



REPUBLIC OF NAURU

DEPARTMENT OF FINANCE

QUARTERLY BUDGET PERFORMANCE REPORT
QUARTER 3 2022-23

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Treasury Division
Department of Finance

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QUARTERLY BUDGET PERFORMANCE REPORT – QUARTER 3 2022-23

INTRODUCTION

This is the performance report for the third 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 January 2023. It is based on all available information to Treasury as at 9 April 2023.

- In aggregate, actual year to date performance is a surplus \$10million, with 77% of total expected annual revenue collection, and 73% total expenditure against benchmark of 75%.
- The Q3 surplus position is a much better outcome compared to the deficit position of \$5m recorded for Q2. This outcome is a result of improved collections from all revenue lines particularly RPC related revenues such as Dividends from ESC operations and Hosting fees drawdown from the Commercial account.

This report covers General Government operations only. It does not include donor expenditures nor the operations of State-owned enterprises (SoE's). However, where there are transfers from Government to SoEs, these are included. 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 no supplementary appropriation budgets passed during the quarter.

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 met. It is worth highlighting that the deficit bottom line recorded in Quarter 2 has been reversed.

The Personnel cost ratio is within the 30% required benchmark by the end of the Quarter 3.

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

Table 1: Fiscal responsibility ratio performance Q3 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%	5%
Personnel cost ratio	Personnel cost to current expenditure <30%	14.3%	21%	18%	18%

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.

The cash buffer accounts hold just a little less than the minimum required two months of adjusted expenditure. Even though, the cash buffer requirement is not up to expectation by the end of this quarter, this is likely to be addressed in the next and final quarter. More detail on cash balances is shown in Figure 6.

Table 2: GON Liquidity and fiscal cash buffer Q3 2022-23

	TOTAL FUNDS (\$)		
	Requirement (\$)	As at 1 July 2022	As at 30 March 2023
Cash Buffer at 1 July 2022	33,322,228	102,215,345	
Cash Buffer 30 March 2022	40,640,380		123,161,586
<i>of which held in cash buffer accounts</i>		40,070,267	40,159,058

BUDGET AGGREGATES

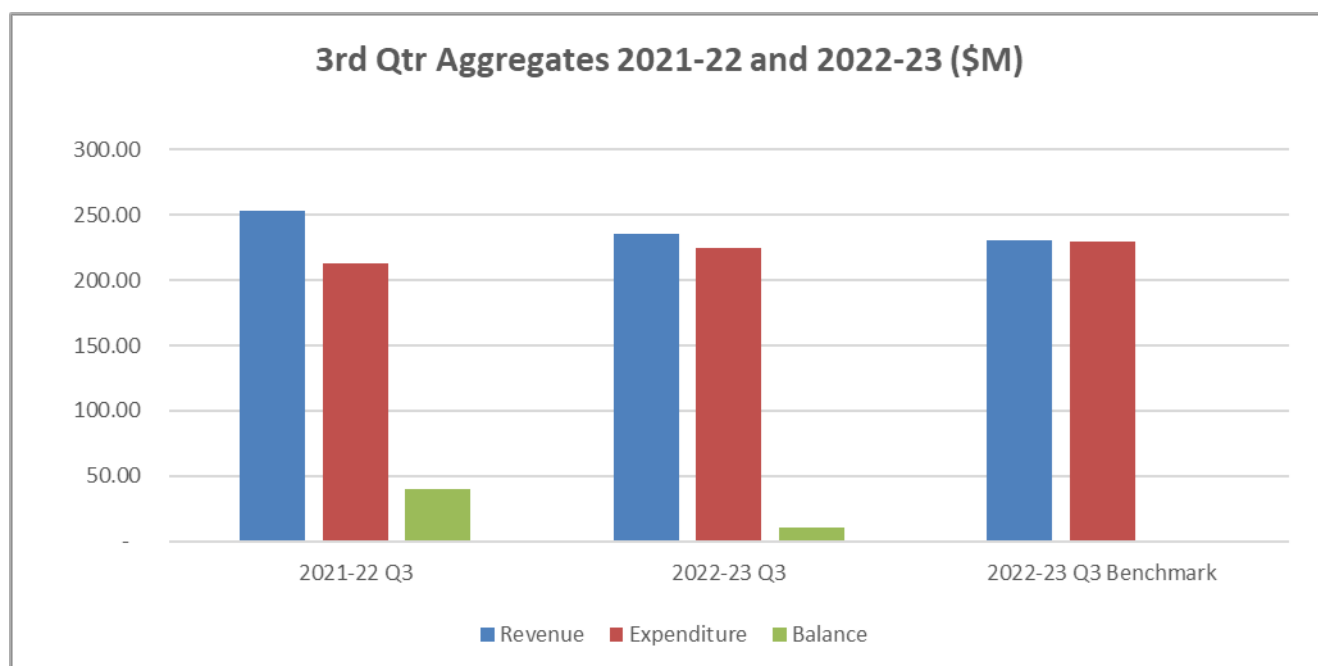
The budget aggregates for the first quarter are shown in Table 3 and Figure 1 below. There have been slight deviations in performance compared to the benchmark. During the quarter, a total of 235.1m of the total revenue, which accounts for 77% of the total revenue, was collected. While this exceeds the benchmark of 75% for the quarter, it falls short of the revenue collected for the same period last year, which amounted to \$252.8m.

In terms of expenditure, it amounted to \$225.1m falling within the benchmark set for Quarter 3. However, it is higher than the \$212.6 million spent during the same period last year.

Table 3 Aggregate results Q3 2022-23

Description	2021-22	2022-23	2022-23 Supp Bill 1	2022-23 Supp Bill 2	2022-23 Supp Bill 3	2022-23 Revised Budget	2022-23 Actual	% collections	2022-23 Remaining Budget
	Preliminary Actual	Approved Budget							
	\$	\$	\$	\$	\$	\$	\$		\$
Revenue	320,347,949	253,329,350	22,164,742	17,690,828	14,000,000	307,184,920	235,103,743	77%	72,081,177
Expenditure	297,198,609	252,779,965	22,065,304	17,574,590	13,992,768	306,412,627	225,109,847	73%	81,302,780
Balance	23,149,340	549,385	99,438	116,238	7,232	772,293	9,993,897		9,221,603

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



OPERATING REVENUE ANALYSIS

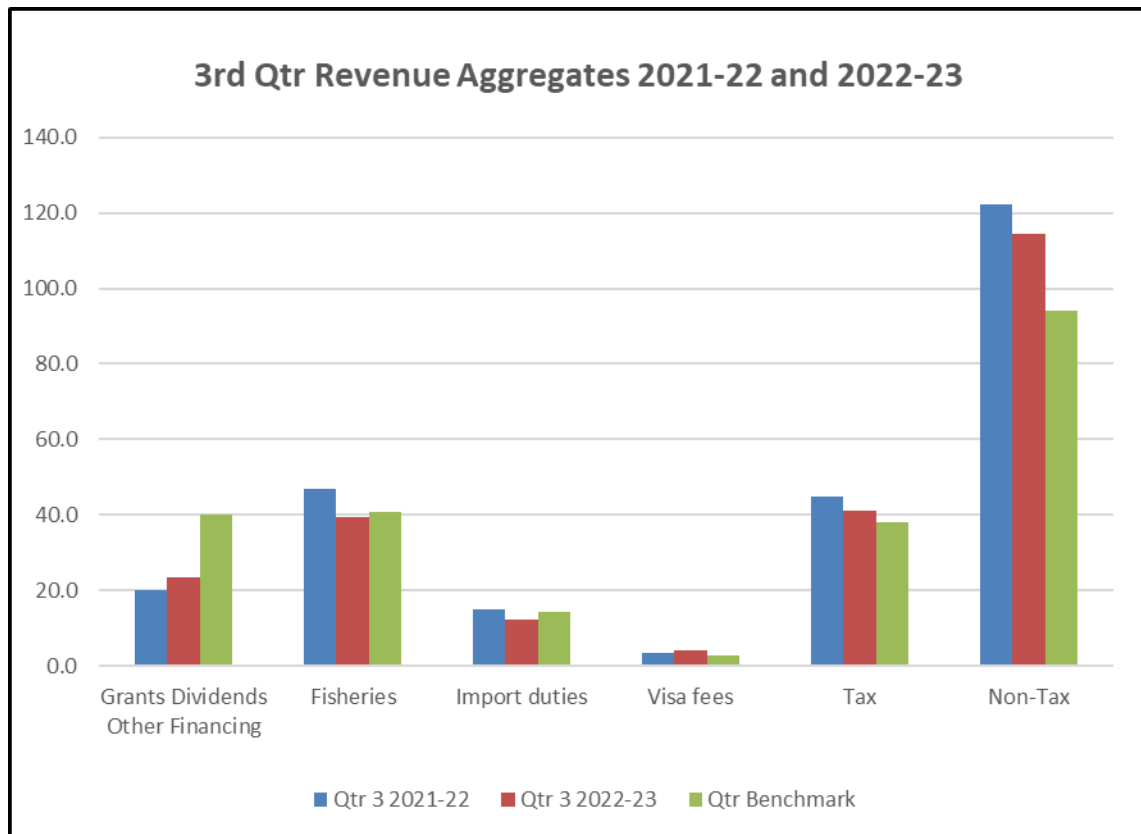
Table 4 summarizes the actual revenues for the year up to Quarter 3 are summarised in Table 4 below. Majority of the collections were from Non tax (encompassing RPC related revenue), Taxes, Fisheries and Grants and Dividends.

