# KIRIBATI LAND TRANSPORT AUTHORITY

# STATEMENT OF INTENT

**CONFIDENTIAL**

For the 3-Year Period FY2026 to FY 2028

Kiribati Land Transport Authority

## AUTHORISATION

| DRAFT SOI | NAME | SIGNATURE | DATE |
|---|---|---|---|
| APPROVED BY THE BOARD | Arobati Brechtefeld | [signature] | 10/04/26 |
| TO SOEMAU | Mwemweenibeia | [signature] | 14/04/26. |

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

| DRAFT SOI | NAME | SIGNATURE | DATE |
|---|---|---|---|
| SOEMAU TO RESPONSIBLE MINISTERS | DR TEMEA TOATU | [signature] | 13/04/26 |
| REVIEW BY MINISTER | Alexander Teabo | [signature] | 13/04/2026. |
| REVIEW BY MINISTER | | | |

- *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 | Arobati Brechtefeld | [signature] | 10/04/26 |
| TO SOEMAU | | | |

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

# CHAIRMAN'S FOREWORD

It is my privilege to present the Kiribati Land Transport Authority's Statement of Intent for the period FY2026 to FY2028. This document reflects the Board's strategic direction and our collective commitment to advancing safe, efficient, and sustainable land transport services across Kiribati.

Over the past two years, KLTA has demonstrated strong operational and financial performance growing revenue, strengthening enforcement, and deepening community engagement. Building on these foundations, the Board has set an ambitious yet achievable agenda for the planning period ahead. Our priorities include reviewing legislation, a more inclusive approach where communities can help to look after our roads, expanding our regulatory reach to outer islands, and investing in the skills and systems needed to sustain long-term growth.

We remain guided by our vision: "*Moving Kiribati safely, reliably, together*" and by our responsibility to the people of Kiribati to deliver services that are equitable, compliant, and responsive to the Kiribati's development goals. The Board is confident that this Statement of Intent positions KLTA well to fulfil its mandate and contribute meaningfully to the Kiribati Development Plan and to give back to our community.

I wish to thank the Management and staff of KLTA for their dedication, and our Government and development partners for their continued support. Together, we look forward to the period ahead with purpose and resolve.

Arobati Teewe Brechtefeld
Acting Chairman, Board of Directors
Kiribati Land Transport Authority

# 1 EXECUTIVE SUMMARY

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

The KLTA was established under the Public Highways Protection Act 2018. Since then, the KLTA has been established as a State-owned Enterprise and is mandated under the State-Owned Enterprises Act, 2013 (as amended).

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

## 1. THE OBJECTIVES OF SOE

| Key Risk/Challenge | Key Objective |
|---|---|
| Legislation | Enhance regulation and enforcement through reviews and amendments to align with evolving needs, including provisions for electric vehicles (EVs), public transport requirements, and emerging technologies. |
| Road Safety | Improve road infrastructure visibility, public awareness, and partnerships to reduce accidents, encroachments, and hazards, incorporating community engagement for sustained maintenance. |
| Productivity | Upskill staff, increase workforce capacity, and implement Continuous Quality Improvement (CQI) for operational efficiency, while fostering community participation to support core functions. |
| Public Transport | Enforce policies, improve inspections, and expand services to the outer islands to ensure safe, reliable, and compliant transport options. |
| Business System | Upgrade databases, accounting systems, and revenue streams for better financial management, risk reduction, and service delivery. |
| Revenue | Diversify sources through new services such as number plate production, parts sales, and partnerships with importers to achieve sustainable growth. |
| Expansion to Outer Islands | Establish branches in Kiritimati and Butaritari, with infrastructure readiness and minimal staffing, to extend regulatory reach and support regional development. |

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

KLTA will undertake targeted activities and strategic actions as outlined in subsequent sections to achieve the stated objectives. These include legislative reviews, safety campaigns, staff development, system upgrades, revenue diversification, and phased expansions.

