



REPUBLIC OF NAURU

2019-20 BUDGET

FINAL BUDGET OUTCOME

STATEMENT BY

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MINISTER FOR FINANCE OF THE REPUBLIC OF NAURU

FOR THE BENEFIT OF MEMBERS

22 OCTOBER 2020

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2019-20 FINAL BUDGET OUTCOME

INTRODUCTION

The Final Budget Outcome (FBO) reports Government of Nauru general government sector actual expenditure and revenue for the financial year ended 30 June 2020. It also includes a statement on Government cash balances and the Government Loan Fund. The figures are current to 22 September 2020 and unaudited. They may be subject to change following audit.

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.

BUDGET AGGREGATES

Table 1 and Figure 1 show the final actual revenue and expenditure for 2018-19 and 2019-20.

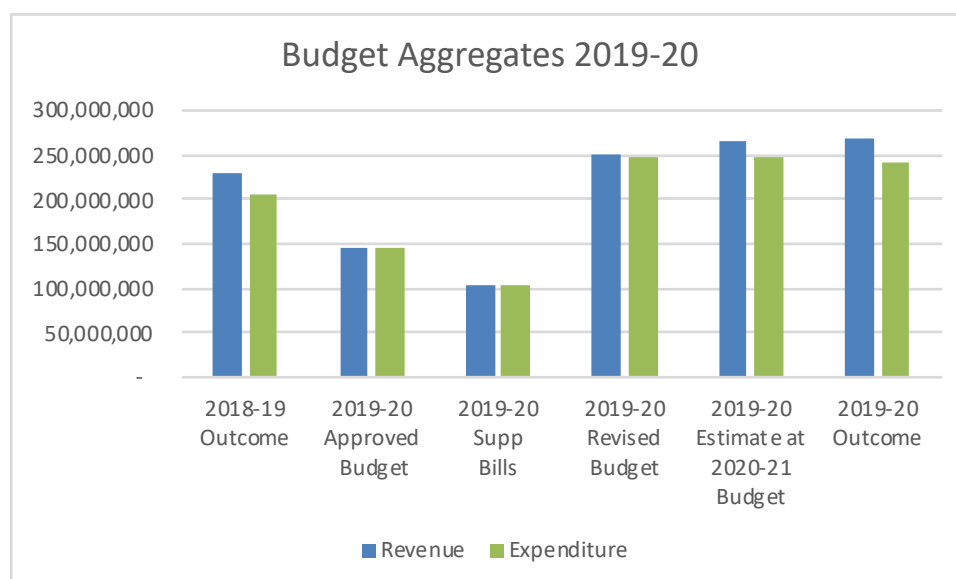
- The final budget outcome for 2019-20 was a surplus of \$27.4 million, 17 per cent of GDP.
- Total actual revenue collected was \$269.4 million. This exceeded expectations, reflecting stronger than expected revenue from fisheries licences and all Regional Processing Centre (RPC) related revenue streams.
- Total actual expenditure was \$242.0 million, marginally below what was expected.

Table 1: Budget aggregates 2019-20

	2018-19 Outcome	2019-20 Approved Budget	2019-20 Supp Bills	2019-20 Revised Budget	2019-20 Estimate at 2020-21 Budget	2019-20 Outcome	Change on Approved 2019-20 Budget	Change on Approved 2019-20 Budget
	\$	\$	\$	\$	\$	\$	\$	%
Revenue	229,600,058	146,030,911	103,571,935	249,602,846	264,242,135	269,410,139	123,379,228	84%
Expenditure	207,011,640	145,716,127	103,053,936	248,770,063	248,770,063	241,988,863	96,272,736	66%
Balance	22,588,418	314,784	517,999	832,783	15,472,072	27,421,276	27,106,492	8611%
% of GDP	14%	0.2%	0.3%	1%	9%	17%	16%	-

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.

Figure 1: Budget aggregates 2019-20



MACROECONOMIC 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. This reflected the negative expected impact on global economic conditions from the coronavirus pandemic. Inflation was expected to remain at 1.5 per cent. The nominal GDP estimate for 2019-20 is \$164.6 million.

SUPPLEMENTARY APPROPRIATIONS

During the year there were five supplementary appropriations that added over \$100 million to revenue and expenditure estimates. This mainly reflected additional revenues and expenditure associated with the extension of Regional Processing Centre (RPC) arrangements beyond what had been expected when the 2019-20 Budget was compiled.

Table 2: Supplementary Appropriations 2019-20

	Revenue \$	Expenditure \$	Balance \$
2019-20 Approved Budget	146,030,911	145,716,129	314,782
Supplementary Appropriation No 1 2019-20	4,100,000	4,090,019	9,981
Supplementary Appropriation No 2 2019-20	7,727,194	7,559,032	168,162
Supplementary Appropriation No 3 2019-20	56,933,332	56,653,842	279,490
Supplementary Appropriation No 4 2019-20	17,672,789	17,672,172	617
Supplementary Appropriation No 5 2019-20	17,138,620	17,078,871	59,749
2019-20 Revised Budget	249,602,846	248,770,063	832,783

IMPACT OF COVID-19

The economic impact of Covid-19 on Nauru has not been as significant as initially expected. As of 30 June 2020, there had been no case of Covid-19 in Nauru. 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 (\$11.6 million) and donor contributions (\$1.8 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.

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 3.

Table 3: Fiscal responsibility ratio performance 2019-20

Measure	Target	2018-19 Outcome	2019-20 Approved Budget	2019-20 Revised Budget	2019-20 Estimate at 2020-21 Budget	2019-20 Outcome
Fiscal balance to GDP	not negative as % of GDP	14%	0.2%	0.5%	9%	17%
Personnel cost ratio	Personnel cost to current expenditure <30%	24%	36%	20%	22%	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 balances for 2019-20 are shown in Table 4.

Table 4: GON Liquidity and fiscal cash buffer 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
of which held in cash buffer accounts		11,092,498	11,166,668	25,212,945	29,245,854	29,306,119

OPERATING REVENUE ANALYSIS

Actual revenues for the year were stronger than expected (Table 5). The impact of Covid-19 on travel related revenues was more than offset by collections in other lines, notably fishing and tax revenues, related to RPC activity.

Given the strong revenue performance, a decision was made to defer the ADB policy based grant from 2019-20 to 2020-21.

Table 5: Revenue breakdown 2019-20

Description	2018-19 Outcome	2019-20 Approved Budget	2019-20 Supp Bills	2019-20 Revised Budget	2019-20 Estimate at 2020-21 Budget	2019-20 Outcome	Change on Approved 2019-20 Budget	Change on Approved 2019-20 Budget
	\$	\$	\$	\$	\$	\$	\$	%
Dividends	1,746,867	-	1,542,649	1,542,649	2,250,330	2,250,330	2,250,330	
Fisheries	71,373,771	50,532,825	12,474,752	63,007,577	73,106,961	73,279,152	22,746,327	45%
Import duties	17,867,967	14,654,707	-	14,654,707	16,290,965	17,840,137	3,185,430	22%
Visa fees	20,290,613	11,210,008	7,000,000	18,210,008	19,343,274	21,086,732	9,876,724	88%
Tax	41,892,320	32,700,000	24,800,000	57,500,000	62,919,712	65,383,946	32,683,946	100%
Non-Tax	65,138,606	21,080,685	60,090,666	81,171,351	80,563,913	79,107,991	58,027,306	275%
Grants	11,289,912	15,852,686	(2,336,132)	13,516,554	9,766,980	10,461,850	(5,390,836)	-34%
Total	229,600,058	146,030,911	103,571,935	249,602,846	264,242,135	269,410,139	123,379,228	84%

Figure 2 shows the estimates for revenue by group through the year. The main contributors to revenue were fisheries and non-tax revenue, the majority of which is revenue related to the RPC.

Figure 2 Revenue by group 2019-20 (\$m)

