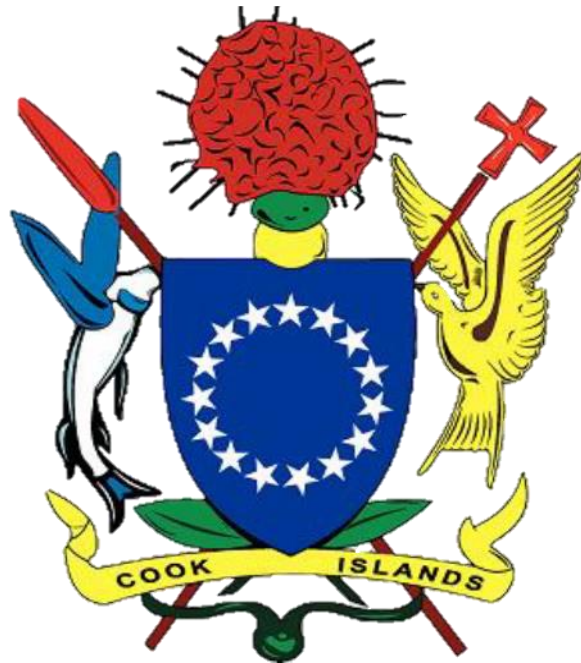

COOK ISLANDS GOVERNMENT

APPROPRIATION

AMENDMENT

2023/24



Hon. Mark Brown
Minister of Finance

February 2024

Abbreviations and Acronyms

Term	Definition
ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
CIG	Cook Islands Government
COFOG	Classification of Functions of Government
COVID-19	Coronavirus Disease 2019
CPI	Consumer Price Index
EDS	Economic Development Strategy
EEZ	Exclusive Economic Zone
ERP	Economic Response Plan
ERR	Economic Recovery Roadmap
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FFA	National FFA Organization
FY	Fiscal Year
GBS	General Budget Support
GCCA+SUPA	Global Climate Change Alliance Plus-Scaling up Pacific Adaptation
GCF	Green Climate Fund
GDP	Gross Domestic Product
GEF	Global Environment Facility
GFS	Government Financial Statistics
HYEFU	Half-Year Economic and Fiscal Update
ICI	Infrastructure Cook Islands
IMF	International Monetary Fund
INTAFF	Ministry of Internal Affairs
LRF	Loan Repayment Fund
MFAI	Ministry of Foreign Affairs and Immigration
MFEM	Ministry of Finance and Economic Management
MMR	Ministry of Marine Resources
MOA	Ministry of Agriculture
MTEC	Medium-term Expenditure Ceiling
MTFF	Medium-term Fiscal Framework
MTFS	Medium-term Fiscal Strategy
NES	National Environment Services
NGO	Non-governmental organisation
NSDA	National Sustainable Development Agenda 2020+
NZD	New Zealand Dollar
ODA	Official Development Assistance
PIF	Pacific Islands Forum Secretariat
POBOC	Payments on Behalf of Crown
ROBOC	Revenue on Behalf of Crown
SPC	Pacific Community, formerly known as the South Pacific Commission
SPREP	Pacific Regional Environment Programme
SOE	State-Owned Enterprise
UNCCD	United Nations Convention to Combat Desertification
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNICEF	United Nations Children’s Fund
UNPRPD	United Nations Partnership on the Rights of Persons with Disabilities
USD	United States Dollar

General Notes on the Supplementary Budget

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

Foreword

The Appropriation Amendment (the Supplementary Estimates) is tabled in Parliament to provide details on changes to existing appropriations and newly proposed appropriations outlined in the Appropriation Amendment Bill since the corresponding budget was approved.

It is important to note that the revenue and debt funding forecasts in the Supplementary Budget remain unchanged since the publication of the *2023/24 Half-Year Economic and Fiscal Update (HYEFU)* in December 2023. Hence, both the Economic Chapter (Chapter 4) and Debt Chapter (Chapter 6) are presented briefly. For more details on these two topics, please refer to the 2023/24 HYEFU¹.

¹ Accessible from <https://www.mfem.gov.ck/the-national-budget>.

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19 February 2024

STATEMENT OF RESPONSIBILITY

I have read the Financial Secretary's Statement of Responsibility and concur with him regarding the preparation of the 2023/24 Appropriation Amendment. Section 23 of the *Ministry of Finance and Economic Management (MFEM) Act 1995-96* requires the Government to pursue its policy objectives in accordance with the principles of responsible fiscal management and specifies these principles in section 23(2).

This budget document was produced on the best professional judgement that we have at this time. I accept the overall responsibility for the integrity of the 2023/24 Appropriation Amendment in compliance with the MFEM Act 1995-96.

Kia manuia,

A handwritten signature in black ink, appearing to read 'Mark Brown', written over a horizontal line.

Honourable Mark Brown
Minister of Finance and Prime Minister



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

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19 February 2024

STATEMENT OF RESPONSIBILITY

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

In accordance with section 24(1) of the MFEM Act 1995-96, the MFEM 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 MFEM Act 1995-96, are required to maintain the principles of responsible fiscal management set out in the Act.

The information in this document is comprehensive and includes a Statement of Fiscal Responsibility that clearly sets out the position in terms of fiscal responsibility as required under section 23(2)(a) of the MFEM Act 1995-96.

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. Introduction and Overview

This Appropriation Amendment Estimates, also known as the Supplementary Estimates, provides details on all new appropriations and changes to existing appropriations since the approval of the 2023/24 Budget by Parliament in May 2023.

Given the brief period since the release of the [2023/24 Half-Year Economic and Fiscal Update](#) (HYEFU)² in December 2023, there have been no changes to the revenue and debt funding forecasts provided in this release. For further details on these forecasts, the document is available on the MFEM website.

The Supplementary Budget includes measures to effectively manage government obligations that emerged during the year, all while adhering to the fiscal rules. An additional \$3.3 million, comprising \$2.6 million in operating expenditure and \$0.7 million in capital expenditure, has been allocated in the Supplementary Budget to address priorities in the 2023/24 fiscal year. This, together with transfers, carry-forwards from 2022/23, and funding for new initiatives (many outlined in the 2023/24 HYEFU), leads to a shift from a \$0.9 million deficit in the 2023/24 Budget to a \$4.6 million deficit in the operating balance. Similarly, the fiscal balance further declines from an \$8.3 million deficit to a \$19.2 million deficit due to increased operating and capital expenditure, offsetting the \$5.6 million increase in operating revenue. The outlook for the outer years (from 2024/25 to 2026/27) remains unchanged from the 2023/24 HYEFU with a fiscal surplus of \$11.3 million projected in 2024/25, \$14.1 million in 2025/26 and \$22.0 million in 2026/27.

The 2024/25 Medium-Term Fiscal Strategy (MTFS) outlined in the 2023/24 HYEFU allows for increased spending over the medium-term. However, additional funds will be directed towards supporting economic recovery, addressing inflationary pressures, managing recruitment and retention challenges in government, enhancing key government services, and fulfilling debt servicing obligations. It is crucial to carefully balance increased spending against projected cash reserves.

The economic and fiscal forecasts are developed in the context of an ongoing recovery from the impacts of the COVID-19 pandemic, supported by a resurgence in tourism volumes. The recovery has progressed faster than anticipated, with visitor arrivals exceeding 143,000 in the 2023 calendar year. Despite limitations on capacity from the New Zealand market, these arrivals have shown higher spending and extended stays compared to the pre-pandemic period. However, inflation remains a notable concern.

² Accessible from <https://www.mfem.gov.ck/the-national-budget>.

2. Medium-term Fiscal Strategy

This chapter provides a brief update on the Cook Islands Government’s Medium-term Fiscal Strategy (MTFS) for the period, 2024/25 to 2027/28, following its release in the *2023/24 Half-Year Economic and Fiscal Update (HYEFU)*. The MTFS reiterates the Government’s commitment to sound fiscal and economic management, within the context of an ongoing recovery from the severe economic shock of COVID-19 on the Cook Islands’ economy.

With the increase in visitor numbers during the 2023/24 fiscal year, government revenue has also risen, surpassing the figures reported in the 2023/24 Budget. As a result, there is now an available fiscal space of \$3.3 million for the 2023/24 period, allowing adjustments to the 2023/24 appropriation to strengthen the Government's capacity for a sustainable recovery from the impacts of COVID-19.

2.1.1. Fiscal Responsibility Rules

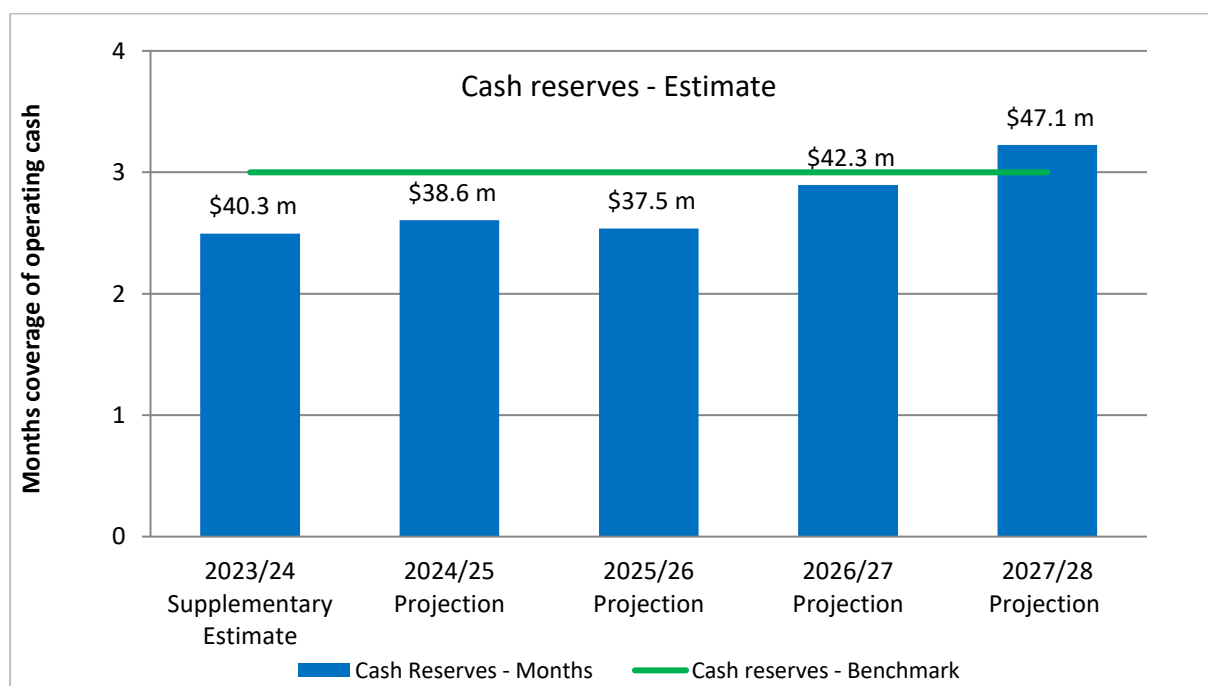
2.1.1.1. MTFS Cash Reserves Rule

For prudential reasons, the Government requires a level of cash reserves to be on hand at all times, to act as a buffer in case of a liquidity shortage resulting from an economic shock or natural disaster. For example, if a large cyclone were to impact Rarotonga, and cause a halt to tax collections, the Government would require a level of cash to be held in reserve to cover operations.

A prudent level of cash reserves is typically equivalent to three months of operating expenditure, available either as cash or in liquid cash investments. One-months’ worth of operating expenditure is considered an emergency level of cash reserves.

Figure 2-1 indicates that the Government's cash reserve is comfortably above the one-month emergency level, demonstrating a trend towards approaching the three-month threshold in the outer years. This projection is based on a conservative approach, and a more balanced view would consider factors like potential support from development partners and anticipated underspends in appropriation.

Figure 2-1 Cash Reserves rule projections



2.1.1.2. MTFS Operating Expenditure Rule

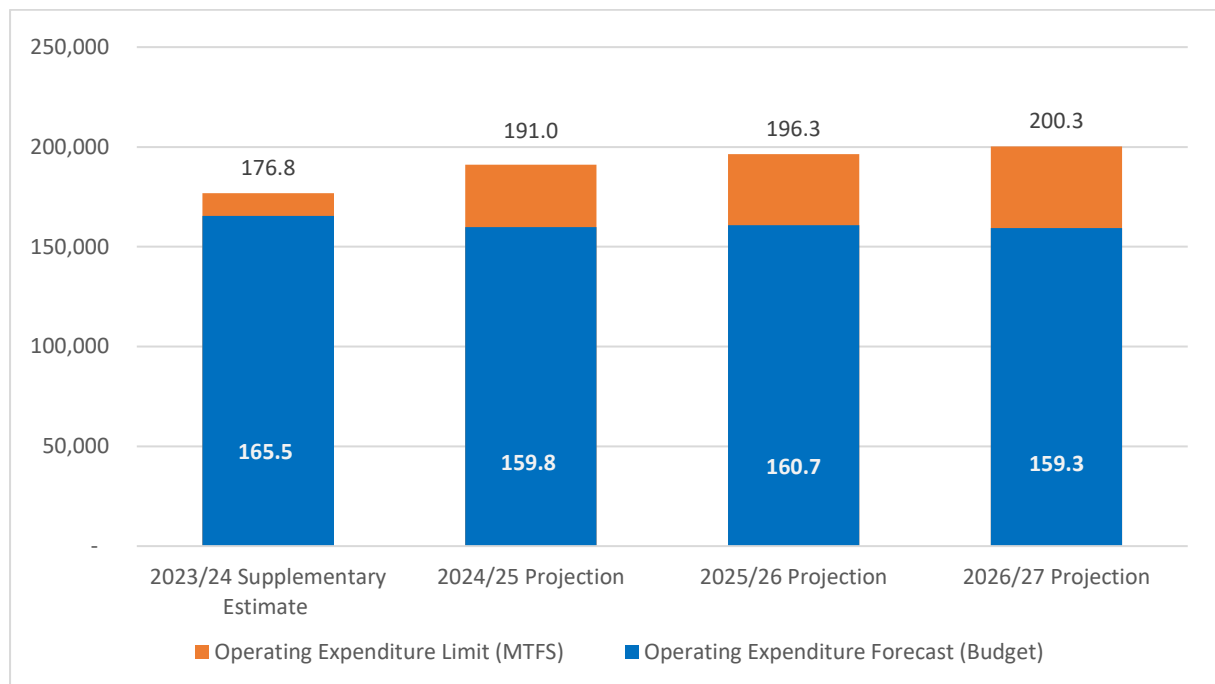
The expenditure rule states that the “baseline budgeted operating³ expenditure cannot grow by more than the greater of 2 per cent or the average of the past two years growth in the Consumer Price Index (CPI) year-on-year.” The operating expenditure rule controls growth in government expenditure by limiting year-on-year growth whilst allowing for a response to inflationary pressure if required.

The operating expenditure rule controls government expenditure by limiting year-on-year growth to a maximum of 8.6 per cent in 2023/24. This percentage is derived from the average inflation over 2021/22 and 2022/23, which stood at 8.6 percent, surpassing the default limit of 2 per cent. This rule allows for limitations to be applied to government’s day-to-day operating budget, but excludes contractual payments such as loan interest and welfare payments. The overall expenditure ceiling does still consider these expenditure requirements into total government expenditure; thus, the operating expenditure rule serves to limit expansion of operating expenditure during periods of increasing fiscal expenditure, but is superseded by other rules during periods of fiscal contraction.

As shown in Figure 2-2, the expenditure profile remains consistent with what is reported in the 2023/24 HYEFU, indicating that the additional expenditure through the 2023/24 Supplementary Budget is well within the expenditure limit for the fiscal year. The relatively large gap in the outer years is attributed to recent high inflation and the binding nature of the cash reserves rule.

This low-growth in operating expenditure for the medium-term reflects fiscal prudence, which has set the foundations for responsible fiscal management going forward.

Figure 2-2 Operating Expenditure rule growth projections



³ Baseline operating expenditure is defined as total government department expenditure. This is identified as the total Gross Current Appropriation in Schedule 1.

2.1.1.3. MTFS Net Debt Rule and Investment Rule

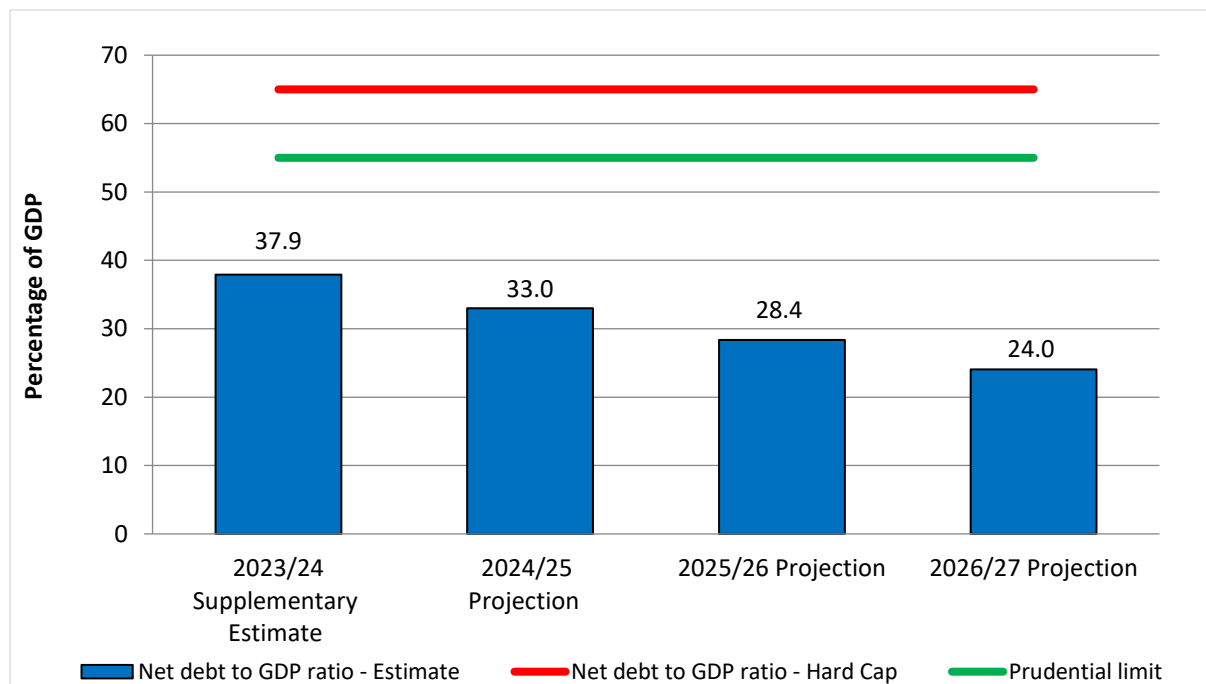
The Net Debt rule states that “Net debt should not exceed a soft cap of 55 per cent of GDP, and cannot exceed a hard cap of 65 per cent of GDP”. The Investment Rule also relates to the net debt position, as it states “the Government shall commit that any additional borrowing once debt has reached 55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

Net debt to GDP measures debt relative to national income, and 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 specified purposes.

The additional expenditure allocated in the Supplementary Budget does not require any new debt to be entered into at this time. As such, the net debt to GDP for 2023/24 and the outer years remains consistent with what was reported in the 2023/24 HYEPU. The Government expects to hold a debt⁴ equivalent to \$213.7 million in NZD by the end of 2023/24, with changes in the value of this debt primarily influenced by foreign exchange movements.

