
COOK ISLANDS GOVERNMENT BUDGET ESTIMATES

2022/23

Book 1 Appropriation Estimates and Commentary



Hon. Mark Brown
Minister of Finance
May 2022

Parliament Draft

Abbreviations and Acronyms

| Term | Definition |
|-----------|---|
| ACL | Avaroa Cable Limited |
| ADB | Asian Development Bank |
| AIIB | Asian Infrastructure Investment Bank |
| BCCF | Business Continuity Credit Facility (Economic Response Plan) |
| COFOG | Classification of Functions of Government |
| COVID-19 | Coronavirus Disease 2019 |
| CPRO Loan | COVID-19 Pandemic Response Option Loan (Economic Response Plan) |
| CPI | Consumer Price Index |
| CSS | Core Sector Support |
| EDS | Economic Development Strategy |
| EEZ | Exclusive Economic Zone |
| ERP | Economic Response Plan |
| ERR | Economic Recovery Roadmap |
| GDP | Gross Domestic Product |
| GFA | Grant Funding Agreement |
| GFS | Government Financial Statistics |
| HYEFU | Half-Year Economic and Fiscal Update |
| IMF | International Monetary Fund |
| LRF | Loan Reserve Fund |
| 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 Dollars |
| ODA | Official Development Assistance |
| 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 |
| SOE | State Owned Enterprise |
| USD | United States Dollars |

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, and it represents the best information that the Government holds on revenue, expenditure, aid, and debt funding as at the time of publication.

Data was finalised at the following dates in the preparation of this document:

| | | | |
|-----------------------|---------------|------------------------|-------------|
| Economic forecasts | 29 April 2022 | Fiscal forecast Shocks | 5 May 2022 |
| Tax Revenue forecasts | 2 May 2022 | Document Text | 16 May 2022 |
| Fiscal forecasts | 9 May 2022 | | |

Economic and fiscal situations can evolve quickly, and 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. MFEM wishes to acknowledge these contributions including the support provided in preparing the Estimates, and notes that questions on these chapters should generally be directed to the relevant agency.

Chapter

National Sustainable Development Agenda
State-Owned Enterprises
Public Sector Staffing
Capital Expenditure

Agency

Office of the Prime Minister
Cook Islands Investment Corporation
Office of the Public Service Commissioner
Infrastructure Committee, Cook Islands
Investment Corporation, Infrastructure Cook
Islands, Office of the Prime Minister, MFEM-
Major Projects and Procurement Support
Division

With revenue and other information contributed by the following agencies:

| | |
|---|-------------------------------------|
| Ministry of Agriculture | Ministry of Justice |
| Ministry of Marine Resources | Cook Islands Investment Corporation |
| Financial Services Commission | Cook Islands Police |
| Ministry of Transport | Ministry of Internal Affairs |
| Ministry of Foreign Affairs and Immigration | Office of the Prime Minister |

The Economic Planning Division also wishes to acknowledge the contributions of the following divisions of MFEM:

Chapter

Tax Expenditure
Crown Debt and Net Worth
Official Development Assistance

Division

Revenue Management Division
Treasury Management Division
Development Coordination Division

And finally, the contribution of the Budget Support Group and the Office of the Public Service Commissioner in reviewing each agency's proposed business plan and budget proposals.

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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Tuesday 10 May 2022

STATEMENT OF RESPONSIBILITY

I have read the Financial Secretary's Statement of Responsibility and concur with him regarding the preparation of the Budget Appropriation 2022/23.

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 2022/23 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'.

Honourable Mark Brown
Minister of Finance and Prime Minister



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

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Tuesday 10 May 2022

STATEMENT OF RESPONSIBILITY

The Budget Appropriation 2022/23 has been produced in accordance with the *Ministry of Finance and Economic Management Act 1995/96* (the Act).

The 2022/23 Budget process involved the annual publication of the Budget Policy Statement in December 2021 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:

1. estimated revenue of the Crown;
2. details of each Government Department's bid for funds; and
3. 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 2001 manual on Government Finance Statistics.

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 'Garth Henderson'.

Garth Henderson
Financial Secretary

1 Budget Overview

1.1 Summary

The 2022/23 Budget confirms the Cook Islands Government's commitment to sound fiscal and economic management, within the context of a gradual recovery from the severe economic shock of COVID-19. The economic impact has been enormous in terms of Gross Domestic Product (GDP), both private and public revenues, and debt implications.

The closure of the Cook Islands border from August 2021 to January 2022 was a necessary step to protect the Cook Islands community from the rapid spread of the Delta variant, however this occurred just as the recovery of the tourism industry was gaining traction. Government had prepared for the eventuality of border closures by setting aside funds in the Economic Recovery Roadmap (ERR) however, the length of the closure resulted in the need to spend significantly more than originally budgeted.

Government has sought to maintain expenditure levels to continue providing economic stimulus to the Cook Islands economy through the support measures of the Economic Response Plan (ERP) that were continued under the ERR. These measures have mitigated the fall in GDP and reduced the economic scarring that might have otherwise occurred.

The scale of the shock to the Cook Islands economy has necessitated the Government's use of the Exit Clause of the Fiscal Responsibility Rules (Fiscal Rules) since the 2019 Supplementary Budget. This enabled Government to respond to the crisis by implementing the ERP using the Stabilisation Account and additional debt funding. The use of the Exit Clause in the 2021/22 Budget enabled the implementation of the ERR including the continued provision of support measures for the ERP.

The significantly changed economic conditions created the need for a revision of the Fiscal Rules prior to the preparation of the 2022 Budget Policy Statement. The Exit Clause has been utilised in 2022/23 to enable the ongoing implementation of the ERR, the COVID-19 Medical Fund, and the servicing of debt obligations. The fiscal forecasts indicate that the revised rules will be met in the 2022/23 Budget except for the Cash Reserves Rule.

This is in-line with the stated aims of the Medium-term Fiscal Strategy (MTFS), which emphasises the need for counter-cyclical fiscal responses by providing the ability to exit from the MTFS Fiscal Rules in the case of an economic crisis. Whilst economic recovery has begun, GDP remains significantly below pre-pandemic levels, necessitating an ongoing response.

The Government's focus in the 2022/23 Budget is on a rapid but sustainable recovery from the economic impacts of the pandemic during the short-term, and the implementation of measures that support economic growth towards and beyond pre-pandemic levels.

The 2022/23 Budget continues to emphasise the following policy elements:

- Investing in infrastructure that will ensure the sustainability of economic growth and the resilience of the economy to climate change.
- 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.
- Focusing the efforts of Government Departments on core deliverables and limiting the expansion of new programmes and costs.
- Providing support to vulnerable sectors of the community and for the development of a socially vibrant Cook Islands.

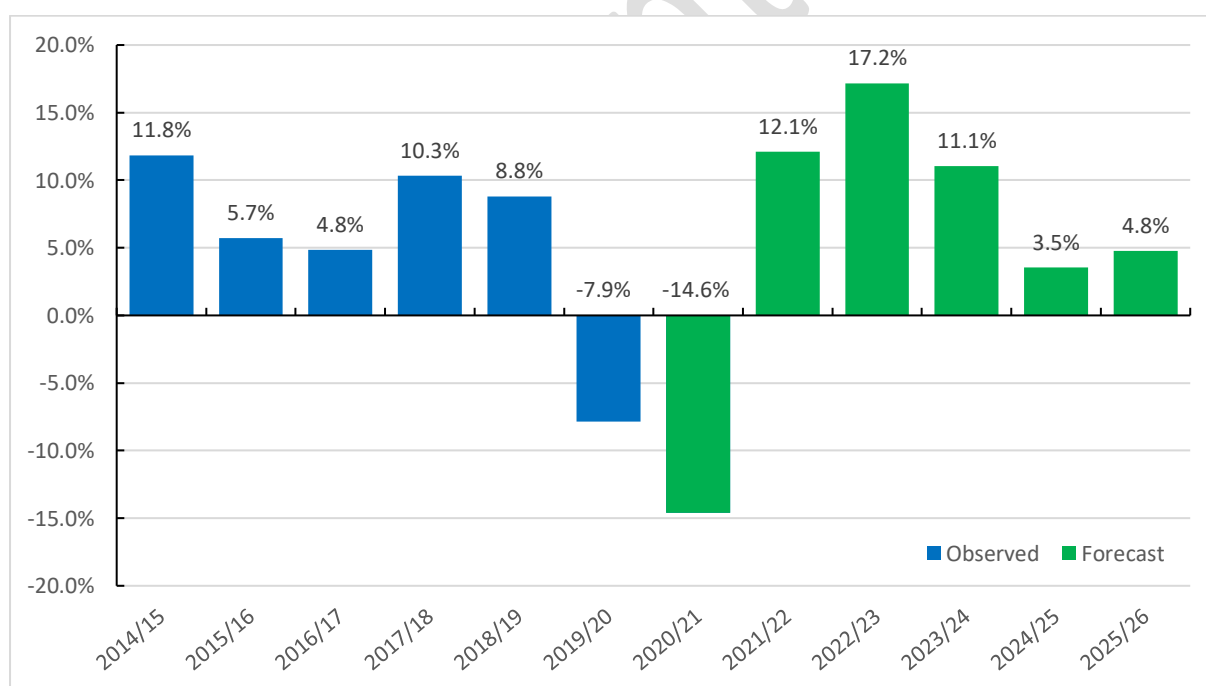
Key budget measures to meet these policy elements include funding for the:

- Economic Recovery Roadmap – the Government’s primary vehicle for implementing measures which promote a rapid and sustainable economic recovery.
- COVID-19 Medical Response Fund – to support the ongoing health response for managing COVID-19 in the Cook Islands including vaccination and treatment facilities.
- Roads and drainage – to build robust road networks for safe and efficient transportation.
- Pa Enua transportation links through air and sea infrastructure upgrades to promote greater tourism access to the island communities.
- Investments in water and sanitation through To Tatou Vai Ltd and the Mei Te Vai Ki Te Vai programme.
- Reprioritisation of funds to support Government operations and the above key budget measures through the ongoing deferral of Government-wide salary increases.

1.2 Economic performance and outlook

The COVID-19 pandemic has had a severe impact on the Cook Islands economy. Border closures and the halt in tourism after recording high numbers in 2019 led to two consecutive years of negative economic growth, -7.9 per cent in 2019/20 and -14.6 per cent in 2020/21, from pre-pandemic levels estimated at \$550.0 million to \$431.8 million. These contractions were significant despite the large government response in the form of fiscal stimulus (through the Economic Response Plan and the Economic Recovery Roadmap) worth over 20 per cent of GDP.

Figure 1-1 Nominal GDP growth, annual percentage change



In 2021/22, six months of borders being open to some markets (primarily New Zealand) has seen economic performance turn around somewhat, from a low base, with 12.1 per cent growth expected on the back of a total 50,000 visitors.

The economic outlook is largely determined by the speed at which visitors return to the Cook Islands. With uncertainty surrounding airline links and the broader travel situation still not completely returned to ‘normal’, conservative assumptions have been used in developing these forecasts (refer to the Economic Update chapter for more information).

This outlook sees 2022/23 with strong growth as the whole year is assumed to be free of border-closures, leading to nominal growth of 17.2 per cent, bringing the economy back to the same nominal size as pre-COVID.

Part of this growth is in expected higher inflation, with a combination of capacity constraints within country (particularly in the form of labour) and global issues on the supply chain and energy price fronts pushing prices higher.

1.3 Fiscal performance and outlook

The scale of the economic impact to the Cook Islands is highlighted in the total taxation revenue currently estimated at \$107.6 million in 2021/22, just 67.6 per cent of 2018/19 pre-COVID levels (\$159.1 million), but an improvement of 24.3 per cent over 2020/21 taxation revenue of \$86.5 million.

Budget support funding, primarily from the New Zealand Government, contributed \$40.0 million¹ to Other Revenue. Thanks to this contribution, Other Revenue increased to \$66.2 million, up from the \$55.1 million forecast in the 2021/22 HYEPU.

Taxation revenue forecasts indicate that total tax revenue will increase to \$139.3 million in 2022/23, an increase of 29.5 per cent on 2021/22 levels, primarily driven by recovery in Income Tax levels and an increase in Departure Tax. Other Revenue is forecast to decrease to \$28.3 million in 2022/23, then to \$20.5 million in 2023/24 and remaining steady over the forward years.

Operating expenditure in 2021/22 is estimated to be \$196.7 million, including \$39.5 million through the Economic Recovery Roadmap as economic support payments to the private sector. Government's operating expenditure for 2022/23 is forecast at \$187.0 million, reducing to \$178.8 million in 2023/24.

Increasing revenue over the outer years will offset rising debt servicing costs, primarily repayments of loans to fund the Government's economic support programmes through the ERP and ERR between 2019/20 and 2021/22.

Capital investment is budgeted at \$34.2 million in 2022/23 inclusive of reappropriated funds. The Cook Islands Government is in discussions with funding partners to support a number of projects with the aim of growing and maintaining capital expenditure at around \$40.0 million per year over the medium-term.

The pandemic has necessitated an increase in national debt to finance deficits. 2021/22 is expected to close with a fiscal deficit of \$37.8 million. This deficit has been funded by new debt funding from the Asian Development Bank.

Government is projecting a fiscal deficit of \$39.8 million in 2022/23 that will be funded through Government's cash reserves at the end of 2021/22, forecast at \$65.8 million. General cash reserves are forecast to fall to \$20.3 million at the end of 2022/23, plus any fiscal underspends during the year. This level of cash reserves is below the requirement of the Cash Reserves fiscal rule, necessitating the use of the Exit Clause in 2022/23.

An operating deficit of \$0.7 million and fiscal deficit of \$5.2 million (-0.8 per cent of GDP) is projected in 2023/24, with an operating surplus of \$5.5 million and a fiscal surplus of \$3.4 million (0.5 per cent of GDP) is projected in 2024/25. These projections are sensitive to actual economic recovery in GDP along with actual Government expenditure in 2022/23 and 2023/24.

¹ The New Zealand Government contributed a total of \$50.0 million to the Cook Islands Government as Budget Support during 2021/22. \$10.0 million has been retained in an Official Development Assistance balance to allow flexibility in the Economic Recovery Roadmap and COVID-19 Medical Fund through to the end of the 2021/22 fiscal period. The residual balance of these funds will be retained as an Official Development Assistance balance available to expend in 2022/23.

Forecast movements and relationships between revenue, expenditure and the operating and fiscal balances are presented in Figure 1-2 and Table 1-1.

Figure 1-2 Fiscal Performance and Medium-term Fiscal Outlook (\$'000)

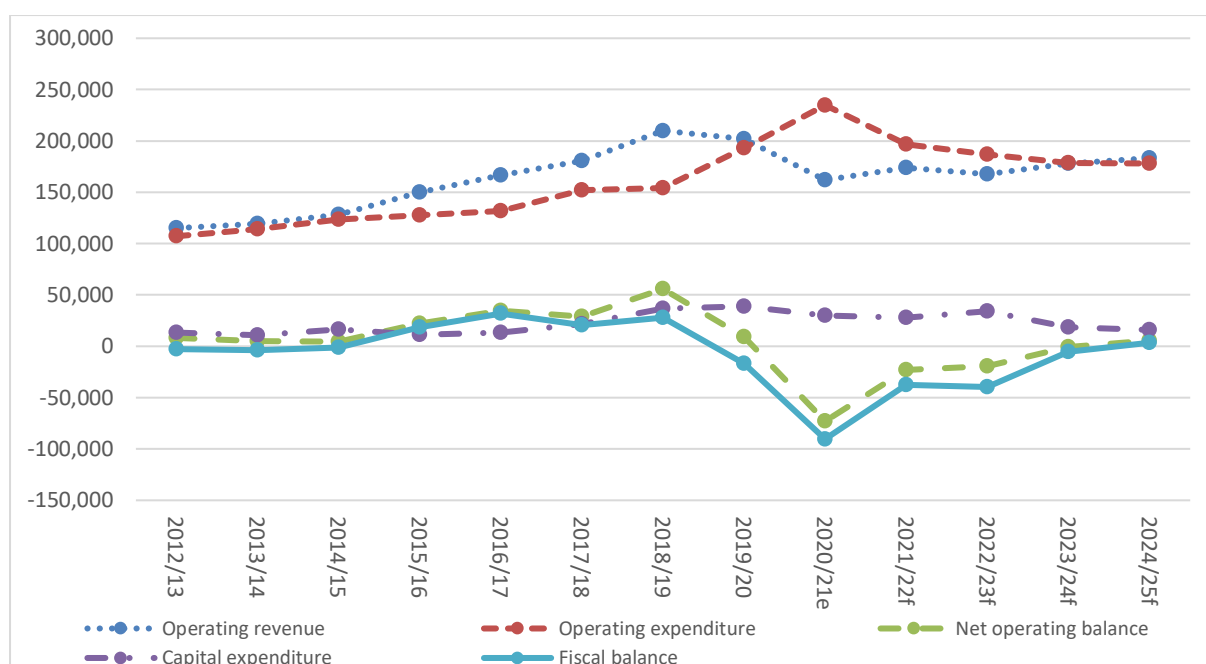


Table 1-1 Summary fiscal statement

| \$ million | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--|-----------------------------|----------------------------|-----------------------|-----------------------|-----------------------|
| Operating Balance (\$m) | -22.9 | -19.4 | -0.7 | 5.5 | 17.1 |
| Fiscal Balance surplus/deficit (\$m)* | -37.7 | -39.8 | -5.2 | 3.4 | 15.8 |
| Working Capital (\$m) | 62.3 | 16.8 | 1.3 | 0.0 | 0.0 |
| Stabilisation Account | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 |
| Financing Gap | 10.4 | 0.0 | 4.9 | 8.7 | 1.3 |
| Net Debt, Percentage of GDP | 44.6 | 36.3 | 31.1 | 28.0 | 24.2 |

Net debt to GDP is forecast to peak of 44.6 per cent in 2021/22 before reducing as GDP recovers.

Table 1-2 Fiscal Rules performance

| Rules | Unit | Threshold | 2020/21 Estimated Actual | 2021/22 Budget Estimate | 2022/23 Projection | 2023/24 Projection | 2024/25 Projection |
|-----------------------|-------|-----------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Cash reserves | Month | 3 | 4.1 | 1.2 | 0.1 | 0.0 | 0.0 |
| Net debt to GDP | % | 55/65 | 44.6 | 36.3 | 31.1 | 28.0 | 24.2 |
| Investment Rule* | % | 55 | Not Binding | Not Binding | Not Binding | Not Binding | Not Binding |
| Estimated Expenditure | \$m | 2% growth | 147.6 | 154.0 | 148.9 | 148.4 | 148.1 |
| Expenditure Limit | | | 151.0 | 152.4 | 160.3 | 154.2 | 151.4 |

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

The estimated performance against the fiscal rules is based on conservative economic and fiscal estimates, which assume a gradual economic recovery and full expenditure of Government's appropriation in each year. Considering the significant uncertainty inherent in the forecasts due to the ongoing impacts of COVID-19, a conservative approach remains prudent. For a more detailed analysis, see Chapter 3.

2 COVID-19 Special Note

The Cook Islands economy has seen continued disruption in 2021/22 as a result of the COVID-19 pandemic. In response to the re-emergence of COVID-19 in New Zealand, the border was closed from 17 August 2021 to 13 January 2022. This directly impacted the tourism-oriented private sector in the Cook Islands, with a reduction in tourist volumes affecting business viability and employment, with flow-on effects to the wider economy and to Government revenues.

The Cook Islands detected its first case of COVID-19 in the community on 15 February 2022. The arrival of Omicron in the community led to rapidly changing public health requirements, which directly impacted the delivery of both public and private services while staff have been in quarantine/isolation.

The border reopening in January led to increased tourist activity, however the mandatory vaccination requirements and border testing regimes contributed to low tourist arrivals in the first months after reopening. The relaxation of vaccination and border controls is expected to further improve tourist arrivals, however significant competition from other destinations makes the pace of tourism recovery less certain.

2.1 Fiscal Response

The Government has temporarily departed from the Fiscal Rules from the 2019/20 Supplementary Budget in order to implement expenditure measures such as the Economic Response Plan (ERP) and the Economic Recovery Roadmap (ERR), which would otherwise push expenditure beyond the Medium-term Fiscal Strategy's (MTFS) expenditure ceiling.

In response to the changes in the Cook Islands' economic context, with increased debt levels and reduced Government revenues, the Fiscal Rules were revised in October 2021 and are applicable to the 2022/23 Budget. Please refer to the 2021/22 Half Year Economic and Fiscal Update (HYEFU) for further explanation on the new Fiscal Rules.

Chapter 3 outlines Government's performance against the new Fiscal Rules in 2021/22.

To mitigate the fiscal impacts of Government's response to COVID-19, Government has deferred most new initiatives and reprioritised operational funding to support core work programs and other critical expenditure, including economic recovery initiatives. Government currently maintains two administered funding lines to respond to the Cook Islands' evolving health and economic needs, described in further detail below:

- COVID-19 Medical Response Fund
- Economic Recovery Roadmap (ERR).

Government has determined that expenditures through these administered funds will be treated outside of the MTFS expenditure ceiling for 2022/23.

2.1.1 COVID-19 Medical Response Fund

The COVID-19 Medical Response Fund provides support to respond effectively to emerging health and border control needs to prevent, mitigate, and limit the spread of COVID-19 within the Cook Islands. Table 2-1 provides a breakdown of the operating and capital expenditure to date through this fund. The largest cumulative expenditure to date has been toward Operational costs which have included communication expenses, personnel costs and the vaccine rollout expenses.

Additional funds of \$5.0 million have been appropriated for the Medical Fund to continue with vaccination work and other medical preparations during 2022/23, with additional funds available in

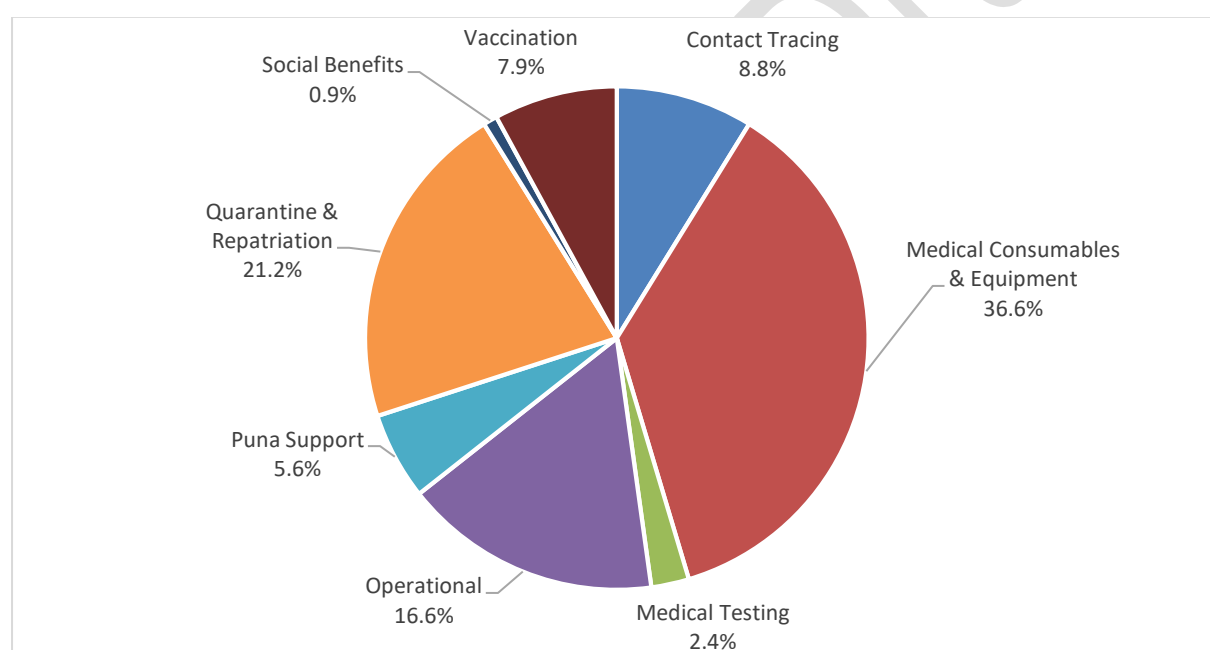
the residual balance of the COVID-19 Economic Recovery Support - November 2021 Grant under the Official Development Assistance (ODA) appropriation.

Table 2-1 COVID-19 Medical Response Fund expenditure (\$'000)

| Administered Funds | 2020/21 | 2021/22* | Total |
|--------------------------------------|--------------|--------------|--------------|
| Contact Tracing | 610 | 384 | 994 |
| Medical Consumables & Equipment | 714 | 1 | 715 |
| Medical Testing | 178 | 14 | 192 |
| Operational | 675 | 1,097 | 1,772 |
| Puna Support | 254 | 62 | 316 |
| Isolation, Quarantine & Repatriation | 80 | 1,204 | 1,284 |
| Social Benefits | 0 | 214 | 214 |
| Reserve 2022/23 | 0 | 0 | 0 |
| Total Operating Expenditure | 2,511 | 2,976 | 5,587 |

* Expenditures for 2021/22 are estimates to May 2022 and may not include committed expenditures.

Figure 2-1 2020/21 – 2021/22 COVID-19 Medical Response Fund Expenditure



In addition, the COVID-19 Medical Response Fund capital fund helps facilitate capital purchases and projects required for the health sector to respond to COVID-19. Table 2-2 provides a breakdown of total actual capital expenditure for the Fund to date. The main focus of this expenditure in 2021/22 was the purchase of additional ventilators for the Rarotonga and Aitutaki hospitals along with the preparation of a COVID testing facility on Aitutaki. The residual balance has been reappropriated in 2022/23.

Table 2-2 COVID-19 Medical Response Fund (Capital) Expenditure (\$'000)

| Capital Expenditure | 2020/21 | 2021/22* | 22/23** | Total |
|----------------------------------|-----------|------------|--------------|--------------|
| Medical Equipment | 99 | 165 | 0 | 265 |
| Facility Outfit | 0 | 73 | 0 | 73 |
| Reserve 2022/23 | 0 | 0 | 1,000 | 1,000 |
| Total Capital Expenditure | 99 | 238 | 1,000 | 1,337 |

*2021/22 Actuals are forecast actual expenditure to 30 June 2022.

** Funds have been reappropriated in 2022/23.

2.1.2 Economic Recovery Roadmap

From July 2021, the Economic Recovery Roadmap (ERR) replaced the Economic Response Plan (ERP) as the government's primary vehicle to drive the Cook Islands' economic recovery. The ERR:

- provides support for economic stimulus and reform measures,
- continued response measures designed to support businesses and households during the pandemic,
- finalises several longer-term programmes that were carried forward from the ERP, including grant payments and the Business Continuity Credit Facility (BCCF).

The overall objective of the ERR is to grow the Cook Islands' GDP to pre-COVID levels (around \$550 million), and towards the path we would have been on pre-COVID by 2025.

The border closures and public health requirements relating to the Omicron outbreak in New Zealand and the Cook Islands resulted in the majority of ERR funds that were appropriated for 2021/22 being spent on continued ERP support measures. This included transfers from other appropriations including the Airline Underwrite, and carried-forward from the ERP appropriation.

ERR expenditure from 2022/23 will focus on measures to support economic growth. Table 2-2 provides a breakdown of forecast actual and budgeted ERR expenditure to 30 June 2023. Expenditures for 2020/21 are not final and are based on forecast assumptions to 30 June 2022, as at 1 May 2022.

Table 2-2 Economic Recovery Roadmap Expenditure (\$'000)

| Expenditure / Workstream | 2021/22 | 2022/23 | Total |
|---|---------------|--------------|---------------|
| ERP - Wage Subsidy | 31,129 | 0 | 31,129 |
| ERP - Sole Trader Grants | 941 | 0 | 941 |
| ERP - Business Grants | 9,934 | 0 | 9,934 |
| ERP - Air Rarotonga Pa Enua Subsidy | 450 | 0 | 450 |
| ERP - SMART Economy | 50 | 0 | 50 |
| ERP - SMART AgriTech | 125 | 0 | 125 |
| ERP - Interest Relief | -4 | 0 | -4 |
| Total Continued ERP Measures | 42,725 | 0 | 42,725 |
| Isolation Support Payments | 150 | 500 | 650 |
| Productivity Growth | 0 | 200 | 200 |
| Fees Free Extension | 500 | 400 | 900 |
| Labour force and population | 118 | 143 | 261 |
| Foreign investment | 0 | 20 | 20 |
| Cost of borrowing | 0 | 22 | 22 |
| Barriers to Business | 0 | 20 | 20 |
| Public Sector efficiency | 0 | 640 | 640 |
| Operating Expenses & Programme Management | 1,508 | 1,255 | 2,763 |
| Airline Underwrite Fuel Reserve | 0 | 2,000 | 2,000 |
| Total ERR Measures | 2,776 | 5,200 | 7,476 |
| Total ERR Expenditure | 45,001 | 5,200 | 50,201 |

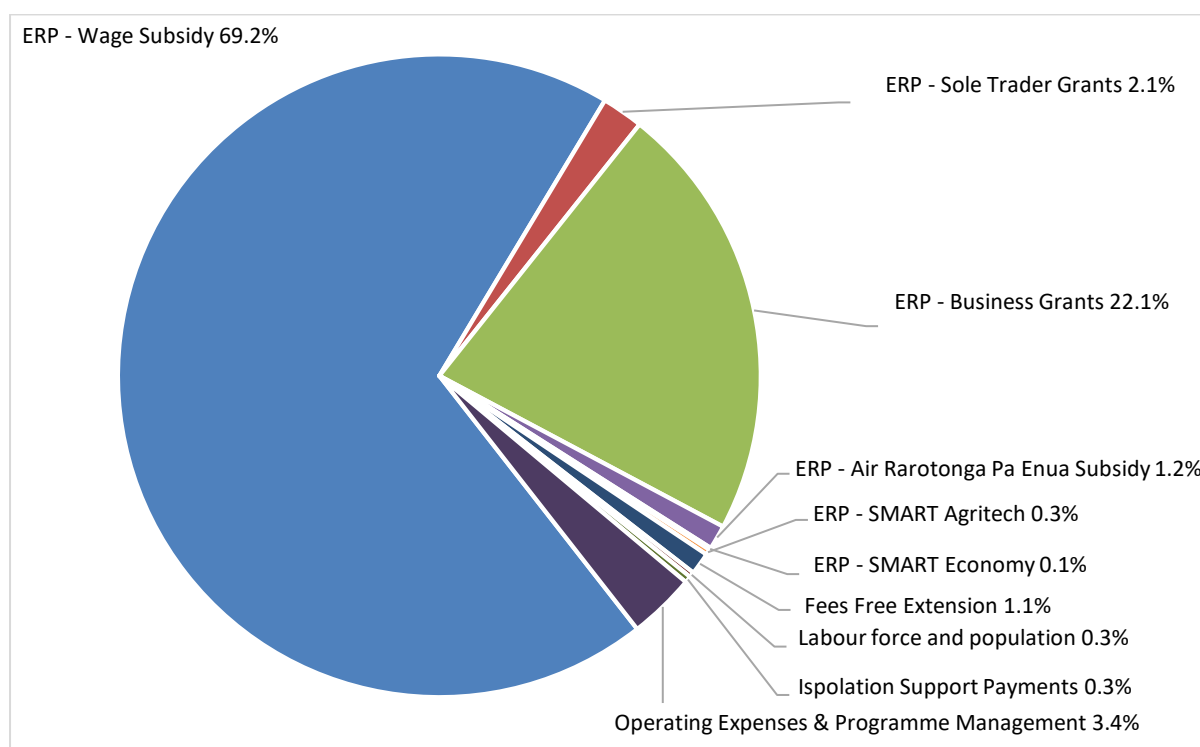
The Airline Underwrite Fuel Reserve is a reserve of funds that has been set aside to provide additional support to the Airline Underwrite in the event that fuel costs require additional funds during the 2022/23 fiscal period. This fund has been placed within the ERR as the implementation and support of air-route development through the Airline Underwrite is important for short-term economic recovery.

Figure 2-2 sets out the proportional expenditure of the ERR funds to date. Approximately 94 per cent of total ERR expenditure during 2021/22 was on the ERP measures of the Wage Subsidy (69.5%), Sole Trader Grants (2.1%) and Business Grants (22.2%).

For detailed information on the Economic Recovery Roadmap please refer to the MFEM website.²

² <http://www.mfem.gov.ck/economic-planning/covid-19-err>

Figure 2-2 ERR Expenditure to 30 June 2022



2.2 Debt Funding

Debt funding has been used to supplement Government's resources in the 2021/22 fiscal period, with \$55.5 million drawn from the Asian Development Bank (ADB). This takes total debt drawn down in response to the economic shock of COVID to \$129.8 million, with \$58.5 million requiring repayment by 2030 and the remainder by 2036.

Two additional loans have been agreed with the ADB but remain undrawn, with specific triggers in place in order to draw on these additional loans.

1. Disaster contingency loan of \$30.3 million that will only be drawn in the event of disasters triggered by natural hazards or health emergencies.
2. Precautionary financing loan of \$55.5 million to support government's cashflow if pre-established conditions are met.

Debt funding requirements and Government finances including additional loans are explained in Chapter 11.

2.3 Official Development Assistance

The Cook Islands Government acknowledges its aid partners for their ongoing support towards our economic and health response to COVID-19. Table 2-3 summarises the support received from aid partners since March 2020 for the Cook Islands' COVID-19 response. Further details are provided in Chapter 16.

The majority of assistance provided to the Cook Islands has been in the form of New Zealand Government grant funding to support the Economic Response Plan and Economic Recovery Roadmap.

The Cook Islands Government particularly acknowledges the \$50.0 million in budgetary support and \$40.0 million in capital investment funding³ that New Zealand provided in 2021/22.

Table 2-3 Summary of Official Development Assistance related to COVID-19 (\$NZD)

| Development Partner | Instruments | 2019/2020 | 2020/2021 | 2021/22 | Total |
|-----------------------------|----------------------------------|------------------|-------------------|-------------------|--------------------|
| New Zealand Government | Financial Support | 7,000,000 | 35,013,992 | 50,000,000* | 92,013,992 |
| | Vaccination Support | 0 | 0 | 166,193 | 166,193 |
| | RAT Test Kits | 0 | 0 | 522,479 | 522,479 |
| | Materials & Equipment | 0 | 261,688 | 33,586 | 295,274 |
| | Total | 7,000,000 | 35,275,680 | 50,722,258 | 92,997,938 |
| Australian Government | Financial Support | 604,308 | 0 | 0 | 604,308 |
| | Materials & Equipment | 0 | 12,147 | 0 | 12,147 |
| | Total | 604,308 | 12,147 | 0 | 616,455 |
| People's Republic of China | Financial Support | 0 | 82,658 | 50,000 | 132,658 |
| | Materials & Equipment | 0 | 185,778 | 0 | 185,778 |
| | Total | 0 | 268,436 | 50,000 | 318,436 |
| Japan | 3rd Party spend | 0 | 1,546,100 | 0 | 1,546,100 |
| | Materials & Equipment | 0 | 1,418,452 | 0 | 1,418,452 |
| | Total | 0 | 2,964,552 | 0 | 2,964,552 |
| ADB | 3rd Party spend | 0 | 151,515 | 0 | 151,515 |
| | 3rd Party spend | 0 | 409,091 | 0 | 409,091 |
| | Grant | 0 | 1,500,000 | 0 | 1,500,000 |
| | Grant | 0 | 2,900,000 | 0 | 2,900,000 |
| | Technical Assistance | 0 | 218,436 | 0 | 218,436 |
| | Technical Assistance | 0 | 174,780 | 0 | 174,780 |
| | Total | 0 | 5,353,822 | 0 | 5,353,822 |
| ILO | Grant | 0 | 67,394 | 0 | 67,394 |
| UNICEF | Materials & Equipment | 0 | 172,036 | 123,982 | 296,018 |
| Jack Ma Foundation | Materials & Equipment | 0 | 351,663 | 0 | 351,663 |
| Mr Stemm | Materials & Equipment | 0 | 106,609 | 0 | 106,609 |
| The Pacific Community (SPC) | Materials & Equipment | 0 | 0 | 35,130 | 35,130 |
| UNFPA | Materials & Equipment | 0 | 1,697 | 0 | 1,697 |
| US Embassy - Wellington | Materials & Equipment | 0 | 0 | 299,506 | 299,506 |
| WHO | Materials & Equipment | 0 | 14,078 | 188,063 | 202,141 |
| Zero COVID Thailand | Materials & Equipment | 0 | 0 | 48,402 | 48,402 |
| Category Totals | Grant / Financial Support | 7,604,308 | 39,564,044 | 50,050,000 | 97,218,352 |
| | Materials & Equipment | 0 | 2,524,148 | 728,669 | 3,252,817 |
| | Technical Assistance | 0 | 393,216 | 0 | 393,216 |
| | 3rd Party spend | 0 | 2,106,706 | 0 | 2,106,706 |
| | Vaccination and Test Kits | 0 | 0 | 688,672 | 688,672 |
| GRAND TOTAL | | 7,604,308 | 44,588,114 | 51,467,341 | 103,659,763 |

* \$40.0 million for the Infrastructure Trust Fund was included in this table in the HYEPU update, but has been removed due to reclassification.

³ According to the terms of the funding agreement the capital investment funding of \$40.0 million is not specifically related to the COVID-19 response.

3 Medium-term Fiscal Strategy

This chapter presents the Cook Islands Government's Medium-term Fiscal Strategy (MTFS) for the period 2022/23 to 2025/26, published in the Half Year Economic and Fiscal Update (HYEFU) as the Budget Policy Statement. The MTFS reconfirms the Government's commitment to sound fiscal and economic management, within the context of a severe global and domestic economic shock.

3.1 Note on the Budget and the Fiscal Framework

The MTFS is based on economic and fiscal forecasts as at the release of the Budget Policy Statement, which is included in the preceding Half-Year Economic and Fiscal Update (HYEFU) to each budget. The MTFS determines Government's expenditure ceilings for each year of the medium-term. These ceilings are applied to total operating expenditures and capital investments.

The economic impacts of COVID-19 have necessitated a counter-cyclical fiscal response from Government of increased expenditure through social and economic support for both individuals and businesses. This support intends to mitigate severe economic disruption in the short-term, position the Cook Islands for recovery as the borders reopen, and commence the transformation towards a smarter, greener economy over the long-term.

As the Cook Islands economy begins to recover, this counter-cyclical fiscal response will reduce in the 2022/23 Budget, moving towards capital investment projects in place of direct financial support to the private sector.

Recognising the substantially changed economic and fiscal environment, in the preparation of the 2022/23 MTFS Government determined new fiscal rules and adjusted the Medium-term Fiscal Framework (MTFF) to reflect these rules. Please refer to the 2021/22 HYEFU⁴ for more detail on the MTFF and MTFS.

3.2 Medium-term Expenditure Ceilings

The Government determined a Medium-term Expenditure Ceiling (MTEC) consistent with the fiscal rules and the economic context at the time of publication of the 2022/23 Budget Policy Statement, which was released as the Medium-term Fiscal Strategy (MTFS) in the 2021/22 HYEFU. The MTEC is subsequently used to determine individual MTEC's for each Government Department.

Table 3-1 shows the expenditure limit and fiscal space⁵, indicating the amount of additional expenditure that the Government may undertake in each year compared to the forward estimates set out in the 2021/22 Budget.

Table 3-1 Medium-term Fiscal Strategy Expenditure Ceilings

| \$ million | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---|--------------|--------------|--------------|--------------|
| Total planned expenditure 2021/22 Budget | 199.4 | 192.7 | 192.2 | 192.2 |
| Fiscal space | 0 | 0 | (1.4) | (2.2) |
| Total planned expenditure 2022/23 Budget | 199.4 | 192.7 | 190.8 | 190.0 |

⁴ http://www.mfem.gov.ck/images/MFEM_Documents/Budget_Books/2021-22/2021-22_HYEFU_v.2.pdf

⁵ The International Monetary Fund defines Fiscal Space as It can be defined as *room in a government's budget that allows it to provide resources for a desired purpose without jeopardizing the sustainability of its financial position or the stability of the economy. It is the amount of additional spending, or the reduction in spending, required for the budget to remain within the fiscal responsibility rules.*

As the Cook Islands enters the early stages of economic recovery during the last quarter of the 2021/22 fiscal period, and is expected to continue this recovery over the medium-term, Government has determined that the Economic Recovery Roadmap (ERR) administered payment will be treated outside of the expenditure ceiling. The COVID-19 Medical Response Fund administered payment, which funds the COVID-19 pandemic response, will also be treated outside of the expenditure ceiling.

This allows these administered payments to be funded as needed for their stated purposes, rather than restricting Government's response to the pandemic. This is in-line with one of the stated aims of the MTFS, which is to provide counter-cyclical support to the Cook Islands economy.

Forecast debt servicing costs increased during the final stages of budget preparations due to external interest rate and foreign exchange rate parameter changes. The impact of these parameters is volatile over the medium-term, and the increase in debt servicing costs has been considered outside of the expenditure ceiling for the 2022/23 Budget. Impacts for the forward years are shown for reference purposes but will be considered within the expenditure ceiling in future budgets.

Table 3-2 demonstrates the effect of the extra-ceiling expenditures on total Government expenditure. Reappropriation of funds due to expenditure shortfalls in the previous fiscal period are added after the fiscal ceiling, and are presented with the extra-ceiling expenditures to demonstrate the relationship of appropriated expenditure to the MTFS.

Table 3-2 Effect of Additional Expenditure

| \$ million | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---|--------------|--------------|--------------|--------------|
| Proposed Expenditure - 2022/23 Budget | 221.2 | 197.1 | 193.9 | 191.2 |
| Total expenditure limit – 2022/23 Budget | 199.4 | 192.7 | 190.8 | 190.0 |
| Proposed Expenditure versus Expenditure Limit Difference | 21.8 | 4.7 | 4.6 | 3.5 |
| Economic Recovery Roadmap | 5.2 | 1.4 | 1.2 | 0.2 |
| COVID-19 Medical Response Fund | 5.0 | 0.0 | 0.0 | 0.0 |
| Debt Servicing Costs | 2.7 | 3.3 | 3.4 | 3.3 |
| Capital Expenditure - Re-appropriation | 8.9 | 0.0 | 0.0 | 0.0 |
| Operating Expenditure - Re-appropriation | 0.0 | 0.0 | 0.0 | 0.0 |
| Excluding Additional Expenditure | 199.4 | 192.4 | 189.3 | 187.7 |

To keep expenditure within the limits of the MTEC, Government has focused on prioritising core services and outputs. This has required Government to transfer funding between agencies and programmes to support necessary expenditure. In addition, most new initiatives have been deferred as Government prioritised against the need for agencies to focus on delivering core services, and for Government to respond to the continued impact of COVID-19 on the community.

Government-wide salary increases will continue to remain on hold until the economic conditions improve, and the resulting fiscal balances have stabilised. This decision defers an approximate \$6.0 million cumulative increase in Government expenditure in each forward year.

3.3 Fiscal Rules

The Fiscal Responsibility Rules constrain the expenditure ceilings as part of the Medium-term Fiscal Strategy (MTFS). These rules were revised in the preparation of the Budget Policy Statement for the 2022/23 Budget. Please refer to the 2021/22 HYEPU for more information.⁶

⁶ http://www.mfem.gov.ck/images/MFEM_Documents/Budget_Books/2021-22/2021-22_HYEPU_v.2.pdf

3.3.1 Exit Clause

The MTFS includes an 'Exit Clause' that allows for a temporary departure from the fiscal rules to enable a Government stimulus response to boost the economy. The Government agrees to always abide by the fiscal anchor and operational rules, with two exceptions. The Government may breach these Fiscal Rules only 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 two per cent or less).

The Fiscal Rules were revised in preparation of the Budget Policy Statement for the 2022/23 Budget to more accurately reflect the new economic context. These changes include:

- prioritising the Cash Reserves Rule
- increasing the limits of the Net Debt Rule to 55 and 65 per cent of GDP
- making the focus of the Expenditure Rule more explicit to expenses over which Government has discretion, excluding legislated payment requirements such as welfare and contractual requirements such as debt servicing expenses
- implementing an Investment Rule to restrict Government expenditure if Net Debt levels exceed 55 per cent of GDP.

As cash reserves are forecast to fall below three months of operating expenditure during the 2022/23 fiscal year, the Exit Clause remains in effect. The actual level of cash reserves may be impacted by factors such as underspends in personnel and capital during 2021/22 and 2022/23, and revenues differing from forecast levels.

Regardless, 2022/23 government expenditure is anticipated to be in excess of the MTEC, specifically due to an increase in the debt servicing transfers to the Loan Repayment Fund.

These factors have resulted in an appropriation which is \$2.7 million higher than the MTEC for 2022/23, and the forward years remain above the MTEC with current projections. Returning the forward years to below the MTEC will require future government decisions and reprioritization of expenditure.

3.3.2 Forecast Performance against the fiscal rules

The 2022/23 fiscal year will return Government books to a position in which the Operating Expenditure Rule and the Net Debt Rule are met. Remaining within the 'soft cap' of the Net Debt Rule results in the Investment Rule not being binding.

The Cash Reserves Rule is most at risk of being breached over the medium-term, as current forecasts show a cash level below the threshold in 2022/23 and 2023/24, and negative cash balances in 2024/25 and 2025/26. This will be significantly influenced by actual revenue and expenditure results in 2022/23 - 2024/25.

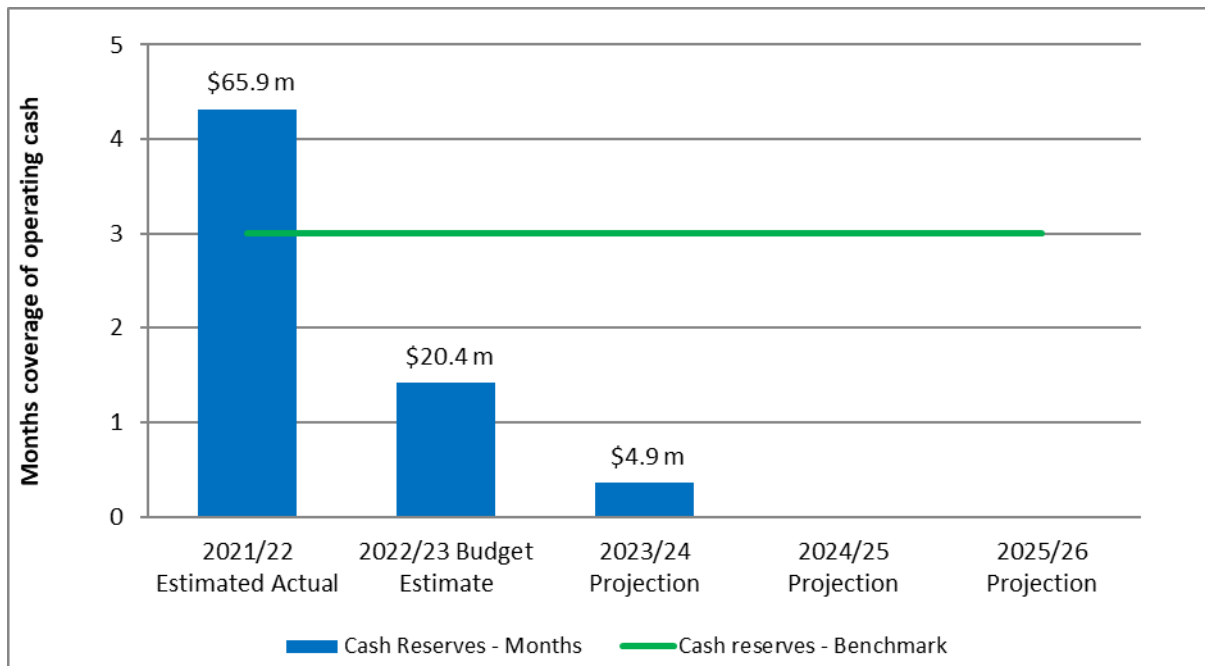
Funding sources will need to be identified for negative fiscal balances, however Government has arrangements in place with the Asian Development Bank if cash reserves become depleted.

3.3.2.1 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 3-1 shows that the Government's projected cash reserve is expected to be depleted by 2024/25. This will be significantly influenced by actual expenditure and revenue levels, as well as the impact of any further debt or aid funding decisions.

Figure 3-1 Cash Reserves rule projections



3.3.2.2 Operating Expenditure Rule

The expenditure rule states that the baseline operating⁷ expenditure cannot grow by more than the greater of 2.0 per cent 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.

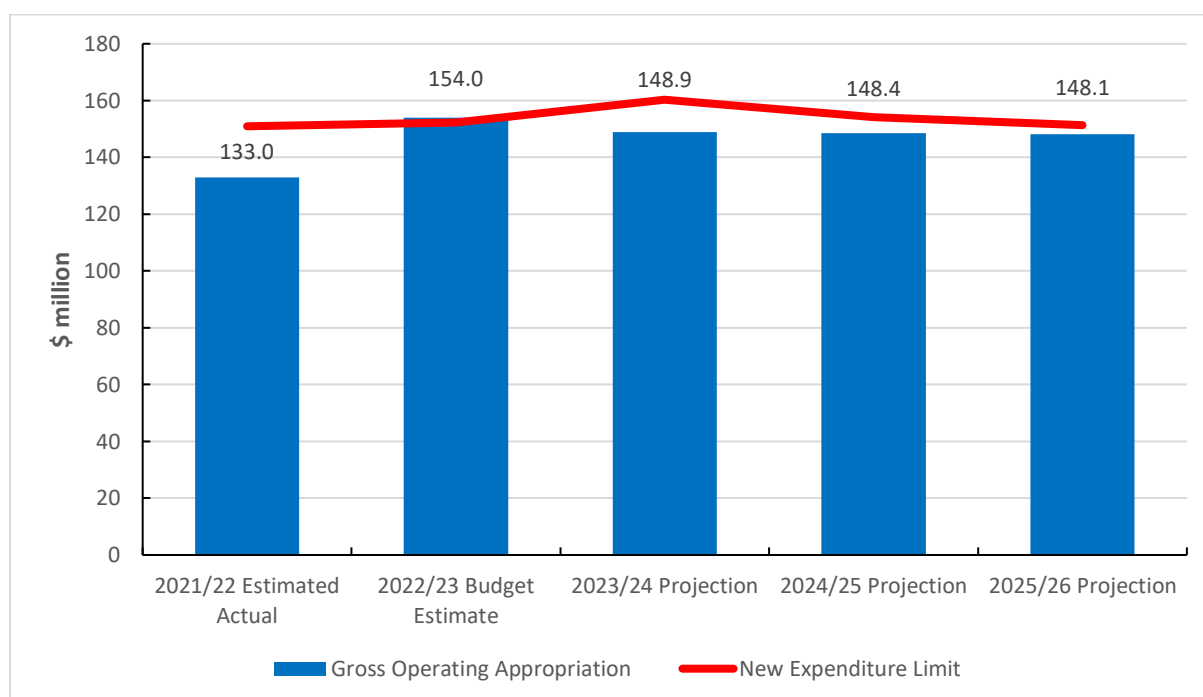
The overall expenditure ceiling considers these expenditure requirements in total Government expenditure; thus, the operating expenditure rule serves to limit expansion of operating expenditure during periods of fiscal expansion but is superseded by other rules during periods when total Government spend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

As shown in Figure 3-2, the operating expenditure profile will be within the limit across the forward years. However, the increased debt servicing cost resulting from the rising interest rates pushes expenditure slightly over the limit in 2022/23 (by \$1.6 million).

This low growth in operating expenditure reflects the extra-ceiling expenditure (see section 3.2) as well as fiscal restraint. The extra-ceiling expenditures – including the Economic Response Plan (ERP) and the Economic Recovery Roadmap (ERR) - were the largest components of expenditure in 2020/21 and 2021/22.

⁷ Baseline operating expenditure is defined as total government department expenditure. This is identified as the total Gross Current Appropriation in Schedule 1.

Figure 3-2 Operating Expenditure rule growth projections



3.3.2.3 Net Debt Rule and Investment Rule

Net debt to GDP measures debt relative to national income. Net debt to GDP measures the overall level of debt taken on by Government, including state-owned enterprises.

The Net Debt Rule states “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, stating, “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.”

Revisions to the GDP forecasts since the 2021/22 HYEFU have resulted in the 55 per cent soft cap on borrowings to rise to approximately \$311.9 million as at 30 June 2022. Government anticipates that it will have a total of \$220.8 million⁸ of debt by the end of 2022/23. Combined with \$12.7 million in the Loan Reserve Fund, this leaves \$208.2 million in net debt. Removing a loan of \$2.3 million held by the Airport Authority to reflect only Crown debt results in a net debt ratio of 36.3 per cent as shown in Figure 3-3.

Government has a further 55.5 million in contingent financing available from April 2022 in case there is an emergency need for funds, as well as a \$30.3 million disaster contingency loan in the case of a natural disaster. If these are drawn down in 2022/23, gross debt would be approximately \$306.7 million, and net debt would total 51.8 per cent of GDP. Excluding these contingent loans, or additional debt, the net debt ratio is projected to fall year-on-year to 24.2 per cent by 2025/26 due primarily to GDP growth.

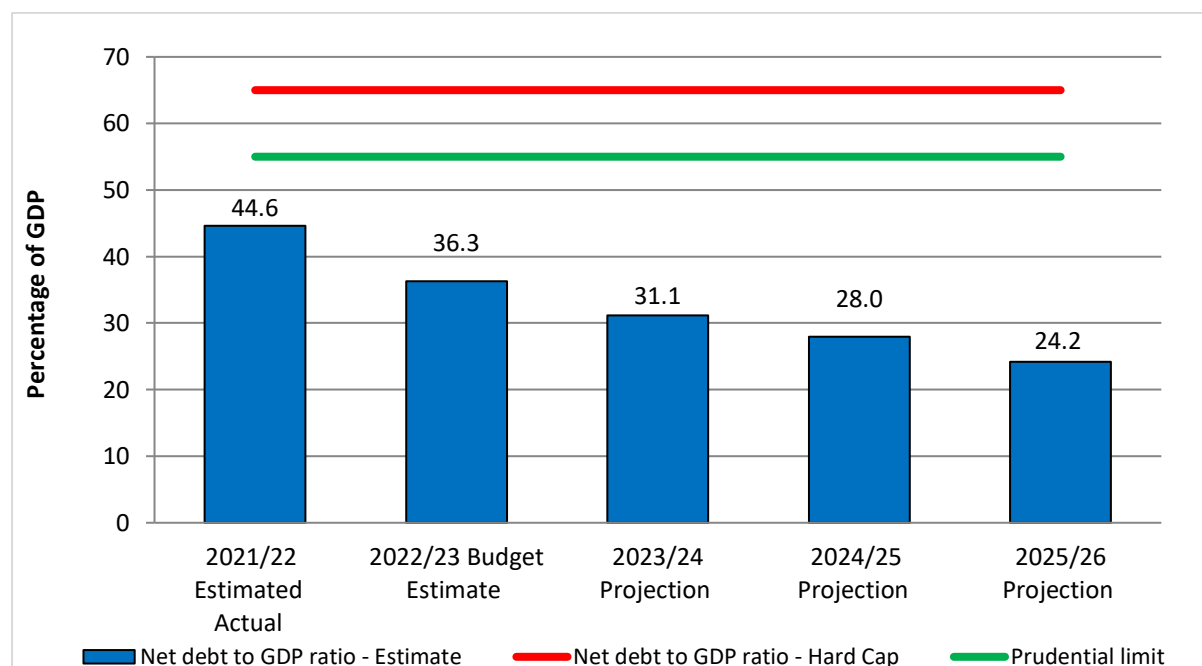
These ratios should not be looked at in isolation. Any proposal to take on additional borrowing should be looked at in the context of the whole of the Government Budget, the Crown’s ability to pay annual debt servicing and international best practice. The latter aspect includes prudential requirements set by the Crown’s lenders. Performance against this rule shows there is scope for Government to take on additional debt, on the condition that the servicing terms are manageable. The recent

⁸

This includes debt held by the Airport Authority on commercial terms. Excluding this has gross debt of \$218.5 million and net debt of \$205.8 million.

reclassification of the Cook Islands to a Group B country with the ADB may help in this regard. Proposals to take on new loans must be assessed under transparent processes as required by the MFEM Act 1995/96 and the Loan Repayment Fund Act 2014.

Figure 3-3 Net Debt rule projections



The evolution of the Net Debt limits to GDP and the Investment Rule debt headroom are displayed in Figure 3-4 and Figure 3-5 respectively.

Figure 3-4 GDP and Net Debt Movements (\$million)

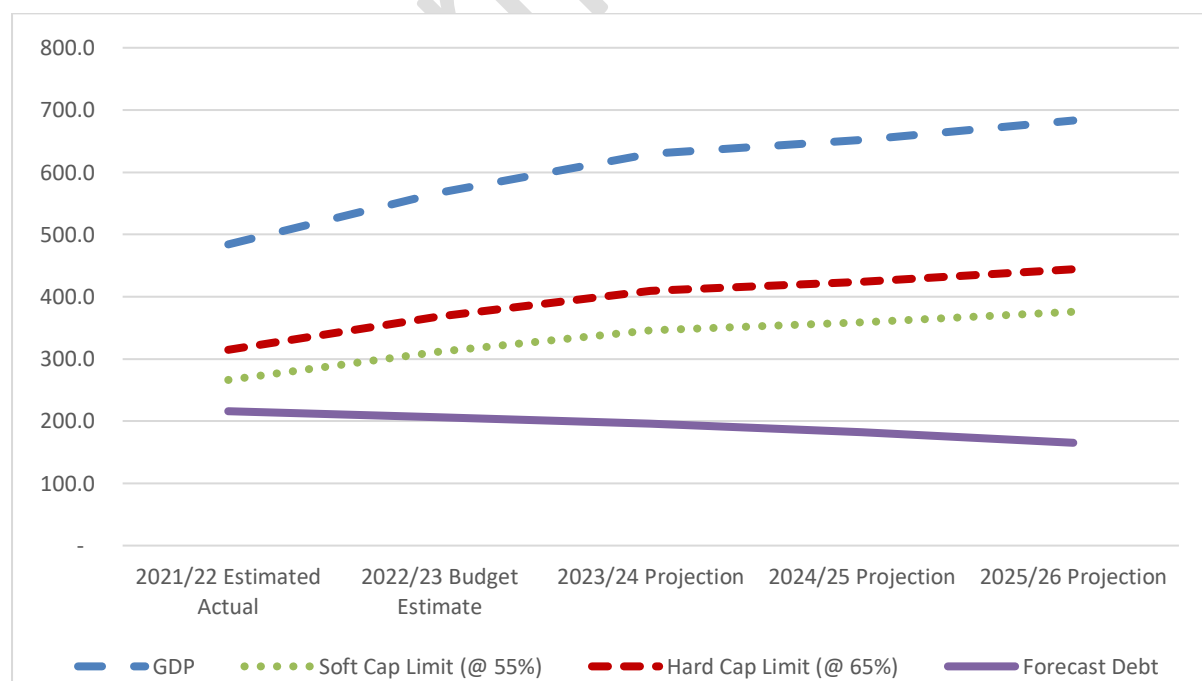
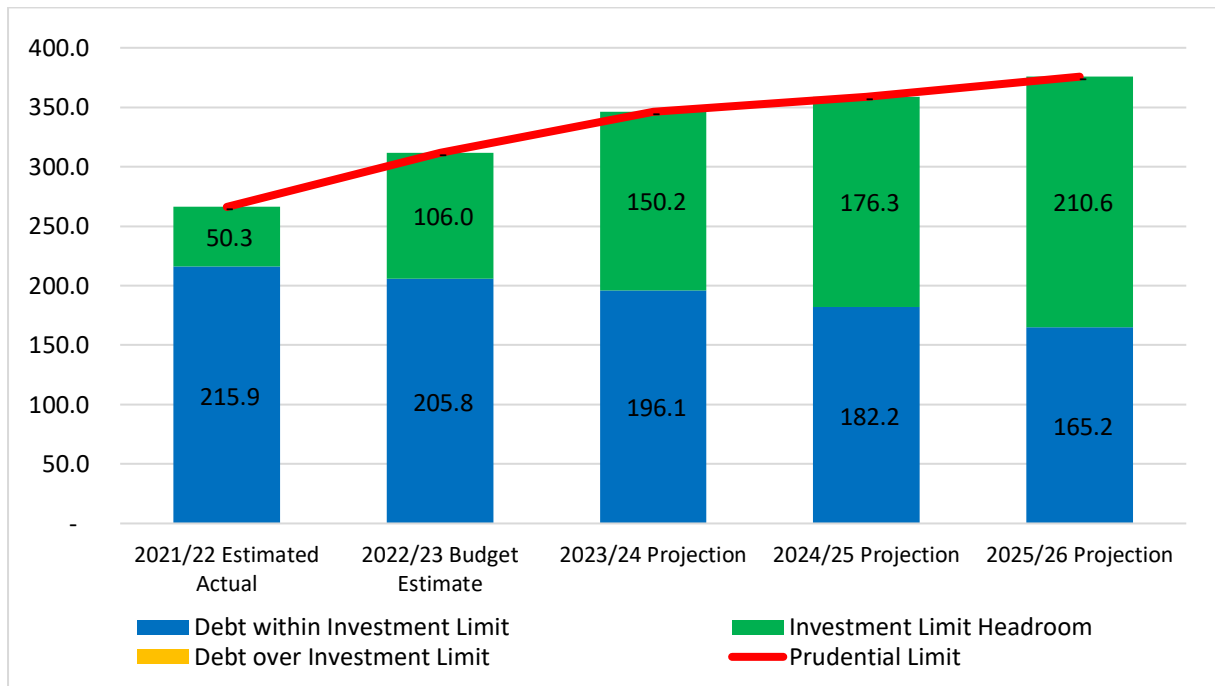


Figure 3-5 Investment Rule Debt Headroom (\$ million)

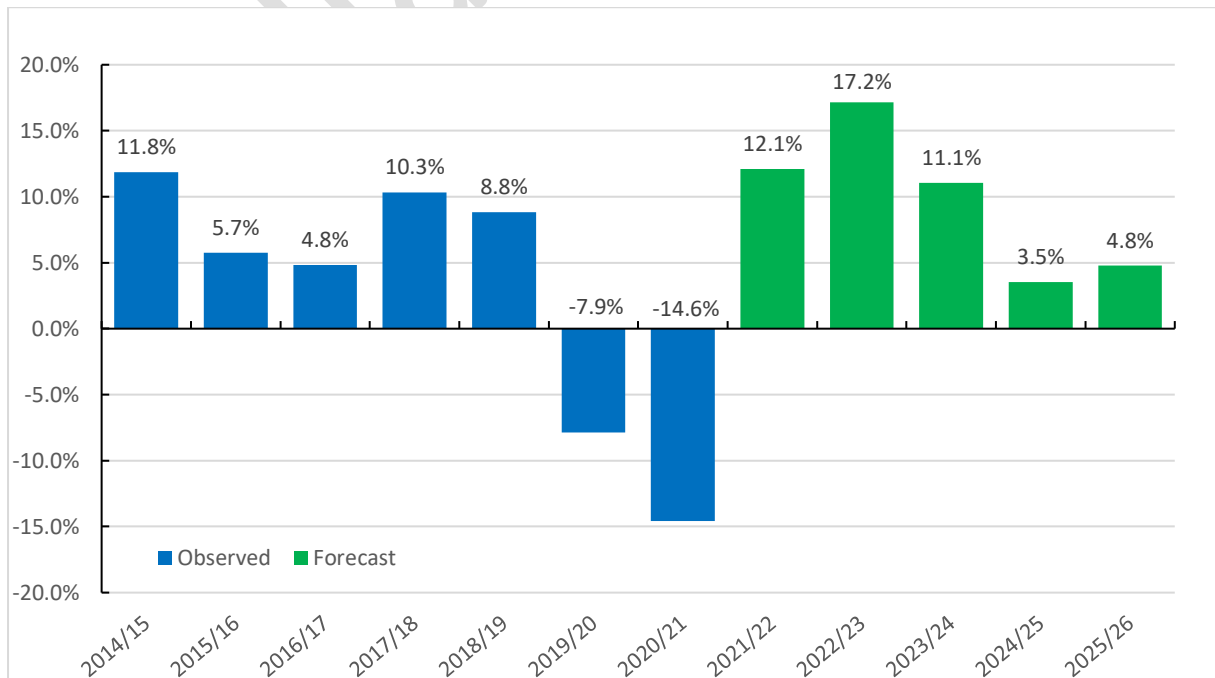


3.4 MTF5 Economic and Fiscal Forecasts

3.4.1 Economic Forecast

The pandemic had the greatest impact on the Cook Islands' economy in 2020/21, with an estimated decline of 14.6 per cent in nominal GDP. This follows the estimated decline of 7.9 per cent in 2019/20 when the pandemic first affected the country, halting tourism and impacting both retail and accommodation-oriented business.

Figure 3-6 Forecast Nominal GDP growth



The economic recovery is beginning in 2021/22 with the number of visitors increasing from the June quarter of 2022 in particular. This has resulted in forecast nominal economic growth of 12.1 per cent in 2021/22, before increasing to 17.2 per cent in 2022/23. After this point, growth is expected to return towards more trend rates.

Please refer to Chapter 5 for further detail on forecast economic activity.

3.5 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.

3.5.1 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 December quarter 2021.

3.5.1.1 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
- Operating surpluses

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

3.5.1.2 Data

The key data sets used for the model are:

- Real and nominal GDP – quarterly data to December 2021.
- Trade, imports, and exports – monthly data to April 2021.
- CPI – quarterly index data to December 2021.
- International arrivals – Customs and Immigration monthly data to March 2022.
- Building approvals – quarterly data to June 2021.

3.5.1.3 Key economic indicator assumptions

Nominal GDP is expected to grow by:

- 12.1 per cent in 2021/22.
- 17.2 per cent in 2022/23.
- 11.1 per cent in 2023/24.
- 3.5 per cent in 2024/25.
- 4.8 per cent in 2025/26

Growth in prices, measured through movements in the CPI, and forecast using an econometric time series approach, is expected as follows:

- 4.3 per cent in 2021/22.
- 3.9 per cent in 2022/23.
- 3.2 per cent in 2023/24.
- 0.6 per cent in 2024/25.
- 1.6 per cent in 2025/26

Please refer to Chapter 5 for further detail on the above data.

3.5.2 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 5, and one-off considerations, namely COVID-19 and its impact on incomes;
- operating expenditure movements reflect current Government policy commitments; and
- the level of Government borrowing is based on exchange rates from Consensus Economics forecasts.

3.6 Fiscal risks

The 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.⁹

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.¹⁰

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.

3.6.1 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.

⁹ IMF (2009), *Fiscal risks: sources, disclosure, and management*. IMF Fiscal Affairs Department. www.imf.org

¹⁰ See: 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>.

3.6.1.1 Global economic risks

The largest risk to the economic forecasts remains a new variant of COVID-19 or other infectious disease that is resistant to vaccines and treatments in either the Cook Islands or our close trading partners – particularly New Zealand. If this were to arise, it would put international travel at risk, hurting the economic recovery.

A second key risk is the impact of rising inflationary pressures globally. 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.

A further risk is associated with the finalisation of the ERR measures which continued the ERP support measures for the private sector. This may pose challenges for some businesses, and government will continue monitoring the situation to determine an appropriate course of action as required.

Finally, 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. 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.

3.6.1.2 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 has a high exposure to disaster risk due to its geographic location in the South Pacific cyclone belt, the remoteness and low-lying nature of many of the outer islands, and the proximity of many buildings and infrastructure services to the coast, particularly on Rarotonga. In addition, the heavy reliance on revenues from the tourism sector makes the economy vulnerable to the impact of disasters.

A destructive weather event, such as a cyclone, would have a significant impact on the Cook Islands' economic outlook, and severely affect the fiscal position. The Asian Development Bank's (ADB) 2016 report on a loan proposal for the Cook Islands Disaster Resilience Program notes that the Cook Islands has periodically experienced major cyclones that have caused substantial economic damage and loss of life (see Table 3-3) ¹¹.

Table 3-3 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.

¹¹ 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.

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.
- taking out insurance coverage under the Pacific Catastrophe Risk Assessment and Financing Initiative for cyclones, with a 1-in-10-year probability of occurrence with pay-out based on the assessed severity of a specific cyclone.
- arranging a Disaster Recovery Mechanism loan from the ADB of \$30.3 million, which will only be triggered and drawn down in the event of a catastrophe. This fund is being drawn down to respond to the current COVID-19 economic shock.

3.6.1.3 Contingent liabilities

The Government's contingent liabilities are summarised in Table 3-4.

Table 3-4 Quantifiable contingent liabilities

| Category | \$'000 |
|--------------------------------|---------------|
| Guarantees and indemnities | 50 |
| Uncalled capital | 2,500 |
| Legal proceedings and disputes | 400 |
| Vested Assets | 19,742 |
| Total | 22,692 |

Guarantees and indemnities

In 2011/12, Government entered a program under the New Zealand Aid programme focused on Pearl Sector Support. The Cook Islands Pearl Authority managed this programme prior to the Authority's cessation and its functions were shifted to the Ministry of Marine Resources.

Through the program, Government agreed to guarantee up to \$0.5 million as security for loans associated with the Pearl Production Credit Scheme.

The loan program has since discontinued, however, there is outstanding debt on the loan scheme of approximately \$50,000.

Uncalled capital

Through the Cook Islands Property Corporation, Government holds \$1.9 million in uncalled shares with the Asian Development Bank (ADB). This takes the form of 88 uncalled shares with a par value of USD 13,500 each.

In addition, the Government has been a member of the Asian Infrastructure Investment Bank (AIIB) since 1 June 2020 and holds \$0.6 million in uncalled shares. This takes the form of four uncalled shares with a par value of USD 100,000 each.

Legal proceedings and disputes

This contingency consists of various cases and is an estimate of the potential liability (damages and costs) of the Crown known at the time of publication.

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 could result in a potential liability.

There is no preferential treatment of public liability or other liability for the Island Governments and the risk of the Island Governments generating such liabilities is low. No mitigation has been undertaken to minimise the risk any more than for other Government agencies based in Rarotonga.

Unpaid invoices are a potential risk that could be difficult to mitigate without tighter financial controls than those imposed through the Cook Islands Financial Policies and Procedures Manual, the MFEM Act 1995/96 and the Public Expenditure Review Committee and Audit (PERA) Act 1995/96. MFEM is in the process of implementing a Financial Management and Information System (FMIS), which will improve the process of invoice payments and recording keeping however, manual elements inherent to the billing process means that this risk cannot be completely mitigated.

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 interests consists of the following tranches:

Table 3-5 Vested Assets Contingent Liability Expiry Schedule

| Tranche | Expiry Date | Value |
|----------------|--------------------|---------------|
| 2 | 20/12/2024 | 6,500 |
| 3 | 31/10/2026 | 8,264 |
| 4 | 01/09/2027 | 4,978 |
| Total | | 19,742 |

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

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 (electricity utility in Rarotonga)
- Te Mana Uira (electricity utility in Aitutaki)
- To Tatou Vai Limited (water and sanitation); 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 Loan Repayment Fund (LRF) Act 2014; and
- providing for a portion of SOE debt repayments in the Loan Reserve Fund.

3.6.2 Assessing the impact of fiscal and macroeconomic shocks

3.6.2.1 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 MFEM website, includes:¹²

- the Calibration Model; and
- the Fiscal & Macro Impact Model:
 - fiscal and macro shocks
 - fiscal multiplier model
 - 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.

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 2022/23 Budget profile using the Fiscal Tool, and the impact of exchange rate fluctuations on Crown debt.

3.6.2.2 Fiscal shocks

Fiscal shocks or alternatively Government fiscal policy decisions are evaluated in terms of their direct impact on fiscal indicators - these are the first order impacts and their second order impacts - which occur via changes in GDP that flow through to tax revenues. The first order impacts are simply one for one change in the baseline operating expenditure, capital expenditure or tax revenue as relevant. The second order impacts are estimated using fiscal multipliers and a simple linear tax impact model.

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 expected recovery path from the impacts of COVID-19.

Table 3-6 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 guide¹³ in all years. While the base case almost sees a return to being within this guideline in 2023/24, this does not occur over the four years once the shock is applied – with 2025/26 getting the closest with a fiscal balance of -2.7 per cent of GDP.

¹² See: http://www.mfem.gov.ck/images/CEO/MTFS_Technical_paper_Fiscal_Tool_2018.pdf.

¹³ This measure is no longer a Fiscal Rule under the updated MTFF, however it is used as a guideline

Table 3-6 Low revenue shock

| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|-----------------------------|-------|---------|---------|---------|---------|
| Change in OpEx (\$m) | | 0 | 0 | 0 | 0 |
| Change in Capex (\$m) | | 0 | 0 | 0 | 0 |
| Change in Tax Revenue (\$m) | | -17.4 | -23.4 | -28.0 | -34.0 |
| Fiscal balance (% of GDP) | Base | -7.3 | -0.9 | 0.4 | 2.3 |
| | Shock | -10.2 | -4.6 | -3.8 | -2.7 |

Table 3-7 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 fiscal surpluses from 2023/24 onward.

Table 3-7 High revenue shock

| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|-----------------------------|-------|---------|---------|---------|---------|
| Change in OpEx (\$m) | | 0 | 0 | 0 | 0 |
| Change in capex (\$m) | | 0 | 0 | 0 | 0 |
| Change in tax revenue (\$m) | | 17.4 | 23.4 | 28.0 | 34.0 |
| Fiscal balance (% of GDP) | Base | -7.3 | -0.9 | 0.4 | 2.3 |
| | Shock | -4.1 | 2.8 | 4.8 | 7.3 |

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 3-8 presents the impact of the additional expenditure over the modelling period. The fiscal balance breaches the -1.9 per cent of GDP guideline in 2023/24, before complying thereafter – one year slower than the base case. However, there is a positive impact on GDP of about 2.3 per cent or \$15.5 million by 2025/26.

Table 3-8 High OpEx shock

| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|-----------------------------|-------|---------|---------|---------|---------|
| Change in OpEx (\$m) | | 19 | 18 | 18 | 18 |
| Change in capex (\$m) | | 0 | 0 | 0 | 0 |
| Change in tax revenue (\$m) | | 0.7 | 2.3 | 4.2 | 4.5 |
| Fiscal balance (% of GDP) | Base | -7.3 | -0.9 | 0.4 | 2.3 |
| | Shock | -10.2 | -3.3 | -1.6 | 0.3 |
| Change in nominal GDP | % | 1.0 | 2.0 | 2.4 | 2.3 |
| | \$m | 5.8 | 12.5 | 15.4 | 15.5 |

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 3-9 presents the impact of the reduced expenditure over the modelling period. The negative impact on GDP of about \$11.1 million by 2025/26 has a flow-on effect on revenue of about \$3.3 million. The net effect on the fiscal balance is slightly positive, with the capital expenditure reduction outweighing the fall in revenue.

Table 3-9 Low Capex shock

| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|-----------------------------|-------|---------|---------|---------|---------|
| Change in OpEx (\$m) | | 0 | 0 | 0 | 0 |
| Change in capex (\$m) | | -7 | -4 | -3 | -3 |
| Change in tax revenue (\$m) | | -0.5 | -1.8 | -3.2 | -3.3 |
| Fiscal balance (% of GDP) | Base | -7.3 | -0.9 | 0.4 | 2.3 |
| | Shock | -6.1 | -0.6 | 0.5 | 2.2 |
| Change in nominal GDP | % | -0.7 | -1.6 | -1.8 | -1.6 |
| | \$m | -4.0 | -9.9 | -11.8 | -11.1 |

GDP shock

A low GDP shock is applied, assuming a 5 per cent decrease on the forecast for each year of the forward period, in Table 3-10. Tax revenue falls by up to \$18.0 million in 2025/26, causing the fiscal balance to deteriorate and to breach the -1.9 per cent of GDP guide 2023/24, before coming back within the range from 2024/25. The GDP impact in 2025/26 is minus 7.4 per cent, or a reduction of \$50.9 million.

Table 3-10 Low GDP shock

| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|-----------------------------|-------|---------|---------|---------|---------|
| Change in OpEx (\$m) | | 0 | 0 | 0 | 0 |
| Change in capex (\$m) | | 0 | 0 | 0 | 0 |
| Change in tax revenue (\$m) | | -3.5 | -7.8 | -13.0 | -18.0 |
| Fiscal balance (% of GDP) | Base | -7.3 | -0.9 | 0.4 | 2.3 |
| | Shock | -8.1 | -2.3 | -1.7 | -0.4 |
| Change in nominal GDP | % | -4.3 | -6.0 | -7.3 | -7.4 |
| | \$m | -24.2 | -38.0 | -47.7 | -50.9 |

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. Table 3-11. Tax revenue falls by \$7.2 million per year by 2025/26, which reduces the fiscal balance by approximately a percentage point by the end of the forward estimates. This is not a large enough swing to breach the fiscal balance guideline, but does move a fiscal surplus in 2024/25 to a fiscal deficit. The impact on GDP is substantial, with a reduction of 3.2 per cent in 2025/26.

Table 3-11 Low arrivals shock

| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|-----------------------------|-------|---------|---------|---------|---------|
| Change in OpEx (\$m) | | 0 | 0 | 0 | 0 |
| Change in capex (\$m) | | 0 | 0 | 0 | 0 |
| Change in tax revenue (\$m) | | -1.2 | -3.1 | -5.4 | -7.7 |
| Fiscal balance (% of GDP) | Base | -7.3 | -0.9 | 0.4 | 2.3 |
| | Shock | -7.5 | -1.4 | -0.4 | 1.2 |
| Change in nominal GDP | % | -1.5 | -2.5 | -3.1 | -3.2 |
| | \$m | -8.6 | -15.5 | -20.2 | -22.0 |

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 2022/23, and a 25 per cent decrease in 2023/24. Tax revenue falls by almost \$25 million per year by 2024/25, increasing to \$26.9 million in 2025/26, which reduces the fiscal balance by 1.7 percentage points in that year. The impact on GDP is more

muted than it often would be in the earlier years, due to the reduced visitors as a result of the pandemic, but is still around 15 per cent of GDP in each of the shocked years.

The lack of change in operating expenditure does not reflect any specific decisions which may be taken by government if this situation were to occur – such as the Economic Response Plan was enacted in response to the pandemic.

Table 3-12 presents the impact of the reduction in arrivals.

Tax revenue falls by almost \$25 million per year by 2024/25, increasing to \$26.9 million in 2025/26, which reduces the fiscal balance by 1.7 percentage points in that year. The impact on GDP is more muted than it often would be in the earlier years, due to the reduced visitors as a result of the pandemic, but is still around 15 per cent of GDP in each of the shocked years.

The lack of change in operating expenditure does not reflect any specific decisions which may be taken by government if this situation were to occur – such as the Economic Response Plan was enacted in response to the pandemic.

Table 3-12 Severe Low arrivals shock

| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|-----------------------------|-------|---------|---------|---------|---------|
| Change in OpEx (\$m) | | 0 | 0 | 0 | 0 |
| Change in capex (\$m) | | 0 | 0 | 0 | 0 |
| Change in tax revenue (\$m) | | -12.4 | -21.9 | -24.7 | -26.9 |
| Fiscal balance (% of GDP) | Base | -7.3 | -0.9 | 0.4 | 2.3 |
| | Shock | -11.0 | -5.2 | -3.6 | -1.7 |
| Change in nominal GDP | % | -15.1 | -15.0 | -6.3 | -1.8 |
| | \$m | -85.5 | -94.7 | -41.3 | -12.1 |

3.7 Medium-term National Priorities

The Medium-term National Priorities contributes to the fiscal planning of Government expenditure. The national priorities are set using the 5-year National Sustainable Development Plans (NSDP) which captures the Cook Islands' aspirations and ambitions under 15 national development goals that help to guide the application of the Medium-term Expenditure Ceilings (MTEC) at a government department level. The NSDP is part of the Cook Islands' 100-year National Sustainable Development Agenda (NSDA) vision to achieve 'Wellbeing for all' (CINSDA2020+).

While the CINSDA2020+ is referenced in the MTFs, its use as an expenditure guide has been reduced again in 2022/23 as the overriding priority remains Goal 3 (Economy, Employment, Trade & Enterprise) to reduce the size and severity of the economic impact of COVID-19 to the Cook Islands.

Falling within the medium-term national priorities structure, Government's Economic Development Strategy (EDS) maps out the Government's economic priorities through to 2030. The EDS will guide the Government agencies' expenditure priorities in the 2022/23 Budget, within the priorities determined through the Economic Recovery Roadmap.

Fiscal allocations against the goals of the NSDA is reported in Chapter 12.

3.8 Crown Debt Sensitivity Analysis

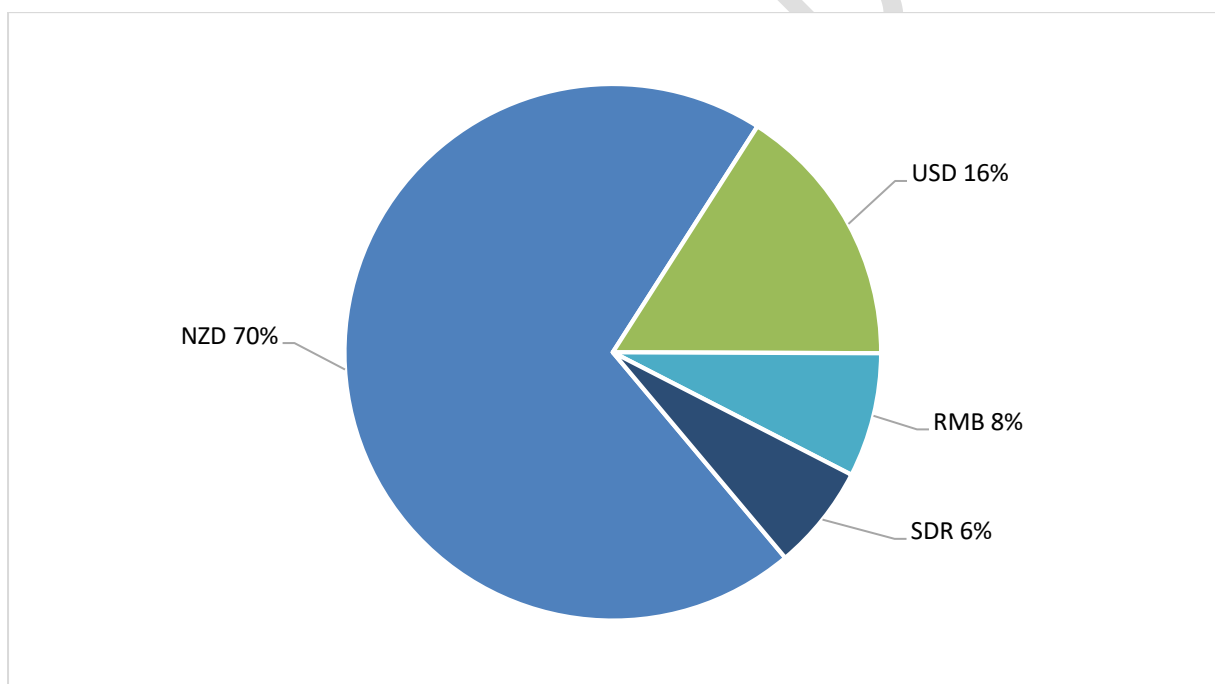
Table 3-13 Base Exchange rates assumptions with +/- 10 per cent

| Foreign Exchange Currency | -10% | Budget base rate | +10% |
|---------------------------|--------|---------------------|--------|
| EUR | 0.5608 | 0.6231 | 0.6854 |
| USD | 0.6354 | 0.7060 | 0.7766 |
| RMB | 4.0907 | 4.5452 | 4.9998 |
| SDR | 0.4559 | 0.5065 | 0.5572 |

Managing the Crown's exposure to foreign exchange risks remains a priority for Government, although recent debt has mostly been drawn in NZD. Figure 3-7 shows 30 per cent of gross debt is held in foreign currency, with 22 per cent of the total loans in USD (including SDR loans), and eight per cent repaid in Renminbi (RMB).

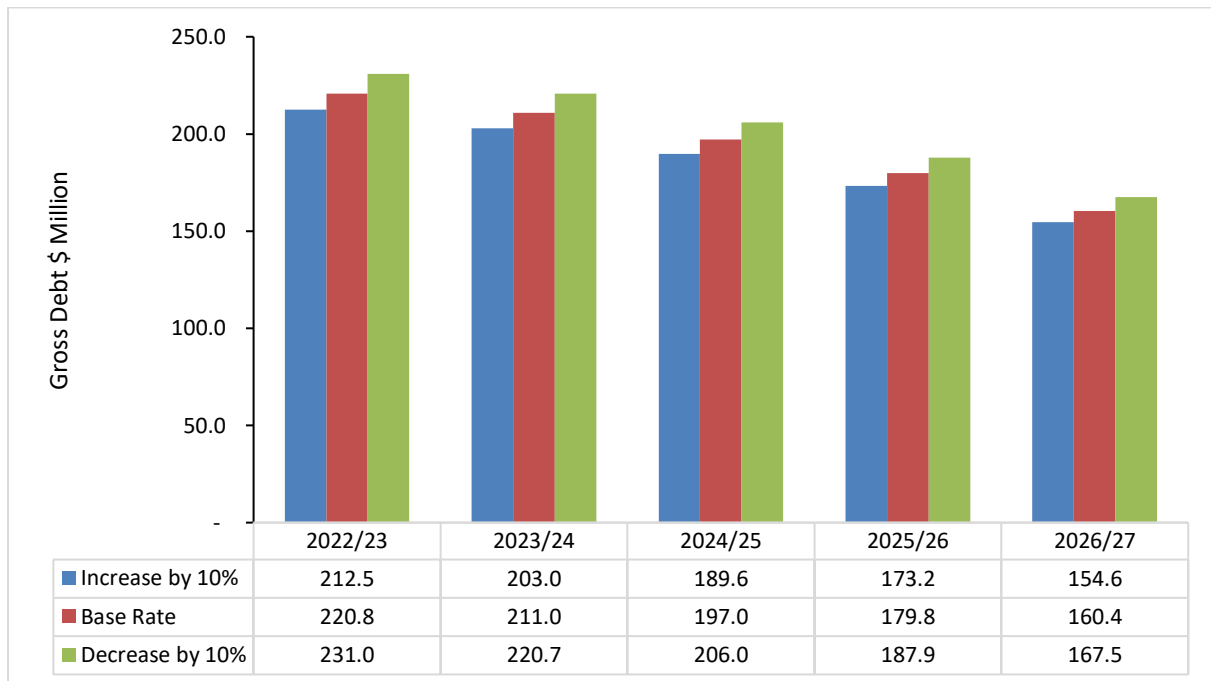
MFEM manages the risk to the USD movements by holding USD bank accounts within the Loan Repayment Fund to match the USD repayments. This effectively creates a natural currency hedging process through the use of revenue received for fishing licences.

Figure 3-7 Currency breakdown of Cook Islands Borrowings



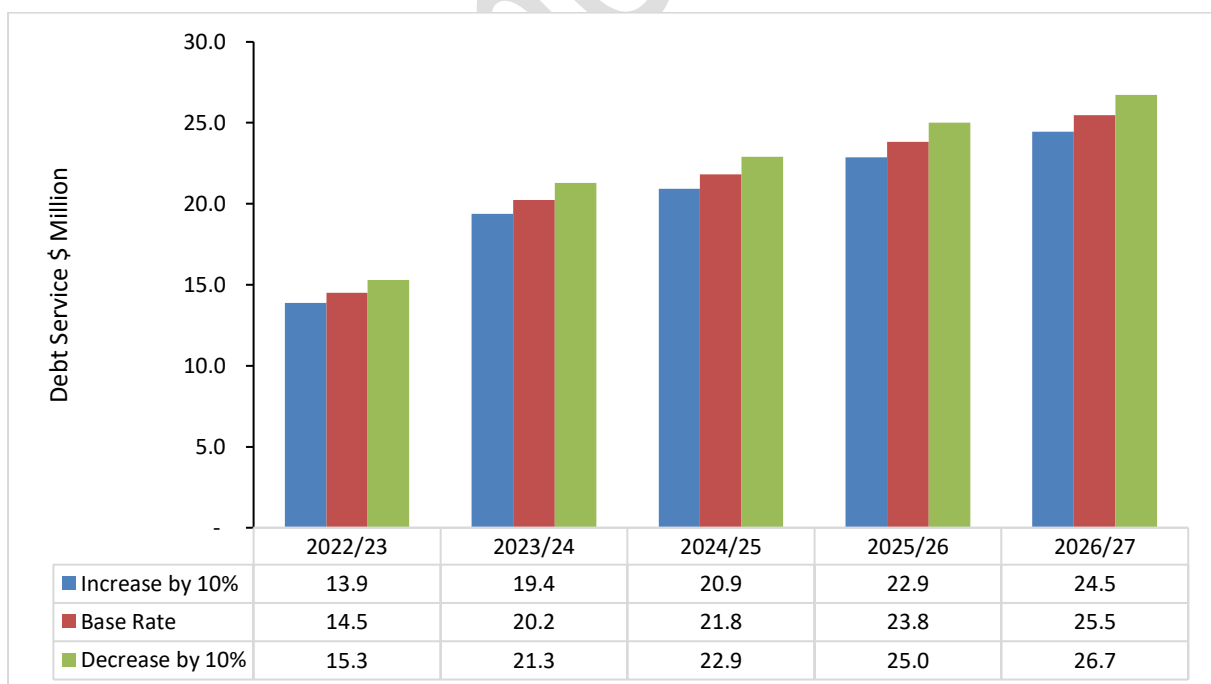
The sensitivity analysis below demonstrates the impact of a 10 per cent appreciation or depreciation of the New Zealand Dollar (NZD) to determine the impact on the gross borrowings and the debt servicing cost.

Figure 3-8 Sensitivity of Gross Debt to NZD movements



A 10 per cent depreciation in the value of the NZD against foreign currencies in 2022/23 would increase gross debt by an estimated \$10.2 million compared to an \$8.3 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 3-9 Sensitivity of Crown Debt Servicing Costs to NZD movements



A 10 per cent depreciation in the foreign currency value of the NZD would increase debt-servicing costs by \$0.8 million in 2022/23. In 2024/25 however, the impact is higher with an increase of \$1.1 million when the debt servicing for US\$20 million of new loans begins.

4 Fiscal Update and Medium-term Outlook

The 2022/23 Budget has been developed in the context of the early stages of recovery from the economic impacts of the COVID-19 pandemic, with borders open to tourists since January 2022, but a substantially increased level of debt that will require servicing beyond the medium-term.

The Government's fiscal stance remains slightly expansionary in 2022/23 with continued expenditure through the Economic Recovery Roadmap (ERR), before moving towards a neutral stance in 2023/24. While the total appropriation is decreasing substantially from 2021/22 levels with the end of the significant levels of private sector support, Government will continue to play a role in the economy over the medium-term, primarily through increased capital investment.

4.1 2021/22 Fiscal Performance

Government revenue in 2021/22 is estimated to be \$173.6 million, exceeding the 2021/22 Half-Year Economic and Fiscal Update (HYEFU) forecast by \$11.3 million. This total consists of \$107.6 million in tax revenue and \$66.1 million in other revenue, including Government agency trading revenue.

The additional revenue is primarily due to budget support provided by the New Zealand Government of \$20.0 million in November 2021, of which \$10.0 million has been retained in the Official Development Assistance budget, with \$10.0 million reflected as General Budget Support in Government revenue.

As shown in Table 4-1, total operating expenditure in 2021/22 is expected to be \$196.7 million versus a forecast as at the HYEFU of \$206.4 million. Significant levels of financial support provided to the private sector through the ERR totalling \$41.8 million (8.6 per cent of GDP) of Government funds are the major component of this expenditure, offsetting underspends in Government Department budgets.

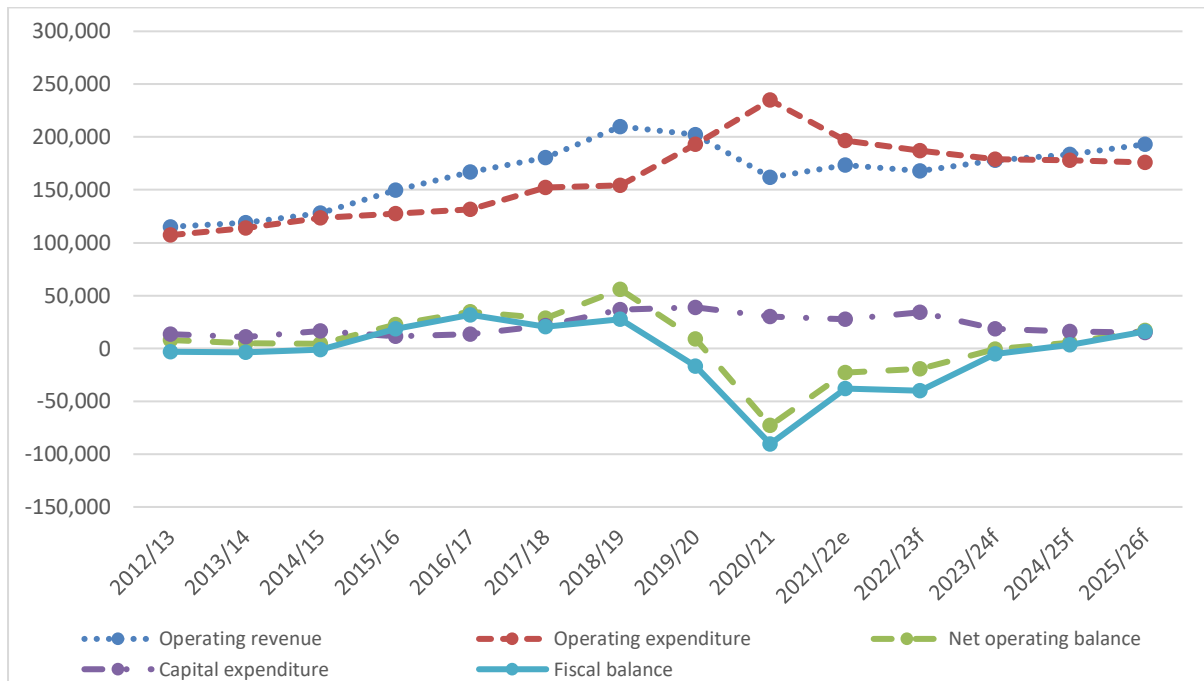
Total ERR expenditure, including Official Development Assistance funds, is estimated at \$44.8 million (9.2 per cent of GDP) in 2021/22.