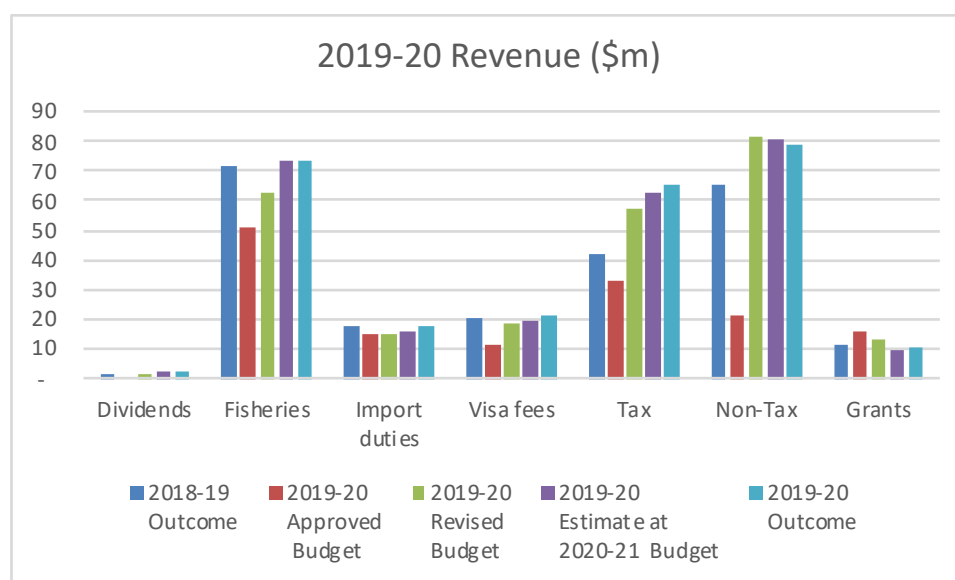
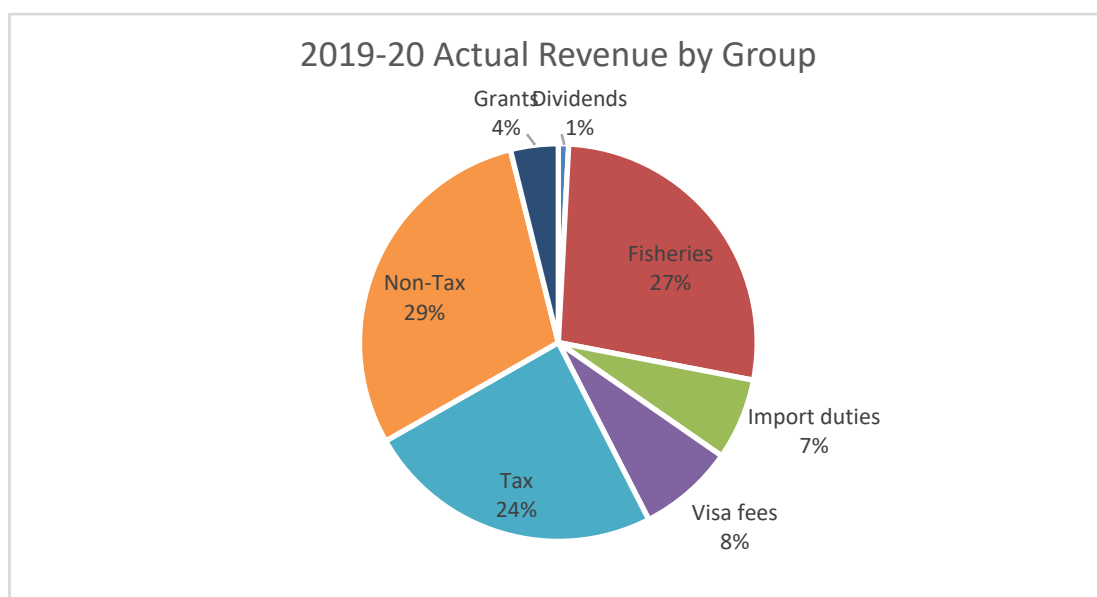


Figure 3 illustrates the share of 2019-20 revenue by group. Non-tax revenue contributed the largest share at 29 per cent, followed by fisheries (27 per cent) and tax revenue (24 per cent).

Figure 3. Revenue share by group 2019-20 (per cent)



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 6). All these revenues are at risk as the RPC winds down towards an enduring capability.

Table 6: RPC Related Revenues 2019-20

Description	2018-19 Outcome	2019-20 Approved Budget	2019-20 Supp Bills	2019-20 Revised Budget	2019-20 Estimate at 2020-21 Budget	2019-20 Outcome	Change on Approved 2019-20 Budget	Change on Approved 2019-20 Budget
	\$	\$	\$	\$	\$	\$	\$	%
1330 - Visa Check up	8,621	10,008	-	10,008	10,371	10,469	461	5%
1335 - Visa Fees - RPC	831,200	5,600,000	(3,000,000)	2,600,000	1,899,000	2,013,000	(3,587,000)	-64%
1580 - Visa Fees - RPC Resettlement	16,574,430	3,600,000	10,000,000	13,600,000	15,358,434	16,816,434	13,216,434	367%
1577 - DJBC - Operations	5,449,692	2,397,474	655,810	3,053,284	3,369,827	3,369,827	972,353	41%
1578 - DJBC - Reimbursable Costs	16,880,850	346,656	19,996,943	20,343,599	20,343,599	18,933,723	18,587,067	5362%
1475 - Miscellaneous Revenue	5,755,107	3,780,470	26,357,985	30,138,455	31,915,444	32,119,611	28,339,141	750%
1495 - Service Fees	27,035,253	5,034,100	15,100,000	20,134,100	20,134,100	19,453,145	14,419,045	286%
1590 - Employment/Non-resident Withholding Tax	17,531,292	17,700,000	-	17,700,000	17,700,000	19,914,790	2,214,790	13%
1591 - Business Profit Tax	22,199,748	13,800,000	23,700,000	37,500,000	42,884,858	42,880,470	29,080,470	211%
Total RPC related revenue	112,266,192	52,268,708	92,810,738	145,079,446	153,615,633	155,511,468	103,242,760	198%
Share of total revenue	49%	36%	90%	58%	58%	58%	84%	

FISHING REVENUES

Fishing revenues exceeded expectations for the year (Table 7). The expected decline in demand for fishing days in the fourth quarter as a result of Covid-19 did not eventuate.

Table 7: Fishing revenues 2019-20

Description	2018-19 Outcome	2019-20 Approved Budget	2019 -20 Supp Bills	2019-20 Revised Budget	2019-20 Estimate at 2020-21 Budget	2019-20 Outcome	Change on Approved 2019-20 Budget	Change on Approved 2019-20 Budget
	\$	\$	\$	\$	\$	\$	\$	%
1055 - Support Vessel Charges	278,483	139,671	66,084	205,755	326,526	326,526	186,855	134%
1071 - Purse Seine Revenue - Licensing	1,447,472	977,699	182,012	1,159,711	1,735,140	1,745,909	768,210	79%
1072 - Purse Seine Revenue - Fishing Days	69,647,816	49,415,455	12,226,656	61,642,111	71,045,295	71,206,717	21,791,262	44%
Total Fisheries Revenue	71,373,771	50,532,825	12,474,752	63,007,577	73,106,961	73,279,152	22,746,327	45%

TAXATION REVENUE

Taxation revenues exceeded expectations (Table 8). 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 8: Taxation revenue 2019-20

Description	2018-19 Outcome	2019-20 Approved Budget	2019 -20 Supp Bills	2019-20 Revised Budget	2019-20 Estimate at 2020-21 Budget	2019-20 Outcome	Change on Approved 2019-20 Budget	Change on Approved 2019-20 Budget
	\$	\$	\$	\$	\$	\$	\$	%
1190 - Telecom Tax	2,161,281	1,200,000	1,100,000	2,300,000	2,334,854	2,588,686	1,388,686	116%
1590 - Employment/Non-resident Withholding Tax	17,531,292	17,700,000	-	17,700,000	17,700,000	19,914,790	2,214,790	13%
1591 - Business Profit Tax	22,199,748	13,800,000	23,700,000	37,500,000	42,884,858	42,880,470	29,080,470	211%
Total Tax	41,892,320	32,700,000	24,800,000	57,500,000	62,919,712	65,383,946	32,683,946	100%

CUSTOMS AND OTHER IMPORT DUTIES

Customs and excise duty collections also exceeded expectations, with total revenue similar to total collections for 2018-19 (Table 9).

Table 9: Customs and other Import duties 2019-20

Description	2018-19 Outcome	2019-20 Approved Budget	2019 -20 Supp Bills	2019-20 Revised Budget	2019-20 Estimate at 2020-21 Budget	2019-20 Outcome	Change on Approved 2019-20 Budget	Change on Approved 2019-20 Budget
	\$	\$	\$	\$	\$	\$	\$	%
1140 - Customs and Excise Duty - Tobacco	5,338,101	4,772,288	-	4,772,288	5,104,379	5,716,626	944,338	20%
1145 - Customs and Excise Duty - Alcohol	1,133,629	1,460,000	-	1,460,000	1,422,135	1,429,190	(30,810)	-2%
1150 - Customs and Excise Duty - Sugar	851,084	642,419	-	642,419	806,045	929,814	287,395	45%
1155 - Customs and Excise - Machinery/Vehide/Equip.	1,096,543	680,000	-	680,000	953,582	1,058,734	378,734	56%
1160 - Customs and Excise Duty - Other	2,676,933	2,800,000	-	2,800,000	2,236,429	2,470,400	(329,600)	-12%
1165 - Customs and Excise Duty - Petrol Sales	2,238,392	2,200,000	-	2,200,000	2,105,623	2,294,837	94,837	4%
1170 - Customs and Excise Duty - Diesel Sales	4,323,557	2,000,000	-	2,000,000	3,662,772	3,940,535	1,940,535	97%
1175 - Customs and Excise Duty - JetA1	209,729	100,000	-	100,000	-	-	(100,000)	-100%
Total Customs and Excise Duty	17,867,967	14,654,707	-	14,654,707	16,290,965	17,840,137	3,185,430	22%

VISA FEES

Total revenue from visa fees was higher than expected in all lines except Visa Fees – RPC (see Table 10). This reflected the continued decline in RPC activity, and resolution of historical invoices.