In the event of a natural disaster, the Government has a contingent loan of \$30.3 million. If utilised in 2023/24, the gross debt would be approximately \$246.9 million, resulting in a net debt of 43.8 per cent of GDP. Excluding this contingent loan or any additional debt, the net debt ratio is expected to decrease annually to 24.0 per cent by 2026/27.

Figure 2-3 Net Debt rule projections



As the Net Debt Rule contains considerable space, the Investment Rule is currently non-binding, as it is only relevant when net debt exceeds 55 per cent of GDP.

⁴ Excluding commercial debt held by the Airport Authority Cook Islands

3. Fiscal Update

This chapter explains the Government's financial performance, reflecting the adjustments that have been made in the Supplementary Budget since the 2023/24 Budget.

3.1. Fiscal Indicators and Projections

The updated fiscal position and medium-term projections of the Government are detailed in Table 3-1.

For the 2023/24 fiscal year, a deficit of \$4.6 million in the operating balance and a deficit of \$19.2 million in the fiscal balance are anticipated, attributed to increased operating and capital expenditure. This additional spending is linked to funding from the Supplementary Budget, approved work programs or capital projects endorsed either through executive order or carried forward from the 2022/23 fiscal year for completion in 2023/24.

A fiscal surplus is forecasted from 2024/25 onward, driven by an increase in total operating revenue, coupled with reductions in both total operating and capital expenditure.

The estimated general cash reserve for 2023/24 is \$40.3 million, a significant reduction from the estimated \$51.8 million reported in the 2023/24 Budget, covering only 2.3 months of operating expenditure. Anticipated loan principal repayments up to 2030 are expected to result in a gradual improvement in cash reserves in the outer years towards the three-month threshold.

For 2024/25 onwards, a yearly decrease in net debt is forecasted, facilitated by improvements in GDP and increased debt repayments. As a result, a net debt balance of \$157.0 million is expected by 2026/27.

Table 3-1 Fiscal Indicators Summary (\$million)

	2022/23 Actual	2023/24 Budget Estimate	2023/24 Supp. Estimate	2024/25 Proj.	2025/26 Proj.	2026/27 Proj.
Statement of Financial Performance						
Taxation Revenue (\$m)	110.7	162.2	167.5	176.9	185.4	191.6
Social Contributions (\$m)	0.0	0.0	0.0	0.0	0.0	0.0
Other Revenue (\$m)	55.9	36.9	37.3	29.3	25.0	25.3
Total Operating Revenue (\$m)	166.6	199.1	204.7	206.2	210.3	217.0
Total Operating Revenue Percentage of GDP	32.4	36.8	36.3	34.6	33.7	33.2
Tax Revenue Percentage of GDP	21.6	30.0	29.7	29.7	29.7	29.3
Total Cyclical Revenue (\$m)	10.8	16.8	17.4	18.0	12.8	12.8
Total Cyclical Revenue Percentage of GDP	2.1	3.1	3.1	3.0	2.1	2.0
Total Structural Revenue (\$m)	155.8	182.3	187.4	188.2	197.5	204.1
Total Structural Revenue Percentage of GDP	30.3	33.7	33.2	31.6	31.7	31.3
Personnel (\$m)	70.5	78.5	79.4	78.7	78.9	78.9
Percentage of Total Revenue	42.3	39.4	38.8	38.2	37.5	36.4
Percentage of Structural Revenue	45.3	43.1	42.4	41.8	39.9	38.7
Total Operating Expenditure (\$m)	170.5	200.0	209.3	193.1	192.5	190.1
Percentage of GDP	33.2	36.9	37.1	32.4	30.8	29.1
Percentage of Operating Revenue	102.3	100.4	102.2	93.6	91.5	87.6
Baseline Operating Expenditure (for Fiscal Rule)	149.1	157.2	166.5	159.8	160.7	159.3
Cash Operating Expenditure*	156.1	184.7	193.9	177.9	177.5	175.2
Operating Balance (\$m)	(3.9)	(0.9)	(4.6)	13.1	17.9	26.8
Percentage of GDP	(0.8)	(0.2)	(0.8)	2.2	2.9	4.1
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
Non-Operating Balance (\$m)	(33.4)	(38.8)	(44.8)	(33.7)	(37.9)	(40.4)
Fiscal Balance surplus/deficit (\$m) *	(12.2)	(8.3)	(19.2)	11.3	14.1	22.0
Percentage of GDP	(2.4)	(1.5)	(3.4)	1.9	2.3	3.4
Statement of Financial Position (\$m)						
Assets (\$m)	598.8	639.4	632.9	629.7	629.4	636.0
Liabilities (\$m)	415.8	395.5	401.3	384.1	364.7	344.7
Crown Balance (\$m)	183.0	243.9	231.5	245.6	264.7	291.2
Percentage of GDP	35.6	45.1	41.1	41.2	42.4	44.6
Working Capital (\$m)	67.1	48.3	36.8	35.1	34.0	38.7
Working Capital (months coverage)	5.2	3.1	2.3	2.4	2.3	2.7
Stabilisation Account	3.5	3.5	3.5	3.5	3.5	3.5
General Cash Reserves	70.7	51.8	40.3	38.6	37.5	42.3
Statement of Borrowings (\$m)						
Gross Debt end of FY (\$m)	231.0	210.7	216.6	199.4	180.0	160.0
Excluding Contingency Loan	112.6	0.0	0.0	0.0	0.0	0.0
Gross Debt, Percentage of GDP	45.0	38.9	38.4	33.5	28.8	24.5
Net Crown Debt, end of FY (\$m)	226.0	204.8	213.7	196.5	177.0	157.0
Net Debt, Percentage of GDP	44.0	37.8	37.9	33.0	28.4	24.0
Loan Repayment Reserves Held (\$m)	5.0	5.9	2.8	2.9	3.0	3.0
Net Debt Servicing (\$m)	18.5	22.1	24.4	25.4	27.0	28.3
Percentage of Total Revenue	11.1	11.1	11.9	12.3	12.8	13.0
Percentage of Structural Revenue	11.9	12.1	13.0	13.5	13.6	13.8
Development Partner Support (\$m)						
Grants (\$m)	23.9	89.7	94.9	19.0	7.4	6.2
Percentage of GDP	4.7	16.6	16.8	3.2	1.2	0.9
Memo item: Nominal GDP (\$m)	513.6	541.5	563.9	595.6	624.0	652.9

3.1. Movements since the 2023/24 Budget

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 changes in revenue and expenditure from the 2023/24 HYEPU to the 2023/24 Supplementary Budget, which are explained in greater detail below.

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 2023/24 HYEPU	(3,853)	(1,715)	13,102	17,892	26,827
Revenue					
<i>Revenue Parameter Changes</i>	0	0	0	0	0
<i>Adjustments to:</i>					
Value Added Tax (VAT)	0	0	0	0	0
Income tax	0	0	0	0	0
Import levies	0	0	0	0	0
Company tax	0	0	0	0	0
Departure tax	0	0	0	0	0
Withholding tax	0	0	0	0	0
<i>Other Revenue Changes</i>	0	(46)	0	0	0
Other revenue	0	0	0	0	0
Trading Revenue	0	(46)	0	0	0
Dividend	0	0	0	0	0
Core Sector support	0	0	0	0	0
Total Revenue Changes to 2023/24 Supplementary	0	(46)	0	0	0
Expenditure					
<i>Expenditure Decisions by Government</i>	0	2,608	0	0	0
<i>Technical adjustments</i>	0	0	0	0	0
<i>Reclassifications of expenditure</i>	0	0	0	0	0
<i>Parameter changes</i>	0	196	0	0	0
Total Expenditure Changes to 2023/24 Supplementary	0	2,804	0	0	0
OPERATING BALANCE as at 2023/24 Supplementary	(3,853)	(4,566)	13,102	17,892	26,827
Capital Expenditure	22,415	30,013	17,215	19,159	19,588
Depreciation	14,066	15,360	15,410	15,410	14,809
FISCAL BALANCE - as at 2023/24 Supplementary	(12,202)	(19,219)	11,297	14,144	22,048

3.1.1. Revenue

Revenue projections show little deviation from the figures outlined in the 2023/24 HYEFU. The sole adjustment made to the revenue estimates pertains to the 2023/24 period, encompassing a slight reduction of \$46,000 in anticipated Trading revenue from government agencies.

3.1.2. Expenditure

3.1.2.1. Expenditure Decisions

Following the 2023/24 Budget, the overall expenditure has increased from \$200.0 million to \$209.4 million, primarily impacting the category of 'expenditure decisions by Government.' The specific government priorities influencing this increase are explained below:

Operating Expenditure

- **\$339,812** for Parliamentary Services to cover the following:
 - **\$75,309** in operating funds to address the anticipated operating shortfall for the remainder of the year to cover normal operations which includes office expenses, repairs and maintenance, fuel and oil, professional services and other expenses.
 - **\$28,738** increase to the 'Special Select Committee' administered payment to cover related costs for the remainder of the financial year.
 - **\$163,483** for the 'MPs Travel and Allowances' POBOC to address the anticipated shortfall in travel plans for Members of Parliament for the remainder of the fiscal year.
 - **\$72,282** increase to the 'Parliamentary sitting' POBOC to cover four parliamentary sessions in Dec 2023 (5 days), Feb 2024 (10 days), May 2024 (3 days), Jun 2024 (10 days).
- **\$173,000** for the Office of the Public Service Commissioner to conduct the following:
 - **\$69,000** increase to recruit personnel (\$59,000) and procure contracting services (\$10,000) to initiate implementation of certain recommendations outlined in the Functional Review report.
 - **\$54,000** to address operating expenses for the remainder of the fiscal year, including meeting and conference expenses, recruitment costs for Heads of Ministries (HOMs), and performance reviews.
 - **\$50,000** increase in the 'HOM's Salaries' administered Payment due to new HOM recruitments, contract negotiations, salary adjustments, and annual leave payouts.
- **\$450,000** to Infrastructure Cook Islands for the following:
 - **\$50,000** in operating funds to support the hosting of the Pacific Water and Wastewater Association (PWWA) conference in 2024, which was committed to in 2020 and rescheduled.
 - **\$400,000** increase in the 'Road and Drainage Asset Management' administered payment to facilitate the repair and maintenance of back and linked roads, along with addressing drainage around the island and potholing of non-asphalt sealed main road.
- **\$1.1 million** to enable the Ministry of Health to cover the following costs:
 - **\$59,200** in operating funds to support the implementation plan of the Narcotics and Misuse of Drugs Amendment Act. This funding will cover various activities including the creation of new regulations, preparing a policy paper for cabinet review, providing training for Health staff on aspects like importation and prescribing, and conducting training for border and law enforcement agencies. It will also include developing standard operating procedures for health professionals. These activities were not initially part of the Ministry of Health's deliverables for the 2023/24 fiscal year.
 - **\$800,000** increase in the 'Patient Referrals' administered payment to ensure there is sufficient funds until the end of the 2023/24 fiscal year for referral costs. Due to challenges

in securing patient appointments and placements through the New Zealand public health system, a recent policy change has expanded the scope of the Patient Referral policy to include private health service providers.

- **\$280,000** to replenish the 'Pharmaceuticals' administered fund, to ensure a continuous supply of pharmaceuticals until the end of the 2023/24 fiscal year.
- An additional **\$210,000** in operating funds will be evenly disbursed among the four Ministerial Support Offices and the Leader of the Opposition's Support, resulting in \$42,000 allocated to each. This funding is designated to addressing the newly incurred costs for building security to ensure a safe working environment for all.
- **\$80,000** has been provided for the Ministry of Internal Affairs as an administered payment to send a full tripartite delegation to attend the annual International Labour Conference (ILC). The goal is to strengthen international relationships, particularly with the International Labour Organization (ILO). The delegation will consist of two public servants, one representative from the Chamber of Commerce and one representative from the Cook Islands Workers Association. The conference is scheduled for June 2024 spanning a period of two weeks.
- **\$6,344** increase in personnel for the Office of the Ombudsman to address pending payments for the Investigation Lead's Higher Duties Allowance. During the 2022/23 financial year, the Investigation Lead assumed the responsibilities of the Ombudsman but did not receive the due payment. Additionally, there were uncertainties in executing specific projects, such as the consultations in the Northern Group for the establishment of the International Human Rights Institution and expenses related to the relocation of the Ombudsman Office which resulted in savings. Although this funding was initially requested as a carry forward, the deadline for such submissions has passed. Consequently, the funding is now being processed through the Supplementary Budget to fulfil this requirement.
- **\$310,000** for the Cook Islands Seabed Minerals Authority to conduct the following:
 - **\$130,000** in operating funds to enable the Seabed Minerals Authority to fulfil stakeholder engagement and partnerships.
 - **\$180,000** increase in the 'Seabed Minerals Sector Development' administered fund to secure additional technical expertise for advancing work to the next stage. Legal expertise and environmental consultants are required to assist in developing the regulatory framework and providing advice.

Capital Expenditure

- An additional **\$220,000** has been allocated for the 'Pa Enea Capital Distribution Fund' under the Ministry of Finance and Economic Management (MFEM) to replace essential Renewable Energy components for the solar panels in the Pa Enea.
- **\$100,000** of new funding for the 'Government Buildings – Rarotonga' capital line under the Cook Islands Investment Corporation (CIIC) to support the removal and replacement of the asbestos-infested roof of the MFEM-Revenue Management Division (RMD) building, including gutters, purlins, and fascia boards as needed, and to install a new colour-steel metal roof. The total project cost is \$400,000, comprising of a \$200,000 transfer from the CIIC's 'Rarotonga Cyclone shelter' project line, a \$100,000 transfer from the MFEM's operating budget and this additional \$100,000.
- **\$280,000** of new funds has been allocated under the Ministry of Agriculture's capital budget titled 'Purchase of Capital Equipment' to facilitate the procurement of heavy-duty equipment for community-based activities.

In addition to expenditure impacting the category of ‘expenditure decisions of government’, the following are expenditure transfers between budget lines, detailed below:

Operating Expenditure

- **\$650,000** from the ‘Marketing Resources - Tourism Growth Strategy’ administered fund within the Cook Islands Tourism Corporation to the ‘Airline Route Development’ administered fund under MFEM. This transfer streamlines the payment process, consolidating costs into a single source of funding instead of making two separate payments from both funding sources.
- **\$150,000** from the ‘Welfare Payments’ POBOC to the ‘Welfare Payments – Allowances’ administered payment to cover the potential shortfall in Caregivers allowances.
- **\$46,121** from Ministry of Agriculture’s trading revenue to its operating budget.

Capital Expenditure

- **\$100,000** from the MFEM's operating budget to the ‘Government Building Projects – Rarotonga’ capital line under CIIC to assist with the repairs and replacement of the MFEM-RMD building roof and other areas contaminated with asbestos.
- **\$200,000** from the CIIC's ‘Rarotonga Cyclone shelters - Remediation’ capital line to the ‘Government Building Projects – Rarotonga’ capital line to fund repair works for the MFEM-RMD building.

3.1.2.2. Carry forwards from the 2022/23 Budget

Table 3-3 below provides an overview of the total carry forwards that were approved and reported in the 2023/24 HYEPU. A total of **\$9.8 million** was approved for carry-forward from the 2022/23 Budget to complete ongoing work programmes in the 2023/24 fiscal year. Of this total, \$6.6 million for capital expenditure and \$3.3 million relates to operating expenditure.

Table 3-3 Carry forwards approved (\$'000)

Agency	Details	Amount
	Capital Expenditure	
CIIC	Pa Enea Government Building Projects - Southern Group	100
CIIC	Pa Enea Government Building Projects - Northern Group	90
CIIC	Government Building Projects - Rarotonga	650
CIIC	Land Acquisition	95
CIIC	To Tatou Vai	2,450
CIIC	Airport Authority - Rarotonga Airport Slab Replacement	780
MFEM	Revenue Management System upgrade (RMD)	1,672
ICI	Road Asset Management and Improvement Programme	669
ICI	Water and Sanitation Infrastructure Improvement Programme	46
	Total Capital expenditure	6,552
	Operating Expenditure	
	<i>Personnel</i>	
Audit office (PERCA)	Recruitment and relocation cost	30
Audit office (PERCA)	Job sizing, retention and market premium payments	99
Corrective Services	Personnel savings (transfer to operating) to cover recruitment costs like advertising	15
Crown Law	Personnel appropriation	50
MFEM	Treasury Management Staffing (x4)	250
MFEM	HR Assistant	35
MFEM	Technical Advisor	22
Education	Personnel savings - to account for the new immigration charges (visa and work permits) effective from June 2023.	111
Transport	Personnel savings (transfer to operating) to assist with the dangerous goods audit of major fuel facilities on Rarotonga	30
	<i>Total personnel</i>	642

Agency	Details	Amount
	<i>Operating</i>	
Audit office (PERCA)	Pa Enea southern group follow-up visit	17
FSDA	Organising and hosting a Financial Services Industry Forum	17
FSDA	For drafting and enacting the Segregated Cell Company legislation	15
MFAI	To support hosting costs for the Pacific Islands Forum Leaders Meeting	71
Minister Albert Nicholas' Support office	To cover office expenses	28
Corrective Services	To complete embroidery work on work uniforms	1
Crown Law	Operating appropriation	10
MFEM	Forum Economic Ministers Meeting	46
MFEM	Renovation work (FinSec office)	15
MFEM	Asbestos Problem RMD	170
MFEM	EPD Operating	30
Education	Education Strategy	30
	<i>Total operating</i>	<u>450</u>
	<i>Administered payments</i>	
OPSC	HOMs Salaries	38
MFAI	Cook Islands Student Association Support	8
Crown Law	Legal Provisions	38
MFEM	Provision for Inter-Island Shipping	104
MFEM	IGOR - International Exchange of Information system upgrade	89
MFEM	Universal Access Funds	138
MFEM	Economic Recovery Roadmap	973
MFEM	Airline Route Development	447
MFEM	Public Sector Strengthening	35
MFEM	Price Tribunal Committee	20
Justice	Judge's Allowance	109
	<i>Total Administered payments</i>	<u>1,998</u>
	<i>Payment on behalf of Crown (POBOC)</i>	
MFEM	Competition and Regulatory Authority (CRA)	166
	<i>Total POBOC</i>	<u>166</u>
	Total Operating Expenditure	3,256
	Overall total of carry-forwards approved	9,808

3.1.2.3. Executive Orders since the 2023/24 Budget

Additional expenditure totalling, **\$3.3 million** was approved through Executive order for the 2023/24 Budget as of 1 December 2023 and reported in the 2023/24 HYEUFU. An overview of these expenditures is provided in the table below:

Table 3-4 Executive orders approved as at 2023/24 HYEUFU (\$'000)

Expenditure Type	Agency	Details	Amount
Admin. Fund	Culture	Top up to the 'National Events' fund	500
POBOC	Transport	Top up to the 'Maritime Radio Coverage' fund	178
POBOC	Parliament	Top up to the 'MP Travel and Allowances' fund	304
Admin. Fund	Health	Top up to the 'Patient Referrals' fund	1,000
Admin. Fund	Finance & Economic Management	Top up to the 'Provision for Inter-Island Shipping' fund	1,275
		Total executive orders - 2023/24 HYEUFU	3,257

In addition to the expenditures mentioned in Table 3-4, the following expenditure was also approved through Executive Order after the publication of the 2023/24 HYEUFU in December 2023:

- **\$149,962** for the 'Lexis Nexis – Portal Maintenance' administered payment to complete phase two of the consolidation of the Laws of the Cook Islands project, set to launch on 24 June 2024.

