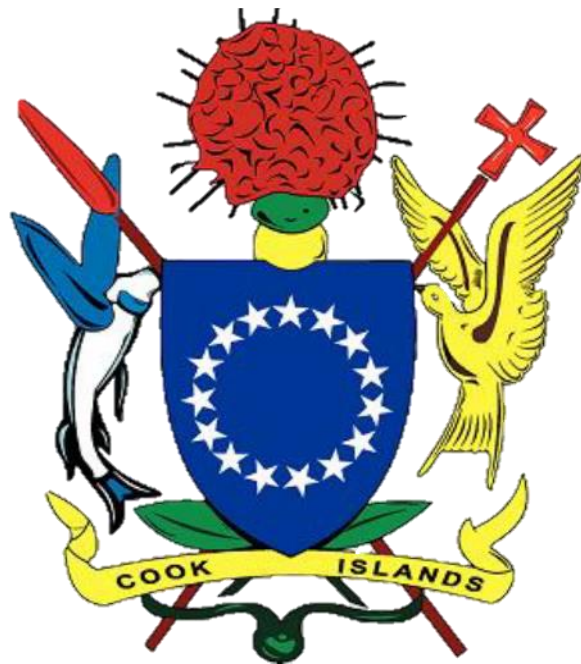


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**COOK ISLANDS GOVERNMENT**  
**BUDGET ESTIMATES**  
**2024/25**

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**Book 1**  
**Appropriation Estimates**  
**and Commentary**



**Hon. Mark Brown**  
**Minister of Finance**  
**May 2024**

## Abbreviations and Acronyms

<b>Term</b>	<b>Definition</b>
AACI	Airport Authority Cook Islands
ACL	Avaroa Cable Limited
ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
AML	Anti-Money Laundering
BCI	Bank of the Cook Islands
BTIB	Business Trade and Investment Board
CIG	Cook Islands Government
CIIC	Cook Islands Investment Corporation
CIPA	Cook Islands Ports Authority
COFOG	Classification of Functions of Government
COVID-19	Coronavirus Disease 2019
CPI	Consumer Price Index
CSS	Core Sector Support
EDS	Economic Development Strategy
EEZ	Exclusive Economic Zone
ERP	Economic Response Plan
ERR	Economic Recovery Roadmap
EU	European Union
FFA	National Forum Fisheries Agency Organization
FSDA	Financial Services Development Authority
FY	Fiscal Year
GBS	General Budget Support
GDP	Gross Domestic Product
GFA	Grant Funding Agreement
GFS	Government Financial Statistics
HYEFU	Half-Year Economic and Fiscal Update
ICI	Infrastructure Cook Islands
ILO	International Labour Organization
IMF	International Monetary Fund
INTAFF	Ministry of Internal Affairs
ITF	Infrastructure Trust Fund
LRF	Loan Repayment Fund
MFAI	Ministry of Foreign Affairs and Immigration
MFEM	Ministry of Finance and Economic Management
MMR	Ministry of Marine Resources
MOCD	Ministry of Cultural Development
MOCS	Ministry of Corrective Services
MOE	Ministry of Education
MOJ	Ministry of Justice
MTEC	Medium-term Expenditure Ceiling
MTFF	Medium-term Fiscal Framework
MTFS	Medium-term Fiscal Strategy
NSDA	National Sustainable Development Agenda 2020+
NSDP	National Sustainable Development Plan
NZD	New Zealand Dollar
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OPM	Office of the Prime Minister

<b>Term</b>	<b>Definition</b>
OPSC	Office of the Public Service Commissioner
PFTAC	Pacific Financial Technical Assistance Centre
POBOC	Payments on Behalf of Crown
RBA	Reserve Bank of Australia
RBNZ	Reserve Bank of New Zealand
ROBOC	Revenue on Behalf of Crown
SBMA	Seabed Minerals Authority
SDG	Sustainable Development Goals
SOE	State-Owned Enterprise
TA	Technical Assistance
TAU	Te Aponga Uira – Rarotonga power company
TMO	Te Marae Ora – Ministry of Health
TMU	Te Mana Uira – Aitutaki power company
UNCCD	United Nations Convention to Combat Desertification
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change
UNOPS	United Nations Office for Project Services
USD	United States Dollar
WHO	World Health Organization

### **General Notes on the Budget Estimates**

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

## Foreword

The Budget Estimates (the Estimates) are tabled in Parliament alongside each Appropriation Bill. It presents the best information that the Government holds on revenue, expenditure, funding from development partners, and debt funding at the time of publication. Note, that the data used in the preparation of this document was finalised by the following dates:

Economic forecasts	18 April 2024	Fiscal forecast Shocks	21 April 2024
Tax Revenue forecasts	19 April 2024	Document Text	02 May 2024
Fiscal forecasts	24 April 2024		

The economic and fiscal situations can evolve quickly therefore, readers are advised to contact the Ministry of Finance and Economic Management (MFEM) where concerns may exist regarding the currency of information presented in this document.

In any circumstance where a discrepancy may exist between the amounts presented in the Appropriation Bill/Act and the Estimates, the Appropriation Bill/Act should be regarded as correct.

The Estimates are prepared using information and contributions from multiple government agencies. The MFEM acknowledges these contributions and notes that questions on these chapters should generally be directed to the relevant agency.

<u>Chapter</u>	<u>Agency</u>
Economic Update - <i>sub-sections</i>	
Financial Services Industry	Financial Services Development Authority
Marine Resources	Ministry of Marine Resources (MMR)
Agricultural activity and Exports	Ministry of Agriculture
National Sustainable Development Agenda	Office of the Prime Minister (OPM)
State-Owned Enterprises	Cook Islands Investment Corporation (CIIC)
Public Sector Staffing	Office of the Public Service Commissioner (OPSC)
Capital Expenditure	CIIC and Infrastructure Cook Islands (ICI)

The following government agencies provided revenue data:

Business Trade and Investment Board	Ministry of Foreign Affairs and Immigration
CIIC	MMR
Financial Services Commission	OPM
Ministry of Internal Affairs	Cook Islands Police Service
Ministry of Justice	Ministry of Transport

The Economic Planning Division for the MFEM acknowledges the contributions from other divisions within the MFEM for their input into the chapters of this document.

<u>Chapter</u>	<u>Division</u>
Tax Expenditure	Revenue Management
Crown Debt and Net Worth, Accounting Policies	Treasury Management
Official Development Assistance	Development Coordination

Lastly, recognition is extended to the Budget Support Group for their invaluable contributions in reviewing all agency business plans and budget proposals and OPSC for preparing Budget Book 2.

Economic Planning Division  
Ministry of Finance and Economic Management

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**GOVERNMENT OF THE COOK ISLANDS  
OFFICE OF THE MINISTER OF FINANCE**

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Wednesday 15 May 2024

**STATEMENT OF RESPONSIBILITY**

I have read the Financial Secretary's Statement of Responsibility and concur with him regarding the preparation of the Budget Appropriation 2024/25.

The economic and fiscal information included in the Budget Estimates are based on the best professional judgement that we have at this time.

I accept the overall responsibility for the integrity of the Budget Appropriation 2024/25 and the compliance with the *Ministry of Finance and Economic Management Act 1995-96*.

Kia manuia,

A handwritten signature in black ink, appearing to read 'Mark Brown', with a long horizontal flourish extending to the right.

Honourable Mark Brown  
Minister of Finance and Prime Minister



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

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Wednesday 15 May 2024

**STATEMENT OF RESPONSIBILITY**

The Budget Appropriation 2024/25 has been produced in accordance with the *Ministry of Finance and Economic Management Act 1995-96* (the Act).

The 2024/25 Budget process involved the annual publication of the Budget Policy Statement in December 2023 available on the mfem.gov.ck website, and the establishment of the Budget Support Group, which were consulted when reviewing agency budget proposals prior to Cabinet consideration and approval.

In compliance with section 24(1) of the Act, the Ministry of Finance and Economic Management 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 Act, returned to the Ministry a fiscally responsible budget in accordance with the principles outlined in the Act.

The information in the supporting documentation is comprehensive, going well beyond the requirements of the Act, and includes a Statement of Fiscal Responsibility that clearly sets out the position in terms of fiscal responsibility as required in section 23(2)(a) of the Act.

It should be noted that financial information relating to national public finances is consistent with the standards outlined in the International Monetary Fund's *Government Finance Statistics manual 2014*.

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', written over a horizontal line.

Garth Henderson  
Financial Secretary

# 1. Budget Overview

## 1.1. Summary

The 2024/25 budget has been designed to reinforce the gains made towards full economic recovery. It reflects the Government's Medium-term Fiscal Strategy (MTFS) for 2024/25 to 2027/28 and priorities for the upcoming years. Additionally, it reaffirms the Government's commitment to sound fiscal and economic management, within the context of the continued recovery from a significant economic shock.

To maintain expenditure within sensible limits, the Government has prioritised core services and outputs, which has required the Government to transfer funding between agencies and programmes to support necessary expenditure. In addition, new initiatives were considered conservatively, with most being deferred.

In resource-constrained times, the medium-term national priorities have been identified as:

- Alleviating pressure on government services by addressing recruitment and retention challenges.
- Addressing water infrastructure and provision challenges, particularly in the Pa Enea.
- Enhancing data collection and information systems to identify issues, propose solutions, and support research.
- Addressing physical infrastructure challenges related to safety, wellbeing, and the promotion of more efficient service delivery.

Underpinning these priorities is a strong emphasis on upholding fiscal prudence, ensuring that spending aligns with revenues and sustainable debt is utilised when necessary. Expenditure limits are outlined in the MTFS, which has been updated to reflect the current economic context and are detailed in Chapter 2.

The resurgence in tourism volumes for the 2023/24 fiscal year has resulted in better-than-expected government revenues in the short-term. The income being generated by tourism into the Cook Islands economy is providing the necessary funding for government expenditure from 2024/25 to 2027/28.

Funding has been allocated to support economic growth, address inflationary pressures, manage recruitment and retention challenges, enhance key services and ensure medium-term debt servicing. These allocations align with the medium-term priorities and aim to maintain fiscally sustainable expenditures while adhering to the fiscal rules.

The 2024/25 Budget continues to emphasise the following policy elements:

- Increasing revenue over the medium-term without increasing the tax burden on society, through economic growth and by ensuring that tax legislation is enforced in an equitable manner,
- Investing in infrastructure that will support sustainable economic growth, ensure public safety and strengthen its resilience to climate change,
- Focusing the efforts of Government departments on core deliverables, and
- Supporting the development of a socially vibrant Cook Islands, including vulnerable sectors of the community.

Key budget measures to meet these policy elements include:

- Supporting salary adjustments for teachers to bring them in line with the latest pay structure across Government.
- Increase personnel funding for some government departments to address recruitment and retention challenges and to bolster capacity.
- Upgrading and improving Aitutaki's water management system.

- Increased funding for the airline route development fund and financial support for the Cook Islands Tourism Corporation across the medium-term to support key initiatives for the sector.
- Upgrading air and sea infrastructure to improve access to Pa Enea communities, along with establishing a domestic shipping service.
- Providing funding support for non-governmental organisations that have been impacted by the Cook Islands' graduation to high-income status.
- Increased funding for patient referrals to address the growing health needs of the Cook Islands population.

## **1.2. Economic performance and outlook**

In 2023/24, businesses experienced a positive year with visitor arrivals nearing pre-COVID levels due to improved connectivity to key tourist markets. Tourist arrivals are estimated to reach 160,000 and are forecast to increase to 170,000 in 2024/25. The year saw private sector balance sheets being repaired. Signs indicate a strong and encouraging recovery trajectory for both individuals and businesses. The recovery of tourism has translated to growth in sectors such as accommodation and travel agents and tour operators directly, with industries such as finance and insurance, professional services and arts and recreation showing strong growth as well.

Looking ahead to 2024/25, the recovery trend is expected to continue, though at a slower pace, with GDP growth forecasted at 4.2 per cent, returning to levels close to pre-pandemic. Real GDP growth is expected to remain between three and four per cent in 2025/26 and 2026/27 as the economy returns to its normal trajectory.

Inflation, which peaked dramatically in 2022/23, is expected to be 4.6 per cent for 2023/24. It is forecast to decrease further, with price growth of 2.3 per cent projected for 2024/25, and 0.6 per cent for 2025/26, as supply chains normalise.

There remain risks to the outlook with some businesses yet to recuperate from lower-than-expected margins in 2023/24 following this period of inflation. Additionally, labour shortages, infrastructure project delays and vulnerability to natural disasters pose downside risks to recovery. Emerging global risks, particularly those impacting transport costs and shipping, add further uncertainty.

For further details, refer to Chapter 4, Economic Update, for the Economic Outlook, with a complete set of economic metrics.

## **1.3. Fiscal performance and outlook**

### **1.3.1. Revenue**

Total Crown Revenue for 2023/24 is estimated to be \$222.5 million, with \$165.1 million in taxation revenue, \$42.7 million in other revenue, \$9.1 million from New Zealand as Core Sector Support and \$14.7 million in Official Development Assistance (ODA) grants.

Internally-generated revenue, excluding development assistance, is projected at \$207.8 million, an increase of \$41.2 million from the previous year<sup>1</sup>, driven by a 49.1 per cent increase in taxation revenue primarily due to value-added tax recovery, adding \$23.2 million. Excluding General Budget Support, other revenue is expected to increase by 15.7 per cent, mainly from higher fishing revenue due to El Nino and negotiations of new agreements, along with increased revenue from immigration fees, upper air space management, dividend receipts and trading revenue.

---

<sup>1</sup> The 2022/23 results were lower due to some one-off accounting treatments.



The increase in taxation revenue offsets the decline in Budget Support and ODA grants, leading to a 16.7 per cent increase in total Crown revenue for 2023/24.

Looking ahead to 2024/25, total Crown Revenue is projected to reach \$299.2 million, a 34.5 per cent increase from estimated 2023/24 levels, with taxation revenue expected to rise by \$15.8 million. However, other revenue is forecasted to decrease by \$14.4 million due to the exclusion of Core Sector Support funding from New Zealand, pending finalisation of the Grant Funding Agreement.

Further information on Revenue expectations is detailed in Chapter 6, Revenue.

### **1.3.2. Expenditure**

Total operating expenditure for 2023/24 is estimated at \$195.4 million, increasing by \$24.9 million from the previous year. This increase is mainly due to higher spending on marketing resources for Tourism's growth strategy (\$4.7 million), patient referrals (\$2.7 million) and the Airline Route Development (\$18.5 million) due to agreements with airlines starting mid-2023.

The Airline Route Development fund includes reappropriation of \$7.5 million, a carry forward of unspent funds from 2022/23 of \$466,660, and a transfer of \$650,000 from Tourism's Marketing Resources fund. These movements contribute to the reduced spend in 2022/23 and the increased spending in 2023/24.

For 2024/25, total operating expenditure is estimated at \$206.1 million. This includes personnel expenses of \$73.1 million, up from \$66.6 million in 2023/24 due to the minimum wage adjustment, teacher's salary adjustment and critical roles. Administered payments are projected to be \$53.9 million, up from \$51.8 million, mainly due to increased funding for patient referrals, Pa Enea transportation costs for the 60<sup>th</sup> Te Maeva Nui celebration, establishing a domestic shipping service and marketing resources for Tourism. Additionally, depreciation expense increases by \$1.5 million, attributed to donated assets and the retention of 25 electric vehicles within the government's fleet of vehicles.

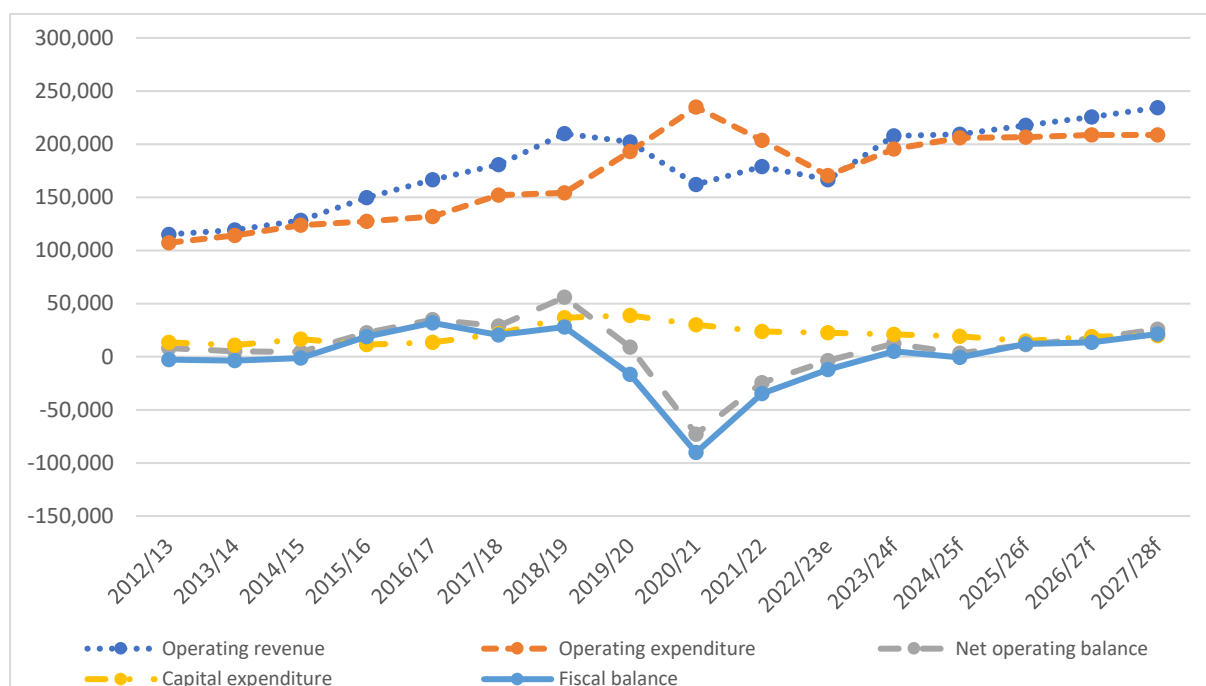
The estimated government-funded capital expenditure in 2023/24 remains relatively stable compared to 2022/23, at \$21.0 million, and forecast to decrease slightly to \$19.1 million in 2024/25, inclusive of reappropriated funds.

No new debt funding was required in 2023/24, with improving economic conditions and fiscal balances, further drawdowns on debt are not confirmed. However, discussions with potential creditors on financing needs are ongoing.

A fiscal surplus of \$5.1 million is estimated for 2023/24, marking a \$17.3 million improvement from the \$12.2 million fiscal deficit recorded in 2022/23. A fiscal deficit of \$0.7 million is forecast for 2024/25, to be funded from cash reserves. The fiscal balance is expected to improve to a surplus of \$21.3 million by 2027/28.

Forecast movements and relationships between revenue, expenditure and the operating and fiscal balances are presented in Figure 1-1.

**Figure 1-1 Fiscal Performance and Medium-term Fiscal Outlook (\$'000)**



The projection indicates that Net Debt to GDP has likely peaked and is decreasing as GDP recovers. Economic forecasts are slightly conservative, with operating and fiscal balances expected to improve over the medium-term.

**Table 1-1 Summary Fiscal Position**

\$ million	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>Operating Balance (\$m)</b>	<b>12.4</b>	<b>3.1</b>	<b>11.2</b>	<b>17.0</b>	<b>25.8</b>
<b>Fiscal Balance surplus/deficit (\$m)</b>	<b>5.1</b>	<b>(0.7)</b>	<b>11.8</b>	<b>13.3</b>	<b>21.3</b>
Working Capital (\$m)	57.5	42.2	37.0	31.0	30.7
Stabilisation Account	3.5	3.5	3.5	3.5	3.5
<b>Surplus/ (Shortfall) in Funding</b>	<b>56.0</b>	<b>30.8</b>	<b>35.8</b>	<b>29.3</b>	<b>34.3</b>
Net Debt, Percentage of GDP	34.2	30.0	26.3	22.4	18.4

**Table 1-2 Fiscal Rules Performance**

Rules	Unit	Threshold	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Cash reserves	Month	3	4.0	2.9	2.5	2.1	2.1
Net debt to GDP	%	55/65	34.2	30.0	26.3	22.4	18.4
Investment Rule*	%	55	Not Binding	Not Binding	Not Binding	Not Binding	Not Binding
Estimated Expenditure	\$m	2% growth	158.2	168.9	173.4	176.3	177.0
Expenditure Limit			162.7	176.8	191.2	196.6	200.5

\*Not Binding' indicates that the rule threshold has not been exceeded.

The estimated performance against the fiscal rules is based on economic and fiscal estimates, which assume ongoing economic recovery and full expenditure of Government's appropriation in each year. For a more detailed analysis, see Chapter 2.

## 2. Medium-term Fiscal Strategy

This chapter provides an update to the Cook Islands Government's Medium-term Fiscal Strategy (MTFS) for the period 2024/25 to 2027/28. The MTFS was published in the *2023/24 Half Year Economic and Fiscal Update (HYEFU)*. The MTFS also operates as the government's statement of priorities, known as the Budget Policy Statement (BPS). The MTFS reconfirms the Government's commitment to sound fiscal and economic management, within the context of our ongoing recovery from the economic shock to the economy during the COVID-19 pandemic.

The MTFS has been updated and recalculated with changes to revenue and expenditure assumptions that impact cash balances. The revised 2024/25 – 2027/28 MTFS is presented below.

### 2.1. Note on the Budget and the Fiscal Framework

The MTFS is based on economic and fiscal data and forecasts available at the time of the Budget Policy Statement<sup>2</sup>. It determines the Government's Medium-term Expenditure Ceilings (MTEC) for each year of the next three years, which is considered to be the medium-term. These expenditure ceilings are applied to total operating expenditures and capital investments.

The fiscal rules were revised in 2022/23 to more accurately reflect the economic context. The changes included:

- prioritising the Cash Reserves Rule,
- increasing the limits of the Net Debt Rule to 55 per cent and 65 per cent of gross domestic product (GDP),
- making the focus of the Expenditure Rule more specific to expenses over which government has discretion, excluding contractual requirements such as debt servicing expenses, and
- establishing an Investment Rule which restricts government expenditure if the Net Debt levels exceed 55 per cent of GDP.

Please refer to the *Medium-term Fiscal Framework (MTFF) Update* document<sup>3</sup> or the *2021/22 HYEFU* for more information.<sup>4</sup>

### 2.2. Medium-term Expenditure Ceilings

The expenditure ceilings in the MTEC were set based on the economic context and in adherence with the fiscal rules. A whole-of-government ceiling is used to determine the ceilings for each Government department.

Table 2-1 shows the expenditure ceiling for the 2024/25 Budget. The fiscal space line indicates the amount of additional expenditure that the Government may undertake in each year compared to the forward estimates set out in the 2023/24 Budget. In 2024/25, there is \$8.0 million of additional expenditure that is possible compared to previous year's budget estimates for 2024/25. In 2025/26, there is an additional \$9.6 million compared to previous year's projections.

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<sup>2</sup> Where data on which assumptions have been made has varied substantially between the development of the Budget Policy Statement and the Budget Estimates, a revision may be made to the MTFS.

<sup>3</sup> [https://www.mfem.gov.ck/\\_files/ugd/dbdf40\\_d301b194f6a543978a1ce2bcc41d93de.pdf](https://www.mfem.gov.ck/_files/ugd/dbdf40_d301b194f6a543978a1ce2bcc41d93de.pdf)

<sup>4</sup> [https://www.mfem.gov.ck/\\_files/ugd/dbdf40\\_0ccd5f5358a2474d8dc66602b5992eb2.pdf](https://www.mfem.gov.ck/_files/ugd/dbdf40_0ccd5f5358a2474d8dc66602b5992eb2.pdf)

**Table 2-1 Medium-term Fiscal Strategy Expenditure Ceilings**

\$ million	2024/25	2025/26	2026/27	2027/28
2023/24 Planned Expenditure	208.4	209.9	208.2	208.2
Fiscal Space vs 2023/24 Planned	8.0	9.6	17.7	17.7
<b>Expenditure ceiling – 2024/25 Budget</b>	<b>216.4</b>	<b>219.6</b>	<b>225.9</b>	<b>225.9</b>

To maintain expenditure within the limits of the MTEC, the Government has prioritised core services and outputs, which has required the Government to transfer funding between agencies and programmes to support necessary expenditure. In addition, new initiatives were considered conservatively, with most being deferred.

### **2.2.1. Exit Clause**

The 'Exit Clause' allows for a temporary departure from the fiscal rules, in the event of a natural disaster (and subsequent calling of a state of emergency), or a severe economic shock (defined as real economic growth of negative 2 per cent or less).

The Exit Clause can no longer be used as the trigger conditions for it no longer exist. Consequently, all rules of the MTFF have been applied in determining the MTFS and the expenditure ceiling.

## **2.3. Fiscal Rules**

The MTFS and expenditure ceiling is set in accordance with the Fiscal Responsibility Rules. These rules provide benchmarks for the Government to achieve a fiscally sustainable budget.

The 2024/25 MTFS fiscal ceiling is limited by the Cash Reserves Rule, but performance against the remaining fiscal rules is projected to be within the rule limits. That is, the 2024/25 MTFS meets the Operating Expenditure Rule and the Net Debt Rule. Remaining within the 'soft cap' of the Net Debt Rule results in the Investment Rule not being binding.

### **2.3.1. Forecast Performance against the fiscal rules**

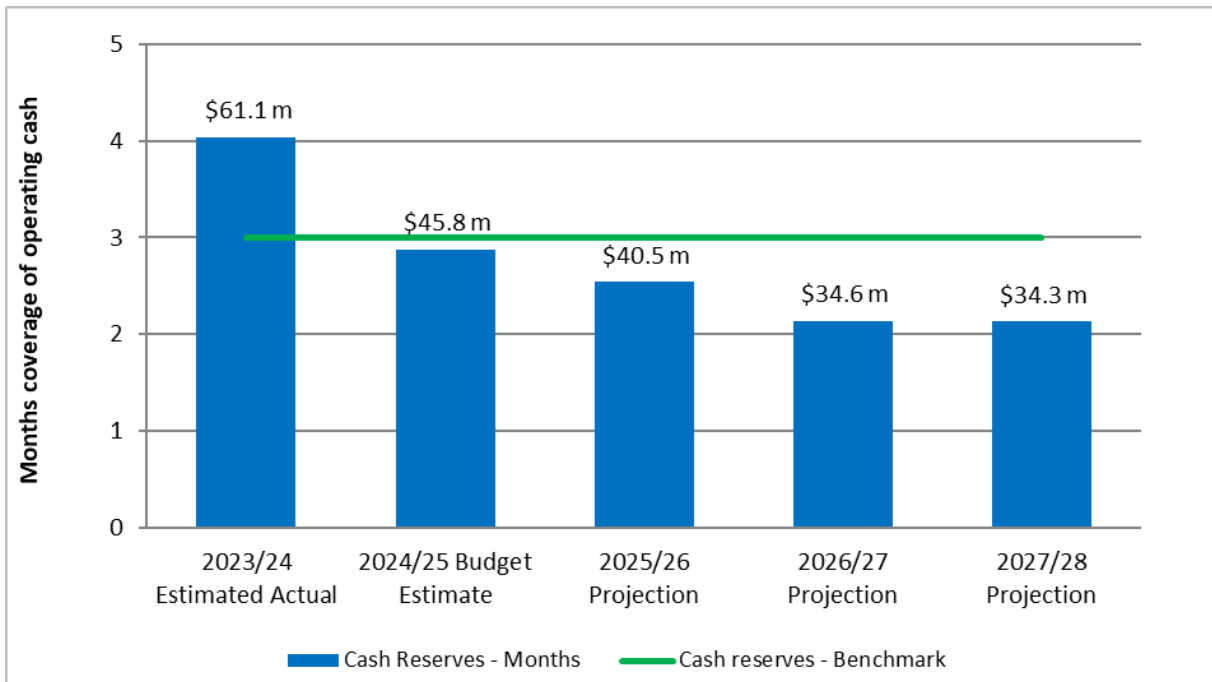
Going forward, the Cash Reserves Rule remains most at risk of breach, as current forecasts indicate that the cash levels will be below the threshold over the medium-term. Actual cash reserves are influenced by factors like underspending in personnel and capital in 2023/24, which increased the cash reserves, and revenue variances from forecast, potentially increasing or decreasing the cash reserves relative to projections.

#### **2.3.1.1. Cash Reserves Rule**

A prudent level of cash reserves has been determined as three months of operating expenditure, either available as cash or liquid cash investments. One month of operating expenditure is an emergency-level of cash reserves.

Figure 2-1 shows that the Government's cash reserve is expected to fall below the three-month threshold in each of the upcoming years. However, the balance is expected to remain above the two-months reserves annually. These estimates assume full expenditure of appropriation and no funding in the form of Core Sector Support. If the same level of Core Sector Support as received in 2023/24 of \$9.1 million is realised then cash reserves are expected to exceed the three-month threshold in both 2024/25 and 2025/26.

**Figure 2-1 Cash Reserves Rule Projections**



**2.3.1.2. Operating Expenditure Rule**

The expenditure rule states that the baseline operating expenditure cannot grow by more than the greater of:

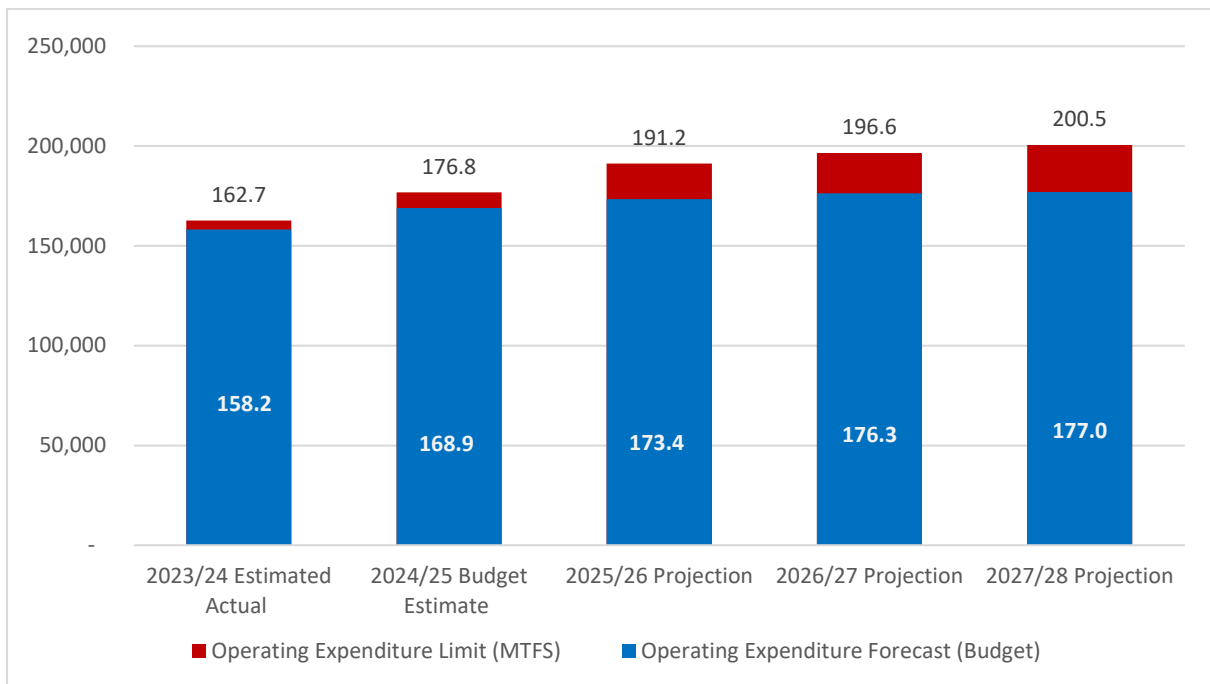
- 2.0 per cent of baseline operating, or
- the average of the past two years growth in the Consumer Price Index (CPI) year-on-year.

Baseline operating expenditure excludes contractual debt servicing expenditure, legislated welfare payments and extra-ceiling measures specifically to support economic stimulus.

The overall expenditure ceiling considers these expenditure requirements in total government expenditure; thus, the operating expenditure rule serves to limit the expansion of operating expenditure during periods of fiscal expansion but is superseded by other rules during periods when total government spend is decreasing.

As shown in Figure 2-2, the government’s operating expenditure profile stays within the rule limit across the forward years.

**Figure 2-2 Operating Expenditure Rule Growth Projections – MTFS vs Budget**



### 2.3.1.3. 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.

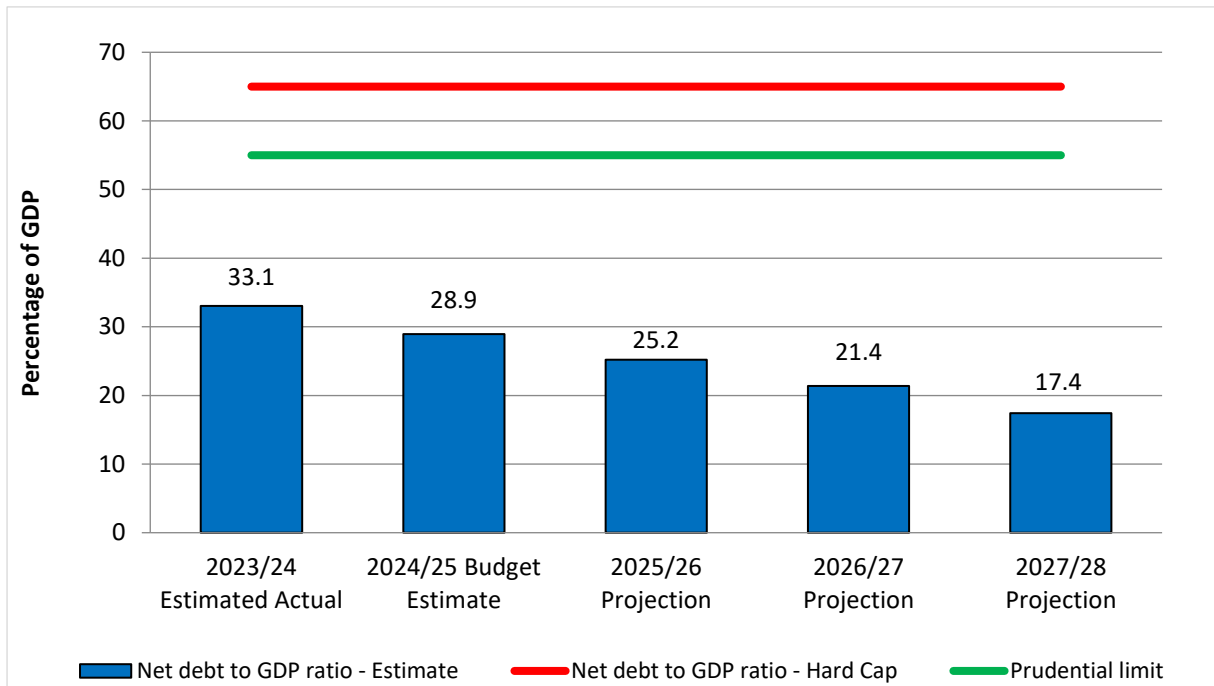
Further revisions have been made to the GDP forecasts and foreign exchange rates since the 2023/24 HYEFU which have resulted in the 55 per cent soft cap on borrowings to be estimated at approximately \$338.3 million as of June 30 2024. The Government expects to hold a debt<sup>5</sup> equivalent to \$214.4 million 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 contingency loan of \$30.3 million. If utilised in 2023/24, gross debt would be approximately \$244.7 million, resulting in a net debt of 39.6 per cent of GDP. Excluding this contingent loan or additional debt, the net debt ratio is projected to decrease year-on-year to 18.4 per cent by 2027/28, driven primarily by GDP growth and debt repayment.

These ratios should not be looked at in isolation. Any proposal for additional borrowing should be considered within the broader context of the entire government Budget, considering the Crown’s ability to service annual debt and adhering to international best practices, including prudential requirements set by the Crown’s lenders. Proposals to acquire new loans must undergo thorough assessments as mandated by the Ministry of Finance and Economic Management (MFEM) Act 1995-96 and the *Loan Repayment Fund (LRF) Act 2014*.

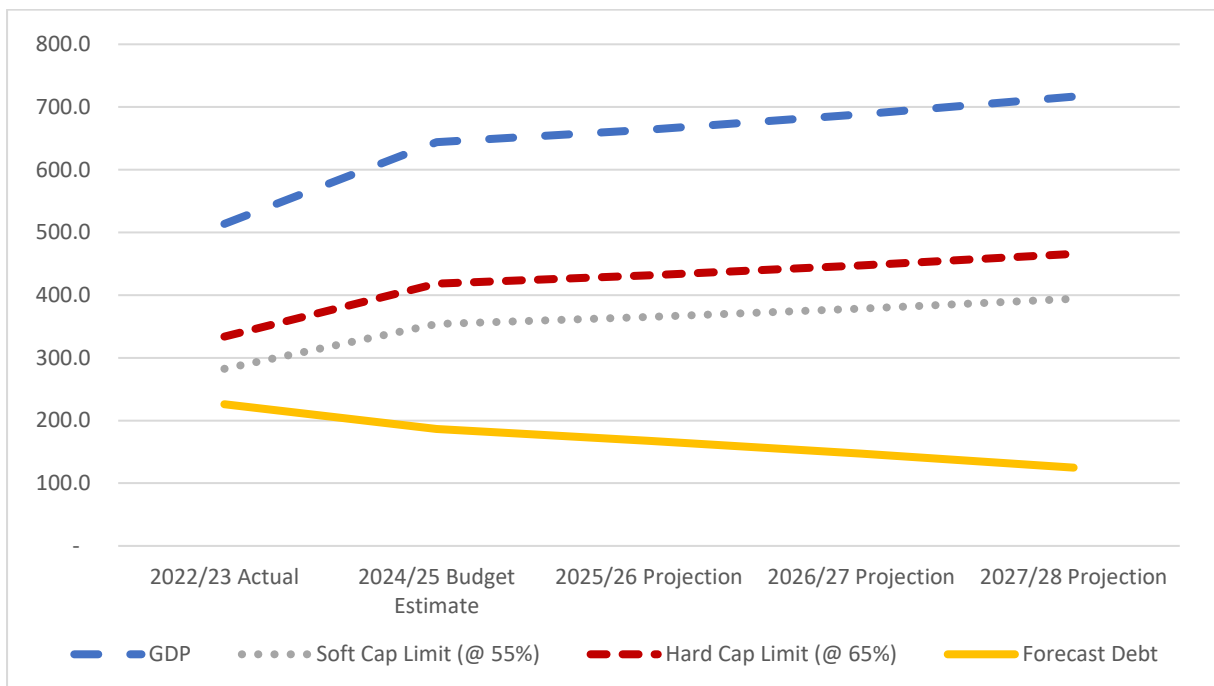
<sup>5</sup> Excluding commercial debt held by the Airport Authority Cook Islands

**Figure 2-3 Net Debt Rule Projections**

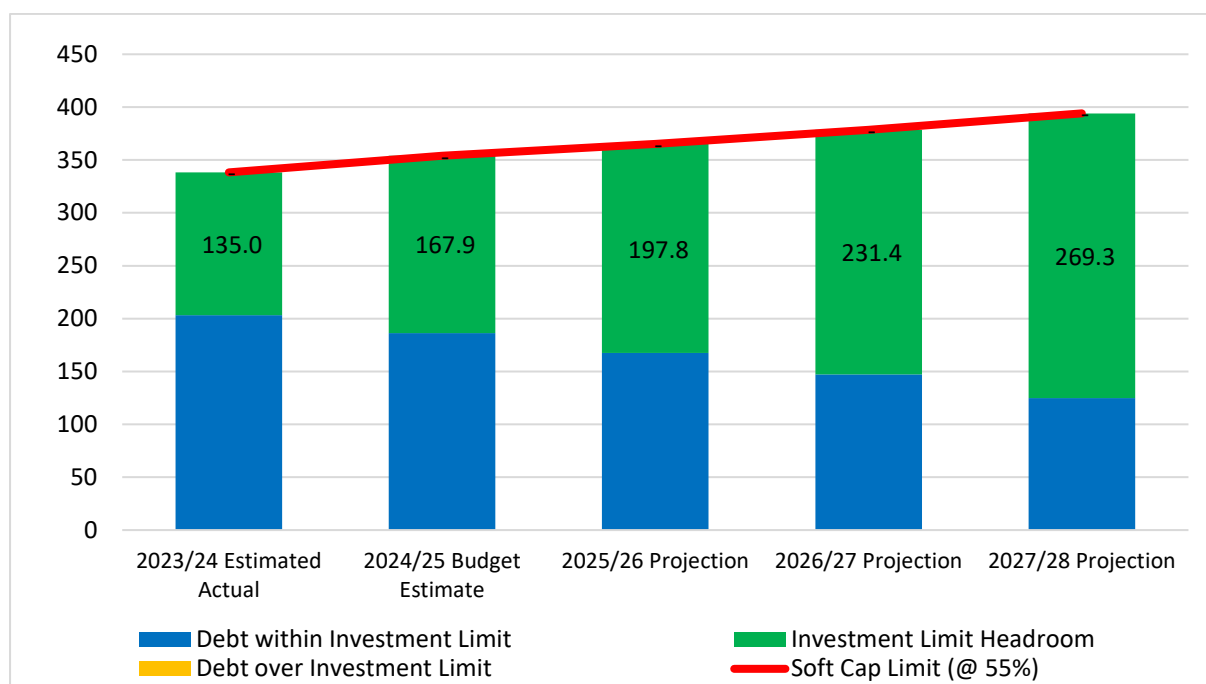


The movements in Net Debt limits to GDP and the Investment Rule debt headroom are displayed in Figure 2-4 and Figure 2-5 respectively.

**Figure 2-4 GDP and Net Debt Movements (\$million)**



**Figure 2-5 Investment Rule Debt Headroom (\$ million)**



## 2.4. MTFS Economic and Fiscal Forecasts

### 2.4.1. Assumptions underlying economic and fiscal projections

Various assumptions have been made to forecast the Cook Islands economic outlook and the Government’s fiscal performance and position in the outer years.

#### 2.4.1.1. Economic assumptions

The Cook Islands Statistics Office publishes current and real price (2016 base year) estimates of GDP on a quarterly basis, using the production approach. GDP estimates are disaggregated by major industry classifications, including institutional sectors. The latest data from the Statistics Office relates to the June quarter 2023.

#### 2.4.1.2. Gross Domestic Product production model

A Computable General Equilibrium (CGE) modelling approach has been used to forecast aggregate GDP and several key variables in a manner that is internally consistent and uses economic relationships to determine how shocks permeate through the economy. This approach provides both real and nominal changes in variables such as:

- Gross domestic product,
- Trade aggregates,
- Investment and savings,
- Household consumption,
- Consumer Price Index,
- Wages, and
- Operating surpluses.

This model has been developed using technical assistance from the Asian Development Bank (ADB), and utilising a wide range of data sources.



### 2.4.1.3. Data

The key data sets used for the model are:

- Real and nominal GDP – quarterly data to December 2023,
- Trade, imports, and exports – monthly data to December 2023,
- CPI – quarterly index data to March 2024,
- International arrivals – Customs and Immigration monthly data to March 2024, and
- Building approvals – quarterly data to September 2023.

### 2.4.1.4. Key economic indicator assumptions

Nominal GDP is expected to grow by:

Year	2023/24	2024/25	2025/26	2026/27	2027/28
Per cent (%)	19.8	4.7	3.1	3.6	4.1

Growth in prices, measured through movements in the CPI is expected as follows:

Year	2023/24	2024/25	2025/26	2026/27	2027/28
Per cent (%)	4.6	2.3	0.6	1.1	1.4

Please refer to Chapter 4 for further details on the above data.

## 2.4.2. Economic Forecast

After the Cook Islands largest economic contraction due to the COVID-19 pandemic, the recovery has been in progress for the past two years since borders opened in January 2022. The 2023 calendar year saw nominal GDP growth of 32.8 per cent (and real GDP growth of 15.3 per cent), with tourism bouncing back strongly.

The headline numbers suggest recovery has been rapid, however it will still be some years before balance sheets have adequately recovered for private investment to return to pre-COVID levels, and the impact of inflation and high price levels continues to be felt.

The 2024/25 year is forecast to see nominal GDP grow by 4.7 per cent, as it settles back into longer-term growth rates, as shown above.

Please refer to Chapter 4 for further detail on forecast economic activity.

### 2.4.3. Fiscal assumptions

- The Government’s expected fiscal performance over the forward period is based on the following assumptions:
- operating revenues are forecast on the basis of recent trends in economic activity, the economic forecasts set out in Chapter 4, and one-off considerations, namely COVID-19 and its impact on tax revenues,
- operating expenditure movements reflect current Government policy commitments, and
- the level of government borrowing is based on exchange rates from Consensus Economics forecasts.

#### 2.4.3.1. Fiscal risks

The International Monetary Fund (IMF) defines fiscal risks as ‘deviations of fiscal outcomes from what was expected at the time of the budget’. The IMF lists a few sources of fiscal risk, including:

- shocks to macroeconomic variables, such as economic growth, commodity prices, interest rates, or exchange rates, and
- calls on contingent liabilities, obligations triggered by an uncertain event, including:

- explicit liabilities – those defined by law or contract, such as debt guarantees, and
- implicit liabilities – moral or expected obligations for the Government, based on public expectations or pressures, such as bailouts of banks or public sector entities.<sup>6</sup>

The Government subscribes to the IMF’s Public Expenditure and Financial Accountability (PEFA) program, which provides a framework for strengthening public financial management systems using a range of quantitative indicators to measure performance.<sup>7</sup>

PEFA indicator 10 requires governments to monitor and report on the fiscal risks associated with:

- contingent liabilities and other general fiscal risks,
- public corporations – State-owned enterprises in the Cook Islands context, and
- sub-national governments – Island Governments of the Pa Enua.

## **2.4.4. Risk Categories**

There are several risks over the forward budget period that could affect the macroeconomic forecasts that underpin the Government’s forward fiscal position. These are considered below, in no order.

### **2.4.4.1. Global economic risks**

Globally a major source of macroeconomic risk is centred around geopolitical issues which have unsettled markets around the world. Conflicts and potential conflicts in Ukraine and the Middle East have impacted commodity markets and supply lines, contributing to inflation and general uncertainty.

The risk of ongoing inflationary pressures globally is that Inflation puts pressure on the real incomes of people in the Cook Islands and in the source markets for tourists – reducing the affordability of discretionary spending such as travel. These risks are shared by many nations in the region, and as tourism returns this is the key risk to reverting to a situation without visitors.

As the Cook Islands has several loans denominated in US dollars and other international currencies, exchange rate variations are a source of risk due to the potential impact these could have on the Cook Islands debt portfolio. Central banks around the world have responded to inflation by raising interest rates (though these cycles have largely finished for the immediate term), which influences foreign exchange rates, increasing uncertainty, and both United States and New Zealand impacts and responses to inflation are of relevance.

The IMF notes that the impact of an exchange rate depreciation is immediate and can be especially strong when a large share of the debt is in foreign currency. The potential impact of exchange rate movements on the Cook Islands debt position is assessed below.

### **2.4.4.2. Natural disasters**

The IMF cites evidence that direct economic losses from natural disasters have often exceeded 10 percentage points of GDP in developing countries and amounted to a few percentage points of GDP in some advanced countries.

The Cook Islands faces significant exposure to disaster risk due to its geographical location within the South Pacific cyclone belt, the remote and low-lying characteristics of its islands, and the proximity of its buildings and infrastructure to the coastline, particularly in Rarotonga. Additionally, the economy’s reliance on tourism revenue further exposes it to the adverse effects of disasters.

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<sup>6</sup> IMF (2009), Fiscal risks: sources, disclosure, and management. IMF Fiscal Affairs Department. [www.imf.org](http://www.imf.org)

<sup>7</sup> See: [www.pefa.org/](http://www.pefa.org/). The Cook Islands Government was assessed in October 2021. The results of an assessment completed in 2021 are available on the PEFA website at <https://www.pefa.org/assessments/summary/4957> .

A destructive weather event like a cyclone, would significantly impact the Cook Islands' economy and fiscal position. The ADB's 2016 report on a loan proposal for the Cook Islands Disaster Resilience Program highlights that the Cook Islands has faced major cyclones in the past, leading to significant economic damage and loss of life (see Table 2-2)<sup>8</sup>.

**Table 2-2 Significant Cyclones in the Cook Islands**

Year	Name	Category	Estimated losses (\$m)	Estimated losses (% of GDP)
1987	Sally	2	24.6	51.6
1997	Martin	3	7.5	7.6
2005	Meena	4	10.0*	5.5
	Nancy	4		
	Olaf	5		
	Percy	5		
2010	Pat	2	7.8	3.2

\* Combined estimated losses for all four cyclones in 2005.

To mitigate the economic risk posed by natural disasters, the Government has put in place a range of structures to reduce its financial exposure to disaster risk, including:

- establishing a disaster emergency trust fund in 2017,
- securing insurance coverage for cyclones under the Pacific Catastrophe Risk Assessment and Financing Initiative, with pay-outs based on cyclone severity, and
- arranging a \$30.3 million Disaster Recovery Mechanism loan from the ADB, assessable only in the event of a catastrophe.

## 2.4.5. Contingent liabilities

The Government's contingent liabilities are summarised in Table 2-3.

**Table 2-3 Quantifiable Contingent Liabilities**

Category	\$'000
Guarantees and indemnities	50
Uncalled capital	2,700
Legal proceedings and disputes	600
Vested Assets	25,300
<b>Total</b>	<b>28,650</b>

### 2.4.5.1. Guarantees and indemnities

In 2011/12, the Government entered into a programme under the New Zealand Aid programme, specifically targeting support for the Pearl Sector Support. This programme, formerly managed by the Cook Islands Pearl Authority, is now administered by the Ministry of Marine Resources.

The Government guaranteed up to \$500,000 as security for loans associated with the Pearl Production Credit Scheme. The loan programme has since discontinued, however, there is outstanding debt on the loan scheme of approximately \$50,000. A solution to close this contingent liability is still ongoing.

<sup>8</sup> ADB (2016). Report and Recommendation of the President to the Board of Directors: Proposed Policy-Based Loan Cook Islands: Disaster Resilience Program, Project Number: 50212-001. November 2016.

### 2.4.5.2. Uncalled capital

Through the Cook Islands Property Corporation, the Government holds \$2.0 million in uncalled shares with the ADB, represented by 88 uncalled-shares with a par-value of USD \$13,500 each.

In addition, the Government holds \$670,675 in uncalled shares with the Asian Infrastructure Investment Bank (AIIB) consisting of four shares with a par-value of USD \$100,000 each.

**Table 2-4 Uncalled Capital Breakdown (\$)**

Party	Shares	USD Value	NZD Value
Asian Development Bank	88	13,500	1,991,905
Asian Infrastructure Investment Bank	4	100,000	670,675
<b>Total</b>		<b>1,588,000</b>	<b>2,662,580</b>
Foreign Exchange Rate (USD/NZD)	1.68		

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

### 2.4.5.3. 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.

### 2.4.5.4. 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 on Rarotonga.

Unsettled invoices pose a risk that could be challenging to address without implementing stricter financial controls beyond those stipulated in the Cook Islands 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 in the process of deploying a Financial Management and Information System (FMIS), to enhance invoice payment processes and record-keeping, the inherent manual aspects of the billing process means that this risk cannot be entirely mitigated.

### 2.4.5.5. Vested Assets

The *International Companies Act 1981-82* states that all monies realised from the International Company assets vesting in the Registrar must be lodged to the Public Account. There remains a claimable period of six years, post the International Company de-registration for owners of vested assets to place a claim on the funds owed to them. The total contingent liability for vested assets consists of the following tranches:

**Table 2-5 Vested Assets Contingent Liability Expiry Schedule**

Tranche	Expiry Date	Value (\$'000)
1	20/12/2024	7,212
2	31/10/2026	3,655
3	31/10/2026	5,813
4	01/09/2027	5,667
5	11/10/2028	2,520
6	30/10/2029	358
<b>Total</b>		<b>25,226</b>

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

#### 2.4.5.6. State-owned enterprises

The Cook Islands Government has several State-owned enterprises (SOEs) under the management of the Cook Islands Investment Corporation (CIIC). They are:

- Airport Authority of the Cook Islands,
- Bank of the Cook Islands,
- Cook Islands Ports Authority,
- Te Aponga Uira (*Rarotonga electricity utility*),
- Te Mana Uira (*Aitutaki electricity utility*),
- To Tatou Vai (*Rarotonga water utility*); and
- Avaroa Cable Limited (*Manatua cable project*).

The key risks associated with SOEs are poor financial performance, and/ or excessive borrowing that can result in government having to guarantee or potentially restructure the SOEs debt, often at substantial budgetary cost. Poor performance can result from a range of factors including:

- exogenous shocks (unexpected or unpredictable events outside the country's control that can severely impact the economy) – for example, earthquake or tsunami,
- lack of incentive to be competitive compared to a private sector enterprise that would go bankrupt as result of protracted poor performance, and
- government requirements to undertake community obligations.

The Government has put in place a range of measures to mitigate against SOE fiscal risk, including:

- placing all SOEs under the CIIC umbrella, with one of its principal objectives being the efficient, profitable and professional management of SOEs,
- ensuring that SOE debt falls under the broader government debt ceiling target and new debts undergo a Debt Sustainability Analysis prior to approval, as required by the LRF Act 2014, and
- providing for a portion of SOE debt repayments in the LRF.

### 2.4.6. Assessing the impact of fiscal and macroeconomic shocks

#### 2.4.6.1. Introduction

The Cook Islands Government uses an analytical fiscal tool – the *Cook Islands Fiscal Tool 2018* – to calibrate and operationalise the revised set of fiscal rules that form the core of the MTFs.

The fiscal tool, which is described in detail in a technical paper published on the Ministry of Finance and Economic Management's website, includes:<sup>9</sup>

- the Calibration Model,
- the Fiscal & Macro Impact Model,
- fiscal and macro shocks,
- fiscal multiplier model, and
- tax impact.

The operational part of the fiscal tool – the Fiscal & Macro Impact Model – models the interactions between fiscal policy decisions and economic output, and the fiscal impact of economic shocks, within the framework of the revised set of fiscal rules. This is accomplished by running fiscal and macroeconomic shocks through a simple version of the Cook Islands Government accounting framework using fiscal multipliers and tax impact models.

The model provides for three types of shock:

- Fiscal – change in operating expenditure, capital expenditure and/ or revenue,
- GDP – models the impact of a direct change in GDP, and
- Arrivals – models the impact of a change in the number of international visitors to the Cook Islands.

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<sup>9</sup> See: [https://www.mfem.gov.ck/files/ugd/dbdf40\\_050ad27ee922427a9838404be1fba9cf.pdf](https://www.mfem.gov.ck/files/ugd/dbdf40_050ad27ee922427a9838404be1fba9cf.pdf)

The Government also conducts sensitivity analysis on movements in the value of the New Zealand dollar against major trading currencies to assess the impact on gross debt and debt servicing requirements.

The following sections show the potential impact of a selected range of fiscal and macroeconomic shocks on the 2024/25 Budget profile using the Fiscal Tool, and the impact of exchange rate fluctuations on Crown debt.

## 2.5. Fiscal shocks

Fiscal shocks, Government fiscal policy decisions are evaluated in terms of their direct impact on fiscal indicators (referred to as first-order impacts) and, changes in GDP flowing through to tax revenues (known as second-order impacts). The first order impacts are one-for-one changes in the baseline operating expenditure, capital expenditure or tax revenue, as relevant. The second order impacts are estimated using fiscal multipliers and a simple tax impact model.

### 2.5.1. Revenue shock

Two revenue shocks are applied, low and high, increasing and decreasing the forecasts by a simultaneous amount. These shocks are applied to the base case as presented above, which has already factored in the continued recovery path from the impacts of COVID-19.

Table 2-6 presents the low revenue case, with revenues falling by 10 to 20 per cent per year over the modelling period. The fiscal balance breaches the 1.9 per cent of GDP guide<sup>10</sup> in all years. While the base case shows all years being within this guideline, this does not occur over the four years once the shock is applied – with 2025/26 getting the closest with a fiscal balance of -2.6 per cent of GDP.

**Table 2-6 Low Revenue Shock**

		2024/25	2025/26	2026/27	2027/28
Change in OpEx (\$m)		0	0	0	0
Change in Capex (\$m)		0	0	0	0
Change in Tax Revenue (\$m)		(22.5)	(28.2)	(34.0)	(40.3)
Fiscal balance (% of GDP)	Base	(0.1)	1.8	2.0	3.1
	Shock	(3.7)	(2.6)	(3.1)	(2.7)

Table 2-7 presents the high revenue case, with revenues higher by 10 to 20 per cent per year over the modelling period. The key result is a strengthening of the fiscal balance, now posting substantial fiscal surpluses in all years.

**Table 2-7 High Revenue Shock**

		2024/25	2025/26	2026/27	2027/28
Change in OpEx (\$m)		0	0	0	0
Change in capex (\$m)		0	0	0	0
Change in tax revenue (\$m)		22.5	28.2	34.0	40.3
Fiscal balance (% of GDP)	Base	(0.1)	1.8	2.0	3.1
	Shock	3.6	6.2	7.1	9.0

### 2.5.2. Operating shock

A higher-than-expected operating expenditure shock is applied, assuming a 10 per cent increase above the estimates over the forward period. Table 2-8 presents the impact of the additional expenditure over the modelling period. The fiscal balance breaches the -1.9 per cent of GDP guideline in 2024/25,

<sup>10</sup> This measure is no longer a Fiscal Rule under the updated MTFE, however it is used as a guideline

before complying thereafter but remaining in deficit until 2026/27. However, there is a positive impact on GDP of about 1.8 per cent or \$12.3 million by 2027/28.

**Table 2-8 High OpEx Shock**

		2024/25	2025/26	2026/27	2027/28
Change in OpEx (\$m)		21	21	21	21
Change in capex (\$m)		0	0	0	0
Change in tax revenue (\$m)		0.6	1.8	3.4	4.4
Fiscal balance (% of GDP)	Base	(0.1)	1.8	2.0	3.1
	Shock	(3.3)	(1.1)	(0.6)	0.7
Change in nominal GDP	%	0.0	0.5	1.3	1.8
	\$m	0.0	3.5	8.4	12.3

### 2.5.3. Capital Shock

A lower-than-expected capital expenditure shock is applied, assuming a 20 per cent reduction in the estimates over the forward period. Table 2-9 presents the impact of the reduced expenditure over the modelling period. The negative impact on GDP of about \$5.2 million by 2027/28 has a flow-on effect on revenue of about \$2.0 million. The net effect on the fiscal balance is slightly positive, with the capital expenditure reduction outweighing the fall in revenue. These impacts are more muted than past updates, with the constrained capital expenditure profile leading to smaller impacts.

**Table 2-9 Low Capex Shock**

		2024/25	2025/26	2026/27	2027/28
Change in OpEx (\$m)		0	0	0	0
Change in capex (\$m)		(4)	(3)	(4)	(4)
Change in tax revenue (\$m)		(0.3)	(0.7)	(1.4)	(2.0)
Fiscal balance (% of GDP)	Base	(0.1)	1.8	2.0	3.1
	Shock	0.5	2.2	2.4	3.4
Change in nominal GDP	%	0.0	(0.3)	(0.5)	(0.8)
	\$m	0.0	(1.6)	(3.4)	(5.2)

### 2.5.4. GDP shock

A low GDP shock is applied, assuming a 5.0 per cent decrease on the forecast for each year of the forward period and is presented in Table 2-10. Tax revenue falls by up to \$19.3 million in 2027/28, causing the fiscal balance to deteriorate and remain close to balance in all years, instead of returning to surplus. The GDP impact in 2027/28 is -7.6 per cent, or a reduction of \$52.2 million.

**Table 2-10 Low GDP Shock**

		2024/25	2025/26	2026/27	2027/28
Change in OpEx (\$m)		0	0	0	0
Change in capex (\$m)		0	0	0	0
Change in tax revenue (\$m)		(6.8)	(12.7)	(18.4)	(19.3)
Fiscal balance (% of GDP)	Base	(0.1)	1.8	2.0	3.1
	Shock	(1.2)	(0.2)	(0.8)	0.3
Change in nominal GDP	%	(4.2)	(6.4)	(7.5)	(7.6)
	\$m	(25.9)	(41.1)	(49.7)	(52.2)

### 2.5.5. Arrivals shock

A low international visitor arrivals shock is applied, assuming a 5 per cent decrease on the forecast for each year of the forward period, and is presented in Table 2-11. Tax revenue falls by \$8.7 million per year by 2027/28, which reduces the fiscal balance by approximately a percentage point by the end of

the forward estimates. This is not a large enough impact to change the fiscal balance outlook, but does impact it in each year. The impact on GDP is substantial, with a reduction of 3.4 per cent in 2027/28.

**Table 2-11 Low Arrivals Shock**

		2024/25	2025/26	2026/27	2027/28
Change in OpEx (\$m)		0	0	0	0
Change in capex (\$m)		0	0	0	0
Change in tax revenue (\$m)		(0.7)	(3.2)	(5.9)	(8.7)
Fiscal balance (% of GDP)	Base	(0.1)	1.8	2.0	3.1
	Shock	(0.2)	1.4	1.2	1.9
Change in nominal GDP	%	(2.2)	(3.0)	(3.4)	(3.4)
	\$m	(13.3)	(19.3)	(22.8)	(23.7)

### 2.5.5.1. Severe Arrivals shock

In the context of the COVID-19 experience, a severe low international visitor arrivals shock is applied, assuming a 50 per cent decrease on the forecast for 2024/25, and a 25 per cent decrease in 2025/26. Table 2-12 presents the impact of the reduction in arrivals.

**Table 2-12 Severe Low Arrivals Shock**

		2024/25	2025/26	2026/27	2027/28
Change in OpEx (\$m)		0	0	0	0
Change in capex (\$m)		0	0	0	0
Change in tax revenue (\$m)		(7.1)	(20.3)	(22.5)	(22.7)
Fiscal balance (% of GDP)	Base	(0.1)	1.8	2.0	3.1
	Shock	(1.6)	(1.6)	(1.5)	(0.2)
Change in nominal GDP	%	(21.7)	(19.2)	(8.2)	(2.0)
	\$m	(133.4)	(123.4)	(54.7)	(14.0)

## 2.6. Crown Debt Sensitivity Analysis

**Table 2-13 Base Exchange Rates Assumptions with +/- 10 per cent**

Foreign Exchange Currency	-10%	Budget base rate	+10%
EUR	0.5135	0.5706	0.6277
USD	0.5688	0.6320	0.6952
RMB	3.9982	4.4425	4.8867
SDR	0.4343	0.4825	0.5308

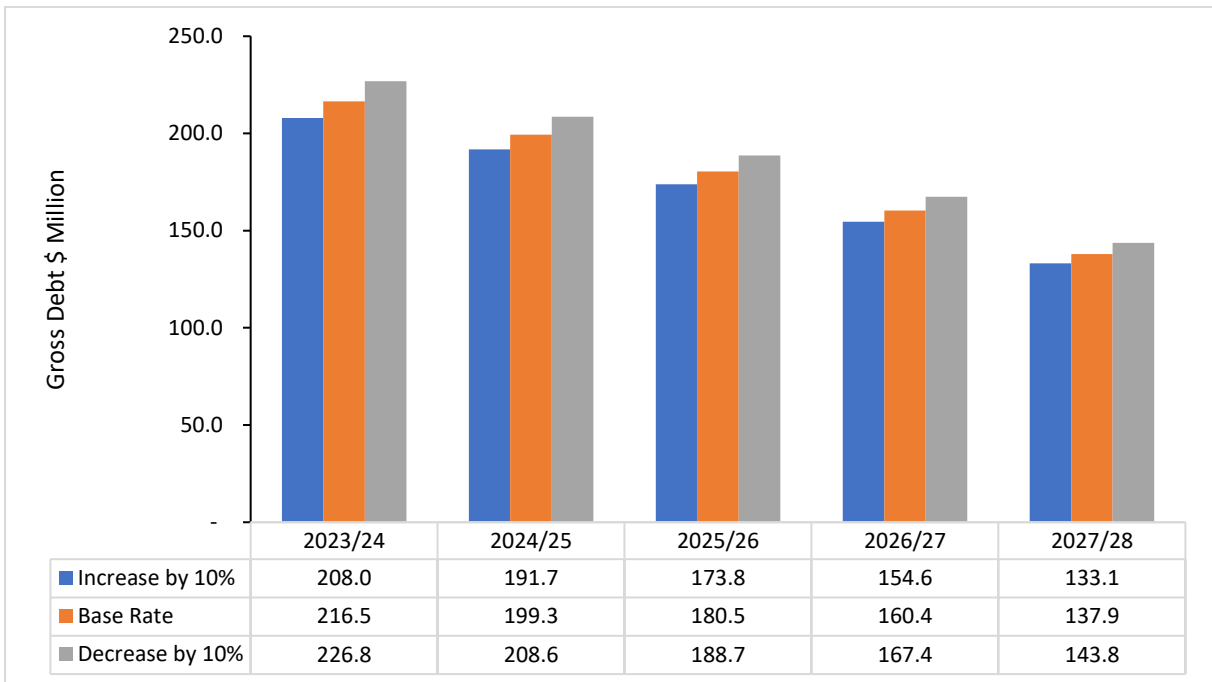
The Government prioritises managing the Crown's exposure to foreign exchange risks, even though recent debt has mostly been drawn in New Zealand Dollar (NZD).

MFEM manages the risk to the USD movements by holding USD bank accounts within the Loan Repayment Fund to match the USD repayments. This effectively creates a natural currency hedging process through the use of revenue received for fishing licences.

The sensitivity analysis assesses the impact of a 10 per cent appreciation or depreciation of the NZD to determine the impact on the gross borrowings and the debt servicing cost.

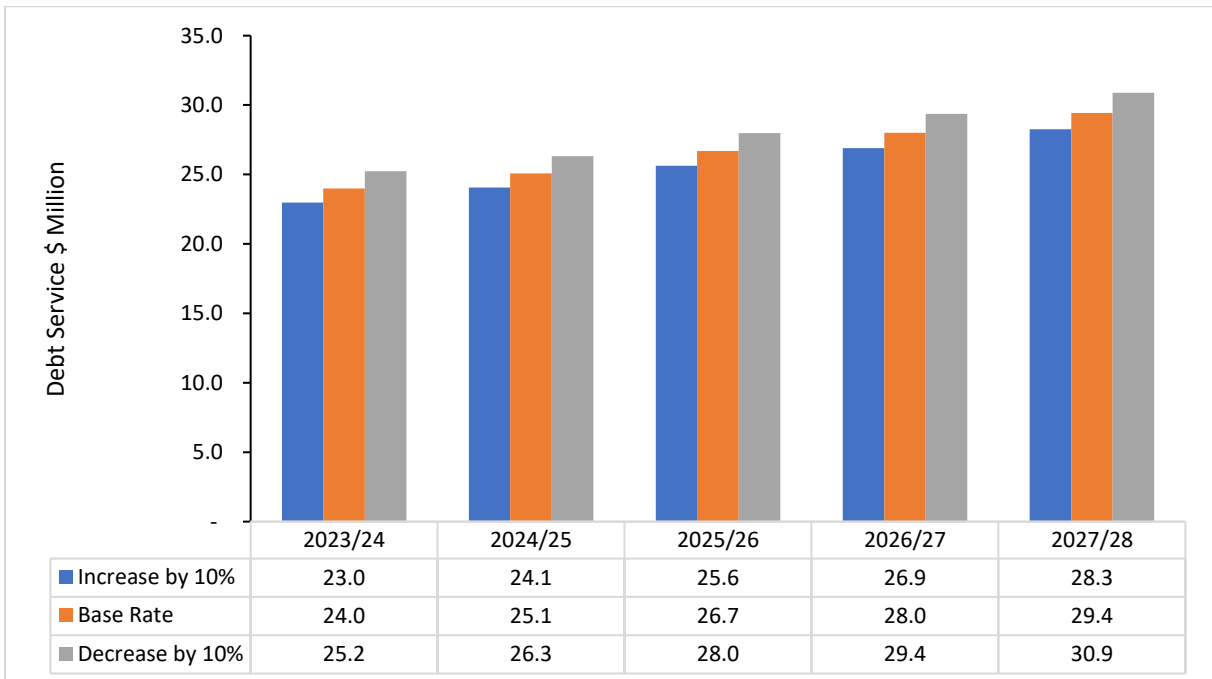


**Figure 2-6 Sensitivity of Gross Debt to NZD movements at end of period**



A 10 per cent depreciation in the value of the NZD against foreign currencies in 2024/25 would increase gross debt by an estimated \$9.3 million compared to a \$7.6 million decrease in gross debt if the NZD were to appreciate by 10 per cent. This illustrates that the Crown’s gross debt level is more adversely sensitive to depreciation of the NZD.

**Figure 2-7 Sensitivity of Crown Debt Servicing Costs to NZD movements**



A 10 per cent reduction in the foreign currency value of the NZD in 2024/25 would result in an increase in debt servicing costs of \$1.2 million, compared to a decrease of \$1.0 million if the NZD were to appreciate by 10 per cent. This indicates debt servicing is more sensitive to a depreciation of the NZD.

## 2.7. Medium-term National Priorities

To improve the alignment between fiscal planning and the achievement of government's national priorities, the MTFS incorporates the Medium-term National Priorities. The national priorities are informed by the *National Sustainable Development Agenda (NSDA) 2020+*. The NSDA provides further detail on the Government's intentions over the medium-term, playing a guiding role in the development and application of the MTEC at the agency/department level.

Incorporated within the NSDA framework is the Government's *Economic Development Strategy (EDS)*. The EDS outlines the economic priorities for the Government up to 2030. The expenditure priorities of government agencies in the 2024/25 Budget will be directed by the EDS, aligning with the priorities established through the Economic Recovery Roadmap.

As the economic recovery from the COVID-19 pandemic continues, resources remain limited. However, the Government has initiated measures to restore processes to a normal footing. One such step involved convening the Public Sector Leader's Conference in September 2023, to deliberate and determine government's priorities for the 2024/25 Budget within the framework of the NSDA.

In resource-constrained times, the top-priority areas for government resourcing when considering the medium-term fiscal constraints and budgeting include:

- Alleviating pressure on government services by addressing recruitment and retention challenges.
- Addressing water infrastructure and provision challenges, particularly in the Pa Enea.
- Enhancing data collection and information systems to identify issues, propose solutions, and support research.
- Addressing physical infrastructure challenges related to safety, wellbeing, and the promotion of more efficient service delivery.

The fiscal allocations against the goals of the NSDA 2020+ are reported in Chapter 11.

### **3. Fiscal Update and Medium-term Outlook**

The 2024/25 Budget has been developed within the context of ongoing recovery from a significant economic shock. The Government's fiscal approach for 2024/25 remains neutral, prioritising stability. However, as economic recovery gains momentum over the medium-term, a slight shift towards a contractionary fiscal stance is anticipated. Government expenditure is projected to remain relatively stable in the medium-term, with fiscal increases aimed at supporting economic growth, addressing inflationary pressures, managing recruitment and retention challenges, enhancing key services and ensuring medium-term debt servicing.

#### **3.1. 2023/24 Fiscal Performance**

The Government's fiscal performance for 2023/24 is expected to surpass the expectations set in the 2023/24 Supplementary Budget. Total operating revenue for 2023/24 is expected to be \$207.8 million, comprising of \$165.1 million in tax revenue and \$42.7 million in other revenue, which includes agency trading revenue.

Taxation revenues fell short of expectations by \$2.4 million, mainly due to reduced estimates in company and income taxes, offsetting increases in value-added tax (VAT) receipts and import levies. Conversely, other revenue increased from the anticipated \$36.9 million to \$42.7 million, primarily driven by increased revenue received from immigration fees, upper air management, dividends and trading revenue.

Total operating expenditure is estimated at \$195.4 million, reflecting an underspend of \$13.9 million compared to the figures reported in the 2023/24 Supplementary Budget. Contributing factors to this underspend include the reappropriation of \$7.0 million from 2023/24 to 2024/25 for ongoing work programmes, as well as an underspend in personnel expenditure due to challenges in filling existing vacancies followed by asset depreciation.

At year-end, an operating surplus of \$12.4 million is expected, driven by increased operating revenue and a notable reduction in operating expenditure.

Capital expenditure and depreciation are estimated at \$21.0 million and \$13.8 million, respectively. An underspend of \$9.0 million in capital expenditure compared to the 2023/24 Supplementary Budget, coupled with a depreciation decrease of \$1.6 million, leads to an expected fiscal surplus of \$5.1 million at year-end. This marks a significant improvement in the fiscal balance compared to the previously reported deficit of \$19.2 million in the 2023/24 Supplementary Budget.

##### **3.1.1. Recent performance against the Fiscal Rules**

This section assesses government's adherence to the fiscal rules for the 2023/24 fiscal year. For information on government's adherence to the fiscal rules for 2024/25 onwards, please see the Medium-term Fiscal Strategy chapter.

The cash reserves, excluding the stabilisation funds, are projected to reach \$57.5 million by the end of the 2023/24 fiscal year, providing almost 4 months of coverage for government operations. This is significantly higher from the previously reported \$36.8 million in the 2023/24 Supplementary Budget. This is mainly due to higher-than-anticipated increase in other revenue and an underspend in government expenditure.

The net debt to GDP for 2023/24 is expected to be 34.2 per cent, a decrease from the previously reported 37.9 per cent in the 2023/24 Supplementary Budget. This improvement is attributed to an increase in GDP from \$563.9 million to \$615.1 million, coupled with an expected decrease in net debt to \$210.5 million by year-end. With the net debt to GDP ratio comfortably below the soft cap of 55 per cent, the investment rule is considered non-binding.

The total estimated baseline operating expenditure for 2023/24 is expected to remain well-below the expenditure limit. This limit is determined by either a 2 per cent growth in expenditure or the average growth rate of the Consumer Price Index over the past two years – which is the current driving rate. The baseline operational expenditure is forecast to be \$158.2 million, compared to an expenditure limit of \$162.7 million. This estimate also reflects lower government spending compared to the figures outlined in the 2023/24 Supplementary Budget, where baseline operational expenditure was anticipated to be \$165.5 million against an expenditure limit of \$176.8 million.

### **3.2. Medium-term Fiscal Outlook**

Table 3-1 provides a summary of the Government’s fiscal forecasts for the 2024/25 Budget. As discussed in the MTFs, government adheres to the principles of fiscal responsibility outlined in the Ministry of Finance and Economic Management (MFEM) Act 1995-96:

- unless Crown debt is at prudent levels, operating expenses will be less than operating revenues resulting in an operating surplus,
- achieving and maintaining levels of Crown net worth that provide a buffer against factors which may impact adversely on the net worth in the future,
- prudently managing the fiscal risks facing the Crown, and
- pursuing policies that are consistent with a reasonable degree of predictability about the level and stability of tax rates for future years.

By the end of the 2023/24 fiscal year, it is anticipated that there will be an operating surplus of \$12.4 million and a fiscal surplus of \$5.1 million. However, for the 2024/25 fiscal year, a projected operating surplus of \$3.1 million is offset by an expected fiscal deficit of \$0.7 million. Beyond this fiscal year, surpluses are forecast in both the operating and fiscal balance. By 2027/28, these surpluses are forecast to reach \$25.8 million and \$21.3 million, respectively, indicating government’s fiscal recovery.

**Table 3-1 Fiscal Indicators Summary (\$m)**

	2022/23 Actual	2023/24 Est. Actual	2024/25 Budget Estimate	2025/26 Proj.	2026/27 Proj.	2027/28 Proj.
<b>Statement of Financial Performance</b>						
Taxation Revenue (\$m)	110.7	165.1	180.9	189.8	196.6	204.7
Social Contributions (\$m)	0.0	0.0	0.0	0.0	0.0	0.0
Other Revenue (\$m)	55.9	42.7	28.3	28.0	29.0	29.7
<b>Total Operating Revenue (\$m)</b>	<b>166.6</b>	<b>207.8</b>	<b>209.1</b>	<b>217.8</b>	<b>225.6</b>	<b>234.3</b>
Total Operating Revenue Percentage of GDP	32.4	33.8	32.5	32.8	32.8	32.7
Tax Revenue Percentage of GDP	21.6	26.8	28.1	28.6	28.6	28.6
Total Cyclical Revenue (\$m)	10.8	17.4	14.8	14.4	14.4	14.4
Total Cyclical Revenue Percentage of GDP	2.1	2.8	2.3	2.2	2.1	2.0
Total Structural Revenue (\$m)	155.8	190.4	194.3	203.4	211.2	219.9
Total Structural Revenue Percentage of GDP	30.3	31.0	30.2	30.6	30.7	30.7
<b>Personnel (\$m)</b>	<b>70.5</b>	<b>73.4</b>	<b>80.2</b>	<b>81.7</b>	<b>83.5</b>	<b>84.0</b>
Percentage of Total Revenue	42.3	35.3	38.4	37.5	37.0	35.9
Percentage of Structural Revenue	45.3	38.5	41.3	40.1	39.5	38.2
<b>Total Operating Expenditure (\$m)</b>	<b>170.5</b>	<b>195.4</b>	<b>206.1</b>	<b>206.6</b>	<b>208.6</b>	<b>208.5</b>
Percentage of GDP	33.2	31.8	32.0	31.1	30.3	29.1
Percentage of Operating Revenue	102.3	94.1	98.5	94.8	92.5	89.0
Baseline Operating Expenditure (for Fiscal Rule)	149.1	158.2	168.9	173.4	176.3	177.0
Cash Operating Expenditure*	156.1	181.7	190.8	191.6	193.9	193.2
<b>Operating Balance (\$m)</b>	<b>(3.9)</b>	<b>12.4</b>	<b>3.1</b>	<b>11.2</b>	<b>17.0</b>	<b>25.8</b>
Percentage of GDP	(0.8)	2.0	0.5	1.7	2.5	3.6
Capital Expenditure	22.4	21.0	19.1	14.7	18.8	19.7
Depreciation	14.1	13.8	15.3	15.3	15.2	15.2
Non-Operating Balance (\$m)	(33.4)	(37.2)	(37.0)	(35.0)	(41.3)	(44.7)
<b>Fiscal Balance surplus/deficit (\$m) *</b>	<b>(12.2)</b>	<b>5.1</b>	<b>(0.7)</b>	<b>11.8</b>	<b>13.3</b>	<b>21.3</b>
Percentage of GDP	(2.4)	0.8	(0.1)	1.8	1.9	3.0
<b>Statement of Financial Position (\$m)</b>						
Assets (\$m)	598.8	604.1	639.7	642.7	639.3	642.4
Liabilities (\$m)	413.5	399.2	382.2	363.6	343.7	321.5
Crown Balance (\$m)	185.3	205.0	257.5	279.1	295.6	320.9
Percentage of GDP	36.1	33.3	40.0	42.0	43.0	44.8
Working Capital (\$m)	67.1	57.5	42.2	37.0	31.0	30.7
Working Capital (months coverage)	5.2	3.8	2.7	2.3	1.9	1.9
Stabilisation Account	3.5	3.5	3.5	3.5	3.5	3.5
General Cash Reserves	70.7	61.1	45.8	40.5	34.6	34.3
<b>Statement of Borrowings (\$m)</b>						
Gross Debt end of FY (\$m)	231.0	214.4	197.5	178.9	159.0	136.7
Gross Debt, Percentage of GDP	45.0	34.9	30.7	26.9	23.1	19.1
Net Crown Debt, end of FY (\$m)	226.0	210.5	193.4	174.5	154.3	132.0
Net Debt, Percentage of GDP	44.0	34.2	30.0	26.3	22.4	18.4
Loan Repayment Reserves Held (\$m)	5.0	3.9	4.1	4.3	4.7	4.8
Net Debt Servicing (\$m)	18.2	24.0	25.1	26.7	28.0	29.4
Percentage of Total Revenue	10.9	11.5	12.0	12.3	12.4	12.6
Percentage of Structural Revenue	11.7	12.6	12.9	13.1	13.3	13.4
<b>Development Partner Support (\$m)</b>						
Grants (\$m)	23.9	14.7	90.0	38.9	14.0	10.2
Percentage of GDP	4.7	2.4	14.0	5.9	2.0	1.4
Memo item: Nominal GDP (\$m)	<b>513.6</b>	<b>615.1</b>	<b>643.9</b>	<b>664.0</b>	<b>688.2</b>	<b>716.6</b>

### 3.3. Movements since the 2023/24 Supplementary

The 2024/25 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, and
- 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 movements in revenue and expenditures since the publication of the 2023/24 Supplementary in February 2024.

**Table 3-2 Reconciliation of Operating Statement (\$'000)**

Statement of Government Operations	2023/24	2024/25	2025/26	2026/27	2027/28
<b>Operating balance as at 2023/24 Supplementary</b>	(4,566)	13,102	17,892	26,827	26,827
<b>Revenue</b>					
<i>Revenue Parameter Changes</i>	<b>(2,369)</b>	<b>4,010</b>	<b>4,407</b>	<b>5,015</b>	<b>13,036</b>
<i>Adjustments to:</i>					
Value Added Tax (VAT)	2,339	1,887	(174)	360	4,111
Income tax	(1,477)	(84)	1,262	2,571	4,118
Excises and duties	3,196	3,577	4,471	4,407	5,290
Company tax	(7,298)	(2,086)	(1,395)	(2,574)	(1,074)
Departure tax	870	717	242	251	591
Withholding tax	0	0	0	0	0
<b>Other Revenue Changes</b>	<b>5,413</b>	<b>(1,078)</b>	<b>3,028</b>	<b>3,647</b>	<b>4,325</b>
Other revenue	3,798	(1,078)	3,028	3,647	4,325
Trading Revenue	1,615	0	0	0	0
Dividend	0	0	0	0	0
Core Sector support	0	0	0	0	0
<b>Total Revenue Changes to 2024/25 Budget</b>	<b>3,044</b>	<b>2,933</b>	<b>7,436</b>	<b>8,661</b>	<b>17,362</b>
<b>Expenditure</b>					
<i>Expenditure Decisions by Government</i>	456	8,655	12,143	16,405	16,967
<i>Technical adjustments</i>	0	0	0	0	0
<i>Reclassifications of expenditure</i>	0	0	0	0	0
<i>Parameter changes</i>	(14,337)	4,305	1,960	2,106	1,438
<b>Total Expenditure Changes to 2024/25 Budget</b>	<b>(13,881)</b>	<b>12,960</b>	<b>14,103</b>	<b>18,510</b>	<b>18,406</b>
<b>OPERATING BALANCE as at 2024/25 Budget</b>	<b>12,359</b>	<b>3,074</b>	<b>11,225</b>	<b>16,978</b>	<b>25,783</b>
Capital Expenditure	20,964	19,074	14,664	18,813	19,687
Depreciation	13,752	15,259	15,259	15,181	15,181
<b>FISCAL BALANCE - as at 2024/25 Budget</b>	<b>5,147</b>	<b>(742)</b>	<b>11,819</b>	<b>13,346</b>	<b>21,277</b>

Taxation revenue estimates for 2024/25 have increased since the 2023/24 Supplementary Budget. The boost primarily comes from higher-than-expected income from excises and duties followed by increased income tax from 2025/26 and value-added tax by 2027/28. This has offset the revision to company tax estimates which have been revised down to account for businesses still carrying forward losses from COVID-19, impacting expected revenue.

The revision to other revenue estimates for 2024/25, decreasing by \$1.1 million, is mainly due to a one-off reduction in fishing revenues caused by unfavourable fishery conditions affecting catch rates. This decrease offsets the increase in immigration fees and upper air space management. However, for

the subsequent years, fishing revenues are expected to improve, thereby contributing to the increase in other revenue estimates from immigration fees and upper air space management by \$3.0 million in 2025/26, \$3.6 million in 2026/27 and \$4.3 million in 2027/28.

The revision to operating expenditure from 2024/25 onwards, especially in the category for ‘government expenditure decisions’ reflects additional commitments made by the government to support critical needs and sustainable recovery over the medium-term. This entails a significant increase in operating expenditure over the four-year period. Key expenditure decisions contributing to this increase include investment in airline route development including marketing resources, establishment of a shipping service, transportation costs for Te Maeva Nui 60<sup>th</sup> Celebration and patient referrals.

Changes in parameters for 2024/25 were influenced by reappropriation of programmes from 2023/24 to be completed in 2024/25. Additionally, adjustments to welfare payments to reflect expected increase in recipient numbers and increasing debt interest payments for the medium-term have also contributed to the increase in operating expenditure.

Capital expenditure is expected to decrease over the medium-term, while depreciation is expected to stabilise, leading to a fiscal surplus from 2025/26 onwards.

The Revenue Chapter and Operating Expenditure Chapter explains these movements in detail.

### 3.3.1. Reappropriation of 2023/24 funds

Reappropriation of funds involves transferring residual funds from one budget year to the next. In this case, it is the transfer of residual funding from the *Appropriation Amendment Act 2024* to the *Appropriation Bill/Act 2024*, increasing the total allocated funding for the 2024/25 Budget. It is considered outside of the Government’s Medium-term Expenditure Ceiling each year.

Agencies may request a reappropriation during the budgetary preparation process provided that the total amount requested remains unspent due to either:

- significant external factors affecting the agency’s ability to expend, or
- Insufficient funding exists in the next year to complete outstanding works.

A total of \$7.0 million has been approved for reappropriation into the 2024/25 Budget as listed in Table 3-3. Further details on the funds reappropriated by each expenditure category can be found in Chapter 7 – Operating Expenditure and Chapter 8 - Capital Expenditure.

**Table 3-3 Total reappropriation, from 2023/24 to 2024/25 (\$)**

Category	Amount	2023/24 Supp. Budget Estimate	2023/24 Budget Adjusted	2024/25 Budget Estimate	2024/25 Budget Adjusted
Capital	4,696,626	5,766,947	1,070,321	1,060,000	5,756,626
Operating	2,316,000	10,396,451	8,080,451	5,241,636	7,557,636
<b>Total</b>	<b>7,012,626</b>	<b>16,163,398</b>	<b>9,150,772</b>	<b>6,301,636</b>	<b>13,314,262</b>

### 3.4. Revenue

Total operating revenue for 2023/24 is expected to improve significantly by \$39.4 million compared to the 2022/23 actuals, driven by increased visitor arrivals and improved market access with the commencement of direct flights from Hawaii and Australia to the Cook Islands late in the 2022/23 fiscal year.

Strong taxation revenues are expected in 2024/25, supported by access to these markets and continued direct flights from French Polynesia and New Zealand. A modest growth in taxation is expected from 2025/26 onwards, offsetting the decrease in other revenues over the medium-term.

**Table 3-4 Operating Revenue (\$'000)**

	2022/23 Actual	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Value Added Tax (VAT)	59,114	82,270	85,069	86,264	89,433	93,184
Income tax	21,574	35,915	37,486	38,585	39,893	41,440
Company tax	4,793	14,855	22,846	27,505	28,772	30,273
Import levies	15,229	18,537	21,022	22,656	23,451	24,334
Withholding tax	833	1,556	1,556	1,556	1,556	1,556
Departure tax	9,156	11,971	12,900	13,227	13,532	13,872
<b>Total Taxation Revenue</b>	<b>110,700</b>	<b>165,104</b>	<b>180,879</b>	<b>189,793</b>	<b>196,638</b>	<b>204,660</b>
Other Crown Revenue	51,710	36,076	23,173	22,760	23,751	24,430
Trading Revenue	5,921	6,592	5,082	5,232	5,232	5,232
<b>Total Operating Revenue</b>	<b>168,331</b>	<b>207,772</b>	<b>209,133</b>	<b>217,785</b>	<b>225,621</b>	<b>234,321</b>

### 3.5. Operating Expenditure

Total operating expenditure for 2023/24 is estimated at \$195.4 million, an increase of \$24.9 million compared to the 2022/23 actuals. This significant spend is due to increased spending on administered payments, particularly for airline route development, marketing resources and patient referrals.

