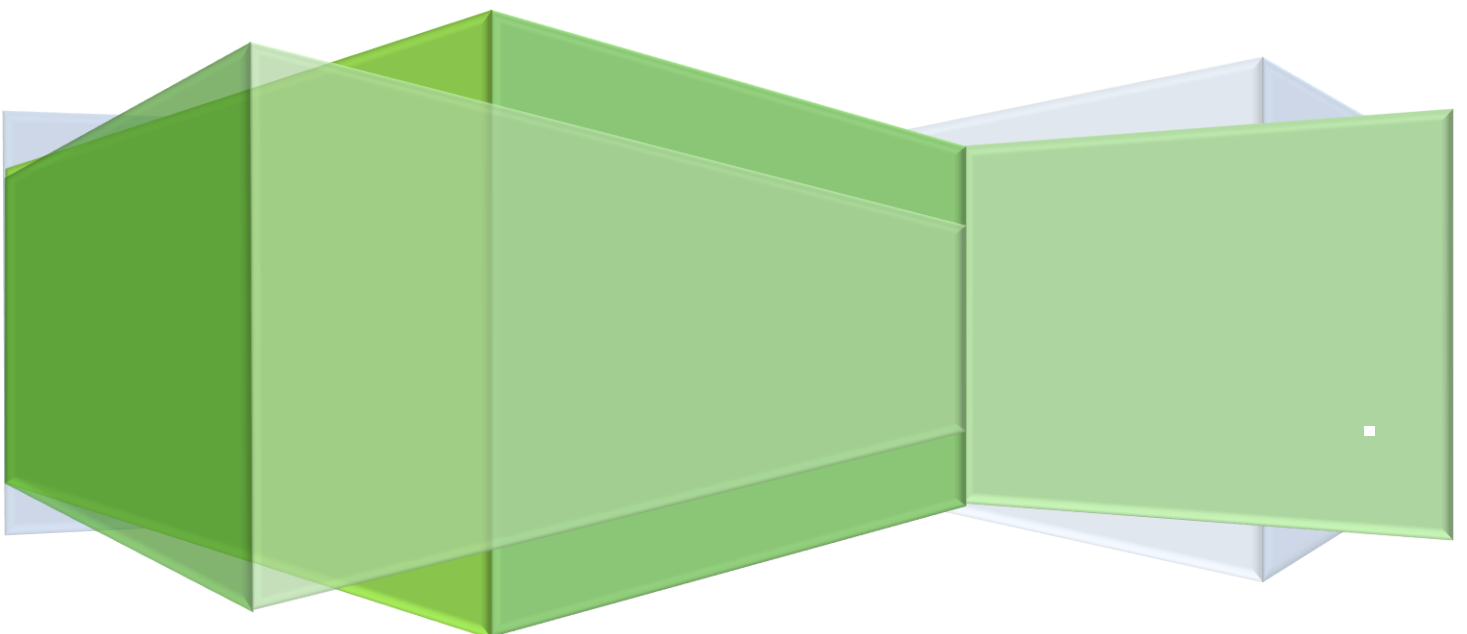


Ministry of Finance - Treasury



Government of Nauru
Mid-Year Budget Review
Quarter 2, December 31, 2018

Release Date: 19th February 2019



Contents

- Overview..... 2
- Key Highlights..... 2
 - Macroeconomic Assumptions 2
 - Total Original Budget Estimates 2
 - Supplementary 2
- Operating Revenue Analysis..... 3
 - Customs Duties 4
 - Fishing Revenue 4
 - Taxation revenue 4
 - Visa revenue 5
 - Other government revenue 5
- Operating Expenditure Analysis 7
 - Personnel Spending 8
 - Government Travel 9
 - Subsidies to SoE’s and Donations 9
 - Welfare Payment..... 10
 - Government Operations..... 10
 - Capital Spending 12
 - Other Government Expenditure..... 12
- Cash flow Position 14

Overview

The 2018-19 Mid-Year-Budget Review (MYBR) covers the first six months of the 2018-19 Government of Nauru financial year, commencing July 1st, 2018 and ending December 31st, 2018. It is based on all available information to Treasury from the Government's accounts and departmental sources.

This report details the major sources of revenue and expenditure and forecast outturns based on the mid-year results. Overall revenue is above half-year expectations and expenditures are slightly below half-year expectations.

Three Supplementary Appropriation Bills were passed in the first six-months of the year and these are included in the analysis.

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 apart from 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.

