



Parliament of the Cook Islands
Public Accounts Committee

**Report on the review of the
Appropriation Bill
2024/2025**

Parliament Paper No. 139

Presented on 17 June 2024

CHAIRPERSON'S FOREWORD



Hon. Teokotai Herman, Public Accounts Committee Chairperson

Mr Speaker,

Upon receipt of the Appropriation Bill 2024/25 from Parliament, the Public Accounts Committee engaged in two weeks of intensive deliberations on the appropriations covered in the Bill. The Committee also engaged in direct consultations with selected Government Ministries and Agencies over the review period. The findings of the Committee are incorporated into this report.

Accordingly, it is my privilege Sir, to present the Report of the Public Accounts Committee on its review of the Appropriation Bill 2024/2025, for tabling in Parliament.

Honourable Teokotai Herman, Member of Parliament for Vaipae-Vaipeka-Tautu
Chairperson

Public Accounts Committee

Table of Contents

CHAIRPERSON'S FOREWORD	2
COMMITTEE MEMBERSHIP	4
ABOUT THE COMMITTEE.....	4
EXECUTIVE SUMMARY	5
RESOLUTION ON THE REVIEW OF THE APPROPRIATION BILL 2024/2025.....	6
1. BUDGET ESTIMATES	6
2. BUDGET 2024 FEATURES	7
3. BUDGET REVIEW AND CONSULTATIONS	10
4. BUDGET ANALYSIS.....	15
PUBLIC ACCOUNTS COMMITTEE COMMENDATION	20

COMMITTEE MEMBERSHIP

Members of the Public Accounts Committee as at 1 June 2024:

1. Hon. Teokotai Herman, Member for Vaipeka-Vaipae-Tautu – Chairperson
2. Hon. Vaitoti Tupa, Member for Matavera – Deputy Chairperson (resigned)
3. Hon. Tina Browne, Member for Rakahanga (resigned)
4. Hon. Te Hani Brown, Member for Tengtangi-Areora-Ngatiarua
5. Hon. Robert Heather, Member for Akaoa (resigned)
6. Hon. Sonny Williams, Member for Titikaveka
7. Hon. Stephen Matapo, Member for Mauke

ABOUT THE COMMITTEE

Functions

The role of the Public Accounts Committee (“Committee”) is to conduct a review of the Appropriation Bill 2024/2025 and report its findings and recommendations to Parliament.

Advisers

1. Mr Tangata Vainerere, Clerk of Parliament
2. Mr Desmond Wildin, Director of Audit

Secretariat

1. Mrs Tai Manavaroa, Acting Deputy Clerk
2. Mrs Margret Numanga, Committee Secretary
3. Mr Unuia Unuia, Technical Operations Coordinator
4. Mr Papaterai William, Sub-Editor/FTR Operator
5. Ms Marina Harry, Admin and Finance Support

Contact Details

Public Accounts Committee
 Parliament of the Cook Islands
 P O Box 13
 Rarotonga
 Telephone: (682) 26500
 Email: parliament@cookislands.gov.ck
 Website: www.parliament.gov.ck

This report is available on the Parliament of the Cook Islands website.

EXECUTIVE SUMMARY

1. Pursuant to Articles 3 and 43 of the Constitution of the Cook Islands, the Royal Recommendation by the King's Representative His Excellency Sir Tom Marsters KBE, dated 13 May 2024, was read in Parliament by the Speaker of Parliament Hon. Tai Tura on Wednesday 15 May 2024. The King's Representatives message recommended that Parliament proceed upon the Appropriation Bill 2024/2025.
2. Following the receipt of the King's Representatives Message by Parliament, the Appropriation Bill 2023/2025 was tabled by the Prime Minister Hon. Mark Brown in his capacity as Minister of Finance and stood referred to the Public Accounts Committee.
3. The Bill sought to appropriate the sum of **\$328,317,886** out of the Cook Islands Government Account to the services of the year ending on the thirtieth day of June 2025 and to appropriate the supplies granted in this period.
4. Following the adoption of the Bill by Parliament, the Minister responsible for Finance may authorise the incurrence of expenses or expenditure and may issue and apply out of the Cook Islands Government Account, towards making good the supplies granted to Her Majesty for the services of the year, any sums which in total do not exceed the sum of **\$328,317,886**.
5. Notwithstanding Section 37 of the Ministry of Finance and Economic Management Act 1995-96, the appropriations made under this Appropriation Act 2024/2025 will lapse on 30 June 2025.
6. The Public Accounts Committee received the Appropriation Bill 2024/2025 on Wednesday 15 May 2024 and acting upon it's mandate provided under Parliament's Standing Order 158 immediately set upon its review of the Bill.
7. The Committee invited selected several Government Ministries and Crown Agencies to attend consultations on their various appropriations.
8. The Committee completed its review of the Appropriation Bill on Friday 31 May 2024.
9. At the conclusion of its review, the Committee by resolution found the Budget 2024/2025 to be in compliance with Article 70 of the Constitution of the Cook Islands and the statutory fiscal responsibility framework outlined in PART III of the Ministry of Finance and Economic Management Act 1995-1996 and further commend the Budget 2024/2025 to Parliament for debate, consideration in detail and adoption.

