



REPUBLIC OF NAURU

SUPPLEMENTARY ESTIMATES OF EXPENDITURE 2019-20

28 NOVEMBER 2019

CIRCULATED BY
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MINISTER FOR FINANCE AND SUSTAINABLE DEVELOPMENT

SUPPLEMENTARY APPROPRIATION 2019-20

OVERVIEW

Supplementary Appropriation Bill (No. 3) 2019-20 recognises additional Government windfall revenue of \$56.9 million in 2019-20 and \$56.7 million in expenditures is appropriated for 2019-20, leaving a surplus balance of \$279.5 thousand.

In August 2019, the governments of Nauru and Australia, agreed the 2019-20 management arrangements for the Regional Processing Centre (RPC) on Nauru. The impact of these new arrangements has been an increase in hosting and service fees paid to Government, and a boost in business activity beyond what was planned at budget time.

The windfall revenue has provided an opportunity for the newly elected Government to fund its expenditure priorities, address urgent and unavoidable investment in key infrastructure, including community housing; support State Owned Enterprises (SOEs) to operate effectively, including addressing outstanding debt arrears; and to share some of the windfall revenue from the new RPC management agreement with government employees and those on pensions or living with a disability.

Overall this Supplementary Appropriation recognises the additional revenue and provides for expenditures that have arisen since the original budget. With the passing of this Bill the budget remains in surplus balance for the financial year.

Table 1: Budget Aggregates (\$)

	2019-20 Approved Budget	2019 Supp Bills 1&2	2019-20 Revised Budget	2019-20 New Revised Budget	Variance to Budget
Revenue	146,030,911	11,827,194	157,858,105	214,791,437	56,933,332
Expenditure	145,716,127	11,649,051	157,365,178	214,019,020	56,653,842
Balance	314,784	178,143	492,927	772,417	279,490

REVENUES

This Bill recognises the following changes to revenues.

15 NRO Revenue

	2019-20
1591 - Business Profit Tax (Increase)	(23,700,000)
1190 - Telecom Tax (Increase)	(1,100,000)
Total impact on budget	(24,800,000)

\$23.7 million is additional business tax revenue, reflecting the level of business activity related to RPC operations.

\$1.1 million is additional telecom tax revenue, now expected to be received as the anticipated reduction in the rate of tax on telecom activity has not eventuated.

18 NRPCC Revenue

	2019-20
1495 - Service Fees (Increase)	(11,000,000)
Total impact on budget	(11,000,000)

\$11 million is additional service fees paid as part of the 2019-20 management arrangements for the RPC agreed with the Australian Government.

42 MCA Revenue

	2019-20
1475 - Miscellaneous Revenue (Increase)	(21,133,332)
Total impact on budget	(21,133,332)

\$21.1 million is additional revenue from hosting fees agreed as part of the 2019-20 management arrangements for the RPC.

EXPENDITURES

The following expenditure is appropriated.

Whole of Government: RPC Windfall Dividend

WoG: Windfall Revenue Dividend

	2019-20
Nauru public service, overseas missions and statutory bodies	2,051,319
<i>of which:</i>	
<i>Chief Secretary</i>	<i>1,870,555</i>
<i>Electoral Commission</i>	<i>14,184</i>
<i>Fisheries</i>	<i>92,139</i>
<i>Police</i>	<i>543</i>
<i>Education</i>	<i>10,335</i>
<i>Foreign Affairs - Brisbane</i>	<i>21,622</i>
<i>Foreign Affairs - Suva</i>	<i>9,355</i>
<i>Foreign Affairs - New York</i>	<i>19,647</i>
<i>Foreign Affairs - Taiwan</i>	<i>4,280</i>
<i>Foreign Affairs - Geneva</i>	<i>8,660</i>
State Owned Enterprises	2,079,687
Pensions and those living with a disability	515,631
Total impact on budget	4,646,637

\$4.6 million is allocated as a one-off payment from RPC windfall revenue to current Nauruan government workers (public service, overseas missions, statutory bodies, SOEs) and those Nauruan's who receive a pension and are living with a disability. This will be paid by 20 December 2019.

