



REPUBLIC OF NAURU

DEPARTMENT OF FINANCE

QUARTERLY BUDGET PERFORMANCE REPORT QUARTER 4 2019-20

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Treasury Division
Department of Finance

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QUARTERLY BUDGET PERFORMANCE REPORT – QUARTER 4 2019-20

INTRODUCTION

This is the performance report for the fourth quarter of the 2019-20 Budget year for the Republic of Nauru. It includes the preliminary final budget outcome for 2019-20 and revisions to 2018-19. It provides revenue and expenditure data recorded by Treasury for the period 1 July 2019 to 30 June 2020. It is based on all available information to Treasury as at 4 August 2020.

- In aggregate, actual year to date performance exceeded expectations, with 108 per cent of total expected annual revenue collected and 97 per cent of total expenditure spent to 30 June 2020. The balance for the year was \$26.7 million in surplus, 16 per cent of GDP.
- The 2019-20 Budget appropriation lapsed on 30 June 2020, and the surplus balance will be held in cash reserves to support the Government's liquidity position.

This report covers General Government operations. It does not include donor expenditures nor the operations of State-owned enterprises (SoE's), except where transfers from the Government have been made to donor projects or as subsidies/loans to SoE's. It includes receipts from direct budget support donor funding. All figures are in Australian dollars.

OVERVIEW

MACROECONOMIC ASSUMPTIONS

During the quarter, the Covid 19 pandemic had a significant impact on the budget macro-economic assumptions. The April 2020 IMF World Economic Outlook indicated the Nauru economy would contract by 1.7 per cent in 2019-20, against a previous expectation of 0.6 per cent growth. Inflation remained at a similar level of 1.5 per cent. The nominal GDP estimate for 2019-20 is \$164.6 million.

IMPACT OF COVID-19

The economic impact of Covid-19 on Nauru has not been as significant as initially expected. As of end June 2020, there had been no case of Covid-19 on the Island. This reflected in part measures to 'capture and contain' the virus, such as a reduced flight schedule and mandatory quarantine.

In 2019-20, the Government's response to Covid-19 totalled new expenditure measures of \$13.4 million (8 per cent of GDP), funded through a re-prioritisation of expenditure (\$11.8 million) and donor contributions (\$1.6 million). Of this, \$5.4 million related to the Covid-19 Taskforce (medical equipment and consumables, quarantine, air-freight, repatriation and hospital building works), \$5.1 million for liquidity support for Nauru Airlines and \$2.9 million in an ex-gratia payment to public sector employees and pensioners.

Government revenues were not significantly affected by Covid-19, with lower than expected revenue from travel related charges, more than offset by collections in other lines.

SUPPLEMENTARY APPROPRIATIONS

There were no supplementary appropriations in the quarter.

REVISED 2019-20 BUDGET

The revised budget for 2019-20 was revenue of \$249.6 million and expenditure of \$248.8 million with a surplus balance of \$0.8 million.

PRELIMINARY 2019-20 FINAL BUDGET OUTCOME

The preliminary final budget outcome for 2019-20 was revenue of \$268.7 million (108 per cent of budget) and expenditure of \$241.9 million (97 per cent of budget) with a surplus balance of \$26.7 million (16 per cent of GDP), significantly more than expected reflecting strong fisheries and taxation revenue.

PRELIMINARY 2018-19 FINAL BUDGET OUTCOME

The 2018-19 preliminary final budget outcome has been reviewed and amended. This has resulted in an increase in previously reported revenue (mainly RPC related) and decrease in expenditure. Total revenue was \$229.6 million and expenditure of \$207.0 million, with a surplus balance of \$22.6 million (14 per cent of GDP).

FISCAL RESPONSIBILITY RATIOS

The Government has adopted the following fiscal responsibility ratios:

- Fiscal balance to GDP ratio must not be negative – budget must at least be in balance
- Fiscal cash buffer – cash reserves up to the equivalent of two months non-RPC related expenditure must be available
- Personnel costs to current expenditure to be less than 30 per cent.

All ratios were met at the end of the quarter, as shown in Table 1.

Table 1: Fiscal responsibility ratio performance Q4 2019-20

Measure	Target	2018-19 Prelim Actual	2019-20 Budget	2019-20 Revised Budget	2019-20 Q4 Actual
Fiscal balance to GDP	not negative as % of GDP	14%	0.2%	0.5%	16%
Personnel cost ratio	Personnel cost to current expenditure <30%	24%	36%	20%	19%

The IMF recommends that Nauru hold a cash buffer of two-months current Government expenditure. This is calculated by taking total budgeted expenditure less RPC expenditure and non-expense items. The level of the buffer changes when the expenditure estimates are updated, usually after a supplementary appropriation. The most recent balances are shown in Table 2.

Table 2: GON Liquidity and fiscal cash buffer Q4 2019-20

	Requirement (\$)	Total Funds (\$)				
		at 1 July 2019	at 30 Sept 2019	at 30 Dec 2019	at 31 Mar 2020	at 30 June 2020
Fiscal cash buffer at 30 June 2019	19,095,272	84,692,499				
Fiscal cash buffer at 30 Sept 2019	25,819,099		101,315,889			
Fiscal cash buffer at 30 December 2019	30,379,007			150,347,725		
Fiscal cash buffer at 31 March 2020	32,311,985				124,541,242	
Fiscal cash buffer at 30 June 2020	32,311,985					117,281,211
<i>of which held in cash buffer accounts</i>		11,092,498	11,166,668	25,212,945	29,245,854	29,306,119

NAURU TRUST FUND

The annual contribution to the Nauru Intergenerational Trust Fund (NTF) is calculated each year based on the actual revenues of the prior year, excluding donor contributions and budget support (total domestic revenue as defined in the MOU).

The calculation takes total prior year revenues, less RPC reimbursable related revenue and general budget support. The proposed contribution based on the formula from the MOU with Australia is for the high growth year revenue band 2 (over \$100 million) at 10.1 per cent. The calculation and proposed payment schedule is shown below.

		2019-20 YTD Actual
Total Revenue		268,671,364
<i>Less budget support and pass through revenue</i>		
1577 - DJBC - Operations		3,369,827
1578 - DJBC - Reimbursable Costs		18,933,723
1660 - General Budget Support		10,461,850
Total Domestic Revenue		235,905,964
2020-21 NTF Contribution		2020-21
10.1% of 2019-20 domestic revenue		23,826,502
<i>Less pre-payment</i>		6,734,586
Balance		17,091,916
Payment schedule		
30 September 2020	50%	8,545,958
31 December 2020	25%	4,272,979
28 February 2020	25%	4,272,979
30 April 2020	0%	-
		17,091,916
2020-21 Budget Appropriation		16,585,947
Funding gap		(505,969)

It is expected that the funding gap will be resolved through either an Inter-Sub-Head Transfer or supplementary appropriation.

TOTAL BUDGET AGGREGATES

The total budget aggregates for the 2019-20 Budget and actuals to 30 June 2020, as well as the updated preliminary final budget outcome for 2018-19 are shown in Table 3 and Figure 1.

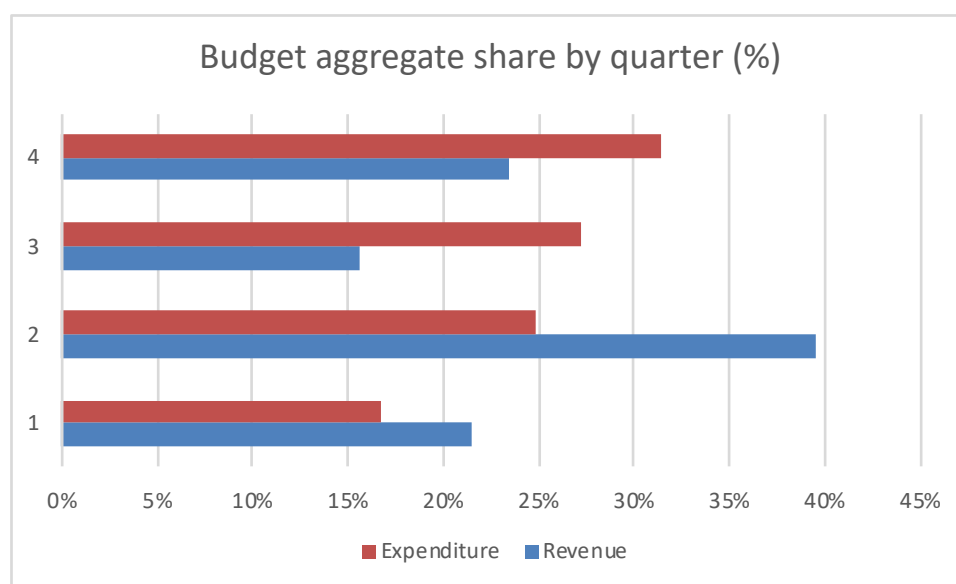
2019-20 aggregate performance was better than expected. Revenue collections peaked in the second quarter and were stronger than expected in the fourth quarter, with the expected impact of Covid-19 not eventuating. Expenditure gradually accelerated as the year progressed, finishing with a small underspend at the end of the year.

The preliminary final budget outcome for 2018-19 has been reviewed and updated. This has resulted in an increase in previously reported revenue (mainly RPC related visa fees) and decrease in expenditure. Total revenue was \$229.6 million and expenditure of \$207.0 million, with a surplus balance of \$22.6 million (14 per cent of GDP).

