

TE KAVE KORERO

Host: Tony Hakaoro, WEDS 20th MAY 2015

Why is our fuel so expensive?

Fuel costs in the Cook Islands was the subject of inquiry on Te Kave Korero on Wednesday 20th May 2015.

Edward Herman, Manager of local fuel company Toa Petroleum, was the guest speaker on the programme.

When asked as to why petrol in the Cook Islands is so expensive Herman replied:

"The main reason petrol is very high, I think we need to understand, petrol price in particular, a year ago, or even longer, it always been around \$2.50 - \$2.60, one time, it went as high as \$2.80, i tera taime oki crude oil was very expensive eaa, it was over \$100.00 a barrel, and obviously, slowly, the petrol price is coming down, no reira tatou, going down to \$2.04 and now, even as far as \$1.99 eaa, one time it even went as high as \$2.80".

According to Herman the price of petrol has actually came down by 60 cents a litre. He said that both petrol and diesel in Rarotonga are selling at \$2.04 a litre.

Te Kave Korero presenter, Tony Hakaoro, inquired as to why it is not cheaper than \$2.04 given the current price of crude oil on the market?

Herman said: "You have to understand that the price we get, is out of our control, but it has come down but also we have to pay a levy to the Government which is about twenty eight cents a litre, so that's twenty eight cents already, and then we have to pay GST and then we have to pay freight and all that, it comes to about \$1.30 or \$1.40 and then we need to add on, also we have our onshore cost, everything that we pay, the fee to the Ports and our freight to bring the fuel to our depot, and all these costs, it's all part of a cost template that the Price Tribunal, it's a Government body, they regulate our price, so they have to, they have to check to make sure that all our costing are legitimate, all proper cost, are legitimate cost eaa".

Hakaoro further enquired: "One can understand that there are, surely there are fixed costs such as those you've just mentioned but in terms of the refinery cost and the cost of crude oil on the market, surely there could be a drop in the price because at the end of the day the crude price of oil on the world market have gone down. So has that been taken, been put into effect in setting your wholesale price for petrol?"

Herman responded: "Well, yes it has, I mean, we were at \$2.60 not long ago, now we're \$2.00, that's a sixty cent drop eaa, so we're looking around about that. It hasn't fallen as much as crude but obviously, the cost, all the logistical cost from all the way from the crude to the refinery and so forth, the percentage fall, it doesn't fall that much and also we, because we take our price from New Zealand and Fiji, whatever they give us, we get the price and we forward to the Government body which is the Price Tribunal and they obviously have a look at that, they liaise with the regional bodies, and SPC and around the region, and to say whether these prices are reasonable, I mean, the Government has those controls but at the moment we just buy it straight from New Zealand and Fiji, that's where we get our petrol from".

Then Tony said: "Would you be surprised if I tell you the price of diesel this week in New Zealand is \$1.30 a litre?"

"I'm very surprised actually, usually the margin between petrol and diesel is not that big because I know in New Zealand I think they have a cheaper levies on diesel but they have a user pay taxing system on diesel so that's how they recover their money there in New Zealand but over here yes, I'm quite surprised it's that big, I didn't realise it was that cheap in comparison to petrol".

Tony then referred to a Court Order for compensation made in favour of Toa Petroleum:

"Some years ago, you can correct me if I'm wrong on this information, some years ago, the Court made an order for Government to compensate Toa Petroleum because of a contract breach. Has compensation from Government influenced your pricing?"

"Okay, well the Price Tribunal don't take that into consideration when they set the pricing, also we operate on a margin, and we have a certain percentage that we need to run our depot and also we are bound by this agreement that we must operate in a competitive environment and also the Government, they are aware that we are trying to run a competitive business, they have all the controls in place that prevents us from exploiting the situation".

Hakaoro replied:

"So, the Government's compensation of one point two million a year for Toa

Petroleum, are you saying compensation has nothing to do with your wholesale pricing?