Table 4: Revenue breakdown Q3 2022-23

Revenue Description	2021-22 Preliminary Actual \$	2022-23 Approved Budget \$	2022-23 Supp Bills \$	2022-23 Revised Budget \$	2022-23 YTD Actual \$	Share of total revenue %	2022-23 Actual as % of Budget %	2022-23 Remaining Budget \$
Grants Dividends Other Financing	42,363,282	34,778,938	18,881,636	53,660,574	23,600,169	10%	44%	30,060,405
Fisheries	58,198,817	54,530,000	-	54,530,000	39,363,564	17%	72%	15,166,436
Import duties	21,007,457	19,285,128	-	19,285,128	12,213,681	5%	63%	7,071,447
Visa fees	5,061,886	2,838,196	921,000	3,759,196	4,168,730	2%	111%	409,534
Tax	58,066,656	34,600,000	16,040,000	50,640,000	41,214,759	18%	81%	9,425,241
Non-Tax	135,649,912	107,297,088	18,012,934	125,310,022	114,542,840	49%	91%	10,767,182
Total Revenue	320,348,009	253,329,350	53,855,570	307,184,920	235,103,743	100%	77%	72,081,177

Figure 2 below provides a comparison between Quarter 3 of the current financial year, 2021-22 and the same period of the previous financial year (2021-22). Except for Grants Dividends and Other Financing and Visa fees, the revenue collections in this year's quarter were lower compared to the previous year, resulting in a net variance of \$17.7m. The change can be attributable to the timing differences in the drawdown of hosting and dividend revenue from the Commercial and Services account.

Figure 2 Revenue collections for Q3 2021-22 and 2022-23



Revenue Quarterly Performance

Table 5 and Figure 3 below aim to demonstrate the year-to-date quarterly collections and the collection performance of the reported quarter relative to the previous quarter (Q2).

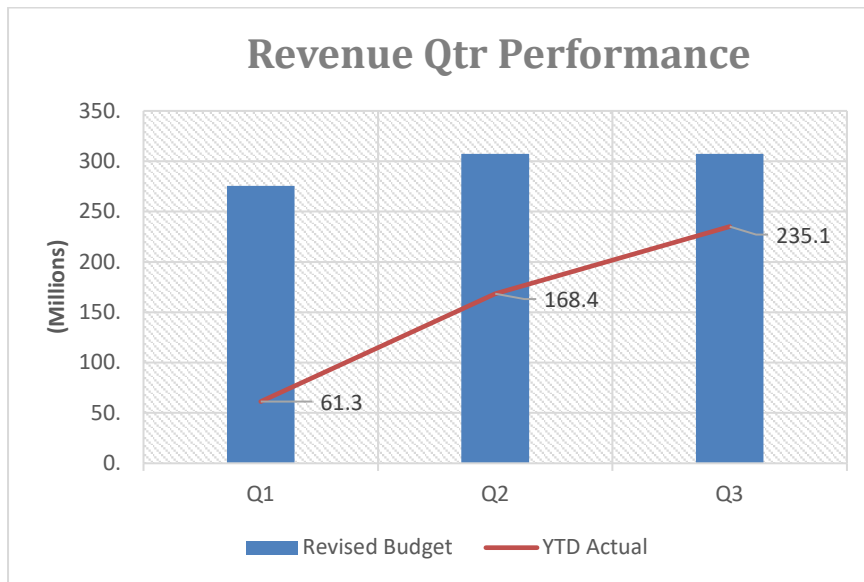
In Quarter 3, a total of \$66.7 million in revenue was received, which accounts for approximately 40% increase from the collection recorded in Q2. Much of the revenue collected included non-Tax

comprising of Hosting fees of 21.2m and Reimbursable of 1.9m. Other increases were from Dividends from RPC operations (18m), Taxes (\$8.7m) and, Fishing licenses (\$3.3m).

Table 5: Revenue Quarterly Performance Q3 2022-23 (millions)

Revenue Description	Q1			Q2			Q3			
	Revised Budget	YTD Actual	Revised Budget	YTD Actual	Qtr Change	% Change	Revised Budget	YTD Actual	Qtr Change	% Change
Grants Dividends Other Financing	35.7	0.	53.7	5.6	5.6	24206%	53.7	23.6	18.	321%
Fisheries	54.5	0.4	54.5	36.1	35.7	8659%	54.5	39.4	3.3	9%
Import duties	19.3	3.4	19.3	7.9	4.5	132%	19.3	12.2	4.3	55%
Visa fees	3.8	0.7	3.8	3.	2.3	309%	3.8	4.2	1.1	38%
Tax	50.6	16.4	50.6	29.2	12.8	78%	50.6	41.2	12.1	41%
Non-Tax	111.6	40.3	125.3	86.7	46.3	115%	125.3	114.5	27.9	32%
Total Revenue	275.5	61.3	307.2	168.4	107.1	175%	307.2	235.1	66.7	40%

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



The RPC remains the major source of economic activity and revenue for the government, accounting for 53% of the total revenue for the original budget of 2022-23 and 61% for the Revised budget after the passage of three Supplementary Appropriations passed. So far, a total of \$168.8 million has been received from RPC related revenue lines, comprising 72% of the total Government revenue collected during the year.

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. Supplementary budgets were made during Quarter 1 and 2 to reflect the confirmation of extensions of services on the island.

Table 6: RPC Related Revenues Q3 2022-23

	2021-22 Preliminary Actual \$	2022-23 Approved Budget \$	2022-23 Supp Bills \$	2022-23 Revised Budget \$	2022-23 YTD Actual \$	2022-23 YTD Actual as % of %	2022-23 Remainin g 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	2,210,000	0%	-1,289,000
1475 - Miscellaneous Revenue	1,868,318	0	0	0	0	0%	0
1495 - Service Fees	20,016,444	16,500	0	20,016,504	10,001,676	50%	10,014,828
1577 - DJBC - Operations	5,089,226	0	1,057,755	1,057,755	3,451,320	326%	-2,393,565
1578 - DJBC - Reimbursable Costs	18,788,295	0	3,264,351	3,264,351	11,544,357	354%	-8,280,006
1598 - Hosting Fee	84,699,998	101,242,500	13,690,828	94,933,324	84,533,328	89%	10,399,996
1590 - Employment Services Tax	15,557,601	10,200,000	1,390,000	11,590,000	9,588,391	83%	2,001,609
1591 - Business Profit Tax	39,846,201	21,900,000	14,650,000	36,550,000	29,500,994	81%	7,049,006
1015 - Income from Investments & Dividends	15,649,509	1,200,000	18,000,000	19,200,000	18,000,000	94%	1,200,000
Total RPC related revenue	204,827,591	134,559,000	52,973,934	187,532,934	168,830,066	90%	18,702,868
Share of total revenue	64%	53%	98%	61%	72%		26%

FISHING REVENUES

An additional \$3.3m in Fishing revenues was collected during Quarter 3, consolidating the year-to-date collections to \$39.4m (Table 7). Fishing collections are on track, and the remaining balance is expected to be fully received by the end of the financial year.