Table 3 Aggregate results Q4 2019-20

	2018-19 Preliminary Actual	2019-20 Approved Budget	2019-20 Supp Bills	2019-20 Revised Budget	2019-20 YTD Actual	2019-20 YTD Actual % of budget	2019-20 Available Budget
	\$	\$	\$	\$	\$		\$
Revenue	229,600,058	146,030,911	103,571,935	249,602,846	268,671,364	108%	(19,068,518)
Expenditure	207,011,640	145,716,127	103,053,936	248,770,063	241,929,678	97%	6,840,385
Balance	22,588,418	314,784	517,999	832,783	26,741,685	-	25,908,902

Figure 1 Budget aggregate results by quarter 2019-20



OPERATING REVENUE ANALYSIS

Actual revenues for the year were stronger than expected (Table 4). The impact of Covid-19 on travel related revenues was more than offset by collections in other lines, notably fishing and tax revenues.

Revenue collections are highly seasonal, peaking in the second quarter for the most significant revenue lines, as shown in Figure 2. Fisheries revenue peaks in December as licences and fishing days are sold for the next calendar year.

Initial expectations were that the Coronavirus pandemic would put some revenue collections at risk in the fourth quarter, mainly as a result of travel restrictions. In the event, whilst the expected reduction in civil aviation revenues occurred (50 per cent of expected collections, \$2.8 million), the other at risk revenue lines, including employment withholding tax and fisheries revenue, performed strongly, in excess of expectations.

Given the strength of revenue collections in the fourth quarter, the timing of the Asian Development Bank (ADB) general budget support grant was rescheduled to the first quarter of 2020-21.

Table 4: Revenue breakdown Q4 2019-20

Description	2018-19 Preliminary Actual	2019-20 Approved Budget	2019-20 Supp Bills	2019-20 Revised Budget	2019-20 YTD Actual	2019-20 YTD Actual % of budget	2019-20 Remaining Budget
	\$	\$	\$	\$	\$	%	\$
Dividends	1,746,867	-	1,542,649	1,542,649	2,250,330	146%	(707,681)
Fisheries	71,373,771	50,532,825	12,474,752	63,007,577	73,279,152	116%	(10,271,575)
Import duties	17,867,967	14,654,707	-	14,654,707	17,839,137	122%	(3,184,430)
Visa fees	20,290,613	11,210,008	7,000,000	18,210,008	21,086,732	116%	(2,876,724)
Tax	41,892,320	32,700,000	24,800,000	57,500,000	64,645,971	112%	(7,145,971)
Non-Tax	65,138,606	21,080,685	60,090,666	81,171,351	79,108,191	97%	2,063,160
Grants	11,289,912	15,852,686	(2,336,132)	13,516,554	10,461,850	77%	3,054,704
Total	229,600,058	146,030,911	103,571,935	249,602,846	268,671,364	108%	(19,068,518)

Figure 2 Revenue Collections by quarter 2019-20

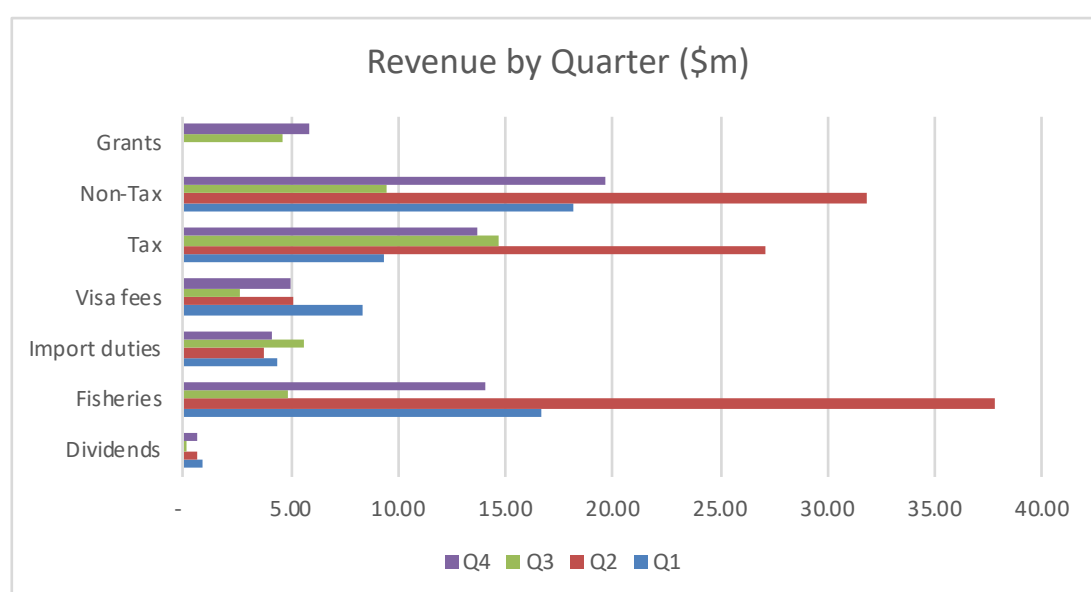
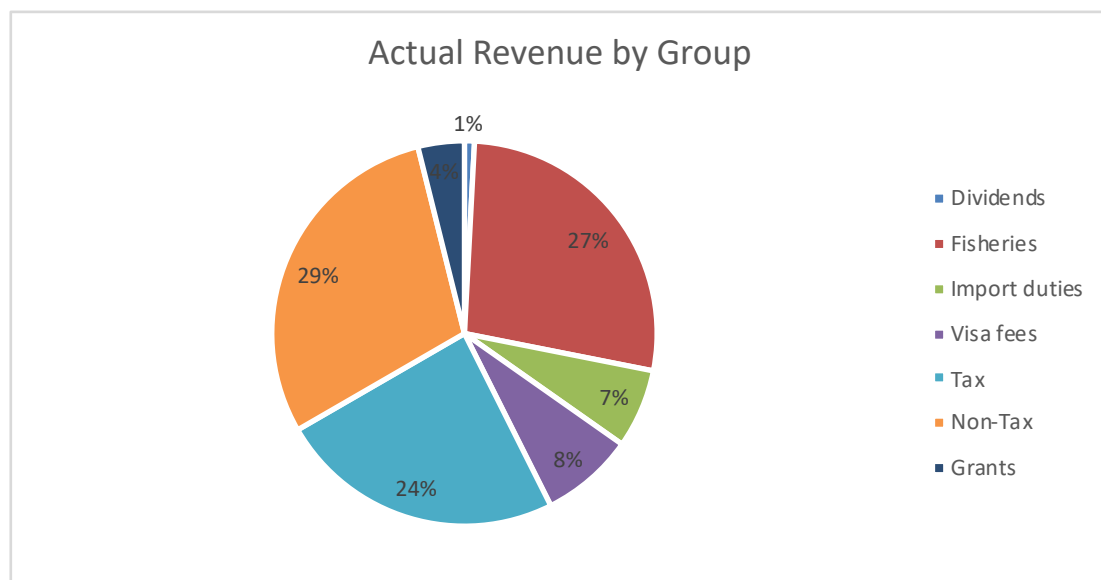


Figure 3 shows the split of revenue by group. In 2019-20, non-tax revenue accounted for the most revenue collected at 29 per cent. 93 per cent of these collections were related to the Regional Processing Centre (RPC). Fisheries licences were 27 per cent of total revenue, and Tax 24 per cent. Most tax collections (98 per cent) were also related to the RPC and the economic activity it generates.

Figure 3 Share of revenue collections by group 2019-20



The RPC is a key source of economic activity and revenue for the government, accounting for 58 per cent of total revenues in 2019-20 (Table 5). All these revenues are at risk as the RPC winds down towards an enduring capability.

Table 5: RPC Related Revenues Q4 2019-20

Description	2018-19 Preliminary Actual	2019-20 Approved Budget	2019 -20 Supp Bills	2019-20 Revised Budget	2019-20 YTD Actual
	\$	\$	\$	\$	\$
1330 - Visa Check up	8,621	10,008	-	10,008	10,469
1335 - Visa Fees - RPC	831,200	5,600,000	(3,000,000)	2,600,000	2,013,000
1580 - Visa Fees - RPC Resettlement	16,574,430	3,600,000	10,000,000	13,600,000	16,816,434
1577 - DJBC - Operations	5,449,692	2,397,474	655,810	3,053,284	3,369,827
1578 - DJBC - Reimbursable Costs	16,880,850	346,656	19,996,943	20,343,599	18,933,723
1495 - Service Fees	27,035,253	5,034,100	15,100,000	20,134,100	19,453,145
1475 - Miscellaneous Revenue	5,755,107	3,780,470	26,357,985	30,138,455	32,119,711
1590 - Employment/Non-resident Withholding Tax	17,531,292	17,700,000	-	17,700,000	19,176,815
1591 - Business Profit Tax	22,199,748	13,800,000	23,700,000	37,500,000	42,880,470
Total RPC related revenue	112,266,192	52,268,708	92,810,738	145,079,446	154,773,593
Share of total revenue	49%	36%	90%	58%	58%

