



TE TANGO AKATEREANGA MONI O TE IPUKAREA  
MINISTRY OF FINANCE & ECONOMIC MANAGEMENT  
GOVERNMENT OF THE COOK ISLANDS

# Budget 2023/24

Nurturing the Nation

# Overview

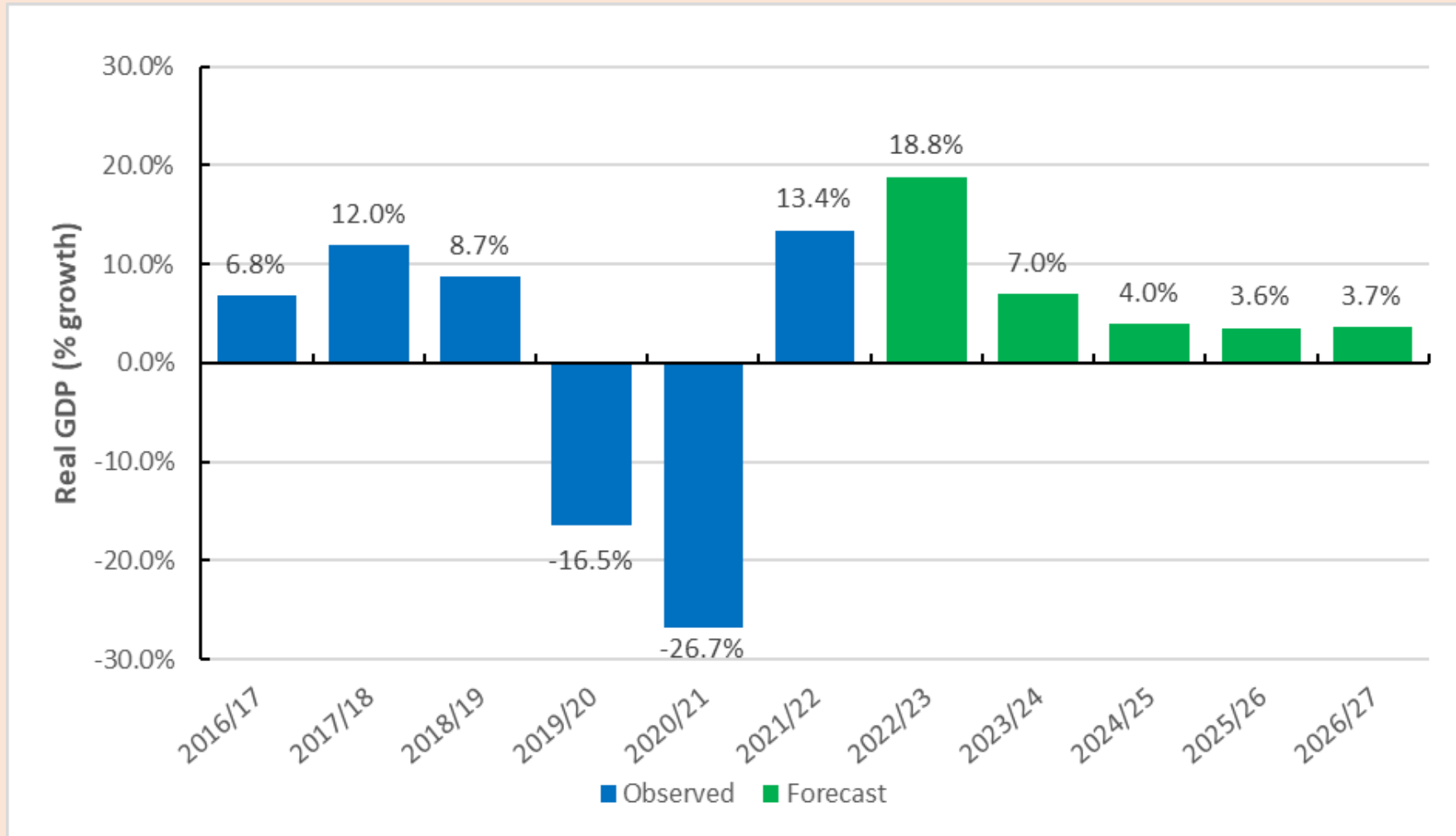
- GDP is slowly recovering.
  - Tourism volumes increasing.
  - Government investing in air links to increase access.
  - After one of the largest contractions in the world, that we are still standing is testament to our resilience.
- Fiscal situation remains tight, but projected to improve by 2024/25.
  - 2023/24 expenditure must remain conservative.
  - Increase in Government expenditure from 2024/25.
  - Increase in debt servicing levels to the end of the decade.



