



REPUBLIC OF NAURU

SUPPLEMENTARY ESTIMATES OF EXPENDITURE 2023-24

5 April 2024

**CIRCULATED BY
HIS EXCELLENCY THE HONOURABLE DAVID ADEANG, MP
PRESIDENT AND MINISTER FOR FINANCE AND SUSTAINABLE
DEVELOPMENT**

SUPPLEMENTARY APPROPRIATION No.2 2023-24

OVERVIEW

The Supplementary Appropriation Bill (No.2) 2023-24 recognise a net increase in government revenue estimates by \$24.9 million, and \$24.8 million in expenditures, resulting in a surplus balance of \$0.2 million dollars.

The supplementary will brings the total expected revenue for 2023-24 to \$318 million with \$317.5 million appropriated for expenditure, leaving a year-end surplus balance of \$0.4 million.

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

- Adjustments in revenue due to additional foreign aid
- A mid-year revenue review that reflects better than expected taxation collections, alongside reductions to Fisheries estimates caused by lower demand for purse seine fishing days
- New spending decisions made since the supplementary budget was approved in December 2023

Table 1: Budget Aggregates (\$)

| | 2023-24 Original Budget | 2023-24 Supp App 1 | 2023-24 Supp App 2 | 2023-24 Revised YTD |
|--------------------|-------------------------|--------------------|--------------------|---------------------|
| Revenue | 278,637,509 | 14,400,923 | 24,939,321 | 317,977,752 |
| Expenditure | 278,422,918 | 14,348,996 | 24,769,786 | 317,541,700 |
| Balance | 214,591 | 51,927 | 169,535 | 436,053 |

REVENUES

The Bill recognises the following changes to revenue:

| 12 - Finance Public Debt | |
|---------------------------------|---------------------|
| 2023-24 Supplementary 2 | |
| 1902 - EXIM NAC Loan Proceeds | (16,207,451) |
| Total impact on budget | (16,207,451) |

The tranche 2 loan funds from EXIM Bank, initially earmarked for the purchase of the second NAC passenger aircraft is unlikely to be received, due to the change in our political recognition to China.

| 15 - Nauru Revenue Office | |
|--|-------------------|
| 2023-24 Supplementary 2 | |
| 1590 - Employment/Non Resident Withholding Tax | 8,381,080 |
| 1591 - Business Profit Tax | 12,012,390 |
| Total impact on budget | 20,393,471 |

\$20.4 million in additional tax revenue is recognised based on favourable collections in the year to date, driven by better-than-expected RPC activities.

| | |
|--------------------------------|-------------------|
| 16 - Finance Other | |
| 2023-24 Supplementary 2 | |
| 1660 - General Budget Support | (6,791,471) |
| 1660 - General Budget Support | 30,075,188 |
| Total impact on budget | 23,283,717 |

There is a net revenue adjustment of \$23.3 million under Finance Other - General Budget Support. This adjustment includes an increase of \$30 million to account for new budget support funds and a decrease of \$6.8 million to reflect the non-receipt of grant from Taipei Province of China that remain undrawn at the time of our diplomatic transition. This reduction consists of \$5 million in budget support and 1.7 in repayment financing support for the Nauru Airlines and Ronphos Equipment loans.

| | |
|---|--------------------|
| 31 - Fisheries | |
| 2023-24 Supplementary 2 | |
| 1072 - Purse Seine Revenue - Fishing Days | (2,530,415) |
| Total impact on budget | (2,530,415) |

An adjustment to Fisheries purse seine fishing days is necessary to account for unsold fishing days, reflecting lower demand than expected, which is partly attributed to El Nino effects.

EXPENDITURES

The following expenditure is appropriated.

Expenditure Increases

| | |
|-------------------------------------|----------------|
| 01 - Presidency | |
| 2023-24 Supplementary 2 | |
| 2075 - Travel Business | 200,000 |
| 2105 - Official Celebrations | 75,000 |
| 2185 - R&M Building | 250,000 |
| 2495 - Plant and Equipment purchase | 40,000 |
| Total impact on budget | 565,000 |

\$0.6 million is allocated to the Presidency Department to cover cost of additional travel, official celebration for Constitution Day, purchase of a new vehicle and office maintenance.

| 02 - Ministerial | |
|--------------------------------|------------------|
| 2023-24 Supplementary 2 | |
| 207 - Travel Business | 200,000 |
| 2100 - Entertainment | 50,000 |
| 2617 - Donations Local | 5,500,000 |
| Total impact on budget | 5,750,000 |

\$0.3 million is allocated to Ministerial to cover travel and entertainment for the rest of the financial year. \$5.5 million has also been allocated for additional local donations, supporting community developments.

