



REPUBLIC OF NAURU

DEPARTMENT OF FINANCE

QUARTERLY BUDGET PERFORMANCE REPORT  
QUARTER 1 2019-20

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# QUARTERLY BUDGET PERFORMANCE REPORT – QUARTER 1 2019-20

## INTRODUCTION

This is the performance report for the first quarter of the 2019-20 Budget for the Republic of Nauru. It provides revenue and expenditure data recorded by Treasury for the period 1 July 2019 to 30 September 2019. It is based on all available information to Treasury from the Government's accounts and departmental sources.

It is important to note that the report only covers General Government operations. Donor expenditures and the operations of State-owned enterprises (SoE's) are not included in this report 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 preparation of the 2019-20 Budget, and are the latest estimates available from the IMF. These were that growth would be flat (0.6 per cent) in the current financial year and that domestic inflation would be approximately 2 per cent annually. The nominal GDP estimate for 2019-20 is \$170.2 million.

### PRELIMINARY 2018-19 BUDGET OUTCOME

The preliminary 2018-19 Budget outcome was a surplus of \$8.6 million reflecting revenue of \$217.1 million and expenditure of \$208.5 million.

### APPROVED 2019-20 BUDGET

The 2019-2020 Appropriation Bill provided for revenue of \$146 million and expenditure of \$145.7 million, with a small surplus of \$0.3 million.

### SUPPLEMENTARY APPROPRIATIONS

There have been two supplementary appropriations in the quarter. The overall impact was to increase the revenue estimate for 2019-20 by \$11.8 million (8 per cent) and appropriated expenditure by \$11.7 million (8 per cent).

- Supplementary Appropriation No.1 2019-20 (12 July 2019) recognised \$4.1 million in additional revenue from management fees from NRPC for RPC Operations, and appropriated \$4.1 million for various expenditures, including a 19 per cent ex gratia payment to local employees of SOEs and overseas missions.

- Supplementary Appropriation No.2 2019-20 (30 August 2019) recognised \$7.7 million in additional revenue from the net amount of reduced revenue from Warehouse and Maritime Transport and increased revenue from the Australian Government for RPC related expenditures by the Department of Multicultural Affairs. An additional \$7.6 million was appropriated mainly for the Department of Multicultural Affairs.

## REVISED 2019-20 BUDGET

The revised budget for 2019-20 is for revenue of \$157.9 million and expenditure of \$157.4 million with a small surplus of \$0.5 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 Q1 2019-20*

Measure	Target	2018-19	2019-20	2019-20	2019-20
		Prelim Actual	Budget	Revised Budget	2019-20 Q1 Actual
Fiscal balance to GDP	not negative	5%	0.18%	0.29%	10%
Personnel cost ratio	Personnel cost to current expenditure <30%	17%	28%	25%	19%

*Table 2: Fiscal cash buffer availability Q1 2019-20*

	Requirement (\$)	Treasury available funds (\$)	
		at 30 June 2019	at 30 Sept 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
<i>of which held in term deposit</i>		11,092,498	11,166,668

## 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 for the first quarter is consistent with budget expectations. However, revenue receipts for the first quarter are higher than expected, reflecting better than expected visa fees and non-tax collections.

Table 3 Aggregate results Q1 2019-20

	2018-19 Preliminary Actual	2019-20 Approved Budget	2019 Supp Bills	2019-20 Revised Budget	2019-20 YTD Actual	2019-20 YTD Actual % of budget	2019-20 Commitments	2019-20 Available Budget
	\$	\$	\$	\$	\$		\$	\$
<b>Revenue</b>	217,099,983	146,030,911	11,827,194	157,858,105	57,667,472	37%	-	100,190,633
<b>Expenditure</b>	208,502,756	145,716,127	11,649,051	157,365,178	40,356,708	26%	1,192,665	115,815,805
<b>Balance</b>	8,597,227	314,784	178,143	492,927	17,310,764	-	- 1,192,665	- 15,625,172

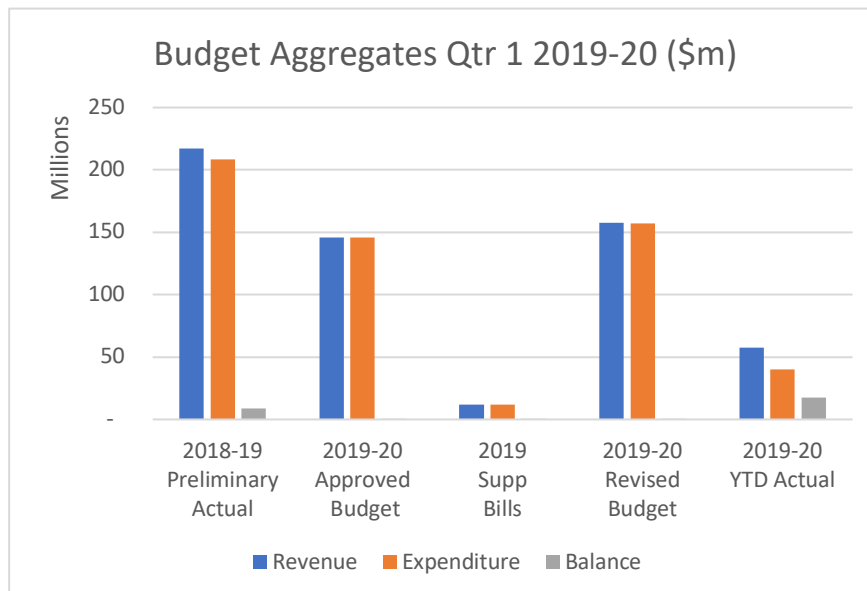


Figure 1 Aggregate results Qtr. 1 2019-20

## OPERATING REVENUE ANALYSIS

Actual revenues collected in the first quarter 2019-20 accounted for 37 per cent of the revised budget estimate for 2019-20. Visa fees and non-tax revenue were significantly higher than expected. No grant revenue was received in the quarter, with none expected until the first half of 2020.

