



# REPUBLIC OF NAURU

## SUPPLEMENTARY ESTIMATES OF EXPENDITURE 2011-12

JUNE 2012

CIRCULATED BY  
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## Supplementary Expenditure 2011-12

The Fourth Supplementary Appropriation Bill makes a number of adjustments to the 2011-12 Budget estimates of expenditure to provide for events which were unanticipated at the time the 2011-12 Budget and the First, Second and Third Supplementary Appropriation 2011-12 were considered by Parliament.

### Domestic Revenues

#### Head 31 - Fisheries – (Fishing Licenses Revenue)

*Impact on budget balance (\$)*

Various Fisheries Revenue Accounts	2011-12
Fishing License Revenue	3,645,564
<b>Total Impact on Budget</b>	<b>3,645,564</b>

*A negative "Impact on Budget" indicates a net increase in government expenditures.*

*Description*

The Government through Nauru Fisheries and Marine Resources Authority (NFMRA) have received further additional revenue to the order of \$3.6 million, following the supplementary fisheries revenue of \$2.3 million provided for in the Supplementary Appropriation (No. 2) approved in December 2011. The income from fisheries fees have increased by \$2.3 million from an approved budget of \$5.2 million to \$7.5 million. However the actual total fisheries license revenues collected to-date in fisheries license fees has totalled \$11.2 million, which is a doubling of the original approved budget.

This very good performance in fisheries license revenue is the culmination of several years work, particularly the implementation of the Vessel Day Scheme (VDS), the improvements in tuna fisheries monitoring, control and surveillance management, and effective negotiations with stakeholder groups such as the PNA, FFA, SPC and WCPFC for the improvements in the application of a common set of regional fisheries management standards.

#### Head 16 – Finance-Other - (Fuel Sales)

*Impact on budget balance (\$)*

Various Fuel Revenue Accounts	2011-12
Fuel Sales Account	958,192
<b>Total Impact on Budget</b>	<b>958,192</b>

*A negative "Impact on Budget" indicates a net increase in government expenditures.*

*Description*

There has been an increase in fuel sales given the increased economic activity on the island. The Department of Finance has received an additional \$958,192 in fuel revenue compared to what was estimated in the 2011-12 approved budget.

## Head 94 - Department of Civil Aviation – (Civil Aviation Revenues)

*Impact on budget balance (\$)*

Various Civil Aviation Revenue Accounts	2011-12
Miscellaneous Revenue	28,152
<b>Total Impact on Budget</b>	<b>28,152</b>

*A negative "Impact on Budget" indicates a net increase in government expenditures.*

*Description*

An increase in upper air space revenue, together with increases in other civil aviation fees including passenger levy and departure taxes have contributed to a higher than budgeted revenue for the Department of Civil Aviation this year.

## Maritime – Head 93 (Port Fees)

*Impact on budget balance (\$)*

Account 1400	2011-12
Port Fees	118,173
<b>Total Impact on Budget</b>	<b>118,173</b>

*A negative "Impact on Budget" indicates a net increase in government expenditures.*

*Description*

Given the increase in Ports activity mainly due to increased number of phosphate shipments, along with additional ship arrivals from Fiji, the Ports Fees revenue received to date have exceeded the original provision in the Budget 2011-12 by \$118,173.

## Domestic Expenditures

### Finance – Public Debts – Head 12 (Pending Salaries for the Aged & Disabled)

*Impact on budget balance (\$)*

Account 2515	2011-12
Public Debts	-409,434
<b>Total Impact on Budget</b>	<b>-409,434</b>

*A negative "Impact on Budget" indicates a net increase in government expenditures.*

*Description*

The Government has agreed to provide further partial payment of pending salaries for the Aged and Disabled beneficiaries based on the formula of a lump sum amount of \$1,000 plus 10% of the remaining balance of the pending salaries for each beneficiary. Those with less than \$1,000 in their pending balance outstanding are paid their full entitlement. This requires a total budget of \$409,434.

## Finance – Public Debts – Head 12 (Nauruan Pending Salaries)

*Impact on budget balance (\$)*

Account 2515	2011-12
Public Debts	-1,550,300
<b>Total Impact on Budget</b>	<b>-1,550,300</b>

*A negative "Impact on Budget" indicates a net increase in government expenditures.*

*Description*

The Government has further agreed to a second partial payout for Nauruans with outstanding pending salaries based on the formula of a lump sum amount of \$200 plus 4% of the remaining pending balance for each beneficiary. Individuals with less than \$200 outstanding are paid in full their remaining balance. This requires a total budget of \$1,505,300.