| 09 - Electoral | |
|-------------------------------------|----------------|
| 2023-24 Supplementary 2 | |
| 2495 - Plant and Equipment Purchase | 65,000 |
| 2185 - R&M Building | 59,750 |
| Total impact on budget | 124,750 |

0.1 million is allocated to Electoral Office for replacement of an aged vehicle and for essential office repairs, as part of preparatory work for the upcoming elections.

| 16- Finance Other | |
|--------------------------------|-------------------|
| 2023-24 Supplementary 2 | |
| 2650 - Trust Fund | 2,518,871 |
| 2619- Grants to SoEs | 2,888,325 |
| 2802 - Loans to SoEs | 250,000 |
| 2040 - Training | 3,400,000 |
| 2652 - Fiscal Cash Buffer | 1,948,000 |
| Total impact on budget | 11,005,196 |

\$11 million is allocated to Finance Other and comprises of:

- \$2.5 million for prepayment of next year`s trust fund contributions, accounting for 10.1% of net revenue from this supplementary
- \$5.1 million in Grants directed to SoEs, including \$1.2 million to ESC in response to the increased RPC activity following arrival of new refugees, \$0.9 million to Eigigu Supermarket for working capital support and another \$0.8 million to Nauru Post to address past debts, urgent repairs, and vehicle replacement.
- \$0.3 million loan to Nauru Post to assist in establishing a new warehouse in Brisbane
- \$3.4 million to fund the continuation of Alternative Pathway program training, covering tuition fees, travel and accommodation for trainers, and student allowances
- \$1.9 million is reserved for the Fiscal Cash Buffer to cover urgent and unavoidable expenditure measures for the remainder of the financial year

22 - DCCNR

| 2023-24 Supplementary 2 | |
|--------------------------------|----------------|
| 2496 - Building and Structure | 551,000 |
| Total impact on budget | 551,000 |

\$0.6 million is allocated to the Department of Climate Change and Resilience for the remaining engineering work for Portion 230, as part of the Higher Ground Initiative Project.

| 46 - Corrections | |
|--------------------------------|---------------|
| 2023-24 Supplementary 2 | |
| 2015 - Salary Local | 84,116 |
| 2585 - Rations | 15,000 |
| Total impact on budget | 99,116 |

0.1 million is allocated to Correctional Services to fund an increase in staff costs and provision for inmates' rations.

| 51 - Education | |
|-------------------------------------|----------------|
| 2023-24 Supplementary 2 | |
| 2495 - Plant and Equipment Purchase | 360,000 |
| 2496 - Building and Structure | 316,302 |
| Total impact on budget | 676,302 |

\$0.4 million is allocated to Department of Education to acquire 8 vehicles for directors and managers. A further \$0.3 million has been allocated for a new Education conference room and essential renovations to school buildings, supporting improved educational and learning outcomes.

| 61 - Department of Health | |
|----------------------------------|------------------|
| 2023-24 Supplementary 2 | |
| 2475 - OMR | 1,000,000 |
| 2315 - Utilities | 250,000 |
| Total impact on budget | 1,250,000 |

\$1.3 is allocated to Department of Health for additional OMR and utilities costs for the remainder of this financial year.

| 62 - Department of Sports | |
|---------------------------------------|------------------|
| 2023-24 Supplementary 2 | |
| 2496 - Building and Structure | 2,680,002 |
| 2621 - Grants to Sporting Federations | 261,150 |
| Total impact on budget | 2,941,152 |

\$2.7 million is allocated to Department of Sports to pay NRC for completed works relating to the Micronesian Games field and track stadium – including road access and

site development. A further \$0.3 million has been allocated for return charter flights for the upcoming Micronesian Games in Majuro in June.

| | |
|--|--------------------------------|
| 63 - Department of Infrastructure | |
| | 2023-24 Supplementary 2 |
| 2496 - Building and Structure | 286,607 |
| Total impact on budget | 286,607 |

\$0.3 million is allocated to Department of Infrastructure, to pay NRC for completed emergency seawall works earlier this calendar year.

| | |
|---|--------------------------------|
| 71 - Department of Foreign Affairs and Trade | |
| | 2023-24 Supplementary 2 |
| 2370 - Membership Fees | 84,041 |
| Total impact on budget | 84,041 |

\$84 thousand is allocated to Department of Foreign Affairs and Trade to account for Commonwealth Secretariat membership fees, which were not included in the initial budget but are now due for payment.

| | |
|-------------------------------------|--------------------------------|
| 73 - Suva High Commission | |
| | 2023-24 Supplementary 2 |
| 2495 - Plant and Equipment Purchase | 63,897 |
| Total impact on budget | 63,897 |

