



**MINISTER OF FINANCE BUDGET STATEMENT FOR BUDGET ESTIMATES FOR
2026/27**

**WEDNESDAY, 10 JUNE 2026
NIUE ASSEMBLY CHAMBERS**

Delivered by Hon. Dalton Tagelagi
Prime Minister of Niue
& Minister for Finance, Planning and Economic Development

Mr Speaker, Honourable Members of the Assembly, and the people of Niue,

It is my honour to present the Government of Niue's Budget for the Financial Year 2026–2027.

This Budget has been prepared in accordance with the Constitution of Niue and reflects our steadfast commitment to fiscal responsibility, economic resilience, and the long-term wellbeing of our nation.

In a global environment marked by uncertainty, rising costs, and climate vulnerability, we have adopted a disciplined and prudent approach to managing public finances.

This Budget balances three equally important priorities:

- protecting our people
- protecting essential services for our people; and
- investing strategically in the foundations of future growth.

The global economy continues to face geopolitical tensions, energy price volatility, and ongoing supply chain disruptions directly impacting the economic performance across the world. While modest global growth is expected, risks remain.

For Niue, these global developments translate into real pressures on our economy.

Our economy has recovered in recent years, supported by infrastructure investments and the rebound in tourism. However, growth is now expected to moderate. Economic growth is projected to ease to approximately 0.4 percent in 2026, before declining over the medium term as major infrastructure projects conclude and external conditions soften.

Tourism remains a key driver of economic activity. While spending levels remain encouraging, visitor arrivals show signs of softening, reflecting global uncertainty and the rising cost of travel.

At the same time, Niue continues to face structural constraints:

- a small and open economy,
- limited domestic revenues & domestic production,
- high dependence on imports
- constraints on our small technical & skilled workforce
- ongoing reliance on external donor support.

These realities reinforce the importance of careful fiscal management and targeted investments to diversify our economy and strengthen resilience.

The Government's fiscal strategy remains anchored on prudence, discipline, and sustainability.

For the 2026–2027 financial year:

- Total Expenditure is estimated at \$83.4 million
- Total Revenue is projected at \$65.8 million
- This results in a budget deficit of \$17.6 million

This deficit is a conscious policy choice - to invest in critical infrastructure, development priorities, and national resilience - while maintaining core services. It reflects the cost of running the country.

Importantly, the Government remains committed to:

- Staying debt free by no borrowing, and
- maintaining fiscal sustainability through disciplined expenditure and strengthened domestic revenue.

Revenue performance is expected to improve, supported by:

- enhanced tax & border duties collection and compliance,
- growth in non-tax revenues, including fuel and service-based revenues, and
- progressive legislative reforms

Expenditure growth is driven by:

- expanded Investment and Development spending, and
- targeted increases in recurrent costs to support service delivery.

This Budget is guided by clear strategic priorities aligned with our national development goals.

First, we will continue to support economic development and livelihoods, with a focus on tourism and private sector growth.

Second, we are investing in climate resilience and renewable energy, recognising the existential threat climate change poses to our nation.

Third, the Budget maintains strong funding for essential services, including:

- health,
- education,
- public utilities, and
- infrastructure.

Fourth, we are reinforcing public financial management reforms, strengthening fiscal discipline, accountability, and transparency across government operations.

Fifth, the Budget supports the priorities under the Niue National Strategic Plan 2016–2026, & Niue Ko Kaina while laying the foundation for the next phase of our development.

Total expenditure has increased compared to the previous financial year, driven by investment in development.

Key highlights include:

- Recurrent Expenditure of approximately \$52.2 million, ensuring continued delivery of government services.
- Significant funding for Investment and Development of \$31.2 million, including both domestic and donor-funded initiatives.

The largest shares of expenditure are allocated to:

- Social Services,
- Infrastructure, and
- Commercial and Trading activities, particularly fuel-related costs.

Personnel costs remain a major component of spending, accounting for over 40 percent of recurrent expenditure, reflecting the importance of our public service workforce.

Subsidies and welfare expenditures also remain significant, ensuring support for vulnerable members of our community.

This is investing in our people.

A key focus of this Budget is strengthening infrastructure and asset management, recognising that sustaining existing assets is critical to service delivery and economic resilience.

We are allocating approximately \$2.78 million in prioritised capital expenditure, directed toward:

- maintenance and replacement of critical assets,
- essential equipment upgrades, and
- ensuring our core services continue.

In addition to capital expenditure, significant support is provided through Investment and Development funding, largely supported by development partners. This funding enables:

- delivery of major infrastructure projects,
- climate-resilient upgrades, and
- expansion of strategic national assets beyond what can be financed domestically.

Together, these investments ensure a balanced approach - maintaining existing infrastructure while leveraging external support for future growth.

Strengthening domestic revenue remains a critical priority.

The Government is committed to:

- improving tax administration and compliance,
- expanding non-tax revenue streams, and
- enhancing coordination with development partners.

Our goal is to gradually increase the revenue-to-GDP ratio, ensuring that Niue can sustainably fund its development priorities while reducing reliance on external support over time.

Niue faces significant risks, including:

- natural disasters,
- external economic shocks, and
- volatility in global markets.

To address these risks, the Government is strengthening its approach to fiscal risk management through:

- contingency planning and fiscal buffers,
- improved oversight of State-Owned Enterprises, and
- enhanced macroeconomic monitoring and forecasting.

At the same time, we are actively pursuing financing opportunities in climate and disaster risk, including engagement with international funds and partners, to support resilience and sustainability.

This Budget recognises the critical role of our development partners.

In particular, the constitutional partnership with New Zealand and our partnership with Australia that continues to underpin:

- service delivery,
- infrastructure development, and
- capacity-building across government.

We also acknowledge the significant contributions of our other development partners China, Japan, India, Papua New Guinea and others including our regional and international organisations, and private partners, NGOs who support our development objectives.

This Budget is one of discipline, resilience, and forward planning.

It:

- protects and maintain essential services,
- invests in critical infrastructure and development, and
- positions Niue to navigate future challenges with confidence.

As we approach the next phase of our national development, this Budget provides a strong and stable foundation, ensuring continuity of reforms while preparing for future opportunities.

Despite the challenges we face, this Government remains committed to managing public resources responsibly and delivering outcomes that benefit all residents of Niue.

I commend this Budget to the Assembly and to the people of Niue.

Kia fakamonuina mai he Atua – Fakaaue Lahi