The adjustment of minimum wage from \$9.00 to \$9.50 per hour contributes to the rise in personnel costs for the 2024/25 Budget. Personnel expenditure is expected to increase over the medium-term, reflecting the minimum wage adjustments, support of critical roles within the Public Service and salary adjustments and increments to address recruitment and retention challenges.

Furthermore, depreciation is also expected to increase for 2024/25 to account for donated assets and the 25 electric vehicles acquired for the 52<sup>nd</sup> Pacific Islands Forum Leader's meeting and retained within the government's fleet of vehicles.

Although operating expenditure has decreased by \$2.2 million compared to 2022/23 actuals, this reduction stems from efforts to enhance operational efficiency and relocate funds to support other critical expenditures. It is projected to further decrease in 2024/25 before gradually returning to similar levels as 2022/23 by 2027/28, amounting to \$21.1 million.

The total operating expenditure is projected to increase steadily over the medium-term.

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

	2022/23 Actual	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Personnel	63,375	66,624	73,092	74,447	76,489	77,048
Operating	21,354	19,176	18,734	19,796	20,707	21,127
Administered Payments	28,369	51,780	53,905	53,514	54,104	53,433
Depreciation	7,289	6,975	8,482	8,482	8,404	8,404
POBOC	32,510	33,437	32,989	32,473	32,104	32,638
Other Operating Expense	17,567	17,420	18,857	17,849	16,834	15,886
<b>Total Operating Expenditure</b>	<b>170,464</b>	<b>195,413</b>	<b>206,059</b>	<b>206,560</b>	<b>208,642</b>	<b>208,538</b>

#### 3.5.1. Pa Enea Funding

A total of \$304,967 in personnel funding has been allocated across the Pa Enea for 2024/25 to support the increase in minimum wage starting from 1 July 2024. Furthermore, \$50,000 from the Aitutaki



Island Government's operating budget has been transferred to Infrastructure Cook Island for water infrastructure maintenance.

The allocation of this funding by island can be found in section 7.5.28 – Island Governments.

### **3.6. Capital Expenditure**

Total capital expenditure for 2023/24 is estimated at \$21.0 million, representing a slight reduction of \$1.5 million compared to 2022/23. Additionally, total official development assistance (ODA) funded capital expenditure is expected to be \$3.8 million for 2023/24, down from actual spend of \$9.0 million in 2022/23.

The estimated spend for 2023/24 is significantly lower than the planned budget of \$30.0 million reported in the 2023/24 Supplementary. This discrepancy is primarily attributed to supply and capacity constraints.

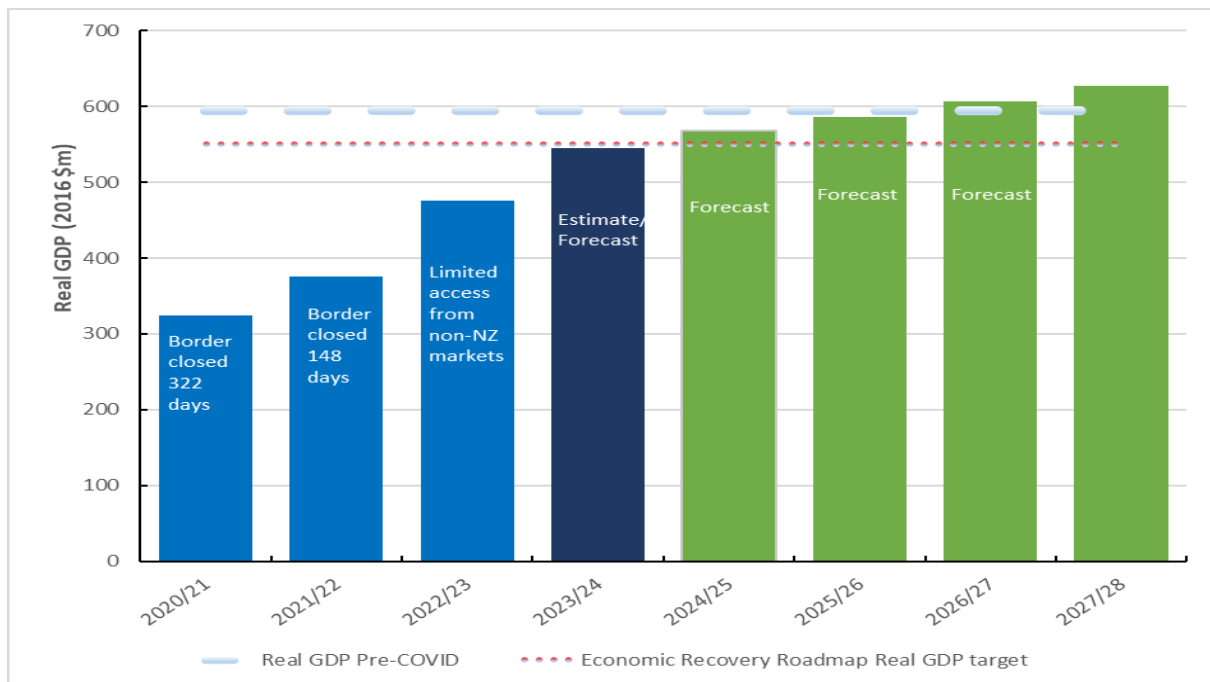
For 2024/25, capital expenditure (excluding ODA) is expected to be \$19.1 million, including \$4.7 million of reappropriated funding from the 2023/24 fiscal year. The ODA-funded capital expenditure is estimated to be \$49.3 million for 2024/25, incorporating most of the balance of the Infrastructure Trust Fund (\$34.0 million). Although actual ODA-related capital expenditure is expected to be lower than budget due to ongoing planning and design work of relevant projects, the funding is appropriated to prevent limitations on using these funds.

## 4. Economic Update

### 4.1. Overview

In 2023/24, businesses experienced a positive year marked by a resurgence in tourist arrivals, nearly reaching pre-pandemic levels due to improved connectivity to key tourist markets. Tourism is responsible for around 65 per cent of direct economic activity and around 85 per cent of direct, indirect and induced economic activity. The tourism rebound led to estimated growth of 14.4 per cent in real (inflation-adjusted) gross domestic product (GDP) during the 2023/24 year.

Figure 4-1 Real GDP (2016 \$million)



High prices have acted as a dampener on otherwise buoyant domestic consumption and activity. Inflationary pressures have continued longer than expected, but price growth reached its peak in late 2022 and has continued to fall during 2023/24. Inflation is expected to equal 4.6 per cent year on year in 2023/24, significantly lower than the previous fiscal year at 13.2 per cent.

The inflation experienced in the past two years has had a two-fold effect on the economy. It has meant that sales have needed to be very high to sustain the same level of profits, and higher prices have forced businesses, households and the government to scale back their activities in order to fund increased costs whilst repairing balance sheets. For more discussion on the impact of inflation in the Cook Islands' economy, please see section 4.5.2 below.

The nominal economy is estimated to have returned to pre-COVID levels during 2023/24, however once adjusting for inflation, this recovery is not expected until approximately 2025/26.

Private sector balance sheets have shown signs of improvement this year, indicating a positive trajectory for continued recovery. The resurgence of tourism has spurred growth in sectors like accommodation and travel services, with finance, insurance, professional services, and arts and recreation also experiencing strong growth as well.

A summary of key indicators is provided in Table 4-1 for the budget year and forward years of the 2024/25 budget.

**Table 4-1 Summary of Economic Indicators**

Economic Indicator	2022/2023 Actual	2023/2024 Estimate	2024/2025 Projection	2025/2026 Projection	2026/2027 Projection	2027/2028 Projection
<b>Economic Activity</b>						
Nominal GDP (\$'000)	517,410	615,125	643,862	664,001	688,219	716,561
Percentage change (YOY)	34.7	18.9	4.7	3.1	3.6	4.1
Real GDP <sup>11</sup> (2016 prices, \$'000)	476,138	544,877	567,908	586,707	607,075	627,949
Percentage change (YOY)	26.9	14.4	4.2	3.3	3.5	3.4
<b>Inflation (CPI)</b>						
Percentage change (YA)	13.2	4.6	2.3	0.6	1.1	1.4
<b>Construction/Capital Investment</b>						
Construction value-add (\$'000)	14,040	16,072	16,812	17,426	18,088	18,829
<b>Productive Sector Indicators</b>						
Visitor Arrivals	127,341	160,650	170,232	171,310	172,128	172,785
Percentage change (YOY)	113.5	26.2	6.0	0.6	0.5	0.4
Estimated Visitor Expenditures (\$'000)	309,803	408,748	449,841	455,162	463,021	472,607
Agriculture & fisheries value-added (\$'000)	14,073	14,176	14,534	15,308	15,915	16,497
<b>External Sector</b>						
Merchandise Trade Balance (\$'000)	(227,539)	(256,055)	(278,237)	(285,201)	(294,670)	(304,943)
Services Trade Balance (\$'000)	259,148	348,942	386,338	391,169	397,801	406,063
Exchange Rate (USD/NZD Average)	0.6165	0.6165	0.6320	0.6430	0.6500	0.6545

## 4.2. 2024/25 Outlook

The forecast for 2024/25 indicates a continuation of the recovery trend, though at a more muted pace, with GDP levels growth projected at 4.2 per cent, returning to levels close to pre-pandemic. Subsequent years are expected to see growth rates between three and four per cent in 2025/26 and 2026/27, with the economy returning to normal.

There remain risks to this outlook, with some businesses still recovering from lower margins in 2023/24 due to inflation. Labour shortages, infrastructure project delays and vulnerability to natural disasters pose downside risks. Emerging concerns includes the Israel-Iran situation and recent conflicts in the Red Sea and drought near the Panama Canal affecting shipping and potentially leading to higher imported inflation if sustained. These risks are being closely monitored.

In addition, the Cook Islands economy still grapples with capacity constraints, notably in labour. While the situation has improved since the border reopening in 2022, it persists and affects infrastructure projects, tourism capacity, and other economic aspects.

Looking ahead, the Government is maintaining a fiscally neutral stance, differing from the expansionary actions during the pandemic. As recovery progresses, the fiscal approach will become more contractionary to rebuild reserves and repay debt in the later years.

## 4.3. Changes since the 2023/24 HYEPU

There are two main differences between the 2023/24 HYEPU and this 2024/25 Budget forecast – the peak inflation period has now passed and is expected to decrease, and direct access to other markets since the start of 2023/24 has led to higher visitor arrival numbers, driving higher levels of activity.

<sup>11</sup> Due to some technical issues regarding the 2020/21 GDP deflators, the Real GDP published here can differ from that published on the MFEM website.

The tourism recovery has seen increased per-visitor yields remain from the initial post-opening ‘bump’, which is the basis for a slight upgrade in the forecast profile. This is despite lower arrivals numbers, as the expenditure is now expected to remain higher.

While inflation has slowed from the peak in September 2022, this has been less than expected. The price increases will continue to have the effect of suppressing economic activity, taking the edge off the strong revival seen so far in tourism.

**Table 4-2 Real GDP Growth (percentage change, year on year)**

Forecast	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
2023-24 HYEPU <sup>12</sup>	10.9%	13.3%	11.5%	4.4%	3.3%	3.5%	
2024-25 Budget	10.9%	13.3%	14.4%	4.2%	3.3%	3.5%	3.4%

## 4.4. The Global Economy

The Cook Islands' economy heavily depends on exporting services, particularly to key partners like New Zealand, Australia, and the United States. This reliance was highlighted during the COVID-19 pandemic, affecting travel and trade, leading to inflation due to supply shortages and economic stimulus. Inflation was at near multi-decade high in many parts of the world during 2022, but like the Cook Islands, global inflation was falling back to more normal levels by the end of 2023. Post-pandemic recovery worldwide has been slow but steady amid additional challenges from geopolitical conflicts.

The sections below examine the economic conditions and outlook for our key partners, as well as the regional and global economy.

### 4.4.1. New Zealand

The Reserve Bank of New Zealand (RBNZ) held its Official Cash Rate (OCR) at 5.5 per cent since raising it in May 2023, to continue its efforts in lowering inflation. The RBNZ notes that the New Zealand economy is progressing as forecasted by the Monetary Policy Committee. Presently, consumer price inflation persists above the committee’s target range of 1.0 to 3.0 per cent, however, the committee is confident that maintaining a restrictive OCR over an extended period will bring consumer price inflation back within the target range by the end of the 2024 calendar year.

New Zealand recorded two successive quarters of economic decline, down 0.3 per cent in September 2023 quarter and down 0.1 per cent in the December 2023 quarter. Officially, New Zealand fell into a recession; its second within 18 months. The New Zealand economy shrank despite record migration levels and population growth. Statistics New Zealand states that “wholesale trade was the largest downwards driver during the December 2023 quarter, led by declines in grocery and liquor wholesaling; and machinery and equipment wholesaling”. Retail trade activity also declined, driven by furniture, electrical, and hardware retailing; and food and beverage services. Industry level results were mixed where 8 out of 16 industries recorded increased activity driven by rental, hiring, and real estate services; and public information, safety, and defence.

Tightening monetary policy has been the major step to combat inflation in New Zealand – which peaked at 7.2 per cent through the year to September 2022 (and remained the same to December 2022). Since then, it has reduced, but more slowly than expected with consumer prices rising 4.0 per cent through the year to March 2024. The inflationary pressures have resulted in the prolonged hold of the OCR at 5.5 per cent since May 2023, with current projections the OCR will remain around current levels until mid-2025 before making a gradual decline as inflation falls back within the target band.

<sup>12</sup> Note that revisions to historical real GDP data have resulted in past years’ growth rates being updated

High interest rates are reducing demand in the New Zealand economy. A combination of lower demand and growing supply is bringing domestic inflation down, however, still elevated. The latest update on inflation (as of April 2024) in New Zealand has seen a decrease from 4.7 per cent to 4.0 per cent, the lowest since June quarter of 2021.

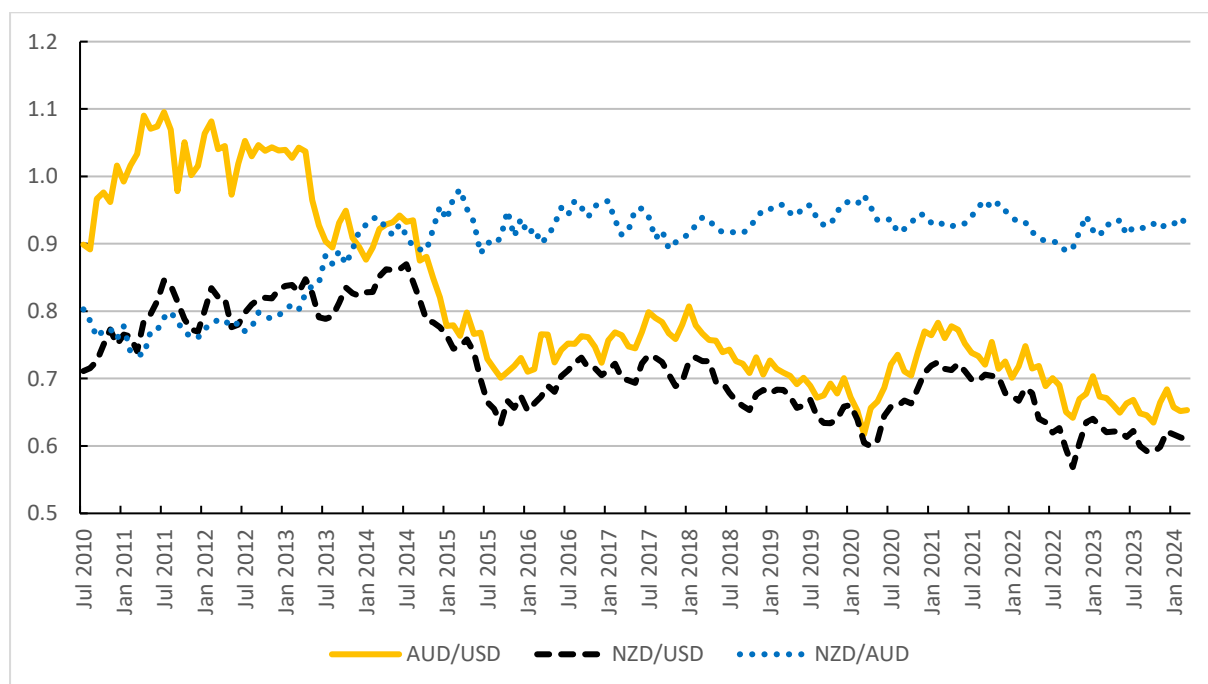
Export revenues for New Zealand have declined recently, with lower global commodity prices impacting the value of New Zealand exports and increased shipping disruptions pushing the cost of shipping up. The Food and Fibre sector continues to underpin New Zealand’s economy. The Ministry of Primary Industries New Zealand forecasts export revenues for the Food and Fibre sector to dip to \$54.3 billion in the year to 30 June 2024, following a record high of \$57.4 billion in the year to 30 June 2023. Further forecasts for the year ending 30 June 2025 show export revenues for this sector reaching a new record level of \$57.7 billion.

The New Zealand labour market continues to soften, albeit at a slower pace than initially anticipated. In the December 2023 quarter, the employment rate dipped slightly from 69.1 per cent to 69.0 per cent due to a slower increase in the number of employed individuals compared to the working-age population. Expectations for the upcoming quarters foresee continued low employment growth in line with the overall slowdown in economic activity, potentially leading to employment levels dropping below their maximum sustainable capacity temporarily. However, this slowdown is expected to alleviate the labour market strains as economic growth slows and the labour force expands gradually.

New Zealand will have a subdued economy in the near term. Overall demand in the New Zealand economy has declined, and was lower than expected resulting in a better balance between demand and the economy’s ability to supply goods and services. High interest rates also dampen demand which is apparent in declining business investment and per capita household consumption. Globally, economic activity has continued to slow, reducing demand for New Zealand’s goods exports.

The MPS forecasts real GDP growth of 0.3 per cent in the year to June 2024. The years to June 2025 and June 2026 are expected to continue to show recovery from this slowdown in GDP growth.

**Figure 4-2 US Dollar Exchange Rate, New Zealand and Australia**



#### **4.4.2. Asia-Pacific Region**

The Asian Development Bank's April 2024 '*Asian Development Outlook (ADO) 2024*' notes that outlook for the Asia-Pacific region remains promising as the recovery from the pandemic persists, with growth forecasted to reach 4.9 per cent in both 2024 and 2025. Despite a slowdown in China's property sector, robust domestic demand in numerous economies, particularly in South and Southeast Asia, will propel the region's growth. However, challenges persist alongside these positive trends.

Growth in East Asia rebounded to 4.7 per cent in 2023, credited to the lifting of pandemic related mobility restrictions in China in early 2023. In contrast, growth moderated from 6.6 per cent in 2022 to 6.4 per cent last year in South Asia as Pakistan and Sri Lanka contracted. Expansion in Southeast Asia also slowed, from 5.7 per cent to 4.1 per cent, as weaker external demand contributed to slower growth in 9 out of 11 economies in the subregion.

Inflation is expected to decline as monetary policies remain stringent, despite some relaxation. In Developing Asia, inflation is projected to decrease from 4.7 per cent in 2023 to 4.1 per cent in 2024 and further to 3.6 per cent in 2025. The decline across most subregions will be fuelled by the easing of global inflationary pressures, stabilised prices and the easing of certain supply-side constraints. Although many central banks have completed their tightening cycles and some have initiated easing measures, policy rates remain relatively high. This has led to an increase in real interest rates in anticipation of the forthcoming drop in inflation. Furthermore, the delayed impacts of tight monetary policies and increased agricultural production will aid in mitigating inflationary dynamics in South Asia, Southeast Asia, Caucasus and Central Asia.

While inflationary pressures are diminishing, both headline and core inflation in the region, excluding China, remain elevated compared to pre-pandemic levels. Adjustments in monetary policy in specific regions and the alleviation of certain supply-side pressures have gradually stabilised prices. However, regional food inflation remains significantly high, largely driven by soaring rice prices due to adverse weather conditions and export restrictions, exacerbating food inflation in several economies. In contrast, China has emerged from a period of deflation primarily due to a decrease in food prices.

The ADO for this year underscores the region's susceptibility to rising geopolitical tensions and conflicts, which could disrupt supply chains, increase commodity price volatility and revive inflationary pressures. Policymakers in developing Asia should remain vigilant with several downside risks to the outlook including uncertainty over the path of US monetary Policy, intensified property market weakness in the China, and the effects of extreme weather events, exacerbated by El Niño, could hamper the regional outlook.

#### **4.4.3. Pacific**

The ADO states that growth in the Pacific region is forecast to decline slightly in 2024 before bouncing back in 2025. The subregion's economy is projected to expand by 3.3 per cent in 2024 before rebounding to 4.0 per cent in 2025. Prices are forecast to grow by 4.3 per cent in 2024 and 4.1 per cent in 2025, due largely to continuing inflation in the two largest economies, Papua New Guinea and Fiji.

For the Central Pacific Economies, the ADB states that resuming infrastructure projects has driven growth in Kiribati and Tuvalu, however, growth in Nauru slowed as the Australian-funded Regional Processing Centre scaled down its operations. Inflation is projected to moderate in Kiribati and Tuvalu but will rise for Nauru due to higher communication costs.

The ADB notes that the North Pacific Economies are seeing improved economic performance as visitor arrivals in Palau, Federated States of Micronesia and the Marshall Islands pick up after a full year without mobility restrictions. Growth for the North Pacific is expected to continue while inflation moderates in line with international price trends.

South Pacific Economies saw growth in Samoa and Tonga after borders reopened in fiscal year 2023 and the Cook Islands economy continued to expand as tourism picked up. The ADB recognises that tourism, as well as construction-mainly public infrastructure projects-will sustain growth in the near term. Inflation for the subregion is expected to decelerate as international food and fuel prices moderate. The ADO advises that in order to maintain growth, targeted policies are needed to address labour gaps and sustain remittance flows.

#### **4.4.4. Australia**

In March 2024 (the most recent meeting at the time of writing), the Reserve Bank of Australia (RBA) decided that the cash rate will remain at 4.35 per cent to continue efforts towards establishing a more sustainable balance between aggregate demand and supply in the Australian economy. The RBA's latest forecasts suggests that inflation continues to moderate. Headline monthly Consumer Price Index (CPI) remained steady at 3.4 per cent over the year to January 2024, with the easing pressure driven by moderating goods inflation. Conditions in the labour market continue to ease gradually, although they remain tighter than is consistent with sustained full employment and inflation at target. That is, employment remaining at current levels is likely to keep upward pressure on prices. Wages growth accelerated slightly in the December quarter, but seems to have reached its peak, with signs pointing towards a slowdown in the upcoming year. However, this current rate of wage growth aligns with the inflation target only if productivity growth rises to its long-term average. Inflation continues to dampen real incomes and household consumption growth is weak, as is dwelling investment.

Central forecasts expect inflation to return to the target range of 2.0 to 3.0 per cent in 2025, and to the midpoint in 2026. The RBA expects 'Services' price inflation, which is driven by a range of domestic factors, to decline gradually as demand moderates and growth in labour and non-labour costs ease. Employment is also expected to grow moderately and the unemployment rate and the broader underutilisation rate are expected to increase a bit further. Strong population growth saw GDP per capita fall 1.0 per cent over the year.

The Australian Bureau of Statistics (ABS) recorded GDP growth of 0.2 per cent during the December 2023 quarter and 1.5 per cent in annual terms. Although growth was recorded for a ninth successive quarter, it was the slowest annual growth rate since the Covid-19 pandemic. The near-term outlook for GDP growth has been revised down modestly (e.g., 1.8 per cent to 1.3 per cent for June 2024) since December 2023, primarily reflecting a weaker outlook for consumer spending, particularly in the first half of 2024. As inflation moderates and real incomes start to rise, consumption growth is expected to recover to its pre-pandemic average over the next couple of years.

#### **4.4.5. Global**

The IMF's *World Economic Outlook, April 2024* edition sports the theme "Steady but slow: Resilience amid Divergence" which presents a hopeful view of the global economy, noting that growth is slow, but steady. Global growth for 2023 was reported at 3.2 per cent and is expected to continue at this pace during 2024 and 2025. There has been a slight acceleration in advanced economies where growth is expected to increase from 1.6 per cent in 2023 to 1.7 per cent in 2024 and 1.8 per cent in 2025 (see Figure 4-3).

Further growth forecasts show that projections for 5 years from now - at 3.1 per cent - is the lowest it has been in decades. The IMF has revised global growth upward by 0.1 percentage point for 2024 since the January 2024 projection, nevertheless, projections for global growth in 2024 and 2025 are still below historical (2000-19) annual average of 3.8 per cent, reflecting restrictive monetary policies and withdrawal of fiscal support, as well as low underlying productivity growth.

Three key 'blows' to the world economy post-pandemic are the geopolitical tensions between Russia and Ukraine and Israel and Gaza, the cost-of-living crisis, and the economic slowdown in China. Wars

are now raging in two regions that are critical to the world’s food and energy supply – Eastern Europe and the Middle East. The conflict in the middle east has put a major strain on energy markets given that the region accounts for nearly 30.0 per cent of the world’s oil production.

Post-pandemic supply-chain issues are now largely resolved which has lowered delivery times and costs. However, attacks on commercial shipping in the Red Sea, through which 11.0 per cent of global trade flows (and some 30.0 per cent of global container traffic). This means that shipping costs increased again, reflecting the cost of re-routing cargo from the Suez Canal to the Cape of Good Hope.

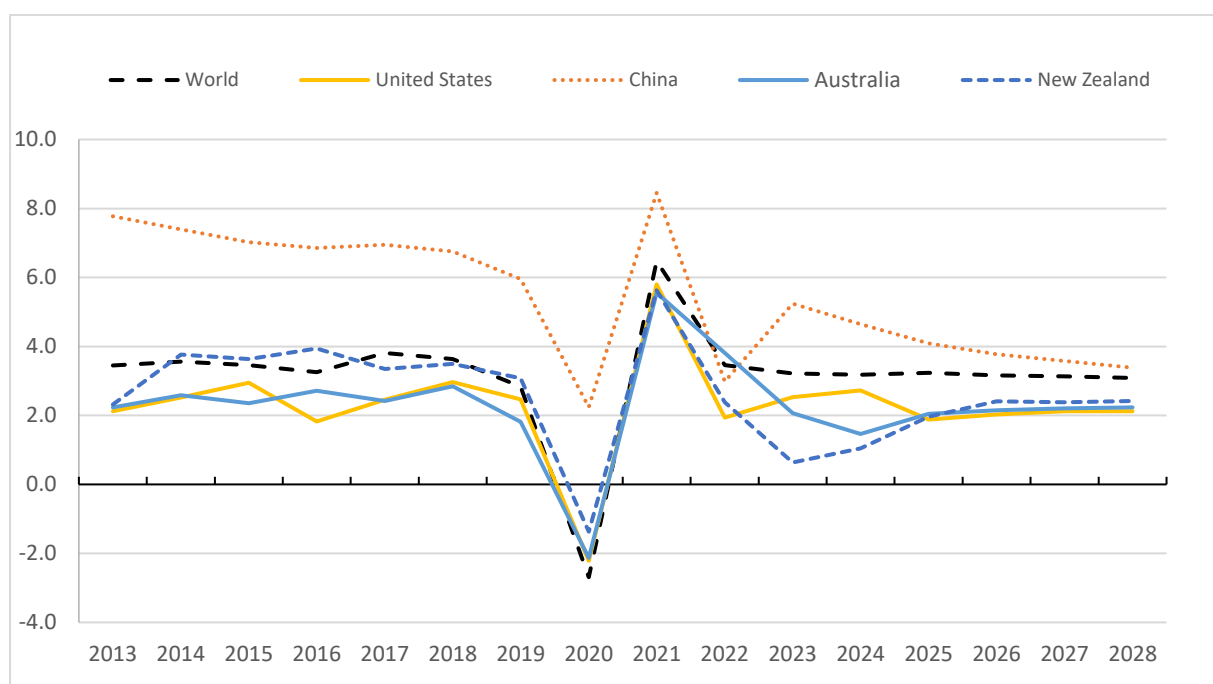
Global inflation is anticipated to continue its steady decline from an annual average of 6.8 per cent in 2023 to 5.9 per cent in 2024 and 4.5 per cent in 2025, with advanced economies returning to their inflation targets sooner than emerging markets and developing economies. Simultaneously, a significant differentiation is expected among emerging markets and developing economies, with inflation forecasts ranging among the five regions- from 2.4 per cent for emerging and developing Asia, reflecting subdued inflation in China and Thailand, to 18.8 per cent for emerging and developing Europe, reflecting elevated inflation levels in Turkey. Most economies are expected to reach levels within a quarter of a percentage point of their targets (or the midpoints of their target ranges) by the second quarter of 2025.

The IMF also reports that there has been divergence in how fast inflation is slowing among major economies which could cause currency movements that put financial sectors under pressure. Elevated interest rates might also yield more significant cooling effects than anticipated, as fixed-rate mortgages reset and households grapple with substantial debt burdens, thus leading to increased financial strain.

As the global economy approaches a soft landing, the priority now for central banks is to ensure that inflation declines smoothly. The IMF continues to warn that central banks should neither ease policies prematurely nor delay too long and risk causing target undershoots. The report also warns of growing disconnection between monetary and fiscal policy, which is contributing to difficulties in managing inflation.

Beyond 2023, the IMF expects GDP growth to stabilise at around 3.0 per cent in the medium-term (see Figure 4-3).

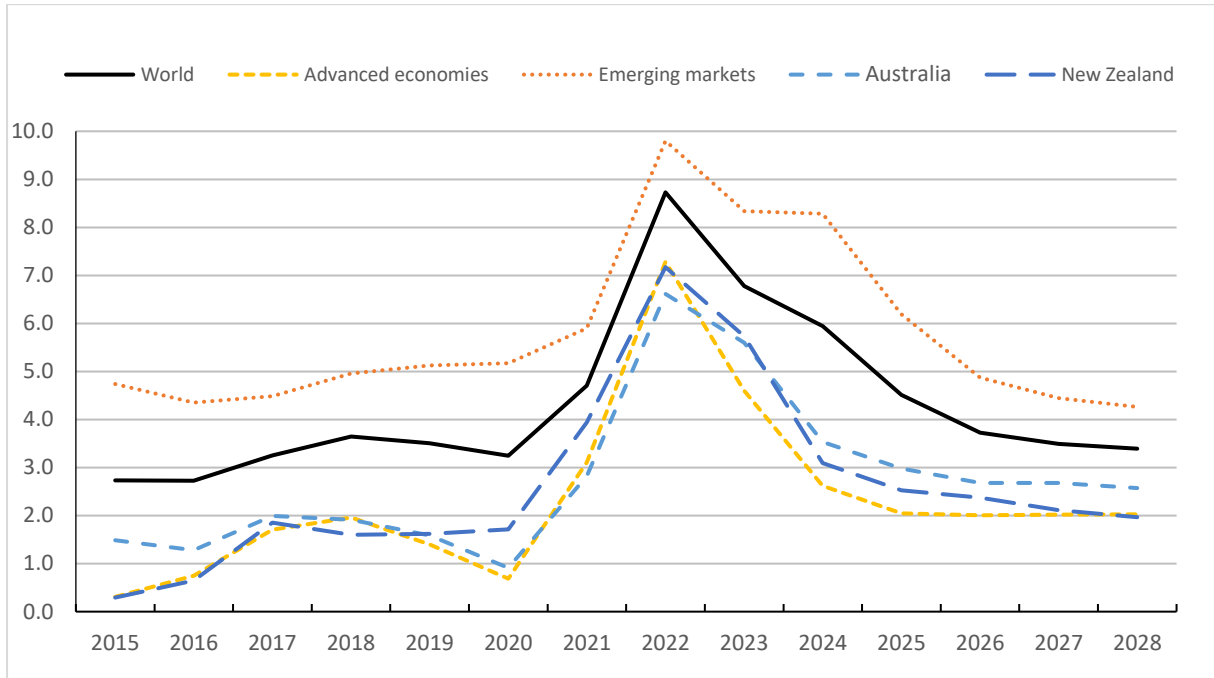
**Figure 4-3 IMF GDP Growth Estimates, selected countries**





The IMF notes the importance of structural reforms for medium-to-long-term growth prospects, with concerns that medium-term growth prospects are weak for emerging and developing economies in particular. Areas of potential reform identified are those related to governance, business regulation and the external sector.

**Figure 4-4 IMF inflation estimates, selected groupings and countries**



The IMF estimates global inflation peaked at 8.7 per cent in 2022 (from 4.7 per cent in 2021). Figure 4-4 shows that last year, global inflation was expected to decline to 6.9 per cent for 2023, but the IMF has revised this down to 6.8 per cent for 2023. Further forecasts show further declines to 5.9 per cent in 2024 and 4.5 per cent in 2025.

**Figure 4-5 IMF Oil Price Estimates, 1992 to 2028, a comparison, index, 2016 = 100**

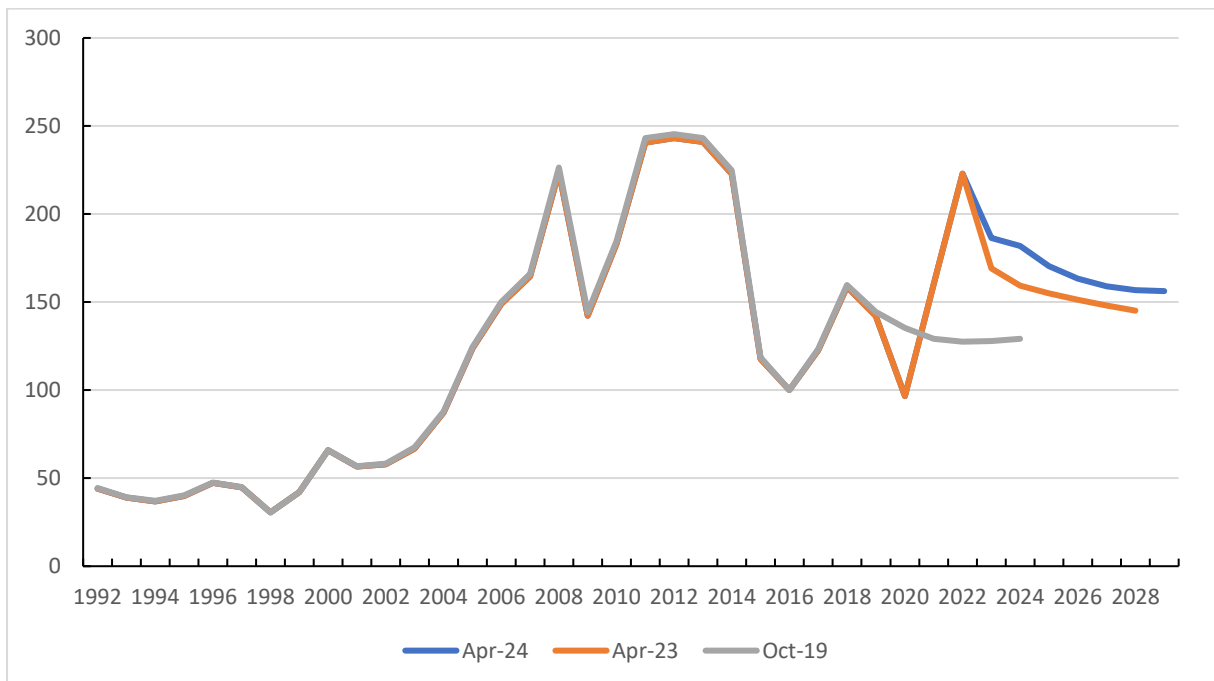


Figure 4-5 illustrates a comparison of the 2019 projections for oil prices and how that deviated as a result of market movements including different conflicts and the global pandemic. After reaching an average price of US\$158.51 in 2018, projections from the October 2019 WEO anticipated a decrease to US\$135.30 in 2021. This projection was made before the global pandemic began in late 2019. Actual prices fell to US\$96.63 per barrel in 2020 as global mobility restrictions started and economic activity slowed down. In 2022, the resumption of the Russo-Ukrainian war caused a spike in prices up to US\$222.87, after sanctions were placed on Russia (a major oil producer) to reduce Russia's trade profits in an attempt to stop their aggression against Ukraine.

Average oil prices<sup>13</sup> for 2024 are projected to be US\$181.88 and in 2025, a slight decline to US\$170.48. The reduction in the 2023 forecast shows a larger decline in oil prices but this has been revised upward from an average of US\$159.39 per barrel to US\$181.88 per barrel for 2024, largely as a result of geopolitical factors. The IMF predicts oil prices to reduce over time, though this remains higher than previously forecasted in 2019. There remains a gap between the 2023 and 2024 oil price forecasts as far as 2028 with price forecasts higher than anticipated in 2023, reflecting the impact of geopolitical tensions and inflationary pressures.

## **4.5. Cook Islands Economy**

### **4.5.1. Structure and Performance**

The Services sector<sup>14</sup> plays a significant role in the Cook Islands' economy, contributing 92.6 per cent of nominal GDP for the year end December 2023. This sector includes key industries such as Trade (16.8 per cent), Accommodation (17.9 per cent), and Public Administration (8.8 per cent).

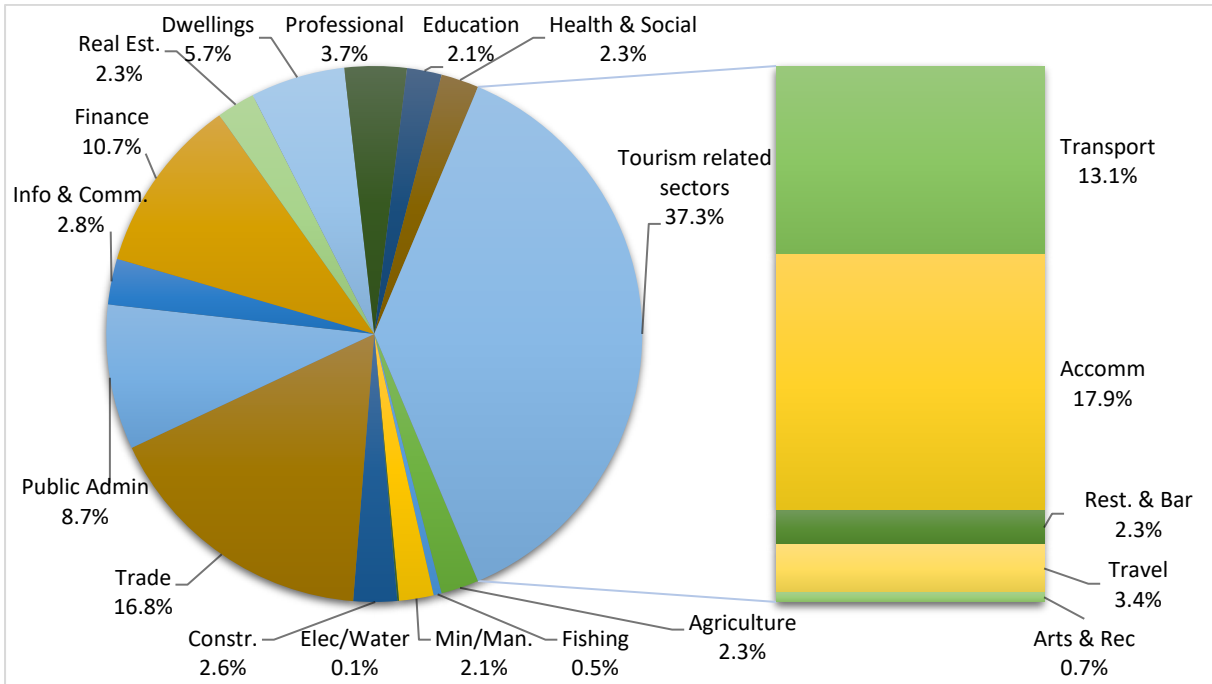
Figure 4-6 illustrated the composition of the Cook Islands economy by industry, highlighting the dominance of the services sector. While sectors like Agriculture (2.3 per cent) and Construction (2.6 per cent) are smaller, they are strategically important. In addition, 37.3 per cent of GDP is closely related to tourism, surpassing the pre-pandemic level of 34.0 per cent in 2019.

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<sup>13</sup> Simple average of 3 spot prices – Dated Brent, West Texas Intermediate, Dubai Fateh.

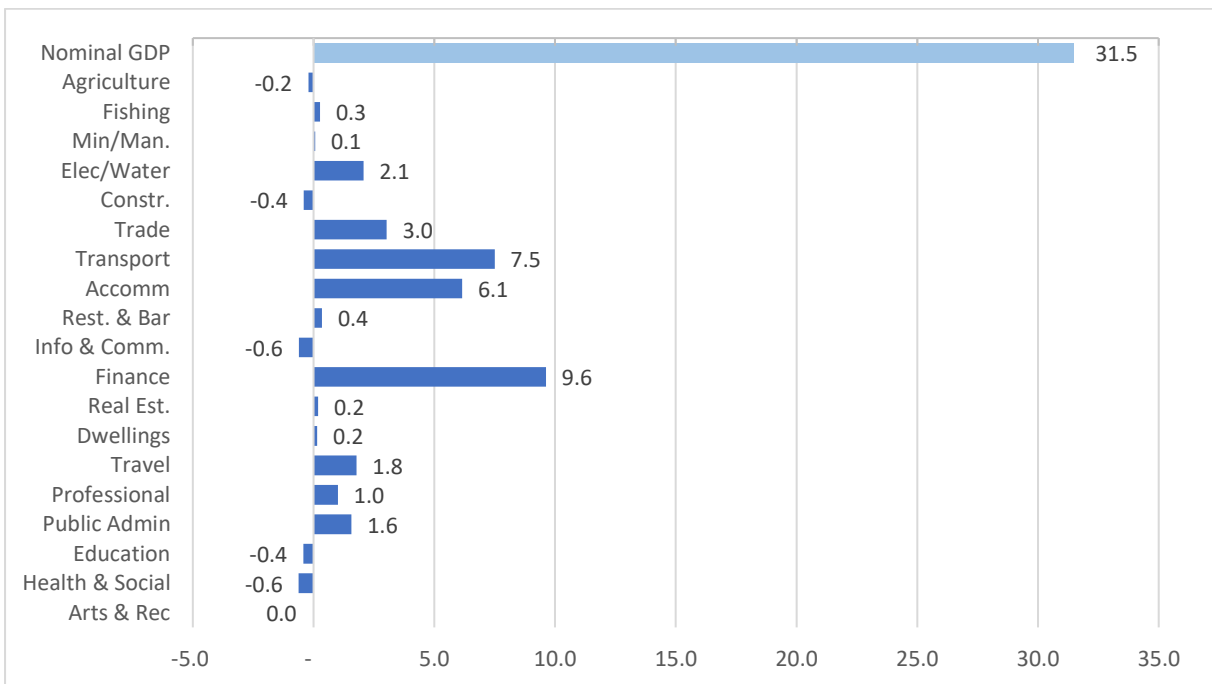
<sup>14</sup> The 'services sector' comprises Trade, Transportation, Accommodation Services, Restaurants and Bars, Information and Communication, Finance and Insurance, Real Estate, Ownership of dwellings, Travel Agents & Tour Operators, Professional & Administrative Services, Public Administration, Education, Human Healthcare and Social Work and Arts, Recreation & Other Services.

**Figure 4-6 Cook Islands Economy by Industry, 2022/23**



In 2023, the recovery was primarily driven by the Finance sector contributing 9.6 percentage points and the Transport sector contributing 7.5 percentage points. Accommodation (6.1 percentage points) and Trade (3.0 percentage points) also made significant contributions to growth, with underlying activity in Travel (1.8 percentage points) and Public Administration (1.6 percentage points) increasing. However, there were declines from Information & Communication and Health & Social (both 0.6 percentage points) as well as Education and Construction (0.4 percentage points), partially offsetting the overall growth.

**Figure 4-7 Contribution to nominal growth over 2023 (percentage point)**



## 4.5.2. Prices and Inflation

Inflation in the Cook Islands is measured by the CPI, which the Cook Islands Statistics Office reports on a quarterly basis. Inflation trends are discussed earlier on in this chapter. In summary, price growth slowed further in the 12 months to December 2023 and March 2024, with overall prices increasing by 4.0 and 4.2 per cent respectively.

The 4.2 per cent inflation to March 2024 can be broken down to reveal the source of price increases. Clothing & Footwear recorded the largest growth of 12.8 per cent, followed by Transport at 7.0 per cent price growth, and Furnishings, Household Equipment & Routine Household Maintenance at 6.8 per cent.

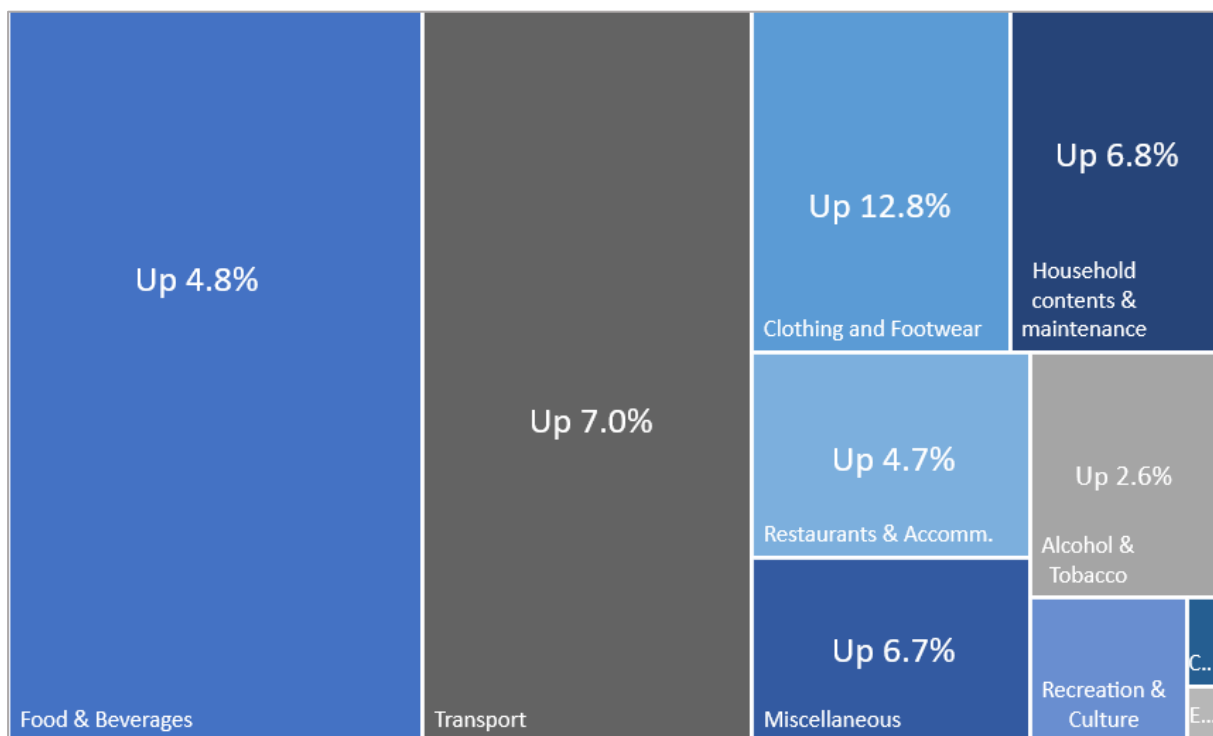
The transport sector notably experienced significant price growth since 2022 (24.2 per cent in September 2022), primarily due to the Russian war in Ukraine driving prices up. While transport prices slowed with a growth of 4.7 per cent in the year to September 2023, recent movements by the OPEC+ group to reduce oil supply caused a jump from 4.7 to 7.0 per cent in the year up to March 2024, reflecting a time-lag associated fuel imports to the Cook Islands.

### 4.5.2.1. Year-average inflation

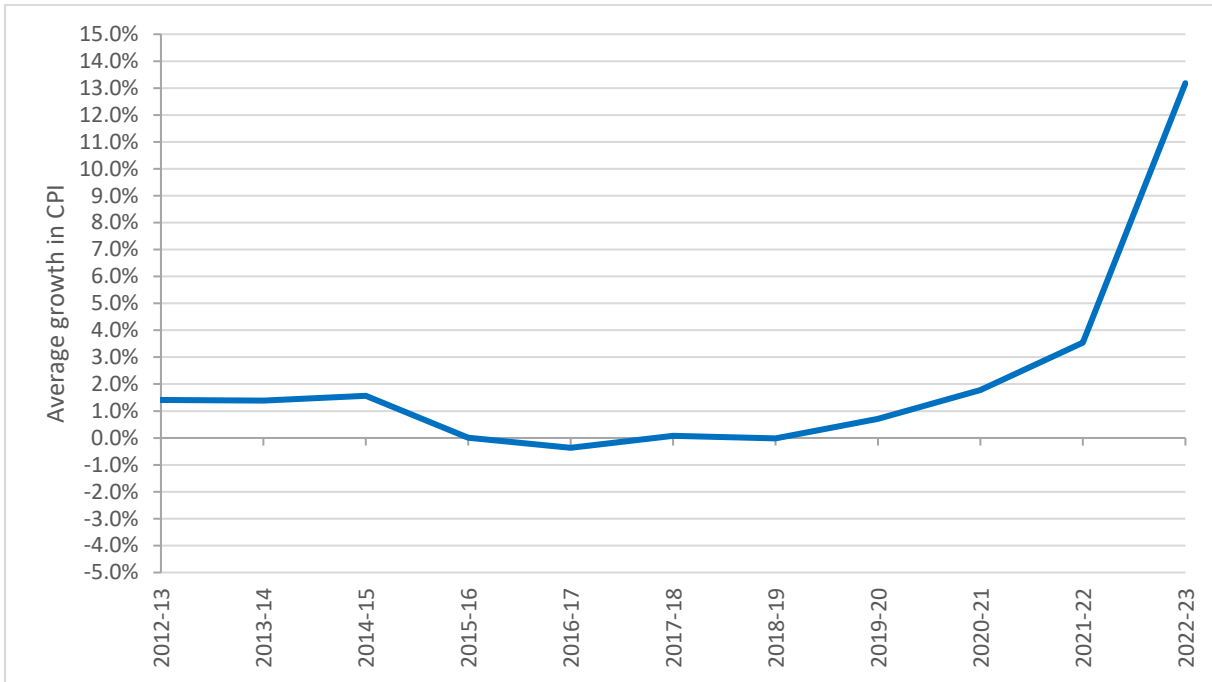
This section discusses ‘through the year (TTY)’ inflation, which reflects the growth in prices from one point to another and is commonly felt by individuals and businesses in the economy. Another measure, ‘Year Average’ inflation, looks at how prices grew on average over a year, which is useful for longer time series but is less directly felt. In times of stability, these two measures are close, but during volatile periods, they may diverge.

The 2022/23 year saw the fastest price growth in the last decade by a significant margin (see Figure 4-9), with TTY consumer prices rising by 13.2 per cent, a notable increase from the 3.6 per cent recorded in 2021/22.

**Figure 4-8 Composition of Cook Islands CPI Growth (through the year to March 2024) – All items**  
4.2%



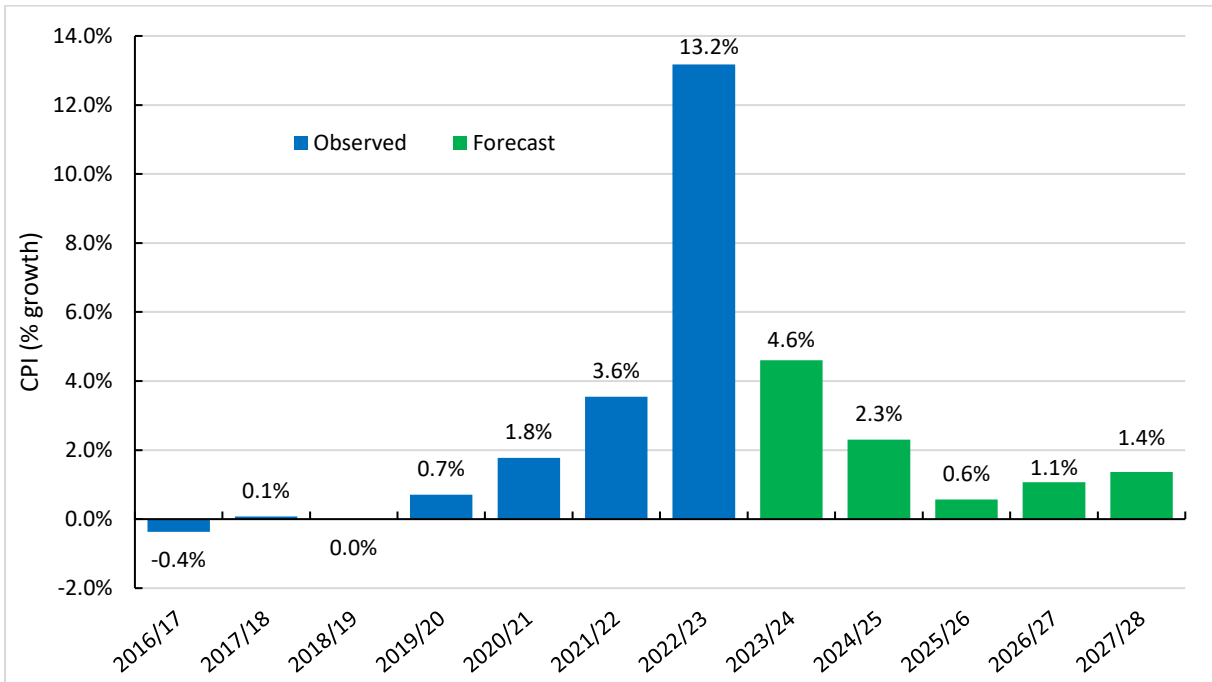
**Figure 4-9 Cook Islands CPI, year average (TTY), 2012/13 – 2022/23 (percentage change)**



**4.5.2.2. Inflation forecasts**

Inflation is projected to fall in 2023/24 to 4.6 per cent as shown in Figure 4-10. The spike has passed, and inflation is expected to decrease further in subsequent years. A price growth of 2.3 per cent is forecast in 2024/25, followed by 0.6 per cent in 2025/26, as supply chains return to normal.

**Figure 4-10 Annual average (TTY) change in Cook Islands CPI (percentage)**



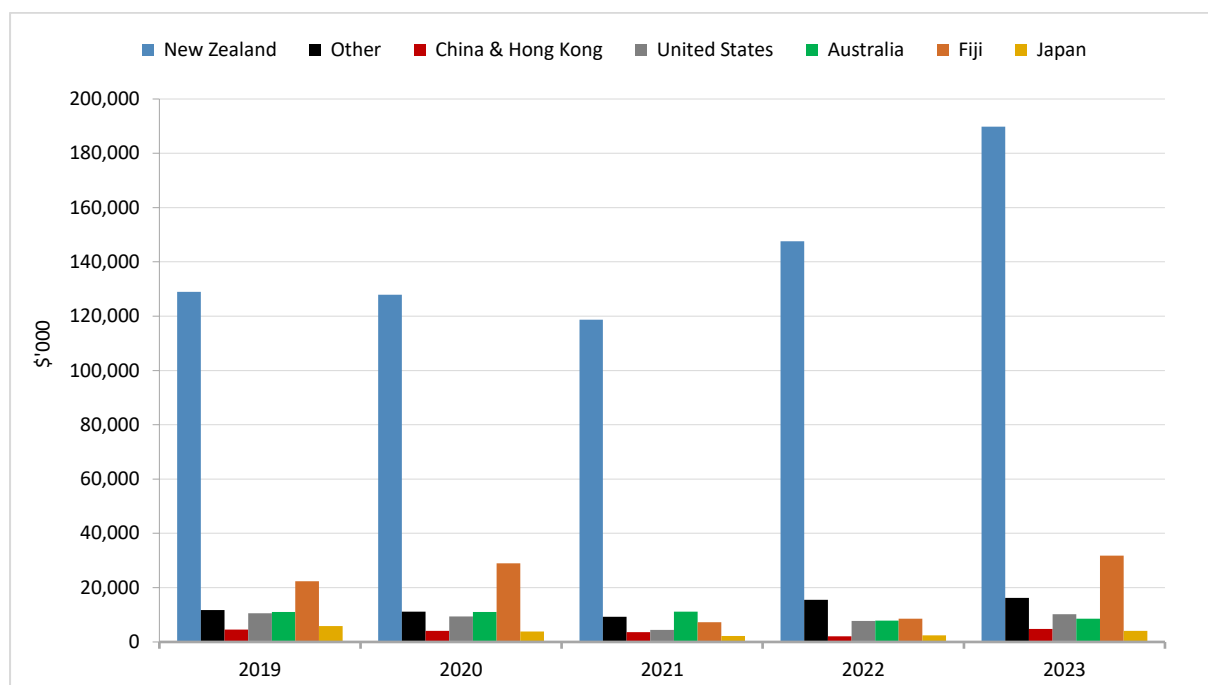
### 4.5.3. Trade in Goods

#### 4.5.3.1. Goods imports

The Cook Islands heavily relies on imported goods due to its size and geography. The pandemic initially led to a reduction in imports due to lower demand from tourists. However, in 2022/23, imports rebounded strongly as traders replenished inventories, accompanied by rapidly rising import prices driven by increased fuel and freight costs. Imports grew by 38.5 per cent to \$265.5 million, marking a \$73.8 million increase from 2021/22. The largest components of this increase were in minerals, fuels, machinery, and equipment.

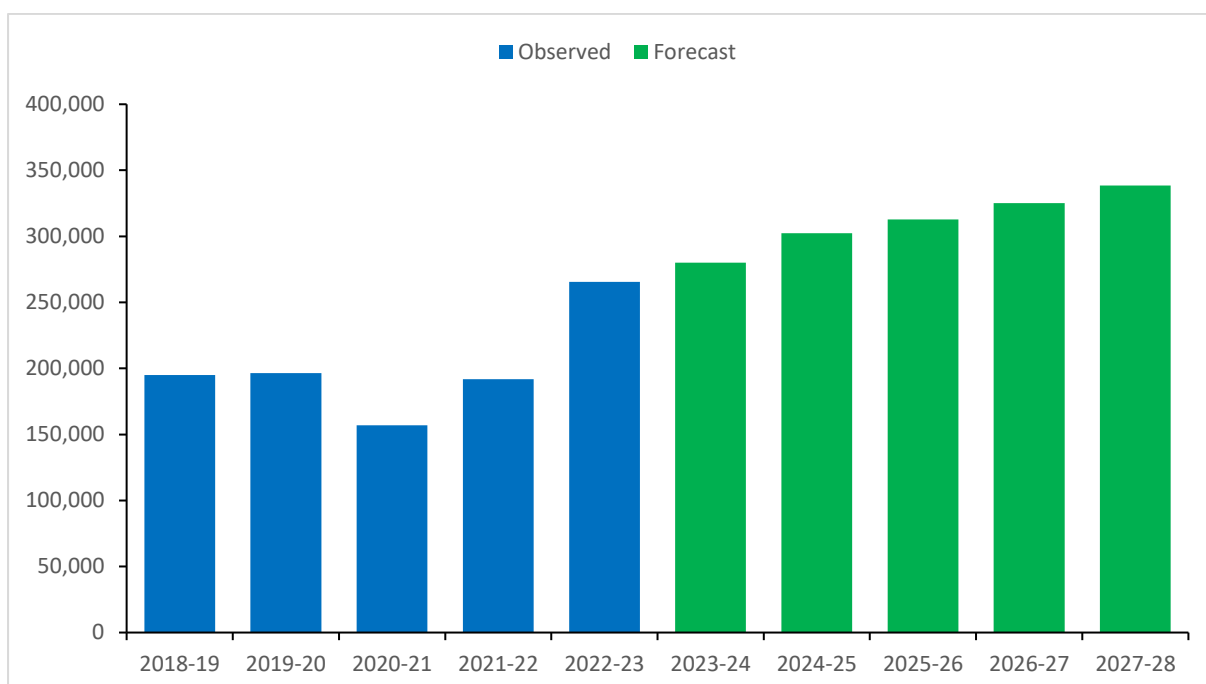
In terms of markets, the largest percentage increases in imports came from Fiji (270.8 per cent) and China and Hong Kong (128.4 per cent). However, these markets are smaller compared to New Zealand, which represents 74.8 per cent of imports and saw a \$42.2 million increase, the largest in terms of total value (see Figure 4-11).

Figure 4-11 Import value by country of origin, year to June (\$'000)



Import growth, although still high, has slowed in 2023 compared to the peaks of 2022 due to the easing of restocking activities and high fuel prices from 2022/23. It is expected that imports will increase by 5.5 per cent in 2023/24, and 7.9 per cent in 2024/25, then around 3.5 to 4.0 per cent per year thereafter as depicted in Figure 4-12.

**Figure 4-12 Value of total imports, annual, 2018-19 to 2027-28, year to June (\$'000)**

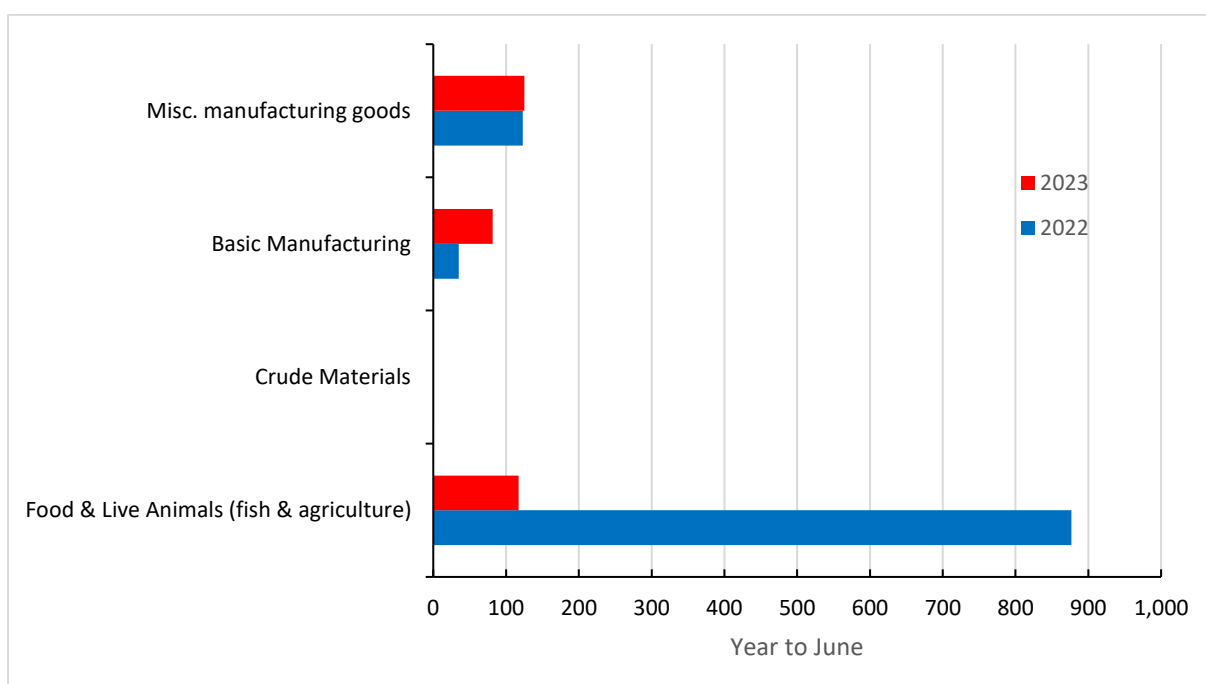


#### 4.5.3.2. Goods exports

Total goods exports for the year ending June 2023 remained minimal but experienced a significant decline of 68.7 per cent compared to the previous year, dropping from \$1.0 million to \$0.3 million (after adjustments to exclude fishing exports from foreign boats which do not make landfall in the Cook Islands).

This decline was mostly in Food and Animals (excluding foreign fishing), with Basic Manufacturing increasing by 133.2 per cent over the year. Miscellaneous Manufacturing remained relatively stable (see Figure 4-13). Looking forward, goods exports are expected to remain at relatively low levels.

**Figure 4-13 Major Goods Exports, 2022 and 2023, year to June (\$'000)**



## 4.5.4. Tourism

### 4.5.4.1. Aggregate visitor activity

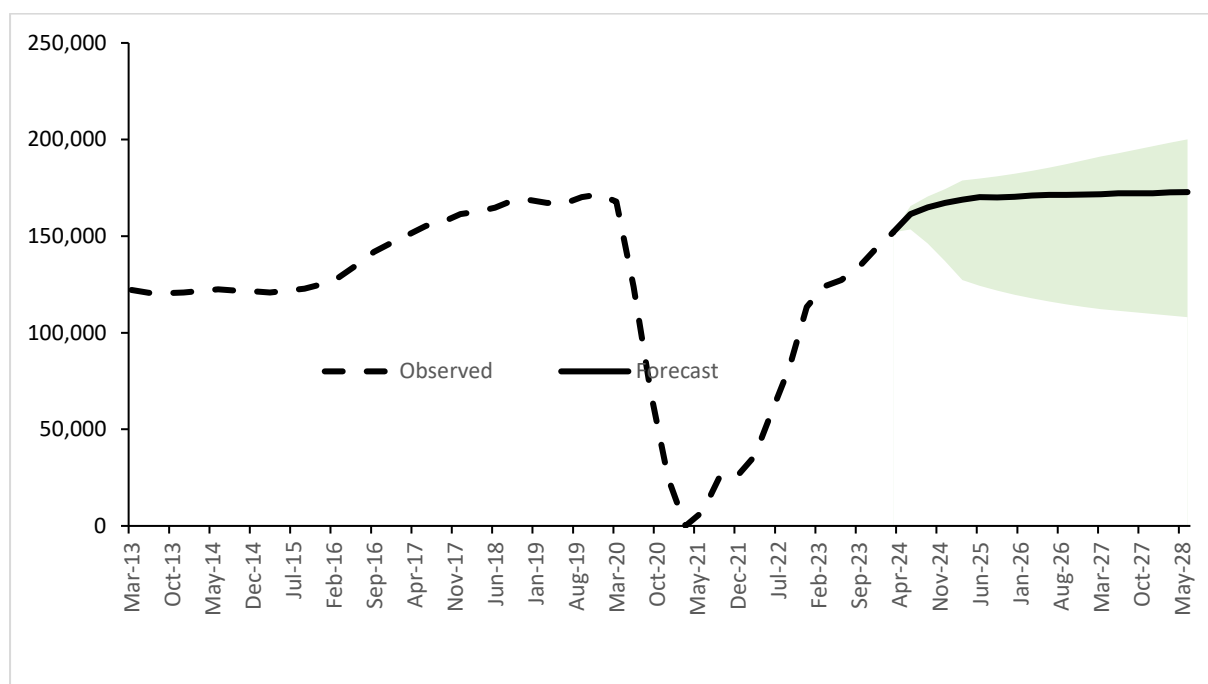
Since the reopening of borders, visitor arrivals have surpassed expectations despite some capacity constraints out of New Zealand in early 2023. With direct flights operating from Sydney, Honolulu and Pape'ete towards the end of 2022/23, the access to markets other than New Zealand has contributed to the stronger visitor arrival numbers for 2023/24.

In 2023, approximately 11,000 cruise ship passengers arrived in Aitutaki and Rarotonga (4,500 in Aitutaki and 6,500 in Rarotonga). However, out of the 38 scheduled cruise ships, only 22 were able to disembark passengers ashore. It is important to note that cruise ship passengers are not included in the arrival figures as they are counted only if they disembark and stay on the island, which is rare.

There were 127,340 visitor arrivals by air in 2022/23, with 81.0 per cent from New Zealand and 11.0 per cent from Australia, transiting via Auckland until June 2023. Visitors from New Zealand exhibited higher yields post-pandemic, displaying increased spending and a greater inclination to travel beyond Rarotonga.

In the first three quarters of 2023/24, there were 117,603 visitor arrivals, with 67.0 per cent from New Zealand, 19.0 per cent from Australia and 5.0 per cent from Europe. Despite constraints in February 2023 due to halted Sydney flights for the month, the Australian market has still grown compared to 2022/23. With just one quarter remaining, total arrivals for 2023/24 are forecast to surpass 161,000 visitors.

**Figure 4-14 Total Visitor Arrivals, 12-month total, 2013/14 to 2027/28**



**Table 4-3 Estimated Total Arrivals, quarterly, 2023/24 to 2027/28**

Quarters	2023/24e	2024/25f	2025/26f	2026/27f	2027/28f
September	47,345	50,868	50,716	50,798	50,794
December	40,772	43,143	43,484	43,669	43,740
March	29,486	31,147	31,772	31,882	32,334
June	43,747	45,074	45,338	45,780	45,916
<b>Annual total</b>	<b>161,350</b>	<b>170,232</b>	<b>171,310</b>	<b>172,128</b>	<b>172,785</b>



#### 4.5.4.2. Major markets

In 2022/23, the majority of arrivals were from New Zealand, accounting for 81.3 per cent of arrivals, followed by Australia at 11.3 per cent.

However, in 2023/24, access to other markets improved with flights from Sydney, Honolulu, and Papeete to Rarotonga. Consequently, the share of arrivals from New Zealand is expected to decrease to 68.7 per cent, and stabilise. Similarly, Australia is expected to constitute 18.6 per cent of visitor arrivals in 2023/24, and stabilise over the medium-term. Other markets, though smaller, are strategically important, particularly from North America and Europe, utilising access points via Hawaii and Tahiti (see Table 4-4).

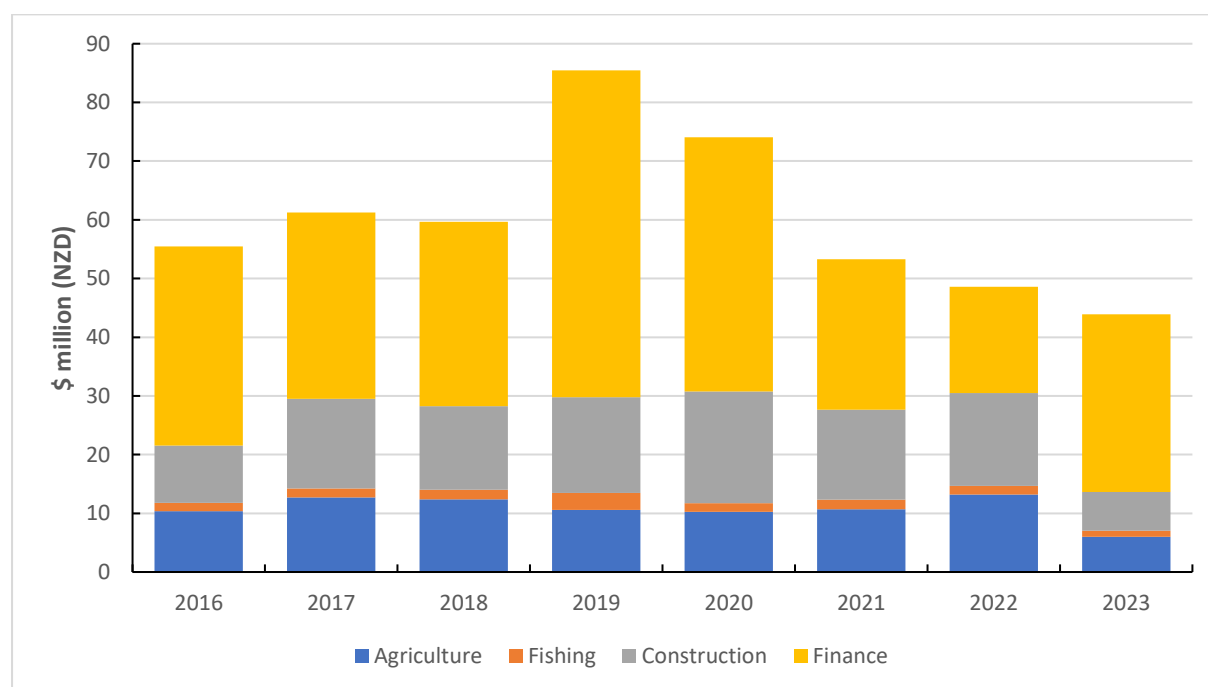
**Table 4-4 Forecast Total Tourism Numbers, by Major Market, 2023/24 to 2027/28**

Markets	2023/24e	2024/25f	2025/26f	2026/27f	2027/28f
New Zealand	110,273	117,271	117,634	117,304	117,046
Australia	30,759	32,316	32,867	33,941	34,920
USA & Canada	7,406	7,232	7,100	7,120	6,986
Europe	7,695	8,658	9,024	9,211	9,279
Other	5,217	4,755	4,685	4,552	4,553
<b>Total</b>	<b>161,350</b>	<b>170,232</b>	<b>171,310</b>	<b>172,128</b>	<b>172,785</b>

#### 4.5.5. Other key industries

While Tourism is by far the largest sector in the Cook Islands, there are a number of other sectors of importance – such as the Finance, Agriculture, Fishing and Construction sectors.

**Figure 4-15 Contribution to Nominal GDP – calendar year (\$ million)**



#### 4.5.5.1. Banking

As of September 2023 (latest available data), total deposits in Cook Islands banks increased by 10.9 per cent compared to the previous year, rising from \$304.8 million to \$338.1 million. This marks the highest level of deposits recorded since 2011, indicating a more favourable business environment. Growth was observed across all deposit categories—demand, term, and savings—compared to the

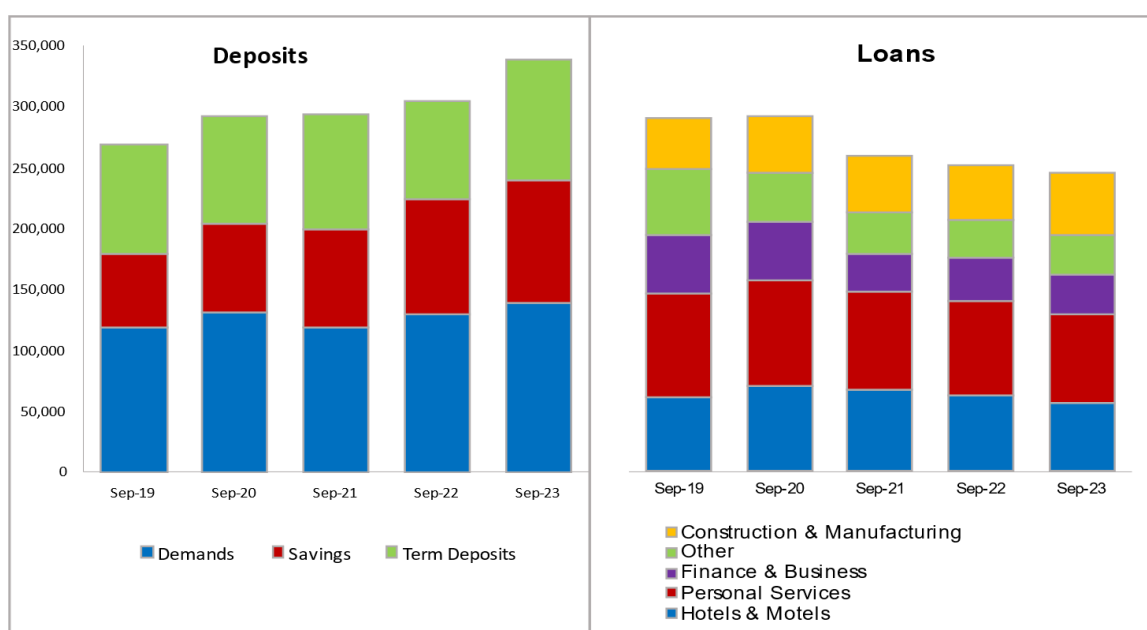
same quarter in 2022. The significant portion of this growth is attributed to a 20.9 per cent increase in term deposits since September 2022.

Total lending by Cook Islands banks as at September 2023 shows the lowest leverage ratios in the series, with only \$0.71 of lending for every \$1.00 in deposits. Lending has declined by 2.5 per cent (or \$6.2 million) compared to the previous year, as existing debt was paid down and both lenders and borrowers showed hesitancy in raising new debt. However, the September 2023 quarter witnessed the first quarterly increase in borrowing, suggesting a potential shift in the trend.

The decline in lending is most significant in the Hotels & Motels sector, with outstanding debt decreasing from \$61.4 million to \$54.2 million in the year. The Finance & Business sector also experienced a notable decline, down by 10.5 per cent or \$3.7 million. Overall, this indicates a highly liquid banking sector in the Cook Islands.

The analysis excludes government debt held outside of the Cook Islands, as it is held by foreign entities like the Asian Development Bank.

**Figure 4-16 Total value of bank deposits and loans, September 2019 to September 2023 (\$'000)**



#### 4.5.5.2. Financial services industry

The Cook Islands’ financial services industry employs approximately 294 staff, accounting for approximately 4.0 to 5.0 per cent of total employment.<sup>15</sup>

There are three commercial banks: ANZ Banking Group Limited (ANZ) and Bank of South Pacific (BSP) Limited operate as foreign-owned branches, while the Bank of the Cook Islands (BCI) Limited is owned by Government. BCI operates on all islands within the Cook Islands and channels government subsidies, child benefit and pension payments to beneficiaries, and is responsible for the payment of government salaries. As a result, the number of Cook Islanders with access to a bank account is very

<sup>15</sup>As at 31 December 2022. The employment rate is estimated using the number of active Cook Islands National Superannuation Fund members as a proxy for total employees in the Cook Islands. As at 31 December 2022 there were 6,361 active members.

high. An additional domestic bank, Capital Security Bank (CSB), is an onshore private bank that specialises in providing banking and wealth management services to international clients.

The licenced trustee companies are responsible for the administration of approximately 3,000 entities and trusts on the Cook Islands international registers. The registration and renewal fees provided Government approximately \$1.5 million in 2022.<sup>16</sup> Licenced trustee companies also contributed \$2.9 million<sup>17</sup> in tax revenue (PAYE, VAT and general taxes) to the Cook Islands government in 2022. The trust industry employs 50 Cook Islands professionals.<sup>18</sup> The growth of these numbers is impacted by international tax and regulatory requirements and the licenced trustee companies' ability to operate efficiently and diversify.

As with all industries, the financial services industry was adversely affected by COVID-19. However, due to the industry's ability to embrace technology and given that a very large proportion of business is carried out online, the financial services industry, and in particular the licenced trustee companies, remained robust and resilient in the face of very difficult market conditions.

The 2023/24 fiscal period has seen the FSDA continue to focus its marketing resources on promoting the International Relationship Property Trust (IRPT) and financial services to the global market with a focus on a digital marketing strategy that strengthens the online presence. With the restrictions on international travel lifted the FSDA resumes its international in-person marketing programme through sponsorship and attendance at prestigious estate planning and wealth management conferences. Conference sponsorship and attendance also provides a platform for licenced trustee companies to attend and capitalise on the networking and lead generation opportunities with a highly targeted and relevant audience. It is intended that a similar marketing programme be continued over the next financial year build on the traction gained this year and to generate maximum returns over the medium to long term from the IRPT.

The Cook Islands continues to meet its international obligations concerning transparency on tax matters and in regards to its AML regime. The Cook Islands is on the European Union's white list of cooperative jurisdictions on tax matters and was given an outstanding report by the Asia Pacific Group (a regional body of the FATF) following the most recent mutual evaluation carried out in 2017.

The Cook Islands Statistics Office identifies the financial services industry as the finance and insurance sector. The sector's contribution to GDP, shown in Figure 4-15, has varied considerably over the pandemic years, with a peak of \$51.4 million in the 2019/20 year and a low point of \$7.3 million in the 2021/22 year. These swings may reflect the capacity for businesses and households to engage in the sector during periods of high economic uncertainty and recessions.

#### **4.5.5.3. Housing and construction**

In the year leading up to September 2023, the total value of building approvals in the Cook Islands remained stable at \$20.1 million. The main increase was observed in Residential building approvals, rising by \$3.4 million, or 26.0 per cent, with additional growth in Tourist Accommodation approvals by \$1.9 million. On the other hand, approvals for Community and Commercial buildings decreased by \$0.7 million and \$0.4 million, respectively (Figure 4-17).

The construction sector contributed \$15.8 million to GDP in 2023, indicating a decline from previous years due to factors like long lead times, market uncertainty, and high material costs. However, the rise in building approvals suggests a potential future increase in this contribution to GDP.

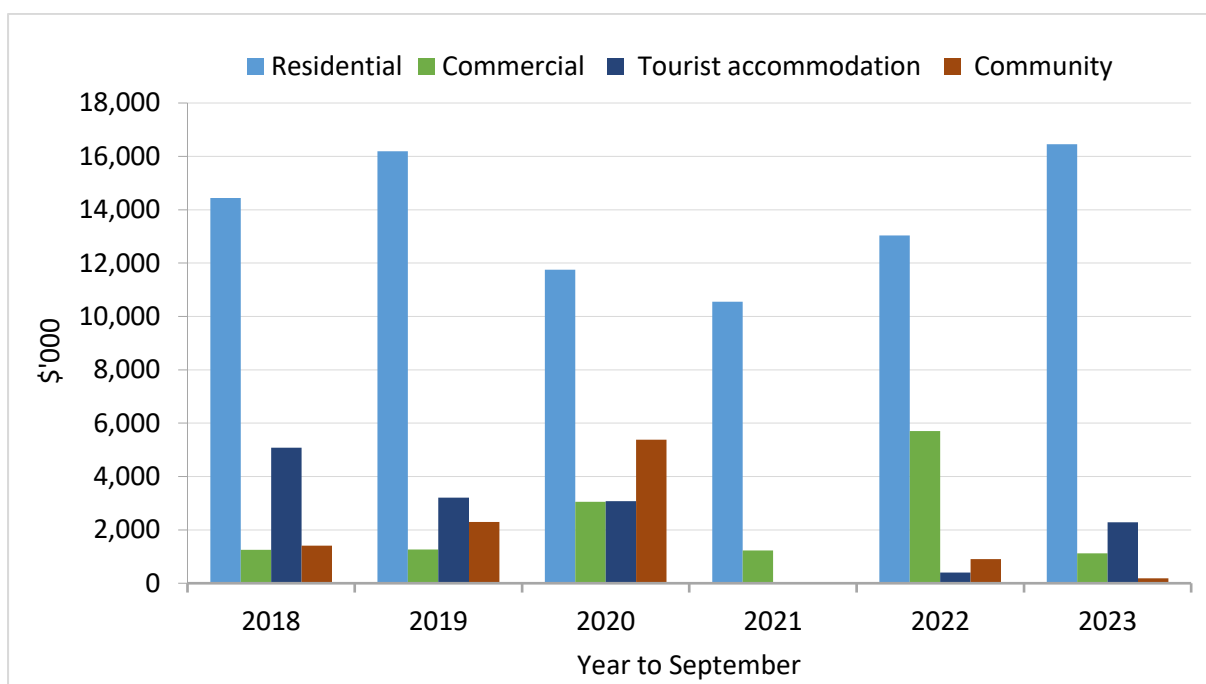
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<sup>16</sup> US\$ 956,417 KPMG FSDA Financial Industry Report 2022.

<sup>17</sup> VAT \$1,441,171, PAYE \$699,131, General Taxes \$779,148 KPMG FSDA Financial Industry Report 2022.

<sup>18</sup> Source: Financial Services Development Authority, February 2024.

**Figure 4-17 Building approvals, 2018 to 2023, year to September (\$'000)**



#### 4.5.5.4. Marine resources

A key source of government revenue, as well as an important sector for economic activity in Rarotonga and the Outer Islands, is the marine resources sector – predominantly fishing. While this sector remains important, the fishing and pearl sector hovers around 0.5 per cent of GDP.

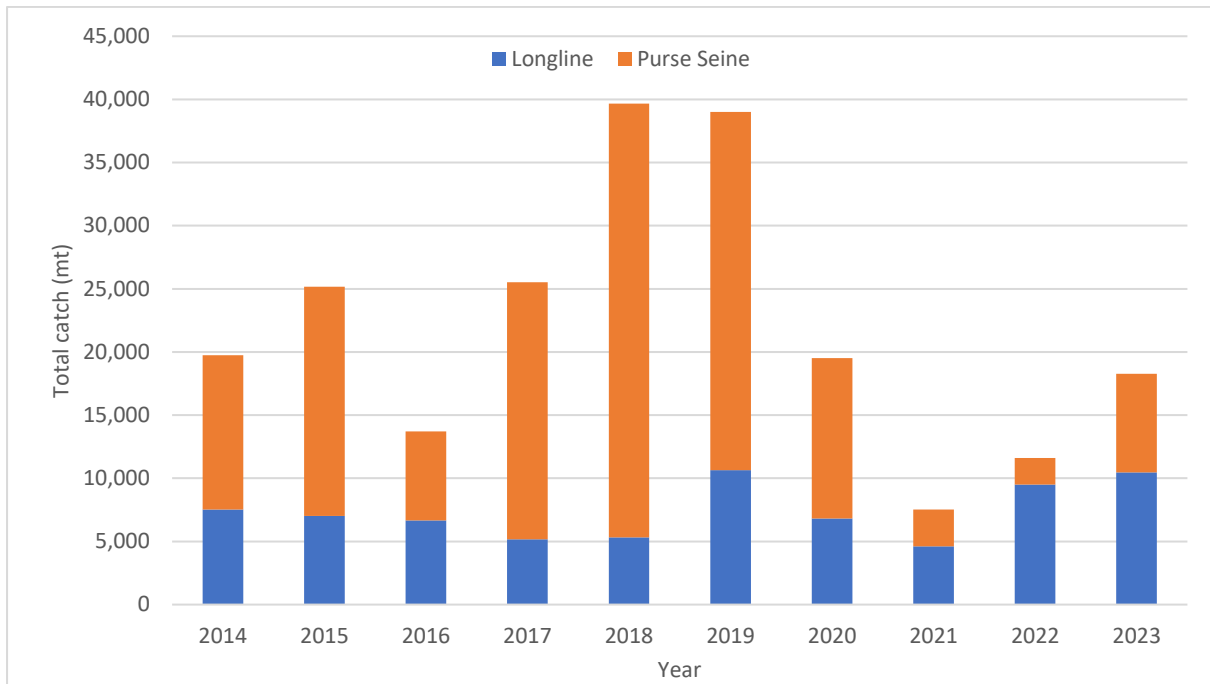
The Cook Islands Government benefits from fishing activities through revenue from fisheries access arrangements, purse seine fishing days, license fees, and the sale of catch quotas. Key revenue sources include the longline Quota Management System (QMS) and purse seine fishing days, managed in collaboration with the Western and Central Pacific Fisheries Commission (WCPFC).

The revenue collected for the Government from the fishing industry is outlined in Chapter 6, Revenue.

The Ministry of Marine Resources (MMR) is exploring opportunities to derive further benefits from existing fisheries by securing and defining fishery rights and potential trading initiatives. Fisheries management arrangements and differences in pricing for purse seine vessel days also influence where and when fleets choose to fish.

Whilst El Nino conditions prevailed since March 2023 (and therefore improved fishery conditions), this has weakened with an expected transition to ENSO neutral conditions in the second quarter of 2024. This will have an impact on tuna fishery derived revenues. In 2023, longline catches matched 2022 levels that were up from 2020/21, which were significantly impacted by the COVID-19 pandemic. Purse seine fishing days revenue improved in 2023/24, and negotiations under the US Treaty have resulted in an increase in expected annual revenue for the next 10 years commencing in 2024.

