



Government of Tuvalu 2020 Supplementary Budget

Presented on 14th December 2020

By the Minister of Finance
Honorable Seve Paeniu

THE SECOND 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 Section 165 of the Constitution of Tuvalu and the Public Finance Act, I am much obliged to present the second Supplementary Budget for 2020.

The second 2020 Supplementary budget has arisen from the crucial and urgent need to settle outstanding medical bills, and fund the remaining projected end of year costs for the Tuvalu Medical Treatment Scheme. Also a determinant for this Supplementary budget is the down payment for the procurement of an Aircraft for the Domestic Air Service.

As briefly highlighted, the second 2020 Supplementary budget contains three major items consisting of the Domestic Air Service Aircraft at an approximate amount of **\$3.6 million**, Tuvalu Medical Treatment Scheme at an approximate amount of **\$1.3 million** and Arrears on un-acquitted funds to UNESCO at an approximate amount of **\$365,800**. These program items are paramount priorities and commitments for the Government.

The second 2020 Supplementary Budget is financed from the windfall revenues collected by the Fisheries Department of an amount of **\$6.0 million** so far for this financial year.

The second 2020 Supplementary Budget has a total outlay of **\$5.2 million** which includes **\$0.5 million** towards recurrent budget estimates and **\$4.7 million** towards non-recurrent budget estimates for our 2020 National Budget

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 **\$5,222,100**.

		Recurrent Expenditure		Non-Recurrent Expenditure		Grand Total
Heads	Description	Recurrent	Statutory	SDE	Special Infrastructure	Total Provision
F	Ministry of Finance	\$ -	\$ -	\$ 3,582,100	\$ -	\$ 3,582,100
H	Ministry of Health, Social Welfare and Gender Affairs	\$ 566,300	\$ -	\$ 707,900	\$ -	\$ 1,274,200
M	Ministry of Education, Youth and Sports			\$ 365,800	\$ -	\$ 365,800
TOTAL		\$ 566,300	\$ -	\$ 4,655,800	\$ -	\$ 5,222,100

HEAD F: Ministry of Finance
Program: Headquarter
Accounting Officer: Chief Executive Officer of Finance

Special Development Expenditure

Description	Estimates
Domestic Air Service Aircraft (30% Down payment)	\$ 3,582,100

Total \$ 3,582,100

HEAD H: Ministry of Health, Social Welfare and Gender Affairs	
Program: Headquarter	
Accounting Officer: Chief Executive Officer of Health, Social Welfare and Gender Affairs	
Recurrent Expenditure	
Description	Estimates
Tuvalu Medical Treatment Scheme (Overseas referrals)	\$ 566,300
Special Development Expenditure	
Description	
Tuvalu Medical Treatment Scheme (Outstanding Medical Bills)	\$ 707,900
Total	\$ 1,274,200

HEAD M: Ministry of Education, Youth and Sports
Program: Headquarter
Accounting Officer: Chief Executive Officer of Education, Youth and Sports

Special Development Expenditure

Description	Estimates
Arrears on un-acquitted funds (UNESCO)	\$ 365,800
Total	\$ 365,800

Annexure 1:

2020 Summary for all heads by Expenditure

	2018 Actuals	2019 Actuals	2020 Approved Estimates	2020 Virements	2020 Supplementary	2020 Revised Estimates	2020 (October) Actuals	2020 Projected Outturn	
Domestic Recurrent Revenue									
Taxation	9,471,202	11,922,687	8,640,600	-	-	8,640,600	9,728,622	11,350,200	
Income tax	3,691,875	4,551,099	2,330,000	-	-	2,330,000	3,069,159	3,580,700	
Company tax	1,130,584	844,754	1,561,500	-	-	1,561,500	1,723,174	2,010,400	
TCT	294,686	247,806	270,000	-	-	270,000	204,736	238,900	
Import duties	1,740,775	2,629,502	1,665,600	-	-	1,665,600	2,066,138	2,410,500	
TCT (on imports)	1,497,903	1,701,663	1,281,500	-	-	1,281,500	1,610,759	1,879,200	
Excise Duties	598,960	1,072,474	1,041,000	-	-	1,041,000	700,976	817,800	
Other taxes	516,418	875,389	491,000	-	-	491,000	353,681	412,700	
Investment Revenue	9,356,132	21,112,355	3,338,300	-	-	3,338,300	1,672,252	3,350,900	
Dividends	1,095,238	-	1,001,200	-	-	1,001,200	993,118	1,158,600	
Interest	107,061	5,287,359	697,000	-	-	697,000	506,690	591,100	
Rents	153,833	271,853	240,100	-	-	240,100	172,444	201,200	
TTF Distribution	8,000,000	15,553,143	1,400,000	-	-	1,400,000	-	1,400,000	
Government charges	65,194,556	47,090,277	44,857,100	-	-	44,857,100	49,848,352	50,285,200	
Fish licences	51,381,379	38,138,824	34,046,600	-	-	34,046,600	40,107,294	40,107,300	
Marine Department	2,233,634	2,482,992	2,052,900	-	-	2,052,900	1,707,858	1,992,500	
Other charges	4,959,885	1,289,440	1,614,700	-	-	1,614,700	912,932	1,065,100	
.TV	6,619,658	5,179,021	7,142,900	-	-	7,142,900	7,120,268	7,120,300	
Total Recurrent Domestic Revenues	84,021,889	80,125,319	56,836,000	-	-	56,836,000	61,249,226	64,986,300	
Recurrent Expenditure									
Staff	21,531,245	23,326,804	25,591,000	-	65,717	193,188	25,718,471	19,827,136	23,131,800
Travel and communications	4,258,770	4,581,773	2,634,200	-	43,557	222,200	2,812,843	1,440,622	1,681,200
Maintenance	2,077,339	1,646,898	1,942,100	220,476	-	97,000	2,259,576	1,647,918	1,923,100
Deferred Maintenance Fund	500,000	6,648	500,000	-	-	-	500,000	140,573	164,000
Goods and services	6,639,103	6,901,652	7,177,200	77,172	-	-	7,254,372	5,477,906	6,391,300
Medical Treatment Schemes	4,933,115	5,286,251	5,500,000	-	-	-	5,500,000	4,536,959	5,293,100
Fuel and Oil	1,696,678	1,789,370	2,031,600	3,530	-	-	2,035,130	1,026,515	1,197,900
Grants & Subsidies	3,831,086	4,482,404	5,784,500	-	19,677	40,000	5,804,824	4,462,296	5,206,300

Scholarships	3,641,743	3,727,354	4,624,400	-	-	4,624,400	4,366,600	5,094,400
SELF	1,031,389	816,179	1,415,200	-	-	1,415,200	997,174	1,163,400
Other Expenses	843,262	701,794	1,386,000	30,002	300,000	1,716,002	975,576	1,138,400
Overseas Contributions	797,637	901,967	1,065,900	-	-	1,065,900	1,004,174	1,171,500
Capital	156,844	104,297	206,600	10,000	1,030,000	1,246,600	1,176,472	1,372,600
Loan Repayment	655,283	726,231	1,301,700	-	-	1,301,700	886,267	1,034,000
Interest Expense	77,222	118,339	52,900	-	-	52,900	51,689	60,300
Community Service Obligations	677,213	752,512	825,600	-	-	825,600	502,800	586,500
Total Recurrent Expenditure	53,347,929	55,870,472	62,038,900	212,230	1,882,388	64,133,518	48,520,676	56,609,800
Domestic Budget Balance	30,673,960	24,254,847	- 5,202,900	- 212,230	- 1,882,388	- 7,297,518	12,728,550	8,376,500
Domestic Non Recurrent Revenue								
Fish Licence								
Total Domestic Non Recurrent Revenue								
Total Domestic Revenue								
Non Recurrent Expenditure								
Special Development Expenditure	10,282,667	11,634,619	12,023,600	- 254,130	17,776,105	29,545,575	20,758,404	23,055,000
Special Infrastructure	17,277,294	17,996,201	7,592,400	-	-	7,592,400	7,594,094	7,592,400
Transfers to the TTF	6,000,000	-	-	-	-	-	-	-
Transfers to the Tuvalu Survival Fund	-	-	-	-	-	-	-	-
Waste Sector EU (EDF11)	-	2,435,721	-	-	-	-	69,754	81,400
Total Non Recurrent Expenditure	33,559,961	32,066,540	19,616,000	- 254,130	17,776,105	37,137,975	28,422,251	30,728,800
Total Expenditure (2020 Appropriation Bill exclude ST)	86,907,890	87,937,012	81,654,900	- 41,900	19,658,493	101,271,493	76,942,927	87,338,600
Statutory Expenditures	725,942	681,196	1,152,600	- 600	-	1,152,000	659,833	769,700
Grand Total Expenditure (Recurrent + Non- Recurrent + ST)	87,633,832	88,618,208	82,807,500	- 42,500	19,658,493	102,423,493	77,602,760	88,108,300
Structural Budget Balance	- 3,611,942	- 8,492,889	- 25,971,500	42,500	- 19,658,493	- 45,587,493	- 16,353,534	- 23,122,000

