



# 2024/25 Half-Year Economic & Fiscal Update Citizen's Guide

## Te Pū'apinga 'Āpa Mata'iti 2024/25 e te 'Akamārama'anga 'Akapapa'anga Moni Ipukarea

The 2024/25 Half-Year Economic and Fiscal Update (HYEFU) has been prepared in the context of the Cook Islands' economy experiencing strong growth following the post-COVID-19 pandemic recovery years. The HYEFU outlines changes to the economic and fiscal forecasts that underpin the 2024/25 Budget, including the actual expenditure performance for the 2023/24 year.

*Ko te Pū'apinga Ipukarea 'Āpa Mata'iti e te 'Akamārama'anga Moni mata'iti 2024/25(HYEFU) kua te'ate'amamao'ia te reira kia tau ki te tu'anga kimi pū'apinga o te Kūki 'Airani tei nā roto i te tupu'anga mātūtū i te au mata'iti i muri ake i te 'arapaki'anga a te maki Kōviti – 19. Ka 'akataka katoa mai te HYEFU i te au tau'anga ki te pū'apinga ipukarea e te tūranga moni tei riro 'ei tango no te 'Akapapa'anga moni mata'iti 2024/25, e pērā te 'akapou'anga moni nō te mata'iti 2023/24.*

### ECONOMIC AND INFLATION OVERVIEW - AKARA'ANGA I TE PUAPINGA IPUKAREA E TE MONI OKO PAKAU

The economy has recovered faster than expected, thanks to the strong growth in tourist numbers and spending, especially from the Australian market. In 2023/24, the economy grew by 28.8% - surpassing pre-COVID levels, and growth is expected to slow to a more typical 4.8% in 2024/25 as the post-COVID recovery phase ends. Future growth is expected to be steady and moderate.

*Kua maranga viviki te tūranga o te tu'anga kimi pū'apinga mei te tāmānako'ia, kia 'akameitaki'ia te tupu'anga ketaketa o te nūmero tūroto 'ē tā rātou 'akapou'anga moni, te au manu'iri tikāi mei Autireria mai. I te mata'iti 2023/24 kua maranga mai te tu'anga kimi pū'apinga e 28.8% tei ma'ata atu i te tūranga i mua ake i te Kōviti e kua 'irinaki'ia e ka tupu 'uātu rāi te reira mei te 4.8% i te mata'iti 2024/25 ia tātou e nā roto nei i te taka'inga 'openga o te 'akamātūtū'anga i muri ake i te Kōviti. Kua 'irinaki'ia e ka mātūtū e ka marū te tupu'anga i tēia au tuātau ki mua.*

**INFLATION TRENDS:** Prices rose more slowly in 2023/24, increasing by 4.6% compared to 13.2% in 2022/23. While this is still higher than usual, inflation is expected to return closer to the long-term average of around 2%. The price increases were mainly caused by global factors like fuel and food costs and shipping challenges, which have started to ease. However, overall prices are still high and unlikely to drop.

**ARA KAVEINGA O TE MONI OKO PAKAU:** *Kua kake mārie te moni tūtaki pākau i te mata'iti 2023/24 mei te 4.6% mē 'aka'āite'ia ki te 13.2% i te mata'iti 2022/23. Noātu e, e rēvera teitei tēia, kua 'irinaki'ia ē kā topa mai te reira ki te nūmero tei mātau'ia ki roto i te tau-roa koia te 2%. Kua 'akatupu'ia tēia kake'anga moni e tēta'i au 'anga'anga i tupu ki roto i tēia nei ao, mei te pēnitini, te 'oko'anga kai e te tūkai o te tere'anga pa'i, 'inārā te marū mai nei te reira. Noātu rā teia kā vai teitei 'uātu rāi te moni 'oko pākau e kāre te reira e topa mai ki raro.*

Figure 1 Nominal GDP (\$m)

