



REPUBLIC OF NAURU

DEPARTMENT OF FINANCE

QUARTERLY BUDGET PERFORMANCE REPORT QUARTER 3 2020-21

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Treasury Division
Department of Finance

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QUARTERLY BUDGET PERFORMANCE REPORT – QUARTER 3 2020-21

INTRODUCTION

This is the performance report for the third quarter of the 2020-21 Budget year for the Republic of Nauru. It provides revenue and expenditure data recorded by Treasury for the period 1 July 2020 to 31 March 2021. It is based on all available information to Treasury as at 7 April 2021.

- To 31 March 2021, 62 per cent of total expected annual revenue had been collected and 58 per cent of total expenditure outlaid. This is below expectations, against a 75 per cent of budget benchmark.
- Lower than expected revenue mainly reflected a shortfall in fisheries revenue due to pandemic related issues. The timing of the proposed EXIM Bank loan for the aircraft replacement program has also impacted on lower revenue and expenditure.
- During the quarter, the Government took the opportunity to use some windfall revenues from the Regional Processing Centre (RPC) agreement extension for balance sheet repair, with a bonus contribution to the Nauru Trust Fund and resolution of legacy debt obligations.

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

The macro-economic assumptions for Nauru have been updated following publication of the International Monetary Fund (IMF) World Economic Outlook in April 2021.

The IMF is projecting a stronger recovery in 2021 and 2022 for the global economy compared to the previous forecast, with growth projected to be 6 per cent in 2021 and 4.4 per cent in 2022.

There remains significant uncertainty on this outlook due to the pandemic. The IMF notes that the outlook presents daunting challenges related to divergences in the speed of recovery both across and within countries and the potential for persistent economic damage from the crisis.

For Nauru, the growth forecast has been upgraded, with growth in 2021 now expected to be 1.6 per cent (up from 1.3 per cent), reflecting global conditions and the extension of RPC arrangements, Port construction, and Nauru remaining COVID-19 free. With the anticipated wind-down in RPC activity, growth is expected to decline to 0.9 per cent in 2022 and 0.5 per cent in 2023. Inflation remains flat at 1.2 per cent in 2021 and 2 per cent in the out years.

The nominal GDP estimate for 2020-21 is now \$179 million.

SUPPLEMENTARY APPROPRIATIONS

There was one supplementary appropriation in the quarter, to take account of the six month extension of the RPC agreement with Australia from 31 December 2020 to 30 June 2021; the outcome of the mid-year review of budget estimates that reflected the impact of better than expected economic conditions in the year to date, and Government decisions taken since the last supplementary appropriation.

- Supplementary Appropriation Bill (No.2) 2020-21 on 28 January 2021, recognised additional Government revenue of \$54.6 million in 2020-21, and \$54.6 million in expenditure was appropriated for 2020-21, with a balance of \$6 thousand.

The supplementary recognised total expected revenue for 2020-21 of \$317.8 million, and \$317.8 million was appropriated for expenditure, leaving a surplus balance for the year of \$65 thousand.

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 and Table 2.

Table 1: Fiscal responsibility ratio performance Q3 2020-21

Measure	Target	2019-20 Actual	2020-21 Approved Budget	2020-21 Revised Budget	2020-21 YTD Actual
Fiscal balance to GDP	not negative as % of GDP	16%	0.02%	0.03%	7%
Personnel cost ratio	Personnel cost to current expenditure <30%	19%	28%	20%	19%

The IMF recommends that Nauru hold a cash buffer of two-months current Government expenditure to manage liquidity risks. The buffer target is calculated by taking total budgeted expenditure less RPC expenditure (using a proxy of the MCA Budget) 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.

Government liquidity has continued to improve and is now in a sound position. The cash buffer accounts hold more than the minimum two months of adjusted expenditure. More detail on cash balances is shown in Figure 8.

Table 2: GON Liquidity and fiscal cash buffer Q3 2020-21

	Cash Buffer	Total Funds (\$)			
	Requirement (\$)	at 1 July 2020	at 30 Sept 2020	at 31 Dec 2020	at 31 Mar 2021
Cash available at 1 July 2020	26,408,403	117,281,211			
Cash available at 30 Sept 2020	26,408,403		130,507,799		
Cash available at 31 December 2020	35,763,229			151,287,939	
Cash available at 31 March 2021	39,063,613				128,308,946
<i>of which held in cash buffer accounts</i>		29,306,119	34,957,902	40,029,844	40,063,564

BUDGET AGGREGATES

The budget aggregates for the year to date are shown in Table 3. Actual year to date performance is below expectations, especially for revenue, reflecting lower than expected fishing revenues.

Table 3 Aggregate results Q3 2020-21

	2019-20 Actual	2020-21 Approved Budget	2020-21 Supp Bills	2020-21 Revised Budget	2020-21 YTD Actual	2020-21 YTD Actual % of budget	2020-21 Remaining Budget
	\$	\$	\$	\$	\$		\$
Revenue	269,410,139	210,483,272	107,339,286	317,840,558	198,101,221	62%	119,739,337
Expenditure	241,988,863	210,444,381	107,336,805	317,781,186	185,024,784	58%	132,756,402
Balance	27,421,276	38,891	2,481	59,372	13,076,438	-	13,017,065

If the impact of the proposed EXIM Bank Loan of \$34.9 million is taken out of the estimates, total year to date revenue receipts continue to be below expectations, with only 70 per cent of annual revenues collected by the end of March 2021, against a budget benchmark of 75 per cent and 76 per cent at the same time last year. Expenditure is currently running at 65 per cent of the total annual expected budget, adjusted for the loan, comparable to 69 per cent at the same time last year.

The pattern of collections by quarter is shown in Figure 1. Revenues are highly seasonal, usually peaking in the second quarter, with expenditure gradually accelerating through the year.

Figure 1: Budget aggregates by quarter

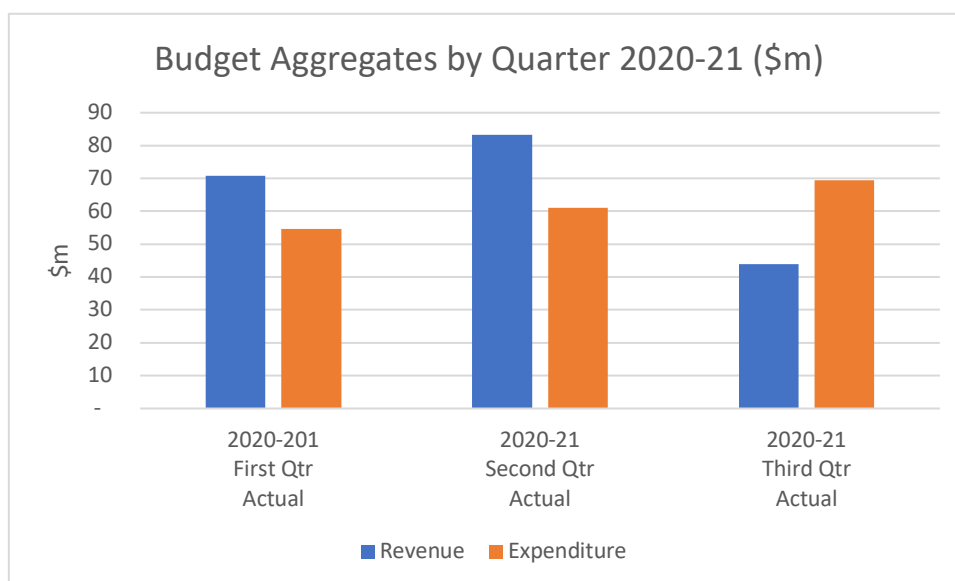
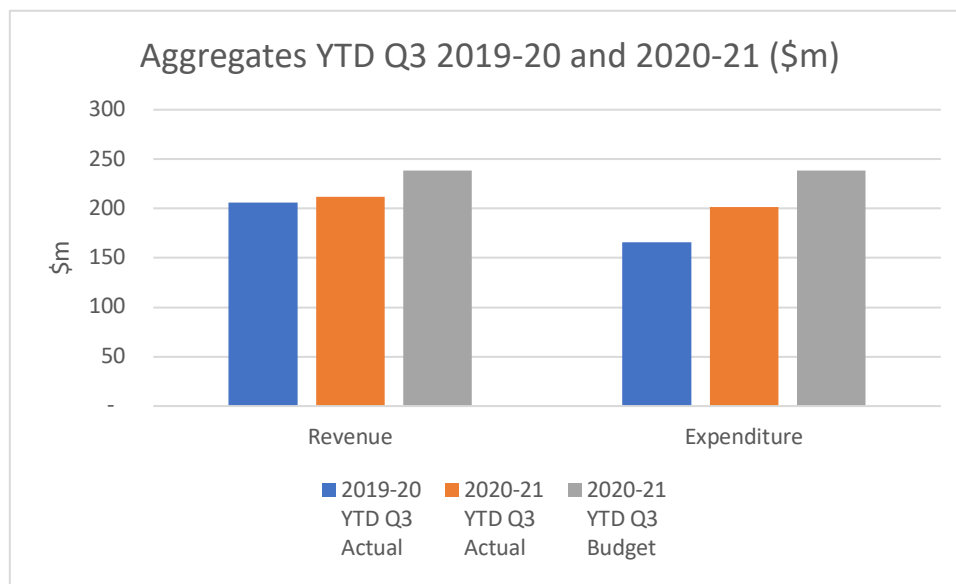


Figure 2 compares year to date total actual aggregate performance against the same period last year and budget. Both revenue and expenditure year to date actuals are higher than in the same period last year. However the gap between revenue collections and expenditure is narrower this year, reflecting lower than expected revenue collections.

Figure 2 Budget aggregate results for YTD Q3 2019-20 and 2020-21 (\$ million)



OPERATING REVENUE ANALYSIS

Actual revenues for the year to date are summarised in Table 4. Revenues are highly seasonal, with most revenue collected in the first half of the year. Overall revenue collections are behind expectations, with delays in fisheries revenue collections due to the logistics of operating in a pandemic environment, and lower than expected reimbursements for RPC activity (non-tax).

