



REPUBLIC OF NAURU

DEPARTMENT OF FINANCE

QUARTERLY BUDGET PERFORMANCE REPORT  
QUARTER 2 2019-20

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Treasury Division  
Department of Finance

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# QUARTERLY BUDGET PERFORMANCE REPORT – QUARTER 2 2019-20

## INTRODUCTION

This is the performance report for the second quarter of the 2019-20 Budget year for the Republic of Nauru. It provides revenue and expenditure data recorded by Treasury for the period 1 July 2019 to 31 December 2019. It is based on all available information to Treasury from the Government's accounts and departmental sources as at 10 January 2020.

- In aggregate, actual year to date expenditure is consistent with expectations, with 71 per cent of total annual revenue collected and 43 per cent of total expenditure spent to date.

This report only covers General Government operations. Donor expenditures and the operations of State-owned enterprises (SoE's) are not included, except where transfers from the Government have been made to donor projects or as subsidies/loans to SoE's. Likewise receipts from direct budget support donor funding have been included. All figures are in Australian dollars.

## OVERVIEW

### MACROECONOMIC ASSUMPTIONS

The macro-economic assumptions remain the same as those adopted in the 2019-20 Budget: growth would be flat (0.6 per cent) and inflation would be around 2 per cent. The nominal GDP estimate for 2019-20 is \$170.2 million.

### SUPPLEMENTARY APPROPRIATIONS

There have been two supplementary appropriations in the quarter.

- *Supplementary Appropriation No.3 2019-20* (28 November 2019) recognised \$56.9 million in additional windfall revenue mainly related to Regional Processing Centre (RPC) hosting fees and operations, and appropriated \$56.7 million to meet expenditure priorities of the newly elected Government, including key infrastructure investment, SOE debt areas and subsidies, and a windfall payment to public sector employees, including SOE employees.
- *Supplementary Appropriation No.4 2019-20* (20 December 2019) recognised \$17.7 million in additional revenue mainly related to RPC hosting fees and operations, and appropriated \$17.7 million for various expenditures, mainly related to RPC operations and SOE subsidies.

### REVISED 2019-20 BUDGET

Following the supplementary bills, the revised budget for 2019-20 is for revenue of \$232.5 million and expenditure of \$231.7 million with a surplus balance of \$0.8 million.

## FISCAL RESPONSIBILITY RATIOS

The Government has adopted the following fiscal responsibility ratios:

- Fiscal balance to GDP ratio must not be negative – budget must at least be in balance
- Fiscal cash buffer – cash reserves up to the equivalent of two months non-RPC related expenditure must be available
- Personnel costs to current expenditure to be less than 30 per cent.

Performance in the quarter against these ratios is summarised in the tables below. All ratios were met at the end of the quarter.

*Table 1: Fiscal responsibility ratio performance Q2 2019-20*

| Measure               | Target                                     | 2018-19       | 2019-20 | 2019-20        | 2019-20           |
|-----------------------|--|---------------|---------|----------------|-------------------|
|                       |  | Prelim Actual | Budget  | Revised Budget | 2019-20 Q2 Actual |
| Fiscal balance to GDP | not negative                               | 5%            | 0.19%   | 0.45%          | 37%               |
| Personnel cost ratio  | Personnel cost to current expenditure <30% | 17%           | 28%     | 19%            | 17%               |

*Table 2: Fiscal cash buffer availability Q2 2019-20*

|   | Requirement (\$) | Treasury available funds (\$) |                   |                   |
|---|------------------|-------------------------------|-------------------|-------------------|
|   |                  | at 30 June 2019               | at 30 Sept 2019   | at 30 Dec 2019    |
| Fiscal cash buffer at 30 June 2019        | 19,095,272       | 39,052,107                    |                   |                   |
| Fiscal cash buffer at 30 Sept 2019        | 25,819,099       |                               | 55,392,519        |                   |
| Fiscal cash buffer at 30 December 2020    | 30,379,007       |                               |                   | 114,603,350       |
| <i>of which held in cash buffer funds</i> |                  | <i>11,092,498</i>             | <i>11,166,668</i> | <i>25,212,945</i> |

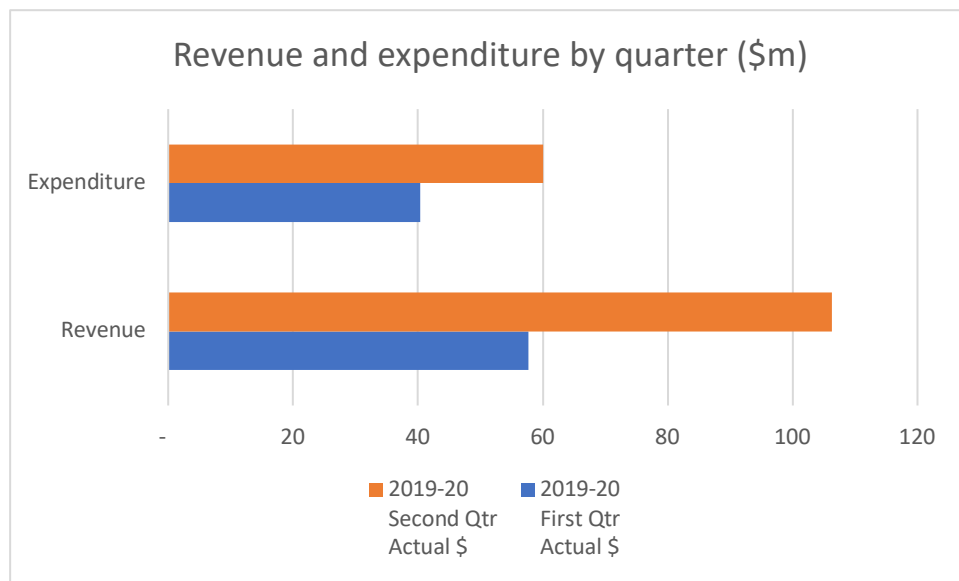
## TOTAL BUDGET AGGREGATES

The total budget aggregates for 2019-20 Budget and year to date, as well as the preliminary final budget outcome for 2018-19 are shown in Table 3 and Figure 1. Actual year to date expenditure is consistent with budget expectations. However, revenue receipts are higher than expected, reflecting better than expected visa fees and non-tax collections.

Table 3 Aggregate results Q2 2019-20

|                    | 2018-19<br>Preliminary<br>Actual | 2019-20<br>Approved<br>Budget | 2019<br>Supp<br>Bills | 2019-20<br>Revised<br>Budget | 2019-20<br>YTD Actual | 2019-20 YTD<br>Actual<br>% of budget | 2019-20<br>Commitments | 2019-20<br>Available<br>Budget |
|--------------------|----------------------------------|-------------------------------|-----------------------|------------------------------|-----------------------|--------------------------------------|------------------------|--------------------------------|
|                    | \$                               | \$                            | \$                    | \$                           | \$                    |                                      | \$                     | \$                             |
| <b>Revenue</b>     | 217,099,983                      | 146,030,911                   | 86,433,315            | 232,464,226                  | 163,920,764           | 71%                                  | -                      | 68,543,462                     |
| <b>Expenditure</b> | 208,502,756                      | 145,716,127                   | 85,975,065            | 231,691,192                  | 100,380,584           | 43%                                  | 1,495,351              | 129,815,256                    |
| <b>Balance</b>     | 8,597,227                        | 314,784                       | 458,250               | 773,034                      | 63,540,179            | -                                    | - 1,495,351            | - 61,271,794                   |

Figure 1 Aggregate results by Quarter 2019-20



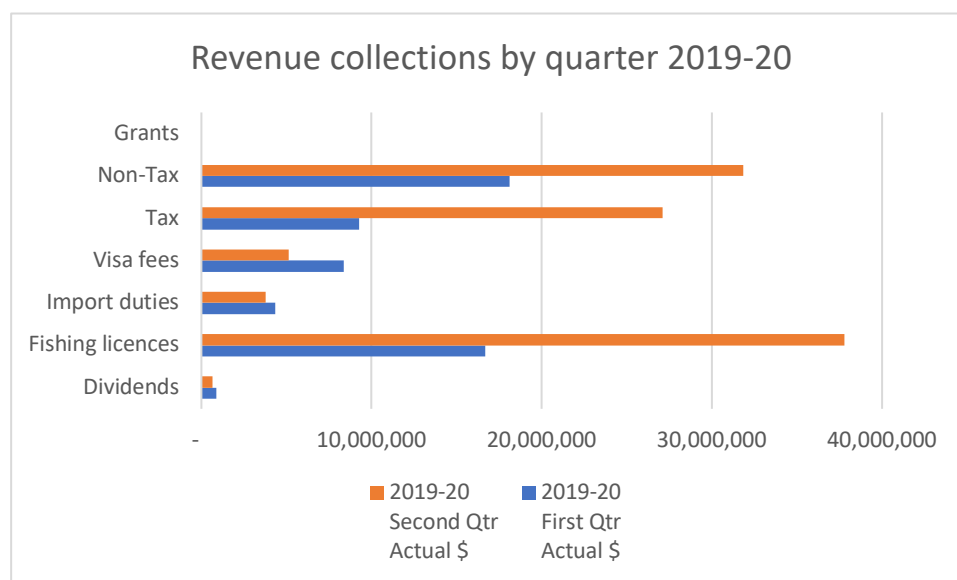
## OPERATING REVENUE ANALYSIS

Actual revenues collected to date have been higher than expected, but consistent with historical patterns. Actual revenue collected to the end of the second quarter 2019-20 accounted for 71 per cent of the revised budget estimate for 2019-20. Visa fees were significantly higher than expected, reflecting resolution of reimbursement from Australia of historical of historical fees. Fisheries revenue is seasonal with most licences granted in the second quarter. Direct budget support grant payments are expected to be recorded in early 2020.