Table 4: Revenue breakdown Q1 2019-20

Description	2018-19	2019-20	2019	2019-20	2019-20	2019-20 YTD	2019-20
	Preliminary Actual	Approved Budget	Supp Bills	Revised Budget	YTD Actual	Actual % of budget	Remaining Budget
	\$	\$	\$	\$	\$	%	\$
Dividends	1,746,867	-	-	-	890,379	-	890,379
Fishing licences	71,373,771	50,532,825	-	50,532,825	16,696,317	33%	33,836,508
Import duties	17,867,967	14,654,707	-	14,654,707	4,331,465	30%	10,323,242
Visa fees	11,071,613	11,210,008	-	11,210,008	8,360,325	75%	2,885,683
Tax	41,333,515	32,700,000	-	32,700,000	9,265,642	28%	23,434,358
Non-Tax	69,449,493	21,080,685	11,827,194	32,907,879	18,123,354	55%	24,453,316
Grants	4,256,757	15,852,686	-	15,852,686	-	0%	15,852,686
Total	217,099,983	146,030,911	11,827,194	157,858,105	57,667,482	37%	109,895,413

### VISA FEES

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. Business visa revenue was also higher than expected.

Table 5 Visa Revenues Q1 2019-20

Description	2018-19	2019-20	2019-20	2019-20	2019-20 YTD	2019-20
	Preliminary Actual	Approved Budget	Revised Budget	YTD Actual	Actual % of budget	Remaining Budget
	\$	\$	\$	\$	%	\$
1330 - Visa Check up	8,621	10,008	10,008	600	6%	9,408
1335 - Visa Fees - RPC	768,200	5,600,000	5,600,000	654,000	12%	4,958,000
1575 - Visa Fees (Other Business)	2,876,362	2,000,000	2,000,000	841,725	42%	1,158,275
1580 - Visa Fees - RPC Resettlement	7,418,430	3,600,000	3,600,000	6,864,000	191%	3,240,000
Total Visa Fees	11,071,613	11,210,008	11,210,008	8,360,325	75%	2,885,683

### FISHING REVENUES

Fishing revenues are in line with expectations (Table 6). This revenue group is strongly seasonal, with the majority of revenue in this category expected to occur in the next quarter.

Table 6: Fishing revenues Q1 2019-20

Description	2018-19	2019-20	2019-20	2019-20	2019-20 YTD	2019-20
	Preliminary	Approved	Revised	2019-20	Actual	Remaining
	Actual	Budget	Budget	YTD Actual	% of budget	Budget
	\$	\$	\$	\$	%	\$
1055 - Support Vessel Charges	278,483	139,671	139,671	14,146	10%	125,525
1071 - Purse Seine Revenue - Licensing	1,447,472	977,699	977,699	78,644	8%	899,055
1072 - Purse Seine Revenue - Fishing Days	69,647,816	49,415,455	49,415,455	16,603,528	34%	32,811,927
Total Fisheries Revenue	71,373,771	50,532,825	50,532,825	16,696,317	33%	33,836,508

## TAXATION REVENUE

Taxation revenues were in line with expectations (Table 7), with the exception of Telecom tax revenue. Substantial increases in tax collections are expected in the next quarter. Telecom tax revenue in the first quarter was higher than expected, reflecting that the anticipated reduction in the taxation rate from 15 per cent to 10 per cent did not occur.

Table 7: Taxation revenue Q1 2019-20

Description	2018-19	2019-20	2019-20	2019-20	2019-20 YTD	2019-20
	Preliminary	Approved	Revised	2019-20	Actual	Remaining
	Actual	Budget	Budget	YTD Actual	% of budget	Budget
	\$	\$	\$	\$	%	\$
1190 - Telecom Tax	2,158,401	1,200,000	1,200,000	599,436	50%	600,564
1590 - Employment/Non-resident Withholding Tax	16,975,366	17,700,000	17,700,000	5,134,649	29%	12,565,351
1591 - Business Profit Tax	22,199,748	13,800,000	13,800,000	3,531,558	26%	10,268,442
Total Tax	41,333,515	32,700,000	32,700,000	9,265,642	28%	23,434,358

## NON-TAX REVENUE

Non-tax revenue collections in the quarter were ahead of expectations (Table 8). This in part reflects 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 as well as motor cycle registration fees was higher than expected.

Table 8 Non-tax revenues Q1 2019-20

Description	2018-19	2019-20	2019-20	2019-20	2019-20 YTD	2019-20
	Preliminary	Approved	Revised	2019-20	Actual	Remaining
	Actual	Budget	Budget	YTD Actual	% of budget	Budget
	\$	\$	\$	\$	%	\$
1121 - Curator fees	175,562	5,000.00	5,000.00	- 28,312.01		
1215 - Licenses-Drivers etc	80,345	100,000	100,000	30,146	30%	69,854
1220 - Corporation Fees and Licenses	177,625	130,000	130,000	7,325	6%	122,675
1225 - Licenses-Trading	345,604	280,000	280,000	76,585	27%	203,415
1230 - Liquor Licensing Board	28,629	28,500	28,500	8,445	30%	20,055
1235 - Gaming / Bingo Licenses	378,173	420,000	420,000	125,151	30%	294,849
1260 - Birth Certificate	26,410	15,505	15,505	8,400	54%	7,105
1265 - Death Certificate	720	340	340	170	50%	170
1270 - Marriage Certificate	3,050	1,730	1,730	1,110	64%	620
1300 - Registration Fees-Motor Cars	68,207	68,709	68,709	26,325	38%	42,384
1305 - Registration Fees-Motorcycles	4,965	6,036	6,036	2,990	50%	3,046
1310 - Vehicle/Insurance Fees	182,313	-	-	98,210	-	-
1325 - Passport Fees and Photographs	315,117	180,000	180,000	76,720	43%	103,280
1340 - Police Clearance	49,095	45,000	45,000	13,755	31%	31,245
1360 - D.C.A.-Pax Levy	1,845,600	1,871,520	1,871,520	394,850	21%	1,476,670
1365 - D.C.A.-Departure Taxes	1,746,500	1,780,740	1,780,740	335,400	19%	1,445,340
1370 - D.C.A.-Air Navigation Fees	984,842	902,652	902,652	158,236	18%	744,416
1375 - D.C.A.-Landing Fees	1,073,036	1,106,664	1,106,664	112,561	10%	994,103
1380 - D.C.A.-Rental Fees	133,098	133,728	133,728	13,050	10%	120,678
1400 - Port Fees	1,239,511	2,045,678	224,989	357,684	159%	- 132,695
1420 - Warehouse sales	30,158	199,383	-	-	-	-
1475 - Miscellaneous Revenue	5,268,304	3,780,470	3,721,790	1,588,184	43%	2,133,606
1480 - Bus Services	2,364	1,200	1,200	-	0%	1,200
1485 - Quarantine Fees	46,650	60,000	60,000	13,491	22%	46,509
1490 - Court Fines and Fees	855,118	15,000	15,000	4,060	27%	10,940
1495 - Service Fees	27,035,253	5,034,100	9,134,100	9,434,113	103%	- 300,013
1500 - Sale of Maps	9,820	-	-	3,320	-	- 3,320
1520 - Food Handler Check up	6,000	4,800	4,800	320	7%	4,480
1530 - Philatelic Bureau Sales	-	-	-	1,330	-	- 1,330
1540 - Advertising Revenue	6,044	30,000	30,000	4,179	14%	25,821
1555 - Spectacles,Drugs etc	880	1,000	1,000	250	25%	750
1565 - Medical Services	4,401	4,800	4,800	195	4%	4,605
1577 - DJBC - Operations	5,116,398	2,397,474	2,397,474	878,047	37%	1,519,427
1578 - DJBC - Reimbursable Costs	14,978,678	346,656	10,152,602	4,296,193	42%	5,856,409
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>32,907,879</b>	<b>18,123,354</b>	<b>55%</b>	<b>14,784,525</b>



