

BUDGET SPEECH

DELIVERED ON 21st NOVEMBER 2023 ON THE FIRST READING OF THE 2024 BUDGET

BY

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“Building a Secure and Prosperous Future”
“Reitan te Maeuraoi ao te Rikirake ae Tabangaki ao man Manoraoi”

INTRODUCTION

Honourable Madam Speaker, it is my greatest pleasure to present to this esteemed Parliament the 2024 Budget. This is the 8th consecutive national budget of the *Tobwaan Kiribati Party* (TKP) government since it took over the reins of power in 2016. In this short span of time, this government has relished the great honour of serving and delivering progress to the people of Kiribati – an undertaking this Budget continues to perform.

The theme for the 2024 Budget is *“Building a secure and prosperous future”*. The theme resonates well with this government's vision to build a wealthy, healthy and peaceful nation through the effective deployment and management of its resources for sustainable development. The theme serves to remind us of our collective responsibility as a government to live up to the expectations of our people and lead them towards a secure and prosperous future. Furthermore, the theme underscores our long-held belief that our people's future cannot be secure and prosperous unless the gains of development are equitable, inclusive and people-centered. Indeed, this has been the pillar and cornerstone of all our government's policies, including the national budgets. This 2024 Budget builds on and continues this fundamental principle.

Madam Speaker,

The 2024 Budget is unique and complex in significant ways. Firstly, it is the largest budget that has ever been presented to this House by any government. Secondly, it is a budget prepared amidst a

challenging global and domestic environment due to the persistent headwinds from the aftermath of the COVID-19 pandemic and the rumbling geopolitical conflicts in Europe and the Middle East. The resulting heightened global macroeconomic instability, skyrocketing oil and food prices and supply chain disruptions have adverse impacts on our economic performance, and indeed on the wider economy. The depth and unknown extent of these events mean that the economic outlook remains highly uncertain, and the budget forecasts and parameters could change as more information comes to light.

OVERVIEW OF GOVERNMENT'S PERFORMANCE TO DATE

Despite the unfavourable global and domestic environments alluded to above, our government remains committed to serving and delivering on our commitments. We have worked tirelessly to implement the promises made to the people of Kiribati as per the *Motinnano*. In less than 8 years, I am pleased to inform this House and Kiribati that our government has made significant headways in fulfilling most of its pledges or *Motinnano*. These include doubling the copra price subsidy, support for the unemployed (SFU), senior citizens allowances (SCA), payments of non-ER leave grants, increasing support to the disabled, free education up to form 7, increasing free scholarship awards, increasing support to churches, recognizing the important role of mayors and councilors through the provision of salary, reduced costs of electricity to households, and investments to improve sea and air transportation.

These policy commitments are consistent with the aspirations of the Kiribati Vision 20 (KV20), which commits to making Kiribati a wealthy, healthy and peaceful nation with people at the center of it all. At the core of these policy initiatives is our resolve to improve the well-being and livelihoods of our people, especially the marginalized and vulnerable members of our community.

To put in context the financial costs of these policy commitments, this government has spent over the last 7 or so years a total of \$148.7 million for Copra subsidy; \$118.1 million for SFU; \$75.1 million for Senior Citizen Allowance (SCA); \$6.6 million for Disability Support allowance, \$50.6 million for Overseas scholarship, \$43.4 million for Land Rent, \$22.4 million support for Outer Island Councils, \$7.6 million support to Pre-school teachers, \$27.7 million support for Secondary Mission Schools, \$23.3 million support for Subsidy for School fees, \$6.4 million support to churches through the Social

Stability Fund (SSF) and \$29.9 million for overseas referral. Furthermore, a total of \$76.3 million has been expended on leave grants and leave passages for Government employees, whilst \$9.5 million is allocated for non-ER posts for this year. Since the inclusion of Island Council Mayors and Councilors salary in 2017, it has significantly increased over the years by \$ 3.9 million.

All added, this government has since it came into office in 2016 spent over **\$600 million** (\$661.6 million to be exact) for the implementation of these important policy commitments (*Motinnano*)¹.

