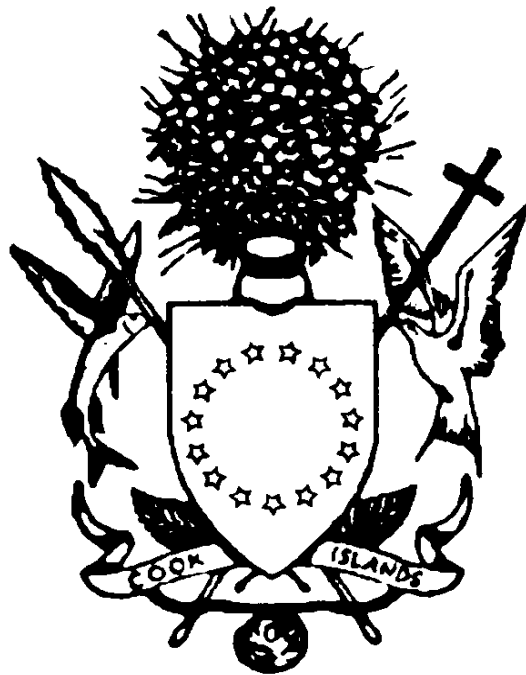

**COOK ISLANDS GOVERNMENT
BUDGET ESTIMATES
2014/2015**

**Book 3
Capital Plan**



**Hon. Mark Brown
Minister of Finance
October 2014**

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1. INTRODUCTION

The Capital Plan is intended to inform the Cook Islands community of the progress made towards achieving the goals set out in 2013/14, as well as the new initiatives to be embarked on over the period 2014/15 to 2017/18.

The priority investment areas reflected in the 2014/15 plan remain largely unchanged, and will continue to be guided by our visions and aspirations for a vibrant economy supported by good infrastructure and energy security; where our people have opportunities to fulfil their potential; are resilient to disasters and climate change impacts; and live in a healthy environment - *Te Kaveinga Nui, National Sustainability Development Plan*.

In 2013/14 the Plan highlighted a number of priority areas to be implemented or progressed further, with a three-year expenditure outlook. This included major renewals and upgrades in the water, energy and transport sectors. These efforts will be continued in 2014/15, with further developments in the areas of sanitation and education.

In May 2014 the Cook Islands National Infrastructure Investment Plan (CI-NIIP) was produced following an extensive consultative process involving a range of stakeholders, including civil society, the private sector, government and international agencies. The CI-NIIP identified twenty one high priority projects and plans for major infrastructure investments over the next ten years. It is expected sixteen of the priority projects will be undertaken, completed, or continued. The remaining five require further planning considerations, and will be reviewed in the coming years.

The structure and presentation of the Plan differs from previous years. This year the Plan is segregated by programmes, projects and purchases. The intention is to present the Plan as Government's consolidated efforts. It is presented over a five-year period.

This book should be read in conjunction with the information from chapter 10, Crown Debt and Net Worth, and chapter 15, Official Development Assistance (ODA), contained in Budget Book No. 1.

Total spending on capital from all sources in 2013/14 was \$37 million. Spending was lower than budgeted, by \$23 million due to the deferral of some projects, including:

- Outer Islands Heavy Machinery, Pearl and Agriculture Equipment, to 2014/15, to allow for fuller planning (-\$10.5 million);
- commencement of the Sanitation Upgrades Programme, to 2014/15, due to ODA grant funding negotiations (-\$1.1 million);
- renewable energy photovoltaic equipment funded by Japanese Government, initially intended for the Northern Group but now earmarked for the South and rescheduled for 2014/15 and 2015/16 (-\$4.6 million);
- Project City road network construction, to 2014/15, following a full public tender (-\$4.7 million); and components of the SRIC-Climate Adaptation Fund, which has now been programmed over four years, 2013/14 to 2016/17 (-\$1.7 million).

Spending over the five years 2013/14 to 2017/18 is estimated to be around \$211.3 million, of which \$104.8 million will be funded by Official Development Assistance (ODA), \$70.5 million by Cook Islands government, and \$36 million by loans from the Export Import Bank of China and the Asian Development Bank.

The Cook Islands government contribution of \$21.8 million in 2014/15 is funded by previous years under-spending and savings, cash reserves, loans the Crown has sole discretion over, and budget support funding. This is equivalent to 28 per cent of the total 2014/15 Plan.

Please note, '5 Year' cost is the estimated total expenditure over the five year period, 2013/14 to 2017/18, and may not necessarily reflect the total cost of a programme or project.

Acronyms

ADB	Asian Development Bank
ADB ERSP	Asian Development Bank Economic Recovery Support Program
ADB PEEP	Asian Development Bank Pacific Energy Efficiency Project, Phase 2
ADF	Australia Defence Force
ANZ	Australia New Zealand Banking Corporation
AusAID	Australia Agency for International Development
CAPEX	Capital Expenditure funded by Cook Islands Government
CIG	Cook Islands Government
CIIC	Cook Islands Investment Corporation
CI-NIIP	Cook Islands National Infrastructure Investment Plan
EIB	European Investment Bank
EU	European Union
EU GCCA	European Union Global Climate Change Alliance
EXIM	Export Import Bank of China
IC	Infrastructure Committee
ICI	Ministry of Infrastructure Cook Islands
ICT	Information Communication Technology
IT	Information Technology
IWRM	Integrated Water Resource Management
MFEM	Ministry of Finance and Economic Management
MOH	Ministry of Health
NZ/A	New Zealand/Australia
ODA	Official Development Assistance
OPM	Office of the Prime Minister
PACC/SPREP	Pacific Adaptation to Climate Change, South Pacific Regional Environment Programme
PEC	Pacific Environment Community, Japan Government
PRC	People's Republic of China
RE	Renewable Energy
REDD	Renewable Energy Development Division, Office of the Prime Minister
RMS	Revenue Management System
SIDS-DOCK	Small Island Developing States - 'Docking Station'
SOE	State Owned Enterprises
SOPAC	Secretariat of the South Pacific Community
SPREP	South Pacific Regional Environment Programme
SRIC	Strengthening the Resilience of our Islands and our Communities to Climate Change Cook Islands
TA	Technical Assistance
TAU	Te Aponga Uira o Tumutevarovaro
TMV	Te Mato Vai – Rarotonga Water Partnership
UN	United Nations
UN-FCCC	United Nations Framework Convention on Climate Change
UN-GEF	United Nations-Global Environment Facility

2. FINANCING THE CAPITAL PLAN

Total spending on capital and development from all sources in 2013/14 was \$37 million. Spending over the five years 2013/14 to 2017/18 is estimated to approach \$211.3 million.

Table 2.1 Funding Source 2013/14 to 2017/18 (\$000)

Funding Type	2013/14 Budget Estimate	2013/14 Committed Spend	2014/15 Budget Estimate	2015/16 Budget Estimate	2016/17 Budget Estimate	2017/18 Budget Estimate	5-Year Total
CIG CAPEX	15,691	10,651	21,782	25,988	8,373	3,675	70,468
ODA	32,333	18,975	46,166	22,120	14,935	2,625	104,821
ADB	295	597	0	0	0	0	597
Australia Defence	0	120	6,760	0	0	0	6,880
European Union	17	17	0	2,890	5,680	0	8,587
European Union - Germany	0	0	210	210	210	0	630
India	40	0	0	0	0	0	0
NZ/A	9,912	15,653	17,962	9,503	6,070	2,625	51,813
Japan PEC	4,650	49	1,000	3,572	0	0	4,621
Denmark, SIDS- DOCK	0	0	708	0	0	0	708
SOPAC	200	65	0	0	0	0	65
UNESCO	30	0	0	0	0	0	0
SPREP	127	0	127	0	0	0	127
KOREA	121	121	0	0	0	0	121
PRC	12,311	270	15,592	5,000	2,700	0	23,562
EIB	661	0	600	0	0	0	600
UN Adaptation fund	2,235	763	2,913	945	275	0	4,896
ADB PEEP	590	246	234	0	0	0	480
GEF/UNDP	325	151	0	0	0	0	151
AusAid PACC/SPREP	610	714	0	0	0	0	714
EU GCCA	209	209	0	0	0	0	209
Turkey	0	0	60	0	0	0	60
LOANS	6,641	7,406	9,697	12,730	6,224	0	36,057
EXIM	5,791	7,406	6,452	6,240	2,979	0	23,077
ADB	0	0	3,245	6,490	3,245	0	12,980
ANZ Bank	850	0	0	0	0	0	0
SOE	5,376	0	0	0	0	0	0
GRAND TOTAL	60,041	37,032	77,645	60,838	29,532	6,300	211,346

3. CAPITAL PLAN 2014/15

Table 3.1 below summarises the capital investment by Sector.

The capital listed in Table 3.2 will be resourced by the Cook Islands (through either the Crown's cash reserves, loans or budget support). These programmes/projects are reviewed, approved and monitored by the Infrastructure Committee (IC). Implementing agencies are required to submit monthly reports to the IC outlining the progress and expenditure to date. Funding for these projects are processed through the Treasury Division within the Ministry of Finance and Economic Management.

The capital in Table 3.3 are those funded by development partners, and Table 3.4 by concessional loans granted to the Crown in order to develop, improve and maintain infrastructure assets and in turn improve the livelihood of all Cook Islanders. The majority of these are the outcomes of various development partners' forums and conventions that Government authorities have facilitated or attended.