Table 10: Visa Revenues Q4 2019-20

Description	2018-19 Outcome	2019-20 Approved Budget	2019 -20 Supp Bills	2019-20 Revised Budget	2019-20 Estimate at 2020-21 Budget	2019-20 Outcome	Change on Approved 2019-20 Budget	Change on Approved 2019-20 Budget
	\$	\$	\$	\$	\$	\$	\$	%
1330 - Visa Check up	8,621	10,008	-	10,008	10,371	10,469	461	5%
1335 - Visa Fees - RPC	831,200	5,600,000	(3,000,000)	2,600,000	1,899,000	2,013,000	(3,587,000)	-64%
1575 - Visa Fees (Other Business)	2,876,362	2,000,000	-	2,000,000	2,075,469	2,246,829	246,829	12%
1580 - Visa Fees - RPC Resettlement	16,574,430	3,600,000	10,000,000	13,600,000	15,358,434	16,816,434	13,216,434	367%
Total Visa Fees	20,290,613	11,210,008	7,000,000	18,210,008	19,343,274	21,086,732	9,876,724	88%

NON-TAX REVENUE

Non-tax revenue collections in the year to date came in marginally below budget (Table 11). 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. The main change in non-tax revenue estimates from the original budget related to hosting and service fees related to the RPC, as well as RPC related reimbursable costs.

Table 11: Non-tax revenues 2019-20

Description	2018-19 Outcome	2019-20 Approved Budget	2019 -20 Supp Bills	2019-20 Revised Budget	2019-20 Estimate at 2020-21 Budget	2019-20 Outcome	Change on Approved 2019-20 Budget	Change on Approved 2019-20 Budget
	\$	\$	\$	\$	\$	\$	\$	%
1121 - Curator fees	175,562	5,000.00	-	5,000.00	21,448	50,843	45,843	917%
1215 - Licenses-Drivers etc	80,345	100,000	-	100,000	95,022	106,502	6,502	7%
1220 - Corporation Fees and Licenses	177,625	130,000	-	130,000	119,850	125,855	(4,145)	-3%
1225 - Licenses-Trading	345,604	280,000	-	280,000	532,410	582,560	302,560	108%
1230 - Liquor Licensing Board	28,629	28,500	-	28,500	15,528	15,628	(12,872)	-45%
1235 - Gaming / Bingo licenses	378,173	420,000	-	420,000	219,666	224,166	(195,834)	-47%
1260 - Birth Certificate	26,410	15,505	-	15,505	23,971	22,980	7,475	48%
1265 - Death Certificate	720	340	-	340	780	880	540	159%
1270 - Marriage Certificate	3,050	1,730	-	1,730	2,830	3,100	1,370	79%
1300 - Registration Fees-Motor Cars	68,207	68,709	-	68,709	77,353	84,978	16,269	24%
1305 - Registration Fees-Motorcycles	4,965	6,036	-	6,036	5,815	6,525	489	8%
1310 - Vehicle/Insurance Fees	182,313	-	-	-	244,290	270,540	270,540	-
1325 - Passport Fees and Photographs	315,117	180,000	-	180,000	162,580	163,910	(16,090)	-9%
1340 - Police Clearance	49,095	45,000	-	45,000	50,960	54,560	9,560	21%
1360 - D.C.A.-Pax Levy	1,845,600	1,871,520	-	1,871,520	872,075	948,575	(922,945)	-49%
1365 - D.C.A.-Departure Taxes	1,746,500	1,780,740	-	1,780,740	748,600	811,450	(969,290)	-54%
1370 - D.C.A.-Air Navigation Fees	984,842	902,652	-	902,652	326,563	326,563	(576,089)	-64%
1375 - D.C.A.-Landing Fees	1,073,036	1,106,664	-	1,106,664	629,580	761,482	(345,182)	-31%
1380 - D.C.A.-Rental Fees	133,098	133,728	-	133,728	122,548	124,460	(9,268)	-7%
1400 - Port Fees	1,239,511	2,045,678	(1,820,689)	224,989	357,684	357,684	(1,687,994)	-83%
1420 - Warehouse sales	30,158	199,383	(199,383)	-	-	-	(199,383)	-100%
1475 - Miscellaneous Revenue	5,755,107	3,780,470	26,357,985	30,138,455	31,915,444	32,119,611	28,339,141	750%
1480 - Bus Services	2,364	1,200	-	1,200	1,595	1,855	655	55%
1485 - Quarantine Fees	46,650	60,000	-	60,000	37,696	43,081	(16,919)	-28%
1490 - Court Fines and Fees	855,118	15,000	-	15,000	18,784	25,809	10,809	72%
1495 - Service Fees	27,035,253	5,034,100	15,100,000	20,134,100	20,134,100	19,453,145	14,419,045	286%
1500 - Sale of Maps	9,820	-	-	-	10,190	11,730	11,730	-
1520 - Food Handler Check up	6,000	4,800	-	4,800	6,440	8,360	3,560	74%
1540 - Advertising Revenue	6,044	30,000	-	30,000	6,534	7,309	(22,691)	-76%
1555 - Spectacles,Drugs etc	880	1,000	-	1,000	2,045	2,910	1,910	191%
1565 - Medical Services	4,401	4,800	-	4,800	3,315	4,110	(690)	-14%
1577 - DJBC - Operations	5,449,692	2,397,474	655,810	3,053,284	3,369,827	3,369,827	972,353	41%
1578 - DJBC - Reimbursable Costs	16,880,850	346,656	19,996,943	20,343,599	20,343,599	18,933,723	18,587,067	5362%
1700 - National/District Roll Sales	3,600	8,000	-	8,000	5,470	5,530	(2,470)	-31%
1705 - Electoral Various Fees	193,020	76,000	-	76,000	77,750	77,750	1,750	2%
Other	1,250	-	-	-	1,570	-	-	-
Total Non Tax	65,138,606	21,080,685	60,090,666	81,171,351	80,563,913	79,107,991	58,027,306	275%

OTHER REVENUE – DIVIDENDS AND GRANTS

Income from dividends and grants included direct budget support from Taiwan, but the expected ADB policy based grant was deferred to 2020-21 (Table 12). Dividends from Digicel and the Post Office were received during the year.

Table 12: Dividends and Grants 2019-20

Description	2018-19 Outcome	2019-20 Approved Budget	2019 -20 Supp Bills	2019-20 Revised Budget	2019-20 Estimate at 2020-21 Budget	2019-20 Outcome	Change on Approved 2019-20 Budget	Change on Approved 2019-20 Budget
	\$	\$	\$	\$	\$	\$	\$	%
1015 - Income from Investments & Dividends-Others	1,746,867	-	1,542,649	1,542,649	2,250,330	2,250,330	2,250,330	-
1660 - General Budget Support	4,256,757	15,852,686	(2,336,132)	13,516,554	9,766,980	10,461,850	(5,390,836)	-34%
1901 - Exim Loan Equipment Receipt	7,033,156	-	-	-	-	-	-	-
Total Dividends and Grants	13,036,780	15,852,686	(793,483)	15,059,203	12,017,310	12,712,181	(3,140,505)	-20%

REVENUE BY DEPARTMENT

Table 13 shows revenue by department.

Table 13: Revenue by Department 2019-20

Description	2018-19 Outcome	2019-20 Approved Budget	2019 -20 Supp Bills	2019-20 Revised Budget	2019-20 Estimate at 2020-21 Budget	2019-20 Outcome	Change on Approved 2019-20 Budget	Change on Approved 2019-20 Budget
	\$	\$	\$	\$	\$	\$	\$	%
03 - Chief Secretariat	224,716	46,075	0	46,075	140,019	139,517	93,442	203%
07 - GON Warehouse	30,158	199,383	(199,383)	0	0	0	(199,383)	-100%
09 - Electoral Commission	198,162	86,000	0	86,000	113,650	113,710	27,710	32%
11 - Finance Secretariat	1,357,411	10,000	0	10,000	0	0	(10,000)	-100%
15 - Nauru Revenue Office	42,350,638	33,220,000	24,800,000	58,020,000	63,234,400	65,714,614	32,494,614	98%
16 - Finance - Other Payments	8,348,989	19,092,686	(2,336,132)	16,756,554	12,172,082	12,986,977	(6,105,709)	-32%
17 - Nauru Customs Office (NCO)	17,868,127	14,654,707	0	14,654,707	16,290,965	17,840,137	3,185,430	22%
18 - Nauru RPC Corporation	27,000,000	5,000,000	15,100,000	20,100,000	22,117,220	21,434,985	16,434,985	329%
21 - CIE	5,750	7,500	0	7,500	4,875	5,275	(2,225)	-30%
31 - Fisheries	72,233,015	50,532,825	12,474,752	63,007,577	73,206,324	73,421,288	22,888,463	45%
41 - Police	50,895	46,800	0	46,800	92,635	121,991	75,191	161%
42 - Department of Multicultural Affairs	40,222,775	12,256,130	54,069,418	66,325,548	68,042,330	68,204,454	55,948,324	456%
43 - Justice - Secretariat	698,611	415,000	0	415,000	674,208	759,758	344,758	83%
44 - Judiciary	29,845	15,000	0	15,000	18,784	25,809	10,809	72%
45 - Border Control	3,238,659	2,240,000	0	2,240,000	2,275,745	2,453,820	213,820	10%
50 - Directorate of TVET	26,900	58,500	0	58,500	26,394	31,724	(26,776)	-46%
61 - Health	49,880	47,008	0	47,008	37,840	44,186	(2,822)	-6%
62 - Sports	15,000	0	0	0	2,800	2,800	2,800	-
81 - Home Affairs	0	0	0	0	24,041	24,041	24,041	-
83 - Media Bureau	6,044	30,000	0	30,000	6,534	7,309	(22,691)	-76%
84 - Lands & Survey	9,820	7,000	0	7,000	10,190	11,730	4,730	68%
85 - Lands Committee	3,480	2,000	0	2,000	2,090	3,370	1,370	69%
91 - Department of Transport	6,072,969	5,903,769	0	5,903,769	3,070,769	3,385,523	(2,518,246)	-43%
93 - Maritime Transport	1,316,307	2,150,528	(1,879,369)	271,159	417,857	417,857	(1,732,671)	-81%
95 - ICT	1,200,918	10,000	1,542,649	1,552,649	2,258,814	2,259,264	2,249,264	22493%
Other	7,040,989	0	0	0	1,570	0	-	-
Total	229,600,058	146,030,911	103,571,935	249,602,846	264,242,135	269,410,139	123,379,228	84%

OPERATING EXPENDITURE ANALYSIS

Total expenditure by group is shown in Table 14. Expenditure increases during the year reflected the opportunity to fund new government priorities following agreement with Australia in August 2019 to extend RPC arrangements for a further twelve months to 30 June 2020. This extension was not taken into account in the estimates when the 2019-20 budget was originally brought down in June 2019.

