



REPUBLIC OF NAURU

SUPPLEMENTARY ESTIMATES OF EXPENDITURE 2011-12

FEBRUARY 2012

CIRCULATED BY
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Supplementary Expenditure 2011-12

The Third 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 and Second Supplementary Appropriation 2011-12 were considered by Parliament.

Domestic Revenues

Finance – Other – Head 16 (Residual Superannuation Fund)

Impact on budget balance (\$)

Account 1475	2011-12
Miscellaneous Revenue	1,119,728
Total Impact on Budget	1,119,728

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

Description

The residual from the Superannuation Fund is expected to be released by the liquidators before the end of the financial year. The residual will enable the Government to effect payment towards the former Superannuation members the funds they have contributed. [See matching Expense Item "Residual Superannuation Fund Payout"]

Finance – Other – Head 16 (Accountable Allowances)

Impact on budget balance (\$)

Account 1535	2011-12
Accountable Allowances	35,000
Total Impact on Budget	35,000

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

Description

With more than anticipated government officials on travel, requesting for accountable allowances, there is a need to add another \$35,000. As it is anticipated that government officials will repay accountable allowances on return from official travels, this additional \$35,000 is a matching revenue of the accountable allowances expense item. In effect, this has zero impact on the Government Budget [See relating Expense Item "Accountable Allowances"]

Transport Secretariat – Head 91 (Our Airline Repayment of Fund Support for C-Check)

Impact on budget balance (\$)

Account 1475	2011-12
Miscellaneous Revenue	1,416,886
Total Impact on Budget	1,416,886

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

Description

The cancellation of Our Airline's Norfolk Island Charter contract has resulted in Our Airline receiving compensation for the early termination. This has enabled Our Airline to reimburse the Government the equivalent amount advanced to Our Airline in December 2011 for the VH-INU C-Check. The amount received totals \$1,416,886 which is equivalent to the amount paid to Our Airline in December.

Domestic Expenditures

Finance – Public Debts – Head 12 (Pending Salaries – Aged and Disabled & Repatriation of Deceased)

Impact on budget balance (\$)

Account 2515	2011-12
Public Debts	-422,877
Total Impact on Budget	-422,877

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

Description

In February, the Government agreed to pay for pending salaries for the Aged and Disabled individuals, with the same amount of \$1,000 plus 10% of the remaining balance of the pending salaries of each individual. Those with less than \$1,000 in pending balance outstanding are paid their full entitlement. This required a total of \$405,177.

An additional \$17,700 is required as an advancement of pending salaries for the repatriation of Nauruans who died in Australia.

Finance – Public Debts – Head 12 (Residual Superannuation Fund Payout)

Impact on budget balance (\$)

Account 2515	2011-12
Public Debts	-1,215,738
Total Impact on Budget	-1,215,738

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

Description

Government has agreed to pay the Superannuation contributors the Super entitlements portion "A" of the contributions, which is a total of \$1,215,738. Although the expected receipt of Superannuation residual is \$1,119,728, which is \$96,010 short of the total owed, the Government has agreed to absorb the additional cost of \$96,010 in order to pay out in full the former Superannuation contributors.

Finance – Other – Head 16 (Bulk Purchase of Fuel)

Impact on budget balance (\$)

Various Accounts	2011-12
Fuel – Petrol	-241,883

Fuel – Diesel	-501,618
Fuel – JetA1	-237,736
Total Impact on Budget	-981,237

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

Description

In the 2011-12 Budget, Government expected to outsource the Tank Farm and provide funds as an electricity subsidy to the Utilities to assist with fuel purchase from the privatized Tank Farm. With the delay in the outsourcing of fuel procurement, Government continues to procure fuel, thus reallocating from the Subsidies account, but which is now fully utilized. With the increased costs of fuel procurement arrangements, and increases in fuel prices, an additional \$981,237 will be required.

Finance – Other – Head 16 (Increase of Welfare to Aged Pensioners and Disabled)

Impact on budget balance (\$)

Various Accounts	2011-12
Welfare – Aged	-184,725
Welfare - Disabled	-20,625
Total Impact on Budget	-205,350

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

Description

The Government has agreed to provide for increase in Welfare for both the aged and disabled persons in Nauru from \$75 to \$100 per person per fortnight. This required an additional \$102,825 for the aged pensioners and an additional \$20,625 for the disabled welfare program. Further, Government agreed in January that for the occasion of the 2012 Independence Day celebration, all aged pensioners are paid \$300 per person to commemorate the occasion. This necessitated an additional cost of \$81,900.