\$64 thousand is allocated to Suva High Commission to fund the purchase of a new vehicle for the High Commissioner.

| | |
|-------------------------------|--------------------------------|
| 74 - New York Mission | |
| | 2023-24 Supplementary 2 |
| 2040 - Training | 106,101 |
| Total impact on budget | 106,101 |

\$106 thousand is allocated to the New York Office to extend the secondment of the NORI legal officer by 6 months.

| | |
|---|--------------------------------|
| 82 - WASDA | |
| | 2023-24 Supplementary 2 |
| <i>Project - Micronesian Minister for Women's Conference (MMWC24)</i> | |
| 2075 - Travel Business | 210,576 |
| 2100 - Entertainment | 69,000 |
| 2230 - Publicity and Awareness | 50,000 |
| 2130 - Printing and Stationery | 20,000 |
| 2330 - Telephone and Internet | 5,000 |
| 2035 - Overtime | 20,000 |
| Total Increase | 374,576 |

\$0.4 million is allocated to WASDA to fund the hosting of the Micronesian Minister for Women`s meeting in Nauru later this month.

| | |
|--------------------------------|---------------|
| 83 - Media | |
| 2023-24 Supplementary 2 | |
| 2495- Plant and Equipment | 35,901 |
| Total impact on budget | 35,901 |

\$36 thousand is allocated to Media Department for a new satellite dish and receiver to enhance broadcasting coverage

| | |
|--------------------------------|----------------|
| 84 - Lands and Survey | |
| 2023-24 Supplementary 2 | |
| 2230 - Publicity and Awareness | 84,200 |
| 2075 - Travel Business | 25,469 |
| Total impact on budget | 109,669 |

\$0.1 million is allocated to Lands and Survey department to support staff travel expenses and to cover costs related to negotiations and meetings with landowners in Location concerning the proposed Location development project.

| | |
|-------------------------------------|---------------|
| 91 -Transport | |
| 2023-24 Supplementary 2 | |
| 2035 - Overtime | 13,000 |
| 2495 - Plant and Equipment Purchase | 40,978 |
| Total impact on budget | 53,978 |

\$54 thousand is allocated to Transport department for additional overtime and various essential purchases.

| | |
|--------------------------------|----------------|
| 95 - ICT | |
| 2023-24 Supplementary 2 | |
| 2330 - Telephone and Internet | 692,500 |
| Total impact on budget | 692,500 |

\$0.7 million is allocated to ICT department for increased internet and mobile charges.

Table 2: 2023-24 Supplementary Appropriation No.2 – Revenues

| Description | 2023-24 Original Budget | Supp App 1 | Supp App 2 | 2023-24 Revised Budget |
|--|-------------------------|-------------------|-------------------|------------------------|
| 03 - Chief Secretary Office | 40,527 | - | | 40,527 |
| 09 - Electoral Commission | 84,280 | - | | 84,280 |
| 12 - Finance -Public Debt | 16,207,451 | - | (16,207,451) | - |
| 15 - Nauru Revenue Office | 10,000,000 | - | 20,393,471 | 30,393,471 |
| 16 - Finance - Other Payments | 13,888,908 | 13,585,688 | 23,283,717 | 50,758,313 |
| 17 - Nauru Customs Office (NCO) | 18,805,413 | - | | 18,805,413 |
| 21 - Environment Management & Agriculture (DEMA) | - | - | | - |
| 31 - Fisheries | 54,530,000 | - | (2,530,415) | 51,999,585 |
| 41 - Police | 162,564 | - | | 162,564 |
| 42 - Multi Cultural Affairs | 160,000,000 | 815,235 | | 160,815,235 |
| 43 - Justice - Secretariat | 888,692 | | | 888,692 |
| 44 - Judiciary | 43,944 | - | | 43,944 |
| 45 - Border Control | 1,549,359 | - | | 1,549,359 |
| 46 - Correctional Services | 1,860 | - | | 1,860 |
| 50 - TVET | 11,412 | - | | 11,412 |
| 61 - Health | 104,923 | - | | 104,923 |
| 83 - Media Bureau | 3,456 | - | | 3,456 |
| 84 - Lands & Survey | 15,840 | - | | 15,840 |
| 85 - Lands Committee | 2,000 | - | | 2,000 |
| 91 - Transport | 2,287,340 | | | 2,287,340 |
| 95 - ICT | 9,540 | | | 9,540 |
| TOTAL | 278,637,509 | 14,400,923 | 24,939,321 | 317,977,753 |