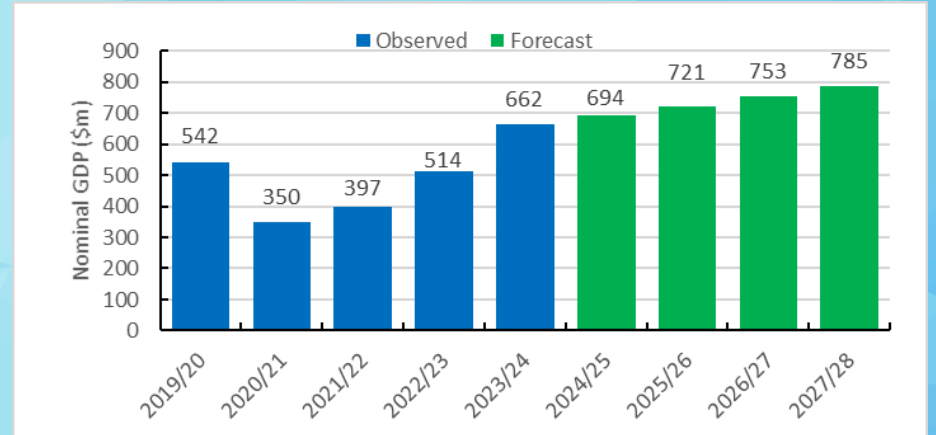
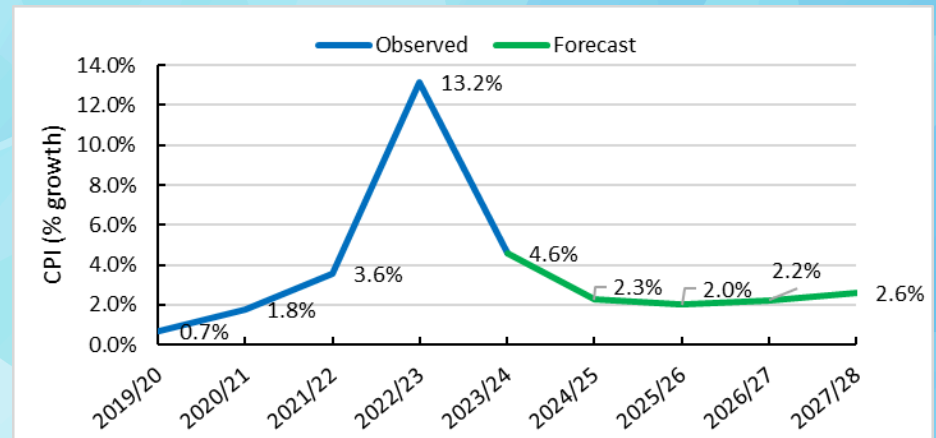


Figure 2 Consumer Price Index (% growth)



### FISCAL PERFORMANCE - TŪRANGA MONI

**2023/24 results:** Government revenue and spending were both lower than expected in the 2024/25 Budget. Revenue dropped slightly more than spending (\$2.2 million vs \$2.0 million), leaving an operating surplus of \$12.2 million instead of the \$12.4 million originally estimated. Capital spending for the year was \$15.9 million, well below the \$21.0 million planned, resulting in a fiscal surplus of \$9.8 million.

**2024/25 forecast:** The fiscal balance is expected to show a deficit of \$20.6 million in 2024/25, mainly because some spending (a total of \$19.0 million) planned for 2023/24 has been carried forward to 2024/25 to complete ongoing work programmes and projects. Without this shift, the deficit would be just \$1.6 million.

**Medium-term Outlook (2025/26 onwards):** revenue projected to grow steadily. Fiscal surplus of \$23.6 million expected by 2026/27.

**Tei rauka i te mata'iti 2023/24:** *Kua iti mai te moni ko'iko'i e te 'akapou'anga a te Kavamani ki tei tāmānako'ia ki roto i te 'Akapapa'anga Moni mata'iti 2024/25. Kua topa meangiti te moni ko'iko'i mei te 'akapou'anga(\$2.2 mirioni mē 'aka'āite'ia ki te \$2.0 mirioni) tei 'ōronga mai i te kopapa moni toe e \$12 mirioni, kāre i te nūmero tei tāmānako'ia e \$12.4 mirioni. Ko te moni i 'akapou'ia no te 'akapū'apinga e \$15.9 mirioni, kāre te reira i vaiata atu i te \$21.0 mirioni i parāni'ia, tei riro i te 'ōronga mai i tēta'i tu'anga moni toe e \$9.8 mirioni.*

**Tāmānako'anga 2024/25:** *Ka 'akaari mai te pāranī'anga moni i te moni 'akarava e \$20.6 mirioni i te mata'iti 2024/25 no te mea ko tēta'i au 'akapou'anga(e \$19.0 mirioni) tei parāni'ia no te mata'iti 2023/24 kua 'akaneke'ia te reira ki te mata'iti 2024/25 no te 'akaoti i te au porokarāmu 'anga'anga e te au angaanga 'akapū'apinga. Nāringa kāre tēia 'akaneke'anga ko te moni 'akarava e \$9.8 mirioni te reira.*