Table 3.1 Capital Investment 2013-2018 by Sector (\$000)

SECTOR	2013/14 Committed Spend	2014/15 Budget Estimate	2015/16 Budget Estimate	2016/17 Budget Estimate	2017/18 Budget Estimate	5-Year Total
Agriculture	0	1,500	0	0	0	1,500
Education	1,147	6,509	5,398	198	110	13,362
Energy	15,202	19,430	14,202	9,175	250	58,259
Health	1,126	810	775	275	275	3,261
ICT	137	625	50	0	0	812
Marine	209	1,914	0	0	0	2,123
Multi Sector	1,655	11,251	1,755	585	310	15,556
Sanitation	100	3,753	5,500	4,525	4,375	18,253
Security	126	7,049	135	0	0	7,310
Tourism	979	790	0	0	0	1,769
Transport	4,576	7,291	5,839	4,430	480	22,615
Solid waste	60	85	150	0	0	295
Water	11,715	16,638	27,034	10,344	500	66,231
GRAND TOTAL	37,032	77,645	60,838	29,532	6,300	211,346

Table 3.2 Capital Plan 2013/14 to 2017/18 Funded By Cook Islands Government

MINISTRY	2013/14 Estimate Spend	2014/15 Budget Estimate	2015/16 Budget Estimate	2016/17 Budget Estimate	2017/18 Budget Estimate	5-Year Total
EDUCATION	199,000	155,000	198,000	198,000	110,000	860,000
Fund to be prioritised by Education	110,000	110,000	110,000	110,000	110,000	550,000
Furniture and replacement of computers (fire damage)	89,000	0	0	0	0	89,000
ICT upgrades (computers & laptops)	0	45,000	88,000	88,000	0	221,000
FOREIGN AFFAIRS AND IMMIGRATION	36,000	0	0	0	0	36,000
Auckland Consulate Office Fitout (Manukau)	36,000	0	0	0	0	36,000
HEALTH	424,000	810,000	275,000	275,000	275,000	2,059,000
Fund to be prioritised by Health for technical equipment	274,000	275,000	275,000	275,000	275,000	1,374,000
Ambulance	36,000	0	0	0	0	36,000
Gastroscope machine	114,000	0	0	0	0	114,000
ICT (laptops and equipment) upgrades	0	150,000	0	0	0	150,000
Cobas e411 immuno assay analyser	0	85,000	0	0	0	85,000
Laparoscope machine	0	200,000	0	0	0	200,000
New hospital pharmacy warehouse fit-out	0	100,000	0	0	0	100,000
INFRASTRUCTURE COOK ISLANDS	5,407,000	8,818,500	9,913,500	3,530,000	2,680,000	30,349,000
Bridges & Drainage	418,000	1,550,000	532,000	0	0	2,500,000
Road network maintenance	37,000	430,000	430,000	430,000	430,000	1,757,000
Water network maintenance	280,000	500,000	500,000	500,000	500,000	2,280,000
Manihiki Harbours	2,140,000	800,000	100,000	0	0	3,040,000
Vaimaru Water upgrade	220,000	56,000	0	0	0	276,000
Rakahanga Harbour improvement (feasibility)	0	60,000	0	0	0	60,000
Mitiaro water pump (solar)	26,000	0	0	0	0	26,000
Penrhyn-feasibility coastal protection	20,000	0	0	0	0	20,000
Tereora/Tepuka Enviro-Flow	35,000	3,000	0	0	0	38,000
Pukapuka bobcat	2,000	80,000	0	0	0	82,000
Mangaia water and roads	0	180,000	0	0	0	180,000
Mangaia excavator	75,000	0	0	0	0	75,000
Mauke Manea Games	85,000	53,000	0	0	0	138,000
Turangi clean-up project	60,000	0	0	0	0	60,000
Emergency mission - Pukapuka Airport repairs	382,000	0	0	0	0	382,000

MINISTRY	2013/14 Estimate Spend	2014/15 Budget Estimate	2015/16 Budget Estimate	2016/17 Budget Estimate	2017/18 Budget Estimate	5-Year Total
Emergency mission - Mitiaro salvage excavator and Airport repairs	97,000	0	0	0	0	97,000
Emergency mission - Atiu repairs and upgrade	69,000	0	0	0	0	69,000
ICI upgrades	28,000	0	0	0	0	28,000
Education building completion	110,000	0	0	0	0	110,000
Manihiki Barge outboard motors	12,000	0	0	0	0	12,000
Complete climate adaptation of Mangaia Harbour	94,000	0	0	0	0	94,000
Emergency mission - Manihiki generator reinstatement and servicing	89,000	0	0	0	0	89,000
Development of Punanga Nui coastal area - ADB ERSP	11,000	40,000	0	0	0	51,000
Project City Stage 1 - ADB ERSP	311,000	0	0	0	0	311,000
Project City Stage 2 - ADB ERSP	489,000	100,000	0	0	0	589,000
Project City Stage 3 - ADB ERSP	317,000	2,341,500	2,341,500	0	0	5,000,000
Atiu Airport Runway stabilisation	0	300,000	700,000	0	0	1,000,000
Atiu Crusher	0	500,000	0	0	0	500,000
National incinerator feasibility study	0	0	150,000	0	0	150,000
Portable incinerator	0	85,000	0	0	0	85,000
Muri road widening (including Aroko)	0	0	435,000	0	0	435,000
Rutaki foreshore rock revetment	0	0	1,250,000	1,250,000	0	2,500,000
Sanitation upgrade programme	0	1,575,000	3,475,000	1,350,000	1,750,000	8,150,000
Mitiaro Airport repairs	0	115,000	0	0	0	115,000
Manihiki lagoon dredging	0	50,000	0	0	0	50,000
AITUTAKI ISLAND COUNCIL	102,000	246,000	0	0	0	348,000
Fuel storage facility	0	200,000	0	0	0	200,000
Water pumps (Vaipeka, Tautu, Vaipae)	19,000	33,000	0	0	0	52,000
Mini transformers	83,000	13,000	0	0	0	96,000
POLICE	6,000	154,000	0	0	0	160,000
Life rafts	6,000	0	0	0	0	6,000
Te Kukupa refit	0	95,000	0	0	0	95,000
Search and rescue boat	0	59,000	0	0	0	59,000
OFFICE OF THE PRIME MINISTER	275,000	2,203,000	250,000	250,000	250,000	3,228,000
Rakahanga generator control panels, powerhouse	0	95,000	0	0	0	95,000
Atiu power distribution	41,000	405,000	0	0	0	446,000

MINISTRY	2013/14 Estimate Spend	2014/15 Budget Estimate	2015/16 Budget Estimate	2016/17 Budget Estimate	2017/18 Budget Estimate	5-Year Total
Renewable management project management and support	109,000	250,000	250,000	250,000	250,000	1,109,000
Nassau new generator set and powerline upgrade	0	32,000	0	0	0	32,000
Palmerston new generator set and powerline upgrade	0	22,000	0	0	0	22,000
Penrhyn new generator set and powerline upgrade	0	56,000	0	0	0	56,000
Pukapuka new generator set and powerline upgrade	0	46,000	0	0	0	46,000
Rakahanga new generator set and powerline upgrade	0	95,000	0	0	0	95,000
Manihiki and Penrhyn electrical distribution and meters	0	222,000	0	0	0	222,000
Northern Group wiring upgrades and certification	0	700,000	0	0	0	700,000
Community capital development fund	125,000	0	0	0	0	125,000
Mitiaro generator and powerhouse relocation	0	280,000	0	0	0	280,000
COOK ISLANDS INVESTMENT CORPORATION	1,875,000	2,741,000	1,700,000	0	0	6,316,000
National Education renewal programme	479,000	0	0	0	0	479,000
National Health renewal programme	702,000	0	500,000	0	0	1,202,000
Renovations Cook Islands High Commission (Wellington)	9,000	44,000	0	0	0	53,000
Pukapuka Cyclone Centre	65,000	0	0	0	0	65,000
Nassau machinery shelter	77,000	0	0	0	0	77,000
Mauke cargo shed improvements	42,000	0	0	0	0	42,000
Mitiaro machinery/cargo shed improvements	58,000	0	0	0	0	58,000
Pa Enea renewable energy projects-land acquisition	262,000	900,000	1,000,000	0	0	2,162,000
Orongo Development Master Plan (Ports Authority)	181,000	250,000	0	0	0	431,000
Mangaia school bus	0	80,000	0	0	0	80,000
Asset Management Information System	0	253,000	0	0	0	253,000
Apii Nikao design, demolition, asbestos removal, and construction supervision	0	1,214,000	200,000	0	0	1,414,000
MINISTRY OF FINANCE AND ECONOMIC MANAGEMENT	2,039,000	6,294,000	13,291,000	3,760,000	0	25,384,000
Government IT network	115,000	200,000	50,000	0	0	365,000
CIGov procurement website - ADB ERSP	0	150,000	0	0	0	150,000
Rarotonga watertank subsidy - ADB ERSP	1,902,000	873,000	0	0	0	2,775,000
RMS Web lodgement system	22,000	275,000	0	0	0	297,000
China grant heavy machinery & pearl equipment freight, training & inspections	0	500,000	500,000	0	0	1,000,000
Te Mato Vai - Rarotonga water upgrade	0	4,296,000	12,741,000	3,760,000	0	20,797,000
INTERNAL AFFAIRS	0	50,000	50,000	50,000	50,000	200,000

