



TE TANGO AKATEREANGA MONI O TE IPUKAREA
MINISTRY OF FINANCE & ECONOMIC MANAGEMENT
GOVERNMENT OF THE COOK ISLANDS



STRATEGIC PLAN 2022-26

Te Ara Tukatau – Our journey forward



Strategic Plan 2022-26



'Akameitaki'anga - Acknowledgement

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Kupu 'aka'iti - Acronyms

Asian Development Bank	ADB
Asian Infrastructure Investment Bank	AIIB
Budget Support Group	BSG
Cook Islands Statistics Office	CISO
Cook Islands Tourism Corporation	CITC
Development Coordination Division	DCD
Direct Access Entity	DAE
Economic Development Strategy 2030	EDS
Economic Planning Division	EPD
Economic Response Plan	ERP
Economic Recovery Roadmap	ERR
Enhanced National Adaptation Plan	ENAP
Financial Secretary	FinSec
Green Climate Fund	GCF
Green Climate Fund Project Preparation Facility	GCFPPF
Green Resilient Recovery	GRR
Gross Domestic Product	GDP
Half-Year Economic and Fiscal Update	HYEFU
Heads of Ministries	HOMs
Major Projects and Procurement Support	MPPS
Medium-Term Debt Management Strategy 2022-2026	MTDS
Medium-Term Fiscal Strategy	MTFS
Ministry of Finance and Economic Management	MFEM
Ministry of Finance and Economic Management Act 1996	MFEM Act
National Sustainable Development Agenda	NSDA
National Sustainable Development Council	NSDC
New Zealand Ministry of Foreign Affairs and Trade	MFAT
Office of the Prime Minister	OPM
Office of the Public Service Commissioner	OPSC
Official Development Assistance	ODA
Organisation for Economic Cooperation and Development	OECD
Pacific Financial Technical Assistance Centre	PFTAC
Public Expenditure and Financial Accountability	PEFA
Public Financial Management	PFM
Revenue Management Division	RMD
Revenue Management System	RMS
State Owned Enterprise	SOE
Treasury Management Division	TMD
Te Marae Ora	TMO

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Financial Secretary – Akaaravei'anga - Foreword

The Ministry of Finance and Economic Management (MFEM) shall be a competent and professional organisation inspiring public trust in managing public finances in pursuit of our national development aspirations.

We achieve this vision by providing advice to the Cook Islands Government (“the Government”) and implementing policies and programmes to achieve strong and sustainable economic and fiscal outcomes for Cook Islanders.



In recent years, we have significantly improved our performance. For example, the 2021 Public Expenditure and Financial Accountability (PEFA) assessment of the Cook Islands acknowledges many strengths of the Cook Islands Public Financial Management (PFM) system overseen by MFEM and notes the improvements achieved over the past few years.

MFEM’s view is that the country needed a more defined strategic national roadmap if Government agencies were to plan strategically. In 2019, MFEM developed the Economic Development Strategy 2030 (EDS) and launched it in early 2020, notwithstanding COVID-19.

Despite the progress made to date, MFEM needs to make further improvements to support the Government and community to the best extent possible over the next five years. In a global context, the Cook Islands has been one of the countries hardest hit economically due to the COVID-19 pandemic. MFEM is focused on supporting the Government’s assistance for households and businesses to manage the immediate impact of the pandemic. Through the Economic Recovery Roadmap (ERR), we are working hard to ensure that the post-pandemic economic recovery is as strong and sustainable as possible. This will enable better social and economic outcomes for all Cook Islanders and reduce the extent of economic scarring.

MFEM has a broad range of responsibilities. Working collaboratively with other Government agencies and our wider stakeholders will be critical to delivering the priorities set out in this Strategic Plan and to create the greatest possible positive impact for Cook Islanders.

This 2022-2026 Strategic Plan sets out our priorities and explains how our organisation will continue to improve so that MFEM can best play its part in supporting the Cook Islands’ recovery. We have a clear idea about how we will implement change in some areas. In others, we need to do more work to understand the most effective way to deliver on some of the priorities in the Strategic Plan. In that sense, it is a living document that we will update as required.

The next five years will be the most challenging in recent times. Our management and staff remain committed to strengthening our professionalism, competency and to inspire public trust.

Garth Henderson
Financial Secretary
June 2022

'Akako'u'anga - Executive summary

MFEM's Strategic Plan 2022-26 is designed to guide our prioritisation and resource allocation over the next four years. It fits within the Cook Islands Government's strategic framework and the authoritative guidance provided by the National Sustainable Development Agenda (NSDA), the Economic Development Strategy (EDS) and Economic Recovery Roadmap (ERR). The detailed implementation of the Strategic Plan will be developed through MFEM's Annual Business Plans.

The enduring elements of our organisation shape the Strategic Plan – our vision, our mission and our values – which speak to our commitment to professionalism in managing public finances, service to the Cook Islands Government and community and our upholding of Cook Islands Public Service values.

The Plan identifies the recovery from the COVID-19 pandemic and the need to progress the long-term economic development priorities of the Cook Islands as the dominant external factors which are likely to shape our operating context over the next few years.

The strategic influences on our Plan flow through to a tight focus on **four key priorities** over the next **four years**:

- 1. Securing a strong and sustainable economy** – firstly, reversing the economic damage caused by the pandemic and, secondly, putting in place the foundations for long-term sustainable, strong economic development.
- 2. Restoring sustainable public finances** – maintaining core public services and investing in critical infrastructure while reducing public debt and deficits over time.
- 3. Providing leadership to strengthen the Cook Islands public sector** – consistently working in partnership with our public sector colleagues to improve outcomes for the community together with a particular leadership role in driving improvements in the quality of public sector financial management.
- 4. Strengthening MFEM's Capacity and Connectedness** – our people are our most critical asset, and are crucial to achieving the other three priorities. This means investing in the skills and expertise of our workforce, whilst ensuring we draw on all the perspectives and insights across the organisation to deliver the best quality service to the Government and the community.

Our priorities are ambitious, and the expectations on us are rightly high. As our resources are necessarily limited, we will need to be constantly agile in working internally and with our partners across the community to make progress. The crisis environment of the pandemic has required all of our divisions to be agile in how we work, which positions us well to remain agile to meet the challenges of coming years.

The Plan also sets out performance measures for each of our four key priorities to ensure that we learn from our experience and stay on track to deliver on them. As the Strategic Plan is implemented, we expect to develop and expand our set of performance metrics to provide a richer narrative of our performance as an organisation.

Tango Akataka'anga o te Kūki 'Āirani - Cook Islands Government Strategy

The diagram below shows how MFEM's Strategic Plan fits within the Cook Islands Government's strategic framework.



Ta Matou Orama - Our vision

Kia riro te Tango Akatereanga Moni o te Ipukarea e pera te Tuanga Kimi Puapinga ei nga tuanga matutu e te tau te ka riro i te akapararauare i te vaerua irinaki o te iti tangata no te akatereanga i te moni a te iti tangata kia rauka te au manakonakoanga e anoanoia nei e te Tuanga Akapuapinga.

The Ministry of Finance and Economic Management shall be a competent and professional organisation inspiring public trust in managing public finances in pursuit of our national development aspirations.

To Matou Akakoro'anga - Our mission

We advise the Cook Islands Government on options to improve the economic and financial wellbeing of all Cook Islanders. We also provide the community with key public services that enable effective governance of the country. We remain agile, so we move into those gaps in public service that, if not addressed, present a major risk to Government.

Irinaki'anga Mou - Our values

We're at our best when we demonstrate the Cook Islands Government's Public Service values:

- Honesty - Tū Tiratiratū
- Impartiality - Tū Pāpākita'i kore
- Service - Tū Tāvini
- Transparency - Tū Mā'ora'ora
- Accountability - Tū Akapāpu'anga
- Respect - Tū Akangāteitei
- Efficiency - Tūranga Meitaki
- Effectiveness - Tūranga Tau

MFEM has integrated the Government-wide values into the way we work.



Our culture and values emphasise caring for others and our organisation and collaborating effectively with people from diverse backgrounds with different perspectives. It makes us strong and helps us serve our people successfully. We're comfortable being ourselves at work and actively ensure everyone has the same rights, responsibilities, and opportunities to contribute and succeed at work.

We respect and care for our community and each other by:

- Being considerate, holding ourselves to the highest ethical standards, and interacting in an open, honest and transparent manner.
- Viewing any misuse of public money and resources as unacceptable and acting if we see any behaviour of concern.
- Treating all members of the community fairly and with respect as we fulfil our responsibilities under the law.
- Being inclusive and seeking out diversity in thought and experience when collaborating, creating and innovating.
- Being good ambassadors for MFEM when serving our customers and working in and with our communities.
- Proactively involving others in decisions that affect them. Being open to giving and receiving constructive feedback.
- Ensuring that all public money and resources are used to deliver the best value for money and build trust with the public.
- Speaking up when things go wrong and acting to make things right. Being accountable and taking ownership of resolving problems and delivering results.
- Taking responsibility for developing our capability and actively supporting the development of others.
- Recognising the importance of maintaining a work-life balance that supports our people to be their best.
- Leveraging the strengths, skills, and expertise and actively listening to and respecting different ideas and perspectives.
- Developing our capability, understanding and encouraging the use of the Māori language and actively supporting others in their development.
- Empowering our people to speak up if they see unsafe work practices to prevent harm to ourselves or others.
- Purposefully collaborating across teams, MFEM and Government-wide.
- Taking the opportunity to improve how we work and what we deliver.

Turanga Angaanga - Our operating context

The key external factors shaping the context for MFEM over the life of the Strategic Plan are:

- recovery from the COVID-19 pandemic; and
- addressing the Cook Islands' long-term economic development opportunities and challenges.

The ongoing cases of COVID-19 in New Zealand and Australia meant that the Cook Islands was closed to tourists for a significant proportion of 2020 and 2021, opening to fully vaccinated New Zealand tourists in January 2022 and to fully vaccinated tourists from other countries from May 2022.

MFEM advised the Government and implemented a range of Government programmes to support the business sector and households through the most difficult periods of the pandemic. The continued global vaccine roll-out is expected to reduce the impact of COVID-19 in restricting the mobility of people across our region. Our central scenario is that although uncertainties remain and the global economic risks remain heightened we can look forward to a sustained economic expansion in the coming years, illustrated in the graph below.



Graph: Annual change in real GDP (percentage)

Given the depth of the economic contraction caused by the pandemic, one of MFEM's critical priorities is securing a strong and sustainable recovery, so that jobs and incomes can be restored to their pre-pandemic levels as quickly as possible.

Delivering the Economic Recovery Roadmap (ERR) is an important part of this recovery. The ERR, which aligns with the Economic Development Strategy (EDS) 2030, identifies specific areas of focus that are key to driving and facilitating recovery. This includes progressing significant Government infrastructure projects when the demand for new private sector investment projects is likely to be limited. To ensure the successful implementation of the ERR, MFEM will provide Ministers with high-quality and timely policy advice and coordinated action with various Government agencies. This highlights the importance of MFEM partnering successfully with various organisations within and beyond the Government.

