



REPUBLIC OF NAURU

SUPPLEMENTARY ESTIMATES OF EXPENDITURE 2012-13

9 OCTOBER 2012

CIRCULATED BY
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SUPPLEMENTARY APPROPRIATION 2012-13

OVERVIEW

The *Supplementary Appropriation Bill (No. 1) 2012-13* makes a number of adjustments to the 2012-13 Budget estimates of expenditure to provide for events which were unanticipated at the time the 2012-13 Budget as well as other items which were not included in the Budget bills for various reasons. Due to the Government's fiscal objectives to maintain a small budget surplus, this statement also identifies additional revenues which were not anticipated at the time of the 2012-13 Budget (mainly resulting from the establishment and operation of the Regional Processing Centre).

The total expenditure in this Supplementary Budget amounts to \$5,088,574. Over half of this amount is accounted for under two items:

- \$1,662,000 for fuel including diesel, petrol and JetA1; and
- \$1,000,000 for public servants' pending salaries.

Revenues are also forecast to increase by \$7,997,000 with the largest item being \$6,320,000 for visa fees for asylum seekers arriving in Nauru.

The combination of this, including the opening cash balance at the start of the financial year, is a considerable improvement in the budget balance from a small surplus of \$25,842 at the time of the 2012-13 Budget to a surplus of \$2.9 million. Details are in Table 1.

Table 1: 2012-13 Domestic Budget Aggregates ('000)

	2012-13 Budget	2012-13 Revised Budget*	Variance to revised Budget
Revenue	52,786.9	60,783.9	7,997.0
Expenditure	57,101.6	62,190.2	5,088.6
Budget Balance	-4,314.7	-1,406.3	2,908.4
Cash Balance 30th June 2012	4,340.6	4,340.6	0.0
Net Surplus / (Deficit)	25.8	2,934.3	2,908.4

* Revised 2012-13 Budget includes *Supplementary Appropriation Act (No. 1) 2012-13*.

DOMESTIC EXPENDITURES

Head 02 – Ministerial – (Legal Expenses)

Impact on budget balance (\$)

	2012-13
Legal Expenses	80,750
Total Impact on Budget	80,750

The Government has allocated an additional \$80,750 to fund the increased legal expenses which have arisen in relation to establishing the Regional Processing Centre.

Head 02 – Ministerial – (Ministerial Travel)*Impact on budget balance (\$)*

	2012-13
Ministerial Travel	50,000
Total Impact on Budget	50,000

The Government has allocated an additional \$50,000 to the Ministerial travel allocation to fund the increased overseas travel commitments by Nauruan Ministers.

Head 03 – Chief Secretary – Secretariat – (Expatriate Housing)*Impact on budget balance (\$)*

	2012-13
Expatriate Housing	500,000
Total Impact on Budget	500,000

The Government has allocated an additional \$500,000 for expatriate accommodation. This is to provide funds to renovate 10 houses for expatriate workers so as to partially alleviate the housing crisis which is currently in Nauru.

Head 12 – Finance – Public Debt – (Partial repayment of Pending Salaries)*Impact on budget balance (\$)*

	2012-13
Partial repayment of Pending Salaries	1,000,000
Total Impact on Budget	1,000,000

The Government has allocated an additional \$1 million for the partial repayment of public servants' pending salaries. Details on this program will be announced later in 2012-13.

Head 12 – Finance – Public Debt – (UNESCO Acquittal and Land Rental Owing)*Impact on budget balance (\$)*

	2012-13
UNESCO acquittal	51,308
Outstanding land rentals	15,048
Total Impact on Budget	66,356

The Government has allocated under Public Debts \$51,308 to pay for acquittals for UNESCO projects that were not completed in the 2008-09 financial year. This payment will allow Nauru to access new funds for new projects from UNESCO, which over time, will be of greater value to Nauru.

A further \$15,048 is allocated under Public Debt to pay for outstanding land rentals at the Taiwan Farm, in Buada District. The farm land is part of the Agricultural Development Program under the Department of Commerce, Industry and Environment, which is undertaken with technical assistance provided by Taiwan.

