

Te Mato Vai
Cook Islands-China and NZ
Delivering Water to Rarotonga

The Honourable Mark Brown
Cook Islands Minister of Finance



Uniqueness of the Cook Islands Context

Sovereign Nation in free association with New Zealand since 1965.

Diplomatic relationships with over 42 countries in the world and the EU.

Setting the Context China-Cook Islands



The Cook Islands and People's Republic China

The Cook Islands has had diplomatic relations with the People's Republic China since 1997.

China became a development partner of the Cook Islands when it commenced grant pledges in 2001.

Relationship Between the Cook Islands and China

The Cook Islands has for a long time recognised China's economic rise and influence.

The relationship between the two countries has been based on trust and innovation in approach.

The Development Context Assistance

Cook Islands has made use of both grants and concessional lending from the Export Import Bank of China.

Of the ¥215 million (NZD 44 million) which has been granted we have spent ¥113.4 million (NZD 23 million).

Grants and Public Infrastructure

Grant assistance has been used for public infrastructure

- Rarotonga Court House (2002)
- Rarotonga Police Station (2004)

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Grants and Goods and Equipment

Grant assistance has been used for Goods and Equipment

- tractors for farmers
- furniture and equipment for the Ministry of Education
- pearl farming equipment
- heavy machinery for the outer islands

Grants and Operations

Grant assistance has been used hosting regional events

- Pacific Mini Games
- Pacific Leaders Meeting

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Loans with Exim Bank

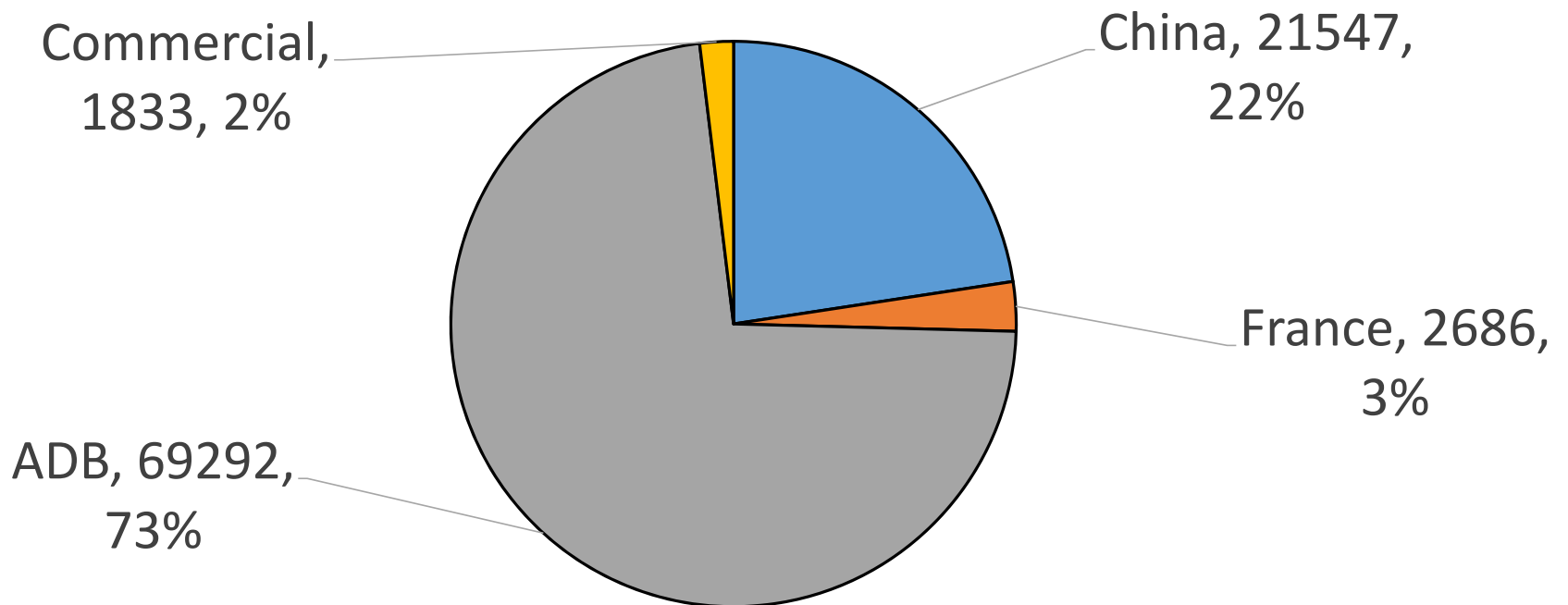
We have used Chinese loans to build the

- Telecom Sport Arena which was used for the Pacific Mini Games in 2009 (RMB 67 million)
- Ministry of Education building (built by CI private sector with solar panels contributed by NZ Aid Programme)