FISHING REVENUES

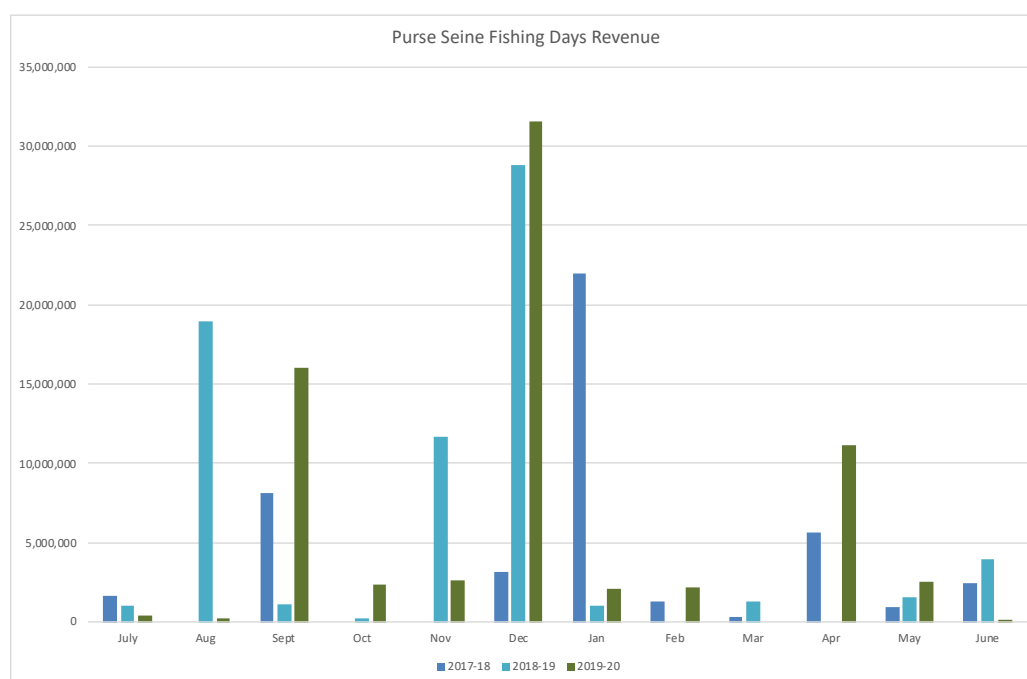
Fishing revenues exceeded expectations in the final quarter to exceed the budget estimate (Table 6). This revenue group is strongly seasonal, with the majority of revenue being received in the second quarter. The expected decline in demand for fishing days in the fourth quarter as a result of Covid-19 did not eventuate. Total revenues for the quarter were in the order of \$14 million, 19 per cent of the total annual collection.

Table 6: Fishing revenues Q4 2019-20

Description	2018-19 Preliminary Actual	2019-20 Approved Budget	2019-20 Supp Bills	2019-20 Revised Budget	2019-20 YTD Actual	2019-20 YTD Actual % of budget	2019-20 Remaining Budget
	\$	\$	\$	\$	\$	%	\$
1055 - Support Vessel Charges	278,483	139,671	66,084	205,755	326,526	159%	(120,771)
1071 - Purse Seine Revenue - Licensing	1,447,472	977,699	182,012	1,159,711	1,745,909	151%	(586,198)
1072 - Purse Seine Revenue - Fishing Days	69,647,816	49,415,455	12,226,656	61,642,111	71,206,717	116%	(9,564,606)
Total Fisheries Revenue	71,373,771	50,532,825	12,474,752	63,007,577	73,279,152	116%	(10,271,575)

The monthly revenue collections for purse seine fishing days (1072) for the past three years are shown in Figure 3. Performance in 2019-20 is broadly similar to prior years, reflecting the peak in December/January as fishing licences and days are purchased ahead of the start of the new fishing season.

Figure 3 Purse Seine Fishing days revenue collections by month 2017-18 to 2019-20



TAXATION REVENUE

Taxation revenues exceeded expectations (Table 7). Collections do not appear to have been adversely affected by Covid-19. The main driver of tax revenues is the RPC. Notwithstanding the continued decline in the number of refugees and asylum seekers on island, income generated from business profits tax and employment withholding tax continues to grow.

Table 7: Taxation revenue Q4 2019-20

Description	2018-19 Preliminary Actual	2019-20 Approved Budget	2019-20 Supp Bills	2019-20 Revised Budget	2019-20 YTD Actual	2019-20 YTD Actual % of budget	2019-20 Remaining Budget
	\$	\$	\$	\$	\$	%	\$
1190 - Telecom Tax	2,161,281	1,200,000	1,100,000	2,300,000	2,588,686	113%	(288,686)
1590 - Employment/Non-resident Withholding Tax	17,531,292	17,700,000	-	17,700,000	19,176,815	108%	(1,476,815)
1591 - Business Profit Tax	22,199,748	13,800,000	23,700,000	37,500,000	42,880,470	114%	(5,380,470)
Total Tax	41,892,320	32,700,000	24,800,000	57,500,000	64,645,971	112%	(7,145,971)

CUSTOMS AND OTHER IMPORT DUTIES

Customs and excise duty collections also exceeded expectations, with total revenue similar to total collections for 2018-19 (Table 8). Customs and excise duty on sugar continues to be collected at a higher rate than anticipated at budget.

Table 8 Customs and other Import duties Q4 2019-20

Description	2018-19 Preliminary Actual	2019-20 Approved Budget	2019-20 Supp Bills	2019-20 Revised Budget	2019-20 YTD Actual	2019-20 YTD Actual % of budget	2019-20 Remaining Budget
	\$	\$	\$	\$	\$	%	\$
1140 - Customs and Excise Duty - Tobacco	5,338,101	4,772,288	-	4,772,288	5,716,626	120%	(944,338)
1145 - Customs and Excise Duty - Alcohol	1,133,629	1,460,000	-	1,460,000	1,429,190	98%	30,810
1150 - Customs and Excise Duty - Sugar	851,084	642,419	-	642,419	903,922	141%	(261,503)
1155 - Customs and Excise - Machinery/Vehicle/Equip.	1,096,543	680,000	-	680,000	1,058,734	156%	(378,734)
1160 - Customs and Excise Duty - Other	2,676,933	2,800,000	-	2,800,000	2,495,292	89%	304,708
1165 - Customs and Excise Duty - Petrol Sales	2,238,392	2,200,000	-	2,200,000	2,294,837	104%	(94,837)
1170 - Customs and Excise Duty - Diesel Sales	4,323,557	2,000,000	-	2,000,000	3,940,535	197%	(1,940,535)
1175 - Customs and Excise Duty - JetA1	209,729	100,000	-	100,000	-	0%	100,000
Total Customs and Excise Duty	17,867,967	14,654,707	-	14,654,707	17,839,137	122%	(3,184,430)

VISA FEES

Total revenue from visa fees was higher than expected in all lines except Visa Fees – RPC (see Table 9). This reflected the continued decline in RPC activity, and resolution of historical invoices.

Table 9 Visa Revenues Q4 2019-20

Description	2018-19 Preliminary Actual	2019-20 Approved Budget	2019-20 Supp Bills	2019-20 Revised Budget	2019-20 YTD Actual	2019-20 YTD Actual % of budget	2019-20 Remaining Budget
	\$	\$	\$	\$	\$	%	\$
1330 - Visa Check up	8,621	10,008	-	10,008	10,469	105%	(461)
1335 - Visa Fees - RPC	831,200	5,600,000	(3,000,000)	2,600,000	2,013,000	77%	587,000
1575 - Visa Fees (Other Business)	2,876,362	2,000,000	-	2,000,000	2,246,829	112%	(246,829)
1580 - Visa Fees - RPC Resettlement	16,574,430	3,600,000	10,000,000	13,600,000	16,816,434	124%	(3,216,434)
Total Visa Fees	20,290,613	11,210,008	7,000,000	18,210,008	21,086,732	116%	(2,876,724)

NON-TAX REVENUE

Non-tax revenue collections in the year to date came in marginally below budget (Table 10). As expected, revenues from civil aviation (DCA Departure taxes, air navigation fees, landing fees and rental fees) were significantly lower than budgeted, reflecting Covid-19 travel restrictions.

Table 10 Non-tax revenues Q4 2019-20

Description	2018-19 Preliminary Actual	2019-20 Approved Budget	2019-20 Supp Bills	2019-20 Revised Budget	2019-20 YTD Actual	2019-20 YTD Actual % of budget	2019-20 Remaining Budget
	\$	\$	\$	\$	\$	%	\$
1121 - Curator fees	175,562	5,000.00	-	5,000.00	50,843		(45,843)
1215 - Licenses-Drivers etc	80,345	100,000	-	100,000	106,502	107%	(6,502)
1220 - Corporation Fees and Licenses	177,625	130,000	-	130,000	125,855	97%	4,145
1225 - Licenses-Trading	345,604	280,000	-	280,000	582,560	208%	(302,560)
1230 - Liquor Licensing Board	28,629	28,500	-	28,500	15,628	55%	12,872
1235 - Gaming / Bingo Licenses	378,173	420,000	-	420,000	224,166	53%	195,834
1260 - Birth Certificate	26,410	15,505	-	15,505	22,980	148%	(7,475)
1265 - Death Certificate	720	340	-	340	880	259%	(540)
1270 - Marriage Certificate	3,050	1,730	-	1,730	3,100	179%	(1,370)
1300 - Registration Fees-Motor Cars	68,207	68,709	-	68,709	85,008	124%	(16,299)
1305 - Registration Fees-Motorcycles	4,965	6,036	-	6,036	6,525	108%	(489)
1310 - Vehicle/Insurance Fees	182,313	-	-	-	270,540	-	(270,540)
1325 - Passport Fees and Photographs	315,117	180,000	-	180,000	163,960	91%	16,040
1340 - Police Clearance	49,095	45,000	-	45,000	54,560	121%	(9,560)
1360 - D.C.A.-Pax Levy	1,845,600	1,871,520	-	1,871,520	948,575	51%	922,945
1365 - D.C.A.-Departure Taxes	1,746,500	1,780,740	-	1,780,740	811,450	46%	969,290
1370 - D.C.A.-Air Navigation Fees	984,842	902,652	-	902,652	326,563	36%	576,089
1375 - D.C.A.-Landing Fees	1,073,036	1,106,664	-	1,106,664	761,482	69%	345,182
1380 - D.C.A.-Rental Fees	133,098	133,728	-	133,728	124,460	93%	9,268
1400 - Port Fees	1,239,511	2,045,678	(1,820,689)	224,989	357,684	159%	(132,695)
1420 - Warehouse sales	30,158	199,383	(199,383)	-	-	-	-
1475 - Miscellaneous Revenue	5,755,107	3,780,470	26,357,985	30,138,455	32,119,711	107%	(1,981,256)
1480 - Bus Services	2,364	1,200	-	1,200	1,855	155%	(655)
1485 - Quarantine Fees	46,650	60,000	-	60,000	43,101	72%	16,899
1490 - Court Fines and Fees	855,118	15,000	-	15,000	25,809	172%	(10,809)
1495 - Service Fees	27,035,253	5,034,100	15,100,000	20,134,100	19,453,145	97%	680,955
1500 - Sale of Maps	9,820	-	-	-	11,730	-	(11,730)
1520 - Food Handler Check up	6,000	4,800	-	4,800	8,360	174%	(3,560)
1540 - Advertising Revenue	6,044	30,000	-	30,000	7,309	24%	22,691
1555 - Spectacles,Drugs etc	880	1,000	-	1,000	2,910	291%	(1,910)
1565 - Medical Services	4,401	4,800	-	4,800	4,110	86%	690
1577 - DJBC - Operations	5,449,692	2,397,474	655,810	3,053,284	3,369,827	110%	(316,543)
1578 - DJBC - Reimbursable Costs	16,880,850	346,656	19,996,943	20,343,599	18,933,723	93%	1,409,876
1700 - National/District Roll Sales	3,600	8,000	-	8,000	5,530	69%	2,470
1705 - Electoral Various Fees	193,020	76,000	-	76,000	77,750	102%	(1,750)
Other	1,250	-	-	-	-	-	-
Total Non Tax	65,138,606	21,080,685	60,090,666	81,171,351	79,108,191	97%	2,063,160