In addition, as the recovery progresses, MFEM will ensure that public finances return to a sustainable path consistent with maintaining the pace of economic recovery through our fiscal policy and budget management responsibilities.

Beyond the immediate critical challenges of managing the pandemic and ensuring that the economy and public finances are sustainably restored over time, the Cook Islands faces longer-term challenges and opportunities that MFEM will increasingly contribute to over the Strategic Plan's horizon.



For example, the start of commercial-scale deep-sea mineral extraction within the next decade is a real prospect. It could generate a significant transformation of the Cook Islands economy. Within the timeframe of the Strategic Plan, MFEM will ensure that all of the policies required are put in place to ensure that the Cook Islands maximises the benefits of this resource over the long-term. This includes the tax and regulatory settings for deep-sea mineral extraction and establishing a sovereign wealth fund.

More broadly, many other long-term economic development issues are flagged in the EDS and include the need to continue to improve the attractiveness of the business environment, raising skill levels and improving the operation of the labour market, improving the quality of infrastructure and broadening the range of internationally competitive businesses based in the Cook Islands. The EDS sets an ambitious policy agenda that will need to be advanced over the period of this Strategic Plan. Some of the actions require policy work from MFEM alone and others will require MFEM to collaborate with other agencies. Where leadership requires work to be led by other agencies, MFEM has an important contribution to coordinate the overall program of work to ensure that it remains integrated and is delivered in a timely way.

The Cook Islands' 2019 graduation to 'High-Income Country'¹ status means that the Cook Islands will need to leverage remaining sources of external assistance (e.g. climate change finance) and explore new ways of accessing external finance and expertise to support our further economic development. Specifically, MFEM has an important leadership role to play to ensure that the Cook Islands can access emerging climate change financing facilities and, in regional and international forums, to advocate electively to ensure that new climate financing facilities are appropriate for the situation of the Pacific Islands countries.

¹ On 10 July 2019, the Organisation for Economic Cooperation and Development (OECD) graduated the Cook Islands to the category of High-Income Country, ending eligibility for Overseas Development Assistance (ODA) from 1 January 2020. This is a significant achievement as the Cook Islands becomes the first Pacific Island to achieve this status and serves as evidence of effective Government strategies, fiscal discipline and good governance.

The National Sustainable Development Agenda (NSDA) flags the need for an economically vibrant Cook Islands to sit alongside an inclusive social development strategy and environmentally sustainable outcomes. MFEM's work and its collaborations with other Government agencies will need to constantly connect with the sustainable development agenda set out in the NSDA.

Given the breadth of the agenda that faces MFEM and the limited resource at our disposal, we will need to assess our highest priorities on an ongoing basis and actively improve the efficiency with which we deliver our services to the Government and the community.

We will leverage our impact by working effectively with and through our partners and ensuring that the assistance provided by development partners can be focused on having the greatest strategic impact.

This Strategic Plan provides MFEM with a framework around our most important priorities to guide how we flexibly deploy our resources and operate as one organisation to achieve our strategic goals.

MFEM's most critical asset is our people. To operate effectively in the dynamic environment the Cook Islands face over the next few years, we will focus on developing our current staff and continuing to attract and retain talented staff from the Cook Islands and beyond. Like other public sector agencies in the Cook Islands, MFEM must compete with employers in the Cook Islands and overseas to recruit skilled staff. MFEM will continue to be innovative in accessing the skills that we require and ensuring that our workplace fosters the skills of all our staff and provides an enjoyable environment to work in. We will outline the details of our action plan to develop our workforce in MFEM's Workforce Plan.



Raverave'anga Puapinga - Key priorities

MFEM is committed to delivering successfully on all our responsibilities through the period of this Strategic Plan, with a particular focus on four key priorities:

1

Securing a strong and sustainable economy;

2

Restoring sustainable public finances;

3

Providing leadership to the Cook Islands public sector; and

4

Strengthening MFEM's capacity and connectedness.

KEY PRIORITY 1

'Akamou'anga i tētai tango ketaketa e te Kimi'anga Puapinga mātūtū Securing a Strong and Sustainable Economy

To support the economic recovery, MFEM will provide informed, influential, and impactful policy advice and analysis to implement the ERR alongside other Government agencies, initially prioritising the following focus areas:

- Reducing the cost of borrowing (lowering interest rates for borrowers);
- Managing the burden of public debt;
- Infrastructure investment;
- Reducing barriers to competition and business;
- Productivity growth;
- Improved public sector efficiency;
- Growing the labour force and preventing depopulation; and
- Attracting foreign investment that will benefit the Cook Islands.

Throughout the term of this Strategic Plan, MFEM will also advance the long-term priorities outlined in the EDS, including ensuring that policy settings are ready for the start of commercial deep-sea mineral extraction later in the decade.

Several MFEM divisions will contribute to implementing the ERR and the EDS, particularly EPD.

KEY PRIORITY 2

'Akamātūtū 'akaouanga i te Tūranga Moni a te 'Iti tangata Restoring sustainable Public Finances

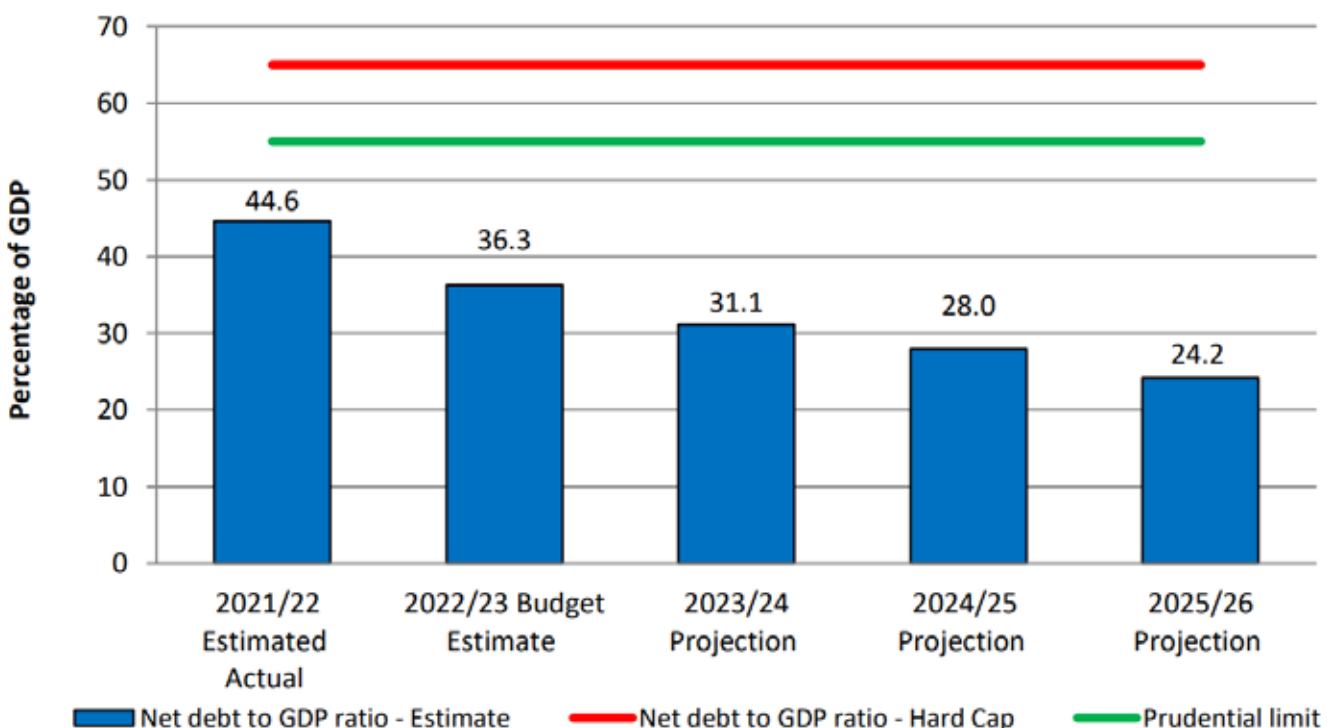
Restoring the health of the public finances following the end of the pandemic is a key priority for the Government, and MFEM has a critical role in ensuring the success of this objective.

The 2022/23 Budget Estimates projects a significant improvement in the public finances over the next few years driven, by firm public spending control and rising tax revenues. The fiscal deficit of \$37.7 million in 2021/22 is expected to improve to a surplus of \$3.4 million by 2024/25, with net public debt projected to fall from 44.6% of GDP in 2021/22 to 28.0% of GDP in 2024/25.

In October 2021, given the scale of the economic shock resulting from COVID-19, the Government announced updated fiscal responsibility rules to reflect the economy's changing needs. The new rules allow the Government to use greater debt funding to continue supporting core Government functions until revenue recovers. Given the expected further evolution in the economic situation, the new rules are expected to be reassessed before publishing the 2024/25 Budget Policy Statement.

While the economy still requires support, the primary fiscal rule is the Cash Reserves Rule (i.e. the equivalent of 3 months of operating expenditure must be held in liquid assets at any one time, currently estimated to be approximately \$60 million). The Net Debt Ratio is likely to be re-established as the fiscal anchor over the medium-term.

Graph: Net Debt to GDP ratio – Estimate



Realising these forecasts will require strong contributions from MFEM's:

- Revenue Management Division, for capable tax administration.
- Economic Planning and Treasury Management Divisions, for managing the budget process, firm scrutiny of public spending proposals and monitoring and reporting on the public finances.
- Development Coordination Division ensures that the Cook Islands can tap into external financing, including climate change finance.

In addition to improving the public finances, MFEM will continue to enhance the PFM system in the Cook Islands. It is a critical infrastructure to support the delivery of sustainable public finances over the medium-term. With the assistance of PFTAC, MFEM has developed an action plan for 2022-2026, based on the 2021 PEFA assessment.

Phase 1 (2022-2024)

PFM improvements have been prioritised to support MFEM's response to COVID-19 and the initial stages of recovery. This includes timely and comprehensive cash management, managing revenue arrears to increase cash inflows, and monitoring fiscal risks from SOEs and continuing the FMIS roll-out.

Phase 2 (2024-2026)

PFM enhancements that will support the medium-term economic expansion will be emphasised, such as updating the Medium-Term Fiscal Strategy and implementation of the Medium-Term Revenue Strategy. A full timeline of the initiatives under the PFM Draft Action Plan is provided in Annex 1.

Medium-Term Debt Management Strategy (MTDS) describes the policy the Cook Islands Government plans to implement in managing its debt portfolio during the financial years 2022- 2026.

The assessment of the cost and risk profile on the debt portfolio has identified that the main risks for the Cook Islands are interest rate risks and refinancing risks. The strategic targets listed as part of this MTDS are therefore focused on two main strategies, (i) to prescribe Government's preferred options when taking on new fixed interest rate debt instruments and (ii) to improve the average time to maturity of the debt portfolio by exploring refinancing options specifically for the post-pandemic loans. A secondary objective of this MTDS is to build resilience by exploring alternative sources of financing to provide an opportunity to shape the Cook Islands public debt portfolio, in relation to cost and risk, as selection of debt financing instruments becomes broader.

