



REPUBLIC OF NAURU

DEPARTMENT OF FINANCE

QUARTERLY BUDGET PERFORMANCE REPORT  
QUARTER 2 2022-23

Release date: 10 October 2022

Treasury Division  
Department of Finance

# TABLE OF CONTENTS

<b>INTRODUCTION .....</b>	<b>3</b>
<b>OVERVIEW .....</b>	<b>3</b>
MACROECONOMIC ASSUMPTIONS .....	3
FISCAL RESPONSIBILITY RATIOS .....	4
<b>BUDGET AGGREGATES .....</b>	<b>6</b>
<b>OPERATING REVENUE ANALYSIS.....</b>	<b>6</b>
FISHING REVENUES .....	9
TAXATION REVENUE .....	9
CUSTOMS AND OTHER IMPORT DUTIES .....	9
VISA FEES .....	10
OTHER REVENUE – DIVIDENDS AND GRANTS .....	10
NON-TAX REVENUE .....	11
REVENUE BY DEPARTMENT.....	13
<b>OPERATING EXPENDITURE ANALYSIS.....</b>	<b>14</b>
PERSONNEL COSTS .....	15
GOVERNMENT TRAVEL .....	16
SUBSIDIES & DONATIONS .....	16
CAPITAL EXPENDITURE .....	17
SOCIAL BENEFITS.....	17
OTHER .....	18
NON-EXPENSE ITEMS .....	18
GOVERNMENT OPERATIONS.....	19
EXPENDITURE BY DEPARTMENT.....	21
<b>CASH POSITION.....</b>	<b>22</b>

# QUARTERLY BUDGET PERFORMANCE REPORT – QUARTER 2 2022-23

## INTRODUCTION

This is the performance report for the second quarter of the 2022-23 Budget year for the Republic of Nauru. It provides revenue and expenditure data recorded by Treasury for the period 1 July 2022 to 31 December 2022. It is based on all available information to Treasury as at 10 October 2022.

- In aggregate, actual year to date performance is a deficit \$5million, with 55 per cent of total expected annual revenue collection, and 57 per cent total expenditure against benchmark of 50 %.
- The Q2 deficit position reflects large pay-outs during the quarter as a result of two supplementary budgets passed by parliament more than offset revenue collections.

This report covers General Government operations only. It does not include donor expenditures nor the operations of State-owned enterprises (SoE's), except Government transfers to SoEs. It does include receipts of direct budget support from Nauru donors. 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 April 2022.

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

According to IMF, the global economic recovery is projected to slow from an estimated 6.1% in 2021 to 3.6% in 2022 and 2023.

Beyond 2023, global growth is forecast to decline to about 3.3% over the medium term. War-induced commodity price increases and broadening price pressures have led to 2022 inflation projections of 5.7% in advanced economies and 8.7% in emerging market and developing economies.

Multilateral efforts to respond to the humanitarian crisis, prevent further economic fragmentation, maintain global liquidity, manage debt distress, tackle climate change, and end the pandemic are essential.

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.

Public spending mostly in improving infrastructure, subsidies, and donations to SOEs and ensuring public sector operates smoothly during a challenging year has resulted in IMF moderating Nauru growth projections.

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

#### Supplementary Appropriations

There were two supplementary appropriation budgets during the quarter to recognise dividend revenue and additional hosting fees not previously considered. These new revenues were directed to cover increased costs for the Overseas Medical Referral program, Housing, additional running costs for Multi-Cultural Affairs for the rest of the year as a result of the RPC extensions, cost of living pay adjustment to all Government local workers and other operational costs of the Government since the last supplementary bill in August. Additional funds were made to Fiscal Cash Buffer and there was an opportunity to allocate provisions to the Nauru Trust Fund to pre-pay contributions for 2023-24.

- Supplementary Appropriation Bill (No.2) 2022-23 recognised additional Government revenue of \$17.7million, and \$17.6 million in expenditure, with a surplus balance of \$0.1 million,
- Supplementary Appropriation Bill (No.3) 2022-23 recognised additional Government revenue of \$14 million, and \$14.1 million in expenditure, with a surplus balance of \$7 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.

The condition for the positive fiscal balance to GDP ratio was not met due to timing difference between revenue collections and expenditure disbursement. Despite 66% of Fisheries collections for the quarter, big pay-outs and once-off lumpy expenditures such as advances for Nauru Community Housing, public service ex gratia payments and local donations community development programs pushes bottom line to a deficit. This deficit position is expected to be reversed when revenues as expenditure smooths out in the subsequent quarters.

The Personnel cost ratio is within benchmark despite the 10% cross government pay increase in August.

All ratios are shown in Table 1 and Table 2 below.

*Table 1: Fiscal responsibility ratio performance Q2 2022-23*

Measure	Target	2021-22	2022-23	2022-23	2022-23
		Actual	Approved Budget	Revised Budget	YTD Actual
Fiscal balance to GDP	not negative as % of GDP	13%	0.30%	0.42%	-3%
Personnel cost ratio	Personnel cost to current expenditure <30%	14.3%	21%	18%	17%

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 the 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 required two months of adjusted expenditure. More detail on cash balances is shown in Figure 6.

*Table 2: GON Liquidity and fiscal cash buffer Q2 2022-23*

	Requirement (\$)	TOTAL FUNDS (\$)	
		As at 1 July 2022	As at 31 Dec 2022
Cash Buffer at 1 Jul 2022	33,322,228	141,929,507	
Cash Buffer 31 Dec 2022	40,410,380		130,109,829
<i>of which held in cash buffer accounts</i>		40,109,511	40,141,926

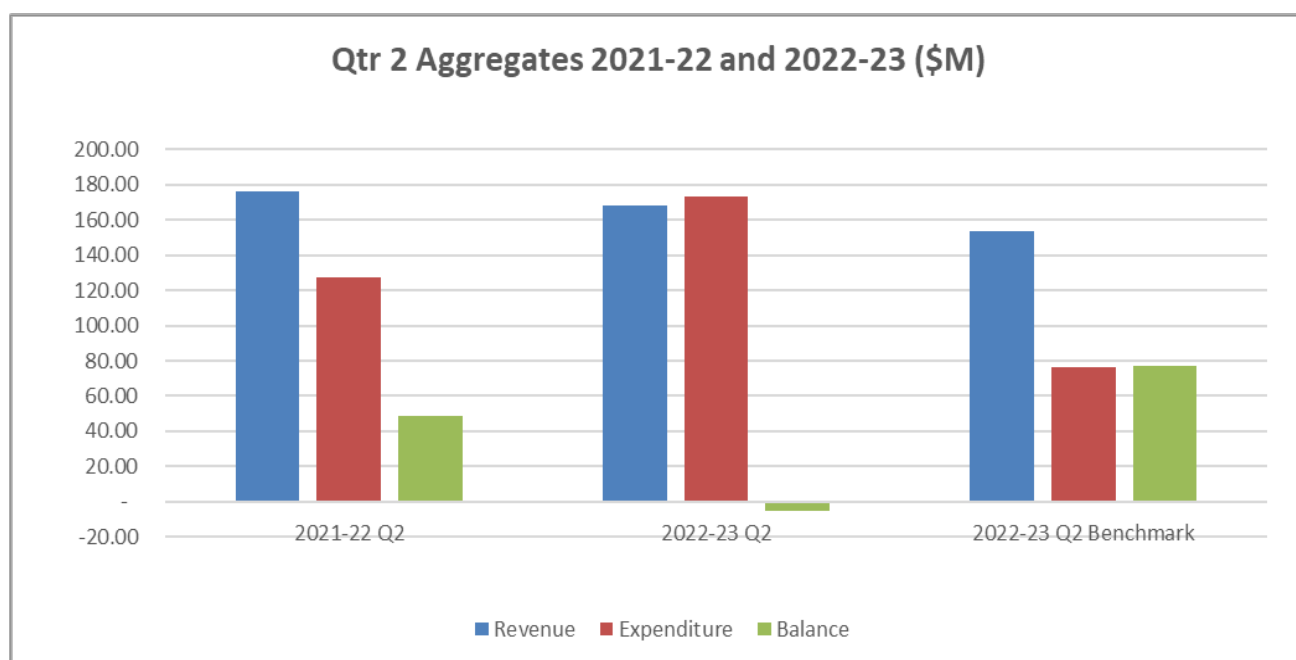
## BUDGET AGGREGATES

The budget aggregates for the first quarter are shown in Table 3 and Figure 1 below. Performance has been slightly different from benchmark. A total of 168.4m of the total revenue (or 55%) was collected during the quarter. Whilst this exceeds the quarter 50% benchmark, it is lower than collections for the same period last year of \$176.2m. Expenditure on the other hand, at a total of \$173.5m is 7% higher than Q2 benchmark and 20% higher than expenditures recorded for the same period last year. The result is to expected due to two supplementary budgets passed during the quarter enabling more spending than otherwise possible.