**Figure 4-18 Fishery Catch in the Cook Islands EEZ<sup>19</sup>**



Source: Ministry of Marine Resources

**Table 4-5 Fishery Catches in the Cook Islands EEZ by species (metric tonnes)**

	2022			2023		
	Longline	Purse Seine	Local	Longline	Purse Seine	Local
Albacore	6424	0	1	6930	0	1
Bigeye	715	97	0	780	319	0
Yellowfin	1604	118	69	1926	420	73
Skipjack	145	1899	3	114	7069	3
Other	608	2	41	717	4	50
<b>Total</b>	<b>9496</b>	<b>2116</b>	<b>114</b>	<b>10467</b>	<b>7812</b>	<b>127</b>

In 2023, MMR managed 83 licenced vessels made up of 57 longline, 26 purse seine, 13 bunker vessels, 1 trawler and 1 pot/trap vessel. In addition, there were 244 local artisanal and game charter fishing boats reporting catch and effort to MMR.

One domestic commercial fishing company with a Cook Islands flagged longline vessel operates in the southern group waters and offload their catch at Avatiu port predominantly for the domestic market. In 2023, 44 metric tons of fish were unloaded on Rarotonga from domestic longline vessels, compared to 34 tons in 2022. There were no exports over this period and there has been no landed catch by foreign vessels in Rarotonga since 2017.

With the resurgence of tourism, along with increased operating costs, local fish prices have increased significantly. Both commercial and artisanal fishers are unable to meet the heightened demand, leading to a shortage of fish products compared to local market needs which is higher than supply. To fill the gap, tuna and tuna-like products are being imported from French Polynesia and South America. Local fish prices increased to about \$30-\$40 per kilogram in July 2023 and have since remained at similarly high levels. However, some variability exists in local market prices with certain fishers selling at \$10 per kilogram due to improvements in fishery conditions driven by El Nino.

<sup>19</sup> Catch and effort estimates for 2023 is provisional due to data quality processes to be finalised April 30th 2024.

#### 4.5.5.5. Agricultural activity and exports

The Agricultural sector contributes about 2.3 per cent of nominal GDP in 2023, totalling \$13.8 million. Agricultural production in the Cook Islands primarily serves domestic consumption, with the tourist market acting as a form of 'localised export' for products, bypassing traditional export market constraints like freight costs.

In 2023/24, there has been an increase in the production of fruits and vegetables by commercial and subsistence growers on Rarotonga, while there are reductions in the supply of root crops for Rarotonga and all productions in the Pa Enea. More farmers' vendors were observed at the Punanga Nui Market and on roadsides in the Avarua township area during this period, selling their produce, with some directly supplying to tourist accommodations and restaurants. Unfavourable weather conditions and shortages of certain farming inputs in the second half of this period have affected crop growth, contributing to the reduced production.

The Ministry of Agriculture continues to work with all farmers in the Cook Islands to effectively manage their planting programmes amidst the challenges faced by the Ministry in providing farming inputs. The ongoing provision of technical advice and nursery supplies have ensured that farming and production of locally grown vegetables, fruits and root crops for consumption and sale is maintained, particularly with the return of the tourism market.

**Table 4-6 Total Value of Produce in 2023 (\$'000)**

	Fruits	Root-crops	Vegetables	Herbs	Total
Rarotonga	373	146	51	1	571
<i>Aitutaki</i>	2	1	1	0	4
<i>Atiu</i>	0	0	0	0	0
<i>Mangaia</i>	1	2	0	0	3
<i>Mauke</i>	2	1	0	0	3
<i>Mitiaro</i>	0	0	0	0	0
Pa Enea Total	5	4	1	0	10
<b>Total</b>	<b>378</b>	<b>150</b>	<b>52</b>	<b>1</b>	<b>581</b>

Source: Ministry of Agriculture

In 2023, noni remained a consistent export, while frozen taro shipments were exported by air and sea to New Zealand from Rarotonga, averaging 2,000 kilograms per shipment. Monitoring the supply of taro for export is crucial for sustainability. Additionally, small quantities of vanilla were exported to the United States. Other commodities exported by passengers to New Zealand and Australia in 2023, either fresh or cooked, included taro, tarua, cassava, drinking coconuts, coconut products, cooked chestnuts, and chillies, totalling over 80,000 kilograms in weight.

The Ministry of Agriculture is undertaking a range of work to enhance crop sector productivity. This includes efforts to improve soil management and health, address changing climatic conditions, combat invasive pests, to meet domestic market demands.

## 5. Government Financial Statistics Statement

The Government Financial Statistics (GFS) Operating Statement reflects the financial performance of Government and discusses the general trends and revisions of forecasts for operating revenues, operating expenditures and resulting operating balances. The GFS operating statement encompasses all funds managed at the general government level including the Loan Reserve Fund (LRF).

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

Statement of Government Operations	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>REVENUE</b>	<b>222,457</b>	<b>299,174</b>	<b>256,722</b>	<b>239,592</b>	<b>244,502</b>
Taxes	165,104	180,879	189,793	196,638	204,660
Social contributions	0	0	0	0	0
Grants	14,685	90,041	38,937	13,971	10,180
<i>Current</i>	10,850	40,737	28,537	13,971	10,180
<i>Capital</i>	3,834	49,303	10,400	0	0
Other revenue	42,668	28,255	27,992	28,983	29,662
<b>EXPENSE</b>	<b>206,264</b>	<b>246,796</b>	<b>235,097</b>	<b>222,613</b>	<b>218,718</b>
Compensation of employees	73,400	80,216	81,650	83,471	84,030
Use of goods and services	49,378	81,739	72,136	60,088	56,072
Depreciation	13,752	15,259	15,259	15,181	15,181
Interest	8,960	11,930	10,922	9,907	8,959
Subsidies	25,114	22,991	20,054	18,556	18,847
Grants	0	0	0	0	0
Social benefits	26,895	27,285	27,703	28,262	28,426
Other expense	8,764	7,377	7,373	7,148	7,201
<b>NET OPERATING BALANCE</b>	<b>16,194</b>	<b>52,378</b>	<b>21,625</b>	<b>16,978</b>	<b>25,784</b>
<i>Plus</i> NON CASH APPROPRIATIONS					
Depreciation	13,752	15,259	15,259	15,181	15,181
<b>CASH SURPLUS/(DEFICIT) FROM OPERATING TRANSACTIONS</b>	<b>29,946</b>	<b>67,636</b>	<b>36,884</b>	<b>32,160</b>	<b>40,965</b>
<b>CASH TRANSACTIONS IN NONFINANCIAL ASSETS</b>					
<i>Net Cash Applied to the Acquisition of Fixed Assets</i>	24,798	68,378	25,064	18,813	19,687
<i>Gross transactions in Non-Financial Assets</i>	38,551	83,636	40,322	33,995	34,869
<i>Less Non-Cash Transactions in Non-Financial Assets (Depreciation)</i>	(13,752)	(15,259)	(15,259)	(15,181)	(15,181)
<b>NET (BORROWING)/LENDING</b>	<b>5,148</b>	<b>(741)</b>	<b>11,820</b>	<b>13,346</b>	<b>21,278</b>
<b>CASH APPLIED TO THE NET ACQUISITION OF FINANCIAL ASSETS</b>	<b>(9,600)</b>	<b>(15,311)</b>	<b>(5,251)</b>	<b>(5,946)</b>	<b>(278)</b>
Domestic Transactions	(9,600)	(15,311)	(5,251)	(5,946)	(278)
Foreign Transactions	0	0	0	0	0
<b>CASH APPLIED TO THE NET INCURRENCE OF LIABILITIES</b>	<b>14,748</b>	<b>14,570</b>	<b>17,071</b>	<b>19,292</b>	<b>21,556</b>
Domestic Transactions	0	0	0	0	0
Foreign Transactions	14,748	14,570	17,071	19,292	21,556
<b>NET CASH FINANCING TRANSACTIONS</b>	<b>5,148</b>	<b>(741)</b>	<b>11,820</b>	<b>13,346</b>	<b>21,278</b>
<i>Statistical discrepancy</i>	0	0	0	0	0

### 5.1. GFS Net Operating Balance

The GFS net operating balance is the balance of operating revenues less operating expenditure by the Government and its development partners. For 2024/25, the net operating balance is estimated to be a surplus of \$52.4 million, driven by operating revenues of \$299.2 million exceeding operating expenditure of \$246.8 million. Subsequently, the net operating balances are expected to stabilise, ranging from \$21.6 million in 2025/26 to \$25.8 million by 2027/28.

### 5.1.1. GFS Operating Revenue

GFS operating revenue for 2024/25 is estimated at \$299.2 million, showing a significant increase from the previous year’s estimated revenue of \$222.5 million. The increase primarily attributed to the reallocation of grant funding from 2023/24 to 2024/25, notably \$34.0 million for the Cook Islands Infrastructure Trust Fund (ITF) and \$12.9 million for the Northern Group Renewable Energy Battery replacement project. Additionally, there are upward revisions in taxation receipts by \$15.8 million, offsetting a projected decrease in other revenue by \$14.4 million compared to the previous year. The exclusion of Core Sector Support funding from New Zealand for 2024/25, pending finalisation of the Grant Funding Agreement, contributes to this reduction.

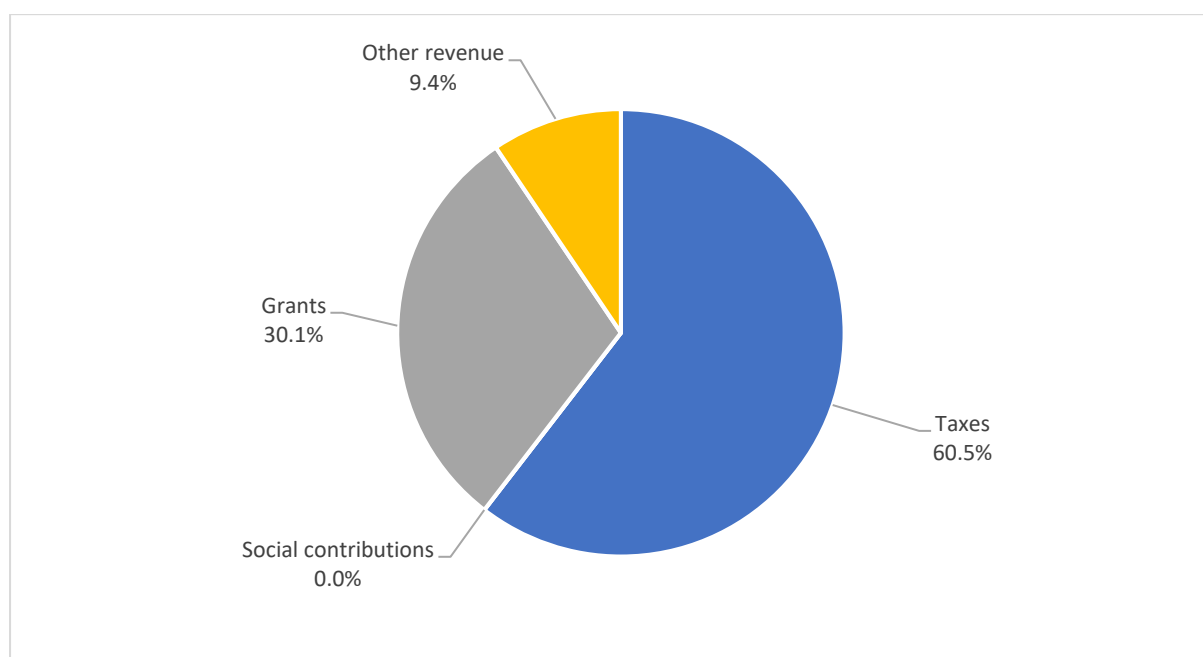
**Table 5-2 Total GFS Operating Revenue (\$'000)**

	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Taxes	165,104	180,879	189,793	196,638	204,660
Social contributions	0	0	0	0	0
Grants	14,685	90,041	38,937	13,971	10,180
<i>Current</i>	10,850	40,737	28,537	13,971	10,180
<i>Capital</i>	3,834	49,303	10,400	0	0
Other revenue	42,668	28,255	27,992	28,983	29,662
<b>Total Operating Revenue</b>	<b>222,457</b>	<b>299,174</b>	<b>256,722</b>	<b>239,592</b>	<b>244,502</b>

For 2024/25, operating revenue mainly comprises taxation receipts (60.5 per cent), grants from development partners (30.1 per cent), and other revenues (9.4 per cent), which includes agency trading revenues, fisheries revenues, interest and dividend receipts. These revenue sources fund ongoing government operational expenditure, with surpluses allocated to infrastructure development projects or building government cash reserves.

Over the medium-term, operating revenues are expected to decrease initially before stabilising. However, taxation receipts are projected to increase to \$204.7 million by 2027/28, compensating for reductions in grant revenues, which are estimated to decline to \$10.2 million by 2027/28 due to the typical expiration of contractual agreements on grants after three years.

**Figure 5-1 GFS Operating Revenue**





## 5.1.2. GFS Operating Expenditure

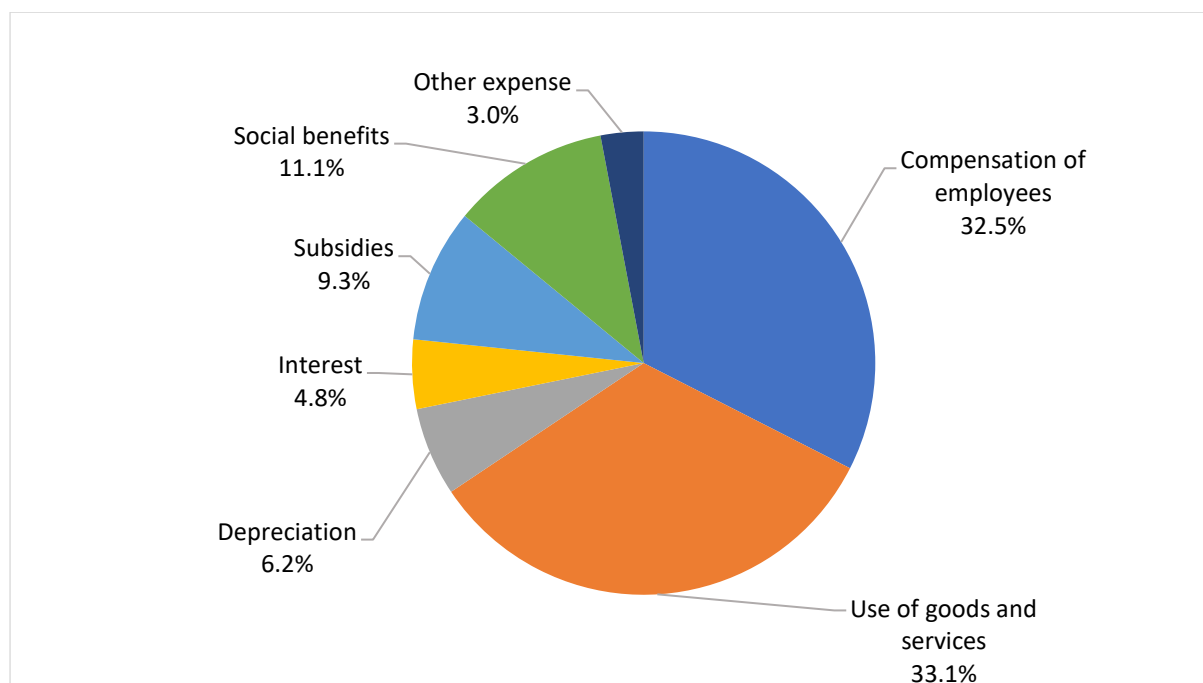
Total GFS operating expenditure is estimated to be \$246.8 million in 2024/25, with a subsequent decrease to \$235.1 million in 2025/26. This reduction is expected to continue over the medium-term, primarily attributed to the timing of finalising and confirming new grant funding agreements.

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

	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Compensation of employees	73,400	80,216	81,650	83,471	84,030
Use of goods and services	49,378	81,739	72,136	60,088	56,072
Depreciation	13,752	15,259	15,259	15,181	15,181
Interest	8,960	11,930	10,922	9,907	8,959
Subsidies	25,114	22,991	20,054	18,556	18,847
Grants	0	0	0	0	0
Social benefits	26,895	27,285	27,703	28,262	28,426
Other expense	8,764	7,377	7,373	7,148	7,201
<b>Total Operating Expenditure</b>	<b>206,264</b>	<b>246,796</b>	<b>235,097</b>	<b>222,613</b>	<b>218,718</b>

In 2024/25, additional expenditure is primarily allocated to the 'Use of Goods and Services' category, encompassing costs associated with meeting increased expenses and reappropriation of some significant expenditure from 2023/24. This category represents the largest portion of government operating expenditure at 33.1 per cent, followed closely by 'Compensation of employees' at 32.5 per cent. Other components of operating expenditure include social benefits (11.1 per cent), subsidies (9.3 per cent), depreciation (6.2 per cent), interest expenses (4.8 per cent), and other expenses (3.0 per cent).

**Figure 5-2 GFS Operating Expenditure**



### 5.1.2.1. Compensation of Employees

Expenditure for Compensation of Employees is forecast to be \$80.2 million for 2024/25, marking a \$6.8 million increase compared to the estimated spending of \$73.4 million in 2023/24. The increase

in expenditure is due to investment in critical positions, adjustments to the minimum wage and teacher's salaries.

#### **5.1.2.2. Use of Goods and Services**

The total expenditure for Use of Goods and Services includes recurrent ODA expenditures. Estimated at \$81.7 million in 2024/25, it is expected to decrease to \$72.1 million in 2025/26 and further decline to \$56.1 million by 2027/28. This reduction is mainly due to the conclusion of grant funding agreements within a three-year period and pending finalisation of new grant funding agreements. Additionally, the cessation of various Administered Payments after 2024/25 or 2025/26 which only have one-off or short-term funding allocations such as the SIF-ODA Graduation Support Fund (extended for two more fiscal years) and the Te Maeva Nui 60th celebrations transportation (\$2.5 million over two fiscal years) contributes to this trend.

#### **5.1.2.3. Consumption of Fixed Capital**

Total depreciation over the medium-term is estimated to be \$15.3 million which is mainly driven by technical adjustments made to agency depreciation baselines. In addition, funding has been provided to cover depreciation of donated assets and 25 electric vehicles.

#### **5.1.2.4. Interest (Debt Servicing Payments)**

Debt interest contributions to the LRF are projected to reach \$11.9 million in 2024/25, marking a \$2.9 million increase compared to the estimated actuals for 2023/24, primarily due to changes in interest and foreign exchange rates. Interest expenses in 2025/26 are forecast to decrease slightly before stabilising over the medium-term as foreign exchange rates are expected to improve.

### **5.2. GFS Non-Operating Items**

Cash transactions in non-financial assets represent capital expenditure, covering investments in infrastructure, plant and equipment, and ICT by the Crown and development partners. More details on specific capital projects are outlined in Chapter 8 (Capital Expenditure).

Gross transactions of non-financial assets, including depreciation, are estimated at \$68.4 million for 2024/25. This value comprises official development assistance capital funds totalling \$49.3 million, with \$34.0 million allocated to the Cook Islands Infrastructure Trust Fund (ITF). The utilisation of these funds is contingent upon approval by the Cook Islands ITF Steering Committee and may not be entirely expended in 2024/25. Cash transactions in non-financial assets are anticipated to decrease in subsequent years due to the reduction in ODA Capital Grant agreements, which are agreed upon over a shorter time-period.

#### **5.2.1. Net Borrowing / Lending and Cash Financing Transactions**

The Net Borrowing/Lending Requirement indicates the financing needed to cover both operating and capital balances, sourced from either assets (primarily accumulated cash reserves) or liabilities (such as loan financing).

For 2024/25, the net financing requirement is projected at a deficit of \$0.7 million, to be covered by cash reserves. As the economy rebounds in the coming years, this financing gap is expected to decrease.

Some minor adjustments not reflected in the GFS schedules, mostly concerning the classification of reserves, may affect the statistical discrepancy in the GFS Operating Statement due to timing differences between project implementation and funding received in the Crown account.

### 5.3. Classification of Functions of Government

The Classification of the Functions of Government (COFOG) categorises government expenditure by its intended purpose, enabling comparisons across different jurisdictions. It consists of 10 main-functional levels and 69 sub-functional levels. Table 5-4 provides a breakdown of the Budget to the sub-functional level for both Cook Islands Government spending and ODA, excluding categories without expenditure.

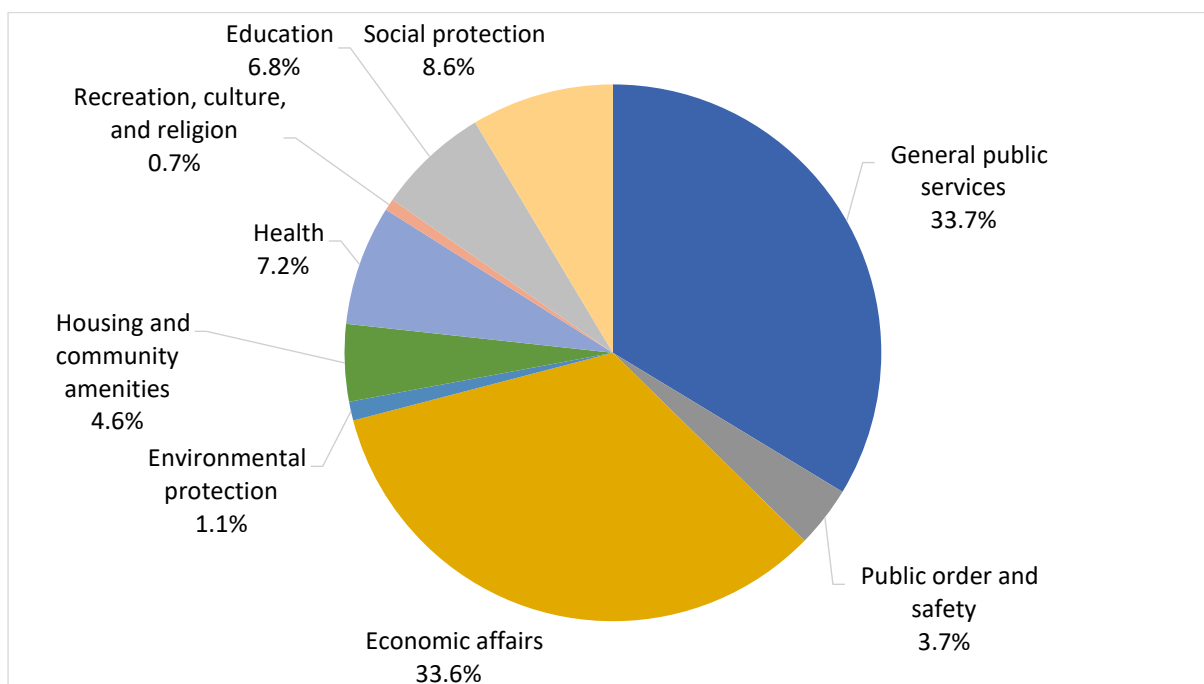
**Table 5-4 Classification of Functions of Cook Island Government (\$'000)**

Function of Government	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>Cook Islands Government (CIG) Expenditure</b>					
<b>General public services</b>	<b>51,345</b>	<b>59,000</b>	<b>56,361</b>	<b>57,442</b>	<b>56,521</b>
Executive and legislative organs, financial and fiscal affairs, external affairs	32,897	35,963	34,347	35,572	35,598
General services	8,498	10,086	10,092	10,749	10,749
R&D General public services	26	26	26	26	26
General public services	964	995	975	1,189	1,189
Public debt transactions	8,960	11,930	10,922	9,907	8,959
<b>Public order and safety</b>	<b>10,373</b>	<b>11,584</b>	<b>11,996</b>	<b>12,134</b>	<b>12,094</b>
Police services	5,999	6,289	6,511	6,711	6,671
Law courts	3,526	4,268	4,458	4,396	4,396
Prisons	848	1,026	1,026	1,026	1,026
<b>Economic affairs</b>	<b>66,508</b>	<b>63,160</b>	<b>60,441</b>	<b>62,435</b>	<b>60,833</b>
General economic, commercial, and labour affairs	10,352	9,720	8,743	8,797	8,797
Agriculture, forestry, fishing, and hunting	5,491	5,749	6,315	6,241	6,241
Fuel and energy	1,192	1,549	1,566	1,566	1,566
Mining, manufacturing, and construction	4,557	3,676	2,126	1,957	2,151
Transport	34,598	31,239	28,729	30,592	29,046
Communication	1,273	1,294	1,332	1,418	1,418
Tourism	8,279	9,346	11,043	11,269	11,019
R&D Economic affairs n.e.c.	638	460	460	467	467
Economic affairs n.e.c.	128	128	128	128	128
<b>Environmental protection</b>	<b>3,627</b>	<b>3,583</b>	<b>3,123</b>	<b>3,173</b>	<b>3,258</b>
Waste management	1,046	1,274	1,174	1,224	1,309
Protection of biodiversity and landscape	910	510	150	150	150
Environmental protection n.e.c.	1,671	1,799	1,799	1,799	1,799
<b>Housing and community amenities</b>	<b>13,487</b>	<b>14,644</b>	<b>15,833</b>	<b>16,943</b>	<b>19,827</b>
Community development	5,447	5,711	6,366	8,559	11,144
Water supply	4,104	4,843	5,152	4,069	4,369
Housing and community amenities n.e.c.	3,936	4,090	4,315	4,315	4,315
<b>Health</b>	<b>22,430</b>	<b>22,716</b>	<b>22,666</b>	<b>22,775</b>	<b>22,975</b>
Medical products, appliances, and equipment	695	1,095	795	595	595
Outpatient services	2,272	2,869	2,869	2,869	2,869
Hospital services	1,151	1,262	1,262	1,312	1,312
Health n.e.c.	18,312	17,490	17,740	17,999	18,199
<b>Recreation, culture, and religion</b>	<b>2,591</b>	<b>2,173</b>	<b>2,173</b>	<b>2,223</b>	<b>2,223</b>
Recreational and sporting services	345	473	473	473	473
Cultural services	2,246	1,700	1,700	1,750	1,750
<b>Education</b>	<b>20,770</b>	<b>21,300</b>	<b>21,338</b>	<b>23,504</b>	<b>23,388</b>
Pre-primary and primary education	2,735	2,735	2,759	2,759	2,759
Tertiary education	2,279	2,349	2,349	2,735	2,619
Education n.e.c.	15,755	16,215	16,230	18,010	18,010
<b>Social protection</b>	<b>25,245</b>	<b>26,974</b>	<b>27,292</b>	<b>26,827</b>	<b>27,107</b>
Sickness and disability	878	1,380	1,503	1,610	1,709
Old age	14,128	14,355	14,324	14,509	14,691
Family and children	7,616	7,841	8,068	8,068	8,068
Housing	109	109	109	109	109
Social exclusion n.e.c.	26	28	28	28	28
Social protection n.e.c.	2,487	3,260	3,260	2,501	2,501
<b>Total CIG Expenditure</b>	<b>216,377</b>	<b>225,133</b>	<b>221,224</b>	<b>227,456</b>	<b>228,225</b>

Function of Government	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>Official Development Assistance (ODA) Expenditure*</b>					
General public services	9,584	47,106	28,197	13,631	9,840
Economic affairs	4,756	42,735	10,680	280	280
Housing and community amenities	228	0	0	0	0
Health	87	70	0	0	0
Recreation, culture, and religion	25	60	60	60	60
Social protection	6	70	0	0	0
<b>Total ODA Expenditure</b>	<b>14,685</b>	<b>90,041</b>	<b>38,937</b>	<b>13,971</b>	<b>10,180</b>
<b>TOTAL PUBLIC EXPENDITURE</b>	<b>231,062</b>	<b>315,174</b>	<b>260,161</b>	<b>241,427</b>	<b>238,405</b>

Figure 5-3 classifies the combined Cook Islands Government and ODA spending in the 2024/25 Budget by the 10 main-functional levels.

**Figure 5-3 Classification of Functions of Cook Island Government**



In 2024/25, general public services expenditure rose to 33.7 per cent, mainly due to increased costs in government’s administration.

Economic affairs represent the second largest area of expenditure at 33.6 per cent, including funds for transport, Airline Route Development, inter-island shipping subsidies, and marine and road infrastructure. ODA expenditure in economic affairs supports projects like the Cook Islands Infrastructure Trust Fund and Manihiki Airport Upgrades.

Social protection accounts for 8.6 per cent of spending, with increased funds for Welfare Payments reflecting more recipients. Health and Education make-up 7.2 per cent and 6.8 per cent of expenditure respectively, while Housing and community amenities, and public order and safety follow closely behind. These allocations include various projects such as community development initiatives, cyclone shelter remediation, and infrastructure improvement programs.

## 6. Revenue

The government generates revenue primarily from three sources: taxes on businesses and individuals, grant funding from development partners, and other sources such as fees, licences and trading revenue. Taxation consistently yields the highest revenue, followed by grant funding, which supports government operations. Other revenue includes agency trading revenue, various fees and miscellaneous cashflows.

There is a strong correlation between taxation revenue and the country's economic performance, with increasing GDP typically leading to higher taxation revenues and vice versa.

The Cook Islands experienced reduced tax revenue during the COVID-19 pandemic due to halted tourism arrivals, impacting the private sector, which is heavily tourism-dependent. The effects of this downturn continue, with a slower recovery in company taxes due to losses from pandemic-affected years offsetting tax in subsequent years.

Tax revenue estimates for 2024/25 and 2025/26 have been slightly revised upwards, reflecting stronger economic recovery and better-than-forecast collections since the 2023/24 Supplementary Budget.

### 6.1. Revenue Performance

In 2023/24, total Crown Revenue is estimated at \$222.5 million, comprising \$165.1 million in taxation revenue, \$33.7 million in other revenue and \$9.1 million from New Zealand as Core Sector Support. Additionally, ODA grants amounted to \$14.7 million.

The \$165.1 million in taxation revenue reflects a 49.1 per cent increase from the previous year, indicating a steady and management recovery in both the economy and revenue collection, although accounting adjustments had reduced levels in 2022/23.

Excluding General Budget Support, other revenue is expected to increase by 16.1 per cent compared to 2022/23. This increase is mainly driven by higher income from fishing licences, attributed to El Nino shifting productive fishing areas into the Cook Islands' Economic Exclusive Zone (EEZ). Additionally, increased revenue is expected from immigration fees, upper air space management, dividend receipts and trading revenue.

This increase in taxation and other revenue has offset the decline in ODA and Budget Support. As a result, there is an overall increase of 16.7 per cent in total Crown revenue compared to 2022/23.

### 6.2. Revenue Forecast

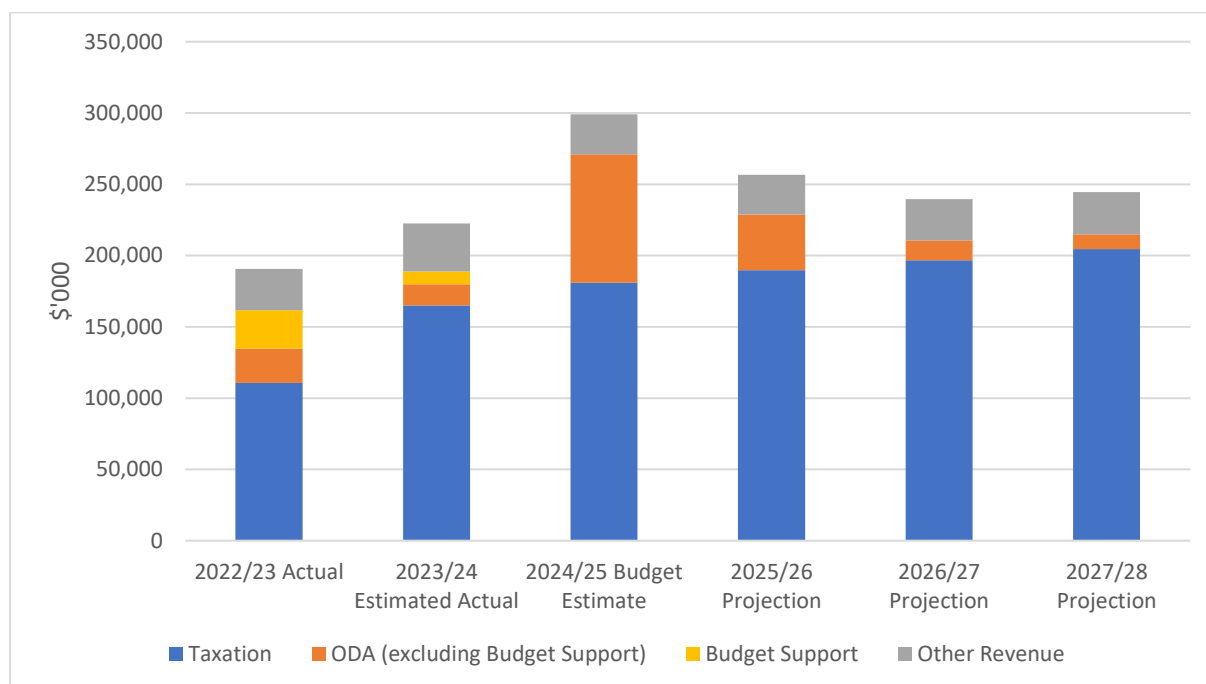
For 2024/25, total Crown Revenue (including ODA) is estimated at \$299.1 million, marking a significant increase of 34.5 per cent compared to the estimated levels for 2023/24. This figure includes total taxation revenues estimated at \$180.9 million.

The main factors contributing to these changes from 2023/24 include the growth in taxation revenue as the economy continues to recover from the recession, as well as substantial shifts in ODA. The forecast for ODA in 2024/25 (excluding General Budget Support) is expected to increase significantly compared to the estimated actuals for 2023/24. This is primarily attributed to funds associated with the Cook Islands Infrastructure Trust Fund (ITF) totalling \$44.4 million, which remained largely unutilised in 2023/24 and have been carried over to 2024/25 (\$34.0 million) and 2025/26 (\$10.4 million).

There is an anticipated decrease in General Budget Support, mainly due to reduced support during the pandemic and critical assistance provided in the early stages of recovery. While discussions with the Government of New Zealand are ongoing regarding Core Sector Support, these details are yet to

be confirmed at time of writing and thus have not been included in the Budget. Overall Budget Support is expected to decrease to the level of Core Sector Support, with a new triennium agreement set to commence in 2024/25.<sup>20</sup>

**Figure 6-1 Total Crown Revenue by General Source (\$'000)**



Total Crown Revenue, including ODA Grants, as shown in Figure 6-1, is expected to stabilise around \$250.0 million over the medium-term. The decline in ODA, largely due to uncommitted support in the outer years and the irregular nature of the ITF, which notably contributed to the spike in 2024/25 is partly balanced by increasing tax revenues.

**Table 6-1 Total Crown Revenue (\$'000)**

	2022/23 Actual	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Taxation	110,700	165,104	180,879	189,793	196,638	204,660
ODA Grants	23,949	14,685	90,041	38,937	13,971	10,180
Core Sector Support	7,825	9,100	0	0	0	0
General Budget Support	19,165	0	0	0	0	0
Other Revenue	28,922	33,568	28,255	27,992	28,983	29,662
<i>Of which Trading Revenue</i>	5,921	6,592	5,082	5,232	5,232	5,232
<b>Total</b>	<b>190,561</b>	<b>222,457</b>	<b>299,174</b>	<b>256,722</b>	<b>239,592</b>	<b>244,502</b>

The primary contributor to total crown revenue is general taxation, constituting 60.5 per cent of the expected revenue for 2024/25. Revenue estimates are projected to gradually increase year-on-year as tax revenue rebounds from the economic impact of the COVID-19 pandemic.

In the longer-term, ODA Grants are expected to remain the second largest contributor despite the decline in quantum in the outer years. This reduction is typically attributed to the short-horizon of future agreements to be signed, alongside the country's graduation to a developed status and the complete accounting of the ITF in 2024/25.

<sup>20</sup> As the funding under this programme is not yet confirmed, there are \$0 for Core Sector Support after 2023/24.

The remaining revenues stem from various sources including the sales of goods and services (trading revenue), fishing licences, dividends from State-owned enterprises (SOEs), fines and interest on government-held deposits.

### 6.3. Revenue Initiatives

Changes in revenue estimates are due to either parameter adjustments or policy decisions. Parameter adjustments are influenced by factors beyond the government's immediate control. For instance, an increase in VAT due to higher tourist numbers or increased spending on age pension due to more eligible individuals would be examples of parameter changes. Policy decisions directly reflect the impact of government's action. In the 2024/25 Budget, there have been no changes attributed to policy decisions.

Table 6-2 shows the parameter adjustments to revenues for 2024/25 and the subsequent years.

**Table 6-2 Changes to Revenue Estimates (Excluding ODA) (\$'000)**

Revenue Changes	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>Operating Revenue as per 2023/24 Supplementary</b>	<b>204,728</b>	<b>206,201</b>	<b>210,350</b>	<b>216,960</b>	<b>216,960</b>
<b>Parameter changes in 2024/25 Budget</b>	<b>(2,369)</b>	<b>4,010</b>	<b>4,407</b>	<b>5,015</b>	<b>13,036</b>
Value Added Tax (VAT)	2,339	1,887	(174)	360	4,111
Income tax	(1,477)	(84)	1,262	2,571	4,118
Excises and Duties	3,196	3,577	4,471	4,407	5,290
Company tax	(7,298)	(2,086)	(1,395)	(2,574)	(1,074)
Departure tax	870	717	242	251	591
Withholding tax	0	0	0	0	0
<b>Other Revenue changes in 2024/25 Budget</b>	<b>5,413</b>	<b>(1,078)</b>	<b>3,028</b>	<b>3,647</b>	<b>4,325</b>
Other revenue	3,798	(1,078)	3,028	3,647	4,325
Trading Revenue	1,615	0	0	0	0
Dividend	0	0	0	0	0
Core Sector Support	0	0	0	0	0
General Budget Support	0	0	0	0	0
<b>Operating Revenue as at 2024/25 Budget</b>	<b>207,772</b>	<b>209,133</b>	<b>217,785</b>	<b>225,621</b>	<b>234,321</b>

#### 6.3.1. Taxes

Taxes are classified as either direct or indirect taxation. Direct taxation applies directly to individuals, households, properties, or businesses, including income tax, company tax, and withholding tax. Indirect taxes are imposed through transactions such as value-added tax (VAT), and typically do not directly target individuals or businesses.

**Table 6-3 Taxation Revenue Estimates (\$'000)**

	2022/23 Actual	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Income tax	21,574	35,915	37,486	38,585	39,893	41,440
Company tax	4,793	14,855	22,846	27,505	28,772	30,273
Withholding tax	833	1,556	1,556	1,556	1,556	1,556
<b>Direct Tax Subtotal</b>	<b>27,200</b>	<b>52,326</b>	<b>61,889</b>	<b>67,647</b>	<b>70,222</b>	<b>73,270</b>
Value Added Tax	59,114	82,270	85,069	86,264	89,433	93,184
Excises and Duties	15,229	18,537	21,022	22,656	23,451	24,334
Departure tax	9,156	11,971	12,900	13,227	13,532	13,872
<b>Indirect Tax Subtotal</b>	<b>83,500</b>	<b>112,778</b>	<b>118,990</b>	<b>122,146</b>	<b>126,416</b>	<b>131,390</b>
<b>Total Taxation Revenue</b>	<b>110,700</b>	<b>165,104</b>	<b>180,879</b>	<b>189,793</b>	<b>196,638</b>	<b>204,660</b>

### 6.3.1.1. Direct taxation

For 2024/25, direct taxation is expected to increase to \$61.9 million, reflecting the ongoing economic recovery – an 18.3 per cent increase from the estimated actual of \$52.3 million in 2023/24. Company tax estimates for 2024/25 indicate expected improvement as businesses rebound from pandemic-induced losses. Forward year estimates are anticipated to gradually improve thereafter.

Income tax estimates reflect the ongoing recovery from reduced incomes during the most severe COVID-affected period and are expected to continue improving over the medium-term. Income tax typically contributes the most to direct taxation revenues, followed by company tax (Figure 6-2).

Withholding Tax for 2023/24 is expected to be \$1.6 million. Due to its high volatility, forward year estimates have been maintained at that level, suggesting a conservative approach. Consequently, forward estimates are likely to be cautious.

While direct taxation revenue forecasts are more positive, they remain conservative as the economy recovers. As revenue collections data becomes available, these forecasts will be updated accordingly.

**Figure 6-2 Total Direct Taxation (\$'000)**



### 6.3.1.2. Indirect taxation

Indirect taxation, including VAT, import levies and departure tax is detailed in Table 6-3. Total indirect taxation for 2024/25 is estimated at \$119.0 million, reflecting a 5.5 per cent increase from the 2023/24 estimated actual revenue of \$112.8 million. Beyond that, numbers are expected to stabilise gradually in the outer years.

The increases in VAT and departure tax are largely driven by tourism volumes. With borders fully open since the 2021/22 fiscal year, tourism numbers have risen leading to higher collections in indirect taxation. Tourist arrival numbers are expected to stabilise in subsequent years.

VAT payments continue to exceed previous expectations, possibly due to increase compliance following the Economic Response Plan (ERP) measures during the pandemic that required registration, as well as the increased activity and rising prices. VAT payments for 2023/24 are expected to be 39.2 per cent higher than 2022/23, with part of this growth reflecting accounting adjustments to the 2022/23 amount.



Departure tax estimates are anticipated to continue increasing in line with visitor arrivals. Import and excise-equivalent duties are forecast at \$21.0 million in 2024/25, a 13.4 per cent increase from the 2023/24 level, with minimal expected growth in line with overall imports across the forward years.

### 6.3.2. Registration and Fishing Licences

Motor Vehicle Registration fees will remain consistent over the medium-term at \$875,000 annually, as most rental businesses have resumed operations with the increase in visitor numbers.

Fisheries revenues for 2023/24 are estimated at \$16.0 million. However, projections suggest a decrease of about 12 per cent in 2024/25 and further declines in the subsequent years. These reductions are mainly attributed to shifts in weather patterns, particularly La Nina and El Nino, which have pushed fisheries outside the Cook Islands' EEZ. However, higher revenues are anticipated from the US Treaty, partially offsetting these declines.

Adjustments have been made to Purse Seine Fishery revenues to account for the impacts of changing climatic conditions, particularly El Nino. Additionally, efforts are underway to join the Cook Islands into the Vessel Day Scheme with parties to the Palau Agreement.

Negotiations regarding the US Fisheries Treaty have led to an anticipated increase in annual revenue for the next decade, commencing in 2024, resulting in a \$1.6 million boost in fisheries revenue.

**Table 6-4 Total Registration and Fishing Licences (\$'000)**

	2022/23 Actual	2023/24 Estimate Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Motor Vehicle Registration	811	875	875	875	875	875
Motor Vehicle Dealers	5	3	3	3	3	3
<b>Fisheries Revenue</b>	<b>10,235</b>	<b>15,989</b>	<b>14,100</b>	<b>13,700</b>	<b>13,700</b>	<b>13,700</b>
<i>US Fisheries Treaty</i>	3,012	3,810	7,580	7,580	7,580	7,580
<i>EU Agreement</i>	1,695	1,400	400	0	0	0
<i>Purse seine fishery</i>	1,526	7,000	2,260	2,260	2,260	2,260
<i>Longline Licences and QMS</i>	3,753	3,600	3,000	3,000	3,000	3,000
<i>Other fisheries and auxiliary vessel licensing</i>	113	133	160	160	160	160
<i>Regional Fisheries Management Organisations - SIOFA and SPRFMO</i>	135	46	583	583	583	583
<i>SIOFA and SPRFMO fisheries cost recovery</i>	0	0	117	117	117	117
<b>Indirect Taxation Revenue</b>	<b>11,050</b>	<b>16,868</b>	<b>14,978</b>	<b>14,578</b>	<b>14,578</b>	<b>14,578</b>

### 6.3.3. Social contributions

The Employer Liability estimates over the medium-term have been adjusted to zero due to the suspension of these payments pending a review of the supporting legislation.

**Table 6-5 Social contributions**

	2022/23 Actual	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Employer Liabilities	0	0	0	0	0	0
<b>Total Social Contributions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 6.3.4. Grants

Grants refers to transfers received from other governments or international organisations, commonly known as ODA. Further information on ODA-funded projects is provided in Chapter 15.

Total ODA grants from development partners for 2024/25 are forecast to reach \$90.0 million, with \$34.0 million of these funds allocated to the ITF. Projections for the outer years anticipate a decrease, primarily due to the nature of budget support funds. Development partners typically do not commit development assistance budgets for more than two to three years in advance, resulting in unconfirmed support for those years.

**Table 6-6 Grants (\$'000)**

	2022/23 Actual	2023/24 Estimate Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Recurrent ODA Grants	14,946	10,850	40,737	28,537	13,971	10,180
Capital ODA Grants	9,003	3,834	49,303	10,400	0	0
<b>Total NZD Equivalent ODA Funding</b>	<b>23,949</b>	<b>14,685</b>	<b>90,041</b>	<b>38,937</b>	<b>13,971</b>	<b>10,180</b>

### 6.3.5. Core Sector Support and General Budget Support Funding

The Core Sector Support Grant Funding Arrangement with New Zealand is allocated over the medium-term in a three-year 'triennium'. It provides direct budget support to key sectors such as the Ministry of Education, Cook Islands Tourism Corporation, and the Ministry of Health, aimed at enhancing indicators aligned with the Cook Islands' National Sustainable Development Plan goals.

In 2023/24, the New Zealand Government provided \$9.1 million for Core Sector Support. Discussions between the New Zealand and Cook Islands Governments are ongoing, with the amount of Core Sector Support for the triennium beginning in 2024/25 yet to be confirmed. As a result, the 2024/25 Budget currently reflects zero allocation for Core Sector Support, although this is unlikely to remain the case.

General Budget Support from New Zealand played a crucial role during the COVID-19 affected years; however, it is not anticipated to continue in the future.

**Table 6-7 Budget Support Funding (\$'000)**

	2022/23 Actual	2023/24 Estimate Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Core Sector Support Funding	7,825	9,100	0	0	0	0
General Budget Support Funding	19,165	0	0	0	0	0
<b>Total Budget Support Funding</b>	<b>29,268</b>	<b>9,100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 6.3.6. Interest

Total interest received is projected to amount to \$2.2 million, with interest on loans and subsidiaries reported at \$1.5 million for 2023/24. The end of the repayment holiday for the Cook Islands Port Authority results in revenue for 2023/24 increasing to \$1.5 million<sup>21</sup>. Interest revenues are anticipated to remain at similar levels over the medium-term, gradually decreasing as loans are repaid.

**Table 6-8 Interest (\$'000)**

	2022/23 Actual	2023/24 Estimate Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Interest on Government deposits	1,456	576	573	573	573	573
Interest on Loans and Subsidiaries	1,719	1,467	1,304	1,179	1,065	948
Interest on Balances – LRF	220	108	72	73	75	76
<b>Total Interest</b>	<b>3,395</b>	<b>2,150</b>	<b>1,949</b>	<b>1,825</b>	<b>1,713</b>	<b>1,597</b>

<sup>21</sup> These revenues are then used to make repayments on loans taken on behalf of the Ports Authority.

### 6.3.7. Dividends

During the pandemic, dividends for all SOEs were adjusted to zero due to the economic slowdown and associated reduction in revenues and welfare contributions. As the economy rebounds and SOE balance sheets strengthen, a gradual return to dividends is anticipated. The first of this is evident in government's shares in Vodafone Cook Islands Ltd, which yields a \$2.4 million dividend in 2023/24, with revenue estimates over the medium-term projected to increase to \$2.8 million by 2027/28.

Small dividends through Te Aponga Uira are forecast to begin from 2025/26, amounting to \$0.5 million, followed by dividends from the Bank of the Cook Islands, expected from 2026/27, totalling \$0.3 million.

**Table 6-9 Dividends (\$'000)**

	2022/23 Actual	2023/24 Estimate Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Bank of the Cook Islands	0	0	0	0	250	250
Te Aponga Uira	0	0	0	500	500	500
Telecom Cook Islands (Vodafone)	0	2,400	1,600	1,200	2,000	2,800
<b>Total Dividends</b>	<b>0</b>	<b>2,400</b>	<b>1,600</b>	<b>1,700</b>	<b>2,750</b>	<b>3,550</b>

### 6.3.8. Administrative Fees

Administrative fees collected by government agencies vary and include regulatory charges, which are returned to the government Crown Account.

**Table 6-10 Administrative Fees (\$'000)**

	2022/23 Actual	2023/24 Estimate Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
FSC Vested Assets	2,310	0	0	0	0	0
FSC Return of Excess	240	145	100	100	100	100
Immigration Fees	1,422	1,734	1,750	1,779	1,839	1,839
IMO Subscription – Maritime CI's	0	66	66	66	66	66
Research Fee	2	2	2	2	2	2
Permits	20	13	10	10	10	10
Driver's Licences	330	287	260	260	260	260
Upper Air Management Agreement	455	1,381	812	812	812	812
Shipping Registration	221	253	98	98	98	98
International Shipping Licence	(8)	20	25	25	25	25
Liquor Licensing	63	60	60	60	60	60
Tattslotto Grants	215	157	120	120	120	120
Censorship Fees	1	1	1	1	1	1
Land Court Fees	192	147	147	147	147	147
<b>Total Administrative Fees</b>	<b>5,461</b>	<b>4,266</b>	<b>3,450</b>	<b>3,479</b>	<b>3,539</b>	<b>3,539</b>

Total administrative fees for 2024/25 are estimated at \$3.5 million, a decrease from the \$4.3 million estimated actual for 2023/24. These fees consist of various revenue streams:

- **Vested Assets** – no further transfers are expected over the medium-term.
- **FSC Return of Excess** – revenue projections anticipated to return to normal levels over the medium-term.
- **Immigration Fees** – revenue is estimated to be \$1.8 million over the medium-term, aligned with the new fee structure and addressing labour shortages.
- **IMO Subscriptions Maritime Cook Islands** – revenue estimates remain unchanged over the medium-term.

- **Research Fees** – estimates for research fees are unchanged.
- **Permits** – revenue estimates for permits are stable.
- **Driver Licence** – estimates are expected to stabilise as visitor numbers normalise.
- **Upper Air Management Agreement** – revenue collections for 2023/24 exceeded forecasts due to contract renewal, with stable estimates going forward.
- **Shipping Registration** – Estimated actuals are higher-than-forecast for 2023/24, with unchanged revenue projections for the medium-term.
- **International Shipping Licences** – Forecasts have increased due to rise in approved licences.
- **Liquor Licences** – Forecasts have been raised to reflect an increase in licenced premises.
- **Tattslotto Grants** – Estimates remain unchanged for 2024/25 and beyond.
- **Censorship Fees** – Estimates for the medium-term remain unchanged.

### 6.3.9. Agency Trading Revenue

Trading Revenue serves as a means of recovering operational costs incurred by Ministries and Island Administrations in delivering services. Estimates for trading revenue over the medium-term remain largely unchanged.

**Table 6-11 Trading Revenue (\$'000)**

	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Ministry of Agriculture	191	261	261	261
Cook Islands Audit Office	156	156	156	156
Ministry of Cultural Development	170	170	170	170
Business Trade and Investment Board	27	27	27	27
National Environment Service	35	35	35	35
Ministry of Finance and Economic Management	954	954	954	954
Ministry of Foreign Affairs and Immigration	28	28	28	28
Ministry of Health	350	350	350	350
Infrastructure Cook Islands	300	380	380	380
Ministry of Justice	425	425	425	425
Ministry of Corrective Services	100	100	100	100
Ministry of Marine Resources	20	20	20	20
Cook Islands Police Services	155	155	155	155
Cook Islands Tourism Corporation	20	20	20	20
Ministry of Transport	50	50	50	50
Cook Islands Investment Corporation	754	754	754	754
Cook Islands Seabed Minerals Authority	240	240	240	240
Island Administration total	1,107	1,107	1,107	1,107
<b>Total Trading Revenue</b>	<b>5,082</b>	<b>5,232</b>	<b>5,232</b>	<b>5,232</b>

### 6.3.10. Incidental sales by non-market establishments

Revenue from the Sale of Currency, including Cook Islands coins and the \$3 note, is estimated at \$268,853 for 2023/24. These estimates are expected to stabilise over the medium-term at lower levels around \$195,000 per year. This reflects the transition to a cashless society and continued sales of the new \$3 note mainly to visitors as souvenirs.

In 2023/24, revenue from Numismatics (the sale of collectible currency) is estimated at \$908,354, slightly higher than the 2023/24 Supplementary Budget projection of \$849,772. Revenue estimates for the subsequent years have slightly increased due to fluctuations in conversion rates from US Dollars to New Zealand Dollars, as the current contract price is in US Dollars.

**Table 6-12 Incidental Sales by Non-market Establishments (\$'000)**

	2022/23 Actual	2023/24 Estimate Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Sales of Currency	148	269	195	195	195	195
Numismatics	1,188	908	886	868	862	856
<b>Total Incidental Sales by non-market</b>	<b>1,336</b>	<b>1,177</b>	<b>1,081</b>	<b>1,063</b>	<b>1,057</b>	<b>1,051</b>

### 6.3.11. Fines, penalties, and forfeits

Court service fines, collected as part of court orders, are stable with estimated actuals for 2023/24 and revenue projections for subsequent years. This stability reflects a return to more typical court sittings. Revenue from instant fines is estimated at \$60,000 for 2023/24 and is anticipated to remain unchanged over the medium-term.

**Table 6-13 Fines, Penalties, and Forfeits (\$'000)**

	2022/23 Actual	2023/24 Estimate Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Court Services	37	27	27	27	27	27
Instant Fines	56	60	60	60	60	60
<b>Total Fines, Penalties and Forfeits</b>	<b>93</b>	<b>87</b>	<b>87</b>	<b>87</b>	<b>87</b>	<b>87</b>

### 6.3.12. Miscellaneous and Unidentified revenue

Foreign Investment fees are charged for applications from non-Cook Islanders or international firms seeking to purchase shares or establish businesses in the Cook Islands, with a set fee of \$750 per application.

In 2023/24, foreign investment fees collected totalled \$28,000 compared to the expected collection of \$34,000 as reported in the 2023/24 Supplementary Budget, indicating a lower-than-expected interest in foreign investments, possibly due to economic uncertainty. Revenue estimates for foreign investment fees have been adjusted downwards to this level over the medium-term.

**Table 6-14 Miscellaneous and Unidentified Revenue (\$'000)**

	2022/23 Actual	2023/24 Estimate Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Foreign Investment Fees	27	28	28	28	28	28
<b>Total Foreign Investment Fees</b>	<b>27</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>28</b>

## 7. Operating Expenditure

The largest portion of government expenditure is operating expenditure, which covers personnel and the day-to-day running of each government agency. This funding supports the delivery of public services to the community, including social benefits like welfare.

It consists of the following expenditure categories:

- Personnel
- Operating
- Administered Payments
- Depreciation
- Payment on behalf of Crown (POBOC)
- Other Operating Expenses

POBOC funds are typically excluded from a government department's operating budget due to their nature as payments mandated by legislation or contractual obligations. However, these funds are included in the government department's overall 'expenditure ceiling'.

Other operating expenses include Crown depreciation, debt repayments, and an operating contingency balance.

This chapter explains the significant changes made in the 2024/25 Budget, and each government department's budget.

The 2024/25 Budget and medium-term plans focus on providing additional funding and reallocating resources to address critical needs and supports sustainable recovery. These measures are summarised in section 7.5 with further details provided under each government department.

### 7.1. Performance on Government Expenditure

Actual expenditure by government departments often falls below budgeted amounts for various reasons. Underspensing on personnel is usually due to difficulties in recruiting for business-critical roles. Lower-than-anticipated expenditures in Operating and Administered Payments are often attributable to external influences or operational inefficiencies, which may include the personnel challenges mentioned previously. These factors can impede the Government's ability to implement programmes.

Note, expenditures can be transferred between categories within a government department, with some limitations and exceptions like POBOCs and Other operating expenses. Therefore, these values serve as a guide only.

Table 7-1 provides a breakdown of operating expenditure for 2022/23 to 2027/28. Total operating expenditure for 2023/24 is expected to be \$195.4 million.

**Table 7-1 Total Operating Expenditure (\$'000)**

Operating Expenditure	2022/23 Actual	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>Ministry Outputs</b>	<b>120,387</b>	<b>144,556</b>	<b>154,213</b>	<b>156,238</b>	<b>159,705</b>	<b>160,013</b>
Personnel	63,375	66,624	73,092	74,447	76,489	77,048
Operating	21,354	19,176	18,734	19,796	20,707	21,127
Administered Payments	28,369	51,780	53,905	53,514	54,104	53,433
Depreciation	7,289	6,975	8,482	8,482	8,404	8,404
POBOC	32,510	33,437	32,989	32,473	32,104	32,638
<b>Total Other Operating</b>	<b>17,567</b>	<b>17,420</b>	<b>18,857</b>	<b>17,849</b>	<b>16,834</b>	<b>15,886</b>
Debt Interest Contribution to LRF	8,483	8,960	11,930	10,922	9,907	8,959
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
<b>Depreciation Contingency Fund</b>	<b>2,174</b>	<b>2,174</b>	<b>2,174</b>	<b>2,174</b>	<b>2,174</b>	<b>2,174</b>
Chinese Equipment	0	0	0	0	0	0
Rarotonga Water Network	803	803	803	803	803	803
Northern Pa Enea Renewable Energy System	400	400	400	400	400	400
Southern Pa Enea Renewable Energy System (excl. Aitutaki)	971	971	971	971	971	971
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	1,533	0	0	0	0
<b>Total Operating Expenses</b>	<b>170,464</b>	<b>195,413</b>	<b>206,059</b>	<b>206,560</b>	<b>208,642</b>	<b>208,538</b>

## 7.2. Reappropriation of 2023/24 Operating Appropriations

Table 7-2 lists the approved operating funds from 2023/24 that has been reappropriated into the 2024/25 Budget, with brief explanations provided below.

**Table 7-2 Operating Expenditure Reappropriation (\$'000)**

Expenditure Type	Agency	Details	Amount	2023/24 Supp. Budget Estimate	2023/24 Budget Adjusted	2024/25 Budget Estimate	2024/25 Budget Adjusted
Operating	OPSC	Various operational costs	58	276	218	237	295
Admin. Fund	Tourism	Marketing - Tourism Growth Strategy	350	5,093	4,743	4,500	4,850
Admin. Fund	MFEM	Economic Recovery Roadmap	1,450	4,490	3,040	505	1,955
Admin. Fund	MFEM	Universal Access Funds	400	538	138	0	400
<b>Total reappropriation</b>			<b>2,258</b>	<b>10,396</b>	<b>8,138</b>	<b>5,242</b>	<b>7,500</b>

- **Operating** – to cover operational costs for the Office of the Public Service Commissioner including smart measures and business plan training, performance management, recruitment expenses, and updating the Heads of Ministries manual.
- **Marketing – Tourism Growth Strategy** – to assist the Cook Islands Tourism’s Corporation in implementing its marketing strategies for the 2024/25 fiscal year.
- **Economic Recovery Roadmap** – these funds are allocated as a fuel backstop for the airlines due to the risk of adverse jet-fuel price movements and to cover ongoing costs, considering the 2024/25 Budget is significantly lower than the 2023/24 Budget.
- **Universal Access Funds** – a portion of these funds has been reallocated to support the Competition Regulatory Authority (CRA) and portion of it has been returned to the Crown.

### 7.3. General Budget Changes

General expenditure decisions have been applied across some Government departments, with specific changes detailed in department-specific sections. These decisions include:

- **Intra-agency transfers** – where a government department has requested to reallocate funds within its existing appropriation between personnel, operating costs, administered payments or depreciation.
- **Inter-agency transfers** – where funds have been transferred between government departments to support programmes or initiatives.

### 7.4. Significant Expenditure Initiatives

The 2024/25 Budget includes the following significant expenditure initiatives and policy decisions:

- **Minimum wage adjustment** – an additional \$320,992 is needed for personnel costs due to the minimum wage increase to \$9.50 per hour. A total cost of \$1.3 million over four years.
- **Airline Route Development** – an increase of \$2.6 million for 2024/25 and a total increase of \$4.1 million over four years to support tourism recovery and growth.
- **Tourism** – \$726,495 allocated for 2024/25 and \$9.2 million over four years to capitalise on the airline route development investment through marketing and promotional activities.
- **Welfare payments** – an increase of \$485,927 in 2024/25 and a total of \$3.2 million over four years to cover an increase in the number of welfare beneficiaries.
- **Patient referrals** – a \$1.0 million annual increase to reflect the actual expenditure.
- **Healthcare personnel** – a phased increase personnel from 2025/26 onwards, totalling \$1.0 million to address recruitment and retention challenges.
- **Education personnel** – a phased increase of \$410,828 in 2024/25 to 2025/26 for teacher’s salaries and \$2.2 million from 2026/27 to shift to the 2019 Government pay structure.
- **Finance personnel** – \$400,000 for 2024/25 and 2025/26 has been allocated to strengthen tax collection and compliance. Additionally, \$125,000 from 2025/26 to hire accountants to increase capacity and strengthen government’s financial reporting.
- **Foreign Affairs and Immigration personnel** – a one-off personnel increase of \$250,000 in 2024/25 to bolster capacity for the Ministry of Foreign Affairs and Immigration.
- **Depreciation for electric vehicles** – \$1.5 million over four years to account for the depreciation of electric vehicles that were acquired for the 52<sup>nd</sup> Pacific Islands Forum Leader’s meeting held in November 2023 and later assigned to government departments.
- **Te Maeva Nui 60<sup>th</sup> Celebration Transportation costs** – \$2.5 million is allocated over two years for transportation costs to enable Pa Enea residents to attend the celebration on Rarotonga.
- **Domestic shipping service** – \$800,000 in 2024/25 and a total of \$9.8 million over four years to establish a domestic shipping service.



## 7.5. Government Department Budgets

The following section details the budget for each government department, including the medium-term expenditure adjustments. For details on the Government department's outputs and planned programmes for the medium-term, please refer to 'Budget Book 2'.

### 7.5.1. Ministry of Agriculture

Agriculture		2024/25	2025/26	2026/27	2027/28
MTEC	Personnel	1,095,572	1,095,572	1,145,572	1,145,572
	Operating	314,509	314,509	314,509	314,509
	Administered Payments	0	0	0	0
	Depreciation	75,000	75,000	75,000	75,000
	<b>Gross Appropriation</b>	<b>1,485,081</b>	<b>1,485,081</b>	<b>1,535,081</b>	<b>1,535,081</b>
	Trading Revenue	190,535	260,535	260,535	260,535
	<b>Net Appropriation</b>	<b>1,294,546</b>	<b>1,224,546</b>	<b>1,274,546</b>	<b>1,274,546</b>
	POBOC	0	0	0	0
	<b>Medium-term Expenditure Ceiling</b>	<b>1,485,081</b>	<b>1,485,081</b>	<b>1,535,081</b>	<b>1,535,081</b>

**Table 7-3 Total Resourcing – Government and ODA, Agriculture (\$)**

	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Net Appropriation	1,294,546	1,224,546	1,274,546	1,274,546
Trading Revenue	190,535	260,535	260,535	260,535
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>1,485,081</b>	<b>1,485,081</b>	<b>1,535,081</b>	<b>1,535,081</b>

**Table 7-4 Output Funding for Agriculture (\$)**

	Output 1	Output 2	Output 3	Output 4	Total
Personnel	377,262	369,010	214,982	134,318	1,095,572
Operating	82,046	69,726	9,499	153,238	314,509
Administered Funding	0	0	0	0	0
Depreciation	222	15,804	0	58,974	75,000
<b>Gross Operating Appropriation</b>	<b>459,530</b>	<b>454,540</b>	<b>224,481</b>	<b>346,530</b>	<b>1,485,081</b>
Trading Revenue	50,000	55,000	10,000	75,535	190,535
<b>Net Operating Appropriation</b>	<b>409,530</b>	<b>399,540</b>	<b>214,481</b>	<b>270,995</b>	<b>1,294,546</b>

#### 7.5.1.1. Ministry of Agriculture Outputs

Output 1: Crops Research

Output 2: Biosecurity

Output 3: Advisory

Output 4: Corporate Services

**Table 7-5 Baselines and New Budget Measures, Agriculture (\$)**

Details	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>2023/24 Budget Personnel Baseline</b>	<b>1,095,572</b>	<b>1,145,572</b>	<b>1,145,572</b>	<b>1,145,572</b>
One-off reduction in programmed personnel	0	(50,000)	0	0
<b>2024/25 Budget Personnel Budget</b>	<b>1,095,572</b>	<b>1,095,572</b>	<b>1,145,572</b>	<b>1,145,572</b>
<b>2023/24 Budget Operating Baseline</b>	<b>314,509</b>	<b>314,509</b>	<b>314,509</b>	<b>314,509</b>
<b>2024/25 Budget Operating Budget</b>	<b>314,509</b>	<b>314,509</b>	<b>314,509</b>	<b>314,509</b>
<b>2023/24 Budget Administered Payments Baseline</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2024/25 Budget Administered Payments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2023/24 Budget Depreciation Baseline</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>
For tractors, excavators and implements received	30,000	30,000	30,000	30,000
<b>2024/25 Budget Depreciation</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>
<b>Gross Operating Appropriation</b>	<b>1,485,081</b>	<b>1,485,081</b>	<b>1,535,081</b>	<b>1,535,081</b>
<b>2023/24 Budget Trading Revenue Baseline</b>	<b>190,535</b>	<b>260,535</b>	<b>260,535</b>	<b>260,535</b>
<b>2024/25 Budget Trading Revenue</b>	<b>190,535</b>	<b>260,535</b>	<b>260,535</b>	<b>260,535</b>
<b>Net Operating Appropriation</b>	<b>1,294,546</b>	<b>1,224,546</b>	<b>1,274,546</b>	<b>1,274,546</b>

Changes for the 2024/25 Ministry of Agriculture's budget include:

- \$30,000 increase in depreciation funding for the tractors, excavators and implements received.
- \$50,000 reduction in the planned personnel increase for 2025/26 to fund other critical needs.

## 7.5.2. Public Expenditure Review Committee and Audit (PERCA)

Audit (PERCA)		2024/25	2025/26	2026/27	2027/28
MTEC	Personnel	996,953	996,953	996,953	996,953
	Operating	112,451	112,451	119,701	119,701
	Administered Payments	0	0	0	0
	Depreciation	23,250	23,250	16,000	16,000
	<b>Gross Appropriation</b>	<b>1,132,654</b>	<b>1,132,654</b>	<b>1,132,654</b>	<b>1,132,654</b>
	Trading Revenue	156,300	156,300	156,300	156,300
	<b>Net Appropriation</b>	<b>976,354</b>	<b>976,354</b>	<b>976,354</b>	<b>976,354</b>
	POBOC	160,500	160,500	160,500	160,500
	<b>Medium-term Expenditure Ceiling</b>	<b>1,293,154</b>	<b>1,293,154</b>	<b>1,293,154</b>	<b>1,293,154</b>

**Table 7-6 Total Resourcing – Government and ODA, Audit (\$)**

	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Net Appropriation	976,354	976,354	976,354	976,354
Trading Revenue	156,300	156,300	156,300	156,300
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>1,132,654</b>	<b>1,132,654</b>	<b>1,132,654</b>	<b>1,132,654</b>

**Table 7-7 Output Funding for Audit (\$)**

	Output 1	Output 2	Output 3	Output 4	Output 5	Total
Personnel	194,250	536,550	42,000	204,750	19,403	996,953
Operating	29,925	29,925	29,925	22,676	0	112,451
Administered Funding	0	0	0	0	0	0
Depreciation	5,813	5,813	5,813	5,813	0	23,250
<b>Gross Operating Appropriation</b>	<b>229,988</b>	<b>572,288</b>	<b>77,738</b>	<b>233,239</b>	<b>19,403</b>	<b>1,132,654</b>
Trading Revenue	30,000	121,000	5,300	0	0	156,300
<b>Net Operating Appropriation</b>	<b>199,988</b>	<b>451,288</b>	<b>72,438</b>	<b>233,239</b>	<b>19,403</b>	<b>976,354</b>

### 7.5.2.1. Cook Islands Audit Office Outputs

- Output 1: Audit of Government financial statements
- Output 2: Audit of Government entity financial statements
- Output 3: Investigations and other work
- Output 4: Corporate Services
- Output 5: Advisor to the Public Accounts Committee

**Table 7-8 Baselines and New Budget Measures, Audit (\$)**

Details	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
2023/24 Budget Personnel Baseline	996,953	996,953	996,953	996,953
2024/25 Budget Personnel Budget	996,953	996,953	996,953	996,953
2023/24 Budget Operating Baseline	112,451	112,451	119,701	119,701
2024/25 Budget Operating Budget	112,451	112,451	119,701	119,701
2023/24 Budget Administered Payments Baseline	0	0	0	0
2024/25 Budget Administered Payments	0	0	0	0
2023/24 Budget Depreciation Baseline	23,250	23,250	16,000	16,000
2024/25 Budget Depreciation	23,250	23,250	16,000	16,000
<b>Gross Operating Appropriation</b>	<b>1,132,654</b>	<b>1,132,654</b>	<b>1,132,654</b>	<b>1,132,654</b>
2023/24 Budget Trading Revenue Baseline	156,300	156,300	156,300	156,300
2024/25 Budget Trading Revenue	156,300	156,300	156,300	156,300
<b>Net Operating Appropriation</b>	<b>976,354</b>	<b>976,354</b>	<b>976,354</b>	<b>976,354</b>
2023/24 Budget POBOC Baseline	160,500	160,500	160,500	160,500
2024/25 Budget POBOC Funding	160,500	160,500	160,500	160,500

There are no significant funding changes for the Cook Islands Audit Office.

**Table 7-9 Payments on Behalf of Crown, Audit (\$)**

Output	POBOC	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
1	Audit Fees	103,000	103,000	103,000	103,000
	<b>Output 1 POBOC Funding</b>	<b>103,000</b>	<b>103,000</b>	<b>103,000</b>	<b>103,000</b>
4	PERC Salaries and Administration Costs	57,500	57,500	57,500	57,500
	<b>Output 4 POBOC Funding</b>	<b>57,500</b>	<b>57,500</b>	<b>57,500</b>	<b>57,500</b>
	<b>Total POBOC Funding</b>	<b>160,500</b>	<b>160,500</b>	<b>160,500</b>	<b>160,500</b>

### 7.5.3. Business Trade and Investment Board (BTIB)

Business Trade and Investment Board		2024/25	2025/26	2026/27	2027/28
MTEC	Personnel	390,000	390,000	390,000	390,000
	Operating	242,267	242,267	242,267	242,267
	Administered Payments	0	0	0	0
	Depreciation	12,789	12,789	16,789	16,789
	<b>Gross Appropriation</b>	<b>645,056</b>	<b>645,056</b>	<b>649,056</b>	<b>649,056</b>
	Trading Revenue	27,400	27,400	27,400	27,400
	<b>Net Appropriation</b>	<b>617,656</b>	<b>617,656</b>	<b>621,656</b>	<b>621,656</b>
	POBOC	0	0	0	0
	<b>Medium-term Expenditure Ceiling</b>	<b>645,056</b>	<b>645,056</b>	<b>649,056</b>	<b>649,056</b>

**Table 7-10 Total Resourcing – Government and ODA, BTIB (\$)**

	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Net Appropriation	617,656	617,656	621,656	621,656
Trading Revenue	27,400	27,400	27,400	27,400
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>645,056</b>	<b>645,056</b>	<b>649,056</b>	<b>649,056</b>

**Table 7-11 Output Funding for BTIB (\$)**

	Output 1	Output 2	Output 3	Output 4	Output 5	Total
Personnel	83,725	40,161	41,457	62,625	162,032	390,000
Operating	57,267	45,000	43,000	32,000	65,000	242,267
Administered Funding	0	0	0	0	0	0
Depreciation	0	0	0	0	12,789	12,789
<b>Gross Operating Appropriation</b>	<b>140,992</b>	<b>85,161</b>	<b>84,457</b>	<b>94,625</b>	<b>239,821</b>	<b>645,056</b>
Trading Revenue	7,000	19,000	0	0	1,400	27,400
<b>Net Operating Appropriation</b>	<b>133,992</b>	<b>66,161</b>	<b>84,457</b>	<b>94,625</b>	<b>238,421</b>	<b>617,656</b>

### 7.5.3.1. Business Trade and Investment Board Outputs

Output 1: Business Enterprise

Output 2: Trade and Marketing

Output 3: Foreign Investment

Output 4: Monitoring and Compliance

Output 5: Activities Management

**Table 7-12 Baselines and New Budget Measures, BTIB (\$)**

Details	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
2023/24 Budget Personnel Baseline	390,000	390,000	390,000	390,000
2024/25 Budget Personnel Budget	390,000	390,000	390,000	390,000
2023/24 Budget Operating Baseline	242,267	242,267	242,267	242,267
2024/25 Budget Operating Budget	242,267	242,267	242,267	242,267
2023/24 Budget Administered Payments Baseline	0	0	0	0
2024/25 Budget Administered Payments	0	0	0	0
2023/24 Budget Depreciation Baseline	4,000	4,000	4,000	4,000
To account for an electric vehicle	8,789	8,789	12,789	12,789
2024/25 Budget Depreciation	12,789	12,789	16,789	16,789
<b>Gross Operating Appropriation</b>	<b>1,485,081</b>	<b>1,485,081</b>	<b>1,535,081</b>	<b>1,535,081</b>
2023/24 Budget Trading Revenue Baseline	190,535	260,535	260,535	260,535
2024/25 Budget Trading Revenue	190,535	260,535	260,535	260,535
<b>Net Operating Appropriation</b>	<b>1,294,546</b>	<b>1,224,546</b>	<b>1,274,546</b>	<b>1,274,546</b>

Changes for the 2024/25 Business Trade and Investment Board's budget include:

- An \$8,789 increase in 2024/25 and 2025/26, followed by \$12,789 in 2026/27 and 2027/28 for the depreciation of the electric vehicle.

## 7.5.4. Cook Islands Investment Corporation (CIIC)

Cook Islands Investment Corporation		2024/25	2025/26	2026/27	2027/28
MTEC	Personnel	1,286,000	1,286,000	1,286,000	1,486,000
	Operating	1,024,000	1,024,000	1,224,000	1,224,000
	Administered Payments	2,120,000	2,200,000	2,700,000	2,700,000
	Depreciation	51,000	51,000	51,000	51,000
	<b>Gross Appropriation</b>	<b>4,481,000</b>	<b>4,561,000</b>	<b>5,261,000</b>	<b>5,461,000</b>
	Trading Revenue	753,831	753,831	753,831	753,831
	<b>Net Appropriation</b>	<b>3,727,169</b>	<b>3,807,169</b>	<b>4,507,169</b>	<b>4,707,169</b>
	POBOC	4,238,099	3,238,099	2,738,099	3,038,099
<b>Medium-term Expenditure Ceiling</b>		<b>8,719,099</b>	<b>7,799,099</b>	<b>7,999,099</b>	<b>8,499,099</b>

Table 7-13 Total Resourcing – Government and ODA, CIIC (\$)

	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Net Appropriation	3,727,169	3,807,169	4,507,169	4,707,169
Trading Revenue	753,831	753,831	753,831	753,831
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>4,481,000</b>	<b>4,561,000</b>	<b>5,261,000</b>	<b>5,461,000</b>

Table 7-14 Output Funding for CIIC (\$)

	Output 1	Output 2	Output 3	Output 4	Output 5	Total
Personnel	437,849	194,478	507,711	145,962	0	1,286,000
Operating	703,533	44,650	275,817	0	0	1,024,000
Administered Funding	1,230,000	50,000	0	400,000	440,000	2,120,000
Depreciation	51,000	0	0	0	0	51,000
<b>Gross Operating Appropriation</b>	<b>2,422,382</b>	<b>289,128</b>	<b>783,528</b>	<b>545,962</b>	<b>440,000</b>	<b>4,481,000</b>
Trading Revenue	753,831	0	0	0	0	753,831
<b>Net Operating Appropriation</b>	<b>1,668,551</b>	<b>289,128</b>	<b>783,528</b>	<b>545,962</b>	<b>440,000</b>	<b>3,727,169</b>

### 7.5.4.1. Cook Islands Investment Corporation Outputs

Output 1: Effective Asset Management

Output 2: Effective management of State-owned enterprises

Output 3: Corporate Services

Output 4: Effective Land Management

Output 5: Effective Asset Development

**Table 7-15 Baselines and New Budget Measures, CIIC (\$)**

Details	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>2023/24 Budget Personnel Baseline</b>	<b>1,486,000</b>	<b>1,486,000</b>	<b>1,486,000</b>	<b>1,486,000</b>
Reduction in programmed personnel	(200,000)	(200,000)	(200,000)	0
<b>2024/25 Budget Personnel Budget</b>	<b>1,286,000</b>	<b>1,286,000</b>	<b>1,286,000</b>	<b>1,486,000</b>
<b>2023/24 Budget Operating Baseline</b>	<b>1,024,000</b>	<b>1,224,000</b>	<b>1,224,000</b>	<b>1,224,000</b>
One-off reduction in operating	0	(200,000)	0	0
<b>2024/25 Budget Operating Budget</b>	<b>1,024,000</b>	<b>1,024,000</b>	<b>1,224,000</b>	<b>1,224,000</b>
<b>2023/24 Budget Administered Payments Baseline</b>	<b>2,200,000</b>	<b>2,700,000</b>	<b>2,700,000</b>	<b>2,700,000</b>
Infrastructure Committee	(30,000)	0	0	0
CIG Buildings Repairs & Maintenance	0	(500,000)	0	0
Government Facilities Development Division	(50,000)	0	0	0
<b>2024/25 Budget Administered Payments</b>	<b>2,120,000</b>	<b>2,200,000</b>	<b>2,700,000</b>	<b>2,700,000</b>
<b>2023/24 Budget Depreciation Baseline</b>	<b>51,000</b>	<b>51,000</b>	<b>51,000</b>	<b>51,000</b>
<b>2024/25 Budget Depreciation</b>	<b>51,000</b>	<b>51,000</b>	<b>51,000</b>	<b>51,000</b>
<b>Gross Operating Appropriation</b>	<b>4,481,000</b>	<b>4,561,000</b>	<b>5,261,000</b>	<b>5,461,000</b>
<b>2023/24 Budget Trading Revenue Baseline</b>	<b>753,831</b>	<b>753,831</b>	<b>753,831</b>	<b>753,831</b>
<b>2024/25 Budget Trading Revenue</b>	<b>753,831</b>	<b>753,831</b>	<b>753,831</b>	<b>753,831</b>
<b>Net Operating Appropriation</b>	<b>3,727,169</b>	<b>3,807,169</b>	<b>4,507,169</b>	<b>4,707,169</b>
<b>2023/24 Budget POBOC Baseline</b>	<b>3,238,099</b>	<b>2,738,099</b>	<b>2,238,099</b>	<b>2,238,099</b>
To Tatou Vai (CI)	500,000	500,000	500,000	800,000
Transfer from To Tatou Vai (CI) Capital Budget	500,000	0	0	0
<b>2024/25 Budget POBOC Funding</b>	<b>4,238,099</b>	<b>3,238,099</b>	<b>2,738,099</b>	<b>3,038,099</b>

Changes for the 2024/25 Cook Islands Investment Corporation's budget include:

- The following reductions to reallocate funds to other critical needs:
  - \$200,000 from 2024/25 to 2026/27 in programmed personnel.
  - \$200,000 in 2025/26 for programmed operating.
  - \$500,000 in 2025/26 for the programmed increase of the CIG Buildings Repairs & Maintenance administered fund.
  - \$30,000 in 2024/25 for the Infrastructure Committee administered fund.
  - \$50,000 in 2024/25 for the Government Facilities Development Division administered fund.
- To sustain operations, there is a planned increase in funding for To Tatou Vai:
  - \$500,000 increase from 2024/25 to 2026/27.
  - Followed by a \$800,000 increase in 2027/28.
  - Additionally, there is a \$500,000 transfer in 2024/25 from To Tatou Vai's capital budget to its operating budget to further support operations.

**Table 7-16 Administered Payments, CIIC (\$)**

Output	Administered Payment	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
1	School Security	230,000	230,000	230,000	230,000
1	CIG Buildings Repairs & Maintenance	1,000,000	1,000,000	1,500,000	1,500,000
	<b>Output 1 Administered Funding</b>	<b>1,230,000</b>	<b>1,230,000</b>	<b>1,730,000</b>	<b>1,730,000</b>
2	Seabed Minerals Joint Venture	50,000	50,000	50,000	50,000
	<b>Output 2 Administered Funding</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>
4	Provision for Land Rentals	400,000	400,000	400,000	400,000
	<b>Output 4 Administered Funding</b>	<b>400,000</b>	<b>400,000</b>	<b>400,000</b>	<b>400,000</b>
5	Infrastructure Committee	70,000	100,000	100,000	100,000
5	Government Facilities Development Division	370,000	420,000	420,000	420,000
	<b>Output 5 Administered Funding</b>	<b>440,000</b>	<b>520,000</b>	<b>520,000</b>	<b>520,000</b>
	<b>Total Administered Funding</b>	<b>2,120,000</b>	<b>2,200,000</b>	<b>2,700,000</b>	<b>2,700,000</b>

**Table 7-17 Payments on Behalf of Crown, CIIC (\$)**

Output	POBOC	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
2	Airport Authority subsidy	1,000,000	500,000	0	0
2	Bank of the Cook Islands - social assistance subsidy	128,000	128,000	128,000	128,000
2	Ports Authority - subsidy	110,099	110,099	110,099	110,099
2	To Tatou Vai (CI)	3,000,000	2,500,000	2,500,000	2,800,000
	<b>Output 2 POBOC Funding</b>	<b>4,238,099</b>	<b>3,238,099</b>	<b>2,738,099</b>	<b>3,038,099</b>
	<b>Total POBOC Funding</b>	<b>4,238,099</b>	<b>3,238,099</b>	<b>2,738,099</b>	<b>3,038,099</b>

### 7.5.5. Ministry of Corrective Services

Corrective Services		2024/25	2025/26	2026/27	2027/28
MTEC	Personnel	1,545,607	1,545,607	1,759,550	1,759,550
	Operating	229,131	229,131	229,131	229,131
	Administered Payments	0	0	0	0
	Depreciation	29,549	29,549	29,549	29,549
	<b>Gross Appropriation</b>	<b>1,804,287</b>	<b>1,804,287</b>	<b>2,018,230</b>	<b>2,018,230</b>
	Trading Revenue	100,000	100,000	100,000	100,000
	<b>Net Appropriation</b>	<b>1,704,287</b>	<b>1,704,287</b>	<b>1,918,230</b>	<b>1,918,230</b>
	POBOC	0	0	0	0
	<b>Medium-term Expenditure Ceiling</b>	<b>1,804,287</b>	<b>1,804,287</b>	<b>2,018,230</b>	<b>2,018,230</b>

**Table 7-18 Total Resourcing – Government and ODA, Corrective Services (\$)**

	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Net Appropriation	1,704,287	1,704,287	1,918,230	1,918,230
Trading Revenue	100,000	100,000	100,000	100,000
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>1,804,287</b>	<b>1,804,287</b>	<b>2,018,230</b>	<b>2,018,230</b>

**Table 7-19 Output Funding Corrective Services (\$)**

	Output 1	Output 2	Output 3	Total
Personnel	352,349	1,011,666	181,592	1,545,607
Operating	31,464	154,275	43,392	229,131
Administered Funding	0	0	0	0
Depreciation	10,700	14,000	4,849	29,549
<b>Gross Operating Appropriation</b>	<b>394,513</b>	<b>1,179,941</b>	<b>229,833</b>	<b>1,804,287</b>
Trading Revenue	0	100,000	0	100,000
<b>Net Operating Appropriation</b>	<b>394,513</b>	<b>1,079,941</b>	<b>229,833</b>	<b>1,704,287</b>

#### 7.5.5.1. Ministry of Corrective Services Outputs

Output 1: Probation Service

Output 2: Prison Service

Output 3: Corporate Services

**Table 7-20 Baselines and New Budget Measures, Corrective Services (\$)**

Details	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>2023/24 Budget Personnel Baseline</b>	<b>1,545,607</b>	<b>1,545,607</b>	<b>1,545,607</b>	<b>1,545,607</b>
Salary increments	0	0	213,943	213,943
<b>2024/25 Budget Personnel Budget</b>	<b>1,545,607</b>	<b>1,545,607</b>	<b>1,759,550</b>	<b>1,759,550</b>
<b>2023/24 Budget Operating Baseline</b>	<b>229,131</b>	<b>229,131</b>	<b>229,131</b>	<b>229,131</b>
<b>2024/25 Budget Operating Budget</b>	<b>229,131</b>	<b>229,131</b>	<b>229,131</b>	<b>229,131</b>
<b>2023/24 Budget Administered Payments Baseline</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2024/25 Budget Administered Payments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2023/24 Budget Depreciation Baseline</b>	<b>40,999</b>	<b>40,999</b>	<b>40,999</b>	<b>40,999</b>
Heavy machinery – asset transfer	(11,450)	(11,450)	(11,450)	(11,450)
<b>2024/25 Budget Depreciation</b>	<b>29,549</b>	<b>29,549</b>	<b>29,549</b>	<b>29,549</b>
<b>Gross Operating Appropriation</b>	<b>1,804,287</b>	<b>1,804,287</b>	<b>2,018,230</b>	<b>2,018,230</b>
<b>2023/24 Budget Trading Revenue Baseline</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
<b>2024/25 Budget Trading Revenue</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
<b>Net Operating Appropriation</b>	<b>1,704,287</b>	<b>1,704,287</b>	<b>1,918,230</b>	<b>1,918,230</b>

Changes for the 2024/25 Corrective Services' budget include:

- \$213,943 personnel increase from 2026/27 for salary increments.
- \$11,450 reduction in depreciation due to an asset transfer.