Effective implementation of the MTDS is crucial to keep the Cook Island's debt at a sustainable level. Accordingly, the Government through MFEM will report on the status of the implementation against the set strategic targets annually through the budget process which includes reporting to Cabinet and tabling with Parliament.

Refer to Annex 1 for the high-level workplan.

KEY PRIORITY 3

‘Ōronga’anga ‘i te Karape Arataki ki te au ngāi ‘anga’anga o te Kūki ‘Airani Providing leadership to the Cook Islands public sector

Focussing public sector resources on the Government’s highest priorities, enhancing the management of people and the delivery of services and raising the quality of policy advice across the public sector will all be required to deliver on the ambitions outlined in the NSDA and EDS.

MFEM provides leadership to the public sector in two ways. As one of the central agencies, MFEM works collaboratively with the other central agencies to support the wider public sector. This includes ensuring the HOMs understand the full context around the economic and fiscal situation to ensure that they can best manage their ministries in the context facing the country. MFEM and the other central agencies facilitate opportunities to anticipate and participate in the longer-term opportunities and challenges facing the Cook Islands.

An example is the Budget Support Group (BSG), the budget committee responsible for agreeing the annual budget recommendation to Cabinet. This group, selected from diverse representatives across Government, are exposed to national budget prioritisation processes, increasing the depth and breadth of knowledge of the Government’s operation as well as understanding of the fiscal challenges that Government faces.

Experience has demonstrated that members of the BSG operate more effectively outside of silos and with greater consideration of efficient expenditure after experiencing first-hand the challenges in allocating limited fiscal space to the diverse funding needs of Government’s many agencies.

Financial Management Strengthening

MFEM also has a particular leadership role in improving the quality of public sector financial management across the public sector. Good quality and timely financial reporting are very important for the Cook Islands to maintain the trust and confidence of those financing Government infrastructure and operations. This is a particularly important consideration over the next few years when the Government is carrying higher debt levels to finance critical infrastructure spending and to maintain the operation of core Government agencies while the economy recovers from the economic consequences of the pandemic. Successful financial management is a joint responsibility of MFEM and all Government agencies.

MFEM and the Office of the Public Service Commissioner (OPSC) have formed the Financial Management Strengthening Programme Working Group (“the Working Group”) to design and implement a change programme to strengthen financial management and performance across the Cook Islands Government.

The Working Group is taking a holistic approach to address the short, medium and long-term actions required to improve the current state of financial management in the Cook Islands. Further change is also required to make it simple for staff to comply with statutory reporting requirements, be empowered and enable good decision-making.

The Financial Management Strengthening programme aims to have a robust framework, systems, and mechanisms to develop business performance analytics that will guide us to make informed decisions about our future. We have competent people on board and the capacity to drive success.

KEY PRIORITY 4

'Akamātūtū'anga i tā te MFEM ka rauka 'i te rave e tō mātou 'ātui'anga Strengthening MFEM's Capacity and Connectedness

MFEM will improve its capacity to support the recruitment and development of our staff through the development of a new Workforce Plan in 2022. The Plan is to ensure that we have the right people with the right skills at the right place at the right time. It will also enable us to deliver on the challenging goals set out in this Strategic Plan and, over the longer term, lead to capability development and retention of staff across the public sector.

One of the Plan's priorities is to develop career paths for professionals in critical areas (e.g. Statisticians, Economists) where acquiring the necessary qualifications cannot be undertaken in-country.

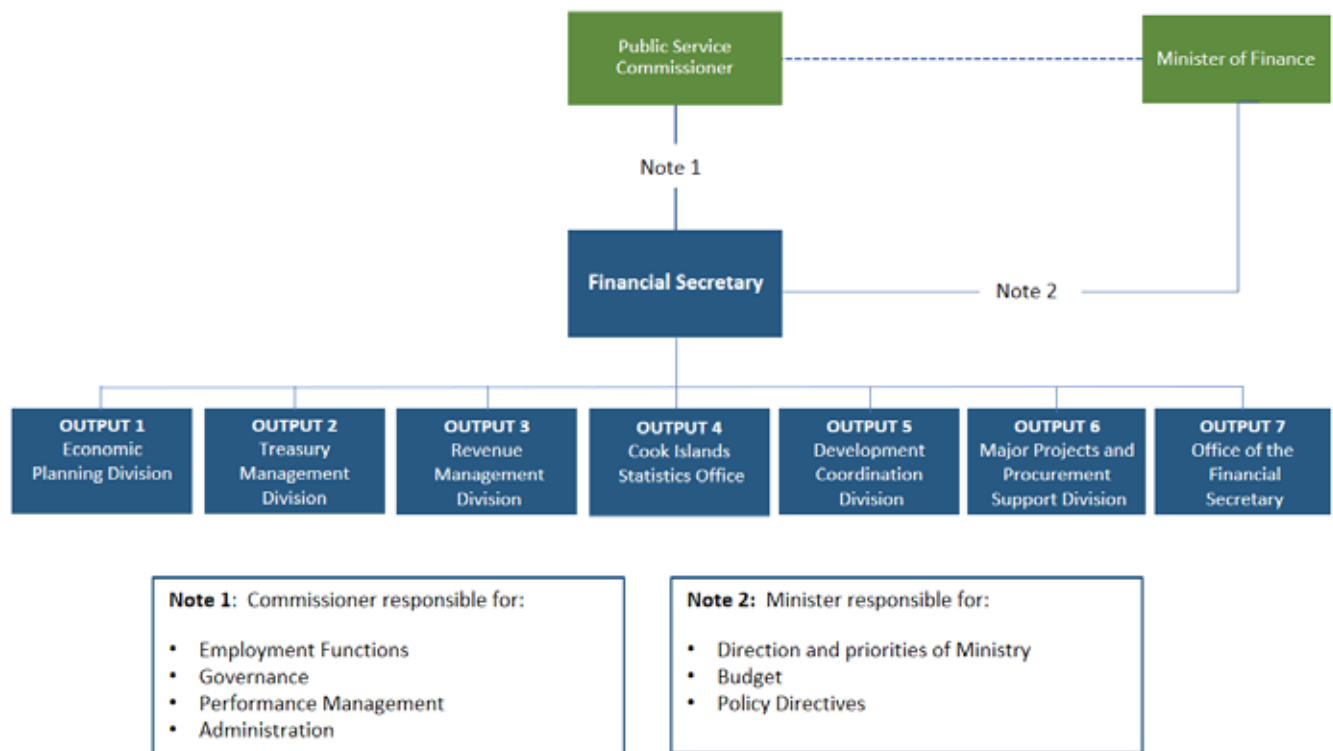
We will continue to raise our performance as an organisation to deliver on our policy-related missions – improving economic and fiscal performance – and our leadership contribution in the Cook Islands public sector. In particular, we will look to improve our performance by working actively to better connect our work across MFEM, increasing our capacity to align our resources with the highest priorities and monitor our performance to ensure that we achieve the greatest impact.

We aim to strengthen the coordination across our divisions to ensure that we gain maximum insight from the different functions on the MFEM platform. This includes strengthening the connections between Revenue Management, Major Projects, Economic Planning and Treasury Management Divisions in closely monitoring and managing cash reserves and enhancing the connections between Revenue Management and Economic Planning Divisions in improving the quality of revenue forecasts.

The critical need to manage our cash reserves underscores the value and priority of the Treasury Management Division Cash Management Committee, which brings together many of MFEM's Divisions to share their insights in association with the Asian Development Bank (ADB) and the New Zealand Ministry of Foreign Affairs and Trade (MFAT). It is a practical example of the importance of enhancing connectedness across MFEM.



Te Akapapa'anga - Our structure



MFEM comprises seven divisions, each responsible for delivering one of our seven outputs.

1. Economic Planning Division (EPD);
2. Treasury Management Division (TMD);
3. Revenue Management Division (RMD);
4. Cook Islands Statistics Office (CISO);
5. Development Coordination Division (DCD);
6. Major Projects and Procurement Support Division (MPPS); and
7. Office of the Financial Secretary (FinSec).

While each division has a distinct area of expertise and operation and engages with different groups of stakeholders, all divisions work as one organisation to deliver on our mission for Cook Islanders. MFEM's agility comes from our **communications approach and our ability to bring together diverse expertise from different Divisions to solve problems promptly.**

Te Kapua'anga o teia Matakeinanga - Who are we?

To Mātou Kāpua'anga - Our background

MFEM was created by the enactment of the Ministry of Finance and Economic Management Act (MFEM Act) 1996 at the outset of the Cook Islands Economic Reform Program.

Initially, MFEM undertook four separate functions:

- Treasury Operations concerning the fiscal and financial management of public expenditure;
- Revenue collection (tax and customs), facilitating trade and protecting the border;
- Collection and dissemination of statistics; and
- Planning and overall management of donor programs and project activities.

Over time, MFEM has extended its role and functions outside of our legislative mandate because the traditional public service model has not been sufficiently agile to adapt to issues and crises as they emerge.

Today, MFEM's divisions have the common focus of providing service and sound decision-making. MFEM's current functions are as follows:

- Providing fiscal and economic advice to the Government to oversee the preparation and implementation of the national budget;
- Managing the PFM system in the Cook Islands, including scrutinising the quality of public spending and coordinating the preparation of and reporting on the Crown financial statements to Parliament;
- Collecting tax and customs revenue, facilitating trade and protecting the border;
- Collecting and publishing statistics;
- Planning and managing development assistance for the Cook Islands;
- Overseeing the management of strategic Government infrastructural projects, including domestic shipping; and
- Managing the Government payroll system.





TE TANGO AKATEREANGA MONI O TE IPUKAREA

MINISTRY OF FINANCE & ECONOMIC MANAGEMENT

ECONOMIC PLANNING DIVISION

ABOUT US

PURPOSE

EPD consists of an Economics Team and the National Budget and Planning team. The purpose of EPD revolves around economic management and policy development, macroeconomic forecasting, fiscal planning, microeconomic analysis and implementation.

Key Functions / Scope

- Monitoring the Cook Islands economy, forecasting economic indicators and designing strategic plans that appropriately guide the economy towards long-term sustainability and growth.
- Provision of economic advice to and project implementation of initiatives with Cook Islands-wide economic and market impacts.
- Preparing the annual Medium-term Fiscal Strategy (MTFS) and Government Budgets and economic and fiscal updates.
- Secretariat for the Price Tribunal who monitors the fair and equitable pricing of key goods in the Cook Islands.

Key Stakeholders

- Cabinet and Parliament.
- Public Sector agencies, including State-Owned Enterprises and Crown agencies.
- National Sustainable Development Council (NSDC) and Infrastructure Committee.
- Non-Government Organisations and social collectives such as the Chamber of Commerce.
- Bilateral development partners such as New Zealand High Commission to the Cook Islands and the Australian High Commission to the Cook Islands.
- Multilateral development partners such as the Asian Development Bank and International Monetary Fund.
- Regional Development initiatives including PFTAC.

Mandate / Legislative Framework

1. [The Constitution of the Cook Islands 1997](#) (and amendments), particularly Section 70, and
2. [Ministry of Finance and Economic Management Act 1995-96](#).