Table 3 Aggregate results Q2 2022-23

Description	2021-22	2022-23	2022-23 Supp			2022-23	2022-23	%	2022-23
	Preliminary Actual	Approved Budget	Bill 1	Bill 2	Bill 3	Revised Budget	Actual collections	collections	Remaining Budget
	\$	\$	\$	\$	\$	\$	\$		\$
Revenue	320,347,949	253,329,350	22,164,742	17,690,828	14,000,000	307,184,920	168,412,074	55%	138,772,846
Expenditure	297,198,609	252,779,965	22,065,304	17,574,590	13,992,768	306,412,627	173,453,940	57%	132,958,687
Balance	23,149,340	549,385	99,438	116,238	7,232	772,293	- 5,041,866		- 5,814,159

Figure 1 Budget aggregate results for the second quarter 2021-22 and 2022-23 (\$ million)



## OPERATING REVENUE ANALYSIS

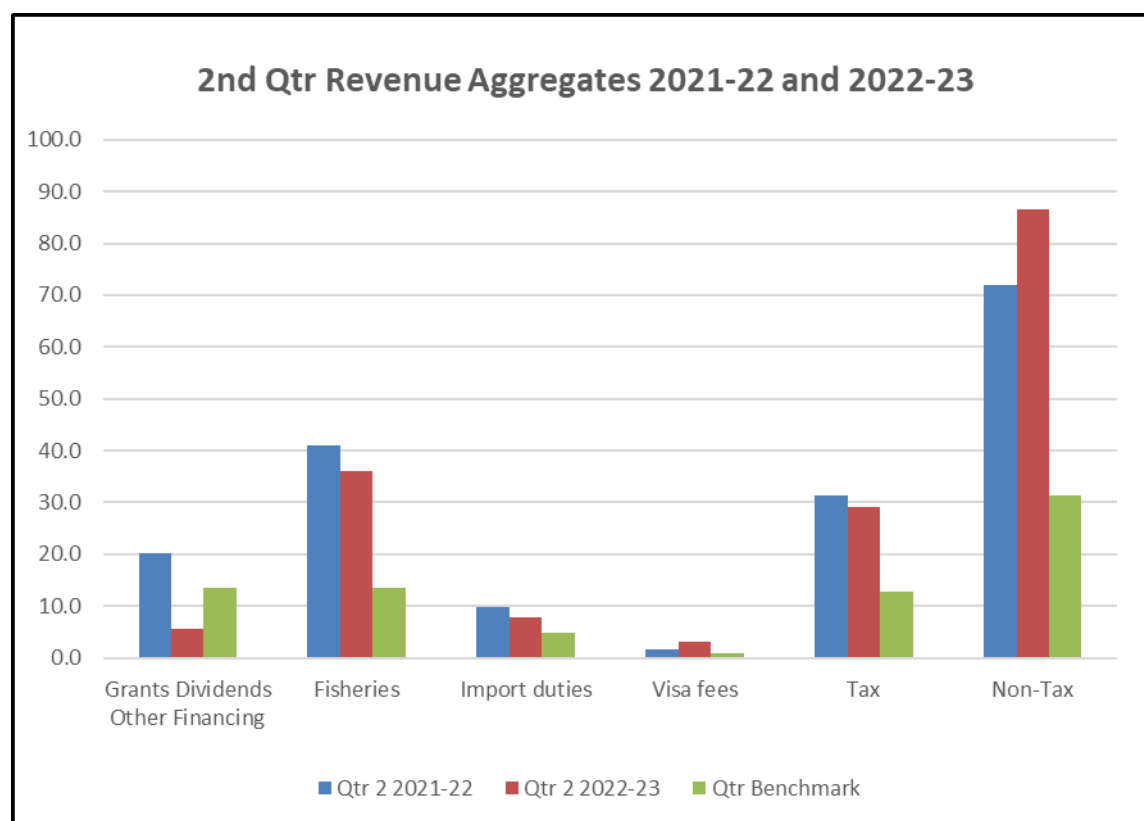
Actual revenues for the quarter are summarised in Table 4. Majority of the collections were from Fishing licenses and per-seine days, taxes and Non tax relating to RPC related revenues such as reimbursements, management, and hosting fees.

Table 4: Revenue breakdown Q2 2022-23

Revenue Description	2021-22	2022-23	2022-23 Supp Bills \$	2022-23	2022-23 YTD Actual \$	Share of total revenue %	2022-23	2022-23 Remaining Budget \$
	Preliminary Actual \$	Approved Budget \$		Revised Budget \$			Actual as % of Budget %	
Grants Dividends Other Financing	42,363,282	34,778,938	18,881,636	53,660,574	5,600,169	3%	10%	48,060,405
Fisheries	58,198,817	54,530,000	-	54,530,000	36,072,557	21%	66%	18,457,443
Import duties	21,007,457	19,285,128	-	19,285,128	7,883,084	5%	41%	11,402,044
Visa fees	5,061,886	2,838,196	921,000	3,759,196	3,030,176	2%	81%	729,020
Tax	58,066,656	34,600,000	16,040,000	50,640,000	29,159,546	17%	58%	21,480,454
Non-Tax	135,649,912	107,297,088	18,012,934	125,310,022	86,666,541	51%	69%	38,643,481
<b>Total Revenue</b>	<b>320,348,009</b>	<b>253,329,350</b>	<b>53,855,570</b>	<b>307,184,920</b>	<b>168,412,074</b>	<b>100%</b>	<b>55%</b>	<b>138,772,846</b>

Except for Non-Tax and Visa fees, revenue collections in the first quarter of 2022-23 were lower, compared to the same period last year, total net variance of \$7.8m and is due to the timing difference in drawdown of hosting and dividend revenue from the Commercial and Services account.

Figure 2 Revenue collections for Q2 2021-22 and 2022-23



### REVENUE QUARTERLY PERFORMANCE Q2 2022-23

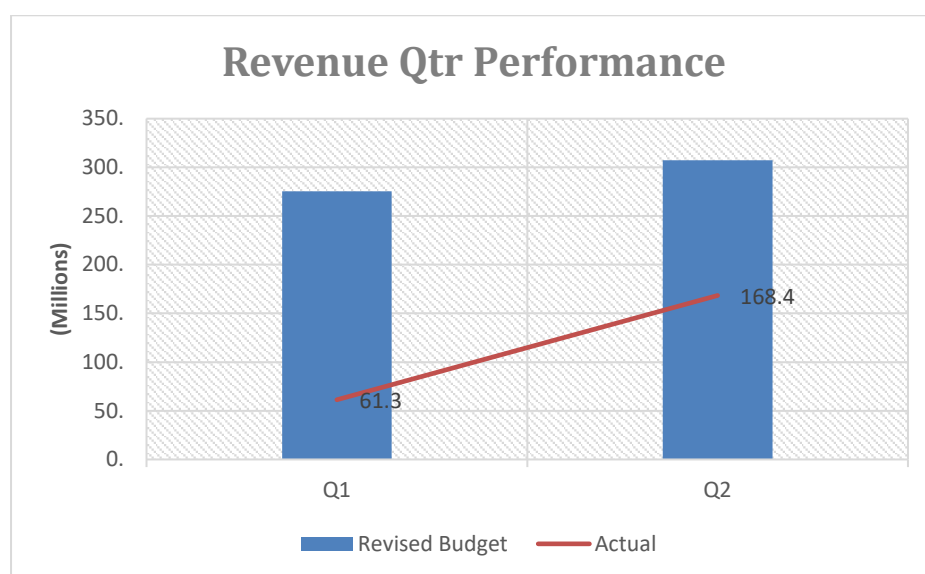
Table 5 and Figure 3 below attempt to show year to date collections by quarter and to demonstrate collection performance for the reported quarter in respect to the previous quarter (Q2).

A total of \$107.1 million in revenue was received during the Quarter, which constitutes of around 175% increase from collections recorded in Q2. A bulk of the collections were from the Non-Tax category including \$32m for the Hosting fee drawdown, MCA Reimbursables (\$9.8m) and Service fees (\$3.3m). Other increases were from Taxes (\$12.8m), Fisheries (\$35.7m), Grants and Dividends \$5.6m, Import duties (\$4.5m), and Visa fees (\$2.3m).

Table 5: Revenue Quarterly Performance Q2 2023-24 (millions)

Revenue Description	Q1		Q2		Qtr	
	Revised Budget	YTD Actual	Revised Budget	YTD Actual	Change	% Change
Grants Dividends Other Financing	35.7	0.	53.7	5.6	5.6	24206%
Fisheries	54.5	0.4	54.5	36.1	35.7	8659%
Import duties	19.3	3.4	19.3	7.9	4.5	132%
Visa fees	3.8	0.7	3.8	3.	2.3	309%
Tax	50.6	16.4	50.6	29.2	12.8	78%
Non-Tax	111.6	40.3	125.3	86.7	46.3	115%
<b>Total Revenue</b>	<b>275.5</b>	<b>61.3</b>	<b>307.2</b>	<b>168.4</b>	<b>107.1</b>	<b>175%</b>

Figure 3 Revenue Quarterly Collections Trend 2022-23 (millions)



The RPC remains the major source of economic activity and revenue for the government, comprising 53% of total revenue for the 2022-23 original budget and 61% for the Revised budget, following passing of supplementary No 3 (refer Table 5 below).

The 2023-24 original budget took a conservative approach on the estimations of tax streams and MCA reimbursables due to the expected winddown of RPC services earlier in the year. During the quarter, increases were implemented through Supplementary budgets No 2 and 3 after the extension of services was confirmed.



Table 6: RPC Related Revenues Q2 2022-23

Revenue Description	2021-22	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23
	Preliminary Actual	Approved Budget	2022-23 Supp Bills	Revised Budget	2022-23 YTD Actual	YTD Actual as % of	2022-23 Remaining Budget
	\$	\$	\$	\$	\$	%	\$
1335 - Visa Fees - RPC	505,000	0	0	0	0	0%	0
1580 - Visa Fees - RPC Resettlement	2,807,000	0	921,000	921,000	1,842,000	0%	-921,000
1475 - Miscellaneous Revenue	1,868,318	0	0	0	0	0%	0
1495 - Service Fees	20,016,444	16,500	0	20,016,504	8,334,250	42%	11,682,254
1577 - DJBC - Operations	5,089,226	0	1,057,755	1,057,755	2,619,119	248%	-1,561,364
1578 - DJBC - Reimbursable Costs	18,788,295	0	3,264,351	3,264,351	9,177,259	281%	-5,912,908
1598 - Hosting Fee	84,699,998	101,242,500	13,690,828	94,933,324	63,399,996	67%	31,533,328
1590 - Employment Services Tax	15,557,601	10,200,000	1,390,000	11,590,000	6,909,206	60%	4,680,794
1591 - Business Profit Tax	39,846,201	21,900,000	14,650,000	36,550,000	20,812,463	57%	15,737,537
1015 - Income from Investments & Dividends	15,649,509	1,200,000	18,000,000	19,200,000	0	0%	19,200,000
<b>Total RPC related revenue</b>	<b>204,827,591</b>	<b>134,559,000</b>	<b>52,973,934</b>	<b>187,532,934</b>	<b>113,094,292</b>	<b>60%</b>	<b>74,438,642</b>
Share of total revenue	64%	53%	98%	61%	67%		54%

## FISHING REVENUES

As anticipated, majority of fishing revenue was collected during the December quarter (Table 7). This timeframe corresponds to the deadline for finalizing agreements with fishing companies in preparation for the fishing period spanning from January to December. It is common for fishing contracts to stipulate that companies must make full payment for the contracted purse seine days in advance.

