



2022/23 Half-Year Economic & Fiscal Update Citizen's Guide

'Akakite'anga o te Kimi Pū'apinga e te Tūranga Moni 'āpa mata'iti 2022/23

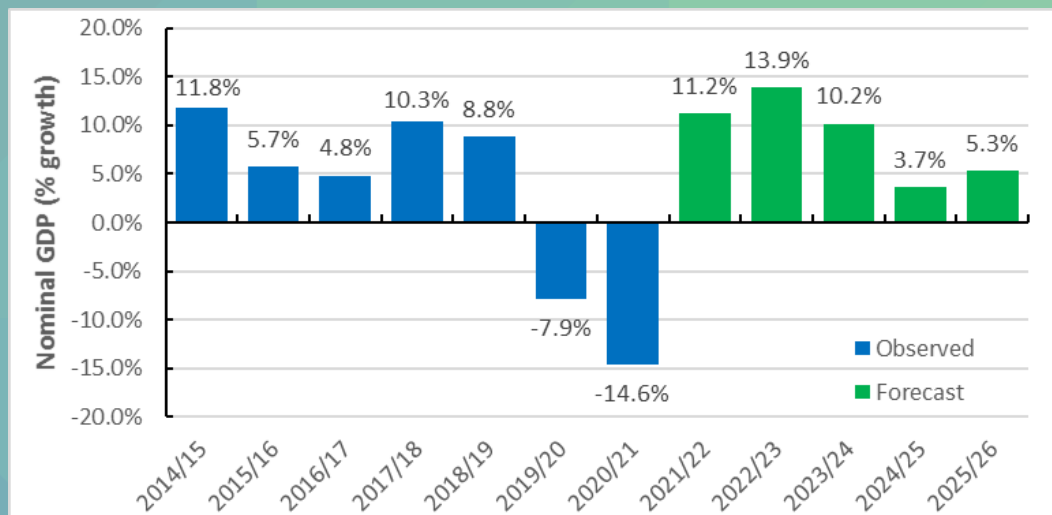
The 2022/23 Half-Year Economic and Fiscal Update (HYEFU) has been developed within the context of an early stage of economic recovery from a severe recession due to the disruption of the global COVID-19 pandemic. The HYEFU provides an update on the revenue and expenditure forecasts for the 2022/23 Budget, and it also includes the actual expenditure performance for 2021/22.

Kua 'anga'ia te 'akakite'anga o te Kimi Pū'apinga e te Tūranga Moni 'āpa mata'iti 2022/23 'i te tuatau e 'akamata ra tātou i te ea mai mei roto i te 'akautunga'anga teima'a tā te maki Kōviti 19 i 'akatupu i roto i tēia nei ao. Ka 'ōronga mai te HYEFU i te 'akakite'anga nō te moni ko'iko'i e te tāmānako'anga o te 'akapou'anga moni nō te 'akapapa'anga moni o te mata'iti 2022/23 e pērā te 'akapou'anga moni tikāi ki roto i te mata'iti 2021/22).

