



2023/24 Supplementary Budget Summary

The 2023/24 Appropriation Amendment (Supplementary Budget) has allocated additional funds to address government priorities that have emerged during the year. It also highlights the changes to the existing appropriation since the initial budget was approved in May 2023.

MEDIUM-TERM FISCAL STRATEGY

The Medium-term Fiscal Strategy (MTFS) from 2024/25 to 2027/28 guides how the government plans its finances by setting limits on spending for the next few years.

In simpler terms, it means the government has a plan for how much money it will spend each year.

The table shows that there's some extra money available for spending. It starts at \$2.4 million in 2024/25 and goes up to \$16.0 million by 2027/28. This extra money allows for gradual increases in spending over time.

Additionally, because the economy and government revenue improved in 2023/24, there was extra money available for spending.

This allowed the government to allocate funds to important areas through a Supplementary Budget to address national priorities while also adhering to the fiscal rules that ensures the government has a fiscally sustainable budget.

Fiscal Space, Commitments and Demands	2024/25	2025/26	2026/27	2027/28
Revised MTEC (2024/25 Budget)	215.4	218.6	225.9	225.9
Initial Fiscal Space	7.0	8.6	17.7	17.7
Legal Commitments	4.6	2.2	1.8	1.7
Residual Fiscal Space	2.4	6.4	15.9	16.0

FISCAL UPDATE

In the Supplementary Budget for 2023/24, total spending (through operating expenditure and capital expenditure) is expected to rise by \$16.5 million. This includes \$9.9 million carried over from the previous year, \$3.4 million approved by the Executive Council, and \$3.3 million in new funding.

The increase in spending counters the \$5.7 million rise in government revenue, mostly from taxes, leading to a deficit of \$19.2 million by the end of 2023/24.

	2022/23 Actual	2023/24 Budget Estimate	2023/24 Supp. Estimate	2024/25 Proj.	2025/26 Proj.	2026/27 Proj.
Total Operating Revenue (\$m)	166.6	199.1	204.7	206.3	210.3	217.0
Total Operating Expenditure (\$m)	170.5	200.0	209.3	193.1	192.5	190.1
Operating Balance surplus/deficit* (\$m)	(3.9)	(0.9)	(4.6)	13.1	17.9	26.8
Capital Expenditure	22.4	22.8	30.0	17.2	19.2	19.6
Depreciation	14.1	15.4	15.4	15.4	15.4	14.8
Overall Fiscal Balance surplus/deficit* (\$m)	(12.2)	(8.3)	(19.2)	11.3	14.1	22.0
% of GDP	(2.4)	(1.5)	(3.4)	1.9	2.3	3.4
Net Crown Debt, end of FY (\$m)	226.0	204.8	213.7	196.5	177.0	157.0
% of GDP	44.0	37.8	37.9	33.0	28.4	24.0
Gross Domestic Product (\$m)	513.6	541.5	563.9	595.6	624.0	652.9

***surplus**: when revenue is higher than expenditure; **deficit**: when revenue is less than expenditure

NEW FUNDING INITIATIVES

An additional **\$3.3 million** has been allocated in the Supplementary Budget to support some of the following key initiatives:

- **\$400,000** will be used to maintain roads and drainage on Rarotonga.
- **\$800,000** to cover patient referral costs from the Pa Enua to Rarotonga and from across the Cook Islands to New Zealand. This is in addition to the extra \$1 million that was approved by the Executive Council during the year to reflect an update in the policy, allowing referrals to private healthcare providers in New Zealand.
- **\$280,000** will ensure an adequate supply of medications due to increasing global costs.
- **\$220,000** is urgently allocated to replace essential parts of solar power systems in Pa Enua while planning for a larger battery replacement program is underway.
- **\$280,000** will be used by the Ministry of Agriculture to purchase heavy-duty equipment for community projects on Rarotonga.
- **\$310,000** for the Seabed Minerals Authority to enhance stakeholder engagement, environmental assessment, and legal expertise to continue the precautionary approach to potential deep-sea harvesting.

EXPENDITURE

In 2023/24, the total expected spending, including aid, is \$342.2 million.

- 36.5% is allocated to developing the Cook Islands' economy, on sectors like agriculture, marine activities, construction, transportation, tourism, and general economic affairs.
- 30.2%, is dedicated to general public services, covering governance and administration costs.
- Social protection such as welfare accounts for 7.8% of government spending.
- Health receive 7.0% and Education gets 6.4%.

