



REPUBLIC OF NAURU

DEPARTMENT OF FINANCE

QUARTERLY BUDGET PERFORMANCE REPORT  
QUARTER 2 2021-22

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Treasury Division  
Department of Finance

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# QUARTERLY BUDGET PERFORMANCE REPORT – QUARTER 2 2021-22

## INTRODUCTION

This is the performance report for the second quarter of the 2021-22 Budget year for the Republic of Nauru. It provides revenue and expenditure data recorded by Treasury for the period 1 July 2021 to 31 December 2021. It is based on all available information to Treasury as at 20 January 2022.

- In aggregate, actual year to date performance is in line with expectations, with 60 per cent of total expected annual revenue collected and 43 per cent of total expenditure spent to 31 December 2021.
- This reflects the seasonal nature of revenue collections, and the timing of lumpy one-off expenditure payments.

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 upgraded moderately following publication of the International Monetary Fund (IMF) World Economic Outlook in October 21.

Item	2019-20	2020-21	2021-22	2022-23
Real GDP Growth (per cent change)	0.7	1.6	0.9	2.6
Nominal GDP (\$A million)	171	179	184.5	189.6
Consumer prices (period average, per cent change)	0.9	1.2	1.4	1.7

The IMF has acknowledged Nauru's success in being Covid19 free nation and in doing so efficiently averting an outbreak of COVID-19. The Fund is of the view that diversifying the economy is the way forward. Diversification to obtain new sources of growth will require supporting policies to accelerate investment in human capital and infrastructure, and efforts to improve the business environment. Mitigating the effects of climate change can help the transformation required to raise potential growth and achieve fiscal self-reliance.

With the extension of RPC to mid-year, the IMF anticipates Gross Domestic Product (GDP) for 2022-23 to grow by 2.6 percent year on year, 1.7 percentage basis point higher than current year growth. The inflation outlook has strengthened to 1.7 per cent due to inflationary pressures as global conditions stabilised after Covid-19. The nominal GDP estimate for 2021-22 is \$184.5 million, this is projected to increase to \$189.6 million for 2022-23.

## SUPPLEMENTARY APPROPRIATIONS

There was one supplementary appropriation in the quarter, to recognise the drawdown of the Taiwan Exim Loan for the Nauru Aircraft Improvement program, with the borrowing proceeds amongst other issues not accounted for within the 2021-22 Budget.

- Supplementary Appropriation Bill (No.2) 2021-22 recognised additional Government revenue of \$17.1 million, and \$17.0 million in expenditure was appropriated for 2021-22, with a surplus balance of \$102 thousand.

## 2021-22 REVISED BUDGET

The Minister for Finance tabled a Supplementary Budget in Parliament for the adoption of the Supplementary Appropriation Bill (No. 2) 2021-2022 during the Quarter. The Bill reflects updated revenue and expenditure estimates to take account of new revenue measures not previously recognised in the 2021-2022 original budget and to take account of government priorities and new expenditure measures since July 1.

The revised Budget 2021-22 carries a fiscal balance of \$228 thousand, equivalent to 0.12 per cent of Nauru's GDP.

Total revenue is budgeted for \$293.3 million and Total budget expenditure at \$293.1 million.

## 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 Q2 2021-22*

Measure	Target	2020-21	2021-22	2021-22	2021-22
		Actual	Approved Budget	Revised Budget	YTD Actual
Fiscal balance to GDP	Not negative as % of GDP	-8%	0.05%	0.13%	26%
Personnel cost ratio	Personnel cost to current expenditure <30%	14.0%	16%	16%	8%

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 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 4.

Table 2: GON Liquidity and fiscal cash buffer Q2 2021-22

		<b>TOTAL FUNDS (\$)</b>	
	<b>Requirement (\$)</b>	<b>As at 1 July 2021</b>	<b>As at 31 Dec 2021</b>
Cash Buffer at 1 July 2021	37,743,821	102,215,345	
Cash Buffer 31 Dec 2021	39,946,527		138,553,909
<i>of which held in cash buffer accounts</i>		40,070,267	40,094,320

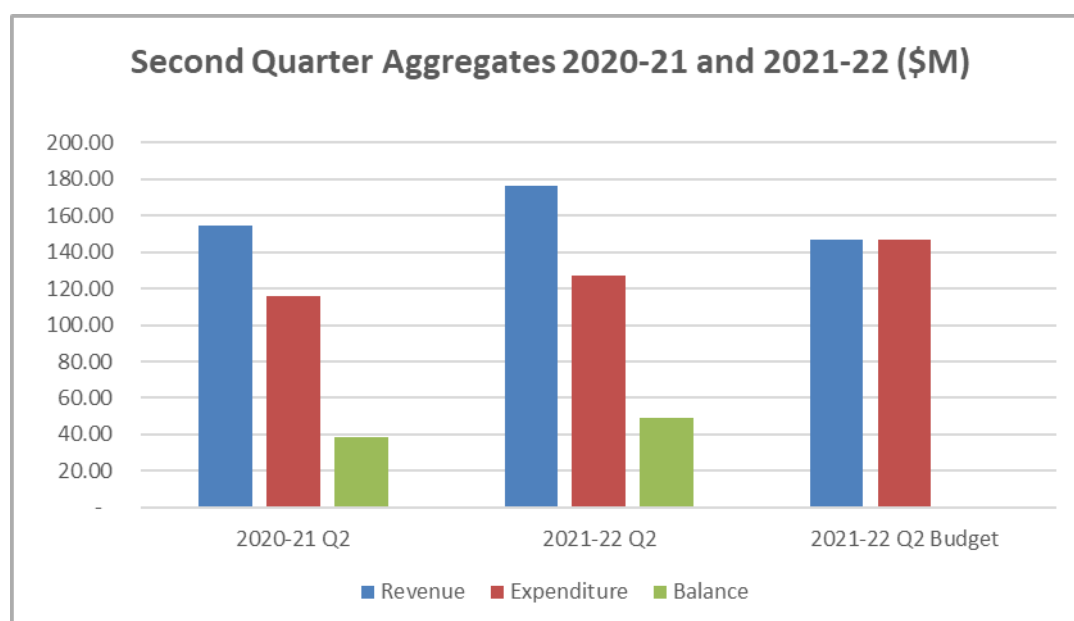
## BUDGET AGGREGATES

The budget aggregates for the second quarter are shown in Table 3 and Figure 1. Performance has been above expectations. Both revenue and expenditure were higher in the second quarter 2021-22 than the same period last year. All revenue lines have exceeded collections except for Grants, Dividends and Other Financing which unsurprisingly is still at 19% due to pending drawdown of the first and second aircraft loan from Taiwan Exim (\$33.3m). Another \$6m is due to be received from Taiwan by May this year for Tranche 1 2022. The Tranche 2 2021 grant was received at the end quarter which raised the amount of Grant received this quarter when compared to the preceding quarter. The improved revenue collection reflects the seasonal nature of revenue collections, and the timing of lumpy one-off expenditure payments.

Table 3 Aggregate results Q2 2021-22

Description	2020-21		2021-22			2021-22		2021-22	
	Preliminary	Actual	Approved Budget	2021-22 Supp Bill 1	2021-22 Supp Bill 2	Revised Budget	2021-22 YTD Actual	% Utilisation	Remaining Budget
	\$	\$	\$	\$	\$	\$	\$		\$
Revenue	265,881,556		244,123,361	32,133,332	17,154,242	293,410,935	176,219,638	60%	117,191,297
Expenditure	279,837,164		244,023,361	32,106,784	17,051,819	293,181,964	127,231,278	43%	165,950,686
Balance	-	13,955,608	100,000	26,548	102,422	228,971	48,988,360		48,759,389

Figure 1 Budget aggregate results for the second quarter 2020-21 and 2021-22 (\$ million)