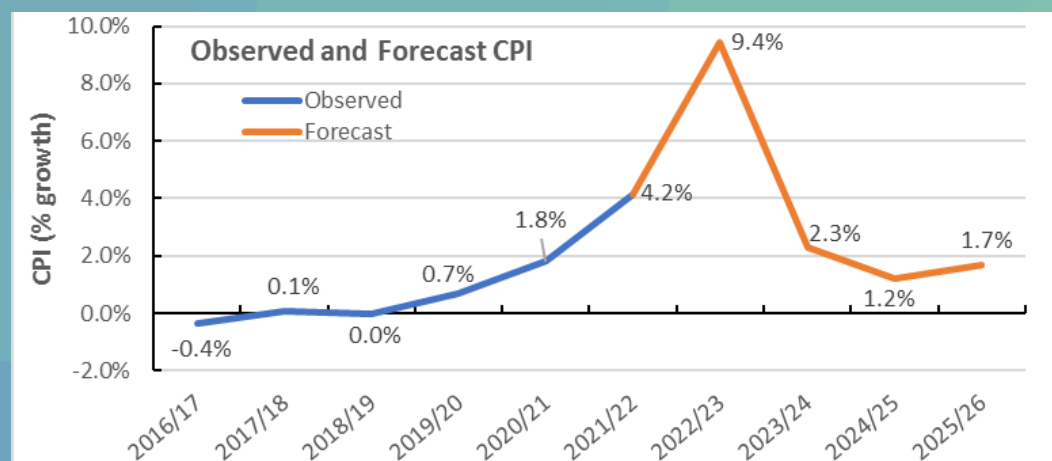
ECONOMIC AND FISCAL UPDATE - NŪTI NO TE KIMI PŪ'APINGA E TE MONI

The recovery in the economy has been faster than anticipated and is driven by the number of tourists visiting the Cook Islands, since the reopening of the borders in January 2022. The 2022/23 fiscal period is expected to achieve nominal GDP growth of 13.9%, followed by 10.2% growth in 2023/24 due to improved access to Australia and the US. By 2024/25 and 2025/26, moderate growth in GDP is expected.

Kua viviki atu te mātūtū o te tu'anga kimi pū'apinga mei tei tāmānako'ia e kua 'akakeu'ia te reira e te nūmero o te au tūroto tei 'ātoro mai i te Kūki 'Airani mei te tūatau i 'e'eu'ia ai tō tatou kena bāsileia i te marama Tianuare 2022. Ko te tūranga moni o te tuatau 2022/23, kua 'irinaki'ia e ka rauka i te tupu'anga Pū'apinga Basileia e 13.9%, e pērā e 10.2% i te mataiti 2023/24 te ka turu'ia e te piri'anga vaitata ki a Autireria e Marike. I te mataiti 2024/25 e te 2025/26 kua 'irinaki'ia e, e tupuanga tau'ua tō te Pū'apinga Basileia.



The Consumer-Price-Index (CPI) indicates that the prices are rising at the fastest rate in more than a decade. Price increases are being driven by external factors, such as the conflict between Russia and Ukraine on the costs of fuel and food, and the global supply constraints on the price of goods. The graph below shows signs that the price growth will ease after its peak of 9.4% in 2022/23.



Kua 'akakite mai te 'akapapa'anga tūtaki'anga pākau e kua viviki te kake o te moni tūtaki i te au pākau 'oko i roto i te nga'uru mataiti.

Kua 'akakeu'ia tēia kake'anga moni oko pākau e te au manamanatā i te au enua i va'o mai, mei te tau'ētono'anga i rotopū ia Rutia e Ukraine nō te 'oko'anga i te 'inu e te kai, e te au 'akateima'a'anga tā tō te ao katoa i tuku ki runga i te 'oko'anga i te au 'apinga tei anoano'ia i te iti tangata. Te 'akaari mai nei tēia karāpu i raro nei e, ka oki mai te moni oko pākau ki raro i muri ake i te vaito teitei e 9.4% i te mataiti 2022/23.

2021/22 results: Due to the border closures experienced during the fiscal year, this resulted in a higher-than-expected government expenditure compared to revenue at year-end. Capital expenditure for the year was less than expected by \$4.0 million, resulting in an overall improvement of government's financial performance by \$2.8 million to a fiscal deficit of \$34.9 million.

Tei rauka mai i te mataiti 2021/22: Kia tau ki te tōpiri'anga kena basileia tei tupu i roto i tēia 'akapapa'anga moni mata'iti, kua riro te reira i te 'akama'ata atu i te akapou'anga moni a te kavamani me 'aka'āite'ia ki te moni ko'iko'i i te 'openga mata'iti. Ko te au 'akapou'anga ma'ata o teia mata'iti kua iti mai i tei tāmānako'ia mei te \$4.0 mirioni e kua riro i te 'akamātūtū atu i te tūranga 'akaterere moni a te kavamani mei te \$2.8 mirioni e te 'akapou'anga moni tere ki te \$34.9 mirioni.