## CUSTOMERS AND OTHER IMPORT DUTIES

Customs and excise duty collections are broadly consistent with expectations (Table 9). Customs and excise duty on sugar is being collected at a higher rate than anticipated at budget.

Table 9 Customs and other Import duties Q1 2019-20

Description	2018-19	2019-20	2019-20	2019-20 YTD Actual	2019-20 YTD	2019-20
	Preliminary	Approved	Revised		Actual	Remaining
	Actual	Budget	Budget		% of budget	Budget
	\$	\$	\$	\$	%	\$
1140 - Customs and Excise Duty - Tobacco	5,338,101	4,772,288	4,772,288	1,465,952	31%	3,306,336
1145 - Customs and Excise Duty - Alcohol	1,133,629	1,460,000	1,460,000	288,080	20%	1,171,920
1150 - Customs and Excise Duty - Sugar	851,084	642,419	642,419	281,516	44%	360,903
1155 - Customs and Excise - Machinery/Vehicle/Equip.	1,096,543	680,000	680,000	247,283	36%	432,718
1160 - Customs and Excise Duty - Other	2,676,933	2,800,000	2,800,000	834,065	30%	1,965,935
1165 - Customs and Excise Duty - Petrol Sales	2,238,392	2,200,000	2,200,000	648,182	29%	1,551,818
1170 - Customs and Excise Duty - Diesel Sales	4,323,557	2,000,000	2,000,000	566,388	28%	1,433,612
1175 - Customs and Excise Duty - JetA1	209,729	100,000	100,000	-	0%	100,000
Total Customs and Excise Duty	17,867,967	14,654,707	14,654,707	4,331,465	30%	10,323,242

## 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 received in the quarter, with none expected until the first half of 2020.

Table 10 Dividends and Grants Q1 2019-20

Description	2018-19	2019-20	2019-20	2019-20 YTD Actual	2019-20 YTD	2019-20
	Preliminary	Approved	Revised		Actual	Remaining
	Actual	Budget	Budget		% of budget	Budget
	\$	\$	\$	\$	%	\$
1015 - Income from Investments & Dividends-Others	1,746,867	-	-	890,379	-	890,379
1660 - General Budget Support	4,256,757	15,852,686	15,852,686	-	-	15,852,686
Total Dividends and Grants	6,003,624	15,852,686	15,852,686	890,379	-	16,743,065

## REVENUE BY DEPARTMENT

Table 11 shows the 2018-19 preliminary budget outcome, 2019-20 Budget and actual revenue for the first quarter 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 Q1 2019-20

Description	2018-19	2019-20	2019	2019-20	2019-20	2019-20 YTD	2019-20
	Preliminary Actual	Approved Budget	Supp Bills & ISHT	Revised Budget	YTD Actual	Actual % of budget	Remaining Budget
	\$	\$	\$	\$	\$	%	\$
03 - Chief Secretariat	(224,716)	(46,075)	0	(46,075)	(58,305)	127%	12,230
04 - Post and Philately	0	0	0	0	(1,330)	-	1,330
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)	0	(33,220,000)	(9,621,262)	29%	(23,598,738)
16 - Finance - Other Payments	(8,348,989)	(19,092,686)	0	(19,092,686)	(1,154,352)	6%	(17,938,334)
17 - Nauru Customs Office	(17,868,127)	(14,654,707)	0	(14,654,707)	(4,331,465)	30%	(10,323,242)
18 - NRPC Corporation	(27,000,000)	(5,000,000)	(4,100,000)	(9,100,000)	(9,433,333)	104%	333,333
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)	(16,731,514)	33%	(33,801,311)
41 - Police	(50,895)	(46,800)	0	(46,800)	(13,755)	29%	(33,045)
42 - Multicultural Affairs	(28,281,506)	(12,256,130)	(9,805,946)	(22,062,076)	(12,692,240)	58%	(9,369,836)
43 - Justice - Secretariat	(698,611)	(415,000)	0	(415,000)	(55,598)	13%	(359,402)
44 - Judiciary	(29,845)	(15,000)	0	(15,000)	(4,060)	27%	(10,940)
45 - Border Control	(3,238,659)	(2,240,000)	0	(2,240,000)	(931,936)	42%	(1,308,064)
50 - Directorate of TVET	(26,900)	(58,500)	0	(58,500)	(8,374)	14%	(50,126)
61 - Health	(49,880)	(47,008)	0	(47,008)	(13,125)	28%	(33,883)
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)	(4,179)	14%	(25,821)
84 - Lands & Survey	(9,820)	(7,000)	0	(7,000)	(3,320)	47%	(3,680)
85 - Lands Committee	(3,480)	(2,000)	0	(2,000)	(780)	39%	(1,220)
91 - Department of Transport	(6,072,969)	(5,903,769)	0	(5,903,769)	(1,156,992)	20%	(4,746,777)
93 - Maritime Transport	(1,316,307)	(2,150,528)	1,879,369	(271,159)	(417,257)	154%	146,098
95 - ICT	(1,200,918)	(10,000)	0	(10,000)	(893,279)	8933%	883,279
Total	(210,058,995)	(146,030,911)	(11,827,194)	(157,858,105)	(57,667,472)	37%	(100,190,633)