## OPERATING REVENUE ANALYSIS

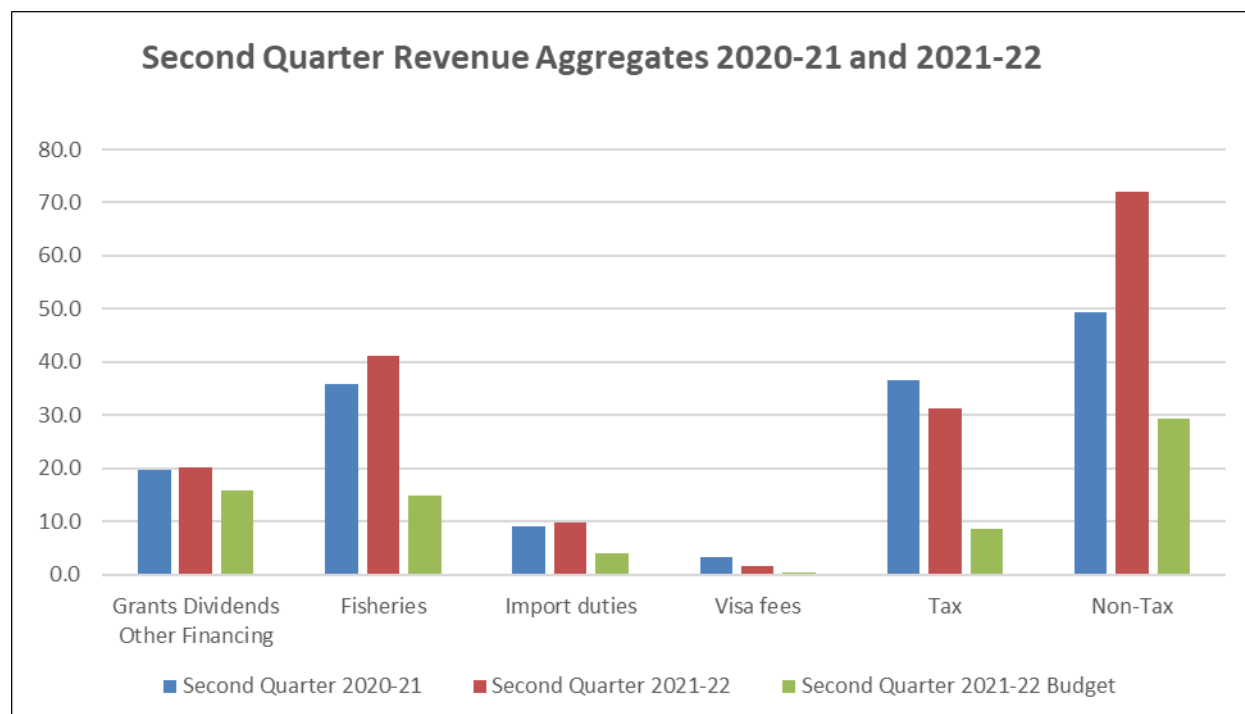
Actual revenues for the quarter are summarised in Table 4. Revenues are highly seasonal, with most revenue collected particularly during the second quarter. With exception of Grants, Dividends and other financing, all revenue lines have far exceeded collections during this quarter. Non-tax revenue collections reflect the reimbursables which were due at end of last FY but received this Quarter. Hosting Fees will be drawdown shortly following extension of RPC to 30<sup>th</sup> June 2022.

Table 4: Revenue breakdown Q2 2021-22

Revenue Description	2020-21	2021-22	2021-22	2021-22	2021-22 YTD	Share of total revenue %	2021-22	2021-22
	Preliminary Actual	Approved Budget	Supp Bills	Revised Budget	Actual		Actual as % of Budget	
	\$	\$	\$	\$	\$		%	\$
Grants Dividends Other Financing	27,995,249	34,931,567	28,154,242	63,085,809	20,149,651	11%	32%	42,936,157
Fisheries	59,797,774	59,900,000	-	59,900,000	41,123,335	23%	69%	18,776,665
Import duties	19,580,224	16,512,175	-	16,512,175	9,916,437	6%	60%	6,595,738
Visa fees	5,776,518	1,544,776	-	1,544,776	1,746,319	1%	113%	201,543
Tax	66,772,183	34,600,000	-	34,600,000	31,226,457	18%	90%	3,373,543
Non-Tax	85,958,109	96,634,843	21,133,332	117,768,175	72,057,455	41%	61%	45,710,720
<b>Total Revenue</b>	<b>265,880,056</b>	<b>244,123,361</b>	<b>49,287,574</b>	<b>293,410,935</b>	<b>176,219,654</b>	<b>100%</b>	<b>60%</b>	<b>117,191,281</b>

Revenue collections in the second quarter of 2021-22 were stronger than the same period last year, and ahead of budget in all categories except tax and visa fees. The \$4.5 million collections in the Grants, Dividends and Other Financing category represents drawdown of Republic of China Taiwan budget support, and the balance will be received at the last quarter of current FY. Fisheries licence revenue of \$41 million was received during the quarter, and this is 70% of the Budget. Visa fee revenue performed above expectations while Non-Tax revenue has picked up slowly.

Figure 2 Revenue collections for Q2 2020-21 and 2021-22



The presence of the RPC facility has boosted economic activity on the island. It is the major source of employment and as illustrated in Table 5, the multiplier effect resulted in multi-business lines being created to benefit Nauruans. The 2021-22 Budget estimates assumes only six months of revenue for

these lines. All these revenues are at risk as the RPC winds down towards an enduring capability, and will increase significantly if RPC arrangements are extended beyond June 2022.

Table 5: RPC Related Revenues Q2 2021-22

Revenue Description	2020-21 Preliminary Actual	2021-22 Approved Budget	2021-22 Supp Bills	2021-22 Revised Budget	2021-22 YTD Actual	2021-22 YTD	
						Actual Budget	Remaining Budget
	\$	\$	\$	\$	\$	%	\$
1335 - Visa Fees - RPC	978,000	0	0	0	135,000		-135,000
1580 - Visa Fees - RPC Resettlement	3,000,000	0	0	0	720,000		-720,000
1475 - Miscellaneous Revenue	6,382,789	272,840	0	272,840	433,113	159%	-160,273
1495 - Service Fees	20,024,359	10,046,902	0	10,046,902	10,014,022	100%	32,880
1577 - DJBC - Operations	3,384,174	2,289,963	0	2,289,963	1,509,332	66%	780,631
1578 - DJBC - Reimbursable Costs	16,371,079	16,587,342	0	16,587,342	5,032,439	30%	11,554,903
1598 - Hosting Fee	36,983,331	63,566,666	21,133,332	84,699,998	52,833,330	62%	31,866,668
1590 - Employment Services Tax	19,481,155	10,200,000	0	10,200,000	7,860,015	77%	2,339,985
1591 - Business Profit Tax	43,950,090	21,900,000	0	21,900,000	22,041,381	101%	-141,381
1015 - Income from Investments & T	6,721,656	6,412,143	11,000,000	17,412,143	15,649,509	90%	1,762,634
<b>Total RPC related revenue</b>	<b>157,276,633</b>	<b>131,275,856</b>	<b>32,133,332</b>	<b>163,409,188</b>	<b>116,228,140</b>	<b>71%</b>	<b>47,181,048</b>
Share of total revenue	59%	54%	65%	56%	66%		16%

## FISHING REVENUES

The bulk of fishing revenue collections were received during the quarter. \$40.9 million was received compared with \$0.2 million in the preceding quarter. The improved collections demonstrate payment by most licence holders during the quarter (Table 6). Government is confident of recovering the balance of the fisheries revenues by 30 June 2022.

Table 6: Fishing revenues Q2 2021-22

Description	2020-21 Preliminary Actual	2021-22 Approved Budget	2021-22 Supp Bills	2021-22 Revised Budget	2021-22 YTD Actual	2021-22 YTD	
						Actual as % of Budget	Remaining Budget
	\$	\$	\$	\$	\$	%	\$
1055 - Support Vessel Charges	426,855	400,000	-	400,000	510,876	128%	-110,876
1071 - Purse Seine Revenue - Licens	1,393,798	1,500,000	-	1,500,000	1,064,176	71%	435,824
1072 - Purse Seine Revenue - Fishin	57,977,121	58,000,000	-	58,000,000	39,548,282	68%	18,451,718
<b>Total Fisheries Revenue</b>	<b>59,797,774</b>	<b>59,900,000</b>	<b>-</b>	<b>59,900,000</b>	<b>41,123,335</b>	<b>69%</b>	<b>18,776,665</b>

## TAXATION REVENUE

Taxation revenue collections in the second Quarter exceeded both budget expectation (Table 7) and Quarter 1 collections, reflecting improved collection of business profit tax from local traders and the Construct quarterly tax payments. With the RPC operations being further extended to June 2022, it is expected that performance in the next two quarters will continue to improve.

Table 7: Taxation revenue Q1 2021-22

Description	2020-21 Preliminary Actual	2021-22 Approved Budget	2021-22 Supp Bills	2021-22 Revised Budget	2021-22 YTD Actual	2021-22 YTD	
						Actual as % of Budget	Remaining Budget
	\$	\$	\$	\$	\$	%	\$
1190 - Telecom Tax	3,340,938	2,500,000	-	2,500,000	1,325,061	53%	1,174,939
1590 - Employment Services Tax	19,481,155	10,200,000	-	10,200,000	7,860,015	77%	2,339,985
1591 - Business Profit Tax	43,950,090	21,900,000	-	21,900,000	22,041,381	101%	-141,381
<b>Total Tax</b>	<b>66,772,183</b>	<b>34,600,000</b>	<b>0</b>	<b>34,600,000</b>	<b>31,226,457</b>	<b>90%</b>	<b>3,373,543</b>



## CUSTOMS AND OTHER IMPORT DUTIES

An increase in consumption has further driven improved collections in customs and excise duty, with Quarter 2 collections surpassing expectations (Table 8). Customs duty on machinery & vehicle, petrol and tobacco surpassed collections in prior year due to increased importation of those items.

