



FORTY-NINTH SESSION HANSARD REPORT

49th Session

Fourteenth Meeting

Volume 14

MONDAY, 23 MAY 2022

MR SPEAKER TOOK THE CHAIR AT 1.00 P.M.

OPENING PRAYER

MR SPEAKER (T. TURA): Can we all please be seated? Parliament is now in session.

First of all, my thanks to our Chaplain for leading us through our Opening Prayer Service this afternoon and for the spiritual message that he had presented us with.

Kia Orana to the Honourable Prime Minister, Cabinet Members and Members on the Government side, greetings to you all this afternoon. Greetings also to the Honourable Leader of the Opposition who have travelled to the island of Rakahanga, Deputy Leader of the Opposition and all the Members of the Opposition, greetings to you all this afternoon.

Kia Orana to our people watching our livestream and our people from the Outer Islands, Kia Orana to you all.

I have a Message from the Queen's Representative and I shall read that to you:

Message to Parliament,

Royal Recommendation signed by the Queen's Representative, Sir Tom Marsters, KBE.

Message No. 1

The Queen's Representative, in pursuance of Article 3 of the Constitution, on behalf of Her Majesty and in pursuance of Article 43 of the Constitution recommends Parliament to proceed upon the Bill, the Short Title where is the Appropriation Bill 2022.

DATED at AUCKLAND this 20th day of May, 2022.

I lay this on the Table.

At this point, I have some notices to announce, including condolences to our people. I would like to include us all together, Members of Parliament, in conveying our deepest condolences to our people who have gone through bereavement during these days and may God comfort you all.

Now we go into Question Time and I see the Honourable Member, Vaitoti Tupa.

QUESTION TIME

MR V. TUPA: Kia Orana to all of us in the Mighty Name of our Saviour, here in Parliament. To you Mr Speaker, it has been some time since we have met in this Honourable House. My question is posed to the Honourable Minister, George Angene. I have heard and I have been told that you have conducted a new funeral services business. This has been broadcasted over the radio and you have taken control of this new funeral services business. Maybe it is true as I am unaware, I was informed about it and that is my question to you Honourable Minister, is it true that you have started a new funeral services business in hope to help those bury their loved ones?

MR SPEAKER: Thank you Honourable Member and I see the Honourable Minister; you have the Floor.

HON. G. ANGENE: Thank you Mr Speaker in granting me the time to answer the question from the Honourable Member. Greetings to my Honourable Member friend and also to our people listening in so that you actually hear the answer to this question if I am conducting this as a means of business for me and the answer is no. When I started this work, it was because I felt for the people due to the high cost of burial services and that is why I entered this area to reduce the cost to the people. On top of this Mr Speaker, and to all our people listening in, this area of burial should not be for businesses.

If you feel like conducting the burial service yourself with your family, it is your rights and it is not the rights of the Honourable Member George Angene or anyone else. The reason people are coming to me is because I do not charge them and the quality of my work is very good. I also do not look to make money from dead people, we should leave their money for their services. Thank you very much.

MR SPEAKER: Thank you Honourable Minister and I see the Honourable Member, Tamaiva Tuavera.

MR T. TUAVERA: Thank you Mr Speaker and greetings to you this afternoon. Greetings to the Government side and also the Opposition side. I have a Supplementary Question.

I have also heard the same person on the radio instructing all Members of Parliament to pay \$5 thousand to him for trimming the trees. I would then like to ask the Honourable Minister, George Angene, if he had paid his share of \$5 thousand. Maybe then, we will pay our shares. If not, then we will not.

MR SPEAKER: Honourable Minister George Angene; you have the Floor.

HON. G. ANGENE: Thank you, Mr Speaker. I thought you are making a booking to me so that I can prepare your grave but you are talking about something else. Thank you to the Member of Parliament for Ngatangiia for your question. Whether I have paid my \$5 thousand but I want to correct you that it is not \$5 thousand, it was mentioned \$15 thousand.

Who gave them the authority to go and cut trees because they have started in my constituency of Tupapa and I would like to remind this House that I started the cutting of trees in the community without any payment. So, why would I seek for a payment of \$15 thousand when they needed to do the cutting of these trees around Rarotonga and I do not.

And the question that you are asking me is, whether I have paid and contributed this amount of money. When he was in this House, I have asked the House if there is an allocation or portion of money to help with this kind of work and also to purchase some of the machines to support us in this type of work of trimming trees. He told me that I am the boss.

I know there is a talk around the island of this project but I want you to know that my work is not along that line and we know for sure that this is what they are doing. I want to assure the Members in this House that we need to believe in God and follow Him.

MR SPEAKER: Thank you Honourable Minister. I see the Honourable Member Tuavera, you have the Floor.

MR T. TUAVERA: Thank you Mr Speaker. I want to direct my question to the Honourable Prime Minister Mark Brown. Before I ask the question to the Honourable Minister George Angene please don't die early we would like you to dig and prepare all our graves.

Mister Prime Minister, for a healthy informed budget debate we need both books, One and Two. We are in this Honourable House to debate the budget and the budget comes with two books. Thank you.

MR SPEAKER: Thank you Honourable Member. I see the Honourable Prime Minister and you have the Floor.

HON. M. BROWN: Thank you Mr Speaker. The Bill is yet to be presented to the House and I am sure it will be done straight after the Question Time. Then I expect any further documentations will be made available to our Members. Thank you Mr Speaker.

MR SPEAKER: Thank you Honourable Prime Minister and I see the Honourable Member, Selina Napa; you have the Floor.

MRS S. NAPA: Kia Orana to you Mr Speaker, to all Honourable Members and to all the staff of Parliament. I would like to direct my question to the Honourable Prime Minister. I stand to ask the question on the shortness of time that was given to us as we were only given Book No. 1 and I have heard of some news circulating that we will debate on the Appropriation Bill today! There is also another news spreading around that Parliament will finish on Friday!

