



REPUBLIC OF NAURU

SUPPLEMENTARY ESTIMATES OF REVENUES & EXPENDITURES 2017-18

23RD NOVEMBER 2017

**CIRCULATED BY
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SUPPLEMENTARY APPROPRIATION 2017-18

OVERVIEW

The *Supplementary Appropriation Bill (No. 2/2017-18)* makes an adjustment to revenue associated with fishing licenses, business profit tax and the newly management or service fees for the NRPCC. Several adjustments to the revised budget expenditures are also detailed to provide for events and policy decisions which have been recently made and were unanticipated at the time of the budget compilation.

Supplementary Appropriation Bill (No.2/2017-2018) provides an additional \$25.64m in revenues from business profit tax, employment tax and NRPCC management/service fees. However, fishing licenses have been downgraded by \$1.65m to better reflect the reduction in the daily rate based on sales to date. In total, this supplementary contained an overall increase in total revenue estimates for the 2017/2018 budget estimates by \$25.6m.

This supplementary provides additional funding towards the following Heads:

- Presidency Office (\$550k) for the construction of a new State House;
- Ministerial (\$996,476) for various official celebrations and construction, renovation and demolition of various buildings;
- Chief Sec (\$1.2m) for payment of salaries increase for local staffs;
- Finance Sec (\$156k) for membership and GFS related expenses;
- Public Debt (\$2.3m) for settlement of GoN outstanding bills;
- Finance – Others (\$10.49m) for shortfall amount in contribution towards the NTF and security camps salaries, refurbishment of the Meneng Hotel, topping up of the cash buffer, provisioning of Government contribution for the new Port project and freight budget;
- NRPCC (\$1.14m) for various new items under this new head. The NRPCC is a new entity created to manage Canstruct contract workers for the top-side.
- MCA (\$1.5m) for the construction of a National Museum;
- Health (\$3.22m) for purchase of drugs and consumables, overseas medical referral and electricity provision;
- Sports (\$1.67m) for the new sports complex and donations;
- Infrastructure (\$1.51m) for construction of a new fence for runway and removal of old cars;
- Nauru Brisbane Consulate (\$282k) for provision of a new CG vehicle and employing of two new staffs for the Procurement Unit;
- Nauru High Commission (\$115k) for the purchase of High Commissioner new vehicle and increase in salary; and
- Permanent Mission to New York (\$437k) for various budget line items.

This supplementary provides an additional \$25.58m expenditure for the 2017/18 budget estimates. With the total revenue in this supplementary bill amounting to \$25.64m, the overall impact of this supplementary appropriation bill is a net surplus of \$60,469.

With an initial budget surplus of \$63,269, the overall, impact of this Supplementary Appropriation Bill will be an increase in surplus on the budget out turn and the expected surplus is now increase to \$123,738.

Table 1: 2017-18 Domestic Budget Aggregates

	2017-18 Budget	2017-18 Revised Budget*	Variance to Budget
Revenue	129,703,646	155,348,665	25,645,019
Expenditure	129,640,377	155,224,928	25,584,550
Budget Balance	63,269	123,738	60,469

- Revised 2017-18 Budget includes Supplementary Appropriation Act (No. 1) 2017-18.

Revenues

The following revenue increase/decrease is required to the budget.

Head 15 Nauru Revenue Office

Impact on budget balance

	2017-18
(1591) Business Profit Tax	9,300,000
(1590) Employment Tax	4,000,000
Total Impact on Budget	13,300,000

The increased in business profit tax was to do with the first year actual returns of business tax. Initial budget estimates were very conservative and with the actuals now being released, an additional \$9.3m has been realized. Moreover, a further \$4m will be realised through employment tax from the Canstruct workers/employees.

Head 18 NRPCC

Impact on budget balance

	2017-18
(1495) Service Fee	14,000,000
Total Impact on Budget	14,000,000

This new entity of NRPCC generates an additional revenue of \$14.0m for this financial year. This management/service fee is for all the Canstruct contracts from the NRPC. The \$14.0m is the total revenue expected to be collected by Government from now until end of June 2018.

Head 31 Fisheries

Impact on budget balance

	2017-18
(1072) Purse Seine Fishing Days	(1,654,981)
Total Impact on Budget	(1,654,981)

The decreased in purse seine fishing day's revenues is to do with the reduction of the daily rate based on current sales to date. The rate that was used during the initial budget was higher than the current rate, hence the need to downgrade the estimate of this revenue head.

Expenditures

The following expenditure increases are required in the budget.

Head 01 Presidency

Impact on budget balance

	2017-18
(2496) Building and Structures	550,000
Total Impact on Budget	550,000

A further \$550k has been provided to the Presidency Office for the construction of the new State House and ground works.

Head 02 Ministerial

Impact on budget balance

	2017-18
(2105) Official Celebrations	390,000
(2496) Building and Structures	606,476
Total Impact on Budget	996,476

An amount of \$390k for official celebrations is required for hosting various events which includes meals, accommodations and airfares for all the visiting dignitaries and entertainers for the up-coming 50th Independence and hosting regional PNA meeting.