4. Economic Update

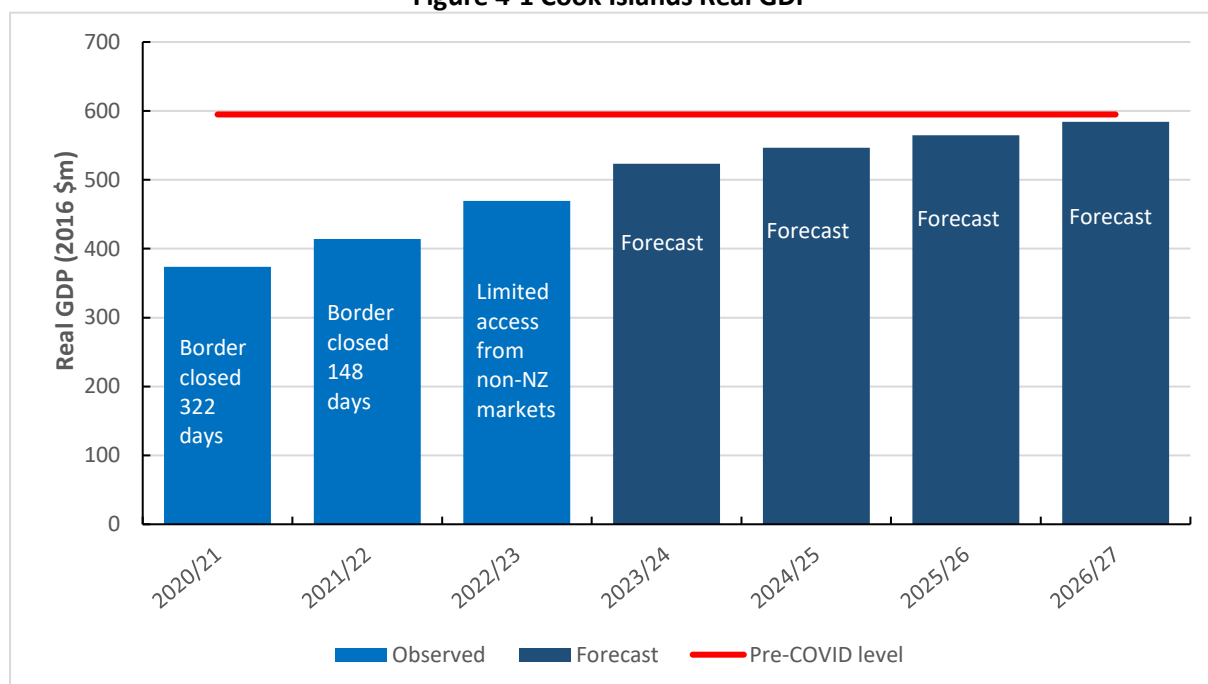
This chapter will provide the key economic aggregates for the 2023/24 Supplementary Budget. For more details on the Cook Islands economy, please see the [2023/24 Half-Year Economic and Fiscal Update \(HYEFU\)⁵](#), which is available on the Ministry of Finance and Economic Management website.

4.1. Overview

The Cook Islands saw a strong economic rebound in the 2022/23 fiscal year, with the lifting of COVID-19 travel restrictions leading to a notable increase in tourist arrivals. This surge in tourism, which accounts for a significant portion of economic activity in the Cook Islands, resulted in a 13.3 per cent growth in real GDP.

As businesses shifted away from government support packages and the economy returned to pre-pandemic conditions, signs of continued recovery are promising for both individuals and businesses. The revival of tourism not only boosted sectors like accommodation, travel agencies, and tour operators but also stimulated growth in finance, insurance, professional services, and arts and recreation industries.

Figure 4-1 Cook Islands Real GDP



Before the COVID-19 pandemic, the economy thrived with double-digit growth in 2017/18 and 2018/19, largely due to a surge in visitor arrivals exceeding 150,000 in 2016/17. However, the pandemic abruptly halted this progress, erasing almost a decade of growth in just over a year, despite significant government stimulus efforts. The pandemic caused a substantial drop in GDP, surpassing 41 per cent in real terms from peak to trough.

Another significant challenge in 2022/23 was a sudden surge in inflation. This led to a 13.0 per cent increase in consumer prices throughout the fiscal year⁶, putting additional financial strain on both businesses and households. Global factors, particularly related to fuel and transport pricing, were major contributors to this inflation, making it difficult, if not impossible, to avoid. Inflation reached its

⁵ Accessible from <https://www.mfem.gov.ck/the-national-budget>.

⁶ Year average terms.

peak in the year leading up to September 2022, exceeding 15 per cent, before gradually declining to an average of 13.0 per cent for the 2022/23 fiscal year.

This persistent inflation trend posed challenges globally, with countries like New Zealand and Australia also experiencing high inflation rates. However, the worst phase seems to have passed, and forecasts suggest that inflation will decrease to around 3.1 per cent in 2023/24, although still higher than recent historical levels in the Cook Islands. Looking ahead, there's an expectation for a gradual return to more typical inflation levels in the coming years.

A summary of key indicators is provided in Table 4-1 for the budget year and forward years of the 2023/24 Supplementary Budget.

Table 4-1 Summary of Economic Indicators

Economic Indicator	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027
	Act.	Est.	Proj.	Proj.	Proj.	Proj.
Economic Activity						
Nominal GDP (\$'000)	396,927	513,595	563,890	595,640	624,019	652,935
Percentage change (YOY)	13.6	29.4	9.8	5.6	4.8	4.6
Real GDP ⁷ (2016 prices, \$'000)	414,112	469,190	523,110	546,292	564,451	584,220
Percentage change (YOY)	10.9	13.3	11.5	4.4	3.3	3.5
Inflation (CPI)						
Percentage change (YA)	4.2	13.0	3.1	2.4	1.5	1.6
Construction/Capital Investment						
Construction value-add (\$'000)	11,153	13,370	14,840	15,696	16,497	17,280
Productive Sector Indicators						
Visitor Arrivals	59,657	127,340	152,949	169,079	170,165	170,643
Percentage change (YOY)	691.2	113.5	20.1	10.5	0.6	0.3
Estimated Visitor Expenditures (\$'000)	109,168	247,787	311,977	348,674	356,702	365,242
Agriculture & fisheries value-added (\$'000)	13,641	14,073	14,722	14,999	15,802	16,395
External Sector						
Merchandise Trade Balance (\$'000)	-126,675	-193,718	-204,175	-226,601	-232,828	-241,597
Services Trade Balance (\$'000)	73,911	203,153	264,406	297,032	303,876	310,799
Exchange Rate (USD/NZD Average)	0.6350	0.6410	0.6160	0.6325	0.6530	0.6590

⁷ Due to some technical issues regarding the 2020/21 GDP deflators, the Real GDP published here differs from that published on the MFEM website.

5. Government Financial Statistics Statement

The Government Financial Statistics (GFS) Operating Statement provides a breakdown of the Government's financial performance. It includes all the funds managed at the general government level such as the Loan Reserve fund and official development assistance (ODA).

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

Statement of Government Operations	2022/23 Actual	2023/24 Supp. Estimate	2024/25 Proj.	2025/26 Proj.	2026/27 Proj.
REVENUE	190,561	299,592	225,186	217,758	223,160
Taxes	110,700	167,473	176,869	185,386	191,623
Social contributions	0	0	0	0	0
Grants	23,949	94,864	18,985	7,409	6,200
<i>Current</i>	14,946	39,085	18,985	7,409	6,200
<i>Capital</i>	9,003	55,779	0	0	0
Other revenue	55,912	37,255	29,332	24,964	25,336
EXPENSE	185,411	248,379	212,084	199,865	196,332
Compensation of employees	70,524	79,449	78,727	78,904	78,904
Use of goods and services	49,772	83,983	55,721	44,304	43,190
Depreciation	14,066	15,360	15,410	15,410	14,809
Interest	8,483	8,960	10,368	9,553	8,683
Subsidies	8,618	25,982	19,719	19,319	18,019
Grants	0	0	0	0	0
Social benefits	25,259	27,101	25,799	26,012	26,014
Other expense	8,689	7,543	6,340	6,364	6,714
NET OPERATING BALANCE	5,151	51,214	13,102	17,893	26,828
<i>Plus</i> NON CASH APPROPRIATIONS					
Depreciation	14,066	15,360	15,410	15,410	14,809
CASH SURPLUS/(DEFICIT) FROM OPERATING TRANSACTIONS	42,146	66,574	28,512	33,303	41,637
CASH TRANSACTIONS IN NONFINANCIAL ASSETS					
Net Cash Applied to the Acquisition of Fixed Assets	31,419	85,793	17,215	19,159	19,588
Gross transactions in Non-Financial Assets	45,485	101,153	32,625	34,569	34,397
<i>Less</i> Non-Cash Transactions in Non-Financial Assets (Depreciation)	(14,066)	(15,360)	(15,410)	(15,410)	(14,809)
NET (BORROWING)/LENDING	10,727	(19,219)	11,298	14,144	22,048
CASH APPLIED TO THE NET ACQUISITION OF FINANCIAL ASSETS	4,438	(30,345)	(1,689)	(1,092)	4,735
Domestic Transactions	4,438	(30,345)	(1,689)	(1,092)	4,735
Foreign Transactions	0	0	0	0	0
CASH APPLIED TO THE NET INCURRENCE OF LIABILITIES	6,350	11,127	12,987	15,236	17,314
Domestic Transactions	0	0	0	0	0
Foreign Transactions	6,350	11,127	12,987	15,236	17,314
NET CASH FINANCING TRANSACTIONS	10,789	(19,219)	11,298	14,144	22,048
<i>Statistical discrepancy</i>	62	0	0	0	0

5.1. GFS Net Operating Balance

The GFS net operating balance is determined by deducting operating expenditure from operating revenue. In the 2023/24 fiscal year, an estimated operating surplus of \$51.2 million is projected, reflecting a decrease of \$1.9 million from the figure reported in the 2023/24 Budget. This decline is attributed to a \$12.7 million increase in expenses compared to the initial 2023/24 Budget, offsetting the \$10.8 million rise in revenue, primarily from taxes (increasing by \$5.3 million) and grants (increasing by \$5.1 million).

From 2024/25 onwards, an operating surplus is projected with the anticipated recovery in tax receipts as grant funding subsidies, and expenses gradually decrease to \$196.3 million by 2026/27.

5.1.1. GFS Operating Revenue

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

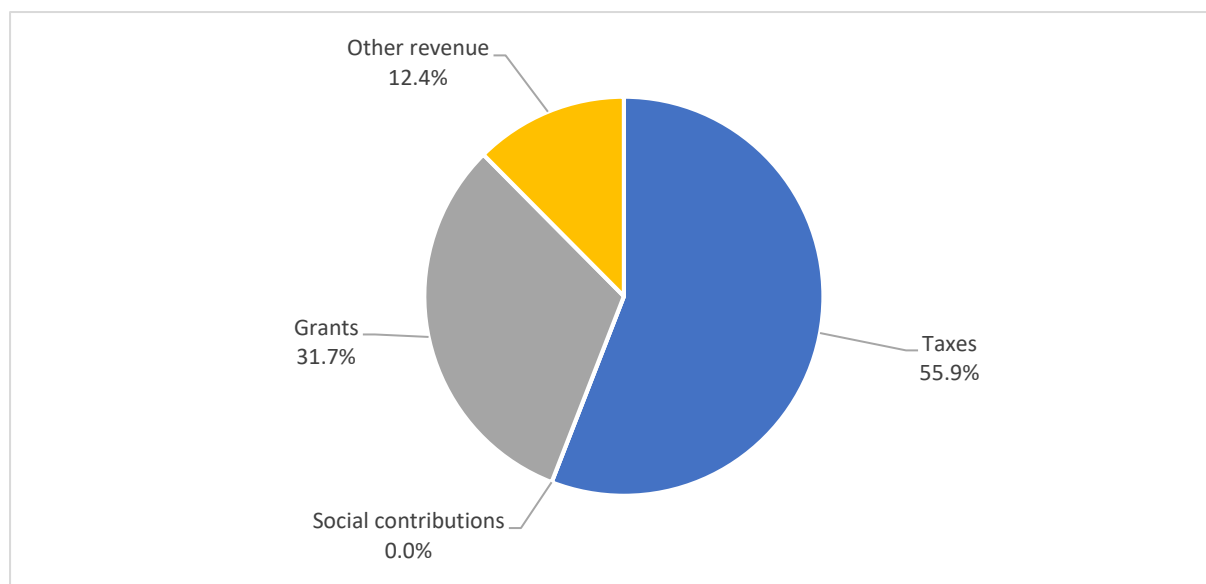
	2022/23 Actual	2023/24 Supp. Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Taxes	110,700	167,473	176,869	185,386	191,623
Social contributions	0	0	0	0	0
Grants	23,949	94,864	18,985	7,409	6,200
<i>Current</i>	14,946	39,085	18,985	7,409	6,200
<i>Capital</i>	9,003	55,779	0	0	0
Other revenue	55,912	37,255	29,332	24,964	25,336
Total Operating Revenue	190,561	299,592	225,186	217,758	223,160

Given the limited change in domestic (non-grant) revenue since the 2023/24 HYEPU, this section will provide a brief overview, specifically covering the 2023/24 fiscal year and explaining the changes in revenue in comparison to the figures disclosed in the 2023/24 Budget. For a more in-depth analysis of the changes between the 2023/24 Budget and the 2023/24 HYEPU, including projections for 2024/25 onwards and the 2022/23 actuals, please refer to the 2023/24 HYEPU.

In contrast to the 2023/24 Budget, it is anticipated that tax receipts will rise by \$5.3 million, accompanied by increases in both current and capital grant funding by \$3.3 million and \$1.8 million, respectively. Consequently, the total operating revenue is expected to improve from the initially disclosed \$294.5 million in the 2023/24 Budget to \$299.6 million.

As shown in Figure 5-1, operating revenue is mainly from taxation receipts, making up 55.9% of the total revenue in the 2023/24 Supplementary Budget, compared to 56.2% in the 2023/24 Budget. Grants from development partners constitute 31.7%, slightly higher than the 31.1% in the 2023/24 Budget, due to additional grant funding received during the fiscal year. Other revenues, including core sector support from New Zealand, agency trading revenues, and interest and dividend receipts, contribute 12.4% in the 2023/24 Supplementary Budget, a decrease from 12.8% in the 2023/24 Budget. This decline is due to a slight reduction in trading revenue.

Figure 5-1 GFS operating revenue, 2023/24 Supplementary



5.1.2. GFS Operating Expenditure

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

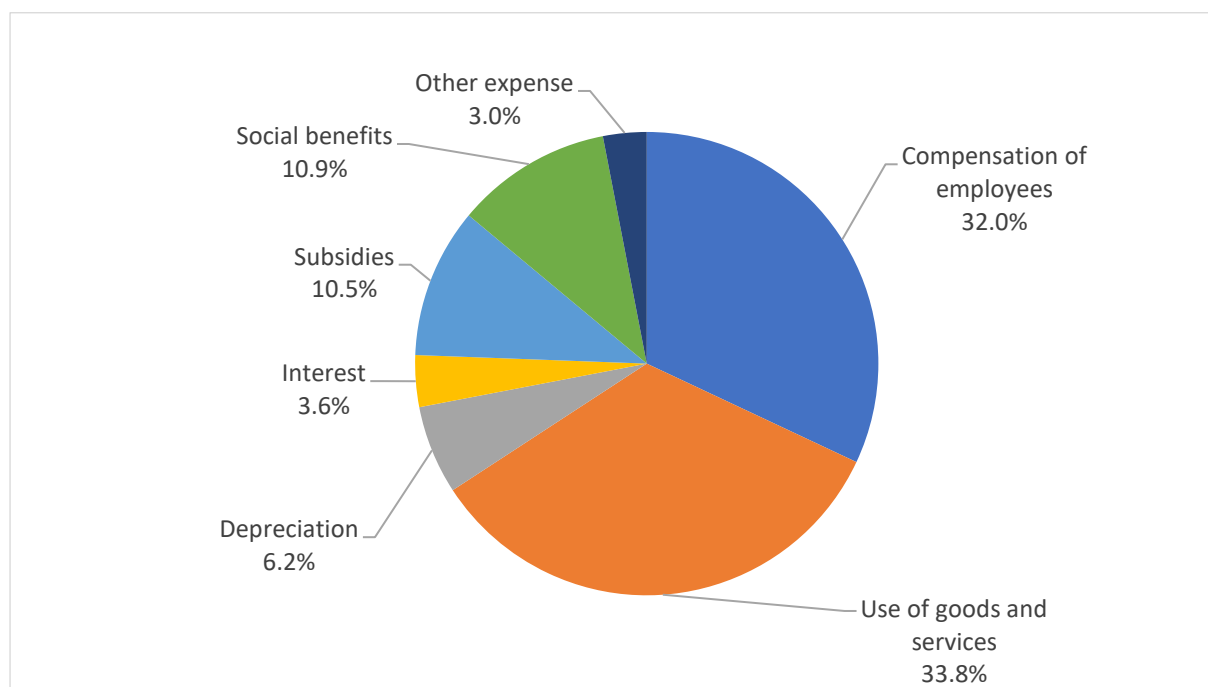
	2022/23 Actual	2023/24 Supp. Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Compensation of employees	70,524	79,449	78,727	78,904	78,904
Use of goods and services	49,772	83,983	55,721	44,304	43,190
Depreciation	14,066	15,360	15,410	15,410	14,809
Interest	8,483	8,960	10,368	9,553	8,683
Subsidies	8,618	25,982	19,719	19,319	18,019
Grants	0	0	0	0	0
Social benefits	25,259	27,101	25,799	26,012	26,014
Other expense	8,689	7,543	6,340	6,364	6,714
Total Operating Expenditure	185,411	248,379	212,084	199,865	196,332

Similar to the GFS operating revenue section, this part will specifically focus on the 2023/24 fiscal year, explaining the changes in operating expenditure compared to the 2023/24 Budget. This is because there have been no changes to the 2022/23 Actuals or the projections for 2024/25 onwards. As such, readers are advised to refer to the 2023/24 HYEPU for further details.

The anticipated operating expenditure for 2023/24 has increased to \$248.4 million from the \$235.7 million specified in the 2023/24 Budget, reflecting a total increase of \$12.7 million. This increase is primarily attributed to a rise in 'Use of goods and services' by \$7.2 million, reflecting the additional expenditure approved through the Supplementary Budget, Executive Orders, and carry-forwards during 2023/24. Additionally, the increase in subsidies by \$2.6 million and social benefits by \$1.8 million also contributes to the overall increase in operating expenditure for 2023/24.

As shown in Figure 5-2, the primary components of government operating expenditure are the use of goods and services, comprising 33.8%, and compensation of employees, accounting for 32.0% of spending in 2023/24. The remainder of the operating expenditure is allocated among social benefits (10.9%), subsidies (10.5%), depreciation (6.2%), interest (3.6%), and other expenses (3.0%).

Figure 5-2 GFS operating expenditure, 2023/24 Supplementary



5.2. GFS Non-Operating Items

Cash transactions in non-financial assets pertain to capital-related activities. This spending includes investment into infrastructure, the purpose of plant and equipment and investments in ICT by both the Crown and development partners.

