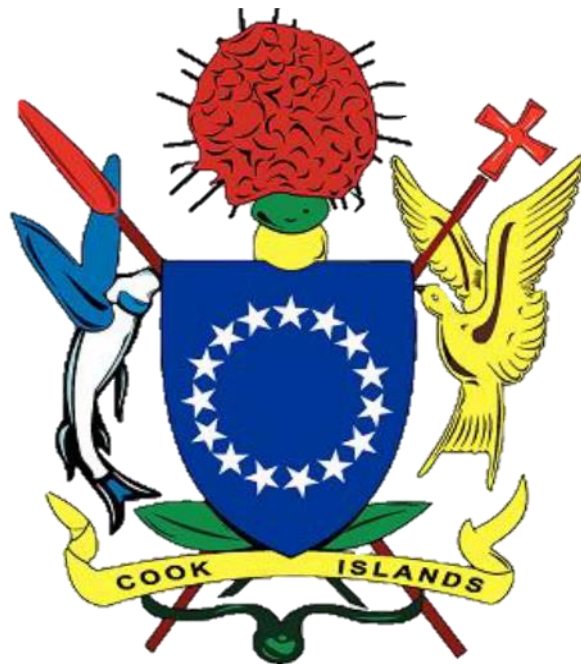

COOK ISLANDS GOVERNMENT
SUPPLEMENTARY BUDGET
SPEECH
2024/25

Tauta'anga
Budget of Perseverance



Hon. Mark Brown
Minister of Finance
17 February 2025

Supplementary Budget Speech

Introduction

Mr. Speaker, today I have the opportunity to highlight further signs of our strength and resilience as we celebrate 60 years of self-government. The growth in our economy, and our improving fiscal position which I will outline today are a testament to the steps taken over the past few years to support our economy while balancing our budget realities as well.

Mr. Speaker, as Prime Minister and Minister of Finance, I am tabling the Appropriation Amendment Bill 2025, otherwise known as the Supplementary Budget. I present this Amendment Bill with full confidence, as we strive towards delivering on improving the lives of our people. On the economic front, our latest financial year report for the year ending June 2024 shows that our Cook Islands economy has recovered well and is now on a path to continued growth and resilience as we look to the future.

Mr. Speaker, in the year to June last year, our economy experienced a robust 16% in real terms, bringing us closer to pre-pandemic levels – even after adjusting for inflation. With this strong recovery, we can now shift our focus from rebuilding to seizing new opportunities and shaping a promising future.

Mr. Speaker, this strong growth and positive outlook are not just something we in Government believe, but it is also reported in the Asian Development Bank's Pacific Economic Monitor forecast in August last year that we would grow by another 5.2% in the year to June 2025 - showing the confidence one of our key development partners has in our economic trajectory.

Mr. Speaker, it is no secret that tourism is the key industry in our economy, and over the 2024 calendar year, we welcomed over 170,000 visitors to our shores – the second-highest we have ever seen. This rebound is a testament to the resilience and strength in our tourism industry, as well as the investments Government has made to ensure these visitors can make their way to us. The benefits to this activity are not confined to just the tourism sector, but flows to other sectors as well.

Mr. Speaker, these sectors play a vital role in our economy. Our agricultural sector, for example, sustains our growing population by supplying fresh local produce – essentially creating a ‘local exports’ market where we bring demand to our shores rather than sending these goods abroad. The financial services sector supports businesses with essential banking services, while the contracting, construction, retail, and wholesale sectors all benefit from a thriving tourism industry. Mr. Speaker, when tourism prospers, these industries flourish, demonstrating the powerful multiplier effect that keeps every dollar circulating within our economy.

Mr. Speaker, the strength of our economy has enabled this Government to invest in our bright future while also honouring our past. In addition, we have taken proactive steps to work with our creditors to accelerate debt repayment, seizing the opportunity presented by our strong recovery. This early repayment will reduce our annual debt servicing costs, particularly for the loans that were essential during the pandemic – funding wage subsidies, business grants, and vital support for our people in times of need.

Mr. Speaker, this proactive approach has allowed Government to invest in vital infrastructure, including road improvements in Rarotonga and measures to ensure reliable shipping for our Pa Enea. At the same time, we have allocated an additional \$2 million to celebrate the 60th anniversary of self-government – an occasion of great significance.

Mr. Speaker, strong economic management has enabled Government to address the needs of our people while upholding fiscal responsibility, maintaining confidence in our nation’s stability. This confidence extends beyond our borders, earning recognition at regional and even global levels, and reinforcing the Cook Islands standing in the Pacific.

New Government Expenditure

Mr. Speaker, today, I stand before you to reaffirm our government’s commitment to building a stronger, more resilient Cook Islands. As we look ahead, our focus remains clear—investing in the well-being of our people, strengthening our infrastructure, and safeguarding essential services to support the continued development of our country.

Road Infrastructure and Maintenance

Mr. Speaker, a key pillar of our development agenda is ensuring safe and efficient infrastructure. To support this, \$500,000 has been set aside for critical road maintenance, ensuring our roads remain safe and accessible. In addition, \$5.0 million has been allocated to the Rarotonga Roads projects, improving connectivity for both our people and visitors. These investments will enhance road safety and ensure the long-term sustainability of our transport networks.