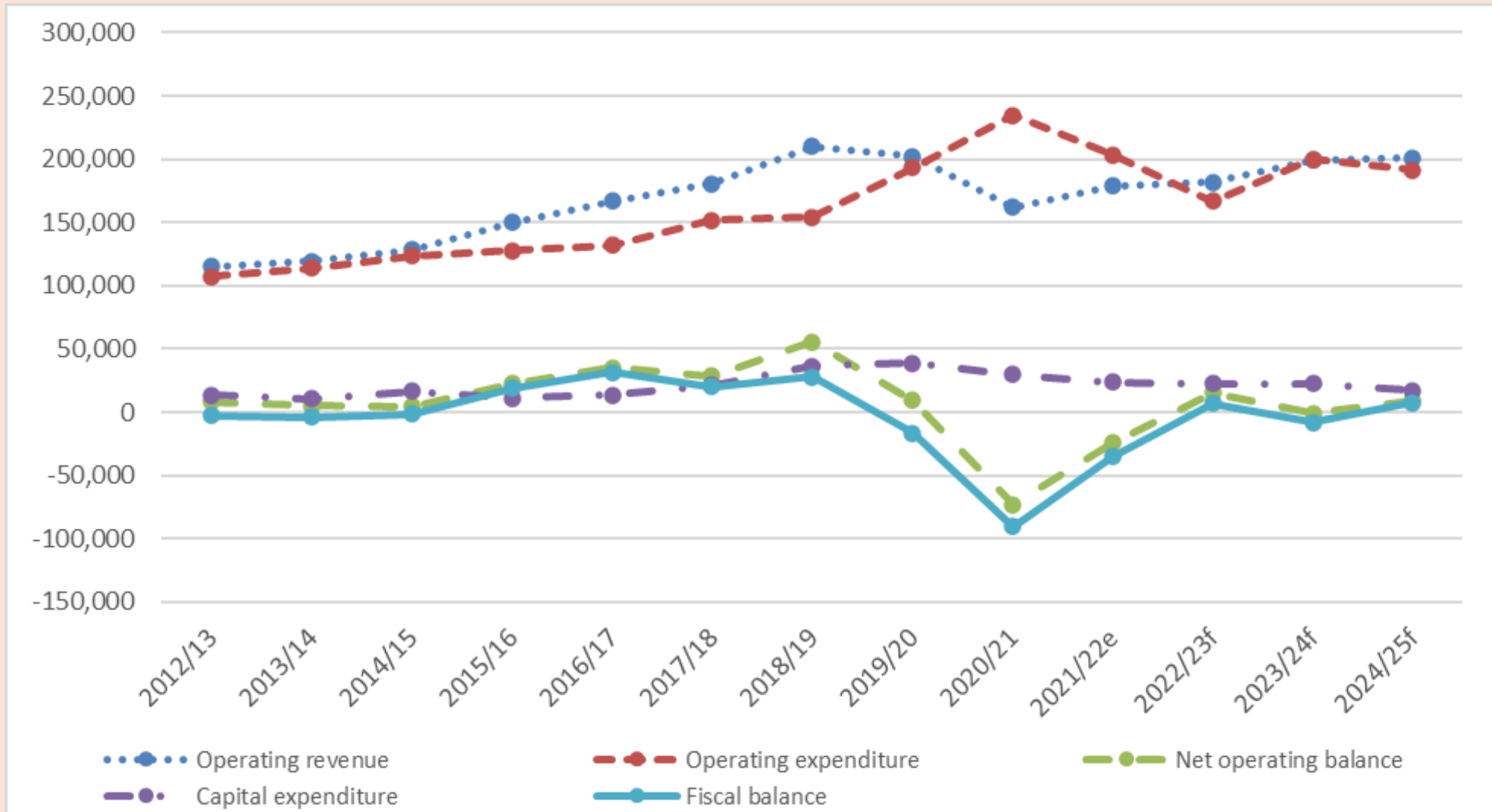
# Key Financials

| <b>\$ Million</b>                            | <b>2022/23<br/>Estimated<br/>Actual</b> | <b>2023/24<br/>Budget<br/>Estimate</b> | <b>2024/25<br/>Projection</b> | <b>2025/26<br/>Projection</b> | <b>2026/27<br/>Projection</b> |
|--|---|--|-------------------------------|-------------------------------|-------------------------------|
| Operating Revenue (\$m)                      | 182.0                                   | 199.1                                  | 200.7                         | 203.9                         | 210.4                         |
| Operating Expenditure (\$m)                  | 166.6                                   | 200.0                                  | 191.2                         | 190.8                         | 188.6                         |
| <b>Operating Balance (\$m)</b>               | <b>15.4</b>                             | <b>-0.9</b>                            | <b>9.6</b>                    | <b>13.1</b>                   | <b>21.8</b>                   |
| Capital Expenditure                          | 22.3                                    | 22.8                                   | 17.2                          | 19.2                          | 19.6                          |
| Depreciation                                 | 14.0                                    | 15.4                                   | 15.4                          | 15.4                          | 14.8                          |
| <b>Fiscal Balance surplus/ deficit (\$m)</b> | <b>7.2</b>                              | <b>-8.3</b>                            | <b>7.7</b>                    | <b>9.4</b>                    | <b>17.1</b>                   |

