



# REPUBLIC OF NAURU

## SUPPLEMENTARY ESTIMATES OF EXPENDITURE 2018-19

21<sup>ST</sup> MARCH 2019

CIRCULATED BY  
THE HONOURABLE DAVID ADEANG, MP  
MINISTER FOR FINANCE AND SUSTAINABLE DEVELOPMENT

## **SUPPLEMENTARY APPROPRIATION 2018-19**

### **OVERVIEW**

The *Supplementary Appropriation Bill (No. 4 2018-19)* recognises an additional 22 million dollars in Government revenue along with 22.2 million dollars in expenditures. The expenditure changes include housekeeping measures to ensure that Government spending is being correctly reflected in the accounts.

The Government has provided a USD 5.0 million-dollar Australian dollar equivalent loan to Ronphos from the Exim bank of Taiwan. The loan is for the provision of equipment. Both the revenue and expenditure of these loan funds are included in this Supplementary Appropriation as required under the Act.

Fisheries has collected an additional 12.1 million dollars in revenue this financial year. This increase has arisen from the over-selling of current year fishing days and may result in a reduction in available days next year.

The Nauru Revenue Office has forecast an additional 7.3 million dollars in Business Profits Tax this financial year and this is included in these estimates.

2.0 million dollars is proposed to be reimbursed to Multi-cultural Affairs under the Special Fund arrangements.

Known reductions in revenue are also included in this Supplementary Appropriation and these include the Australian dollar equivalent of USD 2.5 million in direct budget support that was expected from the ADB. The Government has been advised that this will now be paid next financial year.

2.9 million dollars in Miscellaneous revenue associated with the operation of the NRPCC is also now not thought to be forthcoming and has been removed from the revenue estimates.

3.12 million dollars has been provided to the Chief Secretary's head for a salary increase for public servant's subject to advice from a consultant advisor.

7.1 million dollars is provided as the Australian dollar equivalent to the US 5 million-dollar Exim loan funds acknowledged under revenue. This will be expended under a loan agreement with Ronphos.

As a housekeeping measure this appropriation moves 6 million dollars from Head 12 Public Debt repayments to Subsidies to SoE's under Head 16. This has been necessary as payments to Ronphos that were classified as debt repayments need to be re-classified as subsidies. This follows from a thorough review of Ronphos debt which has found that no debt from the Government to Ronphos exists. Additionally, a further 3.8 million dollars has been provided under this head as a subsidy to EHC to pay out the investors in the EHC Community Investment Scheme and outstanding debts to suppliers. Provision of 850 thousand dollars has also been made to fund a Parliamentary Superannuation scheme and 2.1 million dollars to the Fiscal Cash Buffer.

The UN Secretary General will be visiting Nauru in May for a meeting of Pacific Leaders. 170 thousand dollars has been provided under the Ministerial budget to host this meeting.

As part of the on-going State-Owned-Enterprise (SoE) reforms being facilitated by the Asian Development Bank it has recommended that the Government establish a dedicated SoE Monitoring Unit. The Government has endorsed this recommendation by providing 28.5 thousand dollars under the Finance Secretariat budget to establish the unit this financial year.

Additional expenditure is provided to the Nauru Revenue Office for Business Travel and Plant and Equipment which totals 54.5 thousand dollars.

Under CIE 43 thousand dollars is provided to engage a consultant to undertake an environmental impact statement.

The Fisheries department also requires and additional funds for Business Travel and 100 thousand dollars has been provided for this purpose.

During the period of transition associated with RPC operations this financial year the Department of Multi-cultural Affairs has sought the ability to provide up to 2 million dollars to Egigu Solutions Corporation (ESC) for cash-flow purposes, if required. This appropriation provides for a subsidy to this level to ESC. If utilised the Australian Border Force will eventually provide reimbursement through the Special Fund arrangements.

In Education a further 395 thousand dollars is provided to cover the forecast expenditure on School rations.

The department of Sports has been provided with an additional 22 thousand dollars for Karate and Dojo mats and to pay for upgrades to the Linkbelt Football Oval. It has also been provided with 184.5 thousand dollars to provide support to the Nauru Weightlifting Federation.

The department of Transport has requested a total of 345.6 thousand dollars associated with expenditure incurred with improvements to the airport for the Forum meeting. These are approved in this Supplementary Appropriation.

In this Supplementary Appropriation the Government is recognising the potential for revenue declines next year associated with fisheries and RPC related activities. To this end this Supplementary Appropriation provides for 2.0 million to pre-pay a portion of next year's required contribution to the Nauru Trust Fund. By doing this we will relieve some pressure on the 2019-20 budget.

