

# SWINGS AND ROUNDABOUTS: NEW ZEALAND POLICIES ON AID TO THE COOK ISLANDS AND NIUE 1962 TO 2022

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*Although New Zealand's aid to the Cook Islands and Niue has been said to be part of a "constitutional" partnership, other considerations better explain the volume and type of aid delivered. The economic ideologies of successive New Zealand Governments, shifting aid philosophies, New Zealand's assessments of the international political, economic and security significance of the Pacific, New Zealand's financial circumstances, and expenditure priorities, changes in ministers, officials and advisers, the Cook Islands' and Niue's circumstances, actions, and negotiating clout, and the domestic political impact of these factors in New Zealand are the mainsprings of New Zealand aid to the Cook Islands and Niue, rather than the primacy accorded "constitutional" arrangements in explaining aid delivery. Changing New Zealand Government views and interests have shaped why and what New Zealand considers should be provided to each. These views have been periodically contested by the Cook Islands and Niue, but the long term effect has been to reduce the Cook Islands' and Niue's share of New Zealand's Pacific bilateral aid, until this stabilised in the mid-1990s, and to align assistance to each with New Zealand aid to others. The latest New Zealand objective, for the Cook Islands, Niue and other Pacific aid recipients, is greater integration with New Zealand. Debate, and policy swings and roundabouts, can be expected to continue.*

*Alors que l'on fait traditionnellement valoir que l'aide octroyée par la Nouvelle-Zélande aux îles Cook et à Niue s'inscrit dans le cadre d'un partenariat 'constitutionnel', l'histoire de l'aide néo-zélandaise révèle que bien d'autres considérations ont joué un rôle plus important.*

*Ce sont principalement des considérations économiques, sécuritaires et politiques des gouvernements néo-zélandais successifs, variables selon l'importance reconnue*

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*aux îles Cook et à Niue, qui ont réellement façonné le cadre et l'étendue de l'aide apportée aux petits États insulaires du Pacifique au premier rang les îles Cook et Niue.*

*On observe en effet, qu'à chaque changement de responsables politiques néo-zélandais, ce sont les ministres, fonctionnaires et conseillers du moment qui ont fait prévaloir tout en les adaptant, leur conception de ce qu'il convenait d'entendre par la notion d'aide à apporter aux îles Cook et à Niue.*

*En d'autres termes, ce n'est pas la reconnaissance de dispositions «constitutionnelles» qui justifierait l'aide aux îles Cook et à Niue par la Nouvelle Zélande mais plutôt la prise en compte d'une approche pragmatique et fluctuante de ses intérêts particuliers.*

*A l'appui de son analyse l'auteur, rappelle la succession aux îles Cook et à Niue des politiques néo-zélandais aussi vite venus que disparus, les multiples négociations, les promesses et les incitations rarement tenues.*

*Par ailleurs, cette conception de l'aide que la Nouvelle-Zélande doit apporter aux îles Cook et à Niue s'inscrit également dans le mouvement plus large, amorcé dès 1962, du désengagement progressif de l'aide bilatérale néo-zélandaise pour le Pacifique, dont sa part contributive est restée relativement constante depuis le milieu des années 1990.*

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## **I INTRODUCTION<sup>1</sup>**

This article tells the story of New Zealand political changes and policy churn, the swings and roundabouts of New Zealand's approach to aid<sup>2</sup> to the Cook Islands and Niue. It challenges assumptions that constitutional assurances deliver consistent, special, more generous, treatment. But it is important to begin by noting what, for New Zealand, has been relatively constant.

Both the Cook Islands and Niue are in the Pacific, a region seen by successive New Zealand Governments as of political, economic and strategic importance to New Zealand. There are risks for New Zealand of political instability, economic

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1 This article draws on Caroline J McDonald, 'Decolonisation and Free Association: the Relationships of the Cook Islands and Niue with New Zealand' (PhD dissertation, Victoria University of Wellington, 2018).

2 The use of the term "aid" for this assistance is disputed and is used here as shorthand to reflect funding came from Vote Official Development Assistance until 2020/2021 when it became part of Vote Foreign Affairs (international development cooperation) in the New Zealand Government budget.

failure, environmental degradation and cross border security issues in the Pacific region.<sup>3</sup> Less prominent in government statements is the upside; the international, economic and social benefit to New Zealand of positive relationships in the Pacific. Pursuit of New Zealand's interests has domestic resonance thanks to its Pacific-origin populations.

New Zealand sees itself as having a leading role and influence in the region, particularly in Polynesia, the eastern Pacific. New Zealand's international political standing and reputation can be affected by developments in the region and whether, how and with what success, it involves itself in these. Over the years New Zealand's interest in the Pacific region has expanded beyond Polynesia, to the west and north. Its role has become more contested, by decolonisation, greater political independence of Pacific states, divergent interests and other states' involvement.

Moreover the connection with the Pacific is part of New Zealand's national identity. As the New Zealand Government explains it, "New Zealand is a Pacific country connected to the region by culture, history, politics, people, language, and shared interests. We also share personal ties, including family connections and the links forged through education, business, travel, and friendship."<sup>4</sup>

Consistent with its identity and interests, New Zealand aid is concentrated in the Pacific. Over sixty per cent of New Zealand's total aid in 2022/2023 was directed to the region.<sup>5</sup> Over forty-three per cent of New Zealand's Pacific aid was spent in Polynesia – in Samoa, a former New Zealand administered United Nations trust territory; Tokelau, New Zealand's remaining non-self-governing territory; the Cook Islands and Niue, both self-governing in free association with New Zealand, and Tonga and Tuvalu.<sup>6</sup> So the Cook Islands and Niue are in the area of New Zealand's aid focus. Their point of difference is that the Cook Islands, Niue (along with Tokelau), are the only Pacific islands where New Zealand is the major aid donor. Unlike independent Samoa, "constitutional" links have constrained their access to other sources of funding.

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3 Ministry of Foreign Affairs and Trade "Annual Report 2022-23" [www.mfat.govt.nz/assets/About-us-Corporate/MFAT-corporate-publications/MFAT-Annual-Report-2023/MFAT-Annual-Report-2023.pdf](http://www.mfat.govt.nz/assets/About-us-Corporate/MFAT-corporate-publications/MFAT-Annual-Report-2023/MFAT-Annual-Report-2023.pdf) at 52–59.

4 Ministry of Foreign Affairs and Trade "Australia and Pacific" [www.mfat.govt.nz/en/countries-and-regions/australia-and-pacific/#bookmark2](http://www.mfat.govt.nz/en/countries-and-regions/australia-and-pacific/#bookmark2).

5 Above n 2 at 210.

6 At 211.

Within this broad context, New Zealand aid to the Cook Islands and Niue has been the subject of considerable policy churn. Changes of New Zealand Governments have brought shifts in economic ideology, with impact on aid policy towards the Cook Islands and Niue. Incoming governments have adopted different development philosophies, sometimes reflecting changing international aid policies. There have been shifting political assessments of the domestic and international implications, benefits and risks, of providing, or not providing, aid to Niue and the Cook Islands. New Zealand's financial circumstances, and decisions on expenditure priorities, have been significant in determining what each receives. Ministers, officials and advisory groups have influenced changes in policies. The Cook Islands' and Niue's own circumstances, actions, and negotiating clout are reflected in New Zealand's approach, in particular when these have New Zealand domestic resonance. While New Zealand's aid to the Cook Islands and Niue has been said to be part of a "constitutional" relationship with New Zealand, in fact these other considerations better explain, and have played a more important role in shaping, New Zealand aid to each.

As this article shows, while the Pacific remains central to New Zealand's aid effort, the intent of New Zealand Governments' policies over the past 60 years has not been to maintain oft cited high per capita aid attributed to "constitutional" links, but to encourage their "self-sufficiency", and more recently, to maintain "viability". These objectives are shared by the Cook Islands and Niue Governments, and considerable work by both has been applied to these ends, but New Zealand views have not always been aligned with theirs on what it means and how to achieve it. Some New Zealand ideologies, policies, and the "carrots and sticks" applied to secure this end, have changed over time. Others come round in circles. But whatever the rationale, and means, as the appendix to this article shows, the effect has been to drive down, as much as possible, the portion of New Zealand Pacific bilateral aid directed to the Cook Islands and Niue, and to align, as much as possible, the nature of aid delivery to them with that to others, in a manner consistent with New Zealand's economic approach, aid ideology, and domestic and international political interests.

## ***II THE "CONSTITUTIONAL" LINKS AND UNDERTAKINGS***

New Zealand annexed and administered the Cook Islands and Niue from 1901. The Cook Islands became self-governing in 1965, Niue in 1974. They are of similar size, 240 and 260 square kilometres respectively, but the Cook Islands comprises 15 widely dispersed small islands, Niue is one island. At last count, the Cook Islands'

population was 14,987<sup>7</sup> while Niue's population was only 1,719.<sup>8</sup> Their history, culture and language, political systems and economic circumstances differ. The Cook Islands economy is primarily based on a longstanding and thriving tourism industry, but, as the Asian Development Bank points out, it also has a "small population, narrow economic base, high exposure to disaster and climate risks and economic shocks, limited private sector activity, and high public administration and infrastructure costs".<sup>9</sup> Niue has a newer and more limited tourism industry, a much smaller population and similar climatic and other challenges as the Cook Islands.<sup>10</sup> Both Cook Islanders and Niueans hold New Zealand citizenship, which provides access to institutions and services in New Zealand, but also allows longer term population movement with the consequence of population decline.

New Zealand is proud of its decolonisation record and the innovative decolonisation arrangement of self-government in free association reached with the Cook Islands and Niue, in the face of scepticism from other administering powers.<sup>11</sup> The Cook Islands and Niue each retained certain pre-existing links with New Zealand. These links and undertakings can be referred to as "constitutional".<sup>12</sup>

First, at self-government, the Cook Islands was promised that New Zealand financial assistance would continue. The Cook Islands' constitutional advisers reported to the Cook Islands Assembly:<sup>13</sup>

The Government of New Zealand, like yourselves, recognises that substantial financial assistance will continue to be necessary to the Cook Islands for a long time to come; and it has been made clear that this assistance will be provided in the future, as at present.

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7 Cook Islands Statistics Office *Census of Population and Dwellings 2021* (MFEM, Rarotonga, 2022).

8 Statistics Niue "Population" <https://niuestatistics.nu>.

9 Asian Development Bank "Member fact sheet" (April 2024) [www.adb.org/sites/default/files/publication/27759/coo-2023.pdf](http://www.adb.org/sites/default/files/publication/27759/coo-2023.pdf).

10 Asian Development Bank "Member fact sheet" (April 2024) [www.adb.org/sites/default/files/publication/604766/niu-2023.pdf](http://www.adb.org/sites/default/files/publication/604766/niu-2023.pdf).

11 Caroline J McDonald "An Exemplary Leader?: New Zealand and Decolonization of the Cook Islands and Niue" (2020) 55 *The Journal of Pacific History* 394–417.

