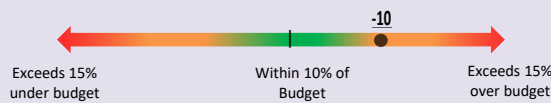


Overall Cook Islands General Government Budget vs Actual Performances for the quarter ended 30 June 2022

YTD Revenue (\$'000's)

Q4 Actual: 177,795 **Q4 Budget:** 162,329 **Q4 Variance:** -15,466 or -10 %

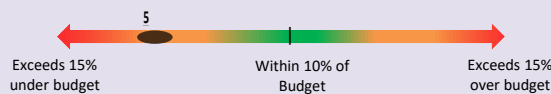


Full year	
*Forecast:	175,472
Budget:	162,329

* Operating Revenue: Total operating revenue collected was \$15.47 million higher than anticipated for the year ended 30 June 2022. This was primarily due to additional General Budget Support of \$10 million, Vested Asset funds received from the Financial Supervisory Commission (FSC) of \$4.98 million which was not included in the original revenue forecasts for the financial year, followed by Immigration Fees with an increase of \$0.50 million and MFEM's circulation of currency - coins of \$0.43 million. Taxation Revenue was on target at year end as predicted with a slight shortfall of \$0.90 million, however within the different tax categories, there was significant shortfall of \$7.6 million for Company Tax, offset by \$7.7 million increase for Individual Income Tax. This was due to compliance activities and steady PAYE contributions from larger employers and also drop in business confidence resulting in low provisional tax estimates and payments by companies.

YTD Operating expenditure (\$'000's)

Q4 Actual: 196,826 **Q4 Budget:** 207,998 **Q4 Variance:** 11,172 or 5 %



Full year	
*Forecast:	206,404
Budget:	207,998

* Operating Expenditure: General Government operating expenditure adjusted for depreciation, for the year ended 30 June 2022 was lower than estimated by \$11.17 million. This was mainly due to underspends in Government Agencies and Island Governments operating and personnel budgets totalling \$6.2 million; as a result of unfilled vacancies and effective cost management practices. The expenditure through Administered Payments was also below budget by \$2.93 million primarily attributed to cost savings in Bridges and Drainage Maintenance Expense (of \$0.57 million), Universal Access Fund (of \$0.40 million), with all other Administered Payments below their respective budgets. In addition POBOC expenditure saw cost savings of \$0.20 million for the year. The remaining cost savings were underspends in various operating expense items relating to debt repayments and emergency funding. Depreciation is considered a non-cash expense, since it is simply an ongoing charge to the carry amount of Government assets, designed to reduce the recorded cost of Government assets over their useful life.

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

Q4 Actual: -19,031 **Q4 Budget:** -45,669 **Q4 Variance:** -26,638 or 58 %

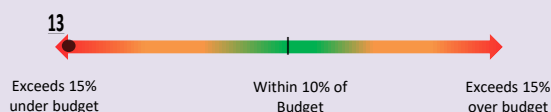


Full year	
*Forecast:	-30,932
Budget:	162,121

* Government's Net Operating Position: The net operating balance for the year ended 30 June 2022 was a deficit of \$19.03 million. This deficit was an improvement of \$26.64 million compared to the budget estimate deficit of \$45.67 million. The improvement in the net operating balance was primarily due to unanticipated revenue received (\$10 million General Budget Support from NZ Government) and effective monitoring of budget expenditure.

YTD Capital Expenditure (\$'000's)

Q4 Actual: **23,820** Q4 Budget: **27,437** Q4 Variance: **3,617** or **13** %

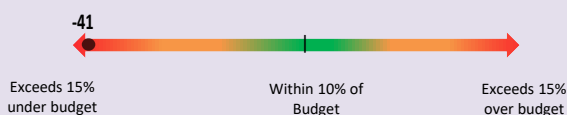


Full year	
*Forecast:	37,830
Budget:	27,437

* Low savings in this financial year was mainly due to re-appropriation of capital savings to 2023 budget year (refer to re-appropriated column of Table 4). Other factors, include limited capacity within Government to implement projects in a timely manner, with the ongoing Covid-19 pandemic affecting resourcing 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 year were mostly attributed to Road Asset Management (of \$0.73 million) and To Tatou Vai (of \$1.13 million) followed by various underspends in other capital projects.

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

Q4 Actual: **-34,979** Q4 Budget: **-59,175** Q4 Variance: **24,196** or **-41** %



Full year	
*Forecast:	-54,831
Budget:	-59,175

* General Government's net fiscal balance for the year ended 30 June 2022 improved by \$24.20 million compared to the budget estimate of \$59.18 million shortfall. Higher revenue collections of \$15.47 million contributed to the improvement in Government's net fiscal balance, in addition cost savings in Operating Expenses (of \$11.17 million), Depreciation (of \$6.06 million) and Capital Expenditure (of \$3.62 million).

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