**Karo'anga - mamao no te tau tūpoto(2025/26 ki mua):** *kua tāmānako'ia e ka tupu mātūtū ua atu te moni ko'iko'i. Kua 'irinaki'ia e ko te moni toe ka taeria te \$23.6 mirioni i te mata'iti 2026/27.*

\$ Million	2023/24 Actual	2024/25 Budget Estimate	2024/25 HYEFU Estimate	2025/26 Proj.	2026/27 Proj.	2027/28 Proj.
Total Operating Revenue (\$m)	205.6	209.1	208.6	218.1	225.8	234.3
Total Operating Expenditure (\$m)	193.4	206.1	218.1	206.6	208.9	208.9
Operating Balance surplus/deficit* (\$m)	12.2	3.1	-9.5	11.4	16.9	25.4
Capital Expenditure	15.9	19.1	26.4	14.7	18.8	19.7
Depreciation	13.5	15.3	15.3	15.3	15.2	15.2
Overall Fiscal Balance surplus/deficit* (\$m)	9.8	-0.7	-20.6	12.0	13.2	20.9
% of GDP	1.5	-0.1	-3.0	1.7	1.8	2.7
Net Crown Debt, end of FY (\$m)	216.3	248.2	248.2	229.0	208.1	185.3
% of GDP	32.7	38.6	35.8	31.8	27.6	23.6
Gross Domestic Product (\$m)	661.7	643.9	693.6	720.9	753.3	784.7

\*surplus: when revenue is higher than expenditure; deficit: when revenue is less than expenditure

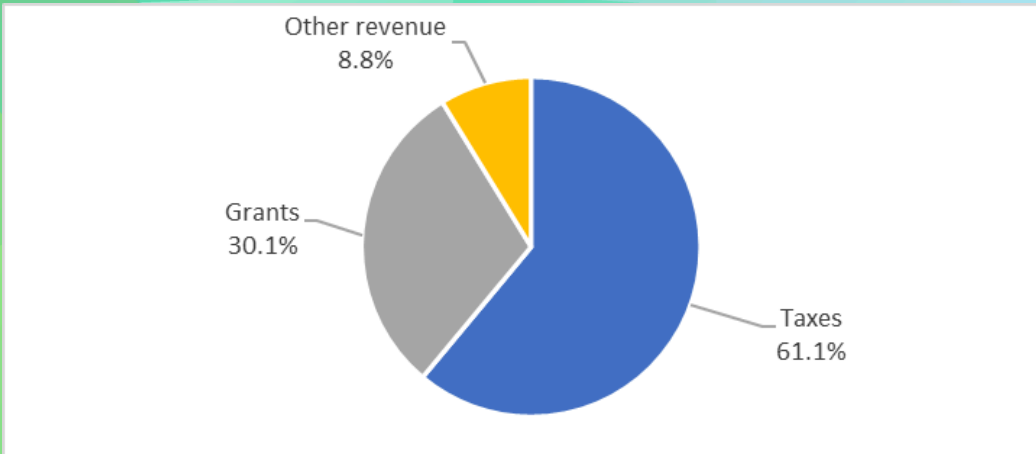


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## Te Pū'apinga 'Āpa Mata'iti 2024/25 e te 'Akamārama'anga 'Akapapa'anga Moni Ipukarea

### REVENUE SOURCES – MONI KO'IKO'I

- 2023/24: Total revenue was **\$219.9 million**, including grants.
- 2024/25 Projections: Revenue increase to **\$298.7 million**, supported by higher tax collections and rolled-over grant funding.
- *Mata'iti 2023/24: Te katoa'anga o te moni ko'iko'i e \$219.9 mirioni, pērā te moni turuturu*
- *Tāmanako'anga Mata'iti 2024/25: Kā kake te moni ko'iko'i ki te \$298.7 mirioni tei turu'ia e te moni tero teitei tei ko'ia e te moni turuturu tei 'akaneke'ia.*



### EXPENDITURE - AKAPOU'ANGA

In 2023/24, the government spent \$201.9 million, including grant-funded expenses. For 2024/25, spending is expected to rise to \$258.9 million, largely due to the carry-forward of unspent funds from 2023/24 to complete ongoing work programmes and projects.