OTHER REVENUE – DIVIDENDS AND GRANTS

Income from dividends and grants was received during the quarter (Table 11). Direct budget support was received from Taiwan and the expected support from the ADB related to the policy based grant was deferred to 2020-21. A further dividend from Digicel was received during the quarter.

Table 11 Dividends and Grants Q4 2019-20

Description	2018-19 Preliminary Actual	2019-20 Approved Budget	2019 -20 Supp Bills	2019-20 Revised Budget	2019-20 YTD Actual	2019-20 YTD Actual % of budget	2019-20 Remaining Budget
	\$	\$	\$	\$	\$	%	\$
1015 - Income from Investments & Dividends-Others	1,746,867	-	1,542,649	1,542,649	2,250,330	146%	(707,681)
1660 - General Budget Support	4,256,757	15,852,686	(2,336,132)	13,516,554	10,461,850	77%	3,054,704
1901 - Exim Loan Equipment Receipt	7,033,156	-	-	-	-	-	-
Total Dividends and Grants	13,036,780	15,852,686	(793,483)	15,059,203	12,712,181	84%	2,347,022

REVENUE BY DEPARTMENT

Table 12 shows the 2018-19 preliminary budget outcome, 2019-20 Budget and actual revenue for the year to date by department head.

Table 12 Revenue by Department Q4 2019-20

Description	2018-19 Preliminary Actual	2019-20 Approved Budget	2019 Supp Bills & ISHT	2019-20 Revised Budget	2019-20 YTD Actual	2019-20 YTD Actual % of budget	2019-20 Remaining Budget
	\$	\$	\$	\$	\$	%	\$
03 - Chief Secretariat	224,716	46,075	0	46,075	139,517	303%	(93,442)
07 - GON Warehouse	30,158	199,383	(199,383)	0	0	-	0
09 - Electoral Commission	198,162	86,000	0	86,000	113,710	132%	(27,710)
11 - Finance Secretariat	1,357,411	10,000	0	10,000	0	0%	10,000
15 - Nauru Revenue Office	42,350,638	33,220,000	24,800,000	58,020,000	64,976,639	112%	(6,956,639)
16 - Finance - Other Payments	8,348,989	19,092,686	(2,336,132)	16,756,554	12,986,977	78%	3,769,577
17 - Nauru Customs Office (NCO)	17,868,127	14,654,707	0	14,654,707	17,839,137	122%	(3,184,430)
18 - Nauru RPC Corporation	27,000,000	5,000,000	15,100,000	20,100,000	21,434,985	107%	(1,334,985)
21 - CIE	5,750	7,500	0	7,500	5,275	70%	2,225
31 - Fisheries	72,233,015	50,532,825	12,474,752	63,007,577	73,421,288	117%	(10,413,711)
41 - Police	50,895	46,800	0	46,800	122,091	261%	(75,291)
42 - Department of Multicultural Affairs	40,222,775	12,256,130	54,069,418	66,325,548	68,204,454	103%	(1,878,906)
43 - Justice - Secretariat	698,611	415,000	0	415,000	759,758	183%	(344,758)
44 - Judiciary	29,845	15,000	0	15,000	25,809	172%	(10,809)
45 - Border Control	3,238,659	2,240,000	0	2,240,000	2,453,890	110%	(213,890)
50 - Directorate of TVET	26,900	58,500	0	58,500	31,724	54%	26,776
61 - Health	49,880	47,008	0	47,008	44,186	94%	2,822
62 - Sports	15,000	0	0	0	2,800	-	(2,800)
81 - Home Affairs	0	0	0	0	24,041	-	(24,041)
83 - Media Bureau	6,044	30,000	0	30,000	7,309	24%	22,691
84 - Lands & Survey	9,820	7,000	0	7,000	11,730	168%	(4,730)
85 - Lands Committee	3,480	2,000	0	2,000	3,370	169%	(1,370)
91 - Department of Transport	6,072,969	5,903,769	0	5,903,769	3,385,553	57%	2,518,216
93 - Maritime Transport	1,316,307	2,150,528	(1,879,369)	271,159	417,857	154%	(146,698)
95 - ICT	1,200,918	10,000	1,542,649	1,552,649	2,259,264	146%	(706,615)
Other	7,040,989	0	0	0	0	-	0
Total	229,600,058	146,030,911	103,571,935	249,602,846	268,671,364	108%	(19,068,518)

Maritime transport revenues reflect the timing issues associated with the execution of the decision to remove it from the budget.

OPERATING EXPENDITURE ANALYSIS

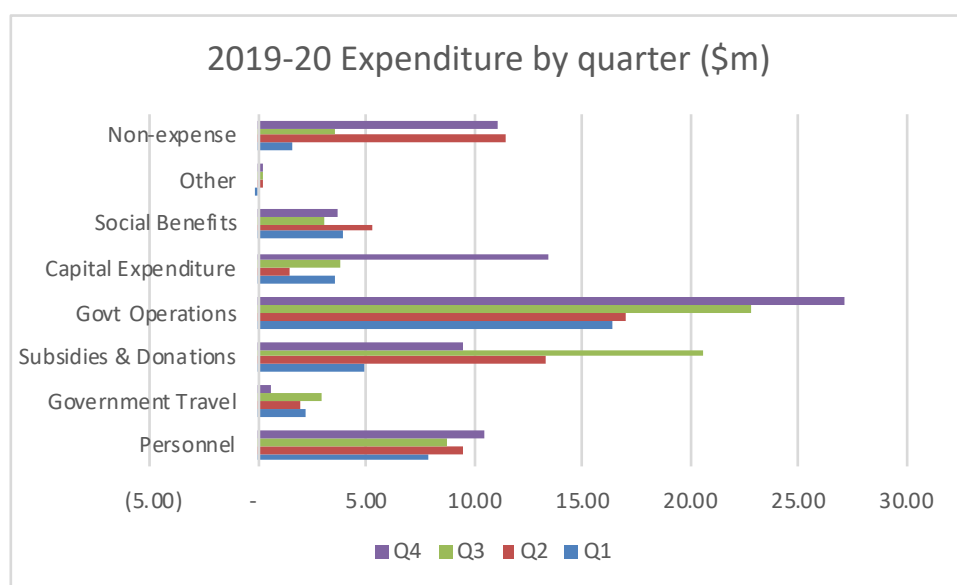
Total expenditure for the year to date to the end of the fourth quarter is shown in Table 13.

Table 13 Expenditure by Group Q4 2019-20

Description	2018-19 Preliminary Actual	2019-20 Approved Budget	2019-20 Supp Bills	2019-20 ISHT	2019-20 Revised Budget	2019-20 YTD Actual	2019-20 Actual % of budget	2019-20 Remaining Budget
	\$	\$	\$	\$	\$	\$	%	\$
Personnel	36,338,601	40,978,982	3,441,008	(5,236,896)	39,183,095	36,457,187	93%	2,725,908
Government Travel	5,375,847	6,266,984	4,040,368	(2,379,259)	7,928,092	7,573,994	96%	354,098
Subsidies & Donations	22,311,627	6,653,063	32,402,187	9,325,541	48,380,791	48,328,155	100%	52,636
Govt Operations	77,462,565	52,859,825	28,397,585	4,377,850	85,635,260	83,155,571	97%	2,479,409
Capital Expenditure	20,776,552	11,593,745	9,399,606	2,044,113	23,037,464	22,269,885	97%	767,579
Social Benefits	12,626,253	7,208,852	7,050,918	2,013,500	16,273,270	15,949,363	98%	323,908
Other	412,610	674,675	12,162	(26,478)	660,359	524,865	79%	135,494
Non-expense items	31,707,583	19,480,000	18,310,103	(10,118,371)	27,671,732	27,670,659	100%	1,073
Total	207,011,640	145,716,127	103,053,936	-	248,770,063	241,929,678	97%	6,840,104

Figure 4 illustrates the expenditure by quarter. Expenditure continued to accelerate as the financial year came to an end, especially for government operations, capital expenditure and personnel. \$73.9 million (31 per cent) of total annual expenditure was outlaid in the fourth quarter.