Collections from alcohol is significantly lower than benchmark but this is expected to be recovered during the 3<sup>rd</sup> quarter as duty collections from the festive season sales are paid in by local retailers and merchants.

Table 8 Customs and other Import duties Q2 2021-22

Description	2020-21	2021-22	2021-22	2021-22	2021-22 YTD	2021-22 YTD	2021-22
	Preliminary Actual	Approved Budget	2021-22 Supp Bills	Revised Budget	2021-22 YTD Actual	Actual as % of Budget	Remaining Budget
	\$	\$	\$	\$	\$	%	\$
1140 - Customs and Excise Duty - Tobacco	7,073,041	5,841,236	-	5,841,236	3,906,529	67%	1,934,707
1145 - Customs and Excise Duty - Alcohol	1,956,048	2,040,000	-	2,040,000	527,263	26%	1,512,737
1150 - Customs and Excise Duty - Sugar	1,262,619	1,220,394	-	1,220,394	586,539	48%	633,855
1155 - Customs and Excise - Machinery/Vehicle/Equ	1,045,324	830,419	-	830,419	709,617	85%	120,802
1160 - Customs and Excise Duty - Other	2,813,421	2,538,891	-	2,538,891	1,941,980	76%	596,912
1165 - Customs and Excise Duty - Petrol Sales	2,654,280	2,341,235	-	2,341,235	1,385,919	59%	955,316
1170 - Customs and Excise Duty - Diesel Sales	2,775,493	1,700,000	-	1,700,000	858,590	51%	841,410
<b>Total Customs and Excise Duty</b>	<b>19,580,224</b>	<b>16,512,175</b>	<b>-</b>	<b>16,512,175</b>	<b>9,916,437</b>	<b>60%</b>	<b>6,595,738</b>

## VISA FEES

Visa fees collection has surpassed the revised budget and this is due to the extension of business associated with RPC (see Table 9) to June 2022. For Quarter 2, Government has received over 100 percent of the budgeted revenue and this is mostly to do with both RPC visas budget estimates being set to zero due to the uncertainty surrounding the continued presence of refugees and asylum seekers on island.

Table 9 Visa fees Q2 2021-22

Description	2020-21	2021-22	2021-22	2021-22	2021-22 YTD	2021-22 YTD	2021-22
	Preliminary Actual	Approved Budget	2021-22 Supp Bills	Revised Budget	2021-22 YTD Actual	Actual as % of Budget	Remaining Budget
	\$	\$	\$	\$	\$	%	\$
1330 - Visa Check up	4,116	4,332	-	4,332	40	1%	4,292
1335 - Visa Fees - RPC	978,000	-	-	0	135,000		-135,000
1575 - Visa Fees (Other Business)	1,794,402	1,540,444	-	1,540,444	891,279	58%	649,165
1580 - Visa Fees - RPC Resettlement	3,000,000	-	-	0	720,000		-720,000
<b>Total Visa Fees</b>	<b>5,776,518</b>	<b>1,544,776</b>	<b>0</b>	<b>1,544,776</b>	<b>1,746,319</b>	<b>113%</b>	<b>-201,543</b>

## OTHER REVENUE – DIVIDENDS AND GRANTS

GON received the 1<sup>st</sup> instalment of the Republic of China Taiwan budget support of \$4.5 million during the quarter. The 2<sup>nd</sup> instalments of the Taiwan Grant will be paid in the last quarter of 2021-22. The Government is finalizing the documents to effect the AU \$17.1 million 1<sup>st</sup> tranche fund drawdown of the NAC aircraft fleet program from Taiwan Exim. Disbursement of this loan is anticipated in the third quarter. The second drawdown of the Aircraft loan will only happen after the drawdown of the first tranche, pending identification of the second aircraft by Nauru Air Corporation. Due to the strict technical inspection requirements relating to the selection of a suitable aircraft, it is highly likely that the second loan drawdown of AU \$16.5 million will be deferred to the new financial year, 2022-23.

Table 10 Dividends and Grants Q2 2021-22

Description	2020-21	2021-22	2021-22	2021-22	2021-22 YTD	2021-22 YTD	2021-22
	Preliminary Actual	Approved Budget	2021-22 Supp Bills	Revised Budget	2021-22 YTD Actual	Actual as % of Budget	Remaining Budget
	\$	\$	\$	\$	\$	%	\$
1015 - Income from Investments & Dividends-Other	6,721,656	6,412,143	11,000,000	17,412,143	15,649,509	90%	1,762,634
1660 - General Budget Support	21,273,593	12,273,824	-	12,273,824	4,500,143	-	7,773,681
1902 - EXIM NAC Loan Proceeds	-	16,245,600	17,154,242	33,399,842	-	-	33,399,842
<b>Total Dividends , Grants and Other</b>	<b>27,995,249</b>	<b>34,931,567</b>	<b>28,154,242</b>	<b>63,085,809</b>	<b>20,149,651</b>	<b>32%</b>	<b>42,936,157</b>

## NON-TAX REVENUE

Non-tax revenue collections in the year to date were at similar levels as the previous year (Table 11), which reflects the \$45.7m uncollected revenue under the Non-Tax comprising mainly of the undrawn hosting fee of \$31.9m which should be collected in the next Quarter. Conversely, MCA reimbursables have increased with the bulk of the revenue received in first 6-months relate to reimbursables for FY 2020-21. The reimbursables have significantly improved the Government's cash position.

Service fees (subhead 1495) collections for the first 6 months (July 2021-Dec 2021) is complete and an additional 6 months fees equivalent to \$10 million is anticipated to be collected by the Government of Nauru for the remainder of the financial year following the six-month extension of the RPC arrangement from December 2021 to now June 2022 with the Government of Australia.

An increase in importation of vehicles and motorcycles to the island resulted in the growth in revenue associated with vehicles such as licences - drivers, vehicle insurances and registration fees which is close to 80 percent in Quarter 2.

Table 11 Non-tax revenues Q2 2021-22

Description	2020-21	2021-22	2021-22	2021-22	2021-22 YTD	2021-22 YTD	2021-22
	Preliminary Actual	Approved Budget	Supp Bills	Revised Budget	Actual	Actual as % of Budget	Remaining Budget
	\$	\$	\$	\$	\$	%	\$
1121 - Curator fees	105,527	-	-	0	16,118	0%	-16,118
1215 - Licenses-Drivers etc	117,198	80,000	-	80,000	93,016	116%	-13,016
1220 - Corporation Fees and Licenses	403,725	500,000	-	500,000	222,430	44%	277,570
1225 - Licenses-Trading	311,578	209,683	-	209,683	152,675	73%	57,008
1230 - Liquor Licensing Board	42,200	30,141	-	30,141	3,000	10%	27,141
1235 - Gaming / Bingo Licenses	53,250	50,000	-	50,000	37,269	75%	12,732
1240 - Licenses-Dogs etc	83	73	-	73	0	0%	73
1245 - Drones Licenses	1,500	2,000	-	2,000	1,000	50%	1,000
1260 - Birth Certificate	13,270	11,389	-	11,389	8,605	76%	2,784
1265 - Death Certificate	870	757	-	757	440	58%	317
1270 - Marriage Certificate	1,700	1,378	-	1,378	1,085	79%	293
1300 - Registration Fees-Motor Cars	138,979	124,414	-	124,414	105,128	84%	19,286
1305 - Registration Fees-Motorcycles	24,890	23,994	-	23,994	26,764	112%	-2,770
1310 - Vehicle/Insurance Fees	383,325	339,226	-	339,226	293,320	86%	45,906
1325 - Passport Fees and Photographs	54,640	50,000	-	50,000	24,770	50%	25,230
1340 - Police Clearance	32,495	45,000	-	45,000	9,940	22%	35,060
1361 - Fuel Levy	0	1,314,384	-	1,314,384	713,045	54%	601,339
1365 - D.C.A.-Departure Taxes	0	-	-	0	0	0%	0
1370 - D.C.A.-Air Navigation Fees	478,904	496,461	-	496,461	36,363	7%	460,098
1375 - D.C.A.-Landing Fees	153,300	161,368	-	161,368	0	0%	161,368
1380 - D.C.A.-Rental Fees	17,806	5,552	-	5,552	18,197	328%	-12,645
1475 - Miscellaneous Revenue	6,382,789	272,840	-	272,840	433,113	159%	-160,273
1480 - Bus Services	1,655	900	-	900	1,665	185%	-765
1485 - Quarantine Fees	77,556	80,000	-	80,000	31,350	39%	48,650
1490 - Court Fines and Fees	54,828	52,043	-	52,043	8,501	16%	43,542
1495 - Service Fees	20,024,359	10,046,902	-	10,046,902	10,014,022	100%	32,880
1500 - Sale of Maps	7,550	7,052	-	7,052	6,175	88%	877
1501 - Sale of Livestock	0	-	-	0	13,114		-13,114
1520 - Food Handler Check up	11,580	11,600	-	11,600	560	5%	11,040
1540 - Advertising Revenue	67,652	64,000	-	64,000	14,044	22%	49,956
1555 - Spectacles,Drugs etc	4,690	5,000	-	5,000	180	4%	4,820
1565 - Medical Services	7,860	8,273	-	8,273	1,126	14%	7,147
1577 - DJBC - Operations	3,384,174	2,289,963	-	2,289,963	1,509,332	66%	780,631
1578 - DJBC - Reimbursable Costs	16,371,079	16,587,342	-	16,587,342	5,032,439	30%	11,554,903
1596 - Traffic Infringements	129,160	150,000	-	150,000	60,200	40%	89,800
1597 - TVET Course Fees	29,555	27,538	-	27,538	13,090	48%	14,448
1598 - Hosting Fee	36,983,331	63,566,666	21,133,332	84,699,998	52,833,330	62%	31,866,668
1700 - National/District Roll Sales	3,050	1,010	-	1,010	4,830	478%	-3,820
1705 - Electoral Various Fees	82,000	17,894	-	17,894	317,220	1773%	-299,326
<b>Total Non Tax</b>	<b>85,958,109</b>	<b>96,634,843</b>	<b>21,133,332</b>	<b>117,768,175</b>	<b>72,057,455</b>	<b>61%</b>	<b>45,710,720</b>