The increase in Government revenues and expenditure savings have resulted in an estimated improvement in the fiscal balance for 2021/22 from the HYEFU forecasts of a \$54.8 million deficit to a \$37.8 million deficit, or negative 7.8 per cent of GDP estimated versus the negative 11.3 per cent estimated at the HYEFU.

Figure 4-1 shows a time series of general government operating revenue and expenditure from 2012/13 to 2025/26. The chart shows the impact of COVID-19 on the Government's fiscal balance, and the expansionary approach taken in 2020/21 to respond to the economic shock.

The maintenance of the surplus fiscal balance from 2015/16 to 2018/19 enabled the Stabilisation Account in the 2019/20 Budget, which was subsequently utilised to fund the Economic Response Plan in 2020/21.

Figure 4-1 Fiscal Performance and Medium-term Fiscal Outlook (\$'000)



4.1.1 Performance against the Fiscal Rules

The government's forecast performance against the Fiscal Rules across the medium-term is provided in the Medium-term Fiscal Strategy (MTFS) chapter. The estimated actual performance for the 2021/22 fiscal year against the fiscal rule thresholds is explained below, noting that government has temporarily departed from the fiscal rules to respond more effectively to the economic shock.

Government's cash reserve is forecast at \$65.8 million in 2021/22 corresponding to 4.1 months of operating cash, against the expected cash reserve forecast at the 2021/22 HYEPU of \$46.3 million. The improvement in the cash reserve is primarily attributable to capital investment projects which contribute an improvement of \$10.0 million, operating expenditure shortfalls contributing \$7.9 million, offset by revenue actuals falling \$1.9 million short of the half year estimate.

Government's net debt level will increase to \$215.9 million on 30 June 2022. With GDP improving to an estimated \$484.0 million, the net debt ratio is estimated to be 44.6 per cent of GDP.

Estimated total expenditure in 2021/22 results in an estimated fiscal deficit of 7.8 per cent, with debt funding required to fund the shortfall through a loan drawdown of \$55.5m in December 2021.

Table 4-1 provides a summary of the Government's fiscal forecasts for the 2022/23 Budget. As discussed in the MTFS, Government will continue its departure from the fiscal rules to ensure macroeconomic stability, while also adhering to the principles of fiscal responsibility outlined in the 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,
- pursuing policies that are consistent with a reasonable degree of predictability about the level and stability of tax rates for future years,

Table 4-1 Fiscal Indicators Summary

| | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|-------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Statement of Financial Performance | | | | | | |
| Taxation Revenue (\$m) | 86.5 | 107.6 | 139.3 | 157.7 | 162.7 | 172.6 |
| Social Contributions (\$m) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other Revenue (\$m) | 75.3 | 66.2 | 28.3 | 20.5 | 20.8 | 20.7 |
| Total Operating Revenue (\$m) | 161.9 | 173.7 | 167.7 | 178.2 | 183.5 | 193.3 |
| Total Operating Revenue Percentage of GDP | 37.5 | 35.9 | 29.6 | 28.3 | 28.1 | 28.3 |
| Tax Revenue Percentage of GDP | 20.0 | 22.2 | 24.6 | 25.0 | 25.0 | 25.3 |
| Total Cyclical Revenue (\$m) | 2.4 | 6.6 | 11.5 | 11.6 | 11.6 | 11.3 |
| Total Cyclical Revenue Percentage of GDP | 0.6 | 1.4 | 2.0 | 1.8 | 1.8 | 1.6 |
| Total Structural Revenue (\$m) | 159.5 | 167.2 | 156.2 | 166.5 | 171.8 | 182.1 |
| Total Structural Revenue Percentage of GDP | 36.9 | 34.5 | 27.5 | 26.4 | 26.4 | 26.7 |
| Personnel (\$m) | 69.7 | 69.5 | 76.4 | 76.7 | 76.8 | 76.8 |
| Percentage of Total Revenue | 43.1 | 40.0 | 45.6 | 43.1 | 41.8 | 39.7 |
| Percentage of Structural Revenue | 43.7 | 41.6 | 48.9 | 46.1 | 44.7 | 42.2 |
| Total Operating Expenditure (\$m) | 234.8 | 196.7 | 187.0 | 178.8 | 178.0 | 176.2 |
| Percentage of GDP | 54.4 | 40.6 | 33.0 | 28.4 | 27.3 | 25.8 |
| Percentage of Operating Revenue | 145.1 | 113.2 | 111.6 | 100.4 | 97.0 | 91.2 |
| Cash Operating Expenditure* | 221.8 | 183.6 | 173.1 | 165.3 | 164.6 | 162.3 |
| Operating Balance (\$m) | -73.0 | -22.9 | -19.4 | -0.7 | 5.5 | 17.1 |
| Percentage of GDP | -16.9 | -4.7 | -3.4 | -0.1 | 0.8 | 2.5 |
| Capital Expenditure | 30.0 | 27.8 | 34.2 | 18.3 | 15.9 | 15.0 |
| Depreciation | 12.7 | 13.1 | 13.8 | 13.8 | 13.8 | 13.8 |
| Non-Operating Balance (\$m) | -36.7 | 16.8 | -44.0 | -32.8 | -28.7 | -30.3 |
| Fiscal Balance surplus/deficit (\$m) * | -90.3 | -37.7 | -39.8 | -5.2 | 3.4 | 15.8 |
| Percentage of GDP | -20.9 | -7.8 | -7.0 | -0.8 | 0.5 | 2.3 |
| Statement of Financial Position (\$m) | | | | | | |
| Assets (\$m) | 547.7 | 584.9 | 627.3 | 615.4 | 606.1 | 605.7 |
| Liabilities (\$m) | 361.4 | 413.2 | 403.3 | 393.7 | 379.9 | 363.0 |
| Crown Balance (\$m) | 186.3 | 171.6 | 224.0 | 221.7 | 226.2 | 242.8 |
| Percentage of GDP | 43.2 | 35.5 | 39.5 | 35.2 | 34.7 | 35.5 |
| Working Capital (\$m) | 53.6 | 62.4 | 16.7 | 1.2 | -7.6 | -6.4 |
| Working Capital (months coverage) | 2.9 | 4.1 | 1.2 | 0.1 | -0.6 | -0.5 |
| Stabilisation Account | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 |
| General Cash Reserves | 57.1 | 65.9 | 20.3 | 4.8 | -4.1 | -2.9 |
| Statement of Borrowings (\$m) | | | | | | |
| Gross Debt end of FY (\$m) | 176.6 | 228.5 | 218.5 | 208.9 | 195.1 | 178.2 |
| Gross Debt, Percentage of GDP | 40.9 | 47.2 | 38.5 | 33.2 | 29.9 | 26.1 |
| Net Crown Debt, end of FY (\$m) | 165.0 | 215.9 | 205.8 | 196.1 | 182.2 | 165.2 |
| Net Debt, Percentage of GDP | 38.2 | 44.6 | 36.3 | 31.1 | 28.0 | 24.2 |
| Loan Repayment Reserves Held (\$m) | 11.7 | 12.5 | 12.7 | 12.8 | 12.9 | 13.1 |
| Net Debt Servicing (\$m) | 10.0 | 13.3 | 14.5 | 20.2 | 21.8 | 23.8 |
| Percentage of Total Revenue | 6.2 | 7.6 | 8.7 | 11.4 | 11.9 | 12.3 |
| Percentage of Structural Revenue | 6.3 | 7.9 | 9.3 | 12.2 | 12.7 | 13.1 |
| Development Partner Support (\$m) | | | | | | |
| Grants (\$m) | 21.6 | 31.3 | 91.5 | 19.6 | 11.2 | 9.4 |
| Percentage of GDP | 5.0 | 6.5 | 16.1 | 3.1 | 1.7 | 1.4 |
| Memo item: Nominal GDP (\$m) | 431.8 | 484.0 | 567.0 | 629.7 | 651.9 | 683.1 |

4.2 Movements since the 2021/22 HYEPU

The 2022/23 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,
- 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 on the Airline underwrite.

Table 4-2 shows the movements in revenue and expenditures for the 2022/23 Budget since the publication of the 2021/22 HYEPU in December 2021.

Table 4-2 Reconciliation of Operating Statement (\$'000)

| Statement of Government Operations | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|--|----------------|----------------|----------------|----------------|----------------|
| Operating balance as at 2021/22 HYEPU | -30,932 | -17,916 | 8,152 | 14,324 | 14,324 |
| Revenue | | | | | |
| Revenue Parameter Changes | 1,566 | 12,639 | -4,009 | -4,114 | 5,775 |
| <i>Adjustments to:</i> | | | | | |
| Value Added Tax (VAT) | 600 | 563 | -1,076 | -1,520 | 3,320 |
| Income tax | 400 | 6,080 | -477 | -695 | 2,948 |
| Import levies | -650 | -450 | -300 | -300 | -55 |
| Company tax | 600 | -816 | -2,639 | -1,780 | -715 |
| Departure tax | 627 | 7,268 | 482 | 181 | 252 |
| Withholding tax | -11 | -6 | 0 | 0 | 25 |
| Other Revenue Changes | -3,393 | 367 | 499 | 1,425 | 1,391 |
| Other revenue | -4,353 | 237 | 304 | 1,258 | 797 |
| Trading Revenue | 960 | 246 | 246 | 246 | 246 |
| Dividend | - | -117 | -52 | -80 | 348 |
| Core Sector support | - | - | - | - | - |
| Total Revenue Changes to 2022/23 Budget | -1,737 | 13,006 | -3,511 | -2,689 | 7,166 |
| Expenditure | | | | | |
| <i>Expenditure Decisions by Government</i> | 430 | 11,799 | 2,322 | 3,224 | 1,935 |
| <i>Technical adjustments</i> | - | - | - | - | - |
| <i>Reclassifications of expenditure</i> | - | - | - | - | - |
| <i>Parameter changes</i> | -10,149 | 2,682 | 3,004 | 2,924 | 2,448 |
| Total Expenditure Changes to 2022/23 Budget | -9,719 | 14,481 | 5,326 | 6,149 | 4,383 |
| OPERATING BALANCE as at 2022/23 Budget | -22,950 | -19,391 | -684 | 5,486 | 17,107 |
| Capital Expenditure | 27,770 | 34,160 | 18,257 | 15,897 | 15,042 |
| Depreciation | 13,054 | 13,767 | 13,783 | 13,783 | 13,783 |
| FISCAL BALANCE - as at 2022/23 Budget | -37,665 | -39,785 | -5,158 | 3,372 | 15,848 |

The fiscal deficit forecast for 2022/23 has improved by \$15.0 million since the 2021/22 HYEPU update. This is due to increased revenues in 2022/23, mostly in the form of departure tax and income tax as well as a reduction in capital expenditure by \$3.6 million compared to the 2021/22 HYEPU estimates.

Updates were made to revenue estimates, particularly taxation revenue, from 2022/23 to 2024/25. In 2022/23 the temporary increase in Departure Tax of \$50 and increasing tourism numbers is expected to result in \$7.3 million in extra revenue. Income tax has likewise been revised upwards by \$6.1m to \$27.8 million, largely because of the reopening of borders impacting on jobs and incomes.

The increase in 'Expenditure Decisions by Government' for 2021/22 reflects the carry forward of \$2.4 million for the Economic Response Plan and \$0.4 million of executive orders approved. This is offset by the expected savings in other operating expenditure items totalling \$11.5 million, resulting in a decrease in total expenditure \$8.7 million relative to the 2021/22 HYEPU.

Expenditure estimates in 2022/23 increased to \$14.5 million, including \$8.9 million of re-appropriated funds from the 2021/22 budget and additional expenditure to support economic stimulus programmes through the ERR.

The Revenue chapter and Operating Expenditure chapter explain these movements in detail.

4.2.1 Carry Forward of 2020/21 Funds

The MFEM Act 1995/96 allows a government agency to request a 'carry-forward' of unexpended funding from the prior fiscal year into the new fiscal year. This is an exceptional process requiring the approval of both the Financial Secretary and concurrence of the Minister of Finance.

Carry-forward requests are similar to reappropriation with the exception that the adjustment process occurs after the Appropriation Act is passed.

Carry-forwards are ordinarily reported in the Half-Year Economic and Fiscal Update, but in exceptional circumstances, a carry-forward may be approved later and reported in the Budget Estimates.

Table 4-3 accounts for a total of \$2.4 million of residual funds from the 2020/21 Budget approved for expenditure in the 2021/22 fiscal year since the publication of the 2021/22 HYEPU.

Table 4-3 Carry Forward of Operating Funds from 2020/21

| Expenditure Type | Agency | Details | Amount | 2020/21 Budget Estimate | 2020/21 Budget Adjusted | 2021/22 Budget Estimate | 2021/22 Budget Adjusted |
|------------------------------------|--------|------------------------|------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Administered Payment | MFEM | Economic Response Plan | 2,411,641 | 80,799,615 | 78,387,974 | 352,364 | 2,764,005 |
| Total Operating Expenditure | | | 2,411,641 | 80,799,615 | 78,387,974 | 352,364 | 2,764,005 |

Economic Response Plan –the carry-forward was to support the extension of the ERP wage support programme, sole-trader grants and business grants in the 2021/22 period. Funds were carried forward and a residual balance was transferred to the Economic Recovery Roadmap fund to consolidate funds supporting the ERP private sector support.

4.2.2 Reappropriation of 2021/22 Funds

Reappropriation of funds refers to the transfer of residual unexpended funds from one budget to the next. In this case, it is a transfer of residual funding from the 2021/22 Appropriation Act to the 2022/23 Appropriation Act, increasing the total allocated funding in the 2022/23 Budget. Reappropriated funds are considered outside of the Medium-term Expenditure Ceiling of Government for each year, resulting in the total Appropriation potentially exceeding the value of the MTFS once included.

Government agencies may request that residual funding be made available in addition to the amount allocated in the following Appropriation Act if:

- the funding was allocated in an Appropriation Act as expenditure for the agency in accordance with its outputs and;
- the total amount requested has not been expended.

This process is managed during the preparation of the Budget and incorporated into the following Appropriation Act.

Table 4-4 Reappropriation Totals 2022/23

| Category | Amount | 2021/22 Budget Estimate | 2021/22 Budget Adjusted | 2022/23 Budget Estimate | 2022/23 Budget Adjusted |
|--------------|------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Capital | 8,908,112 | 16,918,860 | 8,010,748 | 11,270,000 | 20,178,112 |
| Operating | 15,000 | 60,000 | 45,000 | 45,000 | 60,000 |
| Total | 8,923,112 | 16,978,860 | 8,055,748 | 11,315,000 | 20,238,112 |

Table 4-4 lists the total amount of reappropriation funding transferred from the 2021/22 budget to the 2022/23 Budget appropriation, with budget data only from the adjusted entries included in the totals. A breakdown of the reappropriated funding, including an explanation of each funding amount, is included in Chapter 8 – Operating Expenditure and Chapter 9 – Capital Expenditure.

4.3 Revenue

The estimated actual total operating revenue of \$173.6 million for 2021/22 reflects the slow recovery from the economic shock of COVID-19 on the Cook Islands economy as tourism numbers begin to rise after the opening of the borders in January 2022. Compared to the 2020/21 actuals, operating revenue in 2021/22 is expected to increase by \$11.8 million.

VAT, income tax, company tax and departure tax contribute to the significant increase in taxation revenue, as well as other crown revenue received, mainly through General Budget Support of \$40.0 million.

Over the medium-term, taxation revenue will increase gradually. VAT and income tax are expected to increase year-on-year, representing moderate growth in tourism. Other revenue will decrease by \$37.3 million in 2022/23 with the anticipation of zero additional revenue through General budget support.

Table 4-5 Operating revenue (\$'000)

| | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--------------------------------|----------------|--------------------------|-------------------------|--------------------|--------------------|--------------------|
| Value Added Tax (VAT) | 36,574 | 52,227 | 63,534 | 80,161 | 83,353 | 88,193 |
| Income tax | 17,842 | 19,388 | 27,822 | 31,582 | 32,415 | 36,057 |
| Company tax | 16,712 | 17,071 | 17,121 | 17,433 | 17,973 | 19,038 |
| Import levies | 13,408 | 13,506 | 13,806 | 14,056 | 14,157 | 14,402 |
| Withholding tax | 1,554 | 1,540 | 1,730 | 1,887 | 1,887 | 1,912 |
| Departure tax | 431 | 3,826 | 15,297 | 12,584 | 12,918 | 12,989 |
| Total Taxation Revenue | 86,520 | 107,557 | 139,310 | 157,705 | 162,703 | 172,591 |
| Other Crown Revenue | 71,307 | 60,774 | 23,388 | 15,479 | 15,779 | 15,745 |
| Trading Revenue | 4,041 | 5,404 | 4,954 | 4,974 | 4,974 | 4,974 |
| Total Operating Revenue | 161,868 | 173,736 | 167,651 | 178,157 | 183,455 | 193,310 |

4.4 Operating Expenditure

It is estimated that expenditure in 2021/22 will be \$38.1 million lower than in 2020/21. The 2021/22 figures reflect the Government's contribution towards recovery through the financing of the Economic Recovery Roadmap.

Operating expenditure is forecast to be \$187.0 million in 2022/23, substantially lower than the estimated expenditure of \$196.7 million in 2021/22. The decrease in operating expenditure is principally attributed to reduction in the financing of the ERR from the \$39.5 million in 2021/22 to the \$5.2 million appropriated for 2022/23.

Table 4-6 Operating expenditure (\$'000)

| | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|------------------------------------|---------------------------|---|--|-------------------------------|-------------------------------|-------------------------------|
| Personnel | 62,855 | 62,714 | 69,481 | 69,719 | 69,758 | 69,758 |
| Operating | 21,368 | 16,936 | 17,955 | 18,125 | 18,100 | 18,300 |
| Administered Payments | 109,181 | 71,404 | 46,560 | 38,797 | 38,528 | 37,582 |
| Depreciation | 5,900 | 6,277 | 6,990 | 7,006 | 7,006 | 7,006 |
| POBOC | 28,597 | 28,316 | 32,350 | 31,052 | 30,810 | 30,267 |
| Other Operating Expense | 6,927 | 11,037 | 13,707 | 14,143 | 13,767 | 13,290 |
| Total Operating Expenditure | 234,828 | 196,685 | 187,043 | 178,841 | 177,969 | 176,202 |

4.4.1 Pa Enua Funding

An increase of \$237.3 thousand has been provided for the Pa Enua Island Administrations from 2022/23 to support the Minimum Wage adjustment to \$8.50.

4.5 Capital Expenditure

Total capital expenditure for 2021/22, including Official Development Assistance (ODA) funded capital expenditure of \$12.7 million, is estimated to be \$40.5 million, a decrease of \$2.2 million from 2020/21 levels. The lower capital expenditure in 2021/22 reflects the ongoing impacts of COVID-19 on the implementation of infrastructure projects due to border restrictions and shipping delays.

Inclusive of reappropriated funding, capital expenditure for 2022/23 is planned at \$34.2 million excluding ODA. ODA capital expenditure is estimated at \$65.1 million, which includes the full balance of the Infrastructure Trust Fund. Actual expenditure is expected to be lower due to time required to finalise planning and design work of relevant projects, however the funding is appropriated in full in order to avoid limitations on implementation using these funds.

5 Economic Update

5.1 Overview

The past two years have been extremely challenging for the Cook Islands economy. With tourism responsible for around 65 per cent of the activity in the economy, the necessary border closures as a result of the COVID-19 pandemic led to the largest contraction in the Cook Islands' history. Looking forward there is good news, with borders now open recovery is on the horizon.

The pandemic saw an end to six years of continued economic growth for the Cook Islands, with average incomes rising by over eight per cent over that time. With the third quarter of 2019/20 seeing the rapid spread of COVID-19 and the closure of the Cook Islands border, GDP fell 5.2 per cent in the final quarter of the year. The largest impact was seen in 2020/21 with a further 18.2 per cent fall as borders remained closed for almost 11 months, and economic activity was preserved largely through government action in the form of the Economic Response Plan (ERP).

Figure 5-1 Annual percentage change in Real GDP

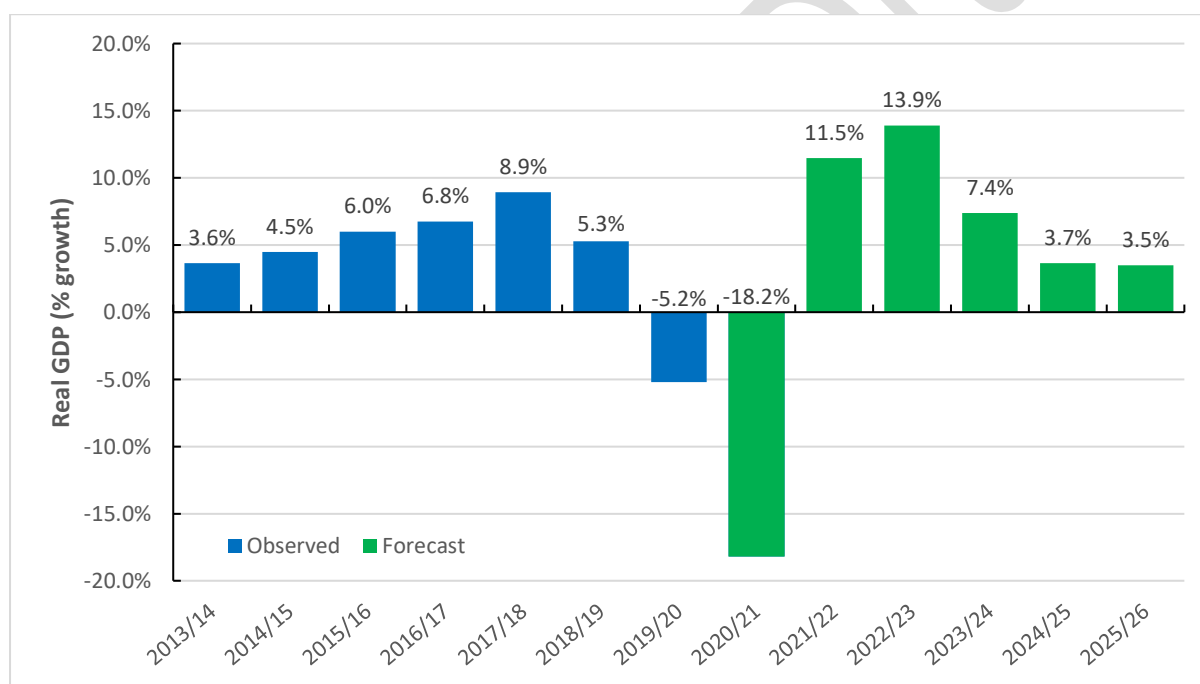


Figure 5-1 demonstrates the magnitude of this fall after five years of strong growth before the crisis driven by record tourist arrivals. The growth primarily came from the New Zealand and Australian markets, which increased by 23.0 and 21.9 per cent respectively in the three years to 2018/19.

This strong economic performance to 2019 resulted in the Cook Islands graduating from the Organisation for Economic Cooperation and Development's (OECD) Official Development Assistance (ODA) eligibility list from January 2020.

With the growth being closely tied to the tourism sector, the border closures impacted the Cook Islands' economy extremely severely, triggering the largest ever experienced by the Cook Islands, with approximately 22 per cent of GDP wiped-off over a two-year period,¹⁴ despite government stimulus over the same period equivalent to over 26 per cent of pre-crisis GDP. Through this period, government activity and the finance industry were the key economic drivers in the government

¹⁴ This uses the change from 2018/19 to 2020/21 in real GDP.

support, in the form of the Wage Subsidy that helped protect employment of over 3,000 workers per month.

Early 2021/22 provided the Cook Islands' first step on the path to recovery, with growth of 11.5 per cent due to visitors returning to the islands with the reopening of the border. This has enabled the beginning of the unwinding of the extensive government support measures.

Table 5-1 provides a summary of the key economic indicators for the budget appropriation year and the three forward years of the 2022-23 Budget.

Table 5-1 Summary of Economic Indicators

| | 2020/21 Actual | 2021/22 Estimate | 2022/23 Estimate | 2023/24 Projected | 2024/25 Projected | 2025/26 Projected |
|---|-------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| Economic Activity | | | | | | |
| Nominal GDP (\$'000) | 431,776 | 483,987 | 567,029 | 629,687 | 651,912 | 683,125 |
| Percentage change (YOY) | -14.6 | 12.1 | 17.2 | 11.1 | 3.5 | 4.8 |
| Real GDP (2016 prices, \$'000) | 411,799 | 459,124 | 523,008 | 561,567 | 582,134 | 602,471 |
| Percentage change (YOY) | -18.2 | 11.5 | 13.9 | 7.4 | 3.7 | 3.5 |
| Inflation (CPI) | | | | | | |
| Percentage change (YOY) | 2.2 | 4.3 | 3.9 | 3.2 | 0.6 | 1.6 |
| Construction/Capital Investment | | | | | | |
| Value-added (\$'000) | 15,410 | 11,012 | 12,730 | 14,260 | 14,923 | 15,631 |
| Productive Sector Indicators | | | | | | |
| Visitor Arrivals | 7,538 | 50,341 | 121,402 | 165,583 | 169,978 | 170,911 |
| Percentage change (YOY) | -93.9 | 567.8 | 141.2 | 36.4 | 2.7 | 0.6 |
| Estimated Visitor Expenditures (\$'000) | 18,310 | 92,789 | 229,290 | 312,926 | 321,229 | 322,967 |
| Agriculture value-added (\$'000) | 10,282 | 10,426 | 9,528 | 9,080 | 9,726 | 10,530 |
| Fisheries value-added (\$'000) | 1,460 | 1,480 | 1,352 | 1,289 | 1,381 | 1,495 |
| External Sector | | | | | | |
| Merchandise Trade Balance (\$'000) | -142,467 | -150,238 | -186,042 | -212,080 | -223,865 | -232,821 |
| Services Trade Balance (\$'000) | -313 | 73,717 | 205,865 | 286,005 | 293,209 | 294,292 |
| Exchange Rate (USD/NZD Average) | 0.69 | 0.69 | 0.68 | 0.69 | 0.68 | 0.68 |

5.1.1 Outlook

The key factor for the Cook Islands immediate economic outlook is recovery from the COVID-19 pandemic and associated recession. In the immediate-term the recovery will be determined by how quickly visitor numbers return toward those prior to the pandemic. With the Cook Islands now open to the world (via New Zealand) and public health restrictions easing, the early signs are promising – but the recovery will not happen overnight.

The Cook Islands' economy is estimated to have contracted by 18.2 per cent in 2020/21 (in constant price, or real terms). The lowest point in the downturn (in terms of measured GDP) being before the 2021 'travel bubble' was opened in May 2021. While the closure of this bubble in August 2021 halted recovery significantly, the reopening in January 2022 has seen recovery slowly begin again.

Over the medium-term horizon, the Government's economic focus is recovery from the pandemic. The economy is expected to have grown by 11.5 per cent in 2021/22 from the low base of 2020/21, before the recovery strengthens with growth of 13.9 per cent forecast in 2022/23 with the first expected whole-year free of border closures.

Fiscal year 2023/24 shows further strong growth of 7.4 percent, driven by tourist arrivals similar to 2018/19. Thereafter the economy is expected to be close to pre-COVID levels and growth returns towards trend with 3.7 per cent and 3.5 per cent in 2024/25 and 2025/26, respectively.

The Government's fiscal stance remained quite expansionary in 2021/22, with continued expenditure through the Economic Recovery Roadmap (ERR) on top of normal government expenditure. From 2022/23 this is expected to move toward a more neutral stance as the economy returns to a more normal footing and short-term stimulus is unwound. Across the forward estimates the economic support of measures from the ERP will be rolled back in favour of longer-term reforms and the stimulatory impact of key infrastructure projects.

Inflation is a key variable of interest, with global pressures rising due to supply-line constraints and the impact on commodity markets from the war in Ukraine. This is expected to flow through to the Cook Islands, with higher inflation expected in the short-term as these global pressures are paired with constraints in the Cook Islands to push prices up. 2021/22 is expected to see price growth of 4.3 per cent, with 3.9 per cent in 2022/23 and 3.2 per cent in 2023/24.

5.1.2 Changes since the 2020/21 HYEPU

The HYEPU forecasts were finalised in November 2021, and relied in particular on conservative assumptions around the return of tourists. Early signs for April 2022 onwards show positive developments – including being open to non-New Zealand markets earlier than originally expected.

The relatively minor differences between HYEPU and this Budget Forecast are primarily caused by movements in world prices, in particular of fuel, flowing through into the Cook Islands economy. These price increases will have the effect of suppressing economic activity slightly – particularly in domestic consumption.

Table 5-2 Real GDP growth (percentage change, year on year)

| | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|--------------------------|---------|---------|---------|---------|---------|---------|---------|
| 2021-22 HYEPU Forecasts | -5.2% | -18.2% | 11.8% | 13.0% | 8.7% | 4.1% | 3.5% |
| 2022-23 Budget Forecasts | -5.2% | -18.2% | 11.5% | 13.9% | 7.4% | 3.7% | 3.5% |

5.2 The Global Economy

The Cook Islands is a small, open economy whose economic growth is heavily reliant on the export of goods and services to a few key partner countries - New Zealand, Australia, and the United States of America in particular. This has been clearest recently with the COVID-19 pandemic impacting the movement of people as well as trade. As such, it is necessary to examine the economic conditions and outlook for our key partners, as well as the regional and global economy.

5.2.1 New Zealand

The Reserve Bank of New Zealand (RBNZ) raised the official cash rate (OCR) from the emergency low level of 0.25 per cent held during the pandemic¹⁵ to 1.50 per cent currently.¹⁶ Unwinding the monetary stimulus used during COVID-19 has been an important step to combat rising inflation in New Zealand – which reached 6.9 per cent through the year to March 2022.

In February 2022, the RBNZ commented in the *Monetary Policy Statement (MPS)* that “economic activity (in New Zealand) will remain volatile in the near term” after remaining relatively strong through the pandemic by global standards.

¹⁵ RBNZ, 6 October 2021.

¹⁶ RBNZ, 12 April 2022.

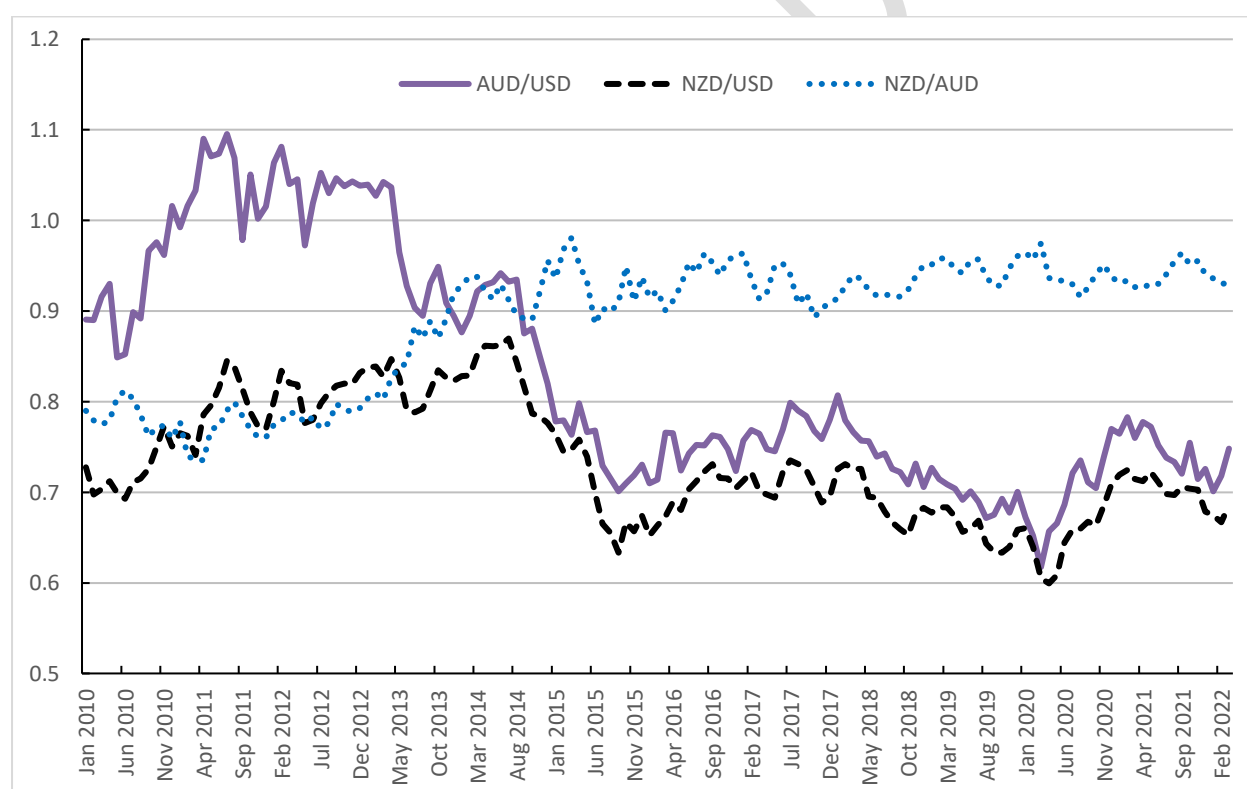
This strength was a result of high export prices and highly stimulatory monetary and fiscal policy. The volatility was expected to come from ongoing Omicron infections in the first half of 2022, and the hesitancy and uncertainty that this has meant for consumers – particularly for the hospitality sector.

The most pressing concern in the New Zealand economy is the high inflation rate. This has risen as a result of both domestic and international pressures – with capacity constraints, supply-chain bottlenecks and labour market tightness all pushing prices higher, and then compounded by the global effects of the escalation of the war between Russia and Ukraine.

New Zealand's unemployment rate fell to its lowest recorded level in the December 2021 quarter; this is considered to be above full employment and not sustainable. These pressures have resulted in the RBNZ projecting the OCR to reach 2.2 per cent by the end of 2022 (though the rate rise in April was ahead of this schedule), and 3.3 per cent by the end of 2023.

The MPS forecasts real GDP growth of 5.3 per cent in the year to March 2022, falling to 2.9 per cent in the following year. Thereafter growth is expected to slow to 2.2 per cent and 1.5 per cent in the years to March 2024 and March 2025 respectively. Inflation forecasts after the 6.9 per cent growth in the year to March 2022 are expected to slow from that high point – with prices growing by 3.2 per cent in the year to March 2023, and 2.4 per cent in the following year.

Figure 5-2 US Dollar exchange rate, New Zealand and Australia



5.2.2 Asia-Pacific Region

The Asian Development Bank's April 2022 *Asian Development Outlook 2022 (ADO)* acknowledges that the worst of the pandemic may be over for most of the region, and has a positive outlook – however with several downside risks.

These risks include the war between Russia and Ukraine impeding trade and stoking inflationary pressures, monetary policy tightening cycles in key central banks (in particular the Federal Reserve) and the remaining threat of COVID-19. Current outbreaks in China are a concern for manufacturing

and supply chains, and further risks surround future variants of the virus. Despite these risks, the ADB expects economic growth of 5.2 per cent in 2022 and 5.3 per cent in 2023.

One factor supporting the generally positive outlook is the 66.6 per cent vaccination rate of the region as a whole, which is helping to reduce the impact of COVID-19. In 2021, developing Asia rebounded by 6.9 per cent across the region, but this wasn't enough to make up for the contraction of 2020 – and is far from uniform, with the largest gap to pre-pandemic trend being felt in the Pacific. The ongoing restrictions on international travel were hard-hitting for tourism-dependent economies, though there are early signs of a tourism recovery on the horizon.

While inflation in 2021 for the region was below the global trend at 2.5 per cent, this is expected to rise to 3.7 per cent in 2022 and 3.1 per cent in 2023. The continued recovery in the region, combined with increased energy and commodity prices are the key drivers, after the Asia-Pacific experienced relatively less supply disruption in 2021.

Of particular note in the ADO is discussion around the need to mobilise tax revenue to augment the constrained fiscal space needed to encourage recovery and development. While the specific details of this will vary between economies, increased efficiency in collections and more targeted tax expenditures are mentioned as relatively applicable across the region. Of note to the Cook Islands, health taxes (which have been in place in here for a considerable period in the form of excise on alcohol, tobacco and sugary drinks) are referenced as a positive tax type.

Pacific

In the Pacific, the ADB largely expects tourism-focused economies to rebound in 2022, with strong growth in Palau, the Cook Islands and Fiji. However, other economies are showing less positive outlooks. The Solomon Islands and Tonga are both expected to contract further, before returning to positive growth in 2023. Overall the region is forecast to see 3.9 per cent growth in 2022, increasing further to 5.4 per cent in 2023.

Australia

In May 2022, the Reserve Bank of Australia (RBA) announced an increase of its cash rate to 0.35 per cent in response to growing inflationary pressures, both globally and in the Australian economy. This is combined with the unemployment rate falling to 4 per cent in February, which is considered below the rate of full employment, and the RBA expects this to fall further as the Omicron wave passes. In response to this, markets have high expectations of future rate rises in 2022 in Australia.

In its February 2022 Statement on Monetary Policy, the RBA reported GDP growth expectations of 4.5 per cent over 2021/22 and 4.75 per cent in 2022/23 before the 'catch-up' growth slows to 2 per cent thereafter. Capacity constraints are expected to push prices higher, with unemployment forecast to remain below 4 per cent over the medium-term, while inflation (as measured by growth in the CPI) is expected to hit 3.75 per cent in the year to June 2022, before reducing to 2.75 per cent in later years.

5.2.3 Global

The IMF's April 2022 *World Economic Outlook* presents a subdued view of global growth prospects in the shadow of the war between Russia and Ukraine, which has caused a ripple effect in markets across the world. In January, the IMF update was reasonably optimistic about the outlook as the world economy came out from the pandemic due to vaccine access in particular, however the war in Ukraine has dampened that sentiment.

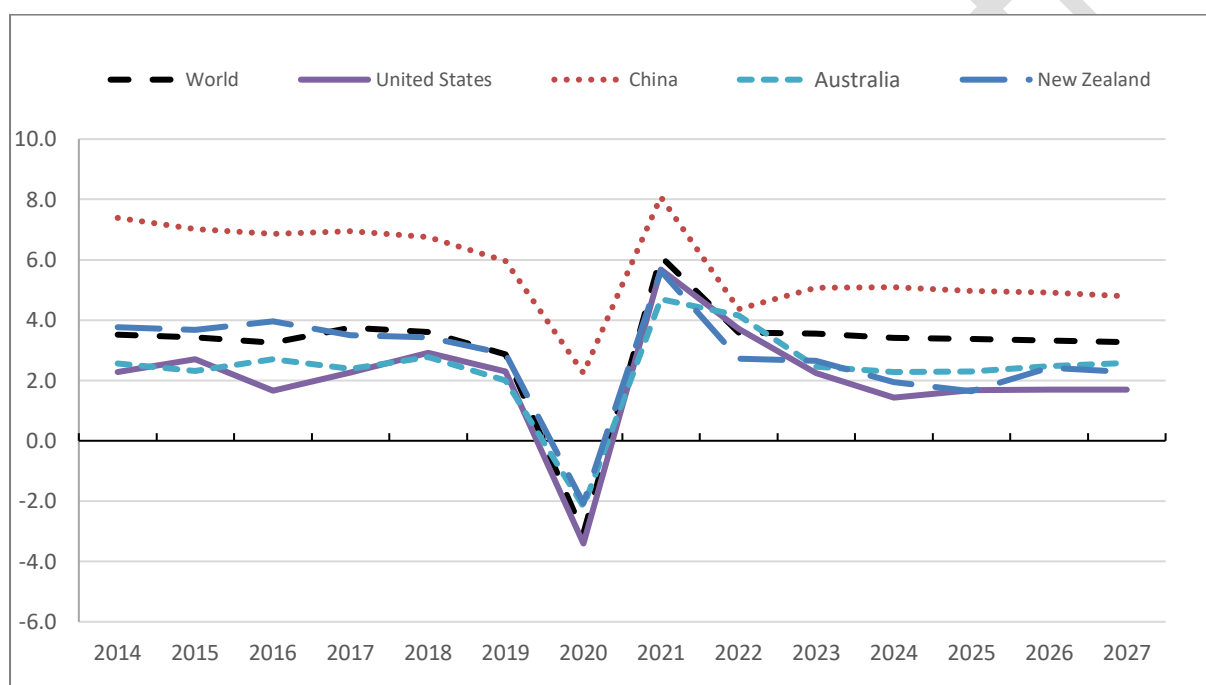
The IMF estimates that global output fell by 3.1 per cent in 2020, before rebounding by 6.1 per cent in 2021 and settling to 3.6 per cent in 2022 - 0.8 percentage points smaller than was forecast in January. The 2023 growth rate is expected to continue at 3.6 per cent, which is 0.2 percentage points

smaller than the January forecast. However, the report cautions that this outlook assumes the conflict does not spread beyond Ukraine and any further sanctions on Russia exempt the energy sector (though announced moves by European countries to move away from Russian energy are included).

In most cases, the IMF expects global employment and output to be below pre-pandemic trends out to 2026, with particular concerns around the scarring effects in emerging market and developing economies due to limited policy support and access to vaccinations. The IMF also notes there is greater than usual uncertainty around this forecast, with lockdowns in China and possible new strains of the COVID-19 virus adding to the risks surrounding the war.

Beyond 2023, the IMF expects growth to stabilise at around 3.3-3.4 percent in the medium-term (see Figure 5-3).

Figure 5-3 IMF GDP growth estimates, selected countries

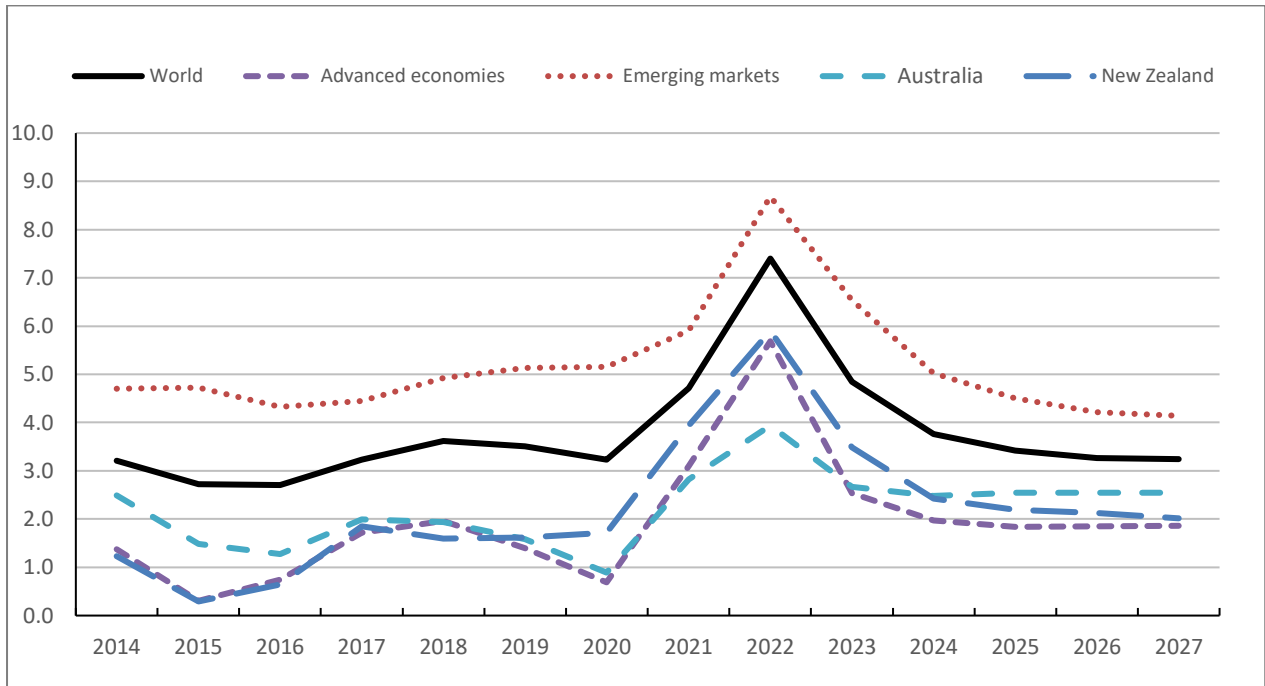


The IMF notes that the inflationary pressures exacerbated by the war are rapidly shrinking the fiscal policy space available – particularly for emerging markets and developing economies. As interest rates in much of the world are rising to tackle inflation, many economies still require fiscal policy and increased health expenditure – just as borrowing costs are rising. For these economies, medium-term baseline output is expected to be close to 6 per cent below pre-pandemic projections.

Increased risk of global polarization also threatens global cooperation on key and urgent issues such as addressing climate change, efforts to address rising risks of debt distress in the aftermath of the pandemic and other trade initiatives.

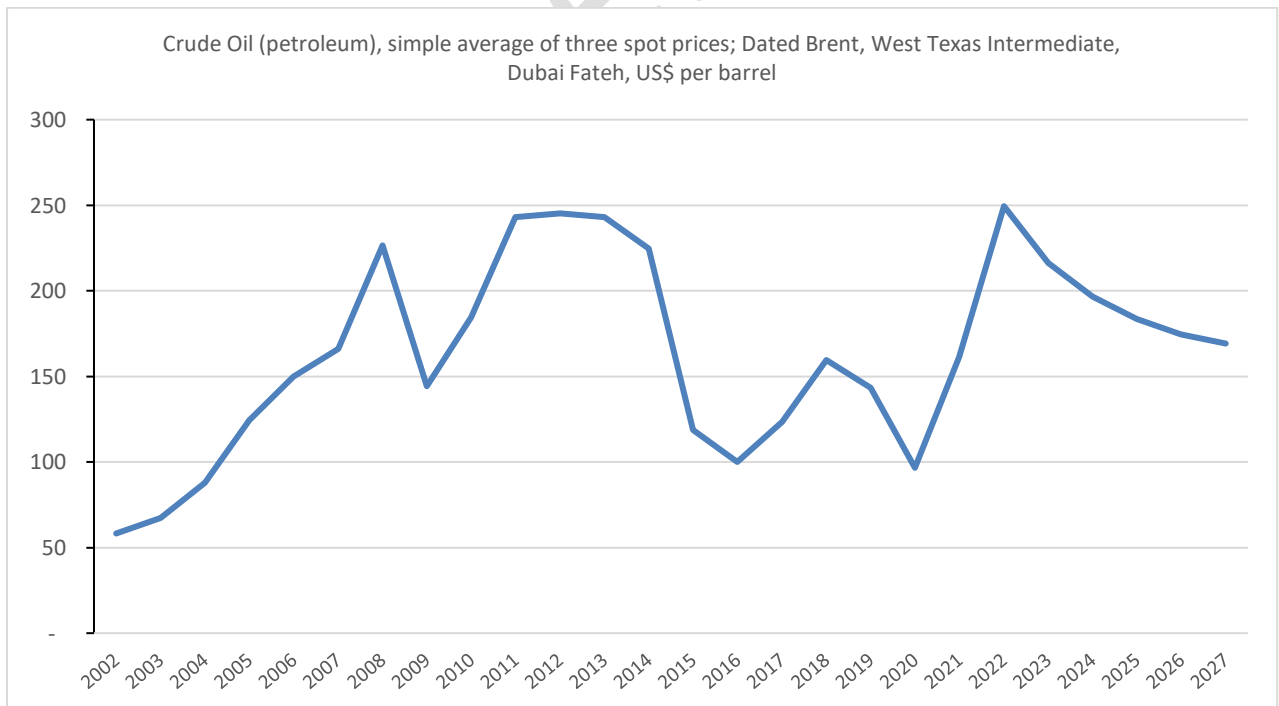
Driven by the impacts of the war, as well as broader price pressures as economic activity rises with the reduction in COVID-19 related restrictions, inflation is expected remain higher for some time. The IMF estimates global inflation to have risen to 4.7 per cent in 2021 (from 3.2 per cent in 2020), and forecasts this to spike further to 7.8 per cent in 2022, before easing to 4.8 per cent for 2023. For advanced economies, the 2022 forecast is 5.7 per cent growth, followed by 2.5 per cent in 2023 and stabilising at or below 2.0 per cent thereafter. For emerging markets, the spike is expected to peak at 8.7 per cent in 2022, and ultimately settle a little over 4 per cent in the outer forecast years (see Figure 5-4).

Figure 5-4 IMF inflation estimates, selected groupings and countries



IMF oil price forecasts show that the spike in fuel prices this year are expected to correct over time. For example, the IMF projects average oil prices at US\$103.90¹⁷ in 2022 and US\$89.60 in 2023. Oil prices are expected to decline thereafter as the impacts of the war dissipate (see Figure 5-5).

Figure 5-5 IMF oil price estimates, 2000 to 2027, index, 2016 = 100



¹⁷ West Texas Intermediate

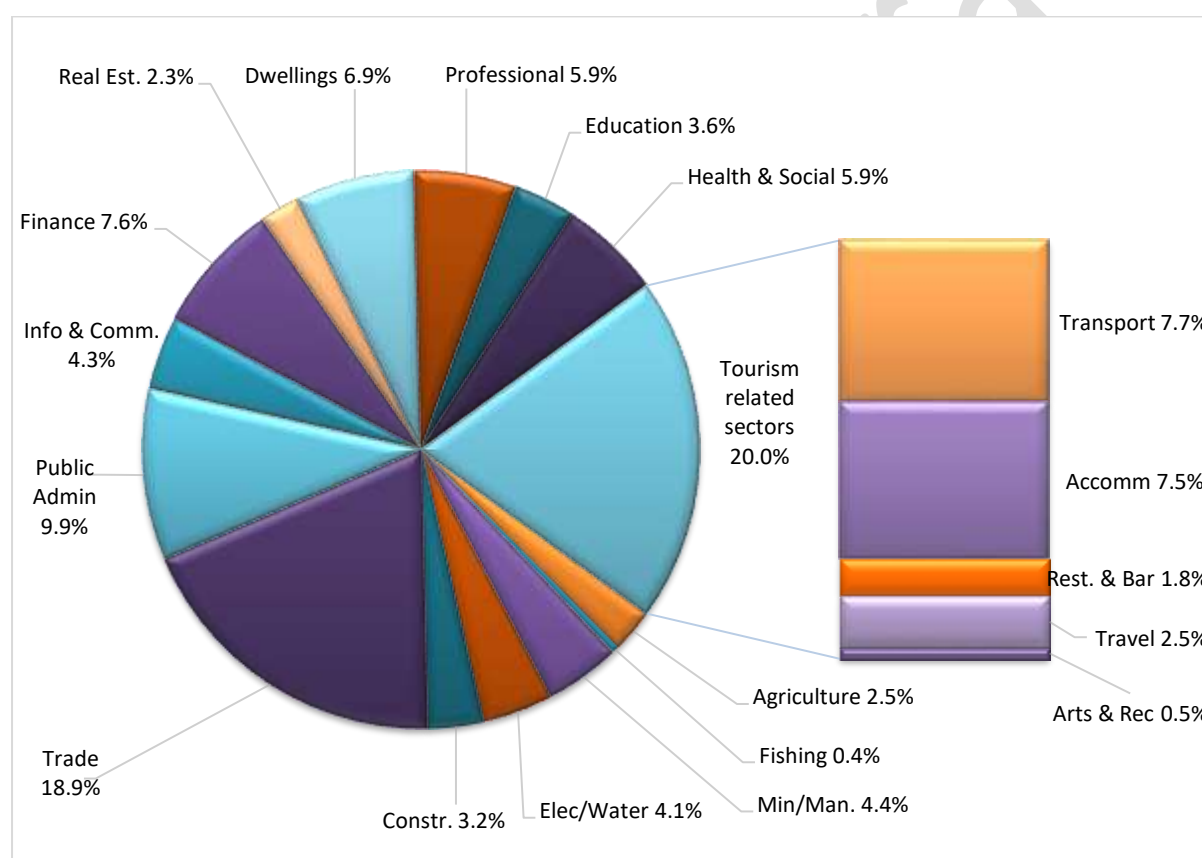
5.3 Cook Islands Economy

5.3.1 Structure and Performance

The Services sector¹⁸ accounts for a large proportion of activity in the Cook Islands' economy, with 85.4 per cent of 2021 nominal GDP in this sector. This sector of the economy includes key industries such as Trade (18.9 per cent in 2021), Accommodation (7.5 per cent), and Public Administration (9.9 per cent).

Figure 5-6 shows the Cook Islands economy by industry in 2021 and the dominance of the services sector, and how other sectors such as Agriculture (2.5 per cent) and Construction (3.2 per cent) make up smaller, but strategically important parts of the economy. The 2021 year also shows that 20 per cent of GDP is closely tourism-related, which is down from 34 per cent in the 2019 year, due to the effects of the pandemic.

Figure 5-6 Cook Islands economy by industry, 2021

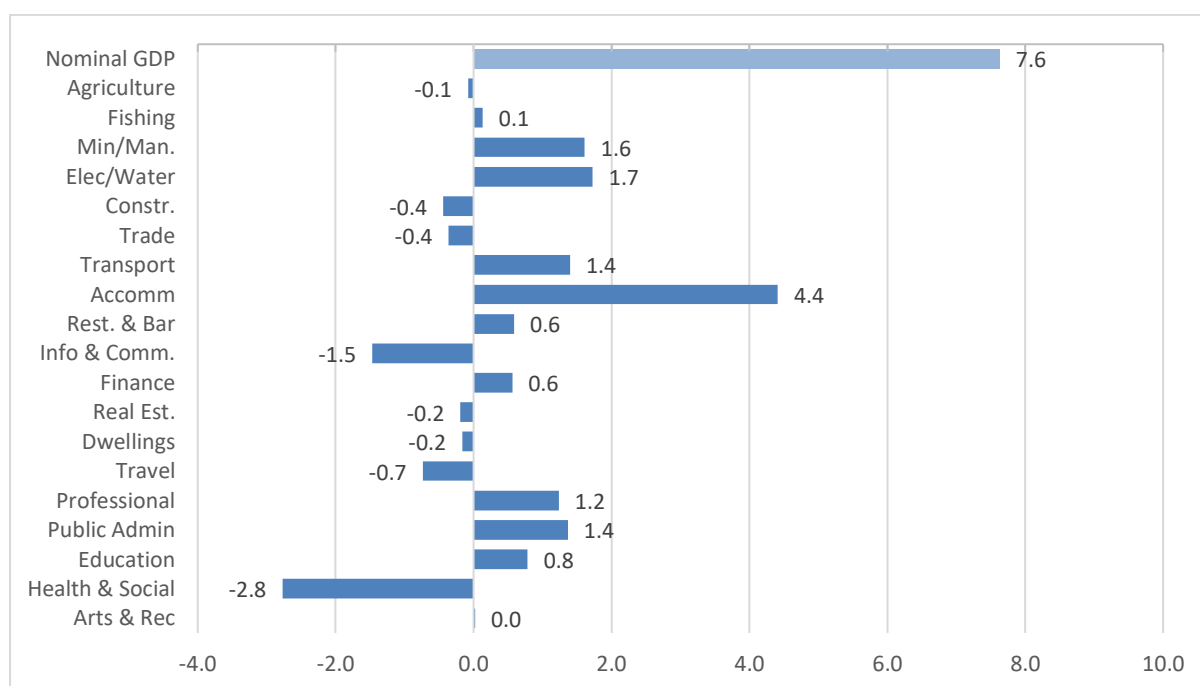


In the 2021 calendar year, the largest contribution to the early signs of tentative recovery has been the Accommodation sector, which contributes 4.4 percentage points of the 7.6 per cent total (see Figure 5-7). This is to be expected as this sector was the hardest hit in 2020, so this growth is largely a rebound. Other sizable contributions to growth are from Electricity (1.7 percentage points), Manufacturing (1.6 percentage points) and Public Administration (1.4 percentage points). Partially

¹⁸ 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.

offsetting the growth are declines from Healthcare and Social Work (2.8 percentage points – again a reflection on the ‘unusual’ 2020 number) and Information and Communications (1.5 percentage points).

Figure 5-7 Contribution to 2021 nominal growth (percentage point)



5.3.2 Prices and inflation

Inflation in the Cook Islands is measured by the consumer price index (CPI), which the Cook Islands Statistical Office reports on a quarterly basis. Aggregate inflation had fallen steadily since 2011/12, from 2.8 per cent per year then to negative 0.1 per cent in 2016/17, and remained around zero for the next two years. CPI has shown growth over 2019/20 and 2020/21, with an average of 0.7 per cent over 2019/20, increasing to 2.2 per cent in 2020/21, with partial indicators for the 2021/22 year showing further increases (Figure 5-8).

In the year to December 2021 (latest available data), price growth has averaged 3.1 per cent, with key drivers being the Transport (9.8 per cent growth) and Food and Non-alcoholic beverages (4.4 per cent growth) sectors. These were partially offset by price falls in the very small Miscellaneous Goods & Services sector of 2.7 per cent.

Figure 5-8 CPI, year average, 2011/12 – 2020/21 (percentage change)

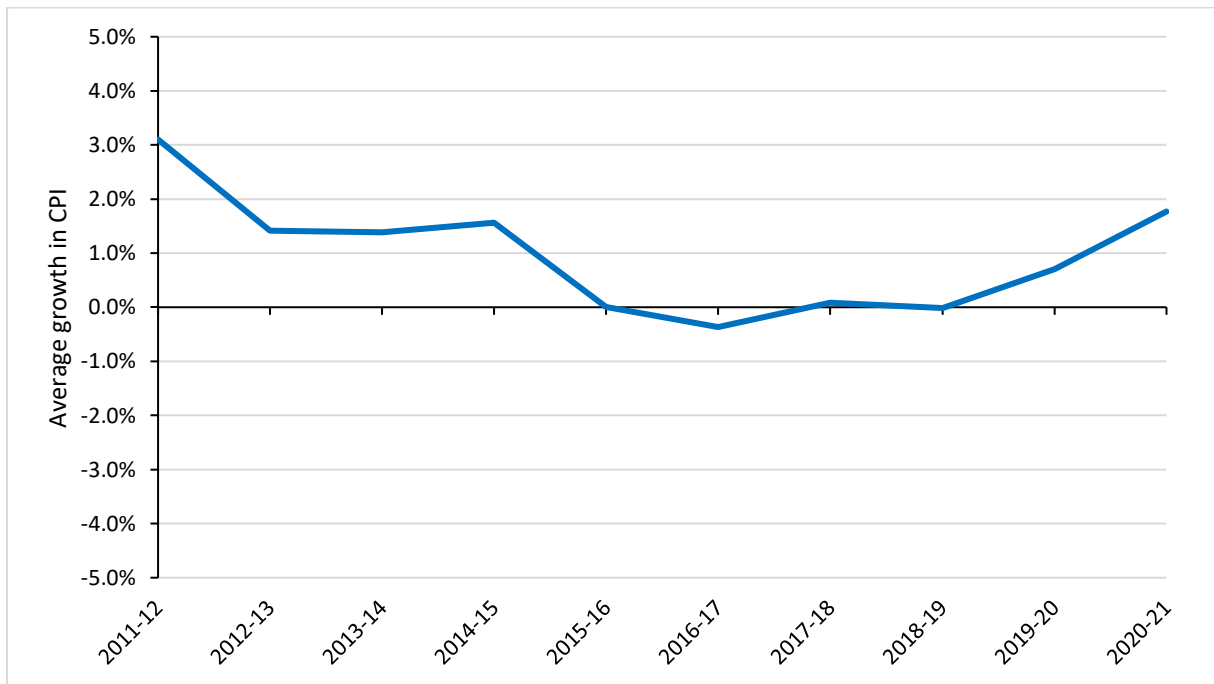
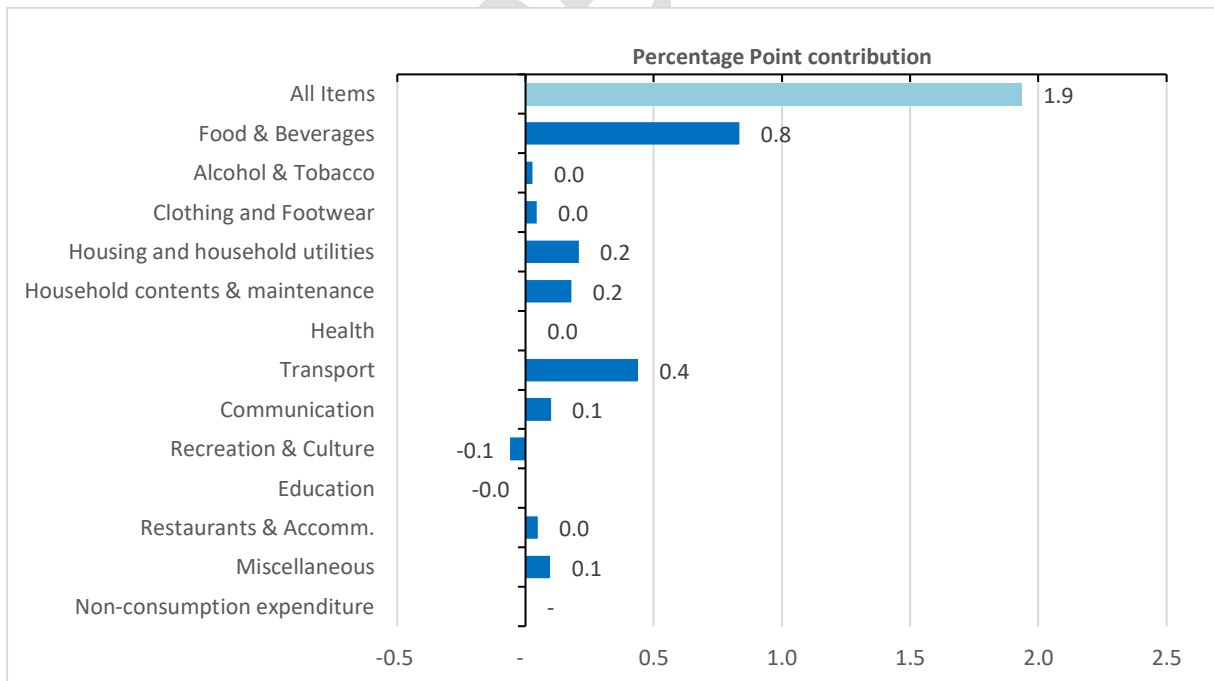


Figure 5-9 shows the contribution to aggregate inflation in 2020/21 by major category. In 2020/21, sizable increases in the Household contents, Miscellaneous and Clothing groups were partially offset by a significant fall in the Recreation and Transport groups.

Figure 5-9 Contribution to 2021 calendar year average inflation (percentage point).

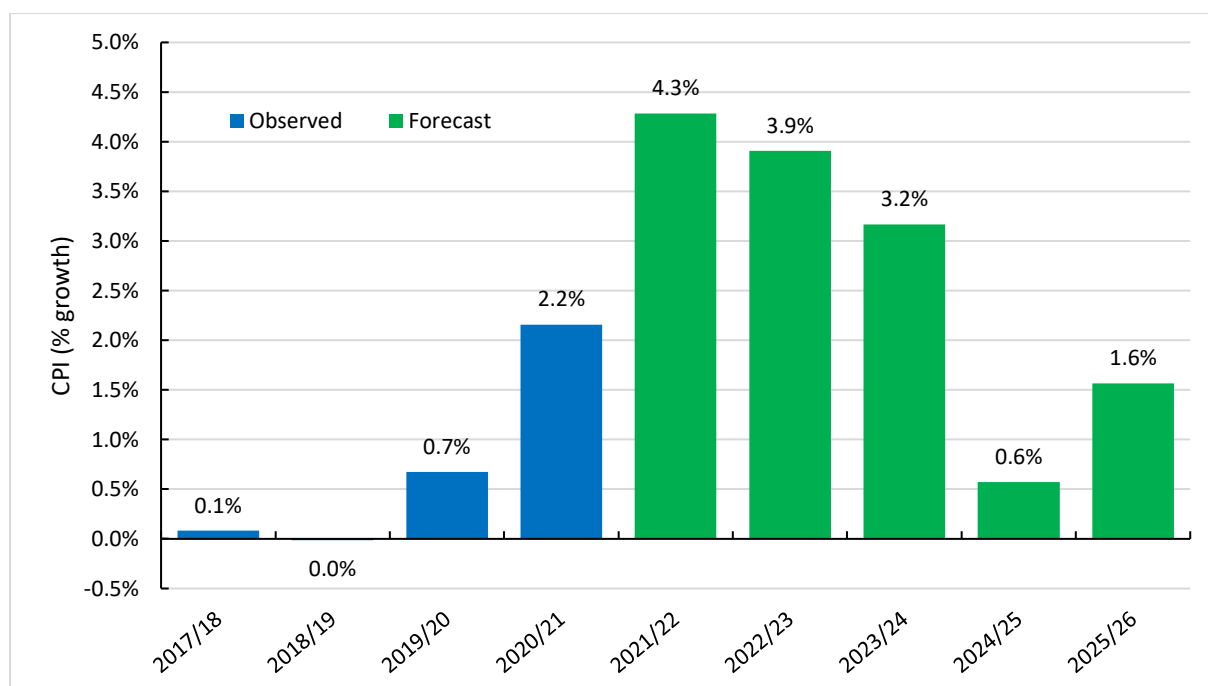


Inflation forecasts

Overall, as shown in Figure 5-10, inflation is projected to increase to 4.3 per cent in 2021/22 (due in part to oil prices rising due to the conflict in Ukraine). This higher price growth is expected to remain above three per cent for two more years, slowly decreasing toward 0.6 per cent in 2024/25. Domestic

constraints (particularly in the labour market) are also contributing to this higher inflation as demand rises through the economic recovery.

Figure 5-10 Annual average change in CPI (percentage)



5.3.3 Trade in Goods

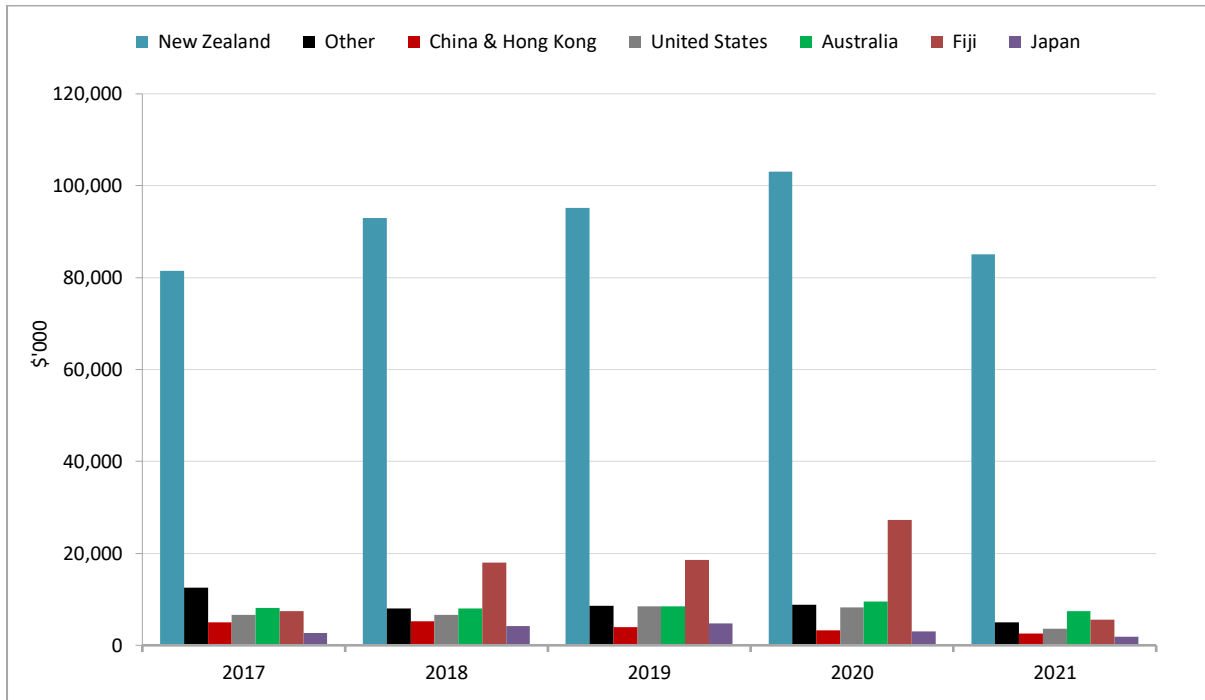
5.3.3.1 Goods imports

The Cook Islands' size and geography means the country is highly reliant on imported goods to provide a range of goods and services. Unfortunately, due to technical issues with data systems, statistics on the import and export of goods are not available past April 2021 at the time of publication, and this section will focus on information to the end of the March quarter 2021.

The pandemic saw a reduction in imports due to lower demand as a result of the lack of tourists, with total imports in the year to March 2021 being over 30 per cent lower than the year to March 2020. This represents \$51.9 million less in imports for the year.

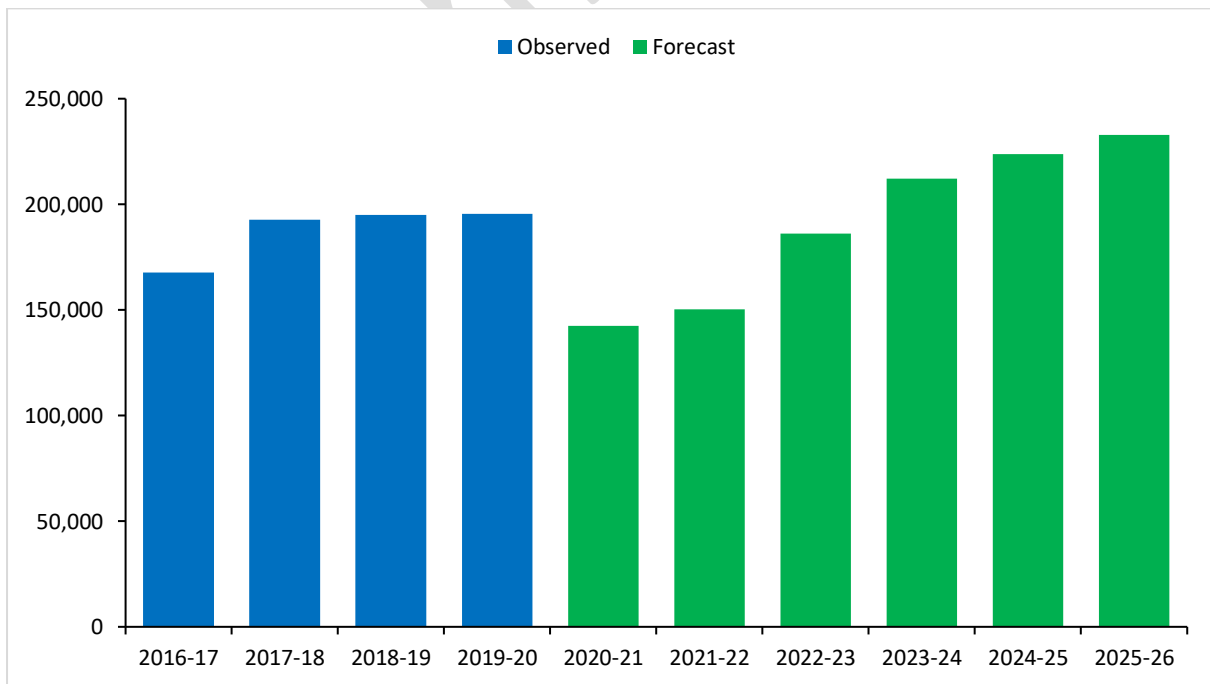
The largest percentage falls came in imports from Fiji (-79.7 per cent) and the United States (-56.5 per cent), while the largest falls in terms of total value is from New Zealand, where the majority of imports are sourced – falling by \$17.9 million (see Figure 5-11).

Figure 5-11 Import value by country of origin, year to March (\$'000)



Import growth is expected to follow a similar (though more muted) profile to visitor arrivals, with the increase of people leading to an increasing demand for goods in tourism-related sectors. 2020/21 is at a considerably lower level after falling by 27.1 per cent, before increasing by 5.5 per cent as visitors began to return in 2021/22, and 23.8 per cent in 2022/23 as travel returns to a more normal footing. In the medium term, this growth is expected to moderate back towards historical levels.

Figure 5-12 Value of total imports, annual, 2016-17 to 2025-26, year to June (\$'000)

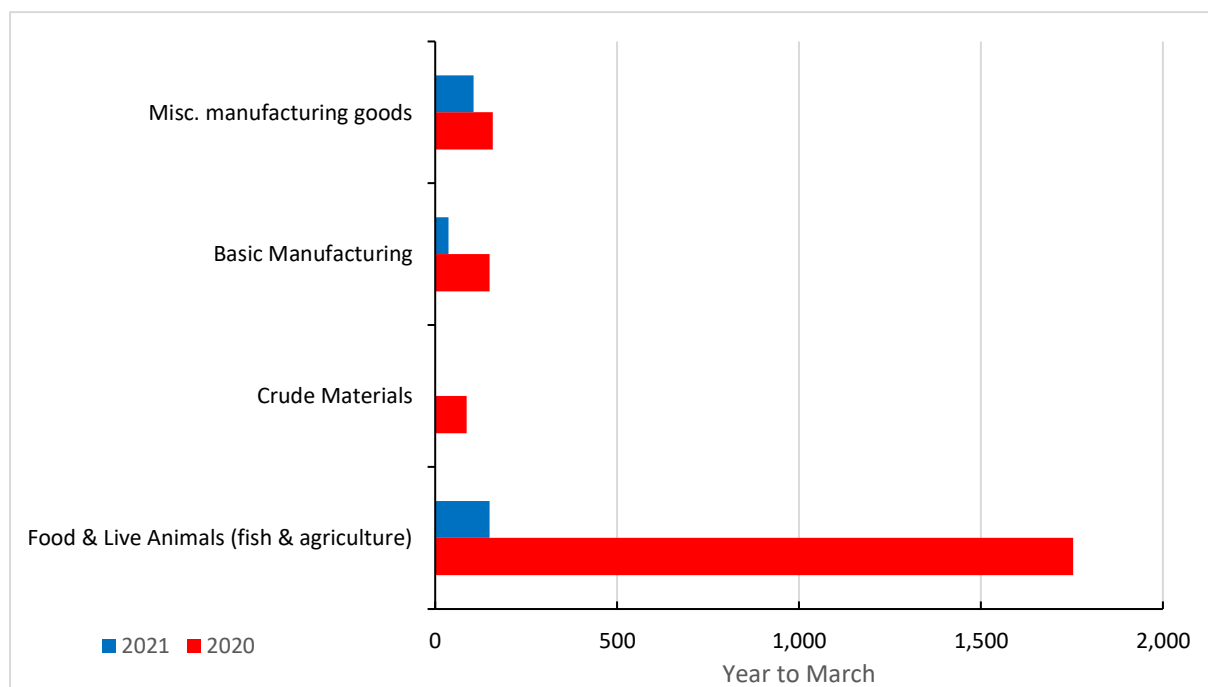


5.3.3.2 Goods exports

Total goods exports in the year to March 2021 fell by around 87 per cent from \$1.84 million to \$0.25 million (after adjustments to remove fishing exports from foreign boats which do not make landfall in the Cook Islands, and the one-off E-waste recycling shipments in 2019).

This decline has been in most major categories, though Miscellaneous Manufacturing remained the most stable (see Figure 5-13). Looking forward, goods exports are expected to remain at quite low levels.

Figure 5-13 Major goods exports, 2020 and 2021, year to March (\$'000)



5.3.4 Tourism

5.3.4.1 Aggregate visitor activity

The closure of the Cook Islands borders in March 2020 significantly affected the tourism industry, bringing many aspects of it to an almost-halt. Visitor arrivals in pre-COVID years showed solid growth, which was largely driven by an increase in visitors from New Zealand and the United States.

With the opening of the Cook Islands border to 'two-way' quarantine free travel from New Zealand on 13 January 2022, there has been a steady number of arrivals at over 3,000 visitors per month from New Zealand and Australia. With borders now expected to remain open, the estimated total of visitors for May and June 2022 is anticipated to increase to between 5,000 and 7,000.

Total arrivals for the 2020/21 financial year were 7,538 – a 94 per cent drop when compared to 123,786 in 2019/20. The low visitor numbers for 2020/21 is due to the extended border closures and the lack of 'two-way' quarantine free travel between New Zealand and the Cook Islands until halfway through the last quarter of the financial year.

With 75 per cent of the adult population in the Cook Islands fully vaccinated (received first, second and third covid-19 vaccine dose), 80 per cent of children vaccinated (received first and second dose), and the continuation of the vaccine roll-out internationally, travel restrictions have eased and the visitor arrivals are estimated to move toward 'normal' levels of visitor arrivals over the forward years.

Based on technical assumptions visitor arrivals for the 2021/22 financial year is estimated at approximately 50,000, with initial arrivals from New Zealand and Australia only, and eventually opening to other markets as it becomes safe to do so.

In 2022/23 visitor arrivals are expected to grow by around 141 per cent to just over 120,000 – toward the numbers experienced before the pandemic, and a further estimated 36 per cent in the following year 2023/24 to around 165,000, returning to pre-pandemic numbers.

Growth rates are expected to level out to around 3 per cent in 2024/25. With many factors remaining unknown there is significant uncertainty around these forecasts, with the key downside risk being further outbreaks of COVID-19 limiting visitors' ability to travel.

Figure 5-14 Total visitor arrivals, 12-month total, 2013/14 to 2025/26

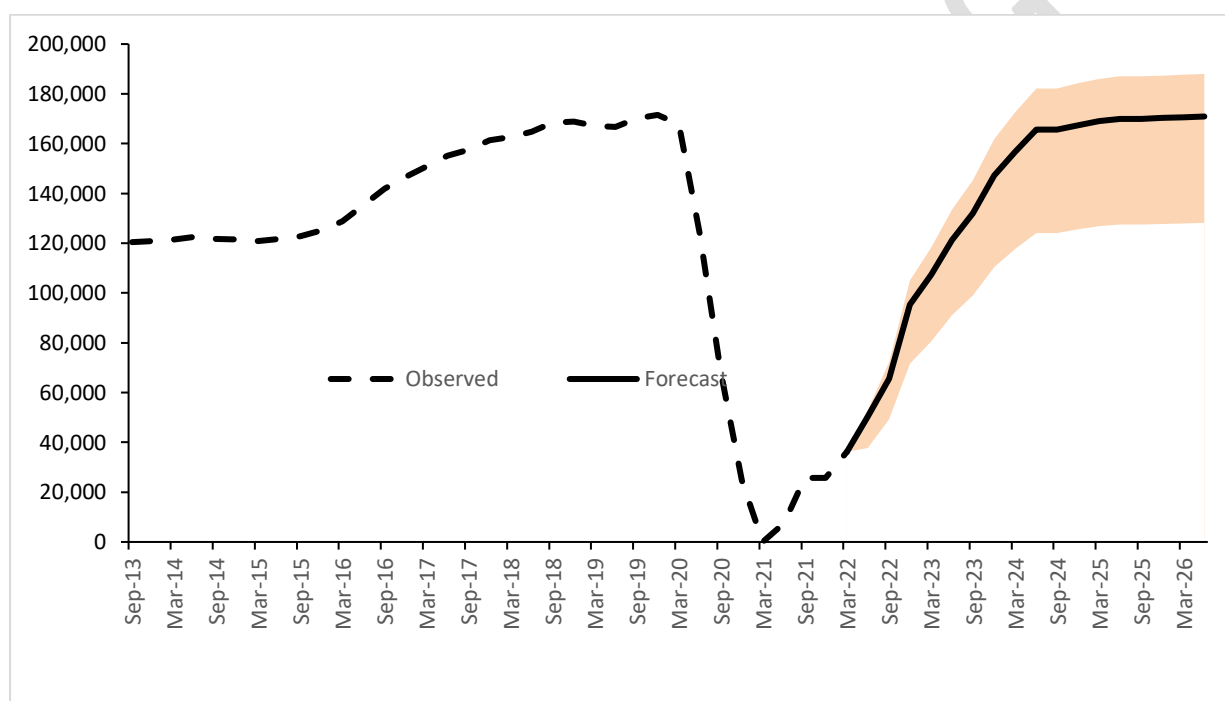


Table 5-3 Estimated total arrivals, quarterly, 2021/22 to 2025/26

| Quarters | 2021/22f | 2022/23f | 2023/24f | 2024/25f | 2025/26f |
|---------------------|---------------|----------------|----------------|----------------|----------------|
| September | 18,261 | 33,558 | 44,200 | 44,200 | 44,200 |
| December | 0 | 29,838 | 44,926 | 46,805 | 47,087 |
| March | 10,397 | 22,388 | 32,007 | 33,717 | 34,078 |
| June | 21,683 | 35,616 | 44,450 | 45,256 | 45,546 |
| Annual total | 50,341 | 121,400 | 165,583 | 169,978 | 170,911 |

While the borders have been closed to international visitors, domestic tourism has flourished with opportunities for 'staycations' and domestic travel being offered to residents at discounted prices. These prices have largely returned to pre-pandemic levels now the borders open, and tourism capacity constraints are not expected to be binding until the end of the forecast period.

5.3.4.2 Major markets

Due to having only short periods of the Cook Islands border being open to New Zealand, visitors have been predominantly from New Zealand with 94.7 per cent of total arrivals in the 2020/21 financial year, followed by Australia with 3 per cent and Europe and the USA and Canada (combined) at 0.95 per cent and 0.96 per cent respectively. The last 0.4 per cent being other markets.

In 2022/23 the share taken up by New Zealand will decrease to 75.4 per cent but will still be the Cook Islands biggest market as it is the first to open up to the Cook Islands. This is followed by Australia, which will increase to 13 per cent with others markets being slower to reopen as shown in It is expected that other tourism markets are likely to recover slower due to the lack of convenient air links to these markets and some potential reluctance for long-haul travel in the shadow of the pandemic.

Table 5-4. It is expected that other tourism markets are likely to recover slower due to the lack of convenient air links to these markets and some potential reluctance for long-haul travel in the shadow of the pandemic.

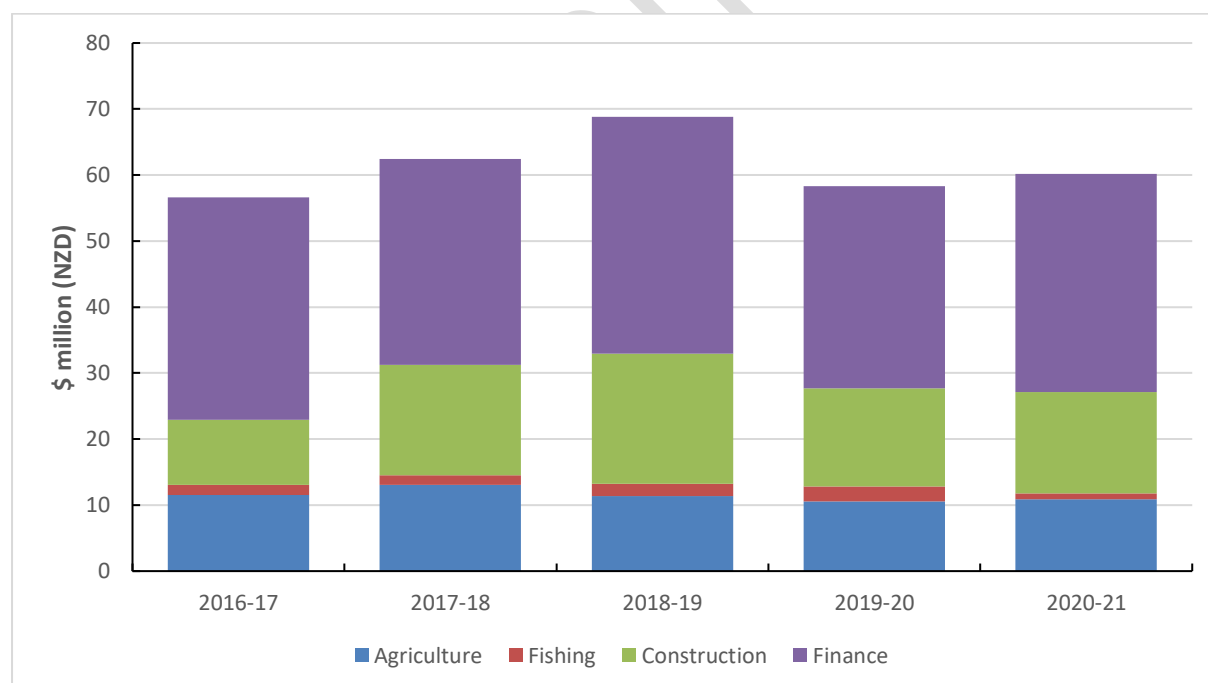
Table 5-4 Forecast total tourism numbers, by major market, 2021/22 to 2025/26

| Markets | 2021/22f | 2022/23f | 2023/24f | 2024/25f | 2025/26f |
|--------------|---------------|----------------|----------------|----------------|----------------|
| New Zealand | 47,649 | 91,544 | 116,239 | 114,170 | 114,407 |
| Australia | 1,521 | 15,782 | 26,472 | 30,392 | 31,194 |
| USA & Canada | 485 | 5,747 | 9,306 | 10,320 | 10,259 |
| Europe | 480 | 6,313 | 10,302 | 11,476 | 11,442 |
| Other | 206 | 2,015 | 3,264 | 3,621 | 3,609 |
| Total | 50,341 | 121,400 | 165,583 | 169,978 | 170,911 |

5.3.5 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 5-15 Contribution to Nominal GDP (\$ million)



5.3.5.1 Banking

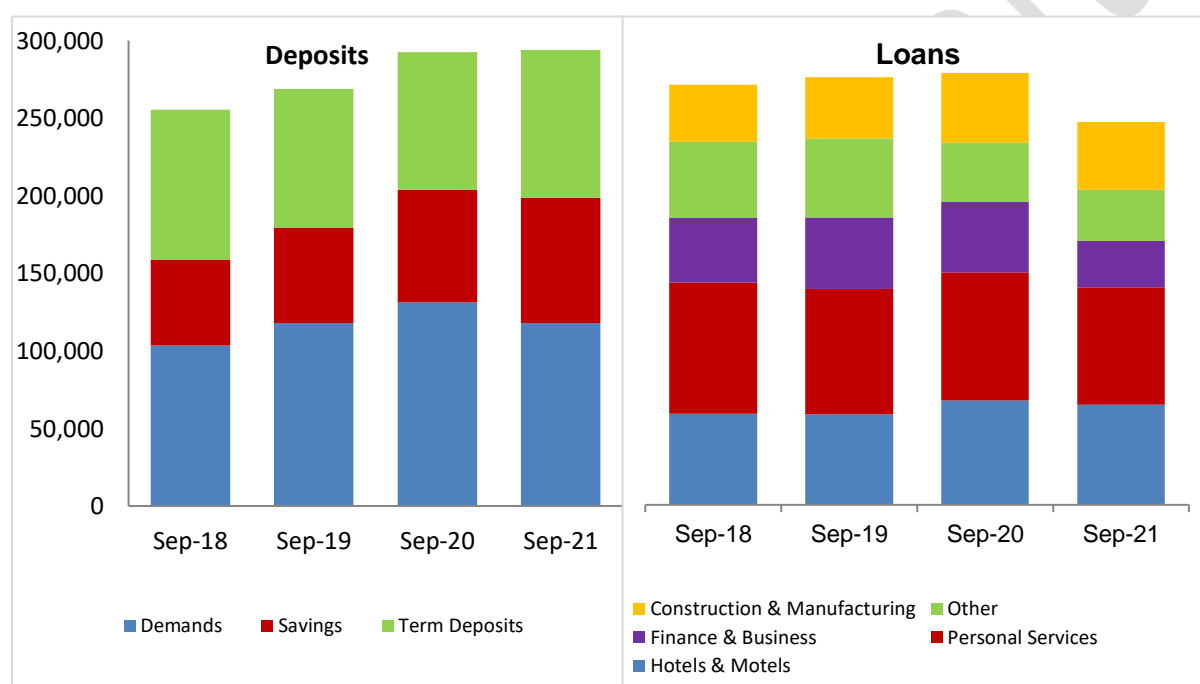
Total deposits in Cook Islands banks in September 2021 (latest available data) were 0.5 per cent higher than a year earlier, increasing from \$292.5 million to \$294.0 million. This masks a decline in the time between those points, as deposits fell to \$266.1 million in the March 2021 quarter before rising on the back of the 2021 travel bubble.

There have been some component changes in this as well, with a reduction of \$13.3 million in Demand Deposits, while Savings accounts and Term Deposits grew by \$8.0 million and \$6.7 million, respectively (see

Figure 5-16).

Total lending by Cook Islands banks in the year to September 2021 declined by 11.4 per cent (\$32.3 million) – mostly in the September 2021 quarter. To some degree this is unsurprising considering the deep recession experience in the Cook Islands created considerable uncertainty and the Cook Islands banks have taken conservative stances in recent years. This decline was especially in the Finance & Business sector, where outstanding debt moved from \$46.2 million to \$30.6 million in the year. Key in this analysis, government debt held outside of the Cook Islands is not included here as it is held by foreign entities – such as the Asian Development Bank.

Figure 5-16 Total value of bank deposits and loans, September 2018 to September 2021 (\$'000)



5.3.5.2 Financial services industry

The Cook Islands' financial system comprises of about thirty financial entities, employing approximately 260 staff, accounting for approximately 4.5 per cent of total employment in the Cook Islands.¹⁹ These entities include domestic and international banks, a superannuation fund, insurers, captive insurers, trustee companies, and money changing and remittance businesses.

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 the government. BCI operates on all 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 high. An additional domestic bank, Capital Security Bank (CSB), is an onshore commercial bank that specializes in providing trust and wealth management services to international clients.

¹⁹ Based on a survey conducted as at 31 March 2020 by the Financial Services Development Authority. 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 2019 there were 5,747 active members.

The licensed trustee companies are responsible for the administration of approximately 3,500 entities and trusts on the Cook Islands international registers. The registration and renewal fees provided Government approximately \$1.3 million in 2020/21. The growth of these numbers depends on the impact of international tax and regulatory requirements and the licensed trustee companies' ability to operate efficiently and diversify. In early 2022, the Financial Services Development Authority began marketing a new product for the international financial industry, the International Relationship Property Trusts Act 2021 (IRPTA). The FSDA is focusing on marketing the IRPT and the jurisdiction over the next three years.

The Cook Islands is a party to a range of different agreements around transparency, reporting and tax information from the financial services industry, with the most recent full evaluation undertaken in 2017 by the Asia/Pacific Group on Money Laundering ("APG").

The industry has obligations under Anti Money Laundering / Combatting the Financing of Terrorism (AML/CFT) measures. In 2018 the Cook Islands was rated as "largely compliant" or better on 38 of 40 criteria for this by the APG.

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 5-15, has ranged between \$30 million and \$36 million over the past five years, with a peak of \$35.8 million in 2018/19, and a 2020/21 contribution of \$33.0 million.

A 2018 IMF-PFTAC report estimated that between 2010 and 2017 the total direct and indirect contribution to GDP of the international financial services industry has fluctuated between 3.8 and 4.8 per cent. The direct contribution has increased from \$12.5 million in 2010 to \$14.9 million in 2017, while the indirect contribution has remained flat, averaging around \$3.5 million per year. The indirect contribution has remained unchanged because purchases of production inputs from other businesses in the Cook Islands have been falling.

