure (\$'000)

Operating Expenditure	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Ministry Outputs	117,254	151,763	144,718	145,233	144,277
<i>Personnel</i>	63,255	71,514	71,715	71,892	71,892
<i>Operating</i>	19,745	18,869	18,366	19,146	19,153
<i>Administered Payments</i>	27,017	52,797	46,003	45,562	45,200
<i>Depreciation</i>	7,237	8,583	8,633	8,633	8,032
<i>POBOC</i>	32,264	32,328	31,086	30,744	30,244
Total Other Operating	17,052	15,887	15,368	14,778	14,089
Debt Interest Contribution to LRF	8,483	8,960	8,441	7,851	7,162
Crown Infrastructure Depreciation	4,603	4,603	4,603	4,603	4,603
Transfer to Emergency Response Trust Fund	50	50	50	50	50
Depreciation Contingency Fund	2,174	2,174	2,174	2,174	2,174
<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
Contingency Funds - Operating	110	100	100	100	100
Contingency Funds - Other Expenses	1,632	0	0	0	0
Total Operating Expenses	166,570	199,977	191,171	190,755	188,610

7.2. Reappropriation of 2022/23 Operating Appropriations

Table 7-2 lists the amount of operating funds approved for reappropriation into the 2023/24 Budget with brief explanations provided below.

Table 7-2 Operating Expenditure Reappropriation (\$'000)

Expenditure Type	Agency	Details	Amount	2022/23 Budget Estimate	2022/23 Adjusted Budget	2023/24 Budget Estimate	2023/24 Adjusted Budget
Admin. Fund	Tourism	Tourism Growth Strategy	1,243	4,500	3,257	4,500	5,743
Personnel	Audit	Personnel savings	90	997	907	997	1,087
Admin. Fund	MFEM	Airline Route Development	7,450	10,000	2,550	10,000	17,450
Admin. Fund	MFEM	Economic Recovery Roadmap	2,167	5,200	3,033	1,150	3,317
		Total reappropriation	10,950	20,697	9,747	16,647	27,597

Tourism Growth Strategy – to allow Tourism to support the Cook Islands government’s airline agreements with marketing campaigns and promotions in key source markets in 2023/24.

Personnel – to assist with the Audit Office’s efforts to retain personnel and assist with recruitment of additional staff during the 2023/24 fiscal period.

Airline Route Development – payments for the airline route development fund are expected to commence late in the 2022/23 fiscal year, with a large portion of the expense falling in 2023/24. Funding has been reappropriated to cover payment.

Economic Recovery Roadmap – these funds are for the fuel backstop for the airlines as the funds were not required in 2022/23 but the risk of adverse jet-fuel price movements remains. A portion of the funds will also be used to support the continuation of the Fees Free programme in 2023/24.

7.3. General Budget Changes

A number of general expenditure decisions have been applied across government department that are described here with brief explanations of government department specific changes presented in the following department-specific sections.

Rounding – agency appropriations have been rounded upward or downward where minimal impact to the agency’s budget will occur. Rounding may be applied to eliminate decimal entries, or move appropriations to significant digits as appropriate to simplify the budget and data management. The rounding adjustments are not further described under the department-specific adjustments.

Intra-agency transfers – where an agency has requested to rebalance (transfer) existing appropriations between personnel, operating, administered payments or depreciation.

Inter-agency transfers – where funds have been transferred between agencies to support programmes or initiatives.

7.4. Significant Expenditure Initiatives

The 2023/24 Budget includes the following significant expenditure initiatives / policy decisions:

Minimum wage adjustment – the increase in the minimum wage to \$9.00 per hour has required an additional \$379,719 in personnel expenditure, primarily for the Island administrations. The total cost to government over four years is \$1.5 million.

Airline Route Development – an increase of \$5.3 million from 2024/25 and a total increase of \$15.3 million over four years to support airline contracts. The airline route development fund is necessary to support tourism recovery and growth by supporting air-routes that would not be financially viable for the airlines without support, but where the economic benefit of the tourism to the Cook Islands outweighs the direct cost to government.

Welfare payments – an increase of \$554,864 in 2023/24 and a total of \$3.4 million over four years to cover an increase in headcount of welfare beneficiaries as well as the increase in the payment rates for the destitute, the caregiver’s allowance and the power subsidy.

Healthcare personnel – an additional \$300,000 from 2023/24 and a total of \$1.2 million over four years to support recruitment and retention of critical personnel.

Education personnel – an additional \$150,000 from 2023/24 and a total of \$600,000 over the next four years to support tranche 3 of the teachers’ remuneration adjustments.

Depreciation – an overall adjustment of \$1.6 million has been applied across various agencies from 2023/24, totalling \$5.8 million over four years to support:

- Capitalisation of the FMIS system (\$594,000 over three years);
- Overspends in current appropriation for MFEM (\$70,000) and ICI (\$200,000);
- The acquisition of a mammography machine in 2023/24 (\$161,000) and an x-ray machine in 2024/25 (\$50,000);
- Increased depreciation associated with the new Te Kukupa II vessel (\$545,333).

7.5. Government Department Budgets

Please refer to 'Budget Book 2' for details of government department outputs. The following chapter summarises changes to government department budgets.

7.5.1. Ministry of Agriculture

Agriculture		2023/24	2024/25	2025/26	2026/27
MTEC	Personnel	1,095,572	1,095,572	1,145,572	1,145,572
	Operating	314,509	314,509	314,509	314,509
	Administered Payments	0	0	0	0
	Depreciation	45,000	45,000	45,000	45,000
	Gross Appropriation	1,455,081	1,455,081	1,505,081	1,505,081
	Trading Revenue	140,535	190,535	260,535	260,535
	Net Appropriation	1,314,546	1,264,546	1,244,546	1,244,546
	POBOC	0	0	0	0
	Medium-term Expenditure Ceiling	1,455,081	1,455,081	1,505,081	1,505,081

Table 7-3 Total Resourcing – Government and ODA, Agriculture (\$)

	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Net Appropriation	1,314,546	1,264,546	1,244,546	1,244,546
Trading Revenue	140,535	190,535	260,535	260,535
Official Development Assistance	0	0	0	0
Total Resourcing	1,455,081	1,455,081	1,505,081	1,505,081

Table 7-4 Output Funding for Agriculture (\$)

Output	Output 1	Output 2	Output 3	Output 4	Total
Personnel	354,784	323,198	224,123	193,467	1,095,572
Operating	82,046	69,726	9,499	153,238	314,509
Administered Funding	0	0	0	0	0
Depreciation	15,222	15,804	0	13,974	45,000
Gross Operating Appropriation	452,052	408,728	233,622	360,679	1,455,081
Trading Revenue	30,000	109,535	1,000	0	140,535
Net Operating Appropriation	422,052	299,193	232,622	360,679	1,314,546

7.5.1.1. Ministry of Agriculture Outputs

Output 1: Crops Research

Output 2: Biosecurity

Output 3: Advisory

Output 4: Corporate Services

Table 7-5 Baselines and New Budget Measures, Agriculture (\$)

Details	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
2022/23 Budget Personnel Baseline	1,095,572	1,095,572	1,095,572	1,095,572
Personnel adjustment	0	0	50,000	50,000
2023/24 Budget Personnel Budget	1,095,572	1,095,572	1,145,572	1,145,572
2022/23 Budget Operating Baseline	314,509	314,509	314,509	314,509
2023/24 Budget Operating Budget	314,509	314,509	314,509	314,509
2022/23 Budget Administered Payments Baseline	0	0	0	0
2023/24 Budget Administered Payments	0	0	0	0
2022/23 Budget Depreciation Baseline	45,000	45,000	45,000	45,000
2023/24 Budget Depreciation	45,000	45,000	45,000	45,000
Gross Operating Appropriation	1,455,081	1,455,081	1,505,081	1,505,081
2022/23 Budget Trading Revenue Baseline	90,535	90,535	90,535	90,535
Trading revenue adjustment	50,000	100,000	170,000	170,000
2023/24 Budget Trading Revenue	140,535	190,535	260,535	260,535
Net Operating Appropriation	1,314,546	1,264,546	1,244,546	1,244,546

Changes for the 2023/24 Ministry of Agriculture's budget include:

- \$50,000 increase in personnel fund from 2025/26 to support critical personnel needs.
- A phased trading revenue increase to match actual revenues by 2025/26.

7.5.2. Public Expenditure Review Committee and Audit (PERCA)

Audit (PERCA)		2023/24	2024/25	2025/26	2026/27
MTEC	Personnel	1,086,953	996,953	996,953	996,953
	Operating	162,451	112,451	112,451	119,701
	Administered Payments	0	0	0	0
	Depreciation	23,250	23,250	23,250	16,000
	Gross Appropriation	1,272,654	1,132,654	1,132,654	1,132,654
	Trading Revenue	156,300	156,300	156,300	156,300
	Net Appropriation	1,116,354	976,354	976,354	976,354
	POBOC	160,500	160,500	160,500	160,500
Medium-term Expenditure Ceiling	1,433,154	1,293,154	1,293,154	1,293,154	

Table 7-6 Total Resourcing – Government and ODA, Audit (\$)

	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Net Appropriation	1,116,354	976,354	976,354	976,354
Trading Revenue	156,300	156,300	156,300	156,300
Official Development Assistance	0	0	0	0
Total Resourcing	1,272,654	1,132,654	1,132,654	1,132,654

Table 7-7 Output Funding for Audit (\$)

Output	Output 1	Output 2	Output 3	Output 4	Total
Personnel	351,820	474,590	181,804	78,739	1,086,953
Operating	29,926	29,925	29,925	72,675	162,451
Administered Funding	0	0	0	0	0
Depreciation	2,500	4,500	4,500	11,750	23,250
Gross Operating Appropriation	384,246	509,015	216,229	163,164	1,272,654
Trading Revenue	125,600	25,700	5,000	0	156,300
Net Operating Appropriation	258,646	483,315	211,229	163,164	1,116,354

7.5.2.1. Cook Islands Audit Office Outputs

Output 1: The annual audit of the Cook Islands Government financial statements

Output 2: The annual audit of Government entity financial statements

Output 3: Investigation and other types of audits

Output 4: Corporate Services

Table 7-8 Baselines and New Budget Measures, Audit (\$)

Details	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
2022/23 Budget Personnel Baseline	996,953	996,953	996,953	996,953
Reappropriation	90,000	0	0	0
2023/24 Budget Personnel Budget	1,086,953	996,953	996,953	996,953
2022/23 Budget Operating Baseline	119,701	119,701	119,701	119,701
PASAI Conference	50,000	0	0	0
Transfer to Depreciation	(7,250)	(7,250)	(7,250)	0
2023/24 Budget Operating Budget	162,451	112,451	112,451	119,701
2022/23 Budget Administered Payments Baseline	0	0	0	0
2023/24 Budget Administered Payments	0	0	0	0
2022/23 Budget Depreciation Baseline	16,000	16,000	16,000	16,000
Transfer from Operating	7,250	7,250	7,250	7,250
2023/24 Budget Depreciation	23,250	23,250	23,250	16,000
Gross Operating Appropriation	1,272,654	1,132,654	1,132,654	1,132,654
2022/23 Budget Trading Revenue Baseline	156,300	156,300	156,300	156,300
2023/24 Budget Trading Revenue	156,300	156,300	156,300	156,300
Net Operating Appropriation	1,116,354	976,354	976,354	976,354
2022/23 Budget POBOC Baseline	160,500	160,500	160,500	160,500
2023/24 Budget POBOC	160,500	160,500	160,500	160,500

Changes for the 2023/24 Cook Islands Audit Office's budget include:

- \$50,000 to fund the hosting of the 25th Pacific Association of Supreme Audit Institutions (PASAI) Congress in June 2024.
- \$7,250 transfer of Operating funds to Depreciation from 2023/24 to 2025/26 for the upgraded auditing software, TeamMate+.
- \$90,000 in personnel was reappropriated in 2023/24 to address staff retention and recruitment needs.

Table 7-9 Payments on Behalf of Crown, Audit (\$)

Output	POBOCs	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
2	Audit Fees	103,000	103,000	103,000	103,000
	Output 2 POBOC Funding	103,000	103,000	103,000	103,000
3	PERC Salaries and Administration Costs	57,500	57,500	57,500	57,500
	Output 3 POBOC Funding	57,500	57,500	57,500	57,500
	Total Audit (PERCA) POBOC Funding	160,500	160,500	160,500	160,500

7.5.3. Business Trade and Investment Board (BTIB)

Business Trade and Investment Board (BTIB)		2023/24	2024/25	2025/26	2026/27
MTEC	Personnel	390,000	390,000	390,000	390,000
	Operating	242,267	242,267	242,267	242,267
	Administered Payments	0	0	0	0
	Depreciation	4,000	4,000	4,000	4,000
	Gross Appropriation	636,267	636,267	636,267	636,267
	Trading Revenue	27,400	27,400	27,400	27,400
	Net Appropriation	608,867	608,867	608,867	608,867
	POBOC	0	0	0	0
Medium-term Expenditure Ceiling		636,267	636,267	636,267	636,267

Table 7-10 Total Resourcing – Government and ODA, BTIB (\$)

	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Net Appropriation	608,867	608,867	608,867	608,867
Trading Revenue	27,400	27,400	27,400	27,400
Official Development Assistance	0	0	0	0
Total Resourcing	636,267	636,267	636,267	636,267

Table 7-11 Output Funding for BTIB (\$)

Output	Output 1	Output 2	Output 3	Output 4	Output 5	Total
Personnel	70,511	68,293	74,263	30,641	146,292	390,000
Operating	44,001	48,466	46,600	46,600	56,600	242,267
Administered Funding	0	0	0	0	0	0
Depreciation	667	667	667	667	1,333	4,000
Gross Operating Appropriation	115,179	117,426	121,530	77,908	204,225	636,267
Trading Revenue	0	27,400	0	0	0	27,400
Net Operating Appropriation	115,179	90,026	121,530	77,908	204,225	608,867

7.5.3.1. Business Trade and Investment Board Outputs

Output 1: Business Enterprise

Output 2: Trade and Marketing

Output 3: Foreign Investment

Output 4: Monitoring and Compliance

Output 5: Corporate Services

Table 7-12 Baselines and New Budget Measures, BTIB (\$)

Details	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
2022/23 Budget Personnel Baseline	390,000	390,000	390,000	390,000
2023/24 Budget Personnel Budget	390,000	390,000	390,000	390,000
2022/23 Budget Operating Baseline	242,266	242,266	242,266	242,266
Decimal Clean-up	1	1	1	1
2023/24 Budget Operating Budget	242,267	242,267	242,267	242,267
2022/23 Budget Administered Payments Baseline	0	0	0	0
2023/24 Budget Administered Payments	0	0	0	0
2022/23 Budget Depreciation Baseline	4,000	4,000	4,000	4,000
2023/24 Budget Depreciation	4,000	4,000	4,000	4,000
Gross Operating Appropriation	611,266	636,266	636,266	636,266
2022/23 Budget Trading Revenue Baseline	27,400	27,400	27,400	27,400
2023/24 Budget Trading Revenue	27,400	27,400	27,400	27,400
Net Operating Appropriation	608,867	608,867	608,867	608,867

- There are no significant changes to the 2023/24 Business Trade and Investment Board's budget.

7.5.4. Cook Islands Investment Corporation (CIIC)

Cook Islands Investment Corporation		2022/23	2023/24	2024/25	2025/26
MTEC	Personnel	1,486,000	1,486,000	1,486,000	1,486,000
	Operating	1,024,000	1,024,000	1,224,000	1,224,000
	Administered Payments	2,200,000	2,200,000	2,700,000	2,700,000
	Depreciation	51,000	51,000	51,000	51,000
	Gross Appropriation	4,761,000	4,761,000	5,461,000	5,461,000
	Trading Revenue	753,831	753,831	753,831	753,831
	Net Appropriation	4,007,169	4,007,169	4,707,169	4,707,169
	POBOC	4,738,099	3,238,099	2,738,099	2,238,099
	Medium-term Expenditure Ceiling	9,499,099	7,999,099	8,199,099	7,699,099

Table 7-13 Total Resourcing – Government and ODA, CIIC (\$)

	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Net Appropriation	4,007,169	4,007,169	4,707,169	4,707,169
Trading Revenue	753,831	753,831	753,831	753,831
Official Development Assistance				
Total Resourcing	4,761,000	4,761,000	5,461,000	5,461,000

Table 7-14 Output Funding for CIIC (\$)

Output	Output 1	Output 2	Output 3	Output 4	Output 5	Total
Personnel	715,716	163,170	477,186	129,928	0	1,486,000
Operating	703,533	44,650	275,817	0	0	1,024,000
Administered Funding	1,230,000	50,000	0	400,000	520,000	2,200,000
Depreciation	51,000	0	0	0	0	51,000
Gross Operating Appropriation	2,700,249	257,820	753,003	529,928	520,000	4,761,000
Trading Revenue	753,831	0	0	0	0	753,831
Net Operating Appropriation	1,946,418	257,820	753,003	529,928	520,000	4,007,169

7.5.4.1. Cook Islands Investment Corporation Outputs

Output 1: Effective Asset Management

Output 2: Effective management of state-owned enterprises

Output 3: Corporate Services

Output 4: Effective Land Management

Output 5: Effective Asset Development

Table 7-15 Baselines and New Budget Measures, CIIC (\$)

Details	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
2022/23 Budget Personnel Baseline	1,486,000	1,486,000	1,486,000	1,486,000
2023/24 Budget Personnel Budget	1,486,000	1,486,000	1,486,000	1,486,000
2022/23 Budget Operating Baseline	1,024,000	1,024,000	1,224,000	1,224,000
2023/24 Budget Operating Budget	1,024,000	1,024,000	1,224,000	1,224,000
2022/23 Budget Administered Payments Baseline	2,200,000	2,200,000	2,200,000	2,200,000
CIG Buildings Repairs & Maintenance	0	0	500,000	500,000
2023/24 Budget Administered Payments	1,700,000	1,950,000	2,700,000	2,700,000
2022/23 Budget Depreciation Baseline	51,000	51,000	51,000	51,000
2023/24 Budget Depreciation	51,000	51,000	51,000	51,000
Gross Operating Appropriation	4,761,000	4,761,000	5,461,000	5,461,000
2022/23 Budget Trading Revenue Baseline	753,831	753,831	753,831	753,831
2023/24 Budget Trading Revenue	753,831	753,831	753,831	753,831
Net Operating Appropriation	4,007,169	4,007,169	4,707,169	4,707,169
2022/23 Budget POBOC Baseline	3,738,099	3,238,099	2,738,099	2,738,099
To Tatou Vai	1,000,000	0	0	0
Reduction in Airport Authority	0	0	0	(500,000)
2023/24 Budget POBOC	4,738,099	3,238,099	2,738,099	2,238,099

Changes for the 2023/24 Cook Islands Investment Corporation's budget include:

- \$500,000 from 2025/26 to increase the CIG Building Repairs and Maintenance Administered Fund.
- \$1.0 million has been transferred from To Tatou Vai's capital appropriation to its POBOC appropriation to sustain its normal business operations for 2023/24.
- Programmed reduction of \$500,000 for the Airport Authority POBOC from 2026/27. This is the final reduction in support provided to the Airport Authority of the Cook Islands, positioning the Authority to operate on a self-funded basis going forward.

Table 7-16 Administered Payments, CIIC (\$)

Output	Administered Payment	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
1	School Security	230,000	230,000	230,000	230,000
1	CIG Buildings Repairs & Maintenance	1,000,000	1,000,000	1,500,000	1,500,000
	Output 1 Administered Funding	1,230,000	1,230,000	1,730,000	1,730,000
2	Joint Venture with Seabed Minerals Authority	50,000	50,000	50,000	50,000
	Output 2 Administered Funding	50,000	50,000	50,000	50,000
4	Provision for Land Rentals	400,000	400,000	400,000	400,000
	Output 4 Administered Funding	400,000	400,000	400,000	400,000
5	Infrastructure Committee	100,000	100,000	100,000	100,000
5	Government Facilities Development Division	420,000	420,000	420,000	420,000
	Output 5 Administered Funding	520,000	520,000	520,000	520,000
	Total CIIC Administered Funding	2,200,000	2,200,000	2,700,000	2,700,000

Table 7-17 Payments on Behalf of Crown, CIIC (\$)

Output	POBOCs	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
2	BCI - social assistance subsidy	128,000	128,000	128,000	128,000
2	Airport Authority subsidy	1,500,000	1,000,000	500,000	0
2	Ports Authority - subsidy	110,099	110,099	110,099	110,099
2	To Tatou Vai	3,000,000	2,000,000	2,000,000	2,000,000
	Output 2 POBOC Funding	4,738,099	3,238,099	2,738,099	2,238,099
	Total Cook Islands Investment Corporation POBOC Funding	4,738,099	3,238,099	2,738,099	2,238,099

7.5.5. Ministry of Corrective Services

Corrective Services		2023/24	2024/25	2025/26	2026/27
MTEC	Personnel	1,545,607	1,545,607	1,545,607	1,545,607
	Operating	229,131	229,131	229,131	229,131
	Administered Payments	0	0	0	0
	Depreciation	40,999	40,999	40,999	40,999
	Gross Appropriation	1,815,737	1,815,737	1,815,737	1,815,737
	Trading Revenue	100,000	100,000	100,000	100,000
	Net Appropriation	1,715,737	1,715,737	1,715,737	1,715,737
	POBOC	0	0	0	0
Medium-term Expenditure Ceiling	1,815,737	1,815,737	1,815,737	1,815,737	

Table 7-18 Total Resourcing – Government and ODA, Corrective Services (\$)

	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Net Appropriation	1,715,737	1,715,737	1,715,737	1,715,737
Trading Revenue	100,000	100,000	100,000	100,000
Official Development Assistance	0	0	0	0
Total Resourcing	1,815,737	1,815,737	1,815,737	1,815,737

Table 7-19 Output Funding for 2023/24, Corrective Services (\$)

Output	Output 1	Output 2	Output 3	Total
Personnel	383,705	993,037	168,865	1,545,607
Operating	32,400	131,100	65,631	229,131
Administered Funding	0	0	0	0
Depreciation	4,999	33,000	3,000	40,999
Gross Operating Appropriation	421,104	1,157,137	237,496	1,815,737
Trading Revenue	0	100,000	0	100,000
Net Operating Appropriation	421,104	1,057,137	237,496	1,715,737

7.5.5.1. Ministry of Corrective Services Outputs

Output 1: Probation Service

Output 2: Prison Service

Output 3: Corporate Services

Table 7-20 Baselines and New Budget Measures, Corrective Services (\$)

Details	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
2022/23 Budget Personnel Baseline	1,459,326	1,459,326	1,459,326	1,459,326
Senior Probation Officer - Aitutaki	34,881	34,881	34,881	34,881
Prison Officers	51,400	51,400	51,400	51,400
2023/24 Budget Personnel Budget	1,545,607	1,545,607	1,545,607	1,545,607
2022/23 Budget Operating Baseline	229,131	229,131	229,131	229,131
2023/24 Budget Operating Budget	229,131	229,131	229,131	229,131
2022/23 Budget Administered Payments Baseline	0	0	0	0
2023/24 Budget Administered Payments	0	0	0	0
2022/23 Budget Depreciation Baseline	41,000	41,000	41,000	41,000
Decimal Clean-up	(1)	(1)	(1)	(1)
2023/24 Budget Depreciation	40,999	40,999	40,999	40,999
Gross Operating Appropriation	1,815,737	1,815,737	1,815,737	1,815,737
2022/23 Budget Trading Revenue Baseline	100,000	100,000	100,000	100,000
2023/24 Budget Trading Revenue	100,000	100,000	100,000	100,000
Net Operating Appropriation	1,715,737	1,715,737	1,715,737	1,715,737

Changes for the 2023/24 Corrective Services' budget include:

- \$34,881 increase in personnel from 2023/24 to recruit a Senior Probation Officer in Aitutaki.
- \$51,400 increase in personnel for the recruitment of two Prison Officers from 2023/24.

7.5.6. Crown Law Office

Crown Law		2023/24	2024/25	2025/26	2026/27
MTEC	Personnel	1,067,500	1,067,500	1,067,500	1,067,500
	Operating	163,501	163,501	163,501	163,501
	Administered Payments	180,000	180,000	180,000	180,000
	Depreciation	3,000	3,000	3,000	3,000
	Gross Appropriation	1,414,001	1,414,001	1,414,001	1,414,001
	Trading Revenue	0	0	0	0
	Net Appropriation	1,414,001	1,414,001	1,414,001	1,414,001
	POBOC	0	0	0	0
	Medium-term Expenditure Ceiling	1,414,001	1,414,001	1,414,001	1,414,001

Table 7-21 Total Resourcing – Government and ODA, Crown Law (\$)

	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Net Appropriation	1,414,001	1,414,001	1,414,001	1,414,001
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
Total Resourcing	1,414,001	1,414,001	1,414,001	1,414,001

Table 7-22 Output Funding for Crown Law (\$)

Output	Output 1	Output 2	Output 3	Output 4	Total
Personnel	522,800	157,500	257,250	129,950	1,067,500
Operating	59,401	43,375	43,375	17,350	163,501
Administered Funding	80,000	100,000	0	0	180,000
Depreciation	0	0	0	3,000	3,000
Gross Operating Appropriation	662,201	300,875	300,625	150,300	1,414,001
Trading Revenue	0	0	0	0	0
Net Operating Appropriation	662,201	300,875	300,625	150,300	1,414,001

7.5.6.1. Crown Law Office Outputs

Output 1: Advice

Output 2: Litigation

Output 3: Legislation

Output 4: Corporate Services

Table 7-23 Baselines and New Budget Measures, Crown Law (\$)

Details	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
2022/23 Budget Personnel Baseline	897,500	897,500	897,500	897,500
Personnel adjustment	170,000	170,000	170,000	170,000
2023/24 Budget Personnel Budget	1,067,500	1,067,500	1,067,500	1,067,500
2022/23 Budget Operating Baseline	163,500	173,500	173,500	173,500
Decimal Clean-up	1	1	1	1
2023/24 Budget Operating Budget	163,501	163,501	163,501	163,501
2022/23 Budget Administered Payments Baseline	130,000	130,000	130,000	130,000
Legal Provisions	50,000	50,000	50,000	50,000
2023/24 Budget Administered Payments	180,000	180,000	180,000	180,000
2022/23 Budget Depreciation Baseline	3,000	3,000	3,000	3,000
2023/24 Budget Depreciation	3,000	3,000	3,000	3,000
Gross Operating Appropriation	1,414,001	1,414,001	1,414,001	1,414,001
2022/23 Budget Trading Revenue Baseline	0	0	0	0
2023/24 Budget Trading Revenue	0	0	0	0
Net Operating Appropriation	1,414,001	1,414,001	1,414,001	1,414,001

Changes for the 2023/24 Crown Law Office's budget include:

- \$170,000 reinstatement of personnel funding from 2023/24 that was programmed to be removed.
- \$50,000 increase to the Legal Provisions Administered Payment to fund external counsel services when needed.

Table 7-24 Administered Payments, Crown Law (\$)

Output	Administered Payment	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
1	Lexis Nexis - Portal Maintenance	80,000	80,000	80,000	80,000
	Output 1 Administered Funding	80,000	80,000	80,000	80,000
2	Legal Provisions	100,000	100,000	100,000	100,000
	Output 2 Administered Funding	100,000	100,000	100,000	100,000
	Total Crown Law Administered Funding	180,000	180,000	180,000	180,000

7.5.7. Ministry of Cultural Development

Cultural Development		2023/24	2024/25	2025/26	2026/27
MTEC	Personnel	867,171	867,171	867,171	867,171
	Operating	128,000	128,000	128,000	128,000
	Administered Payments	615,000	615,000	665,000	665,000
	Depreciation	89,500	89,500	89,500	89,500
	Gross Appropriation	1,699,671	1,699,671	1,749,671	1,749,671
	Trading Revenue	170,000	170,000	170,000	170,000
	Net Appropriation	1,529,671	1,529,671	1,579,671	1,579,671
	POBOC	336,690	336,690	336,690	336,690
	Medium-term Expenditure Ceiling	2,036,361	2,036,361	2,086,361	2,086,361

Table 7-25 Total Resourcing – Government and ODA, Culture (\$)

	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Net Appropriation	1,529,671	1,529,671	1,579,671	1,579,671
Trading Revenue	170,000	170,000	170,000	170,000
Official Development Assistance	0	0	0	0
Total Resourcing	1,699,671	1,699,671	1,749,671	1,749,671

Table 7-26 Output Funding for Culture (\$)

Output	Output 1	Output 2	Output 3	Total
Personnel	222,184	261,094	383,893	867,171
Operating	20,894	52,445	54,661	128,000
Administered Funding	615,000	0	0	615,000
Depreciation	25,693	18,731	45,076	89,500
Gross Operating Appropriation	883,771	332,270	483,630	1,699,671
Trading Revenue	150,000	10,000	10,000	170,000
Net Operating Appropriation	733,771	322,270	473,630	1,529,671

7.5.7.1. Ministry of Cultural Development Outputs

Output 1: Cultural Identity

Output 2: Cultural Heritage

Output 3: Cultural Governance

Table 7-27 Baselines and New Budget Measures, Culture (\$)

Details	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
2022/23 Budget Personnel Baseline	864,250	864,250	864,250	864,250
Minimum Wage Adjustment	2,921	2,921	2,921	2,921
2023/24 Budget Personnel Budget	867,171	867,171	867,171	867,171
2022/23 Budget Operating Baseline	128,000	128,000	128,000	128,000
2023/24 Budget Operating Budget	128,000	128,000	128,000	128,000
2022/23 Budget Administered Payments Baseline	615,000	615,000	665,000	665,000
2023/24 Budget Administered Payments	615,000	615,000	665,000	665,000
2022/23 Budget Depreciation Baseline	89,500	89,500	89,500	89,500
2023/24 Budget Depreciation	89,500	89,500	89,500	89,500
Gross Operating Appropriation	1,699,671	1,699,671	1,749,671	1,749,671
2022/23 Budget Trading Revenue Baseline	170,000	170,000	170,000	170,000
2022/23 Budget Trading Revenue	170,000	170,000	170,000	170,000
Net Operating Appropriation	1,529,671	1,529,671	1,579,671	1,579,671
2022/23 Budget POBOC Baseline	336,690	336,690	336,690	336,690
2023/24 Budget POBOC	336,690	336,690	336,690	336,690

Changes for the 2023/24 Ministry of Cultural Development’s budget include:

- \$2,921 increase in personnel from 2023/24 for minimum wage adjustment.

Table 7-28 Administered Payments, Culture (\$)

Output	Administered Payment	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
1	Te Kopapa Reo Maori Board	15,000	15,000	15,000	15,000
1	National Events Fund	500,000	500,000	500,000	500,000
1	Cook Islands Cultural Fund	100,000	100,000	150,000	150,000
	Output 1 Administered Funding	615,000	615,000	665,000	665,000
	Total Cultural Development Administered Funding	615,000	615,000	665,000	665,000

Table 7-29 Payments on Behalf of Crown, Culture (\$)

Output	POBOCs	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
3	House of Ariki	336,690	336,690	336,690	336,690
	Output 3 POBOC Funding	336,690	336,690	336,690	336,690
	Total Cultural Development POBOC Funding	336,690	336,690	336,690	336,690

7.5.8. Ministry of Education

Education		2023/24	2024/25	2025/26	2026/27
MTEC	Personnel	12,423,849	12,423,849	12,450,763	12,450,763
	Operating	2,495,820	2,425,820	2,425,820	2,425,820
	Administered Payments	4,956,602	4,986,602	5,009,952	5,009,952
	Depreciation	615,000	615,000	615,000	615,000
	Gross Appropriation	20,491,271	20,451,271	20,501,535	20,501,535
	Trading Revenue	0	0	0	0
	Net Appropriation	20,491,271	20,451,271	20,501,535	20,501,535
	POBOC	0	0	0	0
Medium-term Expenditure Ceiling		20,491,271	20,451,271	20,501,535	20,501,535

Table 7-30 Total Resourcing – Government and ODA, Education (\$)

	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Net Appropriation	20,491,271	20,451,271	20,501,535	20,501,535
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
Total Resourcing	20,491,271	20,451,271	20,501,535	20,501,535

Table 7-31 Output Funding for Education (\$)

Output	Output 1	Output 2	Output 3	Output 4	Total
Personnel	412,359	375,394	144,473	11,491,623	12,423,849
Operating	577,008	714,670	577,071	627,071	2,495,820
Administered Funding	0	3,565,277	1,365,000	26,325	4,956,602
Depreciation	0	26,000	0	589,000	615,000
Gross Operating Appropriation	989,367	4,681,341	2,086,544	12,734,019	20,491,271
Trading Revenue	0	0	0	0	0
Net Operating Appropriation	989,367	4,681,341	2,086,544	12,734,019	20,491,271

7.5.8.1. Ministry of Education Outputs

Output 1: Taku Ipukarea Kia Rangatira

Output 2: Learning and Teaching

Output 3: Learning and the Community

Output 4: Infrastructure and Support

Table 7-32 Baselines and New Budget Measures, Education (\$)

Details	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
2022/23 Budget Personnel Baseline	12,230,197	12,230,197	12,230,197	12,230,197
Teacher's remuneration (tranche 3)	150,000	150,000	150,000	150,000
Teacher's remuneration (tranche 4)	0	0	26,914	26,914
Minimum wage adjustments	43,652	43,652	43,652	43,652
2023/24 Budget Personnel Budget	12,423,849	12,423,849	12,450,763	12,450,763
2022/23 Budget Operating Baseline	2,425,820	2,425,820	2,425,820	2,425,820
Operating adjustment - NCEA Change Programme	70,000	0	0	0
2023/24 Budget Operating Budget	2,495,820	2,425,820	2,425,820	2,425,820
2022/23 Budget Administered Payments Baseline	4,834,602	4,834,602	4,834,602	4,834,602
Private School Funding	72,000	72,000	95,350	95,350
Government Funded Scholarships - Fees Free	50,000	80,000	80,000	80,000
2023/24 Budget Administered Payments	4,956,602	4,986,602	5,009,952	5,009,952
2022/23 Budget Depreciation Baseline	615,000	615,000	615,000	615,000
2023/24 Budget Depreciation	615,000	615,000	615,000	615,000
Gross Operating Appropriation	20,491,271	20,451,271	20,501,535	20,501,535
2022/23 Budget Trading Revenue Baseline	0	0	0	0
2023/24 Budget Trading Revenue	0	0	0	0
Net Operating Appropriation	20,491,271	20,451,271	20,501,535	20,501,535

Changes for the 2023/24 Ministry of Education's budget include:

- \$36,000 from 2023/24 to fund a shortfall in the private school's minimum wage adjustment approved in 2022/23.
- Additional funding of \$79,652 from 2023/24 to address the new minimum wage adjustment approved for the new financial year for both private and public schools.
- \$150,000 personnel increase from 2023/24 to address tranche 3 of the teacher's remuneration.
- \$26,914 personnel increase from 2025/26 to address tranche 4 of the teacher's remuneration for public schools.
- \$23,350 increase to Private schools administered funding from 2025/26 to address tranche 4 of the teacher's remuneration.
- One-off funding of \$70,000 in operating to go towards the new proposed National Certificate of Educational Achievement (NCEA) Change Programme.
- \$50,000 in 2023/24 and \$80,000 from 2024/25 to support the continuation of the Fees Free initiative first created under the Economic Recovery Roadmap. These funds will be managed under a new administered payment under Government Funded Scholarships – Fees Free.

Table 7-33 Administered Payments, Education (\$)

Output	Administered Payment	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
2	Govt funded scholarships	780,000	780,000	780,000	780,000
2	Private School Funding	2,735,277	2,735,277	2,758,627	2,758,627
	Government Funded Scholarships - Fees Free	50,000	80,000	80,000	80,000
	Output 2 Administered Funding	3,565,277	3,595,277	3,618,627	3,618,627
3	Tertiary Training Institutions	1,160,000	1,160,000	1,160,000	1,160,000
3	University of the South Pacific Contribution	205,000	205,000	205,000	205,000
	Output 3 Administered Funding	1,365,000	1,365,000	1,365,000	1,365,000
4	Bus Service	26,325	26,325	26,325	26,325
	Output 4 Administered Funding	26,325	26,325	26,325	26,325
	Total Education Administered Funding	4,956,602	4,986,602	5,009,952	5,009,952

7.5.9. National Environment Service

Environment		2023/24	2024/25	2025/26	2026/27
MTEC	Personnel	1,081,782	1,081,782	1,081,782	1,081,782
	Operating	351,001	301,001	301,001	301,001
	Administered Payments	1,010,000	610,000	250,000	250,000
	Depreciation	30,000	30,000	30,000	30,000
	Gross Appropriation	2,472,783	2,022,783	1,662,783	1,662,783
	Trading Revenue	35,000	35,000	35,000	35,000
	Net Appropriation	2,437,783	1,987,783	1,627,783	1,627,783
	POBOC	0	0	0	0
Medium-term Expenditure Ceiling		2,472,783	2,022,783	1,662,783	1,662,783

Table 7-34 Total Resourcing – Government and ODA, Environment (\$)

	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Net Appropriation	2,437,783	1,987,783	1,627,783	1,627,783
Trading Revenue	35,000	35,000	35,000	35,000
Official Development Assistance	0	0	0	0
Total Resourcing	2,472,783	2,022,783	1,662,783	1,662,783

Table 7-35 Output Funding for Environment (\$)

Output	Output 1	Output 2	Output 3	Output 4	Output 5	Total
Personnel	396,182	225,423	99,100	324,216	36,860	1,081,782
Operating	300,001	18,500	10,000	22,500	0	351,001
Administered Funding	760,000	150,000	100,000	0	0	1,010,000
Depreciation	30,000	0	0	0	0	30,000
Gross Operating Appropriation	1,486,183	393,923	209,100	346,716	36,860	2,472,783
Trading Revenue	0	35,000	0	0	0	35,000
Net Operating Appropriation	1,486,183	358,923	209,100	346,716	36,860	2,437,783

7.5.9.1. National Environment Service Outputs

Output 1: Puna 'Akatereau - Environmental Policy and Planning

Output 2: Puna Akoako e te Arapaki Ture – Environmental Compliance

Output 3: Puna Orama – Environmental Stewardship

Output 4: Puna Orama – Environmental Stewardship (Pa Enuā)

Output 5: Environmental Partnerships

Table 7-36 Baselines and New Budget Measures, Environment (\$)

Details	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
2022/23 Budget Personnel Baseline	990,826	990,826	990,826	990,826
Pa Enea Environment Officers	90,000	90,000	90,000	90,000
Minimum Wage adjustments	956	956	956	956
2023/24 Budget Personnel Budget	1,081,782	1,081,782	1,081,782	1,081,782
2022/23 Budget Operating Baseline	301,000	301,000	301,000	301,000
National Environment Policy	50,000	0	0	0
Decimal Clean-up	1	1	1	1
2023/24 Budget Operating Budget	351,001	301,001	301,001	301,001
2022/23 Budget Administered Payments Baseline	372,241	372,241	372,241	372,241
Natural Heritage Trust - transferred to MFEM	(122,241)	(122,241)	(122,241)	(122,241)
Legacy Waste - Vehicles & Whiteware	360,000	360,000	0	0
Feasibility Study for Coastal Protection - Rarotonga & Aitutaki	400,000	0	0	0
2023/24 Budget Administered Payments	1,010,000	610,000	250,000	250,000
2022/23 Budget Depreciation Baseline	30,000	30,000	30,000	30,000
2023/24 Budget Depreciation	30,000	30,000	30,000	30,000
Gross Operating Appropriation	2,472,783	2,022,783	1,662,783	1,662,783
2021/22 Budget Trading Revenue Baseline	35,000	35,000	35,000	35,000
2022/23 Budget Trading Revenue	35,000	35,000	35,000	35,000
Net Operating Appropriation	2,437,783	1,987,783	1,627,783	1,627,783

Changes for the 2023/24 National Environment Service's budget include:

- \$90,000 increase in personnel to support the Pa Enea Environment Officers.
- \$956 increase in personnel to cover minimum wage adjustments.
- One-off funding of \$50,000 to assist with the collection of data to support the implementation of the National Environment Policy.
- Transfer of the Natural Heritage Trust administered fund to be managed by the Ministry of Finance and Economic Management.
- \$360,000 for 2023/24 & 2024/25 for the removal of legacy waste – vehicles and whiteware. Of this total, \$192,000 is allocated for the removal of whiteware and \$168,000 for the removal of vehicles.
- One-off funding of \$400,000 to conduct feasibility studies on coastal protection on Rarotonga and Aitutaki. \$150,000 has been allocated for the feasibility study on Rarotonga and \$250,000 for the feasibility study on Aitutaki.

Table 7-37 Administered Payments, Environment (\$)

Output	Administered Payment	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
1	Feasibility Study for Coastal Protection - Rarotonga & Aitutaki	400,000	0	0	0
	Output 1 Administered Funding	400,000	0	0	0
2	EIA Process	150,000	150,000	150,000	150,000
	Output 2 Administered Funding	150,000	150,000	150,000	150,000
3	Management of Suwarrow Park	100,000	100,000	100,000	100,000
	Legacy Waste - Vehicles & Whiteware	360,000	360,000	0	0
	Output 3 Administered Funding	460,000	100,000	100,000	100,000
	Total Environment Administered Funding	1,010,000	250,000	250,000	250,000

7.5.10. Ministry of Finance and Economic Management (MFEM)

Finance and Economic Management		2023/24	2024/25	2025/26	2026/27
MTEC	Personnel	6,657,507	6,657,507	6,657,507	6,657,507
	Operating	767,420	767,420	767,420	767,420
	Administered Payments	23,470,421	18,748,421	17,848,421	17,398,421
	Depreciation	924,000	924,000	924,000	330,000
	Gross Appropriation	31,819,348	27,097,348	26,197,348	25,153,348
	Trading Revenue	954,341	954,341	954,341	954,341
	Net Appropriation	30,865,007	26,143,007	25,243,007	24,199,007
	POBOC	825,000	825,000	825,000	825,000
Medium-term Expenditure Ceiling	32,644,348	27,922,348	27,022,348	25,978,348	

Table 7-38 Total Resourcing – Government and ODA, MFEM (\$)

	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Net Appropriation	30,865,007	26,143,007	25,243,007	24,199,007
Trading Revenue	954,341	954,341	954,341	954,341
Official Development Assistance	0	0	0	0
Total Resourcing	31,819,348	27,097,348	26,197,348	25,153,348

Table 7-39 Output Funding for MFEM (\$)

Output	Output 1	Output 2	Output 3	Output 4
Personnel	821,670	1,205,089	3,021,966	480,258
Operating	75,000	124,187	365,947	45,000
Administered Funding	21,632,000	962,741	155,680	200,000
Depreciation	1,000	619,000	248,000	6,000
Gross Operating Appropriation	22,529,670	2,911,017	3,791,593	731,258
Trading Revenue	0	3,501	950,840	0
Net Operating Appropriation	22,529,670	2,907,516	2,840,753	731,258

Output	Output 5	Output 6	Output 7	Total
Personnel	252,543	775,147	100,834	6,657,507
Operating	70,000	67,286	20,000	767,420
Administered Funding	0	520,000	0	23,220,421
Depreciation	7,000	42,000	1,000	924,000
Gross Operating Appropriation	329,543	1,404,433	121,834	31,819,348
Trading Revenue	0	0	0	954,341
Net Operating Appropriation	329,543	1,404,433	121,834	30,865,007

7.5.10.1. Ministry of Finance and Economic and Management Outputs

Output 1: Economic Planning Division (EPD)

Output 2: Treasury Management Division (TMD)

Output 3: Revenue Management Division (RMD)

Output 4: Cook Islands Statistics Office (CISO)

Output 5: Development Coordination Division (DCD)

Output 6: Major Projects and Procurement Support Division (MPPS)

Output 7: Office of the Financial Secretary

Table 7-40 Baselines and New Budget Measures, MFEM (\$)

Details	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
2022/23 Budget Personnel Baseline	6,534,508	6,534,508	6,534,508	6,534,508
Personnel adjustments – Statistics Officers	40,000	40,000	40,000	40,000
Transfer from the Debt Advisory Administered Payment	60,000	60,000	60,000	60,000
Transfer to IGOR Administered Payment	(47,630)	(47,630)	(47,630)	(47,630)
Personnel Adjustment - Tax Outreach Officer	70,000	70,000	70,000	70,000
Minimum Wage Adjustment	629	629	629	629
2023/24 Budget Personnel Budget	6,657,507	6,657,507	6,657,507	6,657,507
2022/23 Budget Operating Baseline	822,419	822,419	822,419	822,419
Decimal Clean-Up	1	1	1	1
Transfer to the FMIS Maintenance Admin. Fund	(55,000)	(55,000)	(55,000)	(55,000)
2023/24 Budget Operating Budget	767,420	767,420	767,420	767,420
2022/23 Budget Administered Payments Baseline	13,613,550	13,353,550	12,353,550	12,353,550
National Heritage Trust Fund	122,241	122,241	122,241	122,241
Economic Recovery Roadmap	(50,000)	0	0	0
Conduct a Labour Force Survey	200,000	0	0	0
Debt Advisory Services	(60,000)	(60,000)	(60,000)	(60,000)
FMIS Maintenance	65,000	70,000	70,000	70,000
Government Broadband Utilities	(30,000)	(30,000)	(30,000)	(30,000)
IGOR system	47,630	47,630	47,630	47,630
Border Management System Maintenance	(155,250)	(155,250)	(155,250)	(155,250)
ASYCUDA Administrative Fund	100,250	100,250	100,250	100,250
Airline Route Development	0	5,300,000	5,400,000	4,600,000
National Census	0	0	0	350,000
Reappropriation - Airline Route Development	7,450,000	0	0	0
Reappropriation – Economic Recovery Roadmap	2,167,000	0	0	0
2023/24 Budget Administered Payments	23,470,421	18,748,421	17,848,421	17,398,421
2022/23 Budget Depreciation Baseline	260,000	260,000	260,000	260,000
Depreciation adjustment – fixed assets	70,000	70,000	70,000	70,000
Depreciation of the FMI System	594,000	594,000	594,000	0
2023/24 Budget Depreciation	924,000	924,000	924,000	330,000
Gross Operating Appropriation	31,819,348	27,097,348	26,197,348	25,153,348
2022/23 Budget Trading Revenue Baseline	954,341	954,341	954,341	954,341
2023/24 Budget Trading Revenue	954,341	954,341	954,341	954,341
Net Operating Appropriation	30,865,007	26,143,007	25,243,007	24,199,007
2022/23 Budget POBOC Baseline	825,000	825,000	825,000	825,000
2023/24 Budget POBOC	825,000	825,000	825,000	825,000

Changes for the 2023/24 Ministry of Finance and Economic Management’s budget include:

- \$40,000 from 2023/24 to support two Statistics clerk positions.
- Transfer of \$60,000 from Debt Advisory Services administered payment to personnel funding to support the high cost of labour and maintaining existing staff structure.
- Transfer of \$47,630 in personnel to cover the cost increase to the IGOR – International Tax Reporting System.
- \$70,000 to appoint Tax Outreach Officers for Aitutaki and the Pa Enea
- \$629 annually for the minimum wage adjustment.
- Transfer of \$55,000 from operating to the FMIS Maintenance administered fund.
- Transfer of the Natural Heritage Trust administered fund from the National Environment Service to MFEM.
- \$50,000 transferred to the new Government Funded Scholarships – Fees Free administered payment under the Ministry of Education for 2023/24.
- \$200,000 to complete a Labour Force Survey in 2023/24. This will assist in measuring the state of the economy post-COVID.

- Increase in funding of \$10,000 in 2023/24 and \$15,000 from 2024/25 for the Financial Management and Information System (FMIS) Maintenance Fund to support the increase in costs for software maintenance.
- Transfer of \$30,000 from the Government Broadband Utilities administered payment to the OPM ICT Activities administered payment under the Office of the Prime Minister.
- Reduction of \$55,000 p.a. from the Border Management System Maintenance administered fund and the remaining funds have been transferred to new ASYCUDA administration payment.
- Funding of \$350,000 in 2026/27 for the next national census.
- Additional funding of \$5.3 million in 2024/25, \$5.4 million in 2025/26 and \$4.6 million in 2026/27 has been provided for the Airline Route Development administered fund to support the airline contracts.
- Reappropriation of \$7.5 million from 2022/23 to 2023/24 for the Airline Route Development.
- Reappropriation of \$2.2 million from 2022/23 to 2023/24 for the Economic Recovery Roadmap.
- \$70,000 p.a. increase in depreciation for fixed assets within MFEM.
- \$594,000 p.a. until 2025/26 for the depreciation of FMIS.

Table 7-41 Administered Payments, MFEM (\$)

Output	Administered Payment	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
1	Airline Route Development	17,450,000	15,300,000	15,400,000	14,600,000
1	Economic Recovery Roadmap	3,517,000	1,200,000	200,000	200,000
1	Price Tribunal Committee	45,000	45,000	45,000	45,000
1	Public Sector Strengthening-processes and systems	150,000	150,000	150,000	150,000
1	Standard and Poor's Subscription	70,000	70,000	70,000	70,000
1	Universal Access Fund	400,000	400,000	400,000	400,000
	Output 1 Administered Funding	21,632,000	17,165,000	16,265,000	15,465,000
2	Asian Infrastructure Investment Bank (AIIB) Membership	30,500	30,500	30,500	30,500
2	Audit of Crown Accounts	30,000	30,000	30,000	30,000
2	Production of new currency, transportation and sale of old coins	350,000	350,000	350,000	350,000
2	Special Investigative and Prosecution Services	50,000	50,000	50,000	50,000
2	Subsidy of audio/visual broadcasting in Pa Enuu	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	145,000	150,000	150,000	150,000
2	Natural Heritage Trust Fund	122,241	122,241	122,241	122,241
2	Cook Islands Red Cross	50,000	50,000	50,000	50,000
	Output 2 Administered Funding	962,741	907,741	907,741	907,741
3	IGOR - International Exchange of Information system upgrade	55,430	55,430	55,430	55,430
3	ASYCUDA Administrative Fund	100,250	100,250	100,250	100,250
	Output 3 Administered Funding	155,680	155,680	155,680	155,680
4	National Census	0	0	0	350,000
4	Conduct a labour force survey	200,000	0	0	0
	Output 4 Administered Funding	200,000	0	0	350,000
6	Provision for Inter Island Shipping	500,000	500,000	500,000	500,000
6	Tarai Vaka Fund	20,000	20,000	20,000	20,000
	Output 6 Administered Funding	520,000	520,000	520,000	520,000
	Total MFEM Administered Funding	23,470,421	18,748,421	17,848,421	17,398,421

Table 7-42 Payments on Behalf of Crown, MFEM (\$)

Output	POBOCs	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
1	Competition and Regulatory Authority (CRA)	400,000	400,000	400,000	400,000
	Output 1 POBOC Funding	400,000	400,000	400,000	400,000
2	Pacific Catastrophe Risk Insurance	160,000	160,000	160,000	160,000
2	Parliamentary Superannuation	180,000	180,000	180,000	180,000
2	CIG Insurance	40,000	40,000	40,000	40,000
2	BEPS Subscription	45,000	45,000	45,000	45,000
	Output 2 POBOC Funding	425,000	425,000	425,000	425,000
	Total MFEM POBOC Funding	825,000	825,000	825,000	825,000

7.5.11. Financial Services Development Authority (FSDA)

Financial Services Development Authority		2023/24	2024/25	2025/26	2026/27
MTEC	Personnel	242,800	242,800	242,800	242,800
	Operating	217,900	217,900	217,900	217,900
	Administered Payments	0	0	0	0
	Depreciation	3,000	3,000	3,000	3,000
	Gross Appropriation	463,700	463,700	463,700	463,700
	Trading Revenue	0	0	0	0
	Net Appropriation	463,700	463,700	463,700	463,700
	POBOC	0	0	0	0
	Medium-term Expenditure Ceiling	463,700	463,700	463,700	463,700

Table 7-43 Total Resourcing – Government and ODA, FSDA (\$)

	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Net Appropriation	463,700	463,700	463,700	463,700
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
Total Resourcing	463,700	463,700	463,700	463,700

Table 7-44 Output Funding for FSDA (\$)

Output	Output 1	Total
Personnel	242,800	242,800
Operating	217,900	217,900
Administered Funding	0	0
Depreciation	3,000	3,000
Gross Operating Appropriation	463,700	463,700
Trading Revenue	0	0
Net Operating Appropriation	463,700	463,700

7.5.11.1. Financial Services Development Authority Outputs

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

Table 7-45 Baselines and New Budget Measures, FSDA (\$)

Details	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
2022/23 Budget Personnel Baseline	242,800	242,800	242,800	242,800
2023/24 Budget Personnel Budget	242,800	242,800	242,800	242,800
2022/23 Budget Operating Baseline	177,900	177,900	177,900	177,900
Marketing Programme	40,000	40,000	40,000	40,000
2023/24 Budget Operating Budget	217,900	217,900	217,900	217,900
2022/23 Budget Administered Payments Baseline	0	0	0	0
2023/24 Budget Administered Payments	0	0	0	0
2022/23 Budget Depreciation Baseline	3,000	3,000	3,000	3,000
2023/24 Budget Depreciation	3,000	3,000	3,000	3,000
Gross Operating Appropriation	463,700	463,700	463,700	463,700
2022/23 Budget Trading Revenue Baseline	0	0	0	0
2023/24 Budget Trading Revenue	0	0	0	0
Net Operating Appropriation	463,700	463,700	463,700	463,700

Changes for the 2023/24 Financial Services Development Authority's budget include:

- \$40,000 operating increase from 2023/24 for the continuation of the Marketing Programme.