OUTPUT 1 – ECONOMIC PLANNING DIVISION (EPD)



Significant Achievements 2018-2021

- The implementation of the Medium-term Fiscal Framework, including annual Medium-term Fiscal Strategies and the design of Fiscal Responsibility Rules, assists in guiding the Government's budget and economic policies.
- National consultations and the design of the nation's first Economic Development Strategy 2030, which sets strategies for the growth of the Cook Islands economy in the long-term.
- The establishment of the Competition and Regulatory Authority and the commencement of telecommunications reform that is designed to provide equitable access for the Pa Enua to internet and telecommunications services.
- The Economic Response Plan (ERP) responded to the economic shock brought about by the COVID-19 pandemic, shielding Cook Islands' businesses from the worst impacts of the recession.
- The ongoing implementation of the ERR, which positions the Cook Islands economy for a rapid recovery from the economic shock and prioritises programmes of the Economic Development Strategy 2030.
- As part of both the ERP and ERR and with the support of the Revenue Management Division and the Cook Islands National Superannuation Fund, managing the disbursement of more than \$100 million in support payments to the private sector in the form of wage-support, sole-trader grants, business grants, discounted loan contracts and other strategies.
- In collaboration with the TMD, negotiated more than \$180 million of loans to support the Cook Island economy.



TE TANGO AKATEREANGA MONI O TE IPUKAREA MINISTRY OF FINANCE & ECONOMIC MANAGEMENT TREASURY MANAGEMENT DIVISION

ABOUT US

PURPOSE

TMD exists to foster a responsible and effective Public Financial Management (PFM) system through the efficient management of public funds, maintaining an effective internal control environment, up-to-date financial policies and procedures and production of timely Crown financial management reporting.

Key Functions / Scope

- Cash Management.
- Debt Reporting.
- Internal Audit.
- Crown Financial Statements consolidation.
- Shared Services.
- Operating the Financial Management Information System (FMIS – Unit 4).
- Currency Production.

Key Stakeholders

- Cabinet.
- Parliament.
- Public Sector agencies.
- Civil Society including Non-Government Organisations (NGOs).
- Taxpayers.
- Suppliers (domestic and international).
- Development Partners (domestic and international).

Mandate / Legislative Framework

- [Ministry of Finance and Economic Management Act 1995-96.](#)

OUTPUT 2 – TREASURY MANAGEMENT DIVISION (TMD)



Significant Achievements 2018-2021

- The pandemic has contributed to the existing recruitment challenges faced by the division. However, TMD plays a significant role in managing the Government's cashflow by coordinating loan negotiations and leading monthly cash management committee meetings with the ADB and MFAT.
- The Internal Audit function continues to be an effective way of improving the control environment, specifically in the current state of the economy. Various internal audit findings have led to various high-profile investigations.
- The Government transactional banking services were also tendered and awarded during this period with an expectation that it will improve the Government's management of its cashflow and streamline payment processing in parallel with FMIS deployment.
- The FMIS deployment has significantly improved the efficiency of payment processing and financial reporting for the Government. In the next two years, the focus is to complete the roll-out to the rest of the agencies.
- TMD also facilitated the production of the Cook Islands' new \$3 note, which entered into circulation in August 2021. With its unique design, the new note reflects the heritage and vision of the Cook Islands, and it is envisaged that it will be a collectors' item that visitors can take home. We have sold over 45,000 \$3 notes to overseas collectors. This does not include local demand through the commercial bank.



TE TANGO AKATEREANGA MONI O TE IPUKAREA MINISTRY OF FINANCE & ECONOMIC MANAGEMENT REVENUE MANAGEMENT DIVISION

ABOUT US

PURPOSE

RMD comprises the Inland Revenue Department (Inland Revenue) and Cook Islands Customs Service (Customs).

Inland Revenue

Key Functions / Scope

Administer tax laws and collect tax and other revenue for the Government.

Key Stakeholders

- Government – policy advice.
- Taxpayers and tax professionals.
- Pacific Islands Tax Administration Association (regional tax organisation) – capacity development and technical assistance.
- Pacific Financial Technical Assistance Centre- capacity development and technical assistance.
- European OECD Global Forum member.
- Other domestic and international partners.

Mandate / Legislative Framework

- [Departure Tax Act 2012.](#)
- [Income Tax Act 1997.](#)
- [Income Tax \(Transfer Pricing\) Regulations 2014.](#)
- [Income Tax \(Automatic Exchange of Financial Account Information\) Regulations 2017.](#)
- [Value Added Tax Act 1997.](#)

OUTPUT 3 – REVENUE MANAGEMENT DIVISION (RMD)



Inland Revenue

Significant Achievements 2018-2021

- Successfully administered a number of ERP and ERR financial support measures. Under these initiatives, Inland Revenue completed 33,026 reviews of the applications submitted and distributed approximately \$103 million to successful applicants.
- During COVID-19 tax outreach activities were restricted. Despite this, the required level of outreach activities was achieved in 2021/22.
- Even with limited staff capacity and/or limited fiscal space during the COVID-19 pandemic Inland Revenue has continued to progress its modernisation program by:
 - Obtaining funding to update the tax system and commencing the related project. The updated tax system will result in greater efficiencies, reduced taxpayer compliance costs and improved customer services;
 - Developing 26 Standard Operating Procedures for key business processes across Collections (debt and returns), Audit and Taxpayer Services; and
 - Implementing a functional-based organisational structure that supports Inland Revenue's business needs and facilitates modern tax administration management.



TE TANGO AKATEREANGA MONI O TE IPUKAREA MINISTRY OF FINANCE & ECONOMIC MANAGEMENT REVENUE MANAGEMENT DIVISION

ABOUT US

PURPOSE

RMD comprises the Cook Islands Customs Service (Customs) and Inland Revenue Department (Inland Revenue).

Customs

Key Functions / Scope

Administer Customs-related legislation, collect Customs duty / tax, protect our border and facilitate trade.

Key Stakeholders

- Government – policy advice.
- Importers, brokers, and Customs Controlled Area licensees.
- Border agencies / air industry.
- National Security Committee- member.
- National Security Directorate.
- CLAG (Combined Law Agencies Group)- member.
- CINIT (Cook Islands National Intelligence Taskforce)- member.
- Regional representation:
 - Oceania Customs Organisation – Chairman.
 - PACER PLUS Committee for Trade in Goods, Rules of Origin and Customs Procedures – Chairman.
 - Joint Heads of the Pacific Security – Cook Islands’ delegate.
- Oceania Customs Organisation (regional customs agency) – capacity development, technical assistance and information sharing.
- United Nations Conference on Trade and Development.
- New Zealand Customs Service and other domestic and international partners.

Mandate / Legislative Framework

- [Customs Revenue and Border Protection Act 2012.](#)
- [Customs Revenue and Border Protection Regulations 2012.](#)
- [Customs Tariff Act 2012.](#)

OUTPUT 3 – REVENUE MANAGEMENT DIVISION (RMD)



Customs

Significant Achievements 2018-2021



- COVID-19 initiatives:
 - Introducing extended deferred payment and payment arrangement process;
 - Implementing an expedited process to clear medical supplies for Te Marae Ora;
 - A shift to electronic lodgment of documents across people, goods and crafts; and
 - Customs played an integral role in ensuring that new border processes were developed and implemented to allow the safe con nuance of trade and passenger routes.
- Despite COVID-19 related challenges, a National Project Management team was established in 2021 to implement the ASYCUDA World border Management System.
- Establishing ongoing stakeholder engagement opportunities with brokers and Customs Controlled Area operators to build on existing relationships.
- Organisation realignment to direct accountability and responsibility to people leaders and streamline decision-making.
- A Post Clearance Audit Program was implemented to ensure a non-intervention assurance process existed alongside trade facilitation.
- An administrative Penalty regime was developed to encourage declarants to submit accurate importation information to Customs.



TE TANGO AKATEREANGA MONI O TE IPUKAREA MINISTRY OF FINANCE & ECONOMIC MANAGEMENT COOK ISLANDS STATISTICS OFFICE

ABOUT US

PURPOSE

The CISO is responsible for collecting information relating to their activities and economic and social situation from people, businesses, and organisations in the Cooks Islands. It compiles, analyses, abstracts, and publishes official statistics relating to the condition of commerce, people, their communities, the environment, and the activities, performance, and impact of the Government.

Key Functions / Scope

- Collect information from any person, business or other entity necessary to produce and publish official statistics of the Cook Islands.
- Advance the quality and relevance of official statistics.
- Ensure public trust in collecting personal and business information through surveys, censuses, and the resulting statistics.
- Publish rules and protocols to direct the statistical activities described in the Statistics Act.
- Ensure the regular review of the Cook Islands statistics' relevance, scope, and quality.
- Coordinate and provide oversight and management of the national statistical systems.

Key Stakeholders

Statistics stakeholders are grouped according to whether an individual or entity is a user, supplier or training provider of statistics.

- **User:** Government agencies, politicians, private sector, media, international organisations, civil society, the general public.
- **Supplier:** Households and population, government agencies, business enterprises, local authorities, and other agencies.
- **Training providers:** Statistical training institutions and donor partners (e.g. SIAP, SPC, PFTAC, ESCAP) contribute to skills and capacity development

Mandate / Legislative Framework

- [Statistics Act 2016.](#)

OUTPUT 4 – COOK ISLANDS STATISTICS OFFICE (CISO)



Significant Achievements 2018-2021

- Completed three rounds of the COVID-19 Rapid Assessment Survey 2020. This is a household survey that focuses on the impact of COVID-19 on households in the Cook Islands.
- Providing ongoing technical support to Te Marae Ora (Ministry of Health) on data processing, dissemination using data visualization and sampling for the Cook Islands STEPS survey.
- Successfully implemented Computer Assisted Personal Interviews (CAPI) and Computer Assisted Telephone Interviews (CATI) to carry out data collection. This improves the efficiency and quality of data collection for future household surveys.
- The COVID-19 pandemic has made clear that the availability of trusted, quality and timely disaggregated data is of critical importance. CISO has worked hard on producing quality data through its COVID-19 Rapid Assessment rounds of surveys to inform the needs of the Economic Response Plan. The prevalent focus of these surveys are to measure the social and economic impact of Covid-19 on households in the Cook Islands.
- A number of statistical activities and surveys were also successfully implemented:
 - Flood Rapid Assessment survey in November 2020. The results of this survey helped inform the Government's decision in providing adequate support for those households and businesses affected by the floods;
 - Labour Force Survey 2019; and
 - The Integrated Household surveys.



TE TANGO AKATEREANGA MONI O TE IPUKAREA MINISTRY OF FINANCE & ECONOMIC MANAGEMENT DEVELOPMENT COORDINATION DIVISION

ABOUT US

PURPOSE

MFEM is the preferred implementing agency and operational entry point for all development partners, implementing agencies and stakeholders to engage in the management and delivery of development support activities. DCD manages this role.

Key Functions / Scope

- Management of total official support for development with the Government.
- Encompasses all financial flows aligned with initiatives the Government are a party to that contribute to development.
- Includes domestic resource mobilisation, climate finance, South-South cooperation, and “traditional” Official Development Assistance, including grants, loans and technical assistance provided by OECD countries.

