



OFFICE OF THE PREMIER

NIUE APPROPRIATION BILL 2022 - 2023

BUDGET STATEMENT

by

**Hon Dalton Tagelagi
Premier of Niue**

4th May 2022

Lilifu Hataki Fono
Tau Lilifu Ikipule
Tau Ikipule Lagomatai
Tau Lilifu Ekepule
Tau Akoako he tau Ekalesia oti ha Niue
Lilifu Hukui Fakatufono Niu Silani, Lilifu Komisina Helen Tunnah
Lilifu Hukui Fakatufono Ausetalia, Lilifu Komisina Louise Ellerton
Tau Komisina Pule Gahua he Fakatufono
Tohi Kupu lahi he Fakatufono
Tau Takitaki moe tau Tutaki he tau Komisi Gahua he Fakatufono
Tau Takitaki he tau faahi gahua mo e tau tagata Gahua Fakatufono oti
Tau matakau i fafo, moe tau Pisinisi.
Tau Tupuna Fakahелеhele
Tau tagata he kautu ha Niue, Motu te fua.

Fakaue ke he levekiaga mo e fiafia mai he Atua, kua liliu a tautolu feleveia he aho nei.

Introduction

This is a significant day in our history. Today, the last ever meeting of the Niue Legislative Assembly will be held in this Chamber. The first meeting was in September 1978, and today, 43 years later, it is the final meeting and end of an era.

Let us all honour the former leaders, Speakers of the House, Ministers, Members, civil servants and people; still living or have passed on. They paved the way for us today and remind us of our sacred duty, as representatives of our people, to uphold the integrity of the Niue Assembly and the legacy of keeping Niue thriving - Niue Ke Monuina.

Today, I present the 2022/23 Budget to the Niue Assembly.

Overall, the budget promotes our health and economic resilience in response to the global pandemic and external economic shocks protecting the lives and the livelihood of the Niue people and fostering recovery responses.

National security and Climate Change remain our top priorities because of our fragile population.

Global Outlook

Slow economic growth globally during COVID has contributed to our stagnant growth in the past two years. The recent Russian invasion of Ukraine affected global fuel prices resulting an increased fuel price worldwide, consistent with global freight cost increases.

Global Supply & Value Chain issues worldwide affect procurement with increased costs; Omicron Variant caused many countries to impose restrictions to manage its spread and disrupt our recovery responses.

Domestic Outlook

The COVID-19 pandemic now enters the 3rd consecutive year, affecting and killing millions of people around the world. We continue to live in fear and uncertainty as COVID-19 continues to disrupt our recovery responses.

Impacts from the global economic environment have affected our small & vulnerable economy, where economic growth is stagnant. We are currently faced with fuel price increases, freight costs & supply chain issues.

In the current climate, we are limited in our ability to apply extensive financial and public sector reforms to lessen the medium to long term impacts of the crisis. However, the Government stands alert to doing the right things to balance, if not entirely, minimise the economic and social impacts and working on the economic recovery response plans.

Fiscal Framework

This budget holds the Peoples' well-being at heart. It takes into account the following 3-year projections for expenditures and revenues.

This budget is a realistic budget and has a deficit of \$12.7million. The past two budgets have also been deficit budgets, mainly due to the major decrease in government revenue and overall economic activity on the island.

This realistic budget is set on the foundation of genuine commitment to the whole of government reforms to ensure we maintain inclusive development, sound leadership, work productivity, quality infrastructure, boost agricultural and export activities, apply environment and ocean conservation, communication enhancement, and digital transformation goals are achieved. We progress on the principle the virus will be part of our lives, and we can restore pre-COVID 19 economic conditions to enable stimulus for growth.

Budget Outlook

The estimated budget deficit of \$12.7 mil is anticipated to reduce overtime, but current stringent measures in place and broad revenue generation are key to assisting the deficit position.

Increased costs in this year's budget contributes to:

- Fuel Price increase globally has affected government services that rely heavily on fuel.
- Freight Costs increase globally, affecting all imports that come into the island, correlating directly to an increase in the cost of living due to the rise in the price of goods & commodities.
- Increased personnel costs – short of staff across government to deliver services efficiently; and support youth employment to ensure retention of young people on the island.

They are noting that government charge-out rates for services that relied on fuel have not increased to compensate for costs incurred recently. Hence, the government maintains support for the people of Niue by subsidising the costs.

However, Government is currently undergoing key reforms that would help achieve efficiencies both in revenue and expenditure processes; Public Service transformation through Governance & Institutional Strengthening Project; SOE strengthening; and investment & development opportunities that would

broaden and strengthen revenue collection, minimise expenditure costs and investing in critical projects that will generate broader economic benefits long term.

The deficit is necessary to ensure that operational costs of the government in delivering the goods & services to the public, the welfare and needs of the people of Niue are met, and supporting the private sector.

Budget Performance to Date

The projected Deficit as of 19 April is estimated at \$3.9mil; the actual recurrent deficit is \$2.5mil, indicating that measures in place are currently working to an extent, but the government will continue to look at ways to continue bringing this deficit down.

Support from NZ of \$5.4 mil recently received has greatly assisted to cover cash deficit as of 30 June 2021 and ongoing 2021/22 cash deficit through to 30 June 2022.

The budget book reflects our intent to action the Public Financial Management standards, complete and implements the overdue audit reports and recommendations, upgrade the Treasury Department structure into a Ministry and establish the PACER Plus trade and export policies and strategies. Our government developed and endorsed a range of policies; SOEs, fraud, procurement, and internal audit.