12 Alison Quentin-Baxter "Pacific States and Territories: Cook Islands" in Robert Smellie (ed) *The Laws of New Zealand* (LexisNexis, New Zealand, 2001) at para 26.

13 CC Aikman, JW Davidson and JB Wright "Report to the Members of the Legislative Assembly of the Cook Islands on Constitutional Development" (1999) 30 *VUWLR* 519 at 543.

Prime Minister Kirk reaffirmed in Niue in 1974: "the New Zealand Government's solemn assurances that the people of Niue will continue to be New Zealand citizens and that New Zealand will continue to provide necessary economic and administrative assistance".<sup>14</sup> Representing a commitment by the New Zealand parliament, the Niue Constitution Act 1974 states that "it shall be a continuing responsibility of the Government of New Zealand to provide necessary economic and administrative support".<sup>15</sup>

Second, the continued extension of New Zealand citizenship to Cook Islanders and Niueans provided a moral rationale for the financial obligation. This emerged most explicitly in the lead up to Niue's self-government. As New Zealand Prime Minister Kirk told his Cook Islands counterpart in 1973: "the bond of citizenship ... is reflected in the scale of New Zealand's response to your country's material needs".<sup>16</sup> Kirk's exchange of letters with the Cook Islands Premier drew on the advice of Niue's constitutional adviser. The thinking is reflected in his second report to the Niue Island Assembly,<sup>17</sup> and forms part of the Niueans' understanding of the arrangements.<sup>18</sup>

Third, the Queen in right of New Zealand (now King) was retained as Head of State of the Cook Islands and Niue. These days we hear the "Realm of New Zealand", or variations thereof,<sup>19</sup> deployed as New Zealand shorthand for its relationship with the Cook Islands and Niue. As constitutional scholar Alison Quentin-Baxter explains, "The Realm was simply a way of referring to all, or to any one or more, of the five countries or territories over which the Sovereign in right of New Zealand

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14 "Statement by the Prime Minister, Right Hon Norman Kirk in the Niue Legislative Assembly on 25 March 1974" Archives New Zealand (ANZ), ACGA 8280 85/1/37 part 6 R14639402.

15 Niue Constitution Act 1974, s 7.

16 "Exchange of Letters between the Prime Minister of New Zealand and Premier of the Cook Islands concerning the nature of the Special Relationship between the Cook Islands and New Zealand" [1973] I AJHR A10. The letter also noted a quid pro quo: "an expectation that the Cook Islands will uphold, in their laws and policies, a standard of values generally accepted by New Zealanders", and references to "values" appear in New Zealand's aid documentation concluded with the Cook Islands, Niue and other aid recipient countries.

17 RQ Quentin-Baxter "Second Report to the Niue Island Assembly on the Constitutional Development of Niue" (1999) 30 VUWLR 577 at 587.

18 Terry M Chapman *The Decolonisation of Niue* (Victoria University Press and New Zealand Institute of International Affairs, Wellington, 1976) at 62-64.

19 For example, the "Pacific Realm", "Realm countries", "New Zealand Realm countries".

reigns."<sup>20</sup> They are, New Zealand, the Cook Islands, Niue, Tokelau, and the Ross Dependency. But, she adds, it has come to have "a reality going well beyond the words of the Letters Patent which give the Realm a constitutional role".<sup>21</sup> This includes being deployed as an implicit justification for, and explanation of, New Zealand aid to the Cook Islands and Niue.

### III THE "CONSTITUTIONAL" EXPLANATION FOR AID

Given the decolonisation assurances and links, it is perhaps not surprising that scholars look to the "constitutional" relationship to explain New Zealand aid volumes to the Cook Islands and Niue.<sup>22</sup> This, in turn, aligns with a broader international literature on the aid, economic and other advantages of association experienced by what are called "sub-national island jurisdictions". These sub-national island jurisdictions are predominantly the remaining colonies, but the literature frequently includes the Cook Islands and Niue in this category.<sup>23</sup>

The features that stand out, and attract scholarly attention, are first the Cook Islands' and Niue's standard of living. The argument is that the constitutional link is the reason why these relatively wealthy states receive substantial New Zealand assistance rather than others worse off:<sup>24</sup>

Clearly neither poverty alleviation nor security concerns are driving these very high levels of aid, for these states are politically stable and have relatively very favourable welfare indices. Instead it appears that they are favoured because they

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20 Alison Quentin-Baxter and Janet McLean *This Realm of New Zealand: The Sovereign The Governor-General The Crown* (Auckland University Press, Auckland, 2017) at 109.

21 At 110.

22 For example, Glenn Banks and others "Paddling on One Side of the Canoe?: the Changing Nature of New Zealand's Development Assistance Programme" (May 2011) <https://nzadds.org.nz> at 15; Gerard Prinsen "Diversity in the realm of New Zealand: the Cook Islands, Niue and Tokelau" in Justin Daniel and Carine David (eds) *75 Ans de departementalisation Outre-Mer* (L'Harmattan, Paris, 2021) 527; Stephen Levine "The Experience of Sovereignty in the Pacific: Island States and Political Autonomy in the Twenty-first Century" (2012) 50 *Commonwealth and Comparative Politics* 439; Jon Fraenkel "Pacific Islands and New Zealand – New Zealand and the Pacific" (20 June 2012) *Te Ara – the Encyclopedia of New Zealand* <https://teara.govt.nz/en>.

23 For example, Godfrey Baldacchino *Island Enclaves: Offshoring Strategies, Creative Governance, and Subnational Island Jurisdictions* (McGill-Queen's University Press, Montreal, 2010); Robert Aldrich and John Connell *The Last Colonies* (Cambridge University Press, Cambridge, 1998); Godfrey Baldacchino and David Milne (eds) *The Case for Non-sovereignty: Lessons from Sub-national Island Jurisdictions* (Routledge, Abingdon and New York, 2009); and Godfrey Baldacchino (ed) *A World of Islands: An Island Studies Reader* (University of Prince Edward Island, Prince Edward Island, 2007).

24 John Overton and others "Reversing the Tide of Aid: Investigating Development Policy Sovereignty in the Pacific" (2012) 135 *Journal de la Societe des Oceanistes* at 10 (citation omitted).

are *not* independent sovereign states but rather, variously constituted dependencies and semi-independent states whose close relationships to the metropolitan patron secures them very high levels of support, together with a very high level of dependence on a single donor.

Second, "constitutional" links can be deemed to explain high per capita aid. John Overton and others draw attention to official development assistance per capita in the Pacific 2010-2014, which has Niue in second place, and the Cook Islands in seventh place, and explain: "States that maintain a higher degree of political association (as dependent territories or degrees of special political status) clearly receive higher levels of per capita aid than those who have acquired full political independence."<sup>25</sup>

Third, there is the question of the sizeable portion of New Zealand aid to the Pacific directed to the Cook Islands and Niue. Overton and Murray comment that "what is notable is the prominent position of the supposed 'realm states' (Cook Islands, Niue, and Tokelau) ... [which] have received a substantial and growing share of New Zealand aid".<sup>26</sup>

One can take issue with this depiction of New Zealand's aid to the Cook Islands and Niue. For example, in 2021, the Cook Islands was the lowest per capita aid recipient in the Pacific, attributed by the Lowy Institute to its "strong economic performance and sound fiscal management".<sup>27</sup> Niue is the highest per capita aid recipient in the Pacific, but this, as the Lowy Institute comments, is "in large part a product of its small population size".<sup>28</sup>

Leaving this aside, the inference drawn, or explanation usually provided, for the Cook Islands and Niue, countries with good social and economic indicators, receiving high per capita aid, which forms a large portion of New Zealand assistance, is the "constitutional" relationship. This explanation of aid volumes is not based on

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25 John Overton and others *Aid, Ownership and Development: The Inverse Sovereignty Effect in the Pacific Islands* (Routledge, London, 2018) at 112-113.

26 John Overton and Warwick E Murray "Aid and sovereignty: Neostructuralism, retroliberalism, and the recasting of relationships in Oceania" in James Randall (ed) *Islands Economic Cooperation Forum Annual Report on Global Islands 2017* (Island Studies Press, Prince Edward Island, 2018) 165 at 180. Statistics do not always support these depictions.

27 Alexandre Dayant and others *Lowy Institute Pacific Aid Map 2023 Key Findings Report* (Lowy Institute, Sydney, 2023) at 12.

28 At 18.



interrogation of New Zealand's aid policies, leaves other reasons unexplored, and, as the Lowy Institute data suggests, is not always factually correct.

#### ***IV INTERPRETATION OF THESE "CONSTITUTIONAL" LINKS***

Other scholars, focussing on quality rather than quantity, take a different view. Despite the "generous"<sup>29</sup> quantity of New Zealand aid, Quentin-Baxter has observed "uncertainties about the purpose of the promised financial and other support, the form in which it should be provided, how it should be quantified and how long it should continue".<sup>30</sup> Tony Angelo has identified the "many debates over the years about the nature of this obligation and the proper levels for administrative and economic support".<sup>31</sup> While governments debate, scholars have suggested what might represent fulfilment of the New Zealand "constitutional" undertakings to continue to provide aid.

The argument is that it is not discretionary. It is an obligation on New Zealand,<sup>32</sup> and a right of the Cook Islands and Niue.<sup>33</sup> "Continuing" means so long as people live in the Cook Islands or Niue and they are in free association with New Zealand.<sup>34</sup> The amount needs to be sufficient to maintain government functions<sup>35</sup> and living standards comparable with New Zealand.<sup>36</sup> It is inappropriate to describe a constitutional obligation as "aid".<sup>37</sup> Subsidies imply an open-ended commitment to maintain or sustain an activity; development aid by contrast is voluntary and

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29 Alison Quentin-Baxter "The New Zealand Model of Free Association: What Does it Mean for New Zealand?" (2008) 39 VUWLR 607 at 618.

30 At 618.

31 AH Angelo "Pacific Constitutions – Overview: the Niue Constitution" (2009) 15 Review Juridique Polynésienne 157 at 165.

32 Tony Angelo and Elisabeth Perham "The Report of the Foreign Affairs, Defence and Trade Committee on New Zealand's Relationships with South Pacific Countries" (2010) 8 NZYbkIntLaw 181 at 188-189.

33 Alison Quentin-Baxter "Sustained Autonomy – An Alternative Political Status for Small Islands" (1994) 24 VUWLR 1 at 4.

