



# 2024/25 Budget Citizen's Guide - Perseverance (Tauta'anga)

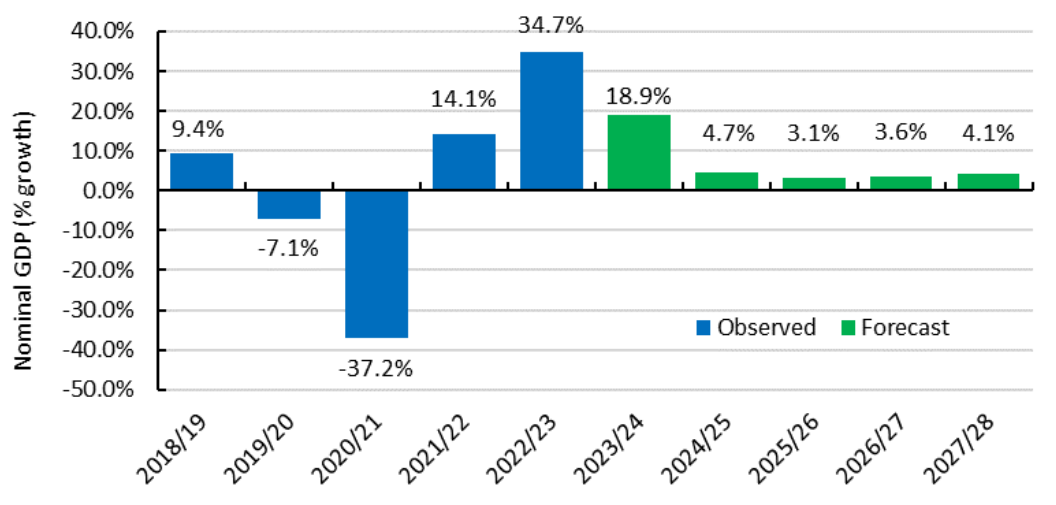
The 2024/25 budget has been designed to reinforce the gains made towards economic recovery. It reflects the Government's Medium-term Fiscal Strategy (MTFS) for 2024/25 to 2027/28 and priorities for the upcoming years. It reaffirms the Government's commitment to sound fiscal and economic management, within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

Ko te 'akapapa'anga moni mata'iti 2024/25 kua 'anga'ia te reira no te akamātūtū i te pū'apinga tei rauka mei roto i te tūranga 'akamātūtū pū'apinga. Kua 'akaari mai te reira i te Kaveinga Moni no te Tau-Tupoto a te Kavamani no te mataiti 2024/25 ki te mataiti 2027/28 e te au kaveinga tumu no tēia au mata'iti ki mua. Kua 'akapāpu mai te reira i ta te Kavamani 'aka'ātinga'anga kia rauka te 'akapapa'anga moni tau e te 'akaterē'anga kimi pū'apinga e rauka ai te tūranga mātūtū mei roto mai i te 'arapaki'anga kimi pū'apinga tā tātou i nā roto mai.