Core business operations (vehicle registration, driver licensing, highway protection, and enforcement) will continue to drive earnings, with enhancements to incorporate EVs and digital processes. Business-as-usual activities are projected to contribute 80% of revenues, supplemented by new initiatives. All actions align with KLTA's mandate to promote safe, efficient land transport while supporting KDP goals for infrastructure resilience and community engagement.

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

| Key Objectives | Measure | When |
|---|---|---|
| Legislation: Enhance regulation and enforcement | Number of consultations completed: Target 2 per year; reduction in repeat offenders by 20% annually; draft amendments submitted for approval. | Ongoing, with key milestones in Q1-Q2 each year; full enforcement by FY2028. |
| Road Safety: Improve infrastructure and awareness | Awareness campaigns conducted: Target 4 per year; residents reached: 1,200 by FY2028; patrol visibility increased by 25% annually; community engagement participants: 50 annually. | Quarterly operations and annual reviews throughout the period. |
| Productivity: Upskill staff and implement CQI | Training sessions held: Target 3 per year; staff skill gaps reduced by 30% via assessments; CQI processes documented: 100% by FY2027; workforce efficiency: 20% improvement. | Bi-annual reviews and trainings; annual assessments. |
| Public Transport: Enforce policies and inspections | Joint operations: Target 12 per year; compliance rate: 75% by FY2028; inspection guidelines updated annually. | Ongoing monthly operations; annual guideline reviews. |
| Business System: Upgrade systems | Database and accounting upgrades completed: 100% by end FY2026; risk incidents reduced by 15% annually; system downtime: <5% annually. | FY2026 implementation; quarterly monitoring thereafter. |
| Revenue: Diversify sources | New revenue streams operational: Target 2 new (e.g., number plates, parts sales); revenue growth: 10% annually; contribution from new sources: 20% by FY2028. | Phased rollout FY2026-FY2027; annual targets. |
| Expansion: Outer islands branches | Branches established: Kiritimati by end FY2026, Butaritari by end FY2027; staff deployed: 2-3 per branch; service coverage: 80% of target islands by FY2028. | Milestones tied to infrastructure completion and grant approvals; annual progress reports. |

## 4. A STATEMENT OF FINANCIAL PERFORMANCE

| Item | FY2026 Forecast | FY2027 Forecast | FY2028 Forecast |
|---|---|---|---|
| Total Revenue | 1,169,300 | 1,286,230 | 1,414,853 |

| | | | |
|---|---|---|---|
| Cost of Sales | 100,000 | 105,000 | 110,250 |
| Gross Profit | 1,069,300 | 1,181,230 | 1,304,603 |
| Total Expenses | 719,300 | 755,265 | 793,028 |
| Net Profit | 350,000 | 425,965 | 511,575 |

*(Note: Expenses include $60,000 annual allocation for the Community Engagement Initiative.)*

## 5. A STATEMENT OF FINANCIAL POSITION

| Item | FY2026 Forecast | FY2027 Forecast | FY2028 Forecast |
|---|---|---|---|
| Total Assets | 1,600,000 | 1,800,000 | 2,000,000 |
| Total Equity | 1,600,000 | 1,800,000 | 2,000,000 |

## 6. A STATEMENT OF ANTICIPATED BORROWING

KLTA anticipates no external borrowings during the period, maintaining a debt-free position in line with conservative financial management. Capital requirements for expansions and initiatives will be funded through internal revenues and government grants.

## 7. THE ACCOUNTING POLICIES

Accounts are prepared on an accrual basis under the historical cost convention, consistent with generally accepted accounting principles in Kiribati. Revenue is recognized when earned and services are delivered; expenses when incurred. Property, plant, and equipment are depreciated on a straight-line basis (e.g., vehicles at 20%, buildings at 5%). No changes to policies are anticipated.