Can the Honourable Prime Minister indicate to us as to how long this Parliament Sitting will be?

MR SPEAKER: Thank you Honourable Member. I see the Honourable Prime Minister.

HON. M. BROWN: Thank you Mr Speaker and thank you to the Honourable Member. Yes, I can indicate that we are looking to sit for the whole of this week, Monday to Friday and I have also indicated to the Opposition that we will be looking for extended sittings of Parliament so that we can start at 10.00 a.m. and finish at 5.00 p.m. This is to enable us to have sufficient time Mr Speaker, to thoroughly debate the budget and the Appropriation which we will look to pass in all its Stages by Friday. Thank you Mr Speaker.

MR SPEAKER: Thank you Honourable Prime Minister. I think the message is clear for all Members of Parliament of our Sitting this week.

I see the Honourable Deputy Leader of the Opposition; you have the Floor.

MR W. HEATHER: Mr Speaker, I would like to direct my question to the Honourable Prime Minister. But before I ask my question, I would like to state that in the past, I have been asking the Government to build a home for our mentally ill people. Last week on Friday, I went to the hospital. When I arrived at the hospital, I saw a house being built to accommodate this purpose. Therefore, I would like to thank the Honourable Prime Minister for doing this.

Now, my question is in regards to the bridge in Avatiu and it is about the stones that are being placed in the gabion that is set next to the stream. There are contractors still working in the area.

The question is, was the contract tendered and has it been tabled in this Honourable House?

MR SPEAKER: Thank you Honourable Member. I see the Honourable Prime Minister; you have the Floor.

HON. M. BROWN: Thank you, Mr Speaker. The Honourable Member was referring to the Avatiu stream? I believe this work that has been awarded to Mike Rennie construction builders to extend the gabion walls from the bridge to the back road of the Avatiu stream. We saw the recent heavy downpour and flooding where the Avatiu stream broke its banks towards the back road and couched the way a large portion of the embankment which required some repair.

Fortunately, the Avatiu bridge work had been completed and despite that heavy downpour and flooding, that bridge was not breached by the flood waters. So, I believe the work was part of the ICI work program to do the embankment and the contract was awarded to this successful company.

MR SPEAKER: Thank you, I see the Honourable Vaitoti Tupa; you have the Floor.

MR V. TUPA: Thank you Mr Speaker. My question is directed to the Honourable Prime Minister. I have read in the newspaper that there is a tendering in regards to the Takitumu School. I do believe that the government is looking for a business that will do the decoration along the road for the planting of trees and also the footpath.

Before I pose my question, I can see one of the Interpreters who was one of those involved with this development project. I recall there were trees in relation to the CICC Church that was

removed. I know the area where the two trees had been removed, the concrete walls are broken and smashed.

My question to you Honourable Prime Minister is, when will this work commence and will there be work in the area where ICI had worked in removing the trees and maybe they could tar seal the area and the cracked footpath?

MR SPEAKER: Thank you, I see the Honourable Prime Minister.

HON. M. BROWN: Thank you to the Honourable Member from Matavera for the question. I think it is appropriate for me to go and do some investigation of this area as you have mentioned, the removal of these trees have caused the walls to crumble down. So, it is appropriate I look into this and have our government workers look at areas in beautifying this place. I want you Honourable Member to know that while doing these things I do not want any negative repercussions especially during these times.

So, I will be seeking advice from engineers and also the lawyer for advice so as not to break any rules.

MR SPEAKER: Thank you Honourable Prime Minister. I now see the Honourable Member Nooroa Baker; you have the Floor.

MR N. BAKER: My question is directed to the Prime Minister as he is the Minister Responsible for Finance. Before I do so, I would like to express a short story because it has been about five to six years that I have received a Bill from the Tax Department advising me to pay \$84 thousand that I owe them and yet, I heard afterwards that taxes for some companies have been abolished.

My question then is, I heard that T&M is one of the companies in which their taxes has been cut. Is this true?

MR SPEAKER: The Honourable Prime Minister.

HON. M. BROWN: Thank you Mr Speaker and thank you to the Member for his question. I think we have to be very mindful here as there are two issues. The first is the Tax Amnesty that was provided in the year 2015, our 50th year of Self Governance and I am sure those Members who were in the House at the time will recall that we passed special legislation to allow the forgiveness of old and tax that was deemed to be unrecoverable. We provided a window for individuals, companies to come forward and declare their taxes without penalty to bring their arrears up to date and for them to be part of the new tax system moving forward. There was a feeling that government or the country would be losing revenue by putting in place this amnesty. But as we all know Mr Speaker, the reality was the country gained more revenue by providing the Tax Amnesty because more people came onboard to take advantage of the amnesty to get their affairs in order and make sure that they did not fall back into arrears.

Back to the question by the Honourable Member whether the company T&M Heather benefitted in any way from the Tax Amnesty that was provided? Mr Speaker, we should all know that the

tax affairs of every person and every company in this country is a private and confidential matter between the Tax Department and themselves. As Minister of Finance, I cannot know and I do not know what the tax affairs are of individuals or of companies with the Tax Department. That would be a question, Mr Speaker, better directed by the Member to the owners and directors of T&M Heather themselves. Thank you.

MR SPEAKER: Thank you Honourable Prime Minister. I see the Deputy Leader of the Opposition.

MR W. HEATHER: Maybe I might take some time in explaining my question to the Prime Minister because I have raised this question at the last Sitting in the House because the land owners of Puaikura were concern for what is happening today. This is regarding the incinerator of waste that we have discussed in this House. The question here is, what is happening to this project, the procurement of the incinerator? Whether this is going ahead or not because when I look in the Budget Book, there is no mention of this. Thank you.

