KIRIBATI HOUSING CORPORATION

KIRIBATI HOUSING CORPORATION

ESTABLISHED UNDER HOUSING CORPORATION ORDINANCE CAP40A

STATEMENT OF INTENT

CONFIDENTIAL

For the 3-Year Period FY2026 to FY 2028

AUTHORISATION

DRAFT SOI	NAME	SIGNATURE	DATE
APPROVED BY THE BOARD	Farran Redfern		3/12/25
TO SOEMAU	Boggy-Toany		3/12/25

- *Draft SOI to be submitted to SOEMAU*
- *SOEMAU undertake assessment*

DRAFT SOI	NAME	SIGNATURE	DATE
SOEMAU TO RESPONSIBLE MINISTERS	NAUMATA. TUKA		3/12/25
REVIEW BY MINISTER	HE Taneti Maamau		21/4/26
REVIEW BY MINISTER	Dr Teuea Toatu		20/04/26

- *SOEMAU assessment and SOI to be reviewed by Responsible Ministers*
- *Comments from Responsible Ministers to be considered by Board*

FINAL SOI	NAME	SIGNATURE	DATE
APPROVED BY THE BOARD			
TO SOEMAU			

- *Final SOI submitted to SOEMAU and Responsible Ministers before commencement of Fiscal Year*

1 EXECUTIVE SUMMARY

Conforming to the requirements of the State-Owned Enterprise Act, 2013 (as amended), Section 19, Kiribati Housing Corporation hereby submits its Statement of Intent, for the period FY2026 to FY2028.

The **Kiribati Housing Corporation (KHC)** was established under the Kiribati Housing Ordinance Cap 40A. **KHC** is a State-owned Enterprise and is mandated under the State-Owned Enterprises Act, 2013 (as amended).

KHC operates in the housing sector and this Statement of Intent indicates how KHC has reviewed its operating environment and key challenges and derived the following planning period objectives, activities, performance measures and financial forecasts towards achieving its key objectives.

1. THE OBJECTIVES OF SOE

Key Objective 1 *– Expand Housing Portfolio: Increase the inventory of available housing units.*

Key Objective 2 *– Enhance Service Efficiency: Optimize major and routine maintenance programs to ensure timely and satisfactory service.*

Key Objective 3 *– Develop Sustainable Projects: Secure KHC land boundaries and focus on the development of smart and efficient medium-rise housing projects.*

Key Objective 4 *– Promote Home Loan Services: Facilitate widespread access to home loan services for the public.*

Key Objective 5 *– Cultivate Employee Excellence: Continuously improve and empower employee performance.*

Key Objective 6 *– Digital Transformation: Implement digital solutions for financial management, operations, stock, asset management and improved communication.*

Key Objective 7 *– Governance: Enhance effectiveness and engagement through policy and legislative review, streamlined recovery processes and improved reporting mechanisms.*

Key Objective 8 *– Sustain Profitability: Achieve a consistent annual net profit ratio to ensure financial sustainability.*

2. THE NATURE AND SCOPE OF THE ACTIVITY TO BE UNDERTAKEN

Kiribati Housing Corporation will undertake activities and strategic actions as detailed in the following sections that aim to deliver the above-stated key objectives for the planning period.

Kiribati Housing Corporation will continue in the operation of its core business activities providing housing to government employees and provide loan service towards enhancing overall performance and earnings to satisfy the principal objective under section 5, SOE Act, 2013.

3. THE PERFORMANCE TARGETS AND OTHER MEASURES BY WHICH THE PERFORMANCE OF THE SOE MAY BE JUDGED IN RELATION TO ITS OBJECTIVES

Strategic Actions	Measure	When
***Key Objective 1** – Expand Housing Portfolio*		
Implement NBP for Low Density Housing Grades	5 C Grades Completed	Dec 2026
Implement NBP for High Density Housing Grades	10 E Grades Completed	Dec 2026
Construct and deliver new houses through loans from KPF	20 E Grades Completed	Sep 2027
Obtain and confirm statistics on civil service location hotspots against housing demands	Confirm and acquire census data on total employees per Ministry with confirmed housing demands via applications	Dec 2026
Rehabilitate and upgrade highly dilapidated houses	20 high density housing grades rehabilitated, and rainwater containment systems installed	Dec 2026
Key Objective 2 - *Enhance Service Efficiency: Optimize major and routine maintenance programs to ensure timely and satisfactory service.*		
1. Establish and Implement a preventive maintenance program	100% of KHC's housing and assets are included in an approved preventive maintenance schedule and inspected at least twice per year	Dec 2026
2. Digitalize Maintenance Request and Tracking System	100% of maintenance requests are logged, tracked, and closed through a digital tracking system within 48hrs of submission	Dec 2027
3. Strengthen Maintenance	90% of urgent maintenance	Dec 2028