Table 7: Fishing revenues Q2 2022-23

Description	2021-22	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23
	Preliminary Actual	Approved Budget	2022-23 Supp Bills	Revised Budget	2022-23 YTD Actual	YTD Actual as % of	2022-23 Remaining Budget
	\$	\$	\$	\$	\$	%	\$
1055 - Support Vessel Charges	566,692	230,000	-	230,000	126,377	55%	103,623
1071 - Purse Seine Revenue - Licensing	1,107,848	1,300,000	-	1,300,000	1,946,885	150%	-646,885
1072 - Purse Seine Revenue - Fishing Days	56,524,277	53,000,000	-	53,000,000	33,999,295	64%	19,000,705
<b>Total Fisheries Revenue</b>	<b>58,198,817</b>	<b>54,530,000</b>	<b>-</b>	<b>54,530,000</b>	<b>36,072,557</b>	<b>66%</b>	<b>18,457,443</b>

## TAXATION REVENUE

Taxation revenues collections are slightly better in the second quarter than expected, showing an excess of 8% as indicated in Table 8. This improvement is a result of consistent collections from all tax categories' and is attributed to the extension of the RPC arrangements. It is worth noting that, 80-90% of tax collections are derived from RPC related services.

Table 8: Taxation revenue Q2 2022-23

Description	2021-22	2022-23	2022-23	2022-23	2022-23	YTD	2022-23
	Preliminary Actual	Approved Budget	2022-23 Supp Bills	Revised Budget	2022-23 YTD Actual	Actual as % of	Remaining Budget
	\$	\$	\$	\$	\$	%	\$
1190 - Telecom Tax	2,662,854	2,500,000	-	2,500,000	1,437,878	58%	1,062,122
1590 - Employment Services Tax	15,557,601	10,200,000	1,390,000	11,590,000	6,909,206	60%	4,680,794
1591 - Business Profit Tax	39,846,201	21,900,000	14,650,000	36,550,000	20,812,463	57%	15,737,537
<b>Total Tax</b>	<b>58,066,656</b>	<b>34,600,000</b>	<b>16,040,000</b>	<b>50,640,000</b>	<b>29,159,546</b>	<b>58%</b>	<b>21,480,454</b>

## CUSTOMS AND OTHER IMPORT DUTIES

Customs and excise duty collections for the quarter as shown in Table 9, were slightly lower than anticipated. The overall collections for the quarter accounted for 41%, of the revised year to date budget, falling short of the benchmark of 50%. This below-average performance is anticipated to

persist through the remainder of the year, primarily due to decreased cargo volumes in both air and sea freight. The decline can be attributed to the gradual reduction of RPC services.

Table 9: Customs and other Import duties Q2 2022-23

Description	2021-22	2022-23	2022-23 Supp Bills	2022-23	2022-23 YTD Actual	YTD	2022-23 Remaining Budget
	Preliminary Actual	Approved Budget		Revised Budget		Actual as % of	
	\$	\$	\$	\$	\$	%	\$
1140 - Customs and Excise Duty - Tobacco	7,577,355	6,696,908	-	6,696,908	3,200,179	48%	3,496,729
1145 - Customs and Excise Duty - Alcohol	1,924,643	1,540,000	-	1,540,000	667,917	43%	872,083
1150 - Customs and Excise Duty - Sugar	1,400,897	1,464,480	-	1,464,480	427,822	29%	1,036,658
1155 - Customs and Excise - Machinery/Vehicle/Equip	1,728,352	1,586,424	-	1,586,424	614,605	39%	971,819
1160 - Customs and Excise Duty - Other	3,957,190	3,894,000	-	3,894,000	1,550,643	40%	2,343,357
1165 - Customs and Excise Duty - Petrol Sales	2,563,712	2,424,840	-	2,424,840	753,519	31%	1,671,321
1170 - Customs and Excise Duty - Diesel Sales	1,855,307	1,678,476	-	1,678,476	668,400	40%	1,010,076
<b>Total Customs and Excise Duty</b>	<b>21,007,457</b>	<b>19,285,128</b>	<b>-</b>	<b>19,285,128</b>	<b>7,883,084</b>	<b>41%</b>	<b>11,402,044</b>

## VISA FEES

Visa fees (other business) encompass the fees collected from employees of various businesses on the island, such as Canstruct, Capelle's, Chinese retailers, and others (Table 10).

In the original budget, visa fees (other business), was raised to \$2.8m from \$1.5m in financial year 2021-22, reflecting the changed COVID 19 situation and expectations for increased border movements. Even though Visa Fees RPC resettlement in Quarter 2 remain below the benchmark, it is anticipated that collections in the subsequent quarters will improve.

Table 10 Visa fees Q2 2022-23

Description	2021-22	2022-23	2022-23 Supp Bills	2022-23	2022-23 YTD Actual	YTD	2022-23 Remaining Budget
	Preliminary Actual	Approved Budget		Revised Budget		Actual as % of	
	\$	\$	\$	\$	\$	%	\$
1330 - Visa Check up	840	-	-	-	6,438	0%	-6,438
1335 - Visa Fees - RPC	505,000	-	-	-	-	0%	0
1575 - Visa Fees (Other Business)	1,749,046	2,838,196	-	2,838,196	1,181,738	42%	1,656,458
1580 - Visa Fees - RPC Resettlement	2,807,000	-	921,000	921,000	1,842,000	200%	-921,000
<b>Total Visa Fees</b>	<b>5,061,886</b>	<b>2,838,196</b>	<b>921,000</b>	<b>3,759,196</b>	<b>3,030,176</b>	<b>81%</b>	<b>729,020</b>

## OTHER REVENUE – DIVIDENDS AND GRANTS

Table 11 presents Income from dividends and investments and includes the loan proceeds for the Nauru Airline Aircraft Replacement program. Current, efforts are being made to locate the second passenger aircraft. As per the aircraft loan agreement, the Borrower (Government) will initially receive the funds, which will then be channelled to Nauru Airlines, for the ultimate purchase of the aircraft.

Nauru has signed a new grant agreement with the Republic of China Taiwan during the quarter, specifically around November in Taipei. The grant agreement signifies a continuation of Taiwan's bilateral support to Nauru. Under this agreement, Nauru is set to receive USD 11 million annually for four years starting from 2023 and concluding in 2026. The fund will be allocated to various areas including National Development projects (\$6.8m), Community development fund (\$1.5m), Nauru Trust Fund (\$2m) and Repayment of the Ronphos Equipment loan to EXIM (\$0.7m). The National Development projects entail direct budget support, to be disbursed in two tranches per calendar year, whilst all other components are designated for specific projects or sectors.

Nauru received the second tranche of the National development project annual grant for 2022 in November under the previous agreement. The first tranche and second the for financial year is expected to be received in the fourth quarter based on the new grant agreement.

Table 11 Dividends and Grants Q2 2022-23

Description	2021-22	2022-23	2022-23 Supp Bills \$	2022-23	2022-23 YTD Actual \$	2022-23	2022-23 % of Budget %	2022-23
	Preliminary	Approved		Revised		Actual as		Remaining
	Actual	Budget		Budget		Budget		Budget
	\$	\$	\$	\$	\$	\$	\$	\$
1015 - Income from Investments & Dividends-Others	15,649,509	1,200,000	18,000,000	19,200,000	-	0%	19,200,000	
1660 - General Budget Support	10,254,564	17,562,375	881,636	18,444,011	5,600,169	30%	12,843,842	
1902 - EXIM NAC Loan Proceeds	16,459,209	16,016,563	-	16,016,563	-	0%	16,016,563	
<b>Total Dividends , Grants and Other</b>	<b>42,363,282</b>	<b>34,778,938</b>	<b>18,881,636</b>	<b>53,660,574</b>	<b>5,600,169</b>	<b>10%</b>	<b>48,060,405</b>	

## NON-TAX REVENUE

Non-tax revenue collections in the year to date have exceeded the quarter benchmark (Table 12). This can be attributed to higher collections from Reimbursable lines, compared to the budget, as a direct result of the unexpected RPC extensions.

Drawdowns for hosting fees are typically made based on the cash position of the Commercial bank account. In the mentioned quarter, a total \$63.4 million was drawn, leaving a balance \$31.5 million to be processed during the year, when there is adequate cash balance in the Commercial account to do so.

The RPC Management fee of \$20m which was initially included under the hosting line has been reclassified back to its original Management Fee revenue code, 1495. During the quarter, \$8.3m or 42% of the RPC management fee has been received.