Table 7: Fishing revenues Q3 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 YTD Actual as % of %	2022-23 Remaining Budget \$
1055 - Support Vessel Charges	566,692	230,000	-	230,000	232,150	101%	-2,150
1071 - Purse Seine Revenue - Licensing	1,107,848	1,300,000	-	1,300,000	2,002,597	154%	-702,597
1072 - Purse Seine Revenue - Fishing Days	56,524,277	53,000,000	-	53,000,000	37,128,816	70%	15,871,184
Total Fisheries Revenue	58,198,817	54,530,000	-	54,530,000	39,363,564	72%	15,166,436

TAXATION REVENUE

Taxation revenues have performed much better than expected in the third quarter (Table 8), thanks to consistent collections from all tax categories, primarily due to the extension of the RPC arrangements. It is worth noting that, 80-90% of tax collections are derived from RPC related services. Collections are expected to be fully received by the end of the financial year.

Table 8: Taxation revenue Q3 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 %	2022-23 Remaining Budget \$
1190 - Telecom Tax	2,662,854	2,500,000	-	2,500,000	2,125,373	85%	374,627
1590 - Employment Services Tax	15,557,601	10,200,000	1,390,000	11,590,000	9,588,391	83%	2,001,609
1591 - Business Profit Tax	39,846,201	21,900,000	14,650,000	36,550,000	29,500,994	81%	7,049,006
Total Tax	58,066,656	34,600,000	16,040,000	50,640,000	41,214,759	81%	9,425,241

CUSTOMS AND OTHER IMPORT DUTIES

Table 9 shows that Customs and excise duty collections for the quarter were slightly lower than anticipated, accounting for 63%, of the revised year to date budget and falling short of the benchmark of 75%. This below-average performance is anticipated to continue for 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 on the island.

Table 9 Customs and other Import duties Q3 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 \$
1140 - Customs and Excise Duty - Tobacco	7,577,355	6,696,908	-	6,696,908	4,912,129	73%	1,784,779
1145 - Customs and Excise Duty - Alcohol	1,924,643	1,540,000	-	1,540,000	1,145,720	74%	394,280
1150 - Customs and Excise Duty - Sugar	1,400,897	1,464,480	-	1,464,480	640,183	44%	824,297
1155 - Customs and Excise - Machinery/Vehicle/Equip	1,728,352	1,586,424	-	1,586,424	940,336	59%	646,088
1160 - Customs and Excise Duty - Other	3,957,190	3,894,000	-	3,894,000	2,327,359	60%	1,566,641
1165 - Customs and Excise Duty - Petrol Sales	2,563,712	2,424,840	-	2,424,840	1,211,694	50%	1,213,146
1170 - Customs and Excise Duty - Diesel Sales	1,855,307	1,678,476	-	1,678,476	1,036,261	62%	642,215
Total Customs and Excise Duty	21,007,457	19,285,128	-	19,285,128	12,213,681	63%	7,071,447

VISA FEES

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

By the end of the quarter, Visa collections have surpassed the total revised budget, which can be attributed to the extensions of RPC active status arrangements and the changed COVID 19 situation on the island, resulting in increased border movements. Although Visa Fees RPC resettlement has surpassed the total budget at the end of Quarter 3, the total annual collections after the end of the Quarter 4 is expected to be even higher.

Table 10 Visa fees Q3 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 YTD Actual as % of Budget %	2022-23 Remaining Budget \$
1330 - Visa Check up	840	-	-	-	8,344	0%	8,344
1335 - Visa Fees - RPC	505,000	-	-	-	-	0%	-
1575 - Visa Fees (Other Business)	1,749,046	2,838,196	-	2,838,196	1,950,386	69%	887,810
1580 - Visa Fees - RPC Resettlement	2,807,000	-	921,000	921,000	2,210,000	240%	1,289,000
Total Visa Fees	5,061,886	2,838,196	921,000	3,759,196	4,168,730	111%	409,534

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. According to the aircraft loan agreement, the funds will be received by the Government and then channelled to Nauru Airlines, for the ultimate purchase of the aircraft.

The second tranche of the National development project grant for 2022 was received in November under the previous agreement. The second tranche which will be paid under the terms of the new grant agreement is expected to be received in the fourth quarter.

Table 11 Dividends and Grants Q3 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 YTD Actual as % of Budget %	2022-23 Remaining Budget \$
1015 - Income from Investments & Dividends	15,649,509	1,200,000	18,000,000	19,200,000	18,000,000	94%	1,200,000
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
Total Dividends , Grants and Other	42,363,282	34,778,938	18,881,636	53,660,574	23,600,169	44%	30,060,405

NON-TAX REVENUE

Non-tax revenue collections in the year to date have exceeded the quarter benchmark (Table 12), primarily due to higher collections from Reimbursable lines resulting from RPC extensions that were unable to be confirmed at the start of the year.

Drawdowns for hosting fees are typically made based on the cash position of the Commercial bank account. During this quarter, a total \$21.1 million was drawn, leaving a balance \$10.4 million to be processed during the year when there is adequate cash balance in the Commercial account to do so.

No new collections were made from the RPC Management fee during the quarter, as RPC extensions for January-December are being finalized and, awaiting signing by the Government of Nauru and Australia. Once agreements have been finalized which is expected during Quarter 4, drawdowns for Reimbursable revenue and management fee are expected to be paid by Australia.

Table 12 Non-tax revenues Q3 2022-23

Description	2021-22	2022-23	2022-23 Supp Bills	2022-23	2022-23 YTD Actual	2022-23	2022-23 Remaining Budget
	Preliminary Actual	Approved Budget		Revised Budget		as % of Budget	
	\$	\$	\$	\$	\$	%	\$
1121 - Curator fees	3,438	-	-	-	29,629	0%	-29,629
1215 - Licenses-Drivers etc	159,692	70,000	-	70,000	133,462	191%	-63,462
1220 - Corporation Fees and Licenses	553,418	311,424	-	311,424	446,051	143%	-134,627
1225 - Licenses-Trading	300,150	319,464	-	319,464	305,570	96%	13,894
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	29,560	37%	50,444
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	26,930	125%	-5,450
1265 - Death Certificate	770	780	-	780	650	83%	130
1270 - Marriage Certificate	2,465	2,448	-	2,448	3,550	145%	-1,102
1300 - Registration Fees-Motor Cars	155,428	171,744	-	171,744	102,684	60%	69,060
1305 - Registration Fees-Motorcycles	48,164	49,884	-	49,884	46,302	93%	3,582
1310 - Vehicle/Insurance Fees	552,110	589,392	-	589,392	462,709	79%	126,683
1325 - Passport Fees and Photographs	57,923	54,576	-	54,576	152,985	280%	-98,409
1340 - Police Clearance	27,130	25,020	-	25,020	20,705	83%	4,315
1360 - D.C.A-Pax Levy	0	921,600	-	921,600	283,525	31%	638,075
1361 - Fuel Levy	1,735,685	-	-	-	-	0%	0
1365 - D.C.A.-Departure Taxes	0	873,246	-	873,246	257,650	30%	615,596
1370 - D.C.A.-Air Navigation Fees	112,882	492,420	-	492,420	219,710	45%	272,710
1375 - D.C.A.-Landing Fees	11,756	552,195	-	552,195	404,244	73%	147,951
1380 - D.C.A.-Rental Fees	50,375	73,800	-	73,800	126,297	171%	-52,497
1475 - Miscellaneous Revenue	1,868,318	899,177	-	899,177	862,727	96%	36,450
1480 - Bus Services	5,000	10,099	-	10,099	3,160	31%	6,939
1485 - Quarantine Fees	66,965	70,932	-	70,932	103,433	146%	-32,501
1490 - Court Fines and Fees	42,442	52,043	-	52,043	34,189	66%	17,854
1495 - Service Fees	20,016,444	16,500	-	20,016,504	10,001,676	50%	10,014,828
1500 - Sale of Maps	18,470	18,348	-	18,348	12,740	69%	5,608
1501 - Sale of Livestock	14,814	18,552	-	18,552	1,700	9%	16,852
1520 - Food Handler Check up	4,040	4,272	-	4,272	2,700	63%	1,572
1540 - Advertising Revenue	17,270	19,500	-	19,500	2,575	13%	16,925
1555 - Spectacles,Drugs etc	220	216	-	216	1,780	824%	-1,564
1565 - Medical Services	1,256	1,507	-	1,507	1,875	124%	-368
1577 - DJBC - Operations	5,089,226	-	1,057,755	1,057,755	3,451,320	326%	-2,393,565
1578 - DJBC - Reimbursable Costs	18,788,295	-	3,264,351	3,264,351	11,544,357	354%	-8,280,006
1596 - Traffic Infringements	219,630	218,700	-	218,700	114,037	52%	104,663
1597 - TVET Course Fees	20,930	24,060	-	24,060	9,861	41%	14,199
1598 - Hosting Fee	84,699,998	101,242,500	13,690,828	94,933,324	84,533,328	89%	10,399,996
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	767,550	987%	-689,790
Total Non Tax	135,649,912	107,297,088	18,012,934	125,310,022	114,542,840	91%	10,767,182