Madam Speaker,

This is a record expenditure and the largest amount that any government or political party in the history of Kiribati, and of this Parliament, has ever spent for the welfare of its people. The reassuring thing is that this has been achieved without risks to the integrity of the budget or government's solvency. This can be proved by the fact that our cash reserve and balances, including the RERF, have remained healthy and relatively intact throughout this period. Let me assure this House and Kiribati that this government will never compromise on its responsibility to safeguard and use public funds prudently and responsibly for the benefits of the people.

ECONOMIC OUTLOOK & RECENT ECONOMIC PERFORMANCE

Madam Speaker,

Before I turn to the discussion of the 2024 Budget, it is necessary that I provide an overview of the current global economy given its implications on the national budget and our economic performance.

According to the latest IMF World Economic Outlook (April 2023), global economic conditions are still uncertain. While there are signs of improvements, such as the easing of global supply chains which should lead to lower inflation, confidence remains depressed and recent monetary policy tightening has exposed some fragility in the banking and finance sector. Global growth is projected to slow from an estimated 3.4% in 2022 to 2.8% in 2023 before rising to 3.0% in 2024.

¹ This includes the increase in MPs Salaries and Allowances that was implemented in 2021, totaling **\$12.1 million**. The upgrade has resulted in an additional expenditure of \$1.2 million per year on top of the old salary scale.

In line with the IMF's outlook for Kiribati, recovery is expected to gain momentum in 2023. Real GDP growth is projected at 2.5 percent in 2023, as economic activities return to a more normal state with the resumption of large infrastructure projects and improved weather conditions. In the medium term, real GDP growth is projected to converge to its historical average of 2 percent. Meanwhile, headline inflation is projected to increase to 8.6 percent in 2023, due to the low base in the first half of 2022, and the delayed pass-through of normalizing global commodity prices and freight costs. While the current account is expected to return to a surplus of 8 percent of GDP in 2023, the surplus will remain below the historical average, reflecting a projected increase in imports required for the resumption of infrastructure projects.

Risks for Kiribati are broadly balanced. Upside risks include significant improvements in fishing revenues on the back of El Nino conditions and the ending of Covid-19 restrictions. Tax revenues are also likely to grow due to improved economic conditions and the effect of policy and administration reforms such as the implementation of the new Income Tax Act. On the expenditure side, the improved economic outlook should also see less pressure on social protection expenditures, particularly for payments to the unemployed. The Government's continued efforts to improve targeting of social protection payments will also ensure more efficient spending.

Inflation is expected to continue to decline from a peak of 8.6% in 2023 to 4.5% in 2024, before falling to more normal rates of around 2% in the outyears, which will reduce inflationary pressures on the cost of living for I-Kiribati as well as Ministry outlays and project costs.

The IMF's nominal GDP estimate for 2023 is \$358 million (revised up from \$311 million at the 2023 Budget) and \$383 million for 2024.

THE 2024 BUDGET

Madam Speaker,

Let me now turn to the main subject of this Speech – the 2024 Budget - which, I'm sure, this House and Kiribati have been anxiously waiting to hear.

As with the previous budgets, the 2024 Budget is framed within the Government's Medium Term Fiscal Strategy (MTFS). The goal of this fiscal strategy is to achieve macro-economic stability and build a resilient, wealthy, healthy and secure nation, through responsible fiscal management by:

- Growing financial net worth over the medium term, through prudent management of the Revenue Equalisation Reserve Fund (RERF) and cash balances and reducing debt. Where new debt is considered, it must be concessional, with at least a 35% grant element.
- Achieving budget balance over the medium term consistent with economic conditions and inclusive economic growth, with the aim to fully fund Government consumption and investment from current revenue.
- Investing in productivity enhancing social and economic infrastructure consistent with KV20 priorities and a proactive climate change response, with the aim to support future sources of growth and improved allocative efficiency; and
- Structural reforms to diversify the economy and build resilience, with the aim to facilitate a vibrant private sector and create meaningful jobs.

This strategy is supported by the implementation of two fiscal responsibility ratios to mitigate fiscal sustainability risks:

- Departmental expenditure not to exceed 50% of total expenditure; and
- Maintenance of liquidity cash buffers of at least three months expenditure.