Figure 4 Expenditure by Quarter 2019-20



BUDGET REALLOCATIONS

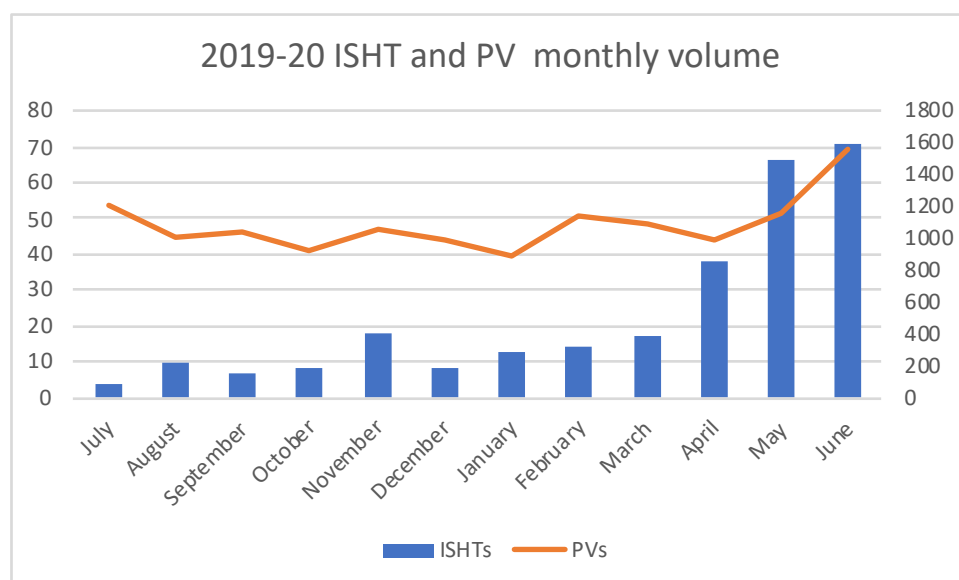
Through the year, Departments are able to re-allocate their budgets within their appropriation limit through Inter Sub-Head Transfers (ISHTs). ISHT reallocations accounted for 7 per cent of total budgeted expenditure in 2019-20. The average monthly volume of ISHTs and payment vouchers (PVs) processed by the Treasury on behalf of Government is shown in Figure 5.

Significant ISHTs were approved by Cabinet in the fourth quarter (\$8.2 million or 46 per cent of total transfers for the year) as departments sought to use underspends in personnel and government travel to fund increases in government operations, capital expenditure (especially purchase of plant and equipment such as motor vehicles, computers, and mobile phones), subsidies and social benefits.

Funds previously set aside to fund a public service pay rise were used to pay a Covid-19 ex gratia payment, to government employees, pensioners (social benefits) and SOE staff (subsidies).

The non-expense item ISHTs mainly reflected the use of the fiscal cash buffer to cover Covid-19 Taskforce related expenses and subsidies to SOEs (mainly Ronphos).

Figure 5 2019-20 ISHT and PV monthly volume



PERSONNEL COSTS

Expenditure on personnel finished the year under budget (Table 14), despite the use of ISHT's to re-allocate expenditure to other lines, and a Covid-19 ex gratia payment in June 2020.

Lower expenditure on personnel reflects high vacancies across the public service, as departments struggle to advertise and fill positions. The provision for a public service wage increases which did not eventuate was only partially utilised. Public service pay rises have been announced for 2020-21.

Provisions made for additional local salary in supplementary appropriations were essentially undone by ISHT reallocations, such that the final revised budget was within \$1.8 million (4.4 per cent) of the original budget.

Table 14 Personnel Expenditure Q4 2019-20

Description	2018-19 Preliminary Actual	2019-20 Approved Budget	2019-20 Supp Bills	2019-20 ISHT	2019-20 Revised Budget	2019-20 YTD Actual	2019-20 YTD Actual %	2019-20 Remaining Budget
	\$	\$	\$	\$	\$	\$	%	\$
2005 - Salaries & Allowances - (MP's)	996,228	1,157,941	594,765	(65,000)	1,687,706	1,450,712	86%	236,994
2010 - HE Salary & Allowances	100,032	105,034	-	0	105,034	105,033	100%	1
2015 - Salary - Local	20,410,691	23,792,628	2,530,105	(2,951,764)	23,370,969	21,829,372	93%	1,541,596
2020 - Salary Expatriate	8,669,984	9,421,330	286,472	(1,630,608)	8,077,194	7,827,156	97%	250,038
2025 - Allowances - Staff Contract	1,702,546	1,911,451	-	(403,845)	1,507,606	1,426,872	95%	80,734
2026 - Directors Fees	14,070	36,800	(2,300)	(1,650)	32,850	20,500	62%	12,350
2035 - Overtime - local	784,219	871,888	155,791	(1,942)	1,025,737	802,989	78%	222,748
2040 - Staff Training	845,341	1,396,279	(85,264)	(363,568)	947,447	894,995	94%	52,452
2045 - Recruitment	30,991	43,500	0	(20,004)	23,496	14,996	64%	8,500
2050 - Uniforms & Protective Clothing	280,057	215,125	40,440	132,952	388,516	369,931	95%	18,586
2072 - Meals and Drinks - Staff	88,126	194,090	(79,001)	68,534	183,623	176,340	96%	7,283
2651 - GON Contributions	2,416,316	1,832,916	-	0	1,832,916	1,538,289	84%	294,627
Total Personnel	36,338,601	40,978,982	3,441,008	(5,236,896)	39,183,095	36,457,187	93%	2,725,908

GOVERNMENT TRAVEL

Expenditure on Government Travel (Table 15) was significantly impacted by Covid-19 travel restrictions, with only 7 per cent of total travel expended in the fourth quarter. The unspent funding was reallocated to other priorities.

Table 15 Government Travel Expenditure Q4 2019-20

Description	2018-19 Preliminary Actual	2019-20 Approved Budget	2019-20 Supp Bills	2019-20 ISHT	2019-20 Revised Budget	2019-20 YTD Actual	2019-20 YTD Actual % of budget	2019-20 Remaining Budget
	\$	\$	\$	\$	\$	\$	%	\$
2070 - Travel - Staff	530,390	748,841	44,862	(239,382)	554,321	491,261	89%	63,059
2075 - Travel - Business	4,845,458	5,518,143	3,995,506	(2,139,877)	7,373,772	7,082,733	96%	291,039
Total Government Travel	5,375,847	6,266,984	4,040,368	(2,379,259)	7,928,092	7,573,994	96%	354,098

SUBSIDIES & DONATIONS

Expenditure on Subsidies & Donations (Table 16) was close to 100 per cent. This group was the beneficiary of ISHT allocations during the quarter, mainly from the fiscal cash buffer to subsidies to SOEs.

Table 16 Subsidies & Donations Expenditure Q4 2019-20

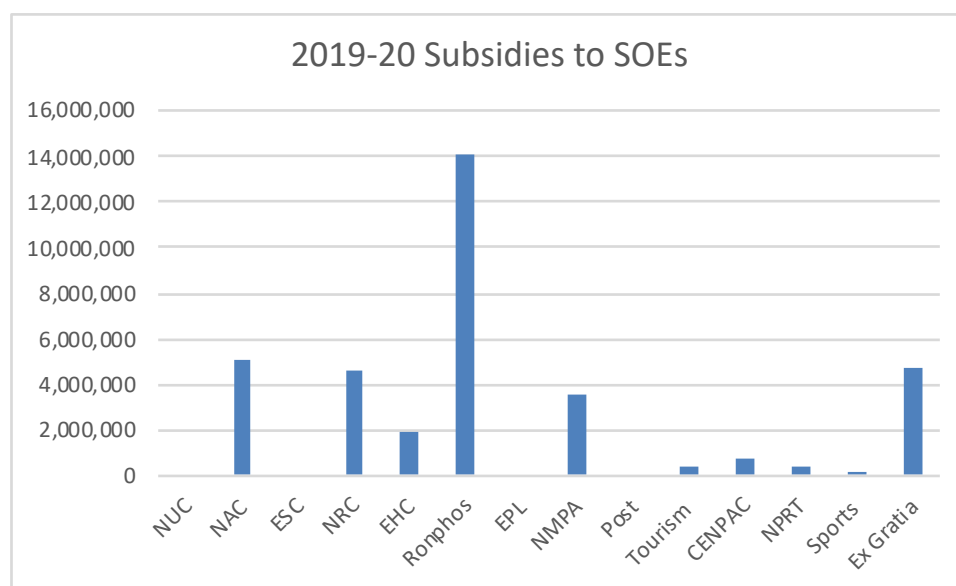
Description	2018-19 Preliminary Actual	2019-20 Approved Budget	2019-20 Supp Bills	2019-20 ISHT	2019-20 Revised Budget	2019-20 YTD Actual	2019-20 YTD Actual % of budget	2019-20 Remaining Budget
	\$	\$	\$	\$	\$	\$	%	\$
2376 - Equity Purchases	8,900,000	5,400,000	4,100,000	-	9,500,000	9,500,000	100%	-
2615 - Other Subsidies & Donations	2,167,456	-	-	2,470	2,470	2,469	100%	1
2616 - Subsidies to SOEs	10,653,834	242,000	26,789,768	8,875,259	35,907,027	35,905,795	100%	1,232
2617 - Donations - local	590,337	907,532	1,512,419	547,812	2,967,763	2,914,616	98%	53,148
2618 - Donations - overseas	-	103,531	-	(100,000)	3,531	5,276	149%	- 1,745
Total Subsidies & Donations	22,311,627	6,653,063	32,402,187	9,325,541	48,380,791	48,328,155	100%	52,636

Payments to SOEs during 2019-20 were significantly higher than originally planned in the budget. Figure 6 shows the allocation of these payments.