## ECONOMIC AND FISCAL UPDATE - NŪTI NO TE KIMI PŪ'APINGA E TE MONI

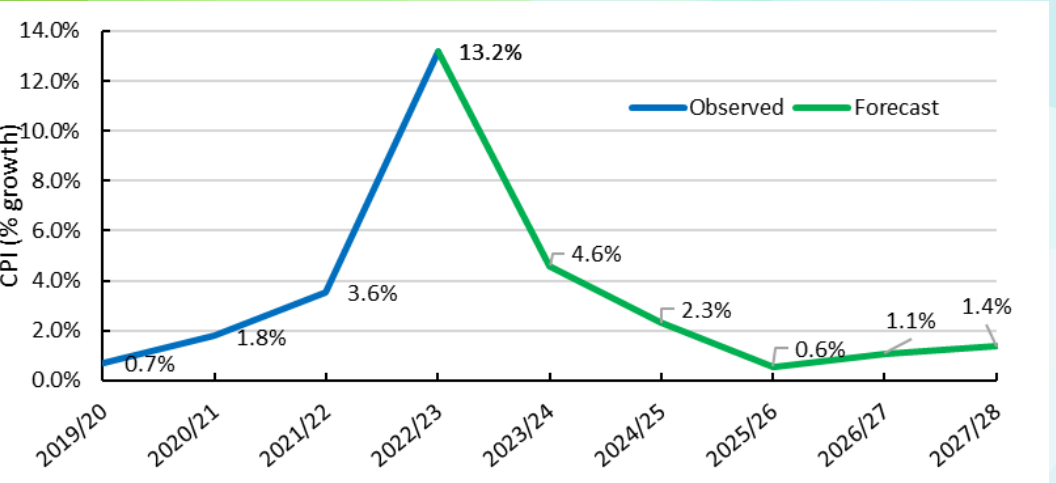
The forecast for 2024/25 indicates a continuation of the recovery trend, though at a more muted pace, with GDP levels growth projected at 4.7 per cent, returning to levels close to pre-pandemic. GDP growth is expected to remain between three and four per cent in 2025/26 and 2026/27 as the economy returns to normal.

Kua 'akakite te tāmānako'anga Moni o te mataiti 2024/25 e te maranga nei rāi te ara 'akamātūtū, noātu 'oki e kāre e 'akarongo'ia ana, ko te Pū'apinga Bāsileia kua taeria te 4.7 patene, te rēvera tei vātata roa ki te tūranga i mua ake ka tupu te manamanatā o te maki rikarika. Kua 'irinaki'ia e ko te Pū'apinga Bāsileia ka no'o tinamou te reira ki rotopū i te 3 e te 4 patene i te mata'iti 2025/26 e te mata'iti 2026/27 i te tu'anga kimi pū'apinga e 'oki ra ki te tūranga tei mātau'ia.



**Inflation:** For 2023/24, inflation is projected to fall to 4.6 per cent following the large spike in 2022/23. The forecasts below indicate that inflation is expected to decrease further in subsequent years, however the exposure to external factors such as global fuel prices and supply chain constraints, and its impact on cost of the goods and services remains.

**Vāito 'oko pākau:** Ko te vāito o te oko'anga pākau i te mata'iti 2023/24 kua tāmānako'ia e kā topa ki te 4.6 patene i muri ake i te kake'anga ma'ata i te mataiti 2022/23. Ko te tāmānako'anga i raro nei kua 'akakite te reira e kā topa 'uātu rai te vāito 'oko pākau i tēia au mata'iti e tū mai nei noātu rā te reira, ko te 'arapaki'anga a te au mea e tupu nei ki va'o ake i to tatou akau, mei te 'oko'anga o te inu e te penitini, te manamanatā o te mataara 'akaū pākau, e te 'akatūkē'anga tāna ka 'akatupu ki te tūtaki'anga o te au 'apinga 'oko'oko e te tauturu tau, kā vai rāi te reira.



**Fiscal outcomes:** Driven by increased operating revenue and a notable reduction in operating expenditure, an operating surplus of \$12.4 million expected for 2023/24.

The **2024/25** Budget continues to improve within a recovery context, through improvements in operating revenue estimated at \$209.1 million, higher than the anticipated operating expenditure estimated at \$206.1 million. Capital investments are ongoing, albeit slight lower than the previous year at \$19.1 million.

Over the medium term, government's fiscal position will improve significantly. Projected revenues are expected to rise to \$234.3 million by 2027/28. Whilst operating expenditure is expected to rise to an estimated \$208.5 million in the same year, a fiscal surplus of \$21.3 million is reported. This will improve government's ability to respond to inflationary pressures as well as provide the necessary investment required in the Capital space to pre-COVID levels.

**Te moni ka rauka:** Tei 'akake'ia e te kake ki roto i tu'anga moni tā'anga'anga e te topa tei kitea'ia ki roto i te 'akapou'anga moni, kua tāmānako'ia e ka ma'ata atu i te \$12.4 mirioni tara ka rauka i te mataiti 2023/24.

