

## GOVERNMENT OF NAURU DEBT LIABILITIES

This overview is an extract from the 2020-21 Budget. Figures in this document are subject to change as debt reconciliation activity is completed.

The Government has adopted a Debt Action Plan to resolve outstanding long term liabilities, including historic SOE arrears, outstanding membership arrears and Bank of Nauru liquidation payments.

In 2019-20, the Government successfully resolved outstanding SOE arrears, and membership arrears for ICAO. Payments were also made to Bank of Nauru deposit book holders. A summary of payments is in the Table below.

Table 30: Summary of Government debt resolution payments

Description	2018-19	2019-20	2019-20	2020-21
	Preliminary Actual	Revised Budget	YTD Actual	Approved Budget
	\$	\$	\$	\$
Debt Repayments - Other (BON NPRT)	3,447,260			5,833,334
Membership Fees & Subscriptions Arrears	-	1,380,857	1,380,857	-
BON Liquidation- Payment	824,859	2,750,000	2,495,971	1,000,000
SOE Arrears (part of 2616 - Subsidies to SOEs)			4,354,114	
<b>Total</b>	<b>4,272,119</b>	<b>4,130,857</b>	<b>8,230,942</b>	<b>6,833,334</b>

In 2020-21 the Government will make further contributions to reducing the Bank of Nauru outstanding depositor liabilities.

The Government has agreed to support the Nauru Phosphate Royalties Trust (NPRT) with a provision of \$5.8 million from balances available from the Bank of Nauru liquidation, to assist NPRT progress further Ronwan capital re-distribution in 2020-21.

The Ronwan consolidation process, which began in 2014, approved a capital redistribution of the total beneficiary fund balance of \$115 million of which \$80 million has been paid out. A balance of around \$35 million or 30 per cent of beneficiaries capital remains to be paid.

The funding of \$5.8 million directly pays down this outstanding balance, which equates to 5 per cent of beneficiaries' remaining capital. This pay-out will bring total remaining Ronwan capital for redistribution down to \$29.2 million or 25 per cent.

The Government will be working with NPRT to determine the details and timing of the pay-out in the new financial year and announcements will be made by NPRT in the coming months.

A summary of the current and expected balances for NPRT and bank book accounts is below.

Table 31: Bank of Nauru Liquidation outstanding balance estimates

Year	Bank of Nauru Liquidation Outstanding balance		
	Bank Book	NPRT	Total
	\$	\$	\$
30 June 2018	34,516,211	25,195,069	59,711,280
30 June 2019	33,691,352	21,747,809	55,439,161
30 June 2020	30,941,352	21,747,809	52,689,161
30 June 2021	29,941,352	15,914,475	45,855,827

The Government has the following current external liabilities:

- Exim Loan for USD\$5 million for Ronphos equipment purchase. The loan was funded on 16 October 2018. Repayments of interest and principal are met by ROC Taiwan through development assistance arrangements.

The Government has the following non-current external liabilities:

- Yen-denominated bearer bonds held by Firebird, estimated at \$48.3 million. The Republic (GON) as the guarantor for RONFIN has an ongoing liability for these bonds, which went into default in the 1990s. The Firebird related liability comes from a 2012 Tokyo Court ruling.

During 2020-21, a review of outstanding debt liabilities and a reconciliation of the Bank of Nauru liquidation payments will be undertaken.