Revenue estimates are determined by the assumptions in place at the time of the 2020-21 Budget in June 2020. A key assumption was that the RPC would cease operations in December 2020, and this assumption mainly impacted on tax and non-tax revenue estimates. The RPC has now been extended until 30 June 2021, and this is reflected in updated estimates recognised in Supplementary No 2.

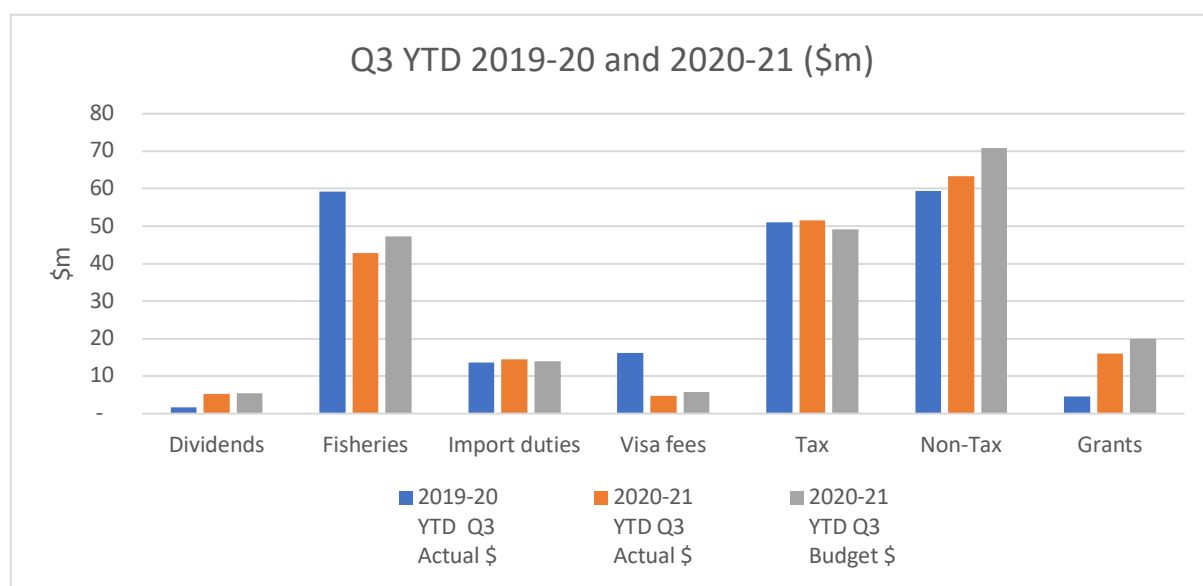
The EXIM Bank loan for new aircraft has not yet been funded, and this may now be delayed into next financial year. This reflects a slower than expected process to secure the aircraft to be purchased.

Table 4: Revenue breakdown Q3 2020-21

Description	2019-20 Actual	2020-21 Approved Budget	2020-21 Supp Bills	2020-21 Revised Budget	2020-21 YTD Actual	2020-21 YTD Actual % of budget	2020-21 Remaining Budget
	\$	\$	\$	\$	\$	%	\$
Dividends	2,250,330	7,150,000	-	7,150,000	5,318,810	74%	1,831,190
Fisheries	73,279,152	54,530,000	8,395,000	62,925,000	42,807,250	68%	20,117,750
Import duties	17,840,137	16,136,746	2,437,952	18,574,698	14,407,052	78%	4,167,646
Visa fees	21,086,732	5,986,505	1,680,000	7,666,505	4,703,668	61%	2,962,837
Tax	65,383,946	33,480,000	32,135,742	65,615,742	51,473,641	78%	14,142,101
Non-Tax	79,107,991	75,360,021	19,041,299	94,401,320	63,340,186	67%	31,061,134
Grants	10,461,850	17,840,000	8,737,293	26,577,293	16,049,115	60%	10,528,178
Other	-	-	34,930,000	34,930,000	1,500	-	34,928,500
Total	269,410,139	210,483,272	107,357,286	317,840,558	198,101,221	62%	119,739,337

Figure 3 illustrates revenue collections for the year to date compared to the same period last year. This highlights the lower than expected fisheries revenue in the year to date.

Figure 3 Revenue collections for YTD Q3 2019-20 and 2020-21



The RPC is a key source of economic activity and revenue for the Government, as illustrated in Table 5. The 2020-21 Budget estimates assumed only six months of revenue for these lines. The agreed extension of RPC arrangements to 30 June 2021, has boosted RPC related revenue by 46 per cent from the original budget estimate. All these revenues are at risk as the RPC winds down towards an enduring capability, especially tax receipts.

Table 5: RPC Related Revenues Q3 2020-21

Revenue Description	2019-20 Actual	2020-21 Approved Budget	2020-21 Supp Bills & ISHT	2020-21 Revised Budget	2020-21 YTD Actual	2020-21 YTD Actual % of budget	2020-21 Remaining Budget
	\$	\$	\$	\$	\$	%	\$
1335 - Visa Fees - RPC	2,013,000	480,000	480,000	960,000	867,000	90%	93,000
1580 - Visa Fees - RPC Resettlement	16,816,434	3,600,000	1,200,000	4,800,000	2,412,000	50%	2,388,000
1475 - Miscellaneous Revenue	32,119,611	7,370,900	1,354,000	8,724,900	5,670,733	65%	3,054,167
1495 - Service Fees	19,453,145	10,088,678	10,088,678	20,177,356	15,019,123	74%	5,158,233
1577 - DJBC - Operations	3,369,827	2,289,963	763,321	3,053,284	3,220,722	105%	(167,438)
1578 - DJBC - Reimbursable Costs	18,933,723	15,257,699	5,085,900	20,343,599	10,691,503	53%	9,652,096
1598 - Hosting Fee	-	36,983,331	-	36,983,331	26,416,665	71%	10,566,666
1590 - Employment/Non-resident Withholding Tax	19,914,790	9,200,000	10,637,081	19,837,081	14,221,207	72%	5,615,874
1591 - Business Profit Tax	42,880,470	22,280,000	20,273,077	42,553,077	34,776,794	82%	7,776,283
Total RPC related revenue	155,500,999	107,550,571	49,882,057	157,432,628	113,295,746	72%	44,136,882
Share of total revenue (Excl Exim)	58%	51%		56%	57%		37%

FISHING REVENUE

Fishing revenue collections are highly seasonal, with the majority of revenue usually being received in the second quarter (Table 6). Fishing day revenues are below expectations, reflecting the administrative difficulties of operating in a pandemic environment and delays in signing agreements. They are expected to partially recover in the next quarter.

Table 6: Fishing revenues Q3 2020-21

Description	2019-20 Actual	2020-21 Approved Budget	2020-21 Supp Bills & ISHT	2020-21 Revised Budget	2020-21 YTD Actual	2020-21 YTD Actual % of budget	2020-21 Remaining Budget
	\$	\$	\$	\$	\$	%	\$
1055 - Support Vessel Charges	326,526	230,000	70,000	300,000	400,800	134%	(100,800)
1071 - Purse Seine Revenue - Licensing	1,745,909	1,300,000	200,000	1,500,000	1,393,798	93%	106,202
1072 - Purse Seine Revenue - Fishing Days	71,206,717	53,000,000	8,125,000	61,125,000	41,012,652	67%	20,112,348
Total Fisheries Revenue	73,279,152	54,530,000	8,395,000	62,925,000	42,807,250	68%	20,117,750

TAXATION REVENUE

Taxation revenues performed strongly in the quarter (Table 7), reflecting more buoyant economic conditions than anticipated in the 2020-21 Budget and the RPC extension.

Table 7: Taxation revenue Q3 2020-21

Description	2019-20 Actual	2020-21 Approved Budget	2020-21 Supp Bills & ISHT	2020-21 Revised Budget	2020-21 YTD Actual	2020-21 YTD Actual % of budget	2020-21 Remaining Budget
	\$	\$	\$	\$	\$	%	\$
1190 - Telecom Tax	2,588,686	2,000,000	1,225,584	3,225,584	2,475,641	77%	749,943
1590 - Employment/Non-resident Withholding Tax	19,914,790	9,200,000	10,637,081	19,837,081	14,221,207	72%	5,615,874
1591 - Business Profit Tax	42,880,470	22,280,000	20,273,077	42,553,077	34,776,794	82%	7,776,283
Total Tax	65,383,946	33,480,000	32,135,742	65,615,742	51,473,641	78%	14,142,101

CUSTOMS AND OTHER IMPORT DUTIES

Customs and excise duty collections continued to be strong over the quarter, reflecting more buoyant economic conditions than anticipated in the original budget, and the increased import volumes supported by the weekly Nauru Airlines freighter service, and higher frequency of sea cargo deliveries with the commencement of the Nauru Shipping Line (Table 8).

Table 8 Customs and other Import duties Q3 2020-21

Description	2019-20 Actual	2020-21 Approved Budget	2020-21 Supp Bills & ISHT	2020-21 Revised Budget	2020-21 YTD Actual	2020-21 YTD Actual % of budget	2020-21 Remaining Budget
	\$	\$	\$	\$	\$	%	\$
1140 - Customs and Excise Duty - Tobacco	5,716,626	5,726,746	925,703	6,652,449	5,321,187	80%	1,331,262
1145 - Customs and Excise Duty - Alcohol	1,429,190	2,040,000	-	2,040,000	1,545,917	76%	494,083
1150 - Customs and Excise Duty - Sugar	929,814	920,000	623,075	1,543,075	1,112,235	72%	430,840
1155 - Customs and Excise - Machinery/Vehicle/Equip.	1,058,734	830,000	-	830,000	716,587	86%	113,413
1160 - Customs and Excise Duty - Other	2,470,400	2,100,000	1,043,423	3,143,423	2,330,355	74%	813,068
1165 - Customs and Excise Duty - Petrol Sales	2,294,837	1,800,000	845,751	2,645,751	1,996,750	75%	649,001
1170 - Customs and Excise Duty - Diesel Sales	3,940,535	2,700,000	(1,000,000)	1,700,000	1,384,021	81%	315,979
1175 - Customs and Excise Duty - JetA1	-	20,000	-	20,000	-	0%	20,000
Total Customs and Excise Duty	17,840,137	16,136,746	2,437,952	18,574,698	14,407,052	78%	4,167,646

VISA FEES

Total revenue from visa fees was broadly in line with expectations, reflecting the RPC wind-down (see Table 9).