The main beneficiary was Ronphos, which was unable to meet its financial commitments through the year without Government support. Government payments to Ronphos included cash flow support and payment of outstanding arrears with other SOEs (mainly Nauru Utilities Corporation and Nauru Maritime and Port Authority), other suppliers as well as equipment purchases and land rental payments.

Ex gratia payments relate to supplementation from Government for payments to employees to ensure consistency with government employees for one-off payments, including 19 per cent ex gratia payment, windfall revenue dividend and Covid-19 ex gratia payment.

Figure 6 Expenditure on Subsidies to SOEs in 2019-20



CAPITAL EXPENDITURE

Overall capital expenditure was close to the final revised budget (Table 17). Final actual expenditure was 92 per cent more than what had been originally allocated to this category. This mainly reflected increases in plant and equipment purchases. Actual expenditure on plant and equipment for the year was nearly five times more than originally budgeted. The funds were mainly sourced from ISHTs from underspends in other lines.

More than half (57 per cent) of the total annual expenditure on plant and equipment was outlaid in the fourth quarter. As the financial year came to an end, underspends in other lines were reprioritised to purchase motor vehicles, computers, lap tops, mobile phones and furniture etc.

Actual expenditure on medical equipment was more than is shown, as an additional \$0.6 million worth of equipment was purchased through the Covid-19 Taskforce (classified in government operations), some of which was funded by donors. This included the purchase of an oxygen plant and testing equipment.

Table 17 Capital Expenditure Q4 2019-20

Description	2018-19 Preliminary Actual	2019-20 Approved Budget	2019-20 Supp Bills	2019-20 ISHT	2019-20 Revised Budget	2019-20 YTD Actual	2019-20 YTD Actual % of budget	2019-20 Remaining Budget
	\$	\$	\$	\$	\$	\$	%	\$
2480 - Medical Equipment	311,260	113,400	180,000	(6,000)	287,400	272,575	95%	14,825
2495 - Plant & Equipment Purchases	2,444,346	1,729,664	2,704,994	6,223,532	10,658,190	10,194,989	96%	463,201
2496 - Building and Structures	16,439,291	9,278,781	4,995,780	(3,499,209)	10,775,352	10,612,808	98%	162,544
2580 - Public Works	1,581,655	471,900	1,518,832	(674,210)	1,316,522	1,189,513	90%	127,010
Total Capital Expenditure	20,776,552	11,593,745	9,399,606	2,044,113	23,037,464	22,269,885	97%	767,579

SOCIAL BENEFITS

Expenditure on social benefits (Table 18) was boosted in the final quarter with the Covid-19 ex gratia payment funded through an ISHT from a previous provision for public service wages rises.

Total annual expenditure on this group was more than twice that originally budgeted.

Table 18 Social Benefits Q4 2019-20

Description	2018-19 Preliminary Actual	2019-20 Approved Budget	2019-20 Supp Bills	2019-20 ISHT	2019-20 Revised Budget	2019-20 YTD Actual	2019-20 YTD Actual % of budget	2019-20 Remaining Budget
	\$	\$	\$	\$	\$	\$	%	\$
2220 - Nauru Community Housing	6,784,128	2,050,000	5,600,000	(93,600)	7,556,400	7,556,343	100%	57
2390 - Social Welfare - Birth Claims	33,500	30,000	162,000	-	192,000	112,000	58%	80,000
2395 - Social Welfare - Death Claims	156,720	130,000	-	130,000	260,000	222,000	85%	38,000
2400 - Social Services - Aged Pensions	2,075,950	2,080,000	1,088,918	(49,500)	3,119,418	3,102,328	99%	17,090
2405 - Social Services - Super Contributors	84,632	130,000	-	-	130,000	93,843	72%	36,157
2410 - Social Services - Super Ex MP's	956,390	120,000	-	(120,000)	0	0	-	-
2420 - Social Services - Disability Payments	835,370	884,000	-	250,000	1,134,000	1,101,336	97%	32,664
2421 - Ex Gratia - Age and Disable	-	-	-	576,400	576,400	507,200	88%	69,200
2422 - Ex Gratia SoEs	-	-	-	1,027,200	1,027,200	986,800	96%	40,400
2440 - Scholarships - School & Trade	1,699,563	1,784,852	200,000	293,000	2,277,852	2,267,513	100%	10,340
Total Social Benefits	12,626,253	7,208,852	7,050,918	2,013,500	16,273,270	15,949,363	98%	323,908

OTHER

Expenditure in this category is in line with expectations (Table 19). Bank charges relate to telegraphic transfer and account keeping fees paid through the year.

Table 19 Other Q4 2019-20

Description	2018-19 Preliminary Actual	2019-20 Approved Budget	2019-20 Supp Bills	2019-20 ISHT	2019-20 Revised Budget	2019-20 YTD Actual	2019-20 YTD Actual % of budget	2019-20 Remaining Budget
	\$	\$	\$	\$	\$	\$	%	\$
2565 - Insurance	386,269	576,127	12,162	(36,478)	551,812	471,425	85%	80,386
2570 - Bank Charges	26,342	38,873	-	20,000	58,873	46,568	79%	12,305
2690 - Foreign exchange gains/losses	-	59,674	-	(10,000)	49,674	6,872	14%	42,803
Total Other	412,610	674,675	12,162	(26,478)	660,359	524,865	79%	135,494

NON-EXPENSE ITEMS

Items in this category were fully expended (Table 19). Additional payments to Bank of Nauru bank book holders were funded through ISHTs from underspending lines. The Trust Fund expenditure included a \$6.7 million pre-payment on the 2020-21 contribution. ISHT's from the fiscal cash buffer supported Government to address urgent and unforeseen expenditure, mainly related to subsidies to SOEs (Ronphos cash flow). The Exim loan and loan expenditure account were both funded to Ronphos.

Table 20 Non-expense Items Q4 2019-20

Description	2018-19 Preliminary Actual	2019-20 Approved Budget	2019-20 Supp Bills	2019-20 ISHT	2019-20 Revised Budget	2019-20 YTD Actual	2019-20 YTD Actual % of budget	2019-20 Remaining Budget
	\$	\$	\$	\$	\$	\$	%	\$
2545 - Debt Repayments - Other	3,447,260	-	-	-	-	-	-	-
2650 - Trust Fund	14,572,309	15,940,000	7,981,732	-	23,921,732	23,921,732	100%	-
2652 - Fiscal Cash Buffer	5,330,000	2,540,000	9,328,371	(11,868,371)	-	-	-	-
2680 - BON Liquidation- Payment	824,859	1,000,000	1,000,000	1,050,000	3,050,000	3,048,927	100%	1,073
2801 - Exim Loan Equipment Expenditure	7,033,155	-	-	-	-	-	-	-
2802 - Loan Expenditure Account	500,000	-	-	700,000	700,000	700,000	100%	-
Total Non-expense items	31,707,583	19,480,000	18,310,103	(10,118,371)	27,671,732	27,670,659	100%	1,073

GOVERNMENT OPERATIONS

Overall, expenditure on government operations was consistent with expectations (Table 21).

ISHT's were used to reallocate funds between categories, the most significant being the allocation to the Contingency Fund, to support the Government's immediate response to the Coronavirus pandemic. More detail is in Table 22.

Expenditure on membership fees and subscriptions reflected payments to address outstanding membership arrears for the International Civil Aviation Organisation (ICAO) and Association of the Caribbean and Pacific (ACP). These dated back many years.

R&M buildings was significantly higher than budgeted, supplemented by ISHTs. However most health related expenditures, other than overseas medical referrals, were underspent, despite ISHT reallocations.

Total annual actual expenditure on Salaries - other contracts was more than double the original budget. This in part reflected the extension in RPC arrangements and Government decisions to expand security contracts to expatriate houses and government buildings.