34 Alison Quentin-Baxter "Niue's Relationship of Free Association with New Zealand" (1999) VUWLR 589 at 598.

35 AH Angelo "The Niue Constitution" (2009) 15 Revue Juridique Polynésienne 157 at 164.

36 Above n 29 at 619.

37 Above n 32 at 188.

designed to be finite and self-limiting, resulting in self-sustaining change.<sup>38</sup> If issues arise, the governments should consult, and the obligation to assist exists even if full agreement is not reached.<sup>39</sup> The Cook Islands and Niue should meet undertakings, account for expenditure and not misuse funds.<sup>40</sup>

In terms of these measures, some scholars have concluded that New Zealand's provision of aid has fallen short. Blame for this state of affairs has been directed at the Ministry of Foreign Affairs and Trade, and its aid policies.<sup>41</sup> Bertram and Watters described (with disapproval) New Zealand "treating self governing states in free association as though they were independent".<sup>42</sup> They added it was "not surprising that the application of 'aid criteria' to a financial system designed originally to subsidise real standards of living in the Islands should produce results which were subversive of the original social contract of the decolonisation era".<sup>43</sup> However, by 2008, Quentin-Baxter, at least, was more optimistic, pointing to New Zealand's introduction of three year forward planning,<sup>44</sup> the decision to provide whole of government administrative assistance to Niue (and Tokelau),<sup>45</sup> and recognition of objectives other than just economic self-sufficiency in associated states.<sup>46</sup> Angelo commented positively on the 2004 five year Halavaka ke he Monuina economic plan signed with Niue.<sup>47</sup>

These criticisms can be based on an overly positive view of New Zealand's funding prior to self-government. They take insufficient account of the Cook Islands and Niue Governments' own strong desire for greater economic independence from New Zealand, and the steps each has taken towards greater political autonomy. However, they usefully highlight the lack of government agreement on what "constitutional" obligations comprise, and whether these should be measured by the

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38 IG Bertram and RF Watters *New Zealand and Its Small Island Neighbours: A Review of New Zealand Policy towards the Cook Islands, Niue, Tokelau, Kiribati and Tuvalu* (Victoria University of Wellington, Wellington, 1984) at 55.

39 Above n 34 at 597.

40 Above n 29 at 621-622.

41 Above n 29 at 623; above n 38 at 52-56.

42 Above n 38 at 51.

43 At 55.

44 Above n 29 at 621.

45 At 623.

46 At 625.

47 Above n 35 at 165.

volume, nature, mode of delivery, inputs or outcome achieved, and who should make the final call.

That said, despite the lack of clarity and agreement, one would expect to see, at a minimum, "constitutional" ties reflected in not just assurance, but certainty, of New Zealand assistance, and some difference (to the Cook Islands' and Niue's advantage) distinguishing them from other New Zealand aid relationships.

## **V THE QUESTION REMAINS**

Neither of these arguments – that constitutional links explain aid volumes or that constitutional undertakings remain unfulfilled – explore what has, in fact, secured, and shaped New Zealand aid to the Cook Islands and Niue. This article answers the question by tracking the New Zealand policy views and interests that have determined why and what should be provided. It shows how these have affected the volume, nature, mode of delivery and outcomes sought. To do so it draws on archival records and public reports and statements to gain insight into Wellington policy makers' views and decisions.<sup>48</sup>

The best numerical illustration of what New Zealand policy makers consider is required by, and appropriate for, the Cook Islands and Niue is the percentage of Pacific bilateral funding each is allocated by New Zealand. Within the overall approved aid budget, bilateral country allocations are set by New Zealand, initially annually, then triennially. New Zealand officials then hold talks with recipient governments to determine how to spend the allocation, taking into account ongoing and new activities. The attached table shows this data.<sup>49</sup>

### **A The Colonial Status Quo: Pre-1965**

Initially New Zealand focussed on administration of its colonies - the Cook Islands, Niue, and Tokelau - and the United Nations Trust Territory of Western Samoa, now Samoa.

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48 For a Cook Islands perspective see Iaveta Short *False Start in Paradise: Cook Islands Self-government* (Moana Publishing, Cook Islands, 2020); for a Niue view see Terry M Chapman n 18, and Hima Douglas "Niue: the Silent Village Green" in Antony Hooper and others (eds) *Class and Culture in the South Pacific* (University of Auckland and University of the South Pacific, Auckland and Suva, 1987) 186.

49 What is included and the mode of presentation of allocations varies over time, allocations vary between sources consulted, and vary within the same source. Others have had similar difficulties in identifying allocations and consistency; see Glenn Banks above n 22 at 6, and Terence Wood "Aid budget 2024: New Zealand set to join Australia at the bottom" (4 June 2024) DEVPOLICYBLOG <https://devpolicy.org>.

New Zealand sought to reduce cost. A 1955 economic survey of the Cook Islands addressed New Zealand's "problem" – growth in the grants required by the Cook Islands. The "solution" was that Cook Islanders needed to show greater commitment to "self-help". Less clear to the authors, and the New Zealand Government, then (and now) was what level of grant should be provided and what standard of living should be supported by New Zealand. The authors flagged the "application, where feasible, of ... certain minimum welfare standards"<sup>50</sup> based on the New Zealand way of life. But added the proviso that their application "must be related to the climatic, economic and cultural environment".<sup>51</sup>

Seen as an encouragement to "self-help", the Cook Islands and Niue Assemblies (each chaired by a New Zealand resident commissioner) were responsible from 1962 for the appropriation and expenditure of grants. Grants, covering salaries (set in Wellington) and capital works, were set every three years (in 1962/1963, 1965/1966, 1968/1969, and 1971/1972) with supplementary funding provided for wage increases, disasters or an especially large project.

At the same time, New Zealand's Island Territories Minister Götz, in 1962, made it clear that New Zealand readiness to assist was conditional on the Cook Islands and Niue raising revenue themselves.<sup>52</sup>

The Cook Islands and Niue were heavily reliant on New Zealand grants and services. In 1962, at least three quarters of the Cook Islands' budget revenue came from New Zealand, and Niue was even more reliant on New Zealand funding. New Zealand government departments provided a wide range of services, including a regular shipping service.

Funding directed to the Cook Islands and Niue dwarfed New Zealand's aid programme. In 1962 New Zealand's aid was around NZ£1.65 million per year. Around NZ£1 million went to Asia. Newly independent Western Samoa received NZ£167,000, and no budget grant. Further limited funds were spent on Pacific

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50 H Belshaw and VD Stace *A Programme for Economic Development in the Cook Islands* (Wellington, 1955) at 4.

51 At 4.

52 (11 July 1962) Proceedings of the Fifth Session of the Legislative Assembly of the Cook Islands 103.

education and training.<sup>53</sup> In contrast, in 1962/1963, grants alone to the Cook Islands and Niue were around NZ£1 million.<sup>54</sup>

From 1962 steps were taken towards acts of self-determination by the Cook Islanders and Niueans, spurred not just by United Nations interest but also a New Zealand Government expectation that a change in the relationship with New Zealand and greater autonomy would encourage "self-help" and diminish growing costs to New Zealand.

### ***B 1965 to 1974: Cook Islands and Niue Self-Government and New Zealand Seeking to Hold Costs***

The Cook Islands became self-governing in 1965, and Niue self-governing in 1974. Through this period New Zealand's relationships in the Pacific expanded and changed as Pacific islands gained independence, and regional political and other institutions were established. The New Zealand Labour Government, elected in 1972, increased aid.

After the Cook Islands attained self-government in 1965, stewardship of the relationship remained with the Department of Island Territories (later Department of Māori and Island Affairs), retaining continuity of personnel and some consistency of approach. On the other hand, attempts were made to hold funding for the Cook Islands constant in order to "direct the attention"<sup>55</sup> of the Cook Islands to making economies and increasing its local contribution. Despite its different "constitutional" relationship with New Zealand, the same approach was taken to non-self-governing Niue.<sup>56</sup> By 1972, there was reference to subsidies eventually ending.<sup>57</sup>

This approach meant that substantial extra grants, loans and advances, additional to annual allocations, were required to weather financial crises, pay government debts to New Zealand, take on additional costs, and fund special projects to support greater economic independence. In 1971, this ad hoc response was brought to a halt by the New Zealand Government, which launched an investigation by a former New

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53 RH Wade "New Zealand's External Aid Programmes" in TC Larkin (ed) *New Zealand's External Relations*, (New Zealand Institute of Public Administration, Wellington, 1962) 79 at 89.

54 Department of Island Territories "Reports on the Cook, Niue, and Tokelau Islands" [1963] I AJHR A3 at 78.

55 RA Law and CC Kilpatrick, *Report on Financial Aid to Cook Islands for 1971-1974* (Wellington, September 1970) 4.

56 Department of Māori and Island Affairs "Reports on Niue and the Tokelau Islands" [1968] I AJHR A3 at 16.

57 "First Report of the Controller and Auditor-General" [1972] I AJHR B1 [Pt. II] at 37.

Zealand Auditor-General. He confirmed that the Cook Islands Government had insufficient resources to meet its commitments. Problems had arisen because of insufficient account of inflation, additional airport construction costs and its impact on the local economy (temporarily increased tax take but diversion of employment led to a decline in citrus production), deficiencies in local financial control, and the cost of expatriate salary increases and superannuation subsidies.<sup>58</sup>

Self-government constrained New Zealand's ability to intervene in spending decisions by the Cook Islands Assembly. As New Zealand trust diminished, conditionality and controls were introduced, and accountability for funds became an issue.<sup>59</sup> By 1974, the New Zealand Government was under fire. New Zealand Opposition parliamentarians expressed dismay at the cost of the Cook Islands, concern at the Cook Islands' financial management, questioned the sufficiency of New Zealand control of aid funds and the lack of accountability to New Zealand taxpayers.<sup>60</sup>

At the same time international expectations of New Zealand increased. New Zealand saw itself as having a "responsibility for leadership" in development assistance in the region.<sup>61</sup> The British, preparing to depart from the Pacific, thought New Zealand and Australia should be encouraged to pick up their commitments.<sup>62</sup> There was more competition for New Zealand resources.

Moreover, in 1973 New Zealand joined the OECD Development Assistance Committee which measured transfers against international development assistance criteria. New Zealand was required to justify relatively high per capita assistance to the Cook Islands and Niue.<sup>63</sup>

As can be seen in the appendix, the Cook Islands' and Niue's share of aid funding did decrease in this period. In 1963/1964 the Cook Islands received 62 per cent of

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58 "Report of the Māori and Island Affairs Department and Māori Trust Office and the Board of Māori Affairs" [1972] 2 AJHR G9 at 19.

59 David J. Stone "Self Rule in the Cook Islands: the Government and Politics of a New Micro-state" (PhD dissertation, Australian National University, 1971) at 350.

60 (26 Sept 1974) 394 NZPD 4596-4603.

61 Above n 52 at 88.

62 W David McIntyre *Winding Up the British Empire in the Pacific Islands* (Oxford University Press, Oxford, 2014) at 179.

63 Ministry of Foreign Affairs "The Distribution of Foreign Aid" *New Zealand Foreign Affairs Review* (Ministry of Foreign Affairs, Wellington, December 1974) at 17-19.

New Zealand's bilateral Pacific aid, and Niue 24 per cent. By 1974/1975 this had decreased to 30 per cent and 17 per cent respectively.

However, from 1975 a yet more significant change took place in New Zealand's economic circumstances, and in the ideology and management of assistance to the Cook Islands and newly self-governing Niue.

