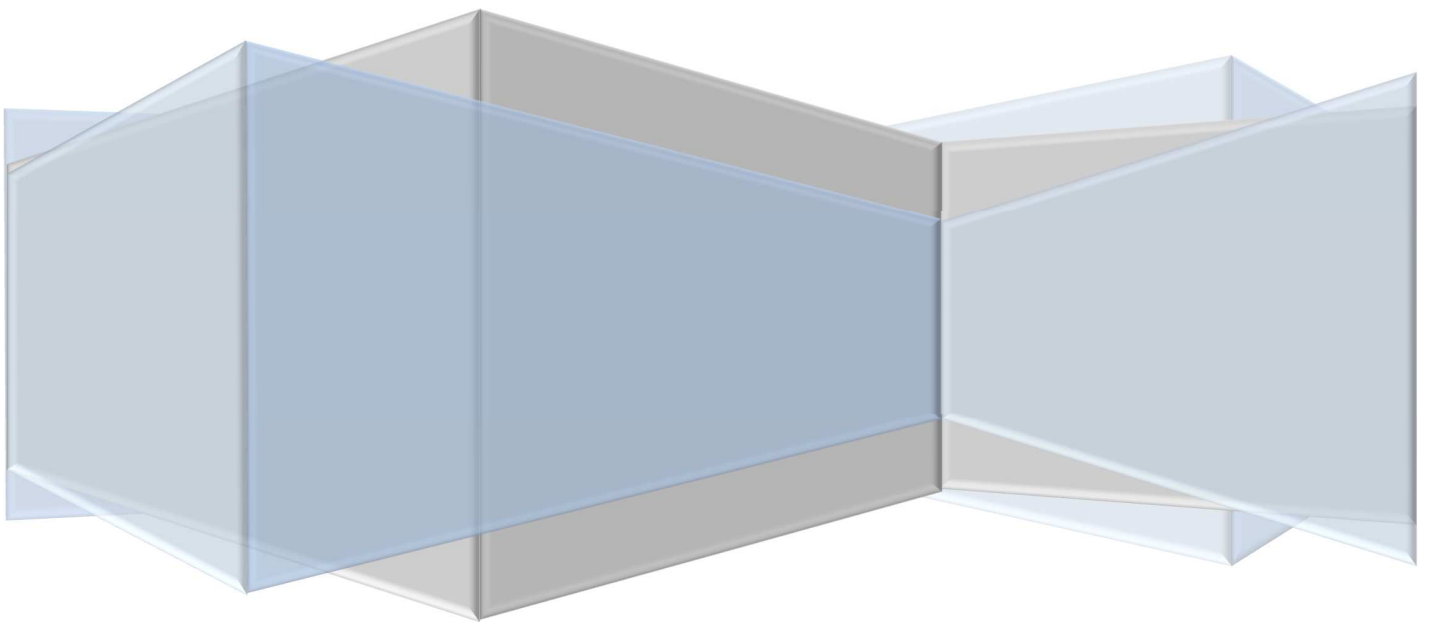


**Ministry of Finance - Treasury**



**Government of Nauru**  
**Quarterly Budget Performance Report**  
**Quarter 4 Year End, FY 17-18**  
**Release Date: 1<sup>st</sup> August 2018**



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## Overview

This is the fourth quarter and year-end budget utilization report aims to provide a preliminary out-turn of the 2017-18 budget. The 2017-18 preliminary budget outturn covers the full twelve months of the 2017-18 Government of Nauru financial year, commencing July 1st, 2017 and ending June 30th, 2018. It is based on all available information to Treasury from the Government's accounts and departmental sources.

In the fourth quarter a further two Supplementary Appropriations were passed by Parliament. Supplementary Appropriation No.4 was passed by Parliament on the 4<sup>th</sup> of May. Supplementary Appropriation No.5 was passed on the 5<sup>th</sup> of June.

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

As reported in the mid-year budget review, based on actual revenue receipts the projected reduction in the Nauruan economy during the financial year is not evident. Most customs revenues are above revised estimates and revenues from visa fees associated with refugee resettlement on the island was significantly above revised budget estimates. No GDP figures are available yet for the year to verify these observations.

No domestic inflation figures have been produced since July 2017 therefore it is not possible to comment on the assumed rate of 2% in the original estimates.

### Total Original Budget Estimates

The Republic of Nauru 2017-2018 Appropriation Bill provides for revenue totaling approx. \$129.70 mil and expenditure of \$129.64 mil, hence a small surplus of \$63k.

### Supplementary

Supplementary No.4 recognised a further \$11.8 mil in revenue from business profit tax returns and reimbursable costs from the Australian Government and business visas. It funded an \$11.7 mil increase in a range of Government outlays in health, infrastructure, community housing, debt and the building of the cash buffer. Supplementary No.5 recognised a further \$0.5 mil in revenue and a reallocation of expenditure. Therefore, for the year there were a total of five (5) Supplementary Appropriations passed by Parliament that collectively increased revenues by \$37.9 mil, bringing total revised budget revenue to \$167.6 mil. This revised budget estimate was exceeded by \$3.9 mil resulting in actual collections for the year of \$171.5 mil.

Expenditure was also increased collectively by the passage of the five Supplementary Appropriations by \$37.9 mil to a revised budget total of \$167.5 mil. Actual expenditure for the year was recorded as \$158.6 mil (\$9.0 mil below the revised budget estimate). Overall actual revenue exceeded expenditures resulting in a preliminary budget surplus of \$12.9 mil.

## Total Budget Aggregates

The total budget aggregates for the year are shown in Table 1.