Key Highlights

Macroeconomic Assumptions

When prepared the forecast for the Nauruan economy was zero growth and domestic inflation of 2%. The results at the mid-year indicate that both Government revenues and expenditures have grown and the assumptions regarding growth maybe low. With respect to inflation the latest CPI figures indicate that domestic inflation is above the assumed rate (at 3.9% p.a.) but has moderated from September 2018¹.

Total Original Budget Estimates

Original 2018-19 budget estimates in the Appropriation Bill provided for revenue totaling approx. \$154.6 mil and expenditure of \$154.4 mil, hence a small surplus of \$168k.

Supplementary

Three Supplementary Appropriations were passed during the period. Supplementary No.1 on the 14th of August; Supplementary No.2 on the 4th of October and Supplementary No.3 on the 18th of December. The three supplementary appropriations provided for an additional \$30.9 mil in revenue from fishing licensing, NRPCC service fees and miscellaneous revenue. With the additional appropriated revenue total revenue increased to \$185.59 mil. A further \$30.9 mil was provided in additional expenditures associated with the largest amounts for building the Fiscal Cash Buffer; Debt Repayment; Buildings & Structures and Consultant Fees. With the supplementary total budgeted expenditure was increased to \$185.64 mil. The expected budget surplus was increased slightly to \$222k.

By the end of Quarter 2, 2018, Government total had a surplus of operating balance of \$53.77 mil. Based on revenue and expenditure assumptions the current forecast outturn is estimated to be approximately \$8.47 mil.

¹ December 2018 Quarter, Consumer Price Index of Nauru, Bureau of Statistics

Table 1 Actual vs Revised Budget Aggregates

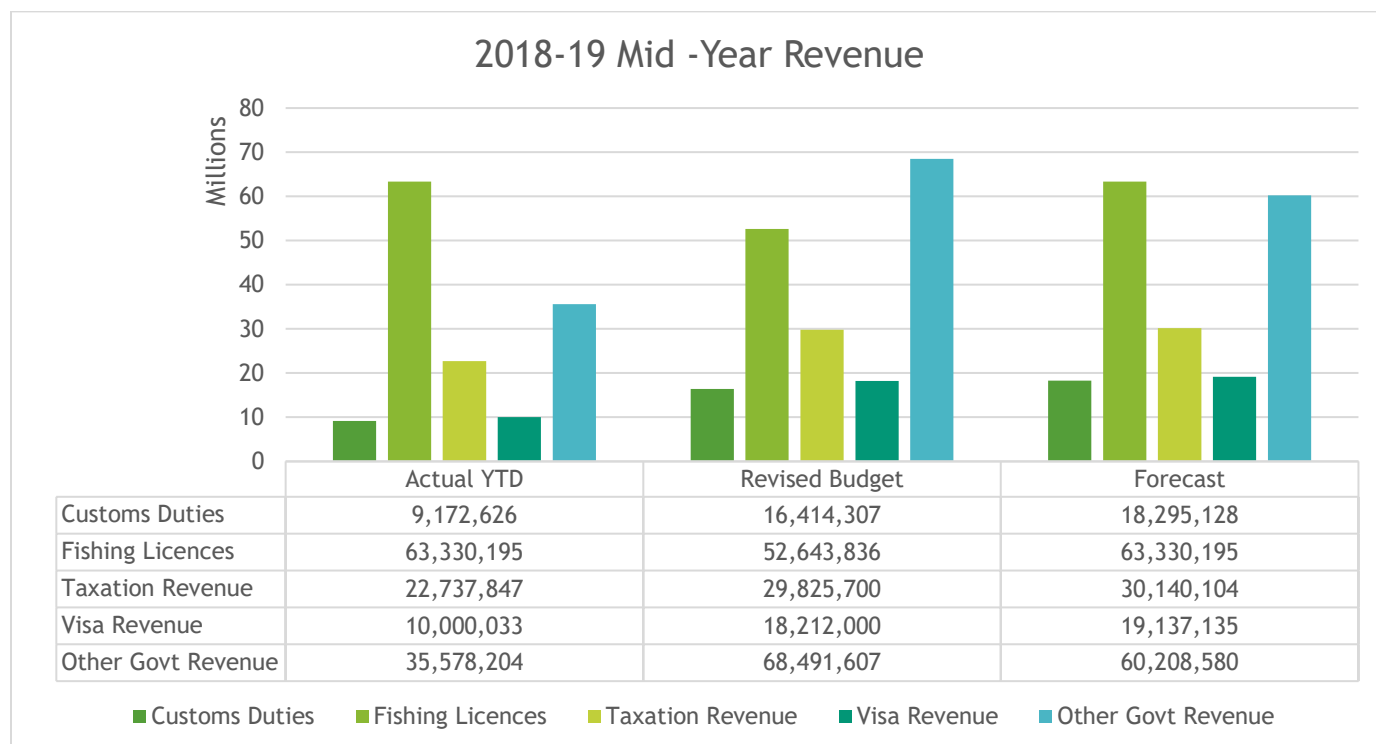
	Approved Budget	Supplementary Budget	Revised Budget	Adjusted Forecast	Actual YTD	Var %
Revenue	154,600,457	30,986,993	185,587,450	191,111,142	140,818,903	3%
Expenditure	154,432,501	30,932,409	185,364,910	182,643,150	87,046,166	-1%
<u>Surplus/(Deficit)</u>	<u>167,956</u>	<u>54,584</u>	<u>222,540</u>	<u>8,467,991</u>	<u>53,772,738</u>	