## REVENUE BY DEPARTMENT

Table 12 shows revenue for the year to date by department head. MCA accounts for 40 percent of total revenue to be collected in FY2021-22 followed by Fisheries at 20 percent. This funding is not hypothecated to these heads, but rather reflects the revenue classification method used in the financial management information system, where revenues are allocated by function.

Table 12 Revenue by Department Q2 2021-22

Description	2020-21	2021-22		2021-22		2021-22	2021-22
	Preliminary Actual \$	Approved Budget \$	2021-22 Supp Bills \$	Revised Budget \$	2021-22 YTD Actual \$	Actual as % of Budget %	Remaining Budget \$
03 - Chief Secretariat	59,070	43,665	-	43,665	13,650	31%	30,015
09 - Electoral Commission	85,080	19,904	-	19,904	324,780	1632%	-
11 - Finance Secretariat	761	2,000	-	2,000	3,500	175%	1,500
12 - Finance -Public Debt	-	16,245,600	17,154,242	33,399,842	-	0%	33,399,842
15 - Nauru Revenue Office	66,942,631	34,730,000	-	34,730,000	31,356,742	90%	3,373,258
16 - Finance - Other Payments	25,368,927	16,000,351	-	16,000,351	5,870,046	37%	10,130,305
17 - Nauru Customs Office (NCO)	19,581,724	16,514,175	-	16,514,175	9,917,437	60%	6,596,738
18 - Nauru Regional Processing Centre (NRPCC) Corp	20,001,504	10,000,002	-	10,000,002	10,000,002	100%	-
21 - CIE	7,100	5,000	-	5,000	4,800	96%	200
31 - Fisheries	60,252,587	59,900,000	-	59,900,000	41,222,675	69%	18,677,325
41 - Police	176,090	212,640	-	212,640	72,443	34%	140,198
42 - Dept of Multi Cultural Affairs	69,064,584	86,599,971	32,133,332	118,733,303	75,386,101	63%	43,347,202
43 - Justice - Secretariat	822,043	709,756	-	709,756	392,142	55%	317,614
44 - Judiciary	54,828	52,043	-	52,043	8,501	16%	43,542
45 - Border Control	1,926,598	1,670,444	-	1,670,444	947,399	57%	723,045
46 - Correctional Services	2,100	-	-	-	13,114	0%	-
50 - Directorate of TVET	37,105	34,738	-	34,738	13,090	38%	21,648
61 - Health	96,975	59,205	-	59,205	88,127	149%	28,922
62 - Sports	-	-	-	-	2,000	0%	-
81 - Home Affairs	-	-	-	-	-	0%	-
83 - Media Bureau	67,912	64,000	-	64,000	14,044	22%	49,956
84 - Lands & Survey	7,550	7,052	-	7,052	7,895	112%	843
85 - Lands Committee	24,355	16,900	-	16,900	12,300	73%	4,600
91 - Department of Transport	1,291,693	1,231,915	-	1,231,915	544,687	44%	687,228
93 - Maritime Transport	-	-	-	-	-	0%	-
95 - ICT	10,340	4,000	-	4,000	4,165	104%	165
<b>Total Revenue</b>	<b>265,881,556</b>	<b>244,123,361</b>	<b>49,287,574</b>	<b>293,410,935</b>	<b>176,219,638</b>	<b>60%</b>	<b>117,191,297</b>

## OPERATING EXPENDITURE ANALYSIS

Total expenditure for the year-to-date to the end of the second quarter is shown in Table 13. Six departments pursued Inter-subhead transfers during the quarter to reallocated funds between subheads. Total ISHTs to-date are around \$5.0 million or 1.7 percent of the total revised budget or 3.9 percent of the total spending for the quarter.

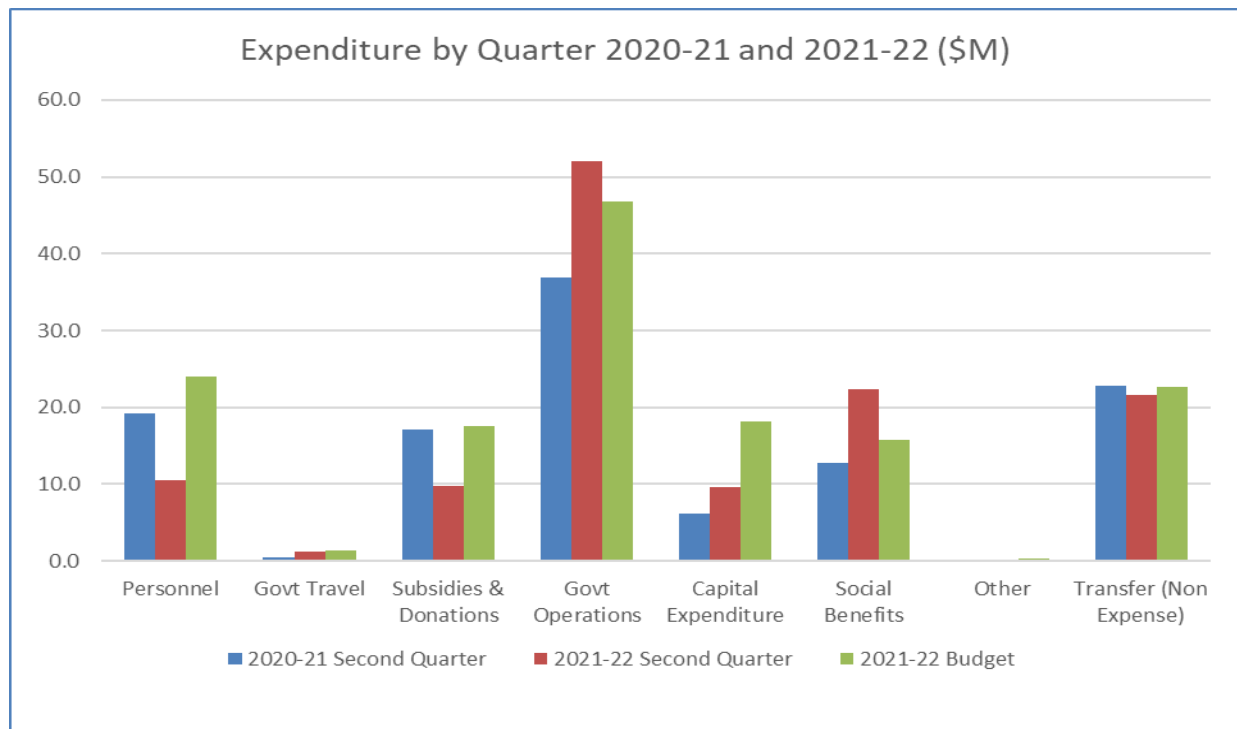
Table 13 Expenditure by Group Q2 2021-22