Key Stakeholders

- Government.
- Civil Society, including the private sector, traditional and island leaders.
- Development partners, including regional, multilateral and international development agencies, climate finance organisations, faith-based and philanthropic organisations.

Mandate / Legislative Framework

- [Cook Islands Development Partners Policy](#).

OUTPUT 5 – DEVELOPMENT COORDINATION DIVISION (DCD)



Significant Achievements 2018-2021

- MFEM attained Accredited Entity status to the Green Climate Fund in 2019.
- Three readiness funding proposals to the Green Climate Fund for; (i) Strengthening the implementation of the Cook Islands Programme; (ii) Green Resilient Recovery (GRR); and (iii) Enhanced National Adaptation Plan (ENAP) were approved. Readiness support funding helps strengthen institutional capacities and frameworks to access GCF resources.
- Local counterparts developed readiness proposals, indicating that former readiness proposals have effectively developed local capacity within our Direct Access Entity (DAE) team.
- The Cook Islands successfully hosted the Cook Islands Climate Change Development and Resilience roundtable with the Green Climate Fund, international and regional development partners and national stakeholders on Rarotonga in March 2019.
- Cook Islands attained membership to the Asian Infrastructure Investment Bank (AIIB) in June 2020.
- Implementation of the first Adaptation Fund funded project, “Pa Enea Action for Resilient Livelihoods” (PEARL), as a National Implementing Entity.
- Development of full project proposal titled “Building Resilient, Healthy and Resilient Cook Islands Communities (BRH-CIC) supported through the Green Climate Fund Project Preparation Facility (PPF).



TE TANGO AKATEREANGA MONI O TE IPUKAREA MINISTRY OF FINANCE & ECONOMIC MANAGEMENT MAJOR PROJECTS AND PROCUREMENT SUPPORT

ABOUT US

PURPOSE

MPPS is a specialised division staffed with an array of highly skilled Project Planning, Project Implementation and Procurement Managers responsible for providing oversight and technical support to major Government-wide projects to pursue our national development aspirations.

Key Functions / Scope

- Activity Management System- Tarai Vaka process support and compliance.
- Procurement support and compliance.
- Major Projects support and implementation.
- Legal support and advice.

Key Stakeholders

Domestic:

- Cabinet.
- Parliament.
- Government Agencies, State-Owned Enterprises and Ministries.
- Private Suppliers and Contractors.
- Non-Government Organisations (NGOs), traditional and island leaders.
- Public.
- Pa Enuā.

Mandate / Legislative Framework

- [The Ministry of Finance and Economic Management Act 1995-96.](#)
- Procurement Policy in place and Tarai Vaka Policy (drafted).

OUTPUT 6 – MAJOR PROJECTS AND PROCUREMENT SUPPORT DIVISION (MPPS)



Significant Achievements 2018-2021

- Establishment of MPPS Division in 2019 with resourcing and recruitment of key positions.
- Completion of Te Mato Vai, the largest project implemented in the Cook Islands with the first tripartite agreement.
- Leading the coordination of shipping subsidy arrangements to the Pa Enua resulting in increased and regular shipping for lifeline support to the Pa Enua Tokerau. In addition, completion of shipping policy, shipping roadmap and procurement of international vessels.
- Supported the completion of the Cook Islands Renewable Energy Investment Plan (CIREIP), Energy Stocktake and Policy reviews with continued assistance in implementing the GCF covenant, operations and maintenance projects and the development of Renewable Energy targets.
- The widespread uptake of the newly introduced Terai Vaka Process across Government Agencies delivers new activities and infrastructure projects to enable comprehensive budget deliberations.
- Resourced to have the ability to provide sound legal advice, review and oversight on various activities and projects in MPPS and across MFEM.
- A key supporter to Te Marae Ora for the COVID pandemic framework – preparedness and response by leading and supporting negotiations, contract management, inventory management and distribution, Puna Support and Cooksafe, project development and delivery, and last but not least, procurement and financial support.
- Supported the establishment of the Infrastructure Trust Fund Policy and committee with New Zealand to enable approval of prioritised projects for implementation.
- The role of procurement was heavily focused on compliance and due diligence in the past. Shifting to MPPS procurement role was expanded to provide both compliance and support services to assist agencies with limited capacity. In return, improved quality and timeliness of submissions for processing were achieved.



TE TANGO AKATEREANGA MONI O TE IPUKAREA

MINISTRY OF FINANCE & ECONOMIC MANAGEMENT

OFFICE OF THE FINANCIAL SECRETARY

ABOUT US

PURPOSE

The core function is to support the Financial Secretary in overseeing and supporting MFEM's seven output areas.

Key Functions / Scope

- Ensure that the divisions work together to provide a cohesive service to the Government.
- To oversee Government finances and enforcement of MFEM Act 1995-96; and associated policies.
- Board and Committee involvement.
- Provide media releases and communications to the Financial Secretary and support governance activities of the Financial Secretary.
- Control and management of financial human and capital resources.

Key Stakeholders

- Finance Minister and Ministers.
- Cabinet.
- Parliament.
- Government Agencies, State Owned Enterprises and Ministries.
- MFEM Directors.
- Development Partners (domestic and international).

Mandate / Legislative Framework

- [The Constitution of the Cook Islands 1997 \(and amendments\).](#)
- [The Ministry of Finance and Economic Management Act 1995-96.](#)
- [Cook Islands Loan Repayment Fund Act 2014.](#)

OUTPUT 7 – OFFICE OF THE FINANCIAL SECRETARY (FINSEC)



Significant Achievements 2018-2021

- Financial Secretary's regional representation: Pacific Resilience Facility, Chair of Technical Working Group; COVID-19 Economic Regional Taskforce member; Disaster Risk Financing Taskforce member; Council of Members Pacific Catastrophic Risk Insurance Company member; PFTAC Steering Committee member.
- Domestic representation: Infrastructure Committee member and Mei Te Vai Ke Te Vai (MTVKTV) Chair of the Project Steering Group and Cook Islands National Superannuation Board member.
- The establishment of the Corporate Manager has resulted in significant improvement in cross-divisional planning and reporting.
- The implementation of the One Stop Shop provides a central platform for all key Government and MFEM's documents, systems, tools and processes which all MFEM staff can access. It also contains a comprehensive learning and development platform. This has resulted in significant time and effort efficiencies and improved staff engagement.

To Matou Tu - Our Agility

MFEM, the Office of the Prime Minister (OPM), the Office of the Public Service Commissioner (OPSC) and the Crown Law Office are the Government's central agencies. Central agencies have a responsibility to work closely together and with all other public sector, agencies to ensure that the system of Government in the Cook Islands works well together and delivers excellent services for the residents of the Cook Islands.



From time to time, MFEM's role as a central agency means that it is required to fill gaps between agencies that would otherwise create financial or service delivery risks for the Cook Islands public sector. Similarly, MFEM is happy to support other agencies by sharing our experience where it can assist others to achieve their objectives more quickly. While bound by legislation, MFEM has implemented measures to achieve agility within the limitations to recover from crises quickly and sustainably.

Many of the services MFEM now provides were initially addressed using existing in-house resources. Over time these were formalised through budget submissions requesting additional support, for example, which led to the establishment of MPPS.

MFEM has a culture of agility, the ability to adapt rapidly to a changing environment. This attribute was critically important when Government had to respond to the health and economic threats from the COVID-19 pandemic. Instances in which MFEM has had to respond rapidly include:

Pōkaikai - Achievements

Economic Planning Division (EPD)

- **Development of the Economic Development Strategy 2030** – The EDS identifies actions that create the foundations for our economic development over the next decade. It is a national plan for how we will transform our economy. As we recover from the economic impacts of COVID-19, we want to rebuild an economy that is more resilient, equitable and sustainable. The strategy was informed by a comprehensive public consultation across the Cook Islands, including visits to Pa Enua and a National Economic Development Conference in Rarotonga in November 2019. MFEM consulted directly with many individual stakeholders representing agencies, businesses, industries and the community.
- **Economic Recovery Roadmap** – Development and ongoing implementation of the ERR, as the Government's main vehicle to drive the Cook Islands' economic recovery from the impacts of COVID-19. This includes working alongside several other Government agencies to implement the different ERR workstreams.

Treasury Management Division (TMD)

- **Internal Audit** – In early 2019, MFEM re-established the Internal Audit function with a renewed focus on providing independent and objective assurance to the Financial Secretary that the Crown’s financial and operational controls are operating efficiently, effectively, economically, and ethically. MFEM recognises the pandemic’s impact on Government finances and the need to increase its oversight review on physical cash handling within Government agencies. Whilst intended to strengthen the internal control environment, and it also detected serious instances of misuse of public finance, which led to legal action and court proceedings.
- **FMIS roll-out affected by COVID-19** – In July 2019, the FMIS went live with the MFEM as the first agency onboarded. The original plan was to deploy the remaining 40+ agencies within three years; however, due to challenges experienced relating to data migration and agencies’ staffing capacity, the timeline was reviewed to consider increased efforts to support system issues and develop and deliver training programs. In March 2020, the pandemic required the project deployment to adapt its approach by staggering deployment efforts to focus on the realignment of operational processes to the new norm. Over the past two years, the project persisted with the full deployment of 15 additional agencies; it is planned that by the end of June 2022, approximately half of all Government agencies will be fully deployed.
- **Statutory Reporting training** – TMD is responsible for producing consolidated financial reporting on behalf of the Crown (the whole Government). It requires collecting financial reporting from 40+ agencies and combining these reports to produce one financial report. The quality of agencies’ financial reporting is a critical input to produce timely and good quality consolidated financial reporting. TMD identified opportunities to improve the quality of agencies’ financial reporting and now runs quarterly Finance Officers’ training to improve the standard of financial reporting within line agencies.

Revenue Management Division (RMD)

- **Modernisation program** – Efforts to strengthen core tax functions continued with stronger taxpayer services capability to assist and educate taxpayers to voluntarily comply. Steps have been taken to improve on-time filing, on-time payment, and management of tax debts. A strengthened audit function has increased audit results due to a focus on large taxpayers that generate the bulk of tax revenues. These improvements have established a sound foundation upon which our continued progress and success will be evaluated. A new compliance improvement strategy, coupled with a plan to mitigate risks associated with the COVID-19 pandemic, has assisted our focus on maximising revenues impacted by the crisis. This strategy includes a wide range of initiatives geared to ease taxpayer compliance burdens while ensuring that those lesser affected by the pandemic continue to comply with their tax obligations.