Revenue for ICT (95) reflects payment of the Digicel dividend, that was not anticipated at the time the budget was developed. Maritime transport revenues were influenced by the decision to remove it from the budget and the timing issues related to transactions underway at the time the change was made and the Port Authority established.

## 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 on personnel and other.

Table 12 Expenditure by Group Q1 2019-20

Description	2018-19 Preliminary Actual \$	2019-20 Approved Budget \$	2019 Supp Bills & ISHT \$	2019-20 Revised Budget \$	2019-20 YTD Actual \$	2019-20 YTD Actual % of budget %	Committed \$	2019-20 Remaining Budget \$
Personnel	36,365,009	40,978,982	- 1,403,338	39,575,644	7,858,800	20%	163,834	31,553,010
Government Travel	7,305,847	6,266,984	186,944	6,453,928	2,167,861	34%	62,784	4,223,283
Subsidies & Donations	22,311,627	6,653,063	4,513,285	11,166,348	4,926,474	44%	7,939	6,231,935
Govt Operations	72,011,618	50,890,044	6,884,987	57,775,031	15,982,526	28%	843,466	40,949,039
Capital Expenditure	20,776,552	11,593,745	911,628	12,505,372	3,586,442	29%	29,111	8,889,820
Social Benefits	12,659,733	7,208,852	573,287	7,782,139	3,939,679	51%	24,958	3,817,503
Other	37,819,465	22,124,456	- 17,743	22,106,713	1,894,926	9%	60,573	20,151,214
Total	209,249,851	145,716,127	11,649,051	157,365,178	40,356,708	26%	1,192,665	115,815,803

Figure 2 illustrates the share of expenditure by group. The highest expenditure category is Government operations followed by other expenditure and personnel costs.

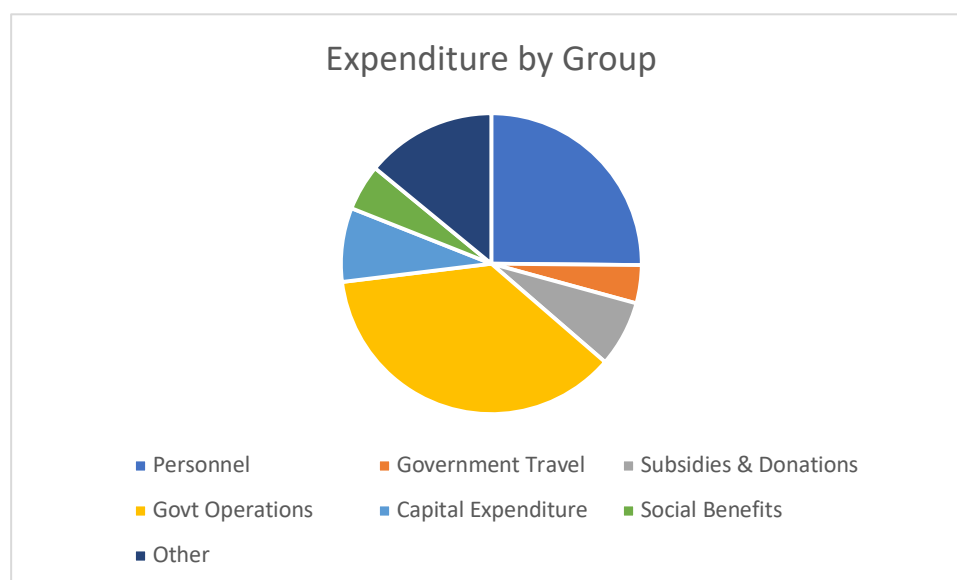


Figure 2 Expenditure by Group 2019-20 Budget

### 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 Q1 2019-20

Description	2018-19	2019-20	2019	2019-20	2019-20 YTD		2019-20 Remaining Budget	
	Preliminary	Approved	Supp	Revised	2019-20	Actual		
	Actual	Budget	Bills & ISHT	Budget	YTD Actual	% of budget		
	\$	\$	\$	\$	\$	%	\$	\$
2005 - Salaries & Allowances - (MP's)	996,228	1,157,941	-	1,157,941	196,826	17%	-	961,115
2010 - HE Salary & Allowances	100,032	105,034	-	105,034	23,084	22%	-	81,950
2015 - Salary - Local	20,437,099	23,792,628	- 609,447	23,183,181	4,140,932	18%	91,291	18,950,957
2020 - Salary Expatriate	8,669,984	9,421,330	- 286,862	9,134,468	1,749,110	19%	21,575	7,363,783
2025 - Allowances - Staff Contract	1,702,546	1,911,451	- 9,000	1,902,451	266,979	14%	24,211	1,611,261
2026 - Directors Fees	14,070	36,800	- 10,900	25,900	7,750	30%	-	18,150
2035 - Overtime - local	784,219	871,888	- 195,309	676,579	210,138	31%	1,250	465,191
2040 - Staff Training	845,341	1,396,279	- 188,264	1,208,015	192,760	16%	5,695	1,009,560
2045 - Recruitment	30,991	43,500	-	43,500	-	0%	-	43,500
2050 - Uniforms & Protective Clothing	280,057	215,125	- 34,255	180,870	26,161	14%	-	154,709
2072 - Meals and Drinks - Staff	88,126	194,090	- 69,301	124,789	63,156	51%	6,158	55,475
2651 - GON Contributions	2,416,316	1,832,916	-	1,832,916	981,903	54%	13,654	837,359
Total Personnel	36,365,009	40,978,982	- 1,403,338	39,575,644	7,858,800	20%	163,834	31,553,010

## GOVERNMENT TRAVEL

Expenditure on Government Travel (Table 14) is broadly in line with expectations, with expenditure on business travel higher than expected at budget.