Response standards	requests are completed within 24hrs, and 85% of routine maintenance requested are completed within 3-5 working days.	
1. Build Technical and Maintenance Capacity	at least 80% of maintenance staff have received certified technical or safety training relevant to their assigned duties	mid 2028
2. Strengthen Monitoring and Evaluation of Maintenance Performance	KHC achieves at least 30% reduction in average maintenance turnaround time, as reported in 1/4 performance reviews.	mid 2028
Key Objective 3 *– Develop Sustainable Projects with focus on Smart Village Concepts. and Deploy Effective Relocation Plans*		
Equip and upgrade capacity with modern and effective plants and equipment	Procure a concrete batching plant, crane truck and scaffolding systems	Dec 2027
Explore and invest in modern low to medium-rise housing solutions to maximize land usage	2 Low-Cost Concepts, 2 Medium rise Concepts completed	Dec 2027
Explore solar energy integration – installation and long-term maintenance partnerships with KGEC	Draft Policy Coordinated with KGES and System selection confirmed	June 2026
Propose and secure location and design options for resilient relocation quarters	3 Designs and Implementation Plans for Bikenibeu, Bairiki and Betio relocation quarters approved	June 2026
Secure development sites with permanent options and deploy effective relocation plans.	All vacant and idle lands reserved for housing secured with permanent installations.	Dec 2026

HOUSING LENDING AND ADVICE CENTRE

Key Objective 4 – Promote Home Loan Services		
1. Review Credit Policy	Credit Policy First Draft finalized.	Dec 2025
2. Increase disbursement of home loans	$1M in new loans disbursed	Dec 2025
3. Roll-out home furnishing loan (home packages) to the public: kitchen package; bedroom package; dining package; sanitation, etc.	10 packages sold	Dec 2026
4. Invest new building to increase housing stock	5 houses low density houses.	June 2026

5. KHC EZ-houz for Kiritimati	5 kit-set homes built and delivered	Dec 2026
6. RSE working Poll NZ / AUS Home Loan	10 homes built and delivered	June 2026

HUMAN RESOURCES

***Key Objective 5** – Cultivate Employee Excellence*		
1. Capacity Attachment Program	2 divisions targeted Technical skills (Maintenance, Development)	Jun – Jul 2026
2. Staff salary increase	At least 30% increase on staff salary achieved	Jan 2026
3. In-House Training & Workshops	Have conducted two relevant in-house training across all divisions	Jun, Nov, 2026
4. More training offer KIT or USP related to each department	3 staff each section train at KIT 1 staff each section train at USP	Dec 2025
5. Staff awareness program by quarter (e.g., safety, cyber security, etc.)	Quarterly staff awareness programs run every quarter	Quarterly
6. Immediate recruitment for vacant positions	All vacant positions filled	Mar 2026
7. Cross training across country partners (e.g., Fiji, Region) in each department/level	Partnership with region housing companies	Dec 2025
8. Recognize and reward good performance	Awarded to a staff member for outstanding performance, as recognized by the Corporation with a Certificate of Achievement.	Dec 2026

INFORMATION & TECHNOLOGY

***Key Objective 6** – Digital Transformation*		
1. Future tenants housing application status check online	Developing new forms for our new platform and will be publish for trial by the end of this year.	June 2026
2. Housing latest post for Ministries and SOE's outstanding can be checked online (KHC website) Ministries/SO outstanding FB/Website	Awaiting approval from the management for publishing on our official page	Dec 2026
3.Staff in- house training	2 revenue staff trained using live file Upcoming training was scheduled.	June2026
4.Incoming Mail (Task tool)	Procure requirement office equipment and trained staff	Mid-2026

5.Centralizing Data(Team Folder)	(5 Users trained using this feature.(Ongoing process)	Mid- 2028
6.GIS office establishment	Completed but still ongoing for new data updating	Jan 2028