### ***C 1975 to 1984: Introduction of New Zealand Aid Policies and Practices***

The South Pacific remained a foreign policy priority through, in 1975, a change to a National government, and in 1984, back to Labour. From 1976 the New Zealand economy went into recession and inflation grew. Funding was tight, there was a sharp decline in overall aid, but reflecting the priority of the region, New Zealand's bilateral aid to the Pacific rose from around 52 per cent of total bilateral aid in 1975/1976,<sup>64</sup> to 82 per cent by 1983/1984.<sup>65</sup>

From 1975/1976 funding for the Cook Islands and Niue (and non-self-governing Tokelau) was transferred to New Zealand's aid budget. The Cook Islands and Niue were now directly competing with assistance to other states and organisations, and the Ministry of Foreign Affairs took over management of the relationships and introduced new ideas and delivery systems. Alignment with New Zealand aid policies and practices applied to other New Zealand aid recipients became a consideration.

To the New Zealand Government's hope of reduced cost and greater self-sufficiency was added a negative attitude to budget subsidies, and a strong belief that other forms of assistance delivered as projects and training, were better designed to improve economic performance. The New Zealand Government considered that "budget support ... should be contained so that it did not become unacceptably large in contrast to the assistance received by other aid partners, and in order to allow the maximum amount possible to be spent on development".<sup>66</sup> Other forms of assistance also, of course, allowed greater New Zealand oversight.

In 1975, Premier Albert Henry of the Cook Islands reluctantly agreed to progressive reduction in budget support. The plan was to reduce budget support as a

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64 Department of Statistics *New Zealand Official Yearbook 1977* (Department of Statistics, Wellington, 1977) <https://www.stats.govt.nz> at chapter 2 section 2. "Bilateral aid" here includes regional, but not multilateral, allocations.

65 Department of Statistics *New Zealand Official Yearbook 1985* (Department of Statistics, Wellington, 1985) <https://www.stats.govt.nz> at chapter 2 section 2.

66 Ministry of Foreign Affairs "Aid to Niue: Background Paper" 12 July 1983 Ministry of Foreign Affairs and Trade (MFAT), 118/13/107/1A part 2.

percentage of the Cook Islands' government expenditure each year (if not in real terms), from a benchmark of 32 per cent. In the event, "high rates of inflation, increased fuel costs, and until recently economic management difficulties and low economic growth"<sup>67</sup> meant New Zealand accepted this had been proved "unrealistic".<sup>68</sup>

New Zealand concerns about the Cook Islands' financial management intensified. Reinforcing these views, Premier Henry's party lost power in 1978 subsequent to a court case related to the use of public funds to fly in overseas voters. Henry was succeeded by Premier Tom Davis. His economic arguments proved persuasive. In 1980/1981 budget support rose to 42 per cent of the Cook Islands Government expenditure, with a series of ad hoc grants required to cover the impact of increased oil prices.<sup>69</sup> In 1981, the Cook Islands Government requested a halt to cuts in budget support in light of declining GDP and high inflation. Given the economic circumstances, New Zealand agreed to increase the percentage of budget support in the aid allocation and inflation adjust this, while making clear it was not foregoing the "principle" agreed in 1975.<sup>70</sup>

New Zealand officials were initially understanding of problems Niue faced. It was explained to Ministers in 1978 that local revenue had increased at an average annual rate of 33 per cent, but high inflation meant real income had declined. Financial systems, inherited from the New Zealand administration, were inadequate. Monthly payments of budget support rather than once yearly grants, project inputs provided as goods and services, and the discontinuation of supplementary grants, had led to a liquidity problem. No blame attached to the Niue authorities, and the Premier was anxious that Niue not attract the same adverse comment as the Cook Islands. The Niue Government was concerned that further tightening risked population loss. And, New Zealand officials added, this would lead to "still greater diseconomies of scale and a greater need for budgetary support".<sup>71</sup>

However as problems continued, in 1979 Niue Premier Robert Rex formally advised the New Zealand Government that it was not meeting its obligations under the Niue Constitution Act 1974. His argument was couched in terms of the

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67 Ministry of Foreign Affairs "Budget Support" March 1986 MFAT, 118/31/104/1 part 24.

68 Above n 67.

69 Above n 67.

70 Above n 67.

71 Submission from JV Scott to Minister of Foreign Affairs "Aid to Niue" 2 April 1978 ANZ, ABHS 950 31/20/2 part 1 R22473726.



constitutional relationship: New Zealand citizenship meant Niue should not be treated on the same basis as other aid recipients, and he sought longer term assurances of assistance. This rights focussed approach proved less effective than the Cook Islands' representations. Warnings of population loss were yet to ring alarm bells in Wellington. The New Zealand Government was unable to give any open-ended commitment and responded it too was going through difficult times.<sup>72</sup> Niue Government proposals for a funding formula and assurances for 1980 to 1985 fell on unreceptive ears.

With Niue's fundamental issues unaddressed, in 1981 New Zealand ministers' attention was drawn to New Zealand's assumed broader interests; that "New Zealand, for political, social and strategic reasons (and of course its constitutional obligation), does not wish the economy of Niue to decline significantly ... On the other hand some incentive towards Niuean self-discipline on expenditure and effort on revenue generation would be desirable".<sup>73</sup> Despite the nod to "constitutional obligation", ministers remained reluctant to commit more than yearly, allocations continued to fall short of needs, Niue again fell into debt, and ad hoc grants continued.

This approach was seemingly supported by experts on the government's Advisory Committee on External Aid and Development (comprising representatives of academia, business and a politician) in their 1984/1985 report. While recognising the "special relationship" with the Cook Islands, Niue, and Tokelau, the committee was "concerned" by increases in the proportion of New Zealand aid they received, and the fact the bulk was budget support; a concern the committee said, that was shared by the OECD Development Assistance Committee.<sup>74</sup>

In 1975/1976 the Cook Islands received 31 per cent of New Zealand's Pacific bilateral aid (an untypical year; in 1976/1977 it was 25 per cent), and Niue 14 per cent. By 1983/1984 the respective figures were much the same; 26 per cent and 13 per cent. However with the introduction of neoliberal economic policies in New Zealand, for the Cook Islands and Niue, more difficult times lay ahead.

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72 Submission from Secretary of Foreign Affairs to Minister of Foreign Affairs "Bilateral Aid: Niue: Visit of Premier" 4 September 1979 ANZ, ABHS 950 59/296/3 part 1 R22477425.

73 Submission from ER Woods to Minister of Foreign Affairs "Report on Aid Visit to Niue" 21 October 1981 MFAT, 118/13/107/12A part 1.

74 Advisory Committee on External Aid and Development Annual Report 1984/85 (Wellington, undated) at 5.

### ***D 1985 to 1990: The Impact of Economic Reforms in New Zealand***

With the New Zealand economy worsening, the Labour government elected in mid-1984 introduced a programme of radical and domestically controversial economic change, deregulating the New Zealand economy, removing subsidies and cutting the public sector. New Zealand went into recession, unemployment rose, and the economy did not recover until 1992. From 1985 aid to the Pacific fell in real terms.<sup>75</sup> Commercial rates were introduced for government services provided to the Pacific. New Zealand's economic approach and financial circumstances, and the domestic political repercussions, were reflected in its aid policies and approach to the Cook Islands and Niue.

With the Cook Islands' economy improving, the New Zealand government returned to the question of budget support, sitting at around 35 per cent of the Cook Islands Government expenditure.<sup>76</sup> In 1986 New Zealand Prime Minister David Lange told Cook Islands Prime Minister Davis that what he described as New Zealand's "disproportionate assistance" to the Cook Islands was a "political problem", and suggested he saw budget support as an unhealthy handout.<sup>77</sup> Budget support was capped at NZ\$10 million for 1986/1987 (a reduction of NZ\$350,000 over 1985/1986) and Prime Minister Davis was subsequently consulted on, but did not agree to, cuts in budget support. He was reluctant to lose New Zealand funding and was concerned that the Cook Islands' association with New Zealand limited the readiness of other donors to provide assistance. Change was instituted over his objection. When a timeline could not be agreed, 20 years was introduced unilaterally by New Zealand in 1988. This was despite a macro-economic review which, while confirming the feasibility of reducing budget support, drew attention to the severity of reductions in real terms (23 per cent between 1985/1986 and 1987/1988), and a danger the economy could be pushed into a decline.<sup>78</sup>

By 1984 Niue's already small population was down 25 per cent from 1976. This now galvanised attention and in 1985 the Joint New Zealand/Niue Review Group was established, with three members nominated by each government, drawn from

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75 John Overton "Reshaping development aid: implications for political and economic relationships" (2009) 5 (3) Policy Quarterly 3 at 4.

76 Letter from Richard Rawnsley to Dr T Loomis "Cook Islands Research Project" 18 October 1985 MFAT, 118/13/104/1 part 23.

77 "Record of Discussion between Rt Hon David Lange and Sir Thomas Davis on the Relationship between New Zealand and the Cook Islands: 16 April 1986" MFAT, 118/13/104/1 part 24.

78 Submission from CV Bell to Associate Minister of Foreign Affairs "ODA: Cook Islands Development Cooperation Discussions" 23 August 1988 MFAT, 118/13/104/1 part 31.

both government and private sector. The group said that maintaining a "living community" on Niue was paramount. Key to this was containing differences in the standard of living between New Zealand and Niue. Taking aim at New Zealand aid policies, and probably influenced by the views of review group member Alison Quentin-Baxter, the group argued New Zealand assistance should aim at improving the standard of living, rather than economic self-reliance, aid should not be reduced by the amount of local revenue raised, the grant should be established for a three year period, the amount should not be determined in the context of other Pacific allocations, arrangements should be established with New Zealand government agencies, and air services should be reviewed and shipping should be secured. While the Niue public service was too large for the population, a sudden reduction in numbers would lead to further outward migration. Instead reduction should be achieved by attrition.<sup>79</sup> The report was endorsed by both the Niue and New Zealand Governments.

Based on these objectives, the Niue government drew up a three year Niue Concerted Action Plan for the period 1988/1989 to 1990/1991, later extended to 1991/1992. New Zealand allocated NZ\$33 million for Niue for the initial three years. This included a declining amount of budget support, to ensure Niue reduced its public sector employees. Budget support (which met around 70 per cent of Niue's recurrent budget)<sup>80</sup> fell from just under NZ\$7.5 million in 1987/1988 to NZ\$7 million in 1990/1991. Niue Concerted Action Plan expenditure was slower than expected, the aid programme as a whole was under significant constraint, and various events (scheduled air services ceased for almost three years, the shipping service was temporarily suspended, Cyclone 'Ofa struck) acted against Niue's fulfilment of its objectives.

While the review group took aim at aid policy and practice, the recommendations were soon overtaken by New Zealand government economic ideology and domestic politics. In an echo of Minister Götz, almost 30 years earlier, New Zealand Foreign Minister Russell Marshall told the Niueans in 1989 that there was "no free lunch". New Zealand's hard times and public opinion increasingly critical of government expenditure were reflected in an unsympathetic New Zealand Cabinet and public.<sup>81</sup>

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79 Niue Review Group *Report of the Joint New Zealand/Niue Review Group to the Prime Minister of New Zealand and to the Premier of Niue* (Wellington and Alofi, Niue Review Group, August 1986).