MINISTRY	2013/14 Estimate Spend	2014/15 Budget Estimate	2015/16 Budget Estimate	2016/17 Budget Estimate	2017/18 Budget Estimate	5-Year Total
Vaka maintenance capital projects	0	50,000	50,000	50,000	50,000	200,000
MINISTRY TOTAL	10,363,000	21,471,500	25,677,500	8,063,000	3,365,000	68,940,000
CAPITAL FUNDS ADMINISTERED BY MFEM	288,000	310,000	310,000	310,000	310,000	1,528,000
Capital distribution fund	197,000	200,000	200,000	200,000	200,000	997,000
Outer Islands small capital fund	91,000	110,000	110,000	110,000	110,000	531,000
GRAND TOTAL	10,651,000	21,781,500	25,987,500	8,373,000	3,675,000	70,468,000

Table 3.3 Capital Plan 2013/14 to 2017/18 Funded By Grants

MINISTRY	FUNDING SOURCE	2013/14 Estimate Spend	2014/15 Budget Estimate	2015/16 Budget Estimate	2016/17 Budget Estimate	2017/18 Budget Estimate	5-Year Total
EDUCATION		270,000	60,000	0	0	0	330,000
Education building furniture	PRC	270,000	0	0	0	0	270,000
ICT upgrades (computers and laptops)	Turkey	0	60,000	0	0	0	60,000
INFRASTRUCTURE COOK ISLANDS		953,000	8,787,000	2,025,000	3,175,000	2,625,000	17,565,000
Sanitation Upgrade Programme	NZ/A	0	2,175,000	2,025,000	3,175,000	2,625,000	10,000,000
Complete climate adaptation of Mangaia Harbour	Australia	714,000	0	0	0	0	714,000
Complete climate adaptation of Mangaia Harbour	GEF	151,000	0	0	0	0	151,000
Mauke and Mitiaro Harbours	NZ/A	6,000	234,000	0	0	0	240,000
IWRM Demonstration project	SOPAC	65,000	0	0	0	0	65,000
Pukapuka Cyclone Centre generator	EU	17,000	0	0	0	0	17,000
Outer Islands heavy machinery	PRC	0	6,378,000	0	0	0	6,378,000
POLICE		120,000	6,760,000	0	0	0	6,880,000
Te Kukupa Refit	Australia Defence Force	120,000	6,760,000	0	0	0	6,880,000
OFFICE OF THE PRIME MINISTER		15,453,000	15,992,000	7,617,000	6,165,000	0	45,227,000
Northern Water project phase 2	EU-German Development	0	210,000	210,000	210,000	0	630,000
Promoting Energy Efficiency in the Pacific	ADB	246,000	234,000	0	0	0	480,000
Renewable Energy - Northern Group	NZ/A	13,798,000	10,800,000	0	0	0	24,598,000
Renewable Energy - PV equipment	Japan PEC	49,000	1,000,000	3,572,000	0	0	4,621,000
Renewable Energy - Southern Group	EU	0	0	2,890,000	5,680,000	0	8,570,000
Renewable Energy - Feasibility study	ADB	597,000	0	0	0	0	597,000
Renewable Energy - Palmerston	Denmark (SIDS-DOCK)	0	708,000	0	0	0	708,000

MINISTRY	FUNDING SOURCE	2013/14 Estimate Spend	2014/15 Budget Estimate	2015/16 Budget Estimate	2016/17 Budget Estimate	2017/18 Budget Estimate	5-Year Total
Renewable Energy - survey, common design principles, standard mini-grid design, design & supervision services	SPREP	0	127,000	0	0	0	127,000
Strengthening Resilience of Island Communities	UN Adaptation fund	763,000	2,913,000	945,000	275,000	0	4,896,000
COOK ISLANDS INVESTMENT CORPORATION		0	5,800,000	5,000,000	0	0	10,800,000
Apii Nikao rebuild	PRC	0	5,000,000	5,000,000	0	0	10,000,000
Chinese Public Building upgrades (TSA, Police, Court house)	PRC	0	800,000	0	0	0	800,000
MINISTRY OF FINANCE AND ECONOMIC MANAGEMENT		1,062,000	4,253,000	7,478,000	2,895,000	0	15,688,000
Automated Border Management	NZ/A	0	135,000	135,000	0	0	270,000
Te Mato Vai - Rarotonga water upgrade	NZ/A	1,062,000	4,118,000	7,343,000	2,895,000	0	15,418,000
AIRPORT AUTHORITY		0	600,000	0	2,700,000	0	3,300,000
Atiu Airport Upgrade	PRC	0	0	0	2,700,000	0	2,700,000
Improving Pacific Air Safety (Rarotonga Airport Master Plan)	EIB	0	600,000	0	0	0	600,000
AGRICULTURE		0	1,500,000	0	0	0	1,500,000
Pa Enea Agriculture equipment	PRC	0	1,500,000	0	0	0	1,500,000
FOREIGN AFFAIRS		121,000	0	0	0	0	121,000
Diplomat Cars	Korea	121,000	0	0	0	0	121,000
TOURISM		787,000	500,000	0	0	0	1,287,000
Aitutaki Game Fishing club	NZ/A	430,000	0	0	0	0	430,000
Cruising infrastructure	NZ/A	171,000	0	0	0	0	171,000
Tourism infrastructure - development studies and implementation	NZ/A	186,000	500,000	0	0	0	686,000
MARINE RESOURCES		209,000	1,914,000	0	0	0	2,123,000
National Laboratory upgrade	EU GCCA	79,000	0	0	0	0	79,000

MINISTRY	FUNDING SOURCE	2013/14 Estimate Spend	2014/15 Budget Estimate	2015/16 Budget Estimate	2016/17 Budget Estimate	2017/18 Budget Estimate	5-Year Total
Manihiki Monitoring buoy	EU GCCA	130,000	0	0	0	0	130,000
Pearl Farming equipment	PRC	0	1,914,000	0	0	0	1,914,000
GRAND TOTAL		18,975,000	46,166,000	22,120,000	14,935,000	2,625,000	104,821,000

Table 3.4 Capital Plan 2013/14 to 2017/18 Funded By Loans

MINISTRY	FUNDING SOURCE	2013/14 Estimate Spend	2014/15 Budget Estimate	2015/16 Budget Estimate	2016/17 Budget Estimate	2017/18 Budget Estimate	5-Year Total
OFFICE OF THE PRIME MINISTER		0	3,245,000	6,490,000	3,245,000	0	12,980,000
Renewable Energy - Southern Group including Rarotonga	ADB Loan	0	3,245,000	6,490,000	3,245,000	0	12,980,000
MINISTRY OF FINANCE AND ECONOMIC MANAGEMENT		7,406,000	6,452,000	6,240,000	2,979,000	0	23,077,000
Te Mato Vai - Rarotonga water upgrade	EXIM	7,406,000	6,452,000	6,240,000	2,979,000	0	23,077,000
GRAND TOTAL		7,406,000	9,697,000	12,730,000	6,224,000	0	36,057,000

4. CAPITAL PROGRAMMES

4.1 Te Mato Vai Rarotonga Water Partnership

	Programme Costs (\$000)					
	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Project Management, Design and Supervision						
EXIM Bank	1,467	493	282	0	0	2,242
New Zealand	1,062	1,544	1,264	217	0	4,088
Cook Islands	0	1,544	1,264	217	0	3,026
	2,529	3,581	2,810	434	0	9,355
Construction of the Water Network						
EXIM Bank	5,939	5,370	5,370	2,685	0	19,364
New Zealand	0	381	1,800	746	0	2,927
Cook Islands	0	381	3,093	746	0	4,220
	5,939	6,132	10,263	4,178	0	26,512
Construction and Civil Works						
EXIM Bank	0	0	0	0	0	0
New Zealand	0	2,193	4,279	1,931	0	8,403
Cook Islands	0	1,559	6,759	1,988	0	10,306
	0	3,752	11,038	3,919	0	18,709
Contingency						
EXIM Bank	0	589	589	294	0	1,472
New Zealand	0	0	0	0	0	0
Cook Islands	0	812	1,625	812	0	3,249
	0	1,401	2,213	1,107	0	4,721
Total						
EXIM Bank	7,406	6,452	6,240	2,979	0	23,077
New Zealand	1,062	4,118	7,343	2,895	0	15,418
Cook Islands	0	4,296	12,741	3,760	0	20,797
TOTAL	8,468	14,866	26,324	9,634	0	59,292

The Cook Islands Government has embarked on a multimillion dollar upgrade of the water system on Rarotonga, with the goal of “delivering potable water, reliably, to all properties connected to the existing water supply network, by 2015”. The objective of the project is to deliver potable drinking water to the boundary of all residential and commercial properties connected to the current network on Rarotonga. This is a vital development milestone for Rarotonga and will have significant national health, economic and environmental benefits.

A substantial programme of work is planned under Te Mato Vai, including improvement of access roads to intakes, rehabilitation and upgrade of intakes, installation of treatment and storage facilities, and the replacement of trunk and distribution mains.

As of September 2014, 11 per cent of the distribution mains have been replaced.