The total purchases of non-financial assets for 2023/24 is expected to increase by \$9.0 million (to \$101.2 million) compared to the 2023/24 Budget. This increase is mainly attributed to additional capital funding allocated through the 2023/24 Supplementary Budget, including budget transfers, along with the approval of carry-forwards during the fiscal period of 2023/24, and some additional grant funding allocated for capital projects.

The projection suggests a decrease in non-financial asset transactions involving cash in the coming years. This decline is primarily attributed to the reduction in ODA Capital Grant agreements, as ODA funding is agreed upon over a shorter forward time period.

5.2.1. Net Borrowing / Lending and Cash Financing Transactions

The Net Borrowing/Lending Requirement identifies the amount of financing needed to cover both operating and capital balances, with these funds being derived from either asset (primarily accumulated cash reserves) or liabilities (mainly loan financing).

In 2023/24, the net borrowing requirements have risen from \$8.3 million as stated in the 2023/24 Budget to \$19.2 million. This increase is primarily due to upward adjustments in expenditure for the 2023/24 fiscal year. As revenue improves and expenses decrease in the subsequent years, it is expected that the financing gap will diminish, resulting in a net lending position starting from 2024/25 and reaching \$22.0 million by 2026/27.

There are some minor movements not reflected in the GFS schedules, most of which pertain to the classification of reserves in the financial schedules. The statistical discrepancy in the GFS Operating Statement is mainly due to timing differences between project implementation and funding received in the Crown account. The statistical discrepancy for the 2022/23 fiscal year is considered not significant.

5.3. Classification of Functions of Government

The Classification of the Functions of Government (COFOG) classifies government expenditure data based on the intended purpose of the funds. This standardised classification allows for comparisons on functional expenditure across different jurisdictions.

At the highest level, the COFOG encompasses 10 main functions, and at the second level 69 functions (sub-functional). Table 5-4 breaks down the Budget to the sub-functional level for both Cook Islands Government spending and ODA, excluding categories with no expenditure.

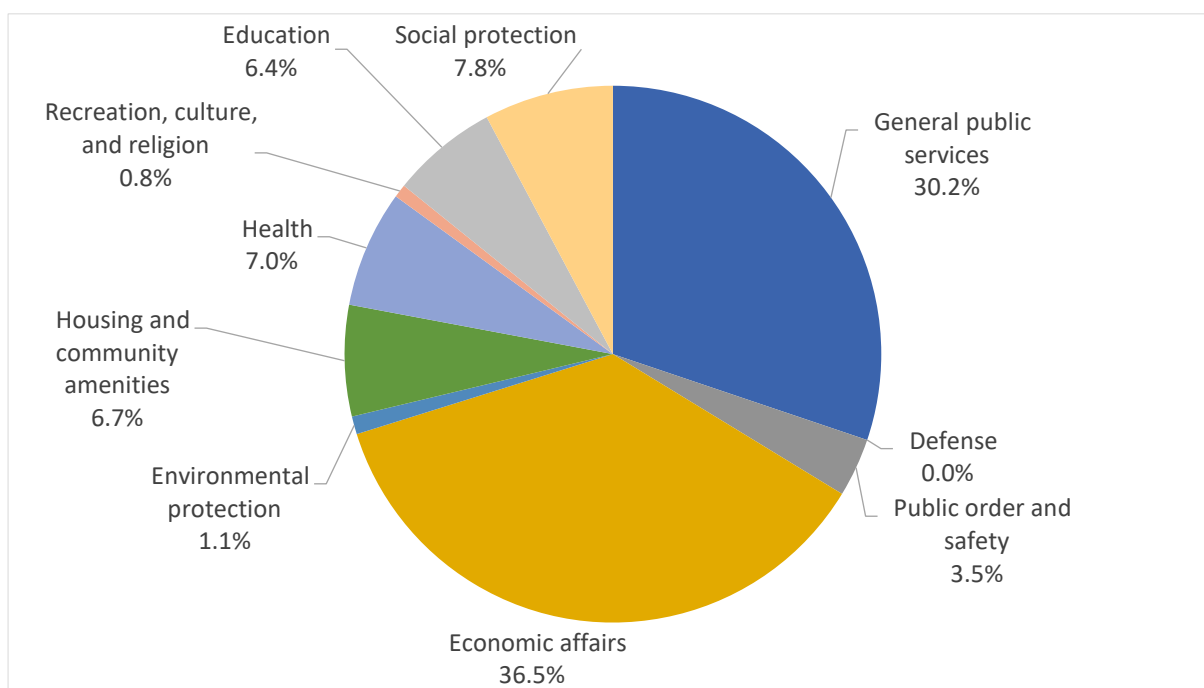
Table 5-4 Classification of Functions of Cook Island Government (\$'000)

Function of Government	2022/23 Actual	2023/24 Supp. Estimate	2024/25 Proj.	2025/26 Proj.	2026/27 Proj.
Cook Islands Government (CIG) Expenditure					
General public services	49,600	55,942	53,945	53,987	52,414
Executive and legislative organs, financial and fiscal affairs, external affairs	32,858	36,906	33,786	34,064	33,010
General services	7,316	9,086	8,800	9,380	9,730
R&D General public services	36	26	26	26	26
General public services	907	964	964	964	964
Public debt transactions	8,483	8,960	10,368	9,553	8,683
Public order and safety	11,005	11,805	11,581	11,881	11,881
Police services	6,359	6,311	6,311	6,611	6,611
Law courts	3,768	4,447	4,240	4,240	4,240
Prisons	878	1,046	1,030	1,030	1,030
Economic affairs	48,671	73,237	56,636	57,242	57,149
General economic, commercial, and labour affairs	10,166	13,802	10,094	9,101	9,101
Agriculture, forestry, fishing, and hunting	4,948	6,027	5,701	5,884	5,884
Fuel and energy	1,884	1,227	1,327	1,327	1,327
Mining, manufacturing, and construction	4,515	7,098	2,486	1,466	1,466
Transport	19,325	34,371	26,771	29,216	29,036
Communication	795	1,273	1,411	1,351	1,438
Tourism	6,528	8,859	8,266	8,266	8,266
R&D Economic affairs n.e.c.	382	452	452	502	502
Economic affairs n.e.c.	128	128	128	128	128
Environmental protection	2,198	3,007	2,557	2,197	2,197
Waste management	240	241	241	241	241
Protection of biodiversity and landscape	272	910	510	150	150
Environmental protection n.e.c.	1,685	1,856	1,806	1,806	1,806
Housing and community amenities	11,770	21,862	14,798	15,544	15,514
Community development	3,758	10,706	6,159	6,850	7,820
Water supply	3,918	6,993	4,489	4,489	3,489
Housing and community amenities n.e.c.	4,093	4,163	4,150	4,206	4,206
Health	23,186	23,406	21,755	21,355	21,155
Medical products, appliances, and equipment	991	695	1,095	695	495
Outpatient services	3,378	2,860	2,860	2,860	2,860
Hospital services	1,151	1,151	1,151	1,151	1,151
Health n.e.c.	17,665	18,699	16,648	16,648	16,648
Recreation, culture, and religion	1,905	2,666	2,166	2,270	2,270
Recreational and sporting services	441	466	466	520	520
Cultural services	1,464	2,200	1,700	1,750	1,750
Education	20,522	21,427	21,139	21,189	21,189
Pre-primary and primary education	3,078	2,735	2,735	2,759	2,759
Tertiary education	2,364	2,447	2,469	2,469	2,469
Education n.e.c.	15,080	16,245	15,935	15,962	15,962
Social protection	24,025	25,955	25,737	25,950	25,952
Sickness and disability	460	878	986	989	991
Old age	13,733	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.	2,307	3,198	2,511	2,511	2,511
Total CIG Expenditure	192,880	239,307	210,314	211,616	209,720

Function of Government	2022/23 Actual	2023/24 Supp. Estimate	2024/25 Proj.	2025/26 Proj.	2026/27 Proj.
Official Development Assistance (ODA) Expenditure*					
General public services	13,552	44,926	18,037	6,871	5,816
Economic affairs	6,134	48,619	646	235	81
Environmental protection	1,170	600	0	0	0
Housing and community amenities	566	491	303	303	303
Health	2,362	148	0	0	0
Recreation, culture, and religion	80	0	0	0	0
Social protection	85	80	0	0	0
Total ODA Expenditure	23,949	94,864	18,985	7,409	6,200
TOTAL PUBLIC EXPENDITURE	216,829	334,172	229,299	219,024	215,921

Figure 5-3 illustrates the proportion of spending for the 10 main functional levels in the 2023/24 Supplementary, combining both the Cook Islands Government and ODA.

Figure 5-3 Classification of Functions of Cook Island Government, 2023/24 Supplementary



In the 2023/24 Supplementary Budget, Economic affairs make up 36.5% of the total public expenditure, a decrease from the 38.1% reported in the 2023/24 Budget, primarily due to a reduction in estimated Official Development Assistance (ODA) expenditure from \$52.4 million to \$48.6 million. General public services represent the second-largest area of public expenditure at 30.2%, an increase from 28.2% reported in the 2023/24 Budget, with the administration costs of the Cook Islands Government being the main driver of expenditure in this category.

6. Crown Debt and Net Worth

This chapter will provide the key debt information for the 2023/24 Supplementary Budget. For more detail on Crown Debt and Net Worth, please see the [2023/24 Half-Year Economic and Fiscal Update \(HYEFU\)](#)⁸, which is available on the Ministry of Finance and Economic Management website.

6.1. Medium-Term Debt Strategy

The Cook Islands' *Medium-Term Debt Strategy* (MTDS) for the period 2022 to 2026 establishes debt management targets aimed at maintaining prudent levels of debt and risks consistent with the Medium-Term Fiscal Framework.

The key focus areas for the MTDS are:

1. Maintaining Crown debt as a share of GDP below the 65 per cent hard cap established by the Net Debt Rule.
2. New borrowing is limited to government priorities identified through the National Budget Process.
3. Manage and mitigate costs and risks by monitoring performance against these key indicators:

Table 6-1 Key Targets 2023 – 2026 with estimates as at 30 June 2024

	Indicators	Current level (2024)	Target – overall debt	Target – new debt
Interest rate risk	1. Implied interest rate	5.2%	<4.5%	<4.5%
	2. % of total debt in variable interest rates	77.0%	<70%	<65%
Refinancing risk	3. Limit total public debt maturing in 1 year	3.5%	<6%	<5%
	4. Total Average Time to Maturity	7.2 years	>7 years	>15years
Exchange rate risk	5. foreign debt as a % of total debt	43.3%	<30%	<10%

4. Complete the application process for country reclassification review with the Asian Development Bank (ADB) by 2022/23. This has since been completed, and the Cook Islands is now classified as a Group B country (from Group C), as well as being eligible for financing on terms for Small Island Developing States (SIDS).
5. Research white paper on the feasibility of setting up the domestic debt market by issuing government securities in New Zealand to utilise the larger market for NZD securities.

These indicators are subject to annual monitoring. Following the release of the MTDS, the Government has engaged in discussions with certain lending partners regarding debt management initiatives.

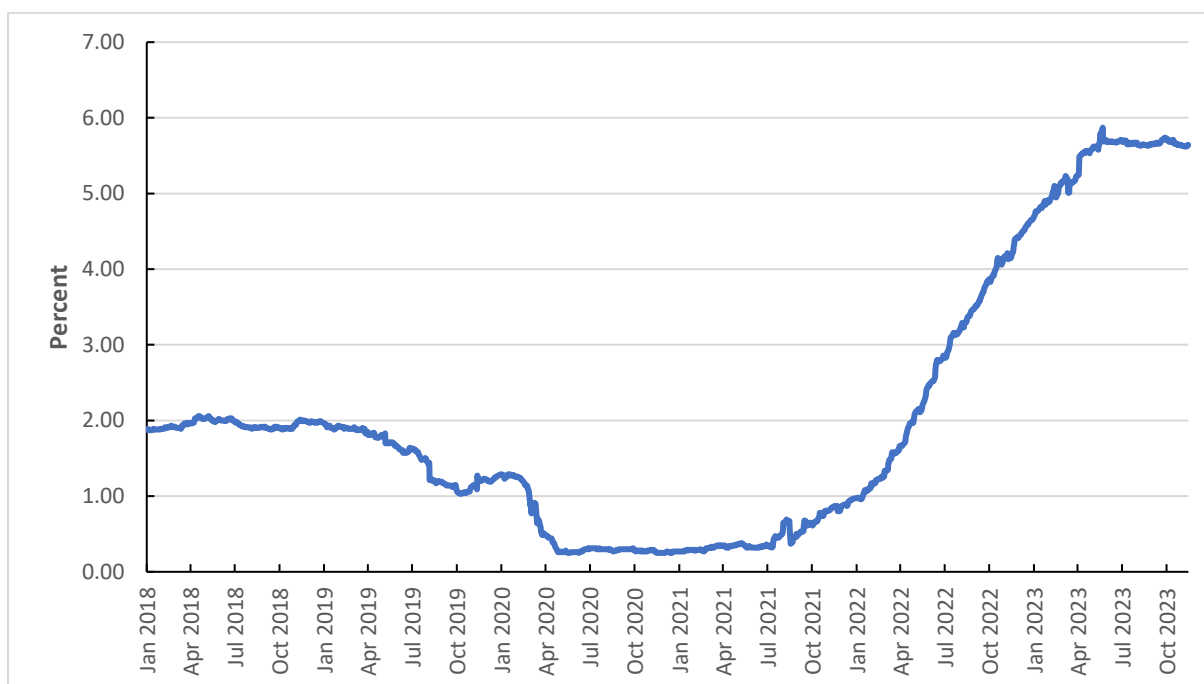
The primary debt management variable that has undergone changes since the 2023/24 Budget pertains to the interest rates on debt, particularly the United States six-month Bank Bill Rate, which serves as the benchmark rate for some USD-denominated debt, along with alterations in the exchange rates employed.

⁸ Accessible from <https://www.mfem.gov.ck/the-national-budget>.

Table 6-2 Currency movement since the 2023/24 Budget

Currency	2023/24 Budget	2023/24 Supplementary	Movement	% Change
EUR	0.5948	0.5688	-0.0260	-4%
USD	0.6590	0.6160	-0.0430	-7%
RMB	4.3764	4.3857	0.0092	0%
SDR	0.4821	0.4743	-0.0077	-2%

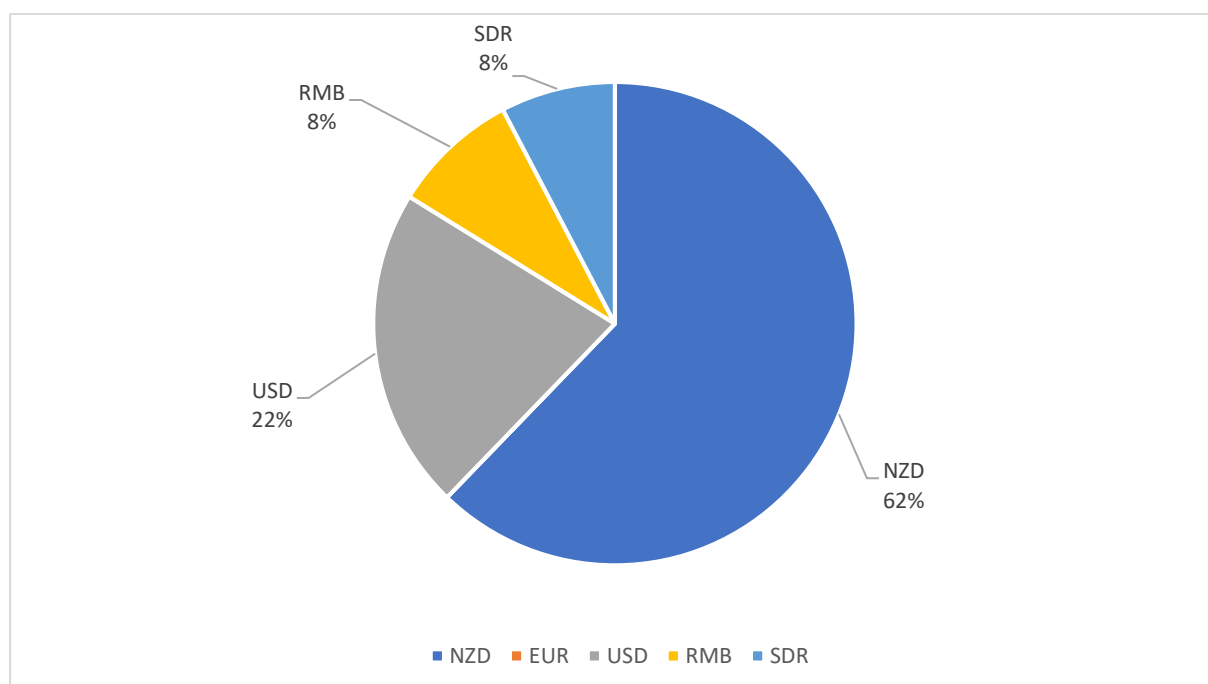
Figure 6-1 New Zealand 6-month Bank Bill Rate



Source: Reserve Bank of New Zealand

Roughly 62 per cent of the Government's debt portfolio is in NZD and remains unaffected by variations in exchange rates. However, 22 per cent of the debt portfolio is denominated in USD, with an additional 8 per cent in Special Drawing Rights (SDR), where USD is one of the components. Table 6-2 demonstrates a 7 per cent depreciation of NZD against USD. This depreciation in USD is the key factor contributing to the increase in the value of the debt, and other depreciations account for an unrealised foreign-exchange loss of \$3.7 million.

Figure 6-2 Public Debt Portfolio by Currency – June 2024



The total gross debt, initially reported as \$212.8 million in the 2023/24 Budget was adjusted upwards to \$216.6 million (an increase of \$3.7 million) in the 2023/24 HYEFU. This adjustment predominantly reflects the impact of the depreciation of the NZD, as illustrated below.

Table 6-3 Debt movement since the 2023/24 Budget (\$million)

Debt Financial forecast 2023/24	Direct Debt	SOE Debt	Gross Debt
Loans committed and drawn	169.69	41.05	210.74
SOE direct commercial debt	0.00	2.09	2.09
Total gross debt - original forecast	169.69	43.15	212.83
<i>Adjustments made for half-year and Supplementary update</i>			
FOREX Exchange movement	2.12	1.62	3.74
Total Adjustments	2.12	1.62	3.74
Debt financial forecast - Supplementary Update			
Loans committed and drawn	171.81	42.67	214.48
SOE direct commercial debt	0.00	2.09	2.09
Total gross debt – 2023/24 Supplementary	171.81	44.76	216.57

7. Official Development Assistance

This chapter provides details on the contributions received from development partners after the 2023/24 Budget, which have been allocated in 2023/24 Supplementary Budget. The additions⁹ to these contributions are summarised in Table 7-1 with further details on the program or project explained in the subsequent section.

