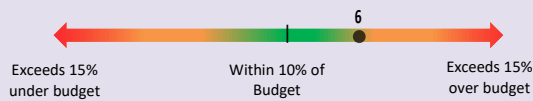


Overall Cook Islands General Government Budget vs Actual Performances for the quarter ended 31 December 2021

YTD Revenue (\$'000's)

Q2 Actual 105,547 **Q2 Budget:** 99,676 **Q1 Variance:** 5,871 or 6 %

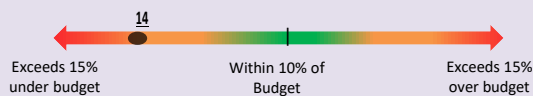


Full year	
*Forecast	175,472
Budget:	162,329

* Operating Revenue: Total operating revenue collected was \$5.9 million higher than anticipated for the quarter ended 31 December 2021. This was primarily due to Vested Asset funds received from the Financial Supervisory Commission (FSC) of \$5 million which was not included in the original revenue forecasts for the financial year, followed by MMR fisheries revenue, EU Agreement of \$1.5 million and US Treaties of \$0.6 million, and a slight increase in total taxation revenue collected of \$0.02 million above budget estimates. This was offset by Government Agencies & Island Governments Trading Revenue under budget of \$0.3 million. The slight increase in taxation revenue was mainly due to the reinstated border closures as a result of COVID-19 which had adversely impacted on the quarter's taxation revenue collected. 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. With the official opening of the borders scheduled in January 2022 and Government's constant practice of social distancing measures in place, this is expected to revive the tourism industry our main revenue generator and bring in steady flows of revenue in the upcoming months.

YTD Operating expenditure (\$'000's)

Q2 Actual: 96,474 **Q2 Budget:** 112,007 **Q1 Variance:** 15,533 or 14 %

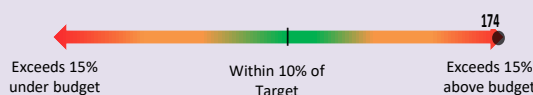


Full year	
*Forecast	206,404
Budget:	206,403

* Operating Expenditure: General Government operating expenditure for the quarter ended 31 December 2021 was lower than estimated by \$15.5 million. This was mainly due to underspends in Government Agencies and Island Governments operating budgets by \$4 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 \$7.7 million lower than estimated primarily attributed to underspends in the Marketing Resources – Tourism Growth Strategy (of \$1.9 million), Patient Referral (of \$0.9 million), followed by various underspends in all other Administered Payments. POBOC expenditure was also underspent by \$0.9 million for the quarter followed by various underspends in other operating expense items (totalling \$3.7 million) from debt repayments and depreciation allocation for the period. Savings in operating were offset against loss on foreign exchange and bank fees which were both unbudgeted for.

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

Q2 Actual 9,073 **Q2 Budget:** -12,330 **Q1 Variance:** -21,404 or 174 %

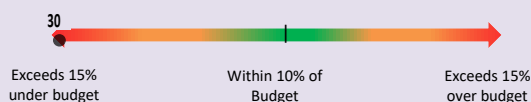


Full year	
*Forecast	-30,932
Budget:	-44,075

* Government's Net Operating Position: The net operating balance for the quarter ended 31 December 2021 was a surplus of \$9.1 million. This surplus was an improvement of \$21.4 million compared to the budget estimate deficit of \$12.3 million. The improvement in the net operating balance was primarily due to unanticipated revenue received and effective monitoring of budget expenditure.

YTD Capital Expenditure (\$'000's)

Q2 Actual 10,716 Q2 Budget: 15,386 Q1 Variance: 4,670 or 30 %

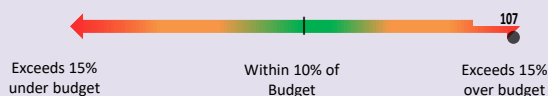


Full year	
*Forecast	37,830
Budget:	37,830

* Capital Expenditure: Capital expenditure was lower than budgeted by \$4.7 million for the quarter ended 31 December 2021. In terms of the annual budget of \$37.8 million this was a low utilisation (of 28 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 Road Asset Management (of \$1.8 million), Government Building Projects - CIIC (of \$1.1 million) followed by various underspends in other capital projects. These were offset by overspends for the quarter, mostly attributed from Te Mato Vai - Rarotonga Water Upgrade (over by \$0.6 million), Emergency Management and Support Infrastructure (over by \$0.4 million), and Pa Enua Government Building Projects - Southern Group (over by \$0.1 million), which are expected to come within their own respective budget's before the end of the financial year.

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

Q2 Actual 1,476 Q2 Budget: -20,810 Q1 Variance: 22,286 or 107 %



Full year	
*Forecast	-54,831
Budget:	-67,975

* General Government's net fiscal balance for the quarter ended 31 December 2021 improved by \$22.3 million compared to the budget estimate of \$20.8 million shortfall. Higher revenue collections of \$5.9 million contributed to the improvement in Government's net fiscal balance, in addition cost savings in Operating Expenses (of \$15.5 million) and Capital Expenditure (of \$4.7 million).

* Source - Cook Islands Government 2021/22 Half - Year Economic and Fiscal Update 8 December 2021