REVENUE BY DEPARTMENT

Table 13 presents revenue for the year to date categorised by department head. It's 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 Q3 2022-23

Description	2021-22	2022-23	2022-23	2022-23	2022-23	2022-23	Share	2022-23
	Preliminary Actual \$	Approved Budget \$	2022-23 Supp Bills \$	Revised Budget \$	2022-23 YTD Actual \$	Actual as % of Budget %	of total revenue %	Remaining Budget \$
03 - Chief Secretariat	31,515	31,560	-	31,560	43,178	137%	0%	11,618
09 - Electoral Commission	815,350	84,280	-	84,280	795,660	944%	0%	711,380
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	41,377,781	81%	18%	9,412,223
16 - Finance - Other Payments	12,793,397	18,762,375	881,636	19,644,011	5,664,038	29%	2%	13,979,973
17 - Nauru Customs Office (NCO)	21,008,457	19,286,128	-	19,286,128	12,216,921	63%	5%	7,069,207
18 - Nauru Regional Processing Centre (NRPCC) (20,000,004	-	-	-	-	0%	0%	-
21 - CIE	5,940	5,000	-	5,000	-	0%	0%	5,000
31 - Fisheries	58,325,356	54,530,000	-	54,530,000	39,707,593	73%	17%	14,822,407
41 - Police	249,123	246,420	-	246,420	137,402	56%	0%	109,018
42 - Dept of Multi Cultural Affairs	127,227,519	101,242,500	36,933,934	138,176,434	129,973,006	94%	55%	8,203,428
43 - Justice - Secretariat	877,667	630,961	-	630,961	822,561	130%	0%	191,600
44 - Judiciary	42,442	52,043	-	52,043	34,189	66%	0%	17,854
45 - Border Control	1,873,954	2,963,704	-	2,963,704	2,204,704	74%	1%	759,000
46 - Correctional Services	14,814	18,552	-	18,552	1,700	0%	0%	16,852
50 - Directorate of TVET	20,930	24,060	-	24,060	10,627	44%	0%	13,433
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	88,206	11%	0%	687,433
62 - Sports	2,000	-	-	-	-	0%	0%	-
83 - Media Bureau	17,270	19,500	-	19,500	2,575	13%	0%	16,925
84 - Lands & Survey	20,190	18,348	-	18,348	12,740	69%	0%	5,608
85 - Lands Committee	14,720	16,500	-	16,500	1,675	10%	0%	14,825
91 - Department of Transport	1,050,386	3,849,213	-	3,849,213	1,997,516	52%	1%	1,851,697
95 - ICT	10,635	4,000	-	4,000	7,430	186%	0%	3,430
Total Revenue	320,347,949	253,329,350	53,855,570	307,184,920	235,103,743	77%	100%	72,081,177

OPERATING EXPENDITURE ANALYSIS

Table 14 presents the total operational expenditure for the second quarter, which falls within the quarterly utilization benchmark. During this quarter, a total of 98 Inter-subhead transfers was processed, amounting to around \$5.6m, accounting for around 2% of the total revised budget.

Table 14 Expenditure by Group Q3 2022-23

Description	2021-22	2022-23	2022-23		2022-23	2022-23	2022-23	2022-23
	Preliminary	Approved	2022-23	2022-23	Revised	2022-23	Actual as	2022-23
	Actual	Budget	Supp Bills	ISHT	Budget	YTD Actual	% of Budget	Remaining Budget
	\$	\$	\$	\$	\$	\$	%	\$
Personnel	48,372,597	52,166,928	6,310,069	-2,072,243	56,404,754	41,160,905	73%	15,243,849
Govt Travel	6,766,094	6,034,849	2,247,682	3,141,033	11,423,564	10,333,241	90%	1,090,323
Subsidies & Donations	45,199,442	36,163,980	1,595,953	11,424,558	49,184,492	33,273,320	68%	15,911,171
Govt Operations	107,806,885	91,990,504	17,008,660	9,017	109,008,181	81,050,864	74%	27,957,317
Capital Expenditure	35,806,658	12,490,986	3,167,919	-25,057	15,633,849	10,929,235	70%	4,704,614
Social Benefits	44,638,981	21,382,919	4,884,300	102,310	26,369,529	23,605,407	90%	2,764,122
Other	677,213	708,800	0	88,382	797,182	497,745	62%	299,437
Transfer (Non Expense)	48,709,978	31,840,998	18,418,079	-12,668,000	37,591,077	24,259,131	65%	13,331,946
Total Expenditure	337,977,848	252,779,965	53,632,662	0	306,412,627	225,109,847	73%	81,302,780

Figure 3 provides a comparison of expenditure utilization for the third quarter of the current fiscal year (2022-23), with the same period last year (FY 2021-22).

Except for Capital Expenditure, Social Benefits, and Transfer Non-Expense, the actual expenditure in all the lines is higher this year compared to 2021-22, reflecting a net variance of \$12.6million.