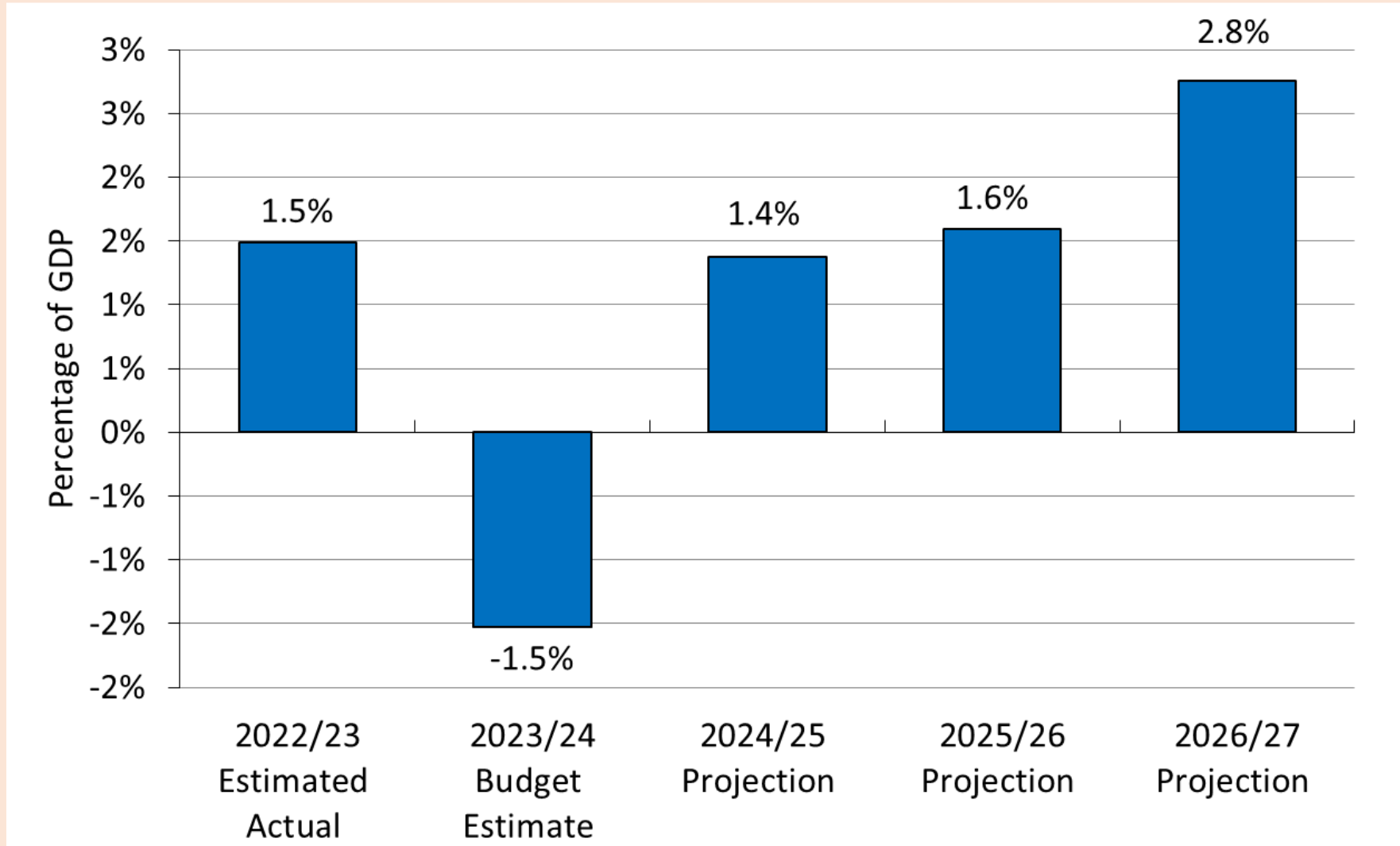
# GDP Growth Outlook



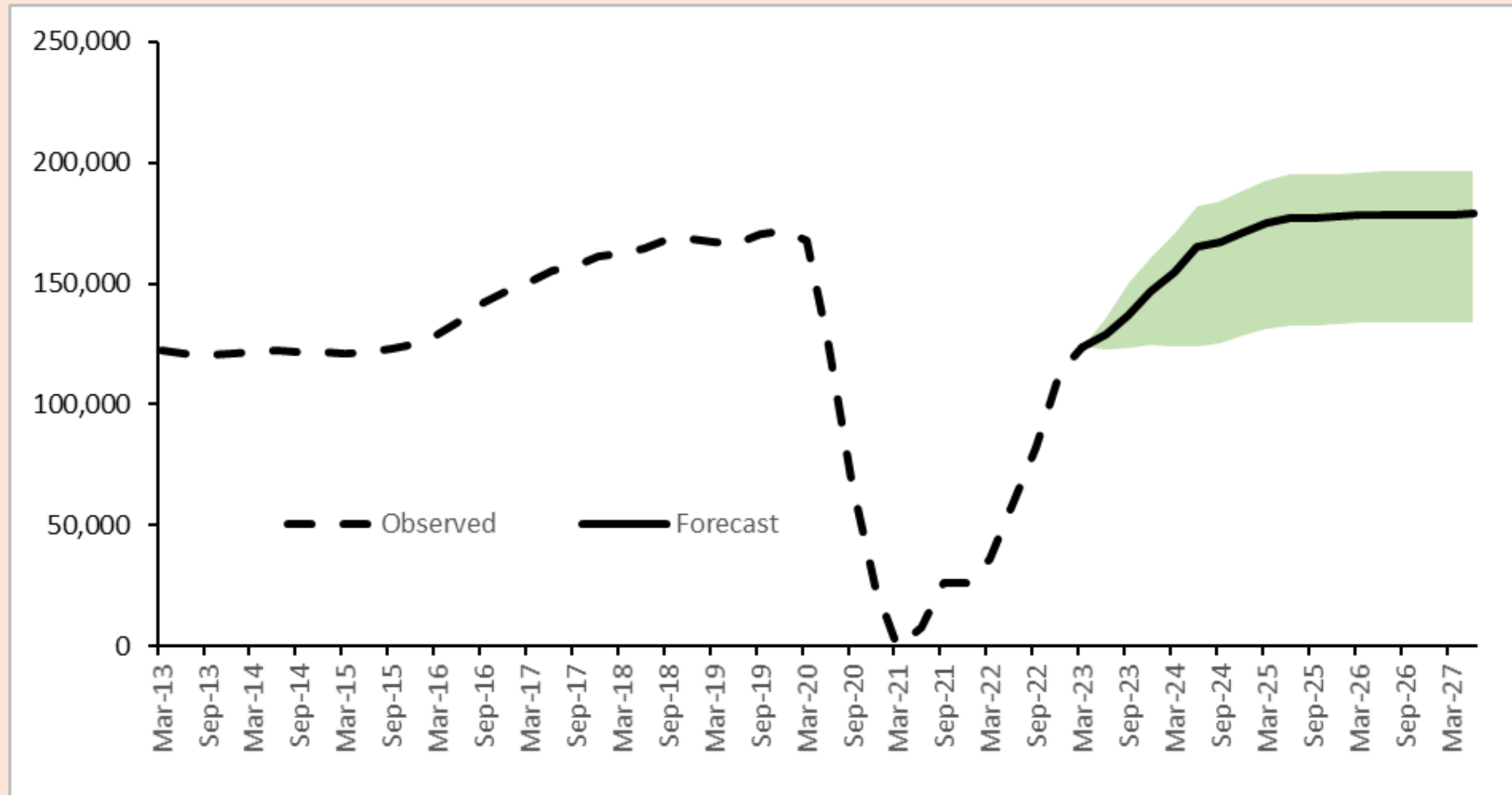
# Fiscal Outlook



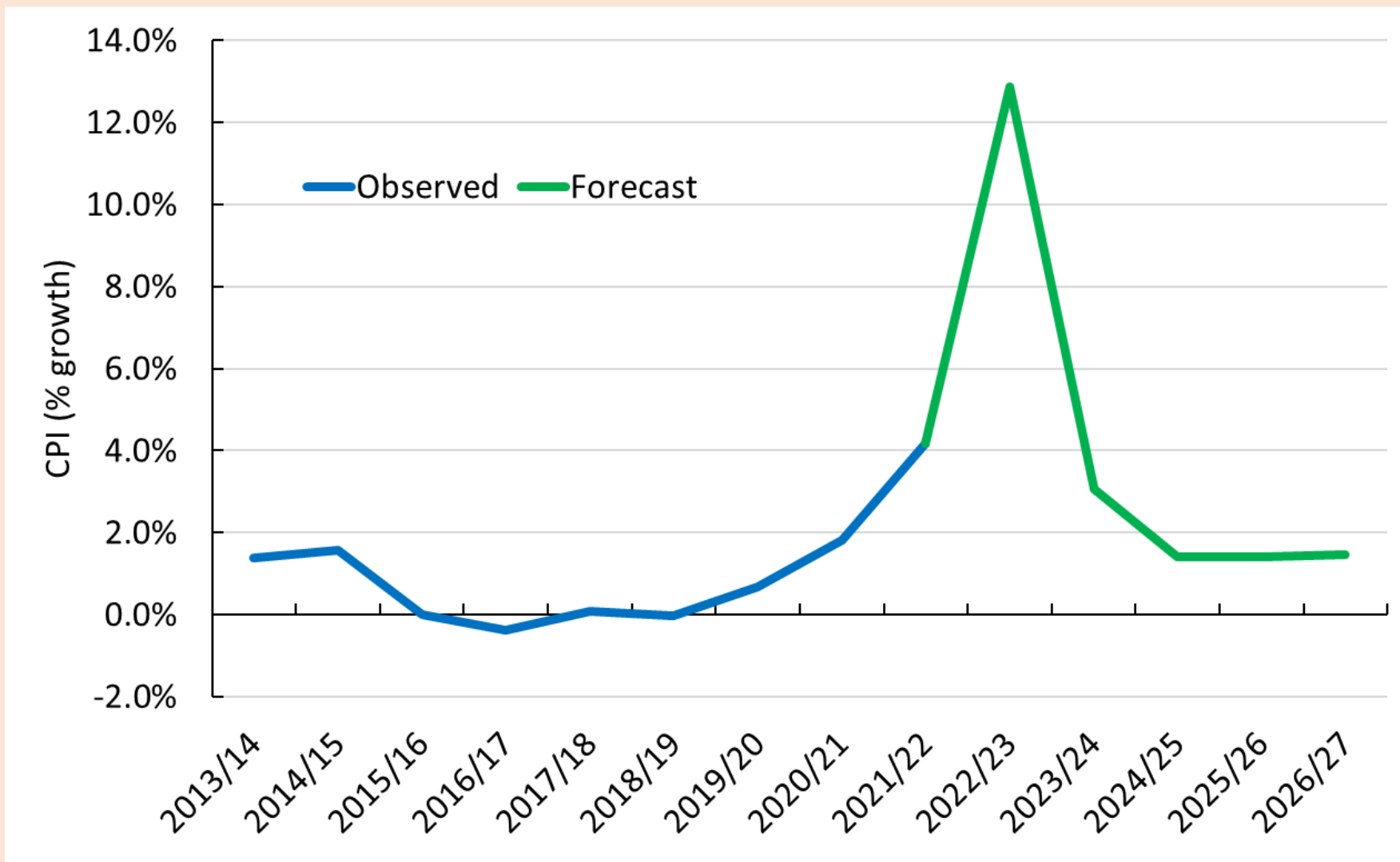
# Fiscal Outlook



# Tourism Forecasts

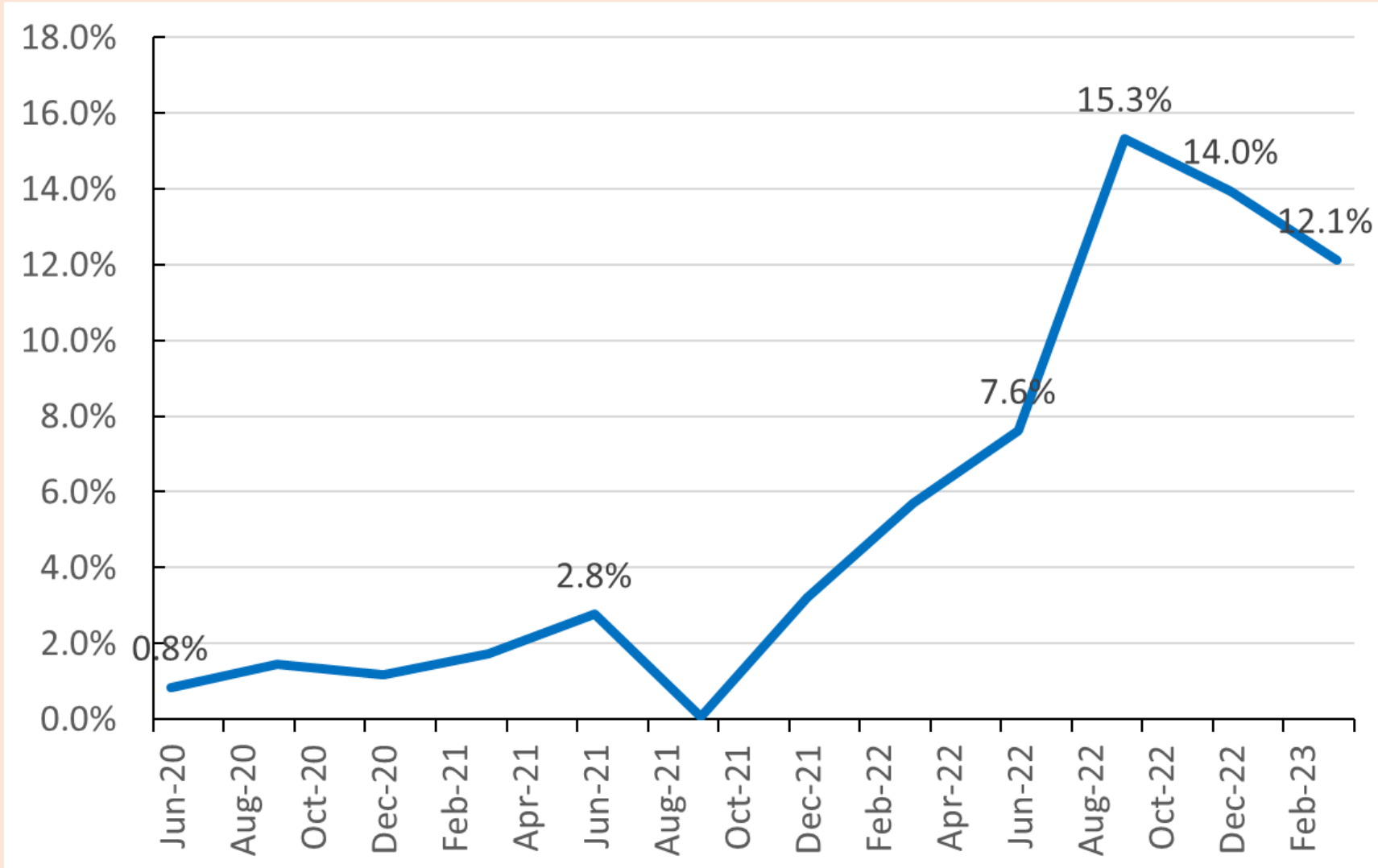


# Inflation





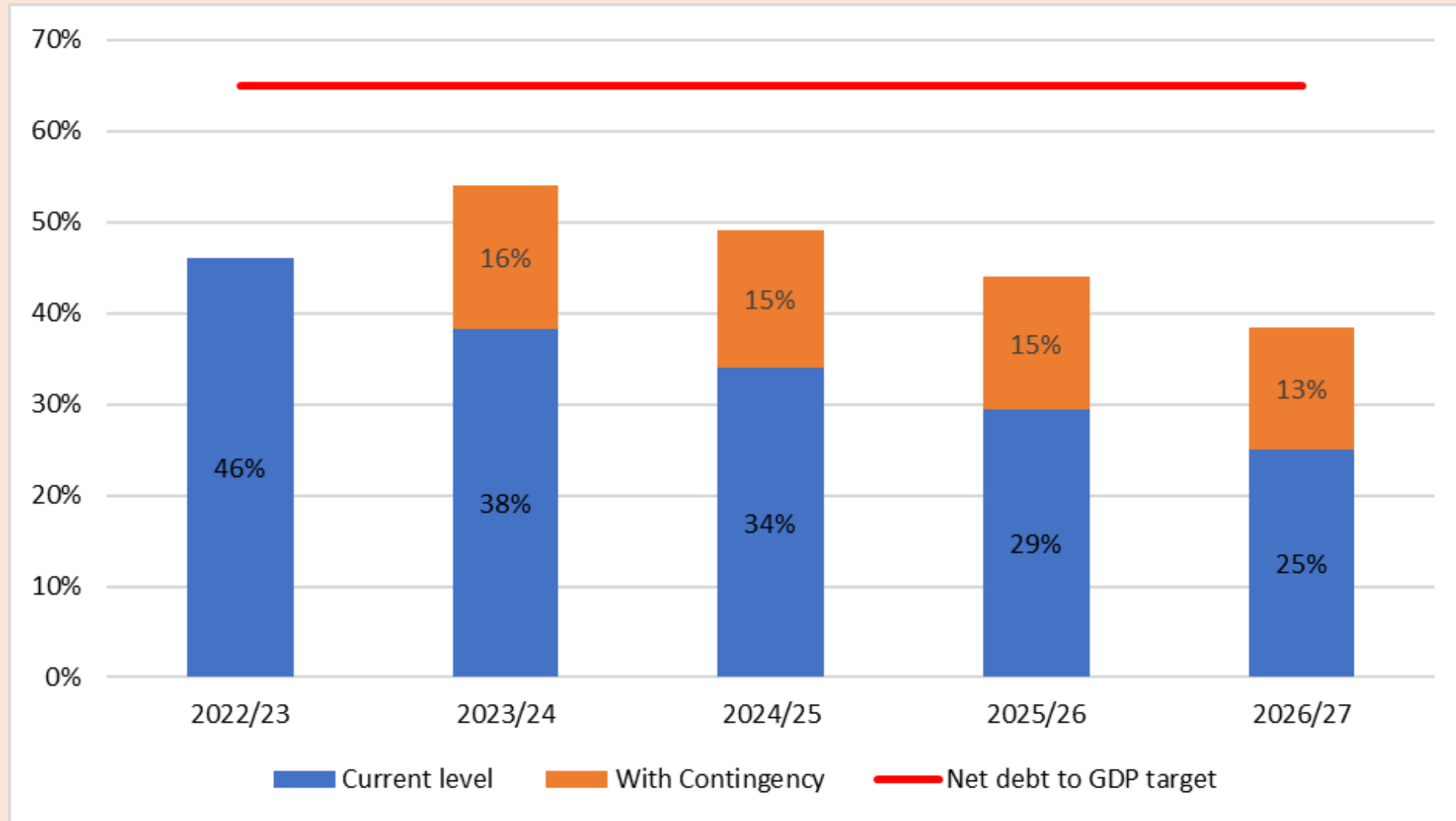
# Inflation



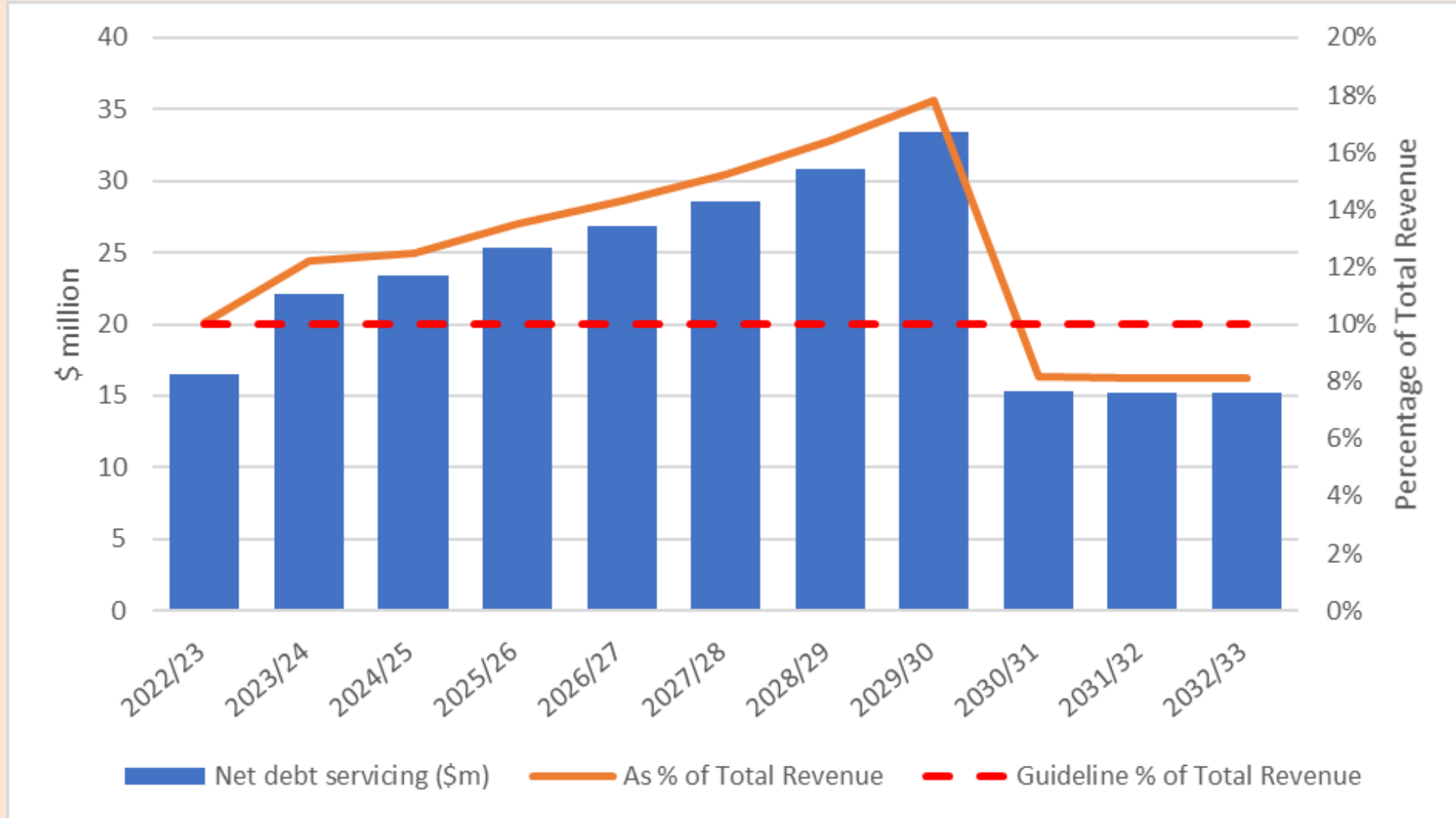
# Fiscal Rules

| Rules                 | Unit  | Threshold | 2022/23     | 2023/24     | 2024/25     | 2025/26     | 2026/27     |