Total revenue collected for first half year (\$140.82 mil) represents 75% of total expected revenue for whole year budget. This is considerably above expectation and higher than the same period last year.

Expenditure for the half-year was 48.5% of the revised budget, compared to 40.1% last year. Spending on Government Operations (\$54.6 mil) is higher than expectations and represented 61% of outlays. Personnel costs (\$16.7 mil) represented 19% of outlays and Welfare payments (\$7.4 mil) 8% of outlays. Welfare payments are above expectations. Capital spending (\$4.2 mil); Subsidies and Donations (\$4.1 mil) each comprise 5% of outlays and Government Travel (\$2.8 mil) comprised 3% of outlays.

Operating Revenue Analysis

Figure 1 Mid-Year revenue forecasts



At the mid-year total collected revenue was \$140.8 mil. Fishing revenues (\$63.3 mil) are considerably above expectations and represent 45% of collected revenue. Other Government revenues (\$35.6 mil)

represents 25% of collections with Taxation revenues (\$22.7 mil) representing 16% of collections. Visa Revenue (\$10.0 mil) and Customs Duties (\$9.2 mil) each represent 7% of total collections.

Customs Duties

Duties from Tobacco, Sugar, Machinery and Petrol Sales are ahead of budget expectations at the half year. Alcohol and duty from Diesel Sales are below expectations and will require monitoring.

Table 2 Customs revenue

Description	Actual YTD	Revised Budget (Annual)	Adjusted Forecast	% Collected
1140 - Customs and Excise Duty - Tobacco	(2,878,763)	(4,772,288)	(5,741,795)	60%
1145 - Customs and Excise Duty - Alcohol	(858,012)	(2,019,600)	(1,711,335)	42%
1150 - Customs and Excise Duty - Sugar	(480,075)	(642,419)	(957,527)	75%
1155 - Customs and Excise - Machinery/Vehicle/Equip.	(621,544)	(680,000)	(1,239,692)	91%
1160 - Customs and Excise Duty - Other	(1,687,688)	(3,000,000)	(3,366,154)	56%
1165 - Customs and Excise Duty - Petrol Sales	(1,344,052)	(2,200,000)	(2,680,759)	61%
1170 - Customs and Excise Duty - Diesel Sales	(1,136,088)	(3,000,000)	(2,265,967)	38%
1175 - Customs and Excise Duty - JetA1	(166,404)	(100,000)	(331,899)	166%
	<u>(9,172,626)</u>	<u>(16,414,307)</u>	<u>(18,295,128)</u>	<u>56%</u>

Fishing Revenue

Revenues from fishing licensing and fishing days are above revised budget estimates (148% and 120%) respectively due to an over-selling of fishing days. Revenues from support vessel charges are also higher than estimates (188%) do to the payment of penalties associated with vessels operating in the EEZ without license. Most of the fishing revenue is collected in the first half-of the financial year and little additional revenue is expected over the next two quarters. There maybe some impact on next years revenues due to the overselling in the current year.

Table 3 Fishing revenue

Description	Actual YTD	Revised Budget (Annual)	Adjusted Forecast	% Collected
1055 - Support Vessel Charges	(237,392)	(126,056)	(237,392)	188%
1071 - Purse Seine Revenue - Licensing	(1,308,790)	(882,392)	(1,308,790)	148%
1072 - Purse Seine Revenue - Fishing Days	(61,784,013)	(51,635,388)	(61,784,013)	120%
	<u>(63,330,195)</u>	<u>(52,643,836)</u>	<u>(63,330,195)</u>	<u>120%</u>

Taxation revenue

In Supplementary Appropriation No.2 the revenue estimate for Employment tax was increased by \$1.025 mil following from an agreement with the Australian Border Force to pay tax arrears. Collections from

both Employment Tax and Business Profit Tax (62% and 90% respectively) are ahead of revised budget estimates and revised estimates will be sought by Treasury from the Nauru Revenue Office (NRO).