Description	2020-21	2021-22		2021-22		2021-22	2021-22	2021-22
	Preliminary Actual	Approved Budget	2021-22 Supp Bills	2021-22 ISHT	Revised Budget	2021-22 YTD Actual	Actual as % of Budget	Remaining Budget
	\$	\$	\$	\$	\$	\$	%	\$
Personnel	39,173,860	47,322,792	1,114,161	-481,149	47,955,805	10,584,863	22%	37,370,942
Govt Travel	1,206,175	1,515,664	1,289,716	58,635	2,864,015	1,213,805	42%	1,650,210
Subsidies & Donations	52,943,008	32,249,456	1,207,430	1,540,087	34,996,973	9,770,743	28%	25,226,230
Govt Operations	89,504,634	86,185,399	7,069,496	240,967	93,495,861	52,068,694	56%	41,427,167
Capital Expenditure	24,325,801	18,864,399	16,324,733	1,056,547	36,245,679	9,547,664	26%	26,698,015
Social Benefits	23,435,567	18,154,615	11,945,000	1,548,300	31,647,915	22,305,499	70%	9,342,417
Other	480,797	727,034	3,462	0	730,496	164,424	23%	566,073
Transfer (Non Expense)	48,767,322	39,004,002	10,204,605	-3,963,387	45,245,220	21,575,587	48%	23,669,634
<b>Total Expenditure</b>	<b>279,837,164</b>	<b>244,023,361</b>	<b>49,158,603</b>	<b>0</b>	<b>293,181,964</b>	<b>127,231,278</b>	<b>43%</b>	<b>165,950,686</b>

Figure 3 compares second quarter expenditure against the same period last year and the 2021-22 Quarter 2 Budget. Actual expenditure is higher than the same period last year, in most categories except personnel and subsidies and donations.

Actual expenditure is less than budget in all categories except social benefits (Nauru Community Housing), and Government operations (OMR and medical PPE). This reflects the government’s social obligation to provide affordable housing and improve health care for its people.

Figure 3 Expenditure by group, Q1 2021-22



## PERSONNEL COSTS

Expenditure on personnel was as expected in the Second quarter (Table 14). The significant pay-out registered during this quarter relates to a Government decision to pay a Special COVID 19 Christmas ex gratia-gratia to civil servants in December 2021. The ex-gratia was also paid to SoEs staff and current Pensioners and this portion is currently reported under the Social Benefits group.

Staff training and overtime rose during the quarter as more civil servants engaged in full time studies and due to a rise in workloads leading up to Christmas and New Year resulted in more overtime allowances. The Chief Secretary's office has been undergoing a heavy recruitment process which contributed to an increase in recruitment expenses.

Salaries related lines recorded for the quarter is somewhat lower, averaging between 12-20 percent compared to benchmark of 50% is due to the delay in payroll posting by the HR and Payroll department.

Table 14 Personnel Expenditure Q2 2021-22

Description	2020-21	2021-22	2021-22	2021-22	2021-22	2021-22 YTD	2021-22	2021-22
	Preliminary Actual	Approved Budget	2021-22 Supp Bills	2021-22 ISHT	Revised Budget	2021-22 YTD Actual	Actual as % of Budget	Remaining Budget
	\$	\$	\$	\$	\$	\$	%	\$
2005 - Salaries & Allowances - (MP's)	1,236,654	1,260,698	0	0	1,260,698	150,192	12%	1,110,506
2010 - HE Salary & Allowances	100,532	105,034	0	0	105,034	15,389	15%	89,645
2015 - Salary - Local	24,911,992	27,190,580	1,096,961	66,000	28,353,542	5,337,093	19%	23,016,449
2020 - Salary Expatriate	7,450,921	9,216,636	0	-335,000	8,881,636	1,634,224	18%	7,247,412
2025 - Allowances - Staff Contract	1,437,640	2,417,907	0	-54,000	2,363,907	961,702	41%	1,402,206
2026 - Directors Fees	25,250	50,600	0	0	50,600	20,400	40%	30,200
2031 - Staff Contract - Ministerial	50,577	520,968	0	0	520,968	50,000	10%	470,968
2035 - Overtime - local	766,565	873,976	0	-200	873,776	544,308	62%	329,468
2040 - Staff Training	730,950	1,755,898	0	-162,829	1,593,069	523,708	33%	1,069,362
2041 - Prep & Orientation of Seasonal Workers	0	10,000	0	0	10,000	9,350	94%	650
2045 - Recruitment	4,859	16,000	0	-1,470	14,530	5,065	35%	9,465
2050 - Uniforms & Protective Clothing	351,625	486,089	3,300	18,000	507,389	185,438	37%	321,951
2072 - Meals and Drinks - Staff	286,408	285,490	13,900	-11,650	287,740	133,750	46%	153,990
2651 - GON Contributions	1,819,887	3,132,916	0	0	3,132,916	1,014,245	32%	2,118,672
<b>Total Personnel</b>	<b>39,173,860</b>	<b>47,322,792</b>	<b>1,114,161</b>	<b>-481,149</b>	<b>47,955,805</b>	<b>10,584,863</b>	<b>22%</b>	<b>37,370,942</b>

## GOVERNMENT TRAVEL

The Government maintains a no travel policy with major border closures due to COVID-19 (Table 15). This is likely to continue for the remainder of the year. Travel Business of \$1.1 million recorded in the year to date relates to the repatriation flights organised to uplift workers and patients to Taiwan as part of the Overseas Medical Referral (OMR) program.

Table 15 Government Travel Expenditure Q2 2021-22

Description	2020-21	2021-22	2021-22	2021-22	2021-22	2021-22 YTD	2021-22	2021-22
	Preliminary Actual	Approved Budget	2021-22 Supp Bills	2021-22 ISHT	Revised Budget	2021-22 YTD Actual	Actual as % of Budget	Remaining Budget
	\$	\$	\$	\$	\$	\$	%	\$
2070 - Travel - Staff	360,446	797,704	200	-28,800	769,104	148,950	19%	620,154
2075 - Travel - Business	845,729	717,960	1,289,516	87,435	2,094,911	1,064,855	51%	1,030,056
<b>Total Government Travel</b>	<b>1,206,175</b>	<b>1,515,664</b>	<b>1,289,716</b>	<b>58,635</b>	<b>2,864,015</b>	<b>1,213,805</b>	<b>42%</b>	<b>1,650,210</b>

## SUBSIDIES & DONATIONS

Expenditure on Subsidies & Donations was well within budget during this quarter (Table 16). A major payment during the quarter relates to the direct purchase of a portion of land by the Government for

an agreed consideration sum of \$0.8 million. The land is earmarked for future development purposes, including government, agriculture, conservation and residential use. Notable payments made during the quarter were for CSO payments to Nauru Airlines, Nauru Maritime and Port Authority and for Tug boat hire relating to the safe loading and unloading of phosphate and fuel vessels. Local donations comprise of churches and local communities' donations to support activities during the Angam and Christmas day celebrations. Spending rate is up to the benchmark level, reflecting the one-off nature of such expenditures. Other Local donations spending relates to Infrastructure various community projects which is expected to continue for the remainder of the financial year.

Table 16 Subsidies & Donations Expenditure Q2 2021-22

Description	2020-21	2021-22		2021-22		2021-22 YTD	2021-22 YTD	2021-22 YTD	2021-22
	Preliminary Actual	Approved Budget			Revised Budget	Actual	Actual as % of Budget	Remaining Budget	
	\$	\$			\$	\$	%	\$	
2376 - Equity Purchases	13,191,700	16,245,600	0	0	16,245,600	0	0%	16,245,600	
2615 - Other Subsidies & Donations	0	0	0	0	0	0		0	
2616 - Subsidies to SoEs	30,784,485	11,967,713	407,430	0	12,375,143	6,212,317	50%	6,162,826	
2617 - Donations - local	8,965,045	3,929,000	800,000	695,000	5,424,000	2,715,615	50%	2,708,385	
2618 - Donations - overseas	1,777	107,143	0	0	107,143	342		106,801	
<b>Total Subsidies &amp; Donations</b>	<b>52,943,008</b>	<b>32,249,456</b>	<b>1,207,430</b>	<b>695,000</b>	<b>34,151,886</b>	<b>8,928,274</b>	<b>26%</b>	<b>25,223,612</b>	

## CAPITAL EXPENDITURE

With active progress in infrastructure works on the island, Government spent almost \$10.4 million during Quarter 2 for property, plant and equipment (PPE) acquisitions, land purchase and building purposes. The funding allocated to the Building and Structure line (subhead 2496) was intended to continue development of top side as part of the Higher Ground Initiative (HGI), ongoing government in kind contribution support for the Port project (Table 17) covering aggregate for Port construction, Port Project Management Unit costs and the Port Relocation project. An additional \$1 million was paid to Nauru Maritime and Port Authority during the quarter (November 2021) for Port Relocation to cover increased material costs due to COVID 19. Government also supported NRC in the purchase of heavy machinery and equipment during the quarter to facilitate the mobilization of the HGI project