Herman said: "No, I mean, it's not necessarily that we use that in terms of our pricing strategy, our pricing strategy we use solely on a gross margin percentage, and that's how we do it, basically, essentially if we have to just take away the operational side of things, we use our gross price of our fuel and we use the gross margin percentage, we use that to look at how to best price our products".

As to petrol prices in the outer islands Herman said: "We sell to our suppliers, and they obviously onsell, they have to come to cover that fuel a well cost, they also have to cover the cost of freight which I understand is quite dear setting up and also they have to add on a little margin to cover their profit or their operational costs, that's what they're having to go through and but also the Price Control Unit, Ministry of Internal Affairs, they have the mandate in order to monitor and enforce, however, I think there may be some issues around that in terms of effective controls". When asked as to whether there are prospects in the next few months that petrol might come down during the Maeva Nui Celebrations, Herman said:

"I think it's something we will definitely consider and look at how we can join in the celebration of our 50th year because a lot of businesses are getting on board, the private sector is getting on board and I think it's something that we would also like to be a part of helping the community in providing some benefits, even in the form of pricing benefits".

With regards to the fuel supply Tony put the following question to Herman:

"Is your company able to assure the people of the Cook Islands that you would have sufficient and enough supply of fuel to take us right through the celebrations, is there a possibility that perhaps we might run out of fuel?"

Herman replied: "Because of the new tanker and we are quite fortunate, our fuel supply is pretty much, we are very confident, and we are very capable of providing, not running out of fuel cause we have a bigger load and also the shipment are fairly regular so we can always, you know, bring in more if need be and we also have a back up in terms of our old supply in New Zealand, we bring in fuel every two weeks and that's a back up."

TE KAVE KORERO

Host: Tony Hakaoro, FRIDAY 22nd MAY 2015

Excise tax on petrol and Te Manava Vaka Festival were the topics of discussion on Te Kave Korero on Friday 22nd May 2015.

Financial Secretary Richard Neves and traditional vaka navigator Tua Pittman were the guest participants on the programme.

EXCISE TAX

In relation to excise tax on petrol Neves said:

“The price of petrol in the Cook Islands is regulated and what that essentially means is that each time a ship comes in with fuel, both fuel companies make an application to the Prices Tribunal for what they believe should be the price that they charge and that application takes to account their cost of supplying fuel, transporting it, the purchase price they got it at, and it includes the levies and taxes”.

When asked to explain the taxes and levies collected by Government from the sale of petrol and oil, Neves said that the levy on petrol on Rarotonga is 28 cents a litre and 22 cents a litre on diesel. He added that on Aitutaki the levy is 15 cents a litre on petrol and 5 cents a litre on diesel.

As to the outer islands, interestingly Neves said: “For the islands, there’s a concession, the outer islands pay nothing, no levy on their diesel or their petrol”.

He added:

“I guess the policy issue around that was because it was so costly, it is so costly to deliver fuel to the outer islands, their expenses so much higher than Rarotonga’s, that it was seen, it was probably seen it was unfair or just unbalanced to place a tax on that fuel”

Te Kave Korero Presenter, Tony Hakaoro, put the following to Neves:

“I’ve been told that petrol is selling in Penrhyn between \$3.50 and varies up to \$4.00, that sounds to me a little bit excessive if the outer islands including Penrhyn is not paying taxes and levies on their petrol.....”.

Neves responded:

“I can’t comment as to why a litre of petrol in Penrhyn costs \$4.50 and why it’s \$2.00 here, there’d be obviously, there’s the transport and haulage issue going up, up to Penrhyn, but it does sound expensive, yes”.

Neves added that Te Aponga Uira don’t pay any levy on the diesel that they use to generate power.