LEGAL & RECOVERY SERVICES

***Key Objective 7** - Governance: Enhance effectiveness and engagement through policy revision, streamlined recovery processes, and improved reporting mechanisms.*		
1. Review and strengthen legal and corporate policy frameworks	Review and revision of existing policies in **Q1 FY2026**; phased consultation and implementation to follow each quarter.	By the end of 2026, 100% of KHC's key legal and corporate policy documents are reviewed, updated, and endorsed by the Board.
2. Streamline Recovery and Risk Processes and Enhance Staff Expertise	Restructure completed by **end of Q1 2026**; staff to attend at least **three specialized trainings** by end of 2026; ongoing process improvement through 2028.	By 2mid 028, KHC achieves a 40% improvement in arrears recovery rate compared to 2025 baseline, supported by trained and competent staff.
3. Strengthen Legal Compliance and Risk Management	Reporting mechanism and risk tracking system established by **end of Q1 2026**; annual updates ongoing.	By Mid 2028, all departments conduct annual risk assessments and submit mitigation plans with 100% compliance reporting.
4. Improve Recovery Reporting and Communication Systems	System developed and operational by **Q3 2026**; quarterly reporting ongoing thereafter.	By 2027, all recovery data and reports are centralized digitally, achieving 100% accuracy and timely submission within 10 working days after each quarter.
5. Enhance Stakeholder Engagement and Dispute Resolution Mechanisms	Communication materials produced by **Q1 2026**; ongoing engagement activities through FY2028.	By end of 2028, at least 80% of tenancy and stakeholder disputes are resolved through mediation or negotiated settlement within 60 days of reporting.

FINANCE DEPARTMENT

***Key Objective 8** – Sustain Profitability*		
1. Increase house rate on local and economic houses both employee and employer.	50% tenants and employer from all existing houses.	Jan 2026
2. Updated Quarterly payment on house rents for all Ministries and SOEs.	100% all rent collections on a quarterly basis.	Jan 2026
3. Quarterly bonuses (incentives) to those meet their targets on quarterly basis.	100% met target.	Dec 2026

4. Boost revenue for production services on direct purchase scheme and development activities adhoc.	80% on a quarterly basis.	Dec 2026
5. Strengthen the Cost saving taskforce to monitor and control the expenditure every month.	Reduce and control expenditure by 30% for every quarter.	Ongoing. Dec 2026

i. **Assessment of Recent Results.**

Financial Highlights (000)	2025	2026	2027
Revenue	$3,310	$3,972	$4,766
Net Profit	$263K	$315K	$379K
CSO	-	-	-
Total Assets	19M	23M	29M
Total Liabilities	647K	775K	970K
Shareholder's equity	18M	22M	28M
Return on Equity	28.7%	20%	23.7%
Return on Asset	28.1%	19.4%	23.0%
Debt/Equity Ratio	0.02	0.03	0.03
Current Ratio	49	25	28

Financial Highlights (000)	2025	2026	2027	2028
Revenue	$3,310M	$3,972M	$4,766M	$5,719M
Net Profit	$263K	$315K	$379K	$454K
CSO	-	-	-	-
Total Assets	19.39M	23M	28M	$36M
Total Liabilities	588k	647k	711k	782k
Shareholder's equity	16.27M	18.72M	21.85M	24.85M
Return on Equity	0.006	0.014	0.021	0.026
Return on Asset	0.006	0.013	0.021	0.254
Debt/Equity Ratio	0.036	0.0345	0.033	0.0321
Current Ratio	26.23	27.42	28.67	28.97

A STATEMENT OF FINANCIAL PERFORMANCE

KIRIBATI HOUSING CORPORATION STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31ST DECEMBER 2025,26,27,28				
	2025	**2026**	**2027**	**2028**
INCOME				
Rental Income	3,256,064.59	3,907,277.51	4,688,733.01	5,626,479.61
Less Cost of Sales	- 547,536.63	- 657,043.96	- 788,452.75	- 946,143.30
Gross Profit	**2,708,527.96**	**3,250,233.55**	**3,900,280.26**	**4,680,336.31**
OTHER INCOME				
Interest on House Loan	406,447.20	487,736.64	585,283.97	702,340.76
Interest on SAPHE Loan	-	-	-	-
Interest on Special Loan	-	-	-	-
Adm Fees, Late Fees and others	127,759.20	153,311.04	183,973.25	220,767.90
Interest on Short-term deposits	-	-	-	-
Community Service Obligation(CSO)	-	-	-	-
Other Income - Furniture making & others	67,280.84	80,737.01	96,884.41	116,261.29
Total Other Income	**601,487.24**	721,784.69	**866,141.63**	**1,039,369.95**
Total Income	**3,310,015.20**	**3,972,018.24**	**4,766,421.89**	**5,719,706.27**
EXPENSES				
Personal Emoluments	1,132,894.53	1,359,473.44	1,631,368.12	1,957,641.75
Operating Expenses	457,518.36	549,022.03	658,826.44	790,591.73
Office Support Expenses	231,102.48	277,322.98	332,787.57	399,345.09
Repair & Maintenance Expenses	10,720.58	12,864.70	15,437.64	18,525.16
Development - Cost of Production	-	-	-	-
Dept Property, Plant & Equipment	787,023.83	944,428.60	1,133,314.32	1,359,977.18
Dept-Capitalized repairs & maintenance	848,560.94	1,018,273.13	1,221,927.75	1,466,313.30
Bad and Doubtful Debts		-	-	-
Miscellaneous Expenses	35,075.00	42,090.00	50,508.00	60,609.60
Sundry Expenses	-	-	-	-
Total Expenses	**3,502,895.72**	**4,203,474.86**	**5,044,169.84**	**6,053,003.80**
Net Operating Profit/Loss (-)	- **192,880.52**	- **231,456.62**	- **277,747.95**	- **333,297.54**
Add/Less: Abnormal Items				
Prior Period Items	6,170.26	7,404.31	8,885.17	10,662.21
Release of Amortisation	449,915.80	539,898.96	647,878.75	777,454.50
Extraodinary items	-	-		
Net Profit/Loss (-) for the year	**263,205.54**	**315,846.65**	**379,015.98**	**454,819.17**