Whole of Government: Business Travel (2075)

Department	Fund Account	2019-20
President	01-0000-00000-2075	486,415
Ministerial	02-0000-00000-2075	1,255,542
Chief Secretary - Office	03-0301-00000-2075	13,878
Chief Secretary - HR	03-0304-00000-2075	3,905
Audit	05-0000-00000-2075	30,150
Parliament	06-0000-00000-2075	360,782
NES	08-0801-00000-2075	32,628
Electoral Commission	09-0000-00000-2075	11,790
Electoral Comm - elections	09-0000-00503-2075	11,199
Finance - Treasury	11-1101-00000-2075	136,276
Finance - PAD	11-1102-00000-2075	47,174
Bureau Stats	13-0000-00000-2075	4,031
Customs	17-0000-00000-2075	11,261
Nauru RPC Corp	18-0000-00000-2075	84,000
CIE	21-2101-00000-2075	58,868
Fisheries - Ministerial	31-3101-00000-2075	29,902
Fisheries - Corporate	31-3102-00000-2075	130,766
Police	41-0000-00000-2075	34,603
MCA	42-0000-00000-2075	121,140
Judiciary	44-0000-00000-2075	22,001
TVET	50-0000-00000-2075	18,353
Education	51-5101-00000-2075	63,295
Health	61-6101-00000-2075	68,579
Sports	62-0000-00000-2075	16,128
Infrastructure	63-0000-00000-2075	90,000
DFAT Secretariat	71-0000-00000-2075	132,477
DFAT Suva	73-0000-00000-2075	26,839
Media	83-0000-00000-2075	30,608
Lands & Survey	84-0000-00000-2075	3,800
Transport - Sec	91-9101-00000-2075	20,000
Transport - DCA	91-9102-00000-2075	20,000
Telecom	97-0000-00000-2075	15,090
Total impact on budget		3,391,480

\$3.4 million is allocated in a whole of government measure to 32 departments to supplement business travel costs.

01 - Presidency and State House (including GIO)

	2019-20
2015 - Salary - Local	131,039
2050 - Uniforms & Protective Clothing	50,000
2105 - Official Celebrations	200,000
2135 - Stores	10,000
2185 - R & M - Buildings	50,000
2495 - Plant & Equipment Purchases	150,000
2496 - Building and Structures	150,000
Total impact on budget	741,039

\$741 thousand is allocated to Presidency and State House for additional staff, business travel, office running costs, renovations to the President's Office and residence, official celebrations for Independence Day and Constitution Day, and Anabar Church build.

02 - Ministerial

	2019-20
2005 - Salaries & Allowances - (MP's)	318,890
2015 - Salary - Local	44,000
2105 - Official Celebrations	220,000
2130 - Printing & Stationery	5,000
2135 - Stores	15,000
2185 - R & M - Buildings	50,000
2220 - Nauru Community Housing	5,600,000
2495 - Plant & Equipment Purchase	550,000
Total impact on budget	6,802,890

\$1.2 million is provided for Ministerial to cover staff, allowances, business travel and office costs for new ministers, official celebrations and a new 75th Anniversary Return from Chuuk.

\$5.6 million dollars is provided to Nauru Community Housing.

03 - Chief Secretary

	2019-20
03-0304-2055 - Consultant fees	148,310
Total impact on budget	148,310

\$148 thousand is provided to support the PWC Job Evaluation Review.

05 - Audit

	2019-20
2495 - Plant & Equipment Purchases	10,500
Total impact on budget	10,500

\$10,500 is provided to the Audit Office for new office equipment.

06 - Parliament

	2019-20
2005 - Salaries & Allowances (MPs)	275,875
2050 - Uniform & Protection Clothing	12,835
2155 - House Rental	20,000
2185 - Repairs & Maintenance - Building	31,383
2495 - Plant & Equipment purchases	81,536
Total impact on budget	421,629

\$422 thousand is provided to Parliament to address outstanding payments related to members and staff of previous parliaments, building repairs and purchase of furniture, vehicles and office equipment.