Head 16 – Other Payments – Finance – (Purchase of Fuels)

Impact on budget balance (\$)

	2012-13
Purchase of Fuels	1,662,000
Total Impact on Budget	1,662,000

The Government has allocated an additional \$1,662,000 for fuel purchases including 615 metric tonnes of diesel and 460 metric tonnes of JetA1 and 310 metric tonnes of petrol. This additional fuel requirement is largely a result of increased demand for all fuels from the Regional Processing Centre and associated activities.

Head 43 – Justice Secretariat – (Court case settlement)

Impact on budget balance (\$)

	2012-13
Court case settlement	630,000
Total Impact on Budget	630,000

Government has allocated an additional \$630,000 to the Department of Justice for legal expenses to cover for settlement costs (of \$480,000) as well as legal expenses (of \$150,000) of a court case that was made against the Republic. It was essential to resolve the case early to ensure that Government was not subjected to larger legal costs that would have been required if Government pursued the case, and minimise further, the risk of the Government being exposed to a larger claim, should the claimants succeed in court.

Head 43 – Justice Secretariat – (Recruitment of Public Prosecutor)

Impact on budget balance (\$)

	2012-13
Recruitment of Public Prosecutor	65,400
Total Impact on Budget	65,400

The Government has allocated \$65,400 for the recruitment of a Public Prosecutor for the Office of the Director of Public Prosecutions (ODPP). The project has some urgency as the contract of the incumbent DPP is approaching its final year and the ability to capacity build has been hampered initially by the lack of qualified locals and then subsequently inability to retain qualified local staff after they have been appointed.

Head 43 – Justice Secretariat – (Recruitment of Principal Legal Officer)

Impact on budget balance (\$)

	2012-13
Recruitment of Principal Legal Officer	30,000
Total Impact on Budget	30,000

The Government has provisioned \$30,000 for the recruitment of an expatriate lawyer for the department of justice to work in both the Office of Public Defender and Secretariat. The department is undermanned and cannot meet its daily requests for assistance.

Head 43 – Justice Secretariat – (Solicitor General – logistics expenses)

Impact on budget balance (\$)

	2012-13
Solicitor General – logistics expenses	5,000
Total Impact on Budget	5,000

The Government has allocated \$5,000 to provide funds for logistical expenses (particularly in relation to travel) for the Solicitor General.

Head 43 – Justice Secretariat – (Internet access)

Impact on budget balance (\$)

	2012-13
Internet access	1,080
Total Impact on Budget	1,080

The Government has allocated \$1,080 to provide internet access to the Secretary of Justice. This is required so as to enable the download of large legal documents.

Head 46 – Correctional Services – (Prisons Court Order)

Impact on budget balance (\$)

	2012-13
Prisons Court Order	15,000
Total Impact on Budget	15,000

The Government has allocated an additional \$15,000 for Salaries for Correctional Services. This provision is to replenish funds that were made to a former Correctional staff member, who was incorrectly released without cause in 2009. The former staff has therefore been compensated accordingly.

Head 61 – Health – (Overseas Medical Referrals)

Impact on budget balance (\$)

	2012-13
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Overseas Medical Referrals	300,000
Total Impact on Budget	300,000

The Government has allocated an additional \$300,000 for the Overseas Medical Referral program. This increase aims to support more Nauruans in need of special medical services which are not available in Nauru.

Head 61 – Health – (Vehicle)

Impact on budget balance (\$)

	2012-13
Vehicle	15,000
Total Impact on Budget	15,000

The Government has allocated an additional \$15,000 for a vehicle to cater for the Taiwan and Cuban Medical Teams vehicle requirement as per the memorandum of understanding.

Head 61 – Health – (Stores)

Impact on budget balance (\$)

	2012-13
Stores	5,000
Total Impact on Budget	5,000

The Government has allocated an additional \$5,000 for various health stores items.