Table 7-1 Update to Official Development Assistance (ODA) since the 2023/24 Budget

Agency	Development Partner	Programs/Projects by Agency	Funding Type	Amount (\$)
Recurrent ODA Expenditure				
MMR	FFA	Fisheries Project Development Fund	Grant	280,000
MMR	SPC	GCCA + SUPA - Enhancing a Climate Resilient Marine Sector	Grant	180,000
INTAFF	UNICEF	UNICEF INTAFF Support Cook Islands Development of Disability Action	Grant	147,000
INTAFF	UNICEF	CI National Policy for Children	Grant	63,340
INTAFF	UNDP	UNPRPD Strengthening our Work together Joint Programme	Grant	40,170
INTAFF	UNICEF	UNICEF INTAFF MIS Piloting & Implementation Phase	Grant	75,000
NES	UNEP	Strengthening National-level Institutional & Professional Capacities - UNCCD	Grant	112,500
NES	UNEP	Global Biodiversity Framework Early Action Support Project	Grant	363,500
MFAI	China	MFAI Support for the Cook Islands PIF 2023 Grant Funds	Grant	318,330
MFAI	Australia	Pacific Island Leaders Meeting Support	Grant	727,648
MFAI	PIFS	Pacific Island Leaders Meeting Support	Grant	58,337
MFAI	Saudi Arabia	Pacific Island Leaders Meeting Support	Grant	506,231
MFAI	Switzerland	Pacific Island Leaders Meeting Support	Grant	65,340
MFAI	Australia	Pacer Plus MFAI National Coordinator of the Cook Islands	Grant	63,280
MOA	China	Agricultural Machineries for Cook Islands	Grant	107,640
MOA	China	Agriculture and Forestry Machinery – Cook Islands	Grant	120,000
MOA	FAO	Data Collection Agriculture Activities in the 2021 Census of Population and Dwelling	Grant	42,820
MOA	FAO	Improving Production of Wetland Taro	Grant	67,500
Total Recurrent ODA Expenditure				3,338,636
Capital ODA Expenditure				
MFEM	China	Domestic Shipping – mixed Cargo / Passenger Ship	2nd Party Spend	600,000
ICI	New Zealand	Improving Geospatial Data - LiDAR	Grant	1,176,719
Total Capital ODA Expenditure				1,776,719
Total NZD Equivalent ODA Funding				5,115,355

7.1. Development programmes

7.1.1. Fisheries Project Development Fund - US Fisheries Treaty

	2023/24	2024/25	2025/2026	2026/2027
Recurrent	280,000	0	0	0

The US Multilateral Treaty for Fisheries includes an annual allocation under the economic assistance package of US\$150,000 for Pacific Island party development projects in support of fisheries. The funds are held in trust by the Treaty secretariat at the Forum Fisheries Agency in Honiara and administered by the Ministry of Marine Resources.

⁹ The amounts in the table (and in this Chapter) reflect only the additional funding, not the total funding, which can be found in Schedule 10.

7.1.2. GCCA + SUPA - Enhancing a Climate Resilient Marine Sector

	2023/24	2024/25	2025/2026	2026/2027
Recurrent	180,000	0	0	0

The Global Climate Change Alliance Plus-Scaling up Pacific Adaptation (GCCA+SUPA) project has three main priorities: 1) mainstreaming climate change issues into poverty reduction and development efforts; 2) increasing resilience to climate-related stresses and shocks; and 3) supporting the formulation and implementation of concrete and integrated sector-based climate change adaptation and mitigation strategies.

The three-key outputs for the GCCA+SUPA Project are to:

1. Strengthen strategic planning at national levels
2. Enhance the capacity of sub-national government stakeholders to build resilient communities
3. Scale up resilient development measures in specific sectors

After conducting consultations with both government and non-governmental organisations (NGOs), the Ministry of Marine Resources recognised the need to upgrade the Aitutaki Marine Research Centre for the purpose of facilitating research, monitoring, and education.

7.1.3. UNICEF INTAFF Support Cook Islands Development of Disability Action

	2023/24	2024/25	2025/2026	2026/2027
Recurrent	147,000	0	0	0

This initiative supports the development of a Disability Action Plan, through the establishment of SMART goals, inclusive frameworks, and coordination mechanisms for the implementation of the Cook Islands Disability Inclusive Development (CIDID) Policy. The Office of the Ombudsman, in collaboration with the National Human Rights Institution and the CIDID, is strengthening its independent monitoring of human rights across both public and private facilities and programs.

7.1.4. CI National Policy for Children

	2023/24	2024/25	2025/2026	2026/2027
Recurrent	63,340	0	0	0

Financed by UNICEF, this initiative aims to conduct research specifically targeting children aged 0 to 15 in the Cook Islands. The evaluation report outlines the advancements in the implementation of the National Children's policy, offering recommendations and timelines for addressing any shortcomings. The project involves raising awareness about social policy matters, drafting and consulting on the policy, engaging with government agencies, NGOs or Civil society organisations (CSO) stakeholders, and children in the Cook Islands, and ultimately producing a comprehensive policy and action plan.

7.1.5. UNPRPD Strengthening our Work together Joint Programme

	2023/24	2024/25	2025/2026	2026/2027
Recurrent	40,170	0	0	0

The project received support from the United Nations Partnerships to Promote the Rights of Persons with Disabilities (UNPRPD). This support involved the coordination and execution of an induction workshop and training, along with logistical assistance for the Situational Analysis as part of the UNPRPD Cook Islands Joint Programme.

7.1.6. UNICEF INTAFF MIS Piloting & Implementation Phase

	2023/24	2024/25	2025/2026	2026/2027
Recurrent	75,000	0	0	0

In partnership with UNICEF and the Better Worlds System, the Cook Islands Government, under the Ministry of Internal Affairs (INTAFF), has joined efforts to establish a Management Information System (MIS) for social welfare. Additionally, the collaboration involves hiring a skilled Software Engineer/IT Technician to enhance the program's stability and efficiency. There is a focus on refining the MIS system's functionalities to better meet user requirements, particularly within the Ministry, aiming to improve overall effectiveness and usefulness.

7.1.7. Strengthening National-level Institutional & Professional Capacities – UNCCD

	2023/24	2024/25	2025/2026	2026/2027
Recurrent	112,500	0	0	0

Aligned with the UNCCD Strategic Framework 2018-2030 and the SDG15.3, both UNEP and the National Environment Services have committed to enhance institutional and professional capacities at the national level for monitoring and reporting on UNCCD in 2021-2022.

7.1.8. Global Biodiversity Framework Early Action Support Project

	2023/24	2024/25	2025/2026	2026/2027
Recurrent	363,500	0	0	0

By offering financial and technical support to GEF-eligible Parties to the Convention on Biological Diversity, the project aims to accelerate the implementation of the post-2020 Global Biodiversity Framework. This involves reviewing and aligning national targets and National Biodiversity Strategies and Action Plans (NBSAPs). The Global Biodiversity Framework also plays a crucial role in facilitating monitoring and financing.

7.1.9. Pacific Island Leaders Meeting Support

	2023/24	2024/25	2025/2026	2026/2027
Recurrent	1,675,886	0	0	0

A range of development partners, including China, Australia, Saudi Arabia, Switzerland and the Pacific Islands Forum Secretariat (PIFS) provided funding for the 52nd Pacific Islands Forum Leaders Meeting held in the Cook Islands from the 6th to 10th November 2023. The contributions from each partner were as follows (in NZD):

- People's Republic of China – \$318,330
- Australia – \$727,648
- Kingdom of Saudi Arabia – \$506,231
- Switzerland – \$65,340
- PIFS – \$58,337

7.1.10. Pacer Plus MFAI National Coordinator of the Cook Islands

	2023/24	2024/25	2025/2026	2026/2027
Recurrent	63,280	0	0	0

The Pacific Agreement on Closer Economic Relations (PACER) Plus represents a significant trade and development accord designed to elevate living standards, generate employment, boost exports from

Pacific Island nations, and reduce barriers while offering increased certainty for businesses in the Pacific. In alignment with a Letter of Agreement between the PACER Plus Implementation Unit and the Ministry of Foreign Affairs and Immigration, support for a National Coordinator has been secured.

7.1.11. Agricultural Machineries for Cook Islands

	2023/24	2024/25	2025/2026	2026/2027
Recurrent	107,640	0	0	0

The People's Republic of China, through its Small Livelihoods Project Grants, has provided funds to enhance productivity on existing cultivated land in the Cook Islands. The goal is to transform abandoned farmland into productive areas, increasing agricultural income for residents affected by the tourism industry's sudden suspension and making food more affordable.

A two-phased funds support approach is suggested to contribute to the betterment of the lives of farmers, their families, and communities in the Cook Islands.

7.1.12. Agriculture and Forestry Machinery – Cook Islands

	2023/24	2024/25	2025/2026	2026/2027
Recurrent	120,000	0	0	0

The People's Republic of China, under its Small Livelihoods Project Grants, has designated grant funds to convert abandoned agricultural land into cultivated areas to improve food affordability within the country. The proposed program strategy involves a two-phased approach for funding support.

7.1.13. Data Collection Agriculture Activities in the 2021 Census of Population and Dwelling

	2023/24	2024/25	2025/2026	2026/2027
Recurrent	42,820	0	0	0

The Food and Agriculture Organization (FAO) supported the collection of data from 3,278 households that reported their involvement in agricultural activities during the 2021 Census of Population and Dwelling, which took place between June and July 2023.

7.1.14. Improving Production of Wetland Taro

	2023/24	2024/25	2025/2026	2026/2027
Recurrent	67,500	0	0	0

This FAO programme, One Country One Product, focuses on enhancing the production of wetland taro to strengthen export capacities in the Cook Islands. This involves the development of a concise action plan for the short-term development of the taro value chain and an investment plan for the long-term development of the taro value chain in the Cook Islands.

7.1.15. Domestic Shipping – mixed Cargo / Passenger Ship

	2023/24	2024/25	2025/2026	2026/2027
Capital	600,000	0	0	0

The People's Republic of China has agreed to provide a grant of USD 1.5 million to the Cook Islands for the procurement of a second-hand shipping vessel. The Cook Islands will be responsible for project implementation, including the acquisition of the vessel, ensuring its quality and safety, managing the transportation process, and overseeing subsequent operation, management, repair, maintenance, and associated costs. The funds will be jointly managed by the Embassy of the People's Republic of

China in New Zealand (covering Cook Islands and Niue) and the Ministry of Finance and Economic Management Cook Islands. Total funding for this project is estimated at NZD 2.6 million.

7.1.16. Improving Geospatial Data – LiDAR

	2023/24	2024/25	2025/2026	2026/2027
Capital	1,176,719	0	0	0

The objective of this project is to address existing data gaps by collecting high-resolution topographic data and related imagery. These data sets will be instrumental in various applications, including evaluating coastal inundation and flooding risks, monitoring and managing the environment, planning infrastructure and development, drafting policies, and implementing responses to the impacts of climate change throughout the Cook Islands. Total funding for this project is estimated to be NZD 1.5 million.

8. Schedules

8.1. Statement of Fiscal Responsibility (Operating)

Table 8-1 Statement of Fiscal Responsibility (Operating), 30 June (\$'000)

	2022/23 Actual	2023/24 Budget Estimate	2023/24 Supp. Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Operating Revenue						
Taxation Revenue	110,700	162,193	167,473	176,869	185,386	191,623
Other Crown Revenue	38,991	19,272	19,670	20,438	15,305	15,314
Trading Revenue	5,921	5,024	4,977	5,082	5,232	5,232
Interest on Loans to Subsidiaries	1,719	1,601	1,601	1,505	1,421	1,334
Dividends	0	1,000	1,000	1,600	2,300	2,750
Interest on Balances	1,456	907	907	707	707	707
Core Sector Support	7,825	9,100	9,100	0	0	0
Total Operating Revenue	166,612	199,097	204,728	206,201	210,350	216,960
Operating Expenditure						
Ministry Outputs	120,387	151,763	160,346	144,718	145,233	144,277
<i>Personnel</i>	63,375	71,514	72,221	71,715	71,892	71,892
<i>Operating</i>	21,354	18,869	19,853	18,366	19,146	19,153
<i>Administered Payments</i>	28,369	52,797	59,689	46,003	45,562	45,200
<i>Depreciation</i>	7,289	8,583	8,583	8,633	8,633	8,032
<i>POBOC</i>	32,510	32,328	33,061	31,086	30,744	30,244
Total Other Operating	17,568	15,887	15,887	17,295	16,480	15,610
Debt Interest Contribution to LRF	8,483	8,960	8,960	10,368	9,553	8,683
Crown Infrastructure Depreciation	4,603	4,603	4,603	4,603	4,603	4,603
Transfer to Emergency Response Trust Fund	0	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 Enea Renewable Energy System</i>	400	400	400	400	400	400
<i>Southern Pa Enea 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	0	100	100	100	100	100
Contingency Funds - Other Expenses	1,632	0	0	0	0	0
Loss on Foreign Exchange	675	0	0	0	0	0
Total Operating Expenses	170,465	199,978	209,294	193,099	192,457	190,132
Operating Surplus/(Shortfall)	(3,853)	(881)	(4,566)	13,102	17,893	26,828

8.2. Statement of Fiscal Responsibility (Non-Operating)

Table 8-2 Statement of Fiscal Responsibility (Non-Operating), 30 June (\$'000)

	2022/23 Actual	2023/24 Budget Estimate	2023/24 Supp. Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Reductions in Net Borrowings	7,438	12,436	11,191	12,880	15,128	17,204
Loan Receipts/Drawdown	0	0	0	0	0	0
Principal repayment	8,125	13,123	13,339	15,079	17,406	19,575
Subsidiary Loan Repayments - Principle	(687)	(687)	(2,148)	(2,199)	(2,277)	(2,370)
Capital Expenditures	22,415	22,761	30,013	17,215	19,159	19,588
Ministries and Outer Islands (Including CIIC Capital)	22,415	22,761	29,233	17,215	19,159	19,588
<i>Infrastructure Capital Investment in SOEs</i>	0	0	780	0	0	0
<i>Airport Authority</i>	0	0	780	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	9,003	54,003	55,779	0	0	0
Expenditure	(9,003)	(54,003)	(55,779)	0	0	0
Other Committed Considerations	3,544	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	0	50	50	50	50	50
Total Non-Operating balance	(33,397)	(38,791)	(44,798)	(33,689)	(37,881)	(40,387)
To be Funded by						
Operating Surplus	(3,853)	(881)	(4,566)	13,102	17,893	26,828
Depreciation	14,066	15,360	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	12,115	2,179	11,870	(20,321)	(22,430)	(29,558)
<i>Pa Enua Accrued Savings</i>	0	0	0	0	0	0
<i>Stabilisation Fund</i>	0	0	0	0	0	0
Contribution to Loan Reserve Fund	11,069	22,083	22,083	25,447	26,958	28,258
Transfer IN and OUT of Infrastructure Trust Fund	0	0	0	0	0	0
Transfer to Emergency Response Trust Fund	0	50	50	50	50	50
Total Funding Items	33,397	38,791	44,798	33,689	37,881	40,387
Net Surplus/Shortfall	0	0	0	0	0	0

8.3. Fiscal Indicators Table

Table 8-3 Fiscal Indicators Summary, 30 June (\$million)

	2022/23 Actual	2023/24 Budget Estimate	2023/24 Supp. Estimate	2024/25 Proj.	2025/26 Proj.	2026/27 Proj.
Statement of Financial Performance						
Taxation Revenue (\$m)	110.7	162.2	167.5	176.9	185.4	191.6
Social Contributions (\$m)	0.0	0.0	0.0	0.0	0.0	0.0
Other Revenue (\$m)	55.9	36.9	37.3	29.3	25.0	25.3
Total Operating Revenue (\$m)	166.6	199.1	204.7	206.2	210.3	217.0
Total Operating Revenue Percentage of GDP	32.4	36.8	36.3	34.6	33.7	33.2
Tax Revenue Percentage of GDP	21.6	30.0	29.7	29.7	29.7	29.3
Total Cyclical Revenue (\$m)	10.8	16.8	17.4	18.0	12.8	12.8
Total Cyclical Revenue Percentage of GDP	2.1	3.1	3.1	3.0	2.1	2.0
Total Structural Revenue (\$m)	155.8	182.3	187.4	188.2	197.5	204.1
Total Structural Revenue Percentage of GDP	30.3	33.7	33.2	31.6	31.7	31.3
Personnel (\$m)	70.5	78.5	79.4	78.7	78.9	78.9
Percentage of Total Revenue	42.3	39.4	38.8	38.2	37.5	36.4
Percentage of Structural Revenue	45.3	43.1	42.4	41.8	39.9	38.7
Total Operating Expenditure (\$m)	170.5	200.0	209.3	193.1	192.5	190.1
Percentage of GDP	33.2	36.9	37.1	32.4	30.8	29.1
Percentage of Operating Revenue	102.3	100.4	102.2	93.6	91.5	87.6
Baseline Operating Expenditure (for Fiscal Rule)	149.1	157.2	166.5	159.8	160.7	159.3
Cash Operating Expenditure*	156.1	184.7	193.9	177.9	177.5	175.2
Operating Balance (\$m)	(3.9)	(0.9)	(4.6)	13.1	17.9	26.8
Percentage of GDP	(0.8)	(0.2)	(0.8)	2.2	2.9	4.1
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
Non-Operating Balance (\$m)	(33.4)	(38.8)	(44.8)	(33.7)	(37.9)	(40.4)
Fiscal Balance surplus/deficit (\$m) *	(12.2)	(8.3)	(19.2)	11.3	14.1	22.0
Percentage of GDP	(2.4)	(1.5)	(3.4)	1.9	2.3	3.4
Statement of Financial Position (\$m)						
Assets (\$m)	598.8	639.4	632.9	629.7	629.4	636.0
Liabilities (\$m)	415.8	395.5	401.3	384.1	364.7	344.7
Crown Balance (\$m)	183.0	243.9	231.5	245.6	264.7	291.2
Percentage of GDP	35.6	45.1	41.1	41.2	42.4	44.6
Working Capital (\$m)	67.1	48.3	36.8	35.1	34.0	38.7
Working Capital (months coverage)	5.2	3.1	2.3	2.4	2.3	2.7
Stabilisation Account	3.5	3.5	3.5	3.5	3.5	3.5
General Cash Reserves	70.7	51.8	40.3	38.6	37.5	42.3
Statement of Borrowings (\$m)						
Gross Debt end of FY (\$m)	231.0	210.7	216.6	199.4	180.0	160.0
Excluding Contingency Loan	112.6	0.0	0.0	0.0	0.0	0.0
Gross Debt, Percentage of GDP	45.0	38.9	38.4	33.5	28.8	24.5
Net Crown Debt, end of FY (\$m)	226.0	204.8	213.7	196.5	177.0	157.0
Net Debt, Percentage of GDP	44.0	37.8	37.9	33.0	28.4	24.0
Loan Repayment Reserves Held (\$m)	5.0	5.9	2.8	2.9	3.0	3.0
Net Debt Servicing (\$m)	18.5	22.1	24.4	25.4	27.0	28.3
Percentage of Total Revenue	11.1	11.1	11.9	12.3	12.8	13.0
Percentage of Structural Revenue	11.9	12.1	13.0	13.5	13.6	13.8
Development Partner Support (\$m)						
Grants (\$m)	23.9	89.7	94.9	19.0	7.4	6.2
Percentage of GDP	4.7	16.6	16.8	3.2	1.2	0.9
Memo item: Nominal GDP (\$m)	513.6	541.5	563.9	595.6	624.0	652.9