Table 1 Aggregate results 2017-18

|                    | Approved Budget | Supplimentary Budget | Revised Budget | Actual YTD        | Total Commitment | Variance          | Var % |
|--------------------|-----------------|----------------------|----------------|-------------------|------------------|-------------------|-------|
| <b>Revenue</b>     | 129,703,646     | 37,904,551           | 167,608,197    | 171,510,845       | 0                | 3,902,648         | 2%    |
| <b>Expenditure</b> | 129,640,377     | 37,905,749           | 167,546,126    | 158,581,240       | (332)            | (8,964,887)       | -5%   |
| <b>Outturn</b>     | <b>63,269</b>   | <b>(1,198)</b>       | <b>62,071</b>  | <b>12,929,605</b> | <b>332</b>       | <b>12,867,535</b> |       |

In aggregate actual revenue collections were 2% over the revised budget estimates whilst expenditure was 5% below the revised appropriations.

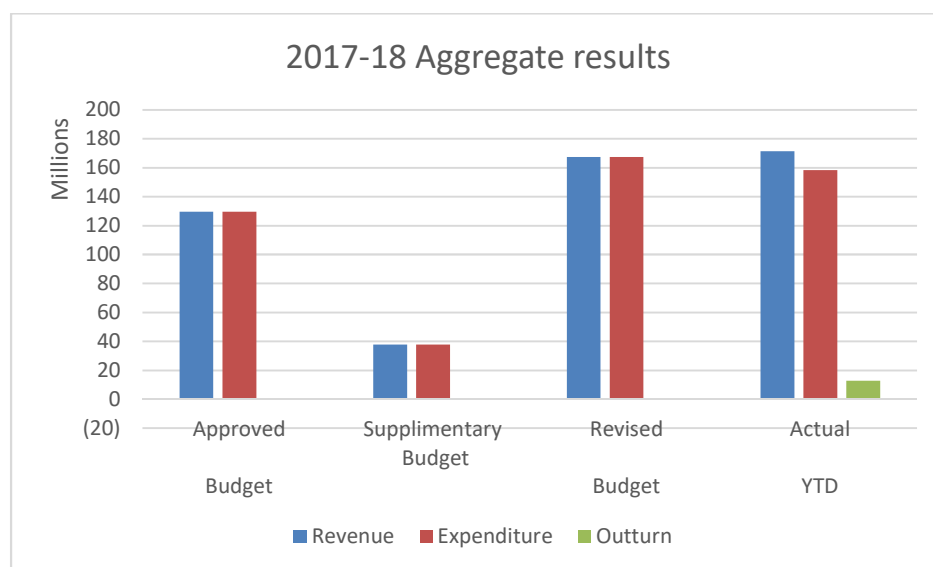


Figure 1 Aggregate budget results 2017-18

## Operating Revenue Analysis

Budgeted revenue increased significantly from the original estimates and was updated with the passage of the five Supplementary Appropriations during the year. The revised total budgeted revenue estimates (\$167.6 mil) were exceeded by 2% and \$171.5 mil was collected. This is slightly lower than forecast.

Revenues from Fishing licensing, Customs duties and Visa fees were close to the original budget estimates. The major increases in revenue were from tax collections and non-tax revenues. Tax had the budget revised upwards from \$6.2 mil to \$28.4 mil due to higher than expected levels of expatriate employment and company business profit tax returns. Increased non-tax revenues grew from \$7.0 mil in the original budget to \$21.0 mil due to management fees collections associated with service providers to the RPC. Actual collections of tax revenue (\$29.4 mil) and non-tax revenue (\$22.4 mil) were slightly above the revised budget targets.

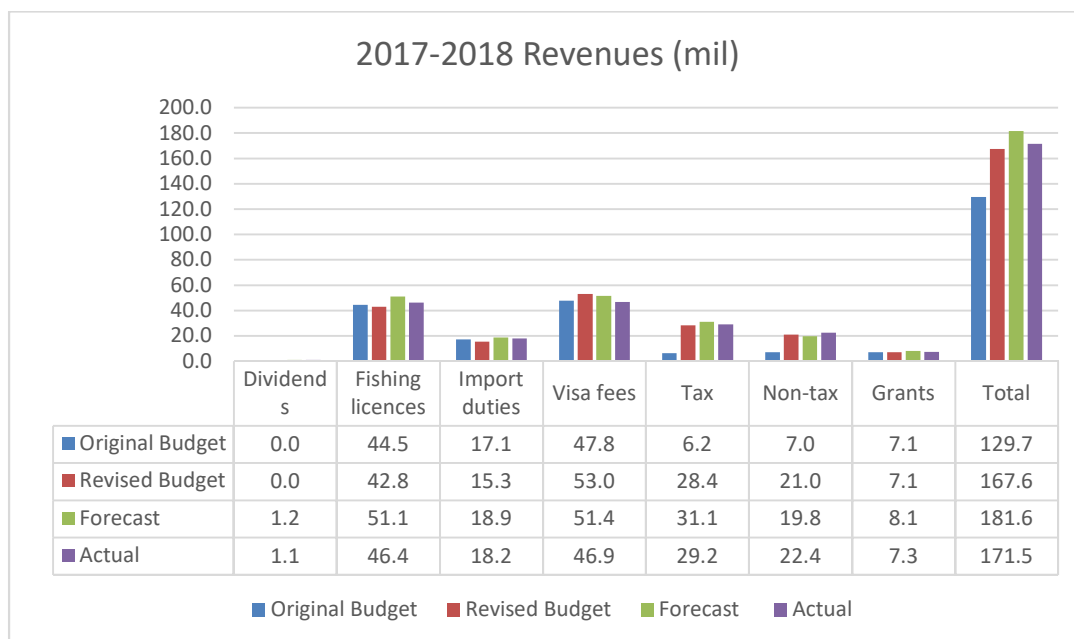


Figure 2 Operating Revenues

The Government is required under the MOU to allocate a minimum of 10.25% of the previous years non-RPC pass-through revenues as its following year contribution to the Nauru Trust Fund. This calculation is provided in Table 2.