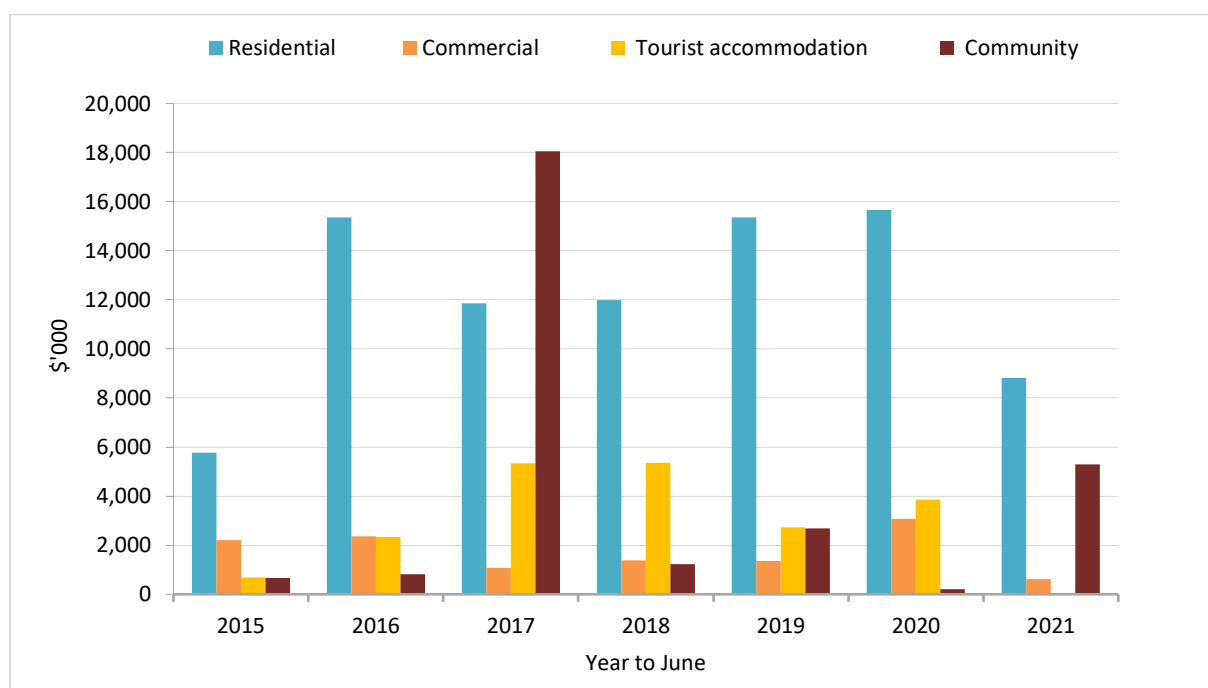
5.3.5.3 Housing and construction

The total value of Cook Islands building approvals in the year to June 2021 fell by 35.4 per cent to \$14.7 million, from \$22.8 million the previous year. The largest part of this decrease is in residential buildings which declined by \$6.8 million (44 per cent of the year to June 2020 total), with the largest percentage change in tourist accommodation – which fell off completely, having no approvals in the year – reflecting the pandemic and large amounts of uncertainty.

Along with the closure of borders, supply-chain impacts and rising prices of materials have also impacted the confidence in potential builders. Partially offsetting this decline is a large Community building approval, worth \$5.3 million (Figure 5-17).

The moderately reduced level of the value of building approvals in the year to June 2021 is not yet reflected in the performance of the construction sector of the Cook Islands economy. The construction sector's contribution to GDP has risen slightly to \$15.4 million in 2020/21 from \$14.9 million in 2019/20, however as building approvals are a leading indicator this may signal some weakness for the sector on the horizon.

Figure 5-17 Building approvals, 2016 to 2021 (\$'000)



5.3.5.4 Marine resources

A key source of government revenue, as well as an important sector for economic activity in Rarotonga and the Pa Enua, is the marine resources sector – that is fishing and pearl farming. While this sector remains important, the sector has accounted for less than half of one per cent of GDP since 2012-13, with the largest contribution being \$2.3 million in 2019/20 (see Figure 5-15). However, the revenue from licensing and permits far exceeds this amount.

The main benefit to the Cook Islands Government from fishing activities is revenue from treaty arrangements, purse seine fishing bilateral arrangements, license fees and the sale of catch quotas. The revenue collected in 2020/21 was \$9.9 million, with 2021/22 being affected by climatic conditions, pushing revenue lower.

There are a number of different types of licence and permits which generate revenue, with the Quota Management System (QMS) and purse seine fishing responsible for most of the revenue. The QMS uses a total allowable catch approach, and purse seine sells a number of fishing days implemented in conjunction with the Western Central Pacific Fisheries Commission (WCPFC).

Key purse seine agreements have been made with the United States (as part of a regional approach) and with the European Union (EU). The standard price per day is US\$9,500, but different prices have been negotiated for the US as part of the treaty arrangements (US\$9,553 per day) and for the EU access is granted under a broader package of €151,000, with the possibility to purchase extra days at €8,000 per day. The return in NZD fluctuates with exchange rates.

In 2022, long-line catch rates seemed to have significantly increased from the previous two years so revenue predictions for 22/23 are forecast to increase from 21/22 but remain conservative for periods beyond 2023. Projected fisheries revenue for 2022/23 is \$9.3 million.

The sources of revenues include:

- \$ 3.0 million from the longline licensing, development fees and QMS
- \$ 3.2 million from the US Treaty
- \$ 2.3 million from the purse seine vessel days

- \$ 0.4 million from the EU Sustainable Fisheries Partnership Agreement (SFPA) fishing authorisations
- \$ 0.4 million from other fisheries and fines

The development of the purse seine fishery has contributed significantly to the growth of this sector, though it is largely dependent on annual fishing patterns influenced by climatic conditions such as El Nino, and experiences year on year fluctuations in west-east migrations. Fisheries management arrangements and differences in pricing for purse seine vessel days also influence where and when fleets choose to fish.

The suspension of tourists and other arrivals in to the country has had a marked impact on the local market (Rarotonga in particular). The saturation in supply of oceanic species such as tuna has created competition between artisanal and commercial fishers, where they previously filled different niches in the market.

Figure 5-18 Fishery catch in the Cook Islands EEZ²⁰

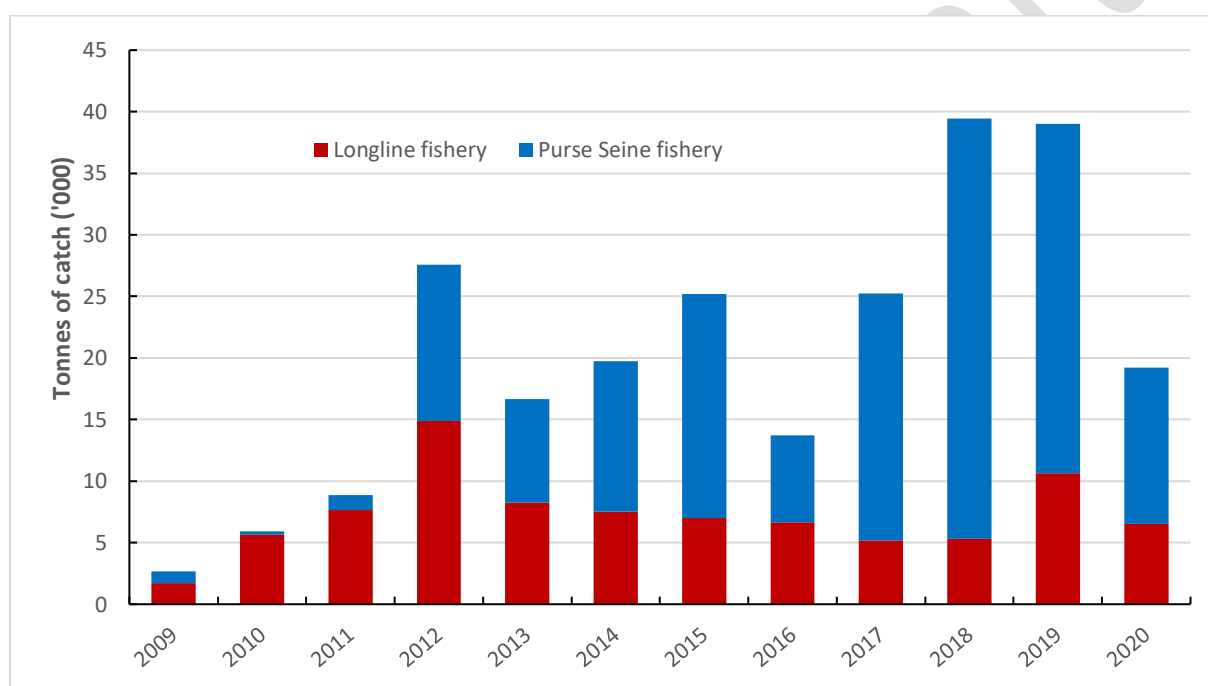


Table 5-5 Fishery catches in the Cook Islands EEZ by species (tonnes)

| | 2019 | | | 2020 | | |
|--------------|---------------|---------------|------------|-------------|--------------|--------------|
| | Longline | Purse Seine | Local | Longline | Purse Seine | Local |
| Albacore | 6,864 | 0 | 3 | 3529 | 0 | 0.2 |
| Bigeye | 842 | 236 | 0 | 398 | 325 | 0.2 |
| Yellowfin | 1,583 | 1,032 | 64 | 146 | 972 | 70 |
| Skipjack | 587 | 27,203 | 7 | 1477 | 11374 | 5 |
| Other | 719 | 7 | 43 | 767 | 12 | 34 |
| Total | 10,595 | 28,478 | 117 | 6317 | 12683 | 109.4 |

In 2021, the Ministry of Marine Resources (MMR) managed 86 licensed vessels made up of 65 longliners, eight purse seiners, 11 bunker vessels and two trawlers. In addition, there were 236 local artisanal and game charter fishing boats reporting catches to MMR.

One domestic commercial fishing company with one Cook Islands flagged longline vessel operates in the southern Cook Islands waters, and offload their catch at the Avatiu port predominantly for the

²⁰ Catch and effort estimates for 2021 not yet finalised.

domestic market. For the domestic vessels that unload in Rarotonga, 74t of fish were unloaded in 2021, compared to 126t in 2020. There were no exports over this period and there has been no landed catch by foreign vessels in Rarotonga since 2017.

The impacts of COVID-19 and closed borders drove the local price of fresh fish down with commercial and artisanal fishers now competing for the same market and driving prices down to between \$5 to \$18 per kilogram, compared to \$15 to \$30 per kilogram pre-COVID. This in turn affects the ability of fishers in the Pa Enua to sell fish to the Rarotonga market, and uncertainty about the impact of demand and prices on production. This situation is expected to alleviate as the tourism market re-establishes.

5.3.5.5 Agricultural activity and exports

The Agricultural sector accounted for about 2.5 per cent of nominal GDP in the 2021 calendar year, increasing by 1.0 per cent through the year from \$10.8 million to \$10.9 million. Agricultural production in the Cook Islands is targeted predominately toward domestic consumption, with the tourist market providing a form of 'localised export' for products, without facing the constraints of traditional export markets – such as freight costs.

While the activity within the domestic agricultural sector has seen an increase in some areas (such as Aitutaki, Atiu and Mitiaro), overall it has seen a reduction in production from commercial and subsistent growers on Rarotonga and the Pa Enua.

Table 5-6 Total value of produce (\$'000)

| Type | Fruits | | Root crops | | Vegetables | | Herbs | | Total Value | | Total |
|--------------|-------------|------------|------------|------------|------------|------------|-----------|----------|--------------|--------------|--------------|
| Year | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | |
| Rarotonga | 1,481 | 861 | 80 | 581 | 408 | 115 | 13 | 3 | 1,982 | 1,560 | 4,546 |
| Aitutaki | 62 | 51 | 27 | 71 | 13 | 6 | 0 | 0 | 102 | 128 | 343 |
| Atiu | 0 | 1 | 1 | 1 | 0 | 1 | 0 | 0 | 1 | 3 | 26 |
| Mangaia | 60 | 9 | 20 | 7 | 20 | 2 | 0 | 0 | 100 | 18 | 194 |
| Mauke | 42 | 26 | 7 | 10 | 12 | 4 | 0 | 0 | 61 | 40 | 187 |
| Mitiaro | 0 | 2 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 3 | 3 |
| Total | 1645 | 950 | 135 | 671 | 453 | 128 | 13 | 3 | 2,246 | 1,752 | 5,299 |

The Government has supported the agricultural industry and agribusinesses servicing the industry to develop and implement innovative solutions to assist with transformational change within agricultural value chains by improving yields, efficiency and through its SMART AgriTech grant measure. These grants provided a total of almost \$1 million to successful applicants, supported by their own contributions to match this amount and with quarterly progress reporting to give businesses the best opportunity to succeed. Along with this prominent programme, Government has been collecting additional data and distributing information as a means to increase agricultural productivity. This data helps to inform farmers of trends and developments that can impact the business decisions they make.

6 Government Financial Statistics Statement

The Government Financial Statistics (GFS) Operating Statement provides a breakdown of the Government's financial performance. All funds managed at the general Government level such as the Loan Reserve Fund are also included in the statement.

Table 6-1 GFS Operating Statement (\$'000)

| Statement of Government Operations | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| REVENUE | 205,044 | 259,104 | 197,737 | 194,606 | 202,724 |
| Taxes | 107,557 | 139,310 | 157,705 | 162,703 | 172,591 |
| Social contributions | 0 | 0 | 0 | 0 | 0 |
| Grants | 31,309 | 91,452 | 19,580 | 11,151 | 9,414 |
| <i>Current</i> | 18,575 | 26,305 | 18,715 | 11,151 | 9,414 |
| <i>Capital</i> | 12,734 | 65,148 | 864 | 0 | 0 |
| Other revenue | 66,178 | 28,342 | 20,453 | 20,752 | 20,718 |
| EXPENSE | 215,260 | 213,347 | 197,556 | 189,120 | 185,617 |
| Compensation of employees | 69,474 | 76,393 | 76,731 | 76,770 | 76,770 |
| Use of goods and services | 91,026 | 69,220 | 53,964 | 46,153 | 43,616 |
| Depreciation | 13,055 | 13,767 | 13,783 | 13,783 | 13,783 |
| Interest | 3,980 | 6,780 | 7,216 | 6,840 | 6,363 |
| Subsidies | 4,372 | 16,467 | 14,919 | 14,419 | 13,919 |
| Grants | 0 | 0 | 0 | 0 | 0 |
| Social benefits | 23,766 | 24,473 | 24,696 | 24,908 | 24,918 |
| Other expense | 9,588 | 6,248 | 6,248 | 6,248 | 6,248 |
| NET OPERATING BALANCE | -10,216 | 45,757 | 181 | 5,486 | 17,107 |
| Plus NON-CASH APPROPRIATIONS | | | | | |
| Depreciation | 13,055 | 13,767 | 13,783 | 13,783 | 13,783 |
| CASH SURPLUS/(DEFICIT) FROM OPERATING TRANSACTIONS | 2,839 | 59,523 | 13,964 | 19,269 | 30,890 |
| CASH TRANSACTIONS IN NONFINANCIAL ASSETS | | | | | |
| Net Cash Applied to the Acquisition of Fixed Assets | 40,474 | 99,308 | 19,121 | 15,897 | 15,042 |
| Gross transactions in Non-Financial Assets | 53,528 | 113,074 | 32,904 | 29,679 | 28,824 |
| Less Non-Cash Transactions in Non-Financial Assets (Depreciation) | -13,055 | -13,767 | -13,783 | -13,783 | -13,783 |
| NET (BORROWING)/LENDING | -37,635 | -39,784 | -5,158 | 3,372 | 15,848 |
| CASH APPLIED TO THE NET ACQUISITION OF FINANCIAL ASSETS | 8,807 | -45,505 | -15,499 | -8,821 | 1,238 |
| Domestic Transactions | 8,807 | -45,505 | -15,499 | -8,821 | 1,238 |
| Foreign Transactions | 0 | 0 | 0 | 0 | 0 |
| CASH APPLIED TO THE NET INCURRENCE OF LIABILITIES | -46,342 | 5,815 | 10,440 | 12,294 | 14,715 |
| Domestic Transactions | 0 | 0 | 0 | 0 | 0 |
| Foreign Transactions | -46,342 | 5,815 | 10,440 | 12,294 | 14,715 |
| NET CASH FINANCING TRANSACTIONS | -37,535 | -39,689 | -5,060 | 3,473 | 15,952 |
| <i>Statistical discrepancy</i> | 100 | 95 | 98 | 101 | 104 |

6.1 GFS Net Operating Balance

The GFS net operating balance is equal to operating revenue less operating expenditure. For 2021/22, an operating deficit of \$10.2 million is estimated due to operating expenditure of \$215.3 million exceeding the estimated revenue collected at year-end of \$205.0 million.

Over the medium-term, as revenue increases with the expectation of recovery in revenue receipts (taxes) and expenditure decreasing steadily, the GFS net operating balance is forecast to improve to an operating surplus of \$45.8 million in 2022/23 which is predominantly due to the significant reduction in expenditure through the Economic Recover Roadmap.

6.1.1 GFS Operating Revenue

GFS operating revenue is forecast to be \$259.1 million in 2022/23, representing a significant increase in revenue collections of \$54.1 million compared to 2021/22. This is mainly due to an increase in taxation revenue by \$31.7 million compared to 2021/22 estimated actual. Grant funding is also expected to increase by \$60.2 million in 2022/23 (relative to 2021/22 estimated actual receipts) which is mainly due to \$44.4 million allocated towards the Cook Islands Infrastructure Trust Fund.

Table 6-2 Total GFS Operating Revenue (\$'000)

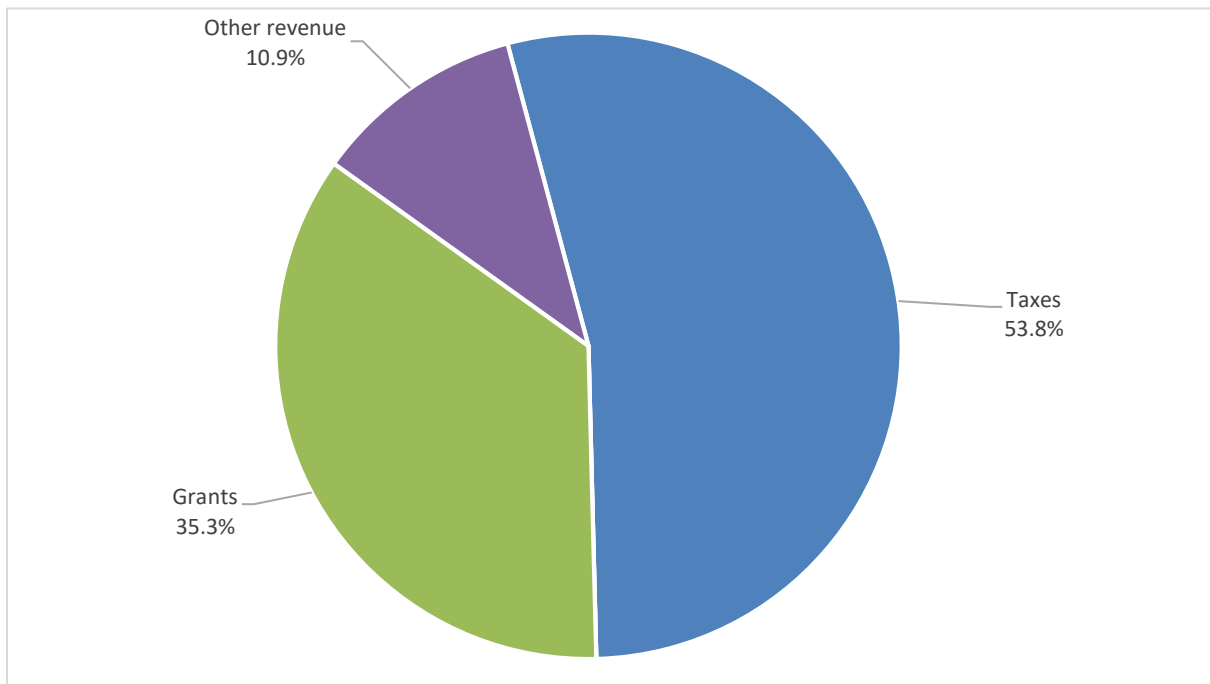
| | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--------------------------------|---|--|-------------------------------|-------------------------------|-------------------------------|
| Taxes | 107,557 | 139,310 | 157,705 | 162,703 | 172,591 |
| Social contributions | 0 | 0 | 0 | 0 | 0 |
| Grants | 31,309 | 91,452 | 19,580 | 11,151 | 9,414 |
| Current | 18,575 | 26,305 | 18,715 | 11,151 | 9,414 |
| Capital | 12,734 | 65,148 | 864 | 0 | 0 |
| Other revenue | 66,178 | 28,342 | 20,453 | 20,752 | 20,718 |
| Total Operating Revenue | 205,044 | 259,104 | 197,737 | 194,606 | 202,724 |

As shown in the table above and Figure 6-1, operating revenue for 2022/23 largely consists of taxation receipts at 53.8 per cent, followed by Grants at 35.3 per cent.

These revenue streams help finance the ongoing operational expenditure of Government, with surpluses used for investing into activities such as infrastructure development projects or cash reserves.

Over the medium-term operating revenues are expected to recover, with tax revenue collections projected to increase to \$172.6 million by 2025/26. This increase will offset the projected decreases in grant revenues and other revenues from 2023/24 onwards, noting that contractual agreements on grants typically come to an end after 3 years.

Figure 6-1 GFS operating revenue, 2022/23



6.1.2 GFS Operating Expenditure

Total operating expenditure is estimated to be \$213.3 million in 2022/23, reducing to \$197.6 million in 2023/24 before stabilising over the medium-term.

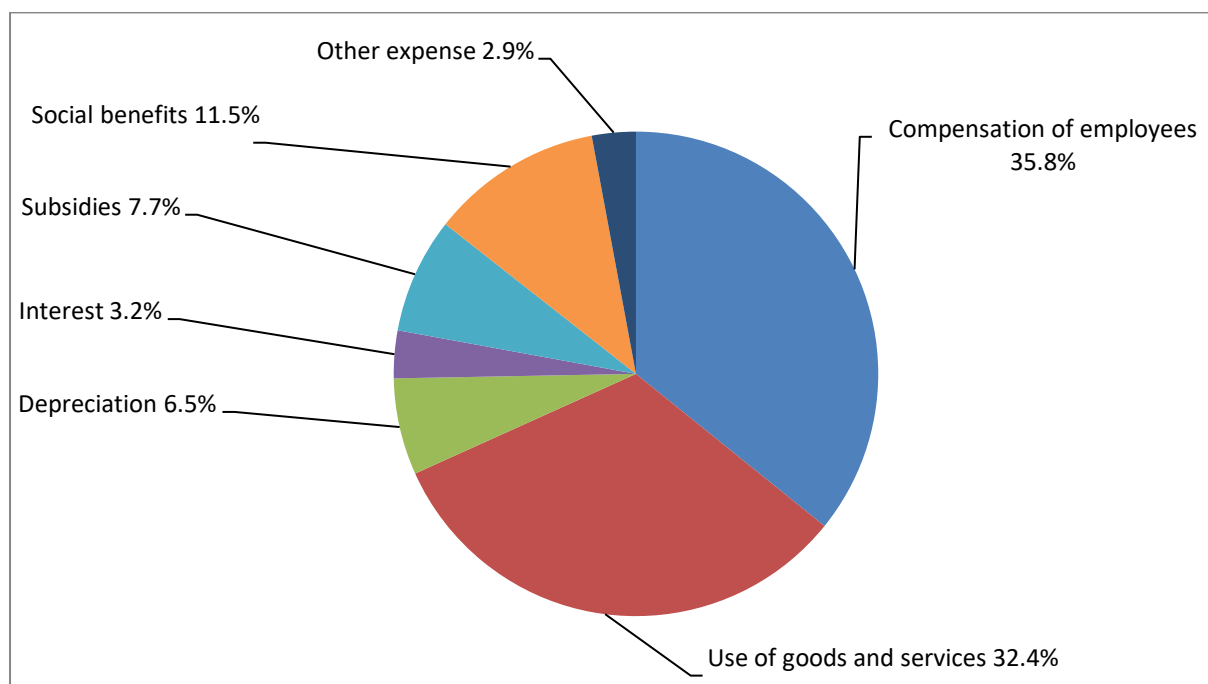
Table 6-3 Total GFS Operating Expenditure (\$'000)

| | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|------------------------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Compensation of employees | 69,474 | 76,393 | 76,731 | 76,770 | 76,770 |
| Use of goods and services | 91,026 | 69,220 | 53,964 | 46,153 | 43,616 |
| Depreciation | 13,055 | 13,767 | 13,783 | 13,783 | 13,783 |
| Interest | 3,980 | 6,780 | 7,216 | 6,840 | 6,363 |
| Subsidies | 4,372 | 16,467 | 14,919 | 14,419 | 13,919 |
| Grants | 0 | 0 | 0 | 0 | 0 |
| Social benefits | 23,766 | 24,473 | 24,696 | 24,908 | 24,918 |
| Other expense | 9,588 | 6,248 | 6,248 | 6,248 | 6,248 |
| Total Operating Expenditure | 215,260 | 213,347 | 197,556 | 189,120 | 185,617 |

Table 6-3 highlights the additional expenditure in 2022/23 principally through the 'Compensation of employee's category, capturing expenditure related Government agency recruitment for critical positions.

As shown in Figure 6-2, compensation of employee's is the largest operating expenditure for Government, making up 35.8 per cent of total operating expenditure in 2022/23 followed closely by use of goods and services at 32.4 per cent. Total operating expenditure also comprises of social benefits (11.5 per cent), subsidies (7.7 per cent), depreciation (6.5 per cent), interest expenses (3.2 per cent), and other expenses (2.9 per cent).

Figure 6-2 GFS operating expenditure, 2022/23



6.1.2.1 Compensation of Employees

Expenditure on compensation of employees is forecast to be \$76.4 million in 2022/23. This represents a \$7.5 million increase from the \$69.5 million estimated for 2021/22.

This is related to personnel increases for agencies to enable recruitment for critical positions such as the Ministry of Health and the Cook Islands Seabed Minerals Authority. In addition, funds have been allocated to the Ministry of Education to address the second tranche of teacher's pay adjustments over the medium-term as well as a transfer of operating to personnel for the Ministry of Marine Resources to enable the retention and recruitment of critical positions.

These increases will be assessed annually with consideration given to operating revenues over the medium-term.

6.1.2.2 Use of Goods and Services

The total expenditure for use of goods and services differs to the amounts reported in other chapters of the Estimates as it includes recurrent ODA expenditures over the medium-term.

Use of goods and services is estimated to have been \$91.0 million in 2021/22 before decreasing significantly to \$69.2 million in 2022/23, primarily due to the reduction in budget allocated towards the Economic Recovery Roadmap for 2022/23 to \$5.2 million. (For further information, refer to Chapter 2.

Expenditure through use of goods and services is expected to decrease in 2023/24 before stabilising over the medium-term. This is mainly due to the reduction in recurrent ODA expenditure over the forward years as a result of contractual agreements coming to an end.

6.1.2.3 Consumption of Fixed Capital

Total depreciation over the medium-term is estimated to be \$13.8 million. This is mainly driven by technical adjustments made to Agency depreciation baselines.

6.1.2.4 Interest (Debt Servicing Payments)

Debt interest contributions to the Loan Repayment Fund (LRF) is estimated at \$6.8 million in 2022/23, an increase of \$2.8 million compared to the 2021/22 estimated actual (totalling \$4.0 million), mainly due to changes in foreign exchange rates.

Interest expenses in 2023/24 is estimated to increase before stabilising over the forward years on account of additional debt drawn to support Government's operating expenses, including the Economic Recovery Roadmap and COVID-19 Medical Response Fund.

6.2 GFS Non-Operating Items

Cash transactions in non-financial assets are transactions relating to capital. More details on specific capital projects are outlined in Chapter 9 (Capital Expenditure). This spending includes investment into infrastructure, the purchase of plant and equipment, and investments in ICT by both the Crown and development partners. Total purchases of non-financial assets (excluding depreciation) are estimated to increase to \$113.1 million in 2022/23.

This value consists of Official Development Assistance capital funds, which includes \$44.4 million towards the Cook Islands Infrastructure Trust Fund. These funds are subject to finalisation and may not be fully expended in 2022/23.

Cash transaction in non-financial assets are forecast to decrease in the forward years due to the reduction in ODA Capital Grant agreements. As shown above, ODA funding is agreed over a shorter forward time-period.

6.2.1 Net Borrowing / Lending and Cash Financing Transactions

The Net Borrowing/Lending Requirement outlines the amount of financing required to fund both operating and capital balances, with these funds being sourced from either asset (predominantly accumulated cash reserves) or liabilities (predominantly loan financing).

The net borrowing/ lending requirements for 2022/23 is estimated at \$39.8 million and will be funded by cash reserves. As the economy recovers over the forward period, the financing gap will decrease.

There are some smaller movements not captured in the GFS schedules, with most of these relating to the classification of reserves in the financial schedules. Most of the statistical discrepancy shown in the GFS operating Statement relates to timing issues between the projects' implementation and the funding received in the Crown account. The sum of the statistical discrepancy across the years shown is not considered to be significant.

6.3 Classification of Functions of Government

The Classification of the Functions of Government (COFOG) classifies Government expenditure data by the purpose for which the funds are used. This standard classification allows for comparisons on functional expenditure across different jurisdictions.

The COFOG has 10 main functions at the highest level and 69 functions at the second (sub-functional) level. Table 6-4 classifies the Budget to the sub-functional level for both Cook Islands Government spending and ODA, excluding categories without expenditure.

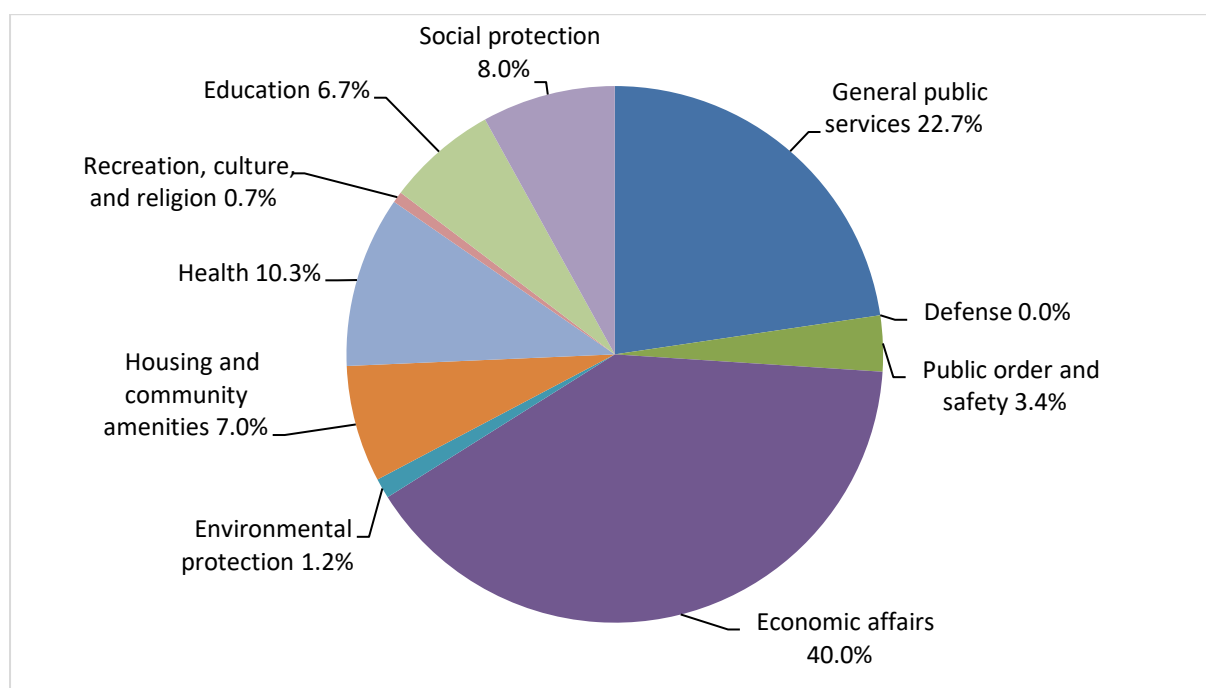
Table 6-4 Classification of Functions of Cook Island Government (\$'000)

| Function of Government | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Cook Islands Government (CIG) Expenditure | | | | | |
| General public services | 41,738 | 49,223 | 48,147 | 47,896 | 49,409 |
| Executive & legislative organs, financial & fiscal affairs, external affairs | 29,248 | 33,900 | 31,227 | 31,377 | 33,367 |
| General services | 7,587 | 7,553 | 8,688 | 8,663 | 8,663 |
| R&D General public services | 26 | 26 | 26 | 26 | 26 |
| General public services | 897 | 964 | 989 | 989 | 989 |
| Public debt transactions | 3,980 | 6,780 | 7,216 | 6,840 | 6,363 |
| Public order and safety | 8,683 | 10,511 | 10,674 | 10,674 | 10,674 |
| Police services | 4,471 | 5,666 | 5,721 | 5,721 | 5,721 |
| Law courts | 3,299 | 3,919 | 4,009 | 4,009 | 4,009 |
| Prisons | 914 | 926 | 943 | 943 | 943 |
| Economic affairs | 80,170 | 64,465 | 52,420 | 51,038 | 46,943 |
| General economic, commercial, and labor affairs | 48,593 | 14,306 | 10,531 | 10,331 | 9,331 |
| Agriculture, forestry, fishing, and hunting | 4,615 | 5,372 | 5,307 | 5,307 | 5,307 |
| Fuel and energy | 3,008 | 1,778 | 1,227 | 2,027 | 1,477 |
| Mining, manufacturing, and construction | 4,656 | 5,345 | 1,970 | 2,130 | 900 |
| Transport | 11,018 | 28,024 | 23,636 | 21,506 | 20,191 |
| Communication | 550 | 813 | 903 | 891 | 891 |
| Tourism | 7,228 | 8,246 | 8,266 | 8,266 | 8,266 |
| R&D Economic affairs n.e.c. | 376 | 452 | 452 | 452 | 452 |
| Economic affairs n.e.c. | 128 | 128 | 128 | 128 | 128 |
| Environmental protection | 1,966 | 2,138 | 2,178 | 2,178 | 2,178 |
| Waste management | 157 | 241 | 241 | 241 | 241 |
| Protection of biodiversity and landscape | 222 | 222 | 222 | 222 | 222 |
| Environmental protection n.e.c. | 1,586 | 1,675 | 1,715 | 1,715 | 1,715 |
| Housing and community amenities | 22,135 | 20,828 | 15,438 | 13,588 | 13,488 |
| Community development | 11,319 | 10,080 | 6,030 | 5,180 | 5,080 |
| Water supply | 6,866 | 6,653 | 5,389 | 4,389 | 4,389 |
| Housing and community amenities n.e.c. | 3,950 | 4,095 | 4,020 | 4,020 | 4,020 |
| Health | 23,926 | 26,655 | 20,605 | 20,644 | 20,644 |
| Medical products, appliances, and equipment | 4,035 | 5,495 | 495 | 495 | 495 |
| Outpatient services | 2,750 | 2,860 | 2,860 | 2,860 | 2,860 |
| Hospital services | 1,151 | 1,151 | 1,151 | 1,151 | 1,151 |
| Health n.e.c. | 15,989 | 17,148 | 16,098 | 16,137 | 16,137 |
| Recreation, culture, and religion | 2,130 | 2,008 | 2,138 | 2,138 | 2,188 |
| Recreational and sporting services | 406 | 441 | 441 | 441 | 441 |
| Cultural services | 1,724 | 1,567 | 1,697 | 1,697 | 1,747 |
| Education | 20,087 | 20,863 | 20,793 | 20,793 | 20,793 |
| Pre-primary and primary education | 2,883 | 2,663 | 2,663 | 2,663 | 2,663 |
| Tertiary education | 2,343 | 2,389 | 2,389 | 2,389 | 2,389 |
| Education n.e.c. | 14,861 | 15,811 | 15,741 | 15,741 | 15,741 |
| Social protection | 23,620 | 24,512 | 24,705 | 24,916 | 24,927 |
| Sickness and disability | 476 | 473 | 474 | 475 | 477 |
| Old age | 13,026 | 13,984 | 14,128 | 14,264 | 14,247 |
| Family and children | 7,537 | 7,413 | 7,490 | 7,565 | 7,591 |
| Housing | 85 | 84 | 84 | 84 | 84 |
| Social exclusion n.e.c. | 26 | 26 | 26 | 26 | 26 |
| Social protection n.e.c. | 2,471 | 2,532 | 2,502 | 2,502 | 2,502 |
| Total CIG Expenditure | 224,455 | 221,203 | 197,098 | 193,865 | 191,244 |
| Official Development Assistance (ODA) Expenditure* | | | | | |
| General public services | 7,188 | 21,666 | 16,605 | 9,783 | 8,146 |
| Economic affairs | 11,364 | 60,680 | 846 | 323 | 323 |
| Environmental protection | 800 | 1,648 | 100 | 100 | 0 |
| Housing and community amenities | 0 | 1,167 | 370 | 352 | 352 |
| Health | 708 | 5,596 | 1,243 | 379 | 379 |
| Recreation, culture, and religion | 94 | 90 | 90 | 90 | 90 |
| Education | 125 | 0 | 0 | 0 | 0 |

| Function of Government | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---------------------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Social protection | 1,300 | 605 | 325 | 125 | 125 |
| Total ODA Expenditure | 21,578 | 91,452 | 19,580 | 11,151 | 9,414 |
| TOTAL PUBLIC EXPENDITURE | 246,033 | 312,655 | 216,677 | 205,016 | 200,659 |

Figure 6-3 classifies the combined Cook Islands Government and ODA spending in the 2022/23 Budget by the 10 main functional levels.

Figure 6-3 Classification of Functions of Cook Island Government, 2022/23



Economic affairs increases to 40.0 per cent in 2022/23 compared to 38.5 per cent in 2021/22. This is predominantly due to movements within other expenditure areas under economic affairs such as transport expenditure, which includes funding for air, marine and road infrastructure in Rarotonga and the Pa Enua (a total of \$13.4 million), Airline Underwrite (\$10.0 million), Inter-Island Shipping Subsidy (\$0.5 million) Airport and Ports Authority subsidy (\$2.2 million respectively). These movements offset the reduction in the Economic Recovery Roadmap for 2022/23 of \$5.2 million compared to the \$39.5 million in 2021/22.

In 2022/23, ODA expenditure under economic affairs includes the financing of the Cook Islands Infrastructure Trust Fund (\$44.4 million), Rarotonga Airport Upgrade Designs (\$1.3 million) and the budget support for the Sanitation Sector (\$1.5 million). Contractual agreements for these expenditures are expected to end in 2023/24.

General public services are the next largest area of public expenditure at 22.7 per cent of total public spending, with the Cook Islands government administration costs being the main driver of expenditure in this area. ODA expenditure is expected to decrease over the medium-term due to contract expiration of ODA expenditure lines (contracts commonly last three years).

Health and Social protections account for 10.3 per cent and 8.0 per cent respectively of total public expenditure. Most of the Health expenditure in 2022/23 relates to the annual budget appropriation of the Ministry of Health (MOH) (\$20.6 million), the COVID-19 Medical Response Fund (\$5.0 million) administered by the Ministry of Finance and Economic Management (MFEM) as well as capital funds (of \$0.3 million) to be prioritised by MOH.

Expenditure under social protections includes the Welfare Payments POBOC and Administered Funds managed by the Ministry of Internal Affairs (INTAFF). A total increase of \$2.5 million over four years have been applied to the Welfare Payments POBOC and Administered Funds in order to reflect an inflation-induced increase to the Old Age pension.

Housing and community amenities and Education account for 7.0 per cent and 6.7 per cent respectively of total public expenditure. Housing and community amenities include expenditure related to community development projects such as the Pa Enua Government Building Projects – Northern and Southern Group (\$1.0 million), the remediation of cyclone shelters on Rarotonga (\$0.4 million), Bridges and Structures Asset Management and Improvement (\$6.1 million) and the Drainage Asset Management and Improvement programme (\$0.5 million).

The majority of the expenditure under Education consists of the annual budget appropriation for the Ministry of Education (totalling \$20.2 million).

7 Revenue

Government collects revenue through three main sources – taxes on businesses and individuals, aid funding from development partners, and other sources such as fees, licences and trading revenue. Taxation brings in the highest amount of consistent revenue of the three, with the second highest source of revenue typically being aid funding, which takes the form of cash and contributes to the operations of government. The other revenue consists of agency trading revenue, various fees and miscellaneous cashflows, and licensing costs.

The correlation between taxation revenue and the economic performance of the country is strong and is represented by Gross Domestic Product (GDP). With this strong correlation, when there is increasing GDP government taxation revenues increase. Conversely, a decrease in GDP leads to a reduction in taxation revenues.

As the private sector is largely tourism oriented, the Cook Islands was heavily impacted by the COVID-19 pandemic in which tourism was suspended. The resulting recession impacted the receipts from major revenue sources (taxation in particular) in 2019/20, 2020/21 and 2021/22. However, with our borders now being open, economic recovery is expected to begin though it will take some time before revenues reach the same levels as before the pandemic.

Taxation estimates across the medium-term have been revised upwards since the 2021/22 HYEPU, with a planned temporary increase in Departure Tax for one year and increasing tourism numbers, and Income Tax levels expected to be higher in 2022/23 offsetting downward adjustments in the forward years.

7.1 Revenue Performance

Total Crown Revenue for 2021/22 is estimated to be \$173.6 million, with \$107.6 million in Taxation Revenue, \$66.2 million in Other Revenue - including \$40.0 million received from New Zealand as General Budget Support. When ODA support is included, Total Crown Revenue for 2021/22 was \$205.0 million.

The \$107.6 million of Taxation Revenue is a 24.3 per cent increase on 2020/21 levels, showing the early signs of recovery in both the economy and in revenue collection.

Excluding General Budget Support, Other Revenue is expected to reduce by 5.4 per cent from that collected in 2020/21. This is primarily due to lower fishing revenue (resulting from the impact of La Nina moving productive fishing areas outside the Cook Islands EEZ) and lower trading revenue (due to some fee waivers and similar initiatives), partially offset by increases in the revenue generated through currency circulation.

As shown in Figure 7-1, the increase in ODA funding, in particular the General Budget Support received from New Zealand, has offset what would otherwise have been a much more substantial drop in government revenue for the 2021/22 fiscal year.

7.2 Revenue Forecast

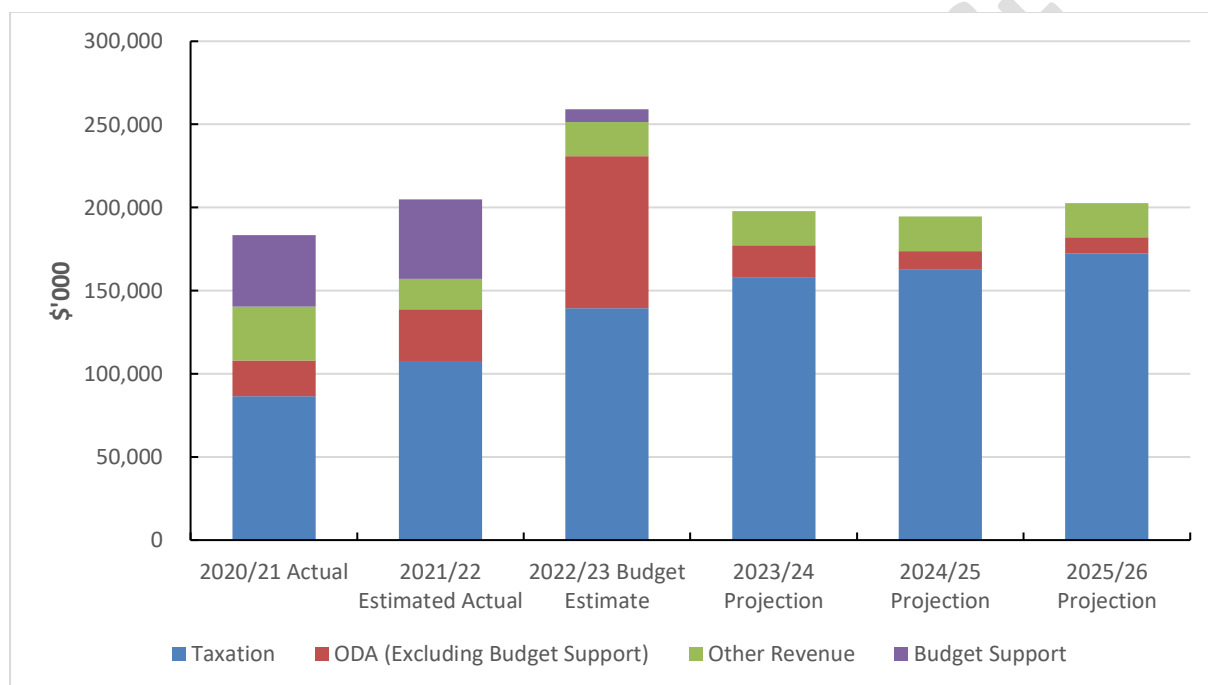
Total Crown revenue (including ODA) in 2022/23 is estimated to be \$259.1 million, including total taxation revenues estimated to be \$139.3 million. The largest movements from 2021/22 in this are the growth in taxation revenue as the economy picks up from the recession, and considerable changes in the ODA space. The large increase in non-Budget Support ODA is primarily a result of accounting for the \$40.0 million contribution to the Infrastructure Trust Fund (ITF) by New Zealand (with a total

transfer in of \$44.4 million), while the extensive General Budget Support provided through the pandemic is anticipated to reduce back to the Core Sector Support level.

Other revenue (excluding Trading Revenue and direct support from New Zealand) for 2022/23 is estimated to be \$15.6 million, showing a slight increase on the \$12.9 million in equivalent revenue for 2021/22. In the forward years, this amount is expected to remain relatively stable around this level.

Other revenue (excluding Trading Revenue and direct support from New Zealand) for 2022/23 is estimated to be \$14.3 million, a decrease on the \$32.4 million in equivalent revenue for 2021/22. In the forward years, this amount is expected to remain relatively stable around \$20.5 million.

Figure 7-1 Total Crown Revenue by General Source (\$'000)



Total Crown Revenue (including ODA Grants) shown in Figure 7-1 is forecast to settle at around \$200 million per year in the medium term, after the large movements in the ODA and General Budget Support in 2022/23. Declining ODA (which is largely a reflection of support not yet committed in those years) is partially offset by rising tax revenues. Strong growth in 2025/26 is from tax revenue as carried-forward losses are expected to no longer be dragging on company tax revenues from then onward.

Table 7-1 Total Crown Revenue (\$'000)

| | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---------------------------------|-------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Taxation | 86,520 | 107,557 | 139,310 | 157,705 | 162,703 | 172,591 |
| ODA Grants | 21,578 | 31,309 | 91,452 | 19,580 | 11,151 | 9,414 |
| Core Sector Support | 7,825 | 7,825 | 7,825 | 0 | 0 | 0 |
| General Budget Support | 35,083 | 40,090 | 0 | 0 | 0 | 0 |
| Other Revenue | 32,440 | 18,263 | 20,517 | 20,453 | 20,752 | 20,718 |
| <i>Or which Trading Revenue</i> | <i>4,041</i> | <i>5,404</i> | <i>4,954</i> | <i>4,974</i> | <i>4,974</i> | <i>4,974</i> |
| Total | 183,446 | 205,044 | 259,104 | 197,737 | 194,606 | 202,724 |

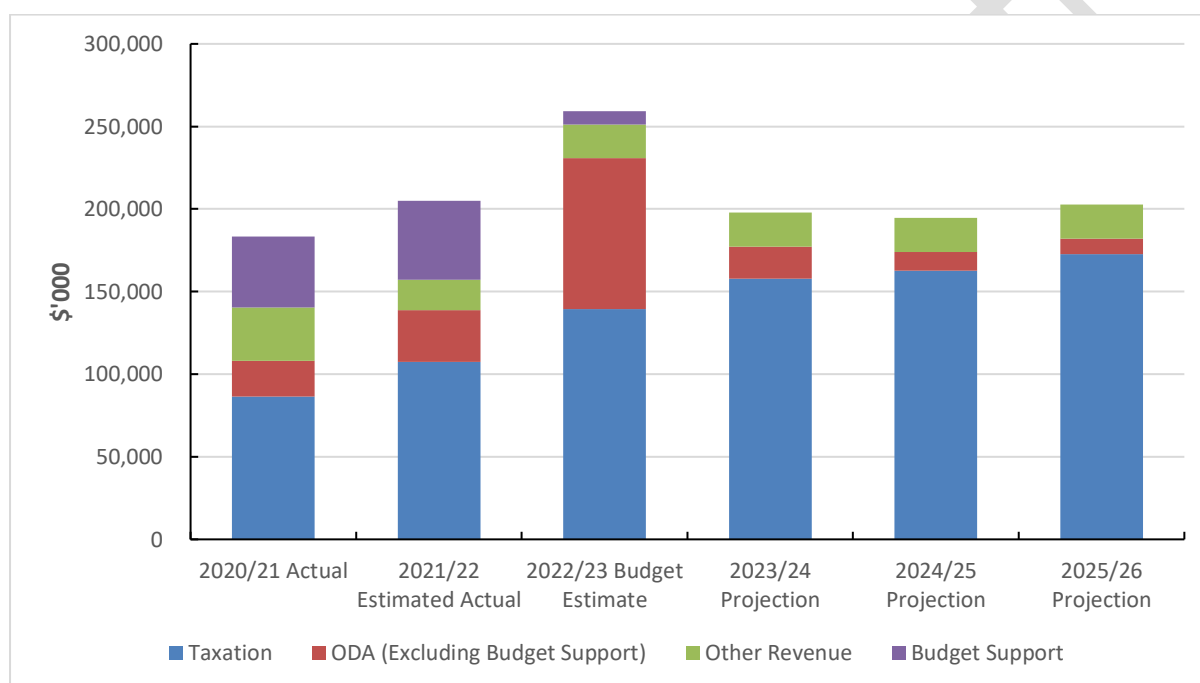
General taxation has the largest contribution, making up approximately 52.3 per cent of Total Crown revenue for 2022/23, before increasing share significantly over the forward years as tax revenue recovers from the recession.

In the longer term, ODA Grants are expected to remain the second largest contributor despite the decline in quantum in the outer years. This is generally due to the short-horizon for future agreements to be signed, as well as the country's graduation to a developed country.

The remaining revenues are from sources such as the sales of goods and services (Trading Revenue), Fishing Licenses, Dividends from SOE's, Fines and Interest on deposits held by Government.

Total Crown revenues are looking positive and we begin to see the recovery in 2025/26 where numbers slowly increase after being reduced after this 2022/23 forecast.

Figure 7-2 Total Crown Revenue (\$'000)



7.3 Revenue Initiatives

Changes in revenue estimates are due to either parameter adjustments or policy decisions. Parameter adjustments result from factors outside of the immediate control of the Government, whereas policy decisions reflect the direct impact of the Government's decisions.

Departure Tax Increase – 'COVID-19 Levy'

One policy decision that will make a difference in 2022/23 is Departure Tax. This is likely to be introduced due to the impacts of COVID-19 on the Cook Islands economy, and the additional costs imposed due to the arrival of the virus. For example, the investment in equipment for the Emergency Operations Centres (EOCs) in each Puna, preparing the Pa Enua for the arrival of COVID-19 and testing and treatment consumables.

An increase in the departure tax of \$50 per departure is planned and is expected to be implemented as of 1 July 2022, dependent on the finalisation of legislation. The increase is temporary: it is planned to cease after 1 year (i.e. on 30 June 2023 if the measure is implemented effective 1 July 2022). This

is expected to increase revenue by approximately \$5.9 million, which, when added to baseline revenue increase of \$1.4 million results in Departure Tax increasing to \$7.3 million in 2022/23.

Table 7-2 shows the parameter adjustments to revenues for 2021/22 and the forward years.

Table 7-2 Changes to Revenue Estimates (Excluding ODA) (\$'000)

| Revenue Changes | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Operating Revenue as per 2021/22 HYEPU | 175,472 | 154,646 | 181,668 | 186,144 | 186,144 |
| Parameter changes in 2022/23 Budget | 1,566 | 12,639 | (4,009) | (4,114) | 5,775 |
| Value Added Tax (VAT) | 600 | 563 | -1,076 | -1,520 | 3,320 |
| Income tax | 400 | 6,080 | -477 | -695 | 2,948 |
| Import levies | -650 | -450 | -300 | -300 | -55 |
| Company tax | 600 | -816 | -2,639 | -1,780 | -715 |
| Departure tax | 627 | 7,268 | 482 | 181 | 252 |
| Withholding tax | -11 | -6 | 0 | 0 | 25 |
| Other changes in 2022/23 Budget | -3,303 | 367 | 499 | 1,425 | 1,391 |
| Other revenue | -4,353 | 237 | 304 | 1,258 | 797 |
| Trading Revenue | 960 | 246 | 246 | 246 | 246 |
| Dividend | 0 | -117 | -52 | -80 | 348 |
| Core Sector support | 90 | 0 | 0 | 0 | 0 |
| Operating Revenue as per 2022/23 Budget | 173,736 | 167,652 | 178,157 | 183,455 | 193,310 |

7.4 Taxes

Taxes are classified either as direct or indirect taxation. Direct taxation reflects taxes that are imposed directly on the individual, household, property, or business, which includes income tax, company tax, and withholding tax. Indirect taxes are normally imposed through an indirect method, usually through a transaction, for example, the value-added tax (VAT).

Table 7-3 Taxation Revenue Estimates (\$'000)

| | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Projection | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|-------------------------------|-------------------|--------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Income tax | 17,842 | 19,388 | 27,822 | 31,582 | 32,415 | 36,057 |
| Company tax | 16,712 | 17,071 | 17,121 | 17,433 | 17,973 | 19,038 |
| Withholding tax | 1,554 | 1,540 | 1,730 | 1,887 | 1,887 | 1,912 |
| Direct Tax Subtotal | 36,106 | 37,999 | 46,673 | 50,903 | 52,275 | 57,007 |
| Value Added Tax | 36,574 | 52,227 | 63,534 | 80,161 | 83,353 | 88,193 |
| Import levies | 13,408 | 13,506 | 13,806 | 14,056 | 14,157 | 14,402 |
| Departure tax | 431 | 3,826 | 15,297 | 12,584 | 12,918 | 12,989 |
| Indirect Tax Subtotal | 50,413 | 69,559 | 92,637 | 106,802 | 110,428 | 115,584 |
| Total Taxation Revenue | 86,520 | 107,557 | 139,310 | 157,705 | 162,703 | 172,591 |

7.4.1 Direct taxation

With the steadying of the impacts of COVID 19, direct taxation for 2022/23 is expected to increase to \$46.7 million. Estimates over the forward years are forecast to improve gradually and to reach pre-COVID levels by 2023/24 of \$50.9 million.

Income tax estimates reflect lower incomes through the most severe COVID-affected period before improving over the medium-term. Recent changes to the increase in the tax fee-threshold have been in full affect since 2021/22 and will continue in the medium-term.

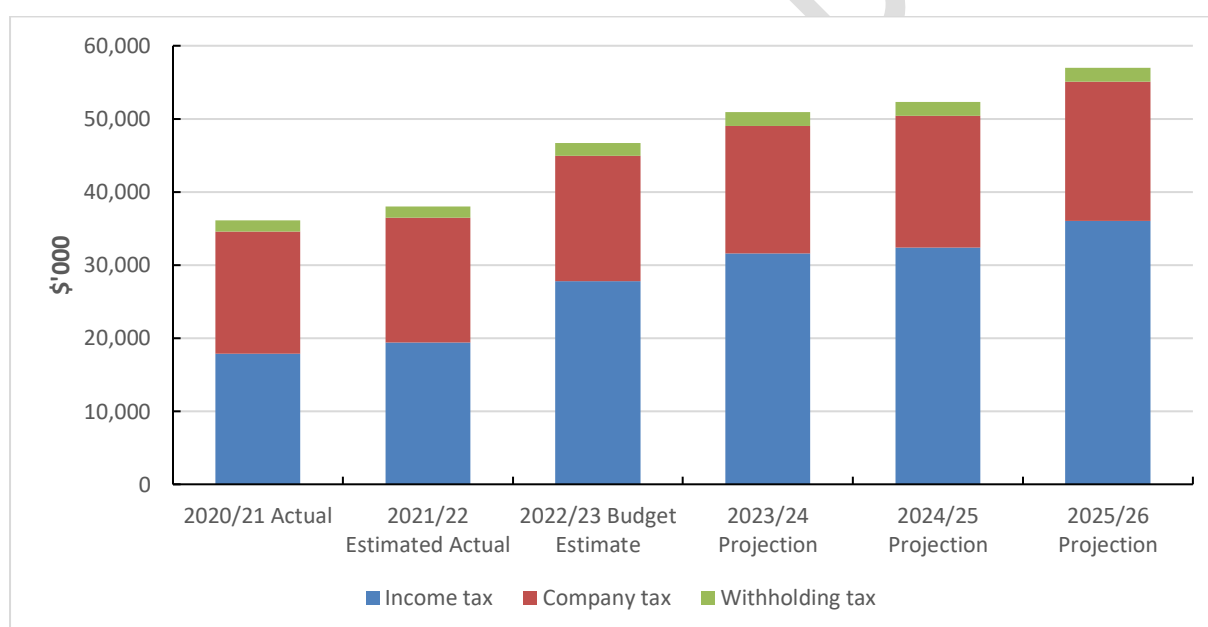
Estimates of company tax for 2022/23 reflect expected ongoing impacts on business profitability. Company tax is expected to take longer to recover due to the impacts of carried-forward losses, which will keep collections lower over most of the forward years.

Withholding tax in 2021/22 was \$1.5 million, which is on par to 2021/22 HYEPU forecast. Due to the high volatility of withholding tax, the forward year estimates are conservative, mirroring that of the 2021/22 estimated actuals, and increasing slightly in the later years to reflect an anticipated increase in economic activity.

In general, these forecasts are slightly conservative with the recovery path for taxation revenue still very uncertain. As collections data is made available, the forecasts will be updated.

As shown in Figure 7-3, income tax ordinarily contributes most of the direct taxation revenues, followed by company tax revenues. The income tax contribution is likely to increase in the short term as carried forward losses keep company tax receipts low for some time, while wage and salary incomes are expected to rebound faster as these do not have the same ability to offset past losses.

Figure 7-3 Total Direct Taxation (\$'000)



7.4.2 Indirect taxation

Indirect taxation includes Value Added Tax (VAT), import levies, departure tax (see Figure 7-3). This is estimated to be \$92.6 million in 2022/23, representing a substantial increase compared to the 2021/22 estimated revenue of \$69.6 million.

The increase is primarily attributable to VAT and Departure Tax, both of which are significantly driven by tourism volumes. As almost all the 2021/22 fiscal year occurred with few visitors, this was an expected increase in tourist numbers for the time borders were open and intended to be a higher than previous collections for indirect taxation. Taxation receipts should increase with in the recovery of tourist volumes in 2022/23 and the forward years.

VAT estimates for 2022/23 have been revised slightly lower from previous estimates to \$63.5 million. With the reopening of borders, VAT estimates are forecast to exceed 2018/19 (pre-COVID) levels by 2023/24 with \$80.1 million.

Departure tax estimates have been expected to increase slowly, reflecting the new revenue initiatives. This in turn increases the growth in the recovery of Departure tax revenues in the future years following the profile of returning visitors.

Import and excise-equivalent duties are estimated at \$13.8 million in 2022/23, which is lower to what was previously forecast in 2021/22 HYEPU. This is forecast to minimally increase in line with overall imports across the forward years.

7.4.3 Registration and Fishing licences

Revenue estimates for motor vehicle registration fees remain unchanged in the forecast years despite the major variance \$479,000 between 2021/22 actuals at the time of HYEPU due to initiatives to temporarily reduce the cost of vehicle registration for rental businesses in responding to the reopening of the border.

Total fishery revenues are estimated to be \$9.3 million in 2022/23, which is almost double the 2021/22 estimated actuals. The forward years are forecast to continue at this level with a slight increase, however it is unclear how these revenues may be impacted by the post-COVID recovery. In addition, the expiry of specific arrangements under the US Treaty for purse seine fishing will require negotiations for these details going forward.

Table 7-4 Total Registration and Fishing licences (\$'000)

| | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|-------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Motor Vehicle Registration | 924 | 195 | 875 | 875 | 875 | 875 |
| Motor Vehicle Dealers | 3 | 3 | 3 | 3 | 3 | 3 |
| Fisheries Revenue²¹ | 10,740 | 4,466 | 9,318 | 9,326 | 9,334 | 8,942 |
| <i>US Fisheries Treaty (upfront days)</i> | 0 | 1,763 | 3,243 | 3,243 | 3,243 | 3,243 |
| <i>EU Agreement</i> | 0 | 1,539 | 400 | 400 | 400 | 0 |
| <i>Purse seine fishery</i> | 0 | 0 | 2,260 | 2,260 | 2,260 | 2,260 |
| <i>Longline Licenses and QMS</i> | 0 | 885 | 3,000 | 3,000 | 3,000 | 3,000 |
| <i>Fishing Fines and Settlements</i> | 836 | 0 | 0 | 0 | 0 | 0 |
| <i>Regional Fisheries Management Organisations</i> | 0 | 184 | 255 | 263 | 271 | 279 |
| <i>Other fisheries and auxiliary vessel licensing</i> | 0 | 96 | 160 | 160 | 160 | 160 |
| <i>Fishing Licences</i> | 3,842 | 0 | 0 | 0 | 0 | 0 |
| <i>Fisheries - US Treaties (purse seine)</i> | 5,888 | 0 | 0 | 0 | 0 | 0 |
| <i>South Indian Ocean Fisheries Agreement (SIOFA)</i> | 174 | 0 | 0 | 0 | 0 | 0 |
| <i>South Pacific Fisheries Management Organisation (SPRFMO)</i> | 0 | 0 | 0 | 0 | 0 | 0 |
| Indirect Taxation Revenue | 11,666 | 4,664 | 10,196 | 10,204 | 10,212 | 9,820 |

7.4.4 Social contributions

The revenue classified under this category is the Employer Liability Insurance.

²¹ From 2021/22 onward, fisheries revenue will be reported using the headings outlined here. For information on the previous headings, please see the full ROBOC schedule.

The Employer Liability estimates over the medium-term has been revised to zero following the suspension of these payments pending review of the supporting legislation.

Table 7-5 Social contributions

| | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|-----------------------------------|-------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Employer Liabilities | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Social Contributions | 0 | 0 | 0 | 0 | 0 | 0 |

7.4.5 Grants

Grants are transfers received from other Governments or international organisations, otherwise known as Official Development Assistance (ODA). Further information on ODA funded projects are contained in Chapter 16.

In 2022/23, total ODA grants from foreign Governments are forecast to be \$91.5 million (including the \$40 million for the Infrastructure Trust Fund), and with budget support funds included total grants are forecast at \$99.3 million. ODA grants are forecast to decrease over the forward years, as most development partners do not commit development assistance budgets for more than two to three years in advance, and most support for those years is not confirmed.

Table 7-6 Grants (\$'000)

| Programs/Projects by Agency | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|-------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Recurrent ODA Grants | 10,869 | 18,575 | 26,305 | 18,715 | 11,151 | 9,414 |
| Capital ODA Grants | 10,709 | 12,734 | 65,148 | 864 | 0 | 0 |
| Total NZD Equivalent ODA Funding | 21,578 | 31,309 | 91,452 | 19,580 | 11,151 | 9,414 |

7.4.6 Core Sector Support and General Budget Support Funding

The Core Sector Support (CSS) Grant Funding Arrangement with New Zealand is appropriated over the medium-term in three-year 'triennia'. It provides direct budget support to the Ministry of Education, Cook Islands Tourism Corporation, and the Ministry of Health, to improve indicators that directly relate to the Cook Islands NSDP Goals. The CSS is expected to reduce to zero by 2023/24, as negotiations will be required to continue this arrangement with the New Zealand Government.

The New Zealand Government provided General Budget Support funding in 2020/21 totalling \$35.1 million and in 2021/22 totalling \$40.0 million²² enabling key government programmes such as the COVID-19 Medical Response, Economic Response Plan (ERP) and Economic Recovery Roadmap (ERR). With borders now open, and in light of the contribution to the ITF, there is currently no confirmation at this point on more General Budget Support funding being provided by New Zealand.

²² Total budget support provided by the New Zealand Government in 2021/22 was \$50.0 million, however \$10.0 million was classified as Official Development Assistance in the 2021/22 Budget, with the remaining \$40.0 million transferred to the Government cash reserves.

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

| Programs/Projects by Agency | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|-------------------------------------|-------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Core Sector Support Funding | 7,825 | 7,825 | 7,825 | 0 | 0 | 0 |
| General Budget Support Funding | 35,083 | 40,090 | 0 | 0 | 0 | 0 |
| Total Budget Support Funding | 42,908 | 47,915 | 7,825 | 0 | 0 | 0 |

7.4.7 Interest

Total interest received for 2021/22 is estimated to be \$0.4 million, lower than previously forecast. Total interest revenues over the medium-term have been kept largely unchanged since 2021/22 HYEFU, with the lower cash reserves levels due to the impacts of COVID-19 on the Cook Islands economy keeping this revenue low.

Interest on loans and subsidiaries was zero in 2021/22 due to the grant of a loan repayment holiday for the Cook Islands Ports Authority. This is forecast to increase to \$1.3 million in 2022/23 once the repayment holiday ends.

Table 7-8 Interest (\$'000)

| | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|------------------------------------|-------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Interest on Government deposits | 926 | 276 | 395 | 200 | 200 | 200 |
| Interest on Loans and Subsidiaries | 0 | 0 | 1,317 | 1,280 | 1,216 | 1,145 |
| Interest on Balances – LRF | 409 | 117 | 125 | 127 | 128 | 129 |
| Total Interest | 1,335 | 393 | 1,838 | 1,607 | 1,544 | 1,474 |

7.4.8 Dividends

Dividends for most State-owned Enterprises had been revised to nil in 2021/22 due to the effects of the pandemic and associated reduction in revenue and welfare contributions by state-owned enterprises. In the medium-term, it is expected to see a small and slow return to dividends through Governments shares in Vodafone Cook Islands Ltd, as well as dividends from the Bank of the Cook Islands by 2024/25. Once they return, the dividends from both entities are expected to grow slowly over the forward years as profits return and the economy improves.

Other state-owned entities (in particular Te Aponga Uira) are expected to take longer to recover; therefore, forward estimates of dividends have been revised to zero.

Table 7-9 Dividends (\$'000)

| | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---------------------------------|-------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Banana Court | 0 | 0 | 0 | 0 | 0 | 0 |
| Bank of the Cook Islands | 0 | 0 | 0 | 0 | 282 | 350 |
| Ports Authority | 0 | 0 | 0 | 0 | 0 | 0 |
| Punanga Nui Market | 0 | 0 | 0 | 0 | 0 | 0 |
| Te Aponga Uira | 0 | 0 | 0 | 0 | 0 | 0 |
| Extraordinary SOE | 0 | 0 | 0 | 0 | 0 | 0 |
| Telecom Cook Islands (Vodafone) | 0 | 0 | 600 | 760 | 920 | 1,280 |
| Total Dividends | 0 | 0 | 600 | 760 | 1,202 | 1,630 |

7.4.9 Administrative Fees

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

Table 7-10 Administrative fees (\$'000)

| | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--|-------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| FSC Vested Assets | 8,264 | 4,978 | 0 | 0 | 0 | 0 |
| FSC Return of Excess | 400 | 150 | 125 | 125 | 125 | 125 |
| Immigration Fees | 856 | 457 | 1,000 | 500 | 500 | 500 |
| IMO Subscription - Maritime Cook Islands | 69 | 0 | 66 | 66 | 66 | 66 |
| Research Fee | 1 | 0 | 2 | 2 | 2 | 2 |
| Permits | 5 | 17 | 10 | 10 | 10 | 10 |
| Driver's Licenses | 119 | 142 | 100 | 260 | 260 | 260 |
| Upper Air Management Agreement | 186 | 57 | 510 | 653 | 563 | 563 |
| Shipping Registration | 74 | 47 | 92 | 95 | 95 | 95 |
| International Shipping License | 0 | 0 | 15 | 15 | 15 | 15 |
| Liquor Licensing | 63 | 34 | 30 | 50 | 50 | 50 |
| Tattslotto Grants | 214 | 159 | 120 | 120 | 120 | 120 |
| Censorship Fees | 1 | 0 | 1 | 1 | 1 | 1 |
| Land Court Fees | 0 | 77 | 147 | 147 | 147 | 147 |
| Total Administrative Fees | 10,252 | 6,118 | 2,218 | 2,044 | 1,954 | 1,954 |

Total administrative fees for 2022/23 have been revised to \$2.2 million, down from \$6.1 million, made up of the following revenue lines:

- Vested Assets are cash assets transferred to Government via the Financial Services Commission. Vested assets generate an inherent contingent liability to the Government. No further transfers of vested assets are expected over the medium-term. This accounts for the majority of the drop in total administrative fees expected for 2022/23.
- FSC Return of Excess – revised estimates for the forward years have decreased slightly due to the impact the EU tax reforms are having on registry numbers.
- Immigration Fees – Over the medium-term, revenue is estimated to be \$1.0 million in 2022/23 in line with the introduction of a proposed new fee structure, which will require upfront payment for three-year permits. This is expected to decrease in the following year for new permit applications before stabilising over the long-term.
- IMO Subscriptions Maritime Cook Islands – Membership subscriptions for the International Maritime Organization paid by MFAI. This ROBOC matches the POBOC to receive reimbursement of the annual subscription fees from Maritime Cook Islands.
- Research Fees – Research Fee estimates for 2022/23 and forward years remain unchanged from the estimates provided during the 2021/22 Budget. The Office of the Prime Minister issues research fees to individuals who wish to conduct any official research on the Cook Islands.
- Permits – The underlying revenue estimates for Permits remain unchanged for 2022/23 – 2025/26.
- Driver License – Estimates for 2022/23 and the forward years are expected to increase with the increase in visitors/remain unchanged.
- Upper Air Management Agreement – Total revenues for 2021/22 are estimated to be \$57,124, which is lower than previously anticipated. Previously zeroed in the 2020/21 Budget, both baseline and revised estimates are expected to slowly increase with the expectation of new contracts and the renewal of contracts upon expiration.

- Shipping Registration – Estimated actuals are expected to be higher than forecast for 2021/22, therefore revenue estimates going forward have been revised upward to reflect the expected levels of revenue collections over the medium-term.
- International Shipping Licenses – Estimated actuals for 2021/22 are expected to be \$15,000 compared to 2020/21 actual results of nil. Forecasts remain unchanged in the medium-term to account for the slow increase in the distribution of shipping licenses.
- Liquor Licenses – Due to COVID-19 and closed borders, some licensed premises did not renew their Liquor Licenses. Underlying revenue estimates over the 2022/23 medium-term for Liquor Licensing is estimated to increase slowly with economic recovery.
- Tattsлото Grants – Estimates for 2022/23 and the forward years remain unchanged.
- Censorship Fees – The Censorship Fees estimates for 2022/23 and the forward years is unchanged.

7.4.10 Agency Trading Revenue

Trading Revenue provides a means of recovery for operational costs incurred by Ministries and Island Administrations in delivering services. Adjustments have been made to a few Agencies from 2022/23 in anticipation of the expected slow increase in the volume of services to pre-COVID.

Table 7-11 Trading Revenue (\$'000)

| | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| Ministry of Agriculture | 91 | 91 | 91 | 91 |
| 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 Services | 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 | 300 | 300 | 300 |
| 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 | 0 | 20 | 20 | 20 |
| Ministry of Transport | 41 | 41 | 41 | 41 |
| 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 |
| Total Trading Revenue | 4,954 | 4,974 | 4,974 | 4,974 |

7.4.11 Incidental sales by non-market establishments

Previously known as Circulation of Coins but renamed to account for sales of the \$3 note, Sales of Currency is estimated to receive total revenues of \$0.5 million for the year 2021/22. In the forward years, estimates have been revised to \$0.2 million per year in which accounts towards the move towards a cashless society as well expected sales of the new \$3 note and more tourists who purchase these. This change brings forth a significant increase compared to last financial year's estimates of at least \$180,000 per year.

Revenue collections on numismatics (the sale of collectible currency) for 2022/23 is estimated to be \$0.4 million, which is almost equal to the 2021/22 estimate forecast, incorporating the reduction in

the sales of commemorative coins. Estimates on numismatic revenues will remain unchanged over the medium-term.

Table 7-12 Incidental sales by non-market establishments (\$'000)

| | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--|-------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Sales of Currency | 13 | 516 | 200 | 200 | 200 | 200 |
| Numismatics | 662 | 423 | 450 | 600 | 600 | 600 |
| Total Incidental Sales by non-market Est. | 675 | 940 | 650 | 800 | 800 | 800 |

7.4.12 Fines, penalties, and forfeits

Court service fines are paid by offenders as an enforcement of court orders. Current budget was expected to see an increase in the number of court sittings compared to 2020/21, however with continued border issues this has not been possible, with the revenue estimates for Court services expected to return to normal levels by 2023/24.

Revenue collections for Instant Fines are estimated at \$38,470 for 2021/22, close to forecast in the HYEPU. Estimates for Instant fines remain unchanged for 2021/22 and the forward years are estimated at zero, with any fines treated as windfall gains.

Table 7-13 Fines, Penalties, and forfeits (\$'000)

| | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--|-------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Court Services | 31 | 24 | 27 | 27 | 27 | 27 |
| Instant Fines | 87 | 38 | 0 | 0 | 0 | 0 |
| Total Fines, Penalties and Forfeits | 118 | 63 | 27 | 27 | 27 | 27 |

7.4.13 Miscellaneous and Unidentified revenue

Foreign Investment fees are for applications from non-Cook Islanders or international firms who wish to purchase shares or start up a business in the Cook Islands. The application for foreign investment is a set fee of \$750.

Going forward, foreign investment fees are forecast to increase to a total revenue collection of \$39,000 by 2024/25 with the anticipated increase in foreign investment of businesses in the Cook Islands and the slow recovery of the global economy.

Table 7-14 Miscellaneous and Unidentified revenue (\$'000)

| | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--------------------------------------|-------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Foreign Investment Fees | 24 | 18 | 34 | 37 | 39 | 39 |
| Total Foreign Investment Fees | 24 | 18 | 34 | 37 | 39 | 39 |

8 Operating Expenditure

Operating expenditure is collectively the largest area of Government expenditure, with funding allocated towards personnel and operating of each Government Department to deliver public services to the community, including social benefits such as welfare.

Government's operating expenditure consists primarily of agency expenditure in the form of the following appropriation categories:

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

POBOC funds are generally considered outside an agency's operating budget as these consist of payments with a legislated or contractually based requirement but are considered within an agency's 'expenditure ceiling'.

Other Operating Expenditure includes Crown depreciation, debt repayments, and an operating contingency balance.

This chapter explains the significant changes made in the 2022/23 budget and each agency's budget.

Most of the expenditure measures in the 2022/23 budget and across the medium-term primarily consist of savings measures. These measures are summarised in section 8.4 and described under each agency.

8.1 Performance on Government Expenditure

Actual expenditure by government agencies is generally lower than budgeted for a variety of reasons. Underspends in personnel typically relates to recruitment challenges in filling business-critical roles. The Government reviews the funding for these roles annually during the budget preparations.

Lower than budgeted expenditures in Operating and Administered Payments typically relate to external influences or operational inefficiencies, including personnel challenges as mentioned above, affecting Government's ability to implement programmes.

The above expenditures are transferable between the expenditure categories of an agency if necessary (with limitations and excluding POBOCs and Other Operating) hence, these values are a guide only.

Table 8-1 provides a breakdown of operating expenditure for 2021/22 to 2025/26. Total expenditure for 2022/23 is expected to reach \$187.0 million, inclusive of funds allocated to the ERR and the COVID-19 Medical Response fund.

Table 8-1 Total operating expenditure (\$'000)

| Operating Expenditure | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Ministry Outputs | 157,332 | 140,986 | 133,646 | 133,392 | 132,645 |
| Personnel | 62,714 | 69,481 | 69,719 | 69,758 | 69,758 |
| Operating | 16,936 | 17,955 | 18,125 | 18,100 | 18,300 |
| Administered Payments | 71,404 | 46,560 | 38,797 | 38,528 | 37,582 |
| Depreciation | 6,277 | 6,990 | 7,006 | 7,006 | 7,006 |
| POBOC | 28,316 | 32,350 | 31,052 | 30,810 | 30,267 |
| Total Other Operating | 11,037 | 13,707 | 14,143 | 13,767 | 13,290 |
| Debt Interest Contribution to LRF | 3,980 | 6,780 | 7,216 | 6,840 | 6,363 |
| Asset Management (CIIC) | 0 | 0 | 0 | 0 | 0 |
| Crown Infrastructure Depreciation | 4,603 | 4,603 | 4,603 | 4,603 | 4,603 |
| Transfer to Emergency Response Trust Fund | 50 | 50 | 50 | 50 | 50 |
| Depreciation Contingency Fund | 2,174 | 2,174 | 2,174 | 2,174 | 2,174 |
| Rarotonga Water Network | 803 | 803 | 803 | 803 | 803 |
| Northern Pa Enua Renewable Energy System | 400 | 400 | 400 | 400 | 400 |
| Southern Pa Enua Renewable Energy System (excl. Aitutaki) | 971 | 971 | 971 | 971 | 971 |
| Other Assets | 0 | 0 | 0 | 0 | 0 |
| Contingency Funds - Operating | 230 | 100 | 100 | 100 | 100 |
| Contributions to CISWF | 0 | 0 | 0 | 0 | 0 |
| Total Operating Expenses | 196,685 | 187,043 | 178,841 | 177,969 | 176,202 |

8.2 Re-appropriation of 2021/22 Operating Appropriations

Table 8-2 lists the amount of operating funds approved for re-appropriation into the 2022/23 Budget with brief explanations provided below.

Table 8-2 Operating Expenditure Reappropriation

| Expenditure Type | Agency | Details | Amount | 2021/22 Budget Estimate | 2021/22 Budget Adjusted | 2022/23 Budget Estimate | 2022/23 Budget Adjusted |
|-------------------------------|--------|----------------|---------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Administered Funds | MFEM | Price Tribunal | 15,000 | 60,000 | 45,000 | 45,000 | 60,000 |
| Total re-appropriation | | | 15,000 | 60,000 | 45,000 | 45,000 | 60,000 |

Price Tribunal – The Pa Enua price review in 2021/22 was deferred to the 2022/23 fiscal period due to travel restrictions and changes in the composition of the Price Tribunal.

8.3 General Budget Changes

A number of general expenditure decisions have been applied across Government Department that are described here (and not further described under the Department-specific adjustments); with brief explanations of Government Department specific changes presented in the following Department-specific sections.

Government-wide salary increase deferral – with the ongoing fiscal circumstances and the need for debt financing to support economic stimulus measures and Government operations for 2022/23, the Government-wide salary increase programme remains on hold. This programme will be reviewed on an annual basis and reinstated when there is fiscal capacity, noting that the minimum wage adjustment creates a compression of wage scales at bands A, B and C of the Government pay scales.

Rounding – agency appropriations have been rounded upward or downward where minimal impact to the agency's budget will occur.

Depreciation adjustments – where Agency budgets have been adjusted for depreciation based on forecast actuals to the end of the financial year.

Intra-agency transfers – where an agency has requested to rebalance (transfer) existing appropriations between personnel, operating, administered payments or depreciation. Where funds have been transferred between agencies (inter-agency transfers) these are explained.

8.4 Significant Expenditure Initiatives

The 2022/23 Budget includes the following significant expenditure initiatives / policy decisions:

Minimum Wage Adjustment – The increase of the minimum wage to \$8.50 per hour has required an additional \$0.348 million in personnel expenditure, primarily for the Pa Enua island administrations. The total cost to Government is an additional \$1.4 million over four years.

Economic Recovery Roadmap – \$5.2 million in 2022/23 and a total of \$8 million over four years to support a rapid and sustainable economic recovery from the COVID-19 pandemic.

COVID-19 Medical Response Fund – \$3 million in 2022/23 to support further necessary medical responses to the COVID-19 pandemic.

Welfare payments – an increase of \$627,190 in 2022/23 and a total of \$2.56 million over four years to fund inflation-driven pension increases for those over 60.

Healthcare personnel – an additional \$324,000 from 2022/23 and a total of \$1.37 million over four years to support funding for a Public Health Coordinator, Health Intelligence Unit, additional Registered Nurses and an ICT Systems Analyst.

Education personnel – an additional \$334,000 from 2022/23 and a total of \$1.34 million over the next four years for teachers' remuneration.

OPM ICT Activities – \$250,000 in 2022/23 and a total of \$1.1 million over four years to complete the Microsoft licensing upgrades for government users and retain the services of the Project Management Unit to coincide with the ICT Network rollout to the Pa Enua.

Pa Enua Connectivity – \$200,000 in 2022/23 and a total of \$950,000 over four years to secure better internet connectivity for the Pa Enua for Government to operate online more effectively. This upgrade underpins the universal access program which is intended to deliver better telecommunications connectivity to Pa Enua communities.

The 2022/23 Budget also includes several savings initiatives to support critical expenditure needs over the medium term.

8.5 Government Department Budgets

Please refer to 'Budget Book 2' for details of Government Department Outputs. The following chapter summarises changes to Government Department budgets.

8.5.1 Ministry of Agriculture

| Agriculture | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|-------------|--|------------------|------------------|------------------|------------------|
| MTEC | Personnel | 1,095,572 | 1,095,572 | 1,095,572 | 1,095,572 |
| | Operating | 314,509 | 314,509 | 314,509 | 314,509 |
| | Administered Payments | 0 | 0 | 0 | 0 |
| | Depreciation | 45,000 | 45,000 | 45,000 | 45,000 |
| | Gross Appropriation | 1,455,081 | 1,455,081 | 1,455,081 | 1,455,081 |
| | Trading Revenue | 90,535 | 90,535 | 90,535 | 90,535 |
| | Net Appropriation | 1,364,546 | 1,364,546 | 1,364,546 | 1,364,546 |
| | POBOC | 0 | 0 | 0 | 0 |
| | Medium-term Expenditure Ceiling | 1,455,081 | 1,455,081 | 1,455,081 | 1,455,081 |

Table 8-3 Total Resourcing – Government and ODA, Agriculture (\$)

| | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Net Appropriation | 1,364,546 | 1,364,546 | 1,364,546 | 1,364,546 |
| Trading Revenue | 90,535 | 90,535 | 90,535 | 90,535 |
| Official Development Assistance | 0 | 0 | 0 | 0 |
| Total Resourcing | 1,455,081 | 1,455,081 | 1,455,081 | 1,455,081 |

Table 8-4 Output Funding for 2022/23, Agriculture (\$)

| Output | Output 1 | Output 2 | Output 3 | Output 4 | Total |
|--------------------------------------|----------------|----------------|----------------|----------------|------------------|
| Personnel | 354,784 | 323,198 | 224,123 | 193,467 | 1,095,572 |
| Operating | 82,046 | 69,726 | 9,499 | 153,238 | 314,509 |
| Administered Funding | 0 | 0 | 0 | 0 | 0 |
| Depreciation | 15,222 | 15,804 | 0 | 13,974 | 45,000 |
| Gross Operating Appropriation | 452,052 | 408,728 | 233,622 | 360,679 | 1,455,081 |
| Trading Revenue | 30,000 | 59,535 | 1,000 | 0 | 90,535 |
| Net Operating Appropriation | 422,052 | 349,193 | 232,622 | 360,679 | 1,364,546 |

8.5.1.1 Ministry of Agriculture Outputs

Output 1: Crops Research

Output 2: Biosecurity

Output 3: Advisory

Output 4: Corporate Services

Table 8-5 Baselines and New Budget Measures, Agriculture (\$)

| Details | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2021/22 Budget Personnel Baseline | 1,106,072 | 1,106,072 | 1,106,072 | 1,106,072 |
| Personnel adjustment | -10,500 | -10,500 | -10,500 | -10,500 |
| 2022/23 Budget Personnel Budget | 1,095,572 | 1,095,572 | 1,095,572 | 1,095,572 |
| 2021/22 Budget Operating Baseline | 314,509 | 314,509 | 314,509 | 314,509 |
| 2022/23 Budget Operating Budget | 314,509 | 314,509 | 314,509 | 314,509 |
| 2021/22 Budget Administered Payments Baseline | 0 | 0 | 0 | 0 |
| 2022/23 Budget Administered Payments | 0 | 0 | 0 | 0 |
| 2021/22 Budget Depreciation Baseline | 30,000 | 30,000 | 30,000 | 30,000 |
| Depreciation adjustment | 15,000 | 15,000 | 15,000 | 15,000 |
| 2022/23 Budget Depreciation | 45,000 | 45,000 | 45,000 | 45,000 |
| Gross Operating Appropriation | 1,455,081 | 1,455,081 | 1,455,081 | 1,455,081 |
| 2021/22 Budget Trading Revenue Baseline | 90,535 | 90,535 | 90,535 | 90,535 |
| 2022/23 Budget Trading Revenue | 90,535 | 90,535 | 90,535 | 90,535 |
| Net Operating Appropriation | 1,364,546 | 1,364,546 | 1,364,546 | 1,364,546 |

Changes to the 2022/23 Ministry of Agriculture budget include:

- \$10,500 transferred to the Office of the Public Service Commissioner 'HOM's Salaries Administered Payment.

8.5.2 PERCA (Public Expenditure Review Committee and Audit)

| Audit (PERCA) | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---------------|--|------------------|------------------|------------------|------------------|
| MTEC | Personnel | 996,953 | 996,953 | 996,953 | 996,953 |
| | Operating | 119,701 | 119,701 | 119,701 | 119,701 |
| | Administered Payments | 0 | 0 | 0 | 0 |
| | Depreciation | 16,000 | 16,000 | 16,000 | 16,000 |
| | Gross Appropriation | 1,132,654 | 1,132,654 | 1,132,654 | 1,132,654 |
| | Trading Revenue | 156,300 | 156,300 | 156,300 | 156,300 |
| | Net Appropriation | 976,354 | 976,354 | 976,354 | 976,354 |
| | POBOC | 160,500 | 160,500 | 160,500 | 160,500 |
| | Medium-term Expenditure Ceiling | 1,293,154 | 1,293,154 | 1,293,154 | 1,293,154 |

Table 8-6 Total Resourcing – Government and ODA, Audit (\$)

| | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 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 |
| Total Resourcing | 1,132,654 | 1,132,654 | 1,132,654 | 1,132,654 |

Table 8-7 Output Funding for 2022/23, Audit (\$)

| Output | Output 1 | Output 2 | Output 3 | Output 4 | Total |
|--------------------------------------|----------------|----------------|----------------|----------------|------------------|
| Personnel | 261,820 | 474,590 | 181,804 | 78,739 | 996,953 |
| Operating | 29,926 | 29,925 | 29,925 | 29,925 | 119,701 |
| Administered Funding | 0 | 0 | 0 | 0 | 0 |
| Depreciation | 2,500 | 4,500 | 4,500 | 4,500 | 16,000 |
| Gross Operating Appropriation | 294,245 | 509,015 | 216,229 | 113,164 | 1,132,654 |
| Trading Revenue | 125,600 | 25,700 | 5,000 | 0 | 156,300 |
| Net Operating Appropriation | 168,645 | 483,315 | 211,229 | 113,164 | 976,354 |

8.5.2.1 Cook Islands Audit Office Outputs

Output 1: The audit of the consolidated financial statements of Government

Output 2: The audit of Ministries, Outer Island Administration, State Owned Entities and Other Crown Agencies financial statements

Output 3: Special Reviews, Investigations and Performance Audits

Output 4: Corporate Services

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

| Details | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2021/22 Budget Personnel Baseline | 996,953 | 996,953 | 996,953 | 996,953 |
| 2022/23 Budget Personnel Budget | 996,953 | 996,953 | 996,953 | 996,953 |
| 2021/22 Budget Operating Baseline | 119,701 | 119,701 | 119,701 | 119,701 |
| 2022/23 Budget Operating Budget | 119,701 | 119,701 | 119,701 | 119,701 |
| 2021/22 Budget Administered Payments Baseline | 0 | 0 | 0 | 0 |
| 2022/23 Budget Administered Payments | 0 | 0 | 0 | 0 |
| 2021/22 Budget Depreciation Baseline | 18,000 | 18,000 | 18,000 | 18,000 |
| Depreciation adjustment | -2,000 | -2,000 | -2,000 | -2,000 |
| 2022/23 Budget Depreciation | 16,000 | 16,000 | 16,000 | 16,000 |
| Gross Operating Appropriation | 1,132,654 | 1,132,654 | 1,132,654 | 1,132,654 |
| 2021/22 Budget Trading Revenue Baseline | 60,700 | 60,700 | 60,700 | 60,700 |
| Trading Revenue adjustment | 95,600 | 95,600 | 95,600 | 95,600 |
| 2022/23 Budget Trading Revenue | 156,300 | 156,300 | 156,300 | 156,300 |
| Net Operating Appropriation | 976,354 | 976,354 | 976,354 | 976,354 |
| 2021/22 Budget POBOC Baseline | 153,100 | 153,100 | 153,100 | 153,100 |
| POBOC adjustment | 7,400 | 7,400 | 7,400 | 7,400 |
| 2022/23 Budget POBOC | 160,500 | 160,500 | 160,500 | 160,500 |

Changes to the 2022/23 Cook Islands Audit Office budget include:

- \$7,400 annual increase in audit fees POBOC.
- \$95,600 annual increase in audit fees trading revenue, to better align with forecast revenue collection.

Table 8-9 Payments on Behalf of Crown, Audit (\$)

| Output | POBOCs | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--------|--|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2 | Audit Fees | 103,000 | 103,000 | 103,000 | 103,000 |
| | Output 2 POBOC Funding | 103,000 | 103,000 | 103,000 | 103,000 |
| 3 | PERC Salaries and Administration Costs | 57,500 | 57,500 | 57,500 | 57,500 |
| | Output 3 POBOC Funding | 57,500 | 57,500 | 57,500 | 57,500 |
| | Total Audit (PERCA) POBOC Funding | 160,500 | 160,500 | 160,500 | 160,500 |

8.5.3 Business Trade and Investment Board (BTIB)

| Business Trade and Investment Board (BTIB) | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|--|--|----------------|----------------|----------------|----------------|
| MTEC | Personnel | 365,000 | 390,000 | 390,000 | 390,000 |
| | Operating | 242,266 | 242,266 | 242,266 | 242,266 |
| | Administered Payments | 0 | 0 | 0 | 0 |
| | Depreciation | 4,000 | 4,000 | 4,000 | 4,000 |
| | Gross Appropriation | 611,266 | 636,266 | 636,266 | 636,266 |
| | Trading Revenue | 27,400 | 27,400 | 27,400 | 27,400 |
| | Net Appropriation | 583,866 | 608,866 | 608,866 | 608,866 |
| | POBOC | 0 | 0 | 0 | 0 |
| | Medium-term Expenditure Ceiling | 611,266 | 636,266 | 636,266 | 636,266 |

Table 8-10 Total Resourcing – Government and ODA, BTIB (\$)

| | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Net Appropriation | 583,866 | 608,866 | 608,866 | 608,866 |
| Trading Revenue | 27,400 | 27,400 | 27,400 | 27,400 |
| Official Development Assistance | 0 | 0 | 0 | 0 |
| Total Resourcing | 611,266 | 636,266 | 636,266 | 636,266 |

Table 8-11 Output Funding for 2022/23, BTIB (\$)

| Output | Output 1 | Output 2 | Output 3 | Output 4 | Output 5 | Total |
|--------------------------------------|----------------|----------------|----------------|---------------|----------------|----------------|
| Personnel | 70,511 | 68,293 | 74,263 | 30,641 | 121,292 | 365,000 |
| Operating | 44,000 | 48,466 | 46,600 | 46,600 | 56,600 | 242,266 |
| Administered Funding | 0 | 0 | 0 | 0 | 0 | 0 |
| Depreciation | 667 | 667 | 667 | 667 | 1,333 | 4,000 |
| Gross Operating Appropriation | 115,178 | 117,426 | 121,530 | 77,908 | 179,225 | 611,266 |
| Trading Revenue | 0 | 27,400 | 0 | 0 | 0 | 27,400 |
| Net Operating Appropriation | 115,178 | 90,026 | 121,530 | 77,908 | 179,225 | 583,866 |

8.5.3.1 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: Corporate Services

Table 8-12 Baselines and New Budget Measures, BTIB (\$)

| Details | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2021/22 Budget Personnel Baseline | 432,796 | 432,796 | 432,796 | 432,796 |
| Personnel adjustment | -67,796 | -42,796 | -42,796 | -42,796 |
| 2022/23 Budget Personnel Budget | 365,000 | 390,000 | 390,000 | 390,000 |
| 2021/22 Budget Operating Baseline | 242,866 | 242,866 | 242,866 | 242,866 |
| Operating adjustment | -600 | -600 | -600 | -600 |
| 2022/23 Budget Operating Budget | 242,266 | 242,266 | 242,266 | 242,266 |
| 2021/22 Budget Administered Payments Baseline | 0 | 0 | 0 | 0 |
| 2022/23 Budget Administered Payments | 0 | 0 | 0 | 0 |
| 2021/22 Budget Depreciation Baseline | 4,000 | 4,000 | 4,000 | 4,000 |
| 2022/23 Budget Depreciation | 4,000 | 4,000 | 4,000 | 4,000 |
| Gross Operating Appropriation | 611,266 | 636,266 | 636,266 | 636,266 |
| 2021/22 Budget Trading Revenue Baseline | 28,000 | 28,000 | 28,000 | 28,000 |
| Trading Revenue adjustment | -600 | -600 | -600 | -600 |
| 2022/23 Budget Trading Revenue | 27,400 | 27,400 | 27,400 | 27,400 |
| Net Operating Appropriation | 583,866 | 608,866 | 608,866 | 608,866 |

Changes to the 2022/23 Business Trade and Investment Board budget include:

- \$600 annual reduction in trading revenue relating to the Business Development Trading Courses, with an equivalent decrease in annual operating budget.
- \$196,184 reduction in personnel spending over four years, to support other critical expenditure needs.