Table 14 Expenditure by group 2019-20

Description	2018-19 Outcome	2019-20 Approved Budget	2019-20 Supp Bills	2019-20 ISHT	2019-20 Revised Budget	2019-20 Estimate at 2020-21 Budget	2019-20 Outcome	Change on Approved 2019-20 Budget	Change on Approved 2019-20 Budget
	\$	\$	\$	\$	\$	\$	\$	\$	%
Personnel	36,338,601	40,978,982	3,441,008	(5,236,896)	39,183,095	43,467,245	36,433,969	(4,545,013)	-11%
Government Travel	5,375,847	6,266,984	4,040,368	(2,379,259)	7,928,092	8,745,541	7,633,510	1,366,526	22%
Subsidies & Donations	22,311,627	6,653,063	32,402,187	9,325,541	48,380,791	46,549,375	48,327,379	41,674,316	626%
Govt Operations	77,462,565	52,859,825	28,397,585	4,377,850	85,635,260	83,536,393	83,135,741	30,275,916	57%
Capital Expenditure	20,776,552	11,593,745	9,399,606	2,044,113	23,037,464	23,460,684	22,269,885	10,676,140	92%
Social Benefits	12,626,253	7,208,852	7,050,918	2,013,500	16,273,270	14,760,270	15,949,163	8,740,310	121%
Other	412,610	674,675	12,162	(26,478)	660,359	683,287	600,899	(73,776)	-11%
Non-expense items	31,707,583	19,480,000	18,310,103	(10,118,371)	27,671,732	27,567,268	27,638,318	8,158,318	42%
Total	207,011,640	145,716,127	103,053,936	-	248,770,063	248,770,063	241,988,863	96,272,736	66%

Figure 4 illustrates the change in expenditure estimates through the year, and Figure 5, the split between groups by per cent.

Figure 4: Expenditure by group and estimate 2019-20

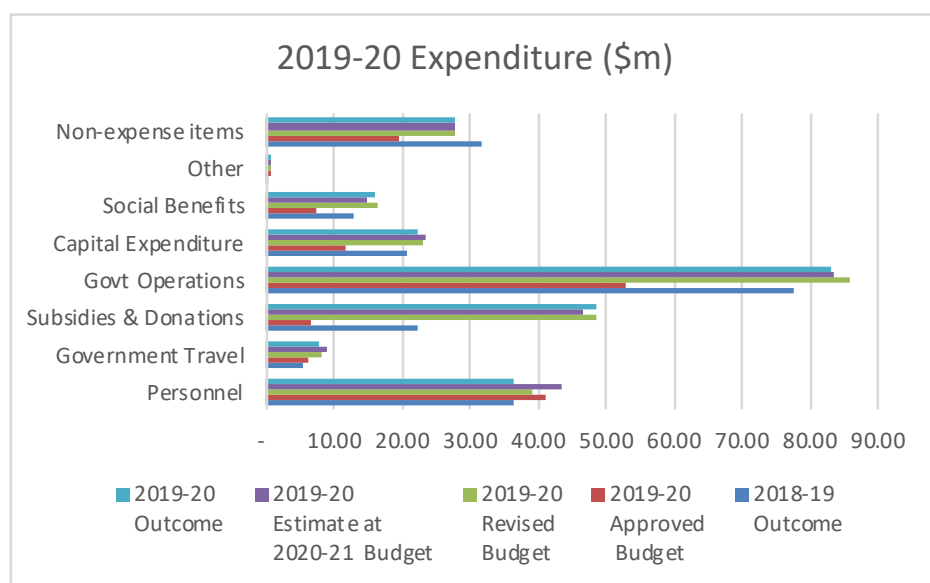
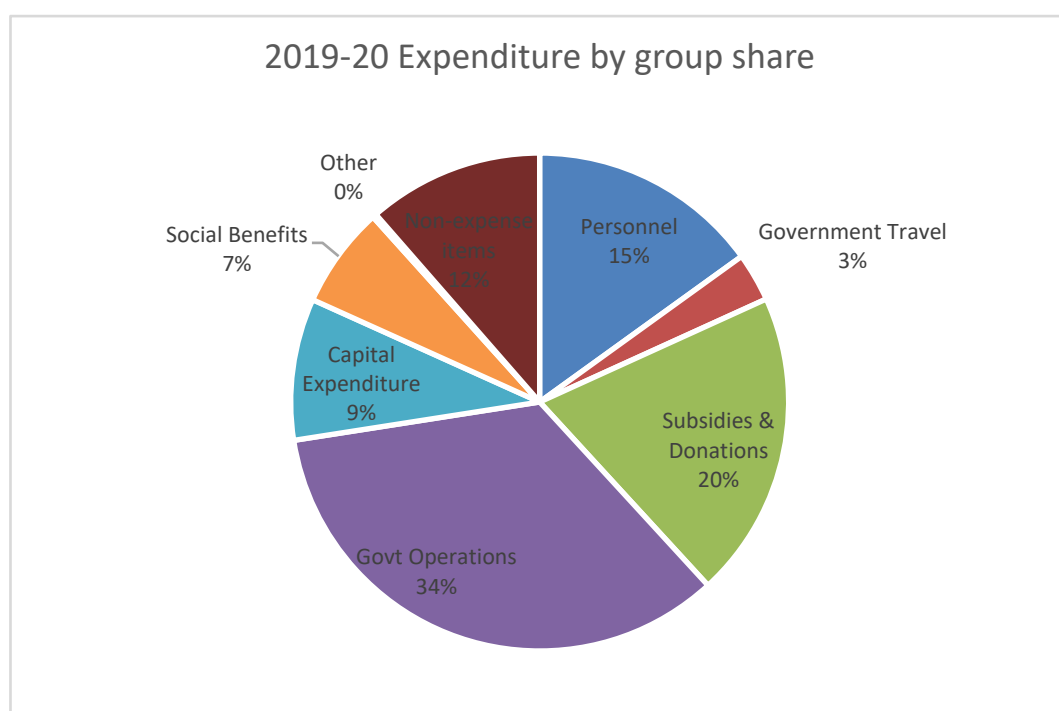


Figure 5: Expenditure share by group 2019-20 (per cent)



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 \$17.8 million or 7 per cent of total 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 6.

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 6: 2019-20 ISHT and PV monthly volume