MR SPEAKER: Thank you Honourable Deputy Leader. I see the Associate Minister; you have the Floor.

MR A. NICHOLAS: Thank you Mr Speaker and all of us in this House and to the question from the Member. Maybe he is wondering why I have stood up to answer instead of the Prime Minister. It is because the Prime Minister have allocated this responsibility to me in recent times in looking at the progress of the project as mentioned by the Member.

In response to the query from the Member, yes just the other week we along with the Waste Management team met with two consultants from New Zealand. These two gentlemen have been working in the incinerator industry. These two presented their recommendations to us the team from Infrastructure Cook Islands and Waste Management. In this recommendation they put forward some thoughts on the incinerator as you have mentioned. The comments were accepted by the Waste Management and they were requested to return in August this year.

MR SPEAKER: Honourable Member, I have to interrupt you. Our time is up and you can finish that tomorrow so that the Honourable Member on the Opposition side who raised the question will be looking forward to your response tomorrow.

Thank you, Honourable Member.

ORDERS OF THE DAY

PRESENTATION OF PUBLIC BILLS (PART XXXI)

MRS S. NAPA: Mr Speaker, I rise to seek Leave of Absence for the Honourable Tina Pupuke-Browne and the Honourable Terepai Maoate.

MR SPEAKER: Thank you, Honourable Member. The Absence of Leave has been approved by the Speaker and I thank you for bringing that into Parliament. I will call for a Secunder?

Seconded by the Honourable Member, Tamaiva Tuavera

ORDERS OF THE DAY

PRESENTATION OF PUBLIC BILLS (PART XXXI)

Our Bill for presentation is the Appropriation Bill 2022. I call the Minister of Finance, the Honourable Mark Brown; you have the Floor.

CLERK AT THE TABLE (T. VAINERERE): Short Title: Appropriation Act 2022.

MR SPEAKER: Can the Minister please name the date and time for the Second Reading of the Bill?

HON. M. BROWN: Forthwith, Mr Speaker.

MR SPEAKER: Thank you Honourable Minister of Finance. The Appropriation Bill 2022 is ordered for a Second Reading after the Presentation of Papers.

PRESENTATION OF PAPERS

I call upon the Deputy Speaker, the Honourable Tingika Elikana, to present:

Parliament Paper No. 111 – Report on a Review of the Standing Orders.

MR T. ELIKANA: Thank you Mr Speaker. It is my honour to present:

Parliament Paper No. 111 – Report on a Review of the Standing Orders

I now lay this on the Table.

MR SPEAKER: Thank you Honourable Tingika Elikana.

I now call upon the Honourable Minister Rose Toki-Brown, to present:

Parliament Paper No. 116 – Cook Islands National Superannuation Fund (Contribution Rates) Amendment Order 2021, Serial No. 2021/11.

HON. R. TOKI-BROWN: Mr Speaker, I have the honour to present:

Parliament Paper No. 116 on to the Table

MR SPEAKER: I now call upon the Honourable Prime Minister Mark Brown, to present:

Parliament Paper No. 117 – Environment (Montreal Protocol) Regulations 2021, Serial No. 2021/12 and;

Parliament Paper No. 118 – Transport (Motor Vehicle Licensing) Amendment Regulations 2021, Serial No. 2021/13.

HON. M. BROWN: Mr Speaker, it is my honour to present:

Parliament Paper No. 117 – the Environment (Montreal Protocol) Regulations 2021 and;

Parliament Paper No. 118 – Transport (Motor Driving Licence) Amendment Regulations 2021, Serial No. 2021/13

I lay these on the Table.

MR SPEAKER: Thank you Honourable Prime Minister.

I now call upon the Minister of Health, Honourable Rose Toki-Brown to present:

Parliament Paper No.119 – COVID-19 (Public Health Measures) Regulations 2021, Serial No. 2021/14 and;

Parliament Paper No. 120 COVID-19 (Air Boarder Entry Requirements) Regulations 2021, Serial No. 2021/15.

HON. R. TOKI BROWN: Thank you Mr Speaker. It is my honour to present to this House:

Parliament Paper No.119 – COVID-19 (Public Health Measures) Regulation 2021, Serial No.2021/14;

Parliament Paper No. 120 – COVID-19 (Air Border Entry Requirements) Regulations 2021, Serial No.2021/15

I lay these on the Table.

MR SPEAKER: Thank you Honourable Rose Toki-Brown.

I now call upon the Honourable Minister Vaine Mokoroa, to present the following Papers:

Parliament Paper No. 121 – Public Expenditure Review Committee (Appointment of Other Committee Members) Order 2021, Serial No. 2021/16;

Parliament Paper No. 122 – Justices of the Peace (Remuneration) Regulation 2021, Serial No. 2021/17 and;

Parliament Paper No. 123 – Te Mato Akamoeau Office of the Ombudsman Annual Report 2020/21.

HON. V. MOKOROA: Thank you Mr Speaker. It is my honour to present:

Parliament Paper No. 121 – Public Expenditure Review Committee (Appointment of Other Committee Members) Order 2021, Serial No. 2021/16;

Parliament Paper No. 122 – Justices of the Peace (Remuneration) Regulation 2021, Serial No. 2021/17 and;

Parliament Paper No. 123 – Te Mato Akamoeau Office of the Ombudsman Annual Report 2020/21

I lay these on the Table.

MR SPEAKER: Thank you Honourable Minister Vaine Mokoroa.