In relation to renewable energy on islands with solar powered electricity Neves said:

“They should charge for power because there are gonna be issues in terms of maintenance and putting away money for new storage etc so, we would really like, as a policy principle, all the outer islands to be charging for power,

Excise Tax and Vaka Festival



there’s all sorts of good reasons in terms of rationing the use of power, also collecting money so that they are able to provide the services that they are meant to on the island, we think that’s a good idea. The issue is, we don’t, the Government, the fuel that we send up there for power generation or for use on vehicles, or roads or boats, we never collected a tariff or levy on anyway except VAT and it’s so minor and insignificant that I don’t think we’re gonna lose much sleep over the revenue on that one”.

TE MANAVA VAKA FESTIVAL

Speaking to Te Kave Korero on Friday 22nd May, traditional vaka navigator Tua Pittman advised that two traditional ocean voyaging canoes (vaka) have arrived at Avatiu harbour. Cook Islands’ own vaka, Marumarua Atua, and Tahiti’s vaka, Fafaite, were the early arrivals..

Pittman said that New Zealand’s two vakas, Te Matau A Maui and Haunui were expected to arrive that evening.

Pittman said that the vakas are in Rarotonga attending Te Manava Vaka Festival

In Maori, he said that the main reason for the festival is to teach Cook Islands children knowledge of ocean voyaging and traditional navigational skills.

“Te tumu maata i raveia ai teia Festival nei, kia kite mai ta tatou tamariki apii i teia peu teretere moana mei teia nei, kia kore roa ratou e ngaropoina i te peu a to tatou ui tupuna i roto i teia tareni akateretere Vaka e te tuku kaveinga”.

Pittman said all primary school children on

Rarotonga would be attending the welcome ceremony. He said that the children would be permitted to board the vakas and speak to the crews.

“Me tomo mai matou ki roto, ka open atu te, pouroa te au vaka ki te katoatoa kia aere mai ratou ki raro, pouroa te tamariki, ka aere mai ratou ki runga i te au Vaka kia pukapuka ana ratou ki te au mataro i runga i te Vaka, kia kite ratou i te peu o teia angaanga teretere Vaka i runga i te Moana Nui A Kiva”.

He said that the vakas will also celebrate the Cook Islands 50th anniversary of self-government.

An official public ceremony welcoming the vakas was held on Monday at Avana harbour in Ngatangia hosted by Pama Kainuku, one of the High Chiefs of Takitumu, and the Manavaroa tribal family of Ngatangia. Unfortunately the ceremony was dampened with heavy rain during the morning.

A formal Government ceremony welcoming the vaka crews was hosted by the Deputy Prime Minister and the Ministry of Cultural Development on Tuesday at Te Atukura. The official launch of the new Cook Islands five dollar coins was held at the same ceremony.

Te Manava Vaka Festival closed yesterday, Wednesday 28th May. Last night the vakas set sail for Aitutaki and will spend two days in Aitutaki before heading setting course for Nga-Pu-Toru, the three sister islands of Atiu, Mauke and Mitiaro and spend a day at each island before returning to Rarotonga.

TE KAVE KORERO

Host: Tony Hakaoro, MON 25th MAY 2015

Tickets for Te Maeva Nui 2015 should be free not \$30-\$50

The price of tickets for the Maeva Nui and the 50th Anniversary Celebrations was a very hot subject of discussion on Te Kave Korero on Monday 25th May 2015.

A caller to the programme said that tickets for the front seats in the Are Karioi Nui, the Auditorium, are \$50.00 per seat, followed by \$40.00 each for the next lot of seats and \$30.00 each for the remaining or rear seats.

With the exception of one caller, all other callers to the programme spoke in disapproval of the ticket prices. One caller said:

“When you come to think about it, it’s a celebration, it’s a 50 Celebration, surely we could work something out kia mama mai so everybody will be happy with the Celebration”.

Another caller said in Maori that she thought this was to be a celebration, not a money making business for Government.