7.5.12. Ministry of Foreign Affairs and Immigration (MFAI)

Foreign Affairs		2023/24	2024/25	2025/26	2026/27
MTEC	Personnel	2,350,031	2,350,031	2,350,031	2,350,031
	Operating	1,019,103	1,019,103	1,019,103	1,019,103
	Administered Payments	165,000	15,000	15,000	15,000
	Depreciation	45,000	45,000	45,000	45,000
	Gross Appropriation	3,579,134	3,429,134	3,429,134	3,429,134
	Trading Revenue	28,000	28,000	28,000	28,000
	Net Appropriation	3,551,134	3,401,134	3,401,134	3,401,134
	POBOC	953,461	953,461	953,461	953,461
Medium-term Expenditure Ceiling	4,532,595	4,382,595	4,382,595	4,382,595	

Table 7-46 Total Resourcing – Government and ODA, MFAI (\$)

	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Net Appropriation	3,551,134	3,401,134	3,401,134	3,401,134
Trading Revenue	28,000	28,000	28,000	28,000
Official Development Assistance	0	0	0	0
Total Resourcing	3,579,134	3,429,134	3,429,134	3,429,134

Table 7-47 Output Funding for MFAI (\$)

Output	Output 1	Output 2	Output 3	Output 4
Personnel	236,086	246,483	157,740	445,123
Operating	69,641	69,641	52,232	208,924
Administered Funding	0	0	0	0
Depreciation	6,753	14,369	9,561	7,864
Gross Operating Appropriation	312,480	330,493	219,533	661,911
Trading Revenue	0	0	0	0
Net Operating Appropriation	312,480	330,493	219,533	661,911

Output	Output 5	Output 6	Total
Personnel	364,275	900,324	2,350,031
Operating	135,265	483,400	1,019,103
Administered Funding	165,000	0	165,000
Depreciation	6,453	0	45,000
Gross Operating Appropriation	670,993	1,383,724	3,579,134
Trading Revenue	28,000	0	28,000
Net Operating Appropriation	642,993	1,383,724	3,551,134

7.5.12.1. Ministry of Foreign Affairs and Immigration Outputs

Output 1: Pacific Regional Affairs Division (PRAD)

Output 2: International Affairs and Trade

Output 3: Treaties, Multilateral and Oceans Division

Output 4: Immigration Service

Output 5: Capability and Service Delivery

Output 6: Overseas Diplomatic Missions

Table 7-48 Baselines and New Budget Measures, MFAI (\$)

Details	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
2022/23 Budget Personnel Baseline	1,982,692	1,982,692	1,982,692	1,982,692
Personnel adjustment	367,339	367,339	367,339	367,339
2023/24 Budget Personnel Budget	2,350,031	2,350,031	2,350,031	2,350,031
2022/23 Budget Operating Baseline	1,019,103	1,019,103	1,019,103	1,019,103
2023/24 Budget Operating Budget	1,019,103	1,019,103	1,019,103	1,019,103
2022/23 Budget Administered Payments Baseline	15,000	15,000	15,000	15,000
Pacific Islands Forum (PIFs) meeting	150,000	0	0	0
2023/24 Budget Administered Payments	15,000	15,000	15,000	15,000
2022/23 Budget Depreciation Baseline	45,000	45,000	45,000	45,000
2023/24 Budget Depreciation	45,000	45,000	45,000	45,000
Gross Operating Appropriation	3,579,134	3,429,134	3,429,134	3,429,134
2022/23 Budget Trading Revenue Baseline	28,000	28,000	28,000	28,000
2023/24 Budget Trading Revenue	28,000	28,000	28,000	28,000
Net Operating Appropriation	3,551,134	3,401,134	3,401,134	3,401,134
2022/23 Budget POBOC Baseline	953,461	953,461	953,461	953,461
2023/24 Budget POBOC	953,461	953,461	953,461	953,461

Changes for the 2023/24 Ministry of Foreign Affairs and Immigration's budget include:

- Increase in personnel of \$367,339 to support critical personnel and resourcing capacity.
- One-off funding of \$150,000 in 2023/24 to support the hosting of the 52nd Pacific Islands Forum Leaders Meeting from 6-10 November 2023 in the Cook Islands.

Table 7-49 Administered Payments, MFAI (\$)

Output	Administered Payment	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 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
5	Pacific Islands Forum (PIFs) meeting	150,000	0	0	0
	Output 5 Administered Funding	165,000	15,000	15,000	15,000
	Total Foreign Affairs Administered Funding	165,000	15,000	15,000	15,000

Table 7-50 Payments on behalf of Crown, MFAI (\$)

Output	POBOCs	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
5	International Maritime Organization - Maritime Cook Islands	63,461	63,461	63,461	63,461
5	International Subscriptions	890,000	890,000	890,000	890,000
	Output 5 POBOC Funding	953,461	953,461	953,461	953,461
	Total Foreign Affairs POBOC Funding	953,461	953,461	953,461	953,461

7.5.13. Head of State

Head of State		2023/24	2024/25	2025/26	2026/27
MTEC	Personnel	179,590	179,590	179,590	179,590
	Operating	22,299	22,299	22,299	22,299
	Administered Payments	36,000	36,000	36,000	36,000
	Depreciation	14,000	14,000	14,000	14,000
	Gross Appropriation	251,889	251,889	251,889	251,889
	Trading Revenue	0	0	0	0
	Net Appropriation	251,889	251,889	251,889	251,889
	POBOC	0	0	0	0
	Medium-term Expenditure Ceiling	251,889	251,889	251,889	251,889

Table 7-51 Total Resourcing – Government and ODA, Head of State (\$)

	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Net Appropriation	251,889	251,889	251,889	251,889
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
Total Resourcing	251,889	251,889	251,889	251,889

Table 7-52 Output Funding for Head of State (\$)

Output	Output 1	Total
Personnel	179,590	179,590
Operating	22,299	22,299
Administered Funding	36,000	36,000
Depreciation	14,000	14,000
Gross Operating Appropriation	251,889	251,889
Trading Revenue	0	0
Net Operating Appropriation	251,889	251,889

7.5.13.1. Head of State Output

Output 1: Corporate Services

Table 7-53 Baselines and New Budget Measures, Head of State (\$)

Details	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
2022/23 Budget Personnel Baseline	178,548	178,548	178,548	178,548
Transfer from Operating	359	359	359	359
Minimum Wage adjustment	683	683	683	683
2023/24 Budget Personnel Budget	179,590	179,590	179,590	179,590
2022/23 Budget Operating Baseline	22,658	22,658	22,658	22,658
Transfer to Personnel	(359)	(359)	(359)	(359)
2023/24 Budget Operating Budget	22,299	22,299	22,299	22,299
2022/23 Budget Administered Payments Baseline	36,000	36,000	36,000	36,000
2023/24 Budget Administered Payments	36,000	36,000	36,000	36,000
2022/23 Budget Depreciation Baseline	14,000	14,000	14,000	14,000
2023/24 Budget Depreciation	14,000	14,000	14,000	14,000
Gross Operating Appropriation	251,889	251,889	251,889	251,889
2022/23 Budget Trading Revenue Baseline	0	0	0	0
2023/24 Budget Trading Revenue	0	0	0	0
Net Operating Appropriation	251,889	251,889	251,889	251,889

Changes for the 2023/24 Head of State's budget include:

- \$683 annually for the minimum wage adjustment.
- Transfer of \$359 from operating to personnel to cover a shortfall in budget going forward.

Table 7-54 Administered Payments, Head of State (\$)

Output	Administered Payment	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
1	Domestic Hosting Entertainment	15,000	15,000	15,000	15,000
1	Head of State Rent	13,000	13,000	13,000	13,000
1	QR Social Responsibility Fund	8,000	8,000	8,000	8,000
	Output 1 Administered Funding	36,000	36,000	36,000	36,000
	Total Head of State Administered Funding	36,000	36,000	36,000	36,000

7.5.14. Ministry of Health (Te Marae Ora)

Health		2023/24	2024/25	2025/26	2026/27
MTEC	Personnel	13,133,557	13,172,557	13,172,557	13,172,557
	Operating	3,598,951	3,598,951	3,598,951	3,598,951
	Administered Payments	2,536,870	2,536,870	2,536,870	2,536,870
	Depreciation	1,731,000	1,781,000	1,781,000	1,781,000
	Gross Appropriation	21,000,378	21,089,378	21,089,378	21,089,378
	Trading Revenue	350,000	350,000	350,000	350,000
	Net Appropriation	20,650,378	20,739,378	20,739,378	20,739,378
	POBOC	0	0	0	0
	Medium-term Expenditure Ceiling	20,650,378	20,739,378	20,739,378	20,739,378

Table 7-55 Total Resourcing – Government and ODA, Health (\$)

	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Net Appropriation	20,650,378	20,739,378	20,739,378	20,739,378
Trading Revenue	350,000	350,000	350,000	350,000
Official Development Assistance	0	0	0	0
Total Resourcing	21,000,378	21,089,378	21,089,378	21,089,378

Table 7-56 Output Funding for Health (\$)

Output	Output 1	Output 2	Output 3	Output 4	Output 5	Total
Personnel	2,505,419	906,411	2,001,281	6,508,357	1,212,089	13,133,557
Operating	265,000	210,000	623,600	1,623,000	877,351	3,598,951
Administered Funding	195,000	0	0	2,017,800	324,070	2,536,870
Depreciation	90,000	35,000	135,000	1,281,000	190,000	1,731,000
Gross Operating Appropriation	3,055,419	1,151,411	2,759,881	11,430,157	2,603,510	21,000,378
Trading Revenue	45,000	45,000	0	260,000	0	350,000
Net Operating Appropriation	3,009,873	1,106,411	2,759,881	10,909,157	2,453,510	20,238,832

7.5.14.1. Ministry of Health Outputs

Output 1: Public Health

Output 2: Oral Health Services

Output 3: Primary Care

Output 4: Hospital Health

Output 5: Planning and Funding

Table 7-57 Baselines and New Budget Measures, Health (\$)

Details	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
2022/23 Budget Personnel Baseline	12,833,011	12,872,011	12,872,011	12,872,011
Remuneration adjustment	300,000	300,000	300,000	300,000
Minimum wage adjustment	546	546	546	546
2023/24 Budget Personnel Budget	13,133,557	13,172,557	13,172,557	13,172,557
2022/23 Budget Operating Baseline	3,598,951	3,598,951	3,598,951	3,598,951
2023/24 Budget Operating Budget	3,598,951	3,598,951	3,598,951	3,598,951
2022/23 Budget Administered Payments Baseline	2,536,870	2,536,870	2,536,870	2,536,870
2023/24 Budget Administered Payments	2,536,870	2,536,870	2,536,870	2,536,870
2022/23 Budget Depreciation Baseline	1,570,000	1,570,000	1,570,000	1,570,000
Mammography and X-Ray systems	161,000	211,000	211,000	211,000
2023/24 Budget Depreciation	1,731,000	1,781,000	1,781,000	1,781,000
Gross Operating Appropriation	21,000,378	21,089,378	21,089,378	21,089,378
2022/23 Budget Trading Revenue Baseline	350,000	350,000	350,000	350,000
2023/24 Budget Trading Revenue	350,000	350,000	350,000	350,000
Net Operating Appropriation	20,650,378	20,739,378	20,739,378	20,739,378

Changes for the 2023/24 Ministry of Health's budget include:

- \$300,000 increase in personnel from 2023/24 for remuneration adjustments to retain skilled health workers.
- \$546 annually for the minimum wage adjustment.
- Increase in depreciation of \$161,000 in 2023/24 and \$211,000 from 2024/25 to account for the purchase of an x-ray and mammography machine.

Table 7-58 Administered Payments, Health (\$)

Output	Administered Payment	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
1	NCD Fund	195,000	195,000	195,000	195,000
	Output 1 Administered Funding	195,000	195,000	195,000	195,000
4	Patient Referrals	850,000	850,000	850,000	850,000
4	Pharmaceuticals	1,167,800	1,167,800	1,167,800	1,167,800
	Output 4 Administered Funding	2,017,800	2,017,800	2,017,800	2,017,800
5	Workforce Development	234,070	234,070	234,070	234,070
5	Law and Order Clinical Psychologist	90,000	90,000	90,000	90,000
	Output 5 Administered Funding	324,070	324,070	324,070	324,070
	Total Health Administered Funding	2,536,870	2,536,870	2,536,870	2,536,870

7.5.15. Infrastructure Cook Islands (ICI)

Infrastructure Cook Islands		2023/24	2024/25	2025/26	2026/27
MTEC	Personnel	2,249,871	2,369,871	2,369,871	2,369,871
	Operating	424,129	304,129	384,129	384,129
	Administered Payments	2,505,000	2,505,000	2,505,000	2,505,000
	Depreciation	345,000	345,000	345,000	345,000
	Gross Appropriation	5,524,000	5,524,000	5,604,000	5,604,000
	Trading Revenue	300,000	300,000	380,000	380,000
	Net Appropriation	5,224,000	5,224,000	5,224,000	5,224,000
	POBOC	0	0	0	0
	Medium-term Expenditure Ceiling	5,224,000	5,224,000	5,224,000	5,224,000

Table 7-59 Total Resourcing – Government and ODA, ICI (\$)

	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Net Appropriation	5,224,000	5,224,000	5,224,000	5,224,000
Trading Revenue	300,000	300,000	380,000	380,000
Official Development Assistance	0	0	0	0
Total Resourcing	5,524,000	5,524,000	5,604,000	5,604,000

Table 7-60 Output Funding for ICI (\$)

Output	Output 1	Output 2	Output 3	Output 4	Total
Personnel	551,519	751,307	635,741	311,304	2,249,871
Operating	209,129	70,000	55,000	90,000	424,129
Administered Funding	0	700,000	1,000,000	805,000	2,505,000
Depreciation	15,000	21,000	160,000	149,000	345,000
Gross Operating Appropriation	775,648	1,542,307	1,850,741	1,355,304	5,524,000
Trading Revenue	71,000	15,000	64,000	150,000	300,000
Net Operating Appropriation	704,648	1,527,307	1,786,741	1,205,304	5,224,000

7.5.15.1. Infrastructure Cook Islands Outputs

Output 1: Corporate & Regulatory Services

Output 2: Planning, Project & Pa Enea

Output 3: Civil Works Asset Management Division

Output 4: Waste Management, Hydrography & Geoscience

Table 7-61 Baselines and New Budget Measures, ICI (\$)

Details	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
2022/23 Budget Personnel Baseline	2,369,871	2,369,871	2,369,871	2,369,871
Transfer to Operating – Financial Controller	(120,000)	0	0	0
2023/24 Budget Personnel Budget	2,249,871	2,369,871	2,369,871	2,369,871
2022/23 Budget Operating Baseline	304,129	304,129	304,129	304,129
Waste Compacting	0	0	80,000	80,000
Transfer from Personnel – Financial Controller	120,000	0	0	0
2023/24 Budget Operating Budget	424,129	304,129	384,129	384,129
2022/23 Budget Administered Payments Baseline	2,430,000	2,430,000	2,430,000	2,430,000
Waste Management	75,000	75,000	75,000	75,000
2023/24 Budget Administered Payments	2,505,000	2,505,000	2,505,000	2,505,000
2022/23 Budget Depreciation Baseline	145,000	145,000	145,000	145,000
Donated heavy machinery	200,000	200,000	200,000	200,000
2023/24 Budget Depreciation	345,000	345,000	345,000	345,000
Gross Operating Appropriation	5,524,000	5,524,000	5,604,000	5,604,000
2022/23 Budget Trading Revenue Baseline	300,000	300,000	300,000	300,000
Waste collection	0	0	80,000	80,000
2023/24 Budget Trading Revenue	300,000	300,000	300,000	300,000
Net Operating Appropriation	5,224,000	5,224,000	5,224,000	5,224,000

Changes for the 2023/24 Infrastructure Cook Islands’ budget include:

- \$120,000 one-off transfer from personnel to operating to cover the contract services of the Financial Controller for one year.
- \$80,000 increase in operating to support waste compacting from 2025/26.
- \$75,000 for the Waste Management administered fund from 2023/24 for the ongoing maintenance of the landfill.
- \$200,000 increase in depreciation to account for donated heavy machinery.
- \$80,000 increase in trading revenue from 2025/26 to account for waste collection charges.

Table 7-62 Administered Payments, ICI (\$)

Output	Administered Payment	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
2	Bridges and Stream Structure Maintenance	700,000	700,000	700,000	700,000
	Output 2 Administered Funding	700,000	700,000	700,000	700,000
3	Emergency Response Work	200,000	200,000	200,000	200,000
3	Road and Drainage Asset Management	800,000	800,000	800,000	800,000
	Output 3 Administered Funding	1,000,000	1,000,000	1,000,000	1,000,000
4	Waste Management	805,000	805,000	805,000	805,000
	Output 4 Administered Funding	805,000	805,000	805,000	805,000
	Total Infrastructure Cook Islands Administered Funding	2,505,000	2,505,000	2,505,000	2,505,000

7.5.16. Ministry of Internal Affairs

Internal Affairs		2023/24	2024/25	2025/26	2026/27
MTEC	Personnel	1,357,376	1,357,376	1,357,376	1,357,376
	Operating	278,000	278,000	278,000	278,000
	Administered Payments	4,222,891	3,795,971	3,851,509	3,852,668
	Depreciation	12,000	12,000	12,000	12,000
	Gross Appropriation	5,870,267	5,443,347	5,498,885	5,500,044
	Trading Revenue	0	0	0	0
	Net Appropriation	5,870,267	5,443,347	5,498,885	5,500,044
	POBOC	21,562,804	21,771,103	21,978,792	21,979,280
	Medium-term Expenditure Ceiling	27,433,071	27,214,450	27,477,677	27,479,324

Table 7-63 Total Resourcing – Government and ODA, Internal Affairs (\$)

	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Net Appropriation	5,870,267	5,443,347	5,498,885	5,500,044
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
Total Resourcing	5,870,267	5,443,347	5,498,885	5,500,044

Table 7-64 Output Funding for Internal Affairs (\$)

Output	Output 1	Output 2	Output 3	Output 4	Output 5	Total
Personnel	363,679	422,692	183,754	147,500	239,751	1,357,376
Operating	59,000	50,000	50,000	50,000	69,000	278,000
Administered Funding	1,588,975	1,731,915	0	450,000	452,000	4,222,890
Depreciation	0	0	0	0	12,000	12,000
Gross Operating Appropriation	2,011,654	2,204,607	233,754	647,500	772,751	5,870,266
Trading Revenue	0	0	0	0	0	0
Net Operating Appropriation	2,011,654	2,204,607	233,754	647,500	772,751	5,870,266

7.5.16.1. Ministry of Internal Affairs Outputs

Output 1: Welfare Services

Output 2: Social Policy and Services

Output 3: Labour and Consumer Services

Output 4: Civil Services

Output 5: Corporate Services

Table 7-65 Baselines and New Budget Measures, Internal Affairs (\$)

Details	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
2022/23 Budget Personnel Baseline	1,357,376	1,357,376	1,357,376	1,357,376
2023/24 Budget Personnel Budget	1,357,376	1,357,376	1,357,376	1,357,376
2022/23 Budget Operating Baseline	269,000	269,000	269,000	269,000
Pa Enuu Operations Support	9,000	9,000	9,000	9,000
2023/24 Budget Operating Budget	278,000	278,000	278,000	278,000
2022/23 Budget Administered Payments Baseline	3,257,199	3,260,557	3,264,086	3,264,086
Welfare Payments – Allowances	278,777	535,414	537,422	538,582
Vaka Maintenance	0	0	50,000	50,000
SIF – ODA Graduation Support Fund	686,915	0	0	0
2023/24 Budget Administered Payments	4,222,891	3,795,971	3,851,509	3,852,668
2022/23 Budget Depreciation Baseline	12,000	12,000	12,000	12,000
Depreciation adjustment	0	0	0	0
2023/24 Budget Depreciation	12,000	12,000	12,000	12,000
Gross Operating Appropriation	5,870,267	5,443,347	5,498,885	5,500,044
2022/23 Budget Trading Revenue Baseline	0	0	0	0
2023/24 Budget Trading Revenue	0	0	0	0
Net Operating Appropriation	5,870,267	5,443,347	5,498,885	5,500,044
2022/23 Budget POBOC Baseline	21,286,717	21,495,002	21,502,276	21,502,276
Destitute and Infirm Welfare Adjustment	76,746	77,148	77,637	78,125
Welfare Payments Parameter Adjustments	199,341	198,953	398,879	398,879
2023/24 Budget POBOC	21,562,804	21,771,103	21,978,792	21,979,280

Changes for the 2023/24 Ministry of Internal Affairs' budget include:

- \$9,000 increase in operating from 2023/24 to cover operational needs for the Pa Enuu.
- \$50,000 increase to the Vaka maintenance administered fund from 2025/26.
- One-off funding of \$686,915 in 2023/24 for the SIF-ODA graduation support fund administered payment to provide support to five non-government organisations whose operations have been affected due to the Cook Islands graduation to high-income status.
- \$25,000 increase in the Power Subsidy from 2023/24.
- Over \$250,000 increase in 2023/24 and over \$540,000 increase from 2024/25 to support the increase in payment rate for the Caregiver's allowance.
- \$76,746 increase rate for the Destitute benefit from 2023/24 to align with the current rates applied to the infirm benefits.
- \$200,000 parameter adjustment for 2023/24 and 2024/25, and \$400,000 from 2025/26 for the Welfare Payments POBOC.
- \$660 in 2023/24 and \$1,000 from 2024/25 in parameter adjustments for the Welfare Payments – Allowances administered payment.

Table 7-66 Administered Payments, Internal Affairs (\$)

Output	Administered Payment	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
1	Welfare Payments – Allowances	1,588,976	1,848,971	1,854,508	1,855,668
	Output 1 Administered Funding	1,588,976	1,848,971	1,854,508	1,855,668
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
2	SIF – ODA Graduation Support Fund	686,915	0	0	0
	Output 2 Administered Funding	1,731,915	1,045,000	1,045,000	1,045,000
4	Vaka Maintenance	450,000	450,000	500,000	500,000
	Output 4 Administered Funding	450,000	450,000	500,000	500,000
5	CISNOC Grant	370,000	370,000	370,000	370,000
5	Lease extension	72,000	72,000	72,000	72,000
5	Religious Advisory Council	10,000	10,000	10,000	10,000
	Output 5 Administered Funding	452,000	452,000	452,000	452,000
	Total Internal Affairs Administered Funding	4,222,891	3,795,971	3,851,508	3,852,668

Table 7-67 Payments on Behalf of Crown, Internal Affairs (\$)

Output	POBOCs	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
1	Welfare Payments	21,562,805	21,771,104	21,978,793	21,979,281
	Output 1 POBOC Funding	21,562,805	21,771,104	21,978,793	21,979,281
	Total Internal Affairs POBOC Funding	21,562,805	21,771,104	21,978,793	21,979,281

7.5.17. Ministry of Justice

Justice		2023/24	2024/25	2025/26	2026/27
MTEC	Personnel	2,033,976	2,033,976	2,033,976	2,033,976
	Operating	436,001	436,001	436,001	436,001
	Administered Payments	625,000	625,000	625,000	625,000
	Depreciation	23,000	23,000	23,000	23,000
	Gross Appropriation	3,117,977	3,117,977	3,117,977	3,117,977
	Trading Revenue	425,000	425,000	425,000	425,000
	Net Appropriation	2,692,977	2,692,977	2,692,977	2,692,977
	POBOC	0	0	0	0
	Medium-term Expenditure Ceiling	3,117,977	3,117,977	3,117,977	3,117,977

Table 7-68 Total Resourcing – Government and ODA, Justice (\$)

	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Net Appropriation	2,692,977	2,692,977	2,692,977	2,692,977
Trading Revenue	425,000	425,000	425,000	425,000
Official Development Assistance	0	0	0	0
Total Resourcing	3,117,977	3,117,977	3,117,977	3,117,977

Table 7-69 Output Funding for Justice (\$)

Output	Output 1	Output 2	Output 3	Output 4	Total
Personnel	1,134,262	163,334	222,229	514,151	2,033,976
Operating	216,753	43,533	84,229	91,486	436,001
Administered Funding	505,000	120,000	0	0	625,000
Depreciation	8,000	9,000	3,000	3,000	23,000
Gross Operating Appropriation	1,864,015	335,867	309,458	608,637	3,117,977
Trading Revenue	250,000	25,000	100,000	50,000	425,000
Net Operating Appropriation	1,614,015	310,867	209,458	558,637	2,692,977

7.5.17.1. Ministry of Justice Outputs

Output 1: High Courts – Land Court Division

Output 2: Survey

Output 3: Registry Services

Output 4: Corporate Services

Table 7-70 Baselines and New Budget Measures, Justice (\$)

Details	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
2022/23 Budget Personnel Baseline	2,033,976	2,033,976	2,033,976	2,033,976
2023/24 Budget Personnel Budget	2,033,976	2,033,976	2,033,976	2,033,976
2022/23 Budget Operating Baseline	400,000	400,000	400,000	400,000
Land Agents Registration Board	11,000	11,000	11,000	11,000
Decimal Clean-Up	1	1	1	1
Online Registry Annual Licenses	25,000	25,000	25,000	25,000
2023/24 Budget Operating Budget	436,001	436,001	436,001	436,001
2022/23 Budget Administered Payments Baseline	625,000	625,000	625,000	625,000
2023/24 Budget Administered Payments	625,000	625,000	625,000	625,000
2022/23 Budget Depreciation Baseline	23,000	23,000	23,000	23,000
2023/24 Budget Depreciation	23,000	23,000	23,000	23,000
Gross Operating Appropriation	3,117,977	3,117,977	3,117,977	3,117,977
2022/23 Budget Trading Revenue Baseline	425,000	425,000	425,000	425,000
2023/24 Budget Trading Revenue	425,000	425,000	425,000	425,000
Net Operating Appropriation	2,692,977	2,692,977	2,692,977	2,692,977

Changes for the 2023/24 Ministry of Justice’s budget include:

- \$11,000 from 2023/24 for the Land Agents Registration Board.
- \$25,000 from 2023/24 for the Online Registry Annual Licenses.

Table 7-71 Administered Payments, Justice (\$)

Output	Administered Payment	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
1	Judges Allowances	465,000	465,000	465,000	465,000
1	Legal Aid	40,000	40,000	40,000	40,000
	Output 1 Administered Funding	505,000	505,000	505,000	505,000
2	Project to bring land records up to date	120,000	120,000	120,000	120,000
	Output 2 Administered Funding	120,000	120,000	120,000	120,000
	Total Justice Administered Funding	625,000	625,000	625,000	625,000

7.5.18. Ministry of Marine Resources

Marine Resources		2023/24	2024/25	2025/26	2026/27
MTEC	Personnel	1,705,455	1,705,455	1,705,455	1,705,455
	Operating	380,061	380,061	380,061	380,061
	Administered Payments	150,000	150,000	150,000	150,000
	Depreciation	160,000	160,000	160,000	160,000
	Gross Appropriation	2,395,516	2,395,516	2,395,516	2,395,516
	Trading Revenue	20,000	20,000	20,000	20,000
	Net Appropriation	2,375,516	2,375,516	2,375,516	2,375,516
	POBOC	0	0	0	0
	Medium-term Expenditure Ceiling	2,395,516	2,395,516	2,395,516	2,395,516

Table 7-72 Total Resourcing – Government and ODA, Marine Resources (\$)

	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Net Appropriation	2,375,516	2,375,516	2,375,516	2,375,516
Trading Revenue	20,000	20,000	20,000	20,000
Official Development Assistance	0	0	0	0
Total Resourcing	2,395,516	2,395,516	2,395,516	2,395,516

Table 7-73 Output Funding for Marine Resources (\$)

Output	Output 1	Output 2	Output 3	Total
Personnel	559,363	646,350	499,742	1,705,455
Operating	28,828	203,300	147,933	380,061
Administered Funding	0	150,000	0	150,000
Depreciation	0	10,000	150,000	160,000
Gross Operating Appropriation	588,191	1,009,650	797,675	2,395,516
Trading Revenue	0	20,000	0	20,000
Net Operating Appropriation	588,191	989,650	797,675	2,375,516

7.5.18.1. Ministry of Marine Resources Outputs

Output 1: Offshore Fisheries

Output 2: Inshore and Aquaculture Fisheries

Output 3: Corporate Services

Table 7-74 Baselines and New Budget Measures, Marine Resources (\$)

Details	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
2022/23 Budget Personnel Baseline	1,478,939	1,478,939	1,478,939	1,478,939
Personnel adjustment	223,649	223,649	223,649	223,649
Minimum Wage adjustment	2,867	2,867	2,867	2,867
2023/24 Budget Personnel Budget	1,705,455	1,705,455	1,705,455	1,705,455
2022/23 Budget Operating Baseline	380,061	380,061	380,061	380,061
2023/24 Budget Operating Budget	380,061	380,061	380,061	380,061
2022/23 Budget Administered Payments Baseline	150,000	150,000	150,000	150,000
2023/24 Budget Administered Payments	150,000	150,000	150,000	150,000
2022/23 Budget Depreciation Baseline	160,000	160,000	160,000	160,000
2023/24 Budget Depreciation	160,000	160,000	160,000	160,000
Gross Operating Appropriation	2,395,516	2,395,516	2,395,516	2,395,516
2022/23 Budget Trading Revenue Baseline	20,000	20,000	20,000	20,000
2023/24 Budget Trading Revenue	20,000	20,000	20,000	20,000
Net Operating Appropriation	2,375,516	2,375,516	2,375,516	2,375,516

Changes to the Ministry of Marine Resources budget for 2023/24 include:

- \$223,649 personnel increase annually to support capacity and retain skilled workers
- \$2,867 increase in personnel from 2023/24 for the minimum wage adjustment.

Table 7-75 Administered Payments, Marine Resources (\$)

Output	Administered Payment	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
2	Fisheries Development Facility	150,000	150,000	150,000	150,000
	Output 2 Administered Funding	150,000	150,000	150,000	150,000
	Total Marine Resources Administered Funding	150,000	150,000	150,000	150,000

7.5.19. Office of the Ombudsman

Ombudsman		2023/24	2024/25	2025/26	2026/27
MTEC	Personnel	233,000	233,000	233,000	233,000
	Operating	62,001	62,001	62,001	62,001
	Administered Payments	0	0	0	0
	Depreciation	6,000	6,000	6,000	6,000
	Gross Appropriation	301,001	301,001	301,001	301,001
	Trading Revenue	0	0	0	0
	Net Appropriation	301,001	301,001	301,001	301,001
	POBOC	0	0	0	0
	Medium-term Expenditure Ceiling	301,001	301,001	301,001	301,001

Table 7-76 Total Resourcing – Government and ODA, Ombudsman (\$)

	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Net Appropriation	301,000	301,000	301,000	301,000
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
Total Resourcing	301,000	301,000	301,000	301,000

Table 7-77 Output Funding for Ombudsman (\$)

Output	Output 1	Output 2	Output 3	Total
Personnel	131,329	60,136	41,535	233,000
Operating	36,792	7,911	17,298	62,001
Administered Funding	0	0	0	0
Depreciation	2,000	2,000	2,000	6,000
Gross Operating Appropriation	170,121	70,047	60,833	301,001
Trading Revenue	0	0	0	0
Net Operating Appropriation	170,121	70,047	60,833	301,001

7.5.19.1. Ombudsman Outputs

Output 1: Investigations and Review

Output 2: Public Awareness & Training

Output 3: Corporate Services

Table 7-78 Baselines and New Budget Measures, Ombudsman (\$)

Details	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
2022/23 Budget Personnel Baseline	233,000	233,000	233,000	233,000
2023/24 Budget Personnel Budget	233,000	233,000	233,000	233,000
2022/23 Budget Operating Baseline	62,000	62,000	62,000	62,000
Decimal Clean-Up	1	1	1	1
2023/24 Budget Operating Budget	62,001	62,001	62,001	62,001
2022/23 Budget Administered Payments Baseline	0	0	0	0
2023/24 Budget Administered Payments	0	0	0	0
2022/23 Budget Depreciation Baseline	6,000	6,000	6,000	6,000
2023/24 Budget Depreciation	6,000	6,000	6,000	6,000
Gross Operating Appropriation	301,001	301,001	301,001	301,001
2022/23 Budget Trading Revenue Baseline	0	0	0	0
2023/24 Budget Trading Revenue	0	0	0	0
Net Operating Appropriation	301,001	301,001	301,001	301,001

There are no significant funding changes for the Office of the Ombudsman.

7.5.20. Parliamentary Services

Parliamentary Services		2023/24	2024/25	2025/26	2026/27
MTEC	Personnel	624,605	624,605	624,605	624,605
	Operating	80,000	80,000	80,000	80,000
	Administered Payments	120,000	120,000	120,000	120,000
	Depreciation	72,720	72,720	72,720	72,720
	Gross Appropriation	897,325	897,325	897,325	897,325
	Trading Revenue	0	0	0	0
	Net Appropriation	897,325	897,325	897,325	897,325
	POBOC	3,631,161	3,631,161	3,631,161	3,631,161
Medium-term Expenditure Ceiling		4,528,486	4,528,486	4,528,486	4,528,486

Table 7-79 Total Resourcing – Government and ODA, Parliament (\$)

	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Net Appropriation	897,325	897,325	897,325	897,325
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
Total Resourcing	897,325	897,325	897,325	897,325

Table 7-80 Output Funding for Parliament (\$)

Output	Output 1	Output 2	Total
Personnel	409,225	215,380	624,605
Operating	52,000	28,000	80,000
Administered Funding	120,000	0	120,000
Depreciation	0	72,720	72,720
Gross Operating Appropriation	581,225	316,100	897,325
Trading Revenue	0	0	0
Net Operating Appropriation	581,225	316,100	897,325

7.5.20.1. Parliamentary Services Outputs

Output 1: Constitutional Function

Output 2: Corporate Services

Table 7-81 Baselines and New Budget Measures, Parliament (\$)

Details	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
2022/23 Budget Personnel Baseline	620,100	620,100	620,100	620,100
Minimum wage adjustment	4,505	4,505	4,505	4,505
2023/24 Budget Personnel Budget	624,605	624,605	624,605	624,605
2022/23 Budget Operating Baseline	80,000	80,000	80,000	80,000
2023/24 Budget Operating Budget	80,000	80,000	80,000	80,000
2022/23 Budget Administered Payments Baseline	120,000	120,000	120,000	120,000
2023/24 Budget Administered Payments	120,000	120,000	120,000	120,000
2022/23 Budget Depreciation Baseline	72,720	72,720	72,720	72,720
Decimal Clean-Up	0	0	0	0
2023/24 Budget Depreciation	72,720	72,720	72,720	72,720
Gross Operating Appropriation	897,325	897,325	897,325	897,325
2022/23 Budget Trading Revenue Baseline	0	0	0	0
2023/24 Budget Trading Revenue	0	0	0	0
Net Operating Appropriation	897,325	897,325	897,325	897,325
2022/23 Budget POBOC Baseline	3,631,161	3,631,161	3,631,161	3,631,161
2023/24 Budget POBOC	3,631,161	3,631,161	3,631,161	3,631,161

Changes for the 2023/24 Cook Islands Parliamentary Services' budget include:

- \$4,505 increase in personnel for the minimum wage adjustment.

Table 7-82 Administered Payments, Parliament (\$)

Output	Administered Payment	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
1	Special Select Committee	120,000	120,000	120,000	120,000
	Output 1 Administered Funding	120,000	120,000	120,000	120,000
	Total Parliamentary Services Administered Funding	120,000	120,000	120,000	120,000

Table 7-83 Payments on Behalf of Crown, Parliament (\$)

Output	POBOCs	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 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	MP Travel and Allowances (local and overseas)	250,000	250,000	250,000	250,000
1	Parliamentary Sitting Expenses	200,000	200,000	200,000	200,000
1	KR Travel and Allowances (local and overseas)	109,000	109,000	109,000	109,000
	Output 1 POBOC Funding	3,631,161	3,631,161	3,631,161	3,631,161
	Total Parliamentary Services POBOC Funding	3,631,161	3,631,161	3,631,161	3,631,161

7.5.21. Cook Islands Police

Police		2023/24	2024/25	2025/26	2026/27
MTEC	Personnel	4,209,896	4,209,896	4,309,896	4,309,896
	Operating	331,104	331,104	331,104	331,104
	Administered Payments	215,000	215,000	415,000	415,000
	Depreciation	1,555,333	1,555,333	1,555,333	1,555,333
	Gross Appropriation	6,311,333	6,311,333	6,611,333	6,611,333
	Trading Revenue	154,783	154,783	154,783	154,783
	Net Appropriation	6,156,550	6,156,550	6,456,550	6,456,550
	POBOC	0	0	0	0
	Medium-term Expenditure Ceiling	6,311,333	6,311,333	6,611,333	6,611,333

Table 7-84 Total Resourcing – Government and ODA, Police (\$)

	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Net Appropriation	6,156,550	6,156,550	6,456,550	6,456,550
Trading Revenue	154,783	154,783	154,783	154,783
Official Development Assistance	0	0	0	0
Total Resourcing	6,311,333	6,311,333	6,611,333	6,611,333

Table 7-85 Output Funding for Police (\$)

Output	Output 1	Output 2	Output 3	Total
Personnel	3,020,914	843,901	345,081	4,209,896
Operating	185,683	89,048	56,373	331,104
Administered Funding	170,000	45,000	0	215,000
Depreciation	1,333,092	141,393	80,848	1,555,333
Gross Operating Appropriation	4,709,689	1,119,342	482,302	6,311,333
Trading Revenue	145,483	0	9,300	154,783
Net Operating Appropriation	4,564,206	1,119,342	473,002	6,156,550

7.5.21.1. Cook Islands Police Outputs

Output 1: Crime and Operations

Output 2: Crime Prevention

Output 3: Corporate Services

Table 7-86 Baselines and New Budget Measures, Police (\$)

Details	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
2022/23 Budget Personnel Baseline	4,209,896	4,209,896	4,209,896	4,209,896
Personnel funding	0	0	100,000	100,000
2023/24 Budget Personnel Budget	4,209,896	4,209,896	4,309,896	4,309,896
2022/23 Budget Operating Baseline	286,104	286,104	286,104	286,104
Operating adjustment	45,000	45,000	45,000	45,000
2023/24 Budget Operating Budget	331,104	331,104	331,104	331,104
2022/23 Budget Administered Payments Baseline	215,000	215,000	215,000	215,000
Te Kukupa – fuel contribution	0	0	200,000	200,000
2023/24 Budget Administered Payments	215,000	215,000	415,000	415,000
2022/23 Budget Depreciation Baseline	1,010,000	1,010,000	1,010,000	1,010,000
Depreciation adjustment	545,333	545,333	545,333	545,333
2023/24 Budget Depreciation	1,555,333	1,555,333	1,555,333	1,555,333
Gross Operating Appropriation	6,311,333	6,311,333	6,611,333	6,611,333
2022/23 Budget Trading Revenue Baseline	154,783	154,783	154,783	154,783
2023/24 Budget Trading Revenue	154,783	154,783	154,783	154,783
Net Operating Appropriation	6,156,550	6,156,550	6,456,550	6,456,550

Changes for the 2023/24 Cook Islands Police’s budget include:

- \$100,000 increase in personnel from 2025/26 for funding of frontline and CIB vacancies.
- \$45,000 from 2023/24 in operating to support training of Pa-Enea and Rarotonga officers.
- \$200,000 from 2025/26 for Te Kukupa – fuel contribution administered payment.
- \$545,333 increase in depreciation to account for the new Te Kukupa II.

Table 7-87 Administered Payments, Police (\$)

Output	Administered Payment	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
1	Search and Rescue	20,000	20,000	20,000	20,000
1	Serious Crime Investigations	100,000	100,000	100,000	100,000
1	Te Kukupa - Fuel Contribution	50,000	50,000	250,000	250,000
	Output 1 Administered Funding	170,000	170,000	370,000	370,000
2	Police Youth Program	45,000	45,000	45,000	45,000
	Output 2 Administered Funding	45,000	45,000	45,000	45,000
	Total Police Administered Funding	215,000	215,000	415,000	415,000

7.5.22. Office of the Prime Minister (OPM)

Office of the Prime Minister		2023/24	2024/25	2025/26	2026/27
MTEC	Personnel	1,582,079	1,582,079	1,582,079	1,582,079
	Operating	509,000	459,000	459,000	459,000
	Administered Payments	1,923,000	2,061,000	2,001,000	2,087,650
	Depreciation	15,000	15,000	15,000	15,000
	Gross Appropriation	4,029,079	4,117,079	4,057,079	4,143,729
	Trading Revenue	0	0	0	0
	Net Appropriation	4,029,079	4,117,079	4,057,079	4,143,729
	POBOC	0	50,000	0	0
Medium-term Expenditure Ceiling		4,029,079	4,167,079	4,057,079	4,143,729

Table 7-88 Total Resourcing – Government and ODA, OPM (\$)

	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Net Appropriation	4,029,079	4,117,079	4,057,079	4,143,729
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
Total Resourcing	4,029,079	4,117,079	4,057,079	4,143,729

Table 7-89 Output Funding for OPM (\$)

Output	Output 1	Output 2	Output 3	Output 4	Output 5
Personnel	120,799	106,253	278,398	282,720	109,596
Operating	21,192	155,843	81,422	77,677	23,644
Administered Funding	753,000	0	220,000	910,000	0
Depreciation	1,404	180	1,260	3,072	908
Gross Operating Appropriation	896,395	262,276	581,080	1,273,469	134,148
Trading Revenue	0	0	0	0	0
Net Operating Appropriation	896,395	262,276	581,080	1,273,469	134,148

Output	Output 6	Output 7	Output 8	Output 9	Output 10	Total
Personnel	131,075	152,965	53,575	204,948	141,750	1,582,079
Operating	18,548	13,600	20,000	87,074	10,000	509,000
Administered Funding	0	0	0	40,000	0	1,923,000
Depreciation	620	232	952	6,372	0	15,000
Gross Operating Appropriation	150,243	166,797	74,527	338,394	151,750	4,029,079
Trading Revenue	0	0	0	0	0	0
Net Operating Appropriation	150,243	166,797	74,527	338,394	151,750	4,029,079

7.5.22.1. Office of the Prime Minister Outputs

Output 1: Cabinet and Executive Services

Output 2: Central Policy Planning Office

Output 3: Pa Enea Governance

Output 4: Information Communication Technology

Output 5: Renewable Energy Development

Output 6: Emergency Management Cook Islands

Output 7: Climate Change Cook Islands

Output 8: Marae Moana

Output 9: Corporate Services

Output 10: National Security

Table 7-90 Baselines and New Budget Measures, OPM (\$)

Details	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
2022/23 Budget Personnel Baseline	1,567,200	1,567,200	1,567,200	1,567,200
Minimum Wage adjustment	14,879	14,879	14,879	14,879
2023/24 Budget Personnel Budget	1,582,079	1,582,079	1,582,079	1,582,079
2022/23 Budget Operating Baseline	509,000	459,000	459,000	459,000
2023/24 Budget Operating Budget	509,000	459,000	459,000	459,000
2022/23 Budget Administered Payments Baseline	1,243,000	1,231,000	1,231,000	1,231,000
Social Responsibility Fund	120,000	120,000	120,000	120,000
Cabinet Support Fund	170,000	170,000	170,000	170,000
State Events	20,000	20,000	20,000	20,000
OPM ICT Activities (from Govt Broadband Utilities)	30,000	30,000	(30,000)	30,000
OPM ICT Activities	(320,000)	(308,000)	(248,000)	(308,000)
OPM ICT Activities - Internet Data and Fibre Connection	460,000	598,000	538,000	624,650
OPM ICT Activities - Licenses and Software	450,000	450,000	450,000	450,000
Pa Enea Connectivity	(250,000)	(250,000)	(250,000)	(250,000)
2023/24 Budget Administered Payments	1,923,000	2,061,000	2,001,000	2,087,650
2022/23 Budget Depreciation Baseline	15,000	15,000	15,000	15,000
2023/24 Budget Depreciation	15,000	15,000	15,000	15,000
Gross Operating Appropriation	4,029,079	4,117,079	4,057,079	4,143,729
2022/23 Budget Trading Revenue Baseline	0	0	0	0
2023/24 Budget Trading Revenue	0	0	0	0
Net Operating Appropriation	4,029,079	4,117,079	4,057,079	4,143,729
2022/23 Budget POBOC Baseline	0	0	0	0
Local Government Elections	0	50,000	0	0
2023/24 Budget POBOC	0	50,000	0	0

Changes for the 2023/24 Office of the Prime Minister's budget include:

- \$14,879 increase in personnel for the minimum wage adjustment.
- \$120,000 annual increase from 2023/24 to increase the Social Responsibility Fund administered payment.
- \$170,000 annual increase from 2023/24 to increase the Community Support Fund – now renamed to the Cabinet Support Fund.
- \$20,000 annual increase from 2023/24 for hosting state Events.
- OPM ICT Activities
 - Transfer of \$30,000 annually of the Government Broadband Utilities administered payment from the Ministry of Finance and Economic Management to the OPM ICT Activities administered payment.
 - Phased increase in the ICT activities of \$140,000 in 2023/24, \$290,000 from 2024/25 to 2025/26 and \$316,650 in 2026/27 to support the upgrade of the ICT network.
 - Renaming of the OPM ICT Activities Fund to OPM ICT Activities – Internet Data and Fibre,
 - Renaming of the Pa Enea Connectivity Fund to OPM ICT Activities – Licenses and Software.
 - A transfer of \$250,000 from the Telecommunications Universal Access capital fund to the OPM ICT Activities – Licenses and Software Fund from 2023/24.
- \$50,000 in 2024/25 for the Local Government elections.

Table 7-91 Administered Payments, OPM (\$)

Output	Administered Payment	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
1	Cabinet Support Fund	270,000	270,000	270,000	270,000
1	Social Responsibility Fund	483,000	483,000	483,000	483,000
	Output 1 Administered Funding	753,000	753,000	753,000	753,000
3	Pa Enea Mechanical Overseer	120,000	120,000	120,000	120,000
3	Pa Enea Machinery Maintenance Fund	100,000	100,000	100,000	100,000
	Output 3 Administered Funding	220,000	220,000	220,000	220,000
4	OPM ICT Activities – Internet Data and Fibre Connection	460,000	598,000	538,000	624,650
	OPM ICT Activities – Licenses and Software	450,000	450,000	450,000	450,000
4	Pa Enea Connectivity	0	0	0	0
	Output 4 Administered Funding	910,000	1,048,000	988,000	1,074,650
8	Marae Moana Ambassador	0	0	0	0
	Output 8 Administered Funding	0	0	0	0
9	State Events	40,000	40,000	40,000	40,000
	Output 9 Administered Funding	40,000	40,000	40,000	40,000
Total Prime Minister's Office Administered Funding		1,923,000	2,061,000	2,001,000	2,087,650

Table 7-92 Payments on Behalf of Crown, OPM (\$)

Output	POBOCs	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
3	Local Government Election	0	50,000	0	0
	Output 3 POBOC Funding	0	50,000	0	0
Total Prime Minister's Office POBOC Funding		0	50,000	0	0

7.5.23. Office of the Public Service Commissioner (OPSC)

Office of the Public Service Commissioner		2023/24	2024/25	2025/26	2026/27
MTEC	Personnel	379,874	379,874	379,874	380,102
	Operating	211,636	236,636	236,636	236,408
	Administered Payments	1,903,170	1,903,170	1,903,170	1,903,170
	Depreciation	5,000	5,000	5,000	5,000
	Gross Appropriation	2,499,680	2,524,680	2,524,680	2,524,680
	Trading Revenue	0	0	0	0
	Net Appropriation	2,499,680	2,524,680	2,524,680	2,524,680
	POBOC	0	0	0	0
	Medium-term Expenditure Ceiling	2,449,680	2,499,680	2,524,680	2,524,680

Table 7-93 Total Resourcing – Government and ODA, OPSC (\$)

	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Net Appropriation	2,499,680	2,524,680	2,524,680	2,524,680
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
Total Resourcing	2,499,680	2,524,680	2,524,680	2,524,680

Table 7-94 Output Funding for OPSC (\$)

Output	Output 1	Output 2	Output 3	Output 4	Total
Personnel	103,389	121,236	101,885	53,364	379,874
Operating	58,779	67,410	57,595	27,852	211,636
Administered Funding	0	0	1,903,170	0	1,903,170
Depreciation	0	0	5,000	0	5,000
Gross Operating Appropriation	162,168	188,646	2,067,650	81,216	2,449,680
Trading Revenue	0	0	0	0	0
Net Operating Appropriation	162,168	188,646	2,052,650	81,216	2,449,680

7.5.23.1. Office of the Public Service Commissioner Outputs

Output 1: Policy and Planning

Output 2: Human Resource Management

Output 3: Corporate Services

Output 4: Heads of Ministries Administration

Table 7-95 Baselines and New Budget Measures, OPSC (\$)

Details	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
2022/23 Budget Personnel Baseline	350,000	350,000	350,000	350,000
Transfer from Operating	29,874	29,874	29,874	30,102
2023/24 Budget Personnel Budget	379,874	379,874	379,874	380,102
2022/23 Budget Operating Baseline	241,510	266,510	266,510	266,510
Transfer to Personnel	(29,874)	(29,874)	(29,874)	(30,102)
2023/24 Budget Operating Budget	211,636	236,636	236,636	236,408
2022/23 Budget Administered Payments Baseline	1,903,170	1,903,170	1,903,170	1,903,170
2023/24 Budget Administered Payments	1,903,170	1,903,170	1,903,170	1,903,170
2022/23 Budget Depreciation Baseline	5,000	5,000	5,000	5,000
2023/24 Budget Depreciation	5,000	5,000	5,000	5,000
Gross Operating Appropriation	2,499,680	2,524,680	2,524,680	2,524,680
2022/23 Budget Trading Revenue Baseline	0	0	0	0
2023/24 Budget Trading Revenue	0	0	0	0
Net Operating Appropriation	2,499,680	2,524,680	2,524,680	2,524,680

Changes for the 2023/24 Office of the Public Service Commissioner's budget include:

- Transfer of \$29,874 annually from operating to personnel for remuneration changes.