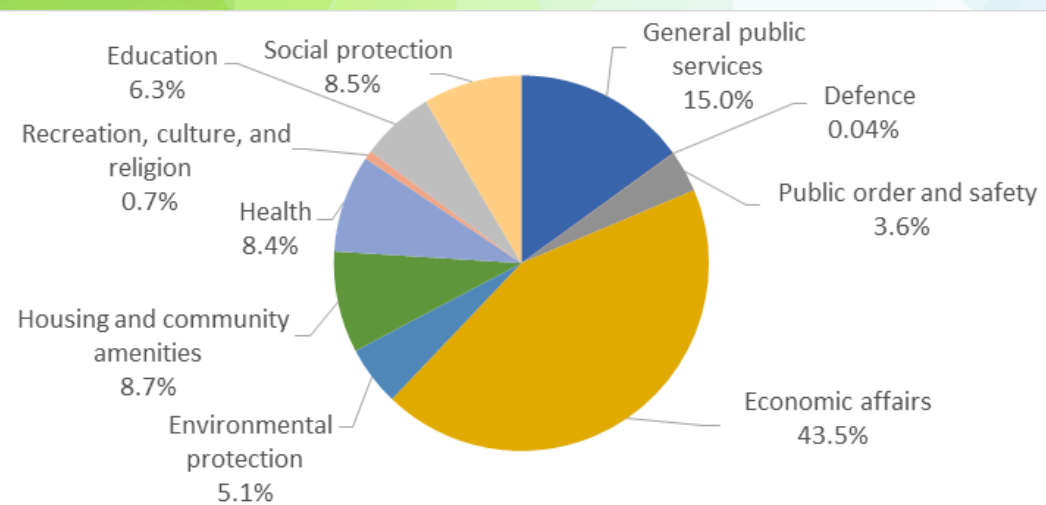
Nearly half (43.5%) of the budget will focus on boosting the Cook Islands' economy through agriculture, fishing, construction, transport, tourism, and general economic activities. Another 15% will go toward governance and public services. Spending on housing and community amenities is 8.7%, social support 8.5%, health 8.4%, and education 6.3%.

Infrastructure Progress: Key projects include road improvements, water supply upgrades, and renewable energy installations.

*I te mata'iti 2023/24, kua tā'anga'anga te kavamani e \$201.9 mirioni, pērā te 'akapou'anga no te au moni turuturu. Kua 'irinaki'ia e kā kake te moni tē ka tā'anga'anga'ia i te mata'iti 2024/25 ki te \$258.9 mirioni tē ka 'akakeu ma'ata'ia e te 'akaneke'anga i te au moni kāre i tā'anga'anga'ia i te mata'iti 2023/24 no te 'akaoti i te au porokarāmu 'anga'anga e te 'anga'anga 'akapū'apinga.*

*Kua waitata i te 'āpa(43.5%) i te 'akapapa'anga moni mata'iti te ka akatinamou'ia ki runga i te 'akamātūtū i te tu'anga kimi pū'apinga o te Kūki 'Airani nā roto i te pae tanu, tautai, 'akatū 'are, tūmotu, tu'anga tūroto e tēta'i au 'anga'anga kimi pū'apinga kē. E 15% ka 'akatu'anga'ia nō te tu'anga 'akatere e te au tu'anga 'akarangatira ora'anga. Ko te 'akapou'anga ki runga i te au ngutu'are e te utuutu'anga 'iti tangata e 8.7%, turuturu ora'anga meitaki 8.5%, ora'anga kōpapa 8.4% e te tu'anga 'āpi'i e 6.3%*

*Te Tango Angaanga: Tu'anga 'akapū'apinga mama'ata mei te 'akameitaki'anga mataara, 'akameitaki i te vai e te tāmoumou'anga i te uira nātura.*

