



# REPUBLIC OF NAURU

## SUPPLEMENTARY ESTIMATES OF EXPENDITURE 2016-17

3<sup>RD</sup> NOVEMBER 2016

CIRCULATED BY  
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## **SUPPLEMENTARY APPROPRIATION 2016-17**

### **OVERVIEW**

The *Supplementary Appropriation Bill (No. 2 2016-17)* makes several adjustments to revenue that collectively increase expected revenue by \$11.865 mil. The Government is planning to continue the provision of Security services at the three RPC sites and in this budget, has made provision for both the anticipated revenue going forward and has adjusted down past revenue estimates for this item given recent information provided to Treasury. Treasury is also anticipating repayment of a recent \$1.0 mil subsidy provided to Ronphos to aid it in respect to short-term cash flow problems.

Fisheries revenues have been forecast to increase by \$8.4 mil over the initial estimates due to funds received from previous year PNA agreements.

The first quarter results and known demobilisation plans associated with the operations of the RPC have reduced revenue expectations from taxation and customs duties and these have been incorporated into the Supplementary estimates.

During the first quarter of the financial year the Contingency fund and Other Subsidies & Donations accounts within Finance have been called upon to make urgent payments. This supplementary budget makes the necessary appropriations to allow the reimbursement of the Contingency fund as required under the Act and Subsidies and Donations within Head 16 for the continued fuel subsidy payment to NUC. Additional appropriation is provided for the provision of Security services to the RPC and to meet the Government's current year contribution requirements to the Nauru Trust Fund.

The Foreign Affairs Offices in New York and Taiwan are provided with additional appropriation to meet the staff requirements deployed there. The salaries appropriation in Fisheries is also increased to provide for a back payment of salaries increases. There is also provision for costs associated with the establishment of a Police Brass Band.

The total increase in expenditure appropriation is \$17.761 mil.

Overall this Supplementary Appropriation increases expenditure more than revenue by \$5.896 mil and will result in a forecast budget deficit of \$5.525 mil.

**Table 1: 2016-17 Domestic Budget Aggregates ('000)**

	<b>2016-17 Budget</b>	<b>2016-17 Revised Budget</b>	<b>Variance to Budget</b>
<b>Revenue</b>	130,951.4	142,816.6	11,865.2
<b>Expenditure</b>	130,580.7	148,342.0	17,761.3
<b>Budget Balance</b>	370.7	(5,525.4)	(5,896.1)

**REVENUES**

The following adjustments to revenue are required in the budget.

**Head 16 Finance Other Payments**

*Impact on budget balance (\$,000)*

	2016-17
(1475) Miscellaneous Revenue	(10,053.2)
(1475) Miscellaneous Revenue	(1,000.0)
(1475) Miscellaneous Revenue	1,252.9
<b>Total Impact on Budget</b>	<b>(9,800.3)</b>

Three adjustments are required to the Miscellaneous Revenue estimates. Two adjustments associated with the reimbursable cost of providing Security Services to the RPC sites. Treasury has been advised that the DIBP will provide reimbursement to the amounts provided in contracts between the Government and the security firms. This equates to a maximum reimbursable cost of \$286K per week. For the provision of security services for the remainder of the year (35 weeks) the maximum amount the Government will obtain in reimbursement is \$10.05 mil. Based on this recent information the Treasury has also downgraded the estimate of reimbursed expenditure for the provision of services for the first 17 weeks of this financial year by \$1.25mil. The third adjustment is the provision of \$1.0 mil for repayment of a recent subsidy provided to Ronphos to meet cash flow problems that they were experiencing. The total impact on the budget of these two adjustments is to increase the revenue estimate of this line by \$9.80 mil.

**Head 31 Fisheries**

*Impact on budget balance (\$,000)*

	2016-17
(1072) Purse Seine Revenue – Fishing Days	(8,379.9)
<b>Total Impact on Budget</b>	<b>(8,379.9)</b>

The Government has received an additional \$8.38 mil in payments relating to the PNA agreement from previous years. This payment is in addition to the existing revenue estimates.

