



REPUBLIC OF NAURU

SUPPLEMENTARY ESTIMATES OF EXPENDITURE 2013-14

13 MAY 2014

CIRCULATED BY
THE HONOURABLE DAVID ADEANG, MP
MINISTER FOR FINANCE AND SUSTAINABLE DEVELOPMENT

SUPPLEMENTARY APPROPRIATION 2013-14

OVERVIEW

The *Supplementary Appropriation Bill (No. 2) 2013-14* makes a number of further adjustments to the 2013-14 Budget estimates of expenditure to provide for events which were unanticipated at the time the 2013-14 Budget as well as other items which were not included in the Budget bills for various reasons or for which specific authority is now required, in accordance with Section 6(1) of the *Public Finances (Control and Management) Act 1997 (Amended 2013)*.

These additional expenditures are affordable and been made possible due to strong revenue growth in line with the Budget forecasts but an expected under-expenditure as Departments have been able to respond fully to the rate of growth of available funds.

No major programs will be disrupted but the opportunity is being taken to strengthen the underlying budget structure by making some provisions to draw down debt faster than earlier appeared possible; increase the provision for establishment of the Nauru Trust Fund; provide the first instalment on a government Cash Reserve and to reallocate some funds to Ministries for which some additional resources are required to carry out essential operations.

This Supplementary Budget does not change the bottom line from the *Supplementary Appropriation Act (No. 1) 2013-14*. It reallocates expenditure between Heads of Expenditure but does not reduce or increase aggregate revenue or expenditure.

The total expenditure movements in this Supplementary Budget amounts to \$8,055,500.00 and is accounted for under the following items:

Reductions, detailed at Schedule A in this document.

Reallocations, as follows:

- \$3,959,500 under Head 12: Finance Public Debt to pay pending for GoN staff and Provident Fund obligations
- \$2,500,000 under Head 16: Ministry of Finance – Other. In order to bring the initial payment into the Nauru Trust Fund to \$5,000,000;
- \$250,000 for Ministerial and other Members of Parliament travel;
- \$50,000 for Chief Secretariat for Official Entertainment;
- \$45,000 for Foreign Affairs NY, for continued leadership of the AOSIS.

Table 1: 2013-14 Domestic Budget Aggregates ('000)

	2013-14 Budget	2013-14 Revised Budget*	Variance to revised Budget
Revenue	96,465.4	99,577.0	0.00
Expenditure	96,406.9	98,481.0	0.00
Budget Balance	58.5	1,096.0	0.00

* Revised 2013-14 Budget includes *Supplementary Appropriation Act (No. 1) 2013-14*

SCHEDULE A**DOMESTIC EXPENDITURES****Head 2 – Ministerial***Impact on budget balance (\$)*

	2013-14
Travel business	250,000
Total Impact on Budget	250,000

The Government has allocated an additional \$250,000 to fund travel costs for the Ministers as well as other Members of Parliament over the second half of the financial year.

Head 3 – Chief Secretariat*Impact on budget balance (\$)*

	2013-14
Reduce Business Travel	-20,000
Reduce House Rental	-100,000
Reduce Special Projects	-200,000
Total Impact on Budget	-320,000

The Government has reduced the appropriations to the office of the Chief Secretary due to low levels of expenditure to date.

Head 5 – Audit*Impact on budget balance \$*

	2013-14
Adjustments to several administrative allocations	-26,500
Total Impact on Budget	-26,500

The Government has reduced the appropriations to some administrative cost appropriations due to low expenditure to date.

Head 7 – GoN Warehouse*Impact on budget balance \$*

	2013-14
Reduction in central procurement funds	-1,500,000

Total Impact on Budget	-1,500,000
-------------------------------	-------------------

The government has reduced the central allocation for procurement due to slow take-up of revised procurement arrangements by Ministries and SOEs in the preparation of annual procurement plans.

Head 11 – Finance Secretariat

Impact on budget balance (\$)

	2013-14
Reduced Salaries Appropriation	-50,000
Reduced Staff Training Appropriation	-10,000
Reduced Consultants' Fees	-100,000
Total Impact on Budget	-160,000

The Government has reviewed progress on staffing and other initiatives including some forecast Special Projects and reduced the appropriations accordingly.

Head 12 – Finance Public Debt

Impact on budget balance (\$)

	2013-14
Increase funds for Provident Fund account	1,684,151.16
Increase funds for Pending payments for GoN staff and NAC obligations	2,275,348.84
Total Impact on Budget	3,959,500

The Government has allocated an additional \$3,959,500 toward reducing the Public Debt by paying out debtors under the old Provident Fund arrangements and GoN pending.

Head 13 – Bureau of Statistics

Impact on budget balance (\$)

	2013-14
Reduction to Travel and Special Projects Appropriations	-20,000
Total Impact on Budget	-20,000

The Government has reduced administrative appropriations due to slow expenditure to date.

Head 15 – Nauru Revenue Office*Impact on budget balance (\$)*

	2013-14
Reduced appropriation to salaries and Repairs and maintenance	-35,000
Total Impact on Budget	-35,000

The Government has reduced appropriations for these administrative items due to unexpected delays in replacing staff and finalising a maintenance plan.