8.4. Schedule 1 – Agency Budget Appropriations

Agency	Personnel	Operating	Administered Payments	Depreciation	Gross Current Appropriation	Trading Revenue	Net Current Appropriation
Agriculture	1,095,572	360,630	0	45,000	1,501,202	94,414	1,406,788
Audit (PERCA)	1,215,996	178,951	0	23,250	1,418,197	156,300	1,261,897
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	1,560,607	230,531	0	40,999	1,832,137	100,000	1,732,137
Crown Law	1,117,500	173,501	368,166	3,000	1,662,167	0	1,662,167
Cultural Development	867,171	128,000	1,115,000	89,500	2,199,671	170,000	2,029,671
Education	12,534,630	2,525,690	4,956,602	615,000	20,631,922	0	20,631,922
Environment	1,081,782	351,001	1,010,000	30,000	2,472,783	35,000	2,437,783
Finance and Economic Management	6,964,507	927,920	27,200,833	924,000	36,017,260	954,341	35,062,919
Financial Services Development Authority	242,800	249,800	0	3,000	495,600	0	495,600
Foreign Affairs	2,350,031	1,090,103	172,500	45,000	3,657,634	28,000	3,629,634
Head Of State	179,590	22,299	36,000	14,000	251,889	0	251,889
Health	13,133,557	3,658,151	4,616,870	1,731,000	23,139,578	350,000	22,789,578
Infrastructure Cook Islands	2,249,871	474,129	2,905,000	345,000	5,974,000	300,000	5,674,000
Internal Affairs	1,357,376	278,000	4,452,891	12,000	6,100,267	0	6,100,267
<i>of which: Welfare Payments - Allowances</i>			<i>1,738,976</i>				
Justice	2,033,976	436,001	733,846	23,000	3,226,823	425,000	2,801,823
Marine Resources	1,705,455	380,061	150,000	160,000	2,395,516	20,000	2,375,516
Ombudsman	239,344	62,001	0	6,000	307,345	0	307,345
Parliamentary Services	624,605	155,309	148,738	72,720	1,001,372	0	1,001,372
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	438,874	275,636	1,991,233	5,000	2,710,743	0	2,710,743
Cook Islands Seabed Minerals Authority	697,101	589,056	400,000	9,500	1,695,657	240,000	1,455,657
Tourism Corporation	2,098,774	1,541,226	5,093,000	52,000	8,785,000	20,000	8,765,000
Transport	1,053,500	205,221	0	25,609	1,284,330	41,221	1,243,109
Total Ministries, Crown & Statutory Agencies	62,510,594	16,399,588	59,688,679	5,899,911	144,498,772	3,870,290	140,628,482

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	157,838	0	11,162	350,000	0	350,000
Ministerial Support 2	164,000	174,000	0	12,000	350,000	0	350,000
Ministerial Support 3	217,500	127,000	0	5,500	350,000	0	350,000
Ministerial Support 4	188,901	179,969	0	9,590	378,460	0	378,460
Leader Of Opposition	163,712	173,462	0	12,826	350,000	0	350,000
Total Ministerial Support Offices	1,619,872	1,004,169	0	73,309	2,697,350	0	2,697,350
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	72,220,952	19,852,907	59,688,679	8,583,220	160,345,758	4,977,384	155,368,374

8.5. Schedule 2 – Payments on Behalf of the crown (POBOCS)

Administering Ministry	POBOC	2023/24 Budget Estimate	2023/24 Supp. 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
Cultural Development	House of Ariki (CI)	336,690	336,690
Compensation of Employees POBOCs		3,476,151	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	272,282
Parliamentary Services	KR Travel and Allowances (local and overseas)	109,000	109,000
Parliamentary Services	MP Travel and Allowances (local and overseas)	250,000	717,083
Foreign Affairs	International Maritime Organisation - Maritime Cook Islands	63,461	63,461
Transport	Maritime Radio Coverage	120,000	297,862
Use of Goods and Services POBOCs		1,015,661	1,732,888
Subsidies			
Cook Islands Investment Corporation	Airport Authority subsidy	1,500,000	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		4,738,099	4,738,099
Social Assistance			
Internal Affairs	Welfare Payments	21,562,805	21,412,805
Social Assistance POBOCs		21,562,805	21,412,805
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	566,246
Foreign Affairs	International Subscriptions	890,000	890,000
Other Expenses POBOCs		1,535,000	1,701,246
Grand Total		32,327,716	33,061,189

8.6. Schedule 3 – Cook Islands Capital Spending

	2023/24 Budget Estimate	2023/24 Supp. Estimate
Cook Islands Government Capital programs	22,760,914	30,013,369
Total Capital spending	22,760,914	30,013,369

8.7. Schedule 4 – Official Development Assistance

	2023/24 Budget Estimate	2023/24 Supp. Estimate
Operating or recurrent expenditure	35,746,234	35,746,234
Capital Project Expenditure	54,002,685	54,002,685
Total Official Development Assistance	89,748,919	89,748,919

*Excludes Budget Support and Core Sector Support appropriated through agencies in Schedule 1.

8.8. Schedule 5a – Other Expenses & Financing Transactions

Category of Expense	2023/24 Budget Estimate	2023/24 Supp. Estimate
Contingency Funds - Operating	100,000	100,000
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	6,927,000	6,927,000

8.9. Schedule 5b – Loan Reserve Fund Appropriation

Category of Appropriation	2023/24 Budget Estimate	2023/24 Supp. Estimate
Contribution to LRF - Principal	13,123,389	13,123,389
Contribution to LRF - Interest	8,959,928	8,959,928
Total Contribution to LRF	22,083,317	22,083,317

8.10. Summary

Category of Payment	2023/24 Budget Estimate	2023/24 Supp. Estimate
Schedule 1 - Ministry Outputs (Gross Operating)	151,762,605	160,345,758
Schedule 2 - POBOCs	32,327,716	33,061,189
Schedule 3 - CIG Capital Expenditure	22,760,914	30,013,369
Schedule 4 - Official Development Assistance	89,748,919	89,748,919
Schedule 5a - Other Expenses and Financing Transactions	6,927,000	6,927,000
Schedule 5b - Loan Reserve Fund Appropriations	22,083,317	22,083,317
TOTAL APPROPRIATION	325,610,471	342,179,552

8.11. Schedule 6 – Capital Schedule

MINISTRY/ Island	Project / Programme	Funding Source	2022/23 Actual	2023/24 Budget Estimate	2023/24 Supp. Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Agriculture			0	0	280,000	0	0	0
Rarotonga	Purchase of Capital Equipment	CIG	0	0	280,000	0	0	0
Audit (PERCA)			0	0	0	0	0	0
Rarotonga	TeamMate Software Upgrade	CIG	0	0	0	0	0	0
Cook Islands Investment Corporation			4,395,460	4,680,700	9,045,959	4,529,300	3,700,000	3,670,000
Aitutaki	Aitutaki Harbour Dredging	CIG	772,035	0	0	0	0	0
Aitutaki	Arutanga Harbour Project	CIG	499,769	980,000	980,000	720,000	0	0
Rarotonga	Arorangi Prison Remedial works	CIG	27,629	0	0	0	0	0
Rarotonga	Government Building Projects - Rarotonga	CIG	1,520,568	1,300,700	2,350,700	100,000	0	0
Rarotonga	Land Acquisition	CIG	0	550,000	645,000	250,000	0	0
Pa Enea	Pa Enea Government Building Projects - Northern Group	CIG	511,347	0	90,000	859,300	0	0
Pa Enea	Pa Enea Government Building Projects - Southern Group	CIG	524,497	350,000	450,000	0	600,000	1,940,000
Rarotonga	Rarotonga Cyclone Shelters - Remediation	CIG	179,875	400,000	200,000	600,000	1,100,000	730,000
Rarotonga	To Tatou Vai	CIG	359,741	1,000,000	3,450,259	2,000,000	2,000,000	1,000,000
Rarotonga	Airport Authority - Rarotonga Airport Slab Replacement	CIG	0	0	780,000	0	0	0
Rarotonga	Geotech scoping & feasibility	CIG	0	100,000	100,000	0	0	0
Corrective Services			41,251	0	0	0	0	0
Rarotonga	Prison Development Programme - Strategic Plan	CIG	41,251	0	0	0	0	0
Cultural Development			99,432	0	0	160,000	0	0
Rarotonga	Auditorium Equipment Replacement Programme	CIG	99,432	0	0	160,000	0	0
Education			333,070	400,000	400,000	300,000	300,000	300,000
National	Fund to be Prioritised by Education	CIG	299,599	400,000	400,000	300,000	300,000	300,000
Rarotonga	Apii Nikao School Sound Proofing	CIG	33,471	0	0	0	0	0
Health			298,805	500,000	500,000	900,000	500,000	300,000
National	Fund to be Prioritised by Health	CIG	298,805	300,000	300,000	300,000	300,000	300,000
National	General X-ray & Mammography	CIG	0	200,000	200,000	600,000	200,000	0
Infrastructure Cook Islands			13,294,156	14,270,214	14,985,369	9,576,348	12,821,800	13,941,800
National	Bridges and Structures Asset Management and Improvement Programme	CIG	763,424	4,765,777	4,765,777	1,490,000	1,490,000	1,490,000
National	Drainage Asset Management and Improvement Programme	CIG	30,642	719,564	719,564	1,000,000	1,000,000	1,000,000
Various	Emergency Management and Support Infrastructure	CIG	88,765	0	0	0	0	0
Penrhyn	Government Building Projects	CIG	584,960	496,488	496,488	0	0	0

MINISTRY/ Island	Project / Programme	Funding Source	2022/23 Actual	2023/24 Budget Estimate	2023/24 Supp. Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Pa Enea	Pa Enea Air Infrastructure Improvement Programme	CIG	177,897	648,981	648,981	0	0	0
Pa Enea	Pa Enea Infrastructure Assessments	CIG	0	0	0	0	400,000	400,000
Pa Enea	Pa Enea Marine Infrastructure Improvement Programme	CIG	99,996	2,469,906	2,469,906	340,000	2,660,000	3,780,000
National	Roads Asset Management and Improvement Programme	CIG	11,266,683	4,960,198	5,629,265	6,596,348	7,121,800	7,121,800
National	Waste Management Infrastructure Improvement Programme	CIG	49,083	50,917	50,917	0	0	0
National	Water and Sanitation Infrastructure Improvement Programme	CIG	232,706	158,383	204,471	150,000	150,000	150,000
Internal Affairs			66,359	0	0	0	0	0
Rarotonga	Vaka Maintenance Capital Projects	CIG	66,359	0	0	0	0	0
Finance and Economic Management			2,101,982	2,000,000	3,672,041	738,919	827,107	366,652
Rarotonga	COVID-19 Response Fund - Capital Needs	CIG	619,223	0	0	0	0	0
Rarotonga	Revenue Management System upgrade (RMS10)	CIG	1,482,759	0	1,672,041	738,919	827,107	366,652
Rarotonga	Purchase of Protocol Vehicles for PIFs Conference	CIG	0	2,000,000	2,000,000	0	0	0
Prime Minister's Office			940,957	200,000	200,000	300,000	300,000	300,000
National	Government IT Network	CIG	578,937	200,000	200,000	300,000	300,000	300,000
National	Telecommunications Universal Access Programme	CIG	197,243	0	0	0	0	0
National	Renewable Energy Project Management and Support	CIG	164,777	0	0	0	0	0
MINISTRY TOTAL			21,571,472	22,050,914	29,083,369	16,504,567	18,448,907	18,878,452
Capital Funds Administered BY MFEM			843,926	710,000	930,000	710,000	710,000	710,000
National	Capital Distribution Fund	CIG	779,477	300,000	300,000	300,000	300,000	300,000
Pa Enea	Pa Enea Capital Distribution Fund	CIG	0	300,000	520,000	300,000	300,000	300,000
Pa Enea	Outer Islands Small Capital Fund	CIG	64,449	110,000	110,000	110,000	110,000	110,000
	<i>Aitutaki</i>		10,847	16,000	16,000	16,000	16,000	16,000
	<i>Atiu</i>		0	12,000	12,000	12,000	12,000	12,000
	<i>Mangaia</i>		11,747	12,000	12,000	12,000	12,000	12,000
	<i>Manihiki</i>		0	10,000	10,000	10,000	10,000	10,000
	<i>Mauke</i>		9,512	10,000	10,000	10,000	10,000	10,000
	<i>Mitiaro</i>		5,352	8,000	8,000	8,000	8,000	8,000
	<i>Palmerston</i>		8,361	10,000	10,000	10,000	10,000	10,000
	<i>Penrhyn</i>		11,675	12,000	12,000	12,000	12,000	12,000
	<i>Pukapuka-Nassau</i>		0	12,000	12,000	12,000	12,000	12,000
	<i>Rakahanga</i>		6,955	8,000	8,000	8,000	8,000	8,000
GRAND TOTAL			22,415,398	22,760,914	30,013,369	17,214,567	19,158,907	19,588,452

8.12. Schedule 7 – Revenues on Behalf of the Crown (ROBOCs)

	2022/23 Actual	2023/24 Budget Estimate	2023/24 Supp. Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Taxation Revenue						
Value Added Tax (VAT)	59,114,293	78,957,455	79,931,342	83,181,664	86,437,567	89,073,539
Income tax	21,573,955	33,729,864	37,391,401	37,570,476	37,323,023	37,321,970
Company tax	4,793,254	19,366,270	22,153,099	24,931,922	28,899,958	31,346,531
Import levies	15,229,235	15,939,437	15,340,351	17,445,168	18,184,358	19,043,428
Withholding tax	833,051	1,622,195	1,556,472	1,556,472	1,556,472	1,556,472
Departure tax	9,156,151	12,577,626	11,100,222	12,183,016	12,984,304	13,281,161
Total	110,699,939	162,192,847	167,472,887	176,868,718	185,385,683	191,623,101
Other Crown Revenue						
FSC Vested Assets	2,309,860	0	0	0	0	0
FSC Return of Excess	240,000	3,000	3,000	125,000	125,000	125,000
Immigration Fees	1,421,990	500,000	500,000	500,000	500,000	500,000
IMO Subscription - Maritime Cook Islands	0	66,000	66,000	66,000	66,000	66,000
Drivers Licences	329,544	260,000	260,000	260,000	260,000	260,000
Motor Vehicle Registration	810,778	875,000	875,000	875,000	875,000	875,000
Upper Air Management Agreement	455,121	338,187	251,395	338,187	338,187	338,187
Shipping Registration	220,592	97,858	97,858	97,858	97,858	97,858
International Shipping Licence	-7,752	15,000	15,000	15,000	15,000	15,000
Liquor Licencing	62,520	50,000	60,000	50,000	50,000	50,000
Research Fee	1,550	1,500	1,500	1,500	1,500	1,500
Permits	20,333	10,409	10,409	10,409	10,409	10,409
Censorship Fees	610	1,000	600	1,000	1,000	1,000
Land Court Fees	192,344	147,000	147,000	147,000	147,000	147,000
Tattslotto Grants	214,692	120,000	120,000	120,000	120,000	120,000
Motor Vehicle Dealers	4,690	3,000	3,400	3,000	3,000	3,000
Court Services	37,311	27,000	27,000	27,000	27,000	27,000
Instant Fines	55,800	60,000	60,000	60,000	60,000	60,000
Fishing Revenues	10,234,595	15,389,187	15,989,187	16,605,854	11,465,854	11,465,854
<i>US Fisheries Treaty (upfront days)</i>	3,012,059	3,810,000	3,810,000	6,000,000	6,000,000	6,000,000
<i>EU Agreement</i>	1,695,149	1,400,000	1,400,000	400,000	0	0
<i>Purse seine fishery</i>	1,525,985	7,000,000	7,000,000	7,000,000	2,260,000	2,260,000
<i>Longline Licenses and QMS</i>	3,753,102	3,000,000	3,600,000	3,000,000	3,000,000	3,000,000
<i>Other fisheries and auxiliary vessel licencing</i>	113,382	133,333	133,333	160,000	160,000	160,000
<i>Regional Fisheries Management Organisations - SIOFA and SPRFMO</i>	134,918	45,854	45,854	45,854	45,854	45,854
Dividends	0	1,000,000	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	1,000,000	1,000,000	1,600,000	1,800,000	2,000,000
Numismatics	1,187,661	849,772	849,772	840,841	845,921	853,659
Circulating Currency - Coins	148,006	204,000	204,000	204,000	204,000	204,000
Interest on Balances	1,456,077	906,667	906,667	706,667	706,667	706,667
<i>Interest on balances - LRF</i>	220,220	220,000	100,931	56,798	57,934	59,093
Interest on Loans to Subsidiaries	1,718,784	1,601,171	1,601,171	1,505,061	1,420,525	1,334,235
Foreign Investment Fees	27,290	34,000	28,000	34,000	34,000	34,000
Employer Liabilities	0	0	0	0	0	0
Gains on Foreign Exchange	1,317,835	0	0	0	0	0
Core Sector Support	7,825,000	9,100,000	9,100,000	0	0	0
General Budget Support	19,165,033	0	0	0	0	0
Unanticipated Revenue received	320,521	0	0	0	0	0
Total Other	49,991,006	31,879,751	32,277,890	24,250,175	19,731,855	20,104,462
Total Crown Receipts	160,690,945	194,072,598	199,750,778	201,118,893	205,117,538	211,727,563

8.13. Schedule 8a – Administered Payments

Administering Ministry	Administered Payment	2022/23 Actual	2023/24 Budget Estimate	2023/24 Supp. Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Compensation of Employees							
Cook Islands Investment Corporation	Infrastructure Committee	116,192	100,000	100,000	100,000	100,000	100,000
Cook Islands Investment Corporation	Government Facilities Development Division	356,589	420,000	420,000	420,000	420,000	420,000
Cook Islands Investment Corporation	School Security	250,000	230,000	230,000	230,000	230,000	230,000
Cook Islands Investment Corporation	Joint Venture with Seabed Minerals Authority	47,874	50,000	50,000	50,000	50,000	50,000
Environment	National Heritage Trust	122,275	0	0	0	0	0
Finance and Economic Management	Price Tribunal Committee	35,833	45,000	65,000	45,000	45,000	45,000
Finance and Economic Management	The Centre of Research and Policy Studies	66,464	80,000	80,000	80,000	80,000	80,000
Finance and Economic Management	National Heritage Trust Fund	0	122,241	122,241	122,241	122,241	122,241
Justice	Judges Allowances	335,960	465,000	573,846	465,000	465,000	465,000
Justice	Project to bring land records up to date	86,031	120,000	120,000	120,000	120,000	120,000
Prime Minister's Office	Marae Moana Ambassador	60,000	0	0	0	0	0
Public Service Commission	HOM's Salaries	1,982,873	1,903,170	1,991,233	1,903,170	1,903,170	1,903,170
	Compensation of Employees Administered Payments	3,460,091	3,535,411	3,752,320	3,535,411	3,535,411	3,535,411
Use of Goods and Services							
Cook Islands Seabed Minerals Authority	Seabed Minerals Sector Development	73,319	220,000	400,000	0	0	0
Cook Islands Seabed Minerals Authority	Seabed Minerals Compliance Development	0	0	0	200,000	250,000	250,000
Cook Islands Investment Corporation	Provision for Land Rentals	407,773	400,000	400,000	400,000	400,000	400,000
Cook Islands Investment Corporation	CIG Buildings Repairs & Maintenance	0	1,000,000	1,000,000	1,000,000	1,500,000	1,500,000
Crown Law	Legal Provisions	171,060	100,000	138,204	100,000	100,000	100,000
Crown Law	Lexis Nexis - Portal Maintenance	0	80,000	229,962	80,000	80,000	80,000
Cultural Development	National Events Fund	499,265	500,000	1,000,000	500,000	500,000	500,000
Cultural Development	Te Kopapa Reo Maori Board	15,029	15,000	15,000	15,000	15,000	15,000
Cultural Development	Cook Islands Cultural Fund	100,962	100,000	100,000	100,000	150,000	150,000
Education	Tertiary Training Institutions	1,092,598	1,160,000	1,160,000	1,160,000	1,160,000	1,160,000
Education	Bus Service	36,230	26,325	26,325	26,325	26,325	26,325
Environment	Legacy Waste - Vehicles & Whiteware	0	360,000	360,000	360,000	0	0
Environment	EIA Process	149,612	150,000	150,000	150,000	150,000	150,000
Environment	Management of Suwarrow Park	99,877	100,000	100,000	100,000	100,000	100,000
Environment	Compliance Development	39,572	0	0	0	0	0
Environment	Feasibility Study for Coastal Protection - Rarotonga & Aitutaki	0	400,000	400,000	0	0	0

