



REPUBLIC OF NAURU

SUPPLEMENTARY ESTIMATES OF EXPENDITURE 2017-18

10TH MAY 2018

CIRCULATED BY
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MINISTER FOR FINANCE AND SUSTAINABLE DEVELOPMENT

SUPPLEMENTARY APPROPRIATION 2017-18

OVERVIEW

The *Supplementary Appropriation Bill (No. 4 2017-18)* has been required to recognised significant additional revenues from Business profit tax returns, reimbursable costs from the Australian Government and increased visa revenue from business visas. It also reduces the expected income this year from Customs duties. Overall, we are anticipating approximately a further \$11.8 mil in revenue from these sources.

This additional revenue has provided the opportunity for the Government to fund, increased costs. In Finance these are associated with security at RPC sites and freight, consultant's costs and arrears of SoE registrations. In Health it provides a further \$1.0 mil towards the cost of overseas medical treatments. In Home Affairs it will provide funding for the Clean and Green program for the remainder of the year.

The Supplementary also provides a further \$1.7 mil to the newly established Infrastructure department to spend on capital improvements to Aiue Boulevard along with road intersection repairs and further Anniversary projects.

Funding has also been provided in this Supplementary Appropriation for a further \$0.5 mil this year to the *Nauru Community Housing* project and \$0.5 mil towards Bank of Nauru liquidation payments and \$1.0 mil towards building the Fiscal Cash Buffer requirements of the IMF. In addition the Government intends to make this year a \$2.0 mil prepayment towards it 2018-19 *Nauru Trust Fund* contribution.

Overall this Supplementary Appropriation addresses the projected deficit after passing *Supplementary Appropriation No.3* and should result in a slight surplus of \$62K for the year.

Table 1. Domestic Budget Aggregates

	2017-18 Budget	2017-18 Revised Budget	Variance to Budget
Revenue	129,703,646	167,108,198	37,404,552
Expenditure	129,640,377	167,046,126	37,405,749
Budget Balance	63,269	62,071	(1,197)

REVENUES

The following changes to revenue are required in the budget.

15 NRO Revenue increase		
		2017-18
1591 - Business Profit Tax		8,427,464
Total impact on budget		8,427,464

The full-year figure for revenue from the Business Profits tax has been increased following the recent assessment returns provided to the NRO.

16 Finance Other Payments revenue increase		
		2017-18
1475-Miscellaneous Revenue		3,000,000
Total impact on budget		3,000,000

The Treasury has been instructed to include an increase in the expected budget for Miscellaneous Revenue under Head 16. The increase is based on the Secretary for Multicultural Affairs pursuing reimbursement for RPC Security contract cost overruns this financial year from the Australian Government.

17 NCO Revenue decrease		
		2017-18
1140 - Customs and Excise Duty - Tobacco		615,151
1165 - Customs and Excise Duty - Petrol Sales		(529,289)
1170 - Customs and Excise Duty - Diesel Sales		(1,951,477)
Total impact on budget		(1,865,615)

The Nauru Customs Office expects slightly improved duty returns from Tobacco imports however lower returns for both Petrol and Diesel duty. The net effect is a decrease in expected NCO revenue.

42 MCA revenue increase		
	2017-18	
1578 - DJBC - Reimbursable Costs		1,112,773
Total impact on budget		1,112,773

Revenues from the Australian Government associated with reimbursable costs of the department of Multicultural Affairs are significantly above the original budget estimates and are included in this Supplementary Appropriation.

45 Border Control revenue increase		
	2017-18	
1575 - Visa Fees (Other Business)		1,084,910
Total impact on budget		1,084,910

Similarly, revenues from Visa fees (non-RPC) are performing well ahead of budget expectations and will show an additional contribution to budgeted revenue this financial year.

EXPENDITURES

The following expenditure increases are required in the budget.

02 Ministerial expenditure increase		
	2017-18	
2220 - Nauru Community Housing		500,000
Total impact on budget		500,000

Replacement funding is provided in this Supplementary Budget for the Nauru Community Housing scheme.

11 Finance Secretariat expenditure increase		
	2017-18	
2055 - Consultants fees		50,000
Total impact on budget		50,000

Funding is provided under the Finance Secretariat to pay for consultancy costs associated with the proposed Superannuation scheme establishment.

12 Debt Repayments		
	2017-18	
2545 - Debt Repayments - Other		1,020,000
Total impact on budget		1,020,000

Appropriation is provided to pay Ronphos \$1.0 mil of debt from Port operations. \$20K is provided for registration arrears for MALCO and PALCO to ensure regulatory compliance by these SoEs.

16 Finance Other Payments expenditure increase		
2017-18		
2030 - Salaries Other contracts		3,000,000
2350 - Freight		500,000
2652 - Fiscal Cash Buffer		2,000,000
2652 - Fiscal Cash Buffer		1,000,000
2680 - BON Liquidation- Payment		500,000
Total impact on budget		7,000,000

Under Finance Other Payments further funding is provided to meet the current costs of providing security to the three RPC sites. Similarly, freight costs are significantly greater than budget estimates and have been additionally provided for. Provision has also been made in this Supplementary for Bank of Nauru liquidation payments. Provision is also made to add \$1.0 mil to the Fiscal Cash Buffer requirement as recommended by the IMF. The Government has also made a further \$2.0 mil provision in this Supplementary Appropriation for a pre-payment of the 2018-19 *Nauru Trust Fund* contribution.

61 Health expenditure increase		
2017-18		
2475 - Overseas Medical Treatment		1,000,000
Total impact on budget		1,000,000

The existing budget provision for Overseas Medical Treatment has been exhausted and this Supplementary provides further funding to meet current costs.