Head 16 – Finance – Other Payments*Impact on budget balance (\$)*

	2013-14
Subsidies and Donations	-750,000
Payment to Establish Nauru Trust Fund	2,500,000
Total Impact on Budget	1,750,000

The Government has decided to increase the initial contribution to the Nauru Trust Fund to \$5,000,000. The call on Subsidies and donations under this Head has been below expectations.

Head 21 – CIE*Impact on budget balance (\$)*

	2013-14
Reduce Special Projects Appropriation	-100,000
Total Impact on Budget	-100,000

The Government has reduced the Special Projects appropriation due to unexpected delays in commencement of projects.

Head 41 – Police*Impact on budget balance (\$)*

	2013-14
Reduction in Salaries Appropriation	-100,000
Reduction in Special Projects Appropriation	-50,000
Total Impact on Budget	\$150,000

The Government has reduced the salaries appropriation for this year due to unexpectedly high staff turnover rates and slow replacement and the special projects appropriation due to slow implementation of new projects.

Head 43 – Justice Secretariat

Impact on budget balance (\$)

	2013-14
Reduction in Salaries Appropriation	-50,000
Reduction in Expat Salaries Appropriation	-100,000
Reduction in Contract Allowances	-500,000
Reduction in External Legal Fees Provision	-200,000
Reduction in Staff and Business Travels	-70,000
Reduction in House Rental	-50,000
Reduction in Repairs & Maintenance	-10,000
Total Impact on Budget	-\$980,000

The Government has reduced several appropriations due to slower than anticipated staffing growth, turnover of expat staff (flowing through to conditions related expenses) and deferring of repairs and maintenance.

Head 44 – Judiciary

Impact on budget balance (\$)

	2013-14
Business Travel	-20,000
Allowances – staff contract	-60,000
Salaries - Expat	-40,200
Total Impact on Budget	-120,000

The Government has reduced allocation for several areas due to changes in the structure of the Courts and slower than anticipated new appointments.

Head 45 – Border Protection

Impact on budget balance (\$)

	2013-14
Local salaries	-20,000
Printing and Stationery	-10,000
Plant and Equipment Purchases	-50,000

Total Impact on Budget	-80,000
-------------------------------	----------------

The Government has reduced allocation for several areas due to delays in recruitment of new staff, reduced acquisition of office requisites and delays in plant and equipment purchases.

Head 51 – Education

Impact on budget balance (\$)

	2013-14
Local salaries	-100,000
Staff Training	-10,000
Staff Travel	-20,000
Printing and Stationery	-70,000
Total Impact on Budget	-200,000

The Government has reduced allocations for salaries due to delays in recruitment of new staff, the impact of staff turnover, which flows on to training and travel. Printing and stationery costs have been reduced due to lower than forecast purchases to date and the level of stocks held in the warehouse.

Head 52 – Youth Affairs

Impact on budget balance (\$)

	2013-14
Local salaries	-15,000
Special Projects	-20,000
Plant & Equipment Purchases	-5,000
Total Impact on Budget	-40,000

The Government has reduced allocations for salaries due to delays in recruitment of new staff, and the Special Projects and Plant & Equipment purchase appropriations due to slow uptake of the available resources this financial year.

Head 61 – Health

Impact on budget balance (\$)

	2013-14
Salaries local	-30,000
Salaries other contract staff	-20,000
Travel Staff	-40,000

Stores	-200,000
R& M - Nauruan House	-50,000
Special Projects	-500,000
Total Impact on Budget	-840,000

The Government has reduced the salaries appropriations due to slower than expected recruitment, and reduced the travel budget due to lower levels of travel than planned. Procurement of stores has been delayed and Special Projects implementation has also been delayed, allowing the government to move funds to higher priorities for this financial year.

Head 62 – Sports

Impact on budget balance (\$)

	2013-14
Special Projects	-100,000
Other subsidies and donations	-120,000
Total Impact on Budget	-220,000

The Government has reduced these appropriations due to delays in implementation in each category.

Head 71 – Foreign Affairs Secretariat

Impact on budget balance (\$)

	2013-14
Membership Fees and Subscriptions	-50,000
Total Impact on Budget	-50,000

The Government has reduced this amount from the original approx \$169,000 appropriation due to slow expenditure and the partly discretionary nature of the provision.

Head 73 – Foreign Affairs Suva

Impact on budget balance (\$)

	2013-14
Travel - Business	-10,000
Total Impact on Budget	-10,000

Official travel is below planned levels and is reduced accordingly.

Head 74 – Foreign Affairs New York*Impact on budget balance (\$)*

	2013-14
Special Projects	195,000
Total Impact on Budget	195,000

The Government has allocated an additional \$195,000 to the Special Projects item to provide additional resources to meet Nauru's role in the AOSIS group of members of the UN.

Head 75 – Foreign Affairs Taiwan*Impact on budget balance (\$)*

	2013-14
Salaries Local	-20,000
Salaries Expat	-15,000
Travel - Business	-5,000
Office Rental	-10,000
Total Impact on Budget	-50,000

The government has reduced appropriation to these administrative items due to slow rates of expenditure in the current year.