Figure 4 Expenditure by group, Q3 2022-23

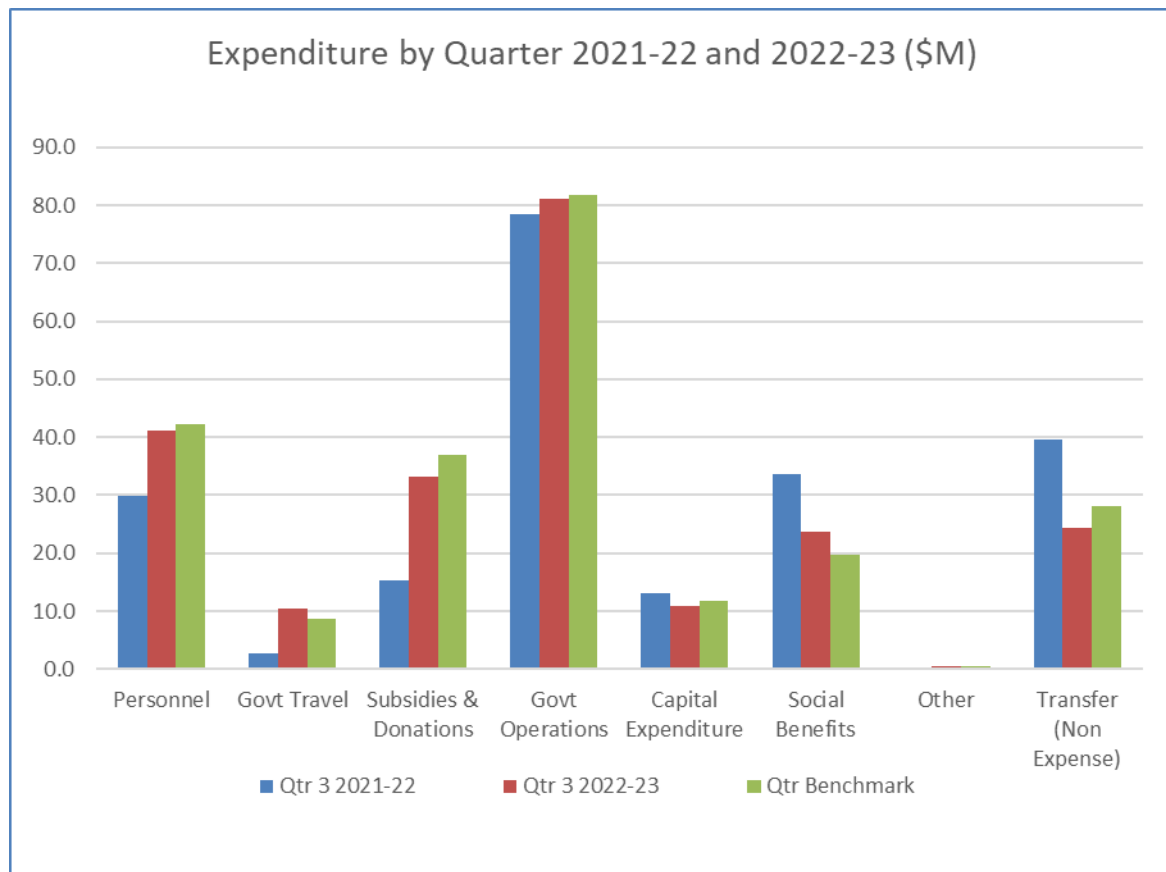


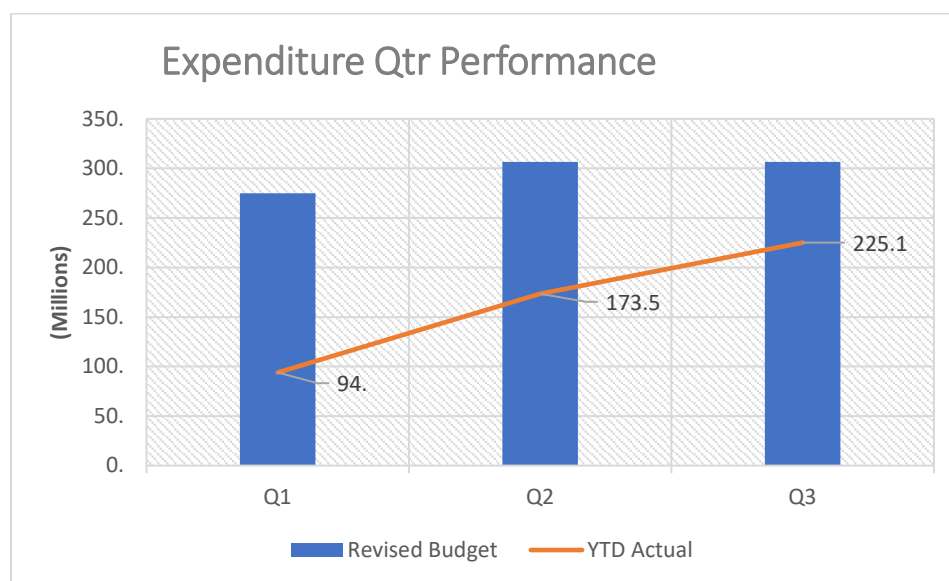
Table 15 and Figure 5 below demonstrate year to Date expenditure at the end of each quarter and the change in spending compared to the previous Quarter.

A total of \$51.7 million in expenditure was recorded during the Quarter, accounting for approximately 30% change from the utilization level of Quarter 2. The major utilization variances were seen in Government operations (\$23.4m), Personnel Expenditure (\$12m) and Capital Expenditure (\$5.2m), Subsidies and Donations (\$4.7m), Social Benefits (\$3.2m) and Government Travel (\$3.1m).

Table 15: Expenditure Quarterly Performance Q3 2022-23 (millions)

Expenditure Description	Quarter 1			Quarter 2			Quarter 3			
	Revised Budget	YTD Actual	Revised Budget	YTD Actual	Qtr Change	% Change	Revised Budget	YTD Actual	Qtr Change	% Change
Personnel	53.7	14.5	56.7	29.2	14.7	101%	56.4	41.2	12.0	41%
Govt Travel	7.7	3.3	10.2	7.2	3.9	118%	11.4	10.3	3.1	43%
Subsidies & Donations	44.9	18.6	48.1	28.6	10.	54%	49.2	33.3	4.7	16%
Govt Operations	99.1	25.7	109.5	57.7	32.	125%	109.0	81.1	23.4	41%
Capital Expenditure	14.3	3.3	16.	5.7	2.4	72%	15.6	10.9	5.2	91%
Social Benefits	22.4	13.6	26.4	20.4	6.8	50%	26.4	23.6	3.2	16%
Other	0.7	0.1	0.7	0.4	0.3	469%	0.8	0.5	0.1	25%
Transfer (Non Expense)	32.1	14.9	39.	24.3	9.4	63%	37.6	24.3	0.0	0%
Total Expenditure	274.8	94.	306.4	173.5	79.5	85%	306.4	225.1	51.7	30%

Figure 5 Expenditure Quarterly Performance Trend 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 subheads. Expenses on the basic salary lines significantly 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, which were the same results noted in the previous quarter report. The utilization rate for GoN super

contributions is well within the quarterly expectations and it is expected that the full year actual will be way lesser than budgeted, hence resulting in a huge underspend.

Table 16 Personnel Expenditure Q3 2022-23

Description	2021-22	2022-23	2022-23	2022-23	2022-23	2022-23	Actual as	2022-23
	Preliminary Actual	Approved Budget	Supp Bills	ISHT	Revised Budget	2022-23 YTD Actual	% of Budget	Remaining Budget
	\$	\$	\$	\$	\$	\$	%	\$
2005 - Salaries & Allowances - (MP's)	909,035	952,835	0	0	952,835	844,099	89%	108,736
2010 - HE Salary & Allowances	105,034	110,286	0	0	110,286	84,934	77%	25,352
2015 - Salary - Local	30,229,769	29,884,143	3,468,510	-243,446	33,109,207	25,477,371	77%	7,631,836
2020 - Salary Expatriate	7,819,059	9,475,005	600,791	-916,734	9,159,062	6,900,057	75%	2,259,005
2025 - Allowances - Staff Contract	2,209,304	1,427,116	400,000	-678,866	1,148,250	756,642	66%	391,609
2026 - Directors Fees	57,900	63,800	0	-7,000	56,800	10,100	18%	46,700
2031 - Staff Contract - Ministerial	450,968	520,968	150,000	0	670,968	435,048	65%	235,919
2035 - Overtime - local	1,043,711	1,440,685	192,368	14,167	1,647,220	1,269,296	77%	377,923
2040 - Staff Training	1,527,420	2,262,644	8,000	-154,090	2,116,554	916,510	43%	1,200,045
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	19,100	55%	15,900
2050 - Uniforms & Protective Clothing	557,564	579,277	19,000	-114,374	483,903	239,621	50%	244,282
2072 - Meals and Drinks - Staff	288,889	351,769	0	28,100	379,869	259,087	68%	120,782
2423 - Ex Gratia Nauru Public Service	0	1,471,400	1,471,400	0	2,942,800	1,830,800	62%	1,112,000
2651 - GON Contributions	3,132,916	3,582,000	0	0	3,582,000	2,118,239	59%	1,463,761
Total Personnel	48,372,597	52,166,928	6,310,069	-2,072,243	56,404,754	41,160,905	73%	15,243,849

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 essential to implement cost restraint measures by closely monitoring travel expenditures in future quarters to align them with the budget. However, cost restraint is unlikely to be adopted in key departments such as Presidency and Ministerial, so it is recommended to reallocate funds from other underspending accounts to ensure travel can continue for the rest of the financial year.

Table 17 Government Travel Expenditure Q3 2022-23

Description	2021-22	2022-23	2022-23	2022-23	2022-23	2022-23	Actual as	2022-23
	Preliminary Actual	Approved Budget	Supp Bills	ISHT	Revised Budget	2022-23 YTD Actual	% of Budget	Remaining Budget
	\$	\$	\$	\$	\$	\$	%	\$
2070 - Travel - Staff	828,879	997,017	150,000	-39,626	1,107,391	991,004	89%	116,387
2075 - Travel - Business	5,937,215	5,037,832	2,097,682	3,180,659	10,316,173	9,342,237	91%	973,936
Total Government Travel	6,766,094	6,034,849	2,247,682	3,141,033	11,423,564	10,333,241	90%	1,090,323

SUBSIDIES & DONATIONS

Subsidies and Donations are within the benchmark for the quarter, as shown in Table 18. Key development during the quarter includes transfer of CSOs funding to State Owned Entities (SoEs), expenses related to tug boat hire, and \$0.5m in operational grants.