4. A STATEMENT OF FINANCIAL POSITION

KIRIBATI HOUSING CORPORATION STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2025,26,27,28	2025	2026	2027	2028
CURRENT ASSETS				
Cash & Equivalents	2,018,033.04	2,421,639.65	3,027,049.56	3,935,164.43
Short Term Deposit (IBD)	-	-	-	-
Base Stock	3,982,015.84	4,778,419.01	5,973,023.76	7,764,930.89
Work in Progress	3,911,710.73	4,694,052.88	5,867,566.10	7,627,835.92
Trade Receivables	287,707.58	345,249.10	431,561.37	561,029.78
Sundry Debtors & Prepayment	11,294.73	13,553.68	16,942.10	22,024.72
Total Current Assets	**10,210,761.92**	**12,252,914.30**	**15,316,142.88**	**19,910,985.74**
CURRENT LIABILITIES				
Auditors' Remuneration	13,750.00	16,500.00	20,625.00	26,812.50
Security Deposits	12,221.03	14,665.24	18,331.55	23,831.01
Accrued Expenses	17,575.51	21,090.61	26,363.27	34,272.24
Payroll Liabilities	151,486.28	181,783.54	227,229.42	295,398.25
Sundry Creditors	177,282.86	212,739.43	265,924.29	345,701.58
Total Current Liabilities	**372,315.68**	**446,778.82**	**558,473.52**	**726,015.58**
WORKING CAPITAL	**9,838,446.24**	**11,806,135.49**	**14,757,669.36**	**19,184,970.17**
NON-CURRENT ASSETS				
Property, Plant and Equipment	4,880,284.68	5,856,341.62	7,320,427.02	9,516,555.13
Housing Loan	4,082,204.67	4,898,645.60	6,123,307.01	7,960,299.11
SAPHE Loan	-	-	-	-
Capitalized Repair/Maintenance	179,195.30	215,034.36	268,792.95	349,430.84
Intangible Asset	36,764.47	44,117.36	55,146.71	71,690.72
Total Non Current Assets	**9,178,449.12**	**11,014,138.94**	**13,767,673.68**	**17,897,975.78**
LONG TERM LIABILITIES		-		
Security Deposits	274,721.39	329,665.67	412,082.09	535,706.71
Total Long Term Liabilities	**274,721.39**	**329,665.67**	**412,082.09**	**535,706.71**
NET WORTH	**18,742,173.97**	**22,490,608.76**	**28,113,260.96**	**36,547,239.24**
REPRESENTED BY				
Accumulated Funds	6,955,501.40	8,346,601.68	10,433,252.10	13,563,227.73
Capital Reserve	11,786,672.57	14,144,007.08	17,680,008.86	22,984,011.51
TOTAL SHAREHOLDERS FUND	**18,742,173.97**	**22,490,608.76**	**28,113,260.96**	**36,547,239.24**

5. A STATEMENT OF ANTICIPATED BORROWING

Since August 2021, conditional funding through a loan from KPF that received Cabinet's approval still faced drawbacks to date. KHC is keen to venture on this initiative and has made one revision from the initial $950k to a $1.6m. A delay of more than 3 years necessitates this revision, but a significant short term maintenance estimate has been incorporated. Full documentation on the proposal remains with KPF and a decision is still anticipated to warrant the funding amount.

