



Government of Tuvalu 2020 Supplementary Budget

Presented on 26 March 2020

By the Minister of Finance
Honourable Seve Paeniu

THE NATIONAL SUPPLEMENTARY BUDGET OF THE
GOVERNMENT OF TUVALU

FOR THE YEAR ENDING 31 DECEMBER 2020

COMPRISING ESTIMATES OF

1. Money proposed to be raised
2. Money proposed to be spent

AS REQUIRED BY SECTION 165 OF THE CONSTITUTION

FOREWORD

In accordance to the Constitution of Tuvalu under Section 165 and the Public Finance Act, I am pleased to present the 2020 Supplementary Budget.

The 2020 Supplementary budget has arisen from the unprecedented urgent and crucial need to meet the pending outstanding bills for the infrastructure materials during the PIFs meeting and the Coronavirus Emergency Response Programs.

The 2020 Supplementary Budget contains two major items including the PIFS Outstanding at an amount of \$5.9 million, essential equipment and Coronavirus Emergency Response Programs equates to \$10.6 million, and activities relating to government articulated in the 100 days policy.

The Supplementary Budget includes the additional general support of \$721,000 from the Government of Taiwan and NZD 2.0 million from the Government of New Zealand which are confirmed revenues the Government anticipated to receive this year.

The Supplementary Budget contains additional Supplementary appropriation to meet the following government commitments:

- Spending \$300,000 for the respond and Relief (Bush Fire Victim Support) in Australia.
- Raising the PM Outer island tour by \$46,000.
- Spending \$200,000 to start preparatory activities for the Coronavirus Response.
- Spending \$67,000 for the Talamoana Maintenance.
- Raising the allocation for the Dubai Expo by \$137,000.

The Supplementary Budget has a total outlay of \$18.9 million including \$485,388 recurrent budget estimates which are for supplementary items overlooked in the 2020 National Budget (but required this year), \$12.4 million for Special Development Expenditure and \$6.0 for Special Infrastructure.

I wish to thank the ministries and departments for their help in preparing the 2020 Supplementary Budget, for their patience in waiting for supplementary appropriation and for the commendable work done by staff of the Ministry of Finance.

Tuvalu mo te Atua

Hon. Seve Paeniu

Minister of Finance

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2020 APPROPRIATION SUMMARY FOR ALL HEADS OF EXPENDITURE

The estimated sum required to service the Heads of Expenditure for the year ending 31 December from the Consolidated Fund is \$ 18,908,493

Heads	Description	Recurrent Expenditure		Non-Recurrent Expenditure		Grand Total
		Recurrent	Statutory	SDE	Special Infrastructure	Total Provision
C	Legal Services	\$ -	\$ -	\$ 50,000		\$ 50,000
F	Ministry of Finance	\$ -	\$ -	\$ 4,957,625	\$ -	\$ 4,957,625
G	Ministry of Public Works, Infrastructure, Environment, Labour, Meteorology and Disaster	\$ -	\$ -	\$ -	\$ 5,987,850	\$ 5,987,850
H	Ministry of Health, Social Welfare and Gender Affairs	\$ -	\$ -	\$ 5,679,700	\$ -	\$ 5,679,700
J	Ministry of Local Government and Agriculture	\$ 164,356	\$ -	\$ 50,000	\$ -	\$ 214,356
L	Ministry of Transport, Energy and Tourism	\$ -	\$ -	\$ 1,476,000	\$ -	\$ 1,476,000
O	Ministry of Justice, Communication and Foreign Affairs	\$ 321,032	\$ -	\$ 221,930	\$ -	\$ 542,962
TOTAL		\$ 485,388	\$ -	\$ 12,435,255	\$ 5,987,850	\$ 18,908,493

HEAD C: Legal Services	
Program: Headquarter	
Accounting Officer: Attorney General	
Special Development Expenditure	
Description	Estimates
DPP	\$ 50,000
Total	\$ 50,000