Table 7-96 Administered Payments, OPSC (\$)

Output	Administered Payment	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
3	HoM's Salaries	1,903,170	1,903,170	1,903,170	1,903,170
	Output 3 Administered Funding	1,903,170	1,903,170	1,903,170	1,903,170
	Total Public Service Commission Administered Funding	1,903,170	1,903,170	1,903,170	1,903,170

7.5.24. Cook Islands Seabed Minerals Authority (SBMA)

Cook Islands Seabed Minerals Authority		2023/24	2024/25	2025/26	2026/27
MTEC	Personnel	697,101	697,101	697,101	697,101
	Operating	459,056	459,056	459,056	459,056
	Administered Payments	220,000	200,000	250,000	250,000
	Depreciation	9,500	9,500	9,500	9,500
	Gross Appropriation	1,385,657	1,365,657	1,415,657	1,415,657
	Trading Revenue	240,000	240,000	240,000	240,000
	Net Appropriation	1,145,657	1,125,657	1,175,657	1,175,657
	POBOC	0	0	0	0
Medium-term Expenditure Ceiling		1,385,657	1,365,657	1,415,657	1,415,657

Table 7-97 Total Resourcing – Government and ODA, SBMA (\$)

	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Net Appropriation	1,145,657	1,125,657	1,175,657	1,175,657
Trading Revenue	240,000	240,000	240,000	240,000
Official Development Assistance	0	0	0	0
Total Resourcing	1,385,657	1,365,657	1,415,657	1,415,657

Table 7-98 Output Funding for SBMA (\$)

Output	Output 1	Output 2	Output 3	Output 4	Total
Personnel	353,068	117,075	132,300	94,658	697,101
Operating	70,000	80,000	200,000	109,056	459,056
Administered Funding	220,000	0	0	0	220,000
Depreciation	9,500	0	0	0	9,500
Gross Operating Appropriation	652,568	197,075	332,300	203,714	1,385,657
Trading Revenue	240,000	0	0	0	240,000
Net Operating Appropriation	412,568	197,075	332,300	203,714	1,145,657

7.5.24.1. Cook Islands Seabed Minerals Authority Outputs

Output 1: Policy and Regulatory Oversight

Output 2: Knowledge Management

Output 3: Partnership and Cooperation

Output 4: Corporate Support

Table 7-99 Baselines and New Budget Measures, SBMA (\$)

Details	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
2022/23 Budget Personnel Baseline	590,944	590,944	590,944	590,944
Personnel increase	106,157	106,157	106,157	106,157
2023/24 Budget Personnel Budget	697,101	697,101	697,101	697,101
2022/23 Budget Operating Baseline	299,056	299,056	299,056	299,056
ISA Technical Engagement, Communications	160,000	160,000	160,000	160,000
2023/24 Budget Operating Budget	459,056	459,056	459,056	459,056
2022/23 Budget Administered Payments Baseline	0	0	0	0
Seabed Minerals Sector Development	220,000	0	0	0
Seabed Minerals Compliance Development	0	200,000	250,000	250,000
2023/24 Budget Administered Payments	220,000	200,000	250,000	250,000
2022/23 Budget Depreciation Baseline	9,500	9,500	9,500	9,500
2023/24 Budget Depreciation	9,500	9,500	9,500	9,500
Gross Operating Appropriation	1,385,657	1,365,657	1,415,657	1,415,657
2022/23 Budget Trading Revenue Baseline	240,000	240,000	240,000	240,000
2023/24 Budget Trading Revenue	240,000	240,000	240,000	240,000
Net Operating Appropriation	1,145,657	1,125,657	1,175,657	1,175,657

Changes for the 2023/24 Cook Islands Seabed Minerals Authority's budget include:

- \$106,157 personnel increase annually from 2023/24 to support critical personnel and capacity.
- \$160,000 operating increase annually from 2023/24 to support technical and stakeholder engagements as well as communications.
- Increase of \$220,000 for 2023/24 under the Seabed Minerals Sector Development Administered Fund to cover the following activities:
 - \$110,00 for the implementation of the Cumulative Impact Assessment (CIA) pilot.
 - \$50,000 for the Regional Environmental Management Plans (REMP) workshop.
 - \$60,000 for the implementation of the Strategic Environmental Assessment (SEA).
- Increase of \$200,000 (2024/25), and \$250,000 from 2025/26 onwards under the Seabed Minerals Compliance Development Administered Fund to cover the following activities:
 - \$100,000 from 2025/26 onwards for a technical advisor.
 - \$100,000 in 2024/25 and \$150,000 from 2025/26 for technical and capacity building (Legal and Policy Advisor).

Table 7-100 Administered Payments, SBMA (\$)

Output	Administered Payment	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
1	Seabed Minerals Sector Development	220,000	0	0	0
1	Seabed Minerals Compliance Development	0	200,000	250,000	250,000
	Output 1 Administered Funding	220,000	200,000	250,000	250,000
	Total CI Seabed Minerals Administered Funding	220,000	200,000	250,000	250,000

7.5.25. Cook Islands Tourism Corporation

Cook Islands Tourism Corporation		2023/24	2024/25	2025/26	2026/27
MTEC	Personnel	2,098,774	2,231,274	2,231,274	2,231,274
	Operating	1,541,226	1,408,726	1,408,726	1,408,726
	Administered Payments	5,743,000	4,500,000	4,500,000	4,500,000
	Depreciation	52,000	52,000	52,000	52,000
	Gross Appropriation	9,435,000	8,192,000	8,192,000	8,192,000
	Trading Revenue	20,000	20,000	20,000	20,000
	Net Appropriation	9,415,000	8,172,000	8,172,000	8,172,000
	POBOC	0	0	0	0
Medium-term Expenditure Ceiling		9,435,000	8,192,000	8,192,000	8,192,000

Table 7-101 Total Resourcing – Government and ODA, Tourism (\$)

	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Net Appropriation	9,415,000	8,172,000	8,172,000	8,172,000
Trading Revenue	20,000	20,000	20,000	20,000
Official Development Assistance	0	0	0	0
Total Resourcing	9,435,000	8,192,000	8,192,000	8,192,000

Table 7-102 Output Funding for Tourism (\$)

Output	Output 1	Output 2	Output 3	Total
Personnel	1,431,239	507,623	159,912	2,098,774
Operating	795,978	70,000	675,248	1,541,226
Administered Funding	5,243,000	500,000	0	5,743,000
Depreciation	0	0	52,000	52,000
Gross Operating Appropriation	7,470,217	1,077,623	887,160	9,435,000
Trading Revenue	20,000	0	0	0
Net Operating Appropriation	7,450,217	1,077,623	887,160	9,415,000

7.5.25.1. Cook Islands Tourism Corporation Outputs

Output 1: Destination Sales and Marketing

Output 2: Destination Development

Output 3: Corporate Services

Table 7-103 Baselines and New Budget Measures, Tourism (\$)

Details	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
2022/23 Budget Personnel Baseline	2,300,022	2,300,022	2,300,022	2,300,022
Transfer to Operating	(201,248)	(68,748)	(68,748)	(68,748)
2023/24 Budget Personnel Budget	2,098,774	2,231,274	2,231,274	2,231,274
2022/23 Budget Operating Baseline	1,339,978	1,339,978	1,339,978	1,339,978
Transfer from Personnel	201,248	68,748	68,748	68,748
2023/24 Budget Operating Budget	1,541,226	1,408,726	1,408,726	1,408,726
2022/23 Budget Administered Payments Baseline	4,500,000	4,500,000	4,500,000	4,500,000
Reappropriation – Tourism Marketing	1,243,000	0	0	0
2023/24 Budget Administered Payments	5,743,000	4,500,000	4,500,000	4,500,000
2022/23 Budget Depreciation Baseline	52,000	52,000	52,000	52,000
2023/24 Budget Depreciation	52,000	52,000	52,000	52,000
Gross Operating Appropriation	9,435,000	8,192,000	8,192,000	8,192,000
2022/23 Budget Trading Revenue Baseline	20,000	20,000	20,000	20,000
2023/24 Budget Trading Revenue	20,000	20,000	20,000	20,000
Net Operating Appropriation	9,415,000	8,172,000	8,172,000	8,172,000

Changes for the 2023/24 Cook Islands Tourism Corporation's budget include:

- \$201,248 transfer of personnel to operating in 2023/24 and \$68,748 from 2024/25 to support roles transferred from full-time to contract based.
- Reappropriation of \$1.2 million from 2022/23 to 2023/24 for the Marketing Resources – Tourism Growth Strategy administered Fund.

Table 7-104 Administered Payments, Tourism (\$)

Output	Administered Payment	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
1	Marketing Resources - Tourism Growth Strategy	5,743,000	4,500,000	4,500,000	4,500,000
	Output 1 Administered Funding	5,743,000	4,500,000	4,500,000	4,500,000
	Total Tourism Corporation Administered Funding	5,743,000	4,500,000	4,500,000	4,500,000

7.5.26. Ministry of Transport

Transport		2023/24	2024/25	2025/26	2026/27
MTEC	Personnel	1,023,500	1,023,500	1,023,500	1,023,500
	Operating	205,221	150,221	150,221	150,221
	Administered Payments	0	0	0	0
	Depreciation	25,609	25,609	25,609	25,609
	Gross Appropriation	1,254,330	1,199,330	1,199,330	1,199,330
	Trading Revenue	41,221	49,721	49,721	49,721
	Net Appropriation	1,213,109	1,149,609	1,149,609	1,149,609
	POBOC	120,000	120,000	120,000	120,000
	Medium-term Expenditure Ceiling	1,374,330	1,319,330	1,319,330	1,319,330

Table 7-105 Total Resourcing – Government and ODA, Transport (\$)

	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Net Appropriation	1,213,109	1,149,609	1,149,609	1,149,609
Trading Revenue	41,221	49,721	49,721	49,721
Official Development Assistance	0	0	0	0
Total Resourcing	1,254,330	1,199,330	1,199,330	1,199,330

Table 7-106 Output Funding for Transport (\$)

Output	Output 1	Output 2	Output 3	Output 4	Output 5	Total
Personnel	196,403	158,832	90,017	346,586	231,662	1,023,500
Operating	8,000	8,000	63,000	41,400	84,821	205,221
Administered Funding	0	0	0	0	0	0
Depreciation	13,200	5,593	0	1,625	5,191	25,609
Gross Operating Appropriation	217,603	172,425	153,017	389,611	321,674	1,254,330
Trading Revenue	0	3,169	0	32,052	6,000	41,221
Net Operating Appropriation	217,603	169,256	153,017	357,559	315,674	1,213,109

7.5.26.1. Ministry of Transport Outputs

Output 1: Civil Aviation Authority of (the) Cook Islands

Output 2: Maritime Safety Authority

Output 3: Land Transport Authority

Output 4: Cook Islands Meteorological Services

Output 5: Corporate Services

Table 7-107 Baselines and New Budget Measures, Transport (\$)

Details	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
2022/23 Budget Personnel Baseline	1,023,500	1,023,500	1,023,500	1,023,500
2023/24 Budget Personnel Budget	1,023,500	1,023,500	1,023,500	1,023,500
2022/23 Budget Operating Baseline	150,221	150,221	150,221	150,221
Land Transport Policy	55,000	0	0	0
2023/24 Budget Operating Budget	205,221	150,221	150,221	150,221
2022/23 Budget Administered Payments Baseline	0	0	0	0
2024/25 Budget Administered Payments	0	0	0	0
2022/23 Budget Depreciation Baseline	25,609	25,609	25,609	25,609
Decimal Clean-Up	0	0	0	0
2023/24 Budget Depreciation	25,609	25,609	25,609	25,609
Gross Operating Appropriation	1,254,330	1,199,330	1,199,330	1,199,330
2022/23 Budget Trading Revenue Baseline	41,221	41,221	41,221	41,221
Trading Revenue adjustment	0	8,500	8,500	8,500
2023/24 Budget Trading Revenue	41,221	49,721	49,721	49,721
Net Operating Appropriation	1,213,109	1,149,609	1,149,609	1,149,609
2022/23 Budget POBOC Baseline	120,000	120,000	120,000	120,000
2023/24 Budget POBOC	120,000	120,000	120,000	120,000

Changes for the 2023/24 Ministry of Transport's budget include:

- \$55,000 of operating funds in 2023/24 to complete the Land Transport Policy.
- \$3,500 increase in trading revenue from 2024/25 for fees associated with Transport Licensing communications.
- \$5,000 increase in trading revenue from 2024/25 for fees associated with Transport Licensing secretariat services.

Table 7-108 Payments on Behalf of Crown, Transport (\$)

Output	POBOCs	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
2	Maritime Radio Coverage	120,000	120,000	120,000	120,000
	Output 2 POBOC Funding	120,000	120,000	120,000	120,000
	Total Ministry of Transport POBOC Funding	120,000	120,000	120,000	120,000

7.5.27. Ministerial Support

Table 7-109 Ministerial Office Funding Ceilings (\$)

Appropriation Title	Ministerial Support Office	2023/24	2024/25	2025/26	2026/27
Prime Minister	Prime Minister	540,000	540,000	540,000	540,000
Deputy Prime Minister	Deputy Prime Minister	378,890	378,890	378,890	378,890
Ministerial Support 1	Minister Vainetutai Toki-Brown	308,000	308,000	308,000	308,000
Ministerial Support 2	Minister George Angene	308,000	308,000	308,000	308,000
Ministerial Support 3	Minister Vaine Mokoroa	308,000	308,000	308,000	308,000
Ministerial Support 4	Minister Albert Nicholas	308,000	308,000	308,000	308,000
Leader of Opposition	Leader of Opposition	308,000	308,000	308,000	308,000
	Total Ministerial Support	2,458,890	2,458,890	2,458,890	2,458,890

The funding allocated for each Ministerial office supports personnel, operating, and depreciation costs attributable to assets purchased and operated by each office.

The Ministerial support offices are identified numerically in the Appropriation Bill to facilitate possible changes in Cabinet. Table 7-109 shows the Ministers assigned to each Ministerial support office at the time of tabling the Appropriation Bill.

7.5.28. Island Governments

The Island Governments funding is further explained in the Pa Enea chapter (Chapter 14).

Table 7-110 highlights the funding adjustments made to each Island Government's funding across the medium-term. Funding for the Pa Enea has been increased by a total of \$0.3 million annually to fund the increase in the minimum wage to \$9.00 followed by a further increase of \$0.5 million from 2025/26 to address critical maintenance work in the Pa Enea.

Note, the phased implementation of the Island Governments to the new government remuneration framework remains on hold until the fiscal situation stabilises.

Table 7-110 Pa Enea Funding Adjustments (\$'000)

Pa Enea	Personnel Adjustments				Operating Adjustments				Final Funding (including baseline)			
	23/24	24/25	25/26	26/27	23/24	24/25	25/26	26/27	23/24	24/25	25/26	26/27
Aitutaki	15	15	15	15	0	0	83	83	2,153	2,153	2,236	2,236
Atiu	35	35	35	35	0	0	70	70	1,837	1,837	1,907	1,907
Mangaia	34	34	34	34	0	0	70	70	1,840	1,840	1,910	1,910
Manihiki	25	25	25	25	0	0	54	54	1,405	1,405	1,459	1,459
Mauke	20	20	20	20	0	0	56	56	1,462	1,462	1,518	1,518
Mitiaro	36	36	36	36	0	0	36	36	951	951	987	987
Palmerston	4	4	4	4	0	0	17	17	439	439	456	456
Penrhyn	25	25	25	25	0	0	40	40	1,054	1,054	1,094	1,094
Pukapuka-Nassau	99	99	99	99	0	0	51	51	1,413	1,413	1,464	1,464
Rakahanga	15	15	15	15	0	0	23	23	595	595	618	618
Total	307	307	307	307	0	0	500	500	13,149	13,149	13,639	13,639

7.6. Administered Payments

Administered payments are a sub-set of operating expenditure allocated for a specific expenditure purpose. The funding is accessible to spend if it meets the purpose of allocation and specified criteria in the administered payments policy.

Listed below are brief explanations of each administered payment. Refer to Schedule 8a – Administered Payments for fiscal details of each administered payment.

7.6.1. Compensation of Employees Administered Payments

Infrastructure Committee – the Infrastructure Committee oversees the delivery of infrastructure projects and makes decisions regarding the management and commissioning of individual projects.

Government Facilities Development Division – division of CIIC managing key development projects and strategic facility improvement initiatives. This fund covers operational and project management costs, specialist consultancy services, and various designs and works completed during the year.

School Security – to engage full-time security services, which include both technology and personnel functions, to monitor school grounds.

Joint Venture with Seabed Minerals Authority – this fund is used to advance the interests of the Cook Islands seabed minerals in the exclusive economic zone and the Clarion-Clipperton zone.

National Heritage Trust Fund – this fund covers the personnel and operation costs for the National Heritage Trust. The purpose of the trust is to research, preserve and arrange publications, exhibitions, displays and to generally educate the public on the science as well as the traditional practices and knowledge relating to the flora and fauna in the Cook Islands.

Price Tribunal Committee – this fund covers the operational cost for the Price Tribunal Committee.

Centre of Research and Policy Studies – 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 – to cover fees, costs and allowances for Judges, Justices of the Peace, Coroners, Leases Approval Tribunal members, Customs Appeal Tribunal, Judicial Committee of the Privy Council, land agents and jurors.

Project to bring land records up to date – to fund personnel on a contract basis to update and digitise land records and court transcripts.

ICT Support Team – to provide oversight on all ICT projects and developments in government.

Marae Moana Ambassador – for an advocate to foster development, inform, educate, and promote Marae Moana to stakeholders.

HOM's Salaries – remuneration and allowances of Heads of Ministries of the Cook Islands government for each financial year.

7.6.2. Use of Goods and Services

Seabed Minerals Sector Development – contracts and other regulatory and environmental work tied to the Seabed Minerals sector.

Seabed Minerals Compliance Development – for the provision of technical support to the Cook Islands Seabed Minerals Authority for regulatory and compliance work.

Provision for Land Rentals – costs associated with land leased to the Crown.

CIG Buildings Repairs and Maintenance – covers all costs (including personnel and operating expenses) to repair and maintain all government buildings on Rarotonga and the Pa Enea.

Legal Provisions – litigation claims, legal costs, and charges that the Crown Law Office determines likely for payment.

Lexis Nexis – Portal Maintenance – licensing and maintenance costs for the Lexis Nexis legislative website to manage Cook Islands acts and legislation.

National Events – funding is determined annually to organise and coordinate national events including Te Maeva Nui cultural celebration and the biannual Cook Islands Games.

Te Kopapa Reo Maori Board – supports the preservation and growth of the Cook Islands Maori language and the oral history through the establishment of Te Kopapa Reo Maori Board including board fees, and secretarial / administrative services.

Cook Islands Cultural Fund – supports the preservation and promotion of the Cook Islands culture. This includes the Cook Islands' participation in regional events such as the Pacific Arts Festival and performing at the Polynesian Cultural Centre in Hawaii.

Tertiary Training Institutions – operating expenses for the Cook Islands Tertiary Training Institute to deliver training courses on Rarotonga and the Pa Enea.

Bus Service – to sustain a school bus service in Aitutaki.

Legacy Waste – Vehicles & Whiteware – to export containers with legacy whiteware and vehicle waste to New Zealand, including labour, transport, fuel, freight, port handling and surcharge on e-waste.

EIA Process – to strengthen the Environmental Impact Assessments (EIA) conducted through the provision of expert advice and support to the National Environment Service, the National Environment Council, the Islands Environment Authority, and Pa Enea Environment officers to effectively implement the Environment Act and regulations.

Management of Suvarrow Park – to protect, manage and conserve the Suvarrow National Park. This includes the provision of park rangers that are appropriately trained, equipped and supported to effectively ensure environmental protection and the delivery of multi-agency services on Suvarrow.

Compliance Development – the development of a seabed minerals compliance function within the National Environmental Services to conduct the associated environmental work related to the Seabed Minerals sector.

Feasibility Study for Coastal Protection – Rarotonga & Aitutaki – to explore the most appropriate methods of coastal protection/ development on Rarotonga and Aitutaki through a feasibility study.

Public Sector Strengthening – processes and systems – 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 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 – economic response to COVID-19 through the disbursement of social benefits and wage support for households and businesses, and other stimulus measures.

Economic Recovery Roadmap – to support economic stimulus measures for a sustainable economic recovery from the impacts of COVID-19.

Centre of Excellence in Information Technology – the operations of a Centre of Excellence in Information Technology at the University of the South Pacific Cook Islands Campus.

Audit of Crown Accounts – the annual audit of Crown Accounts.

Standard and Poor's Subscription – annual subscription fees for the Standard & Poor's (S&P) credit rating services.

Special Investigative and Prosecution Services – to enable the Cook Islands Financial Intelligence Unit to conduct special investigative and prosecution services on behalf of the Cook Islands government.

Debt Advisory Services – advisory services for the Cook Islands Governments' debt strategy.

FMIS Maintenance – for the maintenance and support of the integrated Financial Management Information System (FMIS) to provide real-time financial data of all government agencies to help decision-makers make informed decisions.

Government Broadband Utilities – internet usage cost for agencies on the government's ICT network.

ASYCUDA Administrative Fund – administration fees for the annual operation of the Automated System for Customs Data.

Cook Islands Red Cross – to support the Cook Islands Red Cross Society in mobilising disaster awareness and assistance deployment programmes.

IGOR – International Exchange of Information system upgrade – the Information Gateway Online Reporter (IGOR) to meet the OECD International Standards.

Cook Islands Student Association Support – assists the Cook Islands tertiary students' association to host the annual Ta'okota'ianga cultural week in New Zealand. The event provides an opportunity for Cook Islands tertiary students in New Zealand to celebrate their culture and heritage through various activities like debates, sports, song, and dance.

Returned Services Association – coordination of the annual ANZAC commemorations with the Returned Services Association each year.

Domestic Hosting Entertainment – to support costs associated for the King's representative to host State, Diplomatic and Civil functions.

KR Social Responsibility Fund – to support the social responsibilities of the King’s representative such as funerals, fundraisers and community events.

Head of State Rent – rental fees for the Government House.

Pharmaceuticals – procurement of pharmaceutical medicines, medical consumables, and medical gas.

Law and Order Clinical Psychologist – to recruit a clinical psychologist to support the Law-and-Order sector, including inmate psychological assessments and support services for officers in this sector.

Bridges and Stream Structure Maintenance – to improve the road corridor structures and drainage system and provide regular and ongoing maintenance on all bridges and culverts around Rarotonga.

Waste Management – costs of collecting and transport solid waste and specified recyclables from residential properties on Rarotonga to the Rarotonga Waste facility.

Road and Drainage Asset Maintenance – to maintain and improve the road network, the road corridor and road drainage to ensure the roads are for all users.

Emergency Response Work – this funding enables Infrastructure Cook Islands to mobilise staff, machinery, and resources in responding to emergency situations to ensure safety for all and timely restoration of infrastructure and facilities.

Internal Affairs Youth Program – to assist with youth related programmes within the community on Rarotonga and Pa Enea that align with the National Youth policy.

Vaka Maintenance – this funding engages with community groups to conduct monthly village clean-up of public road networks and road corridors on Rarotonga.

Lease extension – payment to extend the terms of leased land for the Ministry of Internal Affairs.

Special Select Committee – to fund the costs of Parliamentary Standing and Select Committees.

Remuneration Tribunal Committee – for the provision of services to the Remuneration Tribunal.

Search and Rescue – to conduct search and rescue operations on land and at sea.

Serious Crime Investigations – costs associated with the investigation of serious crime.

Te Kukupa - Fuel Contribution – fuelling Te Kukupa II to conduct surveillance, search and rescue and other operational requirements.

Police Youth Program – to provide life and leadership skills to Cook Islands youth to be strong, law-abiding future leaders of the Cook Islands.

Social Responsibility Fund – this fund is accessible by members of Parliament to support community projects, social events, and sporting activities for the 24 electoral constituencies in the Cook Islands.

Cabinet Support Fund – formerly known as the Community Support Fund, this fund enables Cabinet ministers to support community activities and initiatives that meet the development needs consistent with the Cook Islands National Sustainable Development Agenda 2020+.

Pa Enea Mechanical Overseer – for the employment of a Mechanical Overseer to carry out maintenance and repair work of machinery and generators in the Pa Enea.

Pa Enea Machinery Maintenance Fund – to procure parts and other resources to ensure the heavy machinery in the Pa Enea operates effectively.

OPM ICT Activities – Internet Data and Fibre Connection – to provide ongoing internet and fibre connection to government users on Rarotonga and the Pa Enea as part of the rollout of the Government ICT network upgrade.

OPM ICT Activities – Licenses and Software – to provide licensing and software upgrades for government users on Rarotonga and the Pa Enea as part of the rollout of the Government ICT network upgrade as well as retain the services of the Project Management Unit (PMU).

Marketing Resources – Tourism Growth Strategy – to support the promotion and development of strategies to propagate the Cook Islands as an ideal travel destination.

Tarai Vaka Fund – to support government agencies in adhering to the Tarai Vaka process by funding cost-benefit analysis, environment impact assessment and other due diligence requirements.

Tax Law Review – to enable the review and update of tax legislation covering the financial services industry.

7.6.3. Subsidies

University of the South Pacific Contribution – an annualised payment to the University of the South Pacific (USP) to support programmes delivered at the Cook Islands Campus relating to training needs such as the Cook Islands Māori Linguistics. The fund also assists the campus in meeting council obligations and other initiatives that seek to enhance student learning and success at the Rarotonga campus.

Airline Route Development – formerly known as the airline underwrite, the purpose of this fund is to subsidise the cost of direct flights from non-New Zealand markets to Rarotonga. This fund will help support tourism by enabling air-routes that would not be financially viable for the airlines without support, and where the economic benefit of the tourism to the Cook Islands outweighs the direct cost to government. Where the fund may be under-expended in a fiscal year due to external factors such as airline scheduling, funds may be directed to support tourism marketing to boost seat sales.

Subsidy of audio/visual broadcasting in Pa Enea – to subsidise the provision of television broadcasting in the Pa Enea.

Asian Infrastructure Investment Bank Membership – subscription fees for the Asian Infrastructure Investment Bank (AIIB).

Universal Access Fund – 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 shipping to the Pa Enea to enable regular transportation of passengers and bulk goods at an affordable price.

7.6.4. Social Assistance

Government Funded Scholarships – to support people pursuing higher education, domestically and abroad through the provision of scholarships, grants, and other support. This support typically includes tuition fees and other additional costs associated with tertiary study.

Government Funded Scholarships – Fees Free – for the ongoing iteration of the previously temporary ‘Fees Free’ initiative for tertiary studies at the USP.

NCD Fund – to enable 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.

Patient Referrals – the referral of patients to receive secondary and some tertiary level care on Rarotonga or New Zealand for acute and complex health problems.

Workforce Development – professional development opportunities for clinicians, nurses, allied health, public health, and other health professionals.

Welfare Payments – Allowances – covers non-legislated welfare payments. Refer to Welfare Payments section in this chapter.

Legal Aid – to provide access to legal services in criminal matters. Governed under the Legal Aid Act 2004.

7.6.5. Other Expense

Private School Funding – ensures equitable access to quality education by providing support to private schools for operating costs and teaching personnel, based on school enrolment.

Production of new currency, transportation, and sale of old coins – the production of new Cook Islands coins including the transportation and sale of old coins.

National Census – to support the costs of conducting the national census every five years.

Conduct of a Labour Force Survey – to support the associated costs to conduct a labour force survey.

SIF - Cook Islands Government Contribution – the social impact fund (SIF) provides support to non-government organisations and community groups who focus on gender, children and youth, the elderly, person with disabilities, domestic violence, and mental health.

SIF – ODA Graduation Support Fund – temporary funding to continue the provision of services provided by a few non-government organisations, affected by the Cook Islands ODA graduation.

CISNOC Grant – supports the Cook Islands Sports and National Olympic Committee (CISNOC) in promoting and encouraging sports and recreation in the Cook Islands.

Fisheries Development Facility – support for small-scale, fisheries related activities on Rarotonga and in the Pa Enua by providing technical assistance, grants, and sector support.

Religious Advisory Council – to provide financial support to the Religious Advisory Council members to provide spiritual counsel and advice to the government and community leaders and to attend government, ministries, and formal community functions.

Pacific Islands Forum (PIFs) meeting – to support the costs to host the 52nd Pacific Islands Forum Leaders meeting in the Cook Islands in November 2023.

State Events – supports costs associated with organising and coordinating state service events.

7.7. Payments on behalf of Crown

Payments on behalf of Crown (POBOC) supports legislated and contractual payments made by the Crown. These are specifically appropriated within the Appropriation Act and are considered outside of an agency's operating funding, but within the Medium-term Expenditure Ceiling.

Each POBOC fund is briefly explained below. For the fiscal details of each POBOC, refer to Chapter 16.14.

7.7.1. Compensation of Employees

Parliamentary Superannuation – superannuation payments for members of Parliament.

PERC Salaries and Administration Costs – covers the personnel and operating expenses for the Public Expenditure Review Committee (PERC).

Civil List Personnel – covers the salaries and allowances for the King's Representative and members of Parliament.

House of Ariki – to support the legal functions and affairs of the House of Ariki and Koutu Nui.

7.7.2. Use of Goods and Services

Audit fees – for the provision of Crown audit services for government departments.

Civil List Constituency Visits – supports the travel costs for members of Parliament between their constituencies and Rarotonga including per diems.

Parliamentary Sitting Expenses – covers the operational costs for scheduled sittings of Parliament.

MP Travel and Allowances (local and overseas) – covers official duty travel costs for members of Parliament.

KR Travel and Allowances (local and overseas) – supports all associated costs for the King's Representative when travelling on official duty.

Maritime Radio Coverage – provision of international and domestic maritime radio services to the shipping industry as part of the Cook Islands' obligation to the International Convention of Safety of Life at Sea.

Local Government Election – for 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.

7.7.3. Subsidies

Bank of the Cook Islands - social assistance subsidy – provision of banking services in the Pa Enuā.

Airport Authority subsidy – supports the operations of the Airport Authority to manage the airports on Rarotonga and Aitutaki

Ports Authority – to accommodate the government's community service obligations through subsidies or waiver of port fees on Rarotonga and Aitutaki.

To Tatou Vai – to enable To Tatou Vai to manage and operate the water treatment and water delivery network on Rarotonga to supply clean, safe water.

7.7.4. Other Expense

Pacific Catastrophe Risk Insurance – insurance premiums to safeguard the Cook Islands in the event of a catastrophe.

Competition and Regulatory Authority – supports the Authority to regulate telecommunications services providers and other utilities in the Cook Islands under the Competition and Regulatory Authority Act 2019.

BEPS Subscription – payment of fees for access to resources available relating to base erosion and profit shifting (BEPS). i.e. tax planning strategies.

International Subscriptions – payment of membership fees to regional and international organisations.

CIG Insurance – funding set aside as captive insurance for compensation of possible loss or damage of Crown assets. This funding is also for payment of insurance premiums.

7.8. Social Assistance

Table 7-111 Welfare Payments (\$)

	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Welfare Payments Administered Payments	1,588,975	1,848,971	1,854,508	1,855,667
Welfare Payments POBOC	21,562,805	21,771,104	21,978,793	21,979,281
Total	23,151,780	23,620,074	23,833,301	23,834,948

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 recognises legislated payments, such as pensions and the Destitute and Infirm Payment, and one-off discretionary payments such as funeral allowances and Christmas bonuses.

Table 7-112 Welfare Benefits (\$)

Administered funding for Welfare Services	2023/24	2024/25	2025/26	2026/27
Welfare Payments				
Caregivers	739,127	996,957	1,000,209	999,888
Christmas Bonus	320,594	322,759	325,044	326,525
Funeral Allowance	170,000	170,000	170,000	170,000
Power Subsidy	109,255	109,255	109,255	109,255
Special Assistance	250,000	250,000	250,000	250,000
Total Administered funding for Welfare Services	1,588,976	1,848,971	1,854,508	1,855,668
POBOC funding for Welfare Services				
Welfare Payments				
Old Age Pension 60+	7,994,225	8,202,063	8,418,196	8,550,420
Old Age Pension 70+	6,494,869	6,473,475	6,467,163	6,400,618
Child Benefit	5,387,286	5,416,065	5,415,460	5,365,658
New-born Allowance	230,465	229,106	228,411	225,571
Destitute and Infirm	1,295,560	1,289,994	1,289,163	1,276,614
Maternity Leave	150,000	150,000	150,000	150,000
Carer Order Payment	10,400	10,400	10,400	10,400
Total POBOC funding for Welfare Services	21,562,805	21,771,104	21,978,793	21,979,281
Total Welfare Funding	23,151,781	23,620,075	23,833,301	23,834,949

Table 7-113 Details on Welfare Payments

Legislated Welfare Payments	Payment Rate (\$)	Beneficiaries 2022/23 Estimate	Beneficiaries 2023/24 Estimate	Assumptions
Child Benefit (monthly)	100	4,325	4,336	A slight increase in the number of recipients.
New-born Allowance*	1,000	229	229	There is an assumption that the numbers will not increase based on actuals.
Old Age Pension - 60 to 69 years of age (monthly)	520	1,242	1,286	The number of pensioners in this age group continues to increase based on actuals.
Old Age Pension - 70 years of age and over (monthly)	720	742	744	The number of pensioners in this age group continues to increase based on actuals.
Destitute Persons Payment (monthly)	400	34	35	A slight increase in the number of people receiving these payments based on actuals.
Infirm Persons Payment (monthly)	400	228	228	There is an assumption that the numbers will not increase based on actual expenditure.
Non-legislated Welfare Payments				
Caregiver's Allowance (monthly)	300	209	211	The number of people that will qualify for caregiver's allowance is likely to increase due to an ageing population.
Christmas Bonus*	50	6,793	6,819	An increase in the total number of beneficiaries receiving benefit payment based on actuals.
Funeral Allowance*	2,400**	70	75	The number of families expected to receive funeral assistance is expected to slightly increase.
Power Subsidy (quarterly)	86	319	319	There is an assumption that the numbers will not increase based on actual expenditure.
Other Payments				
Government-funded Maternity Leave*	2,160	70	69	Births by working women in the private sector is projected to decrease slightly; however, the payment has increased in line with the increase in the minimum wage.

* The New-born Allowance, Christmas Bonus, Funeral Assistance and Maternity Leave are paid on each occurrence.

**There are three payment rates for the funeral assistance based on the welfare benefit of the deceased beneficiary. The highest rate is \$2,400 for a Cook Island pensioner, \$1,200 for a New Zealand pensioner (who have resided in the Cook Islands 12 months prior to his/her death), \$1,200 for an infirm or destitute beneficiary and \$600 for a child receiving the child benefit.

7.8.1. Welfare Payments

7.8.1.1. Legislated Entitlements (POBOC)

The Welfare Act 1989 provides for five types of welfare payments:

- Child Benefit
- New-born Allowance
- Old Age Pension
- Destitute Payment
- Infirm Relief

Child Benefit

The eligible age for the child benefit is children between the age of 0 to 16 years. The payment rate is \$100 per month.

New-born Allowance

The new-born allowance is a lump sum payment of \$1,000 to the parents or legal guardians responsible for the care of a new born child born in the Cook Islands or overseas (provided the mother has actually resided in the Cook Islands 12 months prior to giving birth).

Old Age Pension

The pension is an assessable tax income paid to eligible people aged 60 years and over and living in the Cook Islands. The payment rate for those aged between 60 and 69 is \$520 a month, and \$720 a month for those aged 70 and over.

Destitute and Infirm Payment

The destitute and infirm payment is a working age payment made to individuals residing in the Cook Islands that are unable to support themselves by their own means or labour and includes persons with dependents where such dependents are unable, through infirmity or age, to support themselves by their own means and labour. As of 1 July 2023, the destitute payment will increase from \$200 per month to \$400 per month, in line with the infirm payments.

Maternity Leave Payment

The Employment Relations Act 2012 provides for government funded Maternity Leave payments to assist private sector employers in meeting paid maternity leave obligations for working women who give birth. The payment rate is set at the minimum wage based on 40 hours per week for six weeks. The minimum wage increases to \$9.00 per hour from 1 July 2023 will be reflected in an increase in the payment rate from \$340 to \$360 per week. This payment is subjected to income tax.

7.8.1.2. Non-legislated Welfare Payments

In addition to payments made under the Welfare Act 1989 and the Employment Relations Act 2012, the government has provided executive authority for the payment of five additional welfare payments or allowances:

- Caregiver's allowance
- Christmas bonus
- Funeral allowance
- Power subsidy
- Special assistance

Caregivers Allowance

The caregivers allowance provides support to people who are providing substantial day-to-day care for an elderly person or a person with permanent disabilities requiring high care needs. For 2023/24, the payment rate will increase to \$300 per month and it is expected to increase again in 2024/25 to \$400 per month.

Christmas Bonus

A Christmas bonus is a \$50 payment in December to all eligible beneficiaries receiving the child benefit, destitute, infirm, caregiver and pension payments. It is a contribution from the government to provide additional assistance to families at a time where expenses are higher than normal.

Funeral Allowance

The funeral allowance assists families with the funeral costs of a deceased beneficiary and is paid at the following rates: \$2,400 for Cook Island pensioners, \$1,200 for New Zealand pensioners who have resided in the Cook Islands 12 months prior to his/her death, infirm and destitute beneficiaries are entitled to \$1,200 and children on the child benefit are entitled to \$600.

Power Subsidy

A power subsidy may be provided, subject to an income test, for beneficiaries of the aged, destitute, or infirm relief payment. People receiving an overseas old age pension are not entitled to this benefit regardless of their total income. From 2023/24, the payment rate for the subsidy is expected to increase from \$66 to \$86 per quarter.

Special Assistance

Special assistance is considered on a case-by-case basis and subject to an income test to very elderly beneficiaries and people with severe disabilities to improve accessibility and mobility.

7.8.2. Subsidies to State Owned Enterprises

To provide equitable basic services for all Cook Islanders, the government provides a subsidy to State owned enterprises involved in the provision of services to cover non-commercially viable aspects of the business, considered a social responsibility or where operating income is insufficient to support operations.

Table 7-114 Subsidies to State-owned Enterprises (\$)

POBOC	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Bank of the Cook Islands - social assistance subsidy	128,000	128,000	128,000	128,000
Airport Authority - subsidy	1,500,000	1,000,000	500,000	0
Ports Authority - subsidy	110,099	110,099	110,099	110,099
To Tatou Vai	3,000,000	2,000,000	2,000,000	2,000,000
Total Cost	4,738,099	3,238,099	2,738,099	2,238,099

8. Capital Expenditure

The Capital Schedule, summarised in Table 8-1 and detailed in Schedule 6, outlines the capital programmes and projects appropriated with Cook Islands Government (CIG) funding for the 2023/24 fiscal year and planned for the forward years.

The guiding strategy for capital investments in the Cook Islands is the National Infrastructure Investment Plan 2021 (NIIP)²², which provides a roadmap to the investment projects that the government seeks to implement.

The total capital budget for 2023/24 is \$22.8 million and it includes \$6.0 million of reappropriated capital expenditure from 2022/23 into 2023/24. The total new capital expenditure funding (excluding the amount reappropriated) for 2023/24 is \$16.7 million.

The 2023/24 to 2026/27 fiscal years reflect a decrease in capital expenditure compared to pre-pandemic levels for several reasons. Additional projects are under consideration through different funding sources such as the Official Development Assistance (ODA). These include the Mei Te Vai Ki Te Vai (MTVKTV) and the Manihiki Airport project which are presented in the ODA schedule to more accurately reflect the CIG fiscal commitments.

Over the medium-term, government will work with funding partners to identify strategies that can increase infrastructure investment, with the aim of maintaining approximately \$40.0 million in investments each year, noting that current implementation capacity is below this level.

Capital expenditure in 2022/23 is estimated at \$22.3 million, representing 64 per cent of the final capital investment budget for the year (\$34.6 million) as reported in the 2022/23 HYEPU.

Table 8-1 Total Capital Expenditure (\$'000)

MINISTRY	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Cook Islands Investment Corporation	3,386	4,681	4,529	3,700	3,670
Corrective Services	50	0	0	0	0
Cultural Development	100	0	160	0	0
Education	333	400	300	300	300
Health	300	500	900	500	300
Infrastructure Cook Islands	14,516	14,270	9,576	12,822	13,942
Internal Affairs	100	0	0	0	0
Finance and Economic Management	2,466	2,000	739	827	367
Prime Minister's Office	926	200	300	300	300
MINISTRY TOTAL	22,177	22,051	16,505	18,449	18,878
Capital Funds Administered BY MFEM	83	710	710	710	710
GRAND TOTAL	22,260	22,761	17,215	19,159	19,588

8.1. Reappropriation of 2022/23 Capital Appropriations

The reappropriation of capital expenditure funding from 2022/23 into the 2023/24 Budget is presented in Table 8-2. Brief reasons for each reappropriation are provided below, however reappropriations are typically approved for the completion of projects that were not completed within the fiscal year.

²² <https://www.ciic.gov.ck/publications/infrastructure-plans/>

Table 8-2 Capital Expenditure Reappropriation (\$)

Agency	Details	Amount	2022/23	2022/23	2023/24	2023/24
			Budget Estimate	Budget Adjusted	Budget Estimate	Budget Adjusted
Infrastructure Cook Islands	Bridges & Structures Asset Management & Improvement Program	1,875,777	6,050,000	4,174,223	2,890,000	4,765,777
Infrastructure Cook Islands	Drainage Asset Management and Improvement Program	219,564	500,000	280,436	500,000	719,564
Infrastructure Cook Islands	Pa Enua Marine Infrastructure Improvement (Nassau Harbour)	2,469,906	2,660,000	190,094	0	2,469,906
Infrastructure Cook Islands	Government Building Project	496,488	1,360,781	864,293	0	496,488
Infrastructure Cook Islands	Pa Enua Air Infrastructure Improvement Program (Manihiki Airport)	648,981	891,998	243,017	0	648,981
Infrastructure Cook Islands	Road Asset Management and Improvement Program	271,731	8,730,834	8,459,103	4,688,467	4,960,198
Infrastructure Cook Islands	Waste Management Infrastructure Improvement Programme	50,917	100,000	49,083	0	50,917
Infrastructure Cook Islands	Water and Sanitation Infrastructure Improvement Programme	8,383	264,388	256,005	150,000	158,383
Total reappropriation		6,041,747	20,558,001	14,516,254	8,228,467	14,270,214

Bridges & Structures Asset Management & Improvement Program – to continue projects from 2022/23 which includes work planned for the bridges located near the Head of State’s residence and the Sheraton.

Drainage Asset Management and Improvement Program – to continue projects from 2022/23 such as the Avatiu valley stream embankment work, muri drainage improvements and the Takitumu school roadside drainage.

Pa Enua Marine Infrastructure Improvement (Nassau Harbour) – to support the ongoing design and construction of the Nassau Harbour.

Government Building Project – to complete the construction of Te Tautua hospital on Penrhyn.

Pa Enua Air Infrastructure Improvement Program (Manihiki Airport) – to support the ongoing design work and subsequent construction of the Manihiki airport.

Road Asset Management and Improvement Program – for the continuation of road improvement projects on Rarotonga that have been in design phase during 2022/23.

Waste Management Infrastructure Improvement Programme – to complete the waste management pilot report focused on the schools on Rarotonga.

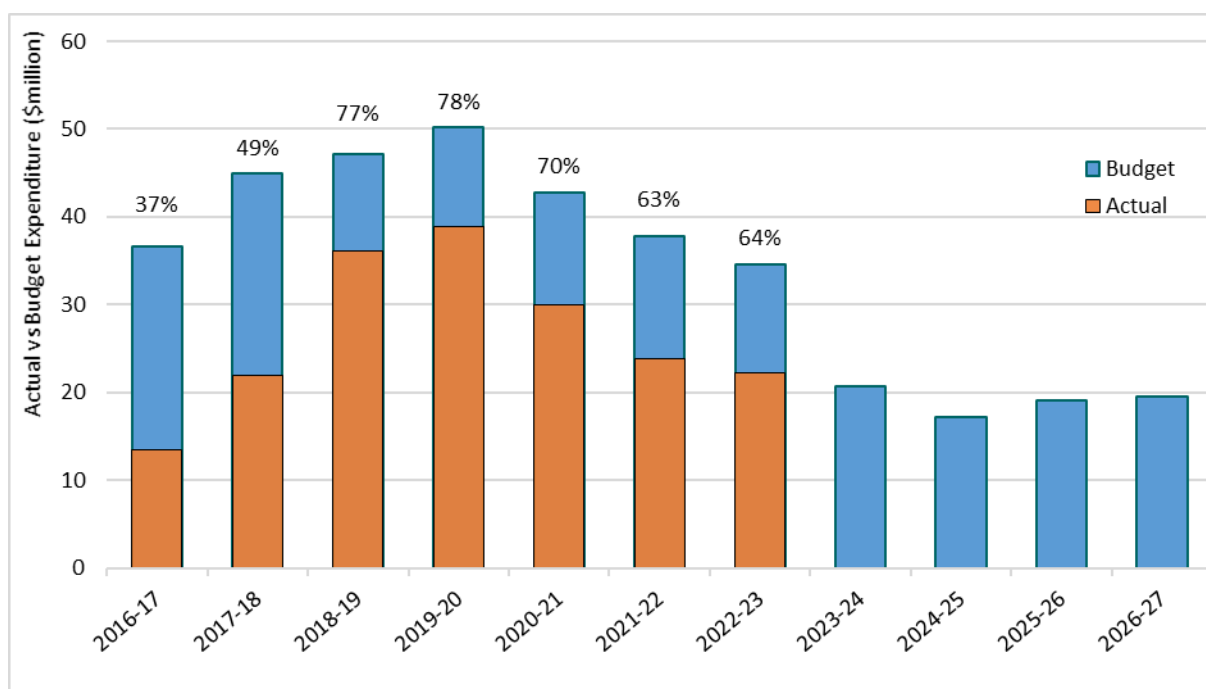
Water and Sanitation Infrastructure Improvement Programme – to continue the implementation of projects from 2022/23 such as the Community water storage capacity on Penrhyn, the water gallery upgrades in Atiu, the water distribution system upgrades in Mangaia and the sanitation improvement work in Te Puka.

8.2. Expenditure Performance

Figure 8-1 shows government’s capital expenditure performance since the 2016/17 fiscal year. The best performance in capital expenditure was the 2019/20 fiscal year where government had the highest level of capital expenditure and spend against the budget.

The 2022/23 fiscal year reflects a further decrease in capital appropriation and expenditure due to various factors including limited fiscal space for projects, logistic delays and project rescheduling requirements for the Manihiki Airport project.

Figure 8-1 Capital Investment Budget vs Actuals Comparison



8.3. Funding Sources

The government’s capital expenditure is funded from two sources (Table 8-3). The first is from the government cash reserves, which may include debt-sourced funding. The second is ODA funding from development partners, with New Zealand being a major contributor. The government and its donor partners jointly fund a significant number of capital projects.

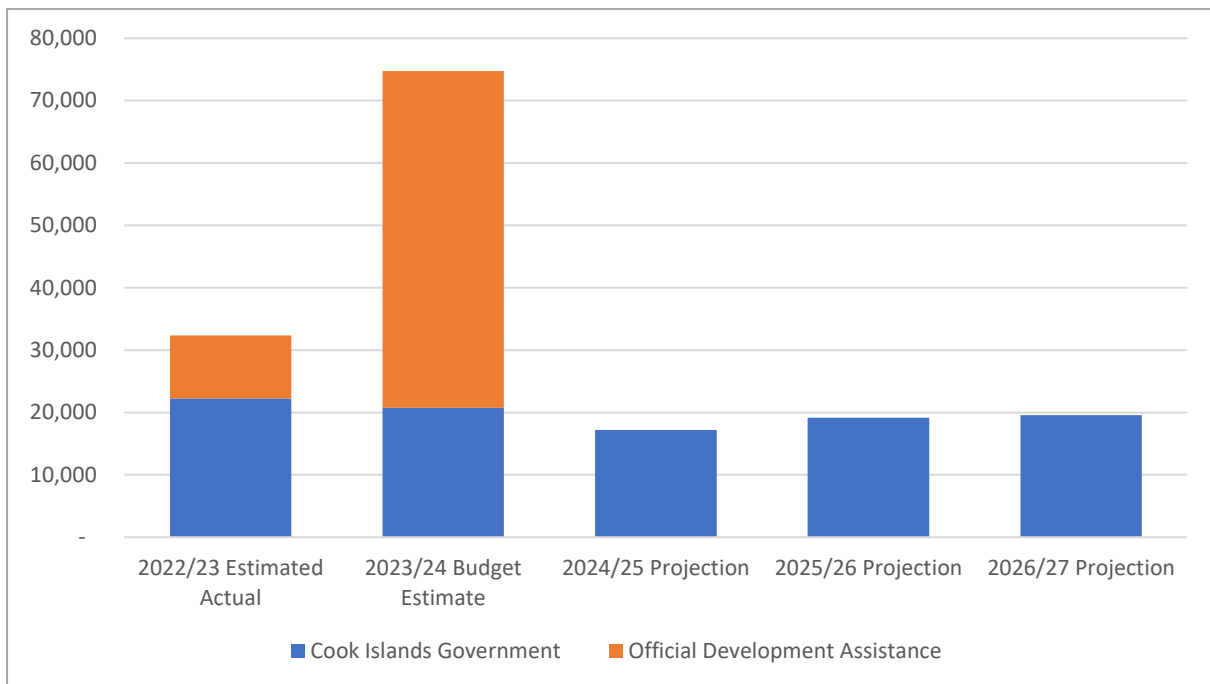
Table 8-3 Total Capital Expenditure by Funding Source (\$’000)

Funding Source	2021/22 Actual	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Cook Islands Government	23,820	22,260	22,761	17,215	19,159	19,588
Official Development Assistance	11,333	10,106	54,003	0	0	0
Total	35,153	32,366	76,764	17,215	19,159	19,588

Government is working with New Zealand’s Ministry of Foreign Affairs and Trade (MFAT) through the Infrastructure Trust Fund (ITF) to consider project proposals that would help stimulate the Cook Islands’ economy and strengthen its overall resilience thorough capital works. More details on the Infrastructure Trust Fund and specific projects approved under the ITF are outlined in Chapter 15 (Official Development Assistance Chapter).

ODA capital project appropriations include proposed funding, therefore actual expenditure may differ from the forecast. The proportional funding per year is presented in Figure 8-2, noting that the full balance of the ITF has been appropriated in 2023/24 but is unlikely to be expended, with residual balances carried forward into future years.

Figure 8-2 Total Capital Expenditure by Funding Source (\$'000)



8.4. Expenditure Themes

The government’s capital expenditure programmes continue the themes from the 2021/22 budget. Where new projects have been included, priority has been allocated towards projects that are expected to engage local suppliers and sources of labour as well as addressing safety concerns.

Physical Infrastructure, Water and Sanitation

Infrastructure Cook Islands’ (ICI) capital investment funding continues to be directed towards physical infrastructure works on Rarotonga and the Pa Enua, with continued focus on bridge and drainage assets and roads on Rarotonga, and marine and air infrastructure works in the Pa Enua.

The Cook Islands Investment Corporation (CIIC) continues its focus on government assets including building works on Rarotonga and the Pa Enua. Funding has been provided to To Tatou Vai (TTV) to progress Rarotonga’s reticulated water network over the medium-term.