11 Finance Secretariat

	2019-20
2015 - Salary - Local	29,050
2055 - Consultants fees	130,000
2130 - Printing & Stationery	875
2135 - Stores	584
2165 - Office Rental	17,500
2190 - R&M - Office Equipments	583
2315 - Utilities	1,050
2330 - Telephone /Internet	1,341
2495 - Plant & Equipment Purchases	67,500
Total impact on budget	248,483

\$248 thousand is provided to the Department of Finance to progress Public Financial Management Reform and to create a new Social Services Division in the Ministry.

13 - Bureau of Statistics

	2019-20
2015 - Salary - Local	20,000
Total impact on budget	20,000

\$20 thousand is provided for the Bureau of Statistics to complete the 2019 mini-census.

16 Finance Other Payments Expenditure

	2019-20
2055 - Consultant Fees	180,000
2205 - R&M - Plant	2,000,000
2390 - Social Welfare - Birth Claims	162,000
2496 - Building and Structures	640,780
2652 - Fiscal Cash Buffer	6,158,371
2650 - Trust Fund	5,693,333
2616 - Subsidies to SoE's	13,834,687
2680 - Bank of Nauru liquidation payment	1,000,000
Total impact on budget	29,669,171

\$162 thousand is provided to support a change in the birth allowance to \$600 for an unemployed mother and \$300 for an employed one.

\$13.8 million is provided as a subsidy to SOEs, mainly to reflect payment of debt arrears owed by Ronphos and Egigu Holdings Corporation to other SOEs, cash flow support for Ronphos and payment to NUC for prior year electricity consumption debt arrears owed by departments. Funding is also provided for Egigu to invest in new refrigeration equipment.

Provision is made for tug hire and purchase of a new jaw crusher for NRC to support the provision of aggregate for the new Port project.

Funding is also provided to finalise the establishment of the Port Authority of Nauru, including to cover the costs of new staff and to meet Government of Nauru in kind contributions to the Port project.

\$2 million is provided to undertake maintenance on fuel tanks and \$180 thousand is provided for consultancies to provide advice to Government on SOEs and fuel issues.

\$5.7 million is set aside for the Nauru Trust Fund, \$6.2 million is allocated to the fiscal cash buffer, and \$1 million has been provided to pay Bank of Nauru depositors. Building and structures is replenished following an earlier decision to fund the 19 per cent ex gratia payment from this line.

17 Nauru Customs Office

	2019-20
2015 - Salary - Local	30,000
2040 - Staff Training	24,000
2055 - Consultant Fees	50,000
Total impact on budget	104,000

\$104 thousand is provided to the Nauru Customs Office to boost staff numbers and training in anticipation of implementation of Pacer Plus.

18 - Nauru Regional Processing Centre (NRPCC)

	2019-20
2015 - Salary - Local	34,700
2330 - Telephone / Internet	13,984
2575 - Local Transport	91,980
Total impact on budget	140,664

\$141 thousand is provided to NRPCC for additional staff, internet costs and vehicle hire.

21 CIE

	2019-20
21-2104-2020 - Salary - Expatriate	57,249
21-2101-2030 - Salaries - Other Contracts	50,000
21-2106-2055 - Consultant fees	13,000
21-2101-2495 - Plant and Equipment Purchase	268,350
Total impact on budget	388,599

\$389 thousand has been provided to CIE to fund 50 household water tanks, a pilot project to improve rubbish collection in Denig, a new United Nations attaché position to focus on climate change, and to support attendance at solar energy training in India.

31 Fisheries

	2019-20
31-3101-2015 - Salary - Local	11,800
31-3102-2015 - Salary - Local	22,200
31-3102-2495 - Plant and Equipment Purchase	688,470
31-3104-2495 - Plant and Equipment Purchase	39,300
Total impact on budget	761,770

\$762 thousand is provided to Fisheries to support salary costs for the Board and corporate staff, purchase dive equipment, replace office equipment, construct two new sheds and provide for the Artisanal Outboard Motor Fishers Assistance Project to purchase 20 trailers and 20 four stroke outboard motor assemblies including safety grab bags, and provide a 50 per cent subsidy to local fishers wishing to purchase them.

A joint project between Health and Fisheries has also been agreed to ensure the hyperbaric chamber at the hospital is fully functional and available for use.