Table 12 Non-tax revenues Q2 2022-23

Description	2021-22 Preliminary Actual \$	2022-23 Approved Budget \$	2022-23 Supp Bills \$	2022-23 Revised Budget \$	2022-23 YTD Actual \$	YTD Actual as % of Budget %	2022-23 Remaining Budget \$
1121 - Curator fees	3,438	-	-	-	14,955	0%	-14,955
1215 - Licenses-Drivers etc	159,692	70,000	-	70,000	97,771	140%	-27,771
1220 - Corporation Fees and Licenses	553,418	311,424	-	311,424	328,276	105%	-16,852
1225 - Licenses-Trading	300,150	319,464	-	319,464	224,260	70%	95,204
1230 - Liquor Licensing Board	6,000	6,852	-	6,852	11,508	168%	-4,656
1235 - Gaming / Bingo Licenses	165,300	80,004	-	80,004	5,060	6%	74,944
1240 - Licenses-Dogs etc	0	73	-	73	-	0%	73
1245 - Drones Licenses	1,000	1,000	-	1,000	200	20%	800
1260 - Birth Certificate	21,250	21,480	-	21,480	17,928	83%	3,552
1265 - Death Certificate	770	780	-	780	350	45%	430
1270 - Marriage Certificate	2,465	2,448	-	2,448	2,510	103%	-62
1300 - Registration Fees-Motor Cars	155,428	171,744	-	171,744	76,039	44%	95,705
1305 - Registration Fees-Motorcycles	48,164	49,884	-	49,884	30,373	61%	19,511
1310 - Vehicle/Insurance Fees	552,110	589,392	-	589,392	327,955	56%	261,437
1325 - Passport Fees and Photographs	57,923	54,576	-	54,576	116,855	214%	-62,279
1340 - Police Clearance	27,130	25,020	-	25,020	14,260	57%	10,760
1360 - D.C.A-Pax Levy	0	921,600	-	921,600	-	0%	921,600
1361 - Fuel Levy	1,735,685	-	-	-	-	0%	0
1365 - D.C.A.-Departure Taxes	0	873,246	-	873,246	-	0%	873,246
1370 - D.C.A.-Air Navigation Fees	112,882	492,420	-	492,420	132,337	27%	360,083
1375 - D.C.A.-Landing Fees	11,756	552,195	-	552,195	171,612	31%	380,583
1380 - D.C.A.-Rental Fees	50,375	73,800	-	73,800	72,497	98%	1,303
1475 - Miscellaneous Revenue	1,868,318	899,177	-	899,177	523,398	58%	375,779
1480 - Bus Services	5,000	10,099	-	10,099	1,995	20%	8,104
1485 - Quarantine Fees	66,965	70,932	-	70,932	55,288	78%	15,644
1490 - Court Fines and Fees	42,442	52,043	-	52,043	12,915	25%	39,128
1495 - Service Fees	20,016,444	16,500	-	20,016,504	8,334,250	42%	11,682,254
1500 - Sale of Maps	18,470	18,348	-	18,348	8,630	47%	9,718
1501 - Sale of Livestock	14,814	18,552	-	18,552	-	0%	18,552
1520 - Food Handler Check up	4,040	4,272	-	4,272	280	7%	3,992
1540 - Advertising Revenue	17,270	19,500	-	19,500	780	4%	18,720
1555 - Spectacles,Drugs etc	220	216	-	216	-	0%	216
1565 - Medical Services	1,256	1,507	-	1,507	1,775	118%	-268
1577 - DJBC - Operations	5,089,226	-	1,057,755	1,057,755	2,619,119	248%	-1,561,364
1578 - DJBC - Reimbursable Costs	18,788,295	-	3,264,351	3,264,351	9,177,259	281%	-5,912,908
1596 - Traffic Infringements	219,630	218,700	-	218,700	78,507	36%	140,193
1597 - TVET Course Fees	20,930	24,060	-	24,060	1,641	7%	22,419
1598 - Hosting Fee	84,699,998	101,242,500	13,690,828	94,933,324	63,399,996	67%	31,533,328
1700 - National/District Roll Sales	7,440	5,520	-	5,520	29,910	542%	-24,390
1705 - Electoral Various Fees	804,220	77,760	-	77,760	776,050	998%	-698,290
<b>Total Non Tax</b>	<b>135,649,912</b>	<b>107,297,088</b>	<b>18,012,934</b>	<b>125,310,022</b>	<b>86,666,541</b>	<b>69%</b>	<b>38,643,481</b>

## REVENUE BY DEPARTMENT

Table 13 shows revenue for the year to date, categorised by department head. It is important to note that this funding is not specifically allocated to these department heads but rather reflects the revenue classification method used in the FMIS. This classification is consistent with each department's administrative functions concerning revenue. The functional mandate of revenue collections is vested in the Nauru Revenue Office.

Table 13 Revenue by Department Q2 2022-23

Description	2021-22 Preliminary Actual \$	2022-23 Approved Budget \$	2022-23 Supp Bills \$	2022-23 Revised Budget \$	2022-23 YTD Actual \$	2022-23 Actual as % of Budget %	Share of total revenue %	2022-23 Remaining Budget \$
03 - Chief Secretariat	31,515	31,560	-	31,560	33,176	105%	0%	1,616
09 - Electoral Commission	815,350	84,280	-	84,280	804,160	954%	0%	719,880
11 - Finance Secretariat	3,500	2,000	-	2,000	-	0%	0%	2,000
12 - Finance -Public Debt	16,459,209	16,016,563	-	16,016,563	-	0%	0%	16,016,563
15 - Nauru Revenue Office	58,391,647	34,750,004	16,040,000	50,790,004	29,262,377	58%	17%	21,527,627
16 - Finance - Other Payments	12,793,397	18,762,375	881,636	19,644,011	5,619,510	29%	3%	14,024,501
17 - Nauru Customs Office (NCO)	21,008,457	19,286,128	-	19,286,128	7,883,284	41%	5%	11,402,844
18 - Nauru Regional Processing Centre (I	20,000,004	-	-	-	1,666,666	0%	-1%	1,666,666
21 - CIE	5,940	5,000	-	5,000	-	0%	0%	5,000
31 - Fisheries	58,325,356	54,530,000	-	54,530,000	36,273,712	67%	22%	18,256,288
41 - Police	249,123	246,420	-	246,420	95,427	39%	0%	150,993
42 - Dept of Multi Cultural Affairs	127,227,519	101,242,500	36,933,934	138,176,434	87,168,375	63%	52%	51,008,059
43 - Justice - Secretariat	877,667	630,961	-	630,961	593,032	94%	0%	37,929
44 - Judiciary	42,442	52,043	-	52,043	12,915	25%	0%	39,128
45 - Border Control	1,873,954	2,963,704	-	2,963,704	1,353,881	46%	1%	1,609,823
46 - Correctional Services	14,814	18,552	-	18,552	-	0%	0%	18,552
50 - Directorate of TVET	20,930	24,060	-	24,060	2,407	10%	0%	21,653
51 - Education	-	-	-	-	4,200	0%	0%	4,200
60 - COVID-19 task force	26,950	-	-	-	40	0%	0%	40
61 - Health	1,064,976	775,639	-	775,639	79,110	10%	0%	696,529
62 - Sports	2,000	-	-	-	-	0%	0%	-
83 - Media Bureau	17,270	19,500	-	19,500	780	4%	0%	18,720
84 - Lands & Survey	20,190	18,348	-	18,348	8,630	47%	0%	9,718
85 - Lands Committee	14,720	16,500	-	16,500	915	6%	0%	15,585
91 - Department of Transport	1,050,386	3,849,213	-	3,849,213	878,657	23%	1%	2,970,556
95 - ICT	10,635	4,000	-	4,000	4,150	104%	0%	150
<b>Total Revenue</b>	<b>320,347,949</b>	<b>253,329,350</b>	<b>53,855,570</b>	<b>307,184,920</b>	<b>168,412,074</b>	<b>55%</b>	<b>100%</b>	<b>138,772,846</b>

## OPERATING EXPENDITURE ANALYSIS

The total operational expenditure for the second quarter is slightly above the benchmark as shown in Table 14. During this quarter, a total of 38 Inter-subhead transfers was processed, amounting to around \$4.5m, which is about 1.4% of the total revised budget.

Table 14 Expenditure by Group Q2 2022-23

Description	2021-22	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23
	Preliminary Actual	Approved Budget	2022-23 Supp Bills	2022-23 ISHT	Revised Budget	2022-23 YTD Actual	Actual as % of Budget	2022-23 Remaining Budget
	\$	\$	\$	\$	\$	\$	%	\$
Personnel	48,372,597	52,166,928	6,310,069	-1,797,971	56,679,026	29,182,143	51%	27,496,883
Govt Travel	6,766,094	6,034,849	2,247,682	1,870,178	10,152,709	7,238,288	71%	2,914,421
Subsidies & Donations	45,199,442	36,163,980	1,595,953	10,313,558	48,073,492	28,608,362	60%	19,465,130
Govt Operations	107,806,885	91,990,504	17,008,660	455,335	109,454,498	57,664,606	53%	51,789,893
Capital Expenditure	35,806,658	12,490,986	3,167,919	331,900	15,990,805	5,713,656	36%	10,277,150
Social Benefits	44,638,981	21,382,919	4,884,300	100,000	26,367,219	20,362,115	77%	6,005,104
Other	677,213	708,800	0	15,000	723,800	398,133	55%	325,668
Transfer (Non Expense)	48,709,978	31,840,998	18,418,079	-11,288,000	38,971,077	24,283,458	62%	14,687,619
<b>Total Expenditure</b>	<b>337,977,848</b>	<b>252,779,965</b>	<b>53,632,662</b>	<b>0</b>	<b>306,412,627</b>	<b>173,450,760</b>	<b>57%</b>	<b>132,961,867</b>

In Figure 4 below, is a comparison of expenditure utilization for the second quarter of the current fiscal year, 2022-23, with the same period last year, FY 2021-22.

Except for Capital Expenditure and Social Benefits, the actual expenditure in all the lines is higher this year compared to 2021-22. This reflects a total variance of \$46.2million. It is worth highlighting that this significant change in the quarterly report for this year is attributed to the passage of two supplementary budgets, which provided additional funds for spending beyond what would have otherwise been possible.