Digital Infrastructure

Funding has been provided to continue the upgrades to the Government IT Network both on Rarotonga and in the Pa Enua. This is expected to improve government efficiency and communication. Funding from the Telecommunication’s Universal Access Fund Programme has been discontinued for capital expenditure and transferred to the OPM ICT Activities – Licenses and Software administered fund to support the operational cost in enhancing telecommunications connectivity on Rarotonga and in the Pa Enua associated with the Government IT network upgrades.

8.4.1. Capital Programme Budgeting

Since the 2020/21 Budget, many infrastructure and government building works managed by the CIIC and ICI have been appropriated on a ‘programme’ basis. Whilst the individual projects are assessed separately at the concept and approval stages, project funding is appropriated collectively.

The intent is to allow each agency to manage contractors, logistics and project budgets within the programme to maximise project delivery. This is reflected in the scheduling for individual projects developed by each agency to ensure effective resource management. Individual projects in the planning or forecast stage are indicated under the relevant programme in this chapter, however readers should note that project-level budgets and timing are subject to change in accordance with the needs of each programme.

8.5. Capital Spending by Agency

The remainder of this chapter provides details on the CIG-funded capital expenditure by implementing government agency. Chapter 15 describes the ODA capital (and operating) expenditure budget. Further questions on any projects should be directed to the implementing agency.

Note, only the active capital budget lines with funding allocated for 2023/24 onwards are explained below.

8.5.1. Cook Islands Investment Corporation

Table 8-4 Capital projects, CIIC (\$)

Island	Project / Programme	2022/23 Estimated Actual	2023/24 Budget	2024/25 Projection	2025/26 Projection	2026/27 Projection
Aitutaki	Aitutaki Harbour Dredging	421,570	0	0	0	0
Aitutaki	Arutanga Harbour Project	550,000	980,000	720,000	0	0
Rarotonga	Arorangi Prison Remedial works	29,670	0	0	0	0
Rarotonga	Government Building Projects - Rarotonga	1,097,984	1,300,700	100,000	0	0
Rarotonga	Land Acquisition	0	550,000	250,000	0	0
Manihiki	Pa Enea Government Building Projects - Northern Group	577,378	0	859,300	0	0
Pa Enea	Pa Enea Government Building Projects - Southern Group	450,000	350,000	0	600,000	1,940,000
Rarotonga	Rarotonga Safety Shelters Programme (RSSP)	67,344	400,000	600,000	1,100,000	730,000
Rarotonga	To Tatou Vai	192,478	1,000,000	2,000,000	2,000,000	1,000,000
Total		3,386,424	4,680,700	4,529,300	3,700,000	3,670,000

8.5.1.1. Arutanga Harbour Project (\$980,000 in 2023/24)

The Arutanga Harbour project will allow for a continuous flow of cargo to the island as well as safe passage for small ships, yachts, and cruise ship tenders. The project is part of the wider Aitutaki Island Plan & Orongo Development Project.

A further \$1.7 million has been approved to continue the project in 2023/24 and 2024/25.

8.5.1.2. Government Building Projects – Rarotonga (ongoing programme)

This programme is to undertake developments and improvements of government buildings and facilities on Rarotonga to ensure the public can access public services. The CIG will perform improvements and construction projects to ensure efficient and effective service delivery and a safe environment for staff and the public across government agencies and facilities. Projects include the following, with indicative timing and values:

- MOH Tupapa Asbestos
- MoJ Access Improvements
- National Stadium remediation and scoping repairs needed
- Geotechnical scoping & feasibility studies (various)
- Head of State Residence
- Police HQ

8.5.1.3. Land Acquisition (\$550,000 in 2023/24)

The land acquisition fund provides government the opportunity to engage with and fairly compensate landowners for land in strategic locations that support key investments, further growth, and sustain infrastructure programmes into the future.

Key projects include land to enable construction of an airport runway end safety area to meet international requirements, the planned Vaikapuangi precinct, the Government House for the King's Representative, and the National Archives site.

This appropriation is also intended to cover land acquisition matters such as Pa Enea airport land arrangements, road proclamation matters when they arise, the formalisation of government water intake land tenure costs and other similar expenses.

8.5.1.4. Pa Enea Government Building Projects - Northern Group (ongoing programme)

This programme is to undertake development and improvements of government buildings and facilities across the Pa Enea Northern Group to ensure access to public services. 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 to undertake building/asset replacements or major renovation/repairs on each island over consecutive fiscal years. Economies of scale in this approach allow for efficient use and pooling of resources, effective procurement and logistics, and strengthened community and government collaboration on projects.

Projects are planned for the renovation of cyclone shelters on Manihiki:

- Tauhunu Cyclone Centre
- Tukao Cyclone Centre

8.5.1.5. Pa Enea Government Building Projects - Southern Group (ongoing programme)

This programme is to undertake development and improvements of Government buildings and facilities across the Pa Enea Southern Group to ensure access to public services. 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 to undertake building/asset replacements or major renovation/repairs on each island over consecutive fiscal years. Economies of scale in this approach allow for efficient use and pooling of resources, effective procurement and logistics and strengthened community and government collaboration on projects.

The works planned for Mauke include:

- the harbour packing shed,
- airport terminal,
- dangerous goods storage,
- school renovations,
- medical residence.

8.5.1.6. Rarotonga Safety Shelters Programme (RSSP) (ongoing programme)

The Rarotonga Safety Shelters Programme (RSSP) was established to support remediation works to community and public buildings identified as potential cyclone shelters to ensure Rarotonga residents and visitors have access to a safety shelter in the event of a national emergency or disaster.

8.5.1.7. To Tatou Vai Capital (ongoing programme)

An annual budget ceiling of \$1.0 million in 2023/24, followed by \$2.0 million in 2024/25 and 2025/26 before reducing to \$1.0 million from 2026/27 is provided to allow the TTV to plan its capital works programme. The lower amount in 2023/24 reflects the higher priority on operational constraints in the short-term.

TTV continues to work towards the completion and replacement of asbestos cement mains and transferring water from old water connections to the new sub-mains and branch-mains. TTV will also look to install meters on water connections to the public water supply on Rarotonga. Water meters will enable the identification of consumption levels across Rarotonga.

8.5.2. Ministry of Corrective Services

Table 8-5 Capital projects, MOCS (\$)

Island	Project / Programme	2022/23 Estimated Actual	2023/24 Budget	2024/25 Projection	2025/26 Projection	2026/27 Projection
Rarotonga	Prison Development Programme - Strategic Plan	50,000	0	0	0	0
	Total	50,000	0	0	0	0

8.5.2.1. Prison Development Programme – Strategic Plan (deferred programme)

The purpose of this fund was to enable the Ministry of Corrective Service, with assistance from CIIC to scope the design for an improved prison facility that is well suited for the Cook Islands climate.

8.5.3. Ministry of Cultural Development

Table 8-6 Capital projects, MOCD (\$)

Island	Project / Programme	2022/23 Estimated Actual	2023/24 Budget	2024/25 Projection	2025/26 Projection	2026/27 Projection
Rarotonga	Auditorium Equipment Replacement Programme	100,000	0	160,000	0	0
	Total	100,000	0	160,000	0	0

8.5.3.1. Auditorium Equipment Replacement Programme

Funding is provided for the replacement of degraded audio-visual equipment for the national auditorium.

8.5.4. Ministry of Education

Table 8-7 Capital projects, MOE (\$)

Island	Project / Programme	2022/23 Estimated Actual	2023/24 Budget	2024/25 Projection	2025/26 Projection	2026/27 Projection
National	Fund to be Prioritised by Education	300,000	400,000	300,000	300,000	300,000
Rarotonga	Apii Nikao School Sound Proofing	33,471	0	0	0	0
	Total	333,471	400,000	300,000	300,000	300,000

8.5.4.1. Funds to be prioritised by Education (ongoing programme)

An annual funding of \$300,000 is provided to the Ministry of Education to undertake its capital replacement programme for all schools such as computers, photocopiers, other multi-media items, and school and classroom furniture. An additional \$100,000 is provided in 2023/24 to purchase equipment related to the change in the National Certificate of Educational Achievement (NCEA) programme.

8.5.5. Ministry of Health

Table 8-8 Capital projects, MOH (\$)

Island	Project / Programme	2022/23 Estimated Actual	2023/24 Budget	2024/25 Projection	2025/26 Projection	2026/27 Projection
National	Fund to be Prioritised by Health	300,000	300,000	300,000	300,000	300,000
National	X-Ray and Mammography Systems	0	200,000	600,000	200,000	0
Total		300,000	500,000	900,000	500,000	300,000

8.5.5.1. Funds to be prioritised by Health (ongoing programme)

\$300,000 is appropriated per year to ensure the Ministry of Health can purchase various technical health instruments and equipment necessary to assist health professionals in delivering health services, or for critical capital purchases and investments.

8.5.5.2. X-ray and Mammography Systems

To procure a general x-ray and mammography machine to replace existing aged equipment that suppliers will cease supporting in the future.

8.5.6. Infrastructure Cook Islands

Table 8-9 Capital projects, ICI (\$)

Island	Project / Programme	2022/23 Estimated Actual	2023/24 Budget	2024/25 Projection	2025/26 Projection	2026/27 Projection
National	Bridges and Structures Asset Management and Improvement Programme	578,375	4,765,777	1,490,000	1,490,000	1,490,000
National	Drainage Asset Management and Improvement Programme (DAMP)	280,436	719,564	1,000,000	1,000,000	1,000,000
Penrhyn	Government Building Projects	864,293	496,488	0	0	0
Various	Pa Enea Air Infrastructure Improvement Programme	243,017	648,981	0	0	0
Various	Pa Enea Infrastructure Assessments	0	0	0	400,000	400,000
National	Pa Enea Marine Infrastructure Improvement Programme	190,094	2,469,906	340,000	2,660,000	3,780,000
National	Roads Asset Management and Improvement Programme (RAMP)	12,029,951	4,960,198	6,596,348	7,121,800	7,121,800
National	Waste Management Infrastructure Improvement Programme	49,083	50,917	0	0	0
National	Water and Sanitation Infrastructure Improvement Programme	281,005	158,383	150,000	150,000	150,000
Total		14,516,254	14,270,214	9,576,348	12,821,800	13,941,800

8.5.6.1. Bridges and Structures Asset Management and Improvement Programme (ongoing programme)

The CIG 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 is planned for the bridges near the Head of State's residence and the Sheraton over the medium-term; this includes the replacement of part or all the bridge structure in each case.

8.5.6.2. Drainage Asset Management and Improvement Programme (DAMP) (ongoing 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 storm-water quality by upgrading the drainage network across various locations into the future, mitigating the impacts of flooding and associated land degradation.

8.5.6.3. Government Building Projects

This fund will support the completion of the Te Tautua hospital on Penrhyn.

8.5.6.4. Pa Enea Air Infrastructure Improvement Programme

Funding will towards the ongoing design and implementation work for the Manihiki Airport project.

8.5.6.5. Pa Enea Infrastructure Assessments

In the past, infrastructures such as roads, coastal structures, airports, hospitals, cyclone shelters and water distribution systems were built if and when needed. Infrastructure data regarding what has been built and where, is either incomplete or simply not available. The lack of data has led to a reactive approach to asset management on the Pa Enea, which does not align with the Cook Islands strategies or plans.

This purpose of this assessment is to gather data on the condition of public infrastructure on the Pa Enea. The data will help inform the asset management plan for maintenance, rehabilitation and replacement in order to maximise capital investment benefits.

8.5.6.6. Pa Enea Marine Infrastructure Improvement Programme (ongoing programme)

Marine transport is the key means of transport for most goods to the Pa Enea and is the only form of passenger transport for some island communities. This requires the provision of robust, durable harbour structures that are resilient to the impacts of climate change, increased safety for marine operations and reduced damage and loss to vessels, cargo, and equipment.

Infrastructure improvements will support increases in the frequency of inter-island shipping services, as well as the expected increase in the level of service provided for passengers, while minimising adverse impacts on the marine environment. Solutions for Nassau Harbour are still being finalised with design works and construction to follow.

8.5.6.7. Roads Asset Management and Improvement Programme (RAMP) (ongoing programme)

The road network and associated infrastructure provide the means for the transportation of goods and services upon which the economic and social development of Rarotonga and the Cook Islands is

critically dependent. Roads also provide essential emergency access to communities on both Rarotonga and in the Pa Enea.

The Rarotonga road network consists of approximately 201 km of road in varying conditions. Parts of the network have significantly deteriorated due to weather events, erosion, and heavy usage and in some cases do not meet required levels of service.

Funding is provided to undertake planned maintenance and improvement works to the road network in line with the forward years' work plan and Road Asset Management plan, which sets the minimum level of service for the road network. Works will address structural pavement issues, roadside drainage, resurfacing, and road widening along with improvements to pedestrian facilities and safety improvements.

Road networks in the Pa Enea are included within this programme, with works scheduled on Mitiaro.

8.5.6.8. Water and Sanitation Infrastructure Improvement Programme (ongoing programme)

The Pa Enea requires strategies and practical measures, including management, human and physical infrastructure, to deal with changes and to secure the provision of suitable water supply for the future.

Changes to the climate and weather patterns exposes the islands to regular droughts and water shortages. Inadequate sanitation, waterborne disease and contamination intensifies the impacts by reducing the available water sources for community use.

This requires climate proofing through asset rehabilitation, including the development of alternative water supply systems, improved water quality and operational efficiencies, and expanding the existing water security and improvement programmes to reduce vulnerability.

Islands presently being considered within this programme include:

- Aitutaki
- Atiu
- Mangaia - Karanga (Ivirua)
- Mauke
- Mitiaro - Akapa

8.5.7. Ministry of Internal Affairs

Table 8-10 Capital projects, Internal Affairs (\$)

Island	Project / Programme	2022/23 Estimated Actual	2023/24 Budget	2024/25 Projection	2025/26 Projection	2026/27 Projection
Rarotonga	Vaka Maintenance Capital Projects	100,000	0	0	0	0
	Total	100,000	0	0	0	0

8.5.7.1. Vaka Maintenance Capital Projects (discontinued programme)

The annual capital expenditure budget of \$50,000 provided to the Ministry of Internal Affairs will be transferred into the Vaka Maintenance Administered Payment. These funds support small capital projects such as roadside maintenance and beautification around Rarotonga.

8.5.8. Ministry of Finance and Economic Management

Table 8-11 Capital projects, MFEM (\$)

Island	Project / Programme	2022/23 Estimated Actual	2023/24 Budget	2024/25 Projection	2025/26 Projection	2026/27 Projection
Rarotonga	FMIS purchase and implementation	10,598	0	0	0	0
Rarotonga	COVID-19 Response Fund - Capital Needs	724,226	0	0	0	0
Rarotonga	Revenue Management System upgrade (RMS10)	1,730,683	0	738,919	827,107	366,652
Rarotonga	Purchase of Protocol Vehicles for PIF Conference	0	2,000,000	0	0	0
Total		2,465,508	2,000,000	738,919	827,107	366,652

8.5.8.1. Revenue Management System Upgrade (RMS10)

The Ministry of Finance and Economic Management's (MFEM) Revenue Management Division licensed tax management software platform Revenue Management System (RMS)7 is being upgraded to RMS10. Proposed funding is for implementation of ongoing system components.

8.5.8.2. Purchase of protocol vehicles for the Pacific Islands Forum Leaders meeting

Through the MFEM's Major Projects and Procurement Support Division (MPPS), funds have been allocated for the procurement of protocol vehicles for the 52nd Pacific Islands Forum Leaders Meeting to be held in the Cook Islands in November 2023.

8.5.9. Office of the Prime Minister

Table 8-12 Capital projects, OPM (\$)

Island	Project / Programme	2022/23 Estimated Actual	2023/24 Budget	2024/25 Projection	2025/26 Projection	2026/27 Projection
National	Government IT Network	551,000	200,000	300,000	300,000	300,000
National	Telecommunications Universal Access Programme	200,000	0	0	0	0
National	Renewable Energy Project Management and Support	174,637	0	0	0	0
Total		925,637	200,000	300,000	300,000	300,000

8.5.9.1. Government IT Network (ongoing programme)

Funding has been provided for the ongoing implementation of the whole of Government ICT network upgrade. This includes the replacement of ICT equipment, upgrades to the central server room, and the establishment of an external data backup centre to ensure business continuity and security. This funding also supports the ongoing implementation and maintenance of the government network, including the integration of the Island Governments onto the government network.

8.5.10. Capital Distribution Funds – Administered by MFEM

Table 8-13 Capital projects, Administered by MFEM (\$)

Island	Project / Programme	2022/23 Estimated Actual	2023/24 Budget	2024/25 Projection	2025/26 Projection	2026/27 Projection
National	Capital Distribution Fund	0	300,000	300,000	300,000	300,000
National	Pa Enea Capital Distribution Fund	58,860	300,000	300,000	300,000	300,000
Pa Enea	Outer Islands Small Capital Fund	23,882	110,000	110,000	110,000	110,000
Total		82,742	710,000	710,000	710,000	710,000

8.5.10.1. Capital Distribution Fund (ongoing programme)

The MFEM is responsible for administering the Capital Distribution Fund (CDF). This fund supports the purchase and replacement of specific capital items requested by government agencies that are less than \$50,000. The CDF also supports the procurement of standardised motor vehicles for government agencies in accordance with the Government Fleet Management Policy 2018.

8.5.10.2. Pa Enea Capital Distribution Fund (ongoing programme)

The Pa Enea CDF is intended for the purchase of standardised equipment to provide for a baseline level of equipment to each island administration, based on specified parameters. Each administration will be required to maintain current asset management plans to access the fund.

8.5.10.3. Outer Islands Small Capital Fund (ongoing programme)

The Pa Enea are each allocated an annual capital budget to purchase small capital items that are less than \$5,000.

9. Tax Expenditures

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. The benchmark tax structure is the existing tax regime as governed by the following Acts:

- Customs Revenue and Border Protection Act 2012
- Customs Tariff Act 2012
- Income Tax Act 1997
- Value Added Tax Act 1997; and
- Departure Tax Act 2012.

Table 9-1 Summary of Tax exemption estimates

Tax Exemptions	Estimate (\$'000)
Import Duties	1,175
Pa Enea Fuel Concession	500
Returning Cook Islanders	500
Non-Cook Islanders	100
Non-Profits and Religious Organisations	25
Public Projects	50
Offshore financial services industry	0
Income Tax	29,993
Tax Threshold \$14,600	14,674
Pa Enea Tax Threshold	1,200
Charitable Donations	500
Approved Superannuation	3,605
Consular and Diplomatic Personnel	300
International Foreign Aid	10,840
Members of Parliament Allowances	75
Offshore financial services industry	0
Value Added Tax	2,120
Imports	100
Public Projects	1,950
Goods importation	70
Offshore financial services industry	0
Departure Tax	363
Military	1
Diplomatic	2
Commercial	360
Transit and Under-age	1
Total Tax Expenditure	33,651

9.1. 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 used on all outer islands is free of duty except Aitutaki where the rate is 15 cents per litre on petrol and 5 cents per litre on diesel. The estimated annual cost of providing these concessions is \$500,000.

Concessions for returning Cook Islanders

Customs duties are waived for returning Cook Islanders who have been away for more than three years and are returning to live in the Cook Islands for the next three years. The estimated annual cost of providing this concession is \$500,000.

Concessions for non-Cook Islanders

Customs duties are waived for non-Cook Islanders who have been away for more than three years and are arriving to live in the Cook Islands for the next three years. The estimated annual cost of providing this concession is \$100,000.

Duty free jet fuel

No customs duty is paid for jet fuel and aviation kerosene used by jet propelled aircrafts. Information is not available to determine the annual estimated cost of providing these concessions.

Concession for non-profit and religious organisations

Goods imported by non-profit and religious organisations, schools and for disaster relief are exempt of duty upon importation. The annual estimated cost of providing this exemption is \$25,000.

Concessions for imported goods for public projects

All duty is waived for approved public projects. The estimated annual cost of providing this concession is \$50,000.

9.2. Income Tax

Income under \$14,600

Income up to \$14,600 is exempt and not taxable for income tax purposes. This will be reduced on a pro-rata regarding number of days residing in the Cook Islands. The estimated annual cost of providing this concession is \$14.7 million (this estimate is based on active taxpayers in 2019 and the lowest marginal tax rate of 17%).

Pa Enea Tax Threshold

Income of individuals residing in the Pa Enea up to \$60,000 per annum will be exempt from income tax. The estimated annual cost of this is \$1.2 million (this estimate is based on the amount of PAYE paid by employers registered in the Pa Enea during the 2019 year).

Donation deductions for charitable organisations

Donations made to charitable organisations are deductible for income tax purposes. A minimum deductible donation of \$200 or maximum of \$5,000 can be claimed annually. The estimated annual cost of providing a donation deduction is \$500,000. This estimate based has been determined on the basis of past donation deductions claimed.

Income of the King's Representative

Income of the King's Representative is not taxable, where the income is earned from undertaking duties as the King's Representative.

Pensions arising from disability or from services provided in respect of any war

War pensions, and allowances paid to persons who served in a war or were injured during any service in the armed forces of any nation, are not taxed.

Income from approved superannuation funds

Income derived by either the New Zealand Government Superannuation Fund or by a superannuation fund approved by the Collector are not taxed.

Charitable organisations

Income derived by an approved charitable organisation is not subject to income tax. There are currently approximately 60 approved charitable organisations in the Cook Islands.

Promoters of amateur sports

Income derived by a promoter when promoting amateur sport is not taxable.

A Government approved supplementary scheme

Income derived under an approved government supplementary scheme is not taxable. This only applies to supplementary income received. It does not apply to income received from the Cook Islands government.

Consular and diplomatic personnel

Income derived by consular and diplomatic personnel in the Cook Islands is not taxable under the Diplomatic Privileges and Immunities Act 1968. The annual estimated cost of this concession is \$300,000.

International foreign aid

Income derived in the context of foreign aid paid by a non-resident to a non-resident employer is not taxable.

Members of Parliament

Income derived by Members of Parliament in the form of allowances are not taxed. This estimated annual cost of this concession is \$75,000.

Income upon retirement

Where an individual retires from employment only 5 per cent of a 'retirement payment' is subject to tax.

Offshore financial services industry (Legal arrangements, foundations and companies)

International trusts, foundations, international partnerships, limited liability companies and foundations are exempt from income tax. Information is not available to determine the estimated annual cost of providing these concessions.

9.3. Value Added Tax

The following are exempt of Value Added Tax (VAT):

- Legal arrangements, foundations and companies including international trusts, foundations, international partnerships international companies (registered with the Financial Services Commission before 20 December 2019), limited liability companies and foundations. Information is not available to determine the estimated annual cost of providing these exemptions.
- Financial services provision is exempt from VAT, however, the reverse charge mechanism for imported services means that some businesses within the sector will have a VAT liability.
- Goods imported by non-profit and religious organisations, schools and for disaster relief are VAT exempt when imported. The estimated annual cost of providing these exemptions is \$100,000.
- VAT is waived for approved public projects. The estimated annual cost of providing this concession is \$1,950,000.
- Goods imported by the King's Representative, Asia Development Bank, Australia High Commission and New Zealand High Commission are exempted from VAT when imported. The estimated annual cost providing these concessions is \$70,000.

9.4. Departure Tax

The following lists confirms individuals, aircraft and vessels that are exempt from Departure Tax:

- Members of the New Zealand Military participating in military exercises approved by Cabinet.
- The King's Representative.

- The head of mission and members of the New Zealand High Commission in Rarotonga. It also includes family members who form part of a members' household.
- Visiting diplomats on official business and holding diplomatic passports from countries with whom the Cook Islands has diplomatic relations and members of their families who form part of their household.
- Crew of any aircraft, cruise vessel or commercial vessel Cook Islands, that remains in the Cook Islands for a period of 72 hours or less.
- Any passenger of a cruise vessel or commercial vessel that is in the Cook Islands for 72 hours or less, that arrives and departs on the same vessel.
- Transit passengers and passengers under the age of 13 years old.

10. Crown Debt and Net Worth

It has been a year since the government released its Medium-Term Debt Strategy (MTDS) 2022-2026, which outlines debt management targets to maintain prudent levels of debt and risks in accordance with the Medium-Term Fiscal Framework (MTFF). In this chapter, we will review the government's performance against these targets to assess their progress in meeting the goals set out in the MTDS.

10.1. Debt Headroom

As of June 2024, the total value of public debt is estimated to be \$212.8 million, which represents 39 per cent of Gross Domestic Product (GDP), indicating a decrease of \$15.3 million from the previous year's balance. This reduction can primarily be attributed to debt service repayments.

Notably, the net debt rule was revised upward from 35 per cent to 65 per cent of GDP in the 2021 update to the MTFF²³. However, Table 10-1 demonstrates that the net debt to GDP ratio is expected to fall below the previous threshold of 35 per cent by 2024/25, and this trend is projected to continue in the outer years. This assumption is based on the government not taking on additional debt.

Furthermore, the government does not require debt financing in the medium term. Any budget deficit is financed by general cash reserves, indicating that the government is operating within its means and not taking on additional debt to cover any short-term shortfalls.

Table 10-1 Government Financing Requirements, 2024-2027 (\$'000)

Financing Requirements	2022/23	2023/24	2024/25	2025/26	2026/27
Net Operating Balance	15,444	(881)	9,552	13,159	21,836
Net Non-Operating Balance (excl debt)	(29,656)	(33,787)	(30,012)	(34,377)	(36,962)
Depreciation	14,014	15,360	15,410	15,410	14,809
Payments made from LRF	7,000	0	0	0	0
Financing Requirements (excl debt)	6,801	(19,307)	(5,050)	(5,808)	(317)
<i>add: General Cash Reserves (utilisation)</i>	0	19,307	5,050	5,808	317
<i>add: Debt Financing</i>	0	0	0	0	0
Financing Gap	0	(0)	0	(0)	(0)
Current debt level	228,180	212,833	197,164	179,981	160,713
Estimated Debt Inc Financing	228,180	212,833	197,164	179,981	160,713
GDP forecast	482,830	541,470	563,270	590,090	617,930
Gross Debt to GDP	47%	39%	35%	31%	26%
LRF Balance	5,784	5,900	6,018	6,138	6,261
Estimated net debt level	222,396	206,933	191,146	173,843	154,684
Net Debt to GDP	46%	38%	34%	29%	25%
Debt headroom	85,660	139,123	168,962	203,577	240,709

As per the current threshold, the government has the capacity to take on an additional \$139.1 million of debt. However, if we consider the contingency debt, the available amount decreases to \$53.3 million. It's essential to note that any decision to take on additional debt should be made with prudence and careful consideration to ensure that the government's fiscal stability is not compromised.

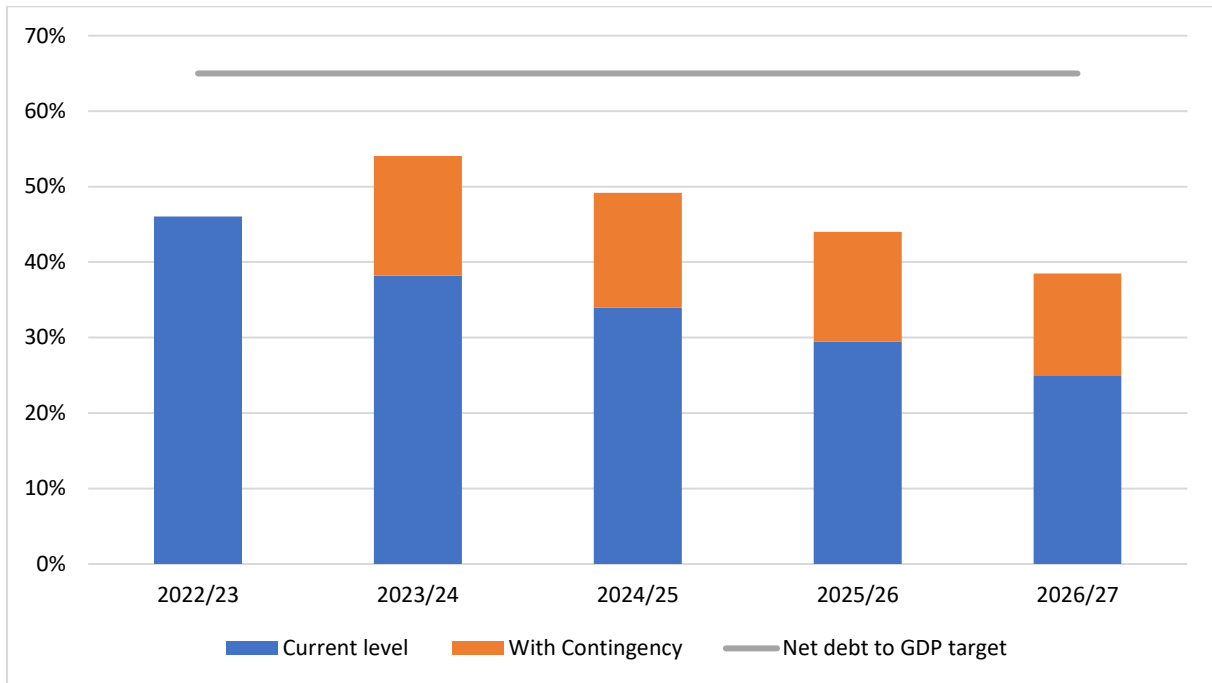
The total contingent debt of \$85.8 million is made up of:

- Disaster contingency loan of \$30.3 million that will only be drawn in the event of disasters triggered by natural hazards or health emergencies.
- Precautionary financing loan of \$55.5 million to support government's cashflow when pre-established conditions are met.

²³ [https://www.mfem.gov.ck/images/ COVID19_ERP/Economic_Papers/Medium-term_Fiscal_Framework_Update.pdf](https://www.mfem.gov.ck/images/COVID19_ERP/Economic_Papers/Medium-term_Fiscal_Framework_Update.pdf)

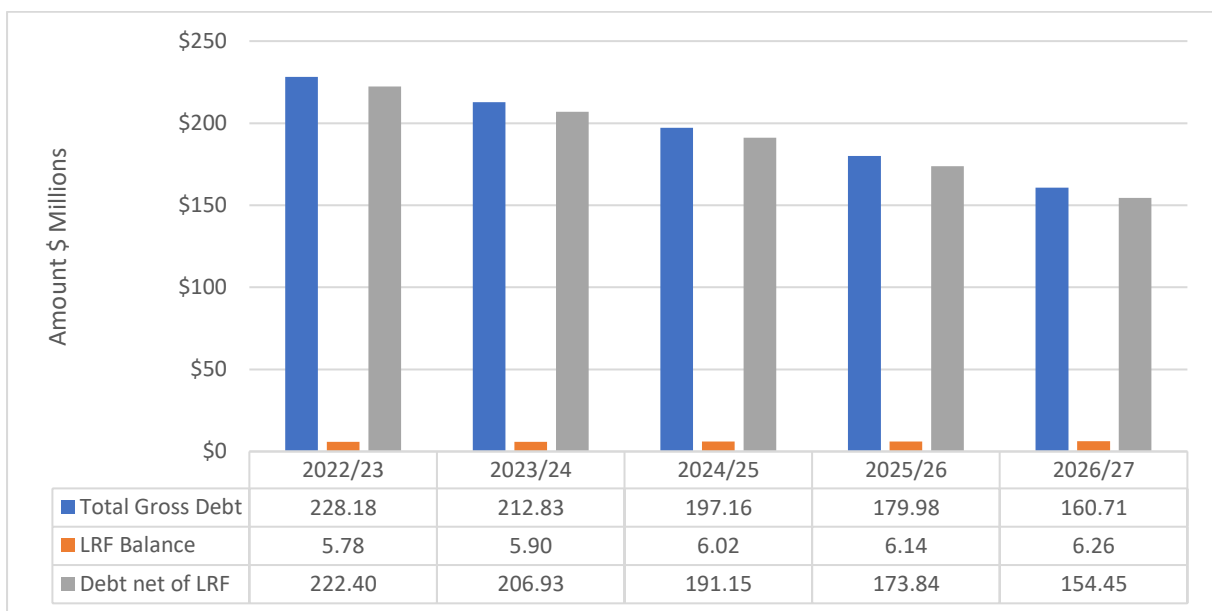
Under the MTDS, the government plans to work with lenders to ensure a manageable repayment profile to balance the management of debt obligations, with allowing space for other important government spending initiatives.

Figure 10-1 Net debt to GDP including (percentage of nominal GDP)



As depicted in Figure 10-1, if the government is obligated to take on two contingent loans, it will still comply with the 65 per cent net debt to GDP rule. However, it is worth noting that this situation represents a "worst-case scenario", which would involve a cash-crunch and the activation of the PFO loan, as well as the occurrence of a natural disaster.

Figure 10-2 Crown debt net of Loan Repayment Fund



The government manages its debt portfolio through the Loan Reserve Fund (LRF), as mandated by the LRF Act 2014. The debt net of LRF is estimated to be \$206.9 million in 2023/24, and is expected to gradually decrease in the outer years.

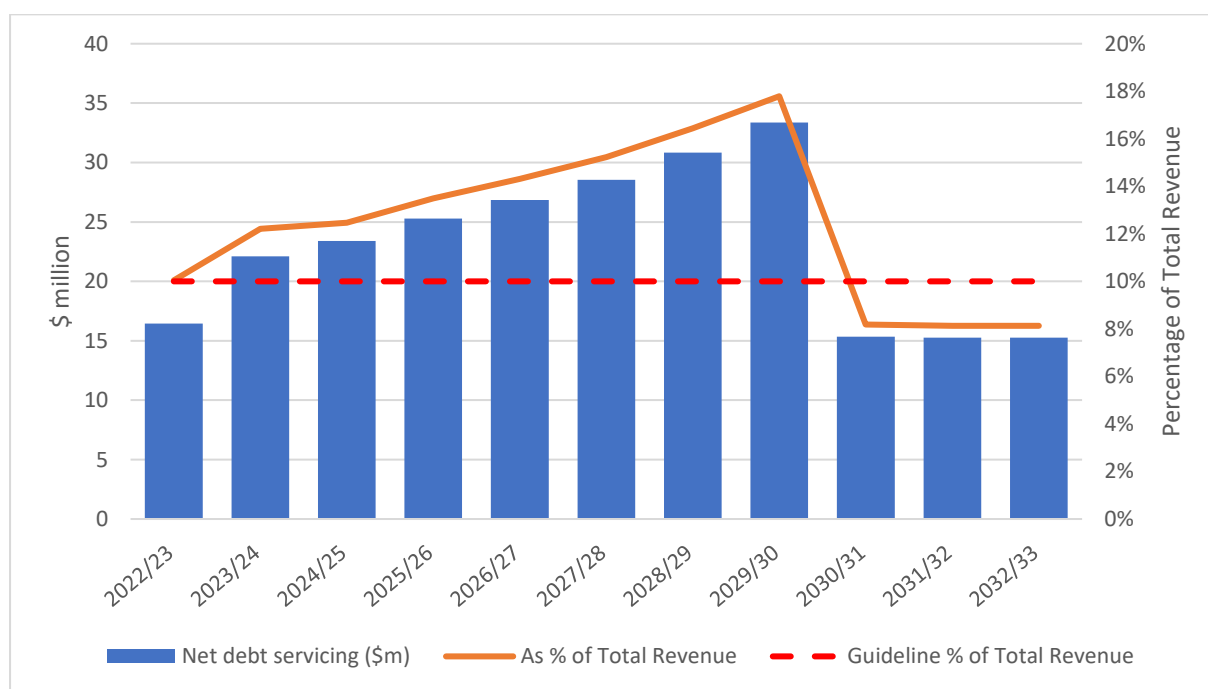
During the Half-Year Economic and Fiscal Update (HYEFU) in December 2022, the expected contribution to the LRF was reduced by \$7.0 million to address the government's general cash reserves, which were affected by a significant tax refund owed. It is anticipated that contributions to the LRF will be reviewed in the medium term when the government is in a better cashflow position.

10.2. Cost of Debt

Despite the net debt to GDP being under the fiscal limit of 65 per cent, there is cause for concern as the estimated debt servicing as a share of total revenue is set to exceed 10 per cent in 2023/24, and it is not expected to fall below this threshold until 2030/31. This could indicate a cashflow issue, especially if the government fails to closely manage overall spending to accommodate the additional debt servicing requirements.

Moreover, the annual debt servicing is expected to peak at 18 per cent (equivalent to \$33.4 million) of total revenue by 2029/30, primarily because some loans with back-ended repayment profiles have higher demands.

Figure 10-3 A 10-year Debt servicing profile



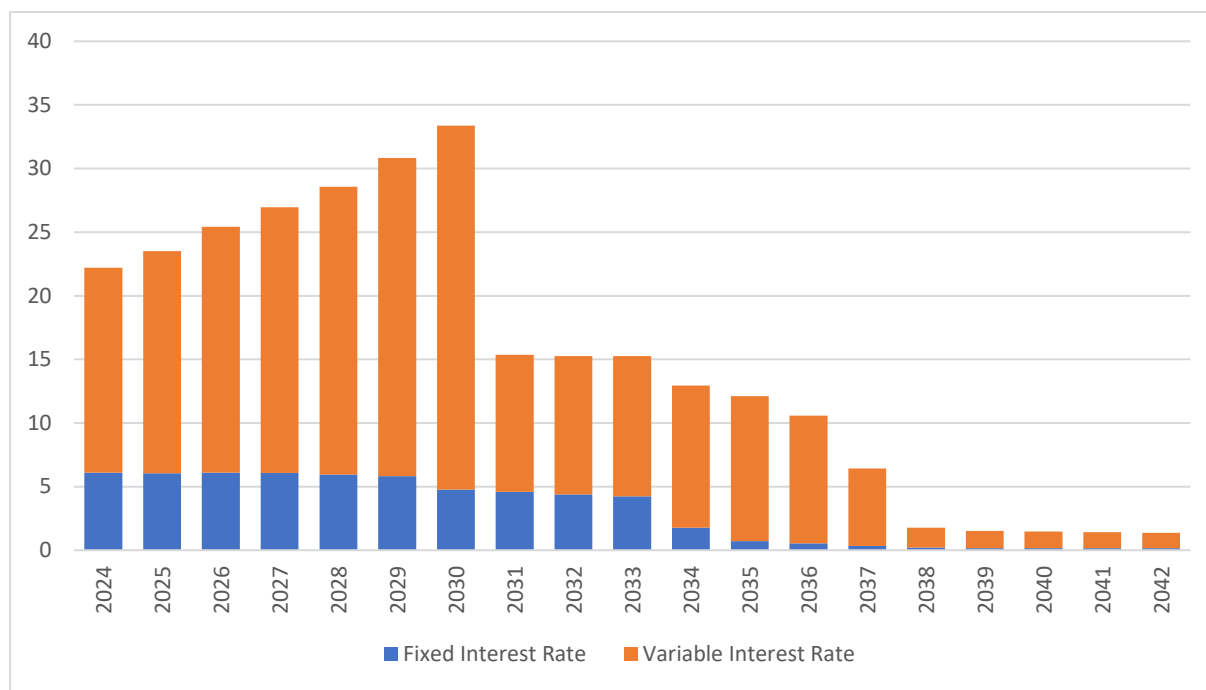
The post-COVID loans were only available with shorter average repayment (within 10 years) and less concessional terms, which has significantly affected the debt servicing profile. To address this, the government's priority is to explore debt refinancing options to create a more manageable debt repayment profile.

The main risks to the cost of debt are associated with the exposure to unfavourable movements in interest and exchange rates.

10.2.1. Interest rates

A significant share of government's debt (78 per cent) is based on variable interest rates, which are either tied to the 6-month LIBOR (London Interbank Offer Rate) for USD-based loans or the 6-month NZD Bank Bill Rate for NZD-based loans.

Figure 10-4 Principal repayment profile by interest rate type (million)



This is a major risk since the government cannot control the movement of these rates, which was exacerbated by the Cook Islands' classification under Group C of the Asian Development Bank's (ADB) classification system. As central banks like the Reserve Bank of New Zealand have been raising interest rates in an attempt to dampen inflation, this has pushed benchmark rates up, and resulted in higher debt servicing costs on the existing debt portfolio. However, with the recent reclassification to Group B, the Cook Islands will now have access to more concessional loans featuring fixed interest rates and longer repayment terms.

The interest rates used to forecast debt service repayments are based on the assumptions in Table 10-2, for simplicity, the average rates have been used.

Table 10-2 Variable interest rate assumption

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Average FY22- FY28
LIBOR USD 6-month rate	4.645%	4.215%	3.730%	3.607%	3.313%	3.673%	3.597%	3.826%
NZD 6-month BBR	4.670%	4.437%	4.423%	4.337%	4.250%	4.357%	4.335%	4.401%

Source: <http://www.worldgovernmentbonds.com/country/> - retrieved: April 2023

The reference rate for all USD-based loans has been recently migrated from the LIBOR to the Secured Overnight Financing Rate (SOFR), a benchmark interest rate that has been selected by the Federal Reserve Bank of New York to replace LIBOR as a reference rate for financial transactions. SOFR was

developed in response to the LIBOR scandal, which revealed that banks had manipulated the LIBOR rate for their own benefit. The migration to SOFR is intended to improve the transparency and reliability of benchmark rates for financial transactions.

This change will be reflected in the next debt reporting.

10.2.2. Exchange rates

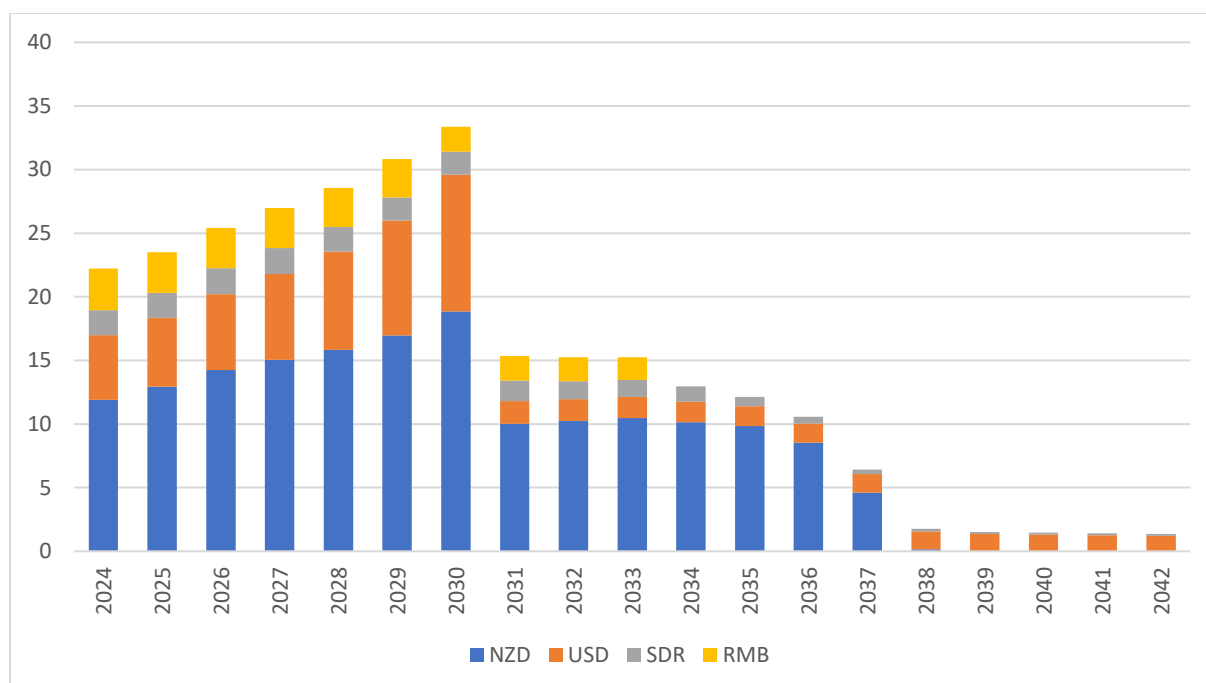
To minimise the risk of adverse exchange rate movements against the NZD, the MTDS requires the government to limit new borrowings to the local currency or restrict borrowing in foreign currency to a maximum of 10 per cent of the overall government debt. This is because holding debt in a foreign currency can lead to increased costs due to currency fluctuations.

Table 10-3 Exchange Rate Forecast – 2022/23 to 2026/27

Currency	2022/23	2023/24	2024/25	2025/26	2026/27
NZD/EUR	0.5935	0.5948	0.5941	0.5937	0.5847
NZD/USD	0.6410	0.6590	0.6660	0.6620	0.6560
NZD/CNY	4.3300	4.3764	4.3636	4.3315	4.3125
NZD/SDR	0.4760	0.4821	0.4828	0.4805	0.4741

The forecasted exchange rates used in the 2023/24 Budget are sourced from Consensus Economics and reflect forecasts from February 2023. Key drivers of exchange rate fluctuations have been related to movements in interest rates around the world. As central banks have moved to tighten monetary policy in the face of high inflation, investors have been chasing yields and causing demand for currencies to move with those changes.

Figure 10-5 Debt servicing by currency (million)



Overall, the New Zealand dollar is expected to depreciate against the major currencies of interest to the government debt portfolio, particularly early in the forecast period.

10.3. Gross Debt

Table 10-4 Government loans to 30 June 2024

Loans committed and drawn	Date loan taken	Original loan amount (000's)	Expected date of Repayment	Current Balance (\$NZD 000's)
ADB 849 (SF) 2nd Multi-Project	December, 1987	SDR 2,150	August, 2027	582
ADB 1031 (SF) Outer Islands Telecom Project	October, 1990	SDR 3,578	August, 2030	2,062
ADB 1155 (SF) 2nd CIDB Project	March, 1992	SDR 1,085	December, 2031	564
ADB 1171 (SF) Emerg. Telecom Rehab Project	August, 1992	SDR 349	June, 2032	199
ADB 1309 (SF) Pearl Industry Dev. Project	December, 1994	SDR 272	August, 2034	257
ADB 1317 (SF) Educ'n Dev Project	February, 1995	SDR 1,852	August, 2034	1,569
ADB 1380 (SF) 3rd CIDB Project	January, 1996	SDR 1,977	September, 2035	1,388
ADB 1466 (SF) Economic Restructure Program	September, 1996	SDR 3,430	September, 2036	3,255
ADB 1588 (SF) Cyclone Emergency Rehab Project	January, 1997	SDR 583	January, 2038	589
ADB 1832 (SF) Waste Mgt Project	December, 2001	SDR 1,695	June, 2033	1,231
ADB 2174 (SF) Cyclone Emergency Assist Project	June, 2005	SDR 1,895	June, 2045	3,018
China - Multi-Functional Indoor Sports Stadium	August, 2008	RMB 74,100	August, 2028	4,958
ADB 2472 (OCR) Avatiu Port Development Project*	September, 2009	NZD 10,309	November, 2033	7,084
ADB 2473 (SF) Avatiu Ports Development project	September, 2009	SDR 4,524	November, 2040	3,937
ADB 2565 OCR Economic Recovery Support Program 1*	January, 2010	NZD 11,053	October, 2024	502
ADB 2739 (OCR) Amendment Avatiu Port project*	December, 2011	NZD 5,290	November, 2035	4,184
China - Rarotonga Water Ring Main Upgrade	December, 2012	RMB 118,000	December, 2032	16,110
ADB 2946 OCR Economic Recovery Support Program 2	December, 2012	NZD 11,053	October, 2027	2,115
ADB 3193 Renewable Energy Project	December, 2014	NZD 12,980	June, 2036	8,639
ADB 001-COO(FA-CDF) - Disaster Resilience Program	December, 2019	NZD 15,676	June, 2035	14,370
ADB 3632 - Loan for Undersea Broadband Cable	November, 2018	USD 15,000	2031	21,055
Commercial - Loan for Rarotonga Airport Equipment	January, 2018	NZD 3,206	2033	2,093
ADB 4010 - CPRO Loan	November, 2020	NZD 30,409	June, 2030	28,795
AIIB - CPRO Loan	December, 2020	USD 20,000	June, 2030	28,737
ADB 4161 - Sustainable Economic Recovery Program	December, 2021	NZD 55,540	December, 2036	55,540
Total Loans Drawn Down				212,833
Contingency Loans				
ADB 4162 - Precautionary Financing Option (PFO)	December, 2021	NZD 55,540	December, 2036	55,540
ADB - Disaster Resilience Program (Phase 3)	December, 2021	NZD 30,312	June, 2035	30,312
Total Committed/PLanned but Undrawn				85,852
Total Loans Commitment by the Crown				298,685

10.3.1. Gross Debt by Lenders

Table 10-5 Overall Debt by Lenders – June 2024

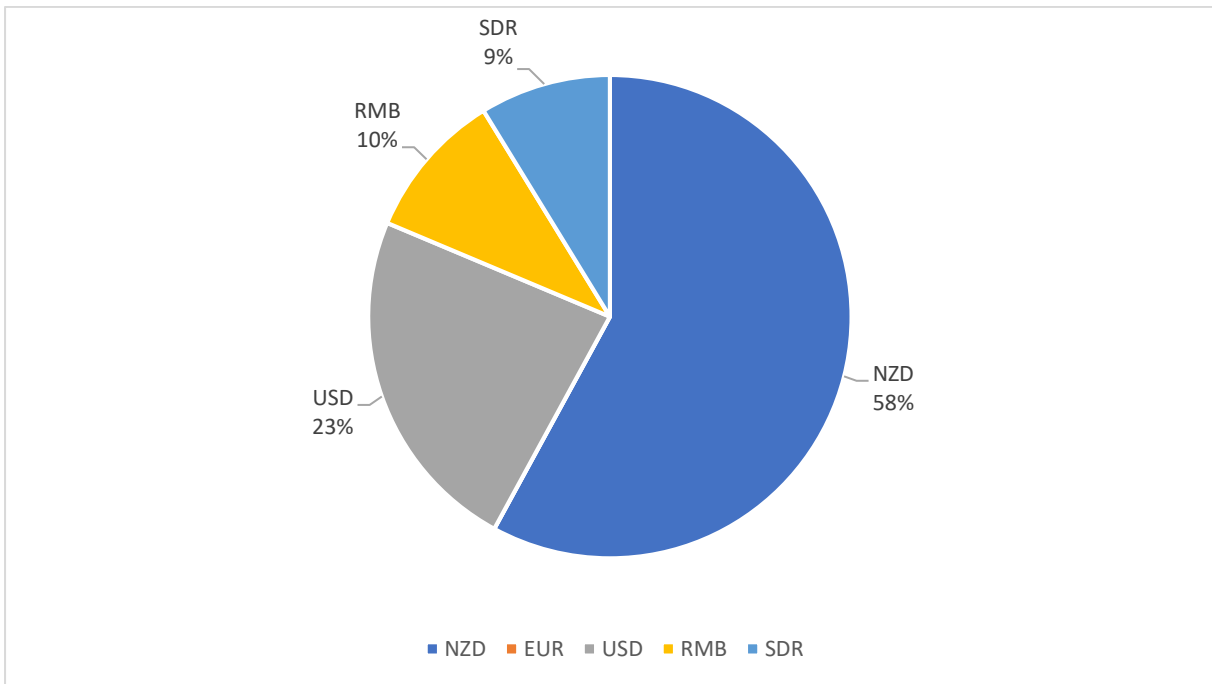
	(\$ million)	% Share
ADB	160.9	76%
AIIB	28.7	14%
EXIM Bank China	21.1	10%
Other Commercial Banks	2.1	1%
Total	212.8	100%

The ADB have provided the largest proportion of lending to the Cook Islands making up 76 per cent of the debt portfolio in 2023/24.