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

KLTA anticipates positive returns exceeding the cost of capital, with RoE projected at 22% in FY2026, 24% in FY2027, and 26% in FY2028. These are driven by revenue diversification, operational efficiencies, and grant-supported investments, ensuring financial sustainability.

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

Dividends will be determined based on 50% of net profit after allocations for reserves and capital expenditures, subject to Board approval, financial capacity, and alignment with SOE Act requirements. Proposed dividends: $175,000 (FY2026), $212,983 (FY2027), $255,788 (FY2028), payable only if cash flow permits.

## 10. ANY ACTIVITY WHICH REQUESTS OR HAS AGREED TO BE TREATED AS A CSO

KLTA has not requested any CSO from the Government since 2018 since its first establishment.

However, for this planning period, KLTA may request CSO treatment for road safety awareness campaigns, highway protection services, and the Community Engagement Initiative (employing 50 community members for road cleanliness and monitoring, valued at $60,000 annually). These deliver public benefits, such as reduced encroachments and enhanced infrastructure upkeep, with a total claim of $150,000 over the period ($50,000/year for campaigns plus initiative costs).

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

Expansions to outer islands and CQI (Continuos Quality Improvement) framework implementation align with KDP priorities for equitable development and quality service. KLTA will provide quarterly updates on progress, including grant/government support applications for branch infrastructure.

# 2 MANDATE AND POLICIES GOVERNING THE DEVELOPMENT OF THE STATEMENT OF INTENT

## 2.1 Ownership Guidelines

As a SOE, KLTA operates on commercial principles while delivering public value, with expectations for financial self-sufficiency, regulatory compliance, and contributions to national development. Ownership by the Government of Kiribati emphasizes accountability, efficiency, and alignment with public policy.

## 2.2 Obligations under the Kiribati Development Plan/KDV or similar

KLTA supports KDP pillars on infrastructure, transport, and community resilience by improving road safety, expanding services to outer islands, and promoting sustainable practices. Specific obligations include reducing traffic incidents, enhancing public transport, and engaging communities in asset management to foster inclusive growth.

## 2.3 Mandate

KLTA's mandate, derived from the Public Highways Protection Act 2018 and Traffic Act 2017, encompasses vehicle registration and inspection, driver licensing, enforcement of traffic and highway laws, public transport regulation, and oversight of road infrastructure to ensure safety and compliance.

## 2.4 Purpose of the State-Owned Enterprise

Vision: "Moving Kiribati safely, reliably, together."

Mission: To regulate, enforce, and innovate land transport services that enhance safety, productivity, and community well-being.

Values: Integrity in operations; Safety as priority; Accountability to stakeholders; Collaboration with partners; Excellence in service delivery.

## 2.5 Core Business

Core activities include registering vehicles and issuing licenses, enforcing traffic regulations, protecting highways from encroachments, conducting safety inspections, and regulating public transport. These are supplemented by emerging focuses on EV integration, digital systems, and community-driven maintenance.

# 3 PLANNING INPUTS

## 3.1 Profile / Overview of the Business & Assessment of Recent Results

KLTA regulates land transport primarily on South Tarawa, with expansions to Kiritimati and outer islands. In FY2024, revenue reached $1,071,119 with a net profit of $417,781, driven by registration and penalty fees. The FY2025 half-year showed revenue of $466,946 and net profit of $136,741 (91% above forecast), attributed to 25% increased patrols, 16 staff upskilled, and fleet enhancements ($107,556 invested). Workforce grew to 31, with zero borrowings maintained, positioning KLTA for sustained growth.

## 3.2 Current Situational analysis

KLTA operates in a resource-constrained environment with challenges like climate impacts on infrastructure and limited outer island access. Recent achievements include 600+ residents engaged in safety programs and 50% public transport compliance. Opportunities arise from EV adoption and grants for expansions, while threats include legislative delays and maintenance burdens.