80 "Ministry of External Relations and Trade to International Monetary Fund" 26 May 1989 MFAT, 118/13/107/1 part 25.

81 "Talking Points Prepared for Minister's Meeting with Niue Cabinet: Bilateral Issues" MFAT, 118/13/107/1 part 25.

Minister Marshall stated that "the willingness of the New Zealand government to keep on putting that money in to sustain a public service which is vastly over-blown in its size, that willingness is fast disappearing".<sup>82</sup> Ignoring Niuean concerns about population loss, Niue was told it must reduce the public sector.

A broad review of New Zealand's relations with the South Pacific was undertaken by the South Pacific Policy Review Group, comprising ten New Zealand public sector, private sector and non-government organisation representatives. Its 1990 report to the New Zealand Prime Minister was also very pessimistic about Niue's prospects. It considered that falling population and high per capita New Zealand assistance meant the Niue Concerted Action Plan was Niue's "last chance", and, it flagged the threat that, "Niue's future as a political entity in its present form, and New Zealand's constitutional obligations, will be on the line".<sup>83</sup> This was despite there being no indication Niueans were looking for a reduction in self-government, that recolonisation would carry international reputational risk for New Zealand, and was unlikely to save New Zealand any money or reverse population loss.<sup>84</sup>

At the end of the 1980s, there matters lay. Despite New Zealand efforts to reduce this, both the Cook Islands and Niue still received budget support, and New Zealand assistance to the Cook Islands and Niue still remained comparatively high. The Cook Islands received 26 per cent of New Zealand's bilateral Pacific aid in 1985/1986, and 23 per cent in 1990/1991. Niue received 12 per cent in 1985/1986 and 15 per cent in 1990/1991. Times remained tough, and the full implications of New Zealand's policies were to become very apparent in the period ahead.

### ***E 1991 to 1999: Financial Crisis in the Cook Islands; a New Approach in Niue***

The National government, which won the New Zealand 1990 election, maintained continuity in New Zealand's approach to the Pacific, and to the Cook Islands and Niue. The New Zealand economy began to recover from 1992, and aid volumes recovered from the late 1990s, but the economic approach remained much the same. In 1991 New Zealand Minister of External Relations and Trade, Don McKinnon, expressed disappointment with Niue's progress in, by now, familiar

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82 Newztel log: TV One "Frontline" 21 May 1989 MFAT, 118/13/107/1 part 25.

83 South Pacific Policy Review Group *Towards a Pacific Island Community* (Wellington, 1990) at 57.

84 For the views of the review group chair, see John Henderson "The Politics of Association: a Comparative Analysis of New Zealand and United States Approaches to Free Association with Pacific Island States" (2002) II Review Juridique Polynésienne 77.

terms: "levels of future assistance will depend on results. Here, in New Zealand, the Government is saying that we can't afford a subsidised cradle-to-grave approach any more. The same philosophy and financial discipline must be applied to those we underwrite in the region".<sup>85</sup> He was more encouraged by the Cook Islands, noting the Cook Islands' greater self-reliance, with New Zealand's contribution now under 20 per cent of the Cook Islands overall budget.

Reductions in the Cook Islands' budget support continued. The New Zealand Government goal was "full Cook Islands responsibility for the size and scope – and cost – of its government".<sup>86</sup> A Cook Islands proposal to allocate budget support specifically to education and health spending was rejected by New Zealand. But in the mid-1990s a major decline in tourism to the Cook Islands was accompanied by a financial crisis, brought about by external borrowing (representing a debt to GDP ratio of 139 per cent in 1997/1998) to fund salaries, welfare and capital expenditure.<sup>87</sup> In early 1995, the New Zealand Government learnt that Prime Minister Geoffrey Henry, elected in early 1989, had signed letters of guarantee worth around US\$1 billion. Minister McKinnon quickly made it clear New Zealand had "no responsibility or liability for any debts the Cooks may have incurred as a result of the alleged deals"<sup>88</sup> However New Zealand did provide assistance to try to ascertain the scale of the problem.

Worse were allegations that the Cook Islands Government was aiding New Zealand businesses to avoid paying tax in New Zealand, which became a New Zealand domestic political issue. With parliamentarians and others calling for New Zealand to cut aid, in early 1996 Minister McKinnon announced 'tough love' for the Cook Islands. Aid would be withheld until a restructuring plan to deal with the economic problems was in place. The Minister explained:<sup>89</sup>

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85 Ministry of External Relations and Trade "Our Home Region: The South Pacific: Address by Don McKinnon to the New Zealand Institute of International Affairs on 26 March" New Zealand External Relations Review (1991) 41(2) at 21.

86 Telegram Wellington to Rarotonga "Cook Islands; Budgetary Support/Education" 30 May 1991 MFAT, 118/13/104/38 part 4.

87 Asian Development Bank "Program Performance Audit Report on the Economic Restructuring Program in the Cook Islands" (December 2002) <https://www.adb.org/sites/default/files/evaluation-document/35196/files/ppa-coo-30346.pdf> at iiv.

88 Ministry of Foreign Affairs and Trade "New Zealand Seeks Answers on Cooks Financial Woes" New Zealand Foreign Affairs and Trade Record (February 1995) at 34.

89 Ministry of Foreign Affairs and Trade "'Tough Love' for the Cook Islands" New Zealand Foreign Affairs and Trade Record (February 1996) at 14.

We feel for Cook Islanders as they deal with the consequences but we also have a duty to New Zealand taxpayers many of whom have had to face restructuring at home with all that implies for income, employment and long-term security.

In July 1996, aid was resumed, directed to the Cook Islands' restructuring programme developed with Asian Development Bank assistance, but budget support ended and New Zealand assistance halved from NZ\$11.800 million in 1996/1997 to NZ\$6 million in 1997/1998.<sup>90</sup> Public sector cuts reduced public sector employees from 3,205 in 1996 to 1,319 in 1999, and led to a catastrophic large scale departure of Cook Islanders. The resident population dropped by over 3000 to 15,017.<sup>91</sup>

As for Niue, the New Zealand Government concluded the Niue Concerted Action Plan had made little progress with achieving greater self-sufficiency: eighty per cent of the workforce was in public service employment, the private sector remained "stifled" and high expectations of New Zealand assistance remained.<sup>92</sup> New Zealand remained preoccupied by its own economic difficulties, close scrutiny of government expenditure and cut backs, including in social welfare and aid. The Niueans pointed to the constraints they faced on Niue and risks to Niuean society through migration.<sup>93</sup> The New Zealand Government unilaterally decided both total funding to Niue and the budget support component were to be further reduced.<sup>94</sup>

In 1991, Premier Rex responded by drawing attention again to New Zealand undertakings in the Niue Constitution Act, the jointly agreed 1986 Niue Review Group report, and the importance of consultation.<sup>95</sup> In 1992/1993 budget support comprised over 60 per cent of Niue's budget.<sup>96</sup> New Zealand pressed ahead. In 1995, to secure additional funding to extend the airport runway and build the Matavai

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90 Statistics New Zealand *New Zealand Official Yearbook 1997* (Statistics New Zealand, Wellington, 1997) <https://www.stats.govt.nz> at chapter 4 section 4.1; Statistics New Zealand, *New Zealand Official Yearbook 1998* (Statistics New Zealand, Wellington, 1998) <https://www.stats.govt.nz> at chapter 4 section 4.1.

91 Secretariat of the Pacific Community, *Demographic Profile of the Cook Islands 1996-2002* (Noumea: Secretariat of the Pacific Community, 2005).

92 Paper from Don McKinnon Minister of External Relations and Trade to Cabinet "Aid to Niue" MFAT, 118/13/107/12A part 2.

93 "Notes on Meeting with Niue Cabinet on 15 January 1991" MFAT, 118/13/107/1 part 29.

94 Letter from Don McKinnon Minister of External Relations and Trade to Hon Sir Robert Rex Premier Niue 1 July 1991 MFAT, 118/13/107/12A part 2.

95 Letter from Sir Robert Rex Premier to JB Bolger Prime Minister 3 May 1991 MFAT, 118/13/107/12 part 8.

96 Ministry of External Relations and Trade *Project Profiles 1992/93* (Ministry of External Relations and Trade, Wellington).

Resort, and despite subsequent attempts by Niue Premier Frank Lui (elected in 1993) to revisit this, the Niue government had to agree to a phased reduction in budget support.<sup>97</sup> The schedule of reductions was \$250,000 per year from \$5 million in 1995 to \$3.5 million in 2000/2001. In 1995/1996 budget support met about half Niue's budget needs.<sup>98</sup>

Nevertheless, in response to Premier Lui's concerns, a review of New Zealand aid was commissioned. It came up with the traditional formula - accelerated cuts to budget support and increased project aid – along with setting up a trust fund.<sup>99</sup> This now fell on less receptive ground. By this stage New Zealand officials had doubts that public sector cuts would necessarily lead to private sector growth, and were becoming aware of the migration consequences of the solution proposed, with implications for Niue's (and the Cook Islands') viability.<sup>100</sup>

New Zealand's approach in this period remained dominated by further squeeze on funding, and expectations of the Cook Islands and Niue shaped by New Zealand's domestic economic philosophy and political desire to align the Cook Islands and Niue with this. While aid volumes recovered in the late 1990s, the share of bilateral Pacific aid received by the Cook Islands reduced from 24 per cent in 1991/1992 to 9 percent in 1999/2000, and Niue's share reduced from 16 per cent to 10 per cent. With a change of government in New Zealand in 1999, and review of New Zealand aid, the financial relationships and philosophy underpinning these were once again revisited.

### ***F 2000 to 2008: NZAID and Poverty Elimination***

In 2001 the New Zealand Labour/Alliance government, elected in 1999, commissioned a review of New Zealand aid, and decided development assistance should be directed at poverty elimination, with a continued Pacific focus. A new semi-autonomous agency was established in 2002 – NZAID - intended to distance aid from political considerations. Aid funding steadily increased from 2004.<sup>101</sup>

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97 Letter from FF Lui Premier to Warren Searell High Commissioner 3 April 1995 MFAT, 118/13/107/1 part 34.

98 Ministry of Foreign Affairs and Trade, *Project Profiles 1995/96* (Ministry of Foreign Affairs and Trade, Wellington).

99 Submission from Gordon Shroff to Minister of Foreign Affairs and Trade "NZODA: Niue: Review and Economic Reform" 9 September 1998 MFAT, 118/13/107/1 part 43.

100 "Inaugural Niue/New Zealand Joint Consultative Group Meeting, 29 March – 2 April 2000" MFAT, NIU/NZ/2/3 part 1.