Figure 4 Expenditure by group, Q2 2022-23

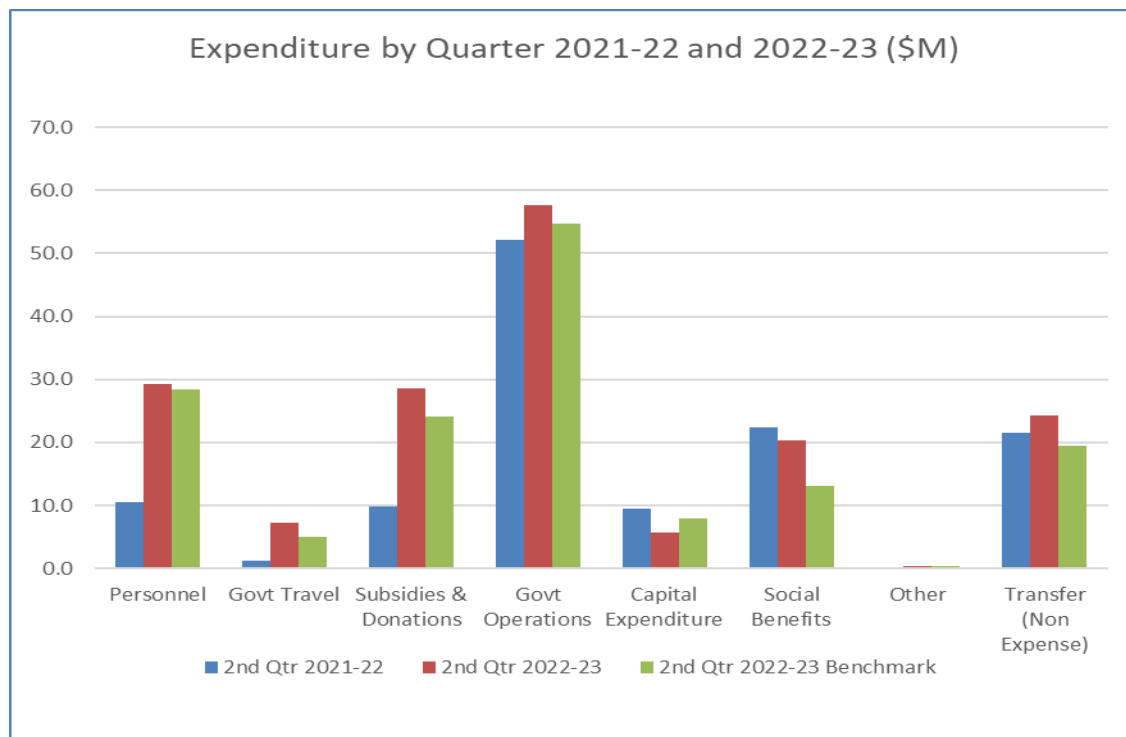


Table 15: Expenditure Quarterly Performance Q2 2023-24

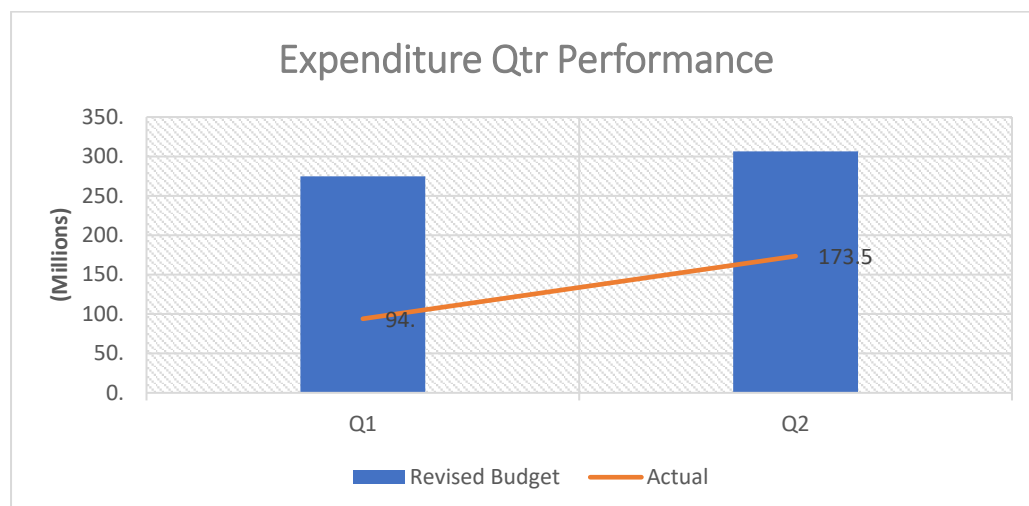
Table 15 and Figure 5 below demonstrates year to Date expenditure at the end of each quarter and the change in spending compared to the previous Quarter.

A total of \$79.5 million in expenditure was recorded during the Quarter, which accounts to around 85% change compared to Q2 utilization level. A bulk of the utilization variance were from Government operations (\$32m), due to change in Personnel Utilization (\$14.7m), reflecting the regularization of payroll postings by Corporate Services and back payment of salary postings following the 10% cross-government salary increment. Other big spending was made in the Transfer (Non-Expense) category of which \$9m relates to settlement of Nauru’s 50% Trust Fund contributions, Subsidies and Donations (\$10m) and Social Benefits (\$6.8m).

Table 15 Expenditure Utilization by Quarter, Q2 2022-23

Expenditure Description	Quarter 1		Quarter 2		Qtr	
	Revised Budget	YTD Actual	Revised Budget	YTD Actual	Change	% Change
Personnel	53.7	14.5	56.7	29.2	14.7	101%
Govt Travel	7.7	3.3	10.2	7.2	3.9	118%
Subsidies & Donations	44.9	18.6	48.1	28.6	10.	54%
Govt Operations	99.1	25.7	109.5	57.7	32.	125%
Capital Expenditure	14.3	3.3	16.	5.7	2.4	72%
Social Benefits	22.4	13.6	26.4	20.4	6.8	50%
Other	0.7	0.1	0.7	0.4	0.3	469%
Transfer (Non Expense)	32.1	14.9	39.	24.3	9.4	63%
<b>Total Expenditure</b>	<b>274.8</b>	<b>94.</b>	<b>306.4</b>	<b>173.5</b>	<b>79.5</b>	<b>85%</b>

Figure 5 Expenditure Quarterly Utilization Tren, Q2 2022-23 (millions)



## PERSONNEL COSTS

According to Table 16, expenditure on Personnel is within the expected limits.

However, there are varying utilization rates across different subhead. Expenses on Meals and Drinks, Ex Gratia, and Salary local greatly exceed the quarterly benchmark. On the other hand, subheads such

as Directors Fees, Staff Training, Recruitment and Uniforms are currently tracking well below the budget. The utilization rate for GoN super contributions aligns with the quarterly expectations.

Table 16 Personnel Expenditure Q2 2022-23

Description	2021-22	2022-23	2022-23		2022-23	2022-23	2022-23	2022-23
	Preliminary Actual	Approved Budget	2022-23 Supp Bills	2022-23 ISHT	Revised Budget	2022-23 YTD Actual	Actual as % of Budget	Remaining Budget
	\$	\$	\$	\$	\$	\$	%	\$
2005 - Salaries & Allowances - (MP's)	909,035	952,835	0	0	952,835	543,222	57%	409,613
2010 - HE Salary & Allowances	105,034	110,286	0	0	110,286	55,310	50%	54,976
2015 - Salary - Local	30,229,769	29,884,143	3,468,510	-176,000	33,176,653	16,958,076	51%	16,218,578
2020 - Salary Expatriate	7,819,059	9,475,005	600,791	-883,000	9,192,796	5,181,207	56%	4,011,589
2025 - Allowances - Staff Contract	2,209,304	1,427,116	400,000	-674,421	1,152,695	590,464	51%	562,231
2026 - Directors Fees	57,900	63,800	0	-7,000	56,800	3,500	6%	53,300
2031 - Staff Contract - Ministerial	450,968	520,968	150,000	0	670,968	277,232	41%	393,735
2035 - Overtime - local	1,043,711	1,440,685	192,368	11,500	1,644,553	959,652	58%	684,901
2040 - Staff Training	1,527,420	2,262,644	8,000	-92,680	2,177,964	605,990	28%	1,571,974
2041 - Prep & Orientation of Seasonal Workers	10,000	10,000	0	0	10,000	0	0%	10,000
2045 - Recruitment	31,030	35,000	0	0	35,000	9,612	27%	25,388
2050 - Uniforms & Protective Clothing	557,564	579,277	19,000	-4,470	593,807	129,545	22%	464,262
2072 - Meals and Drinks - Staff	288,889	351,769	0	28,100	379,869	236,973	62%	142,896
2423 - Ex Gratia Nauru Public Service	0	1,471,400	1,471,400	0	2,942,800	1,828,200	62%	1,114,600
2651 - GON Contributions	3,132,916	3,582,000	0	0	3,582,000	1,803,160	50%	1,778,840
<b>Total Personnel</b>	<b>48,372,597</b>	<b>52,166,928</b>	<b>6,310,069</b>	<b>-1,797,971</b>	<b>56,679,026</b>	<b>29,182,143</b>	<b>51%</b>	<b>27,496,883</b>

## GOVERNMENT TRAVEL

Travel expenses have significantly surpassed the quarterly benchmark and have reached a critical point, approaching the budget limit, as indicated in Table 17. It is crucial to implement cost restraint measures by closely monitoring travel expenditures in future quarters to bring them back in line with the budget.