Table 4: Revenue breakdown Q2 2019-20

| Description      | 2018-19 Preliminary Actual | 2019-20 Approved Budget | 2019 -20 Supp Bills | 2019-20 Revised Budget | 2019-20 YTD Actual | 2019-20 YTD Actual % of budget | 2019-20 Remaining Budget |
|------------------|----------------------------|-------------------------|---------------------|------------------------|--------------------|--------------------------------|--------------------------|
|                  | \$                         | \$                      | \$                  | \$                     | \$                 | %                              | \$                       |
| Dividends        | 1,746,867                  | -                       | 1,542,649           | 1,542,649              | 1,542,649          | 100%                           | 0                        |
| Fishing licences | 71,373,771                 | 50,532,825              | -                   | 50,532,825             | 54,464,804         | 108%                           | 3,931,979                |
| Import duties    | 17,867,967                 | 14,654,707              | -                   | 14,654,707             | 8,088,393          | 55%                            | 6,566,314                |
| Visa fees        | 11,071,613                 | 11,210,008              | -                   | 11,210,008             | 13,485,340         | 120%                           | 2,275,332                |
| Tax              | 41,333,515                 | 32,700,000              | 24,800,000          | 57,500,000             | 36,360,956         | 63%                            | 21,139,044               |
| Non-Tax          | 69,449,493                 | 21,080,685              | 60,090,666          | 81,171,351             | 49,978,620         | 62%                            | 31,192,731               |
| Grants           | 4,256,757                  | 15,852,686              | -                   | 15,852,686             | -                  | 0%                             | 15,852,686               |
| <b>Total</b>     | <b>217,099,983</b>         | <b>146,030,911</b>      | <b>86,433,315</b>   | <b>232,464,226</b>     | <b>163,920,764</b> | <b>71%</b>                     | <b>68,543,462</b>        |

Figure 2 Revenue Collections by quarter 2019-20



## VISA FEES

Total revenue from visa fees was higher than expected in the quarter (see Table 5), with visa fees related to refugees in the community (1580 Visa Fees - RPC Resettlement) significantly higher than originally budgeted. This reflected resolution of reimbursement from Australia of historical visa fees. Lower than expected RPC related visa fees relates in part to delays in reimbursement payments which are expected to resolved in the third quarter.

Table 5 Visa Revenues Q2 2019-20

| Description                         | 2018-19<br>Preliminary<br>Actual | 2019-20<br>Approved<br>Budget | 2019 -20<br>Supp<br>Bills | 2019-20<br>Revised<br>Budget | 2019-20<br>YTD Actual | 2019-20 YTD<br>Actual<br>% of budget | 2019-20<br>Remaining<br>Budget |
|-------------------------------------|----------------------------------|-------------------------------|---------------------------|------------------------------|-----------------------|--------------------------------------|--------------------------------|
|                                     | \$                               | \$                            | \$                        | \$                           | \$                    | %                                    | \$                             |
| 1330 - Visa Check up                | 8,621                            | 10,008                        | -                         | 10,008                       | 4,423                 | 44%                                  | 5,585                          |
| 1335 - Visa Fees - RPC              | 768,200                          | 5,600,000                     | -                         | 5,600,000                    | 1,095,000             | 20%                                  | 4,505,000                      |
| 1575 - Visa Fees (Other Business)   | 2,876,362                        | 2,000,000                     | -                         | 2,000,000                    | 1,491,483             | 75%                                  | 508,517                        |
| 1580 - Visa Fees - RPC Resettlement | 7,418,430                        | 3,600,000                     | -                         | 3,600,000                    | 10,894,434            | 303%                                 | 7,294,434                      |
| <b>Total Visa Fees</b>              | <b>11,071,613</b>                | <b>11,210,008</b>             | <b>-</b>                  | <b>11,210,008</b>            | <b>13,485,340</b>     | <b>120%</b>                          | <b>2,275,332</b>               |

## FISHING REVENUES

Fishing revenues are in line with expectations (Table 6). This revenue group is strongly seasonal, with the majority of revenue being received in the second quarter.

Table 6: Fishing revenues Q2 2019-20

| Description                               | 2018-19<br>Preliminary<br>Actual | 2019-20<br>Approved<br>Budget | 2019 -20<br>Supp<br>Bills | 2019-20<br>Revised<br>Budget | 2019-20<br>YTD Actual | 2019-20 YTD<br>Actual<br>% of budget | 2019-20<br>Remaining<br>Budget |
|---|----------------------------------|-------------------------------|---------------------------|------------------------------|-----------------------|--------------------------------------|--------------------------------|
|   | \$                               | \$                            | \$                        | \$                           | \$                    | %                                    | \$                             |
| 1055 - Support Vessel Charges             | 278,483                          | 139,671                       | -                         | 139,671                      | 205,755               | 147%                                 | 66,084                         |
| 1071 - Purse Seine Revenue - Licensing    | 1,447,472                        | 977,699                       | -                         | 977,699                      | 1,159,711             | 119%                                 | 182,012                        |
| 1072 - Purse Seine Revenue - Fishing Days | 69,647,816                       | 49,415,455                    | -                         | 49,415,455                   | 53,099,338            | 107%                                 | 3,683,883                      |
| <b>Total Fisheries Revenue</b>            | <b>71,373,771</b>                | <b>50,532,825</b>             | <b>-</b>                  | <b>50,532,825</b>            | <b>54,464,804</b>     | <b>108%</b>                          | <b>3,931,979</b>               |

## TAXATION REVENUE

Taxation revenues were in line with expectations (Table 7), consistent with higher than expected RPC activity and its flow on impact to business profit tax and employment services tax.

Table 7: Taxation revenue Q2 2019-20

| Description                                    | 2018-19<br>Preliminary<br>Actual | 2019-20<br>Approved<br>Budget | 2019 -20<br>Supp<br>Bills | 2019-20<br>Revised<br>Budget | 2019-20<br>YTD Actual | 2019-20 YTD<br>Actual<br>% of budget | 2019-20<br>Remaining<br>Budget |
|--|----------------------------------|-------------------------------|---------------------------|------------------------------|-----------------------|--------------------------------------|--------------------------------|
|  | \$                               | \$                            | \$                        | \$                           | \$                    | %                                    | \$                             |
| 1190 - Telecom Tax                             | 2,158,401                        | 1,200,000                     | 1,100,000                 | 2,300,000                    | 1,197,754             | 52%                                  | 1,102,246                      |
| 1590 - Employment/Non-resident Withholding Tax | 16,975,366                       | 17,700,000                    | -                         | 17,700,000                   | 8,995,254             | 51%                                  | 8,704,746                      |
| 1591 - Business Profit Tax                     | 22,199,748                       | 13,800,000                    | 23,700,000                | 37,500,000                   | 26,167,948            | 70%                                  | 11,332,052                     |
| <b>Total Tax</b>                               | <b>41,333,515</b>                | <b>32,700,000</b>             | <b>24,800,000</b>         | <b>57,500,000</b>            | <b>36,360,956</b>     | <b>63%</b>                           | <b>21,139,044</b>              |

## NON-TAX REVENUE

Non-tax revenue collections in the year to date were ahead of expectations (Table 8). This in part reflected the timing of the election in August 2019, the inclusion of two months port fees and revenues associated with the regional processing centre. Revenue from the issue of birth, death and marriage certificates, issue of trading licences as well as motor cycle registration fees was also higher than expected. Curator fees relate to money held in trust and will move through the year.

