

First of all, I'd like to acknowledge the work that has gone into developing a strategy and getting it to the stage where it is now. It is pleasing to see us having a plan to move forward and improve rather than continuing with the same. It is also good to see a different approach being taken rather than just Vaka meetings that always seem to occur when something else is already on. It would be good to see this further developed to have better online consultation and feedback and improved surveys to better understand the public's view.

Having read the draft, it is well written, though there are still some areas for improvement. I will focus on these in my response.

Page 9 – Economy by Industry. Taxes is not and nor should not be considered as an industry and the graph should be changed to remove VAT.

Tourism

Throughout the document, there are references to the need to change and do things differently in order to better distribute the wealth, a focus on quality growth and not quantity growth etc. However, on page 88 there is a target of increasing tourism numbers to pre-covid levels. This appears to contradict all the other pieces of the document and does not contribute to the following goals:

- Improved access to housing. It is a known fact that the high tourism numbers have both reduced the number of houses available for long term rent and increased the costs of renting.
- Infrastructure deficit – Having a large number of tourists places further strain on already stretched infrastructure. Whilst it does bring income for longer term improvements this does take time.
- Economic limits – The large amount of tourism was the primary driver of the Cook Islands operating above it's potential capacity, though the constraints were obvious in the cost of living, labour and housing constraints
- Environmental impact – Whilst most tourists and tourism operators are responsible, there is no looking past the fact that tourists do have an impact on our environment. Having seen how different the country is with no tourists, I think the majority of the population want to see tourist numbers moderated. We definitely want to see them back, but it needs to be very carefully managed to ensure these remain at levels which are sustainable over the long term. Anecdotal evidence shows that we were above this level pre-covid. As such, the target should be adjusted to a more suitable lower level, focussing on the quality tourists not the number.

Banking Reform

I currently don't have any loans and therefore my focus is on getting the best return on my investments. However this government only appears to be focussed on reducing

lending interest rates. If this is to occur, then deposit rates will also be reduced. As part of looking to change how banks operate in the Cook Islands, there should also be a focus on the following items:

- Promoting the type of lending that grows the economy and is sustainable over the long term e.g. purchasing or building a home or investing into a business rather than the large portion of loans that are going towards motor vehicles or personal use e.g. holidays.
- Look at the cost of compliance for the banks operating in the Cook Islands. For example, how much is it costing a bank to comply with a request from MFEM to furnish information for tax purposes. Who is expected to pay for these cost which are not a core service the bank provides?
- What is the cost of managing local and New Zealand coins. With local coins having different specifications to New Zealand coins, these need to have additional or separated automation systems to manage them.
- Why are foreign companies still taxed at 28% on their local operations? In order to make the same return for their shareholders, both BSP and ANZ have to make an additional 11% profit before tax than if they were resident companies.
- Why do social welfare benefits continue to have to be paid to a BCI account? There is no logical reason for this to continue and people should be free to choose which bank suits them than being told to use this bank.

There is a place for a banking review and looking at how these operate, but this must be taken in the context of the framework that the Cook Islands Government has built for banks to operate in. It appears that the fingers are being pointed at the banks when to a large extent they are just responding to the environmental constraints within the Cook Islands.

I have focussed on just a few key points from the document. As an overall document, I don't feel this is transformative enough. We need to be bold in our thinking and doing things differently rather than focussing on the old strategies which haven't necessarily delivered the results expected.

Regards,