Table 9 Visa fees Q3 2020-21

Description	2019-20 Actual	2020-21 Approved Budget	2020-21 Supp Bills & ISHT	2020-21 Revised Budget	2020-21 YTD Actual	2020-21 YTD Actual % of budget	2020-21 Remaining Budget
	\$	\$	\$	\$	\$	%	\$
1330 - Visa Check up	10,469	6,505	-	6,505	3,796	58%	2,709
1335 - Visa Fees - RPC	2,013,000	480,000	480,000	960,000	867,000	90%	93,000
1575 - Visa Fees (Other Business)	2,246,829	1,900,000	-	1,900,000	1,420,872	75%	479,128
1580 - Visa Fees - RPC Resettlement	16,816,434	3,600,000	1,200,000	4,800,000	2,412,000	50%	2,388,000
Total Visa Fees	21,086,732	5,986,505	1,680,000	7,666,505	4,703,668	61%	2,962,837

OTHER REVENUE – DIVIDENDS, GRANTS AND OTHER

Revenue in this category was in line with expectations (Table 10).

The EXIM Bank loan for new aircraft has not yet been funded, and this may now be delayed into next financial year. This reflects a slower than expected process to identify and secure the aircraft to be purchased. Related donor grants to meet anticipated principal and interest payments are also not expected to be received in 2020-21, as their timing will match the loan schedule.

Table 10 Dividends, Grants and Other Q3 2020-21

Description	2019-20 Actual	2020-21 Approved Budget	2020-21 Supp Bills & ISHT	2020-21 Revised Budget	2020-21 YTD Actual	2020-21 YTD Actual % of budget	2020-21 Remaining Budget
	\$	\$	\$	\$	\$	%	\$
1000 - Project Revenue	-	-	-	-	1,500		(1,500)
1015 - Income from Investments & Dividends-Others	2,250,330	7,150,000	-	7,150,000	5,318,810	74%	1,831,190
1660 - General Budget Support	10,461,850	17,840,000	8,737,293	26,577,293	16,049,115	60%	10,528,178
1902 - EXIM NAC Loan Proceeds	-	-	34,930,000	34,930,000	-	-	34,930,000
Total Dividends , Grants and Other	12,712,181	24,990,000	43,667,293	68,657,293	21,369,424	31%	47,287,869

NON-TAX REVENUE

Non-tax revenue collections in the year to date were broadly in line with expectations, with lower than expected revenue for RPC reimbursable costs and passenger levies and departure taxes (Table 11).

Table 11 Non-tax revenues Q3 2020-21

Description	2019-20 Actual	2020-21 Approved Budget	2020-21 Supp Bills & ISHT	2020-21 Revised Budget	2020-21 YTD Actual	2020-21 YTD Actual % of budget	2020-21 Remaining Budget
	\$	\$	\$	\$	\$	%	\$
1121 - Curator fees	50,843	5,000	-	5,000	88,012	1760%	(83,012)
1215 - Licenses-Drivers etc	106,502	80,000	-	80,000	98,495	123%	(18,495)
1220 - Corporation Fees and Licenses	125,855	120,000	180,000	300,000	325,025	108%	(25,025)
1225 - Licenses-Trading	582,560	500,000	-	500,000	235,893	47%	264,107
1230 - Liquor Licensing Board	15,628	16,000	9,000	25,000	28,635	115%	(3,635)
1235 - Gaming / Bingo Licenses	224,166	280,000	-	280,000	29,250	10%	250,750
1240 - Licenses-Dogs etc	-	-	200	200	83	42%	117
1245 - Drones Licenses	-	-	2,000	2,000	1,500	75%	500
1260 - Birth Certificate	22,980	22,000	-	22,000	10,190	46%	11,810
1265 - Death Certificate	880	650	-	650	680	105%	(30)
1270 - Marriage Certificate	3,100	2,800	-	2,800	1,230	44%	1,570
1300 - Registration Fees-Motor Cars	84,978	68,000	52,000	120,000	116,019	97%	3,981
1305 - Registration Fees-Motorcycles	6,525	5,500	14,500	20,000	22,105	111%	(2,105)
1310 - Vehicle/Insurance Fees	270,540	200,000	100,000	300,000	312,995	104%	(12,995)
1325 - Passport Fees and Photographs	163,910	170,000	-	170,000	41,250	24%	128,750
1340 - Police Clearance	54,560	40,000	-	40,000	26,350	66%	13,650
1362 - Fuel Levy	-	-	1,000,000	1,000,000	-	0%	1,000,000
1360 - D.C.A-Pax Levy	948,575	580,000	-	580,000	-	0%	580,000
1365 - D.C.A.-Departure Taxes	811,450	500,000	-	500,000	-	0%	500,000
1370 - D.C.A.-Air Navigation Fees	326,563	220,000	280,000	500,000	466,716	93%	33,284
1375 - D.C.A.-Landing Fees	761,482	250,000	-	250,000	153,300	61%	96,700
1380 - D.C.A.-Rental Fees	124,460	46,000	-	46,000	5,275	11%	40,725
1475 - Miscellaneous Revenue	32,119,611	7,370,900	1,354,000	8,724,900	5,670,733	65%	3,054,167
1480 - Bus Services	1,855	1,200	-	1,200	845	70%	355
1485 - Quarantine Fees	43,081	36,000	14,000	50,000	64,271	129%	(14,271)
1490 - Court Fines and Fees	25,809	17,000	23,000	40,000	48,843	122%	(8,843)
1495 - Service Fees	19,453,145	10,088,678	10,088,678	20,177,356	15,019,123	74%	5,158,233
1500 - Sale of Maps	11,730	7,000	-	7,000	6,495	93%	505
1520 - Food Handler Check up	8,360	6,000	-	6,000	10,780	180%	(4,780)
1540 - Advertising Revenue	7,309	30,000	20,000	50,000	61,199	122%	(11,199)
1555 - Spectacles,Drugs etc	2,910	2,000	2,000	4,000	4,355	109%	(355)
1565 - Medical Services	4,110	2,300	2,700	5,000	7,330	147%	(2,330)
1577 - DJBC - Operations	3,369,827	2,289,963	763,321	3,053,284	3,220,722	105%	(167,438)
1578 - DJBC - Reimbursable Costs	18,933,723	15,257,699	5,085,900	20,343,599	10,691,503	53%	9,652,096
1596 - Traffic Infringements	-	50,000	50,000	100,000	112,815	113%	(12,815)
1597 - TVET Course Fees	-	30,000	-	30,000	24,845	83%	5,155
1598 - Hosting Fee	-	36,983,331	-	36,983,331	26,416,665	71%	10,566,666
1700 - National/District Roll Sales	5,530	2,000	-	2,000	660	33%	1,340
1705 - Electoral Various Fees	77,750	80,000	-	80,000	16,000	20%	64,000
Other non tax	357,684	-	-	-	-	-	-
Total Non Tax	79,107,991	75,360,021	19,041,299	94,401,320	63,340,186	67%	31,061,134

REVENUE BY DEPARTMENT

Table 12 shows revenue for the year to date by department head. This funding is not hypothecated to these heads, but rather reflects the revenue classification method used in the financial management information system.

Table 12 Revenue by Department Q3 2020-21

Description	2019-20 Actual	2020-21 Approved Budget	2020-21 Supp Bills	2020-21 Revised Budget	2020-21 YTD Actual	2020-21 YTD Actual % of budget	2020-21 Remaining Budget
	\$	\$	\$	\$	\$	%	\$
03 - Chief Secretariat	139,517	41,450	9,000	50,450	41,625	83%	8,825
09 - Electoral Commission	113,710	84,000	-	84,000	16,660	-	67,340
11 - Finance Secretariat	-	10,000	-	10,000	761	-	9,240
12 - Finance - Public Debt	-	-	34,930,000	34,930,000	-	-	34,930,000
15 - Nauru Revenue Office	65,714,614	33,840,000	32,135,742	65,975,742	51,601,386	78%	14,374,356
16 - Finance - Other Payments	12,986,977	24,230,000	9,737,293	33,967,293	18,252,882	54%	15,714,411
17 - Nauru Customs Office (NCO)	17,840,137	16,136,746	2,439,952	18,576,698	14,408,552	78%	4,168,146
18 - Nauru Regional Processing Centre (NRPCC) Corp	21,434,985	10,067,050	10,088,678	20,155,728	15,001,503	74%	5,154,225
21 - CIE	5,275	5,000	-	5,000	7,000	140%	(2,000)
31 - Fisheries	73,421,288	54,530,000	8,395,000	62,925,000	43,183,206	69%	19,741,794
41 - Police	121,991	91,800	50,000	141,800	152,960	108%	(11,160)
42 - Department of Multicultural Affairs	68,204,454	66,672,993	8,883,221	75,556,214	51,877,890	69%	23,678,324
43 - Justice - Secretariat	759,758	625,000	180,200	805,200	650,143	81%	155,057
44 - Judiciary	25,809	17,000	23,000	40,000	48,843	122%	(8,843)
45 - Border Control	2,453,820	2,106,000	14,000	2,120,000	1,526,393	72%	593,607
46 - Correctional Services	-	-	-	-	2,100	-	(2,100)
50 - Directorate of TVET	31,724	30,000	-	30,000	32,295	108%	(2,295)
61 - Health	44,186	36,533	2,000	38,533	57,040	148%	(18,507)
62 - Sports	2,800	-	2,700	2,700	-	0%	2,700
83 - Media Bureau	7,309	30,000	20,000	50,000	61,459	123%	(11,459)
84 - Lands & Survey	11,730	7,000	-	7,000	6,495	93%	505
85 - Lands Committee	3,370	2,000	-	2,000	19,120	956%	(17,120)
91 - Department of Transport	3,385,523	1,910,700	446,500	2,357,200	1,152,909	49%	1,204,291
95 - ICT	2,259,264	10,000	-	10,000	-	0%	10,000
Other (Home Affairs, Maritime Transport)	441,898	-	-	-	-	-	-
Total	269,410,139	210,483,272	107,357,286	317,840,558	198,101,221	62%	119,739,337

OPERATING EXPENDITURE ANALYSIS

Total expenditure for the year to date is shown in Table 13. Overall, expenditure is less than expected, against a benchmark of 75 per cent. Inter Sub-Head Transfers (ISHTs) that reallocate budget between natural accounts within the appropriated expenditure head, accounted for \$16.6 million, or 8 per cent of the total approved budget in the year to date. The main reallocations occurred from the Fiscal Cash Buffer (non-expense items) to cover urgent and unforeseen expenditure, mainly related to subsidies to State Owned Enterprises, port redevelopment and debt repayments.