Table 17 Government Travel Expenditure Q2 2022-23

Description	2021-22	2022-23	2022-23		2022-23	2022-23	2022-23	2022-23
	Preliminary Actual	Approved Budget	2022-23 Supp Bills	2022-23 ISHT	Revised Budget	2022-23 YTD Actual	Actual as % of Budget	Remaining Budget
	\$	\$	\$	\$	\$	\$	%	\$
2070 - Travel - Staff	828,879	997,017	150,000	-12,000	1,135,017	729,186	64%	405,831
2075 - Travel - Business	5,937,215	5,037,832	2,097,682	1,882,178	9,017,692	6,509,102	72%	2,508,590
<b>Total Government Travel</b>	<b>6,766,094</b>	<b>6,034,849</b>	<b>2,247,682</b>	<b>1,870,178</b>	<b>10,152,709</b>	<b>7,238,288</b>	<b>71%</b>	<b>2,914,421</b>

## SUBSIDIES & DONATIONS

Subsidies and Donations have marginally surpassed the benchmark for the quarter, as shown in Table 18.

Key development during the quarter includes the transfer of CSOs funding to State Owned Entities (SoEs) namely, NAC, NMPA and NUC. Additionally, there were expenses related to tug boat hire for safe loading and unloading of vessels, as well as local donations supporting development programs for constituencies. Local donations also encompassed transfers to local sporting federations, the Higher ground project under Climate Change and Smart housing under Infrastructure.



Table 18 Subsidies & Donations Expenditure Q2 2022-23

Description	2021-22	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23
	Preliminary	Approved	2022-23	2022-23	Revised	2022-23	Actual as %	Remaining
	Actual	Budget	Supp Bills	ISHT	Budget	YTD Actual	of Budget	Budget
	\$	\$	\$	\$	\$	\$	%	\$
2376 - Equity Purchases	19,646,218	16,016,563	0	0	16,016,563	4,405,920	28%	11,610,643
2616 - Subsidies to SoEs	17,390,443	15,154,967	875,000	0	16,029,967	10,423,468	65%	5,606,499
2617 - Donations - local	8,055,638	3,901,866	720,953	10,313,558	14,936,377	13,777,114	92%	1,159,263
2618 - Donations - overseas	107,143	107,143	0	0	107,143	1,860	2%	105,283
2619 - Grants to SoEs	0	983,442	0	0	983,442	0	0%	983,442
<b>Total Subsidies &amp; Donations</b>	<b>45,199,442</b>	<b>36,163,980</b>	<b>1,595,953</b>	<b>10,313,558</b>	<b>48,073,492</b>	<b>28,608,362</b>	<b>60%</b>	<b>19,465,130</b>

## CAPITAL EXPENDITURE

Table 19 indicated that capital expenditure falls well within the within the quarter benchmark. The department of Health has completed approximately 50% of medical equipment purchases during the first two quarters in order to maintain a strategic stock at the hospital.

Public works is also progressing well, demonstrating a strong commitment to capital improvement, with utilization rate exceeding the quarter benchmark as of 31 December. However, utilization for Building and Structure utilization is lower than expected, possibly due to delays in the procurement process and finalization of contractual documents with vendors.

Table 19 Capital Expenditure Q2 2022-23

Description	2021-22	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23
	Preliminary	Approved	2022-23	2022-23	Revised	2022-23	Actual as %	Remaining
	Actual	Budget	Supp Bills	ISHT	Budget	YTD Actual	of Budget	Budget
	\$	\$	\$	\$	\$	\$	%	\$
2480 - Medical Equipment	218,670	877,180	0	50,000	927,180	479,424	52%	447,756
2495 - Plant & Equipment Purchases	6,585,195	3,259,691	1,527,919	-366,032	4,421,578	2,503,016	57%	1,918,562
2496 - Building and Structures	27,575,705	8,154,115	1,640,000	660,332	10,454,447	2,608,573	25%	7,845,875
2497 - Land Purchase	845,087	0	0	0	0	0	0%	0
2580 - Public Works	582,000	200,000	0	-12,400	187,600	122,643	65%	64,957
<b>Total Capital Expenditure</b>	<b>35,806,658</b>	<b>12,490,986</b>	<b>3,167,919</b>	<b>331,900</b>	<b>15,990,805</b>	<b>5,713,656</b>	<b>36%</b>	<b>10,277,150</b>

## SOCIAL BENEFITS

Table 20 shows the expenditure on social benefits has a high utilisation rate at 77% of the budget. This is mainly due to advances and once-off lumpy disbursements of Nauru community housing funds to contractors and ex-gratia payment to workers, aimed at to mitigating the impact of COVID 19 during the outbreak in June 2022.

Recurring general social service expenditures such as births, deaths, back to school allowances and pensions are largely within budget.

However, spending on Scholarships has exceeded the quarterly benchmark due to the seasonal nature of payments aligning with school terms in Australia.

Table 20 Social Benefits Q2 2022-23

Description	2021-22	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23
	Preliminary	Approved	2022-23	2022-23	Revised	2022-23	Actual as %	Remaining
	Actual	Budget	Supp Bills	ISHT	Budget	YTD Actual	of Budget	Budget
	\$	\$	\$	\$	\$	\$	%	\$
2220 - Nauru Community Housing	32,250,000	9,445,000	2,000,000	0	11,445,000	10,760,594	94%	684,406
2390 - Social Welfare - Birth Claims	192,000	192,000	0	0	192,000	80,900	42%	111,100
2395 - Social Welfare - Death Claims	283,000	283,000	0	0	283,000	50,000	18%	233,000
2396 - Back to School Support	739,800	739,800	0	0	739,800	349,400	47%	390,400
2400 - Social Services - Aged Pensions	3,249,840	3,808,840	579,800	0	4,388,640	1,915,525	44%	2,473,115
2405 - Social Services - Super Contributors	100,000	100,000	0	0	100,000	36,879	37%	63,121
2420 - Social Services - Disability Payments	1,811,160	1,681,160	369,200	0	2,050,360	1,304,755	64%	745,605
2421 - Ex Gratia - Age and Disable	977,800	595,000	595,000	0	1,190,000	1,190,000	100%	0
2422 - Ex Gratia SoEs	1,774,500	1,340,300	1,340,300	100,000	2,780,600	2,678,900	96%	101,700
2440 - Scholarships - School & Trade	3,260,881	3,197,819	0	0	3,197,819	1,995,162	62%	1,202,657
<b>Total Social Benefits</b>	<b>44,638,981</b>	<b>21,382,919</b>	<b>4,884,300</b>	<b>100,000</b>	<b>26,367,219</b>	<b>20,362,115</b>	<b>77%</b>	<b>6,005,104</b>

## OTHER

Expenditure in this category is slightly higher than expected (Table 21). The Government Travel Insurance has been renewed during the quarter as reflected in the actual utilization rate. Bank charges encompass telegraphic transfer and account keeping fees paid through the year.

Table 21 Other Q2 2022-23

Description	2021-22	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23
	Preliminary	Approved	2022-23	2022-23	Revised	2022-23	Actual as %	Remaining
	Actual	Budget	Supp Bills	ISHT	Budget	YTD Actual	of Budget	Budget
	\$	\$	\$	\$	\$	\$	%	\$
2565 - Insurance	509,486	576,608	0	15,000	591,608	373,718	63%	217,890
2570 - Bank Charges	63,558	76,817	0	0	76,817	23,363	30%	53,454
2690 - Foreign exchange gains/losses	104,169	55,375	0	0	55,375	1,052	2%	54,323
<b>Total Other</b>	<b>677,213</b>	<b>708,800</b>	<b>0</b>	<b>15,000</b>	<b>723,800</b>	<b>398,133</b>	<b>55%</b>	<b>325,668</b>

## NON-EXPENSE ITEMS

Expenditure in this category was higher than expected for the quarter (Table 22). This can be attributed to full utilization of the provision set aside for the Bank of Nauru liquidation as well as 100 percent settlement of Nauru's annual contributions to the Intergenerational Trust Fund. The remaining balance in the Trust Fund account, amounting to \$6.3m, encompasses funds after settling Nauru's 2023 commitments, based on the 2022 final revenue collections, and additional allocations from the three supplementary budget passed so far this year.

Debt repayments-other also include the repayment of the Nauru Aircraft replacement program loan to EXIM Bank and RONWAN capital redistribution to members from the old Bank of Nauru debts. As of now, \$5.3 million has been utilised of the \$5.8m for RONWAN capital redistribution. The remaining balance will be settled in the coming months.

The Fiscal Cash Buffer serves as an appropriation cover for the Government, available to be drawn down during the year to cover urgent and unavoidable commitments, without the need for supplementary appropriations.

Table 22 Non-Expense Items Q2 2022-23

Description	2021-22	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23
	Preliminary Actual	Approved Budget	2022-23 Supp Bills	2022-23 ISHT	Revised Budget	2022-23 YTD Actual	Actual as % of Budget	2022-23 Remaining Budget
	\$	\$	\$	\$	\$	\$	%	\$
2545 - Debt Repayments - Other	16,037,498	8,799,436	327,656	0	9,127,092	5,274,984	58%	3,852,108
2650 - Trust Fund	25,820,869	19,257,451	5,385,557	0	24,643,008	17,809,536	72%	6,833,472
2652 - Fiscal Cash Buffer	1,000,433	2,784,111	12,704,866	-11,438,000	4,050,977	0	0%	4,050,977
2680 - BON Liquidation- Payment	5,851,178	1,000,000	0	150,000	1,150,000	1,198,937	104%	-48,937
<b>Total Non-expense items</b>	<b>48,709,978</b>	<b>31,840,998</b>	<b>18,418,079</b>	<b>-11,288,000</b>	<b>38,971,077</b>	<b>24,283,458</b>	<b>62%</b>	<b>14,687,619</b>

## GOVERNMENT OPERATIONS

The overall expenditure on government operations is largely consistent with expectations (Table 23). However, there are mixed results in the individual subhead lines within the group.

Some expenditure items are significantly above the budget, with utilization rates ranging between 60 to 90%. These include R&M Medical Equipment, Overseas Medical Referrals (OMR), Laboratory Supplies, Drugs and Medicine, Medical Consumables, ICT Supplies, Lease and charter payments, Education expenses. Freight, Telephone and Internet and Land Rental. The reasons for high utilization vary for each line, including seasonal nature of payouts, commitments timing and strategic tock management.