I call upon the Minister of Health, the Honourable Rose Toki-Brown, to present:

Parliament Papers No.124 – COVID-19 (Public Health Measures) Amendment Regulations 2022, Serial No. 2022/01 and;

Parliament Paper No.125 – COVID-19 (Public Health Measures) Amendment Regulations (No. 2) 2022, Serial No. 2022/02.

HON. R. TOKI BROWN: Thank you Mr Speaker. It is my honour to present:

Parliament Paper No. 124 and Paper No. 125

I lay these on the Table.

MR SPEAKER: Thank you Honourable Minister, Honourable Rose Toki-Brown.

I call upon the Minister of Ombudsman, Honourable Vaine Mokoroa, to present:

Parliament Paper No.126 – Ombudsman (Terms and Conditions of Appointment) Order 2022, Serial No 2022/03.

HON. V. MOKOROA: Thank you Mr Speaker and it is my honour to present:

Parliament Paper No.126 – Ombudsman (Terms and Conditions of Appointment) Order 2022, Serial No 2022/03

I lay this on the Table.

MR SPEAKER: Thank you Minister Vaine Mokoroa.

I call upon the Minister of Health, the Honourable Rose Toki-Brown, to table the following Papers:

Parliament Paper No. 127 – COVID-19 (Air Border Entry Requirements) Amendment Regulations 2022, Serial No. 2022/04;

Parliament Paper No. 128 – COVID-19 (Air Border Entry Requirements) Amendment Regulations (No.2) 2022, Serial No. 2022/05;

Parliament Paper No. 129 – COVID-19 (Air Border) Regulations 2022, Serial No. 2022/06;

Parliament Paper No. 130 – COVID-19 (Public Health Measures) Amendment Regulations (No. 3) 2022, Serial No. 2022/07.

HON. R. TOKI-BROWN: Thank you Mr Speaker. It is my honour to present:

Parliament Paper No.127, Parliament Paper No.128, Parliament Paper No.129, Parliament Paper No.130

I lay these on the Table.

MR SPEAKER: Thank you Minister Rose Toki-Brown.

I call upon the Honourable Minister, Honourable Vaine Mokoroa, to present:

Parliament Paper No. 131 – International Relationship Property Trusts Regulations 2022, Serial No. 2022/08.

HON. V. MOKOROA: Thank you, Mr Speaker. It is my honour to present:

Parliament Paper No.131 – International Relations Property Trusts Regulations 2022, Serial No. 2022/08

I lay this on the Table.

MR SPEAKER: Thank you Minister Vaine Mokoroa.

I call upon the Prime Minister, the Honourable Mark Brown, to present:

Parliament Paper No.132 – Cook Islands Immigration Act Commencement Order 2022, Serial No. 2022/09 and;

Parliament Paper No.133 – Cook Islands Immigration Regulations 2022, Serial No. 2022/10.

HON. M. BROWN: Thank you Mr Speaker. I have the honour to present:

Parliament Paper No. 132 – Cook Islands Immigration Act Commencement Order 2022, Serial No. 2022/09 and;

Parliament Paper No. 133 – Cook Islands Immigration Regulations 2022, Serial No. 2022/10

I lay these on the Table.

MR SPEAKER: Thank you, Honourable Mark Brown.

I call on the Minister of Health, the Honourable Rose Toki-Brown, to present:

Parliament Paper No. 134 – COVID-19 (Public Health Measures) Regulations 2022, Serial No. 2022/11 and;

Parliament Paper No. 135 – COVID-19 (Border Entry Requirements) Regulations 2022, Serial No. 2022/12.

HON. R. TOKI-BROWN: Thank you Mr Speaker. I have the honour to present:

Parliament Paper No. 134 – COVID-19 (Public Health Measures) Regulations 2022, Serial No. 2022/11 and;

Parliament Paper No. 135 – COVID-19 (Border Entry Requirements) Regulations 2022, Serial No. 2022/12

I lay these on the Table.

MR SPEAKER: Thank you Honourable Rose Toki-Brown.

I call on the Honourable Vaine Mokoroa, to present:

Parliament Paper No. 137 – PERC Report on Complaint regarding Integrity of Information produced by Revenue Management Division (RMD) and;

Parliament Paper No. 138 – PERC Report on Complaint received regarding Revenue Management Division at the Ministry of Finance.

HON. V. MOKOROA: Thank you Mr Speaker. I have the honour to present:

Parliament Paper No. 137 – PERC Report on Complaint regarding Integrity of Information produced by Revenue Management Division (RMD) and;

Parliament Paper No. 138 – PERC Report on Complaint received regarding Revenue Management Division at the Ministry of Finance

I lay these on the Table.

MR SPEAKER: Thank you Honourable Minister Vaine Mokoroa.

I call on the Chairman of the Public Accounts Committee, the Honourable Tingika Elikana, to present:

Parliament Paper No. 139 – Public Accounts Committee Report on the Review of the Appropriation Bill 2022/2023.

MR T. ELIKANA: Thank you Mr Speaker. I have the honour to present:

Parliament Paper No. 139 – Public Accounts Committee Report on the Review of the Appropriation Bill 2022/2023

I lay this on the Table.

MR SPEAKER: Thank you Honourable Tingika Elikana. That concludes the Presentation of Papers.

ORDERS OF THE DAY

Appropriation Bill 2022. I call the Leader of the House on the Floor.

MS T. BROWN: Thank you Mr Speaker. I move:

That Standing Order 224 be suspended to enable the House to proceed on the Appropriation Bill 2022, forthwith

MR SPEAKER: Thank you Leader of the House, the Honourable Tehani Brown. I call for a Secunder to the Motion?

Seconded by the Honourable Member, Tingika Elikana

The Question is:

That the Motion be agreed to?

Motion agreed to

I now call the Minister of Finance for the Second Reading of the Appropriation Bill 2022.