HEAD F: Ministry of Finance	
Program: Headquarter	
Accounting Officer: Chief Executive Officer of Finance	
Special Development Expenditure	
Description	Estimates
Coronavirus Emergency Response	\$ 4,957,625
Total	\$ 4,957,625

HEAD G: Ministry of Public Works, Infrastructure, Environment, Labour, Meteorology and Disaster
Program: Public Works Department
Accounting Officer: Chief Executive Officer of Public Works, Infrastructure, Environment, Labour, Meteorology and Disaster

Special Infrastructure

Description	Estimates
PIFS Outstanding	\$ 5,987,850
Total	\$ 5,987,850

HEAD H:	Ministry of Health, Social Welfare and Gender Affairs	
Program:	Princess Margaret Hospital	
Accounting Officer:	Chief Executive Officer of Health, Social Welfare and Gender Affairs	
Special Development Expenditure		
	Description	Estimates
	Essential equipments for the PMH	\$ 5,679,700
Total		\$ 5,679,700

HEAD J:	Ministry of Local Government and Agriculture	
Program:	Local Governemnt	
Accounting Officer:	Chief Executive Officer of Local Government and Agriculture	
Recurrent Expenditure		
	Description	Estimates
	Kaupule Assistant Secretaries	\$ 124,356
	Falekaupule Act Grant	\$ 40,000
Sub-Total		\$ 164,356
Special Development Expenditure		
	Description	Estimates
	Island Development Advisory Committee	\$ 50,000
Sub-Total		\$ 50,000
Grand Total		\$ 214,356

HEAD L: Ministry of Transport, Energy and Tourism	
Program: Headquarter	
Accounting Officer: Chief Executive Officer of Transport, Energy and Tourism	
Special Development Expenditure	
Description	Estimates
New international runway	\$ 200,000
Alternative Air Service Arrangements	\$ 46,000
New landing craft	\$ 1,030,000
Domestic Air Service	\$ 200,000
Total	\$ 1,476,000

HEAD O: Ministry of Justice, Communication and Foreign Affairs
Program: Headquarter
Accounting Officer: Chief Executive Officer of Justice, Communication and Foreign Affairs

Special Development Expenditure	
Description	Estimates
Review of Dot TV and ICT Support	\$ 48,959
Review Foreign Policy	\$ 42,771
TTC Outstanding	\$ 30,200
Sub-total	\$ 121,930

Program: Suva Mission	
Description	Estimates
Building & Office Maintenance	\$ 30,000
Local Travel & Subsistence	\$ 7,000
Sub-Total	\$ 37,000

Program: Taipei Mission	
Description	Estimates
Taipei Mission Support Staff	\$ 68,832
Sub-Total	\$ 68,832

HEAD O:	Ministry of Justice, Communication and Foreign Affairs	
Program:	Information, Communication and Technology	
Accounting Officer:	Chief Executive Officer of Justice, Communication and Foreign Affairs	
Program: Information, Communication & Technology		
Recurrent Expenditure		
Description	Estimates	
Satellite Link	\$	215,200
Sub-Total	\$	215,200
Special Development Expenditure		
Description	Estimates	
Outer Islands Connectivity	\$	100,000
Sub-Total	\$	100,000
Sub-Total	\$	315,200
Grand-Total	\$	542,962

Annexure 1
Medium Term Fiscal Framework 2020 - 2022

	2020 Approved Budget	2020 Revised Budget	2021 Projections	2022 Projections
Domestic Recurrent Revenue				
Taxation	8,640,600	8,640,600	8,918,165	9,205,262
Income tax	2,330,000	2,330,000	2,376,600	2,424,132
Company tax	1,561,500	1,561,500	1,620,837	1,682,429
TCT	270,000	270,000	280,260	290,910
Import duties	1,665,600	1,665,600	1,728,893	1,794,591
TCT (on imports)	1,281,500	1,281,500	1,330,197	1,380,744
Excise Duties	1,041,000	1,041,000	1,080,558	1,121,619
Other taxes	491,000	491,000	500,820	510,836
Investment Revenue	3,338,300	3,338,300	3,977,066	4,016,607
Dividends	1,001,200	1,001,200	1,021,224	1,041,648
Interest	697,000	697,000	710,940	725,159
Rents	240,100	240,100	244,902	249,800
TTF Distribution	1,400,000	1,400,000	2,000,000	2,000,000
Government charges	44,857,100	44,857,100	44,335,210	44,416,263
Fish licences	34,046,600	34,046,600	33,376,623	33,376,623
Marine Department	2,054,900	2,054,900	2,132,986	2,214,040
Other charges	1,612,700	1,612,700	1,682,700	1,682,700
.TV	7,142,900	7,142,900	7,142,900	7,142,900
Total Domestic Revenues	56,836,000	56,836,000	57,230,440	57,638,132