Table 14 Government Travel Expenditure Q1 2019-20

Description	2018-19	2019-20	2019	2019-20	2019-20 YTD		2019-20 Remaining Budget	
	Preliminary	Approved	Supp	Revised	2019-20	Actual		
	Actual	Budget	Bills & ISHT	Budget	YTD Actual	% of budget		
	\$	\$	\$	\$	\$	%	\$	\$
2070 - Travel - Staff	530,390	748,841	- 23,207	725,634	154,739	21%	800	570,095
2075 - Travel - Business	6,775,458	5,518,143	210,151	5,728,294	2,013,122	35%	61,984	3,653,188
Total Government Travel	7,305,847	6,266,984	186,944	6,453,928	2,167,861	34%	62,784	4,223,283

## SUBSIDIES & DONATIONS

Expenditure on Subsidies & Donations (Table 15) was significantly higher than expected at budget. Subsidies to state-owned enterprises mainly reflect once-off supplementation for the 19 per cent ex gratia payment made to staff before the 2019 election.

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 Q1 2019-20

Description	2018-19	2019-20	2019	2019-20	2019-20 YTD		Committed	2019-20
	Preliminary	Approved	Supp	Revised	2019-20	Actual		Remaining
	Actual	Budget	Bills & ISHT	Budget	YTD Actual	% of budget		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	4,138,285	4,380,285	2,543,357	58%	-	1,836,927
2617 - Donations - local	590,337	907,532	374,000	1,281,532	382,117	30%	7,939	891,476
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>4,513,285</b>	<b>11,166,348</b>	<b>4,926,474</b>	<b>44%</b>	<b>7,939</b>	<b>6,231,935</b>

## CAPITAL EXPENDITURE

Overall capital expenditure was at a reasonable level over the quarter (Table 16). Lower than expected expenditure on Buildings and Structures has partially offset expenditure on medical equipment, public works and plant and equipment purchases, which are all spending at high rates against their budget allocations.

Table 16 Capital Expenditure Q1 2019-20

Description	2018-19	2019-20	2019	2019-20	2019-20 YTD		Committed	2019-20
	Preliminary	Approved	Supp	Revised	2019-20	Actual		Remaining
	Actual	Budget	Bills & ISHT	Budget	YTD Actual	% of budget		Budget
	\$	\$	\$	\$	\$	%	\$	\$
2480 - Medical Equipment	311,260	113,400	-	113,400	97,077	86%	-	16,323
2495 - Plant & Equipment Purchases	2,444,346	1,729,664	1,439,429	3,169,093	1,615,554	51%	18,022	1,535,517
2496 - Building and Structures	16,439,291	9,278,781	527,802	8,750,980	1,570,223	18%	898	7,179,859
2580 - Public Works	1,581,655	471,900	-	471,900	303,588	64%	10,191	158,121
<b>Total Capital Expenditure</b>	<b>20,776,552</b>	<b>11,593,745</b>	<b>911,628</b>	<b>12,505,372</b>	<b>3,586,442</b>	<b>29%</b>	<b>29,111</b>	<b>8,889,820</b>

## SOCIAL BENEFITS

Expenditure on social benefits (Table 17) has been significantly higher than expected, with expenditure on Nauru Community Housing close to fully expended for the year. Death claims and disability payments are also at higher than expected levels than anticipated at budget.

Super-life has now assumed responsibility for superannuation payments for ex members of parliament (2405), and therefore zero expenditure is recorded against this line item. The budget for this line item is expected to be redeployed to other priority expenditure in the next quarter.

Table 17 Social Benefits Q1 2019-20

Description	2018-19	2019-20	2019	2019-20	2019-20 YTD		2019-20 Remaining Budget	
	Preliminary	Approved	Supp	Revised	2019-20	Actual		
	Actual	Budget	Bills & ISHT	Budget	YTD Actual	% of budget		
	\$	\$	\$	\$	\$	%	\$	\$
2220 - Nauru Community Housing	6,817,608	2,050,000	-	2,050,000	1,988,818	97%	-	61,182
2390 - Social Welfare - Birth Claims	33,500	30,000	-	30,000	6,600	22%	200	23,200
2395 - Social Welfare - Death Claims	156,720	130,000	-	130,000	56,000	43%	-	74,000
2400 - Social Services - Aged Pensions	2,075,950	2,080,000	573,287	2,653,287	933,882	35%	-	1,719,405
2405 - Social Services - Super Contribu	84,632	130,000	-	130,000	40,064	31%	-	89,936
2410 - Social Services - Super Ex MP's	956,390	120,000	-	120,000	-	0%	-	120,000
2420 - Social Services - Disability Payr	835,370	884,000	-	884,000	381,686	43%	-	502,314
2440 - Scholarships - School & Trade	1,699,563	1,784,852	-	1,784,852	532,628	30%	24,758	1,227,467
<b>Total Social Benefits</b>	<b>12,659,733</b>	<b>7,208,852</b>	<b>573,287</b>	<b>7,782,139</b>	<b>3,939,679</b>	<b>51%</b>	<b>24,958</b>	<b>3,817,503</b>

## OTHER

Expenditure in this category is mixed (Table 18), with expenditure on BON liquidation and debt repayments concentrated in the quarter.