10.3.2. Gross Debt by Currency

According to the MTDS 2022-2026, the government's target is to limit total foreign currency debt to within 30 per cent. However, as shown in Figure 10-6, the forecast to the end of 2023/24 indicates that around 42 per cent of government debt is not in NZD. To manage foreign currency risks, the government will continue to negotiate additional loans in NZD with due consideration to the trade-off between the terms of NZD based loans compared to USD based loans that may come with fixed or lower interest rates.

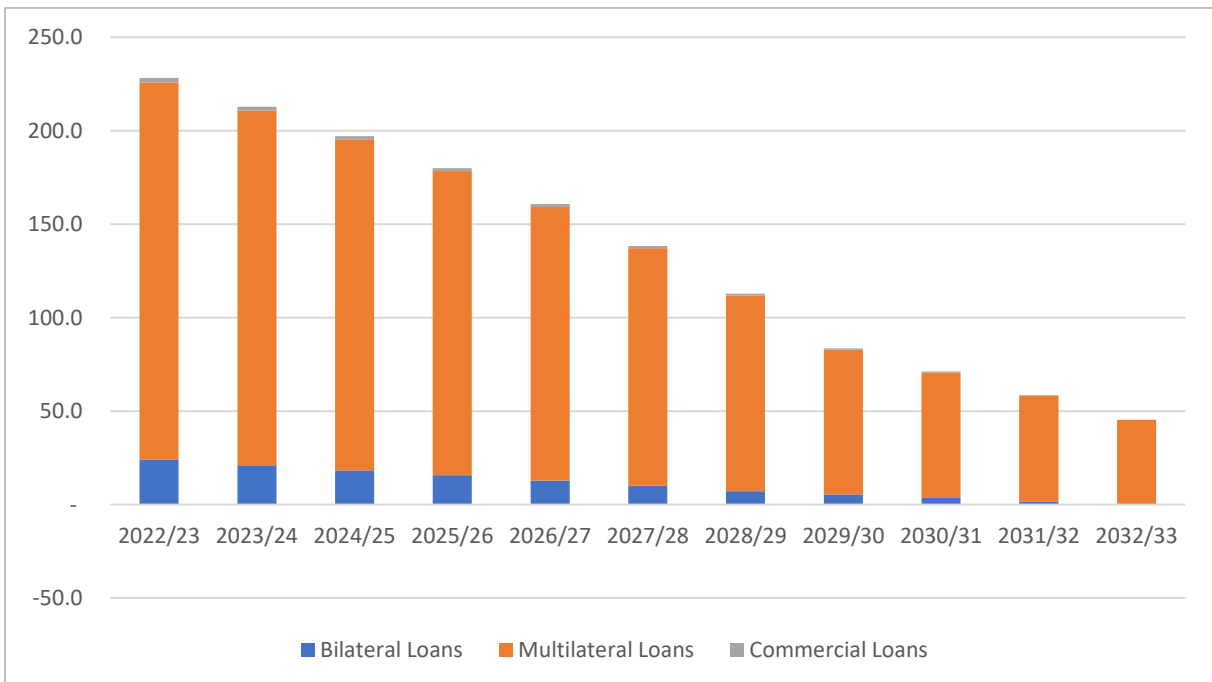
Figure 10-6 Gross debt by currency, June 2024



Government’s USD-based loans are currently being paid utilising USD receipts – mainly from fishing licenses, which provides a natural hedge. However, the 2023/24 Budget forecasts a negative net USD flow as a result of the airline subsidy contract which is denominated in USD. To mitigate this risk, a policy is currently being drafted.

10.3.3. Gross Debt by Lender Type

Figure 10-7 Gross debt by Lender type



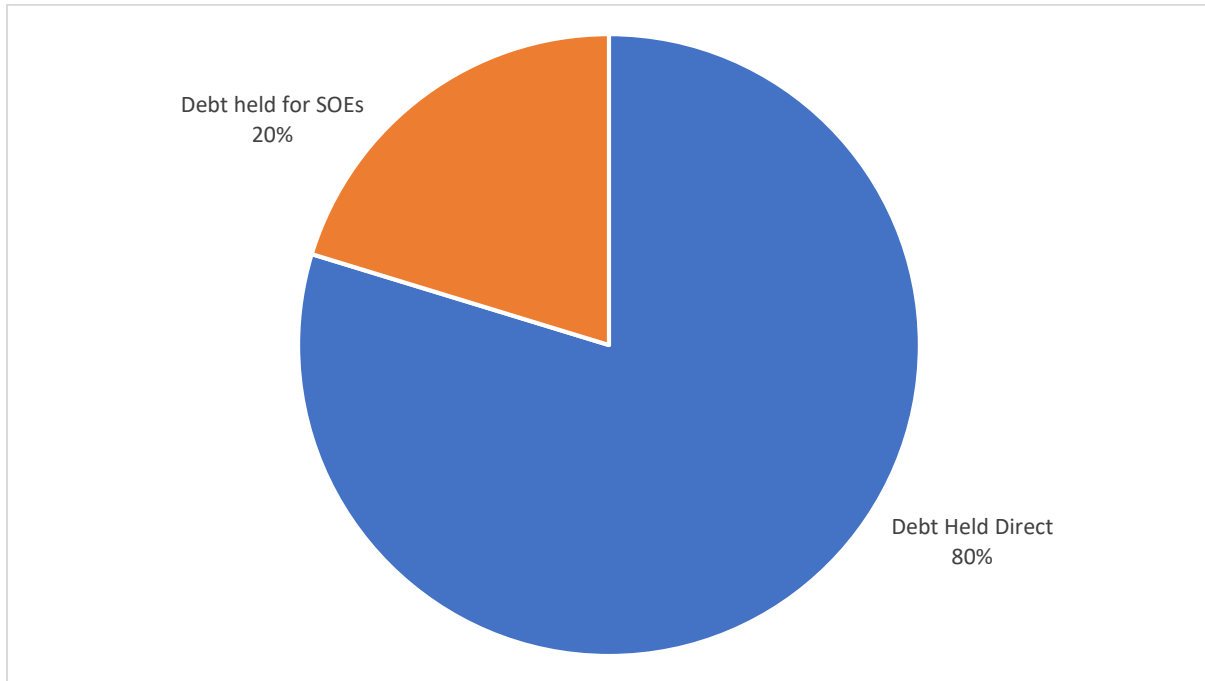
Multilateral loans (ADB and the Asian Infrastructure Investment Bank (AIIB)) make up 90 per cent of government’s debt portfolio, bilateral loans are with the EXIM Bank of China.

10.4. State-Owned Enterprise Debt

Since the enactment of the LRF Act in 2014, all new debt (including SOE debt) must go through a full debt sustainability analysis and be approved by Cabinet, on the advice of the Financial Secretary.

There is no plan to take on additional borrowing on behalf of the SOEs for 2023/24.

Figure 10-8 Overall Debt by SOEs and Direct – June 2024



Airport Authority

The Airport Authority is currently paying off its direct loan from a local commercial bank (2024: \$2.1 million). The estimate includes an additional loan of \$1.0 million for the Runway End Safety Area (RESA) project and for the renovation 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 received debt repayment deferred from government over the last three years due to the pandemic’s impact on the Authority’s revenue. The deferment will lapse at the end of 2022/23 with the Authority expected to resume full debt service repayments.

10.5. Medium-term Debt Strategy

Table 10-6 Cost and Risk Indicators of Existing Debt Portfolio – June 2023

Risk Indicators		FX debt	DX debt	Total debt
Amount (in millions of NZD)		98.8	129.4	228.2
Amount (in millions of USD)		63.3	82.9	146.3
Nominal debt as % of GDP		20.5	26.8	47.3
Cost of debt	Interest payment as % of GDP	1.1	1.2	2.3
	Weighted Av. IR (%)	5.3	4.5	4.9
Refinancing risk	ATM (years)	6.1	6.8	6.5
	Debt maturing in 1yr (% of total)	7.5	4.7	5.9
	Debt maturing in 1yr (% of GDP)	1.5	1.2	2.8
Interest rate risk	ATR (years)	2.7	0.9	1.7
	Debt refinancing in 1yr (% of total)	59.0	92.9	78.2
	Fixed rate debt (% of total)	45.7	7.6	24.1
FX risk	FX debt (% of total debt)			43.3

Government's performance against key MTDS targets to the end of June 2023 are:

- Maintain Crown debt as a share of GDP below 65 per cent – *estimated at 47.3 per cent by the end of June 2023.*
- New borrowing should be limited to priorities reflected in the National Infrastructure Investment Plan 2021-2030 identified through the National Budgets – *Done through the national budget process.*
- To minimise impact of costs and risks to government through:

Table 10-7: MTDS Key Targets, 2022 - 2026

	Indicators	Current level	Target	FY2023
Interest rate risk	1. Implied interest rate	4.9%	<4.5%	-0.4%
	2. % of total debt in variable interest rates	75.9%	<70%	-5.9%
Refinancing risk	3. Limit total public debt maturing in 1 year	5.9%	<6%	0.1%
	4. Total Average Time to Maturity	6.5 years	>7 years	-0.5 years
Exchange rate risk	5. foreign debt as a % of total debt	43.3%	<30%	-13.3%

- Complete the application process for country reclassification review with the ADB by 2022/23 – Completed.
- Complete a white paper on the feasibility of setting up the domestic debt market in the Cook Islands by 2022/23 or issuing government securities in New Zealand to utilise the larger market for NZD securities – *Deferred for further review.*
- The Debt Management Unit should be appropriately staffed, adequately trained, and resourced to conduct the debt management functions articulated in staff job descriptions – *Deferred for further review.*

11. Te Ara Akapapa’anga Nui - National Sustainable Development Agenda 2020+

The National Sustainable Development Agenda (NSDA) 2020+ is the guiding policy direction for the nation, steering us all towards a vision of Turanga Memeitaki – wellbeing for all.

It consists of three documents;

- 1 Te Ara Akapapa’anga Nui 2020 – 2121, the 100-year vision;
- 2 Te Ara Akapapa’anga Uki 2021 – 2046, the generational plan; and
- 3 Te Kaveinga Iti 2021 – 2026, the five-year scorecard.

Each of these documents will be monitored to highlight progress and areas that require attention, action or amendment.

The agenda guides government in providing policy direction to set the medium-term budget priorities and serves as a national scorecard to assess the Cook Islands’ progress to deliver its national vision.

Please refer to <https://www.pmooffice.gov.ck/nsda/documents/> for additional detail on NSDA 2020+.

To Tatou Orama: Turanga Memeitaki no to tatou Ipukarea
National Vision: An empowered, innovative, and environmentally conscious people who are grounded in our culture and languages, with the highest quality of wellbeing in life

The 15 national development goals under the Te Kaveinga Iti are as follows:

-  1 Wellbeing for all
-  2 Welfare and Equity
-  3 Economy, Employment and Enterprise
-  4 Manage Solid and Hazardous Waste
-  5 Water and Sanitation
-  6 Connecting our Nation through Infrastructure, Transport, and ICT
-  7 Health and Healthy Lifestyles
-  8 Education and Innovation
-  9 Our Inclusiveness (Gender, Equity and Social Inclusion)
-  10 Agriculture and Food Security
-  11 Our Biodiversity and Natural Environment
-  12 Climate Change, Resilience, Renewable Energy and Energy efficiency
-  13 Cultural Heritage, History, Identity and Language
-  14 A Sustainable Population
-  15 Our Security, a Peaceful and Just Society

11.1. Sustainable Development progress

The NSDA 2020+ recognises 73 key performance indicators to monitor and evaluate the Cook Islands' progress to achieving its 2121 national vision. This progress is summarised in an annual indicator report known as the Te Kaveinga Iti. The report is prepared by the Central Policy and Planning Office (CPPO) within the Kōutu Mana Tūtara o te Ipukarea - Office of the Prime Minister and presented to Parliament and the public. The indicator report informs the status of the country's progress per development goal as being either '**on track**' to achieving the goal, '**of concern**' and requires more work or information, or '**off track**' and requires further prioritisation.

The first report for Te Kaveinga Iti will be released in 2023. This will reflect the Cook Islands development progress for the 2021 calendar year.

11.2. Investment by NSDA 2020+ goals priorities

















Table 11-1 reflects government's investment plans across the medium-term by NSDA 2020+ goal. For 2023/24, key investments have been to support sustainable economic recovery through goal 3 (Economy, Employment, Trade & Enterprise) and goal 15 (Governance) followed by some investments in goal 1 (Wellbeing), goal 6 (Infrastructure, Transport & ICT) and goal 11 (Biodiversity & Natural Environment).

As the need for government to support economic recovery reduces, the prioritisation of government expenditure to achieve the national vision for the NSDA 2020+ will increase over the medium-term.

Table 11-1 Government Expenditure by NSDA2020+ Goals (\$'000)

NSDP	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection	Total
Wellbeing	23,727	25,351	25,123	25,336	25,338	101,148
Welfare & Equity	3,839	3,458	2,958	2,508	2,008	10,930
Economy, Employment, Trade & Enterprise	11,665	32,543	26,633	25,733	24,933	109,841
Waste Management	1,316	1,964	1,913	1,553	1,553	6,982
Water & Sanitation	3,754	4,878	5,150	5,150	4,150	19,328
Infrastructure, Transport & ICT	31,838	36,022	29,931	32,834	34,041	132,827
Health	22,564	21,550	22,039	21,639	21,439	86,669
Education and Innovation	20,782	21,764	21,564	21,614	21,614	86,555
Inclusiveness	473	473	483	483	483	1,921
Agriculture and Food Security	2,258	2,398	2,398	2,468	2,468	9,733
Biodiversity & Natural Environment	4,614	6,032	5,562	5,612	5,612	22,818
Climate Change & Energy Efficiency	1,244	1,401	1,601	2,101	1,731	6,833
Culture & Language	1,378	1,700	1,700	1,750	1,750	6,899
Population & People	797	924	924	924	1,274	4,047
Governance	41,528	46,395	45,041	45,432	45,718	182,586
Grand Total	171,778	206,851	193,018	195,136	194,110	789,116

Table 11-2 Medium-term NSDA2020+ Goal Priorities

2022/23	2023/24	2024/25	2025/26
 Goal 15: Governance			
 Goal 6: Infrastructure, Transport & ICT			
 Goal 2: Welfare & Equity			
 Goal 7: Health & Healthy Lifestyles			
 Goal 8: Education & Innovation			
 Goal 3: Economy, Employment, Trade & Enterprise			
 Goal 5: Water & Sanitation		 Goal 11: Biodiversity & Natural Environment	
 Goal 11: Biodiversity & Natural Environment	 Goal 12: Climate Change & Energy Efficiency	 Goal 1: Wellbeing	 Goal 13: Culture & Language
 Goal 4: Waste Management	 Goal 10: Agriculture & Food Security	 Goal 9: Inclusiveness	 Goal 14: Population & People

11.3. Expenditure by NSDA 2020+ goals

This section sets out the estimated operating and capital expenditure by NSDA 2020+ goal. Note that assigning projects per development goals is subjective as initiatives may support multiple goals directly or indirectly. In this analysis, funding initiatives are allocated only against a single goal. The ‘medium-term’ refers to the four years of the Budget forward estimates.

Figure 11-1 Proportional allocation of funding to NSDA2020+ goals, 2023/24

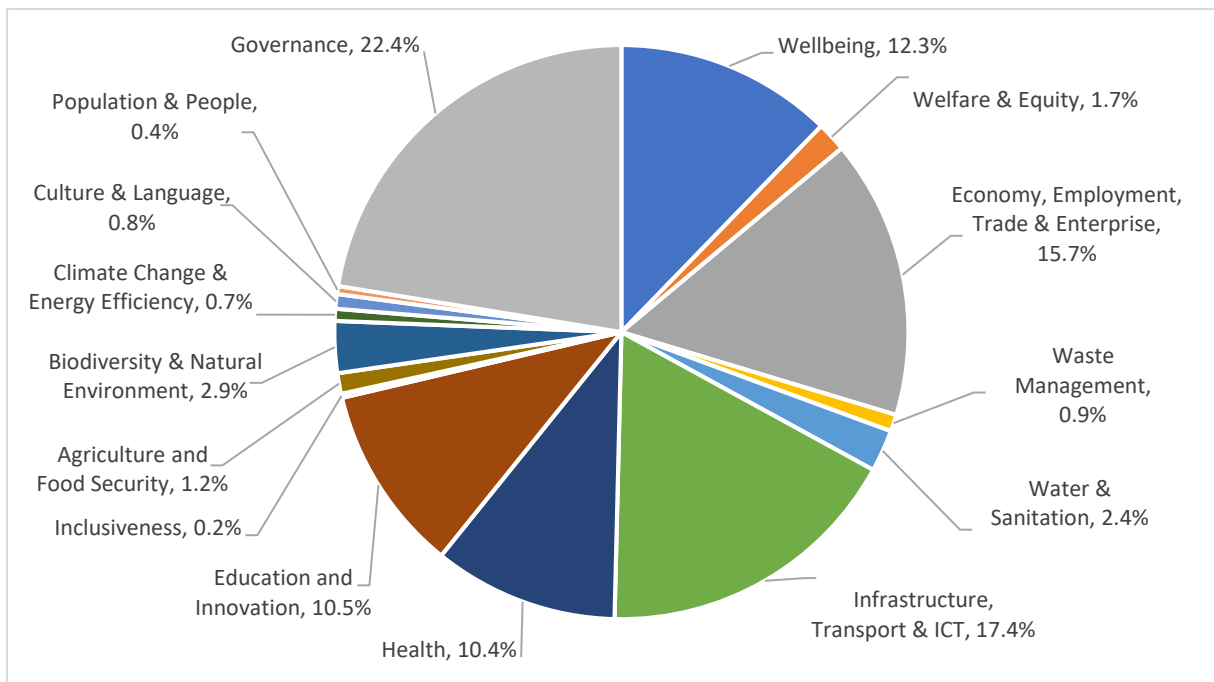
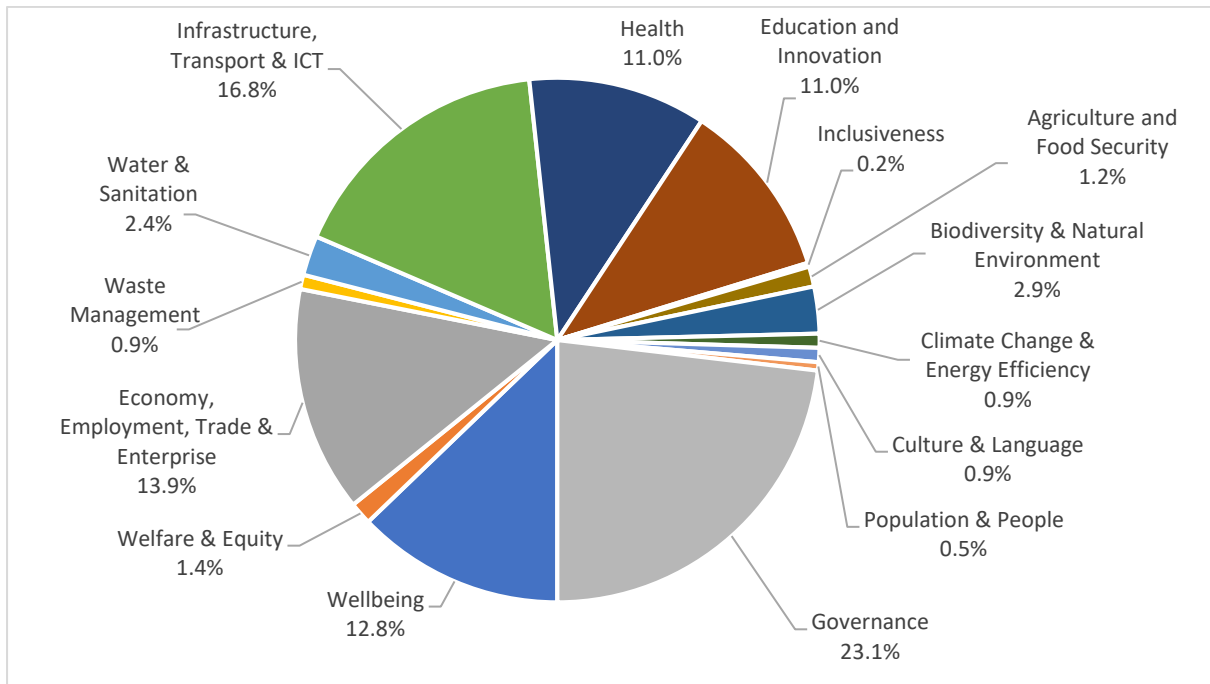


Figure 11-2 Proportional allocation of funding to NSDA2020+ goals over the medium-term



11.3.1. Medium-term Funding allocation per NSDA2020+ Goal

11.3.1.1. Goal 1: Wellbeing for all

This goal aims to improve the wellbeing for all people in the Cook Islands. Wellbeing has been defined in the NSDA 2020+ as a state of where people are comfortable, healthy and happy. All three states are further explained within the NSDA 2020+. Approximately \$101.1 million has been committed to achieving this goal over the medium-term.

A large proportion of this expenditure is in the form of welfare benefits to assist key populations, alleviate economic hardship and support communities. These include the pension, child benefit and caregiver’s allowance. For 2023/24 onwards, welfare payments are expected to increase to support destitute, maternity leave, the power subsidy and caregiver’s allowance. Temporary funding through the SIF - ODA Graduation Support Fund has also been provided for 2023/24 to support the service delivery for a few non-government organisations that have been impacted by a loss of Official Development Assistance (ODA) funding due to the Cook Islands’ ODA graduation.

Table 11-3 Goal 1 total expenditure (\$)

Description	2023/24	2024/25	2025/26	2026/27
Gross Operating Appropriation	422,679	412,701	412,701	412,701
Administered Payments	3,365,891	2,938,971	2,944,508	2,945,668
POBOC	21,562,805	21,771,104	21,978,793	21,979,281
Capital Expenditure	0	0	0	0
Total Goal 1 Expenditure	25,351,375	25,122,776	25,336,002	25,337,650

11.3.1.2. Goal 2: Welfare and Equity

This goal aims to improve economic inequity, poverty, and welfare. Approximately \$10.9 million is committed to achieving this goal over the medium-term.

Some of the initiatives that this goal accounts for include the Vaka maintenance, the Price Tribunal Committee, the Competition Regulatory Authority and subsidies provided to the state-owned

enterprises. From 2025/26, administered payments is expected to increase due to an increase to vaka maintenance. Whereas, the payment on behalf of Crown (POBOC) are expected to decrease across the outer years due to the phasing out of government support to the Airport Authority to enable the Authority to be self-sufficient.

Table 11-4 Goal 2 total expenditure (\$)

Description	2023/24	2024/25	2025/26	2026/27
Gross Operating Appropriation	554,505	554,505	554,505	554,505
Administered Payments	765,000	765,000	815,000	815,000
POBOC	2,138,099	1,638,099	1,138,099	638,099
Capital Expenditure	0	0	0	0
Total Goal 2 Expenditure	3,457,604	2,957,604	2,507,604	2,007,604

11.3.1.3. Goal 3: Economy, Employment, Trade and Enterprise

The primary focus of Goal 3 is to achieve economic growth in a sustainable manner. The negative impact that the COVID-19 pandemic has had on the Cook Islands' economy, has changed government's focus on a sustainable recovery to pre-COVID-19 level.

Economic recovery across the medium-term will focus on improving economic resilience to achieve long-term sustainable development. A total of \$109.8 million has been appropriated over the medium-term to support programmes and initiatives that expand economic opportunities. In 2023/24, \$3.5 million has been allocated towards the Economic Recovery Roadmap, while \$17.5 million has been allocated to the Airline Route Development before reducing to approximately \$15.0 million in 2024/25 through to 2026/27.

Table 11-5 Goal 3 total expenditure (\$)

Description	2023/24	2024/25	2025/26	2026/27
Gross Operating Appropriation	5,232,816	5,232,816	5,232,816	5,232,816
Administered Payments	27,310,000	21,400,000	20,500,000	19,700,000
POBOC	0	0	0	0
Capital Expenditure	0	0	0	0
Total Goal 3 Expenditure	32,542,816	26,632,816	25,732,816	24,932,816

11.3.1.4. Goal 4: Manage Solid and Hazardous Waste

Waste management is an important aspect of sustainable development, requiring people to care for the environment through proper disposal of waste. Community involvement through education and promoting sustainable practices are key for achieving this goal.

Approximately \$7.0 million has been appropriated over the medium-term to promote best waste management practices, develop policies, strategies, plans and projects within the waste sector. Additional funding has been provided to the National Environment Service in 2023/24 and 2024/25 to implement a clean-up of legacy whiteware and vehicle waste.

Table 11-6 Goal 4 total expenditure (\$)

Description	2023/24	2024/25	2025/26	2026/27
Gross Operating Appropriation	747,804	747,804	747,804	747,804
Administered Payments	1,165,000	1,165,000	805,000	805,000
POBOC	0	0	0	0
Capital Expenditure	50,917	0	0	0
Total Goal 4 Expenditure	1,963,721	1,912,804	1,552,804	1,552,804

11.3.1.5. Goal 5: Water and Sanitation

Potable water and sanitation are necessities for improving the health and wellbeing of a community. To achieve this goal, a total of \$19.3 million has been committed over the medium-term. Of this total funding, approximately \$4.0 million per year will support To Tatou Vai Ltd from 2023/24 to 2025/26 before reducing to \$3.0 million from 2026/27 to effectively manage Rarotonga’s water supply through operational and capital expenditure.

Table 11-7 Goal 5 total expenditure (\$)

Description	2023/24	2024/25	2025/26	2026/27
Gross Operating Appropriation	0	0	0	0
Administered Payments	0	0	0	0
POBOC	3,000,000	2,000,000	2,000,000	2,000,000
Capital Expenditure	1,877,947	3,150,000	3,150,000	2,150,000
Total Goal 5 Expenditure	4,877,947	5,150,000	5,150,000	4,150,000

11.3.1.6. Goal 6: Infrastructure, Transport, and ICT

Expanding economic opportunities and improving the quality of life for residents requires investment in building resilient infrastructure and effective information and communication technology (ICT). Furthermore, access to reliable and efficient transportation plays a key role in economic development as it enables the ability to trade. Over the medium-term, a total of \$132.8 million has been committed to maintain information systems, improve connectivity access and upgrade public infrastructure such as bridges, roads, and drainages. Of this total, approximately \$5.1 million will support the implementation of the government ICT network upgrades across the medium-term through administered payments and capital expenditure.

Table 11-8 Goal 6 total expenditure (\$)

Description	2023/24	2024/25	2025/26	2026/27
Gross Operating Appropriation	13,675,698	13,621,223	13,908,844	13,908,844
Administered Payments	5,540,250	5,683,250	6,123,250	6,209,900
POBOC	120,000	120,000	120,000	120,000
Capital Expenditure	16,685,562	10,506,348	12,681,800	13,801,800
Total Goal 6 Expenditure	36,021,510	29,930,821	32,833,894	34,040,544

11.3.1.7. Goal 7: Health and Healthy Lifestyles

Investing in public health and primary prevention helps to achieve better health outcome for a healthy and productive community. A total of \$86.7 million will be invested in health over the medium-term to achieve better health outcomes through the provision of quality health services. This also includes an increase in capital funding from 2023/24 to 2025/26 to support the replacement of a general x-ray and mammography machine.

Table 11-9 Goal 7 total expenditure (\$)

Description	2023/24	2024/25	2025/26	2026/27
Gross Operating Appropriation	18,463,508	18,552,508	18,552,508	18,552,508
Administered Payments	2,586,870	2,586,870	2,586,870	2,586,870
POBOC	0	0	0	0
Capital Expenditure	500,000	900,000	500,000	300,000
Total Goal 7 Expenditure	21,550,378	22,039,378	21,639,378	21,439,378

11.3.1.8. Goal 8: Education and Innovation

Quality education is the key for having better lives and achieving sustainable development outcomes. It empowers people to live a more healthy and sustainable life. For the medium-term, \$86.6 million

has been allocated to achieving this goal. Total expenditure includes support for early childhood, primary and secondary education as well as tertiary and vocational programmes. An additional \$100,000 has been allocated in 2023/24 for capital expenditure to purchase equipment that support the changes in the National Certificate of Educational Achievement (NCEA) programme.

Table 11-10 Goal 8 total expenditure (\$)

Description	2023/24	2024/25	2025/26	2026/27
Gross Operating Appropriation	15,534,669	15,464,669	15,491,583	15,491,583
Administered Payments	5,828,843	5,798,843	5,822,193	5,822,193
POBOC	0	0	0	0
Capital Expenditure	400,000	300,000	300,000	300,000
Total Goal 8 Expenditure	21,763,512	21,563,512	21,613,776	21,613,776

11.3.1.9. Goal 9: Inclusiveness (Gender, Equity and Social Inclusion)

This goal focuses on structural and societal barriers that inhibit inclusiveness for all. It promotes and protects the rights of our vulnerable groups such as women, youth, elderly, and those who live with disabilities. To support this goal, a total of \$1.9 million has been committed over the medium-term.

Table 11-11 Goal 9 total expenditure (\$)

Description	2023/24	2024/25	2025/26	2026/27
Gross Operating Appropriation	472,692	482,670	482,670	482,670
Administered Payments	0	0	0	0
POBOC	0	0	0	0
Capital Expenditure	0	0	0	0
Total Goal 9 Expenditure	472,692	482,670	482,670	482,670

11.3.1.10. Goal 10: Agriculture and Food Security

Agriculture provides sustainable opportunities for improving food security through increased food production and import substitution to reduce the demand for imported goods.

Government supports this goal through the provision of advisory services to farmers and growers, conducting crop research and monitoring any biosecurity threats of invasive species or pests. Over the medium-term, \$9.7 million is committed to supporting this goal through the Ministry of Agriculture and the Island Administrations.

Table 11-12 Goal 10 total expenditure (\$)

Description	2023/24	2024/25	2025/26	2026/27
Gross Operating Appropriation	2,398,167	2,398,167	2,468,167	2,468,167
Administered Payments	0	0	0	0
POBOC	0	0	0	0
Capital Expenditure	0	0	0	0
Total Goal 10 Expenditure	2,398,167	2,398,167	2,468,167	2,468,167

11.3.1.11. Goal 11: Biodiversity and Natural Environment

This goal looks to protect the natural environment for life both on land and below water to ensure they are around for future generations. Community awareness and support is important for promoting sustainable land management practices, conservation, and protection of biodiversity.

Approximately \$22.8 million has been appropriated over the medium-term to support the service delivery of the National Environment Service (NES), the Ministry of Marine Resources, and the Cook Islands Seabed Minerals Authority (SBMA). For 2023/24, \$0.4 million has been allocated for NES to conduct a coastal protection feasibility study on Rarotonga and Aitutaki and \$0.2 million to support the SBMA to conduct assessments that will assist in the development of the seabed minerals sector.

Table 11-13 Goal 11 total expenditure (\$)

Description	2023/24	2024/25	2025/26	2026/27
Gross Operating Appropriation	4,948,483	4,898,483	4,898,483	4,898,483
Administered Payments	1,020,000	600,000	650,000	650,000
POBOC	63,461	63,461	63,461	63,461
Capital Expenditure	0	0	0	0
Total Goal 11 Expenditure	6,031,944	5,561,944	5,611,944	5,611,944

11.3.1.12. Goal 12: Climate Change, Resilience, Renewable Energy and Energy efficiency

The Cook Islands is susceptible to the impacts of climate change. To prepare the country for current and future challenges of climate change and natural disasters, the Emergency Management division and the Climate Change division under the Office of the Prime Minister are responsible for policy development, coordinating and raising awareness of such impacts.

Increasing the use of renewable energy and energy efficiency is also another key investment for government. Apart from Rarotonga and Aitutaki, all the other inhabited islands generate electricity through solar energy. Therefore, \$6.8 million has been allocated over the medium-term to achieve this goal.

Table 11-14 Goal 12 total expenditure (\$)

Description	2023/24	2024/25	2025/26	2026/27
Gross Operating Appropriation	840,799	840,799	840,799	840,799
Administered Payments	0	0	0	0
POBOC	160,000	160,000	160,000	160,000
Capital Expenditure	400,000	600,000	1,100,000	730,000
Total Goal 12 Expenditure	1,400,799	1,600,799	2,100,799	1,730,799

11.3.1.13. Goal 13: Cultural Heritage, History, Identity and Language

Cultural heritage forms part of our national identity and is important to preserve for future generations. This goal encourages the promotion, engagement, and participation in the Cook Islands' culture through cultural activities and encouraging the use of Cook Islands Maori languages.

Cultural activities include, but are not limited to, Te Maeva Nui (Constitution Celebration), Te Mire Ura (Dancer of the Year), and Te Mire Atu (Composers Song Competition). Government assigns \$500,000 annually to organise these national events and \$100,000 towards the Cook Islands Cultural fund each year with \$150,000 expected from 2025/26.

Digitising national archives has also been a priority for government to preserve the Cook Islands' history and development of the culture so it is accessible to future generations.

Table 11-15 Goal 13 total expenditure (\$)

Description	2023/24	2024/25	2025/26	2026/27
Gross Operating Appropriation	1,084,671	1,084,671	1,084,671	1,084,671
Administered Payments	615,000	615,000	665,000	665,000
POBOC	0	0	0	0
Capital Expenditure	0	0	0	0
Total Goal 13 Expenditure	1,699,671	1,699,671	1,749,671	1,749,671

11.3.1.14. Goal 14: A Sustainable Population

This goal looks at the ability of a population to support a sustainable community and economy. It also ensures that the country's development engages with local communities and is in the best interest of Cook Islanders. A total of \$4.0 million has been appropriated over the medium-term to achieve this goal with \$350,000 allocated in 2026/27 to conduct the next national census.

Table 11-16 Goal 14 total expenditure (\$)

Description	2023/24	2024/25	2025/26	2026/27
Gross Operating Appropriation	924,187	924,187	924,187	924,187
Administered Payments	0	0	0	350,000
POBOC	0	0	0	0
Capital Expenditure	0	0	0	0
Total Goal 14 Expenditure	924,187	924,187	924,187	1,274,187

11.3.1.15. Goal 15: Our Security, a Peaceful and Just Society

Good governance requires effective leadership and robust systems to implement change. An effective and fair judicial system is integral to having a peaceful and just society, allowing people to be safe and lead productive lives with greater transparency and accountability. A significant amount of government expenditure, totalling \$182.6 million has been allocated to achieving this goal over the medium term to support programmes that will improve public service performance, encourage sustainable public financial management and to strengthen the Law-and-Order sector.

Table 11-17 Goal 15 total expenditure (\$)

Description	2023/24	2024/25	2025/26	2026/27
Gross Operating Appropriation	33,664,973	33,499,448	34,071,827	33,477,827
Administered Payments	4,600,100	4,450,100	4,650,100	4,650,100
POBOC	5,283,351	5,333,351	5,283,351	5,283,351
Capital Expenditure	2,846,488	1,758,219	1,427,107	2,306,652
Total Goal 15 Expenditure	46,394,912	45,041,118	45,432,385	45,717,930

12. State-owned Enterprises

12.1. Cook Island Investment Corporation

The Cook Islands Investment Corporation (CIIC) is a statutory 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.

A statutory corporate entity or State-Owned Enterprise (SOE) is a body formed by the government through legal means so that it can take part in activities of a commercial nature on behalf of the government.

CIIC and its entities have specific accountability requirements under its legislation, including the provisioning of a Statement of Corporate Intent for approval by Cabinet and the provisioning of Annual Reporting to Parliament.

CIIC uses the OECD Guidelines on Corporate Governance of State-Owned Enterprises as a guide to control and manage its undertakings. These Guidelines are an internationally recognised guide outlining recommendations to governments on how to ensure that SOEs operate efficiently, transparently and in an accountable manner. They are the internationally agreed standard for how governments should exercise the state ownership function to avoid the pitfalls of both passive ownership and excessive state intervention

More information on CIIC, SOE's and their operations can be obtained at www.ciic.gov.ck

12.1.1. Social Contributions and Dividends

CIIC, as the parent company of the SOEs, is required under CIIC's legislation to recognise government's social responsibility in the performance of its functions and therefore provides various social initiatives and obligations to communities. Government does not reimburse or has paused reimbursement amidst COVID-19 economic conditions of some of these initiatives and some of these therefore form part of the agency funding or generated through external revenues.

CIIC provides a dividend-stream to the government based on profits derived from the SOEs and the company's share in Telecom Cook Islands Ltd. Prior to the COVID-19 pandemic, only the Bank of the Cook Islands, Te Aponga Uira and Telecom Cook Islands derived sufficient earnings to pay dividends to the government.

Dividends for most SOEs were revised to zero in 2022/23 and in future years due to the effects of the pandemic and associated reduction in revenue and welfare contributions by SOEs, and the need to restore capital.

In the medium-term, a return of dividend payments through governments' shares in Vodafone Cook Islands Ltd (through Telecom Cook Islands) is projected, with dividends from Te Aponga Uira projected to recommence from 2025/26 and the Bank of the Cook Islands by 2026/27.

12.2. Airport Authority Cook Islands

The Airport Authority Cook Islands (AACI) was established under the *Airport Authority Act 1985* to manage the airports on Rarotonga and Aitutaki.

With the post-pandemic easing of air travel restrictions, there is more confidence in the economy. The resumption of scheduled international flights saw the increase in passengers' numbers and the flow-on effect of their spending in our airports.

The risk of future international travel restrictions remains a threat, albeit a decreasing one. From the time the borders open, the Airport Authority has continued to work with its tenants around rental arrangements which has gradually increase and returned to pre-COVID rates. The AACI has been working with the CIIC to manage its risk and developing solutions to mitigate the impacts on issues such as resources as staff continue to migrate overseas as a result of the lucrative offers from abroad.

12.2.1. Recent Milestones

- Completed laying the backup cable from the golf course substation to the Airport power centre 2,
- Preliminary design completed for the Rarotonga terminal expansion,
- The Aitutaki runway strip reclamation commenced,
- Renovation completed on the “LSG” and Air New Zealand building, and
- Concept design completed for two multipurpose buildings (for Air New Zealand Hangar and CIC).

12.2.2. Upcoming Milestones and Investments

AACI plans to move into the second phase of the runway slab project in 2023/24 fiscal year, replacing approximately 30 old slabs. There will be further capital investments such as acquiring the land for the Runway End Safety Area (RESA) and construction of the RESA. In addition, the upgrading of parts of the airport storm water/drainage system, the construction of Aitutaki Airport Seawall and rejuvenation of the runway will be completed in the 2023/2024 fiscal year.

12.2.3. Social Contribution and Dividends

Previously the Authority has received \$2.0 million annually from government to support its operations, which forms part of the Departure Tax received. This amount is programmed to decrease by \$500,000 per year from 2023/24 to enable the AACI to become self-sustaining by 2026/27. The gradual reduction provides time for the Authority to implement the necessary financial and efficiency changes.

The AACI has community service obligations and social contribution costs that are funded from external revenue sources and not reimbursed by government, as outlined below.

Table 12-1 AACI Social Obligation Costs (\$)

	2023/24 Budget
Provision of Fire Service to the Rarotonga Community	67,323
Provision of a rent-free VIP lounge to Government	48,246
Net contribution to Government	115,569

Due to AACI recovery from COVID-19 in parallel to focusing on capital projects that are associated with safety and non-compliance issues, AACI is not expecting to pay dividend to CIIC in the medium-term.

12.3. Avaroa Cable Limited

Avaroa Cable Limited (ACL) manages the Cook Islands’ involvement in the Manatua Cable project and its commercialisation as an international and domestic wholesale operator. The Manatua Cable project involved the construction of a regional submarine telecommunications cable connecting the Cook Islands, Samoa, French Polynesia, and Niue. ACL is responsible for the operation and maintenance of the cable connection to the Cook Islands.

12.3.1. Recent Milestones

- ACL completed the commissioning of a new route on the Manatua-One Polynesia cable system to Sydney in late September 2022. This involved many months of work in liaison with the Samoa Submarine Cable Company, Hawaiki Cable, Ciena and Equinix.
- Vodafone Cook Islands increased and extended its wholesale supply agreement with ACL in conjunction with the opening of the 'Western route' through to Sydney.
- ACL officially opened the cable landing station (CLS) compounds on both Rarotonga and Aitutaki in mid-2022. The new facilities represent years of planning, hard work and dedication from the ACL team to ensure that the Manatua Cable project was successfully implemented.

12.3.2. Upcoming Milestones and Investments

- Working with stakeholders, including parent company CIIC, to maximise the capacity usage of the cable, including understanding how we can assist new entrants into the market.
- Continuing to work with our partners in the Manatua Consortium to ensure all parties are aligned on key issues regarding the maintenance and operations of the cable.
- Develop and implement strategies for funding the cable replacement in 2045 and for managing the foreign currency exposure of ACL.
- Explore opportunities to improve the resilience of the Manatua cable system.

12.3.3. Social Contribution and Dividends

ACL aims to support and contribute to social programmes by actively engaging in the Cook Islands community. ACL will explore opportunities where increased access to connectivity would be a benefit to driving positive outcomes, especially in the Education sector.

ACL's core strategy initially is focused on creating commercial opportunities that ensure an affordable service for the Cook Islands, and commence its loan repayments with the Asian Development Bank, rather than looking to return capital to its shareholder in the short to medium term.

12.4. Bank of the Cook Islands

The Bank of Cook Islands (BCI) was established under the *Bank of the Cook Islands Act 2003* to provide banking services to the Cook Islands. BCI is a fully licensed operator as required by the *Banking Act 2011*, and operates in compliance with the requirements of the *Financial Supervisory Commission Act 2003* and the *Financial Transaction Reporting Act 2017*.

12.4.1. Recent Milestones

- BCI continues to withstand constant economic pressures with a relatively strong financial position, and prudent and effective financial oversight and management.
- Tourism industry customers received ongoing support as they regain business momentum following COVID-19 and low visitor periods.
- Uptake by Pa Enea customers of BCIs digital services, amplified use of no or low-cost banking services and economic activity between Rarotonga and the Pa Enea.
- New air-conditioned Mangaia branch office delivering easier in-person service through staff assistance and via in-branch digital devices where customers require.

12.4.2. Upcoming Milestones and Investments

- Continued investment in new products and services, while ensuring a sustainable financial structure.

- Partnering with government on delivering various financial service action items embedded in the Economic Development Strategy and the National Sustainable Development Agenda over the medium to long term.

12.4.3. Social Contribution and Dividends

The social obligation costs are reimbursed by the government for the delivery of banking services to communities in the Pa Enuu.

Table 12-2 BCI Community Service Obligations (\$)

	2023/24 Budget
Social Obligation of providing banking services	128,000
BCI Community Service Obligations reimbursed by Government	128,000

The BCI Board of Directors sets the bank’s annual dividend policy via its Statement of Corporate Intent each year.

12.5. Cobalt Cook Islands

The Cook Islands government through the Cook Islands Investment Corporation (CIIC) and Global Sea Mineral Resources (GSR) entered into a Framework Agreement in 2013 with regards to the exploration for and possible harvesting of polymetallic nodules in the Cook Islands licensed International Seabed Authority (ISA) area and the Cook Islands Exclusive Economic Zone (EEZ). A formal joint venture (JV) Agreement between CIIC, GSR and GSR CI) was entered into in July 2016 and Cobalt Seabed Resources Limited (CSR) was subsequently established as a Crown Corporate Entity on 2 November 2017 under the Companies Act 1970.

12.5.1. Recent Milestones

- Attendance and participation in in-country and international forums in relation to the development of CSR and the wider seabed minerals sector.
- CSR has continued to focus on capacity building through its participation in CIIC’s corporate governance professional-director training programme, development and utilisation of corporate governance and management tools and business plans.
- Under its JV Agreement, developed a Cook Islands Seabed Minerals Sector National Building Programme for Cook Islands nationals relating to education and skills development in seabed minerals exploration, harvesting, and the business including technical, management and administrative, financial and legal expertise.
- Over the last 24 months, an exploration license application was granted in March 2022 by the Cook Islands Seabed Mineral Authority (SBMA) following a robust process.

12.5.2. Upcoming Milestones and Investments

- Continue capacity building, including the employment and training of Cook Islanders, that will help empower the people of the Cook Islands by building and retaining long-term human resource capacity in the Cook Islands.
- Continue onshore activities and offshore exploration campaigns for CSR’s licence in the Cook Islands EEZ and on behalf of CIIC in relation to CIIC’s licence in the CCZ.

12.5.3. Social Contribution and Dividends

CSR will scope and implement social and community contribution initiatives for the wider community. Expansive social and community contribution initiatives will be implemented once the entity is

commercially viable and as such, also, a dividend payment to CIIC and government is not expected in the short term, though significant returns and dividends are expected, should and once this materialises in the medium to longer term.

12.6. Cook Islands Ports Authority

The Cook Islands Ports Authority (CIPA) was established under the Ports Authority Act 1995 and operates the Port of Avatiu, the cruise ship tender landing in Arorangi, and the Port of Arutanga in Aitutaki. 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.

12.6.1. Recent Milestones

- Pacific Disaster Resilience Programme Assessment completed.
- Ports and Maritime security assessments and audits for Avatiu and Arutanga completed
- Live security scenario exercise at Avatiu completed with Police, Fire Rescue, Ministry of Transport, and all port stakeholders.

12.6.2. Upcoming Milestones and Investments

- Procurement of 90T crane for Aitutaki port is underway, working through Major Projects and Procurement Support - MFEM.
- Implementation of Ports operation digitisation project.
- CCTV project has commenced with installation of CCTV cameras around Avatiu port, set up of surveillance centre to follow with installation of a backup generator to ensure continuous coverage and monitoring.
- Procurement of 40T forklift for Avatiu operations.

12.6.3. Social Contribution 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 only partly reimbursed by government.

Table 12-3 CIPA Community Service Obligations (\$)

	2023/24 Budget
Rarotonga	
Te Kukupa Patrol Boat berthage	25,000
All domestic shipping licence holder's berthage	30,000
Maritime Surveillance building	150,000
Ministry of Marine Resources Workshop	55,000
Port Charges Waived	2,500
Aitutaki	
Waived Port Charges	2,500
CIPA Community Service Obligations reimbursed by Government	265,000

No dividend is envisaged in the medium-term, as the Authority must consider its cash flow commitments, specifically its obligations to meet existing interest and loan principal repayments.

12.7. Te Aponga Uira

Te Aponga Uira (TAU) was established under the Te Aponga Uira O Tumu-Te-Varovaro Act 1991 and is the utility responsible for electricity on Rarotonga. TAU also supports Pa Enua energy infrastructure through the provision of technical advice and emergency operations support to Island Administrations

who provide electricity services to households and businesses. Over the past decade, TAU has moved its focus towards developing power generation from renewable solar energy sources.

12.7.1. Recent Milestones

- Extensive support to the Pa Enea for each island's renewable energy infrastructure. TAU now has a Memorandum of Understanding with each of the Pa Enea and Te Mana Uira o Araura which sets out the working arrangement between the organisations.
- Acquisition of two Battery Energy Storage Solution (BESS) systems and one Power BESS system for Rarotonga through the government's Renewable Energy Development Division (REDD).
- Progress on development of the 6MW RE Solar programme via the tender award reached for the installation of 2MW around the Rarotonga International Airport.
- Progress on reopening of the RE programme to the local community for 4MW of solar PV on a gross metering basis. This is now out to market.

12.7.2. Upcoming Milestones and Investments

- Installation of 2MW of solar PV around the Rarotonga International Airport area.
- Preparation of network to receive and enabling 4MW of solar PV sourced from the community.
- Scoping and installation of enabling technology for more RE to come onto the grid.
- Scoping towards a plan for a new purpose-built, efficient, and eco-friendly office building.
- Implementation of monitoring services to support operating and maintenance of Pa Enea power systems in partnership with REDD, and working with REDD to support the battery replacement project for the Northern Group.
- Ongoing work to develop a tariff structure that is cost reflective, competitive with off grid technology, complements renewable energy uptake that is grid connected, and provides certainty around medium-term tariff to all levels of its customers.
- Development work towards proposal to string telecommunications on power poles.
- Replacement of ageing switchgear system at the Avatiu Power Station and ongoing future-proofing of network in collaboration with other utilities.

12.7.3. Social Contribution and Dividends

TAU's social obligations include the provision and maintenance of streetlights, coloured lights, and uneconomic network extensions. The reimbursement of these contribution costs from government was halted in the 2020/21 Budget due to circular funding in the finances of the government. It is expected that social contributions will be reflected within the TAU dividends in future.

Given the support TAU has provided to the public amidst the impacts of COVID-19, as well as the entity's renewable energy investment requirements and capital maintenance requirements, TAU does not envisage providing a dividend in 2023/24. In addition, TAU is currently incurring fuel costs beyond previous averages amidst geo political events and inflationary pressures. This is partially offset by the fuel surcharge that TAU has added but still results in reduced cashflow.

12.8. Te Mana Uira o Araura

Te Mana Uira o Araura (TMU) is a limited liability company and a wholly owned subsidiary of the Cook Islands Investment Corporation (CIIC), with the principle activity to generate and distribute electricity on Aitutaki.

A key strategic pillar for TMU is the environment, and consistent with the CIG national aspirations of attaining 100% utilisation of renewable energy, TMU has adopted a high-level Aitutaki Renewable Energy Program outlining how it will attain the 100% renewable energy goal.

12.8.1. Recent Milestones

- Provision of free electricity to Churches, street lights and water stations on Aitutaki
- TMU has commissioned a new generator for Aitutaki hospital. The provision of a capital outlay of approximately \$60,000 will maintain and operate the generator on behalf of the hospital and TMO
- Ongoing support for community initiatives in Aitutaki such as the 200 years of Christianity to the Cook Islands, Operation Taramea, Aitutaki Rainforest men’s club, Aitutaki volunteer Fire brigade and providing Automated External Defibrillators (AED’s) to the community
- Finalisation of the Stage 2 Renewable Energy Project Scoping Report.

12.8.2. Upcoming Milestones and Investments

- Commencement of the stages 2 and 3 renewable energy project feasibility assessments. Stage 2 is expected to generate an additional 30 to 40 per cent of Aitutaki’s electricity supply.
- Installation of various substations and underground wiring projects.
- To develop and review TMU’s operational policies.
- Development and implementation of TMU’s human resource strategy.

12.8.3. Social Contribution and Dividends

TMU currently provides free street lighting and discounted electricity for churches and water stations, estimated at a total of \$50,000. Government does not reimburse these costs.

Table 12-4 TMU Social Obligation Costs (\$)

	2023/24 Budget
Provision of streetlight and electricity discounts for churches and water stations	50,000
Net contribution to Government	50,000

Considering TMU’s renewable energy establishment phase, TMU is not expecting to pay a dividend to CIIC in the medium-term.

12.9. To Tatou Vai

To Tatou Vai (TTV) Limited is a water utility established under the To Tatou Vai Act 2021 and prior to its legislation was established as a limited liability company in 2018, to deliver potable and reliable water on Rarotonga.

12.9.1. Recent Milestones

- The TTV Act 2021 passed in Parliament November 2021 establishing the To Tatou Vai Authority, state owned enterprise.
- Operating and directly managing the ten new water treatment plants.
- Filled in key executive roles including engineering and back-office staff, critical for strategic operation and maintenance of the water network system, and established apprentice scheme for technicians.
- Standardised financial management systems, installed dedicated IT network, strengthened the laboratory and testing capability

12.9.2. Upcoming Milestones and Investments

- Completed mapping of 60% of the water network including locating and accurately recording assets.

- Progressed the design for the permanent sludge drying and storage facility, with a planned October 2024 commissioning.
- Progressed the specifications for the metering project, scoping of tender almost complete.
- Formalise catchment committee for three of the ten intakes.
- Completed practical decommissioning of the AC system.

12.9.3. Social Contribution and Dividends

TTV will scope and implement social and community contribution initiatives for the wider community once the entity is commercially viable. As such, a dividend payment to CIIC is not expected in the medium-term.