The detailing of designs for the remaining work is currently underway. The detailed designs are based on the *Te Mato Vai Water Supply Master Plan for Rarotonga* approved by Government in April 2014. It is expected that these plans and associated tender documents will be ready for public tender in 2014/15.

The revised cost estimate presented above for Te Mato Vai is based on the most recent designs and implementation plan. The full cost of the upgrades will be met by Cook Islands government, a grant from the New Zealand government, and a concessional loan from the Export Import Bank of China (EXIM).

Replacement of water mains in Rarotonga's town area was completed in 2012/13 (Project City 1 and 2 – refer to section 4.5). This project was funded by a loan from the Asian Development Bank and is the first phase of Te Mato Vai.

Government approved the creation of a State Owned Enterprise (SOE) to manage the new and improved assets. The SOE will be established prior to the completion of Te Mato Vai with the assistance of the Asian Development Bank. The Water Division of Infrastructure Cook Islands will be transferred to the new SOE.

Te Mato Vai project management structure includes a Project Governance Group and Project Steering Group, and is supported by the Ministry of Finance and Economic Management, Cook Islands Investment Corporation and Infrastructure Cook Islands.

4.2 Rarotonga Watertank Subsidy

Project	Programme Costs (\$000)					5-Year
	2013/14	2014/15	2015/16	2016/17	2017/18	
Rarotonga Watertank subsidy	1,902	873	0	0	0	2,775
TOTAL	1,902	873	0	0	0	2,775

The homeowners water tank subsidy programme commenced in May 2013 and continues to exceed the annual installation targets set in 2013. In 2013/14 the subsidy was extended to schools. As of August 2014 a total of 1,480 water tanks had been installed. The programme was recently reviewed and the panel of suppliers was retendered. Suppliers for the remainder of the programme will be confirmed in October 2014. The success of the programme is largely attributed to the involvement of the private sector working with homeowners who act as project managers for the installation of their individual tanks. This is the final year of the programme, which will close at the end of the year. The total budget appropriated for subsidies is \$3 million of which \$0.225 million was spent in 2012/13, and \$1.90 million in 2013/14.

4.3 National Renewable Energy Development Programme

Project	Programme Costs (\$000)					5-Year
	2013/14	2014/15	2015/16	2016/17	2017/18	
Rakahanga Generator Control Panels, and Powerhouse (CIG)	0	95	0	0	0	95
Atiu Power Distribution (CIG)	41	405	0	0	0	446
Renewable Management Project Management and Support (CIG)	109	250	250	250	250	1,109
Nassau New Generator Set and Powerline Upgrade (CIG)	0	32	0	0	0	32
Palmerston New Generator Set and Powerline Upgrade (CIG)	0	22	0	0	0	22
Penrhyn New Generator Set and Powerline Upgrade (CIG)	0	56	0	0	0	56

Project	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Pukapuka New Generator Set and Powerline Upgrade (CIG)	0	46	0	0	0	46
Rakahanga New Generator Set and Powerline Upgrade (CIG)	0	95	0	0	0	95
Manihiki and Penrhyn Electrical Distribution and Meters (CIG)	0	222	0	0	0	222
Northern Group Wiring Upgrades and Certification (CIG)	0	700	0	0	0	700
Mitiaro Generator, Powerhouse Relocation (CIG)	0	280	0	0	0	280
Pa Enea Renewable Energy Land Acquisition (CIG)	262	900	1,000	0	0	2,162
Renewable Energy - Northern Group (NZ/A)	13,798	10,800	0	0	0	24,598
Renewable Energy - PV Equipment (Japan-PEC)	49	1,000	3,572	0	0	4,621
Renewable Energy - Southern Group including Rarotonga (ADB loan)	0	3,245	6,490	3,245	0	12,980
Renewable Energy - Southern Group (EU)	0	0	2,890	5,680	0	8,570
Renewable Energy - Feasibility Study (ADB)	597	0	0	0	0	597
Renewable Energy – Palmerston (Denmark-SIDS-DOC)	0	708	0	0	0	708
Renewable Energy - survey, common design principles, standard mini-grid design, & supervision services (SPREP)	0	127	0	0	0	127
Cook Islands	412	3,103	1,250	250	250	5,265
ODA	14,444	12,635	6,462	5,680	0	39,221
ADB Loan	0	3,245	6,490	3,245	0	12,980
TOTAL	14,856	18,983	14,202	9,175	250	57,466

Energy needs throughout the Cook Islands have been primarily reliant on fossil fuels for the generation of electricity. Government acknowledges that the country needs to de-couple itself from the use of fossil fuels to supply electricity and has set ambitious targets of 50 per cent of islands converted to renewable energy sources by 2015 and 100 per cent by 2020. Progress towards this target has been slow but gained significant momentum in the 2013/14 year with the support of development partners.

In the first quarter of 2013/14, major changes to the delivery of the renewable energy programme were instigated with the commitment of New Zealand to support the transformation of the Pae Tokerau to photovoltaic mini-grid systems through 'Te Huiira Natura ki Tokerau' implementation plan. The New Zealand government has generously allocated \$24.598 million towards development of renewable energy in the Pae Tokerau over the three financial years of 2013/14 to 2015/16. Cook Islands government spending in the Pae Tokerau will focus on the supply of generators and powerline upgrades. It is

estimated that this will cost \$1.173 million in 2014/15. This will result in complete renewable energy coverage for the entire northern islands.

For the Pae Tonga, it is anticipated that a mixed grant and borrowing funding package of \$17.916 million provided by the European Union (EU), the Japanese Government Pacific Environment Community fund (PEC) and the Asian Development Bank (ADB) will continue the conversion from fossil fuels to renewable energy.

Additionally, the construction of a photovoltaic system, 'Te Mana o te Ra', at the Rarotonga Airport funded by New Zealand and to be owned and operated by Te Aponga Uira (TAU) will supply 5 per cent of Rarotonga's electricity demands. Changes to TAU's net-metering and the implementation of an Independent Power Provider (IPP) policies have provided incentives for the private sector and residents in Rarotonga to install renewable energy systems.

Cook Islands government will also provide \$0.250 million to the Office of the Prime Minister from 2014 to support project management of installations.

Additionally, improvements to the Atiu power distribution of \$0.405 million in 2014/15 is planned, as is the \$0.280 million relocation of the Mitiaro powerhouse.

Government will continue to legalise land required in the Pa Enua for solar farms and powerhouses to ensure the investment in renewable energy assets across the country is secure and sustainable over the long-term.

4.4 Sanitation Upgrade Programme

Project	Programme Costs (\$'000)					
	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Residential Sanitation Upgrade, Rarotonga Phase 2 and Aitutaki	0	2,600	3,650	3,125	3,125	12,500
New Zealand	0	1,275	1,275	2,725	2,225	7,500
Cook Islands	0	1,325	2,375	400	900	5,000
Management and administration	0	600	650	650	650	2,550
New Zealand	0	500	350	350	350	1,550
Cook Islands	0	100	300	300	300	1,000
Water Quality Management	0	150	200	150	100	600
New Zealand	0	150	150	100	50	450
Cook Islands	0	0	50	50	50	150
Compliance and Enforcement Programme - New Zealand	0	250	250	0	0	500
Outer Islands Sanitation - Cook Islands	0	150	750	600	500	2,000
New Zealand	0	2,175	2,025	3,175	2,625	10,000
Cook Islands	0	1,575	3,475	1,350	1,750	8,150
TOTAL	0	3,750	5,500	4,525	4,375	18,150

The Sanitation Upgrade Programme is a four-year programme, designed to preserve the quality of water resources in Rarotonga and Aitutaki through improved sanitation, thereby managing the risks posed to tourism, public health and the environment. The intended core outcomes of the Sanitation Upgrade Programme are:

- improved lagoon water resource quality;
- sanitation systems that comply with prevailing Cook Islands Wastewater Sewage and Sanitation Regulations and Code;
- reduced water resource contamination from sanitary system wastewater discharges;
- sludge management arrangements at wastewater treatment facilities on Rarotonga and Aitutaki with sufficient capacity to process the anticipated future load;
- a functioning sanitation sector that is supported by effective policy, legislation, regulations; planning and sustainable resourcing; and
- a robust baseline dataset for water quality on Rarotonga and Aitutaki.

The programme is divided into two phases:

Phase 1 – Establishment and Detailed Design, to be completed by the end of September 2014 and involves carrying out preliminary investigations and studies, developing a full costed project plan and submitting an Implementation Plan to New Zealand and Australia; and

Phase 2 – Implementation, involves the main physical works of the Sanitation Upgrade Programme, including carrying out upgrades to sanitation systems on Rarotonga and Aitutaki.

The draft Phase 1 report and Implementation Plan will soon be distributed for review in line with the Grant Funding Arrangement milestone dates. Finalisation of the scope of works was put on hold due to the general elections, and will resume once the Phase 1 report is accepted by New Zealand and Australia. Procurement of services for Phase 2 has commenced.

4.5 Project City Water and Road Network Upgrade

Project	Programme Costs (\$000)					5-Year
	2013/14	2014/15	2015/16	2016/17	2017/18	
Project City 1 - ADB ERSP (CIG)	311	0	0	0	0	311
Project City 2 - ADB ERSP (CIG)	489	100	0	0	0	589
Project City 3 - ADB ERSP (CIG)	317	2,342	2,341	0	0	5,000
TOTAL	1,117	2,442	2,341	0	0	5,900

Project City is funded by the Cook Islands through a loan from the Asian Development Bank (ADB) under the Economic Recovery Support Program (ERSP), and involves the upgrading of the water and road network through the Avarua township, including:

- The Islander Hotel in Panama to Avatiu;
- Avatiu to main road roundabout at Takuvaine;
- Main roundabout at Takuvaine to Tupapa Meeting House; and
- Takuvaine inner road roundabout to Takuvaine water intake.