Table 13 Expenditure by Group Q3 2020-21

Description	2019-20 Preliminary Actual	2020-21 Approved Budget	2020-21 Supp Bills	2020-21 ISHT	2020-21 Revised Budget	2020-21 YTD Actual	2020-21 Commitment	2020-21 YTD Actual + Cmt % of budget	2020-21 Remaining Budget
	\$	\$	\$	\$	\$	\$	\$	%	\$
Personnel	36,433,969	44,489,279	1,716,697	380,096	46,586,072	23,736,832	627,707	52%	22,221,532
Government Travel	7,633,510	2,556,955	283,825	(922,006)	1,918,774	701,208	41,518	39%	1,176,047
Subsidies & Donations	48,327,379	20,916,602	38,006,669	8,374,486	67,297,757	21,689,651	650,713	33%	44,957,393
Govt Operations	83,135,741	76,124,736	9,886,341	3,169,863	89,180,940	60,075,440	1,367,558	69%	27,737,942
Capital Expenditure	22,269,885	18,260,271	8,263,478	3,142,146	29,665,895	11,256,162	309,663	39%	18,100,069
Social Benefits	15,949,163	15,082,397	9,150,000	1,590,600	25,822,997	21,349,918	595,720	85%	3,877,359
Other	600,899	693,715	-	2,000	695,715	366,592	25,537	56%	303,586
Non-expense items	27,638,318	32,320,426	40,029,795	(15,737,185)	56,613,036	42,226,902	3,660	75%	14,382,473
Total	241,988,863	210,444,381	107,336,805	-	317,781,186	181,402,708	3,622,076	58%	132,756,402

Figure 4 shows expenditure by quarter for 2020-21 by group. Expenditure in the third quarter for social benefits and non-expense items reflected lumpy payments provided for in Supplementary No 2 related to Nauru Trust Fund contributions and debt repayments (non-expense items) as well as Nauru Community Housing (social benefits). Expenditure on government travel was very low due to continued travel restrictions. Other payments were also very small.

Figure 4 Expenditure by group by quarter, Q3 2020-21

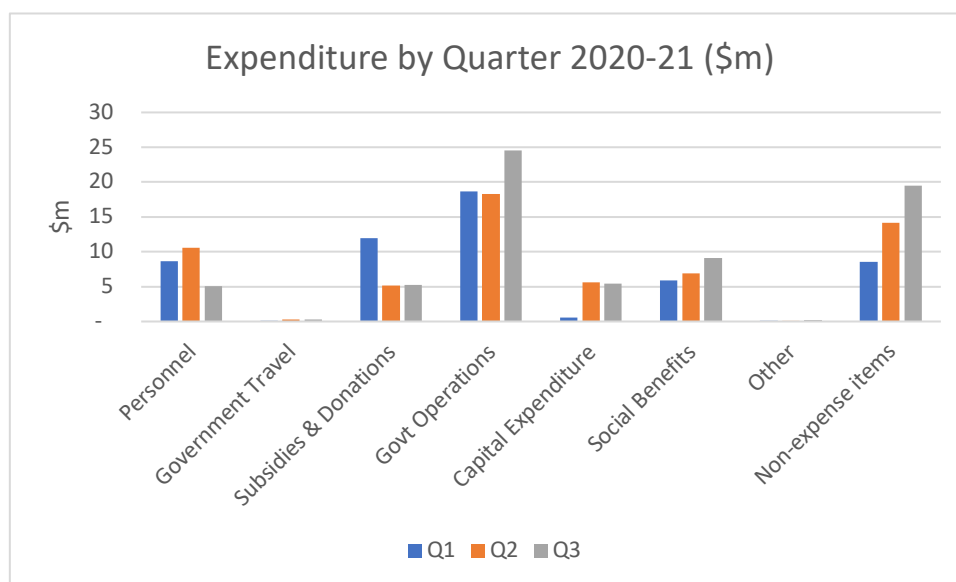
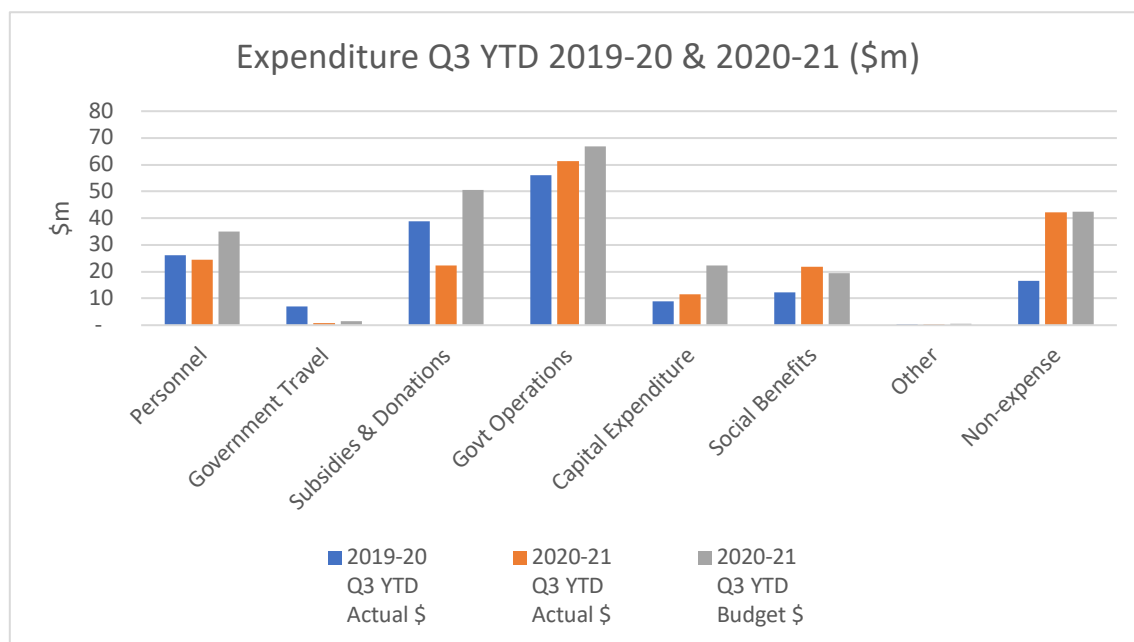


Figure 5 compares expenditure in the year to date at the end of the third quarter, against the same period last year and the 2020-21 Budget.

Compared to the same period last year, expenditure on personnel, subsidies and donations and government travel is lower in 2020-21. The latter reflecting the impact of travel restrictions due to

the Coronavirus pandemic. Expenditure on Government operations, capital expenditure and social benefits is higher in 2020-21. All categories are at or below the expected budgeted level, except social benefits. Expenditure on social benefits and non-expense items reflects lumpy expenditure timing, rather than a structural issue.

Figure 5 Expenditure Year to Date Q3 by Group 2020-21



PERSONNEL COSTS

Expenditure on personnel was lower than budgeted in the quarter (Table 14). Lower expenditure on salaries reflects in part ambitious recruitment plans at the start of the financial year that have not been delivered, as well as provision for public service pay rises that have not cost as much as estimated. Higher than budgeted expenditure on meals and drinks for staff reflects a decision by Health to provide meals for all shifts, rather than the night shift only.

Table 14 Personnel Expenditure Q3 2020-21

Description	2019-20 Actual	2020-21 Approved Budget	2020-21 Supp Bills	2020-21 ISHT	2020-21 Revised Budget	2020-21 YTD Actual	2020-21 Commitment	2020-21 YTD Actual + Cmt % of budget	2020-21 Remaining Budget
	\$	\$	\$	\$	\$	\$	\$	%	\$
2005 - Salaries & Allowances - (MP's)	1,450,712	1,260,698	-	-	1,260,698	717,262	-	57%	543,436
2010 - HE Salary & Allowances	105,033	105,034	-	-	105,034	58,211	-	55%	46,823
2015 - Salary - Local	21,842,428	27,974,432	1,404,359	(1,182,037)	28,196,754	15,065,873	199,273	54%	12,931,608
2020 - Salary Expatriate	7,791,067	9,702,826	24,000	(775,694)	8,951,132	4,061,209	299,509	49%	4,590,414
2025 - Allowances - Staff Contract	1,426,872	1,380,394	8,000	292,650	1,681,044	973,757	45,972	61%	661,315
2026 - Directors Fees	20,500	39,300	-	3,350	42,650	12,000	-	28%	30,650
2031 - Staff Contract - Ministerial	-	-	-	600,000	600,000	50,577	-	8%	549,423
2035 - Overtime - local	802,971	664,104	155,700	81,454	901,258	581,107	10,824	66%	309,327
2040 - Staff Training	894,984	1,020,661	14,900	37,765	997,795	372,744	57,276	43%	567,775
2041 - Prep & Orientation of Seasonal Workers	-	100,000	-	26,200	73,800	-	-	0%	73,800
2045 - Recruitment	14,999	30,000	-	-	30,000	2,992	-	10%	27,008
2050 - Uniforms & Protective Clothing	369,746	244,874	51,060	70,338	366,272	217,031	11,437	62%	137,804
2072 - Meals and Drinks - Staff	176,340	134,040	58,678	54,000	246,718	225,065	3,416	93%	18,237
2651 - GON Contributions	1,538,315	1,832,916	-	1,300,000	3,132,916	1,399,005	-	45%	1,733,911
Total Personnel	36,433,969	44,489,279	1,716,697	380,096	46,586,072	23,736,832	627,707	52%	22,221,532

GOVERNMENT TRAVEL

Expenditure on Government Travel (Table 15) reflects COVID-19 travel restrictions.