A further \$606,476k is required for the construction of a new first class lounge at the Airport, construction of a new storage building at Government complex, renovation of Ministers offices and the demolition of the Civic Centre Conference Hall.

Head 03 Chief Sec

Impact on budget balance

	2017-18
(2015) Staff – local	1,200,000
Total Impact on Budget	1,200,000

A further \$1.2m is provided in this supplementary for payment of salaries increase for local staffs.

Head 11 Finance Sec

Impact on budget balance

	2017-18
(11/01-2055) Consultancy fees	25,147
(11/01-2370) Membership fees	123,100
(11/02)-2100) Entertainment	8,000
Total Impact on Budget	156,247

Finance Secretariat require an additional amount of \$156,247 to cater for a new membership fee with PFTAC as well as for funding PAD up-coming meetings when finalizing the National Sustainable Development Strategy (NSDS) report. Moreover, there is also an amount allocated for the GFS project related works which anticipate to be undertaking in early January 2018.

Head 12 Public Debt

Impact on budget balance

	2017-18
(2545) Debt repayment	2,300,000
Total Impact on Budget	2,300,000

A total of \$2.3m is required to pay off some of the Government outstanding debts with Ronphos, NUC and QML for health related orders.

Head 16 Finance Other Payments

Impact on budget balance

	2017-18
(2650) Trust Fund	2,152,561
(2030) Salaries Other Contracts	1,630,218
(2652) Fiscal cash buffer	1,700,000
(2651) GoN Contributions	4,506,421
(2350) Freight	500,000
Total Impact on Budget	10,489,200

An amount of \$3.22m is being provided in this appropriation to cater for the refurbishment of the Meneng Hotel. In view of Nauru hosting next year's Forum Island Leaders meeting, it is essential that Menger Hotel gets refurbish to improve its standard. A total \$1.60 million is provided into the Salaries other contracts account to enable the RPC Security cost to be funded until the end of financial year. A further \$2.1m has been provided to pay for the shortfall in Government contribution towards the NTF while \$2.006m has been provided as Government initial contribution for the new Port project. The fiscal cash buffer has been boosted with an

additional \$2.48m while \$500 was allocated for the Government freight budget to enable department's ship their ordered goods from overseas to Nauru.

Head 18 NRPCC

Impact on budget balance

	2017-18
(2015) Salary - local	554,000
(2025) Allowances–Staff Contracts	60,000
(2330) Telephone & Internet	43,200
(2075) Travel Business	205,200
(2070) Travel Staff	24,000
(2575) Local Transport	72,000
(2275) Fuel-Petrol	9,600
(2100) Entertainment	12,000
(2130) Printing & Stationery	12,000
(2495) Plants & Equipment's	157,500
Total Impact on Budget	1,149,500

The establishment of the NRPCC has enable Government to receive extra revenues as part of the management/service fees for the operation of the top-side. With that, an amount of \$1.14m is required to cater for various expenditure line items as tabulated in the table above for running the office.

Head 42 Multicultural Affairs

Impact on budget balance

	2017-18
(2496) Building and Structures	1,500,000
Total Impact on Budget	1,500,000

The amount is provided to enable MCA construct a new National Museum.

Head 61 Health

Impact on budget balance

	2017-18
(2467) Drugs and Medicines	1,584,944
(2475) Overseas Medical Referral	1,000,000
(2315) Electricity	640,000

Total Impact on Budget	3,224,944
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These funds are provided to cater for purchasing of drugs and medicines for the hospital, overseas medical referral and provision of electricity and water for both RoN hospital and Public Health until end of June 2018.

Head 62 Sports

Impact on budget balance

	2017-18
(2617) Donations- locals	65,000
(2496) Building and Structures	1,606,000
Total Impact on Budget	1,671,000

The Sport department require an additional \$65k as its contribution towards chartering the flight to Port Vila for the Mini games. In addition, a provision of \$1.6m is provided in this supplementary as Government contribution towards the construction of a new Sports Complex.

Head 63 Infrastructure

Impact on budget balance

	2017-18
2030 – Salaries Other Contracts	15,000
(2580) Public Works	1,500,000
Total Impact on Budget	1,515,000

A further \$1.5m is required by Infrastructure department for the construction of a new fence around the runway and walls around various landpit areas on the island. Furthermore, an amount of \$15k is provided for the removal of old cars around the island.

Head 72 FA – Nauru Brisbane Consulate

Impact on budget balance

	2017-18
(2045) Recruitment	207,380
(2495) Plants & Equipment's	75,600
Total Impact on Budget	282,980

The Brisbane Consulate Office will require a further \$282k to meet the cost of a new vehicle for the Consular General and the recruitment of two new employees to work under the Procurement Unit within the Consulate.

Head 73 FA – Suva High Commission

Impact on budget balance

	2017-18
(2015) Salary Local	9,513
(2495) Plants & Equipment's	105,619
Total Impact on Budget	115,132

Suva High Commission require an additional \$115k to cater for the payment of a new vehicle for the High Commissioner. Moreover, \$9k is further require to top up the shortfall amount in salary locals.