Administering Ministry	Administered Payment	2022/23 Actual	2023/24 Budget Estimate	2023/24 Supp. Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Finance and Economic Management	Public Sector Strengthening-processes and systems	34,467	150,000	185,000	150,000	150,000	150,000
Finance and Economic Management	COVID-19 Medical Response Fund	497,085	0	0	0	0	0
Finance and Economic Management	Economic Recovery Roadmap	824,066	3,517,000	4,489,815	1,200,000	200,000	200,000
Finance and Economic Management	The Centre of Excellence in Information Technology (CEIT)	88,618	60,000	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	75,507	70,000	70,000	70,000	70,000	70,000
Finance and Economic Management	Special Investigative and Prosecution Services	42,856	50,000	50,000	50,000	50,000	50,000
Finance and Economic Management	Debt Advisory Services	1,286	0	0	0	0	0
Finance and Economic Management	FMIS Maintenance	86,671	145,000	145,000	150,000	150,000	150,000
Finance and Economic Management	Government Broadband Utilities	30,000	0	0	0	0	0
Finance and Economic Management	ASYCUDA Administrative Fund	0	100,250	100,250	100,250	100,250	100,250
Finance and Economic Management	Post Tax Amnesty Work	32,536	0	0	0	0	0
Finance and Economic Management	Cook Islands Red Cross	50,000	50,000	50,000	50,000	50,000	50,000
Finance and Economic Management	IGOR - International Exchange of Information system upgrade	0	55,430	144,330	55,430	55,430	55,430
Foreign Affairs	Cook Islands Student Association Support	2,500	10,000	17,500	10,000	10,000	10,000
Foreign Affairs	Returned Services Association	4,975	5,000	5,000	5,000	5,000	5,000
Head Of State	Domestic Hosting Entertainment	25,156	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	1,167,645	1,167,800	1,447,800	1,167,800	1,167,800	1,167,800
Health	Law and Order Clinical Psychologist	2,180	90,000	90,000	90,000	90,000	90,000
Infrastructure Cook Islands	Bridges and Stream Structure Maintenance	223,936	700,000	700,000	700,000	700,000	700,000
Infrastructure Cook Islands	Waste Management	670,769	805,000	805,000	805,000	805,000	805,000
Infrastructure Cook Islands	Road and Drainage Asset Management	566,110	800,000	1,200,000	800,000	800,000	800,000
Infrastructure Cook Islands	Emergency Response Work	130,499	200,000	200,000	200,000	200,000	200,000
Internal Affairs	Internal Affairs Youth Program	44,320	45,000	45,000	45,000	45,000	45,000
Internal Affairs	Vaka Maintenance	400,106	450,000	450,000	450,000	500,000	500,000
Internal Affairs	Lease extension	36,000	72,000	72,000	72,000	72,000	72,000
Internal Affairs	International Labour Conference	0	0	80,000	0	0	0
Parliamentary Services	Special Select Committee	30,145	120,000	148,738	120,000	120,000	120,000
Parliamentary Services	Remuneration Tribunal Committee	4,873	0	0	0	0	0
Police	Search and Rescue	894	20,000	20,000	20,000	20,000	20,000
Police	Serious Crime Investigations	91,773	100,000	100,000	100,000	100,000	100,000

Administering Ministry	Administered Payment	2022/23 Actual	2023/24 Budget Estimate	2023/24 Supp. Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Police	Te Kukupa - Biannual Slipping	0	0	0	0	0	0
Police	Te Kukupa - Fuel Contribution	0	50,000	50,000	50,000	250,000	250,000
Police	Police Youth Program	43,776	45,000	45,000	45,000	45,000	45,000
Prime Minister's Office	Social Responsibility Fund	362,771	483,000	483,000	483,000	483,000	483,000
Prime Minister's Office	Cabinet Support Fund	102,875	270,000	270,000	270,000	270,000	270,000
Prime Minister's Office	Pa Enea Mechanical Overseer	96,123	120,000	120,000	120,000	120,000	120,000
Prime Minister's Office	Pa Enea Machinery Maintenance Fund	97,459	100,000	100,000	100,000	100,000	100,000
Prime Minister's Office	OPM ICT Activities	234,693	0	0	0	0	0
Prime Minister's Office	OPM ICT Activities - Internet Data and Fibre Connection	0	460,000	460,000	598,000	538,000	624,650
Prime Minister's Office	Pa Enea Connectivity	199,924	0	0	0	0	0
Prime Minister's Office	OPM ICT Activities - Licenses and Software	0	450,000	450,000	450,000	450,000	450,000
Tourism Corporation	Marketing Resources - Tourism Growth Strategy	3,257,000	5,743,000	5,093,000	4,500,000	4,500,000	4,500,000
Finance and Economic Management	Tarai Vaka Fund	12,143	20,000	20,000	20,000	20,000	20,000
Financial Services Development Authority	Tax Law Review	30,000	0	0	0	0	0
	Use of Goods and Services Administered Payments	12,338,034	21,200,805	23,311,924	17,303,805	16,733,805	16,820,455
Subsidies							
Education	University of the South Pacific Contribution	205,000	205,000	205,000	205,000	205,000	205,000
Finance and Economic Management	Airline Route Development	2,103,339	17,450,000	18,546,660	15,300,000	15,400,000	14,600,000
Finance and Economic Management	Subsidy of audio/visual broadcasting in Pa Enea	32,601	45,000	45,000	45,000	45,000	45,000
Finance and Economic Management	Asian Infrastructure Investment Bank (AIIB) Membership	36,630	30,500	30,500	30,500	30,500	30,500
Finance and Economic Management	Universal Access Fund	0	400,000	538,000	400,000	400,000	400,000
Finance and Economic Management	Provision for Inter Island Shipping	966,457	500,000	1,879,037	500,000	500,000	500,000
	Subsidies Administered Payments	3,344,027	18,630,500	21,244,197	16,480,500	16,580,500	15,780,500
Social Assistance							
Education	Government Funded Scholarships	830,000	780,000	780,000	780,000	780,000	780,000
Education	Government Funded Scholarships - Fees Free	0	50,000	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	1,835,736	850,000	2,650,000	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	1,337,524	1,588,976	1,738,976	1,848,971	1,854,508	1,855,668
Justice	Legal Aid	9,863	40,000	40,000	40,000	40,000	40,000
	Social Assistance Administered Payments	4,442,193	3,738,046	5,688,046	4,028,041	4,033,578	4,034,738

Administering Ministry	Administered Payment	2022/23 Actual	2023/24 Budget Estimate	2023/24 Supp. Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Other Expense							
Education	Private School Funding	3,044,431	2,735,277	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	43,354	350,000	350,000	350,000	350,000	350,000
Finance and Economic Management	National Census	42,469	0	0	0	0	350,000
Finance and Economic Management	Conduct of a Labour Force Survey	0	200,000	200,000	0	0	0
Internal Affairs	SIF - Cook Islands Government Contribution	968,306	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Internal Affairs	SIF - ODA Graduation Support Fund	0	686,915	686,915	0	0	0
Internal Affairs	CISNOC Grant	470,000	370,000	370,000	370,000	370,000	370,000
Marine Resources	Fisheries Development Facility	149,476	150,000	150,000	150,000	150,000	150,000
Internal Affairs	Religious Advisory Council	10,000	10,000	10,000	10,000	10,000	10,000
Foreign Affairs	Pacific Islands Forum (PIFs) meeting	0	150,000	150,000	0	0	0
Prime Minister's Office	State Events	56,297	40,000	40,000	40,000	40,000	40,000
	Other Expenses Administered Payments	4,784,333	5,692,192	5,692,192	4,655,277	4,678,627	5,028,627
Grand Total		28,368,678	52,796,954	59,688,679	46,003,034	45,561,921	45,199,731

8.14. Schedule 8b – Payments on Behalf of Crown (POBOCs)

Administering Ministry	POBOC	2022/23 Actual	2023/24 Budget Estimate	2023/24 Supp. Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Finance and Economic Management	Parliamentary Superannuation	75,202	180,000	180,000	180,000	180,000	180,000
Audit (PERCA)	PERC Salaries and Administration Costs	52,142	57,500	57,500	57,500	57,500	57,500
Parliamentary Services	Civil List - Personnel	3,229,645	2,901,961	2,901,961	2,901,961	2,901,961	2,901,961
Parliamentary Services	House of Ariki	0	0	0	0	0	0
Cultural Development	House of Ariki (CI)	331,540	336,690	336,690	336,690	336,690	336,690
	Compensation of Employees POBOCs	3,688,529	3,476,151	3,476,151	3,476,151	3,476,151	3,476,151
Use of Goods and Services							
Audit (PERCA)	Audit Fees	80,700	103,000	103,000	103,000	103,000	103,000
Parliamentary Services	Civil List - Constituency Visits	68,052	170,200	170,200	170,200	170,200	170,200
Parliamentary Services	Parliamentary Sitting Expenses	201,955	200,000	272,282	200,000	200,000	200,000
Parliamentary Services	MP Travel and Allowances (local and overseas)	432,101	250,000	717,083	250,000	250,000	250,000
Parliamentary Services	KR Travel and Allowances (local and overseas)	167,215	109,000	109,000	109,000	109,000	109,000
Transport	Maritime Radio Coverage	120,000	120,000	297,862	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	63,461	63,461	63,461	63,461	63,461	63,461
	Use of Goods and Services POBOCs	1,133,484	1,015,661	1,732,888	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	2,047,994	1,500,000	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)	2,987,528	3,000,000	3,000,000	2,000,000	2,000,000	2,000,000
	Subsidies POBOCs	5,273,621	4,738,099	4,738,099	3,238,099	2,738,099	2,238,099
Social Assistance							
Internal Affairs	Welfare Payments	20,816,934	21,562,805	21,412,805	21,771,104	21,978,793	21,979,281
	Social Assistance POBOCs	20,816,934	21,562,805	21,412,805	21,771,104	21,978,793	21,979,281
Other Expense							
Finance and Economic Management	Pacific Catastrophe Risk Insurance	182,682	160,000	160,000	160,000	160,000	160,000
Finance and Economic Management	Competition and Regulatory Authority	395,652	400,000	566,246	400,000	400,000	400,000
Finance and Economic Management	BEPS Subscription	38,300	45,000	45,000	45,000	45,000	45,000
Foreign Affairs	International Subscriptions	940,890	890,000	890,000	890,000	890,000	890,000
Finance and Economic Management	CIG Insurance	40,000	40,000	40,000	40,000	40,000	40,000
	Other Expenses POBOCs	1,597,524	1,535,000	1,701,246	1,535,000	1,535,000	1,535,000
Grand Total		32,510,092	32,327,716	33,061,189	31,086,015	30,743,704	30,244,192

8.15. Schedule 9a – Debt Servicing Schedule (\$'000)

Creditor	2022/23 Actual	2023/24 Budget Estimate	2023/24 Supp. Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Asian Development Bank (ADB)						
<i>Principal</i>	5,214	8,723	8,723	10,038	11,821	13,119
<i>Interest</i>	6,598	7,190	7,190	6,813	6,369	5,857
Total Debt Servicing to ADB	11,812	15,912	15,912	16,851	18,190	18,977
People's Republic of China (EXIM)						
<i>Principal</i>	2,819	2,789	2,789	2,797	2,818	2,830
<i>Interest</i>	525	463	463	409	355	300
Total Debt Servicing to China	3,344	3,252	3,252	3,206	3,173	3,131
Asian Infrastructure Investment Bank (AIIB)						
<i>Principal</i>	0	1,612	1,612	2,111	2,807	3,744
<i>Interest</i>	1,361	1,307	1,307	1,219	1,127	1,004
Total Debt Servicing to AIIB	1,361	2,919	2,919	3,330	3,933	4,748
Total Servicing of Other Debt	16,517	22,083	22,083	23,387	25,297	26,855

8.16. Schedule 9b – Loan Repayment Fund (LRF) Schedule (\$'000)

Transaction	2022/23 Actual	2023/24 Budget Estimate	2023/24 Supp. Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Opening Balance in LRF	11,011	11,822	5,047	2,840	2,897	2,955
Contribution to LRF - Principal	1,092	13,123	13,123	15,079	17,406	19,575
Contribution to LRF - Interest	9,976	8,960	8,960	10,368	9,553	8,683
Total Transfer into LRF by Government	11,069	22,083	22,083	25,447	26,958	28,258
Interest earned by LRF (avg. 2%)	220	116	101	57	58	59
Total inflows	11,289	22,199	22,184	25,504	27,016	28,317
Repayment of prepaid SOE Debt						
Contribution from LRF - Principal	729	704	716	705	695	697
Contribution from LRF - Interest	62	53	54	46	39	32
Total Repayment of SOE Debt	791	758	770	752	734	729
Repayment of Other Debt						
Contribution from LRF - Principal	7,396	12,419	12,623	14,373	16,710	18,878
Contribution from LRF - Interest	10,341	8,907	10,998	10,322	9,514	8,652
Total Repayment of Other Debt	17,737	21,326	23,621	24,696	26,224	27,529
Total Principal paid out of the LRF	8,125	13,123	13,339	15,079	17,406	19,575
Total Interest paid out of the LRF	10,403	8,960	11,052	10,368	9,553	8,683
Total outflows	18,528	22,083	24,391	25,447	26,958	28,258
Other Movements - revaluation	(1,275)	0	0	0	0	0
Closing balance of LRF	5,047	11,938	2,840	2,897	2,955	3,014

8.17. Schedule 10 – Official Development Assistance Schedule

Development Partner	Programs/Projects by Agency	Funding Type	2022/23 Actual	2023/24 Budget Estimate	2023/24 Supp. 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	9,100,000	9,100,000	0	0	0
China	COVID-19 Co-operation	Budget Support	0	0	0	0	0	0
NZ	COVID-19 Response - 3rd Phase Support	Budget Support	0	0	0	0	0	0
NZ	COVID-19 ER Support - November 2021	Budget Support	6,443,101	0	0	0	0	0
NZ	Economic Recovery Support - 2023	Budget Support	15,000,000	0	0	0	0	0
Total General Budget Support			29,268,101	9,100,000	9,100,000	0	0	0
Recurrent ODA Expenditure								
NZ	Cook Islands Core Sector Support - TA Component	Grant	1,341,246	2,435,500	2,435,500	0	0	0
NZ	COVID-19 Economic Recovery Support - November 2021	Grant	3,200	47,543	47,543	0	0	0
NZ	Cook Islands Climate Change: Improving Access to Finance	Grant	0	369,261	369,261	0	0	0
NZ	MFAI Support for the Cook Islands PIF 2023 Chairing Responsibilities	Grant	0	350,000	350,000	0	0	0
NZ	New Zealand Climate Finance (managed via ITF)	Grant	0	6,500,000	6,500,000	10,000,000	0	0
NZ	Northern Group RE Battery Replacement	Grant	0	7,500,000	7,500,000	0	0	0
NZ	COVID-19 Vaccination Programme	3rd Party Spend	96,564	0	0	0	0	0
China	COVID-19: Cooperation Cash Grant to support recovery	Grant	28,215	0	0	0	0	0
China	COVID-19 Co-operation Cash Grant for Administration	Grant	0	50,000	50,000	0	0	0
ADB	APDRF COVID-19 Emergency Response Project	2nd Party Spend	0	0	0	0	0	0
Japan	Grant Assistance for Grassroots Projects	3rd Party Spend	600,000	0	0	0	0	0
India	India Grant Fund	Grant	79,006	491,300	491,300	303,030	303,030	303,030
UN AF	Pa Enea Action for Resilient Livelihoods (PEARL)	Grant	82,847	0	0	0	0	0
GCF	UNOPs COK-RS-003: Green Climate Fund Readiness 4	Grant	132,334	0	0	0	0	0
GCF	GCF COK-PPF-039: Building Resilient and Healthy Cook Islands Communities	Grant	570,114	200,000	200,000	0	0	0
GCF	UNEP FP147: Enhancing Climate Information and Knowledge Services	Grant	335,361	3,920,900	3,920,900	966,486	780,200	0
GCF	UNEP FP147: Enhancing Climate Information and Knowledge Services	3rd Party Spend	2,000,000	0	0	0	0	0
GCF	UNOPs COK-RS-005: Enhancing a National Adaptation Programmes	Grant	1,907,001	2,618,968	2,618,968	375,530	0	0
GCF	UNOPs COK-RS-004: Green Resilient Recovery Rapid Readiness Support	Grant	295,922	248,843	248,843	0	0	0
GCF	Enhanced Direct Access - Project Preparation Facility	Grant	0	0	0	0	0	0

Development Partner	Programs/Projects by Agency	Funding Type	2022/23 Actual	2023/24 Budget Estimate	2023/24 Supp. Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
GCF	DAE Direct Support Readiness	Grant	0	189,735	189,735	113,270	0	0
EU	Budget Support to the Sanitation Sector	Grant	14,701	137,014	137,014	0	0	0
NZ	NZ Volunteer Services Aboard	3rd Party Spend	500,000	0	0	0	0	0
ADB	Technical Assistance Support	3rd Party Spend	500,000	0	0	0	0	0
UNDP	UNDP SDG Financing Joint Programme - DFA	2nd Party Spend	51,135	0	0	0	0	0
NZ	COVID-19 Rapid Impact Assessment Survey CI NSO	Grant	35,000	33,800	33,800	0	0	0
Other	Aid Effectiveness	Budget Support	100,000	200,000	200,000	100,000	100,000	100,000
GEF	National Adaptation to CC	Grant	0	0	0	0	0	0
GEF	Fourth National Communications - UNFCCC	Grant	26,353	215,689	215,689	251,712	235,061	80,871
ADB	E-Government TA Support	3rd Party Spend	0	0	0	0	0	0
SPC	GCCA + SUPA - Enhancing a Climate Resilient Marine Sector	Grant	146,469	0	0	0	0	0
SPC	GCCA + SUPA - Enhancing a Climate Resilient Marine Sector	Grant	330,000	0	0	0	0	0
UNDP	Western Pacific Multi-Country Integrated HIV/TB programme - UNDP	Grant	79,678	0	0	0	0	0
WHO	WHO Biennium Budget Support	3rd Party Spend	152,000	0	0	0	0	0
UNICEF	UNICEF Health and Nutrition Programme	3rd Party Spend	335,350	0	0	0	0	0
EU	Sustainable Fisheries Partnership Agreement - Sectoral Support 2016 - 2021	Grant	572,925	0	0	0	0	0
EU	Sustainable Fisheries Partnership Agreement - Sectoral Support 2022 - 2024	Grant	584,893	590,000	590,000	590,000	0	0
Japan	Japan Trust Fund	Grant	0	0	0	0	0	0
FFA	Project Development Fund - US Fisheries Treaty	3rd Party Spend	206,439	0	0	0	0	0
GEF	Nagoya Protocol on Access to Genetic Resources and Benefit Sharing	Grant	25,200	81,852	81,852	0	0	0
UNESCO	UNESCO Social Protection for persons with disability (Pilot Project)	Grant	2,648	0	0	0	0	0
Other	National Archive Digitization Programme MOCD	Grant	0	80,000	80,000	0	0	0
UNESCO	Intangible Cultural Heritage Funds Programme	Grant	32,981	43,260	43,260	0	0	0
NZ	CI Pacific Maritime Safety Programme	Grant	191,371	120,500	120,500	0	0	0
UNEP	HCFC Phase-Out Management Plan for PIC Stage 1 & 2	Grant	12,635	27,000	27,000	13,000	0	0
UNEP	Institutional Strengthening Project (ISP)	Grant	31,463	45,000	45,000	0	0	0
GEF	Minimata Convention on Mercury	Grant	20,664	22,347	22,347	0	0	0
UNDP	UNPRPD Cook Islands Joint Programme	Grant	4,995	0	0	0	0	0
ADB	Strengthening of the Cook Islands Public Sector TA	3rd Party Spend	300,000	0	0	0	0	0
SPC	Technical/In Kind Support	3rd Party Spend	163,934	0	0	0	0	0
SPREP	Pac Waste Plus	Grant	343,900	0	0	0	0	0
Aus - SPC	Cook Islands Coastal Fisheries and Aquaculture TA	Grant	0	393,874	393,874	393,874	0	0

