

## Muddy Waters: Te Mato Vai’s missing millions

Cook Islands Public Financial Mismanagement 2022—2025 / July 2025

*All amounts are expressed in New Zealand Dollars (NZD) unless otherwise stated.*

### Executive Summary

**This white paper details the failure of Cook Islands Ministry of Finance and Economic Management (MFEM) to depreciate the Te Mato Vai Project water infrastructure asset.**

MFEM not depreciating the asset for four consecutive years has distorted the Crown’s fiscal position, misled decision-makers, and constitutes a significant breach of international public financial management accounting standards.

Budget cycles provide multiple opportunities for fiscal oversight and disclosure of depreciation policy. The repeated omission of asset depreciation indicates systemic administrative failure.

Reference is made to Cook Islands Government Budget Estimates for financial years 2022—2025; Rarotonga water authority To Tatou Vai corporate publications; correspondence with the MFEM Financial Secretary under the Official Information Act; and publicly accessible media sources.

This paper has been drafted to request formal inquiry; facilitate the restatement of the Crown account; and support administrative review. The planned transfer of the asset to water utility operator TTV may be misaligned with governance and reporting capacity. Alternative oversight by Cook Islands Investment Corporation (CIIC) warrants consideration.

### KEY POINTS

- At completion the Te Mato Vai water infrastructure asset was valued at \$102 million<sup>1</sup>.
- Public financial management policies and government accounting standards require MFEM to depreciation of the asset from September 2020. The unreported, full-year depreciation is ~\$27.2 million: 4 years × \$6.8 million.
- Omitting depreciation is misstatement of the Crown account.
- Crown entity failure to comply with international standards has potential to harm Cook Islands reputation, in terms of: fiscal transparency and accountability; asset management; governance and oversight.
- Distorted macroeconomic indicators may jeopardise development finance and donor relations, and undermine investor confidence.
- The failure to depreciate the asset exposes deeper institutional weaknesses in valuation, risk management, and fiscal reporting.

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<sup>1</sup>The valuation often reported by media is approximately \$90 million. At launch the budget estimate was \$59 million with allowance for an additional 50% contingency.

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### **Muddy Waters: Te Mato Vai’s missing millions**

Cook Islands Public Financial Mismanagement 2022—2025 / July 2025

CLASSIFICATION: Te Mato Vai Project, public financial management, infrastructure development, water supply, capital expenditure, asset management, depreciation, Cook Islands, Rarotonga, Pacific region, New Zealand, People’s Republic of China, tripartite agreement.

## Abbreviations

**ADB** Asian Development Bank

**AVG** Automatic Valveless Gravity filter

**CCECC** China Civil Engineering Construction Corporation — Based in Beijing, China CCECC is a large-scale state-owned enterprise undertaking international project contracting and economic cooperation functions.

**CIG** Cook Islands Government

**CIIC** Cook Islands Investment Corporation — Crown asset manager. CIIC is the governing body overseeing TTV, along with other state-owned enterprises. CIIC sets policy and appoints directors to the TTV Board of Directors.

**Finsec** Financial Secretary — Head of Cook Islands Ministry of Finance and Economic Management

**GAAP** Generally Accepted Accounting Principles/Practices

**GHD** Global consulting firm responsible for managing the Te Mato Vai Project Unit.

**IPSAS** International Public Sector Accounting Standards

**MFAT** New Zealand Government Ministry of Foreign Affairs and Trade

**MFEM** Cook Islands Ministry of Finance and Economic Management

**MPPS** Major Projects and Procurement Support — A division of MFEM overseeing infrastructure development.

**ODA** Official Development Assistance

**OECD** Organisation for Economic Cooperation and Development

**OIA** Official Information Act 2008 — The OIA Act allows individuals to request official information held by CIG Ministries, Crown agencies, Island Councils, and Ministers of the Crown.

**PERC** Public Expenditure Review Committee

**PMU** (Te Mato Vai) Project Management Unit

**TMV / TMVP** Te Mato Vai Project — Tripartite agreement between governments of Cook Islands, New Zealand, and People's Republic of China to upgrade the public water distribution network, and construction of ten (10) intakes, treatment and storage facilities on the capital island of Rarotonga (2014-2021).

**TTV** To Tatou Vai Authority — State-owned enterprise established under *To Tatou Vai Act 2021* to operate the Te Mato Vai Project water infrastructure (Rarotonga, Cook Islands).

## 1. Te Mato Vai Project

The Te Mato Vai Project is the second-largest infrastructure project in Cook Islands history, involving replacement of the public water distribution network on the capital island of Rarotonga, along with the construction of ten (10) new water treatment and storage facilities.

As a partnership between the governments of the Cook Islands, New Zealand, and the People’s Republic of China, the project serves as a model for tripartite infrastructure collaboration in the Pacific region.

## 2. Public Financial Management accounting standards

*Ministry of Finance and Economic Management Act 1995-96* mandates:

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**s.8** All reports, associated information and practices required must be prepared and carried out in accordance with generally accepted accounting practice (GAAP).

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International Public Sector Accounting Standards (IPSAS) are the international benchmark for government accounting. The key pronouncements addressing fiscal reporting and asset depreciation are IPSAS 1: *Presentation of Financial Statements* and IPSAS 45: *Property, Plant, and Equipment*.

- depreciation of property, plant and equipment shall begin when the asset is available for use;
- when a final valuation is not available, generally accepted accounting practice is to depreciate an asset on estimated value;

There is no provision to defer depreciation; doing so constitutes material omission:

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Material Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of financial statements.

— IPSAS 1

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Unrecorded depreciation affects fiscal surplus, debt servicing, and public financial confidence.

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**Components of Financial Statements** A complete set of financial statements comprises:... (f) notes, comprising a summary of significant accounting policies and other explanatory notes.

— *ibid*

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For a material asset, notes to a financial statement must clearly disclose if depreciation policies are undefined, or delayed — and also provide a rationale. CIG Budget Estimates 2021—2025 provide no such disclosure regarding the Te Mato Vai asset.

### 3. Asset ownership

According to *TTV Annual Report for the Year Ending 30 June 2024*, MFEM is the owner of the infrastructure asset. Ownership is to be transferred to TTV in 2025/26<sup>2</sup>. Until transfer is completed, MFEM retains legal and accounting responsibility to depreciate the asset.

### 4. Valuation

1. April 2022, TTV reported the estimate value of the infrastructure as **\$102 million**<sup>3</sup>.

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The depreciation profile highlights the increase in depreciation; not only from the completion of Crown Appropriated projects, but also the increase due to the transfer of Infrastructure Assets from PMU to To Tatou Vai....