Table 2 Non-RPC revenue

|   |                           |
|---|---------------------------|
| <b>Revenue</b>                            | <b>Actual</b>             |
|   | 171,510,845               |
| <b>Less Pass-Through Revenue (Actual)</b> |                           |
| <b>RPC Security Payments 16-1475</b>      | (14,211,681)              |
| <b>MCA Operations 42-1577</b>             | (2,697,399)               |
| <b>MCA Reimbursable costs 42-1578</b>     | (5,370,392)               |
|   | <u>(22,279,471)</u>       |
|   |                           |
| <b>Government Revenue for NTF 2017-18</b> | <b><u>149,231,374</u></b> |
| <b>Trust Fund contribution 2018-19</b>    | <b>15,072,369</b>         |

### Visa Fees

This area collects most direct revenue to Government from the operation of the RPC on the island. As reported at the mid-year visa fee revenues for refugees resettled in the community continued to perform better than budget expectations. At the end of the year revenues from this source were 37% more than expectations. Expected Miscellaneous revenue from the reimbursement of providing security to the RPC sites was below budgeted amounts. Similarly, DJBC operational costs and reimbursable cost returns were also significantly below budget expectations. Overall collections were only 89% of the revised budget estimates.

Table 3 Visa Revenues

| Description                         | Original Budget     | Revised Budget      | Actual              | %    |
|-------------------------------------|---------------------|---------------------|---------------------|------|
| 1330 - Visa Check up                | (20,000)            | (20,000)            | (14,674)            | 73%  |
| 1335 - Visa Fees - RPC              | (1,680,000)         | (1,680,000)         | (1,101,000)         | 66%  |
| 1475 - Miscellaneous Revenue        | (19,868,498)        | (22,868,498)        | (14,719,709)        | 64%  |
| 1575 - Visa Fees (Other Business)   | (2,600,000)         | (3,684,910)         | (3,644,990)         | 99%  |
| 1577 - DJBC - Operations            | (4,060,000)         | (4,060,000)         | (2,218,762)         | 55%  |
| 1578 - DJBC - Reimbursable Costs    | (4,530,000)         | (5,642,773)         | (4,685,634)         | 83%  |
| 1580 - Visa Fees - RPC Resettlement | (15,000,000)        | (15,000,000)        | (20,556,000)        | 137% |
|                                     | <u>(47,758,498)</u> | <u>(52,956,181)</u> | <u>(46,940,769)</u> | 89%  |

### Fishing Revenues

The selling of Purse-Seine fishing days continues to be the main source of fisheries revenues and it performed better than expected in the revised estimates returning 9% more than budgeted. Revenues from the licensing of boats was significantly (41%) below budgeted amounts. Overall fisheries were 8% ahead of revised budget estimates.

Table 4 Fishing revenues

| Description                               | Original Budget     | Revised Budget      | Actual              | %           |
|---|---------------------|---------------------|---------------------|-------------|
| 1055 - Support Vessel Charges             | (126,056)           | (126,056)           | (185,546)           | 147%        |
| 1071 - Purse Seine Revenue - Licensing    | (917,688)           | (917,688)           | (536,980)           | 59%         |
| 1072 - Purse Seine Revenue - Fishing Days | (43,431,032)        | (41,776,051)        | (45,640,517)        | 109%        |
|   | <u>(44,474,776)</u> | <u>(42,819,795)</u> | <u>(46,363,043)</u> | <u>108%</u> |

### Taxation revenue

As reported in the mid-year the first full year of Business profit tax returns have required several updates increasing the final budget estimate to \$18.5 mil. This revised figure was exceeded by about 1%. Similarly, the returns from the Employment/Withholding tax were considerably higher than the original estimates. This was due to higher than expected numbers of expatriate employees being retained in the changeover in the RPC contract.

Table 5 Taxation revenue

| Description                                    | Original Budget    | Revised Budget      | Actual              | %    |
|--|--------------------|---------------------|---------------------|------|
| 1590 - Employment/Non-resident Withholding Tax | (3,900,000)        | (8,260,000)         | (8,657,054)         | 105% |
| 1591 - Business Profit Tax                     | (800,000)          | (18,527,464)        | (18,662,944)        | 101% |
| 1190 - Telecom Tax                             | (1,512,000)        | (1,652,000)         | (1,865,505)         | 113% |
|  | <u>(6,212,000)</u> | <u>(28,439,464)</u> | <u>(29,185,503)</u> | 103% |

### Non-tax

The major increase in non-tax-revenue has arisen from the inclusion of the NRPC Service fee (1495) associated with the operation of *Canstruct*. The estimate included on the revised budget for this item was \$14.0 mil for the year and \$15.6 mil was collected (12% increase). The increase is attributed to the timing of the payments in which a 2018-19 payment was made in June.

DCA revenues associated with navigation and landing fees have met or exceeded budgeted revenue. However, revenues, collected by the airline, associated with departure taxes and passenger levies are well below budget. Port fees were also about half of the expected returns.

Court fees and fines (1490) also show a large increase due to fines being imposed for illegal fishing being recorded against this item.