This programme is divided into three stages:

Project City 1 – Supply of materials for the upgrade of water supply network: this is for the supply of polyethylene pressure pipes and fittings, ductile iron cement lined pipes and fittings, tapping bands, gate valves, adaptors and service valves. This stage was completed in 2012/13.

Project City 2 – Installation of the water supply network: this involved laying new ring, sub and branch mains, and service lines; installation of water meters, fire hydrants and flushing points; installation of valves and meter boxes; decommissioning the old

pipelines; reinstating the road, services and other items affected by the construction; and construction of the new Takuvaine By-Pass line. This stage was completed in 2013/14.

Project City 3 – Road network of construction: this is the road network construction. Asphalt surfacing is proposed for the main roads and chip seal surfacing for the inner and back roads. Construction works is currently going through a public tender process with contract works commencement scheduled for October 2014. The aggregate supply contracts were awarded in 2013/14. These suppliers are currently stockpiling materials ready for the construction work.

Project City is expected to conclude in 2015/16 when the defects liability period ends and contract retentions are paid.

4.6 Strengthening the Resilience of our Islands and our Communities to Climate Change

Programme Costs (\$000), funded by United Nations Adaptation Fund

Project	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Aitutaki Domestic Water Tanks	361	233	0	0	0	594
Atiu Domestic Water Tanks	210	280	0	0	0	490
Palmerston Domestic Water Tanks	46	19	0	0	0	65
Mangaia Water Pipe Upgrade (Tamarua)	0	92	0	0	0	92
Materials and Equipment for Pa Enea Emergency Centres	0	30	20	0	0	50
Rarotonga Weather Network and management system	0	237	0	0	0	237
Health Vector Borne control	95	135	0	0	0	230
Small grants programme for Pa Enea communities	51	422	0	0	0	473
Tourism support for adaptation to Climate Change	0	30	50	50	0	130
Support for coastal protection in the Pa Enea	0	0	150	225	0	375
Support for Marine/Agriculture in the Pa Enea	0	100	75	0	0	175
Atiu Blast Freezer Unit	0	40	0	0	0	40
Coconut processing plants for Mauke, Atiu & Manihiki	0	135	0	0	0	135
Manihiki Hydroponic system, Tukao	0	45	0	0	0	45
Mangaia Agriculture	0	60	0	0	0	60
Mauke Airport Walk in Chiller	0	40	0	0	0	40
Mitiaro Water Tanks (community-new and repairs)	0	115	150	0	0	265
Atiu Community Water Storage	0	50	50	0	0	100
Aitutaki Community Watertanks	0	50	100	0	0	150
Pukapuka Community Watertanks	0	200	92	0	0	292

Project	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Rakahanga Community Watertanks	0	200	65	0	0	265
Penrhyn Community Watertanks	0	150	93	0	0	243
Nassau Community Watertanks	0	100	50	0	0	150
Manihiki Community Watertanks	0	150	50	0	0	200
Total	763	2,913	945	275	0	4,896

Climate change programmes will continue to be managed and coordinated by the Climate Change Cook Islands Division of the Office of the Prime Minister in collaboration with key stakeholders in the Cook Islands including government agencies such as National Environment Services, Infrastructure Cook Islands, Cook Islands Meteorological Service, Ministry of Agriculture, Ministry of Health, Ministry of Marine Resources, Ministry of Finance and Economic Management, Cook Islands Tourism Corporation and the Ministry of Internal Affairs.

“Strengthening the Resilience of our Islands and our Communities to Climate Change (SRIC)” is funded by the United Nations Adaptation Fund. Water infrastructure in the Pa Enea forms a large part of the allocated capital budget. There is also \$43,000 allocated to each Pa Enea for small grants/projects that support resilience building, which can be accessed via the SRIC focal point on each island.

In 2013/14 the distribution of household watertanks on Atiu, Aitutaki and Palmerston commenced. These will conclude in 2014/15. Much of the planning and preparatory work for the remaining projects were completed in 2013/14 and are ready for implementation in 2014/15 or 2015/16.

4.7 Tourism Destination Development

Project	Programme Costs (\$000)					5-Year
	2013/14	2014/15	2015/16	2016/17	2017/18	
Aitutaki Game Fishing Club	430	0	0	0	0	430
Cruising Infrastructure	171	0	0	0	0	171
Development Studies and Implementation	186	500	0	0	0	686
TOTAL	787	500	0	0	0	1,287

The Cook Islands Tourism Corporation’s destination development initiative is supported by the New Zealand and Australian Harmonised Programme, and includes a number of infrastructure related developments and improvements. In 2012/13 and 2013/14 the programme funded the completion of the Rarotonga Bowling Club green, and construction of the Punanga Nui Stage and Aitutaki Game Fishing Club. Projects initially identified for destination development that are now on hold due to budget constraints and access difficulties included cycle ways, tracks, trails and historical places in the Southern Group. Remaining funds for destination development may be utilised for assistance in marketing the Los Angeles and Sydney routes when the current Boeing 767 is replaced by the Boeing 787 which has the capacity for carrying greater passenger numbers.

4.8 Promoting Energy Efficiency in the Pacific, Phase 2

Project	Programme Costs (\$000)					5-Year
	2013/14	2014/15	2015/16	2016/17	2017/18	
Airport Carpark Lighting	20	6	0	0	0	26
Aitutaki and Mangaia Streetlights	3	13	0	0	0	16
Fridge/Freezer Replacement	50	38	0	0	0	88
Hotel Energy Efficiency Program	11	0	0	0	0	11
Night Market Public Lighting	52	17	0	0	0	69
Ports Public Lighting	49	17	0	0	0	66
Rarotonga Public Lighting	19	75	0	0	0	94
Residential Lighting	13	39	0	0	0	52
Poles for streetlights (Ports, Airport, Market)	29	29	0	0	0	58
TOTAL	246	234	0	0	0	480

The Asian Development Bank, Global Environment Facility and Australia Government are implementing a range of projects across Pacific Island countries in an effort to reduce energy consumption and reliance on fossil fuels. The Promoting Energy Efficiency in the Pacific-Phase 2 (PEEP2) programme has supported capital and grant initiatives in the Cook Islands since 2012, including the replacement of streetlights at the Airport, Avatiu Port and Punanga Nui Market with solar lights, and the household fridge-freezer rebate. In 2014 PEEP2 is implementing the public and residential fluorescent lighting replacement, Aitutaki and Mangaia solar streetlights, and the Rarotonga Hospital hotwater heating replacement. The Cook Islands contribution to PEEP2 includes distribution and installation of public and residential lights, poles for streetlights at the Airport, and programme coordination through the Office of the Prime Minister.

5. CAPITAL PROJECTS

5.1 Airport Pacific Air Safety (Rarotonga Airport Masterplan)

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Feasibility Study (EIB)	0	600	0	0	0	600
Total	0	600	0	0	0	600

The National Sustainability Development Plan 2011-2015 highlights the importance of achieving tourism destination excellence, improving transport infrastructure and ensuring energy security through renewable energy. In response, the Airport Authority has developed short to medium term strategies, which include upgrading the airports in some of the outer islands, exploring the opportunity for using renewable energy, and improving the Rarotonga Airport infrastructure. Further projects are envisaged for the Rarotonga Airport including departure and domestic terminal and control tower improvements.

The European Investment Bank (EIB) is providing technical assistance to the Airport Authority to determine the feasibility of strategies and projects, to ensure informed decisions are being made, the relevant international safety and security standards and regulations are being met, and investments are sustainable. The study is expected to conclude in October 2014.

5.2 Apii Nikao Rebuild

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Construction works (PRC)	0	5,000	5,000	0	0	10,000
Design, demolition, asbestos removal, and construction supervision (CIG)	0	1,214	200	0	0	1,414
Total	0	6,214	5,200	0	0	11,414

In October 2013 the Avatea School in Rarotonga suffered significant fire damage due to an arson attack. As a result, large portions of the primary school were destroyed and have been subsequently demolished. The Avatea School is co-located with another primary school, Nikao Maori School, which specialises in providing full emersion in Cook Islands Maori. Following consultations with the Avatea and Nikao Maori communities, and structural assessments of the remaining buildings, the Cook Islands government decided in December 2013 to merge the Nikao Maori and Avatea schools. This merger would be enforced upon the completion of the construction of one new school to be known initially as 'Apii Nikao'.

The majority of government schools on Rarotonga, including Avatea and Nikao schools, were constructed between the 1950s and 1970s. Over the years teaching practice and student learning needs have changed significantly. There is great demand for modern learning environments to support strengths-based teaching and which offer students and teachers flexibility, openness, and access to resources. Due to the age of existing building structures and condition of materials, most buildings need to be replaced to be able to meet these demands. The decision to construct a new school has provided the Cook Islands with an opportunity to build an environmentally sustainable building which provides the capacity to serve the needs of students of both schools in a modern learning environment.