	2020 Approved Budget	2020 Revised Budget	2021 Projections	2022 Projections
Recurrent Expenditure				
Staff	25,591,000	25,784,188	26,102,820	26,624,876
Travel and communications	2,634,200	2,856,400	2,634,200	2,634,200
Maintenance	1,942,100	2,039,100	1,942,100	1,942,100
Deferred Maintenance Fund	500,000	500,000	500,000	500,000
Goods and services	7,177,200	7,177,200	7,177,200	7,177,200
Medical Treatment Schemes	5,500,000	5,500,000	5,500,000	5,500,000
Fuel and Oil	2,031,600	2,031,600	2,031,600	2,031,600
Grants & Subsidies	4,184,500	4,224,500	4,184,500	4,184,500
Scholarships	4,624,400	4,624,400	4,624,400	4,624,400
SELF	1,415,200	1,415,200	1,415,200	1,415,200
Other Expenses	1,386,000	1,686,000	1,384,400	1,384,400
Overseas Contributions	1,065,900	1,065,900	1,065,900	1,065,900
Capital	206,600	206,600	206,600	206,600
Loan Repayment	1,301,700	1,301,700	1,301,700	1,301,700
Interest Expense	52,900	52,900	52,900	52,900
Community Service Obligations	825,600	825,600	825,600	825,600
Outer Islands Grants & VDS	1,600,000	1,600,000	1,600,000	1,600,000
Total Recurrent Expenditure	62,038,900	62,891,288	62,549,120	63,071,176
Domestic Budget Balance	- 5,202,900 -	6,055,288 -	5,318,680 -	5,433,045
Non Recurrent Expenditure				
Special Development Expenditure	12,023,600	23,278,530	5,000,000	2,000,000
Special Infrastructure	7,592,400	15,143,575	8,000,000	4,000,000
Transfers to the TTF	-	-	2,000,000	2,000,000
Transfers to the Tuvalu Survival Fund	-	-	-	-
Waste Sector EU (EDF11)	-	-	2,153,846	2,153,846
Total Non Recurrent Expenditure	19,616,000	38,422,105	17,153,846	10,153,846
Total Expenditure (2020 Appropriation Bill exclude ST)	81,654,900	101,313,393	79,702,966	73,225,023
Statutory Expenditures	1,152,600	1,152,600	1,152,600	1,152,600
Grand Total Expenditure (Recurrent + Non- Recurrent + ST)	82,807,500	102,465,993	80,855,566	74,377,623

	2020 Approved Budget	2020 Revised Budget	2021 Projections	2022 Projections
Structural Budget Balance	- 25,971,500	- 45,629,993	- 23,625,126	- 16,739,491
Non - Domestic Revenues				
Budget Support - Recurrent	9,168,800	9,889,800	9,480,519	9,168,800
ROC	9,168,800	9,889,800	9,480,519	9,168,800
Budget Support - Non Recurrent	14,074,900	18,027,628	9,130,394	4,067,103
EU	2,153,800	2,153,800	2,153,846	2,153,846
ADB	-	-	5,063,291	-
AusAID	1,500,000	1,500,000	1,500,000	1,500,000
NZAID	917,400	2,877,400	413,257	413,257
World Bank	9,493,700	11,486,428	-	-
Others	10,000	10,000	-	-
Total Revenue (Budget Support)	23,243,700	27,917,428	18,610,914	13,235,903
Grand Total Revenue (Domestic Revenues + Budget Support)	80,079,700	84,753,428	75,841,354	70,874,035
Fiscal Budget Balance	- 2,727,800	- 17,712,565	- 5,014,212	- 3,503,588