Table 15 Government Travel Expenditure Q3 2020-21

Description	2019-20 Actual	2020-21 Approved Budget	2020-21 Supp Bills	2020-21 ISHT	2020-21 Revised Budget	2020-21 YTD Actual	2020-21 Commitment	2020-21 YTD Actual + Cmt % of budget	2020-21 Remaining Budget
	\$	\$	\$	\$	\$	\$	\$	%	\$
2070 - Travel - Staff	494,215	596,210	5,000	27,163	628,373	226,230	17,754	39%	384,389
2075 - Travel - Business	7,139,294	1,960,745	278,825	(949,169)	1,290,401	474,979	23,764	39%	791,658
Total Government Travel	7,633,510	2,556,955	283,825	(922,006)	1,918,774	701,208	41,518	39%	1,176,047

SUBSIDIES & DONATIONS

Expenditure on Subsidies & Donations was higher than expected in the quarter, with reallocations from the Fiscal Cash Buffer supplementing subsidies to SOEs (Table 16). The equity purchase provision relates to the Government's support for the Nauru Airlines aircraft replacement program. The timing of this payment is dependent on Nauru Airlines securing an aircraft to purchase.

Table 16 Subsidies & Donations Expenditure Q3 2020-21

Description	2019-20 Actual	2020-21 Approved Budget	2020-21 Supp Bills	2020-21 ISHT	2020-21 Revised Budget	2020-21 YTD Actual	2020-21 Commitment	2020-21 YTD Actual + Cmt % of budget	2020-21 Remaining Budget
	\$	\$	\$	\$	\$	\$	\$	%	\$
2376 - Equity Purchases	9,500,000	-	34,930,000	-	34,930,000	-	-	0%	34,930,000
2615 - Other Subsidies & Donations	2,469	-	-	-	-	-	-	-	-
2616 - Subsidies to SOEs	35,905,795	18,465,560	1,437,454	8,089,631	27,992,645	19,417,796	84,850	70%	8,489,999
2617 - Donations - local	2,913,839	2,344,000	1,639,215	284,855	4,268,070	2,270,751	565,523	66%	1,431,797
2618 - Donations - overseas	5,276	107,042	-	-	107,042	1,105	340	1%	105,597
Total Subsidies & Donations	48,327,379	20,916,602	38,006,669	8,374,486	67,297,757	21,689,651	650,713	33%	44,957,393

Figure 6 shows subsidies to SOEs (2616) by entity. Payments to Nauru Airlines (NAC) supported planned investment in an aircraft freighter conversion and the community service obligation (CSO) to provide weekly air freight services, as planned in the 2020-21 Budget. Payments to NUC and Port also relate to planned CSOs for a lifeline electricity tariff and port service charges. Payments to the Nauru Shipping Line (NSL) and Ronphos (tug boat costs) were partially planned at budget, with additional expenditure met through supplementary appropriations and reallocation from the Fiscal Cash Buffer.

Figure 6 Subsidies to SOEs by entity Year to Date Q3 2020-21 (\$m)

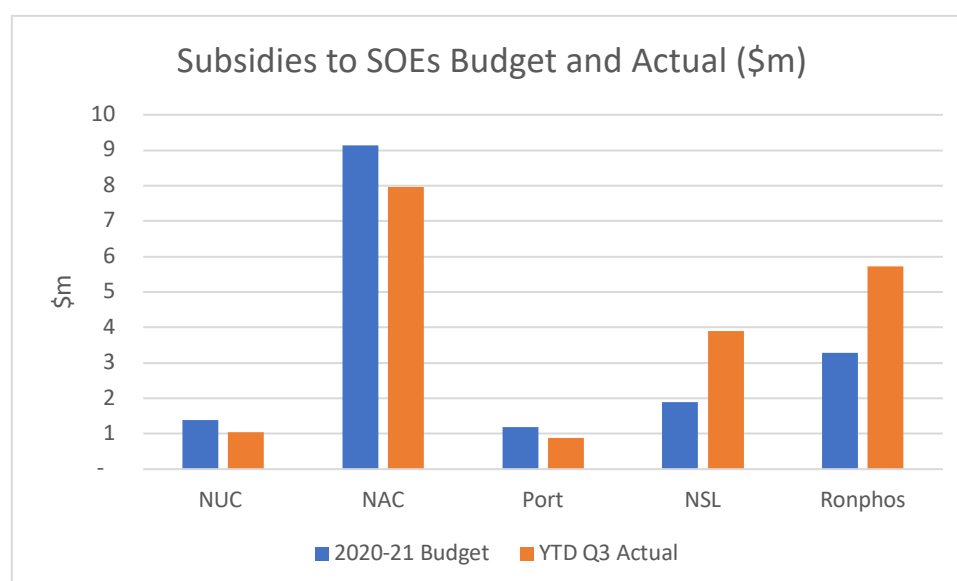
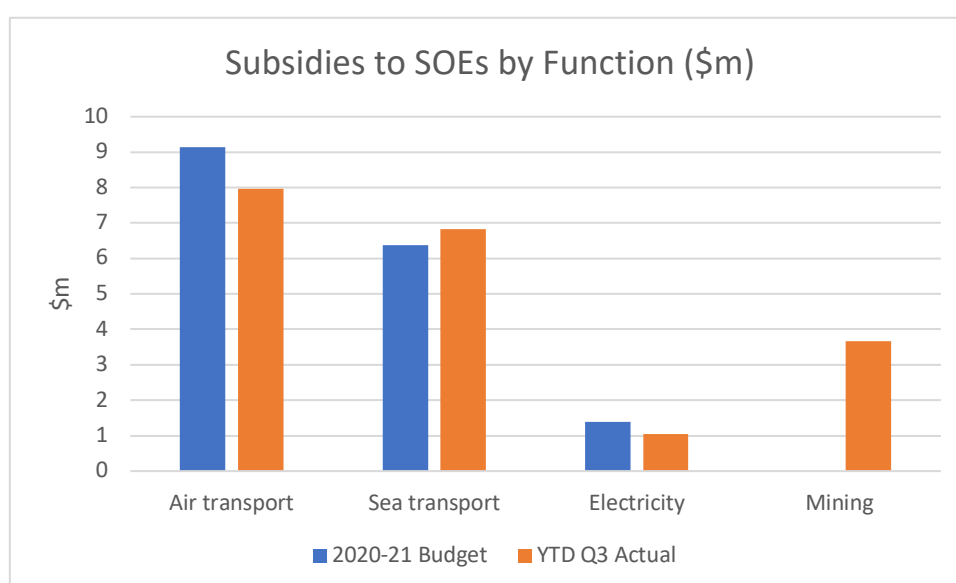


Figure 7 shows subsidies to SOEs by function, compared to the original 2020-21 Budget provisions. Subsidy payments support the mitigation of transport security risks to ensure regular and affordable sea freight and air freight services that impact on food and supply security. Sea transport also includes the costs related to tug boat hire and port charges to load phosphate ships (tug boats are required due to the damaged moorings).

The CSO for electricity assists in alleviating cost of living pressures for households, by facilitating access to a minimum amount of electricity at an affordable price.

The subsidy to mining includes payment of land rental arrears related to extracting phosphate, and cash flow support to enable Ronphos to meet its commitments to pay workers and suppliers. The Government's decision to exempt Ronphos from paying diesel excise is not included in this figure.

Figure 7 Subsidies to SOEs by Function Year to Date Q3 2020-21 (\$m)



CAPITAL EXPENDITURE

Overall capital expenditure was as expected (Table 17). During the quarter, the Government provided \$2.5 million to support the relocation of Location residents impacted by the Port project construction, supplemented from the Fiscal Cash Buffer.

Most of the funding in 2496 - Building and Structures relates to financial provision for the Government's contribution to the construction of the new Port, as required in the Grant agreement with the Asian Development Bank. This includes provision for maintenance of USD1.5 million and contingency funding of USD6.6 million.

Given the delays in the project, the Government has some discretion on the timing of actual payments through the year, and they are expected to be made before the end of the financial year.

Table 17 Capital Expenditure Q3 2020-21

Description	2019-20 Actual	2020-21 Approved Budget	2020-21 Supp Bills	2020-21 ISHT	2020-21 Revised Budget	2020-21 YTD Actual	2020-21 Commitment	2020-21 YTD Actual + Cmt % of budget	2020-21 Remaining Budget
	\$	\$	\$	\$	\$	\$	\$	%	\$
2480 - Medical Equipment	272,575	115,000	480,368	-	595,368	376,500	4,600	64%	214,268
2495 - Plant & Equipment Purchases	10,194,989	1,143,744	1,611,213	705,414	3,460,371	2,230,496	73,090	67%	1,156,784
2496 - Building and Structures	10,612,808	16,519,527	6,121,897	2,522,172	25,163,596	8,420,202	221,021	34%	16,522,373
2580 - Public Works	1,189,513	482,000	50,000	(85,440)	446,560	228,964	10,952	54%	206,644
Total Capital Expenditure	22,269,885	18,260,271	8,263,478	3,142,146	29,665,895	11,256,162	309,663	39%	18,100,069

SOCIAL BENEFITS

Expenditure on social benefits is as expected (Table 18). Supplementary No 2 allocated additional funding for Nauru Community Housing, with outlays brought forward to purchase construction materials. Ex Gratia payments related to the once-off Covid-19 Christmas Ex Gratia payment made in December 2020.