The Infrastructure Asset is estimated to be worth \$102 million.

Financial Statement, *To Tatou Vai Statement of Corporate Intent 2022-26*

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2. November 2022 the Finsec advised media that the Project cost **\$89.05 million**:

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Financial secretary Garth Henderson told *Cook Islands News* that the Te Mato Vai water supply project, which initially had a budget of \$59 million, plus or minus 50 per cent, had costed \$89.05 million.

*"This amount basically covers Stage 1 Ring main replacement and Stage 2 intakes and project administration,"* Henderson said.

*"We are still below the \$90m, forecasted spend."*

*"As a matter of process, a Project Completion Report will be completed for release early next year [2023]. I expect we will be in a better position to make more information available."*

...

*The government asked the Chinese company to replace about 17 kilometres of the pipeline they laid around the island after a 2018 report by New Zealand consultancy Opus – now known as WSP – looked at claims of poor workmanship and raised questions over the materials used by CCECC.*

*An \$11.2 million contract for the remedial work – funded with grant money from the New Zealand government – was eventually awarded to local company Landholdings Ltd.*

— 'Final defect programme to 'complete' multi-million dollar Te Mato Vai project', 29 Nov 2022, *Cook Islands News*

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<sup>2</sup> TTV corporate documents show that transfer of the infrastructure asset is now scheduled for 2025/26.

<sup>3</sup> *To Tatou Vai Statement of Corporate Intent 2022-26, April 2022.*

3. It is unclear if either valuation includes:

- The remediation of 17km ring main required due to ‘poor workmanship’<sup>4</sup>. The remediation was funded with grant money from New Zealand Government<sup>5</sup>.
- Capital appropriation of \$9 million reported in the 2021/22 Budget Estimate<sup>6</sup>.

4. Under IPSAS, *elements of cost include the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located*. This is of particular relevance as CIG has not reached agreement with intake landowners: *‘the deed had never been signed... the landowner’s objections were still a matter before the Court’*.<sup>7</sup>

5. TTV has identified design flaws<sup>8</sup> that constitute impairment, affecting asset carrying value.

## 5. Asset recognition

Depreciation of infrastructure begins from the month the asset is available for use.

- **Sept 2020—March 2021:** Live operational trial of all ten water treatment facilities
- **May 2021:** *Major water infrastructure project ‘completed’*<sup>9</sup>.
- **June 2021:** Intake landowner handover ceremonies
- **Nov 2021:** TTV obtain environment consent to operate the Te Mato Vai water treatment facilities

From September 2020 water from the treatment facilities was released into the upgraded Rarotonga public water distribution network —Te Mato Vai was available for use.

## 6. Depreciation determination

The Te Mato Vai asset includes the Rarotonga water distribution network, ten water treatment and storage facilities, along with plant and equipment. Three asset types listed in the Budget Book depreciation policy are potentially applicable (Asset Type: Useful life):

- Plant and Equipment: 5-15 years
- Water network: 15 years
- Specialised building and other buildings: 5-15 years<sup>10</sup>

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<sup>4</sup> Phase 1 of the Te Mato Vai Project was upgrading the 26km Rarotonga ring main. This work was completed by People’s Republic of China state-owned enterprise: China Civil Engineering Construction Company. In January 2019, Radio New Zealand reported the estimated cost of repair (remediation) as ‘nearly \$US9 million’ – approx \$NZD13 million.

<sup>5</sup> A ‘disaster’ - Cook Islands water project faces uncertain future, 22 Jan 2019, RNZ

<sup>6</sup> 9.2.1.1 Reappropriation of 2020/21 Capital Appropriation

<sup>7</sup> *Submissions of Tere Carr in support of “Keep Our Water Free” petition*, 31 October 2024.

<sup>8</sup> A presentation to catchment committee members identifies the need remedial work on the AVG sand filters A draft corporate intent defines the risk of *unclean and unsafe water* being released to the network.

<sup>9</sup> *Major water infrastructure project ‘completed’*, 27 May 2021, Ministry of Infrastructure Cook Islands

<sup>10</sup> The ‘Specialised buildings’ asset type may be applied to chemical storage sheds and the AVG sand filter towers.

Based on the maximum 15-year useful life, straight-line depreciation, and the TTV reported value of \$102 million, annual depreciation of the Te Mato Vai infrastructure is \$6.8 million. TTV Financial Statements for successive years forecast the transfer of the asset but show no change in the initial infrastructure value.

## 7. Budget Estimates

Supervised by New Zealand consultancy firm GHD, MFEM Major Projects and Procurement Support division (MPPS) operated the Te Mato Vai Project Management Unit (PMU). Four consecutive Budget Estimates (2022—2025) show no depreciation of the asset<sup>11</sup>.

In the **2025/26 Budget Estimate**<sup>12</sup>, Crown Depreciation is projected to increase: from \$8.1 million to \$15.249 million; a year-to-year increase of \$7.159 million. Although not noted, the increase is likely due to depreciating the asset.

The Estimate commentary makes mention of the relationship between depreciation and fiscal surplus:

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**3.1 2024/25 Fiscal Performance** Capital expenditure and depreciation further bolstered the fiscal position. Capital spending is projected at \$10.9 million, a \$23.5 million underspend from the supplementary budget, while depreciation is estimated at \$8.1 million, down \$1.6 million. These reductions contributed to a fiscal surplus of \$9.0 million...

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### IMPACT OF MISSTATEMENT

- Estimated asset depreciation: \$6.8 million/year
- Unrecorded, full-year depreciation: ~\$27.2 million: 4 years × \$6.8 million
- Omitting depreciation inflates fiscal surplus. Correctly accounting for depreciation for 2024/25, the reported surplus decreases: from \$9 million to \$2.2 million.

Misstatement of the Crown account affects macroeconomic status indicators and economic development assistance assessment.

- **OECD status** may be compromised due to inflated fiscal indicators, affecting access to concessional development finance, and eligibility for Official Development Assistance.
- **Development partners** (e.g. New Zealand Government, ADB) may question public financial management integrity, transparency, governance, and oversight.
- **Investor confidence** deliberate misstatement of accounts could deter investors, potentially affecting future funding opportunities.
- **Crown accountability weakened**, risking the trust of Parliament, Cabinet, private sector, and the public.

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<sup>11</sup> In Budget Estimates Major Projects and Procurement Support is MFEM Output 6.