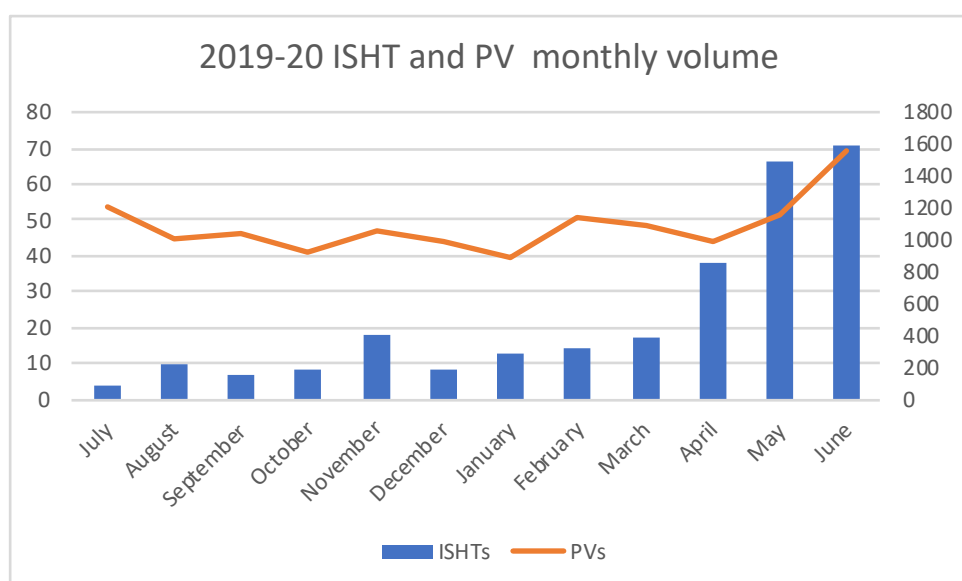
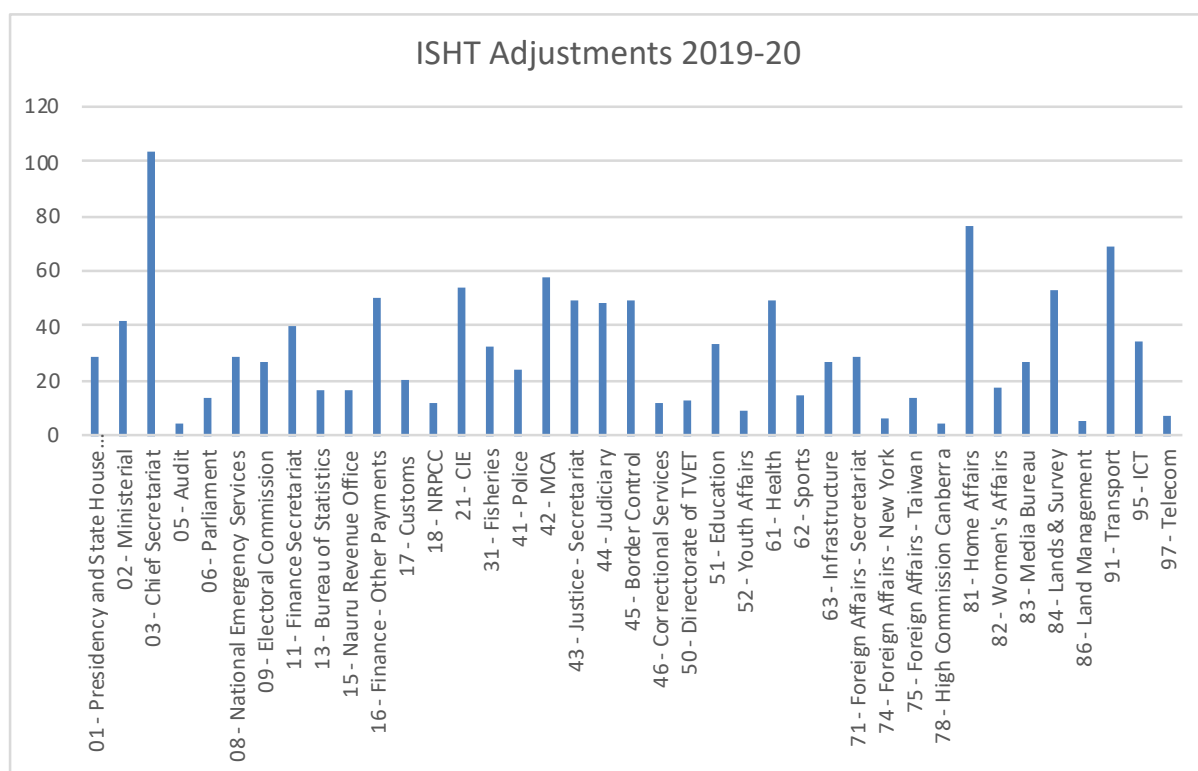


Figure 7 shows ISHT adjustments by expenditure head. Chief Secretary had the most adjustments through the year, followed by Home Affairs and Transport.

Figure 7: 2019-20 ISHT adjustments by head



PERSONNEL COSTS

Expenditure on personnel finished the year under budget (Table 16), 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 more than undone by ISHT reallocations, with the final outcome \$4.5 million (11 per cent) less than the original budget.

Table 15: Personnel Expenditure 2019-20

Description	2018-19 Outcome	2019-20 Approved Budget	2019 -20 Supp Bills	2019-20 ISHT	2019-20 Revised Budget	2019-20 Estimate at 2020-21 Budget	2019-20 Outcome	Change on Approved 2019-20 Budget	Change on Approved 2019-20 Budget
	\$	\$	\$	\$	\$	\$	\$	\$	%
2005 - Salaries & Allowances - (MP's)	996,228	1,157,941	594,765	(65,000)	1,687,706	1,707,706	1,450,712	292,771	25%
2010 - HE Salary & Allowances	100,032	105,034	-	0	105,034	105,034	105,033	(1)	0%
2015 - Salary - Local	20,410,691	23,792,628	2,530,105	(2,951,764)	23,370,969	25,977,937	21,842,428	(1,950,199)	-8%
2020 - Salary Expatriate	8,669,984	9,421,330	286,472	(1,630,608)	8,077,194	9,476,302	7,791,067	(1,630,263)	-17%
2025 - Allowances - Staff Contract	1,702,546	1,911,451	-	(403,845)	1,507,606	1,550,103	1,426,872	(484,579)	-25%
2026 - Directors Fees	14,070	36,800	(2,300)	(1,650)	32,850	34,500	20,500	(16,300)	-44%
2035 - Overtime - local	784,219	871,888	155,791	(1,942)	1,025,737	1,043,199	802,971	(68,917)	-8%
2040 - Staff Training	845,341	1,396,279	(85,264)	(363,568)	947,447	1,185,553	894,984	(501,295)	-36%
2045 - Recruitment	30,991	43,500	0	(20,004)	23,496	43,500	14,999	(28,501)	-66%
2050 - Uniforms & Protective Clothing	280,057	215,125	40,440	132,952	388,516	324,872	369,746	154,621	72%
2072 - Meals and Drinks - Staff	88,126	194,090	(79,001)	68,534	183,623	185,623	176,340	(17,750)	-9%
2651 - GON Contributions	2,416,316	1,832,916	-	0	1,832,916	1,832,916	1,538,315	(294,601)	-16%
Total Personnel	36,338,601	40,978,982	3,441,008	(5,236,896)	39,183,095	43,467,245	36,433,969	(4,545,013)	-11%

GOVERNMENT TRAVEL

Expenditure on Government Travel (Table 16) was significantly impacted by Covid-19 travel restrictions. The unspent funding was reallocated to other priorities.

Table 16: Government Travel Expenditure 2019-20

Description	2018-19 Outcome	2019-20 Approved Budget	2019 -20 Supp Bills	2019-20 ISHT	2019-20 Revised Budget	2019-20 Estimate at 2020-21 Budget	2019-20 Outcome	Change on Approved 2019-20 Budget	Change on Approved 2019-20 Budget
	\$	\$	\$	\$	\$	\$	\$	\$	%
2070 - Travel - Staff	530,390	748,841	44,862	(239,382)	554,321	634,326	494,215	(254,626)	-34%
2075 - Travel - Business	4,845,458	5,518,143	3,995,506	(2,139,877)	7,373,772	8,111,215	7,139,294	1,621,151	29%
Total Government Travel	5,375,847	6,266,984	4,040,368	(2,379,259)	7,928,092	8,745,541	7,633,510	1,366,526	22%

SUBSIDIES & DONATIONS

Expenditure on Subsidies & Donations (Table 17) was significantly higher than originally planned, mainly reflecting decisions through the year to support State Owned Enterprises (mainly Ronphos). This group was the beneficiary of ISHT allocations during the quarter, mainly from the fiscal cash buffer to subsidies to SOEs.

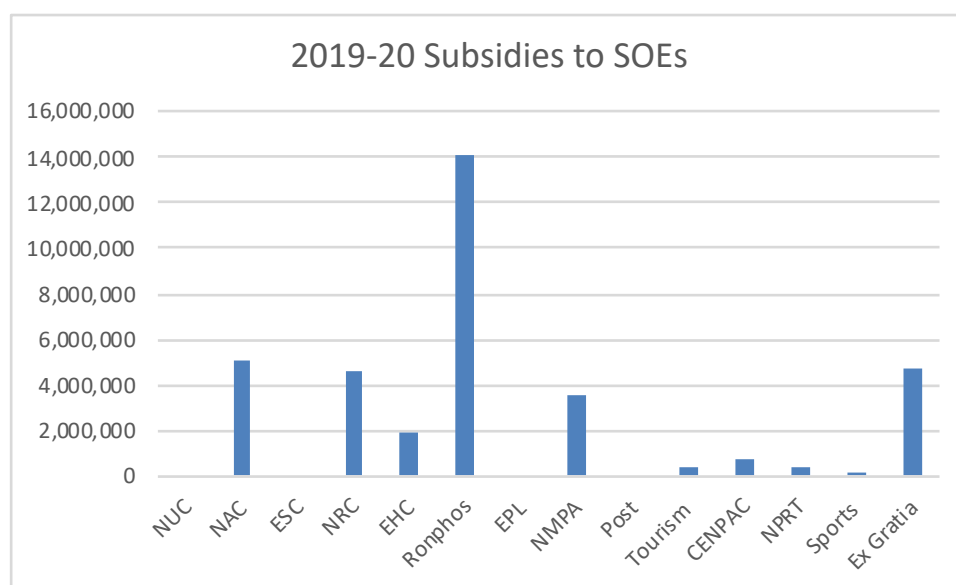
Table 17: Subsidies & Donations Expenditure 2019-20

Description	2018-19 Outcome	2019-20 Approved Budget	2019 -20 Supp Bills	2019-20 ISHT	2019-20 Revised Budget	2019-20 Estimate at 2020-21 Budget	2019-20 Outcome	Change on Approved 2019-20 Budget	Change on Approved 2019-20 Budget
	\$	\$	\$	\$	\$	\$	\$	\$	%
2376 - Equity Purchases	8,900,000	5,400,000	4,100,000	-	9,500,000	9,500,000	9,500,000	4,100,000	76%
2615 - Other Subsidies & Donations	2,167,456	-	-	2,470	2,470	4,000	2,469	2,469	-
2616 - Subsidies to SOEs	10,653,834	242,000	26,789,768	8,875,259	35,907,027	33,857,027	35,905,795	35,663,795	14737%
2617 - Donations - local	590,337	907,532	1,512,419	547,812	2,967,763	3,084,817	2,913,839	2,006,307	221%
2618 - Donations - overseas	-	103,531	-	(100,000)	3,531	103,531	5,276	(98,255)	-95%
Total Subsidies & Donations	22,311,627	6,653,063	32,402,187	9,325,541	48,380,791	46,549,375	48,327,379	41,674,316	626%

Figure 8 provides a breakdown of payments to SOEs during 2019-20. 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 8: Expenditure on Subsidies to SOEs in 2019-20



CAPITAL EXPENDITURE

Total capital expenditure for the years was 92 per cent more than what had been originally planned (Table 18). 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 due to it being funded as a single line item), some of which was funded by donors. This included the purchase of an oxygen plant and testing equipment.