51 Education

	2019-20
2440 - Scholarships - School & Trade	200,000
2495 - Plant & equipment purchase	110,000
Total impact on budget	310,000

\$310 thousand is provided to enable Education to purchase a bus for the Able Disable Centre, new vehicles for staff and photocopiers for head office and schools, and for local scholarships.

61 Health

	2019-20
2015 - Salary - Local	100,000
2020 - Salary - Expatriate	200,000
2030 - Salaries - Other Contracts	55,000
2040 - Staff Training	90,000
2055 - Consultant Fees	125,000
2191 - R&M Medical Equipment	115,966
2475 - Overseas Medical Treatment	2,029,654
2480 - Medical Equipment	180,000
2495 - Plant & Equipment Purchases	195,000
2496 - Building & Structures	455,000
Total impact on budget	3,545,620

\$3.5 million dollars is provided to Health to boost funds available for overseas medical treatment, purchase priority plant and equipment, medical equipment and the refurbishment of the hospital operating theatre. Provision is also made for salaries, consultants, staff training and motor vehicle costs, as well as to address outstanding environmental health invoices.

A joint project between Health and Fisheries has also been agreed to ensure the hyperbaric chamber at the hospital is fully functional and available for use.

62 Sports

	2019-20
2496 - Building and Structures	400,000
Total impact on budget	400,000

\$400 thousand is provided to Sports to build new all purpose courts and gym facilities.

63 Infrastructure

	2019-20
2015 - Salary - Local	28,260
2040 - Staff Training	5,000
2495 - Plant & Equipment Purchases	242,220
2496 - Building & Structures	661,400
2580 - Public Works	1,200,420
Total impact on budget	2,137,300

\$2.1 million dollars is provided to Infrastructure to cover new staff salary costs, the purchase of equipment and to commence a public works maintenance program.

71 - Foreign Affairs - Secretariat

	2019-20
2015 - Salary - Local	77,106
2035 - Overtime - Local	9,000
2110 - Protocol	233,360
2330 - Telephone / Internet	4,713
2370 - Membership Fees & Subscription	62,589
2600 - Postage	2,000
Total impact on budget	388,768

\$389 thousand has been provided for Foreign Affairs, to cover increased staff costs, the hosting of the Micronesia Presidents Summit in Nauru in March 2020, and to recall Heads of Mission to Nauru in January 2020.

72 - Foreign Affairs - Brisbane

	2019-20
2020 - Salary - Expatriate	86,004
2110 - Protocol	13,800
2495 - Plant & Equipment Purchases	19,150
Total impact on budget	118,954

\$119 thousand is provided to cover the costs of additional staff and operational costs in the Brisbane consulate.

74 - Foreign Affairs - New York

	2019-20
2020 - Salary - Expatriate	80,000
2075 - Travel Business	35,000
2110 - Protocol	13,800
2155 - House Rental	55,000
2165 - Office Rental	15,000
2185 - R&M - Office Building	5,000
2195 - R&M - Office Equipments	19,555
2495 - Plant & Equipment Purchases	35,800
2560 - Educational Expenses - Special	15,000
Total impact on budget	274,155

\$274 thousand is provided for staff and operational costs at the New York mission.

76 - Foreign Affairs - Geneva

	2019-20
2020 - Salary - Expatriate	117,780
2155 - House Rental	54,360
2495 - Plant & Equipment Purchases	37,750
2560 - Educational Expenses - Special	66,150
Total impact on budget	276,040

\$276 thousand is provided for staff and operational costs at the Geneva mission.

78 - Foreign Affairs - Canberra

	2019-20
2015 - Salary - Local	49,170
2020 - Salary - Expatriate	44,550
2070 - Travel - Staff	17,000
2075 - Travel - Business	10,000
2100 - Entertainment	5,000
2105 - Official Celebrations	5,000
2130 - Printing & Stationery	8,000
2155 - House Rental	69,000
2165 - Office Rental	76,000
2185 - R&M - Office Building	10,000
2195 - R&M - Office Equipments	25,000
2135 - Utilities	4,000
2275 - Purchase of Petrol	15,000
2330 - Telephone / Internet	10,766
2495 - Plant & Equipment Purchases	73,000
2560 - Educational Expenses - Special	10,000
2600 - Postage	5,000
Total impact on budget	436,486

\$436 thousand is provided to cover the costs of establishing a new mission in Canberra, Australia.