Financial Reserves	
Consolidated Investment Fund	37,552,642
Tuvalu Survival Fund	9,580,140
Special Infrastructure	8,747,780
Tuvalu Development Fund	21,206,421
Total Financial Reserves	77,086,983
Overall Financial Position	
	59,374,418
Financial Assets	
Tuvalu Trust Fund	185,957,774
Falekaupule Trust Fund	34,211,955
Total Financial Assets	220,169,729

Annexure 2

2020 Summary for all heads of expenditure

Heads	Description	2020 Estimates (incl Statutory)	Supplementary Budget	Supplementary Appropriation	2020 Revised Budget
A	Office of the Governor General	\$ 228,000	\$ -	\$ -	\$ 228,000
B	Office of the Prime Minister	\$ 7,232,000	\$ -	\$ 346,000	\$ 7,578,000
C	Legal Services	\$ 965,800	\$ 50,000	\$ -	\$ 1,015,800
D	Parliament Office	\$ 1,000,500	\$ -	\$ -	\$ 1,000,500
E	Office of the Auditor General	\$ 525,100	\$ -	\$ -	\$ 525,100
F	Ministry of Finance	\$ 6,124,200	\$ 4,957,625	\$ 200,000	\$ 11,281,825
G	Ministry of Public Works, Infrastructure, Environment, Labour, Meteorology and Disaster	\$ 12,575,400	\$ 5,987,850	\$ -	\$ 18,563,250
H	Ministry of Health, Social Welfare and Gender Affairs	\$ 12,851,600	\$ 5,679,700	\$ -	\$ 18,531,300
I	Ministry of Fisheries and Trade	\$ 3,613,200	\$ -	\$ 67,000	\$ 3,680,200
J	Ministry of Local Government and Agriculture	\$ 11,762,700	\$ 214,356	\$ -	\$ 11,977,056
K	Police and Prison Services	\$ 2,286,600	\$ -	\$ -	\$ 2,286,600
L	Ministry of Transport, Energy and Tourism	\$ 6,736,500	\$ 1,476,000	\$ 137,000	\$ 8,349,500
M	Education, Youth and Sports	\$ 11,446,600	\$ -	\$ -	\$ 11,446,600
N	Judiciary	\$ 616,500	\$ -	\$ -	\$ 616,500
O	Ministry of Justice, Communication and Foreign Affairs	\$ 4,842,800	\$ 542,962	\$ -	\$ 5,385,762
TOTAL		\$ 82,807,500	\$ 18,908,493	\$ 750,000	\$ 102,465,993

Annexure 3

Summary of additional revenues likely to realise by the Government in 2020

Description	Estimates
Confirmed Revenue	
Additional Grant from the ROC	\$ 721,000
World Bank Budget Support	\$ 1,992,728
New Zealand Additional Budget Support	\$ 1,960,000
Sub-Total	\$ 4,673,728
Potential Revenue	
Indonesia / AIFFP - Support for the landing craft	\$ 1,030,000
World Bank	\$ 3,000,000
Sub-Total	\$ 4,030,000
Grand Total	\$ 8,703,728

Annexure 4: Explanatory Note

2020 Supplementary Budget No.1

Explanatory Note

25 March, 2020

2020 Supplementary Budget No.1

The following 2020 Supplementary Budget for \$18,908,493 is presented pursuant to the requirements of section 165 of the Constitution.

Introduction

This first supplementary budget for 2020 was prepared to cater for unforeseen costs that emanated during the course of the current financial year, beyond the approved 2020 National Budget. These priority items were identified as emergency expenditures requiring urgent funding. Any additional charges on the consolidated fund above the approved estimates requires the approval of Parliament.

Therefore this supplementary budget consists of estimates of additional money to be spent.