Table 3: 2023-24 Supplementary Appropriation No.2 – Expenditures

| Description | 2023-24 Original Budget | Supp App 1 | Supp App 2 | 2023-24 Revised Budget |
|---|-------------------------|-------------------|-------------------|------------------------|
| 01 - Presidency and State House (including GIO) | 3,222,966 | 2,412,024 | 565,000 | 6,199,990 |
| 02 - Ministerial | 7,296,348 | 7,419,145 | 5,750,000 | 20,465,493 |
| 03 - Chief Secretary Office | 21,452,636 | | | 21,452,636 |
| 05 - Audit | 533,198 | | | 533,198 |
| 08 - National Emergency Services | 2,303,293 | | | 2,303,293 |
| 09 - Electoral Commission | 444,304 | 18,773 | 124,750 | 587,827 |
| 11 - Finance Secretariat | 3,324,056 | 643,786 | | 3,967,842 |
| 12 - Finance -Public Debt | 20,572,177 | | - | 20,572,177 |
| 13 - Bureau of Statistics | 271,759 | | | 271,759 |
| 15 - Nauru Revenue Office | 565,098 | | | 565,098 |
| 16 - Finance - Other Payments | 89,673,486 | (1,901,984) | 11,005,196 | 98,776,698 |
| 17 - Nauru Customs Office (NCO) | 966,465 | 72,980 | | 1,039,445 |
| 18 - Nauru Regional Processing Centre (NRPCC) | 845,807 | | | 845,807 |
| 21 - Environment Management & Agriculture (DEMA) | 1,255,272 | | | 1,255,272 |
| 22 - Climate Change & Resilience | 4,138,681 | - | 551,000 | 4,689,681 |
| 31 - Fisheries | 3,573,473 | | | 3,573,473 |
| 41 - Police | 6,511,925 | 271,439 | | 6,783,363 |
| 42 - Multi Cultural Affairs | 17,667,506 | 815,235 | | 18,482,741 |
| 43 - Justice - Secretariat | 3,817,668 | | | 3,817,668 |
| 44 - Judiciary | 1,572,684 | | - | 1,572,684 |
| 45 - Border Control | 1,726,665 | 124,000 | | 1,850,665 |
| 46 - Correctional Services | 1,178,604 | | 99,116 | 1,277,720 |
| 50 - TVET | 1,105,465 | | | 1,105,465 |
| 51 - Education | 16,735,833 | | 676,302 | 17,412,135 |
| 52 - Youth Affairs | 521,291 | | | 521,291 |
| 60 - COVID-19 task force | - | | | - |
| 61 - Health | 20,833,752 | 1,000,000 | 1,250,000 | 23,083,752 |
| 62 - Sports | 2,268,368 | | 2,941,152 | 5,209,519 |
| 63 - Infrastructure Development | 12,031,279 | 495,000 | 286,607 | 12,812,886 |
| 71 - Foreign Affairs - Secretariat | 1,713,990 | | 84,041 | 1,798,031 |
| 72 - Foreign Affairs - Brisbane | 1,155,186 | | | 1,155,186 |
| 73 - Foreign Affairs - Suva | 802,731 | 64,607 | 63,897 | 931,236 |
| 74 - Foreign Affairs - New York | 2,470,514 | 229,456 | 106,101 | 2,806,071 |
| 75 - Foreign Affairs - Taiwan | 788,231 | | | 788,231 |
| 76 - Foreign Affairs- Geneva | 616,183 | 1,000,000 | | 1,616,183 |
| 77 - High Commission India | 1,466,350 | - | | 1,466,350 |
| 78 - High Commission Canberra | 2,421,858 | | | 2,421,858 |
| 81 - Internal Affairs | 4,212,473 | | | 4,212,473 |
| 82 - Women and Social Development Affairs (WASDA) | 1,691,108 | 1,377,773 | 374,576 | 3,443,457 |
| 83 - Media Bureau | 1,114,609 | 39,261 | 35,901 | 1,189,771 |
| 84 - Lands & Survey | 6,510,094 | 67,500 | 109,669 | 6,687,263 |
| 85 - Lands Committee | 362,344 | | | 362,344 |
| 86 - Land Management | 100,376 | | | 100,376 |
| 87 - People Living with Disability (PLD) | 712,682 | | | 712,682 |
| 91 - Transport | 3,225,493 | 200,000 | 53,978 | 3,479,471 |
| 95 - ICT | 2,577,796 | | 692,500 | 3,270,296 |
| 97 - Telecom | 70,842 | | | 70,842 |
| TOTAL | 278,422,918 | 14,348,996 | 24,769,786 | 317,541,700 |