

SUPPLEMENTARY APPROPRIATION BILL (NO. 2) 2012-13

SECOND READING SPEECH

Hon. Roland Kun, MP

21 December 2012

Mr Speaker and Honourable Colleagues,

Today I table before Parliament the *Supplementary Appropriation Bill (No. 2) 2012-13*.

This second Supplementary Appropriation Bill for this financial year makes a number of further adjustments to the Budget estimates of expenditure for 2012-13 which results in an overall increase of expenditure of \$1,446,888. This additional funding is required primarily for a number of expenditure items which have recently arisen and were not anticipated at the time of the 2012-13 Budget, or the first *Supplementary Appropriation Bill* which I tabled in October this year.

As a result of this Supplementary Appropriation, there has been a decrease in the financial position of the Republic from a surplus of \$2.9 million as reported in the *Supplementary Appropriation Bill (no. 1)* to \$2.4 million.

Details of Additional Appropriation

Mr Speaker, I would now like to outline the details of the additional expenditure included in the *Supplementary Appropriation Bill (No. 2) 2012-13*. While in total there are ten new expenditure items contained in this Supplementary Appropriation, they are dominated by three large items.

The first of these is \$675,575 increase in operational costs for the Department of Justice and Border Control, which is requiring increased capacity to meet with expected increase in legal work due to the Regional Processing Centre (RPC) establishing on island;

The Government has also provided a \$300,000 loan to Eigigu Holdings Corporation to assist them with their venture with Australian Modular Homes to construct 70 new units to provide accommodation for expatriate workers at the Regional Processing Centre. Under the contract EHC has agreed to repay the

loan in six equal instalments of \$50,000 commencing January 2013 with the last payment before end of June 2013. Because of this, this proposal will have no impact on the budget balance.

There is also an additional \$191,420 required to cover for increased electricity costs across a number of departments.

Finally, there are a number of other items in the Supplementary Appropriation. These items are:

- **Judiciary (\$119,853).** Like the Department of Justice and Border Control, Judiciary is also required to add capacity to meet the expected increase in activity in the courts due to the establishment of RPC on island. In this regard, Judiciary will be requiring additional funding of \$119,853 across various accounts.
- **Blue Ocean Workshop (\$90,000).** The Government agreed to conduct the Blue Ocean Strategy Workshop for senior Government and State Owned Enterprise (SOE) officials. The workshop was successfully delivered by expert presenter's on-island in October this year.
- **ICT Relocation Scoping & Design (\$30,000)** The Government has agreed to the proposal to relocate the Department of Telecommunications and the ICT unit. The old RONTTEL site has been identified for this purpose. At this stage, funding of \$30,000 is provided to undertake scoping and design work for the relocation.
- **SPC Membership (\$18,000).** The Government has agreed to a repayment plan for outstanding membership balance which accrued in the previous years when Nauru was in a difficult financial situation. SPC has continued to support Nauru in a number of sectors through important technical assistance and also through direct project grants through the Government systems.
- **Vehicle & Stationery items for NRO (\$13,000).** The Nauru Revenue Office requires a new vehicle to undertake its work effectively, therefore funding of \$7,500 has been allocated accordingly. A further \$5,500 is allocated to fund procurement of important spare parts for the driver's license machine and other NRO-specific stationeries that are required for the control of cash internally.
- **Travel for CIE (\$7,500).** In 2011-12, the Department of CIE was required to send representation to an important Climate Change meeting at the IRENA. The travel request was unforeseen and was therefore not budgeted in the 2011-12 financial year. The travel cost remained outstanding with a travel agent and was only settled utilising 2012-13 budget funding in July 2012. This is now affecting the Department's 2012-13 approved travel

plans. A total of \$7,500 is required to add new funds, to ensure that the Department continues with its the planned travel commitments in the current financial year.

- **Sports (\$1,540).** The Department of Sports has recently made changes to the structure of the Australian Sports Commission funded EK Sports Project staff. All the EK project staffs were recently put on contract, and as such, required necessary payout of entitlements for the EK staff who were previously employed as Public Servants. A total funding of \$1,540 is now budgeted for this payment.

Details of Additional Revenues

Mr Speaker,

I would now like to explain further substantial increase in the Government's expected revenues, much of which drives from the expenditure items I have already talked about.

As I mentioned previously, so as to facilitate the construction of new accommodation units at the Menen Hotel, the Government has provided a loan to EHC of \$300,000. As part of the agreement EHC has agreed to repay the loan in \$50,000 monthly instalments with the first payment in January 2013 and the last payment no later than 30 June 2013.

The Government also received \$500,000 funding under the AusAID Performance Linked Aid (PLA) program in respect of Nauru's procurement reforms. This funding was paid into the Operational Account in June 2012, but was only transferred to the Treasury Fund in November 2012.

Finally, as Members are aware, in October the Government ran the very successful Blue Ocean Strategy Workshop. While the Government has funded this program, participating State Owned Enterprises have agreed to make a contribution to the cost. This is anticipated to raise \$70,000.

Mr. Speaker,

In conclusion,

The *Supplementary Appropriation Bill (No. 2) 2012-13* reflects additional important expenditures in areas which were unforeseen at the time of the 2012-13 Budget, or in the *Supplementary Appropriation Bill (No. 1) 2012-13* of October this year.

When combined with the further expected increase in revenue Nauru's budget position has reduced from the surplus of \$2.9 million to \$2.4 million, which is inclusive of the opening balance as at the beginning of the financial year.

Mr Speaker,

I commend the Bill to the House.

Thank you.