### Head 15 Nauru Revenue Office

*Impact on budget balance (\$,000)*

	2016-17
(1590) Employment/Non-resident Withholding Tax	2,800.0
(1591) Business Tax	625.8
<b>Total Impact on Budget</b>	<b>3,425.8</b>

There has been a decline in the receipts of Employment tax in the first quarter of the year. This has been attributed to reduced expatriate workers being employed on the island. This revenue reduction adjusts for known demobilisation plans over the next few months. The first Business Tax instalments received also indicate a lower full-year revenue than in the original estimates. This reduction accommodates the revised estimate.

### Head 17 Nauru Customs Office

*Impact on budget balance (\$,000)*

	2016-17
(1140) Customs & Excise Duty - Tobacco	720.7
(1145) Customs & Excise Duty - Alcohol	1,724.7
(1155) Customs & Excise Duty – Machinery/Vehicle/Equipment	443.8
<b>Total Impact on Budget</b>	<b>2,889.2</b>

Customs has reported a lower level of importation of goods during the first quarter of the financial year associated with reduced shipping frequency. This has reflected in lower revenue being collected and a downgrading of the full-year revenue estimates.

## **EXPENDITURES**

The following expenditure increases are required in the budget.

### Head 16 Finance Other Payments

*Impact on budget balance (\$,000)*

	2016-17
(2030) Salaries Other Contracts	12,046.8

(2615) Other Subsidies & Donations	3,146.9
(2650) Trust Fund	1,535.4
(2410) Social Services – Super Ex MP's	166.6
<b>Total Impact on Budget</b>	<b>16,895.7</b>

Appropriation is required into the Salaries Other Contracts account to enable the Government to continue paying for provision of security services at the three RPC sites at the current rates. The estimated cost for a further 35 weeks is \$12.046 mil of this amount a total of \$10.053 mil is anticipated to be reimbursed from the DIBP.

Additional appropriation is required into the Other Subsidies and Donations account to replenish it for recent payments to Ronphos (\$1.0 mil); a transfer to Salaries Other Contracts for RPC Security payments (\$2.0mil) and to allow replenishing the Contingency account for fuel payments made from the account in August (\$146K). This replenishment is required to enable the account to continue to provide the subsidy in the form of NUC fuel payments.

The Government's contribution to the Nauru trust Fund is based on the previous year's revenue figures at the time of preparing the 2016-17 budget the final revenue figures for the 2015-16 financial year were not known. The original budget provision of \$10.4mil requires additional appropriation of \$1.53mil to meet the 2016-17 contribution requirement.

Appropriation is required for \$166K into Superannuation payments for ex members of Parliament to enable reimbursement of the Contingency Fund for a payment made in July is also required.

## **Head 74 Foreign Affairs New York**

*Impact on budget balance (\$,000)*

	2016-17
(2015) Salary Local	27.0
(2025) Salary Contract Allowances	22.7
(2070) Travel Staff	75.7
(2075) Travel Business	234.9
(2100) Entertainment	21.2
(2130) Printing & Stationary	4.1
(2155) House rental	47.1
(2205) R&M Plant	3.5

(2370) Membership Fees	48.9
(2565) Insurance	77.5
<b>Total Impact on Budget</b>	<b>562.6</b>

The Overseas Mission in New York has requested additional funds to provide for increased allowances for the staff engaged in the Mission. The cost of the additional appropriation is \$535K. A further \$27K has been provided for the Ambassador's back pay.

### Head 75 Foreign Affairs Taiwan

*Impact on budget balance (\$,000)*

	2016-17
(2015) Salary Local	25.0
(2560) Education Expenses Special	20.0
<b>Total Impact on Budget</b>	<b>45.0</b>

This is a provision for the education expenses for the Ambassador's children in Taiwan. It includes a replenishment of the salaries vote to accommodate an ISHT from this account to pay for first term expenses.

### Head 31 Fisheries

*Impact on budget balance (\$,000)*

	2016-17
(2015) Salaries Local	158.0
<b>Total Impact on Budget</b>	<b>158.0</b>

The Fisheries department has had the existing positions regraded and is seeking that the regraded positions be back paid until July 2014. The cost of this payment is \$158K and is to be provided as additional appropriation to Salaries this financial year.

### Head 02 Ministerial

*Impact on budget balance (\$,000)*

	2016-17
(2235) Special Project	100.0
<b>Total Impact on Budget</b>	<b>100.0</b>

Provision is made for \$100K towards the costs of establishing a Police Band for the forthcoming 50<sup>th</sup> Anniversary of Independence. These funds are to pay for the accommodation, local transport for Taiwanese instructors and purchase of musical instruments and accessories.