Table 4 Taxation revenue

Description	Actual YTD	Revised Budget (Annual)	Adjusted Forecast	% Collected
1190 - Telecom Tax	(1,060,099)	(1,800,000)	(2,114,404)	59%
1590 - Employment/Non-resident Withholding Tax	(8,118,564)	(13,025,700)	(13,025,700)	62%
1591 - Business Profit Tax	(13,559,184)	(15,000,000)	(15,000,000)	90%
	<u>(22,737,847)</u>	<u>(29,825,700)</u>	<u>(30,140,104)</u>	<u>76%</u>

Visa revenue

Visa fees -RPC and Visa fees (Other Business) are performing better than budget estimates. In Supplementary Appropriation No.3 Visa fees associated with RPC resettlement were increased by \$2.4 mil based on advice from Multi-cultural Affairs (MCA) that they were negotiating with the Australian Border Force (ABF) for this amount in unpaid fees.

Table 5 Visa revenue

Description	Actual YTD	Revised Budget (Annual)	Adjusted Forecast	% Collected
1330 - Visa Check up	(5,691)	(12,000)	(11,351)	47%
1335 - Visa Fees - RPC	(831,100)	(1,200,000)	(1,657,658)	69%
1575 - Visa Fees (Other Business)	(1,708,812)	(2,600,000)	(2,600,000)	66%
1580 - Visa Fees - RPC Resettlement	(7,454,430)	(14,400,000)	(14,868,125)	52%
	<u>(10,000,033)</u>	<u>(18,212,000)</u>	<u>(19,137,135)</u>	<u>55%</u>

Other government revenue

Service fees associated with the license issued to Canstruct by NRPCC is the largest revenue item in this group. In Supplementary No.1 Miscellaneous revenue was increased by \$2.9 mil based on advice that ABF would be reimbursing Government for transition costs associated with taking over the operation of the RPC from Canstruct. In Supplementary Appropriation No.2 the expected revenue was further increased from \$16.0 mil to \$21.0 mil based on information provided to Treasury that negotiations had resulted in this fee increase.

Fees associated with DCA passenger levies and Departure taxes have exceeded revised budget estimates due to Nauru Airlines payment of arrears from previous years.

Income from Investments and Dividend is also above revised budget estimates due to large payments being made by Digicel.

DJBC reimbursed costs at 39% collected are considerably behind budget expectations and enquires will be made with MCA as to why this is. Like wise General Budget Support is below expectations (35% Collected) and this revenue estimate will be revised downwards. The downward revision will be necessary due to advice from the Asian Development Bank that the planned budget support disbursement of USD\$2.5 mil will not occur this financial year.

Table 6 Other Government revenue

Description	Actual YTD	Revised Budget (Annual)	Adjusted Forecast	% Collected
1121 - Curator fees	(151,302)	0	(151,302)	0%
1015 - Income from Investments & Dividends-Others	(1,191,928)	(300,000)	(1,191,928)	397%
1215 - Licenses-Drivers etic	(42,840)	(100,000)	(85,506)	43%
1220 - Corporation Fees and Licenses	(134,600)	(20,000)	(134,600)	673%
1225 - Licenses-Trading	(202,945)	(198,000)	(404,781)	102%
1230 - Liquor Licensing Board	(24,173)	(29,500)	(48,213)	82%
1235 - Gaming / Bingo Licenses	(283,852)	(420,000)	(566,152)	68%
1260 - Birth Certificate	(12,060)	(16,730)	(24,054)	72%
1265 - Death Certificate	(350)	(480)	(698)	73%
1270 - Marriage Certificate	(1,470)	(1,670)	(2,952)	88%
1300 - Registration Fees-Motor Cars	(45,602)	0	(45,602)	0%
1305 - Registration Fees-Motorcycles	(4,010)	0	(7,998)	0%
1310 - Vehicle/Insurance Fees	(96,323)	0	(96,323)	0%
1325 - Passport Fees and Photographs	(195,086)	(197,640)	(197,640)	99%
1340 - Police Clearance	(24,335)	(45,000)	(48,537)	54%
1360 - D.C.A-Pax Levy	(1,021,600)	(968,700)	(2,037,617)	105%
1365 - D.C.A.-Departure Taxes	(985,050)	(879,600)	(1,964,717)	112%
1370 - D.C.A.-Air Navigation Fees	(500,971)	(684,000)	(999,204)	73%
1375 - D.C.A.-Landing Fees	(355,260)	(728,688)	(708,579)	49%
1380 - D.C.A.-Rental Fees	(56,512)	(211,800)	(112,715)	27%
1400 - Port Fees	(764,607)	(2,065,106)	(1,525,035)	37%
1420 - Warehouse sales	0	(152,230)	0	0%
1475 - Miscellaneous Revenue	(4,108,006)	(6,780,910)	(6,780,910)	61%
1480 - Bus Services	(1,379)	0	(2,749)	0%
1485 - Quarantine Fees	(21,000)	(45,000)	(41,885)	47%
1490 - Court Fines and Fees	(670,305)	(480,418)	(670,305)	140%
1495 - Service Fees	(11,529,063)	(21,008,900)	(16,008,900)	55%
1500 - Sale of Maps	(3,580)	0	(7,140)	0%
1520 - Food Handler Check up	(720)	(5,000)	(1,436)	14%
1540 - Advertising Revenue	(2,308)	(30,000)	(4,603)	8%
1550 - Canteen Fees	(500)	0	(997)	0%
1555 - Spectacles, Drugs etic	(660)	(5,000)	(1,316)	13%