HON. M. BROWN: Thank you Mr Speaker. I move:

That the Appropriation Bill 2022 be read a Second Time

MR SPEAKER: You may continue Honourable Prime Minister.

HON. M. BROWN: Thank you to the Speaker of the House as well as to all Honourable Members and to the Queen's Representative, Sir Tom and Lady Marsters and your family. All our traditional leaders of the land, Kaumaiti Nui, the President of the House of Ariki as well as all the Aronga Mana. Throughout all the Churches in our nation, the different Denominations and your leaders, greetings to you all. To our island governments and your leaders out there, greetings to you today.

To my Cabinets and Members of Government as well as the Honourable Members of the House, greetings to all of us this afternoon. To all our people listening by radio and watching on livestream here on Rarotonga, the Pa Enua and all those who live a far in New Zealand, Australia and the rest of the world, to you all, greetings.

Mr Speaker, the last two years have been tough and as a country, we have faced many challenges with our borders closed for many months. We have experienced the largest economic recession in Cook Islands history and one of the largest economic impacts in the world.

We have seen many of our people both Cook Islanders and migrant workers leave the country for opportunities elsewhere and this year after two years of keeping the virus out, we have accepted the inevitability of COVID-19 to enter our community but only on our terms. But Mr Speaker, as a country, our people have risen to face these enormous challenges together and we are prevailing.

I want to say again how proud I am of the way our country and our people have come together in our battle against this COVID Pandemic. We, your Government, have not underestimated the struggle that many, just like us, have faced. But we have not been alone in this struggle, we have faced them together as a nation, a nation I am very proud to lead.

This is our third Budget since the start of the Pandemic. In the last two Budgets, we showed strong decisive leadership and made bold decisions to show that by working together we would keep our people safe and we would support our people through these tough times. Today, I am asking you to keep that faith.

Budget 2020 was the Budget of Blessings. While our economy was hit hard, we were blessed in that we were in a position of financial strength and moved quickly to ensure that worst of the storm had missed our little paradise. The 2020 Budget also set the foundation for our response to the pandemic supporting our economy through a stimulus and support package, valued at around 20 percent of our GDP. Since then, we have supported hundreds of our Cook Islands businesses both large and small since the start of the pandemic, paying over \$104 million dollars in wage subsidies, business and sole trader grants as well as trading grants.

Budget 2021 was the Revival Budget. The Revival Budget focused on critical measures to protect our people and stimulate the economy as we moved from response to recovery. We can see that our health response and economic stimulus measures have been working even with our borders closed for six months last year and omicron entering our community in February.

This year, our economy has grown by 11.5 percent, the first step in our recovery. So, our economic heart is still beating and it is starting to beat stronger and faster. Much of this growth Mr Speaker, is due to our borders reopening in January and visitors returning to our country. At the end of last year in December, we had to make a critical decision. Do we listen to the fearmongering of the Democratic Party and the United Party to keep our border closed or do we follow the science and the best medical advice?

It was a difficult decision Mr Speaker, but I am confident that we made the right one because this was a decision which affected everyone in the Cook Islands to open our borders again, knowing that doing so would increase the chances of COVID entering the country but that not doing so would be an even worse outcome for all our people and our country.

We needed to allow time for all of our key government agencies to be ready and over the past two years, they have prepared knowing that the day would come that we would have to face this virus and they did and our people prepared well. Our vaccination rate is amongst the best in the world and we have upgraded our health systems and testing capacity. When we reopened our borders, all of our preparations paid off, COVID came to our country but it came in on our terms.

Since we detected our first omicron infection on the 15th February, we have recorded over 5, 300 cases and just one death and while that one death still hurts, and while isolation and quarantine measures had led to destructions to many businesses, we are incredibly fortunate to be in the position we are today with no serious cases due to COVID.

It is not luck that has seen us reach this point Mr Speaker, but diligence, hard work and careful management and our faith, our high vaccination rates and our preparations and our prayers have kept us safe and we thank God for His continuous protection of our Cook Islands.

From an economic perspective, we see that over 50,000 tourists by the end of June will arrive. Those tourists are bringing in vital dollars to our economy, supporting and creating new jobs and businesses and so far, we have successfully balanced the risk of opening our borders and we will continue working hard to do so.

Mr Speaker, before I introduce this year's budget, there are government and community groups who have and continue to work incredibly hard in responding to the pandemic in particular Te Marae Ora and our Community Puna Organizations. I would like to take a moment to acknowledge them, I and our community do see your efforts and we say thank you. We would also not be in the position we are today Mr Speaker, without the generosity of our development partners who have collectively provided \$103 million over the last three years to support our response to the COVID-19 pandemic.

In particular, I would like to make special mention of the New Zealand Government who provided \$50 million in budgetary support this year as well as almost \$700,000 for vaccinations and RAT test kits. This has been a significant help in our response to the pandemic and New Zealand's additional commitment of \$40 million in capital investment will be critical in aiding our economic recovery as we move forward.

MR SPEAKER: Honourable Prime Minister, I will have to interrupt you. It is now time for recess and you may continue when we resume after lunch.

Parliament is now suspended and will resume at 3.00 p.m.

Suspended at 2.28 p.m.

Sitting resumed at 3.02 p.m.

MR SPEAKER: All be seated please. May I remind all Honourable Members, when we have a break, please look at your time! We need to complete our Sitting properly rather than sitting in the mess. Thank you Honourable Members.

Before we suspended, the Honourable Prime Minister had the Floor and I would like to ask our Translator to carry on with the Speech from the Honourable Prime Minister.

HON. M. BROWN: Other key development partners, Mr Speaker that have helped us during this time have been the Australian Government, the People's Republic of China, Japan and the Asian Development Bank and the Cook Islands Government offers to these countries and these Organizations our sincere thanks.

