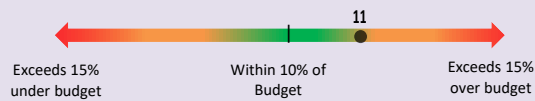


Overall Cook Islands General Government Budget vs Actual Performances for the quarter ended 30 September 2021

YTD Revenue (\$000's)

Q1 Actual 64,797 Q1 Budget: 58,424 Q1 Variance: 6,373 or 11 %

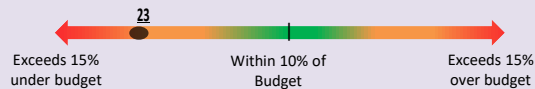


Full year	
*Forecast	163,866
Budget:	162,329

* Operating Revenue: Total operating revenue collected was \$6.4 million higher than anticipated for the quarter ended 30 September 2021. This was primarily due to Vested Asset funds received from the Financial Supervisory Commission (FSC) of \$3.8 million, which was not included in the original revenue forecasts for the financial year as well as, taxation revenue collections of \$3.5 million. An increase in VAT revenue was the main contributor to the increase in VAT importation of goods and services, as well as robust contributions from non-tourism based industries (retailer and wholesalers), followed by domestic air travel. Furthermore, an increase in compliance activities (taxpayers entering into payment arrangement to pay off existing debt) also contributed to higher collections in tax revenue of other tax types, such as individual income tax and company tax reported for the quarter. Taxation estimates for 2021/22 for direct taxes (income tax, company tax, withholding tax) have been revised downwards, due to the ongoing impacts of COVID-19 and tax measures implemented through the Economic Response Plan (ERP). Indirect taxes (VAT, departure tax, import levies), were expected to provide a steady increase in revenue collection due to tourism volumes and overall imports. However with the extended border closures and the delayed restart of tourism, this may be longer than expected.

YTD Operating expenditure (\$000's)

Q1 Actual: 41,025 Q1 Budget: 53,523 Q1 Variance: 12,499 or 23 %



Full year	
*Forecast:	172,865
Budget:	206,403

* Operating Expenditure: General Government operating expenditure for the quarter ended 30 September 2021 was lower than estimated by \$12.5 million. This was mainly due to underspends in Government Agencies and Island Governments operating budgets by \$3.6 million; as a result of unfilled vacancies, effective cost management practices, and savings from depreciation due to majority of assets in larger Ministries such as Culture and Health being fully depreciated. Furthermore, expenditure through the Administered Payments was \$7.0 million lower than estimated, primarily attributed to the zero expenditure under the airline underwrite (of \$2.2 million), underspend in the Marketing Resources – Tourism Growth Strategy (of \$1 million), COVID-19 Economic Recovery Roadmap (of \$0.8 million) and the Economic Response Plan (of \$0.4 million), followed by various underspends of about \$0.2 million and below in all other Administered Payments. POBOC expenditure was also underspent by \$0.3 million for the quarter, followed by various savings in other operating expense items (totalling \$2.1 million) from Debt Interest Contribution to the Loan Repayment Funds (LRF), Crown Infrastructure Contingency Depreciation, Depreciation Contingency funds, and Operating Contingency funds for the quarter. Savings in operating were offset against loss on foreign exchange and bank fees, both unbudgeted for.

YTD Surplus/(Deficit) (\$000's)

Q1 Actual 23,772 Q1 Budget: 4,901 Q1 Variance: -18,871 or -385 %

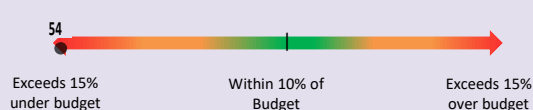


Full year	
*Forecast	-8,999
Budget:	-44,075

* Government's Net Operating Position: The net operating balance for the quarter ended 30 September 2021 was a surplus of \$23.8 million. This was a positive variance as the net operating balance improved by \$18.9 million compared to the budget estimate of \$4.9 million. The improvement in the net operating balance was primarily due to unanticipated revenue received, higher taxation revenue collected and effective monitoring of budget expenditure.

YTD Capital Expenditure (\$'000's)

Q1 Actual **4,657** Q1 Budget: **10,110** Q1 Variance: **5,453** or **54** %

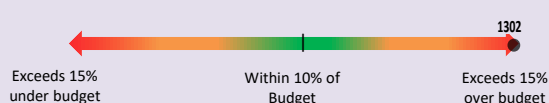


Full year	
*Forecast	33,510
Budget:	37,830

* Capital Expenditure: Capital expenditure was lower than budgeted by \$5.5 million for the quarter ended 30 September 2021. In terms of the annual budget of \$37.8 million, this was a low utilisation (of 12 per cent) due to Government's capacity to implement projects in a timely manner, coupled with the ongoing pandemic of COVID-19, this has impacted on travel restrictions, sourcing of resources, and logistical constraints. These factors have hindered our ability to implement scheduled projects planned on both Rarotonga and the Pa Enua. Significant underspends for the quarter were mostly attributed to Infrastructure Cook Islands (ICI) capital projects such as Road Asset Management (of \$1.6 million) and Bridges and Structures Asset Management and Improvement (of \$0.6 million), and MFEM's COVID-19 Response Fund Capital Needs (of \$0.6 million), followed by various underspends of about \$0.5 million and below in other capital projects.

YTD Net Fiscal Surplus/(Deficit) (\$'000's)

Q1 Actual **20,841** Q1 Budget: **-1,734** Q1 Variance: **22,575** or **1302** %



Full year	
*Forecast	-28,578
Budget:	-67,975

* General Government's net fiscal balance for the quarter ended 30 September 2021 improved by \$22.6 million compared to the budget estimate of \$1.7 million shortfall. Higher revenue collections predominantly in Other Crown Revenue, followed by Taxation Revenue, contributed to the significant improvement in Government's net fiscal balance in addition to savings in Operating Expenses and Capital Expenditure.

* Source - Cook Islands Government 2021/22 Book 1 Appropriation Estimates.