Table 18 Other Q1 2019-20

Description	2018-19	2019-20	2019	2019-20	2019-20 YTD		2019-20 Remaining Budget	
	Preliminary	Approved	Supp	Revised	2019-20	Actual		
	Actual	Budget	Bills & ISHT	Budget	YTD Actual	% of budget		
	\$	\$	\$	\$	\$	%	\$	\$
2370 - Memberships & Subscriptions	700,467	1,149,691	- 17,743	1,131,948	343,096	30%	-	788,852
2560 - Educational Expenses - Special	30,112	109,950	-	109,950	1,315	1%	12,205	96,430
2565 - Insurance	386,269	576,127	-	576,127	30,522	-5%	46,518	560,131
2570 - Bank Charges	26,342	38,873	-	38,873	4,662	12%	1,850	32,361
2650 - Trust Fund	14,572,309	15,940,000	-	15,940,000	60,000	0%	-	15,880,000
2652 - Fiscal Cash Buffer	5,330,000	2,540,000	- 700,000	1,840,000	-	0%	-	1,840,000
2680 - BON Liquidation- Payment	824,859	1,000,000	-	1,000,000	816,015	82%	-	183,985
2690 - Foreign exchange gains/losses	-	59,674	-	59,674	-	0%	-	59,674
2700 - Deportee Removal	12,008	10,140	-	10,140	360	4%	-	9,780
2705 - NEAT Scheme	137,495	200,000	-	200,000	-	0%	-	200,000
2802 - Loan Expenditure Account	500,000	-	700,000	700,000	700,000	100%	-	-
2999 - Contingency fund	-	500,000	-	500,000	-	0%	-	500,000
2545 - Debt Repayments - Other	3,447,260	-	-	-	-	-	-	-
2695 - 50th Anniversary Independenc	4,819,189	-	-	-	-	-	-	-
2801 - Exim Loan Equip Expenditure	7,033,155	-	-	-	-	-	-	-
<b>Total Other</b>	<b>37,819,465</b>	<b>22,124,456</b>	<b>- 17,743</b>	<b>22,106,713</b>	<b>1,894,926</b>	<b>9%</b>	<b>60,573</b>	<b>20,151,214</b>

## GOVERNMENT OPERATIONS

Overall, expenditure on government operations was consistent with expectations (Table 19). However, expenditure on overseas medical treatment (53 per cent of budget) and management monitoring and evaluation (67 per cent) was much higher in the quarter than can be sustained through the year. Expenditure on salaries and other contracts was also higher than budgeted (37 per cent).

Table 19 Government Operations Q1 2019-20

Description	2018-19	2019-20	2019	2019-20	2019-20 YTD			2019-20
	Preliminary	Approved	Supp	Revised	2019-20	Actual	Committed	Remaining
	Actual	Budget	Bills & ISHT	Budget	YTD Actual	% of budget		Budget
	\$	\$	\$	\$	\$	%	\$	\$
2030 - Salaries - Other Contracts	27,372,493	12,631,556	8,194,889	20,826,445	7,785,050	37%	132,528	12,908,867
2055 - Consultants fees	5,708,896	1,597,016	- 73,048	1,523,968	293,294	19%	1,270	1,229,404
2060 - Legal Fees - External	143,552	550,000	- 93,000	457,000	26,350	6%	-	430,650
2100 - Entertainment	766,463	581,909	22,640	604,549	141,770	23%	12,999	449,780
2105 - Official Celebrations	358,957	632,382	80,000	712,382	186,120	26%	-	526,263
2110 - Protocol	85,284	106,500	- 13,000	93,500	10,588	11%	3,121	79,791
2130 - Printing & Stationery	640,086	474,811	- 8,472	466,339	32,942	7%	7,135	426,262
2132 - TVET Supplies	525,222	250,000	-	250,000	-	0%	-	250,000
2135 - Stores	427,481	379,162	- 37,659	341,503	71,325	21%	9,568	260,610
2155 - House Rental	4,802,028	5,077,138	-	5,077,138	574,400	11%	35,426	4,467,312
2160 - Land Rental	7,550,058	4,980,932	1,332,800	6,313,732	1,484,781	24%	6,616	4,835,567
2165 - Office Rental	418,781	584,741	-	584,741	35,759	6%	22,941	526,041
2185 - R&M - Buildings	1,545,772	743,339	- 23,984	719,355	68,607	10%	883	649,866
2190 - R&M - Office Equipment	70,942	115,716	- 4,000	111,716	6,057	5%	2,650	103,009
2191 - R&M Medical Equipment	82,841	120,000	- 557,157	437,157	966	0%	-	438,123
2195 - R&M - Office Premises	55,543	12,900	-	12,900	858	7%	-	12,042
2200 - R&M - Motor Vehicles	300,607	397,866	- 8,720	389,146	130,206	33%	1,027	257,913
2205 - R&M - Plant	182,925	870,521	- 1,080	869,441	124,056	14%	7,956	737,428
2210 - R&M - Aerodrome	118,581	60,000	-	60,000	4,902	8%	7,395	47,703
2225 - Agricultural Supplies	24,564	26,000	-	26,000	400	2%	-	25,600
2255 - Warehouse Procurement	85,205	150,000	- 150,000	-	-	-	-	-
2275 - Purchase of Petrol	583,767	590,260	300	590,560	109,686	19%	12,380	468,494
2280 - Purchase of Diesel	922,193	949,135	-	949,135	188,684	20%	14,789	745,662
2290 - Purchase of Fuel - Other	1,703	10,793	-	10,793	-	0%	-	10,793
2315 - Utilities	3,686,165	4,817,655	- 66,529	4,751,126	1,016,503	21%	178,866	3,555,757
2330 - Telephone / Internet	2,246,620	2,185,855	- 1,329,193	856,662	70,444	8%	268,436	517,782
2350 - Freight	1,957,647	2,000,000	-	2,000,000	495,470	25%	20,107	1,484,423
2372 - Nauru Radio Supplies	11,687	9,500	-	9,500	279	3%	-	9,221
2373 - Media TV Supplies	23,700	9,200	-	9,200	-	0%	-	9,200
2375 - ICT Supplies	60,927	60,300	-	60,300	380	1%	926	58,994