Monies proposed to be spent by the Government

Summary:

Heads	Description	Recurrent Expenditure		Non-Recurrent Expenditure		Grand Total
		Recurrent	Statutory	SDE	Special Infrastructure	Total Provision
C	Legal Services	\$ -	\$ -	\$ 50,000		\$ 50,000
F	Ministry of Finance	\$ -	\$ -	\$ 4,957,625	\$ -	\$ 4,957,625
G	Ministry of Public Works, Infrastructure, Environment, Labour, Meteorology and Disaster	\$ -	\$ -	\$ -	\$ 5,987,850	\$ 5,987,850
H	Ministry of Health, Social Welfare and Gender Affairs	\$ -	\$ -	\$ 5,679,700	\$ -	\$ 5,679,700
J	Ministry of Local Government and Agriculture	\$ 164,356	\$ -	\$ 50,000	\$ -	\$ 214,356
L	Ministry of Transport, Energy and Tourism	\$ -	\$ -	\$ 1,476,000	\$ -	\$ 1,476,000
O	Ministry of Justice, Communication and Foreign Affairs	\$ 321,032	\$ -	\$ 221,930	\$ -	\$ 542,962
	TOTAL	\$ 485,388	\$ -	\$ 12,435,255	\$ 5,987,850	\$ 18,908,493

Details:

1. DPP

One of the Government's priorities is the establishment of an independent Directorate of Public Prosecutions, DPP, which is an essential element of good governance in a democratic government. This allocation will aid the establishment of the DPP's office.

2. *Coronavirus Emergency Response*

The Government has taken proactive measures to mitigate and controls risks associated with the coronavirus pandemic. In doing so, the Government allocated a total provision of \$4,957,625 to meet the following activities.

Fuel	1,333,800
Charter Flights	960,000
Other Expenses	706,200
Maintenance K-House COVID-19 Response	604,500
Maintenance Nauti Primary School COVID-19 Response	204,610
Maintenance Fetuvalu High School COVID-19 Response	754,215
TPCC Internet Connection	50,000
Special Constables COVID-19 Response	44,300
Private Sector COVID-19 Response Facility	300,000

Provision for fuel to ensure electricity services is maintained on Funafuti and in the outer islands and to meet fuel for the operation of vessels.

Provision for the Charter flights to meet costs related to chartering aircraft flights to Funafuti for those Tuvaluans still willing to return to Funafuti

Other expenses to meet renovation costs of the isolation wards to accommodate those being suspected of coronavirus and salaries of Tuvaluan and expatriate doctors currently working overseas, that they are willing to come and work at the PMH to ensure efficient and effective services deliver to the Public.

Maintenance work at K-Houses and classrooms at Nauti Primary School and Fetuvalu High School to accommodate those will quarantine for a 14 days period.

Given the State of Emergency has been declared, therefore it is necessary to increase the number of Police workforce in

order to monitor and strictly enforce the state of emergency regulation. Thus the provision of \$44,300 is required to furnish costs for special constables

The Private Sector response facility is a facility provides to banks to extend credit to support businesses shore up their working capital to ensure sufficient basic food items provided to households. Hence, the provision of \$300,000 is required to enable the Private Sector to continue offering services to the Public.

3. *PIFs Outstanding*

Since the completion of the PIFs related infrastructure, some of the invoices from our major suppliers remain outstanding and in the interest of ensuring the Government maintains open lines of supplies, especially with regards to our infrastructure and construction projects, this appropriation will clear all PIFs related expenses yet to be settled including outstanding payment from the PLG Summit. The majority of this allocation is for key suppliers.

4. *Princes Margaret Hospital*

The Government has received a substantial offer from an overseas Health Service provider to fully equip the Princes Margaret Hospital with essential diagnostic equipment and other key medical equipments that should help reduce Tuvalu medical treatment scheme expenditure by improving medical services available at our main referral hospital, Princess Margaret Hospital. This allocation will cover the cost of all these urgently needed specialised medical equipment.