- **Delivery of ERP and ERR financial support measures** – Inland Revenue’s role is to administer the Revenue Acts and collect tax revenue for the Government. During the COVID-19 pandemic, Inland Revenue’s agility enabled a reorganisation of resources to establish a core team to administer various ERP and ERR financial support initiatives (Wage Subsidy, Business Grant, Sole Trader Grant and Isolation Payments). The ability to reorganise people and tasks led to the successful administration of these financial support initiatives. This involved undertaking over 33,026 application reviews, resulting in \$103 million being paid out to our community. Despite this significantly increased workload and other challenges brought about by COVID-19, Inland Revenue has maintained daily core operational tasks.
- **COVID-19 policy development and new IT system implementation** – the COVID-19 pandemic required the development of new Customs policies and procedures to secure our air and maritime borders. They were developed by working with the Combined Border Agencies Taskforce. Other policies were amended to provide importers with greater payment flexibility to mitigate their cash flow issues. Despite this additional workload, Customs was also able to commence and largely complete a project to replace the current Customs system with ASYCUDA World. This demonstrates Customs’ ability to manage increased workloads and effectively utilise existing resources.

Statistics Office (CISO)

- **Demand for data** – The past three years have seen significant demand for quality and timely data for policy development and decision making regarding the Government’s response to COVID-19. CISO’s capacity to deliver has been challenged. Still, it was able to adapt and utilize all the support from its partners both locally and internationally to deliver its additional work and surveys and, at the same time, deliver the Census on schedule.



Development Coordination Division (DCD)

- **Training and Support** – DCD has a diverse function and skill-set, enabling the division to support other agencies to address capacity and capability gaps. For example, DCD has strengthened the knowledge base of public sector agencies through interactive training workshops, project progress report writing, reviewing and providing input to agreements and supporting ODA financial management and development partner relations and negotiations.
- Seconding DCD staff across MFEM and externally to other Agencies to support the Cook Islands COVID-19 response.
- Since the pandemic, our ability to have face-to-face workshops and training had to be adapted, and we moved our climate change finance training to an online platform. Training modules are delivered through the e-learning platform Thinkific. The modules aim to build a cadre of knowledgeable and experienced proposal writers who can unlock and bridge the gap between the Cook Islands’ communities and the developed countries that have historically provided climate change finance.

- **Accreditation Benchmark and Support** – As the Cook Islands has been one of the first countries in the region to attain accreditation to the Adaptation Fund (AF) and Green Climate Fund (GCF), other countries in the region reach out to DCD to tap its experience in working through accreditation and readiness applications.
- Given MFEM’s accreditation to GCF, DCD has provided support to the Bank of the Cook Islands to attain Delivery Partner Status with GCF and support their accreditation application.

Major Projects and Procurement Support (MPPS)

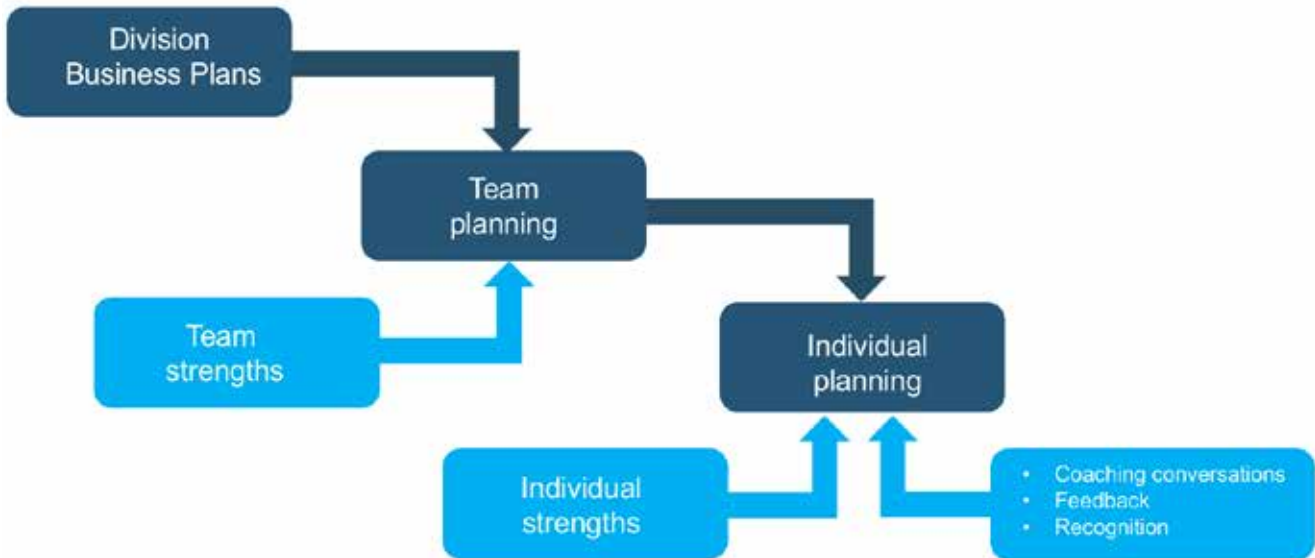
- **Te Mato Vai Water Project** – Initially, MFEM’s Procurement Unit was responsible for due diligence on public procurement with a major emphasis on infrastructure. MFEM was required to act with agility when it became the lead Government agency on the Te Mato Vai Water Project, the largest infrastructure project of recent times following identification of opportunities to strengthen the governance and project management of the project.
- **Shipping** – Given the skills and experiences possessed by MPPS, its functions have expanded into a broader range including multi-million-dollar procurement of shipping charters, development of a Domestic Shipping Policy, coordination and subsidy of domestic shipping and, recently, shipping procurement.
- **COVID-19 Support** – In 2022, MPPS established and managed four isolation facilities in Rarotonga and Aitutaki. MPPS was also a major support to the Health Ministry- Te Marae Ora (TMO) during the first two years of response to the COVID-19 pandemic in procurement, inventory management, project development and delivery, negotiations and contract management.



E 'akapē'ea ana mātou mē 'anga'anga How we work

MFEM's divisional framework integrates our work planning, people management, and development. Employee performance is aligned with MFEM's strategic direction and operational goals.

Diagram: Operational link to Annual Business Plan



Te mataāra 'ō ta matou kave karere The way we interact

The Cook Island Government Communications policy provides the Government-wide standards expected for effective internal and external communications and information sharing. MFEM has transitioned from a traditional to an agile communications approach.

Adopting agile communications differs from the traditional approach that highly values complex documentation, hierarchical, and siloed communications. Being agile shifts the paradigm and responsibility for basic communication and information sharing to and from staff on the ground doing the work.

MFEM's approach to how we interact values face-to-face communications as the best way to convey and share information. Face-to-face communications under COVID-19 conditions include Zoom and other similar platforms. Agile documents are intentionally simple and only contain essential information that can often convey work status at a glance. That's because our staff doing the work know the details of their work best. The goal is to facilitate productive face-to-face interactions and meetings throughout MFEM to remove obstacles to enable us to collaborate and communicate efficiently.



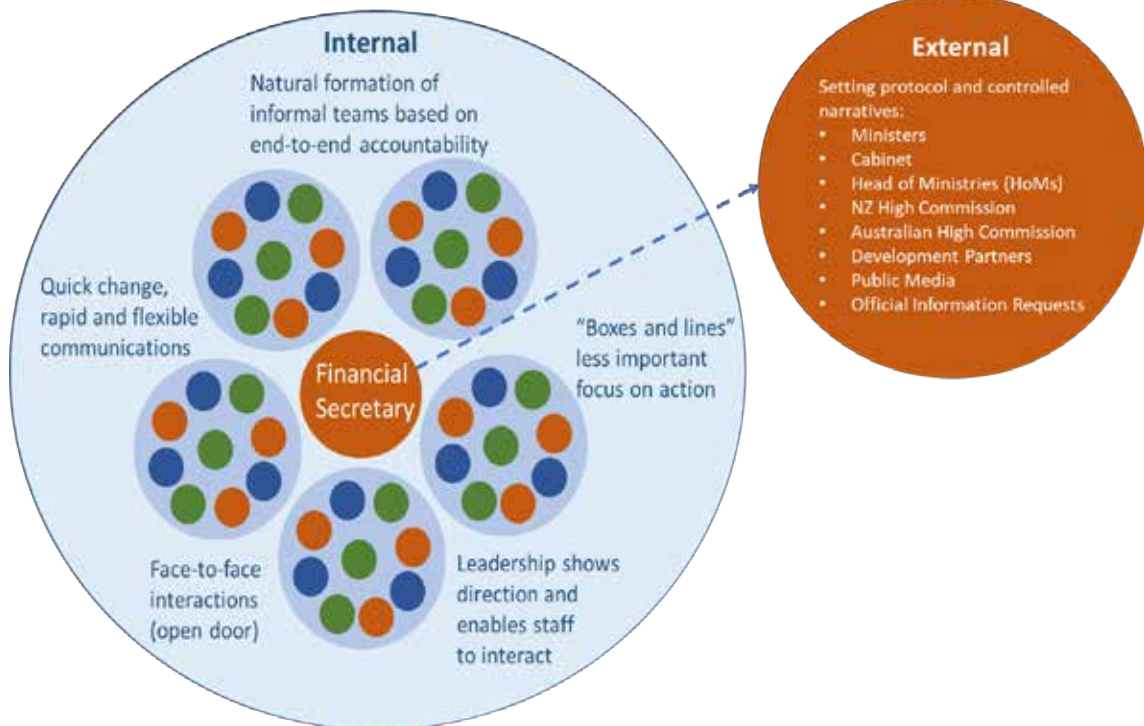
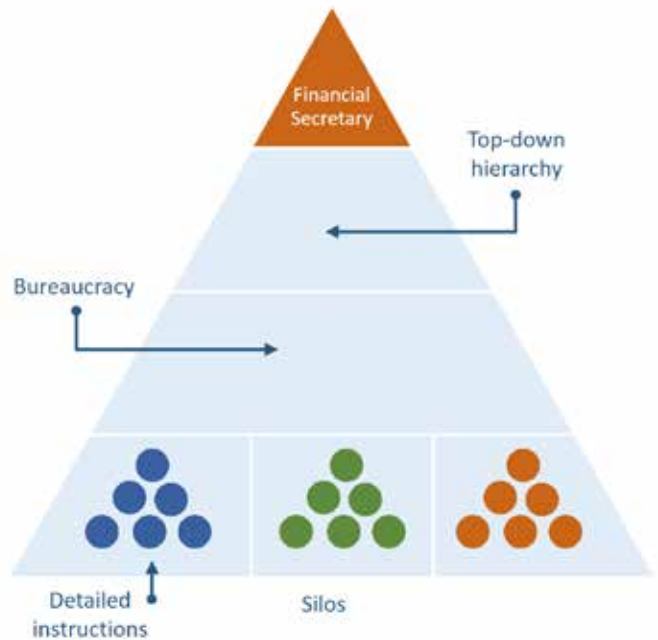
MFEM meetings are agile, by design, as quick as possible and include only people who will add to and benefit from the meeting. This approach provides all the benefits of face-to-face communication without wasting time. The principle of applying agile methods to our operations is to enhance, not reduce, productivity.

We also recognise instances requiring communications and external interactions to be channelled through a formal high-level single-entry point to MFEM’s Financial Secretary. These relate to the set protocols and targeted and controlled narratives, including requests for official information.

From **traditional** communications approach ...