### 7.5.6. Crown Law Office

Crown Law		2024/25	2025/26	2026/27	2027/28
<b>MTEC</b>	Personnel	867,500	1,367,500	1,548,877	1,708,000
	Operating	187,501	187,501	187,501	187,501
	Administered Payments	180,000	180,000	180,000	180,000
	Depreciation	15,789	15,789	15,789	15,789
	<b>Gross Appropriation</b>	<b>1,250,790</b>	<b>1,750,790</b>	<b>1,932,167</b>	<b>2,091,290</b>
	Trading Revenue	0	0	0	0
	<b>Net Appropriation</b>	<b>1,250,790</b>	<b>1,750,790</b>	<b>1,932,167</b>	<b>2,091,290</b>
	POBOC	0	0	0	0
	<b>Medium-term Expenditure Ceiling</b>	<b>1,250,790</b>	<b>1,750,790</b>	<b>1,932,167</b>	<b>2,091,290</b>

**Table 7-21 Total Resourcing – Government and ODA, Crown Law (\$)**

	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Net Appropriation	1,250,790	1,750,790	1,932,167	2,091,290
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>1,250,790</b>	<b>1,750,790</b>	<b>1,932,167</b>	<b>2,091,290</b>

**Table 7-22 Output Funding for Crown Law (\$)**

	Output 1	Output 2	Output 3	Output 4	Total
Personnel	335,968	318,360	114,030	99,142	867,500
Operating	65,400	64,875	40,875	16,351	187,501
Administered Funding	80,000	100,000	0	0	180,000
Depreciation	0	0	0	15,789	15,789
<b>Gross Operating Appropriation</b>	<b>481,368</b>	<b>483,235</b>	<b>154,905</b>	<b>131,282</b>	<b>1,250,790</b>
Trading Revenue	0	0	0	0	0
<b>Net Operating Appropriation</b>	<b>481,368</b>	<b>483,235</b>	<b>154,905</b>	<b>131,282</b>	<b>1,250,790</b>



### 7.5.6.1. Crown Law Office Outputs

Output 1: Advice

Output 2: Litigation

Output 3: Legislation

Output 4: Corporate Services

**Table 7-23 Baselines and New Budget Measures, Crown Law (\$)**

Details	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>2023/24 Budget Personnel Baseline</b>	<b>1,067,500</b>	<b>1,067,500</b>	<b>1,067,500</b>	<b>1,067,500</b>
To recruit additional personnel	0	300,000	481,377	640,500
Personnel reduction	(200,000)	0	0	0
<b>2024/25 Budget Personnel Budget</b>	<b>867,500</b>	<b>1,367,500</b>	<b>1,548,877</b>	<b>1,708,000</b>
<b>2023/24 Budget Operating Baseline</b>	<b>163,501</b>	<b>163,501</b>	<b>163,501</b>	<b>163,501</b>
Case Management System – subscription fee	24,000	24,000	24,000	24,000
<b>2024/25 Budget Operating Budget</b>	<b>187,501</b>	<b>187,501</b>	<b>187,501</b>	<b>187,501</b>
<b>2023/24 Budget Administered Payments Baseline</b>	<b>180,000</b>	<b>180,000</b>	<b>180,000</b>	<b>180,000</b>
<b>2024/25 Budget Administered Payments</b>	<b>180,000</b>	<b>180,000</b>	<b>180,000</b>	<b>180,000</b>
<b>2023/24 Budget Depreciation Baseline</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>
To account for an electric vehicle	12,789	12,789	12,789	12,789
<b>2024/25 Budget Depreciation</b>	<b>15,789</b>	<b>15,789</b>	<b>15,789</b>	<b>15,789</b>
<b>Gross Operating Appropriation</b>	<b>1,250,790</b>	<b>1,750,790</b>	<b>1,932,167</b>	<b>2,091,290</b>
<b>2023/24 Budget Trading Revenue Baseline</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2024/25 Budget Trading Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Operating Appropriation</b>	<b>1,250,790</b>	<b>1,750,790</b>	<b>1,932,167</b>	<b>2,091,290</b>

Changes for the 2024/25 Crown Law Office’s budget include:

- One-off personnel reduction in 2024/25 of \$200,000 to reallocate funds to other critical funding needs.
- Personnel increase by \$300,000 in 2025/26, \$481,377 in 2026/27 and \$640,500 in 2027/28 to address resourcing needs, including recruiting and retaining employees.
- An operating increase of \$24,000 allocated for annual subscription fees for the Case Management System, with initial funding for two years supported by a transfer from the Public Sector Strengthening – process and systems administered fund under MFEM.
- Depreciation increase of \$12,879 for the electric vehicle.

**Table 7-24 Administered Payments, Crown Law (\$)**

Output	Administered Payment	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
1	Lexis Nexis - Portal Maintenance	80,000	80,000	80,000	80,000
	<b>Output 1 Administered Funding</b>	<b>80,000</b>	<b>80,000</b>	<b>80,000</b>	<b>80,000</b>
2	Legal Provisions	100,000	100,000	100,000	100,000
	<b>Output 2 Administered Funding</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
	<b>Total Administered Funding</b>	<b>180,000</b>	<b>180,000</b>	<b>180,000</b>	<b>180,000</b>

## 7.5.7. Ministry of Cultural Development

Cultural Development		2024/25	2025/26	2026/27	2027/28
MTEC	Personnel	867,171	867,171	867,171	867,171
	Operating	128,000	128,000	128,000	128,000
	Administered Payments	615,000	615,000	665,000	665,000
	Depreciation	89,500	89,500	89,500	89,500
	<b>Gross Appropriation</b>	<b>1,699,671</b>	<b>1,699,671</b>	<b>1,749,671</b>	<b>1,749,671</b>
	Trading Revenue	170,000	170,000	170,000	170,000
	<b>Net Appropriation</b>	<b>1,529,671</b>	<b>1,529,671</b>	<b>1,579,671</b>	<b>1,579,671</b>
	POBOC	336,690	336,690	336,690	336,690
<b>Medium-term Expenditure Ceiling</b>		<b>2,036,361</b>	<b>2,036,361</b>	<b>2,086,361</b>	<b>2,086,361</b>

**Table 7-25 Total Resourcing – Government and ODA, Culture (\$)**

	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Net Appropriation	1,529,671	1,529,671	1,579,671	1,579,671
Trading Revenue	170,000	170,000	170,000	170,000
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>1,699,671</b>	<b>1,699,671</b>	<b>1,749,671</b>	<b>1,749,671</b>

**Table 7-26 Output Funding for Culture (\$)**

	Output 1	Output 2	Output 3	Total
Personnel	198,002	228,690	440,479	867,171
Operating	20,894	52,445	54,661	128,000
Administered Funding	615,000	0	0	615,000
Depreciation	25,693	18,731	45,076	89,500
<b>Gross Operating Appropriation</b>	<b>859,589</b>	<b>299,866</b>	<b>540,216</b>	<b>1,699,671</b>
Trading Revenue	150,000	10,000	10,000	170,000
<b>Net Operating Appropriation</b>	<b>709,589</b>	<b>289,866</b>	<b>530,216</b>	<b>1,529,671</b>

### 7.5.7.1. Ministry of Cultural Development Outputs

Output 1: Cultural Identity

Output 2: Cultural Heritage

Output 3: Cultural Governance

**Table 7-27 Baselines and New Budget Measures, Culture (\$)**

Details	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>2023/24 Budget Personnel Baseline</b>	<b>867,171</b>	<b>867,171</b>	<b>867,171</b>	<b>867,171</b>
<b>2024/25 Budget Personnel Budget</b>	<b>867,171</b>	<b>867,171</b>	<b>867,171</b>	<b>867,171</b>
<b>2023/24 Budget Operating Baseline</b>	<b>128,000</b>	<b>128,000</b>	<b>128,000</b>	<b>128,000</b>
<b>2024/25 Budget Operating Budget</b>	<b>128,000</b>	<b>128,000</b>	<b>128,000</b>	<b>128,000</b>
<b>2023/24 Budget Administered Payments Baseline</b>	<b>615,000</b>	<b>665,000</b>	<b>665,000</b>	<b>665,000</b>
Cook Islands Cultural Fund	0	(50,000)	0	0
<b>2024/25 Budget Administered Payments</b>	<b>615,000</b>	<b>615,000</b>	<b>665,000</b>	<b>665,000</b>
<b>2023/24 Budget Depreciation Baseline</b>	<b>89,500</b>	<b>89,500</b>	<b>89,500</b>	<b>89,500</b>
<b>2024/25 Budget Depreciation</b>	<b>89,500</b>	<b>89,500</b>	<b>89,500</b>	<b>89,500</b>
<b>Gross Operating Appropriation</b>	<b>1,699,671</b>	<b>1,699,671</b>	<b>1,749,671</b>	<b>1,749,671</b>
<b>2023/24 Budget Trading Revenue Baseline</b>	<b>170,000</b>	<b>170,000</b>	<b>170,000</b>	<b>170,000</b>
<b>2024/25 Budget Trading Revenue</b>	<b>170,000</b>	<b>170,000</b>	<b>170,000</b>	<b>170,000</b>
<b>Net Operating Appropriation</b>	<b>1,529,671</b>	<b>1,529,671</b>	<b>1,579,671</b>	<b>1,579,671</b>
<b>2023/24 Budget POBOC Baseline</b>	<b>336,690</b>	<b>336,690</b>	<b>336,690</b>	<b>336,690</b>
<b>2024/25 Budget POBOC Funding</b>	<b>336,690</b>	<b>336,690</b>	<b>336,690</b>	<b>336,690</b>

Changes for the 2024/25 Ministry of Cultural Development’s budget include:

- \$50,000 reduction in the planned increase in the Cook Islands Cultural Fund for 2025/26 to reallocate funds to other critical needs.

**Table 7-28 Administered Payments, Culture (\$)**

Output	Administered Payment	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
1	Cook Islands Cultural Fund	100,000	100,000	150,000	150,000
1	Te Kopapa Reo Maori Board	15,000	15,000	15,000	15,000
1	National Events Fund	500,000	500,000	500,000	500,000
	<b>Output 1 Administered Funding</b>	<b>615,000</b>	<b>615,000</b>	<b>665,000</b>	<b>665,000</b>
	<b>Total Administered Funding</b>	<b>615,000</b>	<b>615,000</b>	<b>665,000</b>	<b>665,000</b>

**Table 7-29 Payments on Behalf of Crown, Culture (\$)**

Output	POBOC	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
3	House of Ariki (CI)	336,690	336,690	336,690	336,690
	<b>Output 3 POBOC Funding</b>	<b>336,690</b>	<b>336,690</b>	<b>336,690</b>	<b>336,690</b>
	<b>Total POBOC Funding</b>	<b>336,690</b>	<b>336,690</b>	<b>336,690</b>	<b>336,690</b>

## 7.5.8. Ministry of Education

Education		2024/25	2025/26	2026/27	2027/28
MTEC	Personnel	12,834,677	12,861,591	14,639,550	14,639,550
	Operating	2,425,820	2,425,820	2,425,820	2,425,820
	Administered Payments	4,866,602	4,889,952	5,009,952	5,009,952
	Depreciation	615,000	615,000	615,000	615,000
	<b>Gross Appropriation</b>	<b>20,742,099</b>	<b>20,792,363</b>	<b>22,690,322</b>	<b>22,690,322</b>
	Trading Revenue	0	0	0	0
	<b>Net Appropriation</b>	<b>20,742,099</b>	<b>20,792,363</b>	<b>22,690,322</b>	<b>22,690,322</b>
	POBOC	0	0	0	0
	<b>Medium-term Expenditure Ceiling</b>	<b>20,742,099</b>	<b>20,792,363</b>	<b>22,690,322</b>	<b>22,690,322</b>

**Table 7-30 Total Resourcing – Government and ODA, Education (\$)**

	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Net Appropriation	20,742,099	20,792,363	22,690,322	22,690,322
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>20,742,099</b>	<b>20,792,363</b>	<b>22,690,322</b>	<b>22,690,322</b>

**Table 7-31 Output Funding for Education (\$)**

	Output 1	Output 2	Output 3	Output 4	Total
Personnel	0	0	0	12,834,677	12,834,677
Operating	545,558	739,146	545,558	595,558	2,425,820
Administered Funding	0	3,595,277	1,245,000	26,325	4,866,602
Depreciation	19,840	31,000	58,900	505,260	615,000
<b>Gross Operating Appropriation</b>	<b>565,398</b>	<b>4,365,423</b>	<b>1,849,458</b>	<b>13,961,820</b>	<b>20,742,099</b>
Trading Revenue	0	0	0	0	0
<b>Net Operating Appropriation</b>	<b>565,398</b>	<b>4,365,423</b>	<b>1,849,458</b>	<b>13,961,820</b>	<b>20,742,099</b>

### 7.5.8.1. Ministry of Education Outputs

Output 1: Taku Ipukarea Kia Rangatira

Output 2: Learning and Teaching

Output 3: Learning and the Community

Output 4: Infrastructure and Support

**Table 7-32 Baselines and New Budget Measures, Education (\$)**

Details	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>2023/24 Budget Personnel Baseline</b>	<b>12,423,849</b>	<b>12,450,763</b>	<b>12,450,763</b>	<b>12,450,763</b>
Salary adjustment	410,828	410,828	2,188,787	2,188,787
<b>2024/25 Budget Personnel Budget</b>	<b>12,834,677</b>	<b>12,861,591</b>	<b>14,639,550</b>	<b>14,639,550</b>
<b>2023/24 Budget Operating Baseline</b>	<b>2,425,820</b>	<b>2,425,820</b>	<b>2,425,820</b>	<b>2,425,820</b>
<b>2024/25 Budget Operating Budget</b>	<b>2,425,820</b>	<b>2,425,820</b>	<b>2,425,820</b>	<b>2,425,820</b>
<b>2023/24 Budget Administered Payments Baseline</b>	<b>4,986,602</b>	<b>5,009,952</b>	<b>5,009,952</b>	<b>5,009,952</b>
Reduction in Tertiary Training Institutions admin	(120,000)	(120,000)	0	0
<b>2024/25 Budget Administered Payments</b>	<b>4,866,602</b>	<b>4,889,952</b>	<b>5,009,952</b>	<b>5,009,952</b>
<b>2023/24 Budget Depreciation Baseline</b>	<b>615,000</b>	<b>615,000</b>	<b>615,000</b>	<b>615,000</b>
<b>2024/25 Budget Depreciation</b>	<b>615,000</b>	<b>615,000</b>	<b>615,000</b>	<b>615,000</b>
<b>Gross Operating Appropriation</b>	<b>20,742,099</b>	<b>20,792,363</b>	<b>22,690,322</b>	<b>22,690,322</b>
<b>2023/24 Budget Trading Revenue Baseline</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2024/25 Budget Trading Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Operating Appropriation</b>	<b>20,742,099</b>	<b>20,792,363</b>	<b>22,690,322</b>	<b>22,690,322</b>

Changes for the 2024/25 Ministry of Education's budget include:

- Personnel increase of \$410,828 for 2024/25 to raise the banding for teacher's salaries from band H to band I within the 2017 Government pay structure. This will be followed by an increase of \$2.2 million from 2026/27 for the shift of teacher's salaries to the 2019 Government pay structure.
- \$120,000 reduction in the Tertiary Training Institutions administered fund for 2024/25 and 2025/26 to reallocate funds other critical needs.

**Table 7-33 Administered Payments, Education (\$)**

Output	Administered Payment	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
2	Government Funded Scholarships	780,000	780,000	780,000	780,000
2	Government Funded Scholarships - Fees Free	80,000	80,000	80,000	80,000
2	Private School Funding	2,735,277	2,758,627	2,758,627	2,758,627
	<b>Output 2 Administered Funding</b>	<b>3,595,277</b>	<b>3,618,627</b>	<b>3,618,627</b>	<b>3,618,627</b>
3	Tertiary Training Institutions	1,040,000	1,040,000	1,160,000	1,160,000
3	University of the South Pacific Contribution	205,000	205,000	205,000	205,000
	<b>Output 3 Administered Funding</b>	<b>1,245,000</b>	<b>1,245,000</b>	<b>1,365,000</b>	<b>1,365,000</b>
4	Bus Service	26,325	26,325	26,325	26,325
	<b>Output 4 Administered Funding</b>	<b>26,325</b>	<b>26,325</b>	<b>26,325</b>	<b>26,325</b>
	<b>Total Administered Funding</b>	<b>4,866,602</b>	<b>4,889,952</b>	<b>5,009,952</b>	<b>5,009,952</b>

## 7.5.9. National Environment Service

Environment		2024/25	2025/26	2026/27	2027/28
MTEC	Personnel	1,081,782	1,081,782	1,081,782	1,081,782
	Operating	301,001	301,001	301,001	301,001
	Administered Payments	760,000	550,000	910,000	430,000
	Depreciation	42,789	42,789	42,789	42,789
	<b>Gross Appropriation</b>	<b>2,185,572</b>	<b>1,975,572</b>	<b>2,335,572</b>	<b>1,855,572</b>
	Trading Revenue	35,000	35,000	35,000	35,000
	<b>Net Appropriation</b>	<b>2,150,572</b>	<b>1,940,572</b>	<b>2,300,572</b>	<b>1,820,572</b>
	POBOC	0	0	0	0
<b>Medium-term Expenditure Ceiling</b>		<b>2,185,572</b>	<b>1,975,572</b>	<b>2,335,572</b>	<b>1,855,572</b>

**Table 7-34 Total Resourcing – Government and ODA, Environment (\$)**

	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Net Appropriation	2,150,572	1,940,572	2,300,572	1,820,572
Trading Revenue	35,000	35,000	35,000	35,000
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>2,185,572</b>	<b>1,975,572</b>	<b>2,335,572</b>	<b>1,855,572</b>

**Table 7-35 Output Funding for Environment (\$)**

	Output 1	Output 2	Output 3	Output 4	Output 5	Total
Personnel	216,356	216,356	216,356	216,357	216,357	1,081,782
Operating	250,000	18,500	10,000	22,501	0	301,001
Administered Funding	0	250,000	150,000	0	360,000	760,000
Depreciation	42,789	0	0	0	0	42,789
<b>Gross Operating Appropriation</b>	<b>509,145</b>	<b>484,856</b>	<b>376,356</b>	<b>238,858</b>	<b>576,357</b>	<b>2,185,572</b>
Trading Revenue	0	35,000	0	0	0	35,000
<b>Net Operating Appropriation</b>	<b>509,145</b>	<b>449,856</b>	<b>376,356</b>	<b>238,858</b>	<b>576,357</b>	<b>2,150,572</b>

### 7.5.9.1. National Environment Service Outputs

Output 1: Puna 'Akatereau - Environmental Policy and Planning

Output 2: Puna Akoako e te Arapaki Ture – Environmental Compliance

Output 3: Puna Orama – Environmental Stewardship

Output 4: Puna Orama – Environmental Stewardship (Pa Enuā)

Output 5: Environmental Partnerships

**Table 7-36 Baselines and New Budget Measures, Environment (\$)**

Details	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>2023/24 Budget Personnel Baseline</b>	<b>1,081,782</b>	<b>1,081,782</b>	<b>1,081,782</b>	<b>1,081,782</b>
<b>2024/25 Budget Personnel Budget</b>	<b>1,081,782</b>	<b>1,081,782</b>	<b>1,081,782</b>	<b>1,081,782</b>
<b>2023/24 Budget Operating Baseline</b>	<b>301,001</b>	<b>301,001</b>	<b>301,001</b>	<b>301,001</b>
<b>2024/25 Budget Operating Budget</b>	<b>301,001</b>	<b>301,001</b>	<b>301,001</b>	<b>301,001</b>
<b>2023/24 Budget Administered Payments Baseline</b>	<b>610,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>
Management of Environmental priorities - Pa Enea	50,000	300,000	660,000	180,000
Strengthening Technical Capacity	100,000	0	0	0
<b>2024/25 Budget Administered Payments</b>	<b>760,000</b>	<b>550,000</b>	<b>910,000</b>	<b>430,000</b>
<b>2023/24 Budget Depreciation Baseline</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>
To account for an electric vehicle	12,789	12,789	12,789	12,789
<b>2024/25 Budget Depreciation</b>	<b>42,789</b>	<b>42,789</b>	<b>42,789</b>	<b>42,789</b>
<b>Gross Operating Appropriation</b>	<b>2,185,572</b>	<b>1,975,572</b>	<b>2,335,572</b>	<b>1,855,572</b>
<b>2023/24 Budget Trading Revenue Baseline</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>
<b>2024/25 Budget Trading Revenue</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>
<b>Net Operating Appropriation</b>	<b>2,150,572</b>	<b>1,940,572</b>	<b>2,300,572</b>	<b>1,820,572</b>

Changes for the 2024/25 National Environment Service's budget include:

- An administered payment for Environment Management in the Pa Enea has been allocated \$50,000 in 2024/25, \$300,000 in 2025/26, \$660,000 in 2026/27 and \$180,000 in 2027/28 to cover monitoring and compliance costs of infrastructure development.
- A one-off funding of \$100,000 is allocated for 2024/25 to strengthen the technical capacity of staff.
- Depreciation increase of \$12,879 for the electric vehicle.

**Table 7-37 Administered Payments, Environment (\$)**

Output	Administered Payment	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
2	EIA Process	150,000	150,000	150,000	150,000
2	Strengthening Technical Capacity	100,000	0	0	0
	<b>Output 2 Administered Funding</b>	<b>250,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>
3	Management of Suwarrow Park	100,000	100,000	100,000	100,000
3	Management of Environmental priorities - Pa Enea	50,000	300,000	660,000	180,000
	<b>Output 3 Administered Funding</b>	<b>150,000</b>	<b>400,000</b>	<b>760,000</b>	<b>280,000</b>
4	Legacy Waste - Vehicles & Whiteware	360,000	0	0	0
	<b>Output 4 Administered Funding</b>	<b>360,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total Administered Funding</b>	<b>760,000</b>	<b>550,000</b>	<b>910,000</b>	<b>430,000</b>

## 7.5.10. Ministry of Finance and Economic Management (MFEM)

Finance and Economic Management		2024/25	2025/26	2026/27	2027/28
MTEC	Personnel	6,232,086	6,507,086	6,307,086	6,307,086
	Operating	779,242	779,242	779,242	779,242
	Administered Payments	23,168,949	21,169,996	21,035,921	21,027,120
	Depreciation	574,000	574,000	488,529	488,529
	<b>Gross Appropriation</b>	<b>30,754,277</b>	<b>29,030,324</b>	<b>28,610,778</b>	<b>28,601,977</b>
	Trading Revenue	478,920	478,920	478,920	478,920
	<b>Net Appropriation</b>	<b>30,275,357</b>	<b>28,551,404</b>	<b>28,131,858</b>	<b>28,123,057</b>
	POBOC	1,025,000	1,147,131	1,258,945	1,312,445
<b>Medium-term Expenditure Ceiling</b>		<b>31,779,277</b>	<b>30,177,455</b>	<b>29,869,723</b>	<b>29,914,422</b>

**Table 7-38 Total Resourcing – Government and ODA, MFEM (\$)**

	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Net Appropriation	30,275,357	28,551,404	28,131,858	28,123,057
Trading Revenue	478,920	478,920	478,920	478,920
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>30,754,277</b>	<b>29,030,324</b>	<b>28,610,778</b>	<b>28,601,977</b>

**Table 7-39 Output Funding for MFEM (\$)**

	Output 1	Output 2	Output 3	Output 4
Personnel	740,799	1,128,205	2,864,300	419,258
Operating	65,000	134,186	365,947	45,000
Administered Funding	19,365,456	967,741	285,680	0
Depreciation	9,000	104,471	270,000	9,000
<b>Gross Operating Appropriation</b>	<b>20,180,255</b>	<b>2,334,603</b>	<b>3,785,927</b>	<b>473,258</b>
Trading Revenue	0	3,500	475,420	0
<b>Net Operating Appropriation</b>	<b>20,180,255</b>	<b>2,331,103</b>	<b>3,310,507</b>	<b>473,258</b>

	Output 5	Output 6	Output 7	Total
Personnel	252,543	726,147	100,834	6,232,086
Operating	70,000	79,108	20,001	779,242
Administered Funding	0	2,550,072	0	23,168,949
Depreciation	10,000	168,529	3,000	574,000
<b>Gross Operating Appropriation</b>	<b>332,543</b>	<b>3,523,856</b>	<b>123,835</b>	<b>30,754,277</b>
Trading Revenue	0	0	0	478,920
<b>Net Operating Appropriation</b>	<b>332,543</b>	<b>3,523,856</b>	<b>123,835</b>	<b>30,275,357</b>

### 7.5.10.1. Ministry of Finance and Economic and Management Outputs

Output 1: Economic Planning Division (EPD)

Output 2: Treasury Management Division (TMD)

Output 3: Revenue Management Division (RMD)

Output 4: Cook Islands Statistics Office (CISO)

Output 5: Development Coordination Division (DCD)

Output 6: Major Projects and Procurement Support Division (MPPS)

Output 7: Office of the Financial Secretary

**Table 7-40 Baselines and New Budget Measures, MFEM (\$)**

Details	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>2023/24 Budget Personnel Baseline</b>	<b>6,657,507</b>	<b>6,657,507</b>	<b>6,657,507</b>	<b>6,657,507</b>
Shared Services personnel	0	125,000	125,000	125,000
Transfer from MFEM to MFAL – Airport Immigration staff	(475,421)	(475,421)	(475,421)	(475,421)
Personnel reduction	(50,000)	(200,000)	0	0
International Tax Officer	50,000	50,000	0	0
Senior Tax Advisor (LE&HW)	110,000	110,000	0	0
Senior Legal Counsel	160,000	160,000	0	0
Tax Outreach	80,000	80,000	0	0
Personnel savings reduction	(300,000)	0	0	0
<b>2024/25 Budget Personnel Budget</b>	<b>6,232,086</b>	<b>6,507,086</b>	<b>6,307,086</b>	<b>6,307,086</b>
<b>2023/24 Budget Operating Baseline</b>	<b>767,420</b>	<b>767,420</b>	<b>767,420</b>	<b>767,420</b>
Transfer from OPM to MFEM for the operational costs of Renewable Energy Division	11,822	11,822	11,822	11,822
<b>2024/25 Budget Operating Budget</b>	<b>779,242</b>	<b>779,242</b>	<b>779,242</b>	<b>779,242</b>
<b>2023/24 Budget Administered Payments Baseline</b>	<b>18,748,421</b>	<b>17,848,421</b>	<b>17,398,421</b>	<b>17,398,421</b>
Economic Recovery Roadmap - reappropriation	1,450,000	0	0	0
Airline Route Development	2,621,196	635,575	437,500	428,699
Pa Enea Tax Policy - RMS tax system change	80,000	0	0	0
The Centre of Excellence in Information Technology (CEIT)	60,000	60,000	60,000	60,000
Oceania Customs Organisation Conference (OCO)	50,000	0	0	0
Public Sector Strengthening-processes and systems	(24,000)	(24,000)	0	0
Public Financial Technical Assistance Centre (PFTAC)	40,000	40,000	40,000	40,000
Public Sector Strengthening-processes and systems	(40,000)	(40,000)	0	0
Te Maeva Nui 60th Celebration Transportation	1,230,072	1,250,000	0	0
Economic Recovery Roadmap reduction	(695,000)	(50,000)	0	0
Production of new currency, transportation and sale of old coins	0	(150,000)	0	0
Economic Recovery Roadmap – further reduction	(802,740)	0	0	0
Establishment of shipping service (Operating & Personnel)	800,000	2,000,000	3,500,000	3,500,000
Universal Access Fund - reappropriation	400,000	0	0	0
Universal Access Fund - further adjustments	(749,000)	(400,000)	(400,000)	(400,000)
<b>2024/25 Budget Administered Payments</b>	<b>23,168,949</b>	<b>21,169,996</b>	<b>21,035,921</b>	<b>21,027,120</b>
<b>2023/24 Budget Depreciation Baseline</b>	<b>924,000</b>	<b>924,000</b>	<b>330,000</b>	<b>330,000</b>
For the remaining unassigned Electric Vehicles	158,529	158,529	158,529	158,529
Internal transfer between divisions (TMD to MPPS) of excess depreciation budget	(158,529)	(158,529)	0	0
Reduction for previously budgeted FMIS system	(350,000)	(350,000)	0	0
<b>2024/25 Budget Depreciation</b>	<b>574,000</b>	<b>574,000</b>	<b>488,529</b>	<b>488,529</b>
<b>Gross Operating Appropriation</b>	<b>30,754,277</b>	<b>29,030,324</b>	<b>28,610,778</b>	<b>28,601,977</b>
<b>2023/24 Budget Trading Revenue Baseline</b>	<b>954,341</b>	<b>954,341</b>	<b>954,341</b>	<b>954,341</b>
Transfer from MFEM to MFAL of revenue generated from Immigration services at the airport	(475,421)	(475,421)	(475,421)	(475,421)
<b>2024/25 Budget Trading Revenue</b>	<b>478,920</b>	<b>478,920</b>	<b>478,920</b>	<b>478,920</b>
<b>Net Operating Appropriation</b>	<b>30,275,357</b>	<b>28,551,404</b>	<b>28,131,858</b>	<b>28,123,057</b>
<b>2023/24 Budget POBOC Baseline</b>	<b>825,000</b>	<b>825,000</b>	<b>825,000</b>	<b>825,000</b>
Competition and Regulatory Authority (CRA)	200,000	322,131	433,945	487,445
<b>2024/25 Budget POBOC Funding</b>	<b>1,025,000</b>	<b>1,147,131</b>	<b>1,258,945</b>	<b>1,312,445</b>



Changes for the 2024/25 Ministry of Finance and Economic Management's budget include:

- Personnel increases:
  - \$125,000 from 2025/26 for accountants in the Treasury Management Division's Shared services department.
  - \$400,000 for 2024/25 and 2025/26 to strengthen the Revenue Management Division with a tax advisor, legal counsel, an international tax officer and tax outreach officer.
- Increases in the following Administered funds for:
  - \$2.6 million in 2024/25, \$635,575 in 2025/26, \$437,500 in 2026/27 and \$428,699 for the Airline Route Development fund.
  - \$80,000 in 2024/25 for the Pa Enea Tax Policy – RMS tax system change fund to implement the tax changes for Pa Enea residents into the RMS tax system.
  - Ongoing support of \$60,000 from 2024/25 for the Centre of Excellence in Information Technology.
  - \$50,000 in 2024/25 for the Oceania Customs Organisation Conference to support hosting costs.
  - \$1.2 million in 2024/25 and \$1.3 million in 2025/26 for Te Maeva Nui 60<sup>th</sup> Celebration Transportation costs to bring Pa Enea residents to Rarotonga for the celebration.
  - \$800,000 in 2024/25, \$2.0 million in 2025/26 and \$3.5 million from 2026/27 for a domestic shipping service.
  - \$40,000 from 2024/25 for the Public Financial Technical Assistance Centre (PFTAC) membership fee.
- Depreciation increase of \$158,529 for 10 electric vehicles yet to be assigned to other government departments.
- Increase of \$33,945 in 2026/27 and \$87,445 in 2027/28 for the Competition Regulatory Authority (CRA) POBOC fund to strengthen the Authority's work.
- Reappropriation of the following expenditure from the 2023/24 fiscal year to 2024/25:
  - \$1.5 million from the Economic Recovery Roadmap (ERR) administered payment.
  - \$400,000 from the Universal Access Fund administered payment.
- Reduction in the following expenditure to reallocate funds to other critical needs:
  - \$350,000 in 2024/25 and \$200,000 in 2025/26 for personnel.
  - \$549,000 in 2024/25 and \$77,869 in 2025/26 for the Universal Access Fund.
  - \$1.5 million in 2024/25 and \$50,000 in 2025/26 for the ERR.
  - \$150,000 in 2025/26 for the Production of new currency, transportation and sale of old coins administered fund.
  - \$508,529 in 2024/25 and 2025/26 for depreciation that was previously budgeted for the Financial Management Information System which has now fully depreciated.
- The following transfers have occurred:
  - \$475,421 each in trading revenue and personnel from MFEM to MFAI for immigration services at the airport.
  - \$11,822 in operating funds for the Renewable Energy Division due to the transfer of funds and the Division's function from OPM to MFEM.
  - \$200,000 in 2024/25, \$322,131 in 2025/26 and \$400,000 from 2026/27 from the Universal Access Fund administered fund to the CRA POBOC fund to further support the Authority's work.
  - \$64,000 from the Public Sector Strengthening – processes and systems administered fund in 2024/25 and 2025/26 to support the Case Management system for the Crown Law office (\$24,000) and PFTAC membership (\$40,000).

**Table 7-41 Administered Payments, MFEM (\$)**

Output	Administered Payment	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
1	Price Tribunal Committee	45,000	45,000	45,000	45,000
1	Public Sector Strengthening-processes and systems	86,000	86,000	150,000	150,000
1	Economic Recovery Roadmap	1,152,260	150,000	200,000	200,000
1	Standard and Poor's Subscription	70,000	70,000	70,000	70,000
1	Public Financial Technical Assistance Centre (PFTAC)	40,000	40,000	40,000	40,000
1	Airline Route Development	17,921,196	16,035,575	15,037,500	15,028,699
1	Universal Access Fund	51,000	0	0	0
	<b>Output 1 Administered Funding</b>	<b>19,365,456</b>	<b>16,426,575</b>	<b>15,542,500</b>	<b>15,533,699</b>
2	The Centre of Research and Policy Studies	80,000	80,000	80,000	80,000
2	National Heritage Trust Fund	122,241	122,241	122,241	122,241
2	The Centre of Excellence in Information Technology (CEIT)	60,000	60,000	60,000	60,000
2	Audit of Crown Accounts	30,000	30,000	30,000	30,000
2	Special Investigative and Prosecution Services	50,000	50,000	50,000	50,000
2	FMIS Maintenance	150,000	150,000	150,000	150,000
2	Cook Islands Red Cross	50,000	50,000	50,000	50,000
2	Subsidy of audio/visual broadcasting in Pa Enea	45,000	45,000	45,000	45,000
2	Asian Infrastructure Investment Bank (AIIB) Membership	30,500	30,500	30,500	30,500
2	Production of new currency, transportation and sale of old coins	350,000	200,000	350,000	350,000
	<b>Output 2 Administered Funding</b>	<b>967,741</b>	<b>817,741</b>	<b>967,741</b>	<b>967,741</b>
3	ASYCUDA Administrative Fund	100,250	100,250	100,250	100,250
3	IGOR - International Exchange of Information system upgrade	55,430	55,430	55,430	55,430
3	Pa Enea Tax Policy - RMS tax system change	80,000	0	0	0
3	Oceania Customs Organisation Conference (OCO)	50,000	0	0	0
	<b>Output 3 Administered Funding</b>	<b>285,680</b>	<b>155,680</b>	<b>155,680</b>	<b>155,680</b>
4	National Census	0	0	350,000	350,000
	<b>Output 4 Administered Funding</b>	<b>0</b>	<b>0</b>	<b>350,000</b>	<b>350,000</b>
6	Te Maeva Nui 60th Celebration Transportation	1,230,072	1,250,000	0	0
6	Establishment of Shipping Services	800,000	2,000,000	3,500,000	3,500,000
6	Tarai Vaka Fund	20,000	20,000	20,000	20,000
6	Provision for Inter Island Shipping	500,000	500,000	500,000	500,000
	<b>Output 6 Administered Funding</b>	<b>2,550,072</b>	<b>3,770,000</b>	<b>4,020,000</b>	<b>4,020,000</b>
	<b>Total Administered Funding</b>	<b>23,168,949</b>	<b>21,169,996</b>	<b>21,035,921</b>	<b>21,027,120</b>

**Table 7-42 Payments on Behalf of Crown, MFEM (\$)**

Output	POBOC	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
1	Competition and Regulatory Authority (CRA)	600,000	722,131	833,945	887,445
	<b>Output 1 POBOC Funding</b>	<b>600,000</b>	<b>722,131</b>	<b>833,945</b>	<b>887,445</b>
2	Pacific Catastrophe Risk Insurance	160,000	160,000	160,000	160,000
2	Parliamentary Superannuation	180,000	180,000	180,000	180,000
2	CIG Insurance	40,000	40,000	40,000	40,000
2	BEPS Subscription	45,000	45,000	45,000	45,000
	<b>Output 2 POBOC Funding</b>	<b>425,000</b>	<b>425,000</b>	<b>425,000</b>	<b>425,000</b>
	<b>Total POBOC Funding</b>	<b>1,025,000</b>	<b>1,147,131</b>	<b>1,258,945</b>	<b>1,312,445</b>

### 7.5.11. Financial Services Development Authority (FSDA)

Financial Services Development Authority		2024/25	2025/26	2026/27	2027/28
MTEC	Personnel	242,800	242,800	242,800	242,800
	Operating	267,900	267,900	267,900	267,900
	Administered Payments	0	0	0	0
	Depreciation	15,789	15,789	15,789	15,789
	<b>Gross Appropriation</b>	<b>526,489</b>	<b>526,489</b>	<b>526,489</b>	<b>526,489</b>
	Trading Revenue	0	0	0	0
	<b>Net Appropriation</b>	<b>526,489</b>	<b>526,489</b>	<b>526,489</b>	<b>526,489</b>
	POBOC	0	0	0	0
	<b>Medium-term Expenditure Ceiling</b>	<b>526,489</b>	<b>526,489</b>	<b>526,489</b>	<b>526,489</b>

**Table 7-43 Total Resourcing – Government and ODA, FSDA (\$)**

	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Net Appropriation	526,489	526,489	526,489	526,489
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>526,489</b>	<b>526,489</b>	<b>526,489</b>	<b>526,489</b>

**Table 7-44 Output Funding for FSDA (\$)**

	Output 1	Total
Personnel	242,800	242,800
Operating	267,900	267,900
Administered Funding	0	0
Depreciation	15,789	15,789
<b>Gross Operating Appropriation</b>	<b>526,489</b>	<b>526,489</b>
Trading Revenue	0	0
<b>Net Operating Appropriation</b>	<b>526,489</b>	<b>526,489</b>

#### 7.5.11.1. Financial Services Development Authority Outputs

Output 1: Increase the contribution of financial services industry to Cook Islands economy.

**Table 7-45 Baselines and New Budget Measures, FSDA (\$)**

Details	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>2023/24 Budget Personnel Baseline</b>	<b>242,800</b>	<b>242,800</b>	<b>242,800</b>	<b>242,800</b>
<b>2024/25 Budget Personnel Budget</b>	<b>242,800</b>	<b>242,800</b>	<b>242,800</b>	<b>242,800</b>
<b>2023/24 Budget Operating Baseline</b>	<b>217,900</b>	<b>217,900</b>	<b>217,900</b>	<b>217,900</b>
Marketing programme	50,000	50,000	50,000	50,000
<b>2024/25 Budget Operating Budget</b>	<b>267,900</b>	<b>267,900</b>	<b>267,900</b>	<b>267,900</b>
<b>2023/24 Budget Administered Payments Baseline</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2024/25 Budget Administered Payments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2023/24 Budget Depreciation Baseline</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>
To account for an electric vehicle	12,789	12,789	12,789	12,789
<b>2024/25 Budget Depreciation</b>	<b>15,789</b>	<b>15,789</b>	<b>15,789</b>	<b>15,789</b>
<b>Gross Operating Appropriation</b>	<b>526,489</b>	<b>526,489</b>	<b>526,489</b>	<b>526,489</b>
<b>2023/24 Budget Trading Revenue Baseline</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2024/25 Budget Trading Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Operating Appropriation</b>	<b>526,489</b>	<b>526,489</b>	<b>526,489</b>	<b>526,489</b>

Changes for the 2024/25 Financial Services Development Authority's budget include:

- 50,000 operating increase from 2024/25 to expand the marketing programme.
- Depreciation increase of \$12,879 for the electric vehicle.

### 7.5.12. Ministry of Foreign Affairs and Immigration (MFAI)

Foreign Affairs and Immigration		2024/25	2025/26	2026/27	2027/28
<b>MTEC</b>	Personnel	3,075,452	2,825,452	2,825,452	2,825,452
	Operating	1,019,103	1,019,103	1,019,103	1,479,103
	Administered Payments	15,000	15,000	15,000	15,000
	Depreciation	45,000	45,000	45,000	45,000
	<b>Gross Appropriation</b>	<b>4,154,555</b>	<b>3,904,555</b>	<b>3,904,555</b>	<b>4,364,555</b>
	Trading Revenue	503,421	503,421	503,421	503,421
	<b>Net Appropriation</b>	<b>3,651,134</b>	<b>3,401,134</b>	<b>3,401,134</b>	<b>3,861,134</b>
	POBOC	1,103,461	1,103,461	953,461	953,461
	<b>Medium-term Expenditure Ceiling</b>	<b>5,258,016</b>	<b>5,008,016</b>	<b>4,858,016</b>	<b>5,318,016</b>

**Table 7-46 Total Resourcing – Government and ODA, MFAI (\$)**

	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Net Appropriation	3,651,134	3,401,134	3,401,134	3,861,134
Trading Revenue	503,421	503,421	503,421	503,421
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>4,154,555</b>	<b>3,904,555</b>	<b>3,904,555</b>	<b>4,364,555</b>

**Table 7-47 Output Funding for MFAI (\$)**

	Output 1	Output 2	Output 3	Output 4
Personnel	192,450	146,128	158,813	1,308,830
Operating	69,641	69,641	52,232	208,924
Administered Funding	0	0	0	0
Depreciation	6,753	14,369	9,561	7,864
<b>Gross Operating Appropriation</b>	<b>268,844</b>	<b>230,138</b>	<b>220,606</b>	<b>1,525,618</b>
Trading Revenue	0	0	0	475,421
<b>Net Operating Appropriation</b>	<b>268,844</b>	<b>230,138</b>	<b>220,606</b>	<b>1,050,197</b>

	Output 5	Output 6	Total
Personnel	796,552	472,679	3,075,452
Operating	135,265	483,400	1,019,103
Administered Funding	15,000	0	15,000
Depreciation	6,453	0	45,000
<b>Gross Operating Appropriation</b>	<b>953,270</b>	<b>956,079</b>	<b>4,154,555</b>
Trading Revenue	28,000	0	503,421
<b>Net Operating Appropriation</b>	<b>925,270</b>	<b>956,079</b>	<b>3,651,134</b>

### 7.5.12.1. Ministry of Foreign Affairs and Immigration Outputs

- Output 1: Pacific Regional Affairs Division
- Output 2: International Affairs and Trade
- Output 3: Treaties, Multilateral and Oceans Division
- Output 4: Immigration Services
- Output 5: Capability and Service Delivery
- Output 6: Overseas Diplomatic Missions

**Table 7-48 Baselines and New Budget Measures, MFAI (\$)**

Details	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>2023/24 Budget Personnel Baseline</b>	<b>2,350,031</b>	<b>2,350,031</b>	<b>2,350,031</b>	<b>2,350,031</b>
Transfer from MFEM to MFAI – Airport Immigration staff	475,421	475,421	475,421	475,421
Increase to cover critical positions	250,000	0	0	0
<b>2024/25 Budget Personnel Budget</b>	<b>3,075,452</b>	<b>2,825,452</b>	<b>2,825,452</b>	<b>2,825,452</b>
<b>2023/24 Budget Operating Baseline</b>	<b>1,019,103</b>	<b>1,019,103</b>	<b>1,019,103</b>	<b>1,019,103</b>
Establish a Cook Islands High Commission in Canberra, Australia	0	0	0	460,000
<b>2024/25 Budget Operating Budget</b>	<b>1,019,103</b>	<b>1,019,103</b>	<b>1,019,103</b>	<b>1,479,103</b>
<b>2023/24 Budget Administered Payments Baseline</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>
<b>2024/25 Budget Administered Payments</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>
<b>2023/24 Budget Depreciation Baseline</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>
<b>2024/25 Budget Depreciation</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>
<b>Gross Operating Appropriation</b>	<b>4,154,555</b>	<b>3,904,555</b>	<b>3,904,555</b>	<b>4,364,555</b>
<b>2023/24 Budget Trading Revenue Baseline</b>	<b>28,000</b>	<b>28,000</b>	<b>28,000</b>	<b>28,000</b>
Transfer from MFEM to MFAI of revenue generated from Immigration services at the airport	475,421	475,421	475,421	475,421
<b>2024/25 Budget Trading Revenue</b>	<b>503,421</b>	<b>503,421</b>	<b>503,421</b>	<b>503,421</b>
<b>Net Operating Appropriation</b>	<b>3,651,134</b>	<b>3,401,134</b>	<b>3,401,134</b>	<b>3,861,134</b>
<b>2023/24 Budget POBOC Baseline</b>	<b>953,461</b>	<b>953,461</b>	<b>953,461</b>	<b>953,461</b>
International Subscriptions	150,000	150,000	0	0
<b>2024/25 Budget POBOC Funding</b>	<b>1,103,461</b>	<b>1,103,461</b>	<b>953,461</b>	<b>953,461</b>

Changes for the 2024/25 Ministry of Foreign Affairs and Immigration’s budget include:

- One-off personnel increase of \$250,000 for critical roles to strengthen the Ministry’s capacity.
- An operating increase of \$460,000 is planned for 2027/28 to establish a Cook Islands High Commission in Canberra, Australia.
- \$150,000 increase in the International Subscriptions POBOC fund for 2024/25 and 2025/26 to cover rising fees and foreign exchange costs.
- A transfer of \$475,421 in trading revenue and \$475,421 in personnel from MFEM to MFAI for management of immigration services at the airport, in accordance with the Cook Islands Immigration Amendment Act 2024.

**Table 7-49 Administered Payments, MFAI (\$)**

Output	Administered Payment	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
5	Cook Islands Student Association Support	10,000	10,000	10,000	10,000
5	Returned Services Association	5,000	5,000	5,000	5,000
	<b>Output 5 Administered Funding</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>
	<b>Total Administered Funding</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>

**Table 7-50 Payments on behalf of Crown, MFAI (\$)**

Output	POBOC	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
5	International Maritime Organization - Maritime Cook Islands	63,461	63,461	63,461	63,461
5	International Subscriptions	1,040,000	1,040,000	890,000	890,000
	<b>Output 5 POBOC Funding</b>	<b>1,103,461</b>	<b>1,103,461</b>	<b>953,461</b>	<b>953,461</b>
	<b>Total POBOC Funding</b>	<b>1,103,461</b>	<b>1,103,461</b>	<b>953,461</b>	<b>953,461</b>

### 7.5.13. Head of State

Head of State		2024/25	2025/26	2026/27	2027/28
MTEC	Personnel	180,274	180,274	180,274	180,274
	Operating	22,299	22,299	22,299	22,299
	Administered Payments	36,000	36,000	36,000	36,000
	Depreciation	14,000	14,000	14,000	14,000
	<b>Gross Appropriation</b>	<b>252,573</b>	<b>252,573</b>	<b>252,573</b>	<b>252,573</b>
	Trading Revenue	0	0	0	0
	<b>Net Appropriation</b>	<b>252,573</b>	<b>252,573</b>	<b>252,573</b>	<b>252,573</b>
	POBOC	0	0	0	0
	<b>Medium-term Expenditure Ceiling</b>	<b>252,573</b>	<b>252,573</b>	<b>252,573</b>	<b>252,573</b>

**Table 7-51 Total Resourcing – Government and ODA, Head of State (\$)**

	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Net Appropriation	252,573	252,573	252,573	252,573
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>252,573</b>	<b>252,573</b>	<b>252,573</b>	<b>252,573</b>

**Table 7-52 Output Funding for Head of State (\$)**

	Output 1	Total
Personnel	180,274	180,274
Operating	22,299	22,299
Administered Funding	36,000	36,000
Depreciation	14,000	14,000
<b>Gross Operating Appropriation</b>	<b>252,573</b>	<b>252,573</b>
Trading Revenue	0	0
<b>Net Operating Appropriation</b>	<b>252,573</b>	<b>252,573</b>

#### 7.5.13.1. Head of State Output

Output 1: Corporate Services

**Table 7-53 Baselines and New Budget Measures, Head of State (\$)**

Details	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>2023/24 Budget Personnel Baseline</b>	<b>179,590</b>	<b>179,590</b>	<b>179,590</b>	<b>179,590</b>
Minimum wage adjustment	684	684	684	684
<b>2024/25 Budget Personnel Budget</b>	<b>180,274</b>	<b>180,274</b>	<b>180,274</b>	<b>180,274</b>
<b>2023/24 Budget Operating Baseline</b>	<b>22,299</b>	<b>22,299</b>	<b>22,299</b>	<b>22,299</b>
<b>2024/25 Budget Operating Budget</b>	<b>22,299</b>	<b>22,299</b>	<b>22,299</b>	<b>22,299</b>
<b>2023/24 Budget Administered Payments Baseline</b>	<b>36,000</b>	<b>36,000</b>	<b>36,000</b>	<b>36,000</b>
<b>2024/25 Budget Administered Payments</b>	<b>36,000</b>	<b>36,000</b>	<b>36,000</b>	<b>36,000</b>
<b>2023/24 Budget Depreciation Baseline</b>	<b>14,000</b>	<b>14,000</b>	<b>14,000</b>	<b>14,000</b>
<b>2024/25 Budget Depreciation</b>	<b>14,000</b>	<b>14,000</b>	<b>14,000</b>	<b>14,000</b>
<b>Gross Operating Appropriation</b>	<b>252,573</b>	<b>252,573</b>	<b>252,573</b>	<b>252,573</b>
<b>2023/24 Budget Trading Revenue Baseline</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2024/25 Budget Trading Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Operating Appropriation</b>	<b>252,573</b>	<b>252,573</b>	<b>252,573</b>	<b>252,573</b>

Changes for the 2024/25 Head of State's budget include:

- Personnel increase of \$684 for the minimum wage adjustment.

**Table 7-54 Administered Payments, Head of State (\$)**

Output	Administered Payment	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
1	Domestic Hosting Entertainment	15,000	15,000	15,000	15,000
1	Head of State Rent	13,000	13,000	13,000	13,000
1	KR Social Responsibility Fund	8,000	8,000	8,000	8,000
	<b>Output 1 Administered Funding</b>	<b>36,000</b>	<b>36,000</b>	<b>36,000</b>	<b>36,000</b>
	<b>Total Administered Funding</b>	<b>36,000</b>	<b>36,000</b>	<b>36,000</b>	<b>36,000</b>

#### 7.5.14. Ministry of Health (Te Marae Ora)

Health		2024/25	2025/26	2026/27	2027/28
MTEC	Personnel	13,133,557	13,383,557	13,472,557	13,672,557
	Operating	3,598,951	3,598,951	3,818,951	3,818,951
	Administered Payments	3,536,870	3,636,870	3,903,030	3,786,870
	Depreciation	1,781,000	1,781,000	1,781,000	1,781,000
	<b>Gross Appropriation</b>	<b>22,050,378</b>	<b>22,400,378</b>	<b>22,975,538</b>	<b>23,059,378</b>
	Trading Revenue	350,000	350,000	350,000	350,000
	<b>Net Appropriation</b>	<b>21,700,378</b>	<b>22,050,378</b>	<b>22,625,538</b>	<b>22,709,378</b>
	POBOC	0	0	0	0
	<b>Medium-term Expenditure Ceiling</b>	<b>22,050,378</b>	<b>22,400,378</b>	<b>22,975,538</b>	<b>23,059,378</b>

**Table 7-55 Total Resourcing – Government and ODA, Health (\$)**

	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Net Appropriation	21,700,378	22,050,378	22,625,538	22,709,378
Trading Revenue	350,000	350,000	350,000	350,000
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>22,050,378</b>	<b>22,400,378</b>	<b>22,975,538</b>	<b>23,059,378</b>

**Table 7-56 Output Funding for Health (\$)**

	Output 1	Output 2	Output 3	Output 4	Output 5	Total
Personnel	2,513,935	1,017,245	2,189,630	6,481,319	931,428	13,133,557
Operating	265,000	210,000	623,600	1,623,000	877,351	3,598,951
Administered Funding	195,000	0	0	3,017,800	324,070	3,536,870
Depreciation	90,000	35,000	165,000	1,301,000	190,000	1,781,000
<b>Gross Operating Appropriation</b>	<b>3,063,935</b>	<b>1,262,245</b>	<b>2,978,230</b>	<b>12,423,119</b>	<b>2,322,849</b>	<b>22,050,378</b>
Trading Revenue	10,000	30,000	100,000	210,000	0	350,000
<b>Net Operating Appropriation</b>	<b>3,053,935</b>	<b>1,232,245</b>	<b>2,878,230</b>	<b>12,213,119</b>	<b>2,322,849</b>	<b>21,700,378</b>

### 7.5.14.1. Ministry of Health Outputs

Output 1: Public Health

Output 2: Oral Health Services

Output 3: Primary Care

Output 4: Hospital Health

Output 5: Planning and Funding

**Table 7-57 Baselines and New Budget Measures, Health (\$)**

Details	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>2023/24 Budget Personnel Baseline</b>	<b>13,172,557</b>	<b>13,172,557</b>	<b>13,172,557</b>	<b>13,172,557</b>
To support workforce retention	0	250,000	300,000	500,000
Reduction in programmed personnel funding	(39,000)	(39,000)	0	0
<b>2024/25 Budget Personnel Budget</b>	<b>13,133,557</b>	<b>13,383,557</b>	<b>13,472,557</b>	<b>13,672,557</b>
<b>2023/24 Budget Operating Baseline</b>	<b>3,598,951</b>	<b>3,598,951</b>	<b>3,598,951</b>	<b>3,598,951</b>
Laboratory Radiology consumable costs	0	0	170,000	170,000
Oral Health consumable costs	0	0	50,000	50,000
<b>2024/25 Budget Operating Budget</b>	<b>3,598,951</b>	<b>3,598,951</b>	<b>3,818,951</b>	<b>3,818,951</b>
<b>2023/24 Budget Administered Payments Baseline</b>	<b>2,536,870</b>	<b>2,536,870</b>	<b>2,536,870</b>	<b>2,536,870</b>
Workforce Development	0	0	266,160	150,000
NCD Fund	0	100,000	100,000	100,000
Patient Referrals	1,000,000	1,000,000	1,000,000	1,000,000
<b>2024/25 Budget Administered Payments</b>	<b>3,536,870</b>	<b>3,636,870</b>	<b>3,903,030</b>	<b>3,786,870</b>
<b>2023/24 Budget Depreciation Baseline</b>	<b>1,781,000</b>	<b>1,781,000</b>	<b>1,781,000</b>	<b>1,781,000</b>
<b>2024/25 Budget Depreciation</b>	<b>1,781,000</b>	<b>1,781,000</b>	<b>1,781,000</b>	<b>1,781,000</b>
<b>Gross Operating Appropriation</b>	<b>22,050,378</b>	<b>22,400,378</b>	<b>22,975,538</b>	<b>23,059,378</b>
<b>2023/24 Budget Trading Revenue Baseline</b>	<b>350,000</b>	<b>350,000</b>	<b>350,000</b>	<b>350,000</b>
<b>2024/25 Budget Trading Revenue</b>	<b>350,000</b>	<b>350,000</b>	<b>350,000</b>	<b>350,000</b>
<b>Net Operating Appropriation</b>	<b>21,700,378</b>	<b>22,050,378</b>	<b>22,625,538</b>	<b>22,709,378</b>

Changes for the 2024/25 Ministry of Health's budget include:

- \$39,000 reduction in the planned personnel increase for 2024/25 and 2025/26 to reallocate funds to other critical needs.
- Gradual personnel increase of \$250,000 in 2025/26, \$300,000 in 2026/27 and \$500,000 in 2027/28 to support workforce retention.
- An operating increase of \$220,000 from 2026/27 to cover consumable costs in Laboratory Radiology (\$170,000) and Oral Health (\$50,000).
- \$100,000 increase in the NCD fund to support the 'Round the Rock' programme.
- \$1.0 million increase the Patient Referrals fund to cover baseline costs.
- Increases in the Workforce Development fund for:
  - \$116,160 in 2026/27 for associated placement costs for nurses in the Bachelor of Nursing Pacific Programme.



- \$150,000 from 2026/27 to train dental assistant (\$75,000) and Health Protection officers (\$75,000).

**Table 7-58 Administered Payments, Health (\$)**

Output	Administered Payment	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
1	NCD Fund	195,000	295,000	295,000	295,000
	<b>Output 1 Administered Funding</b>	<b>195,000</b>	<b>295,000</b>	<b>295,000</b>	<b>295,000</b>
4	Patient Referrals	1,850,000	1,850,000	1,850,000	1,850,000
4	Pharmaceuticals	1,167,800	1,167,800	1,167,800	1,167,800
	<b>Output 4 Administered Funding</b>	<b>3,017,800</b>	<b>3,017,800</b>	<b>3,017,800</b>	<b>3,017,800</b>
5	Law and Order Clinical Psychologist	90,000	90,000	90,000	90,000
5	Workforce Development	234,070	234,070	500,230	384,070
	<b>Output 5 Administered Funding</b>	<b>324,070</b>	<b>324,070</b>	<b>590,230</b>	<b>474,070</b>
	<b>Total Administered Funding</b>	<b>3,536,870</b>	<b>3,636,870</b>	<b>3,903,030</b>	<b>3,786,870</b>

### 7.5.15. Infrastructure Cook Islands (ICI)

Infrastructure Cook Islands		2024/25	2025/26	2026/27	2027/28
MTEC	Personnel	3,347,648	3,467,648	3,467,648	3,467,648
	Operating	424,129	384,129	384,129	384,129
	Administered Payments	2,773,650	3,048,650	3,115,000	3,200,000
	Depreciation	345,000	345,000	345,000	345,000
	<b>Gross Appropriation</b>	<b>6,890,427</b>	<b>7,245,427</b>	<b>7,311,777</b>	<b>7,396,777</b>
	Trading Revenue	300,000	380,000	380,000	380,000
	<b>Net Appropriation</b>	<b>6,590,427</b>	<b>6,865,427</b>	<b>6,931,777</b>	<b>7,016,777</b>
	POBOC	0	0	0	0
	<b>Medium-term Expenditure Ceiling</b>	<b>6,890,427</b>	<b>7,245,427</b>	<b>7,311,777</b>	<b>7,396,777</b>

**Table 7-59 Total Resourcing – Government and ODA, ICI (\$)**

	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Net Appropriation	6,590,427	6,865,427	6,931,777	7,016,777
Trading Revenue	300,000	380,000	380,000	380,000
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>6,890,427</b>	<b>7,245,427</b>	<b>7,311,777</b>	<b>7,396,777</b>

**Table 7-60 Output Funding for ICI (\$)**

	Output 1	Output 2	Output 3	Output 4	Total
Personnel	2,312,030	23,776	427,728	584,114	3,347,648
Operating	210,000	55,000	70,000	89,129	424,129
Administered Funding	925,000	833,650	1,015,000	0	2,773,650
Depreciation	260,000	21,000	49,000	15,000	345,000
<b>Gross Operating Appropriation</b>	<b>3,707,030</b>	<b>933,426</b>	<b>1,561,728</b>	<b>688,243</b>	<b>6,890,427</b>
Trading Revenue	135,000	15,000	150,000	0	300,000
<b>Net Operating Appropriation</b>	<b>3,572,030</b>	<b>918,426</b>	<b>1,411,728</b>	<b>688,243</b>	<b>6,590,427</b>

#### 7.5.15.1. Infrastructure Cook Islands Outputs

- Output 1: Core and Support Services
- Output 2: Planning and Implementation
- Output 3: Waste Management
- Output 4: Corporate Services

**Table 7-61 Baselines and New Budget Measures, ICI (\$)**

Details	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>2023/24 Budget Personnel Baseline</b>	<b>2,369,871</b>	<b>2,369,871</b>	<b>2,369,871</b>	<b>2,369,871</b>
Transfer of personnel from CAPEX projects	1,097,777	1,097,777	1,097,777	1,097,777
Transfer to operating to cover contract services	(120,000)	0	0	0
<b>2024/25 Budget Personnel Budget</b>	<b>3,347,648</b>	<b>3,467,648</b>	<b>3,467,648</b>	<b>3,467,648</b>
<b>2023/24 Budget Operating Baseline</b>	<b>304,129</b>	<b>384,129</b>	<b>384,129</b>	<b>384,129</b>
Transfer from personnel to cover contract services	120,000	0	0	0
<b>2024/25 Budget Operating Budget</b>	<b>424,129</b>	<b>384,129</b>	<b>384,129</b>	<b>384,129</b>
<b>2023/24 Budget Administered Payments Baseline</b>	<b>2,505,000</b>	<b>2,505,000</b>	<b>2,505,000</b>	<b>2,505,000</b>
Bridges and Stream Structure Maintenance	0	(100,000)	0	0
Emergency Response Work	(75,000)	0	0	0
Waste Management	210,000	110,000	160,000	245,000
Drainage Asset Management	0	400,000	400,000	400,000
Road and Drainage Asset Management	(800,000)	(800,000)	(800,000)	(800,000)
Road Assets Management	800,000	800,000	800,000	800,000
Water Maintenance	133,650	133,650	50,000	50,000
<b>2024/25 Budget Administered Payments</b>	<b>2,773,650</b>	<b>3,048,650</b>	<b>3,115,000</b>	<b>3,200,000</b>
<b>2023/24 Budget Depreciation Baseline</b>	<b>345,000</b>	<b>345,000</b>	<b>345,000</b>	<b>345,000</b>
<b>2024/25 Budget Depreciation</b>	<b>345,000</b>	<b>345,000</b>	<b>345,000</b>	<b>345,000</b>
<b>Gross Operating Appropriation</b>	<b>6,890,427</b>	<b>7,245,427</b>	<b>7,311,777</b>	<b>7,396,777</b>
<b>2023/24 Budget Trading Revenue Baseline</b>	<b>300,000</b>	<b>380,000</b>	<b>380,000</b>	<b>380,000</b>
<b>2024/25 Budget Trading Revenue</b>	<b>300,000</b>	<b>380,000</b>	<b>380,000</b>	<b>380,000</b>
<b>Net Operating Appropriation</b>	<b>6,590,427</b>	<b>6,865,427</b>	<b>6,931,777</b>	<b>7,016,777</b>

Changes for the 2024/25 Infrastructure Cook Islands' budget include:

- \$1.1 million personnel increase to cover positions currently being capitalised under various infrastructure projects from 2024/25 which involves a transfer from ICI's Road Asset Management and Improvement Programme capital budget for the initial two years.
- \$120,000 one-off transfer from personnel to operating to cover contractual services.
- Increases in the Waste Management fund for:
  - \$110,000 from 2024/25 to 2026/27 and \$195,000 in 2027/28 for increased contractual costs in waste collection
  - \$50,000 from 2026/27 for costs related to exporting tins and aluminium cans
  - \$100,000 in 2024/25 for structural maintenance of the primary and secondary sewage oxidation ponds.
- A new administered fund for drainage maintenance is established with \$400,000 from 2025/26.
- A separate administered fund for road maintenance has been created, with \$800,000 transferred from the Road and Drainage Asset Management administered fund to the Road Asset Management fund.
- An administered fund for water infrastructure maintenance in Aitutaki has been created, starting with \$133,650 for the initial two years before reducing to \$50,000 by 2026/27. The fund is supported by a \$50,000 transfer from Aitutaki Island Government's operating funds.
- One-off reductions in the following administered funds to reallocate to other critical needs:
  - \$75,000 in 2024/25 for the Emergency Response fund.
  - \$100,000 in 2025/26 for the Bridges & Structures Maintenance fund.

**Table 7-62 Administered Payments, ICI (\$)**

Output	Administered Payment	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
1	Emergency Response Work	125,000	200,000	200,000	200,000
1	Road Asset Management	800,000	800,000	800,000	800,000
1	Drainage Asset Management	0	400,000	400,000	400,000
	<b>Output 1 Administered Funding</b>	<b>925,000</b>	<b>1,400,000</b>	<b>1,400,000</b>	<b>1,400,000</b>
2	Bridges and Stream Structure Maintenance	700,000	600,000	700,000	700,000
2	Water Maintenance	133,650	133,650	50,000	50,000
	<b>Output 2 Administered Funding</b>	<b>833,650</b>	<b>733,650</b>	<b>750,000</b>	<b>750,000</b>
3	Waste Management	1,015,000	915,000	965,000	1,050,000
	<b>Output 3 Administered Funding</b>	<b>1,015,000</b>	<b>915,000</b>	<b>965,000</b>	<b>1,050,000</b>
	<b>Total Administered Funding</b>	<b>2,773,650</b>	<b>3,048,650</b>	<b>3,115,000</b>	<b>3,200,000</b>

### 7.5.16. Ministry of Internal Affairs

Internal Affairs		2024/25	2025/26	2026/27	2027/28
MTEC	Personnel	1,417,376	1,417,376	1,357,376	1,357,376
	Operating	312,000	312,000	300,000	300,000
	Administered Payments	4,877,251	5,001,438	4,472,161	4,571,017
	Depreciation	12,000	12,000	12,000	12,000
	<b>Gross Appropriation</b>	<b>6,618,627</b>	<b>6,742,814</b>	<b>6,141,537</b>	<b>6,240,393</b>
	Trading Revenue	0	0	0	0
	<b>Net Appropriation</b>	<b>6,618,627</b>	<b>6,742,814</b>	<b>6,141,537</b>	<b>6,240,393</b>
	POBOC	21,862,666	22,056,430	22,242,072	22,423,265
	<b>Medium-term Expenditure Ceiling</b>	<b>28,481,293</b>	<b>28,799,243</b>	<b>28,383,610</b>	<b>28,663,658</b>

**Table 7-63 Total Resourcing – Government and ODA, Internal Affairs (\$)**

	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Net Appropriation	6,618,627	6,742,815	6,141,537	6,240,393
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>6,618,627</b>	<b>6,742,815</b>	<b>6,141,537</b>	<b>6,240,393</b>

**Table 7-64 Output Funding for Internal Affairs (\$)**

	Output 1	Output 2	Output 3	Output 4	Output 5	Total
Personnel	379,670	459,869	218,713	130,486	228,638	1,417,376
Operating	62,000	59,000	50,000	50,000	91,000	312,000
Administered Funding	2,243,336	1,731,915	0	450,000	452,000	4,877,251
Depreciation	0	0	0	0	12,000	12,000
<b>Gross Operating Appropriation</b>	<b>2,685,006</b>	<b>2,250,784</b>	<b>268,713</b>	<b>630,486</b>	<b>783,638</b>	<b>6,618,627</b>
Trading Revenue	0	0	0	0	0	0
<b>Net Operating Appropriation</b>	<b>2,685,006</b>	<b>2,250,784</b>	<b>268,713</b>	<b>630,486</b>	<b>783,638</b>	<b>6,618,627</b>

#### 7.5.16.1. Ministry of Internal Affairs Outputs

Output 1: Welfare Services

Output 2: Social Policy and Services

Output 3: Labour and Consumer Services

Output 4: Civil Services

Output 5: Corporate Services

**Table 7-65 Baselines and New Budget Measures, Internal Affairs (\$)**

Details	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>2023/24 Budget Personnel Baseline</b>	<b>1,357,376</b>	<b>1,357,376</b>	<b>1,357,376</b>	<b>1,357,376</b>
Systems Administrator	60,000	60,000	0	0
<b>2024/25 Budget Personnel Budget</b>	<b>1,417,376</b>	<b>1,417,376</b>	<b>1,357,376</b>	<b>1,357,376</b>
<b>2023/24 Budget Operating Baseline</b>	<b>278,000</b>	<b>278,000</b>	<b>278,000</b>	<b>278,000</b>
Office costs - Pa Enuua	22,000	22,000	22,000	22,000
Systems Administrator – operating funds	12,000	12,000	0	0
<b>2024/25 Budget Operating Budget</b>	<b>312,000</b>	<b>312,000</b>	<b>300,000</b>	<b>300,000</b>
<b>2023/24 Budget Administered Payments Baseline</b>	<b>3,795,971</b>	<b>3,851,509</b>	<b>3,852,668</b>	<b>3,852,668</b>
Welfare Payments - Allowances	394,365	513,015	619,493	718,349
SIF - ODA Graduation Support Fund	686,915	686,915	0	0
Vaka Maintenance	0	(50,000)	0	0
<b>2024/25 Budget Administered Payments</b>	<b>4,877,251</b>	<b>5,001,439</b>	<b>4,472,161</b>	<b>4,571,017</b>
<b>2023/24 Budget Depreciation Baseline</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>
<b>2024/25 Budget Depreciation</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>
<b>Gross Operating Appropriation</b>	<b>6,618,627</b>	<b>6,742,815</b>	<b>6,141,537</b>	<b>6,240,393</b>
<b>2023/24 Budget Trading Revenue Baseline</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2024/25 Budget Trading Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Operating Appropriation</b>	<b>6,618,627</b>	<b>6,742,815</b>	<b>6,141,537</b>	<b>6,240,393</b>
<b>2023/24 Budget POBOC Baseline</b>	<b>21,771,103</b>	<b>21,978,792</b>	<b>21,979,280</b>	<b>21,979,280</b>
Welfare Payments	91,562	77,637	262,791	443,984
<b>2024/25 Budget POBOC Funding</b>	<b>21,862,665</b>	<b>22,056,429</b>	<b>22,242,071</b>	<b>22,423,264</b>

Changes for the 2024/25 Ministry of Internal Affairs' budget include:

- \$60,000 personnel increase for a Systems Administrator, with an additional \$12,000 operating increase for the first two years to support a new social welfare management information system.
- \$22,000 operating increase to cover costs for Pa Enuua offices.
- Ongoing funding for the SIF-ODA Graduation Support Fund of \$686,915 in 2024/25 and 2025/26.
- Adjustments to the welfare payments based on number of recipients as follows:
  - Welfare Payments – Allowances will increase by \$394,365 in 2024/25, \$513,015 in 2025/26, \$619,943 in 2026/27 and \$718,349 in 2027/28, specifically for increased recipients receiving the Caregivers allowance.
  - Welfare Payments POBOC will increase by \$91,562 in 2024/25, \$77,637 in 2025/26, \$262,791 in 2026/27 and \$443,984 in 2027/28 primarily related to the Old Age Pension.
- \$50,000 reduction in the programmed increase for the Vaka Maintenance administered fund in 2025/26 to reallocate funds to other critical needs.

**Table 7-66 Administered Payments, Internal Affairs (\$)**

Output	Administered Payment	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
1	Welfare Payments - Allowances	2,243,336	2,367,523	2,475,161	2,574,017
	<b>Output 1 Administered Funding</b>	<b>2,243,336</b>	<b>2,367,523</b>	<b>2,475,161</b>	<b>2,574,017</b>
2	Internal Affairs Youth Program	45,000	45,000	45,000	45,000
2	SIF - Cook Islands Government Contribution	1,000,000	1,000,000	1,000,000	1,000,000
2	SIF - ODA Graduation Support Fund	686,915	686,915	0	0
	<b>Output 2 Administered Funding</b>	<b>1,731,915</b>	<b>1,731,915</b>	<b>1,045,000</b>	<b>1,045,000</b>
4	Vaka Maintenance	450,000	450,000	500,000	500,000
	<b>Output 4 Administered Funding</b>	<b>450,000</b>	<b>450,000</b>	<b>500,000</b>	<b>500,000</b>
5	CISNOC Grant	370,000	370,000	370,000	370,000
5	Lease extension	72,000	72,000	72,000	72,000
5	Religious Advisory Council	10,000	10,000	10,000	10,000
	<b>Output 5 Administered Funding</b>	<b>452,000</b>	<b>452,000</b>	<b>452,000</b>	<b>452,000</b>
	<b>Total Administered Funding</b>	<b>4,877,251</b>	<b>5,001,438</b>	<b>4,472,161</b>	<b>4,571,017</b>

**Table 7-67 Payments on Behalf of Crown, Internal Affairs (\$)**

Output	POBOC	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
1	Welfare Payments	21,862,666	22,056,430	22,242,072	22,423,265
	<b>Output 1 POBOC Funding</b>	<b>21,862,666</b>	<b>22,056,430</b>	<b>22,242,072</b>	<b>22,423,265</b>
	<b>Total POBOC Funding</b>	<b>21,862,666</b>	<b>22,056,430</b>	<b>22,242,072</b>	<b>22,423,265</b>

### 7.5.17. Ministry of Justice

Justice		2024/25	2025/26	2026/27	2027/28
MTEC	Personnel	2,033,976	2,033,976	2,033,976	2,033,976
	Operating	425,001	425,001	425,001	425,001
	Administered Payments	698,000	698,000	636,000	636,000
	Depreciation	23,000	23,000	23,000	23,000
	<b>Gross Appropriation</b>	<b>3,179,977</b>	<b>3,179,977</b>	<b>3,117,977</b>	<b>3,117,977</b>
	Trading Revenue	425,000	425,000	425,000	425,000
	<b>Net Appropriation</b>	<b>2,754,977</b>	<b>2,754,977</b>	<b>2,692,977</b>	<b>2,692,977</b>
	POBOC	0	0	0	0
	<b>Medium-term Expenditure Ceiling</b>	<b>3,179,977</b>	<b>3,179,977</b>	<b>3,117,977</b>	<b>3,117,977</b>

**Table 7-68 Total Resourcing – Government and ODA, Justice (\$)**

	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Net Appropriation	2,754,977	2,754,977	2,692,977	2,692,977
Trading Revenue	425,000	425,000	425,000	425,000
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>3,179,977</b>	<b>3,179,977</b>	<b>3,117,977</b>	<b>3,117,977</b>

**Table 7-69 Output Funding for Justice (\$)**

	Output 1	Output 2	Output 3	Output 4	Total
Personnel	1,045,582	213,292	243,734	531,368	2,033,976
Operating	189,177	39,179	98,307	98,338	425,001
Administered Funding	567,000	131,000	0	0	698,000
Depreciation	11,517	6,912	2,296	2,275	23,000
<b>Gross Operating Appropriation</b>	<b>1,813,276</b>	<b>390,383</b>	<b>344,337</b>	<b>631,981</b>	<b>3,179,977</b>
Trading Revenue	93,703	15,078	215,528	100,691	425,000
<b>Net Operating Appropriation</b>	<b>1,719,573</b>	<b>375,305</b>	<b>128,809</b>	<b>531,290</b>	<b>2,754,977</b>

### 7.5.17.1. Ministry of Justice Outputs

Output 1: High Courts – Land Court Division

Output 2: Survey

Output 3: Registry Services

Output 4: Corporate Services

**Table 7-70 Baselines and New Budget Measures, Justice (\$)**

Details	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>2023/24 Budget Personnel Baseline</b>	<b>2,033,976</b>	<b>2,033,976</b>	<b>2,033,976</b>	<b>2,033,976</b>
<b>2024/25 Budget Personnel Budget</b>	<b>2,033,976</b>	<b>2,033,976</b>	<b>2,033,976</b>	<b>2,033,976</b>
<b>2023/24 Budget Operating Baseline</b>	<b>436,001</b>	<b>436,001</b>	<b>436,001</b>	<b>436,001</b>
Transfer to the Land Agents Registration Board admin fund	(11,000)	(11,000)	(11,000)	(11,000)
<b>2024/25 Budget Operating Budget</b>	<b>425,001</b>	<b>425,001</b>	<b>425,001</b>	<b>425,001</b>
<b>2023/24 Budget Administered Payments Baseline</b>	<b>625,000</b>	<b>625,000</b>	<b>625,000</b>	<b>625,000</b>
Land Agents Registration Board	11,000	11,000	11,000	11,000
Customs Appeal Authority	62,000	62,000	0	0
<b>2024/25 Budget Administered Payments</b>	<b>698,000</b>	<b>698,000</b>	<b>636,000</b>	<b>636,000</b>
<b>2023/24 Budget Depreciation Baseline</b>	<b>23,000</b>	<b>23,000</b>	<b>23,000</b>	<b>23,000</b>
<b>2024/25 Budget Depreciation</b>	<b>23,000</b>	<b>23,000</b>	<b>23,000</b>	<b>23,000</b>
<b>Gross Operating Appropriation</b>	<b>3,179,977</b>	<b>3,179,977</b>	<b>3,117,977</b>	<b>3,117,977</b>
<b>2023/24 Budget Trading Revenue Baseline</b>	<b>425,000</b>	<b>425,000</b>	<b>425,000</b>	<b>425,000</b>
<b>2024/25 Budget Trading Revenue</b>	<b>425,000</b>	<b>425,000</b>	<b>425,000</b>	<b>425,000</b>
<b>Net Operating Appropriation</b>	<b>2,754,977</b>	<b>2,754,977</b>	<b>2,692,977</b>	<b>2,692,977</b>

Changes for the 2024/25 Ministry of Justice’s budget include:

- \$11,000 transfer from operating to an administered fund for the Land Agents Registration Board.
- \$62,000 is allocated for both 2024/25 and 2025/26 to support the Customs Appeal Authority.

**Table 7-71 Administered Payments, Justice (\$)**

Output	Administered Payment	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
1	Judges Allowances	465,000	465,000	465,000	465,000
1	Customs Appeal Authority	62,000	62,000	0	0
1	Legal Aid	40,000	40,000	40,000	40,000
	<b>Output 1 Administered Funding</b>	<b>567,000</b>	<b>567,000</b>	<b>505,000</b>	<b>505,000</b>
2	Project to bring land records up to date	120,000	120,000	120,000	120,000
2	Land Agents Registration Board	11,000	11,000	11,000	11,000
	<b>Output 2 Administered Funding</b>	<b>131,000</b>	<b>131,000</b>	<b>131,000</b>	<b>131,000</b>
	<b>Total Administered Funding</b>	<b>698,000</b>	<b>698,000</b>	<b>636,000</b>	<b>636,000</b>

## 7.5.18. Ministry of Marine Resources

Marine Resources		2024/25	2025/26	2026/27	2027/28
MTEC	Personnel	1,435,455	1,705,455	1,705,455	1,705,455
	Operating	380,061	380,061	380,061	380,061
	Administered Payments	150,000	150,000	150,000	150,000
	Depreciation	160,000	160,000	160,000	160,000
	<b>Gross Appropriation</b>	<b>2,125,516</b>	<b>2,395,516</b>	<b>2,395,516</b>	<b>2,395,516</b>
	Trading Revenue	20,000	20,000	20,000	20,000
	<b>Net Appropriation</b>	<b>2,105,516</b>	<b>2,375,516</b>	<b>2,375,516</b>	<b>2,375,516</b>
	POBOC	291,440	461,440	344,440	344,440
<b>Medium-term Expenditure Ceiling</b>	<b>2,416,956</b>	<b>2,856,956</b>	<b>2,739,956</b>	<b>2,739,956</b>	

**Table 7-72 Total Resourcing – Government and ODA, Marine Resources (\$)**

	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Net Appropriation	2,105,516	2,375,516	2,375,516	2,375,516
Trading Revenue	20,000	20,000	20,000	20,000
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>2,125,516</b>	<b>2,395,516</b>	<b>2,395,516</b>	<b>2,395,516</b>

**Table 7-73 Output Funding for Marine Resources (\$)**

	Output 1	Output 2	Output 3	Total
Personnel	407,908	729,605	297,942	1,435,455
Operating	116,061	125,000	139,000	380,061
Administered Funding	0	150,000	0	150,000
Depreciation	0	0	160,000	160,000
<b>Gross Operating Appropriation</b>	<b>523,969</b>	<b>1,004,605</b>	<b>596,942</b>	<b>2,125,516</b>
Trading Revenue	0	20,000	0	20,000
<b>Net Operating Appropriation</b>	<b>523,969</b>	<b>984,605</b>	<b>596,942</b>	<b>2,105,516</b>

### 7.5.18.1. Ministry of Marine Resources Outputs

Output 1: Offshore Fisheries

Output 2: Inshore and Aquaculture Fisheries

Output 3: Corporate Services

**Table 7-74 Baselines and New Budget Measures, Marine Resources (\$)**

Details	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>2023/24 Budget Personnel Baseline</b>	<b>1,705,455</b>	<b>1,705,455</b>	<b>1,705,455</b>	<b>1,705,455</b>
Personnel reduction	(270,000)	0	0	0
<b>2024/25 Budget Personnel Budget</b>	<b>1,435,455</b>	<b>1,705,455</b>	<b>1,705,455</b>	<b>1,705,455</b>
<b>2023/24 Budget Operating Baseline</b>	<b>380,061</b>	<b>380,061</b>	<b>380,061</b>	<b>380,061</b>
<b>2024/25 Budget Operating Budget</b>	<b>380,061</b>	<b>380,061</b>	<b>380,061</b>	<b>380,061</b>
<b>2023/24 Budget Administered Payments Baseline</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>
<b>2024/25 Budget Administered Payments</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>
<b>2023/24 Budget Depreciation Baseline</b>	<b>160,000</b>	<b>160,000</b>	<b>160,000</b>	<b>160,000</b>
<b>2024/25 Budget Depreciation</b>	<b>160,000</b>	<b>160,000</b>	<b>160,000</b>	<b>160,000</b>
<b>Gross Operating Appropriation</b>	<b>2,125,516</b>	<b>2,395,516</b>	<b>2,395,516</b>	<b>2,395,516</b>
<b>2023/24 Budget Trading Revenue Baseline</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>
<b>2024/25 Budget Trading Revenue</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>
<b>Net Operating Appropriation</b>	<b>2,105,516</b>	<b>2,375,516</b>	<b>2,375,516</b>	<b>2,375,516</b>
<b>2023/24 Budget POBOC Baseline</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Longline Licence application fees	11,840	11,840	11,840	11,840
Fishing Licences application fees	12,600	12,600	12,600	12,600
Palau Agreement Purse Seine fishing days scheme	150,000	320,000	320,000	320,000
SIOFA and SPRFMO fisheries cost recovery	117,000	117,000	0	0
<b>2024/25 Budget POBOC Funding</b>	<b>291,440</b>	<b>461,440</b>	<b>344,440</b>	<b>344,440</b>

Changes to the 2024/25 Ministry of Marine Resources' budget include:

- One-off personnel reduction of \$270,000 in 2024/25 to reallocate funds to other critical needs.
- Establishment of POBOC funds for:
  - \$11,840 for costs related to generating Longline fishing licence application fees.
  - \$12,600 for costs related to generating Fishing licence application fees.
  - \$150,000 in 2024/25, and an increase to \$320,000 from 2025/26 onwards to establish and maintain programmes for the Palau Arrangement purse seine vessel day scheme.
  - \$117,000 allocated for technical staff, advisors and operational compliance costs related to fisheries in SIOFA and SPRFMO areas.

**Table 7-75 Administered Payments, Marine Resources (\$)**

Output	Administered Payment	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
2	Fisheries Development Facility	150,000	150,000	150,000	150,000
	<b>Output 2 Administered Funding</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>
	<b>Total Administered Funding</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>

**Table 7-76 Payment on behalf Crown, Marine Resources (\$)**

Output	POBOC	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
1	Longline Licence application fees	11,840	11,840	11,840	11,840
1	Fishing Licences application fees	12,600	12,600	12,600	12,600
1	Palau Agreement Purse Seine fishing days scheme	150,000	320,000	320,000	320,000
1	SIOFA and SPRFMO fisheries cost recovery	117,000	117,000	0	0
	<b>Output 1 POBOC Funding</b>	<b>291,440</b>	<b>461,440</b>	<b>344,440</b>	<b>344,440</b>
	<b>Total POBOC Funding</b>	<b>291,440</b>	<b>461,440</b>	<b>344,440</b>	<b>344,440</b>



## 7.5.19. Office of the Ombudsman

Ombudsman		2024/25	2025/26	2026/27	2027/28
MTEC	Personnel	233,000	233,000	233,000	233,000
	Operating	65,001	65,001	65,001	65,001
	Administered Payments	0	0	0	0
	Depreciation	6,000	6,000	6,000	6,000
	<b>Gross Appropriation</b>	<b>304,001</b>	<b>304,001</b>	<b>304,001</b>	<b>304,001</b>
	Trading Revenue	0	0	0	0
	<b>Net Appropriation</b>	<b>304,001</b>	<b>304,001</b>	<b>304,001</b>	<b>304,001</b>
	POBOC	0	0	0	0
<b>Medium-term Expenditure Ceiling</b>		<b>304,001</b>	<b>304,001</b>	<b>304,001</b>	<b>304,001</b>

**Table 7-77 Total Resourcing – Government and ODA, Ombudsman (\$)**

	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Net Appropriation	304,001	304,001	304,001	304,001
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>304,001</b>	<b>304,001</b>	<b>304,001</b>	<b>304,001</b>

**Table 7-78 Output Funding for Ombudsman (\$)**

	Output 1	Output 2	Output 3	Total
Personnel	59,569	131,747	41,684	233,000
Operating	36,791	7,911	20,299	65,001
Administered Funding	0	0	0	0
Depreciation	2,000	2,000	2,000	6,000
<b>Gross Operating Appropriation</b>	<b>98,360</b>	<b>141,658</b>	<b>63,983</b>	<b>304,001</b>
Trading Revenue	0	0	0	0
<b>Net Operating Appropriation</b>	<b>98,360</b>	<b>141,658</b>	<b>63,983</b>	<b>304,001</b>

### 7.5.19.1. Ombudsman Outputs

Output 1: Investigations and Review

Output 2: Public Awareness & Training

Output 3: Corporate Services

**Table 7-79 Baselines and New Budget Measures, Ombudsman (\$)**

Details	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>2023/24 Budget Personnel Baseline</b>	<b>233,000</b>	<b>233,000</b>	<b>233,000</b>	<b>233,000</b>
<b>2024/25 Budget Personnel Budget</b>	<b>233,000</b>	<b>233,000</b>	<b>233,000</b>	<b>233,000</b>
<b>2023/24 Budget Operating Baseline</b>	<b>62,001</b>	<b>62,001</b>	<b>62,001</b>	<b>62,001</b>
To cover the rent for the Ombudsman's office	3,000	3,000	3,000	3,000
<b>2024/25 Budget Operating Budget</b>	<b>65,001</b>	<b>65,001</b>	<b>65,001</b>	<b>65,001</b>
<b>2023/24 Budget Administered Payments Baseline</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2024/25 Budget Administered Payments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2023/24 Budget Depreciation Baseline</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>
<b>2024/25 Budget Depreciation</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>
<b>Gross Operating Appropriation</b>	<b>304,001</b>	<b>304,001</b>	<b>304,001</b>	<b>304,001</b>
<b>2023/24 Budget Trading Revenue Baseline</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2024/25 Budget Trading Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Operating Appropriation</b>	<b>304,001</b>	<b>304,001</b>	<b>304,001</b>	<b>304,001</b>

Changes to the 2024/25 Office of the Ombudsman’s budget include:

- \$3,000 is allocated to account for increased rent.

## 7.5.20. Parliamentary Services

Parliamentary Services		2024/25	2025/26	2026/27	2027/28
MTEC	Personnel	658,343	658,343	658,343	658,343
	Operating	80,000	130,000	130,000	130,000
	Administered Payments	120,000	120,000	120,000	120,000
	Depreciation	72,720	72,720	72,720	72,720
	<b>Gross Appropriation</b>	<b>931,063</b>	<b>981,063</b>	<b>981,063</b>	<b>981,063</b>
	Trading Revenue	0	0	0	0
	<b>Net Appropriation</b>	<b>931,063</b>	<b>981,063</b>	<b>981,063</b>	<b>981,063</b>
	POBOC	3,801,161	3,849,496	3,949,496	3,949,496
<b>Medium-term Expenditure Ceiling</b>	<b>4,732,224</b>	<b>4,830,559</b>	<b>4,930,559</b>	<b>4,930,559</b>	

**Table 7-80 Total Resourcing – Government and ODA, Parliament (\$)**

	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Net Appropriation	931,063	981,063	981,063	981,063
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>931,063</b>	<b>981,063</b>	<b>981,063</b>	<b>981,063</b>

**Table 7-81 Output Funding for Parliament (\$)**

	Output 1	Output 2	Total
Personnel	511,353	146,990	658,343
Operating	52,000	28,000	80,000
Administered Funding	120,000	0	120,000
Depreciation	50,700	22,020	72,720
<b>Gross Operating Appropriation</b>	<b>734,053</b>	<b>197,010</b>	<b>931,063</b>
Trading Revenue	0	0	0
<b>Net Operating Appropriation</b>	<b>734,053</b>	<b>197,010</b>	<b>931,063</b>

### 7.5.20.1. Parliamentary Services Outputs

Output 1: Constitutional Function

Output 2: Corporate Services

**Table 7-82 Baselines and New Budget Measures, Parliament (\$)**

Details	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>2023/24 Budget Personnel Baseline</b>	<b>624,605</b>	<b>624,605</b>	<b>624,605</b>	<b>624,605</b>
Transfer from Civil List - Personnel POBOC	30,000	30,000	30,000	30,000
Minimum wage adjustment	3,738	3,738	3,738	3,738
<b>2024/25 Budget Personnel Budget</b>	<b>658,343</b>	<b>658,343</b>	<b>658,343</b>	<b>658,343</b>
<b>2023/24 Budget Operating Baseline</b>	<b>80,000</b>	<b>80,000</b>	<b>80,000</b>	<b>80,000</b>
To cover budget shortfall	0	50,000	50,000	50,000
<b>2024/25 Budget Operating Budget</b>	<b>80,000</b>	<b>130,000</b>	<b>130,000</b>	<b>130,000</b>
<b>2023/24 Budget Administered Payments Baseline</b>	<b>120,000</b>	<b>120,000</b>	<b>120,000</b>	<b>120,000</b>
<b>2024/25 Budget Administered Payments</b>	<b>120,000</b>	<b>120,000</b>	<b>120,000</b>	<b>120,000</b>
<b>2023/24 Budget Depreciation Baseline</b>	<b>72,720</b>	<b>72,720</b>	<b>72,720</b>	<b>72,720</b>
<b>2024/25 Budget Depreciation</b>	<b>72,720</b>	<b>72,720</b>	<b>72,720</b>	<b>72,720</b>
<b>Gross Operating Appropriation</b>	<b>931,063</b>	<b>981,063</b>	<b>981,063</b>	<b>981,063</b>
<b>2023/24 Budget Trading Revenue Baseline</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2024/25 Budget Trading Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Operating Appropriation</b>	<b>931,063</b>	<b>981,063</b>	<b>981,063</b>	<b>981,063</b>
<b>2023/24 Budget POBOC Baseline</b>	<b>3,631,161</b>	<b>3,631,161</b>	<b>3,631,161</b>	<b>3,631,161</b>
Parliamentary Sitting Expenses	0	48,335	48,335	48,335
MP Travel and Allowances (local and overseas)	200,000	200,000	300,000	300,000
Civil List - Personnel	(30,000)	(30,000)	(30,000)	(30,000)
<b>2024/25 Budget POBOC Funding</b>	<b>3,801,161</b>	<b>3,849,496</b>	<b>3,949,496</b>	<b>3,949,496</b>

Changes for the 2024/25 Cook Islands Parliamentary Services' budget include:

- Personnel increase of \$3,738 for the minimum wage adjustment.
- Operating increase of \$50,000 is planned from 2025/26 to address a budget shortfall.
- Increase in the following POBOC funds to cover budget shortfalls for:
  - \$48,335 from 2025/26 for Parliamentary sitting.
  - \$200,000 in 2024/25, increasing to \$300,000 by 2026/27 for the MP Travel and Allowances.
- \$30,000 transfer from the Civil List – Personnel POBOC fund to personnel to account for staff.