Loans with Exim Bank

- The Rarotonga Ring main supply as part of Te Mato Vai (RMB 118 million around NZD 21 million)

Cook Islands Debt and Loans – Sep 2014



Cook Islands Overall Debt Position

- Gross Debt - NZD 95.4 million (24.9%/GDP)
- Loan Reserve - NZD 16.9 million (4.5%/GDP)
- Net Debt of NZD -78.5 million (20% GDP)
- Unencumbered Cash Reserves - NZD 15.9 million (4.2%/GDP)

Te Mato Vai



TE MATO VAI

*The Cook Islands Water Partnership with the
People's Republic of China and New Zealand*

The Island of Rarotonga



Te Mato Vai

The Cook Islands took the Busan Partnerships Document to heart:

- The Cook Islands defined the project
- It has a sustainable project at the end water supply to the busiest island in the Cook Islands (Rarotonga)
- Recognises the two major development partners in the Cook islands and their different approaches
- Transparency is a key to the approach of Te Mato Vai

The Cook Islands Defined the Need

- Rarotonga water infrastructure was aged - in requirement of complete overhaul.
- This Government recognised a holistic approach was needed for doing the ring main distribution, intakes, trunk mains etc.

Sustainability

- It is a sustainable project which is to supply potable water to the busiest and economically strongest island in the Cook Islands (Rarotonga).
- There has been neglect of the asset for at least quarter of a century.
- Climate proofing (to some degree) water supply.

Development Partners Approaches

- Recognising that China and New Zealand are development partners with two different types of approaches.
- New Zealand typical north south relationship.
- China emerging south – south relationship.

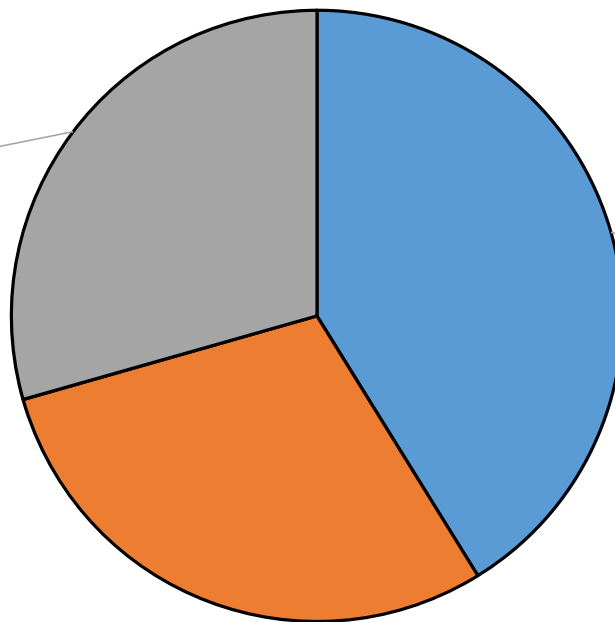
Transparency is a Key

- The full cost and attribution of budgets is presented in our budget documentation.
- Te mato vai website provides a lot of information on the whole project.
- All Designs have been peer reviewed.
- Master plan incorporating all aspects of the infrastructure have been done.

Te Mato Vai (\$ million)

Cook
Islands,
15, 29%

New
Zealand,
15, 30%



Exim
Bank,
21, 41%

Governance Group

- Deputy Secretary of New Zealand Ministry of Foreign Affairs and Trade
- Economic Counsellor – Embassy of China in Wellington
- Financial Secretary – Leader of the Ministry of Finance and Economic Management

Project Steering Group

- Has members from the Cook Islands, China and New Zealand.
- Breakdown further into various streams, including construction, design and legal, membership on these varies.

An Example of how partnerships can work

- An example of small developing country can taking the lead and have development partners work together towards a common goal.
- It took some time, it was new for everyone, it still is - we are working together to build an asset on the island of Rarotonga which will serve us for the next 50 years.