Overall this Supplementary Appropriation recognises the additional revenue and provides for expenditures that have arisen since the original budget. It also includes measure to ensure that financial reporting is correctly reflected in the budget and financial statements. With the passing of this Bill the budget is approximately in balance for the financial year.

**Table 1. Domestic Budget Aggregates**

	<b>2018-19 Budget</b>	<b>2018-19 Revised Budget</b>	<b>Variance to Budget</b>
Revenue	154,600,457	207,629,592	53,029,135
Expenditure	154,432,501	207,602,541	53,170,040
Budget Balance	167,956	27,051	(140,905)

**REVENUES**

This Supplementary Appropriation recognises the following changes to revenues: -

<b>12 Public Debt Revenue</b>		
		2018-19
1901 - Loan Deposits -foreign		(7,064,000)
<b>Total impact on budget</b>		<b>(7,064,000)</b>

The Government has provided a USD 5.0 million-dollar Australian dollar equivalent loan to Ronphos from the Exim bank of Taiwan. The loan is for the provision of equipment.

<b>16 - Finance Other Payments Revenue</b>		
		2018-19
1660 - General Budget Support (Decrease)		3,532,071
<b>Total impact on budget</b>		<b>3,532,071</b>

This represents the Australian dollar equivalent of USD 2.5 million in direct budget support that was expected from the ADB. The Government has been informed that this will now be paid in the next financial year.

<b>15 NRO Revenue</b>		
		2018-19
1591 - Business Profit Tax		(7,300,000)
<b>Total impact on budget</b>		<b>(7,300,000)</b>

The Nauru Revenue Office has forecast an additional 7.3 million dollars in Business Profits Tax this financial year.

<b>18 NRPC Revenue</b>		
		2018-19
1475 - Miscellaneous Revenue (Decrease)		2,896,250
<b>Total impact on budget</b>		<b>2,896,250</b>

Miscellaneous revenue associated with the operation of the NRPC is also now not thought to be forthcoming and has been removed from the revenue estimates.

<b>31 Fisheries Revenue</b>		
		2018-19
1055 - Support Vessel Charges		(111,336)
1071 - Purse Seine Revenue - Licensing		(479,536)
1072 - Purse Seine Revenue - Fishing Days		(11,195,337)
1475 - Miscellaneous Revenue		(10,295)
1490 - Court Fines and Fees		(309,958)
<b>Total impact on budget</b>		<b>(12,106,463)</b>

Fisheries has collected an additional 12.1 million dollars in revenue this financial year. This increase has arisen from the over-selling of current year fishing days and may result in a reduction in available days next year.

<b>42 MCA Revenue</b>		
	2018-19	
1475 - Miscellaneous Revenue (Decrease)		(2,000,000)
<b>Total impact on budget</b>		<b>(2,000,000)</b>

2.0 million dollars is proposed to be reimbursed to Multi-cultural Affairs under the Special Fund arrangements.

### **EXPENDITURES**

The following expenditure increases are required in the budget.

<b>02 Ministerial Expenditure</b>		
	2018-19	
2695 - 50th Anniversary Celebrations		170,000
<b>Total impact on budget</b>		<b>170,000</b>

The UN Secretary General will be visiting Nauru in May for a meeting of Pacific Leaders. 170 thousand dollars has been provided under the Ministerial budget to host this meeting.

<b>03 Chief Secretary Expenditure</b>		
	2018-19	
2015 - Salaries Local		3,120,000
<b>Total impact on budget</b>		<b>3,120,000</b>

3.12 million dollars has been provided to the Chief Secretary's head for a salary increase for public servant's subject to advice from a consultant advisor.

<b>11 Finance Secretariat Expenditure</b>		
	2018-19	
2015 - Salaries Local		7,990
2040 - Staff Training		4,000
2075 - Travel Business		8,000
2040 - Recruitment costs		5,000
2495 - Plant & Equipment purchases		3,500
<b>Total impact on budget</b>		<b>28,490</b>

The Government has endorsed the recommendation to establish a dedicated SoE Monitoring Unit by providing 28.5 thousand dollars under the Finance Secretariat budget to establish the unit this financial year

<b>12 Public Debt Expenditure</b>		
	2018-19	
2545 - Debt Repayments - Other (Decrease)		(6,000,000)
2801 - Loan Receivables (Increase)		7,064,000
<b>Total impact on budget</b>		<b>1,064,000</b>

7.064 million dollars is provided as the Australian dollar equivalent to the US 5 million-dollar Exim loan funds acknowledged under revenue. This will be expended under a loan agreement with Ronphos.