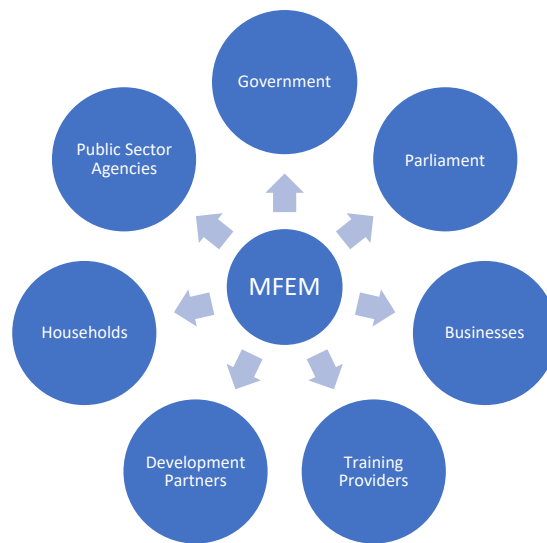
... to **agile** communications approach



Tō mātou au Pātana e te au Mangamanga Kimi Pū'apinga - Our Partners and Stakeholders

To have an impact, MFEM needs to work effectively with a wide range of partners and stakeholders. MFEM engages with both domestic and international stakeholders. The views of the key stakeholder groups inform the content of the Strategic Plan.

The individual descriptions of MFEM's outputs above detail the various stakeholder groups that engage with the various divisions of MFEM. While the particular stakeholders vary from division to division, there are some common stakeholder groups, and these are summarised in the following diagram:



Our partners and stakeholders include:

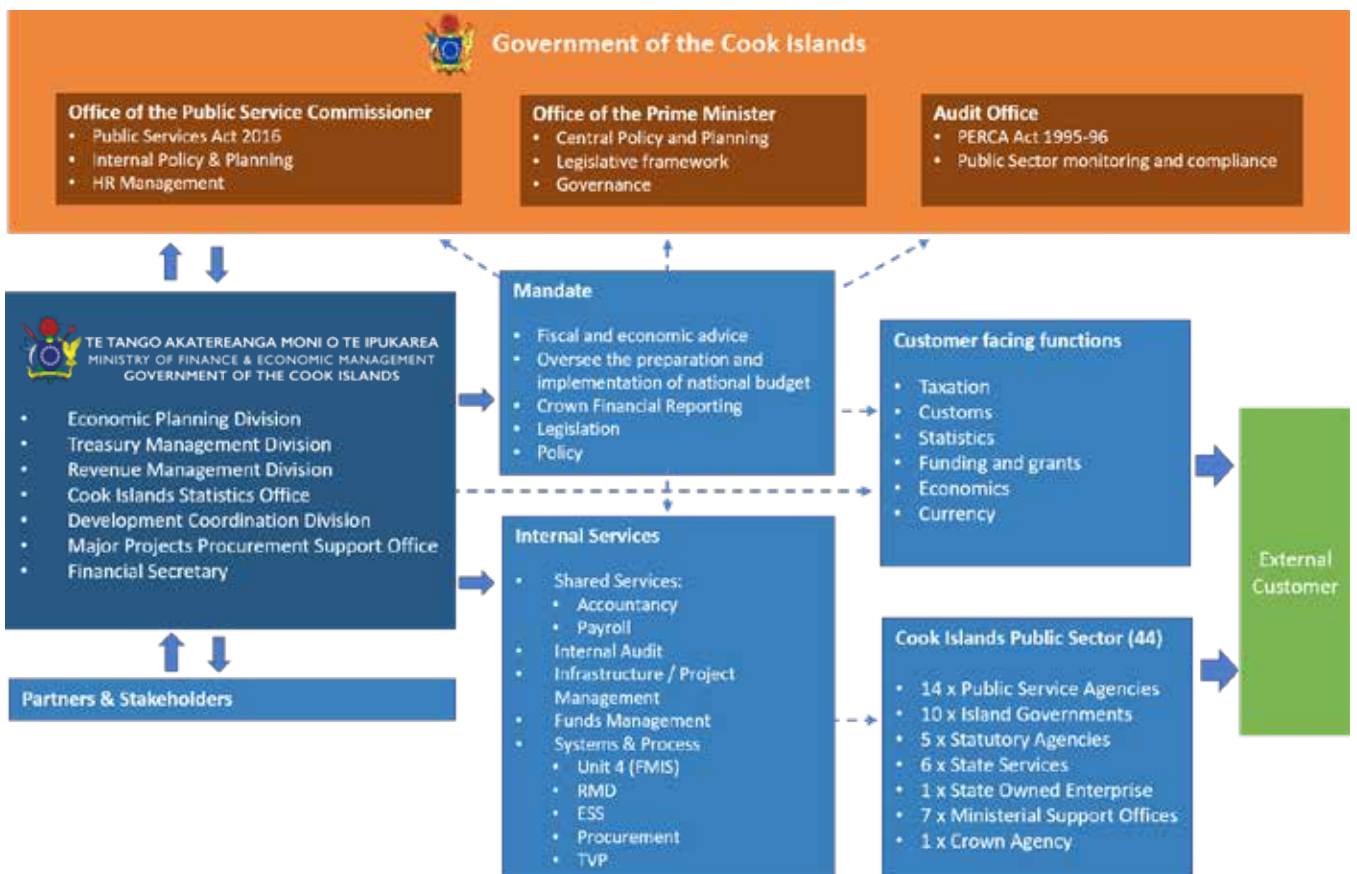
- Government – the Prime Minister and Cabinet.
- Parliament.
- Public Sector Agencies – central agencies, Government agencies and other entities across the Cook Islands public sector (44 agencies). MFEM works with public sector agencies to provide advice and implement decisions. MFEM also delivers shared services such as payroll to other public sector agencies.
- The business community – including individual businesses paying taxes, completing statistical returns, receiving the benefits of programmes implemented by MFEM, importers, and business organisations (e.g. Chamber of Commerce).
- Households - through their various roles as residents of the Cook Islands, taxpayers, recipients of programmes implemented by MFEM, users and providers of statistical returns and civil society organisations representing the interests and perspectives of Cook Islanders.
- International partners, including development partners and overseas ministries.
- Training providers – both regional and international, that partner with MFEM to deliver training to upskill MFEM and other public sector agencies.

Tā mātou au Aronga 'Okoko i tai mai - Our External Customers

While other Government agencies deliver most of the Government's public services, MFEM primarily focuses on delivering a set of internal services to other Government agencies that enable effective public services in the Cook Islands. These internal services include the delivery of accountancy and payroll shared services, internal audit, the oversight of the delivery of major Government infrastructural projects and providing due diligence on procurement as secretariat to the Tender Committee.

'Akataka'anga 'Ano'ano Tangata - Customer Facing Functions

However, MFEM also directly delivers services to Cook Islands households and businesses within our stakeholder groups. These services are shown in the diagram below in the "Customer-facing functions" box. They include the collection of taxes and customs revenues, the collection and publication of official statistics, the provision of funding and grants and the oversight of strategic infrastructure projects.



'Ātui'anga i te Tāmanako'anga nō te aronga 'oko'oko

Applying Customer-Centric Design

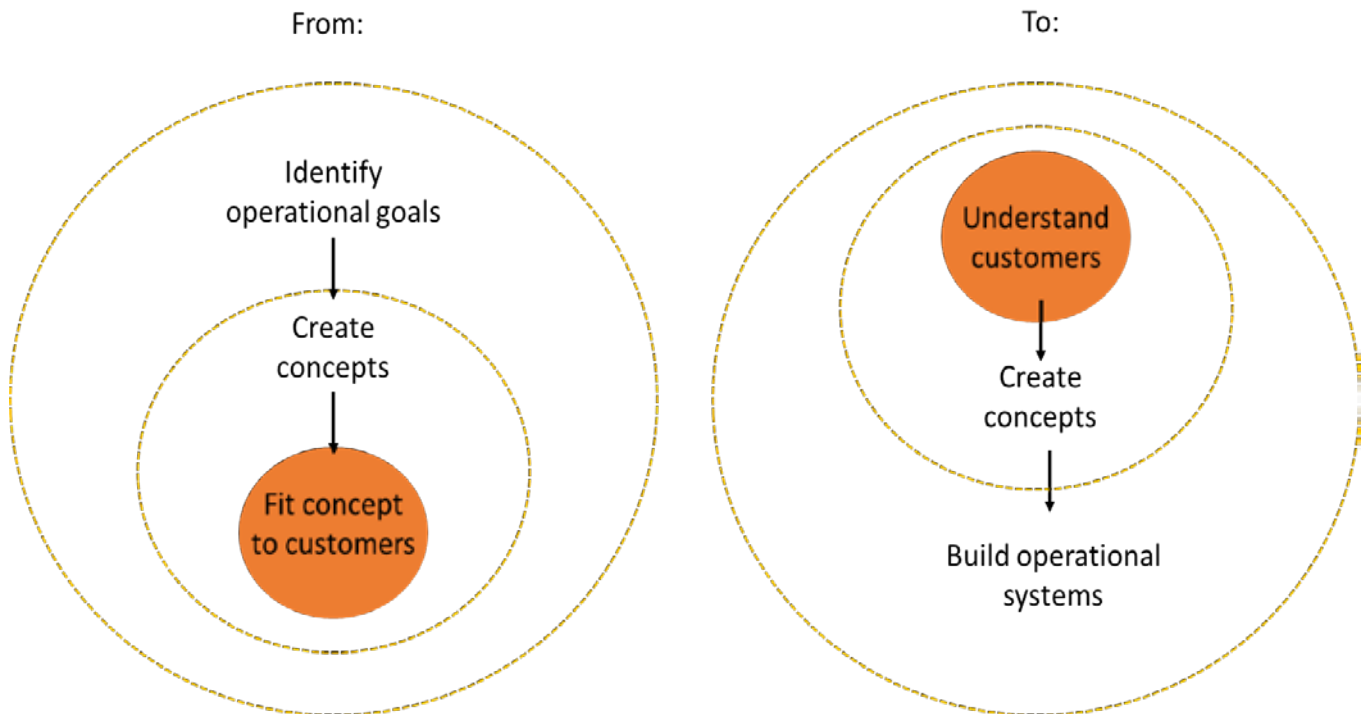
For MFEM to be more responsive to the needs of our customers required us to apply the principles of customer-centric design to the way we work. Customer-Centric Design applies 'design processes' to solve our business problems. It integrates the needs of our people, the possibilities of technology and the requirements for business success.



MFEM is transforming how we develop products, services, processes and strategies. Our approach to 'design thinking' brings together what is desirable from our customers' point of view with what is technologically feasible and economically viable.

This approach taps into our abilities but gets overlooked by more conventional problem-solving practices. It applies our ability to be intuitive, recognise behavioural patterns, construct emotionally meaningful ideas and functions, and express ourselves through means beyond words and symbols.

MFEM has shifted from a business/operations approach to a customer-centred approach.



Te Karape o te au Ta'unga - Capability

Tō Tātou 'Iti Tangata - Our People

Successful delivery of all our responsibilities relies on MFEM having a capable and professional workforce. We are committed to investing in our people to ensure we deliver on our priorities.