## 3.3 Summary, Business Risks and SWOT analysis

| SWOT | Details |
|---|---|
| Strengths | Strong enforcement team, revenue growth |
| Weaknesses | Skill gaps, outdated systems |
| Opportunities | Revenue diversification, community partnerships |
| Threats | Infrastructure delays, external dependencies |
| Key Risks | Regulatory changes (high impact, medium likelihood, mitigated by consultations), Revenue volatility (medium, mitigated by new streams), Expansion delays (high, mitigated by grant and government support pursuits) |

## 3.4 Leading to Specific Challenges and Focus of Planning Period

Challenges include updating legislation for EVs, enhancing safety amid growing traffic, boosting productivity in a small workforce, and extending services equitably. The focus for FY2026-2028 is on regulatory modernization, community-integrated safety, efficient operations, and grant-funded expansions to achieve resilient transport systems.

# 4 PLANNING PERIOD OBJECTIVES

## 4.1 Statement to reconcile the key challenges from section 3.4 to identify planning period Objectives

To address identified challenges, KLTA has reconciled key risks into actionable objectives:

Strengthen legislation for future-proofing;
Elevate road safety through infrastructure and engagement;
Enhance productivity via training and CQI;
Improve public transport compliance;
Upgrade business systems and database for efficiency;
Diversify revenue sustainably;
Expand to outer islands equitably.

By the end of FY2028, KLTA aims to achieve updated laws enforced nationwide, 30% reduction in accidents, 20% workforce efficiency increase, 75% public transport compliance, fully digital systems, 15% annual revenue growth, and operational branches in two outer islands.

# 5 STRATEGIC ACTIONS TO SATISFY OBJECTIVES

## 5.1 Key strategies that aim to meet each Objective and that are specific actions and tasks, clearly stating who is responsible and what resources are allocated to the tasks.

| Task | Division | Cost |
|---|---|---|
| Conduct stakeholder consultations and draft amendments | Administration & Finance Division | $15,000 for consultations |
| Develop regulations | Patrol Division | $5,000 drafting support |
| Install infrastructure features like signboards and humps | Patrol Division | $35,000 materials |
| Launch awareness campaigns | Training Division | $15,000 media |
| Implement the Community Engagement Initiative to employ 35-50 locals for cleanliness and monitoring | Patrol Division | $60,000 annual wages (may request for CSO funding from Government) |

| | | |
|---|---|---|
| Partnerships with MISE and KPS | Administration & Finance Division | no additional cost |
| Deliver in-house trainings and upskill staff | Human Resources Division | $35,000 programs |
| Document CQI processes | All divisions | $10,000 gears/materials |
| Conduct workforce assessments | Human Resources Division | internal resources |
| Conduct joint enforcement operations | Patrol Division | $25,000 logistics |
| Upgrade database and accounting records (software used) | Licensing Division | $40,000 IT investment |
| Enhance fleet maintenance to reduce risks | Yard Division | $10,000 annual |
| Procure number plate machine | Administration & Finance Division | $50,000 capital, grant-funded (may request for funding from donor partner) |
| Establish MOUs with importers and sell parts/gears | Administration & Finance Division | internal resources |
| Secure grants and support through Government and partners and establish branches | Operations Division | $100,000 infrastructure per branch, grant-funded |
| Deploy staff and resources | Human Resources Division | $20,000 relocation |
| *Core registration, licensing, and enforcement activities will sustain 80% of earnings through consistent service delivery and fee collection.* | | |

Routine operations in vehicle inspections, penalty issuance, and license renewals provide stable revenue, complemented by strategic enhancements to ensure long-term viability without reliance on borrowings.