As a housekeeping measure this appropriation also moves 6 million dollars from Head 12 Public Debt repayments to Subsidies to SoE's under Head 16. This has been necessary as payments to Ronphos that were classified as debt repayments need to be re-classified as subsidies.

<b>16 Finance Other Payments Expenditure</b>		
		2018-19
2616 - Subsidies to SoE's		9,760,506
2410 - Social Expenditure Super Contributions to Ex MP's		850,000
2652 - Fiscal Cash Buffer		2,100,000
2650 - Trust Fund		2,000,000
<b>Total impact on budget</b>		<b>14,710,506</b>

The corresponding increase in Subsidies to SoE's is provided for under Head 16. \$6.0 mil is the transfer from Public debt with a further \$3.8 mil provided as a subsidy to EHC to pay out the EHC Community Investment Scheme (\$2,101,072) and suppliers debts (\$1,659,434). Provision is also made for the 2019-20 Nauru Trust Fund pre-payment and contributions to a Parliamentary Superannuation Scheme and 2.1 million to the Fiscal Cash Buffer.

<b>15 NRO Expenditure</b>		
		2018-19
2075 - Travel Business		18,000
2495 - Plant & Equipment		36,500
<b>Total impact on budget</b>		<b>54,500</b>

Additional expenditure is provided to the Nauru Revenue Office for Business Travel and Plant and Equipment.

<b>21 CIE Expenditure</b>		
		2018-19
2030 - Salaries Other Contracts		43,000
<b>Total impact on budget</b>		<b>43,000</b>

Under CIE 43 thousand dollars is provided to engage a consultant to undertake an environmental impact statement.

<b>31 Fisheries Expenditure</b>		
		2018-19
2075 - Travel Business		100,000
<b>Total impact on budget</b>		<b>100,000</b>

Fisheries department requires additional funds for Business Travel.

<b>42 Dept. of Multi-cultural Affairs</b>		
		2018-19
2615 - Subsidies to SoE's		2,000,000
<b>Total impact on budget</b>		<b>2,000,000</b>

The Department of Multi-cultural Affairs has sought the ability to provide up to 2 million dollars to Egigu Solutions Corporation (ESC) if required for cash-flow purposes. This appropriation provides for a subsidy to this level to ESC.

<b>51 Education</b>		
	2018-19	
2585 - Rations		395,014
<b>Total impact on budget</b>		<b>395,014</b>

In Education a further 395 thousand dollars is provided to cover the forecast expenditure on School rations.

<b>62 Dept. of Sports</b>		
	2018-19	
2495 - Plant & Equipment		5,600
2580 - Public Works		16,404
2617 - Donations Local		184,500
<b>Total impact on budget</b>		<b>206,504</b>

The department of Sports has been provided with an additional 22 thousand dollars for Karate and Dojo mats and to pay for upgrades to the Linkbelt Football Oval. Additional funds have been appropriated to provide a donation to the Nauru Weightlifting Federation to support competitions this year.

<b>91 Dept. of Transport Expenditure</b>		
	2018-19	
2055 - Consultants Fees		168,000
2185 - R&M Buildings		177,617
<b>Total impact on budget</b>		<b>345,617</b>

The department of Transport has requested a total of 345.6 thousand dollars associated with expenditure incurred with improvements to the airport for the Forum meeting.