Table 18 Social Benefits Q3 2020-21

Description	2019-20 Actual	2020-21 Approved Budget	2020-21 Supp Bills	2020-21 ISHT	2020-21 Revised Budget	2020-21 YTD Actual	2020-21 Commitment	2020-21 YTD Actual + Cmt % of budget	2020-21 Remaining Budget
	\$	\$	\$	\$	\$	\$	\$	%	\$
2220 - Nauru Community Housing	7,556,343	5,650,000	9,150,000	84,000	14,884,000	14,172,716	478,571	98%	232,713
2390 - Social Welfare - Birth Claims	111,800	192,000	-	-	192,000	119,700	5,700	65%	66,600
2395 - Social Welfare - Death Claims	222,000	238,000	-	-	238,000	106,000	-	45%	132,000
2396 - Back to School Support	-	739,800	-	-	739,800	198,650	-	27%	541,150
2400 - Social Services - Aged Pensions	3,102,328	3,865,000	-	-	3,865,000	2,237,101	-	58%	1,627,899
2405 - Social Services - Super Contributors	93,843	100,000	-	-	100,000	60,921	-	61%	39,079
2420 - Social Services - Disability Payments	1,101,336	1,625,000	-	-	1,625,000	1,220,000	-	75%	405,000
2421 - Ex Gratia - Age and Disable	507,200	-	-	526,400	526,400	476,000	-	90%	50,400
2422 - Ex Gratia SoEs	986,800	-	-	1,050,200	1,050,200	1,000,700	-	95%	49,500
2440 - Scholarships - School & Trade	2,267,513	2,672,597	-	(70,000)	2,602,597	1,758,130	111,448	72%	733,019
Total Social Benefits	15,949,163	15,082,397	9,150,000	1,590,600	25,822,997	21,349,918	595,720	85%	3,877,359

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 Q3 2020-21

Description	2019-20 Actual	2020-21 Approved Budget	2020-21 Supp Bills	2020-21 ISHT	2020-21 Revised Budget	2020-21 YTD Actual	2020-21 Commitment	2020-21 YTD Actual + Cmt % of budget	2020-21 Remaining Budget
	\$	\$	\$	\$	\$	\$	\$	%	\$
2565 - Insurance	408,839	579,591	-	-	579,591	332,028	23,564	61%	223,999
2570 - Bank Charges	50,081	56,636	-	2,000	58,636	37,131	1,973	67%	19,532
2690 - Foreign exchange gains/losses	141,979	57,488	-	-	57,488	(2,567)	-	-4%	60,055
Total Other	600,899	693,715	-	2,000.00	695,715	366,592	25,537	56%	303,586

NON-EXPENSE ITEMS

Expenditure in this category was consistent with expectations (Table 19). During the quarter, the opportunity of additional windfall revenues from the RPC extension recognised in Supplementary No 2, was used to undertake balance sheet repair by making a one-off additional investment in the inter-generational Nauru Trust Fund and payments to address outstanding legacy debt.

Table 20 Non-expense Items Q3 2020-21

Description	2019-20 Actual	2020-21 Approved Budget	2020-21 Supp Bills	2020-21 ISHT	2020-21 Revised Budget	2020-21 YTD Actual	2020-21 Commitment	2020-21 YTD Actual + Cmt % of budget	2020-21 Remaining Budget
	\$	\$	\$	\$	\$	\$	\$	%	\$
2545 - Debt Repayments - Other	-	5,833,334	3,539,572	4,000,000	13,372,906	9,352,452	(680)	70%	4,021,133
2650 - Trust Fund	23,921,732	16,585,947	16,625,735	505,970	33,717,652	27,526,540	-	82%	6,191,112
2652 - Fiscal Cash Buffer	-	8,901,145	15,864,488	(22,331,297)	2,434,336	-	-	0%	2,434,336
2680 - BON Liquidation- Payment	3,016,586	1,000,000	4,000,000	2,088,142	7,088,142	5,347,910	4,340	76%	1,735,892
2802 - Loan Expenditure Account	700,000	-	-	-	-	-	-	-	-
Total Non-expense items	27,638,318	32,320,426	40,029,795	(15,737,185)	56,613,036	42,226,902	3,660	75%	14,382,473

Supplementary No 2 provided for a one-off bonus payment to the Nauru Trust Fund, equivalent to 20 per cent of the windfall revenue recognised in the supplementary, or \$10.4 million. This was paid in the quarter. The remaining balance in the Nauru Trust Fund expenditure line is provision for pre-payment of the 2021-22 contribution, quarantined from additional windfall revenue received in 2020-21. This is expected to be paid in the final quarter.

During the quarter, further progress was made on addressing legacy debt related to the Bank of Nauru (BON) liquidation. Round 6 of BON liquidation payments provided for payment of outstanding creditor balances of up to \$20,000 to individual bank book holders that had a verified balance with no unresolved debts to BON, and that had provided up to date bank account details to the Department of Finance. Provision for these payments was made in Supplementary No 2.

The BON went into liquidation in the mid-2000s, with the Deloitte report to the District Court in 2014 providing the source of truth for outstanding BON account balances and obligations. From time to time, the Government takes the opportunity to make payments to creditors, when it has fiscal capacity to do so. These are considered ex gratia payments at the discretion of the Government.

Supplementary No 2 also included provision to resolve longstanding external debt related to Yen denominated bearer bonds (Japanese Samurai Bonds) issued in the 1980s. The Government, as guarantor of RONFIN, defaulted on the bonds in the 1990s. Firebird Global Master Fund II Ltd (Firebird) held a proportion of Series B and Series C bonds. During the quarter, the Government concluded negotiations with Firebird to settle this claim for an outlay of \$4 million. This was funded by a reallocation (ISHT) from the Fiscal Cash Buffer, previously set aside for this purpose.

To support fiscal responsibility and ensure that provision is made to manage fiscal risks including those related to urgent, unavoidable and unforeseen expenditure requirements or realisation of contingent liabilities, the Government includes a Fiscal Cash Buffer in its budget appropriation.

Total allocation to this buffer in the year to date was \$24.7 million, or 8 per cent of revised total expenditure, following Supplementary No 2. Whilst this buffer would be considered high by the IMF benchmark standard of 3 per cent, over the year to date, the buffer provisions have supported Government to be agile and respond to changes in expenditure priorities without the need to return to Parliament for additional appropriation.

In the year to date, transfers from the Fiscal Cash Buffer have supported additional payments to SOEs, including emergency cash flow support for Ronphos and the Nauru Shipping Line, ex-gratia payments for pensioners and the disabled, as well as addressing land rental arrears and legacy debt obligations. It has also been used to top-up whole of Government payment provisions for freight and staff superannuation payments.

GOVERNMENT OPERATIONS

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

Expenditure on Overseas Medical Referrals (OMR) continues to run ahead of budget, with the plan to replace OMR with on-Island capacity not yet eventuating. Lower than budgeted expenditure on repairs and maintenance of plant, reflected delays related to the tendering of the new fuel contract impacting on planned upgrades to the tank farm.

COVID-19 Taskforce expenditure was allocated a separate expenditure head in Supplementary No 1, and is covered in the next section.

Table 21 Government Operations Q3 2020-21

Description	2019-20 Actual	2020-21 Approved Budget	2020-21 Supp Bills	2020-21 ISHT	2020-21 Revised Budget	2020-21 YTD Actual	2020-21 Commitment	2020-21 YTD Actual + Cmt % of budget	2020-21 Remaining Budget
	\$	\$	\$	\$	\$	\$	\$	%	\$
2030 - Salaries - Other Contracts	30,237,831	24,045,646	6,063,570	-	121,669	29,987,547	22,845,182	77%	6,871,716
2055 - Consultants fees	1,688,747	1,943,336	576,500	(121,978)	2,397,858	1,296,116	11,445	55%	1,090,297
2060 - Legal Fees - External	548,818	537,500	12,500	-	550,000	10,850	-	2%	539,150
2100 - Entertainment	763,705	779,049	29,333	123,704	932,086	567,363	29,294	64%	335,429
2105 - Official Celebrations	1,120,437	547,564	212,600	157,200	917,364	581,233	54,292	69%	281,839
2110 - Protocol	99,493	90,000	-	(27,600)	62,400	4,304	-	7%	58,096
2130 - Printing & Stationery	622,482	789,258	43,101	(106,431)	725,928	443,062	8,336	62%	274,531
2132 - TVET Supplies	236,003	-	140,000	-	140,000	47,303	2,350	35%	90,347
2135 - Stores	452,859	487,379	56,935	(7,050)	537,264	332,400	13,871	64%	190,993
2136 - Museum Artefacts	-	-	2,000	-	2,000	1,500	-	75%	500
2155 - House Rental	5,002,501	6,791,743	4,497,697	(58,622)	11,230,818	7,442,826	175,917	68%	3,612,075
2160 - Land Rental	8,623,196	7,368,307	1,349,643	(34,183)	8,683,767	7,314,223	56,287	85%	1,313,258
2165 - Office Rental	638,971	762,257	36,000	60,638	858,895	368,689	108,501	56%	381,704
2185 - R&M - Buildings	2,130,580	853,690	671,150	(1,795)	1,523,045	610,871	15,116	41%	897,058
2190 - R&M - Office Equipment	217,597	209,148	38,700	8,757	256,605	76,645	10,529	34%	169,431
2191 - R&M Medical Equipment	165,305	100,000	-	-	100,000	11,020	-	11%	88,980
2195 - R&M - Office Premises	84,569	20,253	-	-	20,253	14,579	80	72%	5,594
2200 - R&M - Motor Vehicles	545,739	537,305	91,475	64,550	693,330	377,058	145,207	75%	171,065
2205 - R&M - Plant	1,898,475	2,727,671	-	15,960	2,743,631	29,208	7,633	1%	2,706,790
2210 - R&M - Aerodrome	101,039	60,000	-	-	60,000	28,693	-	48%	31,307
2225 - Agricultural Supplies	22,207	21,000	-	39,100	60,100	47,846	-	80%	12,254
2230 - Publicity and Awareness	7,544	28,800	20,000	22,731	71,531	25,241	3,242	40%	43,048
2275 - Purchase of Petrol	489,142	607,744	24,545	(14,701)	617,588	414,212	13,010	69%	190,366
2280 - Purchase of Diesel	713,034	926,639	9,458	-	936,097	557,049	9,880	61%	369,168
2290 - Purchase of Fuel - Other	4,224	10,793	-	-	10,793	3,635	-	34%	7,158
2315 - Utilities	3,941,850	4,693,549	135,575	13,440	4,842,564	3,274,049	29,299	68%	1,539,216
2330 - Telephone / Internet	2,218,232	2,193,235	122,968	5,080	2,321,283	1,621,868	64,951	73%	634,464
2350 - Freight	1,387,380	1,500,000	75,000	700,800	2,275,800	1,455,161	33,882	65%	786,757
2370 - Membership Fees & Subscriptions	2,756,113	1,115,819	15,612	258,896	1,390,327	747,402	73,934	59%	568,991
2372 - Nauru Radio Supplies	7,000	10,300	5,000	(700)	14,600	14,089	-	97%	511
2373 - Media TV Supplies	32,190	19,000	5,000	8,000	32,000	31,353	-	98%	647
2375 - ICT Supplies	80,581	50,202	-	10,261	60,463	57,427	70	95%	2,966