101 OECD *OECD Development Assistance Peer Reviews: New Zealand 2010* (OECD Publishing, Paris, 2011) at 39.

While, in 2001, at least, it was not considered timely to reduce Polynesian country allocations pending further review, New Zealand aid interest broadened from its traditional partners in Polynesia, to the poorer western Pacific, traditionally an area of greater Australian attention.

This raised the question of how to present continued assistance to the Cook Islands and Niue. The Cook Islands was classed as a upper middle income country; Niue, along with Fiji, Tonga and Tokelau, a lower middle income country. The review suggested that "constitutionally-derived payments" to Niue, Cook Islands (and Tokelau) should come from the Foreign Affairs, not the official development assistance budget.<sup>102</sup> In the end, funding stayed in the official development assistance vote, but was explained as supporting New Zealand's "special relationships" and delivering economic assistance to fulfil "constitutional obligations to Niue".<sup>103</sup> What "constitutional obligations" meant, in terms of volumes, the mode of delivery and the standard of living to be supported, remained unclear. However in 2003/2004 multi-year appropriation of NZAID funding was introduced, allowing (for all recipients) "more predictable and long-term commitments on aid flows".<sup>104</sup>

Development assistance to the Cook Islands was handled in the same way as to others; rather undermining the argument of scholars that all "qualified for special attention because of their constitutional ties to New Zealand".<sup>105</sup> The Cook Islands economy grew from 2000, and this was expected to continue. New Zealand's aid to the Cook Islands was held at the figure since cessation of budget support in 1997/1998,<sup>106</sup> augmented by cyclone recovery assistance in the latter part of the period. From 2005/2006 New Zealand also took on management of Australian aid to the Cook Islands.

Under NZAID, New Zealand aid to Niue was held at the 1999/2000 level. The Niue Government had the New Zealand Government and company registrations as

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102 Joseph Grossman and Annette Lees, *Towards Excellence in Aid Delivery: A review of New Zealand's Official Development Assistance Programme: Report of the Ministerial Review Team* (Wellington: March 2001) at 8.

103 NZAID *Policy Statement: Towards a Safe and Just World Free of Poverty* (NZAID, Wellington, July 2002) at 8.

104 OECD *OECD Development Assistance Peer Reviews: New Zealand 2005* (OECD Publishing, Paris, 2006) at 19.

105 Banks, above n 22, at 15.

106 Catherine Graham "Cook Islands: Visit of Prime Minister Dr Terepai Maoate to Wellington 28-29 February 2000" 28 February 2000 MFAT, DEV/COK/NZ/1/1 part 2.



its only major sources of funding. The Niue government view was that "urgent additional source of funds" was required.<sup>107</sup>

New Zealand Prime Minister Helen Clark became alarmed at Niue's circumstances and the consequences of the reductions in funding since 1995. Population was in decline. The Niue government was having to resort to risky ventures to support itself. Her view was that continuing to cut funding meant there was a possibility Niue would not survive. To earlier concerns about Niue's survival as a "political entity", was now added concern that Niue's culture and language was under threat; a concern shared by Niue's Premier Young Vivian. None of this would of course reflect well on New Zealand, internationally or domestically. In response to her intervention, budget support rose, to \$5.75 million in 2003/2004, of total funding of \$8.250 million. However part of this sum was compensation for estimated revenue forgone by Niue closing its offshore finance centre, at New Zealand urging.

Also in 2003, the New Zealand Cabinet agreed to provide coordinated whole of government administrative assistance to Tokelau and Niue, in recognition of their constitutional relationship to New Zealand. It was unclear if this was implemented, and if so, how it was funded.

In January 2004 Cyclone Heta devastated Niue, and NZ\$5 million was pledged for reconstruction work.<sup>108</sup> Focussing not just on economic development but also cultural and social wellbeing, another new strategy with Niue was announced in October 2004: the NZ\$20 million five year Halavaka ke he Monuina Arrangement. It consisted of budget support, better links between New Zealand and Niue government agencies, help for economic development, a new emphasis on language and culture, and infrastructure and environmental projects.<sup>109</sup> Subsequently a trust fund was established, with New Zealand, Australian and Niuean input.<sup>110</sup> (This idea was not new or specific to Niue; New Zealand had been involved in the establishment of the successful Tuvalu Trust Fund in 1987.<sup>111</sup>)

Despite New Zealand depicting aid to the Cook Islands and Niue as 'constitutionally' required, it is not clear that the change of label led to any ideological change of approach. But the following period was to see a very sour verdict by the

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107 Niue Government, *Halavaka ke he Monuina: Niue Integrated Strategic Plan 2003 – 2008*, 6.

108 Phil Goff "New Zealand gives \$5 million to help rebuild Niue" (press release, 21 January 2004).

109 Helen Clark "NZ and Niue Sign New Partnership Agreement" (press release, 31 October 2004).

110 Helen Clark "Niue Trust Fund Deed Signed" (press release 26 October 2006).

111 Winston Peters "NZ Contributes to Tuvalu Trust Fund" (press release, 2 October 2007).

New Zealand parliamentary Foreign Affairs, Defence and Trade Committee on the efficacy of New Zealand assistance to the Cook Islands and Niue.

***G 2009 to 2017: Alignment with Foreign Policy and Economic Development***

In early 2009 the newly elected New Zealand National government announced that aid would be aligned with foreign policy priorities. NZAID was disestablished. Foreign Minister McCully said he, rather than 'so-called "development experts"', would decide how aid would be spent.<sup>112</sup> Traditional Polynesian partners, Niue, the Cook Islands, Tokelau, Tonga, Tuvalu, and Samoa, were re-prioritised. The objective of sustainable economic growth replaced poverty elimination. Subsequent analysis has shown that while there was little change in the volume and direction of New Zealand aid flows to the Pacific, increased emphasis was put on geostrategic and commercial benefits.<sup>113</sup> Foreign Minister McCully warned that "others, from outside the region, have moved in to the space that we have unwisely vacated".<sup>114</sup> There were also domestic considerations. Pacific peoples in New Zealand had traditionally voted Labour; Prime Minister John Key made clear he wanted National to attract these votes.<sup>115</sup>

Consistent with changes in development thinking, in 2004, New Zealand had introduced its first programme of sector support (including budget support) for education, in Solomon Islands.<sup>116</sup> Similar sector support was provided in Papua New Guinea. The 2005 OECD Development Assistance Committee peer review of New Zealand aid urged New Zealand to greater use of budget support, to facilitate local ownership.<sup>117</sup> Finally, by 2015, general budget support to the Cook Islands was restored. Apparently forgetting the decades New Zealand had sought to eliminate budget support, the Cook Islands was blamed for withdrawal of this twenty years

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112 Murray McCully "McCully: New priorities for New Zealand aid" (speech to the New Zealand Institute of International Affairs, 1 May 2009).

113 Jo Spratt and Terence Wood "Change and Resilience in New Zealand Aid under Minister McCully" *Policy Quarterly* (2018) 14 (2) 25.

114 Above n 112.

115 Leon Carlton Iusitini "The Political Engagement of Pacific Peoples in New Zealand" (MA thesis, Auckland University of Technology, 2013) at 37-38.

116 Phil Goff "Speech to Solomon Islands Chamber of Commerce" (speech, 9 June 2004).

117 Above n 104, at 19.

earlier; it was because of "the mismanagement of funds earmarked for development projects".<sup>118</sup>

The Halavaka ke he Monuina funding for Niue came to an end with, in 2009, Premier Toke Talagi raising with New Zealand Prime Minister John Key his frustration that funding for economic activities, managed by New Zealand, had not been spent.<sup>119</sup> Niue was still receiving what was now called general budget support, although occasionally some was delivered earmarked for a sector.<sup>120</sup>

In 2010 the New Zealand parliamentary Foreign Affairs, Defence and Trade Committee chaired by National MP John Hayes (a former foreign affairs official) reviewed New Zealand's relationships with the Pacific.<sup>121</sup> The conclusion was, with respect to the Cook Islands and Niue, that "the decolonisation experiment ... has largely fallen short of the expectations of all parties".<sup>122</sup> Much in the report was not new; for example the emphasis on private sector development and concern about the size of the public sector. But it also argued that services in the Cook Islands, Niue (and non-self-governing Tokelau) should be harmonised with those of similar sized population centres in New Zealand, and, echoing Belshaw and Stace in 1955, with variations appropriate to local culture.<sup>123</sup> (In 2004 Collin Tukuitonga had commented on this approach, flagging the Niuean "fear the island may become neglected in similar ways to many small rural communities throughout New Zealand".<sup>124</sup>) To achieve this harmonisation the report proposed coordination among all New Zealand government agencies to deliver services (health, education, law and order and justice, and infrastructure were cited) directly to what were referred to as "Realm entities".<sup>125</sup>

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118 "Cooks to have NZ aid paid directly into budget" *Radio New Zealand* (online ed, New Zealand, 31 March 2016).

119 Tracy Watkins "Key laughs off Niue aid swipe" *Stuff* (online ed, New Zealand, 17 July 2009).

120 Adam Smith International "Evaluation of the Niue Country Programme" (report to Ministry of Foreign Affairs and Trade, Wellington, December 2015) at 23-24.

121 Foreign Affairs, Defence and Trade Committee "Inquiry into New Zealand's Relationships with South Pacific Countries" (presented to the House of Representatives, Wellington, December 2010)

122 At 21.

123 At 27.

124 Colin Tukuitonga "Resilient Niuean People Weather the Storm" *New Zealand Herald* (online ed, Auckland, 18 January 2004).

125 Above n 121 at 29.

Despite the report's negativity, and recommendations with which it disagreed, the Niue Government did welcome recognition of the special relationship, in similar terms to Premier Rex's representations 50 years earlier, although it summed up Niue's experience of New Zealand officials as "giving assistance but begrudgingly".<sup>126</sup> The Cook Islands Government did not respond formally to the report, but comments made by others – "anchored in colonialist ideology and philosophy ... It treats the Cook Islands as an ... ongoing inconvenience" - suggest its conclusions may not have been viewed positively.<sup>127</sup> The New Zealand Government response simply flagged that the proposals would need consultation with Realm partners as they had budgetary and constitutional consequences.<sup>128</sup> Legal scholars have commented that the report "denies the right to self-government, ignores the autonomy of these communities and presumes the constitutional authority of the state of New Zealand within the Realm".<sup>129</sup>

Comparing allocations for 2009/2010 with 2017/2018, percentages remained fairly constant for both the Cook Islands (8 per cent and 9 per cent of New Zealand Pacific bilateral aid) and Niue (9 per cent and 8 per cent). Nevertheless, the increased emphasis on New Zealand citizenship, and being part of the "Realm of New Zealand" took hold. For what this might mean in real terms, the Cook Islands and Niue had to await the next period to discover.

## **VI 2018 – 2022 "THE REALM", STRATEGIC COMPETITION, INTEGRATION**

The 2017 election delivered a Labour-led government, with Foreign Minister Winston Peters drawn from coalition partner New Zealand First. Realisation that New Zealand's Pacific relationships could no longer be taken for granted led to the "Pacific Reset" announced in early 2018.<sup>130</sup> New Zealand's interests had a familiar ring - identity, national security, shared prosperity, international reputation, influence – to which was added "New Zealand values".