*Table 6 Non-tax revenues*

| Description                          | Original Budget | Revised Budget | Actual       | %     |
|--------------------------------------|-----------------|----------------|--------------|-------|
| 1121 - Curator fees                  | 0               | 0              | (142,940)    |       |
| 1215 - License Drivers etc.          | (50,000)        | (50,000)       | (104,851)    | 210%  |
| 1220 - Corporation Fees and Licenses | 0               | 0              | (38,273)     |       |
| 1225 - Licenses-Trading              | (170,000)       | (170,000)      | (232,952)    | 137%  |
| 1230 - Liquor Licensing Board        | (30,000)        | (30,000)       | (30,992)     | 103%  |
| 1235 - Gaming / Bingo Licenses       | (300,000)       | (300,000)      | (383,616)    | 128%  |
| 1260 - Birth Certificate             | (10,000)        | (10,000)       | (21,950)     | 220%  |
| 1265 - Death Certificate             | (350)           | (350)          | (530)        | 151%  |
| 1270 - Marriage Certificate          | (2,000)         | (2,000)        | (2,390)      | 120%  |
| 1300 - Registration Fees-Motor Cars  | (308,000)       | (308,000)      | (83,725)     | 27%   |
| 1305 - Registration Fees-Motorcycles | (72,000)        | (72,000)       | (10,965)     | 15%   |
| 1310 - Vehicle/Insurance Fees        | 0               | 0              | (181,335)    |       |
| 1325 - Passport Fees and Photographs | (189,840)       | (189,840)      | (215,513)    | 114%  |
| 1340 - Police Clearance              | (45,000)        | (45,000)       | (70,155)     | 156%  |
| 1360 - D.C.A.-Pax Levy               | (728,700)       | (728,700)      | (289,225)    | 40%   |
| 1365 - D.C.A.-Departure Taxes        | (600,000)       | (600,000)      | (258,800)    | 43%   |
| 1370 - D.C.A.-Air Navigation Fees    | (576,000)       | (576,000)      | (608,796)    | 106%  |
| 1375 - D.C.A.-Landing Fees           | (728,688)       | (728,688)      | (1,115,768)  | 153%  |
| 1380 - D.C.A.-Rental Fees            | (211,800)       | (211,800)      | (139,285)    | 66%   |
| 1400 - Port Fees                     | (2,623,758)     | (2,623,758)    | (1,475,174)  | 56%   |
| 1405 - Overtime Recoveries           | 0               | 0              | (1,600)      |       |
| 1420 - Warehouse sales               | (152,230)       | (152,230)      | (62,610)     | 41%   |
| 1450 - Jet A1 Sales                  | 0               | 0              | (48)         |       |
| 1480 - Bus Services                  | 0               | 0              | (974)        |       |
| 1485 - Quarantine Fees               | (60,000)        | (60,000)       | (49,990)     | 83%   |
| 1490 - Court Fines and Fees          | (102,250)       | (102,250)      | (1,255,855)  | 1228% |
| 1495 - Service Fees                  | (11,900)        | (14,011,900)   | (15,631,879) | 112%  |
| 1500 - Sale of Maps                  | 0               | 0              | (5,360)      |       |
| 1515 - Tent Hire                     | (1,000)         | (1,000)        | 0            | 0%    |
| 1520 - Food Handler Check up         | (12,650)        | (12,650)       | (4,880)      | 39%   |
| 1525 - PO Box Rentals                | (2,500)         | (2,500)        | (2,040)      | 82%   |
| 1530 - Philatelic Bureau Sales       | (3,600)         | (3,600)        | (3,049)      | 85%   |

| Description                                   | Original Budget    | Revised Budget      | Actual              | %           |
|---|--------------------|---------------------|---------------------|-------------|
| 1540 - Advertising Revenue                    | (30,000)           | (30,000)            | (7,069)             | 24%         |
| 1550 - Canteen Fees                           | (2,000)            | (2,000)             | (1,850)             | 93%         |
| 1555 - Spectacles, Drugs etc.                 | (5,000)            | (5,000)             | (2,655)             | 53%         |
| 1560 - International Settlement-Comms Traffic | (12,000)           | (12,000)            | (5,437)             | 45%         |
| 1565 - Medical Services                       | (8,000)            | (8,000)             | (3,115)             | 39%         |
|   | <u>(7,049,266)</u> | <u>(21,049,266)</u> | <u>(22,445,644)</u> | <u>107%</u> |

## Import Duties

Estimates for Tobacco duties were upgraded during the second half of the year and those for Petrol and Diesel were downgraded. At year end most revenue targets had been met or exceeded. The exception being for the sale of diesel which was slightly below revised estimates. Overall Customs duties were 19% above the final budget estimates.

Table 7 Import duties

| Description  | Original Budget     | Revised Budget      | Actual              | %           |
|--|---------------------|---------------------|---------------------|-------------|
| 1140 - Customs and Excise Duty - Tobacco           | (3,996,691)         | (4,611,842)         | (5,713,593)         | 124%        |
| 1145 - Customs and Excise Duty - Alcohol           | (1,768,758)         | (1,768,758)         | (1,995,818)         | 113%        |
| 1150 - Customs and Excise Duty - Sugar             | (642,870)           | (642,870)           | (739,696)           | 115%        |
| 1155 Customs and Excise - Machinery/Vehicle/Equip. | (512,056)           | (512,056)           | (818,079)           | 160%        |
| 1160 - Customs and Excise Duty - Other             | (2,602,544)         | (2,602,544)         | (3,605,819)         | 139%        |
| 1165 - Customs and Excise Duty - Petrol Sales      | (2,685,706)         | (2,156,417)         | (2,306,834)         | 107%        |
| 1170 - Customs and Excise Duty - Diesel Sales      | (4,919,472)         | (2,967,995)         | (2,881,130)         | 97%         |
| 1175 - Customs and Excise Duty - JetA1             | (18,260)            | (18,260)            | (111,143)           | 609%        |
|  | <u>(17,146,357)</u> | <u>(15,280,742)</u> | <u>(18,172,114)</u> | <u>119%</u> |