<sup>12</sup> Table 3-2 'Reconciliation of Operating Statement'.

## 8. OIA Correspondence

August 2024 concern regarding the valuation and depreciation of the Te Mato Vai Project asset was raised the Finsec, and the CIIC CEO. The Finsec responded:

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**Q1.** At 30 June 2024, which Crown entity manages the depreciation of the Te Mato Vai Project water infrastructure asset?

**Finsec:** As of 30 June 2024, the TMVP infrastructure asset is recorded on the Crown accounts. The asset is NOT currently depreciated due to finalizing completion reports & consolidation of crown accounts. With this completed, depreciation will be appropriated by Government as TTV is currently funded by Cook Islands Government. Once TTV has established sustainable financing, TTV will manage the depreciation of asset.

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**Q2.** At what rate, and over what period, is TMVP depreciated?

**Finsec:** Please refer to government accounting policies in the Budget Book. The rates in the policies are interim until a full valuation has been undertaken.

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Referencing Budget Book depreciation policy, GAAP, IPSAS 1 and 45:

- when a final valuation is not available, the generally accepted accounting practice is to depreciate an asset on an estimated value — at the date of the Finsec's response, **two estimated values had been published**;
- the depreciation of infrastructure is over the useful life of the asset, from the month it is available for use — **Te Mato Vai was operational from September 2020**;
- the three potential asset types listed in the Budget Book are: *Plant and Equipment*, *Water network*, and *Specialised building and other buildings*; accordingly **the maximum useful life of the asset is 15 years**;
- the unrecorded (full-year) depreciation is **~\$27.2 million**: 4 years × \$6.8 million;
- under IPSAS, there is **no provision for depreciation to be deferred** pending 'completion reports', 'the consolidation of crown accounts', 'sustainable financing', policy on 'interim' depreciation rates, or 'full valuation' of the asset;
- CIG Budget Estimates 2021—2025 make **no disclosure concerning depreciation policy** specific to the Te Mato Vai asset.

## 9. Conclusion and Recommendations

The failure of Ministry of Finance and Economic Management to depreciate the Te Mato Vai infrastructure exposes deeper institutional weakness. Both MFEM and To Tatou Vai have demonstrated a troubling lack of infrastructure asset management capacity.

A comprehensive audit is now required to determine:

- Proper application of IPSAS cost elements, which includes estimation of decommissioning and site restoration.
- If additional items qualify as assets due to environmental or safety-related necessity, in accordance with IPSAS guidance.
- Accurate classification and disaggregation of infrastructure components, given differing useful lives (e.g. chemical storage tanks, treatment facilities).
- Accumulated impairment.

More broadly, asset oversight and valuation processes appear deficient:

- MFEM has failed in its leadership role under the Act to guide and enforce proper public infrastructure accounting standards.
- CIIC as Crown asset manager, must assess its own capacity, compliance mechanisms, and oversight.
- TTV has carried forward an unchanged asset valuation, indicating a capability shortfall and lack of financial discipline.

We therefore recommend:

1. Independent audit of the Te Mato Vai asset, including: accurate asset classification; impairment and cost element review; and the determination of carrying value.
2. Expediting execution of landowner Deeds of Access — as the negotiation of terms has a bearing on cost element review.
3. Restatement of the Crown account for financial years 2021—2025.
4. A capability review of MFEM, CIIC, and TTV regarding public infrastructure asset management policy, IPSAS compliance, and financial reporting systems.
5. Referral of this matter to the Public Expenditure Review Committee, Audit Office, and Public Service Commissioner: to determine if the omission of depreciation constitutes breach statutory duty or misconduct.
6. Review of infrastructure asset ownership and oversight  
Transfer of the Te Mato Vai asset to CIIC will enhance long-term sustainability given the stronger asset management mandate. Such a model is consistent with good practice in small-state infrastructure governance. For development finance partners this oversight model provides credibility, in terms of asset and debt risk management — particularly as further climate-resilient infrastructure investment is sought.

## Timeline

- **Sept 2020—March 2021:** Live operational trial of all ten water treatment facilities
- **May 2021:** No asset depreciation appropriation in Budget Estimate
- **May 2021:** Infrastructure Cook Islands announce: *Major water infrastructure project ‘completed’*
- **Nov 2021:** TTV obtain environment consent to operate the water treatment facilities
- **April 2022:** TTV reports estimated value in Statement of Corporate Intent 2022—26: \$102 million
- **May 2022:** No asset depreciation appropriation in Budget Estimate
- **June 2022:** Intake landowner handover ceremonies
- **Nov 2022:** Finsec makes statement to media: valuation \$89.05 million; Project Completion Report to be released early 2023.
- **Nov 2022:** TTV obtain operational environment consent / permit
- **May 2023:** No asset depreciation appropriation in Budget Estimate
- **Sept 2024:** Finsec responds to OIA request: *‘Not currently depreciated’; ‘finalizing completion reports & consolidation of crown accounts’; depreciation to take effect ‘Once TTV has established sustainable financing.’*
- **May 2024:** No asset depreciation appropriation in Budget Estimate
- **May 2025:** 2025/26 Budget Estimate shows marked increase in Crown depreciation, likely accounting for the TMV infrastructure asset.

## List of Appendices

- *A ‘disaster’ — Cook Islands water project faces uncertain future*, 22 Jan 2019, RNZ
- *Cook Islands Government Budget Estimate 2021/22: 9.2.1.1 Reappropriation of 2020/21 Capital Appropriation*
- **Detailed Financials:** *To Tatou Vai Statement of Corporate Intent* (three years)
- Cook Islands Budget Estimates, MFEM Output 6 / MPPS: **2022—2025** (four years)
- *Major water infrastructure project ‘completed’*, 27 May 2021, Ministry of Infrastructure Cook Islands
- *Final defect programme to ‘complete’ multi-million dollar Te Mato Vai project*, 29 Nov 2022, Cook Islands News
- *TTV Presentation to Catchment Committees: ‘AVG Failures’* – May 2024
- *To Tatou Vai Annual Report for the Year Ending 30 June 2024*
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## A 'disaster' - Cook Islands water project faces uncertain future

Mackenzie Smith

4 - 5 minutes

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### Navigation for News Categories

Touted as the first tripartite aid project in the Pacific involving China, Te Mato Vai was meant to be about working together.

But, as a costly spat over the massive overhaul of the Cook Islands' water supply system reveals, it's been anything but.



Te Mato Vai piping Photo: Courtesy of Cook Islands Infrastructure

The initial price tag for the project has blown out by \$US20 million.