**Table 7-83 Administered Payments, Parliament (\$)**

Output	Administered Payment	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
1	Special Select Committee	120,000	120,000	120,000	120,000
	<b>Output 1 Administered Funding</b>	<b>120,000</b>	<b>120,000</b>	<b>120,000</b>	<b>120,000</b>
	<b>Total Administered Funding</b>	<b>120,000</b>	<b>120,000</b>	<b>120,000</b>	<b>120,000</b>

**Table 7-84 Payments on Behalf of Crown, Parliament (\$)**

Output	POBOC	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
1	Civil List - Constituency Visits	170,200	170,200	170,200	170,200
1	Civil List - Personnel	2,871,961	2,871,961	2,871,961	2,871,961
1	MP Travel and Allowances (local and overseas)	450,000	450,000	550,000	550,000
1	Parliamentary Sitting Expenses	200,000	248,335	248,335	248,335
1	KR Travel and Allowances (local and overseas)	109,000	109,000	109,000	109,000
	<b>Output 1 POBOC Funding</b>	<b>3,801,161</b>	<b>3,849,496</b>	<b>3,949,496</b>	<b>3,949,496</b>
	<b>Total POBOC Funding</b>	<b>3,801,161</b>	<b>3,849,496</b>	<b>3,949,496</b>	<b>3,949,496</b>

## 7.5.21. Cook Islands Police

Police		2024/25	2025/26	2026/27	2027/28
MTEC	Personnel	4,097,546	4,259,896	4,309,896	4,309,896
	Operating	371,104	331,104	431,104	391,104
	Administered Payments	265,000	365,000	415,000	415,000
	Depreciation	1,555,333	1,555,333	1,555,333	1,555,333
	<b>Gross Appropriation</b>	<b>6,288,983</b>	<b>6,511,333</b>	<b>6,711,333</b>	<b>6,671,333</b>
	Trading Revenue	154,783	154,783	154,783	154,783
	<b>Net Appropriation</b>	<b>6,134,200</b>	<b>6,356,550</b>	<b>6,556,550</b>	<b>6,516,550</b>
	POBOC	0	0	0	0
<b>Medium-term Expenditure Ceiling</b>		<b>6,288,983</b>	<b>6,511,333</b>	<b>6,711,333</b>	<b>6,671,333</b>

**Table 7-85 Total Resourcing – Government and ODA, Police (\$)**

	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Net Appropriation	6,134,200	6,356,550	6,556,550	6,516,550
Trading Revenue	154,783	154,783	154,783	154,783
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>6,288,983</b>	<b>6,511,333</b>	<b>6,711,333</b>	<b>6,671,333</b>

**Table 7-86 Output Funding for Police (\$)**

	Output 1	Output 2	Output 3	Total
Personnel	2,837,728	817,601	442,217	4,097,546
Operating	189,048	85,683	96,373	371,104
Administered Funding	220,000	45,000	0	265,000
Depreciation	787,759	141,393	626,181	1,555,333
<b>Gross Operating Appropriation</b>	<b>4,034,535</b>	<b>1,089,677</b>	<b>1,164,771</b>	<b>6,288,983</b>
Trading Revenue	117,683	0	37,100	154,783
<b>Net Operating Appropriation</b>	<b>3,916,852</b>	<b>1,089,677</b>	<b>1,127,671</b>	<b>6,134,200</b>

### 7.5.21.1. Cook Islands Police Outputs

Output 1: Crime and Operations

Output 2: Crime Prevention

Output 3: Corporate Services

**Table 7-87 Baselines and New Budget Measures, Police (\$)**

Details	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>2023/24 Budget Personnel Baseline</b>	<b>4,209,896</b>	<b>4,309,896</b>	<b>4,309,896</b>	<b>4,309,896</b>
One-off reduction in programmed personnel	0	(50,000)	0	0
Personnel reduction	(112,350)	0	0	0
<b>2024/25 Budget Personnel Budget</b>	<b>4,097,546</b>	<b>4,259,896</b>	<b>4,309,896</b>	<b>4,309,896</b>
<b>2023/24 Budget Operating Baseline</b>	<b>331,104</b>	<b>331,104</b>	<b>331,104</b>	<b>331,104</b>
To cover utilities expenses	0	0	60,000	60,000
To acquire new sets of staff uniform	40,000	0	40,000	0
<b>2024/25 Budget Operating Budget</b>	<b>371,104</b>	<b>331,104</b>	<b>431,104</b>	<b>391,104</b>
<b>2023/24 Budget Administered Payments Baseline</b>	<b>215,000</b>	<b>415,000</b>	<b>415,000</b>	<b>415,000</b>
Te Kukupa - Fuel Contribution	50,000	(50,000)	0	0
<b>2024/25 Budget Administered Payments</b>	<b>265,000</b>	<b>365,000</b>	<b>415,000</b>	<b>415,000</b>
<b>2023/24 Budget Depreciation Baseline</b>	<b>1,555,333</b>	<b>1,555,333</b>	<b>1,555,333</b>	<b>1,555,333</b>
<b>2024/25 Budget Depreciation</b>	<b>1,555,333</b>	<b>1,555,333</b>	<b>1,555,333</b>	<b>1,555,333</b>
<b>Gross Operating Appropriation</b>	<b>6,288,983</b>	<b>6,511,333</b>	<b>6,711,333</b>	<b>6,671,333</b>
<b>2023/24 Budget Trading Revenue Baseline</b>	<b>154,783</b>	<b>154,783</b>	<b>154,783</b>	<b>154,783</b>
<b>2024/25 Budget Trading Revenue</b>	<b>154,783</b>	<b>154,783</b>	<b>154,783</b>	<b>154,783</b>
<b>Net Operating Appropriation</b>	<b>6,134,200</b>	<b>6,356,550</b>	<b>6,556,550</b>	<b>6,516,550</b>

Changes for the 2024/25 Cook Islands Police's budget include:

- The following reductions to reallocate funds to other critical needs:
  - One-off personnel reduction of \$112,350 in 2024/25 followed by \$50,000 in 2025/26 of programmed personnel.
  - \$50,000 in 2025/26 from programmed increase for Te Kukupa fuel contribution administered fund.
- A \$60,000 operating increase is planned from 2026/27 to cover utilities expenses.
- A \$40,000 biannual increase in operating from 2024/25 for new sets of staff uniform.

**Table 7-88 Administered Payments, Police (\$)**

Output	Administered Payment	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
1	Search and Rescue	20,000	20,000	20,000	20,000
1	Serious Crime Investigations	100,000	100,000	100,000	100,000
1	Te Kukupa - Fuel Contribution	100,000	200,000	250,000	250,000
	<b>Output 1 Administered Funding</b>	<b>220,000</b>	<b>320,000</b>	<b>370,000</b>	<b>370,000</b>
2	Police Youth Program	45,000	45,000	45,000	45,000
	<b>Output 2 Administered Funding</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>
	<b>Total Administered Funding</b>	<b>265,000</b>	<b>365,000</b>	<b>415,000</b>	<b>415,000</b>

## 7.5.22. Office of the Prime Minister (OPM)

Office of the Prime Minister		2024/25	2025/26	2026/27	2027/28
MTEC	Personnel	1,632,551	1,632,551	1,632,551	1,632,551
	Operating	447,178	447,178	447,178	447,178
	Administered Payments	1,983,000	2,001,000	2,087,650	2,087,650
	Depreciation	47,494	47,494	56,937	56,937
	<b>Gross Appropriation</b>	<b>4,110,223</b>	<b>4,128,223</b>	<b>4,224,316</b>	<b>4,224,316</b>
	Trading Revenue	0	0	0	0
	<b>Net Appropriation</b>	<b>4,110,223</b>	<b>4,128,223</b>	<b>4,224,316</b>	<b>4,224,316</b>
	POBOC	50,000	0	0	0
	<b>Medium-term Expenditure Ceiling</b>	<b>4,160,223</b>	<b>4,128,223</b>	<b>4,224,316</b>	<b>4,224,316</b>

**Table 7-89 Total Resourcing – Government and ODA, OPM (\$)**

	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Net Appropriation	4,110,223	4,128,223	4,224,316	4,224,316
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>4,110,223</b>	<b>4,128,223</b>	<b>4,224,316</b>	<b>4,224,316</b>

**Table 7-90 Output Funding for OPM (\$)**

	Output 1	Output 2	Output 3	Output 4	Output 5	Output 6
Personnel	151,589	144,409	328,452	261,529	59,494	127,753
Operating	21,192	155,843	31,422	77,677	11,822	18,548
Administered Funding	753,000	0	240,000	950,000	0	0
Depreciation	12,235	180	1,260	4,372	1,908	1,620
<b>Gross Operating Appropriation</b>	<b>938,016</b>	<b>300,432</b>	<b>601,134</b>	<b>1,293,578</b>	<b>73,224</b>	<b>147,921</b>
Trading Revenue	0	0	0	0	0	0
<b>Net Operating Appropriation</b>	<b>938,016</b>	<b>300,432</b>	<b>601,134</b>	<b>1,293,578</b>	<b>73,224</b>	<b>147,921</b>

	Output 7	Output 8	Output 9	Output 10	Total
Personnel	149,715	53,575	232,528	123,507	1,632,551
Operating	13,600	20,000	87,074	10,000	447,178
Administered Funding	0	0	40,000	0	1,983,000
Depreciation	2,232	952	22,735	0	47,494
<b>Gross Operating Appropriation</b>	<b>165,547</b>	<b>74,527</b>	<b>382,337</b>	<b>133,507</b>	<b>4,110,223</b>
Trading Revenue	0	0	0	0	0
<b>Net Operating Appropriation</b>	<b>165,547</b>	<b>74,527</b>	<b>382,337</b>	<b>133,507</b>	<b>4,110,223</b>

### 7.5.22.1. Office of the Prime Minister Outputs

Output 1: Cabinet and Executive Services  
 Output 2: Central Policy Planning Office  
 Output 3: Pa Enea Governance  
 Output 4: Information Communication  
 Technology  
 Output 5: Renewable Energy Development

Output 6: Emergency Management Cook  
 Islands  
 Output 7: Climate Change Cook Islands  
 Output 8: Marae Moana  
 Output 9: Corporate Services  
 Output 10: National Security

**Table 7-91 Baselines and New Budget Measures, OPM (\$)**

Details	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>2023/24 Budget Personnel Baseline</b>	<b>1,582,079</b>	<b>1,582,079</b>	<b>1,582,079</b>	<b>1,582,079</b>
Personnel increase – Cabinet Services	38,869	38,869	38,869	38,869
Minimum wage adjustment	11,603	11,603	11,603	11,603
<b>2024/25 Budget Personnel Budget</b>	<b>1,632,551</b>	<b>1,632,551</b>	<b>1,632,551</b>	<b>1,632,551</b>
<b>2023/24 Budget Operating Baseline</b>	<b>459,000</b>	<b>459,000</b>	<b>459,000</b>	<b>459,000</b>
Transfer from OPM to MFEM for the operational costs of Renewable Energy Division	(11,822)	(11,822)	(11,822)	(11,822)
<b>2024/25 Budget Operating Budget</b>	<b>447,178</b>	<b>447,178</b>	<b>447,178</b>	<b>447,178</b>
<b>2023/24 Budget Administered Payments Baseline</b>	<b>2,061,000</b>	<b>2,001,000</b>	<b>2,087,650</b>	<b>2,087,650</b>
Pa Enea Mechanical Overseer	20,000	0	0	0
OPM ICT Activities - Internet Data and Fibre Connection	(98,000)	0	0	0
<b>2024/25 Budget Administered Payments</b>	<b>1,983,000</b>	<b>2,001,000</b>	<b>2,087,650</b>	<b>2,087,650</b>
<b>2023/24 Budget Depreciation Baseline</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>
To account for three electric vehicles	32,494	32,494	41,937	41,937
<b>2024/25 Budget Depreciation</b>	<b>47,494</b>	<b>47,494</b>	<b>56,937</b>	<b>56,937</b>
<b>Gross Operating Appropriation</b>	<b>4,110,223</b>	<b>4,128,223</b>	<b>4,224,316</b>	<b>4,224,316</b>
<b>2023/24 Budget Trading Revenue Baseline</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2024/25 Budget Trading Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Operating Appropriation</b>	<b>4,110,223</b>	<b>4,128,223</b>	<b>4,224,316</b>	<b>4,224,316</b>
<b>2023/24 Budget POBOC Baseline</b>	<b>50,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2024/25 Budget POBOC Funding</b>	<b>50,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

Changes for the 2024/25 Office of the Prime Minister’s budget include:

- Personnel increase of \$11,603 for the minimum wage adjustment.
- \$38,869 personnel increase to support Cabinet Services.
- A reduction of \$11,822 in operating funds for the Renewable Energy Division due to the transfer of funds and the Division’s function to MFEM.
- One-off increase of \$20,000 is planned for 2024/25 for the Pa Enea Mechanical Overseer administered fund to cover operating costs.
- \$98,000 reduction in 2024/25 for the programmed increased to the OPM ICT Activities – Internet Data and Fibre Connection administered fund to reallocate funds to other critical needs.
- A \$32,494 increase in 2024/25 and 2025/26, followed by \$41,937 in 2026/27 and 2027/28 for the depreciation of three electric vehicles.

**Table 7-92 Administered Payments, OPM (\$)**

Output	Administered Payment	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
1	Social Responsibility Fund	483,000	483,000	483,000	483,000
1	Cabinet Support Fund	270,000	270,000	270,000	270,000
	<b>Output 1 Administered Funding</b>	<b>753,000</b>	<b>753,000</b>	<b>753,000</b>	<b>753,000</b>
3	Pa Enea Mechanical Overseer	140,000	120,000	120,000	120,000
3	Pa Enea Machinery Maintenance Fund	100,000	100,000	100,000	100,000
	<b>Output 3 Administered Funding</b>	<b>240,000</b>	<b>220,000</b>	<b>220,000</b>	<b>220,000</b>
4	OPM ICT Activities - Internet Data and Fibre Connection	500,000	538,000	624,650	624,650
4	OPM ICT Activities - Licences and Software	450,000	450,000	450,000	450,000
	<b>Output 4 Administered Funding</b>	<b>950,000</b>	<b>988,000</b>	<b>1,074,650</b>	<b>1,074,650</b>
9	State Events	40,000	40,000	40,000	40,000
	<b>Output 9 Administered Funding</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>
	<b>Total Administered Funding</b>	<b>1,983,000</b>	<b>2,001,000</b>	<b>2,087,650</b>	<b>2,087,650</b>

**Table 7-93 Payments on Behalf of Crown, OPM (\$)**

Output	POBOC	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
3	Local Government Election	50,000	0	0	0
	<b>Output 3 POBOC Funding</b>	<b>50,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total POBOC Funding</b>	<b>50,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 7.5.23. Office of the Public Service Commissioner (OPSC)

Office of the Public Service Commissioner		2024/25	2025/26	2026/27	2027/28
<b>MTEC</b>	Personnel	439,874	439,874	380,102	380,102
	Operating	294,636	236,636	236,408	236,408
	Administered Payments	2,063,170	2,063,170	1,903,170	1,903,170
	Depreciation	17,789	17,789	17,789	17,789
	<b>Gross Appropriation</b>	<b>2,815,469</b>	<b>2,757,469</b>	<b>2,537,469</b>	<b>2,537,469</b>
	Trading Revenue	0	0	0	0
	<b>Net Appropriation</b>	<b>2,815,469</b>	<b>2,757,469</b>	<b>2,537,469</b>	<b>2,537,469</b>
	POBOC	0	0	0	0
	<b>Medium-term Expenditure Ceiling</b>	<b>2,815,469</b>	<b>2,757,469</b>	<b>2,537,469</b>	<b>2,537,469</b>

**Table 7-94 Total Resourcing – Government and ODA, OPSC (\$)**

	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Net Appropriation	2,815,469	2,757,469	2,537,469	2,537,469
Trading Revenue	0	0	0	0
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>2,815,469</b>	<b>2,757,469</b>	<b>2,537,469</b>	<b>2,537,469</b>

**Table 7-95 Output Funding for OPSC (\$)**

	Output 1	Output 2	Output 3	Output 4	Total
Personnel	107,097	133,636	104,103	95,038	439,874
Operating	118,219	59,400	69,215	47,802	294,636
Administered Funding	0	0	0	2,063,170	2,063,170
Depreciation	0	0	17,789	0	17,789
<b>Gross Operating Appropriation</b>	<b>225,316</b>	<b>193,036</b>	<b>191,107</b>	<b>2,206,010</b>	<b>2,815,469</b>
Trading Revenue	0	0	0	0	0
<b>Net Operating Appropriation</b>	<b>225,316</b>	<b>193,036</b>	<b>191,107</b>	<b>2,206,010</b>	<b>2,815,469</b>

#### 7.5.23.1. Office of the Public Service Commissioner Outputs

Output 1: Policy and Planning

Output 2: Human Resource Management

Output 3: Corporate Services

Output 4: Heads of Ministries Administration



**Table 7-96 Baselines and New Budget Measures, OPSC (\$)**

Details	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>2023/24 Budget Personnel Baseline</b>	<b>379,874</b>	<b>379,874</b>	<b>380,102</b>	<b>380,102</b>
Personnel increase	60,000	60,000	0	0
<b>2024/25 Budget Personnel Budget</b>	<b>439,874</b>	<b>439,874</b>	<b>380,102</b>	<b>380,102</b>
<b>2023/24 Budget Operating Baseline</b>	<b>236,636</b>	<b>236,636</b>	<b>236,408</b>	<b>236,408</b>
Reappropriation	58,000	0	0	0
<b>2024/25 Budget Operating Budget</b>	<b>294,636</b>	<b>236,636</b>	<b>236,408</b>	<b>236,408</b>
<b>2023/24 Budget Administered Payments Baseline</b>	<b>1,903,170</b>	<b>1,903,170</b>	<b>1,903,170</b>	<b>1,903,170</b>
HOM's Salaries	160,000	160,000	0	0
<b>2024/25 Budget Administered Payments</b>	<b>2,063,170</b>	<b>2,063,170</b>	<b>1,903,170</b>	<b>1,903,170</b>
<b>2023/24 Budget Depreciation Baseline</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>
To account for an electric vehicle	12,789	12,789	12,789	12,789
<b>2024/25 Budget Depreciation</b>	<b>17,789</b>	<b>17,789</b>	<b>17,789</b>	<b>17,789</b>
<b>Gross Operating Appropriation</b>	<b>2,815,469</b>	<b>2,757,469</b>	<b>2,537,469</b>	<b>2,537,469</b>
<b>2023/24 Budget Trading Revenue Baseline</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2024/25 Budget Trading Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Operating Appropriation</b>	<b>2,815,469</b>	<b>2,757,469</b>	<b>2,537,469</b>	<b>2,537,469</b>

Changes for the 2024/25 Office of the Public Service Commissioner's budget include:

- \$60,000 personnel increase for 2024/25 and 2025/26 to support critical resourcing within the office.
- Reappropriation of \$58,000 from the 2023/24 to 2024/25 for operational costs such as recruitment, SMART measures business plan training, performance management and review of the manual for Heads of Ministries.
- \$160,000 increase in the HOM's Salaries administered fund for 2024/25 and 2025/26 to cover a budget shortfall.
- Depreciation increase of \$12,879 for the electric vehicle.

**Table 7-97 Administered Payments, OPSC (\$)**

Output	Administered Payment	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
4	HOM's Salaries	2,063,170	2,063,170	1,903,170	1,903,170
	<b>Output 4 Administered Funding</b>	<b>2,063,170</b>	<b>2,063,170</b>	<b>1,903,170</b>	<b>1,903,170</b>
	<b>Total Administered Funding</b>	<b>2,063,170</b>	<b>2,063,170</b>	<b>1,903,170</b>	<b>1,903,170</b>

## 7.5.24. Cook Islands Seabed Minerals Authority (SBMA)

Cook Islands Seabed Minerals Authority		2024/25	2025/26	2026/27	2027/28
MTEC	Personnel	697,101	697,101	697,101	697,101
	Operating	459,056	459,056	459,056	459,056
	Administered Payments	200,000	250,000	250,000	250,000
	Depreciation	20,134	20,134	22,289	22,289
	<b>Gross Appropriation</b>	<b>1,376,291</b>	<b>1,426,291</b>	<b>1,428,446</b>	<b>1,428,446</b>
	Trading Revenue	240,000	240,000	240,000	240,000
	<b>Net Appropriation</b>	<b>1,136,291</b>	<b>1,186,291</b>	<b>1,188,446</b>	<b>1,188,446</b>
	POBOC	0	0	0	0
	<b>Medium-term Expenditure Ceiling</b>	<b>1,376,291</b>	<b>1,426,291</b>	<b>1,428,446</b>	<b>1,428,446</b>

**Table 7-98 Total Resourcing – Government and ODA, SBMA (\$)**

	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Net Appropriation	1,136,291	1,186,291	1,188,446	1,188,446
Trading Revenue	240,000	240,000	240,000	240,000
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>1,376,291</b>	<b>1,426,291</b>	<b>1,428,446</b>	<b>1,428,446</b>

**Table 7-99 Output Funding for SBMA (\$)**

	Output 1	Output 2	Output 3	Output 4	Total
Personnel	267,750	91,350	186,900	151,101	697,101
Operating	43,800	27,400	106,200	281,656	459,056
Administered Funding	200,000	0	0	0	200,000
Depreciation	9,500	0	0	10,634	20,134
<b>Gross Operating Appropriation</b>	<b>521,050</b>	<b>118,750</b>	<b>293,100</b>	<b>443,391</b>	<b>1,376,291</b>
Trading Revenue	240,000	0	0	0	240,000
<b>Net Operating Appropriation</b>	<b>281,050</b>	<b>118,750</b>	<b>293,100</b>	<b>443,391</b>	<b>1,136,291</b>

### 7.5.24.1. Cook Islands Seabed Minerals Authority Outputs

Output 1: Policy and Regulatory Oversight

Output 2: Knowledge Management

Output 3: Partnership and Cooperation

Output 4: Corporate Support

**Table 7-100 Baselines and New Budget Measures, SBMA (\$)**

Details	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
2023/24 Budget Personnel Baseline	697,101	697,101	697,101	697,101
2024/25 Budget Personnel Budget	697,101	697,101	697,101	697,101
2023/24 Budget Operating Baseline	459,056	459,056	459,056	459,056
2024/25 Budget Operating Budget	459,056	459,056	459,056	459,056
2023/24 Budget Administered Payments Baseline	200,000	250,000	250,000	250,000
2024/25 Budget Administered Payments	200,000	250,000	250,000	250,000
2023/24 Budget Depreciation Baseline	9,500	9,500	9,500	9,500
To account for an electric vehicle	10,634	10,634	12,789	12,789
2024/25 Budget Depreciation	20,134	20,134	22,289	22,289
<b>Gross Operating Appropriation</b>	<b>1,376,291</b>	<b>1,426,291</b>	<b>1,428,446</b>	<b>1,428,446</b>
2023/24 Budget Trading Revenue Baseline	240,000	240,000	240,000	240,000
2024/25 Budget Trading Revenue	240,000	240,000	240,000	240,000
<b>Net Operating Appropriation</b>	<b>1,136,291</b>	<b>1,186,291</b>	<b>1,188,446</b>	<b>1,188,446</b>

Changes for the 2024/25 Cook Islands Seabed Minerals Authority's budget include:

- An \$10,634 increase in 2024/25 and 2025/26, followed by \$12,789 in 2026/27 and 2027/28 for the depreciation of the electric vehicle.

**Table 7-101 Administered Payments, SBMA (\$)**

Output	Administered Payment	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
1	Seabed Minerals Compliance Development	200,000	250,000	250,000	250,000
	<b>Output 1 Administered Funding</b>	<b>200,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>
	<b>Total Administered Funding</b>	<b>200,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>

## 7.5.25. Cook Islands Tourism Corporation

Tourism Corporation		2024/25	2025/26	2026/27	2027/28
MTEC	Personnel	2,231,274	2,231,274	2,231,274	2,231,274
	Operating	1,508,726	2,158,726	2,408,726	2,408,726
	Administered Payments	5,476,495	6,523,438	6,500,000	6,250,000
	Depreciation	52,000	52,000	52,000	52,000
	<b>Gross Appropriation</b>	<b>9,268,495</b>	<b>10,965,438</b>	<b>11,192,000</b>	<b>10,942,000</b>
	Trading Revenue	20,000	20,000	20,000	20,000
	<b>Net Appropriation</b>	<b>8,898,495</b>	<b>10,945,438</b>	<b>11,172,000</b>	<b>10,922,000</b>
	POBOC	0	0	0	0
<b>Medium-term Expenditure Ceiling</b>		<b>9,268,495</b>	<b>10,965,438</b>	<b>11,192,000</b>	<b>10,942,000</b>

**Table 7-102 Total Resourcing – Government and ODA, Tourism (\$)**

	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Net Appropriation	9,248,495	10,945,438	11,172,000	10,922,000
Trading Revenue	20,000	20,000	20,000	20,000
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>9,268,495</b>	<b>10,965,438</b>	<b>11,192,000</b>	<b>10,942,000</b>

**Table 7-103 Output Funding for Tourism (\$)**

	Output 1	Output 2	Output 3	Total
Personnel	1,259,196	578,299	393,779	2,231,274
Operating	1,060,726	0	448,000	1,508,726
Administered Funding	5,226,495	250,000	0	5,476,495
Depreciation	0	0	52,000	52,000
<b>Gross Operating Appropriation</b>	<b>7,546,417</b>	<b>828,299</b>	<b>893,779</b>	<b>9,268,495</b>
Trading Revenue	20,000	0	0	20,000
<b>Net Operating Appropriation</b>	<b>7,526,417</b>	<b>828,299</b>	<b>893,779</b>	<b>9,248,495</b>

### 7.5.25.1. Cook Islands Tourism Corporation Outputs

Output 1: Destination Sales and Marketing

Output 2: Destination Development

Output 3: Corporate Services

**Table 7-104 Baselines and New Budget Measures, Tourism (\$)**

Details	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>2023/24 Budget Personnel Baseline</b>	<b>2,231,274</b>	<b>2,231,274</b>	<b>2,231,274</b>	<b>2,231,274</b>
<b>2024/25 Budget Personnel Budget</b>	<b>2,231,274</b>	<b>2,231,274</b>	<b>2,231,274</b>	<b>2,231,274</b>
<b>2023/24 Budget Operating Baseline</b>	<b>1,408,726</b>	<b>1,408,726</b>	<b>1,408,726</b>	<b>1,408,726</b>
Foreign currency exchange, baseline sales and marketing promotional activities	100,000	500,000	500,000	500,000
Activate Tourism Diversification Phase 1	0	250,000	500,000	500,000
<b>2024/25 Budget Operating Budget</b>	<b>1,508,726</b>	<b>2,158,726</b>	<b>2,408,726</b>	<b>2,408,726</b>
<b>2023/24 Budget Administered Payments Baseline</b>	<b>4,500,000</b>	<b>4,500,000</b>	<b>4,500,000</b>	<b>4,500,000</b>
Marketing - Tourism Growth Strategy - reappropriation	350,000	0	0	0
Marketing Resources - Tourism Growth Strategy	376,495	1,523,438	1,500,000	1,250,000
Destination Development	250,000	500,000	500,000	500,000
<b>2024/25 Budget Administered Payments</b>	<b>5,476,495</b>	<b>6,523,438</b>	<b>6,500,000</b>	<b>6,250,000</b>
<b>2023/24 Budget Depreciation Baseline</b>	<b>52,000</b>	<b>52,000</b>	<b>52,000</b>	<b>52,000</b>
<b>2024/25 Budget Depreciation</b>	<b>52,000</b>	<b>52,000</b>	<b>52,000</b>	<b>52,000</b>
<b>Gross Operating Appropriation</b>	<b>9,268,495</b>	<b>10,965,438</b>	<b>11,192,000</b>	<b>10,942,000</b>
<b>2023/24 Budget Trading Revenue Baseline</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>
<b>2024/25 Budget Trading Revenue</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>
<b>Net Operating Appropriation</b>	<b>9,248,495</b>	<b>10,945,438</b>	<b>11,172,000</b>	<b>10,922,000</b>

Changes for the 2024/25 Cook Islands Tourism Corporation's budget include:

- Operating increase for the following:
  - \$100,000 in 2024/25, increasing to \$500,000 from 2025/26 for foreign currency exchange, baseline sales and marketing promotional activities.
  - \$250,000 in 2025/26, increasing to \$500,000 from 2026/27 to activate Tourism Diversification – Phase 1 by implementing path-to-market programmes that support Destination Development – Phase 1.
- Increase in administered funds for:
  - \$376,495 in 2024/25, \$1.5 million in 2025/26 and 2026/27, and \$1.3 million in 2027/28 for the Marketing Resources – Tourism Growth Strategy to optimise the government's investment in the Airline Route Development fund through marketing and promotional activities.
  - \$250,000 in 2024/25, increasing to \$500,000 in 2025/26 for Destination Development – Phase 1 to develop domestic programmes addressing economic return during the low-season.
- Reappropriation of \$350,000 from 2023/24 to 2024/25 for the Marketing Resources – Tourism Growth Strategy administered fund to further support marketing and promotional activities for the fiscal year.

**Table 7-105 Administered Payments, Tourism (\$)**

Output	Administered Payment	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
1	Marketing Resources - Tourism Growth Strategy	3,426,495	4,023,438	4,000,000	3,750,000
1	Marketing Resources - Tourism Growth Strategy (USD payments)	1,800,000	2,000,000	2,000,000	2,000,000
	<b>Output 1 Administered Funding</b>	<b>5,226,495</b>	<b>6,023,438</b>	<b>6,000,000</b>	<b>5,750,000</b>
2	Destination Development	250,000	500,000	500,000	500,000
	<b>Output 2 Administered Funding</b>	<b>250,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>
	<b>Total Administered Funding</b>	<b>5,476,495</b>	<b>6,523,438</b>	<b>6,500,000</b>	<b>6,250,000</b>

## 7.5.26. Ministry of Transport

Transport		2024/25	2025/26	2026/27	2027/28
MTEC	Personnel	1,023,500	1,023,500	1,023,500	1,023,500
	Operating	150,221	150,221	150,221	150,221
	Administered Payments	0	0	0	0
	Depreciation	25,609	25,609	25,609	25,609
	<b>Gross Appropriation</b>	<b>1,199,330</b>	<b>1,199,330</b>	<b>1,199,330</b>	<b>1,199,330</b>
	Trading Revenue	49,721	49,721	49,721	49,721
	<b>Net Appropriation</b>	<b>1,149,609</b>	<b>1,149,609</b>	<b>1,149,609</b>	<b>1,149,609</b>
	POBOC	120,000	120,000	120,000	120,000
<b>Medium-term Expenditure Ceiling</b>		<b>1,319,330</b>	<b>1,319,330</b>	<b>1,319,330</b>	<b>1,319,330</b>

**Table 7-106 Total Resourcing – Government and ODA, Transport (\$)**

	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Net Appropriation	1,149,609	1,149,609	1,149,609	1,149,609
Trading Revenue	49,721	49,721	49,721	49,721
Official Development Assistance	0	0	0	0
<b>Total Resourcing</b>	<b>1,199,330</b>	<b>1,199,330</b>	<b>1,199,330</b>	<b>1,199,330</b>

**Table 7-107 Output Funding for Transport (\$)**

	Output 1	Output 2	Output 3	Output 4	Output 5	Total
Personnel	196,753	158,832	90,017	346,586	231,312	1,023,500
Operating	8,000	8,000	8,000	41,400	84,821	150,221
Administered Funding	0	0	0	0	0	0
Depreciation	13,200	5,593	0	1,625	5,191	25,609
<b>Gross Operating Appropriation</b>	<b>217,953</b>	<b>172,425</b>	<b>98,017</b>	<b>389,611</b>	<b>321,324</b>	<b>1,199,330</b>
Trading Revenue	0	3,169	8,500	32,052	6,000	49,721
<b>Net Operating Appropriation</b>	<b>217,953</b>	<b>169,256</b>	<b>89,517</b>	<b>357,559</b>	<b>315,324</b>	<b>1,149,609</b>

### 7.5.26.1. Ministry of Transport Outputs

Output 1: Civil Aviation Authority of (the) Cook Islands

Output 2: Maritime Safety Authority

Output 3: Land Transport Authority

Output 4: Cook Islands Meteorological Services

Output 5: Corporate Services

**Table 7-108 Baselines and New Budget Measures, Transport (\$)**

Details	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
2023/24 Budget Personnel Baseline	1,023,500	1,023,500	1,023,500	1,023,500
2024/25 Budget Personnel Budget	1,023,500	1,023,500	1,023,500	1,023,500
2023/24 Budget Operating Baseline	150,221	150,221	150,221	150,221
2024/25 Budget Operating Budget	150,221	150,221	150,221	150,221
2023/24 Budget Administered Payments Baseline	0	0	0	0
2024/25 Budget Administered Payments	0	0	0	0
2023/24 Budget Depreciation Baseline	25,609	25,609	25,609	25,609
2024/25 Budget Depreciation	25,609	25,609	25,609	25,609
<b>Gross Operating Appropriation</b>	<b>1,199,330</b>	<b>1,199,330</b>	<b>1,199,330</b>	<b>1,199,330</b>
2023/24 Budget Trading Revenue Baseline	49,721	49,721	49,721	49,721
2024/25 Budget Trading Revenue	49,721	49,721	49,721	49,721
<b>Net Operating Appropriation</b>	<b>1,149,609</b>	<b>1,149,609</b>	<b>1,149,609</b>	<b>1,149,609</b>
2023/24 Budget POBOC Baseline	120,000	120,000	120,000	120,000
2024/25 Budget POBOC Funding	120,000	120,000	120,000	120,000

There are no significant funding changes for the Ministry of Transport.

**Table 7-109 Payments on Behalf of Crown, Transport (\$)**

Output	POBOC	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
2	Maritime Radio Coverage	120,000	120,000	120,000	120,000
	<b>Output 2 POBOC Funding</b>	<b>120,000</b>	<b>120,000</b>	<b>120,000</b>	<b>120,000</b>
	<b>Total POBOC Funding</b>	<b>120,000</b>	<b>120,000</b>	<b>120,000</b>	<b>120,000</b>

## 7.5.27. Ministerial Support

**Table 7-110 Ministerial Office Funding Ceilings (\$)**

Appropriation Title	Ministerial Support Office	2024/25	2025/26	2026/27	2027/28
Prime Minister	Prime Minister	540,000	540,000	540,000	540,000
Deputy Prime Minister	Deputy Prime Minister	391,679	391,679	391,679	391,679
Ministerial Support 1	Minister Vainetuai Toki-Brown	320,789	320,789	350,000	350,000
Ministerial Support 2	Minister George Angene	320,789	320,789	350,000	350,000
Ministerial Support 3	Minister Vaine Mokoroa	320,789	320,789	350,000	350,000
Ministerial Support 4	Minister Tingika Elikana	320,789	320,789	350,000	350,000
Leader of Opposition	Leader of Opposition	320,789	320,789	350,000	350,000
	<b>Total Ministerial Support</b>	<b>2,535,624</b>	<b>2,535,624</b>	<b>2,681,679</b>	<b>2,681,679</b>

The ministerial support offices are identified numerically in the Appropriation Bill to facilitate possible changes in Cabinet within the fiscal year. Table 7-110 shows the Ministers assigned to each ministerial support office at the time of the Appropriation Bill's tabling.

The funding allocated for each ministerial support office covers personnel, operating, and depreciation expense related to assets acquired and managed by each office.

From 2026/27 onwards, an operating increase of \$29,211 is expected for all the ministerial support offices, excluding the Prime Minister and Deputy Prime Minister's support offices, to cover rising costs.

Additionally, an annual depreciation of \$12,789 is allocated to each ministerial support office (excluding the Prime Minister's support office) to account for the assigned electric vehicles.

## 7.5.28. Island Governments

The Island Governments funding is further explained in Chapter 14, Pa Enuu.

Table 7-111 outlines the medium-term funding adjustments for each Island Government. Annual funding for the Pa Enea has increased by \$304,967 to accommodate the minimum wage increase to \$9.50 per hour, effective from 01 July 2024.

A \$50,000 annual reduction from the Aitutaki Island Government's operating funds has been transferred to Infrastructure Cook Islands for maintaining the island's water infrastructure. The funding will revert to the Island government in subsequent years when the administration is able to maintain it.

**Table 7-111 Pa Enea Funding Adjustments (\$'000)**

Pa Enea	Personnel Adjustments				Operating Adjustments				Final Funding (including baseline)			
	24/25	25/26	26/27	27/28	24/25	25/26	26/27	27/28	24/25	25/26	26/27	27/28
Aitutaki	21	21	21	21	(50)	(50)	(50)	(50)	2,124	2,207	2,207	2,207
Atiu	34	34	34	34	0	0	0	0	1,872	1,942	1,942	1,942
Mangaia	23	23	23	23	0	0	0	0	1,863	1,933	1,933	1,933
Manihiki	25	25	25	25	0	0	0	0	1,429	1,483	1,483	1,483
Mauke	21	21	21	21	0	0	0	0	1,483	1,539	1,539	1,539
Mitiaro	35	35	35	35	0	0	0	0	986	1,022	1,022	1,022
Palmerston	5	5	5	5	0	0	0	0	444	461	461	461
Penrhyn	32	32	32	32	0	0	0	0	1,086	1,126	1,126	1,126
Pukapuka-Nassau	88	88	88	88	0	0	0	0	1,501	1,552	1,552	1,552
Rakahanga	22	22	22	22	0	0	0	0	617	640	640	640
<b>Total</b>	<b>305</b>	<b>305</b>	<b>305</b>	<b>305</b>	<b>(50)</b>	<b>(50)</b>	<b>(50)</b>	<b>(50)</b>	<b>13,405</b>	<b>13,905</b>	<b>13,905</b>	<b>13,905</b>

## 7.6. Administered Payments

Administered payments are a sub-set of operating expenditure allocated for a specific purpose. The funding is accessible to spend if it meets the purpose of allocation and specified criteria in the administered payments policy.

Below are brief explanations of each administered payment. Refer to Schedule 8a – Administered Payments for the budget amounts.

### 7.6.1. Compensation of Employees Administered Payments

**Infrastructure Committee** – the committee oversees the delivery of infrastructure projects and makes decisions regarding the management and commissioning of individual projects.

**Government Facilities Development Division** – the CIIC division oversees development projects and facility improvements, with the fund supporting operational costs, project management, consultancy services, and design work.

**School Security** – to engage full-time security services, which include both technology and personnel functions, to monitor school grounds.

**Seabed Minerals Joint Venture** – this fund advances the Cook Islands' seabed minerals interest in their exclusive economic zone and the Clarion-Clipperton zone.

**National Heritage Trust Fund** – the fund supports the National Heritage Trust's personnel and operational costs to research, preserve, and educate the public about the flora, fauna, and traditional practices in the Cook Islands through publications and exhibitions.

**Price Tribunal Committee** – to support the administration and enforcement of the Control of Prices Act 1966 in the Cook Islands.

**Centre of Research and Policy Studies** – to support the provision of a research facility in the Cook Islands responsible for training postgraduate researchers, conducting research, communicating

findings through various means, providing facilities for researchers, and focusing on priority national research needs with high-quality information.

**Judges Allowances** – to cover fees, costs and allowances for Judges, Justices of the Peace, Coroners, Leases Approval Tribunal members, Judicial Committee of the Privy Council, land agents and jurors.

**Project to bring land records up to date** – to fund contract personnel for updating and digitising land records and court transcripts.

**Customs Appeal Authority** – to establish an Authority that review appeals against the decisions and directions of the Cook Islands Customs Service.

**HOM's Salaries** – to cover remuneration and allowances for Heads of Ministries in the Cook Islands Government.

## **7.6.2. Use of Goods and Services**

**Seabed Minerals Compliance Development** – to provide technical support to the Cook Islands Seabed Minerals Authority for regulatory and compliance work.

**Provision for Land Rentals** – to costs associated with land leased to the Crown.

**CIG Buildings Repairs and Maintenance** – covers all costs, including personnel and operating expenses, to repair and maintain government buildings on Rarotonga and the Pa Enea.

**Legal Provisions** – litigation claims, legal costs, and charges determined by the Crown Law Office for likely payment.

**Lexis Nexis – Portal Maintenance** – to maintain the online portal contain the Cook Islands acts and legislation.

**National Events** – to organise or support national events like the biannual Cook Islands Games and Te Maeva Nui cultural celebration.

**Te Kopapa Reo Maori Board** – supports the preservation and growth of the Cook Islands Maori language and the oral history through the Board including board fees, and administrative services.

**Cook Islands Cultural Fund** – supports the preservation and promotion of the Cook Islands culture, including participation in regional events like the Pacific Arts Festival.

**Tertiary Training Institutions** – supports operating expenses for the Cook Islands Tertiary Training Institute to deliver training courses on Rarotonga and the Pa Enea.

**Bus Service** – to maintain a school bus service in Aitutaki.

**Legacy Waste – Vehicles & Whiteware** – for the safe collection, removal, transportation, and recycling of end-of-life vehicles and whiteware appliances to reduce environmental pollution and health risks.

**EIA Process** – to strengthen the Environmental Impact Assessments (EIA), improve environmental compliance, and ensure effective implementation of the Environment Act and regulations.

**Management of Suwarrow Park** – to protect, manage and conserve the Suwarrow National Park by providing trained and equipped park rangers to ensure environmental protection and support multi-agency services.

**Compliance Development** – for technical capacity and capacity building to strength compliance in the Seabed Minerals sector.

**Feasibility Study for Coastal Protection – Rarotonga & Aitutaki** – to conduct feasibility assessments for coastal management solutions across Rarotonga and Aitutaki to inform better planning, evaluation, and management of the coastal zone.



**Management of Environmental priorities – Pa Enea** – holistic and inclusive planning, implementation, and management of environmental priorities specific to each Pa Enea.

**Strengthening Technical Capacity** – to enhance capacity and develop technical expertise and skills within the National Environment Service.

**Public Sector Strengthening – processes and systems** – to support programmes and initiatives that enhance efficiency and effectiveness in the public sector’s processes and systems.

**Economic Recovery Roadmap** – to support economic stimulus measures for sustainable recovery from COVID-19 impacts.

**Centre of Excellence in Information Technology** – supports the management and operation of the India-Cook Islands Centre of Excellence in Information Technology that provides IT, advanced computing and STEM education.

**Audit of Crown Accounts** – to cover audit fees for the Crown Consolidation audit.

**Standard and Poor’s Subscription** – annual subscription and rating fees to Standard & Poor’s for credit rating services.

**Special Investigative and Prosecution Services** – to enable the Cook Islands Financial Intelligence Unit to conduct special investigative and prosecution services.

**FMIS Maintenance** – to cover annual software maintenance for the Financial Management Information System (FMIS) and the Human Resource Management Information System (HRMIS).

**ASYCUDA Administrative Fund** – administration fees for the annual operation of the Automated System for Customs Data.

**Cook Islands Red Cross** – to support the Cook Islands Red Cross Society in disaster awareness and assistance deployment programmes.

**IGOR – International Exchange of Information system upgrade** – provides support for upgrading, maintenance, and licencing of the Information Gateway Online Reporter (IGOR) to comply with the OECD International Standards.

**Pa Enea Tax Policy – RMS tax system change** – to enable the RMS tax system to calculate correct tax figures for the affected taxpayers as per the Income Tax Amendment Act 2023.

**Oceania Customs Organisation Conference (OCO)** – to host the Oceania Customs Organisation Conference in the Cook Islands.

**Public Financial Technical Assistance Centre (PFTAC)** – annual membership fee to the Pacific Financial Technical Assistance Centre for technical support and capacity building.

**Te Maeva Nui 60<sup>th</sup> Celebration Transportation** – to cover transportation costs for Pa Enea residents attending the Te Maeva Nui 60<sup>th</sup> Celebration on Rarotonga.

**Establishment of Shipping services** – to support the establishment of a domestic shipping service.

**Cook Islands Student Association Support** – supports the Cook Islands tertiary student’s association in hosting the annual Ta’okota’ianga cultural week in New Zealand, allowing students to celebrate their culture through debates, sports, song and dance.

**Returned Services Association** – coordinates the annual ANZAC commemoration with the Returned Services Association.

**Domestic Hosting Entertainment** – to support costs for the King’s representative to host State, Diplomatic and Civil functions.

**KR Social Responsibility Fund** – to support the social responsibilities of the King’s representative such as funerals, fundraisers and community events.

**Head of State Rent** – rental fees for the Government House.

**Pharmaceuticals** – procurement of pharmaceutical medicines, medical consumables, and medical gas.

**Law and Order Clinical Psychologist** – to recruit a clinical psychologist to support the Law-and-Order sector, conducting inmate psychological assessments and providing support services for officers.

**Bridges and Stream Structure Maintenance** – to improve the road corridor structures and drainage, and maintain bridges and culverts around Rarotonga.

**Waste Management** – to cover costs of collecting and transporting solid waste and recyclables from residential properties on Rarotonga to the Rarotonga Waste facility.

**Emergency Response Work** – to mobilise staff, machinery, and resources for emergency response, ensuring safety and timely restoration of infrastructure and facilities.

**Water Maintenance** – to maintain and improve water infrastructure on the island of Aitutaki.

**Road Asset Management** – to maintain and improve the road network on Rarotonga for safe use by all users.

**Drainage Asset Management** – to maintain and improve road drainage on Rarotonga.

**Internal Affairs Youth Program** – to support youth-related programmes on Rarotonga and the Pa Enea that align with the National Youth policy.

**Vaka Maintenance** – supports community groups in monthly village clean-up of public road networks and road corridors on Rarotonga.

**Lease extension** – payment to extend the terms of a leased land.

**Land Agents Registration Board** – to establish and support operating costs for the Board.

**Special Select Committee** – to fund the costs of Parliamentary Standing and Select Committees.

**Search and Rescue** – to conduct search and rescue operations on land and at sea.

**Serious Crime Investigations** – costs associated with the investigation of serious crime.

**Te Kukupa - Fuel Contribution** – fuelling costs for Te Kukupa II to conduct surveillance, search and rescue and other operational requirements.

**Police Youth Program** – to equip Cook Islands youth with life and leadership skills for future leadership.

**Social Responsibility Fund** – this fund is accessible by members of Parliament to support community projects, social events, and sporting activities for the 24 electoral constituencies in the Cook Islands.

**Cabinet Support Fund** – enables Cabinet ministers to support community activities and initiatives.

**Pa Enea Mechanical Overseer** – to conduct maintenance and repair work on machinery and generators in the Pa Enea.

**Pa Enea Machinery Maintenance Fund** – to procure parts and resources for effective operation of heavy machinery in the Pa Enea.

**OPM ICT Activities – Internet Data and Fibre Connection** – to provide ongoing internet and fibre connection to government users on Rarotonga and the Pa Enea during the Government ICT network upgrade rollout.

**OPM ICT Activities – Licences and Software** – to provide licensing, software upgrades, and retain services of the Project Management Unit for government users during the Government ICT network upgrade rollout on Rarotonga and the Pa Enea.

**Marketing Resources – Tourism Growth Strategy** – to support the promotion and development of strategies to showcase the Cook Islands as an ideal travel destination.

**Destination Development** – supports the development of domestic programmes that address economic return in the low season.

**Tarai Vaka Fund** – to support government agencies in adhering to the Tarai Vaka process by funding cost-benefit analysis, environment impact assessment and other due diligence requirements.

### **7.6.3. Subsidies**

**University of the South Pacific Contribution** – an annual payment to the University of the South Pacific (USP) to support programmes at the Cook Islands Campus, including Cook Islands Māori Linguistics training, and helps meet council obligations to enhance student success.

**Airline Route Development** – to subsidise direct flights from non-New Zealand markets to Rarotonga, supporting tourism with air-routes that airlines might not operate otherwise.

**Subsidy of audio/visual broadcasting in Pa Enea** – to subsidise the provision of television broadcasting in the Pa Enea.

**Asian Infrastructure Investment Bank Membership** – membership fees for the Asian Infrastructure Investment Bank (AIIB).

**Universal Access Fund** – to improve telecommunications services to the Pa Enea under the Universal Access Plan.

**Provision for Inter-Island Shipping** – to supplement the shipping operating costs to the Pa Enea for regular, affordable transportation of passengers and bulk goods.

### **7.6.4. Social Assistance**

**Government Funded Scholarships** – to support higher education through scholarships, grants and financial aid covering tuition and associated costs for students both domestically and abroad.

**Government Funded Scholarships – Fees Free** – provides tuition support for first-year students at the University of the South Pacific for eligible students at the Cook Islands Campus.

**NCD Fund** – to implement health programmes promoting physical activity, nutrition, smoking cessation, alcohol reduction, and injury prevention to combat non-communicable diseases (NCD) in the country.

**Patient Referrals** – referring patients for secondary and some tertiary level care on Rarotonga or New Zealand for acute and complex health issues.

**Workforce Development** – supports professional development opportunities for clinicians, nurses, allied health, public health, and other health professionals.

**Welfare Payments – Allowances** – covers non-legislated welfare payments. Refer to Welfare Payments section in this chapter.

**Legal Aid** – to assist individuals with paying for legal services in criminal matters.

### **7.6.5. Other Expense**

**Private School Funding** – ensures equitable access to quality education by supporting private schools with operating costs and teaching personnel based on school enrolment.

**Production of new currency, transportation, and sale of old coins** – to maintain coin supply for commercial banks while collecting old Cook Islands coins.

**National Census** – to support the costs of conducting the national census every five years.

**Conduct of a Labour Force Survey** – to support the costs of conducting the labour force survey.

**SIF - Cook Islands Government Contribution** – the social impact fund (SIF) supports non-government organisations and community groups focusing on gender, children and youth, the elderly, person with disabilities, domestic violence, and mental health.

**SIF – ODA Graduation Support Fund** – temporary funding to support services provided by a few non-government organisations, affected by the Cook Islands’ ODA graduation.

**CISNOC Grant** – supports the Cook Islands Sports and National Olympic Committee (CISNOC) in promoting and encouraging sports and recreation in the Cook Islands.

**Fisheries Development Facility** – support for small-scale fisheries activities on Rarotonga and the Pa Enua with technical assistance, grants, and sector support.

**Religious Advisory Council** – to provide financial support to the Religious Advisory Council members to provide spiritual counsel, advice to government and community leaders, and attend official functions.

**Pacific Islands Forum (PIFs) meeting** – to support the costs to host the 52<sup>nd</sup> Pacific Islands Forum Leaders meeting in the Cook Islands in November 2023.

**State Events** – supports costs for organising and coordinating state service events.

## **7.7. Payments on behalf of Crown**

Payments on behalf of Crown (POBOC) cover legislated and contractual obligations made by the Crown. They are considered outside of a government department’s operating funding but within their medium-term expenditure ceiling.

Each POBOC fund is briefly explained below. For the budget allocation of each POBOC, refer to Chapter 16.14.

### **7.7.1. Compensation of Employees**

**Parliamentary Superannuation** – superannuation payments for members of Parliament.

**PERC Salaries and Administration Costs** – covers the personnel and operating expenses for the Public Expenditure Review Committee (PERC).

**Civil List – Personnel** – covers the salaries and allowances for the King’s Representative and members of Parliament.

**House of Ariki** – to support the legal functions and affairs of the House of Ariki and Koutu Nui.

### **7.7.2. Use of Goods and Services**

**Audit fees** – to provide Crown audit services to government departments.

**Longline Licence application fees** – to cover operating costs for processing longline fishing licences.

**Fishing Licences application fees** – to cover operating costs for processing costs for fishing licences.

**Palau Agreement purse seine fishing days scheme** – to establish and maintain programmes for implementing the Palau Arrangement purse seine vessel day scheme.

**SIOFA and SPRFMO fisheries cost recovery** – for technical staff, advisors and operational compliance costs related to fisheries in SIOFA and SPRFMO areas.

**Civil List Constituency Visits** – supports travel costs including per diems, for members of Parliament between their constituencies and Rarotonga.

**Parliamentary Sitting Expenses** – covers the operational costs for scheduled sittings of Parliament.

**MP Travel and Allowances (local and overseas)** – covers official duty travel costs for members of Parliament.

**KR Travel and Allowances (local and overseas)** – supports all associated costs for the King’s Representative when travelling on official duty.

**Maritime Radio Coverage** – provision of international and domestic maritime radio services to the shipping industry to meet the Cook Islands’ obligations under the International Convention of Safety of Life at Sea.

**Local Government Election** – to facilitate the Island Government elections in the Pa Enuā.

**International Maritime Organization – Maritime Cook Islands** – membership fees to the International Maritime Organization.

### 7.7.3. Subsidies

**Bank of the Cook Islands - social assistance subsidy** – provision of banking services in the Pa Enuā.

**Airport Authority subsidy** – supports the operations of the Airport Authority to manage the airports on Rarotonga and Aitutaki

**Ports Authority** – to accommodate the Government’s community service obligations through subsidies or waiver of port fees on Rarotonga and Aitutaki.

**To Tatou Vai** – to manage and operate the water treatment and delivery network on Rarotonga for supplying clean, safe water.

### 7.7.4. Other Expense

**Pacific Catastrophe Risk Insurance** – insurance premiums to safeguard the Cook Islands in the event of a catastrophe.

**Competition and Regulatory Authority** – supports the Authority to regulate telecommunications services providers and other utilities in the Cook Islands.

**BEPS Subscription** – payment for access to resources on base erosion and profit shifting (BEPS). i.e. tax planning strategies.

**International Subscriptions** – payment of membership fees to regional and international organisations.

**CIG Insurance** – to compensate for potential loss or damage of Crown assets, including insurance premiums.

## 7.8. Social Assistance

**Table 7-112 Welfare Payments (\$)**

	<b>2024/25 Budget Estimate</b>	<b>2025/26 Projection</b>	<b>2026/27 Projection</b>	<b>2027/28 Projection</b>
Welfare Payments Administered Payments	2,243,336	2,367,523	2,475,161	2,574,017
Welfare Payments POBOC	21,862,666	22,056,430	22,242,072	22,423,265
<b>Total</b>	<b>24,106,002</b>	<b>24,423,952</b>	<b>24,717,234</b>	<b>24,997,282</b>

Welfare payments provide essential support to the most vulnerable members of society. The distinction between POBOC and Administered Payments recognises legislated payments, such as pensions and the Destitute and Infirm Payment, as well as discretionary one-off payments like funeral allowances and Christmas bonuses.

**Table 7-113 Welfare Benefits (\$)**

<b>Administered funding for Welfare Services</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
<b>Welfare Payments</b>				
Caregivers	1,322,044	1,443,691	1,548,642	1,645,183
Christmas Bonus	342,037	344,577	347,264	349,579
Funeral Allowance	220,000	220,000	220,000	220,000
Power Subsidy	109,255	109,255	109,255	109,255
Special Assistance	250,000	250,000	250,000	250,000
<b>Total Administered funding for Welfare Services</b>	<b>2,243,336</b>	<b>2,367,523</b>	<b>2,475,161</b>	<b>2,574,017</b>
<b>POBOC funding for Welfare Services</b>				
<b>Welfare Payments</b>				
Old Age Pension 60+	8,356,853	8,528,679	8,694,004	8,855,230
Old Age Pension 70+	6,473,087	6,488,829	6,503,186	6,517,030
Child Benefit	5,264,809	5,265,823	5,266,994	5,269,031
New-born Allowance	229,087	229,087	229,087	229,087
Destitute and Infirm	1,378,431	1,383,611	1,388,402	1,392,488
Maternity Leave	150,000	150,000	150,000	150,000
Carer Order Payment	10,400	10,400	10,400	10,400
<b>Total POBOC funding for Welfare Services</b>	<b>21,862,666</b>	<b>22,056,430</b>	<b>22,242,072</b>	<b>22,423,265</b>
<b>Total Welfare Funding</b>	<b>24,106,002</b>	<b>24,423,952</b>	<b>24,717,234</b>	<b>24,997,282</b>

**Table 7-114 Details on Welfare Payments**

<b>Legislated Welfare Payments</b>	<b>Payment Rate (\$)</b>	<b>Beneficiaries 2023/24 Estimate</b>	<b>Beneficiaries 2024/25 Estimate</b>	<b>Assumptions</b>
Child Benefit (monthly)	100	4,217	4,220	A slight increase in the number of recipients.
New-born Allowance*	1,000	229	229	There is an assumption that the numbers will not increase based on actuals.
Old Age Pension - 60 to 69 years of age (monthly)	520	1,318	1,346	The number of pensioners in this age group continues to increase based on actuals.
Old Age Pension - 70 years of age and over (monthly)	720	744	746	The number of pensioners in this age group continues to increase based on actuals.
Destitute Persons Payment (monthly)	400	37	38	A slight increase in the number of people receiving these payments based on actuals.
Infirm Persons Payment (monthly)	400	242	243	A slight increase in the number of people receiving these payments based on actuals.
<b>Non-legislated Welfare Payments</b>				
Caregiver's Allowance (monthly)	400	255	283	The number of people that will qualify for caregiver's allowance is likely to increase due to an ageing population.
Christmas Bonus*	50	6,757	6,841	An increase in the total number of beneficiaries receiving benefit payment based on actuals.
Funeral Allowance*	2,400**	75	75	There is an assumption that the numbers will not increase based on actual expenditure.
Power Subsidy (quarterly)	86	319	319	There is an assumption that the numbers will not increase based on actual expenditure.

Legislated Welfare Payments	Payment Rate (\$)	Beneficiaries 2023/24 Estimate	Beneficiaries 2024/25 Estimate	Assumptions
<b>Other Payments</b>				
Government-funded Maternity Leave*	2,280	70	69	Births by working women in the private sector is projected to decrease slightly; however, the payment has increased in line with the increase in the minimum wage.

\* The New-born Allowance, Christmas Bonus, Funeral Assistance and Maternity Leave are paid on each occurrence.

\*\*There are three payment rates for the funeral assistance based on the welfare benefit of the deceased beneficiary. The highest rate is \$2,400 for a Cook Island pensioner, \$1,200 for a New Zealand pensioner (who have resided in the Cook Islands 12 months prior to his/her death), \$1,200 for an infirm or destitute beneficiary and \$600 for a child receiving the child benefit.

## 7.8.1. Welfare Payments

### 7.8.1.1. Legislated Entitlements (POBOC)

The Welfare Act 1989 provides for five types of welfare payments:

- Child Benefit
- Old Age Pension
- Infirm Relief
- New-born Allowance
- Destitute Payment

#### Child Benefit

The child benefit is provided as financial assistance to aid parents or guardians in covering the expenses associated with the upbringing and education of a child who is either a Cook Islander or a child of a permanent resident residing in the Cook Islands until the child reaches the age of 16. The payment rate is \$100 per month.

#### New-born Allowance

The new-born allowance is a lump-sum payment of \$1,000 to the parents or legal guardians responsible for a new-born child, whether born in the Cook Islands or abroad (given that the mother has resided in the Cook Islands for at least 12 months prior to childbirth).

#### Old Age Pension

The pension is taxable income provided to qualifying individuals aged 60 years and above, residing in the Cook Islands, to support retirees in their elderly years. The monthly payment rate is \$520 for individuals aged between 60 and 69, and \$720 for those aged 70 and above.

#### Destitute and Infirm Payment

The destitute and infirmed payment is a form of financial support designated for working-age individuals living in the Cook Islands who are unable to support themselves through their own means or labour. This payment also extends to individuals with dependents who, due to infirmity or age, are unable to independently support themselves through their own means or labour.

#### Maternity Leave Payment

The Employment Relations Act 2012 enables government-funded Maternity Leave payments to aid private sector employers in fulfilling their paid maternity leave responsibilities for employed women who are expecting. These payments are calculated at the minimum wage rate for six weeks, based on a standard 40-hour workweek.

The minimum wage increases to \$9.50 per hour from 1 July 2024 and will be reflected in an increase in the payment rate from \$360 to \$380 per week. This payment is subject to income tax.

### **7.8.1.2. Non-legislated Welfare Payments**

In addition to payments made under the Welfare Act 1989 and the Employment Relations Act 2012, the Government has provided executive authority for the payment of five additional welfare payments or allowances:

- Caregiver's allowance
- Christmas bonus
- Funeral allowance
- Power subsidy
- Special assistance

#### **Caregiver's Allowance**

The caregiver's allowance helps individuals who are responsible for providing extensive day-to-day care for either an elderly person or someone with permanent disabilities requiring significant care. For 2024/25, the payment rate increases to \$400 per month.

#### **Christmas Bonus**

A Christmas bonus is a \$50 payment issued in December to all eligible beneficiaries who receive the child benefit, destitute, infirm, caregiver, and pension payments. This contribution from the Government aims to offer extra support to families during a period when expenses tend to be higher than usual.

#### **Funeral Allowance**

The funeral allowance aids families in covering the funeral expenses of a deceased beneficiary. It is disbursed at the following rates: \$2,400 for Cook Islands pensioners, \$1,200 for New Zealand pensioners who have lived in the Cook Islands for at least 12 months prior to their death, \$1,200 for infirm and destitute beneficiaries, and \$600 for children receiving the child benefit.

#### **Power Subsidy**

A power subsidy, subject to an income test, may be extended to assist vulnerable Cook Islands beneficiaries in covering their electricity expenses. Individuals receiving an old age pension from overseas are ineligible for this benefit, regardless of their overall income. The payment rate for the subsidy is \$86 per quarter.

#### **Special Assistance**

Special assistance is evaluated individually and depends on an income assessment for elderly beneficiaries and individuals with severe disabilities, aiming to enhance their accessibility and mobility.

### **7.8.2. Subsidies to State-owned enterprises**

To ensure fair access to essential services, the Government provides subsidies to State-owned enterprises involved in service delivery. These subsidies either address non-commercially viable aspects of the business, fulfil social responsibilities, or compensate for inadequate operating income to maintain operations.



**Table 7-115 Subsidies to State-owned enterprises (\$)**

<b>POBOC</b>	<b>2024/25 Budget Estimate</b>	<b>2025/26 Projection</b>	<b>2026/27 Projection</b>	<b>2027/28 Projection</b>
Bank of the Cook Islands - social assistance subsidy	128,000	128,000	128,000	128,000
Airport Authority - subsidy	1,000,000	500,000	0	0
Ports Authority - subsidy	110,099	110,099	110,099	110,099
To Tatou Vai	3,000,000	2,500,000	2,500,000	2,800,000
<b>Total</b>	<b>4,238,099</b>	<b>3,238,099</b>	<b>2,738,099</b>	<b>3,038,099</b>

## 8. Capital Expenditure

The Capital Schedule outlines the capital programmes and projects allocated in the 2024/25 Budget.

The National Infrastructure Investment Plan (NIIP) 2021<sup>22</sup> is the Government's guiding strategy in the infrastructure space and provides a roadmap for the investment projects to be implemented by the Government.

The capital budget outlook indicates ongoing constraints on capital expenditure in the short to medium-term due to the economy's recovery from the pandemic. The limited fiscal space poses a challenge for Government in balancing investment in capital programmes with maintaining operational continuity. To address funding gaps for future capital projects, the Government may need to consider debt financing to sustain crucial infrastructure and support in the Cook Islands' economy.

The capital expenditure budget for 2024/25 is projected to be \$19.1 million, representing a significant decrease from the previous year's allocation of \$30.0 million. Approximately \$4.7 million of the 2024/25 budget has been reappropriated from the previous financial year as a result of delays in implementation of projects.

Competing priorities and Government's limited fiscal space will impact budget forecast for the 2025/26 financial year, estimated at \$14.7 million. The forecast estimates of \$18.8 million and \$19.7 million for the 2026/27 and 2027/28 financial years indicate a gradual increase as the economy recovers, though still below pre-pandemic levels due to various factors.

Table 8-1 below shows the total capital expenditure over the medium term by implementing agency.

Capital projects are funded through two main sources: the Cook Islands Government (CIG) and Official Development Assistance (ODA) as outlined in the ODA schedule to accurately represent CIG fiscal commitments. In the medium-term, the government plans to work with funding partners to explore alternative financing options to address any gaps in infrastructure investment funding.

**Table 8-1 Total Capital Expenditure (\$'000)**

MINISTRY	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Agriculture	280	0	0	0	0
CIIC	4,316	3,319	3,500	3,668	3,862
Culture	0	160	0	0	0
Education	400	300	300	300	300
Health	500	900	500	300	300
ICI	12,615	11,698	9,654	13,169	14,215
MFEM	1,722	1,987	0	367	0
OPM	200	300	300	300	300
<b>MINISTRY TOTAL</b>	<b>20,034</b>	<b>18,664</b>	<b>14,254</b>	<b>18,103</b>	<b>18,977</b>
Capital Funds Administered by MFEM	930	410	410	710	710
<b>GRAND TOTAL</b>	<b>20,964</b>	<b>19,074</b>	<b>14,664</b>	<b>18,813</b>	<b>19,687</b>

<sup>22</sup> <https://www.ciic.gov.ck/publications/infrastructure-plans/>

## 8.1. Reappropriation of 2023/24 Capital Appropriations

Table 8-2 shows the reappropriation of a few capital programs from 2023/24 into the 2024/25 Budget. Reasons for each reappropriation have been provided below.

**Table 8-2 Capital Expenditure Reappropriation (\$)**

Agency	Details	Amount	2023/24 Supp. Budget Estimate	2023/24 Budget Adjusted	2024/25 Budget Estimate	2024/25 Budget Adjusted
ICI	Pa Enea Marine Infrastructure Improvement Programme	2,370	2,470	100	0	2,370
CIIC	Arutanga Harbour Project	490	980	490	720	1,210
CIIC	Land Acquisition	500	645	145	0	500
MFEM	Revenue management system upgrades (RMS10)	1,337	1,672	335	650	1,987
<b>Total reappropriation</b>		<b>4,697</b>	<b>5,767</b>	<b>1,070</b>	<b>720</b>	<b>6,067</b>

**Pa Enea Marine Infrastructure Improvement (Nassau Harbour project)** – delay in the implementation of this project is due to competing priorities.

**Land Acquisition** – land needs to be acquired to progress implementation of Government projects such as the Airport Runway extension.

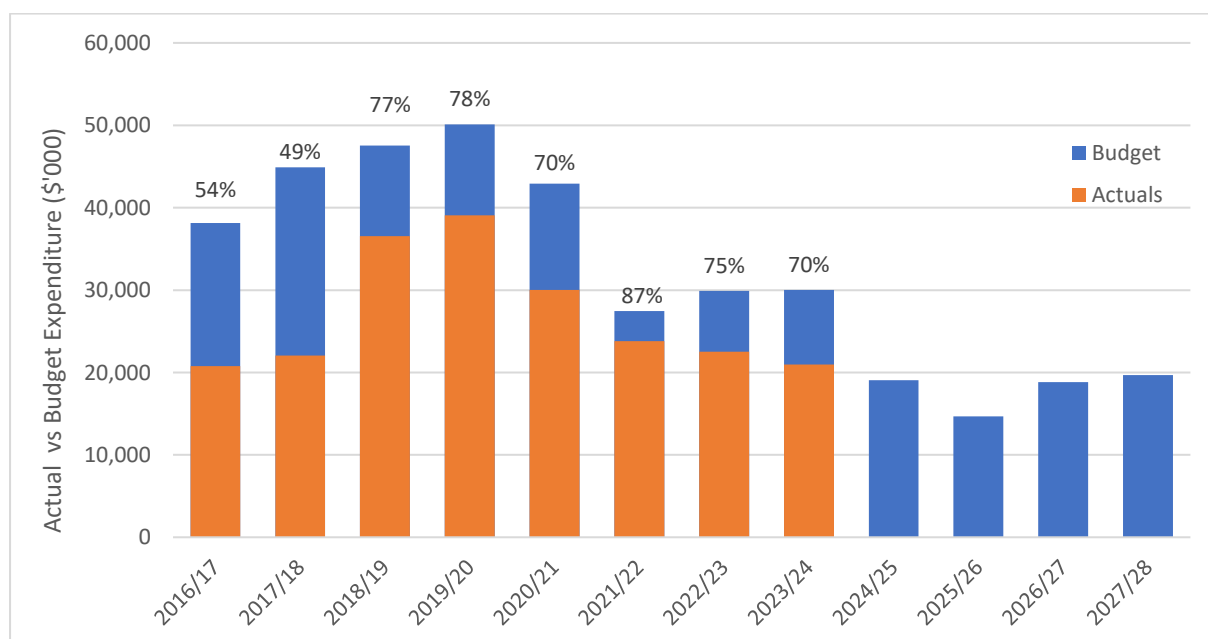
**Arutanga Harbour** – delays in completing phase one due to mechanical issues and meeting requirements for procurement process in order to begin phase two.

**Revenue Management System Upgrades** – ongoing system upgrades will continue to be carried out to improve tax systems.

## 8.2. Expenditure Performance

A comparative between capital budget investment and budgeted estimates is shown in Figure 8-1. Before the pandemic, capital expenditure was steadily increasing. However, in the years since, capital spending decreased due to factors such as labour constraints and logistical delays.

**Figure 8-1 Capital Investment Budget vs Actuals Comparison (\$'000)**



### 8.3. Funding Sources

The Government’s capital comes from two main sources: its cash reserves and ODA, with New Zealand being a major contributor. Many capital projects are funded collaboratively by the Government and donor partners. Table 8-3 shows the breakdown of these funds over the medium-term.

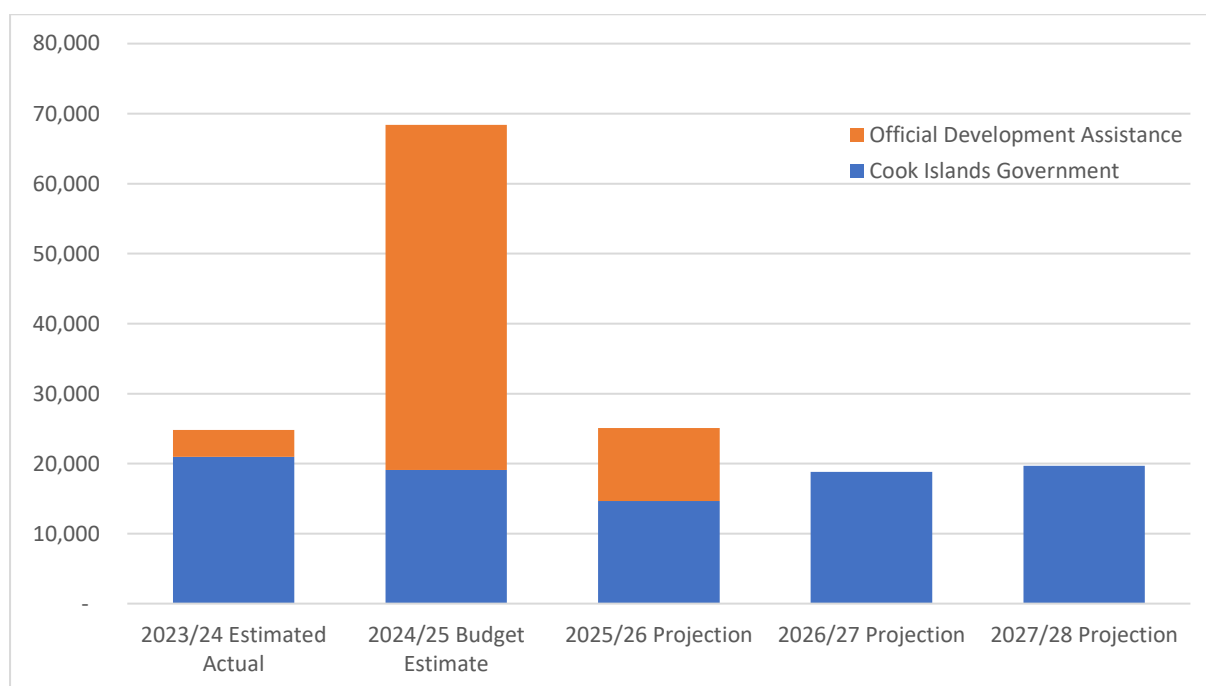
**Table 8-3 Total Capital Expenditure by Funding Source (\$'000)**

Funding Source	2022/23 Actual	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Cook Islands Government	22,415	20,964	19,074	14,664	18,813	19,687
Official Development Assistance	9,003	3,834	49,303	10,400	0	0
<b>Total</b>	<b>31,419</b>	<b>24,798</b>	<b>68,378</b>	<b>25,064</b>	<b>18,813</b>	<b>19,687</b>

The Government works with New Zealand's Ministry of Foreign Affairs and Trade (MFAT) through the Infrastructure Trust Fund (ITF) to evaluate project proposals aiming to stimulate the economy or provide other benefits. Some key projects have already commenced with ITF funding, while others are being planned. These projects are outlined in the section titled ‘Projects Requiring Funding’.

Funding allocations for ODA capital projects are proposed, so actual expenditure may differ from forecasts. Any unused balances from the ITF will be carried forward to subsequent years. Figure 8-2 displays the proportional funding per fiscal year.

**Figure 8-2 Total Capital Expenditure by Funding Source (\$'000)**



### 8.4. Projects requiring funding

The Government continues to explore additional capital investment projects, contingent on the availability of funding. Sources of funding may include the ITF, government funds or debt financing.

Below is a selection of some of the projects that Government is currently engaging with various donor partners to assist with funding:

**Aitutaki Runway Land Reclaim** – Construction of the seawall using rock boulders and back filling which is required to reclaim an eroded portion of the land forming part of the Aitutaki Airport Runway.

Following the completion of this activity the airport will be fully compliant with International Safety Standards of the Civil Aviation Rules.

**Rarotonga Airport Stormwater System** – Requires repairs on the existing storm water system along the southern perimeter of the Rarotonga International Airport runway. Recent upgrades to the stormwater network from the surrounding area of Nikao which focused mainly on the upgrade of the existing culverts ‘conveyance’ and stream bed releveling and the increased rainfall frequency and intensity have put a strain on the already deteriorating storm water infrastructure.

**Rarotonga Terminal Expansion Design** – The Rarotonga Terminal Expansion design project progresses the design of the passenger terminal from preliminary drawings to development and detailed design. The cost estimate for this activity is \$2.0 million to be completed over 16 months.

**Rarotonga Runway End Safety Area** – The construction of the Rarotonga RESA project on Runway 26 (eastern end of the runway) includes the extension of the length of the runway to meet international regulation. Currently the RESA stands close to 50 meters which is non-compliant to the international RESA standard of 90 meters.

**Waste Management Infrastructure Improvement Programme** – Engagement of technical assistance to determine the most appropriate solid waste disposal system for Rarotonga, followed by procurement and installation. Solutions may include an emission-free municipal waste incinerator or other cost-effective technology.

## 8.5. Expenditure Themes

The Government’s capital expenditure programmes maintain previous year’s budget themes, prioritising projects expected to engage local suppliers and labour sources.

### Physical Infrastructure, Water and Sanitation

Infrastructure Cook Islands (ICI) maintains its allocation of capital investment funding, prioritising physical infrastructure projects on both Rarotonga and the Pa Enua. The continued investment towards physical infrastructure projects ensures that public safety is prioritised both on Rarotonga, with the repairing of bridges and roads, and in the Pa Enua, where attention is directed towards marine and air infrastructure developments.

The Cook Islands Investment Corporation (CIIC) manages government assets on both Rarotonga and the Pa Enua, and ongoing funding is allocated to support To Tatou Vai (TTV) for the water network.

### Digital Infrastructure

Funds have been allocated to sustain the enhancements of the Government IT Network across both Rarotonga and the Pa Enua. These investments aim to enhance government efficiency and communication. Capital expenditure support from the Telecommunications Universal Access Fund Programme has ceased, with funds now redirected to the OPM ICT Activities – Licences and Software Administered Fund. This shift aids in covering operational costs to bolster telecommunications connectivity on Rarotonga and in the Pa Enua, facilitating the ongoing upgrades of the Government IT network.

#### 8.5.1. Capital Programme Budgeting

Infrastructure projects and government building works managed by CIIC and ICI have been budgeted within a 'programme' framework since the 2020/21 Budget. While each project undergoes separate assessment, funding is collectively allocated, enabling efficient oversight and enhancing project delivery. Projects listed under respective programmes in this chapter may undergo adjustments based on programme needs.

## 8.6. Capital Spending by Agency

The remainder of this chapter provides details on the CIG-funded capital expenditure by implementing Government agency. Chapter 15 describes the ODA capital (and operating) expenditure budget. Further questions on any projects should be directed to the implementing agency.

Note, only the active capital budget lines with funding allocated for 2024/25 onwards are explained below.

### 8.6.1. Cook Islands Investment Corporation

**Table 8-4 Capital Projects, CIIC (\$)**

Island	Project / Programme	2023/24 Estimated Actual	2024/25 Budget	2025/26 Projection	2026/27 Projection	2027/28 Projection
Aitutaki	Arutanga Harbour Project	490,000	1,210,000	0	0	0
Rarotonga	Government Building Projects - Rarotonga	2,350,700	539,300	400,000	478,239	672,400
Rarotonga	Land Acquisition	145,000	500,000	250,000	0	0
Pa Enea	Pa Enea Government Building Projects - Northern Group	90,000	120,000	0	0	0
Pa Enea	Pa Enea Government Building Projects - Southern Group	450,000	0	600,000	1,940,000	1,940,000
Rarotonga	Rarotonga Cyclone Shelters - Remediation	200,000	250,000	250,000	250,000	250,000
Rarotonga	To Tatou Vai	561,460	500,000	2,000,000	1,000,000	1,000,000
Rarotonga	Geotech scoping & feasibility	29,303	0	0	0	0
Rarotonga	Tepuka Sanitation project	0	200,000	0	0	0
	<b>Total</b>	<b>4,316,463</b>	<b>3,319,300</b>	<b>3,500,000</b>	<b>3,668,239</b>	<b>3,862,400</b>

#### 8.6.1.1. Arutanga Harbour Project (\$1.2 million in 2024/25)

The Arutanga Harbour project is part of the Aitutaki Island Plan, and it aims to provide safe passage for small sea vessels as well as allowing for a continuous flow of cargo ships to the island.

#### 8.6.1.2. Government Building Projects – Rarotonga (ongoing programme)

This programme funds the ongoing maintenance of government buildings and facilities on Rarotonga. Improvements will be made to ensure that government workers have a safe working environment to enable continued service delivery to the public. Projects will vary depending on CIIC's prioritised list.

#### 8.6.1.3. Land Acquisition (\$500,000 in 2024/25)

The land acquisition fund provides Government the opportunity to engage with and fairly compensate landowners for land in strategic locations that support key investments, further growth, and sustain infrastructure programmes into the future.

#### 8.6.1.4. Pa Enea Government Building Projects - Northern Group (\$120,000 in 2024/25)

This programme is to undertake development and improvements of Government buildings and facilities across the Pa Enea Northern Group to ensure access to public services. Buildings and facilities across the Pa Enea are key areas of building infrastructure and are most vulnerable to the impact of climate change.

Funding will be utilised to secure land for the Rakahanga Cyclone Shelter.

#### 8.6.1.5. Pa Enea Government Building Projects - Southern Group (ongoing programme)

This programme is to enable development and improvements of Government buildings and facilities across the Pa Enea Southern Group to take place, ensuring continued access to public services.

CIIC have prioritised the maintenance of the Mauke and Mitiaro Government buildings from 2025/26.

#### 8.6.1.6. Rarotonga Safety Shelters Programme (RSSP) (ongoing programme)

The Rarotonga Safety Shelters Programme (RSSP) was established to support remediation works to community and public buildings designated or identified as potential cyclone shelters to ensure Rarotonga residents and visitors have access to a safety shelter in the event of a national emergency or disaster.

#### 8.6.1.7. To Tatou Vai Capital (ongoing programme)

A total of \$4.5 million dollars will be provided to TTV over the medium-term to plan its capital works programme. Funding is to be reprioritised towards the standardisation of Rarotonga's water network through installing new branch mains on all linked roads and replacing old service connections.

#### 8.6.1.8. Tepuka Sanitation (\$200,000 in 2024/25)

The funding allocated to the Tepuka Sanitation programme will enable data collection and condition assessments to be carried out to assist with the reticulation remedial works. This step is necessary to addressing the stormwater ingress and feasibility study to support options for upgrading the treatment system.

### 8.6.2. Ministry of Cultural Development

Table 8-5 Capital Projects, MOCD (\$)

Island	Project / Programme	2023/24 Estimated Actual	2024/25 Budget	2025/26 Projection	2026/27 Projection	2027/28 Projection
Rarotonga	Auditorium Equipment Replacement Programme	0	160,000	0	0	0
<b>Total</b>		<b>0</b>	<b>160,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### 8.6.2.1. Auditorium Equipment Replacement Programme (\$160,000 in 2024/25)

These funds will be utilised to replace outdated and degraded audio-visual equipment for the national auditorium.

### 8.6.3. Ministry of Education

Table 8-6 Capital Projects, MOE (\$)

Island	Project / Programme	2023/24 Estimated Actual	2024/25 Budget	2025/26 Projection	2026/27 Projection	2027/28 Projection
National	Fund to be Prioritised by Education	400,000	300,000	300,000	300,000	300,000
<b>Total</b>		<b>400,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>

### 8.6.3.1. Funds to be prioritised by Education (ongoing programme)

The Ministry of Education receives funding of \$300,000 annually to assist with its capital replacement programme for all schools, including replacement plans for computers, photocopiers, other multi-media items, and school and classroom furniture.

### 8.6.4. Ministry of Health

**Table 8-7 Capital Projects, Health (\$)**

Island	Project / Programme	2023/24 Estimated Actual	2024/25 Budget	2025/26 Projection	2026/27 Projection	2027/28 Projection
National	Fund to be Prioritised by Health	300,000	300,000	300,000	300,000	300,000
National	X-Ray and Mammography Systems	200,000	600,000	200,000	0	0
	<b>Total</b>	<b>500,000</b>	<b>900,000</b>	<b>500,000</b>	<b>300,000</b>	<b>300,000</b>

#### 8.6.4.1. Funds to be prioritised by Health (ongoing programme)

The Ministry of Health receives an annual allocation of \$300,000 for purchasing essential technical health instruments and equipment, aiding health professionals in conducting health check-ups and procuring vital capital equipment when necessary.

#### 8.6.4.2. X-ray and Mammography Systems

Replacement of the existing x-ray machine is necessary as the suppliers will no longer provide maintenance support in the future. The Ministry of Health procured a mammography machine in 2023/24 and are in the process of procuring a general x-ray.

### 8.6.5. Infrastructure Cook Islands

**Table 8-8 Capital Projects, ICI (\$)**

Island	Project / Programme	2023/24 Estimated Actual	2024/25 Budget	2025/26 Projection	2026/27 Projection	2027/28 Projection
National	Bridges and Structures Asset Management and Improvement Programme	728,337	1,490,000	1,490,000	1,893,522	4,477,600
National	Drainage Asset Management and Improvement Programme (DAMP)	719,564	1,000,000	1,000,000	1,000,000	1,000,000
National	Government Building Projects	496,488	0	0	0	0
National	Pa Enea Air Infrastructure Improvement Programme	648,981	0	0	0	0
National	Pa Enea Marine Infrastructure Improvement Programme	100,000	2,369,906	1,966,127	3,380,000	800,000
National	Roads Asset Management and Improvement Programme (RAMP)	9,666,705	5,988,481	5,047,681	6,745,080	7,787,456
National	Waste Management Infrastructure Improvement Programme	50,917	0	0	0	0
National	Water and Sanitation Infrastructure Improvement Programme	204,471	150,000	150,000	150,000	150,000
Aitutaki	Aitutaki Water Management	0	700,000	0	0	0
	<b>Total</b>	<b>12,615,463</b>	<b>11,698,387</b>	<b>9,653,808</b>	<b>13,168,602</b>	<b>14,215,056</b>



#### **8.6.5.1. Bridges and Structures Asset Management and Improvement Programme (ongoing programme)**

The Cook Islands Government aims to undergo bridge structure replacement works, structural inspections, and repairs to improve safety for the public. Rarotonga has 76 bridge structures on the transport network, some of which require improvements and structural replacement over the medium-term.

Prioritisation for bridge works includes the bridge near the Kings Representative, Baker's bridge and the Sheraton bridges over the medium-term.

#### **8.6.5.2. Drainage Asset Management and Improvement Programme (DAMP) (ongoing programme)**

Drainage is a critical element of the road works projects in ensuring durability of both private and public infrastructure, enabling the management of stormwater from road surfaces, properties, and related areas. The Government aims to improve drainage standards, as well as stormwater quality by upgrading the drainage network across various locations into the future, mitigating the impacts of flooding and associated land degradation.

#### **8.6.5.3. Pa Enea Marine Infrastructure Improvement Programme (ongoing programme)**

Marine transportation stands as one of the primary modes for delivering goods to the Pa Enea and serves as the sole means of passenger transport to certain islands. Ensuring resilient and reliable harbour structures is imperative, capable of withstanding climate change impacts and enhancing safety for maritime activities. Enhancements to infrastructure will facilitate more frequent inter-island shipping services.

Design plans for Nassau harbour are nearing completion, with construction phase set to follow.

