

KIRIBATI ECONOMIC REFORM PLAN 2013–2014

	Actions completed in 2013	Actions by end-June 2014
	Improving the quality of expenditure	
1	Expenditure on the copra subsidy does not exceed budgeted levels. Technical assistance is engaged to provide recommendations for reform of the copra subsidy scheme and other mechanisms for protecting livelihoods on the outer islands.	Cabinet agrees to key reforms of the copra subsidy scheme, including merger of the Copra Society and the Copra Mill, and the implementation of improved expenditure control and accounting measures.
	Increasing government revenues	
2	Cabinet will submit to parliament legislation to introduce a value-added tax, in order to reduce reliance on trade taxes and expand the tax base.	Value-added tax is introduced on schedule and with sufficient integrity to support an overall revenue increase over the import duty regime it will replace.
3	Cabinet will approve a National Fisheries Policy to strengthen the sustainable management of fisheries resources and maximize license revenue.	Ministry of Fisheries and Ministry of Finance work collaboratively to produce a joint report detailing the source of all fishing revenues, disaggregated between vessel day scheme revenue, bilateral revenues, and individual joint ventures to support accurate forecasting of fisheries revenues in future years.
	Improving the management of public assets and liabilities	
4	Cabinet will approve a Debt Policy, establishing: i) policy criteria for commercial and non-commercial borrowing consistent with sustainable macroeconomic management; and ii) formal processes for Cabinet approval when incurring debt and issuing guarantees.	The debt policy is effectively implemented, with no new non-concessional borrowing by central government, and all borrowing and issuance of guarantees formally agreed by Cabinet and the President, following the provision of advice by the Minister of Finance.
5	The Revenue Equalization Reserve Fund investment committee will: i) approve reallocation of assets to achieve consistency with clearly-stated investment objectives; and ii) improve public reporting on fund performance, drawdowns, and balances.	Cabinet will agree to specific measures for reform of Revenue Equalization Reserve Fund management following the provision of World Bank technical assistance, and begin the process of implementation.
	Improving the business environment	
6	Cabinet has approved submission to parliament of legislation to establish a legal framework for improved governance, strengthened financial reporting, and commercial management of state-owned enterprises.	Key provisions of the State-owned Enterprise Act are implemented, including the Parliament approval of full costed statement of intents, subsidies to state-owned enterprises fully reflected in the 2014 budget as community service obligations and full compliance with legislative provisions for all board appointments.

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7	Government has issued a tender for expressions of interest in a concession contract for private management of the Otintaai hotel.	Government has brought the concession contract for the Betio Shipyards to the point of transaction, and completed the liquidation of Kiribati Shipping Services Limited, Bobotin Kiribati Limited and the Plant and Vehicle Unit.
8	Cabinet has approved submission to parliament of legislation to liberalize the telecommunication sector, including commercialization of the incumbent state-owned operator and the introduction of competition.	An invitation to tender is issued for a private firm to enter the Kiribati telecommunications sector as a provider of telephony and internet services.