**Table 2: 2018-19 Supplementary Appropriation No.4– Revenues**

Description	2018-19 Original Budget	Supplementary Appropriations 1-3	Supplementary Appropriation No.4	Revised Budget (Annual)
03 - Chief Secretariat	(48,380)	0		(48,380)
07 - GON Warehouse	(152,230)	0		(152,230)
09 - Electoral Commission	(162,000)	0		(162,000)
11 - Finance Secretariat	(20,000)	0		(20,000)
12 - Public Debt			(7,064,000)	(7,064,000)
15 - Nauru Revenue Office	(29,320,000)	(1,025,700)	(7,300,000)	(37,645,700)
16 - Finance - Other Payments	(15,423,055)	(300,000)	3,532,071	(12,190,984)
17 - Nauru Customs Office (NCO)	(16,414,307)	0		(16,414,307)
18 - Nauru Regional Processing Centre (NRPCC) Corporation	(16,000,000)	(7,896,250)	2,896,250	(21,000,000)
21 - CIE	(7,500)	0		(7,500)
31 - Fisheries	(33,656,961)	(19,365,043)	(12,106,463)	(65,128,467)
41 - Police	(120,000)	0		(120,000)
42 - Department of Multicultural Affairs	(34,269,180)	(2,400,000)	(2,000,000)	(38,669,180)
43 - Justice - Secretariat	(218,000)	0		(218,000)
44 - Judiciary	(102,250)	0		(102,250)
45 - Border Control	(2,842,640)	0		(2,842,640)
50 - Directorate of TVET	(180,000)	0		(180,000)
51 - Education	0	0		0
61 - Health	(27,000)	0		(27,000)
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	(3,472,788)	0		(3,472,788)
92 - Lands Transport	0	0		0
93 - Maritime Transport	(2,114,606)	0		(2,114,606)
95 - ICT	(10,560)	0		(10,560)
	<b>(154,600,457)</b>	<b>(30,986,993)</b>	<b>(22,042,142)</b>	<b>(207,629,592)</b>

**Table 3: 2018-19 Supplementary Appropriation No.4– Expenditures**

Description	2018-19 Original Budget	Supplementary Appropriations 1-3	Supplementary Appropriation No.4	Revised Budget (Annual)
01 - Presidency and State House (including GIO)	1,548,215	0		1,548,215
02 - Ministerial	7,356,896	3,515,000	170,000	11,041,896
03 - Chief Secretariat	14,246,665	588,000	3,120,000	17,954,665
05 - Audit	345,203	0		345,203
06 - Parliament	1,254,482	349,119		1,603,601
07 - GON Warehouse	408,552	0		408,552
08 - National Emergency Services	1,587,800	0		1,587,800
09 - Electoral Commission	397,684	0		397,684
11 - Finance Secretariat	1,885,038	0	28,490	1,913,527
12 - Finance -Public Debt	4,165,369	5,782,035	1,064,000	11,011,404
13 - Bureau of Statistics	109,797	0		109,797
15 - Nauru Revenue Office	374,911	0	54,500	429,411
16 - Finance - Other Payments	34,100,097	13,640,062	14,710,506	62,450,665
17 - Nauru Customs Office (NCO)	386,983	0		386,983
18 - Nauru Regional Processing Centre (NRPCC) Corporation	2,809,365	2,896,250		5,705,615
21 - CIE	839,197	0	43,000	882,197
31 - Fisheries	2,214,832	0	100,000	2,314,832
41 - Police	2,790,806	58,400		2,849,206
42 - Department of Multicultural Affairs	24,749,541	0	2,000,000	26,749,541
43 - Justice - Secretariat	3,530,727	0		3,530,727
44 - Judiciary	1,835,302	0		1,835,302
45 - Border Control	1,048,063	0		1,048,063
46 - Correctional Services	815,736	0		815,736
50 - Directorate of TVET	1,542,236	0		1,542,236
51 - Education	8,302,023	280,000	395,014	8,977,037
52 - Youth Affairs	155,842	0		155,842
61 - Health	12,932,699	477,816		13,410,515
62 - Sports	276,639	0	206,504	483,143
63 - Department of Infrastructure Development	363,973	1,827,300		2,191,273
71 - Foreign Affairs - Secretariat	1,029,264	0		1,029,264
72 - Foreign Affairs - Brisbane	907,638	138,179		1,045,817
73 - Foreign Affairs - Suva	518,391	188,767		707,158
74 - Foreign Affairs - New York	1,866,142	198,876		2,065,018
75 - Foreign Affairs - Taiwan	413,134	72,544		485,678
76 - Foreign Affairs- Geneva	0	311,363		311,363
77 - High Commission India	0	332,125		332,125
81 - Home Affairs	3,661,961	106,573		3,768,534
82 - Women's Affairs	196,707	170,000		366,707
83 - Media Bureau	448,034	0		448,034
84 - Lands & Survey	5,386,712	0		5,386,712
85 - Lands Committee	218,887	0		218,887
86 - Department of Land Management	89,701	0		89,701
91 - Department of Transport	2,390,802	0	345,617	2,736,419
93 - Maritime Transport	2,242,669	0		2,242,669
95 - ICT	2,545,533	0		2,545,533
97 - Telecom	142,257	0		142,257
	<b>154,432,501</b>	<b>30,932,409</b>	<b>22,237,631</b>	<b>207,602,541</b>