Ko te 'akapapa'anga moni mata'iti 2024/25 ka meitaki 'uātu rāi te reira ki roto tikāi i te tūranga 'akamātūtū, nā roto i te turanga meitaki o te moni tā'anga'anga tei tāmānako'ia e \$209.1 mirioni, tei maata atu i te 'akapou'anga moni tei tāmānako'ia e \$206.1 mirioni. Ko te tu'anga moni tiaki, te neke nei rāi te reira, noātu e kua iti mai me 'aka'āite'ia ki te mata'iti i topa e \$19.1 mirioni.

Ki roto i te tau i rotopū, ka mātūtū atu te tūranga moni a te Kavamani. Ko te tāmānako'anga ka taeria te \$234.3 mirioni i te mataiti 2027/28. Noātu oki e kua 'irinaki'ia e ka maranga te tūranga akapou'anga moni ki te nūmero tāmānako e \$208.5 mirioni i taua mata'iti rāi, kua rīpōtī'ia te moni tere e \$21.3 mirioni. Ka riro tēia i te tauturu i te kavamani kia rauka 'i ā ia vavao i te au 'akakake'anga manako-kore'ia e pērā te 'akaputu'anga tau ki roto i te tuanga moni kia 'ātui ki te turanga i mua ake i te maki kōviti.

\$ Million	2022/23 Actual	2023/24 Estimated Actual	2024/25 Budget Estimate	2025/26 Proj.	2026/27 Proj.	2027/28 Proj.
Total Operating Revenue (\$m)	166.6	207.8	209.1	217.8	225.6	234.3
Total Operating Expenditure (\$m)	170.5	195.4	206.1	206.6	208.6	208.5
Operating Balance surplus/deficit	-3.9	12.4	3.1	11.2	17.0	25.8
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
Overall Fiscal Balance surplus/deficit	-12.2	5.1	-0.7	11.8	13.3	21.3
% of GDP	-2.4	0.8	-0.1	1.8	1.9	3.0
Net Crown Debt, end of FY (\$m)	226.0	210.5	193.4	174.5	154.3	132.0
% of GDP	44.0	34.2	30.0	26.3	22.4	18.4
Gross Domestic Product (\$m)	513.6	615.1	643.9	664.0	688.2	716.6

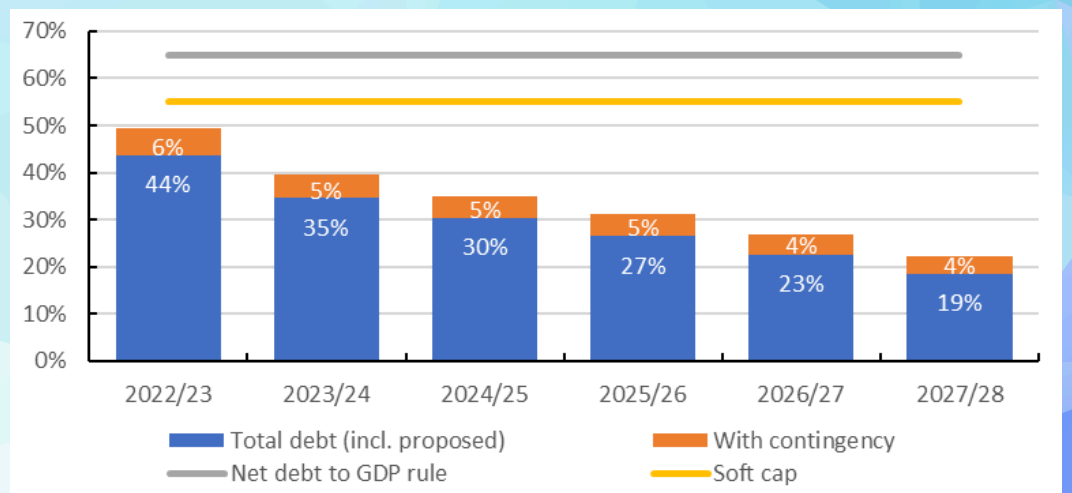
## GOVERNMENT DEBT – KAIYOU A TE KAVAMANI

As the economy recovers and GDP growth is observed year on year, the government's debt relative to GDP is expected to decrease over the medium term as government continues to meet its debt servicing requirements.