Table 18 Subsidies & Donations Expenditure Q3 2022-23

Description	2021-22	2022-23	2022-23	2022-23	2022-23	2022-23	Actual as	2022-23
	Preliminary Actual	Approved Budget	Supp Bills	ISHT	Revised Budget	2022-23 YTD Actual	% of Budget	Remaining Budget
	\$	\$	\$	\$	\$	\$	%	\$
2376 - Equity Purchases	19,646,218	16,016,563	0	0	16,016,563	4,405,920	28%	11,610,643
2615 - Other Subsidies & Donations	0	0	0	24,000	24,000	3,180	13%	20,820
2616 - Subsidies to SoEs	17,390,443	15,154,967	875,000	0	16,029,967	13,513,094	84%	2,516,873
2617 - Donations - local	8,055,638	3,901,866	720,953	11,400,558	16,023,377	14,836,710	93%	1,186,667
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	512,557	52%	470,885
Total Subsidies & Donations	45,199,442	36,163,980	1,595,953	11,424,558	49,184,492	33,273,320	68%	15,911,171

CAPITAL EXPENDITURE

Capital expenditure is within the quarter benchmark, as indicated in Table 19. Overall, the utilization rate for Capital expenditure utilization has significantly improved compared to Quarter 2, doubling from 36% to 70%. This improvement is attributed to major developments during the quarter, such as the \$1.3m disbursement toward the Higher Ground Initiative project, covering land clearing and architectural and engineering plans, \$0.6m for the ongoing Port Project, \$0.7m payment for the seawall construction project, and \$0.9m to settle the acquisition of a government land in Canberra for a new chancery. The high utilization of Government's capital programs demonstrate Government's commitment to long term growth and development.

Table 19 Capital Expenditure Q3 2022-23

Description	2021-22	2022-23	2022-23	2022-23	2022-23	2022-23	Actual as	2022-23
	Preliminary Actual	Approved Budget	2022-23 Supp Bills	2022-23 ISHT	Revised Budget	2022-23 YTD Actual	% of Budget	Remaining Budget
	\$	\$	\$	\$	\$	\$	%	\$
2480 - Medical Equipment	218,670	877,180	0	50,000	927,180	499,314	54%	427,866
2495 - Plant & Equipment Purchases	6,585,195	3,259,691	1,527,919	-529,348	4,258,262	2,986,535	70%	1,271,727
2496 - Building and Structures	27,575,705	8,154,115	1,640,000	466,691	10,260,807	7,303,802	71%	2,957,004
2497 - Land Purchase	845,087	0	0	0	0	0	0%	0
2580 - Public Works	582,000	200,000	0	-12,400	187,600	139,583	74%	48,017
Total Capital Expenditure	35,806,658	12,490,986	3,167,919	-25,057	15,633,849	10,929,235	70%	4,704,614

SOCIAL BENEFITS

Expenditure on social benefits has a high utilisation rate, reaching 90% of the budget by the end of Quarter 3, as shown in Table 20. This is mainly due to advances and one-time disbursements of Nauru community housing funds to contractors and ex-gratia payment to workers, aimed at mitigating the impact of COVID 19 during the outbreak in June 2022.

However, spending in recurring general social service expenditures such as births, deaths, back to school allowances and pensions are largely within budget as expected, except for Disability Allowances which is way above the quarterly benchmark. At this rate of utilization, Disability allowance subhead will need to be supplemented to ensure no disruptions in payouts to beneficiaries.

Spending on Scholarships has also exceeded the quarterly benchmark, as expected due to the seasonal nature of payments of tuition and boarding fees for students studying in Australia aligned with school terms.

Table 20 Social Benefits Q3 2022-23

Description	2021-22	2022-23	2022-23	2022-23	2022-23	2022-23	Actual as	2022-23
	Preliminary Actual	Approved Budget	2022-23 Supp Bills	2022-23 ISHT	Revised Budget	2022-23 YTD Actual	% of Budget	Remaining Budget
	\$	\$	\$	\$	\$	\$	%	\$
2220 - Nauru Community Housing	32,250,000	9,445,000	2,000,000	2,310	11,447,310	11,444,975	100%	2,335
2390 - Social Welfare - Birth Claims	192,000	192,000	0	0	192,000	106,100	55%	85,900
2395 - Social Welfare - Death Claims	283,000	283,000	0	0	283,000	76,000	27%	207,000
2396 - Back to School Support	739,800	739,800	0	0	739,800	517,900	70%	221,900
2400 - Social Services - Aged Pensions	3,249,840	3,808,840	579,800	0	4,388,640	2,961,765	67%	1,426,875
2405 - Social Services - Super Contributors	100,000	100,000	0	0	100,000	54,618	55%	45,382
2420 - Social Services - Disability Payments	1,811,160	1,681,160	369,200	0	2,050,360	1,926,850	94%	123,510
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	2,680,800	96%	99,800
2440 - Scholarships - School & Trade	3,260,881	3,197,819	0	0	3,197,819	2,646,398	83%	551,421
Total Social Benefits	44,638,981	21,382,919	4,884,300	102,310	26,369,529	23,605,407	90%	2,764,122

OTHER

Expenditure in this Other category is slightly lesser than expected as shown in Table 21. This can be attributed to a delay in posting bank charges and account keeping fees incurred on the various government bank accounts.

Table 21 Other Q3 2022-23

Description	2021-22	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23
	Preliminary Actual	Approved Budget	Supp Bills	ISHT	Revised Budget	2022-23 YTD Actual	% of Budget	Remaining Budget
	\$	\$	\$	\$	\$	\$	%	\$
2565 - Insurance	509,486	576,608	0	105,249	681,857	456,123	67%	225,734
2570 - Bank Charges	63,558	76,817	0	1,991	78,808	40,569	51%	38,239
2690 - Foreign exchange gains/losses	104,169	55,375	0	-18,858	36,517	1,053	3%	35,464
Total Other	677,213	708,800	0	88,382	797,182	497,745	62%	299,437

NON-EXPENSE ITEMS

Expenditure in the Non-Expense items category has not changed since Quarter 2, see Table 22 below. While non new expenditures have been incurred during this quarter, it is anticipated that provisions in the Trust Fund and the Fiscal Cash Buffer will be fully drawn down before the end of the financial year, specifically in Quarter 4. The remaining balance of \$6.3m in the Trust Fund will be used to pre-pay part of Nauru's contributions for the new fiscal year, 2023-24.

In respect to the balance under the Fiscal Cash Buffer, it is anticipated that this provision will be reallocated via ISHTs to fund expenditure commitments across departments especially those relating to Travel as well as other commitments that may arise during the final quarter.

The Debt repayments-other category includes 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. Currently, \$5.3 million out of the \$5.8 million allocated for RONWAN capital redistribution has been utilised. The remaining balance is expected to be utilised in the remaining months once the accounts details of account holders have been confirmed.

Table 22 Non-Expense Items Q3 2022-23

Description	2021-22	2022-23	2022-23	2022-23	2022-23	2022-23	Actual as	2022-23
	Preliminary Actual	Approved Budget	Supp Bills	ISHT	Revised Budget	2022-23 YTD Actual	% of Budget	Remaining Budget
	\$	\$	\$	\$	\$	\$	%	\$
2545 - Debt Repayments - Other	16,037,498	8,799,436	327,656	0	9,127,092	5,299,883	58%	3,827,209
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	-12,818,000	2,670,977	0	0%	2,670,977
2680 - BON Liquidation- Payment	5,851,178	1,000,000	0	150,000	1,150,000	1,149,711	100%	289
Total Non-expense items	48,709,978	31,840,998	18,418,079	-12,668,000	37,591,077	24,259,131	65%	13,331,946

GOVERNMENT OPERATIONS

In terms of Government Operations, the overall expenditure 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 exceeded the budget, with utilization rates above the 80% level. The reasons for high utilization vary for each line, and include the seasonal nature of payouts, timing of commitments timing and strategic stock management.

On the other hand, there is significant underspending in other lines with rates of utilization below 60%. The lower-than-expected spending can be attributable to the seasonal nature of commitments,

procurement delays and change of priorities. Underspending can also be a result of expenditures being based on need, such as funding allocations for statutory expenditure lines like Contingency and Deportee removal.