## Operating Expenditure Analysis

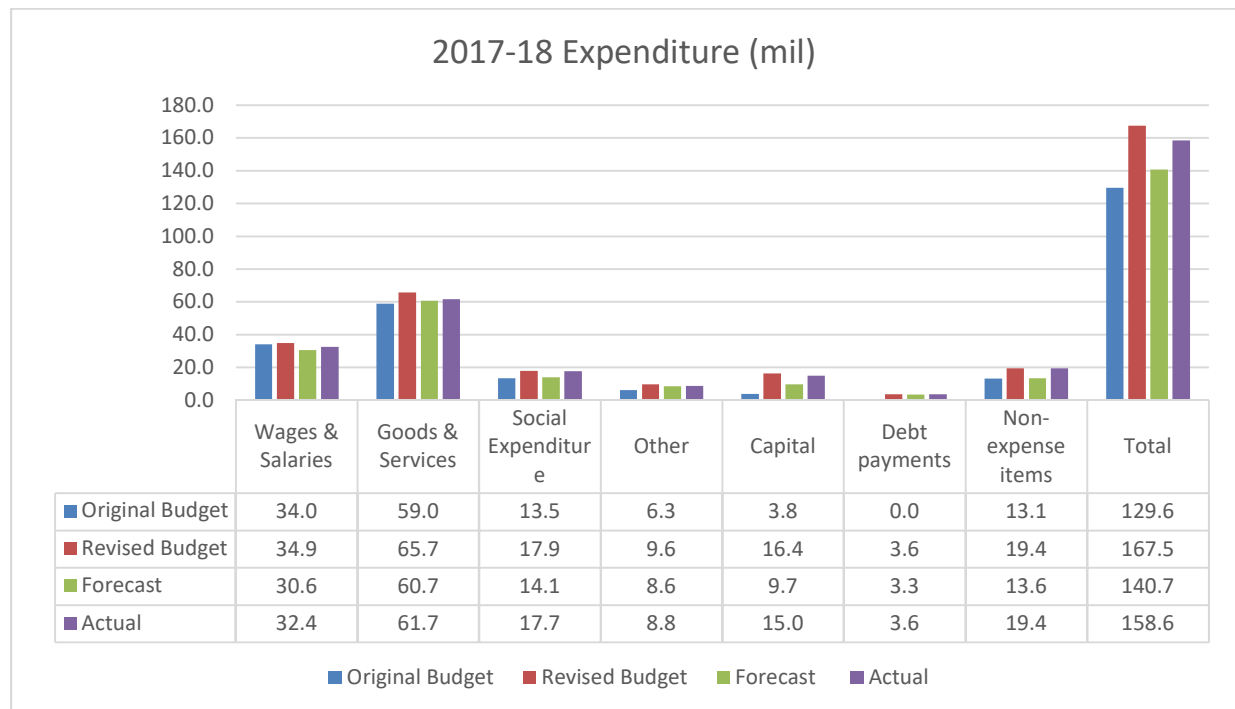


Figure 3 Expenditure by major groups

In this year-end review of the budget the grouping of expenditures has been aligned with those used in the preparation of the budget document and the Government's Fiscal Management Model (FMM). This has been done to improve reporting consistency across in-year budget reporting and to allow easier comparison between documents. Differences in the groupings can be determined from comparison of the spending tables.

Expenditure on Goods and Services is the largest area of Government outlays (39% of actual expenditure). Wages and Salaries being the next largest (20.4%) and Social expenditures third (11.2%). Capital spending represented 9.5% of outlays and spending on other items and debt representing 5.5% and 2.3% of outlays respectively. Non-expense items such as contributions to the Nauru Trust Fund and the Fiscal Cash Buffer represent 12.2% of outlays.

Aggregate spending was controlled during the year and with the exceptions noted later most items were within revised budget estimates. With respect to wages and salaries spending this was 92.3% of the revised budget. Goods and services spending were 93.9% of the revised budget and Social expenditures were 98.8% of estimates. Spending on other items and Capital had the lowest utilisation at 91.6% and 91.4% respectively. As expected, spending on capital items increased in the second half of the year.

### Salaries and Wages

Overspending in salaries and wages associated with the President and MP's (2%) occurred, likewise expatriate salaries across Government were overspent by 6%. It is understood that this overspending resulted from the introduction of the HR module to the FMIS, which in its initial configuration was not subject to funds control. All other items associated with personnel costs were utilized below revised budget expectations.

Table 8 Salaries and Wages expenditure

| Description                           | Original Budget   | Revised Budget    | Actual            | %          |
|---------------------------------------|-------------------|-------------------|-------------------|------------|
| 2005 - Salaries & Allowances - (MP's) | 1,109,050         | 989,050           | 1,008,281         | 102%       |
| 2010 - HE Salary & Allowances         | 100,032           | 95,032            | 96,984            | 102%       |
| 2015 - Salary - Local                 | 15,859,393        | 16,909,307        | 14,998,012        | 89%        |
| 2020 - Salary Expatriate              | 7,835,314         | 7,458,345         | 7,869,360         | 106%       |
| 2025 - Allowances - Staff Contract    | 1,867,172         | 2,078,952         | 1,893,079         | 91%        |
| 2026 - Directors Fees                 | 31,500            | 31,500            | 22,965            | 73%        |
| 2035 - Overtime - local               | 609,080           | 717,380           | 566,031           | 79%        |
| 2040 - Staff Training                 | 1,272,104         | 858,947           | 676,862           | 79%        |
| 2045 - Recruitment                    | 84,000            | 282,380           | 125,411           | 44%        |
| 2050 - Uniforms & Protective Clothing | 213,055           | 202,386           | 175,054           | 86%        |
| 2070 - Travel - Staff                 | 678,742           | 579,401           | 510,848           | 88%        |
| 2075 - Travel - Business              | 4,313,992         | 4,730,559         | 4,479,440         | 95%        |
|                                       | <u>33,973,433</u> | <u>34,933,239</u> | <u>32,422,327</u> | <u>93%</u> |

## Goods and Services

With respect to spending on goods and services the largest item of expenditure is in relation to providing security costs to the RPC sites (item 2030). The original budget provision was increased from approx. \$26 mil to \$30 mil during the year and this was 96% utilized. Most other spending on goods and services had utilisation rates from the mid eighty percent to the high ninety percent range. The exception is spending on repairs and maintenance on plant and motor vehicles.