The level of debt taken on by government relative to national income as measured through GDP is estimated to be 35% for 2023/24 and 30% for 2024/25 respectively, well within government's soft cap set at 55% and its ability to repay.

I te tu'anga kimi pū'apinga e maranga mai ra ki runga e te 'ākard'anga matatio o te Pū'apinga Bāsileia i te au mata'iti tātakita'ī, ko te 'akakaio'u'anga a te kavamani tei 'ātui ki te Pū'apinga Bāsileia kua 'irinaki'ia e kā topa te reira ki roto i te tau i rotopū, i te kavamani e tūtaki ra i tāna au tūtaki'anga nō te 'akakaio'u'anga.

Ko te rēvera o te 'akakaio'u'anga tei rave'ia e te kavamani me 'aka'āite'ia ki te moni ipukarea tei rauka e tei vāito'ia nā roto i te Pū'apinga Bāsileia kua tāmānako'ia e, e 35 patene no te mataiti 2023/24 e, e 30 patene no te mataiti 2024/25, tei tau māri ki te tūranga 55 patene tei 'akano'o'ia e te kavamani e te ka rauka 'i a'ia i te tūtaki.



## ECONOMIC RECOVERY ROADMAP (ERR) - ARANUI AKAMĀTŪTŪ I TE KIMI PŪ'APINGA

The ERR supports economic stimulus measures for sustainable recovery from the impacts of COVID-19. The ERR remains supported with \$1.2 million in 2024/25, but this funding is set to decrease substantially in subsequent years, with funding totaling \$550,000 for the three years.

Ko te Aranui 'Akamātūtū i te Kimi Pū'apinga te turu nei te reira i te au rāvenga 'akakeu kimi pū'apinga nō te tupu'anga mātūtū mei roto mai i te 'arapaki'anga a te Koviti 19. Te tauturu'ia nei te Aranui 'Akamātūtū i te Kimi Pū'apinga e \$1.2 mirioni i te mata'iti 2024/25, i nā rā kua 'akano'o'ia e ka topa tēia tu'anga tauturu ki te \$0.55 mirioni i tēia ngā mata'iti e toru e tū mai nei.

## REVENUE – MONI KO'IKO'I E TE TŪTAKI'ANGA

For 2024/25, total Crown Revenue (including ODA) is estimated at \$299.2 million, comprising taxation revenue of \$180.9 million, ODA grants \$90.0 million and other revenue at \$28.3 million. Government is expecting to spend \$315.2 million on projects, programmes and initiatives that aim to improve the livelihood of people in the Cook Islands. This amount includes an estimated spend of \$90.0 million for ODA related expenditure, matching the grant revenue.

Nō te mata'iti 2024/25 kua tāmānako'ia e, ko te katoa'anga o te moni ko'iko'i a te Korōna (kāpiti mai te ODA) e \$299.2 mirioni te reira, tei roto i tēia te moni tero e \$180.9 mirioni, te moni tauturu a te ODA e \$90.0 mirioni e tēta'ī au moni ko'iko'i takakē e \$28.3 mirioni.



# 2024/25 Budget Citizen's Guide - Perseverance (Tauta'anga)

Kua tāmānako te kavamani e ka 'akapou a ia e \$315.2 mirioni ki runga i te au 'anga'anga 'akapū'apinga, te au porokarāmu e te au mānākonako'anga no te 'akameitaki i te ora'anga o te 'iti tangata Kūki 'Airani. Tei roto i te tēia kōpapa moni te 'akapou'anga moni tāmānako e \$90.0 mirioni ki runga ODA tei riro i te 'akako'u i te kato'anga o te moni ko'iko'i tei rauka.