Table 18: Capital Expenditure 2019-20

Description	2018-19 Outcome	2019-20 Approved Budget	2019 -20 Supp Bills	2019-20 ISHT	2019-20 Revised Budget	2019-20 Estimate at 2020-21 Budget	2019-20 Outcome	Change on Approved 2019-20 Budget	Change on Approved 2019-20 Budget
	\$	\$	\$	\$	\$	\$	\$	\$	%
2480 - Medical Equipment	311,260	113,400	180,000	(6,000)	287,400	293,400	272,575	159,175	140%
2495 - Plant & Equipment Purchases	2,444,346	1,729,664	2,704,994	6,223,532	10,658,190	8,812,405	10,194,989	8,465,326	489%
2496 - Building and Structures	16,439,291	9,278,781	4,995,780	(3,499,209)	10,775,352	12,909,257	10,612,808	1,334,027	14%
2580 - Public Works	1,581,655	471,900	1,518,832	(674,210)	1,316,522	1,445,622	1,189,513	717,613	152%
Total Capital Expenditure	20,776,552	11,593,745	9,399,606	2,044,113	23,037,464	23,460,684	22,269,885	10,676,140	92%

SOCIAL BENEFITS

Expenditure on social benefits (Table 19) 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 19: Social Benefits 2019-20

Description	2018-19 Outcome	2019-20 Approved Budget	2019 -20 Supp Bills	2019-20 ISHT	2019-20 Revised Budget	2019-20 Estimate at 2020-21 Budget	2019-20 Outcome	Change on Approved 2019-20 Budget	Change on Approved 2019-20 Budget
	\$	\$	\$	\$	\$	\$	\$	\$	%
2220 - Nauru Community Housing	6,784,128	2,050,000	5,600,000	(93,600)	7,556,400	7,600,000	7,556,343	5,506,343	269%
2390 - Social Welfare - Birth Claims	33,500	30,000	162,000	-	192,000	192,000	111,800	81,800	273%
2395 - Social Welfare - Death Claims	156,720	130,000	-	130,000	260,000	260,000	222,000	92,000	71%
2400 - Social Services - Aged Pensions	2,075,950	2,080,000	1,088,918	(49,500)	3,119,418	3,119,418	3,102,328	1,022,328	49%
2405 - Social Services - Super Contributor	84,632	130,000	-	-	130,000	130,000	93,843	(36,157)	-28%
2410 - Social Services - Super Ex MP's	956,390	120,000	-	(120,000)	-	-	-	-	-
2420 - Social Services - Disability Paymen	835,370	884,000	-	250,000	1,134,000	1,134,000	1,101,336	217,336	25%
2421 - Ex Gratia - Age and Disable	-	-	-	576,400	576,400	-	507,200	507,200	-
2422 - Ex Gratia SoEs	-	-	-	1,027,200	1,027,200	-	986,800	986,800	-
2440 - Scholarships - School & Trade	1,699,563	1,784,852	200,000	293,000	2,277,852	2,324,852	2,267,513	482,660	27%
Total Social Benefits	12,626,253	7,208,852	7,050,918	2,013,500	16,273,270	14,760,270	15,949,163	8,860,310	123%

OTHER

Expenditure in this category is in line with expectations (Table 20). Bank charges relate to telegraphic transfer and account keeping fees paid through the year.

Table 20: Other expenditure 2019-20

Description	2018-19 Outcome	2019-20 Approved Budget	2019 -20 Supp Bills	2019-20 ISHT	2019-20 Revised Budget	2019-20 Estimate at 2020-21 Budget	2019-20 Outcome	Change on Approved 2019-20 Budget	Change on Approved 2019-20 Budget
	\$	\$	\$	\$	\$	\$	\$	\$	%
2565 - Insurance	386,269	576,127	12,162	(36,478)	551,812	579,591	408,839	(167,289)	-29%
2570 - Bank Charges	26,342	38,873	-	20,000	58,873	56,636	50,081	11,208	29%
2690 - Foreign exchange gains/losses	-	59,674	-	(10,000)	49,674	57,488	141,979	82,305	138%
Total Other	412,610	674,675	12,162	(26,478)	660,359	693,715	600,899	(73,776)	-11%

NON-EXPENSE ITEMS

Items in this category were fully expended (Table 21). 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 loan expenditure account payment in 2018-19 was funded to Ronphos for the purchase of equipment. The interest and principal payments on this loan are met through the MOU with ROC

Taiwan. The \$700,000 loan expenditure account payment was a short term loan that Government made to Ronphos. Ronphos is in default on repayments for this loan.

Table 21: Non-expense Items 2019-20

Description	2018-19 Outcome	2019-20 Approved Budget	2019-20 Supp Bills	2019-20 ISHT	2019-20 Revised Budget	2019-20 Estimate at 2020-21 Budget	2019-20 Outcome	Change on Approved 2019-20 Budget	Change on Approved 2019-20 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	23,921,732	7,981,732	50%
2652 - Fiscal Cash Buffer	5,330,000	2,540,000	9,328,371	(11,868,371)	-	195,536	-	(2,540,000)	-100%
2680 - BON Liquidation- Payment	824,859	1,000,000	1,000,000	1,050,000	3,050,000	2,750,000	3,016,586	2,016,586	202%
2801 - Exim Loan Equipment Expenditure	7,033,155	-	-	-	-	-	-	-	-
2802 - Loan Expenditure Account	500,000	-	-	700,000	700,000	700,000	700,000	700,000	-
Total Non-expense items	31,707,583	19,480,000	18,310,103	(10,118,371)	27,671,732	27,567,268	27,638,318	8,158,318	42%

GOVERNMENT OPERATIONS

Overall, expenditure on government operations was consistent with expectations (Table 22).

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 23.

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 over ten 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 22: Government Operations 2019-20

Description	2018-19 Outcome	2019-20 Approved Budget	2019 -20 Supp Bills	2019-20 ISHT	2019-20 Revised Budget	2019-20 Estimate at 2020-21 Budget	2019-20 Outcome	Change on Approved 2019-20 Budget	Change on Approved 2019-20 Budget
	\$	\$	\$	\$	\$	\$	\$	\$	%
2030 - Salaries - Other Contracts	27,372,493	12,631,556	17,080,535	683,438	30,395,529	28,980,250	30,237,831	17,606,275	139%
2055 - Consultants fees	5,708,896	1,597,016	689,875	(525,459)	1,761,432	2,050,703	1,688,747	91,731	6%
2060 - Legal Fees - External	143,552	550,000	600,000	(601,182)	548,818	1,009,030	548,818	(1,182)	0%
2100 - Entertainment	766,463	581,909	8,540	247,756	838,205	757,779	763,705	181,797	31%
2105 - Official Celebrations	358,957	632,382	675,000	(175,792)	1,131,591	1,231,207	1,120,437	488,055	77%
2110 - Protocol	85,284	106,500	57,160	(47,400)	116,260	125,660	99,493	(7,007)	-7%
2130 - Printing & Stationery	640,086	474,811	15,563	231,367	721,740	685,735	622,482	147,671	31%
2132 - TVET Supplies	525,222	250,000	-	-	250,000	250,000	236,003	(13,997)	-6%
2135 - Stores	427,481	379,162	23,265	111,116	513,543	536,310	452,859	73,697	19%
2155 - House Rental	4,802,028	5,077,138	149,469	(138,800)	5,087,807	5,126,607	5,002,501	(74,637)	-1%
2160 - Land Rental	7,550,058	4,980,932	3,485,651	264,198	8,730,781	8,444,083	8,623,196	3,642,264	73%
2165 - Office Rental	418,781	584,741	153,980	(40,594)	698,127	714,738	638,971	54,230	9%
2185 - R&M - Buildings	1,545,772	743,339	222,695	1,296,368	2,262,402	1,630,050	2,130,580	1,387,241	187%
2190 - R&M - Office Equipment	70,942	115,716	1,583	123,912	241,212	181,501	217,597	101,881	88%
2191 - R&M Medical Equipment	82,841	120,000	115,966	(69,000)	166,966	175,966	165,305	45,305	38%
2195 - R&M - Office Premises	55,543	12,900	30,760	50,396	94,056	96,660	84,569	71,669	556%
2200 - R&M - Motor Vehicles	300,607	397,866	(3,000)	174,258	569,124	572,124	545,739	147,873	37%
2205 - R&M - Plant	182,925	870,521	1,441,763	(356,986)	1,955,298	2,077,266	1,898,475	1,027,954	118%
2210 - R&M - Aerodrome	118,581	60,000	48,300	5,000	113,300	113,300	101,039	41,039	68%
2225 - Agricultural Supplies	13,745	26,000	-	(2,320)	23,680	23,680	22,207	(3,793)	-15%
2230 - Publicity and Awareness	-	-	-	8,222	8,222	14,803	7,544	7,544	-
2255 - Warehouse Procurement	85,205	150,000	(150,000)	0	0		0	(150,000)	-100%
2275 - Purchase of Petrol	583,767	590,260	15,000	(79,776)	525,484	555,484	489,142	(101,118)	-17%
2280 - Purchase of Diesel	922,193	949,135	-	(200,000)	749,135	799,135	713,034	(236,101)	-25%
2290 - Purchase of Fuel - Other	1,703	10,793	-	0	10,793	10,793	4,224	(6,569)	-61%
2315 - Utilities	3,686,165	4,817,655	(54,155)	(687,501)	4,075,999	4,172,000	3,941,850	(875,805)	-18%
2330 - Telephone / Internet	2,246,620	2,185,855	1,162,290	(1,105,405)	2,242,740	2,246,349	2,218,232	32,377	1%
2350 - Freight	1,957,647	2,000,000	-	(400,000)	1,600,000	1,600,000	1,387,380	(612,620)	-31%
2370 - Membership Fees & Subscriptions	700,467	1,149,691	317,769	1,597,961	3,065,420	2,842,264	2,756,113	1,606,422	140%
2372 - Nauru Radio Supplies	11,687	9,500	-	(2,500)	7,000	7,000	7,000	(2,500)	-26%
2373 - Media TV Supplies	23,700	9,200	-	22,990	32,190	31,487	32,190	22,990	250%
2375 - ICT Supplies	60,927	60,300	30,600	(9,600)	81,300	79,900	80,581	20,281	34%