Table 18 Government Operations Q1 2019-20 continued

Description	2018-19	2019-20	2019	2019-20	2019-20 YTD		2019-20	2019-20
	Preliminary	Approved	Supp	Revised	2019-20	Actual		
	Actual	Budget	Bills & ISHT	Budget	YTD Actual	% of budget		Budget
	\$	\$	\$	\$	\$	%	\$	\$
2460 - Medical Expenses	11,846	17,939	-	17,939	815	5%	3,662	13,463
2461 - Primary Health Care Services	52,599	52,731	-	52,731	-	0%	-	52,731
2462 - NCD Control & Health Promotio	-	10,000	-	10,000	480	5%	-	9,520
2463 - Environmental Health and Foo	70,085	50,000	-	50,000	-	0%	-	50,000
2464 - Management Monitoring & Eva	2,772	20,000	-	20,000	13,452	67%	-	6,548
2467 - Drugs and Medicines	800,000	750,000	-	750,000	329,303	44%	-	420,697
2468 - Dental Supplies	69,417	80,000	-	80,000	-	0%	-	80,000
2469 - Dialysis Supplies	359,109	350,000	-	350,000	66,853	19%	-	283,147
2471 - Medical Consumable	699,050	700,000	-	700,000	206,029	29%	2,130	491,841
2472 - Laboratory supplies	399,283	348,000	-	348,000	46,922	13%	34,962	266,116
2473 - Radiology Supplies	19,996	20,000	-	20,000	1,983	10%	-	18,017
2474 - Clinical Education Supplies	19,266	20,000	-	20,000	-	0%	-	20,000
2475 - Overseas Medical Treatment	5,029,654	3,000,000	-	3,000,000	1,582,728	53%	46,027	1,371,245
2575 - Local Transport	954,089	1,344,921	379,800	965,121	142,693	15%	2,480	819,948
2585 - Rations	2,557,796	2,933,800	-	2,933,800	727,822	25%	10,729	2,195,249
2590 - Correctional Services Supplies	6,823	10,000	-	10,000	2,353	24%	-	7,647
2600 - Postage	3,515	19,619	-	19,619	36	0%	111	19,472
2605 - Library/Periodicals	-	2,000	-	2,000	-	0%	-	2,000
2610 - Survey Supplies	1,215	1,500	-	1,500	181	12%	-	1,319
2620 - Lease & Charter Payments	55,689	66,686	-	66,686	-	0%	9,378	57,308
2625 - Family Court Expenses	3,000	6,000	-	6,000	1,000	17%	200	4,800
2630 - Safe House	133,153	111,660	-	111,660	-	0%	-	111,660
2061 - Incorporation fees	2,575	-	-	-	-	-	-	-
<b>Total Government Operations</b>	<b>72,011,618</b>	<b>50,890,044</b>	<b>6,884,987</b>	<b>57,775,031</b>	<b>15,982,526</b>	<b>28%</b>	<b>843,466</b>	<b>40,949,039</b>

## EXPENDITURE BY DEPARTMENT

Table 20 shows the 2018-19 preliminary budget outcome, 2019-20 Budget and actual expenditure for the first quarter by department head.

Expenditure is running slightly ahead of budget, with the departments of Ministerial, Multicultural Affairs and ICT being significantly over their budget estimates. Nauru RPC Corporation (18) and Geneva foreign mission (76) are showing nil actuals due to the late return of their Q1 acquittal reports, and their returns will be recorded in the next quarterly report.

Maritime expenditure is influenced by the decision to remove it from the budget, and the actual expenditure relates to timing issues of transactions as the Port Authority was established.

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 20 Expenditure by Department Q1 2019-20

Description	2018-19	2019-20	2019	2019-20	2019-20 YTD		Committed	2019-20
	Preliminary Actual	Approved Budget	Supp Bills & ISHT	Revised Budget	2019-20 YTD Actual	Actual % of budget		Remaining Budget
	\$	\$	\$	\$	\$	%	\$	\$
01 - Presidency and State House (inc GIC)	1,349,754	1,774,150	152,979	1,927,129	646,056	34%	4,435	1,276,639
02 - Ministerial	14,273,100	5,908,405	0	5,908,405	3,102,096	53%	5,135	2,801,175
03 - Chief Secretariat	15,655,786	18,444,787	44,829	18,489,616	2,613,435	14%	155,422	15,720,759
05 - Audit	313,786	354,518	0	354,518	78,740	22%	9,201	266,577
06 - Parliament	1,508,122	1,467,979	0	1,467,979	463,485	32%	300	1,004,194
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	0	1,495,347	343,502	23%	15,606	1,136,239
09 - Electoral Commission	443,160	456,354	0	456,354	167,702	37%	7,610	281,042
11 - Finance Secretariat	1,787,318	1,915,778	0	1,915,778	408,014	21%	1,030	1,506,734
13 - Bureau of Statistics	87,592	115,413	0	115,413	20,104	17%	0	95,309
15 - Nauru Revenue Office	391,556	513,709	0	513,709	106,702	21%	0	407,007
16 - Finance - Other Payments	66,022,090	39,808,697	4,070,791	43,879,488	9,149,978	21%	33,961	34,695,549
17 - Nauru Customs Office (NCO)	370,893	367,638	0	367,638	75,837	21%	5,268	286,534
18 - Nauru RPC Corporation	5,345,677	1,168,563	0	1,168,563	0	0%	0	1,168,563
21 - CIE	652,792	750,805	0	750,805	171,158	23%	498	579,149
31 - Fisheries	2,177,515	2,475,930	0	2,475,930	666,564	27%	19,130	1,790,235
41 - Police	2,478,915	2,791,358	0	2,791,358	627,495	22%	1,534	2,162,329
42 - Dept Multicultural Affairs	26,652,706	6,401,728	9,805,946	16,207,674	7,044,999	43%	44,834	9,117,841
43 - Justice - Secretariat	2,683,345	2,999,056	0	2,999,056	620,571	21%	(8,085)	2,386,570
44 - Judiciary	1,777,607	1,866,055	0	1,866,055	296,241	16%	20,521	1,549,292
45 - Border Control	892,744	1,000,417	0	1,000,417	147,992	15%	3,270	849,154
46 - Correctional Services	830,260	730,860	0	730,860	167,324	23%	3,253	560,282
50 - Directorate of TVET	1,052,532	860,333	0	860,333	75,944	9%	520	783,869
51 - Education	8,954,461	10,076,813	5,372	10,082,185	2,347,407	23%	70,425	7,664,353
52 - Youth Affairs	131,892	174,467	0	174,467	25,692	15%	0	148,774
61 - Health	15,145,940	13,392,819	0	13,392,819	4,152,525	31%	171,704	9,068,591
62 - Sports	885,884	980,886	400,000	1,380,886	409,635	30%	7,939	963,312
63 - Dept Infrastructure Development	2,431,210	422,306	0	422,306	297,503	70%	10,191	114,612
71 - Foreign Affairs - Secretariat	933,320	1,215,031	0	1,215,031	385,432	32%	3,121	826,478
72 - Foreign Affairs - Brisbane	893,479	1,078,947	63,793	1,142,740	145,163	13%	0	997,577
73 - Foreign Affairs - Suva	521,050	761,821	21,701	783,522	51,523	7%	0	731,999
74 - Foreign Affairs - New York	2,087,659	2,466,884	42,596	2,509,480	(120,000)	-5%	283,488	2,345,992
75 - Foreign Affairs - Taiwan	466,242	515,694	16,262	531,956	61,959	12%	0	469,997
76 - Foreign Affairs- Geneva	56,080	513,631	0	513,631	0	0%	0	513,631
77 - High Commission India	-	274,950	0	274,950	0	0%	0	274,950
81 - Home Affairs	3,676,167	3,763,305	80,000	3,843,305	851,749	22%	10,000	2,981,556
82 - Women's Affairs	256,929	319,017	0	319,017	18,383	6%	0	300,633
83 - Media Bureau	420,839	438,629	292,842	731,471	134,777	18%	1,719	594,975
84 - Lands & Survey	5,345,076	5,513,839	0	5,513,839	834,858	15%	0	4,678,981
85 - Lands Committee	226,297	214,912	0	214,912	45,967	21%	1,783	167,162
86 - Department of Land Management	78,476	85,752	0	85,752	18,044	21%	0	67,708
91 - Department of Transport	2,391,816	2,275,910	0	2,275,910	509,569	22%	52,646	1,713,695
93 - Maritime Transport	2,140,953	3,356,502	(2,980,516)	375,986	500,973	133%	17,659	(142,646)
95 - ICT	2,405,035	3,750,566	0	3,750,566	2,673,322	71%	238,546	838,697
97 - Telecom	109,974	88,024	0	88,024	12,899	15%	0	75,125
<b>Total</b>	<b>198,022,221</b>	<b>145,716,127</b>	<b>11,649,051</b>	<b>157,365,178</b>	<b>40,356,708</b>	<b>26%</b>	<b>1,192,665</b>	<b>115,815,806</b>