The new school will accommodate 500 students and 40 teachers; draw on the cultural heritage of the local area; provide quality, comfortable and flexible learning environments; and address climate change by adopting energy efficiency measures. The individual buildings are being planned as modern learning

environments similar in concept to modern schools in New Zealand. These do not look like single classrooms for single classes but larger open spaces where a number of teachers can work with students across different levels and subject areas. These “learning communities” have smaller break out areas that can be used for smaller groups or specific activities.

A proposal has been submitted to the People’s Republic of China for the construction of the new school. Government is seeking a total of \$10 million in grant funding to cover construction, utilities completion, external works, and furnishings and fit-out. The Cook Islands will fund demolition and site preparation, design and supervision, and refurbishment of the Avatea School hall. The new school will be constructed on the current site of the two schools.

The Apii Nikao Coordinating Committee, consisting of representatives from the schools, infrastructure and central agencies, are overseeing the design and planning process, and eventually the construction and quality monitoring process.

5.3 Atiu Airport Upgrade

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Procurement & works (CIG)	0	300	700	0	0	1,000
Procurement & works (PRC)	0	0	0	2,700	0	2,700
Total	0	300	700	2,700	0	3,700

The Atiu Airport runway is currently undergoing critical repair work to ensure flights to and from Atiu remain operational. The major cost items for the repair work relates to hireage and delivery of machinery to Atiu, and mobilising Infrastructure Cook Islands (ICI) staff and operators. ICI is producing designs for the sealing of the runway which is tentatively scheduled to take place in 2015/16.

5.4 Bridges and Drainage

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Construction work (CIG)	418	1,550	532	0	0	2,500
Total	418	1,550	532	0	0	2,500

A number of structural and stability issues on bridges around Rarotonga were identified in 2013. These structures are critical to maintaining and improving the road network for tourist and the population in general. Increasing peak and river flows during heavy rainfall have damaged and undermined abutments and shown waterways to be inadequate, putting the structures at risk of failure.

In 2013/14 Government made a commitment to rectify the issues and approved a budget of \$2.5 million. Stabilisation and embankment improvements have commenced with the smaller bridges in Betela and Matavera, and stormwater drains at Ngatipa and Takuvaine Valley. In 2014/15 Infrastructure Cook Islands will carry out structural repairs and improvements to the Avatiu Valley bridge and embankment, and assessments of remaining bridges and drainages around Rarotonga. The assessments will confirm work to be undertaken in 2015/2016.

5.5 Chinese Public Building Upgrades

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Improvements (PRC)	0	800	0	0	0	800
Total	0	800	0	0	0	800

The Courthouse, National Police Headquarters and Telecom Sports Arena were constructed in 2004, 2006 and 2009 respectively, by way of grant and concessional loans from the People's Republic of China. These buildings allowed for much needed improvements in service delivery to the Cook Islands community. These buildings have been occupied and in full use since their respective handover dates, and will continue to serve their intended purposes.

Whilst they are extremely valuable assets, over time the buildings have needed various repairs and improvements, some of which have been addressed by the Cook Islands government and the China Civil Engineering Construction Corporation. A proposal has been submitted to the People's Republic of China for grant assistance, to address the remaining requirements for repairs and improvements. Implementation is proposed for the third or fourth quarter of 2014/15.

5.6 Manihiki Harbours Upgrade and Lagoon Dredging

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Harbours Upgrade (CIG)	2,140	800	100	0	0	3,040
Lagoon Dredging	0	50	0	0	0	50
Total	2,140	850	100	0	0	3,090

The Manihiki Harbours project was approved in the 2012/13 Appropriation Amendment but commenced in 2013/14. This project includes upgrades to both harbours, in Tauhunu and Tukao, which have been in disrepair since 1996, after Cyclone Martin.

The Tauhunu and Tukao harbours scope of work includes:

- widening and deepening the channel and turning basin;
- dredging the channel and basin and carting excavated materials to stockpile;
- construction of a new boat ramp;
- construction of the quay walls and concrete hardstand;
- construction of sea walls;
- construction of access ways; and
- construction of wharf shelter.

These improvements will essentially provide a safer environment for local fishermen, boat owners and the community, and enable more efficient cargo handling, barge and wharf access.

This contract was awarded to Landholdings Ltd and construction work commenced in April 2014. The project is now nearing completion. Initially the project was to be completed by August 2014 however variations to the scope of works were undertaken at the request of the Island Government which subsequently extended the project and timeline. Additional works implemented includes the construction of a new cargo shed for the Tukao harbour, and widening and deepening of the channel between the Tukao harbour and inner lagoon.

Practical completion will be achieved in October 2014.

5.7 Mangaia Water and Roads

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Procurement (CIG)	0	180	0	0	0	180
Total	0	180	0	0	0	180

The Mangaia Island Government, Infrastructure Cook Islands and Office of the Prime Minister is implementing water and road upgrades in the main centres and where water pressure is seriously low, particularly in Tamarua village. Discussions with leaders on the island on how to best approach the issues have been ongoing since 2013. In 2014/15 the capital budget will go towards mining of aggregate and purchase of pipe materials. The Mangaia Island Government staff will be responsible for the replacement work.

5.8 Mauke Manea Games

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Renovations (CIG)	85	53	0	0	0	138
Total	85	53	0	0	0	138

The Mauke Manea Games opening ceremony took place on October 4, 2014. A number of facilities were improved such as the Kimiangatau hard courts, sports centre, fields and community halls, for accommodation and sporting events. The improvements were approved by Executive Council in April 2014 and commenced in May. Work was completed in September 2014.

5.9 Mitiaro Airport Repairs

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Renovations (CIG)	0	115	0	0	0	115
Total	0	115	0	0	0	115

Critical repair works will be undertaken to the Mitiaro Airport runway to ensure flights to and from Mitiaro remain operational. The major cost items for the repair work relates to hireage and delivery of machinery to Mitiaro, and mobilising Infrastructure Cook Islands staff and operators. This work will take place in October 2014.

5.10 Muri Road Widening

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Design & works (CIG)	0	0	435	0	0	435
Total	0	0	435	0	0	435

Infrastructure Cook Islands (ICI) is currently consulting with the community in Ngatangia on the extension of areas of roads where narrow and becoming potential hazards to people using the roads. Furthermore, assessment and technical designs including rough order costs will be prepared by ICI in 2014/15 in order to secure budget appropriation in 2015/16. The Aroko area in particular requires road widening, bund protection, reclamation works, relocation of existing services (e.g. power poles). The scope for the main Muri stretch also involves road widening, and construction of footpaths. This project aims to improve road visibility and safety of road users, including pedestrians and cyclists.

The scope of works and designs will be developed over the next two years, with implementation scheduled to commence in 2015/16.

5.11 Northern Water Project Phase 2

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Procurement and works (EU-German Development)	0	210	210	210	0	610
Total	0	210	210	210	0	610

Many of the Pa Enea communities had specific village water tanks built in the 1960s to provide safe water to the population of the villages. Recent funding of water tanks by way of the provision of a 6000 litre tank to each household in the northern group along with upgrades to the water system in these islands, while effective have shown that storage volumes are inadequate for the longer dry spells being experienced. This has led to the desire to rehabilitate the community concrete tanks. These 45,000 litre tanks are located about the various villages with water being saved from a purpose designed iron roof system over the tanks. These tanks would then provide a backup for the supply of water to the communities.

Initially New Zealand and Australia confirmed their support for this project, for implementation after submitting the Phase 1 (household tanks) completion report. Subsequent priorities including the renewable energy and sanitation upgrades, and Te Mato Vai water partnership meant that funding had to be reprioritised, and was no longer available for this project. It is now proposed that this project be funded by a European Union - German Development grant. The Office of the Prime Minister, Climate Change Cook Islands office is the nominated implementing agency.

5.12 Orongo Development Master Plan

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Planning and work (CIG)	181	250	0	0	0	431
Total	181	250	0	0	0	431

The planning for development of the Orongo Marina and Town Centre commenced following destruction of the main administration and market hub by Cyclone Pat in 2010. A master concept plan is currently being consulted on throughout the community, and will form the basis on proposals for development partner assistance. The proposal is expected to be finalised in 2015/16.

The smaller infrastructure improvements are being undertaken concurrently with the major development planning, including reconstruction of public amenities. This work will continue into 2014/15.

5.13 Rakahanga Harbour Improvements

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Feasibility and design (CIG)	0	60	0	0	0	60
Total	0	60	0	0	0	60

A budget of \$120,000 was approved in 2013/14 for passage and hardstand improvements. This work was to follow immediately after the Manihiki Harbours upgrade. Additional work has since been identified, that requires further planning and consideration. As a result, the implementation of improvements has

been put on hold pending outcome of assessments, consultations, designs and cost estimates. Infrastructure Cook Islands will lead the design and costing exercise in 2014/15 and provide the final design report for consideration in the next financial year.

5.14 Renovations CI High Commission, Wellington

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Procurement & work (CIG)	9	44	0	0	0	53
Total	9	44	0	0	0	53

Originally \$53,000 was budgeted in 2013/14 for improvements to the property at Mulgrave Street, Wellington. This involved repainting, carpeting and upgrades to heaters. The majority of this work was delayed whilst ownership options were investigated by the Cook Islands Investment Corporation. In 2013/14 heaters in the office were replaced. The remaining work will resume and is expected to be completed in 2014/15.