\$ Million	2021/22 Actual	2022/23 Budget Estimate	2022/23 HYEFU Estimate	2023/24 Projection	2024/25 Projection	2025/26 Projection
Nominal Gross Domestic Product (GDP)	480.0	484.0	546.9	602.6	624.6	657.9
Total Operating Revenue	179.0	167.7	159.9	181.1	193.9	204.3
Total Operating Expenditure	203.5	187.0	182.5	181.9	180.7	178.8
Operating Balance	-24.5	-19.4	-22.6	-0.8	13.1	25.5
Capital Expenditure	23.8	34.2	34.6	18.3	15.9	15.0
Fiscal Balance surplus/deficit	-34.9	-39.8	-43.5	-5.3	11.0	24.3
Percentage of GDP	-7.3	-8.2	-8.0	-0.9	1.8	3.7
Net Debt	217.4	225.0	225.0	207.8	190.4	174.5
Percentage of GDP	45.3	46.5	41.1	34.5	30.5	26.5

2022/23 forecast: The fiscal balance is expected to decrease by \$3.7 million in 2022/23 due to a net decrease in taxation revenues and other revenue partially offset by a further reduction in operating expenditure.

From 2023/24 onwards, operating revenue is expected to increase while operating expenditure is expected to decrease resulting in a fiscal surplus by 2024/25 of \$11.0 million. As the fiscal balance improves, the need for external financing decreases.

Tamanakoanga 2022/23: Kua 'irinaki'ia e ka iti mai te pārani moni o te mata'iti 2022/23 mei te \$3.7 mirioni nō te iti o te moni ko'iko'i ki roto i te tuanga tero e pērā tēta'i au moni ko'iko'i te ka tau'ia e te au 'akaiti'anga o te 'akapou'anga te ka tupu.

Mei te mata'iti 2023/24 'ē 'aere 'uātu ki mua ko te au moni ko'iko'i kua irinaki'ia e ka ma'ata atu te reira, kāreka ko te moni 'akapou'anga kua 'irinaki'ia e kā iti mai te reira tē ka riro i te 'akamātūtū i te tūranga moni toe i te mata'iti 2024/25 i te \$11.0 mirioni. I te pārani moni e meitaki atūra, ka iti katoa te moni tauturu no va'o mai.

MEDIUM-TERM FISCAL STRATEGY - TE KORONGA ARURU'IA NO TE MONI TUĀTAU TŪPOTO

The Medium-term Fiscal Strategy (MTFS) sets out government's expenditure limit for the period, 2023/24 to 2026/27, to help guide its fiscal planning over the medium-term. The fiscal space indicates the amount of additional (or reduction in) expenditure that the government can undertake each year.



2022/23 Half-Year Economic & Fiscal Update Citizen's Guide

'Akakite'anga o te Kimi Pū'apinga e te Tūranga Moni 'āpa mata'iti 2022/23

As revenue improves, the expenditure limits for 2024/25 onwards are expected to increase to respond to inflationary pressures and other government priorities as needed.

Ko te Pārani Moni Tūpoto (MTFS) ka akakite mai te reira i te kōtinga 'akapou'anga moni a te Kavamani nō te mata'iti 2023/24 ki te mataiti 2026/27 nō te tauturu i te 'akatere i te parāni moni ki roto i te tuātau tūpoto. Ko te tu'anga 'akapapa'anga moni ka 'akakite mai te reira i te nūmero tāpiri (me kāre kiriti) ki roto i te 'akapou'anga tā te Kavamani ka rauka i te rave i te au mata'iti tātakita'ī.

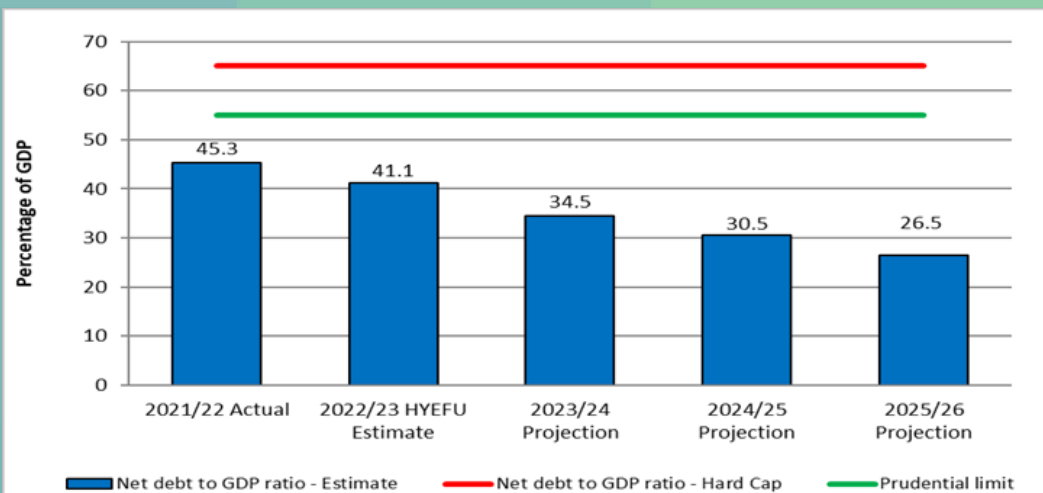
I te moni ko'iko'i e mātūtū maira, ko te kōtinga o te 'akapou'anga nō te mata'iti 2024/25 e 'aere uātu, kua irinaki'ia e ka ma'ata atu tē reira nō te turu i te 'akatūkē'anga manako-kore'ia e te au 'anga'anga pū'apinga tā te kavamani ka anoano i te rave.