2024 Revenue Estimates

The starting point of any budget process is the determination of the overall revenue envelope that will finance the budget for that fiscal year. This ensures that spending choices are made within fiscal constraints.

The total estimated revenue for 2024 is **\$406.5 million**. This is made up of the following revenue items:

- Fisheries (licensing, transshipment and coastal) - \$230 million
- Tax revenue - \$80.7 million
- RERF dividend (inclusive of capital growth) - \$80 million
- Others - \$10 million

- Budget support - \$5.8 million

Fisheries remains the largest revenue source, representing about 60 percent of the 2024 estimated revenue, followed by tax and the RERF dividend (inclusive of capital growth).

Fishing revenues are expected to improve in 2023 and 2024 compared with the relatively weak performance in 2022. This reflects the ending of Covid-19 restrictions and the beginning of EL Nino conditions which should see fishing revenues at above average levels in 2023 and 2024. There is likely to be some upside potential in this estimate as 2023 collections up to September 2023 are very strong including the prospect of increased revenue as a result of the opening of the Phoenix Island Protected Area (PIPA) to expand fishing grounds and the upgraded US Multilateral Treaty from which Kiribati would take a large share.

One initiative that the Government has already implemented and applied to purse seine fishing companies is the Area-base scheme (ABS). This scheme identifies fishing hotspots using historical fishing effort for a new pricing structure. The scheme has generated AU\$2 million in 2022 on top of what fisheries normally gets from fishing license. In 2023, we expect the amount to increase noting the prevalence of El Nino since this year. The Government has also concluded an access agreement with the European Union which will also add to Government revenue collection for 2024.

Furthermore, the Ministry of Fisheries will be implementing a new quota management system for its coastal fisheries in 2024 increasing its revenue forecast to \$10 million.

Relatively high inflation in 2024, a booming local economy and a vibrant private sector should boost consumption related revenues and income taxes. In 2022, tax revenues collected were 16% higher than the 2022 Revised Budget estimate. The strong tax revenue performance is expected to continue through 2023 and 2024, supported by the introduction of the new Income Tax Act. To improve the accuracy of the estimate for tax revenues, the forecast assumes that tax revenues will continue to grow at the average historical growth rates.

The RERF dividend estimated to be withdrawn is \$80 million. This is based on the estimated rate of return on the RERF at the end of the year and the RERF Withdrawal Policy which stipulates that

dividends can only be drawn down when the fund's rate of return was over 5% in the previous year, and that this revenue can only be used for approved development projects.

I should inform this House that the Cabinet has agreed to reduce this withdrawal threshold to 2 percent in nominal terms. The Cabinet took this decision based on the need to ensure a more equitable and fairer distribution of the RERF's income between the present and future generations while still protecting the capital value of the RERF in the long-term.

Madam Speaker, this new threshold for the withdrawal policy resonates well with the sentiment that various honorable members of this House have been expressing in support of the need to ensure that the present generation should not be unfairly denied of the opportunity to benefit from the RERF.

Budget Support is estimated at \$5.8 million, which is 78 per cent lower than the 2023 budget figure. The decrease in the 2024 budget support by \$20.9 million is due to the World Bank (WB) and Asia Development Bank's (ADB) different fiscal year cycles and biannual disbursement cycle. This means that we will receive budget support for this financial year 2023 but none in 2024. In 2025 we will again receive budget support from these Banks.

Other revenues are estimated to be \$10 million which is inclusive of other Ministry's revenues, and SOE dividends, around 37 per cent lower than the 2023 Revised Budget. The reason for this decline is mainly due to better alignment of estimates against actual receipts.

2024 Expenditure Estimate

Madam Speaker,

Having outlined the estimated total revenue for 2024, let me now turn to the expenditure side of the budget.

The **overall estimated expenditure in 2024 is budgeted to \$406.5 million**. This comprises:

- \$191 million for Department expenditures, including \$39.7 million for salary increase for all public service positions.

- \$72 million for Other Government expenditures —i.e., subsidies, grants and other commitments.
- \$3.4 million for Debt Servicing.
- \$140.1 million for the Local Contribution to the Development Fund.