81 - Home Affairs

	2019-20
2015 - Salary - Local	150,000
2030 - Salaries -Other Contracts	105,000
2630 - Safe House	85,000
Total impact on budget	340,000

\$255 thousand is provided to Home Affairs to reallocate the gender unit and child protection services and for the Clean and Green program.

\$85 thousand is provided as a hypothecation of 10 per cent of alcohol tax revenue to support the domestic violence shelter and child welfare.

83 - Media Bureau

	2019-20
2100 - Entertainment	6,000
2035 - Overtime	40,000
2495 - Plant & Equipment Purchase	59,000
2495 - Plant & Equip Purchase (reversal of 2019-20 Supp 1 measure)	- 292,228
Total impact on budget	(187,228)

\$105 thousand is provided to Media to celebrate the opening of the new media centre, provide for overtime, and the purchase of new equipment, a car and buggy. This has

been offset by the removal of a duplicate provision for media equipment that was previously bought by ICT.

91 Transport

	2019-20
91-9102-2035 - Overtime - Local	27,000
91-9102-2040 - Staff Training	17,000
91-9102-2050 - Uniforms & Protective Clothings	15,000
91-9102-2055 - Consultant Fees	30,000
91-9101-2100 - Entertainment	1,200
91-9101-2130 - Printing & Stationery	800
91-9102-2130 - Printing & Stationery	5,800
91-9101-2135 - Stores	20,940
91-9102-2135 - Stores	10,000
91-9102-2185 - R&M- Buildings	30,000
91-9102-2190 - R&M- Office Equipments	5,000
91-9102-2210 - Aerodrome	48,300
91-9102-2370 - Membership Fees & Subscriptions	142,985
91-9101-2495 - Plant & Equipment Purchases	5,750
91-9102-2495 - Plant & Equipment Purchases	73,000
91-9102-2580 - Public Works	107,000
Total impact on budget	539,775

\$540 thousand is provided to Transport to cover various salary and office costs, membership fees and subscriptions, maintenance and building works.

95 - ICT

	2019-20
2330 - Telephone / Internet	450,000
2370 - Membership Fees & Subscription	31,800
2375 - ICT Supplies	30,000
2495 - Plant and Equipment Purchase	67,000
Total impact on budget	578,800

\$579 thousand is provided to ICT to replenish funds previously committed to purchase ICT equipment. This will enable the purchase of anti-virus software and new ICT equipment, as well as telephone and internet services from Digicel.

Table 2: 2019-20 Supplementary Appropriation No.3– Revenues

Description	2019-20 Original Budget	Supp Approp No.1	Supp Approp No.2	Supp Approp No.3	Revised Budget
03 - Chief Secretariat	(46,075)	0			(46,075)
04 - Post and Philately	0	0			0
07 - GON Warehouse	(199,383)	0	199,383		0
09 - Electoral Commission	(86,000)	0			(86,000)
11 - Finance Secretariat	(10,000)	0			(10,000)
15 - Nauru Revenue Office	(33,220,000)	0		(24,800,000)	(58,020,000)
16 - Finance - Other Payments	(19,092,686)	0			(19,092,686)
17 - Nauru Customs Office (NCO)	(14,654,707)	0			(14,654,707)
18 - Nauru Regional Processing Centre (NRPCC)	(5,000,000)	(4,100,000)		(11,000,000)	(20,100,000)
21 - CIE	(7,500)	0			(7,500)
31 - Fisheries	(50,532,825)	0			(50,532,825)
41 - Police	(46,800)	0			(46,800)
42 - Department of Multicultural Affairs	(12,256,130)	0	(9,805,946)	(21,133,332)	(43,195,408)
43 - Justice - Secretariat	(415,000)	0			(415,000)
44 - Judiciary	(15,000)	0			(15,000)
45 - Border Control	(2,240,000)	0			(2,240,000)
50 - Directorate of TVET	(58,500)	0			(58,500)
61 - Health	(47,008)	0			(47,008)
62 - Sports	0	0			0
81 - Home Affairs	0	0			0
83 - Media Bureau	(30,000)	0			(30,000)
84 - Lands & Survey	(7,000)	0			(7,000)
85 - Lands Committee	(2,000)	0			(2,000)
91 - Department of Transport	(5,903,769)	0			(5,903,769)
93 - Maritime Transport	(2,150,528)	0	1,879,369		(271,159)
95 - ICT	(10,000)	0			(10,000)
	(146,030,911)	(4,100,000)	(7,727,194)	(56,933,332)	(214,791,437)