Mr Speaker, today's Budget shows the policies of the last two years have worked. We have held the faith in the measures introduced for our Health response and our economic response and we are now in a stronger position than we thought even in December, today's Budget shows that we are on the right path to recovery.

While no one will know when we will be done with COVID, as we look around at all that we have accomplished and the progress we have made, we can see that our journey has been and continues to be a successful one against the enormous challenges that were before us.

We can be cautiously optimistic that now we have passed the peak of infections on Rarotonga and Aitutaki and we are managing it in the Pa Enua and as travel continues to resume and there will be better days ahead.

Last year we saw the light at the end of the tunnel. Now we are emerging out of the tunnel and into the brightness of a new day and if we keep the momentum of the last two years, not only will we make it through but we will climb higher than we have ever been as a country and that is why, Mr Speaker the theme of this year's Budget is, 'Keeping the Faith'.

Keeping the faith, Mr Speaker and by that I mean keeping the faith in ourselves as a sovereign nation, in our ability to overcome adversity and in our support for one another as people, keeping the faith in the course that we are taking to regrow our economy and Mr Speaker, keeping the faith in our government and that we will continue to guide our Nation for the betterment of all our people.

Mr Speaker, today's Budget shows that despite the uncertainties ahead, the Cook Islands economic outlook is showing early positive signs of moving out of the depths of the pandemic and moving back towards the prosperity we experienced prior to the pandemic, back to our graduated status as a high income country.

Following a decrease of 23.4 percent over the 2020 and 2021 years, our gross domestic product or GDP is on the rise again and we expect GDP to grow by 11.5 percent in 2022 and again by around 14 percent in 2023. This is a very strong growth rate but is not at all unusual when recovering from the economic shock that we have just had. However, we expect to see higher inflation over the next couple of years mostly due to the global supply issues and the Russian war with Ukraine. On the short term we expect prices to increase by 4.3 percent in 2022 and 3.9 percent in 2023.

This inflation, Mr Speaker is not something that government can control as it is coming from outside our country and it will affect government as it will affect our people through rising costs and despite, Mr Speaker a significant reduction in national income and having to climb out of our deepest recession in history, this Budget, Mr Speaker will still manage to give some increases to our vulnerable. This Budget includes measures to provide some immediate relief for the vulnerable in our society while in the longer term the work done through our economic recovery roadmap will help reduce the impact of inflation.

Mr Speaker, earlier this year I promised to increase pensions in response to rising inflation. Today I am fulfilling that promise. Our Mamas and Papas on fixed retirement incomes both on Rarotonga and the Pa Enua will feel the pinch as the cost of bread, fuel and other necessities increase.

From the 1st July Mr Sepeaker, the Old Age Pension will increase by \$20 per month. This means that people aged in the 60 to 69 will now receive \$520 a month, and people over 70+ will now receive \$720 a month. It is remarkable Mr Speaker that even in this tight fiscal environment that we are still able to provide an increase immediately.

I can see the Members of the Opposition are very happy of this announcement. Furthermore Mr Speaker, to assist with the impacts of rising prices, the government has also decided to increase the Minimum Wage from \$8 to \$8.50 an hour. For a worker on 35 hours per week, that is an additional \$900 a year and increase of 6 and quarter percent.

There is a simple rule that I keep in mind as your Minister of Finance, over the last 12 years that has kept our country's finances stable and growing over the last 12 years and that is, you can only spend what you earn.

As a country, our earnings had been growing at a high rate until COVID devastated the world. We were fortunate that we put aside money over the years of prosperity to allow us to protect our economy during the times of turmoil. We know that we will recover, Mr Speaker, our Economic Response over the last two years has bought us time, time to get back on our feet and time to regrow our economy. That is why, even though we have not got back to pre-COVID financial levels, I am confident that increasing the support for our Pensioners and low income earners will be affordable as our economy gathers steam. That first step will be determined by how quickly we see tourists return to our islands.

The influx of tourism represents a welcome boost to the local economy. Tourist numbers have increased from 7,500 in 2020/21 to 50,300 in 2021/22 and we expect to see this trend continue, with 121 thousand for 2022/23 and 165 thousand 2023/24 as we continue to rebuild our tourist markets.

But we know that we must look beyond tourism to grow our economy, Mr Speaker over the longer term. I have said before that economic diversification has always been on our agenda and this challenge cannot be addressed overnight.

We know that to support our private sector to invest in new industries, we need to first have the right economic foundations in place. This means, providing better internet connectivity in the Pa Enua, taking more business practices online and ensuring our business and investment laws provided an enabling environment for all types of businesses.

Be assured Mr Speaker, that through the Economic Recovery Roadmap measures this Government is providing a solid economic foundation for diversification. One only needs to look at our emerging Seabed Minerals program to see that significant millions will be spent on exploring and gaining knowledge of our deep ocean. We expect some of that investment to spill over to domestic economy as it has already started.

Turning towards fiscal responsibility now Mr Speaker, this year's Budget moves us towards more neutral fiscal stance, as we begin to unwind the short-term stimulus measures in favour of longer-term reforms and investment in infrastructure.

By this, I mean as we move from the Response to Recovery phase of the Pandemic, Governments spending shifts more towards 'business-as-usual'. We still need to spend to stimulate our economy, but we will move our focus from measures such as the Wage Subsidy and Business Grants to infrastructure investment that keeps our people employed.

In 2021, the Government agreed to revise our fiscal rules. The whole world has changed and what worked before does not work now. We need to change the fiscal rules to be able to compete in this new world. These are the rules that guide how much we can spend each year. The scale of the economic shock and the debt.

The scale of the economic shock and the debt that Government has taken on to support our private sector over the past years meant that the rules we had before were not right for where we are today.