Description	Actual YTD	Revised Budget (Annual)	Adjusted Forecast	% Collected
1565 - Medical Services	(3,323)	(5,000)	(6,627)	66%
1577 - DJBC - Operations	(1,658,596)	(2,460,860)	(3,308,128)	67%
1578 - DJBC - Reimbursable Costs	(7,208,705)	(18,308,320)	(14,378,019)	39%
1660 - General Budget Support	(4,256,757)	(12,183,055)	(8,490,253)	35%
1675 - Repayment of Business loans (CIE)	(100)	0	(199)	0%
1700 - National/District Roll Sales	(480)	(10,000)	(957)	5%
1705 - Electoral Various Fees	(17,850)	(150,000)	(150,000)	12%
	(35,578,204)	(68,491,607)	(60,208,580)	52%

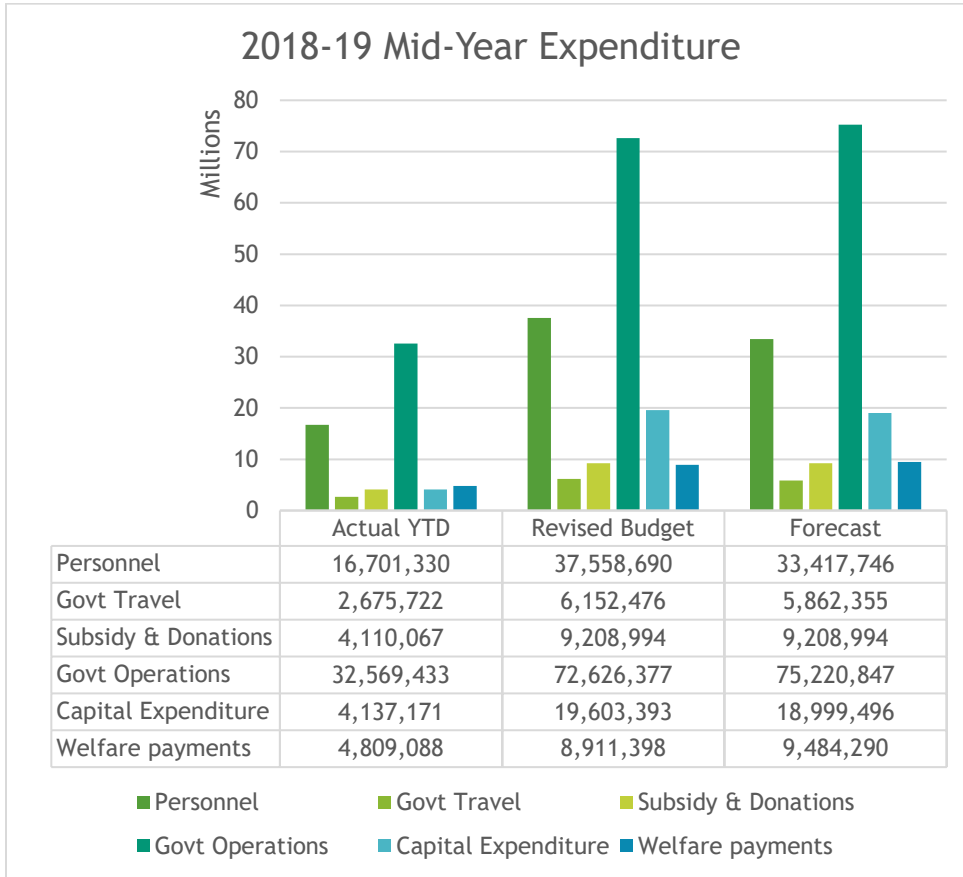
Operating Expenditure Analysis

Table 7 Operating expenditure summary

Description	Actual YTD	Revised Bud	Forecast	%	% Total
Personnel	16,754,651	37,558,690	33,417,746	45%	19%
Govt Travel	2,813,514	6,152,476	5,862,355	46%	3%
Subsidy & Donations	4,126,567	9,208,994	9,208,994	45%	5%
Govt Operations	54,643,520	101,287,251	100,630,337	54%	61%
Capital Expenditure	4,196,312	19,603,393	18,999,496	21%	5%
Welfare payments	7,350,294	11,554,107	14,524,223	64%	8%
	89,884,857	185,364,910	182,643,150	48%	100%

Overall expenditure at the half-year is 48.5% of expectations which is greater than the same period last year. If this is maintained forecast aggregate expenditure will be approximately \$2.7 mil dollars less than the revised estimates. Government Operations is the largest contributor to expenditure and is spending a rate higher than expectations as are welfare payments. Personnel costs are below budget as are Government travel costs and Subsidies and Donations. Capital expenditure and other payments are well below the expected level at the mid-year.

Figure 2 Mid-Year revenue forecasts



Personnel Spending

Personnel costs are 45% spent at the half year. Most lines are spending below expected levels with local salaries 45.0 % spent. However, there are ten budget heads² that based on forecast expenditure for local salaries will exceed appropriation. Overtime spending is ahead of budget (53%) whilst costs associated with Director’s fees; Staff Training; Recruitment and Uniforms are all below expected levels at the half-year. Included in these costs is the cost of the Governments contribution to the recently established superannuation scheme for staff.