Table 9 Goods and Services expenditure

| Description                     | Original Budget | Revised Budget | Actual     | %    |
|---------------------------------|-----------------|----------------|------------|------|
| 2030 - Salaries Other contracts | 25,967,352      | 30,288,435     | 29,173,313 | 96%  |
| 2055 - Consultants fees         | 2,715,266       | 2,169,974      | 1,753,659  | 81%  |
| 2060 - Legal Fees - External    | 1,150,000       | 1,109,695      | 1,049,912  | 95%  |
| 2130 - Printing & Stationery    | 454,259         | 516,089        | 442,812    | 86%  |
| 2132 - TVET Supplies            | 196,132         | 196,132        | 177,666    | 91%  |
| 2135 - Stores                   | 738,257         | 499,328        | 409,299    | 82%  |
| 2155 - House Rental             | 4,982,687       | 5,074,759      | 5,020,762  | 99%  |
| 2160 - Land Rental              | 6,963,421       | 6,963,421      | 6,713,071  | 96%  |
| 2165 - Office Rental            | 524,045         | 718,469        | 678,889    | 94%  |
| 2185 - R&M - Buildings          | 2,229,435       | 2,933,145      | 2,712,214  | 92%  |
| 2190 - R&M - Office Equipment   | 168,285         | 153,974        | 102,497    | 67%  |
| 2191 - R&M Medical Equipment    | 125,000         | 125,000        | 108,385    | 87%  |
| 2195 - R&M - Office Premises    | 76,198          | 95,228         | 93,951     | 99%  |
| 2200 - R&M - Motor Vehicles     | 527,753         | 509,297        | 376,134    | 74%  |
| 2205 - R&M - Plant              | 458,777         | 459,279        | 335,730    | 73%  |
| 2210 - R&M - Aerodrome          | 77,900          | 76,825         | 76,825     | 100% |

| Description                           | Original Budget   | Revised Budget    | Actual            | %          |
|---------------------------------------|-------------------|-------------------|-------------------|------------|
| 2225 - Agricultural Supplies          | 24,000            | 24,000            | 12,149            | 51%        |
| 2255 - Warehouse Procurement          | 202,000           | 207,000           | 202,203           | 98%        |
| 2275 - Purchase of Petrol             | 388,354           | 536,264           | 498,443           | 93%        |
| 2280 - Purchase of Diesel             | 599,609           | 748,839           | 720,392           | 96%        |
| 2290 - Purchase of Fuel - Other       | 10,793            | 6,372             | 6,372             | 100%       |
| 2315 - Electricity                    | 3,031,212         | 3,931,659         | 3,743,047         | 95%        |
| 2330 - Telephone / Internet           | 1,990,049         | 2,012,449         | 1,855,701         | 92%        |
| 2350 - Freight                        | 600,000           | 1,249,500         | 873,521           | 70%        |
| 2372 - Nauru Radio Supplies           | 3,000             | 3,000             | 2,999             | 100%       |
| 2373 - Media TV Supplies              | 2,000             | 1,870             | 1,870             | 100%       |
| 2375 - ICT Supplies                   | 76,145            | 48,745            | 44,754            | 92%        |
| 2575 - Local Transport                | 2,221,298         | 1,853,798         | 1,451,765         | 78%        |
| 2585 - Rations                        | 2,264,193         | 3,006,263         | 2,958,379         | 98%        |
| 2590 - Correctional Services Supplies | 7,040             | 3,448             | 3,420             | 99%        |
| 2595 - Carriage of Mail               | 5,238             | 5,186             | 5,186             | 100%       |
| 2600 - Postage                        | 11,658            | 9,819             | 2,801             | 29%        |
| 2605 - Library/Periodicals            | 1,500             | 971               | 242               | 25%        |
| 2610 - Survey Supplies                | 5,000             | 1,800             | 0                 | 0%         |
| 2620 - Lease & Charter Payments       | 56,675            | 57,638            | 44,604            | 77%        |
| 2625 - Family Court Expenses          | 10,000            | 5,400             | 4,800             | 89%        |
| 2700 - Deportee Removal               | 100,000           | 100,000           | 0                 | 0%         |
|                                       | <u>58,964,531</u> | <u>65,703,071</u> | <u>61,657,767</u> | <u>94%</u> |

## Social Expenditure

The two largest areas of social expenditure were associate with the on-going Nauru Community Housing scheme (\$5.6 mil) and Overseas Medical Referrals (OMR) (\$5.5 mil). The original budget for OMR was increased from \$2.0 mil to \$5.5 mil during the year and this figure was slightly overspent (Table 10). Several of the items relating to social expenditure in health (e.g. NCD Control & Health promotion, Clinical Education Supplies) showed low levels of utilisation.