We are developing the Debt Management and Cash Management policies, among other essential management policies.

To move forward, we must improve compliance, build our credibility and our world standing and meet our obligations to our bilateral and multilateral development partners. In this way, no one is left behind.

Niue must ensure its anti-corruption obligations are conformed to.

Financial Audits

One of the government's priorities has been the audit project to bring the audits from 2016-to 2021 up to date. I am pleased that we are on track to have these completed and presented to the Assembly at the end of the financial year.

I want to acknowledge and thank Deloitte and our Treasury team for the hard work they have all done and Audit New Zealand and the Office of the Auditor-General.

With our audits up to date, we can move forward with confidence to ensure that our audits and accounts remain up to date under the Public Financial Management standards.

We remain firmly committed to international standards and obligations such as anti-corruption and anti-money laundering are adhered to.

Governance

Good, strong governance is key to effective government functions and operations for monitoring, reporting and accountability. In short, to operate properly and under a sound structure and to take advantage of the digital tools made available by fast internet connectivity.

The Public Service Commission has been tasked to look at organisational structure change in the public service to focus on where we work best, where our strengths are and where we acknowledge our challenges and address them.

The Minister of Finance has been working with his team on such matters as PACER Plus trade and export policies and strategies and upgrading the Treasury Department structure into a Ministry.

My government has developed and endorsed a range of policies: An SOE governance framework, fraud, procurement, and internal audit. We are also developing the Debt Management and Cash Management policies, among other essential management policies.

Development

The budget programs of the last year have seen significant progress in infrastructure development and an increase in capital assets for the country.

- The wharf repairs, new power house, the start of the waste recycling plant, airport resurfacing and roading improvement, the Manatua Submarine cable, COVID support programs for food security and exportation initiatives.
- But then again, these new assets exert extra pressure on our utility infrastructure, water, electricity supply and other vital support services, including substantial financial resources to maintain these key infrastructure and assets.
- The strengthening of the health hospital facilities Isolation Ward, the timely vaccination roll out programme for the population and all-out effort to respond to the pandemic is vital and continues to be so.

The development and implementation of the Public-Private Partnership initiative are important for the Government. Implementing the SOE policy, renewal and formalisation of the present arrangements, such as Niue Ocean Wide, Tofia Niue, and exploring new partnerships need trust and real commitment to succeed. The partnership entails Government maintenance programmes that are not sustainable and feasible to be contracted out to the private sector, village councils and civil society. We continue to value local Consultants with their wealth of work experience and knowledge.

Acknowledgements

We convey our warmest regards and thanks to the New Zealand Government and its people for the continuous support to Niue under our special constitutional arrangement. I thank Her Excellency Helen Tunnah, High Commissioner of New Zealand to Niue and the staff for their empathy and support in our journey. I particularly acknowledge the COVID funding support from New Zealand over the past two years, and we are most appreciative of it.

Acknowledging the presence of Her Excellency Louise Ellerton, High Commissioner of Australia to Niue, please accept and convey our thanks to the Australian Government for the continuous support.

I would also like to thank the Governments of the Peoples Republic of China, Japan, India, and Korea for their ongoing support, including COVID-19 support.

I also acknowledge and thank institutions such as the Asia Development Bank, UNDP and our regional organisations like PIFS, SPC, SPREP and FFA.

We acknowledge ADB's assistance to us for the new hospital Isolation Ward, the vaccination roll-out programme for the population reaching over 99% of the eligible population as part of our tools to respond to the pandemic and keep our people safe.

I also acknowledge and thank countries and organisations such as UNICEF, WHO and Socialgiver for sending much-needed resources such as masks and medical supplies but all agencies such as Pasifika Futures and the NZ Ministry of Health for their invaluable assistance to our Niue health team.

We acknowledge and appreciate the work of the Covid-19 Committee, all front-line workers and accommodation places for their cooperation and tenacity in keeping Niue pandemic free. We must continue to protect and prepare Niue against Covid-19. The virus is not going to disappear, and it's a matter of time before it reaches our island.

I acknowledge the work of the SOEs and their management contributing to the overall economic growth of Niue. I note the work from Niue Development Bank Manager and staff are commended for the smooth running of the banking operations. Management and staff are also commended NPNC for coins and stamps, Telecom Niue for the 4G and the Manatua Cable and BCN for its broadcasting services.

And most importantly I take, I take this opportunity to thank the Minister of Finance & Hon. Ministers of Cabinet for their leadership, guidance and continued support during these challenging times, including the Legislative Assembly members and all those who have contributed to the development of this budget – Fakaau Lahi Mahaki.

Conclusion

To move forward, we must continue to work together for Niue and our people.

We will work on compliance, build our credibility, our world standing and meet our obligations to our bilateral and multilateral development partners. In this way, Niue is not left behind by the rest of the world.

In 2024, our government will mark 50 years of internal self-government in free association with New Zealand. We need to plan for these types of events. Our national plan 2021-2026 builds on the vision 'Niue Ke Monuina' and Constitution principles of good governance, transparency and accountability.

We will continue to work towards this by ensuring our laws are followed and modernised to adapt to global events and changes, improve financial report transparency and fiscal position, optimise the benefits of ICT growth, improve and properly maintain the infrastructure network, protect our environment and natural resources, increase export growth and many other initiatives and activities we are planning.

Niue ko Kaina builds on this vision, and all of us work together for our home: Niue.