Table 8 Non-tax revenues Q2 2019-20

| Description                          | 2018-19<br>Preliminary<br>Actual | 2019-20<br>Approved<br>Budget | 2019 -20<br>Supp<br>Bills | 2019-20<br>Revised<br>Budget | 2019-20<br>YTD Actual | 2019-20 YTD<br>Actual<br>% of budget | 2019-20<br>Remaining<br>Budget |
|--------------------------------------|----------------------------------|-------------------------------|---------------------------|------------------------------|-----------------------|--------------------------------------|--------------------------------|
|                                      | \$                               | \$                            | \$                        | \$                           | \$                    | %                                    | \$                             |
| 1121 - Curator fees                  | 175,562                          | 5,000.00                      | -                         | 5,000.00                     | (34,369.69)           |                                      |                                |
| 1215 - Licenses-Drivers etc          | 80,345                           | 100,000                       | -                         | 100,000                      | 51,642                | 52%                                  | 48,358                         |
| 1220 - Corporation Fees and Licenses | 177,625                          | 130,000                       | -                         | 130,000                      | 8,825                 | 7%                                   | 121,175                        |
| 1225 - Licenses-Trading              | 345,604                          | 280,000                       | -                         | 280,000                      | 398,985               | 142%                                 | 118,985                        |
| 1230 - Liquor Licensing Board        | 28,629                           | 28,500                        | -                         | 28,500                       | 13,674                | 48%                                  | 14,826                         |
| 1235 - Gaming / Bingo Licenses       | 378,173                          | 420,000                       | -                         | 420,000                      | 163,718               | 39%                                  | 256,282                        |
| 1260 - Birth Certificate             | 26,410                           | 15,505                        | -                         | 15,505                       | 13,970                | 90%                                  | 1,535                          |
| 1265 - Death Certificate             | 720                              | 340                           | -                         | 340                          | 410                   | 121%                                 | 70                             |
| 1270 - Marriage Certificate          | 3,050                            | 1,730                         | -                         | 1,730                        | 1,840                 | 106%                                 | 110                            |
| 1300 - Registration Fees-Motor Cars  | 68,207                           | 68,709                        | -                         | 68,709                       | 51,708                | 75%                                  | 17,002                         |
| 1305 - Registration Fees-Motorcycles | 4,965                            | 6,036                         | -                         | 6,036                        | 4,050                 | 67%                                  | 1,986                          |
| 1310 - Vehicle/Insurance Fees        | 182,313                          | -                             | -                         | -                            | 166,800               | -                                    | -                              |
| 1325 - Passport Fees and Photographs | 315,117                          | 180,000                       | -                         | 180,000                      | 133,636               | 74%                                  | 46,364                         |
| 1340 - Police Clearance              | 49,095                           | 45,000                        | -                         | 45,000                       | 25,430                | 57%                                  | 19,570                         |
| 1360 - D.C.A-Pax Levy                | 1,845,600                        | 1,871,520                     | -                         | 1,871,520                    | 727,475               | 39%                                  | 1,144,045                      |
| 1365 - D.C.A.-Departure Taxes        | 1,746,500                        | 1,780,740                     | -                         | 1,780,740                    | 627,200               | 35%                                  | 1,153,540                      |
| 1370 - D.C.A.-Air Navigation Fees    | 984,842                          | 902,652                       | -                         | 902,652                      | 326,563               | 36%                                  | 576,089                        |
| 1375 - D.C.A.-Landing Fees           | 1,073,036                        | 1,106,664                     | -                         | 1,106,664                    | 205,966               | 19%                                  | 900,698                        |
| 1380 - D.C.A.-Rental Fees            | 133,098                          | 133,728                       | -                         | 133,728                      | 16,237                | 12%                                  | 117,492                        |
| 1400 - Port Fees                     | 1,239,511                        | 2,045,678                     | 1,820,689                 | 224,989                      | 357,684               | 159%                                 | 132,695                        |
| 1420 - Warehouse sales               | 30,158                           | 199,383                       | 199,383                   | -                            | -                     | -                                    | -                              |
| 1475 - Miscellaneous Revenue         | 5,268,304                        | 3,780,470                     | 26,357,985                | 30,138,455                   | 25,997,865            | 86%                                  | 4,140,590                      |
| 1480 - Bus Services                  | 2,364                            | 1,200                         | -                         | 1,200                        | 560                   | 47%                                  | 640                            |
| 1485 - Quarantine Fees               | 46,650                           | 60,000                        | -                         | 60,000                       | 24,809                | 41%                                  | 35,191                         |
| 1490 - Court Fines and Fees          | 855,118                          | 15,000                        | -                         | 15,000                       | 5,547                 | 37%                                  | 9,453                          |
| 1495 - Service Fees                  | 27,035,253                       | 5,034,100                     | 15,100,000                | 20,134,100                   | 9,434,593             | 47%                                  | 10,699,507                     |
| 1500 - Sale of Maps                  | 9,820                            | -                             | -                         | -                            | 4,740                 | -                                    | 4,740                          |
| 1520 - Food Handler Check up         | 6,000                            | 4,800                         | -                         | 4,800                        | 1,560                 | 33%                                  | 3,240                          |
| 1525 - PO Box Rentals                | -                                | -                             | -                         | -                            | 240                   | -                                    | 240                            |
| 1530 - Philatelic Bureau Sales       | -                                | -                             | -                         | -                            | 1,330                 | -                                    | 1,330                          |
| 1540 - Advertising Revenue           | 6,044                            | 30,000                        | -                         | 30,000                       | 5,029                 | 17%                                  | 24,971                         |
| 1555 - Spectades,Drugs etc           | 880                              | 1,000                         | -                         | 1,000                        | 610                   | 61%                                  | 390                            |
| 1565 - Medical Services              | 4,401                            | 4,800                         | -                         | 4,800                        | 800                   | 17%                                  | 4,000                          |
| 1577 - DJBC - Operations             | 5,116,398                        | 2,397,474                     | 655,810                   | 3,053,284                    | 2,727,138             | 89%                                  | 326,146                        |
| 1578 - DJBC - Reimbursable Costs     | 14,978,678                       | 346,656                       | 19,996,943                | 20,343,599                   | 8,431,486             | 41%                                  | 11,912,113                     |
| 1700 - National/District Roll Sales  | 3,600                            | 8,000                         | -                         | 8,000                        | 5,470                 | 68%                                  | 2,530                          |
| 1705 - Electoral Various Fees        | 193,020                          | 76,000                        | -                         | 76,000                       | 75,400                | 99%                                  | 600                            |
| Other                                | 7,034,403                        | -                             | -                         | -                            | -                     | -                                    | -                              |
| <b>Total Non Tax</b>                 | <b>69,449,493</b>                | <b>21,080,685</b>             | <b>60,090,666</b>         | <b>81,171,351</b>            | <b>49,978,620</b>     | <b>62%</b>                           | <b>31,320,161</b>              |



## CUSTOMS AND OTHER IMPORT DUTIES

Customs and excise duty collections are broadly on track (Table 9). Customs and excise duty on sugar is being collected at a higher rate than anticipated at budget. However, alcohol excise collections are below expectations.

Table 9 Customs and other Import duties Q2 2019-20

| Description                                    | 2018-19            | 2019-20           | 2019 -20   | 2019-20           | 2019-20 YTD Actual | 2019-20 YTD Actual % of budget | 2019-20 Remaining Budget |
|--|--------------------|-------------------|------------|-------------------|--------------------|--------------------------------|--------------------------|
|  | Preliminary Actual | Approved Budget   | Supp Bills | Revised Budget    |                    |                                |                          |
|  | \$                 | \$                | \$         | \$                | \$                 | %                              | \$                       |
| 1140 - Customs and Excise Duty - Tobacco       | 5,338,101          | 4,772,288         | -          | 4,772,288         | 3,020,628          | 63%                            | 1,751,660                |
| 1145 - Customs and Excise Duty - Alcohol       | 1,133,629          | 1,460,000         | -          | 1,460,000         | 368,732            | 25%                            | 1,091,268                |
| 1150 - Customs and Excise Duty - Sugar         | 851,084            | 642,419           | -          | 642,419           | 516,490            | 80%                            | 125,929                  |
| 1155 - Customs and Excise - Machinery/Vehide/E | 1,096,543          | 680,000           | -          | 680,000           | 470,648            | 69%                            | 209,352                  |
| 1160 - Customs and Excise Duty - Other         | 2,676,933          | 2,800,000         | -          | 2,800,000         | 1,308,027          | 47%                            | 1,491,973                |
| 1165 - Customs and Excise Duty - Petrol Sales  | 2,238,392          | 2,200,000         | -          | 2,200,000         | 1,146,182          | 52%                            | 1,053,818                |
| 1170 - Customs and Excise Duty - Diesel Sales  | 4,323,557          | 2,000,000         | -          | 2,000,000         | 1,257,686          | 63%                            | 742,314                  |
| 1175 - Customs and Excise Duty - JetA1         | 209,729            | 100,000           | -          | 100,000           | -                  | 0%                             | 100,000                  |
| <b>Total Customs and Excise Duty</b>           | <b>17,867,967</b>  | <b>14,654,707</b> | <b>-</b>   | <b>14,654,707</b> | <b>8,088,393</b>   | <b>55%</b>                     | <b>6,566,314</b>         |

## OTHER REVENUE – DIVIDENDS AND GRANTS

Income from investment and dividends was received during the quarter (Table 10). This related to the Digicel dividend. No grant revenue was recorded in the quarter, with none expected to be recorded until the first half of 2020.

Table 10 Dividends and Grants Q1 2019-20

| Description                                    | 2018-19            | 2019-20           | 2019 -20   | 2019-20           | 2019-20 YTD Actual | 2019-20 YTD Actual % of budget | 2019-20 Remaining Budget |
|--|--------------------|-------------------|------------|-------------------|--------------------|--------------------------------|--------------------------|
|  | Preliminary Actual | Approved Budget   | Supp Bills | Revised Budget    |                    |                                |                          |
|  | \$                 | \$                | \$         | \$                | \$                 | %                              | \$                       |
| 1015 - Income from Investments & Dividends-Oth | 1,746,867          | -                 | 1,542,649  | 1,542,649         | 1,542,649          | 100%                           | 0                        |
| 1660 - General Budget Support                  | 4,256,757          | 15,852,686        | -          | 15,852,686        | -                  | 0%                             | 15,852,686               |
| <b>Total Dividends and Grants</b>              | <b>6,003,624</b>   | <b>15,852,686</b> | <b>-</b>   | <b>17,395,335</b> | <b>1,542,649</b>   | <b>9%</b>                      | <b>15,852,686</b>        |

## REVENUE BY DEPARTMENT

Table 11 shows the 2018-19 preliminary budget outcome, 2019-20 Budget and actual revenue for the year to date by department head.