Table 8 Personnel spending

Description	Actual YTD	Revised Budget (Annual)	Adjusted Forecast	% Spent
2005 - Salaries & Allowances - (MP's)	501,007	1,161,939	999,276	43%
2010 - HE Salary & Allowances	50,016	105,034	100,598	48%

² (09) Electoral Commission; (11) Finance Secretariat; (18) NRPCC; (31) Fisheries; (42) MCA; (46) Corrections; (51) Education; (61) Health; (85) Lands Committee; (95) Maritime.

Description	Actual YTD	Revised Budget (Annual)	Adjusted Forecast	% Spent
2015 - Salary - Local	8,629,157	19,129,239	17,233,378	45%
2020 - Salary Expatriate	4,471,378	9,028,054	8,936,272	50%
2025 - Allowances - Staff Contract	883,669	2,016,555	1,810,899	45%
2026 - Directors Fees	9,100	54,150	22,040	20%
2035 - Overtime - local	456,453	865,930	910,512	53%
2040 - Staff Training	249,044	1,291,089	509,491	20%
2045 - Recruitment	28,252	79,000	56,350	36%
2050 - Uniforms & Protective Clothing	107,921	334,392	215,251	32%
2072 - Meals and Drinks - Staff	23,965	79,307	47,998	30%
2651 - GON Super Contributions	1,291,369	3,414,000	2,575,681	38%
	<u>16,701,330</u>	<u>37,558,690</u>	<u>33,417,746</u>	<u>45%</u>

Government Travel

Spending on travel at 46% spent is below budget expectations but higher than the same time last year. Staff travel at 29% spent shows the lowest level of utilisation however this is seasonal and consistent with the same period last year.

Table 9 Government travel

Description	Actual YTD	Revised Budget (Annual)	Adjusted Forecast	% Spent
2070 - Travel - Staff	188,690	687,618	397,497	29%
2075 - Travel - Business	2,487,033	5,464,858	5,464,858	48%
	<u>2,675,722</u>	<u>6,152,476</u>	<u>5,862,355</u>	<u>46%</u>

Subsidies to SoE's and Donations

Pursuant to Cabinet Decision 930/2018 in late November \$8.9 mil was transferred from the Fiscal Cash Buffer within Head 16 to Equity Purchases to allow for an injection of this magnitude into the operation of Nauru Airlines. At the mid-year \$4.0 mil (45%) had been provided to the airline. In the current year no, budgeted subsidies are being provided to NUC for fuel costs.

Donations have been made to the extent of 41% of appropriations to sporting organizations on the island.