# 6 PERFORMANCE MEASURES

## 6.1 Identify 1 – 5 SMART KPI's that relate specifically to each strategy

| Objective | Strategy | KPI | 2026 Target | 2027 Target | 2028 Target |
|---|---|---|---|---|---|
| Legislation | Review Acts and develop regulations | Consultations completed; Drafts submitted | 2; 100% | 2; 100% | 2; Enforcement at 100% |
| Road Safety | Infrastructure improvements; Awareness campaigns; Community Engagement | Campaigns held; Residents reached; Participants engaged; Incidents reduced (%) | 4; 800; 50; 15% | 4; 1,000; 50; 20% | 4; 1,200; 50; 25% |
| Productivity | Training sessions; CQI implementation | Sessions held; Skill gaps reduced (%); Processes documented | 3; 20%; 70% | 3; 25%; 100% | 3; 30%; Maintenance |
| Public Transport | Joint operations; Guideline updates | Operations conducted; Compliance rate (%) | 12; 60% | 12; 70% | 12; 75% |
| Business System | Database/accounting upgrades | Completion (%); Risk incidents reduced (%) | 100%; 10% | Maintenance ; 15% | Maintenance; 20% |
| Revenue | New streams implementation | Revenue from new sources ($); Overall growth (%) | 100,000; 10% | 150,000; 10% | 200,000; 10% |
| Expansion | Branch establishments | Branches operational; Coverage (%) | 1 (Kiritimati); 50% | 1 (Butaritari); 70% | Maintenance; 80% |

*KPIs will be measured quarterly using internal data sources (e.g., patrol logs, training records, financial reports), with reporting to the Board and SOEMAU.*

# 7 SUPPORT FOR GOVERNMENT POLICIES

## 7.1 Statement of compliance with relevant Government Policies

KLTA fully complies with the SOE Act, Traffic Act, PHPA, and KDP, integrating safety, sustainability, and community engagement into operations.

## 7.2 Statement of Community Services, nature of services and financial claims for CSO support during the planning period

KLTA does not anticipate any CSO during this planning period; however, governmental support for several significant projects necessitating financial allocation will be formally proposed.

## 7.3 Statement of Support from Government and / or Development Partners and details of contracts, obligations and financial impact on busines

Support includes partnerships with MISE for infrastructure (no direct cost) and potential grants for expansions and training ($150,000 est. over period). Obligations: Annual reporting and compliance; financial impact: Positive through funded capital, enhancing assets without debt.

## 7.4 Statements of Financial capacity and details of any external borrowings.

KLTA maintains strong capacity with projected net profits and cash reserves exceeding $1,600,000 by FY2028. No borrowings planned or anticipated.

## 7.5 Statements of Financial capacity in regard to dividends, dividend policy and proposed dividends during the planning period

Capacity supports dividends at 50% of net profit post-reserves. Policy emphasizes reinvestment for growth, as noted in section 9.

## 7.6 Any other matters as agreed with the Responsible Ministers

Implementation of CQI and community initiatives to bolster quality and social impact; risk mitigation through pursuing grants and government/partners support for expansions.

# 8 FINANCIAL FORECASTS

## 8.1 Prepare Statement of Financial Performance (Profit & Loss statement) in the same format as presented for audit and covering the full year (audited) prior to the planning period (actual), estimates for current year and 3 years forecasts

| Item | 2024 Actual | 2025 Est. | 2026 Fcst. | 2027 Fcst. | 2028 Fcst. |
|---|---|---|---|---|---|
| Inspection & Registration | 831,286 | 751,200 | 840,000 | 924,000 | 1,016,400 |
| Penalty & other fees | 239,833 | 311,800 | 329,300 | 362,230 | 398,453 |
| Total Revenue | 1,071,119 | 1,063,000 | 1,169,300 | 1,286,230 | 1,414,853 |
| Cost of Sales (Number Plates) | 93,410 | 66,090 | 100,000 | 105,000 | 110,250 |
| Gross Profit | 977,709 | 996,910 | 1,069,300 | 1,181,230 | 1,304,603 |
| Personnel Emolument | 329,445 | 347,918 | 350,000 | 367,500 | 385,875 |
| Administration Expenses | 221,530 | 236,450 | 310,000 | 325,500 | 341,775 |
| Other Expenses | 8,953 | 270,542 | 59,300 | 62,265 | 65,378 |
| Total Expenses | 559,928 | 854,910 | 719,300 | 755,265 | 793,028 |
| Net Profit/(Loss) | 417,781 | 142,000 | 350,000 | 425,965 | 511,575 |