Shipping Vessel

As we strengthen our roads on land, Mr. Speaker, we also recognise the vital role that inter-island shipping plays in keeping our Pa Enea connected. To ensure more reliable and efficient transportation, we are investing \$3.0 million towards procuring a new shipping vessel. This initiative will facilitate the movement of people and goods between our Pa Enea.

Water Allowance for residential users

Reliable infrastructure goes beyond roads and shipping—it also includes access to clean and safe water. Mr. Speaker, we recognise this as a fundamental right for all Cook Islanders. To support our communities, we have allocated \$505,000 to sustain household water allowances, ensuring equitable access to this essential resource.

Cook Islands Police Initiatives

Mr. Speaker, public safety remains a basis of our national priorities. To strengthen law enforcement and community trust, we are allocating \$145,000 to re-establish community policing, reinforcing the vital partnership between police officers and the communities they serve. Additionally, \$100,000 has been set aside to support the Police Advisory Committee, further enhancing collaboration and public trust.

To improve financial oversight within law enforcement, Mr. Speaker, a Memorandum of Understanding has been established, enabling MFEM-Shared Services to provide financial reporting support to the Cook Islands Police Service. As part of this arrangement, certain funds have been reallocated from Police to the Ministry of Finance and Economic Management for the remainder of the fiscal year, ensuring accountability and efficiency in managing resources.

Foreign Affairs Initiatives

Beyond our domestic priorities, Mr. Speaker, our government remains committed in strengthening diplomatic ties and supporting our diaspora. To uphold these commitments, we have provided additional funding to ensure continued engagement with Cook Islanders abroad and our international partners.

Furthermore, \$80,000 has been allocated to support our international subscriptions, ensuring that we meet our international obligations for the fiscal year and maintain our active presence on the global stage.

Te Maeva Nui 60th Celebrations

As we look ahead, Mr. Speaker, we also take time to reflect and celebrate our national identity. This year marks 60 years of self-governance, and in recognition of this historic milestone, we have allocated \$2.0 million towards the 60th Te Maeva Nui celebrations. More than a commemoration, this occasion is an opportunity to honour our journey and reaffirm the strength of our culture, our people, and our future.

Servicing of our Country’s Debt

While we celebrate our achievements, Mr. Speaker, we remain equally committed to ensuring responsible financial management. Thanks to our strong economic performance and prudent fiscal policies, we are in a solid cash position. As a result, we are taking this opportunity to pay down some of our existing debt. This will have the effect of reducing our debt servicing burden over the medium to long-term, ensuring financial stability while continuing to meet our national commitments.

Expenditure Decisions Through Executive Order

Mr. Speaker, beyond the planned expenditure outlined today, our government has taken decisive action throughout the year to address urgent funding needs. Through Executive Council and Article 70 of the Constitution, we have responded to pressing priorities, including providing cost of living relief to our most vulnerable people, by increasing the Christmas Bonus payment and supporting the work of our Select Committees to strengthen our nation’s governance.

Revenue

Mr. Speaker, it is my privilege to share with you today positive news regarding our country’s financial outlook. Our revenue forecasts have seen an encouraging adjustment, with an increase of \$9.5 million for this period. Notably, this includes \$10 million in Core Sector Support funding from the Government of New Zealand, a valued partner in our nation’s development.

Furthermore, Mr. Speaker, we have observed a modest but welcoming increase in tax receipts, particularly, from VAT contributions made by visitors who have chosen to experience the beauty of our shores. This growth is a clear reflection of the strength of our tourism sector and, more broadly, our economy.

As we look ahead, Mr. Speaker, it is important that we allocate these additional funds strategically, ensuring they are invested in infrastructure and essential services that will not only support our people and communities but also sustain the long-term prosperity of our nation. Tourism remains the foundation of our economy, and by making sound investments today, we are securing a stronger future for generations to come.

Total Appropriation

Finally, Mr. Speaker, I would like to provide an overview of our financial position following recent updates to the 2024/25 Budget. The total Appropriation has increased from \$328 million to \$396 million—a total increase of nearly \$68 million.

Now, this increase may appear alarming at first glance, but there is a reason for this large increase. This Government is taking the opportunity to pay down some existing debt, and to do this we must appropriate for it. This alone increases our appropriation by over \$40 million, and combined with expenditure planned for the previous fiscal year which was carried-forward into the current fiscal year, of \$19 million – both account for the vast majority of this increase.

This has been funded through a combination of a strong cash position along with additional tax revenues and generous support from our development partners, for which we are sincerely grateful.

Mr. Speaker, this budget increase is dedicated to strengthening the services we provide to our people and enhancing infrastructure across both Rarotonga and the Pa Enea. Specifically, \$3.4 million will support various agencies in delivering better public services, while \$8.0 million is allocated to critical infrastructure projects. These adjustments reflect our commitment to improving the quality of life for our people and ensuring the sustainable development of our nation.

Summary

Mr. Speaker, we have made commitments to the people of the Cook Islands, and we have done our best to honour those commitments whilst at the same time upholding fiscal discipline. We have prioritised effectively, keeping our eyes on the goal of building a stronger, more thriving society for us all.

It is my honour and privilege to table this Appropriation Amendment Bill before the House.

Meitaki ma’ata