## CASH FLOW POSITION

The Government continues to maintain a healthy cash position. At the end of quarter 1 2019-20, total available Treasury funds were \$55,392,518. This was significantly in excess of the recommended fiscal cash buffer amount of two months non-RPC related spending of \$25,819,099.

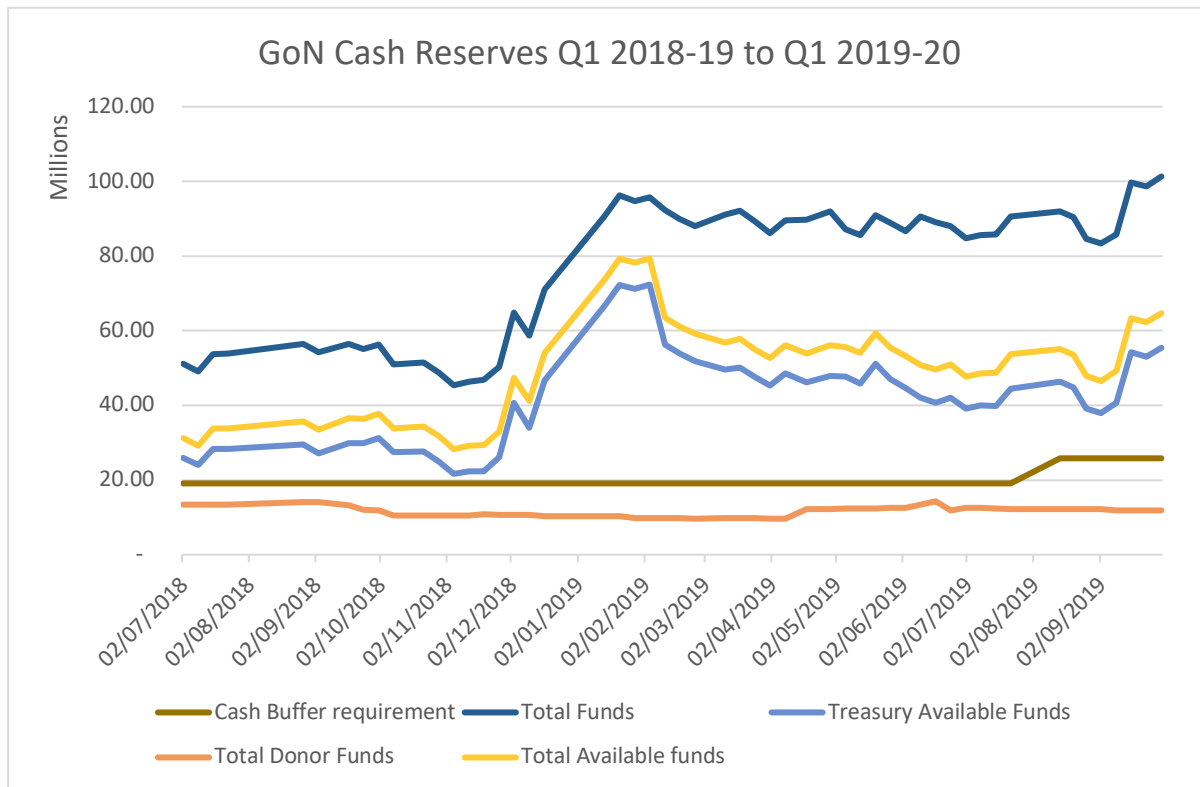


Figure 3 GoN Cash Flow Q1 2019-20