Finance – Other – Head 16 (Accountable Allowances and Additional Death Claims)

Impact on budget balance (\$)

Various Accounts	2011-12
Accountable Allowances	-35,000
Death Claims Benefit	-15,000
Total Impact on Budget	-50,000

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

Description

With more than anticipated Government officials on business travel and requiring accountable allowances, there is a need to add another \$35,000. As it is expected that Government officials will repay accountable allowances on return from official travels, there is a matching revenue of \$35,000. In effect, this has zero impact on the Government Budget [See relating Revenue Item "Accountable Allowances"]

Over the first half of the financial year, Government has made payments for the repatriation and funeral of the long serving former Clerk of Parliament. This necessitated an additional \$15,000 for the Death Claims Benefit fund.

Finance – Other – Head 16 (Disaster Fund Relief)

Impact on budget balance (\$)

Account 2615	2011-12
Subsidies & Donations	-20,000
Total Impact on Budget	-20,000

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

Description

In light of the devastating floods in Fiji in January this year, the Government agreed to extend its support to the Government of Fiji by donating \$20,000.

Justice Secretariat – Head 43 (Legal Fees and new Business Travel)

Impact on budget balance (\$)

Account 2075 & 2060	2011-12
Business Travel	-10,000
Legal Fees	-100,000
Total Impact on Budget	-110,000

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

Description

Due to unanticipated legal actions made against the Republic in the first half of the financial year, the Justice Secretariat will be requiring additional funds to support the legal expenses incurred, as well as the relating Business Travel expenses. Government has agreed to provide \$100,000 towards legal expenses and an additional \$10,000 to fund travel requirements for the legal team to travel to Canberra to attend court sessions.

Media – Head 83 (Special Projects)

Impact on budget balance (\$)

Account 2235	2011-12
Special Project	-8,455
Total Impact on Budget	-8,455

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

Description

The Media Bureau requires additional budget to fund a project on Media's broadcasting requirements. The project will support work on Nauru Television's production and presentation facilities, improving Nauru's television programs.

Overall Impact on Budget

The total expenditure in this Supplementary Budget covering these proposed activities amounts to \$3,013,665. There is additional revenue estimated at \$2,571,614 to be collected in this year in connection with the Superannuation Fund residual, Norfolk charter termination, and accountable allowances. Although in this particular Supplementary Budget, the supplementary revenue is not enough to cover the required supplementary expenses by \$442,041 the previous Supplementary Appropriation No. 1 and Supplementary Appropriation No. 2 combined provided additional revenue totalling \$4,059,924 for supplementary expenditure requirements of only \$2,273,248. This has provided for a significant supplementary surplus of \$1,786,676. This added surplus more than offsets the \$442,041 over-expenditure required for this Supplementary Appropriation No. 3. With this additional expenditure in this Supplementary Appropriation No.3 the whole of government budget position still provides for a surplus of \$446,356, excluding cash reserve of \$974,787 as at the start of the financial year.

2011-12 SUPPLEMENTARY APPROPRIATION - REVENUE				
Approved 2011-12 Appropriation	Description	Head	2011-12 Supplementary Appropriation 3	Revised 2011-12 Appropriation
\$ -	Finance - Public Debt	12	\$ 1,119,728	\$ 1,119,728
\$ 9,686,725	Other Payments - Finance	16	\$ 35,000	\$ 9,721,725
\$ -	Transport - Secretariat	91	\$ 1,416,886	\$ 1,416,886
\$ 9,686,725	Total		\$ 2,571,614	\$ 12,258,339

2011-12 SUPPLEMENTARY APPROPRIATION - EXPENSE				
Approved 2011-12 Appropriation	Description	Head	2011-12 Supplementary Appropriation 3	Revised 2011-12 Appropriation
\$ 2,931,468	Finance - Public Debt	12	\$ 1,638,614	\$ 4,570,082
\$ 5,257,629	Other Payments - Finance	16	\$ 1,256,586	\$ 6,514,215
\$ 279,367	Justice Secretariat	43	\$ 110,000	\$ 389,367
\$ 252,422	Media Bureau	83	\$ 8,455	\$ 260,877
\$ 8,720,886	Total		\$ 3,013,655	\$ 11,734,541