Please note that the total 2018-19 preliminary actual is not the complete total, due to matching with 2019-20 approved budget lines for comparison. Some lines relevant to 2018-19 are not included.

Table 11 Revenue by Department Q2 2019-20

| Description                              | 2018-19<br>Preliminary<br>Actual | 2019-20<br>Approved<br>Budget | 2019<br>Supp<br>Bills & ISHT | 2019-20<br>Revised<br>Budget | 2019-20<br>YTD Actual | 2019-20 YTD<br>Actual<br>% of budget | 2019-20<br>Remaining<br>Budget |
|--|----------------------------------|-------------------------------|------------------------------|------------------------------|-----------------------|--------------------------------------|--------------------------------|
|  | \$                               | \$                            | \$                           | \$                           | \$                    | %                                    | \$                             |
| 03 - Chief Secretariat                   | (224,716)                        | (46,075)                      | 0                            | (46,075)                     | (429,272)             | 932%                                 | 383,197                        |
| 04 - Post and Philately                  | 0                                | 0                             | 0                            | 0                            | (1,570)               | -                                    | 1,570                          |
| 07 - GON Warehouse                       | (30,158)                         | (199,383)                     | 199,383                      | 0                            | 0                     | -                                    | 0                              |
| 09 - Electoral Commission                | (198,162)                        | (86,000)                      | 0                            | (86,000)                     | (111,300)             | 129%                                 | 25,300                         |
| 11 - Finance Secretariat                 | (1,357,411)                      | (10,000)                      | 0                            | (10,000)                     | 0                     | 0%                                   | (10,000)                       |
| 15 - Nauru Revenue Office                | (41,791,832)                     | (33,220,000)                  | (24,800,000)                 | (58,020,000)                 | (36,576,316)          | 63%                                  | (21,443,684)                   |
| 16 - Finance - Other Payments            | (8,348,989)                      | (19,092,686)                  | 0                            | (19,092,686)                 | (2,246,150)           | 12%                                  | (16,846,536)                   |
| 17 - Nauru Customs Office (NCO)          | (17,868,127)                     | (14,654,707)                  | 0                            | (14,654,707)                 | (8,088,393)           | 55%                                  | (6,566,314)                    |
| 18 - NRCC Corporation                    | (27,000,000)                     | (5,000,000)                   | (15,100,000)                 | (20,100,000)                 | (11,433,333)          | 57%                                  | (8,666,667)                    |
| 21 - CIE                                 | (5,750)                          | (7,500)                       | 0                            | (7,500)                      | (2,875)               | 38%                                  | (4,625)                        |
| 31 - Fisheries                           | (72,233,015)                     | (50,532,825)                  | 0                            | (50,532,825)                 | (54,507,273)          | 108%                                 | 3,974,448                      |
| 41 - Police                              | (50,895)                         | (46,800)                      | 0                            | (46,800)                     | (25,530)              | 55%                                  | (21,270)                       |
| 42 - Department of Multicultural Affairs | (28,281,506)                     | (12,256,130)                  | (47,069,418)                 | (59,325,548)                 | (44,281,390)          | 75%                                  | (15,044,158)                   |
| 43 - Justice - Secretariat               | (698,611)                        | (415,000)                     | 0                            | (415,000)                    | (373,690)             | 90%                                  | (41,310)                       |
| 44 - Judiciary                           | (29,845)                         | (15,000)                      | 0                            | (15,000)                     | (5,547)               | 37%                                  | (9,453)                        |
| 45 - Border Control                      | (3,238,659)                      | (2,240,000)                   | 0                            | (2,240,000)                  | (1,649,928)           | 74%                                  | (590,072)                      |
| 50 - Directorate of TVET                 | (26,900)                         | (58,500)                      | 0                            | (58,500)                     | (10,344)              | 18%                                  | (48,156)                       |
| 61 - Health                              | (49,880)                         | (47,008)                      | 0                            | (47,008)                     | (21,403)              | 46%                                  | (25,605)                       |
| 62 - Sports                              | (15,000)                         | 0                             | 0                            | 0                            | (2,800)               | -                                    | 2,800                          |
| 81 - Home Affairs                        |                                  | 0                             | 0                            | 0                            | (24,041)              | -                                    | 24,041                         |
| 83 - Media Bureau                        | (6,044)                          | (30,000)                      | 0                            | (30,000)                     | (5,029)               | 17%                                  | (24,971)                       |
| 84 - Lands & Survey                      | (9,820)                          | (7,000)                       | 0                            | (7,000)                      | (4,740)               | 68%                                  | (2,260)                        |
| 85 - Lands Committee                     | (3,480)                          | (2,000)                       | 0                            | (2,000)                      | (1,260)               | 63%                                  | (740)                          |
| 91 - Department of Transport             | (6,072,969)                      | (5,903,769)                   | 0                            | (5,903,769)                  | (2,154,373)           | 36%                                  | (3,749,396)                    |
| 93 - Maritime Transport                  | (1,316,307)                      | (2,150,528)                   | 1,879,369                    | (271,159)                    | (417,657)             | 154%                                 | 146,498                        |
| 95 - ICT                                 | (1,200,918)                      | (10,000)                      | (1,542,649)                  | (1,552,649)                  | (1,546,549)           | 100%                                 | (6,100)                        |
| <b>Total</b>                             | <b>(210,058,995)</b>             | <b>(146,030,911)</b>          | <b>(86,433,315)</b>          | <b>(232,464,226)</b>         | <b>(163,920,764)</b>  | <b>71%</b>                           | <b>(68,543,462)</b>            |

Maritime transport revenues reflect the timing issues associated with the execution of the decision to remove it from the budget.

## OPERATING EXPENDITURE ANALYSIS

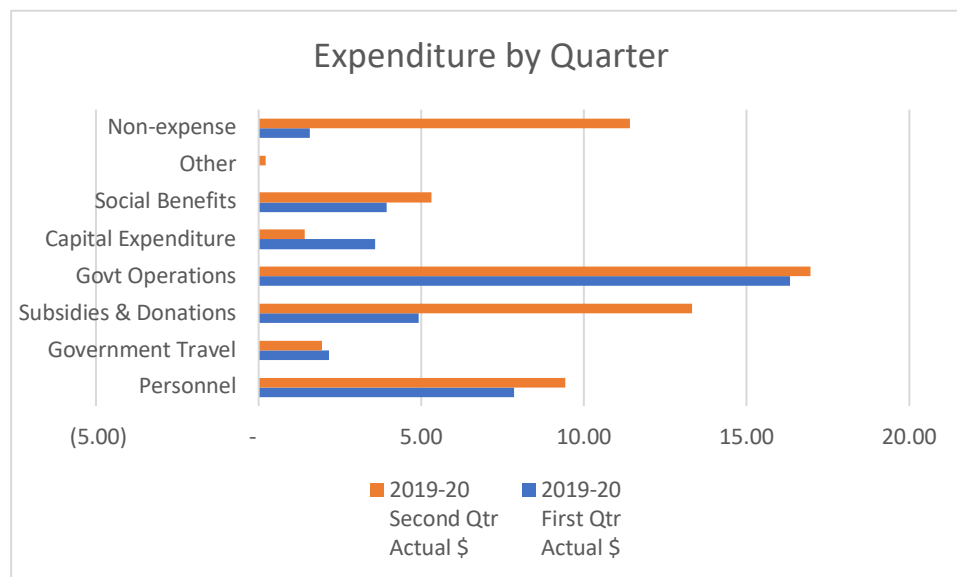
Total expenditure for the quarter is shown in Table 12. Expenditure on Social Benefits and Subsidies & Donations is running ahead of expectations, offset by lower than expected expenditure in other areas.