Table 21 Government Operations Q3 2020-21 continued

Description	2019-20 Actual	2020-21 Approved Budget	2020-21 Supp Bills	2020-21 ISHT	2020-21 Revised Budget	2020-21 YTD Actual	2020-21 Commitment	2020-21 YTD Actual + Cmt % of budget	2020-21 Remaining Budget
	\$	\$	\$	\$	\$	\$	\$	%	\$
2460 - Medical Expenses	46,717	80,825	-	(5,000)	75,825	15,457	4,138	26%	56,229
2461 - Primary Health Care Services	14,361	303,400	-	(10,000)	293,400	46,612	-	16%	246,788
2462 - NCD Control & Health Promotion	3,717	43,600	-	-	43,600	21,229	-	49%	22,371
2463 - Environmental Health and Food safety	27,561	10,000	-	-	10,000	6,296	-	63%	3,704
2464 - Management Monitoring & Evaluation	15,530	31,000	-	-	31,000	11,105	-	36%	19,895
2467 - Drugs and Medicines	772,771	750,000	350,000	-	1,100,000	889,924	4,163	81%	205,913
2468 - Dental Supplies	46,778	50,000	-	-	50,000	1,375	-	3%	48,625
2469 - Dialysis Supplies	248,706	350,000	-	-	350,000	194,600	-	56%	155,400
2471 - Medical Consumable	674,488	790,000	50,000	-	840,000	327,930	-	39%	512,070
2472 - Laboratory supplies	366,152	248,000	-	-	248,000	197,775	32,449	93%	17,776
2473 - Radiology Supplies	9,320	20,000	-	-	20,000	19,986	-	100%	14
2474 - Clinical Education Supplies	16,911	20,000	64,004	-	84,004	-	-	0%	84,004
2475 - Overseas Medical Treatment	5,682,308	2,000,000	1,000,000	1,000,000	4,000,000	3,301,918	67,804	84%	630,278
2560 - Educational Expenses - Special	179,078	198,293	-	-	198,293	67,730	21,369	45%	109,193
2575 - Local Transport	1,601,877	1,236,363	187,975	245,350	1,669,688	1,122,683	47,450	70%	499,555
2585 - Rations	2,969,961	2,889,284	-	(70,000)	2,819,284	2,715,536	37,311	98%	66,437
2590 - Correctional Services Supplies	7,473	10,000	-	-	10,000	4,609	-	46%	5,391
2600 - Postage	15,042	20,649	-	10,625	31,274	8,426	1,463	32%	21,386
2605 - Library/Periodicals	-	-	-	2,000	2,000	-	-	0%	2,000
2610 - Survey Supplies	2,838	1,500	-	2,500	4,000	3,987	-	100%	13
2611 - Children Education Toys and Learning Sup	-	332,022	-	-	332,022	289,793	-	87%	42,229
2620 - Lease & Charter Payments	89,674	66,686	-	-	66,686	33,468	-	50%	33,218
2625 - Family Court Expenses	3,400	6,000	-	-	6,000	2,100	-	35%	3,900
2630 - Safe House	152,361	196,660	-	-	196,660	139,441	5,425	74%	51,794
2681 - Prior Year Account Payable (GoN)	-	-	-	1,000,000	1,000,000	-	-	0%	1,000,000
2700 - Deportee Revomal	360	20,000	-	-	20,000	-	-	0%	20,000
2705 - NEAT Scheme	133,420	123,268	-	-	123,268	1,005	-	1%	122,263
2998 - COVID 19 Taskforce	-	6,000,000	(6,000,000)	-	-	-	8,210	-	(8,210)
2999 - Contingency fund	3,217,092	500,000	-	-	500,000	-	-	0%	500,000
Total Government Operations	83,135,741	76,124,736	9,886,341	3,169,863	89,180,940	60,075,440	1,367,558	69%	27,737,942

COVID-19 TASKFORCE

Expenditure related to the Government's COVID-19 response is mainly spent through the COVID-19 Taskforce expenditure head. The Government also supports transport connectivity measures to manage risks to food security, including through an annual community service obligation (CSO) payment to support air freight as well as initiatives to support sea cargo deliveries.

From time to time, the Government also makes Ex Gratia payments to Government workers and pensioners, to boost consumer confidence and support households prepare for a COVID-19 outbreak.

Table 22 summarises expenditure related to COVID-19 in the year to date. Nauru commenced its vaccine roll-out on 9 April 2021, with support from the COVAX facility and donors including Australia and India. The full adult population of 7000 is expected to be fully vaccinated by July 2021.

Table 22 COVID-19 Taskforce expenditure Q3 2020-21

Description	2019-20 Actual	2020-21 Approved Budget	2020-21 Supp Bills	2020-21 ISHT	2020-21 Revised Budget	2020-21 YTD Actual	2020-21 Commitment	2020-21 YTD Actual + Cmt % of budget	2020-21 Remaining Budget
	\$	\$	\$	\$	\$	\$	\$	%	\$
DIVISION 6001- HOSPITAL PREPAREDNESS									
2015 - Salary - Local	-		70,000	-	70,000	60,169	-	86%	9,831
2050 - Uniforms & Protective Clothing	718,436		25,000	-	25,000	6,483	-	26%	18,518
2185 - R&M - Buildings	-		25,000	-	25,000	-	-	0%	25,000
2471 - Medical Consumable	298,631		50,000	-	50,000	-	-	0%	50,000
2474 - Clinical Education Supplies	118,773		64,004	-	64,004	-	-	0%	64,004
2480 - Medical Equipment	638,380		330,368	-	330,368	190,575	-	58%	139,793
2496 - Building and Structures	457,800		2,549,533	-	2,549,533	1,651,604	-	65%	897,929
Subtotal	2,232,020	-	3,113,905	-	3,113,905	1,908,830	-	61%	1,205,075
DIVISION 6002 - Quarantine and Isolation									
2030 - Salaries - Other Contracts	602,567		1,283,787	-	1,283,787	642,271	-	50%	641,516
2135 - Stores	2,413		4,057	-	4,057	3,467	-	85%	591
2155 - House Rental	1,129,684		4,299,677	-	4,299,677	3,411,803	158,401	83%	729,472
2315 - Utilities	37,707		71,873	-	71,873	56,189	-	78%	15,684
2575 - Local Transport	1,920		2,500	-	2,500	-	-	0%	2,500
2617 - Donations - local	287,749		194,215	-	194,215	184,719	-	95%	9,496
Subtotal	2,062,039	-	5,856,109	-	5,856,109	4,298,450	158,401	76%	1,399,258
DIVISION 6003 - Quarantine Measures									
2015 - Salary - Local	34,920		127,382	-	127,382	111,810	-	88%	15,572
2072 - Meals and Drinks - Staff	19,904		8,678	4,000	12,678	12,249	-	97%	430
2075 - Travel - Business	394,182		45,000	-	45,000	22,991	-	51%	22,009
2130 - Printing & Stationery	8,733		14,927	(7,000)	7,927	372	-	5%	7,556
2135 - Stores	-		-	3,000	3,000	1,205	-	40%	1,795
2275 - Purchase of Petrol	5,783		9,545	-	9,545	7,025	-	74%	2,520
2280 - Purchase of Diesel	878		9,458	-	9,458	8,082	-	85%	1,376
2330 - Telephone / Internet	8,254		5,000	-	5,000	1,844	-	37%	3,156
2350 - Freight	618,557		75,000	-	75,000	7,505	27,888	47%	39,608
2370 - Membership Fees & Subscriptions	168		612	-	612	581	-	95%	31
Subtotal	1,091,379	-	295,602	-	295,602	173,663	27,888	68%	94,051
Total Taskforce Expenditure	5,385,438	6,000,000	9,265,616	-	9,265,616	6,380,943	186,289	71%	2,698,384
Other measures									
Nauru Airlines Cash Flow support	5,130,000	-	-	-	-	-	-	-	-
Nauru Airlines CSO (transport connectivity)	-	4,680,000	-	-	4,680,000	3,510,000	-	75%	1,170,000
Nauru Shipping Line (transport connectivity)	689,828	2,173,147	-	1,722,793	3,895,940	3,895,940	-	100%	-
COVID-19 Ex Gratia Payment	2,862,608	-	-	2,789,800	2,789,800	2,755,200	-	99%	34,600
Health Building & Structure (Health-2496)	375,089	-	-	-	-	-	-	-	-
Total Other measures	9,057,526	6,853,147	-	4,512,593	11,365,740	10,161,140	-	89%	1,204,600
Total COVID-19 Expenditure	14,442,963	12,853,147	9,265,616	4,512,593	20,631,356	16,542,084	186,289	81%	3,902,984
As a share of GDP	8%	7%	5%	3%	12%	9%		0%	2%
Donor contributions	1,676,759	5,145,288	1,494,459	-	6,639,747	5,830,713		88%	809,034

EXPENDITURE BY DEPARTMENT

Table 23 shows actual expenditure for the year to date by department head. Most departments are underspending, with notable exceptions for Ministerial (lumpy Nauru Community Housing payments) and lands related heads (after adjusting for land rental payments). Underspends by NRPC and overseas missions reflects delays in recording quarterly reconciliations in the FMIS.