Table 23 Government Operations Q3 2022-23

Description	2021-22	2022-23	2022-23 Supp Bills	2022-23 ISHT	2022-23	2022-23 YTD Actual	2022-23	2022-23 Remaining Budget
	Preliminary	Approved			Revised		Actual as	
	Actual	Budget			Budget		% of	
	\$	\$	\$	\$	\$	\$	%	\$
2030 - Salaries - Other Contracts	32,895,612	29,512,050	2,700,745	-580,304	31,632,491	24,971,342	79%	6,661,150
2055 - Consultants fees	3,485,482	3,846,046	994,540	-1,043,241	3,797,345	2,068,647	54%	1,728,697
2060 - Legal Fees - External	265,920	550,000	0	0	550,000	164,322	30%	385,678
2100 - Entertainment	1,327,343	1,111,509	114,000	-2,365	1,223,144	832,016	68%	391,128
2105 - Official Celebrations	1,066,593	1,405,586	216,800	-179,900	1,442,486	1,287,144	89%	155,343
2110 - Protocol	13,000	123,500	82,175	-60,000	145,675	60,737	42%	84,938
2130 - Printing & Stationery	993,257	961,133	14,500	27,315	1,002,948	436,673	44%	566,275
2132 - TVET Supplies	155,000	170,200	0	0	170,200	105,564	62%	64,636
2135 - Stores	627,751	613,001	37,783	70,970	721,754	306,146	42%	415,608
2136 - Museum Artefacts	4,000	4,000	0	450	4,450	4,450	100%	0
2155 - House Rental	11,013,772	12,322,757	0	-972,753	11,350,004	7,748,699	68%	3,601,305
2160 - Land Rental	8,459,829	7,474,572	658,081	0	8,132,653	7,090,404	87%	1,042,249
2165 - Office Rental	1,090,953	1,056,056	0	-16,692	1,039,365	814,877	78%	224,488
2185 - R&M - Buildings	2,266,374	1,471,895	507,000	-266,262	1,712,633	1,004,744	59%	707,889
2190 - R&M - Office Equipment	212,783	234,425	10,000	697,937	942,362	771,789	82%	170,573
2191 - R&M Medical Equipment	43,600	100,000	0	0	100,000	91,679	92%	8,321
2195 - R&M - Office Premises	27,353	18,353	0	0	18,353	4,212	23%	14,141
2200 - R&M - Motor Vehicles	846,021	924,807	0	-62,299	862,508	423,644	49%	438,864
2205 - R&M - Plant	2,936,456	1,634,293	10,000	797	1,645,090	1,530,839	93%	114,251
2210 - R&M - Aerodrome	60,000	60,000	5,000	0	65,000	36,940	57%	28,060
2225 - Agricultural Supplies	69,300	61,000	9,000	-9,000	61,000	34,939	57%	26,061
2230 - Publicity and Awareness	133,860	128,473	6,800	5,200	140,473	54,071	38%	86,402
2275 - Purchase of Petrol	720,647	853,216	52,600	11,562	917,378	479,446	52%	437,932
2280 - Purchase of Diesel	820,628	947,619	0	-15,000	932,619	582,011	62%	350,608
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	38,950	5,551,392	3,446,053	62%	2,105,339
2330 - Telephone / Internet	3,133,038	2,911,220	91,640	-53,556	2,949,304	2,464,555	84%	484,749
2350 - Freight	3,106,900	2,657,214	1,052,360	150,000	3,859,574	2,901,432	75%	958,142
2370 - Membership Fees & Subscriptions	719,277	1,135,771	0	-133,335	1,002,436	736,869	74%	265,568
2372 - Nauru Radio Supplies	10,300	10,300	0	-200	10,100	5,567	55%	4,533
2373 - Media TV Supplies	9,300	52,375	70,000	90,500	212,875	199,062	94%	13,812
2375 - ICT Supplies	52,146	52,146	0	-17,400	34,746	23,112	67%	11,634
2460 - Medical Expenses	85,695	83,849	0	3,714	87,563	35,991	41%	51,571
2461 - Primary Health Care Services	127,400	259,000	0	0	259,000	101,079	39%	157,921
2462 - NCD Control & Health Promotion	43,600	43,600	0	0	43,600	10,100	23%	33,500
2463 - Environmental Health and Food safety	6,124	20,000	0	0	20,000	2,566	13%	17,434
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	966,573	88%	133,427
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	22,398	6%	327,602
2471 - Medical Consumable	684,530	500,000	200,000	-200,000	500,000	412,992	83%	87,008
2472 - Laboratory supplies	300,000	352,000	150,000	1,450,000	1,952,000	1,397,874	72%	554,126
2473 - Radiology Supplies	6,200	25,000	0	0	25,000	23,617	94%	1,383
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	10,675,404	85%	1,924,596
2560 - Educational Expenses - Special	220,979	195,808	0	15,078	210,886	143,296	68%	67,590
2575 - Local Transport	2,545,606	2,163,293	115,000	183,894	2,462,187	1,982,741	81%	479,446
2585 - Rations	4,224,187	2,278,832	0	-82,582	2,196,250	1,885,807	86%	310,443
2590 - Correctional Services Supplies	7,531	10,000	0	0	10,000	9,999	100%	1
2600 - Postage	32,956	18,021	0	1,847	19,867	11,412	57%	8,456
2605 - Library/Periodicals	92,250	5,000	0	0	5,000	0	0%	5,000
2610 - Survey Supplies	4,500	275,500	0	-29,131	246,369	1,500	1%	244,869
2611 - Children Education Toys and Learning Suppli	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	1,960,120	74%	699,318
2620 - Lease & Charter Payments	63,676	56,438	0	-3,247	53,191	44,497	84%	8,694
2625 - Family Court Expenses	3,300	4,800	0	1,600	6,400	5,200	81%	1,200
2630 - Safe House	92,061	196,660	0	-13,530	183,130	111,925	61%	71,205
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	1,294	6%	18,706
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
Total Government Operations	107,806,885	91,990,504	17,008,660	9,017	109,008,181	81,050,864	74%	27,957,317

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, Emergency, Climate Change, Police, Multicultural Affairs, Suva, New York, Disability, and ICT.

The overspending can be attributed to the seasonal nature of significant expenditure measures in these departments. Another reason for high expenditure utilization could be due to incorrect forecasting and projections or purely unforeseen circumstances where the department ends up spending more than anticipated.

Two departments namely India and Land Management have exceeded their annual budget limits. While the overspending of the India budget is due to incorrect forecasting and projections, the cause of overspending in Lands Management is a result of salary posting errors. Finance is working with HR payroll to adjust these errors, to be reflected in the next quarter report. As for the Nauru High Commission in India, there is an expectation of new bilateral funding from the Government of India, which will be used to adjust their excessive spending and bring it back in line with the Treasury fund budget limits.