5. *Kaupule Assistant Secretaries*

Funding of \$124,356 is required to meet salaries for Kaupule assistant secretaries. Previously they were being charged under the vessel day scheme (VDS) grant to Kaupule however this is not appropriate given that the VDS grant is for other purposes.

6. *Falekaupule Act Grant*

An additional amount of \$40,000 is required to cover Kaupule members' salaries. The allocated amount in the 2020 Budget is not enough to cater for all Kaupule members' salaries.

7. *Island Development Advisory Committee*

An amount of \$50,000 is required to cover relevant costs for the Island Development Advisory Committee in formulation of their island project profiles for the Government's additional \$500,000 grant.

8. *New international runway*

An amount of \$200,000 is required to cover related costs for the establishment of a new international runway for Tuvalu. Based on recent terrestrial Lidar survey, the current runway is below sea-level and there is a need to investigate options for a new runway.

9. *Alternative Air Service Agreements*

Funding of \$46,000 is required to meet relevant costs to find alternative air services for Tuvalu including the management of Tuvalu upper air space. Alternative routes includes' Samoa and Vanuatu and NZ Flight Information Region (FIR) provide an alternative option to the Nadi FIR which currently manages Tuvalu's upper air space.

10. *New landing craft*

The Government has procured new landing barge as part of the first 100 days priorities for the new Government. Negotiations with an Indonesian ship building company have been agreed to procure a newly constructed landing barge vessel. An amount of \$1,030,000 is required to secure our financing obligations.

11. *Domestic Air Service*

The establishment of the domestic air service is one of the priorities for the new Government. An amount of \$200,000 is required to cover initial costs including consultant fees to provide the Government with advice on appropriate measures and technical aspects to consider in the establishment of the domestic air service.

12. Review of the DotTV Agreement and ICT Support

The current agreement with VeriSign on the management of the DotTV will come to an end in 2021 and there is a need to negotiate for a better deal with VeriSign or consider going to the market to maximise economic and financial benefits for Tuvalu. There is also a need to modernise the Government ICT including e-Government which is currently in negotiation with Amazon to provide e-cloud backup services. An additional amount of \$48,959 is required to cover negotiations costs including consultant fees.

13. TTC Outstanding

The payment for the fourth quarter of 2019 of the amount of \$30,200 is included in this Supplementary Budget for the purpose of the TTC providing internet connection for the Government Building.

14. Review of Foreign Policy

An amount of \$42,771 is required to cover consultant fees to review Tuvalu's Foreign Policy. This is in addition to \$20,000 which was approved by Parliament in the 2020 Budget which cover consultation costs only.

15. Building & Office Maintenance

An amount of \$30,000 is needed to meet maintenance costs for the Chancery, High Commissioner Residence and the other 2 Government properties at Mariko Street, Suva Fiji.

16. Local Travel & Subsistence

An additional provision of \$7,000 is required by the Suva High Commission Office to meet costs related to local travel and subsistence.

17. Taipei Mission Support Staff

An amount of \$68,832 is required by the Taipei mission to cover salaries of local staff at the Taipei Mission.

18. Satellite Link

An amount of \$215,200 is required for the subscription fee to ensure internet connectivity at the main Government Office is maintained. This is an additional amount on top of the \$170,000 been approved by Parliament for this year.

19. Outer Islands Connectivity

A provision of \$100,000 is required to improve government offices internet connections on outer islands. This will enable them to deliver their services effectively and efficiently.

Financing of this Supplementary Budget

The supplementary budget will be financed by a combination of unexpected revenues such as the extra \$720,000 from the ROC, additional budget support of NZD 2 million from the Government of New Zealand, Foreign exchange gains from the World Bank budget support of \$1,992,728, savings within the current 2020 fiscal year and a drawdown from the CIF.

In addition, the Minister of Finance has the power (Section 10(3) of the Public Finance Act) to limit or suspend warrants being issued for activities in the 2020 National Budget. This is a cash management measure that can be used to control drawdowns from the CIF. This method will ensure that the CIF maintains its sustainable balance.