Table 10 Subsidies to SoE's and Donation

Description	Actual YTD	Revised Budget (Annual)	Adjusted Forecast	% Spent
2376 - Equity Purchases	4,000,000	8,900,000	8,900,000	45%
2615 - Other Subsidies & Donations	110,067	308,994	308,994	41%
	<u>4,110,067</u>	<u>9,208,994</u>	<u>9,208,994</u>	<u>45%</u>

Welfare Payment

Compared with last year welfare spending is occurring at a higher rate (46% last year 54% this year). The largest budgeted welfare expenditure is the Nauru Community Housing scheme which is spending slightly ahead of expectations. Most welfare payments are spending above budget expectations particularly the Aged and Disability pensions and will need careful monitoring.

Table 11 Welfare payments

Description	Actual YTD	Revised Budget (Annual)	Adjusted Forecast	% Spent
2220 - Nauru Community Housing	1,847,909	3,550,000	3,550,000	52%
2390 - Social Welfare - Birth Claims	15,700	30,000	31,514	53%
2395 - Social Welfare - Death Claims	72,720	130,000	149,032	57%
2400 - Social Services - Aged Pensions	1,290,230	2,080,000	2,573,410	62%
2405 - Social Services - Super Contributors	44,472	130,000	88,702	34%
2410 - Social Services - Super Ex MP's	63,980	120,000	127,610	53%
2420 - Social Services - Disability Payments	524,520	780,000	1,046,174	67%
2440 - Scholarships - School & Trade	949,557	2,091,398	1,917,850	46%
	<u>4,809,088</u>	<u>8,911,398</u>	<u>9,484,290</u>	<u>54%</u>

Government Operations

Spending levels for RPC Security costs (2030 Salaries Other contracts) is again greater than budget expectations (56%) and due to the high cost may require additional appropriation to meet existing spending levels. Consultant fees are significantly below estimating and are related to the NRPC expenditure, which since they are operating outside the Financial Management Information System (FMIS) are thought to be under-reported.

Official celebrations and protocol costs are higher than expectations which is largely due to the costs around on-going 50th Anniversary events.

Repairs & Maintenance costs for the aerodrome exceed appropriations and will be investigated. The costs of Government fuel are also above budget expectations and will require savings or further appropriation.

In health several budget lines are spending above expectations but are expected to hold to revised budget estimates (Primary health care services; Drugs & medicines; Radiology supplies). Overseas Medical Treatment at 96% spent is nearly completely expended and will require a reallocation of resources within the Health budget or additional funding if spending remains at the current levels.

Expenditure on Rations, primarily the school feeding program within Education is spending above estimated levels and if not curtailed will exceed appropriations.

Table 12 Government Operations

Description	Actual YTD	Revised Budget (Annual)	Adjusted Forecast	% Spent
2030 - Salaries - Other Contracts	15,077,653	27,329,718	30,502,603	56%
2055 - Consultants fees	1,054,271	5,779,772	5,779,772	19%
2060 - Legal Fees - External	7,564	1,088,930	19,850	1%
2100 - Entertainment	290,372	642,626	642,626	47%
2105 - Official Celebrations	217,498	403,481	403,481	54%
2110 - Protocol	38,589	63,500	63,500	61%
2130 - Printing & Stationery	96,306	654,105	228,919	18%
2132 - TVET Supplies	81,172	527,000	161,901	15%
2135 - Stores	154,125	544,305	316,406	29%
2155 - House Rental	2,331,856	6,052,505	6,052,505	39%
2160 - Land Rental	2,493,322	7,656,460	7,656,460	33%
2165 - Office Rental	130,651	580,158	580,158	23%
2185 - R&M - Buildings	522,862	1,590,615	1,124,125	35%
2190 - R&M - Office Equipment	15,651	152,479	34,215	11%
2191 - R&M Medical Equipment	0	247,230	0	0%
2195 - R&M - Office Premises	3,794	39,335	19,006	24%
2200 - R&M - Motor Vehicles	113,439	427,011	243,781	29%
2205 - R&M - Plant	29,366	323,421	61,424	10%
2210 - R&M - Aerodrome	94,255	68,400	68,400	138%
2225 - Agricultural Supplies	2,415	28,000	4,817	9%
2255 - Warehouse Procurement	73,299	200,000	154,544	39%
2275 - Purchase of Petrol	284,867	401,046	568,178	71%
2280 - Purchase of Diesel	498,304	598,479	993,885	83%
2290 - Purchase of Fuel - Other	314	10,793	2,901	13%
2315 - Electricity	1,600,798	4,092,364	4,092,364	39%
2330 - Telephone / Internet	1,230,677	2,522,129	2,468,763	49%
2350 - Freight	555,867	2,000,000	2,000,000	29%
2372 - Nauru Radio Supplies	1,103	13,000	2,200	8%
2373 - Media TV Supplies	342	25,050	682	1%
2375 - ICT Supplies	8,361	74,105	22,374	15%
2460 - Medical Expenses	2,568	15,571	5,122	16%
2461 - Primary Health Care Services	32,559	52,731	52,731	62%
2463 - Environmental Health and Food safety	20,464	50,000	40,817	41%
2464 - Management Monitoring & Evaluation	0	20,000	0	0%
2467 - Drugs and Medicines	445,247	700,000	700,000	64%
2468 - Dental Supplies	12,793	90,000	25,516	14%
2469 - Dialysis Supplies	120,884	350,000	241,107	35%
2471 - Medical Consumable	290,706	700,000	579,823	42%