8.5.4 Cook Islands Investment Corporation (CIIC)

| Cook Islands Investment Corporation | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|-------------------------------------|--|------------------|------------------|------------------|------------------|
| MTEC | Personnel | 1,458,000 | 1,486,000 | 1,486,000 | 1,486,000 |
| | Operating | 824,000 | 1,024,000 | 1,024,000 | 1,224,000 |
| | Administered Payments | 1,200,000 | 2,200,000 | 2,200,000 | 2,200,000 |
| | Depreciation | 45,000 | 51,000 | 51,000 | 51,000 |
| | Gross Appropriation | 3,527,000 | 4,761,000 | 4,761,000 | 4,961,000 |
| | Trading Revenue | 753,831 | 753,831 | 753,831 | 753,831 |
| | Net Appropriation | 2,773,169 | 4,007,169 | 4,007,169 | 4,207,169 |
| | POBOC | 5,286,096 | 3,738,099 | 3,238,099 | 2,738,099 |
| | Medium-term Expenditure Ceiling | 8,813,096 | 8,499,099 | 7,999,099 | 7,699,099 |

Table 8-13 Total Resourcing – Government and ODA, CIIC (\$)

| | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Net Appropriation | 2,773,169 | 4,007,169 | 4,007,169 | 4,207,169 |
| Trading Revenue | 753,831 | 753,831 | 753,831 | 753,831 |
| Official Development Assistance | 0 | 0 | 0 | 0 |
| Total Resourcing | 3,527,000 | 4,761,000 | 4,761,000 | 4,961,000 |

Table 8-14 Output Funding for 2022/23, CIIC (\$)

| Output | Output 1 | Output 2 | Output 3 | Total |
|--------------------------------------|------------------|----------------|----------------|------------------|
| Personnel | 1,020,932 | 135,426 | 301,642 | 1,458,000 |
| Operating | 496,525 | 151,511 | 175,964 | 824,000 |
| Administered Funding | 1,150,000 | 50,000 | 0 | 1,200,000 |
| Depreciation | 45,000 | 0 | 0 | 45,000 |
| Gross Operating Appropriation | 2,712,457 | 336,937 | 477,606 | 3,527,000 |
| Trading Revenue | 753,831 | 0 | 0 | 753,831 |
| Net Operating Appropriation | 1,958,626 | 336,937 | 477,606 | 2,773,169 |

8.5.4.1 Cook Islands Investment Corporation Outputs

Output 1: Effective Asset Management

Output 2: Effective management of public assets by state-owned enterprises

Output 3: Corporate Services

Table 8-15 Baselines and New Budget Measures, CIIC (\$)

| Details | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2021/22 Budget Personnel Baseline | 1,508,000 | 1,536,000 | 1,536,000 | 1,536,000 |
| Personnel adjustment | -50,000 | -50,000 | -50,000 | -50,000 |
| 2022/23 Budget Personnel Budget | 1,458,000 | 1,486,000 | 1,486,000 | 1,486,000 |
| 2021/22 Budget Operating Baseline | 1,024,000 | 1,224,000 | 1,224,000 | 1,224,000 |
| Operating adjustment | -200,000 | -200,000 | -200,000 | 0 |
| 2022/23 Budget Operating Budget | 824,000 | 1,024,000 | 1,024,000 | 1,224,000 |
| 2021/22 Budget Administered Payments Baseline | 4,300,000 | 5,300,000 | 4,300,000 | 4,300,000 |
| To Tatou Vai - transfer to POBOC | -3,000,000 | -3,000,000 | -2,000,000 | -2,000,000 |
| Provision for Land Rentals | -100,000 | -100,000 | -100,000 | -100,000 |
| 2022/23 Budget Administered Payments | 1,200,000 | 2,200,000 | 2,200,000 | 2,200,000 |
| 2021/22 Budget Depreciation Baseline | 45,000 | 45,000 | 45,000 | 45,000 |
| Depreciation adjustment | 0 | 6,000 | 6,000 | 6,000 |
| 2022/23 Budget Depreciation | 45,000 | 51,000 | 51,000 | 51,000 |
| Gross Operating Appropriation | 3,533,000 | 4,761,000 | 4,761,000 | 4,961,000 |
| 2021/22 Budget Trading Revenue Baseline | 753,831 | 753,831 | 753,831 | 753,831 |
| 2022/23 Budget Trading Revenue | 753,831 | 753,831 | 753,831 | 753,831 |
| Net Operating Appropriation | 2,779,169 | 4,007,169 | 4,007,169 | 4,207,169 |
| 2021/22 Budget POBOC Baseline | 2,286,096 | 1,738,099 | 1,238,099 | 1,238,099 |
| To Tatou Vai – transfer from Administered Payments | 3,000,000 | 3,000,000 | 2,000,000 | 2,000,000 |
| Reduction in To Tatou Vai | 0 | -1,000,000 | 0 | 0 |
| Reduction in Airport Authority | 0 | 0 | 0 | -500,000 |
| 2022/23 Budget POBOC | 5,286,096 | 3,738,099 | 3,238,099 | 2,738,099 |

Changes to the 2022/23 Cook Islands Investment Corporation budget include:

- \$500,000 reduction of the Airport Authority Subsidy in 2025/26.
- Transfer of To Tatou Vai budget from administered payment to POBOC subsequent to the passing of enabling legislation.

The Cook Islands Investment Corporation budget for 2022/23 also includes the following reductions to support other critical expenditure needs:

- \$50,000 annual reduction in personnel appropriation.
- Deferral of the programmed operating funding increase of \$200,000 annually from 2022/23 to 2024/25

- \$100,000 reduction in the annual provision for land rentals in line with actual expenditure over the last two fiscal periods
- \$1,000,000 reduction in To Tato Vai for 2023/24.

Table 8-16 Administered Payments, CIIC (\$)

| Output | Administered Payment | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|--|-------------------------------|-----------------------|-----------------------|-----------------------|
| 1 | Infrastructure Committee | 100,000 | 100,000 | 100,000 | 100,000 |
| 1 | Provision for Land Rentals | 400,000 | 400,000 | 400,000 | 400,000 |
| 1 | School Security | 230,000 | 230,000 | 230,000 | 230,000 |
| 1 | Special Projects Units | 420,000 | 420,000 | 420,000 | 420,000 |
| | Output 1 Administered Funding | 1,150,000 | 1,150,000 | 1,150,000 | 1,150,000 |
| 2 | CIG Buildings Repairs & Maintenance | 0 | 1,000,000 | 1,000,000 | 1,000,000 |
| 2 | Joint Venture with Seabed Minerals Authority | 50,000 | 50,000 | 50,000 | 50,000 |
| | Output 2 Administered Funding | 50,000 | 1,050,000 | 1,050,000 | 1,050,000 |
| Total Cook Islands Investment Corporation Administered Funding | | 1,200,000 | 2,200,000 | 2,200,000 | 2,200,000 |

Table 8-17 Payments on Behalf of Crown, CIIC (\$)

| Output | POBOCs | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--|------------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2 | Airport Authority subsidy | 2,047,997 | 1,500,000 | 1,000,000 | 500,000 |
| 2 | Bank of the Cook Islands - 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 | 3,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| | Output 2 POBOC Funding | 5,286,096 | 3,738,099 | 3,238,099 | 2,738,099 |
| Total Cook Islands Investment Corporation POBOC Funding | | 5,286,096 | 3,738,099 | 3,238,099 | 2,738,099 |

8.5.5 Ministry of Corrective Services

| Corrective Services | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|--|----------------------------|------------------|------------------|------------------|------------------|
| MTEC | Personnel | 1,459,326 | 1,459,326 | 1,459,326 | 1,459,326 |
| | Operating | 229,131 | 229,131 | 229,131 | 229,131 |
| | Administered Payments | 0 | 0 | 0 | 0 |
| | Depreciation | 41,000 | 41,000 | 41,000 | 41,000 |
| | Gross Appropriation | 1,729,457 | 1,729,457 | 1,729,457 | 1,729,457 |
| | Trading Revenue | 100,000 | 100,000 | 100,000 | 100,000 |
| | Net Appropriation | 1,629,457 | 1,629,457 | 1,629,457 | 1,629,457 |
| | POBOC | 0 | 0 | 0 | 0 |
| Medium-term Expenditure Ceiling | | 1,729,457 | 1,729,457 | 1,729,457 | 1,729,457 |

Table 8-18 Total Resourcing – Government and ODA, Corrective Services (\$)

| | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Net Appropriation | 1,629,457 | 1,629,457 | 1,629,457 | 1,629,457 |
| Trading Revenue | 100,000 | 100,000 | 100,000 | 100,000 |
| Official Development Assistance | 0 | 0 | 0 | 0 |
| Total Resourcing | 1,729,457 | 1,729,457 | 1,729,457 | 1,729,457 |

Table 8-19 Output Funding for 2022/23, Corrective Services (\$)

| Output | Output 1 | Output 2 | Output 3 | Total |
|--------------------------------------|----------------|------------------|----------------|------------------|
| Personnel | 297,424 | 993,037 | 168,865 | 1,459,326 |
| Operating | 32,400 | 131,100 | 65,631 | 229,131 |
| Administered Funding | 0 | 0 | 0 | 0 |
| Depreciation | 5,000 | 33,000 | 3,000 | 41,000 |
| Gross Operating Appropriation | 334,824 | 1,157,137 | 237,496 | 1,729,457 |
| Trading Revenue | 0 | 100,000 | 0 | 100,000 |
| Net Operating Appropriation | 334,824 | 1,057,137 | 237,496 | 1,629,457 |

8.5.5.1 Ministry of Corrective Services Outputs

Output 1: Probation Service

Output 2: Prison Service

Output 3: Corporate Services

Table 8-20 Baselines and New Budget Measures, Corrective Services (\$)

| Details | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2021/22 Budget Personnel Baseline | 1,469,826 | 1,469,826 | 1,469,826 | 1,469,826 |
| Personnel adjustment | -10,500 | -10,500 | -10,500 | -10,500 |
| 2022/23 Budget Personnel Budget | 1,459,326 | 1,459,326 | 1,459,326 | 1,459,326 |
| 2021/22 Budget Operating Baseline | 229,131 | 229,131 | 229,131 | 229,131 |
| 2022/23 Budget Operating Budget | 229,131 | 229,131 | 229,131 | 229,131 |
| 2021/22 Budget Administered Payments Baseline | 0 | 0 | 0 | 0 |
| 2022/23 Budget Administered Payments | 0 | 0 | 0 | 0 |
| 2021/22 Budget Depreciation Baseline | 53,000 | 53,000 | 53,000 | 53,000 |
| Depreciation adjustment | -12,000 | -12,000 | -12,000 | -12,000 |
| 2022/23 Budget Depreciation | 41,000 | 41,000 | 41,000 | 41,000 |
| Gross Operating Appropriation | 1,729,457 | 1,729,457 | 1,729,457 | 1,729,457 |
| 2021/22 Budget Trading Revenue Baseline | 100,000 | 100,000 | 100,000 | 100,000 |
| 2022/23 Budget Trading Revenue | 100,000 | 100,000 | 100,000 | 100,000 |
| Net Operating Appropriation | 1,629,457 | 1,629,457 | 1,629,457 | 1,629,457 |

Changes to the 2022/23 Corrective Services budget include:

- \$10,500 annual reduction in personnel funding, transferred to the Office of the Public Service Commissioner HOM's Salaries Administered Payment Fund.

8.5.6 Crown Law Office

| Crown Law | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|-----------|--|------------------|------------------|------------------|------------------|
| MTEC | Personnel | 987,500 | 897,500 | 897,500 | 897,500 |
| | Operating | 163,500 | 163,500 | 163,500 | 163,500 |
| | Administered Payments | 50,000 | 130,000 | 130,000 | 130,000 |
| | Depreciation | 3,000 | 3,000 | 3,000 | 3,000 |
| | Gross Appropriation | 1,204,000 | 1,194,000 | 1,194,000 | 1,194,000 |
| | Trading Revenue | 0 | 0 | 0 | 0 |
| | Net Appropriation | 1,204,000 | 1,194,000 | 1,194,000 | 1,194,000 |
| | POBOC | 0 | 0 | 0 | 0 |
| | Medium-term Expenditure Ceiling | 1,204,000 | 1,194,000 | 1,194,000 | 1,194,000 |

Table 8-21 Total Resourcing – Government and ODA, Crown Law (\$)

| | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Net Appropriation | 1,204,000 | 1,194,000 | 1,194,000 | 1,194,000 |
| Trading Revenue | 0 | 0 | 0 | 0 |
| Official Development Assistance | 0 | 0 | 0 | 0 |
| Total Resourcing | 1,204,000 | 1,194,000 | 1,194,000 | 1,194,000 |

Table 8-22 Output Funding for 2022/23, Crown Law (\$)

| Output | Output 1 | Output 2 | Output 3 | Output 4 | Total |
|--------------------------------------|----------------|----------------|----------------|----------------|------------------|
| Personnel | 352,800 | 260,400 | 257,250 | 117,050 | 987,500 |
| Operating | 65,400 | 40,875 | 40,875 | 16,350 | 163,500 |
| Administered Funding | 0 | 50,000 | 0 | 0 | 50,000 |
| Depreciation | 0 | 0 | 0 | 3,000 | 3,000 |
| Gross Operating Appropriation | 418,200 | 351,275 | 298,125 | 136,400 | 1,204,000 |
| Trading Revenue | 0 | 0 | 0 | 0 | 0 |
| Net Operating Appropriation | 418,200 | 351,275 | 298,125 | 136,400 | 1,204,000 |

8.5.6.1 Crown Law Office Outputs

Output 1: Advice

Output 2: Litigation

Output 3: Legislation

Output 4: Corporate Services

Table 8-23 Baselines and New Budget Measures, Crown Law (\$)

| Details | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2021/22 Budget Personnel Baseline | 987,500 | 897,500 | 897,500 | 897,500 |
| 2022/23 Budget Personnel Budget | 987,500 | 897,500 | 897,500 | 897,500 |
| 2021/22 Budget Operating Baseline | 163,500 | 173,500 | 173,500 | 173,500 |
| Operating adjustment | 0 | -10,000 | -10,000 | -10,000 |
| 2022/23 Budget Operating Budget | 163,500 | 163,500 | 163,500 | 163,500 |
| 2021/22 Budget Administered Payments Baseline | 0 | 80,000 | 80,000 | 80,000 |
| Administered Payment adjustment | 50,000 | 50,000 | 50,000 | 50,000 |
| 2022/23 Budget Administered Payments | 50,000 | 130,000 | 130,000 | 130,000 |
| 2021/22 Budget Depreciation Baseline | 3,000 | 3,000 | 3,000 | 3,000 |
| 2022/23 Budget Depreciation | 3,000 | 3,000 | 3,000 | 3,000 |
| Gross Operating Appropriation | 1,204,000 | 1,194,000 | 1,194,000 | 1,194,000 |
| 2021/22 Budget Trading Revenue Baseline | 0 | 0 | 0 | 0 |
| 2022/23 Budget Trading Revenue | 0 | 0 | 0 | 0 |
| Net Operating Appropriation | 1,204,000 | 1,194,000 | 1,194,000 | 1,194,000 |

Changes to the 2022/23 Crown Law Office budget include:

- \$50,000 annual increase to baseline fund the Legal Provisions Administered Payment
- Reversal of the programmed operating increase of \$10,000 annually from 2023/24, to support other critical expenditure needs.

Table 8-24 Administered Payments, Crown Law (\$)

| Output | Administered Payment | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|--------------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| 1 | Lexis Nexis - Portal Maintenance | 0 | 80,000 | 80,000 | 80,000 |
| | Output 1 Administered Funding | 0 | 80000 | 80000 | 80000 |
| 2 | Legal Provisions | 50,000 | 50,000 | 50,000 | 50,000 |
| | Output 2 Administered Funding | 50,000 | 50,000 | 50,000 | 50,000 |
| Total Crown Law Administered Funding | | 50,000 | 130,000 | 130,000 | 130,000 |

8.5.7 Ministry of Cultural Development

| Cultural Development | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|----------------------|--|------------------|------------------|------------------|------------------|
| MTEC | Personnel | 734,250 | 864,250 | 864,250 | 864,250 |
| | Operating | 128,000 | 128,000 | 128,000 | 128,000 |
| | Administered Payments | 615,000 | 615,000 | 615,000 | 665,000 |
| | Depreciation | 89,500 | 89,500 | 89,500 | 89,500 |
| | Gross Appropriation | 1,566,750 | 1,696,750 | 1,696,750 | 1,746,750 |
| | Trading Revenue | 170,000 | 170,000 | 170,000 | 170,000 |
| | Net Appropriation | 1,396,750 | 1,526,750 | 1,526,750 | 1,576,750 |
| | POBOC | 326,690 | 336,690 | 336,690 | 336,690 |
| | Medium-term Expenditure Ceiling | 1,893,440 | 2,033,440 | 2,033,440 | 2,083,440 |

Table 8-25 Total Resourcing – Government and ODA, Culture (\$)

| | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Net Appropriation | 1,396,750 | 1,526,750 | 1,526,750 | 1,576,750 |
| Trading Revenue | 170,000 | 170,000 | 170,000 | 170,000 |
| Official Development Assistance | 0 | 0 | 0 | 0 |
| Total Resourcing | 1,566,750 | 1,696,750 | 1,696,750 | 1,746,750 |

Table 8-26 Output Funding for 2022/23, Culture (\$)

| Output | Output 1 | Output 2 | Output 3 | Total |
|--------------------------------------|----------------|----------------|----------------|------------------|
| Personnel | 219,263 | 261,094 | 253,893 | 734,250 |
| 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 |
| Gross Operating Appropriation | 880,850 | 332,270 | 353,630 | 1,566,750 |
| Trading Revenue | 150,000 | 10,000 | 10,000 | 170,000 |
| Net Operating Appropriation | 730,850 | 322,270 | 343,630 | 1,396,750 |

8.5.7.1 Ministry of Cultural Development Outputs

Output 1: Cultural Identity

Output 2: Cultural Heritage

Output 3: Cultural Governance

Table 8-27 Baselines and New Budget Measures, Culture (\$)

| Details | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2021/22 Budget Personnel Baseline | 742,000 | 872,000 | 872,000 | 872,000 |
| Personnel adjustment | -12,450 | -12,450 | -12,450 | -12,450 |
| Minimum wage adjustment | 4,700 | 4,700 | 4,700 | 4,700 |
| 2022/23 Budget Personnel Budget | 734,250 | 864,250 | 864,250 | 864,250 |
| 2021/22 Budget Operating Baseline | 128,000 | 128,000 | 128,000 | 128,000 |
| 2022/23 Budget Operating Budget | 128,000 | 128,000 | 128,000 | 128,000 |
| 2021/22 Budget Administered Payments Baseline | 665,000 | 665,000 | 665,000 | 665,000 |
| Cook Islands Cultural Fund | -50,000 | -50,000 | -50,000 | 0 |
| 2022/23 Budget Administered Payments | 615,000 | 615,000 | 615,000 | 665,000 |
| 2021/22 Budget Depreciation Baseline | 133,000 | 133,000 | 133,000 | 133,000 |
| Depreciation adjustment | -43,500 | -43,500 | -43,500 | -43,500 |
| 2022/23 Budget Depreciation | 89,500 | 89,500 | 89,500 | 89,500 |
| Gross Operating Appropriation | 1,566,750 | 1,696,750 | 1,696,750 | 1,746,750 |
| 2021/22 Budget Trading Revenue Baseline | 170,000 | 170,000 | 170,000 | 170,000 |
| 2022/23 Budget Trading Revenue | 170,000 | 170,000 | 170,000 | 170,000 |
| Net Operating Appropriation | 1,396,750 | 1,526,750 | 1,526,750 | 1,576,750 |
| 2021/22 Budget POBOC Baseline | 0 | 0 | 0 | 0 |
| Transfer of House of Ariki from Parliament | 338,420 | 348,420 | 348,420 | 348,420 |
| Transfer of HOA funding to HOMs Salaries Admin. Fund | -11,730 | -11,730 | -11,730 | -11,730 |
| 2022/23 Budget POBOC | 326,690 | 336,690 | 336,690 | 336,690 |

Changes to the 2022/23 Ministry of Cultural Development budget include:

- \$12,450 annual reduction in personnel funding, transferred to the Office of the Public Service Commissioner HOM's Salaries Administered Payment Fund.
- \$11,730 annual reduction in the House of Ariki POBOC appropriation, transferred to the Office of the Public Service Commissioner HOM's Salaries Administered Payment Fund.
- A temporary \$50,000 reduction to the Cook Islands Cultural Fund from 2022/23 to 2024/25, to support other critical expenditure needs.
- Transfer of \$338,420 in 2022/23 then \$348,420 annually from Parliamentary Services, as the House of Ariki funding and functions shift to the Ministry of Cultural Development.

Table 8-28 Administered Payments, Culture (\$)

| Output | Administered Payment | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--------|--|-------------------------------|-----------------------|-----------------------|-----------------------|
| 1 | Cook Islands Cultural Fund | 100,000 | 100,000 | 100,000 | 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 |
| | Output 1 Administered Funding | 615,000 | 615,000 | 615,000 | 665,000 |
| | Total Cultural Development Administered Funding | 615,000 | 615,000 | 615,000 | 665,000 |

Table 8-29 Payments on Behalf of Crown, Culture (\$)

| Output | POBOCs | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--------|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| 3 | House of Ariki | 326,690 | 336,690 | 336,690 | 336,690 |
| | Output 3 POBOC Funding | 326,690 | 336,690 | 336,690 | 336,690 |
| | Total Cultural Development POBOC Funding | 326,690 | 336,690 | 336,690 | 336,690 |

8.5.8 Ministry of Education

| Education | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|-----------|--|-------------------|-------------------|-------------------|-------------------|
| MTEC | Personnel | 12,230,197 | 12,230,197 | 12,230,197 | 12,230,197 |
| | Operating | 2,495,820 | 2,425,820 | 2,425,820 | 2,425,820 |
| | Administered Payments | 4,834,602 | 4,834,602 | 4,834,602 | 4,834,602 |
| | Depreciation | 615,000 | 615,000 | 615,000 | 615,000 |
| | Gross Appropriation | 20,175,619 | 20,105,619 | 20,105,619 | 20,105,619 |
| | Trading Revenue | 0 | 0 | 0 | 0 |
| | Net Appropriation | 20,175,619 | 20,105,619 | 20,105,619 | 20,105,619 |
| | POBOC | 0 | 0 | 0 | 0 |
| | Medium-term Expenditure Ceiling | 20,175,619 | 20,105,619 | 20,105,619 | 20,105,619 |

Table 8-30 Total Resourcing – Government and ODA, Education (\$)

| | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Net Appropriation | 20,175,619 | 20,105,619 | 20,105,619 | 20,105,619 |
| Trading Revenue | 0 | 0 | 0 | 0 |
| Official Development Assistance | 0 | 0 | 0 | 0 |
| Total Resourcing | 20,175,619 | 20,105,619 | 20,105,619 | 20,105,619 |

Table 8-31 Output Funding for 2022/23, Education (\$)

| Output | Output 1 | Output 2 | Output 3 | Output 4 | Total |
|--------------------------------------|----------------|------------------|------------------|-------------------|-------------------|
| Personnel | 218,707 | 375,394 | 144,473 | 11,491,623 | 12,230,197 |
| Operating | 577,008 | 764,670 | 577,071 | 577,071 | 2,495,820 |
| Administered Funding | 0 | 3,443,277 | 1,365,000 | 26,325 | 4,834,602 |
| Depreciation | 0 | 26,000 | 0 | 589,000 | 615,000 |
| Gross Operating Appropriation | 795,715 | 4,609,341 | 2,086,544 | 12,684,019 | 20,175,619 |
| Trading Revenue | 0 | 0 | 0 | 0 | 0 |
| Net Operating Appropriation | 795,715 | 4,609,341 | 2,086,544 | 12,684,019 | 20,175,619 |

8.5.8.1 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 8-32 Baselines and New Budget Measures, Education (\$)

| Details | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2021/22 Budget Personnel Baseline | 11,842,097 | 11,842,097 | 11,842,097 | 11,842,097 |
| Personnel adjustment | 334,000 | 334,000 | 334,000 | 334,000 |
| Minimum wage adjustment | 54,100 | 54,100 | 54,100 | 54,100 |
| 2022/23 Budget Personnel Budget | 12,230,197 | 12,230,197 | 12,230,197 | 12,230,197 |
| 2021/22 Budget Operating Baseline | 2,495,820 | 2,375,820 | 2,375,820 | 2,375,820 |
| Operating adjustment | 0 | 50,000 | 50,000 | 50,000 |
| 2022/23 Budget Operating Budget | 2,495,820 | 2,425,820 | 2,425,820 | 2,425,820 |
| 2021/22 Budget Administered Payments Baseline | 4,834,602 | 4,834,602 | 4,834,602 | 4,834,602 |
| 2022/23 Budget Administered Payments | 4,834,602 | 4,834,602 | 4,834,602 | 4,834,602 |
| 2021/22 Budget Depreciation Baseline | 620,000 | 620,000 | 620,000 | 620,000 |
| Depreciation adjustment | -5,000 | -5,000 | -5,000 | -5,000 |
| 2022/23 Budget Depreciation | 615,000 | 615,000 | 615,000 | 615,000 |
| Gross Operating Appropriation | 20,175,619 | 20,105,619 | 20,105,619 | 20,105,619 |
| 2021/22 Budget Trading Revenue Baseline | 0 | 0 | 0 | 0 |
| 2022/23 Budget Trading Revenue | 0 | 0 | 0 | 0 |
| Net Operating Appropriation | 20,175,619 | 20,105,619 | 20,105,619 | 20,105,619 |

Changes to the 2022/23 Ministry of Education budget include:

- \$334,000 annual personnel increase for teachers' remuneration.
- \$54,100 for minimum wage adjustment.
- \$50,000 annual operating increase from 2023/24 to 2025/26 to support Tereora College operating expenses.
- \$5,000 annual depreciation reduction, to align with the latest forecast actuals.

Table 8-33 Administered Payments, Education (\$)

| Output | Administered Payment | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--------|--|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2 | Government Funded Scholarships | 780,000 | 780,000 | 780,000 | 780,000 |
| 2 | Private School Funding | 2,663,277 | 2,663,277 | 2,663,277 | 2,663,277 |
| | Output 2 Administered Funding | 3,443,277 | 3,443,277 | 3,443,277 | 3,443,277 |
| 3 | Tertiary Training Institutions | 1,160,000 | 1,160,000 | 1,160,000 | 1,160,000 |
| 3 | University of the South Pacific Contribution | 205,000 | 205,000 | 205,000 | 205,000 |
| | Output 3 Administered Funding | 1,365,000 | 1,365,000 | 1,365,000 | 1,365,000 |
| 4 | Bus Service | 26,325 | 26,325 | 26,325 | 26,325 |
| | Output 4 Administered Funding | 26,325 | 26,325 | 26,325 | 26,325 |
| | Total Education Administered Funding | 4,834,602 | 4,834,602 | 4,834,602 | 4,834,602 |

8.5.9 National Environment Services

| Environment | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|-------------|--|------------------|------------------|------------------|------------------|
| MTEC | Personnel | 990,826 | 990,826 | 990,826 | 990,826 |
| | Operating | 201,000 | 301,000 | 301,000 | 301,000 |
| | Administered Payments | 412,241 | 372,241 | 372,241 | 372,241 |
| | Depreciation | 30,000 | 30,000 | 30,000 | 30,000 |
| | Gross Appropriation | 1,634,067 | 1,694,067 | 1,694,067 | 1,694,067 |
| | Trading Revenue | 35,000 | 35,000 | 35,000 | 35,000 |
| | Net Appropriation | 1,599,067 | 1,659,067 | 1,659,067 | 1,659,067 |
| | POBOC | 0 | 0 | 0 | 0 |
| | Medium-term Expenditure Ceiling | 1,634,067 | 1,694,067 | 1,694,067 | 1,694,067 |

Table 8-34 Total Resourcing – Government and ODA, Environment (\$)

| | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Net Appropriation | 1,599,067 | 1,659,067 | 1,659,067 | 1,659,067 |
| Trading Revenue | 35,000 | 35,000 | 35,000 | 35,000 |
| Official Development Assistance | 0 | 0 | 0 | 0 |
| Total Resourcing | 1,634,067 | 1,694,067 | 1,694,067 | 1,694,067 |

Table 8-35 Output Funding for 2022/23, Environment (\$)

| Output | Output 1 | Output 2 | Output 3 | Output 4 | Output 5 | Total |
|--------------------------------------|----------------|----------------|----------------|----------------|---------------|------------------|
| Personnel | 395,226 | 225,423 | 99,100 | 234,216 | 36,860 | 990,826 |
| Operating | 150,000 | 18,500 | 10,000 | 22,500 | 0 | 201,000 |
| Administered Funding | 122,241 | 190,000 | 100,000 | 0 | 0 | 412,241 |
| Depreciation | 30,000 | 0 | 0 | 0 | 0 | 30,000 |
| Gross Operating Appropriation | 697,467 | 433,923 | 209,100 | 256,716 | 36,860 | 1,634,067 |
| Trading Revenue | 0 | 35,000 | 0 | 0 | 0 | 35,000 |
| Net Operating Appropriation | 697,467 | 398,923 | 209,100 | 256,716 | 36,860 | 1,599,067 |

8.5.9.1 National Environment Services Outputs

Output 1: Puna 'Akatereau - Corporate Services Division

Output 2: Puna Akoako e te Arapaki Ture - Compliance and Advisory Division

Output 3: Puna Orama – Island Futures Division

Output 4: Pa Enuā

Output 5: Project Management Unit

Table 8-36 Baselines and New Budget Measures, Environment (\$)

| Details | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2021/22 Budget Personnel Baseline | 990,826 | 990,826 | 990,826 | 990,826 |
| 2022/23 Budget Personnel Budget | 990,826 | 990,826 | 990,826 | 990,826 |
| 2021/22 Budget Operating Baseline | 201,000 | 201,000 | 201,000 | 201,000 |
| Operating adjustment | 0 | 100,000 | 100,000 | 100,000 |
| 2022/23 Budget Operating Budget | 201,000 | 301,000 | 301,000 | 301,000 |
| 2021/22 Budget Administered Payments Baseline | 372,241 | 372,241 | 372,241 | 372,241 |
| Compliance Development – transfer from SMBA | 40,000 | 0 | 0 | 0 |
| 2022/23 Budget Administered Payments | 412,241 | 372,241 | 372,241 | 372,241 |
| 2021/22 Budget Depreciation Baseline | 30,000 | 30,000 | 30,000 | 30,000 |
| 2022/23 Budget Depreciation | 30,000 | 30,000 | 30,000 | 30,000 |
| Gross Operating Appropriation | 1,634,067 | 1,694,067 | 1,694,067 | 1,694,067 |
| 2021/22 Budget Trading Revenue Baseline | 35,000 | 35,000 | 35,000 | 35,000 |
| 2022/23 Budget Trading Revenue | 35,000 | 35,000 | 35,000 | 35,000 |
| Net Operating Appropriation | 1,599,067 | 1,659,067 | 1,659,067 | 1,659,067 |

Changes to the 2022/23 National Environment Service budget include:

- Transfer of \$40,000 in 2022/23 from the Seabed Minerals Authority, for Compliance Development.
- \$100,000 annual operating increase from 2023/24 to continue building the capacity of the Seabed Minerals team.

Table 8-37 Administered Payments, Environment (\$)

| Output | Administered Payment | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--------|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| 1 | National Heritage Trust | 122,241 | 122,241 | 122,241 | 122,241 |
| | Output 1 Administered Funding | 122,241 | 122,241 | 122,241 | 122,241 |
| 2 | Compliance Development | 40,000 | 0 | 0 | 0 |
| 2 | EIA Process | 150,000 | 150,000 | 150,000 | 150,000 |
| | Output 2 Administered Funding | 190,000 | 150,000 | 150,000 | 150,000 |
| 3 | Management of Suwarrow Park | 100,000 | 100,000 | 100,000 | 100,000 |
| | Output 3 Administered Funding | 100,000 | 100,000 | 100,000 | 100,000 |
| | Total Environment Administered Funding | 412,241 | 372,241 | 372,241 | 372,241 |

8.5.10 Ministry of Finance and Economic Management (MFEM)

| Finance and Economic Management | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---------------------------------|--|-------------------|-------------------|-------------------|-------------------|
| MTEC | Personnel | 6,534,508 | 6,534,508 | 6,534,508 | 6,534,508 |
| | Operating | 822,419 | 822,419 | 822,419 | 822,419 |
| | Administered Payments | 22,504,650 | 13,613,550 | 13,353,550 | 12,353,550 |
| | Depreciation | 260,000 | 260,000 | 260,000 | 260,000 |
| | Gross Appropriation | 30,121,577 | 21,230,477 | 20,970,477 | 19,970,477 |
| | Trading Revenue | 954,341 | 954,341 | 954,341 | 954,341 |
| | Net Appropriation | 29,167,236 | 20,276,136 | 20,016,136 | 19,016,136 |
| | POBOC | 825,000 | 825,000 | 825,000 | 825,000 |
| | Medium-term Expenditure Ceiling | 30,946,577 | 22,055,477 | 21,795,477 | 20,795,477 |

Table 8-38 Total Resourcing – Government and ODA, MFEM (\$)

| | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---------------------------------|--|-------------------------------|-------------------------------|-------------------------------|
| Net Appropriation | 29,167,236 | 20,276,136 | 20,016,136 | 19,016,136 |
| Trading Revenue | 954,341 | 954,341 | 954,341 | 954,341 |
| Official Development Assistance | 0 | 0 | 0 | 0 |
| Total Resourcing | 30,121,577 | 21,230,477 | 20,970,477 | 19,970,477 |

Table 8-39 Output Funding for 2022/23, MFEM (\$)

| Output | Output 1 | Output 2 | Output 3 | Output 4 |
|--------------------------------------|-------------------|------------------|------------------|-----------------|
| Personnel | 821,670 | 1,144,705 | 2,999,351 | 440,258 |
| Operating | 75,000 | 179,186 | 365,947 | 45,000 |
| Administered Funding | 15,855,000 | 885,500 | 244,150 | - |
| Depreciation | 9,000 | 19,000 | 200,000 | 9,000 |
| Gross Operating Appropriation | 16,760,670 | 2,228,391 | 3,809,448 | 494,258 |
| Trading Revenue | - | 3,501 | 950,840 | - |
| Net Operating Appropriation | 16,760,670 | 2,224,890 | 2,858,608 | 494,258 |

| Output | Output 5 | Output 6 | Output 7 | Total |
|--------------------------------------|-----------------|------------------|-----------------|-------------------|
| Personnel | 252,543 | 775,147 | 100,834 | 6,534,508 |
| Operating | 70,000 | 67,286 | 20,000 | 822,419 |
| Administered Funding | 0 | 5,520,000 | 0 | 22,504,650 |
| Depreciation | 10,000 | 10,000 | 3,000 | 260,000 |
| Gross Operating Appropriation | 332,543 | 6,372,433 | 123,834 | 30,121,577 |
| Trading Revenue | 0 | 0 | 0 | 954,341 |
| Net Operating Appropriation | 332,543 | 6,372,433 | 123,834 | 29,167,236 |

8.5.10.1 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 8-40 Baselines and New Budget Measures, MFEM (\$)

| Details | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2021/22 Budget Personnel Baseline | 6,579,106 | 6,579,106 | 6,579,106 | 6,579,106 |
| Personnel adjustment | -44,598 | -44,598 | -44,598 | -44,598 |
| 2022/23 Budget Personnel Budget | 6,534,508 | 6,534,508 | 6,534,508 | 6,534,508 |
| 2021/22 Budget Operating Baseline | 802,419 | 802,419 | 802,419 | 802,419 |
| Transfer of Operating to BEPS subscription POBOC | -10,000 | -10,000 | -10,000 | -10,000 |
| Transfer from personnel | 30,000 | 30,000 | 30,000 | 30,000 |
| 2022/23 Budget Operating Budget | 822,419 | 822,419 | 822,419 | 822,419 |
| 2021/22 Budget Administered Payments Baseline | 12,225,750 | 12,155,750 | 12,095,750 | 12,095,750 |
| Economic Recovery Roadmap | 5,200,000 | 1,400,000 | 1,200,000 | 200,000 |
| IGOR - International Exchange of Information system | 88,900 | 7,800 | 7,800 | 7,800 |
| COVID-19 Medical Response Fund | 5,000,000 | 0 | 0 | 0 |
| Cook Islands Red Cross – transfer from OPM | 50,000 | 50,000 | 50,000 | 50,000 |
| Public Sector Strengthening-processes and systems | -75,000 | 0 | 0 | 0 |
| Price Tribunal Committee | 15,000 | | | |
| 2022/23 Budget Administered Payments | 22,504,650 | 13,613,550 | 13,353,550 | 12,353,550 |
| 2021/22 Budget Depreciation Baseline | 260,000 | 260,000 | 260,000 | 260,000 |
| 2022/23 Budget Depreciation | 260,000 | 260,000 | 260,000 | 260,000 |
| Gross Operating Appropriation | 30,121,577 | 21,230,477 | 20,970,477 | 19,970,477 |
| 2021/22 Budget Trading Revenue Baseline | 954,341 | 954,341 | 954,341 | 954,341 |
| 2022/23 Budget Trading Revenue | 954,341 | 954,341 | 954,341 | 954,341 |
| Net Operating Appropriation | 29,167,236 | 20,276,136 | 20,016,136 | 19,016,136 |
| 2021/22 Budget POBOC Baseline | 994,148 | 875,148 | 875,148 | 875,148 |
| Competition and Regulatory Authority (CRA) | -179,148 | -60,148 | -60,148 | -60,148 |
| BEPS Subscription - transfer from operating | 10,000 | 10,000 | 10,000 | 10,000 |
| 2022/23 Budget POBOC | 825,000 | 825,000 | 825,000 | 825,000 |

Changes to the 2022/23 Ministry of Finance and Economic Management budget include:

- \$44,598 annual reduction in personnel to support other critical expenditure needs, including \$30,000 annual transfer to operating appropriation
- \$8 million over four years for the Economic Recovery Roadmap (see Chapter 2 for more detail)
- \$5 million in 2022/23 for the COVID-19 Medical Response Fund (see Chapter 2 for more detail)
- \$112,300 over the next four years to upgrade the International Exchange of Information system (IGOR), so the Cook Islands can continue to meet European Union tax requirements
- \$75,000 the Public Sector Strengthening administered payment for 2022/23, to support other critical expenditure needs.
- \$195,000 reduction of the Competition and Regulatory Authority budget over four years, including \$164,592 transfer to Infrastructure Cook Islands for the reinstatement of the Electrical Inspectorate
- Transfer of \$50,000 annually from the Office of the Prime Minister, as responsibility for the Red Cross Administration Fund shifts to the Ministry of Finance and Economic Management
- \$15,000 reappropriated towards the Price Tribunal Committee admin fund.

Table 8-41 Administered Payments, MFEM (\$)

| Output | Administered Payment | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--------|--|-------------------------------|-----------------------|-----------------------|-----------------------|
| 1 | Airline Underwrite | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 |
| 1 | Economic Recovery Roadmap | 5,200,000 | 1,400,000 | 1,200,000 | 200,000 |
| 1 | Price Tribunal Committee | 60,000 | 45,000 | 45,000 | 45,000 |
| 1 | Public Sector Strengthening-processes and systems | 125,000 | 150,000 | 150,000 | 150,000 |
| 1 | Standard and Poor's Subscription | 70,000 | 70,000 | 70,000 | 70,000 |
| 1 | Universal Access Fund | 400,000 | 400,000 | 400,000 | 400,000 |
| | Output 1 Administered Funding | 15,855,000 | 12,065,000 | 11,865,000 | 10,865,000 |
| 2 | Asian Infrastructure Investment Bank (AIIB) Membership | 30,500 | 30,500 | 30,500 | 30,500 |
| 2 | Audit of Crown Accounts | 30,000 | 30,000 | 30,000 | 30,000 |
| 2 | Debt Advisory Services | 60,000 | 60,000 | 60,000 | 60,000 |
| 2 | Production of new currency, transportation and sale of old coins | 350,000 | 350,000 | 350,000 | 350,000 |
| 2 | Special Investigative and Prosecution Services | 50,000 | 50,000 | 50,000 | 50,000 |
| 2 | Subsidy of audio/visual broadcasting in Pa Enua | 45,000 | 45,000 | 45,000 | 45,000 |
| 2 | The Centre of Excellence in Information Technology (CEIT) | 80,000 | 60,000 | 0 | 0 |
| 2 | The Centre of Research and Policy Studies | 80,000 | 80,000 | 80,000 | 80,000 |
| 2 | FMIS Maintenance | 80,000 | 80,000 | 80,000 | 80,000 |
| 2 | Government Broadband Utilities | 30,000 | 30,000 | 30,000 | 30,000 |
| 2 | Cook Islands Red Cross | 50,000 | 50,000 | 50,000 | 50,000 |
| | Output 2 Administered Funding | 885,500 | 865,500 | 805,500 | 805,500 |
| 3 | Border Management System Maintenance | 155,250 | 155,250 | 155,250 | 155,250 |
| 3 | IGOR - International Exchange of Information system | 88,900 | 7,800 | 7,800 | 7,800 |
| | Output 3 Administered Funding | 244,150 | 163,050 | 163,050 | 163,050 |
| 6 | Provision for Inter Island Shipping | 500,000 | 500,000 | 500,000 | 500,000 |
| 6 | COVID-19 Medical Response Fund | 5,000,000 | 0 | 0 | 0 |
| 6 | Tarai Vaka Fund | 20,000 | 20,000 | 20,000 | 20,000 |
| | Output 6 Administered Funding | 5,520,000 | 520,000 | 520,000 | 520,000 |
| | Total MFEM Administered Funding | 22,504,650 | 13,613,550 | 13,353,550 | 12,353,550 |

Table 8-42 Payments on Behalf of Crown, MFEM (\$)

| Output | POBOCs | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--------|--|-------------------------------|-----------------------|-----------------------|-----------------------|
| 1 | Competition and Regulatory Authority (CRA) | 400,000 | 400,000 | 400,000 | 400,000 |
| | Output 1 POBOC Funding | 400,000 | 400,000 | 400,000 | 400,000 |
| 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 |
| | Output 2 POBOC Funding | 425,000 | 425,000 | 425,000 | 425,000 |
| | Total MFEM POBOC Funding | 825,000 | 825,000 | 825,000 | 825,000 |

8.5.11 Financial Services Development Authority (FSDA)

| Financial Services Development Authority | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|--|----------------------------|----------------|----------------|----------------|----------------|
| MTEC | Personnel | 242,797 | 242,797 | 242,797 | 242,797 |
| | Operating | 177,906 | 177,906 | 177,906 | 177,906 |
| | Administered Payments | 30,000 | 0 | 0 | 0 |
| | Depreciation | 3,000 | 3,000 | 3,000 | 3,000 |
| | Gross Appropriation | 453,703 | 423,703 | 423,703 | 423,703 |
| | Trading Revenue | 0 | 0 | 0 | 0 |
| | Net Appropriation | 453,703 | 423,703 | 423,703 | 423,703 |
| | POBOC | 0 | 0 | 0 | 0 |
| Medium-term Expenditure Ceiling | | 453,703 | 423,703 | 423,703 | 423,703 |

Table 8-43 Total Resourcing – Government and ODA, FSDA (\$)

| | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Net Appropriation | 453,703 | 423,703 | 423,703 | 423,703 |
| Trading Revenue | 0 | 0 | 0 | 0 |
| Official Development Assistance | 0 | 0 | 0 | 0 |
| Total Resourcing | 453,703 | 423,703 | 423,703 | 423,703 |

Table 8-44 Output Funding for 2022/23, FSDA (\$)

| Output | Output 1 | Total |
|--------------------------------------|----------------|----------------|
| Personnel | 242,797 | 242,797 |
| Operating | 177,906 | 177,906 |
| Administered Funding | 30,000 | 30,000 |
| Depreciation | 3,000 | 3,000 |
| Gross Operating Appropriation | 453,703 | 453,703 |
| Trading Revenue | 0 | 0 |
| Net Operating Appropriation | 453,703 | 453,703 |

8.5.11.1 Financial Services Development Authority Outputs

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

Table 8-45 Baselines and New Budget Measures, FSDA (\$)

| Details | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2021/22 Budget Personnel Baseline | 242,797 | 242,797 | 242,797 | 242,797 |
| 2022/23 Budget Personnel Budget | 242,797 | 242,797 | 242,797 | 242,797 |
| 2021/22 Budget Operating Baseline | 177,906 | 177,906 | 177,906 | 177,906 |
| 2022/23 Budget Operating Budget | 177,906 | 177,906 | 177,906 | 177,906 |
| 2021/22 Budget Administered Payments Baseline | 0 | 0 | 0 | 0 |
| Tax Law Review | 30,000 | 0 | 0 | 0 |
| 2022/23 Budget Administered Payments | 30,000 | 0 | 0 | 0 |
| 2021/22 Budget Depreciation Baseline | 4,000 | 4,000 | 4,000 | 4,000 |
| Depreciation adjustment | -1,000 | -1,000 | -1,000 | -1,000 |
| 2022/23 Budget Depreciation | 3,000 | 3,000 | 3,000 | 3,000 |
| Gross Operating Appropriation | 453,703 | 423,703 | 423,703 | 423,703 |
| 2021/22 Budget Trading Revenue Baseline | 0 | 0 | 0 | 0 |
| 2022/23 Budget Trading Revenue | 0 | 0 | 0 | 0 |
| Net Operating Appropriation | 453,703 | 423,703 | 423,703 | 423,703 |

Changes to the 2022/23 Financial Services Development Authority budget include:

- \$30,000 administered payment in 2022/23 to support funding for a Specialist Tax Advisor.

Table 8-46 Administered Payments, FSDA (\$)

| Output | Administered Payment | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--------|--|-------------------------------|-----------------------|-----------------------|-----------------------|
| 1 | Tax Law Review | 30,000 | 0 | 0 | 0 |
| | Output 1 Administered Funding | 30,000 | 0 | 0 | 0 |
| | Total FSDA Administered Funding | 30,000 | 0 | 0 | 0 |

8.5.12 Ministry of Foreign Affairs and Immigration (MFAI)

| Foreign Affairs | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|-----------------|--|------------------|------------------|------------------|------------------|
| MTEC | Personnel | 1,932,692 | 1,982,692 | 1,982,692 | 1,982,692 |
| | Operating | 1,019,103 | 1,019,103 | 1,019,103 | 1,019,103 |
| | Administered Payments | 15,000 | 15,000 | 15,000 | 15,000 |
| | Depreciation | 45,000 | 45,000 | 45,000 | 45,000 |
| | Gross Appropriation | 3,011,795 | 3,061,795 | 3,061,795 | 3,061,795 |
| | Trading Revenue | 28,000 | 28,000 | 28,000 | 28,000 |
| | Net Appropriation | 2,983,795 | 3,033,795 | 3,033,795 | 3,033,795 |
| | POBOC | 953,461 | 953,461 | 953,461 | 953,461 |
| | Medium-term Expenditure Ceiling | 3,965,256 | 4,015,256 | 4,015,256 | 4,015,256 |

Table 8-47 Total Resourcing – Government and ODA, MFAI (\$)

| | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Net Appropriation | 2,983,795 | 3,033,795 | 3,033,795 | 3,033,795 |
| Trading Revenue | 28,000 | 28,000 | 28,000 | 28,000 |
| Official Development Assistance | 0 | 0 | 0 | 0 |
| Total Resourcing | 3,011,795 | 3,061,795 | 3,061,795 | 3,061,795 |

Table 8-48 Output Funding for 2022/23, MFAI (\$)

| Output | Output 1 | Output 2 | Output 3 | Output 4 | Output 5 | Total |
|--------------------------------------|----------------|----------------|----------------|----------------|------------------|------------------|
| Personnel | 203,819 | 235,565 | 132,279 | 405,550 | 955,479 | 1,932,692 |
| Operating | 273,123 | 261,231 | 155,397 | 137,257 | 192,095 | 1,019,103 |
| Administered Funding | 0 | 0 | 0 | 0 | 15,000 | 15,000 |
| Depreciation | 6,753 | 14,369 | 9,561 | 7,864 | 6,453 | 45,000 |
| Gross Operating Appropriation | 483,695 | 511,165 | 297,237 | 550,671 | 1,169,027 | 3,011,795 |
| Trading Revenue | 0 | 0 | 0 | 0 | 28,000 | 28,000 |
| Net Operating Appropriation | 483,695 | 511,165 | 297,237 | 550,671 | 1,141,027 | 2,983,795 |

8.5.12.1 Ministry of Foreign Affairs and Immigration Outputs

Output 1: Pacific Regional Affairs Division (PRAD)

Output 2: International Affairs and Trade

Output 3: Treaties, Multilateral and Oceans Division

Output 4: Immigration Service

Output 5: Capability and Service Delivery

Table 8-49 Baselines and New Budget Measures, MFAI (\$)

| Details | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2021/22 Budget Personnel Baseline | 1,942,692 | 1,942,692 | 1,942,692 | 1,942,692 |
| Personnel adjustment | 0 | 50,000 | 50,000 | 50,000 |
| Personnel transfer | -10,000 | -10,000 | -10,000 | -10,000 |
| 2022/23 Budget Personnel Budget | 1,932,692 | 1,982,692 | 1,982,692 | 1,982,692 |
| 2021/22 Budget Operating Baseline | 1,019,103 | 1,019,103 | 1,019,103 | 1,019,103 |
| 2022/23 Budget Operating Budget | 1,019,103 | 1,019,103 | 1,019,103 | 1,019,103 |
| 2021/22 Budget Administered Payments Baseline | 15,000 | 15,000 | 15,000 | 15,000 |
| 2022/23 Budget Administered Payments | 15,000 | 15,000 | 15,000 | 15,000 |
| 2021/22 Budget Depreciation Baseline | 45,000 | 45,000 | 45,000 | 45,000 |
| 2022/23 Budget Depreciation | 45,000 | 45,000 | 45,000 | 45,000 |
| Gross Operating Appropriation | 3,011,795 | 3,061,795 | 3,061,795 | 3,061,795 |
| 2021/22 Budget Trading Revenue Baseline | 28,000 | 28,000 | 28,000 | 28,000 |
| 2022/23 Budget Trading Revenue | 28,000 | 28,000 | 28,000 | 28,000 |
| Net Operating Appropriation | 2,983,795 | 3,033,795 | 3,033,795 | 3,033,795 |
| 2021/22 Budget POBOC Baseline | 953,461 | 953,461 | 953,461 | 953,461 |
| 2022/23 Budget POBOC | 953,461 | 953,461 | 953,461 | 953,461 |

Changes to the 2022/23 Ministry of Foreign Affairs and Immigration budget include:

- \$50,000 annual personnel increase from 2023/24, to support critical funding needs
- \$10,000 annual reduction in personnel funding, transferred to the Office of the Public Service Commissioner HOM's Salaries Administered Payment Fund.

Table 8-50 Administered Payments, MFAI (\$)

| Output | Administered Payment | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 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 |
| | Output 5 Administered Funding | 15,000 | 15,000 | 15,000 | 15,000 |
| | Total Foreign Affairs Administered Funding | 15,000 | 15,000 | 15,000 | 15,000 |

Table 8-51 Payments on behalf of Crown, MFAI (\$)

| Output | POBOCs | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--------|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| 5 | International Maritime Organisation - Maritime Cook Islands | 63,461 | 63,461 | 63,461 | 63,461 |
| 5 | International Subscriptions | 890,000 | 890,000 | 890,000 | 890,000 |
| | Output 5 POBOC Funding | 953,461 | 953,461 | 953,461 | 953,461 |
| | Total Foreign Affairs POBOC Funding | 953,461 | 953,461 | 953,461 | 953,461 |

8.5.13 Head of State

| Head of State | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|--|----------------------------|----------------|----------------|----------------|----------------|
| MTEC | Personnel | 178,548 | 178,548 | 178,548 | 178,548 |
| | Operating | 22,658 | 22,658 | 22,658 | 22,658 |
| | Administered Payments | 36,000 | 36,000 | 36,000 | 36,000 |
| | Depreciation | 14,000 | 14,000 | 14,000 | 14,000 |
| | Gross Appropriation | 251,206 | 251,206 | 251,206 | 251,206 |
| | Trading Revenue | 0 | 0 | 0 | 0 |
| | Net Appropriation | 251,206 | 251,206 | 251,206 | 251,206 |
| | POBOC | 0 | 0 | 0 | 0 |
| Medium-term Expenditure Ceiling | | 251,206 | 251,206 | 251,206 | 251,206 |

Table 8-52 Total Resourcing – Government and ODA, Head of State (\$)

| | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Net Appropriation | 251,206 | 251,206 | 251,206 | 251,206 |
| Trading Revenue | 0 | 0 | 0 | 0 |
| Official Development Assistance | 0 | 0 | 0 | 0 |
| Total Resourcing | 251,206 | 251,206 | 251,206 | 251,206 |

Table 8-53 Output Funding for 2022/23, Head of State (\$)

| Output | Output 1 | Total |
|--------------------------------------|----------------|----------------|
| Personnel | 178,548 | 178,548 |
| Operating | 22,658 | 22,658 |
| Administered Funding | 36,000 | 36,000 |
| Depreciation | 14,000 | 14,000 |
| Gross Operating Appropriation | 251,206 | 251,206 |
| Trading Revenue | 0 | 0 |
| Net Operating Appropriation | 251,206 | 251,206 |

8.5.13.1 Head of State Output

Output 1: Corporate Services

Table 8-54 Baselines and New Budget Measures, Head of State (\$)

| Details | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2021/22 Budget Personnel Baseline | 177,448 | 177,448 | 177,448 | 177,448 |
| Minimum wage adjustment | 1,100 | 1,100 | 1,100 | 1,100 |
| 2022/23 Budget Personnel Budget | 178,548 | 178,548 | 178,548 | 178,548 |
| 2021/22 Budget Operating Baseline | 28,658 | 28,658 | 28,658 | 28,658 |
| Operating adjustment | -6,000 | -6,000 | -6,000 | -6,000 |
| 2022/23 Budget Operating Budget | 22,658 | 22,658 | 22,658 | 22,658 |
| 2021/22 Budget Administered Payments Baseline | 36,000 | 36,000 | 36,000 | 36,000 |
| 2022/23 Budget Administered Payments | 36,000 | 36,000 | 36,000 | 36,000 |
| 2021/22 Budget Depreciation Baseline | 8,000 | 8,000 | 8,000 | 8,000 |
| Depreciation adjustment | 6,000 | 6,000 | 6,000 | 6,000 |
| 2022/23 Budget Depreciation | 14,000 | 14,000 | 14,000 | 14,000 |
| Gross Operating Appropriation | 251,206 | 251,206 | 251,206 | 251,206 |
| 2021/22 Budget Trading Revenue Baseline | 0 | 0 | 0 | 0 |
| 2022/23 Budget Trading Revenue | 0 | 0 | 0 | 0 |
| Net Operating Appropriation | 251,206 | 251,206 | 251,206 | 251,206 |

Changes to the 2022/23 Head of State budget include:

- \$6,000 transferred from operating to depreciation

Table 8-55 Administered Payments, Head of State (\$)

| Output | Administered Payment | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 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 | QR Social Responsibility Fund | 8,000 | 8,000 | 8,000 | 8,000 |
| | Output 1 Administered Funding | 36,000 | 36,000 | 36,000 | 36,000 |
| | Total Head of State Administered Funding | 36,000 | 36,000 | 36,000 | 36,000 |

8.5.14 Ministry of Health (Te Marae Ora)

| Health | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|--------|--|-------------------|-------------------|-------------------|-------------------|
| MTEC | Personnel | 12,833,011 | 12,833,011 | 12,872,011 | 12,872,011 |
| | Operating | 3,648,951 | 3,598,951 | 3,598,951 | 3,598,951 |
| | Administered Payments | 2,536,870 | 2,536,870 | 2,536,870 | 2,536,870 |
| | Depreciation | 1,570,000 | 1,570,000 | 1,570,000 | 1,570,000 |
| | Gross Appropriation | 20,588,832 | 20,538,832 | 20,577,832 | 20,577,832 |
| | Trading Revenue | 350,000 | 350,000 | 350,000 | 350,000 |
| | Net Appropriation | 20,238,832 | 20,188,832 | 20,227,832 | 20,227,832 |
| | POBOC | 0 | 0 | 0 | 0 |
| | Medium-term Expenditure Ceiling | 20,588,832 | 20,538,832 | 20,577,832 | 20,577,832 |

Table 8-56 Total Resourcing – Government and ODA, Health (\$)

| | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Net Appropriation | 20,238,832 | 20,188,832 | 20,227,832 | 20,227,832 |
| Trading Revenue | 350,000 | 350,000 | 350,000 | 350,000 |
| Official Development Assistance | 0 | 0 | 0 | 0 |
| Total Resourcing | 20,588,832 | 20,538,832 | 20,577,832 | 20,577,832 |

Table 8-57 Output Funding for 2022/23, Health (\$)

| Output | Output 1 | Output 2 | Output 3 | Output 4 | Output 5 | Total |
|--------------------------------------|------------------|------------------|------------------|-------------------|------------------|-------------------|
| Personnel | 2,469,173 | 906,411 | 2,001,281 | 6,358,357 | 1,062,089 | 12,797,311 |
| Operating | 265,000 | 210,000 | 623,600 | 1,673,000 | 877,351 | 3,648,951 |
| Administered Funding | 195,000 | 0 | 0 | 2,017,800 | 324,070 | 2,536,870 |
| Depreciation | 90,000 | 35,000 | 135,000 | 1,120,000 | 190,000 | 1,570,000 |
| Gross Operating Appropriation | 3,054,873 | 1,151,411 | 2,759,881 | 11,169,157 | 2,453,510 | 20,588,832 |
| Trading Revenue | 45,000 | 45,000 | 0 | 260,000 | 0 | 350,000 |
| Net Operating Appropriation | 3,009,873 | 1,106,411 | 2,759,881 | 10,909,157 | 2,453,510 | 20,238,832 |

8.5.14.1 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 8-58 Baselines and New Budget Measures, Health (\$)

| Details | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2021/22 Budget Personnel Baseline | 12,473,111 | 12,473,111 | 12,473,111 | 12,473,111 |
| Personnel adjustment | 324,200 | 324,200 | 363,200 | 363,200 |
| Minimum wage adjustment | 35,700 | 35,700 | 35,700 | 35,700 |
| 2022/23 Budget Personnel Budget | 12,833,011 | 12,800,011 | 12,872,011 | 12,872,011 |
| 2021/22 Budget Operating Baseline | 3,598,951 | 3,598,951 | 3,598,951 | 3,598,951 |
| Operating adjustment | 50,000 | 0 | 0 | 0 |
| 2022/23 Budget Operating Budget | 3,648,951 | 3,598,951 | 3,598,951 | 3,598,951 |
| 2021/22 Budget Administered Payments Baseline | 2,446,870 | 2,446,870 | 2,446,870 | 2,446,870 |
| Law and Order Clinical Psychologist | 90,000 | 90,000 | 90,000 | 90,000 |
| 2022/23 Budget Administered Payments | 2,536,870 | 2,536,870 | 2,536,870 | 2,536,870 |
| 2021/22 Budget Depreciation Baseline | 1,570,000 | 1,570,000 | 1,570,000 | 1,570,000 |
| 2022/23 Budget Depreciation | 1,570,000 | 1,570,000 | 1,570,000 | 1,570,000 |
| Gross Operating Appropriation | 20,588,832 | 20,538,832 | 20,577,832 | 20,577,832 |
| 2021/22 Budget Trading Revenue Baseline | 350,000 | 350,000 | 350,000 | 350,000 |
| 2022/23 Budget Trading Revenue | 350,000 | 350,000 | 350,000 | 350,000 |
| Net Operating Appropriation | 20,238,832 | 20,188,832 | 20,227,832 | 20,227,832 |

Changes to the 2022/23 Ministry of Health budget include:

- \$1.37 million personnel increase over four years to fund a Public Health Coordinator, Health Intelligence Unit, additional Registered Nurses and an ICT Systems Analyst
- \$50,000 operating increase for 2022/23 to support an agreement with the Waitemata DHB for the reading of CT scans
- \$90,000 annual administered payment for a Law and Order Clinical Psychologist.
- \$35,700 annual increase for the Minimum wage adjustment.

Table 8-59 Administered Payments, Health (\$)

| Output | Administered Payment | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--------|--|-------------------------------|-----------------------|-----------------------|-----------------------|
| 1 | NCD Fund | 195,000 | 195,000 | 195,000 | 195,000 |
| | Output 1 Administered Funding | 195,000 | 195,000 | 195,000 | 195,000 |
| 4 | Patient Referrals | 850,000 | 850,000 | 850,000 | 850,000 |
| 4 | Pharmaceuticals | 1,167,800 | 1,167,800 | 1,167,800 | 1,167,800 |
| | Output 4 Administered Funding | 2,017,800 | 2,017,800 | 2,017,800 | 2,017,800 |
| 5 | Workforce Development | 234,070 | 234,070 | 234,070 | 234,070 |
| | Law and Order Clinical Psychologist | 90,000 | 90,000 | 90,000 | 90,000 |
| | Output 5 Administered Funding | 324,070 | 324,070 | 324,070 | 324,070 |
| | Total Health Administered Funding | 2,536,870 | 2,536,870 | 2,536,870 | 2,536,870 |

8.5.15 Infrastructure Cook Islands (ICI)

| Infrastructure Cook Islands | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|--|----------------------------|------------------|------------------|------------------|------------------|
| MTEC | Personnel | 2,369,871 | 2,369,871 | 2,369,871 | 2,369,871 |
| | Operating | 379,129 | 304,129 | 304,129 | 304,129 |
| | Administered Payments | 2,480,000 | 2,430,000 | 2,430,000 | 2,430,000 |
| | Depreciation | 145,000 | 145,000 | 145,000 | 145,000 |
| | Gross Appropriation | 5,374,000 | 5,249,000 | 5,249,000 | 5,249,000 |
| | Trading Revenue | 300,000 | 300,000 | 300,000 | 300,000 |
| | Net Appropriation | 5,074,000 | 4,949,000 | 4,949,000 | 4,949,000 |
| | POBOC | 0 | 0 | 0 | 0 |
| Medium-term Expenditure Ceiling | | 5,374,000 | 5,249,000 | 5,249,000 | 5,249,000 |

Table 8-60 Total Resourcing – Government and ODA, ICI (\$)

| | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Net Appropriation | 5,074,000 | 4,949,000 | 4,949,000 | 4,949,000 |
| Trading Revenue | 300,000 | 300,000 | 300,000 | 300,000 |
| Official Development Assistance | 0 | 0 | 0 | 0 |
| Total Resourcing | 5,374,000 | 5,249,000 | 5,249,000 | 5,249,000 |

Table 8-61 Output Funding for 2022/23, ICI (\$)

| Output | Output 1 | Output 2 | Output 3 | Output 4 | Total |
|--------------------------------------|----------------|------------------|------------------|------------------|------------------|
| Personnel | 671,519 | 751,307 | 635,741 | 311,304 | 2,369,871 |
| Operating | 89,129 | 70,000 | 55,000 | 165,000 | 379,129 |
| Administered Funding | 0 | 700,000 | 1,050,000 | 730,000 | 2,480,000 |
| Depreciation | 15,000 | 21,000 | 60,000 | 49,000 | 145,000 |
| Gross Operating Appropriation | 775,648 | 1,542,307 | 1,800,741 | 1,255,304 | 5,374,000 |
| Trading Revenue | 71,000 | 15,000 | 64,000 | 150,000 | 300,000 |
| Net Operating Appropriation | 704,648 | 1,527,307 | 1,736,741 | 1,105,304 | 5,074,000 |

8.5.15.1 Infrastructure Cook Islands Outputs

Output 1: Corporate & Regulatory Services

Output 2: Planning & Project Management Unit

Output 3: Civil Works Asset Management Division

Output 4: Waste Management Division

Table 8-62 Baselines and New Budget Measures, ICI (\$)

| Details | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2021/22 Budget Personnel Baseline | 2,298,723 | 2,298,723 | 2,298,723 | 2,298,723 |
| Projects Financial Accountant | 45,000 | 45,000 | 45,000 | 45,000 |
| Reinstatement of Electrical Inspectorate | 41,148 | 41,148 | 41,148 | 41,148 |
| Personnel adjustment | -15,000 | -15,000 | -15,000 | -15,000 |
| 2022/23 Budget Personnel Budget | 2,369,871 | 2,369,871 | 2,369,871 | 2,369,871 |
| 2021/22 Budget Operating Baseline | 299,129 | 299,129 | 299,129 | 299,129 |
| Waste Management disposal | 75,000 | 0 | 0 | 0 |
| Projects Financial Accountant | 5,000 | 5,000 | 5,000 | 5,000 |
| 2022/23 Budget Operating Budget | 379,129 | 304,129 | 304,129 | 304,129 |
| 2021/22 Budget Administered Payments Baseline | 2,520,000 | 2,430,000 | 2,430,000 | 2,430,000 |
| Bridges and Stream Structure Maintenance | -40,000 | 0 | 0 | 0 |
| 2022/23 Budget Administered Payments | 2,480,000 | 2,430,000 | 2,430,000 | 2,430,000 |
| 2021/22 Budget Depreciation Baseline | 145,000 | 145,000 | 145,000 | 145,000 |
| 2022/23 Budget Depreciation | 145,000 | 145,000 | 145,000 | 145,000 |
| Gross Operating Appropriation | 5,374,000 | 5,249,000 | 5,249,000 | 5,249,000 |
| 2021/22 Budget Trading Revenue Baseline | 300,000 | 300,000 | 300,000 | 300,000 |
| 2022/23 Budget Trading Revenue | 300,000 | 300,000 | 300,000 | 300,000 |
| Net Operating Appropriation | 5,074,000 | 4,949,000 | 4,949,000 | 4,949,000 |

Changes to the 2022/23 Infrastructure Cook Islands budget include:

- \$45,000 personnel and \$5,000 operating annual increase to hire a Projects Financial Accountant.
- \$15,000 annual reduction in personnel funding, transferred to the Office of the Public Service Commissioner HOM's Salaries Administered Payment Fund.
- Transfer of \$41,148 annually from the Competition and Regulatory Authority for the reinstatement of the Electrical Inspectorate
- \$75,000 operating increase in 2022/23 to maintain the landfill.
- \$40,000 reduction of the Bridges and Stream Structure Maintenance Administered Payment for 2022/23, to align with forward year appropriations for this payment

Table 8-63 Administered Payments, ICI (\$)

| Output | Administered Payment | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--------|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2 | Bridges and Stream Structure Maintenance | 700,000 | 700,000 | 700,000 | 700,000 |
| | Output 2 Administered Funding | 700,000 | 700,000 | 700,000 | 700,000 |
| 3 | Emergency Response Work | 200,000 | 200,000 | 200,000 | 200,000 |
| 3 | Road and Drainage Asset Management | 850,000 | 800,000 | 800,000 | 800,000 |
| | Output 3 Administered Funding | 1,050,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| 4 | Waste Management | 730,000 | 730,000 | 730,000 | 730,000 |
| | Output 4 Administered Funding | 730,000 | 730,000 | 730,000 | 730,000 |
| | Total Infrastructure Cook Islands Administered Funding | 2,480,000 | 2,430,000 | 2,430,000 | 2,430,000 |

8.5.16 Ministry of Internal Affairs

| Internal Affairs | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|------------------|--|-------------------|-------------------|-------------------|-------------------|
| MTEC | Personnel | 1,357,376 | 1,357,376 | 1,357,376 | 1,357,376 |
| | Operating | 299,000 | 269,000 | 269,000 | 269,000 |
| | Administered Payments | 3,204,217 | 3,257,199 | 3,260,557 | 3,264,086 |
| | Depreciation | 12,000 | 12,000 | 12,000 | 12,000 |
| | Gross Appropriation | 4,872,593 | 4,895,575 | 4,898,933 | 4,902,462 |
| | Trading Revenue | 0 | 0 | 0 | 0 |
| | Net Appropriation | 4,872,593 | 4,895,575 | 4,898,933 | 4,902,462 |
| | POBOC | 21,067,190 | 21,286,717 | 21,495,002 | 21,502,276 |
| | Medium-term Expenditure Ceiling | 25,939,783 | 26,182,292 | 26,393,935 | 26,404,738 |

Table 8-64 Total Resourcing – Government and ODA, Internal Affairs (\$)

| | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Net Appropriation | 4,872,593 | 4,895,575 | 4,898,933 | 4,902,462 |
| Trading Revenue | 0 | 0 | 0 | 0 |
| Official Development Assistance | 0 | 0 | 0 | 0 |
| Total Resourcing | 4,872,593 | 4,895,575 | 4,898,933 | 4,902,462 |

Table 8-65 Output Funding for 2022/23, Internal Affairs (\$)

| Output | Output 1 | Output 2 | Output 3 | Output 4 | Output 5 | Total |
|--------------------------------------|------------------|------------------|----------------|----------------|----------------|------------------|
| Personnel | 363,679 | 422,692 | 183,754 | 147,500 | 239,751 | 1,357,376 |
| Operating | 80,000 | 50,000 | 50,000 | 50,000 | 69,000 | 299,000 |
| Administered Funding | 1,307,217 | 1,045,000 | 0 | 400,000 | 452,000 | 3,204,217 |
| Depreciation | 0 | 0 | 0 | 0 | 12,000 | 12,000 |
| Gross Operating Appropriation | 1,750,896 | 1,517,692 | 233,754 | 597,500 | 772,751 | 4,872,593 |
| Trading Revenue | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Operating Appropriation | 1,750,896 | 1,517,692 | 233,754 | 597,500 | 772,751 | 4,872,593 |

8.5.16.1 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 8-66 Baselines and New Budget Measures, Internal Affairs (\$)

| Details | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2021/22 Budget Personnel Baseline | 1,357,376 | 1,357,376 | 1,357,376 | 1,357,376 |
| 2022/23 Budget Personnel Budget | 1,357,376 | 1,357,376 | 1,357,376 | 1,357,376 |
| 2021/22 Budget Operating Baseline | 269,000 | 269,000 | 269,000 | 269,000 |
| IT Equipment upgrade for MIS | 30,000 | 0 | 0 | 0 |
| 2022/23 Budget Operating Budget | 299,000 | 269,000 | 269,000 | 269,000 |
| 2021/22 Budget Administered Payments Baseline | 3,219,700 | 3,275,300 | 3,280,900 | 3,280,900 |
| Welfare Payments – Allowances | -15,483 | -18,101 | -20,343 | -16,814 |
| 2022/23 Budget Administered Payments | 3,204,217 | 3,257,199 | 3,260,557 | 3,264,086 |
| 2021/22 Budget Depreciation Baseline | 27,000 | 27,000 | 27,000 | 27,000 |
| Depreciation adjustment | -15,000 | -15,000 | -15,000 | -15,000 |
| 2022/23 Budget Depreciation | 12,000 | 12,000 | 12,000 | 12,000 |
| Gross Operating Appropriation | 4,872,593 | 4,895,575 | 4,898,933 | 4,902,462 |
| 2021/22 Budget Trading Revenue Baseline | 0 | 0 | 0 | 0 |
| 2022/23 Budget Trading Revenue | 0 | 0 | 0 | 0 |
| Net Operating Appropriation | 4,872,593 | 4,895,575 | 4,898,933 | 4,902,462 |
| 2021/22 Budget POBOC Baseline | 20,440,000 | 20,647,900 | 20,853,200 | 20,853,200 |
| POBOC adjustment | 627,190 | 638,818 | 641,803 | 649,077 |
| 2022/23 Budget POBOC | 21,067,190 | 21,286,717 | 21,495,002 | 21,502,276 |

Changes to the 2022/23 Ministry of Internal Affairs budget include:

- \$30,000 in 2022/23 for ICT equipment upgrades to support of the Management Information System (MIS)
- \$2.5 million increase to the Welfare Payments POBOC and Administered Funds over four years, to reflect an inflation-induced pension increase.

Table 8-67 Administered Payments, Internal Affairs (\$)

| Output | Administered Payment | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--|--|-------------------------------|-----------------------|-----------------------|-----------------------|
| 1 | Welfare Payments – Allowances | 1,307,217 | 1,310,199 | 1,313,557 | 1,317,086 |
| | Output 1 Administered Funding | 1,307,217 | 1,310,199 | 1,313,557 | 1,317,086 |
| 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 |
| | Output 2 Administered Funding | 1,045,000 | 1,045,000 | 1,045,000 | 1,045,000 |
| 4 | Vaka Maintenance | 400,000 | 450,000 | 450,000 | 450,000 |
| | Output 4 Administered Funding | 400,000 | 450,000 | 450,000 | 450,000 |
| 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 |
| | Output 5 Administered Funding | 452,000 | 452,000 | 452,000 | 452,000 |
| Total Internal Affairs Administered Funding | | 3,204,217 | 3,257,199 | 3,260,557 | 3,264,086 |

Table 8-68 Payments on Behalf of Crown, Internal Affairs (\$)

| Output | POBOCs | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|-------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| 1 | Welfare Payments | 21,067,190 | 21,286,717 | 21,495,002 | 21,502,276 |
| | Output 1 POBOC Funding | 21,067,190 | 21,286,717 | 21,495,002 | 21,502,276 |
| Total Internal Affairs POBOC Funding | | 21,067,190 | 21,286,717 | 21,495,002 | 21,502,276 |

8.5.17 Ministry of Justice

| Justice | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---------|--|------------------|------------------|------------------|------------------|
| MTEC | Personnel | 2,028,976 | 2,033,976 | 2,033,976 | 2,033,976 |
| | Operating | 350,000 | 400,000 | 400,000 | 400,000 |
| | Administered Payments | 460,000 | 625,000 | 625,000 | 625,000 |
| | Depreciation | 23,000 | 23,000 | 23,000 | 23,000 |
| | Gross Appropriation | 2,861,976 | 3,081,976 | 3,081,976 | 3,081,976 |
| | Trading Revenue | 425,000 | 425,000 | 425,000 | 425,000 |
| | Net Appropriation | 2,436,976 | 2,656,976 | 2,656,976 | 2,656,976 |
| | POBOC | 0 | 0 | 0 | 0 |
| | Medium-term Expenditure Ceiling | 2,861,976 | 3,081,976 | 3,081,976 | 3,081,976 |

Table 8-69 Total Resourcing – Government and ODA, Justice (\$)

| | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Net Appropriation | 2,436,977 | 2,656,977 | 2,656,977 | 2,656,977 |
| Trading Revenue | 425,000 | 425,000 | 425,000 | 425,000 |
| Official Development Assistance | 0 | 0 | 0 | 0 |
| Total Resourcing | 2,861,977 | 3,081,977 | 3,081,977 | 3,081,977 |

Table 8-70 Output Funding for 2022/23, Justice (\$)

| Output | Output 1 | Output 2 | Output 3 | Output 4 | Total |
|--------------------------------------|------------------|----------------|----------------|----------------|------------------|
| Personnel | 1,134,262 | 163,334 | 222,229 | 509,151 | 2,028,976 |
| Operating | 178,176 | 39,179 | 53,307 | 79,338 | 350,000 |
| Administered Funding | 340,000 | 120,000 | 0 | 0 | 460,000 |
| Depreciation | 8,000 | 9,000 | 3,000 | 3,000 | 23,000 |
| Gross Operating Appropriation | 1,660,438 | 331,513 | 278,536 | 591,489 | 2,861,976 |
| Trading Revenue | 250,000 | 25,000 | 100,000 | 50,000 | 425,000 |
| Net Operating Appropriation | 1,410,438 | 306,513 | 178,536 | 541,489 | 2,436,976 |

8.5.17.1 Ministry of Justice Outputs

Output 1: High Courts

Output 2: Land Administration

Output 3: Registry Services

Output 4: Corporate Services

Table 8-71 Baselines and New Budget Measures, Justice (\$)

| Details | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2021/22 Budget Personnel Baseline | 1,928,976 | 1,933,976 | 1,933,976 | 1,933,976 |
| Transfer from operating | 100,000 | 100,000 | 100,000 | 100,000 |
| 2022/23 Budget Personnel Budget | 2,028,976 | 2,033,976 | 2,033,976 | 2,033,976 |
| 2021/22 Budget Operating Baseline | 450,000 | 500,000 | 500,000 | 500,000 |
| Transfer to personnel | -100,000 | -100,000 | -100,000 | -100,000 |
| 2022/23 Budget Operating Budget | 350,000 | 400,000 | 400,000 | 400,000 |
| 2021/22 Budget Administered Payments Baseline | 460,000 | 625,000 | 625,000 | 625,000 |
| 2022/23 Budget Administered Payments | 460,000 | 625,000 | 625,000 | 625,000 |
| 2021/22 Budget Depreciation Baseline | 30,000 | 30,000 | 30,000 | 30,000 |
| Depreciation adjustment | -7,000 | -7,000 | -7,000 | -7,000 |
| 2022/23 Budget Depreciation | 23,000 | 23,000 | 23,000 | 23,000 |
| Gross Operating Appropriation | 2,861,977 | 3,081,977 | 3,081,977 | 3,081,977 |
| 2021/22 Budget Trading Revenue Baseline | 425,000 | 425,000 | 425,000 | 425,000 |
| 2022/23 Budget Trading Revenue | 425,000 | 425,000 | 425,000 | 425,000 |
| Net Operating Appropriation | 2,436,977 | 2,656,977 | 2,656,977 | 2,656,977 |

Changes to the Ministry of Justice budget for 2022/23 include:

- \$100,000 transferred from operating to personnel to allow for the recruitment of critical positions.

Table 8-72 Administered Payments, Justice (\$)

| Output | Administered Payment | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--------|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| 1 | Judges Allowances | 300,000 | 465,000 | 465,000 | 465,000 |
| 1 | Legal Aid | 40,000 | 40,000 | 40,000 | 40,000 |
| | Output 1 Administered Funding | 340,000 | 505,000 | 505,000 | 505,000 |
| 2 | Project to bring land records up to date | 120,000 | 120,000 | 120,000 | 120,000 |
| | Output 2 Administered Funding | 120,000 | 120,000 | 120,000 | 120,000 |
| | Total Justice Administered Funding | 460,000 | 625,000 | 625,000 | 625,000 |

8.5.18 Ministry of Marine Resources

| Marine Resources | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|------------------|--|------------------|------------------|------------------|------------------|
| MTEC | Personnel | 1,478,942 | 1,478,939 | 1,478,939 | 1,478,939 |
| | Operating | 455,058 | 380,061 | 380,061 | 380,061 |
| | Administered Payments | 150,000 | 150,000 | 150,000 | 150,000 |
| | Depreciation | 150,000 | 160,000 | 160,000 | 160,000 |
| | Gross Appropriation | 2,234,000 | 2,169,000 | 2,169,000 | 2,169,000 |
| | Trading Revenue | 20,000 | 20,000 | 20,000 | 20,000 |
| | Net Appropriation | 2,214,000 | 2,149,000 | 2,149,000 | 2,149,000 |
| | POBOC | 0 | 0 | 0 | 0 |
| | Medium-term Expenditure Ceiling | 2,234,000 | 2,169,000 | 2,169,000 | 2,169,000 |

Table 8-73 Total Resourcing – Government and ODA, Marine Resources (\$)

| | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Net Appropriation | 2,214,000 | 2,149,000 | 2,149,000 | 2,149,000 |
| Trading Revenue | 20,000 | 20,000 | 20,000 | 20,000 |
| Official Development Assistance | 0 | 0 | 0 | 0 |
| Total Resourcing | 2,234,000 | 2,169,000 | 2,169,000 | 2,169,000 |

Table 8-74 Output Funding for 2022/23, Marine Resources (\$)

| Output | Output 1 | Output 2 | Output 3 | Total |
|--------------------------------------|----------------|----------------|----------------|------------------|
| Personnel | 556,499 | 646,350 | 276,093 | 1,478,942 |
| Operating | 100,378 | 203,300 | 151,380 | 455,058 |
| Administered Funding | 0 | 150,000 | 0 | 150,000 |
| Depreciation | 0 | 0 | 150,000 | 150,000 |
| Gross Operating Appropriation | 656,877 | 999,650 | 577,473 | 2,234,000 |
| Trading Revenue | 0 | 20,000 | 0 | 20,000 |
| Net Operating Appropriation | 656,877 | 979,650 | 577,473 | 2,214,000 |

8.5.18.1 Ministry of Marine Resources Outputs

Output 1: Offshore Fisheries

Output 2: Inshore and Aquaculture Fisheries

Output 3: Corporate Services

Table 8-75 Baselines and New Budget Measures, Marine Resources (\$)

| Details | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2021/22 Budget Personnel Baseline | 1,271,815 | 1,271,815 | 1,271,815 | 1,271,815 |
| Transfer from operating | 207,127 | 207,124 | 207,124 | 207,124 |
| 2022/23 Budget Personnel Budget | 1,478,942 | 1,478,939 | 1,478,939 | 1,478,939 |
| 2021/22 Budget Operating Baseline | 670,185 | 595,185 | 595,185 | 595,185 |
| Transfer to personnel | -207,127 | -207,124 | -207,124 | -207,124 |
| Operating reduction | -8,000 | -8,000 | -8,000 | -8,000 |
| 2022/23 Budget Operating Budget | 455,058 | 380,061 | 380,061 | 380,061 |
| 2021/22 Budget Administered Payments Baseline | 200,000 | 200,000 | 200,000 | 200,000 |
| Administered payments adjustment | -50,000 | -50,000 | -50,000 | -50,000 |
| 2022/23 Budget Administered Payments | 150,000 | 150,000 | 150,000 | 150,000 |
| 2021/22 Budget Depreciation Baseline | 150,000 | 150,000 | 150,000 | 150,000 |
| Depreciation adjustment | 0 | 10,000 | 10,000 | 10,000 |
| 2022/23 Budget Depreciation | 150,000 | 160,000 | 160,000 | 160,000 |
| Gross Operating Appropriation | 2,234,000 | 2,169,000 | 2,169,000 | 2,169,000 |
| 2021/22 Budget Trading Revenue Baseline | 28,000 | 28,000 | 28,000 | 28,000 |
| Trading Revenue adjustment | -8,000 | -8,000 | -8,000 | -8,000 |
| 2022/23 Budget Trading Revenue | 20,000 | 20,000 | 20,000 | 20,000 |
| Net Operating Appropriation | 2,214,000 | 2,149,000 | 2,149,000 | 2,149,000 |

Changes to the Ministry of Marine Resources budget for 2022/23 include:

- \$50,000 annual reduction to the Fisheries Development Facilities Administered Payment to support other critical expenditure needs
- \$8,000 annual reduction in trading revenue and an associated operating funding decrease.
- \$207,127 transferred from operating to personnel to allow for the recruitment of critical roles.

Table 8-76 Administered Payments, Marine Resources (\$)

| Output | Administered Payment | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--------|--|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2 | Fisheries Development Facility | 150,000 | 150,000 | 150,000 | 150,000 |
| | Output 2 Administered Funding | 150,000 | 150,000 | 150,000 | 150,000 |
| | Total Marine Resources Administered Funding | 150,000 | 150,000 | 150,000 | 150,000 |

8.5.19 Office of the Ombudsman

| Ombudsman | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|-----------|--|----------------|----------------|----------------|----------------|
| MTEC | Personnel | 233,000 | 233,000 | 233,000 | 233,000 |
| | Operating | 62,000 | 62,000 | 62,000 | 62,000 |
| | Administered Payments | 0 | 0 | 0 | 0 |
| | Depreciation | 6,000 | 6,000 | 6,000 | 6,000 |
| | Gross Appropriation | 301,000 | 301,000 | 301,000 | 301,000 |
| | Trading Revenue | 0 | 0 | 0 | 0 |
| | Net Appropriation | 301,000 | 301,000 | 301,000 | 301,000 |
| | POBOC | 0 | 0 | 0 | 0 |
| | Medium-term Expenditure Ceiling | 301,000 | 301,000 | 301,000 | 301,000 |

Table 8-77 Total Resourcing – Government and ODA, Ombudsman (\$)

| | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Net Appropriation | 301,000 | 301,000 | 301,000 | 301,000 |
| Trading Revenue | 0 | 0 | 0 | 0 |
| Official Development Assistance | 0 | 0 | 0 | 0 |
| Total Resourcing | 301,000 | 301,000 | 301,000 | 301,000 |

Table 8-78 Output Funding for 2022/23, Ombudsman (\$)

| Output | Output 1 | Output 2 | Output 3 | Total |
|--------------------------------------|----------------|---------------|---------------|----------------|
| Personnel | 131,329 | 60,136 | 41,535 | 233,000 |
| Operating | 36,791 | 7,911 | 17,298 | 62,000 |
| Administered Funding | 0 | 0 | 0 | 0 |
| Depreciation | 2,000 | 2,000 | 2,000 | 6,000 |
| Gross Operating Appropriation | 170,120 | 70,047 | 60,833 | 301,000 |
| Trading Revenue | 0 | 0 | 0 | 0 |
| Net Operating Appropriation | 170,120 | 70,047 | 60,833 | 301,000 |

8.5.19.1 Ombudsman Outputs

Output 1: Investigations and Review

Output 2: Public Awareness & Training

Output 3: Corporate Services

Table 8-79 Baselines and New Budget Measures, Ombudsman (\$)

| Details | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2021/22 Budget Personnel Baseline | 233,000 | 233,000 | 233,000 | 233,000 |
| 2022/23 Budget Personnel Budget | 233,000 | 233,000 | 233,000 | 233,000 |
| 2021/22 Budget Operating Baseline | 62,000 | 62,000 | 62,000 | 62,000 |
| 2022/23 Budget Operating Budget | 62,000 | 62,000 | 62,000 | 62,000 |
| 2021/22 Budget Administered Payments Baseline | 0 | 0 | 0 | 0 |
| 2022/23 Budget Administered Payments | 0 | 0 | 0 | 0 |
| 2021/22 Budget Depreciation Baseline | 6,000 | 6,000 | 6,000 | 6,000 |
| 2022/23 Budget Depreciation | 6,000 | 6,000 | 6,000 | 6,000 |
| Gross Operating Appropriation | 301,000 | 301,000 | 301,000 | 301,000 |
| 2021/22 Budget Trading Revenue Baseline | 0 | 0 | 0 | 0 |
| 2022/23 Budget Trading Revenue | 0 | 0 | 0 | 0 |
| Net Operating Appropriation | 301,000 | 301,000 | 301,000 | 301,000 |

There are no funding changes for the Office of the Ombudsman.

8.5.20 Parliamentary Services

| Parliamentary Services | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|--|----------------------------|------------------|------------------|------------------|------------------|
| MTEC | Personnel | 620,100 | 620,100 | 620,100 | 620,100 |
| | Operating | 80,000 | 80,000 | 80,000 | 80,000 |
| | Administered Payments | 120,000 | 120,000 | 120,000 | 120,000 |
| | Depreciation | 72,720 | 72,720 | 72,720 | 72,720 |
| | Gross Appropriation | 892,820 | 892,820 | 892,820 | 892,820 |
| | Trading Revenue | 0 | 0 | 0 | 0 |
| | Net Appropriation | 892,820 | 892,820 | 892,820 | 892,820 |
| | POBOC | 3,611,161 | 3,631,161 | 3,631,161 | 3,631,161 |
| Medium-term Expenditure Ceiling | | 4,503,981 | 4,523,981 | 4,523,981 | 4,523,981 |

Table 8-80 Total Resourcing – Government and ODA, Parliament (\$)

| | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Net Appropriation | 892,820 | 892,820 | 892,820 | 892,820 |
| Trading Revenue | 0 | 0 | 0 | 0 |
| Official Development Assistance | 0 | 0 | 0 | 0 |
| Total Resourcing | 892,820 | 892,820 | 892,820 | 892,820 |

Table 8-81 Output Funding for 2022/23, Parliament (\$)

| Output | Output 1 | Output 2 | Total |
|--------------------------------------|----------------|----------------|----------------|
| Personnel | 404,720 | 215,380 | 619,000 |
| Operating | 52,000 | 28,000 | 80,000 |
| Administered Funding | 120,000 | 0 | 120,000 |
| Depreciation | 0 | 72,720 | 72,720 |
| Gross Operating Appropriation | 576,720 | 316,100 | 892,820 |
| Trading Revenue | 0 | 0 | 0 |
| Net Operating Appropriation | 576,720 | 316,100 | 892,820 |

8.5.20.1 Parliamentary Services Outputs

Output 1: Constitutional Function

Output 2: Corporate Services

Table 8-82 Baselines and New Budget Measures, Parliament (\$)

| Details | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2021/22 Budget Personnel Baseline | 619,000 | 619,000 | 619,000 | 619,000 |
| Minimum wage adjustment | 1,100 | 1,100 | 1,100 | 1,100 |
| 2022/23 Budget Personnel Budget | 620,100 | 620,100 | 620,100 | 620,100 |
| 2021/22 Budget Operating Baseline | 80,000 | 80,000 | 80,000 | 80,000 |
| 2022/23 Budget Operating Budget | 80,000 | 80,000 | 80,000 | 80,000 |
| 2021/22 Budget Administered Payments Baseline | 120,000 | 120,000 | 120,000 | 120,000 |
| 2022/23 Budget Administered Payments | 120,000 | 120,000 | 120,000 | 120,000 |
| 2021/22 Budget Depreciation Baseline | 114,220 | 114,220 | 114,220 | 114,220 |
| Depreciation adjustment | -41,500 | -41,500 | -41,500 | -41,500 |
| 2022/23 Budget Depreciation | 72,720 | 72,720 | 72,720 | 72,720 |
| Gross Operating Appropriation | 892,820 | 892,820 | 892,820 | 892,820 |
| 2021/22 Budget Trading Revenue Baseline | 0 | 0 | 0 | 0 |
| 2022/23 Budget Trading Revenue | 0 | 0 | 0 | 0 |
| Net Operating Appropriation | 892,820 | 892,820 | 892,820 | 892,820 |
| 2021/22 Budget POBOC Baseline | 3,959,581 | 3,979,581 | 3,979,581 | 3,979,581 |
| Transfer House of Ariki to MOCD | -348,420 | -348,420 | -348,420 | -348,420 |
| 2022/23 Budget POBOC | 3,611,161 | 3,631,161 | 3,631,161 | 3,631,161 |

Changes to the 2022/23 Parliamentary Services budget include:

- Transfer of \$338,420 annually from Parliamentary Services to the Ministry of Cultural Development.
- \$1,100 annual personnel increase for the Minimum wage adjustment.