RESOLUTION ON THE REVIEW OF THE APPROPRIATION BILL 2024/2025

1. **WHEREAS**, the Public Accounts Committee in exercising its mandate pursuant to Standing Order 158 (a) to scrutinize and review the Estimates of expenditure of the Government and its entities, convened during the period 16 to 31 May 2024 for the review of the Appropriation Bill 2024/2025; and
2. **WHEREAS**, the Committee did examine in detail the Budget Estimates together with the individual Government entity's Business Statements under the proficient guidance of the 2024/2025 MFEM Budget Team and Committee Adviser Mr Desmond Wildin; and
3. **WHEREAS**, the Committee consulted with selected Government Ministries and Agencies including Ministry of Finance and Economic Management, Parliamentary Services, Cook Islands Police Service, Ministry of Cultural Development, Cook Islands Investment Corporation, and Infrastructure Cook Islands; and
4. **WHEREAS**, the Committee further deliberated on general issues regarding the appropriations; and

HEREBY NOTES AS FOLLOWS:

1. BUDGET ESTIMATES

1. The Appropriation Bill 2023 as tabled in Parliament seeks to authorize Government's overall expenditure for the financial year 2024/25 to the amount of **\$\$328,317,886**.
2. The Bill carries the following Schedules, *see* - Annex 1:
 - 2.1. Schedule 1 – Agency Budget Appropriations
 - 2.2. Schedule 2 – Payments on Behalf of the Crown (POBOCs)
 - 2.3. Schedule 3 – Cook Islands Capital Spending
 - 2.4. Schedule 4 – Official Development Assistance
 - 2.5. Schedule 5a – Other Expenses and Financing Transactions
 - 2.6. Schedule 5b – Loan Repayment Fund Appropriation; and a
 - 2.7. Summary table that highlights Government's overall expenditure for the 2023/24 financial year.

3. The complete Budget Estimates are available as two separate documents. The *BUDGET ESTIMATES 24/25 Book 1 Appropriation Estimates and Commentary* provides a breakdown of items and amounts, to justify the figures in the Appropriation Bill which includes the following additional Schedules, not itemized in the Bill:

- 3.1. Schedule 6 – Capital Schedule
- 3.2. Schedule 7 – Revenues on Behalf of the Crown (ROBOCs)
- 3.3. Schedule 8a – Administered Payments
- 3.4. Schedule 8b – Payments on Behalf of the Crown (POBOCs)
- 3.5. Schedule 9a – Debt Servicing Schedule (\$'000)
- 3.6. Schedule 9b – Loan Repayment Fund (LRF) Schedule (\$'000)
- 3.7. Schedule 10 – Official Development Assistance Schedule
- 3.8. Schedule 11 – Comparative Analysis of Ministry Appropriations; and

BUDGET ESTIMATES 24/25 Book 2 Ministry Business Statements outlines the appropriations for each entity receiving funds pursuant to the Appropriation Act 2024-25.

2. BUDGET 2024 FEATURES

The Committee noted the Prime Ministers Statement in Parliament on Budget 2024:

Theme and challenges

1. The theme for the 2024 Budget - "Perseverance," or Tauta'anga.
2. The budget is designed to keep us moving forward, to keep us on track and to ensure that our recovery is complete and benefits all Cook Islanders.
3. The challenge with Budget is that it involves tough choices. Every dollar we allocate to one area means a dollar less somewhere else – this is the reality of opportunity cost. However, I am confident that the decisions we have made are wise as they are designed not just to meet immediate needs but to set us up for future successes.

Our private sector has had a strong year last year, but they are still on the path to full recovery – a journey the Government has supported every step of the way. Now, as our businesses regain their strength, it is also time for the Government to be prudent – rebuilding our financial reserves to prepare for any future challenges and to take advantage of future opportunities.

4. Today's budget is one that shows government's continued commitment to fiscal responsibility. It balances the need to rebuild our reserves while continuing to invest in essential areas of our economy and society. This approach not only prepares us for future uncertainties but also ensures we can face any challenges ahead with confidence – whether those challenges be natural disasters like cyclones, or economic challenges or, God forbid, another pandemic.

5. The responsibility shown in this Budget and the previous one allows us to provide support to key parts of our society – and especially those who help others so we can all benefit. This Budget reaffirms increases in support for people caring for loved ones, as well as to key organisations which provide important services across our community to our most vulnerable.