Where revenue comes from (\$ millions)		
Taxation	180.9	60.5%
ODA Funding *	90.0	30.1%
Other revenue **	28.3	9.4%
<b>Total Revenue</b>	<b>299.2</b>	<b>100.0%</b>

\*ODA funding received from development partners typically overstated as individual amounts may not be finalised for expenditure during the year but are subject to provisional agreement at the time of budget.

\*\*Other revenue comprises of fishing revenues, motor vehicle registration, immigration fees, fines and permits.

Where Taxpayer's money is spent (\$ millions)		
Economic Affairs +	105.9	33.6%
General Public Services ++	106.1	33.7%
Other Expenditure +++	32.0	10.2%
Social Protection	27.0	8.6%
Health	22.8	7.2%
Education	21.3	6.8%
<b>Total Revenue</b>	<b>315.2</b>	<b>100.0%</b>

+Economic affairs accounts for spending related to agriculture, marine, construction, transportation, tourism and general Economic affairs like the ERR.

++General public services include the administrative and finance functions of government

+++Other expenditure includes cost associated towards public order and safety, environmental protection, housing and community amenities, recreation, culture, and religion

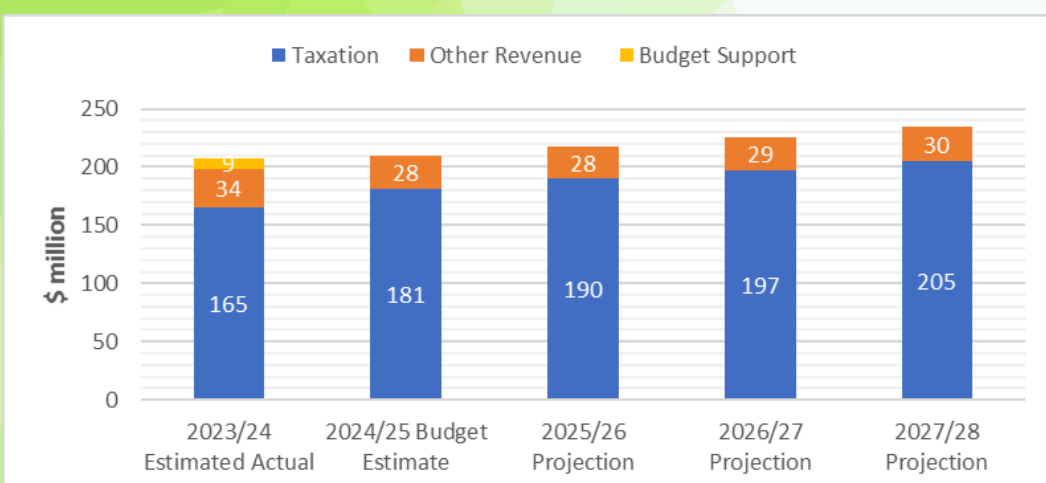
## REVENUE FORECASTS – 'ĀKARA MAMĀO NŌ TE MONI KOI

By the end of 2023/24, the government anticipates earning \$207.88 million in operating revenue, primarily from taxes such as value-added tax (VAT), excluding revenue from development partners like ODA. Additionally, the New Zealand Government provided \$9.1 million in support for key sectors. Other revenue sources include fisheries, vested assets, and coin and currency collection.

Operating revenue is forecasted to increase to \$209.1 million in 2024/25, driven by economic recovery, with tax revenues expected to increase to \$180.9 million and other revenue to \$28.3 million. Discussions with the Government of New Zealand regarding Core Sector Support for 2024/25 are ongoing and not yet confirmed.