Table 8-83 Administered Payments, Parliament (\$)

| Output | Administered Payment | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--------|--|-------------------------------|-----------------------|-----------------------|-----------------------|
| 1 | Special Select Committee | 120,000 | 120,000 | 120,000 | 120,000 |
| | Output 1 Administered Funding | 120,000 | 120,000 | 120,000 | 120,000 |
| | Total Parliamentary Services Administered Funding | 120,000 | 120,000 | 120,000 | 120,000 |

Table 8-84 Payments on Behalf of Crown, Parliament (\$)

| Output | POBOCs | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--------|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| 1 | Civil List - Constituency Visits | 170,200 | 170,200 | 170,200 | 170,200 |
| 1 | Civil List - Personnel | 2,901,961 | 2,901,961 | 2,901,961 | 2,901,961 |
| 1 | MP Travel and Allowances (local and overseas) | 230,000 | 250,000 | 250,000 | 250,000 |
| 1 | Parliamentary Sitting Expenses | 200,000 | 200,000 | 200,000 | 200,000 |
| 1 | QR Travel and Allowances (local and overseas) | 109,000 | 109,000 | 109,000 | 109,000 |
| | Output 1 POBOC Funding | 3,611,161 | 3,631,161 | 3,631,161 | 3,631,161 |
| | Total Parliamentary Services POBOC Funding | 3,611,161 | 3,631,161 | 3,631,161 | 3,631,161 |

8.5.21 Cook Islands Police

| Police | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|--------|--|------------------|------------------|------------------|------------------|
| MTEC | Personnel | 4,154,896 | 4,209,896 | 4,209,896 | 4,209,896 |
| | Operating | 286,104 | 286,104 | 286,104 | 286,104 |
| | Administered Payments | 215,000 | 215,000 | 215,000 | 215,000 |
| | Depreciation | 1,010,000 | 1,010,000 | 1,010,000 | 1,010,000 |
| | Gross Appropriation | 5,666,000 | 5,721,000 | 5,721,000 | 5,721,000 |
| | Trading Revenue | 154,783 | 154,783 | 154,783 | 154,783 |
| | Net Appropriation | 5,511,217 | 5,566,217 | 5,566,217 | 5,566,217 |
| | POBOC | 0 | 0 | 0 | 0 |
| | Medium-term Expenditure Ceiling | 5,666,000 | 5,721,000 | 5,721,000 | 5,721,000 |

Table 8-85 Total Resourcing – Government and ODA, Police (\$)

| | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Net Appropriation | 5,511,217 | 5,566,217 | 5,566,217 | 5,566,217 |
| Trading Revenue | 154,783 | 154,783 | 154,783 | 154,783 |
| Official Development Assistance | 0 | 0 | 0 | 0 |
| Total Resourcing | 5,666,000 | 5,721,000 | 5,721,000 | 5,721,000 |

Table 8-86 Output Funding for 2022/23, Police (\$)

| Output | Output 1 | Output 2 | Output 3 | Total |
|--------------------------------------|------------------|------------------|----------------|------------------|
| Personnel | 2,965,914 | 843,901 | 345,081 | 4,154,896 |
| Operating | 140,683 | 89,048 | 56,373 | 286,104 |
| Administered Funding | 170,000 | 45,000 | 0 | 215,000 |
| Depreciation | 787,759 | 141,393 | 80,848 | 1,010,000 |
| Gross Operating Appropriation | 4,064,356 | 1,119,342 | 482,302 | 5,666,000 |
| Trading Revenue | 145,483 | 0 | 9,300 | 154,783 |
| Net Operating Appropriation | 3,918,873 | 1,119,342 | 473,002 | 5,511,217 |

8.5.21.1 Cook Islands Police Outputs

Output 1: Crime and Operations

Output 2: Crime Prevention

Output 3: Corporate Services

Table 8-87 Baselines and New Budget Measures, Police (\$)

| Details | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2021/22 Budget Personnel Baseline | 4,154,896 | 4,154,896 | 4,154,896 | 4,154,896 |
| Personnel funding | 0 | 55,000 | 55,000 | 55,000 |
| 2022/23 Budget Personnel Budget | 4,154,896 | 4,209,896 | 4,209,896 | 4,209,896 |
| 2021/22 Budget Operating Baseline | 286,104 | 286,104 | 286,104 | 286,104 |
| 2022/23 Budget Operating Budget | 286,104 | 286,104 | 286,104 | 286,104 |
| 2021/22 Budget Administered Payments Baseline | 415,000 | 415,000 | 415,000 | 415,000 |
| Administered Payments reduction | -200,000 | -200,000 | -200,000 | -200,000 |
| 2022/23 Budget Administered Payments | 215,000 | 215,000 | 215,000 | 215,000 |
| 2021/22 Budget Depreciation Baseline | 1,010,000 | 1,010,000 | 1,010,000 | 1,010,000 |
| 2022/23 Budget Depreciation | 1,010,000 | 1,010,000 | 1,010,000 | 1,010,000 |
| Gross Operating Appropriation | 5,666,000 | 5,721,000 | 5,721,000 | 5,721,000 |
| 2021/22 Budget Trading Revenue Baseline | 154,783 | 154,783 | 154,783 | 154,783 |
| 2022/23 Budget Trading Revenue | 154,783 | 154,783 | 154,783 | 154,783 |
| Net Operating Appropriation | 5,511,217 | 5,566,217 | 5,566,217 | 5,566,217 |

Changes to the 2022/23 Cook Islands Police budget include:

- \$55,000 annual personnel increase from 2023/24 to fill vacant positions.
- \$200,000 annual reduction to the Te Kukupa – Fuel contribution administered payment, to support other critical expenditure needs.

Table 8-88 Administered Payments, Police (\$)

| Output | Administered Payment | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 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 | 50,000 | 50,000 | 50,000 | 50,000 |
| | Output 1 Administered Funding | 170,000 | 170,000 | 170,000 | 170,000 |
| 2 | Police Youth Program | 45,000 | 45,000 | 45,000 | 45,000 |
| | Output 2 Administered Funding | 45,000 | 45,000 | 45,000 | 45,000 |
| | Total Police Administered Funding | 215,000 | 215,000 | 215,000 | 215,000 |

8.5.22 Office of the Prime Minister (OPM)

| Office of the Prime Minister | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|------------------------------|--|------------------|------------------|------------------|------------------|
| MTEC | Personnel | 1,532,200 | 1,567,200 | 1,567,200 | 1,567,200 |
| | Operating | 459,000 | 509,000 | 459,000 | 459,000 |
| | Administered Payments | 1,193,000 | 1,243,000 | 1,231,000 | 1,231,000 |
| | Depreciation | 15,000 | 15,000 | 15,000 | 15,000 |
| | Gross Appropriation | 3,199,200 | 3,334,200 | 3,272,200 | 3,272,200 |
| | Trading Revenue | 0 | 0 | 0 | 0 |
| | Net Appropriation | 3,199,200 | 3,334,200 | 3,272,200 | 3,272,200 |
| | POBOC | 0 | 0 | 50,000 | 0 |
| | Medium-term Expenditure Ceiling | 3,199,200 | 3,334,200 | 3,272,200 | 3,272,200 |

Table 8-89 Total Resourcing – Government and ODA, OPM (\$)

| | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---------------------------------|--|-------------------------------|-------------------------------|-------------------------------|
| Net Appropriation | 3,199,200 | 3,334,200 | 3,272,200 | 3,272,200 |
| Trading Revenue | 0 | 0 | 0 | 0 |
| Official Development Assistance | 0 | 0 | 0 | 0 |
| Total Resourcing | 3,199,200 | 3,334,200 | 3,272,200 | 3,272,200 |

Table 8-90 Output Funding for 2022/23, OPM (\$)

| Output | Output 1 | Output 2 | Output 3 | Output 4 | Output 5 |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Personnel | 105,920 | 106,253 | 243,398 | 282,720 | 109,596 |
| Operating | 21,192 | 155,843 | 31,422 | 77,677 | 23,644 |
| Administered Funding | 463,000 | 0 | 200,000 | 450,000 | 0 |
| Depreciation | 1,404 | 180 | 1,260 | 3,072 | 908 |
| Gross Operating Appropriation | 591,516 | 262,276 | 476,080 | 813,469 | 134,148 |
| Trading Revenue | 0 | 0 | 0 | 0 | 0 |
| Net Operating Appropriation | 591,516 | 262,276 | 476,080 | 813,469 | 134,148 |

| Output | Output 6 | Output 7 | Output 8 | Output 9 | Output 10 | Total |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|
| Personnel | 131,075 | 152,965 | 53,575 | 204,948 | 141,750 | 1,532,200 |
| Operating | 18,548 | 13,600 | 20,000 | 87,074 | 10,000 | 459,000 |
| Administered Funding | 0 | 0 | 60,000 | 20,000 | 0 | 1,193,000 |
| Depreciation | 620 | 232 | 952 | 6,372 | 0 | 15,000 |
| Gross Operating Appropriation | 150,243 | 166,797 | 134,527 | 318,394 | 151,750 | 3,199,200 |
| Trading Revenue | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Operating Appropriation | 150,243 | 166,797 | 134,527 | 318,394 | 151,750 | 3,199,200 |

8.5.22.1 Office of the Prime Minister Outputs

Output 1: Cabinet and Executive Services

Output 2: Central Policy Planning Office

Output 3: Pa Enua 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 8-91 Baselines and New Budget Measures, OPM (\$)

| Details | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2021/22 Budget Personnel Baseline | 1,518,000 | 1,518,000 | 1,518,000 | 1,518,000 |
| Minimum wage adjustment | 14,200 | 14,200 | 14,200 | 14,200 |
| Personnel adjustment | 0 | 35,000 | 35,000 | 35,000 |
| 2022/23 Budget Personnel Budget | 1,532,200 | 1,567,200 | 1,567,200 | 1,567,200 |
| 2021/22 Budget Operating Baseline | 449,000 | 499,000 | 449,000 | 449,000 |
| Operating adjustment | 10,000 | 10,000 | 10,000 | 10,000 |
| 2022/23 Budget Operating Budget | 459,000 | 509,000 | 459,000 | 459,000 |
| 2021/22 Budget Administered Payments Baseline | 733,000 | 733,000 | 733,000 | 733,000 |
| OPM ICT Activities | 250,000 | 290,000 | 278,000 | 278,000 |
| Pa Enea Connectivity | 200,000 | 250,000 | 250,000 | 250,000 |
| Pa Enea Mechanical Overseer | 0 | 20,000 | 20,000 | 20,000 |
| Cook Islands Red Cross – transfer to MFEM | -50,000 | -50,000 | -50,000 | -50,000 |
| Marae Moana Ambassador | 60,000 | 0 | 0 | 0 |
| 2022/23 Budget Administered Payments | 1,193,000 | 1,243,000 | 1,231,000 | 1,231,000 |
| 2021/22 Budget Depreciation Baseline | 31,000 | 31,000 | 31,000 | 31,000 |
| Depreciation adjustment | -16,000 | -16,000 | -16,000 | -16,000 |
| 2022/23 Budget Depreciation | 15,000 | 15,000 | 15,000 | 15,000 |
| Gross Operating Appropriation | 3,199,200 | 3,334,200 | 3,272,200 | 3,272,200 |
| 2021/22 Budget Trading Revenue Baseline | 0 | 0 | 0 | 0 |
| 2022/23 Budget Trading Revenue | 0 | 0 | 0 | 0 |
| Net Operating Appropriation | 3,199,200 | 3,334,200 | 3,272,200 | 3,272,200 |
| 2021/22 Budget POBOC Baseline | 0 | 0 | 0 | 0 |
| Local Government Elections | 0 | 0 | 50,000 | 0 |
| 2022/23 Budget POBOC | 0 | 0 | 50,000 | 0 |

Changes to the 2022/23 Office of the Prime Minister budget include:

- \$35,000 annual personnel from 2023/24 to hire a Pa Enea Governance Officer.
- \$14,200 annual personnel for the Minimum wage adjustment.
- \$10,000 annual operating budget for the National Security Division.
- \$1.1 million increase over four years to complete Microsoft licensing upgrades for government and the services of the Project Management Unit for the ICT Network rollout to the Pa Enea.
- \$950,000 increase over four years to secure better internet connectivity for the Pa Enea for Government to operate online more effectively. This upgrade underpins the universal access program which is intended to deliver better telecommunications connectivity to Pa Enea communities.
- \$20,000 annual increase from 2023/24 to expand the scope of the Pa Enea Mechanical Overseer to the Southern Group.
- Transfer of \$50,000 annually to the Ministry of Finance and Economic Management for the Red Cross Administration Fund transfer from the Office of the Prime Minister.
- \$60,000 in 2022/23 to fund the Marae Moana Ambassador.
- \$50,000 for the Local Government Elections POBOC for 2024/25.

Table 8-92 Administered Payments, OPM (\$)

| Output | Administered Payment | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|--------------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| 1 | Community Support Fund | 100,000 | 100,000 | 100,000 | 100,000 |
| 1 | Social Responsibility Fund | 363,000 | 363,000 | 363,000 | 363,000 |
| | Output 1 Administered Funding | 463,000 | 463,000 | 463,000 | 463,000 |
| 3 | Pa Enua Mechanical Overseer | 100,000 | 120,000 | 120,000 | 120,000 |
| 3 | Pa Enua Machinery Maintenance Fund | 100,000 | 100,000 | 100,000 | 100,000 |
| | Output 3 Administered Funding | 200,000 | 220,000 | 220,000 | 220,000 |
| 4 | OPM ICT Activities | 250,000 | 290,000 | 278,000 | 278,000 |
| 4 | Pa Enua Connectivity | 200,000 | 250,000 | 250,000 | 250,000 |
| | Output 4 Administered Funding | 450,000 | 540,000 | 528,000 | 528,000 |
| 8 | Marae Moana Ambassador | 60,000 | 0 | 0 | 0 |
| | Output 8 Administered Funding | 60,000 | 0 | 0 | 0 |
| 9 | State Events | 20,000 | 20,000 | 20,000 | 20,000 |
| | Output 9 Administered Funding | 20,000 | 20,000 | 20,000 | 20,000 |
| Total Prime Minister's Office Administered Funding | | 1,193,000 | 1,243,000 | 1,231,000 | 1,231,000 |

Table 8-93 Payments on Behalf of Crown, OPM (\$)

| Output | POBOCs | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--|-------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| 3 | Local Government Election | 0 | 0 | 50,000 | 0 |
| | Output 3 POBOC Funding | 0 | 0 | 50,000 | 0 |
| Total Prime Minister's Office POBOC Funding | | 0 | 0 | 50,000 | 0 |

8.5.23 Office of the Public Service Commissioner (OPSC)

| Office of the Public Service Commissioner | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---|--|------------------|------------------|------------------|------------------|
| MTEC | Personnel | 350,000 | 350,000 | 350,000 | 350,000 |
| | Operating | 191,510 | 241,510 | 266,510 | 266,510 |
| | Administered Payments | 1,903,170 | 1,903,170 | 1,903,170 | 1,903,170 |
| | Depreciation | 5,000 | 5,000 | 5,000 | 5,000 |
| | Gross Appropriation | 2,449,680 | 2,499,680 | 2,524,680 | 2,524,680 |
| | Trading Revenue | 0 | 0 | 0 | 0 |
| | Net Appropriation | 2,449,680 | 2,499,680 | 2,524,680 | 2,524,680 |
| | POBOC | 0 | 0 | 0 | 0 |
| | Medium-term Expenditure Ceiling | 2,449,680 | 2,499,680 | 2,524,680 | 2,524,680 |

Table 8-94 Total Resourcing – Government and ODA, OPSC (\$)

| | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Net Appropriation | 2,449,680 | 2,499,680 | 2,524,680 | 2,524,680 |
| Trading Revenue | 0 | 0 | 0 | 0 |
| Official Development Assistance | 0 | 0 | 0 | 0 |
| Total Resourcing | 2,449,680 | 2,499,680 | 2,524,680 | 2,524,680 |

Table 8-95 Output Funding for 2022/23, OPSC (\$)

| Output | Output 1 | Output 2 | Output 3 | Output 4 | Total |
|--------------------------------------|----------------|----------------|------------------|---------------|------------------|
| Personnel | 103,389 | 121,236 | 72,011 | 53,364 | 350,000 |
| Operating | 48,779 | 42,410 | 72,469 | 27,852 | 191,510 |
| Administered Funding | 0 | 0 | 1,903,170 | 0 | 1,903,170 |
| Depreciation | 0 | 0 | 5,000 | 0 | 5,000 |
| Gross Operating Appropriation | 152,168 | 163,646 | 2,052,650 | 81,216 | 2,449,680 |
| Trading Revenue | 0 | 0 | 0 | 0 | 0 |
| Net Operating Appropriation | 152,168 | 163,646 | 2,052,650 | 81,216 | 2,449,680 |

8.5.23.1 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 8-96 Baselines and New Budget Measures, OPSC (\$)

| Details | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2021/22 Budget Personnel Baseline | 350,000 | 350,000 | 350,000 | 350,000 |
| 2022/23 Budget Personnel Budget | 350,000 | 350,000 | 350,000 | 350,000 |
| 2021/22 Budget Operating Baseline | 204,000 | 279,000 | 279,000 | 279,000 |
| Operating adjustment | 0 | -25,000 | 0 | 0 |
| Transfer to HOM's Salaries | -12,490 | -12,490 | -12,490 | -12,490 |
| 2022/23 Budget Operating Budget | 191,510 | 241,510 | 266,510 | 266,510 |
| 2021/22 Budget Administered Payments Baseline | 1,810,000 | 1,810,000 | 1,810,000 | 1,810,000 |
| HOM's Salaries | 93,170 | 93,170 | 93,170 | 93,170 |
| 2022/23 Budget Administered Payments | 1,903,170 | 1,903,170 | 1,903,170 | 1,903,170 |
| 2021/22 Budget Depreciation Baseline | 15,000 | 15,000 | 15,000 | 15,000 |
| Depreciation adjustment | -10,000 | -10,000 | -10,000 | -10,000 |
| 2022/23 Budget Depreciation | 5,000 | 5,000 | 5,000 | 5,000 |
| Gross Operating Appropriation | 2,449,680 | 2,499,680 | 2,524,680 | 2,524,680 |
| 2021/22 Budget Trading Revenue Baseline | 0 | 0 | 0 | 0 |
| 2022/23 Budget Trading Revenue | 0 | 0 | 0 | 0 |
| Net Operating Appropriation | 2,449,680 | 2,499,680 | 2,524,680 | 2,524,680 |

Changes to the 2022/23 Office of the Public Service Commissioner budget include:

- \$25,000 reduction in operating funding in 2023/24 to support critical funding needs.
- \$93,170 annual increase to the HOM's Salaries Administered Payment Fund, transferred from other Government Agencies for remuneration adjustments.
- \$12,490 reduction in operating funding from 2022/23, transferred to the HOM's Salaries Administered Payment Fund.

Table 8-97 Administered Payments, OPSC (\$)

| Output | Administered Payment | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--------|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| 3 | HoM's Salaries | 1,903,170 | 1,903,170 | 1,903,170 | 1,903,170 |
| | Output 3 Administered Funding | 1,903,170 | 1,903,170 | 1,903,170 | 1,903,170 |
| | Total Public Service Commission Administered Funding | 1,903,170 | 1,903,170 | 1,903,170 | 1,903,170 |

8.5.24 Cook Islands Seabed Minerals Authority (SMBA)

| Cook Islands Seabed Minerals Authority | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|--|--|----------------|----------------|----------------|----------------|
| MTEC | Personnel | 590,944 | 590,944 | 590,944 | 590,944 |
| | Operating | 299,056 | 299,056 | 299,056 | 299,056 |
| | Administered Payments | 100,000 | 0 | 0 | 0 |
| | Depreciation | 9,500 | 9,500 | 9,500 | 9,500 |
| | Gross Appropriation | 999,500 | 899,500 | 899,500 | 899,500 |
| | Trading Revenue | 240,000 | 240,000 | 240,000 | 240,000 |
| | Net Appropriation | 759,500 | 659,500 | 659,500 | 659,500 |
| | POBOC | 0 | 0 | 0 | 0 |
| | Medium-term Expenditure Ceiling | 999,500 | 899,500 | 899,500 | 899,500 |

Table 8-98 Total Resourcing – Government and ODA, SBMA (\$)

| | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---------------------------------|----------------------------|-----------------------|-----------------------|-----------------------|
| Net Appropriation | 759,500 | 659,500 | 659,500 | 659,500 |
| Trading Revenue | 240,000 | 240,000 | 240,000 | 240,000 |
| Official Development Assistance | 0 | 0 | 0 | 0 |
| Total Resourcing | 999,500 | 899,500 | 899,500 | 899,500 |

Table 8-99 Output Funding for 2022/23, SBMA (\$)

| Output | Output 1 | Output 2 | Output 3 | Total |
|--------------------------------------|----------------|---------------|---------------|----------------|
| Personnel | 484,944 | 37,100 | 68,900 | 590,944 |
| Operating | 239,056 | 40,000 | 20,000 | 299,056 |
| Administered Funding | 100,000 | 0 | 0 | 100,000 |
| Depreciation | 9,500 | 0 | 0 | 9,500 |
| Gross Operating Appropriation | 833,500 | 77,100 | 88,900 | 999,500 |
| Trading Revenue | 240,000 | 0 | 0 | 240,000 |
| Net Operating Appropriation | 593,500 | 77,100 | 88,900 | 759,500 |

8.5.24.1 Cook Islands Seabed Minerals Authority Outputs

Output 1: Effective Seabed Minerals sector

Output 2: Communications & Stakeholder engagement

Output 3: Corporate Services

Table 8-100 Baselines and New Budget Measures, SBMA (\$)

| Details | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2021/22 Budget Personnel Baseline | 490,000 | 490,000 | 490,000 | 490,000 |
| Personnel funding | 100,944 | 100,944 | 100,944 | 100,944 |
| 2022/23 Budget Personnel Budget | 590,944 | 590,944 | 590,944 | 590,944 |
| 2021/22 Budget Operating Baseline | 240,000 | 240,000 | 240,000 | 240,000 |
| Inspectorate | 59,056 | 59,056 | 59,056 | 59,056 |
| 2022/23 Budget Operating Budget | 299,056 | 299,056 | 299,056 | 299,056 |
| 2021/22 Budget Administered Payments Baseline | 140,000 | 0 | 0 | 0 |
| Compliance Development – Transfer to Environment | -40,000 | 0 | 0 | 0 |
| 2022/23 Budget Administered Payments | 100,000 | 0 | 0 | 0 |
| 2021/22 Budget Depreciation Baseline | 9,500 | 9,500 | 9,500 | 9,500 |
| 2022/23 Budget Depreciation | 9,500 | 9,500 | 9,500 | 9,500 |
| Gross Operating Appropriation | 999,500 | 899,500 | 899,500 | 899,500 |
| 2021/22 Budget Trading Revenue Baseline | 80,000 | 80,000 | 80,000 | 80,000 |
| Trading Revenue adjustment | 160,000 | 160,000 | 160,000 | 160,000 |
| 2022/23 Budget Trading Revenue | 240,000 | 240,000 | 240,000 | 240,000 |
| Net Operating Appropriation | 759,500 | 659,500 | 659,500 | 659,500 |

Changes to the 2022/23 Cook Islands Seabed Minerals Authority budget include:

- \$100,944 annual personnel increase from 2022/23 to support the recruitment of an Inspector and technical officers.
- \$59,056 annual operating increase to operations of the new inspectorate.
- \$160,000 annual trading revenue increase, to align with updated licensing revenue.
- Transfer of \$40,000 administered fund for Compliance Development for 2022/23 to the National Environment Service.

Table 8-101 Administered Payments, SBMA (\$)

| Output | Administered Payment | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--------|--|-------------------------------|-----------------------|-----------------------|-----------------------|
| 1 | Seabed Minerals Sector Development | 100,000 | 0 | 0 | 0 |
| | Output 1 Administered Funding | 100,000 | 0 | 0 | 0 |
| | Total CI Seabed Minerals Administered Funding | 100,000 | 0 | 0 | 0 |

8.5.25 Cook Islands Tourism Corporation

| Cook Islands Tourism Corporation | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|----------------------------------|--|------------------|------------------|------------------|------------------|
| MTEC | Personnel | 2,300,022 | 2,300,022 | 2,300,022 | 2,300,022 |
| | Operating | 1,319,978 | 1,339,978 | 1,339,978 | 1,339,978 |
| | Administered Payments | 4,500,000 | 4,500,000 | 4,500,000 | 4,500,000 |
| | Depreciation | 52,000 | 52,000 | 52,000 | 52,000 |
| | Gross Appropriation | 8,172,000 | 8,192,000 | 8,192,000 | 8,192,000 |
| | Trading Revenue | 0 | 20,000 | 20,000 | 20,000 |
| | Net Appropriation | 8,172,000 | 8,172,000 | 8,172,000 | 8,172,000 |
| | POBOC | 0 | 0 | 0 | 0 |
| | Medium-term Expenditure Ceiling | 8,172,000 | 8,192,000 | 8,192,000 | 8,192,000 |

Table 8-102 Total Resourcing – Government and ODA, Tourism (\$)

| | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Net Appropriation | 8,172,000 | 8,172,000 | 8,172,000 | 8,172,000 |
| Trading Revenue | 0 | 20,000 | 20,000 | 20,000 |
| Official Development Assistance | 0 | 0 | 0 | 0 |
| Total Resourcing | 8,172,000 | 8,192,000 | 8,192,000 | 8,192,000 |

Table 8-103 Output Funding for 2022/23, Tourism (\$)

| Output | Output 1 | Output 2 | Output 3 | Total |
|--------------------------------------|------------------|------------------|----------------|------------------|
| Personnel | 1,431,239 | 507,623 | 361,160 | 2,300,022 |
| Operating | 775,978 | 70,000 | 474,000 | 1,319,978 |
| Administered Funding | 4,000,000 | 500,000 | 0 | 4,500,000 |
| Depreciation | 0 | 0 | 52,000 | 52,000 |
| Gross Operating Appropriation | 6,207,217 | 1,077,623 | 887,160 | 8,172,000 |
| Trading Revenue | 0 | 0 | 0 | 0 |
| Net Operating Appropriation | 6,207,217 | 1,077,623 | 887,160 | 8,172,000 |

8.5.25.1 Cook Islands Tourism Corporation Outputs

Output 1: Destination Sales and Marketing

Output 2: Destination Development

Output 3: Corporate Services

Table 8-104 Baselines and New Budget Measures, Tourism (\$)

| Details | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2021/22 Budget Personnel Baseline | 2,173,913 | 2,173,913 | 2,173,913 | 2,173,913 |
| Transfer from operating | 126,109 | 126,109 | 126,109 | 126,109 |
| 2022/23 Budget Personnel Budget | 2,300,022 | 2,300,022 | 2,300,022 | 2,300,022 |
| 2021/22 Budget Operating Baseline | 1,446,087 | 1,466,087 | 1,466,087 | 1,466,087 |
| Transfer to personnel | -126,109 | -126,109 | -126,109 | -126,109 |
| 2022/23 Budget Operating Budget | 1,319,978 | 1,339,978 | 1,339,978 | 1,339,978 |
| 2021/22 Budget Administered Payments Baseline | 4,500,000 | 4,500,000 | 4,500,000 | 4,500,000 |
| 2022/23 Budget Administered Payments | 4,500,000 | 4,500,000 | 4,500,000 | 4,500,000 |
| 2021/22 Budget Depreciation Baseline | 52,000 | 52,000 | 52,000 | 52,000 |
| 2022/23 Budget Depreciation | 52,000 | 52,000 | 52,000 | 52,000 |
| Gross Operating Appropriation | 8,172,000 | 8,192,000 | 8,192,000 | 8,192,000 |
| 2021/22 Budget Trading Revenue Baseline | 0 | 20,000 | 20,000 | 20,000 |
| 2022/23 Budget Trading Revenue | 0 | 20,000 | 20,000 | 20,000 |
| Net Operating Appropriation | 8,172,000 | 8,172,000 | 8,172,000 | 8,172,000 |

There are no significant changes to the 2022/23 Cook Islands Tourism Corporation budget.

Table 8-105 Administered Payments, Tourism (\$)

| Output | Administered Payment | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--------|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| 1 | Marketing Resources - Tourism Growth Strategy | 4,500,000 | 4,500,000 | 4,500,000 | 4,500,000 |
| | Output 1 Administered Funding | 4,500,000 | 4,500,000 | 4,500,000 | 4,500,000 |
| | Total Tourism Corporation Administered Funding | 4,500,000 | 4,500,000 | 4,500,000 | 4,500,000 |

8.5.26 Ministry of Transport

| Transport | | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|-----------|--|------------------|------------------|------------------|------------------|
| 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 |
| | Gross Appropriation | 1,199,330 | 1,199,330 | 1,199,330 | 1,199,330 |
| | Trading Revenue | 41,221 | 41,221 | 41,221 | 41,221 |
| | Net Appropriation | 1,158,109 | 1,158,109 | 1,158,109 | 1,158,109 |
| | POBOC | 120,000 | 120,000 | 120,000 | 120,000 |
| | Medium-term Expenditure Ceiling | 1,319,330 | 1,319,330 | 1,319,330 | 1,319,330 |

Table 8-106 Total Resourcing – Government and ODA, Transport (\$)

| | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Net Appropriation | 1,158,109 | 1,158,109 | 1,158,109 | 1,158,109 |
| Trading Revenue | 41,221 | 41,221 | 41,221 | 41,221 |
| Official Development Assistance | 0 | 0 | 0 | 0 |
| Total Resourcing | 1,199,330 | 1,199,330 | 1,199,330 | 1,199,330 |

Table 8-107 Output Funding for 2022/23, Transport (\$)

| Output | Output 1 | Output 2 | Output 3 | Output 4 | Output 5 | Output 6 | Total |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|---------------|------------------|
| Personnel | 185,652 | 156,234 | 92,614 | 346,586 | 199,548 | 42,866 | 1,023,500 |
| Operating | 24,671 | 26,950 | 25,450 | 32,400 | 29,579 | 11,171 | 150,221 |
| Administered Funding | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Depreciation | 3,200 | 5,593 | 0 | 11,625 | 5,191 | 0 | 25,609 |
| Gross Operating Appropriation | 213,523 | 188,777 | 118,064 | 390,611 | 234,318 | 54,037 | 1,199,330 |
| Trading Revenue | 0 | 2,390 | 0 | 32,831 | 6,000 | 0 | 41,221 |
| Net Operating Appropriation | 213,523 | 186,387 | 118,064 | 357,780 | 228,318 | 54,037 | 1,158,109 |

8.5.26.1 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

Output 6: Hazardous Substances (Dangerous Goods)

Table 8-108 Baselines and New Budget Measures, Transport (\$)

| Details | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2021/22 Budget Personnel Baseline | 1,034,000 | 1,034,000 | 1,034,000 | 1,034,000 |
| Personnel adjustment | -10,500 | -10,500 | -10,500 | -10,500 |
| 2022/23 Budget Personnel Budget | 1,023,500 | 1,023,500 | 1,023,500 | 1,023,500 |
| 2021/22 Budget Operating Baseline | 151,000 | 151,000 | 151,000 | 151,000 |
| Operating adjustment | -779 | -779 | -779 | -779 |
| 2022/23 Budget Operating Budget | 150,221 | 150,221 | 150,221 | 150,221 |
| 2021/22 Budget Administered Payments Baseline | 0 | 0 | 0 | 0 |
| 2022/23 Budget Administered Payments | 0 | 0 | 0 | 0 |
| 2021/22 Budget Depreciation Baseline | 63,609 | 63,609 | 63,609 | 63,609 |
| Depreciation adjustment | -38,000 | -38,000 | -38,000 | -38,000 |
| 2022/23 Budget Depreciation | 25,609 | 25,609 | 25,609 | 25,609 |
| Gross Operating Appropriation | 1,199,330 | 1,199,330 | 1,199,330 | 1,199,330 |
| 2021/22 Budget Trading Revenue Baseline | 42,000 | 42,000 | 42,000 | 42,000 |
| Trading Revenue adjustment | -779 | -779 | -779 | -779 |
| 2022/23 Budget Trading Revenue | 41,221 | 41,221 | 41,221 | 41,221 |
| Net Operating Appropriation | 1,158,109 | 1,158,109 | 1,158,109 | 1,158,109 |
| 2021/22 Budget POBOC Baseline | 120,000 | 120,000 | 120,000 | 120,000 |
| 2022/23 Budget POBOC | 120,000 | 120,000 | 120,000 | 120,000 |

Changes to the 2022/23 Ministry of Transport budget include:

- \$10,500 annual reduction in personnel funding, transferred to the Office of the Public Service Commissioner HOM's Salaries Administered Payment Fund
- \$779 annual reduction in trading revenue, with an associated reduction in operating funding.

Table 8-109 Payments on Behalf of Crown, Transport (\$)

| Output | POBOCs | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--------|--|-------------------------------|-----------------------|-----------------------|-----------------------|
| 2 | Maritime Radio Coverage | 120,000 | 120,000 | 120,000 | 120,000 |
| | Output 2 POBOC Funding | 120,000 | 120,000 | 120,000 | 120,000 |
| | Total Ministry of Transport POBOC Funding | 120,000 | 120,000 | 120,000 | 120,000 |

8.5.27 Ministerial Support

Table 8-110 Ministerial Office Funding Ceilings (\$)

| Appropriation Title Change | Ministerial Support Office | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|----------------------------------|--------------------------------|------------------|------------------|------------------|------------------|
| Prime Minister | Prime Minister | 540,000 | 540,000 | 540,000 | 540,000 |
| Deputy Prime Minister | Deputy Prime Minister | 378,000 | 378,000 | 378,000 | 378,000 |
| Ministerial Support 1 | Minister Vainetutai Toki-Brown | 308,000 | 308,000 | 308,000 | 308,000 |
| Ministerial Support 2 | Minister George Angene | 308,000 | 308,000 | 308,000 | 308,000 |
| Ministerial Support 3 | Minister Vaine Mokoroa | 308,000 | 308,000 | 308,000 | 308,000 |
| Ministerial Support 4 | Minister Patrick Arioka | 308,000 | 308,000 | 308,000 | 308,000 |
| Leader Of Opposition | Leader of Opposition | 308,000 | 308,000 | 308,000 | 308,000 |
| Total Ministerial Support | | 2,458,000 | 2,458,000 | 2,458,000 | 2,458,000 |

The funding allocated for each Ministerial office supports personnel costs, operating costs, and the depreciation costs attributable to assets purchased and operated by each office.

A breakdown of each Office's funding is provided in Schedule 1 – Agency Budget Appropriations. Offices are identified numerically in the Appropriation Act to facilitate possible changes in Cabinet. Table 8-110 translates the Appropriation Title to the Ministers as at the time of tabling of the Appropriation Bill.

8.6 Island Governments

The Island Governments funding is determined based on the results of the Pa Enua funding formula, which is further detailed in the Pa Enua chapter (Chapter 15).

Table 8-111 highlights the funding adjustments made to each Island Government's funding across the medium-term. Funding for the Pa Enua has been increased by a total of \$0.2 million annually to fund the increase in the minimum wage to \$8.50.

Note the phased implementation of the Island Governments to the new Government remuneration framework remains on hold until the fiscal situation stabilises.

Table 8-111 Pa Enua Funding Adjustments (\$'000)

| Pa Enua | Personnel Adjustments | | | | Operating Adjustments | | | | Final Funding (including baseline) | | | |
|-----------------|-----------------------|--------------|--------------|--------------|-----------------------|----------|----------|----------|------------------------------------|---------------|---------------|---------------|
| | 22/23 | 23/24 | 24/25 | 25/26 | 22/23 | 23/24 | 24/25 | 25/26 | 22/23 | 23/24 | 24/25 | 25/26 |
| Aitutaki | 11.0 | 11.0 | 11.0 | 11.0 | - | - | - | - | 2,138 | 2,138 | 2,138 | 2,138 |
| Atiu | 31.0 | 31.0 | 31.0 | 31.0 | - | - | - | - | 1,802 | 1,802 | 1,802 | 1,802 |
| Mangaia | 24.7 | 24.7 | 24.7 | 24.7 | - | - | - | - | 1,807 | 1,807 | 1,807 | 1,807 |
| Manihiki | 24.2 | 24.2 | 24.2 | 24.2 | - | - | - | - | 1,380 | 1,380 | 1,380 | 1,380 |
| Mauke | 20.7 | 20.7 | 20.7 | 20.7 | - | - | - | - | 1,442 | 1,442 | 1,442 | 1,442 |
| Mitiaro | 34.7 | 34.7 | 34.7 | 34.7 | - | - | - | - | 915 | 915 | 915 | 915 |
| Palmerston | 4.0 | 4.0 | 4.0 | 4.0 | - | - | - | - | 436 | 436 | 436 | 436 |
| Penrhyn | 21.0 | 21.0 | 21.0 | 21.0 | - | - | - | - | 1,029 | 1,029 | 1,029 | 1,029 |
| Pukapuka-Nassau | 48.7 | 48.7 | 48.7 | 48.7 | - | - | - | - | 1,314 | 1,314 | 1,314 | 1,314 |
| Rakahanga | 17.3 | 17.3 | 17.3 | 17.3 | - | - | - | - | 580 | 580 | 580 | 580 |
| Total | 237.3 | 237.3 | 237.3 | 237.3 | 0 | 0 | 0 | 0 | 12,842 | 12,842 | 12,842 | 12,842 |

8.7 Administered Payments

Administered payments are a sub-set of operating expenditure allocated for a specific expenditure purpose. The funding is accessible to spend if it meets the purpose of allocation and specified criteria in the administered payments policy.

Listed below are brief explanations of each administered payment. Refer to Schedule 8a for fiscal details of each administered payment.

8.7.1 Compensation of Employees Administered Payments

Infrastructure Committee – the Infrastructure Committee oversee the delivery of infrastructure projects and make decisions regarding the management and commissioning of individual projects to add value to the Government processes in enabling economic development.

Government Facilities Development Division – this division of CIIC manages key development projects and strategic facility improvement initiatives. This fund covers the division's operational and project management costs, specialist consultancy services engaged for specific activities and work packages, and various designs and works completed during the year.

School Security – this fund is used to engage full-time security services, which include both technology and personnel functions, to monitor school grounds.

Joint Venture with Seabed Minerals Authority – this fund is used to advance the interests of the Cook Islands seabed minerals in the exclusive economic zone and the Clarion-Clipperton zone.

National Heritage Trust – this fund covers the personnel and operation costs for the National Heritage Trust. The purpose of the trust is to research, preserve and arrange publications, exhibitions, displays and to generally educate the public on the science as well as the traditional practices and knowledge relating to the flora and fauna in the Cook Islands.

Price Tribunal Committee – this fund covers the operational cost for the Price Tribunal Committee.

Centre of Research and Policy Studies – to support the establishment and operations of a Research and Policy Studies Centre at the University of the South Pacific Cook Islands Campus.

Judges Allowances – this is to fund the allocation of fees and allowances to Judges, Justice of the Peace, Coroners, Leases Approval Tribunal members, Judicial Committee of the Privy Council costs, land agents and jurors.

Project to bring land records up to date – to fund personnel on a contract basis to update and digitise land records and court transcripts.

ICT Support Team – to provide oversight on all ICT projects and developments in Government.

Marae Moana Ambassador – for the purpose of an advocate to foster development, inform, educate, and promote Marae Moana to stakeholders.

HOM's Salaries – to pay for the remuneration of all Heads of Ministries of the Cook Islands Government for each full financial year.

8.7.2 Use of Goods and Services

Seabed Minerals Sector Development – the purpose of this fund is to pay for contracts and other regulatory and environmental work tied to the Seabed Minerals sector.

Provision for Land Rentals – this funding is for costs associated with land leased to the Crown.

CIG Buildings Repairs and Maintenance – this fund covers personnel and operating expenses related to repairing and maintaining all government buildings on Rarotonga and the Pa Enua.

Legal Provisions – to cover litigation claims, legal costs, and charges that the Crown Law Office determines likely for payment.

Lexis Nexis – Portal Maintenance – for the payment of licensing and maintenance costs for the Lexis Nexis legislative website to provide updated Cook Islands acts and legislation on the website.

National Events – previously named Te Maeva Nui Cultural Celebration. The scope of this fund has broadened to allow support for a wider range of events including Te Maeva Nui Cultural Celebration and the bi-annual Cook Islands Games. Funding is provided annually to organise and coordinate national events.

Te Kopapa Reo Maori Board – this funding provides support for the preservation and growth of the Cook Islands Maori language and the oral history through the establishment of Te Kopapa Reo Maori Board (the Board). The fund covers board fees including secretarial and administrative services to assist the board in carrying out its duties.

Cook Islands Cultural Fund – this fund supports the preservation of Cook Islands culture and seeks to encourage growth and expansion of productive economic, social and education activities to enhance cultural art forms. This includes the Cook Islands’ participation in regional events such as the Festival of Pacific Arts Festival and performing at the Polynesian Cultural Centre in Hawaii.

Tertiary Training Institutions – this funding supports the operating expenses for the Cook Islands Tertiary Training Institute to deliver training courses on Rarotonga and the Pa Enua.

Bus Service – the purpose of this fund is to sustain a school bus service in Aitutaki to transfer students to and from outlying villages to school.

EIA Process – the purpose of this fund is to strengthen the Environmental Impact Assessment (EIA) through the provision of expert advice and support to the National Environment Services, the National Environment Council, the Islands Environment Authority, and the Pa Enua Environment officers to effectively implement the Environment Act and regulations.

Management of Suvarrow Park – to protect, manage and conserve the Suvarrow National Park. This includes the provision of park rangers that are appropriately trained, equipped and supported to effectively ensure environmental protection and the delivery of multi-agency services on Suvarrow.

Compliance Development – formerly known as Seabed Minerals Compliance Development. This fund has been shifted from the Cook Islands Seabed Minerals Authority to the National Environment service for the development of a seabed minerals compliance function to conduct the associated environmental work related to the Seabed Minerals sector.

Public Sector Strengthening – processes and systems – to support programmes and initiatives that will improve the processes and systems of the public sector to operate efficiently and effectively.

COVID-19 Medical Response Fund – to support the health response to implement measures to prevent, limit or mitigate the spread of COVID-19 and its effects through the procurement and mobilisation of medical supplies and equipment and other associated operating costs to support health system strengthening.

COVID-19 Economic Response Plan – to support the national economic response to COVID-19 through the disbursement of social benefits and wage support for households and businesses, as well as other economic stimulus measures.

Economic Recovery Roadmap – to support economic stimulus measures for a sustainable economic recovery from the impacts of COVID-19. This also includes providing support for the continuation of a limited number of measures implemented through the Economic Response Plan.

Centre of Excellence in Information Technology – to support the operations of a Centre of Excellence in Information Technology at the University of the South Pacific Cook Islands Campus.

Audit of Crown Accounts – to enable the audit of Crown Accounts.

Standard and Poor's Subscription – annual subscription fees for the Standard & Poor's (S&P) credit rating services.

Special Investigative and Prosecution Services – to enable the Cook Islands Financial Intelligence Unit to conduct special investigative and prosecution services on behalf of the Cook Islands Government.

Debt Advisory Services – payment of advisory services for the review of the Cook Islands Governments' debt strategy.

FMIS Maintenance – this fund pays for the maintenance and support of an integrated Financial Management Information System (FMIS). The purpose of the system is to provide real-time financial data of all Government agencies to help decision-makers make informed decisions.

Government Broadband Utilities – a centralised fund to pay for broadband internet usage of agencies on the government's ICT network.

Border Management System Maintenance – to pay for the maintenance and system support of the Cook Islands Border Management System.

Cook Islands Red Cross – to support the Cook Islands Red Cross Society in mobilising disaster awareness and assistance deployment programs.

IGOR – International Exchange of Information system upgrade – to implement the upgrade required for the Information Gateway Online Reporter (IGOR) to meet the OECD International Standards.

Cook Islands Student Association Support – to assist the Cook Islands tertiary students' association to host the annual Ta'okota'ianga cultural week in New Zealand. The event provides an opportunity for Cook Islands tertiary students in New Zealand to celebrate their culture and heritage through various activities like debates, sports, song, and dance. The event is hosted by different tertiary institutions around New Zealand.

Returned Services Association – to support the coordination of the annual ANZAC commemorations with the Returned Services Association each year.

Domestic Hosting Entertainment – for the purposes of hosting State, Diplomatic and Civil functions.

QR Social Responsibility Fund – provided at the discretion of the Queen's representative for any social responsibility expected of the Queen's representative such as funerals, church fundraisers and community events.

Head of State Rent – rental fees for the Government House.

Pharmaceuticals – enables the procurement of pharmaceutical medicines, medical consumables, and medical gas for the Ministry of Health.

Law and Order Clinical Psychologist – personnel and operating costs of a clinical psychologist located at Te Marae Ora to support the Law-and-Order sector, including inmate psychological assessments as well as support services for officers in this sector.

Bridges and Stream Structure Maintenance – to improve the road corridor structures and drainage system and provide regular and ongoing maintenance on all bridges and culverts around Rarotonga.

Waste Management – this fund covers the costs of collecting and transport solid waste and specified recyclables from residential properties on Rarotonga to the Rarotonga Waste facility.

Road and Drainage Asset Maintenance – to maintain and improve the road network, the road corridor and road drainage to ensure the roads are for all users.

Emergency Response Work – this funding enables Infrastructure Cook Islands to mobilise staff, machinery, and resources in responding to emergency situations to ensure safety for all and timely restoration of infrastructure and facilities.

Internal Affairs Youth Program – to assist with youth related programmes within the community on Rarotonga and Pa Enua that align with the National Youth policy.

Vaka Maintenance – this funding engages with community groups to conduct monthly village clean-up of public road networks and road corridors on Rarotonga.

Lease extension – payment to extend the terms of Crown leased land for another 12 months.

Special Select Committee – to effectively manage and fund the costs of each Committee’s activities.

Search and Rescue – to conduct search and rescue operations on land and at sea.

Serious Crime Investigations – to cover costs associated with the investigation of serious crime.

Te Kukupa - Fuel Contribution – for the purpose of refuelling Te Kukupa boat to conduct surveillance, search and rescue and other operational requirements.

Police Youth Program – to train and provide life and leadership skills to Cook Islands youth to be strong, law-abiding future leaders of the Cook Islands.

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.

Community Support Fund – supports community activities and initiatives that meets the Cook Islands’ development needs consistent with the Cook Islands National Sustainable Development Agenda.

Pa Enua Mechanical Overseer – this fund allows for the employment of a Mechanical Overseer to carry out maintenance and repair work of heavy machinery and generators in the Pa Enua.

Pa Enua Machinery Maintenance Fund – for the procurement of parts and other resources to ensure the heavy machinery in the Pa Enua, operate effectively.

OPM ICT Activities – for software licencing and system maintenance expenses for the Government ICT network.

Pa Enua Connectivity – to secure better internet connectivity for the Pa Enua for Government to operate online more effectively.

Marketing Resources – Tourism Growth Strategy – this funding enables Cook Islands Tourism to promote and develop strategies to propagate the Cook Islands as an ideal travel destination.

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.

Tax Law Review – to enable the review and update of tax legislation relating to the financial services industry.

8.7.3 Subsidies

University of the South Pacific Contribution – an annualised payment to the University of the South Pacific to support programmes delivered at the Cook Islands Campus relating to the training needs of the country such as the Cook Islands Maori Linguistics. The fund also assists the campus in meeting its council obligations and any other initiatives that seeks to enhance student learning and success at the Rarotonga campus.

Airline Underwrite – to subsidise the cost of direct flights from non-New Zealand markets to Rarotonga, if necessary and passing review.

Subsidy of audio/visual broadcasting in Pa Enua – to subsidise the provision of television broadcasting in the Pa Enua.

Asian Infrastructure Investment Bank Membership – payment of subscription fees to the Asian Infrastructure Investment Bank.

Pacific Financial Regional Technical Assistance Centre Contribution – a grant contribution to the Pacific Financial Technical Assistance Centre as members of the association.

Universal Access Fund – to support the provision of improved telecommunications services to the Pa Enua under the Universal Access Plan.

Provision for Inter Island Shipping – to supplement the operating costs of shipping to the Pa Enua to enable regular transportation of passengers and bulk goods at an affordable price.

8.7.4 Social Assistance

Government Funded Scholarships – the purpose of this fund is to provide support for people wanting to pursue higher education, domestically and abroad through the provision of a range of scholarships, grants, and other support. This support typically includes tuition fees and other additional costs associated with tertiary study.

NCD Fund – to enable the implementation of community health programmes such as physical activity, healthy food, and nutrition, smoking cessation, reducing alcohol consumption and injury prevention to reduce the prevalence of non-communicable diseases (NCD) in the country.

Patient Referrals – this funding enables the referral of patients to receive secondary and some tertiary level care on Rarotonga or in New Zealand for acute and complex health problems.

Workforce Development – this funding provides professional development opportunities for clinicians, nurses, allied health, public health, and other health professionals.

Welfare Payments – Allowances – to support non-legislated welfare payments. Please refer to Welfare Payments section in this chapter.

Legal Aid – to assist people who have paid for legal services in criminal matters and is governed under the Legal Aid Act 2004.

8.7.5 Other Expense

Private School Funding – this funding ensures equitable access to quality education by providing support to private schools for operating costs and teaching personnel, based on school enrolment.

Production of new currency, transportation, and sale of old coins – to commission the production of new Cook Islands coins including the transportation and sale of old coins.

National Census – provision of funds to conduct the national census.

SIF - Cook Islands Government Contribution – the social impact fund (SIF) provides support to non-government organisations and community groups who focus on gender, children and youth, the elderly, person with disabilities, domestic violence, and mental health.

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 – provides support for those engaged in small-scale, fisheries related activities on Rarotonga and in the Pa Enua by providing technical assistance, grants, and sector support.

Religious Advisory Council – to provide financial support to the Religious Advisory Council members to provide spiritual counsel and advice to the Government and community leaders and to attend government, ministries, and formal community functions.

State Events – supports costs associated with organising and coordinating state service events.

8.8 Payments on behalf of Crown

Payments on behalf of Crown (POBOC) supports legislated and contractual payments made by the Crown. These funds are specifically appropriated within the Appropriation Act each year and are considered outside of an agency's operating funding, but within the Medium-term Expenditure Ceiling.

Each POBOC fund is briefly explained below. For the fiscal details of each POBOC, refer to Schedule 8b – Payments on Behalf of Crown (POBOCs).

8.8.1 Compensation of Employees

Parliamentary Superannuation – superannuation payments for Members of Parliament.

PERC Salaries and Administration Costs – to cover personnel and operation expenses for the Public Expenditure Review Committee (PERC).

Civil List Personnel – to pay salaries and allowances for the Queen's Representative and Members of Parliament.

House of Ariki – to fund the legal functions and affairs of the House of Ariki and Koutu Nui.

8.8.2 Use of Goods and Services

Audit fees – to cover payment of audit services.

Civil List Constituency Visits – Members of Parliament travel costs between their Constituencies and Rarotonga including Parliamentary business travel costs and per diems.

Parliamentary Sitting Expenses – operational costs relating to the scheduled sittings of Parliament.

MP Travel and Allowances (local and overseas) – members of Parliament official duty travel.

QR Travel and Allowances (local and overseas) – airfares, accommodation and other associated costs for the Queen's Representative when travelling on official duty.

Maritime Radio Coverage – to provide international and domestic maritime radio services to the shipping industry as part of the Cook Islands' obligation to the International Convention of Safety of Life at Sea.

Local Government Election – facilitation of the Island Government elections in the Pa Enua.

International Maritime Organization – Maritime Cook Islands – payment of membership fees to the International Maritime Organization.

8.8.3 Subsidies

Bank of the Cook Islands – to subsidise the provision of banking services in the Pa Enua.

Airport Authority subsidy – to support the operations of the Airport Authority in managing the airports on the islands of Aitutaki and Rarotonga. The functions of the Authority are to establish, improve, maintain, and manage the airports, services and facilities engaged in civil aviation.

Ports Authority – to accommodate the Government's community service obligations through subsidies or waiver of port fees on Rarotonga and Aitutaki.

Te Aponga Uira – for the provision and maintenance of streetlights (including amenity lights) and uneconomic network extensions.

Te Mana Uira o Araura – to enable the provision of subsidised electricity to households and businesses experiencing financial hardship due to the impacts of COVID-19.

To Tatou Vai – to enable To Tatou Vai (TTV) to manage and operate the water treatment and water delivery network on Rarotonga to supply clean, safe water.

8.8.4 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 under the Competition and Regulatory Authority Act 2019.

BEPS Subscription – payment of fees for access to resources available relating to base erosion and profit shifting (BEPS). i.e., tax planning strategies.

International Subscriptions – membership fees to regional and international organisations.

CIG Insurance – this funding is set aside as captive insurance for compensation of possible loss or damage of Crown assets. This funding is also for payment of insurance premiums.

8.9 Social Assistance

Table 8-112 Welfare Payments (\$)

| | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--|-------------------------------|-----------------------|-----------------------|-----------------------|
| Welfare Payments Administered Payments | 1,307,217 | 1,310,199 | 1,313,557 | 1,317,086 |
| Welfare Payments POBOC | 21,067,190 | 21,286,718 | 21,495,003 | 21,502,277 |
| Total | 22,374,407 | 22,596,917 | 22,808,560 | 22,819,363 |

These pensions and allowances support and protect the most vulnerable members of our society through the provision of legislated welfare benefits. The split between POBOC and Administered Payments recognises legislated payments, such as pensions and the Destitute and Infirm Payment (DIP), and one-off discretionary payments such as funeral allowances and Christmas bonuses.

These payments assist families and individuals to meet the cost of basic needs.

Table 8-113 Welfare Benefits (\$)

| Administered funding for Welfare Services | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|--|------------------|------------------|------------------|------------------|
| Welfare Payments | | | | |
| Caregivers | 462,751 | 463,644 | 465,069 | 466,674 |
| Christmas Bonus | 340,212 | 342,299 | 344,233 | 346,157 |
| Funeral Allowance | 170,000 | 170,000 | 170,000 | 170,000 |
| Power Subsidy | 84,255 | 84,255 | 84,255 | 84,255 |
| Special Assistance | 250,000 | 250,000 | 250,000 | 250,000 |
| Total Administered funding for Welfare Services | 1,307,217 | 1,310,199 | 1,313,557 | 1,317,086 |

| POBOC funding for Welfare Services | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|---|-------------------|-------------------|-------------------|-------------------|
| Welfare Payments | | | | |
| Old Age Pension 60+ | 7,240,868 | 7,352,978 | 7,457,939 | 7,464,311 |
| Old Age Pension 70+ | 6,742,731 | 6,775,391 | 6,805,648 | 6,782,360 |
| Child Benefit | 5,413,709 | 5,482,249 | 5,550,963 | 5,571,747 |
| New-born Allowance | 229,087 | 229,087 | 229,087 | 229,087 |
| Destitute and Infirm | 1,280,395 | 1,286,613 | 1,290,966 | 1,294,373 |
| Maternity Leave | 150,000 | 150,000 | 150,000 | 150,000 |
| Carer Order Payment | 10,400 | 10,400 | 10,400 | 10,400 |
| Total POBOC funding for Welfare Services | 21,067,190 | 21,286,718 | 21,495,003 | 21,502,277 |
| Total Welfare Funding | 22,374,407 | 22,596,917 | 22,808,560 | 22,819,363 |

Table 8-114 Details on Welfare Payments

| Legislated Welfare Payments | Payment Rate (\$) | Beneficiaries 2020/21 Estimate | Beneficiaries 2021/22 Estimate | Assumptions |
|--|-------------------|--------------------------------|--------------------------------|---|
| Child Benefit (monthly) | 100 | 4,638 | 4,511 | The increase in number of returning children from overseas is expected to increase the budget for this payment. |
| New-born Allowance* | 1,000 | 243 | 229 | The number of births eligible for this payment is expected to increase slightly. |
| Old Age Pension - 60 to 69 years of age (monthly) | 520 | 1,071 | 1,160 | The number of pensioners in this age group continues to increase slightly based on actuals. |
| Old Age Pension - 70 years of age and over (monthly) | 720 | 734 | 780 | The number of pensioners in this age group is expected to increase slightly. |
| Destitute Persons Payment (monthly) | 200 | 38 | 38 | A slight increase in the number of people receiving these payments based on current trends. |
| Infirm Persons Payment (monthly) | 400 | 250 | 250 | A slight increase in the number of people receiving these payments based on current trends. |
| Non-legislated Welfare Payments | | | | |
| Caregiver's Allowance (monthly) | 200 | 194 | 193 | The number of people that will qualify for caregiver's allowance is likely to increase due to an ageing population and an increase in disability due to NCDs. |
| Christmas Bonus* | 50 | 6,922 | 6,804 | An increase in the total number of beneficiaries receiving benefit payment based on actuals. |
| Funeral Allowance* | 2,400** | 70 | 75 | The number of old age beneficiaries expected to receive funeral assistance is expected to increase slightly. |
| Power Subsidy (quarterly) | 66 | 320 | 319 | Estimated number of pensioners receiving the power subsidy is expected to remain stable. |
| Other Payments | | | | |
| Government-funded Maternity Leave* | 2,040 | 75 | 75 | The number of births by working women in the private sector is expected to remain stable; however, the payment has increased due to an increase in the minimum wage to \$8.50 from 1 July 2022. |

* 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.

8.9.1 Welfare Payments

8.9.1.1 Legislated Entitlements (POBOC)

The Welfare Act 1989 provides for five types of welfare payments:

- Child Benefit
- New-born Allowance
- Old Age Pension
- Destitute Payment
- Infirm Relief

Child Benefit

The eligible age for the child benefit is children under the age of 16 years. 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 the care of a new born child born in the Cook Islands or overseas (provided the mother is usually a resident of the Cook Islands 12 months prior to giving birth).

Old Age Pension

The pension is a taxable payment provided to eligible people aged 60 and over living in the Cook Islands. From 1 July 2022 for those aged between 60 and 69, the payment rate is \$520 a month. For those aged 70 and over, the payment rate is \$720 a month.

Destitute and Infirm Payment

The destitute and infirmed payment is a working age payment made to individuals residing in the Cook Islands that are unable to support themselves by their own means or labour and includes persons with dependents where such dependents are unable, through infirmity or age, to support themselves by their own means and labour.

Maternity Leave Payment

The Employment Relations Act 2012 provides for the Government Funded Maternity Leave payment to assist private sector employers in meeting paid maternity leave obligations for working women who give birth. The payment rate is set at the minimum wage based on 40 hours per week for six weeks. At a minimum wage of \$8.50 per hour, from 1 July 2022 the payment rate will be \$340 per week and is subject to income tax.

8.9.1.2 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

Caregivers Allowance

The caregivers allowance provides support for people who are providing substantial day-to-day care for an elderly person or a person with permanent disabilities requiring high care needs. The payment rate is \$200 per month.

Christmas Bonus

A Christmas bonus is a \$50 payment in December to all eligible beneficiaries receiving the child benefit, destitute, infirm, caregiver and pension payments. It is a contribution from the Government to provide additional assistance to families at a time where expenses are higher than normal.

Funeral Allowance

The funeral allowance assists families with the funeral costs of a deceased beneficiary and is paid at the following rates: \$2,400 for Cook Island pensioners, \$1,200 for New Zealand pensioners who have resided in the Cook Islands 12 months prior to his/her death, infirm and destitute beneficiaries are entitled to \$1,200 and children on child Benefit are entitled to \$600.

Power Subsidy

A power subsidy may be provided, subject to an income test, for beneficiaries of the aged, destitute, or infirm relief payment. People receiving an overseas old age pension are not entitled to this benefit regardless of their total income. The rate of subsidy is \$66 per quarter.

Special Assistance

Special assistance is considered on a case-by-case basis and subject to an income and asset test to very elderly beneficiaries and people with severe disabilities to improve accessibility and mobility.

8.9.2 Subsidies to State Owned Enterprises

To provide equitable basic services for all Cook Islanders, the Government provides a subsidy to SOEs involved in the provision of these services to cover the non-commercially viable aspects of the business, considered a social responsibility.

Table 8-115 Subsidies to State-owned Enterprises (\$)

| POBOC | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--|-------------------------------|-----------------------|-----------------------|-----------------------|
| Bank of the Cook Islands - social assistance subsidy | 128,000 | 128,000 | 128,000 | 128,000 |
| Airport Authority - subsidy | 2,047,997 | 1,500,000 | 1,000,000 | 500,000 |
| Ports Authority - subsidy | 110,099 | 110,099 | 110,099 | 110,099 |
| To Tatou Vai | 3,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| Total Cost | 5,286,096 | 3,738,099 | 3,238,099 | 2,738,099 |

9 Capital Expenditure

9.1 Summary

The Capital Schedule, summarised in Table 9-1 and reflected in Schedule 6, outlines the capital programmes and projects appropriated with Cook Islands Government funding for the 2022/23 financial year and planned for 2023/24 to 2025/26.

The guiding strategy for capital investments for the Cook Islands is the National Infrastructure Investment Plan 2021 (NIIP), which provides a roadmap to the various investment projects that the Government seeks to implement. Please refer to the NIIP for further information on the overall capital investment programme.²³

The 2022/23 capital budget is inclusive of funds that have been reappropriated from 2021/22 into 2022/23. Excluding these reappropriations total capital expenditure is planned at \$25.8 million.

Fiscal years 2023/24 – 2025/26 reflect a decrease in forecast capital expenditure when compared to the 2021/22 Budget capital schedule, as projects which had been included while under discussion for debt funding are now being considered through different funding models. These projects include the Rarotonga International Airport, renewable energy upgrades in the Pa Enua, and Mei Te Vai Ki Te Vai. These have been removed from the capital schedule to more accurately reflect current fiscal commitments and capacity.

Over the medium-term Government will work with funding partners to identify strategies that can increase infrastructure investment, with the aim to maintain approximately \$40.0 million in investments each year, noting that current implementation capacity is below this level.

Capital expenditure in 2021/22 is estimated at \$27.8 million, representing 73 per cent of the final capital investment budget for the year, and 86 per cent of the Government appropriation excluding the \$5.5 million of funds allocated in the Infrastructure Trust Fund towards Manihiki Airport.

Table 9-1 Total Capital Expenditure (\$'000)

| MINISTRY | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|-------------------------------------|---|--|-------------------------------|-------------------------------|-------------------------------|
| Audit (PERCA) | 35 | 0 | 0 | 0 | 0 |
| Cook Islands Investment Corporation | 6,400 | 7,529 | 4,520 | 3,730 | 4,400 |
| Corrective Services | 0 | 0 | 0 | 0 | 0 |
| Tourism Corporation | 50 | 0 | 0 | 0 | 0 |
| Cultural Development | 0 | 100 | 0 | 160 | 0 |
| Education | 447 | 300 | 300 | 300 | 300 |
| Health | 981 | 300 | 300 | 300 | 300 |
| Infrastructure Cook Islands | 15,110 | 20,558 | 12,177 | 9,647 | 8,832 |
| Internal Affairs | 50 | 50 | 50 | 50 | 50 |
| Finance and Economic Management | 2,061 | 3,862 | 0 | 0 | 0 |
| Justice | 0 | 0 | 0 | 0 | 0 |
| Prime Minister's Office | 2,082 | 751 | 200 | 1,000 | 450 |
| MINISTRY TOTAL | 27,216 | 33,450 | 17,547 | 15,187 | 14,332 |
| Capital Funds Administered BY MFEM | 554 | 710 | 710 | 710 | 710 |
| GRAND TOTAL | 27,770 | 34,160 | 18,257 | 15,897 | 15,042 |

²³ <https://www.ciic.gov.ck/publications/infrastructure-plans/>

9.1.1 Reappropriation of 2021/22 Capital Appropriations

Table 9-2 shows the re-appropriation of capital expenditure funding from 2021/22 into the 2022/23 Budget. Brief reasons for each re-appropriation are provided below.

Table 9-2 Capital Expenditure Reappropriation (\$)

| Agency | Details | Amount | 2021/22 Budget Estimate | 2021/22 Budget Adjusted | 2022/23 Budget Estimate | 2022/23 Budget Adjusted |
|-------------------------------|---|------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| ICI | Road Asset Management and Improvement Programme | 2,239,034 | 7,000,000 | 4,576,736 | 7,000,000 | 9,423,264 |
| ICI | Pa Enua Air Infrastructure Improvement Programme | 891,998 | 1,263,691 | 371,693 | 0 | 891,998 |
| ICI | Pa Enua Marine Infrastructure Improvement Programme | 1,100,000 | 1,700,000 | 600,000 | 2,660,000 | 3,760,000 |
| ICI | Government Building Projects - Northern Group | 1,160,781 | 1,760,781 | 784,230 | 200,000 | 1,176,551 |
| ICI | Waste Management Infrastructure Improvement Programme | 100,000 | 200,000 | 100,000 | 0 | 100,000 |
| ICI | Water and Sanitation Infrastructure Improvement Programme | 264,388 | 764,388 | 500,000 | 0 | 264,388 |
| CIIC | Land Acquisition | 700,000 | 700,000 | 0 | 0 | 700,000 |
| MFEM | RMS10 Zephyr project | 1,441,313 | 1,830,000 | 388,687 | 1,410,000 | 2,851,313 |
| MFEM | FMIS purchase and implementation | 10,598 | 300,000 | 289,402 | 0 | 10,598 |
| MFEM | COVID-19 Medical Response Fund | 1,000,000 | 1,400,000 | 400,000 | 0 | 1,000,000 |
| Total re-appropriation | | 8,908,112 | 16,918,860 | 8,010,748 | 11,270,000 | 20,178,112 |

Road Asset Management and Improvement Programme – continuation of road improvement projects on Rarotonga that have been in design phase during 2021/22.

Pa Enua Air Infrastructure Improvement Programme – to support the ongoing design work and subsequent construction of the Manihiki airport.

Pa Enua Marine Infrastructure Improvement Programme – reflecting the adjusted design and construction timetable for this project.

Government Building Projects - Northern Group – due to procurement delays resulting in a delayed start to the Te Tautua Hospital project and fit-out.

Waste Management Infrastructure Improvement Programme – for the development of a waste management pilot report focussed on the schools on Rarotonga.

Water and Sanitation Infrastructure Improvement Programme – to continue incomplete projects from 2021/22.

Land Acquisition – to support the Rarotonga Airport runway end safety area (RESA) project.

RMS10 Zephyr project – to adjust for contracting and work timelines of the Revenue Management System upgrade that commenced in 2021/22.

FMIS purchase and implementation – the residual balance of the 2021/22 appropriation has been reappropriated for completion of works.

COVID-19 Medical Response Fund – the residual balance of the 2021/22 appropriation has been reappropriated to continue with capital works and purchases associated with the COVID-19 medical response.

9.1.2 Expenditure Performance

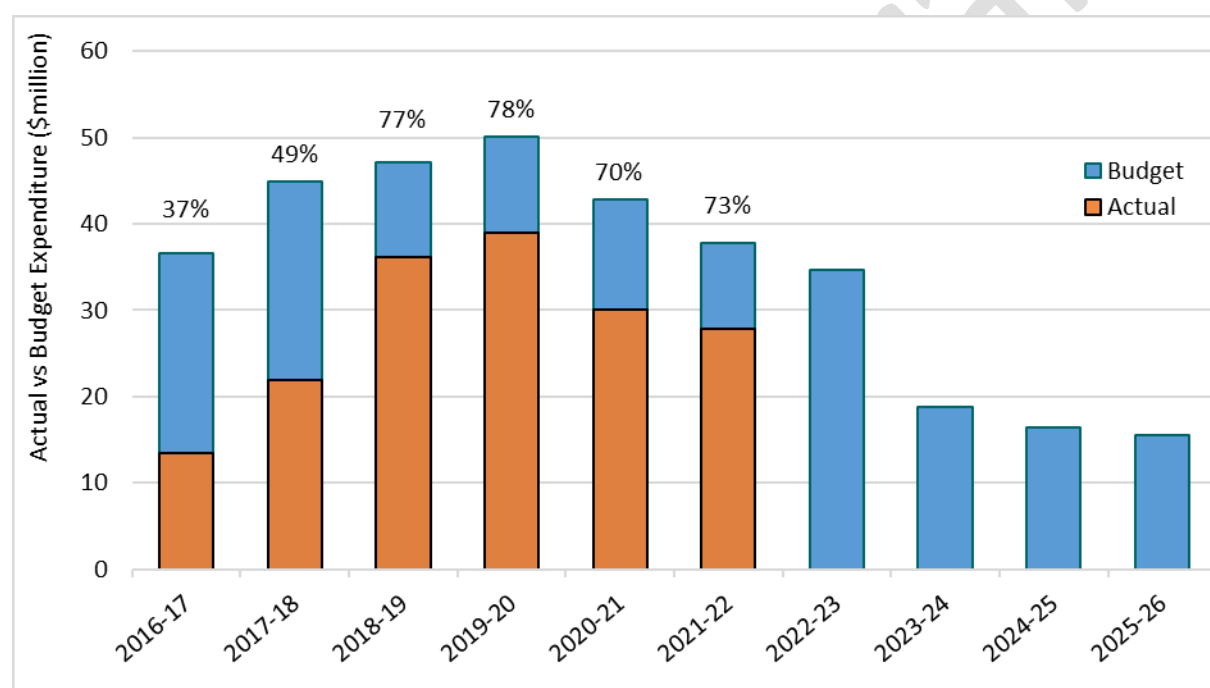
Figure 9-1 shows capital expenditure since the 2016/17 Budget. The 2019/20 Budget year reflects the highest performance in capital expenditure that Government has achieved both on an expenditure and ratio to budget basis.

The 2021/22 Budget reflected a further decrease in capital appropriation and expenditure when compared to the prior two years as funding was directed towards direct economic support to the private sector and community, and project design and management capacity limits impacted delivery.

Infrastructure Cook Islands has added engineering and management capacity, which is expected to improve project throughput from 2022/23 onwards.

Funding through the Infrastructure Trust Fund is expected to increase, with projects intended to utilise Cook Islands labour capacity. This is expected to increase capital expenditure totals over the medium-term, however the pipeline of projects is currently under consideration.

Figure 9-1 Capital Investment Budget vs Actuals Comparison



9.1.3 Funding Sources

The Government's capital expenditure is funded from two sources (See Table 9-3). The first is from the Government cash reserves, which may include debt-sourced funding. The second is Official Development Assistance (ODA) funding from development partners, with New Zealand being a major contributor. The Government and its donor partners jointly fund a significant number of capital projects. Table 9-3 presents the proportion of these funding sources over the medium term.

Table 9-3 Total Capital Expenditure by Funding Source (\$'000)

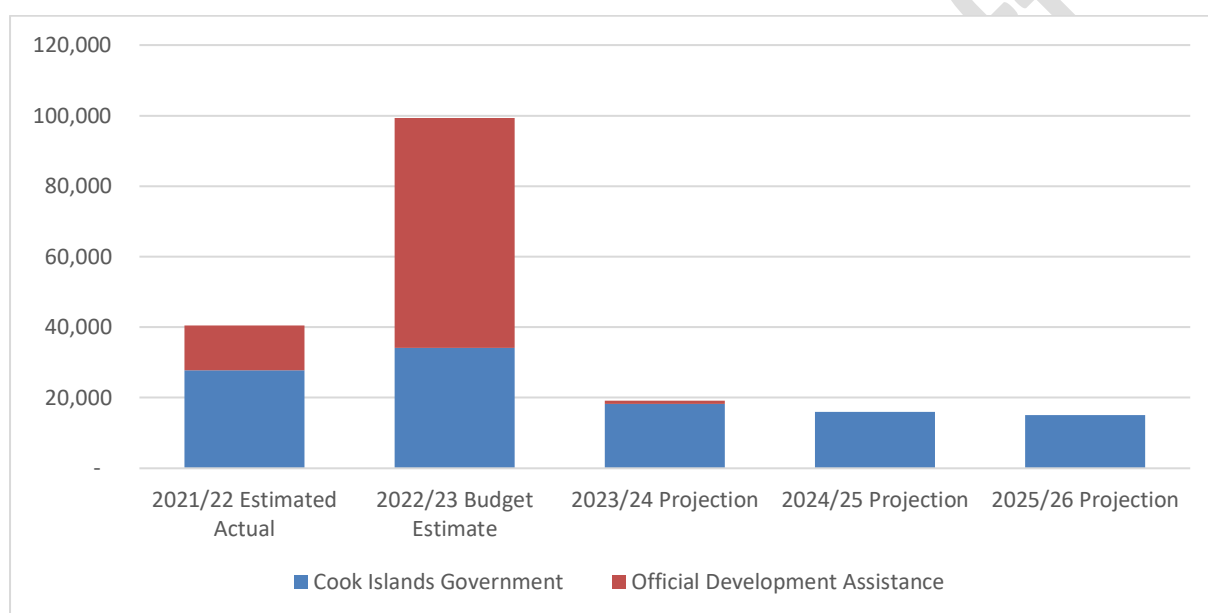
| Funding Source | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Cook Islands Government | 27,770 | 34,160 | 18,257 | 15,897 | 15,042 |
| Official Development Assistance - Projects | 12,734 | 65,148 | 864 | 0 | 0 |
| Total | 40,504 | 99,308 | 19,121 | 15,897 | 15,042 |

Government seeks to target total capital expenditure levels of around \$40.0 million per year, and is in discussion with development partners about additional capital investment funding over the medium term.

Government is working with New Zealand's Ministry of Foreign Affairs and Trades through the Infrastructure Trust Fund to consider project proposals that are expected to offer either economic stimulus or other benefits. These projects are summarised below under 'Projects Requiring Funding'.

ODA capital project appropriations include proposed funding, therefore actual expenditure may differ from the forecast. The proportional funding per year is presented in Figure 9-2, noting that the full balance of the Infrastructure Trust Fund has been appropriated in 2022/23 but is unlikely to be expended, with residual balances carried forward into future years.

Figure 9-2 Total Capital Expenditure by Funding Source (\$'000)



9.1.4 Projects Requiring Funding

There are various additional capital investment projects that the Government is considering if funding becomes available. This funding may be a mix of aid funding including the Infrastructure Trust Fund and/or other aid partners, debt funding or Cook Islands Government funds.

With the need for further economic stimulus, the Government is actively discussing these projects and others with various partners:

Mei Te Vai Ki Te Vai – A reticulated sewage and disposal system for the Muri township area that will reduce the influx of nutrients into the Muri lagoon. Various options around treatment and disposal are currently being explored. The total project is estimated at around \$90.0 million and includes:

- an environmental monitoring and investigation program for the Muri and Avana lagoon area
- early measures to address the seawater quality issues in the short-term
- the design of permanent infrastructure for improved wastewater management in the long-term; and
- the establishment of a Crown-owned water and wastewater authority.

Rarotonga Airport Infrastructure Upgrade – The project includes supporting the Airport Authority with a runway extension and construction of a runway end safety area, further replacement of runway slabs and a passenger terminal upgrade for the Rarotonga international airport.

Northern Group Renewable Energy Upgrades – Replacements and upgrades of the Battery Energy Storage Systems for the Northern group of the Pa Enua.

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.

Avarua Town Plan – Various individual projects as a programme of works including beautification, improved walkways and installation of a cycle way of Avarua town and Panama reserve, upgraded toilet blocks, new lighting and signage, and the upgrade and provision of new public facilities (benches, picnic areas).

Punanga Nui Market – Upgrade and reorganisation of the Punanga Nui Market (PNM) layout and carpark, a promenade along the coastline of the PNM and Tau Terevete (Constitution) Park and fit-for-purpose accessible toilet facilities.

Vaikapuangi Redevelopment Project – Construction of a centralised Government centre on the Vaikapuangi grounds that will bring together multiple Government agencies and State-Owned Entities into a single location. This project is expected to be a mix of Government, aid and loan funds, with financing options currently being explored. The project is presently estimated at around \$65 million.

National Stadium Upgrades – Upgrades to the National Stadium and the Telecom Sports Arena Indoor Stadium, including track and turf replacements, grand stand major repair work, electrical and lighting upgrades, water storage and plumbing. Funding in the 2022/23 Budget is intended to address urgent works on the track and grandstand along with accessibility upgrades for those with disabilities.

Pa Enua Air Infrastructure Improvements – A finalised design and construction of Manihiki Airport is currently under discussion with funding partners to determine an appropriate solution. Air infrastructure facilities for Penrhyn are also currently under discussion, with Atiu planned to follow.

Shipping Vessel – Shipping between Rarotonga and the Pa Enua is a critical area of transport infrastructure and serves as a lifeline to the Pa Enua. The Cook Islands Government continues to review the procurement of a cargo vessel intended to provide regular, affordable, and reliable cargo shipping services between Rarotonga and the Pa Enua.

Health Infrastructure Improvements – Major building and structural renovations, replacement and/or repairs to all health infrastructure and buildings.

National ID Card System – The development of a national ID card system, including a database, aims to provide a common reference for the various Government databases to enable the connection of individual records has been prioritised for alternative funding once identified.

Rarotonga Prison Development Programme – Design and construction of a new prison facility to increase capacity, security and safety requirements in line with international standards and suitable for the Cook Islands climate. This project will include staff quarters to house prison guards onsite.

Rakahanga and Nassau Cyclone Centres – Cyclone centres for Rakahanga and Nassau were planned for 2023/24 and 2024/25 consecutively after marine infrastructure works on Nassau were scheduled to be completed. Timing around the Nassau Harbour development and fiscal priorities have resulted in the deferral of the programme while alternate funding is identified.

Rarotonga Cyclone Shelters – Upgrade of cyclone shelters across Rarotonga to ensure safety requirements are met for the current population, including longer-stay facilities for residents not immediately able to return to their homes.

Te Mana Uira Capacity Upgrade – Implementation of Stage 2 of the Aitutaki Renewable Energy Programme where existing 1MW solar panels are to be installed along with an additional Battery Energy Storage System.

Penrhyn Sea Port – Upgrades to the Penrhyn sea port to meet the requirements of seabed minerals exploration vessels.

9.1.5 Expenditure Themes

The Government's capital expenditure programmes continue themes from the 2021/22 budget. Where new projects have been included, priority has been allocated towards projects that are expected to engage local suppliers and sources of labour.

Physical Infrastructure, Water and Sanitation

Infrastructure Cook Islands capital investment funding continues to be directed towards physical infrastructure works on Rarotonga and the Pa Enua, with continued focus on bridge assets and roads on Rarotonga, and marine and air infrastructure works in the Pa Enua.

Cook Islands Investment Corporation continues its focus on Government assets including building works on Rarotonga and the Pa Enua. Funding has been provided to To Tatou Vai to progress Rarotonga's reticulated water network over the medium-term.

Digital Infrastructure

Funding has been provided to continue the upgrades to the Government IT Network both on Rarotonga and in the Pa Enua. This is expected to improve Government efficiency and communication. The Telecommunications Universal Access Programme, a project being developed in conjunction with the Competition Regulatory Authority and other partners, will enhance telecommunications connectivity in the Pa Enua.

Economic Stimulus

Government has focused on projects that are either already in progress or development to deliver economic stimulus to the Cook Islands. These are intended to more quickly employ local contractors and labour.

9.1.6 Capital Programme Budgeting

Since 2020/21, many infrastructure and Government building works managed by the Cook Islands Investment Corporation (CIIC) and Infrastructure Cook Islands (ICI) have been budgeted on a 'programme' basis. This allows each Agency to manage contractors, logistics and project budgets within each programme to maximise project delivery. This is reflected in the scheduling for individual projects developed by each agency to ensure effective resource management. Individual projects in the planning or forecast stage are indicated in the following sections of this chapter.

9.2 Capital Spending by Agency

The remainder of this chapter provides details on the Cook Island Government funded capital expenditure by implementing Government Agency. Chapter 16 describes the ODA capital (and operating) expenditure budget.

9.2.1 Cook Islands Investment Corporation

Table 9-4 Capital projects, CIIC (\$)

| Island | Project / Programme | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--------------|--|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Aitutaki | Aitutaki Harbour Dredging | 1,000,000 | 0 | 0 | 0 | 0 |
| Aitutaki | Aitutaki Island Plan & Orongo Development Project | 0 | 500,000 | 0 | 0 | 0 |
| Rarotonga | Arorangi Prison Remedial works | 150,000 | 0 | 0 | 0 | 0 |
| Rarotonga | Government Building Projects - Rarotonga | 2,200,000 | 1,079,000 | 1,070,000 | 1,230,000 | 0 |
| Rarotonga | Land Acquisition | 0 | 700,000 | 0 | 0 | 0 |
| Pa Enea | Pa Enea Government Building Projects - Northern Group | 550,000 | 500,000 | 250,000 | 500,000 | 300,000 |
| Pa Enea | Pa Enea Government Building Projects - Southern Group | 400,000 | 500,000 | 100,000 | 0 | 100,000 |
| Rarotonga | Rarotonga Cyclone Shelters - Remediation | 100,000 | 400,000 | 100,000 | 0 | 0 |
| Rarotonga | To Tatou Vai | 2,000,000 | 3,000,000 | 3,000,000 | 2,000,000 | 2,000,000 |
| Rarotonga | Airport Authority - Rarotonga Airport Slab Replacement | 0 | 850,000 | 0 | 0 | 0 |
| Rarotonga | Vaikapuangi Government Building | 0 | 0 | 0 | 0 | 2,000,000 |
| Total | | 6,400,000 | 7,529,000 | 4,520,000 | 3,730,000 | 4,400,000 |

9.2.1.1 Aitutaki Island Plan & Orongo Development Project (\$500,000 in 2022/23)

The Arutanga Harbour project will allow for a continuous flow of cargo to the island as well as safe passage for small ships, yachts, and cruise ship tenders. The project is part of the wider Aitutaki Island Plan & Orongo Development Project.

An additional \$500,000 has been approved to enable establishment of causeway culvert crossings and additional sheet piling to be carried out once the harbour and channel dredging works are complete in order to climate proof the land areas surrounding the commercial and local fisherman berthing basins at the completion of dredging works.

9.2.1.2 Government Building Projects – Rarotonga (Ongoing Programme)

This programme is to undertake developments and improvements of Government buildings and facilities on Rarotonga to ensure the public can access core public services. The Cook Islands Government will perform improvements and construction projects to ensure efficient and effective service delivery and a safe environment for staff and the public across Government agencies and facilities. Projects include the following across the short to medium-term:

- Final fit-out of the new mental health facility.
- Completion of works on the Ministry of Justice disabled and elderly access, installation of ramp access to the upper floor and improved toilet facilities.
- Security and building works in the Office of the Prime Minister compound.
- National stadium track rehabilitation work, disabled access and steel works in the grandstand.
- Electrical improvements and repairs to the Cook Islands Police Headquarters building.

9.2.1.3 Land Acquisition (\$700,000 in 2021/22 - Reappropriated)

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.

A key project is the land purchase to enable construction of an airport runway end safety area to meet international requirements.

9.2.1.4 Pa Enua Government Building Projects - Northern Group (Ongoing Programme)

This programme is to undertake development and improvements of Government buildings and facilities across the Pa Enua Northern Group to ensure the public can access core public services. Buildings and facilities across the Pa Enua are key areas of building infrastructure and are most vulnerable to the impact of climate change in the Pa Enua.

CIIC runs an ongoing programme of maintenance identification and building upgrades to undertake building/asset replacements or major renovation/repairs on each island over consecutive fiscal years. Economies of scale in this approach allow for efficient use and pooling of resources, effective procurement and logistics, and strengthened community and government collaboration on projects.

Projects are planned for Manihiki, Rakahanga and Pukapuka during 2022/23 to 2025/26.

9.2.1.5 Pa Enua Government Building Projects - Southern Group (Ongoing Programme)

This programme is to undertake development and improvements of Government buildings and facilities across the Pa Enua Southern Group to ensure the public can access core public services. Buildings and facilities across the Pa Enua are key areas of building infrastructure and are most vulnerable to the impact of climate change in the Pa Enua.

CIIC runs an ongoing programme of maintenance identification and building upgrades to undertake building/asset replacements or major renovation/repairs on each island over consecutive fiscal years. Economies of scale in this approach allow for efficient use and pooling of resources, effective procurement and logistics and strengthened community and government collaboration on projects.

Works are planned for Mangaia in 2022/23 including Mangaia Hospital and Doctors Residence, and a ground fuel tank. Works for Mauke and Mitiaro for 2023/24 to 2025/26 are presently in the identification phase

9.2.1.6 Rarotonga Cyclone Shelters (Ongoing Programme)

Rarotonga, similar to the rest of the Cook Islands, is prone to severe floods and vulnerable to the impacts of climate change, such as rising sea levels and an increasing frequency and intensity of cyclones. Government has identified potential safety shelters on Rarotonga for maintenance and/or upgrades to adhere to the 2019 Cook Islands Building Code and relevant safety shelter guidelines. This programme establishes funding with works to be performed as legal agreements for ongoing access and use to each building used as a shelter are completed.

9.2.1.7 To Tatou Vai Capital (Ongoing Programme)

\$3.0 million dollars has been provided annually until 2023/24, then \$2.0 million from 2024/25 to provide an annual budget ceiling within which To Tatou Vai (TTV) can plan a capital works programme.

TTV continues to work towards the completion and replacement of asbestos cement mains and transferring water from old water connections to the new sub-mains and branch-mains. TTV will also look to install meters on water connections to the public water supply on Rarotonga. Water meters will enable the identification of consumption levels across Rarotonga.

9.2.1.8 Airport Authority - Rarotonga Airport Slab Replacement (Ongoing Programme)

Age and an increased frequency of heavy aircraft have resulted in cracks in a number of slabs along the main trafficked part of the 2328 metre runway of the Rarotonga International Airport. An ongoing project of slab replacement (involving the excavation and removal of old cracked slabs and laying of new slabs using quickset concrete) has been in place funded through the Infrastructure Trust Fund, with the runway slab replacement programme to be continued in 2022/23.

9.2.1.9 Vaikapuangi Project (Ongoing Programme)

The designed complex will be accessible to the public to engage with Government services and accommodate around 500 workers from 20 Government Agencies and Statutory Entities in a flexible, adaptable and sustainable work environment. This project is expected to be staged over many years and funded from multiple sources, with funding options currently under consideration.

9.2.2 Ministry of Education

Table 9-5 Capital projects, MOE (\$)

| Island | Project / Programme | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|-----------|-------------------------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| National | Fund to be Prioritised by Education | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 |
| Rarotonga | Apii Nikao Sound Proofing | 147,000 | 0 | 0 | 0 | 0 |
| | Total | 447,000 | 300,000 | 300,000 | 300,000 | 300,000 |

9.2.2.1 Funds to be prioritised by Education (Ongoing Programme)

Government provides funding of \$300,000 annually to allow the Ministry of Education to continue the capital replacement programme for all schools, including replacement plans for computers, photocopiers, other multi-media items, and school and classroom furniture. This was reduced to \$300,000 in 2021/22 and this level of funding has been continued over the medium-term.

9.2.3 Ministry of Health

Table 9-6 Capital projects, MOH (\$)

| Island | Project / Programme | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|----------|----------------------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| National | Fund to be Prioritised by Health | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 |
| National | CT Scanner | 518,617 | 0 | 0 | 0 | 0 |
| National | Health ICT Upgrade | 35,498 | 0 | 0 | 0 | 0 |
| National | PCR Laboratory | 126,896 | 0 | 0 | 0 | 0 |
| | Total | 981,011 | 300,000 | 300,000 | 300,000 | 300,000 |

9.2.3.1 Funds to be prioritised by Health (Ongoing Programme)

There are various technical medical instruments and equipment necessary to assist medical professionals with health check-ups. \$300,000 is appropriated per year to ensure the Ministry of Health can purchase equipment when required or apply these funds to critical capital purchases and investments.

9.2.4 Infrastructure Cook Islands

Table 9-7 Capital projects, ICI (\$)

| Island | Project / Programme | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--------------|--|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| National | Bridges and Structures Asset Management and Improvement Programme | 4,961,628 | 6,050,000 | 3,000,000 | 1,600,000 | 1,600,000 |
| National | Drainage Asset Management and Improvement Programme | 2,684,650 | 500,000 | 500,000 | 1,000,000 | 1,000,000 |
| Various | Emergency Management and Support Infrastructure | 1,360,800 | 0 | 0 | 0 | 0 |
| Penrhyn | Government Building Projects | 600,000 | 1,360,781 | 0 | 0 | 0 |
| Rarotonga | Inland and Coastal Waters Asset Management and Improvement Programme | 37,237 | 0 | 0 | 0 | 0 |
| Various | Pa Enua Air Infrastructure Improvement Programme | 128,262 | 891,998 | 0 | 0 | 0 |
| National | Pa Enua Marine Infrastructure Improvement Programme | 160,198 | 2,660,000 | 2,145,000 | 515,000 | 0 |
| National | Roads Asset Management and Improvement Programme | 4,576,735 | 8,730,834 | 6,531,800 | 6,531,800 | 6,231,800 |
| National | Waste Management Infrastructure Improvement Programme | 100,000 | 100,000 | 0 | 0 | 0 |
| National | Water and Sanitation Infrastructure Improvement Programme | 500,000 | 264,388 | 0 | 0 | 0 |
| Total | | 15,109,511 | 20,558,001 | 12,176,800 | 9,646,800 | 8,831,800 |

9.2.4.1 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. This programme includes an ongoing schedule of identification and forward work planning. Work is planned for the Queens Representative and Sheraton bridges over the medium-term; this includes the replacement of part or all the bridge structure in each case.

9.2.4.2 Drainage Asset Management and Improvement Programme (Ongoing Programme)

Drainage is a critical element in relation to the function 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 storm-water quality by upgrading the drainage network across various locations into the future, mitigating the impacts of flooding and associated land degradation.

The following individual works are planned over the medium-term:

- Avatiu Valley Stream Embankment,
- Muri drainage improvements,
- Takitumu school roadside drainage.

9.2.4.3 Government Building Project (\$1,850,000 in 2020/21 – 2022/23)

Health facilities are key to sustaining healthy and productive populations. Te Tautua hospital is near the end of its asset life and a new hospital building will ensure that access to immediate and direct health care is available. Procurement delays have resulted in the reappropriation of funding for works on the new hospital commenced to be completed in 2022/23.

9.2.4.4 Inland and Coastal Waters Asset Management and Improvement Programme (Ongoing Programme)

The inland and coastal waters assets are key to the function and development of both private and public infrastructure. The impacts of unsustainable development, coupled with climate change, has led to increasing peak flows that have caused damage as well as erosion following high sea levels and storm events.

Government intends to manage both inland streams and the coastal frontage to provide resilient and safer roads, as well as protection and safety of both public and private infrastructure. Currently planned works include 'Light Detection and Ranging' (LiDAR) mapping of all islands in the Pa Enua and Rarotonga.

9.2.4.5 Pa Enua Air Infrastructure Improvement Programme (Ongoing Programme)

Air transport is an integral aspect of linking the remote communities of the Cook Islands and provides critical economic and social benefits as well as emergency access during times of need. Government is looking to improve key air infrastructure across the Pa Enua including improvements to the Manihiki, Penrhyn and Atiu Airports initially to allow safe and efficient air transport service across the Pa Enua. This will improve the function, safety and resilience of this infrastructure and enable continued socioeconomic development within the Pa Enua.

This programme considers design work and subsequent construction, prioritised based on an air transport analysis and roadmap.

The Manihiki airport has been identified as an initial priority, with designs being refined and works now planned for 2022/23.

9.2.4.6 Pa Enua Marine Infrastructure Improvement Programme (Ongoing Programme)

Marine transport is the key means of transport for most goods to the Pa Enua and is the only form of passenger transport for some island communities. This requires the provision of robust, durable harbour structures that are resilient to the impacts of climate change, increased safety for marine operations and reduced damage and loss to vessels, cargo, and equipment.

Infrastructure improvements will support increases in the frequency of inter-island shipping services, as well as the expected increase in the level of service provided for passengers, while minimising adverse impacts on the marine environment. Solutions for Nassau Harbour are still being finalised with design works and construction to follow.

9.2.4.7 Roads Asset Management and Improvement Programme (Ongoing Programme)

The road network and associated infrastructure provide the means for the transportation of goods and services upon which the economic and social development of Rarotonga and the Cook Islands is critically dependent. Roads also provide essential emergency access to communities on both Rarotonga and in the Pa Enua in the case of natural disasters.

The Rarotonga Road network consists of approximately 201 km of road in varying conditions. Parts of the network have significantly deteriorated due to weather events, erosion, and heavy usage and in some cases do not meet required levels of service.

Funding is provided to undertake planned maintenance and improvement works to the road network in line with the forward years' work plan and Road Asset Management plan, which sets the minimum level of service for the road network. Works will address structural pavement issues, roadside drainage, resurfacing, and road widening along with improvements to pedestrian facilities and safety improvements.

Road networks in the Pa Enua are included within this programme, with work to be completed on Mauke and design work for Mangaia in 2021/22, with works on Mitiaro scheduled for 2022/23.

Works presently planned for Rarotonga for the medium-term include the following areas:

- Turangi
- Tikioki
- Nikao Backroad
- Arorangi Main Road
- Aroko road
- Hospital Access Road widening and upgrade.

9.2.4.8 Waste Management Infrastructure Improvement Programme (Ongoing Programme)

The Cook Islands Government is working to improve the waste management infrastructure on Rarotonga and across the Pa Enua. Solid waste is continuing to affect the communities and a more suitable and sustainable approach towards this ongoing issue is required. The Waste Management Infrastructure Improvement Programme considers both waste collection, transport, and disposal.

The islands face risks due to unseparated and untreated wastes, including possible contamination of ground water resources, environmental contamination, inefficient use of available land areas and space, and breeding areas for some disease carrying vectors including rodents and mosquitos.

Currently planned works include the development of a pilot report on school waste streams on Rarotonga. Works on a solid waste disposal system are under discussion for funding support.

9.2.4.9 Water and Sanitation Infrastructure Improvement Programme (Ongoing Programme)

The Pa Enua requires strategies and practical measures, including management, human and physical infrastructure, to be able to deal with these changes and secure the provision of suitable water supply for the future.

The changes to the climate currently being experienced, and increased extreme events predicted, expose the islands to regular droughts and resultant water shortages. Inadequate sanitation, waterborne disease and contamination from solid waste intensifies the impacts by reducing the available water sources for community use.

This requires climate proofing communities through asset rehabilitation, including the development of alternative water supply systems, improved water quality and operation efficiency improvements, and expanding the existing water security and improvement programmes to reduce vulnerability.

Projects within this programme include:

- Pa Enua Community Water Storage Capacity (Penrhyn)
- Atiu Maramou Water Gallery
- Mangaia water supply distribution system upgrade - Karanga (Ivirua)
- Tepuka Sanitation Improvement.

9.2.5 Ministry of Internal Affairs

Table 9-8 Capital projects, Internal Affairs (\$)

| Island | Project / Programme | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|-----------|-----------------------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Rarotonga | Vaka Maintenance Capital Projects | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| | Total | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |

9.2.5.1 Vaka Maintenance Capital Projects (Ongoing Programme)

An annual budget of \$50,000 provided to the Ministry of Internal Affairs supports small capital projects such as roadside maintenance and beautification around Rarotonga.