#### **8.6.5.4. Roads Asset Management and Improvement Programme (RAMP) (ongoing programme)**

The network of roads and its associated infrastructure serve as pathways for transporting goods and services upon which the economic and social advancement of Rarotonga and the Cook Islands is dependent. Moreover, these roads serve as vital emergency routes, providing access to communities in both Rarotonga and the Pa Enea during natural disasters.

Rarotonga's road network spans approximately 201 km with varying degree of wear and tear. Some sections of roads have experienced considerable deterioration due to weather conditions, erosion and heavy usage, failing to meet required standards of service. Funding is allocated for planned maintenance and enhancements in accordance with the Road Asset Management plan.

Planned works will address structural pavement issues, improve roadside drainage, resurface roads, widen lanes, and enhance pedestrian facilities and safety measures. The programme also extends to road networks in the Pa Enea, with scheduled works on Mitiaro.

#### **8.6.5.5. Water and Sanitation Infrastructure Improvement Programme (ongoing programme)**

Implementing strategies and concrete measures involving management practices and improvements to both human and physical infrastructure are crucial to addressing evolving conditions in the Pa Enea and ensure the long-term availability of water resources.

The changes in climate patterns and increased occurrence of extreme weather events have left the islands vulnerable to frequent droughts and water shortages. Additionally, inadequate sanitation,

waterborne diseases, and contamination exacerbate the situation by reducing the available water sources for community use.

To confront these challenges, it is important to adopt climate-resilient measures such as climate proofing through asset rehabilitation, including development of alternative water supply systems, improved water quality and operation efficiency improvements, and expanding the existing water security and improvement programmes to enhance water security and resilience to reduce susceptibility.

Islands presently being considered within this programme include Atiu, Mangaia – Karanga (Ivirua), Mauke, and Mitiaro – Akapa.

#### 8.6.5.6. Aitutaki Water Management (\$700,000 in 2024/25)

This initiative involves enhancing Aitutaki’s water system for medium-term security, including developing an asset management programme for maintenance. Exploration of alternative water supply methods will also be conducted. Collaboratively with the Office of the Prime Minister and the Aitutaki Island Government, a comprehensive review of the governance structure managing the Aitutaki Water Supply will be conducted to optimise effectiveness and readiness for future investments, including potential desalination initiatives.

### 8.6.6. Ministry of Finance and Economic Management

**Table 8-9 Capital Projects, MFEM (\$)**

Island	Project / Programme	2023/24 Estimated Actual	2024/25 Budget	2025/26 Projection	2026/27 Projection	2027/28 Projection
Rarotonga	Purchase of Protocol Vehicles for PIFs Conference	1,386,528	0	0	0	0
Rarotonga	Revenue Management System upgrade	335,321	1,986,720	0	366,652	0
<b>Total</b>		<b>1,721,849</b>	<b>1,986,720</b>	<b>0</b>	<b>366,652</b>	<b>0</b>

#### 8.6.6.1. Revenue Management System Upgrade

The Revenue Management Division of MFEM is undergoing an upgrade of its licenced tax management software platform, transitioning from RMS7 to RMSZephyr. The proposed funding is intended for the implementation of ongoing system components.

### 8.6.7. Office of the Prime Minister

**Table 8-10 Capital Projects, OPM (\$)**

Island	Project / Programme	2023/24 Estimated Actual	2024/25 Budget	2025/26 Projection	2026/27 Projection	2027/28 Projection
National	Government IT Network	200,000	300,000	300,000	300,000	300,000
<b>Total</b>		<b>200,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>

#### 8.6.7.1. Government IT Network (ongoing programme)

Financial support has been allocated to the Office of the Prime Minister to facilitate upgrades of the Government’s ICT network. This includes the replacement of ICT equipment, enhancements to the central server room, and the establishment of an external data backup centre to securely store Government information to ensure business continuity and security. Additionally, this funding also

supports the continued implementation and maintenance of the Government network, including efforts to integrate the Pa Enea into the broader Government network.

## 8.6.8. Capital Funds administered by MFEM

**Table 8-11 Capital Projects, Administered by MFEM (\$)**

Island	Project / Programme	2023/24 Estimated Actual	2024/25 Budget	2025/26 Projection	2026/27 Projection	2027/28 Projection
National	Capital Distribution Fund	300,000	0	0	300,000	300,000
National	Pa Enea Capital Distribution Fund	520,000	300,000	300,000	300,000	300,000
Pa Enea	Outer Islands Small Capital Fund	110,000	110,000	110,000	110,000	110,000
	<b>Total</b>	<b>930,000</b>	<b>410,000</b>	<b>410,000</b>	<b>710,000</b>	<b>710,000</b>

### 8.6.8.1. Capital Distribution Fund (ongoing programme)

The Ministry of Finance and Economic Management oversees the administration of the Capital Distribution Fund (CDF). This involves acquiring and replacing vehicles and small capital equipment across Government Agencies to ensure they meet acceptable standards, aligning with the Government Fleet Management Plan Policy.

### 8.6.8.2. Pa Enea Capital Distribution Fund (ongoing programme)

The Pa Enea CDF is designated for acquiring standardised equipment to ensure each island administration possesses a baseline level of equipment, based on specified parameters. To access the fund, each administration must maintain up to date asset management plans.

### 8.6.8.3. Outer Islands Small Capital Fund (ongoing programme)

The small capital fund is allocated to each of the island in the Pa Enea annually to purchase small capital items.

## 9. Tax Expenditures

A key element of fiscal transparency is the analysis and management of tax expenditures. Tax expenditure in broad terms, is a tax provision that deviates from a benchmark tax system.

Tax expenditures may take a number of forms: exclusions, exemptions, allowance, deductions, credits, preferential tax rates, or tax deferrals. Tax holidays and tax-free zones are tax expenditures subject to specific time periods or geographical areas.

To identify what a tax expenditure is, a normative or a benchmark tax structure must be established. The benchmark tax structure is the existing tax regime as governed by the following Acts:

- Customs Revenue and Border Protection Act 2012,
- Customs Tariff Act 2012,
- Income Tax Act 1997,
- Value Added Tax Act 1997, and
- Departure Tax Act 2012.

**Table 9-1 Summary of Tax exemption estimates (\$'000)**

Tax Exemptions	Annual Cost (Est. April 2024)
<b>Import Duty</b>	<b>1,488</b>
Fuel concession	1,095
Concession for returning Cook Islanders	311
Concession for non-Cook Islanders	7
Not for profit and religious organisations concession	25
Concession for approved public project	50
<b>Income Tax</b>	<b>29,748</b>
Standard supplemental deduction	13,147
Standard supplemental deduction (Pa Enuā)	1,200
Charitable donations	359
Income from approved superannuation funds	2,888
Consular and diplomatic personnel	300
International foreign aid	11,800
Civil List allowances	54
<b>Value Added Tax</b>	<b>2,108</b>
Concession for returning Cook Islanders	933
Concession for non-Cook Islanders	112
Concession for approved public project	500
Goods imported by certain organisations	182
Burial and headstones	108
Not for profit and religious organisations	78
Goods subject to diplomatic privileges/immunities	78
Lifesaving apparatus and medical supplies	61
Sport concession	30
Educational goods imported by school	20
Relief goods	4
Machinery and equipment for projects approved under the NZ Foreign Aid Scheme	1
Other imports	1
<b>Departure Tax</b>	<b>1,128</b>
Military	1
Diplomatic	2
Commercial	360
Transit passengers and children under 13	765
<b>Total Tax Expenditure</b>	<b>34,472</b>

## **9.1. Import Duty**

### **Fuel concession**

Fuel concessions involve the importation or sale of gasoline and diesel specifically intended for use on the outer islands, with special considerations for Aitutaki and other outer islands. The concession also includes diesel imported by Te Aponga Uira for power supply, as well as diesel brought in by Te Mana Uira o Araura Limited. The estimated annual cost of providing this concession is \$1.1 million.

### **Concession for returning Cook Islanders**

Customs import duties are waived for returning Cook Islanders who have been away for more than three years and are returning to live in the Cook Islands for the next three years. The estimated annual cost of providing this concession is \$311,000.

### **Concession for non-Cook Islanders**

Customs import duties are waived for non-Cook Islanders who have been away for more than three years and are arriving to live in the Cook Islands for the next three years. The estimated annual cost of providing this concession is \$7,000.

### **Not for profit and religious organisations concession**

Customs import duties are waived on goods imported by not for profit and religious organisations. The estimated annual cost of providing this concession is \$25,000.

### **Concession for approved public project**

Customs import duty is waived on imported goods for public projects approved by the Development Coordination Division of the Ministry of Finance and Economic Management and other projects which benefit a particular village, community, vaka or island. The estimated annual cost of providing this concession is \$50,000.

## **9.2. Income Tax**

### **Standard supplemental deduction**

Income up to \$14,600 is exempt and not taxable for income tax purposes. This will be reduced on a pro-rata regarding number of days residing in the Cook Islands. The estimated annual cost of providing this concession is \$13.1 million (this estimate is based on active taxpayers in 2022 and the lowest marginal tax rate of 17 per cent).

### **Standard supplemental deduction (Pa Enea)**

In 2023, the government introduced a higher standard deduction of \$60,000 specifically for residents of the Pa Enea (compared with a deduction of \$14,600 for other Cook Island residents). The purpose of the exemption is to provide economic stimulus and financial support for Pa Enea residents, to encourage them to remain in the outer islands and attract new residents. The estimated annual cost of this exemption is \$1.2 million (this estimate is based on the amount of PAYE payments made by employers registered in the Pa Enea during the 2019 year).

### **Charitable donations**

Donations made to charitable organisations are deductible for income tax purposes. A minimum deductible donation of \$200 or maximum of \$5,000 can be claimed annually. There are currently approximately 60 approved charitable organisations in the Cook Islands. The estimated annual cost of providing a donation deduction is \$359,000. This estimate has been determined on the basis of past donation deductions claimed.

#### **Income from approved superannuation funds**

Income derived by either a New Zealand Government Superannuation Fund or by a superannuation fund approved by the Collector are not taxed. The estimated annual cost of this concession is \$2.9 million.

#### **Consular and diplomatic personnel**

Income derived by consular and diplomatic personnel in the Cook Islands is not taxable under the Diplomatic Privileges and Immunities Act 1968. The annual estimated cost of this concession is \$300,000.

#### **International foreign aid**

Income derived in the context of foreign aid paid by a non-resident to a non-resident employer is not taxable. The estimated annual cost of providing this concession is \$11.8 million.

#### **Civil List allowances**

Income derived by Members of Parliament in the form of allowances are not taxed. This estimated annual cost of this concession is \$54,000.

#### **Financial services industry (legal arrangements, foundations and companies)**

In 2019 the Cook Islands repealed exemptions for international companies, including insurance companies, in the offshore financial sector in response to EU concerns. This enabled the Cook Islands to be removed from the EU's list of non-cooperative tax jurisdictions and avoided the Cook Islands being treated by the OECD BEPS project as a preferential and harmful tax regime. This repeal, whilst considered temporary at the time, has been retained alongside clarified tax residency rules for financial services.

#### **Promoters of amateur sports**

Income derived by a promoter when promoting amateur sport is not taxable. There is no information on the cost of this exemption.

#### **A government approved supplementary scheme**

Income derived under an approved government supplementary scheme is not taxable. This only applies to supplementary income received. It does not apply to income received from the Cook Islands Government. There is no information on the cost of this exemption.

### **9.3. Value Added Tax**

#### **Concession for returning Cook Islanders**

Import VAT is waived for returning Cook Islanders who have been away for more than three years and are returning to live in the Cook Islands for the next three years. The cost of this exemption is \$933,000.

#### **Concession for non-Cook Islanders**

Import VAT is waived for non-Cook Islanders who have been away for more than three years and are arriving to live in the Cook Islands for the next three years. The cost of providing this concession is \$112,000.

#### **Concession for approved public project**

Import VAT on imported goods is waived for public projects approved by Development Coordination Division and other projects which benefit a particular village, community, vaka or island. The estimated annual cost of providing this concession is \$500,000.

### **Goods imported by certain organisations**

Goods donated by any charitable persons or organisations overseas that are imported by an organisation registered in the Cook Islands receive concessional treatment. The goods must be of a kind suited for use in the furtherance of the commonly accepted objectives of such registered organisations supporting the Government's public objectives. The estimated annual cost of providing this concession is \$182,000.

### **Burial and headstones**

There is an Import VAT exemption for the transportation of deceased persons from overseas to the Cook Islands for burial. This exemption also includes headstone importation. The estimated annual cost of providing this exemption is \$108,000.

### **Not for profit and religious organisations**

Goods imported by non-profit and religious organisations are exempted from import VAT when imported. The estimated annual cost of providing these exemptions is \$78,000.

### **Goods subject to diplomatic privileges/immunities**

Goods exempted from VAT by virtue of an Order in Executive Council made pursuant to the Diplomatic Privileges and Immunities Act 1968 and the New Zealand Representative Act 1980. The estimated annual cost of providing this concession is \$78,000.

### **Lifesaving apparatus and medical supplies**

Lifesaving apparatus and medical supplies imported for patients undergoing medical treatments are exempt from Import VAT. The estimated annual cost of providing this concession is \$61,000.

### **Sport concession**

Goods Imported by or on behalf of any person or organisation being uniforms or sporting equipment to be donated to a sporting group in the Cook Islands is exempted from Import VAT. The estimated annual cost of providing this exemption is \$30,000.

### **Educational goods imported by schools**

Goods imported by a school for educational purposes in the Cook Islands are VAT exempt. The estimated annual cost of providing this exemption is \$20,000.

### **Relief goods**

Goods imported by or for the Cook Islands Red Cross being donated from any persons or organisations overseas for the relief of victims of natural disasters, including goods for outer islands required for emergency standby. The estimated annual cost of providing this exemption is \$4,000.

### **Machinery and equipment for projects approved under the New Zealand Foreign Aid Scheme**

There is an Import VAT exemption on plant machinery, machinery, equipment and other goods imported for the purpose of constructing, establishing or completing projects approved by the New Zealand High Commission as projects approved for payment under the New Zealand Government Foreign Aid Scheme. The estimated annual cost of providing this exemption is \$1,000.

### **Other imports**

There is an Import VAT exemption on other imports such as work of art and goods reimported into the Cook Islands. The estimated annual cost of providing this exemption is \$1,000.

## **9.4. Departure Tax**

### **Military**

Members of the New Zealand Military participating in military exercises approved by Cabinet are exempt from departure tax. The estimated annual cost of providing this departure tax exemption is \$1,000.

### **Diplomatic**

The head of the New Zealand High Commission in Rarotonga, along with commission members, are exempt from departure tax. This exemption extends to their household family members. Additionally, visiting diplomats conducting official business, holding diplomatic passports from nations with which the Cook Islands maintains diplomatic ties, and their household family members also qualify for this exemption. The estimated annual cost of providing this exemption is \$2,000.

### **Commercial**

Departure tax exemptions are granted to the crew of any aircraft, cruise vessel, or commercial vessel in the Cook Islands for stays of 72 hours or less. Additionally, passengers of a cruise or commercial vessel who both arrive and depart within the same 72-hour period are also eligible for this exemption. The estimated annual cost of providing this exemption is \$360,000.

### **Transit passengers and children under 13**

Departure tax exemptions extends to passengers under the age of 13 years old and passengers who arrive in the Cook Islands and will depart the Cook Islands within 24 hours of that arrival or 24 hours due to circumstances beyond the passenger's control. The estimated annual cost of providing this exemption is \$765,000.

### **The King's Representative**

The King's Representative is exempted from paying departure tax.



## 10. Crown Debt and Net Worth

It has been almost two years since the Government released its Medium-Term Debt Strategy (Debt Strategy) 2022-2026, which outlines debt management targets to maintain prudent levels of debt and risks in accordance with the Medium-Term Fiscal Framework (MTFF). In this chapter, we will review the Government's performance against these targets to assess their progress in meeting the goals set out in the Debt Strategy.

### 10.1. Debt Headroom

As of June 2025, the total value of (gross) public debt is estimated to be \$197.5 million, which represents 31 per cent of gross domestic product (GDP), indicating a pay down of \$16.9 million from the previous year's balance. This reduction can primarily be attributed to principal repayments in debt servicing.

Notably, the net debt rule was revised upward from 35 per cent to 65 per cent of GDP in the 2021 update to the MTFF.<sup>23</sup> However, Table 10-1 demonstrates that the net debt to GDP ratio is expected to fall below the previous threshold of 35 per cent by the end of 2023/24, and this trend is projected to continue in the outer years. This assumption is based on the Government not taking on additional debt.

The forward projection assumes that Government does not take on additional debt financing obligations in the medium term. In turn, the assumption is that any budget deficit is financed by general cash reserves, indicating that the Government is operating within its means and not taking on additional debt to cover any short-term shortfalls. However, there may be circumstances where the Government chooses to take on debt financing for particular projects or priorities.

**Table 10-1 Government Financing Requirements, 2025-2028 (\$'000)**

Financing Requirements	2023/24	2024/25	2025/26	2026/27	2027/28
Net Operating Balance	12,359	3,074	11,225	16,978	25,784
Net Non-Operating Balance (excl debt)	(33,422)	(33,492)	(31,462)	(37,767)	(41,121)
Depreciation	13,752	15,259	15,259	15,181	15,181
Payments made from LRF	517	670	539	471	598
<b>Financing Requirements (excl debt)</b>	<b>(6,794)</b>	<b>(14,489)</b>	<b>(4,439)</b>	<b>(5,136)</b>	<b>442</b>
<i>add: General Cash Reserves (utilisation)</i>	<i>6,794</i>	<i>45,759</i>	<i>40,508</i>	<i>34,562</i>	<i>34,284</i>
<i>add: Debt Financing</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<b>Financing Gap</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>
Current debt level	214,384	197,463	178,854	158,962	136,746
<b>Estimated Debt Inc Financing</b>	<b>214,384</b>	<b>197,463</b>	<b>178,854</b>	<b>158,962</b>	<b>136,746</b>
GDP forecast	615,125	643,862	664,001	688,219	716,561
<b>Gross Debt to GDP</b>	<b>35%</b>	<b>31%</b>	<b>27%</b>	<b>23%</b>	<b>19%</b>
LRF Balance	3,908	4,060	4,333	4,671	4,794
Estimated net debt level	210,477	193,403	174,521	154,291	131,952
<b>Net Debt to GDP</b>	<b>34%</b>	<b>30%</b>	<b>26%</b>	<b>22%</b>	<b>18%</b>
<b>Debt headroom</b>	<b>189,355</b>	<b>225,107</b>	<b>257,080</b>	<b>293,051</b>	<b>333,813</b>

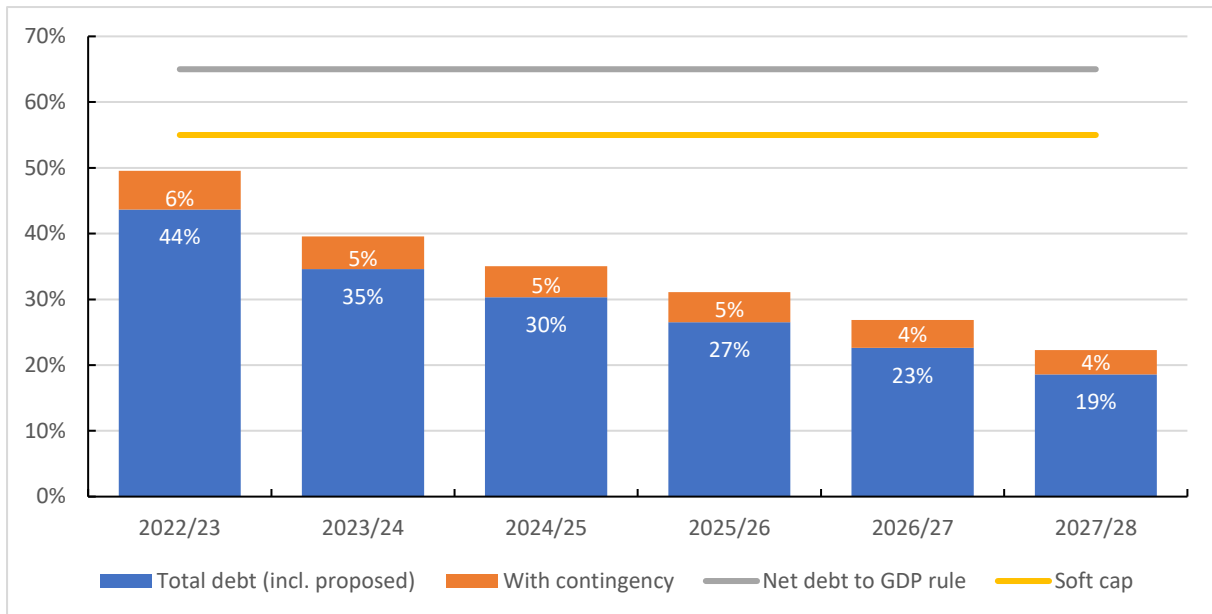
As per the current threshold, the Government has the capacity to take on an additional \$225.1 million of debt. The ability to take on additional debt is known as the "debt headroom". However, if we consider the contingent debt, the available amount decreases to \$194.8 million. It's essential to note that any decision to take on additional debt should be made with prudence and careful consideration to ensure that the Government's fiscal stability is not compromised.

<sup>23</sup> [https://www.mfem.gov.ck/files/ugd/dbdf40\\_d301b194f6a543978a1ce2bcc41d93de.pdf](https://www.mfem.gov.ck/files/ugd/dbdf40_d301b194f6a543978a1ce2bcc41d93de.pdf)

The total contingent debt of \$30.3 million is a Disaster Recovery loan that will only be drawn in the event of disasters triggered by natural hazards or health emergencies.

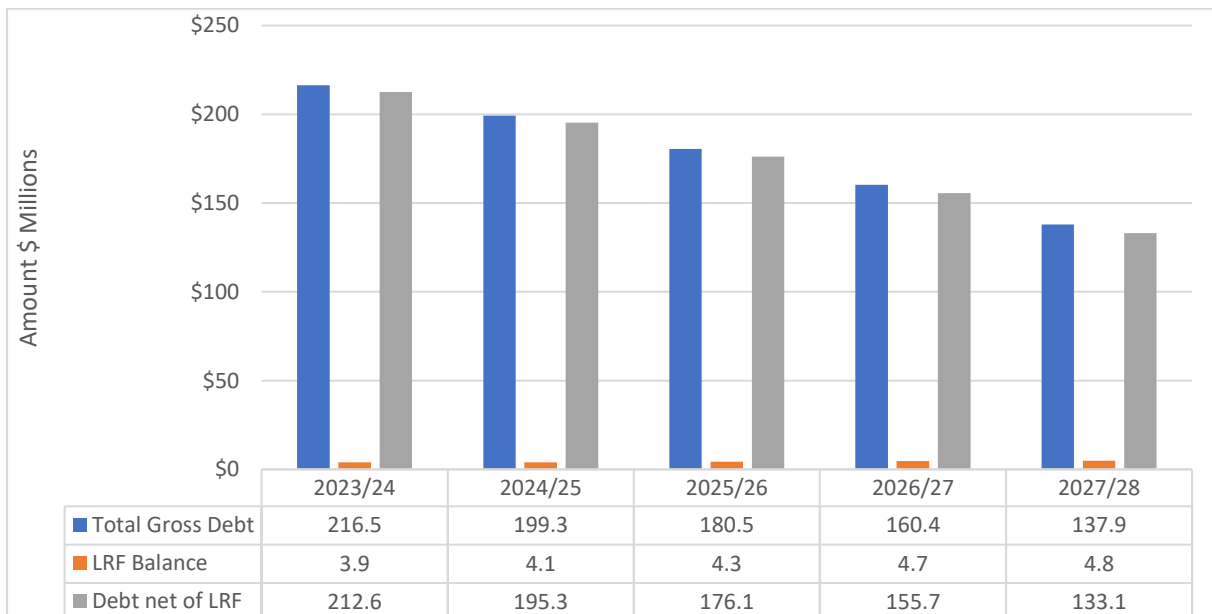
Under the MTDS, the Government plans to work with lenders to ensure a manageable repayment profile to balance the management of debt obligations, with allowing space for other important government spending initiatives.

**Figure 10-1 Net debt to GDP including (percentage of nominal GDP)**



As depicted in Figure 10-1, if the Government is obligated to take on the disaster recovery loan, it will still comply with the 65 per cent net debt to GDP rule.

**Figure 10-2 Crown Debt, Net of Loan Repayment Fund<sup>24</sup>**



<sup>24</sup> Note these totals include a loan taken by the Airport Authority Cook Islands on commercial terms, with an outstanding balance of \$1.9 million as at 30 June 2025.

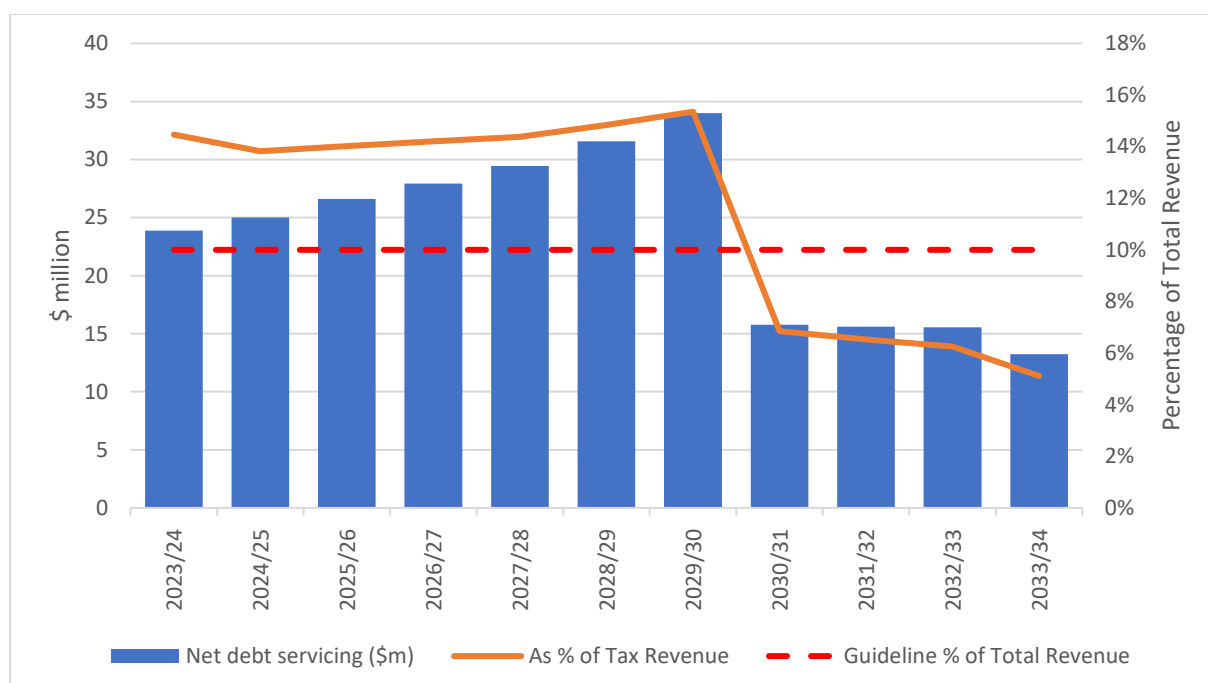
The Government manages its debt portfolio through the Loan Reserve Fund (LRF), as mandated by the LRF Act 2014. The debt net of LRF is estimated to be \$195.3 million in 2024/25, and is expected to gradually decrease in the outer years.

## 10.2. Cost of Debt

Although the net debt to GDP being under the fiscal limit of 65 per cent, there is cause for concern as the estimated debt servicing as a share of total revenue will exceed 10 per cent in 2023/24, and it is not expected to fall below this threshold until 2030/31. This could indicate a cash flow issue, especially if the Government fails to closely manage overall spending to accommodate the additional debt servicing requirements.

Moreover, the annual debt servicing is expected to peak at 15 per cent (equivalent to \$34.0 million) of total revenue by 2029/30, primarily because some loans with back-ended repayment profiles have higher demands.

**Figure 10-3 A 10-year Debt Servicing Profile**

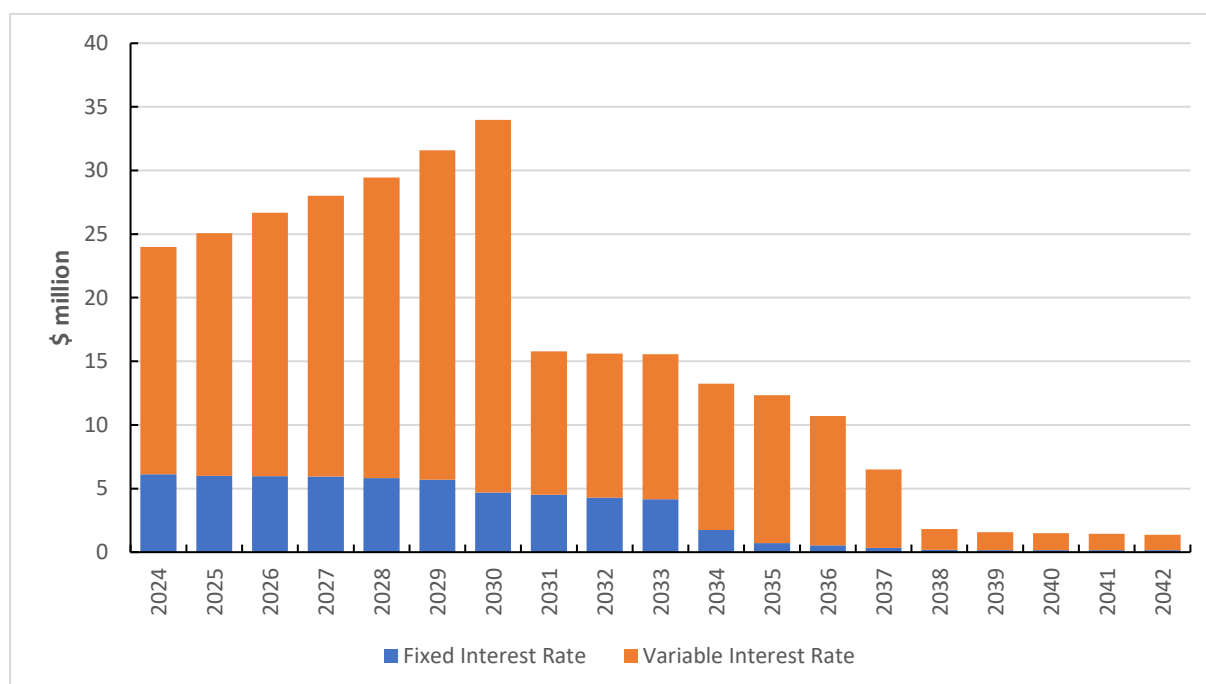


The main risks to the cost of debt are associated with the exposure to unfavourable movements in interest and exchange rates.

### 10.2.1. Interest rates

A significant share of Government's debt (75 per cent) is based on variable interest rates, which are either tied to the 6-month Secured Overnight Financing Rate (SOFR) for USD-based loans or the 6-month NZD Bank Bill Rate for NZD-based loans.

**Figure 10-4 Principal Repayment Profile by Interest Rate Type**



This is a major risk since the Government cannot control the movement of these rates. As central banks like the Reserve Bank of New Zealand have been raising interest rates in an attempt to dampen inflation, this has pushed benchmark rates up, and resulted in higher debt servicing costs on the existing debt portfolio. There is cautious optimism the Reserve Bank will not require rates to rise further, and several commentators have indicated that they expect rates to start to fall in the first half of the 2024/25 fiscal period. The reclassification to Group B, will allow the Cook Islands to have access to more concessional loans featuring fixed interest rates and longer repayment terms.

The interest rates used to forecast debt service repayments are based on the assumptions in Table 10-2, for simplicity, the average rates have been used.

**Table 10-2 Variable Interest Rate Assumption<sup>25</sup>**

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Average FY22- FY28
LIBOR/SOFR USD 6-mth rate	5.346%	4.569%	4.412%	4.459%	4.302%	4.680%	4.701%	4.638%
NZD 6-month BBR	5.493%	4.941%	5.012%	4.875%	4.739%	5.228%	5.300%	5.084%

### 10.2.2. Exchange rates

To minimise the risk of adverse exchange rate movements against the NZD, the MTDS requires the Government to limit new borrowings to the local currency or restrict borrowing in foreign currency to a maximum of 10% of the overall Government debt. This is because holding debt in a foreign currency can lead to increased costs due to currency fluctuations.

<sup>25</sup> Source: <http://www.worldgovernmentbonds.com/country/> - retrieved: 3 April 2024

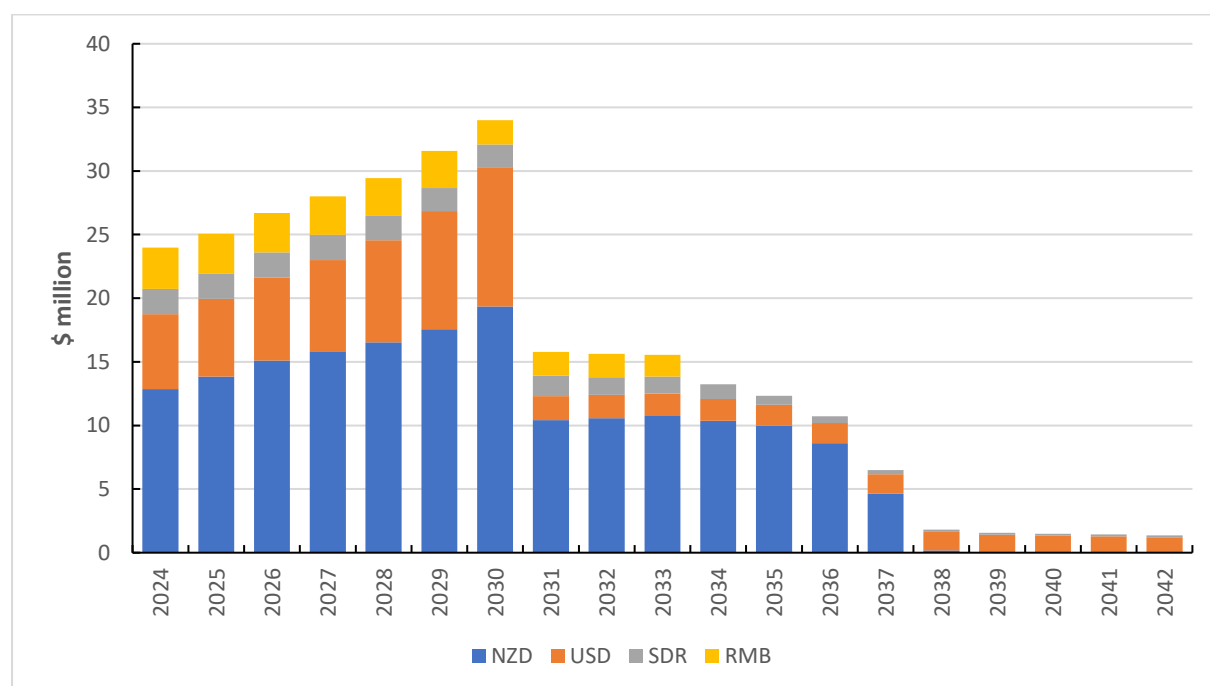
**Table 10-3 Exchange Rate Forecast – 2023/24 to 2027/28**

Currency	2023/24	2024/25	2025/26	2026/27	2027/28
NZD/EUR	0.5685	0.5706	0.5664	0.5589	0.5559
NZD/USD	0.6165	0.6320	0.6450	0.6500	0.6545
NZD/CNY	4.3892	4.4425	4.4634	4.4620	4.4477
NZD/SDR	0.4751	0.4825	0.4854	0.4840	0.4836

The forecasted exchange rates used in the 2024/25 Budget are sourced from Consensus Economics and reflect forecasts from February 2024. Key drivers of exchange rate fluctuations have been related to movements in interest rates around the world. As central banks have moved to tighten monetary policy in the face of high inflation, investors have been chasing yields and causing demand for currencies to move with those changes.

Currency risk arises when debt is held in foreign currency. Adverse movements in the exchange rate against the NZD lead to increase costs. To minimize foreign currency risk, the Government continues to prefer new borrowings in the local currency and restrict borrowings in currencies that are not favourable to the local currency.

**Figure 10-5 Debt Servicing by Currency**



Overall, the New Zealand dollar is expected to depreciate against the major currencies of interest to the Government debt portfolio, particularly early in the forecast period.

## 10.3. Gross Debt

Table 10-4 Government Loans to June 2025

Loans committed and drawn	Date loan taken	Original loan amount (000's)	Expected date of Repayment	Current Balance (\$NZD 000's)
ADB 849 (SF) 2nd Multi-Project	Dec, 1987	SDR 2,150	Aug, 2027	415
ADB 1031 (SF) Outer Islands Telecom Project	Oct, 1990	SDR 3,578	Aug, 2030	1,743
ADB 1155 (SF) 2nd CIDB Project	Mar, 1992	SDR 1,085	Dec, 2031	488
ADB 1171 (SF) Emerg. Telecom Rehab Project	Aug, 1992	SDR 349	Jun, 2032	173
ADB 1309 (SF) Pearl Industry Dev. Project	Dec, 1994	SDR 272	Aug, 2034	233
ADB 1317 (SF) Educ'n Dev Project	Feb, 1995	SDR 1,852	Aug, 2034	1,418
ADB 1380 (SF) 3rd CIDB Project	Jan, 1996	SDR 1,977	Sep, 2035	1,266
ADB 1466 (SF) Economic Restructure Program	Sep, 1996	SDR 3,430	Sep, 2036	2,992
ADB 1588 (SF) Cyclone Emergency Rehab Project	Jan, 1997	SDR 583	Jan, 2038	546
ADB 1832 (SF) Waste Mgt Project	Dec, 2001	SDR 1,695	Jun, 2033	1,093
ADB 2174 (SF) Cyclone Emergency Assist Project	Jun, 2005	SDR 1,895	Jun, 2045	2,941
China - Multi-Functional Indoor Sports Stadium	Aug, 2008	RMB 74,100	Aug, 2028	3,907
ADB 2472 (OCR) Avatiu Port Development Project*	Sep, 2009	NZD 10,309	Nov, 2033	6,609
ADB 2473 (SF) Avatiu Ports Development project	Sep, 2009	SDR 4,524	Nov, 2040	3,543
ADB 2565 OCR Economic Recovery Support Program 1*	Jan, 2010	NZD 11,053	Oct, 2024	0
ADB 2739 (OCR) Amendment Avatiu Port project*	Dec, 2011	NZD 5,290	Nov, 2035	3,977
China - Rarotonga Water Ring Main Upgrade	Dec, 2012	RMB 118,000	Dec, 2032	14,100
ADB 2946 OCR Economic Recovery Support Program 2	Dec, 2012	NZD 11,053	Oct, 2027	1,510
ADB 3193 Renewable Energy Project	Dec, 2014	NZD 12,980	Jun, 2036	7,984
ADB 001-COO(FA-CDF) - Disaster Resilience Program	Dec, 2019	NZD 15,676	Jun, 2035	13,063
ADB 3632 - Loan for Undersea Broadband Cable	Nov, 2018	USD 15,000	Oct, 2031	20,767
Commercial - Loan for Rarotonga Airport Equipment	Jan, 2018	NZD 3,206	2033	1,861
ADB 4010 - CPRO Loan	Nov, 2020	NZD 30,409	Jun, 2030	26,660
AIIB - CPRO Loan	Dec, 2020	USD 20,000	Jun, 2030	27,741
ADB 4161 - Sustainable Economic Recovery Program	Dec, 2021	NZD 55,540	Dec, 2036	54,292
<b>Total Loans Drawn Down</b>				<b>199,324</b>
<b>Contingency Loans</b>	<i>Estimated</i>			
ADB - Disaster Resilience Program (Phase 3)	<i>Dec, 2024</i>	NZD 30,312	Jun, 2036	30,312
<b>Total Committed/Planned but Undrawn</b>				<b>30,312</b>

### 10.3.1. Gross Debt by Lenders

**Table 10-5 Overall Debt by Lenders – June 2025**

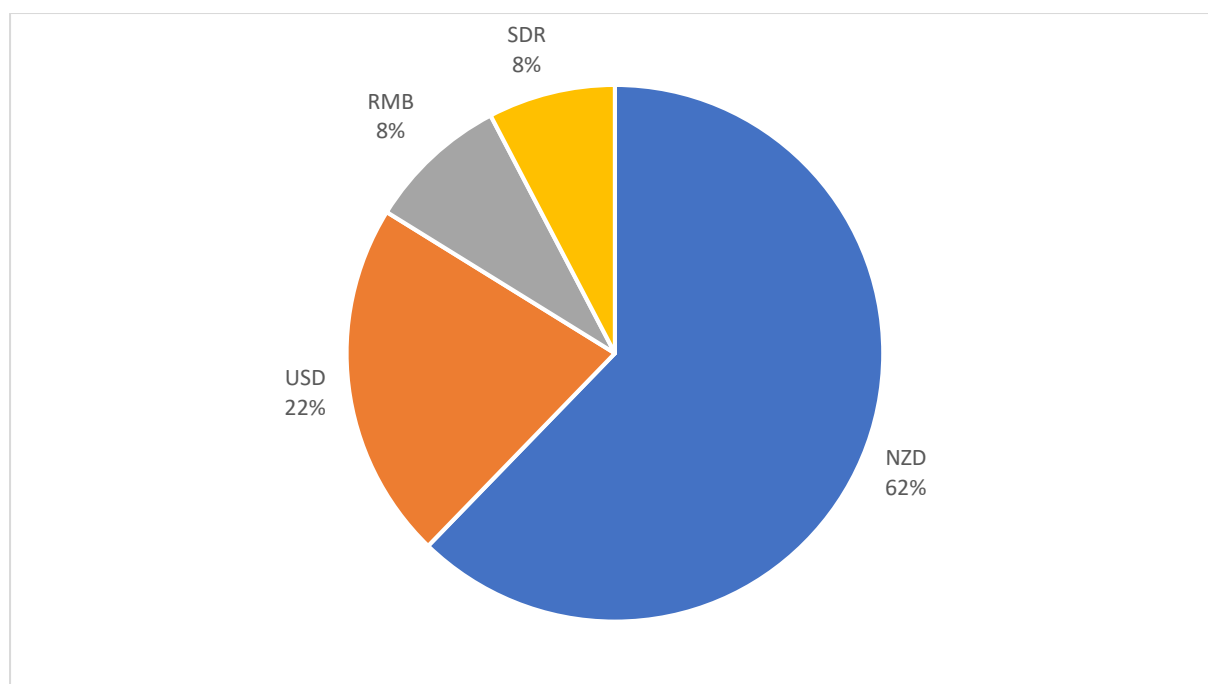
	(\$ million)	% Share
ADB	151.7	76%
AiIB	27.7	14%
EXIM Bank China	18.0	9%
Other Commercial Banks	1.9	1%
<b>Total</b>	<b>199.3</b>	<b>100%</b>

The ADB have provided the largest proportion of lending to the Cook Islands making up 76 per cent of the debt portfolio in 2024/25.

### 10.3.2. Gross Debt by Currency

According to the MTDS 2022-2026, the Government's target is to limit total foreign currency debt to within 30 per cent. However, as shown in Figure 10-6, the forecast to the end of 2024/25 indicates that around 38 per cent of Government debt is not in NZD. To manage foreign currency risks, the Government will continue to negotiate additional loans in NZD with due consideration to the trade-off between the terms of NZD based loans compared to USD based loans that may come with fixed or lower interest rates.

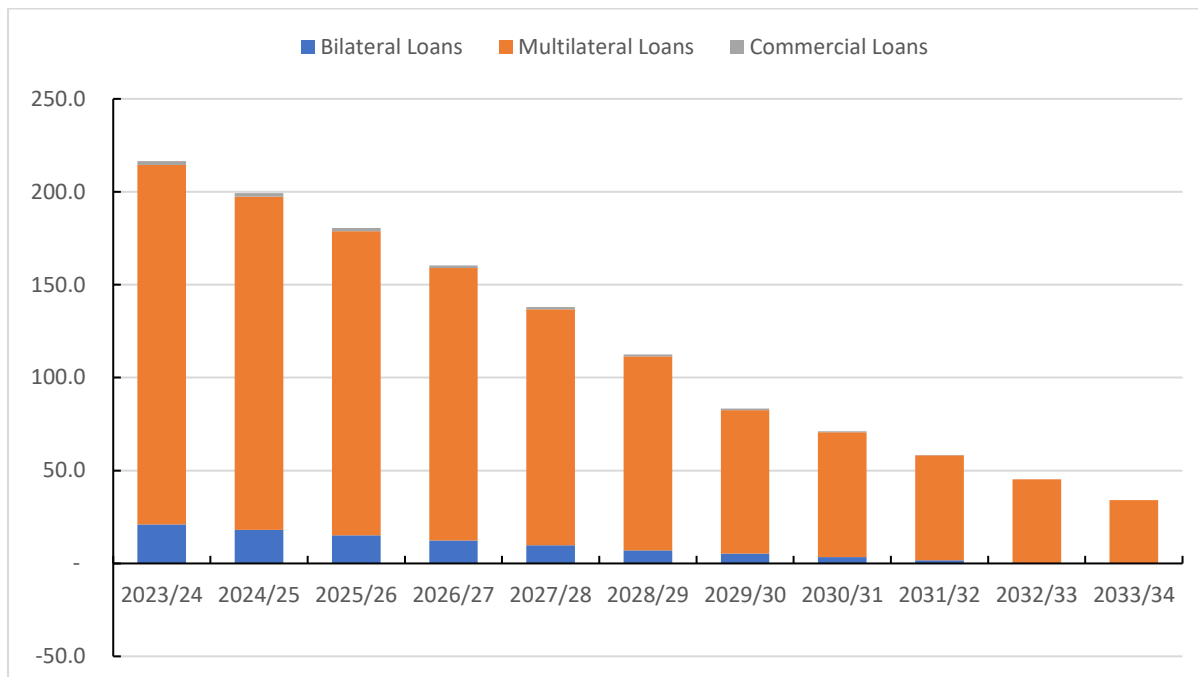
**Figure 10-6 Gross Debt by Currency, June 2025**



Government's USD-based loans are currently being paid utilising USD receipts – mainly from fishing licenses, which provides a natural hedge. The 2024/25 Budget forecasts this natural hedge to provide sufficient USD to meet obligations across Government over the forward years. However, this will be regularly revisited.

### 10.3.3. Gross Debt by Lender Type

Figure 10-7 Gross Debt by Lender Type



Multilateral loans (ADB and the Asian Infrastructure Investment Bank (AIIB)) make up 90 per cent of Government's debt portfolio, bilateral loans are with the EXIM Bank of China.

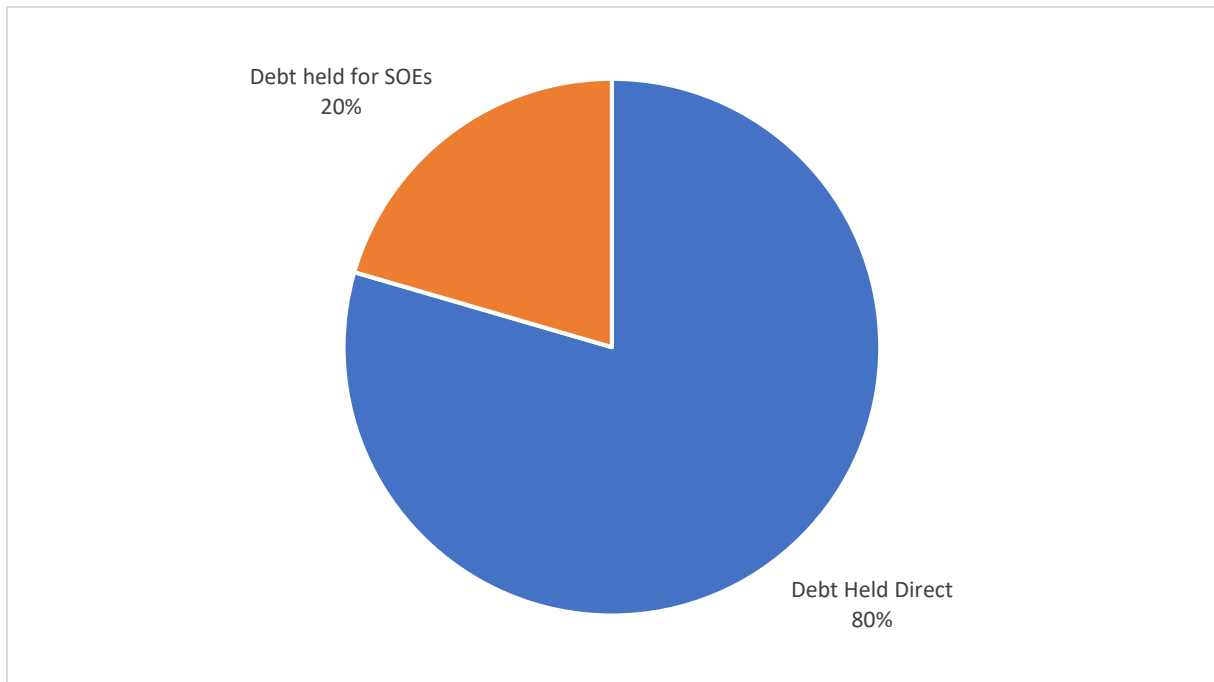
### 10.4. State-Owned Enterprise Debt

Since the enactment of the LRF Act in 2014, all new debt (including debt held on behalf of SOEs) must go through a full debt sustainability analysis and be approved by Cabinet, on the advice of the Financial Secretary.

There is no plan to take on additional borrowing on behalf of the SOEs for 2024/25, although business cases for major projects are still being explored.



**Figure 10-8 Overall Debt by SOEs and Direct – June 2025**



**Airport Authority**

The Airport Authority is currently paying off its direct loan from a local commercial bank (2025: \$1.9 million).

The loan is to be secured by registered mortgage debenture over the assets and undertakings of the Authority.

**Ports Authority**

The Ports Authority has recently re-started debt repayments to government on the debt held, after a repayment holiday during the pandemic. As of July 2023, principal and interest repayments to government have resumed.

The debt repayments to ADB continued through the repayment holiday period continued to be met by the Crown.

**Avaroa Cable Limited**

Avaroa Cable Limited (ACL) are currently paying off a loan taken from the ADB for the construction of the Manatua Cable (2025: \$20.8 million). This loan is included in the analysis in this chapter.

## 10.5. Medium-term Debt Strategy

**Table 10-6 Cost and Risk Indicators of Existing Debt Portfolio – June 2024**

Risk Indicators		FX debt	DX debt	Total debt
Amount (in millions of NZD)		93.2	123.3	<b>216.5</b>
Amount (in millions of USD)		57.7	76.3	<b>134.0</b>
Nominal debt as % of GDP		15.1	20.0	<b>35.2</b>
Cost of debt	Interest payment as % of GDP	0.8	1.1	<b>1.9</b>
	Weighted Av. IR (%)	5.1	5.6	<b>5.4</b>
Refinancing risk	ATM (years)	5.6	6.1	<b>5.9</b>
	Debt maturing in 1yr (% of total)	8.6	6.0	<b>7.1</b>
	Debt maturing in 1yr (% of GDP)	1.3	1.2	<b>2.5</b>
Interest rate risk	ATR (years)	2.4	0.9	<b>1.5</b>
	Debt refixing in 1yr (% of total)	61.7	93.1	<b>79.6</b>
	Fixed rate debt (% of total)	43.2	7.4	<b>22.8</b>
FX risk	FX debt (% of total debt)			<b>43.0</b>

Government's performance against key MTDS targets to the end of June 2024 are:

- Maintain Crown debt as a share of GDP below 65 per cent – estimated at 35.2 per cent by the end of June 2024.
- New borrowing should be limited to priorities reflected in the National Infrastructure Investment Plan 2021-2030 identified through the National Budgets – Done through the national budget process.
- To minimise impact of costs and risks to Government through monitoring the following indicators:

**Table 10-7: MTDS Key Targets, 2022 – 2026**

	Indicators	Current level (2025)	Target – all debt	Target – new debt	Performance
Interest rate risk	1. Implied interest rate	5.2%	<4.5%	<4.5%	<b>-0.7%</b>
	2. % of total debt in variable interest rates	78.2%	<70%	<65%	<b>-8.2%</b>
Refinancing risk	3. Limit total public debt maturing in 1 year	7.1%	<6%	<5%	<b>-1.1%</b>
	4. Total Average Time to Maturity	5.9 years	>7 years	>15years	<b>-1.1 years</b>
Exchange rate risk	5. foreign debt as a % of total debt	42.3%	<30%	<10%	<b>-12.3%</b>

- Complete the application process for country reclassification review with the ADB by 2022/23 – Completed.
- Complete a white paper on the feasibility of setting up the domestic debt market in the Cook Islands by 2022/23 or issuing government securities in New Zealand to utilise the larger market for NZD securities – *Deferred for further review.*
- The Debt Management Unit should be appropriately staffed, adequately trained, and resourced to conduct the debt management functions articulated in staff job descriptions – *Deferred for further review.*

## 11. Te Ara Akapapa’anga Nui - National Sustainable Development Agenda 2020+

The National Sustainable Development Agenda (NSDA) 2020+ serves as the overarching policy framework for our nation, guiding us all towards the vision of Turanga Memeitaki – wellbeing for all. It provides guidance for setting the medium-term budget priorities and acts as a national scorecard to assess the Cook Islands’ progress to deliver its national vision.


**To Tatou Orama: Turanga Memeitaki no to tatou Ipukarea**  
**National Vision: An empowered, innovative, and environmentally conscious people who are grounded in our culture and languages, with the highest quality of wellbeing in life.**

The NSDA 2020+ consists of three key documents;

1. Te Ara Akapapa’anga Nui 2020-2121, the 100-year vision,
2. Te Ara Akapapa’anga Uki 2021-2046, the generational plan, and
3. Te Kaveinga Iti 2021-2026, the five-year scorecard.















Under Te Kaveinga Iti 2021-2026, the Central Policy and Planning Office annually publishes an indicator report, assessing progress across 73 indicators. These indicators are carefully analysed, prioritised, and submitted for consideration through the annual budget process. It is important to note that these indicators offer indicative scores for sustainable development and do not directly reflect agency performance. Additionally, the indicator report reflects data from previous calendar years and is not real-time. Please refer to <https://www.pmooffice.gov.ck/nsda/documents/> for additional detail on NSDA 2020+.

The 15 national development goals under the Te Kaveinga Iti are as follows:

-  1 Wellbeing for all
-  2 Welfare and Equity
-  3 Economy, Employment and Enterprise
-  4 Manage Solid and Hazardous Waste
-  5 Water and Sanitation
-  6 Connecting our Nation through Infrastructure, Transport, and ICT
-  7 Health and Healthy Lifestyles
-  8 Education and Innovation
-  9 Our Inclusiveness (Gender, Equity and Social Inclusion)
-  10 Agriculture and Food Security
-  11 Our Biodiversity and Natural Environment
-  12 Climate Change, Resilience, Renewable Energy and Energy efficiency
-  13 Cultural Heritage, History, Identity and Language
-  14 A Sustainable Population
-  15 Our Security, a Peaceful and Just Society

## 11.1. Sustainable Development progress

Our first annual indicator report offers significant insights into sustainable development. Although the economy shows promising signs of recovery, disparities remain evident in wellbeing and environmental stewardship. Immediate policy intervention is necessary to foster inclusive economic growth, enhance educational quality, and combat environmental challenges. Prioritising investment in education, particularly in early childhood and workforce development, is crucial to prepare the youth for the future economy and workforce. Furthermore, directing attention towards clean energy, achieving net zero emissions, and implementing zero waste initiatives is essential for building resilience in the future. The indicator report serves as a guidepost, highlighting progress and outlining essential steps for a sustainable future. Below is a snapshot of the indicators and progress made:

NSDA 2020+ Goals	Status Trend	Summary of results
 <p><b>GOAL 1</b> Wellbeing for all</p>		<p><b>OF CONCERN DUE TO LIMITED DATA AVAILABILITY</b> However, we anticipate that more data will become accessible from Year 2 onwards.</p>
 <p><b>GOAL 2</b> Welfare and Equity</p>		<p><b>ON TRACK</b> However, data limitations exist due to reliance on income tax records that exclude some low-income earners.</p>
 <p><b>GOAL 3</b> Economy, employment trade and enterprise</p>		<p><b>OF CONCERN, WITH SIGNS OF IMPROVEMENT</b></p>
 <p><b>GOAL 4</b> Manage solid and hazardous waste</p>		<p><b>OF CONCERN</b> Despite the challenges in obtaining information, it is evident that hazardous waste management remains an area requiring ongoing attention</p>
 <p><b>GOAL 5</b> Water and Sanitation</p>		<p><b>OF CONCERN, WITH SIGNS OF IMPROVEMENT</b></p>
 <p><b>GOAL 6</b> Connecting our Nation through Infrastructure, Transport and ICT</p>		<p><b>OF CONCERN, WITH SIGNS OF IMPROVEMENT</b> Indicator 6.2, 6.4 and 6.5 has not been reported on so no conclusions can be drawn. It is expected that the data will be available in the next iteration.</p>
 <p><b>GOAL 7</b> Health and Healthy Lifestyles</p>		<p><b>OF CONCERN</b> The rate of premature deaths from non-communicable diseases (NCDs) is off track and regressing. Health spending is also a concern, showing regression. Limited data makes the prevalence of sexually transmitted diseases (STIs) and youth engagement concerning. The mental health index is of concern, although there are signs of improvement. On a positive note, average life expectancy is on track and continuing to improve.</p>



**GOAL 8**  
Education and  
Innovation



**ON TRACK, WITH POSITIVE PROGRESS TOWARDS GOAL**



**GOAL 9**  
Our Inclusiveness –  
Gender, Equity and  
Social Inclusion



**OF CONCERN, AND CONTINUES TO REGRESS**

The accessibility of public facilities for people with disabilities remains a pressing concern that requires attention, as it has been reported as “off track”. On a positive note, the government support provided to NGOs is “on track”.



**GOAL 10**  
Agriculture and  
Food Security



**ON TRACK, WITH SIGNS OF REGRESSION**



**GOAL 11**  
Our Biodiversity and  
Natural Environment



**OF CONCERN**

Achieving Goal 11 is a significant challenge, particularly on Rarotonga, where the development pressures are greatest.



**GOAL 12**  
Climate Change,  
Resilience,  
Renewable Energy  
and Energy Efficiency



**OF CONCERN, WITH SIGNS OF IMPROVEMENT**



**GOAL 13**  
Cultural Heritage,  
History, Identity  
and Language



**OF CONCERN**

There is limited information about progress towards the goal.



**GOAL 14**  
A Sustainable  
Population



**OF CONCERN, WITH SIGNS OF IMPROVEMENT**

This goal gives limited information about progress towards the goal and a couple of indicators have not been reported on.



**GOAL 15**  
Our Security,  
a Peaceful and  
Just Society



**OF CONCERN**

There are limited information about the progress towards the goal.

Positive indications of economic recovery following the COVID-19 pandemic suggest that the NSDA 2020+ annual indicators report will play a crucial role in shaping government priorities for the medium-term budget from 2025/26 onwards. The Government has commenced efforts to return operations to pre-pandemic levels, starting with the annual Public Sector Leaders Forum (PSLC) in 2023, aiming to focus on strategies for future planning and budgeting. These initiatives collectively contribute to informing the budgetary process and fostering sustainable development.

## 11.2. Investment by NSDA 2020+ goals priorities

Table 11-1 outlines the Government’s investment plans for the medium-term according to the NSDA 2020+ goals.
















In 2024/25, investments are directed towards supporting sustainable economic recovery, with a primary emphasis on goals 6 (Infrastructure, Transport & ICT), 3 (Economy, Employment, Trade & Enterprise), and 1 (Wellbeing). Additionally, increased funding is allocated to support goals 5 (Water & Sanitation), 9 (Inclusiveness), 11 (Biodiversity and Natural Environment), and 14 (Population & People).

As the economy rebounds, government expenditure over the medium-term will continue to align with the indicators outlined in the NSDA 2020+.

**Table 11-1 Government Expenditure by NSDA2020+ Goals (\$'000)**

Goal	NSDP	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection	Total
1	Wellbeing	24,417	25,391	25,709	25,930	26,210	103,239
2	Welfare & Equity	1,305	1,245	1,367	1,479	1,533	5,625
3	Economy, Employment, Trade & Enterprise	30,881	31,839	30,003	28,937	28,679	119,458
4	Waste Management	2,264	2,102	1,642	1,692	1,777	7,214
5	Water & Sanitation	3,766	4,684	4,784	3,700	4,000	17,167
6	Infrastructure, Transport & ICT	28,964	32,801	32,091	36,493	37,739	139,125
7	Health	23,187	23,370	23,320	23,696	23,779	94,166
8	Education and Innovation	20,785	21,534	21,585	23,483	23,483	90,084
9	Inclusiveness	1,449	2,206	2,206	1,519	1,519	7,449
10	Agriculture and Food Security	3,002	2,602	2,643	2,693	2,693	10,630
11	Biodiversity & Natural Environment	4,850	5,757	6,397	6,642	6,162	24,958
12	Climate Change & Energy Efficiency	3,509	3,277	3,311	3,313	3,313	13,213
13	Culture & Language	2,264	1,870	1,710	1,760	1,760	7,099
14	Population & People	1,455	2,299	2,333	2,710	2,710	10,053
15	Governance	46,857	45,300	44,274	46,576	46,982	183,132
<b>Grand Total</b>		<b>198,957</b>	<b>206,277</b>	<b>203,375</b>	<b>210,622</b>	<b>212,339</b>	<b>832,612</b>

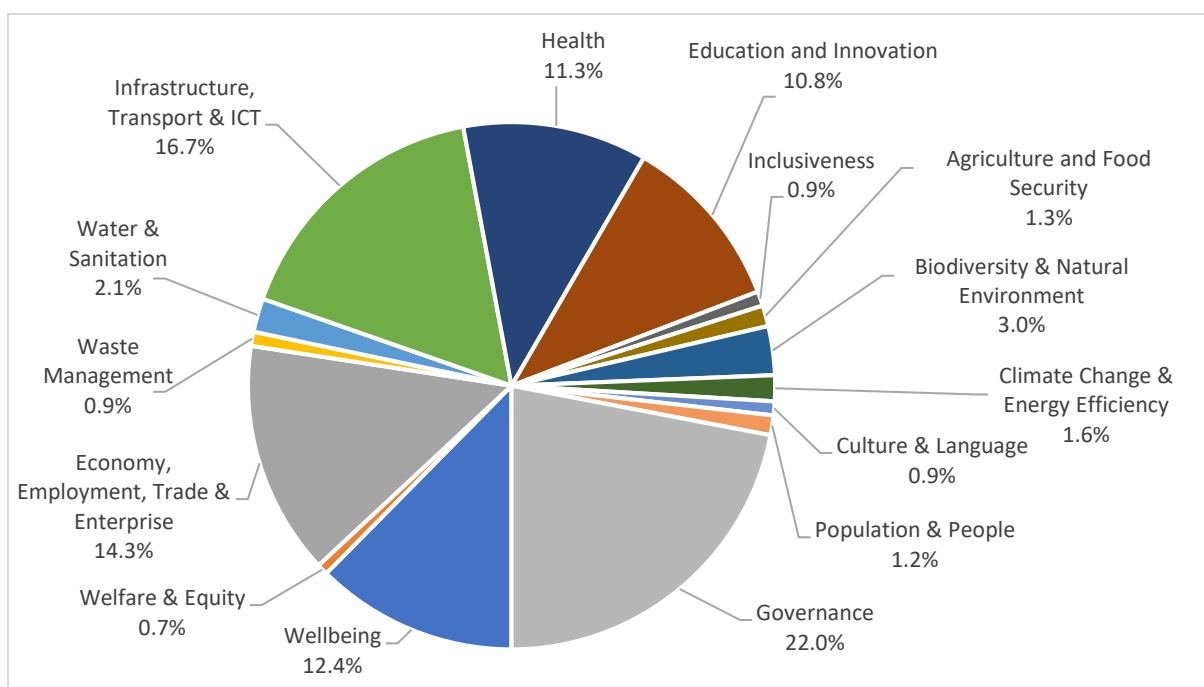
**Table 11-2 Medium-term NSDA2020+ Goal Priorities**

2024/25	2025/26	2026/27	2027/28
 <b>Goal 15:</b> Governance			
 <b>Goal 6:</b> Infrastructure, Transport & ICT			
 <b>Goal 3:</b> Economy, Employment, Trade & Enterprise			
 <b>Goal 1:</b> Wellbeing			
 <b>Goal 7:</b> Health & Healthy Lifestyle			
 <b>Goal 8:</b> Education and Innovation			
 <b>Goal 5:</b> Water & Sanitation		 <b>Goal 2:</b> Welfare & Equity	 <b>Goal 4:</b> Waste Management
 <b>Goal 9:</b> Inclusiveness	 <b>Goal 12:</b> Climate Change & Energy Efficiency	 <b>Goal 13:</b> Culture & Language	
 <b>Goal 10:</b> Agriculture and Food Security	 <b>Goal 11:</b> Biodiversity & Natural Environment		 <b>Goal 14:</b> Population & People

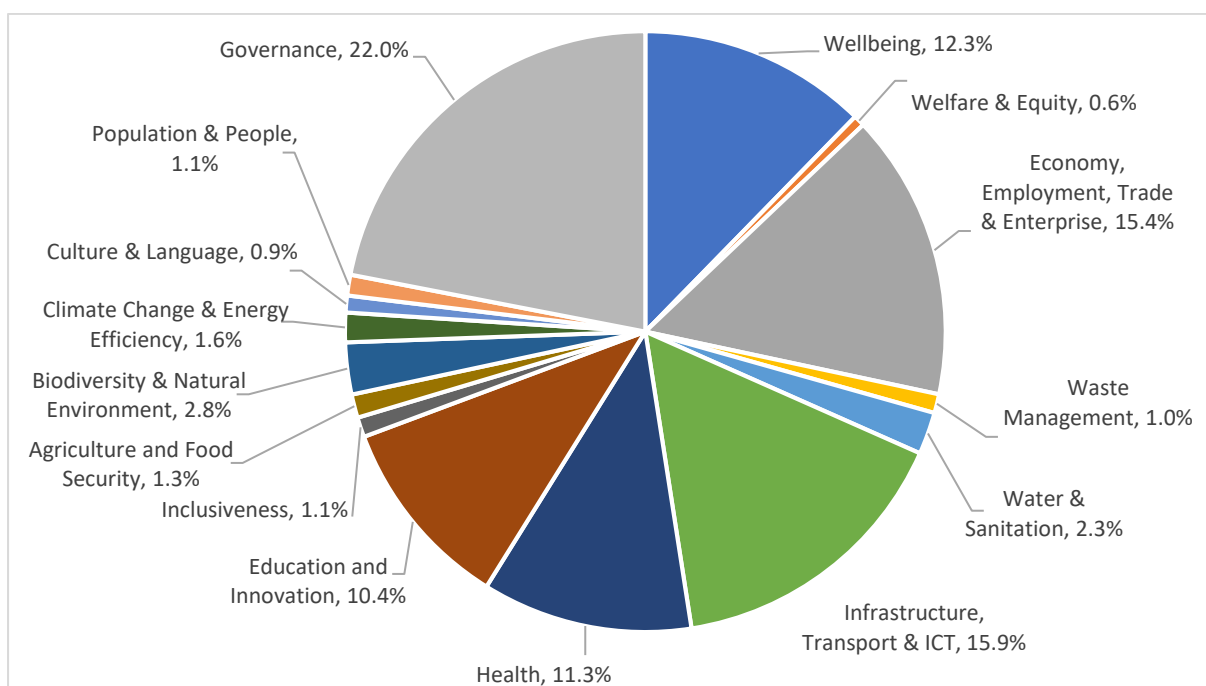
### 11.3. Expenditure by NSDA 2020+ goals

This section sets out the estimated operating and capital expenditure by NSDA 2020+ goal. Note that assigning projects per development goal is subjective as initiatives may support multiple goals directly or indirectly. In this analysis, funding initiatives are allocated only against a single goal. The ‘medium-term’ refers to the four years of the Budget forward estimates.

**Figure 11-1 Proportional allocation of funding to NSDA2020+ goals, 2024/25**



**Figure 11-2 Proportional allocation of funding to NSDA2020+ goals over the medium-term**



### 11.3.1. Medium-term Funding allocation per NSDA 2020+ goal

#### 11.3.1.1. Goal 1: Wellbeing for all

This goal aims to improve the wellbeing for all people in the Cook Islands. Wellbeing has been defined in the NSDA 2020+ as a state of where people are comfortable, healthy and happy. Over the medium-term, approximately \$103.2 million is allocated towards achieving this goal.

A significant proportion of this expenditure is dedicated to welfare benefits, aimed at assisting key populations, alleviating economic hardship and supporting communities. These benefits include the pension, child benefits, and caregiver’s allowance. Anticipated increases in welfare payments from 2024/25 onwards are expected due to a rise in the number of eligible recipients.

Additionally, temporary funding through the SIF - ODA Graduation Support Fund is provided for 2024/25 and 2025/26 to support the service delivery for non-government organisations affected by the loss of official development assistance (ODA) funding following the Cook Islands’ ODA graduation.

**Table 11-3 Goal 1 Total Expenditure (\$)**

Description	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Gross Operating Appropriation	422,679	441,670	441,670	369,670	369,670
Administered Payments	2,581,976	3,086,336	3,210,523	3,318,161	3,417,017
POBOC	21,412,805	21,862,666	22,056,430	22,242,072	22,423,265
Capital Expenditure	0	0	0	0	0
<b>Total Goal 1 Expenditure</b>	<b>24,417,460</b>	<b>25,390,672</b>	<b>25,708,623</b>	<b>25,929,903</b>	<b>26,209,952</b>

#### 11.3.1.2. Goal 2: Welfare and Equity

This goal aims to improve economic inequity, poverty, and welfare. Approximately \$5.6 million is committed to achieving this goal over the medium-term.



Some of the initiatives covered by this goal include the Price Tribunal Committee and the Competition Regulatory Authority (CRA) which aim to regulate pricing and competition to ensure that consumers are provided with a fair, reasonable and affordable goods or services. From 2025/26 onwards, the payment on behalf of Crown (POBOC) is expected to increase due to further investment in the CRA to bolster its capacity.

**Table 11-4 Goal 2 Total Expenditure (\$)**

Description	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Gross Operating Appropriation	565,637	600,351	600,351	600,351	600,351
Administered Payments	173,132	45,000	45,000	45,000	45,000
POBOC	566,246	600,000	722,131	833,945	887,445
Capital Expenditure	0	0	0	0	0
<b>Total Goal 2 Expenditure</b>	<b>1,305,015</b>	<b>1,245,351</b>	<b>1,367,482</b>	<b>1,479,296</b>	<b>1,532,796</b>

### 11.3.1.3. Goal 3: Economy, Employment, Trade and Enterprise

The main aim of this goal is to achieve sustainable economic growth. Economic recovery across the medium-term focuses on improving economic resilience to achieve long-term sustainable development.

Over the medium-term, a total of \$119.5 million is allocated to support programs and initiatives aimed at expanding economic opportunities. In 2024/25, significant investments include \$17.9 million for Airline Route Development and an additional \$5.5 million allocated to the Cook Islands Tourism Corporation for marketing resources to bolster this effort. The Economic Recovery Roadmap remains supported with \$1.2 million in 2024/25, but this funding is set to decrease substantially in subsequent years to \$150,000 in 2025/26 and \$200,000 in 2026/27 and 2027/28.

**Table 11-5 Goal 3 Total Expenditure (\$)**

Description	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Gross Operating Appropriation	5,148,004	5,650,584	6,306,108	6,561,772	6,561,772
Administered Payments	23,994,474	24,949,951	22,959,013	22,137,500	21,878,699
POBOC	1,738,099	1,238,099	738,099	238,099	238,099
Capital Expenditure	0	0	0	0	0
<b>Total Goal 3 Expenditure</b>	<b>30,880,577</b>	<b>31,838,634</b>	<b>30,003,220</b>	<b>28,937,371</b>	<b>28,678,570</b>

### 11.3.1.4. Goal 4: Manage Solid and Hazardous Waste

Managing waste effectively is crucial for sustainable development, requiring individuals to responsibly dispose of waste to protect the environment. Involving communities through education and advocating for sustainable practices are essential steps toward accomplishing this objective.

Approximately \$7.2 million has been appropriated over the medium-term to promote best waste management practices, develop policies, strategies, plans and projects within the waste sector. Specifically, funding is designated for the National Environment Service in 2024/25 to facilitate the ongoing clean-up of legacy whiteware and vehicle waste. Moreover, Infrastructure Cook Islands is expected to receive funding over the medium-term to cover structural maintenance expenses for its sewage oxidation ponds, increased waste collection costs, and the exportation of tins and aluminium cans.

**Table 11-6 Goal 4 Total Expenditure (\$)**

Description	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Gross Operating Appropriation	1,048,241	727,214	727,214	727,214	727,214
Administered Payments	1,165,000	1,375,000	915,000	965,000	1,050,000
POBOC	0	0	0	0	0
Capital Expenditure	50,917	0	0	0	0
<b>Total Goal 4 Expenditure</b>	<b>2,264,158</b>	<b>2,102,214</b>	<b>1,642,214</b>	<b>1,692,214</b>	<b>1,777,214</b>

**11.3.1.5. Goal 5: Water and Sanitation**

Access to clean drinking water and sanitation is essential for enhancing the health and wellbeing of a community. To achieve this goal, a total of \$17.2 million has been committed over the medium-term. This includes \$3.0 million in operational funding for To Tatou Vai Ltd in 2024/25, decreasing to \$2.5 million thereafter, to manage Rarotonga's water supply with further capital funding provided in addition to this. Furthermore, Infrastructure Cook Islands receives additional funding starting in 2024/25 to cover the capital and maintenance costs of Aitutaki's water galleries.

**Table 11-7 Goal 5 Total Expenditure (\$)**

Description	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Gross Operating Appropriation	0	0	0	0	0
Administered Payments	0	133,650	133,650	50,000	50,000
POBOC	3,000,000	3,000,000	2,500,000	2,500,000	2,800,000
Capital Expenditure	765,931	1,550,000	2,150,000	1,150,000	1,150,000
<b>Total Goal 5 Expenditure</b>	<b>3,765,931</b>	<b>4,683,650</b>	<b>4,783,650</b>	<b>3,700,000</b>	<b>4,000,000</b>

**11.3.1.6. Goal 6: Infrastructure, Transport, and ICT**

Expanding economic opportunities and improving the quality of life for residents requires investment in building resilient infrastructure and effective information and communication technology (ICT). Furthermore, access to reliable and efficient transportation plays a key role in economic development as it enables the ability to trade.

Approximately \$139.1 million is allocated over the medium-term to enhance information systems, expand connectivity access, and upgrade public infrastructure like bridges, roads, and drainage systems. Around \$5.3 million will facilitate Government ICT network upgrades through administered payments and capital expenditure during this period.

**Table 11-8 Goal 6 Total Expenditure (\$)**

Description	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Gross Operating Appropriation	9,796,434	12,641,830	13,094,670	13,294,670	13,494,670
Administered Payments	5,621,704	6,881,072	8,523,000	9,459,650	9,459,650
POBOC	297,862	120,000	120,000	120,000	120,000
Capital Expenditure	13,247,890	13,158,387	10,353,808	13,618,602	14,665,056
<b>Total Goal 6 Expenditure</b>	<b>28,963,890</b>	<b>32,801,289</b>	<b>32,091,478</b>	<b>36,492,922</b>	<b>37,739,376</b>

**11.3.1.7. Goal 7: Health and Healthy Lifestyles**

Investing in public health and primary prevention helps to achieve better health outcomes for a healthy and productive community.

Over the medium-term, \$94.1 million will be dedicated to health investments aimed at improving health outcomes by delivering quality health services. This encompasses a \$1.0 million rise in the patient referrals budget to cover baseline expenses, with further increments in the outer years to address personnel challenges, support non-communicable disease (NCD) promotional activities and enhance workforce capacity.

**Table 11-9 Goal 7 Total Expenditure (\$)**

Description	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Gross Operating Appropriation	17,637,149	18,513,508	18,763,508	19,072,508	19,272,508
Administered Payments	5,050,162	3,956,870	4,056,870	4,323,030	4,206,870
POBOC	0	0	0	0	0
Capital Expenditure	500,000	900,000	500,000	300,000	300,000
<b>Total Goal 7 Expenditure</b>	<b>23,187,311</b>	<b>23,370,378</b>	<b>23,320,378</b>	<b>23,695,538</b>	<b>23,779,378</b>

### 11.3.1.8. Goal 8: Education and Innovation

Access to quality education is fundamental to improving lives and achieving sustainable development outcomes. It empowers individuals to lead healthier and more sustainable lifestyles.

Over the medium-term, \$90.1 million has been allocated to achieve educational objectives, encompassing support for early childhood, primary, secondary, tertiary, and vocational programmes. Additional funding of \$410,828 in 2024/25 and 2025/26, followed by a \$2.2 million increase, has been allocated to facilitate salary adjustments.

**Table 11-10 Goal 8 Total Expenditure (\$)**

Description	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Gross Operating Appropriation	15,202,105	15,875,497	15,902,411	17,680,370	17,680,370
Administered Payments	5,183,185	5,358,843	5,382,193	5,502,193	5,502,193
POBOC	0	0	0	0	0
Capital Expenditure	400,000	300,000	300,000	300,000	300,000
<b>Total Goal 8 Expenditure</b>	<b>20,785,290</b>	<b>21,534,340</b>	<b>21,584,604</b>	<b>23,482,563</b>	<b>23,482,563</b>

### 11.3.1.9. Goal 9: Inclusiveness (Gender, Equity and Social Inclusion)

This goal targets structural and societal obstacles that hinder inclusivity for everyone. It advocates for and safeguards the rights of vulnerable groups, including women, youth, the elderly, and individuals with disabilities. To support this goal, a total of \$7.4 million has been committed over the medium-term.

**Table 11-11 Goal 9 Total Expenditure (\$)**

Description	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Gross Operating Appropriation	229,675	518,869	518,869	518,869	518,869
Administered Payments	1,219,799	1,686,915	1,686,915	1,000,000	1,000,000
POBOC	0	0	0	0	0
Capital Expenditure	0	0	0	0	0
<b>Total Goal 9 Expenditure</b>	<b>1,449,474</b>	<b>2,205,784</b>	<b>2,205,784</b>	<b>1,518,869</b>	<b>1,518,869</b>

### 11.3.1.10. Goal 10: Agriculture and Food Security

Agriculture offers sustainable opportunities to enhance food security by boosting food production and substituting imports, thereby reducing the need for imported goods.

Over the medium term, the government commits \$10.6 million to support agricultural goals, including advisory services for farmers, crop research, and monitoring biosecurity threats. This funding is channelled through the Ministry of Agriculture and Island Administrations.

**Table 11-12 Goal 10 Total Expenditure (\$)**

Description	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Gross Operating Appropriation	2,722,439	2,601,824	2,642,756	2,692,756	2,692,756
Administered Payments	0	0	0	0	0
POBOC	0	0	0	0	0
Capital Expenditure	280,000	0	0	0	0
<b>Total Goal 10 Expenditure</b>	<b>3,002,439</b>	<b>2,601,824</b>	<b>2,642,756</b>	<b>2,692,756</b>	<b>2,692,756</b>

### 11.3.1.11. Goal 11: Biodiversity and Natural Environment

The objective of this goal is to protect the natural environment, including both terrestrial and aquatic ecosystems, to preserve it for future generations. Community awareness and support are vital for promoting sustainable land and marine management practices, conservation efforts, sustainable fisheries, deriving sustainable benefits from marine resources, and safeguarding biodiversity.

Approximately \$25.0 million has been appropriated over the medium-term to support the National Environment Service (NES), the Ministry of Marine Resources (MMR), and the Cook Islands Seabed Minerals Authority (SBMA). Specifically, in 2024/25, \$100,000 is allocated to NES for capacity strengthening, with an additional \$50,000 for environmental management in the Pa Enuu. Funding will incrementally rise to \$660,000 in 2026/27 before decreasing to \$180,000 in 2027/28. Total funding of \$1.4 million has been allocated to the MMR to support the recovery of costs associated with generating fishing revenues over the medium term.

**Table 11-13 Goal 11 Total Expenditure (\$)**

Description	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Gross Operating Appropriation	3,873,515	4,651,906	4,921,906	4,924,061	4,924,061
Administered Payments	912,790	750,000	950,000	1,310,000	830,000
POBOC	63,461	354,901	524,901	407,901	407,901
Capital Expenditure	0	0	0	0	0
<b>Total Goal 11 Expenditure</b>	<b>4,849,766</b>	<b>5,756,807</b>	<b>6,396,807</b>	<b>6,641,962</b>	<b>6,161,962</b>

### 11.3.1.12. Goal 12: Climate Change, Resilience, Renewable Energy and Energy efficiency

The objective of this goal is to reduce the vulnerability of our island communities to the impacts of climate change and natural disasters. It also includes increasing the use of renewable energy sources and energy efficiency measures, decreasing dependence on fossil fuels, and ensuring electricity remains affordable.

The Cook Islands are particularly vulnerable to the impacts of climate change. To prepare the nation for present and future challenges from climate change and natural disasters, the Emergency Management and Climate Change divisions within the Office of the Prime Minister are tasked with policy development, coordination, and raising awareness of these impacts.

Increasing the use of renewable energy and implementing energy efficiency measures is also another key investment for government. Apart from Rarotonga and Aitutaki, all other inhabited islands generate electricity through solar energy. Therefore, \$13.2 million has been allocated over the medium-term to achieve this goal.

**Table 11-14 Goal 12 Total Expenditure (\$)**

Description	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Gross Operating Appropriation	3,149,133	2,866,522	2,901,085	2,902,748	2,902,748
Administered Payments	0	0	0	0	0
POBOC	160,000	160,000	160,000	160,000	160,000
Capital Expenditure	200,000	250,000	250,000	250,000	250,000
<b>Total Goal 12 Expenditure</b>	<b>3,509,133</b>	<b>3,276,522</b>	<b>3,311,085</b>	<b>3,312,748</b>	<b>3,312,748</b>

### 11.3.1.13. Goal 13: Cultural Heritage, History, Identity and Language

Cultural heritage forms part of our national identity and is important to preserve for future generations. This goal focuses on preserving and utilising Cook Islands languages and dialects, safeguarding our cultural heritage for future generations, fostering cultural awareness and engagement within the population, and protecting national cultural heritage sites.

Government allocates \$500,000 annually for organising national events like Te Maeva Nui and supports the Cook Islands Cultural Fund with \$100,000 each year, expected to increase to \$150,000 from 2026/27. Preserving the nation's history includes digitising national archives for accessibility to future generations.

**Table 11-15 Goal 13 Total Expenditure (\$)**

Description	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Gross Operating Appropriation	926,018	1,084,671	1,084,671	1,084,671	1,084,671
Administered Payments	1,337,814	625,000	625,000	675,000	675,000
POBOC	0	0	0	0	0
Capital Expenditure	0	160,000	0	0	0
<b>Total Goal 13 Expenditure</b>	<b>2,263,832</b>	<b>1,869,671</b>	<b>1,709,671</b>	<b>1,759,671</b>	<b>1,759,671</b>

### 11.3.1.14. Goal 14: A Sustainable Population

This goal looks at the ability of a population to support a sustainable community and economy. It also ensures that the country's development engages with local communities and is in the best interest of Cook Islanders.

A total of \$10.1 million has been allocated over the medium term to achieve this goal, with \$350,000 allocated from 2026/27 onwards specifically for conducting the next national census.

**Table 11-16 Goal 14 Total Expenditure (\$)**

Description	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Gross Operating Appropriation	1,455,445	2,299,308	2,333,308	2,360,308	2,360,308
Administered Payments	0	0	0	350,000	350,000
POBOC	0	0	0	0	0
Capital Expenditure	0	0	0	0	0
<b>Total Goal 14 Expenditure</b>	<b>1,455,445</b>	<b>2,299,308</b>	<b>2,333,308</b>	<b>2,710,308</b>	<b>2,710,308</b>

### 11.3.1.15. Goal 15: Our Security, a Peaceful and Just Society

Good governance requires effective leadership and robust systems to implement change. An effective and fair judicial system is integral to having a peaceful and just society, allowing people to be safe and lead productive lives with greater transparency and accountability.

Over the medium-term, the government has allocated \$183.1 million to enhance public service performance, promote sustainable financial management, and bolster the Law-and-Order sector.

**Table 11-17 Goal 15 Total Expenditure (\$)**

Description	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Gross Operating Appropriation	30,599,055	31,834,370	32,485,861	32,810,881	33,390,004
Administered Payments	4,540,102	5,056,350	5,026,350	4,968,350	4,968,350
POBOC	6,198,988	5,653,351	5,651,686	5,601,686	5,601,686
Capital Expenditure	5,519,037	2,756,020	1,110,000	3,194,891	3,022,400
<b>Total Goal 15 Expenditure</b>	<b>46,857,182</b>	<b>45,300,091</b>	<b>44,273,897</b>	<b>46,575,808</b>	<b>46,982,440</b>

## **12. State-Owned Enterprises**

### **12.1. Cook Island Investment Corporation**

The Cook Islands Investment Corporation (CIIC) is a statutory corporate entity established under the Cook Islands Investment Corporation Act 1998 with the following two key functions:

- Administer and manage Crown assets and shareholding interests and;
- Control and manage the undertakings of statutory corporations.

CIIC, along with its entities must adhere to specific accountability requirements under its legislation, including the preparation of a Statement of Corporate Intent (SOI) for Cabinet approval and an annual report for Parliament.

To guide its operations, CIIC follows the OECD Guidelines on corporate governance of State-owned enterprises (SOEs), to control and manage its undertakings. These guidelines serve as an internationally recognised framework for governments to ensure efficient, transparent, and accountable management of SOEs, promoting a balance between state ownership and intervention.

More information on CIIC, SOEs and their operations can be obtained at [www.ciic.gov.ck](http://www.ciic.gov.ck).

#### **12.1.1. Social Contributions and Dividends**

CIIC recognises government's social responsibility to provide various social initiatives and obligations to the communities, some of which are not reimbursed by the government. As a result, these initiatives are funded either through agency funds or external revenues.

CIIC contributes to government revenue by providing dividends based on profits from SOEs and its share in Telecom Cook Islands Ltd. However, the COVID-19 pandemic significantly impacted earnings, leading to zero dividends for most SOEs in 2022/23 and foreseeable years. The focus is on restoring capital funds to pre-pandemic levels.

Medium-term projections suggest a slow return of dividend primarily through government's shares in Vodafone Cook Islands Ltd (through Telecom Cook Islands), with dividends from other entities expected to gradually increase as profits recover and the economy improves. In particular, dividends from Te Aponga Uira and the Bank of the Cook Islands are projected to recommence from 2026/27.

### **12.2. Airport Authority Cook Islands**

The Airport Authority Cook Islands (AACI) was established under the Airport Authority Act 1985 to manage the airports on Rarotonga and Aitutaki.

Despite a 26.3 per cent increase in passengers in 2023 compared to 2022, numbers remain below pre-COVID levels. AACI ensures the safe and efficient movement of aircraft and passengers.

AACI has been working with CIIC to manage land matters, in particular the Runway End Safety Area (RESA) at the Rarotonga International Airport and leased lands in Aitutaki.