Head 81 – Home Affairs*Impact on budget balance (\$)*

	2013-14
Salaries local	-50,000
Travel - Business	-5,000
Special Projects	-500,000
Total Impact on Budget	-555,000

The government has reduced the salaries and travel budget appropriations due to slower than expected expenditure to date. The reduction in Special Projects appropriation is due to delays in execution of the budget this year.

Head 82 – Women's Affairs*Impact on budget balance (\$)*

	2013-14
Salaries local	-10,000

R&M Office Equipment	-5,000
Total Impact on Budget	-15,000

The government has reduced the salaries and R&M appropriations due to slower than expected expenditure to date.

Head 86 – Land Management

Impact on budget balance (\$)

	2013-14
Salary - Local	-10,000
Plant & Equipment Purchase	-5,000
Total Impact on Budget	-15,000

The Government has reallocated funds to higher priority areas due to low expenditure to date in these categories.

Head 91 – Transport Secretariat

Impact on budget balance (\$)

	2013-14
Membership Fees & subscriptions	-5,000
Total Impact on Budget	-5,000

The Government has reallocated funds to higher priority areas due to low expenditure to date in this category.

Head 92 – Land Transport

Impact on budget balance (\$)

	2013-14
Salary Local	-25,000
R&M Plant	-20,000
Special Projects	-25,000
Plant & Equipment Purchase	-300,000
Total Impact on Budget	-370,000

The Government has reallocated funds to higher priority areas due to low expenditure to date in these categories.

Head 94 – DCA*Impact on budget balance (\$)*

	2013-14
Salary Local	-50,000
Overtime Local	-10,000
Staff Training	-5,000
R&M Aerodrome	-40,000
Membership Fees and Subscriptions	-60,000
Total Impact on Budget	-165,000

The Government has reallocated funds to higher priority areas due to low expenditure to date in these categories.

Head 95 – ICT*Impact on budget balance (\$)*

	2013-14
Telephone and Internet	-100,000
Travel Business	-10,000
Membership Fees and Subscriptions	-10,000
Total Impact on Budget	-120,000

The Government has reallocated funds to higher priority areas due to low expenditure to date in these categories

Head 96 – Fire and Rescue*Impact on budget balance (\$)*

	2013-14
Uniforms and Protective Clothing	-3,000
Plant & Equipment Purchase	-5,000
Total Impact on Budget	-8,000

The Government has reallocated funds to higher priority areas due to low expenditure to date in these categories

Table 1: 2013-14 Supplementary Appropriation – Expenditures

Head	Agency	Supplementary Appropriation Bill 1	Supplementary Appropriation Bill 2	Revised Appropriation
1	Presidency and State House	804,609		804,609
2	Ministerial	1,016,296	250,000	1,266,296
3	Chief Secretariat	3,253,907	- 320,000	2,933,907
4	Post and Philately	143,442	-	143,442
4	Audit	235,710	- 26,500	209,210
6	Parliament	1,016,725	-	1,016,725
7	GON Warehouse	2,055,186	- 1,500,000	555,186
11	Finance Secretariat	1,292,038	- 160,000	1,132,038
12	Finance Public Debt	20,028,414	3,959,500	23,987,914
13	Bureau of Statistics	120,102	- 20,000	100,102
15	NRO	329,407	- 35,000	294,407
16	Finance Other	32,211,521	1,750,000	33,961,521
21	CIE	572,266	- 100,000	472,266
31	Fisheries	1,456,798	-	1,456,798
41	Police	1,607,072	- 150,000	1,457,072
43	Justice Secretariat	3,634,994	- 980,000	2,654,994
44	Judiciary	538,026	- 120,000	418,026
45	Border Control	305,736	- 80,000	225,736
46	Correctional Services	360,256	-	360,256
47	Parliamentary Counsel	-	-	-
51	Education	5,478,170	- 200,000	5,278,170
52	Youth affairs	171,765	- 40,000	131,765
61	Health	7,649,382	- 840,000	6,809,382
62	Sports	468,668	- 220,000	248,668
71	Foreign Affairs Secretariat	474,035	- 50,000	424,035
72	FA Brisbane	693,493	-	693,493
73	FA Suva	739,836	- 10,000	729,836
74	FA New York	811,183	195,000	1,006,183
75	FA Taiwan	262,483	- 50,000	212,483
81	Home Affairs	1,403,853	- 555,000	848,853
82	Women's Affairs	89,035	- 15,000	74,035
83	Media Bureau	351,194	-	351,194
84	Lands and Survey	3,702,678	-	3,702,678
85	Lands Committee	175,562	-	175,562
86	Land Management	105,395	- 15,000	90,395
91	Transport Secretariat	71,434	- 5,000	66,434
92	Land Transport	1,527,955	- 370,000	1,157,955
93	Maritime Transport	1,702,466	-	1,702,466
94	DCA	1,277,973	- 165,000	1,112,973
95	ICT	883,881	- 120,000	763,881
96	Fire and Rescue	421,965	- 8,000	413,965
	TOTALS	99,444,911	-	99,444,911