6. We anticipate over 15,000 visitors from the northern hemisphere, broadening our tourism market beyond our traditional ties with New Zealand. This diversification not only enhances our economic resilience but also strengthens our recovery.

With these developments and our continued careful planning, we are not just navigating through challenges, we are preparing to thrive in the times to come.

Economic outlook

1. Budget shows that despite some headwinds we have experienced, the economic outlook for the Cook Islands is positive, as we have climbed out of the depths of the pandemic and are moving rapidly back towards the prosperity we once experienced.

2. Our GDP is on the rise again, but slowing a little from the very rapid growth we have seen over the last two years – as our economy comes out of the hole we were in, the growth rates will return to more normal levels. GDP is projected to grow by just over 4 per cent in financial year 2025 – solid growth, but it does pale in comparison to the 14 per cent in 2024 and 27 per cent in 2023!

However, we must also acknowledge the surge in price inflation over the past two years. This peaked in late 2022, and was the highest inflation we have faced in our history. Thankfully, the rapid growth of prices has eased – but prices are still high, and they are unlikely to fall back to where they were over two years ago. Factors beyond our control such as the global supply chain disruptions and the geopolitical tensions, such as various conflicts, resulting in volatile oil prices, have been the major contributors to this.

3. Over the past year to March 2024, inflation was 4.2 per cent, and food prices rose by a little more, at 4.8 per cent. I would like to stress that this inflation is something Government cannot control, as it is coming from outside of our country – but this slowing of inflation is welcome, even if it is not slowing as rapidly as we would like.

This slowing down of inflation is a ray of hope, with the peak of September 2022 being well in the rear-view mirror. This is consistent with experiences in New Zealand and Australia, who have seen inflation declining – though not as rapidly as desired. Government is continuing to undertake work through our Economic Recovery Roadmap to ease costs and put downward pressure on prices.

4. We are actively working on exciting advancements that promise to transform the way we do business in the Cook Islands. Our collaboration with the banking sector aims to enhance our payments systems. This is crucial as it will empower our local businesses to explore and expand into eCommerce and utilise digital platforms, which are vital in today's global market.

Furthermore, we have undertaken significant efforts to set up regulations for our utilities. The goal here is straight-forward, we want these sectors to operate more efficiently and ensure that our people pay only what is necessary to maintain these essential services.

Perseverance

1. As we discuss perseverance and the spirit of resilience, I am reminded of a powerful verse from the Bible that speaks directly to our collective journey. The verse is from the book of James, Chapter 1, verse 12 which reads: "Blessed is the one who perseveres under trial because, having stood the test, that person will receive the crown of life that the Lord has promised to those who love Him."

This verse encourages us all to be patient and keep pushing forward, especially through the toughest times. It teaches us that it is through adversity that we are able to grow, not only as individuals but also as a nation. That there is great reward, not just in material terms, but in the strength and unity we hold as a community when we face challenges together.

2. As we continue to navigate the challenges ahead, let us draw inspiration from these words. Let us continue to be patient and embrace adversity as an opportunity to grow, and perseverance as a necessity to strengthen us as a nation.

3. A core aspect of perseverance, means standing strong even when times are tough. As Cook Islanders, our future—of our communities, businesses, economy, and environment—relies heavily on our resilience.

4. Throughout our history, we have faced numerous setbacks. Each time, we have demonstrated remarkable strength. These challenges remind us that we must be prepared for future difficulties that will come our way. While resilience might not always be visible, especially in politics, it is crucial and requires our full attention. It prompts us to look beyond temporary victories and focus on achievements that last for generations.

Fiscal outlook

1. As we look at this year's Budget, it reflects our ongoing commitment to fiscal responsibility. This budget moves towards a neutral fiscal stance, meaning we aim to spend only what we bring in, avoiding any unnecessary debt. This careful balance is critical as it prepares us to handle future economic shocks or natural disasters without relying excessively on borrowing.

2. Managing our nation's finances responsibly means ensuring we have enough funds to handle unexpected challenges such as, being able to respond to another economic shock or a natural disaster, or that we have the fiscal capacity to draw down on debt to respond if we need to and as we have done in the past. Our journey to financial health is not without its difficulties, especially as our debt repayment will significantly increase, reaching over \$30 million per year by the end of the decade. This requires a substantial part of our revenue, emphasizing the need for careful financial management.

However, we are actively discussing with our funding partners ways to effectively manage our debt. These conversations are promising, and the potential outcomes look promising. But we must remain cautious with our spending.

3. While the 2024 Budget might seem stringent due to the high cost of living, it is part of a broader plan to ensure the recovery of our government revenues, which lag behind the economic recovery.