9.2.6 Ministry of Finance and Economic Management

Table 9-9 Capital projects, MFEM (\$)

| Island | Project / Programme | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--------------|---|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Rarotonga | FMIS purchase and implementation | 289,402 | 10,598 | 0 | 0 | 0 |
| Rarotonga | Te Mato Vai - Rarotonga Water Upgrade | 983,337 | 0 | 0 | 0 | 0 |
| Rarotonga | COVID-19 Response Fund - Capital Needs | 400,000 | 1,000,000 | 0 | 0 | 0 |
| Rarotonga | Revenue Management System upgrade (RMS10) | 388,687 | 2,851,313 | 0 | 0 | 0 |
| Total | | 2,061,426 | 3,861,911 | 0 | 0 | 0 |

9.2.6.1 Financial Management Information System (\$4,000,000 Estimated total)

The Cook Islands Government aims to improve the Government's financial management database and systems. The Financial Management Information System (FMIS) is a standardised and integrated central database that allows Government agencies access to Government data and implements payments and accounting workflow processes. A residual balance of the 2021/22 appropriation has been reappropriated for completion of works. Funding for this programme comes from the Economic Recovery Roadmap over the medium-term, contributing to the Government Efficiency workstream.

9.2.6.2 COVID-19 Response Fund – Capital Needs (\$1.4 million over 2021/22 and 2022/23)

This fund provides a flexible source of capital funding to support Government's work strengthening the Cook Islands border, quarantine, and health response to COVID-19. The fund is managed by MFEM but may support works by other agencies. Residual funding of \$1,000,000 from the 2021/22 appropriation has been reappropriated for continued medical response works.

9.2.6.3 Revenue Management System Upgrade (RMS10)

MFEM's Revenue Management Division will implement an upgrade to its licensed tax management software platform RMS7 to RMS10 (Revenue Management System 10). The upgrade will occur in 5 phases, with the first phases commencing in 2021/22 and 2022/23. The later phases will be planned and implemented as the subsequent phases are successfully completed.

9.2.7 Office of the Prime Minister

Table 9-10 Capital projects, OPM (\$)

| Island | Project / Programme | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--------------|---|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| National | Government IT Network | 1,760,766 | 551,000 | 0 | 800,000 | 250,000 |
| National | Telecommunications Universal Access Programme | 0 | 200,000 | 200,000 | 200,000 | 200,000 |
| National | Renewable Energy Project Management and Support | 321,000 | 0 | 0 | 0 | 0 |
| Total | | 2,081,766 | 751,000 | 200,000 | 1,000,000 | 450,000 |

9.2.7.1 Government IT Network (Ongoing programme)

Funding has been provided to enable the Office of the Prime Minister to implement a whole of Government ICT network upgrade. This includes the replacement of ICT equipment, upgrades to the current central server room, and the establishment of an external data backup centre to house whole of Government information and to ensure business continuity and security. This funding also supports the ongoing implementation and maintenance of the Government network. This includes work on integrating the Pa Enua into the Government network.

9.2.7.2 Telecommunications Universal Access Programme (Ongoing programme)

This funding will be utilised to implement ICT connectivity technology upgrades to support the following initiatives: General Pa Enua Connectivity - Mobile, Satellite & Internet systems, telemedicine systems, e-Education systems and government administration upgrades.

9.2.8 Capital Distribution Funds – Administered by MFEM

Table 9-11 Capital projects, Administered by MFEM (\$)

| Island | Project / Programme | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--------------|-----------------------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| National | Capital Distribution Fund | 230,000 | 300,000 | 300,000 | 300,000 | 300,000 |
| National | Pa Enua Capital Distribution Fund | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 |
| Pa Enua | Outer Islands Small Capital Fund | 24,075 | 110,000 | 110,000 | 110,000 | 110,000 |
| Total | | 554,075 | 710,000 | 710,000 | 710,000 | 710,000 |

9.2.8.1 Capital Distribution Fund (Ongoing Programme)

The Ministry of Finance and Economic Management is responsible for administering the Capital Distribution Fund (CDF). This includes the purchase and replacement of vehicles and small capital equipment across Government Agencies to bring them up to acceptable standards in line with the Government Fleet Management Plan Policy.

9.2.8.2 Pa Enua Capital Distribution Fund (Ongoing Programme)

The Pa Enua CDF is intended for the purchase of standardised equipment to provide for a baseline level of equipment to each island administration, based on specified parameters. Each administration will be required to maintain current asset management plans to access the fund.

9.2.8.3 Outer Islands Small Capital Fund (Ongoing Programme)

Each Island of the Pa Enua is allocated an annual capital budget from which to purchase small capital items each year.

10 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 10-1 Summary of Tax exemption estimates

| Tax Exemptions | Estimate (\$000's) |
|---|---------------------------|
| Import Duties | 1,175 |
| Pa Enua Fuel Concession | 500 |
| Returning Cook Islanders | 500 |
| Non-Cook Islanders | 100 |
| Non-Profits and Religious Organisations | 25 |
| Public Projects | 50 |
| Offshore financial services industry | 0 |
| Income Tax | 29,993 |
| Tax Threshold \$14,600 | 14,674 |
| Charitable Donations | 500 |
| Approved Superannuation | 3,605 |
| Consular and Diplomatic Personnel | 300 |
| International Foreign Aid | 10,840 |
| Members of Parliament Allowances | 75 |
| Offshore financial services industry | 0 |
| Value Added Tax | 2,120 |
| Imports | 100 |
| Public Projects | 1,950 |
| Goods importation | 70 |
| Offshore financial services industry | 0 |
| Departure Tax | 363 |
| Military | 1 |
| Diplomatic | 2 |
| Commercial | 360 |
| Transit and Under-age | 1 |
| Total Tax Expenditure | 33,651 |

10.1 Import Duty

Concession on fuel to the outer islands

The import duty rate for Rarotonga is 28 cents per litre on petrol and 22 cents per litre on diesel. Fuel used on all outer islands is free of duty except Aitutaki where the rate is 15 cents per litre on petrol and 5 cents per litre on diesel. The estimated annual cost of providing these concessions is \$500,000.

Concessions for returning Cook Islanders

Customs 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 \$500,000.

Concessions for non-Cook Islanders

Customs 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 \$100,000.

Duty free jet fuel

No customs duty is paid for jet fuel and aviation kerosene used by jet propelled aircrafts. Information is not available to determine the annual estimated cost of providing these concessions.

Concession for non-profit and religious organizations

Goods imported by non-profit and religious organisations, schools and for disaster relief are exempt of duty upon importation. The annual estimated cost of providing this exemption is \$25,000.

Concessions for imported goods for public projects

All duty is waived for approved public projects. The estimated annual cost of providing this concession is \$50,000.

10.2 Income Tax

Income under \$14,600

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 \$14.7 million (this estimate is based on active taxpayers in 2019 and the lowest marginal tax rate of 17%).

Donation deductions for charitable organisations

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. The estimated annual cost of providing a donation deduction is \$500,000. This estimate based has been determined on the basis of past donation deductions claimed.

Income of the Queen's Representative

Income of the Queen's Representative is not taxable.

Pensions arising from disability or from services provided in respect of any war

War pensions, and allowances paid to persons who served in a war or were injured during any service in the armed forces of any nation, are not taxed.

Income from approved superannuation funds

Income derived by either the New Zealand Government Superannuation Fund or by a superannuation fund approved by the Collector are not taxed.

Charitable organisations

Income derived by an approved charitable organisation is not subject to income tax. There are currently approximately 60 approved charitable organisations in the Cook Islands.

Promoters of amateur sports

Income derived by a promoter when promoting amateur sport is not taxable.

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.

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.

Members of Parliament

Income derived by Members of Parliament in the form of allowances are not taxed. This estimated annual cost of this concession is \$75,000.

Income upon retirement

Where an individual retires from employment only 5 percent of a 'retirement payment' is subject to tax.

Offshore financial services industry (Legal arrangements, foundations and companies)

International trusts, foundations, international partnerships, limited liability companies and foundations are exempt from income tax. Information is not available to determine the estimated annual cost of providing these concessions.

10.3 Value Added Tax

The following are exempt of Value Added Tax (VAT):

- Legal arrangements, foundations and companies including international trusts, foundations, international partnerships international companies (registered with the Financial Services Commission before 20 December 2019), limited liability companies and foundations. Information is not available to determine the estimated annual cost of providing these exemptions.
- Financial services provision is exempt from VAT, however, the reverse charge mechanism for imported services means that some businesses within the sector will have a VAT liability.
- Goods imported by non-profit and religious organisations, schools and for disaster relief are VAT exempt when imported. The estimated annual cost of providing these exemptions is \$100,000.
- VAT is waived for approved public projects. The estimated annual cost of providing this concession is \$1,950,000.
- Goods imported by the Queen's Representative, Asia Development Bank, Australia High Commission and New Zealand High Commission are exempted from VAT when imported. The estimated annual cost providing these concessions is \$70,000.

10.4 Departure Tax

The following lists confirms what individuals, aircraft and vessels are exempt from Departure Tax:

- Members of the New Zealand Military participating in military exercises approved by Cabinet.
- The Queen's Representative.
- The head of mission and members of the New Zealand High Commission in Rarotonga. It also includes family members who form part of a members' household.
- Visiting diplomats on official business and holding diplomatic passports from countries with whom the Cook Islands has diplomatic relations and members of their families who form part of their household.
- Crew of any aircraft, cruise vessel or commercial vessel Cook Islands, that remains in the Cook Islands for a period of 72 hours or less.
- Any passenger of a cruise vessel or commercial vessel that is in the Cook Islands for 72 hours or less, that arrives and departs on the same vessel.

- Transit passengers and passengers under the age of 13 years old.

11 Crown Debt and Net Worth

The total value of public debt²⁴ to the end of June 2023 is estimated to be \$220.8 million and 39 per cent of GDP, this value includes \$130 million of new debt that was taken on during the pandemic. The increase in debt was necessary to support government's response to the economic impact of the COVID-19 pandemic. The government also revised its MTFs within this context to ensure the increase in debt will alleviate the immediate needs of the Cook Islands while still adhering to fiscal sustainability over the medium-term.

Consequently, the annual debt servicing is expected to peak at \$32.4 million by 2029/30 when the post pandemic loans are being repaid, which poses a funding challenge for government in the medium-term. The government in response has drafted a Medium-Term Debt Strategy (MTDS) which aims at guiding the mitigation initiatives it could pursue to smooth out its debt repayment profile.

At the time of writing, the government has not confirmed any new borrowings for the financial year 2022/23 other than the contingency loans of \$85.9 million committed with the ADB to support the Cook Islands in the event of a crisis.

11.1 Debt Headroom

The net debt to GDP rule has been revised from the normal threshold of 35% to 65%, to allow government to take on the additional debt necessary to support and stimulate the economy during the pandemic.

Table 11-1 Financing Requirements 2022-2026 ('000)

| Financing Requirements | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|--|-------------------|-------------------|-------------------|------------------|------------------|
| Net Operating Balance | (\$23,039) | (\$19,391) | (\$684) | \$5,486 | \$17,107 |
| Net Non-Operating Balance (excl. debt) | (\$35,155) | (\$40,483) | (\$29,230) | (\$28,734) | (\$30,295) |
| Depreciation | \$13,054 | \$13,767 | \$13,783 | \$13,783 | \$13,783 |
| Payments made from LRF | \$0 | \$728 | \$759 | \$772 | \$772 |
| Financing Requirements (excl. debt) | (\$45,140) | (\$45,379) | (\$15,373) | (\$8,693) | \$1,367 |
| <i>add: General Cash Reserves (start)</i> | <i>\$0</i> | <i>\$45,379</i> | <i>\$15,373</i> | <i>\$4,827</i> | <i>\$0</i> |
| <i>add: Debt Financing</i> | <i>\$55,540</i> | <i>\$0</i> | <i>\$0</i> | <i>\$0</i> | <i>\$0</i> |
| Financing Gap | \$0 | \$0 | \$0 | (\$3,866) | \$0 |
| Current debt level | \$231,018 | \$220,818 | \$210,993 | \$197,007 | \$179,842 |
| Estimated Debt Inc Financing | \$231,018 | \$220,818 | \$210,993 | \$200,873 | \$183,708 |
| GDP forecast | \$483,987 | \$567,029 | \$629,687 | \$651,912 | \$683,125 |
| Gross Debt to GDP | 48% | 39% | 34% | 31% | 27% |
| LRF Balance | \$12,544 | \$12,669 | \$12,796 | \$12,924 | \$13,053 |
| Estimated net debt level | \$218,474 | \$208,149 | \$198,197 | \$187,949 | \$170,655 |
| Net Debt to GDP | 45.1% | 36.7% | 31.5% | 28.8% | 25.0% |

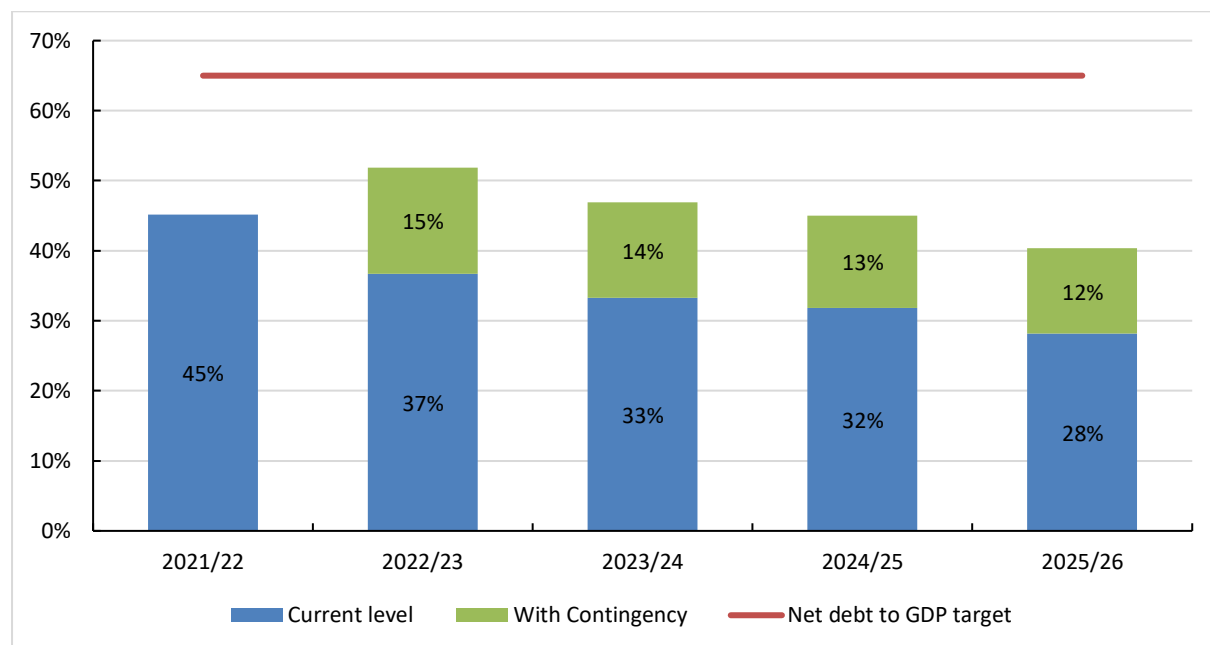
As illustrated in Table 11-1, net debt to GDP is estimated to fall below the 35 per cent level by financial year 2023/24 and 25 per cent by financial year 2025/26, accounting for an estimated \$3.9 million financing deficit over the same period.

²⁴ Including commercial debt held direct by SOEs

According to the current threshold, the government can take on an additional \$147.8 million of debt or \$61.9 million if taking contingency debt into account. The total contingent debt of \$85.9 million is made up of:

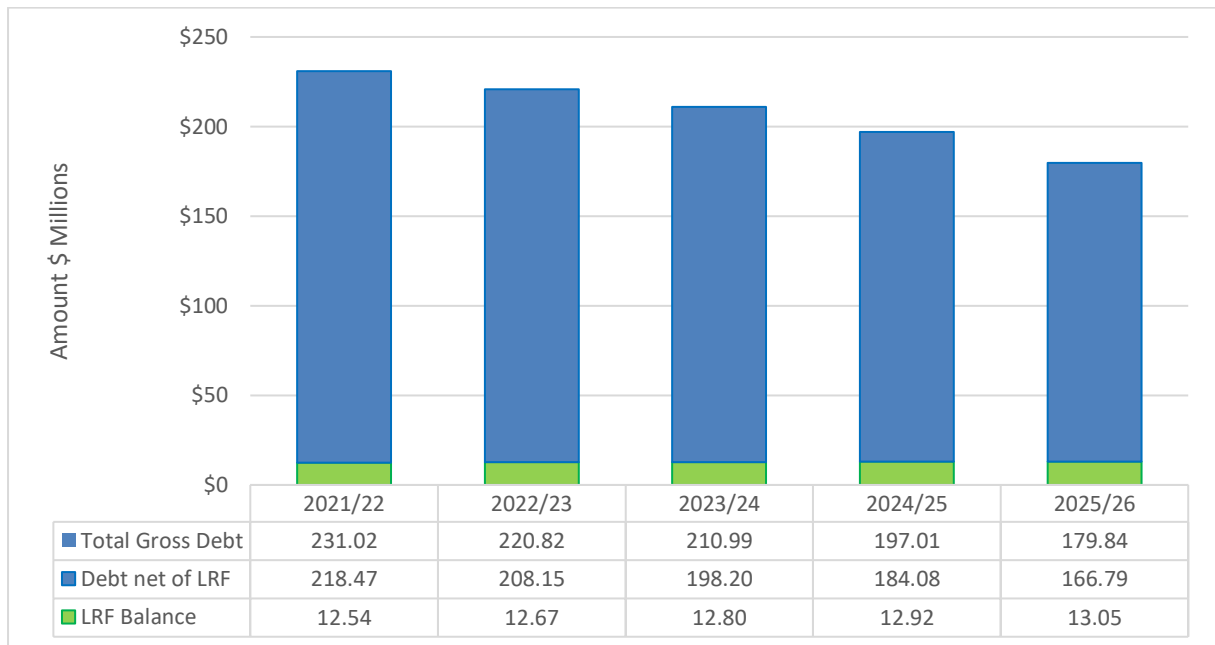
3. Disaster contingency loan (ADB) of \$30.3 million that will only be drawn in the event of disasters triggered by natural hazards or health emergencies.
4. Precautionary financing option (PFO) loan (ADB) of \$55.5 million to support government's cashflow when pre-established conditions are met.

Figure 11-1 Net debt to GDP including financing requirements (percentage of nominal GDP)



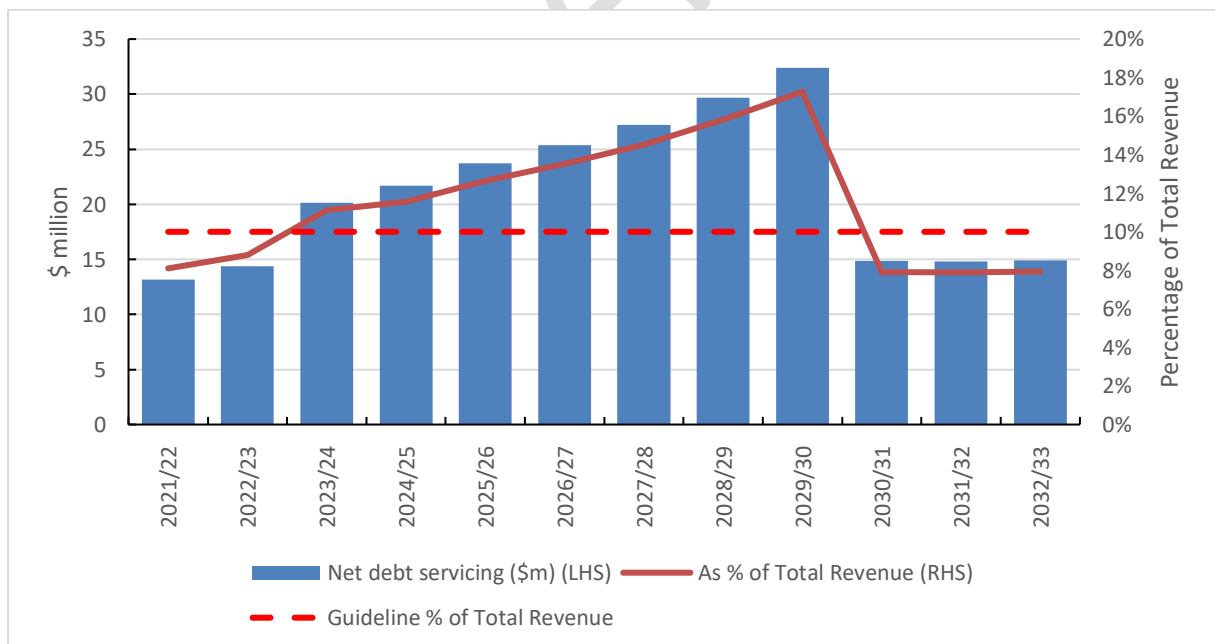
As illustrated in Figure 11-1, even if government is required to take on the two contingent loans, it will remain within the 65 per cent net debt to GDP rule. This should be noted as being close to a 'worst case scenario' as it involves a significant depletion of cash reserves, triggering the PFO loan as well as a natural disaster occurring.

Figure 11-2 Crown debt net of Loan Repayment Fund



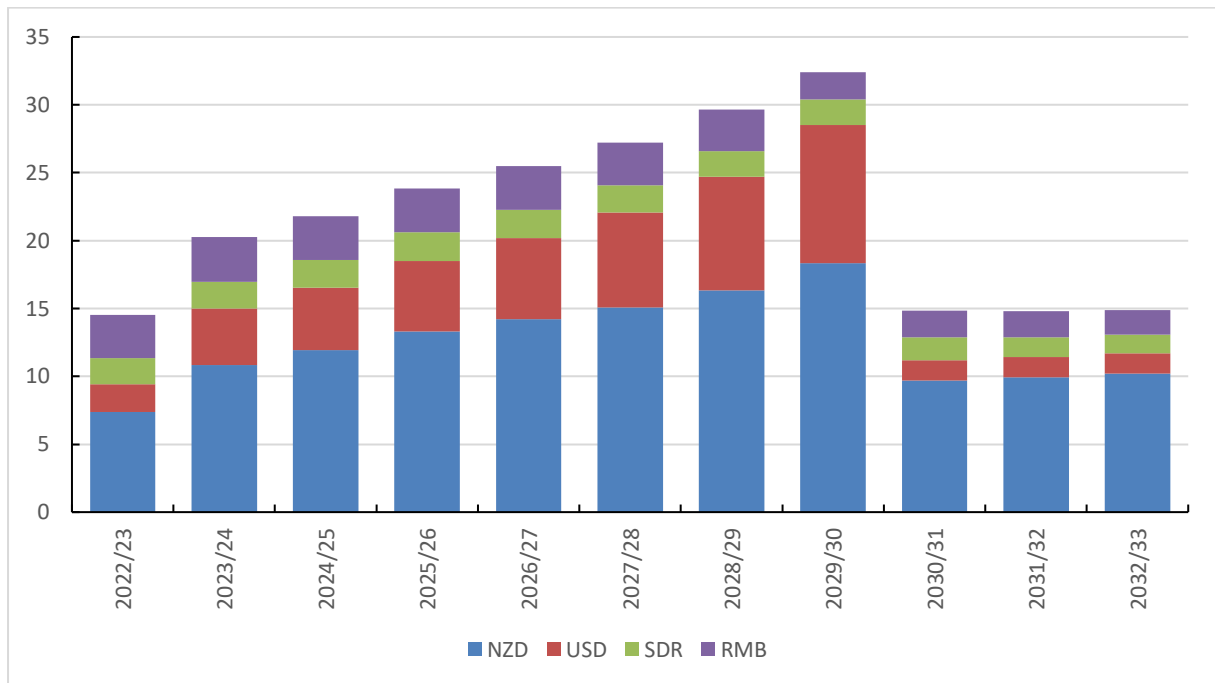
The Loan Repayment Fund (LRF) is the official means by which the Cook Islands government manages its debt portfolio mandated by the LRF Act 2014. Debt net of LRF is estimated at \$208.2 million in 2022/23 and gradually reduces in the outer years on the assumption that principal is repaid and Crown does not take on new loans.

Figure 11-3 10-year Debt Servicing Profile (\$ million)



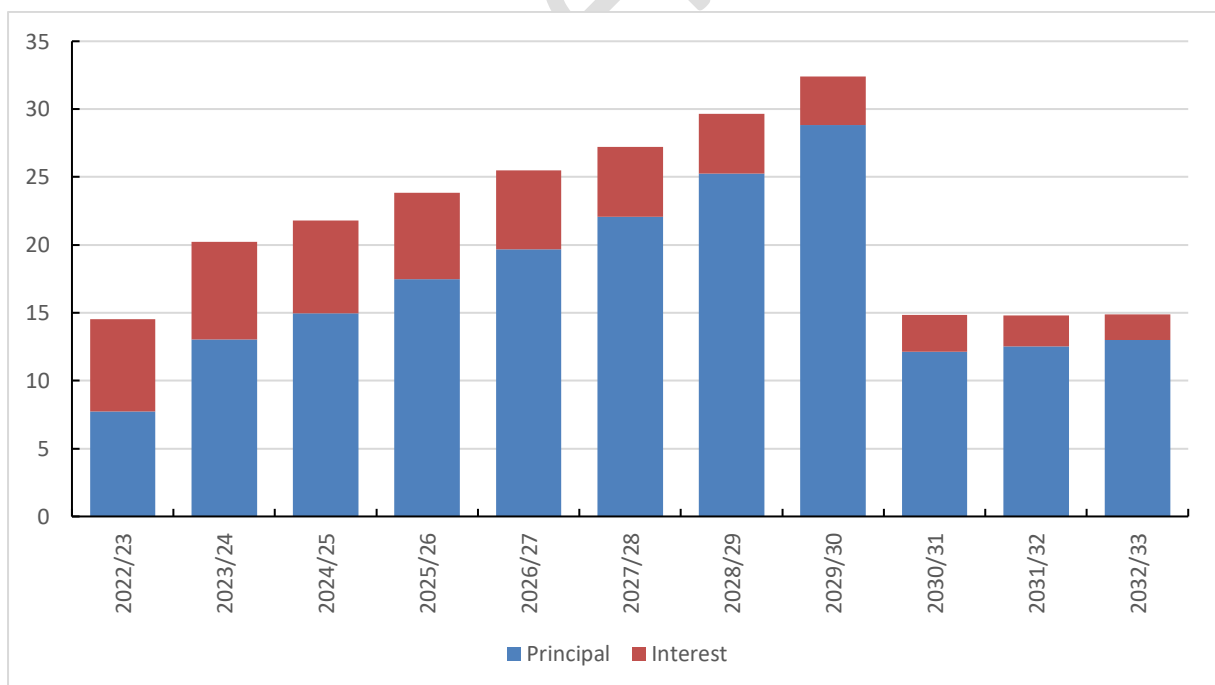
Although net debt to GDP is within the fiscal limit of 65%, net debt servicing to total revenue is estimated to surpass 10 per cent in 2023/24 and is not expected to fall back below this threshold until 2030/31. This could indicate a cashflow issue if overall government spending is not being closely monitored or reduced to accommodate the additional debt servicing requirements. The annual debt servicing peaks at 17 per cent (\$32.4 million) of total revenue by 2029/30, as some loans with back-ended repayment profiles have higher demands.

Figure 11-4 10-year Debt Servicing Profile by currency (NZ\$ million equivalent)



As demonstrated in Figure 11-4, the NZD share of overall debt service repayments takes up a significant portion, this is part of government's strategy where new debt are taken in the local currency to mitigate against exchange risk exposure.

Figure 11-5 10-year Debt Servicing Profile by Principal/Interest (\$ million)



Refinancing risk (which relates to the potential for debt servicing costs to rise) is a concern over the medium-term. With the revised Net Debt to GDP rule of 65 per cent, there is still room available for the government to take on additional debt if needed – however any new debt should be considered in conjunction with the impact on debt servicing and cash reserve balances. Debt servicing is expected

to become a larger concern over the medium-term as grace periods on new debt end and principal repayments begin.

11.1.1.1 Variable Interest Rate Assumptions

A number of loans held by Government have interest rates which are tied to particular reference rates in financial markets – the 6-month LIBOR (London Interbank Offer Rate) and 6-month NZD Bank Bill Rate in particular. Assumptions around the profile for these rates have been made using yield curves and market expectations of interest rate pricing. These assumptions can be seen in Table 11-2. For simplicity in estimating the debt servicing costs, the average rates have been used.

Table 11-2 Interest rate benchmark assumptions (annual per cent)

| | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | Average (21/22 to 27/28) |
|------------------------|---------|---------|---------|---------|---------|--------------------------------|
| LIBOR USD 6 month rate | 1.437% | 2.661% | 2.585% | 2.332% | 2.385% | 2.286% |
| NZD 6 month BBR | 2.560% | 2.994% | 3.040% | 3.216% | 3.391% | 3.089% |

Source: World Government Bonds website, retrieved 25 April 2022

11.1.2 Medium Term Debt Strategy

The current draft of the MTDS requires government to report on its performance against key strategic targets through the annual budget process. The first year of review will be financial 2022/23 where the status of implementation will be reported in the 2023/24 budget process. The key targets for the period 2022-2026 financial years are:

1. Maintain total Crown debt as a share of GDP well below the 65 per cent threshold, by redefining the conditions of new borrowing, prepaying debts from LRF where applicable, and maintaining prudent macroeconomic management.
2. New borrowing should be limited to priorities reflected in the National Infrastructure Investment Plan 2021-2030 (NIIP) identified through the National Budgets and considered only for investments that can demonstrate a positive economic return sufficient to match interest and repayment costs. Economic assessments need to occur in early stages of project preparation through government's activity management system – Tarai Vaka Process (TVP).
3. To minimise impact of costs and risks to government, these indicators shall be used as a guideline to provide measurable and quantifiable targets for monitoring purposes.
4. Complete the application process for country reclassification review with the ADB by 2022/23.
5. 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.

The Debt Management Unit (DMU) should be appropriately staffed, adequately trained and resourced to conduct the debt management functions articulated in staff job descriptions.

Table 11-3 – MTDS Key Targets 2023 - 2026

| | Indicators | Current level | Target – overall debt | Target – new debt |
|---------------------------|---|---------------|-----------------------|-------------------|
| Interest rate risk | 1. Implied interest rate | 3.6% | <4.5% | <4.5% |
| | 2. % of total debt in variable interest rates | 74.9% | <70% | <65% |
| Refinancing risk | 3. Limit total public debt maturing in 1 year | 3.5% | <6% | <5% |
| | 4. Total Average Time to Maturity | 7.3 years | >7 years | >15years |
| Exchange rate risk | 5. foreign debt as a % of total debt | 42.0% | <30% | <10% |

11.2 Exchange Rate Assumptions

Currency risk arises when debt is held in foreign currency and adverse movements in the exchange rate against the NZD lead to increase costs. To minimize foreign currency risk, the MTDS requires government to constrain new borrowings only in the local currency or to restrict borrowing in the foreign currency to 10 per cent of overall government debt.

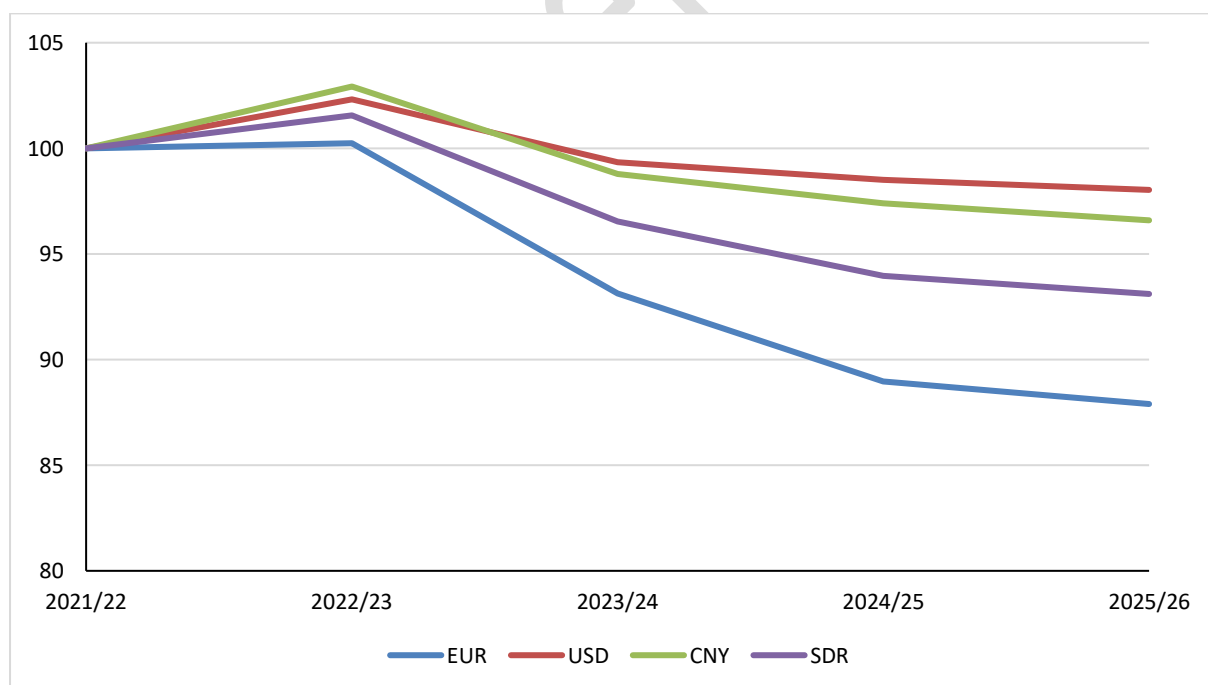
Table 11-4 Exchange Rate Forecast – 2022/23 to 2026/27

| Currency | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------|---------|---------|---------|---------|
| EUR | 0.6231 | 0.5790 | 0.5531 | 0.5464 | 0.5424 |
| USD | 0.7060 | 0.6855 | 0.6797 | 0.6764 | 0.6742 |
| RMB | 4.5452 | 4.3627 | 4.3014 | 4.2655 | 4.2110 |
| SDR | 0.5065 | 0.4815 | 0.4686 | 0.4644 | 0.4610 |

NZD appreciated slightly against major trading currencies in the first half of the 2021/22 financial year. This appreciation was likely the result of the Reserve Bank of New Zealand (RBNZ) beginning to return interest rates to more normal settings. With rising inflation becoming an increasing concern for the RBNZ, and unemployment levels suggesting rates at or exceeding 'full employment,' interest rates are anticipated to rise further through 2022/23 – pushing the NZD to appreciate further during the year. From thereafter the NZD is expected to settle back slightly lower as global central banks unwind monetary stimulus.

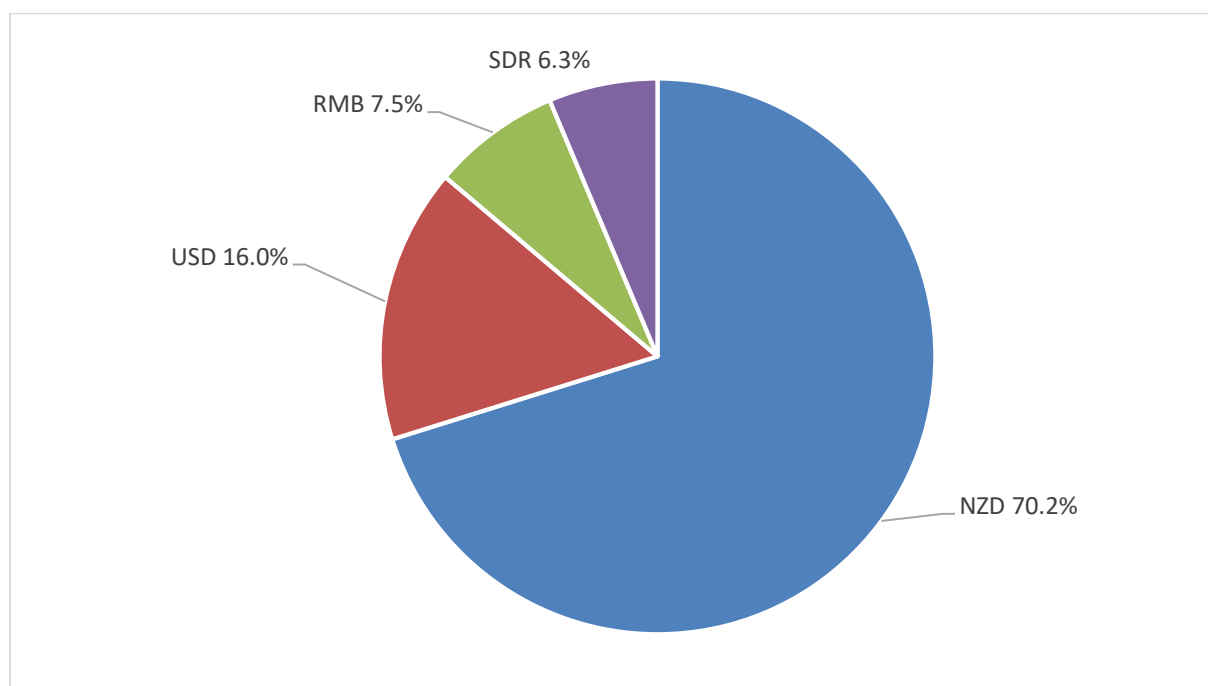
New Zealand labour market data kept the NZD strong through 2021 as the economy outperformed many others, as other economies catch up to the relative success of New Zealand.

Figure 11-6 Assumed changes in major exchange rates (indices – 2021/22 = 100)



11.2.1 Crown Debt by Currency

Figure 11-7 Overall debt by currency (as at June 2023)



Approximately 29.8 per cent of the debt portfolio is in foreign currency and exposed to exchange rate risk, mainly in USD making up 16.0 per cent. The Cook Islands receive fisheries income in USD (equivalent of NZD10 million per fiscal year), allowing a natural hedge to the exchange rate exposure in the debt portfolio by allocating USD to the LRF based on USD annual debt servicing payments.

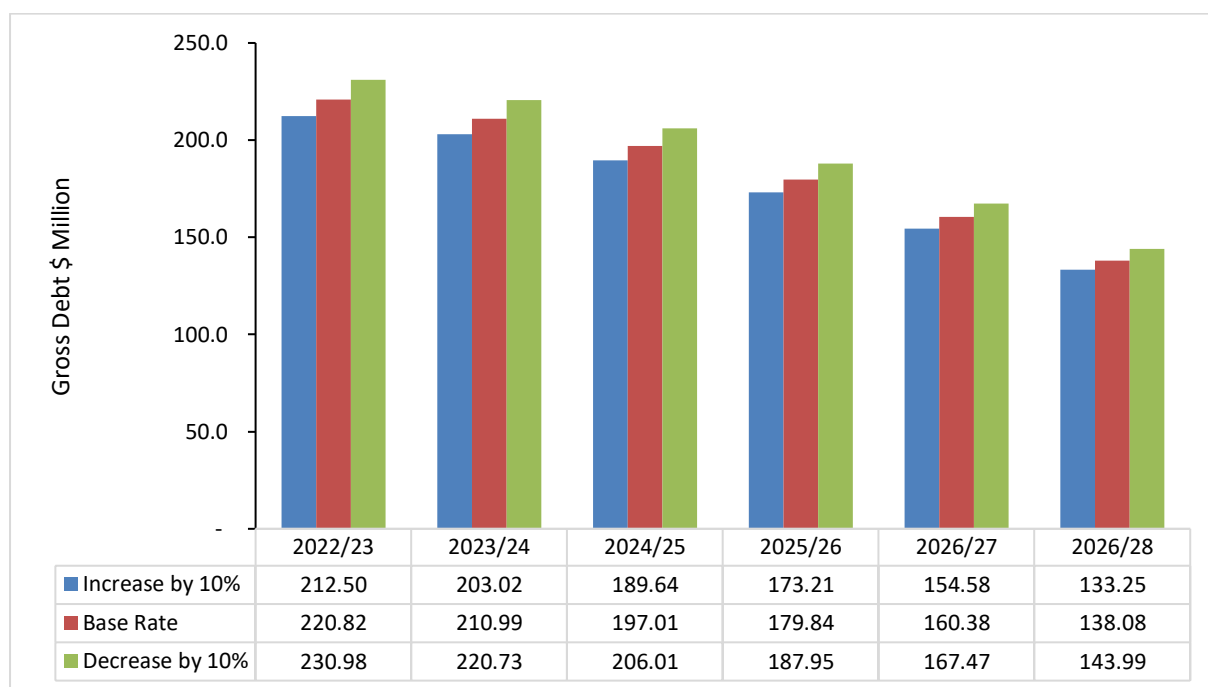
11.2.2 Debt Sensitivity Analysis

Table 11-5 Base exchange rates assumptions used in 2022/23 Budget with +/- 10%

| Foreign Exchange Currency | Budget base | | |
|---------------------------|-------------|--------|--------|
| | -10% | rate | +10% |
| EUR | 0.5608 | 0.6231 | 0.6854 |
| USD | 0.6354 | 0.7060 | 0.7766 |
| RMB | 4.0907 | 4.5452 | 4.9998 |
| SDR | 0.4559 | 0.5065 | 0.5572 |

Movements in the value of the NZD against major trading currencies remains a risk. The sensitivity analysis demonstrates the impact of a 10 per cent appreciation or depreciation by the NZD to determine the impact on the gross borrowings and the debt servicing cost.

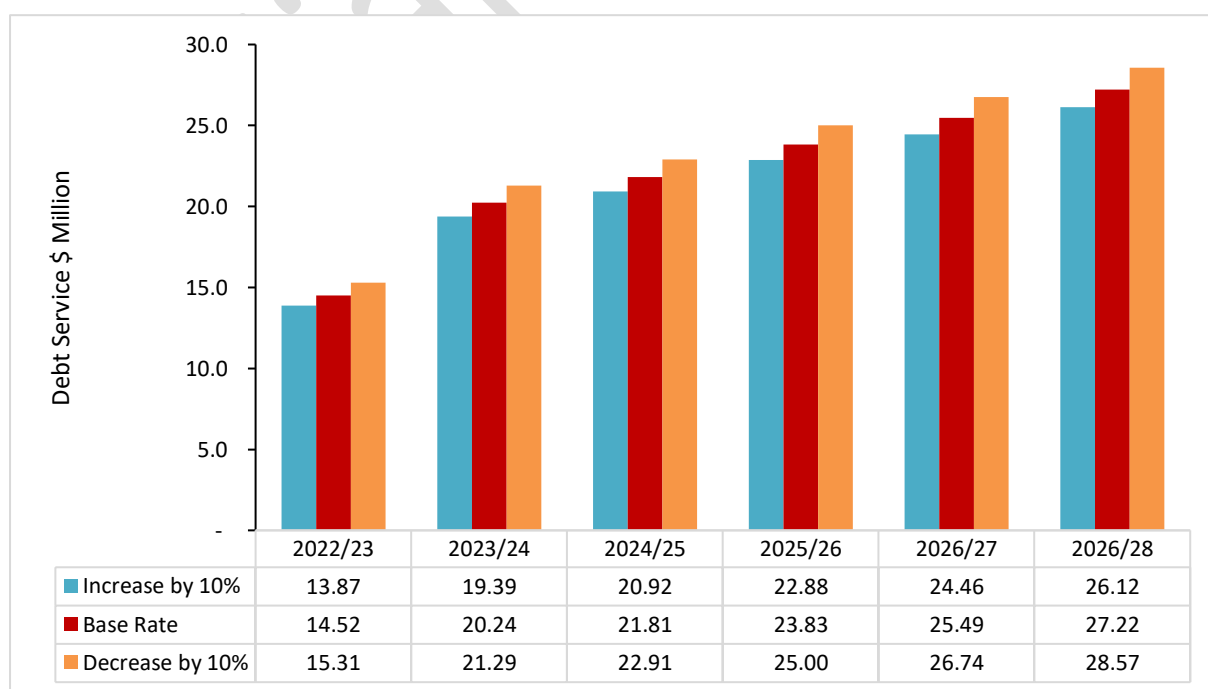
Figure 11-8 Sensitivity of Crown Gross Debt to NZD movements



If the relevant NZD exchange rates were to depreciate by 10 per cent against major trading currencies, overall debt estimated to the end of June 2023 would increase by \$10.2 million compared to a \$8.3 million if the NZD were to appreciate by 10 per cent. This demonstrates the Crown's gross debt level is more adversely sensitive to the depreciation of the NZD.

A 10 per cent decrease in the foreign currency value of the NZD would increase debt servicing costs to the LRF by \$0.8 million in the 2022/23 financial year.

Figure 11-9 Sensitivity of Crown Debt Servicing Costs to NZD movements



11.3 Gross Debt by Individual Loan

The Crown's total committed gross debt is \$306.7 million, this is broken down into loans that are drawn of \$220.8 million and loans that are undrawn of \$85.9 million – committed as contingency debt.

Table 11-6 Status of Government loans to 30 June 2023

| Loans committed and drawn | Loan taken (MM/YYYY) | Original loan amount (\$000's) | Expected Repayment (MM/YYYY) | Current Balance (\$000's) |
|---|---------------------------------|---|---|--|
| ADB 849 (SF) 2nd Multi-Project | 12/1987 | SDR 2,150 | 08/2027 | 712 |
| ADB 1031 (SF) Outer Islands Telecom Project | 10/1990 | SDR 3,578 | 08/2030 | 2,265 |
| ADB 1155 (SF) 2nd CIDB Project | 03/1992 | SDR 1,085 | 12/2031 | 608 |
| ADB 1171 (SF) Emerg. Telecom Rehab Project | 08/1992 | SDR 349 | 06/2032 | 213 |
| ADB 1309 (SF) Pearl Industry Dev. Project | 12/1994 | SDR 272 | 08/2034 | 268 |
| ADB 1317 (SF) Educ'n Dev Project | 02/1995 | SDR 1,852 | 08/2034 | 1,636 |
| ADB 1380 (SF) 3rd CIDB Project | 01/1996 | SDR 1,977 | 09/2035 | 1,436 |
| ADB 1466 (SF) Economic Restructure Program | 09/1996 | SDR 3,430 | 09/2036 | 3,345 |
| ADB 1588 (SF) Cyclone Emergency Rehab Project | 01/1997 | SDR 583 | 01/2038 | 600 |
| ADB 1832 (SF) Waste Mgt Project | 12/2001 | SDR 1,695 | 06/2033 | 1,302 |
| ADB 2174 (SF) Cyclone Emergency Assist Project | 06/2005 | SDR 1,895 | 06/2045 | 2,943 |
| China - Multi-Functional Indoor Sports Stadium | 08/2008 | RMB 74,100 | 08/2028 | 5,728 |
| ADB 2472 (OCR) Avatiu Port Development Project | 09/2009 | NZD 10,309 | 11/2033 | 7,515 |
| ADB 2473 (SF) Avatiu Ports Development project | 09/2009 | SDR 4,524 | 11/2040 | 4,119 |
| ADB 2565 OCR Economic Recovery Support Program 1 | 01/2010 | NZD 11,053 | 10/2024 | 1,507 |
| ADB 2739 (OCR) Amendment Avatiu Port project | 12/2011 | NZD 5,290 | 11/2035 | 4,372 |
| China - Rarotonga Water Ring Main Upgrade | 12/2012 | RMB 118,000 | 12/2032 | 17,243 |
| ADB 2946 OCR Economic Recovery Support Program 2 | 12/2012 | NZD 11,053 | 10/2027 | 2,719 |
| ADB 3193 Renewable Energy Project | 12/2014 | NZD 12,980 | 06/2036 | 9,293 |
| ADB 001-COO(FA-CDF) - Disaster Resilience Program | 12/2019 | NZD 15,676 | 06/2035 | 15,676 |
| ADB 3632 - Loan for Undersea Broadband Cable | 11/2018 | USD 15,000 | 10/2042 | 20,715 |
| Commercial - Loan for Rarotonga Airport Equipment | 01/2018 | NZD 3,206 | 2033 | 2,326 |
| ADB 4010 - CPRO Loan | 11/2020 | NZD 30,409 | 06/2030 | 30,409 |
| AIIB - CPRO Loan | 12/2020 | USD 20,000 | 06/2030 | 28,329 |
| ADB 4161 - Sustainable Economic Recovery Program | 12/2021 | NZD 55,540 | 12/2036 | 55,540 |
| Total Loans Drawn Down | | | | 220,818 |
| Contingency Loans | | | | |
| ADB 4162 - Precautionary Financing Option (PFO) | 12/2022 | NZD 55,540 | 12/2037 | 55,540 |
| ADB - Disaster Resilience Program (Phase 3) | 12/2022 | NZD 30,312 | 06/2037 | 30,312 |
| Total Committed/Planned but Undrawn | | | | 85,852 |
| Total Loans Commitment by the Crown | | | | 306,670 |

11.4 Crown Debt by Lenders

Figure 11-10 Overall Debt by Lenders (as at June 2023)

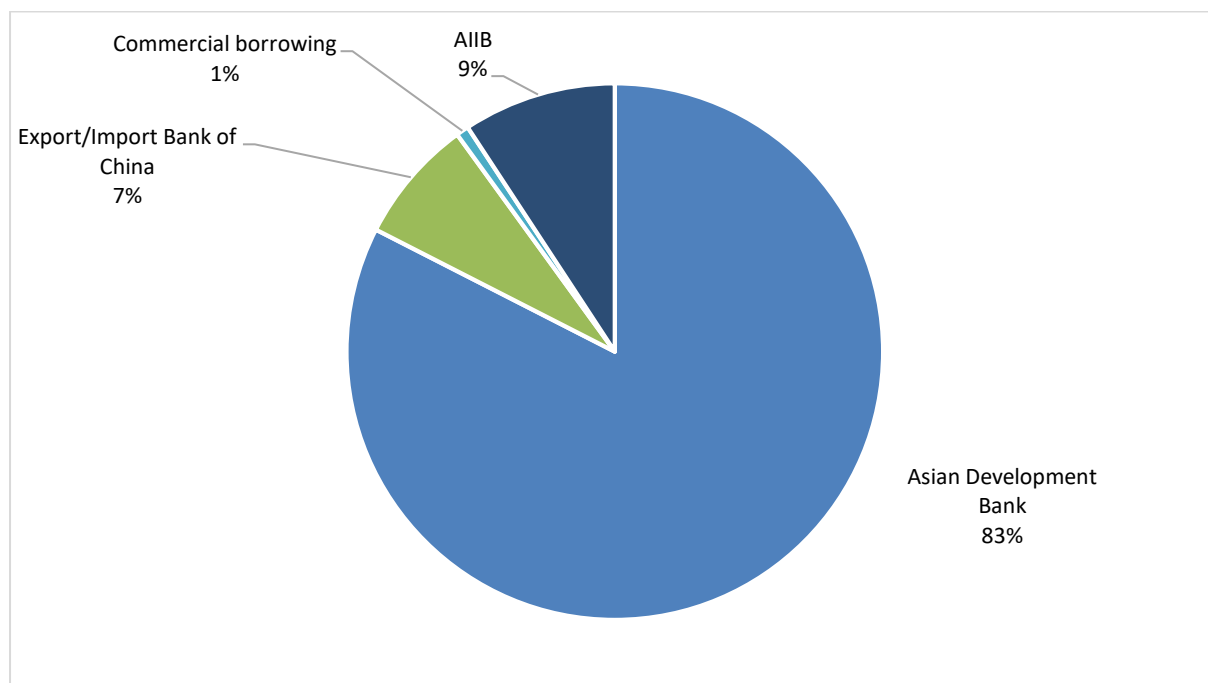


Table 11-7 Overall Debt by Lenders (as at June 2023)

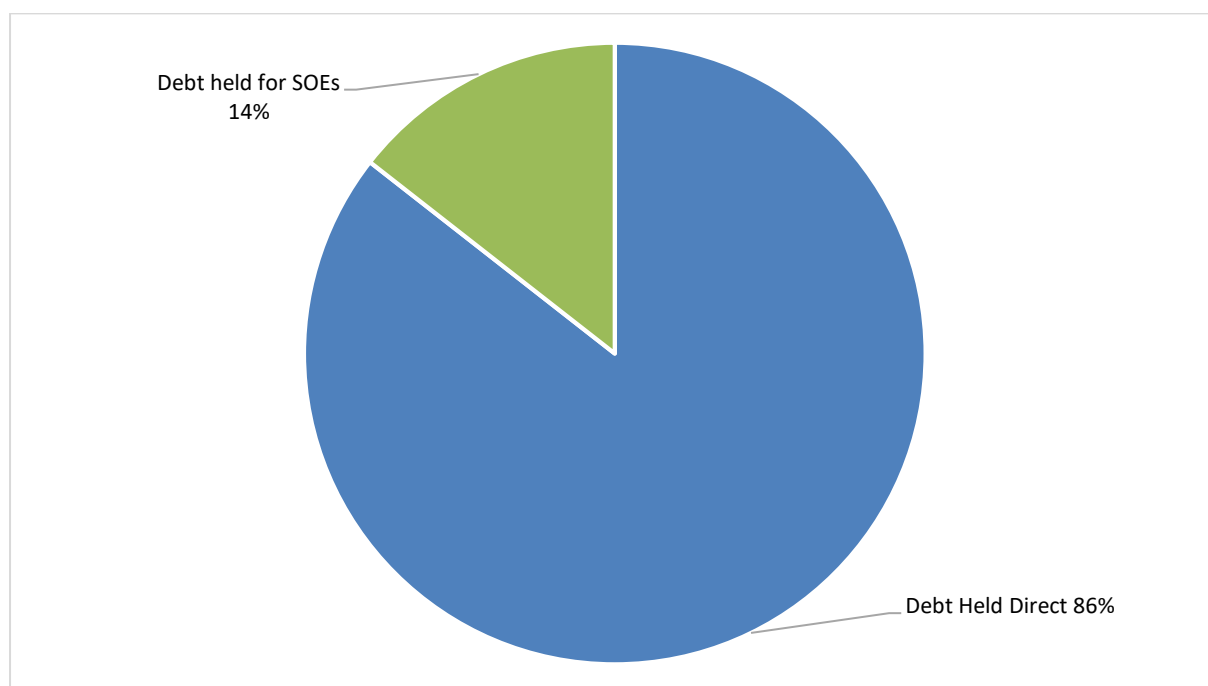
| Debt Outstanding (\$ million) | |
|-------------------------------|---------------|
| ADB | 167.19 |
| AIIB | 28.33 |
| Exim Bank China | 22.97 |
| Commercial Bank | 2.33 |
| Total | 220.82 |

A large proportion of existing debt is limited to one multilateral institution. The ADB have provided the large proportion of lending to the Cook Islands, making up 83 per cent of the debt portfolio. The terms of borrowing have been concessional to date, however increasing limitations in selection of terms, for example interest rate type and tenure, increases the risk within the debt portfolio.

11.5 Other State-Owned Enterprise Debt

Since the enactment of the LRF Act 2014, all new debt (including debt by SOEs) must go through a full debt sustainability analysis and be approved by Cabinet (via the Minister of Finance), on the advice of the Financial Secretary.

Figure 11-11 Debt held for SOE's (as at June 2023)



The existing debt portfolio to the end of June 2023 as illustrated on the graph above, 14 per cent of Crown debt are on-lent to SOEs (2023: \$44.3 million).

11.5.1.1 Avaroa Cable Ltd

The Avaroa Cable Ltd (ACL) is a state-owned enterprise established by the government to manage the Cook Islands' involvement in the Manatua Cable Project and its commercialisation as an international and domestic wholesale operator. The project was in part funded by a loan from the ADB (USD15 million) and \$15 million from the New Zealand Aid Programme.

The ADB loan (2023: \$20.7 million) was drawn down in October 2018 with a repayment grace period of 5 years, the first principal repayment will commence in April 2023. The ACL does not have any additional loan financing requirements planned in the medium term.

11.5.1.2 Cook Islands Ports Authority

The Cook Islands Pearl Authority (CIPA) is expected to resume repayment of its loan from 01 July 2022 following a two-year debt repayment holiday as a result of the pandemics impact on the Authority's revenue.

Following a review of the Authority's financial position, the CIPA Board have advised that cargo volumes have significantly dropped by 47 per cent and continues to operate at a loss. The CIPA is not generating enough revenue to produce cash flow to pay meet all its obligations compared to the pre COVID-19 levels. CIPA are seeking to defer loan repayments further until its trading revenue recovers to pre COVID-19 levels.

11.5.1.3 Airport Authority

The Airport Authority is currently paying off its loan from the commercial bank (2023: \$2.3 million). The estimate includes an additional loan of \$1.6 million to cover the following projects: Aitutaki Runway rejuvenation, replacement of our high voltage cables and the purchase of transformers. Other projects included in the loan relates to the upgrading to the Air New Zealand and Hangar Buildings. The loan is to be secured by registered mortgage debenture over the assets and undertakings of the Airport Authority.

12 Cook Islands National Sustainable Development Agenda 2020+

Te Ara Akapapa'anga Nui

The Cook Islands has committed to a 100-year journey towards turanga memeitaki, wellbeing for all, with the launch of the Cook Islands National Sustainable Development Agenda (CINSDA 2020+) in 2021.

The CINSDA 2020+ consists of Te Ara Akapapa'anga Nui 2020 – 2121, the 100-year vision, Te Ara Akapapa'anga Uki 2021 – 2046, the generational plan and Te Kaveinga Iti 2021 – 2026, the five-year scorecard. Each will help the Cook Islands to navigate through different charted points, ensuring we stay the course as we journey towards wellbeing for all.

The agenda guides Government in providing policy direction to set the medium-term budget priorities and serves as a national scorecard to assess the Cook Islands' progress to deliver its national vision.

Please refer to <https://www.pmooffice.gov.ck/nsda/documents/> for additional detail on CINSDA 2020+.

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 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 |

12.1 Development progress

The CINSDA2020+ recognises 72 key performance indicators to monitor and evaluate the Cook Islands' progress to achieving its 2121 national vision. This progress is summarised in an annual indicator report known as the Te Kaveinga Iti. The report is prepared by the Central Policy and Planning Office (CPPO) within the Kōutu Mana Tūtara o te Ipukarea - Office of the Prime Minister and presented to Parliament and the public. It informs the status of the country's progress per development goal as being either '**on track**' to achieving the goal, '**of concern**' and requires more work or information, or '**off track**' and requires further prioritisation.

The first report for the Te Kaveinga Iti will be released in 2022. This will reflect the Cook Islands development progress for the 2021 calendar year.

12.2 Investment by NSDA goal priorities

















Table 12-1 reflects Government's investment plans for the 2022/23 medium-term Budget, by the CINSDA2020+ goals. For the 2022/23 budget, the CINSDA2020+ goals have been prioritised in response to COVID-19, focusing primarily on economic recovery. As the over-riding need for Government to support economic recovery reduces, the prioritisation of Government expenditure based on the CINSDA2020+ will increase over the medium-term.

The 2022/23-2025/26 Medium-Term Fiscal Strategy (MTFS) was established using the previous National Sustainable Development Plan 2016-2020. The CINSDA2020+ will inform the next MTFS, which aims to guide Government expenditure over the medium-term.

Table 12-1 Government Expenditure by CINSDA2020+ Goal (\$'000)

| NSDP | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection | Total |
|---|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|----------------|
| Wellbeing | 22,971 | 23,908 | 24,101 | 24,302 | 24,313 | 96,624 |
| Welfare & Equity | 4,857 | 13,851 | 13,338 | 12,838 | 12,338 | 52,363 |
| Economy, Employment, Trade & Enterprise | 48,375 | 15,421 | 11,666 | 11,466 | 10,466 | 49,018 |
| Waste Management | 1,280 | 1,355 | 1,180 | 1,180 | 1,180 | 4,896 |
| Water & Sanitation | 9,672 | 7,381 | 6,117 | 5,617 | 5,617 | 24,731 |
| Infrastructure, Transport & ICT | 31,153 | 40,494 | 32,496 | 30,414 | 28,019 | 131,424 |
| Health | 24,169 | 26,939 | 20,889 | 20,928 | 20,928 | 89,683 |
| Education and Innovation | 20,446 | 21,246 | 21,156 | 21,096 | 21,096 | 84,592 |
| Inclusiveness | 473 | 473 | 473 | 483 | 483 | 1,911 |
| Agriculture and Food Security | 2,238 | 2,314 | 2,314 | 2,314 | 2,314 | 9,258 |
| Biodiversity & Natural Environment | 4,407 | 5,066 | 4,901 | 4,901 | 4,901 | 19,767 |
| Climate Change & Energy Efficiency | 2,752 | 1,402 | 1,100 | 1,000 | 1,000 | 4,500 |
| Culture & Language | 1,724 | 1,567 | 1,697 | 1,697 | 1,747 | 6,707 |
| Population & People | 1,113 | 813 | 813 | 813 | 813 | 3,252 |
| Governance | 37,788 | 45,267 | 40,716 | 41,051 | 42,741 | 169,775 |
| Grand Total | 213,418 | 207,496 | 182,955 | 180,099 | 177,954 | 748,503 |

Table 12-2 Medium-term CINSDA2020+ Goal Priorities

| 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|--|--|--|---|
|  Goal 15: Governance | | | |
|  Goal 6: Infrastructure, Transport & ICT | | | |
|  Goal 2: Welfare & Equity | | | |
|  Goal 7: Health & Healthy Lifestyles | | | |
|  Goal 8: Education & Innovation | | | |
|  Goal 3: Economy, Employment, Trade & Enterprise | | | |
|  Goal 5: Water & Sanitation | |  Goal 11: Biodiversity & Natural Environment | |
|  Goal 11: Biodiversity & Natural Environment |  Goal 12: Climate Change & Energy Efficiency |  Goal 1: Wellbeing |  Goal 13: Culture & Language |
|  Goal 4: Waste Management |  Goal 10: Agriculture & Food Security |  Goal 9: Inclusiveness |  Goal 14: Population & People |

12.3 Expenditure by NSDA goal

This section sets out the estimated operating and capital expenditure by CINSDA 2020+ goal. Note that assigning projects per development goals is subjective as initiatives may support multiple goals directly or indirectly. In this analysis, funding initiatives are allocated only against a single goal.

Figure 12-1 Proportional allocation of funding to CINSDA2020+ goals, 2022/23

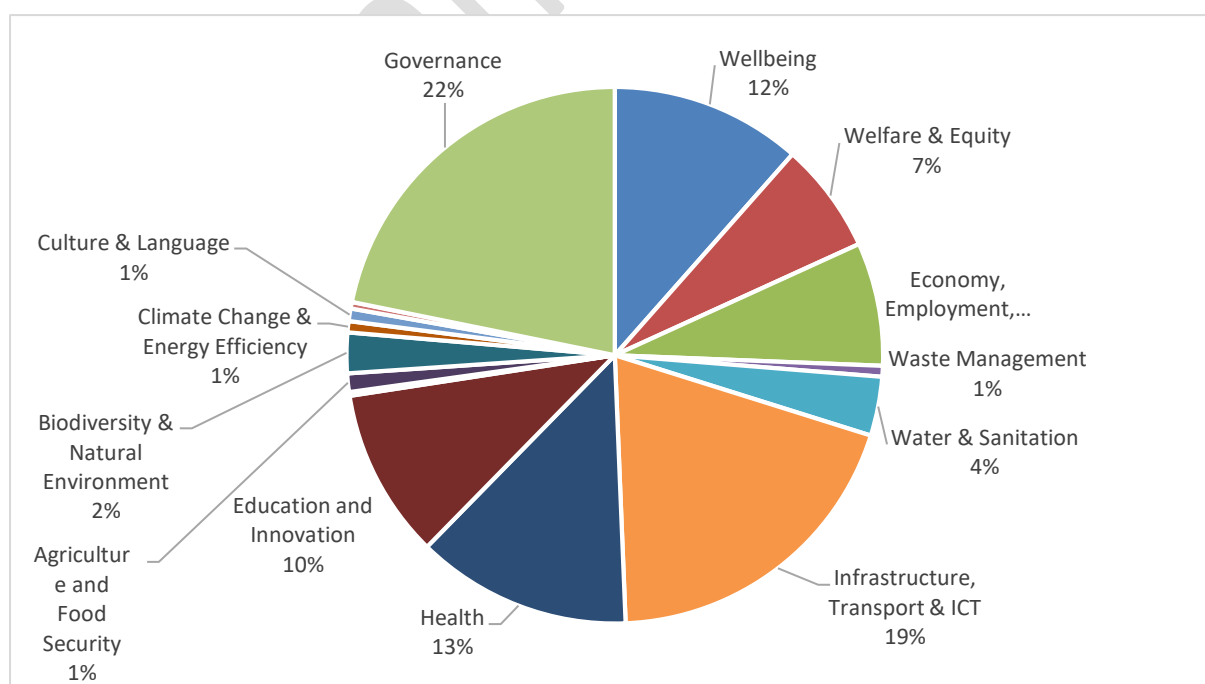
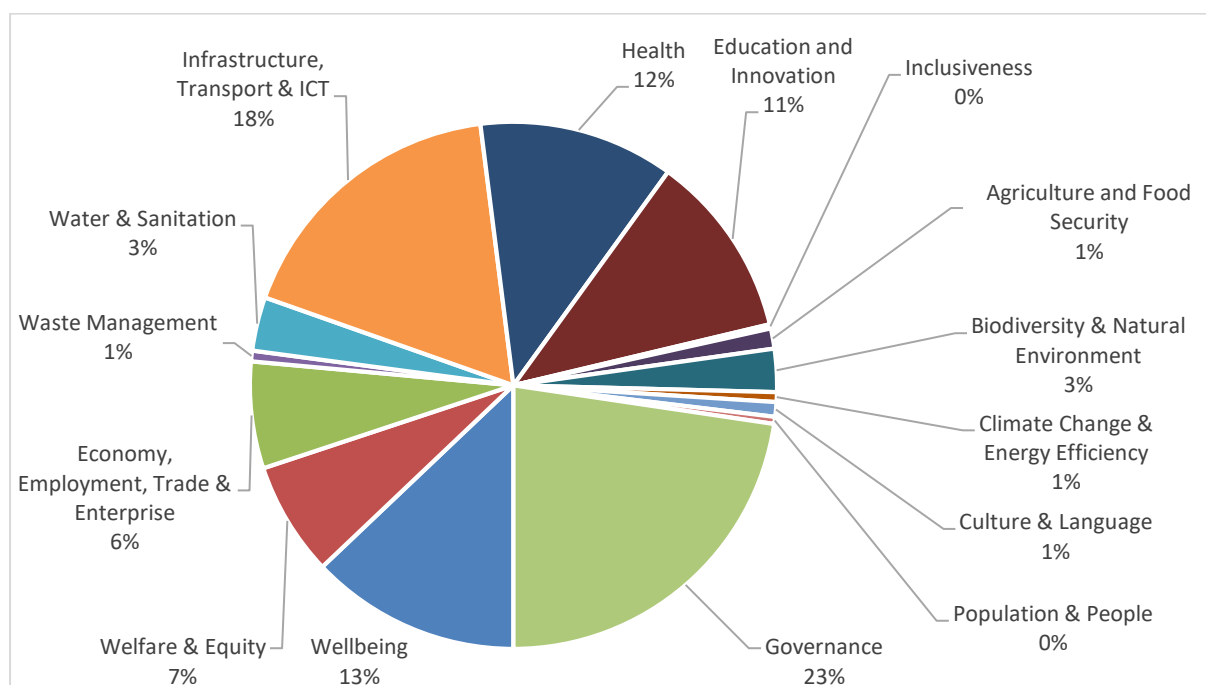


Figure 12-2 Proportional allocation of funding to CINSDA2020+ goals over the medium-term



12.3.1 Medium-term Funding allocation per CINSDA2020+ Goal

12.3.1.1 Goal 1: Wellbeing for all

This is a new goal added into the CINSDA2020+. Wellbeing can be described as judging life positively and feeling good. This goal aims to improve the state of wellbeing for people in the Cook Islands. Approximately \$96.6 million has been committed to achieving this goal over the medium term. A large proportion of this expenditure is in the form of welfare benefits to assist vulnerable groups, alleviate economic hardship and support communities. These include the pension, child benefit and caregiver's allowance.

Table 12-3 Goal 1 total expenditure (\$)

| Description | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|
| Gross Operating Appropriation | 443,679 | 413,679 | 403,701 | 403,701 |
| Administered Payments | 2,397,217 | 2,400,199 | 2,403,557 | 2,407,086 |
| POBOC | 21,067,190 | 21,286,718 | 21,495,003 | 21,502,277 |
| Capital Expenditure | 0 | 0 | 0 | 0 |
| Total Goal 1 Expenditure | 23,908,086 | 24,100,596 | 24,302,261 | 24,313,064 |

12.3.1.2 Goal 2: Welfare and Equity

This goal aims to improve economic inequity, poverty, and welfare. Approximately \$52.4 million has been committed to achieving this goal over the medium-term.

Table 12-4 Goal 2 total expenditure (\$)

| Description | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|
| Gross Operating Appropriation | 554,505 | 554,505 | 554,505 | 554,505 |
| Administered Payments | 10,560,000 | 10,595,000 | 10,595,000 | 10,595,000 |
| POBOC | 2,686,096 | 2,138,099 | 1,638,099 | 1,138,099 |
| Capital Expenditure | 50,000 | 50,000 | 50,000 | 50,000 |
| Total Goal 2 Expenditure | 13,850,601 | 13,337,604 | 12,837,604 | 12,337,604 |

12.3.1.3 Goal 3: Economy, Employment, Trade and Enterprise

The primary focus of Goal 3 is to achieve economic growth in a sustainable manner. COVID-19 has had a negative impact on the Cook Islands' economy, largely due to the halt in tourism.

Economic recovery across the medium-term is a key focus to improve economic resilience and achieve long-term sustainable development. A total of \$49.0 million has been appropriated over the medium-term to support programs and initiatives that expand economic opportunities. As part of this, in 2022/23, \$5.2 million has been allocated towards the Economic Recovery Roadmap before reducing to \$1.4 million in 2023/24, \$1.2 million in 2024/25 and \$200,000 in 2025/26.

Table 12-5 Goal 3 total expenditure (\$)

| Description | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|
| Gross Operating Appropriation | 5,320,735 | 5,365,735 | 5,365,735 | 5,365,735 |
| Administered Payments | 10,100,000 | 6,300,000 | 6,100,000 | 5,100,000 |
| POBOC | 0 | 0 | 0 | 0 |
| Capital Expenditure | 0 | 0 | 0 | 0 |
| Total Goal 3 Expenditure | 15,420,735 | 11,665,735 | 11,465,735 | 10,465,735 |

12.3.1.4 Goal 4: Manage Solid and Hazardous Waste

Waste management is an important aspect of sustainable development, requiring people to care for the environment through proper disposal of waste. Community involvement through education and promoting sustainable practices are key for achieving this goal.

A total of \$4.9 million has been appropriated over the medium-term to promote best waste management practices, develop policies, strategies, plans and projects within the waste sector.

Table 12-6 Goal 4 total expenditure (\$)

| Description | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---------------------------------|------------------|------------------|------------------|------------------|
| Gross Operating Appropriation | 525,304 | 450,304 | 450,304 | 450,304 |
| Administered Payments | 730,000 | 730,000 | 730,000 | 730,000 |
| POBOC | 0 | 0 | 0 | 0 |
| Capital Expenditure | 100,000 | 0 | 0 | 0 |
| Total Goal 4 Expenditure | 1,355,304 | 1,180,304 | 1,180,304 | 1,180,304 |

12.3.1.5 Goal 5: Water and Sanitation

Potable water and sanitation are necessities for improving the health and wellbeing of a community. To achieve this goal, a total of \$24.7 million has been committed over the medium-term. Of this total funding, approximately \$6.0 million will support To Tatou Vai Ltd from 2022/23 to 2023/24 before reducing to \$5.0 million from 2024/25 onwards to effectively manage Rarotonga's water supply through operational and capital expenditure.

Table 12-7 Goal 5 total expenditure (\$)

| Description | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---------------------------------|------------------|------------------|------------------|------------------|
| Gross Operating Appropriation | 616,720 | 616,720 | 616,720 | 616,720 |
| Administered Payments | 0 | 0 | 0 | 0 |
| POBOC | 3,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| Capital Expenditure | 3,764,388 | 3,500,000 | 3,000,000 | 3,000,000 |
| Total Goal 5 Expenditure | 7,381,108 | 6,116,720 | 5,616,720 | 5,616,720 |

12.3.1.6 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. Over the medium-term, a total of \$131.6 million has been committed

to maintain information systems, improve connectivity access and upgrading public infrastructure such as bridges, roads, and drainages.

Table 12-8 Goal 6 total expenditure (\$)

| Description | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|
| Gross Operating Appropriation | 13,321,114 | 13,529,363 | 13,529,363 | 13,729,363 |
| Administered Payments | 4,130,250 | 5,190,250 | 5,178,250 | 5,178,250 |
| POBOC | 120,000 | 120,000 | 120,000 | 120,000 |
| Capital Expenditure | 22,922,832 | 13,656,800 | 11,586,800 | 8,991,800 |
| Total Goal 6 Expenditure | 40,494,196 | 32,496,413 | 30,414,413 | 28,019,413 |

12.3.1.7 Goal 7: Health and Healthy Lifestyles

Investing in public health and primary prevention helps to achieve better health outcome for a healthy and productive community. A total of \$89.7 million will be invested in health over the medium-term to achieve better health outcomes through the provision of quality health services.

To effectively respond to COVID-19 in 2022/23, \$5.0 million has been allocated in Administered payments for operating expenditure and \$1.0 million in capital expenditure. The Ministry of Finance and Economic Management manage these funds.

Table 12-9 Goal 7 total expenditure (\$)

| Description | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|
| Gross Operating Appropriation | 18,051,962 | 18,001,962 | 18,040,962 | 18,040,962 |
| Administered Payments | 7,586,870 | 2,586,870 | 2,586,870 | 2,586,870 |
| POBOC | 0 | 0 | 0 | 0 |
| Capital Expenditure | 1,300,000 | 300,000 | 300,000 | 300,000 |
| Total Goal 7 Expenditure | 26,938,832 | 20,888,832 | 20,927,832 | 20,927,832 |

12.3.1.8 Goal 8: Education and Innovation

Quality education is the key for having better lives and achieving sustainable development outcomes. It empowers people to live a more healthy and sustainable life. For the medium-term, \$84.6 million has been allocated to achieving this goal. Total expenditure includes support for early childhood, primary and secondary education as well as tertiary and vocational programs.

Table 12-10 Goal 8 total expenditure (\$)

| Description | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|
| Gross Operating Appropriation | 15,341,017 | 15,271,017 | 15,271,017 | 15,271,017 |
| Administered Payments | 5,604,602 | 5,584,602 | 5,524,602 | 5,524,602 |
| POBOC | 0 | 0 | 0 | 0 |
| Capital Expenditure | 300,000 | 300,000 | 300,000 | 300,000 |
| Total Goal 8 Expenditure | 21,245,619 | 21,155,619 | 21,095,619 | 21,095,619 |

12.3.1.9 Goal 9: Inclusiveness (Gender, Equity and Social Inclusion)

This goal focuses on structural and societal barriers that inhibit inclusiveness for all. It promotes and protects the rights of our vulnerable groups such as women, youth, elderly, and those who live with disabilities. To support this goal, a total of \$1.9 million has been committed over the medium-term.

Table 12-11 Goal 9 total expenditure (\$)

| Description | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---------------------------------|----------------|----------------|----------------|----------------|
| Gross Operating Appropriation | 472,692 | 472,692 | 482,670 | 482,670 |
| Administered Payments | 0 | 0 | 0 | 0 |
| POBOC | 0 | 0 | 0 | 0 |
| Capital Expenditure | 0 | 0 | 0 | 0 |
| Total Goal 9 Expenditure | 472,692 | 472,692 | 482,670 | 482,670 |

12.3.1.10 Goal 10: Agriculture and Food Security

Agriculture provides sustainable opportunities for improving food security through increased food production and import substitution to reduce the demand for imported goods.

Government supports this goal through the provision of advisory services to farmers and growers, conducting crop research and monitoring any biosecurity threats of invasive species or pests. Over the medium-term, \$9.3 million is committed to supporting this goal through the Ministry of Agriculture and the Island Administrations.

Table 12-12 Goal 10 total expenditure (\$)

| Description | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|----------------------------------|------------------|------------------|------------------|------------------|
| Gross Operating Appropriation | 2,314,459 | 2,314,459 | 2,314,459 | 2,314,459 |
| Administered Payments | 0 | 0 | 0 | 0 |
| POBOC | 0 | 0 | 0 | 0 |
| Capital Expenditure | 0 | 0 | 0 | 0 |
| Total Goal 10 Expenditure | 2,314,459 | 2,314,459 | 2,314,459 | 2,314,459 |

12.3.1.11 Goal 11: Biodiversity and Natural Environment

This goal looks to protect the natural environment for life both on land and below water. The term 'Mana Tiaki' refers to concept of guardianship and the responsibility people have as caretakers of the land to protect and care for the environment and biodiversity (both terrestrial and marine) to ensure they are around for future generations. Community awareness and support is important for promoting sustainable land management practices, conservation, and protection of biodiversity.

Therefore, \$19.8 million has been appropriated over the medium-term to support the service delivery of the National Environment Service, the Ministry of Marine Resources, and the Cook Islands Seabed Minerals Authority.

Table 12-13 Goal 11 total expenditure (\$)

| Description | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|----------------------------------|------------------|------------------|------------------|------------------|
| Gross Operating Appropriation | 4,279,853 | 4,314,853 | 4,314,853 | 4,314,853 |
| Administered Payments | 722,241 | 522,241 | 522,241 | 522,241 |
| POBOC | 63,461 | 63,461 | 63,461 | 63,461 |
| Capital Expenditure | 0 | 0 | 0 | 0 |
| Total Goal 11 Expenditure | 5,065,555 | 4,900,555 | 4,900,555 | 4,900,555 |

12.3.1.12 Goal 12: Climate Change, Resilience, Renewable Energy and Energy efficiency

The geographic location of the Cook Islands makes it susceptible to the impacts of climate change. To prepare the country for current and future challenges of climate change and natural disasters, the Emergency Management division and the Climate Change division under the Office of the Prime Minister are responsible for policy development, coordinating and raising awareness of such impacts.

Increase in the use of renewable energy and energy efficiency is also another key investment. Apart from Rarotonga and Aitutaki, all the other inhabited islands generate electricity through solar energy. Therefore, \$4.5 million has been allocated over the medium-term to achieve this goal.

Table 12-14 Goal 12 total expenditure (\$)

| Description | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|----------------------------------|------------------|------------------|----------------|----------------|
| Gross Operating Appropriation | 841,799 | 839,550 | 839,550 | 839,550 |
| Administered Payments | 0 | 0 | 0 | 0 |
| POBOC | 160,000 | 160,000 | 160,000 | 160,000 |
| Capital Expenditure | 400,000 | 100,000 | 0 | 0 |
| Total Goal 12 Expenditure | 1,401,799 | 1,099,550 | 999,550 | 999,550 |

12.3.1.13 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 encourages the promotion, engagement, and participation in the Cook Islands' culture through cultural activities and encouraging the use of Cook Islands Maori languages.

Some of these cultural activities include Te Maeva Nui (Constitution Celebration), Te Mire Ura (Dancer of the Year), and Te Mire Atu (Composers Song Competition). Government assigns \$500,000 annually to organise these national events and \$100,000 towards the Cook Islands Cultural fund each year with \$150,000 expected in 2025/26.

Digitising national archives has also been a priority for Government to preserve the Cook Islands' history and development of the culture so it is accessible to future generations.

Table 12-15 Goal 13 total expenditure (\$)

| Description | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|----------------------------------|------------------|------------------|------------------|------------------|
| Gross Operating Appropriation | 951,750 | 1,081,750 | 1,081,750 | 1,081,750 |
| Administered Payments | 615,000 | 615,000 | 615,000 | 665,000 |
| POBOC | 0 | 0 | 0 | 0 |
| Capital Expenditure | 0 | 0 | 0 | 0 |
| Total Goal 13 Expenditure | 1,566,750 | 1,696,750 | 1,696,750 | 1,746,750 |

12.3.1.14 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 in the best interest of Cook Islanders. A total of \$3.3 million has been appropriated over the medium-term to achieve this goal.

Table 12-16 Goal 14 total expenditure (\$)

| Description | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|----------------------------------|----------------|----------------|----------------|----------------|
| Gross Operating Appropriation | 812,947 | 812,947 | 812,947 | 812,947 |
| Administered Payments | 0 | 0 | 0 | 0 |
| POBOC | 0 | 0 | 0 | 0 |
| Capital Expenditure | 0 | 0 | 0 | 0 |
| Total Goal 14 Expenditure | 812,947 | 812,947 | 812,947 | 812,947 |

12.3.1.15 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. As such, a significant amount of Government expenditure has been allocated to achieving this goal, a total of \$169.8 million over the medium term to support programs that will improve public service performance, encourage sustainable public financial management and to strengthen the Law-and-Order sector.

Table 12-17 Goal 15 total expenditure (\$)

| Description | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|
| Gross Operating Appropriation | 30,577,264 | 30,810,264 | 30,785,264 | 30,785,264 |
| Administered Payments | 4,113,570 | 4,272,470 | 4,272,470 | 4,272,470 |
| POBOC | 5,253,351 | 5,283,351 | 5,333,351 | 5,283,351 |
| Capital Expenditure | 5,322,692 | 350,000 | 660,000 | 2,400,000 |
| Total Goal 15 Expenditure | 45,266,877 | 40,716,085 | 41,051,085 | 42,741,085 |

13 State-owned Enterprises

13.1 Cook Island Investment Corporation

The Cook Islands Investment Corporation (CIIC) is a corporate entity established under the Cook Islands Investment Corporation Act 1998 to:

- administer and manage Crown assets and shareholding interests
- control and manage the undertakings of statutory corporations.

A State-Owned Enterprise (SOE) is a body formed by the government through legal means so that it can take part in activities of a commercial nature. Essentially, SOEs are created to undertake commercial activities on behalf of the government. More information on CIIC and the SOE's and their operations can be obtained at www.ciic.gov.ck.

13.1.1 Social Contribution Costs and Dividends

CIIC, as the Parent Company of the State-owned Enterprises (SOE), provides various social initiatives and obligations to communities. Government does not reimburse some of these initiatives and either forms part of the agency funding or generated through external revenues.

CIIC provides a dividend stream to the Government based on the profits derived from the SOEs as well as the company's share in Telecom Cook Islands Ltd. Prior to the COVID-19 pandemic, only the Bank of the Cook Islands, Te Aponga Uira and Telecom Cook Islands derived earnings at a sufficient level to pay dividends to the Government.

Dividend income information can be found in the Revenue chapter (Chapter 7). Dividends for most SOEs had been revised to nil in 2021/22 due to the effects of the pandemic and associated reduction in revenue and welfare contributions by SOEs.

In the medium-term, a slow return to dividends through Governments' shares in Vodafone Cook Islands Ltd is expected, as well as dividends from the Bank of the Cook Islands by 2024/25. Dividends from both entities are expected to grow slowly over the forward years as profits return and the economy improves.

Other SOEs, in particular Te Aponga Uira, are expected to take longer to recover; therefore, forward estimates of dividends have been revised to zero.

13.2 Airport Authority Cook Islands

The Airport Authority Cook Islands (AACI) manages the airports on Rarotonga and Aitutaki.

The international travel restrictions caused by COVID-19 have greatly affected the aviation industry and continue to provide uncertainty to normal business operations. The risk of further international travel restrictions remains a threat to the recovery of the economy, albeit a decreasing one.

The AACI has been working with the CIIC to manage its risk and develop solutions to mitigate the impacts of COVID-19 on its recovery strategy. The Airport Authority continues to work with its tenants around rental arrangements, and this is likely to change with the increase in the flights per week with the borders now open.

13.2.1 Recent Milestones

- COVID-19 support essentially maintaining the AACI workforce and offering rental relief to tenants.
- The runway slab replacement project and anticipate 39 slabs completed in the 2021/22 fiscal year.
- Airport Passenger Terminal and Apron Expansion designs been awarded to design contractors.
- Designs completed for the Runway End Safety Area (RESA) and seawall protection.

13.2.2 Upcoming Milestones and Investments

AACI will further joint sealing of the runway and stabilisation of cracked concrete slabs for the remaining slabs into the 2022/23 fiscal year. There will be further capital investments such as acquiring the land needed to construct the Runway End Safety Area and upgrading the airport storm water/drainage system. AACI will also be building part of the Aitutaki runway strip, and Aitutaki and Rarotonga Seawall Protection.

13.2.3 Social Contribution Costs and Dividends

The Authority presently receives \$2.0 million from Government to support its operations. This amount is expected to decrease by \$500,000 per year from 2023/24 to enable the AACI to become self-sustaining over the medium-term. The gradual reduction provides an opportunity for the Authority to implement the necessary financial and efficiency changes year-on-year.

The AACI has a few community service obligations and social contribution costs as outlined below. These costs are funded from external revenue sources and not reimbursed by Government.

Table 13-1 AACI Social Obligation Costs (\$)

| | 2022/23 Budget |
|--|-----------------------|
| Provision of Fire Service to the Rarotonga Community | 67,323 |
| Provision of a rent-free VIP lounge to Government | 48,246 |
| Net contribution to Government | 115,569 |

Due to COVID-19, Airport Authority is not expecting to pay dividend to CIIC in the medium-term.

13.3 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 Manatua Cable project involved the design and construction of a regional submarine telecommunications cable that connects the Cook Islands, Samoa, French Polynesia, and Niue. ACL remains responsible for the ongoing operation and maintenance of the cable connection to the Cook Islands.

13.3.1 Recent Milestones

- Completion of the cable landing station (CLS) compounds on both Rarotonga and Aitutaki. ACL has now relocated all Rarotonga functions to the new facility in Aroa.
- ACL's engineering team has installed a colocation/data centre space at the Rarotonga CLS. This is intended to be used for both ACL systems and any new entrants to the telecommunications market.
- ACL assisted the Ministry of Transport in conducting public consultation sessions regarding the draft of the cable protection legislation. Consultations were held in Rarotonga in January 2022 and in Aitutaki in February 2022.

13.3.2 Upcoming Milestones and Investments

- Working with stakeholders, including our parent company CIIC, to maximise the capacity usage of the cable, including understanding how we can assist new entrants into the market.
- Continuing to work with our partners in the Manatua Consortium to ensure all parties are aligned on the key issues regarding the maintenance and operations of the cable.
- Develop and implement strategies for funding the cable replacement in 2045 and for managing the foreign currency exposure of ACL.

13.3.3 Social Contribution Costs and Dividends

ACL aims to support and contribute to social programmes by actively engaging in the Cook Islands community. ACL will therefore explore opportunities where increased access to connectivity would be a benefit to driving positive outcomes, especially in the Education sector.

ACL's core strategy is focused on creating commercial opportunities that will ensure an affordable service for the Cook Islands rather than looking to maximise profitability as a priority.

13.4 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 licensed 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*.

13.4.1 Recent Milestones

- Significant support to customers and the wider public amidst the COVID-19 economic landscape.
- Despite the economic impact of COVID-19, the bank has been able to maintain a relatively strong financial position, which is the result of prudent and effective financial oversight and management.
- Expanding the digital services offered to existing and new customers not limited to and including mobile phone app banking.

13.4.2 Upcoming Milestones and Investments

- An upgrade of core operating assets such as the ground floor renovations.
- Investment in new products and services, while ensuring a sustainable financial structure.
- Partnering with Government on delivering various financial service action items embedded in the Economic Development Strategy and the National Sustainable Development Agenda over the medium to long term.

13.4.3 Social Contribution Costs and Dividends

The social obligation costs are reimbursed by the Government for the delivery of banking services to communities in the Pa Enua.

Table 13-2 BCI Community Service Obligations (\$)

| | 2022/23 Budget |
|---|----------------|
| Social Obligation of providing banking services | 128,000 |
| BCI Community Service Obligations reimbursed by Government | 128,000 |

The BCI pays dividends to CIIC based on a fixed percent of net profit after tax achieved in each financial year.

13.5 Cook Islands Ports Authority

The Cook Islands Ports Authority (CIPA) was established in 1995. The CIPA operate the Port of Avatiu, the cruise ship tender landing in Arorangi, and the Port of Arutanga in Aitutaki.

13.5.1 Recent Milestones

- COVID-19 support essentially maintaining the CIPA workforce and offering relief to tenants.
- The new tugboat has arrived that will improve the safety when berthing ships at Avatiu Harbour.
- Stage 4 of the Aitutaki wharf pavement extension is completed and this will help to improve efficiency and mitigating safety hazards.
- Carbon footprint assessment showing the Avatiu Ports emissions has decreased from 2018-2020.
- Carbon footprint assessment for Avatiu & Arutanga Ports for 2021 completed.
- A 48-ton forklift has been acquired for Avatiu port and the current 35-ton forklift transferred to Aitutaki.

13.5.2 Upcoming Milestones and Investments

- A Green Climate Fund concept notes for the Aitutaki Orongo Ports Development and Avatiu Marina Projects has been submitted to MFEM.
- Implementation of Ports operation digitisation project.
- CCTV project to commence in 2022-23 financial period following installation of the fibre optic cable.
- Continuation and completion of dredging and widening of the existing Arutanga harbour channel and basin to provide safer berth for yachts, cruise ship tendering and container vessel cargo discharge operations.

13.5.3 Social Contribution Costs 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 reimbursed by Government.

Table 13-3 CIPA Community Service Obligations (\$)

| | 2022/23 Budget |
|--|----------------|
| Rarotonga | |
| Recurring Cost | 95,000 |
| Port Charges Waived | 3,500 |
| Aitutaki | |
| Approved Waived Port Charges | 2,500 |
| CIPA Community Service Obligations reimbursed by Government | 101,000 |

Recurring costs include:

- Te Kukupa Patrol Boat berthage
- All domestic shipping licence holders berthage
- Maritime Surveillance building
- Ministry of Marine Resources Workshop.

No dividend is envisaged in the medium-term, as the Authority must consider its cash flow commitments, specifically its obligations to pay interest and loan capital repayments

13.6 Te Aponga Uira

Te Aponga Uira (TAU) is the power utility responsible for providing electricity on Rarotonga. TAU also supports Pa Enua energy infrastructure through the provision of technical advice to Island Administrations who provide electricity services to households and businesses. Over the past decade, TAU has moved its focus towards developing power generation from renewable solar energy sources.

13.6.1 Recent Milestones

- Provision of electricity discounts to households and eligible businesses in Rarotonga due to the impacts of COVID-19.
- Extensive support to the Pa Enua for each island's renewable energy infrastructure.
- 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).

13.6.2 Upcoming Milestones and Investments

- Reopening of the renewable energy (RE) programme to the local community for 4MW of solar PV on a gross metering basis.
- Further development of the RE programme through the installation of 2MW of solar PV around the Rarotonga International Airport area.
- Scoping towards a plan for a new purpose-built, efficient, and eco-friendly office building.
- Monitoring services to support operating and maintenance of Pa Enua power system in partnership with REDD.
- Ongoing work to develop a tariff structure that is cost reflective, competitive with off grid technology, complements renewable energy uptake that is grid connected, and provides certainty around medium term tariff to all levels of its customers.

13.6.3 Social Contribution Costs and Dividends

TAU's social obligations include the provision and maintenance of streetlights and uneconomic network extensions. The reimbursement of these contribution costs from Government was halted in the 2020/21 Budget due to the circular movement of fund, with the costs accounted for in TAU's financial reporting and dividend to CIIC annually.

Given the support TAU has provided to the public amidst the impacts of COVID-19, as well as the entity's renewable energy investment requirements, TAU will not provide a dividend in 2022/23.

13.7 Te Mana Uira o Araura

Te Mana Uira o Araura (TMU) is a power utility providing electricity to households and businesses on the island of Aitutaki.

13.7.1 Recent Milestones

- Provision of tariff reductions to assist Aitutaki households and businesses due to the impacts of COVID-19.
- Ongoing support for numerous community initiatives in Aitutaki such as the Operation Tarama, Aitutaki Rainforest men's club, Aitutaki volunteer Fire brigade, including the procurement of two Automated External Defibrillator.
- Initiation of a formal electrical apprenticeship programme, in collaboration with CITTI.

- Finalisation of the Stage 2 Renewable Energy Project Scoping Report.

13.7.2 Upcoming Milestones and Investments

- Commencement of the stage 2 and 3 renewable energy project feasibility assessment. Stage 2 is expected to generate an additional 30 per cent of Aitutaki's electricity supply.
- Capital expenditure initiatives such as the installation of various substations and underground wiring projects.
- To develop and review TMU's operational policies.
- Development of TMU's human resource strategy.

13.7.3 Social Contribution Costs and Dividends

TMU currently provides free street lighting and discounted electricity for churches and water stations, estimated at a total of \$40,000. Government does not reimburse these costs.

Table 13-4 TMU Social Obligation Costs (\$)

| | 2022/23 Budget |
|--|----------------|
| Provision of streetlight and electricity discounts for churches and water stations | 40,000 |
| Net contribution to Government | 40,000 |

Considering TMU's renewable energy establishment phase, TMU is not expecting to pay dividend to CIIC in the medium-term.

13.8 To Tatou Vai Limited

To Tatou Vai Limited (TTVL) is a water utility established in 2018 to deliver potable and reliable water on Rarotonga.

13.8.1 Recent Milestones

- Relocation of TTVL's administration office to the Airport Authority compound in Nikao.
- Upgrade of water station networks, and various tanks and reservoirs across Rarotonga.