Table 21 Government Operations Q4 2019-20

Description	2018-19 Preliminary Actual	2019-20 Approved Budget	2019-20 Supp Bills	2019-20 ISHT	2019-20 Revised Budget	2019-20 YTD Actual	2019-20 YTD Actual % of budget	2019-20 Remaining Budget
	\$	\$	\$	\$	\$	\$	%	\$
2030 - Salaries - Other Contracts	27,372,493	12,631,556	17,080,535	683,438	30,395,529	30,246,403	100%	149,126
2055 - Consultants fees	5,708,896	1,597,016	689,875	(525,459)	1,761,432	1,688,770	96%	72,661
2060 - Legal Fees - External	143,552	550,000	600,000	(601,182)	548,818	548,818	100%	
2100 - Entertainment	766,463	581,909	8,540	247,756	838,205	763,705	91%	74,500
2105 - Official Celebrations	358,957	632,382	675,000	(175,792)	1,131,591	1,120,437	99%	11,154
2110 - Protocol	85,284	106,500	57,160	(47,400)	116,260	99,493	86%	16,767
2130 - Printing & Stationery	640,086	474,811	15,563	231,367	721,740	616,512	85%	105,228
2132 - TVET Supplies	525,222	250,000	-	-	250,000	236,003	94%	13,997
2135 - Stores	427,481	379,162	23,265	111,116	513,543	448,748	87%	64,795
2155 - House Rental	4,802,028	5,077,138	149,469	(138,800)	5,087,807	4,984,478	98%	103,329
2160 - Land Rental	7,550,058	4,980,932	3,485,651	264,198	8,730,781	8,630,582	99%	100,199
2165 - Office Rental	418,781	584,741	153,980	(40,594)	698,127	638,971	92%	59,156
2185 - R&M - Buildings	1,545,772	743,339	222,695	1,296,368	2,262,402	2,130,580	94%	131,822
2190 - R&M - Office Equipment	70,942	115,716	1,583	123,912	241,212	217,597	90%	23,615
2191 - R&M Medical Equipment	82,841	120,000	115,966	(69,000)	166,966	166,553	100%	413
2195 - R&M - Office Premises	55,543	12,900	30,760	50,396	94,056	84,569	90%	9,487
2200 - R&M - Motor Vehicles	300,607	397,866	(3,000)	174,258	569,124	545,175	96%	23,949
2205 - R&M - Plant	182,925	870,521	1,441,763	(356,986)	1,955,298	1,898,475	97%	56,823
2210 - R&M - Aerodrome	118,581	60,000	48,300	5,000	113,300	101,039	89%	12,261
2225 - Agricultural Supplies	13,745	26,000	-	(2,320)	23,680	22,207	94%	1,473
2230 - Publicity and Awareness	-	-	-	8,222	8,222	7,544	92%	679
2255 - Warehouse Procurement	85,205	150,000	(150,000)	0	0	0	-	-
2275 - Purchase of Petrol	583,767	590,260	15,000	(79,776)	525,484	489,142	93%	36,342
2280 - Purchase of Diesel	922,193	949,135	-	(200,000)	749,135	713,034	95%	36,101
2290 - Purchase of Fuel - Other	1,703	10,793	-	0	10,793	4,224	39%	6,569
2315 - Utilities	3,686,165	4,817,655	(54,155)	(687,501)	4,075,999	3,942,280	97%	133,719
2330 - Telephone / Internet	2,246,620	2,185,855	1,162,290	(1,105,405)	2,242,740	2,210,201	99%	32,539
2350 - Freight	1,957,647	2,000,000	-	(400,000)	1,600,000	1,387,380	87%	212,620
2372 - Nauru Radio Supplies	11,687	9,500	-	(2,500)	7,000	7,000	100%	-
2373 - Media TV Supplies	23,700	9,200	-	22,990	32,190	32,190	100%	-
2375 - ICT Supplies	60,927	60,300	30,600	(9,600)	81,300	80,581	99%	719

Table 21 Government Operations Q4 2019-20 continued

Description	2018-19 Preliminary Actual	2019-20 Approved Budget	2019-20 Supp Bills	2019-20 ISHT	2019-20 Revised Budget	2019-20 YTD Actual	2019-20 YTD Actual % of budget	2019-20 Remaining Budget
	\$	\$	\$	\$	\$	\$	%	\$
2460 - Medical Expenses	11,846	17,939	23,529	15,000	56,468	46,717	83%	9,751
2461 - Primary Health Care Services	52,599	52,731	-	(25,000)	27,731	13,402	48%	14,329
2462 - NCD Control & Health Promotion	-	10,000	-	(3,200)	6,800	3,717	55%	3,083
2463 - Environmental Health and Food safety	70,085	50,000	-	(20,930)	29,070	27,561	95%	1,509
2464 - Management Monitoring & Evaluation	2,772	20,000	-	(4,400)	15,600	15,530	100%	71
2467 - Drugs and Medicines	800,000	750,000	-	55,000	805,000	772,796	96%	32,204
2468 - Dental Supplies	69,417	80,000	-	(25,000)	55,000	46,778	85%	8,222
2469 - Dialysis Supplies	120,884	350,000	-	(100,000)	250,000	248,706	99%	1,294
2471 - Medical Consumable	699,050	700,000	-	80,000	780,000	668,812	86%	111,188
2472 - Laboratory supplies	399,283	348,000	-	20,000	368,000	366,132	99%	1,868
2473 - Radiology Supplies	19,996	20,000	-	-	20,000	9,320	47%	10,680
2474 - Clinical Education Supplies	19,266	20,000	-	-	20,000	16,911	85%	3,089
2475 - Overseas Medical Treatment	5,030,374	3,000,000	2,029,654	778,009	5,807,663	5,755,961	99%	51,702
2575 - Local Transport	954,089	1,344,921	34,316	273,340	1,652,577	1,601,877	97%	50,700
2585 - Rations	2,557,796	2,933,800	-	115,800	3,049,600	2,949,429	97%	100,171
2590 - Correctional Services Supplies	6,823	10,000	-	-	10,000	7,473	75%	2,527
2600 - Postage	3,515	19,619	7,000	(4,500)	22,119	8,771	40%	13,348
2605 - Library/Periodicals	-	2,000	-	(2,000)	0	0	-	-
2610 - Survey Supplies	1,215	1,500	-	3,294	4,794	2,838	59%	1,956
2620 - Lease & Charter Payments	55,689	66,686	23,328	0	90,014	89,674	100%	340
2625 - Family Court Expenses	3,000	6,000	-	(2,400)	3,600	3,400	94%	200
2630 - Safe House	133,153	111,660	85,000	(42,300)	154,360	152,361	99%	2,000
2061 - Incorporation fees	2,575	-	-	-	-	-	-	-
2370 - Membership Fees & Subscriptions	700,467	1,149,691	317,769	1,597,961	3,065,420	2,766,729	90%	298,691
2560 - Educational Expenses - Special	30,112	109,950	76,150	(36,000)	150,100	167,111	111%	-
2700 - Deportee Removal	12,008	10,140	-	(9,780)	360	360	100%	-
2705 - NEAT Scheme	137,495	200,000	-	(65,500)	134,500	133,420	99%	1,080
2999 - Contingency fund	-	500,000	-	3,003,751	3,503,751	3,217,092	92%	286,660
2695 - 50th Anniversary Independence	4,819,189	-	-	-	-	-	-	-
Total Government Operations	77,462,565	52,859,825	28,397,585	4,377,850	85,635,260	83,155,571	97%	2,479,690

COVID-19 RELATED EXPENDITURE

In March 2020, the Government established a Covid-19 Taskforce to coordinate its health (medical equipment and supplies), quarantine and other support requirements for the pandemic. The Government also provided cash flow support to Nauru Airlines and a stimulus payment to government employees. The Government's support is illustrated in Figure 7 and detailed in Table 22.

In total, \$13.4 million was spent on Covid-related activity in 2019-20, equivalent to 8 per cent of GDP. Expenditure was met through a mix of the Contingency Fund, a re-prioritisation of funding through ISHTs (the fiscal cash buffer), provisions for wage rises, and donor contributions.

Figure 7 Covid-19 related expenditure 2019-20

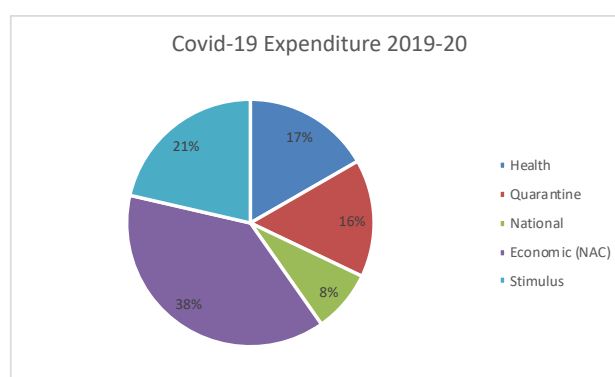


Table 22 Covid-19 related expenditure 2019-20

COVID 19 Statement of Budget and Utilization Report as of 30 June 2020		
<u>In Summary</u>		
Direct Taskforce Cost	YTD Actual 2019-20	% of Costs
Health	2,232,020.35	41%
Quarantine	2,060,118.82	38%
National	1,093,298.58	20%
Subtotal	5,385,437.75	100%
<u>Detailed</u>		
Direct Taskforce Costs		% of Direct Costs
Health		
<i>Screening</i>		
Medical Equipment	638,380.00	12%
Test Kits and Consumables	298,631.20	6%
<i>Clinical</i>		
PPEs	718,436.03	13%
Supplies	118,773.00	2%
<i>Building Works</i>		
Various works at RON Hospital	457,800.12	9%
Subtotal Health	2,232,020.35	41%
Quarantine		
Accommodation	1,167,390.46	22%
Security	390,495.70	7%
Housekeeping	35,995.83	1%
Catering	160,486.00	3%
Supplies	2,413.00	0%
ESC Managed Services	15,589.10	0%
Building Works	287,748.73	5%
Subtotal Quarantine	2,060,118.82	38%
National		
Taskforce	80,559.46	1%
Freight Subsidy	618,556.89	11%
Repatriation	394,182.23	7%
Subtotal National	1,093,298.58	20%
Total Direct Costs (Taskforce)	5,385,437.75	100%
Economic - Nauru Airlines	5,130,000.00	
Stimulus - Covid-19 ex gratia	2,862,607.99	
Total	13,378,045.74	
Funding		
Treasury Fund		
Finance (Head 16-2999)	3,383,101.76	
Health Building & Structure (Head 61-2496)	375,089.47	
Finance (Head 16-2616)	5,130,000.00	
Chief Secretary (03-2015)	2,862,607.99	
Sub total Treasury Fund (Nauru)	11,750,799.22	88%
Donor Funds		
ADB Asia Pac. Disaster Relief Fund	504,420.24	
MFAT (NZ)	485,272.89	
Japan	32,830.50	
Taiwan	120,707.19	
DFAT (Australia)	484,015.70	
Sub total Donor Funds	1,627,246.52	12%

EXPENDITURE BY DEPARTMENT

Table 23 shows actual expenditure for the year to date by department head. Most departments came in within 15 per cent of budget. Notable exceptions include Audit, TVET and some DFAT posts. Land management was over budget, reflecting in part its very small budget and issues with payroll funds control.