I te 'openga o te mata'iti 2023/24, kua 'akakoro te kavamani e ka rauka mai e \$207.88 mirioni mei roto i tāna moni tā'anga'anga, e ko te ma'ata'anga mei roto mai i te moni tero, mei te tero paunu'anga(VAT), e kāre te moni ko'iko'i mei te au pātana akapū'apinga mei te ODA. Kāpiti katoa mai te moni tauturu e te Kavamani Nutireni e \$9.1 mirioni ki te au tu'anga kimi pū'apinga mama'ata. Ko tēta'i au moni ko'iko'i takakē mei roto mai i te tu'anga tautai, te au apinga 'anga'anga e te ko'ī'anga i te moni pene e te moni peapa.

Kua tāmānako'ia e ko te moni tā'anga'anga ka 'akakake'ia te reira ki te \$209.1 mirioni i te mata'iti 2024/25 tei 'tūrakī'ia e te tu'anga 'akamātūtū pū'apinga, e ko te moni ko'iko'i no roto i te tero kua irinaki'ia e ka taeria te \$180.9 mirioni e pērā tēta'i au moni ko'iko'i takakē e \$28.3 mirioni. Te rave'ia nei rāi te 'uri'uri'anga manako ki te Kavamani Nutireni no te tauturu i te au tu'anga kimi pū'apinga mama'ata e kāre rā te reira i 'akapū'ia ake.



## OPERATING EXPENDITURE INITIATIVES – RĀVENGA TAUTURU I TE 'AKAPOU'ANGA MONI

Key expenditure initiatives for the 2024/25 Budget include:

- **Minimum wage adjustment:** \$1.3 million over four years for increase in minimum wage.
- **Airline Route Development:** \$4.1 million over four years for tourism recovery and growth.
- **Tourism:** \$9.2 million over four years to capitalize on airline route development.
- **Welfare payments:** \$3.2 million over four years to cover welfare beneficiaries
- **Patient referrals:** \$1.0 million annual increase to reflect actual expenditure.
- **Healthcare personnel:** Phased increase personnel from 2025/26 onwards, totaling \$1.0 million to address recruitment and retention challenges.
- **Education personnel:** Phased increase of \$410,828 from 2024/25 to 2025/26 for teacher salaries and \$2.2 million from 2026/27 to shift to the 2019 pay structure.
- **Finance personnel:** \$400,000 allocated for 2024/25 and 2025/26 to strengthen tax collection and compliance, with an extra \$125,000 from 2025/26 to hire accountants.
- **Te Maeva Nui 60th Celebration Transportation costs:** \$2.5 million allocated over two years for transportation enabling Pa Enea residents to attend the celebration.
- **Domestic shipping service:** \$9.8 million over four years to establish a domestic shipping service.

Te akapou'anga pū'apinga tei tāmānako'ia nō te 'Akapapa'anga moni mata'iti 2024/25:

- **Akatano'anga i te Kōtinga moni tūtaki:** \$1.3 mirioni i tēia 4 mata'iti e tū mai nei no te 'akakake'anga i te kōtinga moni tūtaki.
- **Kaveinga rere'anga Pairere:** \$4.1 mirioni i tēia 4 mata'iti e tū mai nei no te 'akamātūtū e te 'akapararauare i te pae turoto.
- **Pae Turoto:** \$9.2 mirioni i tēia mata'iti e tū mai nei no te 'akatinamou'anga i te rere'anga pa'irere.
- **Moni 'Akarangatira ora'anga:** \$3.2 mirioni i tēia 4 mata'iti e tū mai nei no te tūtaki'anga i te moni 'akarangatira ora'anga.
- **Kave'anga maki:** \$1.0 mirioni, e kā riro te 'akakake'anga i te au mata'iti i te 'akatimamou i te 'akapou'anga pāpū tikāi.
- **Tuanga Pāruru maki:** 'Akakake'anga moni tā-tuātau'ia mei te mata'iti 2025/26 e 'aere 'uātu ki mua, e \$1.0 mirioni nō te tūkaiu o te ko'ī'anga e te tāpū'anga i te aronga 'anga'anga.
- **Māraurau o te Pae 'Āpi'i:** 'Akakake'anga moni tā-tuātau'ia e \$410,828 me i te mata'iti 2024/25 ki te mata'iti 2025/26 no te moni pū'āpi'i e te \$2.2 mirioni mei te mata'iti 2026/27 no te neke'anga ki te papa moni tūtaki o te mata'iti 2019.
- **Tu'anga o te moni:** \$400,000 tei 'akataka'ia no te mata'iti 2024/25 i te akamātūtū i te ko'ī'anga tero e te au ture kia āru'ia, e te \$125,000 no te mata'iti 2025/26 i te apai mai i tēta'i au ta'unga 'akapapa'anga moni
- **Te Maeva Nui e te tari'anga mai i te tangata(60 mata'iti):** \$2.5 mirioni i 'akatu'anga'ia i tēia 2 mata'iti e tū mai nei nō te tari mai 'anga i te Pā 'Enea ki tēia 'akaepaepa'anga.
- **Pa'i tari kākō:** \$9.8 mirioni i tēia 4 mata'iti e tū mai nei no te tango i te tere'anga pa'i meitaki ki roto i te ipukarea.

