



PARLIAMENT OF THE COOK ISLANDS

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SUPPLEMENTARY BUDGET SPEECH

(Appropriation Amendment (No. 2) Bill 2025)

Hon. Mark Brown
PRIME MINISTER &
MINISTER OF FINANCE

HON. MARK BROWN – MINISTER OF FINANCE
SUPPLEMENTARY BUDGET SPEECH
MONDAY 08 DECEMBER 2025

Mr Speaker, it is my great honour to be tabling the Government's Supplementary Budget, the Appropriation Amendment (No. 2) Bill for 2025, and I do this with great confidence knowing that the Cook Islands economy continues to perform strongly and that our people are seeing the benefits of our hard work.

This budget Mr Speaker carries forward the theme from our budget in May, of *Te Akamauruuru'anga i to tatou Iti Tangata – investing in our people*. It is about renewal and confidence – strengthening the vaka that carries our nation forward. As we mark 60 years of self-governance, this budget continues our commitment to invest in our people and build for the next generation.

Mr Speaker, in the year to June our economy grew by an estimated 5.9 percent, reaching over \$706 million. This is more than a number; it is the measure of our people's resilience. It means that we have exceeded the target set in our Economic Recovery Plan if returning GDP to pre-covid levels, and the impacts of COVID-19 are now well behind us. Strong economic growth to the year of June 2025 was driven by a record 175,000 visitor arrivals – the highest in our country's history. Behind each of these arrivals Mr Speaker is income for our people, revenue for our businesses and money for our economy. The benefits of tourism ripples outwards to our farmers, to our market vendors, to our builders. To our transport operators, to our retailers and to our public service. We are mindful that this growth must be well managed to protect our way of life and environment. To this end, the government is developing a Tourism Stewardship Programme with industry and partners. This Stewardship Programme Mr Speaker, will guide our development and ensure the sustainability and protection of our tourism industry.

Mr Speaker, as we look ahead, we expect growth will continue but at a more sustainable pace. This means it is time to focus on the quality of growth – ensuring that what we built is resilient and that the benefits reach every island and every family. Mr Speaker, this government has maintained strong fiscal discipline. The pause in New Zealand's budgetary support reduced our available funds, however as our economy continues to grow beyond expectations, we are sustaining the same level of services as planned in our May Budget, thanks to increased revenue and prudent prioritisation of funds. We acknowledge Mr Speaker and are grateful for New Zealand's long-standing support and remain committed to resolving the current issues through constructive dialogue.

Mr Speaker, higher VAT collections driven by both local and visitor spending, reflect the health on our economy. Our fiscal fundamentals remain strong and are in line with our fiscal rules, our net debt is now below 30 percent of GDP. Unallocated cash reserves are above our safety threshold of three months of spending and expenditure growth remains within responsible annual limits. This government Mr Speaker remains committed to responsible financial stewardship. Fiscal discipline is not just an accounting exercise; it is a reflection of our values as stewards of a small nation. We do not live beyond our means, we plan ahead, we prepare and we build for the next generation.

Let me speak to some of the new government expenditures, Mr Speaker. It is important that we allocate additional funds strategically ensuring they are invested in infrastructure and essential services that will not only support our people and our communities but also sustain the long-term prosperity of our nation.

For the remainder of this financial year, Mr Speaker, the government is addressing emerging and important funding needs, including areas affected by the current pause in New Zealand's budget support, so that services for our people are maintained.

A reliable energy supply is vital for any community. That is why Mr Speaker, we are investing \$750,000 in capital funding for a replacement generator for the Mana Uira o Araura. This will ensure that the growing Aitutaki economy has a secure and consistent electricity source. At the same time, we expect stronger performance and governance from our SOE's reflecting the significant public investment in these companies.

Mr Speaker, we are modernizing our Revenue Management Division, investing \$300,000 of capital expenditure in a new revenue management platform, plus \$250,000 in bridging support. These upgrades help us collect every dollar of revenue efficiently and fairly, so we can fund the services that our people rely on.

Mr Speaker, a strong nation relies on a capable public service and good governance. With New Zealand's pause on funding under the Public Sector Strengthening Fund, Government is acting to maintain momentum on key reforms and protect the capability that underpins essential services for our people.

Therefore, this Government is allocating \$60,000 to fast-track planning to guide the implementation of the Functional Review recommendations; \$150,000 for technical assistance to clear the backlog in consolidating the Government's financial statements under the Financial Strengthening Project and \$277,082 to complete the rollout of the Financial Management Information System across all of our remaining agencies.

Mr Speaker, the Cook Islands, our country has a long standing and special relationship with New Zealand and it is vital that we nurture it. Therefore, we are allocating \$200,000 to strengthen and support this partnership – funding dedicated staff to maintain active and constructive dialogue at both the senior management and at the leadership levels.

Turning to education, Mr Speaker to ensure a smooth and fair rollout of the new student funding formula for private schools, this government has allocated an additional \$260,000 to our private schools. This top-up addresses the shortfall that would have arisen under the new arrangements ensuring a stable and smooth transition onto the new model.

Finally, Mr Speaker, the Cabinet Support Fund is a prudent contingency, used at Cabinet's discretion to support small community level initiatives. The \$100,000 increase ensures that Cabinet can continue meeting the community needs for the rest of the financial year in a transparent and accountable way.

Mr Speaker, I would not like to update the House on our financial position following the adjustments that we've just made in the Supplementary Budget.

The total appropriation now stands at 372 million, up from 336 million which represents an increase of 36.3 million dollars. This uplift, this increase reflects the 2 million dollars in new funding commitments to priority initiatives including some areas affected by the pause in New Zealand Budget Support. It includes 5.8 million in additional grants from our development partners and 25.8 million of expenditure planned for last year that has been carried forward into this current year. The amount carried forward accounts for the majority of the change and ensures continuity in the projects that support our people and the infrastructure they rely on.

Mr Speaker, it is a pleasure for me to note that our planned expenditure remains firmly within our fiscal limits. It is disciplined, it is targeted and directed towards the long-term sustainability of our economy.

Mr Speaker, this Supplementary Budget continues the strong of our nation moving with confidence and pride in our identity. We are experiencing continued conflict in the world – from the conflict in Gaza and Ukraine and now extending to Venezuela, to the trade tariff impacts, these all have an impact on the global economy and they will no doubt flow down and have an impact on us. We must be prepared. We have gone from survival, Mr Speaker to strength – we have moved from recovery to renewal and now we are charting a steady course forward as we stand on our own two feet and work in partnership with others.

Mr Speaker, this year we have had visits from the USA, from China, from Japan – shortly more will continue representatives from other countries to come to our shores most notably the Apostolic Nunzio who is the Pope's Ambassador to the Cook Islands arriving this week. We welcome them all in the spirit of collaboration and development. We will continue to work with all of our development partners including New Zealand and our Pacific neighbors with mutual respect that recognizes our self-governance and puts our people at the centre. May we continue to build a Cook Islands that is strong, fair and prepared for the tides ahead.

In closing, Mr Speaker, I'd like to acknowledge the Budget Team that helped in putting this Appropriation Bill together with the Financial Secretary in the House and next to him the Budget Manager Rufina Teulilo along with the rest of our Budget team that have been putting in the long hours to ensure that we have a Budget that is not only on time for this presentation in the House but is also done in a full fiscal responsibility.

May we continue to build a Cook Islands that is strong, fair, and prepared for the times ahead.

Therefore Mr Speaker, I fully commend this Bill before the House. It is my honour and privilege to table this Appropriation Amendment Bill before the House.

Thank you.