Head 73 – Foreign Affairs – Suva – (Third Secretary)

Impact on budget balance (\$)

	2012-13
Third Secretary – Redesignation of the Welfare Officer position	53,500
Total Impact on Budget	53,500

The Government has allocated an additional \$53,500 to the Nauru High Commission Office in Suva Fiji for a Third Secretary which is a redesignation of the Welfare Officer position. The Third Secretary is responsible for the general welfare of Nauruan nationals in Fiji, including students and those on medical referral, as well as assisting in the general operations of the Nauru High Commission Office.

Head 73 – Foreign Affairs – Suva – (Salaries – Expatriates)

Impact on budget balance (\$)

	2012-13
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Salaries – Expatriates	8,000
Total Impact on Budget	8,000

The Government has allocated a salary increase amounting to \$8,000 for the expatriate staff at the Nauru High Commission Office in Suva, Fiji. This increase is needed to attract capable and competent staff as well as retain them.

Head 73 – Foreign Affairs – Suva – (Staff Travel)

Impact on budget balance (\$)

	2012-13
Staff - Travel	8,000
Total Impact on Budget	8,000

The Government has allocated \$8,000 for staff travel at the Nauru High Commission Office in Suva, Fiji. This increase is to fund return travel requirements by the High Commissioner and First Secretary, as required by their contracts.

Head 74 – Foreign Affairs – New York – (Chair of the Alliance of Small Island States)

Impact on budget balance (\$)

	2012-13
Chair of Alliance of Small Island States	500,000
Total Impact on Budget	500,000

In 2012 Nauru became the Chair of the Alliance of Small Island States (AOSIS). This amount covers costs for staffing, political outreach, scientific advice, climate change negotiations support and training.

Head 74 – Foreign Affairs – New York – (Clothing Allowance)

Impact on budget balance (\$)

	2012-13
Clothing Allowance	2,000
Total Impact on Budget	2,000

The clothing allowance for \$2,000 is necessary for the Permanent Representative to the United Nations in New York to have the appropriate clothing, footwear and accessories to carry out her official duties.

Head 94 – Directorate of Civil Aviation – (UPS for Flight Information Centre)

Impact on budget balance (\$)

	2012-13
UPS for Flight Information Centre	32,500
Total Impact on Budget	32,500

The Government has allocated \$32,500 for the procurement and installation of a UPS system for the airport Flight Information Centre. An operating UPS system for the FIC is a minimum safety and security measure that must be met according to international standards.

Head 94 – Directorate of Civil Aviation – (X-Ray Imaging Identification Training)

Impact on budget balance (\$)

	2012-13
X-Ray Imaging Identification Training	25,000
Total Impact on Budget	25,000

The instalment of X-Ray Imaging machines at the airport has required suitable training for airport staff. Proper training will allow the staff to fully utilize the X-Ray machines and it is further required by the incoming arrivals of refugees. The total amount required for this training is \$25,000.

Head 95 – Department of Telecommunications – (Establishment of Department)

Impact on budget balance (\$)

	2012-13
Establishment of Department	33,988
Total Impact on Budget	33,988

The Government has decided to provide greater resources in the area of Telecommunications in Nauru through the creation of a dedicated Department of Telecommunications. This new Department will subsume the existing responsibilities of ICT and will focus on further improving telecommunications services in Nauru. Funding covers the establishment of the department and includes salary and other ancillary costs such as stationary, travel, etc.

DOMESTIC REVENUES**Head 16 – Other Payments – Finance – (Fuel Sales – Various)***Impact on budget balance (\$)*

	2012-13
Diesel Sales	84,000
Petrol sales	447,000
Jet A1 sales	234,000
Total Impact on Budget	681,000

The Government has decided to purchase additional fuel: 800 metric tonnes of diesel, 300 metric tonnes of JetA1 and 300 metric tonnes of petrol (see corresponding expenditure item above). This revenue results from selling the fuel to retailers, corporations and airlines.