## Various Departments – (Increase in Salary by 10%)

*Impact on budget balance (\$)*

Various Local Salaries Accounts	2011-12
Salaries - Local	-422,833
<b>Total Impact on Budget</b>	<b>-422,833</b>

*A negative "Impact on Budget" indicates a net increase in government expenditures.*

*Description*

Government agreed in May 2012 for an increase of the salary rates for the Public Service by 10%, with retrospective effect to 15 November 2011. This includes only Nauruan public servants at the standard local salary rates, and excludes public servants who are on contract. This has required an additional amount of \$422,833 to cater for the increase between 15 November 2011 through to the end of the financial year, which in total equates to 16 fortnightly pays.

## Head 1 & 2 – Presidency & Ministerial (Travel Business)

*Impact on budget balance (\$)*

Account 2075	2011-12
Presidency – Travel Business	-240,000
Ministerial – Travel Business	-150,000
<b>Total Impact on Budget</b>	<b>-390,000</b>

*A negative "Impact on Budget" indicates a net increase in government expenditures.*

*Description*

The Government is requiring additional funds for the travel of His Excellency the President of Nauru, with an additional requirement of \$240,000. As Nauru is the Chair for the AOSIS, Nauru currently carries heavy responsibility to take leadership in representing the smaller island states interests globally in furthering the issue of Climate Change and Sustainable Development. This additional provision will ensure that the President, his delegation and Members of Parliament are

able to participate in important international meetings overseas, representing the interests of Nauru and as well as of the region.

Government is also requiring additional funds for the travel requirements of Ministers by an additional \$150,000. The Government has been undertaking a number of new initiatives which required consultations and meetings overseas, necessarily increasing travel requirements of Ministers. The additional funding will support the Government carry out its important responsibilities overseas as required through to the remainder of the financial year.

### **Finance – Other – Head 16 (Bulk Fuel Procurement)**

*Impact on budget balance (\$)*

Accounts 2275 & 2280	2011-12
Fuel – Petrol	-\$1,169,095
Fuel - Diesel	-\$488,298
<b>Total Impact on Budget</b>	<b>-1,657,393</b>

*A negative "Impact on Budget" indicates a net increase in government expenditures.*

*Description*

The Government has agreed to provide additional funding of \$1,657,393 to support the bulk procurement of fuel. This fuel supply of 930MT of diesel and 350MT of petrol was required as an interim fuel supply arrangement while the contract agreement with the new operator of the tank farm was still being negotiated. This interim fuel supply would enable sufficient fuel supply for Nauru to last until mid-July 2012 by which time the new operator would have commenced.

### **Finance – Other – Head 16 (Church Donations)**

*Impact on budget balance (\$)*

Account 2615	2011-12
Subsidies & Donations Account	-12,500
<b>Total Impact on Budget</b>	<b>-12,500</b>

*A negative "Impact on Budget" indicates a net increase in government expenditures.*

*Description*

The Government has agreed to provide all church groups with \$500 each in April 2012 in commemoration of the Easter celebrations. A total of 25 church groups were provided with the donation, requiring an additional total amount of \$12,500 in the subsidies account. The Government has made this donation in recognition and appreciation of the important contribution churches play not only in caring for the spiritual growth of individuals but also in terms of the social and welfare development of the communities they serve.

**Chief Secretary – Head 3 (Statehouse)***Impact on budget balance (\$)*

Account 2670	2011-12
Development Fund	-115,709
<b>Total Impact on Budget</b>	<b>-115,709</b>

*A negative "Impact on Budget" indicates a net increase in government expenditures.*

*Description*

The Government has agreed to provide a budget of \$115,709 to settle outstanding payment to the contractor in relation to the Statehouse project. This amount is required for payment due to the contractor for outstanding refurbishment works carried out initially by the contractor. The Government has decided not to continue with the completion of the remaining unfinished refurbishment works on the Statehouse project.

An amount of \$325,000 was initially approved under the Development Fund Annual Projections for 2011-12 for the Statehouse project with a view that funding for the project would be sourced from Taiwan. However, due to ongoing delays in project implementation, no funding proposal or funding commitment has been negotiated with Taiwan to this time. As a result, this outstanding payment due the contractor needs to be included in this Supplementary Appropriation.

**Department of ICT – Head 49 (Telephone & Internet)***Impact on budget balance (\$)*

Account 2330	2011-12
Telephone & Internet	-99,200
<b>Total Impact on Budget</b>	<b>-99,200</b>

*A negative "Impact on Budget" indicates a net increase in government expenditures.*

*Description*

The Government has agreed to provide an additional \$99,200 to the Department of Information, Communication & Technology (ICT) for increased telecommunication and Internet fees. There has been an increase usage of telephones and internet by the Government for its business transactions beyond the approved budget allocations.

**Home Affairs – Head 81 (Special Projects)***Impact on budget balance (\$)*

Account 2235	2011-12
Special Project	-45,551
<b>Total Impact on Budget</b>	<b>-45,551</b>

*A negative "Impact on Budget" indicates a net increase in government expenditures.*

*Description*

The Government has agreed to provide support to Nauru's representation at the Pacific Festival of Arts in the Solomon Islands in July 2012. The Government has agreed to share the costs of the return charter flight to Honiara, requiring a total of \$45,551.