Repairs to alleged shoddy work will cost millions more.

And with the Chinese construction company responsible at odds with the Cook Islands government, the future of Te Mato Vai is unclear.

"This must be one of the biggest disasters in our country," said Tina Browne, leader of the opposition, the Cook Islands Democratic Party.

Te Mato Vai, a three-phase plan to provide a safe public water supply in Rarotonga, the largest of the Cook Islands, is the country's most ambitious infrastructure project in decades.

China, through the state-owned Exim Bank, is providing a soft loan of around \$US16 million for the first stage, which was built by the China Civil Engineering and Construction Company (CCECC). New Zealand has committed \$US10 million in grant aid for the second stage, which has yet to commence.

The first warning signs came in November, when the Cook Islands government said the estimated costs for Te Mato Vai had gone up to \$US60 million, from \$US40 million.

The next month, it said 17 kilometres of pipeline needed replacing, after an independent review it had commissioned found concerns with the workmanship.

"They [CCECC] were contracted to deliver a project of a certain design and standard and we believe based on the evidence that they haven't delivered," said Garth Henderson, finance secretary at the Ministry of Financial and Economic Management.

The review was commissioned after a leak was discovered in one of the pipes, he said in an interview this week.

Mr Henderson said the company has refused to accept liability for the necessary repairs, which are estimated to cost nearly \$US9 million. Remedy work will start in June, with the government targetting the completion of phase one by the end of the year.

New Zealand has said it's happy for some of its regular development assistance - specifically, the \$US9 million earmarked for asset maintenance over the next three years - to be used on the repairs.





Contractors work on the Te Mato Vai water project in Rarotonga, Cook Islands  
Photo: Phillipa Webb / Cook Islands News

Last week, project manager Gao Dong told the *Cook Islands News* the request to replace 17km of pipeline was "inappropriate" and a misinterpretation of the report commissioned by the government.

"The pipeline as is, has been built and tested, approved, paid for and accepted as completed," he told the newspaper.

"It is ready for service and all tests done to date show that the pipeline is serviceable as required by the contract."

The Cook Islands government said in December it was seeking legal advice ahead of possible legal action against CCECC.

The government had also raised its concerns at regular meetings on Te Mato Vai with the New Zealand government and the Chinese embassy in New Zealand, Mr Henderson said.

Jonathan Pryke, Director of the Pacific Islands Program at Australian thinktank the Lowy Institute, said a resolution to the dispute had been complicated by differing approaches to aid infrastructure by New Zealand and China.

"When things do go sideways, it does also make it harder to respond."

2020/21 Estimated Actual      2021/22 Budget Estimate      2022/23 Projection      2023/24 Projection      2024/25 Projection

■ Cook Islands Government      ■ Official Development Assistance

The remainder of this chapter provides details on the Cook Island Government funded capital expenditure by implementing Government Agency. Chapter 16 describes the ODA capital (and operating) expenditure budget.

### 9.2.1.1 Reappropriation of 2020/21 Capital Appropriations

Table 9-3 shows the reappropriation of a number of capital programs from 2020/21 into the 2021/22 Budget. Reasons for each appropriation are provided below.

**Table 9-3 Capital Expenditure Reappropriation (\$)**

Agency	Details	Amount	2020/21 Budget	2020/21 Budget Adjusted	2021/22 Budget Estimate	2021/22 Budget Adjusted
ICI	Pa Enea Air Infrastructure Improvement Programme	128,262	1,680,000	1,551,738	0	128,262
MFEM	Te Mato Vai - Rarotonga Water Upgrade	1,000,000	9,000,000	8,000,000	0	1,000,000
<b>Total Capital Expenditure</b>		<b>1,128,262</b>	<b>10,680,000</b>	<b>9,551,738</b>	<b>0</b>	<b>1,128,262</b>

**Pa Enea Air Infrastructure Improvement Programme** – to support the design and subsequent construction of the Manihiki airport.

**Te Mato Vai – Rarotonga Water Upgrade** – to cover the final costs to complete the project in 2021/22.

# I. APPENDIX I. DETAILED FINANCIALS

	Note	2019/20 Actual	2020/21 Actual	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
Total Revenue	A	2,461,698.02	3,338,899.51	3,040,393.91	8,063,000.00	4,738,000.00	3,423,000.00
EBITDA		656,297.66	815,076.84	190,024.37	5,200,196.35	1,875,196.35	390,196.35
Depreciation	B	40,914.70	103,812.95	102,088.48	240,553.33	274,953.33	2,323,053.33
NPBT		492,307.16	827,929.89	130,358.66	3,999,855.10	1,312,335.10	(1,548,144.90)
Total Assets		1,316,045.15	1,988,965.81	845,454.90	4,783,177.76	5,039,927.45	104,597,709.12
Total Shareholder Funds		607,025.91	1,868,096.82	2,193,495.44	5,897,358.69	7,048,990.35	107,340,142.02
Total Liabilities		709,019.24	120,868.99	(1,348,040.68)	(1,114,180.50)	(2,009,062.47)	(2,742,432.47)
Total Staff Costs		994,393.39	1,309,179.43	1,440,705.15	1,368,565.54	1,368,565.54	1,368,565.54
Total Employees		31.00	31.00	31.00	31.00	35.00	40.00
Total FTEs		30.00	30.00	30.00	30.00	30.00	30.00
Operating Cash – flows		989,035.54	(297,347.47)	(1,386,144.56)	4,484,198.03	692,406.46	41,538.43
Total Dividends Paid		N/A	N/A	N/A	N/A	N/A	N/A
Revenue per FTE		82,056.60	111,296.65	101,346.46	268,766.67	157,933.33	114,100.00

Note A: Revenue Profile	2019/20 Actual	2020/21 Actual	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
Baseline	\$2,461,698	\$3,338,900	\$3,040,394	\$3,018,000	\$3,018,000	\$3,018,000
Sector 5+	\$0	\$0	\$0	\$1,380,000	\$0	\$0
Metering A	\$0	\$0	\$0	\$2,515,000	\$0	\$0
Metering B	\$0	\$0	\$0	\$0	\$1,720,000	\$0
Metering C	\$0	\$0	\$0	\$0	\$0	\$405,000
88H	\$0	\$0	\$0	\$1,150,000	\$0	\$0
<b>Total Revenue Forecast</b>	<b>\$2,461,698</b>	<b>\$3,338,900</b>	<b>\$3,040,394</b>	<b>\$8,063,000</b>	<b>\$4,738,000</b>	<b>\$3,423,000</b>

The projected revenue profile includes Crown Appropriation for Sector 5+, Metering & Tarrif and the 88H Sludge facility.