Table 12 Expenditure by Group Q2 2019-20

| Description           | 2018-19 Preliminary Actual | 2019-20 Approved Budget | 2019-20 Supp Bills & ISHT | 2019-20 Revised Budget | 2019-20 YTD Actual | 2019-20 YTD Actual % of budget | 2019-20 Committed | 2019-20 Remaining Budget |
|-----------------------|----------------------------|-------------------------|---------------------------|------------------------|--------------------|--------------------------------|-------------------|--------------------------|
|                       | \$                         | \$                      | \$                        | \$                     | \$                 | %                              | \$                | \$                       |
| Personnel             | 35,617,914                 | 40,978,982              | 3,177,283                 | 44,156,265             | 17,290,362         | 39%                            | 78,459            | 26,787,444               |
| Government Travel     | 7,305,847                  | 6,266,984               | 4,309,218                 | 10,576,202             | 4,114,426          | 39%                            | 36,420            | 6,425,356                |
| Subsidies & Donations | 22,311,627                 | 6,653,063               | 26,557,027                | 33,210,090             | 18,244,104         | 55%                            | 129,203           | 14,836,783               |
| Govt Operations       | 78,210,889                 | 52,859,825              | 26,507,229                | 79,367,054             | 33,296,441         | 42%                            | 932,636           | 45,137,977               |
| Capital Expenditure   | 20,776,552                 | 11,593,745              | 6,773,606                 | 18,367,350             | 5,007,097          | 27%                            | 306,655           | 13,053,598               |
| Social Benefits       | 12,659,733                 | 7,208,852               | 6,941,418                 | 14,150,270             | 9,253,387          | 65%                            | 11,507            | 4,885,376                |
| Other                 | 412,611                    | 674,675                 | 12,162                    | 686,837                | 183,166            | 27%                            | 472               | 503,199                  |
| Non-expense items     | 31,207,583                 | 19,480,000              | 11,697,124                | 31,177,124             | 12,991,602         | 42%                            | -                 | 18,185,522               |
| <b>Total</b>          | <b>208,502,756</b>         | <b>145,716,127</b>      | <b>85,975,065</b>         | <b>231,691,192</b>     | <b>100,380,584</b> | <b>43%</b>                     | <b>1,495,351</b>  | <b>129,815,256</b>       |

Figure 3 illustrates the expenditure by quarter. Expenditure in the second quarter has been higher than the first one, especially in Other and Subsidies & Donations. This reflected the new Government's decision to pay-out Bank of Nauru depositors and address SOE debt arrears.

Figure 3 Expenditure by Quarter 2019-20



## PERSONNEL COSTS

All lines in this group are spending less than expected (Table 13), except meals and drinks for staff and GON contributions (superannuation payments). Expenditure on GON contributions reflects a large one-off payment made in July.

Table 13 Personnel Expenditure Q2 2019-20

| Description                           | 2018-19               | 2019-20            | 2019                 | 2019-20           | 2019-20           | 2019-20                 | 2019-20             |                   |
|---------------------------------------|-----------------------|--------------------|----------------------|-------------------|-------------------|-------------------------|---------------------|-------------------|
|                                       | Preliminary<br>Actual | Approved<br>Budget | Supp<br>Bills & ISHT | Revised<br>Budget | YTD Actual        | YTD Actual<br>Committed | Remaining<br>Budget |                   |
|                                       | \$                    | \$                 | \$                   | \$                | \$                | %                       | \$                  |                   |
| 2005 - Salaries & Allowances - (MP's) | 996,228               | 1,157,941          | 594,765              | 1,752,706         | 741,068           | 42%                     | -                   | 1,011,638         |
| 2010 - HE Salary & Allowances         | 100,032               | 105,034            | -                    | 105,034           | 51,170            | 49%                     | -                   | 53,864            |
| 2015 - Salary - Local                 | 19,690,004            | 23,792,628         | 2,425,814            | 26,218,442        | 10,170,276        | 39%                     | 5,980               | 16,042,186        |
| 2020 - Salary Expatriate              | 8,669,984             | 9,421,330          | 67,221               | 9,488,551         | 3,723,631         | 39%                     | 31,854              | 5,733,066         |
| 2025 - Allowances - Staff Contract    | 1,702,546             | 1,911,451          | -                    | 1,902,451         | 664,813           | 35%                     | 6,100               | 1,243,738         |
| 2026 - Directors Fees                 | 14,070                | 36,800             | -                    | 33,100            | 8,200             | 25%                     | -                   | 24,900            |
| 2035 - Overtime - local               | 784,219               | 871,888            | 133,524              | 1,005,412         | 382,563           | 38%                     | 9,917               | 612,932           |
| 2040 - Staff Training                 | 845,341               | 1,396,279          | -                    | 1,370,515         | 289,590           | 21%                     | 4,350               | 1,076,575         |
| 2045 - Recruitment                    | 30,991                | 43,500             | -                    | 43,500            | 5,151             | 12%                     | 750                 | 37,599            |
| 2050 - Uniforms & Protective Clothing | 280,057               | 215,125            | 52,890               | 268,015           | 46,058            | 17%                     | 28,619              | 193,338           |
| 2072 - Meals and Drinks - Staff       | 88,126                | 194,090            | -                    | 58,467            | 135,623           | 53%                     | 2,965               | 60,147            |
| 2651 - GON Contributions              | 2,416,316             | 1,832,916          | -                    | 1,832,916         | 1,135,331         | 62%                     | 124                 | 697,461           |
| <b>Total Personnel</b>                | <b>35,617,914</b>     | <b>40,978,982</b>  | <b>3,177,283</b>     | <b>44,156,265</b> | <b>17,290,362</b> | <b>39%</b>              | <b>78,459</b>       | <b>26,787,444</b> |

## GOVERNMENT TRAVEL

Expenditure on Government Travel (Table 14) is broadly in line with expectations, taking account of the significant supplementation of business travel budgets in *Supplementary Appropriation No. 3 2019-20*.

Table 14 Government Travel Expenditure Q2 2019-20

| Description                    | 2018-19               | 2019-20            | 2019                 | 2019-20           | 2019-20          | 2019-20                   | 2019-20             |                  |
|--------------------------------|-----------------------|--------------------|----------------------|-------------------|------------------|---------------------------|---------------------|------------------|
|                                | Preliminary<br>Actual | Approved<br>Budget | Supp<br>Bills & ISHT | Revised<br>Budget | YTD Actual       | YTD Actual<br>% of budget | Remaining<br>Budget |                  |
|                                | \$                    | \$                 | \$                   | \$                | \$               | %                         | \$                  |                  |
| 2070 - Travel - Staff          | 530,390               | 748,841            | 30,662               | 779,503           | 209,482          | 27%                       | 2,263               | 567,758          |
| 2075 - Travel - Business       | 6,775,458             | 5,518,143          | 4,278,556            | 9,796,699         | 3,904,944        | 40%                       | 34,157              | 5,857,598        |
| <b>Total Government Travel</b> | <b>7,305,847</b>      | <b>6,266,984</b>   | <b>4,309,218</b>     | <b>10,576,202</b> | <b>4,114,426</b> | <b>39%</b>                | <b>36,420</b>       | <b>6,425,356</b> |

## SUBSIDIES & DONATIONS

Expenditure on Subsidies & Donations (Table 15) was higher in the quarter, reflecting measures in *Supplementary Appropriation No. 3 2019-20* to address SOE debt arrears and Ronphos cash flow issues.

Other Subsidies & Donations reflects a once-off donation for the University of the South Pacific open day on 13 September 2019.

Table 15 Subsidies & Donations Expenditure Q2 2019-20

| Description                            | 2018-19            | 2019-20          | 2019              | 2019-20           | 2019-20            |                        | Committed      | 2019-20           |
|--|--------------------|------------------|-------------------|-------------------|--------------------|------------------------|----------------|-------------------|
|  | Preliminary Actual | Approved Budget  | Supp Bills & ISHT | Revised Budget    | 2019-20 YTD Actual | YTD Actual % of budget |                | Remaining Budget  |
|  | \$                 | \$               | \$                | \$                | \$                 | %                      | \$             | \$                |
| 2376 - Equity Purchases                | 8,900,000          | 5,400,000        | -                 | 5,400,000         | 2,000,000          | 37%                    | -              | 3,400,000         |
| 2615 - Other Subsidies & Donations     | 2,167,456          | -                | 1,000             | 1,000             | 1,000              | 100%                   | -              | -                 |
| 2616 - Subsidies to SoEs               | 10,653,834         | 242,000          | 26,085,027        | 26,327,027        | 15,302,613         | 58%                    | 83,564         | 10,940,849        |
| 2617 - Donations - local               | 590,337            | 907,532          | 471,000           | 1,378,532         | 940,490            | 68%                    | 45,639         | 392,403           |
| 2618 - Donations - overseas            | -                  | 103,531          | -                 | 103,531           | -                  | 0%                     | -              | 103,531           |
| <b>Total Subsidies &amp; Donations</b> | <b>22,311,627</b>  | <b>6,653,063</b> | <b>26,557,027</b> | <b>33,210,090</b> | <b>18,244,104</b>  | <b>55%</b>             | <b>129,203</b> | <b>14,836,783</b> |

## CAPITAL EXPENDITURE

Overall capital expenditure is less than expected (Table 16), especially expenditure on Buildings and Structures.

Table 16 Capital Expenditure Q2 2019-20

| Description                        | 2018-19            | 2019-20           | 2019              | 2019-20           | 2019-20            |                        | Committed      | 2019-20           |
|------------------------------------|--------------------|-------------------|-------------------|-------------------|--------------------|------------------------|----------------|-------------------|
|                                    | Preliminary Actual | Approved Budget   | Supp Bills & ISHT | Revised Budget    | 2019-20 YTD Actual | YTD Actual % of budget |                | Remaining Budget  |
|                                    | \$                 | \$                | \$                | \$                | \$                 | %                      | \$             | \$                |
| 2480 - Medical Equipment           | 311,260            | 113,400           | 180,000           | 293,400           | 97,077             | 33%                    | 94,998         | 101,325           |
| 2495 - Plant & Equipment Purchases | 2,444,346          | 1,729,664         | 3,947,351         | 5,677,015         | 2,526,393          | 45%                    | 61,441         | 3,089,181         |
| 2496 - Building and Structures     | 16,439,291         | 9,278,781         | 1,343,835         | 10,622,616        | 1,958,095          | 18%                    | 2,233          | 8,662,288         |
| 2580 - Public Works                | 1,581,655          | 471,900           | 1,302,420         | 1,774,320         | 425,533            | 24%                    | 147,983        | 1,200,804         |
| <b>Total Capital Expenditure</b>   | <b>20,776,552</b>  | <b>11,593,745</b> | <b>6,773,606</b>  | <b>18,367,350</b> | <b>5,007,097</b>   | <b>27%</b>             | <b>306,655</b> | <b>13,053,598</b> |

## SOCIAL BENEFITS

Expenditure on social benefits (Table 17) has been significantly higher than expected, despite supplementation. Expenditure on Nauru Community Housing is running ahead of budget. Death claims, aged pension and disability payments are also at higher than anticipated at budget.