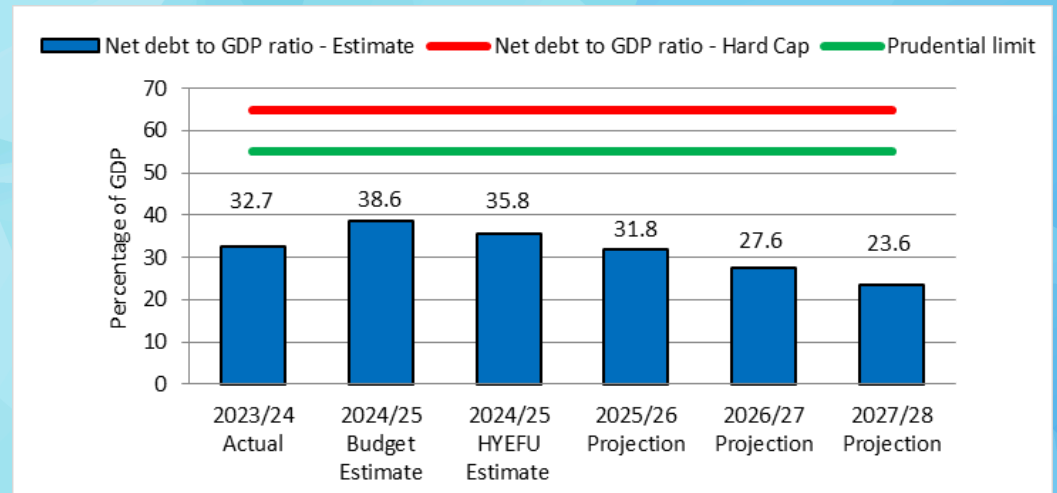


### GOVERNMENT DEBT - KAIYOU A TE KAVAMANI

The government's debt for 2023/24 was \$216.3 million, or 32.7% of GDP. This debt is projected to decrease to \$185.3 million (23.6% of GDP) by 2027/28 due to economic growth and disciplined financial management.

Ko te kaiou a te kavamani no te mata'iti 2023/24 e \$216.3 mirioni, me kāre e 32.7% o te GDP.

Kua tāmanako'ia e kā topa mai te kaiou ki te \$185.3 mirioni (23.6% o te GDP) i te mata'iti 2027/28 tē ka 'akakeu'ia e te tūranga mātūtū o te tu'anga kimi pū'apinga e te 'akatere'anga moni tau.



### MEDIUM-TERM FISCAL STRATEGY - KAVEINGA MONI NO TE TAU-TUPOTO

The Medium-term Fiscal Strategy (MTFS) sets limits on government spending from 2025/26 to 2028/29 to guide budget planning.

**Table 2** shows that the government has managed its finances well over the past two years. It expects to have \$13.9 million available in 2025/26, with this amount steadily increasing to \$32.4 million by 2027/28.

*E tuku ana te Kaveinga moni no te Tau – Tūpoto i te kōtinga ki runga i te 'akapou'anga moni a te kavamani mei te mata'iti 2025/26 ki te 2028/29 kia riro i te arataki i te parāni'anga moni mata'iti.*

*Te 'akaari mai nei te Tēpere 2 e kua 'akatere meitaki'ia te 'akapou'anga moni a te kavamani i tēia ngā mata'iti i topa. Kua 'irinaki'ia e ka rauka mai e \$13.9 mirioni i te mata'iti 2025/26 e kā kake mārie atu tēia ki te \$32.4 mirioni i te mata'iti 2027/28.*

Fiscal Space	2025/26	2026/27	2027/28	2028/29
Revised MTEC (2025/26 Budget)	235.3	253.2	260.9	260.9
Initial Fiscal Space	14.1	25.7	32.7	32.7
Legal Commitments	0.2	0.3	0.3	0.3
Residual Fiscal Space	13.9	25.4	32.4	32.4

**KEY EXPENDITURE PRIORITIES FOR THE UPCOMING 2025/26 BUDGET:** Supporting people, improving education and health, developing the workforce, and adopting new technology.

*Te Akapouanga Puapinga no te Akapapa'anga Moni mataiti 2025/26: Utuutu'anga 'iti tangata, 'akameitaki i te tu'anga 'āpi'i e te pae pāroru maki, kimi rāvenga no te 'akapou'anga i te tu'anga o te aronga 'anga'anga e te 'ātu'anga i te au matini uira 'ōu.*

### CONCLUSION - AKA'OTI'ANGA

The Government remains committed to maintaining fiscal sustainability, completing priority projects, and supporting economic growth.

*Ka tautā 'uātu rāi te Kavamani i te kimi rāvenga kia mātūtū te tūranga moni, 'akaoti i te au 'anga'anga 'akapū'apinga tei 'akakoro'ia e te turu i te tupu'anga o te tu'anga kimi pū'apinga.*