|-----------------------|-------|-----------|-------------|-------------|-------------|-------------|-------------|
| Cash Reserves         | Month | 3         | 5.6         | 3.4         | 3.2         | 2.8         | 2.8         |
| Net debt to GDP       | %     | 55/65     | 45.6        | 37.8        | 33.6        | 29.2        | 24.8        |
| Investment Rule       | %     | 55        | Not Binding | Not Binding | Not Binding | Not Binding | Not Binding |
| Estimated Expenditure |       |           | 135.8       | 157.2       | 159.8       | 160.7       | 159.3       |
| Expenditure Limit     | \$m   | 2% growth | 153.6       | 163.7       | 166.4       | 163.0       | 163.9       |

# Government Net Debt to GDP



# Government Debt Servicing



# Key Initiatives

Supporting our most vulnerable:

- Caregiver's allowance to increase by \$100 p/month from 1 July 2023 – a total of \$300 p/month.
  - This increases again to \$400 p/month from 1 July 2024.
- Destitute payment to increase by \$200 p/month in line with the infirm payments of \$400 p/month.
- Increase in rate for Power Subsidy.
- Increase in minimum wage to \$9.00 per hour from 1 July 2023.

# Key Initiatives

- Investment in our economic recovery and future:
  - Airline access from Australia and North America
  - Supporting the SBMA to make informed recommendations
- Support for key government services
  - Teachers
  - Te Marae Ora positions
  - MFAI support around regional leadership



# Key Initiatives

Addressing environmental issues:

- Dealing with legacy waste – whiteware and vehicles
- Studying Coastal Erosion
- Supporting the National Environment Policy with research and data collection



# Infrastructure Investment

## Key focus on well-being and safety

- Cyclone shelter work on Rarotonga and in the Northern Group
- Key remedial work on buildings on Rarotonga
  - Tupapa Outpatients
  - National Stadium
- Te Tau Papa O Avarua
- Manihiki Airport upgrades
- Northern Group battery replacement





# Nurturing the Nation

- Last year's budget stated there was some light on the horizon – much of that light has arrived.
- But we are not back where we were yet, and we will face some challenges.
- To get back on track will require some nurturing for a sustainable recovery and prosperous future.