### **Overall Impact on Budget**

The total expenditure in this Supplementary Budget covering the proposed activities amounts to \$4,702,920. There is actual additional revenue of \$4,750,081 collected in this year from Fisheries, Fuel Sales, Civil Aviation and Port Fees. This provides for a small surplus of \$47,161. The surplus after Supplementary Appropriation (No. 3) amounted to \$446,356. The revised whole of government budget position with this Supplementary Appropriation (No. 4) will provide for a surplus of \$493,517, excluding cash reserves of \$974,787 as at the start of the financial year. This Supplementary Appropriation therefore does not adversely affect the overall financial position of the Government.

2011-12 SUPPLEMENTARY APPROPRIATION - REVENUE				
Approved 2011-12 Appropriation	Description	Head	2011-12 Supplementary Appropriation 4	Revised 2011-12 Appropriation
\$ 9,721,725	Other Payments - Finance	16	\$ 958,192	\$ 10,679,917
\$ 7,556,483	Fisheries - (NFMRA)	31	\$ 3,645,564	\$ 11,202,047
\$ 629,109	Maritime Transport	93	\$ 118,173	\$ 747,282
\$ 920,480	Directorate of Civil Aviation - DCA	94	\$ 28,152	\$ 948,632
<b>\$ 18,827,797</b>	<b>Total</b>		<b>\$ 4,750,081</b>	<b>\$ 23,577,878</b>



Approved 2011-12 Appropriation	Description	Head	2011-12 Supplementary Appropriation 4	Revised 2011-12 Appropriation
\$ 620,152	Presidency & State House (incl GIO)	1	\$ 120,202	\$ 740,354
\$ 473,686	Ministerial	2	\$ 396,747	\$ 870,433
\$ 2,900,177	Chief Secretariat - Secretariat	3	\$ 24,556	\$ 2,924,733
\$ 133,460	Post & Philately	4	\$ 3,673	\$ 137,133
\$ 131,660	Audit	5	\$ 3,624	\$ 135,284
\$ 871,226	Parliament	6	\$ 12,214	\$ 883,440
\$ 1,592,026	GoN Warehouse	7	\$ 2,726	\$ 1,594,752
\$ 239,755	Finance - Secretariat	11	\$ 8,505	\$ 248,260
\$ 4,570,082	Finance - Public Debt	12	\$ 1,959,734	\$ 6,529,816
\$ 34,977	Bureau of Statistics	13	\$ 1,848	\$ 36,825
\$ 149,598	Nauru Revenue Office	15	\$ 4,234	\$ 153,832
\$ 6,514,215	Other Payments - Finance	16	\$ 1,669,893	\$ 8,184,108
\$ 308,225	Commerce, Industry & Environment	21	\$ 12,229	\$ 320,454
\$ 897,566	Fisheries - (NFMRA)	31	\$ 23,273	\$ 920,839
\$ 1,073,950	Police	41	\$ 44,750	\$ 1,118,700
\$ 389,367	Justice Secretariat	43	\$ 4,531	\$ 393,898
\$ 239,235	Judiciary	44	\$ 3,572	\$ 242,807
\$ 192,123	Border Control	45	\$ 9,108	\$ 201,231
\$ 341,285	Correctional Services	46	\$ 10,389	\$ 351,674
\$ 3,071,608	Education	51	\$ 85,857	\$ 3,157,465
\$ 98,254	Youth Affairs	52	\$ 2,661	\$ 100,915
\$ 3,381,634	Health	61	\$ 59,302	\$ 3,440,936
\$ 133,947	Sports	62	\$ 1,961	\$ 135,908
\$ 344,111	Foreign Affairs - Secretariat	71	\$ 5,776	\$ 349,887
\$ 60,459	Home Affairs & Culture	81	\$ 48,579	\$ 109,038
\$ 78,254	Women's Affairs	82	\$ 2,010	\$ 80,264
\$ 260,877	Media Bureau	83	\$ 9,528	\$ 270,405
\$ 1,728,257	Lands & Survey	84	\$ 9,364	\$ 1,737,621
\$ 171,435	Lands Committee	85	\$ 3,492	\$ 174,927
\$ 1,501,163	Transport - Secretariat	91	\$ 1,439	\$ 1,502,602
\$ 786,049	Lands Transport	92	\$ 9,433	\$ 795,482
\$ 815,096	Maritime Transport	93	\$ 21,281	\$ 836,377
\$ 853,321	Directorate of Civil Aviation	94	\$ 15,024	\$ 868,345
\$ 828,747	ICT	95	\$ 102,276	\$ 931,023
\$ 294,719	Fire & Rescue	96	\$ 9,129	\$ 303,848
<b>\$ 36,080,696</b>	<b>Total</b>		<b>\$ 4,702,920</b>	<b>\$ 40,783,616</b>