Table 17 Social Benefits Q2 2019-20

| Description                              | 2018-19            | 2019-20          | 2019              | 2019-20           | 2019-20          | 2019-20                | Committed     | 2019-20          |
|--|--------------------|------------------|-------------------|-------------------|------------------|------------------------|---------------|------------------|
|  | Preliminary Actual | Approved Budget  | Supp Bills & ISHT | Revised Budget    | YTD Actual       | YTD Actual % of budget |               | Remaining Budget |
|  | \$                 | \$               | \$                | \$                | \$               | %                      | \$            | \$               |
| 2220 - Nauru Community Housing           | 6,817,608          | 2,050,000        | 5,600,000         | 7,650,000         | 5,419,331        | 71%                    | -             | 2,230,669        |
| 2390 - Social Welfare - Birth Claims     | 33,500             | 30,000           | 162,000           | 192,000           | 32,700           | 17%                    | 1,500         | 157,800          |
| 2395 - Social Welfare - Death Claims     | 156,720            | 130,000          | -                 | 130,000           | 104,000          | 80%                    | 6,000         | 20,000           |
| 2400 - Social Services - Aged Pensions   | 2,075,950          | 2,080,000        | 1,039,418         | 3,119,418         | 1,947,624        | 62%                    | -             | 1,171,794        |
| 2405 - Social Services - Super Contribu  | 84,632             | 130,000          | -                 | 130,000           | 60,145           | 46%                    | -             | 69,855           |
| 2410 - Social Services - Super Ex MP's   | 956,390            | 120,000          | -                 | 120,000           | 1,673            | 1%                     | -             | 118,327          |
| 2420 - Social Services - Disability Payr | 835,370            | 884,000          | -                 | 884,000           | 599,086          | 68%                    | -             | 284,914          |
| 2440 - Scholarships - School & Trade     | 1,699,563          | 1,784,852        | 140,000           | 1,924,852         | 1,088,827        | 57%                    | 4,007         | 832,018          |
| <b>Total Social Benefits</b>             | <b>12,659,733</b>  | <b>7,208,852</b> | <b>6,941,418</b>  | <b>14,150,270</b> | <b>9,253,387</b> | <b>65%</b>             | <b>11,507</b> | <b>4,885,376</b> |

## OTHER

The items in this category have been adjusted to better reflect GFS classification definitions, with items previously classified here moving to Government Operations or Non-expense Items. Expenditure in this category is in line with expectations (Table 18).

Table 18 Other Q2 2019-20

| Description                          | 2018-19            | 2019-20         | 2019              | 2019-20        | 2019-20        | 2019-20                | Committed  | 2019-20          |
|--------------------------------------|--------------------|-----------------|-------------------|----------------|----------------|------------------------|------------|------------------|
|                                      | Preliminary Actual | Approved Budget | Supp Bills & ISHT | Revised Budget | YTD Actual     | YTD Actual % of budget |            | Remaining Budget |
|                                      | \$                 | \$              | \$                | \$             | \$             | %                      | \$         | \$               |
| 2565 - Insurance                     | 386,269            | 576,127         | 12,162            | 588,290        | 170,990        | 29%                    | 472        | 416,828          |
| 2570 - Bank Charges                  | 26,342             | 38,873          | -                 | 38,873         | 12,176         | 31%                    | -          | 26,697           |
| 2690 - Foreign exchange gains/losses | -                  | 59,674          | -                 | 59,674         | -              | 0%                     | -          | 59,674           |
| <b>Total Other</b>                   | <b>412,611</b>     | <b>674,675</b>  | <b>12,162</b>     | <b>686,837</b> | <b>183,166</b> | <b>27%</b>             | <b>472</b> | <b>503,199</b>   |

## NON-EXPENSE ITEMS

Some of these items have been reclassified from 'other' to better reflect GFS classification definitions. Expenditure is consistent with expectations (Table 19), with a one-off Bank of Nauru depositor repayment round (No 5) progressed in the quarter.

Table 19 Non-expense Items Q2 2019-20

| Description                        | 2018-19            | 2019-20           | 2019              | 2019-20           | 2019-20           | 2019-20                | Committed | 2019-20           |
|------------------------------------|--------------------|-------------------|-------------------|-------------------|-------------------|------------------------|-----------|-------------------|
|                                    | Preliminary Actual | Approved Budget   | Supp Bills & ISHT | Revised Budget    | YTD Actual        | YTD Actual % of budget |           | Remaining Budget  |
|                                    | \$                 | \$                | \$                | \$                | \$                | %                      | \$        | \$                |
| 2650 - Trust Fund                  | 14,572,309         | 15,940,000        | 6,250,731         | 22,190,731        | 8,593,573         | 39%                    | -         | 13,597,158        |
| 2652 - Fiscal Cash Buffer          | 5,330,000          | 2,540,000         | 3,746,393         | 6,286,393         | 1,840,000         | 29%                    | -         | 4,446,393         |
| 2680 - BON Liquidation- Payment    | 824,859            | 1,000,000         | 1,000,000         | 2,000,000         | 1,858,029         | 93%                    | -         | 141,971           |
| 2802 - Loan Expenditure Account    | -                  | -                 | 700,000           | 700,000           | 700,000           | 100%                   | -         | -                 |
| 2545 - Debt Repayments - Other     | 3,447,260          | -                 | -                 | -                 | -                 | -                      | -         | -                 |
| 2801 - Exim Loan Equip Expenditure | 7,033,155          | -                 | -                 | -                 | -                 | -                      | -         | -                 |
| <b>Total Non-expense items</b>     | <b>31,207,583</b>  | <b>19,480,000</b> | <b>11,697,124</b> | <b>31,177,124</b> | <b>12,991,602</b> | <b>42%</b>             | <b>-</b>  | <b>18,185,522</b> |

## GOVERNMENT OPERATIONS

Overall, expenditure on government operations was consistent with expectations (Table 20). However, expenditure on overseas medical treatment (76 per cent of budget) and R&M motor vehicles (67 per cent) was higher than can be sustained through to the end of the year.