\$ Million	2023/24	2024/25	2025/26	2026/27
Current projected expenditure (2022/23 Budget)	197.1	193.9	191.2	191.2
New Expenditure ceiling (2023/24 MTFS)	195.5	204.8	210.0	210.0
Fiscal Space	-1.6	10.9	18.8	18.8

GOVERNMENT DEBT - TE KAIYOU A TE KAVAMANI

As GDP returns toward historic levels and debt repayment increases on a yearly basis, net debt is expected to reduce from \$225.0 million (41.1% of GDP) in 2022/23 to \$174.5 million (26.5% of GDP) in 2025/26.

I te Pū'apinga Basilea e maranga maira ki tēta'i tūranga mātūtū e pera te tūtaki'anga kaiyou e ma'ata atūra i te au mataiti tātakita'ī, kua irinaki'ia e ka iti mai te katoa'anga o te kaiyou mei te \$225 mirioni (41% o te GDP) i te mata'iti 2022/23 ki te \$175.5 mirioni (26.5% o te GDP) i te mataiti 2025/26.



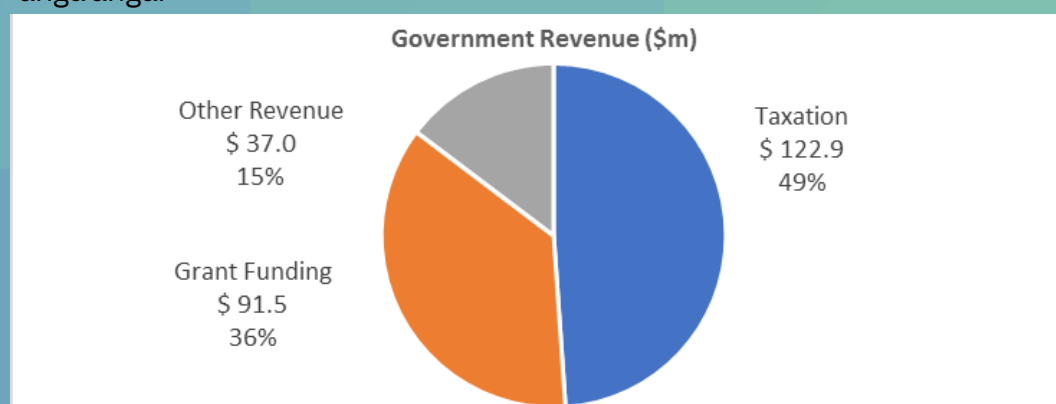
REVENUE - MONI KO'IKO'I

Total revenue for 2022/23 is estimated to be \$251.4 million.

Taxation receipts in particular, value-added tax and income tax, accounts for almost half of government's revenue in 2022/23. This is followed by grant funding and other revenue received through general budget support and vested assets.

Ko te katoa'anga o te moni ko'iko'i i te mata'iti 2022/23 kua tāmānako'ia e mei te \$251.4 mirioni.

Ko te moni tero tei rauka, te moni tero na runga ake e te moni tero 'anga'anga, ka akapāpū te reira i te moni ko'iko'i a te kavamani ki roto i te mataiti 2022/23. Ka āru'ia tēia e te moni tauturu e tēta'i au moni ko'iko'i kē atu te ka rauka mai mei roto i te kopapa moni metua e te au apinga 'anga'anga.