“I thought e, e celebration teia, kaore, e nga taime amani, maanianga moni, Eaa e papa? Nga taime maani moni teia a te Kavamani, I thought e, e celebration, te akaepaepaanga i te 50 mataiti, kare, e nga taime, e kimi moni na ratou, takinokino nei ratou i te family. Kite koe eaa, kare au e manako e tangata tai ka aere atu ki tena Constitution because kare oki e peke ki roto, kare e peke te tutaki i te aere ki roto”.

The next caller expressed support of the previous caller’s view.

“Te turu nei au i te manako o tera mama i oti ua ake nei eaa, I thought teia 50 mataiti, it’s a celebration no to tatou iti tangata eaa, so te akaraia atu nei, they’re wanting to make money out of it, so I think, naringa ratou tuku at least \$10.00, \$20.00, ka peke te, aere mai te tamariki, 5 tara so are we here to make money or are we here to celebrate the 50 years? That’s the question we need to be answered, from Government, the Ministry of Culture or whoever decided kia apai te moni ki runga, eaa roa ia, e ta rai teia i te iti tangata”.

One caller said that her and her children might stay home and watch the Maeva Nui on DVD once the DVD is up for sale. All of them would be able to watch everything on DVD for just \$30.00, being the DVD price.

“Te turu nei au i te manako o tera nga mama i na mua ake, no te mea, tangata aere au i te akarakara i teia tutu angaanga, te ra akakitenangaia maianga te moni, ko teia te moni, kare au e akarakara akaou me ko teia te tuanga o te moni ka aere e taku anau no te mea, ko teia angaanga e tu mai nei, celebrate i te mea o te Kavamani, kare tatou i reira e celebrate nei tatou, te aere nei tatou i te maani, i te kimi i tai moni na te Kavamani. Ngari ake paa au i te noo ki te kainga e taku anau, tiaki i te DVD, poa i te DVD, ka kite pourua matou, e toru ngauru rai tara i te DVD

Another listener called and suggested that attendance at the 50th Anniversary should be free.

“I teia nga taime i aere mai na te Constitution, e tiati ana ratou i te tangata. Why not naku ai, this is only a oncer, ka tai nei teia Kavamani ka tae ei ki te 50 mataiti, just let the people go in and enjoy themselves, it’s a celebration isn’t it? Me ka tiati ratou i te tangata, akakite atu au, it’s a daylight robbery..... Te tangi nei au i te au ngutuare e maata te tamariki i roto i te ngutuare, teia rai te tangata aere e struggle nei i te oko i te varaoa, punupuakatoro angai i ta ratou tamariki. How can they afford \$30.00 per kid to go to that Constitution to celebrate the 50th Anniversary? I thought it’s a celebration, it’s daylight robbery”.

The sole supporter of the ticket price, a caller from Aitutaki, said that he’s happy to pay tickets for his eight children once they arrive in Rarotonga for the 50th Anniversary.

“Me anau koe i te tamariki, tona aiteanga, ka turu koe i te tutaki, te aa atu, katoatoa no te tamariki. Ko au i Aitutaki nei au, e varu aku tamariki, me ere atu au e taku

anau, ka tutaki au ki roto i tena, kia akatau i te tarekareka no te mea, ka tai nei taku anau, tera are atupaka o te Maeva Nui, ka tutaki au, noa atu e, e \$20.00, ka tutaki au no te mea te peke nei taku pakiti avaava. Okay papa, thank you”.