#### **12.2.1. Recent Milestones**

- The Airport Council International conference for Pacific Islands Airports held in Rarotonga which focused on major airport issues.
- Celebration of the Rarotonga International Airport 50th Anniversary.
- Trial of Runway Solar lights at the Rarotonga International Airport.
- Initiation of the roadmap towards Airport Carbon Accreditation.
- Completion of the Aitutaki Runway Rejuvenation.

- Acquisition of dredged material and rock boulders for the Aitutaki Runway Strip Land Reclamation project.
- Completion of construction for one of the two multipurpose airport buildings.

### 12.2.2. Upcoming Milestones and Investments

AACI’s plans for 2024/25 fiscal year include advancing to the second phase of the runway slab project, replacing around 19 old slabs. Further capital investments are earmarked for acquiring land for the RESA, followed by construction. In addition, the construction of the Aitutaki Airport seawall, multipurpose building, staff administration building, lounge extension and acquisition of Rescue Fire vehicles. The projects are all aimed at addressing safety and non-compliance issues.

### 12.2.3. Social Contribution and Dividends

Previously, the Authority received \$2.0 million annually from the government to support the operations. This amount has decreased by \$500,000 in 2023/24 and will continue to reduce until there is no appropriation in 2026/27 with the intent for AACI to be self-sustainable by 2026/27. The gradual reduction provides time for the Authority to implement the necessary financial and efficiency changes, but is challenged by key capital projects.

Additionally, the AACI has community service obligations and social contribution costs funded from external revenue sources, as outlined below.

**Table 12-1 AACI Social Obligation Costs (\$)**

	<b>2024/25 Budget</b>
Provision of Fire Service to the Rarotonga Community	72,332
<b>Net contribution to Government</b>	<b>72,332</b>

Due to AACI focus on capital projects that are associated with safety and non-compliance issues, AACI is not expecting to pay dividend to CIIC in the medium-term.

## 12.3. Avaroa Cable Limited

Avaroa Cable Limited (ACL) manages the Cook Islands’ involvement in the Manatua Cable project and its commercialisation as an international and domestic wholesale operator. The project involved the construction of a regional submarine telecommunications cable connecting the Cook Islands, Samoa, French Polynesia, and Niue. ACL is managing the operation and maintenance of Cook Island’s internet services through the Manatua and Hawaiki cable systems to Australia.

### 12.3.1. Recent Milestones

- ACL and VakaNet signed a 4-year MSA for co-location services and bandwidth on the Manatua subsea cable system for internet services to Sydney in November 2023. VakaNet, a new provider in Rarotonga, plans to offer broadband internet for residential and business customers, with a soft launch date expected in the first half of 2024.
- Hawaiki Cable Ltd reimbursed ACL for FCC levies paid during a temporary routing to Sydney via Hawaii due to a global shortage of new Ciena optical equipment. This refund was agreed upon as the shortage was not caused by ACL.
- Installation of new Ciena equipment in American Samoa for the Hawaiki cable enabled the 1GE network connectivity for the Cook Islands’ Ministry of Education (MOE) to Sydney. ACL facilitated project meetings between the MOE and Vodafone to improve the local loop connectivity to schools in Rarotonga, Aitutaki and the Pa Enea, along with improvements to the LAN/WAN infrastructure at MOE.



### **12.3.2. Upcoming Milestones and Investments**

- Working with stakeholders, to maximise cable capacity usage and support new market entrants.
- Continued cooperation with partners in the Manatua Consortium to ensure alignment on maintenance and operational matters.
- Developing and implementing strategies for funding the cable replacement in 2045 and managing ACL's foreign currency exposure.
- Assisting Vodafone with disaster recovery options by providing additional bandwidth opportunities on the Manatua cable between Rarotonga and Aitutaki.
- Providing MOE with 1G of bandwidth between Rarotonga and Aitutaki for schools connected to Vodafone fibre.
- Exploring opportunities to improve the resilience of the Manatua cable system.

### **12.3.3. Social Contribution and Dividends**

ACL is committed to supporting social programmes by engaging in the Cook Islands community and exploring opportunities for increased connectivity access that provide positive outcomes, especially in the Education sector.

ACL's core strategy focuses on creating commercial opportunities to ensure affordable services for the Cook Islands rather than immediate returns to shareholders.

ACL also participates in forums like the Digital Transformation workshop and contributed to the Cook Islands Government's National Digital Strategy. This strategy aims to drive ICT-based development over the next five years, fostering improved citizens, business and government interactions while promoting social inclusion and economic growth.

## **12.4. Bank of the Cook Islands**

The Bank of Cook Islands (BCI) was established under the *Bank of the Cook Islands Act 2003* to provide banking services to the Cook Islands. BCI is a fully licenced operator as required by the *Banking Act 2011*, and operates in compliance with the requirements of the *Financial Supervisory Commission Act 2003* and the *Financial Transaction Reporting Act 2017*.

### **12.4.1. Recent Milestones**

- BCI has effectively managed challenges such as the COVID-19 pandemic, high inflation and economic uncertainties, positioning itself for improved financial performance.
- Currently in the closeout phase (as administrator) of the Business Continuity Credit Facility support package of the Economic Response Plan, extended under the Economic Recovery Roadmap.
- BCI have observed increased lending inquiry and disbursements for housing and business lending.
- Created a customer reception and client meeting area adjacent to the Rarotonga branch.
- BCI has initiated a 'Spend and Win' VakaCard promotional campaign aimed at transitioning customers towards increased card usage.

### **12.4.2. Upcoming Milestones and Investments**

- BCI has developed an ambitious Strategic Plan focusing on its role as the 'people's bank', aiming to nurture the financial wellbeing of communities and support sustainable economic development in harmony with the Cook Islands' culture and environment.
- Investment in new business services to target long-term market growth and lower pricing for businesses.

- Ongoing investment in new digital products and services, while ensuring a sustainable financial structure.
- A refresh of the customer foyer area for the Rarotonga branch in the short-term and renovation of the Mauke branch.
- Renewal of leased premises for Rarotonga-based operations and review the branch area’s long-term design.
- Partnering with government to deliver various financial service initiatives embedded in the Economic Development Strategy and the National Sustainable Development Agenda, including efforts to green the economy through access to climate funding.

### 12.4.3. Social Contribution and Dividends

The social obligation costs are reimbursed by the Government for the delivery of banking services to communities in the Pa Enuā.

**Table 12-2 BCI Community Service Obligations (\$)**

	<b>2024/25 Budget</b>
Social Obligation of providing banking services	128,000
<b>BCI Community Service Obligations reimbursed by Government</b>	<b>128,000</b>

The BCI Board of Directors sets the bank’s annual dividend policy through its SOCI each year.

## 12.5. Cobalt Cook Islands

The Cook Islands Government, represented by CIIC, and the Global Sea Mineral Resources (GSR), signed a framework agreement in 2013 for the exploration and potential harvesting of polymetallic nodules in the Cook Islands’ licenced International Seabed Authority (ISA) area and the Cook Islands’ Exclusive Economic Zone (EEZ). A formal joint venture (JV) Agreement, involving CIIC, GSR and GSR Cook Islands was finalised in July 2016. This led to the establishment of Cobalt Seabed Resources Limited (CSR) as a Crown Corporate Entity on 2 November 2017 under the Companies Act 1970.

### 12.5.1. Recent Milestones

- Attendance and participation in both domestic and international forums related to the development of CSR and the wider seabed minerals sector.
- CSR has continued to prioritise capacity building through participation in CIIC’s corporate governance professional-director training programme, and the development and utilisation of corporate governance and management tools and business plans.
- Under its JV Agreement, CSR has developed a Cook Islands Seabed Minerals Sector National Building Programme aimed at educating and developing skills in seabed minerals exploration, harvesting, and related business aspects, covering technical, management, administrative, financial and legal expertise.

### 12.5.2. Upcoming Milestones and Investments

- Continue capacity building through its contractor training programmes through ISA and SBMA, including the employment and training of Cook Islanders, which will help empower the people of the Cook Islands by building and retaining long-term human resource capacity in the Cook Islands.
- Continue onshore activities and offshore exploration campaigns for CSR’s licence in the Cook Islands EEZ and on behalf of CIIC in relation to CIIC’s licence in the Clarion-Clipperton Zone (CCZ).

### **12.5.3. Social Contribution and Dividends**

CSR plans to implement social and community contribution initiatives for the wider community after achieving commercial viability. In the short-term, there will not be dividend payments to CIIC and the government, but significant returns and dividends are expected in the medium to longer-term, once the entity becomes commercially viable.

## **12.6. Cook Islands Ports Authority**

The Cook Islands Ports Authority (CIPA) was established under the Ports Authority Act 1995. It manages the Port of Avatiu, the cruise ship tender landing in Arorangi, and the Port of Arutanga in Aitutaki. The Authority's main goals are to promote, encourage and operate commercially viable and efficient port facilities to support the economic development of the Cook Islands.

### **12.6.1. Completed Milestones**

- Delivery of a new crane for Aitutaki in late 2023. This investment has notably improved operational efficiency on the island.
- Successfully implemented a tariff review in 2023, which became effective on 1 July 2023. This is an ongoing priority for the Authority.

### **12.6.2. Current Milestones**

- 35-ton forklift for Rarotonga - Ports Authority has invested in a new forklift to ease pressure on existing equipment and serves as a backup option for the 48-ton top lifter. The new forklift is in transit.
- CCTV for Rarotonga - an ongoing priority that is nearing completion. Once all cameras are live, close to 100 per cent surveillance coverage of the Avatiu Port will be achieved. This ensures compliance with International maritime security requirements.
- Arutanga Harbour Development - Stage 2 of the development Project is in the scoping and planning phase. It involves extending the wharf hard stand to provide extra operational spaces for the Authority. It also includes the development of a marina for yachts and tenders for cruise ships. Construction for Stage 2 is expected to take up to 12 months.
- Digitisation of Ports Operations - The Authority is working with Cook Islands Customs Service to access ASYCUDA World, a Single Window system for trade facilitation. An additional module will be added to the system to facilitate the movement of containers and cargo in and out of the ports.

### **12.6.3. Upcoming Milestones and Investments**

- Climate Resilient Infrastructure – the Avatiu Port and Rarotonga Airport were assessed for flood vulnerability. Key findings to inform proposal for resilience-building infrastructure.
- Improving passage at Avatiu Port – the project aims to improve navigational safety, manoeuvrability and space provision at the Avatiu Port.
- New 40+ ton forklift for Rarotonga – Part of the Authority's replacement programme to ensure support for Operations Team in providing sustainable services.
- Potential Commercial Development feasibility on the Western marina – Assessing development options for land near the western end of the wharf for retail, restaurant, entertainment and office space to generate revenue for the Ports Authority.

## 12.6.4. Social Contribution and Dividends

The following table outlines the costs incurred by CIPA for Rarotonga and Aitutaki in the provision of community service obligation costs, which are partly reimbursed by Government.

**Table 12-3 CIPA Community Service Obligations (\$)**

	<b>2024/25 Budget</b>
<b>Rarotonga</b>	
Te Kukupa Patrol Boat berthage	27,000
All domestic shipping licence holder's berths	90,000
Maritime Surveillance building	30,000
Ministry of Marine Resources Workshop	36,600
Port Charges Waived	2,500
<b>Aitutaki</b>	
Waived Port Charges	2,500
<b>CIPA Community Service Obligations reimbursed by Government</b>	<b>188,600</b>

## 12.7. Te Aponga Uira

Te Aponga Uira (TAU) was established under the Te Aponga Uira O Tumu-Te-Varovaro Act 1991 and manages electricity on Rarotonga. TAU also supports Pa Enua energy infrastructure by offering technical advice and emergency support to Island Administrations. In recent years, TAU has shifted its focus towards developing renewable solar energy generation.

### 12.7.1. Recent Milestones

- Extensive support for Pa Enua renewable energy infrastructure, facilitated through a Memorandum of Understanding (MOU) with each island. For Te Mana Uira o Araura (TMU), this is set out in a working arrangement between TAU and TMU.
- Acquisition of two Battery Energy Storage Solution (BESS) systems and one Power BESS system for Rarotonga through the Government's Renewable Energy Development Division (REDD),
- Progress made on the 6MW RE Solar programme, with the tender award for 2MW installation.
- Progress on reopening of the RE programme to the local community for 4MW of solar PV on a gross metering basis, including approval letters sent out, and discussions initiated with Independent Power Producers (IPPs) regarding power purchase agreements. The first IPP has recently connected to the grid.
- Completion of the first phase of the Organisational Review project, funded by the ADB through the government.
- Replacement of an ageing switchgear system at the Avatiu Power Station.

### 12.7.2. Upcoming Milestones and Investments

- Installation of 2MW of solar PV in the Nikao area.
- Preparation of the network to accommodate and enable the integration of 4MW of community-sourced solar PV.
- Scoping and installation of enabling technology to facilitate further renewable energy integration into the grid.
- Planning towards a new purpose-built, efficient, and eco-friendly office building.
- Implementation of monitoring services to support the operation and maintenance of power systems in the Pa Enua, in partnership with Government, and involvement in the battery replacement project for the Northern Group.

- Ongoing work to develop a tariff structure that is cost reflective, competitive with off-grid technology, supports renewable energy adoption, and offers tariff certainty for all customer levels in the medium-term.
- Development work towards a proposal for stringing telecommunications on power poles.
- Ongoing collaboration with other utilities to future-proof the network.
- Review of findings and recommendations from the Organisational Review project report.

### **12.7.3. Social Contribution and Dividends**

TAU's social obligations include maintaining streetlights, coloured lights, uneconomic network extensions and supporting the Pa Enea. The reimbursement of these contribution costs from Government was halted in the 2020/21 Budget due to circular funding in the finance of the government. It is expected that the social contribution costs will be offset by TAU's dividend to government.

TAU faces increased fuel costs due to geopolitical events and inflationary pressures, partially offset by a fuel surcharge, resulting in reduced cash flow. Considering these factors, along with supporting the public during COVID-19 impacts and renewable energy investment, TAU does not envisage providing a dividend in 2024/25.

## **12.8. Te Mana Uira o Araura**

Te Mana Uira o Araura (TMU) is a limited liability company and a wholly owned subsidiary of CIIC, responsible for generating and distributing electricity on Aitutaki. A key focus for TMU is environmental sustainability, aligning with the country's national goal for 100 per cent renewable energy utilisation. TMU has adopted a high-level Aitutaki Renewable Energy Programme to achieve this objective.

### **12.8.1. Recent Milestones**

- Continuation of building resilient infrastructure, including completion of underground cabling from Tautu to Vaipae.
- Investment in a formal electrical apprenticeship programme in collaboration with the Cook Islands Tertiary Training Institute, with five apprentices nearing formal New Zealand accredited electrical trade qualifications.
- Provision of lighting infrastructure and power for streets, coloured lights, churches, and water stations on Aitutaki.
- Finalisation of the Stage 2 Renewable Energy Project Scoping Report.

### **12.8.2. Upcoming Milestones and Investments**

- TMU in collaboration with various parts of Government will refine and implement the renewable energy plan for Aitutaki following the completion of the Cook Islands Renewal Energy Investment Plan (REIP) report. Stages 2 are expected to commence in 2024/25.
- Develop a communications strategy to effectively engage with its community and key stakeholders.
- Plan to formalise its human resource strategy, outlining investment in its people, including learning and development opportunities, formal career pathways, succession planning principles, health and safety policies and other operational policies.
- Develop an e-business strategy focusing on initiatives such as enhancing its website daily reporting, improving the meter reading system, and implementing an online portal for customer payments.

### 12.8.3. Social Contribution and Dividends

TMU currently provides free street lighting and discounted electricity for churches and water stations, estimated at a total of \$50,000. Government does not reimburse these costs.

**Table 12-4 TMU Social Obligation Costs (\$)**

	<b>2024/25 Budget</b>
Provision of streetlight and electricity discounts for churches and water stations	50,000
<b>Net contribution to Government</b>	<b>50,000</b>

Considering TMU's renewable energy establishment phase, TMU is not expecting to pay a dividend to CIIC in the medium-term.

## 12.9. To Tatou Vai

To Tatou Vai (TTV) Limited is a water utility established under the To Tatou Vai Act 2021 and prior to its legislation was established as a limited liability company in 2018. Its mandate is to provide potable and reliable water services on Rarotonga.

### 12.9.1. Recent Milestones

- Established catchment committees for all intakes.
- Conducted a water meter trial, installing 170 smart meters in all buildings within the Nikao zone and an additional 60 smart meters in large-scale facilities.
- Completed the design and obtained the necessary approvals for building the trial sludge facility.
- Completed Customer Agreement and Connection Code.
- Initiated a review into tariff setting along with an accompanying regulatory report.
- Seven staff completed an asset management certificate and developed an asset management plan for TTV.
- 14 staff are in the final stages of completing L3 and L4 water network and treatment certificates.
- Successfully implemented the core modules of the To Tatou Vai Enterprise Resource Planning Software.

### 12.9.2. Upcoming Milestones and Investments

- Install at least 1,500 water meters, covering 25 per cent of the connections on Rarotonga.
- Standardise a further 2km of the distribution network.
- Conduct optimisation trial tests on the water network, focusing on treatment plants and the distribution network, aimed at strengthening the resilience to drought.
- Ensure reservoirs operated as designed.
- Construct and commission the trial sludge drying and storage facility.
- Confirm tariff rate.

### 12.9.3. Social Contribution and Dividends

TTV does not generate its own revenue and is therefore directly funded through the national budget to cover all expenditure and services provided, including the management of community water stations across the island. TTV is currently developing a tariff model, which will include social costs. By legislation TTV is a not-for-profit SOE, and the charging regime will reflect this. Consequently, there will be no dividends paid to CIIC.

## 13. Public Sector Staffing

### 13.1. Public Sector Performance

The Cook Islands' Public Sector faces ongoing staffing challenges including employee shortages and competition with New Zealand's labour market and abroad. However, additional factors complicate the recruitment and retention of skilled individuals. A significant challenge is the inability to offer competitive salaries compared to offshore markets like New Zealand leading to difficulties in attracting and retaining skilled workers. This challenge was underscored by employee exit surveys, where many cited moving abroad as the reason for leaving the public sector. Additionally, resource allocation within the sector is competitive and complex, further hindering efforts to attract and retain talent. The economic impact of the COVID-19 pandemic further exacerbated these challenges by reducing available resources for competitive remuneration packages.

### 13.2. Public Sector Profile

There are 54 entities in the Public Sector. Some management changes occurred in various agencies during the 2023/24 fiscal year:

- a new CEO was appointed for the Financial Services Development Authority in July 2023.
- the Commissioner for the Financial Supervisory Commission was reappointed in September 2023.
- new Secretaries were appointed for the Ministry of Cultural Development and the Ministry of Education in January 2024.
- the Secretaries for the Ministry of Health and the Ministry of Internal Affairs were reappointed in February 2024.
- the Deputy Solicitor General was appointed in February 2024.
- a new Clerk of the House of Ariki was appointed in March 2024.

Note, the employee data for State-owned enterprises (SOEs) was not received by the OPSC before finalisation of this Profile.

**Table 13-1 Public Sector Agencies**

<b>Public Service (14)</b>	<b>Island Governments (10)</b>	<b>Crown Agencies (7)</b>
Ministry of Agriculture ( <i>Pae Angaanga Tanutanu</i> )	Aitutaki	Head of State Office
Ministry of Corrective Services ( <i>Te Tango Akatanotano</i> )	Atiu	Office of the Ombudsman ( <i>Te Mata Akamoeau</i> )
Ministry of Cultural Development ( <i>Tauranga Vananga</i> )	Mangaia	Public Expenditure Review Committee and Cook Islands Audit Office
Ministry of Education ( <i>Maraurau o te Pae Apii</i> )	Manihiki	Cook Islands Police Service
Ministry of Foreign Affairs and Immigration ( <i>Te Kauono Tutara e te Mana Tiaki</i> )	Mauke	Crown Law Office ( <i>Te Akinanga o te Ture</i> )
Ministry of Finance and Economic Management ( <i>Te Tango Akatere'anga Moni o te Ipukarea</i> )	Mitiaro	Leader of the Opposition Office
Ministry of Health ( <i>Te Marae Ora</i> )	Palmerston	Parliamentary Services
Ministry of Justice ( <i>Te Tango Tutara o te Ture</i> )	Penrhyn	
Ministry of Internal Affairs ( <i>Te Tango 'Akarangatira Ora'anga</i> )	Pukapuka/Nassau	<b>Ministerial Support Offices (6)</b>
Infrastructure Cook Islands ( <i>Te Tango Angaanga o te Kuki Airani</i> )	Rakahanga	<b>State-owned enterprises (8)</b>
Ministry of Marine Resources ( <i>Tu'anga o te Pae Moana</i> )	<b>Statutory Agencies (8)</b>	Avaroa Cable Ltd.
Ministry of Transport ( <i>Te Mana Tumotu o te Kuki Airani</i> )	Business Trade and Investment Corporation*	Bank of the Cook Islands
Office of the Prime Minister ( <i>Kōutu Mana Tutara o te Ipukarea</i> )	Cook Islands Investment Corporation	Cook Islands Airport Authority
Office of the Public Service Commissioner ( <i>Paepae Ropi'anga o te Kavamani</i> )	Financial Supervisory Commission	Cook Islands Ports Authority
	Financial Services Development Authority	Cook Islands Investment Corporation
	National Environment Service ( <i>Tu'anga Taporoporo</i> )	Seabed Resources Ltd.
	Cook Islands Natural Heritage Trust	Te Aponga Uira o Tumutevarovaro
	Seabed Minerals Authority	Te Mana Uira o Araura
		To Tatou Vai
		* Includes the Punanga Nui Market

### 13.2.1. Public sector employee numbers

As shown in Figure 13-1, the Public Service is the largest employer in the Public Sector, employing 58.0 per cent or 1,340 individuals, demonstrating a significant workforce engaged in various Ministries’ functions.

Following the Public Service, the Island Governments are the next largest employer, with 667 employees, marking a 20-person increase from the previous year’s 647 employees. Pukapuka employs 247 individuals, with many under unique employment conditions like casual and rotational based work, specific to the Pukapuka Island Government.

The Crown and Statutory agencies employ 237 individuals, slightly down from the previous year’s 238.

These findings provide insight into the size and composition of the Cook Islands’ public sector workforce.

**Figure 13-1 Proportion of Employees in the Public Sector, 03 April 2024**

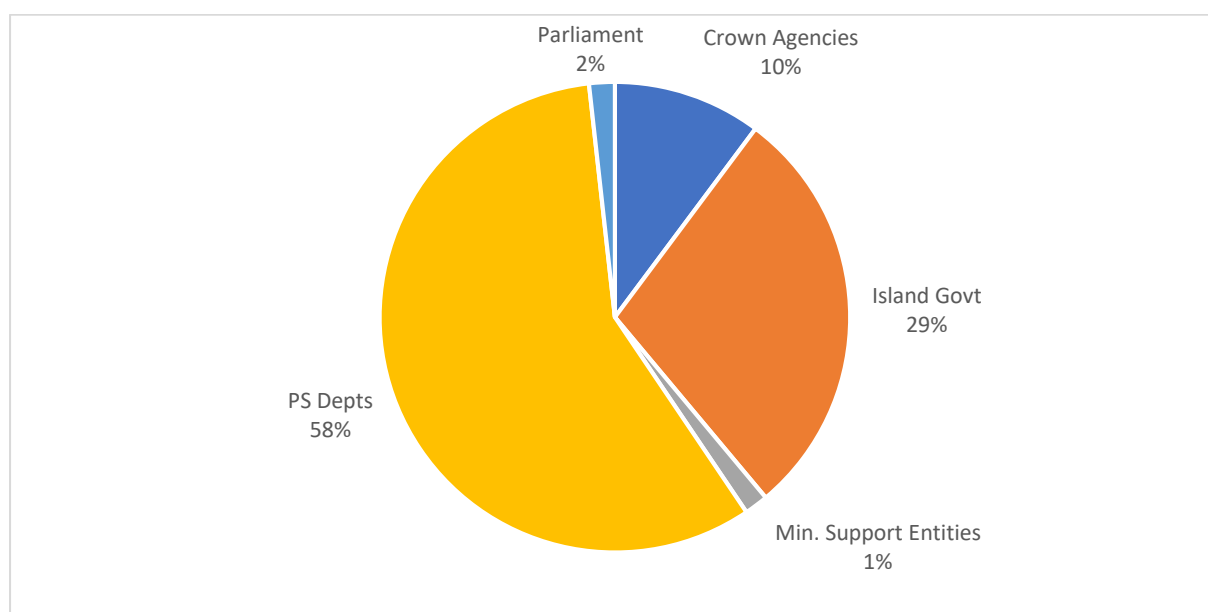


Table 13-2 presents the employee count in the Public Sector for the last three years. Please note that the data for SOEs is not included in the total employ count.

**Table 13-2 Employee summary by Groupings**

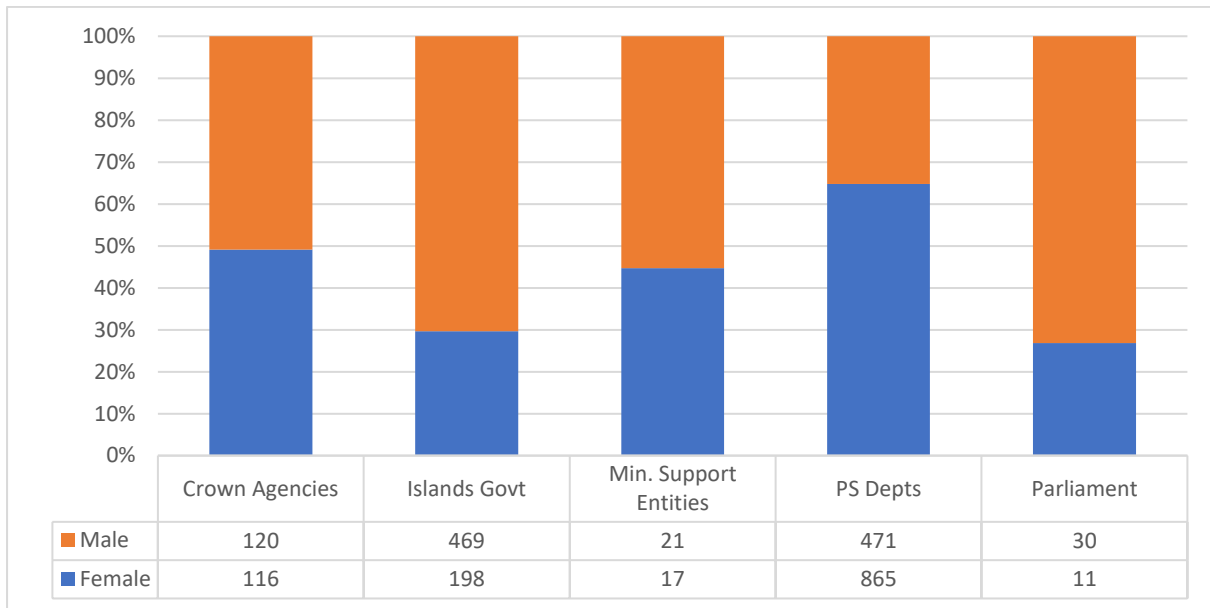
Agency	Total 27 April 2022	Total 30 March 2023	Total 03 April 2024
Public Service (incl. House of Ariki)	1,498	1,352	1,340
Crown/Statutory Agencies	245	238	237
Island Governments (incl. Mayors & Councillors)	676	647	667
Parliament/ Civil List (incl. Members of Parliament & King’s Representative)	28	41	41
Ministerial & Opposition Support Offices	44	35	38
State-owned enterprises	341	Not available	Not available
<b>Total (excluding SOEs)</b>	<b>2,491</b>	<b>2,313</b>	<b>2,323</b>

Source: HRMIS 04 April 2024

The numbers for Parliament/Civil List have remain stable at 41 employees, and Ministerial and Opposition Support Offices have seen a slight increase from 35 to 38 employees over the observed period.



**Figure 13-2 Public Sector Employment by Gender Ratio**



Source: HRMIS 03 April 2024

Figure 13-2 shows the gender distribution of personnel in the Public Sector, excluding SOEs. Currently, there are 1,207 women and 1,111 men, with 5 individuals not stating their gender.

For the Island Governments, there are 469 male employees and 198 female employees, reflecting the nature of physically demanding jobs provided by the Island Governments, such as Public Utilities, Agriculture, and Infrastructure.

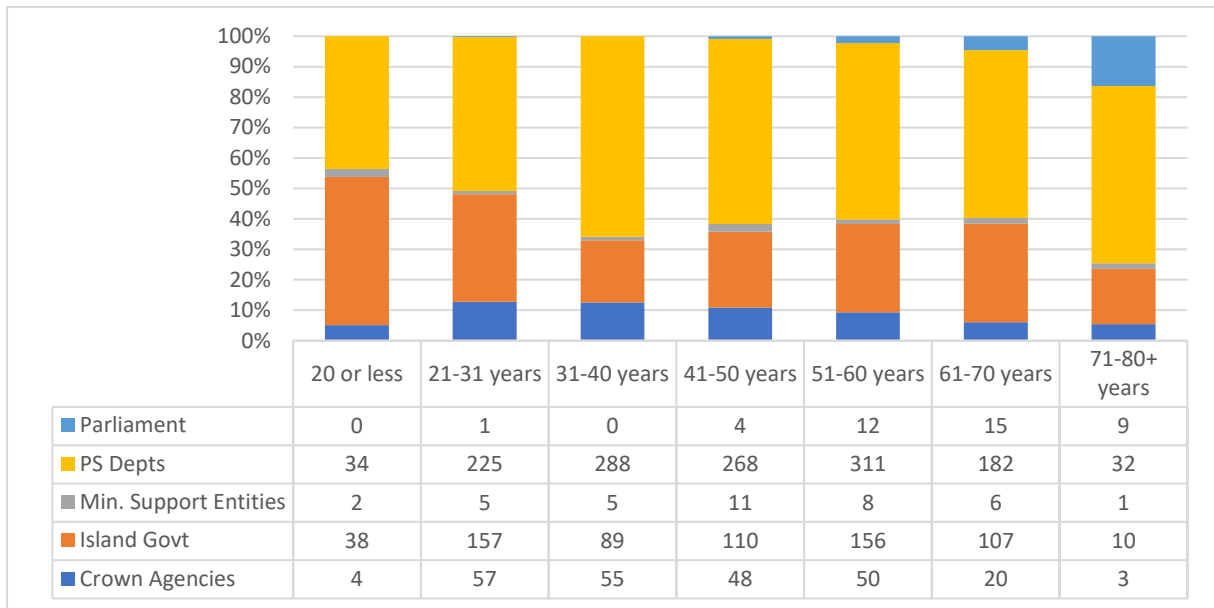
In the Public Service, there are 471 male employees and 865 females. Notably, certain Ministries like Education, Justice, Finance and Economic Management and Health have significantly more female employees compared to male employees. This trend may be influenced by historical, societal, and cultural factors, with professions like teaching, nursing, and clerical positions traditionally attracting more women.

### 13.2.2. Public sector age profile

The age group with the highest representation across all Agency groupings is 51-60 years, indicating a significant proportion of older employees within the public service. However, age distribution varies among Agency groupings. Crown Agencies have a balanced distribution across age categories, while Parliament skews towards older age groups 61-70 and 71-80 years.

The Island Governments have a higher proportion of employees in the 21-31 years age range, suggesting a relatively younger workforce. ministerial Support Offices show a more evenly distributed age profile, indicating a balanced workforce composition. The number of employees in the 71-80+ years age category is generally lower, except for Parliament which has a higher number of older employees.

**Figure 13-3 Public Sector Age Profile**



Source: HRMIS 03 April 2024.

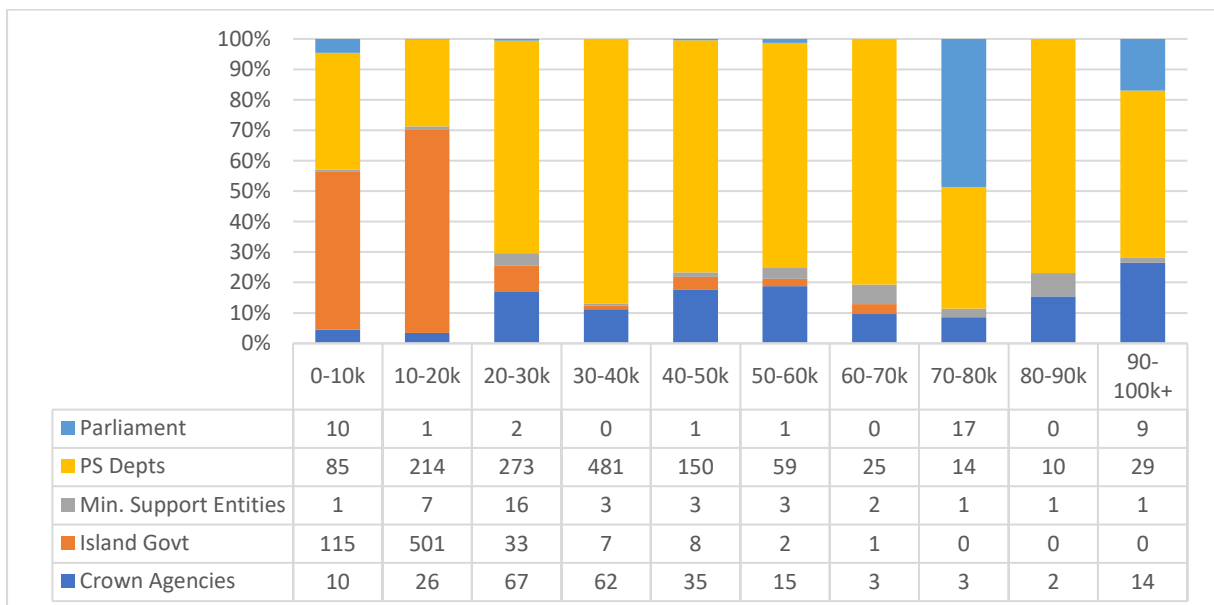
### 13.2.3. Public sector remuneration profile

Across all Agency groupings, many employees earn between \$30,000-\$40,000 and \$40,000-\$50,000.

In the Island Governments, around 52.0 per cent of employees earn a \$10,000-\$20,000 salary range, suggesting a larger proportion of lower-income earners, possibly due to part-time or casual work.

Parliament has a higher number of employees earning \$70,000-\$80,000 salary, indicating higher compensation levels. The \$90,000-\$100,000+ salary range is less common across all Agency groupings, indicating fewer employees receiving higher salaries.

**Figure 13-4 Public Sector Remuneration**



Source: HRMIS 03 April 2024.

### **13.3. Public sector strengthening – Our journey to excellence**

The Cook Islands Public Sector Strategy 2016-2025 serves as a framework delivering public services to the community. It emphasises strengthening three core factors: people, systems and structures within the Public Sector.

#### **Functional Review**

The OPSC conducted a functional review in the 2022/23 fiscal year to assess the functions, systems, and structures of the Public Sector to find solutions for efficient public service delivery that aligns with national development goals. At the time of writing, the report was under review by the Prime Minister, who also serves as the Minister for the Public Service.

#### **People**

Ministries have implemented several employee support initiatives. The Ministry of Finance and Economic Management prioritised employee development through 153 regional and international formal learning sessions and eight informal workshops. The Ministry of Internal Affairs initiated a Training Day for skill enhancement. The Ministry of Marine Resources (MMR) provided extensive training particularly in technical areas like Stock Assessment, Data Management, and R+ Statistical Software through Regional agencies and partners. The Ministry of Transport organised capacity building programmes including international collaboration, covering diverse fields such as tide gauge installation, satellite interpretation, climate outlook products, and early warning training. These efforts reflect a commitment to professional development.

#### **Systems**

All Ministries have improved their systems through policies, plans, and processes providing clear operational guidelines and promoting transparency and accountability in their services. Notable achievements include the launch of the National Security Policy 2023 (NSP) by the Cook Islands Prime Minister and Pacific Islands Forum Secretariat Secretary General in June 2023. The endorsement of the National ICT Policy 2023-2027 and the National Population Policy by Cabinet has led to the formation of a Population Working Group. Additionally, the signing of the United States Treaty Memorandum of Understanding for 2023 access arrangements, as part of the US\$31.0 million deal for Pacific Islands Parties and the completion of marine resource surveys for Mitiaro and Penrhyn along with the release of the Coral Report on MMR's website represents significant milestones.

#### **Structures**

Many Government agencies have revised their organisational structures to align with their objectives and priorities, ensuring that it is relevant and fit for purpose. Changes include increasing or decreasing the number of Outputs or Divisions, adding or removing positions, or renaming positions. Five Public Service Ministries and four Statutory Agencies reviewed their organisation structure in the last fiscal year.

Penrhyn Island Government is the only Pa Enua that reviewed its structure, while the other nine Island Governments have up-to-date and fit-for-purpose organisational structure since the last review in the 2021 fiscal year.

## 14. Pa Enea

This chapter provides a general overview of government spending in the Pa Enea. This includes the funding appropriated to each Island Government (as per the *Island Government Act 2012-13*) and estimated spend in the Pa Enea through the provision of services or support offered by Government agencies or development partners.

### 14.1. Funding Model

The Pa Enea funding model ensures fairness and transparency in determining the Government expenditure for each Island Government. It considers the different expenses unique to each island and uses specific parameters to calculate funding needed for each island. Additionally, trading revenue generates surplus income that each Island Government can allocate for local development, supplementing the core funding provided by Government.

Table 14-1 outlines the cost factors used in the funding model. These cost factors were determined based on relevance and reliability. The funding model excludes depreciation, capital spending, and Government agency spending.

A revision to the funding formula is planned, aiming to update calculations and parameters in response to economic shifts post-COVID-19. Implementation will align with new funding available within the fiscal ceiling, specifically directed for the Pa Enea.

**Table 14-1 Cost factors of the Pa Enea Funding Model**

Factor/Output	Parameter	Basis for costing
<b>Administration</b>	Population as per the Census	3 staff per island, plus 1 additional administrative staff per 250 residents, up to an additional 3 staff.
<b>Island Council</b>	The number and wages of councillors, Ui Ariki and Aronga Mana as per the <i>Island Government Act 2012-13</i>	Base salary, plus top-up payment based on island tier as determined by Office of the Prime Minister
<b>Infrastructure</b>		
Water	Population as per the Census	\$250 per person
Road maintenance		
Sealed	Kilometres of road	\$4,897.55 per km
Unsealed	Kilometres of road	\$7,372.50 per km
Maintenance (machinery & vehicles)	Schedule of Regular Capital Needs	3-7% of asset replacement value, as determined by the Infrastructure Committee
Airstrip	Length of runway	\$58,254.17 per km
Waste Management	Population as per the Census	\$26,920 fixed cost plus \$56.40 per person;
Beautification	Per km of road	\$2,300 per km
<b>Energy (electricity generation) (excl. Aitutaki)</b>	Estimation of generation cost <i>minus</i> estimated trading revenue from appropriate usage charges. Separately averaged per person usage across of the Northern Group and the Southern Group	A cost of 90-95 cents per kWh A charge of 60 cents per kWh to local users Average consumption in the Northern Group Average consumption in the Southern Group (excl. Aitutaki)
<b>Other costs<sup>26</sup></b>	Varies by island	Operational costs for inter-island ferries (\$3,000 for Manihiki, \$6,000 for Penrhyn)

<sup>26</sup> 'Other Costs' include island specific costs not factored into the general model (such as motu-to-motu transport for Penrhyn and Manihiki).

### 14.1.1. Appropriation

For 2024/25, a total of \$13.4 million has been allocated to support the operations of each Island Government. This allocation is detailed in Chapter 16 - Schedules, providing a breakdown of the appropriation for each Island Government across categories such as personnel, operating expenses, depreciation, and trading revenue.

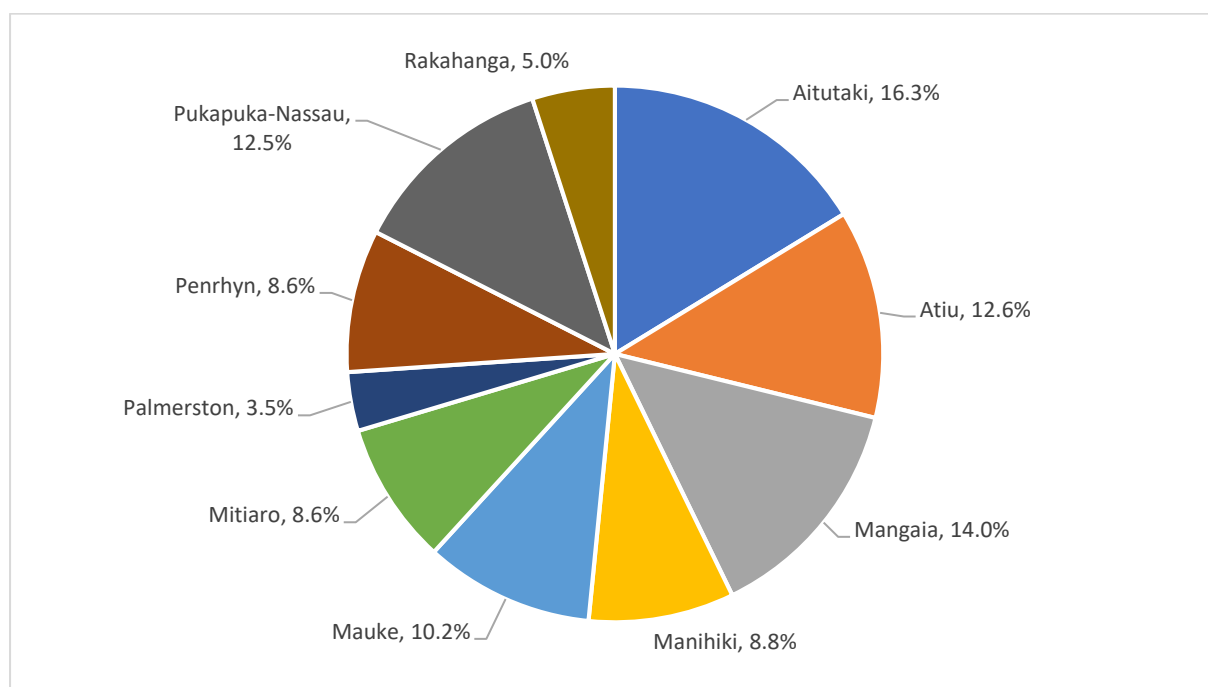
## 14.2. Funding Allocation

Figure 14-1 shows the proportion of total cash funding per island for the 2024/25 fiscal year.

The allocation of investment among the islands is based on their respective population sizes. However, other cost factors, which are independent of the population size, affect the funding required for the Northern Group due to the remoteness of these islands. These factors include expenses related to air and sea transportation to the islands, as well as inter-island boat services for travel between motus.

Approximately 61.6 per cent of cash funding is designated for the Southern Group Islands, while the remaining 38.4 per cent is allocated to the Northern Group Islands.

**Figure 14-1 Allocation of Funding per Island, 2024/25**



### 14.2.1. Cash funding

Table 14-2 provides a breakdown of cash funding for the 2024/25 Budget, incorporating both the prior year's cash funding and additional adjustments. These adjustments reflect the increase in minimum wage from \$9.00 per hour to \$9.50, effective from 1 July, 2024.

However, for Aitutaki, this wage adjustment is offset by a \$50,000 reduction in its operating budget. The reduction is redirected to Infrastructure Cook Islands to support the maintenance of Aitutaki's water infrastructure.

**Table 14-2 Pa Enea Cash Funding (\$)**

Island	2023/24 Cash Funding	2023/24 Portion	Additional Funding	2024/25 Cash Funding	2024/25 Portion
Aitutaki	1,605,250	17.0%	-29,133	1,576,117	16.3%
Atiu	1,183,006	12.5%	34,194	1,217,200	12.6%
Mangaia	1,329,460	14.1%	22,635	1,352,095	14.0%
Manihiki	825,647	8.8%	24,835	850,482	8.8%
Mauke	968,550	10.3%	20,987	989,537	10.2%
Mitiaro	796,849	8.4%	34,806	831,655	8.6%
Palmerston	339,056	3.6%	4,791	343,847	3.5%
Penrhyn	799,805	8.5%	31,919	831,724	8.6%
Pukapuka-Nassau	1,124,022	11.9%	88,307	1,212,329	12.5%
Rakahanga	460,897	4.9%	21,626	482,523	5.0%
<b>Total</b>	<b>9,432,542</b>	<b>100.0%</b>	<b>254,967</b>	<b>9,687,509</b>	<b>100.0%</b>

## 14.2.2. Other funding support

The Pa Enea receives additional funding support from Government agencies and development partners in various forms, including services, welfare, development programmes and capital works. This support plays a crucial role in fostering the development and welfare of the Pa Enea residents.

Table 14-3 outlines the specific types of expenditure support provided by Government agencies and development partners for the Pa Enea.

**Table 14-3 Estimated Government Expenditure in the Pa Enea, 2024/25 (\$'000)**

Agency	Operating	ODA	Capital	Total
Business Trade and Investment Board	167	0	0	167
Cook Island Investment Corporation	128	0	1,330	1,458
Ministry of Corrective Services	97	0	0	97
Ministry of Education	4,919	0	300	5,219
National Environment Service	228	0	0	228
Ministry of Finance and Economic Management	2,800	29,433	410	32,643
Ministry of Health	4,207	0	300	4,507
Infrastructure Cook Islands	134	0	9,208	9,342
Ministry of Internal Affairs	180	0	0	180
Ministry of Justice	273	0	0	273
Ministry of Marine Resources	615	0	0	615
Cook Islands Police Service	605	0	0	605
Office of the Prime Minister	1,468	2,669	300	4,436
Cook Islands Tourism Corporation	203	0	0	203
Ministry of Transport	25	0	0	25
<b>Total</b>	<b>16,048</b>	<b>32,102</b>	<b>11,848</b>	<b>59,998</b>

**Note:** Due to the integration of the Pa Enea support in general agency programmes and is based on the Appropriation, this data is an estimate only.

### 14.2.2.1. Business Trade and Investment Board

The Business Trade and Investment Board allocates approximately \$166,807 of its total appropriation to provide support and advice to businesses in the Pa Enea. BTIB also facilitates trade days and night markets, creating opportunities for businesses in both Rarotonga and the Pa Enea to market local products and crafts.

#### 14.2.2.2. Cook Islands Investment Corporation

The Cook Islands Investment Corporation (CIIC) is responsible for maintaining and managing Crown assets. For 2024/25, a total of \$1.3 million has been allocated for specific projects as outlined in Table 14-4.

- Approximately \$1.2 million is allocated to complete additional works for the Arutanga harbour project, which is part of the Aitutaki Island Plan.
- \$120,000 is allocated to acquire land for the Rakahanga Cyclone shelter.

For the outer years, maintenance work is planned for government buildings in Mauke and Mitiaro.

**Table 14-4 Estimated CIIC Capital Projects in the Pa Enea (\$'000)**

Island	Project / Programme	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Aitutaki	Arutanga Harbour Project	1,210	0	0	0
Pa Enea	Pa Enea Government Building Projects - Northern Group	120	0	0	0
Pa Enea	Pa Enea Government Building Projects - Southern Group	0	600	1,940	1,940
<b>CIG-funded CIIC capital projects</b>		<b>1,330</b>	<b>600</b>	<b>1,940</b>	<b>1,940</b>

#### 14.2.2.3. Cook Islands Police Service

The Cook Islands Police Service allocates approximately \$605,045 to cover personnel and operating costs for providing law enforcement services across the Pa Enea.

#### 14.2.2.4. Cook Islands Tourism Corporation

The Cook Islands Tourism Corporation dedicates approximately \$202,709 to promote and provide visitor information for each of the outer islands.

#### 14.2.2.5. Infrastructure Cook Islands

Infrastructure Cook Islands (ICI) support the Pa Enea with project development and implementation of capital projects, including cyclone centres, road improvements and ports on each island.

Table 14-5 outlines the capital programmes and projects planned for the Pa Enea.

- Approximately \$2.4 million is allocated in 2024/25 to support the construction of the Nassau Harbour.
- Road network extensions are planned across the Pa Enea, with scheduled works on Mitiaro.
- Funding within the Water and Sanitation Infrastructure improvement programme aims to enhance water systems in the Pa Enea, with planned work for Atiu, Mangaia, Mauke and Mitiaro.
- \$700,000 has been allocated to repair and maintain Aitutaki's water galleries, ensuring existing system remains operational and effective in the near future.

**Table 14-5 Estimated ICI Capital Projects in the Pa Enea (\$'000)**

Island	Project / Programme	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Pa Enea	Pa Enea Marine Infrastructure Improvement Programme	2,370	1,966	3,380	800
National	Roads Asset Management and Improvement Programme	5,988	5,048	6,745	7,787
National	Water and Sanitation Infrastructure Improvement Programme	150	150	150	150
Aitutaki	Aitutaki Water Management	700	0	0	0
<b>CIG-funded ICI capital projects</b>		<b>1,330</b>	<b>9,208</b>	<b>7,164</b>	<b>10,275</b>

**14.2.2.6. Ministry of Corrective Services**

The Ministry of Corrective Services has allocated a total of \$96,873 to provide Probation Officers on islands of Aitutaki and Atiu to implement rehabilitation programmes.

**14.2.2.7. Ministry of Education**

The Ministry of Education allocates \$4.9 million (24.4 per cent of its total appropriation) to ensure quality education in the Pa Enea. The funding breakdown includes approximately \$4.2 million for personnel and \$263,233 million for operating expenses, covering utility costs, school supplies and maintenance of school buildings.

Additionally, \$300,000 is allocated in 2024/25 for capital item replacement like laptops, tablets, and printers, extending to the Pa Enea as well.

A portion of the total scholarship funding (\$780,000) supports secondary students from the Pa Enea to continue their education at another school in the Cook Islands.

In Aitutaki, the Ministry provides a school bus service to transfer students to and from outlying villages to school. Estimated cost of providing this service is \$26,325 annually.

**14.2.2.8. Ministry of Finance and Economic Management**

The Ministry of Finance and Economic Management (MFEM) supports the Pa Enea by assisting the Island Governments with financial reporting and providing tax and custom services on Aitutaki.

Additionally, MFEM administers the following funds, which also benefit the Pa Enea:

- Te Maeva Nui 60<sup>th</sup> Celebration Transportation fund (\$1.2 million in 2024/25 and \$1.3 million 2025/26) to facilitate Pa Enea residents' attendance at the celebration.
- Provision for inter-island shipping fund (\$500,000) to ensure affordable and regular inter-island shipping services for passengers and bulk goods.
- Universal Access Fund (\$51,000 in 2024/25) for equitable access to telecommunications in the Pa Enea, managed by the Competition and Regulatory Authority.
- Audio Visual Broadcasting subsidy (\$45,000) enabling television broadcasting in the Pa Enea.
- Pa Enea Tax Policy – RMS tax system change (\$80,000 in 2024/25) to integrate the Pa Enea tax policy within the RMS tax system.
- Outer Island small capital fund (totalling \$110,000) enabling the Island Governments to procure small capital items like printers, laptops, and grass cutters.



**Table 14-6 Small Capital Fund administered by MFEM (\$'000)**

Project/ Programme	2024/25 Budget Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Aitutaki Island Government	16	16	16	16
Atiu Island Government	12	12	12	12
Mangaia Island Government	12	12	12	12
Manihiki Island Government	10	10	10	10
Mauke Island Government	10	10	10	10
Mitiaro Island Government	8	8	8	8
Palmerston Island Government	10	10	10	10
Penrhyn Island Government	12	12	12	12
Pukapuka-Nassau Island Government	12	12	12	12
Rakahanga Island Government	8	8	8	8
<b>CIG funded Pa Enea small capital fund</b>	<b>110</b>	<b>110</b>	<b>110</b>	<b>110</b>

#### 14.2.2.9. Ministry of Health

The Ministry of Health allocates approximately \$2.4 million for essential health services in the Pa Enea, covering personnel and operational costs for health centres on each island and a hospital on Aitutaki.

Health services are supplemented by remote consultations with Rarotonga-based clinicians, visiting health specialists and urgent medical evacuations.

The Patient Referrals administered fund, totalling \$1.9 million, aids in patient referrals or urgent medical evacuation from the Pa Enea to Rarotonga and potentially from Rarotonga to New Zealand.

#### 14.2.2.10. Ministry of Internal Affairs

The Ministry of Internal Affairs manages and distributes welfare payments to individuals in the Pa Enea. The estimated cost of welfare payments in the Pa Enea for 2024/25 is \$7.8 million. The breakdown of welfare payments per island and category are shown in Table 14-7.

**Table 14-7 Social Welfare Payments in the Pa Enea (\$'000)**

	Aitutaki	Atiu	Mangaia	Manihiki	Mauke	Mitiaro	Palmerston	Penrhyn	Pukapuka/ Nassau	Rakahanga	Total
Old Age Pension 60+	938	240	385	161	240	112	23	110	292	123	2,624
Old Age Pension 70+	816	258	372	86	254	207	60	50	145	60	2,308
Child Benefit	585	108	125	72	49	47	2	80	262	23	1,353
New Born Allowance	15	4	4	1	3	2	0	3	12	2	46
Destitute Benefit	19	29	19	0	0	5	0	0	29	0	101
Infirm Benefit	192	43	72	0	34	14	5	5	29	0	394
Maternity Leave	23	7	2	0	2	2	0	2	2	2	42
Caregivers Allowance	180	40	86	29	25	28	4	11	47	7	457
Christmas Bonus	42	9	12	5	6	5	1	5	15	2	102
Funeral Allowance	16	10	14	2	7	7	2	2	10	5	75
Power Subsidy	17	9	11	4	9	8	2	2	7	1	70
Special Assistance	30	20	20	20	20	20	15	10	30	20	205
<b>Total Welfare Payments</b>	<b>2,873</b>	<b>777</b>	<b>1,122</b>	<b>380</b>	<b>649</b>	<b>457</b>	<b>114</b>	<b>280</b>	<b>880</b>	<b>245</b>	<b>7,777</b>

#### 14.2.2.11. Ministry of Justice

The Ministry of Justice offers Registry and Justice of the Peace (JP) services on each island, amounting to a total cost of \$273,420.

#### 14.2.2.12. Ministry of Marine Resources

The Ministry of Marine Resources offers technical support and guidance to small-scale fisheries and pearl farmers in the Pa Enea to ensure the sustainable management of marine resources. They allocate a total of \$614,968 to deliver these services in the Pa Enea.

#### 14.2.2.13. Office of the Prime Minister

The Office of the Prime Minister (OPM) oversees governance and service delivery on each island.

They allocated \$140,000 in 2024/25 for a Pa Enea mechanical overseer to repair and maintain heavy machinery, ensuring their efficient operation. Additionally, OPM administers \$100,000 for procuring replacement parts to upkeep heavy plant and machinery in the Pa Enea. Medium-term funding is also allocated for OPM ICT activities, including ongoing internet and fibre connectivity, licensing and software upgrades for government users across Rarotonga and the Pa Enea. Moreover, \$50,000 is allocated to support the local government elections in 2024/25.

#### 14.2.2.14. Ministry of Transport

The Ministry of Transport monitors compliance with civil aviation rules, maritime rules and liquor licences in the Pa Enea, including monitoring and maintenance of automated weather stations on islands. In 2024/25, a total of \$25,000 has allocated to maintain these services on Aitutaki and Atiu.

#### 14.2.2.15. Official Development Assistance

In 2024/25, an estimated official development assistance (ODA) of \$32.1 million is allocated for the Pa Enea. These programmes are listed in Table 14-8 by agency, with explanations provided in Chapter 15.

**Table 14-8 Estimated ODA Spending in the Pa Enea (\$'000)**

Agency	Project/ Programme	2024/25
Ministry of Finance and Economic Management	Northern Group RE Battery Replacement	12,933
Ministry of Finance and Economic Management	Cook Islands Infrastructure Trust Fund - Manihiki Airport Upgrade	12,000
Ministry of Finance and Economic Management	SAP-034 ATOM - Building a Healthy and Resilient Cook Islands Communities	4,500
Office of the Prime Minister	Renewable Energy Grant (Southern Group)	2,669
	<b>Total</b>	<b>32,102</b>

#### 14.2.3. Total expenditure in the Pa Enea

Table 14-9 displays the total estimated government expenditure in the Pa Enea for 2024/25. The investment signifies the significant importance of the Pa Enea to the Cook Islands Government, evident by its substantial allocation of resources.

**Table 14-9 Total Government Expenditure in the Pa Enea (\$'000)**

Island	Gross Appropriation	Funding support from Agencies	Welfare Payments	Capital Funding	Total public spending
Aitutaki	2,124	3,772	2,873	1,926	10,695
Atiu	1,872	914	777	12	3,575
Mangaia	1,863	1,296	1,122	12	4,293
Manihiki	1,429	653	380	10	2,472
Mauke	1,483	670	649	10	2,812
Mitiaro	986	474	457	8	1,925
Palmerston	444	130	114	10	698
Penrhyn	1,086	638	280	12	2,016
Pukapuka-Nassau	1,501	1,129	880	2,382	5,892
Rakahanga	617	298	245	128	1,288
<b>Pa Enea Total</b>	<b>13,405</b>	<b>9,974</b>	<b>7,777</b>	<b>4,510</b>	<b>35,665</b>
General Support (Admin, POBOC, Capital & ODA)	0	45,114	0	300	45,414
<b>Overall Total</b>	<b>13,405</b>	<b>55,088</b>	<b>7,777</b>	<b>4,810</b>	<b>81,079</b>

## 15. Official Development Assistance

The Official Development Assistance (ODA) chapter outlines contributions from development partners in line with the priorities of the Cook Islands Government. This chapter should be read in conjunction with the Capital Expenditure chapter, which details infrastructure projects funded directly by the Cook Islands Government.

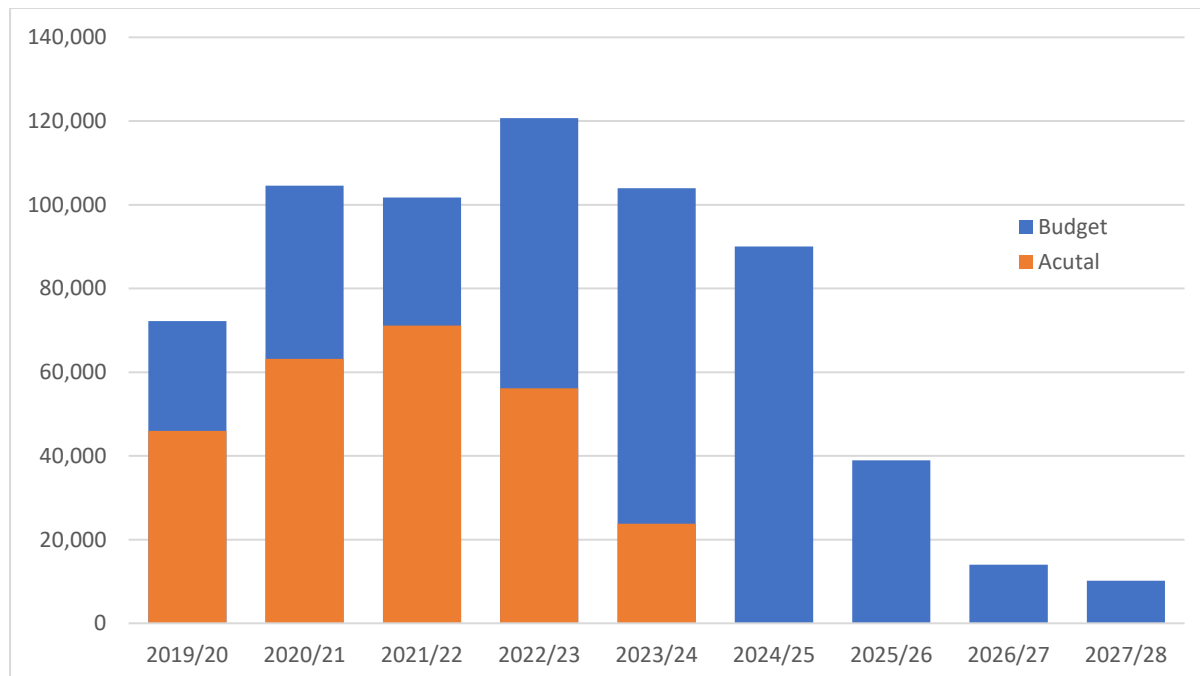
In 2023/24, total contributions from development partners was \$104.0 million compared to 2022/23, of \$120.7 million. The large increase in 2022/23 was due to support received to assist the Cook Islands in its economic recovery response to COVID-19 impacts.

The estimated expenditure for ODA in 2023/24 is \$23.7 million, a conversion rate of 23.0 per cent which is lower when compared to previous years. This reduction is mainly due to the full appropriation of Cook Islands Infrastructure Trust Fund (ITF) funding pool of \$44.4 million in the 2023/24 fiscal year, allowing for the implementation projects approved by the ITF. Additionally, a number of other high-value items within the capital ODA expenditure have been appropriated but have not progressed.

The 2024/25 ODA budget is bolstered by funding for Climate Change Adaptation and Mitigation projects, as well as Capital ODA Expenditure. A significant portion of contributions will be direct general budget support from the Government of New Zealand, along with climate-related funding through the New Zealand Climate Finance Facility and the Green Climate Fund. As such, the ODA budget estimate remains consistent with previous years. The decrease in budget estimates for the outer years is partly attributed to the completion of several funding agreements.

Figure 15-1 shows the comparison between the budget, actual spend for previous fiscal years, the estimated spend for 2023/24 and the projected budget for future years.

**Figure 15-1 Cook Islands ODA Budget and actual expenditure (\$'000)**



The ODA budget estimate for 2024/25 is \$90.0 million and is categorised as follows:

- Recurrent ODA Expenditure - \$40.7 million
- Capital ODA Expenditure - \$49.3 million

A total of \$73.3 million from the Government of New Zealand has been committed over the next four years to various programmes, including established programmes such as the Cook Islands Core Sector Support, Climate Finance Facility and the Cook Islands ITF.

Green Climate Fund projects worth \$14.0 million are programmed to continue in 2024/25, focussing on renewable energy, enhancing climate information and readiness support and project proposal development. Over the next four years, the total GCF support to the Cook Islands is estimated to be \$34.9 million.

The Cook Islands Government contributes to ODA-funded projects through tax exemptions, capital appropriation, personnel, and operating appropriation. In 2023/24, approximately \$350,000 worth of Value-Added Tax (VAT) for goods and services was exempted on imported materials for ODA projects. Significant exemptions were provided for medical equipment for the Ministry of Health and heavy machinery for To Tatou Vai, provided under the Japan Economic Social Development Programme.

## 15.1. General Budget Support

The financial support received by the Cook Islands Government as general budget support is included in the ODA schedule but does not contribute to the total since it is recorded as part of government revenues.

### 15.1.1. Cook Islands Core Sector Support

The Core Sector Support (CSS) Grant Funding Arrangement) with New Zealand was valued at \$9.1 million in 2023/24. The next iteration of New Zealand Budget Support to the Cook Islands is still being developed, and will be announced later in May 2024. As the details are yet to be confirmed, this has been reported as nil in the 2024/25 Budget.

The programme provides budget support to assist with funding the Ministry of Education, Cook Islands Tourism Corporation and the Ministry of Health to improve indicators linked to the Cook Islands National Sustainable Development Agenda 2020+.

In addition, funding is allocated for technical assistance and bolstering public sector capabilities. The CSS can also fund projects identified as a priority for the Cook Islands, enabling a flexible response to emerging needs.

## 15.2. Cook Islands ODA Budget by development partner

Table 15-1 lists the estimated contributions by development partner for medium-term, reflecting agreements that extend beyond 2024/25. These figures are subject to potential change based on new agreements for development support to the Cook Islands or reappropriation of programmes currently in implementation.

**Table 15-1 Cook Islands ODA Budget by development partner (\$'000)**

Development Partner	2024/25 Budget	2026/27 Budget	2026/27 Budget	2027/28 Budget	Total (4yr Forecast)
Asian Development Bank	2,467	0	0	0	2,467
China	2,768	0	0	0	2,768
European Union	1,996	0	0	0	1,996
Green Climate Fund	14,022	10,194	6,084	4,640	34,941
Japan	5,800	0	0	0	5,800
New Zealand	52,923	20,400	0	0	73,323
United Nations	2,565	2,472	2,387	60	7,485
Other	7,500	5,870	5,500	5,480	24,350
<b>Total</b>	<b>90,041</b>	<b>38,937</b>	<b>13,971</b>	<b>10,180</b>	<b>153,129</b>

Figure 15-2 shows New Zealand as the key development partner for the Cook Islands, contributing 58.8 per cent of the total ODA budget for 2024/25, followed by the Green Climate Fund which contributes to 15.6 per cent of the total ODA budget. 'Other' donors, including bilateral development partners, private donors, small grants, regional organisations, and UN small funding streams, account for 8.3 per cent of the total ODA budget for 2024/25.

**Figure 15-2 Cook Islands ODA Budget by Development Partner Budget, 2024/25**

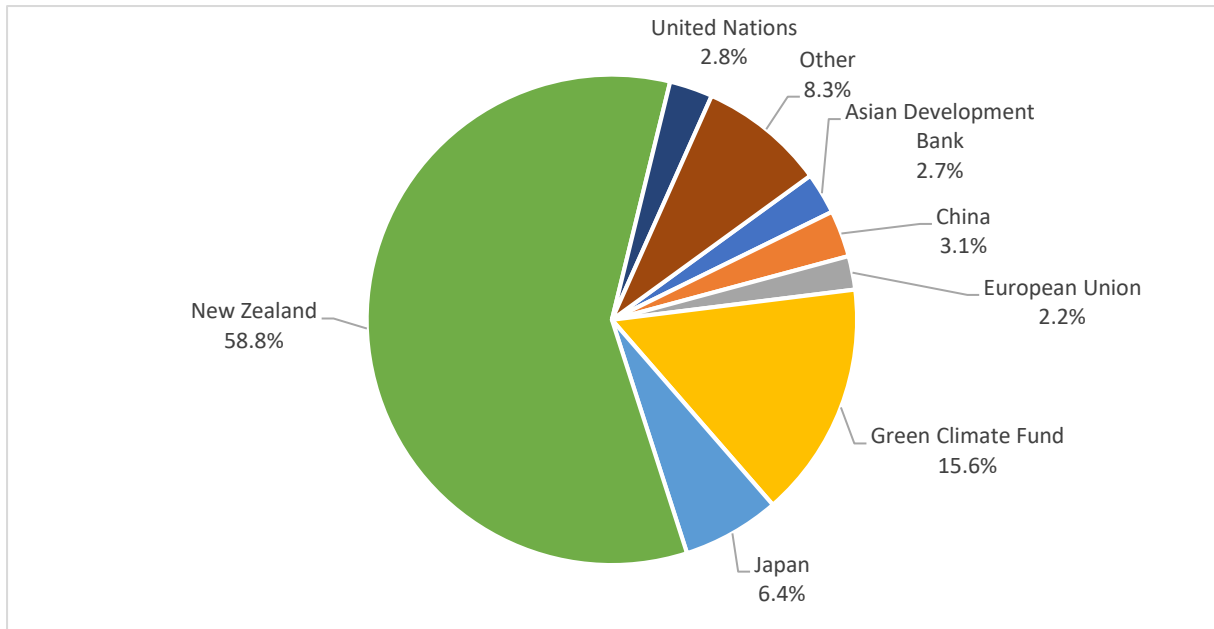
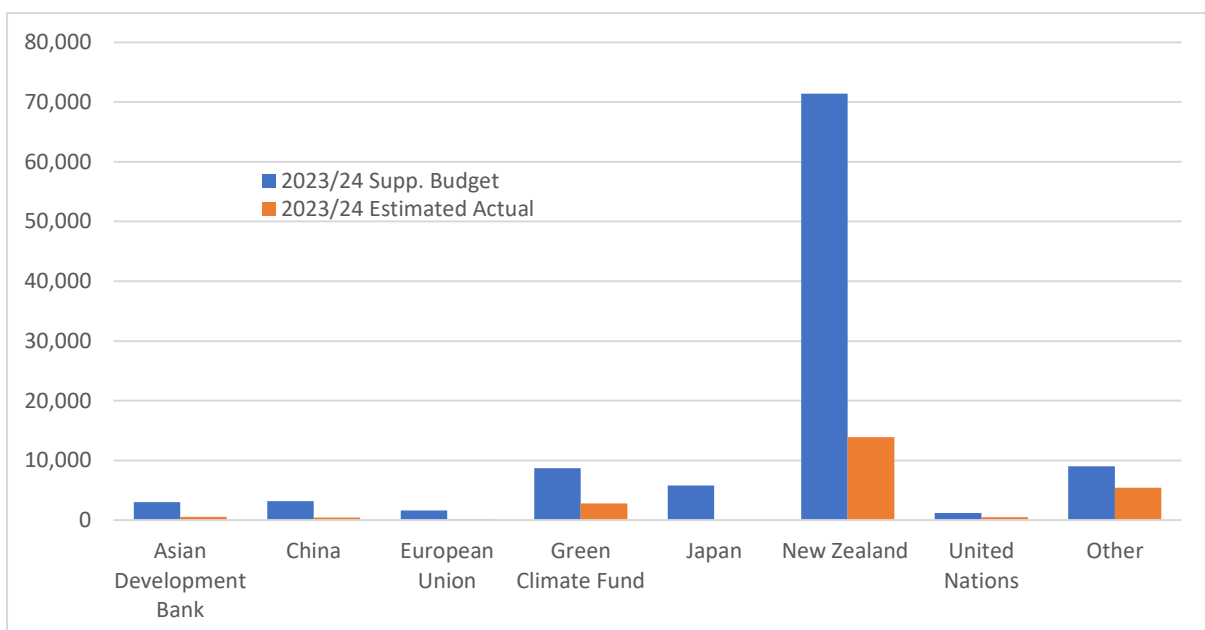


Figure 15-3 shows ODA expenditure by development partners. Although there has been an improvement in spends for the UN Programmes and the Green Climate Fund, approximately \$60 million of project funding that was allocated did not proceed with implementation due to delays and project reprioritisation. The largest single programme in this situation is the Cook Islands ITF, which was wholly appropriated in 2023/24 to ensure funds were available for projects. Most of this is being reappropriated into 2024/25, with some moving to 2025/26.

**Figure 15-3 ODA 2023/24 Budget and estimated actual, by development partner**



The table below shows the breakdown of ODA based on the scope of implementation distinguishing between national implementation and projects or programmes specific to Rarotonga or the Pa Enuā.

**Table 15-2 ODA Allocation, by Implementation scope (\$'000)**

Implementation scope	2023/24 Supp. Budget	2023/24 Est. Spend	2024/25 Budget	2025/26 Projection	2026/27 Projection	2027/28 Projection
National	70,179	20,272	52,293	38,937	13,971	10,180
Rarotonga	12,398	1,436	10,146	0	0	0
Pa Enuā	21,387	2,077	27,602	0	0	0
<b>Grand Total</b>	<b>103,964</b>	<b>23,785</b>	<b>90,041</b>	<b>38,937</b>	<b>13,971</b>	<b>10,180</b>

### 15.3. ODA Projects by Implementing Agency

ODA projects are managed by an implementing Cook Island Government agency, who oversees the work and reports the progress to the development partner. The table below shows the allocation of ODA funding over the medium-term by implementing agency.

**Table 15-3 ODA Allocation, by implementing agency**

Implementing Agency	2023/24 Supp. Budget	2023/24 Est. Spend	2024/25 Budget	2025/26 Projection	2026/27 Projection	2027/28 Projection
Airport Authority Cook Islands	298	81	0	0	0	0
Cook Islands Investment Corporation	7,600	650	7,000	0	0	0
Infrastructure Cook Islands	1,500	189	1,089	0	0	0
Ministry of Internal Affairs	326	159	580	250	250	0
Ministry of Foreign Affairs	2,089	1,448	624	0	0	0
Ministry of Finance and Economic Management	86,555	18,669	72,397	35,794	11,284	9,840
Ministry of Marine Resources	2,043	1,422	1,880	280	280	280
Ministry of Agriculture	338	160	180	0	0	0
Ministry of Cultural Development	123	12	110	0	0	0
Ministry of Health	0	25	60	60	60	60
Ministry of Transport	121	65	272	0	0	0
National Environment	887	283	2,589	2,552	2,097	0
Office of the Prime Minister	2,085	622	3,260	0	0	0
<b>Grand Total</b>	<b>103,964</b>	<b>23,785</b>	<b>90,041</b>	<b>38,937</b>	<b>13,971</b>	<b>10,180</b>

Further details on key ODA activities are provided below, including the Capital ODA Expenditure.

#### 15.3.1. Ministry of Agriculture

##### 15.3.1.1. Agricultural Machineries for Cook Islands – Project 1

	2024/25	2025/26	2026/27	2027/28
Recurrent	107,640	0	0	0

The People's Republic of China, through its Small Livelihoods Project Grant, has provided grant funds to enhance productivity on existing cultivated land in the Cook Islands. The goal is to transform abandoned farmland into cultivated land, increasing agricultural income for residents affected by the tourism industries 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.

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

	2024/25	2025/26	2026/27	2027/28
Recurrent	15,000	0	0	0

The Food and Agriculture Organisation (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. The data collected aims to provide insight and potential pathways for individuals involved in agricultural activities.

### 15.3.1.3. Improving Production of Wetland Taro

	2024/25	2025/26	2026/27	2027/28
Recurrent	57,500	0	0	0

The FAO programme, One Country One Product, focuses on improving the production of wetland taro in the Cook Islands by identifying drought-tolerant cultivars and value-added production methods and recipes. The objective is to improve export capabilities. The programme seeks to develop a short-term action plan for taro, value chain development and a long-term investment plan as its outcomes.

## 15.3.2. Ministry of Cultural Development

### 15.3.2.1. National Archive Digitisation

	2024/25	2025/26	2026/27	2027/28
Recurrent	70,000	0	0	0

In the late 1970s, Julie Gayle Speaker from the United States of America visited the Cook Islands and was impressed by the documents preserved in the National Archives. As a result, she allocated a portion of her estate to the Cook Islands National Archives for digitising document records from the 1950s to the present. Agreements for transferring funds to the Cook Islands Government, amounting to US\$155,000, have been developed by Crown Law and Julie Speaker's legal representatives for this purpose.

### 15.3.2.2. Intangible Cultural Heritage

	2024/25	2025/26	2026/27	2027/28
Recurrent	40,000	0	0	0

The project aims to research and document Intangible Cultural Heritage in performing arts in the Cook Islands. It focuses on preserving traditional knowledge from elders for future generations. Selected representatives will be trained in respectful and effective research methods in their home islands, with oversight from the Ministry of Cultural Development to ensure adherence to protocols in obtaining permissions, research, recording and data storage.

## 15.3.3. National Environment Service

### 15.3.3.1. GEF 7 National Project

	2024/25	2025/26	2026/27	2027/28
Recurrent	1,411,500	2,000,000	1,992,800	0

The project aims to address negative environmental impacts caused by key development sectors such as agriculture, infrastructure and tourism, which contribute significantly to biodiversity loss and habitat degradation in the Cook Islands. This will be achieved by integrating sustainable land and



coastal management practices across various government agencies including the National Environment Service, Infrastructure Cook Islands, Cook Islands Tourism Corporation, and the Ministry of Agriculture.

Building on the success of the GEF-5 ridge-to-reef project, the GEF-7 project strategy also focuses on improving management effectiveness of protected areas and expanding the protected area system. This includes establishing a 118 hectare community conserved Rarotonga’s cloud forest, safeguarding globally significant biodiversity.

The project is expected to generate multiple environmental benefits, including improved management of priority catchments covering 3,130 hectares, terrestrial protected areas covering 1,260 hectares, and marine protected areas covering 14,453 hectares. Approximately 9,588 people, representing 75 per cent of the country’s resident population are projected to directly benefit from the project. This includes local communities reliant on ecosystem services, individuals benefitting from biodiversity resources, and capacity-building for government agencies and stakeholders.

Additionally, through improved management practices in the agriculture, forestry and other land use (AFOLU) sector, an estimated mitigation of 288,638 tons of carbon dioxide equivalent of greenhouse gas emissions is anticipated through increased carbon sequestration and reduced emissions.

### 15.3.3.2. GEF Enabling Activity for UNCCD

	2024/25	2025/26	2026/27	2027/28
Recurrent	91,324	0	0	0

This activity aims to strengthen national institutional and technical capabilities for the 2021-22 United Nations Convention to Combat Desertification (UNCCD) reporting process in the context of the UNCCD Strategic Framework 2018-2030 and Sustainable Development Goal (SDG) 15.3. 1. The funding will facilitate the development of the National report to the UNCCD, and cover expenses related to training sessions and workshops to support consultations for report preparation.

### 15.3.3.3. Institutional Strengthening Project (ISP)

	2024/25	2025/26	2026/27	2027/28
Recurrent	57,000	0	0	0

This funding is to operate an effective and well-organised National Ozone Unit (NOU) to support the country’s compliance with the control measures and other obligations under the Montreal Protocol. Activities include enhancing the NOU’s capacity, strengthening communications with various stakeholders including educational institutions, government agencies, importers, sellers, distributors, technicians, enforcement officers involved in Hydrochlorofluorocarbons (HCFCs) and Refrigeration and Air Conditioning (RAC) equipment. It will also support Article 7 reporting to the Ozone and Multilateral Fund Secretariats.

### 15.3.3.4. Nagoya Protocol on Access to Genetic Resources and Benefit Sharing

	2024/25	2025/26	2026/27	2027/28
Recurrent	30,000	0	0	0

The primary objective of this project is to develop and implement a National Access and Benefit Sharing (ABS) Legal Framework. This involves enhancing national capabilities and facilitating an ABS agreement that incorporates traditional knowledge and fosters Public-Private Partnerships.

### 15.3.3.5. Global Biodiversity Framework Early Action Support Project

	2024/25	2025/26	2026/27	2027/28
Recurrent	352,172	162,470	81,171	0

The Convention on Biological Diversity (CBD) adopted the Kunming-Montreal Global Biodiversity Framework (GBF) in December 2022. It consists of four overarching goals and 23 targets aimed at halting biodiversity loss by 2030 and facilitating nature recovery by 2050, replacing the Aichi Targets 2010-2020.

To fast-track readiness for implementing the GBF, countries are urged to update their National Biodiversity Strategy and Action Plans (NBSAPs) in line with the new framework. The Global Environment Facility (GEF) under the United Nations Environment Programme (UNEP), is assisting countries through the GBF-Early Action Support project, which includes three components; 1) Rapid NBSAP review for GBF alignment; 2) Assessment of monitoring systems; and 3) Policy and institutional alignment for coherence with the GBF.

The Cook Islands' current NBSAP is outdated and no longer fit-for-purpose. The project seeks to update and align the NBSAP to current national policies and plans, by ensuring that stakeholder consultations facilitate a whole-of-government and whole-of-society approach. In addition, monitoring plans will be integrated to ensure the NBSAP's effective implementation following the project's completion.

### 15.3.3.6. Circular Solutions to Plastic Pollution Integrated Program

	2024/25	2025/26	2026/27	2027/28
Recurrent	102,947	0	0	0

The Circular Solutions to Plastic Pollution Integrated Program (IP) seeks to drive a systematic shift towards a circular economy of plastics, engaging key stakeholders across the plastic life-cycle, to combat plastic pollution. Focused on the food and beverage sector, particularly single-use plastic products and packaging, the programme prioritises upstream and midstream actions to reduce plastic packaging and promote reuse systems, aligning with the waste hierarchy. The National Environment Service will work towards developing the Child Project PPG, to support the design of the existing concept note into a comprehensive project plan ready for execution by June 2024.

The proposed concept note aims to implement measures to reduce plastic packaging and promote reuse systems in the Cook Islands, building upon existing policy initiatives, industrial innovations and successes.

### 15.3.3.7. Pacific Ocean Litter Project

	2024/25	2025/26	2026/27	2027/28
Recurrent	410,000	390,000	20,000	0

The Pacific Ocean Litter Project (POLP) is a regional initiative funded by the Australian Government through SPREP. It aims to reduce the amount of single-use plastics entering the Pacific coastal environments as marine litter, thereby migrating the environment and human health impacts associated with plastics. This will involve various activities conducted throughout the project timeframe in both Rarotonga and the Pa Enea.

## 15.3.4. Ministry of Finance and Economic Management

### 15.3.4.1. Cook Islands-New Zealand Infrastructure Trust Fund

	2024/25	2025/26	2026/27	2027/28
Capital	34,000,000	10,400,000	0	0

The New Zealand Government through the Ministry of Foreign Affairs and Trade (MFAT) provided an initial contribution of \$12 million in December 2019 to establish the Cook Islands Infrastructure Trust Fund (ITF). In March 2022, the New Zealand Government confirmed an additional grant of \$40 million to the ITF, aimed at stimulating the Cook Islands' economy and enhancing its resilience through capital works.

The ITF serves several purposes, including investing in physical infrastructure to deliver essential services, facilitating the implementation of the National Infrastructure Investment Plan (NIIP) or Medium-term Fiscal strategy (MTFS), and supporting capability development in the Cook Islands' Infrastructure sector.

The management and allocation of funds within the ITF are overseen by the Ministry of Finance and Economic Management (MFEM) on behalf of the Cook Islands Government. Allocation decisions for infrastructure projects are mutually agreed between both the New Zealand and Cook Islands governments through the ITF Steering Committee. The committee comprises of senior officials from MFAT and MFEM, along with appointed members from both government agencies.

Currently, the ITF-funded Te Tau Papa O Avarua (Avarua Town Plan) Project is in progress, and the committee is working with Infrastructure Cook Islands on the proposal for the Manihiki Airport Improvement Project.

### 15.3.4.2. New Zealand Climate Flexible Financing – Kerekere Moana

	2024/25	2025/26	2026/27	2027/28
Capital	14,000,000	10,000,000	0	0

The New Zealand Government, represented by the MFAT, has pledged up to \$24.0 million to the Cook Islands Government for climate principal projects. Climate principal means that the primary objective of a project must explicitly focus on climate change mitigation, adaptation or capacity building, serving as a fundamental aspect in its design or motivation. The funding will be administered through the ITF according to the principles outlined in the Kerekere Moana Partnership Arrangement.

The Cook Islands has received the first tranche of \$14.0 million. High-level commitments have been made for improvements to renewable energy in the Northern Group, leading to the submission of the Activity Planning Document (APD) for the "Northern Group Battery Replacement" to the ITF Committee for consideration. All activities funded under this programme must be completed by 31 December 2025.

### 15.3.4.3. Budget Support to the Sanitation Sector – European Union

	2024/25	2025/26	2026/27	2027/28
Capital	678,914	0	0	0

The funding aims to assist the Cook Islands in enhancing its Sanitation Sector, focusing on upgrading commercial facility sewage systems on Aitutaki and Rarotonga to comply with the Public Health (Sewage and Wastewater Treatment and Disposal) Regulations 2014. In 2020/21, \$2.0 million was received for planning and design works under the European Union's (EU) eleventh European Development Fund (EDF) funding cycle.

#### 15.3.4.4. Japan Fund for Poverty Reduction – Supporting Safe Recovery of Travel and Tourism in the Cook Islands

	2024/25	2025/26	2026/27	2027/28
Capital	2,466,656	0	0	0

The project aims to strengthen the Cook Islands’ ability to facilitate safe travel and tourism recovery. Key activities involve minor infrastructure works to reconfigure and extend the terminal at the Rarotonga International Airport, refurbishing the Tupapa Outpatients Health Facility to be a primary healthcare centre, and installing a medical waste treatment system.

#### 15.3.4.5. Aid Effectiveness

	2024/25	2025/26	2026/27	2027/28
Recurrent	200,000	200,000	200,000	200,000

The Aid Effectiveness budget utilises interest earned on trust accounts from development partners to implement ODA policy. It funds various projects such as annual meeting of development partners, surge capacity for Crown financial statement standardisation, training on project financial management software, and support for climate finance project development.

#### 15.3.4.6. Cook Islands Domestic ICT Connectivity Improvements

	2024/25	2025/26	2026/27	2027/28
Recurrent	2,966,652	0	0	0

The activity aims to improve telecommunications in remote Cook Islands communities like the Pa Enea, aligning with the government’s “one Government Service” initiative. It focuses on upgrading broadband connectivity, bandwidth and mobile network services, particularly through 3G/4G infrastructure. By bridging the digital gap, it ensures equitable access to telecommunications between population centres and remote communities in the Pa Enea.

#### 15.3.4.7. Procurement of a cargo and passenger vessel

	2024/25	2025/26	2026/27	2027/28
Capital	5,800,000	0	0	0

The Government of Japan, through its Economic and Social Development Programme, granted ¥520,000,000 to the Cook Islands a to procure a cargo and passenger vessel. The aim is to enhance shipping services to the Pa Enea, ensuring safety and compliance while supporting the domestic shipping sector in the long-term.

#### 15.3.4.8. Domestic Shipping – mixed Cargo/ Passenger Ship

	2024/25	2025/26	2026/27	2027/28
Capital	2,600,000	0	0	0

The People’s Republic of China has agreed to grant the Cook Islands US\$1,500,000 to procure a second-hand shipping vessel. The Cook Islands will oversee the project’s implementation, including vessel acquisition, ensuring quality, safety, transportation, and subsequent operation and maintenance. The fund will be jointly managed by the Chinese Embassy in New Zealand and the Cook Islands’ MFEM.

#### 15.3.5. Green Climate Fund Projects

The Cook Islands achieved direct access to climate-related finance, with each project eligible for up to approximately US\$50 million through its accreditation with the Green Climate Fund (GCF).

Recently approved in March 2024, the first project, “Akamatutu’anga To Tatou Ora’anga Meitaki (ATOM): Building a healthy and resilient Cook Islands community – one block at a time” worth US\$13.4 million, focuses on improving health outcomes and resilience, with US\$12.5 million funded by GCF. The government, with GCF support, developed it through the Simplified Approval Process (SAP).

The Cook Islands is currently developing its second proposal “Direct financing for communities and businesses to respond to climate change in the Cook Islands”. The concept note was first submitted to GCF in October 2020.

The MFEM’s readiness programmes support proposals development, institutional strengthening, and capacity building across government and the private sector.

### 15.3.5.1. Readiness Support for Enhancing National Adaption Programmes

	2024/25	2025/26	2026/27	2027/28
Recurrent	1,500,000	483,000	0	0

The Cook Islands’ adaptation response to climate change relies on the best available science and information, yet evolving climate change conditions create knowledge gaps. These gaps include island-specific vulnerability data, ocean-driven changes’ impacts on atoll islands, and traditional adaptation practices. Moreover, there is a lack of data on privately-owned asset vulnerability and climate change impacts on businesses.

This Enhancing the National Adaptation Programme (ENAP) proposal aims to address these gaps by strengthening adaptation planning and legal frameworks. It will assess slow-onset events like sea-level rise and ocean acidification, evaluate private infrastructure vulnerability, analyse sector-level business impacts, and explore traditional and ecosystem-based adaptation approaches.

### 15.3.5.2. Enhancing Climate Information and Knowledge Services for Resilience in five Island Countries of the Pacific Ocean

	2024/25	2025/26	2026/27	2027/28
Recurrent	3,171,358	1,042,077	843,310	841,607

The project, approved at the GCF’s 27th Board meeting aims to enhance climate-resilient sustainable development for 100,000 beneficiaries across the Cook Islands, Niue, Palau, the Republic of the Marshall Islands (RMI) and Tuvalu. It targets three outcomes:

- increased use of climate information in decision making;
- strengthened adaptive capacity and reduced exposure to climate risks; and
- strengthened awareness of climate threats and risk-reduction processes.