Note B: Depreciation Profile	2019/20 Actual	2020/21 Actual	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
Baseline	\$40,915	\$103,813	\$102,088	\$124,320	\$124,320	\$124,320
Sector 5+	\$0	\$0	\$0	\$27,600	\$27,600	\$27,600
Metering A	\$0	\$0	\$0	\$50,300	\$50,300	\$50,300
Metering B	\$0	\$0	\$0	\$0	\$34,400	\$34,400
Metering C	\$0	\$0	\$0	\$0	\$0	\$8,100
88H	\$0	\$0	\$0	\$38,333	\$38,333	\$38,333
Infrastructure						\$2,040,000
<b>Total Revenue Forecast</b>	<b>\$40,915</b>	<b>\$103,813</b>	<b>\$102,088</b>	<b>\$240,553</b>	<b>\$274,953</b>	<b>\$2,323,053</b>

The depreciation profile highlights the increase in depreciation, not only from the completion of Crown Appropriated projects, but also the increase due to the transfer of Infrastructure Assets from PMU to To Tatou Vai, as noted in the 2024/2025 FY. **The Infrastructure Asset is estimated to be worth \$102 million.**

# I. APPENDIX

## I. DETAILED FINANCIALS

	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
<b>Total Revenue</b>	3,033,888.19	3,035,181.00	3,040,598.50	3,047,000.00	3,048,000.00	3,048,000.00
<b>EBITDA</b>	125,186.35	124,753.00	352,661.11	80,737.29	2,862.71	94,357.71
<b>Total Assets</b>	2,413,878.80	2,512,458.00	2,789,097.70	109,410,742.85	111,103,343.14	108,891,969.43
<b>Total Equity</b>	2,034,059.97	2,033,977.00	2,379,589.29	109,023,771.58	110,716,371.87	108,504,998.16
<b>Cash Flow from Operating Activities</b>	245,895.40	217,756.00	219,993.53	73,861.22	2,862.71	94,357.71
<b>Total Payroll Expenses</b>	1,309,180.00	1,521,609.00	1,416,217.31	1,771,602.71	1,859,502.71	1,951,797.71
<b>FTE</b>	31.00	31.00	31.00	31.00	35.00	35.00
<b>Revenue per FTE</b>	97,867.36	97,909.06	98,083.82	98,290.32	87,085.71	87,085.71
<b>Capital Expenditure Profile(s)</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>	<b>2023-2024</b>	<b>2024-2025</b>	<b>2025-2026</b>
<b>Baseline</b>	433,141.00	950,180.10	1,045,055.16	-	-	-
<b>Sector 5</b>	-	-	-	414,000.00	566,000.00	600,000.00
<b>88H Sludge Facility</b>	-	-	-	1,447,393.00	949,732.00	-
<b>Metering A</b>	-	-	-	1,638,607.00	1,484,268.00	1,317,125.00
<b>Enterprise Resource Plan Software</b>	-	-	200,000.00	-	-	-
<b>Infrastructure Asset</b>	-	-	-	102,000,000.00	-	-
<b>Depreciation Profile</b>	86,628.20	190,036.02	210,181.09	1,285,680.00	2,467,537.00	2,522,016.00

Source: To Tatou Vai Statement of Corporate Intent 2023-27

# APPENDIX

## I. DETAILED FINANCIALS




	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028
Total revenue	\$3,516,680	\$3,510,390	\$5,167,574	\$5,250,258	\$5,597,002
Total revenue excl. Crown approp & aid funding	\$120,377	\$510,255	\$2,667,387	\$2,750,020	\$2,796,713
EBITDA	\$124,838	(\$183,877)	\$878,138	\$764,372	\$905,091
NPBT	(\$203,098)	(\$1,539,157)	(\$1,497,142)	(\$1,610,908)	(\$1,470,189)
Community service costs	\$10,547	\$14,400	\$14,400	\$14,400	\$14,400
Total assets	\$3,621,643	\$105,211,141	\$104,733,999	\$103,123,091	\$101,652,901
Total shareholder funds	\$2,733,122	\$104,485,965	\$104,008,823	\$102,397,914	\$100,927,725
Total staff costs	\$1,871,904	\$2,023,833	\$2,125,575	\$2,228,935	\$2,339,198
Total employees	30	32	33	34	35
Total FTEs	30	32	33	34	35
Operating cash-flows	\$302,635	(\$323,021)	\$878,138	\$764,372	\$905,091
Equity injection by owners	\$2,278,113	\$106,070,113	\$107,090,113	\$107,090,113	\$107,090,113
Total dividends paid	N/A	N/A	N/A	N/A	N/A
Revenue mvmt excl & aid growth	138%	324%	423%	3%	2%
CSC / Revenue %	0.30%	0.41%	0.28%	0.27%	0.26%
Asset growth	25%	2805%	0%	-2%	-1%
Return on equity	-7%	-2%	-1%	-2%	-1%
Debt to assets	25%	1%	1%	1%	1%
Current ratio	1.08	0.16	1.37	2.42	3.67

'Equity injection' = transfer of Te Mato Vai Project water infrastructure (from MFEM)

Source: TTV Statement of Corporate Intent 2024-28

2021/22

Output	Output 5	Output 6	Output 7	Total
Personnel	252,543	700,947	100,834	6,316,094
Operating	70,000	62,285	19,744	808,174
Administered Funding	0	3,520,000	0	45,155,750
Depreciation	10,000	10,000	3,000	260,000
<b>Gross Operating Appropriation</b>	<b>332,543</b>	<b>4,293,232</b>	<b>123,578</b>	<b>52,540,018</b>
Trading Revenue	0	0	0	954,341
<b>Net Operating Appropriation</b>	<b>332,543</b>	<b>4,293,232</b>	<b>123,578</b>	<b>51,585,677</b>

### 8.5.10.1 Ministry of Finance and Economic and Management Outputs

#### Output 1: Economic Planning Division

Driving responsible leadership in national economic and financial management - this output's core functions include fiscal and economic planning, national budget development, publishing regular fiscal and economic updates, and regular updates to the Medium-Term Fiscal Framework and Economic Development Strategy.

The basis of these core publications also provides sound fiscal, macro and micro-economic advice to the government. There is also limited scope for applying the economic and financial capacity beyond the core functions of this Division.