13.8.2 Upcoming Milestones and Investments

- Adoption of Government mandated water treatment protocols.
- Commencement of the water meter project planned for the 2022/23 fiscal year.
- Commencement of 20km of sub and branch mains works to allow decommissioning of the existing (failing) asbestos cement main, for the final sector in Rarotonga, Sector 5, scoped under the TMV Project.

13.8.3 Social Contribution Costs and Dividends

TTV will scope and implement social and community contribution initiatives for the wider community once the entity is commercially viable. As such, a dividend payment to CIIC is not expected in the medium-term.

14 Public Sector Staffing

14.1 Public Sector Performance

The public sector's response to the COVID-19 pandemic has highlighted the limited capacity at both the individual and institutional level to deal with complex issues that require cross-sectoral and interdisciplinary approaches. For example, the limited availability of quality data compounded the challenges faced in identifying appropriate responses needed to address development goals.

Concerted efforts were required from all Government Departments to support the government's health and economic response to COVID-19. The budgetary impacts of COVID-19 on the work of the agencies differed across the public sector.

The broadest impact was the deferral of the Government-wide salary adjustments. Programmed increases to agency budgets (in the outer years) were either deferred, cancelled, or reprioritised to other work programmes. Some agencies received funding adjustments to support work programme that would improve government efficiency and economic recovery.

Many agencies have had to quickly adapt from 'business as usual' to being adaptive and agile. The Ministry of Health - Te Marae Ora was severely impacted as many divisions had to pivot to support the rollout of the COVID-19 vaccination programme.

Other agencies like the Ministry of Finance and Economic Management, the Ministry of Internal Affairs, the Crown Law Office, and others were able to reprioritise work or had to absorb the additional workload, recruit temporary or casual employees, and adjust flexibly to various demands while still delivering core services.

14.2 Public Sector Profile

There is a total of 53 entities, with the inclusion of Te Mana Uira o Araura and the Cook Islands Investment Corporation Seabed Resources Ltd, both categorised as state-owned enterprises.

Table 14-1 Public Sector Agencies

| Public Service (14) | Land Governments (10) | Crown Agencies (7) |
|---|--|---|
| 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 Kauana 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 | |
| Infrastructure Cook Islands (<i>Te Tango Angaanga o te Kuki Airani</i>) | Rakahanga | Ministerial Support Offices (6) |
| Ministry of Marine Resources (<i>Tu'anga o te Pae Moana</i>) | Statutory Agencies (8) | State Owned Enterprises (8) |
| Ministry of Transport (<i>Te Mana Tumotu o te Kuki Airani</i>) | Business Trade and Investment | Avaroa Cable Ltd. |
| Office of the Prime Minister (<i>Kōutu Mana Tutara o te Ipukarea</i>) | Cook Islands Investment Corporation* | Bank of the Cook Islands |
| Office of the Public Service Commissioner (<i>Paepae Ropi'anga o te Kavamani</i>) | Cook Islands Tourism Corporation | Cook Islands Airport Authority |
| | Financial Supervisory Commission | Cook Islands Ports Authority |
| | Financial Services Development Authority | Cook Islands Investment Corporation Seabed Resources Ltd. |
| | National Environment Service (<i>Tu'anga Taporoporo</i>) | Te Aponga Uira o Tumutevarovaro |
| | Cook Islands Natural Heritage Trust (under National Environment Service) | Te Mana Uira o Araura |
| | Seabed Minerals Authority | To Tatou Vai |
| | | * Includes the Punanga Nui Market |

14.2.1 Public sector employee numbers

Figure 14-1 shows the proportion of employees within the public sector by function. The public service is the largest employer in the Public Sector, with 53 per cent or 1,498 of total employees. The next largest employer is the Island Governments at 24 per cent or 676 employees. The Crown and Statutory Agencies account for 9 per cent or 245 employees.

Figure 14-1 Proportion of employees in the Public Sector, 27 April 2022

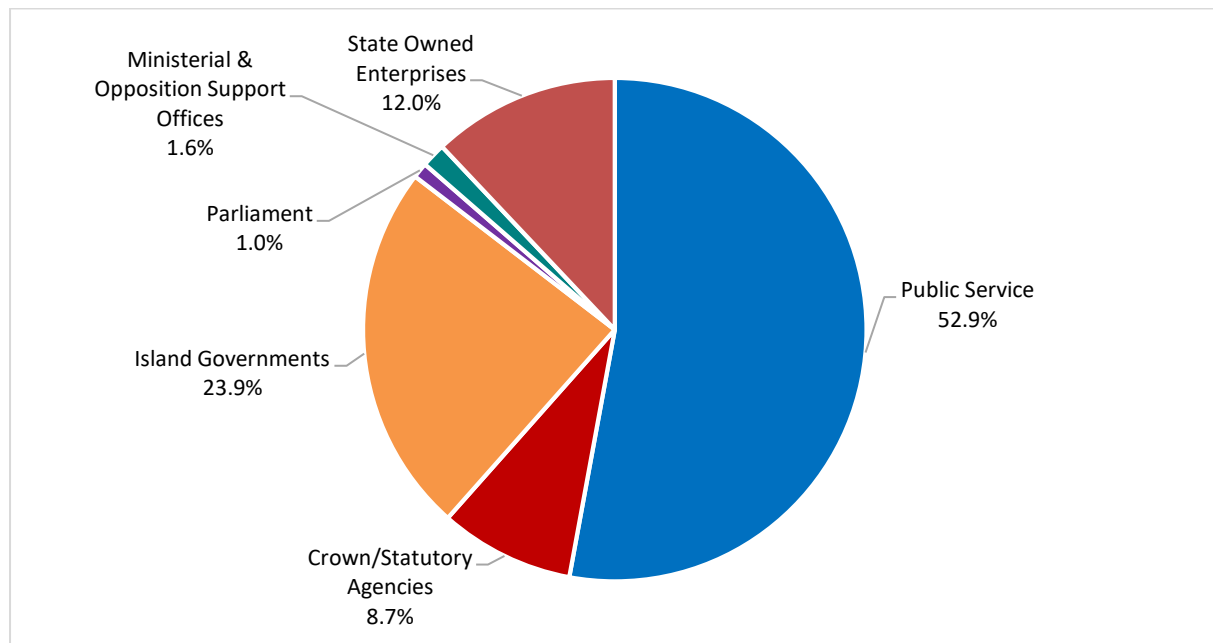


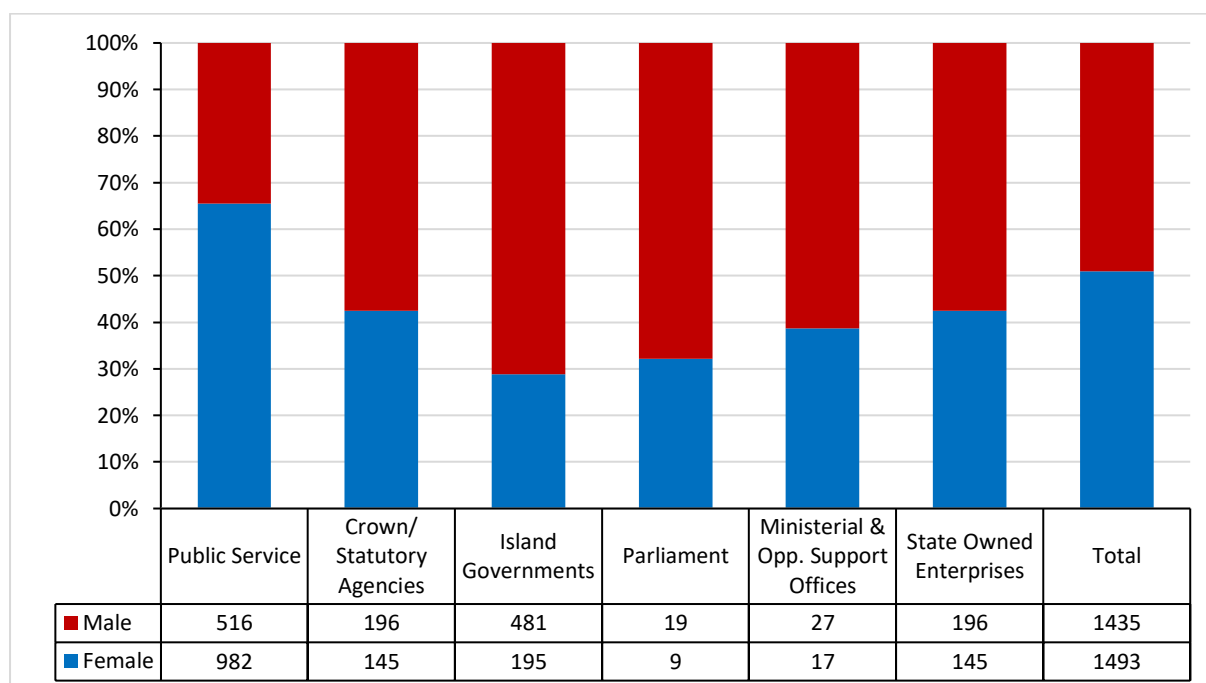
Table 14-2 Employee summary by groupings

| Agency | Total 27 April 2022 | Total 15 March 2021 |
|---|------------------------|------------------------|
| Public Service (incl. House of Ariki) | 1,498 | 1,129 |
| Crown/Statutory Agencies | 245 | 227 |
| Island Governments (incl. Mayors & Councillors) | 676 | 399 |
| Parliament/ Civil List (incl. members of Parliament & Queen's Representative) | 28 | 41 |
| Ministerial & Opposition Support Offices | 44 | 45 |
| State Owned Enterprises | 341 | 364 |
| Total | 2,491 | 2,205 |

Source: HRMIS 27 April 2022

The breakdown of employees by gender across agencies is shown Table 14-2. There are slightly more female employees (1,493) compared to male employees (1,435) in the public sector with majority working for the public service. For the Island Governments, the ratio of male to female employees is almost 3 to 1 female employed.

Figure 14-2 Public Sector Employment by Gender Ratio

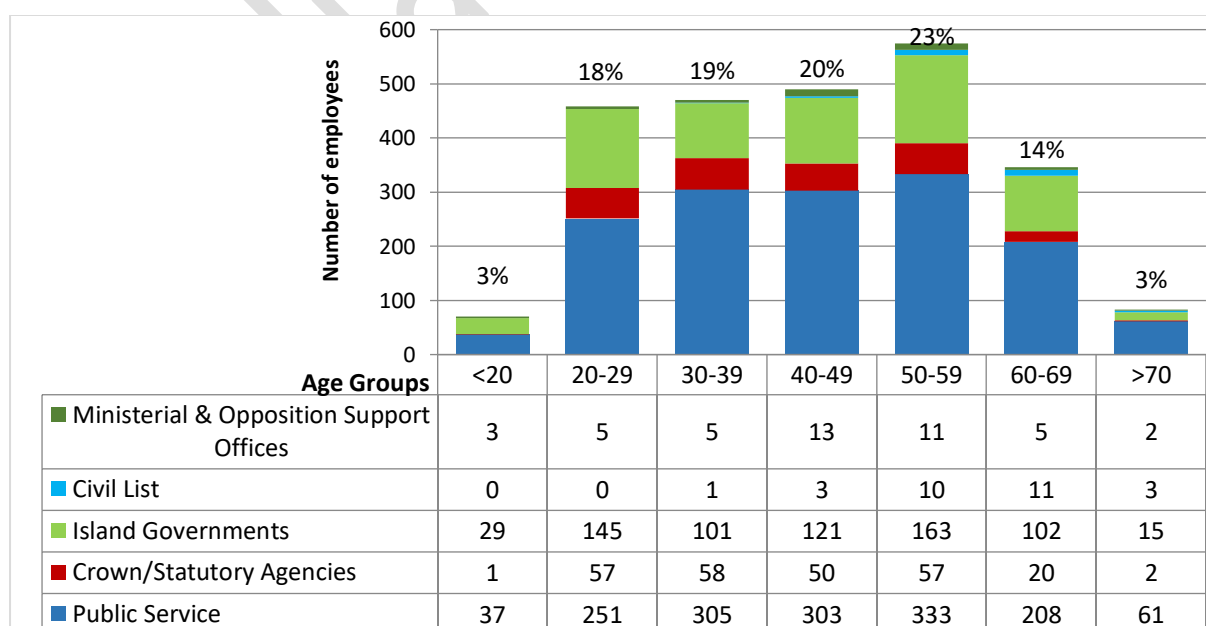


Source: HRMIS 27 April 2022

14.2.2 Public sector age profile

Figure 14-3 shows the age distribution of employees across the public sector with most employees ranging from the age of 20 to 69 years. The 50-59 age group has the highest number of employees accounting for 23 per cent of public sector employees, a total of 574 employees. The Island Governments generally have a higher number of employees and councillors aged between 50-59 years, due to an aging population as most working age individuals migrate to Rarotonga or overseas for employment opportunities.

Figure 14-3 Public Sector Age Profile

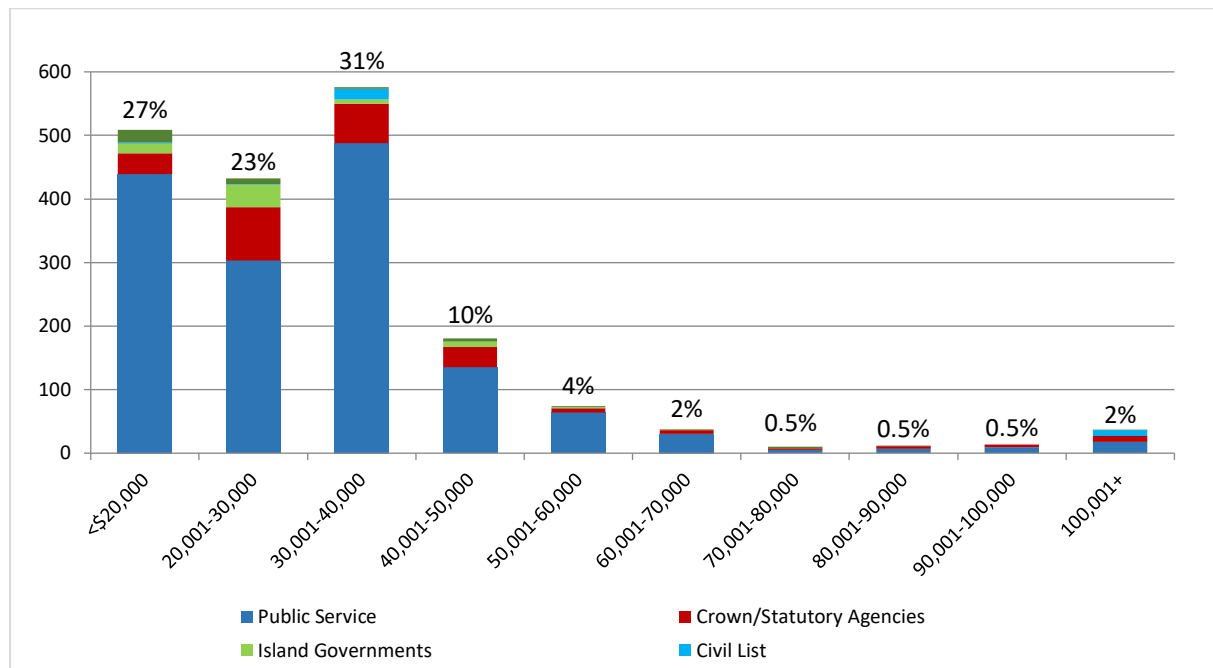


Source: HRMIS 27 April 2022 **At the time of printing SOE data for age groupings N/A

14.2.3 Public sector remuneration profile

The remuneration data displayed in Figure 14-4 shows that 81 per cent of employees earn less than \$40,000 per year, with the largest cohort (approximately 31 per cent) of employees earning between 30,001 to \$40,000 and 27 per cent earning less than the \$20,000 range. Employees earning less than \$20,000 are either full-time, part-time, or casual employees working as teacher aides, interns, groundsmen.

Figure 14-4 Public Sector Remuneration



Source: HRMIS 27 April 2022.

14.3 Public sector strengthening – Our journey to excellence

The Cook Islands Government Public Sector Strategy 2016-2025 is a framework that encourages the review and strengthening of three priority areas (*people, structures, systems*) to improve the delivery of public services to the community. The Strategy spans three phases, with the current phase being the 'Implementing change' phase. This phase encourages the rationalisation of the Public Sector structure and the strengthening of working partnerships with all stakeholders to deliver outcomes which achieve the Cook Islands national sustainable development goals.

Due to impacts of COVID-19, the public sector has had to pivot to meet the demands of a changing environment. As a result, the Office of the Public Service Commissioner has initiated a Functional Review to begin in the 2022/23 fiscal year to assess the functions, systems, and structures of the public sector. The review will determine the relevant solutions for optimal public service delivery that supports national development.

15 Pa Enua

This chapter provides a general overview of Government spending in the Pa Enua. It aims to provide clarity on funding appropriated to each Island Government under the Island Government Act 2012-13, including funding support received through the budgets of government agencies or development partners.

15.1 Funding Model

The Pa Enua Funding model was developed to provide a fair and transparent method for determining the appropriate Government expenditure for each Island Government. The model incorporates various expenditures faced by each island and factors in parameters to identify the funding requirement for each island. The trading revenue also provides surplus income that each Island Government can use for local development beyond the core funding provided by Government.

Table 15-1 highlights 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.

Table 15-1 Cost factors of the Pa Enua Funding Model

| Factor/Output | Parameter | Basis for costing |
|--|---|---|
| Administration | Population as per the Census | 3 staff per island, plus 1 additional administrative staff per 250 residents, up to an additional 3 staff. |
| Island Council | 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 |
| Infrastructure | | |
| 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 |
| Energy (electricity generation) (excl. Aitutaki) | 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) |
| Other costs ²⁵ | Varies by island | Operational costs for inter-island ferries (\$3,000 for Manihiki, \$6,000 for Penrhyn) |

15.1.1 Appropriation

A total of \$12.8 million has been appropriated for the 2022/23 fiscal year to support the functions of each Island Government. A breakdown of the appropriation for each Island Government by Personnel, Operating, Depreciation and Trading Revenue is available in Chapter 17 Schedule 1 – Agency Budget Appropriations.

²⁵ 'Other Costs' include island specific costs not factored into the general model (such as motu-to-motu transport for Penrhyn and Manihiki).

The phased implementation of Government agencies and Island Administration to the new Government pay structure continues to remain on hold until the economic conditions stabilise.

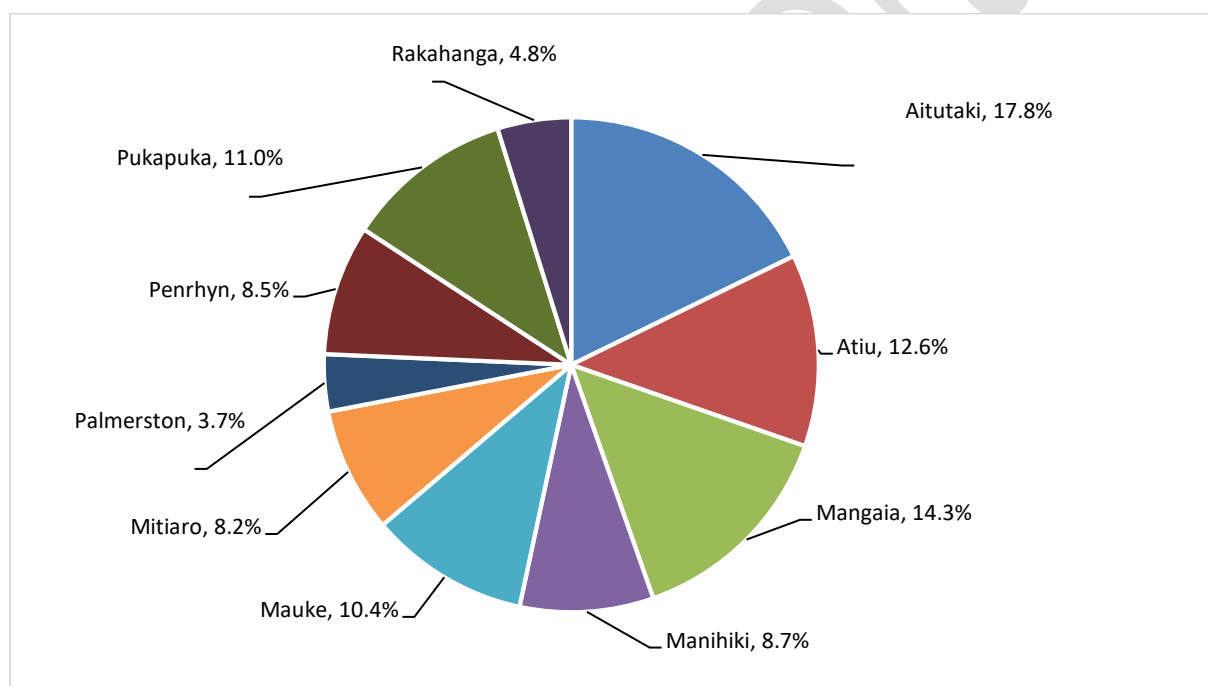
15.2 Funding Allocation

Figure 15-1 shows the proportion of total cash funding per Island Government for the 2022/23 fiscal year relative to the proportion of appropriate funding required for each island as determined by the Pa Enua funding formula.

The proportion of investment between the island groups is largely attributed to the population size on each island. 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. Cost factors such as air and sea transportation to these islands as well as inter-island boat services to travel from one motu to another affect the viability of development on island.

Approximately 63.2 per cent of cash funding has been allocated to the Southern Group Islands and 36.8 per cent to the Northern Group Islands.

Figure 15-1 Allocation of total funding across Island Governments



15.2.1 Cash funding

Table 15-2 breaks down the cash funding derived for the 2022/23 budget considering the prior year's cash funding and the gradual adjustments towards the target funding allocation. For the 2022/23 budget, \$273,300 has been provided to reflect the minimum wage adjustment from \$8.00 to \$8.50.

Note that the funding formula does not consider the additional funding adjustments provided to the Pa Enua in recent years, and the results are therefore understated to current appropriations.

Table 15-2 Pa Enua Funding Model results (\$)

| Formula Cash Funding Results | | | | | | | |
|------------------------------|----------------------------|--------------------|----------------------------|-------------------|---------------------------------|----------------------------|--------------------|
| | 2021/22 Cash Funding | 2021/22 portion | Minimum Cash Funding | Target portion | Adjustment towards target | 2022/23 Cash Funding | 2022/23 portion |
| Aitutaki | 1,578,750 | 17.76% | 1,627,749 | 18.34% | 48,999 | 1,578,750 | 17.8% |
| Atiu | 1,117,037 | 12.57% | 1,129,567 | 12.73% | 12,529 | 1,117,037 | 12.6% |
| Mangaia | 1,270,580 | 14.30% | 1,403,556 | 15.81% | 132,976 | 1,270,580 | 14.3% |
| Manihiki | 776,117 | 8.73% | 709,219 | 7.99% | -66,899 | 776,117 | 8.7% |
| Mauke | 927,500 | 10.44% | 972,390 | 10.96% | 44,890 | 927,500 | 10.4% |
| Mitiaro | 726,314 | 8.17% | 802,295 | 9.04% | 75,981 | 726,314 | 8.2% |
| Palmerston | 331,196 | 3.73% | 310,662 | 3.50% | -20,534 | 331,196 | 3.7% |
| Penrhyn | 757,217 | 8.52% | 688,559 | 7.76% | -68,658 | 757,217 | 8.5% |
| Pukapuka | 975,398 | 10.97% | 883,482 | 9.95% | -91,916 | 975,398 | 11.0% |
| Rakahanga | 427,942 | 4.81% | 348,254 | 3.92% | -79,689 | 427,942 | 4.8% |
| Total | 8,888,051 | 100% | 8,875,730 | 100% | -12,322 | 8,888,051 | 100% |

15.2.2 Other funding support

The Pa Enua benefits from other forms of funding support provided by Government agencies or development partners through the provision of services, welfare, development programmes and capital works. This support contributes to the development and wellbeing of people in the Pa Enua.

Table 15-3 outlines the type of expenditure support received from Government agencies and development partners to the Pa Enua.

Table 15-3 Estimated Government expenditure in the Pa Enua, 2022/23 (\$'000)

| Agency | Operating | ODA | Capital | Total |
|---|--------------|--------------|---------------|---------------|
| Business Trade and Investment Board | 127 | 0 | 0 | 127 |
| Cook Island Investment Corporation | 0 | 0 | 1,500 | 1,500 |
| Cook Islands Police Service | 605 | 0 | 0 | 605 |
| Cook Islands Tourism Corporation | 208 | 0 | 0 | 208 |
| Infrastructure Cook Islands | 0 | 1,720 | 13,944 | 15,664 |
| Ministry of Corrective Services | 69 | 0 | 0 | 69 |
| Ministry of Cultural Development | 150 | 0 | 0 | 150 |
| Ministry of Education | 4,919 | 0 | 300 | 5,219 |
| Ministry of Finance and Economic Management | 83 | 100 | 220 | 403 |
| Ministry of Health | 2,357 | 0 | 0 | 2,357 |
| Ministry of Justice | 245 | 0 | 0 | 245 |
| Ministry of Marine Resources | 667 | 0 | 0 | 667 |
| Office of the Prime Minister | 176 | 5,682 | 0 | 5,858 |
| Total | 9,605 | 7,502 | 15,964 | 33,071 |

Note: Due to the integration of the Pa Enua support in general agency programs, this data is an estimate only.

15.2.3 Business Trade and Investment Board

The Business Trade and Investment Board (BTIB) allocates approximately \$127,000 of its total appropriation to provide support and advice to businesses in the Pa Enua. BTIB also organises trade days and night markets to provide trade opportunities for businesses both in Rarotonga and the Pa Enua to sell local produce and crafts.

15.2.4 Cook Islands Investment Corporation

The Cook Islands Investment Corporation (CIIC) is responsible for maintaining and managing Crown assets. For 2022/23, a total of \$1.5 million has been committed for the projects listed below in Table 15-4.

- \$0.5 million to complete additional works for the Aitutaki harbour dredging, a component of the Aitutaki Island Plan & Orongo Development Project.
- Building projects worth \$0.5 million in 2022/23 in the Southern Group are planned for Mangaia in 2022/23 and Mauke the following years after.
- For the Northern Group, CIIC will be improving the Government buildings in Manihiki and Rakahanga over the medium-term with \$0.5 million in 2022/23.

Table 15-4 Estimated CIIC capital projects in the Pa Enua (\$'000)

| Island | Project/ Programme | 2022/23 Budget Estimate | 2023/24 Estimate | 2024/25 Estimate | 2025/26 Estimate |
|---|---|-------------------------------|---------------------|---------------------|---------------------|
| Aitutaki | Aitutaki Island Plan & Orongo Development Project | 500 | 0 | 0 | 0 |
| Pa Enua | Pa Enua Government Building Projects - Southern Group | 500 | 100 | 0 | 100 |
| Pa Enua | Pa Enua Government Building Projects - Northern Group | 500 | 250 | 500 | 300 |
| CIG funded Cook Island Investment Corporation capital projects | | 1,500 | 350 | 500 | 400 |

15.2.5 Cook Islands Police Service

For the provision of law enforcement services across the Pa Enua, the Cook Islands Police Service allocates approximately \$605,000 to cover personnel and operating costs.

15.2.6 Cook Islands Tourism Corporation

The Cook Islands Tourism Corporation allocates approximately \$208,000 to promote and provide visitor information about each of the outer islands.

15.2.7 Infrastructure Cook Islands

Infrastructure Cook Islands (ICI) support the Pa Enua with procurement, project development and implementation of capital projects, such as cyclone centres, road improvements and ports on each island.

For 2022/23, a total of \$13.9 million has been appropriated to implement capital programmes and projects listed in Table 15-5 below. Of this allocated funding, \$1.2 million has been allocated for the completion of the Te Tautua hospital in Penrhyn under the Government building projects. The Pa Enua Marine Infrastructure Improvement programme will support the design and construction of the Nassau harbour from 2022/23 to 2024/25.

Planned expenditure for improving the air infrastructure in the Pa Enua will focus on making improvements to the airports on Penrhyn.

The following ICI capital programmes also have Pa Enua components that are not discretely allocated funding, but rather fall within the allocated programme budget.

- Road Asset Management and Improvement Programme
- Water and Sanitation Infrastructure Improvement Programme

Table 15-5 Estimated ICI capital projects in the Pa Enua (\$'000)

| Island | Project/ Programme | 2022/23 Budget Estimate | 2023/24 Estimate | 2024/25 Estimate | 2025/26 Estimate |
|--|---|-------------------------------|---------------------|---------------------|---------------------|
| Pa Enua | Government Building Projects | 1,177 | 0 | 0 | 0 |
| Pa Enua | Pa Enua Air Infrastructure Improvement Programme | 892 | 0 | 0 | 0 |
| Pa Enua | Pa Enua Marine Infrastructure Improvement Programme | 2,660 | 2,145 | 515 | 0 |
| National | Water and Sanitation Infrastructure Improvement Programme | 264 | 0 | 0 | 0 |
| National | Roads Asset Management and Improvement Programme | 8,951 | 6,568 | 6,568 | 6,268 |
| CIG funded Infrastructure Cook Islands capital projects | | 13,944 | 8,713 | 7,083 | 6,268 |

15.2.8 Ministry of Corrective Services

The Ministry of Corrective Services has appropriated a total of \$69,000 for the provision of Probation Officers on islands of Aitutaki and Atiu to implement rehabilitation programmes.

15.2.9 Ministry of Cultural Development

The Ministry of Cultural Development disburses \$150,000 across the Pa Enua to support the local communities in celebrating Te Maeva Nui on island. This fund is covered under the National Events administered payment fund.

15.2.10 Ministry of Education

The Ministry of Education contributes \$4.9 million (25.2 per cent) of its total appropriation to provide quality education in the Pa Enua.

Of this total funding, approximately \$4.2 million has been allocated for personnel and \$263,000 to cover operating expenditure for utility costs, school supplies and the maintenance of school buildings.

A total of \$200,000 has been allocated in 2022/23 to allow the ministry to replace capital items such as laptops, tablets, and printers in accordance with its capital replacement plan. This replacement plan also extends to the Pa Enua.

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 \$26,000 annually.

15.2.11 Ministry of Finance and Economic Management

The Ministry of Finance and Economic Management (MFEM) support the Pa Enua by assisting the Island Administrations to meet its financial reporting requirements and by providing tax and custom services on Aitutaki.

In addition to this, MFEM administers the following funds, which also benefit the Pa Enua:

- Shipping subsidy fund (\$500,000) – to provide affordable and regular inter-island shipping services to transport passengers and bulk goods.
- Universal Access Fund (\$400,000) – to provide equitable access to telecommunications in the Pa Enua through the Competition and Regulatory Authority.
- Audio Visual Broadcasting subsidy (\$45,000) – enables television broadcasting in the Pa Enua.
- Outer Island small capital fund (totalling \$110,000) – enables the Island Administrations to procure small capital items up to the value of \$5,000. Small capital items include printers, laptops, and grass cutters.

Table 15-6 Small Capital Fund administered by MFEM (\$'000)

| Project/ Programme | 2022/23 Budget Estimate | 2023/24 Estimate | 2024/25 Estimate | 2025/26 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 |
| CIG funded Pa Enua small capital fund | 110 | 110 | 110 | 110 |

15.2.12 Ministry of Health

The Ministry of Health allocates approximately \$2.4 million to provide core health services in the Pa Enua. These costs cover personnel and operating costs associated with operating health centres on each island and a hospital on Aitutaki.

Health service delivery on the Pa Enua is supplemented through remote consultations with clinicians on Rarotonga, visiting health specialists and urgent medical evacuation.

The Patient Referrals administered fund of \$850,000 helps support the Ministry to refer patients or conduct urgent medical evacuation from the Pa Enua to Rarotonga and from Rarotonga to New Zealand, if necessary.

15.2.13 Ministry of Internal Affairs

The Ministry of Internal Affairs are responsible for the management and disbursement of welfare payments to people in the Pa Enua. The estimated cost of welfare payment in the Pa Enua for 2022/23 is \$7.1 million.

Breakdown of welfare payments per island and category are shown in Table 15-7. Note that welfare payments for beneficiaries on Palmerston are not included in the table below as these benefits are paid into accounts held in Rarotonga by the Bank of the Cook Islands.

Table 15-7 Estimated Social Welfare Payments in the Pa Enua for 2022/23 (\$'000)

| | Aitutaki | Atiu | Mangaia | Manihiki | Mauke | Mitiaro | Penrhyn | Pukapuka/ Nassau | Rakahanga | Total |
|-------------------------------|--------------|------------|--------------|------------|------------|------------|------------|---------------------|------------|--------------|
| Old Age Pension 60+ | 742 | 217 | 412 | 99 | 194 | 79 | 98 | 218 | 88 | 2,147 |
| Old Age Pension 70+ | 822 | 254 | 397 | 69 | 223 | 159 | 36 | 140 | 52 | 2,152 |
| Child Benefit | 656 | 130 | 143 | 95 | 52 | 58 | 104 | 297 | 37 | 1,572 |
| New-born Allowance | 20 | 6 | 7 | 4 | 5 | 1 | 7 | 11 | 1 | 62 |
| Destitute Benefit | 11 | 16 | 2 | 2 | 3 | 5 | 2 | 3 | 2 | 46 |
| Infirm Benefit | 182 | 51 | 71 | 5 | 36 | 16 | 10 | 41 | 10 | 422 |
| Maternity Leave | 20 | 8 | 2 | 2 | 2 | 2 | 2 | 2 | 0 | 40 |
| Caregivers | 58 | 18 | 43 | 5 | 23 | 23 | 5 | 36 | 13 | 224 |
| Christmas Bonus | 41 | 10 | 14 | 5 | 6 | 5 | 5 | 15 | 3 | 104 |
| Funeral Allowance | 24 | 17 | 17 | 5 | 17 | 5 | 5 | 17 | 3 | 110 |
| Power Subsidy | 9 | 7 | 9 | 3 | 7 | 6 | 2 | 7 | 2 | 52 |
| Special Assistance | 25 | 20 | 15 | 15 | 20 | 15 | 15 | 20 | 15 | 160 |
| Total Welfare Payments | 2,610 | 754 | 1,132 | 309 | 588 | 374 | 291 | 807 | 226 | 7,091 |

15.2.14 Ministry of Justice

The Ministry of Justice provide Registry and Justice of the Peace (JP) services on each island totalling \$245,000. These costs cover personnel expenditure of \$232,000 and operating costs of \$13,000.

15.2.15 Ministry of Marine Resources

The Ministry of Marine Resources provide technical support and advice for small-scale fisheries and pearl farmers in the Pa Enua to ensure the sustainable management of marine resources. A total of \$667,000 enables the Ministry to deliver these services in the Pa Enua.

15.2.16 Office of the Prime Minister

The Office of the Prime Minister (OPM) provides oversight on the governance and service delivery of each Island Administration.

A total of \$100,000 in 2022/23 enables the provision of Pa Enua mechanical overseer to repair and maintain heavy machinery across the Pa Enua to ensure they operate effectively. OPM also administer a \$100,000 funding previously managed by ICI, for procuring replacement parts to repair and maintain heavy plant and machinery in the Pa Enua.

15.2.17 Official Development Assistance

The estimated Official Development Assistance (ODA) allocated for the Pa Enua in 2022/23 is \$7.5 million. These programmes are listed in Table 15-8 by Agency with explanation of each programme available in Chapter 16.

Table 15-8 Estimated ODA spending in the Pa Enua (\$'000)

| Agency | Project/ Programme | 2022/23 |
|---|---|--------------|
| Ministry of Finance and Economic Management | Pa Enua Action for Resilient Livelihoods (PEARL) | 100 |
| Infrastructure Cook Islands | Managing Water Scarcity through Strengthened Water Resources Management | 1,720 |
| Office of the Prime Minister | Renewable Energy Grant (Southern Group) | 682 |
| Office of the Prime Minister | Renewable Energy Grant (Southern Group) | 5,000 |
| | | 7,502 |

15.2.18 Total expenditure in the Pa Enua

Table 15-9 represents the total Government expenditure in the Pa Enua. The investment in the Pa Enua is significant by any measure, representing the importance of the Pa Enua to the Cook Islands Government.

Table 15-9 Total Government expenditure in the Pa Enua for 2022/23 (\$'000)

| Island | Gross Appropriation ²⁶ | Funding support from Agencies | Welfare Payments ²⁷ | Total current public spending |
|---|-----------------------------------|-------------------------------|--------------------------------|-------------------------------|
| Aitutaki | 2,127 | 3,502 | 2,610 | 8,239 |
| Atiu | 1,771 | 878 | 754 | 3,403 |
| Mangaia | 1,782 | 1,256 | 1,132 | 4,170 |
| Manihiki | 1,356 | 723 | 309 | 2,387 |
| Mauke | 1,422 | 643 | 588 | 2,653 |
| Mitiaro | 880 | 455 | 374 | 1,709 |
| Palmerston | 432 | 123 | 0 | 555 |
| Penrhyn | 1,008 | 628 | 291 | 1,927 |
| Pukapuka/Nassau | 1,265 | 1,096 | 807 | 3,168 |
| Rakahanga | 562 | 302 | 226 | 1,091 |
| Pa Enua Total | 12,605 | 9,605 | 7,091 | 29,301 |
| General Support (Capital & ODA expenditure) | 0 | 23,466 | 0 | 23,466 |
| Overall Total | 12,605 | 33,071 | 7,091 | 52,767 |

²⁶ Trading revenue is not shown here as trading revenue is generated on island and not transferred from the central budget.

²⁷ The welfare benefit payments received by beneficiaries in Palmerston is not reflect in this table as these are paid to the beneficiary's account in Rarotonga.

16 Official Development Assistance

This chapter provides detail of donor contributions appropriated as Official Development Assistance (ODA) projects in line with Government priorities. This chapter should be read in conjunction with the capital chapter as Cook Islands Government-funded infrastructure projects are detailed there.

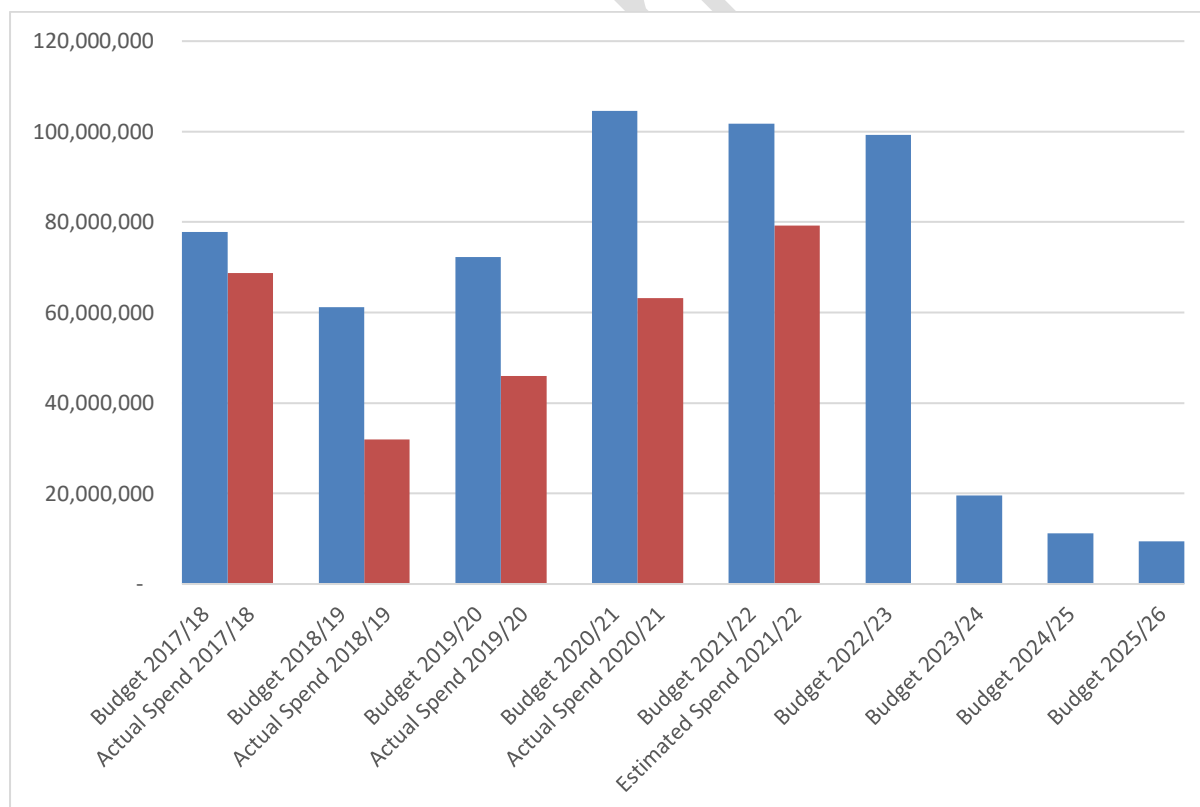
Estimated expenditure for ODA in 2021/22 is \$79.2 million compared to the \$101.7 million reported at the time of the HYEPU update, or 78.0 per cent of the total ODA appropriation. Expenditure was predominantly driven by the extension of some of the business support measures under the Economic Recovery Roadmap (ERR) as part of the Cook Islands COVID-19 response²⁸. Furthermore, large infrastructure projects such as the Te Mato Vai remediation, Mei Te Vai Ki Te Vai and the Rarotonga Airport Refurbishment also contributed towards the overall estimated expenditure for 2021/22.

Donor contributions have increased substantially over the past two fiscal periods due to the support received for the Cook Islands' response to COVID-19 and its implementation of the Economic Response Plan, Economic Recovery Roadmap and health and border system strengthening.

In 2022/23, a significant amount of donor funds will be received to the Cook Islands Infrastructure Trust Fund keeping the ODA budget estimate on par with prior years.

Figure 16-1 shows ODA budget versus estimated spend over the previous financial years, and budget forecasts for the forward years. The 2022/23 ODA budget is bolstered by donor funding towards Capital ODA Expenditure while the decrease in budget estimates for the outer years is in part due to several funding agreements coming to an end.

Figure 16-1 Cook Islands ODA actual and estimated expenditure



²⁸ This was largely able to be funded due to General Budget Support from New Zealand

The ODA budget estimate for 2022/23 is \$99.3 million. This estimate includes the following major infrastructure projects:

- Renewable Energy - \$5.7 million;
- Cook Islands Infrastructure Trust Fund - \$44.4 million
- Japan Economic Social Development Programme - \$4.7 million

A total of \$63.1 million from the New Zealand Government has been committed for the next four years towards various programs. This includes established programs such as the Cook Islands Core Sector Support, the Manatua Polynesian Cable Project, Water and Sanitation, Budget Support towards COVID-Recovery, Economic Recovery Plan, COVID-19 Vaccination Programme, ICT Connectivity Improvements and the Cook Islands Infrastructure Trust Fund.

A number of Green Climate Fund Projects totalling \$12.9 million are programmed to continue in 2022/23. These are focused on Renewable Energy, Enhancing Climate Information and preparatory funds for readiness support and project proposal development. Over the next four years the total value of GCF support to the Cook Islands is estimated to be \$26.8 million.

The Cook Islands Government (CIG) contributes to ODA-funded projects through tax exemptions, capital appropriation, personnel, and operating appropriation. For 2021/22, approximately \$800,000 worth of value-added tax (VAT) for goods and services was exempted on imported materials for ODA projects. A large proportion of the exemptions provided relates to the supply of Personal Protective Equipment (PPE), COVID-19 vaccine and medical equipment to respond to COVID-19. There has been a noticeable decrease in exemptions granted compared to the two previous years, mainly due to major infrastructure projects progressing towards final stages of implementation.

16.1 ODA graduation

The Cook Islands officially graduated to a 'high income country' status on 1 January 2020, as determined by the Organisation for Economic Cooperation and Development (OECD) standards.

Following this date, ODA graduation was expected to have a limited impact upon the level of foreign aid received, particularly due to the Cook Islands strong economic position. However, with the onset of COVID-19 the impact of a graduated status has become evident as the Cook Islands has limited access to grant funding through various donor partners, having to rely on loan financing to fund the Economic Response Plan to prevent severe economic outcomes.

The impact of the economic shock and its effect on GDP indicates that this classification may become obsolete. However, there are indications that there will be limited consideration by donors of the impact of COVID-19 on newly graduated economies and their development status until at least 12 months of World Bank verified GNI data is available. The recent reclassification of the Cook Islands to a Group B country with the ADB may help in this regard.

16.2 General Budget Support

Financial support received by the Cook Islands Government which is to be allocated as financial support towards general operations is included in the ODA schedule and does not contribute to the total, but instead is reflected in government revenues.

16.2.1 Cook Islands Core Sector Support

The Core Sector Support (CSS) Grant Funding Arrangement (GFA) with New Zealand is valued at \$31.4 million over four years from 2019/20 to 2022/23. As we enter into the last year of the current Grant Funding Agreement with New Zealand, there is remaining funds of \$7.8 million committed towards this programme. The purpose of this support is to enhance the Cook Islands' ability to be self-sufficient

by enabling predictable, efficient and effective delivery of key development objectives, together with practical policy reform.

The CSS Program provides direct budget support to the Ministry of Education, Cook Islands Tourism and the Ministry of Health to improve indicators directly related to the Cook Islands National Sustainable Development Agenda 2020+. In addition, funding has been allocated for technical assistance and supporting public sector strengthening. The CSS can also fund projects identified as a priority for the Cook Islands, allowing for a flexible response to needs as they arise.

16.2.2 COVID-19 Vaccination Programme

The COVID-19 vaccination rollout began on 18 May 2021. With the support of the New Zealand Government, the Cook Islands managed to secure sufficient Pfizer vaccines to provide full coverage for all our eligible population. Support provided by New Zealand in procuring and delivery of the vaccine to the Cook Islands is estimated at around \$400,000 to date since the beginning on the vaccine rollout in May 2021.

16.2.3 COVID-19 Economic Recovery Budget Support – July 2021

The New Zealand Ministry of Foreign Affairs and Trade acting through the New Zealand High Commission in Rarotonga provided a contribution of \$30.0 million to the Government of the Cook Islands to support the Cook Islands' Economic Recovery and government cash reserves. This contribution is made available under the New Zealand Aid Programme's Cook Islands programme.

The contribution is managed and administered by MFEM to achieve the purposes under the Cook Islands Economic Recovery Roadmap that will greatly assist the Cook Islands to encourage economic recovery from the impacts of the COVID-19 and is treated as a general budget support.

16.2.4 COVID-19 Economic Recovery Budget Support – November 2021

In November 2021, further support was extended by The New Zealand Ministry of Foreign Affairs and Trade acting through the New Zealand High Commission in Rarotonga through a contribution of \$20.0 million to the Government of the Cook Islands to strengthen government cash reserves and to help fund the immediate and short-term costs of supporting livelihoods, social protections, core public services and COVID preparedness in the Cook Islands. This contribution is made available under the New Zealand Aid Programme's Cook Islands programme.

The contribution is managed and administered by MFEM with \$10.0 million allocated to support immediate expenditure priorities through general budget support; with the balance identified to support programmes and initiatives to achieve the purposes under the Cook Islands Economic Recovery Roadmap and medical response preparations for COVID-19.

16.2.5 COVID-19 Co-operation (China)

The People's Republic of China Embassy provided NZ\$240,000 as non-project grant funds towards Cook Islands COVID-19 response measures. These funds have been valuable in supporting the Cook Islands response to the pandemic through the Cook Islands Medical Response Fund. The medical response fund provides support to respond effectively to emerging health and border control needs to prevent, mitigate and limit the spread of COVID-19 within the Cook Islands.

16.3 Cook Islands ODA Budget by development partner

Table 16-1 lists the estimated contributions over the forward years by development partner. The estimates for the forward years only reflect the few agreements that extend beyond 2022/23. These numbers are subject to change depending on the effect of COVID-19 on the Cook Islands economy and the impact of ODA graduation.

Table 16-1 Cook Islands ODA Budget by development partner (\$'000)

| Development Partner | 2022/23 Budget | 2023/24 Budget | 2024/25 Budget | 2025/26 Budget | Total (4yr Forecast) |
|-----------------------------|-------------------|-------------------|-------------------|------------------|----------------------|
| Asian Development Bank | 3,700,000 | 500,000 | 250,000 | 250,000 | 4,700,000 |
| Australia | 467,501 | 371,032 | 0 | 0 | 838,533 |
| European Union | 2,822,579 | 581,395 | 581,395 | 0 | 3,985,368 |
| New Zealand | 61,617,874 | 500,000 | 500,000 | 500,000 | 63,117,874 |
| United Nations | 1,256,162 | 504,201 | 256,900 | 242,000 | 2,259,263 |
| Global Environment Facility | 1,709,874 | 701,515 | 701,515 | 701,515 | 3,814,419 |
| Green Climate Fund | 12,893,296 | 9,339,661 | 2,796,441 | 1,756,005 | 26,785,402 |
| Japan | 5,425,020 | 989,405 | 125,000 | 125,000 | 6,664,425 |
| Other | 9,385,097 | 6,092,315 | 5,939,773 | 5,839,772 | 27,256,957 |
| Grand Total | 99,277,403 | 19,579,523 | 11,151,023 | 9,414,292 | 139,422,241 |

Figure 16-2 shows an improvement in ODA expenditure against development partners such as the Asian Development Bank, United Nations Programmes and Green Climate Fund. Approximately \$38.5 million of project funding did not proceed with implementation due to delays with international travel restrictions and reprioritisation of projects, as a result of COVID-19. Most of the projects impacted are those that have technical assistance or training components.

Figure 16-2 ODA Budget by development partner, 2021/22 budget vs actual

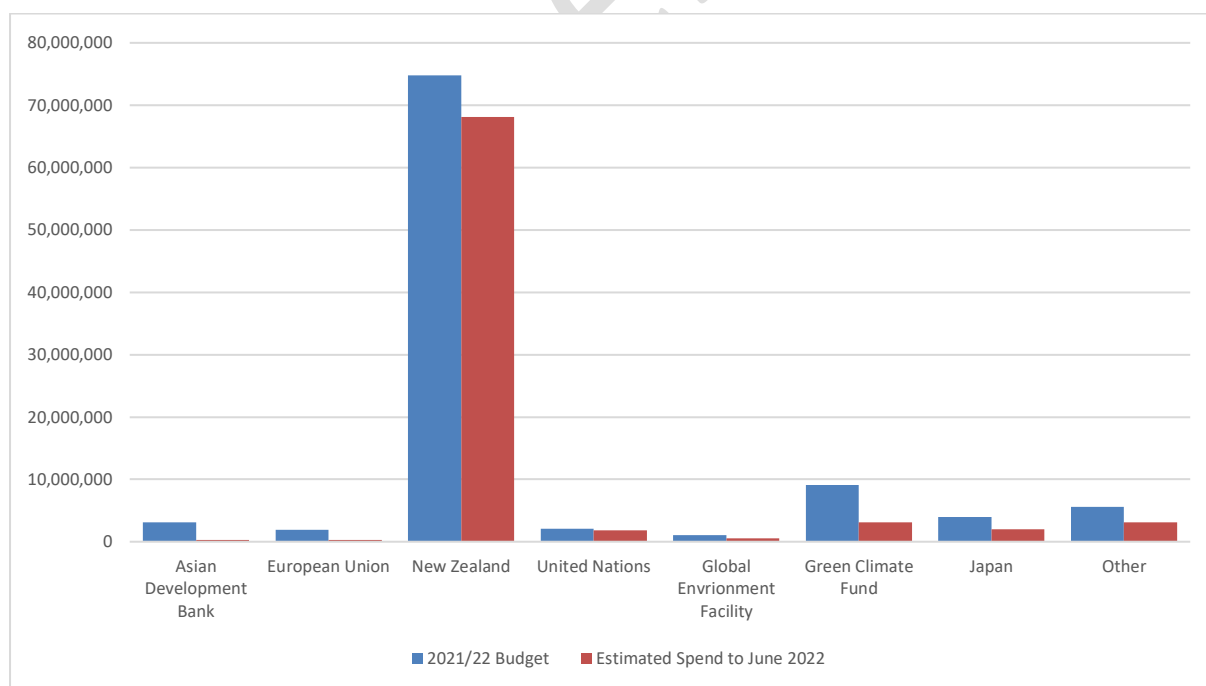
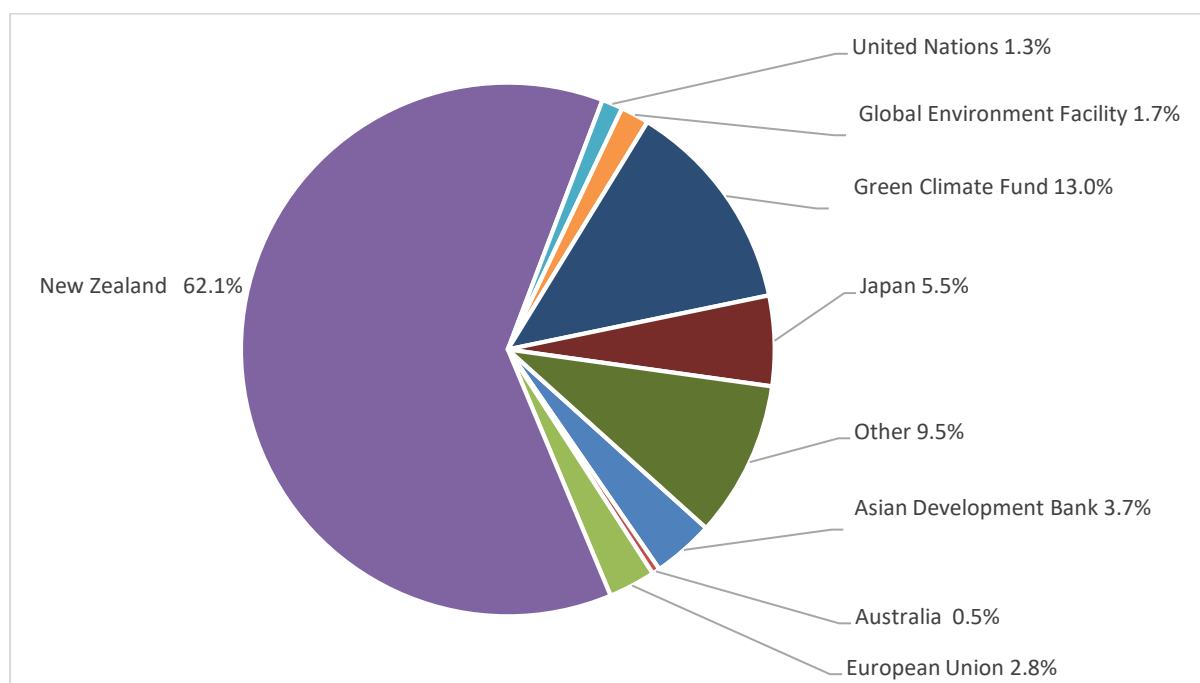


Figure 16-3 shows New Zealand is the key development partner for the Cook Islands, accounting for 62.1 per cent of the total 2022/23 ODA budget, followed by the Green Climate Fund at 13.0 per cent.

'Other' donors, which include bi-lateral development partners, private donors, small grants, regional organisations and UN small funding streams, accounts for 9.5 per cent of the total 2022/23 ODA budget.

Figure 16-3 Cook Islands ODA Budget by Development Partner Budget, 2022/2023



Further details on key ODA activities are provided below, including the capital initiatives budget.

16.4 ODA Projects by Implementing Agency

ODA projects are managed by an implementing agency, typically a Cook Islands Government agency, who oversees the work and provides updates to the donor.

16.4.1 Ministry of Finance and Economic Management

16.4.1.1 Manatua Submarine Cable (ICT cable) – New Zealand Grant

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|---------|---------|---------|-----------|-----------|
| Capital | 727,262 | 0 | 0 | 0 |

The Government of New Zealand is supporting this transformational project through a grant totalling \$15 million to the Cook Islands Government.

In 2017, the Cook Islands signed an agreement with Niue, French Polynesia, and Samoa to facilitate the design, construction, operation, and maintenance of a 3,600km long regional fibre optic submarine cable, known today as the Manatua Cable.

An international treaty was signed in November 2018 between the four nations, forming the Manatua Consortium. This ground-breaking consortium was the first of its kind in the Pacific and enabled the four nations to achieve, through collaboration, a system that none of the countries could realistically afford alone.

The Manatua Cable enables the provision of reliable, high-capacity bandwidth internet at affordable prices for the Cook Islands. The Manatua Cable has been live since July 2020 and is now carrying contracted revenue generating customer traffic, achieving 100% availability to date.

16.4.1.2 Cook Islands-New Zealand Infrastructure Trust Fund

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|---------|------------|---------|-----------|-----------|
| Capital | 44,419,984 | 0 | 0 | 0 |

The New Zealand Ministry of Foreign Affairs and Trade acting through the New Zealand High Commission in Rarotonga provided an initial contribution of \$12 million in December 2019 to establish the Cook Islands Infrastructure Trust Fund (ITF). The purposes of the ITF are:

- Investing in physical infrastructure to deliver essential services to Cook Islanders
- Facilitating implementation of the National Infrastructure Investment Plan or Medical Term Fiscal strategy
- Supporting capability development of Cook Islands' Infrastructure sector (across government and the private sector)

In March 2022, the New Zealand Government confirmed a further grant contribution of \$40 million to the ITF to help stimulate the Cook Islands' economy and strengthen its overall resilience via capital works.

The allocation and use of money settled upon for the ITF is overseen by the Ministry of Finance and Economic Management (MFEM) for the Cook Islands Government. The allocation of trust funds money to infrastructure projects is mutually agreed between both the New Zealand and Cook Islands governments.

16.4.1.3 Mei Te Vai Ki Te Vai

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|---------|---------|---------|-----------|-----------|
| Capital | 585,990 | 0 | 0 | 0 |

The Mei Te Vai Ki Te Vai (MTVKTV) project has produced a Business Case, which recommends that the fiscal situation be reviewed as the Cook Islands moves through the impact of the pandemic. For more information, please visit our website <https://www.totatouvai.co/>

| Milestones | 2021/22 Financial year |
|------------------------------------|---|
| Business Case | MFEM will be reviewing the Business Case, which will set out the economic costs and benefits of constructing and operating a wastewater system for Muri / Avana and Rarotonga. This Business Case will inform a sound, evidence-based investment decision by Government |
| Environmental Investigation | MMR will be supporting the PMU in undertaking the Environmental Monitoring through provision of marine ecological services |
| Land | Secure Land |
| Reticulation Tender Design | Completion of detailed design documentation of reticulation system |
| Treatment Plant Design | Completion of Treatment design |
| Tender | All documentation prepared and finalised ready for Tender |
| Sanitation Masterplan | Planning process and implementation plan for a Sanitation programme for Rarotonga. |

16.4.1.4 Budget Support to the Sanitation Sector – European Union

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|---------|-----------|---------|-----------|-----------|
| Capital | 1,474,066 | 0 | 0 | 0 |

The purpose of this funding is to support the Cook Islands' priority to improve the Sanitation Sector. The Cook Islands submission under the European Union's (EU) eleventh European Development Fund (EDF) funding cycle focusses on upgrading commercial facility sewage systems on Aitutaki and Rarotonga to meet the Public Health (Sewage and Wastewater Treatment and Disposal) Regulations 2014. In 2020/21, NZ\$2 million was received for planning and design works.

16.4.1.5 Economic and Social Development Programme 2018 - Japan

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|---------|---------|---------|-----------|-----------|
| Capital | 4,051 | 0 | 0 | 0 |

The purpose of this grant is, to purchase machinery and equipment to assist government agencies in the delivery of public services such as infrastructure rehabilitation. Japan International Cooperation Systems are the procuring agent for this project, with an indicative timeline for this project spanning from March 2019 to June 2022.

Co-financing from the Cook Islands Government includes an exemption on relevant VAT import taxes for approved ODA imports in accordance with the Cook Islands Value Added Tax Act 1997.

16.4.1.6 Economic and Social Development Programme 2020-01: COVID-19 Response Assistance - Japan

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|---------|---------|---------|-----------|-----------|
| Capital | 701,474 | 0 | 0 | 0 |

This grant provides the assistance to procure medical equipment to support the Cook Islands' health response to COVID-19 to elevate clinical and diagnostic support and to strengthen the provision of health services to the community.

16.4.1.7 Economic and Social Development Programme 2020-02 - Japan

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|---------|---------|---------|-----------|-----------|
| Capital | 994,495 | 864,405 | 0 | 0 |

The grant supports the purchase of additional medical products and equipment to strengthen the Cook Islands' health system to better address future unexpected shocks from COVID-19. In addition, the grant supports the procurement of essential equipment to support the provision of reliable access to clean water for all users, particularly during periods of low rainfall in Rarotonga.

16.4.1.8 Inter-island Freight and Passenger Ship - Japan

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|---------|-----------|---------|-----------|-----------|
| Capital | 3,000,000 | 0 | 0 | 0 |

With the Outer Islands heavily reliant on shipping infrastructure, Government recognised the need to further improve the shipping landscape to significantly benefit all the Pa Enua, but the greatest difference will be made in the lives of those living in the Northern Group of the Cook Islands.

The Government of Japan have extended their support in developing a project to deliver a suitable shipping vessel for inter-island services through the Japan International Cooperation Agency.

16.4.1.9 Grant Assistance for Grassroots Projects - Japan

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|-----------|---------|---------|-----------|-----------|
| Recurrent | 600,000 | 0 | 0 | 0 |

This funding offers a financial assistance program for development projects designed to meet the diverse needs of developing countries. The grant funding supports projects proposed by various bodies such as non-governmental organisations (NGOs) and local Government authorities.

In September 2021 and March 2022 respectively, delegates from the Embassy of Japan in Wellington, New Zealand signed two new projects. Management of the project deliverables and financing are directly between the Government of Japan and the grant recipients. As such, the budget reflected in the table above relate to the two newly signed projects.

16.4.1.10 India Grant Fund

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|-----------|---------|---------|-----------|-----------|
| Recurrent | 680,000 | 200,000 | 200,000 | 200,000 |

This funding is to assist projects that support, promote, or develop social, cultural, or economic development and sustainability, whilst directly serving the basic needs of the community.

The 2018/19 funding round was advertised in November 2018. A total of 19 concept notes were received in December 2018 and of these, eight were approved by the National Sustainable Development Committee and recommended for approval to the India High Commission. The Memorandum of Understanding was signed in October 2021. The Implementation Agreement for each individual project is currently in progress with the implementation expected to start in July 2022.

16.4.1.11 New Zealand Volunteers Services Abroad – New Zealand

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|-----------|---------|---------|-----------|-----------|
| Recurrent | 500,000 | 500,000 | 500,000 | 500,000 |

Volunteers Services Abroad (VSA) is New Zealand's largest and most experienced volunteer agency working in international development. VSA offers both long (12 months and over) and short-term volunteering assignments, as well as e-volunteering, which has been central to VSA operations since the arrival of COVID-19.

The VSA program with Cook Islands Government is established to promote volunteerism in support of development in the Cook Islands. This programme also sets to provide expertise to meet capacity gaps on a temporary basis in the Cook Islands and promote the development of Cook Islanders through transfer of valuable skills, knowledge and experience.

16.4.1.12 Japan Fund for Poverty Reduction – Supporting Safe Recovery of Travel and Tourism in the Cook Islands

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|---------|-----------|---------|-----------|-----------|
| Capital | 2,900,000 | 0 | 0 | 0 |

This project supports targeted activities such as airport readiness, health readiness, testing capacity, contact tracing and project management resource for the establishment of a safe travel zone between the Cook Islands and New Zealand.

16.4.1.13 Sustainable Financing for the 2030 Agenda

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|-----------|---------|---------|-----------|-----------|
| Recurrent | 51,135 | 0 | 0 | 0 |

This Joint Programme will build on developing financing strategies and operationalising the Integrated National Financing Framework (INFFs) with opportunities to improve the management and financial

flows and mobilise new, diverse and innovative financial instruments to accelerate the progress of the 2030 Agenda for Sustainable Development.

Linking budget allocations with national priorities and Sustainable Development Goals (SDGs) will contribute towards performing evidence-based financial management, which will allow the Government and its partners to make strategic investments that advance sustainable development at lower transaction costs.

16.4.1.14 Aid Effectiveness

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|-----------|---------|---------|-----------|-----------|
| Recurrent | 100,000 | 100,000 | 100,000 | 100,000 |

The Aid Effectiveness budget appropriation draws from the interest earned on trust accounts of development partners. This funding supports the implementation of official development assistance policy.

The program currently contributes to several projects including the annual meeting of development partners, surge capacity to catch up and standardise Crown financial statements, training and set-up of the project financial management software and supporting project development in the areas of climate finance.

16.4.2 Green Climate Fund Projects

The Cook Islands can directly access climate related finance of up to approximately (US\$50 million) per project through its accreditation with the Green Climate Fund (GCF). This is a significant achievement for the Cook Islands.

The Ministry of Finance and Economic Management have submitted two Concept Notes under the GCF funding modalities of Simplified Approval Process (SAP) and Enhanced Direct Access (EDA).

The “Building a Resilient and Healthy Cook Islands Communities” Concept Note submitted in July 2020 was approved by the GCF Secretariat to proceed to the next stage with support through the Project Preparation Facility (PPF) to prepare and submit a full proposal. The PPF Grant Funding Agreement is now disbursed with work to develop the full project proposal underway.

The Concept Note under the EDA modality for “Direct financing for communities and businesses to respond to climate change in the Cook Islands” was first submitted to GCF in October 2020. This Concept Note is currently undergoing review by the GCF Secretariat.

The Ministry of Finance and Economic Management (MFEM) fourth readiness programme to strengthen the implementation of the country’s programme through Concept Note development, and ongoing capacity building within OPM, MFEM, the Bank of Cook Islands (BCI) and the Private Sector is currently under implementation and wrapping up in July 2022. The readiness support will also support activities such as the BCI’s accreditation to the fund and the development of an SAP and EDA proposal, which have commenced.

16.4.2.1 Green Climate Fund Readiness

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|-----------|---------|---------|-----------|-----------|
| Recurrent | 450,000 | 0 | 0 | 0 |

This readiness funding enables capacity building within the Office of the Prime Minister, MFEM, Bank of the Cook Islands (BCI) and the Private sector. The programme activities include assisting BCI to gain Green Climate Fund (GCF) accreditation, developing a Simplified Approval Process Proposal, Readiness support for National Adaptation Planning and an Enhanced Direct Access Project Proposal.

16.4.2.2 Building Resilient and Healthy Cook Islands Communities - Project Preparation Facility

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|-----------|---------|---------|-----------|-----------|
| Recurrent | 775,544 | 86,171 | 0 | 0 |

A Project Preparation Facility (PPF) application was approved to develop the full proposal for the recently approved concept note "Building resilient and Healthy Cook Island Communities". The PPF support will enable the Cook Islands to gather baseline data to support the demonstration of project relevance against the investment criteria of the GCF.

16.4.2.3 Readiness Support for Enhancing National Adaptation Programmes

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|-----------|-----------|-----------|-----------|-----------|
| Recurrent | 1,899,061 | 1,634,758 | 375,530 | 0 |

This programme looks to address climate change-related knowledge gaps in the Cook Islands Adaptation Approach and strengthening the adaptation planning and legal frameworks to support the implementation of the country programme.

The proposed activities will build knowledge and capacity to consider, the potential impacts of slow-onset events such as sea-level rise and ocean acidification, and the long-term adaptive response to those impacts. Furthermore, this proposal includes activities to assess vulnerability of privately-owned infrastructure and climate change impacts on businesses at a sector level.

1.1.1.1 Enhancing Climate Information and knowledge services for resilience in 5 island countries of the Pacific Ocean

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|-----------|-----------|-----------|-----------|-----------|
| Recurrent | 1,647,335 | 3,974,861 | 996,486 | 780,820 |

This Project was approved at the Green Climate Funds' 27th Board meeting. The project will focus on strengthening the Cook Islands climate and ocean data collection and information flow. This is a regional project involving Niue, Palau, Republic of the Marshall Islands and Tuvalu. The United Nations Environment Programme is the accredited entity and MFEM is the national executing entity for the activities within the Cook Islands.

16.4.3 Office of the Prime Minister

16.4.3.1 Renewable Energy Grant (Southern Group) - Global Environment Facility (via Asian Development Bank)

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|---------|---------|---------|-----------|-----------|
| Capital | 681,818 | 0 | 0 | 0 |

The co-financing from the Global Environment Facility (GEF) has supported the Government's effort to increase power generation from renewable sources and enhancing the institutional capacity for implementing the Cook Islands Renewable Energy Chart Implementation Plan (CIRECIP). The GEF funded contract for the battery energy storage system (BESS) has been installed at the Te Mana RA Solar PV facility at the Rarotonga Airport for integration into the existing power system infrastructure. The Airport West BESS is connected to the electricity grid that is managed by Te Aponga Uira (TAU). The BESS will provide flexible response to fluctuating Solar PV output in the TAU network.

16.4.3.2 Renewable Energy Grant (Southern Group) - Green Climate Fund (via Asian Development Bank)

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|---------|-----------|---------|-----------|-----------|
| Capital | 5,000,000 | 0 | 0 | 0 |

In December 2016, the GCF board approved a grant of US\$12.0 million, a second additional co-financing to the project administered by the ADB. With the additional government contribution of \$1.8 million, the overall project investment has increased to \$43.7 million.

The GCF Grant will be used to procure 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.

16.4.3.3 Fourth National Communications – UN Framework Convention on Climate Change

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|-----------|---------|---------|-----------|-----------|
| Recurrent | 495,454 | 322,727 | 322,727 | 322,727 |

The Fourth National Communications Report under the United Nations Framework Convention on Climate Change (UNFCCC) will focus on Greenhouse Gas (GHG) inventory and mitigation scenarios including the vulnerability and adaptation assessments and the first biennial report.

16.4.3.4 GCCA + SUPA - Enhancing a Climate Resilient Marine Sector (CCCI)

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|-----------|---------|---------|-----------|-----------|
| Recurrent | 146,469 | 33,898 | 0 | 0 |

The Global Climate Change Alliance Plus-Scaling up Pacific Adaptation (GCCA+SUPA) project has three main priorities: 1) mainstreaming climate change issues into poverty reduction and development efforts; 2) increasing resilience to climate-related stresses and shocks; and 3) supporting the formulation and implementation of concrete and integrated sector-based climate change adaptation and mitigation strategies.

The three-key outputs for the GCCA+SUPA Project are to:

1. Strengthen strategic planning at national levels
2. Enhance the capacity of sub-national government stakeholders to build resilient communities
3. Scale up resilient development measures in specific sectors

Following a series of consultations with Government and NGOs, Climate Change Cook Islands will focus on integrating climate resilience and traditional knowledge for the marine sector, into extra-curricular environmental education programmes on selected outer islands in the Southern Group.

16.4.4 Ministry of Health

16.4.4.1 Western Pacific Multi-Country Integrated HIV/TB program – United Nations Development Programme

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|-----------|---------|---------|-----------|-----------|
| Recurrent | 90,000 | 90,000 | 90,000 | 90,000 |

The United Nations Development Programme (UNDP) manages the Multi-Country Western Pacific Integrated HIV/TB Programme aimed at improving the coverage and quality of HIV/TB prevention, treatment, and care in 11 participating Western Pacific countries. The HIV activities includes strengthening mobile HIV testing and counselling initiative. The TB activities include monitoring and evaluation of policies implemented in hospitals and centres, training of community volunteers, community awareness and training of health staff on contact tracing.

16.4.4.2 World Health Organization Technical Cooperation Biennium Budget Support

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|-----------|---------|---------|-----------|-----------|
| Recurrent | 152,000 | 152,000 | 152,000 | 152,000 |

This funding helps support health workforce development, including fellowships aligned to the Clinical Workforce Development Plan. It also supports initiatives that require technical assistance to review health system or service coverage gaps and propose improvements to inform health policies and interventions and strengthen health system capability.

16.4.4.3 UNICEF Health and Nutrition Programme

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|-----------|---------|---------|-----------|-----------|
| Recurrent | 335,350 | 17,650 | 0 | 0 |

The key outcome of this programme is for children in the Pacific, particularly the most vulnerable, to benefit from quality and resilient health and nutrition services and care practices by 2022.

16.4.5 Ministry of Marine Resources

16.4.5.1 Sustainable Fisheries Partnership Agreement – Sectoral Support 2016-2021

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|-----------|---------|---------|-----------|-----------|
| Recurrent | 612,594 | 0 | 0 | 0 |

This Sustainable Fisheries Partnership Agreement (SFPA) includes an annual fisheries sector contribution of EUR 350,000 by the European Commission under a four-year protocol. The sectoral support component of the SFPA is utilised to supplement the Ministry of Marine Resources' budget appropriations to implement the Multiannual Sectoral Programme. As a result of the pandemic, which restricted the negotiations for the new SFPA, the four-year protocol was extended for an additional year (2021).

16.4.5.2 Sustainable Fisheries Partnership Agreement – Sectoral Support 2022 - 2024

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|-----------|---------|---------|-----------|-----------|
| Recurrent | 581,395 | 581,395 | 581,395 | 0 |

The negotiations for a new protocol under the Sustainable Fisheries Partnership Agreement (SFPA) was successfully completed in November 2021, which includes an annual fisheries sector contribution of EUR 350,000 by the European Commission under a three-year protocol. The sectoral support component of the SFPA is utilised to supplement the Ministry of Marine Resources' budget appropriations to implement the Multiannual Sectoral Programme.

16.4.5.3 Project Development Fund - US Fisheries Treaty

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|-----------|---------|---------|-----------|-----------|
| Recurrent | 206,439 | 206,439 | 206,439 | 206,439 |

The US Multilateral Treaty for Fisheries includes an annual allocation under the economic assistance package of US\$150,000 for Pacific Island party development projects in support of fisheries. These funds are held in trust by the Forum Fisheries Agency and administered by the Ministry of Marine Resources.

16.4.5.4 GCCA + SUPA - Enhancing a Climate Resilient Marine Sector

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|-----------|---------|---------|-----------|-----------|
| Recurrent | 375,348 | 118,644 | 0 | 0 |

The Global Climate Change Alliance Plus-Scaling up Pacific Adaptation (GCCA+SUPA) project has three main priorities: 1) mainstreaming climate change issues into poverty reduction and development

efforts; 2) increasing resilience to climate-related stresses and shocks; and 3) supporting the formulation and implementation of concrete and integrated sector-based climate change adaptation and mitigation strategies.

The three-key outputs for the GCCA+SUPA Project are to:

1. Strengthen strategic planning at national levels
2. Enhance the capacity of sub-national government stakeholders to build resilient communities
3. Scale up resilient development measures in specific sectors

Following a series of consultations with Government and NGOs, the Ministry of Marine Resources identified the need to upgrade the Aitutaki Marine Research Centre to facilitate research, monitoring and education.

16.4.6 Infrastructure Cook Islands

16.4.6.1 SPC Managing Water Scarcity through Strengthened Water Resources

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|---------|-----------|---------|-----------|-----------|
| Capital | 1,720,000 | 0 | 0 | 0 |

This project responds to Ministry of Foreign Affairs and Trade New Zealand's Water Security Strategic Approach to address the climate change-related water security challenges faced by Pacific Island Countries. The Pacific Community (SPC) is implementing this project over a two-year period from September 2021 to December 2023.

This new project represents a significant scaling up and refocusing of the activities implemented under the previous Strengthening Water Security of Vulnerable Island States project. It aims to provide support to specific water-scarce communities to manage resources to improve resilience, to ensure that:

- Communities have the infrastructure and capability required to access, collect, and store water
- Communities understand, protect, and maintain water resources and infrastructure
- Communities are sustainably using water resources and managing risk.

16.4.6.2 Improving Geospatial Data

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|---------|-----------|---------|-----------|-----------|
| Capital | 1,500,000 | 0 | 0 | 0 |

This project aims to address existing data gaps by collecting high-resolution topographic data and associated imagery which will support applications such as the assessment of coastal inundation and flooding hazards, environmental monitoring and management, infrastructure and development planning, policy development and implementation as well as responses to climate change impacts across the Cook Islands.

16.4.7 Ministry of Internal Affairs

16.4.7.1 Disability Inclusive Development

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|-----------|---------|---------|-----------|-----------|
| Recurrent | 300,000 | 200,000 | 0 | 0 |

The United Nations' Partnership on the Rights of Persons with Disabilities Multi-Partner Trust (UN-PRPD MPTF) is a unique partnership that brings together UN entities, governments, organisations of persons with disabilities (OPDs) and broader civil society. The purpose of this partnership is to advance the implementation of the Convention on the Rights of Persons with Disabilities (CRPD) and disability inclusive Sustainable Development Goals (SDGs) at the country level, around the world.

Emphasis on advance CRPD implementation at the country level as well as improving and increasing implementation of disability inclusivity, providing fundamental support to the United Nations' collective response to the SDGs to address national priorities and gaps concerning persons with disabilities in a country's national planning.

16.4.8 Ministry of Transport

16.4.8.1 Pacific Maritime Safety Programme

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|-----------|---------|---------|-----------|-----------|
| Recurrent | 285,000 | 0 | 0 | 0 |

This activity will promote and implement safe, reliable, environmentally-friendly and affordable maritime transport services connecting people and markets in the Pacific and meeting international requirements through the following outputs as part of this arrangement:

- Maritime safety education delivered in communities
- Regulatory framework strengthening
- Marine sector education and training
- Vessel and navigation safety improvements
- Search and rescues and oil spill preparedness

16.4.9 Ministry of Cultural Development

16.4.9.1 National Archive Digitisation

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|-----------|---------|---------|-----------|-----------|
| Recurrent | 80,000 | 0 | 0 | 0 |

The late Julie Gayle Speaker of the United States of America visited the Cook Islands in the late 1970s and was amazed with the documents preserved in the National Archives. She dedicated part of her estate to the Cook Islands National Archives for the purpose of digitization document records from the 1950s to date. Crown Law and Julie Speaker's legal representatives have developed the agreements for the transfer of funds to the Cook Islands' Government for the purpose recognized in the estate, amounting to \$155,000 USD.

16.4.9.2 Intangible Cultural Heritage

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|-----------|---------|---------|-----------|-----------|
| Recurrent | 48,600 | 0 | 0 | 0 |

This project focuses on researching and recording Intangible Cultural Heritage for performing arts in the Cook Islands. The aim is to record and store the traditional knowledge of elders within the community on performing, to preserve this information for future generations. Chosen representatives will be taught respectable and viable ways of researching and recording information from their home islands while the Ministry of Cultural Development will assist with overseeing the project to ensure that all protocols are followed in obtaining permissions, researching, recording and the storing of data.

16.4.10 Cook Islands Red Cross Society

16.4.10.1 Global Environment Facility – Small Grants Programme

| | 2022/23 | 2023/24 | 2024/2025 | 2025/2026 |
|-----------|---------|---------|-----------|-----------|
| Recurrent | 378,788 | 378,788 | 378,788 | 378,788 |

As a corporate programme of the Global Environment Facility (GEF), the Small Grants Programme (SGP), implemented by the United Nations Development Programme (UNDP) aligns its Operational Phase strategies with those of the GEF and co-financing partners, and provides a global portfolio of *innovative, inclusive, and impactful* projects that address global environmental and sustainable development issues.

The Cook Islands GEF SGP was established in 2005 and was part of the SCP Samoa until 2015. As of late 2014, the Cook Islands Red Cross Society serves as the SGP host institution with the Cook Islands GEF SGP being a separate programme.

Operational Phase 7 (OP7) aims to “effectively support creation of global environmental benefits and the safeguarding of global environment through community and local solutions that complement and add value to national and global level action.” The focus of support for community-based activities are on conservation of biodiversity, waste management, prevention of land degradation, capacity building and awareness programmes to address climate change. Under OP7, an amount of USD250,000 has been allocated to the Cook Islands. Calls for proposal under OP7 are currently underway with successful applicants to be announced in July 2022.