Table 20 Government Operations Q2 2019-20

| Description                       | 2018-19               | 2019-20            | 2019                 | 2019-20           | 2019-20    | 2019-20                   | 2019-20   | 2019-20             |
|-----------------------------------|-----------------------|--------------------|----------------------|-------------------|------------|---------------------------|-----------|---------------------|
|                                   | Preliminary<br>Actual | Approved<br>Budget | Supp<br>Bills & ISHT | Revised<br>Budget | YTD Actual | YTD Actual<br>% of budget | Committed | Remaining<br>Budget |
|                                   | \$                    | \$                 | \$                   | \$                | \$         | %                         | \$        | \$                  |
| 2030 - Salaries - Other Contracts | 27,372,493            | 12,631,556         | 17,044,492           | 29,676,048        | 15,477,602 | 52%                       | 124,551   | 14,073,895          |
| 2055 - Consultants fees           | 5,708,896             | 1,597,016          | 661,875              | 2,258,891         | 606,168    | 27%                       | 12,825    | 1,639,898           |
| 2060 - Legal Fees - External      | 143,552               | 550,000            | 477,000              | 1,027,000         | 26,350     | 3%                        | -         | 1,000,650           |
| 2100 - Entertainment              | 766,463               | 581,909            | 156,540              | 738,449           | 332,099    | 45%                       | 11,425    | 394,925             |
| 2105 - Official Celebrations      | 358,957               | 632,382            | 635,000              | 1,267,382         | 338,549    | 27%                       | -         | 928,833             |
| 2110 - Protocol                   | 85,284                | 106,500            | 44,160               | 150,660           | 58,449     | 39%                       | 14,731    | 77,480              |
| 2130 - Printing & Stationery      | 640,086               | 474,811            | 19,670               | 494,481           | 110,134    | 22%                       | 30,495    | 353,852             |
| 2132 - TVET Supplies              | 525,222               | 250,000            | -                    | 250,000           | -          | 0%                        | -         | 250,000             |
| 2135 - Stores                     | 427,481               | 379,162            | 23,165               | 402,327           | 142,479    | 35%                       | 2,829     | 257,019             |
| 2155 - House Rental               | 4,802,028             | 5,077,138          | 149,469              | 5,226,607         | 2,086,433  | 40%                       | 92,245    | 3,047,928           |
| 2160 - Land Rental                | 7,550,058             | 4,980,932          | 3,087,151            | 8,068,083         | 1,896,911  | 24%                       | 6,483     | 6,164,689           |
| 2165 - Office Rental              | 418,781               | 584,741            | 111,500              | 696,241           | 252,577    | 36%                       | 3,846     | 439,818             |
| 2185 - R&M - Buildings            | 1,545,772             | 743,339            | 161,165              | 904,504           | 210,923    | 23%                       | 8,818     | 684,763             |
| 2190 - R&M - Office Equipment     | 70,942                | 115,716            | 23,053               | 138,769           | 29,651     | 21%                       | 2,426     | 106,692             |
| 2191 - R&M Medical Equipment      | 82,841                | 120,000            | 115,966              | 235,966           | 73,117     | 31%                       | -         | 162,849             |
| 2195 - R&M - Office Premises      | 55,543                | 12,900             | 75,260               | 88,160            | 28,027     | 32%                       | 13,555    | 46,578              |
| 2200 - R&M - Motor Vehicles       | 300,607               | 397,866            | 8,720                | 389,146           | 240,933    | 62%                       | 1,867     | 146,347             |
| 2205 - R&M - Plant                | 182,925               | 870,521            | 1,441,763            | 2,312,284         | 126,609    | 5%                        | 746       | 2,184,929           |
| 2210 - R&M - Aerodrome            | 118,581               | 60,000             | 40,300               | 100,300           | 18,401     | 18%                       | 17,123    | 64,776              |
| 2225 - Agricultural Supplies      | 24,564                | 26,000             | -                    | 26,000            | 8,219      | -32%                      | -         | 34,219              |
| 2230 - Publicity and Awareness    | -                     | -                  | 440                  | 440               | -          | -                         | -         | 440                 |
| 2255 - Warehouse Procurement      | 85,205                | 150,000            | 150,000              | -                 | -          | -                         | -         | -                   |
| 2275 - Purchase of Petrol         | 583,767               | 590,260            | 15,560               | 605,820           | 220,518    | 36%                       | 1,963     | 383,339             |
| 2280 - Purchase of Diesel         | 922,193               | 949,135            | -                    | 949,135           | 355,582    | 37%                       | 596       | 592,957             |
| 2290 - Purchase of Fuel - Other   | 1,703                 | 10,793             | -                    | 10,793            | 2,213      | 21%                       | -         | 8,580               |
| 2315 - Utilities                  | 3,686,165             | 4,817,655          | 65,479               | 4,752,176         | 1,960,133  | 41%                       | 674       | 2,791,369           |
| 2330 - Telephone / Internet       | 2,246,620             | 2,185,855          | 36,894               | 2,222,749         | 934,995    | 42%                       | 6,559     | 1,281,194           |
| 2350 - Freight                    | 1,957,647             | 2,000,000          | -                    | 2,000,000         | 572,942    | 29%                       | -         | 1,427,058           |
| 2372 - Nauru Radio Supplies       | 11,687                | 9,500              | -                    | 9,500             | 279        | 3%                        | -         | 9,221               |
| 2373 - Media TV Supplies          | 23,700                | 9,200              | -                    | 9,200             | 786        | 9%                        | -         | 8,414               |
| 2375 - ICT Supplies               | 60,927                | 60,300             | 19,600               | 79,900            | 12,646     | 16%                       | -         | 67,254              |

Table 20 Government Operations Q2 2019-20 continued

| Description                           | 2018-19            | 2019-20           | 2019              | 2019-20           | 2019-20           | 2019-20                | Committed      | 2019-20           |
|---------------------------------------|--------------------|-------------------|-------------------|-------------------|-------------------|------------------------|----------------|-------------------|
|                                       | Preliminary Actual | Approved Budget   | Supp Bills & ISHT | Revised Budget    | YTD Actual        | YTD Actual % of budget |                | Remaining Budget  |
|                                       | \$                 | \$                | \$                | \$                | \$                | %                      | \$             | \$                |
| 2460 - Medical Expenses               | 11,846             | 17,939            | 23,529            | 41,468            | 5,171             | 12%                    | -              | 36,297            |
| 2461 - Primary Health Care Services   | 52,599             | 52,731            | -                 | 52,731            | -                 | 0%                     | -              | 52,731            |
| 2462 - NCD Control & Health Promotio  | -                  | 10,000            | -                 | 10,000            | 2,425             | 24%                    | 3,042          | 4,533             |
| 2463 - Environmental Health and Foo   | 70,085             | 50,000            | -                 | 50,000            | 27,301            | 55%                    | -              | 22,699            |
| 2464 - Management Monitoring & Ev     | 2,772              | 20,000            | -                 | 20,000            | 13,452            | 67%                    | 1,628          | 4,921             |
| 2467 - Drugs and Medicines            | 800,000            | 750,000           | -                 | 750,000           | 372,197           | 50%                    | 212,264        | 165,540           |
| 2468 - Dental Supplies                | 69,417             | 80,000            | -                 | 80,000            | 10,551            | 13%                    | -              | 69,449            |
| 2469 - Dialysis Supplies              | 359,109            | 350,000           | -                 | 350,000           | 66,853            | 19%                    | -              | 283,147           |
| 2471 - Medical Consumable             | 699,050            | 700,000           | -                 | 700,000           | 258,084           | 37%                    | 281,659        | 160,257           |
| 2472 - Laboratory supplies            | 399,283            | 348,000           | -                 | 348,000           | 192,731           | 55%                    | 40,051         | 115,218           |
| 2473 - Radiology Supplies             | 19,996             | 20,000            | -                 | 20,000            | 2,121             | 11%                    | -              | 17,879            |
| 2474 - Clinical Education Supplies    | 19,266             | 20,000            | -                 | 20,000            | -                 | 0%                     | -              | 20,000            |
| 2475 - Overseas Medical Treatment     | 5,029,654          | 3,000,000         | 2,029,654         | 5,029,654         | 3,823,084         | 76%                    | 21,462         | 1,185,108         |
| 2575 - Local Transport                | 954,089            | 1,344,921         | 164,730           | 1,180,191         | 511,420           | 43%                    | 876            | 667,895           |
| 2585 - Rations                        | 2,557,796          | 2,933,800         | -                 | 2,933,800         | 1,374,555         | 47%                    | 10,944         | 1,548,302         |
| 2590 - Correctional Services Supplies | 6,823              | 10,000            | -                 | 10,000            | 4,393             | 44%                    | 994            | 4,613             |
| 2600 - Postage                        | 3,515              | 19,619            | 7,000             | 26,619            | 4,233             | 16%                    | -              | 22,386            |
| 2605 - Library/Periodicals            | -                  | 2,000             | -                 | 2,000             | -                 | 0%                     | -              | 2,000             |
| 2610 - Survey Supplies                | 1,215              | 1,500             | -                 | 1,500             | 321               | 21%                    | 190            | 989               |
| 2620 - Lease & Charter Payments       | 55,689             | 66,686            | 23,328            | 90,014            | 17,989            | 20%                    | -              | 72,025            |
| 2625 - Family Court Expenses          | 3,000              | 6,000             | -                 | 6,000             | 1,600             | 27%                    | -              | 4,400             |
| 2630 - Safe House                     | 133,153            | 111,660           | 85,000            | 196,660           | 28,079            | 14%                    | 2,453          | 166,128           |
| 2061 - Incorporation fees             | 2,575              | -                 | -                 | -                 | -                 | -                      | -              | -                 |
| 2370 - Membership Fees & Subscriptio  | 700,467            | 1,149,691         | 305,969           | 1,455,660         | 394,785           | 27%                    | 2,916          | 1,057,959         |
| 2560 - Educational Expenses - Special | 30,112             | 109,950           | 76,150            | 186,100           | 75,467            | 41%                    | -              | 110,633           |
| 2700 - Deportee Revomal               | 12,008             | 10,140            | -                 | 10,140            | 360               | 4%                     | -              | 9,780             |
| 2705 - NEAT Scheme                    | 137,495            | 200,000           | -                 | 200,000           | -                 | 0%                     | -              | 200,000           |
| 2999 - Contingency fund               | 500,000            | 500,000           | 5,506             | 505,506           | 1,981             | 0%                     | 400            | 503,125           |
| 2695 - 50th Anniversary Independenc   | 4,819,189          | -                 | -                 | -                 | -                 | -                      | -              | -                 |
| <b>Total Government Operations</b>    | <b>78,210,889</b>  | <b>52,859,825</b> | <b>26,507,229</b> | <b>79,367,054</b> | <b>33,296,441</b> | <b>42%</b>             | <b>932,636</b> | <b>45,137,977</b> |

## EXPENDITURE BY DEPARTMENT

Table 21 shows actual expenditure for the year to date by department head.

Expenditure is generally in line with expectations, with some exceptions. Departments with a rate of expenditure running ahead of budget include Ministerial (58 per cent), ICT (72 per cent), Statistics (56 per cent) and electoral commission (55 per cent). This in part reflects one-off events in the first half of 2019-20, such as the election in August, purchases for the new media building and mini-census. Maritime Transport expenditure related to timing issues associated with the decision to establish a separate Port Authority.

Departments that are significantly underspending include TVET (17 per cent), Infrastructure (17 per cent), Telecom (17 per cent) and Lands & Survey (15 per cent). Annual rent payments for Lands & Survey will be made in January 2020.