Table 22: Government Operations 2019-20 continued

Description	2018-19 Outcome	2019-20 Approved Budget	2019 -20 Supp Bills	2019-20 ISHT	2019-20 Revised Budget	2019-20 Estimate at 2020-21 Budget	2019-20 Outcome	Change on Approved 2019-20 Budget	Change on Approved 2019-20 Budget
	\$	\$	\$	\$	\$	\$	\$	\$	%
2460 - Medical Expenses	11,846	17,939	23,529	15,000	56,468	41,468	46,717	28,777	160%
2461 - Primary Health Care Services	52,599	52,731	-	(25,000)	27,731	27,731	14,361	(38,370)	-73%
2462 - NCD Control & Health Promotion	-	10,000	-	(3,200)	6,800	10,000	3,717	(6,283)	-63%
2463 - Environmental Health and Food sa	70,085	50,000	-	(20,930)	29,070	50,000	27,561	(22,439)	-45%
2464 - Management Monitoring & Evalua	2,772	20,000	-	(4,400)	15,600	20,000	15,530	(4,471)	-22%
2467 - Drugs and Medicines	800,000	750,000	-	55,000	805,000	705,000	772,771	22,771	3%
2468 - Dental Supplies	69,417	80,000	-	(25,000)	55,000	55,000	46,778	(33,222)	-42%
2469 - Dialysis Supplies	120,884	350,000	-	(100,000)	250,000	250,000	248,706	(101,294)	-29%
2471 - Medical Consumable	699,050	700,000	-	80,000	780,000	650,000	674,488	(25,512)	-4%
2472 - Laboratory supplies	399,283	348,000	-	20,000	368,000	273,000	366,152	18,152	5%
2473 - Radiology Supplies	19,996	20,000	-	-	20,000	20,000	9,320	(10,680)	-53%
2474 - Clinical Education Supplies	19,266	20,000	-	-	20,000	20,000	16,911	(3,089)	-15%
2475 - Overseas Medical Treatment	5,030,374	3,000,000	2,029,654	778,009	5,807,663	5,579,654	5,682,308	2,682,308	89%
2560 - Educational Expenses - Special	30,112	109,950	76,150	(36,000)	150,100	186,100	179,078	69,128	63%
2575 - Local Transport	954,089	1,344,921	34,316	273,340	1,652,577	1,592,897	1,601,877	256,956	19%
2585 - Rations	2,557,796	2,933,800	-	115,800	3,049,600	2,949,600	2,969,961	36,161	1%
2590 - Correctional Services Supplies	6,823	10,000	-	-	10,000	10,000	7,473	(2,527)	-25%
2600 - Postage	3,515	19,619	7,000	(4,500)	22,119	24,619	15,042	(4,577)	-23%
2605 - Library/Periodicals	-	2,000	-	(2,000)	-	2,000	-	(2,000)	-100%
2610 - Survey Supplies	1,215	1,500	-	3,294	4,794	4,794	2,838	1,338	89%
2620 - Lease & Charter Payments	55,689	66,686	23,328	0	90,014	90,014	89,674	22,988	34%
2625 - Family Court Expenses	3,000	6,000	-	(2,400)	3,600	4,600	3,400	(2,600)	-43%
2630 - Safe House	133,153	111,660	85,000	(42,300)	154,360	179,660	152,361	40,701	36%
2061 - Incorporation fees	2,575	-	-	-	-	-	-	-	-
2700 - Deportee Removal	12,008	10,140	-	(9,780)	360	10,140	360	(9,780)	-96%
2705 - NEAT Scheme	137,495	200,000	-	(65,500)	134,500	134,500	133,420	(66,580)	-33%
2999 - Contingency fund	-	500,000	-	3,003,751	3,503,751	3,503,751	3,217,092	2,717,092	543%
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	83,536,393	83,135,741	30,275,916	57%

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.

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.

Table 23 provides the breakdown of expenditure through the Contingency Fund, as required by Section 15(3) of *Public Finance (Management and Control) Act 1997*.

Table 23: Covid-19 related expenditure 2019-20

16-2999 Contingency Fund - COVID-19 Taskforce	2019-20 Final Outcome \$
2015 - Salaries - Local	34,920
2030 - Salaries - Other Contracts	602,567
2050 - Uniforms & Protective Clothing	718,436
2072 - Meals and Drinks - Staff	19,904
2075 - Travel - Business	394,182
2130 - Printing & Stationery	8,733
2135 - Stores	2,413
2155 - House Rental	1,129,684
2185 - R&M - Buildings	-
2275 - Purchase of Petrol	5,783
2280 - Purchase of Diesel	878
2315 - Utilities	37,707
2330 - Telephone / Internet	8,254
2350 - Freight	618,557
2370 - Membership Fees & Subscriptions	168
2471 - Medical Consumable	298,631
2474 - Clinical Education Supplies	118,773
2480 - Medical Equipment	638,380
2496 - Building and Structures	82,711
2575 - Local Transport	1,920
2617 - Donations - local	287,749
Total impact on budget	5,010,348
Donor Offsets	1,793,257
Total use of Treasury Fund (Contingency 16-2999)	3,217,092
Cash flow support to Nauru Airlines (16-2616)	5,130,000.00
COVID-19 Ex Gratia Payment (03-2015)	2,862,607.99
Health Building & Structure (Head 61-2496)	375,089.47
Total COVID-19 related Expenditure	13,378,045.74

EXPENDITURE BY DEPARTMENT

Table 24 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.

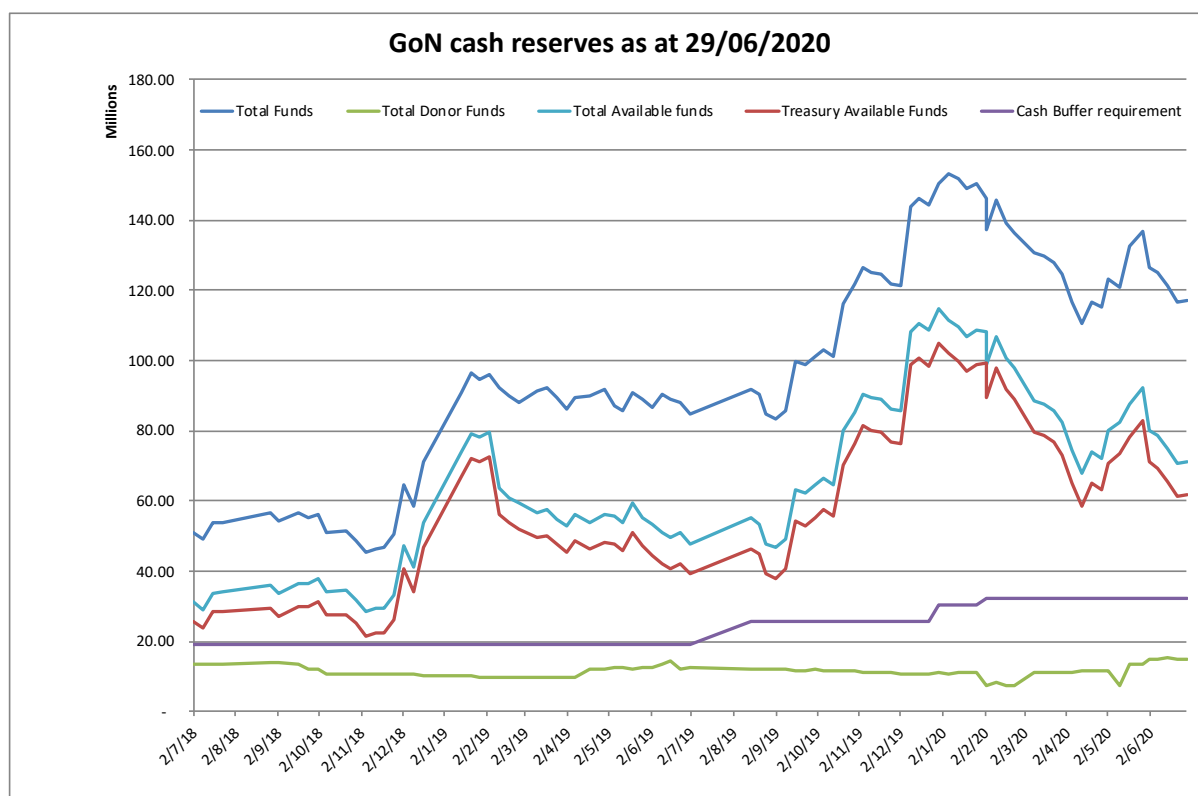
Table 24 Expenditure by Department 2019-20