In short, the 2024 Budget will continue to support the government’s administration and operating costs, grants and subsidies, local contribution to development project costs, ongoing and new policy commitments (*Motinnano*) of the government. Ongoing commitments include doubling the copra price subsidy, support for the unemployed (SFU), senior citizens allowances (SCA), payments of non-ER leave grants, increasing support to the disabled, free education up to form 7, increasing free scholarship awards, increasing support to churches and recognizing the important role of mayors and councilors through the provision of salaries.

Madam Speaker,

Rather than detailing all the expenditures in the 2024 Budget, I will focus on the key sectoral/thematic areas as follows.

Increase in Government employees’ salaries and Magistrates’ Allowance.

Honourable speaker, as I briefly mentioned earlier, this budget will fulfill two additional policy commitments or *Motinnano* of the government: the increase in Government employees’ salary by \$39.7 million and the increase in the Magistrates sitting allowance for Presiding and Ordinary Magistrates by \$75,000.

The increase in Government employees’ salaries is attained by adding a fixed \$100 per fortnight or \$2,600 per annum to the current salary scale across the board with an additional 30 per cent increase on top. This will directly increase the purchasing power of all Government employees, thereby contributing to the improvement of their livelihood and wellbeing. The Job Evaluation framework is still being finalised; however, this salary increase is consistent with the overall cost of the Job Evaluation framework. The need to pay overtime and allowances to employees may have to be reviewed following this salary upgrade and the outcome of the Job Evaluation

The sitting allowances for Outer Islands Magistrates have been stagnant for more than a decade. In our Motinnano, we commit to increasing this allowance and this is now realized in the 2024 Budget. The Magistrates' sitting allowance rate is increased from \$65.00 to \$90.00 for Presiding Magistrates and \$60.00 to \$80.00 for Ordinary Magistrates. The change in the allowance rate results in an overall increase of \$75,000.

Education

Honourable Speaker, turning to education it is notable that in recent years there have been significant advances in school enrolment rates and basic literacy, particularly for girls and young women as a result of the free education policy. However, to absorb the increase in school leavers and to increase the education level of the young generation, the Government has removed the quota for overseas scholarship taking on board all students who meet the entry requirements of regional tertiary institutions.

Improving education standards through better trained teachers and smaller class sizes is still a challenge given the rapidly growing young population of Kiribati. Nevertheless, the government continues to prioritize in-service scholarships through the Public Service Office and training programmes for teachers through the Kiribati Teachers' College to improve education standards.

The Government remains committed to its free-education policy and is maintaining support to schools, with increased school fee subsidies and support to secondary mission schools. For 2024, additional support is given to:

- Pre-School teachers with an additional \$500,000 from the 2023 budget (\$2 million) bringing it up to \$2.5 million.
- An additional \$850,000 is provisioned for Secondary Mission Schools to support the repatriation and uplifting of students and other assistance to mission schools including training their teachers.

Moreover, the Government still retains its commitment to invest in education from primary to tertiary level, which includes:

- \$15 million allocated for the scholarship programme to accommodate the increasing number of eligible school leavers.
- In-country tertiary support remains at \$2.1 million to support in-country students.
- Loan scheme of \$1 million for those not eligible for overseas and in-country scholarships.
- School stationery for Primary and Junior Secondary School of \$1.4 million.
- Increase in subsidies for school fees from \$3.8 million to \$4.9 million to complement the government's free education policy.
- School fees for children with special needs increased from \$102,000 to \$150,000, this is the Government's annual contribution to support the operation of the School for Children with Special needs.
- The government's contribution to University of the South Pacific (USP) has also increased from \$875,000 to \$1.1 million in line with the increasing number of USP students.

Overall, the total budget for the Ministry of Education in 2024 will increase to \$50.2 million (an increase of 37% over the revised 2023 Budget) with additional \$16.3 million provided through the local contribution to the development fund (LCDF).

Health

Honourable Speaker, health is another priority sector and is the second largest Ministry after Education.

It is evident that an increasing number of patients are being referred overseas for treatment on an annual basis, which requires a substantial financial amount. The estimate for 2024 has therefore been increased to \$7 million to accommodate the growing number of overseas referral cases and associated costs.