However, this does not mean cutting essential spending. The government will continue to invest in our economy to bolster future resilience. This includes following through with our Economic Recovery Roadmap, enhancing government services, and making strategic capital investments. Now is not the time for austerity but for prudent investment. Experience from around the world has shown us that drastic budget cuts, often referred to as austerity, has rarely yielded the best results. In fact, such measures can leave lasting negative impacts on an economy, what we might call economic scarring. For us in the Cook Islands, this could mean something very specific and very personal – increased migration of our people abroad. When time gets tough here. The prospects of earning a New Zealand income can seem very appealing.

Therefore, our goal is to make the Cook Islands not only a beautiful place to live but also a prosperous and stable one, where our people can thrive without having to look elsewhere.

3. BUDGET REVIEW AND CONSULTATIONS

1. Ministry of Finance and Economic Management (Budget Team) Briefing

(Director Economic Planning Division Tristan Metcalfe; Senior Budget Analyst Tekura Ringi; Budget Analyst Ashmarelda Likiafu)

- On 16 and 27 May 2024, the above-named officials from the Ministry of Finance and Economic Management conducted a thorough briefing for the Committee on the Appropriation Bill 2024/25.
- The briefing covered the following areas:
 - Economic Update & Outlook;
 - 2023/24 Results & Medium-term Fiscal Strategy;
 - Fiscal Responsibility Rules;
 - Forecasts for 2024/25 – 2027/28;
 - Capital Investments;
 - Sources of financing: Cook Islands Government & Official Development Assistance
 - Major projects for 2024/25
 - Infrastructure trust fund
 - Significant Expenditure Changes; and
 - Government Department Budget Changes.

2. Cook Islands Police Service

(Deputy Commissioner Akataura Matapo; Human Resource (HR) Manager Bettina Akania)

Table 1 Cook Islands Police Service – Total 2024 Budget Appropriation

Budget Appropriations	2024 (\$)
Personnel	4,097,546
Operating	371,104
Administered Payments	265,000
Depreciation	1,555,333
Gross Agency Budget Appropriation	6,288,983
Trading Revenue	154,783
Net Agency Budget Appropriation	6,134,200
Payments on Behalf of Crown (POBOC)	-
Cook Islands Capital Spending	-
Official Development Assistance	-
Total Budget Appropriation (Gross)	6,288,983

The Deputy Commissioner and the HR Manager appeared before the Committee on 29 May 2024 to respond to questions on Personnel and the extent of staff vacancies at the Police Service and what is being done to address this.

The Outer Islands and Youth Training Programmes were highlighted for their merit and positive results.

Challenges were raised around the costs associated with producing drivers licences not being offset from the license revenue collected and the challenge of excessive fuel costs in the operation of Te Kukupa II.

3. Parliamentary Services

(Clerk Tangata Vainerere; Deputy Clerk Tai Manavaroa)

Table 2 Parliamentary Services – Total 2024 Budget Appropriation

Budget Appropriations	2024 (\$)
Personnel	658,343
Operating	80,000
Administered Payments	120,000
Depreciation	72,720
Gross Agency Budget Appropriation	931,063
Trading Revenue	-
Net Agency Budget Appropriation	931,063
Payments on Behalf of Crown (POBOC)	3,801,161
Cook Islands Capital Spending	-
Official Development Assistance	-
Total Budget Appropriation (Gross)	4,732,224

The Clerk and Deputy Clerk appeared before the Committee on May 29 2024 to explain the budget allocations for the following 3 specific Payments on Behalf of Crown (POBOC) vote items.

- Parliamentary Services Civil List - Constituency Visits \$170,200
- Parliamentary Services Parliamentary Sitting Expenses \$200,000
- Parliamentary Services MP Travel and Allowance \$450,000

4. Infrastructure Cook Islands

(Secretary Liz Wright-Koteka; Senior Manager National Hydrography & Geoscience Vaipo Mataora; Director Planning & Projects Kiri Ataera; Director of Corporate & Regulatory Services Jeannine Daniel)

Table 3 Infrastructure Cook Islands - Total 2024 Budget Appropriation

Budget Appropriations	2024 (\$)
Personnel	3,347,648
Operating	424,129
Administered Payments	2,773,650
Depreciation	345,000
Gross Agency Budget Appropriation	6,890,427
Trading Revenue	300,000
Net Agency Budget Appropriation	6,590,427
Payments on Behalf of Crown (POBOC)	-
Cook Islands Capital Spending	11,698,387
Official Development Assistance	1,089,113
Total Budget Appropriation (Gross)	19,677,927

The Secretary and her Executives appeared before the Committee on 30 May 2024 to explain the following specific vote items.