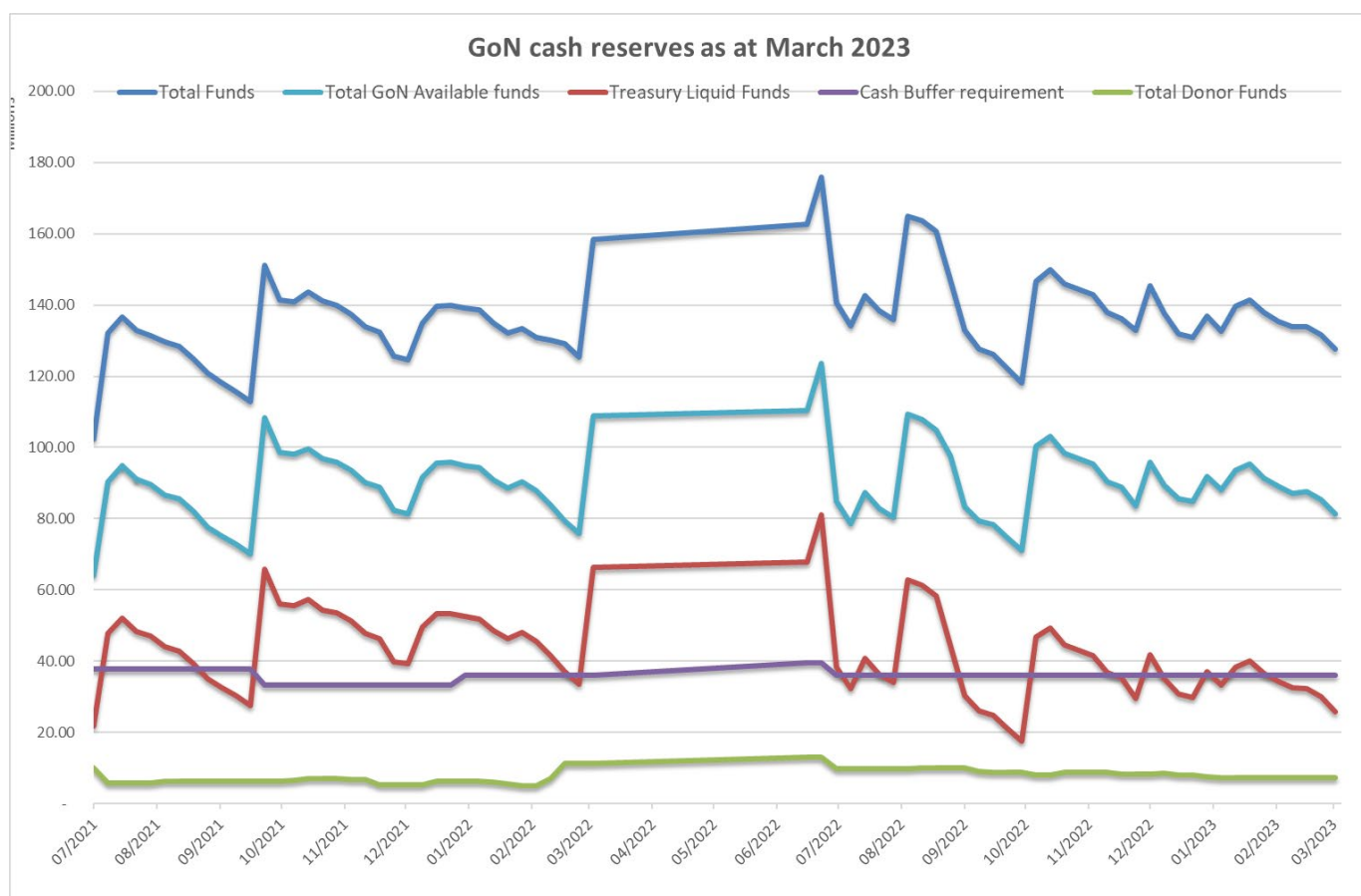
Table 24 Expenditure by Department Q3 2022-23

Description	2021-22	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23
	Preliminary Actual	Approved Budget	Supp Bills	ISHT	Revised Budget	2022-23 Actual	Actual as % of Budget	Remaining Budget
	\$	\$	\$	\$	\$	\$	%	\$
01 - Presidency and State House (includi	3,189,144	3,727,757	1,625,636	0	5,353,393	4,831,859	90%	521,534
02 - Ministerial	36,502,052	14,805,943	4,444,497	0	19,250,440	18,227,235	95%	1,023,204
03 - Chief Secretariat	18,001,965	20,135,093	126,147	0	20,261,240	14,458,873	71%	5,802,367
05 - Audit	265,375	468,772	73,163	0	541,935	291,841	54%	250,095
06 - Parliament	0	-0	0	0	-0	0	0%	0
08 - National Emergency Services	1,876,167	2,082,189	170,514	0	2,252,703	1,847,296	82%	405,407
09 - Electoral Commission	503,501	594,527	100,000	0	694,527	531,714	77%	162,813
11 - Finance Secretariat	2,557,824	2,472,289	350,092	0	2,822,381	1,867,296	66%	955,085
12 - Finance -Public Debt	0	18,982,665	0	0	18,982,665	4,405,920	23%	14,576,745
13 - Bureau of Statistics	153,637	169,973	15,902	0	185,875	91,489	49%	94,386
15 - Nauru Revenue Office	443,158	548,771	36,583	0	585,354	391,828	67%	193,526
16 - Finance - Other Payments	96,940,040	70,624,076	25,148,779	0	95,772,855	73,285,939	77%	22,486,916
17 - Nauru Customs Office (NCO)	1,108,974	911,756	44,017	0	955,773	571,442	60%	384,331
18 - Nauru Regional Processing Centre (1,077,353	1,866,238	0	0	1,866,238	1,275,330	68%	590,908
21 - CIE	898,392	1,239,042	237,567	0	1,476,609	988,234	67%	488,375
22 - Climate Change	1,387,759	2,337,626	258,467	0	2,596,093	2,418,362	93%	177,731
31 - Fisheries	3,432,537	2,843,106	376,770	0	3,219,876	2,235,429	69%	984,447
41 - Police	5,990,360	5,030,328	681,862	0	5,712,190	5,443,801	95%	268,389
42 - Dept of Multi Cultural Affairs	36,740,408	19,139,362	3,973,669	0	23,113,031	18,579,067	80%	4,533,964
43 - Justice - Secretariat	3,498,880	4,082,967	72,698	0	4,155,665	2,636,640	63%	1,519,024
44 - Judiciary	2,102,722	1,924,531	497,644	0	2,422,175	1,867,537	77%	554,639
45 - Border Control	707,516	764,133	54,357	0	818,490	538,149	66%	280,341
46 - Correctional Services	965,342	1,116,862	206,209	0	1,323,071	972,478	74%	350,593
50 - Directorate of TVET	644,381	844,686	40,650	0	885,336	508,976	57%	376,360
51 - Education	12,549,374	12,872,319	432,332	0	13,304,651	9,212,763	69%	4,091,889
52 - Youth Affairs	201,597	332,393	16,948	0	349,341	217,600	62%	131,741
60 - COVID-19 task force	10,085,399	11,312,440	0	0	11,312,440	6,393,943	57%	4,918,497
61 - Health	26,426,231	18,102,101	11,764,634	0	29,866,735	22,111,214	74%	7,755,521
62 - Sports	2,079,638	1,633,958	80,733	0	1,714,691	1,201,156	70%	513,535
63 - Department of Infrastructure Devel	4,340,633	3,975,732	349,940	0	4,325,672	3,429,620	79%	896,052
71 - Foreign Affairs - Secretariat	1,273,783	1,712,441	136,240	0	1,848,681	1,429,189	77%	419,492
72 - Foreign Affairs - Brisbane	504,188	916,858	200,001	0	1,116,859	816,908	73%	299,951
73 - Foreign Affairs - Suva	270,077	707,200	0	0	707,200	626,349	89%	80,851
74 - Foreign Affairs - New York	1,564,317	2,357,590	0	0	2,357,590	1,998,993	85%	358,597
75 - Foreign Affairs - Taiwan	509,174	602,432	142,024	0	744,456	439,330	59%	305,126
76 - Foreign Affairs- Geneva	368,663	616,183	0	0	616,183	446,693	72%	169,491
77 - High Commission India	205,102	1,295,526	0	0	1,295,526	1,389,313	107%	93,787
78 - High Commission Canberra	276,673	971,354	910,000	0	1,881,354	1,638,782	87%	242,572
81 - Home Affairs	4,223,185	4,142,958	263,331	0	4,406,289	3,364,752	76%	1,041,537
82 - Women's Affairs	1,077,038	1,375,476	41,491	0	1,416,967	919,833	65%	497,134
83 - Media Bureau	700,120	829,229	243,182	0	1,072,411	807,858	75%	264,553
84 - Lands & Survey	5,483,093	6,003,609	30,447	0	6,034,056	5,253,285	87%	780,771
85 - Lands Committee	401,669	322,164	29,918	0	352,082	257,595	73%	94,487
86 - Department of Land Management	172,952	105,376	30,832	0	136,208	182,042	134%	45,834
87 - Disability Department	164,087	485,147	10,498	0	495,645	455,259	92%	40,386
91 - Department of Transport	2,538,014	2,777,032	338,966	0	3,115,998	2,120,212	68%	995,786
95 - ICT	2,735,753	2,492,757	68,932	0	2,561,689	2,106,638	82%	455,051
97 - Telecom	60,364	125,000	6,990	0	131,990	23,790	18%	108,200
Total Expenditure	297,198,609	252,779,965	53,632,662	0	306,412,627	225,109,847	73%	81,302,780

CASH POSITION

By the end of the end of the quarter, the total funds held by the Government both cash and in the bank 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 26 December 2022; this will be adjusted in Quarter 4 to comply with the Government’s established fiscal rules on cash holdings.

Figure 6 GoN Cash reserves Q3 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.