Head 16 – Other Payments – Finance – (Customs Duty – Fuels)*Impact on budget balance (\$)*

	2012-13
Customs Duty – Petrol	36,000
Customs Duty – Diesel	72,000
Total Impact on Budget	108,000

The Government has decided to purchase additional fuel: 615 metric tonnes of diesel, 460 metric tonnes of JetA1 and 310 metric tonnes of petrol (see corresponding expenditure item above). Consistent with Government policy, both diesel and petrol are subject to 60 cents per litre customs duty.

Head 45 – Border Control – (Customs Duty – Machinery & Other)*Impact on budget balance (\$)*

	2012-13
Customs Duty – Machinery & Other	559,000
Total Impact on Budget	559,000

As a result of the establishment and operation of the Regional Processing Centre (RPC) and a general increase in economic activity in Nauru there is expected to be an increase in imports of machinery and general goods. Consistent with Government policy these will be subject to customs duties.

Head 45 – Border Control – (Visa Fees)*Impact on budget balance (\$)*

	2012-13
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Visa Fees	6,320,000
Total Impact on Budget	6,320,000

As a result of the establishment and operation of the RPC, asylum seekers are now starting to arrive into Nauru. The Government has introduced a RPC visa of \$3,000 per quarter and this revenue assumes an occupancy rate of 500 residents in the camp from November 2012.

Head 61 – Health – (Medical Services)

Impact on budget balance (\$)

	2012-13
Medical Services	15,000
Total Impact on Budget	15,000

As a result of the establishment and operation of the RPC, revenue from charging medical services will increase.

Head 93 – Maritime Transport – (Port Fees)

Impact on budget balance (\$)

	2012-13
Port Fees	73,000
Total Impact on Budget	73,000

The increase of cargo into Nauru as a result of the RPC and the general rise in economic activity on the Island is expected to result in an increase in port fees to Maritime Transport.

Head 94 – Directorate of Civil Aviation – (Aviation Revenues – Various)

Impact on budget balance (\$)

	2012-13
Passenger Levies	45,000
Departure Tax	36,000
Air Navigation Fees	60,000
Landing Fees	100,000
Total Impact on Budget	241,000

The increased aviation activity at the Nauru International Airport will attract increased revenues from landing fees, air navigation fees, departure tax and passenger levies.

Table 2: 2011-12 Supplementary Appropriation – Revenue

2012-13 Revenue	Description	Head	2012-13 Supplementary Revenue 1	Revised 2012-13 Revenue
	Presidency & State House (incl GIO)	1		\$ -
	Ministerial	2		\$ -
\$ 38,059	Chief Secretariat - Secretariat	3		\$ 38,059
\$ 66,220	Post & Philately	4		\$ 66,220
	Audit	5		\$ -
	Parliament	6		\$ -
\$ 1,944,020	GoN Warehouse	7		\$ 1,944,020
\$ 44,000	Finance - Secretariat	11		\$ 44,000
\$ 3,119,728	Finance - Public Debt	12		\$ 3,119,728
	Bureau of Statistics	13		\$ -
\$ 5,396,255	National Revenue Office	15		\$ 5,396,255
\$ 23,709,316	Other Payments - Finance	16	\$ 789,000	\$ 24,498,316
\$ 127,750	Commerce, Industry & Environment	21		\$ 127,750
\$ 9,656,347	Fisheries - (NFMRA)	31		\$ 9,656,347
\$ 6,500	Police	41		\$ 6,500
\$ 70,600	Justice Secretariat	43		\$ 70,600
\$ 12,000	Judiciary	44		\$ 12,000
\$ 5,793,155	Border Control	45	\$ 6,879,000	\$ 12,672,155
	Correctional Services	46		\$ -
\$ 78,747	Education	51		\$ 78,747
	Youth Affairs	52		\$ -
\$ 26,700	Health	61	\$ 15,000	\$ 41,700
\$ 2,500	Sports	62		\$ 2,500
	Foreign Affairs - Secretariat	71		\$ -
	Foreign Affairs - Brisbane	72		\$ -
	Foreign Affairs - Suva	73		\$ -
	Foreign Affairs - New York	74		\$ -
	Foreign Affairs - Taiwan	75		\$ -
	Home Affairs & Culture	81		\$ -
	Women's Affairs	82		\$ -
\$ 50,000	Media Bureau	83		\$ 50,000
\$ 720	Lands & Survey	84		\$ 720
\$ 2,000	Lands Committee	85		\$ 2,000
	Transport - Secretariat	91		\$ -
\$ 3,000	Lands Transport	92		\$ 3,000
\$ 731,634	Maritime Transport	93	\$ 73,000	\$ 804,634
\$ 1,121,880	Directorate of Civil Aviation - DCA	94	\$ 241,000	\$ 1,362,880
\$ 785,744	Department of Telecommunication	95		\$ 785,744
	Fire & Rescue	96		\$ -
\$ 52,786,875	Total		\$ 7,997,000	\$ 60,783,875