Te Kave Korero presenter, Tony Hakaoro, was critical of the ticket pricing too. He said:

“It only happens in the Cook Islands, only happens in the Cook Islands no te mea, noo ana au ki Aotearoa, noo ana au ki Australia, you will never come across this type of non-sense and rubbish..... No te aa, akakoromaki mai, akakoromaki mai me teimaa te manako, mei taku tikai e taiku ara, i te au enua o te papaa, we will never come across this kind of garbage, ae. Takake rai te moni tutaki i te tamariki, takake rai te moni tutaki i te aronga pakari, kare ainei? Eaa tatou Maori ma e, i akanoonoo i ta tatou akanoonooanga mei teia roa te tu? Karanga tera reo e, koai ta tatou e takinokino nei? Ko to tatou uaorai iti tangata. Ko ai ia metua e, kua akaputupu a ia e, e \$5,000.00 tara, me kare, e \$1,000.00 tara, no teia akakoroanga o te Maeve Nui, e, kia rauka i a ia i te apai i tana anau tamariki, kia matakitaki i te akakoroanga i te au po katoatoa, me ko te tutaki teia i te tiketi? Akakoromaki mai, akakoromaki mai i toku manako, manga akari rai teia tutu akateretereanga, kare ainei? Manga akari rai, tapapa atu tatou i teia Ruitoru, ae, ka pati atu i tetai vaa tuatua mei roto mai i te Tauranga Vananga, ae, kia kake mai ki runga i ta tatou porokaramu, Te Kave Korero, e kia akamarama mai, eaa mei teia roa ai te tu o te akanoonooanga, ta ratou akateretereanga, i te tutakianga i te au tiketi no te Maeva Nui, ae, tapapa atu tatou i te reira. Te irinaki nei au e, ka rauka mai tetai vaa tuatua mei roto mai i te Tauranga Vananga”.

Tony indicated that he would invite a spokesperson from the Ministry of Cultural Development to come onto Te Kave Korero programme on Wednesday 27th May to explain the ticket pricing.

Cook Islands Self-Government : What does it really mean?

The Cook Islands was a colony of New Zealand from 11 June 1901 until 4 August 1965. On that day, the Cook Islands, by way of democratic choice, became a Self-Governing state in free association with New Zealand and Albert Henry became the first Premier of the Cook Islands.

The key features of this free association relationship are provided for in the Cook Islands Constitution Act 1965 as passed by the New Zealand Parliament, and the Cook Islands Constitution Act 1965 as passed by the Cook Islands Legislative Assembly.

- The Cook Islands has the power to make its own laws. New Zealand cannot make laws for the Cook Islands except as provided for by an Act of the Cook Islands Parliament. However, in practice this has never happened over the last 50 years;
- The Cook Islands Government has full executive powers;
- The Cook Islands remains part of the Realm of New Zealand (albeit a separate part), and the Queen of England in Right of New Zealand remains the Head of State of the Cook Islands;
- Cook Islanders retain full New Zealand citizenship as given to them by the British Nationality and New Zealand Citizenship Act 1948.
- According to the Cook Islands Constitution Act 1965, the New Zealand Government retains responsibilities for Foreign Affairs and Defence of the Cook Islands. These responsibilities, however, confer no rights of control to the New Zealand Government and can only be acted on at the request of, and on behalf of the Government of the Cook Islands.

In May 1973, the Prime Minister of New Zealand Rt. Hon Norman Kirk, and the Premier of the Cook Islands Albert Henry exchanged letters in which they clarified aspects of the relationship of free association between the Cook Islands and New Zealand.

This "Exchange of Letters" emphasised :

- There were no legal fetters on the freedom of the Cook Islands, and that the relationship was a voluntary one of partnership turning on the wish of Cook Islanders to remain New Zealand citizens.
- That shared citizenship created an expectation that the Cook Islands would uphold in its laws and policies a standard of values generally acceptable to ordinary New Zealand citizens.

In June 2001, to mark the Centenary of formal relations between the two countries, a new statement was signed in Rarotonga by the Prime Minister of the Cook Islands Sir Terepai Maoate and the Prime Minister of New Zealand Rt. Hon. Helen Clark. This

"Joint Centenary Declaration of the Principles of the Relationship between New Zealand and the Cook Islands" updated the Norman Kirk/Albert Henry "Exchange of Letters" from 1973, to take into account developments in the relationship between the two countries over recent years.