Non - Domestic Revenues									
Budget Support - Recurrent	8,589,860	9,200,000	9,168,800	-	-	9,168,800	9,921,110	9,921,100	9,921,100
ROC	8,589,860	9,200,000	9,168,800	-	-	9,168,800	9,921,110	9,921,100	9,921,100
Budget Support - Non Recurrent	15,893,674	13,290,296	14,074,900	-	-	14,074,900	16,495,866	18,737,200	18,737,200
EU	2,965,800	-	2,153,800	-	-	2,153,800	-	2,153,800	2,153,800
ADB	-	5,631,200	-	-	-	-	-	-	-
AusAID	1,500,000	-	1,500,000	-	-	1,500,000	2,721,344	2,721,300	2,721,300
NZAID	-	-	917,400	-	-	917,400	1,762,576	1,762,600	1,762,600
World Bank	10,021,757	-	9,493,700	-	-	9,493,700	11,486,413	11,486,400	11,486,400
Others	1,406,117	7,659,096	10,000	-	-	10,000	525,532	613,100	613,100
Total Revenue (Budget Support)	24,483,534	22,490,296	23,243,700	-	-	23,243,700	26,416,976	28,658,300	28,658,300
Grand Total Revenue (Domestic Revenues + Budget Support)	108,505,424	102,615,615	80,079,700	-	-	80,079,700	87,666,202	93,644,600	93,644,600
Fiscal Budget Balance	20,871,592	13,997,407	- 2,727,800	42,500	-	19,658,493	- 22,343,793	10,063,442	5,536,300

Annexure 2:

2020 Summary for all heads by Expenditure

Heads	Description	2020 Estimates (incl Statutory)	Supplementary Budget 1	Supplementary Appropriation	Supplementary Budget 2	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	\$ 3,582,100	\$ 11,281,800
G	Ministry of Public Works, Infrastructure, Environment, Labour, Meteorology and Disaster	\$ 12,575,400	\$ 5,987,850	\$ -	\$ -	\$ 18,563,300
H	Ministry of Health, Social Welfare and Gender Affairs	\$ 12,851,600	\$ 5,679,700	\$ -	\$ 1,274,200	\$ 19,805,400
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	\$ -	\$ -	\$ 11,977,100
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	\$ -	\$ 11,931,600
M	Education, Youth and Sports	\$ 11,446,600	\$ -	\$ -	\$ 365,800	\$ 11,446,600
N	Judiciary	\$ 616,500	\$ -	\$ -	\$ -	\$ 616,500
O	Ministry of Justice, Communication and Foreign Affairs	\$ 4,842,800	\$ 542,962	\$ -	\$ -	\$ 5,385,800
TOTAL		\$ 82,807,500	\$ 18,908,493	\$ 750,000	\$ 5,222,100	\$ 107,322,300

2020 Supplementary Budget No.2

Explanatory Note

14th December, 2020

2020 Supplementary Budget No.2

Introduction

The second 2020 Supplementary Budget for **\$5,222,100** is presented pursuant to the requirements of section 165 of the Constitution of Tuvalu.

The purpose of this supplementary is to appropriate funding required for the down payment of the Domestic Air Service Aircraft, funding to settle outstanding payments which have just been realized under the Tuvalu Medical Treatment Scheme and request additional allocation to cover the remaining end of year costs and funding required to clear arrears on previous un-acquitted projects implemented in previous years for projects funded by UNESCO under its Participation Program

Any additional charges on the consolidated fund above the approved estimates requires the approval of Parliament and 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
F	Ministry of Finance	\$ -	\$ -	\$ 3,582,100	\$ -	\$ 3,582,100
H	Ministry of Health, Social Welfare and Gender Affairs	\$ 566,300	\$ -	\$ 707,900	\$ -	\$ 1,274,200
M	Ministry of Education, Youth and Sports			\$ 365,800		\$ 365,800
	TOTAL	\$ 566,300	\$ -	\$ 4,290,800	\$ -	\$ 5,222,100

Details:

1. Domestic Air Service Aircraft

The Domestic Air Service initiative is at the top of the Government's priorities in its four-year roadmap and is an investment that could well catapult Tuvalu's infrastructure and economy to the next level. As such this down payment of 30% for an Aircraft would set in motion the foundation in establishing Tuvalu's Domestic Air Service.

2. Tuvalu Medical Treatment Scheme

Urgent funding of **\$707,900** is required to settle the outstanding medical bills for some of the referral patients under the overseas Tuvalu Medical Treatment Scheme. Additionally, the current balance for this vote is inadequate to cover the costs for the remainder of the year and therefore requires **\$566,300** to maintain this provision.

3. Arrears on Un-Acquitted Funds (UNESCO)

Funding of **\$360,800** is required to clear arrears on previous un-acquitted projects implemented by the Ministry in previous years for projects funded by UNESCO under its Participation Program.

Financing of this Supplementary Budget

The supplementary budget will be financed through windfall revenue collected by the Fisheries of **\$6.0 million**.

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.