

SUPPLEMENTARY APPROPRIATION BILL (NO. 4) 2011-12

SECOND READING SPEECH

Hon. Roland Kun, MP

Minster for Finance

12 June 2012

Mr Speaker,

Today I table before Parliament the *Supplementary Appropriation Bill (No. 4) 2011-12*.

This Supplementary Appropriation Bill makes some adjustments to the 2011-12 Budget estimates of expenditure totalling \$4,702,920.

This additional expenditure will be offset by additional revenue of \$4,750,081 that has already been collected in this financial year, predominantly from fishing license fees, fuel sales, port fees and civil aviation fees.

The revised whole of government budget position inclusive of this Supplementary Appropriation No. 4 will provide for a projected overall surplus of \$493,517 at the end of this financial year.

Mr Speaker,

I am somewhat reluctant to introduce this Bill, which is based on decisions made by the former Cabinet. The current government however finds itself obliged to proceed with this supplementary appropriation for two main reasons. The first is that, contrary to Article 59, some of the expenditure for which approval is sought in this Supplementary Appropriation Bill has already been unlawfully expended without parliamentary approval. The second is that those funds which have not already been spent have been committed, and it would be undesirable for the Republic to renege on those commitments.

Finance has the following five items of additional appropriation:

An amount of \$409,434 has been committed to top-up the Pending Salaries budget to allow for the partial payment of pending salaries to the Aged and Disabled beneficiaries. These beneficiaries will receive a lump sum amount of \$1,000 plus 10% of the remaining balance of their entitlements.

Second, an additional \$1,505,300 is required to increase the Pending Salaries budget to enable for another partial payment for local pending salaries. 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.

Third, the previous Cabinet decided in May 2012 to increase salary rates for the Public Service by 10%, with retrospective effect to 15 November 2011. This pay rise applied only to

Nauruan public servants at the standard local salary rates, and excluded public servants who are on contract. This has necessitated 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.

Fourth, \$1,657,393 has already been unlawfully expended to support the bulk procurement of fuel.

Fifth, all church groups were provided 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.

Presidency and Ministerial have the following two requests for additional appropriation:

The Government is seeking additional funds of \$240,000 for the travel of His Excellency the President. 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 such important international meetings overseas, representing the interests of Nauru and as well as that of the region.

Government is also seeking additional funds of \$150,000 to cater for the travel requirements of Ministers. The provision for Ministerial travel is almost exhausted.

Chief Secretary has the following request for an additional appropriation:

The Government is seeking a budget of \$115,709 to settle outstanding payment due 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.

Information and Communication Technology has the following request for an additional appropriation:

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

Home Affairs has the following request for an additional appropriation:

The previous Cabinet committed \$45,551 to support Nauru's representation at the Pacific Festival of Arts to be held in the Solomon Islands in July 2012. The Nauru organizing committee for the Arts Festival had been planning to fund raise for the entire cost of sending the Nauru cultural group to Solomon Islands. The total cost of the return charter flight is over \$90,000 and the committee has collected only about half of the required amount to date. They had therefore requested the Government's assistance in meeting the balance of the charter cost. The previous Cabinet agreed to share the cost of the charter flight.

Mr Speaker,

I commend the Bill to the House.

Thank you.