63 Infrastructure expenditure increase		
2017-18		
2580 - Public Works		1,667,500
Total impact on budget		1,667,500

The Infrastructure department has been funded within this Supplementary to extend the Aiue Boulevard and repair road damage to the Tiger Gas, Power Station and Aiwo Tennis Court intersections. It also provides for arrears payments associated with the Buada hill repairs and other completed infrastructure projects. Further funding is provided for ongoing necessary Anniversary projects.

81 Home Affairs expenditure increase		
2017-18		
2030 - Salaries Other contracts		460,000
Total impact on budget		460,000

Additional appropriation is provided to the department of Home Affairs to fund the Clean and Green program until the end of the financial year.

Table 2: 2017-18 Supplementary Appropriation No.4– Revenues

Department	2017-18 Original Budget	Supplementary Budget Nos.1 - 3	Supplementary Budget No.4	2017-18 Revised Budget
03 - Chief Secretariat	(43,350)	0		(43,350)
04 - Post and Philately	(18,100)	0		(18,100)
07 - GON Warehouse	(152,230)	0		(152,230)
11 - Finance Secretariat	(50,000)	0		(50,000)
15 - Nauru Revenue Office	(5,050,000)	(14,812,000)	(8,427,464)	(28,289,464)
16 - Finance - Other Payments	(26,338,337)	0	(3,000,000)	(29,338,337)
17 - Nauru Customs Office (NCO)	(17,146,357)	0	1,865,615	(15,280,742)
18 - Nauru Regional Processing Centre (NRPCC) Corporation	0	(14,000,000)		(14,000,000)
21 - CIE	(16,800)	0		(16,800)
31 - Fisheries	(44,542,726)	1,654,981		(42,887,745)
41 - Police	(65,000)	0		(65,000)
42 - Department of Multicultural Affairs	(25,582,000)	0	(1,112,773)	(26,694,773)
43 - Justice - Secretariat	(212,000)	0		(212,000)
44 - Judiciary	(102,250)	0		(102,250)
45 - Border Control	(2,849,840)	0	(1,084,910)	(3,934,750)
51 - Education	(3,000)	0		(3,000)
61 - Health	(45,650)	0		(45,650)
62 - Sports	(1,000)	0		(1,000)
83 - Media Bureau	(30,000)	0		(30,000)
84 - Lands & Survey	(10,000)	0		(10,000)
85 - Lands Committee	(2,000)	0		(2,000)
91 - Department of Transport	(3,275,188)	0		(3,275,188)
93 - Maritime Transport	(2,648,258)	0		(2,648,258)
95 - ICT	(1,519,560)	1,512,000		(7,560)
	(129,703,646)	(25,645,019)	(11,759,533)	(167,108,198)

Table 3: 2017-18 Supplementary Appropriation No.4– Expenditures

Department	2017-18 Original Budget	Supplementary Budget Nos.1-3	Supplementary Budget No.4	2017-18 Revised Budget
01 - Presidency and State House (including GIO)	1,367,794	571,414		1,939,208
02 - Ministerial	9,421,117	96,476	500,000	10,017,593
03 - Chief Secretariat	12,616,958	1,200,000		13,816,958
04 - Post and Philately	136,023	(21,414)		114,609
05 - Audit	301,985	0		301,985
06 - Parliament	1,405,268	0		1,405,268
07 - GON Warehouse	382,223	0		382,223
08 - National Emergency Services	2,141,404	0		2,141,404
09 - Electoral Commission	323,773	0		323,773
11 - Finance Secretariat	1,883,470	191,247	50,000	2,124,717
12 - Finance -Public Debt	0	2,300,000	1,020,000	3,320,000
13 - Bureau of Statistics	129,335	0		129,335
15 - Nauru Revenue Office	312,693	0		312,693
16 - Finance - Other Payments	38,879,765	9,822,200	7,000,000	55,701,965
17 - Nauru Customs Office (NCO)	412,090	35,000		447,090
18 - Nauru Regional Processing Centre (NRPC) Corporation	0	1,815,020		1,815,020
21 - CIE	765,342	0		765,342
31 - Fisheries	1,940,362	180,000		2,120,362
41 - Police	2,339,953	0		2,339,953
42 - Department of Multicultural Affairs	9,541,815	1,500,000		11,041,815
43 - Justice - Secretariat	3,373,094	0		3,373,094
44 - Judiciary	1,546,929	0		1,546,929
45 - Border Control	1,078,667	0		1,078,667
46 - Correctional Services	499,535	120,687		620,222
51 - Education	8,229,440	0		8,229,440
52 - Youth Affairs	173,408	0		173,408
61 - Health	9,330,299	3,586,944	1,000,000	13,917,243
62 - Sports	225,612	1,671,000		1,896,612
63 - Department of Infrastructure Development	78,236	1,515,000	1,667,500	3,260,736
71 - Foreign Affairs - Secretariat	937,209	75,000		1,012,209
72 - Foreign Affairs - Brisbane	869,949	282,980		1,152,929
73 - Foreign Affairs - Suva	515,047	115,132		630,179
74 - Foreign Affairs - New York	1,664,248	434,070		2,098,318
75 - Foreign Affairs - Taiwan	407,827	62,493		470,320
81 - Home Affairs	3,237,032	120,000	460,000	3,817,032
82 - Women's Affairs	185,671	35,000		220,671
83 - Media Bureau	356,639	0		356,639
84 - Lands & Survey	4,832,787	0		4,832,787
85 - Lands Committee	226,195	0		226,195
86 - Department of Land Management	90,406	0		90,406
91 - Department of Transport	2,463,761	0		2,463,761
93 - Maritime Transport	3,362,138	0		3,362,138
95 - ICT	1,654,879	0		1,654,879
	129,640,377	25,708,249	11,697,500	167,046,126