These countries face high vulnerability due to their geography, population exposure and limited resilience to climate hazards, exacerbated by economic reliance on climate-sensitive sectors like subsistence farming, fisheries and tourism.

The project will prioritise strengthening climate and ocean data collection and information flow in the Cook Islands. The United Nations Environment Programme is the accredited entity and MFEM is the national executing entity for the activities within the Cook Islands.

### 15.3.5.3. Readiness Support for Implementation of the IRMF for the Ministry of Finance and Economic Management (Readiness 8)

	2024/25	2025/26	2026/27	2027/28
Recurrent	245,950	32,000	0	0

The Readiness project aims to enhance MFEM’s ability to develop GCF funding proposals in line with the new GCF Integrated Results Management Framework (IRMF). This project will enhance MFEM’s effectiveness in managing GCF projects and programmes based on results. As part of the 2020-2024 MFEM Entity Work Programme, MFEM is advancing three project proposals. This Readiness Support will specifically advance two funding proposals to align them with IRMF, given their development stages.

### 15.3.5.4. Multi-Year Readiness and Preparatory Support Programme for GCF

	2024/25	2025/26	2026/27	2027/28
Recurrent	1,445,978	1,624,695	1,405,361	361,878

This multi-year Readiness proposal aims to build upon previous support by conducting activities in capacity-building, climate finance, low-emission development, pipeline development, enhanced stakeholder engagement and establishing international networks for sharing lessons learned. It will also provide support for the continued development of the Accredited Entity.

The programme’s ten outcomes aim to strengthen the Cook Islands’ ability to achieve long-term low-emission and climate-resilient development. Identified barriers to implementation will be addressed, and the programme’s design is coordinated with current Cook Islands climate change activities proposed to the GCF and other climate change funding agencies.

### 15.3.5.5. ATOM – Building a Healthy and Resilient Cook Islands Communities

	2024/25	2025/26	2026/27	2027/28
Recurrent	4,500,000	7,012,401	3,835,393	3,436,898

The “Akamatutu’anga To Tatou Ora’anga Meitaki (ATOM): Building a healthy and resilient Cook Islands community – one block at a time” project aims to enhance the national health system and climate resilience of health services across the Cook Islands. It will benefit approximately 30 communities and 22 health facilities or emergency centres on Rarotonga and 11 Pa Enuā.

The project’s objective is to strengthen the capacity of Cook Islands’ health infrastructure to withstand and respond effectively to climate change challenges, such as increased temperatures disease spread.

By implementing strategic measures following international best practice, the project aims to ensure that the wellbeing of the population by addressing both slow-onset impacts like mental health effects and extreme weather events such as tropical cyclones. It will involve infrastructure improvement, capacity building, and the development of disease prevention, detection, and response strategies.

The Ministry of Health and Cook Islands Investment Corporation are the executing entities, with MFEM as the implementing entity.

### 15.3.5.6. EDA Project Preparation Facility

	2024/25	2025/26	2026/27	2027/28
Recurrent	490,000	0	0	0

This activity aims to develop a full funding proposal for the approved Concept Note titled “Direct Financing for Communities and Businesses to Respond to Climate Change in the Cook Islands” under the Enhance Direct Access (EDA) Proposal. It will update and strengthen the existing prefeasibility

study, focusing on enhancing the climate rationale with recent data, assessing barriers and project activities, and evaluating technical and financial options.

Additionally, it will address comments from the Project Review Technical Panel and detail the methodology for estimating project beneficiaries in alignment with GCF policies. The activity will ensure thorough incorporation of panel reviews into the updated prefeasibility study and related documents for the Full Funding Proposal Document.

### 15.3.6. Ministry of Foreign Affairs and Immigration

#### 15.3.6.1. Pacific Island Leaders Meeting Support

	2024/25	2025/26	2026/27	2027/28
Recurrent	583,620	0	0	0

The 52nd Pacific Islands Forum Leaders Meeting hosted in the Cook Islands in November 2023, received funding support totalling \$1.7 million from China, Australia, Saudi Arabia, Switzerland and the Pacific Islands Secretariat.

The remaining funds from the Leaders Meeting will be used to support the Cook Islands' Chairing Responsibilities until end of their current term.

#### 15.3.6.2. Pacer Plus MFAI National Coordinator of the Cook Islands

	2024/25	2025/26	2026/27	2027/28
Recurrent	40,000	0	0	0

The Pacific Agreement on Closer Economic Relations (PACER) Plus is a significant trade and development agreement aimed at improving living standards, job creation, and exports from Pacific Island countries. It also aims to reduce barriers and provide more certainty for businesses in the region. As part of this agreement, support for a National Coordinator was secured through a Letter of Agreement between the PACER Plus Implementation Unit and Ministry of Foreign Affairs and Immigration.

### 15.3.7. Infrastructure Cook Islands

#### 15.3.7.1. Improving Geospatial Data – LiDAR

	2024/25	2025/26	2026/27	2027/28
Recurrent	1,089,113	0	0	0

This project aims to fill current data gaps by gathering high-resolution topographic data and related imagery. This data will support various applications including coastal inundation and flooding hazard assessments, environmental monitoring, infrastructure and development planning, policy development and implementation, and responses to climate change impacts across the Cook Islands.

### 15.3.8. Ministry of Internal Affairs

#### 15.3.8.1. UNICEF INTAFF Support Cook Islands Development of Disability Action

	2024/25	2025/26	2026/27	2027/28
Recurrent	50,000	0	0	0

This project aims to facilitate the development of a Disability Action Plan with SMART goals and inclusive frameworks to support the implementation of the Cook Islands Disability Inclusive Development Policy (CINDID). It will ensure access to information and services for persons with

disabilities (PWDs), and mobilise disability stakeholders. It will also support the Office of the Ombudsman (OO) as the National Human Rights Institution and the Cook Islands National Disability Coordination Committee in enhancing the effective, independent monitoring of human rights and accessibility of facilities and programmes for PWDs. The project will strengthen coordination mechanisms among relevant stakeholders in both Rarotonga and the Pa Enua to achieve the goals of CINDID and ensure the participation of organisations of persons with disabilities in the development and implementation of the Action Plan and awareness campaign.

### 15.3.8.2. CI National Policy for Children

	2024/25	2025/26	2026/27	2027/28
Recurrent	63,340	0	0	0

This UNICEF-funded project aims to conduct research on children aged of 0 to 15 in the Cook Islands. It will evaluate the progress of the National Children’s policy implementation, provide recommendations and set timetables for addressing deficiencies. The project involves increasing awareness of social policy topics, drafting and consulting on the policy, engaging with government agencies, NGOs and CSO, and children in the Cook Islands, and developing a policy and action plan.

### 15.3.8.3. UNICEF INTAFF MIS Piloting & Implementation Phase

	2024/25	2025/26	2026/27	2027/28
Recurrent	75,000	0	0	0

The Cook Islands Government, in partnership with UNICEF and the Better Worlds System, has established a social welfare Management Information System (MIS). To ensure its stability and efficiency, a qualified Software Engineer/IT Technician has been recruited. The MIS system requires enhancements to better meet user needs, within the Ministry of Internal Affairs, aiming to improve its usefulness and effectiveness.

### 15.3.8.4. UNFPA – Kopu Tangata Matutu Cook Islands Family Wellbeing 2024-2027

	2024/25	2025/26	2026/27	2027/28
Recurrent	250,000	250,000	250,000	0

The concept of wellbeing encompasses accessible and quality education and health services, along with meeting basic needs like food, housing, and clothing, and having a secure livelihood and comfort. It holds central importance within the Cook Islands National Sustainable Development Agenda (NSDA) 2020+. Wellbeing, crucial for the nation, islands, communities and families acknowledges diverse needs among different groups including older persons, person with disabilities, women, youth and children.

## 15.3.9. Ministry of Marine Resources

### 15.3.9.1. Sustainable Fisheries Partnership Agreement – Sectoral Support 2022-2024

	2024/25	2025/26	2026/27	2027/28
Recurrent	1,180,000	0	0	0

The protocol under the Sustainable Fisheries Partnership Agreement (SFPA) was finalised in November 2021. This agreement, entails an annual fisheries sector contribution of €350,000 from the European Commission over a three-year protocol. The sectoral support component supplements the Ministry of Marine Resources (MMR) budget to implement the Multiannual Sectoral Programme.



### 15.3.9.2. Cook Islands Coastal Fisheries and Aquaculture Technical Assistance

	2024/25	2025/26	2026/27	2027/28
Recurrent	400,000	0	0	0

This project aims to build technical and policy capacity within the MMR through in-country medium term support. It involves deploying technical and policy advisers to support coastal fisheries management and aquaculture programmes. The focus is on advancing initiatives such as community-based fisheries management, livelihoods, food security through targeted workplans, mentoring and skills transfer.

### 15.3.9.3. Otolith Laboratory

	2024/25	2025/26	2026/27	2027/28
Recurrent	20,000	0	0	0

This project aims to establish a containerised otolith laboratory for the MMR in Rarotonga to undertake ageing and growth analyses, to provide insights into stock status and inform marine resource management strategies.

### 15.3.9.4. Fisheries Project Development Fund – US Fisheries Treaty

	2024/25	2025/26	2026/27	2027/28
Recurrent	280,000	280,000	280,000	280,000

The US Multilateral Treaty for Fisheries allocates US\$150,000 annually for Pacific Island party development projects fisheries support. These funds are held in trust by the Treaty secretariat at the Forum Fisheries Agency in Honiara and administered by MMR.

## 15.3.10. Office of the Prime Minister

### 15.3.10.1. Renewable Energy Grant (Southern Group) – Green Climate Fund (via Asian Development Bank)

	2024/25	2025/26	2026/27	2027/28
Capital	2,668,620	0	0	0

In December 2016, the GCF board approved a grant of US\$12.0 million as a second additional co-financing to the project administered by the ADB. With an additional government contribution of \$1.8 million, the overall project investment has increased to \$43.7 million.

The GCF Grant will be used for procuring equipment and materials, civil works, related transportation insurance and installation costs for three additional units of Battery Energy Storage Systems on Rarotonga, including project management and operations and maintenance for the renewable energy projects.

### 15.3.10.2. First Biennial Transparency and Fourth National Communication Report (BTR1/NC4)

	2024/25	2025/26	2026/27	2027/28
Recurrent	200,000	0	0	0

This enabling activity aims to assist the Cook Islands in fulfilling its reporting requirements under the UNFCCC and the Paris Agreement. It involves preparing a combined First Biennial Transparency and Fourth National Communication Report following the guidance provided by Conference of Parties. Additionally, it will assist in building national capacities to meet the Cook Islands' commitments under the Convention on a continuous basis. Furthermore, the activity aims to raise awareness of climate

change issues and integrate climate change considerations into national policies, strategies and programmes.

### 15.3.10.3. Cook Islands Climate Change: Improving Access to Finance

	2024/25	2025/26	2026/27	2027/28
Recurrent	391,835	0	0	0

This activity, funded by the New Zealand Government, aims to enhance Climate Change Cook Islands' (CCCI) capacity to access and utilise climate finance resources effectively. It will support the strengthening of CCCI Office's capacity and capability through training programmes and capacity building initiatives. It will also assist CCCI in finalising guidelines and leading consultations on the draft Cook Islands Climate Change Response Bill.

### 15.3.11. Ministry of Transport

#### 15.3.11.1. Pacific Maritime Safety Programme

	2024/25	2025/26	2026/27	2027/28
Recurrent	271,514	0	0	0

This activity aims to enhance maritime transport services in the Pacific by ensuring they are safe, reliable, environmentally-friendly and affordable. It will achieve this through several outputs:

- Delivering maritime safety education in communities.
- Strengthening regulatory framework.
- Providing education and training in the marine sector.
- Improving vessel and navigation safety.
- Enhancing search and rescue capabilities and oil spill preparedness

## 16. Schedules

### 16.1. Statement of Fiscal Responsibility (Operating)

Table 16-1 Statement of Fiscal Responsibility (Operating), 30 June (\$'000)

	2022/23 Actual	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>Operating Revenue</b>						
Taxation Revenue	110,700	165,104	180,879	189,793	196,638	204,660
Other Crown Revenue	38,771	22,425	19,624	19,235	19,288	19,282
<i>Trading Revenue</i>	5,921	6,592	5,082	5,232	5,232	5,232
<i>Interest on Loans to Subsidiaries</i>	1,719	1,467	1,304	1,179	1,065	948
<i>Dividends</i>	0	2,400	1,600	1,700	2,750	3,550
<i>Interest on Balances</i>	1,456	576	573	573	573	573
<i>Interest on balances - Loan Reserve Fund</i>	220	108	72	73	75	76
<i>Core Sector Support</i>	7,825	9,100	0	0	0	0
<b>Total Operating Revenue</b>	<b>166,612</b>	<b>207,772</b>	<b>209,133</b>	<b>217,785</b>	<b>225,621</b>	<b>234,321</b>
<b>Operating Expenditure</b>						
<b>Ministry Outputs</b>	<b>120,387</b>	<b>144,556</b>	<b>154,213</b>	<b>156,238</b>	<b>159,705</b>	<b>160,013</b>
<i>Personnel</i>	63,375	66,624	73,092	74,447	76,489	77,048
<i>Operating</i>	21,354	19,176	18,734	19,796	20,707	21,127
<i>Administered Payments</i>	28,369	51,780	53,905	53,514	54,104	53,433
<i>Depreciation</i>	7,289	6,975	8,482	8,482	8,404	8,404
POBOC	32,510	33,437	32,989	32,473	32,104	32,638
<b>Total Other Operating</b>	<b>17,567</b>	<b>17,420</b>	<b>18,857</b>	<b>17,849</b>	<b>16,834</b>	<b>15,886</b>
Debt Interest Contribution to LRF	8,483	8,960	11,930	10,922	9,907	8,959
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
<b>Depreciation Contingency Fund</b>	<b>2,174</b>	<b>2,174</b>	<b>2,174</b>	<b>2,174</b>	<b>2,174</b>	<b>2,174</b>
<i>Rarotonga Water Network</i>	803	803	803	803	803	803
<i>Northern Pa Enua Renewable Energy System</i>	400	400	400	400	400	400
<i>Southern Pa Enua Renewable Energy System (excl. Aitutaki)</i>	971	971	971	971	971	971
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	1,533	0	0	0	0
<b>Total Operating Expenses</b>	<b>170,464</b>	<b>195,413</b>	<b>206,059</b>	<b>206,560</b>	<b>208,642</b>	<b>208,538</b>
<b>Operating Surplus/(Shortfall)</b>	<b>(3,852)</b>	<b>12,359</b>	<b>3,074</b>	<b>11,225</b>	<b>16,978</b>	<b>25,784</b>

## 16.2. Statement of Fiscal Responsibility (Non-Operating)

Table 16-2 Statement of Fiscal Responsibility (Non-Operating), 30 June (\$'000)

	2022/23 Actual	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>Reductions in Net Borrowings</b>	<b>7,438</b>	<b>12,616</b>	<b>14,368</b>	<b>16,748</b>	<b>18,904</b>	<b>21,383</b>
Loan Receipts/Drawdown	0	0	0	0	0	0
Principal repayment	8,125	13,331	15,072	17,447	19,605	22,004
Subsidiary Loan Repayments - Principal	(687)	(715)	(704)	(700)	(702)	(620)
<b>Capital Expenditures</b>	<b>22,415</b>	<b>20,964</b>	<b>19,074</b>	<b>14,664</b>	<b>18,813</b>	<b>19,687</b>
Ministries and Outer Islands (Including CIIC Capital)	22,415	20,964	19,074	14,664	18,813	19,687
<i>Infrastructure Capital Investment in SOEs</i>	0	0	0	0	0	0
<i>Airport Authority</i>	0	0	0	0	0	0
<i>Te Aponga Uira</i>	0	0	0	0	0	0
Contingency Funds - Capital Expenditure	0	0	0	0	0	0
<b>Foreign Aid - Capital</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Receipts	9,003	3,834	49,303	10,400	0	0
Expenditure	(9,003)	(3,834)	(49,303)	(10,400)	0	0
<b>Other Committed Considerations</b>	<b>3,544</b>	<b>3,594</b>	<b>3,594</b>	<b>3,594</b>	<b>3,594</b>	<b>3,594</b>
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
<b>Total Non-Operating balance</b>	<b>(33,397)</b>	<b>(37,174)</b>	<b>(37,036)</b>	<b>(35,006)</b>	<b>(41,311)</b>	<b>(44,665)</b>
<b>To be Funded by</b>						
Operating Surplus	(3,853)	12,359	3,074	11,225	16,978	25,784
Depreciation	14,066	13,752	15,259	15,259	15,181	15,181
<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	(11,071)	(6,421)	(18,219)	(18,907)	(25,792)
<i>Pa Enuu 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	25,074	26,691	28,009	29,441
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
<b>Total Funding Items</b>	<b>33,397</b>	<b>37,174</b>	<b>37,036</b>	<b>35,006</b>	<b>41,311</b>	<b>44,665</b>
<b>Net Surplus/Shortfall</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 16.3. Fiscal Indicators Table

Table 16-3 Fiscal Indicators Table, 30 June (\$m)

	2022/23 Actual	2023/24 Est. Actual	2024/25 Budget Estimate	2025/26 Proj.	2026/27 Proj.	2027/28 Proj.
<b>Statement of Financial Performance</b>						
Taxation Revenue (\$m)	110.7	165.1	180.9	189.8	196.6	204.7
Social Contributions (\$m)	0.0	0.0	0.0	0.0	0.0	0.0
Other Revenue (\$m)	55.9	42.7	28.3	28.0	29.0	29.7
<b>Total Operating Revenue (\$m)</b>	<b>166.6</b>	<b>207.8</b>	<b>209.1</b>	<b>217.8</b>	<b>225.6</b>	<b>234.3</b>
Total Operating Revenue Percentage of GDP	32.4	33.8	32.5	32.8	32.8	32.7
Tax Revenue Percentage of GDP	21.6	26.8	28.1	28.6	28.6	28.6
Total Cyclical Revenue (\$m)	10.8	17.4	14.8	14.4	14.4	14.4
Total Cyclical Revenue Percentage of GDP	2.1	2.8	2.3	2.2	2.1	2.0
Total Structural Revenue (\$m)	155.8	190.4	194.3	203.4	211.2	219.9
Total Structural Revenue Percentage of GDP	30.3	31.0	30.2	30.6	30.7	30.7
<b>Personnel (\$m)</b>	<b>70.5</b>	<b>73.4</b>	<b>80.2</b>	<b>81.7</b>	<b>83.5</b>	<b>84.0</b>
Percentage of Total Revenue	42.3	35.3	38.4	37.5	37.0	35.9
Percentage of Structural Revenue	45.3	38.5	41.3	40.1	39.5	38.2
<b>Total Operating Expenditure (\$m)</b>	<b>170.5</b>	<b>195.4</b>	<b>206.1</b>	<b>206.6</b>	<b>208.6</b>	<b>208.5</b>
Percentage of GDP	33.2	31.8	32.0	31.1	30.3	29.1
Percentage of Operating Revenue	102.3	94.1	98.5	94.8	92.5	89.0
Baseline Operating Expenditure (for Fiscal Rule)	149.1	158.2	168.9	173.4	176.3	177.0
Cash Operating Expenditure*	156.1	181.7	190.8	191.6	193.9	193.2
<b>Operating Balance (\$m)</b>	<b>(3.9)</b>	<b>12.4</b>	<b>3.1</b>	<b>11.2</b>	<b>17.0</b>	<b>25.8</b>
Percentage of GDP	(0.8)	2.0	0.5	1.7	2.5	3.6
Capital Expenditure	22.4	21.0	19.1	14.7	18.8	19.7
Depreciation	14.1	13.8	15.3	15.3	15.2	15.2
Non-Operating Balance (\$m)	(33.4)	(37.2)	(37.0)	(35.0)	(41.3)	(44.7)
<b>Fiscal Balance surplus/deficit (\$m) *</b>	<b>(12.2)</b>	<b>5.1</b>	<b>(0.7)</b>	<b>11.8</b>	<b>13.3</b>	<b>21.3</b>
Percentage of GDP	(2.4)	0.8	(0.1)	1.8	1.9	3.0
<b>Statement of Financial Position (\$m)</b>						
Assets (\$m)	598.8	604.1	639.7	642.7	639.3	642.4
Liabilities (\$m)	413.5	399.2	382.2	363.6	343.7	321.5
Crown Balance (\$m)	185.3	205.0	257.5	279.1	295.6	320.9
Percentage of GDP	36.1	33.3	40.0	42.0	43.0	44.8
Working Capital (\$m)	67.1	57.5	42.2	37.0	31.0	30.7
Working Capital (months coverage)	5.2	3.8	2.7	2.3	1.9	1.9
Stabilisation Account	3.5	3.5	3.5	3.5	3.5	3.5
General Cash Reserves	70.7	61.1	45.8	40.5	34.6	34.3
<b>Statement of Borrowings (\$m)</b>						
Gross Debt end of FY (\$m)	231.0	214.4	197.5	178.9	159.0	136.7
Gross Debt, Percentage of GDP	45.0	34.9	30.7	26.9	23.1	19.1
Net Crown Debt, end of FY (\$m)	226.0	210.5	193.4	174.5	154.3	132.0
Net Debt, Percentage of GDP	44.0	34.2	30.0	26.3	22.4	18.4
Loan Repayment Reserves Held (\$m)	5.0	3.9	4.1	4.3	4.7	4.8
Net Debt Servicing (\$m)	18.2	24.0	25.1	26.7	28.0	29.4
Percentage of Total Revenue	10.9	11.5	12.0	12.3	12.4	12.6
Percentage of Structural Revenue	11.7	12.6	12.9	13.1	13.3	13.4
<b>Development Partner Support (\$m)</b>						
Grants (\$m)	23.9	14.7	90.0	38.9	14.0	10.2
Percentage of GDP	4.7	2.4	14.0	5.9	2.0	1.4
Memo item: Nominal GDP (\$m)	<b>513.6</b>	<b>615.1</b>	<b>643.9</b>	<b>664.0</b>	<b>688.2</b>	<b>716.6</b>

## 16.4. Schedule 1 – Agency Budget Appropriations

Agency	Personnel	Operating	Administered Payments	Depreciation	Gross Current Appropriation	Trading Revenue	Net Current Appropriation
Agriculture	1,095,572	314,509	0	75,000	1,485,081	190,535	1,294,546
Audit (PERCA)	996,953	112,451	0	23,250	1,132,654	156,300	976,354
Business Trade and Investment Board	390,000	242,267	0	12,789	645,056	27,400	617,656
Cook Islands Investment Corporation	1,286,000	1,024,000	2,120,000	51,000	4,481,000	753,831	3,727,169
Corrective Services	1,545,607	229,131	0	29,549	1,804,287	100,000	1,704,287
Crown Law	867,500	187,501	180,000	15,789	1,250,790	0	1,250,790
Cultural Development	867,171	128,000	615,000	89,500	1,699,671	170,000	1,529,671
Education	12,834,677	2,425,820	4,866,602	615,000	20,742,099	0	20,742,099
Environment	1,081,782	301,001	760,000	42,789	2,185,572	35,000	2,150,572
Finance and Economic Management	6,232,086	779,242	23,168,949	574,000	30,754,277	478,920	30,275,357
Financial Services Development Authority	242,800	267,900	0	15,789	526,489	0	526,489
Foreign Affairs	3,075,452	1,019,103	15,000	45,000	4,154,555	503,421	3,651,134
Head of State	180,274	22,299	36,000	14,000	252,573	0	252,573
Health	13,133,557	3,598,951	3,536,870	1,781,000	22,050,378	350,000	21,700,378
Infrastructure Cook Islands	3,347,648	424,129	2,773,650	345,000	6,890,427	300,000	6,590,427
Internal Affairs	1,417,376	312,000	4,877,251	12,000	6,618,627	0	6,618,627
<i>of which: Welfare Payments - Allowances</i>			2,243,336				
Justice	2,033,976	425,001	698,000	23,000	3,179,977	425,000	2,754,977
Marine Resources	1,435,455	380,061	150,000	160,000	2,125,516	20,000	2,105,516
Ombudsman	233,000	65,001	0	6,000	304,001	0	304,001
Parliamentary Services	658,343	80,000	120,000	72,720	931,063	0	931,063
Police	4,097,546	371,104	265,000	1,555,333	6,288,983	154,783	6,134,200
Prime Minister's Office	1,632,551	447,178	1,983,000	47,494	4,110,223	0	4,110,223
Public Service Commission	439,874	294,636	2,063,170	17,789	2,815,469	0	2,815,469
Cook Islands Seabed Minerals Authority	697,101	459,056	200,000	20,134	1,376,291	240,000	1,136,291
Tourism Corporation	2,231,274	1,508,726	5,476,495	52,000	9,268,495	20,000	9,248,495
Transport	1,023,500	150,221	0	25,609	1,199,330	49,721	1,149,609
<b>Total Ministries, Crown &amp; Statutory Agencies</b>	<b>63,077,075</b>	<b>15,569,288</b>	<b>53,904,987</b>	<b>5,721,534</b>	<b>138,272,884</b>	<b>3,974,911</b>	<b>134,297,973</b>

Agency	Personnel	Operating	Administered Payments	Depreciation	Gross Current Appropriation	Trading Revenue	Net Current Appropriation
<b>Ministerial Support</b>							
Prime Minister	406,069	121,289	0	12,642	540,000	0	540,000
Deputy Prime Minister	298,690	70,611	0	22,378	391,679	0	391,679
Ministerial Support 1	181,000	115,838	0	23,951	320,789	0	320,789
Ministerial Support 2	164,000	132,000	0	24,789	320,789	0	320,789
Ministerial Support 3	217,500	85,000	0	18,289	320,789	0	320,789
Ministerial Support 4	188,901	109,509	0	22,379	320,789	0	320,789
Leader of Opposition	163,712	131,462	0	25,615	320,789	0	320,789
<b>Total Ministerial Support Offices</b>	<b>1,619,872</b>	<b>765,709</b>	<b>0</b>	<b>150,043</b>	<b>2,535,624</b>	<b>0</b>	<b>2,535,624</b>
<b>Outer Islands</b>							
Aitutaki	1,276,398	367,547	0	480,000	2,123,945	67,828	2,056,117
Atiu	982,600	458,918	0	430,000	1,871,518	224,318	1,647,200
Mangaia	1,041,247	611,848	0	210,000	1,863,095	301,000	1,562,095
Manihiki	810,317	159,165	0	460,000	1,429,482	119,000	1,310,482
Mauke	866,196	237,194	0	380,000	1,483,390	113,853	1,369,537
Mitiaro	804,028	88,527	0	93,000	985,555	60,900	924,655
Palmerston	292,496	71,851	0	80,000	444,347	20,500	423,847
Penrhyn	724,888	180,836	0	180,000	1,085,724	74,000	1,011,724
Pukapuka-Nassau	1,130,521	155,503	0	215,000	1,501,024	73,695	1,427,329
Rakahanga	466,762	67,761	0	82,000	616,523	52,000	564,523
<b>Total Outer Islands</b>	<b>8,395,453</b>	<b>2,399,150</b>	<b>0</b>	<b>2,610,000</b>	<b>13,404,603</b>	<b>1,107,094</b>	<b>12,297,509</b>
<b>Gross Total</b>	<b>73,092,400</b>	<b>18,734,147</b>	<b>53,904,987</b>	<b>8,481,577</b>	<b>154,213,111</b>	<b>5,082,005</b>	<b>149,131,106</b>

## 16.5. Schedule 2 – Payments on Behalf of the Crown (POBOCS)

Administering Ministry	POBOC	2023/24 Supp. Estimate	2024/25 Budget Estimate
<b>Compensation of Employees</b>			
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	2,871,961
Cultural Development	House of Ariki (CI)	336,690	336,690
<b>Compensation of Employees POBOCs</b>		<b>3,476,151</b>	<b>3,446,151</b>
<b>Use of Goods and Services</b>			
Audit	Audit Fees	103,000	103,000
Marine Resources	Longline Licence application fees	0	11,840
Marine Resources	Fishing Licences application fees	0	12,600
Marine Resources	Palau Agreement Purse Seine fishing days scheme	0	150,000
Marine Resources	SIOFA and SPRFMO fisheries cost recovery	0	117,000
Prime Minister's Office	Local Government Election	0	50,000
Parliamentary Services	Civil List - Constituency Visits	170,200	170,200
Parliamentary Services	Parliamentary Sitting Expenses	272,282	200,000
Parliamentary Services	KR Travel and Allowances (local and overseas)	109,000	109,000
Parliamentary Services	MP Travel and Allowances (local and overseas)	717,083	450,000
Foreign Affairs	International Maritime Organization - Maritime Cook Islands	63,461	63,461
Transport	Maritime Radio Coverage	297,862	120,000
<b>Use of Goods and Services POBOCs</b>		<b>1,732,888</b>	<b>1,557,101</b>
<b>Subsidies</b>			
Cook Islands Investment Corporation	Airport Authority subsidy	1,500,000	1,000,000
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
<b>Subsidies POBOCs</b>		<b>4,738,099</b>	<b>4,238,099</b>
<b>Social Assistance</b>			
Internal Affairs	Welfare Payments	21,412,805	21,862,666
<b>Social Assistance POBOCs</b>		<b>21,412,805</b>	<b>21,862,666</b>
<b>Other Expense</b>			
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	566,246	600,000
Foreign Affairs	International Subscriptions	890,000	1,040,000
<b>Other Expenses POBOCs</b>		<b>1,701,246</b>	<b>1,885,000</b>
<b>Grand Total</b>		<b>33,061,189</b>	<b>32,989,017</b>

## 16.6. Schedule 3 – Cook Islands Capital Spending

	2023/24 Supp. Estimate	2024/25 Budget Estimate
Cook Islands Government Capital programs	30,013,369	19,074,407
<b>Total Capital spending</b>	<b>30,013,369</b>	<b>19,074,407</b>



## 16.7. Schedule 4 – Official Development Assistance

	2023/24 Supp. Estimate	2024/25 Budget Estimate
Operating or recurrent expenditure	39,084,870	40,737,269
Capital Project Expenditure	55,779,404	49,303,303
<b>Total Official Development Assistance</b>	<b>94,864,274</b>	<b>90,040,572</b>

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

## 16.8. Schedule 5a – Other Expenses & Financing Transactions

Category of Expense	2023/24 Supp. Estimate	2024/25 Budget Estimate
Contingency Funds - Operating	100,000	100,000
Contingency Funds - Other Expenses	0	0
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
<b>Total Other Expenses</b>	<b>6,927,000</b>	<b>6,927,000</b>

## 16.9. Schedule 5b – Loan Repayment Fund Appropriation

Category of Appropriation	2023/24 Supp. Estimate	2024/25 Budget Estimate
Contribution to LRF - Principal	13,123,389	15,071,508
Contribution to LRF - Interest	8,959,928	10,002,271
<b>Total Contribution to LRF</b>	<b>22,083,317</b>	<b>25,073,779</b>

## 16.10. Summary

Category of Payment	2023/24 Supp. Estimate	2024/25 Budget Estimate
Schedule 1 - Ministry Outputs (Gross Operating)	160,345,758	154,213,111
Schedule 2 - POBOCs	33,061,189	32,989,017
Schedule 3 - CIG Capital Expenditure	30,013,369	19,074,407
Schedule 4 - Official Development Assistance	94,864,274	90,040,572
Schedule 5a - Other Expenses and Financing Transactions	6,927,000	6,927,000
Schedule 5b - Loan Reserve Fund Appropriations	22,083,317	25,073,779
<b>TOTAL APPROPRIATION</b>	<b>347,294,907</b>	<b>328,317,886</b>

## 16.11. Schedule 6 – Capital Schedule

Ministry/Island	Project / Programme	Funding Source	2022/23 Actual	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>Agriculture</b>			<b>0</b>	<b>280,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Rarotonga	Purchase of Capital Equipment	CIG	0	280,000	0	0	0	0
<b>Cook Islands Investment Corporation</b>			<b>4,395,460</b>	<b>4,316,463</b>	<b>3,319,300</b>	<b>3,500,000</b>	<b>3,668,239</b>	<b>3,862,400</b>
Aitutaki	Aitutaki Harbour Dredging	CIG	772,035	0	0	0	0	0
Aitutaki	Arutanga Harbour Project	CIG	499,769	490,000	1,210,000	0	0	0
Rarotonga	Arorangi Prison Remedial works	CIG	27,629	0	0	0	0	0
Rarotonga	Government Building Projects - Rarotonga	CIG	1,520,568	2,350,700	539,300	400,000	478,239	672,400
Rarotonga	Land Acquisition	CIG	0	145,000	500,000	250,000	0	0
Pa Enea	Pa Enea Government Building Projects - Northern Group	CIG	511,347	90,000	120,000	0	0	0
Pa Enea	Pa Enea Government Building Projects - Southern Group	CIG	524,497	450,000	0	600,000	1,940,000	1,940,000
Rarotonga	Rarotonga Cyclone Shelters - Remediation	CIG	179,875	200,000	250,000	250,000	250,000	250,000
Rarotonga	To Tatou Vai	CIG	359,741	561,460	500,000	2,000,000	1,000,000	1,000,000
Rarotonga	Geotech scoping & feasibility	CIG	0	29,303	0	0	0	0
Rarotonga	Tepuka Sanitation project	CIG	0	0	200,000	0	0	0
<b>Corrective Services</b>			<b>41,251</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Rarotonga	Prison Development Programme - Strategic Plan	CIG	41,251	0	0	0	0	0
<b>Cultural Development</b>			<b>99,432</b>	<b>0</b>	<b>160,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
Rarotonga	Auditorium Equipment Replacement Programme	CIG	99,432	0	160,000	0	0	0
<b>Education</b>			<b>333,070</b>	<b>400,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>
National	Fund to be Prioritised by Education	CIG	299,599	400,000	300,000	300,000	300,000	300,000
Rarotonga	Apii Nikao School Sound Proofing	CIG	33,471	0	0	0	0	0
<b>Health</b>			<b>298,805</b>	<b>500,000</b>	<b>900,000</b>	<b>500,000</b>	<b>300,000</b>	<b>300,000</b>
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	600,000	200,000	0	0
<b>Infrastructure Cook Islands</b>			<b>13,294,156</b>	<b>12,615,463</b>	<b>11,698,387</b>	<b>9,653,808</b>	<b>13,168,602</b>	<b>14,215,056</b>
National	Bridges and Structures Asset Management and Improvement Programme	CIG	763,424	728,337	1,490,000	1,490,000	1,893,522	4,477,600
National	Drainage Asset Management and Improvement Programme	CIG	30,642	719,564	1,000,000	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	0	0	0	0
Rarotonga	Inland and Coastal Waters Asset Management and Improvement Programme	CIG	0	0	0	0	0	0

Ministry/Island	Project / Programme	Funding Source	2022/23 Actual	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Pa Enea	Pa Enea Air Infrastructure Improvement Programme	CIG	177,897	648,981	0	0	0	0
Pa Enea	Pa Enea Infrastructure Assessments	CIG	0	0	0	0	0	0
Pa Enea	Pa Enea Marine Infrastructure Improvement Programme	CIG	99,996	100,000	2,369,906	1,966,127	3,380,000	800,000
National	Roads Asset Management and Improvement Programme	CIG	11,266,683	9,666,705	5,988,481	5,047,681	6,745,080	7,787,456
National	Waste Management Infrastructure Improvement Programme	CIG	49,083	50,917	0	0	0	0
National	Water and Sanitation Infrastructure Improvement Programme	CIG	232,706	204,471	150,000	150,000	150,000	150,000
Aitutaki	Aitutaki Water Management	CIG	0	0	700,000	0	0	0
<b>Internal Affairs</b>			<b>66,359</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Rarotonga	Vaka Maintenance Capital Projects	CIG	66,359	0	0	0	0	0
<b>Finance and Economic Management</b>			<b>2,101,982</b>	<b>1,721,849</b>	<b>1,986,720</b>	<b>0</b>	<b>366,652</b>	<b>0</b>
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	335,321	1,986,720	0	366,652	0
Rarotonga	Purchase of Protocol Vehicles for PIFs Conference	CIG	0	1,386,528	0	0	0	0
<b>Prime Minister's Office</b>			<b>940,957</b>	<b>200,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>
National	Government IT Network	CIG	578,937	200,000	300,000	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
<b>MINISTRY TOTAL</b>			<b>21,571,472</b>	<b>20,033,775</b>	<b>18,664,407</b>	<b>14,253,808</b>	<b>18,103,493</b>	<b>18,977,456</b>
<b>Capital Funds Administered by MFEM</b>			<b>843,926</b>	<b>930,000</b>	<b>410,000</b>	<b>410,000</b>	<b>710,000</b>	<b>710,000</b>
National	Capital Distribution Fund	CIG	779,477	300,000	0	0	300,000	300,000
Pa Enea	Pa Enea Capital Distribution Fund	CIG	0	520,000	300,000	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>		<i>10,847</i>	<i>16,000</i>	<i>16,000</i>	<i>16,000</i>	<i>16,000</i>	<i>16,000</i>
	<i>Atiu</i>		<i>0</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>
	<i>Mangaia</i>		<i>11,747</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>
	<i>Manihiki</i>		<i>0</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>
	<i>Mauke</i>		<i>9,512</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>
	<i>Mitiaro</i>		<i>5,352</i>	<i>8,000</i>	<i>8,000</i>	<i>8,000</i>	<i>8,000</i>	<i>8,000</i>
	<i>Palmerston</i>		<i>8,361</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>
	<i>Penrhyn</i>		<i>11,675</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>
	<i>Pukapuka-Nassau</i>		<i>0</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>
	<i>Rakahanga</i>		<i>6,955</i>	<i>8,000</i>	<i>8,000</i>	<i>8,000</i>	<i>8,000</i>	<i>8,000</i>
			<b>22,415,398</b>	<b>20,963,775</b>	<b>19,074,407</b>	<b>14,663,808</b>	<b>18,813,493</b>	<b>19,687,456</b>

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

	2022/23 Actual	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>Taxation Revenue</b>						
Value Added Tax (VAT)	59,114,293	82,270,073	85,068,558	86,264,024	89,433,154	93,184,418
Income tax	21,573,955	35,914,786	37,486,198	38,585,392	39,892,713	41,440,174
Company tax	4,793,254	14,855,203	22,846,375	27,504,783	28,772,404	30,272,874
Excises and duties	15,229,235	18,536,731	21,021,695	22,655,514	23,450,813	24,333,845
Withholding tax	833,051	1,556,472	1,556,472	1,556,472	1,556,472	1,556,472
Departure tax	9,156,151	11,970,711	12,899,531	13,226,632	13,532,078	13,871,783
<b>Total</b>	<b>110,699,939</b>	<b>165,103,977</b>	<b>180,878,828</b>	<b>189,792,818</b>	<b>196,637,635</b>	<b>204,659,566</b>
<b>Other Crown Revenue</b>						
FSC Vested Assets	2,309,860	0	0	0	0	0
FSC Return of Excess	240,000	145,000	100,000	100,000	100,000	100,000
Immigration Fees	1,421,990	1,734,195	1,750,000	1,779,000	1,839,000	1,839,000
IMO Subscription - Maritime Cook Islands	0	66,000	66,000	66,000	66,000	66,000
Drivers Licences	329,544	286,896	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	1,381,472	811,725	811,725	811,725	811,725
Shipping Registration	220,592	252,990	97,858	97,858	97,858	97,858
International Shipping Licence	(7,752)	20,000	25,000	25,000	25,000	25,000
Liquor Licencing	62,520	60,000	60,000	60,000	60,000	60,000
Research Fee	1,550	1,500	1,500	1,500	1,500	1,500
Permits	20,333	12,990	10,409	10,409	10,409	10,409
Censorship Fees	610	600	600	600	600	600
Land Court Fees	192,344	147,000	147,000	147,000	147,000	147,000
Tattslotto Grants	214,692	157,019	120,000	120,000	120,000	120,000
Motor Vehicle Dealers	4,690	3,400	3,000	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
<b>Fishing Revenues</b>	<b>10,234,595</b>	<b>15,989,187</b>	<b>14,099,504</b>	<b>13,699,504</b>	<b>13,699,504</b>	<b>13,699,504</b>
<i>US Fisheries Treaty</i>	<i>3,012,059</i>	<i>3,810,000</i>	<i>7,579,504</i>	<i>7,579,504</i>	<i>7,579,504</i>	<i>7,579,504</i>
<i>EU Agreement</i>	<i>1,695,149</i>	<i>1,400,000</i>	<i>400,000</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Purse seine fishery</i>	<i>1,525,985</i>	<i>7,000,000</i>	<i>2,260,000</i>	<i>2,260,000</i>	<i>2,260,000</i>	<i>2,260,000</i>
<i>Longline Licences and QMS</i>	<i>3,753,102</i>	<i>3,600,000</i>	<i>3,000,000</i>	<i>3,000,000</i>	<i>3,000,000</i>	<i>3,000,000</i>
<i>Other fisheries and auxiliary vessel licensing</i>	<i>113,382</i>	<i>133,333</i>	<i>160,000</i>	<i>160,000</i>	<i>160,000</i>	<i>160,000</i>
<i>Regional Fisheries Management Organisations - SIOFA and SPRFMO</i>	<i>134,918</i>	<i>45,854</i>	<i>583,000</i>	<i>583,000</i>	<i>583,000</i>	<i>583,000</i>
<i>SIOFA and SPRFMO fisheries cost recovery</i>	<i>0</i>	<i>0</i>	<i>117,000</i>	<i>117,000</i>	<i>117,000</i>	<i>117,000</i>
<b>Dividends</b>	<b>0</b>	<b>2,400,000</b>	<b>1,600,000</b>	<b>1,700,000</b>	<b>2,750,000</b>	<b>3,550,000</b>
<i>Bank of the Cook Islands</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>250,000</i>	<i>250,000</i>
<i>Te Aponga Uira</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>500,000</i>	<i>500,000</i>	<i>500,000</i>
<i>Telecom Cook Islands (Vodafone)</i>	<i>0</i>	<i>2,400,000</i>	<i>1,600,000</i>	<i>1,200,000</i>	<i>2,000,000</i>	<i>2,800,000</i>
Numismatics	1,187,661	908,354	886,076	868,217	861,538	855,615
Sale of currency	148,006	268,853	195,000	195,000	195,000	195,000
Interest on Balances	1,456,077	575,729	573,333	573,333	573,333	573,333
Interest on balances - Loan Repayment Fund	220,220	107,620	71,640	73,080	74,540	76,020
Interest on Loans to Subsidiaries	1,718,784	1,467,000	1,304,000	1,179,000	1,065,000	948,000
Foreign Investment Fees	27,290	28,000	28,000	28,000	28,000	28,000
Employer Liabilities	0	0	0	0	0	0
Gains on FOREX	1,317,835	0	0	0	0	0
Core Sector Support	7,825,000	9,100,000	0	0	0	0
General Budget Support	19,165,033	0	0	0	0	0
Unanticipated Revenue received	320,521	0	0	0	0	0
<b>Total Other</b>	<b>49,991,005</b>	<b>36,075,804</b>	<b>23,172,645</b>	<b>22,760,226</b>	<b>23,751,007</b>	<b>24,429,564</b>
<b>Total Crown Receipts</b>	<b>160,690,944</b>	<b>201,179,781</b>	<b>204,051,473</b>	<b>212,553,044</b>	<b>220,388,641</b>	<b>229,089,129</b>

## 16.13. Schedule 8a – Administered Payments

Administering Ministry	Administered Payment	2022/23 Actual	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>Compensation of Employees</b>							
Cook Islands Investment Corporation	Infrastructure Committee	116,192	100,000	70,000	100,000	100,000	100,000
Cook Islands Investment Corporation	Government Facilities Development Division	356,589	287,713	370,000	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	Seabed Minerals Joint Venture	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	65,000	45,000	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	126,470	122,241	122,241	122,241	122,241
Justice	Judges Allowances	335,960	370,105	465,000	465,000	465,000	465,000
Justice	Project to bring land records up to date	86,031	100,000	120,000	120,000	120,000	120,000
Justice	Customs Appeal Authority	0	0	62,000	62,000	0	0
Prime Minister's Office	Marae Moana Ambassador	60,000	0	0	0	0	0
Public Service Commission	HOM's Salaries	1,982,873	1,991,233	2,063,170	2,063,170	1,903,170	1,903,170
	<b>Compensation of Employees Administered Payments</b>	<b>3,460,091</b>	<b>3,400,521</b>	<b>3,677,411</b>	<b>3,757,411</b>	<b>3,535,411</b>	<b>3,535,411</b>
<b>Use of Goods and Services</b>							
Cook Islands Seabed Minerals Authority	Seabed Minerals Sector Development	73,319	112,790	0	0	0	0
Cook Islands Seabed Minerals Authority	Seabed Minerals Compliance Development	0	0	200,000	250,000	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	82,592	100,000	100,000	100,000	100,000
Crown Law	Lexis Nexis - Portal Maintenance	0	44,794	80,000	80,000	80,000	80,000
Cultural Development	National Events Fund	499,265	1,205,314	500,000	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	1,040,000	1,040,000	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	0	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	0	0	0	0
Environment	Management of Environmental priorities - Pa Enea	0	0	50,000	300,000	660,000	180,000
Environment	Strengthening Technical Capacity	0	0	100,000	0	0	0
Finance and Economic Management	Public Sector Strengthening-processes and systems	34,467	185,000	86,000	86,000	150,000	150,000
Finance and Economic Management	COVID-19 Medical Response Fund	497,085	0	0	0	0	0

Administering Ministry	Administered Payment	2022/23 Actual	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Finance and Economic Management	Economic Recovery Roadmap	824,066	304,814	1,152,260	150,000	200,000	200,000
Finance and Economic Management	The Centre of Excellence in Information Technology (CEIT)	88,618	60,000	60,000	60,000	60,000	60,000
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	150,000	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	0	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	144,330	55,430	55,430	55,430	55,430
Finance and Economic Management	Pa Enea Tax Policy - RMS tax system change	0	0	80,000	0	0	0
Finance and Economic Management	Oceania Customs Organisation Conference (OCO)	0	0	50,000	0	0	0
Finance and Economic Management	Pacific Financial Technical Assistance Centre (PFTAC)	0	0	40,000	40,000	40,000	40,000
Finance and Economic Management	Te Maeva Nui 60th Celebration Transportation	0	0	1,230,072	1,250,000	0	0
Finance and Economic Management	Establishment of Shipping Services	0	0	800,000	2,000,000	3,500,000	3,500,000
Foreign Affairs	Cook Islands Student Association Support	2,500	17,500	10,000	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	1,447,800	1,167,800	1,167,800	1,167,800	1,167,800
Health	Law and Order Clinical Psychologist	2,180	533	90,000	90,000	90,000	90,000
Infrastructure Cook Islands	Bridges and Stream Structure Maintenance	223,936	279,082	700,000	600,000	700,000	700,000
Infrastructure Cook Islands	Waste Management	670,769	805,000	1,015,000	915,000	965,000	1,050,000
Infrastructure Cook Islands	Road and Drainage Asset Management	566,110	1,200,000	0	0	0	0
Infrastructure Cook Islands	Emergency Response Work	130,499	31,327	125,000	200,000	200,000	200,000
Infrastructure Cook Islands	Water Maintenance	0	0	133,650	133,650	50,000	50,000
Infrastructure Cook Islands	Road Asset Management	0	0	800,000	800,000	800,000	800,000
Infrastructure Cook Islands	Drainage Asset Management	0	0	0	400,000	400,000	400,000
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	32,000	72,000	72,000	72,000	72,000
Internal Affairs	International Labour Conference	0	80,000	0	0	0	0
Justice	Land Agents Registration Board	0	0	11,000	11,000	11,000	11,000
Parliamentary Services	Special Select Committee	30,145	148,738	120,000	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

Administering Ministry	Administered Payment	2022/23 Actual	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Police	Serious Crime Investigations	91,773	100,000	100,000	100,000	100,000	100,000
Police	Te Kukupa - Biannual Slipping	0	0	0	0	0	0
Police	Te Kukupa - Fuel Contribution	0	52,222	100,000	200,000	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	140,000	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	500,000	538,000	624,650	624,650
Prime Minister's Office	Pa Enea Connectivity	199,924	0	0	0	0	0
Prime Minister's Office	OPM ICT Activities - Licences and Software	0	450,000	450,000	450,000	450,000	450,000
Tourism Corporation	Marketing Resources - Tourism Growth Strategy	3,257,000	4,743,000	3,426,495	4,023,438	4,000,000	3,750,000
Tourism Corporation	Marketing Resources - Tourism Growth Strategy (USD payments)	0	0	1,800,000	2,000,000	2,000,000	2,000,000
Tourism Corporation	Destination Development	0	0	250,000	500,000	500,000	500,000
Finance and Economic Management	Tarai Vaka Fund	12,143	876	20,000	20,000	20,000	20,000
Financial Services Development Authority	Tax Law Review	30,000	0	0	0	0	0
	<b>Use of Goods and Services Administered Payments</b>	<b>12,338,034</b>	<b>17,618,037</b>	<b>20,710,282</b>	<b>22,077,893</b>	<b>23,701,455</b>	<b>23,056,455</b>
	<b>Subsidies</b>						
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	18,546,660	17,921,196	16,035,575	15,037,500	15,028,699
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	138,000	51,000	0	0	0
Finance and Economic Management	Provision for Inter Island Shipping	966,457	1,410,582	500,000	500,000	500,000	500,000
	<b>Subsidies Administered Payments</b>	<b>3,344,027</b>	<b>20,375,742</b>	<b>18,752,696</b>	<b>16,816,075</b>	<b>15,818,000</b>	<b>15,809,199</b>
	<b>Social Assistance</b>						
Education	Government Funded Scholarships	830,000	510,113	780,000	780,000	780,000	780,000
Education	Government Funded Scholarships - Fees Free	0	50,000	80,000	80,000	80,000	80,000
Health	NCD Fund	195,000	195,000	195,000	295,000	295,000	295,000
Health	Patient Referrals	1,835,736	2,650,000	1,850,000	1,850,000	1,850,000	1,850,000
Health	Workforce Development	234,070	336,829	234,070	234,070	500,230	384,070
Internal Affairs	Welfare Payments - Allowances	1,337,524	1,738,976	2,243,336	2,367,523	2,475,161	2,574,017
Justice	Legal Aid	9,863	1,598	40,000	40,000	40,000	40,000
	<b>Social Assistance Administered Payments</b>	<b>4,442,193</b>	<b>5,482,516</b>	<b>5,422,406</b>	<b>5,646,593</b>	<b>6,020,391</b>	<b>6,003,087</b>
	<b>Other Expense</b>						
Education	Private School Funding	3,044,431	2,735,277	2,735,277	2,758,627	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	200,000	350,000	350,000

Administering Ministry	Administered Payment	2022/23 Actual	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Finance and Economic Management	National Census	42,469	0	0	0	350,000	350,000
Finance and Economic Management	Conduct of a Labour Force Survey	0	28,132	0	0	0	0
Internal Affairs	SIF - Cook Islands Government Contribution	968,306	532,884	1,000,000	1,000,000	1,000,000	1,000,000
Internal Affairs	SIF - ODA Graduation Support Fund	0	686,915	686,915	686,915	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	114	0	0	0	0
Prime Minister's Office	State Events	56,297	40,000	40,000	40,000	40,000	40,000
	<b>Other Expenses Administered Payments</b>	<b>4,784,333</b>	<b>4,903,322</b>	<b>5,342,192</b>	<b>5,215,542</b>	<b>5,028,627</b>	<b>5,028,627</b>
<b>Grand Total</b>		<b>28,368,678</b>	<b>51,780,138</b>	<b>53,904,987</b>	<b>53,513,514</b>	<b>54,103,884</b>	<b>53,432,779</b>



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

Administering Ministry	POBOC	2022/23 Actual	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>Compensation of Employees</b>							
Finance and Economic Management	Parliamentary Superannuation	75,202	80,000	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	2,871,961	2,871,961	2,871,961	2,871,961
Cultural Development	House of Ariki (CI)	331,540	336,690	336,690	336,690	336,690	336,690
	<b>Compensation of Employees POBOCs</b>	<b>3,688,529</b>	<b>3,376,151</b>	<b>3,446,151</b>	<b>3,446,151</b>	<b>3,446,151</b>	<b>3,446,151</b>
<b>Use of Goods and Services</b>							
Audit (PERCA)	Audit Fees	80,700	103,000	103,000	103,000	103,000	103,000
Marine Resources	Longline Licence application fees	0	0	11,840	11,840	11,840	11,840
Marine Resources	Fishing Licences application fees	0	0	12,600	12,600	12,600	12,600
Marine Resources	Palau Agreement Purse Seine fishing days scheme	0	0	150,000	320,000	320,000	320,000
Marine Resources	SIOFA and SPRFMO fisheries cost recovery	0	0	117,000	117,000	0	0
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	272,282	200,000	248,335	248,335	248,335
Parliamentary Services	MP Travel and Allowances (local and overseas)	432,101	717,083	450,000	450,000	550,000	550,000
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	297,862	120,000	120,000	120,000	120,000
Prime Minister's Office	Local Government Election	0	0	50,000	0	0	0
Foreign Affairs	International Maritime Organization - Maritime Cook Islands	63,461	63,461	63,461	63,461	63,461	63,461
	<b>Use of Goods and Services POBOCs</b>	<b>1,133,484</b>	<b>1,732,888</b>	<b>1,557,101</b>	<b>1,725,436</b>	<b>1,708,436</b>	<b>1,708,436</b>
<b>Subsidies</b>							
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	1,000,000	500,000	0	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	2,500,000	2,500,000	2,800,000
	<b>Subsidies POBOCs</b>	<b>5,273,621</b>	<b>4,738,099</b>	<b>4,238,099</b>	<b>3,238,099</b>	<b>2,738,099</b>	<b>3,038,099</b>
<b>Social Assistance</b>							
Internal Affairs	Welfare Payments	20,816,934	21,412,805	21,862,666	22,056,430	22,242,072	22,423,265
	<b>Social Assistance POBOCs</b>	<b>20,816,934</b>	<b>21,412,805</b>	<b>21,862,666</b>	<b>22,056,430</b>	<b>22,242,072</b>	<b>22,423,265</b>
<b>Other Expense</b>							
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	566,246	600,000	722,131	833,945	887,445
Finance and Economic Management	BEPS Subscription	38,300	45,000	45,000	45,000	45,000	45,000
Foreign Affairs	International Subscriptions	940,890	1,366,272	1,040,000	1,040,000	890,000	890,000
Finance and Economic Management	CIG Insurance	40,000	40,000	40,000	40,000	40,000	40,000
	<b>Other Expenses POBOCs</b>	<b>1,597,524</b>	<b>2,177,518</b>	<b>1,885,000</b>	<b>2,007,131</b>	<b>1,968,945</b>	<b>2,022,445</b>
<b>Grand Total</b>		<b>32,510,092</b>	<b>33,437,461</b>	<b>32,989,017</b>	<b>32,473,247</b>	<b>32,103,703</b>	<b>32,638,396</b>

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

Creditor	2022/23 Actual	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
Asian Development Bank (ADB)						
<i>Principal</i>	5,277	8,827	10,099	11,832	13,091	14,294
<i>Interest</i>	7,807	8,486	8,029	7,483	6,873	6,185
<b>Total Debt Servicing to ADB</b>	<b>13,084</b>	<b>17,314</b>	<b>18,128</b>	<b>19,315</b>	<b>19,964</b>	<b>20,479</b>
People's Republic of China (EXIM)						
<i>Principal</i>	2,848	2,781	2,748	2,735	2,736	2,744
<i>Interest</i>	530	462	401	345	290	236
<b>Total Debt Servicing to China</b>	<b>3,378</b>	<b>3,243</b>	<b>3,149</b>	<b>3,079</b>	<b>3,026</b>	<b>2,981</b>
Asian Infrastructure Investment Board (AIIB)						
<i>Principal</i>	0	1,723	2,225	2,881	3,778	4,966
<i>Interest</i>	1,732	1,710	1,572	1,415	1,240	1,016
<b>Total Debt Servicing to AIIB</b>	<b>1,732</b>	<b>3,433</b>	<b>3,797</b>	<b>4,296</b>	<b>5,019</b>	<b>5,982</b>
<b>Total Servicing of Other Debt</b>	<b>18,194</b>	<b>23,990</b>	<b>25,074</b>	<b>26,691</b>	<b>28,009</b>	<b>29,441</b>

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

Transaction	2022/23 Actual	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>Opening Balance in LRF</b>	<b>11,011</b>	<b>5,048</b>	<b>3,909</b>	<b>4,061</b>	<b>4,333</b>	<b>4,671</b>
Contribution to LRF - Principal	1,092	13,123	15,072	17,447	19,605	22,004
Contribution to LRF - Interest	9,976	8,960	10,002	9,243	8,403	7,438
<b>Total Transfer into LRF by Government</b>	<b>11,069</b>	<b>22,083</b>	<b>25,074</b>	<b>26,691</b>	<b>28,009</b>	<b>29,441</b>
Interest earned by LRF (avg 2%)	220	101	72	73	75	76
<b>Total inflows</b>	<b>11,289</b>	<b>22,184</b>	<b>25,146</b>	<b>26,764</b>	<b>28,084</b>	<b>29,517</b>
<b>Repayment of prepaid SOE Debt</b>						
Contribution from LRF - Principal	729	715	704	700	702	620
Contribution from LRF - Interest	62	54	46	39	32	25
<b>Total Repayment of SOE Debt</b>	<b>791</b>	<b>769</b>	<b>750</b>	<b>738</b>	<b>734</b>	<b>645</b>
<b>Repayment of Other Debt</b>						
Contribution from LRF - Principal	7,396	12,616	14,368	16,748	18,904	21,383
Contribution from LRF - Interest	10,006	10,605	9,956	9,204	8,371	7,413
<b>Total Repayment of Other Debt</b>	<b>17,403</b>	<b>23,221</b>	<b>24,324</b>	<b>25,952</b>	<b>27,275</b>	<b>28,796</b>
Total Principal paid out of the LRF	8,125	13,331	15,072	17,447	19,605	22,004
Total Interest paid out of the LRF	10,069	10,659	10,002	9,243	8,403	7,438
<b>Total outflows</b>	<b>18,194</b>	<b>23,990</b>	<b>25,074</b>	<b>26,691</b>	<b>28,009</b>	<b>29,441</b>
Other Movements - revaluation	(942)	(666)	(80)	(199)	(263)	(47)
<b>Closing balance of LRF</b>	<b>5,048</b>	<b>3,909</b>	<b>4,061</b>	<b>4,333</b>	<b>4,671</b>	<b>4,794</b>

## 16.17. Schedule 10 – Official Development Assistance Schedule

Development Partner	Programs/Projects by Agency	Funding Type	2022/23 Actual	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>Cook Islands General Budget Support</b>								
NZ	Cook Islands Core Sector Support - Budget Support	Budget Support	7,825,000	9,100,000	0	0	0	0
NZ	General Budget Support for work programs	Budget Support	0	0	0	0	0	0
NZ	COVID-19: Pacific Financial Support Package	Budget Support	0	0	0	0	0	0
NZ	COVID-19 Response - 2nd Phase Budget Support	Budget Support	0	0	0	0	0	0
Australia	Cook Islands Budget Support	Budget Support	0	0	0	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 Economic Recovery 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
<b>Total General Budget Support</b>			<b>29,268,101</b>	<b>9,100,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurrent ODA Expenditure</b>								
NZ	Cook Islands Core Sector Support - TA Component	Grant	1,341,246	1,295,933	100,000	0	0	0
NZ	COVID-19 Economic Recovery Support - November 2021	Grant	3,200	0	44,343	0	0	0
NZ	Cook Islands Climate Change: Improving Access to Finance	Grant	0	51,436	391,835	0	0	0
NZ	MFAI Support for the Cook Islands PIF 2023 Chairing Responsibilities	Grant	0	247,084	59,719	0	0	0
NZ	New Zealand Climate Finance (managed via ITF)	Grant	0	0	1,067,000	10,000,000	0	0
NZ	Northern Group RE Battery Replacement	Grant	0	250,000	12,933,000	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	0	50,000	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	227,882	0	0	0	0
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	164,284	0	0	0	0
GCF	UNEP FP147: Enhancing Climate Information and Knowledge Services	Grant	335,361	1,500,000	3,171,358	1,042,077	843,310	841,607
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	650,909	1,500,000	483,000	0	0
GCF	UNOPs COK-RS-004: Green Resilient Recovery Rapid Readiness Support	Grant	295,922	115,691	0	0	0	0
GCF	DAE Direct Support Readiness	Grant	0	55,000	245,950	32,000	0	0
GCF	COK-RS-007 Multi-Year Readiness and Preparatory Support Programme for GCF	Grant	0	0	1,445,978	1,624,695	1,405,361	361,878
GCF	SAP-034 ATOM - Building a Healthy and Resilient Cook Islands Communities	Grant	0	0	4,500,000	7,012,401	3,835,393	3,436,898

Development Partner	Programs/Projects by Agency	Funding Type	2022/23 Actual	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
GCF	PPF-082 EDA Project Preparation Facility	Grant	0	0	490,000	0	0	0
EU	Budget Support to the Sanitation Sector	Grant	14,701	0	137,203	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	41,519	0	0	0	0
Other	Aid Effectiveness	Budget Support	100,000	109,559	200,000	200,000	200,000	200,000
GEF	Fourth National Communications - UNFCCC	Grant	26,353	243,781	200,000	0	0	0
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	24,650	60,000	60,000	60,000	60,000
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	0	1,180,000	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	5,000	30,000	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	5,639	70,000	0	0	0
UNESCO	Intangible Cultural Heritage Funds Programme	Grant	32,981	6,477	40,000	0	0	0
NZ	CI Pacific Maritime Safety Programme	Grant	191,371	65,135	271,514	0	0	0
UNEP	HCFC Phase-Out Management Plan for PIC Stage 1 & 2	Grant	12,635	2,200	14,000	0	0	0
UNEP	Institutional Strengthening Project (ISP)	Grant	31,463	38,303	57,000	0	0	0
GEF	Minimata Convention on Mercury	Grant	20,664	0	0	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	355,121	400,000	0	0	0
Aus - SPC	Otolith Laboratory	Grant	0	87,047	20,000	0	0	0
NZ	Cook Islands Domestic ICT Connectivity Improvements	Grant	0	33,348	2,966,652	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	2,537,044	5,000,000	5,000,000	5,000,000	5,000,000
FFA	Fisheries Climate Change activities under the US Treaty	Grant	0	506,635	0	0	0	0
GEF	GEF 7 National Project	Grant	0	232,936	1,411,500	2,000,000	1,992,800	0
GEF	GEF Enabling Activity for UNCCD	Grant	0	0	91,324	0	0	0

Development Partner	Programs/Projects by Agency	Funding Type	2022/23 Actual	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
FFA	Fisheries Project Development Fund	Grant	0	277,229	280,000	280,000	280,000	280,000
SPC	GCCA + SUPA - Enhancing a Climate Resilient Marine Sector	Grant	0	196,388	0	0	0	0
UNICEF	UNICEF INTAFF Support Cook Islands Development of Disability Action	Grant	0	118,439	50,000	0	0	0
UNICEF	CI National Policy for Children	Grant	0	835	63,340	0	0	0
UNDP	UNPRPD Strengthening our Work together Joint Programme	Grant	0	40,170	0	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	3,018	109,876	0	0	0
UNEP	Global Biodiversity Framework Early Action Support Project	Grant	0	1,211	362,172	162,470	84,171	0
China	MFAI Support for the Cook Islands PIF 2023 Grant Funds	Grant	0	308,273	10,055	0	0	0
Australia	Pacific Island Leaders Meeting Support	Grant	0	551,383	176,270	0	0	0
PIFS	Pacific Island Leaders Meeting Support	Grant	0	58,337	0	0	0	0
Saudi	Pacific Island Leaders Meeting Support	Grant	0	168,656	337,576	0	0	0
Switzerland	Pacific Island Leaders Meeting Support	Grant	0	65,340	0	0	0	0
Australia	Pacer Plus MFAI National Coordinator of the Cook Islands	Grant	0	49,000	40,000	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	120,000	0	0	0	0
FAO	Data Collection Agriculture Activities in the 2021 Census of Population and Dwelling	Grant	0	29,527	15,000	0	0	0
FAO	Improving Production of Wetland Taro	Grant	0	10,044	57,500	0	0	0
GEF	Circular Solutions to Plastic Pollution Integrated Program - GEF8	Grant	0	0	102,947	0	0	0
UNDP	UNFPA - Kopu Tangata Matutu Cook Islands Family Wellbeing Plan 2024-2027	Grant	0	0	250,000	250,000	250,000	0
Australia	Gender Activities	Grant	0	0	141,517	0	0	0
SPREP	Pacific Ocean Litter Project (POLP)	Grant	0	0	410,000	390,000	20,000	0
<b>Total Recurrent ODA Expenditure</b>			<b>14,945,927</b>	<b>10,850,463</b>	<b>40,737,269</b>	<b>28,536,643</b>	<b>13,971,035</b>	<b>10,180,383</b>
<b>Capital ODA Expenditure</b>								
NZ	Manatua Polynesian Cable Project	Grant	515,955	382,444	0	0	0	0
NZ	Mei Te Vai Ki Te Vai (MTVKTV)	Grant	144,259	0	0	0	0	0
Japan	Procurement of a cargo and passenger vessel	Grant	0	0	5,800,000	0	0	0
NZ	Cook Islands Infrastructure Trust Fund	Grant	264,365	0	15,000,000	10,400,000	0	0
NZ	Cook Islands Infrastructure Trust Fund - Rarotonga Airport Refurbishment	Grant	0	0	0	0	0	0
NZ	Cook Islands Infrastructure Trust Fund - Te Tau Papa O Avarua CIIC	Grant	0	650,000	7,000,000	0	0	0
NZ	Cook Islands Infrastructure Trust Fund - Manihiki Airport Upgrade	Grant	0	1,500,000	12,000,000	0	0	0
EU	Budget Support to the Sanitation Sector	Grant	605,038	172,356	678,914	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

Development Partner	Programs/Projects by Agency	Funding Type	2022/23 Actual	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
China	Domestic Shipping – mixed Cargo / Passenger Ship	2nd Party Spend	0	0	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	326,639	2,668,620	0	0	0
NZ	Rarotonga Airport Upgrade Designs	Grant	795,615	80,567	0	0	0	0
ADB	JFPR - Supporting Safe Recovery of Travel and Tourism in Cook Islands	3rd Party Spend	659,091	533,344	2,466,656	0	0	0
NZ	Improving Geospatial Data - LiDAR	Grant	1,271,780	189,088	1,089,113	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
<b>Total Capital ODA Expenditure</b>			<b>9,003,359</b>	<b>3,834,437</b>	<b>49,303,303</b>	<b>10,400,000</b>	<b>0</b>	<b>0</b>
<b>Total NZD Equivalent ODA Funding</b>			<b>53,217,387</b>	<b>23,784,900</b>	<b>90,040,572</b>	<b>38,936,643</b>	<b>13,971,035</b>	<b>10,180,383</b>
<b>Total NZD Equivalent ODA Funding - (excluding General Budget Support)</b>			<b>23,949,286</b>	<b>14,684,900</b>	<b>90,040,572</b>	<b>38,936,643</b>	<b>13,971,035</b>	<b>10,180,383</b>

## 16.18. Schedule 11 – Comparative Analysis of Ministry Appropriations

	2023/24 Supplementary Estimate			2024/25 Budget Estimate			Gross Operating Variance
	Gross Operating Appropriation	Trading Revenue	Net Operating Appropriation	Gross Operating Appropriation	Trading Revenue	Net Operating Appropriation	Amount
<b>Ministry</b>							
Agriculture	1,501,202	94,414	1,406,788	1,485,081	190,535	1,294,546	(16,121)
Audit (PERCA)	1,418,197	156,300	1,261,897	1,132,654	156,300	976,354	(285,543)
Corrective Services	1,832,137	100,000	1,732,137	1,804,287	100,000	1,704,287	(27,850)
Crown Law	1,662,167	0	1,662,167	1,250,790	0	1,250,790	(411,377)
Cultural Development	2,199,671	170,000	2,029,671	1,699,671	170,000	1,529,671	(500,000)
Business Trade and Investment Board	636,267	27,400	608,867	645,056	27,400	617,656	8,789
Education	20,631,922	0	20,631,922	20,742,099	0	20,742,099	110,177
Environment	2,472,783	35,000	2,437,783	2,185,572	35,000	2,150,572	(287,211)
Finance and Economic Management	36,017,260	954,341	35,062,919	30,754,277	478,920	30,275,357	(5,262,983)
Financial Services Development Authority	495,600	0	495,600	526,489	0	526,489	30,889
Foreign Affairs	3,657,634	28,000	3,629,634	4,154,555	503,421	3,651,134	496,921
Head of State	251,889	0	251,889	252,573	0	252,573	684
Health	23,139,578	350,000	22,789,578	22,050,378	350,000	21,700,378	(1,089,200)
Infrastructure Cook Islands	5,974,000	300,000	5,674,000	6,890,427	300,000	6,590,427	916,427
Internal Affairs	6,100,267	0	6,100,267	6,618,627	0	6,618,627	518,360
Justice	3,226,823	425,000	2,801,823	3,179,977	425,000	2,754,977	(46,846)
Marine Resources	2,395,516	20,000	2,375,516	2,125,516	20,000	2,105,516	(270,000)
Ombudsman	307,345	0	307,345	304,001	0	304,001	(3,344)
Parliamentary Services	1,001,372	0	1,001,372	931,063	0	931,063	(70,309)
Police	6,311,333	154,783	6,156,550	6,288,983	154,783	6,134,200	(22,350)
Prime Minister's Office	4,029,079	0	4,029,079	4,110,223	0	4,110,223	81,144
Public Service Commission	2,710,743	0	2,710,743	2,815,469	0	2,815,469	104,726
Tourism Corporation	8,785,000	20,000	8,765,000	9,268,495	20,000	9,248,495	483,495
Transport	1,284,330	41,221	1,243,109	1,199,330	49,721	1,149,609	(85,000)
Cook Islands Investment Corporation	4,761,000	753,831	4,007,169	4,481,000	753,831	3,727,169	(280,000)
Cook Islands Seabed Minerals Authority	1,695,657	240,000	1,455,657	1,376,291	240,000	1,136,291	(319,366)
<b>Total Ministries</b>	<b>144,498,772</b>	<b>3,870,290</b>	<b>140,628,482</b>	<b>138,272,884</b>	<b>3,974,911</b>	<b>134,297,973</b>	<b>(6,225,888)</b>

	2023/24 Supplementary Estimate			2024/25 Budget Estimate			Gross Operating Variance
	Gross Operating Appropriation	Trading Revenue	Net Operating Appropriation	Gross Operating Appropriation	Trading Revenue	Net Operating Appropriation	Amount
<b>Ministerial Support</b>							
Prime Minister	540,000	0	540,000	540,000	0	540,000	0
Deputy Prime Minister	378,890	0	378,890	391,679	0	391,679	12,789
Ministerial Support 1	350,000	0	350,000	320,789	0	320,789	(29,211)
Ministerial Support 2	350,000	0	350,000	320,789	0	320,789	(29,211)
Ministerial Support 3	350,000	0	350,000	320,789	0	320,789	(29,211)
Ministerial Support 4	378,460	0	378,460	320,789	0	320,789	(57,671)
Leader of Opposition	350,000	0	350,000	320,789	0	320,789	(29,211)
<b>Total Ministerial Support Offices</b>	<b>2,697,350</b>	<b>0</b>	<b>2,697,350</b>	<b>2,535,624</b>	<b>0</b>	<b>2,535,624</b>	<b>(161,726)</b>
<b>Outer Islands</b>							
Aitutaki	2,153,078	67,828	2,085,250	2,123,945	67,828	2,056,117	(29,133)
Atiu	1,837,324	224,318	1,613,006	1,871,518	224,318	1,647,200	34,194
Mangaia	1,840,460	301,000	1,539,460	1,863,095	301,000	1,562,095	22,635
Manihiki	1,404,647	119,000	1,285,647	1,429,482	119,000	1,310,482	24,835
Mauke	1,462,403	113,853	1,348,550	1,483,390	113,853	1,369,537	20,987
Mitiaro	950,749	60,900	889,849	985,555	60,900	924,655	34,806
Palmerston	439,556	20,500	419,056	444,347	20,500	423,847	4,791
Penrhyn	1,053,805	74,000	979,805	1,085,724	74,000	1,011,724	31,919
Pukapuka-Nassau	1,412,717	73,695	1,339,022	1,501,024	73,695	1,427,329	88,307
Rakahanga	594,897	52,000	542,897	616,523	52,000	564,523	21,626
<b>Total Outer Islands</b>	<b>13,149,636</b>	<b>1,107,094</b>	<b>12,042,542</b>	<b>13,404,603</b>	<b>1,107,094</b>	<b>12,297,509</b>	<b>254,967</b>
<b>Gross Total</b>	<b>160,345,758</b>	<b>4,977,384</b>	<b>155,368,374</b>	<b>154,213,111</b>	<b>5,082,005</b>	<b>149,131,106</b>	<b>(6,132,647)</b>



## 17. Financial Statements

### 17.1. Statement of Financial Performance

Table 17-1 Statement of Financial Performance, 30 June (\$'000)

	2022/23 Actual	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>Revenue</b>						
Taxation Revenues	110,700	165,104	180,879	189,793	196,638	204,660
Trading Revenue	5,921	6,592	5,082	5,232	5,232	5,232
Interest Revenue	3,175	683	645	646	648	649
Dividends	0	2,400	1,600	1,700	2,750	3,550
Core Sector Support	7,825	9,100	0	0	0	0
Other Revenue	38,991	22,425	19,624	19,235	19,288	19,282
<b>Total Revenue</b>	<b>166,612</b>	<b>206,305</b>	<b>207,829</b>	<b>216,606</b>	<b>224,556</b>	<b>233,373</b>
<b>Expenditure</b>						
Crown Appropriation	113,098	137,580	145,732	147,756	151,300	151,608
Depreciation	14,066	13,752	15,259	15,259	15,181	15,181
Payments on Behalf of Crown	32,510	33,437	32,989	32,473	32,104	32,638
Debt-servicing interest	6,764	7,493	10,626	9,743	8,842	8,011
Other expenditure	2,308	1,683	150	150	150	150
<b>Total Expenditure</b>	<b>168,746</b>	<b>193,946</b>	<b>204,755</b>	<b>205,381</b>	<b>207,577</b>	<b>207,590</b>
<b>NET OPERATING SURPLUS / (SHORTFALL)</b>	<b>(2,133)</b>	<b>12,359</b>	<b>3,074</b>	<b>11,225</b>	<b>16,978</b>	<b>25,784</b>
<b>Grants</b>						
Foreign Aid Revenue	14,946	10,850	40,737	28,537	13,971	10,180
Foreign Aid Expenses	14,946	10,850	40,737	28,537	13,971	10,180
<b>Grant Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Operating Balance after Grants</b>	<b>(2,133)</b>	<b>12,359</b>	<b>3,074</b>	<b>11,225</b>	<b>16,978</b>	<b>25,784</b>

## 17.2. Statement of Financial Position

Table 17-2 Statement of Financial Position, 30 June (\$'000)

	2022/23 Actual	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>Assets</b>						
Working Capital Fund	67,126	57,526	42,215	36,964	31,018	30,740
Stabilisation Fund	3,544	3,544	3,544	3,544	3,544	3,544
General Cash Reserve	<b>70,670</b>	<b>61,070</b>	<b>45,759</b>	<b>40,508</b>	<b>34,562</b>	<b>34,284</b>
Loan Reserves Fund (LRF)	5,047	3,908	4,060	4,333	4,671	4,794
Disaster Response Trust Fund	2,028	2,078	2,128	2,178	2,228	2,278
Other Trust Funds	46,314	46,314	46,314	46,314	46,314	46,314
Other Assets	155,700	155,700	155,700	155,700	155,700	155,700
Advances to SOEs	46,980	51,978	49,590	47,720	46,234	44,924
Plant, Property, and Equipment	272,016	283,061	336,181	345,986	349,618	354,124
<b>Total Assets</b>	<b>598,755</b>	<b>604,109</b>	<b>639,731</b>	<b>642,738</b>	<b>639,327</b>	<b>642,417</b>
<b>Liabilities</b>						
Creditors and Other Payables	132,507	132,507	132,507	132,507	132,507	132,507
Trust Liabilities	52,261	52,261	52,261	52,261	52,261	52,261
Borrowings	228,704	214,384	197,463	178,853	158,962	136,746
<b>Total Liabilities</b>	<b>413,472</b>	<b>399,152</b>	<b>382,231</b>	<b>363,622</b>	<b>343,730</b>	<b>321,514</b>
<b>NET CROWN BALANCE</b>	<b>185,283</b>	<b>204,956</b>	<b>257,500</b>	<b>279,116</b>	<b>295,597</b>	<b>320,903</b>

## 17.3. Statement of Borrowings

Table 17-3 Statement of Borrowings, 30 June (\$'000)

	2022/23 Actual	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>Total Gross Borrowing</b>	<b>231,029</b>	<b>214,384</b>	<b>197,463</b>	<b>178,853</b>	<b>158,962</b>	<b>136,746</b>
<b>Assets held against Borrowings</b>						
Advances to Subsidiaries	46,980	51,978	49,590	47,720	46,234	44,924
Loan Repayment Fund (LRF)	5,047	3,908	4,060	4,333	4,671	4,794
<b>Total Assets Held Against Borrowings</b>	<b>52,027</b>	<b>55,886</b>	<b>53,650</b>	<b>52,053</b>	<b>50,905</b>	<b>49,717</b>
<b>Total Net Borrowing</b>	<b>179,002</b>	<b>158,498</b>	<b>143,812</b>	<b>126,801</b>	<b>108,057</b>	<b>87,028</b>

## 17.4. Statement of Cash flow

Table 17-4 Statement of Cash flow, 30 June (\$'000)

	2022/23 Actual	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Projection	2026/27 Projection	2027/28 Projection
<b>Cashflows from Operating Activities</b>						
<u>Cash provided from:</u>						
Taxation Revenues	110,700	165,104	180,879	189,793	196,638	204,660
Trading Revenue	5,921	6,592	5,082	5,232	5,232	5,232
Interest Revenue	3,175	575	573	573	573	573
Foreign Aid Income	23,949	14,685	90,041	38,937	13,971	10,180
Core Sector Support	7,825	9,100	0	0	0	0
Other Revenue	38,991	22,425	19,624	19,235	19,288	19,282
	<b>190,561</b>	<b>218,482</b>	<b>296,198</b>	<b>253,770</b>	<b>235,702</b>	<b>239,928</b>
<u>Cash applied to:</u>						
Crown Appropriation	113,098	137,580	145,732	147,756	151,300	151,608
Depreciation	0	0	0	0	0	0
Payments on Behalf of the Crown	32,510	33,437	32,989	32,473	32,104	32,638
Foreign Aid Expense	14,946	10,850	40,737	28,537	13,971	10,180
Net Debt-Servicing Interest	0	0	0	0	0	0
Other Expenditure	2,308	1,683	150	150	150	150
	<b>162,861</b>	<b>183,551</b>	<b>219,608</b>	<b>208,916</b>	<b>197,525</b>	<b>194,577</b>
<b>Net Cashflows from Operating Activities</b>	<b>27,700</b>	<b>34,931</b>	<b>76,590</b>	<b>44,853</b>	<b>38,177</b>	<b>45,350</b>
<b>Cashflows from Financing Activities</b>						
<u>Cash provided from:</u>						
Subsidiary Loan Repayments - principal + interest	24,391	769	750	738	734	645
Other Investment Receipts	0	2,400	1,600	1,700	2,750	3,550
	<b>24,391</b>	<b>3,169</b>	<b>2,350</b>	<b>2,438</b>	<b>3,484</b>	<b>4,195</b>
<u>Cash applied to:</u>						
Capital expenditure	22,415	20,964	19,074	14,664	18,813	19,687
Capital expenditure - foreign aid	9,003	3,834	49,303	10,400	0	0
Advances to Subsidiaries	0	0	0	0	0	0
	<b>31,419</b>	<b>24,798</b>	<b>68,378</b>	<b>25,064</b>	<b>18,813</b>	<b>19,687</b>
<b>Net Cashflows from Investing Activities</b>	<b>(7,028)</b>	<b>(21,629)</b>	<b>(66,028)</b>	<b>(22,625)</b>	<b>(15,330)</b>	<b>(15,492)</b>
<b>Cashflows from Financing Activities</b>						
<u>Cash provided from:</u>						
Loans Drawdown	0	0	0	0	0	0
Other Financing Receipts	0	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<u>Cash applied to:</u>						
Loan Repayment Fund	12,344	22,852	25,824	27,429	28,742	30,087
Other Reserves	0	50	50	50	50	50
Other Financing Payments	(270)	0	0	0	0	0
	<b>12,074</b>	<b>22,902</b>	<b>25,874</b>	<b>27,479</b>	<b>28,792</b>	<b>30,137</b>
<b>Net Cashflows from Financing Activities</b>	<b>(12,074)</b>	<b>(22,902)</b>	<b>(25,874)</b>	<b>(27,479)</b>	<b>(28,792)</b>	<b>(30,137)</b>
Net cash movements	4,438	(9,600)	(15,311)	(5,251)	(5,946)	(278)
Opening General Cash Balance	66,232	70,670	61,070	45,758	40,508	34,562
<b>Closing General Cash Reserve</b>	<b>70,670</b>	<b>61,070</b>	<b>45,758</b>	<b>40,508</b>	<b>34,562</b>	<b>34,283</b>

## 17.5. Statement of Financial Risks

Quantifiable Contingent Liabilities	(\$'000)
Guarantees and indemnities	50
Uncalled capital	2,700
Legal proceedings and disputes	600
Vested Assets	25,300
<b>Total Quantifiable Contingent Liabilities</b>	<b>28,650</b>

The total quantifiable contingent liabilities are estimated at \$28.5 million in 2024/25, made up of the guarantees and indemnities outlined below. Possible liabilities stemming from the Island Governments are also discussed.

### 17.5.1. 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.

### 17.5.2. Uncalled Capital

The Government holds \$2.0 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 \$670,675 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 17-5 Uncalled Capital Breakdown (\$)**

Party	Shares	USD Value	NZD Value
Asian Development Bank	88	13,500	1,991,905
Asian Infrastructure Investment Bank	4	100,000	670,675
<b>Total</b>		<b>1,588,000</b>	<b>2,662,580</b>
Foreign Exchange Rate (USD/NZD)	1.68		

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

### 17.5.3. 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.

### 17.5.4. 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 deploying 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 mitigated.

## **18. Accounting Policies**

This section outlines the accounting policies used for the Forecast Financial Statements of the Government of the Cook Islands.

### **18.1. 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 that the Government does not comply with and has 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.

### **18.2. 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.

### **18.3. 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.

## 18.4. Basis of Consolidation

These forecast financial statements combine the following entities:

### Crown Parent Crown entities (46)

#### Ministries (13)

- 1 Infrastructure Cook Islands
- 2 Ministry of Agriculture
- 3 Ministry of Cultural Development
- 4 Ministry of Education
- 5 Ministry of Finance and Economic Management
- 6 Ministry of Foreign Affairs & Immigration
- 7 Ministry of Health
- 8 Ministry of Internal Affairs and Social Services
- 9 Ministry of Justice
- 10 Ministry of Marine Resources
- 11 Ministry of Police
- 12 Ministry of Transport
- 13 Ministry of Corrective Services

#### Crown agencies and offices (16)

- 24 Business Trade and Investment Board
- 25 Cook Islands Tourism and Marketing Corporation
- 26 Cook Islands Seabed Mineral Authority
- 27 Crown Law Office
- 28 Development Coordination Division
- 29 Financial Services Development Authority
- 30 Financial Supervisory Commission
- 31 Head of State
- 32 National Environment Service
- 33 Office of the Public Expenditure Review Committee and Audit
- 34 Office of the Public Service Commissioner
- 35 Office of the Ombudsman
- 36 Office of the Prime Minister
- 37 Parliament of the Cook Islands
- 38 Competition Regulatory Authority
- 39 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)

- 14 Atiu Island Administration
- 15 Aitutaki Island Administration
- 16 Mangaia Island Administration
- 17 Manihiki Island Administration
- 18 Mauke Island Administration
- 19 Mitiaro Island Administration
- 20 Palmerston Island Administration
- 21 Penrhyn Island Administration
- 22 Pukapuka Nassau Island Administration
- 23 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 1
- 44 Minister Support Office 2
- 45 Minister Support Office 3
- 46 Minister Support Office 4

#### *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.

### 18.4.1. 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. Government's interest in Telecom Cook Islands Limited is held by Cook Islands Telecommunication Holdings Limited.

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 per cent owned by the Cook Islands Investment Corporation and 50 per cent 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.

## 18.5. Accounting treatment

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

#### 18.5.1.1. Revenue Earned Through Operations

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

#### **18.5.1.2. 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.

#### **18.5.1.3. 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.

#### **18.5.1.4. Dividend revenue**

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

#### **18.5.1.5. 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.

#### **18.5.1.6. 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.

#### **18.5.1.7. 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.

#### **18.5.1.8. 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.

### **18.5.2. Expenses Recognition**

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

#### **18.5.2.1. Personnel expenses**

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



#### **18.5.2.2. Welfare payments**

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

#### **18.5.2.3. 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.

#### **18.5.2.4. 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.

#### **18.5.2.5. 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.

#### **18.5.2.6. 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.

#### **18.5.2.7. 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.

#### **18.5.2.8. 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:

<b>Asset type</b>	<b>Useful life</b>
Office and computer equipment	3 – 4 years
Motor vehicles	5 years
Furniture and fittings	4 – 10 years
Plant and equipment	5 - 15years
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

### **18.5.3. Non-Financial Assets**

#### **18.5.3.1. 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.

#### **18.5.3.2. 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 v with that item) will be recognised in the statement of financial performance.

### 18.5.3.3. 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.

### 18.5.3.4. 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.

### 18.5.3.5. Work in progress

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

### 18.5.3.6. 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.

### 18.5.3.7. 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

### 18.5.3.8. 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.

## **18.5.4. Financial Assets**

### **18.5.4.1. Categories of Financial Assets**

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

### **18.5.4.2. 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.

### **18.5.4.3. 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.

### **18.5.4.4. 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.

### **18.5.4.5. Term deposits**

This comprises interest-bearing deposits held with other banks and are measured at amortised cost in the statement of financial position.

### **18.5.4.6. Trust accounts**

Trust accounts contain funding that 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.

### **18.5.4.7. Banking portfolio investments (loans)**

Within Government, the 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.

### **18.5.4.8. 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.

## **18.5.5. Identification and measurement of impairment**

### **18.5.5.1. Banking portfolio investments (loans)**

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

### **18.5.5.2. 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.

### **18.5.5.3. 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.

### **18.5.5.4. Derecognition of financial assets**

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

## **18.5.6. Categorisation of liabilities**

All financial liabilities are classified as other financial liabilities.

### **18.5.6.1. 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.

### **18.5.6.2. 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.

### **18.5.6.3. 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.

### **18.5.6.4. 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 flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

#### **18.5.6.5. 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.

#### **18.5.6.6. 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 of the Government Superannuation Fund (New Zealand).

#### **18.5.6.7. 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.

#### **18.5.6.8. Derecognition**

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

### **18.5.7. 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.

### **18.5.8. 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.

### **18.5.9. 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.

### **18.5.10. 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 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 2024/25, 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