A fundamental principle of this relationship remains the obligation on both governments to consult closely as partners on Foreign Affairs/Defence matters and other issues of mutual interest. This is what the situation is in 2015 . . . after 50 years of Cook Islands Self-Government.

Later this week sees the release of my latest publication at the Bounty Bookshop in Avarua called "Tatou Ipukarea". This booklet traces a brief political history of the Cook Islands and the "Road to Self Government" in 1965.

Prior to that time, any form of self-determination or political autonomy was not an issue in the Cook Islands. The problems plaguing our country for decades had been economic . . . not political.

So the concept of any form of self-determination did not come from the people of the Cook Islands. It did not come from the New Zealand Government in Wellington. But rather, the genesis of Self Government can be traced back directly to the United Nations in New York and their "Declaration on the Granting of Independence to Colonial Countries and People's" . . . Resolution 1514 (XV) of 14 December 1960.

To oversee the implementation of this Resolution, the United Nations then established what became known as the "Committee of 24".

These developments caused concern to the New Zealand Government as they took the view that sooner or later the "Committee of 24" would show interest in the Cook Islands and therefore ask the question : "What is New Zealand doing about Self-determination for the people of the Cook Islands?"

Those involved with these United Nations Resolutions were of the view that "Self-determination" was nothing short of "Full Independence".

In this regard, the New Zealand Government faced a major dilemma because on the one hand the United Nations Resolutions stated that New Zealand had to give the Cook Islands their independence at some future date, while on the other hand, many in Wellington took the view that independence for such a small group of islands was "political nonsense".

So the New Zealand Government concluded they had to formulate a solution that fell short of "Full Independence" for the Cook Islands while satisfying the various United Nations Resolutions regarding decolonisation.

The answer they came up with was "Full Internal Self Government" which the then Cook Islands Legislative Assembly

unanimously endorsed as their future political option in mid-July 1962.

There are a number of "cornerstones" within the relationship between New Zealand and the Cook Islands that have been in place now for 50 years which are totally unique to our two country's in terms of political sovereignty and international law.

One of the most significant aspects is that Cook Islanders continue to enjoy having New Zealand citizenship.

In his discussions with the members of the Cook Islands Legislative Assembly in July 1962, the then minister of Island Territories Leon (later Sir Leon) Gotz made it very clear that with Self Government, the New Zealand Government had no intention, or desire to change the citizenship status of the Cook Islands people.

In other words, New Zealand was offering the Cook Islands people full political, judicial and legislative independence to pass and implement their own laws and regulations without the need to seek prior approval or ratification from the New Zealand Government in Wellington.

In terms of all the international decolonisation that has happened all over the world following the United Nations Resolution of 1960, the Cook Islands, later followed by Niue, are the only decolonised territories in which their former "colonial master" has continued to extend its citizenship over a country and its people without having any form of political, judicial or administrative control.

By allowing the Cook Islands to continue to have New Zealand citizenship after Self Government in 1965, meant that the New Zealand Government had placed an awful lot of trust in our political leaders to be worthy of their citizenship and as confirmed in the Exchange of Letters between Norman Kirk and Albert Henry in May 1973 . . . "That shared citizenship created an expectation that the Cook Islands would uphold in its laws and policies a standard of values generally acceptable to New Zealanders."

For the last 50 years . . . I think our successive Governments have basically done just that.

My latest booklet release, "Tatou Ipukarea", traces our "Road to Self Government" in 1965. In terms of international decolonisation the Cook Islands are absolutely unique.

But to be more specific . . . to have our own sovereign/political independence while still retaining New Zealand citizenship means we would have to be the "luckiest" people in the entire world today.

I wonder? . . . how many of us Cook Islanders fully appreciate this citizenship status along with our 50 years of political Self-Government?

"Tatou Ipukarea" is now sale with the Bounty Bookshop, Avarua.