13. Public Sector Staffing

13.1. Public Sector Performance

The post COVID-19 pandemic environment has required significant changes to the operations of the Public Sector, particularly considering recruitment and retention challenges. Service delivery and business-as-usual has been hampered by large numbers of vacancies in government agencies. Existing employees must assume additional responsibilities or delay implementation of work programmes.

The Cook Islands Government (CIG) has observed that many Cook Islanders as well as expatriates are seeking financially more rewarding opportunities abroad or in the local private sector. Individuals can demand market rates because of the shortage of employees. The Public Sector is limited by budgetary constraints and is sometimes unable to match competing attractive remuneration offers.

The government has responded by implementing a range of measures to improve its attractiveness as an employer. Several Agencies with the fiscal space in their current appropriations, have offered market premiums to new employees. The Office of the Public Service Commissioner (OPSC) has repurposed its annual Employee Engagement Survey to focus on health and wellbeing and leadership and management to provide Heads of Agencies with some evidence to support and improve employee working experience. The CIG Recruitment Policy and other human resources policies are being reviewed to make them more relevant and provide Agencies with the flexibility to respond to the current situation of employee fluidity. Some Agencies have also continued the practice of allowing employees to work from home.

13.2. Public Sector Profile

In total, there are 53 entities in the Public Sector as per Table 13-1.

During the past financial year, there have been changes in the management of some agencies, including, the Financial Services Development Authority (FSDA) as well as the Cook Islands Tourism Corporation, with the resignation of the Chief Executive Officer (CEO) of FSDA in September 2022 and the appointment of a new CEO for the Cook Islands Tourism Corporation in May 2022. A new Director of the Cook Islands Audit Office was appointed in November 2022, a Secretary of Infrastructure Cook Islands in February 2023 and the Solicitor General in April 2023.

The Executive Officers (EO) of the Palmerston and Rakahanga Island Governments successfully reapplied for their roles. For Palmerston, the EO's employment was rolled over in February 2022. The Rakahanga EO resigned from his role in June 2022 to run in the General Elections. He was re-appointed as EO in January 2023.

The OPSC did not receive the employee data for State Owned Enterprises (SOE) before finalisation of this Profile.

Table 13-1 Public Sector Agencies

Public Service (14)	Island Governments (10)	Crown Agencies (7)
Ministry of Agriculture (<i>Pae Angaanga Tanutanu</i>)	Aitutaki	Head of State Office
Ministry of Corrective Services (<i>Te Tango Akatanotano</i>)	Atiu	Office of the Ombudsman (<i>Te Mata Akamoeau</i>)
Ministry of Cultural Development (<i>Tauranga Vananga</i>)	Mangaia	Public Expenditure Review Committee and Cook Islands Audit Office
Ministry of Education (<i>Maraurau o te Pae Apii</i>)	Manihiki	Cook Islands Police Service
Ministry of Foreign Affairs and Immigration (<i>Te Kauono Tutara e te Mana Tiaki</i>)	Mauke	Crown Law Office (<i>Te Akinanga o te Ture</i>)
Ministry of Finance and Economic Management (<i>Te Tango Akatere'anga Moni o te Ipukarea</i>)	Mitiaro	Leader of the Opposition Office
Ministry of Health (<i>Te Marae Ora</i>)	Palmerston	Parliamentary Services
Ministry of Justice (<i>Te Tango Tutara o te Ture</i>)	Penrhyn	
Ministry of Internal Affairs (<i>Te Tango 'Akarangatira 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>)		
	Statutory Agencies (8)	Ministerial Support Offices (6)
	Business Trade and Investment	
	Cook Islands Investment Corporation*	State Owned Enterprises (8)
	Cook Islands Tourism Corporation	Avaroa Cable Ltd.
	Financial Supervisory Commission	Bank of the Cook Islands
	Financial Services Development Authority	Cook Islands Airport Authority
	National Environment Service (<i>Tu'anga Taparoporo</i>)	Cook Islands Ports Authority
	Cook Islands Natural Heritage Trust	Cook Islands Investment Corporation
	Seabed Minerals Authority	Seabed Resources Ltd.
		Te Aponga Uira o Tumutevarovaro
		Te Mana Uira o Araura
		To Tatou Vai
		* Includes the Punanga Nui Market

13.2.1. Public sector employee numbers

Figure 13-1 shows the proportion of employees within the Public Sector by function. The Public Service is the largest employer in the Public Sector, with 58 per cent or 1,352 of total employees.

The next largest employer is the Island Governments at 28 per cent or 647 employees, down by 29 from the previous year of 676 employees. The Crown and Statutory Agencies account for 10 per cent or 238 employees. Island Government numbers increased by proportion of employees in the public sector by 4 per cent, and Crown and Statutory Agencies by 1 per cent even though in the number of employees have decreased by 29 and 7 respectively people in these groups.

Figure 13-1 Proportion of employees in the Public Sector, 30 March 2023

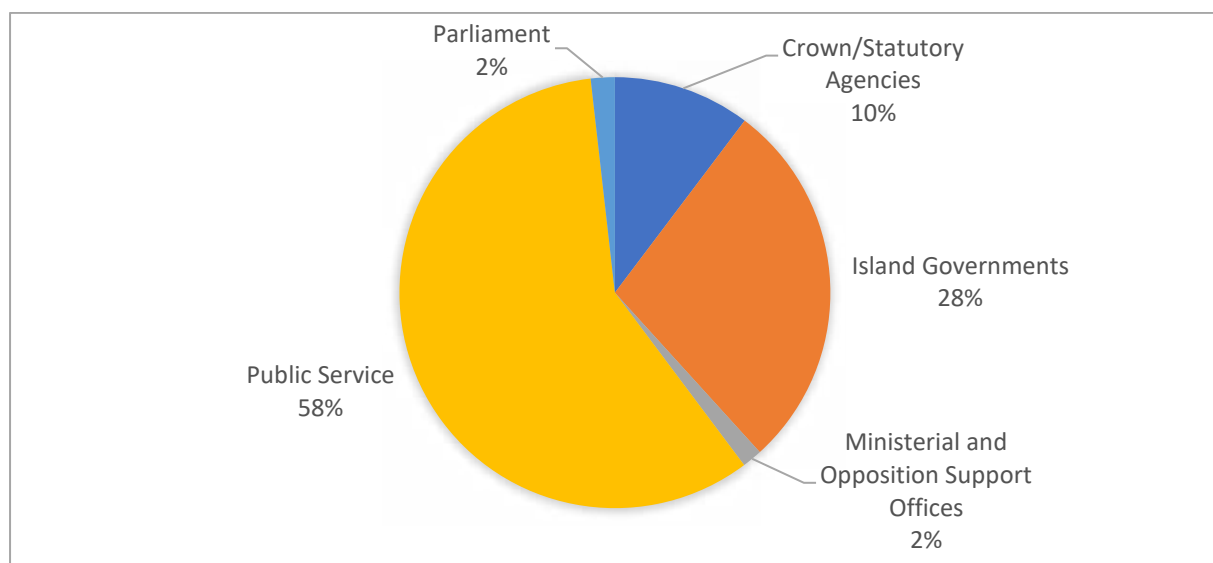


Table 13-2 Employee summary by groupings

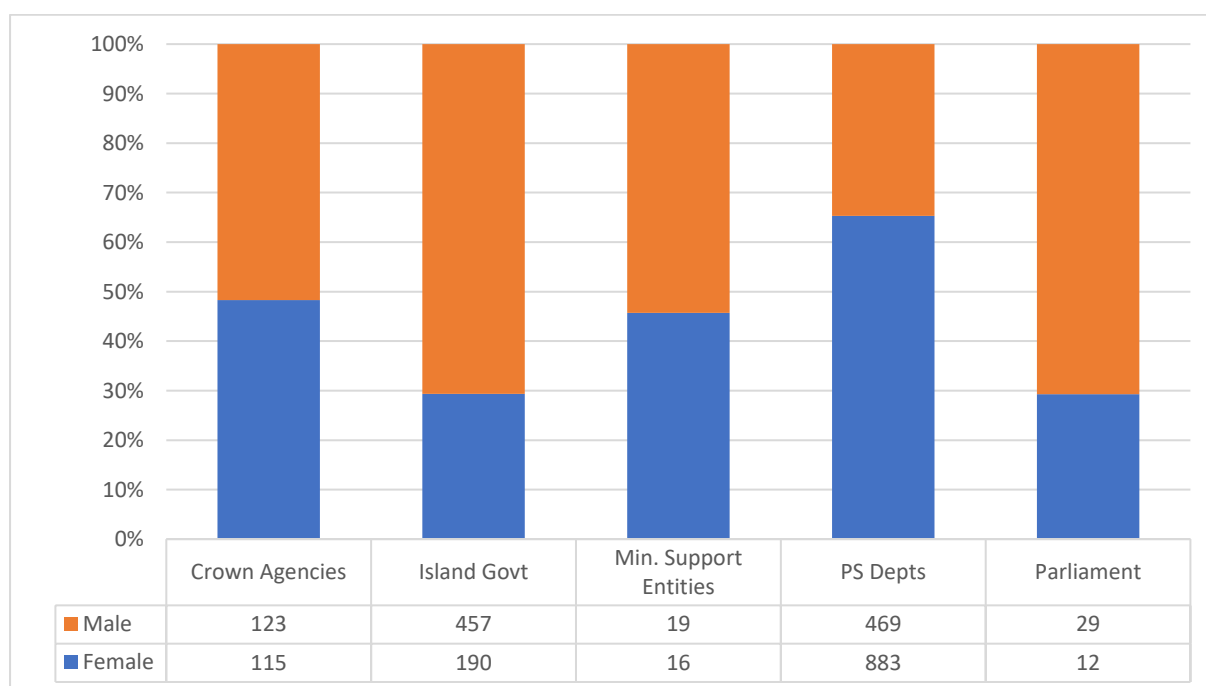
Agency	Total 27 April 2022	Total 30 March 2023
Public Service (incl. House of Ariki)	1,498	1352
Crown/Statutory Agencies	245	238
Island Governments (incl. Mayors & Councillors)	676	647
Parliament/ Civil List (incl. Members of Parliament & King’s Representative)	28	41
Ministerial & Opposition Support Offices	44	35
State Owned Enterprises	341	Not available
Total (excluding SOEs)	2,491	2,313

Source: HRMIS 30 March 2023

Table 13-2 shows that there has been a reduction in the number of employees in the Public Sector at 30 March 2023, when compared to April 27, 2022. In all, 146 people have left the Public Service (including House of Ariki), including nine from the Ministerial and Opposition Support Offices and seven from Crown/Statutory Agencies. Parliament/Civil List numbers have increased by 13, because the employees of Parliament have now been included in this category. The employee summary figures suggest an increase in vacancies across the Public Sector.

The number of employees in the Pa Enua has also decreased by 29 from the previous year. The government remains the largest employer in the Pa Enua outside of Aitutaki, 61 individuals are currently employed by the Aitutaki Island Government.

Figure 13-2 Public Sector Employment by Gender Ratio



Source: HRMIS 30 March 2023

Figure 13-2 shows the gender breakdown of personnel across the public sector, excluding SOEs. According to the most recent statistics, there are currently 883 women working in the Public Sector, compared to 469 men.

The Ministries of Justice and Education are filled by more than two-thirds women to men.

Most services provided by the Island Governments are under the outputs of Infrastructure, Agriculture and Public Utilities. As these are primarily labour-intensive and physical jobs, where there are 457

males, which is more than double the 190 females employed, this supports the premise that there are more males because of the types of roles offered by the Island Governments.

13.2.2. Public sector age profile

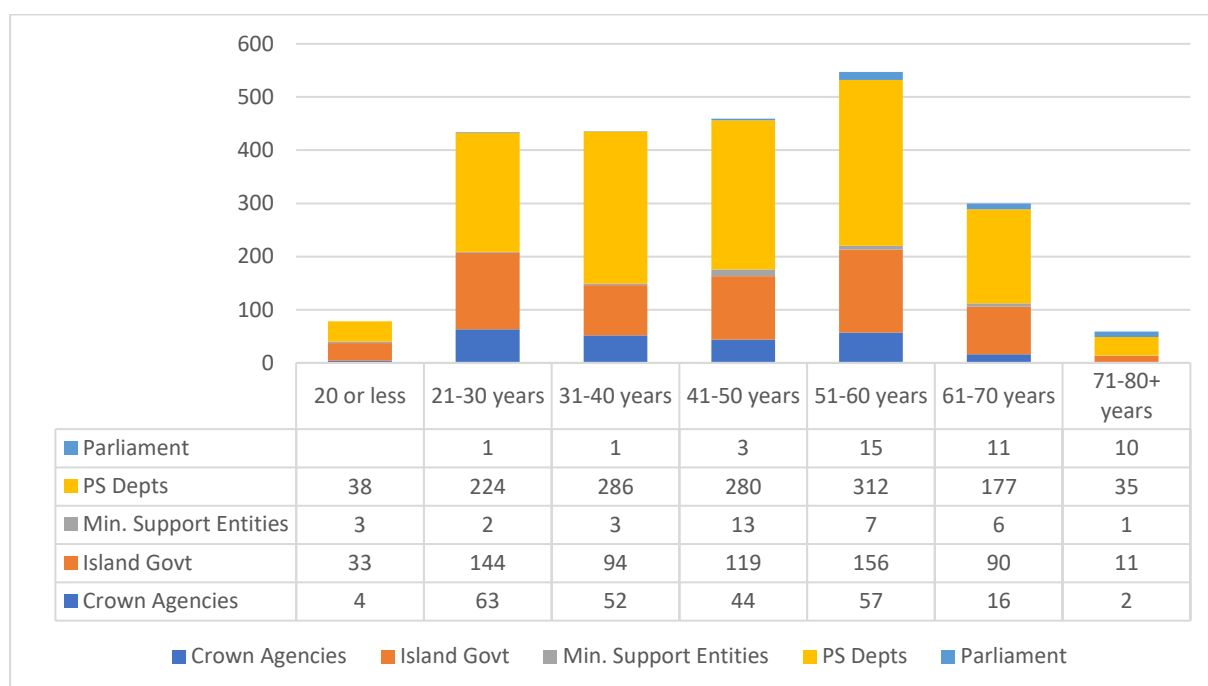
An analysis of the distribution of employees across the Public Sector is illustrated in Figure 13-3 and reveals a positive pattern of steady employment and track record, with employees ranging in age from 20 to 69, and classified as 20 or less, 21-30 years, 31-40 years, 41-50 years, 51-60 years, 61-70 years, and 71-80 years.

This demonstrates that government attracts a diverse variety of personnel from different generations, each bringing a unique set of skills, knowledge, and experience to the table. The results also highlight that having a diverse workforce allows government to maintain steady employment for many people over time, ensuring that service delivery is maintained, and institutional knowledge can be passed on.

The largest group of employees fall into the 51-60-year age range at 312 employees followed by the age groups from 41-50 years old. This implies that there is an opportunity for skill transfer as well as transmission of institutional knowledge, policies and procedures, and public sector history to be passed on.

The Island Governments have a higher proportion of employees and Councillors between the ages of 51 and 60 years, which is consistent with past personnel data and is generally related to an ageing population and migration of the youth population.

Figure 13-3 Public Sector Age Profile



Source: HRMIS 30 March 2023.

13.2.3. Public sector remuneration profile

The remuneration data displayed in Figure 13-4 shows that 85 per cent of employees earn less than \$40,000 per annum across the public sector, and 70 per cent earn less than \$30,000 per annum.

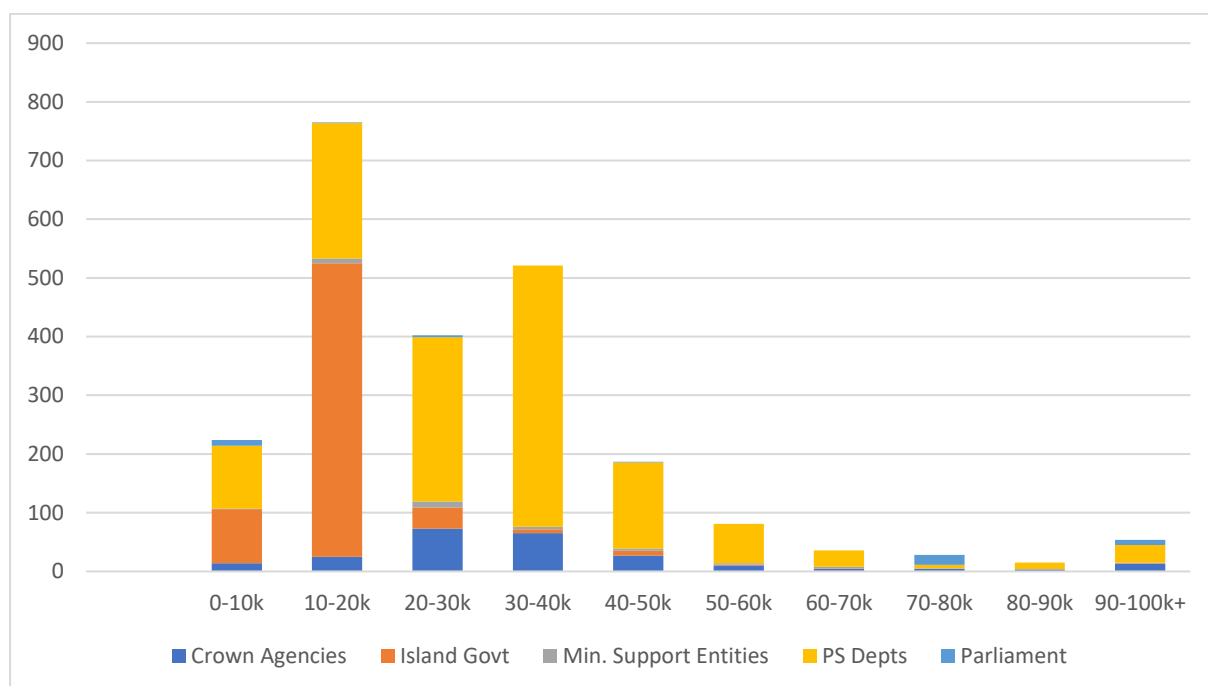
By comparison, 77 per cent of Island Government employees earn between \$10,000 and \$20,000 compared to 65 per cent of the Public service overall (500 Island Government employees and 765

Government employees). These positions are mostly part-time, casual, groundskeepers, teacher aides or roles of a similar nature.

Recent amendments to the Income Tax Amendment 2023 (passed in April 2023) that updated the Income Tax Act 1997, introduced a new tax threshold in the Pa Enua for those earning \$60,000 or less annually. This will directly benefit 645 Island Government employees immediately in this fiscal year. According to the 2021 Economic Characteristics Census²⁴, 2,875 people in the Pa Enua earns less than \$60,000, including Public Sector employees.

The new tax threshold for earners under \$60,000 will help offset rising living expenses for goods and services due to geographic constraints caused by higher freight costs involved with transporting goods over long distances. This is an innovative and significant step forward by government to the Pa Enua, and is envisaged to stimulate economic growth and expansion, as well as prevent families from migrating.

Figure 13-4 Public Sector Remuneration



Source: HRMIS 30 March 2023.

13.3. Public sector strengthening – Our journey to excellence

The Cook Islands Public Sector Strategy 2016-2025 is a framework for the delivery of public services to the community. This Strategy promotes the strengthening of three core factors – people, systems and structures in the Public Sector.

Functional Review

The OPSC initiated a functional review in the 2022/23 fiscal year to assess the functions, systems, and structures of the Public Sector. This review will determine solutions for optimal public service delivery that supports national development. The initial round of scoping with Public Sector Ministries, Crown

²⁴ Table 4.02 – Resident Population 15 years and over by Activity Status and Usual Residence
[Cook Islands 2021 Economic Characteristics Census](#)

and Statutory agencies in Rarotonga has been completed. Further consultations will be carried out during May to June 2023 and this will provide further insights that is both inclusive and considers all stakeholder interests. The finalised report will be completed by August 2023.

People

Ministries have undertaken various initiatives to support their employees. The employees of the Ministry of Agriculture were included in training opportunities provided under the NZ Pacific Partnership Programme Animal Biosecurity (four-year training programme) with NZ Ministry for Primary Industries. For the Ministry of Corrective Services, several probation staff were enrolled in a Cook Islands Tertiary Training Institute (CITTI) Leadership training programme. The introduction of the Pre-Service Bachelor of Education degree by the Ministry of Education (MOE) enables trainee teachers to be better placed to complete their teaching degree as the programme offers more papers. MOE continues to provide funding support for Associate Teachers and Trainees transitioning to the Pre-Service degree. Infrastructure Cook Islands has continued to improve their financial management reporting with the recruitment of a qualified Financial Controller.

Systems

All Ministries have improved their systems through their policies, plans and processes to provide them with clear guidelines on how they should operate, as well as make their services transparent and accountable. Some key achievements in this space included: the successful development and completion of the National Youth Strategic Plan and the National Disability Employment Pathway by the Ministry of Internal Affairs. A National Health Roadmap (2017-2036) continues to guide the work of the Ministry of Health as the new National Health Strategy is being developed. Infrastructure Cook Islands has updated the electrical registration process and registry database for all electricians.

Structures

A large number of the government agencies have revised their organisation structures to reflect their objectives and priorities while also remaining relevant and fit for purpose. This has included either increasing or the number of Outputs or Divisions in the Ministry; adding or removing new positions; or renaming of positions.

For the Island Governments - MFEM, the Office of the Prime Minister and OPSC have standardised the outputs of the Island Government's organisation structures to reflect key functional roles performed by the Island Governments. This exercise involves standardising the output names as the following: Corporate Services, Island Council, Public Utilities, Infrastructure and Airport, Agriculture and Natural Resources and Social and Economic Development.

14. Pa Enea

This chapter provides a general overview of government spending in the Pa Enea. This includes the funding appropriated to each Island Government (as per the Island Government Act 2012-13) and estimated spend in the Pa Enea through the provision of services or support offered by government agencies or development partners.

14.1. Funding Model

The Pa Enea funding model provides a fair and transparent method for determining the government expenditure for each Island Government. The model incorporates various expenditures faced by each island and factors in parameters to identify the funding requirement for each island. The trading revenue also provides surplus income that each Island Government can use for local development beyond the core funding provided by government.

Table 14-1 highlights the cost factors used in the funding model. These cost factors were determined based on relevance and reliability. The funding model excludes depreciation, capital spending, and government agency spending.

A revision to the funding formula is planned, updating both calculations and parameters, in order to address changed economic factors since the COVID-19 pandemic. The timeline for implementation is intended to be in-line with new funding that is available within the fiscal ceiling that can be directed to the Pa Enea.

Table 14-1 Cost factors of the Pa Enea Funding Model

Factor/Output	Parameter	Basis for costing
Administration	Population as per the Census	3 staff per island, plus 1 additional administrative staff per 250 residents, up to an additional 3 staff.
Island Council	The number and wages of councillors, Ui Ariki and Aronga Mana as per the <i>Island Government Act 2012-13</i>	Base salary, plus top-up payment based on island tier as determined by Office of the Prime Minister
Infrastructure		
Water	Population as per the Census	\$250 per person
Road maintenance		
Sealed	Kilometres of road	\$4,897.55 per km
Unsealed	Kilometres of road	\$7,372.50 per km
Maintenance (machinery & vehicles)	Schedule of Regular Capital Needs	3-7% of asset replacement value, as determined by the Infrastructure Committee
Airstrip	Length of runway	\$58,254.17 per km
Waste Management	Population as per the Census	\$26,920 fixed cost plus \$56.40 per person;
Beautification	Per km of road	\$2,300 per km
Energy (electricity generation) (excl. Aitutaki)	Estimation of generation cost <i>minus</i> estimated trading revenue from appropriate usage charges. Separately averaged per person usage across of the Northern Group and the Southern Group	A cost of 90-95 cents per kWh A charge of 60 cents per kWh to local users Average consumption in the Northern Group Average consumption in the Southern Group (excl. Aitutaki)
Other costs²⁵	Varies by island	Operational costs for inter-island ferries (\$3,000 for Manihiki, \$6,000 for Penrhyn)

²⁵ 'Other Costs' include island specific costs not factored into the general model (such as motu-to-motu transport for Penrhyn and Manihiki).

14.1.1. Appropriation

A total of \$13.1 million has been appropriated for the 2023/24 fiscal year to support the functions of each Island Government. A breakdown of the appropriation for each Island Government by personnel, operating, depreciation and trading revenue is available in Chapter 16 - Schedules.

The phased implementation of government agencies and Island Government to the new government pay structure continues to remain on hold until the economic conditions stabilise.

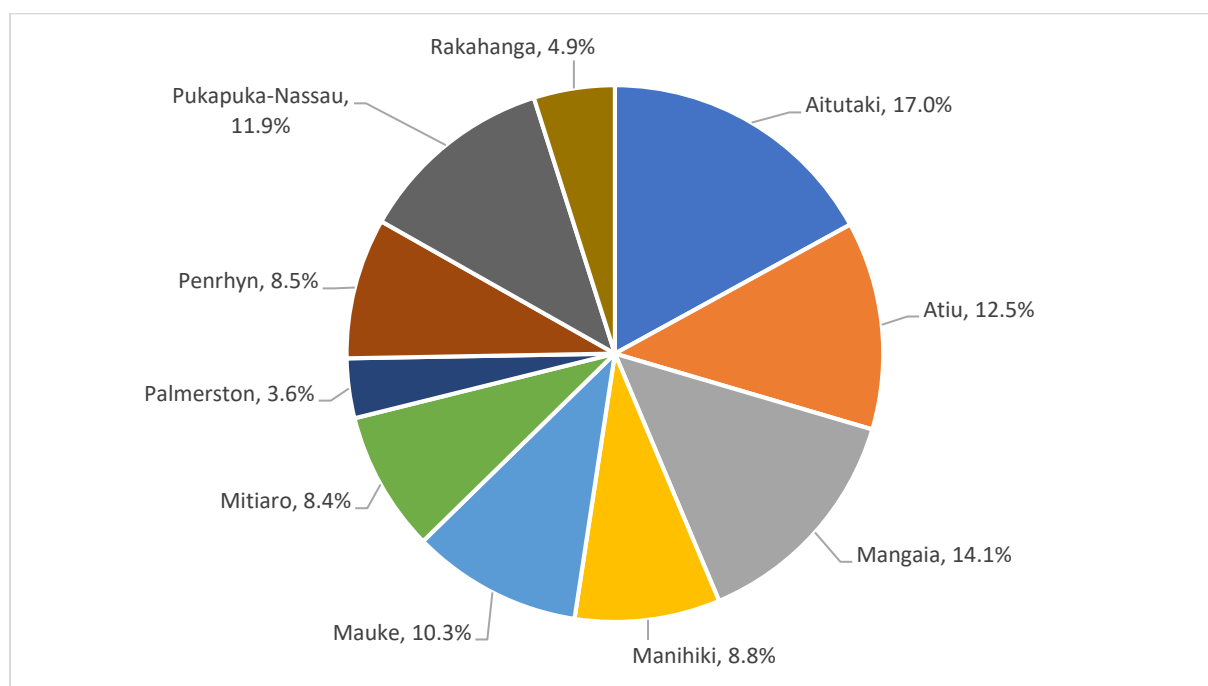
14.2. Funding Allocation

Figure 14-1 shows the proportion of total cash funding per island for the 2023/24 fiscal year.

The proportion of investment between the islands are determined by the population size on each island. 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.

Approximately 66.0 per cent of cash funding has been allocated to the Southern Group Islands and 34.0 per cent to the Northern Group Islands.

Figure 14-1 Allocation of funding per island, 2023/24



14.2.1. Cash funding

Table 14-2 shows a breakdown of cash funding derived for the 2023/24 budget based on the prior year's cash funding and additional funding adjustments.

The additional funding assigned to each island for 2023/24 is to account for the change in the minimum wage as of 1 July 2023 from \$8.50 per hour to \$9.00.

Table 14-2 Pa Enea cash funding (\$)

	2022/23 Cash Funding	2022/23 Portion	Additional Funding	2023/24 Cash Funding	2023/24 Portion
Aitutaki	1,590,312	17.4%	14,938	1,605,250	17.0%
Atiu	1,148,045	12.6%	34,961	1,183,006	12.5%
Mangaia	1,295,711	14.2%	33,749	1,329,460	14.1%
Manihiki	800,968	8.8%	24,679	825,647	8.8%
Mauke	948,484	10.4%	20,066	968,550	10.3%
Mitiaro	761,222	8.3%	35,627	796,849	8.4%
Palmerston	335,503	3.7%	3,553	339,056	3.6%
Penrhyn	774,619	8.5%	25,186	799,805	8.5%
Pukapuka-Nassau	1,024,882	11.2%	99,140	1,124,022	11.9%
Rakahanga	445,605	4.9%	15,292	460,897	4.9%
Total	9,125,351	100.0%	307,191	9,432,542	100.0%

14.2.2. Other funding support

The Pa Enea benefits from other forms of funding support provided by government agencies or development partners through the provision of services, welfare, development programmes and capital works. This support contributes to the development and wellbeing of people in the Pa Enea.

Table 14-3 outlines the type of expenditure support received from government agencies and development partners for the Pa Enea.

Table 14-3 Estimated Government expenditure in the Pa Enea, 2023/24 (\$'000)

Agency	Operating	ODA	Capital	Total
Business Trade and Investment Board	128	0	0	128
Cook Island Investment Corporation	0	0	1,330	1,330
Ministry of Corrective Services	66	0	0	66
Ministry of Cultural Development	150	0	0	150
Ministry of Education	4,919	0	0	4,919
National Environment Service	100	0	0	100
Ministry of Finance and Economic Management	1,039	19,887	410	21,336
Ministry of Health	2,357	0	0	2,357
Infrastructure Cook Islands	0	0	3,615	3,615
Ministry of Internal Affairs	180	0	0	180
Ministry of Justice	245	0	0	245
Ministry of Marine Resources	656	0	0	656
Cook Islands Police Service	605	0	0	605
Office of the Prime Minister	1,306	1,500	0	2,806
Cook Islands Tourism Corporation	203	0	0	203
Total	11,952	21,387	5,355	38,695

Note: Due to the integration of the Pa Enea support in general agency programmes and is based on the Appropriation, this data is an estimate only.

14.2.3. Business Trade and Investment Board

The Business Trade and Investment Board (BTIB) allocates approximately \$127,800 of its total appropriation to provide support and advice to businesses in the Pa Enea. BTIB also organises trade days and night markets to provide trade opportunities for businesses both in Rarotonga and the Pa Enea to sell local produce and crafts.

14.2.4. Cook Islands Investment Corporation

The Cook Islands Investment Corporation (CIIC) is responsible for maintaining and managing Crown assets. For 2023/24, a total of \$1.3 million has been committed for the projects listed below in Table 14-4.

- Approximately \$1.0 million to complete additional works for the Aitutaki harbour project, a component of the Aitutaki Island Plan & Orongo Development Project.
- Building projects worth \$0.4 million are planned for the Southern Group.

Table 14-4 Estimated CIIC capital projects in the Pa Enea (\$'000)

Island	Project/ Programme	2023/24 Budget Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Aitutaki	Arutanga Harbour Project	980	720	0	0
Pa Enea	Pa Enea Government Building Projects - Southern Group	350	0	600	1,940
Pa Enea	Pa Enea Government Building Projects – Northern Group	0	859	0	0
CIG funded Cook Island Investment Corporation capital projects		1,330	1,579	600	1,940

14.2.5. Cook Islands Police Service

For the provision of law enforcement services across the Pa Enea, the Cook Islands Police Service allocates approximately \$605,000 to cover personnel and operating costs.

14.2.6. Cook Islands Tourism Corporation

The Cook Islands Tourism Corporation allocates approximately \$202,700 to promote and provide visitor information about each of the outer islands.

14.2.7. Infrastructure Cook Islands

Infrastructure Cook Islands (ICI) support the Pa Enea with procurement, project development and implementation of capital projects, such as cyclone centres, road improvements and ports on each island.

For 2023/24, a total of \$3.7 million has been appropriated to implement capital programmes and projects listed in Table 14-5 below. Of this allocated funding, \$2.4 million has been allocated for the upgrade of the Nassau harbour facility to enable safe and efficient marine transport.

Funding allocated to the Government Building Projects will be focussed on Penrhyn.

The following ICI capital programmes also have Pa Enea components that are not discretely allocated funding, but rather fall within the allocated programme budget.

- Water and Sanitation Infrastructure Improvement Programme
- Pa Enea Air Infrastructure Improvement Programme

Table 14-5 Estimated ICI capital projects in the Pa Enea (\$'000)

Island	Project/ Programme	2023/24 Budget Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Pa Enea	Government Building Projects	496	0	0	0
Pa Enea	Pa Enea Air Infrastructure Improvement Programme	649	0	0	0
Pa Enea	Pa Enea Infrastructure Assessments	0	0	400	400
Pa Enea	Pa Enea Marine Infrastructure Improvement Programme	2,470	340	2,660	3,780
National	Water and Sanitation Infrastructure Improvement Programme	158	150	150	150
CIG funded Infrastructure Cook Islands capital projects		3,774	490	3,210	4,330

14.2.8. Ministry of Corrective Services

The Ministry of Corrective Services has allocated a total of \$65,882 for the provision of Probation Officers on islands of Aitutaki and Atiu to implement rehabilitation programmes.

14.2.9. Ministry of Cultural Development

The Ministry of Cultural Development disburses \$150,000 across the Pa Enea to support the local communities in celebrating Te Maeva Nui on island. This fund is covered under the National Events administered payment fund.

14.2.10. Ministry of Education

The Ministry of Education contributes \$5.3 million (25.2 per cent) of its total appropriation to provide quality education in the Pa Enea.

Of this total funding, approximately \$4.6 million has been allocated for personnel and \$0.3 million to cover operating expenditure for utility costs, school supplies and the maintenance of school buildings.

A total of \$400,000 has been allocated in 2023/24 to allow the ministry to replace capital items such as laptops, tablets, and printers in accordance with its capital replacement plan. This replacement plan also extends to the Pa Enea.

In Aitutaki, the Ministry provides a school bus service to transfer students to and from outlying villages to school. Estimated cost of providing this service is \$26,325 annually.

14.2.11. Ministry of Finance and Economic Management

The Ministry of Finance and Economic Management (MFEM) support the Pa Enea by assisting the Island Administrations to meet its financial reporting requirements and by providing tax and custom services on Aitutaki.

In addition to this, MFEM administers the following funds, which also benefit the Pa Enea:

- Shipping subsidy fund (\$500,000) – to provide affordable and regular inter-island shipping services to transport passengers and bulk goods.
- Universal Access Fund (\$400,000) – to provide equitable access to telecommunications in the Pa Enea through the Competition and Regulatory Authority.
- Audio Visual Broadcasting subsidy (\$45,000) – enables television broadcasting in the Pa Enea.
- Outer Island small capital fund (totalling \$110,000) – enables the Island Administrations to procure small capital items up to the value of \$5,000. Small capital items include printers, laptops, and grass cutters.

- Oversees key ODA projects such as the Manihiki Airport (\$12.4 million) and Northern Group Battery Replacement (\$7.5 million)

Table 14-6 Small Capital Fund administered by MFEM (\$'000)

Project/ Programme	2023/24 Budget Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Aitutaki Island Government	16	16	16	16
Atiu Island Government	12	12	12	12
Mangaia Island Government	12	12	12	12
Manihiki Island Government	10	10	10	10
Mauke Island Government	10	10	10	10
Mitiaro Island Government	8	8	8	8
Palmerston Island Government	10	10	10	10
Penrhyn Island Government	12	12	12	12
Pukapuka-Nassau Island Government	12	12	12	12
Rakahanga Island Government	8	8	8	8
CIG funded Pa Enea small capital fund	110	110	110	110

14.2.12. Ministry of Health

The Ministry of Health allocates approximately \$2.4 million to provide core health services in the Pa Enea. 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 Enea is supplemented through remote consultations with clinicians on Rarotonga, visiting health specialists and urgent medical evacuation.

The Patient Referrals administered fund of \$850,000 helps support the Ministry to refer patients or conduct urgent medical evacuation from the Pa Enea to Rarotonga and from Rarotonga to New Zealand, if necessary.

14.2.13. Ministry of Internal Affairs

The Ministry of Internal Affairs are responsible for the management and disbursement of welfare payments to people in the Pa Enea. The estimated cost of welfare payments in the Pa Enea for 2023/24 is \$8.1 million.

The breakdown of welfare payments per island and category are shown in Table 14-7. Note that welfare payments for beneficiaries on Palmerston are not included in the table below as these benefits are paid into accounts held in Rarotonga by the Bank of the Cook Islands.

Table 14-7 Social Welfare Payments in the Pa Enea (\$'000)

	Aitutaki	Atiu	Mangaia	Manihiki	Mauke	Mitiaro	Penrhyn	Pukapuka-Nassau	Rakahanga	Total
Old Age Pension 60+	821	293	487	175	250	150	112	293	119	2,699
Old Age Pension 70+	980	276	389	86	276	225	60	181	78	2,552
Child Benefit	599	121	121	61	60	62	97	286	38	1,446
New Born Allowance	20	5	5	3	3	3	3	8	3	53
Destitute Benefit	17	17	7	5	5	10	7	14	5	86
Infirm Benefit	192	53	86	14	43	29	19	62	24	523
Maternity Leave	24	2	2	2	2	2	2	2	2	41
Caregivers Allowance	96	17	50	10	19	24	10	34	12	271
Christmas Bonus	41	9	12	5	6	5	5	15	3	103
Funeral Allowance	20	17	16	7	10	5	7	10	5	96
Power Subsidy	7	5	8	3	7	6	2	6	2	46
Special Assistance	20	15	15	20	15	15	20	25	20	165
Total Welfare Payments	2,837	831	1,199	391	696	535	346	937	310	8,082

14.2.14. Ministry of Justice

The Ministry of Justice provide Registry and Justice of the Peace (JP) services on each island totalling \$244,520.

14.2.15. Ministry of Marine Resources

The Ministry of Marine Resources provide technical support and advice for small-scale fisheries and pearl farmers in the Pa Enea to ensure the sustainable management of marine resources. A total of \$656,000 enables the Ministry to deliver these services in the Pa Enea.

14.2.16. Office of the Prime Minister

The Office of the Prime Minister (OPM) provides oversight on the governance and service delivery of each Island Administration.

A total of \$120,000 in 2023/24 enables the provision of Pa Enea mechanical overseer to repair and maintain heavy machinery across the Pa Enea to ensure they operate effectively. OPM also administer a \$100,000 funding for procuring replacement parts to repair and maintain heavy plant and machinery in the Pa Enea. Furthermore, funding has been allocated across the medium-term for the OPM ICT activities administered payment to provide ongoing internet and fibre connection as well as licensing and software upgrades for government users on Rarotonga and the Pa Enea.

14.2.17. Official Development Assistance

The estimated Official Development Assistance (ODA) allocated for the Pa Enea in 2023/24 is \$21.4 million. These programmes are listed in Table 14-8 by agency with explanation of each programme available in Chapter 15.

Table 14-8 Estimated ODA spending in the Pa Enea (\$'000)

Agency	Project/ Programme	2023/24
Ministry of Finance and Economic Management	Northern Group Renewable Energy Battery Replacement	7,500
Ministry of Finance and Economic Management	Cook Islands Infrastructure Trust Fund – Manihiki Airport Upgrade	12,387
Office of the Prime Minister	Renewable Energy Grant (Southern Group)	1,500
		21,387

14.2.18. Total expenditure in the Pa Enuu

Table 14-9 showcases the total estimated government expenditure in the Pa Enuu for 2023/24. The investment in the Pa Enuu is significant by any measure, representing the importance of the Pa Enuu to the Cook Islands government.

Table 14-9 Total Government expenditure in the Pa Enuu (\$'000)

Island	Gross Appropriation	Funding support from Agencies	Welfare Payments	Capital Funding	Total public spending
Aitutaki	2,153	3,548	2,837	996	9,534
Atiu	1,837	896	831	12	3,576
Mangaia	1,840	1,281	1,199	12	4,333
Manihiki	1,405	684	391	659	3,139
Mauke	1,462	665	696	10	2,834
Mitiaro	951	478	535	8	1,971
Palmerston	440	123	0	10	573
Penrhyn	1,054	650	346	508	2,558
Pukapuka-Nassau	1,413	1,140	937	2,482	5,972
Rakahanga	595	312	310	8	1,225
Pa Enuu Total	13,150	9,777	8,082	4,705	35,714
General Support (Capex & ODA)	0	36,167	0	0	36,167
Overall Total	13,150	45,945	8,082	4,705	71,881

15. Official Development Assistance

This chapter provides information on donor contributions appropriated as Official Development Assistance (ODA) projects in line with government priorities. This chapter should be read in conjunction with the Capital Expenditure chapter as the infrastructure projects funded by the Cook Islands Government (CIG) are detailed there.

The estimated ODA expenditure for the whole 2022/23 is expected to be \$54.3 million (including General Budget Support and Core Sector Support) compared to \$20.1 million year to date spend as reported in the 2022/23 Half-Year Economic and Fiscal Update (HYEFU) in December. A spend rate of approximately 54.7 per cent against the 2022/23 budget estimate of \$99.3 million. This is mainly due to the appropriation of the Cook Islands Infrastructure Trust Fund (ITF), a total of \$44.4 million, into the 2022/23 fiscal year although full expenditure of the funding was not expected by the end of the fiscal period. The full appropriation of the ITF was to allow for the funds to be accessible for implementing projects submitted and approved by the ITF. The majority of this appropriation has been moved into 2023/24. This effectively reduces the 2022/23 estimate of available ODA funding considerably. Some of the ODA expenditure for 2022/23 was also driven by the extension of some business support measures such as the isolation payments under the Economic Recovery Roadmap (ERR) as part of the Cook Islands' COVID-19 response²⁶.

Donor contributions have increased over the past three fiscal periods due to the support received for the Cook Islands' response to COVID-19 through the implementation of the Economic Response Plan (ERP), the ERR and strengthening of the health and border systems.

For 2023/24, a significant portion of donor funding will be for Climate Change Adaptation and Mitigation projects as well as Capital ODA Expenditure. These funds have kept the ODA budget estimate on par with previous years. The decrease in budget estimates for the forward years are partly due to several funding agreements coming to an end²⁷.

The ODA budget estimate for 2023/24 is \$98.8 million and is categorised as follows:

- General Budget Support - \$9.1 million
- ODA Expenditure - \$35.7 million
- Capital ODA Expenditure - \$54.0 million

A total of \$86.0 million from the New Zealand government has been committed for the next two years towards various programmes, including established programmes such as the Cook Islands Core Sector Support, Budget Support towards Economic Recovery, ICT Connectivity Improvements, Climate Finance Facility and the Cook Islands ITF.

A number of Green Climate Fund (GCF) projects totalling \$8.7 million are programmed to continue in 2023/24. These are focused on Renewable Energy, Enhancing Climate Information and preparatory funds for readiness support and project proposal development. Over the next four years the total value of GCF support to the Cook Islands is estimated to be \$10.9 million.

The CIG contributes to ODA funded projects through tax exemptions and appropriation of personnel, operating and capital appropriation expenditure. A significant portion of tax exemptions were applied to the supply of Personal Protective Equipment (PPE), COVID-19 related vaccines and medical equipment. For 2022/23, approximately \$0.2 million worth of Value Added Tax (VAT) was exempted on imported materials for ODA projects. There has been a noticeable decrease in exemptions granted

²⁶ This was largely funded via General Budget Support from New Zealand

²⁷ Refer to Table 15-1

for 2022/23 compared to the two previous years, mainly due to the final completion of major infrastructure projects therefore reducing the amount of infrastructure materials imported.

15.1. ODA graduation

The Cook Islands officially graduated to a 'high income country' status on 1 January 2020, as determined by the Organisation for Economic Cooperation and Development (OECD) standards.

The ODA graduation was expected to have a limited impact upon the level of foreign aid received, particularly due to the Cook Islands strong economic position. However, with the onset of COVID-19, the graduation status impacted the Cook Islands' access to grant funding through donor partners outside of New Zealand, and instead relying on loan financing as well as the New Zealand provided Budget Support to fund the Cook Islands' Economic Response Plan (ERP) to prevent severe economic outcomes.

However, there are indications that there will be limited consideration by donors of the impact of COVID-19 on newly graduated economies and their development status until at least 12 months of World Bank verified GNI data is available.

15.2. General Budget Support

The financial support received by the CIG as general budget support is included in the ODA schedule however, it is excluded from the total ODA appropriation and recorded as government revenues instead to support government expenditure.

15.2.1. Cook Islands Core Sector Support

The Core Sector Support (CSS) Grant Funding Arrangement (GFA) with New Zealand was valued at \$31.4 million over four years from 2019/20 to 2022/23. While the next iteration of New Zealand Budget Support to the Cook Islands is being developed, a total of \$9.1 million has been confirmed for 2023/24 as bridge funding support.

The purpose of the CSS is to enhance the Cook Islands' ability to be self-sufficient by enabling predictable, efficient and effective delivery of key development objectives, together with practical policy reform.

The programme provides direct budget support to the Ministry of Education, Cook Islands Tourism Corporation and the Ministry of Health to improve indicators directly related to the Cook Islands National Sustainable Development Agenda 2020+. Additionally, funding has been allocated for technical assistance and public sector strengthening. The CSS can also fund projects identified as a priority for the Cook Islands, allowing for a flexible response to emerging needs as it arises.

15.2.2. COVID-19 Vaccination Programme

The New Zealand government supported the Cook Islands COVID-19 vaccination rollout by securing a sufficient supply of Pfizer vaccines to provide full vaccination coverage of the eligible population. The estimated cost of the support provided by the New Zealand government in supplying the vaccine to the Cook Islands in the 2022/23 year (which encompassed only the end of the programme) is just under \$100,000.

15.2.3. COVID-19 Economic Recovery Budget Support

In November 2021, the New Zealand Ministry of Foreign Affairs and Trade (MFAT) acting through the New Zealand High Commission (NZHC) in Rarotonga confirmed additional funding of \$20.0 million to

strengthen the CIG's cash reserves and to help fund the immediate and short-term costs of the Cook Islands' COVID-19 response. This contribution was made available under the New Zealand Aid Programme to the Cook Islands.

The contribution is managed and administered by the Ministry of Finance and Economic Management (MFEM) with \$10.0 million allocated to support immediate expenditure priorities through general budget support. The remaining portions of this (\$6.4 million) were transferred into general revenue in early 2022/23.

15.2.4. Cook Islands Emergency Budget Support

The MFAT, acting through the New Zealand Secretary of Foreign Affairs and Trade, provided a contribution of \$15.0 million to the Government of the Cook Islands for Emergency Budget Support in 2022/23.

The contribution is made available to the Cook Islands under the New Zealand International Development Cooperation Programme. The purpose of this support is to assist with the Cook Islands' economic recovery from the impacts of the COVID-19 pandemic, by providing cash reserves coverage and strengthening the provision of essential services for Cook Islanders (such as health, education, environmental protection and social welfare).

15.2.5. New Zealand Climate Finance Facility

A partnership arrangement between the CIG and the MFAT will set out how New Zealand will assist the Cook Islands to address climate change impacts through a long-term, collaborative and principle-based partnership. The agreement will outline how climate finance provided by New Zealand will support the CIG to deliver the Cook Islands' priorities and actions to build a more resilient Cook Islands.

MFAT is responsible for administering New Zealand's International Development Cooperation, including the provision of climate finance. As outlined in the *Tuia te Waka a Kiwa – International Climate Finance Strategy*, MFAT seeks to support countries to; (i) accelerate mitigation and adaptation action; (ii) build institutional capability and the evidence-base for climate action; and (iii) leverage in more climate finance to achieve greater climate impact.

MFAT's climate finance funding will be provided by the Government of New Zealand to be used for Climate Principal projects. Climate Principal means the objective of a climate change mitigation, adaptation or capacity building project must be explicitly stated as fundamental in the design of, or the motivation for, the action.

The Cook Islands and New Zealand established the ITF to receive, manage and disburse infrastructure investment. The ITF will now also invest in infrastructure to deliver Cook Island's climate mitigation and adaptation priorities. The Partners will use the ITF, its policies and operating manuals, as the basis for delivering and managing funding disbursed under this arrangement.

This partnership arrangement is designed to enable multiple disbursements of climate finance. Funding will be disbursed, as and when decided by the partners.

For the period 2023/24 through to 2024/25 MFAT has committed an initial amount of \$24.0 million. Discussions on the operationalisation of the climate flexible financing is currently underway, with the first tranche of \$14.0 million available to the Cook Islands likely to be disbursed in 2023/24.

Further funding will consider the Cook Islands' priorities and pipeline of climate action, together with its capacity to scale up delivery of these priorities.

15.3. Cook Islands ODA Budget by development partner

Figure 15-1 shows ODA expenditure by development partner for 2022/23. Although there has been an improvement in spend for programmes under the United Nations (UN) and the GCF, approximately \$60.0 million of project funding appropriated did not proceed with implementation due to delays and reprioritisation of projects. Majority of the underspend in ODA expenditure relates to New Zealand funded programmes (\$34.1 million).

Figure 15-1 Cook Islands 2022/23 ODA Budget vs actuals, by development partner

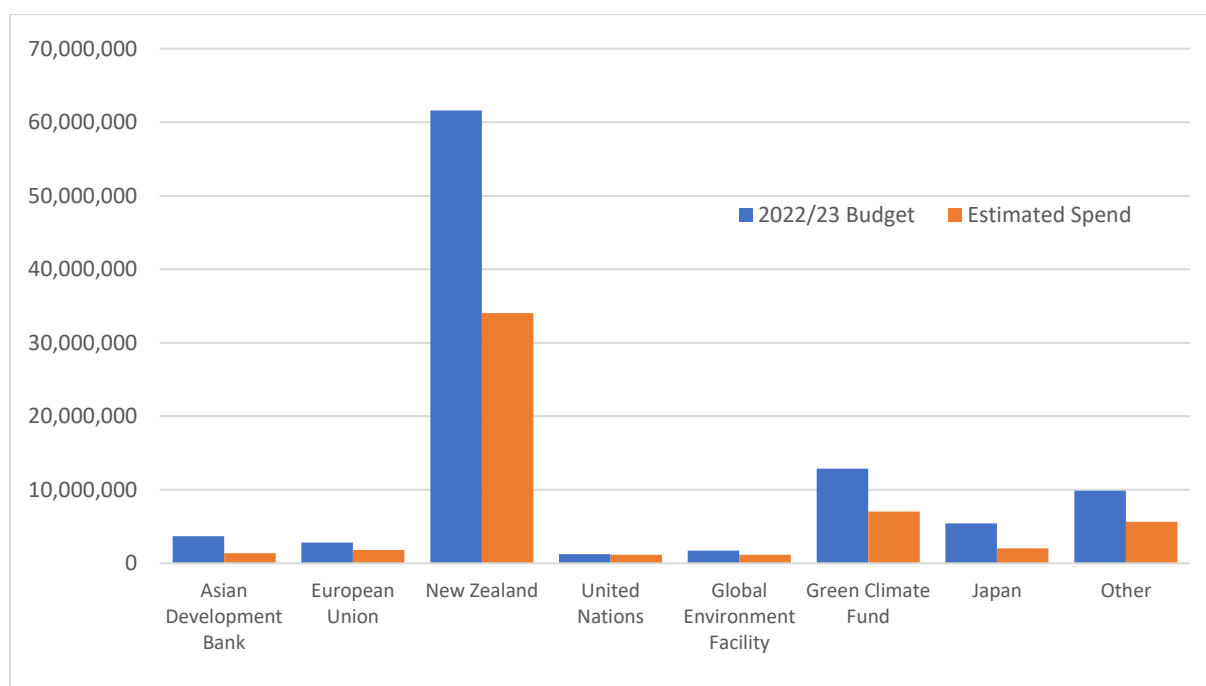


Table 15-1 lists the estimated contributions over the next four years by development partner. These estimates reflect agreements that extend beyond 2023/24. These numbers are subject to change depending on any new agreements for development support to the Cook Islands or through the reappropriation of funding for programmes that have yet to be implemented or completed.