Table 10 Social Expenditures

| Description                                  | Original Budget | Revised Budget | Actual    | %    |
|--|-----------------|----------------|-----------|------|
| 2220 - Nauru Community Housing               | 5,550,000       | 5,534,680      | 5,560,805 | 100% |
| 2390 - Social Welfare - Birth Claims         | 30,000          | 30,000         | 28,500    | 95%  |
| 2395 - Social Welfare - Death Claims         | 160,000         | 140,000        | 134,000   | 96%  |
| 2400 - Social Services - Aged Pensions       | 1,924,000       | 1,994,000      | 1,989,510 | 100% |
| 2405 - Social Services - Super Contributors  | 90,654          | 106,241        | 103,983   | 98%  |
| 2410 - Social Services - Super Ex MP's       | 200,000         | 134,413        | 116,857   | 87%  |
| 2420 - Social Services - Disability Payments | 832,000         | 832,000        | 826,880   | 99%  |
| 2440 - Scholarships - School & Trade         | 1,281,283       | 1,617,983      | 1,603,450 | 99%  |
| 2460 - Medical Expenses                      | 15,571          | 15,571         | 5,263     | 34%  |

| Description                                 | Original Budget   | Revised Budget    | Actual            | %          |
|---|-------------------|-------------------|-------------------|------------|
| 2461 - Primary Health Care Services         | 140,000           | 110,000           | 88,692            | 81%        |
| 2462 - NCD Control & Health Promotion       | 75,000            | 53,000            | 31,495            | 59%        |
| 2463 - Environmental Health and Food safety | 100,000           | 83,857            | 83,857            | 100%       |
| 2467 - Drugs and Medicines                  | 240,000           | 754,513           | 754,513           | 100%       |
| 2468 - Dental Supplies                      | 15,864            | 19,999            | 10,440            | 52%        |
| 2469 - Dialysis Supplies                    | 350,000           | 242,000           | 219,481           | 91%        |
| 2471 - Medical Consumable                   | 200,000           | 315,580           | 313,656           | 99%        |
| 2472 - Laboratory supplies                  | 140,000           | 200,000           | 184,465           | 92%        |
| 2473 - Radiology Supplies                   | 20,000            | 20,000            | 15,630            | 78%        |
| 2474 - Clinical Education Supplies          | 25,000            | 25,000            | 1,698             | 7%         |
| 2475 - Overseas Medical Treatment           | 2,000,000         | 5,455,834         | 5,472,574         | 100%       |
| 2630 - Safe House                           | 10,850            | 130,850           | 125,267           | 96%        |
| 2705 - NEAT Scheme                          | 100,000           | 40,000            | 18,020            | 45%        |
|   | <u>13,500,222</u> | <u>17,855,521</u> | <u>17,689,035</u> | <u>99%</u> |

### Capital spending

Spending on capital items was lower than budgeted for Medical Equipment; Building & Structures and Public Works. All capital spending items had large increases in appropriations during the year and the lower than expected utilisation of budget reflects the lead times associated with most capital projects and procurement.

Table 11 Capital Expenditure

| Description                        | Original Budget  | Revised Budget    | Actual            | %          |
|------------------------------------|------------------|-------------------|-------------------|------------|
| 2480 - Medical Equipment           | 113,400          | 168,400           | 112,451           | 67%        |
| 2495 - Plant & Equipment Purchases | 895,406          | 2,399,900         | 2,245,952         | 94%        |
| 2496 - Building & Structures       | 220,700          | 3,591,700         | 3,007,925         | 84%        |
| 2580 - Public Works                | 17,400           | 3,204,900         | 2,595,607         | 81%        |
| 2651 - GON Contributions           | 2,541,228        | 7,047,649         | 7,046,720         | 100%       |
|                                    | <u>3,788,134</u> | <u>16,412,549</u> | <u>15,008,655</u> | <u>91%</u> |

### Other expenditure

Under Other expenditures the largest outlays related to Subsidies and Donations and 50<sup>th</sup> Anniversary Celebration costs. A subsidy of over \$1.0 mil was provided to EHC for renovation works to the Civic center and donations to various organizations were provided as part of the anniversary celebrations.

Table 12 Other Expenditures

| Description                            | Original Budget | Revised Budget | Actual  | %    |
|--|-----------------|----------------|---------|------|
| 2100 - Entertainment                   | 471,052         | 614,059        | 551,690 | 90%  |
| 2105 - Official Celebrations           | 299,516         | 365,101        | 351,009 | 96%  |
| 2110 - Protocol                        | 63,500          | 65,000         | 64,720  | 100% |
| 2370 - Membership Fees & Subscriptions | 920,612         | 1,017,264      | 979,091 | 96%  |
| 2560 - Educational Expenses - Special  | 79,954          | 79,954         | 57,709  | 72%  |

| Description                          | Original Budget  | Revised Budget   | Actual           | %    |
|--------------------------------------|------------------|------------------|------------------|------|
| 2565 - Insurance                     | 418,188          | 388,576          | 337,724          | 87%  |
| 2570 - Bank Charges                  | 29,356           | 29,356           | 22,190           | 76%  |
| 2615 - Other Subsidies & Donations   | 1,977,415        | 3,752,414        | 3,750,921        | 100% |
| 2690 - Foreign exchange gains/losses | 16,584           | 16,584           | 2,404            | 14%  |
| 2695 - 50th Anniversary Independence | 1,500,000        | 2,790,000        | 2,665,564        | 96%  |
| 2999 - Contingency fund              | 500,000          | 500,000          | 0                | 0%   |
|                                      | <u>6,276,177</u> | <u>9,618,308</u> | <u>8,783,021</u> | 91%  |

### Debt payment

Provision was made during the year to pay domestic debts. A total of \$2.5 mil was paid to Ronphos for mooring debt and a further \$500k was paid to NUC associated with Government arrears.

Table 13 Debt payments

| Description                     | Original Budget | Revised Budget   | Actual           | %           |
|---------------------------------|-----------------|------------------|------------------|-------------|
| 2545 - Debt Repayments - Other  | 0               | 3,130,000        | 3,130,000        | 100%        |
| 2680 - BON Liquidation- Payment |                 | 500,000          | 499,994          | 100%        |
|                                 | <u>0</u>        | <u>3,630,000</u> | <u>3,629,994</u> | <u>100%</u> |

### Non-expense items

Payments to the Nauru Trust Fund and into the Fiscal Cash Buffer were made totaling \$19.3 mil during the year.