Table 17 Capital Expenditure Q2 2021-22

Description	2020-21	2021-22		2021-22		2021-22		2021-22 YTD	2021-22
	Preliminary Actual	Approved Budget	2021-22 Supp Bills	2021-22 ISHT	Revised Budget	2021-22 YTD Actual	Actual as % of Budget	Remaining Budget	
	\$	\$	\$	\$	\$	\$	%	\$	
2480 - Medical Equipment	622,615	497,250	0	0	497,250	159,559	32%	337,691	
2495 - Plant & Equipment Purchases	5,638,836	3,591,852	169,640	106,547	3,868,039	2,193,030	57%	1,675,010	
2496 - Building and Structures	17,766,650	14,293,296	16,055,093	950,000	31,298,389	7,052,492	23%	24,245,897	
2497 - Land Purchase	0	0	0	845,087	845,087	842,469	100%	2,618	
2580 - Public Works	297,700	482,000	100,000	0	582,000	142,583	24%	439,417	
<b>Total Capital Expenditure</b>	<b>24,325,801</b>	<b>18,864,399</b>	<b>16,324,733</b>	<b>1,901,634</b>	<b>37,090,766</b>	<b>10,390,133</b>	<b>28%</b>	<b>26,700,633</b>	

## SOCIAL BENEFITS

The bulk of spending under social benefits were targeted at households and individuals, including new building and house renovation, modification and extensions under the Nauru Community Housing scheme. This accounts for over 88 percent of the YTD budget (Table 18) and reflects the one off and lumpy disbursements of housing funds to contractors. Welfare assistance to aged pensions and disability is largely within the set benchmark and this is expected to continue in the same manner for the remainder of the financial year.

Finance made allocation within Head 16 Finance Other in December 2021 to cover for a special COVID 19 ex gratia to SoEs and Pensioners (Aged and Disable) to assist cushion the impact of COVID 19 on households. As this was one off, the full allocation was paid to beneficiaries. There isn't expected to be another ex-gratia pay out for the remainder of the year.

Table 18 Social Benefits Q2 2021-22

Description	2020-21	2021-22		2021-22		2021-22 YTD		2021-22 YTD Actual as % of Budget	2021-22 Remaining Budget
	Preliminary Actual	Approved Budget	2021-22 Supp Bills	2021-22 ISHT	Revised Budget	2021-22 YTD Actual	%		
	\$	\$	\$	\$	\$	\$	\$	%	\$
2220 - Nauru Community Housing	14,888,972	7,050,000	11,900,000	0	0	18,950,000	16,751,960	88%	2,198,040
2390 - Social Welfare - Birth Claims	173,700	192,000	0	0	0	192,000	97,200	51%	94,800
2395 - Social Welfare - Death Claims	168,000	238,000	45,000	0	0	283,000	72,808	26%	210,192
2396 - Back to School Support	353,800	739,800	0	0	0	739,800	339,650	46%	400,150
2400 - Social Services - Aged Pensions	2,896,351	3,808,840	0	0	3,808,840	1,670,480	44%	2,138,360	
2405 - Social Services - Super Contributors	77,641	100,000	0	0	100,000	39,014	39%	60,986	
2420 - Social Services - Disability Payments	1,582,750	1,681,160	0	0	1,681,160	942,075	56%	739,085	
2421 - Ex Gratia - Age and Disable	476,000	0	0	548,800	548,800	546,400	100%	2,400	
2422 - Ex Gratia SoEs	1,000,700	0	0	999,500	999,500	993,900	99%	5,600	
2440 - Scholarships - School & Trade	1,817,652	4,344,815	0	0	4,344,815	852,012	20%	3,492,803	
<b>Total Social Benefits</b>	<b>23,435,567</b>	<b>18,154,615</b>	<b>11,945,000</b>	<b>1,548,300</b>	<b>31,647,915</b>	<b>22,305,499</b>	<b>70%</b>	<b>9,342,417</b>	

## 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 Q2 2021-22

Description	2020-21	2021-22		2021-22		2021-22 YTD		2021-22 YTD Actual as % of Budget	2021-22 Remaining budget
	Preliminary Actual	Approved Budget	2021-22 Supp Bills	2021-22 ISHT	Revised Budget	2021-22 YTD Actual	%		
	\$	\$	\$	\$	\$	\$	\$	%	\$
2565 - Insurance	434,325	538,876	3,462	0	0	542,338	154,788	0	387,551
2570 - Bank Charges	49,039	64,658	0	0	64,658	9,641	0	0	55,017
2690 - Foreign exchange gains/losses	-2,567	123,500	0	0	123,500	-5	-0	-0	123,505
<b>Total Other</b>	<b>480,797</b>	<b>727,034</b>	<b>3,462</b>	<b>0</b>	<b>730,496</b>	<b>164,424</b>	<b>0</b>	<b>0</b>	<b>566,073</b>

## NON-EXPENSE ITEMS

Expenditure in this category is in line with budget projections (Table 20). High actual expenditure on debt repayments which accounts for \$11.1 million during the quarter relates to the RONWAN capital redistribution by Finance and NPRT to account holders and their beneficiaries between mid-November and December 2021. NPRT has in its records majority of the account holders bank account details from last year's registration drive which enabled successful settlements of the current year capital. A total of 11.1 million or 92% of the total approved budget of \$12.3 million was paid during the quarter which is a significant improvement compared to last year. The balance will continue to be paid through to June 2022 as and when bank account details for eligible account holders become available. Government is committed to settling Bank book holders under the previous Bank of Nauru, and around \$1.2 million was disbursed during the quarter.

\$8.2 million was paid as part of Nauru's contribution to the Nauru Intergenerational Wealth Fund comprising of 50% of the original budget estimate. The remaining 50% will be settled in January 2022 to align with Fisheries collections. Government aims to build up Trust Fund capital and additional allocation will be made in the next Quarter as bonus contributions to the Fund. .



Table 20 Non-expense Items Q2 2021-22

Description	2020-21	2021-22		2021-22		2021-22		2021-22 YTD	2021-22
	Preliminary	Approved	2021-22	2021-22	Revised	2021-22 YTD	Actual as %	Remaining	
	Actual	Budget	Supp Bills	ISHT	Budget	Actual	of Budget	Budget	
	\$	\$	\$	\$	\$	\$	%	\$	
2545 - Debt Repayments - Other	9,411,463	9,813,947	6,233,334	256,217	16,303,498	11,065,123	68%	5,238,375	
2650 - Trust Fund	33,717,652	17,335,764	4,978,045	0	22,313,809	8,289,507	37%	14,024,303	
2652 - Fiscal Cash Buffer	0	10,854,291	-2,357,952	-4,219,604	4,276,735	0	0%	4,276,735	
2680 - BON Liquidation- Payment	5,638,207	1,000,000	1,351,178	0	2,351,178	2,220,957	94%	130,221	
2802 - Loan Expenditure Account	0	0	0	0	0	0	0%	0	
<b>Total Non-expense items</b>	<b>48,767,322</b>	<b>39,004,002</b>	<b>10,204,605</b>	<b>-3,963,387</b>	<b>45,245,220</b>	<b>21,575,587</b>	<b>48%</b>	<b>23,669,634</b>	

## GOVERNMENT OPERATIONS

Expenditure under this category was above expectations (Table 21), driven by a significant rise in Salaries other contracts expenditure, which more than doubled over the quarter. Procurement of medical consumables, dialysis and various medical supply lines are ahead of budget reflecting the Health department`s procurement approach to stock up essential medical supply and consumables with the view to mitigate supply risks due to potential shipment delays. Expenditure for repairs and maintenance for buildings, vehicles and medical equipment is currently more than the budget for this quarter. The 2022 Land rental payment for Aerodrome and significant government leases was made in December 2021 contrary to previous years where payments are usually made in January. Payments is still ongoing for minor leased portions and this is expected to tail out to the last quarter for landowners who did not previously supply their bank account details to Lands Department.

Overseas Medical Treatment utilization is at 78% which is significantly above budget reflecting the high number of patients that are currently receiving medical treatment abroad, covering for medical costs, accommodation and allowances. Additional budget supplementation has been proposed to be included in the January 2022 supplementary to bring budget in line with spending.