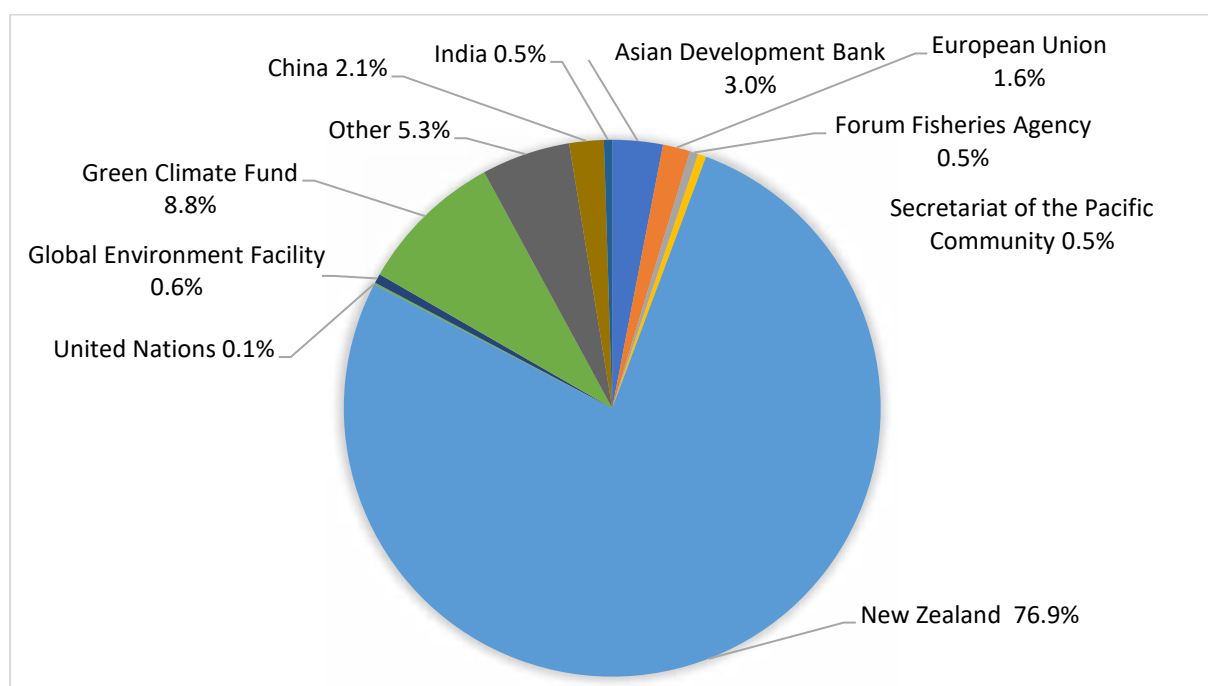
Table 15-1 Cook Islands ODA Budget by development partner (\$'000)

Development Partner	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget	Total (4yr Forecast)
Asian Development Bank	3,000	0	0	0	3,000
China	2,050	0	0	0	2,050
European Union	1,627	590	0	0	2,217
Forum Fisheries Agency	501	0	0	0	501
Global Environment Facility	554	1,130	1,225	797	3,707
Green Climate Fund	8,678	1,455	780	0	10,914
India	491	303	303	303	1,400
New Zealand	76,059	10,000	0	0	86,059
United Nation	115	13	0	0	128
Secretariat of the Pacific Community	492	394	0	0	886
Other	5,280	5,100	5,100	5,100	20,580
Grand Total	98,849	18,985	7,409	6,200	131,443

Figure 15-2 shows the key development partner for the Cook Islands. Contributions from New Zealand account for 76.9 per cent of the 2023/24 ODA budget followed by the GCF at 8.8 per cent. 'Other'

donors, which includes bilateral development partners, private donors, small grants and regional organisations, accounts for 5.3 per cent of the 2023/24 ODA budget.

Figure 15-2 Cook Islands ODA Budget by Development Partner Budget, 2023/24



Further details on key ODA activities are provided below, including the capital initiatives budget.

15.4. ODA Projects by Implementing Agency

ODA projects are managed by an implementing agency, typically a CIG agency, who oversees the work and provides updates to the donor.

15.4.1. Ministry of Finance and Economic Management

15.4.1.1. Manatua Submarine Cable (ICT cable) – New Zealand Grant

	2023/24	2024/25	2025/26	2026/27
Capital Expenditure	190,000	0	0	0

The Government of New Zealand is supporting this transformational project through a grant totalling \$15.0 million to the CIG.

In 2017, the Cook Islands signed an agreement with Niue, French Polynesia, and Samoa to facilitate the design, construction, operation, and maintenance of a 3,600km long regional fibre optic submarine cable, known today as the Manatua Cable.

An international treaty was signed in November 2018 between the four nations, forming the Manatua Consortium. The ground-breaking consortium has enabled the four nations to achieve, through collaboration, a system that none of the countries could realistically afford alone.

It enables the provision of reliable, high-capacity bandwidth internet at affordable prices for the Cook Islands. The Manatua Cable has been live since July 2020 and is now carrying contracted revenue generating customer traffic, achieving 100 per cent availability to date.

15.4.1.2. Cook Islands-New Zealand Infrastructure Trust Fund

	2023/24	2024/25	2025/26	2026/27
Capital Expenditure	45,191,404	0	0	0

The New Zealand MFAT acting through the NZHC in Rarotonga provided an initial contribution of \$12.0 million in December 2019 to establish the Cook Islands Infrastructure Trust Fund (ITF). In March 2022, the Government of New Zealand confirmed additional grant funds of \$40.0 million to help stimulate the Cook Islands' economy and strengthen its overall resilience through capital works.

The purpose of the ITF is:

- Investing in physical infrastructure to deliver essential services to Cook Islanders
- Facilitating the implementation of the National Infrastructure Investment Plan or the Medium-Term Fiscal strategy
- Supporting capability development of the Cook Islands' Infrastructure sector (across government and the private sector)

The funds are managed and administered by the MFEM on behalf of the CIG. The allocation of money from the trust fund to infrastructure projects is considered by the ITF Steering Committee and mutually agreed between both governments.

To date, the ITF Steering Committee has approved two projects to be supported by the trust fund for the 2023/24 fiscal year. They are the Manihiki Airport Improvement project and Te Tau Papa O Avarua (Avarua Town Plan) project each costing \$12.3 million and \$7.6 million, respectively.

15.4.1.3. Budget Support to the Sanitation Sector – European Union

	2023/24	2024/25	2025/26	2026/27
Capital Expenditure	900,000	0	0	0

The purpose of this funding is to support the Cook Islands' priority to improve the Sanitation Sector. The Cook Islands submission under the European Union's (EU) eleventh European Development Fund (EDF) funding cycle focuses on upgrading commercial facility sewage systems on Aitutaki and Rarotonga to meet the Public Health (Sewage and Wastewater Treatment and Disposal) Regulations 2014.

15.4.1.4. Domestic shipping – Mixed cargo/ passenger ship

	2023/24	2024/25	2025/26	2026/27
Capital Expenditure	2,000,000	0	0	0

The Pa Enua requires consistent and reliable shipping for essential goods and services trade. The CIG recognises the need to further improve the shipping landscape to significantly benefit all the Pa Enua, particularly those living in the Northern Group islands of the Cook Islands.

The People's Republic of China have indicated their support in this project to deliver a suitable shipping vessel for inter-island services.

15.4.1.5. India Grant Fund

	2023/24	2024/25	2025/26	2026/27
Recurrent Expenditure	491,300	303,030	303,030	303,030

This funding is to assist projects that support, promote, or develop social, cultural, or economic development and sustainability, while also serving the basic needs of the community.

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. A Memorandum of Understanding was signed in October 2021 followed by the completion of an Implementation Agreement in July 2022. The community projects are now in the implementation stage.

15.4.1.6. Aid effectiveness

	2023/24	2024/25	2025/26	2026/27
Recurrent Expenditure	200,000	100,000	100,000	100,000

The Aid Effectiveness budget appropriation draws from the interest earned on trust accounts of development partners. This funding supports the implementation of ODA policy.

The programme currently contributes to several projects including the annual meeting of development partners, surge capacity to catch up and standardise Crown financial statements, training and set-up of the project financial management software and supporting project development in the areas of climate finance.

15.4.1.7. Cook Islands Domestic ICT Connectivity Improvements

	2023/24	2024/25	2025/26	2026/27
Recurrent Expenditure	3,000,000	0	0	0

This activity seeks to improve telecommunications connectivity and services in remote communities and the Pa Enea in the Cook Islands. The activity will support the CIG to deliver its “one Government Service” upgrades to broadband connectivity and bandwidth and upgraded mobile network services, primarily based on 3G/4G mobile radio infrastructure. This activity will ensure that there will be a reduced digital divide between the population centres on the main islands and those in the smaller, more remote communities in the Pa Enea.

15.4.2. Green Climate Fund Projects

The Cook Islands can directly access climate related finance of up to approximately \$50.0 million (USD) per project through its accreditation with the GCF. This is a significant achievement for the Cook Islands.

MFEM has submitted two concept notes under the GCF funding modalities of Simplified Approval Process (SAP) and Enhanced Direct Access (EDA).

The “Building a Resilient and Healthy Cook Islands Communities” concept note was submitted in July 2020 and approved by the GCF Secretariat to proceed to the next stage with support through the Project Preparation Facility (PPF) to prepare and submit a full proposal. The full project proposal is almost complete and near the stage where it will undergo national approval processes before being submitted to the GCF.

The concept note under the EDA modality for “Direct financing for communities and businesses to respond to climate change in the Cook Islands” was first submitted to the GCF in October 2020. This concept note was approved by the Climate Investment Committee of the GCF Secretariat and the development of a full project proposal is currently underway.

The MFEM readiness programmes support activities such as the development of proposals and activities relating to institutional strengthening and capacity building of various stakeholders within government and the private sector.

15.4.2.1. Building Resilient and Healthy Cook Islands Communities - Project Preparation Facility

	2023/24	2024/25	2025/26	2026/27
Recurrent Expenditure	200,000	0	0	0

A PPF application was approved to develop the full proposal for the “Building resilient and Healthy Cook Island Communities” concept note. The PPF support enables the Cook Islands to gather baseline data to support the demonstration of project relevance against the investment criteria of the GCF.

15.4.2.2. Readiness Support for Enhancing National Adaptation Programmes

	2023/24	2024/25	2025/26	2026/27
Recurrent Expenditure	2,618,968	375,530	0	0

This programme will address climate change-related knowledge gaps in the Cook Islands Adaptation Approach and to strengthen the adaptation planning and legal frameworks to support the implementation of the country's programme.

The proposed activities will build knowledge and capacity to consider the potential impacts of slow-onset events such as sea-level rise and ocean acidification, and the long-term adaptive response to those impacts. Furthermore, this proposal includes activities to assess vulnerability of privately-owned infrastructure and climate change impacts on businesses at a sector level.

15.4.2.3. Enhancing Climate Information and knowledge services for resilience in 5 island countries of the Pacific Ocean

	2023/24	2024/25	2025/26	2026/27
Recurrent Expenditure	3,920,900	966,486	780,200	0

This project was approved at the GCF's 27th Board meeting in November 2020. The project will focus on strengthening the Cook Islands climate and ocean data collection and information flow. This is a regional project involving Niue, Palau, Republic of the Marshall Islands and Tuvalu. The UN Environment Programme is the accredited entity and MFEM is the national executing entity for the activities within the Cook Islands.

15.4.2.4. Green Resilient Recovery Rapid Readiness Support (Readiness 5)

	2023/24	2024/25	2025/26	2026/27
Recurrent Expenditure	248,843	0	0	0

This Readiness project was approved by the GCF in January 2022. The activities under this project are aimed at increasing the climate change profile and related activities that will form part of two major planning documents that will direct the Cook Islands' economic recovery from the impacts of COVID-19, over the next five years. The activities will be aligned with the priorities described in the Cook Islands Country Programme and the Cook Islands Climate Change Policy to support the sustainable development of the Cook Islands.

15.4.2.5. Readiness support for implementation of the IRMF for the Ministry of Finance and Economic Management (Readiness 8)

	2023/24	2024/25	2025/26	2026/27
Recurrent Expenditure	189,735	113,270	0	0

This Readiness project was approved by the GCF in the first quarter of 2023. It aims to enhance the MFEM's preparedness and capacity to develop GCF funding proposals in alignment with the new GCF Integrated Results Management Framework (IRMF). This will involve strengthening the effective

delivery of MFEM’s role with respect to results-based management for GCF projects and programmes. MFEM is progressing with three project proposals within the 2020-2023 MFEM Entity Work Programme. Due to the development stages of these three project proposals, it is important to note that this Readiness Support will advance two funding proposals to align with IRMF.

The amount approved for this project is US\$199,983. Contractual arrangements between the UN office for Project Services (UNOPS) and MFEM are underway.

15.4.3. Office of the Prime Minister

15.4.3.1. Renewable Energy Grant (Southern Group) – Green Climate Fund (via Asian Development Bank)

	2023/24	2024/25	2025/26	2026/27
Capital Expenditure	1,500,000	0	0	0

In December 2016, the GCF board approved a grant of US\$12.0 million, providing additional funds for the project administered by the Asian Development Bank (ADB) increasing the overall project investment to \$43.7 million. This total also includes government’s contribution of \$1.8 million.

The GCF grant will be used to procure equipment and materials, civil works, related transportation insurance and installation costs for three additional units of Battery Energy Storage Systems on Rarotonga. It also supports project management, operations and maintenance for the renewable energy projects.

15.4.3.2. Fourth National Communications – UN Framework Convention on Climate Change

	2023/24	2024/25	2025/26	2026/27
Recurrent Expenditure	215,689	251,712	235,061	80,871

The Fourth National Communications Report under the United Nations Framework Convention on Climate Change (UNFCCC) will focus on Greenhouse Gas (GHG) inventory and mitigation scenarios including the vulnerability and adaptation assessments and the first biennial report.

15.4.3.3. Cook Islands Climate Change: Improving access to finance

	2023/24	2024/25	2025/26	2026/27
Recurrent Expenditure	369,261	0	0	0

This activity aims to increase capacity for the Climate Change Cook Islands (CCCI) office to access and effectively use climate finance resources. The activity will support training programmes, capacity building, final guideline preparations and to conduct consultations on the draft Cook Islands Climate Change Response Bill.

Furthermore, the funding will help develop the Cook Islands GCF concept note ‘Direct financing for communities and businesses to respond to climate change in the Cook Islands’ into a full proposal for final submission to the GCF.

15.4.4. Ministry of Marine Resources

15.4.4.1. Sustainable Fisheries Partnership Agreement – Sectoral Support 2022-2024

	2023/24	2024/25	2025/26	2026/27
Recurrent Expenditure	590,000	590,000	0	0

The negotiations for a new protocol under the Sustainable Fisheries Partnership Agreement (SFPA) was successfully completed in November 2021, which includes an annual fisheries sector contribution of EUR 350,000 by the European Commission under a three-year protocol. The sectoral support component of the SFPA is utilised to supplement the Ministry of Marine Resources (MMR) budget appropriations to implement the Multiannual Sectoral Programme.

15.4.4.2. Fisheries Climate Change activities under the US Treaty

	2023/24	2024/25	2025/26	2026/27
Recurrent Expenditure	501,422	0	0	0

These are targeted project funds for climate change related fisheries projects, as part of the US Treaty negotiations for 2023 arrangements. It is a one-off funding arrangement and any future funding are yet to be finalised. These funds will be administered by the MMR.

15.4.4.3. Cook Islands Coastal Fisheries and Aquaculture TA

	2023/24	2024/25	2025/26	2026/27
Recurrent Expenditure	393,874	393,874	0	0

This project aims to build technical and policy capacity within the MMR using an in-country medium term support model, providing technical and policy advisers to support coastal fisheries management and aquaculture programmes. It will focus on advancing initiatives including community-based fisheries management, livelihoods, food security through targeted workplans, mentoring and skills transfer.

15.4.4.4. Otolith Laboratory

	2023/24	2024/25	2025/26	2026/27
Recurrent Expenditure	97,818	0	0	0

This project aims to establish a containerised otolith laboratory for the MMR in Rarotonga to undertake ageing and growth analyses, to inform estimates of stock status and marine resource management strategies.

15.4.5. Infrastructure Cook Islands

15.4.5.1. Improving Geospatial Data – LiDAR

	2023/24	2024/25	2025/26	2026/27
Capital Expenditure	323,281	0	0	0

This project aims to address existing data gaps by collecting high-resolution topographic data and associated imagery. This will support applications such as the assessment of coastal inundation and flooding hazards, environmental monitoring and management, infrastructure and development planning, policy development and implementation as well as responses to climate change impacts across the Cook Islands.

15.4.6. Ministry of Transport

15.4.6.1. Pacific Maritime Safety Programme

	2023/24	2024/25	2025/26	2026/27
Recurrent Expenditure	120,500	0	0	0

This activity will promote and implement safe, reliable, environmentally-friendly and affordable maritime transport services to connect people and markets in the Pacific. It will also adhere to international requirements through the following outputs as part of this arrangement:

- Maritime safety education delivered in communities
- Regulatory framework strengthening
- Marine sector education and training
- Vessel and navigation safety improvements
- Search and rescues and oil spill preparedness

15.4.7. Ministry of Cultural Development

15.4.7.1. National Archive Digitisation

	2023/24	2024/25	2025/26	2026/27
Recurrent Expenditure	80,000	0	0	0

The late Julie Gayle Speaker from the United States of America visited the Cook Islands in the late 1970s and was amazed with the documents preserved in the national archives. She dedicated part of her estate to the Cook Islands National Archives to support the digitisation of document records from the 1950s to date. The Crown Law office and Julie Speaker’s legal representatives have developed the agreements for the transfer of funds to the CIG for the purpose recognised in the estate, amounting to \$155,000 USD.

15.4.7.2. Intangible Cultural Heritage

	2023/24	2024/25	2025/26	2026/27
Recurrent Expenditure	43,260	0	0	0

This project focuses on researching and recording Intangible Cultural Heritage for performing arts in the Cook Islands. The aim is to record and store the traditional knowledge of elders within the community on performances, to preserve this information for future generations. Chosen representatives will be taught respectable and viable ways of researching and recording information from their home islands while the Ministry of Cultural Development will oversee the project to ensure that all protocols are followed in obtaining permissions, researching, recording and the storing of data.

15.4.8. National Environment Service

15.4.8.1. GEF 7 National Project

	2023/24	2024/25	2025/26	2026/27
Recurrent Expenditure	164,608	856,998	990,402	716,349

The project aims to reduce and mitigate the negative environmental impacts of key development sectors (agriculture, infrastructure, tourism), which are the main drivers of biodiversity and habitat degradation. An integrated approach across the National Environment Service (NES), Infrastructure Cook Islands (ICI), the Cook Islands Tourism Corporation (CIT), and the Ministry of Agriculture (MOA) on the sustainable management of land and coastal waters will assist in this area.

Building upon the achievements of the Global Environment Facility (GEF)-5 ridge-to-reef project, the GEF-7 project strategy also includes improving management effectiveness of target protected areas, as well as the expansion of the protected area system through the establishment of a 118-ha community conserved area to safeguard globally significant biodiversity within the cloud forests of Rarotonga.

Project results are expected to generate multiple environmental benefits, including 3,130 ha of priority catchments, 1,260 ha of terrestrial protected areas and 14,453 ha of marine protected areas under improved management. An estimated 9,588 people (75% of the resident population of the country) are expected to directly benefit as a co-benefit of the GEF investment. These include local communities living within and benefiting from the ecosystem services provided by the priority catchments, people benefitting from the biodiversity resources and ecosystem services of the target protected areas, and staff of NES, MOA, CIT, and ICI, as well as other stakeholders benefitting from strengthened capacities.

Through improved management in the agriculture, forestry and other land use (AFOLU) sector, 288,638 tons of carbon dioxide, equivalent of greenhouse gas emissions mitigated are estimated to be achieved through increased carbon sequestration and reduced emissions.

15.4.8.2. GEF Enabling Activity for UNCCD

	2023/24	2024/25	2025/26	2026/27
Recurrent Expenditure	70,000	21,324	0	0

This activity aims to enhance national-level institutional and technical capabilities for the 2021-2022 United Nations Convention to Combat Desertification (UNCCD) reporting process in the context of the UNCCD Strategic Framework 2018-2030 and the Sustainable Development Goal 15.3.1. The funding will support the development of the national report to the UNCCD, and assist with costs for trainings, workshops and consultations.

15.4.8.3. Institutional Strengthening Project (ISP)

	2023/24	2024/25	2025/26	2026/27
Recurrent Expenditure	45,000	0	0	0

This funding is to operate an effective and well-organised National Ozone Unit (NOU) to support the country's compliance with the control measures and other obligations under the Montreal Protocol. Activities. These include capacity building of the NOU and strengthening communications with stakeholders such as schools, educational institutes, importers, sellers and distributors of hydrochlorofluorocarbons (HCFCs) and refrigeration and air-conditioning (RAC) equipment, technicians and enforcement officers and government agencies. It will also support the reporting requirements to the Ozone and Multilateral Fund secretariats.

15.4.8.4. Nagoya Protocol on Access to Genetic Resources and Benefit Sharing

	2023/24	2024/25	2025/26	2026/27
Recurrent Expenditure	81,852	0	0	0

The primary objective of this project is to develop and implement a National Access and Benefit Sharing (ABS) Legal Framework, build national capacities and support an ABS agreement based on traditional knowledge and public-private partnership.

16. Schedules

16.1. Statement of Fiscal Responsibility (Operating)

	2021/22 Actual	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Operating Revenue						
Taxation Revenue	106,374	130,072	162,193	171,208	178,768	184,928
Other Crown Revenue	58,839	36,028	19,272	20,622	15,487	15,494
Trading Revenue	5,334	4,987	5,024	5,082	5,232	5,232
Interest on Loans to Subsidiaries	303	1,800	1,601	1,505	1,421	1,334
Dividends	0	600	1,000	1,600	2,300	2,750
Interest on Balances	277	702	907	707	707	707
Core Sector Support	7,825	7,825	9,100	0	0	0
Total Operating Revenue	178,953	182,014	199,096	200,723	203,914	210,446
Operating Expenditure						
Ministry Outputs	162,318	117,254	151,763	144,718	145,233	144,277
<i>Personnel</i>	63,005	63,255	71,514	71,715	71,892	71,892
<i>Operating</i>	19,863	19,745	18,869	18,366	19,146	19,153
<i>Administered Payments</i>	72,787	27,017	52,797	46,003	45,562	45,200
<i>Depreciation</i>	6,664	7,237	8,583	8,633	8,633	8,032
POBOC	28,168	32,264	32,328	31,086	30,744	30,244
Total Other Operating	12,918	17,052	15,887	15,368	14,778	14,089
Debt Interest Contribution to LRF	5,860	8,483	8,960	8,441	7,851	7,162
Asset Management (CIIC)	0	0	0	0	0	0
Crown Infrastructure Depreciation	4,603	4,603	4,603	4,603	4,603	4,603
Transfer to Emergency Response Trust Fund	50	50	50	50	50	50
Depreciation Contingency Fund	2,174	2,174	2,174	2,174	2,174	2,174
<i>Chinese Equipment</i>	0	0	0	0	0	0
<i>Rarotonga Water Network</i>	803	803	803	803	803	803
<i>Northern Pa Enua Renewable Energy System</i>	400	400	400	400	400	400
<i>Southern Pa Enua Renewable Energy System (excl. Aitutaki)</i>	971	971	971	971	971	971
<i>Other Assets</i>	0	0	0	0	0	0
Contingency Funds - Operating	230	110	100	100	100	100
Contingency Funds - Other Expenses	0	1,632	0	0	0	0
Contributions to CISWF	0	0	0	0	0	0
Total Operating Expenses	203,404	166,570	199,977	191,171	190,755	188,610
Operating Surplus/(Shortfall)	-24,451	15,444	-881	9,552	13,159	21,836

16.2. Statement of Fiscal Responsibility (Non-Operating)

	2021/22 Actual	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Reductions in Net Borrowings	-48,096	7,346	10,976	12,747	15,168	17,324
Loan Receipts/Drawdown	-55,540	0	0	0	0	0
Principal repayment	8,132	8,033	13,123	14,946	17,446	19,694
Subsidiary Loan Repayments - Principle	-687	-687	-2,148	-2,199	-2,277	-2,370
Capital Expenditures	23,820	22,260	22,761	17,215	19,159	19,588
Ministries and Outer Islands (Including CIIC Capital)	23,820	22,260	22,761	17,215	19,159	19,588
<i>Infrastructure Capital Investment in SOEs</i>	0	0	0	0	0	0
<i>Airport Authority</i>	0	0	0	0	0	0
<i>Te Aponga Uira</i>	0	0	0	0	0	0
Contingency Funds - Capital Expenditure	0	0	0	0	0	0
Foreign Aid - Capital	0	0	0	0	0	0
Receipts	11,333	10,106	54,003	0	0	0
Expenditure	-11,333	-10,106	-54,003	0	0	0
Other Committed Considerations	3,594	3,594	3,594	3,594	3,594	3,594
Transfer to Reserve Trust Fund	0	0	0	0	0	0
Stabilisation Fund	3,544	3,544	3,544	3,544	3,544	3,544
Advanced Subsidiaries - Avaroa Cable Ltd	0	0	0	0	0	0
Infrastructure Trust Fund	0	0	0	0	0	0
Emergency Response Trust Fund	50	50	50	50	50	50
Total Non-Operating balance	-20,681	-33,200	-37,331	-33,556	-37,921	-40,506
To be Funded by						
Operating Surplus	-24,451	15,444	-881	9,552	13,159	21,836
Depreciation	13,441	14,014	15,360	15,410	15,410	14,809
<i>of which: R.E. Capital Replacement</i>	1,371	1,371	1,371	1,371	1,371	1,371
General Cash Reserves	18,730	-12,824	718	-14,843	-15,995	-23,044
<i>Pa Enuu Accrued Savings</i>	0	0	0	0	0	0
<i>Stabilisation Fund</i>	0	0	0	0	0	0
Contribution to Loan Reserve Fund	12,912	16,517	22,083	23,387	25,297	26,855
Transfer IN and OUT of Infrastructure Trust Fund	0	0	0	0	0	0
Transfer to Emergency Response Trust Fund	50	50	50	50	50	50
Total Funding Items	20,681	33,200	37,331	33,556	37,921	40,506
Net Surplus/Shortfall	0	0	0	0	0	0

16.3. Fiscal Indicators Table

	2021/22 Actual	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Statement of Financial Performance						
Taxation Revenue (\$m)	106.4	130.1	162.2	171.2	178.8	184.9
Social Contributions (\$m)	0.0	0.0	0.0	0.0	0.0	0.0
Other Revenue (\$m)	72.6	51.9	36.9	29.5	25.1	25.5
Total Operating Revenue (\$m)	179.0	182.0	199.1	200.7	203.9	210.4
Total Operating Revenue						
Percentage of GDP	45.1	37.7	36.8	35.6	34.6	34.1
Tax Revenue Percentage of GDP	26.8	26.9	30.0	30.4	30.3	29.9
Total Cyclical Revenue (\$m)	9.8	8.6	16.8	18.0	12.9	12.9
Total Cyclical Revenue						
Percentage of GDP	2.5	1.8	3.1	3.2	2.2	2.1
Total Structural Revenue (\$m)	169.2	173.4	182.3	182.7	191.0	197.6
Total Structural Revenue						
Percentage of GDP	42.6	35.9	33.7	32.4	32.4	32.0
Personnel (\$m)	69.9	70.0	78.5	78.7	78.9	78.9
Percentage of Total Revenue	39.0	38.4	39.4	39.2	38.7	37.5
Percentage of Structural Revenue	41.3	40.4	43.1	43.1	41.3	39.9
Total Operating Expenditure (\$m)	203.4	166.6	200.0	191.2	190.8	188.6
Percentage of GDP	51.2	34.5	36.9	33.9	32.3	30.5
Percentage of Operating Revenue	113.7	91.5	100.4	95.2	93.5	89.6
Baseline Operating Expenditure (for Fiscal Rule)	136.1	135.8	157.2	159.8	160.7	159.3
Cash Operating Expenditure*	189.6	152.4	184.6	176.0	175.8	173.7
Operating Balance (\$m)	-24.5	15.4	-0.9	9.6	13.2	21.8
Percentage of GDP	-6.2	3.2	-0.2	1.7	2.2	3.5
Capital Expenditure	23.8	22.3	22.8	17.2	19.2	19.6
Depreciation	13.4	14.0	15.4	15.4	15.4	14.8
Non-Operating Balance (\$m)	-20.7	-33.2	-37.3	-33.6	-37.9	-40.5
Fiscal Balance surplus/deficit (\$m) *	-34.8	7.2	-8.3	7.7	9.4	17.1
Percentage of GDP	-8.8	1.5	-1.5	1.4	1.6	2.8
Statement of Financial Position (\$m)						
Assets (\$m)	577.9	601.1	639.4	632.9	627.8	629.3
Liabilities (\$m)	413.2	410.6	395.5	380.1	363.1	344.1
Crown Balance (\$m)	164.7	190.5	243.9	252.8	264.7	285.2
Percentage of GDP	41.5	39.5	45.1	44.9	44.9	46.2
Working Capital (\$m)	62.7	67.7	48.3	43.1	37.2	36.8
Working Capital (months coverage)	4.0	5.3	3.1	2.9	2.5	2.5
Stabilisation Account	3.5	3.5	3.5	3.5	3.5	3.5
General Cash Reserves	66.2	71.3	51.8	46.7	40.7	40.3
Statement of Borrowings (\$m)						
Gross Debt end of FY (\$m)	228.5	225.9	210.7	195.3	178.4	159.3
Excluding Contingency Loan	112.6	-1.0	0.0	0.0	0.0	0.0
Gross Debt, Percentage of GDP	57.6	46.8	38.9	34.7	30.2	25.8
Net Crown Debt, end of FY (\$m)	217.4	220.1	204.8	189.3	172.2	153.1
Net Debt, Percentage of GDP	54.8	45.6	37.8	33.6	29.2	24.8
Loan Repayment Reserves Held (\$m)	11.0	5.8	5.9	6.0	6.1	6.3
Net Debt Servicing (\$m)	12.2	16.5	22.1	23.4	25.3	26.9
Percentage of Total Revenue	6.8	9.1	11.1	11.7	12.4	12.8
Percentage of Structural Revenue	7.2	9.5	12.1	12.8	13.2	13.6
Development Partner Support (\$m)						
Grants (\$m)	23.2	25.0	89.7	19.0	7.4	6.2
Percentage of GDP	5.9	5.2	16.6	3.4	1.3	1.0
Memo item: Nominal GDP (\$m)	396.9	482.8	541.5	563.3	590.1	617.9

16.4. Schedule 1 – Agency Budget Appropriations

Agency	Personnel	Operating	Administered Payments	Depreciation	Gross Current Appropriation	Trading Revenue	Net Current Appropriation
Agriculture	1,095,572	314,509	0	45,000	1,455,081	140,535	1,314,546
Audit (PERCA)	1,086,953	162,451	0	23,250	1,272,654	156,300	1,116,354
Business Trade and Investment Board	390,000	242,267	0	4,000	636,267	27,400	608,867
Cook Islands Investment Corporation	1,486,000	1,024,000	2,200,000	51,000	4,761,000	753,831	4,007,169
Corrective Services	1,545,607	229,131	0	40,999	1,815,737	100,000	1,715,737
Crown Law	1,067,500	163,501	180,000	3,000	1,414,001	0	1,414,001
Cultural Development	867,171	128,000	615,000	89,500	1,699,671	170,000	1,529,671
Education	12,423,849	2,495,820	4,956,602	615,000	20,491,271	0	20,491,271
Environment	1,081,782	351,001	1,010,000	30,000	2,472,783	35,000	2,437,783
Finance and Economic Management	6,657,507	767,420	23,470,421	924,000	31,819,348	954,341	30,865,007
Financial Services Development Authority	242,800	217,900	0	3,000	463,700	0	463,700
Foreign Affairs	2,350,031	1,019,103	165,000	45,000	3,579,134	28,000	3,551,134
Head of State	179,590	22,299	36,000	14,000	251,889	0	251,889
Health	13,133,557	3,598,951	2,536,870	1,731,000	21,000,378	350,000	20,650,378
Infrastructure Cook Islands	2,249,871	424,129	2,505,000	345,000	5,524,000	300,000	5,224,000
Internal Affairs	1,357,376	278,000	4,222,891	12,000	5,870,267	0	5,870,267
<i>of which: Welfare Payments - Allowances</i>			<i>1,588,976</i>				
Justice	2,033,976	436,001	625,000	23,000	3,117,977	425,000	2,692,977
Marine Resources	1,705,455	380,061	150,000	160,000	2,395,516	20,000	2,375,516
Ombudsman	233,000	62,001	0	6,000	301,001	0	301,001
Parliamentary Services	624,605	80,000	120,000	72,720	897,325	0	897,325
Police	4,209,896	331,104	215,000	1,555,333	6,311,333	154,783	6,156,550
Prime Minister's Office	1,582,079	509,000	1,923,000	15,000	4,029,079	0	4,029,079
Public Service Commission	379,874	211,636	1,903,170	5,000	2,499,680	0	2,499,680
Cook Islands Seabed Minerals Authority	697,101	459,056	220,000	9,500	1,385,657	240,000	1,145,657
Tourism Corporation	2,098,774	1,541,226	5,743,000	52,000	9,435,000	20,000	9,415,000
Transport	1,023,500	205,221	0	25,609	1,254,330	41,221	1,213,109
Total Ministries, Crown & Statutory Agencies	61,803,426	15,653,788	52,796,954	5,899,911	136,154,079	3,916,411	132,237,668

Agency	Personnel	Operating	Administered Payments	Depreciation	Gross Current Appropriation	Trading Revenue	Net Current Appropriation
Ministerial Support							
Prime Minister	406,069	121,289	0	12,642	540,000	0	540,000
Deputy Prime Minister	298,690	70,611	0	9,589	378,890	0	378,890
Ministerial Support 1	181,000	115,838	0	11,162	308,000	0	308,000
Ministerial Support 2	164,000	132,000	0	12,000	308,000	0	308,000
Ministerial Support 3	217,500	85,000	0	5,500	308,000	0	308,000
Ministerial Support 4	188,901	109,509	0	9,590	308,000	0	308,000
Leader of Opposition	163,712	131,462	0	12,826	308,000	0	308,000
Total Ministerial Support Offices	1,619,872	765,709	0	73,309	2,458,890	0	2,458,890
Outer Islands							
Aitutaki	1,255,531	417,547	0	480,000	2,153,078	67,828	2,085,250
Atiu	948,406	458,918	0	430,000	1,837,324	224,318	1,613,006
Mangaia	1,018,612	611,848	0	210,000	1,840,460	301,000	1,539,460
Manihiki	785,482	159,165	0	460,000	1,404,647	119,000	1,285,647
Mauke	845,209	237,194	0	380,000	1,462,403	113,853	1,348,550
Mitiaro	769,222	88,527	0	93,000	950,749	60,900	889,849
Palmerston	287,705	71,851	0	80,000	439,556	20,500	419,056
Penrhyn	692,969	180,836	0	180,000	1,053,805	74,000	979,805
Pukapuka-Nassau	1,042,214	155,503	0	215,000	1,412,717	73,695	1,339,022
Rakahanga	445,136	67,761	0	82,000	594,897	52,000	542,897
Total Outer Islands	8,090,486	2,449,150	0	2,610,000	13,149,636	1,107,094	12,042,542
Gross Total	71,513,784	18,868,647	52,796,954	8,583,220	151,762,605	5,023,505	146,739,100

16.5. Schedule 2 – Payments on Behalf of the crown (POBOCS)

Administering Ministry	POBOC	2022/23 HYEFU Estimate	2023/24 Budget Estimate
Compensation of Employees			
Finance & Economic Management	Parliamentary Superannuation	180,000	180,000
Audit	PERC Salaries and Administration Costs	57,500	57,500
Parliamentary Services	Civil List - Personnel	2,901,961	2,901,961
Parliamentary Services	House of Ariki	0	0
Cultural Development	House of Ariki (CI)	326,690	336,690
Compensation of Employees POBOCs		3,466,151	3,476,151
Use of Goods and Services			
Audit	Audit Fees	103,000	103,000
Prime Minister's Office	Local Government Election	0	0
Parliamentary Services	Civil List - Constituency Visits	170,200	170,200
Parliamentary Services	Parliamentary Sitting Expenses	200,000	200,000
Parliamentary Services	KR Travel and Allowances (local and overseas)	149,000	109,000
Parliamentary Services	MP Travel and Allowances (local and overseas)	230,000	250,000
Foreign Affairs	International Maritime Organization - Maritime Cook Islands	63,461	63,461
Transport	Maritime Radio Coverage	120,000	120,000
Use of Goods and Services POBOCs		1,035,661	1,015,661
Subsidies			
Cook Islands Investment Corporation	Airport Authority subsidy	2,047,997	1,500,000
Cook Islands Investment Corporation	Bank of the Cook Islands - social assistance subsidy	128,000	128,000
Cook Islands Investment Corporation	Ports Authority - subsidy	110,099	110,099
Cook Islands Investment Corporation	Te Aponga Uira - social assistance subsidy	0	0
Cook Islands Investment Corporation	Te Mana Uira o Araura - subsidy	0	0
Cook Islands Investment Corporation	To Tatou Vai (CI)	3,000,000	3,000,000
Subsidies POBOCs		5,286,096	4,738,099
Social Assistance			
Internal Affairs	Welfare Payments	21,067,190	21,562,805
Social Assistance POBOCs		21,067,190	21,562,805
Other Expense			
Finance & Economic Management	Pacific Catastrophe Risk Insurance	160,000	160,000
Finance & Economic Management	CIG Insurance	40,000	40,000
Finance & Economic Management	BEPS Subscription	45,000	45,000
Finance & Economic Management	Competition and Regulatory Authority	400,000	400,000
Foreign Affairs	International Subscriptions	890,000	890,000
Other Expenses POBOCs		1,535,000	1,535,000
Grand Total		32,390,098	32,327,716

16.6. Schedule 3 – Cook Islands Capital Spending

	2022/23 HYEFU Estimate	2023/24 Budget Estimate
Cook Islands Government Capital programs	34,645,500	22,760,914
Total Capital spending	34,645,500	22,760,914

16.7. Schedule 4 – Official Development Assistance

	2022/23 HYEPU Estimate	2023/24 Budget Estimate
Operating or recurrent expenditure	26,304,809	35,746,234
Capital Project Expenditure	65,147,594	54,002,685
Total Official Development Assistance	91,452,403	89,748,919

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

16.8. Schedule 5a – Other Expenses & Financing Transactions

Category of Expense	2022/23 HYEPU Estimate	2023/24 Budget Estimate
Contingency Funds - Operating	100,000	100,000
Contingency Funds - Other Expenses	1,632,080	0
Crown Infrastructure Depreciation	4,603,000	4,603,000
Provisional for Doubtful Debts	0	0
Transfer to Emergency Response Trust Fund	50,000	50,000
Advanced Subsidiaries - Avaroa Cable Ltd	0	0
Transfer to Reserve Trust Fund	0	0
Depreciation Contingency Fund	2,174,000	2,174,000
Total Other Expenses	8,559,080	6,927,000

16.9. Schedule 5b – Loan Reserve Fund Appropriation

Category of Appropriation	2022/23 HYEPU Estimate	2023/24 Budget Estimate
Contribution to LRF - Principal	7,737,276	13,123,389
Contribution to LRF - Interest	6,780,007	8,959,928
Total Contribution to LRF	14,517,283	22,083,317

16.10. Summary

Category of Payment	2022/23 HYEPU Estimate	2023/24 Budget Estimate
Schedule 1 - Ministry Outputs (Gross Operating)	131,616,453	151,762,605
Schedule 2 - POBOCs	32,390,098	32,327,716
Schedule 3 - CIG Capital Expenditure	34,645,500	22,760,914
Schedule 4 - Official Development Assistance	91,452,403	89,748,919
Schedule 5a - Other Expenses and Financing Transactions	6,927,000	6,927,000
Schedule 5b - Loan Reserve Fund Appropriations	14,517,283	22,083,317
TOTAL APPROPRIATION	311,548,737	325,610,471

16.11. Schedule 6 – Capital Schedule

MINISTRY/ ISLAND	Project / Programme	Funding Source	2021/22 Actual	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Audit (PERCA)			31,114	0	0	0	0	0
Rarotonga	TeamMate Software Upgrade	CIG	31,114	0	0	0	0	0
Cook Islands Investment Corporation			5,086,755	3,386,424	4,680,700	4,529,300	3,700,000	3,670,000
Aitutaki	Aitutaki Harbour Dredging	CIG	1,078,430	421,570	0	0	0	0
Aitutaki	Arutanga Harbour Project	CIG	0	550,000	980,000	720,000	0	0
Rarotonga	Arorangi Prison Remedial works	CIG	120,330	29,670	0	0	0	0
Rarotonga	Government Building Projects - Rarotonga	CIG	2,444,748	1,097,984	1,300,700	100,000	0	0
Rarotonga	Land Acquisition	CIG	0	0	550,000	250,000	0	0
Pa Enea	Pa Enea Government Building Projects - Northern Group	CIG	472,622	577,378	0	859,300	0	0
Pa Enea	Pa Enea Government Building Projects - Southern Group	CIG	400,000	450,000	350,000	0	600,000	1,940,000
Rarotonga	Rarotonga Cyclone Shelters - Remediation	CIG	86,226	67,344	400,000	600,000	1,100,000	730,000
Rarotonga	To Tatou Vai	CIG	484,398	192,478	1,000,000	2,000,000	2,000,000	1,000,000
Rarotonga	Geotech scoping & feasibility	CIG	0	0	100,000	0	0	0
Corrective Services			0	50,000	0	0	0	0
Rarotonga	Prison Development Programme - Strategic Plan	CIG	0	50,000	0	0	0	0
Cultural Development			0	100,000	0	160,000	0	0
Rarotonga	Auditorium Equipment Replacement Programme	CIG	0	100,000	0	160,000	0	0
Education			413,529	333,471	400,000	300,000	300,000	300,000
National	Fund to be Prioritised by Education	CIG	300,000	300,000	400,000	300,000	300,000	300,000
Rarotonga	Apii Nikao School Sound Proofing	CIG	113,529	33,471	0	0	0	0
Health			980,975	300,000	500,000	900,000	500,000	300,000
National	Fund to be Prioritised by Health	CIG	299,964	300,000	300,000	300,000	300,000	300,000
National	CT Scanner	CIG	518,617	0	0	0	0	0
National	General X-ray & Mammography	CIG	0	0	200,000	600,000	200,000	0
National	Health ICT Upgrade	CIG	35,498	0	0	0	0	0
National	PCR Laboratory	CIG	126,896	0	0	0	0	0
Infrastructure Cook Islands			13,620,733	14,516,254	14,270,214	9,576,348	12,821,800	13,941,800
National	Bridges and Structures Asset Management and Improvement Programme	CIG	4,213,900	578,375	4,765,777	1,490,000	1,490,000	1,490,000
National	Drainage Asset Management and Improvement Programme	CIG	2,650,400	280,436	719,564	1,000,000	1,000,000	1,000,000
National	Emergency Management and Support Infrastructure	CIG	1,360,801	0	0	0	0	0
Penrhyn	Government Building Projects	CIG	784,230	864,293	496,488	0	0	0

MINISTRY/ ISLAND	Project / Programme	Funding Source	2021/22 Actual	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Pa Enea	Pa Enea Air Infrastructure Improvement Programme	CIG	275,416	243,017	648,981	0	0	0
Pa Enea	Pa Enea Infrastructure Assessments	CIG	0	0	0	0	400,000	400,000
National	Pa Enea Marine Infrastructure Improvement Programme	CIG	0	190,094	2,469,906	340,000	2,660,000	3,780,000
National	Roads Asset Management and Improvement Programme	CIG	3,843,439	12,029,951	4,960,198	6,596,348	7,121,800	7,121,800
National	Waste Management Infrastructure Improvement Programme	CIG	99,574	49,083	50,917	0	0	0
National	Water and Sanitation Infrastructure Improvement Programme	CIG	392,973	281,005	158,383	150,000	150,000	150,000
Internal Affairs			0	100,000	0	0	0	0
Rarotonga	Vaka Maintenance Capital Projects	CIG	0	100,000	0	0	0	0
Finance and Economic Management			1,523,565	2,465,508	2,000,000	738,919	827,107	366,652
Rarotonga	FMIS purchase and implementation	CIG	288,743	10,598	0	0	0	0
Rarotonga	Te Mato Vai - Rarotonga Water Upgrade	CIG	855,433	0	0	0	0	0
Rarotonga	COVID-19 Response Fund - Capital Needs	CIG	294,190	724,226	0	0	0	0
Rarotonga	Revenue Management System upgrade (RMS10)	CIG	85,200	1,730,683	0	738,919	827,107	366,652
Rarotonga	Purchase of Protocol Vehicles for PIFs Conference	CIG	0	0	2,000,000	0	0	0
Prime Minister's Office			1,907,129	925,637	200,000	300,000	300,000	300,000
National	Government IT Network	CIG	1,760,766	551,000	200,000	300,000	300,000	300,000
National	Telecommunications Universal Access Programme	CIG	0	200,000	0	0	0	0
National	Renewable Energy Project Management and Support	CIG	146,363	174,637	0	0	0	0
MINISTRY TOTAL			23,563,800	22,177,294	22,050,914	16,504,567	18,448,907	18,878,452
Capital Funds Administered BY MFEM			256,430	82,742	710,000	710,000	710,000	710,000
National	Capital Distribution Fund	CIG	171,998	0	300,000	300,000	300,000	300,000
National	Pa Enea Capital Distribution Fund	CIG	17,900	58,860	300,000	300,000	300,000	300,000
Pa Enea	Outer Islands Small Capital Fund	CIG	66,532	23,882	110,000	110,000	110,000	110,000
	<i>Aitutaki</i>		16,003	0	16,000	16,000	16,000	16,000
	<i>Atiu</i>		0	0	12,000	12,000	12,000	12,000
	<i>Mangaia</i>		10,893	5,857	12,000	12,000	12,000	12,000
	<i>Manihiki</i>		1,819	0	10,000	10,000	10,000	10,000
	<i>Mauke</i>		9,453	6,719	10,000	10,000	10,000	10,000
	<i>Mitiaro</i>		4,620	0	8,000	8,000	8,000	8,000
	<i>Palmerston</i>		5,325	3,328	10,000	10,000	10,000	10,000
	<i>Penrhyn</i>		10,435	3,361	12,000	12,000	12,000	12,000
	<i>Pukapuka-Nassau</i>		0	0	12,000	12,000	12,000	12,000
	<i>Rakahanga</i>		7,985	4,617	8,000	8,000	8,000	8,000
GRAND TOTAL			23,820,230	22,260,036	22,760,914	17,214,567	19,158,907	19,588,452

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

	2021/22 Actual	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Taxation Revenue						
Value Added Tax (VAT)	57,104,593	73,913,392	78,957,455	81,272,859	84,348,541	87,092,189
Income tax	24,759,242	30,955,755	33,729,864	34,246,809	34,944,074	35,998,369
Company tax	6,653,849	243,796	19,366,270	22,911,923	25,418,531	26,558,797
Import levies	11,967,074	13,740,918	15,939,437	17,237,630	18,123,903	19,031,187
Withholding tax	1,469,218	1,296,030	1,622,195	1,622,195	1,622,195	1,622,195
Departure tax	4,420,182	9,921,631	12,577,626	13,916,524	14,310,902	14,625,635
Total	106,374,158	130,071,523	162,192,847	171,207,940	178,768,146	184,928,372
Other Crown Revenue						
FSC Vested Assets	4,978,325	2,379,860	0	0	0	0
FSC Return of Excess	250,000	70,000	3,000	125,000	125,000	125,000
Immigration Fees	984,456	1,166,000	500,000	500,000	500,000	500,000
IMO Subscription - Maritime Cook Islands	0	0	66,000	66,000	66,000	66,000
Drivers Licences	224,154	267,576	260,000	260,000	260,000	260,000
Motor Vehicle Registration	861,884	564,174	875,000	875,000	875,000	875,000
Upper Air Management Agreement	70,252	455,121	338,187	338,187	338,187	338,187
Shipping Registration	89,127	235,592	97,858	97,858	97,858	97,858
International Shipping Licence	71,256	22,752	15,000	15,000	15,000	15,000
Liquor Licencing	54,943	44,640	50,000	50,000	50,000	50,000
Research Fee	730	1,150	1,500	1,500	1,500	1,500
Permits	31,716	16,288	10,409	10,409	10,409	10,409
Censorship Fees	413	610	1,000	1,000	1,000	1,000
Land Court Fees	160,605	58,126	147,000	147,000	147,000	147,000
Tattslotto Grants	205,721	168,933	120,000	120,000	120,000	120,000
Motor Vehicle Dealers	2,803	4,690	3,000	3,000	3,000	3,000
Court Services	25,030	12,611	27,000	27,000	27,000	27,000
Instant Fines	78,570	47,620	60,000	60,000	60,000	60,000
Fishing Revenues	8,619,597	7,562,810	15,389,187	16,605,854	11,465,854	11,465,854
<i>US Fisheries Treaty (upfront days)</i>	3,428,544	1,592,409	3,810,000	6,000,000	6,000,000	6,000,000
<i>EU Agreement</i>	2,131,551	1,695,149	1,400,000	400,000	0	0
<i>Purse seine fishery</i>	250,379	1,435,985	7,000,000	7,000,000	2,260,000	2,260,000
<i>Longline Licenses and QMS</i>	2,520,000	2,617,017	3,000,000	3,000,000	3,000,000	3,000,000
<i>Other fisheries and auxiliary vessel licensing</i>	105,500	87,332	133,333	160,000	160,000	160,000
<i>Regional Fisheries Management Organisations - SIOFA and SPRFMO</i>	183,622	134,918	45,854	45,854	45,854	45,854
Dividends	0	600,000	1,000,000	1,600,000	2,300,000	2,750,000
<i>Bank of the Cook Islands</i>	0	0	0	0	0	250,000
<i>Te Aponga Uira</i>	0	0	0	0	500,000	500,000
<i>Telecom Cook Islands</i>	0	600,000	1,000,000	1,600,000	1,800,000	2,000,000
Numismatics	674,476	1,164,072	849,772	840,841	845,921	853,659
Circulating Currency - Coins	436,548	105,598	204,000	204,000	204,000	204,000
Interest on Balances	277,473	701,746	906,667	706,667	706,667	706,667
<i>Interest on balances - LRF</i>	233,074	216,703	220,000	240,000	240,000	240,000
Interest on Loans to Subsidiaries	303,000	1,800,000	1,601,171	1,505,061	1,420,525	1,334,235
Foreign Investment Fees	28,160	20,240	34,000	34,000	34,000	34,000
Employer Liabilities	0	0	0	0	0	0
Core Sector Support	7,825,000	7,825,000	9,100,000	0	0	0
General Budget Support	40,090,302	21,443,101	0	0	0	0
Unanticipated Revenue received	666,895	0	0	0	0	0
Total Other	67,244,509	46,955,013	31,879,751	24,433,377	19,913,921	20,285,369
Total Crown Receipts	173,618,667	177,026,536	194,072,598	195,641,316	198,682,067	205,213,741