There are two important changes, the first is that Government needs to hold minimum cash reserves and the second is that we have increased our net debt ratio, that is the percent of GDP that we can borrow. We have increased this ratio, Mr Speaker to a maximum of 65 percent of GDP, and this sounds like a very high amount but it is in fact now quite a normal level by international standards and our team at the Ministry of Finance have assured me that this is a sustainable level. I must also assure you, Mr Speaker that we have not borrowed to this level, it is simply what the rule allows us to do.

These two rules together Mr Speaker means that we need to keep some cash in the bank and that we can only borrow so much to do that. This is important to ensure that government has enough money available to respond in the event of an economic shock or a natural disaster. For example, if a large cyclone were to impact one or more of our lands and cause a halt to our revenues, the Government would need enough cash to respond and to cover our operations.

In this coming years Budget we have again has to depart from our fiscal rules to help manage the recovery. This gives us a little more flexibility to respond to the needs of the economy as it gets back on its feet again, allowing us to invest extra funds into the Economic Recovery Roadmap and our ongoing response to COVID-19 whilst we protect our people in the Pa Eヌua.

Our cash position has improved by over \$35 million since 2021/22 Budget, helping us to support the economy in recovery.

While it is early to say, if the economy recovers as we expect it to, we will be able to meet all the rules for the 2023 Budget. Our economist and budget team at MFEM as they rightly should, take a very conservative approach to forecasting, but as we all know by now I am an optimistic man, and history tells me the we will do better.

For example, visitor arrivals in April were already almost 2,000 more than we assumed when preparing this Budget.

This shows the potential for even better outcomes than we planned for. Funding our response to the pandemic has come at a steep cost and we borrowed \$130 million to fund our response to COVID. This is a large increase in debt but it is an increase without an alternative. If we did not do what was needed to keep our businesses afloat and our people alive, then the consequence would have been much worse, businesses would have gone bankrupt, loans would have been foreclosed and homes lost or sold off. We would have lost a lot more of our people to New Zealand and Australia, people's savings would have been lost and we would have regressed to a Third World Country living standards. Even worse Mr Speaker, we would have the impact of what economists call Economic Scaring where our economy would have been reduced to such a poor state as to never being able to recover on its own.

Your Government saw of this consequence and made the borrowing decision to ensure this did not happen. We knew what we needed to do as a country to respond and to keep our economy alive. The increase in debt and the need to repay it with interest will be a key challenge for us. Our debt servicing costs are forecast to increase to over \$30 million per year by the end of this decade. This three times our current servicing costs and will demand a significant part of our revenue.

That is why Mr Speaker, along with our fellow Pacific Island countries, we are talking with our funding partners about our loan contracts so that debt servicing can be maintained at sustainable levels. Capping our debt repayments over the short term is necessary so we can continue to focus investment on growing the economy and lifting standards, increasing productivity quickly is the key to avoiding debt distress. Despite Mr Speaker the Opposition calling for cuts to public spending, now is not the time for austerity. Government still needs to stimulate the economy and

provide fiscal interventions to help us get back on track and we will continue to do this through the Economic Recovery Roadmap and the Capital Investment Program.

This time last year Mr Speaker, I announced the Economic Recovery Roadmap or the ERR as our guide out of the biggest recession our country has ever seen. The ERR prioritizes elements of the Economic Development Strategy that we announced in 2019, just as COVID-19 was emerging. Unfortunately, the extended border closure from August 2021 also meant that we have to shift back to the continuation of the economic response and the measures such as the wage subsidy and the business grants. We have spent the vast majority of our ERR funds more than \$42 million this year on financially supporting our people. It has been a large but necessary cost.

But with things starting to look up now our focus is again turned to the policies and reforms that will help guide our recovery. This year's budget includes a further \$5.2 million for the ERR and a total of \$8 million over the next four years. These are broad ranging initiatives that are intended to address economic growth by reducing barriers to competition, growing our labour force, making government more efficient and by focusing our Capital Investment Plans on projects that can offer a greater level of economic stimulus straight away.

You have heard me talk about the ERR work streams before so I won't go into detail here other than to highlight the work that is being done right now to support our private sector businesses with streamlined Immigration and reduced fees so that we can get our labour force back to where it needs to be to support our tourism industry. To our businesses, we have heard you and we have responded.

The COVID-19 Medical Response Fund is a further important expenditure item in this Budget. These funds have been allocated to continue our response to COVID-19, strengthening our medical services, particularly in the Pa Enua and being ready to respond as the pandemic makes its way through our Pa Enua.

While we pray to God for His mercies to our small nation, we also know that God helps those who help themselves and to this end, we have allocated \$5 million to this important work. We also pray that we will not need to spend any of it but we are ready if we need to.

Mr Speaker, I have spoken many times about the importance of Capital Expenditure in responding to the economic shock and about its ability to engage local companies, employ workers and stimulate our economy especially when investment from the Private Sector is limited. Governments the world over know this and we in the Cook Islands are no different. That is why it is one of the economic recovery roadmap work streams.

Capital Expenditure in this Budget will continue the government's three investment themes from last year. In this Budget, government has focused on projects that are either already in progress or development in order to deliver economic stimulus to the Cook Islands. These are intended to more quickly employ local contractors and labour like our airport slab replacement programme at the Rarotonga Airport, employing dozens of people, using new skills that we have learnt to deliver a project of national importance.

Infrastructure Cook Islands will continue their important work on physical infrastructure on Rarotonga and the Pa Enea with continuing focus on bridges and roads on Rarotonga and marine and air infrastructure works in the Pa Enea including the Nassau wharf and the Manihiki airport sealing project.

