

SUPPLEMENTARY APPROPRIATION BILL (NO. 3) 2011-12

SECOND READING SPEECH

Hon. David Adeang, MP

23 February 2012

Mr Speaker and Honourable Colleagues,

Today I table before Parliament the *Supplementary Appropriation Bill (No. 3) 2011-12*.

This Supplementary Appropriation Bill makes some adjustments to the 2011-12 Budget estimates of expenditure which total \$3,013,655 to provide for events which were not anticipated at the time the 2011-12 Budget was approved by Parliament, and as well as in the last two Supplementary Appropriation Acts that have been approved by Parliament subsequent to the passage of the Budget in June 2011.

This additional expenditure will be more than offset by additional revenue estimated at \$2,571,614 to be collected in this financial year in connection with the payment of the Superannuation Fund residual funds and the Norfolk charter contract termination, and as well as surplus revenue arising from the last two supplementary appropriation budgets.

Although in this particular Supplementary Budget the supplementary revenue is short by \$442,041 in order to cover the required supplementary expenses, the previous Supplementary Appropriation No. 1 and Supplementary Appropriation No. 2 combined provided additional revenue totalling \$4,059,924 for total supplementary expenditure requirements of only \$2,273,248. This has provided for a significant supplementary surplus of \$1,786,676. This added surplus will more than offset the \$442,041 over-expenditure required for this Supplementary Appropriation No. 3. With this additional expenditure in this Supplementary Budget 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.

Mr Speaker,

In light of the above I am happy to report that the bottom line budget effect of this Supplementary Appropriation will not impact adversely on the overall budget.

I will now explain the requested appropriation.

Finance has the following nine requests for additional appropriation:

An amount of \$405,177 is needed to top-up the Pending Salaries budget. This is to allow for the partial payment of pending salaries to the Aged and Disabled beneficiaries. The Government has agreed to pay these beneficiaries the same amount of \$1,000 plus 10% of the remaining balance of their entitlements. Those with less than \$1,000 in outstanding balances are paid their full entitlement.

Second, an additional \$17,700 is required as an advancement of pending salaries to cover the costs for the repatriation of Nauruans who have died overseas and needed to be repatriated to Nauru.

Third, the Government has agreed to increase the welfare payments for the aged and disabled persons from \$75 to \$100 per person per fortnight. This required an additional \$102,825 for the aged benefit and an additional \$20,625 for the disabled.

Fourth, the Government has in January 2012 paid out to those aged 60 years and above an amount of \$300 per person in honour of the commemoration of Nauru Independence Day anniversary. This necessitated an additional cost of \$81,900.

Fifth, in anticipation of the receipt of the Superannuation Fund residual funds into the Treasury Fund expected to be \$1,119,728, the payout to the beneficiaries of their Superannuation contributions will need to be appropriated and, therefore the inclusion of this expenditure in this supplementary budget. However, since the residual funds are not sufficient to repay the total entitlements under the "A" account, which totals \$1,215,738 the shortfall of \$96,010 will be met by the Government and included in this supplementary budget.

Sixth, an additional amount of \$981,237 will be required to cover the cost of procuring fuel supply for Nauru. In this year's Budget, Government had planned for the fuel supply and the Tank Farm operation to have been privatised and therefore a budget provision in the form of an electricity subsidy to Utilities was included to assist with fuel purchase from the privatized Tank Farm operator. However, because of the delay in the outsourcing of fuel procurement, the Government will continue to procure fuel. For this fuel supply currently being procured this month, it has cost the Government a total amount of \$2,321,128. Because there is still a balance available in the Subsidies budget,

there is an additional amount of \$981,237 required to cover for the full cost of the fuel supply.

Seventh, an amount of \$15,000 is required for the Funeral Benefit budget to offset the cost incurred in the repatriation and funeral of the late Clerk to Parliament.

Eighth, an amount of \$35,000 is required for the Accountable Allowances budget to cater for an increase in officials undertaking business travel. Since this is an accountable grant and officials are required to repay the advance upon their return, there is effectively a zero impact on the overall budget.

Ninth, in recognition of the important bilateral relations between Nauru and Fiji and the benefits Nauru continues to enjoy from that relationship, the Government has made a cash donation of \$20,000 to the Government of Fiji disaster relief fund following the devastating floods in Fiji last month.

Justice has the following two requests for additional appropriation:

There have been ongoing legal matters and some unbudgeted for that have occurred in the first half of the financial year which has resulted in the budget under the Justice Secretariat for legal fees being exhausted. Therefore, an additional \$100,000 will be required to meet ongoing legal expenses for the remainder of the year.

An amount of \$10,000 is required for business travel to enable the legal officers in the Justice department to travel to Canberra to represent the Republic in the High Court sittings

Media has the following request for an additional appropriation:

The Media Bureau requires an additional budget of \$8,455 to complete a project on media broadcasting improvements. The project will support work on Nauru television production and presentation facilities designed to improve Nauru television and broadcasting programs.

Mr. Speaker,

The Supplementary Appropriation Bill while it represents a fairly significant amount of money it nonetheless needs to be spent. I trust that Members will appreciate that this additional expenditure has minimal effect on budget outcomes but is essential in the areas that require the additional appropriation.

Mr Speaker,

I therefore commend the Bill to the House.

Thank you.