- Cook Islands Capital Spending
 - Aitutaki Water Management \$700,000
 - Pa Enua Marine Infrastructure Improvement Programme \$2,369,906
 - Roads Asset Management and Improvement Programme \$5,988,481
 - Drainage Asset Management and Improvement Programme \$1,000,000
- Official Development Assistance
 - Cook Islands Infrastructure Trust Fund - Manihiki Airport Upgrade \$12,000,000 (Budget and funding managed by Ministry of Finance and Economic Management)
 - Improving Geospatial Data – LiDAR \$1,089,113
- Administered Payments
 - Waste Management \$1,015,000

5. Ministry of Finance and Economic Management

(Financial Secretary Garth Henderson; Executive Assistant Maria Poila)

Table 4 Ministry of Finance and Economic Management - Total 2024 Budget Appropriation

Budget Appropriations	2024 (\$)
Personnel	6,232,086
Operating	779,242
Administered Payments	23,168,949
Depreciation	574,000
Gross Agency Budget Appropriation	30,754,277
Trading Revenue	478,920
Net Agency Budget Appropriation	30,275,357
Payments on Behalf of Crown (POBOC)	1,025,000
Cook Islands Capital Spending	2,286,720
Official Development Assistance	79,397,054
Total Budget Appropriation (Gross)	113,463,051

The Financial Secretary and his Executive Assistant appeared before the Committee on 30 May 2024 to clarify the following specific vote items:

- Official Development Assistance
 - Cook Islands Infrastructure Trust Fund - Manihiki Airport Upgrade \$12,000,000
 - Cook Islands Infrastructure Trust Fund \$15,000,000
 - Procurement of a cargo and passenger vessel \$5,800,000
 - Domestic Shipping – mixed Cargo / Passenger Ship \$2,600,000
 - Small Projects Grant funding \$5,000,000
 - Northern Group RE Battery Replacement \$12,9333,000
- Administered Payments
 - Airline Route Development \$17,921,1996

In addition, the following items were explained in detail by the Financial Secretary;

- The work and challenges faced by each of the 7 individual outputs at the Ministry,
- The changes in the budget for the Ministry
- Challenges in recruitment and retention
- Importance of having a pipeline of infrastructure projects and grant funding as opposed to debt financing

6. Ministry of Cultural Development

(Secretary, Emile Kairua; Director, Ngarangi Tangaroa-Teio)

Table 5 Ministry of Cultural Development - Total 2024 Budget Appropriation

Budget Appropriations	2024 (\$)
Personnel	867,171
Operating	128,000
Administered Payments	615,000
Depreciation	89,500
Gross Agency Budget Appropriation	1,699,671
Trading Revenue	170,000
Net Agency Budget Appropriation	1,529,671
Payments on Behalf of Crown (POBOC)	336,690
Cook Islands Capital Spending	160,000
Official Development Assistance	110,000
Total Budget Appropriation (Gross)	2,306,361

The Secretary and Director appeared before the Committee on 31 May to provide updates on the preparatory programme for the Te Maeva Nui 2025 which coincides with our 60th Anniversary of self-government, clarify issues surrounding the copyright laws, the activities of the Kopapa Reo Maori, the current status and support needs of the National Heritage Trust, the Tangible Heritage Programme and staff vacancies.

7. Cook Islands Investment Corporation

(Chief Executive Office (CEO) Allan Jensen; Board Chairman Fletcher Melvin)

Table 6 Cook Islands Investment Corporation - Total 2024 Budget Appropriation

Budget Appropriations	2024 (\$)
Personnel	1,286,000
Operating	1,024,000
Administered Payments	2,120,000
Depreciation	51,000
Gross Agency Budget Appropriation	4,481,000
Trading Revenue	753,831
Net Agency Budget Appropriation	3,727,169
Payments on Behalf of Crown (POBOC)	4,238,099
Cook Islands Capital Spending	3,319,300
Official Development Assistance	-
Total Budget Appropriation (Gross)	12,038,399

The CEO and Chairman appeared before the Committee on 31 May 2024 to respond to questions regarding Payments on behalf of the Crown i.e. subsidies of \$1,000,000 to be paid to the Airport Authority, \$128,000 to the Bank of the Cook Islands, \$110,000 for the Ports Authority and \$3,000,000 for Te Mato Vai. Clarification was sought by the Committee as to rationale why there was no subsidy for the Araura Mana Uira. The CEO explained the nature of all these subsidies to the Committee.

After deliberations on the Arutanga Harbour Project in Aitutaki, The Committee requested CIIC to supply to the Committee , a full report including a financial statement on the Arutanga Harbour Project right from the beginning of the project.

4. BUDGET ANALYSIS

Appropriation Bill 2024

1. The 2024 Appropriation Bill is for \$328,317,886. The Appropriation Bill is split into six schedules as shown in the table 1 below. Schedule 1: Agency Budget Appropriations accounts for 47% (\$154,213,111) of the Appropriation Bill followed by Schedule 4 Official Development Assistance accounting for 27% (\$90,040,572). Both schedules account for 74% (244,253,683) of the Appropriation Bill.