Table 14 Non-expense item outlays

| Description               | Original Budget   | Revised Budget    | Actual            | %           |
|---------------------------|-------------------|-------------------|-------------------|-------------|
| 2650 - Trust Fund         | 10,137,880        | 14,790,441        | 14,790,441        | 100%        |
| 2652 - Fiscal Cash Buffer | 3,000,000         | 4,600,000         | 4,600,000         | 100%        |
|                           | <u>13,137,880</u> | <u>19,390,441</u> | <u>19,390,441</u> | <u>100%</u> |

## Cash Flow Position

From Figure 4 at the 25<sup>th</sup> of June the Treasury Available cash position was \$29.54 mil and Total Available Funds<sup>1</sup> of \$35.6 mil. Cash followed the expected decline in the last quarter of the year, but payments associated with business tax boosted cash in June. The Government has maintained the requirement to keep cash above two-months of non-RPC related spending since August 2017.

Table 15 Cash Buffer requirement

|   |                                     |                    |
|---|-------------------------------------|--------------------|
| <b>Expenditure</b>                            |                                     | <b>158,581,240</b> |
| <b>Less RPC related pass-through spending</b> |                                     |                    |
|   | 16-2030 RPC Security costs          | 19,787,776         |
|   | Head 42 Multicultural Affairs costs | 8,524,170          |
|   | NTF contribution 2018-19            | 15,072,369         |
|   |                                     | <u>43,384,315</u>  |
|   |                                     | <u>115,196,925</u> |
| <b>Average Monthly</b>                        |                                     | 9,599,744          |
| <b>Two Month Cash Buffer</b>                  |                                     | <u>19,199,488</u>  |

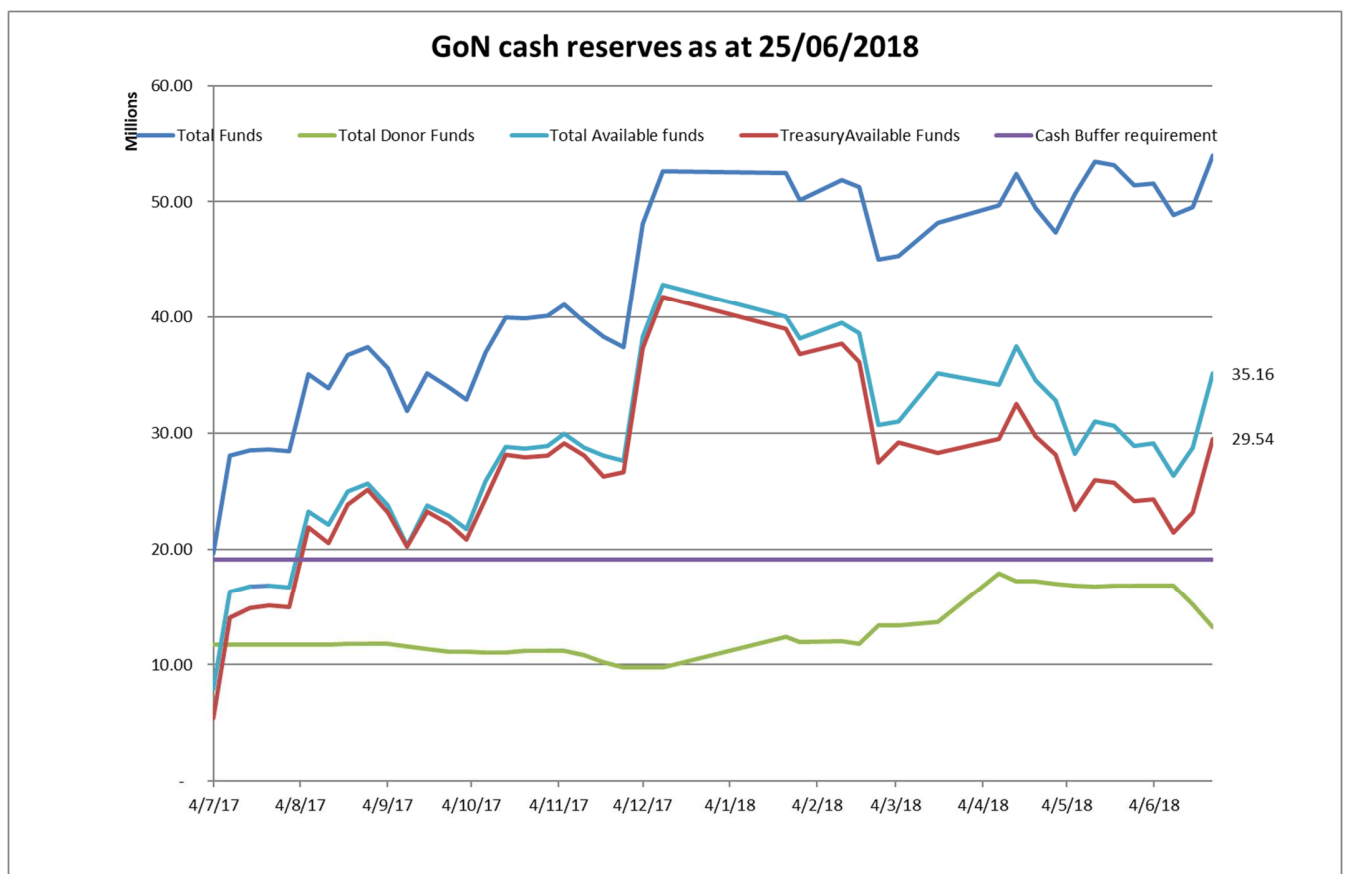


Figure 4 GoN Cash Flow 2017-18

<sup>1</sup> Total Available funds includes other GoN entity funds outside of Treasury.