16.13. Schedule 8a – Administered Payments

Administering Ministry	Administered Payment	2021/22 Actual	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Compensation of Employees							
Cook Islands Investment Corporation	Infrastructure Committee	100,000	100,000	100,000	100,000	100,000	100,000
Cook Islands Investment Corporation	Government Facilities Development Division	420,000	420,000	420,000	420,000	420,000	420,000
Cook Islands Investment Corporation	School Security	220,000	230,000	230,000	230,000	230,000	230,000
Cook Islands Investment Corporation	Joint Venture with Seabed Minerals Authority	4,872	27,133	50,000	50,000	50,000	50,000
Environment	National Heritage Trust	111,325	87,886	0	0	0	0
Finance and Economic Management	Price Tribunal Committee	45,000	40,000	45,000	45,000	45,000	45,000
Finance and Economic Management	The Centre of Research and Policy Studies	40,682	80,000	80,000	80,000	80,000	80,000
Finance and Economic Management	National Heritage Trust Fund	0	0	122,241	122,241	122,241	122,241
Justice	Judges Allowances	255,194	276,133	465,000	465,000	465,000	465,000
Justice	Project to bring land records up to date	73,597	91,423	120,000	120,000	120,000	120,000
Prime Minister's Office	ICT Support Team	177,142	0	0	0	0	0
Prime Minister's Office	Marae Moana Ambassador	60,000	60,000	0	0	0	0
Public Service Commission	HOM's Salaries	1,885,605	2,023,165	1,903,170	1,903,170	1,903,170	1,903,170
	Compensation of Employees Administered Payments	3,393,417	3,435,740	3,535,411	3,535,411	3,535,411	3,535,411
Use of Goods and Services							
CI Seabed Minerals Authority	Seabed Minerals Sector Development	65,012	100,000	220,000	0	0	0
CI Seabed Minerals Authority	Seabed Minerals Compliance Development	0	0	0	200,000	250,000	250,000
Cook Islands Investment Corporation	Provision for Land Rentals	495,231	400,000	400,000	400,000	400,000	400,000
Cook Islands Investment Corporation	CIG Buildings Repairs & Maintenance	0	0	1,000,000	1,000,000	1,500,000	1,500,000
Crown Law	Legal Provisions	102,931	45,433	100,000	100,000	100,000	100,000
Crown Law	Lexis Nexis - Portal Maintenance	0	0	80,000	80,000	80,000	80,000
Cultural Development	National Events Fund	659,168	500,000	500,000	500,000	500,000	500,000
Cultural Development	Te Kopapa Reo Maori Board	14,968	15,000	15,000	15,000	15,000	15,000
Cultural Development	Cook Islands Cultural Fund	87,428	100,000	100,000	100,000	150,000	150,000
Cultural Development	Audio and Visual Digitization	0	0	0	0	0	0
Education	Tertiary Training Institutions	1,148,261	1,100,000	1,160,000	1,160,000	1,160,000	1,160,000
Education	Bus Service	26,325	36,325	26,325	26,325	26,325	26,325
Environment	E - Waste & Whiteware Collection	0	0	0	0	0	0
Environment	Legacy Waste - Vehicles & Whiteware	0	0	360,000	360,000	0	0
Environment	EIA Process	149,546	90,994	150,000	150,000	150,000	150,000

Administering Ministry	Administered Payment	2021/22 Actual	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Environment	Management of Suwarrow Park	99,994	100,000	100,000	100,000	100,000	100,000
Environment	Compliance Development	0	6,901	0	0	0	0
Environment	Feasibility Study for Coastal Protection - Rarotonga & Aitutaki	0	0	400,000	0	0	0
Finance and Economic Management	Public Sector Strengthening-processes and systems	38,113	35,000	150,000	150,000	150,000	150,000
Finance and Economic Management	COVID-19 Medical Response Fund	2,995,941	491,656	0	0	0	0
Finance and Economic Management	COVID-19 Economic Response Plan	352,363	0	0	0	0	0
Finance and Economic Management	Economic Recovery Roadmap	41,282,616	1,256,177	3,517,000	1,200,000	200,000	200,000
Finance and Economic Management	The Centre of Excellence in Information Technology (CEIT)	97,417	80,000	60,000	0	0	0
Finance and Economic Management	Audit of Crown Accounts	30,000	30,000	30,000	30,000	30,000	30,000
Finance and Economic Management	Standard and Poors Subscription	65,393	84,952	70,000	70,000	70,000	70,000
Finance and Economic Management	Special Investigative and Prosecution Services	30,000	50,000	50,000	50,000	50,000	50,000
Finance and Economic Management	Debt Advisory Services	0	50,000	0	0	0	0
Finance and Economic Management	FMIS Maintenance	48,512	80,000	145,000	150,000	150,000	150,000
Finance and Economic Management	Government Broadband Utilities	30,000	30,000	0	0	0	0
Finance and Economic Management	Border Management System Maintenance	0	0	0	0	0	0
Finance and Economic Management	ASYCUDA Administrative Fund	0	0	100,250	100,250	100,250	100,250
Finance and Economic Management	Post Tax Amnesty Work	126,166	0	0	0	0	0
Finance and Economic Management	Cook Islands Red Cross	0	50,000	50,000	50,000	50,000	50,000
Finance and Economic Management	IGOR - International Exchange of Information system upgrade	0	26,392	55,430	55,430	55,430	55,430
Foreign Affairs	Cook Islands Student Association Support	0	10,000	10,000	10,000	10,000	10,000
Foreign Affairs	Returned Services Association	2,669	5,000	5,000	5,000	5,000	5,000
Head of State	Domestic Hosting Entertainment	14,963	15,000	15,000	15,000	15,000	15,000
Head of State	KR Social Responsibility Fund	8,000	8,000	8,000	8,000	8,000	8,000
Head of State	Head of State Rent	13,000	13,000	13,000	13,000	13,000	13,000
Health	Pharmaceuticals	1,167,725	1,167,800	1,167,800	1,167,800	1,167,800	1,167,800
Health	Law and Order Clinical Psychologist	0	0	90,000	90,000	90,000	90,000
Infrastructure Cook Islands	Bridges and Stream Structure Maintenance	166,414	4,244	700,000	700,000	700,000	700,000
Infrastructure Cook Islands	Waste Management	728,878	544,183	805,000	805,000	805,000	805,000
Infrastructure Cook Islands	Road and Drainage Asset Management	812,641	148,324	800,000	800,000	800,000	800,000
Infrastructure Cook Islands	Emergency Response Work	77,119	78,698	200,000	200,000	200,000	200,000
Internal Affairs	Internal Affairs Youth Program	45,017	23,838	45,000	45,000	45,000	45,000

Administering Ministry	Administered Payment	2021/22 Actual	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Internal Affairs	Vaka Maintenance	400,163	400,000	450,000	450,000	500,000	500,000
Internal Affairs	Lease extension	36,000	36,000	72,000	72,000	72,000	72,000
Parliamentary Services	Special Select Committee	17,334	13,720	120,000	120,000	120,000	120,000
Parliamentary Services	Remuneration Tribunal Committee	2,400	5,384	0	0	0	0
Police	Search and Rescue	6,242	1,073	20,000	20,000	20,000	20,000
Police	Serious Crime Investigations	64,772	44,348	100,000	100,000	100,000	100,000
Police	Te Kukupa - Biannual Slipping	0	0	0	0	0	0
Police	Te Kukupa - Fuel Contribution	29,723	50,000	50,000	50,000	250,000	250,000
Police	Police Youth Program	36,460	45,000	45,000	45,000	45,000	45,000
Prime Minister's Office	Social Responsibility Fund	358,553	363,000	483,000	483,000	483,000	483,000
Prime Minister's Office	Cabinet Support Fund	95,250	53,165	270,000	270,000	270,000	270,000
Prime Minister's Office	Pa Enea Mechanical Overseer	92,322	100,000	120,000	120,000	120,000	120,000
Prime Minister's Office	Red Cross	33,396	0	0	0	0	0
Prime Minister's Office	Pa Enea Machinery Maintenance Fund	82,372	100,000	100,000	100,000	100,000	100,000
Prime Minister's Office	OPM ICT Activities	0	204,892	0	0	0	0
Prime Minister's Office	OPM ICT Activities - Internet Data and Fiber Connection	0	0	460,000	598,000	538,000	624,650
Prime Minister's Office	Pa Enea Connectivity	0	4,776	0	0	0	0
Prime Minister's Office	OPM ICT Activities - Licenses and Software	0	0	450,000	450,000	450,000	450,000
Tourism Corporation	Marketing Resources - Tourism Growth Strategy	3,190,487	4,565,500	5,743,000	4,500,000	4,500,000	4,500,000
Finance and Economic Management	Tarai Vaka Fund	1,300	3,422	20,000	20,000	20,000	20,000
Financial Services Development Authority	Tax Law Review	80,000	30,000	0	0	0	0
	Use of Goods and Services Administered Payments	55,508,585	12,797,197	21,200,805	17,303,805	16,733,805	16,820,455
Subsidies							
Education	University of the South Pacific Contribution	208,477	205,000	205,000	205,000	205,000	205,000
Finance and Economic Management	Airline Route Development	1,000,000	594,083	17,450,000	15,300,000	15,400,000	14,600,000
Finance and Economic Management	Subsidy of audio/visual broadcasting in Pa Enea	45,000	0	45,000	45,000	45,000	45,000
Finance and Economic Management	Asian Infrastructure Investment Bank (AIIB) Membership	30,280	30,500	30,500	30,500	30,500	30,500
Finance and Economic Management	Universal Access Fund	0	0	400,000	400,000	400,000	400,000
Finance and Economic Management	Provision for Inter Island Shipping	490,000	1,070,000	500,000	500,000	500,000	500,000
	Subsidies Administered Payments	1,773,757	1,899,583	18,630,500	16,480,500	16,580,500	15,780,500

Administering Ministry	Administered Payment	2021/22 Actual	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Social Assistance							
Education	Government Funded Scholarships	777,220	830,000	780,000	780,000	780,000	780,000
Education	Government Funded Scholarships - Fees Free	0	0	50,000	80,000	80,000	80,000
Health	NCD Fund	195,000	195,000	195,000	195,000	195,000	195,000
Health	Patient Referrals	1,951,243	1,500,000	850,000	850,000	850,000	850,000
Health	Workforce Development	234,070	234,070	234,070	234,070	234,070	234,070
Internal Affairs	Welfare Payments - Allowances	1,309,503	1,382,217	1,588,976	1,848,971	1,854,508	1,855,668
Justice	Legal Aid	3,925	4,271	40,000	40,000	40,000	40,000
	Social Assistance Administered Payments	4,470,961	4,145,558	3,738,046	4,028,041	4,033,578	4,034,738
Other Expense							
Cook Islands Investment Corporation	To Tatou Vai	2,991,122	0	0	0	0	0
Education	Private School Funding	2,785,631	2,979,349	2,735,277	2,735,277	2,758,627	2,758,627
Finance and Economic Management	Production of new currency, transportation and sale of old coins	14,770	37,037	350,000	350,000	350,000	350,000
Finance and Economic Management	National Census	257,431	42,569	0	0	0	350,000
Finance and Economic Management	Conduct of a Labour Force Survey	0	0	200,000	0	0	0
Internal Affairs	SIF - Cook Islands Government Contribution	999,828	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Internal Affairs	SIF - ODA Graduation Support Fund	0	0	686,915	0	0	0
Internal Affairs	CISNOC Grant	370,000	470,000	370,000	370,000	370,000	370,000
Marine Resources	Fisheries Development Facility	199,998	150,000	150,000	150,000	150,000	150,000
Marine Resources	Fisheries Development Facility in the Pa Enuā	0	0	0	0	0	0
Internal Affairs	Religious Advisory Council	4,802	0	10,000	10,000	10,000	10,000
Foreign Affairs	Pacific Islands Forum (PIFs) meeting	0	0	150,000	0	0	0
Prime Minister's Office	State Events	16,283	60,000	40,000	40,000	40,000	40,000
	Other Expenses Administered Payments	7,639,865	4,738,955	5,692,192	4,655,277	4,678,627	5,028,627
Grand Total		72,786,585	27,017,033	52,796,954	46,003,034	45,561,921	45,199,731

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

Administering Ministry	POBOC	2021/22 Actual	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Finance and Economic Management	Parliamentary Superannuation	179,825	71,720	180,000	180,000	180,000	180,000
Audit (PERCA)	PERC Salaries and Administration Costs	49,564	57,500	57,500	57,500	57,500	57,500
Parliamentary Services	Civil List - Personnel	2,855,496	2,901,961	2,901,961	2,901,961	2,901,961	2,901,961
Parliamentary Services	House of Ariki	377,791	0	0	0	0	0
Cultural Development	House of Ariki (CI)	0	260,475	336,690	336,690	336,690	336,690
	Compensation of Employees POBOCs	3,462,676	3,291,656	3,476,151	3,476,151	3,476,151	3,476,151
Use of Goods and Services							
Audit (PERCA)	Audit Fees	83,900	14,640	103,000	103,000	103,000	103,000
Parliamentary Services	Civil List - Constituency Visits	169,993	76,872	170,200	170,200	170,200	170,200
Parliamentary Services	Parliamentary Sitting Expenses	184,007	200,000	200,000	200,000	200,000	200,000
Parliamentary Services	MP Travel and Allowances (local and overseas)	191,685	437,000	250,000	250,000	250,000	250,000
Parliamentary Services	KR Travel and Allowances (local and overseas)	69,101	171,883	109,000	109,000	109,000	109,000
Transport	Maritime Radio Coverage	120,000	120,000	120,000	120,000	120,000	120,000
Prime Minister's Office	Local Government Election	0	0	0	50,000	0	0
Foreign Affairs	International Maritime Organization - Maritime Cook Islands	0	63,461	63,461	63,461	63,461	63,461
	Use of Goods and Services POBOCs	818,686	1,083,856	1,015,661	1,065,661	1,015,661	1,015,661
Subsidies							
Cook Islands Investment Corporation	Bank of the Cook Islands - social assistance subsidy	128,000	128,000	128,000	128,000	128,000	128,000
Cook Islands Investment Corporation	Airport Authority subsidy	2,047,992	2,047,997	1,500,000	1,000,000	500,000	0
Cook Islands Investment Corporation	Ports Authority - subsidy	110,099	110,099	110,099	110,099	110,099	110,099
Cook Islands Investment Corporation	To Tatou Vai (CI)	0	3,000,000	3,000,000	2,000,000	2,000,000	2,000,000
	Subsidies POBOCs	2,286,091	5,286,096	4,738,099	3,238,099	2,738,099	2,238,099
Social Assistance							
Internal Affairs	Welfare Payments	20,168,236	21,067,190	21,562,805	21,771,104	21,978,793	21,979,281
	Social Assistance POBOCs	20,168,236	21,067,190	21,562,805	21,771,104	21,978,793	21,979,281
Other Expense							
Finance and Economic Management	Pacific Catastrophe Risk Insurance	159,939	160,000	160,000	160,000	160,000	160,000
Finance and Economic Management	Competition and Regulatory Authority	413,716	400,000	400,000	400,000	400,000	400,000
Finance and Economic Management	BEPS Subscription	37,095	45,000	45,000	45,000	45,000	45,000
Foreign Affairs	International Subscriptions	781,718	890,000	890,000	890,000	890,000	890,000
Finance and Economic Management	CIG Insurance	39,991	40,000	40,000	40,000	40,000	40,000
	Other Expenses POBOCs	1,432,459	1,535,000	1,535,000	1,535,000	1,535,000	1,535,000
Grand Total		28,168,148	32,263,798	32,327,716	31,086,015	30,743,704	30,244,192

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

Creditor	2021/22 Actual	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Asian Development Bank (ADB)						
<i>Principal</i>	4,572	5,214	8,723	10,038	11,821	13,119
<i>Interest</i>	4,481	6,598	7,190	6,813	6,369	5,857
Total Debt Servicing to ADB	9,053	11,812	15,912	16,851	18,190	18,977
People's Republic of China (EXIM)						
<i>Principal</i>	2,764	2,819	2,789	2,797	2,818	2,830
<i>Interest</i>	570	525	463	409	355	300
Total Debt Servicing to China	3,334	3,344	3,252	3,206	3,173	3,131
Asian Infrastructure Investment Board (AIIB)						
<i>Principal</i>	0	0	1,612	2,111	2,807	3,744
<i>Interest</i>	881	1,361	1,307	1,219	1,127	1,004
Total Debt Servicing to AIIB	881	1,361	2,919	3,330	3,933	4,748
Total Servicing of Other Debt	13,268	16,517	22,083	23,387	25,297	26,855

16.16. Schedule 9b – Loan Reserve Fund (LRF) Schedule (\$'000)

Transaction	2021/22 Actual	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Opening Balance in LRF	10,762	11,602	11,822	11,938	12,056	12,176
Contribution to LRF - Principal	8,860	8,033	13,123	14,946	17,446	19,694
Contribution to LRF - Interest	4,051	8,483	8,960	8,441	7,851	7,162
Total Transfer into LRF by Government	12,912	16,517	22,083	23,387	25,297	26,855
Interest earned by LRF (avg. 2%)	108	220	116	118	120	123
Total inflows	13,020	16,737	22,199	23,505	25,417	26,978
Repayment of prepaid SOE Debt						
Contribution from LRF - Principal	796	713	704	703	707	716
Contribution from LRF - Interest	69	61	53	46	39	33
Total Repayment of SOE Debt	865	774	758	750	746	749
Repayment of Other Debt						
Contribution from LRF - Principal	7,336	7,320	12,419	14,243	16,739	18,977
Contribution from LRF - Interest	3,980	8,422	8,907	8,394	7,812	7,129
Total Repayment of Other Debt	11,315	15,742	21,326	22,637	24,551	26,106
Total Principal paid out of the LRF	8,132	8,033	13,123	14,946	17,446	19,694
Total Interest paid out of the LRF	4,049	8,483	8,960	8,441	7,851	7,162
Total outflows	12,180	16,517	22,083	23,387	25,297	26,855
Other Movements - revaluation	0	0	0	0	0	0
Closing balance of LRF	11,602	11,822	11,938	12,056	12,176	12,299

16.17. Schedule 10 – Official Development Assistance Schedule

Donor Partners	Programs/Projects by Agency	Funding Type	2021/22 Actual	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Cook Islands General Budget Support								
NZ	Cook Islands Core Sector Support - Budget Support	Budget Support	7,825,000	7,825,000	9,100,000	0	0	0
China	COVID-19 Co-operation	Budget Support	90,302	0	0	0	0	0
NZ	COVID-19 Response - 3rd Phase Support	Budget Support	30,000,000	0	0	0	0	0
NZ	COVID-19 ER Support - November 2021	Budget Support	10,000,000	6,443,101	0	0	0	0
NZ	Economic Recovery Support - 2023	Budget Support	0	15,000,000	0	0	0	0
Total General Budget Support			47,915,302	29,268,101	9,100,000	0	0	0
Recurrent ODA Expenditure								
NZ	CI Core Sector Support - TA Component	Grant	992,361	1,106,672	2,435,500	0	0	0
NZ	COVID-19 ER Support - November 2021	Grant	3,509,356	0	47,543	0	0	0
NZ	CI Climate Change: Improving Access to Finance	Grant	0	0	369,261	0	0	0
NZ	MFAI Support for the Cook Islands PIF 2023 Charing Responsibilities'	Grant	0	0	350,000	0	0	0
NZ	New Zealand Climate Finance (managed via ITF)	Grant	0	0	6,500,000	10,000,000	0	0
NZ	Northern Group RE Battery Replacement	Grant	0	0	7,500,000	0	0	0
NZ	COVID-19 Vaccination Program	3 rd Party Spend	216,504	96,564	0	0	0	0
China	COVID-19: Cooperation Cash Grant to support recovery	Grant	0	28,215	0	0	0	0
China	COVID-19 Co-operation Cash Grant for Administration	Grant	0	0	50,000	0	0	0
Japan	Grant Assistance for Grassroots Projects	3 rd Party Spend	277,770	600,000	0	0	0	0
India	India Grant Fund	Grant	0	228,406	491,300	303,030	303,030	303,030
UNAF	Pa Enea Action for Resilient Livelihoods (PEARL)	Grant	1,071,521	100,000	0	0	0	0
GCF	UNOPs COK-RS-003: Green Climate Fund Readiness 4	Grant	622,147	250,000	0	0	0	0
GCF	GCF COK-PPF-039: Building Resilient and Healthy CI Communities	Grant	17,059	559,776	200,000	0	0	0
GCF	UNEP FP147: Enhancing Climate Information and Knowledge Services	Grant	35,260	345,169	3,920,900	966,486	780,200	0
GCF	UNEP FP147: Enhancing Climate Information and Knowledge Services	3 rd Party Spend	10,000	500,000	0	0	0	0
GCF	UNOPs COK-RS-005: Enhancing a National Adaptation Programs	Grant	0	1,618,867	2,618,968	375,530	0	0
GCF	UNOPs COK-RS-004: Green Resilient Recovery Rapid Readiness Support	Grant	10,804	250,000	248,843	0	0	0
GCF	DAE Direct Support Readiness	Grant	0	0	189,735	113,270	0	0
EU	Budget Support to the Sanitation Sector	Grant	0	57,263	137,014	0	0	0
NZ	NZ Volunteer Services Aboard	3 rd Party Spend	0	500,000	0	0	0	0
ADB	Technical Assistance Support	3 rd Party Spend	250,000	500,000	0	0	0	0
UNDP	UNDP SDG Financing Joint Program - DFA	2 nd Party Spend	15,005	51,135	0	0	0	0
NZ	COVID-19 Rapid Impact Assessment Survey CI NSO	Grant	85,527	25,251	33,800	0	0	0
Other	Aid Effectiveness	Budget Support	100,000	100,000	200,000	100,000	100,000	100,000
GEF	Fourth National Communications - UNFCCC	Grant	0	50,000	215,689	251,712	235,061	80,871

Donor Partners	Programs/Projects by Agency	Funding Type	2021/22 Actual	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
SPC	GCCA + SUPA - Enhancing a Climate Resilient Marine Sector	Grant	570,922	86,245	0	0	0	0
SPC	GCCA + SUPA - Enhancing a Climate Resilient Marine Sector	Grant	0	275,348	0	0	0	0
UNDP	Western Pacific Multi-Country Integrated HIV/TB program - UNDP	Grant	67,910	90,000	0	0	0	0
WHO	WHO Biennium Budget Support	3 rd Party Spend	0	152,000	0	0	0	0
UNICEF	UNICEF Health and Nutrition Program	3 rd Party Spend	130,000	335,350	0	0	0	0
EU	Sustainable Fisheries Partnership Agreement - Sectoral Support 2016 - 2021	Grant	150,000	572,925	0	0	0	0
EU	Sustainable Fisheries Partnership Agreement - Sectoral Support 2022 - 2024	Grant	0	584,839	590,000	590,000	0	0
FFA	Project Development Fund - US Fisheries Treaty	3 rd Party Spend	0	206,439	0	0	0	0
FFA	Project Development Fund - US Fisheries Treaty	3 rd Party Spend	0	30,303	0	0	0	0
GEF	Nagoya Protocol on Access to Genetic Resources and Benefit Sharing	Grant	0	10,000	81,852	0	0	0
SPC	Manage Water Scarcity - Strengthened Water Resources Management	Grant	73,816	0	0	0	0	0
ILO	OSH Awareness Campaign Program	Grant	47,176	0	0	0	0	0
UNESCO	UNESCO Social Protection for persons with disability (Pilot Project)	Grant	300,000	300,000	0	0	0	0
Other	National Archive Digitization Program MOCD	Grant	140,301	0	80,000	0	0	0
UNESCO	Intangible Cultural Heritage Funds Program	Grant	57,621	30,000	43,260	0	0	0
NZ	CI Pacific Maritime Safety Program	Grant	0	200,000	120,500	0	0	0
UNEP	HCFC Phase-Out Management Plan for PIC Stage 1 & 2	Grant	0	64,635	27,000	13,000	0	0
UNEP	Institutional Strengthening Project (ISP)	Grant	0	25,810	45,000	0	0	0
GEF	Minimata Convention on Mercury	Grant	0	31,467	22,347	0	0	0
UNDP	UNPRPD Cook Islands Joint Program	Grant	0	23,789	0	0	0	0
ADB	Strengthening of the Cook Islands Public Sector TA	3 rd Party Spend	0	300,000	0	0	0	0
SPC	Technical/In Kind Support	3 rd Party Spend	0	163,934	0	0	0	0
SPREP	Pac Waste Plus	Grant	0	380,000	0	0	0	0
Aus/SPC	CI Coastal Fisheries and Aquaculture TA	Grant	0	0	393,874	393,874	0	0
Aus/SPC	Otolith Laboratory	Grant	0	0	97,818	0	0	0
NZ	CI Domestic ICT Connectivity Improvements	Grant	0	0	3,000,000	0	0	0
GEF	GEF Small Grants Program	3 rd Party Spend	375,000	368,000	0	0	0	0
Other	Small Projects Grant funding	Grant	2,597,166	3,735,148	5,000,000	5,000,000	5,000,000	5,000,000
FFA	Fisheries Climate Change activities - US Treaty	Grant	0	0	501,422	0	0	0
GEF	GEF 7 National Project	Grant	0	0	164,608	856,998	990,402	716,349
GEF	GEF Enabling Activity for UNCCD	Grant	0	0	70,000	21,324	0	0
Total Recurrent ODA Expenditure			11,896,526	14,933,550	35,746,234	18,985,224	7,408,693	6,200,250

Donor Partners	Programs/Projects by Agency	Funding Type	2021/22 Actual	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Capital ODA Expenditure								
NZ	Manatua Polynesian Cable Project	Grant	867,257	615,955	190,000	0	0	0
NZ	Mei Te Vai Ki Te Vai (MTVKTV)	Grant	686,397	0	600,000	0	0	0
NZ	CI Infrastructure Trust Fund	Grant	1,027,808	152,609	25,204,104	0	0	0
NZ	CI Infrastructure Trust Fund - Te Tau Papa O Avarua CIIC	Grant	0	0	7,600,000	0	0	0
NZ	CI Infrastructure Trust Fund - Manihiki Airport Upgrade	Grant	0	0	12,387,300	0	0	0
EU	Budget Support to the Sanitation Sector	Grant	108,050	620,710	900,000	0	0	0
Japan	Eco. Social Dev. Program 2018	3 rd Party Spend	870,558	4,051	0	0	0	0
Japan	Eco. Social Dev. Program 2020-1 COVID-19 Response Assistance	3 rd Party Spend	797,383	701,474	0	0	0	0
Japan	Economic Social Development Program 2020-2	3 rd Party Spend	62,796	729,617	0	0	0	0
Japan	Grassroots Human Security - Resource Recovery Centre Upgrades	2 nd Party Spend	0	0	2,000,000	0	0	0
GEF	Renewable Energy Grant (Southern Group)	3 rd Party Spend	300,776	681,818	0	0	0	0
GCF	Renewable Energy Grant (Southern Group)	3 rd Party Spend	1,367,283	3,500,000	1,500,000	0	0	0
NZ	Rarotonga Airport Upgrade Designs	Grant	347,585	905,454	298,000	0	0	0
ADB	JFPR - Supporting Safe Recovery of Travel and Tourism in Cook Islands	3 rd Party Spend	0	600,000	3,000,000	0	0	0
NZ	Improving Geospatial Data - LiDAR	Grant	0	1,176,719	0	0	0	0
SPC	Strengthening Water Security of Vulnerable Island States	Grant	0	73,816	0	0	0	0
SPC	Manage Water Scarcity - Strengthened Water Resources Project Fund 2	Grant	0	343,975	0	0	0	0
NZ	Improving Geospatial Data - LiDAR	Grant	0	0	323,281	0	0	0
Total Capital ODA Expenditure			11,332,663	10,106,197	54,002,685	0	0	0
Total NZD Equivalent ODA Funding			71,144,491	54,307,848	98,848,919	18,985,224	7,408,693	6,200,250
Total NZD Equivalent ODA Funding - (excluding GBS)			23,229,189	25,039,747	89,748,919	18,985,224	7,408,693	6,200,250

16.18. Schedule 11 – Comparative Analysis of Ministry Appropriations

Ministry	2022/23 HYEFU Estimate			2023/24 Budget Estimate			Variance
	Gross Operating Appropriation	Trading Revenue	Net Operating Appropriation	Gross Operating Appropriation	Trading Revenue	Net Operating Appropriation	Amount
Agriculture	1,455,081	90,535	1,364,546	1,455,081	140,535	1,314,546	0
Audit (PERCA)	1,179,154	156,300	1,022,854	1,272,654	156,300	1,116,354	93,500
Corrective Services	1,734,457	100,000	1,634,457	1,815,737	100,000	1,715,737	81,280
Crown Law	1,579,369	0	1,579,369	1,414,001	0	1,414,001	-165,368
Cultural Development	1,566,750	170,000	1,396,750	1,699,671	170,000	1,529,671	132,921
Business Trade and Investment Board	611,266	27,400	583,866	636,267	27,400	608,867	25,001
Education	20,175,619	0	20,175,619	20,491,271	0	20,491,271	315,652
Environment	1,634,067	35,000	1,599,067	2,472,783	35,000	2,437,783	838,716
Finance and Economic Management	18,684,146	954,341	17,729,805	31,819,348	954,341	30,865,007	13,135,202
Financial Services Development Authority	453,703	0	453,703	463,700	0	463,700	9,997
Foreign Affairs	3,011,795	28,000	2,983,795	3,579,134	28,000	3,551,134	567,339
Head Of State	251,206	0	251,206	251,889	0	251,889	683
Health	20,588,832	350,000	20,238,832	21,000,378	350,000	20,650,378	411,546
Infrastructure Cook Islands	5,374,000	300,000	5,074,000	5,524,000	300,000	5,224,000	150,000
Internal Affairs	4,972,593	0	4,972,593	5,870,267	0	5,870,267	897,674
Justice	3,006,783	425,000	2,581,783	3,117,977	425,000	2,692,977	111,194
Marine Resources	2,234,000	20,000	2,214,000	2,395,516	20,000	2,375,516	161,516
Ombudsman	301,000	0	301,000	301,001	0	301,001	1
Parliamentary Services	910,420	0	910,420	897,325	0	897,325	-13,095
Police	5,666,000	154,783	5,511,217	6,311,333	154,783	6,156,550	645,333
Prime Minister's Office	3,224,200	0	3,224,200	4,029,079	0	4,029,079	804,879
Public Service Commission	2,449,680	0	2,449,680	2,499,680	0	2,499,680	50,000
Tourism Corporation	9,480,500	0	9,480,500	9,435,000	20,000	9,415,000	-45,500
Transport	1,244,888	41,221	1,203,667	1,254,330	41,221	1,213,109	9,442
Cook Islands Investment Corporation	3,527,000	753,831	2,773,169	4,761,000	753,831	4,007,169	1,234,000
Cook Islands Seabed Minerals Authority	999,500	240,000	759,500	1,385,657	240,000	1,145,657	386,157
Total Ministries	116,316,009	3,846,411	112,469,598	136,154,079	3,916,411	132,237,668	19,838,070

	2022/23 HYEFU Estimate			2023/24 Budget Estimate			Variance
Ministerial Support							
Prime Minister	540,000	0	540,000	540,000	0	540,000	0
Deputy Prime Minister	378,000	0	378,000	378,890	0	378,890	890
Ministerial Support 1	308,000	0	308,000	308,000	0	308,000	0
Ministerial Support 2	308,000	0	308,000	308,000	0	308,000	0
Ministerial Support 3	308,000	0	308,000	308,000	0	308,000	0
Ministerial Support 4	308,000	0	308,000	308,000	0	308,000	0
Leader of Opposition	308,000	0	308,000	308,000	0	308,000	0
Total Ministerial Support Offices	2,458,000	0	2,458,000	2,458,890	0	2,458,890	890
Outer Islands							
Aitutaki	2,138,140	67,828	2,070,312	2,153,078	67,828	2,085,250	14,938
Atiu	1,802,363	224,318	1,578,045	1,837,324	224,318	1,613,006	34,961
Mangaia	1,806,711	301,000	1,505,711	1,840,460	301,000	1,539,460	33,749
Manihiki	1,379,968	119,000	1,260,968	1,404,647	119,000	1,285,647	24,679
Mauke	1,442,337	113,853	1,328,484	1,462,403	113,853	1,348,550	20,066
Mitiaro	915,122	60,900	854,222	950,749	60,900	889,849	35,627
Palmerston	436,003	20,500	415,503	439,556	20,500	419,056	3,553
Penrhyn	1,028,619	74,000	954,619	1,053,805	74,000	979,805	25,186
Pukapuka-Nassau	1,313,577	73,695	1,239,882	1,412,717	73,695	1,339,022	99,140
Rakahanga	579,605	52,000	527,605	594,897	52,000	542,897	15,292
Total Outer Islands	12,842,445	1,107,094	11,735,351	13,149,636	1,107,094	12,042,542	307,191
Gross Total	131,616,454	4,953,505	126,662,949	151,762,605	5,023,505	146,739,100	20,146,151

17. Financial Statements

17.1. Statement of Financial Performance

	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Revenue					
Taxation Revenues	130,072	162,193	171,208	178,768	184,928
Trading Revenue	4,987	5,024	5,082	5,232	5,232
Interest Revenue	922	1,023	825	827	830
Dividends	600	1,000	1,600	2,300	2,750
Core Sector Support	7,825	9,100	0	0	0
Other Revenue	35,808	19,156	20,503	15,366	15,371
Total Revenue	180,214	197,495	199,218	202,494	209,112
Expenditure					
Crown Appropriation	110,017	143,179	136,084	136,600	136,245
Depreciation	14,014	15,360	15,410	15,410	14,809
Payments on Behalf of Crown	32,264	32,328	31,086	30,744	30,244
Debt-servicing interest	6,683	7,359	6,935	6,430	5,827
Other expenditure	1,792	150	150	150	150
Total Expenditure	164,770	198,376	189,666	189,335	187,276
NET OPERATING SURPLUS / (SHORTFALL)	15,444	-881	9,552	13,159	21,836
Grants					
Foreign Aid Revenue	14,934	35,746	18,985	7,409	6,200
Foreign Aid Expenses	14,934	35,746	18,985	7,409	6,200
Grant Balance	0	0	0	0	0
Net Operating Balance after Grants	15,444	-881	9,552	13,159	21,836

17.2. Statement of Financial Position

	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Assets					
Working Capital Fund	67,716	48,293	43,125	37,197	36,757
Stabilisation Fund	3,544	3,544	3,544	3,544	3,544
General Cash Reserves	71,260	51,837	46,669	40,741	40,301
Loan Repayment Fund	5,784	5,900	6,018	6,138	6,261
Disaster Response Trust Fund	2,078	2,128	2,178	2,228	2,278
Other Trust Funds	46,314	46,314	46,314	46,314	46,314
Other Assets	155,700	155,700	155,700	155,700	155,700
Advances to SOEs	46,980	43,148	39,778	36,717	33,657
Plant, property, and equipment	273,016	334,419	336,224	339,972	344,752
Total Assets	601,131	639,446	632,881	627,810	629,262
Liabilities					
Creditors and other payables	132,507	132,507	132,507	132,507	132,507
Trust liabilities	52,261	52,261	52,261	52,261	52,261
Borrowings	225,854	210,740	195,303	178,353	159,317
Total Liabilities	410,622	395,508	380,071	363,121	344,086
Net Crown Balance	190,509	243,938	252,809	264,689	285,176

17.3. Statement of Borrowings

	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Total Gross Borrowing	225,854	210,740	195,303	178,353	159,317
Assets held against Borrowings					
Advances to Subsidiaries	46,980	43,148	39,778	36,717	33,657
Loan Repayment Fund (LRF)	5,784	5,900	6,018	6,138	6,261
Total Assets Held Against Borrowings	52,764	49,048	45,796	42,855	39,918
Total Net Borrowing	173,090	161,692	149,507	135,498	119,400

17.4. Statement of Cashflow

	2022/23 Estimated Actual	2023/24 Budget Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Cashflows from Operating Activities					
Cash provided from:					
Taxation Revenues	130,072	162,193	171,208	178,768	184,928
Trading Revenue	4,987	5,024	5,082	5,232	5,232
Interest Revenue	702	907	707	707	707
Foreign Aid Income	25,040	89,749	18,985	7,409	6,200
Core Sector Support	7,825	9,100	0	0	0
Other Revenue	35,808	19,156	20,503	15,366	15,371
	204,433	286,128	216,485	207,482	212,439
Cash applied to:					
Crown Appropriation	110,017	143,179	136,084	136,600	136,245
Depreciation	0	0	0	0	0
Payments on Behalf of the Crown	32,264	32,328	31,086	30,744	30,244
Foreign Aid Expense	14,934	35,746	18,985	7,409	6,200
Net Debt-Servicing Interest	0	0	0	0	0
Other Expenditure	1,792	150	150	150	150
	159,007	211,403	186,306	174,903	172,840
Net Cashflows from Operating Activities	45,426	74,725	30,180	32,579	39,599
Cashflows from Financing Activities					
Cash provided from:					
Subsidiary Loan Repayments	2,487	3,749	3,704	3,698	3,704
Other Investment Receipts	600	1,000	1,600	2,300	2,750
	3,087	4,749	5,304	5,998	6,454
Cash applied to:					
Capital expenditure	22,260	22,761	17,215	19,159	19,588
Capital expenditure - foreign aid	10,106	54,003	0	0	0
Advances to Subsidiaries	0	0	0	0	0
	32,366	76,764	17,215	19,159	19,588
Net Cashflows from Investing Activities	-29,279	-72,015	-11,911	-13,161	-13,134
Cashflows from Financing Activities					
Cash provided from:					
Loans Drawdown	0	0	0	0	0
Other Financing Receipts	0	0	0	0	0
	0	0	0	0	0
Cash applied to:					
Loan Repayment Fund	11,069	22,083	23,387	25,297	26,855
Other Reserves	50	50	50	50	50
Other Financing Payments	0	0	0	0	0
	11,119	22,133	23,437	25,347	26,905
Net Cashflows from Financing Activities	-11,119	-22,133	-23,437	-25,347	-26,905
Net cash movements	5,028	-19,423	-5,168	-5,928	-440
Opening General Cash Balance	66,232	71,260	51,837	46,669	40,741
Closing General Cash Reserve	71,260	51,837	46,669	40,741	40,301

17.5. Statement of Financial Risks

Quantifiable Contingent Liabilities	(\$'000)
Guarantees and indemnities	50
Uncalled capital	2,500
Legal proceedings and disputes	400
Vested Assets	24,900
Total Quantifiable Contingent Liabilities	27,900

The total quantifiable contingent liabilities are estimated at \$27.9 million in 2023/24, made up of the guarantees and indemnities outlined below. Possible liabilities stemming from the Outer Island Governments are also discussed.

17.5.1. Guarantees and indemnities relate to the following

Government has entered into a programme under the New Zealand Aid Programme focused on Pearl Sector Support managed through 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.

17.5.2. Uncalled Capital

Through the Cook Islands Property Corporation, Government holds \$1.9 million in uncalled shares with the Asian Development Bank (ADB) in the form of 88 uncalled-shares with a par-value of USD 13,500 each. In addition, the Government has been a member of the Asian Infrastructure Investment Bank (AIIB) since 1 June 2020 and holds \$0.65 million in uncalled shares. This takes the form of four uncalled-shares with a par-value of USD 100,000 each.

Table 17-1 Uncalled Capital Breakdown (\$)

Party	Shares	USD Value	NZD Value
Asian Development Bank	88	13,500	1,802,731
Asian Infrastructure Investment Bank	4	100,000	606,980
Total		1,588,000	2,409,712
Foreign Exchange Rate (USD/NZD)	1.52		

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

17.5.3. Legal Proceedings and Disputes

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

17.5.4. Financial liabilities relating to Island Governments

The Ministry of Finance and Economic Management (MFEM) has not approved any contract or security from the Island Governments that could result in a potential liability. There is no preferential treatment of public liability or other liability for the Island Governments and the risk of the Island Governments generating such liabilities is low. No mitigation has been undertaken to minimise the risk any more than for other Government agencies based in Rarotonga.

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

18. Accounting Policies

Accounting Policies for the Forecast Financial Statements of the Government of the Cook Islands

18.1. Statement of Compliance

These forecast financial statements have been prepared in accordance with the Ministry of Finance and Economic Management Act 1995/96 and Generally Accepted Accounting Practice (GAAP) with the International Public Sector Accounting Standards Board (IPSASB). The IPSAS standards that the Government does not comply with and has yet to adopt are noted at the end of these accounting policies.

The use of public resources by the Government is primarily governed by the Ministry of Finance and Economic Management Act 1995/96.

18.2. Basis of Preparation

The forecast financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently in each year.

These forecast financial statements have been prepared on the basis of historical cost, modified by the revaluation of certain assets and liabilities, and prepared on an accrual basis, unless otherwise specified (for example, the Statement of Cash Flows and Taxation Revenue).

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

18.3. Judgements and Estimations

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

Forecast new capital spending is an amount provided in the budgets to represent the impact on the financial position and cash flows of capital initiatives expected to be introduced over the forecast period. Forecast new operating spending is an amount included in the budgets to provide for the operating balance impact of policy initiatives, changes to demographics, and other forecasting changes expected to occur over the forecast period.

The estimates and underlying assumptions in these forecasts are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

18.4. Basis of Consolidation

These forecast financial statements combine the following entities:

Crown Parent Crown entities (46)

Ministries (13)

Infrastructure Cook Islands
 Ministry of Agriculture
 Ministry of Cultural Development
 Ministry of Education
 Ministry of Finance and Economic Management
 Ministry of Foreign Affairs & Immigration
 Ministry of Health
 Ministry of Internal Affairs and Social Services
 Ministry of Justice
 Ministry of Marine Resources
 Ministry of Police
 Ministry of Transport
 Ministry of Corrective Services

Crown agencies and offices (16)

Business Trade and Investment Board
 Cook Islands Pearl Authority
 Cook Islands Tourism and Marketing Corporation
 Cook Islands Seabed Mineral Authority
 Crown Law Office
 Development Coordination Division
 Financial Services Development Authority
 Financial Supervisory Commission
 Head of State
 National Environment Service
 Office of the Public Expenditure Review Committee and Audit
 Office of the Public Service Commissioner
 Office of the Ombudsman
 Office of the Prime Minister
 Parliament of the Cook Islands
 Competition Regulatory Authority
 Cook Islands Investment Corporation

Subsidiaries of Cook Islands Investment Corporation

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

Island administrations (10)

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

Ministerial support (7)

40 Prime Minister's Support Office
 41 Office of the Deputy Prime Minister
 42 Office of the Leader of Opposition
 43 Minister Support Office
 44 Minister Support Office
 45 Minister Support Office
 46 Minister Support Office

Subsidiaries of Cook Islands Government Property Corporation

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

The Government has a full residual interest in all the above entities with the exception of Telecom Cook Islands Limited and CIIC Seabed Resources Limited.

Corresponding assets, liabilities, revenue and expenses, are added together line by line. Transactions and balances between these sub-entities are eliminated on combination. Where necessary, adjustments are made to the financial statements of controlled entities to bring the accounting policies into line with those used by the Government reporting entity.

18.4.1. 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.

Telecom Cook Islands Limited is incorporated in the Cook Islands and provides telecommunication services to the Cook Islands. Government's interest in Telecom Cook Islands Limited is held by Cook Islands Telecommunication Holdings Limited.

CIIC Seabed Resources Limited was established during the 2018 period. The principal activity of CIIC Seabed Resources Limited is the exploration, classification, exploitation, marketing and selling of polymetallic nodules within the Cook Islands Exclusive Economic Zone and the Cook Islands assigned area within the Clarion Clipperton Zone. The Company is 50% owned by the Cook Islands Investment Corporation and 50% by GSR-CI Limited. The ultimate Parent Company of GSR-CI Limited is Global Sea Mineral Resources NV, a Company incorporated and registered in Belgium.

18.5. Accounting treatment

18.5.1. Revenue

The Government provides many services and benefits that do not give rise to revenue. Further, 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 sovereign power of the Crown in Parliament.

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

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

18.5.1.1. Revenue Earned Through Operations

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

18.5.1.2. Sales of goods and services

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

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

18.5.1.3. Rental revenue

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

18.5.1.4. Dividend revenue

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

18.5.1.5. Interest income

Interest income is accrued using the effective interest rate method. The effective interest rate discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

18.5.1.6. Aid revenue, aid expenses and aid liability

Aid revenue relates to funding received from aid donors for specified projects. Funding received in advance is recorded as aid liability and recognised as revenue when allowable costs, capital or non-capital, are incurred and any conditions are met. Where allowable costs have been incurred but funding not received, government recognises a receivable up to the amount of approved funding. Aid funding received that do not have any conditions are recognised as revenue.

18.5.1.7. Donated assets

Where a physical asset is gifted or acquired by government for nil or at a subsidised cost, the asset is recognised at fair value and the difference between the consideration provided and the fair value of the asset is recognised as aid revenue.

18.5.1.8. Fines

Fines are economic benefits or services potentially received by the government 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.

18.5.2. Expenses Recognition

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

18.5.2.1. Personnel expenses

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

18.5.2.2. Welfare payments

Welfare benefits and entitlements are recognised as an expense in the period the payment has been made.

18.5.2.3. Grants and subsidies

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

18.5.2.4. Operating lease

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

18.5.2.5. Interest expense

Interest expense on financial liabilities measured at amortised cost is recognised in the statement of financial performance as it accrues using the effective interest method.

18.5.2.6. Borrowing costs

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

18.5.2.7. Foreign currency transactions

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

Any monetary assets and monetary liabilities held at year end are translated at the exchange rate at reporting date.

18.5.2.8. Depreciation

Each part of an item of property, plant and equipment or infrastructure asset with a cost significant in relation to the total cost of the item shall be depreciated separately.

Depreciation of property, plant and equipment and infrastructure assets are provided on a straight-line basis so as to allocate the cost of assets to their estimated value over their estimated useful lives. Typically, the estimated useful lives for various asset types are follows:

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

18.5.3. Non-Financial Assets

18.5.3.1. Investment property

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

Residential buildings held for the primary purpose of providing low-income housing have been classified as property, plant, and equipment.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of financial performance.

18.5.3.2. Property, plant and equipment

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

The cost of property, plant 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 government 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.

When an item of property, plant and equipment is disposed, the gain or loss (disposal proceeds less carrying v with that item) will be recognised in the statement of financial performance.

18.5.3.3. Impairment

If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the statement of financial performance.

18.5.3.4. Additions

The cost of an item of property, plant 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 government and the cost of the item can be measured reliably.

18.5.3.5. Work in progress

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

18.5.3.6. Infrastructure assets

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

Infrastructure assets include: roading, water networks, power networks, coastal protection systems, harbour and ports structures, waste management and 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.

18.5.3.7. Intangible assets

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

The cost of purchased intangible assets is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service. Intangible assets might include: databases, software purchased, or software developed.

When an intangible asset is disposed of, the gain or loss (disposal proceeds less carrying value) associated with that item will be recognised in the Statement of Financial Performance.

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

Asset Type	Useful Life
Software, databases	3 - 5 years

18.5.3.8. Inventories

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost. 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.

18.5.4. Financial Assets

18.5.4.1. Categories of Financial Assets

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

18.5.4.2. Recognition

Financial assets are measured initially at fair value plus, for an item not at fair value through profit or loss, transactions are directly attributable to its acquisition or issue.

18.5.4.3. Loans and receivables

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

18.5.4.4. Cash and cash equivalents

Cash and cash equivalents include cash holdings, foreign currency cash holdings, short term cash investments and are carried at amortised cost in the statement of financial position.

18.5.4.5. Term deposits

This comprises interest-bearing deposits held with other banks and are measured at amortised cost in the statement of financial position.

18.5.4.6. Trust accounts

Trust accounts contain funding that government has received which have conditions attached on how the funding can be utilised. A corresponding liability is recognised upon the receipt of funding that have conditions attached.

18.5.4.7. Banking portfolio investments (loans)

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

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

18.5.4.8. Debtors and other receivables

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

18.5.5. Identification and measurement of impairment

18.5.5.1. Banking portfolio investments (loans)

Refer to Note 2 Areas of significant estimation: Banking portfolio investments - credit provisioning (Bank of the Cook Islands).

18.5.5.2. Tax receivable

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

18.5.5.3. Other receivables

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

18.5.5.4. Derecognition of financial assets

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

18.5.6. Categorisation of liabilities

All financial liabilities are classified as other financial liabilities.

18.5.6.1. Recognition

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

18.5.6.2. Other financial liabilities

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

18.5.6.3. Employee entitlements

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

18.5.6.4. Provisions

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

18.5.6.5. Borrowings

Borrowing liabilities are accounted for at amortised cost on the statement of financial position. Any changes are recognised in the statement of financial performance. Borrowings or the proportion of borrowings expected to be settled within 12 months of balance date are disclosed as current liabilities in the statement of the financial position. All other borrowings are disclosed as non-current liabilities.

18.5.6.6. Pension liabilities

Pension liabilities, in respect of the contributory service of current and past Members of Parliament, are recorded at the latest actuarial value of the government's liability for pension payments. There are no pension liabilities accruing to the government as a result of government employees' membership of the government Superannuation Fund (New Zealand).

18.5.6.7. Other liabilities

All other liabilities are recorded at the estimated obligation to pay. No liability for ongoing welfare payments has been recognised because no legal entitlement is considered to exist beyond the end of the current financial year until a new Appropriation Act is passed and is provided for on a pro-rata basis in the statement of financial position.

18.5.6.8. Derecognition

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

18.5.7. Cash flow

A cash flow statement identifies the sources of cash inflow, the items on which cash was utilised and the cash balance at the reporting date. Included in the cash flow statement are financing activities which are activities that result in the change of size and composition of the contributed capital and borrowings of the government.

Investing activities are the acquisition and disposal of long-term assets and other investments. Operating activities identify how much the government received from its actual operations.

Cash flow information allows users to ascertain how the government raised the cash it required to fund its activities and the manner in which that cash was utilised.

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

18.5.8. Commitments

Commitments are future expenses and liabilities to be incurred on contracts that have been entered into at the balance date.

Commitments are classified as:

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

18.5.9. Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are reported at the point at which the contingency is evident or when a present liability is unable to be measured with sufficient reliability to be recorded in the financial statements (unquantifiable liability). Contingent liabilities, including unquantifiable liabilities, are disclosed if the possibility that they will crystallise is more than remote. Contingent assets are disclosed if it is probable that the benefits will be realised.

18.5.10. Changes in accounting policies

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

2019 Audit opinion on policies government has not complied with:

- IPSAS3- Accounting Policies
- IPSAS 17-Property Plant and Equipment
- IPSAS 21-Impairment of Non-Cash Generating Assets
- IPSAS 29- Financial Instruments: Recognition and Measurement, Government elected not to comply due to cost.

As at the preparation date of these Forecast Financial Statements for 2023/24 the following policies have not been applied.

- IPSAS 31 Intangible Assets adopt Jan 19
- IPSAS 32 Service Concession Arrangements adopt Jan 22
- IPSAS 34 Separate Financial Statements adopt Jan 19
- IPSAS 35 Consolidated Financial Statements adopt Jan 19
- IPSAS 36 Investment in Associates and Joint Ventures adopt Jan 19
- IPSAS 37 Joint Arrangements adopt Jan 19
- IPSAS 38 Disclosure of Interest in Other Entities adopt Jan 20
- IPSAS 39 Employee Benefits adopt Jan 19
- IPSAS 40 Public Sector Combinations adopt Jan 21
- IPSAS 41 Financial Instruments adopt Jan 22
- IPSAS 42 Social Benefits adopt Jan 22