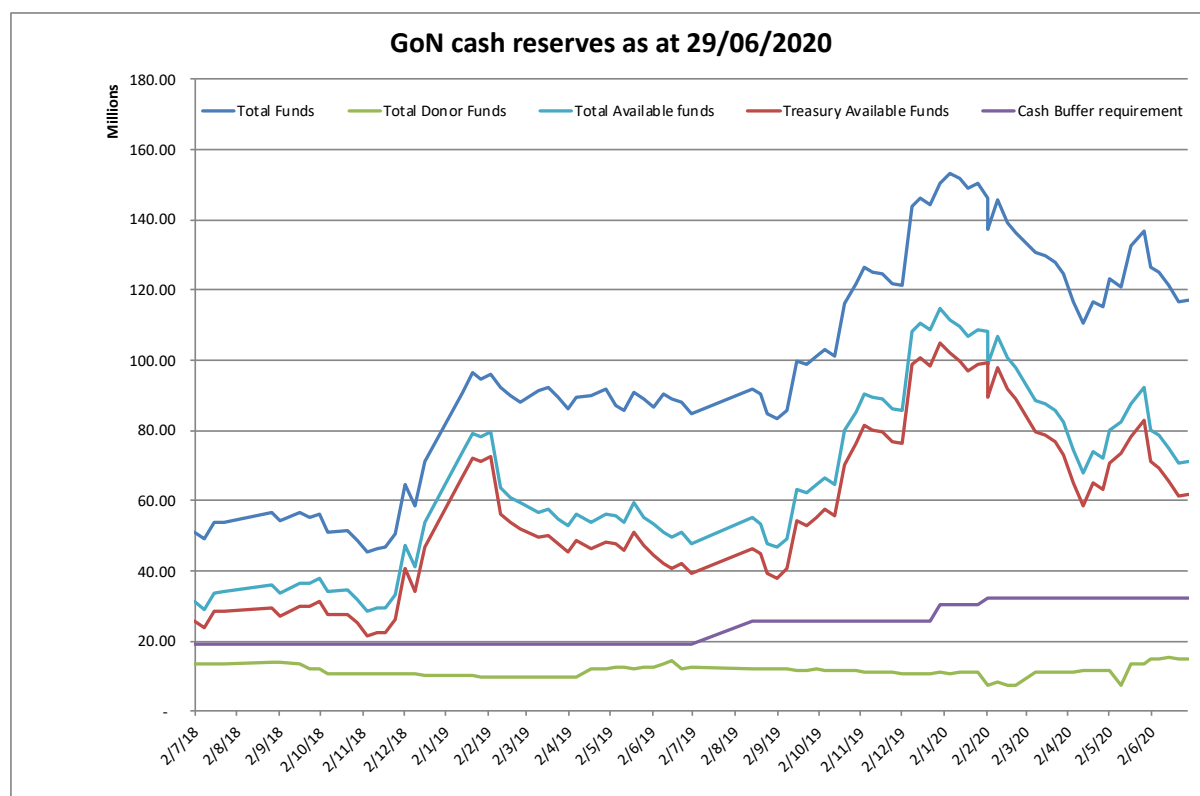
Table 23 Expenditure by Department Q4 2019-20

Description	2018-19 Preliminary Actual	2019-20 Approved Budget	2019 Supp Bills & ISHT	2019-20 Revised Budget	2019-20 YTD Actual	2019-20 YTD Actual % of budget	2019-20 Remaining Budget
	\$	\$	\$	\$	\$	%	\$
01 - Presidency and State House (includi	1,349,754	1,774,150	1,620,433	3,394,583	3,385,747	100%	8,837
02 - Ministerial	14,239,620	5,908,405	8,058,432	13,966,837	13,922,534	100%	44,303
03 - Chief Secretariat	16,402,882	18,444,787	2,081,477	20,526,264	19,472,445	95%	1,053,819
05 - Audit	313,786	354,518	40,650	395,168	302,870	77%	92,298
06 - Parliament	1,508,122	1,467,979	782,411	2,250,390	1,899,263	84%	351,127
07 - GON WareHouse	256,198	367,544	(367,544)	(0)	0	-	(0)
08 - National Emergency Services	1,459,993	1,495,347	32,628	1,527,975	1,455,515	95%	72,460
09 - Electoral Commission	443,160	456,354	37,173	493,527	448,417	91%	45,110
11 - Finance Secretariat	1,787,318	1,915,778	431,933	2,347,711	2,070,651	88%	277,060
12 - Finance -Public Debt	10,480,415	-	-	-	-	-	-
13 - Bureau of Statistics	87,592	115,413	24,031	139,444	118,555	85%	20,889
15 - Nauru Revenue Office	391,556	513,709	0	513,709	430,620	84%	83,089
16 - Finance - Other Payments	64,092,090	39,808,697	56,771,569	96,580,266	95,328,284	99%	1,251,982
17 - Nauru Customs Office (NCO)	370,893	367,638	167,461	535,099	518,422	97%	16,677
18 - Nauru Regional Processing Centre (R	5,345,677	1,168,563	552,278	1,720,841	1,690,997	98%	29,844
21 - CIE	641,973	750,805	517,467	1,268,272	1,231,381	97%	36,891
31 - Fisheries	2,151,271	2,475,930	1,014,577	3,490,507	3,120,893	89%	369,614
41 - Police	2,478,850	2,791,358	46,643	2,838,001	2,840,212	100%	(2,211)
42 - Department of Multicultural Affairs	26,652,705	6,401,728	20,824,693	27,226,421	27,149,005	100%	77,415
43 - Justice - Secretariat	2,683,345	2,999,056	859,810	3,858,866	3,629,397	94%	229,469
44 - Judiciary	1,777,607	1,866,055	22,001	1,888,056	1,884,124	100%	3,932
45 - Border Control	892,644	1,000,417	0	1,000,417	904,972	90%	95,444
46 - Correctional Services	830,260	730,860	0	730,860	709,606	97%	21,254
50 - Directorate of TVET	1,052,532	860,333	18,353	878,686	675,302	77%	203,384
51 - Education	8,954,461	10,076,813	389,002	10,465,815	10,293,495	98%	172,320
52 - Youth Affairs	131,892	174,467	0	174,467	171,357	98%	3,110
61 - Health	14,908,435	13,392,819	3,614,199	17,007,018	16,441,255	97%	565,763
62 - Sports	885,884	980,886	816,128	1,797,014	1,796,130	100%	884
63 - Department of Infrastructure Devel	2,431,210	422,306	2,641,556	3,063,862	2,928,519	96%	135,342
71 - Foreign Affairs - Secretariat	933,320	1,215,031	521,245	1,736,276	1,498,572	86%	237,704
72 - Foreign Affairs - Brisbane	893,479	1,078,947	204,369	1,283,316	1,111,158	87%	172,158
73 - Foreign Affairs - Suva	521,050	761,821	57,895	819,716	718,697	88%	101,019
74 - Foreign Affairs - New York	2,087,659	2,466,884	443,974	2,910,858	2,846,868	98%	63,991
75 - Foreign Affairs - Taiwan	466,242	515,694	20,542	536,236	477,347	89%	58,889
76 - Foreign Affairs - Geneva	56,080	513,631	284,700	798,331	648,701	81%	149,630
77 - High Commission India	-	274,950	0	274,950	0	0%	274,950
78 - High Commission Canberra	-	0	436,486	436,486	130,244	30%	306,242
81 - Home Affairs	3,676,167	3,763,305	420,000	4,183,305	4,153,401	99%	29,904
82 - Women's Affairs	256,929	319,017	0	319,017	312,138	98%	6,879
83 - Media Bureau	420,839	438,629	136,222	574,851	568,804	99%	6,047
84 - Lands & Survey	5,345,076	5,513,839	443,800	5,957,639	5,929,856	100%	27,783
85 - Lands Committee	226,297	214,912	0	214,912	209,603	98%	5,309
86 - Department of Land Management	78,476	85,752	0	85,752	94,076	110%	(8,324)
91 - Department of Transport	2,391,816	2,275,910	775,775	3,051,685	2,959,407	97%	92,278
93 - Maritime Transport	2,140,953	3,356,502	(2,980,518)	375,984	346,486	92%	29,498
95 - ICT	2,405,035	3,750,566	1,260,896	5,011,462	4,986,841	100%	24,621
97 - Telecom	109,974	88,024	31,190	119,214	117,513	99%	1,701
99 - Balance Sheet	120	-	-	-	-	-	-
Total	207,011,640	145,716,127	103,053,936	248,770,063	241,929,678	97%	6,840,385

CASH POSITION

The Government continues to maintain a healthy cash position as illustrated in Figure 8. At the end of the quarter total funds were \$117.3 million. The cash buffer requirement of two months of non-RPC expenditure was adjusted after Supplementary Appropriation No 5 2019-20 to \$32.3 million. Total funds were significantly in excess of the recommended fiscal cash buffer, with \$29.3 million quarantined in separate cash buffer accounts.

Figure 7 GoN Cash reserves Q4 2019-20



Total Funds includes all accounts available to Government, including donor and project funds.

Total Available Funds comprises Total Funds, less term deposits, donor funds and those quarantined for a specific purpose, such as unclaimed land rental.

Treasury Available Funds comprises at call funds where Government has full discretion over use. It comprises Total Funds, less term deposits, donor, SOE and project funds (including quarantined funds).