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<sup>126</sup> Letter from Secretary to Government, Government of Niue to New Zealand High Commissioner, Niue, regarding the Inquiry into New Zealand's Relationships with South Pacific Countries (15 March 2011).

<sup>127</sup> Nerys Case "Hayes report Plays to New Zealand Taxpayers" (Rarotonga, *Cook Islands News*, 20 January 2011).

<sup>128</sup> "Government Response to the Foreign Affairs, Defence and Trade Committee Report: Inquiry into New Zealand's Relationships with South Pacific Countries" (presented to the House of Representatives, Wellington, undated).

<sup>129</sup> Above n 32, at 187.

<sup>130</sup> Winston Peters "Shifting the Dial - Speech to Lowy Institute" (speech, March 2018).

The Pacific Reset was followed by a "Pacific Resilience" framework, introduced by Foreign Minister Mahuta, after Labour won the 2020 election, deep in the throes of the Covid-19 pandemic.<sup>131</sup> Aid was a vehicle to not just protect interests, but to extend influence. New Zealand's broader foreign policy interests were explicitly set out in each of its 2021 development plans concluded with Pacific island countries:<sup>132</sup>

...coherence across our diplomatic, trade and economic, climate change, environment, security, and development objectives to deliver sustainable progress in developing countries, and advance New Zealand's interests and values. As such, our development contribution (both policy and financial) is an integral pillar of our foreign policy – it reflects our network of international relationships and commitments, and is an expression of our values.

To this end, the New Zealand Government moved to embed Pacific assistance into its domestic policy framework, and have the latter include consideration of implications for the Pacific. Consideration of the implication of New Zealand policies for the Pacific was well overdue. But it can risk conflating the interests of Pacific states with the interests of Pacific populations in New Zealand. Moreover, locking Pacific states into New Zealand institutions (for example, New Zealand education qualifications) risks reducing their autonomy of action. A demonstration of this was when the New Zealand Government halted the Cook Islands Prime Minister Mark Brown's announced plan to open the Cook Islands to New Zealand tourists in early May 2021, and sent a health team to determine the Cook Islands "readiness".<sup>133</sup> Some Cook Islands business owners saw this as "self-motivated paternalism or latter-day colonialism".<sup>134</sup>

Two initiatives in this period could be seen, at first glance, as demonstrating "constitutional" ties. First, as part of the reset, the New Zealand Government developed a Pacific Realm Policy Framework, apparently without agreement of the Cook Islands and Niue Governments each of whom has an interest in how its relationship with New Zealand is depicted. The framework revived the 2003 Labour-led government's cabinet directive to provide coordinated whole of government administrative assistance to non-self-governing Tokelau and self-governing Niue,

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131 Nanaia Mahuta "Aotearoa New Zealand's Pacific Engagement: Partnering for Resilience - Speech to the NZIIA" (speech, 3 November 2021).

132 Ministry of Foreign Affairs and Trade "Cook Islands Four Year Plan" (Wellington, October 2021) at 3.

133 Jonathan Milne "New Zealand nixes Cook Islands plan to welcome back Kiwi tourists next week" (online ed *Newsroom*, New Zealand, 23 April 2021).

134 Above n 133.

and extended this to the Cook Islands. However while a subsequent stocktake report on such assistance showed a significant number of activities already underway, these were primarily funded through development assistance, and many also involved others in the Pacific.<sup>135</sup> Moreover, now, the "coordinated approach", originally directed at the Cook Islands and Niue and justified by the "constitutional relationships", features in Foreign Affairs' October 2021 four year plans for Pacific aid partner countries as one of the principles for New Zealand's engagement.<sup>136</sup>

Second, from 2020 OECD donors could no longer report contributions to the Cook Islands as "official development assistance", as the Cook Islands had been above the World Bank high income country threshold for three years. It is possible to take issue with the methodology behind the determination of the Cook Islands development status, and argue that in small islands the cost of delivery of basic services is very high, and that large natural disasters have a devastating impact.<sup>137</sup> That was presumably a consideration. However the decision to continue assistance was depicted as a consequence of New Zealand's "strong commitment and Cook Islands' status as a member of the Realm of New Zealand".<sup>138</sup> Closer examination suggests other interests were in play.

In 2016, New Zealand and Cook Islands officials commissioned an evaluation of the "post-ODA" impact on the Cook Islands of its anticipated graduation from upper middle income status to high income status. In 2022/2023 New Zealand contributed over 62 per cent of the Cook Islands donor assistance.<sup>139</sup> The evaluation concluded that:<sup>140</sup>

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135 Submission from Jonathan Kings to Minister of Foreign Affairs "Pacific Realm Administrative Assistance Stocktake Report" (10 December 2019) (obtained under Official Information Act 1982 request to Ministry of Foreign Affairs and Trade).

136 These can be found at Ministry of Foreign Affairs and Trade "Our development cooperation partnerships in the Pacific" [www.mfat.govt.nz](http://www.mfat.govt.nz).

137 Erin Harris "The Cook Islands and the downside of developed country status" (10 October 2017) The Interpreter <https://www.lowyinstitute.org/the-interpreter/archive>.

138 Ministry of Foreign Affairs and Trade "Our development cooperation in Cook Islands" (<https://web.archive.org/web/20240815173844/https://www.mfat.govt.nz/en/countries-and-regions/australia-and-pacific/cook-islands/new-zealand-high-commission-to-the-cook-islands/our-development-cooperation-in-cook-islands>). Interestingly this has been removed from the latest iteration of the web page.

139 Mark Brown *Cook Islands Government Budget Estimates 2022/23 Book 1* (MFEM, Rarotonga, May 2022) at 193.

140 Geoff Bertram "Implications of the Cook Islands' Graduation from Development Assistance Committee (DAC) Eligibility" (report to Ministry of Foreign Affairs and Trade, Wellington, 8

Apart from any possible effects on New Zealand's aid programme, DAC graduation has very limited implications for the Cook Islands. In terms of financial assistance, around half of the economy's aid now comes from sources that appear insensitive to DAC graduation, and this will increase with the rising donor profile of China and international climate change agencies such as GEF.

It was likely not lost on New Zealand that other governments and organisations, including China, intended to provide ongoing support regardless.

In this period, while aid rose, the share of bilateral Pacific aid available to the Cook Islands and Niue remained relatively constant. In the post-Covid allocations for 2021 to 2024, the Cook Islands was initially allocated seven per cent of bilateral Pacific funds (which later rose to 13 per cent) and Niue eight per cent (later nine per cent).<sup>141</sup> This included budget support, now provided to at least 10 Pacific countries.<sup>142</sup>

## VII CONCLUSION

While it has never been agreed what "constitutional" obligations would look like in practice, it is difficult to discern "constitutional" obligations shaping New Zealand aid policy thinking, or to see the measures scholars have suggested would represent this. Rather than security and assurance of continued aid, the New Zealand Government has stated its aid is conditional, and at times it has been unilaterally reduced or withdrawn. Nor it is evident that aid to the Cook Islands or Niue is different, to their advantage. It is difficult to see how "constitutional" ties explain New Zealand aid volumes when the policy effort over the years has been to reduce aid and align it with that to others. Where those measures do appear they are part of a more widely adopted policy shift, also applied to others.

Instead, the policy record shows the long term objective was to shift historical colonial patterns of the share, the nature and the scale of assistance. The Cook Islands and Niue embarked on self-government with a relatively good standard of living, substantial dependence on financial support from New Zealand, and that support dwarfed anything New Zealand provided to others. That could not be changed in a

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December 2016). For an update see Mark Brown *Cook Islands Government Budget Estimates 2023-2024 Book 1 (MFEM, Rarotonga, May 2023)* at 183.

141 Ministry of Foreign Affairs and Trade "Our Planned Aid Expenditure" (<https://web.archive.org/web/20240514174702/https://www.mfat.govt.nz/en/aid-and-development/our-approach-to-aid/where-our-funding-goes/our-planned-aid-expenditure>).

142 Foreign Affairs, Defence and Trade Committee "Inquiry into New Zealand's aid to the Pacific" (Wellington, August 2020) at 14.

hurry. However the aim was to reduce cost, standardise aid provision to the Cook Islands and Niue, change the mode of delivery, reduce their share of New Zealand aid, and by carrot or stick, encourage greater "self-help".

The ideology underpinning this can be traced through changes in New Zealand governments. The mode of "carrot and stick" applied reflected changes in economic philosophy. New Zealand's own resources, and consistency with measures applied in New Zealand, were key. Domestic political considerations were important, especially when trust was affected and issues became contentious. New Zealand's own circumstances – financial constraints, government policies – were cited as justification for applying the same policies to the Cook Islands and Niue. Being a "New Zealander" could be a two edged argument. Changing aid ideology also had an impact. When "constitutional" ties were cited, this emerged in the context of the need to protect assistance from suggestions that it be reduced even further, including to maintain aid "purity". There was frequent reference to New Zealand politicians and public unsympathetic to aid to the Cook Islands and Niue. This could be exacerbated by issues that became domestically contentious. And aid ideology suggested funds should be directed elsewhere, without consideration of the impact on the Cook Islands, and more particularly Niue, and New Zealand's broader interests in the Pacific region. Successive New Zealand governments, and Ministers, have paid close attention to the international as well as domestic implications of providing, or not providing, assistance to the Cook Islands and Niue. However, interestingly, despite the churn and seemingly unending policy debates on the question of aid to the Cook Islands and Niue, since the mid-1990s the share of each of New Zealand's Pacific bilateral aid appears to have settled.

This history brings into question the primacy accorded "constitutional" partnerships in securing or explaining aid delivery. Looking to the future, New Zealand political, economic and strategic interests in the Pacific region can be expected to continue to dominate. Recent geostrategic developments have underpinned a changing stance. The New Zealand government is concerned that its influence in the region, including paramountcy in relationships with the Cook Islands and Niue, not be diluted or undermined by other players. The incentive now is to become more closely involved. It will be interesting to see how this is reflected in New Zealand's aid relationship with Cook Islands and Niue, and with other Pacific states.