Table 7: Appropriation Bill 2024

Appropriation Bill	2024 (\$)	2024 (%)
Schedule 1 Agency Budget Appropriations	154,213,111	47%
Schedule 2 Payments on Behalf of Crown (POBOC)	32,989,017	10%
Schedule 3 Cook Islands Capital Spending	19,074,407	6%
Schedule 4 Official Development Assistance	90,040,572	27%
Schedule 5a Other Expense and Financing Transactions	6,927,000	2%
Schedule 5b Loan Repayment Fund (LRF) Appropriations Summary	25,073,779	8%
Total Appropriation Bill	328,317,886	100%

2. There were no significant movements in the Appropriation Bill in comparison to the previous year. The 2024 Appropriation Bill of \$328,317,886 is 1% (\$2,707,415) more than the 2023 Appropriation Bill.

Table 8: Appropriation Bill – 2024 vs 2023 comparison

Appropriation Bill	2024 (\$)	2023 (\$)	Change (\$)	Change (%)
Schedule 1 Agency Budget Appropriations	154,213,111	151,762,605	2,450,506	2%
Schedule 2 Payments on Behalf of Crown (POBOC)	32,989,017	32,327,716	661,301	2%
Schedule 3 Cook Islands Capital Spending	19,074,407	22,760,914	- 3,686,507	-16%
Schedule 4 Official Development Assistance	90,040,572	89,748,919	291,653	0%
Schedule 5a Other Expense and Financing Transactions	6,927,000	6,927,000	-	0%
Schedule 5b Loan Repayment Fund (LRF) Appropriations Summary	25,073,779	22,083,317	2,990,462	14%
Total Appropriation Bill	328,317,886	325,610,471	2,707,415	1%

Table 9 5 year Appropriation Bill comparison 2020 - 2024 (dollar amount & percentage of total)

Appropriation Bill		2024	2023	2022	2021	2020
Schedule 1	Agency Budget Appropriations	154,213,111	151,762,605	140,985,551	165,710,313	195,504,804
Schedule 2	Payments on Behalf of Crown (POBOC)	32,989,017	32,327,716	32,350,098	28,684,812	29,568,499
Schedule 3	Cook Islands Capital Spending	19,074,407	22,760,914	34,159,912	32,001,262	42,418,807
Schedule 4	Official Development Assistance	90,040,572	89,748,919	91,452,403	53,814,460	61,553,073
Schedule 5a	Other Expense and Financing Transactions	6,927,000	6,927,000	6,927,000	6,927,000	14,978,080
Schedule 5b	Loan Repayment Fund (LRF) Appropriations Summary	25,073,779	22,083,317	14,517,283	12,911,895	-
Total Appropriation Bill		328,317,886	325,610,471	320,392,247	300,049,742	344,023,263

Appropriation Bill		2024	2023	2022	2021	2020
Schedule 1	Agency Budget Appropriations	47%	47%	44%	55%	57%
Schedule 2	Payments on Behalf of Crown (POBOC)	10%	10%	10%	10%	9%
Schedule 3	Cook Islands Capital Spending	6%	7%	11%	11%	12%
Schedule 4	Official Development Assistance	27%	28%	29%	18%	18%
Schedule 5a	Other Expense and Financing Transactions	2%	2%	2%	2%	4%
Schedule 5b	Loan Repayment Fund (LRF) Appropriations Summary	8%	7%	5%	4%	0%
Total Appropriation Bill		100%	100%	100%	100%	100%

Schedule 1: Agency Budget Appropriations

3. Personnel accounts for 47% (\$73,092,400) of Schedule 1: Agency Budget Appropriations followed by Administered Payments accounting for 35% (\$53,904,987). Both items account for 82% (\$126,997,387) of Schedule 1: Agency Budget Appropriations.

Table 10 Schedule 1 Agency Budget Appropriation

Schedule 1: Agency Budget Appropriations	2024 (\$)	2024 (%)
Personnel	73,092,400	47%
Operating	18,734,147	12%
Administered Payments	53,904,987	35%
Depreciation	8,481,577	5%
Gross Current Appropriation	154,213,111	100%

4. There were no significant movements in Schedule 1: Agency Budget Appropriations in comparison to the previous year. Schedule 1: Agency Budget Appropriations of \$154,213,111 is 2% (\$2,450,506) more than the 2023 Schedule 1: Agency Budget Appropriations.

Table 11 Schedule 1 Agency Budget Appropriations - 2024 vs 2023 comparison

Schedule 1: Agency Budget Appropriations	2024 (\$)	2023 (\$)	Change (\$)	Change (%)
Personnel	73,092,400	71,513,784	1,578,616	2%
Operating	18,734,147	18,868,647	- 134,500	-1%
Administered Payments	53,904,987	52,796,954	1,108,033	2%
Depreciation	8,481,577	8,583,220	- 101,643	-1%
Gross Current Appropriation	154,213,111	151,762,605	2,450,506	2%
Trading Revenue	5,082,005	5,023,505	58,500	1%
Net Current Appropriation	149,131,106	146,739,100	2,392,006	2%

5. The largest 10 government entities account for 75% (\$115,359,064) of Schedule 1: Agency Budget Appropriations (Gross) as shown in the table below.