Description	Actual YTD	Revised Budget (Annual)	Adjusted Forecast	% Spent
2472 - Laboratory supplies	150,944	348,000	301,063	43%
2473 - Radiology Supplies	13,835	20,000	20,000	69%
2474 - Clinical Education Supplies	0	20,000	0	0%
2475 - Overseas Medical Treatment	2,511,991	2,642,709	5,039,933	96%
2575 - Local Transport	581,765	1,282,006	1,169,817	46%
2585 - Rations	1,342,134	1,924,504	2,705,184	70%
2590 - Correctional Services Supplies	2,632	13,122	5,249	20%
2600 - Postage	1,533	12,269	3,057	12%
2605 - Library/Periodicals	0	2,000	0	0%
2610 - Survey Supplies	0	2,000	0	0%
2620 - Lease & Charter Payments	20,247	56,500	40,384	36%
2625 - Family Court Expenses	700	6,000	1,396	12%
2630 - Safe House	9,342	182,950	19,809	5%
	<u>32,569,433</u>	<u>72,626,377</u>	<u>75,220,847</u>	45%

Capital Spending

Capital spending at 21% spent continues to be well below the expected level at the mid-year. Purchases of medical equipment at 82% spent is the exception. The remaining lines are below spending expectations with the largest being the Government contribution to the Port Project under Buildings & Structures. It is expected that this will be expensed in the next quarter.

Table 13 Capital spending

Description	Actual YTD	Revised Budget (Annual)	Adjusted Forecast	% Spent
2480 - Medical Equipment	90,292	113,400	113,400	82%
2495 - Plant & Equipment Purchases	452,883	1,587,501	983,604	31%
2496 - Building & Structures	3,186,353	16,642,491	16,642,491	19%
2580 - Public Works	407,643	1,260,000	1,260,000	33%
	<u>4,137,171</u>	<u>19,603,393</u>	<u>18,999,496</u>	<u>21%</u>

Other Government Expenditure

Other Government expenditure at 77% spent is considerably above budget expectations. Large payments associated with debt; Trust Fund pre-payments; Bank of Nauru (BoN) Liquidation and 50th Anniversary celebrations have increased the overall spending rate. Payments have been made to Ronphos associated with a debt claim that has since been found inaccurate and Ronphos is a net debtor of the Government. Payments to Ronwan have been made since the passing of Supplementary No.3 under this Debt and once approved by Parliament will be transferred across to subsidies under head 16 to reflect the true nature of the payment.

Table 14 Other Government expenditure

Description	Actual YTD	Revised Budget (Annual)	Adjusted Forecast	% Spent
2370 - Membership Fees & Subscriptions	173,567	962,000	962,000	19%
2545 - Debt Repayments - Other	5,447,260	9,947,404	9,947,404	76%
2560 - Educational Expenses - Special	3,610	61,696	7,201	6%
2565 - Insurance	120,259	447,590	239,860	27%
2570 - Bank Charges	10,219	29,865	20,382	34%
2650 - Trust Fund	12,000,000	12,000,000	12,000,000	100%
2652 - Fiscal Cash Buffer	0	1,628,510	1,628,510	0%
2680 - BON Liquidation- Payment	1,032,027	1,000,000	1,000,000	103%
2690 - Foreign exchange gains/losses	0	48,283	0	0%
2695 - 50th Anniversary Independence	3,174,325	4,479,000	4,479,000	72%
2700 - Deportee Removal	8,777	30,000	18,846	31%
2705 - NEAT Scheme	73,310	169,235	146,219	43%
2999 - Contingency fund	0	500,000	0	0%
	<u>22,043,353</u>	<u>31,303,583</u>	<u>30,449,423</u>	<u>77%</u>

Cash flow Position

At the mid-year the Government’s overall cash position was very good with the balance of treasury available funds at approximately \$66.70 mil. There has been a large increase in cash holdings since the beginning of December when large fisheries payments were received. The Government has been able to maintain reserves above the recommended Cash Buffer threshold throughout the period.

Figure 3 Government Cash Position

