

REPUBLIC OF NAURU

SUPPLEMENTARY APPROPRIATION BILL (NO. 1) 2022-2023

SECOND READING SPEECH

Honourable Martin Hunt MP

25 AUGUST 2022

Mr Speaker Sir,

I present before Parliament the *Supplementary Appropriation Bill (No. 1) 2022-2023*.

This Bill reflects updated revenue and expenditure estimates to take account of:

- additional taxes, grant and RPC reimbursables revenue not otherwise known or confirmed during the formulation of the original 2022-23 budget estimates, and
- government decisions taken since the original 2022-23 budget was approved.

In this Supplementary Appropriation, Mr Speaker, I wish to advise Parliament that additional Government revenue of 22.2 million dollars and 22.1 million dollars will be appropriated for expenditure, leaving a small surplus balance of 99 thousand dollars.

Mr Speaker,

Due to the ongoing discussions and negotiations around the RPC arrangements during the first quarter of this year, Government took a conservative approach of its 2022-23 financial year revenue forecast.

We only recognised a total RPC related revenue of 100.4 million dollars, comprising of 12 months of Hosting and NRPC management fee as these two revenue streams are independent of the outcome of the RPC arrangements beyond December 2022. They will still be paid in by Australia whether the current RPC active status continues or whether the arrangement moved to an Enduring Capability mode.

Government did not make any attempt to recognize other RPC related revenue, such as Reimbursables and Visas, as they are contingent on whether the RPC moves to Enduring Capability mode. Taxes were included, albeit at a very conservative level, using the 2021-22 third quarter tax collections as a basis for forecast. We projected only 6 months of tax revenue, period between July and December 2022.

With the recent 3-month extension of the Canstruct Services contract up to September 2022, and with a full year of taxation revenue data now available, there was an opportunity to recognise additional revenue over and above our original forecasts.

Mr Speaker,

In summary, the revenue changes in the Supplementary Appropriation Bill (No 1 2022-23) include:

Revenue

- 16 million dollars in additional taxation revenue
- 5.2 million dollars in additional revenue to reflect the extension of the Canstruct Services contract for three months to September 2022, and
- 0.9 million dollars in new grants support from the Government of Australia, to reimburse past costs relating to our COVID 19 containment and economic related support measures.

Expenditure

Mr Speaker, Sir,

New expenditure and investment measures have arisen since the passing of the original budget that are deemed priorities for the Government and need to be funded accordingly.

I would now like to outline in detail the expenditure changes included in the Supplementary Appropriation Bill (No. 1) 2022-2023.

- A 3.1 million dollars cost of living pay adjustments will be made for all Government local workers, to mitigate increasing prices on the island as a result of the COVID 19 pandemic. The pay rise will be effective from 1 July 2022.
- 3 million dollars is allocated for the Department of Health to cover additional OMR fees and utilities not included in the original budget, and to replace ageing fleet vehicles needed for essential departmental functions.
- 2.5 million dollars will be given to the Department of Multi-Cultural Affairs for RPC operations not covered in the original budget.
- 900 thousand dollars is allocated to the Canberra High Commission to invest in a new chancery, covering for the first-year land lease and architectural design for the building. This investment will save the government money in the long-term in rental costs.
- 900 thousand dollars will be paid as a Community Service Obligation to Nauru Airlines for its 2021-22 COVID 19 Staff Redeployment package. This funding will reimburse salaries of the Airlines local staff who would have otherwise been laid off by the Airline during the COVID 19 pandemic.

- 900 thousand dollars is provided to cover a 50 dollar increase in both the Aged and Disabled fortnightly allowances, effective 1 July 2022 to mitigate cost of living pressures for our vulnerable population.
- 800 thousand dollars is allocated for cross-government travel, given the changed COVID-19 situation on Nauru. At the time the budget was developed, it was unclear how much travel would be possible, due to limits on Nauru's quarantine facilities.
- 400 thousand dollars is allocated to the Nauru Maritime and Port Authority, to cover rent of temporary dwellings for residences of Red Zone, in addition to the ADB grant support for the Port Relocation Project.
- 300 thousand dollars will be paid for RONWAN debt to settle balances available from the Bank of Nauru liquidation. This funding will complement the 5.8 million dollars provided in the original budget, and will enable NPRT to settle 5% of debt to account holders as well as close off accounts with balances less than 500 dollars.
- 200 thousand dollars is allocated to the Department of Finance for additional consultancy services, purchase of new server accessories and needed office refurbishment.

- 180 thousand dollars will be paid to the Department of Transport to cover increased operating costs due to flight activity doubling.
- 50 thousand dollars is provided to the Department of Sports to support the Nauru`s Commonwealth sporting team.
- 42 thousand dollars is provided to the Department of Foreign Affairs to enable Nauru to continue its role as the interim secretariat of the Micronesia`s Presidency Summit (MPS) until such formalities to establish an MPS Secretariat are in place.
- 32 thousand dollars is provided to the Department of CIE to fund increase in various operational costs not covered in the original budget.
- 29 thousand dollars is allocated to the Department of Climate Change and Resilience to cover consultancy fees, staff training and essential renovation works.
- In line with maintaining Nauru`s fiscal responsibility targets, 6.4 million dollars is provided to the Fiscal Cash buffer to fund urgent and unavoidable expenditure for the rest of the year, and 2.2 million dollars to the Nauru Trust Fund as prepayment of next year`s contributions.
- Mr Speaker, this Supplementary Appropriation recognises additional revenue and provides for expenditures that are priorities for the Government.

With the passing of this Bill, the approved 2022-2023 Budget will recognise revenue of 22.2 million dollars. Expenditure of 22.1 million dollars will be appropriated, with a surplus balance of 99 thousand dollars.

Mr Speaker, I commend the Bill to the House.