**Table 8-39 Output Funding for 2022/23, MFEM (\$)**

2022/23

<b>Output</b>	<b>Output 1</b>	<b>Output 2</b>	<b>Output 3</b>	<b>Output 4</b>
Personnel	821,670	1,144,705	2,999,351	440,258
Operating	75,000	179,186	365,947	45,000
Administered Funding	15,855,000	885,500	244,150	-
Depreciation	9,000	19,000	200,000	9,000
<b>Gross Operating Appropriation</b>	<b>16,760,670</b>	<b>2,228,391</b>	<b>3,809,448</b>	<b>494,258</b>
Trading Revenue	-	3,501	950,840	-
<b>Net Operating Appropriation</b>	<b>16,760,670</b>	<b>2,224,890</b>	<b>2,858,608</b>	<b>494,258</b>

<b>Output</b>	<b>Output 5</b>	<b>Output 6</b>	<b>Output 7</b>	<b>Total</b>
Personnel	252,543	775,147	100,834	6,534,508
Operating	70,000	67,286	20,000	822,419
Administered Funding	0	5,520,000	0	22,504,650
Depreciation	10,000	10,000	3,000	260,000
<b>Gross Operating Appropriation</b>	<b>332,543</b>	<b>6,372,433</b>	<b>123,834</b>	<b>30,121,577</b>
Trading Revenue	0	0	0	954,341
<b>Net Operating Appropriation</b>	<b>332,543</b>	<b>6,372,433</b>	<b>123,834</b>	<b>29,167,236</b>

**8.5.10.1 Ministry of Finance and Economic and Management Outputs**

Output 1: Economic Planning Division (EPD)

Output 2: Treasury Management Division (TMD)

Output 3: Revenue Management Division (RMD)

Output 4: Cook Islands Statistics Office (CISO)

Output 5: Development Coordination Division (DCD)

Output 6: Major Projects and Procurement Support Division (MPPS)

*Te Mato Vai Project Management Unit*

Output 7: Office of the Financial Secretary

**Table 7-39 Output Funding for MFEM (\$)**

2023/24

Output	Output 1	Output 2	Output 3	Output 4
Personnel	821,670	1,205,089	3,021,966	480,258
Operating	75,000	124,187	365,947	45,000
Administered Funding	21,632,000	962,741	155,680	200,000
Depreciation	1,000	619,000	248,000	6,000
<b>Gross Operating Appropriation</b>	<b>22,529,670</b>	<b>2,911,017</b>	<b>3,791,593</b>	<b>731,258</b>
Trading Revenue	0	3,501	950,840	0
<b>Net Operating Appropriation</b>	<b>22,529,670</b>	<b>2,907,516</b>	<b>2,840,753</b>	<b>731,258</b>

Output	Output 5	Output 6	Output 7	Total
Personnel	252,543	775,147	100,834	6,657,507
Operating	70,000	67,286	20,000	767,420
Administered Funding	0	520,000	0	23,220,421
Depreciation	7,000	42,000	1,000	924,000
<b>Gross Operating Appropriation</b>	<b>329,543</b>	<b>1,404,433</b>	<b>121,834</b>	<b>31,819,348</b>
Trading Revenue	0	0	0	954,341
<b>Net Operating Appropriation</b>	<b>329,543</b>	<b>1,404,433</b>	<b>121,834</b>	<b>30,865,007</b>

**7.5.10.1. Ministry of Finance and Economic and Management Outputs**

Output 1: Economic Planning Division (EPD)

Output 2: Treasury Management Division (TMD)

Output 3: Revenue Management Division (RMD)

Output 4: Cook Islands Statistics Office (CISO)

Output 5: Development Coordination Division (DCD)

Output 6: Major Projects and Procurement Support Division (MPPS)

*Te Mato Vai Project Management Unit*

Output 7: Office of the Financial Secretary

**Table 7-39 Output Funding for MFEM (\$)**

2024/25

	Output 1	Output 2	Output 3	Output 4
Personnel	740,799	1,128,205	2,864,300	419,258
Operating	65,000	134,186	365,947	45,000
Administered Funding	19,365,456	967,741	285,680	0
Depreciation	9,000	104,471	270,000	9,000
<b>Gross Operating Appropriation</b>	<b>20,180,255</b>	<b>2,334,603</b>	<b>3,785,927</b>	<b>473,258</b>
Trading Revenue	0	3,500	475,420	0
<b>Net Operating Appropriation</b>	<b>20,180,255</b>	<b>2,331,103</b>	<b>3,310,507</b>	<b>473,258</b>

	Output 5	Output 6	Output 7	Total
Personnel	252,543	726,147	100,834	6,232,086
Operating	70,000	79,108	20,001	779,242
Administered Funding	0	2,550,072	0	23,168,949
Depreciation	10,000	168,529	3,000	574,000
<b>Gross Operating Appropriation</b>	<b>332,543</b>	<b>3,523,856</b>	<b>123,835</b>	<b>30,754,277</b>
Trading Revenue	0	0	0	478,920
<b>Net Operating Appropriation</b>	<b>332,543</b>	<b>3,523,856</b>	<b>123,835</b>	<b>30,275,357</b>

**7.5.10.1. Ministry of Finance and Economic and Management Outputs**

Output 1: Economic Planning Division (EPD)

Output 2: Treasury Management Division (TMD)

Output 3: Revenue Management Division (RMD)

Output 4: Cook Islands Statistics Office (CISO)

Output 5: Development Coordination Division (DCD)

Output 6: Major Projects and Procurement Support Division (MPPS)

Output 7: Office of the Financial Secretary

*Te Mato Vai Project Management Unit*

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## Major water infrastructure project 'completed' - The Ministry of Infrastructure Cook Islands

icicook

4 - 5 minutes

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Thursday 27 May 2021 | Written by [Melina Etches](#) | Published in [Local](#), [National](#)

**The Rarotonga water project, Te Mato Vai, dubbed the largest infrastructure project in the history of the nation, was completed yesterday at the official landowners recognition ceremony of the Papua intake in Vaimaanga.**

Prime Minister Mark Brown yesterday hailed Te Mato Vai project calling it “historic” and the biggest project the Cook Islands has undertaken since the opening of the Rarotonga airport.

The project aimed at delivering potable water to Rarotonga residents started in 2014.

PM Brown said the first water intakes were built in 1901 “since then, nothing had been done to upgrade the water system”.

He said in 2012, the Government made a commitment to improve the islands water system after “people had been complaining about the water, we had a challenge to change our water system”.