Table 12: Schedule 1 Agency Budget Appropriation - largest 10 government entities

Schedule 1: Agency Budget Appropriations	Personnel	Operating	Administered Payments	Depreciation	Gross Current Appropriation	Trading Revenue	Net Current Appropriation
Finance and Economic Management	6,232,086	779,242	23,168,949	574,000	30,754,277	478,920	30,275,357
Health	13,133,557	3,598,951	3,536,870	1,781,000	22,050,378	350,000	21,700,378
Education	12,834,677	2,425,820	4,866,602	615,000	20,742,099	-	20,742,099
Tourism Corporation	2,231,274	1,508,726	5,476,495	52,000	9,268,495	20,000	9,248,495
Internal Affairs	1,417,376	312,000	4,877,251	12,000	6,618,627	-	6,618,627
Infrastructure Cook Islands	3,347,648	424,129	2,773,650	345,000	6,890,427	300,000	6,590,427
Police	4,097,546	371,104	265,000	1,555,333	6,288,983	154,783	6,134,200
Prime Minister's Office	1,632,551	447,178	1,983,000	47,494	4,110,223	-	4,110,223
Cook Islands Investment Corporation	1,286,000	1,024,000	2,120,000	51,000	4,481,000	753,831	3,727,169
Foreign Affairs	3,075,452	1,019,103	15,000	45,000	4,154,555	503,421	3,651,134
Total	49,288,167	11,910,253	49,082,817	5,077,827	115,359,064	2,560,955	112,798,109
Percentage of total	67%	64%	91%	60%	75%	50%	76%

6. The largest 10 Administered Payments accounts for 66% (\$35,589,606) of the total Administered Payments for 2024.

Table 13: Administered Payments - 10 largest projects

Government entity	Project	2024 (\$)	2024 (%)
Finance and Economic Management	Airline Route Development	17,921,196	33%
Tourism Corporation	Marketing Resources - Tourism Growth Strategy	3,426,495	6%
Education	Private School Funding	2,735,277	5%
Internal Affairs	Welfare Payments - Allowances	2,243,336	4%
Public Service Commission	HOM's Salaries	2,063,170	4%
Health	Patient Referrals	1,850,000	3%
Tourism Corporation	Marketing Resources - Tourism Growth Strategy (USD payments)	1,800,000	3%
Finance and Economic Management	Te Maeva Nui 60th Celebration Transportation	1,230,072	2%
Health	Pharmaceuticals	1,167,800	2%
Finance and Economic Management	Economic Recovery Roadmap	1,152,260	2%
Total		35,589,606	66%

Schedule 2: Payments on Behalf of Crown (POBOC)

7. The largest 10 POBOC accounts for 95% (\$31,481,317) of the total POBOC for 2024.

Table 14 POBOC - 10 largest payments

Government entity	POBOC	2024 (\$)	2024 (%)
Internal Affairs	Welfare Payments	21,862,666	66%
Cook Islands Investment Corporation	To Tatou Vai (CI)	3,000,000	9%
Parliamentary Services	Civil List - Personnel	2,871,961	9%
Foreign Affairs	International Subscriptions	1,040,000	3%
Cook Islands Investment Corporation	Airport Authority subsidy	1,000,000	3%
Finance & Economic Management	Competition and Regulatory Authority	600,000	2%
Parliamentary Services	MP Travel and Allowances (local and overseas)	450,000	1%
Cultural Development	House of Ariki (CI)	336,690	1%
Parliamentary Services	Parliamentary Sitting Expenses	200,000	1%
Transport	Maritime Radio Coverage	120,000	0%
Total		31,481,317	95%

Schedule 3: Cook Islands Capital Spending

8. The largest 10 Capital Projects accounts for 89% (\$16,884,407) of the total Capital Spending for 2024.

Table 15 Cook Islands Capital Spending - 10 largest projects

Government entity	Project	2024 (\$)	2024 (%)
Infrastructure Cook Islands	Roads Asset Management and Improvement Programme	5,988,481	31%
Infrastructure Cook Islands	Pa Enua Marine Infrastructure Improvement Programme	2,369,906	12%
Finance and Economic Management	Revenue Management System upgrade (RMS10)	1,986,720	10%
Infrastructure Cook Islands	Bridges and Structures Asset Management and Improvement Programme	1,490,000	8%
Cook Islands Investment Corporation	Arutanga Harbour Project	1,210,000	6%
Infrastructure Cook Islands	Drainage Asset Management and Improvement Programme	1,000,000	5%
Infrastructure Cook Islands	Aitutaki Water Management	700,000	4%
Health	General X-ray & Mammography	600,000	3%
Cook Islands Investment Corporation	Government Building Projects - Rarotonga	539,300	3%
Cook Islands Investment Corporation	Land Acquisition	500,000	3%
Cook Islands Investment Corporation	To Tatou Vai	500,000	3%
Total		16,884,407	89%