KHC had also embarked on a miniature unit of the E-Terrace design through its own funding. This is implemented at the Urban Housing Phase 2 Project Site in Bairiki and would serve as guarantee on delivery capacity of KHC. Once delivered, the new housing typology would allow customers to live in a stacked condition, thus maximizing land usage.

Figure 1: E-Terrace building block

6. THE ACCOUNTING POLICIES

The accounts of the Corporation have been drawn up in accordance with generally accepted accounting standard, disclosure requirements and consistent with the International Financial Reporting Standard (IFRS). They have been prepared based on historical costs and do not take account changing money values, or except where stated. The Accounting Policies have been consistently applied.

7. WHETHER SOE ANTICIPATES THAT IT WILL GENERATE A RETURN THAT COVERS THE COST OF CAPITAL, AND IF NOT, WHY NOT

As per the projected financial report for 2025, KHC is expected to maintain a marginal profit. This optimistic outlook is attributed to KHC's gradual enhancement of revenue streams, driven by the successful execution of projects such as the Urban Housing Project, New Build Program, and Major Maintenance Program, all aimed at expediting the construction of new houses. These new properties fall under the category of upgraded economic housing, which translates to increased house rents (economic rents), thus further improving revenue generation.

8. A STATEMENT OF THE PRINCIPLES TO BE ADOPTED IN DETERMINING ANY ANNUAL DIVIDEND

KHC targets to pay dividend to Government in the future when circumstances permit.
However, KHC's primary focus now is directed towards increasing its housing inventory to address the pressing demand for Government Housing. Presently, KHC's housing stock stands at 1,075 units, which significantly falls short of meeting the need of over 6,000 Government and SOE employees combined.

As KHC gradually bridges the demand gap for Government Housing, it may also and potentially allocate dividends to the government in the future as housing stock and profits increase.

9. ANY ACTIVITY WHICH KHC REQUESTS OR HAS AGREED TO BE TREATED AS A CSO

KHC recognizes that its existing rental rates are lower than the commercial and market rent rates. It is important to note that the cost of building materials has surged significantly due to inflation. Therefore, there should be a CSO agreement with the Government on funding the shortfall and variance between KHC's existing rent rates and proposed housing market rent rates.

KIRIBATI HOUSING CORPORATION				
MONTHLY CHARGES FOR GOVERNMENT QUARTERS & SOEs (Monthly Payment)				
HOUSE GRADES	LOCAL RENT	SUBSIDY RENT		
	EMPLOYEE	EMPLOYER	TOTAL RENT	
A (Local rate)	$ 93.00	$ 116.00	$ 209.00	L6(1) - L3
A (Economic rate)	$ 93.00	$ 425.00	$ 518.00	
B (Local rate)	$ 75.00	$ 90.00	$ 165.00	
B (Economic rate)	$ 75.00	$ 372.00	$ 447.00	
New C (Sunshine)	$ 54.00	$ 605.00	$ 659.00	L10(1) - L7
C (Local rate)	$ 54.00	$ 78.00	$ 132.00	
C (Economic Rate	$ 54.00	$ 358.00	$ 412.00	
OLD C Grades	$ 33.00	$ 76.00	$ 109.00	L11(1)-L11(
D(Local rate)	$ 25.00	$ 57.00	$ 82.00	L12 - L13
D(Economic rate)	$ 25.00	$ 232.00	$ 257.00	
NEW E	$ 19.00	$ 260.00	$ 279.00	L14 - L17
Modify E	$ 42.00	$ 329.00	$ 371.00	
Modify D	$ 57.00	$ 326.00	$ 383.00	L12 - L13
E (Local rate)	$ 19.00	$ 15.00	$ 34.00	L14 - L17
E(Economic rate)	$ 19.00	$ 116.00	$ 135.00	
New Labour Line	$ 17.00	$ 49.00	$ 66.00	L18 - L19
F Grade	$ 9.00	$ 19.00	$ 28.00	L14 - L17
Old Labour Line	$ 5.00	$ 14.00	$ 19.00	L18 - L19
Prototype	$ 20.00	$ 77.00	$ 97.00	L14 - L17

10. ANY OTHER MATTER AS AGREED BY THE RESPONSIBLE MINISTERS AND THE BOARD

KHC has successfully secured government support to initiate the mobilization of a KPF Loan, earmarked for the construction of 20 new houses. This endeavour is currently in progress and is estimated to be carried out in mid 2026, contingent on both KPF's approval and the support of the SOEMAU for the loan. The construction of these 20 new housing units will play a pivotal role in enhancing KHC's revenue collection. These additional units will increase the housing stock that leads to rental rates that align more closely with the prevailing market rates.