Costing “approximately \$90 million”, the development was funded through the first tripartite agreement between the governments of the Cook Islands, New Zealand and the People’s Republic of China.

Then the discussions with landowners started, a long process for 10 different intakes and 10 various groups of landowners, said Brown.

He said the landowners were an important part of this project as they allowed government to build the infrastructure on their land which enabled water to be delivered to everyone on the island.

First the replacement of the ring mains around the island were done.

In 2018, McConnell Dowell began the second stage of the project for the upgrade of 10 existing water intakes across the island working with local companies.



*In this file photo from April 2021, a member from the Te Mato Vai Project Management Unit is seen at the newly-built Turangi intake. 21042510*

Yesterday the new Papua water intake was unveiled by landowner Pa Marie Ariki.

“In every project there is always a challenge, but government shared those challenges,” she said.

“I willingly supported this project because it’s about the livelihoods of our people. I believe that we as landowners can contribute our land for the good of our community, and we should not be standing in the way of progress.

“The project was absolutely worthy and it’s often easily forgotten how water is needed for us to survive.

“We need this clean, clear water for our people,” said Pa Marie Ariki.

Te Mato Vai’s Project Management Unit (PMU) deputy project manager Matt Boyd delivered a brief on the operation of the intake.

For the past six months water from the Papua intake has been flowing into the network as part of the Polyaluminium Chloride (PACl) trial, Boyd said.

“We have looked at the different environmental results – in the excess of 10,000 tests to date around the island, in the streams and the water that come out from the plants.”

Over the next few months, the intakes will be handed over to government and will be managed under To Tatou Vai Authority.



*Pa Marie Ariki with New Zealand High Commissioner to the Cook Islands Tui Dewes. 21052608*

PM Brown said To Tatou Vai will take on the responsibility for managing, operating the infrastructure, “to ensure we have clean water delivered to the households on Rarotonga”.

“A significant amount of money has been invested by our people into these projects so it’s important that we maintain it and keep it up to

standard.”

Invited guests gathered at the Ocean Escape Resort property in Turangi before being driven by Sam Crocombe’s Raro Safari Tours to the Papua intake site, then returned for the rest of the formalities.

## Final defects programme to 'complete' multi-million dollar Te Mato Vai project

Tuesday 29 November 2022 | Written by [Matthew Littlewood](#) | Published in [Business](#), [Economy](#), [Local](#), [National](#)

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In this file photo from April 2021, a member from the Te Mato Vai Project Management Unit is seen at the newly-built Turangi intake. 21042510

### The final defects programme for the Rarotonga water project should be completed in December, bringing an end to the "nearly" \$90 million project.

Financial secretary Garth Henderson told Cook Islands News that the Te Mato Vai water supply project, which initially had a budget of \$59 million, plus or minus 50 per cent, had costed \$89.05 million.

"This amount basically covers Stage 1 Ring main replacement and Stage 2 intakes and project administration," Henderson said.

"The final defects period with McConnell Dowell contractor for Stage 2, is finishing in December 2022 and there is about \$193,000 of payments left to be processed by the end of December."

To carry out the project, the governments of the Cook Islands, New Zealand, and China formed a "tripartite agreement" to fund and deliver the project. It was said to be the first time China had engaged in such an arrangement.

"We are still below the \$90m forecasted spend," Henderson said.

"As a matter of process, a Project Completion Report will be completed for release early next year. I expect we will be in a better position to make more information available."

The Cook Islands Government threatened legal action against the China Civil Engineering Construction Corporation (CCECC) – one of the project's main contractors – alleging shoddy workmanship in replacing the ring mains as part of Rarotonga's aged water network infrastructure about nine years ago.

The government asked the Chinese company to replace about 17 kilometres of the pipeline they laid around the island after a 2018 report by New Zealand consultancy Opus – now known as WSP – looked at claims of poor workmanship and raised questions over the materials used by CCECC.

An \$11.2 million contract for the remedial work – funded with grant money from the New Zealand government – was eventually awarded to local company Landholdings Ltd.

That work was completed in early 2020.

However, it appears the matter has been resolved, with Prime Minister Mark Brown saying the legal matters had been concluded at a joint press conference with New Zealand Foreign Affairs Minister Nanaia Mahuta back in October.



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**Cook Islands at 60: Do we really need New Zealand aid?**

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**'Partnership, not paternalism'- PM slams NZ aid pause as 'patronising' amid China deal row**

20 June 2025



**PM Brown: Cook Islands not consulted on NZ-China deals amid funding pause**

19 June 2025



**Cook Islands anticipated New Zealand funding pause, dialogue ongoing to repair trust**

19 June 2025

At the time, PM Brown called the project a "milestone in our country's history".

Cook Islands News has been chasing Ministry of Finance and Economic Management (MFEM) for why and how the legal matter was resolved, but so far has not received a response on this.



### **Clarke receives knighthood for services to business and tourism**

18 June 2025



### **Cook Islands waits on traditional partners as China shows interest**

31 May 2025



### **Smith knighted for decades of service to Cook Islands business and tourism**

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### **Cook Islands environment group calls on govt to speak out against US Trump's deep seabed mining order**

5 May 2025



### **Law Society praises committee's decision on religious status**

29 May 2025



### **Christian nation proposal rejected: Religious Organisations Act 'unconstitutional' says Committee**

22 May 2025



### **'Shape up': Public Accounts Committee warns government entities over late reports**

24 May 2025



#### AVG failures

- Continuous backwashing sign filter not performing
  - Sand material solidifying
  - Mudball formation
  - Rust in the tubes – inside and outside
  - Nozzles coming loose
- Investigation identified inherent issues
  - Insufficient scouring and rinsing resulting
    - Water only
    - Air – need
  - Inconsistency in dosing of PACL
    - Single dosing
    - Frequent variation in NTU, flow



**AVG failures, TTV presentation to catchment committee members, May 2024**

As the Authority evolves, achieving full functionality and assuming ownership of the water assets presently held by MFEM, future service performance reports, including indicators, will be developed accordingly. The Authority anticipates that, as it matures and its systems become fully operational, the scope and depth of its service performance reporting will expand. This evolution will reflect the increased responsibility and capability of the Authority, ensuring alignment with its ultimate purpose of providing a clean and consistent water supply to Rarotonga.

*'water assets' = Te Mato Vai Project*

### Water Quality

The Authority continues to make progress toward providing potable water to the Rarotonga community. However, as of this reporting period, the water distributed through Rarotonga's reticulation network remains non-potable due to necessary infrastructure improvements required to support treatments such as the introduction of chlorine.