Schedule 4: Official Development Assistance

9. The largest 10 Official Development Assistance projects accounts for 79% (\$71,039,630) of total assistance for 2024.

Table 16 Official Development Assistance - 10 largest projects

Donor	Project	Type	2024 (\$)	2024 (%)
New Zealand	Cook Islands Infrastructure Trust Fund	Capital	15,000,000	17%
New Zealand	Northern Group RE Battery Replacement	Recurrent	12,933,000	14%
New Zealand	Cook Islands Infrastructure Trust Fund - Manihiki Airport Upgrade	Capital	12,000,000	13%
New Zealand	Cook Islands Infrastructure Trust Fund - Te Tau Papa O Avarua CIIC	Capital	7,000,000	8%
Japan	Procurement of a cargo and passenger vessel	Capital	5,800,000	6%
Other	Small Projects Grant funding	Recurrent	5,000,000	6%
Green Climate Fund	SAP-034 ATOM - Building a Healthy and Resilient Cook Islands Communities	Recurrent	4,500,000	5%
Green Climate Fund	UNEP FP147: Enhancing Climate Information and Knowledge Services	Recurrent	3,171,358	4%
New Zealand	Cook Islands Domestic ICT Connectivity Improvements	Recurrent	2,966,652	3%
Green Climate Fund	Renewable Energy Grant (Southern Group)	Capital	2,668,620	3%
Total			71,039,630	79%

Schedule 5a: Other Expense and Financing Transactions

10. There were no changes to Schedule 5a: Other Expense and Financing Transactions in comparison to the previous year.

Table 17: Schedule 5a: Other Expense and Financing Transactions – 2024 vs 2023 comparison

Other Expenses and Financing Transactions	2024 (\$)	2023 (\$)	Change (\$)	Change (%)
Contingency Funds - Operating	100,000	100,000	-	-
Crown Infrastructure Depreciation	4,603,000	4,603,000	-	-
Transfer to Emergency Response Trust Fund	50,000	50,000	-	-
Depreciation Contingency Fund	2,174,000	2,174,000	-	-
Total Other Expenses	6,927,000	6,927,000	-	-

Schedule 5b: Loan Repayment Fund (LRF) Appropriations Summary

11. There were no significant movements in Schedule 5b: Loan Repayment Fund (LRF) Appropriations Summary in comparison to the previous year. Schedule 5b: Loan Repayment Fund (LRF) Appropriations Summary of \$25,073,779 is 14% (\$2,990,462) more than the 2023 Schedule 5b: Loan Repayment Fund (LRF) Appropriations Summary.

Table 18: Schedule 5b: Loan Repayment Fund (LRF) Appropriations Summary – 2024 vs 2023 comparison

Loan Repayment Fund Appropriations	2024 (\$)	2023 (\$)	Change (\$)	Change (%)
Contribution to LRF - Principal	15,071,508	13,123,389	1,948,119	15%
Contribution to LRF - Interest	10,002,271	8,959,928	1,042,343	12%
Total Contribution to LRF	25,073,779	22,083,317	2,990,462	14%

PUBLIC ACCOUNTS COMMITTEE COMMENDATION

WITH THE COMMITTEE HAVING COMPLETED ITS DELIBERATIONS ON THE APPROPRIATION BILL 2024/2025 ON THURSDAY 31 MAY 2024; NOW, THEREFORE, BE IT RESOLVED THAT:

1. the Committee finds the Budget 2024/2025 to be in compliance with Article 70 of the Constitution of the Cook Islands and the statutory fiscal responsibility framework outlined in PART III of the Ministry of Finance and Economic Management Act 1995-1996; and
2. the Committee hereby commends the Budget 2024/2025 to Parliament; and
3. **further recommend that the Appropriation Bill 2024/25 be passed.**

RESOLVED FURTHER, that the Committee extends its sincere appreciation to the Prime Minister and Minister of Finance Hon. Mark Brown, Financial Secretary Mr Garth Henderson, and their team of dedicated professionals for their excellent work on the 2024/2025 Appropriation; and

RESOLVED FURTHER, that the Committee also extends its sincere appreciation to the Clerk of Parliament Mr Tangata Vainerere, Deputy Clerk Mrs Tai Manavaroa, Director of Audit Mr Desmond Wildin, Committee Secretary Mrs Margret Numanga and their team of dedicated professionals in Parliamentary Services for their excellent work in facilitating the work of the Public Accounts Committee.

END OF REPORT