Further to this, an increasing number of local referral cases is also observed. A total of \$3 million is now budgeted to meet the increasing number of local referrals and all related costs.

Other health measures include:

- The ongoing support for the Directly Observable treatment (DOT) of \$139,000.

- Support to Health Specialists of \$200,000.
- Kiribati Internship Programme for Doctors of \$300,000.

Another measure to improve health care services is the reabsorption of the Kiribati School of Nursing under the Ministry of Health with its provision of \$880,000. Initially, the school was under the Ministry of Employment but Cabinet saw the need to reabsorb the school under the Ministry of Health with effect from 1st January 2024. With this move, there is a plan to expand the school to accommodate nursing students from Nauru and Tuvalu who have shown their interest to train in Kiribati just like the Kiribati Internship Programme for Doctors.

Overall, the total budget for the Ministry of Health and Medical Services in 2024 will increase to \$36.9 million (a surge of 31 per cent from the 2023 budget) with an additional \$10.6 million provided through Local Contributions to the Development Fund.

A secure, safer, and peaceful Kiribati.

As advocated through international development agendas, Peace and security are the fundamental pillars of socio-economic stability and sustainable development. Therefore, it is imperative for the Government to implement measures to create a safer and peaceful Kiribati through the provision of timely and quality policing services.

In this vein, I am pleased to report that the Kiribati Police Services 2024 workforce has been increased by 57 staff, increasing its personal emolument by \$4.5 million. Furthermore, \$69,400 has also been allocated to the Kiribati Police Services for the Emergency riots to support the deployment of riot officers to outer islands and even South Tarawa in case of civil conflict.

A provision of \$42,000 has also been allocated for the Pre-deployment and deployment of Kiribati Police Officers to support their ongoing engagement with the United Nation Peace Keeping Programme.

Overall, the budget for the Kiribati Police Service will increase by \$5 million, bringing its total budget to \$16.6 million.

Fisheries

Maximizing returns from sustainable fisheries and marine resources is the ultimate goal of our government. In order to maximize revenues sustainably, we must also invest and be proactive.

To accomplish this, we need to improve our capability to effectively monitor fishing activities in our Exclusive Economic Zone (EEZ). That is why we continue to provide support to observers to board fishing vessels that fish in our waters. This will enable us to minimize the cost of illegal unreported and unregulated fishing (IUU).

As indicated earlier, the Ministry of Fisheries will be implementing a new quota management system for its coastal fisheries in 2024 increasing its revenue forecast to \$10 million.

Overall, the total budget increase for the Ministry of Fisheries and Marine Resources Development (MFMRD) is \$1.39 million bringing its total budget to \$5.69 million. The increase is attributed to personal emolument increase of \$1.36 million and operational cost increase of \$20,000.

An additional \$1 million through the Local Contribution to Development Fund (LCDF) for Support to Observers is also included, however, it is important to note that the decrease in MFMRD's LCDF provision (reduced from \$2 million to \$1 million) is based on cumulative balances for this project from previous years especially since COVID19 lockdown. Therefore, the provision for 2024 is sufficient to support the Ministry's ambitions to maximize fisheries revenue.

Developing Island Economies and the People

Madam Speaker, there are quite a number of ongoing programmes and activities that are very beneficial to communities, private sectors, churches, and the public. However, I wish to highlight a new project under the LCDF of \$500,000, aimed at supporting the Outer Island Councils' development priority projects.

The **Copra Price Scheme** is the cornerstone of this Government's support for economic activity on the outer islands. In the 2023 Budget, \$28 million was allocated to the Development Fund and for next

year we have allocated a further \$1.9 million bringing the total amount up to **\$29.9 million**. This will meet the copra subsidy payments for 2024 based on past trends.

Support Fund to the Unemployed (SFU) is expected to decrease in 2024 based on two factors: (i) Labour mobility scheme and (ii) Other social benefit incentives. With the increasing number of labour mobility schemes with Australia, New Zealand and other countries, along with other social benefit incentives such as the leave grant for non-ER posts, we anticipate a decrease in the number of SFU recipients for 2024, thus complementing the reduction of the 2024 provision from \$30.1million to **\$28 million**.