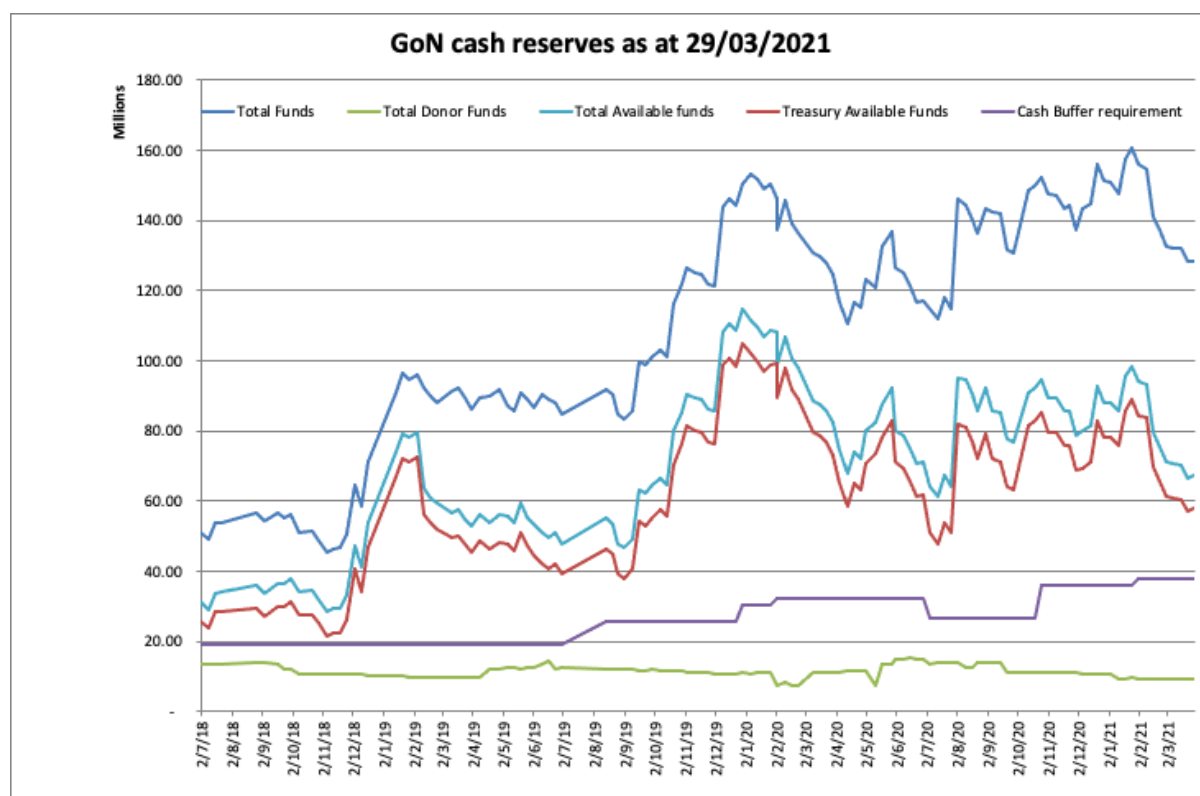
Table 23 Expenditure by Department Q3 2020-21

Description	2019-20 Actual	2020-21 Approved Budget	2020-21 Supp Bills	2020-21 Revised Budget	2020-21 YTD Actual	2020-21 Commitment	2020-21 YTD Actual + Cmt % of budget	2020-21 Remaining Budget
	\$	\$	\$	\$	\$	\$	%	\$
01 - Presidency and State House (includi	3,385,746	1,848,704	861,900	2,710,604	1,863,732	8,414	69%	838,458
02 - Ministerial	13,922,534	8,816,585	9,150,000	17,966,585	15,753,621	603,711	91%	1,609,253
03 - Chief Secretariat	19,475,638	17,631,670	0	17,631,670	12,349,407	232,179	71%	5,050,084
05 - Audit	302,870	333,514	0	333,514	153,899	4,608	48%	175,006
06 - Parliament	1,899,263	954,986	10,000	964,986	523,844	13,055	56%	428,087
08 - National Emergency Services	-	1,481,242	130,000	1,611,242	945,586	31,650	61%	634,006
09 - Electoral Commission	1,455,515	354,617	20,000	374,617	215,291	-	57%	159,326
11 - Finance Secretariat	448,417	2,384,130	0	2,384,130	1,104,638	3,157	46%	1,276,335
12 - Finance -Public Debt	2,071,055	0	38,469,572	38,469,572	0	-	0%	38,469,572
13 - Bureau of Statistics	118,555	142,953	0	142,953	36,241	-	25%	106,712
15 - Nauru Revenue Office	430,638	484,213	0	484,213	261,275	1,095	54%	221,843
16 - Finance - Other Payments	95,295,769	86,398,812	34,227,677	120,626,489	76,649,565	115,342	64%	43,861,582
17 - Nauru Customs Office (NCO)	518,422	704,541	300,000	1,004,541	252,085	5,752	26%	746,704
18 - Nauru Regional Processing Centre (I	1,690,997	1,380,343	285,000	1,665,343	791,903	-	48%	873,440
21 - CIE	1,223,040	1,036,452	(122,692)	913,760	495,691	16,163	56%	401,906
22 - Climate Change	-	-	785,771	785,771	419,723	-	53%	366,048
31 - Fisheries	3,121,505	2,349,944	586,000	2,935,944	1,740,025	56,254	61%	1,139,664
41 - Police	2,841,086	3,324,176	1,277,800	4,601,976	3,132,245	-	68%	1,469,731
42 - Department of Multicultural Affairs	27,133,047	19,673,538	7,112,935	26,786,473	17,967,668	74,601	67%	8,744,204
43 - Justice - Secretariat	3,629,397	3,531,685	88,822	3,620,507	1,497,369	52,538	43%	2,070,599
44 - Judiciary	1,884,124	1,260,649	250,000	1,510,649	956,730	154,496	74%	399,423
45 - Border Control	904,972	950,294	0	950,294	390,616	2,100	41%	557,577
46 - Correctional Services	709,606	872,658	0	872,658	544,787	-	62%	327,871
50 - Directorate of TVET	675,302	445,583	140,000	585,583	278,251	15,476	50%	291,855
51 - Education	10,314,027	11,541,216	0	11,541,216	7,807,455	148,242	69%	3,585,519
52 - Youth Affairs	171,357	229,964	0	229,964	132,443	3,375	59%	94,146
60 - COVID-19 task force	-	-	9,265,616	9,265,616	6,380,943	47,191	69%	2,837,482
61 - Health	16,379,317	15,040,755	1,585,000	16,625,755	10,701,879	149,980	65%	5,773,895
62 - Sports	1,795,354	660,801	550,000	1,210,801	691,163	26,576	59%	493,061
63 - Department of Infrastructure Devel	2,928,519	2,883,774	603,448	3,487,222	1,676,212	554,223	64%	1,256,787
71 - Foreign Affairs - Secretariat	1,501,526	1,217,776	147,000	1,364,776	593,545	4,948	44%	766,284
72 - Foreign Affairs - Brisbane	1,111,158	1,117,338	0	1,117,338	271,134	402,818	60%	443,386
73 - Foreign Affairs - Suva	718,697	714,180	500,000	1,214,180	167,669	110,730	23%	935,781
74 - Foreign Affairs - New York	2,846,868	2,398,303	0	2,398,303	1,163,783	134,434	54%	1,100,086
75 - Foreign Affairs - Taiwan	477,347	486,228	0	486,228	219,152	27,458	51%	239,619
76 - Foreign Affairs- Geneva	798,331	855,242	0	855,242	214,635	276,126	57%	364,480
77 - High Commission India	-	144,350	0	144,350	0	-	0%	144,350
78 - High Commission Canberra	130,244	571,746	0	571,746	57,886	240	10%	513,620
81 - Home Affairs	4,153,383	4,383,248	(254,000)	4,129,248	3,014,039	174,987	77%	940,221
82 - Women's Affairs	312,138	283,493	310,124	593,617	327,971	9,000	57%	256,645
83 - Media Bureau	568,804	546,627	508,828	1,055,455	777,189	4,612	74%	273,654
84 - Lands & Survey	5,929,856	5,822,293	64,400	5,886,693	5,516,052	59,660	95%	310,980
85 - Lands Committee	209,603	302,171	0	302,171	197,376	12,828	70%	91,966
86 - Department of Land Management	94,076	98,522	0	98,522	91,325	-	93%	7,197
87 - Disability Department	-	-	163,080	163,080	41,823	548	26%	120,709
91 - Department of Transport	2,959,923	2,509,055	150,000	2,659,055	1,368,926	82,477	55%	1,207,652
95 - ICT	4,986,841	2,129,634	170,524	2,300,158	1,638,400	1,030	71%	660,728
97 - Telecom	117,513	146,378	0	146,378	27,512	-	19%	118,866
93 - Maritime Transport	346,486	-	-	-	-	-	-	-
Total	241,988,863	210,444,381	107,336,805	317,781,186	181,402,708	3,622,076	58%	132,756,402

CASH POSITION

The Government continued to build up cash balances over the quarter (Figure 8). At the end of the quarter total funds were \$128.3 million. The cash buffer requirement of two months of adjusted expenditure was \$39 million, an increase to reflect Supplementary No 2 measures. Total funds were significantly in excess of the recommended fiscal cash buffer, with \$40 million quarantined in separate cash buffer accounts (see Table 2).

Figure 8 GoN Cash reserves Q3 2020-21



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).

There are three accounts that form the 'cash buffer'. Cash Buffer 1 and 2 are term deposits. Cash Buffer 3 is an at call account.