The Cook Islands Investment Corporation continues its focus on government building works on Rarotonga and the Pa Enea. All of these projects, Mr Speaker employ local businesses and labourers on both Rarotonga and the outer islands.

The Budget also provides funding to continue the upgrades to the Government IT Network both on Rarotonga and the Pa Enea with hardware on Rarotonga to make the Government Network more reliable and to improve inactivity and facilities in the Pa Enea.

We are working to implement a total technology refresh, upgrading the mobile network and migrating satellite services to the latest generation of the O3B Empower Satellite Constellation and on Aitutaki we are taking advantage of the Manatua Cable connectivity.

This upgrade underpins the universal access programme which is intended to deliver better telecommunications connectivity to the Pa Enea communities. These investments will benefit not just our Island Administrations and Government Agencies in the Pa Enea but they also enable connectivity improvements that will benefit all of our population in the islands with faster, more reliable internet.

Better internet connectivity to the Pa Enea is important for many reasons. It improves the ability for Government Agencies on Rarotonga to work with the Island Administrations. It means we can offer improved medical services to the Outer Islands through online consultations and it makes it easier for our retired people to move back to these islands if they can be sure they will be able to continue their business affairs and keep up with their families and have access to medical care.

A better connected Pa Enea benefits all of the Cook Islands. These capital investments would not be possible without the support of our development partners and collectively they provided \$65 million in the 2021/22 financial year and another \$20 million that is planned in this coming Budget. This has enabled us to continue working on these important projects and keep our local people employed.

As well as spending through the Budget, the government is actively discussing additional capital investment proposals with various partners. We continue to work with New Zealand on proposals to fund projects through the Infrastructure Trust Fund with a strong emphasis on shovel ready projects that will keep our people in employment and support more economic stimulus.

Mr Speaker, along with the increase in pension and our support for the minimum wage, this Budget includes funding for two other important groups, for our Healthcare workers and for our teachers. This pandemic has highlighted the importance of having enough healthcare workers and in particular, Public Health staff. This Budget includes additional funding of 324 thousand annually from 2022/23 and a total of \$1.37 million over the next four years for additional healthcare workers.

This funding maintains the momentum of the last two years by supporting a Public Health Coordinator, Health Intelligent Unit and additional Registered Nurses as well as an ICT systems analyst and this government is not only enhancing medical services, we are also making strong moves to address NCDs through the NCD Strategic Action Plan release last year. We have known for a long time that NCDs are harming too many of our people and Te Marae Ora are working to prevent, control and mitigate these terrible diseases rather than just being the ambulance at the bottom of a cliff or at the bottom of a chocolate cake.

Mr Speaker, the government also recognizes the role of our teachers and the part they play in the lives of our children. This Budget provides for the second tranche of Teachers salary increases building on the changes rolled out in September last year and this funding amounts to a total of \$1.34 million over the next four years.

Therefore Mr Speaker, in conclusion, I leave you with a Budget that balances fiscal responsibility and the needs of our Nation as we maintain the momentum of the past two years to lay the economic foundations for a speedy recovery and for our future growth.

Today's Budget Mr Speaker, is about keeping the faith. Earlier on, our Chaplain mentioned the Verse for today and I had a look for myself at today's daily Verse and can only say how appropriate it is for the theme of today's Budget, for it comes from the Book of Revelation, Chapter 19, Verses 11 to 12, "*Then I saw the Heavens opened and behold a white horse, the one sitting on it is called Faithful and true and in righteousness he judges and makes war*".

Mr Speaker, I lay this Budget before you and the House, thank you everybody.

(Applause)

MR SPEAKER: Thank you Honourable Prime Minister. Despite your lengthy Budget Statement, I see that the four lively Honourable Members on the far corner on my left were excited with the increase of the Old Age Pension as they are Old Age Pensioners themselves.

There is a saying from a Wisdom, I quote, "*it says it is not what you earn, it is what you say*".

I now call for a Secunder to the Motion?

Secinded by the Honourable Member, Tamaiva Tuavera

MR SPEAKER: I propose the Question:

That the Bill be read a Second time?

I now open the Floor to Honourable Members to debate on the Principles and Merits of the Appropriation Bill 2022. I see the Honourable Prime Minister.

HON. M. BROWN: Thank you Mr Speaker. I have had a request from our Members of the Opposition if they could have time to go through particularly Budget Book 2, to begin their

discussions on the Principles and Merits of the Budget tomorrow so if I could ask the Clerk with the Leader of the House to move the appropriate Motion to allow us to defer our commencement of debate of the Budget to tomorrow and also for the extended Sitting hours that we will expect over the next four days.

MR SPEAKER: Thank you Honourable Prime Minister and thank you Honourable Members. We have now come to the end of our business for today and I call the Leader of the House, the Honourable Tehani Brown.

MS T. BROWN: Thank you, Mr Speaker. I move:

That Standing Order 54 (2) be suspended and that Parliament do now adjourn until 10 a.m. tomorrow, Tuesday, 24 May 2022 with a break at 11.30 a.m. to 12.00 p.m. and resume until 2.30 p.m. with a break from 2.30 p.m. to 3.00 p.m. and continue until 5.00 p.m.

MR SPEAKER: Thank you Leader of the House. I call for a Seconder to the Motion?

Seconded by the Honourable Member, William Heather

MR SPEAKER: The Question is:

That the Motion be agreed to?

Motion agreed to

MR SPEAKER: Thank you Honourable Members for your hard work today. We now have come to the end of our business and can I ask an Honourable Member to close our Sitting with a Closing Prayer please?

CLOSING PRAYER by the Honourable Member, Vaitoti Tupa

MR SPEAKER: Parliament is now adjourned until 10.00 a.m. tomorrow, Tuesday, 24 May 2022.

Sitting adjourned at 4.10 p.m.