Leave Grants for Non-ER Posts is a new programme implemented at the beginning of 2023, with the overall aim of improving the livelihood of the people in line with our Motinano. Sectors included in this initiative are VAT registered companies, registered Faith-Based Organizations (Churches), Seafarers and Fishers, Observers and Island Council Employees (excluding Mayors and councilors). There is an overarching policy in place for the different sectors in order to receive this support. Based on this year's spending rate and a notable increase in the number of complying and new VAT registered companies, the provision is increased from \$9.5 million to **\$10 million**.

The Government continues to provide support to Churches through the **Social Stability Fund** and has allocated **\$1.5 million** for 2024. This will continue support to the development activities of our various registered Faith Based Organizations.

Honorable speaker, we remain indebted to our **Senior Citizens** for the many contributions and sacrifices they have made for the development of our people and our country. The government continues to recognize and acknowledge these contributions and sacrifices through the provision of the Senior Citizens Allowance (SCA). **The 2024 budget has increased the provision of this scheme by \$2.7 million** to cater for the increase in number of eligible recipients anticipated next year.

Connectivity

Honourable Speaker, affordable services to connect our country and communities through shipping, aviation and telecommunications are critical for service delivery and sustainable development.

For shipping services:

- The 2024 Budget maintains the \$1 million allocation for the freight subsidy.

For air services:

- The 2024 Budget maintains the \$2.08 million allocation for the subsidy for Kiritimati air services.

For telecommunications:

- The 2024 Budget includes \$1 million for the outer islands' mobile towers project phase 3. The project will revisit islands covered in phase 1 to upgrade mobile and internet services and increase coverage up to 80% of the islands' population.

Infrastructure Development

Honourable speaker, the Government has delivered several major investments in infrastructure, with support from our development partners with a few mentioned projects below,

- Kiribati Outer Islands Transport Infrastructure Investment Project, which is ongoing.
- South Tarawa Water Supply Project, which is ongoing.
- South Tarawa Sanitation Project, which is ongoing.
- South Tarawa Renewable Energy Project
- Betio Hospital
- Outer Island clinics
- Renovation of Primary and Secondary Schools
- There is also a pipeline of new projects, including the Kiritimati master development programme.

Madam Speaker, the Government is also investing in one major infrastructure project; the Outer Island Infrastructure project, which has a significant financial implication on the 2024 LCDF provision. The project will upgrade outer island roads and airfields, while phase 1 of the project will focus on road upgrading starting from Butaritari. A total of **\$30 million** has been provisioned for this major infrastructure project.

While I am on the topic of infrastructure, Madam Speaker, I wish to add that the Government has invested as well in its major infrastructure to ensure that all Government buildings and facilities are

well maintained. The provision for the Infrastructure Maintenance Project has been increased from \$4 million to \$5 million in the 2024 Budget.

Support to Government Entities

The Government's State-Owned Enterprises (SOEs) play an important role in providing essential and affordable goods and services to the public. This includes utilities, fuel, inter island connectivity and housing.

Most of the SOEs are providing these goods and services below market price and therefore require Government support to subsidize the financial gap in order to remain afloat. This is called the Community Service Obligation or CSO

The 2024 Budget increases this support from \$6.86 million to \$10 million or by \$3.14 million. Initially, the CSO was allocated among the eligible SOEs however, this arrangement will change in 2024 whereby eligible SOEs have to apply to earn this support.

Madam Speaker, these are the major highlights of the 2024 Budget but more details, including the composition of spending, Ministry allocations, and the RERF etc. can be found in the Budget Book.

OVERALL FISCAL POSITION & CASH RESERVE

Madam Speaker,

Despite being the largest budget on record, I am pleased to inform this House that the 2024 Budget yields a balanced fiscal position. As indicated earlier, the total revenue estimate for 2024 is **\$406.5 million** and this sets the ceiling for total expenditure. This balanced fiscal position demonstrates this government's commitment to fulfilling its fiscal responsibilities in a prudent and sustainable manner as stipulated in the medium-term fiscal framework or fiscal strategy.