MFEM's Workforce Plan will include a learning and development strategy that sets out priorities for enhancing the capability of our workforce over time and focus on sharing good management and development business practices across MFEM. We will start to improve our capability within the resources available to us through this. In addition, MFEM will investigate how to provide our people with more opportunities to develop into future Cook Islands Public Service leaders.

Throughout the term of the Strategic Plan, MFEM's focus is on recruiting people with the necessary professional skills to deliver on our priorities and develop innovative ways to build the profile of MFEM as a desirable employer and look to attract talent from, firstly, within the Cook Islands and, as necessary, beyond.

Tā mātou Rave'anga 'Anga'anga - The way we work

Effective stakeholder engagement is core to MFEM's work going forward. As the Cook Islands move out of the pandemic response period where decisions needed to be taken and implemented rapidly, our approach to stakeholder engagement will also change. As we move from a period of crisis, we have the opportunity to shift from a reactive and short-term focus in our interactions to a more open dialogue focused on the medium-term as well as dealing with the issues at hand.

Our public service and the private sector stakeholders are telling us that they would value having more opportunities to understand our perspectives and discuss policy options available to Government before advice is required to go to Cabinet. MFEM will continue to have a broad range of contacts in business and civil society to ensure that the community's real-world experience informs our analysis and advice to the community.



Te Tu'anga 'Akaterē'anga Karere a te MFEM - Major MFEM Information Management Projects

MFEM's major business functions require modern and fit-for-purpose information systems to deliver on the Strategic Plan's key priorities. Throughout the Strategic Plan and, as resources permit, MFEM continues to improve our key business systems.



An integrated Financial Management Information System (FMIS) is being rolled out to Government agencies, with implementation expected to continue through June 2023. Having access to real-time financial information will enable agency managers to formulate budgets, manage budgets, administer mandated programmes more effectively and assist MFEM in producing more timely and better-quality financial information for the Government.

MFEM will also upgrade the current Revenue Management System (RMS) to RMS Zephyr over the next five years. The new system is envisaged to increase domestic revenues, provide efficient and effective use of resources, increase Information and Communication Technology (ICT) process enablement within RMD, and reduce compliance costs for taxpayers and administrative costs for RMD. This will upgrade the original RMS, which was introduced in 1997 and has not had significant upgrades since 2014.

'Akaterē'anga - Governance

Stewarding a broad range of functions, overseeing major projects within MFEM and overseeing an ambitious work programme will require strong governance from MFEM's Financial Secretary and Directors. Enhancing MFEM's corporate planning and performance functions will be important enablers of stronger MFEM performance throughout the Strategic Plan.

Akataka'anga I te Rave Angaanga - Approach to performance

Performance indicators for each of the Strategic Plan's key priorities are outlined in the following section. Performance management at this level is relatively new for MFEM, and the preliminary indicators set out below will evolve over the life of the Strategic Plan. The indicators for the Strategic Plan should be viewed alongside the performance measures in MFEM's Annual Business Plan, which covers MFEM's activities in the short-term.

Vaito'anga I te Rave Anga'anga - Performance Measures

The Strategic Plan's performance measures are dynamic by nature. We are starting with a list of metrics that we expect to develop and expand on as the first Strategic plan is implemented and evolves.

Key Priority 1. Securing a Strong and Sustainable Economy

Intended Outcome	Performance Measure	Methodology
Effective Implementation of the Economic Recovery Roadmap (ERR) in the short-term and the Economic Development Strategy 2030 (EDS) over the medium term.	<p>Movement of Cook Islands GDP towards pre-pandemic (2018/19) levels around \$550m.</p> <p>Percentage achievement of implementation of ERR and EDS agenda items relative to agreed programme expectations.</p>	<p>Assessment of GDP measurement of the total value of all new goods and services produced in the economy annually. The stated intended outcome of the ERR is the recovery of Cook Islands GDP to pre-COVID-19 levels.</p> <p>Assessment of project progress relative to programme planning documents and expectations agreed with Ministers and Government agencies.</p>

Key Priority 2. Restoring Sustainable Public Finances

Intended Outcome	Performance Measure	Methodology
<p>Deliver on the Government's intentions to reduce the fiscal deficit and public debt (as % of GDP) over the medium-term and, in the short term, deliver on the Cash Reserves Rule (i.e. maintaining the equivalent of 3 months of operating expenditure in liquid assets).</p> <p>Maximise external financing options, including climate change finance, to fund sustainable development projects.</p> <p>Enhance the credibility of the public financial management system.</p>	Cash Reserves, Revenue and Expenditure Outturns are close to Budget forecasts.	Assessment of budget outturns compared to relevant Budget forecasts.
	External financing outturns are close to Budget forecasts.	Assessment of external financing outturns compared to relevant Budget forecasts.
	Percentage achievement of improvements relative to the PEFA implementation plan.	Next PEFA assessment. Comparison of progress made in implementing recommendations of 2021 PEFA relative to expected progress outlined in the PEFA implementation plan.
	Financial Statements of the Cook Islands Government are completed on time and receive unqualified audit reports.	Assessment against statutory timeframes and review of audit reports of the Financial Statements of the Cook Islands Government.

Key Priority 3. Providing leadership to strengthen the Cook Islands public sector

Intended Outcome	Performance Measure	Methodology
Enhancement of the capacity and capability of the Cook Islands public sector over the medium-term.	Percentage of improved financial practice and compliance of agencies against performance baseline.	Establishment of Financial Management Strengthening programme performance baseline for average financial process cycle times and level of compliance against actual productivity.

Key Priority 4. Strengthening MFEM’s connectedness and capacity

Intended Outcome	Performance Measure	Methodology
Enhancement of MFEM’s information systems to enable the sustainable achievement of the Public Finance Management (PFM) priorities. MFEM staff are engaged, and it is seen as an attractive workplace and has access to the necessary skills and experience to deliver on our mission.	Percentage of progress made in FMIS and RMS implementation within agreed timeframes.	Assessment of progress completed against the appropriate implementation plans.
	Percentage increase of MFEM staff engagement.	Assessment of annual Staff Engagement Surveys.
	Percentage of MFEM staff overall turnover rate over 12 months; and the number of vacancies aged beyond 3+ months.	Assessment of HRMIS data provided by Office of the Public Services Commissioner.
	Percentage of staff who agree that MFEM is a good place to work.	Assessment of annual Staff Engagement Surveys.

Tuatua Akamarama'anga - Key references:

- National Sustainable Development Agenda
<https://www.pmooffice.gov.ck/wp-content/uploads/2021/12/Turanga-Meitaki-100-mataiti-Digital.pdf>
- Economic Development Strategy 2030
http://www.mfem.gov.ck/images/ECON/1-EDS_Final_for-publication_Optimized.pdf
- Economic Recovery Roadmap
<http://www.mfem.gov.ck/economic-planning/covid-19-err.>
- Cook Islands Development Partners Policy
http://www.cookislands.gov.ck/images/MFEM_Documents/DCD_Docs/National_Systems/2015_Cook-Islands_Development-Partners-Policy.pdf
- Cook Islands Public Expenditure and Financial Accountability (PEFA) Performance Assessment Report 2021
<https://www.pefa.org/sites/pefa/files/2021-09/CK-AG-Aug21-PFMPR-Public%20with%20PEFA%20Check.pdf>
- Medium-Term Fiscal Strategy
http://www.mfem.gov.ck/images/_COVID19_ERP/Economic_Papers/Medium-term_Fiscal_Framework_Update.pdf



Annex 1: Public Financial Management (PFM) Draft Action Plan

OUTPUT	ASSIGNED TO	STATUS	2022	2023	2024	2025	2026
FISCAL RISK MANAGEMENT							
Fiscal strategy updated	EPD, TMD	BAU					
Reporting fiscal rules, budget execution; and cash position	EPD, TMD	BAU					
Consolidated report of SOEs debt and other risk indicators	TMD, CIIC	NEW					
Annual fiscal risk assessment report Government-wide	EPD, TMD	NEW					
INTEGRATED FINANCIAL STRATEGY							
Revenue arrears collection strategy	RMD	BAU					
Monthly report of revenue arrears and collection	RMD	BAU					
Finance options (medium-term) explored	RMD, EPD	NEW					
Project proposals developed	RMD, EPD	NEW					
Medium-term revenue strategy and action plan	RMD, EPD	OVERDUE					
Modified Tax Policy based on medium-term revenue strategy	RMD, EPD	OVERDUE					
STRENGTHENED CASH MANAGEMENT							
Clear action plan for improving cash planning and forecast strategy	TMD	BAU					
Monthly consolidation cashflow forecast	TMD	BAU					
Clear policy, strategy and procedures in sweeping bank balances	TMD	CURRENT					
Clear policy, strategy, procedures and action plan on TSA reform	TMD	CURRENT					
Treasury Single Account System (TSA) implemented	TMD	CURRENT					
TRANSPARENT & RESILIENT PUBLIC INVESTMENTS							
Priority development projects list updated	EPD, MPPS	CURRENT					
Public Investment Management Assessment (PIMA) Report	EPD, MPPS	CURRENT					
PIM documented, prioritise and developed	EPD, MPPS	CURRENT					
PIM reform strategic plan	EPD, MPPS	CURRENT					
Priority reforms - improved guidelines on PIM	EPD, MPPS	CURRENT					
Implement priority reforms to improve process	EPD, MPPS	CURRENT					
Capacity-development - training to agencies	MPPS	CURRENT					
TRANSPARENT & EFFICIENT PROCUREMENT SYSTEM							
Improved regulations regarding emergency purchases	MPPS	NEW					
Additional Information on procurement accessible from web portal	MPPS	NEW					
Improved regulations on procurement (key challenges & controls)	MPPS	NEW					
CAPACITY-DEVELOPMENT FOR ACCOUNTING & REPORTING							
Clear action plan to improve reconciliation strategy and monitoring	TMD	BAU					
Comprehensive inventory of all Government accounts	TMD	BAU					
Reporting of cash position and budget execution	TMD	BAU					
Reporting of cash advance and suspense accounts	TMD	BAU					
Transition Policy to FMIS	TMD	CURRENT					
New accounting policies and procedures for FMIS	TMD	CURRENT					
Training modules developed	TMD	CURRENT					
Training modules delivered	TMD	CURRENT					
New accounting policies and procedures implemented	TMD	CURRENT					
STRENGTHEN CAPACITY ON AUDITING							
Internal Audit (IA) Reports based on IA priorities	PERCA	CURRENT					
Consolidated status Report of IA Action Plan: Management Response	PERCA	CURRENT					
Updated IA Strategic Plan for medium-term	TMD	BAU					
Risk Focus training delivered to internal and external auditors	TMD	NEW					
International Standards training delivered to internal & external auditors	PERCA, TMD	NEW					
Audit reports submitted based on targets	PERCA, TMD	BAU					
FMIS ROLL-OUT							
Improved roll-out methodology & clear action plan with targets	TMD	CURRENT					
FMIS installed based on targets addressing key challenges - Priority 1	TMD	CURRENT					
FMIS installed - Priority 2 Ministries	TMD	CURRENT					
Orientation / training delivered for users and system administrators	TMD	CURRENT					