Head 74 FA – Permanent Mission to New York

Impact on budget balance

	2017-18
(2020) Salary Expatriate	44,516
(2070) Travel – Staff	20,064
(2075) Travel – Business	167,543
(2620) Lease & Charter	963
(2105) Office Rental	200,984
Total Impact on Budget	434,070

A further \$437k is provided to meet for the Permanent Mission to New York Office salary expatriate, travel staff, travel business, lease and charter payments as office rentals. The initial amount allocated for these eub0heads were inadequate for the rest for financial year and therefore, the need to increase these sub-heads.

Table 2: 2017-18 Supplementary Appropriation No.2– Revenues

Department	2017-18 Original Budget	Suppl Budget No. 1	Suppl Budget No. 2	2017-18 Revised Budget
03 - Chief Secretariat	43,350			43,350
04 - Post and Philately	18,100			18,100
07 - GON Warehouse	152,230			152,230
11 - Finance Secretariat	50,000			50,000
15 - Nauru Revenue Office	5,050,000		13,300,000	18,350,000
16 - Finance - Other Payments	26,338,337			26,338,337
17 - Nauru Customs Office (NCO)	17,146,357			17,146,357
18 - NRPPC	0		14,000,000	14,000,000
21 - CIE	16,800			16,800
31 - Fisheries	44,542,726		(1,654,981)	42,887,745
41 - Police	65,000			65,000
42 - Department of Multicultural Affairs	25,582,000			25,582,000
43 - Justice - Secretariat	212,000			212,000
44 - Judiciary	102,250			102,250
45 - Border Control	2,849,840			2,849,840
51 - Education	3,000			3,000
61 - Health	45,650			45,650
62 - Sports	1,000			1,000
83 - Media Bureau	30,000			30,000
84 - Lands & Survey	10,000			10,000
85 - Lands Committee	2,000			2,000
91 - Transport Secretariat	3,275,188			3,275,188
93 - Maritime Transport	2,648,258			2,648,258
95 - ICT	1,519,560			1,519,560
Total	129,703,646		25,645,019	155,348,665

Table 3: 2017-18 Supplementary Appropriation No.2– Expenditures

Department	2017-18 Original Budget	Suppl Budget No.1	Supp Budget No.2	2017-18 Revised Budget
01 - Presidency and State House	1,367,794		550,000	1,917,794
02 - Ministerial	9,421,117		996,476	10,417,593
03 - Chief Secretariat	12,616,958		1,200,000	13,816,958
04 - Post and Philately	136,023			136,023
05 - Audit	301,985			301,985
06 - Parliament	1,405,268			1,405,268
07 - GON Warehouse	382,223			382,223
08 - National Emergency Services	2,141,404			2,141,404
09 - Electoral Commission	323,773			323,773
11 - Finance Secretariat	1,883,470	35,000	156,247	2,074,717
12 – Public Debts			2,300,000	2,300,000
13 - Bureau of Statistics	129,335			129,335
15 - Nauru Revenue Office	312,693			312,693
16 - Finance - Other Payments	38,879,765	(767,000)	10,489,200	48,601,965
17 - Nauru Customs Office	412,090	35,000		447,090
18 – NRPPC	0	0	1,149,500	1,149,500
21 - CIE	765,342			765,342
31 - Fisheries	1,940,362	180,000		2,120,362
41 - Police	2,339,953			2,339,953
42 - Department of Multicultural Affairs	9,541,815		1,500,000	11,041,815
43 - Justice - Secretariat	3,373,094			3,373,094
44 - Judiciary	1,546,929			1,546,929
45 - Border Control	1,078,667			1,078,667
46 - Correctional Services	499,535			499,535
51 - Education	8,229,440			8,229,440
52 - Youth Affairs	173,408			173,408
61 - Health	9,330,299	362,000	3,224,944	12,917,243
62 - Sports	225,612		1,671,000	1,896,612
63 - Department of Infrastructure development	78,236		1,515,000	1,593,236
71 - Foreign Affairs - Secretariat	937,209			937,209
72 - Foreign Affairs - Brisbane	869,949		282,980	1,152,929
73 - Foreign Affairs - Suva	515,047		115,133	630,180
74 - Foreign Affairs - New York	1,664,248		434,070	2,098,318
75 - Foreign Affairs - Taiwan	407,827			407,827

Department	2017-18 Original Budget	Suppl Budget No.1	Supp Budget No.2	2017-18 Revised Budget
81 - Home Affairs	3,237,032	120,000		3,357,032
82 - Women's Affairs	185,671	35,000		220,671
83 - Media Bureau	356,639			356,639
84 - Lands & Survey	4,832,787			4,832,787
85 - Lands Committee	226,195			226,195
86 - Department of Land Management	90,406			90,406
91 - Transport Secretariat	2,463,761			2,463,761
93 - Maritime Transport	3,362,138			3,362,138
95 - ICT	1,654,879			1,654,879
Total	129,640,378	0	25,584,550	155,224,928