Cash Reserves

Madam Speaker, I wish to assure this House and Kiribati that the Government has, and continues to maintain, a healthy cash position to manage liquidity risks from previous years surpluses. Total Cash

reserves available to Government as of end of September 2023, inclusive of Account Number 1, 3 and State Street, is **\$251 million**. Based on the 2024 Budget, total cash reserves will provide six months of expenditure cover exceeding the minimum fiscal buffer by three months.

The cash position this year will remain healthy as fishing licence revenue collections are very strong. As of 30th September 2023, total fishing licence revenue received was \$156 million against the full year budget of \$191.4 million.

THE REVENUE EQUALISATION RESERVE FUND (RERF)

I am happy to report that the RERF is still performing well despite geopolitical tensions and conflicts which have adversely affected global markets. **As of 30 September 2023, the RERF balance stood at \$1.323 billion**. When compared to the value of the RERF at the end of 2022 which was \$1.194 billion, the fund has generated a return of 11% or \$130 million during this 9-month period. There is no drawdown made during the year (2023).

Madam Speaker, for the information of this House and the people of Kiribati, it is important to report that since our independence in 1979, the RERF has been under the management of different administrations, each of which has been able to make withdrawals from and deposits into the RERF as summarized below:

- Sir Ieremia Tabai Government 1979 – 1991: a total of \$65.1 million was withdrawn but no deposits made.
- Teatao Teannaki 1991 – 1994: a total of \$16.4 million was withdrawn and \$3 million deposited.
- Teburoro Tito 1994 – 2002: Total withdrawal was \$37.1 million and \$5 million deposited.
- Aote Tong 2003 – 2015: Total withdrawal was \$269.7 million was withdrawn while \$65.9 million was deposited.
- Taneti Maamau 2016 – 2023: \$40million was withdrawn and \$70 million deposited.

For 2024, \$80 million is budgeted to be withdrawn to help finance development and infrastructure projects.

DEVELOPMENT BUDGET

Madam Speaker, the discussion of the 2024 Budget cannot be complete without reference to the Development Budget and acknowledging the support of our development partners. For the 2024 Development Budget, I am pleased to inform this House that a total of **\$315.1 million** has been committed and pledged by all donors including the Government's local contribution to the development fund to continue and support the implementation of key infrastructure projects and social-economic activities. Together with the Recurrent Budget of **\$406.5 million**, the total national budget for 2024 is **\$721.6 million**.

The sectoral allocation (in line with the KV20 pillars) of the 2024 Development Budget shows that the Wealth sector dominates with a total provision of \$194.3 million (62 percent of the total), followed by Infrastructure sector at \$107 million (34 percent of the total), Peace and Security at \$7.8 million (2 percent of the total), and lastly Governance, with an allocation of \$6 million (2 percent of the total).

The top six donors for the 2024 Development Budget are Government of Kiribati with a share of \$140.1 million, Australian government \$44 million, the New Zealand government \$39.6 million, the World Bank \$37.2 million, Asian Development Bank \$21.4 million and the People's Republic of China \$18.2 million. It should be noted that Australia follows a July to June fiscal year so its provision will spill over to 2025. Once again, it is the government of Kiribati which contributes the biggest amount to the Development Budget.

CONCLUDING REMARKS

Making it happen

Honourable Speaker, the 2024 Budget that I have just outlined is not just a statement of intent, it is a statement of resolve. The 2024 Appropriation Bill puts resources behind that resolve, targeting the top priorities in KV20. And in 2024 we will work hard again to translate resources and resolve into tangible results for our people through:

- Inclusive programmes for disadvantaged members of our community.
- Better education and health for all.

- More opportunities for our young people.
- Better connectivity and more infrastructure.
- And the realization of the full potential of our people and resources.

In closing, I wish to acknowledge and thank the Line Ministries for their commitments and tireless efforts to deliver on the Government's bold development agenda. I would also like to thank our development partners for their continued and invaluable support. Last, but not least, I wish to give a special thank-you to my hard-working and dedicated NEPO staff who, under the leadership of the Secretary, have done so much for so little to pull together this 2024 Budget.

Let us all work together to move our nation forward along a secure and prosperous path with the ultimate goal of living in a healthy, wealthy and peaceful nation.

Te Mauri, Te Raoi ao Te Tabomoa i aora nikabane. May God bless Kiribati.