On the other hand, there are significant underspending in other lines such as Legal Fees, Protocol, Stores, Museum artefacts, Printing and Stationery, TVET supplies, House rental, publicity and awareness, R&M Motor vehicle, Purchase of fuel, Purchase of diesel, Dental supplies, Dialysis supplies, Radiology supplies, Deportee removal, Safe House, and Contingency fund. The reasons for lower-than-expected spending can be attributable to the seasonal nature of commitments, procurement delays and change of priorities. Underspending can also be due to the nature of expenditures being on need basis, an ideal example would be the Contingency line and Deportee removal.

Table 23 Government Operations Q2 2022-23

Description	2021-22	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23
	Preliminary	Approved	Supp Bills	ISHT	Revised	YTD Actual	Actual as %	Remaining
	Actual	Budget	\$	\$	Budget	\$	of Budget	Budget
	\$	\$	\$	\$	\$	\$	%	\$
2030 - Salaries - Other Contracts	32,895,612	29,512,050	2,700,745	93,950	32,306,745	17,083,290	53%	15,223,455
2055 - Consultants fees	3,485,482	3,846,046	994,540	-236,000	4,604,586	1,184,341	26%	3,420,245
2060 - Legal Fees - External	265,920	550,000	0	0	550,000	145,989	27%	404,011
2100 - Entertainment	1,327,343	1,111,509	114,000	32,248	1,257,757	604,017	48%	653,740
2105 - Official Celebrations	1,066,593	1,405,586	216,800	-1,000	1,621,386	948,265	58%	673,121
2110 - Protocol	13,000	123,500	82,175	-60,000	145,675	37,761	26%	107,914
2130 - Printing & Stationery	993,257	961,133	14,500	7,650	983,283	296,559	30%	686,724
2132 - TVET Supplies	155,000	170,200	0	0	170,200	19,130	11%	151,070
2135 - Stores	627,751	613,001	37,783	6,650	657,434	160,079	24%	497,356
2136 - Museum Artefacts	4,000	4,000	0	0	4,000	1,250	31%	2,750
2155 - House Rental	11,013,772	12,322,757	0	-1,041,916	11,280,841	4,985,631	44%	6,295,210
2160 - Land Rental	8,459,829	7,474,572	658,081	0	8,132,653	6,442,644	79%	1,690,009
2165 - Office Rental	1,090,953	1,056,056	0	0	1,056,056	663,328	63%	392,728
2185 - R&M - Buildings	2,266,374	1,471,895	507,000	-32,850	1,946,045	569,007	29%	1,377,038
2190 - R&M - Office Equipment	212,783	234,425	10,000	695,421	939,846	735,331	78%	204,515
2191 - R&M Medical Equipment	43,600	100,000	0	0	100,000	90,333	90%	9,667
2195 - R&M - Office Premises	27,353	18,353	0	0	18,353	930	5%	17,423
2200 - R&M - Motor Vehicles	846,021	924,807	0	-62,000	862,807	316,357	37%	546,450
2205 - R&M - Plant	2,936,456	1,634,293	10,000	0	1,644,293	23,649	1%	1,620,644
2210 - R&M - Aerodrome	60,000	60,000	5,000	0	65,000	19	0%	64,981
2225 - Agricultural Supplies	69,300	61,000	9,000	-9,000	61,000	26,349	43%	34,651
2230 - Publicity and Awareness	133,860	128,473	6,800	5,000	140,273	26,196	19%	114,077
2275 - Purchase of Petrol	720,647	853,216	52,600	-8,000	897,816	299,092	33%	598,724
2280 - Purchase of Diesel	820,628	947,619	0	0	947,619	358,623	38%	588,996
2290 - Purchase of Fuel - Other	10,793	10,793	0	0	10,793	0	0%	10,793
2315 - Utilities	5,397,392	4,201,806	1,310,636	0	5,512,442	2,364,249	43%	3,148,193
2330 - Telephone / Internet	3,133,038	2,911,220	91,640	-43,000	2,959,860	1,790,210	60%	1,169,650
2350 - Freight	3,106,900	2,657,214	1,052,360	150,000	3,859,574	2,389,100	62%	1,470,474
2370 - Membership Fees & Subscriptions	719,277	1,135,771	0	4,000	1,139,771	535,642	47%	604,129
2372 - Nauru Radio Supplies	10,300	10,300	0	0	10,300	617	6%	9,683
2373 - Media TV Supplies	9,300	52,375	0	0	52,375	28,300	54%	24,075
2375 - ICT Supplies	52,146	52,146	70,000	-12,000	110,146	23,112	21%	87,034
2460 - Medical Expenses	85,695	83,849	0	-3,000	80,849	38,673	48%	42,176
2461 - Primary Health Care Services	127,400	259,000	0	0	259,000	68,878	27%	190,122
2462 - NCD Control & Health Promotion	43,600	43,600	0	0	43,600	10,382	24%	33,218
2463 - Environmental Health and Food safety	6,124	20,000	0	0	20,000	0	0%	20,000
2464 - Management Monitoring & Evaluation	30,000	30,000	0	0	30,000	0	0%	30,000
2467 - Drugs and Medicines	1,100,000	1,100,000	0	0	1,100,000	841,174	76%	258,826
2468 - Dental Supplies	42,300	50,000	0	0	50,000	1,023	2%	48,977
2469 - Dialysis Supplies	350,000	350,000	0	0	350,000	6,205	2%	343,795
2471 - Medical Consumable	684,530	500,000	200,000	-200,000	500,000	364,447	73%	135,553
2472 - Laboratory supplies	300,000	352,000	150,000	200,000	702,000	561,938	80%	140,062
2473 - Radiology Supplies	6,200	25,000	0	0	25,000	3,571	14%	21,429
2474 - Clinical Education Supplies	20,000	20,000	0	0	20,000	0	0%	20,000
2475 - Overseas Medical Treatment	12,779,250	3,000,000	8,600,000	1,000,000	12,600,000	8,962,302	71%	3,637,699
2560 - Educational Expenses - Special	220,979	195,808	0	-2,000	193,808	138,113	71%	55,695
2575 - Local Transport	2,545,606	2,163,293	115,000	59,294	2,337,587	1,504,822	64%	832,764
2585 - Rations	4,224,187	2,278,832	0	-82,582	2,196,250	1,084,868	49%	1,111,382
2590 - Correctional Services Supplies	7,531	10,000	0	0	10,000	5,221	52%	4,779
2600 - Postage	32,956	18,021	0	0	18,021	9,424	52%	8,597
2605 - Library/Periodicals	92,250	5,000	0	0	5,000	0	0%	5,000
2610 - Survey Supplies	4,500	275,500	0	0	275,500	1,500	1%	274,000
2611 - Children Education Toys and Learning Supplies	710,044	857,150	0	0	857,150	561,469	66%	295,680
2614 - Grants to EBUs	1,481,378	2,659,438	0	0	2,659,438	1,260,803	47%	1,398,635
2620 - Lease & Charter Payments	63,676	56,438	0	0	56,438	41,102	73%	15,336
2625 - Family Court Expenses	3,300	4,800	0	0	4,800	2,200	46%	2,600
2630 - Safe House	92,061	196,660	0	-5,530	191,130	45,027	24%	146,103
2681 - Prior Year Account Payable (GoN)	0	0	0	0	0	0	0%	0
2700 - Deportee Revomal	-20,000	20,000	0	0	20,000	2,065	10%	17,935
2705 - NEAT Scheme	298,639	300,000	0	0	300,000	0	0%	300,000
2998 - COVID 19 Taskforce	0	0	0	0	0	0	0%	0
2999 - Contingency fund	500,000	500,000	0	0	500,000	0	0%	500,000
<b>Total Government Operations</b>	<b>107,806,885</b>	<b>91,990,504</b>	<b>17,008,660</b>	<b>455,335</b>	<b>109,454,498</b>	<b>57,664,606</b>	<b>53%</b>	<b>51,789,893</b>

## EXPENDITURE BY DEPARTMENT

Table 24 shows actual expenditure, categorised by department head for the year to date. Most departments are spending ahead of their budget, with expenditure utilization rate far exceeding the quarter benchmark. This includes departments such as Presidency, Ministerial, Electoral Commission, Finance Other Payments, NRPC, Judiciary, Foreign Affairs New York, Foreign Affairs New York, Foreign Affairs Taiwan, Foreign Taiwan, Foreign Affairs Geneva, Foreign Affairs India, Lands and Survey, Department of Land Management. The overspending is largely attributed to the irregular nature of payouts within some of these departments for example Infrastructure, Health, Finance Other, Disability and Sports.