During the year, the Authority maintained its practice of administering polyaluminium chloride (PACL) at sedimentation tanks to enhance coagulation and sediment removal. Automatic valveless gravity (AVG) sand filters at production sites further reduce turbidity and remove some harmful bacteria. PACL administration varies due to fluctuating rainfall and sediment buildup and is not governed by a set target.

Although the Public Health Bill has yet to be enacted, which would empower Te Marae Ora (Ministry of Health) to set prescribed water standards, the Authority has proactively established internal targets. For Authority-managed Water Stations where ultraviolet (UV) treatment is applied, the goal is for Coliforms and Escherichia coli (E. coli) levels to be below 1 in 100 ml per sample (the standard is developed by the Authority in line with the Drinking Water Standards for New Zealand 2005 (revised 2018))

*Source: To Tatou Vai Annual Report for Year Ending 30 June 2024*

Sent: Thursday, 15 August 2024 12:12

To: Garth Henderson <[garth.henderson@cookislands.gov.ck](mailto:garth.henderson@cookislands.gov.ck)>; Allan Jensen <[allan.jensen@cookislands.gov.ck](mailto:allan.jensen@cookislands.gov.ck)>

Cc: Ombudsman Complaints <[ombudsman.complaints@cookislands.gov.ck](mailto:ombudsman.complaints@cookislands.gov.ck)>; Prime Minister, Honourable Mark Brown <[mark.brown@cookislands.gov.ck](mailto:mark.brown@cookislands.gov.ck)>; Deputy Prime Minister, Honourable Albert Nicholas <[albert.nicholas@cookislands.gov.ck](mailto:albert.nicholas@cookislands.gov.ck)>

Subject: OIA: TMVP and RWN depreciation

Kia orana Garth and Allan,

OIA request: Te Mato Vai Project (TMVP) and Rarotonga Water Network (RWN) depreciation

1. At 30 June 2024, which Crown entity manages the depreciation of the Te Mato Vai Project water infrastructure asset?

As of 30 June 2024, the TMVP infrastructure asset is recorded on the Crown accounts. The asset is NOT currently depreciated due to finalizing completion reports & consolidation of crown accounts. With this completed, depreciation will be appropriated by Government as TTV is currently funded by Cook Islands Government. Once TTV has established sustainable financing, TTV will manage the depreciation of asset.

2. At what rate, and over what period, is TMVP depreciated?

Please refer to government accounting policies in the Budget Book. The rates in the policies are interim until a full valuation has been undertaken.

a) What is the book value of TMVP at 30 June 2024?

The asset hasn't been depreciated – this is currently being finalized now that we have TMV completion report and accounts consolidated.

b) Is the value of TMVP transferred to a Reserve account?

No, TMVP assets is currently recorded on Crown account.

c) If so, what is the balance of TMVP Reserve account at 30 June 2024?

Not Applicable

3. What is the book value of the Rarotonga Water Network (RWN) at 30 June 2024?

RWN is part of TMVP.

4. At what rate, and over what period, is RWN depreciated?

As per above (Q2),.

5. What is the balance of the CIIC RWN Reserve account at 30 June 2024?

As the TMVP assets are still with the Crown this has not yet been established. .

**Table 3-2 Reconciliation of Operating Statement (\$'000)**

2025/26

Statement of Government Operations	2024/25	2025/26	2026/27	2027/28	2028/29
<b>Operating balance as at 2024/25 Supplementary</b>	(4,159)	23,313	18,364	26,513	26,513
<b>Revenue</b>					
<i>Revenue Parameter Changes</i>	<b>6,015</b>	<b>5,024</b>	<b>5,950</b>	<b>4,836</b>	<b>12,394</b>
<i>Adjustments to:</i>					
Value Added Tax (VAT)	584	3,183	5,251	5,185	8,994
Income tax	1,862	2,659	2,617	2,561	4,217
Excise Tax	1,721	1,237	933	734	1,441
Company tax	1,695	(2,134)	(2,854)	(3,614)	(2,648)
Departure tax	153	80	2	(30)	391
Withholding tax	0	0	0	0	0
<i>Other Revenue Changes</i>	<b>(18,085)</b>	<b>(8,078)</b>	<b>2,015</b>	<b>1,434</b>	<b>1,760</b>
Other revenue	(6,754)	372	1,265	1,234	1,310
Trading Revenue	269	0	0	0	0
Dividend	(1,600)	1,550	750	200	450
Core Sector support	(10,000)	(10,000)	0	0	0
<b>Total Revenue Changes to 2025/26 Budget</b>	<b>(12,070)</b>	<b>(3,054)</b>	<b>7,965</b>	<b>6,270</b>	<b>14,154</b>
<b>Expenditure</b>					
<i>Expenditure Decisions by Government</i>	2,374	9,988	15,439	22,756	23,773
<i>Technical adjustments</i>	(2,971)	2,971	0	0	0
<i>Reclassifications of expenditure</i>	0	0	0	0	0
<i>Parameter changes</i>	(27,437)	(1,974)	(1,759)	(1,820)	(2,156)
<b>Total Expenditure Changes to 2025/26 Budget</b>	<b>(28,033)</b>	<b>10,985</b>	<b>13,680</b>	<b>20,936</b>	<b>21,618</b>
<b>OPERATING BALANCE as at 2025/26 Budget</b>	<b>11,804</b>	<b>9,274</b>	<b>12,648</b>	<b>11,848</b>	<b>19,050</b>
Capital Expenditure	10,940	19,112	26,802	27,266	25,301
Depreciation	8,100	15,249	15,172	15,172	15,172

Depreciation  
Increase  
\$7.149 million

## 18.5.2.8 Depreciation

Asset type	Useful life
Office and computer equipment	3 – 4 years
Motor vehicles	5 years
Furniture and fittings	4 – 10 years
Plant and equipment	5 - 15years
Buildings and improvements	10 - 40 years
Coastal protection	25 years
Power distribution network	20 years
Road network	30 years
Water network	15 years
Airport runways	15 – 100 years
Harbour and ports structures	10 – 20 years
Waste management facilities	15 years
Plant and equipment Tools	4 – 5 years
Marine equipment	5 years
Leased land and leasehold improvements	Term of the lease
Specialised buildings and other buildings	15 years

### 18.5.3. Non-Financial Assets

#### 18.5.3.1. Investment property

Investment property is property held either to earn rental income or for capital appreciation or for

- Probable straight line depreciation rates for Te Mato Vai Project water infrastructure