**Table 2: 2016-17 Supplementary Appropriation No.2– Revenues**

<i>Dept No.</i>	<i>Dept Description</i>	<i>2016-17 Original Budget</i>	<i>Supplementary Budget No.2</i>	<i>2016-17 Revised Budget</i>
03	Chief Secretariat	127,350		127,350
04	Post and Philately	6,200		6,200
07	GON Ware House	270,000		270,000
11	Finance Secretariat	280,000		280,000
15	Nauru Revenue Office	14,267,100	(3,425,800)	10,841,300
16	Finance - Other Payments	9,888,000	9,800,300	19,688,300
17	Nauru Customs Office (NCO)	19,971,885	(2,889,200)	17,082,685
21	CIE	16,000		16,000
31	Fisheries	33,780,181	8,379,900	42,160,081
41	Police	40,000		40,000
42	Department of Multicultural Affairs	42,653,069		42,653,069
43	Justice - Secretariat	134,000		134,000
44	Judiciary	15,000		15,000
45	Border Control	2,960,000		2,960,000
51	Education	2,000		2,000
61	Health	35,200		35,200
62	Sports	1,000		1,000
83	Media Bureau	40,000		40,000
84	Lands & Survey	8,000		8,000
85	Lands Committee	2,405		2,405
91	Department of Transport	3,257,319		3,257,319
93	Maritime Transport	1,252,532		1,252,532
95	ICT	1,944,154		1,944,154
<b>TREASURY REVENUE TOTAL:</b>		<b>130,951,395</b>	<b>11,865,200</b>	<b>142,816,595</b>



**Table 3: 2016-17 Supplementary Appropriation No.2– Expenditures**

<i>Dept No.</i>	<i>Dept Description</i>	<i>2016-17 Original Budget</i>	<i>Supplementary Budget No.2</i>	<i>2016-17 Revised Budget</i>
01	Presidency and State House (including GIO)	1,349,612		1,349,612
02	Ministerial	10,979,986	100,000	11,079,986
03	Chief Secretariat	11,968,898		11,968,898
04	Post and Philately	137,538		137,538
05	Audit	369,854		369,854
06	Parliament	1,334,224		1,334,224
07	GON Warehouse	450,143		450,143
08	National Emergency Services	1,501,523		1,501,523
09	Electoral Commission	280,956		280,956
11	Finance Secretariat	1,943,199		1,943,199
13	Bureau of Statistics	130,629		130,629
15	Nauru Revenue Office	365,843		365,843
16	Finance - Other Payments	30,720,104	16,895,700	47,615,804
17	Nauru Customs Office (NCO)	405,000		405,000
21	CIE	965,201		965,201
31	Fisheries	1,883,213	158,000	2,041,213
41	Police	2,689,300		2,689,300
42	Department of Multicultural Affairs	10,568,284		10,568,284
43	Justice - Secretariat	3,595,618		3,595,618
44	Judiciary	1,240,528		1,240,528
45	Border Control	916,969		916,969
46	Correctional Services	595,833		595,833
51	Education	9,875,321		9,875,321
52	Youth Affairs	231,128		231,128
61	Health	13,816,175		13,816,175
62	Sports	274,706		274,706
71	Foreign Affairs - Secretariat	1,082,707		1,082,707

<b>Dept No.</b>	<b>Dept Description</b>	<b>2016-17 Original Budget</b>	<b>Supplementary Budget No.2</b>	<b>2016-17 Revised Budget</b>
72	Foreign Affairs - Brisbane	818,458		818,458
73	Foreign Affairs - Suva	635,564		635,564
74	Foreign Affairs - New York	1,426,939	562,600	1,989,539
75	Foreign Affairs - Taiwan	345,307	45,000	390,307
81	Home Affairs	3,927,342		3,927,342
82	Women's Affairs	212,300		212,300
83	Media Bureau	439,189		439,189
84	Lands & Survey	4,867,199		4,867,199
85	Lands Committee	223,460		223,460
86	Department of Land Management	91,452		91,452
91	Department of Transport	2,588,655		2,588,655
93	Maritime Transport	3,920,041		3,920,041
95	ICT	1,412,319		1,412,319
<b>TREASURY EXPENSES TOTAL:</b>		<b>130,580,717</b>	<b>17,761,300</b>	<b>148,342,017</b>