5.15 Rutaki Foreshore Rock Revetment

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Design & works (CIG)	0	0	1,250	1,250	0	2,500
Total	0	0	1,250	1,250	0	2,500

The coastal area around Rutaki leading up to Vaimaanga Sheraton is prone to inundation from high seas because of low lying depressions. Experience over the past years has shown ongoing foreshore scouring causing continuous erosion due to high seas and increased wave activities threatening infrastructure such as roads, water pipeline and public and private properties. The total area affected is approximately 1.8 kilometres.

The construction of a rock revetment to protect the area from high seas, storm surges and cyclonic events is proposed. Infrastructure Cook Islands will be completing the design studies this year for implementation over the next two years.

5.16 Te Kukupa Refit

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Te Kukupa Refit (ADF)	120	6,760	0	0	0	6,880
Te Kukupa Refit (CIG)	0	95	0	0	0	95
Total	0	6,855	0	0	0	6,975

The Australia Defence Force (ADF) under its life extension program for patrol boats gifted to Pacific island nations, is funding and conducting the life extension re-fit of the Cook Islands Police patrol boat Te Kukupa. Te Kukupa is now in Cairns, Australia undergoing a number of improvements through this programme. The value of the refit funded by ADF is \$6.88 million. Additional work required outside of the scope of the ADF programme which will be funded by the Cook Islands, and valued at \$95,000, includes a replacement engine for the seaboat, additional painting and repair works, installation of Police emergency lights and siren and special police signage.

6. CAPITAL PURCHASES

6.1 Heavy Machinery

a. Outer Islands Heavy Machinery

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Procurement (PRC)	0	6,378	0	0	0	6,378
Freight, Training and Inspections (CIG)	0	400	400	0	0	800
Total	0	6,778	400	0	0	7,178

A significant number of plant and machinery currently on each island are in disrepair and in need of immediate replacement. Government has committed to upgrading the plant and machinery pool available on the Pa Enua by providing “standard” sets of heavy machineries including excavators, rollers, graders and loaders to service their respective island needs. This has been made possible through a partnership arrangement with the People’s Republic of China, which is funding by way of grant, the acquisition of new machinery and spare parts to the specifications put forward by Cook Islands government. The Cook Islands is funding the training of local servicemen and delivery of machinery to each island. The new machinery is due to arrive in Rarotonga in February 2015 with delivery to the outer islands by April 2015.

Despite dropping populations across all islands out of Rarotonga, Government is responsible for providing a safe as well as an enabling environment for those residents that live on the islands to lead successful lives. The new machinery is expected to contribute to improving the livelihoods of those on the islands.

The allocation of heavy machinery to each island is as follows:

Southern Group	Atiu	Aitutaki	Mitiaro	Mangaia	Mauke	Palmerston
Excavator 6 T	1	1		1	1	
Excavator 14 T	1	2	1	1	1	1
Excavator 26 T	1	1			1	
Roller 10 T	1	1	1	1	1	
Grader 11 T	1	1	1	1	1	
Wheeled Loader 10 T	1	1	1	1	1	
Backhoe Loader 8 T						1
Total Pieces	6	7	4	5	6	2
Northern Group	Manihiki	Nassau	Pukapuka	Penrhyn	Rakahanga	
Excavator 6 T	1					
Excavator 14 T	2	1	1	2	1	
Excavator 26 T						
Roller 10 T	1		1	1	1	
Grader 11 T	1		1	1	1	
Wheeled Loader 10 T	1		1	1		
Backhoe Loader 8 T				1	1	
Total Pieces	6	1	4	6	4	

b. Pukapuka Bobcat

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Procurement (CIG)	2	80	0	0	0	82
Total	2	80	0	0	0	82

The purchase of a bobcat for the island of Pukapuka was initially scheduled to take place in 2013/14. A decision was reached in May 2014 to defer the purchase to 2014/15 to allow for fuller planning, and procurement procedures to be put in place. Costs incurred in 2013/14 of \$2,000 relates to training of operators/servicemen who will be responsible for servicing and maintenance of the new bobcat. The supply contract was tendered in August 2014 and will be awarded in October 2014.

6.2 Plant and Equipment

a. Atiu Crusher

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Procurement (CIG)	0	500	0	0	0	500
Total	0	500	0	0	0	500

A new crusher plant will be purchased and setup on Atiu to service the Nga-Pu-Toru. The existing plant was purchased by New Zealand in the 1960s when the harbour was constructed and has not been in service for over a decade. Aggregate is currently supplied out of Rarotonga. The new plant will allow for the crushing of local rocks needed for upcoming projects such as the airport upgrades and road improvements, and reduce the cost to taxpayers in the long term.

b. National Incinerator Feasibility Study

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Feasibility and design study (CIG)	0	0	150	0	0	150
Total	0	0	150	0	0	150

A national waste incinerator is proposed as part of the Cook Islands Solid Waste Management strategy to combat the waste issues across the nation. The proposal seeks to eliminate the need for landfills on Rarotonga and the Outer Islands, and to utilise the energy generated as a power source. Infrastructure Cook Islands will be building on the feasibility study undertaken by Te Aponga Uira in 2013 (waste-to-energy) to include waste streams from the outer islands, and the ongoing operating and management framework. Government will consider implementation of the proposed project in 2015/16.

c. Portable Incinerator

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Procurement (CIG)	0	85	0	0	0	85
Total	0	85	0	0	0	85

The incinerators at the Rarotonga Airport and Ministry of Health need to be replaced immediately. Their existing incinerators have cracked due to constant use and age. Government has approved the procurement of a portable incinerator for use by both agencies until the national incinerator is in place and operational. The portable incinerator will then be moved to an outer island. Procurement is being facilitated by Infrastructure Cook Islands.

d. Vaimaru Water Upgrade

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Procurement & work (CIG)	220	56	0	0	0	276
Total	220	56	0	0	0	276

Upgrades to the Vaimaru water supply system commenced in 2013/14 and initially consisted of pump and pump-house replacement, and the renewal of sections of the pipeline feeding Arutanga, Reureu and Nikaupara. The upgrade scope has been extended to include improvements to the actual gallery and an up-scaled solar pump to service the entire island. The designs and specifications for the pump and solar panel was completed in June 2014. The procurement and installation of the pump and solar components to complete the entire Vaimaru water upgrade project will be completed in 2014/15.

e. Fuel Storage Facility, Aitutaki

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Procurement (CIG)	0	200	0	0	0	200
Total	0	200	0	0	0	200

The existing fuel storage tanks have been in service for the last 40 years. The tanks are leaking despite several attempts to repair. The initial budget in 2013/14 was \$90,000, which allowed for the construction of bunding and provision of two new tanks. The project budget has now been extended to \$200,000 to allow for the purchase of five new tanks and bunding, to be implemented in 2014/15.

f. Water Pumps on Aitutaki

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Procurement (CIG)	19	33	0	0	0	52
Total	19	33	0	0	0	52

The replacement of water pumps for Vaipeka, Tautu and Vaipae was scheduled over two years, commencing in 2013/14. Pumps and sluice valves have been purchased in 2013/14 with the remaining pumps and valves to be purchased over the coming months, as planned.

g. Pearl Farming Equipment

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Procurement (PRC)	0	1,200	0	0	0	1,200
Freight, Training and Inspections (CIG)	0	100	100	0	0	200
Total	0	1,300	100	0	0	1,400

The pearl industry has been affected by an oyster disease and low market prices causing a decline in production. The demise of the pearl industry will remove the main hub of economic activity for the northern group islands which will have significant impacts in terms of depopulation, investments and maintaining critical infrastructure such as transportation.

In the decade since the pearl disease and with the loss of pearl produced revenue, the socio-economic conditions in the Northern islands have steadily declined. The reduced economic activity led to shipping and air transport links becoming increasingly infrequent and expensive. Farmers were unable to repay loans resulting in lost farms and unpaid debt. As a result populations have declined. Manihiki, Penrhyn and Rakahanga populations fell by 60 per cent between the 2001 and 2011 census periods. Farmers looked to government for employment while others migrated to Rarotonga and further afield to New

Zealand and Australia in search of better prospects. The remaining population of predominantly young children and the aged place increased levels of dependency for welfare and social security on those who are gainfully employed.

The Pearl Revitalisation Programme aims to stimulate production by supporting local farmers with much needed equipment. In 2013/14 New Zealand supported the revitalisation with grants, ropes and floats. Further support will be provided by the People's Republic of China in 2014/15 with additional floats and ropes valued at \$1.2 million. The Cook Islands government has set aside a budget for shipping the equipment to Manihiki when they arrive in early 2015.

h. Search and Rescue Boat

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Procurement (CIG)	0	59	0	0	0	59
Total	0	59	0	0	0	59

With Cook Islands Police patrol boat Te Kukupa refit programme underway, there is no search and rescue vessel available for critical rescue missions. The Cook Islands Police, through the acquisition of a search and rescue boat, will improve their capacity and effectiveness in conducting inshore marine and coastal search and rescue operations, and maintain their patrol of immediate surrounds while the Te Kukupa is away. A craft will be purchased in 2014/15.

i. Mangaia School Bus

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Procurement and delivery (CIG)	0	80	0	0	0	80
Total	0	80	0	0	0	80

The number of primary aged students from Ivirua and Tamarua has diminished over the last six to eight years making it economically unviable to offer full primary classes at the two village school sites. Currently only early childhood education is provided at the two schools. The older students are required to travel to Oneroa for schooling where the combined class size is sustainable. Due to the distance between villages, students must travel by vehicle to Oneroa.