Table 21 Government Operations Q2 2021-22

Description	2020-21	2021-22	2021-22	2021-22	2021-22	2021-22 YTD	2021-22 YTD	2021-22 YTD	2021-22
	Preliminary Actual \$	Approved Budget \$	Supp Bills \$	ISHT \$	Revised Budget \$	2021-22 YTD Actual \$	Actual as % of Budget %	Remaining Budget \$	
2030 - Salaries - Other Contracts	30,863,197	26,877,109	102,300	-75,970	26,903,439	16,728,459	62%	10,174,980	
2055 - Consultants fees	2,204,855	2,156,437	600,000	106,219	2,862,656	1,398,197	49%	1,464,458	
2060 - Legal Fees - External	107,601	537,500	0	-40,000	497,500	66,830	13%	430,670	
2100 - Entertainment	1,002,734	1,006,088	50,000	37,690	1,093,778	570,085	52%	523,693	
2105 - Official Celebrations	848,984	767,168	183,000	-45,670	904,497	593,496	66%	311,001	
2110 - Protocol	6,409	38,000	0	-20,000	18,000	950	5%	17,050	
2130 - Printing & Stationery	848,700	1,012,707	2,400	-122,115	892,992	452,179	51%	440,813	
2132 - TVET Supplies	139,999	140,000	0	0	140,000	14,763	11%	125,237	
2135 - Stores	565,423	514,463	67,500	943	582,906	131,841	23%	451,065	
2136 - Museum Artefacts	350	4,000	0	0	4,000	1,740	44%	2,260	
2155 - House Rental	10,455,964	11,103,594	44,200	-1,800	11,145,994	4,959,695	44%	6,186,298	
2160 - Land Rental	8,581,713	8,593,159	0	0	8,593,159	6,205,158	72%	2,388,001	
2165 - Office Rental	811,656	876,653	185,600	0	1,062,253	330,746	31%	731,507	
2185 - R&M - Buildings	1,997,300	1,424,206	44,400	262,840	1,731,446	910,054	53%	821,392	
2190 - R&M - Office Equipment	292,244	258,776	0	-41,500	217,276	50,306	23%	166,969	
2191 - R&M Medical Equipment	28,145	50,000	0	0	50,000	44,671	89%	5,329	
2195 - R&M - Office Premises	37,653	7,353	0	0	7,353	3,030	41%	4,323	
2200 - R&M - Motor Vehicles	594,756	703,774	0	-3,000	700,774	457,846	65%	242,928	
2205 - R&M - Plant	1,570,504	2,999,527	0	0	2,999,527	667,159	22%	2,332,368	
2210 - R&M - Aerodrome	64,363	60,000	0	0	60,000	3,415	6%	56,585	
2225 - Agricultural Supplies	61,866	61,000	0	0	61,000	13,449	22%	47,551	
2230 - Publicity and Awareness	68,676	56,150	4,800	12,060	73,010	28,222	39%	44,788	
2275 - Purchase of Petrol	561,730	673,960	6,560	0	680,520	308,421	45%	372,099	
2280 - Purchase of Diesel	725,083	962,452	0	0	962,452	371,057	39%	591,395	
2290 - Purchase of Fuel - Other	5,280	10,793	0	0	10,793	2,274	21%	8,519	
2315 - Utilities	4,692,055	4,883,688	0	80,000	4,963,688	2,090,776	42%	2,872,911	
2330 - Telephone / Internet	2,383,568	2,823,798	202,646	64,070	3,090,514	1,576,169	51%	1,514,345	
2350 - Freight	2,240,892	2,291,014	315,000	0	2,606,014	1,484,234	57%	1,121,780	
2370 - Membership Fees & Subscriptions	1,094,234	1,080,257	0	100	1,080,357	190,513	18%	889,845	
2372 - Nauru Radio Supplies	16,500	10,300	0	0	10,300	6,600	64%	3,700	
2373 - Media TV Supplies	55,301	19,000	0	0	19,000	6,485	34%	12,515	
2375 - ICT Supplies	60,372	55,146	0	0	55,146	5,178	9%	49,969	
2460 - Medical Expenses	37,193	79,695	6,000	0	85,695	7,177	8%	78,519	
2461 - Primary Health Care Services	130,423	259,900	0	0	259,900	63,788	25%	196,112	
2462 - NCD Control & Health Promotion	35,032	43,600	0	0	43,600	21,183	49%	22,417	
2463 - Environmental Health and Food safety	7,017	10,000	0	0	10,000	538	5%	9,462	
2464 - Management Monitoring & Evaluation	12,865	30,000	0	0	30,000	0	0%	30,000	
2467 - Drugs and Medicines	1,099,571	1,100,000	0	0	1,100,000	757,302	69%	342,698	
2468 - Dental Supplies	10,312	50,000	0	0	50,000	0	0%	50,000	
2469 - Dialysis Supplies	249,347	350,000	0	0	350,000	339,192	97%	10,808	
2471 - Medical Consumable	647,091	600,000	0	0	600,000	445,306	74%	154,694	
2472 - Laboratory supplies	247,987	300,000	0	0	300,000	227,787	76%	72,213	
2473 - Radiology Supplies	19,986	25,000	0	0	25,000	5,043	20%	19,957	
2474 - Clinical Education Supplies	0	20,000	0	0	20,000	17,035	85%	2,965	
2475 - Overseas Medical Treatment	5,348,941	4,000,000	5,000,000	0	9,000,000	7,020,158	78%	1,979,842	
2560 - Educational Expenses - Special	119,724	215,694	4,000	0	219,694	32,274	15%	187,420	
2575 - Local Transport	1,869,089	1,622,661	233,520	-10,800	1,845,381	906,452	49%	938,928	
2585 - Rations	3,928,377	3,609,317	0	-5,000	3,604,317	1,987,201	55%	1,617,116	
2590 - Correctional Services Supplies	7,102	8,160	0	0	8,160	1,095	13%	7,065	
2600 - Postage	10,380	20,220	17,570	-100	37,690	2,258	6%	35,432	
2605 - Library/Periodicals	0	8,500	0	40,000	48,500	40,000	82%	8,500	
2610 - Survey Supplies	5,194	1,500	0	3,000	4,500	1,303	29%	3,197	
2611 - Children Education Toys and Learning Supp	332,021	710,044	0	0	710,044	453,066	64%	256,978	
2620 - Lease & Charter Payments	43,342	57,938	0	0	57,938	24,805	43%	33,133	
2625 - Family Court Expenses	3,100	4,800	0	0	4,800	2,000	42%	2,800	
2630 - Safe House	160,826	181,660	0	0	181,660	39,731	22%	141,929	
2681 - Prior Year Account Payable (GoN)	1,198,036	0	0	0	0	0		0	
2700 - Deportee Revomal	0	20,000	0	0	20,000	0	0%	20,000	
2705 - NEAT Scheme	162,250	298,639	0	0	298,639	0	0%	298,639	
2998 - COVID 19 Taskforce	831,324	0	0	0	0	0		0	
2999 - Contingency fund	0	500,000	0	0	500,000	0	0%	500,000	
<b>Total Government Operations</b>	<b>89,504,634</b>	<b>86,185,399</b>	<b>7,069,496</b>	<b>240,967</b>	<b>93,495,861</b>	<b>52,068,694</b>	<b>56%</b>	<b>41,427,167</b>	

## EXPENDITURE BY DEPARTMENT

Table 22 shows actual expenditure for the year to date by department head. Most departments are on track, except for Ministerial which is significantly ahead of budget – this reflects the purchase of materials and contractors associated with Nauru Community Housing expenditure.

Head 02 Ministerial and Head 84 Lands and Survey spending are both at the 80% level and is purely reflective of the Housing scheme and land rental payments which as explained above are one offs and paid in lumpy amounts to contractors and landowners respectively.

All Mission Offices (Head 72-78) spending are below the benchmark of 50% due to delayed submission of acquittal and spending reports by mission offices. India have yet to commence operation and Canberra mission office has only commenced operation.

Apart from the above, all department spending appears to be within the set threshold or slightly above.