Table 3: 2019-20 Supplementary Appropriation No.3– Expenditures

Description	2019-20 Original Budget	Supp Approp No.1	Supp Approp No.2	Supp Approp No.3	Revised Budget
01 - Presidency and State House (including GIO)	1,774,150	152,979		1,227,454	3,154,583
02 - Ministerial	5,908,405	0		8,058,432	13,966,837
03 - Chief Secretariat	18,444,787	44,829		2,036,648	20,526,264
05 - Audit	354,518	0		40,650	395,168
06 - Parliament	1,467,979	0		782,411	2,250,390
07 - GON Warehouse	367,544	0	(367,544)		0
08 - National Emergency Services	1,495,347	0		32,628	1,527,975
09 - Electoral Commission	456,354	0		37,173	493,527
11 - Finance Secretariat	1,915,778	0		431,933	2,347,711
13 - Bureau of Statistics	115,413	0		24,031	139,444
15 - Nauru Revenue Office	513,709	0		0	513,709
16 - Finance - Other Payments	39,808,697	2,969,644	1,101,147	32,264,489	76,143,977
17 - Nauru Customs Office (NCO)	367,638	0		115,261	482,899
18 - Nauru Regional Processing Centre (NRPPC)	1,168,563	0		224,664	1,393,227
21 - CIE	750,805	0		447,467	1,198,272
31 - Fisheries	2,475,930	0		1,014,577	3,490,508
41 - Police	2,791,358	0		35,146	2,826,504
42 - Department of Multicultural Affairs	6,401,728	0	9,805,946	121,140	16,328,814
43 - Justice - Secretariat	2,999,056	0		0	2,999,056
44 - Judiciary	1,866,055	0		22,001	1,888,056
45 - Border Control	1,000,417	0		0	1,000,417
46 - Correctional Services	730,860	0		0	730,860
50 - Directorate of TVET	860,333	0		18,353	878,686
51 - Education	10,076,813	5,372		383,630	10,465,815
52 - Youth Affairs	174,467	0		0	174,467
61 - Health	13,392,819	0		3,614,199	17,007,018
62 - Sports	980,886	400,000		416,128	1,797,014
63 - Department of Infrastructure Development	422,306	0		2,227,300	2,649,606
71 - Foreign Affairs - Secretariat	1,215,031	0		521,245	1,736,276
72 - Foreign Affairs - Brisbane	1,078,947	63,793		140,576	1,283,316
73 - Foreign Affairs - Suva	761,821	21,701		36,194	819,716
74 - Foreign Affairs - New York	2,466,884	42,596		293,802	2,803,282
75 - Foreign Affairs - Taiwan	515,694	16,262		4,280	536,235
76 - Foreign Affairs - Geneva	513,631	0		284,700	798,331
77 - High Commission India	274,950	0			274,950
78 - High Commission Canberra	0	0		436,486	436,486
81 - Home Affairs	3,763,305	80,000		340,000	4,183,305
82 - Women's Affairs	319,017	0		0	319,017
83 - Media Bureau	438,629	292,842		(156,620)	574,851
84 - Lands & Survey	5,513,839	0		3,800	5,517,639
85 - Lands Committee	214,912	0			214,912
86 - Department of Land Management	85,752	0			85,752
91 - Department of Transport	2,275,910	0		579,775	2,855,685
93 - Maritime Transport	3,356,502	0	(2,980,516)		375,986
95 - ICT	3,750,566	0		578,800	4,329,366
97 - Telecom	88,024	0		15,090	103,114
	145,716,127	4,090,018	7,559,033	56,653,842	214,019,020

NOTE: This table consolidates the two whole of government measures (business travel and local salary increases for the RPC windfall dividend) with departmental measures, for a budget head total.