*(Note: 2025 est. based on half-year actuals and the projection; expenses include the community initiative from FY2026.)*

8.2 Prepare Statement of Financial Position (Balance Sheet) in the same format as presented for audit and covering the full year (audited) prior to the planning period (actual), estimates for current year and 3 years forecasts

| Item | 2024 Actual | 2025 Est. | 2026 Fcst. | 2027 Fcst. | 2028 Fcst. |
|---|---|---|---|---|---|
| Cash at Bank | 1,021,568 | 1,000,278 | 1,200,000 | 1,400,000 | 1,600,000 |
| Non Current Assets | 175,765 | 283,321 | 400,000 | 400,000 | 400,000 |
| Total Assets | 1,197,333 | 1,283,599 | 1,600,000 | 1,800,000 | 2,000,000 |
| Equity | 1,197,333 | 1,283,599 | 1,600,000 | 1,800,000 | 2,000,000 |

8.3 Prepare Cash Flow statements, in the same format as presented for audit and covering the full year (audited) prior to the planning period (actual), estimates for current year and 3 years forecasts

| Item | 2024 Actual | 2025 Est. | 2026 Fcst. | 2027 Fcst. | 2028 Fcst. |
|---|---|---|---|---|---|
| Net Cash from Operations | 417,782 | 142,000 | 350,000 | 425,965 | 511,575 |
| Net Increase/Decrease | 417,782 | 34,444 | 200,000 | 200,000 | 200,000 |
| Cash at End | 1,021,568 | 1,000,278 | 1,200,000 | 1,400,000 | 1,600,000 |

8.4 Provide generally agreed Financial ratio's showing for each year - RoE%, RoA%, Current Ratio, NPAT% - as a minimum.

| Ratio | 2024 Actual | 2025 Est. | 2026 Fcst. | 2027 Fcst. | 2028 Fcst. |
|---|---|---|---|---|---|
| RoE% | 35% | 11% | 22% | 24% | 26% |
| RoA% | 35% | 11% | 22% | 24% | 26% |
| NPAT% | 39% | 13% | 30% | 33% | 36% |

*8.5* Provide details of key assumptions that influence the above financial forecasts. Ensure Financial forecasts reflect strategies, resource allocations, revenues, costs, assets and liabilities arising from the planned actions and strategies and provide supporting reference notes and statements of explanation.

Assumptions: 10% annual revenue growth from diversification and expansions (based on FY2024-2025 trends, with half-year penalties up 42%); 5% expense inflation, plus $60,000/year for community initiative; Capital exp. $150,000 (FY2026) for systems/branches, escalating with grants; No borrowings; Grants secure 50% of capital needs (e.g., $75,000 FY2026); Population/vehicle growth drives 5% demand increase; Inflation at 3%; FY2025 based on half-year actuals and CEO projection. Gaps: Grant confirmations pending—conservative estimates used; flagged for KLTA review.

8.6 Provide a break-down of the Statement of Financial Performance forecasts to show different types of revenues and expenditures suitable for the business, by department or region, for each year and, if appropriate provide this break-down month-by-month for the next 12-month period

**Revenue Breakdown (Annual, % of Total):**

- Inspection/Registration: 72% (core Tarawa operations)

- Penalties/Fees: 28% (enforcement-driven, including new streams)

Expenses: Personnel 49%, Admin 43% (includes community $60k), Other 8%.

By Division: Patrol 35% (safety/community), Licensing 25%, Yard 15%, Admin/Finance 25%.
(FY2026 Monthly: Revenue ~$97,442 even; Expenses ~$59,942, with peaks in Q1-Q2 for trainings.)

## 8.7 Provide a statement of the accounting policies in use.

As detailed in Section 7.