Table 3: 2011-12 Supplementary Appropriation – Expenditure

Approved 2012-13 Appropriation	Description	Head	2012-13 Supplementary Appropriation 1	Revised 2012-13 Appropriation
\$ 657,583	Presidency & State House (incl GIO)	1		\$ 657,583
\$ 588,519	Ministerial	2	\$ 130,750	\$ 719,269
\$ 5,113,591	Chief Secretariat - Secretariat	3	\$ 500,000	\$ 5,613,591
\$ 118,279	Post & Philately	4		\$ 118,279
\$ 151,465	Audit	5		\$ 151,465
\$ 1,029,836	Parliament	6		\$ 1,029,836
\$ 2,013,612	GoN Warehouse	7		\$ 2,013,612
\$ 409,142	Finance - Secretariat	11		\$ 409,142
\$ 7,995,942	Finance - Public Debt	12	\$ 1,066,356	\$ 9,062,298
\$ 69,033	Bureau of Statistics	13		\$ 69,033
\$ 185,275	National Revenue Office	15		\$ 185,275
\$ 17,410,847	Other Payments - Finance	16	\$ 1,662,000	\$ 19,072,847
\$ 448,966	Commerce, Industry & Environment	21		\$ 448,966
\$ 1,121,800	Fisheries - (NFMRA)	31		\$ 1,121,800
\$ 962,340	Police	41		\$ 962,340
\$ 438,403	Justice Secretariat	43	\$ 731,480	\$ 1,169,883
\$ 279,830	Judiciary	44		\$ 279,830
\$ 192,004	Border Control	45		\$ 192,004
\$ 425,395	Correctional Services	46	\$ 15,000	\$ 440,395
\$ 3,989,269	Education	51		\$ 3,989,269
\$ 120,973	Youth Affairs	52		\$ 120,973
\$ 4,043,800	Health	61	\$ 320,000	\$ 4,363,800
\$ 709,109	Sports	62		\$ 709,109
\$ 412,949	Foreign Affairs - Secretariat	71		\$ 412,949
\$ 619,215	Foreign Affairs - Brisbane	72		\$ 619,215
\$ 206,399	Foreign Affairs - Suva	73	\$ 69,500	\$ 275,899
\$ 756,912	Foreign Affairs - New York	74	\$ 502,000	\$ 1,258,912
\$ 203,757	Foreign Affairs - Taiwan	75		\$ 203,757
\$ 86,405	Home Affairs & Culture	81		\$ 86,405
\$ 66,265	Women's Affairs	82		\$ 66,265
\$ 329,371	Media Bureau	83		\$ 329,371
\$ 1,618,632	Lands & Survey	84		\$ 1,618,632
\$ 153,868	Lands Committee	85		\$ 153,868
\$ 68,829	Transport - Secretariat	91		\$ 68,829
\$ 1,188,439	Lands Transport	92		\$ 1,188,439
\$ 924,235	Maritime Transport	93		\$ 924,235
\$ 871,433	Directorate of Civil Aviation - DCA	94	\$ 57,500	\$ 928,933
\$ 782,657	Department of Telecommunications	95	\$ 33,988	\$ 816,645
\$ 337,225	Fire & Rescue	96		\$ 337,225
\$ 57,101,604	Total		\$ 5,088,574	\$ 62,190,178