Description	2018-19 Outcome	2019-20 Approved Budget	2019 -20 Supp Bills	2019-20 Revised Budget	2019-20 Estimate at 2020-21 Budget	2019-20 Outcome	Change on Approved 2019-20 Budget	Change on Approved 2019-20 Budget
	\$	\$	\$	\$	\$	\$	\$	%
01 - Presidency and State House (includi	1,349,754	1,774,150	1,620,433	3,394,583	3,394,583	3,385,746	1,611,596	91%
02 - Ministerial	14,239,620	5,908,405	8,058,432	13,966,837	13,966,837	13,922,534	8,014,129	136%
03 - Chief Secretariat	16,402,882	18,444,787	2,081,477	20,526,264	20,526,264	19,475,638	1,030,851	6%
05 - Audit	313,786	354,518	40,650	395,168	395,168	302,870	(51,648)	-15%
06 - Parliament	1,508,122	1,467,979	782,411	2,250,390	2,250,390	1,899,263	431,284	29%
07 - GON WareHouse	256,198	367,544	(367,544)	(0)	(0)	0	(367,544)	-100%
08 - National Emergency Services	1,459,993	1,495,347	32,628	1,527,975	1,527,975	1,455,515	(39,832)	-3%
09 - Electoral Commission	443,160	456,354	37,173	493,527	493,527	448,417	(7,937)	-2%
11 - Finance Secretariat	1,787,318	1,915,778	431,933	2,347,711	2,347,711	2,071,055	155,277	8%
12 - Finance -Public Debt	10,480,415	-	-	-	-	-	-	-
13 - Bureau of Statistics	87,592	115,413	24,031	139,444	139,444	118,555	3,142	3%
15 - Nauru Revenue Office	391,556	513,709	0	513,709	513,709	430,638	(83,071)	-16%
16 - Finance - Other Payments	64,092,090	39,808,697	56,771,569	96,580,266	96,580,266	95,295,769	55,487,072	139%
17 - Nauru Customs Office (NCO)	370,893	367,638	167,461	535,099	535,099	518,422	150,784	41%
18 - Nauru Regional Processing Centre (I	5,345,677	1,168,563	552,278	1,720,841	1,720,841	1,690,997	522,434	45%
21 - CIE	641,973	750,805	517,467	1,268,272	1,268,272	1,223,040	472,235	63%
31 - Fisheries	2,151,271	2,475,930	1,014,577	3,490,507	3,490,507	3,121,505	645,574	26%
41 - Police	2,478,850	2,791,358	46,643	2,838,001	2,838,001	2,841,086	49,728	2%
42 - Department of Multicultural Affairs	26,652,705	6,401,728	20,824,693	27,226,421	27,226,421	27,133,047	20,731,320	324%
43 - Justice - Secretariat	2,683,345	2,999,056	859,810	3,858,866	3,858,866	3,629,397	630,341	21%
44 - Judiciary	1,777,607	1,866,055	22,001	1,888,056	1,888,056	1,884,124	18,069	1%
45 - Border Control	892,644	1,000,417	0	1,000,417	1,000,417	904,972	(95,444)	-10%
46 - Correctional Services	830,260	730,860	0	730,860	730,860	709,606	(21,254)	-3%
50 - Directorate of TVET	1,052,532	860,333	18,353	878,686	878,686	675,302	(185,031)	-22%
51 - Education	8,954,461	10,076,813	389,002	10,465,815	10,465,815	10,314,027	237,214	2%
52 - Youth Affairs	131,892	174,467	0	174,467	174,467	171,357	(3,110)	-2%
61 - Health	14,908,435	13,392,819	3,614,199	17,007,018	17,007,018	16,379,317	2,986,498	22%
62 - Sports	885,884	980,886	816,128	1,797,014	1,797,014	1,795,354	814,468	83%
63 - Department of Infrastructure Devel	2,431,210	422,306	2,641,556	3,063,862	3,063,862	2,928,519	2,506,214	593%
71 - Foreign Affairs - Secretariat	933,320	1,215,031	521,245	1,736,276	1,736,276	1,501,526	286,495	24%
72 - Foreign Affairs - Brisbane	893,479	1,078,947	204,369	1,283,316	1,283,316	1,111,158	32,211	3%
73 - Foreign Affairs - Suva	521,050	761,821	57,895	819,716	819,716	718,697	(43,124)	-6%
74 - Foreign Affairs - New York	2,087,659	2,466,884	443,974	2,910,858	2,910,858	2,846,868	379,983	15%
75 - Foreign Affairs - Taiwan	466,242	515,694	20,542	536,236	536,236	477,347	(38,347)	-7%
76 - Foreign Affairs- Geneva	56,080	513,631	284,700	798,331	798,331	798,331	284,700	55%
77 - High Commission India	-	274,950	0	274,950	274,950	0	(274,950)	-100%
78 - High Commission Canberra	-	0	436,486	436,486	436,486	130,244	130,244	-
81 - Home Affairs	3,676,167	3,763,305	420,000	4,183,305	4,183,305	4,153,383	390,078	10%
82 - Women's Affairs	256,929	319,017	0	319,017	319,017	312,138	(6,879)	-2%
83 - Media Bureau	420,839	438,629	136,222	574,851	574,851	568,804	130,175	30%
84 - Lands & Survey	5,345,076	5,513,839	443,800	5,957,639	5,957,639	5,929,856	416,017	8%
85 - Lands Committee	226,297	214,912	0	214,912	214,912	209,603	(5,309)	-2%
86 - Department of Land Management	78,476	85,752	0	85,752	85,752	94,076	8,324	10%
91 - Department of Transport	2,391,816	2,275,910	775,775	3,051,685	3,051,685	2,959,923	684,013	30%
93 - Maritime Transport	2,140,953	3,356,502	(2,980,518)	375,984	375,984	346,486	(3,010,016)	-90%
95 - ICT	2,405,035	3,750,566	1,260,896	5,011,462	5,011,462	4,986,841	1,236,275	33%
97 - Telecom	109,974	88,024	31,190	119,214	119,214	117,513	29,489	34%
99 - Balance Sheet	120	-	-	-	-	-	0	-
Total	207,011,640	145,716,127	103,053,936	248,770,063	248,770,063	241,988,863	96,272,736	66%

CASH POSITION

The Government built up cash reserves through the year, as illustrated in Figure 9. At the end of the 2019-20, total funds were \$117.3 million. The cash buffer requirement of two months of non-RPC expenditure was met.

Figure 9: GoN Cash reserves 2019-20



GOVERNMENT LOAN FUND

As at 30 June 2020, the Government had one outstanding loan. This loan was agreed with EXIM Bank, with support from ROC Taiwan.

In October 2018, the Government agreed to borrow USD5 million from EXIM Bank to support Ronphos purchase mining equipment. The loan is for ten years at an interest rate of LIBOR plus 1.5 per cent. The full proceeds of the loan were passed to Ronphos for the purchase of equipment.

ROC Taiwan provides additional donor support to Nauru to meet the annual principal and interest payments for the loan.

The table below provides a summary of the loan balance and repayments. The USD:AUD exchange rate assumption is \$1.4.

Table 25: EXIM Bank Ronphos Loan Schedule

Exim Ronphos loan Payment Date	Balance USD	Principal payment USD	Interest payment USD	Total debt service USD	ROC Taiwan payment USD	GON payment USD
16/07/2019	5,000,000	250,000	93,294	343,294	343,294	-
16/01/2020	4,750,000	250,000	90,718	340,718	340,718	-
16/07/2020	4,500,000	250,000	76,543	326,543	326,543	-
16/01/2021	4,250,000	250,000	72,290	322,290		
16/07/2021	4,000,000	250,000	68,038	318,038		
16/01/2022	3,750,000	250,000	63,786	313,786		
16/07/2022	3,500,000	250,000	59,533	309,533		
16/01/2023	3,250,000	250,000	55,281	305,281		
16/07/2023	3,000,000	250,000	51,029	301,029		
16/01/2024	2,750,000	250,000	46,776	296,776		
16/07/2024	2,500,000	250,000	42,524	292,524		
16/01/2025	2,250,000	250,000	38,271	288,271		
16/07/2025	2,000,000	250,000	34,019	284,019		
16/01/2026	1,750,000	250,000	29,767	279,767		
16/07/2026	1,500,000	250,000	25,514	275,514		
16/01/2027	1,250,000	250,000	21,262	271,262		
16/07/2027	1,000,000	250,000	17,010	267,010		
16/01/2028	750,000	250,000	12,757	262,757		
16/07/2028	500,000	250,000	8,505	258,505		
16/01/2029	250,000	250,000	4,252	254,252		
Total		5,000,000	911,169	5,911,169	1,010,555	-
Total AUD	7,000,000	7,000,000	1,275,637	8,275,637	1,414,777	-