Development Partner	Programs/Projects by Agency	Funding Type	2022/23 Actual	2023/24 Budget Estimate	2023/24 Supp. Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Aus - SPC	Otolisth Laboratory	Grant	0	97,818	97,818	0	0	0
NZ	Cook Islands Domestic ICT Connectivity Improvements	Grant	0	3,000,000	3,000,000	0	0	0
GEF	GEF Small Grants Programme	3rd Party Spend	378,787	0	0	0	0	0
Other	Small Projects Grant funding	Grant	2,330,596	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
FFA	Fisheries Climate Change activities under the US Treaty	Grant	0	501,422	501,422	0	0	0
GEF	GEF 7 National Project	Grant	0	164,608	164,608	856,998	990,402	716,349
GEF	GEF Enabling Activity for UNCCD	Grant	0	70,000	70,000	21,324	0	0
FFA	Fisheries Project Development Fund	Grant	0	0	280,000	0	0	0
SPC	GCCA + SUPA - Enhancing a Climate Resilient Marine Sector	Grant	0	0	180,000	0	0	0
UNICEF	UNICEF INTAFF Support Cook Islands Development of Disability Action	Grant	0	0	147,000	0	0	0
UNICEF	CI National Policy for Children	Grant	0	0	63,340	0	0	0
UNDP	UNPRPD Strengthening our Work together Joint Programme	Grant	0	0	40,170	0	0	0
UNICEF	UNICEF INTAFF MIS Piloting & Implementation Phase	Grant	0	0	75,000	0	0	0
UNEP	Strengthening National-level Institutional & Professional Capacities - UNCCD	Grant	0	0	112,500	0	0	0
UNEP	Global Biodiversity Framework Early Action Support Project	Grant	0	0	363,500	0	0	0
China	MFAI Support for the Cook Islands PIF 2023 Grant Funds	Grant	0	0	318,330	0	0	0
Australia	Pacific Island Leaders Meeting Support	Grant	0	0	727,648	0	0	0
PIFS	Pacific Island Leaders Meeting Support	Grant	0	0	58,337	0	0	0
Saudi	Pacific Island Leaders Meeting Support	Grant	0	0	506,231	0	0	0
Switzerland	Pacific Island Leaders Meeting Support	Grant	0	0	65,340	0	0	0
Australia	Pacer Plus MFAI National Coordinator of the Cook Islands	Grant	0	0	63,280	0	0	0
China	Agricultural Machineries for Cook Islands	Grant	0	0	107,640	0	0	0
China	Agriculture and Forestry Machinery – Cook Islands	Grant	0	0	120,000	0	0	0
FAO	Data Collection Agriculture Activities in the 2021 Census of Population and Dwelling	Grant	0	0	42,820	0	0	0
FAO	Improving Production of Wetland Taro	Grant	0	0	67,500	0	0	0
Total Recurrent ODA Expenditure			14,945,927	35,746,234	39,084,870	18,985,224	7,408,693	6,200,250
Capital ODA Expenditure								
NZ	Manatua Polynesian Cable Project	Grant	515,955	190,000	190,000	0	0	0
NZ	Mei Te Vai Ki Te Vai (MTVKTV)	Grant	144,259	600,000	600,000	0	0	0
Japan	Procurement of a cargo and passenger vessel	Grant	0	5,800,000	5,800,000	0	0	0
NZ	Cook Islands Infrastructure Trust Fund	Grant	264,365	19,404,104	19,404,104	0	0	0
NZ	Cook Islands Infrastructure Trust Fund - Te Tau Papa O Avarua CIIC	Grant	0	7,600,000	7,600,000	0	0	0

Development Partner	Programs/Projects by Agency	Funding Type	2022/23 Actual	2023/24 Budget Estimate	2023/24 Supp. Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
NZ	Cook Islands Infrastructure Trust Fund - Manihiki Airport Upgrade	Grant	0	12,387,300	12,387,300	0	0	0
EU	Budget Support to the Sanitation Sector	Grant	605,038	900,000	900,000	0	0	0
Japan	Economic Social Development Programme 2018	3rd Party Spend	4,051	0	0	0	0	0
Japan	Economic Social Development Programme 2020-1 COVID-19 Response Assistance	3rd Party Spend	700,000	0	0	0	0	0
Japan	Economic Social Development Programme 2020-2	3rd Party Spend	994,495	0	0	0	0	0
Japan	Inter-Island freight & passenger ship	3rd Party Spend	0	0	0	0	0	0
China	Domestic Shipping – mixed Cargo / Passenger Ship	2nd Party Spend	0	2,000,000	2,600,000	0	0	0
GEF	Renewable Energy Grant (Southern Group)	3rd Party Spend	681,818	0	0	0	0	0
GCF	Renewable Energy Grant (Southern Group)	3rd Party Spend	984,672	1,500,000	1,500,000	0	0	0
NZ	Rarotonga Airport Upgrade Designs	Grant	795,615	298,000	298,000	0	0	0
ADB	JFPR - Supporting Safe Recovery of Travel and Tourism in Cook Islands	3rd Party Spend	659,091	3,000,000	3,000,000	0	0	0
NZ	Improving Geospatial Data - LiDAR	Grant	1,271,780	0	0	0	0	0
SPC	Strengthening Water Security of Vulnerable Island States	Grant	73,816	0	0	0	0	0
SPC	Managing Water Scarcity through Strengthened Water Resources Project Fund 2	Grant	1,308,405	0	0	0	0	0
NZ	Improving Geospatial Data - LiDAR	Grant	0	323,281	1,500,000	0	0	0
Total Capital ODA Expenditure			9,003,359	54,002,685	55,779,404	0	0	0
Total NZD Equivalent ODA Funding			53,217,387	98,848,919	103,964,274	18,985,224	7,408,693	6,200,250
Total NZD Equivalent ODA Funding - (excl. GBS)			23,949,286	89,748,919	94,864,274	18,985,224	7,408,693	6,200,250

9. Financial Statements

9.1. Statement of Financial Performance

Table 9-1 Statement of Finance Performance, 30 June (\$'000)

	2022/23 Actual	2023/24 Supp. Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Revenue					
Taxation Revenues	110,700	167,473	176,869	185,386	191,623
Trading Revenue	5,921	4,977	5,082	5,232	5,232
Interest Revenue	1,676	1,008	763	765	766
Dividends	0	1,000	1,600	2,300	2,750
Core Sector Support	7,825	9,100	0	0	0
Other Revenue	38,771	19,569	20,382	15,247	15,254
Total Revenue	164,893	203,127	204,696	208,929	215,625
Expenditure					
Crown Appropriation	113,098	151,763	136,084	136,600	136,245
Depreciation	14,066	15,360	15,410	15,410	14,809
Payments on Behalf of Crown	32,510	33,061	31,086	30,744	30,244
Debt-servicing interest	8,685	9,451	8,863	8,132	7,349
Other expenditure	2,308	150	150	150	150
Total Expenditure	170,666	209,785	191,594	191,036	188,798
NET OPERATING SURPLUS / (SHORTFALL)	(5,773)	(6,658)	13,102	17,893	26,828
Grants					
Foreign Aid Revenue	14,946	39,085	18,985	7,409	6,200
Foreign Aid Expenses	14,946	39,085	18,985	7,409	6,200
Grant Balance	0	0	0	0	0
Net Operating Balance after Grants	(5,773)	(6,658)	13,102	17,893	26,828

9.2. Statement of Financial Position

Table 9-2 Statement of Financial Position, 30 June (\$'000)

	2022/23 Actual	2023/24 Supp. Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Assets					
Working Capital Fund	67,126	36,781	35,092	33,999	38,734
Stabilisation Fund	3,544	3,544	3,544	3,544	3,544
General Cash Reserve	70,670	40,325	38,636	37,543	42,278
Loan Reserves Fund (LRF)	5,047	2,840	2,897	2,955	3,014
Disaster Response Trust Fund	2,028	2,078	2,128	2,178	2,228
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	272,016	342,449	344,253	348,002	352,781
Total Assets	598,755	632,854	629,706	629,409	635,972
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	231,029	216,568	199,363	179,965	159,970
Total Liabilities	415,797	401,337	384,131	364,733	344,738
NET CROWN BALANCE	182,957	231,517	245,575	264,676	291,234

9.3. Statement of Borrowings

Table 9-3 Statement of Borrowings, 30 June (\$'000)

	2022/23 Actual	2023/24 Supp. Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Total Gross Borrowing	231,029	216,568	199,363	179,965	159,970
Assets held against Borrowings					
Advances to Subsidiaries	46,980	43,148	39,778	36,717	33,657
Loan Repayment Fund (LRF)	5,047	2,840	2,897	2,955	3,014
Total Assets Held Against Borrowings	52,027	45,988	42,676	39,672	36,671
Total Net Borrowing	179,002	170,580	156,687	140,293	123,299

9.4. Statement of Cash flow

Table 9-4 Statement of Cash flow, 30 June (\$'000)

	2022/23 Actual	2023/24 Supp. Estimate	2024/25 Projection	2025/26 Projection	2026/27 Projection
Cashflows from Operating Activities					
<u>Cash provided from:</u>					
Taxation Revenues	110,700	167,473	176,869	185,386	191,623
Trading Revenue	5,921	4,977	5,082	5,232	5,232
Interest Revenue	1,456	907	707	707	707
Foreign Aid Income	23,949	94,864	18,985	7,409	6,200
Core Sector Support	7,825	9,100	0	0	0
Other Revenue	58,535	19,569	20,382	15,247	15,254
	208,386	296,890	222,024	213,980	219,016
<u>Cash applied to:</u>					
Crown Appropriation	113,098	151,763	136,084	136,600	136,245
Depreciation	0	0	0	0	0
Payments on Behalf of the Crown	32,510	33,061	31,086	30,744	30,244
Foreign Aid Expense	14,946	39,085	18,985	7,409	6,200
Net Debt-Servicing Interest	0	0	0	0	0
Other Expenditure	2,308	150	150	150	150
	162,861	224,059	186,306	174,903	172,840
Net Cashflows from Operating Activities	45,525	72,832	35,719	39,077	46,177
Cashflows from Financing Activities					
<u>Cash provided from:</u>					
Subsidiary Loan Repayments	2,406	3,749	3,704	3,698	3,704
Other Investment Receipts	0	1,000	1,600	2,300	2,750
	2,406	4,749	5,304	5,998	6,454
<u>Cash applied to:</u>					
Capital expenditure	22,415	30,013	17,215	19,159	19,588
Capital expenditure - foreign aid	9,003	55,779	0	0	0
Advances to Subsidiaries	0	0	0	0	0
	31,419	85,793	17,215	19,159	19,588
Net Cashflows from Investing Activities	-29,013	(81,044)	(11,911)	(13,161)	(13,134)
Cashflows from Financing Activities					
<u>Cash provided from:</u>					
Loans Drawdown	0	0	0	0	0
Other Financing Receipts	0	0	0	0	0
	0	0	0	0	0
<u>Cash applied to:</u>					
Loan Repayment Fund	12,344	22,083	25,447	26,958	28,258
Other Reserves	0	50	50	50	50
Other Financing Payments	-270	0	0	0	0
	12,074	22,133	25,497	27,008	28,308
Net Cashflows from Financing Activities	(12,074)	(22,133)	(25,497)	(27,008)	(28,308)
Net cash movements	4,438	(30,345)	(1,689)	(1,092)	4,735
Opening General Cash Balance	66,232	70,670	40,325	38,636	37,543
Closing General Cash Reserve	70,670	40,325	38,636	37,543	42,278

9.5. Statement of Financial Risks

Quantifiable Contingent Liabilities	(\$'000)
Guarantees and indemnities	50
Uncalled capital	2,600
Legal proceedings and disputes	400
Vested Assets	24,800
Total Quantifiable Contingent Liabilities	27,900

The total quantifiable contingent liabilities for 2023/24 is estimated to be \$27.9 million with further details outlined below. Possible liabilities stemming from the Island Governments are also discussed.

9.5.1. Guarantees and indemnities relate to the following

The Government entered into a programme in 2011/12 under the New Zealand Aid Programme, specifically targeting support for the Pearl Sector through the Cook Islands Pearl Authority. As part of the initiative, the Government guaranteed up to \$500,000 as security for loans associated with the Pearl Production Credit Scheme. Although the loan program has been discontinued, there is still an outstanding debt of approximately \$50,000 on the loan scheme.

9.5.2. Uncalled Capital

The Government holds \$1.9 million in uncalled shares with the Asian Development Bank (ADB), represented by 88 uncalled-shares with a par-value of USD 13,500 each. In addition, the Government holds \$644,330 in uncalled shares with the Asian Infrastructure Investment Bank (AIIB), consisting of four uncalled-shares with a par-value of USD 100,000 each.

Table 9-5 Uncalled Capital Breakdown (\$)

Party	Shares	USD per share	NZD Value
Asian Development Bank	88	13,500	1,913,660
Asian Infrastructure Investment Bank	4	100,000	644,330
Total		1,588,000	2,557,990
Foreign Exchange Rate (USD/NZD)	1.61		

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

9.5.3. 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.

9.5.4. 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 might lead to potential liabilities. There is no preferential treatment regarding public or other liabilities for the Island Governments, and the likelihood of them incurring such liabilities is minimal. No specific measures have been taken to minimise this risk beyond those applied to other Government agencies located in Rarotonga.

Unsettled invoices pose a risk that could be challenging to address without implementing stricter financial controls beyond those imposed stipulated in the Financial Policies and Procedures Manual, the MFEM Act 1995-96 and the Public Expenditure Review Committee and Audit (PERCA) Act 1995-96. While MFEM is introducing a Financial Management and Information System (FMIS), to enhance invoice payments processes and recording-keeping, the inherent manual aspects of the billing process means that this risk cannot be entirely eliminated.

10. Accounting Policies

Accounting Policies for the Forecast Financial Statements of the Government of the Cook Islands

10.1. Statement of Compliance

These forecast financial statements have been prepared in accordance with the Ministry of Finance and Economic Management (MFEM) Act 1995-96 and Generally Accepted Accounting Practice (GAAP) with the International Public Sector Accounting Standards Board (IPSASB). The IPSAS standards which the Government does not comply and have 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 MFEM Act 1995-96.

10.2. 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.

10.3. 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.

10.4. 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.

10.4.1. 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. The Government's interest in Telecom Cook Islands Limited is held by Cook Islands Telecommunication Holdings Limited.

The 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.

10.5. Accounting treatment

10.5.1. 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 the Revenue Management Division.
Individual Income Tax	Individual income tax is recognised when individual tax return forms are filed and payment has been received by the 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 the Revenue Management Division.
Withholding Tax	Withholding tax is recognised upon payment being received by the Revenue Management Division
Value Added Tax	VAT is recognised when individual monthly VAT return forms are filed and payment has been received by the Revenue Management Division.
Customs levies	Customs levies are recognised upon payment being received by the 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 the 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.

10.5.1.1. Revenue Earned Through Operations

Revenue from sales of goods/services is recognised when the product/service is sold to the customer.

10.5.1.2. 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.

10.5.1.3. 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.

10.5.1.4. Dividend revenue

Dividend revenue from investments is recognised when the Government's rights as a shareholder to receive payment have been established.

10.5.1.5. 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.

10.5.1.6. 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.

10.5.1.7. 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.

10.5.1.8. 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.

10.5.2. Expenses Recognition

Expenses are recognised in the Statement of Financial Performance on an accrual basis.

10.5.2.1. Personnel expenses

Personnel expenses are recognised on an accrual basis and include employer contributions for the Government superannuation scheme.

10.5.2.2. Welfare payments

Welfare benefits and entitlements are recognised as an expense in the period the payment has been made.

10.5.2.3. 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.

10.5.2.4. 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.

10.5.2.5. 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.

10.5.2.6. 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.

10.5.2.7. 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.

10.5.2.8. 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 – 15 years
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

10.5.3. Non-Financial Assets

10.5.3.1. 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.

10.5.3.2. 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 value with that item) will be recognised in the Statement of Financial Performance.

10.5.3.3. 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.

10.5.3.4. 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.

10.5.3.5. Work in progress

Work in progress is recognised as cost less impairment and is not depreciated.

10.5.3.6. 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.

10.5.3.7. 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

10.5.3.8. 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.

10.5.4. Financial Assets

10.5.4.1. Categories of Financial Assets

The 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. The Government only holds financial assets classified as loans and receivables.

10.5.4.2. 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.

10.5.4.3. 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.

10.5.4.4. 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.

10.5.4.5. Term deposits

This comprises interest-bearing deposits held with other banks and are measured at amortised cost in the Statement of Financial Position.

10.5.4.6. Trust accounts

Trust accounts contain funding that the 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.

10.5.4.7. 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.

10.5.4.8. 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.

10.5.5. Identification and measurement of impairment

10.5.5.1. Banking portfolio investments (loans)

Refer to Note 2 Areas of significant estimation: Banking portfolio investments - credit provisioning (Bank of the Cook Islands).

10.5.5.2. 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.

10.5.5.3. 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.

10.5.5.4. Derecognition of financial assets

Government derecognises a financial asset when the contractual rights to the cash flow from the asset expire, or it transfers the rights to receive the contractual cash flow 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.

10.5.6. Categorisation of liabilities

All financial liabilities are classified as other financial liabilities.

10.5.6.1. 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.

10.5.6.2. 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.

10.5.6.3. 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.

10.5.6.4. 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 flow estimated to settle the present obligation, its carrying amount is the present value of those cash flow.

10.5.6.5. 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.

10.5.6.6. 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 to the New Zealand Government's Superannuation Fund.

10.5.6.7. 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.

10.5.6.8. Derecognition

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

10.5.7. 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.

10.5.8. 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.

10.5.9. 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.

10.5.10. 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 that the 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