Currently a 20-year old bus runs the transportation service for students to Oneroa from both Tamarua and Ivirua. Approximately 25 students use this service, while the other few use their own transport. The existing bus has been servicing Mangaia for the last ten years and is in serious state of disrepair. The purchase of a brand-new bus will ensure safety of students travelling to and from school. As now, the new bus will be managed and operated by the Mangaia Island Government, primarily for schools, but will also be available for community services.

j. Pa Enea Agriculture

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Procurement (PRC)	0	1,500	0	0	0	1,500
Total	0	1,500	0	0	0	1,500

The Cook Islands government is placing greater emphasis on a more coordinated, focused and strategic approach for agriculture development initiatives. The Ministry of Agriculture's revitalisation programme targets long-term cash crops and selected livestock that stimulate growth in the Cook Islands economy,

particularly in the Southern Group islands where tourism is low and where the lack of employment opportunities is driving people to immigrate in search of reliable livelihoods.

The Government has submitted a proposal to the People's Republic of China for grant funding assistance to the value of \$1.5 million, for machinery, materials and technical assistance. Cook Islands and People's Republic of China are currently negotiating the quantity and specifications. Implementation will likely fall into the second half of 2014/15.

k. Health Technical Equipment, ICT and Pharmacy Fit-out

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5 Year
Funds to be prioritised (CIG)	274	275	275	275	275	1,374
ICT upgrades (CIG)	0	150	0	0	0	150
Cobas Immuno Assay (CIG)	0	85	0	0	0	85
Laproscope machine (CIG)	0	200	0	0	0	200
Pharmacy Fit-out (CIG)	0	100	0	0	0	100
Total	274	810	275	275	275	1,909

The Ministry of Health (MOH) receives an ongoing capital budget to purchase or replace specialised medical equipment for hospitals and community health clinics in Rarotonga and the Pa Enua. The MOH receives an annual budget of \$275,000 to prioritise against their renewal programme.

The MOH purchased the majority of its computer hardware in 2008/09, which is now due for replacement. This one-off initiative aims to replace and upgrade hardware across the Cook Islands, in support of electronic patient record systems. Procurement will commence in October 2014.

Assay analysers are used for patients with non communicable diseases, patients suffering from metabolic disorders, and infection screening of blood donors (hepatitis and migrant population). The current immuno assay analyser (Elecsys 2010) is a 1996 model acquired by the MOH in 2003. The supplier of this model will cease to support this model by the end of 2014. A new analyser will be procured in 2014/15 to ensure continuation of the services required.

The laparoscope machine will allow surgeons to undertake keyhole surgical services, an alternative to the more traditional open surgical techniques. This will improve patient recovery, shortened hospital stay, and reduce inpatient cost.

The construction of the new pharmacy warehouse was completed in April 2014. Storage units, shelves and equipment is required to be able to fully utilise the new building. The Government is supporting this initiative to complete the relocation of supplies from Tupapa to the Hospital, with a one-off budget of \$100,000 in 2014/15.

6.3 Information Communication Technology (ICT)

a. Automated Border Management System

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Procurement (NZ/A)	0	135	135	0	0	270
Total	0	135	135	0	0	270

The modernisation of the customs and immigration border management system commenced in 2012/13, and included new hardware and operating systems for front line border security. The border management system allows streamlining of customs documentation lodgement and

automation of statistical data. Development of the border management system will continue over the next two years.

b. Government IT Network

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Procurement (CIG)	115	200	50	0	0	365
Total	115	200	50	0	0	365

Considerable progress has been made towards centralising information communication technology networks across government and improving our disaster risk management capacity. In 2013/14 the Northern Group islands of Manihiki, Penrhyn and Rakahanga were brought onto the cookislands.gov.ck email system, along with all services for the Ministry of Internal Affairs in Tupapa. In 2014/15 work will commence towards Arorangi, to connect Infrastructure Cook Islands and the Ministry of Agriculture, as well as one or two islands in the Southern Group.

c. RMS Web Lodgement System

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Procurement (CIG)	22	275	0	0	0	297
Total	22	275	0	0	0	297

A web-based Revenue Management System (RMS) was approved in the 2012/13 Appropriation Amendment and was to be financed by Official Development Assistance (ODA). The RMS web lodgement system will improve services to the public by allowing taxpayers to register and file tax returns online. The RMS web lodgement system is now funded by the Cook Islands and will be completed and launched in December 2014.

d. Cook Islands Government Procurement Website

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Procurement (CIG)	0	150	0	0	0	150
Total	0	150	0	0	0	150

Government will continue to improve the central online procurement portal (www.procurement.gov.ck) to ensure the private sector are kept informed of current and future contracting opportunities.

e. Asset Management Information System

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Procurement & training (CIG)	0	253	0	0	0	253
Total	0	253	0	0	0	253

Component 2 of the Asian Development Bank sponsored Asset Management Improvement programme includes the design of an information system that caters for the needs of the each agency/ministry responsible for the management of crown assets. The asset management information system will allow effective capturing of asset data including age, value, performance and condition, and ensure the respective agencies and government have information readily available for decision making in respect to the maintenance, renewal, disposal or replacement of assets. The system was installed in August 2014, and training across the islands in the use of the system is underway.

f. Education Equipment and ICT Upgrades

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Funds to be Prioritised (CIG)	110	110	110	110	110	550
ICT upgrades in Schools (CIG)	0	45	88	88	0	221
ICT upgrades in Schools (TCCA)	0	60	0	0	0	60
Total	110	215	198	198	110	831

The Ministry of Education receives an ongoing capital budget of \$110,000 to purchase or replace computer hardware and equipment in the Ministry and schools. Given the high demand for ICT based learning, especially in the Pa Enua, minimum levels have been set by the Ministry to ensure consistency across all schools. The majority of schools are at this level, but a number, particularly on Rarotonga, are below standard. The Government is supporting the initiative to standardise ICT infrastructure in schools across all islands with an additional Capital budget over three years, 2014/15 to 2016/17. This initiative is being financially supported by the Turkish Cooperation and Coordination Agency. A proposal listing the proposed equipment will be submitted to the Turkish Cooperation and Coordination Agency in the coming months.

7. OTHER CAPITAL

7.1 Road and Water Network Maintenance

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Road network (CIG)	37	430	430	430	430	1,757
Water network (CIG)	280	500	500	500	500	2,280
Total	317	930	930	930	930	4,037

Infrastructure Cook Islands receives an ongoing capital budget for maintenance and renewal work on the Rarotonga road and water network. This fund pays for materials such as aggregate, bitumen, pipes and fittings, along with the hireage of machinery and equipment. In 2013/14 there was a reduction in expenditure as a result of work implemented under the Te Mato Vai water upgrades and Project City. In 2014/15 Infrastructure Cook Islands will be working alongside the Te Mato Vai programme, replacing pipe connectors and reinstating roads.

7.2 Vaka Maintenance Capital Projects

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Vaka Maintenance Capital Projects (CIG)	0	50	50	50	50	200
Total	0	50	50	50	50	200

The Ministry of Internal Affairs is responsible for the maintenance of the road-sides around Rarotonga. From 2014/15 onwards, the Ministry of Internal Affairs will receive \$50,000 annually for capital works relating to the Vaka Maintenance programme.

7.3 Capital Distribution Fund and Outer Islands Small Capital Fund

Project Costs (\$000)	2013/14	2014/15	2015/16	2016/17	2017/18	5-Year
Capital Distribution Fund (CIG)	197	200	200	200	200	997
Outer Islands Small Capital Fund (CIG)	91	110	110	110	110	531
Total	288	310	310	310	310	1,528

The Ministry of Finance and Economic Management (MFEM) administers a Capital Distribution Fund for small capital including vehicles and equipment. This fund is allocated on a priority basis by the Capital Fund Coordinating Committee.

The Outer Islands Small Capital Fund, also administered by MFEM, is for small capital purchases such as ICT equipment and machinery parts. A set amount is allocated to each island each year.

8. GLOSSARY

5-Year cost is the estimated and projected costs of a project or programme over the five year period (2013/14 to 2017/18) of this capital plan. It can be different from 'Total cost'.

Capital Programmes are made up of several individual projects all contributing to a single outcome, and funded by a one or more sources.

Construction is the building of a new piece of infrastructure and includes project management costs such as supervision and reporting.

Design means the detailed costing, engineering, designs and procurement planning (e.g. tender documentation) needed to prepare a capital project for the construction phase.

Estimated spend is the actual spend predicted based on spending to date and contracts in place.

Feasibility means the technical, economic, environmental and social analysis of a proposed capital initiative with the view to assessing the value of its contribution to achieving national sustainable development.

ICT Information and communication technology refers to unified communications and the integration of telecommunications (telephone lines and wireless signals), computers, middleware as well as necessary software, storage- and audio-visual systems, which enable users to create, access, store, transmit, and manipulate information.

Plant and equipment is motor vehicles, furniture, office equipment, fixtures and fittings, and plant.

Upgrade can be major renovations and improvements to an existing piece of infrastructure which are over and above the normal repairs and maintenance which should be budgeted in operating costs.