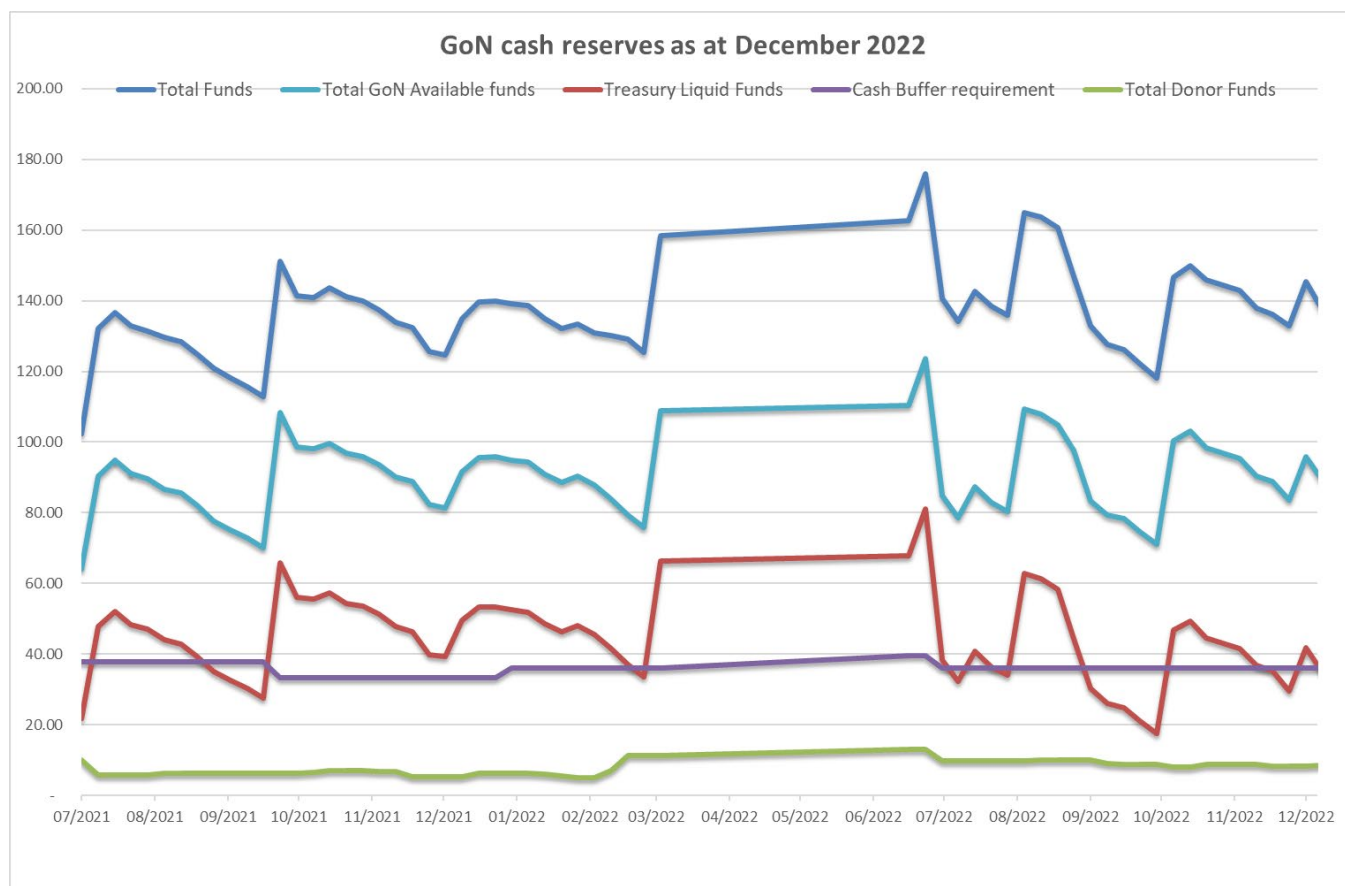
Table 24 Expenditure by Department Q2 2022-23

Description	2021-22	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23	Share of	2022-23
	Preliminary Actual	Approved Budget	2022-23 Supp Bills	2022-23 ISHT	Revised Budget	2022-23 Actual	Actual as % of Budget	total Expenditure	Remaining Budget
	\$	\$	\$	\$	\$	\$	%		\$
01 - Presidency and State House (includ	3,189,144	3,727,757	1,625,636	0	5,353,393	3,920,448	73%	2%	1,432,945
02 - Ministerial	36,502,052	14,805,943	4,444,497	0	19,250,440	15,369,914	80%	9%	3,880,526
03 - Chief Secretariat	18,001,965	20,135,093	126,147	0	20,261,240	8,938,031	44%	5%	11,323,209
05 - Audit	265,375	468,772	73,163	0	541,935	144,984	27%	0%	396,952
06 - Parliament	0	-0	0	0	-0	0	0%	0%	0
08 - National Emergency Services	1,876,167	2,082,189	170,514	0	2,252,703	1,091,470	48%	1%	1,161,233
09 - Electoral Commission	503,501	594,527	100,000	0	694,527	436,629	63%	0%	257,898
11 - Finance Secretariat	2,557,824	2,472,289	350,092	0	2,822,381	1,287,925	46%	1%	1,534,456
12 - Finance -Public Debt	0	18,982,665	0	0	18,982,665	4,405,920	23%	3%	14,576,745
13 - Bureau of Statistics	153,637	169,973	15,902	0	185,875	65,214	35%	0%	120,661
15 - Nauru Revenue Office	443,158	548,771	36,583	0	585,354	209,852	36%	0%	375,502
16 - Finance - Other Payments	96,940,040	70,624,076	25,148,779	0	95,772,855	61,351,651	64%	35%	34,421,204
17 - Nauru Customs Office (NCO)	1,108,974	911,756	44,017	0	955,773	381,723	40%	0%	574,050
18 - Nauru Regional Processing Centre (	1,077,353	1,866,238	0	0	1,866,238	1,357,545	73%	1%	508,693
21 - CIE	898,392	1,239,042	237,567	0	1,476,609	627,149	42%	0%	849,460
22 - Climate Change	1,387,759	2,337,626	258,467	0	2,596,093	1,548,718	60%	1%	1,047,375
31 - Fisheries	3,432,537	2,843,106	376,770	0	3,219,876	1,491,027	46%	1%	1,728,849
41 - Police	5,990,360	5,030,328	681,862	0	5,712,190	3,407,522	60%	2%	2,304,669
42 - Dept of Multi Cultural Affairs	36,740,408	19,139,362	3,973,669	0	23,113,031	13,753,703	60%	8%	9,359,328
43 - Justice - Secretariat	3,498,880	4,082,967	72,698	0	4,155,665	1,811,160	44%	1%	2,344,505
44 - Judiciary	2,102,722	1,924,531	497,644	0	2,422,175	1,798,244	74%	1%	623,931
45 - Border Control	707,516	764,133	54,357	0	818,490	349,776	43%	0%	468,714
46 - Correctional Services	965,342	1,116,862	206,209	0	1,323,071	644,116	49%	0%	678,955
50 - Directorate of TVET	644,381	844,686	40,650	0	885,336	302,528	34%	0%	582,808
51 - Education	12,549,374	12,872,319	432,332	0	13,304,651	6,172,730	46%	4%	7,131,921
52 - Youth Affairs	201,597	332,393	16,948	0	349,341	190,214	54%	0%	159,127
60 - COVID-19 task force	10,085,399	11,312,440	0	0	11,312,440	3,043,310	27%	2%	8,269,130
61 - Health	26,426,231	18,102,101	11,764,634	0	29,866,735	17,769,567	59%	10%	12,097,168
62 - Sports	2,079,638	1,633,958	80,733	0	1,714,691	936,461	55%	1%	778,230
63 - Department of Infrastructure Devel	4,340,633	3,975,732	349,940	0	4,325,672	2,242,937	52%	1%	2,082,736
71 - Foreign Affairs - Secretariat	1,273,783	1,712,441	136,240	0	1,848,681	948,202	51%	1%	900,478
72 - Foreign Affairs - Brisbane	504,188	916,858	200,001	0	1,116,859	768,779	69%	0%	348,080
73 - Foreign Affairs - Suva	270,077	707,200	0	0	707,200	340,676	48%	0%	366,524
74 - Foreign Affairs - New York	1,564,317	2,357,590	0	0	2,357,590	1,834,153	78%	1%	523,437
75 - Foreign Affairs - Taiwan	509,174	602,432	142,024	0	744,456	546,048	73%	0%	198,408
76 - Foreign Affairs- Geneva	368,663	616,183	0	0	616,183	446,693	72%	0%	169,491
77 - High Commission India	205,102	1,295,526	0	0	1,295,526	1,197,291	92%	1%	98,235
78 - High Commission Canberra	276,673	971,354	910,000	0	1,881,354	677,785	36%	0%	1,203,568
81 - Home Affairs	4,223,185	4,142,958	263,331	0	4,406,289	2,250,271	51%	1%	2,156,018
82 - Women's Affairs	1,077,038	1,375,476	41,491	0	1,416,967	525,016	37%	0%	891,951
83 - Media Bureau	700,120	829,229	243,182	0	1,072,411	408,647	38%	0%	663,764
84 - Lands & Survey	5,483,093	6,003,609	30,447	0	6,034,056	5,052,374	84%	3%	981,682
85 - Lands Committee	401,669	322,164	29,918	0	352,082	168,842	48%	0%	183,240
86 - Department of Land Management	172,952	105,376	30,832	0	136,208	126,226	93%	0%	9,982
87 - Disability Department	164,087	485,147	10,498	0	495,645	358,444	72%	0%	137,201
91 - Department of Transport	2,538,014	2,777,032	338,966	0	3,115,998	1,337,978	43%	1%	1,778,020
95 - ICT	2,735,753	2,492,757	68,932	0	2,561,689	1,393,681	54%	1%	1,168,008
97 - Telecom	60,364	125,000	6,990	0	131,990	22,369	17%	0%	109,621
<b>Total Expenditure</b>	<b>297,198,609</b>	<b>252,779,965</b>	<b>53,632,662</b>	<b>0</b>	<b>306,412,627</b>	<b>173,453,940</b>	<b>57%</b>	<b>100%</b>	<b>132,958,687</b>

## CASH POSITION

By the end of the end of the quarter, the total funds amounted to around \$130.1 million. The cash buffer requirement which is equivalent to two months of adjusted expenditure was \$40.4 million. \$40.1 million were held in the Buffer bank accounts as of 27 December 2022; this will be adjusted before the end of the financial year.

Figure 6 GoN Cash reserves Q2 2022-23



The category of Total Funds encompasses all accounts available to the Government, including donor and special project funds.

Total GoN Available Funds refers to all Treasury bank accounts, cash reserves, term deposits, and overseas mission Imprest accounts. However, it does not include donor funds and funds quarantined for a specific purpose, such as Port Project and Unclaimed land rental.

Treasury Liquid Funds comprises of bank accounts and cash balances that the Government has complete discretion over for day- day operations.