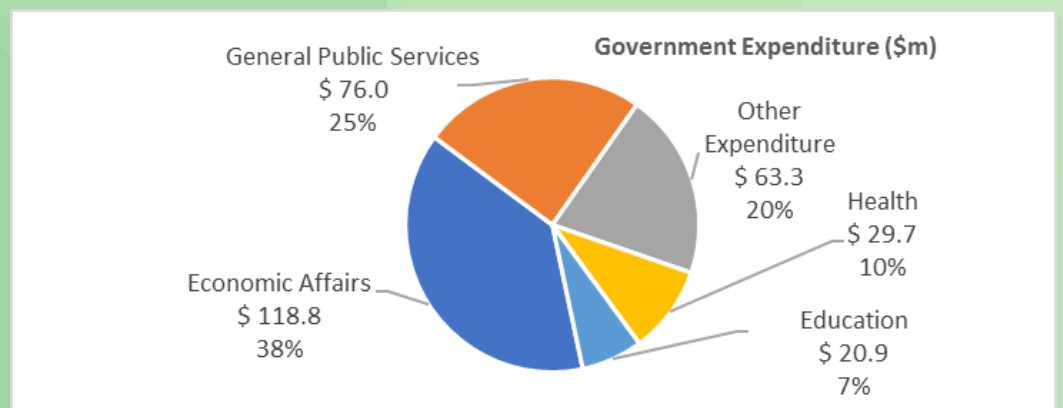
EXPENDITURE - MONI AKAPOU'ANGA

Total expenditure (including aid-sourced expenditure) for 2022/23 is estimated to be \$308.6 million.

Expenditure related to supporting the development of the Cook Islands economy accounts for 38% of government expenditure, followed by governance and administration costs through general public services. Other expenditure comprises of costs relating to social services, environmental protection, culture and recreation and public safety.

Ko te katoa'anga o te 'akapou'anga (kāpiti mai te 'akapou'anga moni tauturu) no te mataiti 2022/23 kua tāmānako'ia e, e \$308.6 mirioni.

Ko te 'akapou'anga tei 'ātui ki te 'akapū'apinga i te tuanga kimi pū'apinga o te Kuki Airani, ka 'akapāpū mai te reira i te 38% i te 'akapou'anga a te kavamani, āru mai te tūtaki'anga 'akatere e te akano'ono'o'anga tei na roto mai i te au tu'anga angaanga a te kavamani. Ko tēta'i au 'akapou'anga kua 'ātui ki te au tūtaki'anga i te tauturu ora'anga tangata, pāuru aorangi, te peu e te tāmātaora e pērā te pāuru'anga ora'anga tangata.



ECONOMIC RECOVERY ROADMAP (ERR) - ARANUI AKAMĀTŪTŪ I TE KIMI PŪ'APINGA

The aim of the Economic Recovery Roadmap (ERR) is to grow the Cook Islands' GDP to pre-COVID levels (of approximately \$550 million) and towards a path of full recovery by 2025.

This is achieved through the support of economic stimulus and reform measures that are designed to aid businesses and households impacted by the COVID-19 pandemic.

As seen in the graph below, the wage subsidy (68%) and business grants (23%) accounts for most of the cumulative ERR expenditure spent to date.

Ko te akakoro'anga tumu o te Aranui Akamatutu i te tuanga Kimi Puapinga (ERR) koia ko te 'akatupu 'aka'ōu i te Pū'apinga Basilea o te Kuki Airani kia 'āite i te tuātau i mua ake i te Koviti (mei te \$550 mirioni) ma te umuumu katoa kia rauka 'aka'ōu te turanga ngāteitei i te mata'iti 2025.

Kua rauka tēia nā roto i te turu a te ravenga kimi pū'apinga e te vaito'anga akamātutu tei 'anga'ia ei tauturu i te au pītiniti e te au ngutu'are tei 'arapaki'ia e te maki Koviti 19.

Mei tei 'akaari'ia i roto i te karāpu i raro nei, ko te moni tupae i te aroanga 'anga'anga (68%) e te moni tauturu i te au pītiniti (23%) kua 'akapāpu mai tē reira i te ma'ata'anga o te moni tei akapou'ia ki runga i te ERR i tēia tuātau.

