



## **MINISTRY OF FINANCE AND ECONOMIC MANAGEMENT**

### **MEDIA RELEASE**

#### **Two subsidised voyages to the Northern Group to support the Palmerston House opening**

The Ministry of Finance and Economic Management (MFEM) today announced that the Cook Islands Government has agreed to provide Taio Shipping with a subsidy for two voyages from Rarotonga to the Northern Group to coincide with the opening of the Palmerston House in Rarotonga in early July 2019. This subsidy follows in the footsteps of the Northern Group pilot shipping subsidy project implemented by MFEM in 2018 with vessels operated by Cook Islands Towage and Taio Shipping.

Palmerston House is owned and operated by the Palmerston Charitable Trust and has been built with funds mobilised by Palmerston families on Rarotonga and in New Zealand and Australia. The House will provide a central base and much needed accommodation for Palmerston families when visiting Rarotonga. Palmerston House is scheduled to be officially opened on 8 July 2019.

“To help celebrate this important event, the Government is delighted to be able to assist the Northern Group communities to transport their contributions such as fish, uto and pare rito”, Financial Secretary Garth Henderson, said.

The first voyage, on the MV Lady Moana, to Penhryn, Rakahanga and Manihiki is expected to leave Avatiu Harbour on Friday 21 June 2019. The second, on the MV Grinna, to Palmerston, Nassau and Pukapuka is expected to depart on Saturday, 22 June 2019. Both vessels are expected to be back in Rarotonga in time for the opening ceremony.

The subsidy funding, equivalent to 60 per cent of expected operating expenditure for each voyage, has been made available from the 2018/19 Budget Inter-island Shipping Subsidy appropriation administered by MFEM. The overall objective of the subsidy program is to improve the regularity, reliability and affordability of shipping services to the Northern Pa Enea.

The Government intends to extend the shipping subsidy in the 2019/20 financial year, and has appropriated \$500,000 in the 2019/20 Budget for this purpose.

#### **Future inter-island shipping plans**

The Government’s longer-term goal is to provide a regular, reliable, modern, efficient and safe inter-island shipping service. Recognising that a shipping subsidy is only suitable as a temporary measure that will not in itself achieve this goal, the Government flagged two additional measures in the 2019/20 Budget.

#### *Landing craft cargo vessel*

The first is \$2.5 million of Cook Islands Government funding for the procurement of a medium-sized landing craft vessel, with crane facilities, designed to transport heavy equipment and construction materials. The landing craft will support the implementation of the Government’s planned Pa Enea infrastructure projects over the 2019/20 estimates and forward budget period.

The procurement of the landing craft vessel, and arrangements for its operation, will be subject to the standard Government Procurement Policy. This sets out a fair, transparent playing field for public procurement where everyone has a fair chance of bidding for public goods and services and provides competitive pricing to ensure value for money for the tax payer dollar.

*Purpose-built passenger/ general cargo vessel*

The Government has requested support from the Government of Japan in developing a project to deliver a purpose-built shipping vessel that will provide passenger and general cargo inter-island services.

The Government anticipates that this will be a two-stage project. Stage 1 will deliver a comprehensive business case to inform a Government decision on proceeding to Stage 2. The second stage would involve funding arrangements, detailed design, construction and operation of the vessel. While discussions are at an early point, \$250,000 of ODA funding has been allocated for 2019/20 in anticipation of Stage 1 technical assistance from the Government of Japan.

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