Please note that the total 2018-19 preliminary actual is not the complete total, due to matching with 2019-20 approved budget lines for comparison. Some lines relevant to 2018-19 are not included.

Table 21 Expenditure by Department Q2 2019-20

| Description                                     | 2018-19               | 2019-20            | 2019                 | 2019-20            | 2019-20            | 2019-20 YTD | Committed        | 2019-20             |
|---|-----------------------|--------------------|----------------------|--------------------|--------------------|-------------|------------------|---------------------|
|   | Preliminary<br>Actual | Approved<br>Budget | Supp<br>Bills & ISHT | Revised<br>Budget  | YTD Actual         | % of budget |                  | Remaining<br>Budget |
|   | \$                    | \$                 | \$                   | \$                 | \$                 | %           | \$               | \$                  |
| 01 - Presidency and State House (including GIO) | 1,349,754             | 1,774,150          | 1,620,433            | 3,394,583          | 1,317,525          | 39%         | 21,702           | 2,055,356           |
| 02 - Ministerial                                | 14,273,100            | 5,908,405          | 8,058,432            | 13,966,837         | 8,044,916          | 58%         | 19,059           | 5,902,862           |
| 03 - Chief Secretariat                          | 15,655,786            | 18,444,787         | 2,081,477            | 20,526,264         | 6,393,964          | 31%         | 120,959          | 14,011,341          |
| 05 - Audit                                      | 313,786               | 354,518            | 40,650               | 395,168            | 152,004            | 38%         | 11,060           | 232,104             |
| 06 - Parliament                                 | 1,508,122             | 1,467,979          | 782,411              | 2,250,390          | 1,103,567          | 49%         | 16,559           | 1,130,264           |
| 07 - GON Warehouse                              | 256,198               | 367,544            | (367,544)            | (0)                | 5,388              |             | 0                | (5,388)             |
| 08 - National Emergency Services                | 1,459,993             | 1,495,347          | 32,628               | 1,527,975          | 747,630            | 49%         | 11,135           | 769,211             |
| 09 - Electoral Commission                       | 443,160               | 456,354            | 37,173               | 493,527            | 272,475            | 55%         | 0                | 221,052             |
| 11 - Finance Secretariat                        | 1,787,318             | 1,915,778          | 431,933              | 2,347,711          | 749,441            | 32%         | 150              | 1,598,119           |
| 13 - Bureau of Statistics                       | 87,592                | 115,413            | 24,031               | 139,444            | 77,739             | 56%         | 505              | 61,200              |
| 15 - Nauru Revenue Office                       | 391,556               | 513,709            | 0                    | 513,709            | 201,149            | 39%         | 0                | 312,560             |
| 16 - Finance - Other Payments                   | 66,022,090            | 39,808,697         | 41,140,568           | 80,949,265         | 35,235,205         | 44%         | 128,688          | 45,585,373          |
| 17 - Nauru Customs Office (NCO)                 | 370,893               | 367,638            | 167,461              | 535,099            | 194,319            | 36%         | 285              | 340,495             |
| 18 - NRPPCC Corporation                         | 5,345,677             | 1,168,563          | 224,664              | 1,393,227          | 621,335            | 45%         | 0                | 771,892             |
| 21 - CIE  | 652,792               | 750,805            | 447,467              | 1,198,272          | 319,547            | 27%         | 813              | 877,912             |
| 31 - Fisheries                                  | 2,177,515             | 2,475,930          | 1,014,577            | 3,490,507          | 1,259,987          | 36%         | 1,700            | 2,228,820           |
| 41 - Police                                     | 2,478,915             | 2,791,358          | 46,643               | 2,838,001          | 1,423,997          | 50%         | 3,910            | 1,410,094           |
| 42 - Department of Multicultural Affairs        | 26,652,706            | 6,401,728          | 20,824,693           | 27,226,421         | 13,765,930         | 51%         | 22,460           | 13,438,030          |
| 43 - Justice - Secretariat                      | 2,683,345             | 2,999,056          | 859,810              | 3,858,866          | 1,158,900          | 30%         | 15,693           | 2,684,273           |
| 44 - Judiciary                                  | 1,777,607             | 1,866,055          | 22,001               | 1,888,056          | 715,144            | 38%         | 4,868            | 1,168,044           |
| 45 - Border Control                             | 892,744               | 1,000,417          | 0                    | 1,000,417          | 380,674            | 38%         | 0                | 619,742             |
| 46 - Correctional Services                      | 830,260               | 730,860            | 0                    | 730,860            | 361,577            | 49%         | 32,358           | 336,925             |
| 50 - Directorate of TVET                        | 1,052,532             | 860,333            | 18,353               | 878,686            | 149,192            | 17%         | 520              | 728,974             |
| 51 - Education                                  | 8,954,461             | 10,076,813         | 389,002              | 10,465,815         | 5,132,645          | 49%         | 42,579           | 5,290,591           |
| 52 - Youth Affairs                              | 131,892               | 174,467            | 0                    | 174,467            | 54,789             | 31%         | 0                | 119,678             |
| 61 - Health                                     | 15,145,940            | 13,392,819         | 3,614,199            | 17,007,018         | 8,652,124          | 51%         | 718,767          | 7,636,127           |
| 62 - Sports                                     | 885,884               | 980,886            | 816,128              | 1,797,014          | 984,242            | 55%         | 8,139            | 804,633             |
| 63 - Department of Infrastructure Development   | 2,431,210             | 422,306            | 2,227,300            | 2,649,606          | 444,579            | 17%         | 147,181          | 2,057,845           |
| 71 - Foreign Affairs - Secretariat              | 933,320               | 1,215,031          | 521,245              | 1,736,276          | 552,629            | 32%         | 17,804           | 1,165,842           |
| 72 - Foreign Affairs - Brisbane                 | 893,479               | 1,078,947          | 204,369              | 1,283,316          | 428,996            | 33%         | 70,826           | 783,494             |
| 73 - Foreign Affairs - Suva                     | 521,050               | 761,821            | 57,895               | 819,716            | 140,007            | 17%         | 0                | 679,709             |
| 74 - Foreign Affairs - New York                 | 2,087,659             | 2,466,884          | 443,974              | 2,910,858          | 666,368            | 23%         | 0                | 2,244,491           |
| 75 - Foreign Affairs - Taiwan                   | 466,242               | 515,694            | 20,542               | 536,236            | 158,019            | 29%         | 0                | 378,217             |
| 76 - Foreign Affairs- Geneva                    | 56,080                | 513,631            | 284,700              | 798,331            | 281,126            | 35%         | 0                | 517,205             |
| 77 - High Commission India                      | -                     | 274,950            | 0                    | 274,950            | 0                  | 0%          | 0                | 274,950             |
| 78 - High Commission Canberra                   | -                     | 0                  | 436,486              | 436,486            | 0                  | 0%          | 0                | 436,486             |
| 81 - Home Affairs                               | 3,676,167             | 3,763,305          | 420,000              | 4,183,305          | 1,865,558          | 45%         | 5,225            | 2,312,522           |
| 82 - Women's Affairs                            | 256,929               | 319,017            | 0                    | 319,017            | 92,136             | 29%         | 5,901            | 220,979             |
| 83 - Media Bureau                               | 420,839               | 438,629            | 136,222              | 574,851            | 260,619            | 45%         | 1,054            | 313,178             |
| 84 - Lands & Survey                             | 5,345,076             | 5,513,839          | 3,800                | 5,517,639          | 846,104            | 15%         | 12,486           | 4,659,050           |
| 85 - Lands Committee                            | 226,297               | 214,912            | 0                    | 214,912            | 116,692            | 54%         | 1,573            | 96,647              |
| 86 - Department of Land Management              | 78,476                | 85,752             | 0                    | 85,752             | 43,252             | 50%         | 0                | 42,500              |
| 91 - Department of Transport                    | 2,391,816             | 2,275,910          | 579,775              | 2,855,685          | 1,051,547          | 37%         | 33,013           | 1,771,126           |
| 93 - Maritime Transport                         | 2,140,953             | 3,356,502          | (2,980,518)          | 375,984            | 346,486            | 92%         | 0                | 29,498              |
| 95 - ICT  | 2,405,035             | 3,750,566          | 1,260,896            | 5,011,462          | 3,590,912          | 72%         | 18,380           | 1,402,169           |
| 97 - Telecom                                    | 109,974               | 88,024             | 31,190               | 119,214            | 20,151             | 17%         | 0                | 99,063              |
| <b>Total</b>                                    | <b>198,022,221</b>    | <b>145,716,127</b> | <b>85,975,065</b>    | <b>231,691,192</b> | <b>100,380,584</b> | <b>43%</b>  | <b>1,495,351</b> | <b>129,815,256</b>  |

## CASH FLOW POSITION

The Government continues to maintain a healthy cash position as illustrated in Figure 4. At the end of the quarter total available Treasury funds were \$114,603,350. The cash buffer requirement of two months of non-RPC expenditure was adjusted at the end of the quarter to \$30.4 million, following the supplementary bills. Treasury available cash was significantly in excess of the recommended fiscal cash buffer.

Figure 4 GoN Cash reserves Q2 2019-20