**APPENDIX**

Financial year	Pacific bilateral aid NZ\$000	Cook Islands bilateral aid NZ\$000 (budget support component in brackets)	% of Pacific bilateral aid	Niue bilateral aid NZ\$000 (budget support component in brackets)	% of Pacific bilateral aid
1963/64	2,649	1,637	62	636	24
1964/65	2,707	1,741	64	636	23
1965/66	2,883	1,906	66	695	24
1966/67	3,483	2,032	58	762	22
1967/68	3,282	1,975	60	785	24
1968/69	3,722	2,091	56	934	25
1969/70	3,902	2,259	58	941	24
1970/71	4,027	2,375	59	972	24
1971/72	4,817	3,242	67	1,140	24
1972/73	7,758	3,951	51	1,290	17
1973/74	8,531	3,925	46	1,597	19
1974/75	14,733	4,485	30	2,476	17
1975/76	18,836	5,900 (3,300)	31	2,600 (1,700)	14
1976/77	23,607	6000 (3,700)	25	3,010 (1,700 plus 196)	13
1977/78	24,749	6,100 (3,350)	25	2,898 (1,800)	12
1978/79	23,955	6,100 (3,450)	25	4,234 (2,358 plus 1,200)	18

1979/80	26,109	6,800 (3,400)	26	3,298 (2,300)	13
1980/81	29,568	8,900 (5,700)	30	3,312 (1,948)	11
1981/82	30,606	8,400 (5,480)	27	4,693 (2,370 plus 1,500)	16
1982/83	37,261	9,900 (6,880)	27	5,899 (3,050 plus 1,253)	15
1983/84	43,160	11,350 (8,376)	26	5,527 (3,826 plus 546)	13
1984/85	46,959	12,471 (9,410)	27	6,113 (4,329)	13
1985/86	52,158	13,340 (10,350)	26	6,508 (4,563)	12
1986/87	68,160	14,300 (10,000)	21	7,500 (5,132)	11
1987/88	64,000	13,630 (9,500)	21	8,500 (7,498)	13
1988/89	63,310	14,130 (9,000)	22	9,250 (7,110) (Year 1 of Niue Concerted Action Plan \$33,000 over 3 years – ie initial plan 10,000, 11,000, 12,000)	15
1989/90		14,130 (8,900)		9,250 (7,000) Year 2 of NCAP	
1990/91	62,730	14,400 (8,800)	23	9,600 (7,000) Year 3 of NCAP –	15

				extended to 30 June 1992.	
1991/92	59,392	14,332 (8,700)	24	9,500 (6,300)	16
1992/93	64,300	14,000 (8,500)	22	7,500 (5,500)	12
1993/94	63,400	13,500 (8,300)	21	7,000 (5,000)	11
1994/95	66,625	13,000 (8,100)	20	10,000 (5,000)	15
1995/96	64,925	12,300 (7,700)	19	8,400 (4,750)	13
1996/97	64,125	11,800 (7,300)	18	7,000 (4,500)	11
1997/98	59,450	6,000	10	6,750 (4,250)	11
1998/99	65,325	6,200	9	6,550 (4,000)	10
1999/2000	66,200	6,200	9	6,250 (3,750)	10
2000/01	67,075	6,200	9	6,250 (3,750)	9
2001/02	66,125	6,200	9	6,250 (3,750)	9
2002/03	66,025	6,200	9	6,250 (3,750)	9
2003/04	76,640	6,200	8	8,250 (5,750)	11
2004/05	82,488	6,240	8	10,403 (5,750 budget; 2,525 projects/training ; 2,128	13

				Cyclone Heta recovery)  Announced 20 million over five years for Halavaka ke he Monuina/ Strengthened Cooperation Programme (SCP)	
2005/06	120,760	6,200	5	18,453 (8,453 budget/projects; 7,000 SCP; 3,000 Trust Fund)	15
2006/07	114,281	6,200 (plus 3,000 cyclone reconstruction)	8	13,206 (economic support 8,706; SCP projects 3,300; interagency cooperation 1,200).	12
2007/08	140,204	7,000 (plus 3,000 cyclone reconstruction)	7	14,206 (7,596) (economic support 9,206; SCP projects 3,500; interagency cooperation 1,500)	10
2008/09	171,489	11,000	6	16,690 (7,596) (plus trust fund contribution)	10
2009/10	177,730	14,000	8	16,020 (7,800)	9
2010/11	187,375	15,000	8	19,000 (7,000)	10
2011/12	196,000	19,000	10	14,000	7

2012/13	155,300 (3 year allocations introduced - 42,000 over 3 years)	14,000 (42,000 over 3 years)	9	14,000 (40,500 over 3 years)	9
2013/14	149,300	14,000	9	13,500	9
2014/15	134,500	14,000	10	13,000	10
2015/16	144,050	13,400 (42,000 over 3 years)	9	12,900 (39,500 over 3 years)	9
2016/17	160,300	14,100	9	13,600	8
2017/18	157,550	14,500	9	13,000	8
2018/19	215,340 (913,170 over 3 years including forecast one off allocations)	21,650 (74,190 over 3 years including forecast one off allocation)	10	18,030 (87,110 over 3 years including forecast one off allocation)	8
2019/20	287,830	21,410	7	12,150	4
2020/21	258,810	17,330	7	29,920	12
2021/24	1,051,380 (at start) 1,477,760 (latest).	75,540 (at start) 188,880 (latest)	7 (start) 13 (latest)	79,640 (at start) 126,610 (latest)	8 (start) 9 (latest)

Data is drawn from the online *The New Zealand Official Yearbook*, and Ministry of Foreign Affairs and Trade documents, publications and websites.

## NOTES

All figures for 1963/64 to 1974/75 are from the annual Statistics New Zealand *New Zealand Official Yearbook* at <https://www.stats.govt.nz/indicators-and-snapshots/digitised-collections/yearbook-collection-18932012/>

Pacific bilateral figures from 1975/76 to 1986/87, 1988/89 and 1990/91 are from *New Zealand Official Yearbook*. These are expenditure rather than allocations to 1988/89 (but not likely to vary greatly), and online have been converted to decimal

currency. Pacific bilateral figures for 1987/88 and 1991/92 to 2001/02 are from Ministry of Foreign Affairs *Project Profiles* and the subsequent *Programme Profiles*, including online sources.

Cook Islands data 1975/76 to 1985/86 is from letter from Richard Rawnsley to Dr T Loomis "Cook Islands Research Project" 18 October 1985 MFAT, 118/13/104/1 part 23.

1986/87 is from *New Zealand Official Yearbook*, and the budget support figure is from undated unsigned note to Mr Freeman-Greene MFAT, 118/13/104/1 part 29.

1987/88 is from a submission from H Freeman-Greene to Associate Minister of Foreign Affairs "ODA: The Cook Islands, Niue and Tokelau: Budgetary Support and other payments for 1988/89" MFAT, 118/13/107/1 part 23.

1988/89 is from a submission from CV Bell to Associate Minister of Foreign Affairs "ODA: Cook Islands Development Cooperation Discussions" 23 August 1988 MFAT, 118/13/104/1 part 31.

1989/90 is from Craig Hawke "South Pacific Policy Review: Cook Islands ODA Bilateral Programme" 25 September 1989, MFAT, 118/13/104/1, part 33.

1990/91 is from "Official Development Assistance (ODA) to the Cook Islands" undated MFAT, 118/13/104/1 part 34.

Niue data 1975/76 is from a submission Frank Corner to Minister of Foreign Affairs "Bilateral Aid: Niue" 4 June 1976 Archives NZ, 118/13/107/12 part 1 R20757567.

1976/77 to 1985/86 is from Ministry of Foreign Affairs "Niue/New Zealand Official Development Assistance Relationship: Summary" January 1986 MFAT, 118/13/107/1 part 19.

1986/87 is from *New Zealand Official Yearbook 1988-89*. Budget support allocation is from "Niue: possible additional assistance" undated MFAT, 118/13/107/1 part 22.

1987/88 is from a submission from H Freeman-Greene to Associate Minister of Foreign Affairs "ODA: The Cook Islands, Niue and Tokelau: Budgetary Support and other payments for 1988/89" MFAT, 118/13/107/1 part 23.

1988/89 and 1989/90 are from a paper by Fran Wilde to Cabinet Policy Committee "Niue: Concerted Action Plan: level of funding during 1989/90" May 1989 MFAT, 118/13/107/12 part 5.

1990/91 is from a letter from Fran Wilde to Robert Rex 9 July 1990 MFAT, 118/13/107/12 part 6.

All figures for 1991/92 to 2001/02 are from the annual Ministry of External Relations and Trade/Ministry of Foreign Affairs and Trade, *NZ ODA Programme Profiles 1991/92 to NZ ODA Programme Profiles 2001/02*. The exception is Niue's figures for 1999/2000 which are from "Niue-New Zealand Annual Official Development Assistance Programme Talks 27 – 28 September 1999" <https://web.archive.org/web/20000830165844/>  
[http://www.mft.govt.nz/nzoda/agreed\\_records/niue.html](http://www.mft.govt.nz/nzoda/agreed_records/niue.html).

2002/03 are from New Zealand Agency for International Development *NZAID Budget 2002-2003 Financial Year* <https://web.archive.org/web/20020805191358/>  
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with the exception of the Niue total which is from Helen Clark "PM to attend Niue's 30<sup>th</sup> anniversary celebrations" (press release 26 October 2004).

2004/05 are from *NZAID Annual Review 2003/04* (NZAID, Wellington).

2005/06 are from *NZAID Annual Review 2004/05* (NZAID, Wellington).

2006/07 are from *NZAID Currents* (Spring 2006) 1 at 5 [https://ndhadeliver.natlib.govt.nz/delivery/DeliveryManagerServlet?dps\\_pid=IE764153](https://ndhadeliver.natlib.govt.nz/delivery/DeliveryManagerServlet?dps_pid=IE764153).

2007/08 are from *NZAID Currents* (Winter 2007) 4 at 32 [https://ndhadeliver.natlib.govt.nz/delivery/DeliveryManagerServlet?dps\\_pid=IE764180](https://ndhadeliver.natlib.govt.nz/delivery/DeliveryManagerServlet?dps_pid=IE764180). Niue 2007/08 budget allocation is from "Niue Public Financial Management – Performance Report – final report" August 2011 <https://www.pefa.org/sites/pefa/files/assessments/reports/NU-Aug11-PFMPR-Public.pdf>.

2008/09 is from *NZAID Currents* August 2008 10 at 2 [https://ndhadeliver.natlib.govt.nz/delivery/DeliveryManagerServlet?dps\\_pid=IE764108](https://ndhadeliver.natlib.govt.nz/delivery/DeliveryManagerServlet?dps_pid=IE764108). Niue's 2008/09 budget allocation is from "Niue Public Financial Management – Performance Report – final report" August 2011. See also <https://web.archive.org/web/20100601220115/>  
<http://www.nzaid.govt.nz/programmes/c-pac-countries.html>

2009/10 are from NZAID "Where NZAID works: Pacific countries" <https://web.archive.org/web/20100601220115/http://www.nzaid.govt.nz/programmes/c-pac-countries.html>. Niue's 2009/10 budget allocation is from 'Niue Public Financial Management – Performance Report – final report', August 2011.

2010/11 are from NZAID "Where New Zealand aid is focused" <https://web.archive.org/web/20110919083950/http://www.aid.govt.nz/programmes/c-pac-countries.html>.

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Figures for 2015/16, 2016/17 and 2017/18 are from New Zealand Foreign Affairs and Trade *Our planned aid expenditure* <https://web.archive.org/web/20180129084238/https://www.mfat.govt.nz/en/aid-and-development/our-approach-to-aid/where-our-funding-goes/our-planned-aid-expenditure/>.

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