## CAPITAL INVESTMENTS – AKAPUTU'ANGA APINGA ANGAANGA

Key capital investments include:

- **Bridges and Structure Asset Management and Improvement Programme –** \$1.5 million is allocated in 2024/25 and \$9.3 million over the medium term for bridge structure replacement works and repairs to improve safety for the public.
- **Drainage Asset Management and Improvement Programme (DAMP) –** \$1.0 million has been allocated in 2024/25 and in each of the outer years for drainage to ensure durability of private and public infrastructure.
- **Pa Enea Marine Infrastructure Improvement Programme –** \$2.4 million is allocated in 2024/25 as the construction phase of the project begins following completion of design plans.
- **Road Asset Management and Improvement Program –** \$6 million in 2024/25 and \$25.6 million over four years to improve the road networks.
- **Aitutaki Water Management –** \$700,000 is allocated in 2024/25 to enhance Aitutaki's water system and developing an asset management programme for maintenance.
- **To Tatou Vai –** \$500,000 in 2024/25 for TTV to carry out its capital works programme.

Te 'akapou'anga ki runga i te au tu'anga 'akapū'apinga:

- **Te 'Akaterere'anga i te au 'Ana e au 'Apinga 'Anga'anga e te Porokarāmu 'Akameitaki –** \$1.5 mirioni tei 'akatu'anga'ia no te mata'iti 2024/25 e te \$9.3 mirioni ki roto i te tau i rotopū no te mono e te 'aka'ou i te au 'ana 'ei pāruru i te ora'anga o te 'iti tangata.
- **Te 'Akaterere'anga i te au Ta'enga e te Porokarāmu 'Akameitaki(DAMP) –** \$1.0 mirioni tei 'akatu'anga'iano te mata'iti 2024/25 e te au mata'iti ka āru mai no te au ta'enga kia tau ki te tūranga 'akapū'apinga o te au tangata tātakita'i e te kātotoa.
- **Porokarāmu 'Akaterere i te Tūranga Moana o te Pā 'Enea –** \$2.4 mirioni tei 'akatu'anga'ia i te mata'iti 2024/25 no te 'akamāta'anga i te tu'anga 'akatango'anga i muri ake i te 'akamāna'anga o te parāni kaveinga.
- **Akaterere'anga i te Mataara e te Porokarāmu Akameitaki –** \$6 mirioni i te mata'iti 2024.25 e te \$25.6 mirioni i tēia 4 mata'iti e tū mai nei no te 'akameitaki i te tūranga o te mataara.
- **Tūranga Vai o Aitutaki:** \$700,000 i 'akatu'anga'ia no te mata'iti 2024/25 i te 'akameitaki i te tūranga vai o Aitutaki e te 'akatango'anga i te porokarāmu 'akaterere e te tiaki'anga
- **To Tatou Vai –** \$500,000 i te mata'iti 2024/25 no te TTV i te rave i te porokarāmu 'anga'anga tei 'akano'o'ia.