Table 22 Expenditure by Department Q2 2021-22

Description	2020-21	2021-22	2021-22	2021-22	2021-22	2021-22	2021-22	2021-22
	Preliminary Actual	Approved Budget	2021-22 Supp Bills	2021-22 ISHT	Revised Budget	2021-22 YTD Actual	Actual as % of Budget	2021-22 Remaining Budget
	\$	\$	\$	\$	\$	\$	%	\$
01 - Presidency and State House (including GIO)	2,699,326	2,148,953	800,000	0	2,948,953	1,602,142	54%	1,346,811
02 - Ministerial	17,903,918	10,627,108	12,140,000	0	22,767,108	18,213,467	80%	4,553,640
03 - Chief Secretariat	17,254,614	17,909,751	558,246	0	18,467,997	8,567,072	46%	9,900,924
05 - Audit	256,249	292,483	0	0	292,483	58,981	20%	233,503
06 - Parliament	960,015	1,318,376	0	0	1,318,376	35,995	3%	1,282,381
08 - National Emergency Services	1,536,116	1,957,198	0	0	1,957,198	460,225	24%	1,496,972
09 - Electoral Commission	333,261	386,677	155,120	0	541,797	241,812	45%	299,985
11 - Finance Secretariat	2,073,886	2,547,512	0	0	2,547,512	1,069,854	42%	1,477,659
12 - Finance - Public Debt	13,191,700	20,226,213	0	0	20,226,213	0	0%	20,226,213
13 - Bureau of Statistics	91,184	214,629	0	0	214,629	53,208	25%	161,421
15 - Nauru Revenue Office	407,601	505,279	0	0	505,279	89,623	18%	415,656
16 - Finance - Other Payments	114,657,442	72,563,171	15,312,128	0	87,875,299	42,779,595	49%	45,095,704
17 - Nauru Customs Office (NCO)	766,884	947,948	185,600	0	1,133,548	461,614	41%	671,934
18 - Nauru Regional Processing Centre (NRPC) Corporation	1,329,362	1,425,707	0	0	1,425,707	212,053	15%	1,213,654
21 - CIE	922,866	847,257	175,732	0	1,022,989	260,524	25%	762,465
22 - Climate Change	743,084	925,138	60,900	0	986,038	291,325	30%	694,713
31 - Fisheries	2,652,660	3,479,266	0	0	3,479,266	2,079,792	60%	1,399,474
41 - Police	4,602,616	4,630,357	635,000	0	5,265,357	1,766,252	34%	3,499,104
42 - Dept of Multi Cultural Affairs	25,890,633	20,927,213	11,000,000	0	31,927,213	12,734,397	40%	19,192,816
43 - Justice - Secretariat	3,785,684	2,964,360	0	0	2,964,360	701,543	24%	2,262,817
44 - Judiciary	1,627,035	2,024,387	0	0	2,024,387	608,051	30%	1,416,336
45 - Border Control	894,876	799,941	0	0	799,941	122,913	15%	677,028
46 - Correctional Services	873,168	920,461	0	0	920,461	189,035	21%	731,425
50 - Directorate of TVET	545,538	808,565	0	0	808,565	108,867	13%	699,698
51 - Education	11,294,024	16,235,228	0	0	16,235,228	4,267,247	26%	11,967,981
52 - Youth Affairs	227,644	284,612	0	0	284,612	75,087	26%	209,525
60 - COVID-19 task force	9,016,914	8,300,466	1,303,000	0	9,603,466	5,143,924	54%	4,459,542
61 - Health	16,125,947	18,512,537	5,290,000	0	23,802,537	12,070,880	51%	11,731,658
62 - Sports	1,260,194	1,325,740	400,000	0	1,725,740	826,240	48%	899,499
63 - Department of Infrastructure Development	3,133,422	3,783,989	700,000	0	4,483,989	1,232,757	27%	3,251,232
71 - Foreign Affairs - Secretariat	1,090,046	1,302,146	98,600	0	1,400,746	316,738	23%	1,084,008
72 - Foreign Affairs - Brisbane	869,305	1,033,352	0	0	1,033,352	0	0%	1,033,352
73 - Foreign Affairs - Suva	976,999	662,158	0	0	662,158	138,983	21%	523,175
74 - Foreign Affairs - New York	1,674,063	2,083,590	0	0	2,083,590	790,540	38%	1,293,049
75 - Foreign Affairs - Taiwan	359,484	521,700	81,748	0	603,448	231,066	38%	372,381
76 - Foreign Affairs - Geneva	609,636	656,450	0	0	656,450	35,534	5%	620,916
77 - High Commission India	0	211,975	0	0	211,975	0	0%	211,975
78 - High Commission Canberra	250,479	730,397	0	0	730,397	0	0%	730,397
81 - Home Affairs	4,185,849	3,790,322	262,529	0	4,052,851	1,980,877	49%	2,071,974
82 - Women's Affairs	577,283	1,010,457	0	0	1,010,457	247,769	25%	762,688
83 - Media Bureau	1,037,786	612,729	0	0	612,729	175,821	29%	436,909
84 - Lands & Survey	5,847,455	5,902,841	0	0	5,902,841	4,808,739	81%	1,094,101
85 - Lands Committee	325,240	367,998	0	0	367,998	112,150	30%	255,848
86 - Department of Land Management	156,488	117,667	0	0	117,667	26,864	23%	90,803
87 - Disability Department	85,681	180,961	0	0	180,961	79,466	44%	101,495
91 - Department of Transport	2,461,369	2,390,019	0	0	2,390,019	742,489	31%	1,647,530
95 - ICT	2,234,289	2,567,339	0	0	2,567,339	1,217,769	47%	1,349,570
97 - Telecom	37,851	40,739	0	0	40,739	1,997	5%	38,742
<b>Total Expenditure</b>	<b>279,837,164</b>	<b>244,023,361</b>	<b>49,158,603</b>	<b>0</b>	<b>293,181,964</b>	<b>127,231,278</b>	<b>43%</b>	<b>165,950,686</b>

## CASH POSITION

The Government continued to build up cash balances over the quarter (Figure 4). At the end of the quarter, total funds were \$138.6 million. The cash buffer requirement of two months of adjusted expenditure was \$39.9 million. Total funds were significantly in excess of the recommended fiscal cash buffer, with \$40.1 million quarantined in separate cash buffer accounts.

There were significant withdrawals from the Treasury account during the Quarter period reflecting huge one-off pay-outs totalling \$19.5 million for Ronwan capital distribution to account holders (\$11.1 million), Land rental (\$5.5 million) and Special COVID 19 Christmas Ex Gratia (2.9 million).

Despite these huge outflows, the Government was able to maintain its liquidity level due to the matching deposit from the Fisheries revenue totalling \$40 million and Taiwan second 2021 annual grant of \$4.5 million.

There was no hosting fee drawdown during the quarter but the balance of \$31.9 million is anticipated to be drawn in January 2022 (third quarter) and this along with the remaining Fisheries and MCA Reimbursables will fund Government activities for the remaining 6 months.

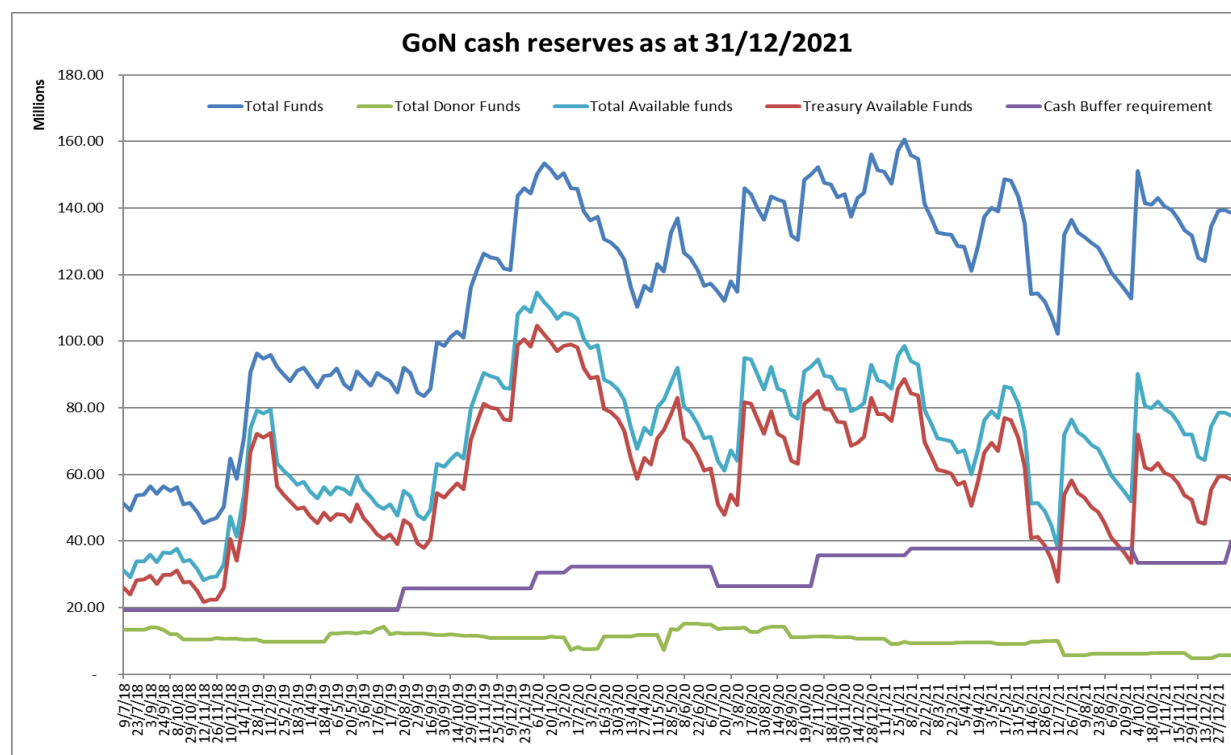


Figure 4 GoN Cash reserves Q2 2021-22

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).