17 Schedules

17.1 Statement of Fiscal Responsibility (Operating)

Operating Statement (\$'000)

| | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--------------------------------------|-------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Operating Revenue | | | | | | |
| Taxation Revenue | 86,520 | 107,557 | 139,310 | 157,705 | 162,703 | 172,591 |
| Other Crown Revenue | 62,556 | 52,673 | 13,251 | 13,239 | 13,160 | 12,770 |
| Trading Revenue | 4,041 | 5,404 | 4,954 | 4,974 | 4,974 | 4,974 |
| Interest on Loans to Subsidiaries | 0 | 0 | 1,317 | 1,280 | 1,216 | 1,145 |
| Dividends | 0 | 0 | 600 | 760 | 1,202 | 1,630 |
| Interest on Balances | 926 | 276 | 395 | 200 | 200 | 200 |
| Core Sector Support | 7,825 | 7,825 | 7,825 | 0 | 0 | 0 |
| Total Operating Revenue | 161,868 | 173,736 | 167,652 | 178,157 | 183,455 | 193,310 |
| Operating Expenditure | | | | | | |
| Ministry Outputs | 199,304 | 157,332 | 140,986 | 133,646 | 133,392 | 132,645 |
| Personnel | 62,855 | 62,714 | 69,481 | 69,719 | 69,758 | 69,758 |
| Operating | 21,368 | 16,936 | 17,955 | 18,125 | 18,100 | 18,300 |
| Administered Payments | 109,181 | 71,404 | 46,560 | 38,797 | 38,528 | 37,582 |
| Depreciation | 5,900 | 6,277 | 6,990 | 7,006 | 7,006 | 7,006 |
| POBOC | 28,597 | 28,316 | 32,350 | 31,052 | 30,810 | 30,267 |
| Total Other Operating | 6,927 | 11,037 | 13,707 | 14,143 | 13,767 | 13,290 |
| Debt Interest Contribution to LRF | 0 | 3,980 | 6,780 | 7,216 | 6,840 | 6,363 |
| Asset Management (CIIC) | 0 | 0 | 0 | 0 | 0 | 0 |
| Crown Infrastructure | 4,603 | 4,603 | 4,603 | 4,603 | 4,603 | 4,603 |
| Depreciation | | | | | | |
| Transfer to Emergency Response | 50 | 50 | 50 | 50 | 50 | 50 |
| Trust Fund | | | | | | |
| Depreciation Contingency Fund | 2,174 | 2,174 | 2,174 | 2,174 | 2,174 | 2,174 |
| Chinese Equipment | 0 | 0 | 0 | 0 | 0 | 0 |
| Rarotonga Water Network | 803 | 803 | 803 | 803 | 803 | 803 |
| Northern Pa Enua Renewable | 400 | 400 | 400 | 400 | 400 | 400 |
| Energy System | | | | | | |
| Southern Pa Enua Renewable | 971 | 971 | 971 | 971 | 971 | 971 |
| Energy System (excl. Aitutaki) | | | | | | |
| Other Assets | 0 | 0 | 0 | 0 | 0 | 0 |
| Contingency Funds - Operating | 100 | 230 | 100 | 100 | 100 | 100 |
| Contributions to CISWF | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Operating Expenses | 234,828 | 196,685 | 187,043 | 178,841 | 177,969 | 176,202 |
| Operating Surplus/(Shortfall) | -72,960 | -22,950 | -19,391 | -684 | 5,486 | 17,107 |

17.2 Statement of Fiscal Responsibility (Non-Operating)

Financing and Applications Statement (\$'000)

| | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|-------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Reductions in Net Borrowings | -73,742 | -48,204 | 6,273 | 10,924 | 12,787 | 15,203 |
| Loan Receipts/Drawdown | -80,923 | -55,540 | 0 | 0 | 0 | 0 |
| Principal repayment | 7,182 | 7,336 | 7,737 | 13,028 | 14,975 | 17,470 |
| Subsidiary Loan Repayments - Principle | -1 | 0 | -1,464 | -2,104 | -2,188 | -2,267 |
| Capital Expenditures | 30,036 | 27,770 | 34,160 | 18,257 | 15,897 | 15,042 |
| Ministries and Outer Islands (Including CIIC Capital) | 30,036 | 27,770 | 33,310 | 18,257 | 15,897 | 15,042 |
| Infrastructure Capital Investment in SOEs | 0 | 0 | 850 | 0 | 0 | 0 |
| Airport Authority | 0 | 0 | 850 | 0 | 0 | 0 |
| Te Aponga Uira | 0 | 0 | 0 | 0 | 0 | 0 |
| Contingency Funds - Capital Expenditure | 0 | 0 | 0 | 0 | 0 | 0 |
| Foreign Aid - Capital | 0 | 0 | 0 | 0 | 0 | 0 |
| Receipts | 10,709 | 12,734 | 65,148 | 864 | 0 | 0 |
| Expenditure | -10,709 | -12,734 | -65,148 | -864 | 0 | 0 |
| Other Committed Considerations | 7,018 | 3,594 | 3,594 | 3,594 | 50 | 50 |
| Transfer to Reserve Trust Fund | 0 | 0 | 0 | 0 | 0 | 0 |
| Stabilisation Fund | 0 | 3,544 | 3,544 | 3,544 | 0 | 0 |
| Advanced Subsidiaries - Avaroa Cable Ltd | 6,968 | 0 | 0 | 0 | 0 | 0 |
| Infrastructure Trust Fund | 0 | 0 | 0 | 0 | 0 | 0 |
| Emergency Response Trust Fund | 50 | 50 | 50 | 50 | 50 | 50 |
| Total Non-Operating balance | -36,688 | 16,841 | -44,027 | -32,774 | -28,734 | -30,295 |
| To be Funded by | | | | | | |
| Operating Surplus | -75,370 | -23,040 | -19,391 | -684 | 5,486 | 17,107 |
| Depreciation | 12,676 | 13,054 | 13,767 | 13,783 | 13,783 | 13,783 |
| of which: R.E. Capital Replacement | 1,371 | 1,371 | 1,371 | 1,371 | 1,371 | 1,371 |
| General Cash Reserves | 99,332 | 13,478 | 35,084 | -618 | -12,400 | -24,478 |
| Pa Enua Accrued Savings | 0 | 30 | 0 | 0 | 0 | 0 |
| Stabilisation Fund | 0 | 0 | 0 | 0 | 0 | 0 |
| Contribution to Loan Reserve Fund | 0 | 13,268 | 14,517 | 20,243 | 21,815 | 23,833 |
| Transfer IN and OUT of Infrastructure Trust Fund | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer to Emergency Response Trust ²⁹ | 50 | 50 | 50 | 50 | 50 | 50 |
| Total Funding Items | 36,688 | 16,841 | 44,027 | 32,774 | 28,734 | 30,295 |
| Net Surplus/Shortfall | 0 | 0 | 0 | 0 | 0 | 0 |

²⁹ Disaster Response Fund renamed to the Emergency Trust Fund

17.3 Fiscal Indicators Table

| | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--|-------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Statement of Financial Performance | | | | | | |
| Taxation Revenue (\$m) | 86.5 | 107.6 | 139.3 | 157.7 | 162.7 | 172.6 |
| Social Contributions (\$m) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other Revenue (\$m) | 75.3 | 66.2 | 28.3 | 20.5 | 20.8 | 20.7 |
| Total Operating Revenue (\$m) | 161.9 | 173.7 | 167.7 | 178.2 | 183.5 | 193.3 |
| Total Operating Revenue Percentage of GDP | 37.5 | 35.9 | 29.6 | 28.3 | 28.1 | 28.3 |
| Tax Revenue Percentage of GDP | 20.0 | 22.2 | 24.6 | 25.0 | 25.0 | 25.3 |
| Total Cyclical Revenue (\$m) | 2.4 | 6.6 | 11.5 | 11.6 | 11.6 | 11.3 |
| Total Cyclical Revenue Percentage of GDP | 0.6 | 1.4 | 2.0 | 1.8 | 1.8 | 1.6 |
| Total Structural Revenue (\$m) | 159.5 | 167.2 | 156.2 | 166.5 | 171.8 | 182.1 |
| Total Structural Revenue Percentage of GDP | 36.9 | 34.5 | 27.5 | 26.4 | 26.4 | 26.7 |
| Personnel (\$m) | 69.7 | 69.5 | 76.4 | 76.7 | 76.8 | 76.8 |
| Percentage of Total Revenue | 43.1 | 40.0 | 45.6 | 43.1 | 41.8 | 39.7 |
| Percentage of Structural Revenue | 43.7 | 41.6 | 48.9 | 46.1 | 44.7 | 42.2 |
| Total Operating Expenditure (\$m) | 234.8 | 196.7 | 187.0 | 178.8 | 178.0 | 176.2 |
| Percentage of GDP | 54.4 | 40.6 | 33.0 | 28.4 | 27.3 | 25.8 |
| Percentage of Operating Revenue | 145.1 | 113.2 | 111.6 | 100.4 | 97.0 | 91.2 |
| Cash Operating Expenditure | 221.8 | 183.6 | 173.1 | 165.3 | 164.6 | 162.3 |
| Operating Balance (\$m) | -73.0 | -22.9 | -19.4 | -0.7 | 5.5 | 17.1 |
| Percentage of GDP | -16.9 | -4.7 | -3.4 | -0.1 | 0.8 | 2.5 |
| Capital Expenditure | 30.0 | 27.8 | 34.2 | 18.3 | 15.9 | 15.0 |
| Depreciation | 12.7 | 13.1 | 13.8 | 13.8 | 13.8 | 13.8 |
| Non-Operating Balance (\$m) | -36.7 | 16.8 | -44.0 | -32.8 | -28.7 | -30.3 |
| Fiscal Balance surplus/deficit (\$m) | -90.3 | -37.7 | -39.8 | -5.2 | 3.4 | 15.8 |
| Percentage of GDP | -20.9 | -7.8 | -7.0 | -0.8 | 0.5 | 2.3 |
| Statement of Financial Position (\$m) | | | | | | |
| Assets (\$m) | 547.7 | 584.9 | 627.3 | 615.4 | 606.1 | 605.7 |
| Liabilities (\$m) | 361.4 | 413.2 | 403.3 | 393.7 | 379.9 | 363.0 |
| Crown Balance (\$m) | 186.3 | 171.6 | 224.0 | 221.7 | 226.2 | 242.8 |
| Percentage of GDP | 43.2 | 35.5 | 39.5 | 35.2 | 34.7 | 35.5 |
| Working Capital (\$m) | 53.6 | 62.4 | 16.8 | 1.3 | -7.5 | -6.3 |
| Working Capital (months coverage) | 2.9 | 4.1 | 1.2 | 0.1 | -0.5 | -0.5 |
| Stabilisation Account | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 |
| General Cash Reserves | 57.1 | 65.9 | 20.3 | 4.8 | -4.0 | -2.8 |
| Statement of Borrowings (\$m) | | | | | | |
| Gross Debt end of FY (\$m) | 176.6 | 228.5 | 218.5 | 208.9 | 195.1 | 178.2 |
| Gross Debt, Percentage of GDP | 40.9 | 47.2 | 38.5 | 33.2 | 29.9 | 26.1 |
| Net Crown Debt, end of FY (\$m) | 165.0 | 215.9 | 205.8 | 196.1 | 182.2 | 165.2 |
| Net Debt, Percentage of GDP | 38.2 | 44.6 | 36.3 | 31.1 | 28.0 | 24.2 |
| Loan Repayment Reserves Held (\$m) | 11.7 | 12.5 | 12.7 | 12.8 | 12.9 | 13.1 |
| Net Debt Servicing (\$m) | 10.0 | 13.3 | 14.5 | 20.2 | 21.8 | 23.8 |
| Percentage of Total Revenue | 6.2 | 7.6 | 8.7 | 11.4 | 11.9 | 12.3 |
| Percentage of Structural Revenue | 6.3 | 7.9 | 9.3 | 12.2 | 12.7 | 13.1 |
| Development Partner Support (\$m) | | | | | | |
| Grants (\$m) | 21.6 | 31.3 | 91.5 | 19.6 | 11.2 | 9.4 |
| Percentage of GDP | 5.0 | 6.5 | 16.1 | 3.1 | 1.7 | 1.4 |
| Memo item: Nominal GDP (\$m) | 431.8 | 484.0 | 567.0 | 629.7 | 651.9 | 683.1 |

17.4 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 | 45,000 | 1,455,081 | 90,535 | 1,364,546 |
| Audit (PERCA) | 996,953 | 119,701 | 0 | 16,000 | 1,132,654 | 156,300 | 976,354 |
| Business Trade and Investment Board | 365,000 | 242,266 | 0 | 4,000 | 611,266 | 27,400 | 583,866 |
| Cook Islands Investment Corporation | 1,458,000 | 824,000 | 1,200,000 | 45,000 | 3,527,000 | 753,831 | 2,773,169 |
| Corrective Services | 1,459,326 | 229,131 | 0 | 41,000 | 1,729,457 | 100,000 | 1,629,457 |
| Crown Law | 987,500 | 163,500 | 50,000 | 3,000 | 1,204,000 | 0 | 1,204,000 |
| Cultural Development | 734,250 | 128,000 | 615,000 | 89,500 | 1,566,750 | 170,000 | 1,396,750 |
| Education | 12,230,197 | 2,495,820 | 4,834,602 | 615,000 | 20,175,619 | 0 | 20,175,619 |
| Environment | 990,826 | 201,000 | 412,241 | 30,000 | 1,634,067 | 35,000 | 1,599,067 |
| Finance and Economic Management | 6,534,508 | 822,419 | 22,504,650 | 260,000 | 30,121,577 | 954,341 | 29,167,236 |
| Financial Services Development Authority | 242,797 | 177,906 | 30,000 | 3,000 | 453,703 | 0 | 453,703 |
| Foreign Affairs | 1,932,692 | 1,019,103 | 15,000 | 45,000 | 3,011,795 | 28,000 | 2,983,795 |
| Head of State | 178,548 | 22,658 | 36,000 | 14,000 | 251,206 | 0 | 251,206 |
| Health | 12,833,011 | 3,648,951 | 2,536,870 | 1,570,000 | 20,588,832 | 350,000 | 20,238,832 |
| Infrastructure Cook Islands | 2,369,871 | 379,129 | 2,480,000 | 145,000 | 5,374,000 | 300,000 | 5,074,000 |
| Internal Affairs | 1,357,376 | 299,000 | 3,204,217 | 12,000 | 4,872,593 | 0 | 4,872,593 |
| of which: Welfare Payments - Allowances | | | 1,307,217 | | | | |
| Justice | 2,028,976 | 350,000 | 460,000 | 23,000 | 2,861,976 | 425,000 | 2,436,976 |
| Marine Resources | 1,478,942 | 455,058 | 150,000 | 150,000 | 2,234,000 | 20,000 | 2,214,000 |
| Ombudsman | 233,000 | 62,000 | 0 | 6,000 | 301,000 | 0 | 301,000 |
| Parliamentary Services | 620,100 | 80,000 | 120,000 | 72,720 | 892,820 | 0 | 892,820 |
| Police | 4,154,896 | 286,104 | 215,000 | 1,010,000 | 5,666,000 | 154,783 | 5,511,217 |
| Prime Minister's Office | 1,532,200 | 459,000 | 1,193,000 | 15,000 | 3,199,200 | 0 | 3,199,200 |
| Public Service Commission | 350,000 | 191,510 | 1,903,170 | 5,000 | 2,449,680 | 0 | 2,449,680 |
| Cook Islands Seabed Minerals Authority | 590,944 | 299,056 | 100,000 | 9,500 | 999,500 | 240,000 | 759,500 |
| Tourism Corporation | 2,300,022 | 1,319,978 | 4,500,000 | 52,000 | 8,172,000 | 0 | 8,172,000 |
| Transport | 1,023,500 | 150,221 | 0 | 25,609 | 1,199,330 | 41,221 | 1,158,109 |
| Total Ministries, Crown & Statutory Agencies | 60,079,007 | 14,740,020 | 46,559,750 | 4,306,329 | 125,685,106 | 3,846,411 | 121,838,695 |

| Agency | Personnel | Operating | Administered Payments | Depreciation | Gross Current Appropriation | Trading Revenue | Net Current Appropriation |
|--|-------------------|-------------------|-----------------------|------------------|-----------------------------|------------------|---------------------------|
| Ministerial Support | | | | | | | |
| Prime Minister | 406,069 | 121,289 | 0 | 12,642 | 540,000 | 0 | 540,000 |
| Deputy Prime Minister | 297,800 | 70,611 | 0 | 9,589 | 378,000 | 0 | 378,000 |
| Minister Vaine Mokoroa | 181,000 | 115,838 | 0 | 11,162 | 308,000 | 0 | 308,000 |
| Minister Vainetutai Toki-Brown | 164,000 | 132,000 | 0 | 12,000 | 308,000 | 0 | 308,000 |
| Minister George Angene | 217,500 | 85,000 | 0 | 5,500 | 308,000 | 0 | 308,000 |
| Minister Patrick Arioka | 188,901 | 109,509 | 0 | 9,590 | 308,000 | 0 | 308,000 |
| Leader of Opposition | 163,712 | 131,462 | 0 | 12,826 | 308,000 | 0 | 308,000 |
| Total Ministerial Support Offices | 1,618,982 | 765,709 | 0 | 73,309 | 2,458,000 | 0 | 2,458,000 |
| Outer Islands | | | | | | | |
| Aitutaki | 1,240,593 | 417,547 | 0 | 480,000 | 2,138,140 | 67,828 | 2,070,312 |
| Atiu | 913,445 | 458,918 | 0 | 430,000 | 1,802,363 | 224,318 | 1,578,045 |
| Mangaia | 984,863 | 611,848 | 0 | 210,000 | 1,806,711 | 301,000 | 1,505,711 |
| Manihiki | 760,803 | 159,165 | 0 | 460,000 | 1,379,968 | 119,000 | 1,260,968 |
| Mauke | 825,143 | 237,194 | 0 | 380,000 | 1,442,337 | 113,853 | 1,328,484 |
| Mitiaro | 733,595 | 88,527 | 0 | 93,000 | 915,122 | 60,900 | 854,222 |
| Palmerston | 284,152 | 71,851 | 0 | 80,000 | 436,003 | 20,500 | 415,503 |
| Penrhyn | 667,783 | 180,836 | 0 | 180,000 | 1,028,619 | 74,000 | 954,619 |
| Pukapuka-Nassau | 943,074 | 155,503 | 0 | 215,000 | 1,313,577 | 73,695 | 1,239,882 |
| Rakahanga | 429,844 | 67,761 | 0 | 82,000 | 579,605 | 52,000 | 527,605 |
| Total Outer Islands | 7,783,295 | 2,449,150 | 0 | 2,610,000 | 12,842,445 | 1,107,094 | 11,735,351 |
| Gross Total | 69,481,284 | 17,954,879 | 46,559,750 | 6,989,638 | 140,985,551 | 4,953,505 | 136,032,046 |

17.5 Schedule 2 – Payments on Behalf of the Crown (POBOCs)

| Administering Ministry | POBOC | 2021/22 HYEFU Estimate | 2022/23 Budget Estimate |
|---|---|------------------------------|-------------------------------|
| Compensation of Employees | | | |
| 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 | 2,901,961 |
| Parliamentary Services | House of Ariki | 377,597 | 0 |
| Cultural Development | House of Ariki (CI) | 0 | 326,690 |
| Compensation of Employees POBOCs | | 3,517,058 | 3,466,151 |
| Use of Goods and Services | | | |
| Audit | Audit Fees | 95,600 | 103,000 |
| Prime Minister's Office | Local Government Election | 0 | 0 |
| Parliamentary Services | Civil List - Constituency Visits | 170,200 | 170,200 |
| Parliamentary Services | Parliamentary Sitting Expenses | 200,000 | 200,000 |
| Parliamentary Services | QR Travel and Allowances (local and overseas) | 109,000 | 109,000 |
| Parliamentary Services | MP Travel and Allowances (local and overseas) | 180,000 | 230,000 |
| Foreign Affairs | International Maritime Organisation - Maritime Cook Islands | 63,461 | 63,461 |
| Transport | Maritime Radio Coverage | 120,000 | 120,000 |
| Use of Goods and Services POBOCs | | 938,261 | 995,661 |
| Subsidies | | | |
| Cook Islands Investment Corporation | Airport Authority subsidy | 2,047,997 | 2,047,997 |
| 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) | 0 | 3,000,000 |
| Subsidies POBOCs | | 2,286,096 | 5,286,096 |
| Social Assistance | | | |
| Internal Affairs | Welfare Payments | 20,227,000 | 21,067,190 |
| Social Assistance POBOCs | | 20,227,000 | 21,067,190 |
| Other Expense | | | |
| 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 | 35,000 | 45,000 |
| Finance & Economic Management | Competition and Regulatory Authority | 620,574 | 400,000 |
| Foreign Affairs | International Subscriptions | 890,000 | 890,000 |
| Other Expenses POBOCs | | 1,745,574 | 1,535,000 |
| Grand Total | | 28,713,989 | 32,350,098 |

17.6 Schedule 3 – Cook Islands Capital Spending

| | 2021/22 HYEFU Estimate | 2022/23 Budget Estimate |
|--|---------------------------|----------------------------|
| Cook Islands Government Capital programs | 37,830,490 | 34,159,912 |
| Total Capital spending | 37,830,490 | 34,159,912 |

17.7 Schedule 4 – Official Development Assistance

| | 2021/22 HYEPU Estimate | 2022/23 Budget Estimate |
|--|---------------------------|----------------------------|
| Operating or recurrent expenditure | 25,340,981 | 26,304,809 |
| Capital Project Expenditure | 28,473,479 | 65,147,594 |
| Total Official Development Assistance | 53,814,460 | 91,452,403 |

*Excludes Core Sector Support and General Budget Support

17.8 Schedule 5a – Other Expenses and Financing Transactions

| Category of Expense | 2021/22 HYEPU Estimate | 2022/23 Budget Estimate |
|---|---------------------------|----------------------------|
| Contingency Funds - Operating | 100,000 | 100,000 |
| Crown Infrastructure Depreciation | 4,603,000 | 4,603,000 |
| Provision 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 |
| Total Other Expenses | 6,927,000 | 6,927,000 |

17.9 Schedule 5b – Loan Repayment Fund Appropriation

| Category of Appropriation | 2021/22 HYEPU Estimate | 2022/23 Budget Estimate |
|----------------------------------|---------------------------|----------------------------|
| Contribution to LRF - Principal | 8,860,401 | 7,737,276 |
| Contribution to LRF - Interest | 4,051,495 | 6,780,007 |
| Total Contribution to LRF | 12,911,896 | 14,517,283 |

17.10 Summary

| Category of Payment | 2021/22 HYEPU Estimate | 2022/23 Budget Estimate |
|---|---------------------------|----------------------------|
| Schedule 1 - Ministry Outputs (Gross Operating) | 166,711,387 | 140,985,551 |
| Schedule 2 - POBOCs | 28,713,989 | 32,350,098 |
| Schedule 3 - CIG Capital Expenditure | 37,830,490 | 34,159,912 |
| Schedule 4 - Official Development Assistance | 53,814,460 | 91,452,403 |
| Schedule 5a - Other Expenses and Financing Transactions | 6,927,000 | 6,927,000 |
| Schedule 5b - Loan Reserve Fund Appropriations | 12,911,896 | 14,517,283 |
| TOTAL APPROPRIATION | 306,909,222 | 320,392,247 |

17.11 Schedule 6 – Capital Schedule

| MINISTRY | Island | Project / Programme | Funding Source | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--|-----------|--|----------------|------------------|--------------------------|-------------------------|--------------------|--------------------|--------------------|
| Agriculture | | | | 49,038 | 0 | 0 | 0 | 0 | 0 |
| | Rarotonga | Upgrade of Nursery Facilities | CIG | 49,038 | 0 | 0 | 0 | 0 | 0 |
| Audit (PERCA) | | | | 0 | 35,000 | 0 | 0 | 0 | 0 |
| | Rarotonga | Team-Mate Software Upgrade | CIG | 0 | 35,000 | 0 | 0 | 0 | 0 |
| Cook Islands Investment Corporation | | | | 5,815,021 | 6,400,000 | 7,529,000 | 4,520,000 | 3,730,000 | 4,400,000 |
| | Aitutaki | Aitutaki Harbour Dredging | CIG | 879,601 | 1,000,000 | 0 | 0 | 0 | 0 |
| | Aitutaki | Aitutaki Island Plan & Orongo Development Project | CIG | 0 | 0 | 500,000 | 0 | 0 | 0 |
| | Rarotonga | Arorangi Prison Remedial works | CIG | 129,913 | 150,000 | 0 | 0 | 0 | 0 |
| | Rarotonga | Government Building Projects - Rarotonga | CIG | 2,323,509 | 2,200,000 | 1,079,000 | 1,070,000 | 1,230,000 | 0 |
| | Rarotonga | Land Acquisition | CIG | 0 | 0 | 700,000 | 0 | 0 | 0 |
| | Pa Enea | Pa Enea Government Building Projects - Northern Group | CIG | 427,146 | 550,000 | 500,000 | 250,000 | 500,000 | 300,000 |
| | Pa Enea | Pa Enea Government Building Projects - Southern Group | CIG | 1,053,300 | 400,000 | 500,000 | 100,000 | | 100,000 |
| | Rarotonga | Rarotonga Cyclone Shelters - Remediation | CIG | 0 | 100,000 | 400,000 | 100,000 | 0 | 0 |
| | Rarotonga | To Tatou Vai | CIG | 460,619 | 2,000,000 | 3,000,000 | 3,000,000 | 2,000,000 | 2,000,000 |
| | Rarotonga | Airport Authority - Rarotonga Airport Slab Replacement | CIG | 0 | 0 | 850,000 | 0 | 0 | 0 |
| | Rarotonga | Vaikapuangi Government Building-Design | CIG | 0 | 0 | 0 | 0 | 0 | 2,000,000 |
| | Rarotonga | Rarotonga Airport Refurbishment | CIG | 118,758 | 0 | 0 | 0 | 0 | 0 |
| | Rarotonga | Rarotonga Health Projects | CIG | 215,000 | 0 | 0 | 0 | 0 | 0 |
| | Rarotonga | Relocation of Oral Health Services | CIG | 68,504 | 0 | 0 | 0 | 0 | 0 |
| | Various | FM and TV Telecommunications for the Pa Enea | CIG | 138,673 | 0 | 0 | 0 | 0 | 0 |
| Corrective Services | | | | 0 | 0 | 0 | 0 | 0 | 0 |
| | Rarotonga | Prison Development Programme - Strategic Plan | CIG | 0 | 0 | 0 | 0 | 0 | 0 |
| Tourism Corporation | | | | 0 | 50,000 | 0 | 0 | 0 | 0 |
| | Rarotonga | Local Data Server | CIG | 0 | 50,000 | 0 | 0 | 0 | 0 |
| Cultural Development | | | | 0 | 0 | 100,000 | 0 | 160,000 | 0 |
| | Rarotonga | Auditorium Equipment Replacement Programme | CIG | 0 | 0 | 100,000 | 0 | 160,000 | 0 |
| Education | | | | 333,201 | 447,000 | 300,000 | 300,000 | 300,000 | 300,000 |

| MINISTRY | Island | Project / Programme | Funding Source | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--|-----------|--|----------------|-------------------|--------------------------|-------------------------|--------------------|--------------------|--------------------|
| | National | Fund to be Prioritised by Education | CIG | 333,201 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 |
| | Rarotonga | Apii Nikao School Sound Proofing | CIG | 0 | 147,000 | 0 | 0 | 0 | 0 |
| Health | | | | 1,923,368 | 981,011 | 300,000 | 300,000 | 300,000 | 300,000 |
| | National | Fund to be Prioritised by Health | CIG | 125,169 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 |
| | National | CT Scanner | CIG | 891,383 | 518,617 | 0 | 0 | 0 | 0 |
| | National | Health ICT Upgrade | CIG | 614,502 | 35,498 | 0 | 0 | 0 | 0 |
| | National | PCR Laboratory | CIG | 292,314 | 126,896 | 0 | 0 | 0 | 0 |
| Infrastructure Cook Islands | | | | 14,089,565 | 15,109,511 | 20,558,001 | 12,176,800 | 9,646,800 | 8,831,800 |
| | National | Bridges and Structures Asset Management and Improvement Programme | CIG | 1,133,799 | 4,961,628 | 6,050,000 | 3,000,000 | 1,600,000 | 1,600,000 |
| | National | Drainage Asset Management and Improvement Programme | CIG | 979,832 | 2,684,650 | 500,000 | 500,000 | 1,000,000 | 1,000,000 |
| | Various | Emergency Management and Support Infrastructure | CIG | 2,417,759 | 1,360,800 | 0 | 0 | 0 | 0 |
| | Penrhyn | Government Building Projects | CIG | 89,220 | 600,000 | 1,360,781 | 0 | 0 | 0 |
| | Rarotonga | Inland and Coastal Waters Asset Management and Improvement Programme | CIG | 533,317 | 37,237 | 0 | 0 | 0 | 0 |
| | Various | Pa Enua Air Infrastructure Improvement Programme | CIG | 539,237 | 128,262 | 891,998 | 0 | 0 | 0 |
| | National | Pa Enua Marine Infrastructure Improvement Programme | CIG | 0 | 160,198 | 2,660,000 | 2,145,000 | 515,000 | 0 |
| | National | Roads Asset Management and Improvement Programme | CIG | 7,969,226 | 4,576,735 | 8,730,834 | 6,531,800 | 6,531,800 | 6,231,800 |
| | National | Waste Management Infrastructure Improvement Programme | CIG | 7,549 | 100,000 | 100,000 | 0 | 0 | 0 |
| | National | Water and Sanitation Infrastructure Improvement Programme | CIG | 285,612 | 500,000 | 264,388 | 0 | 0 | 0 |
| | National | Atiu Road Improvement | CIG | 134,013 | 0 | 0 | 0 | 0 | 0 |
| | National | Capital Procurement (Plant & Equipment) | CIG | 0 | 0 | 0 | 0 | 0 | 0 |
| | Rarotonga | Avatiu Valley Stream embankment | CIG | 0 | 0 | 0 | 0 | 0 | 0 |
| Internal Affairs | | | | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| | Rarotonga | Vaka Maintenance Capital Projects | CIG | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| Finance and Economic Management | | | | 7,053,700 | 2,061,426 | 3,861,911 | 0 | 0 | 0 |
| | Rarotonga | FMIS purchase and implementation | CIG | 75,771 | 289,402 | 10,598 | 0 | 0 | 0 |
| | Rarotonga | Te Mato Vai - Rarotonga Water Upgrade | CIG | 6,822,369 | 983,337 | 0 | 0 | 0 | 0 |
| | Rarotonga | Mei Te Vai ki Te Vai | CIG | 0 | 0 | 0 | 0 | 0 | 0 |

| MINISTRY | Island | Project / Programme | Funding Source | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|-----------|---|----------------|-------------------|--------------------------|-------------------------|--------------------|--------------------|--------------------|
| | Rarotonga | COVID-19 Response Fund - Capital Needs | CIG | 98,950 | 400,000 | 1,000,000 | 0 | 0 | 0 |
| | Rarotonga | Revenue Management System upgrade (RMS10) | CIG | 0 | 388,687 | 2,851,313 | 0 | 0 | 0 |
| | Rarotonga | The Centre of Excellence in Information Technology (CEIT) - Capital Purchases | CIG | 56,610 | 0 | 0 | 0 | 0 | 0 |
| Justice | | | | 0 | 0 | 0 | 0 | 0 | 0 |
| | Rarotonga | National ID Card System Development | CIG | 0 | 0 | 0 | 0 | 0 | 0 |
| Prime Minister's Office | | | | 242,977 | 2,081,766 | 751,000 | 200,000 | 1,000,000 | 450,000 |
| | National | Government IT Network | CIG | 116,103 | 1,760,766 | 551,000 | 0 | 800,000 | 250,000 |
| | National | Telecommunications Universal Access Programme | CIG | 0 | 0 | 200,000 | 200,000 | 200,000 | 200,000 |
| | Atiu | Atiu Power Distribution | CIG | 65,537 | 0 | 0 | 0 | 0 | 0 |
| | National | Renewable Energy Project Management and Support | CIG | 61,337 | 321,000 | 0 | 0 | 0 | 0 |
| MINISTRY TOTAL | | | | 29,556,870 | 27,215,714 | 33,449,912 | 17,546,800 | 15,186,800 | 14,331,800 |
| Capital Funds Administered BY MFEM | | | | 479,554 | 554,075 | 710,000 | 710,000 | 710,000 | 710,000 |
| | National | Capital Distribution Fund | CIG | 383,104 | 230,000 | 300,000 | 300,000 | 300,000 | 300,000 |
| | National | Pa Enua Capital Distribution Fund | CIG | 0 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 |
| | Pa Enua | Outer Islands Small Capital Fund | CIG | 96,450 | 24,075 | 110,000 | 110,000 | 110,000 | 110,000 |
| | | <i>Aitutaki</i> | | <i>23,404</i> | <i>0</i> | <i>16,000</i> | <i>16,000</i> | <i>16,000</i> | <i>16,000</i> |
| | | <i>Atiu</i> | | <i>0</i> | <i>0</i> | <i>12,000</i> | <i>12,000</i> | <i>12,000</i> | <i>12,000</i> |
| | | <i>Mangaia</i> | | <i>9,559</i> | <i>6,759</i> | <i>12,000</i> | <i>12,000</i> | <i>12,000</i> | <i>12,000</i> |
| | | <i>Manihiki</i> | | <i>6,887</i> | <i>0</i> | <i>10,000</i> | <i>10,000</i> | <i>10,000</i> | <i>10,000</i> |
| | | <i>Mauke</i> | | <i>0</i> | <i>0</i> | <i>10,000</i> | <i>10,000</i> | <i>10,000</i> | <i>10,000</i> |
| | | <i>Mitiaro</i> | | <i>7,005</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>28,593</i> | <i>1,316</i> | <i>10,000</i> | <i>10,000</i> | <i>10,000</i> | <i>10,000</i> |
| | | <i>Penrhyn</i> | | <i>10,273</i> | <i>0</i> | <i>12,000</i> | <i>12,000</i> | <i>12,000</i> | <i>12,000</i> |
| | | <i>Pukapuka-Nassau</i> | | <i>3,900</i> | <i>0</i> | <i>12,000</i> | <i>12,000</i> | <i>12,000</i> | <i>12,000</i> |
| | | <i>Rakahanga</i> | | <i>6,830</i> | <i>8,000</i> | <i>8,000</i> | <i>8,000</i> | <i>8,000</i> | <i>8,000</i> |
| GRAND TOTAL | | | | 30,036,424 | 27,769,789 | 34,159,912 | 18,256,800 | 15,896,800 | 15,041,800 |

17.12 Schedule 7 – Revenues on Behalf of the Crown (ROBOCs)

| | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--|-------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Taxation Revenue | | | | | | |
| Value Added Tax (VAT) | 36,573,991 | 52,226,685 | 63,534,338 | 80,161,072 | 83,353,067 | 88,192,920 |
| Income tax | 17,841,667 | 19,388,097 | 27,822,365 | 31,582,185 | 32,414,510 | 36,057,449 |
| Company tax | 16,712,040 | 17,071,057 | 17,120,893 | 17,433,429 | 17,972,820 | 19,037,532 |
| Import levies | 13,407,730 | 13,506,055 | 13,806,221 | 14,056,386 | 14,156,552 | 14,401,833 |
| Withholding tax | 1,553,631 | 1,539,533 | 1,729,693 | 1,887,399 | 1,887,399 | 1,912,399 |
| Departure tax | 430,612 | 3,825,949 | 15,296,594 | 12,584,301 | 12,918,320 | 12,989,233 |
| Total | 86,519,671 | 107,557,376 | 139,310,104 | 157,704,773 | 162,702,669 | 172,591,365 |
| Other Crown Revenue | | | | | | |
| FSC Vested Assets | 8,263,815 | 4,978,325 | 0 | 0 | 0 | 0 |
| FSC Return of Excess | 400,000 | 150,000 | 125,000 | 125,000 | 125,000 | 125,000 |
| Immigration Fees | 856,142 | 456,671 | 1,000,000 | 500,000 | 500,000 | 500,000 |
| IMO Subscription - Maritime Cook Islands | 69,248 | 0 | 66,000 | 66,000 | 66,000 | 66,000 |
| Drivers Licences | 119,342 | 141,592 | 100,000 | 260,000 | 260,000 | 260,000 |
| Motor Vehicle Registration | 923,604 | 195,935 | 875,000 | 875,000 | 875,000 | 875,000 |
| Upper Air Management Agreement | 185,669 | 57,124 | 510,257 | 653,490 | 563,490 | 563,490 |
| Shipping Registration | 74,180 | 46,812 | 92,000 | 95,000 | 95,000 | 95,000 |
| International Shipping Licence | 0 | 0 | 15,000 | 15,000 | 15,000 | 15,000 |
| Liquor Licencing | 62,882 | 34,453 | 30,000 | 50,000 | 50,000 | 50,000 |
| Research Fee | 560 | 480 | 1,500 | 1,500 | 1,500 | 1,500 |
| Permits | 4,846 | 17,108 | 10,409 | 10,409 | 10,409 | 10,409 |
| Censorship Fees | 978 | 413 | 1,000 | 1,000 | 1,000 | 1,000 |
| Land Court Fees | 0 | 76,856 | 147,000 | 147,000 | 147,000 | 147,000 |
| Tattslotto Grants | 213,922 | 158,647 | 120,000 | 120,000 | 120,000 | 120,000 |
| Motor Vehicle Dealers | 2,588 | 3,263 | 3,000 | 3,000 | 3,000 | 3,000 |
| Court Services | 30,541 | 24,252 | 27,000 | 27,000 | 27,000 | 27,000 |
| Instant Fines | 87,131 | 38,470 | 0 | 0 | 0 | 0 |
| Fishing Revenues | 10,739,793 | 4,466,068 | 9,318,370 | 9,326,020 | 9,333,900 | 8,942,015 |
| Fishing Licences | 3,841,612 | 0 | 0 | 0 | 0 | 0 |
| Fisheries - US Treaties (purse seining) | 5,888,188 | 0 | 0 | 0 | 0 | 0 |
| South Indian Ocean Fisheries Agreement (SIOFA) | 173,528 | 0 | 0 | 0 | 0 | 0 |
| South Pacific Fisheries Management Organisation (SPRFMO) | 0 | 0 | 0 | 0 | 0 | 0 |
| US Fisheries Treaty (upfront days) | 0 | 1,763,013 | 3,243,370 | 3,243,370 | 3,243,370 | 3,243,370 |
| EU Agreement | 0 | 1,538,934 | 400,000 | 400,000 | 400,000 | 0 |
| Purse seine fishery | 0 | 0 | 2,260,000 | 2,260,000 | 2,260,000 | 2,260,000 |
| Longline Licenses and QMS | 0 | 885,000 | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 |
| Other fisheries and auxiliary vessel licensing | 0 | 95,500 | 160,000 | 160,000 | 160,000 | 160,000 |
| Regional Fisheries Management Organisations - SIOFA and SPRFMO | 0 | 183,622 | 255,000 | 262,650 | 270,530 | 278,645 |
| Fishing Fines and Settlements | 836,465 | 0 | 0 | 0 | 0 | 0 |
| Dividends | 0 | 0 | 600,000 | 760,000 | 1,202,450 | 1,630,000 |
| Banana Court - dividend | 0 | 0 | 0 | 0 | 0 | 0 |
| Bank of the Cook Islands - dividend | 0 | 0 | 0 | 0 | 282,450 | 350,000 |
| Ports Authority - dividend | 0 | 0 | 0 | 0 | 0 | 0 |
| Punanga Nui Market - dividend | 0 | 0 | 0 | 0 | 0 | 0 |
| Te Aponga Uira - dividend | 0 | 0 | 0 | 0 | 0 | 0 |
| Extraordinary SOE - dividend | 0 | 0 | 0 | 0 | 0 | 0 |
| Telecom Cook Islands (Bluesky) - dividend | 0 | 0 | 600,000 | 760,000 | 920,000 | 1,280,000 |
| Numismatics | 661,531 | 423,197 | 450,000 | 600,000 | 600,000 | 600,000 |
| Circulating Currency - Coins | 13,464 | 516,492 | 200,000 | 200,000 | 200,000 | 200,000 |

| | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--|--------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Interest on balances | 926,259 | 276,000 | 395,000 | 200,000 | 200,000 | 200,000 |
| Interest on balances - Loan Reserve Fund | 409,160 | 116,537 | 125,437 | 126,692 | 127,959 | 129,238 |
| Interest on loans to subsidiaries | 0 | 0 | 1,317,179 | 1,279,903 | 1,215,897 | 1,145,052 |
| Foreign Investment Fees | 23,528 | 18,160 | 34,000 | 37,000 | 39,000 | 39,000 |
| Employer Liabilities | 0 | 0 | 0 | 0 | 0 | 0 |
| Gains on FOREX | 2,526,991 | 0 | 0 | 0 | 0 | 0 |
| Core Sector Support | 7,825,000 | 7,825,000 | 7,825,000 | 0 | 0 | 0 |
| General Budget Support | 35,082,658 | 40,090,302 | 0 | 0 | 0 | 0 |
| Unanticipated Revenue received | 1,803,614 | 662,192 | 0 | 0 | 0 | 0 |
| Total Other | 71,307,446 | 60,774,349 | 23,388,152 | 15,479,014 | 15,778,605 | 15,744,704 |
| Total Crown Receipts | 157,827,117 | 168,331,725 | 162,698,256 | 173,183,787 | 178,481,274 | 188,336,069 |

17.13 Schedule 8a – Administered Payments

| Administering Ministry | Output | Administered Payment | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--|--------|--|-------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Compensation of Employees | | | | | | | | |
| Cook Islands Investment Corporation | 1 | Infrastructure Committee | 130,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Cook Islands Investment Corporation | 1 | Government Facility Development Division | 0 | 420,000 | 420,000 | 420,000 | 420,000 | 420,000 |
| Cook Islands Investment Corporation | 1 | School Security | 230,000 | 180,000 | 230,000 | 230,000 | 230,000 | 230,000 |
| Cook Islands Investment Corporation | 2 | Joint Venture with Seabed Minerals Authority | 83,817 | 6,496 | 50,000 | 50,000 | 50,000 | 50,000 |
| Environment | 1 | National Heritage Trust | 156,427 | 122,241 | 122,241 | 122,241 | 122,241 | 122,241 |
| Finance and Economic Management | 1 | Price Tribunal Committee | 23,914 | 10,585 | 60,000 | 45,000 | 45,000 | 45,000 |
| Finance and Economic Management | 2 | The Centre of Research and Policy Studies | 14,553 | 0 | 80,000 | 80,000 | 80,000 | 80,000 |
| Justice | 1 | Judges Allowances | 200,870 | 157,803 | 300,000 | 465,000 | 465,000 | 465,000 |
| Justice | 2 | Project to bring land records up to date | 110,080 | 62,782 | 120,000 | 120,000 | 120,000 | 120,000 |
| Prime Minister's Office | 4 | ICT Support Team | 229,798 | 183,077 | 0 | 0 | 0 | 0 |
| Prime Minister's Office | 8 | Marae Moana Ambassador | 60,000 | 60,000 | 60,000 | 0 | 0 | 0 |
| Public Service Commission | 3 | HOM's Salaries | 1,976,681 | 1,940,000 | 1,903,170 | 1,903,170 | 1,903,170 | 1,903,170 |
| Compensation of Employees Administered Payments | | | 3,216,140 | 3,242,984 | 3,445,411 | 3,535,411 | 3,535,411 | 3,535,411 |
| Use of Goods and Services | | | | | | | | |
| CI Seabed Minerals | 1 | Seabed Minerals Sector Development | 116,543 | 36,372 | 100,000 | 0 | 0 | 0 |
| CI Seabed Minerals | 1 | Seabed Minerals Compliance Development | 0 | 0 | 0 | 0 | 0 | 0 |
| Cook Islands Investment Corporation | 1 | Provision for Land Rentals | 370,962 | 500,000 | 400,000 | 400,000 | 400,000 | 400,000 |
| Cook Islands Investment Corporation | 2 | Avaroa Cable | 150,000 | 0 | 0 | 0 | 0 | 0 |
| Cook Islands Investment Corporation | 2 | Renewable Energy Maintenance | 100,000 | 0 | 0 | 0 | 0 | 0 |
| Cook Islands Investment Corporation | 2 | CIG Buildings Repairs & Maintenance | 0 | 0 | 0 | 1,000,000 | 1,000,000 | 1,000,000 |
| Crown Law | 2 | Legal Provisions | 5,143 | 137,241 | 50,000 | 50,000 | 50,000 | 50,000 |
| Crown Law | 1 | Lexis Nexis - Portal Maintenance | 0 | 0 | 0 | 80,000 | 80,000 | 80,000 |
| Cultural Development | 1 | National Events Fund | 412,743 | 660,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| Cultural Development | 1 | Te Kopapa Reo Maori Board | 14,337 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| Cultural Development | 1 | Cook Islands Cultural Fund | 198,076 | 46,459 | 100,000 | 100,000 | 100,000 | 150,000 |
| Cultural Development | 2 | Audio and Visual Digitization | 0 | 0 | 0 | 0 | 0 | 0 |
| Education | 3 | Tertiary Training Institutions | 1,158,846 | 1,160,000 | 1,160,000 | 1,160,000 | 1,160,000 | 1,160,000 |
| Education | 4 | Bus Service | 26,325 | 26,325 | 26,325 | 26,325 | 26,325 | 26,325 |
| Environment | 2 | EIA Process | 140,257 | 66,456 | 150,000 | 150,000 | 150,000 | 150,000 |
| Environment | 3 | Management of Suvarrow Park | 140,873 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Environment | 1 | Compliance Development | 0 | 0 | 40,000 | 0 | 0 | 0 |

| Administering Ministry | Output | Administered Payment | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---------------------------------|--------|---|-------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Finance and Economic Management | 1 | Public Sector Strengthening-processes and systems | 38,442 | 14,949 | 125,000 | 150,000 | 150,000 | 150,000 |
| Finance and Economic Management | 6 | COVID-19 Medical Response Fund | 2,510,221 | 3,000,000 | 5,000,000 | 0 | 0 | 0 |
| Finance and Economic Management | 1 | COVID-19 Economic Response Plan | 78,387,974 | 352,364 | 0 | 0 | 0 | 0 |
| Finance and Economic Management | 1 | Economic Recovery Roadmap | 0 | 39,528,330 | 5,200,000 | 1,400,000 | 1,200,000 | 200,000 |
| Finance and Economic Management | 2 | The Centre of Excellence in Information Technology (CEIT) | 49,882 | 70,415 | 80,000 | 60,000 | 0 | 0 |
| Finance and Economic Management | 2 | Audit of Crown Accounts | 0 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| Finance and Economic Management | 1 | Standard and Poor's Subscription | 64,185 | 70,000 | 70,000 | 70,000 | 70,000 | 70,000 |
| Finance and Economic Management | 2 | Special Investigative and Prosecution Services | 42,912 | 30,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| Finance and Economic Management | 2 | Debt Advisory Services | 31,233 | 0 | 60,000 | 60,000 | 60,000 | 60,000 |
| Finance and Economic Management | 2 | FMIS Maintenance | 79,279 | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 |
| Finance and Economic Management | 2 | Government Broadband Utilities | 27,416 | 22,494 | 30,000 | 30,000 | 30,000 | 30,000 |
| Finance and Economic Management | 3 | Border Management System Maintenance | 0 | 310,500 | 155,250 | 155,250 | 155,250 | 155,250 |
| Finance and Economic Management | 3 | Post Tax Amnesty Work | 17,745 | 166,769 | 0 | 0 | 0 | 0 |
| Finance and Economic Management | 2 | Cook Islands Red Cross | 0 | 0 | 50,000 | 50,000 | 50,000 | 50,000 |
| Finance and Economic Management | 3 | IGOR – International Exchange of Information system upgrade | 0 | 0 | 88,900 | 7,800 | 7,800 | 7,800 |
| Foreign Affairs | 5 | Cook Islands Student Association Support | 0 | 13,333 | 10,000 | 10,000 | 10,000 | 10,000 |
| Foreign Affairs | 5 | Returned Services Association | 4,634 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| Head of State | 1 | Domestic Hosting Entertainment | 14,640 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| Head Of State | 1 | QR Social Responsibility Fund | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 |
| Head Of State | 1 | Head of State Rent | 13,042 | 8,695 | 13,000 | 13,000 | 13,000 | 13,000 |
| Health | 4 | Pharmaceuticals | 867,760 | 1,167,800 | 1,167,800 | 1,167,800 | 1,167,800 | 1,167,800 |
| Health | 1 | Law and Order Clinical Psychologist | 0 | 0 | 90,000 | 90,000 | 90,000 | 90,000 |
| Infrastructure Cook Islands | 2 | Bridges and Stream Structure Maintenance | 827,302 | 148,152 | 700,000 | 700,000 | 700,000 | 700,000 |
| Infrastructure Cook Islands | 4 | Waste Management | 671,365 | 730,000 | 730,000 | 730,000 | 730,000 | 730,000 |
| Infrastructure Cook Islands | 3 | Road and Drainage Asset Management | 1,096,228 | 517,554 | 850,000 | 800,000 | 800,000 | 800,000 |
| Infrastructure Cook Islands | 2 | Emergency Response Work | 198,466 | 59,639 | 200,000 | 200,000 | 200,000 | 200,000 |
| Infrastructure Cook Islands | 1 | Pa Enua Machinery Maintenance Funds | 187,590 | 0 | 0 | 0 | 0 | 0 |
| Internal Affairs | 2 | Internal Affairs Youth Program | 41,319 | 35,061 | 45,000 | 45,000 | 45,000 | 45,000 |
| Internal Affairs | 4 | Vaka Maintenance | 399,603 | 400,000 | 400,000 | 450,000 | 450,000 | 450,000 |
| Internal Affairs | 5 | Lease extension | 36,000 | 36,000 | 72,000 | 72,000 | 72,000 | 72,000 |
| Parliamentary Services | 1 | Special Select Committee | 227,467 | 6,924 | 120,000 | 120,000 | 120,000 | 120,000 |
| Parliamentary Services | 2 | Remuneration Tribunal Committee | 0 | 0 | 0 | 0 | 0 | 0 |
| Police | 1 | Search and Rescue | 0 | 598 | 20,000 | 20,000 | 20,000 | 20,000 |
| Police | 1 | Serious Crime Investigations | 74,655 | 62,482 | 100,000 | 100,000 | 100,000 | 100,000 |

| Administering Ministry | Output | Administered Payment | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--|--------|--|-------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Police | 1 | Te Kukupa - Fuel Contribution | 121,252 | 39,631 | 50,000 | 50,000 | 50,000 | 50,000 |
| Police | 2 | Police Youth Program | 39,362 | 584 | 45,000 | 45,000 | 45,000 | 45,000 |
| Prime Minister's Office | 1 | Social Responsibility Fund | 363,000 | 363,000 | 363,000 | 363,000 | 363,000 | 363,000 |
| Prime Minister's Office | 1 | Community Support Fund | 101,793 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Prime Minister's Office | 3 | Pa Enua Mechanical Overseer | 86,669 | 100,000 | 100,000 | 120,000 | 120,000 | 120,000 |
| Prime Minister's Office | 6 | Red Cross | 50,000 | 9,029 | 0 | 0 | 0 | 0 |
| Prime Minister's Office | 6 | Pa Enua Machinery Maintenance Fund | 0 | 74,807 | 100,000 | 100,000 | 100,000 | 100,000 |
| Prime Minister's Office | 4 | OPM ICT Activities | 0 | 0 | 250,000 | 290,000 | 278,000 | 278,000 |
| Prime Minister's Office | 4 | Pa Enua Connectivity | 0 | 0 | 200,000 | 250,000 | 250,000 | 250,000 |
| Tourism Corporation | 1 | Marketing Resources - Tourism Growth Strategy | 4,500,000 | 4,500,000 | 4,500,000 | 4,500,000 | 4,500,000 | 4,500,000 |
| Finance and Economic Management | 6 | Tarai Vaka Fund | 0 | 400 | 20,000 | 20,000 | 20,000 | 20,000 |
| Financial Services Development Authority | 1 | Tax Law Review | 0 | 80,000 | 30,000 | 0 | 0 | 0 |
| Use of Goods and Services Administered Payments | | | 94,013,541 | 54,905,363 | 23,964,275 | 16,108,175 | 15,836,175 | 14,886,175 |
| Subsidies | | | | | | | | |
| Education | 3 | University of the South Pacific Contribution | 108,282 | 155,217 | 205,000 | 205,000 | 205,000 | 205,000 |
| Finance and Economic Management | 1 | Airline Underwrite | 0 | 1,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 |
| Finance and Economic Management | 2 | Subsidy of audio/visual broadcasting in Pa Enua | 38,109 | 0 | 45,000 | 45,000 | 45,000 | 45,000 |
| Finance and Economic Management | 2 | Asian Infrastructure Investment Bank (AIIB) Membership | 0 | 30,500 | 30,500 | 30,500 | 30,500 | 30,500 |
| Finance and Economic Management | 1 | Pacific Financial Regional Technical Assistance (PFTAC) Contribution | 13,448 | 0 | 0 | 0 | 0 | 0 |
| Finance and Economic Management | 1 | Universal Access Fund | 220,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 |
| Finance and Economic Management | 6 | Provision for Inter Island Shipping | 607,094 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| Subsidies Administered Payments | | | 986,933 | 2,085,717 | 11,180,500 | 11,180,500 | 11,180,500 | 11,180,500 |
| Social Assistance | | | | | | | | |
| Education | 2 | Government Funded Scholarships | 877,524 | 780,000 | 780,000 | 780,000 | 780,000 | 780,000 |
| Health | 1 | NCD Fund | 195,000 | 53,970 | 195,000 | 195,000 | 195,000 | 195,000 |
| Health | 4 | Patient Referrals | 850,000 | 1,150,000 | 850,000 | 850,000 | 850,000 | 850,000 |
| Health | 5 | Workforce Development | 107,163 | 234,070 | 234,070 | 234,070 | 234,070 | 234,070 |
| Internal Affairs | 1 | Welfare Payments - Allowances | 1,291,374 | 1,316,000 | 1,307,217 | 1,310,199 | 1,313,557 | 1,317,086 |
| Justice | 1 | Legal Aid | 1,500 | 5,233 | 40,000 | 40,000 | 40,000 | 40,000 |
| Social Assistance Administered Payments | | | 3,322,561 | 3,539,273 | 3,406,287 | 3,409,269 | 3,412,627 | 3,416,156 |
| Other Expense | | | | | | | | |
| Cook Islands Investment Corporation | 2 | To Tatou Vai | 2,708,297 | 3,000,000 | 0 | 0 | 0 | 0 |
| Education | 2 | Private School Funding | 2,510,708 | 2,736,334 | 2,663,277 | 2,663,277 | 2,663,277 | 2,663,277 |

| Administering Ministry | Output | Administered Payment | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---------------------------------|--------|--|--------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Finance and Economic Management | 1 | Competition and Regulatory Authority | 479,929 | 0 | 0 | 0 | 0 | 0 |
| Finance and Economic Management | 2 | Production of new currency, transportation and sale of old coins | 334,615 | 2,972 | 350,000 | 350,000 | 350,000 | 350,000 |
| Finance and Economic Management | 4 | National Census | 0 | 300,000 | 0 | 0 | 0 | 0 |
| Finance and Economic Management | 4 | Conduct of a Labour Force Survey | 0 | 0 | 0 | 0 | 0 | 0 |
| Internal Affairs | 2 | SIF - Cook Islands Government Contribution | 992,556 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Internal Affairs | 5 | CISNOC Grant | 370,000 | 370,000 | 370,000 | 370,000 | 370,000 | 370,000 |
| Marine Resources | 2 | Fisheries Development Facility | 245,863 | 200,000 | 150,000 | 150,000 | 150,000 | 150,000 |
| Internal Affairs | 5 | Religious Advisory Council | 0 | 6,402 | 10,000 | 10,000 | 10,000 | 10,000 |
| Prime Minister's Office | 9 | State Events | 0 | 15,172 | 20,000 | 20,000 | 20,000 | 20,000 |
| | | Other Expenses Administered Payments | 7,641,968 | 7,630,880 | 4,563,277 | 4,563,277 | 4,563,277 | 4,563,277 |
| Grand Total | | | 109,181,143 | 71,404,217 | 46,559,750 | 38,796,632 | 38,527,990 | 37,581,519 |

17.14 Schedule 8b – Payments on Behalf of Crown (POBOCs)

| Administering Ministry | Output | POBOC | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|--------|---|-------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Compensation of Employees | | | | | | | | |
| Finance and Economic Management | 2 | Parliamentary Superannuation | 100,604 | 180,000 | 180,000 | 180,000 | 180,000 | 180,000 |
| Audit (PERCA) | 3 | PERC Salaries and Administration Costs | 52,579 | 57,500 | 57,500 | 57,500 | 57,500 | 57,500 |
| Parliamentary Services | 1 | Civil List - Personnel | 3,129,690 | 2,901,961 | 2,901,961 | 2,901,961 | 2,901,961 | 2,901,961 |
| Parliamentary Services | 1 | House of Ariki | 331,674 | 377,597 | 0 | 0 | 0 | 0 |
| Cultural Development | 1 | House of Ariki (CI) | 0 | 0 | 326,690 | 336,690 | 336,690 | 336,690 |
| Compensation of Employees POBOCs | | | 3,614,547 | 3,517,058 | 3,466,151 | 3,476,151 | 3,476,151 | 3,476,151 |
| Use of Goods and Services | | | | | | | | |
| Audit (PERCA) | 2 | Audit Fees | 84,600 | 10,667 | 103,000 | 103,000 | 103,000 | 103,000 |
| Justice | | General Elections, Petitions and By-Elections | 0 | 0 | 0 | 0 | 0 | 0 |
| Parliamentary Services | 1 | Civil List - Constituency Visits | 154,505 | 170,200 | 170,200 | 170,200 | 170,200 | 170,200 |
| Parliamentary Services | 1 | Parliamentary Sitting Expenses | 246,452 | 99,283 | 200,000 | 200,000 | 200,000 | 200,000 |
| Parliamentary Services | 1 | MP Travel and Allowances (local and overseas) | 153,906 | 159,790 | 230,000 | 250,000 | 250,000 | 250,000 |
| Parliamentary Services | 1 | QR Travel and Allowances (local and overseas) | 19,337 | 64,420 | 109,000 | 109,000 | 109,000 | 109,000 |
| Transport | 2 | Maritime Radio Coverage | 0 | 105,333 | 120,000 | 120,000 | 120,000 | 120,000 |
| Prime Minister's Office | 3 | Local Government Election | 13,655 | 0 | 0 | 0 | 50,000 | 0 |
| Foreign Affairs | 5 | International Maritime Organisation - Maritime Cook Islands | 67,748 | 0 | 63,461 | 63,461 | 63,461 | 63,461 |
| Use of Goods and Services POBOCs | | | 740,203 | 609,693 | 995,661 | 1,015,661 | 1,065,661 | 1,015,661 |
| Subsidies | | | | | | | | |
| Cook Islands Investment Corporation | 2 | Bank of the Cook Islands - social assistance subsidy | 29,941 | 128,000 | 128,000 | 128,000 | 128,000 | 128,000 |
| Cook Islands Investment Corporation | 2 | Airport Authority subsidy | 3,047,997 | 2,047,997 | 2,047,997 | 1,500,000 | 1,000,000 | 500,000 |
| Cook Islands Investment Corporation | 2 | Ports Authority - subsidy | 110,100 | 110,099 | 110,099 | 110,099 | 110,099 | 110,099 |
| Cook Islands Investment Corporation | 2 | Te Aponga Uira - social assistance subsidy | 0 | 0 | 0 | 0 | 0 | 0 |
| Cook Islands Investment Corporation | 2 | Te Mana Uira o Araura - subsidy | 500,000 | 0 | 0 | 0 | 0 | 0 |
| Cook Islands Investment Corporation | 2 | Te Tatou Vai (CI) | 0 | 0 | 3,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| Subsidies POBOCs | | | 3,688,038 | 2,286,096 | 5,286,096 | 3,738,099 | 3,238,099 | 2,738,099 |
| Social Assistance | | | | | | | | |
| Internal Affairs | 1 | Welfare Payments | 19,628,578 | 20,227,000 | 21,067,190 | 21,286,718 | 21,495,003 | 21,502,277 |
| Social Assistance POBOCs | | | 19,628,578 | 20,227,000 | 21,067,190 | 21,286,718 | 21,495,003 | 21,502,277 |

| Administering Ministry | Output | POBOC | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---------------------------------|--------|--------------------------------------|-------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Other Expense | | | | | | | | |
| Finance and Economic Management | 2 | Pacific Catastrophe Risk Insurance | 143,947 | 160,000 | 160,000 | 160,000 | 160,000 | 160,000 |
| Finance and Economic Management | 1 | Competition and Regulatory Authority | 0 | 551,621 | 400,000 | 400,000 | 400,000 | 400,000 |
| Finance and Economic Management | 2 | BEPS Subscription | 35,000 | 35,000 | 45,000 | 45,000 | 45,000 | 45,000 |
| Foreign Affairs | 5 | International Subscriptions | 566,217 | 890,000 | 890,000 | 890,000 | 890,000 | 890,000 |
| Finance and Economic Management | 2 | CIG Insurance | 180,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 |
| | | Other Expenses POBOCs | 925,164 | 1,676,621 | 1,535,000 | 1,535,000 | 1,535,000 | 1,535,000 |
| Grand Total | | | 28,596,530 | 28,316,468 | 32,350,098 | 31,051,629 | 30,809,914 | 30,267,188 |

17.15 Schedule 9a – Debt Servicing Schedule (\$'000)

| Creditor | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--|-------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Asian Development Bank (ADB) | | | | | | |
| Principal | 4,567 | 4,572 | 5,052 | 8,681 | 10,069 | 11,862 |
| Interest | 2,267 | 4,481 | 5,419 | 5,875 | 5,593 | 5,234 |
| Total Debt Servicing to ADB | 6,834 | 9,053 | 10,471 | 14,556 | 15,662 | 17,095 |
| People's Republic of China (EXIM) | | | | | | |
| Principal | 2,615 | 2,764 | 2,685 | 2,798 | 2,838 | 2,862 |
| Interest | 591 | 570 | 500 | 465 | 415 | 361 |
| Total Debt Servicing to China | 3,206 | 3,334 | 3,185 | 3,262 | 3,252 | 3,222 |
| Asian Infrastructure Investment Board (AIIB) | | | | | | |
| Principal | 0 | 0 | 0 | 1,549 | 2,068 | 2,747 |
| Interest | 0 | 881 | 861 | 876 | 832 | 769 |
| Total Debt Servicing to AIIB | 0 | 881 | 861 | 2,425 | 2,901 | 3,515 |
| Total Servicing of Other Debt | 10,040 | 13,268 | 14,517 | 20,243 | 21,815 | 23,833 |

17.16 Schedule 9b – Loan Repayment Fund (LRF) Schedule (\$'000)

| Transaction | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--|-------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Opening Balance in LRF | 20,426 | 10,795 | 11,011 | 11,231 | 11,456 | 11,685 |
| Contribution to LRF - Principal | 0 | 7,336 | 7,737 | 13,028 | 14,975 | 17,470 |
| Contribution to LRF - Interest | 0 | 5,932 | 6,780 | 7,216 | 6,840 | 6,363 |
| Total Transfer into LRF by Government | 0 | 13,268 | 14,517 | 20,243 | 21,815 | 23,833 |
| Interest earned by LRF (avg. 2%) | 409 | 216 | 220 | 225 | 229 | 234 |
| Total inflows | 409 | 13,484 | 14,737 | 20,468 | 22,044 | 24,067 |
| Repayment of prepaid SOE Debt | | | | | | |
| Contribution from LRF - Principal | 0 | 758 | 670 | 705 | 725 | 731 |
| Contribution from LRF - Interest | 0 | 66 | 57 | 53 | 48 | 41 |
| Total Repayment of SOE Debt | 0 | 823 | 728 | 759 | 772 | 772 |
| Repayment of Other Debt | | | | | | |
| Contribution from LRF - Principal | 7,182 | 6,578 | 7,067 | 12,322 | 14,250 | 16,739 |
| Contribution from LRF - Interest | 2,858 | 5,867 | 6,723 | 7,162 | 6,792 | 6,322 |
| Total Repayment of Other Debt | 10,040 | 12,445 | 13,789 | 19,485 | 21,043 | 23,061 |
| Total Principal paid out of the LRF | 7,182 | 7,336 | 7,737 | 13,028 | 14,975 | 17,470 |
| Total Interest paid out of the LRF | 2,858 | 5,932 | 6,780 | 7,216 | 6,840 | 6,363 |
| Total outflows | 10,040 | 13,268 | 14,517 | 20,243 | 21,815 | 23,833 |
| Other Movements - revaluation | 0 | 0 | 0 | 0 | 0 | 0 |
| Closing balance of LRF | 10,795 | 11,011 | 11,231 | 11,456 | 11,685 | 11,918 |

17.17 Schedule 10 – Official Development Assistance Schedule

| Agency | Development Partner | Programs/Projects by Agency | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--|---------------------|---|-------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| Cook Islands General Budget Support | | | | | | | | |
| MFEM | New Zealand | Cook Islands Core Sector Support - Budget Support | 7,825,000 | 7,825,000 | 7,825,000 | 0 | 0 | 0 |
| MFEM | New Zealand | General Budget Support for work programs | 0 | 0 | 0 | 0 | 0 | 0 |
| MFEM | New Zealand | COVID-19: Pacific Financial Support Package | 0 | 0 | 0 | 0 | 0 | 0 |
| MFEM | New Zealand | COVID-19 Response - 2nd Phase Budget Support | 15,000,000 | 0 | 0 | 0 | 0 | 0 |
| MFEM | Australia | Cook Islands Budget Support | 0 | 0 | 0 | 0 | 0 | 0 |
| MFEM | China | COVID-19 Co-operation | 82,658 | 90,302 | 0 | 0 | 0 | 0 |
| MFEM | New Zealand | COVID-19 Response - 3rd Phase Support | 20,000,000 | 30,000,000 | 0 | 0 | 0 | 0 |
| MFEM | New Zealand | COVID-19 Economic Recovery Support - November 2021 | 0 | 10,000,000 | 0 | 0 | 0 | 0 |
| Total General Budget Support | | | 42,907,658 | 47,915,302 | 7,825,000 | 0 | 0 | 0 |
| Recurrent ODA Expenditure | | | | | | | | |
| MFEM | New Zealand | Cook Islands Core Sector Support - TA Component | 1,859,746 | 1,275,000 | 1,275,000 | 0 | 0 | 0 |
| MFEM | New Zealand | COVID-19 Economic Recovery Support - November 2021 | 0 | 10,000,000 | 0 | 0 | 0 | 0 |
| MOH | New Zealand | COVID-19 Vaccination Programme | 500,000 | 200,000 | 100,000 | 0 | 0 | 0 |
| Police | Australia | Upgrade to Police National Command, Control and Coordinating Centre | 0 | 0 | 0 | 0 | 0 | 0 |
| MFEM | China | COVID-19: Cooperation Cash Grant to support recovery | 0 | 0 | 75,758 | 0 | 0 | 0 |
| MFEM | China | COVID-19 Co-operation Cash Grant for Administration | 0 | 0 | 50,000 | 0 | 0 | 0 |
| MFEM | ADB | APDRF COVID-19 Emergency Response Project | 1,500,000 | 0 | 0 | 0 | 0 | 0 |
| MFEM | Japan | Grant Assistance for Grassroots Projects | 260,648 | 250,000 | 600,000 | 0 | 0 | 0 |
| MFEM | India | India Grant Fund | 0 | 27,882 | 680,000 | 200,000 | 200,000 | 200,000 |
| MFEM | UN Adaptation Fund | Pa Enua Action for Resilient Livelihoods (PEARL) | 1,300,000 | 1,308,879 | 100,000 | 0 | 0 | 0 |
| MFEM | Green Climate Fund | UNOPs COK-RS-003: Green Climate Fund Readiness 4 | 624,289 | 471,683 | 450,000 | 0 | 0 | 0 |
| | | GCF COK-PPF-039: Building Resilient and Healthy Cook Islands | | | | | | |
| MFEM | Green Climate Fund | Communities | 0 | 80,000 | 775,544 | 86,171 | 0 | 0 |
| MFEM | Green Climate Fund | UNEP FP147: Enhancing Climate Information and Knowledge Services | 0 | 200,000 | 1,647,335 | 3,974,861 | 966,486 | 780,820 |
| MFEM | Green Climate Fund | UNEP FP147: Enhancing Climate Information and Knowledge Services | 0 | 40,000 | 2,431,758 | 3,225,689 | 1,454,424 | 975,185 |
| MFEM | Green Climate Fund | UNOPs COK-RS-005: Enhancing a National Adaptation Programmes | 0 | 100,000 | 1,899,061 | 1,634,758 | 375,530 | 0 |
| MFEM | Green Climate Fund | UNOPs COK-RS-004: Green Resilient Recovery Rapid Readiness Support | 0 | 50,000 | 453,235 | 0 | 0 | 0 |
| MFEM | Green Climate Fund | Enhanced Direct Access - Project Preparation Facility | 0 | 0 | 136,364 | 318,182 | 0 | 0 |
| MFEM | Green Climate Fund | DAE Direct Support Readiness | 0 | 0 | 100,000 | 100,000 | 0 | 0 |
| MFEM | European Union | Budget Support to the Sanitation Sector | 0 | 0 | 154,524 | 0 | 0 | 0 |
| OPSC | New Zealand | NZ Volunteer Services Aboard | 0 | 200,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| MFEM | Japan | JICA Training and Development | 0 | 0 | 125,000 | 125,000 | 125,000 | 125,000 |
| MFEM | UNDP | Pacific Parliamentary Development Project | 0 | 173,300 | 0 | 0 | 0 | 0 |

| Agency | Development Partner | Programs/Projects by Agency | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--------|------------------------|--|-------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| MFEM | ADB | Cook Islands Emergency Response to Covid-19 | 150,000 | 0 | 0 | 0 | 0 | 0 |
| MFEM | ADB | Technical Assistance Support | 357,006 | 250,000 | 500,000 | 500,000 | 250,000 | 250,000 |
| MFEM | UNDP | UNDP SDG Financing Joint Programme - DFA | 0 | 21,435 | 51,135 | 0 | 0 | 0 |
| MFEM | New Zealand | COVID-19 Rapid Impact Assessment Survey CI NSO | 0 | 100,000 | 35,000 | 0 | 0 | 0 |
| MFEM | Other | Aid Effectiveness | 55,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| OPM | GEF | National Adaptation to CC | 0 | 0 | 0 | 0 | 0 | 0 |
| OPM | GEF | Fourth National Communications - UNFCCC | 207,187 | 0 | 495,454 | 322,727 | 322,727 | 322,727 |
| OPM | ADB | E-Government TA Support | 0 | 0 | 0 | 0 | 0 | 0 |
| OPM | SPC | GCCA + SUPA - Enhancing a Climate Resilient Marine Sector | 88,133 | 133,000 | 146,469 | 33,898 | 0 | 0 |
| MMR | SPC | GCCA + SUPA - Enhancing a Climate Resilient Marine Sector | | 0 | 375,348 | 118,644 | 0 | 0 |
| MOH | UNDP | Western Pacific Multi-country Integrated HIV/TB programme - UNDP | 79,517 | 74,897 | 90,000 | 90,000 | 90,000 | 90,000 |
| MOH | WHO | WHO Biennium Budget Support | 0 | 0 | 152,000 | 152,000 | 152,000 | 152,000 |
| MOH | UNICEF | UNICEF Health and Nutrition Programme | 0 | 130,000 | 335,350 | 17,650 | 0 | 0 |
| MOT | UNDP | Disaster Resilience for Small Pacific Islands (RESPAC Cook Islands) | 33,930 | 0 | 0 | 0 | 0 | 0 |
| MMR | European Union | Sustainable Fisheries Partnership Agreement - Sectoral Support 2016 - 2021 | 444,915 | 150,000 | 612,594 | 0 | 0 | 0 |
| MMR | European Union | Sustainable Fisheries Partnership Agreement - Sectoral Support 2022 - 2024 | | 0 | 581,395 | 581,395 | 581,395 | 0 |
| MMR | Japan | Japan Trust Fund | 0 | 0 | 0 | 0 | 0 | 0 |
| MMR | Forum Fisheries Agency | Project Development Fund - US Fisheries Treaty | 0 | 0 | 206,439 | 206,439 | 206,439 | 206,439 |
| MFAI | Forum Fisheries Agency | Project Development Fund - US Fisheries Treaty | 0 | 0 | 30,303 | 30,303 | 30,303 | 30,303 |
| MFAI | New Zealand | PACER Plus Outreach and Consultation | 40,377 | 0 | 0 | 0 | 0 | 0 |
| MFAI | Korea | Korea Grant Aid | 0 | 0 | 303,030 | 303,030 | 303,030 | 303,030 |
| NES | UNDP | 6th National Report to the Convention Biological Diversity | 25,000 | 0 | 0 | 0 | 0 | 0 |
| NES | GEF | Ridge to Reef (National) | 1,400,000 | 0 | 0 | 0 | 0 | 0 |
| NES | GEF | Nagoya Protocol on Access to Genetic Resources and Benefit Sharing | 0 | 0 | 100,000 | 0 | 0 | 0 |
| ICI | SPC | Managing Water Scarcity through Strengthened Water Resources Management | 125,000 | 127,500 | 0 | 0 | 0 | 0 |
| INTAFF | ILO | OSH Awareness Campaign Program | 20,218 | 0 | 35,143 | 0 | 0 | 0 |
| INTAFF | ILO | Labour Force Survey | 14,975 | 0 | 0 | 0 | 0 | 0 |
| INTAFF | UNESCO | UNESCO Social Protection for persons with disability (Pilot Project) | 0 | 0 | 300,000 | 200,000 | 0 | 0 |
| MOCD | Other | National Archive Digitization Programme MOCD | 0 | 140,301 | 80,000 | 0 | 0 | 0 |
| MOCD | UNESCO | Intangible Cultural Heritage Funds Programme | 0 | 96,000 | 48,600 | 0 | 0 | 0 |
| MOT | New Zealand | CI Pacific Maritime Safety Programme | 0 | 0 | 285,000 | 0 | 0 | 0 |
| NES | UNEP | HCFC Phase-Out Management Plan for PIC Stage I & 2 | 0 | 0 | 90,145 | 29,651 | 0 | 0 |
| NES | UNEP | Institutional Strengthening Project (ISP) | 0 | 0 | 30,000 | 14,900 | 14,900 | 0 |
| NES | GEF | Minamata Convention on Mercury | 0 | 0 | 53,814 | 0 | 0 | 0 |
| INTAFF | UNDP | UNPRPD Cook Islands Joint Programme | 0 | 0 | 23,789 | 0 | 0 | 0 |
| OPSC | ADB | Strengthening of the Cook Islands Public Sector TA | 0 | 0 | 300,000 | 0 | 0 | 0 |

| Agency | Development Partner | Programs/Projects by Agency | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Budget Estimate | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--|-----------------------------------|---|-------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|-----------------------|
| MOH | SPC | Technical/In Kind Support | 0 | 0 | 163,934 | 0 | 0 | 0 |
| ICI | SPREP | Pac Waste Plus | 0 | 0 | 380,000 | 100,000 | 100,000 | 0 |
| MMR | Australia - SPC | Cook Islands Coastal Fisheries and Aquaculture TA | 0 | 0 | 371,032 | 371,032 | 0 | 0 |
| MMR | Australia - SPC | Otolith Laboratory | 0 | 0 | 96,469 | 0 | 0 | 0 |
| MFEM | New Zealand | Cook Islands Domestic ICT Connectivity Improvements | 0 | 0 | 3,000,000 | 0 | 0 | 0 |
| REDCROSS | GEF | GEF Small Grants Programme | 187,429 | 375,000 | 378,788 | 378,788 | 378,788 | 378,788 |
| MFEM | Other | Small Projects Grant funding | 1,596,009 | 2,500,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 |
| Total Recurrent ODA Expenditure | | | 10,869,379 | 18,574,877 | 26,304,809 | 18,715,118 | 11,151,024 | 9,414,292 |
| Capital ODA Expenditure | | | | | | | | |
| MFEM | Japan | Non-Project Grant Aid - Palmerston Cyclone Centre | 0 | 0 | 0 | 0 | 0 | 0 |
| MFEM | New Zealand | Manatua Polynesian Cable Project | 865,129 | 944,231 | 727,262 | 0 | 0 | 0 |
| MFEM | New Zealand | Assets Management | 1,292,772 | 2,950,000 | 100,000 | 0 | 0 | 0 |
| MFEM | New Zealand | Mei TE Vai Ki Te Vai (MTVKTV) | 800,000 | 750,000 | 585,990 | 0 | 0 | 0 |
| MFEM | New Zealand | Cook Islands Infrastructure Trust Fund | 0 | 1,080,016 | 44,419,984 | 0 | 0 | 0 |
| MFEM | New Zealand | Cook Islands Infrastructure Trust Fund - Rarotonga Airport Refurbishment | 4,500,000 | 2,000,000 | 0 | 0 | 0 | 0 |
| MFEM | European Union | Budget Support to the Sanitation Sector | 384,861 | 97,579 | 1,474,066 | 0 | 0 | 0 |
| MFEM | Japan | Economic Social Development Programme 2018 | 739,349 | 870,558 | 4,051 | 0 | 0 | 0 |
| MFEM | Japan | Economic Social Development Programme 2020-1 COVID-19 Response Assistance | 0 | 844,626 | 701,474 | 0 | 0 | 0 |
| MFEM | Japan | Economic Social Development Programme 2020-2 | 0 | 62,000 | 994,495 | 864,405 | 0 | 0 |
| MFEM | Japan | Inter-Island freight & passenger ship | 0 | 0 | 3,000,000 | 0 | 0 | 0 |
| ICI | Japan | Japan Grassroots Human Security - Resource Recovery Centre Upgrades | 0 | 0 | 0 | 0 | 0 | 0 |
| OPM | GEF | Renewable Energy Grant (Southern Group) | 0 | 167,161 | 681,818 | 0 | 0 | 0 |
| OPM | Green Climate Fund | Renewable Energy Grant (Southern Group) | 1,922,480 | 2,196,283 | 5,000,000 | 0 | 0 | 0 |
| OPM | EU-German Development Cooperation | Northern Water Project Phase 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| AACI | New Zealand | Rarotonga Airport Upgrade Designs | 204,450 | 271,462 | 1,264,638 | 0 | 0 | 0 |
| MFEM | ADB | JFPR - Supporting Safe Recovery of Travel and Tourism in Cook Islands | 0 | 0 | 2,900,000 | 0 | 0 | 0 |
| ICI | New Zealand | Improving Geospatial Data - LiDAR | 0 | 500,000 | 1,500,000 | 0 | 0 | 0 |
| ICI | SPC | Strengthening Water Security of Vulnerable Island States | 0 | 0 | 73,816 | 0 | 0 | 0 |
| ICI | SPC | Managing Water Scarcity through Strengthened Water Resources Project Fund 2 | 0 | 0 | 1,720,000 | 0 | 0 | 0 |
| Total Capital ODA Expenditure | | | 10,709,041 | 12,733,916 | 65,147,594 | 864,405 | 0 | 0 |
| Total NZD Equivalent ODA Funding | | | 64,486,078 | 79,224,095 | 99,277,403 | 19,579,523 | 11,151,024 | 9,414,292 |
| Total NZD Equivalent ODA Funding – (excluding General Budget Support) | | | 21,578,420 | 31,308,793 | 91,452,403 | 19,579,523 | 11,151,024 | 9,414,292 |

17.18 Schedule 11 – Comparative Analysis of Ministry Appropriations

| | 2021/22 HYEPU Estimate | | | 2022/23 Budget Estimate | | | Variance |
|--|-------------------------------|------------------|-----------------------------|-------------------------------|------------------|-----------------------------|--------------------|
| Ministry | Gross Operating Appropriation | Trading Revenue | Net Operating Appropriation | Gross Operating Appropriation | Trading Revenue | Net Operating Appropriation | Amount |
| Agriculture | 1,450,581 | 70,535 | 1,380,046 | 1,455,081 | 90,535 | 1,364,546 | 4,500 |
| Audit (PERCA) | 1,134,654 | 60,700 | 1,073,954 | 1,132,654 | 156,300 | 976,354 | -2,000 |
| Corrective Services | 1,751,957 | 75,000 | 1,676,957 | 1,729,457 | 100,000 | 1,629,457 | -22,500 |
| Crown Law | 1,405,029 | 0 | 1,405,029 | 1,204,000 | 0 | 1,204,000 | -201,029 |
| Cultural Development | 1,768,000 | 100,000 | 1,668,000 | 1,566,750 | 170,000 | 1,396,750 | -201,250 |
| Business Trade and Investment Board | 679,662 | 28,000 | 651,662 | 611,266 | 27,400 | 583,866 | -68,396 |
| Education | 19,559,773 | 0 | 19,559,773 | 20,175,619 | 0 | 20,175,619 | 615,846 |
| Environment | 1,594,067 | 35,000 | 1,559,067 | 1,634,067 | 35,000 | 1,599,067 | 40,000 |
| Finance and Economic Management | 53,231,090 | 954,341 | 52,276,749 | 30,121,577 | 954,341 | 29,167,236 | -23,109,513 |
| Financial Services Development Authority | 504,703 | 0 | 504,703 | 453,703 | 0 | 453,703 | -51,000 |
| Foreign Affairs | 2,986,775 | 20,000 | 2,966,775 | 3,011,795 | 28,000 | 2,983,795 | 25,020 |
| Head Of State | 250,836 | 0 | 250,836 | 251,206 | 0 | 251,206 | 370 |
| Health | 20,088,932 | 250,000 | 19,838,932 | 20,588,832 | 350,000 | 20,238,832 | 499,900 |
| Infrastructure Cook Islands | 5,283,426 | 200,000 | 5,083,426 | 5,374,000 | 300,000 | 5,074,000 | 90,574 |
| Internal Affairs | 4,846,375 | 0 | 4,846,375 | 4,872,593 | 0 | 4,872,593 | 26,218 |
| Justice | 2,923,976 | 375,000 | 2,548,976 | 2,861,976 | 425,000 | 2,436,976 | -62,000 |
| Marine Resources | 2,292,000 | 28,000 | 2,264,000 | 2,234,000 | 20,000 | 2,214,000 | -58,000 |
| Ombudsman | 301,000 | 0 | 301,000 | 301,000 | 0 | 301,000 | 0 |
| Parliamentary Services | 983,220 | 0 | 983,220 | 892,820 | 0 | 892,820 | -90,400 |
| Police | 5,866,000 | 154,783 | 5,711,217 | 5,666,000 | 154,783 | 5,511,217 | -200,000 |
| Prime Minister's Office | 3,024,077 | 0 | 3,024,077 | 3,199,200 | 0 | 3,199,200 | 175,123 |
| Public Service Commission | 2,490,000 | 0 | 2,490,000 | 2,449,680 | 0 | 2,449,680 | -40,320 |
| Tourism Corporation | 8,122,000 | 0 | 8,122,000 | 8,172,000 | 0 | 8,172,000 | 50,000 |
| Transport | 1,248,609 | 32,000 | 1,216,609 | 1,199,330 | 41,221 | 1,158,109 | -49,279 |
| Cook Islands Investment Corporation | 6,777,000 | 753,831 | 6,023,169 | 3,527,000 | 753,831 | 2,773,169 | -3,250,000 |
| Cook Islands Seabed Minerals Authority | 1,084,500 | 200,000 | 884,500 | 999,500 | 240,000 | 759,500 | -85,000 |
| Total Ministries | 151,648,240 | 3,337,190 | 148,311,050 | 125,685,106 | 3,846,411 | 121,838,695 | -25,963,134 |
| Ministerial Support | | | | | | | |
| Prime Minister | 540,000 | 0 | 540,000 | 540,000 | 0 | 540,000 | 0 |
| Deputy Prime Minister | 378,000 | 0 | 378,000 | 378,000 | 0 | 378,000 | 0 |
| Minister Vaine Mokoroa | 308,000 | 0 | 308,000 | 0 | 0 | 0 | -308,000 |

| | 2021/22 HYEPU Estimate | | | 2022/23 Budget Estimate | | | Variance |
|--|------------------------|------------------|--------------------|-------------------------|------------------|--------------------|--------------------|
| Minister Vainetutai Toki-Brown | 308,000 | 0 | 308,000 | 0 | 0 | 0 | -308,000 |
| Minister George Angene | 308,000 | 0 | 308,000 | 0 | 0 | 0 | -308,000 |
| Minister Patrick Arioka | 308,000 | 0 | 308,000 | 0 | 0 | 0 | -308,000 |
| Ministerial Support 1 | 0 | 0 | 0 | 308,000 | 0 | 308,000 | 308,000 |
| Ministerial Support 2 | 0 | 0 | 0 | 308,000 | 0 | 308,000 | 308,000 |
| Ministerial Support 3 | 0 | 0 | 0 | 308,000 | 0 | 308,000 | 308,000 |
| Ministerial Support 4 | 0 | 0 | 0 | 308,000 | 0 | 308,000 | 308,000 |
| Leader Of Opposition | 308,000 | 0 | 308,000 | 308,000 | 0 | 308,000 | 0 |
| Total Ministerial Support Offices | 2,458,000 | 0 | 2,458,000 | 2,458,000 | 0 | 2,458,000 | 0 |
| Outer Islands | | | | | | | |
| Aitutaki | 2,126,578 | 67,828 | 2,058,750 | 2,138,140 | 67,828 | 2,070,312 | 11,562 |
| Atiu | 1,771,355 | 224,318 | 1,547,037 | 1,802,363 | 224,318 | 1,578,045 | 31,008 |
| Mangaia | 1,781,580 | 301,000 | 1,480,580 | 1,806,711 | 301,000 | 1,505,711 | 25,131 |
| Manihiki | 1,355,117 | 119,000 | 1,236,117 | 1,379,968 | 119,000 | 1,260,968 | 24,851 |
| Mauke | 1,421,353 | 113,853 | 1,307,500 | 1,442,337 | 113,853 | 1,328,484 | 20,984 |
| Mitiaro | 880,214 | 60,900 | 819,314 | 915,122 | 60,900 | 854,222 | 34,908 |
| Palmerston | 431,696 | 20,500 | 411,196 | 436,003 | 20,500 | 415,503 | 4,307 |
| Penrhyn | 1,011,217 | 74,000 | 937,217 | 1,028,619 | 74,000 | 954,619 | 17,402 |
| Pukapuka-Nassau | 1,264,093 | 73,695 | 1,190,398 | 1,313,577 | 73,695 | 1,239,882 | 49,484 |
| Rakahanga | 561,942 | 52,000 | 509,942 | 579,605 | 52,000 | 527,605 | 17,663 |
| Total Outer Islands | 12,605,145 | 1,107,094 | 11,498,051 | 12,842,445 | 1,107,094 | 11,735,351 | 237,300 |
| Gross Total | 166,711,385 | 4,444,284 | 162,267,101 | 140,985,551 | 4,953,505 | 136,032,046 | -25,725,834 |

18 Financial Statements

18.1 Statement of Financial Performance

For the year ending 30 June

| | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Projection | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--|-------------------|--------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Revenue | | | | | | |
| Taxation Revenues | 86,520 | 107,557 | 139,310 | 157,705 | 162,703 | 172,591 |
| Trading Revenue | 4,041 | 5,404 | 4,954 | 4,974 | 4,974 | 4,974 |
| Interest Revenue | 1,335 | 393 | 520 | 327 | 328 | 329 |
| Dividends | 0 | 0 | 600 | 760 | 1,202 | 1,630 |
| Core Sector Support | 7,825 | 7,825 | 7,825 | 0 | 0 | 0 |
| Other Revenue | 62,147 | 52,557 | 13,126 | 13,112 | 13,032 | 12,640 |
| Total Revenue | 161,868 | 173,736 | 166,335 | 176,877 | 182,239 | 192,165 |
| Expenditure | | | | | | |
| Crown Appropriation | 193,404 | 151,054 | 133,996 | 126,641 | 126,386 | 125,640 |
| Depreciation | 12,676 | 13,054 | 13,767 | 13,783 | 13,783 | 13,783 |
| Payments on Behalf of Crown | 28,597 | 28,316 | 32,350 | 31,052 | 30,810 | 30,267 |
| Debt-servicing interest | 2,858 | 3,980 | 5,463 | 5,936 | 5,624 | 5,218 |
| Other expenditure | 150 | 280 | 150 | 150 | 150 | 150 |
| Total Expenditure | 237,685 | 196,685 | 185,725 | 177,561 | 176,753 | 175,057 |
| NET OPERATING SURPLUS / (SHORTFALL) | -75,817 | -22,949 | -19,391 | -684 | 5,486 | 17,107 |
| Grants | | | | | | |
| Foreign Aid Revenue | 10,869 | 18,575 | 26,305 | 18,715 | 11,151 | 9,414 |
| Foreign Aid Expenses | 10,869 | 18,575 | 26,305 | 18,715 | 11,151 | 9,414 |
| Grant Balance | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Operating Balance after Grants | -75,817 | -22,949 | -19,391 | -684 | 5,486 | 17,107 |

18.2 Statement of Financial Position

For the Year Ending 30 June

| | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Projection | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--------------------------------|-------------------|--------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Assets | | | | | | |
| Working Capital Fund | 53,571 | 62,377 | 16,873 | 1,373 | -7,447 | -6,210 |
| Stabilisation Fund | 3,544 | 3,544 | 3,544 | 3,544 | 3,544 | 3,544 |
| General Cash Reserve | 57,115 | 65,921 | 20,417 | 4,917 | -3,903 | -2,666 |
| Loan Reserves Fund (LRF) | 11,654 | 12,544 | 12,669 | 12,796 | 12,924 | 13,053 |
| Disaster Response Trust Fund | 1,978 | 2,028 | 2,078 | 2,128 | 2,178 | 2,228 |
| Other Trust Funds | 46,314 | 46,314 | 46,314 | 46,314 | 46,314 | 46,314 |
| Other Assets | 155,730 | 155,700 | 155,700 | 155,700 | 155,700 | 155,700 |
| Advances to SOEs | 41,954 | 41,954 | 44,280 | 42,343 | 39,610 | 36,546 |
| Plant, Property, and Equipment | 232,951 | 260,400 | 345,941 | 351,279 | 353,393 | 354,653 |
| Total Assets | 547,695 | 584,861 | 627,398 | 615,477 | 606,215 | 605,827 |
| Liabilities | | | | | | |
| 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 | 176,615 | 228,459 | 218,492 | 208,899 | 195,146 | 178,214 |
| Total Liabilities | 361,383 | 413,227 | 403,260 | 393,667 | 379,914 | 362,982 |
| NET CROWN BALANCE | 186,312 | 171,633 | 224,138 | 221,810 | 226,301 | 242,846 |

18.3 Statement of Borrowings

For the Year Ending 30 June

| | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Projection | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|---|-------------------|--------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total Gross Borrowing | 176,615 | 228,459 | 218,492 | 208,899 | 195,146 | 178,214 |
| Assets held against Borrowings | | | | | | |
| Advances to Subsidiaries | 41,954 | 41,954 | 44,280 | 42,343 | 39,610 | 36,546 |
| Loan Repayment Fund (LRF) | 11,654 | 12,544 | 12,669 | 12,796 | 12,924 | 13,053 |
| Total Assets Held Against Borrowings | 53,608 | 54,498 | 56,949 | 55,139 | 52,534 | 49,599 |
| Total Net Borrowing | 123,007 | 173,961 | 161,543 | 153,760 | 142,612 | 128,615 |

18.4 Statement of Cashflows

For the Year Ending 30 June

| | 2020/21 Actual | 2021/22 Estimated Actual | 2022/23 Projection | 2023/24 Projection | 2024/25 Projection | 2025/26 Projection |
|--|-------------------|--------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Cashflows from Operating Activities | | | | | | |
| <u>Cash provided from:</u> | | | | | | |
| Taxation Revenues | 86,520 | 107,557 | 139,310 | 157,705 | 162,703 | 172,591 |
| Trading Revenue | 4,041 | 5,404 | 4,954 | 4,974 | 4,974 | 4,974 |
| Interest Revenue | 926 | 276 | 395 | 200 | 200 | 200 |
| Foreign Aid Income | 21,578 | 31,309 | 91,452 | 19,580 | 11,151 | 9,414 |
| Core Sector Support | 7,825 | 7,825 | 7,825 | 0 | 0 | 0 |
| Other Revenue | 62,147 | 52,557 | 13,126 | 13,112 | 13,032 | 12,640 |
| | 183,037 | 204,928 | 257,062 | 195,570 | 192,059 | 199,820 |
| <u>Cash applied to:</u> | | | | | | |
| Crown Appropriation | 193,404 | 151,054 | 133,996 | 126,641 | 126,386 | 125,640 |
| Depreciation | 0 | 0 | 0 | 0 | 0 | 0 |
| Payments on Behalf of the Crown | 28,597 | 28,316 | 32,350 | 31,052 | 30,810 | 30,267 |
| Foreign Aid Expense | 10,869 | 18,575 | 26,305 | 18,715 | 11,151 | 9,414 |
| Net Debt-Servicing Interest | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Expenditure | 150 | 280 | 150 | 150 | 150 | 150 |
| | 233,020 | 198,226 | 192,801 | 176,558 | 168,497 | 165,471 |
| Net Cashflows from Operating Activities | -49,983 | 6,702 | 64,261 | 19,013 | 23,562 | 34,348 |
| Cashflows from Financing Activities | | | | | | |
| <u>Cash provided from:</u> | | | | | | |
| Subsidiary Loan Repayments | 0 | 0 | 2,782 | 3,384 | 3,404 | 3,412 |
| Other Investment Receipts | 0 | 0 | 600 | 760 | 1,202 | 1,630 |
| | 0 | 0 | 3,382 | 4,144 | 4,606 | 5,042 |
| <u>Cash applied to:</u> | | | | | | |
| Capital expenditure | 30,036 | 27,770 | 34,160 | 18,257 | 15,897 | 15,042 |
| Capital expenditure - foreign aid | 10,709 | 12,734 | 65,148 | 864 | 0 | 0 |
| Advances to Subsidiaries | 6,968 | 0 | 0 | 0 | 0 | 0 |
| | 47,713 | 40,504 | 99,308 | 19,121 | 15,897 | 15,042 |
| Net Cashflows from Investing Activities | -47,713 | -40,504 | -95,926 | -14,977 | -11,291 | -10,000 |
| Cashflows from Financing Activities | | | | | | |
| <u>Cash provided from:</u> | | | | | | |
| Loans Drawdown | 80,923 | 55,540 | 0 | 0 | 0 | 0 |
| Other Financing Receipts | 0 | 30 | 0 | 0 | 0 | 0 |
| | 80,923 | 55,570 | 0 | 0 | 0 | 0 |
| <u>Cash applied to:</u> | | | | | | |
| Loan Repayment Fund | 0 | 12,912 | 13,789 | 19,485 | 21,043 | 23,061 |
| Other Reserves | 50 | 50 | 50 | 50 | 50 | 50 |
| Other Financing Payments | 0 | 0 | 0 | 0 | 0 | 0 |
| | 50 | 12,962 | 13,839 | 19,535 | 21,093 | 23,111 |
| Net Cashflows from Financing Activities | 80,873 | 42,608 | -13,839 | -19,535 | -21,093 | -23,111 |
| Net cash movements | -16,823 | 8,807 | -45,505 | -15,499 | -8,821 | 1,238 |
| Opening General Cash Balance | 73,938 | 57,115 | 65,921 | 20,417 | 4,917 | -3,903 |
| Closing General Cash Reserve | 57,115 | 65,921 | 20,417 | 4,917 | -3,903 | -2,666 |

19 Statement of Accounting Policies

There have been no changes since the Fiscal Update 2021/22. There are no major changes to accounting policies anticipated in the foreseeable future.

19.1 Basis of Preparation

19.1.1 Reporting Entity

These financial statements are for the Government of the Cook Islands. These consist of:

- Ministries
- Crown and statutory agencies
- Ministerial support offices
- Island Administrations
- State owned enterprises.

19.1.2 Statement of Compliance

The financial statements in Chapter 0 have been prepared in accordance with the Ministry of Finance and Economic Management Act 1995-96 and the International Public Sector Accounting Standards (IPSAS).

19.1.3 Measurement Base

The financial statements have been prepared on the going concern assumption and the accounting policies have been applied consistently throughout the period except where stated elsewhere in this Statement of Accounting Policies.

These financial statements have been prepared using the historical cost method to report results, cash flows and the financial position of the Crown. The financial statements have been prepared under the accrual basis of accounting and are presented in New Zealand dollars rounded to the nearest thousand dollars.

19.2 Significant Accounting Policies

The following accounting policies, which significantly affect the measurement of financial performance, financial position and cash flows have been applied.

19.2.1 Basis of Consolidation

The Government Ministries, Public Enterprises and Other Authorities (including State Owned Enterprises) comprising the reporting entity are consolidated involving addition of like items of assets, liabilities, revenues and expenses on a line by line basis.

The effect of all material inter-entity transactions and balances are eliminated on consolidation.

Commitments and contingent liabilities of Public Enterprises and Other Authorities are reported in the Statements of Commitments and of Contingent Liabilities.

19.2.2 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.

19.2.3 Revenue

Revenue is measured at fair value of the consideration received or receivable.

19.2.3.1 Revenue Levied through the Crown's Sovereign Power

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 Crown's sovereign power. Revenue arising through taxes is recognised when the taxable event occurs and when the criteria for recognition of revenue is met.

| Revenue Type | Revenue Recognition Point |
|-----------------------|---|
| Individual Income Tax | Individual income tax is recognized when individual tax return forms are filed and payment has been received by Revenue Management Division. |
| Company Income Tax | Company income tax is recognized when individual company tax return forms are filed and payment has been received by Revenue Management Division. |
| Withholding Tax | Withholding tax is recognized upon payment being received by Revenue Management Division |
| Value Added Tax | VAT is recognized when individual monthly VAT return forms are filed and payment has been received by Revenue Management Division. |
| Customs levies | Customs levies are recognized 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 recognized upon payment being received by Revenue Management Division from the respective Airlines. |
| Other Revenue | When the debt to the Crown arises. |

19.2.4 Revenue Earned Through Operations

Revenue from sales of goods/services is recognised when the product/service is sold to the customer.

19.2.4.1 1.2.4.0 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 recognized when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from the supply of services is recognized 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.

19.2.4.2 Fines

Fines are economic benefits or services potentially received by the Crown 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.

19.2.4.3 Investment Income

Investment income is earned from the leasing or rental of Crown assets to third parties that is neither a Crown entity nor a Crown related party. Investment income is recognised in the period in which it is earned.

19.2.4.4 Gains

Realised gains arising from sale of assets or from the early settlement of a liability are recognised in the Statement of Financial Performance in the period in which the transaction is concluded.

19.2.4.5 Dividends

Dividends are recognised when the right to receive the payment has been established.

19.2.4.6 Aid (Development Partners) Revenue

Aid revenue relates to funding received from aid donors for specified projects. Funding received in advance is recorded as aid liability and recognized 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 recognizes a receivable up to the amount of approved funding. Aid funding received that do not have any conditions are recognized as revenue.

19.2.4.7 Donated Assets

Where a physical asset is gifted or acquired by Government for nil or at a subsidized cost, the asset is recognized at fair value and the difference between the consideration provided and the fair value of the asset is recognized as aid revenue.

19.2.5 Expenses

Expenses are recognised when incurred and are reported in the financial period to which they relate.

19.2.5.1 Welfare Benefits

Welfare benefits are recognised in the period to which the payment of these benefits relates to.

19.2.5.2 Grants and Subsidies

Where grants and subsidies are discretionary until payment, the expense is recognised when the payment is made. Otherwise, the expense is recognised when the specified criteria have been fulfilled and notice has been given to the Crown.

19.2.5.3 Losses

Realised losses arising from sales of assets or the early settlement of a liability are recognised in the Statement of Financial Performance in the period in which the transaction is concluded.

19.2.5.4 Foreign Currencies

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 Comprehensive Revenue and Expenses.

Any monetary assets and monetary liabilities held at year end are translated at the exchange rate at the balance sheet date.

19.2.5.5 Aid Expenses

Expenses are recognised when incurred on approved projects and are reported in the financial period to which they relate.

19.2.5.6 Depreciation

Each part of an item of plant, property, and equipment with a cost significant in relation to the total cost of the item shall be depreciated separately.

Depreciation of plant, property and equipment is 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:

| Asset Type | Useful Life |
|---|----------------|
| Office and computer equipment | 3 – 4 years |
| Motor vehicles | 5 years |
| Furniture and fittings | 4 – 10 years |
| Plant and Equipment | 5 – 15 years |
| Buildings and improvements | 20 - 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 |
| Specialised buildings and other buildings | 15 years |

19.2.6 Non-Current Assets

19.2.6.1 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 labor, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized 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 recognized in the statement of financial performance.

19.2.6.2 Plant, Property, and Equipment

Plant, property and equipment is recorded at cost less accumulated depreciation.

The cost of purchased plant, property 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 Crown 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.

19.2.6.3 Disposals

When an item of plant, property and equipment is disposed, the gain or loss (disposal proceeds less carrying value) associated with that item will be recognised in the Statement of Comprehensive Revenue and Expenses.

19.2.6.4 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 Comprehensive Revenue and Expenses.

19.2.6.5 Additions

The cost of an item of plant, property 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 Crown and the cost of the item can be measured reliably.

19.2.6.6 Work in Progress

Work in Progress is recognised as cost less impairment and is not depreciated.

19.2.6.7 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: road networks, water networks, power distribution networks, coastal protection systems, harbour and ports structures, and waste management and airport assets. 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 Comprehensive Revenue and Expenses.

19.2.6.8 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 Comprehensive Revenue and Expenses.

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 |

19.2.6.9 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

19.2.6.10 Debtors and other receivables

After initial recognition, loans and receivables are measured at amortised cost less any provision for impairment. Gains and losses when assets are impaired or derecognised are recognised in the Statement of Comprehensive Revenue and Expenses.

Tax receivables have been calculated on a subsequent receipt basis. All tax revenue received in the years subsequent to 30 June 2022 has been disclosed as tax receivables at year end.

19.2.6.11 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.

19.2.6.12 Investments

Investments in associates are accounted for in the consolidated financial statements using the equity method. That is, investments in associates are initially recognised at cost and the carrying amount is increased or decreased to recognise the Crown's share of the surplus or deficit of the associate after the day of acquisition.

19.2.6.13 Banking portfolio investments

Loans are valued at net realisable value after provisions. Applicable security is obtained depending on the size and nature of loans. Non-performing loans are reviewed monthly on a case by case basis.

19.2.6.14 Provision for doubtful debts

Provision is made for taxation debt where recovery is considered doubtful.

Provision is made for banking portfolio Investments (specific loans) where recovery is considered doubtful or they have become non-performing. The accounting policy relating to measuring the impairment of loans and advances requires the Bank to assess impairment at least at each reporting date. The credit provisions raised represent management's best estimate of the losses incurred in the loan portfolio at balance date based on their experienced judgement and in accordance with the Financial Supervisory Commission's (FSC) guidelines.

The use of such judgements and reasonable estimates is considered by management to be an essential part of the process and does not impact on reliability. Management regularly reviews and adjusts the

estimates and methodologies as improved analysis becomes available. Changes in these assumptions and methodologies could have a direct impact on the level of provision and impairment. There is no general provision against banking portfolio investments.

All bad debts are written off against specific provisions in the period in which they become classified as irrecoverable.

19.2.6.15 Aid (Development Partner) Assets

Donor funds are deposited into bank accounts until expensed on approved assets. Where an asset is acquired at no cost, or is donated for use by the Crown or other Crown entity, it is recognised at fair value as at the date of acquisition.

19.2.7 Liabilities

19.2.7.1 Borrowings

Borrowing liabilities are accounted for at amortised cost on the Statement of Financial Position. Any changes are recognised in the Statement of Comprehensive Revenue and Expenses. 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.

19.2.7.2 Pension Liabilities

Pension liabilities, in respect of the contributory service of current and past Members of Parliament, are recorded at the latest (30 June 1997) actuarial value of the Crown's liability for pension payments. There are no pension liabilities accruing to the Crown as a result of Government employees' membership of the Government Superannuation Fund (New Zealand).

19.2.7.3 Aid Liabilities

Funds received from various donors are treated as liabilities until expensed on approved projects at which stage the funding is included within the Statement of Comprehensive Revenue and Expenses as revenue.

19.2.7.4 Employee Entitlements

These include salaries and wages accrued up to balance date, annual level earned but not yet taken at balance date. A long service bonus is paid out on the completion of 3 years continuous service within the Government. The bonus is equivalent to a fortnight pay of the employee.

19.2.7.5 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. Annual leave and long service leave to be settled within 12 months of the balance date, are classified as current liability. All other employee entitlements are classified as a non-current liability.

19.2.7.6 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 as a provision should be the best estimate of the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation at

that time. 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.

19.2.8 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 Crown.

Investing activities are the acquisition and disposal of long-term assets and other investments. Operating activities identify how much the Crown received from its actual operations.

Cash flow information allows users to ascertain how the Crown raised the cash required to fund activities and the manner in which that cash was utilised. The direct cash flow method has been applied.

19.2.9 Leases

Finance leases transfer, to the Crown as lessee, substantially all the risks and rewards incidental to the ownership of an asset. The obligations under such leases are capitalised at the present value of minimum lease payments. The capitalised values are amortised over the period in which the Crown expects to receive benefits from their use.

Operating leases, where the lessors substantially retain the risks and rewards of ownership, are recognised in a systematic manner over the term of the lease. Operating leases are recognised as an expense in the Statement of Comprehensive Revenue and Expenses in the periods in which they are incurred.

The cost of leasehold improvements is capitalised and amortised over the lesser of the leasehold improvement's useful life or the original lease term.

19.2.10 Commitments

Commitments are future expenses and liabilities to be incurred on contracts that have been entered into at 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.
- 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.

19.2.11 Contingent Liabilities

Contingent liabilities are recorded when a possible obligation has arisen from an event in the past and which the existence will only be confirmed through the occurrence or non-occurrence of future events. Such liabilities will be disclosed if they are deemed to materially affect the reading of the presented financial statements.

19.2.12 Changes in Accounting Policies

There have been no changes to the accounting policies. All policies were applied on a consistent basis with the prior year.